

2024

Value of Jobs

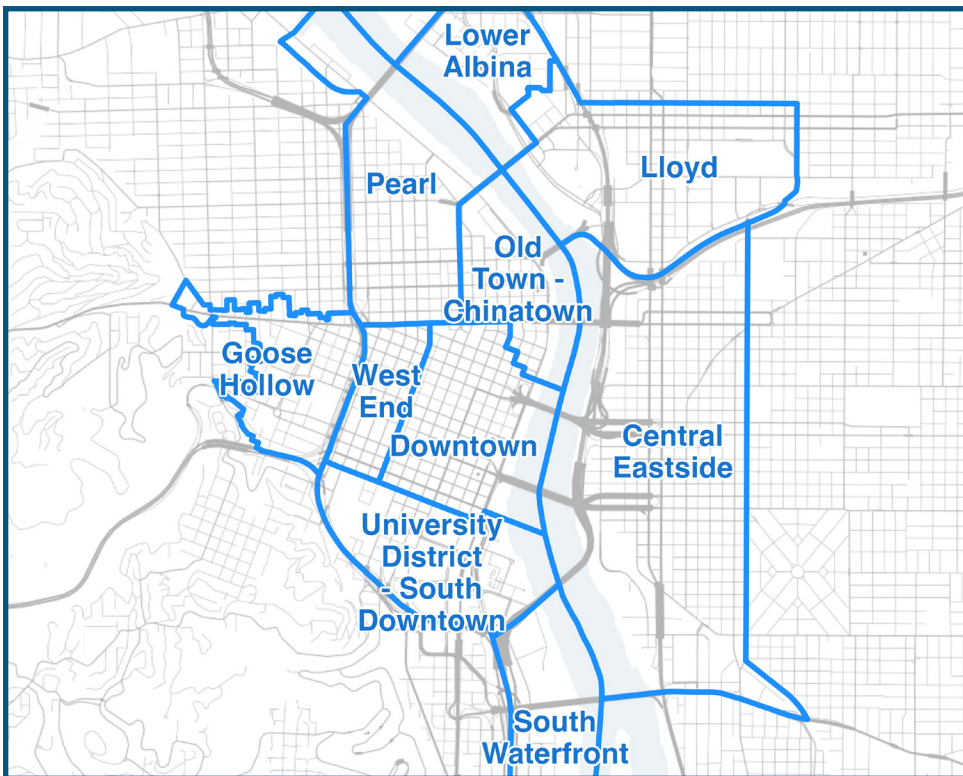
STATE OF DOWNTOWN & THE CENTRAL CITY

Report at a Glance

Downtowns and central cities are vital to regional economies. Historically, they offered a centralized place for professional and government services, healthcare, and education. Following numerous challenges throughout the pandemic, Portland's Central City and Downtown neighborhoods struggled. In recent months, civic leaders and elected officials across all levels of government have dedicated significant energy to revitalizing Portland's Central City as a premier place to work, live, and recreate. Most notably, the Portland Central City Task Force brought focused attention to downtown Portland and its nine surrounding neighborhoods.

Two fundamental questions were posed by the task force: what is the role of a central city and how important is it that it be saved? The task force defined our Central City as the region's premier gathering place, a gateway to Oregon, an inclusive hub of innovation and opportunity, and a home to thousands who value its urban amenities and expanded supply of affordable housing. More than 9,000 Portlanders responded to the task force's online survey and nearly 300 people participated in listening sessions focused on neighborhoods and key topic areas. The conclusion was Portlanders love their neighborhoods, and they want them reborn and reimaged for future generations.

This year's report dives deeper into Portland's Downtown and Central City but also includes comparisons to our new peer cities, who are experiencing similar challenges with varying outcomes. Over the next several years, it will be important to track Portland's activity locally and in comparison to peers to evaluate progress.



14%

percent increase in Portland Central City foot traffic, compared to 2022.

4:1

ratio of jobs to housing units in Portland's Central City.

94.7K

density of foot traffic by acre in Portland's Central City in 2023.

290K

average square feet of leased building office space, down from 660,000 square feet before the pandemic.

View the full report with interactive charts: PortlandMetroChamber.com



Geographic size of central cities is different, but similar densities to our peers

The pandemic recovery has brought renewed attention to downtowns and central cities, but the definition of the “center” can differ. This comparison takes a closer look at our peers’ centers based on carefully constructed geographic borders drawn where job density tapers off. What did we find? The centers take 2-3% of the city’s geographic area, except for the more spread out Milwaukee. Approximately 5-10% of the city’s population live in the center, and Portland sits in the middle at 7%. Typically, more than 80% of the city’s workers are in the center. Here Portland appears to be an outlier at 70%, but another 10% of workers are located just outside the center at Oregon Health Science University (OHSU). **See Figure 1.**

Figure 1: Central cities’ population and employment densities

	Portland	Milwaukee	Seattle	Denver	Sacramento	Minneapolis
Population	7%	9%	10%	6%	5%	5%
Area	3%	6%	2%	2%	3%	3%
Workers	70%*	82%	82%	86%	88%	90%

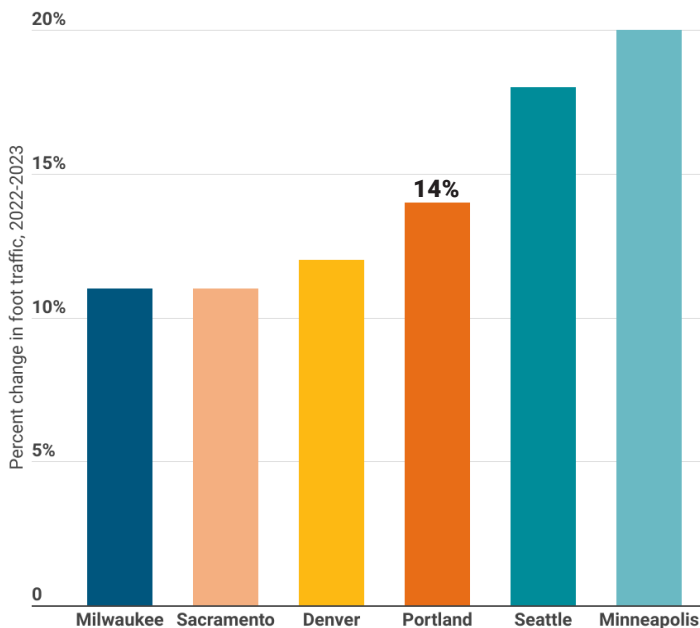
*Note: If Portland’s Central City included OHSU, workers would increase to 80%.

Source: ECONorthwest, 2020 Decennial Census, 2020 Census Longitudinal Employer-Household Dynamics (LEHD), Portland Bureau of Planning and Sustainability

Foot traffic grew from last year but middle of the pack against peers

Overall, foot traffic in Portland’s Central City and its peers continue to climb. Portland falls in the middle between peers when measuring a change in foot traffic from 2022 through 2023. Sacramento and Milwaukee have seen the least change, whereas Seattle and Minneapolis have increased 18% and 20% respectively. **See Figure 2.**

Figure 2: Change in foot traffic, Portland Central City and peers, 2023



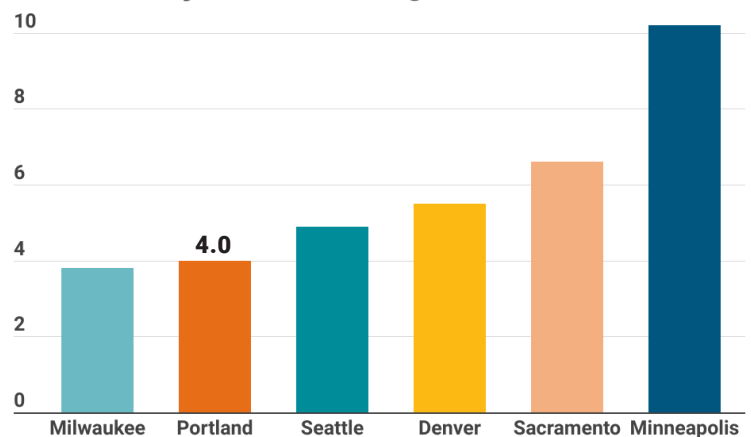
Source: Placer.ai and ECONorthwest calculations

Ratio of jobs to housing indicates a mix of uses rather than just foot traffic

As cities across the country continue to establish a new normal and move away from traditional central business districts, the mix of uses will be increasingly important. More uses that serve residents and attract visitors will contribute to more vitality. Therefore, evaluating the relationship between jobs to housing in central cities, or the ratio of jobs to housing units, is a metric we will begin tracking year-over-year. In 2023, Portland had a lower ratio, therefore a higher concentration, of jobs to housing units at 4 to 1. This is considered a stronger mix compared to other peer cities such as Sacramento with 6.6 jobs to housing units or Minneapolis with 10.2 jobs to housing units. Those cities continue to rely more heavily on employees frequenting their downtowns, rather than residents.

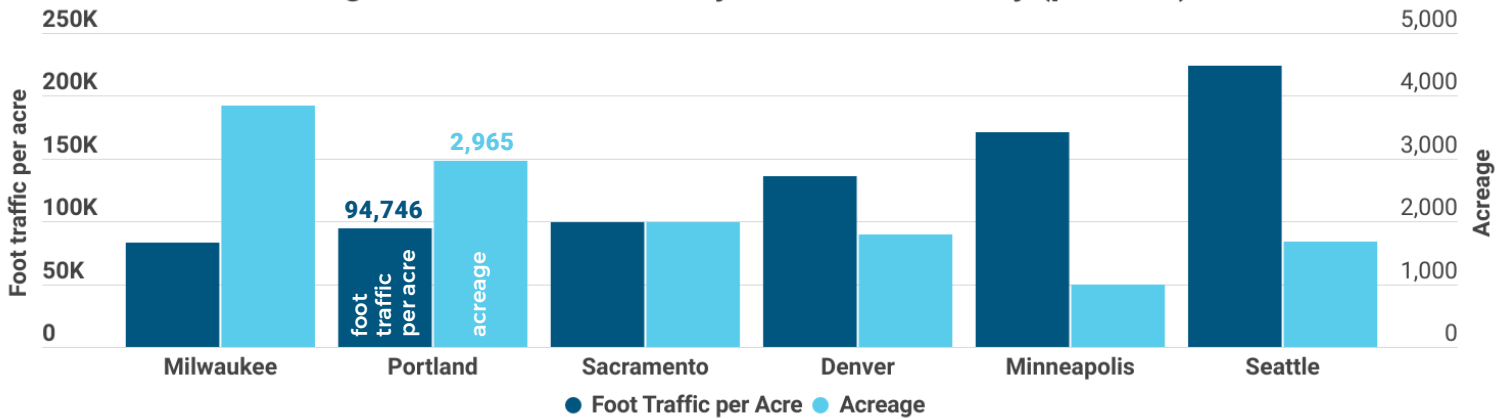
See Figure 4.

Figure 4: Peer region – Central City jobs to housing unit ratio



Source: Census ACS, On The Map

Figure 5: 2023 Central City foot traffic density (per acre)



Source: Placer.ai

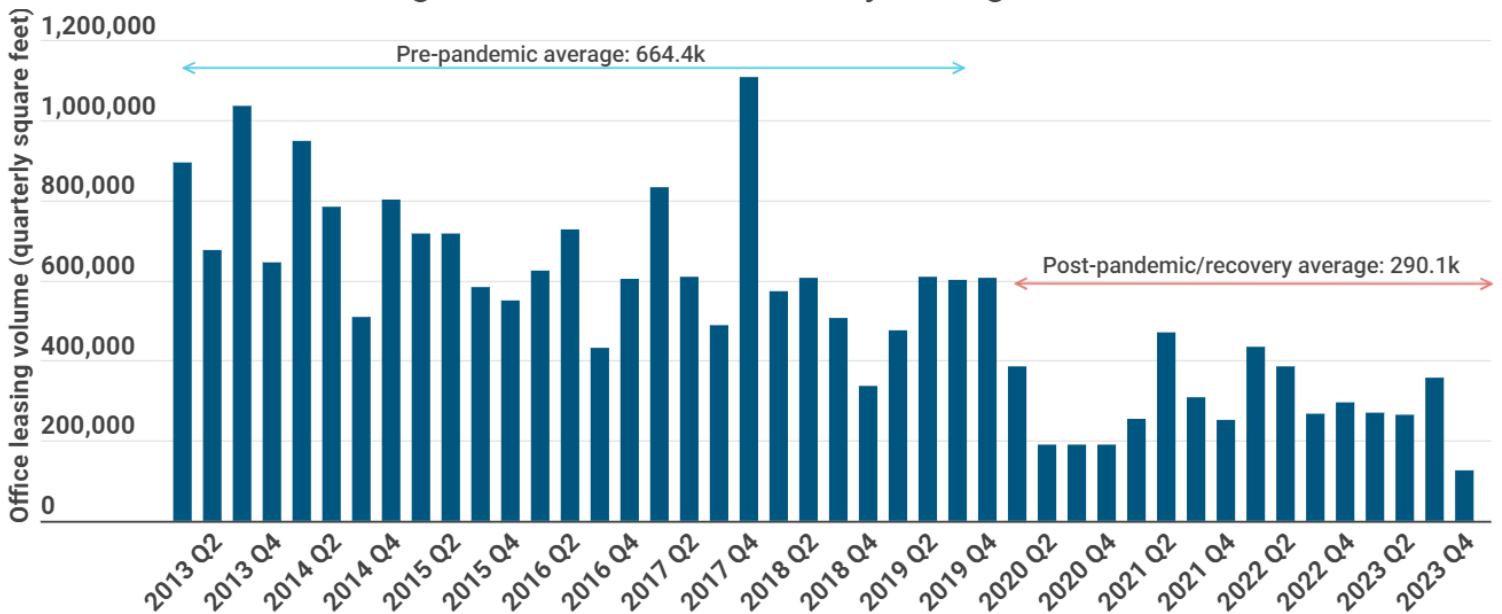
Portland has a larger central city, therefore foot traffic is spread out

In comparison to peer cities, Portland doesn't have as much foot traffic. While it has a comparable amount of foot traffic to Sacramento, Portland covers a much larger area. On the other hand, cities like Seattle and Minneapolis have significantly higher foot traffic per acre in their more compact city centers. This means that, proportionally, more people are walking around, dining at restaurants, shopping at businesses, and adding to the vibrancy of urban life compared to Portland. As acclaimed urbanist Jane Jacobs stated, eyes on the street leads to safer and livelier neighborhoods. **See Figure 5.**

Portland office leasing volume down, less than half of pre-pandemic

Consistent with the rising vacancy rates, the leasing volume of Portland's Central City offices since 2020 is half the level seen during 2013-2019. Buildings leased an average of 290,000 square feet of space each quarter since the second quarter of 2020—down from 664,000 square feet per quarter during the seven years leading up to the pandemic. Notably, leasing volume declined in every quarter since the beginning of 2022 except the third quarter of 2023. **See Figure 11.**

Figure 11: Portland Central City leasing volume



Source: Q1 2013 to Q4 2023 CoStar



Why this **MATTERS**

Similar to the overall state of our economy, whatever gains were attributable to the post-pandemic recovery and lifting of health measures, have been obtained. The vibrancy of centralized neighborhoods is shifting to a higher reliance on residents and visitors than they have in the past. In the near term, Portland's Downtown and Central City must enhance visitor foot traffic through public safety measures and activating vacant spaces and events, rather than relying on an influx of employees returning to their offices full time. Hybrid work has become normalized and any meaningful recovery in return-to-work is likely complete. Ongoing recovery efforts must look beyond attracting office workers; the Central City needs more residents and more visitors, both from tourists and those living in other parts of the region.

The good news is that residential foot traffic could see a substantial rise if planned developments are successfully implemented. In the near term, Portland should anticipate a continued increase in office vacancies, driven largely by expiring leases and tenants opting for smaller spaces or choosing to relocate. It will be crucial to reimagine new uses and to attract a diversity of new tenants to create vitality in Portland's Central City.

View the full report with interactive charts at:
PortlandMetroChamber.com

This Value of Jobs report is presented to you by:



Members of the Value of Jobs coalition:



With gratitude to ECONorthwest, our State of the Economy partner since 2010.