



## South Edge Development Strategy

# MARKET RESEARCH & PROGRAM RECOMMENDATIONS

2/18/2025



# VALUES & CRITERIA FOR FUTURE DEVELOPMENT

The market research presented in this report, coupled with the project values and criteria, guides the program development recommendations. The report will frame future conceptual planning stages. In the next stages of concept development, the findings of this report will help to ground ideas for site development in market realities.

GOALS	CRITERIA
<b>1. MAXIMIZE &amp; DIVERSIFY NON-TUITION REVENUE OPPORTUNITIES</b>	<b>Diversity in Revenue</b> (diversity in use and less reliance on tuition)
	<b>Value-Driven Revenue</b> (activities with university involvement, not just land lease)
	<b>Limited Linfield Investment</b> (limited resources / endowment)
	<b>ROI</b> (any Linfield investment will see returns)
	<b>Mitigate Risk</b> (Risk vs Reward)
	<b>Feasibility</b> (market driven)
<b>2. FLEXIBILITY TO ADAPT</b>	<b>Phasing Flexibility</b> (adapt over time)
	<b>Decision Flexibility</b> (maintain control over decisions)
	<b>Market Flexibility</b> (adapt to market)
	<b>Layout Flexibility</b> (physical adaptation)
<b>3. LONG-TERM PARTNERSHIP &amp; ENGAGEMENT</b>	<b>Developer Driven</b> (long-term development partner taking on investments)
	<b>Partnership Stake</b> (maintain Linfield partnership)
	<b>Partner Engagement</b> (enhance/solve problems for long-term partners in community)
	<b>User Engagement</b> (consumer facing use)
<b>4. ENHANCE STUDENT EXPERIENCE</b>	<b>Increase Student Engagement</b> (drives students to the site)
	<b>Increase Student Quality of Life</b> (non-academic activities/amenities for student body, )
	<b>Increase Student Enrollment</b> (uses contribute/enhance potential student enrollment)
<b>5. EXPERIENTIAL LEARNING OPPORTUNITIES</b>	<b>Enhance Student Learning Experience</b> (academic programs / mission)
	<b>Enhance Community Learning</b>
	<b>Industry-driven Learning</b>
	<b>Dedicated Space for Learning</b> (required unique outdoors/indoors space)
<b>6. ENHANCE LINFIELD UNIVERSITY BRAND</b>	<b>Flagship/Landmark Destination</b> (outstanding from other competitors in the market)
	<b>Directly Enhance First Impression</b> (South Gateway to the city and campus, architectural considerations)
	<b>Not Harming the University Brand</b>
<b>7. ADDRESSING COMMUNITY NEEDS</b>	<b>Addressing Identified Strategic Local &amp; Regional Goals</b>
	<b>Amenity Integration</b> (complementary uses that draw people from the City/Region)
	<b>Potential Use Subsidy or Incentive</b> (existing programs)
<b>8. STRENGTHEN DIVERSITY &amp; INCLUSION</b>	<b>Diversity &amp; Inclusion in Contracting</b>
	<b>Diversity &amp; Inclusion in Tenants</b> (minority-owned businesses)
	<b>Diversity &amp; Inclusion in Users</b> (end-users' diversification relevant to University Demographics)

# **PROGRAM RECOMMENDATIONS**

# PROGRAM ELEMENTS

## KEY AND SUPPLEMENTARY USES

Three anchor uses were identified based on the market analysis and 15 interviews conducted with various stakeholders from local political and public representatives to developers active in the region.

- **Housing** is a major need in the region and one of the most stable real estate investments in the long run;
- **Hospitality** is driven by the huge potential of the Oregon and Willamette Valley tourism industry.
- **Wine and Food** components could be a key element of the site due to the location in the heart of Willamette Wine Country and the prominent Linfield wine business program and center.

Housing may be a major occupant of the land development. However, the other anchor uses will help to attract broader audiences and articulate the site's big idea.

Five supplementary uses are components that might be developed on the site to accompany the anchor use, while also complimenting the Linfield University brand and desired outcomes.

### ANCHOR (KEY) USES



### SUPPLEMENTARY USES



# HOUSING

	AREA A		AREA B	
	MULTIFAMILY, APARTMENTS	MODERATE DENSITY HOUSING	MULTIFAMILY, APARTMENTS	MODERATE DENSITY HOUSING
LAND:	10-15 acres	8-26 acres	3 acres	6.2 acres
LAND SHARE:	20-35%	18-55%	32%	67%
UNITS:	250-375	129-384	~70	~70
DENSITY:	25 du/ac	15 du/ac	25 du/ac	12 du/ac

Housing is a major need in Yamhill County and McMinnville. Potential housing types identified for consideration include **market rate, workforce, affordable, senior, and multi-generational**. The University could partner with a developer to create a unique mix of uses that serve both the university and the broader community.

Housing is **one of the most attractive asset types for developers**, as rents and home prices continue to grow due to shortages regionally and nationwide. However, **headwinds in the construction market, including costs and interest rates**, are making it harder for projects to pencil. In addition, competition for funding has made low-income housing development more challenging.

## THE CANNERY Davis, CA

**LAND TOTAL:** 98.6 acres

**UNITS:** 488 homes

**OPEN SPACE LAND:** 28 acres

**FARM-TO-TABLE GARDEN:** 7.6 acres



A **multi-generational neighborhood** with resource-efficient homes and a farm-to-table urban garden. Other program elements: a pool, clubhouse, game room, outdoor gym, playgrounds, community garden.

## INDEPENDENCE LANDING Independence, OR

**LAND TOTAL:** ~12 acres

**UNITS:** 162

**HOTEL:** 73 rooms

**WATERFRONT PARK:** ~4.7 acres

In proximity to the wine country, the site features **apartments** and a **hotel**.

Rents increased after the construction of the park from **\$1,200 in 2016 to over \$1,800 in 2024**.



# HOUSING

## MULTIGENERATIONAL, SENIOR HOUSING

### BRIDGE MEADOWS Portland & Beaverton, OR

**LAND TOTAL:** 2.1 acres

**UNITS:** 9 family homes; 32 elder apartments

Bridge Meadows Beaverton features **garden boxes**, a **multi-purpose community room**, a beautiful **second-story community room** overlooking the courtyard, a laundry room, and **multiple therapy rooms**.



### THE VI Palo Alto, CA

**LAND TOTAL:** 23 acres

**UNITS:** 289 independent units; 70 assisted living units; 59-bed skilled nursing facility.

A classic former Residence by Hyatt was renovated into a high-end Senior Community in 2005.

60,000 square feet of common areas including **dining rooms**, a **café**, a **business center**, a **fitness** and **aquatic center**, a **library** and a **theater**, a **general store** and a **day spa**.

The **Children's Center of the Stanford Community (CCSF)** is a **pre-K school located in the Stanford Community**. The Stanford Bing Nursery School conducts research in play-based, child-centered education and development enriching the students' experience at CCSC.



# HOUSING

## MULTIGENERATIONAL, SENIOR HOUSING

### Senior/Multigenerational Housing Development Opportunities and Preconditions:

- Aging population and high share of young people. People 19 years old or younger and 65 or older represent almost half of McMinnville's population. By 2050, **25% of Yamhill County's population will be a group of 65 and older.**
- **State & federal funding and programs available for senior care and early childhood education.**

### ROSE VILLA SENIOR LIVING COMMUNITY & PRESCHOOL Portland, OR

**LAND TOTAL:** 22 acres

**UNITS:** 218 independent living homes

A Continuing Care Retirement Community, also known as a Life Plan Community, is located by the Willamette River in Portland. The center features a community garden, a rooftop deck, a wellness center, and plenty of outdoor spaces.

The **Rosebud Pre-school at Rose Villa** built-in is located in the central node of the Rose Villa Community. The preschool's intergenerational approach **intentionally incorporates interactions between preschoolers and senior residents.** Various shared activities include collaborative artwork, gardening, integrated games, neighborhood walks, and story time.



# HOSPITALITY & TOURISM

	AREA A	
	FARM-TO-TABLE	
	HOTEL	GARDEN
LAND:	2-7 acres	7-9 acres
LAND SHARE:	4-15%	15-20%
ROOMS:	100-275	-
GBA	65,000-180,000 SF	-
FAR:	~0.6-0.7	-

The development of a hospitality, tourism, and event space on the property can capitalize on McMinnville’s growing reputation as a wine and culinary destination. Creating a venue that hosts events, showcases regional wines, and supports local businesses can enhance the university's visibility and foster connections between students, alumni, and the broader community. The project might not only support **McMinnville's tourism goals** but also provide a **platform for Linfield to highlight its educational and athletics programs and commitment to community engagement**. The region is undergoing a major transformation bringing more and more visitors to the Willamette Valley. The market research and interviews with experts from the industry emphasize the demand for a mid-tier hotel and the project could capture this opportunity.

## THE BARLOW Sebastopol, CA

**LAND TOTAL:** 12.5 acres

**HOTEL:** 85 rooms

The Barlow features **30 artisan producers**, including **wineries, breweries, restaurants, and boutiques**. Its design fosters an open-air, pedestrian-friendly environment that attracts locals and tourists alike.



## THE GRADUATE BY HILTON Eugene, OR

**LAND TOTAL:** 1.08 acres

**HOTEL:** 275 rooms

**RATES:** from \$215 per room

The Graduate is a University of Oregon branded hotel in Eugene. The hotel amenities include an indoor pool, a fitness center, and two restaurants featuring local food products. The pop-up outdoor beer garden is an ideal place for student gatherings.



# WINE // FOOD

	AREA A	
	FARM-TO-TABLE	
	WINE CENTER	GARDEN
LAND:	1-5 acres	7-9 acres
LAND SHARE:	4-11%	15-20%
ROOMS:	100-275	-
GBA	8,000-55,000 SF	-
FAR:	~0.6-0.7	-

The development of a wine and food 'paradise' center on Linfield University's property could leverage the unique advantages of McMinnville, Oregon, a region renowned for its **rich viticulture** and **agricultural** history. The school's thriving wine program could contribute to the local wine industry. Students might get hands-on experience featuring local wines to the Valley guests. The Wine & Food hub accompanied by a visitor center would accumulate the greatest strength of the region making the project site a center of gravity of wine and tourism in Willamette Valley.

## QUEENSLAND COLLEGE OF WINE AND TOURISM Stanthorpe, Australia

LAND TOTAL: ~5 acres

The QCWT is a center of wine tourism in the region. It provides specialist education and training facilities for the wine tourism industry. The College operates a winery, a cellar door, a restaurant, and a conference center. Students often lead wine-tasting tours allowing them to gain hands-on experience in the wine business.



## CIA AT COPIA Napa, CA

LAND TOTAL: ~12 acres

CIA at Copia is a **Food Lover's Paradise** in Napa along with **multiple food options, restaurants, and bars** including the **Culinary Art Museum, History of California Wine Collection, and Culinary Garden**.



# SUPPLEMENTARY USES

## COMPATIBILITY WITH THE ANCHORED USES

**EDUCATION  
(PRE-K)**

**HEALTH  
CARE**

**ARTS &  
ENTERTAIN  
MENT**

**OFFICE/INN  
OVA-  
TION/INDUS  
TRIAL**

**RETAIL**

LAND:	~1 acre	~1-2 acres	~1-2 acres	~2 acres	5-10 acres
LAND SHARE:	2%	2-4%	2-4%	2-4%	17-21%
GBA	up to 9,000 SF	up to 15,000 SF	up to 20,000 SF	up to 20,000 SF	85,000-115,000 SF
FAR:	0.2	0.2	0.2	0.2	0.25

ANCHOR USES:	<b>Housing</b>	<b>Housing</b> (specifically intergenerational and senior)	<b>Hospitality &amp; Tourism;</b> <b>Wine &amp; Food</b>	<b>Wine, Food &amp; Agriculture</b>	<b>The appropriate retail should accompany any anchored use.</b>
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CASE STUDIES:	Children's Center in Stanford Community, CA	Health Futures Center, Phoenix, AR	Cascade Paragon Arts Gallery, Portland, OR	John I. Haas Innovation Center, Yakima, WA	OXBOW, Napa, CA
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# MARKET RESEARCH

# INTRODUCTION

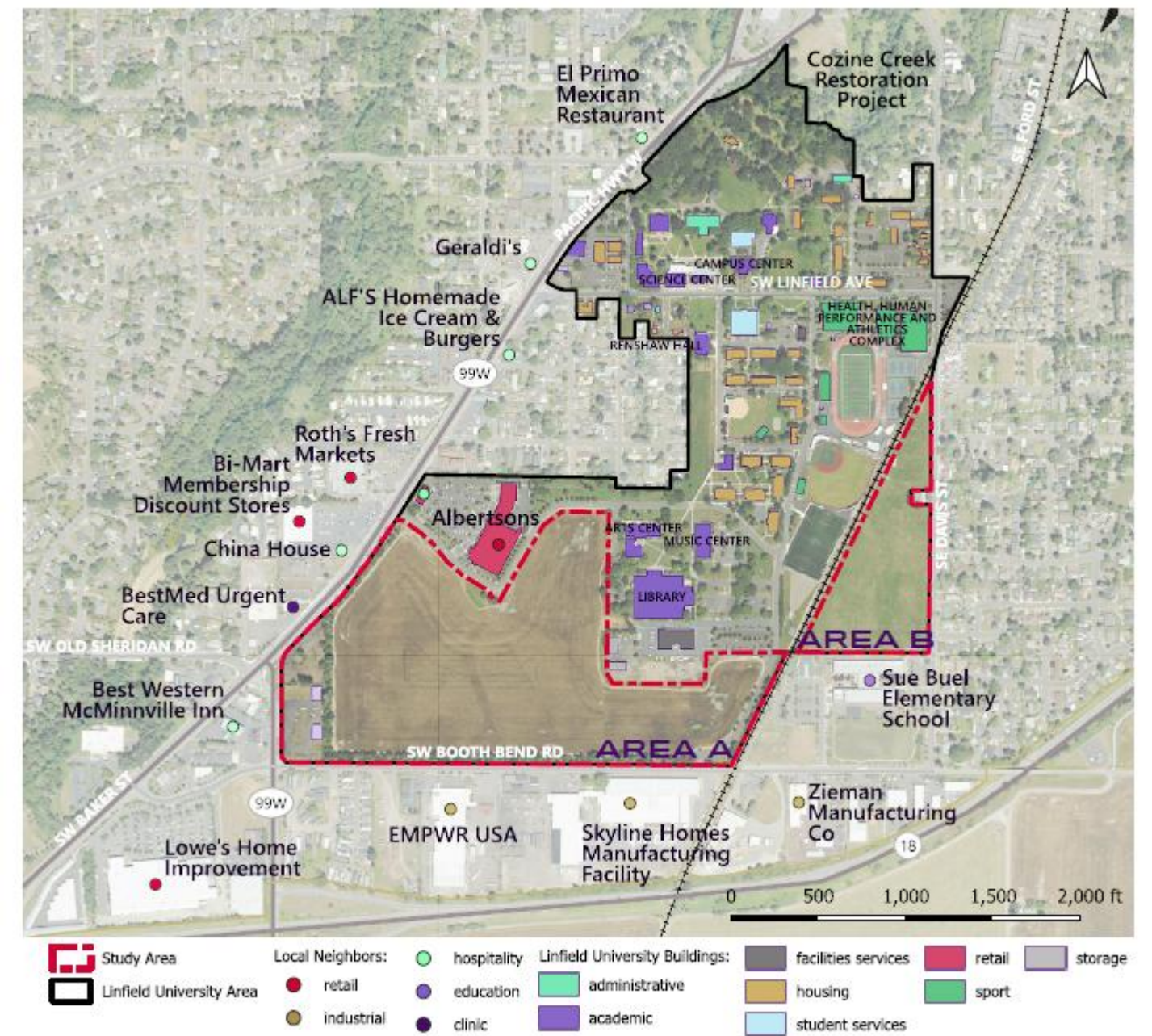
## OBJECTIVE

The primary objective of this analysis is to provide market insights into how Linfield University can maximize the value of its 72.7-acre site at the south edge of its McMinnville campus. Market research aims to provide quantitative and qualitative analysis outlining major market and socio-economic trends relevant to the site's context. This includes the City of McMinnville and Yamhill County demographics, economic trends, real estate conditions, and other factors to quantify demand and identify development opportunities. It also includes insights from key stakeholder interviews about the market potential for the site. Ultimately, key takeaways will inform program recommendations for the future use of the site.

Any program recommendations must meet the Linfield University objectives to:

1. Maximize revenue opportunities in ways that are consistent with the Linfield mission.
2. Leverage both cost avoidance and non-tuition revenue streams to strengthen the Linfield operating budget and meet financial objectives.
3. Develop projects with synergies to Linfield's mission and academic programs to enhance student experience.
4. Strategically manage development through time and space to preserve option value and flexibility to adapt to a changing future.
5. Maintain an engaged partnership and stake with developments where possible.

LINFIELD UNIVERSITY CAMPUS MAP



# MARKET RESEARCH ORGANIZATION & METHODOLOGY

The following part of the report is split into nine sections. The first section contextualizes local and regional socioeconomic trends. The next eight sections represent the market research of potential programmatic themes discussed and determined together with the Linfield Real Estate Committee between September and November 2024.

To give a comprehensive analysis of each potential programmatic element, each section is analyzed through the following criteria:

- 1. Major Economic Trends
- 2. Real Estate Conditions
- 3. Regulatory Environment
- 4. Competitive Projects
- 5. Case Studies

All the data and analysis were compiled in October – November of 2024, and are valid upon those months.

## PROGRAMMATIC STUDY AREAS:



# SOCIOECONOMIC TRENDS

This section of the report aims to frame the existing socioeconomic environment at the local level with a comparison to regional trends to frame the existing challenges and opportunities. While the South Edge development project may target larger market areas, including the state and Pacific Northwest region, as a whole, either directly or indirectly the local community will frame the context for the end-user of the project. The Linfield South Edge development could be formulated to overcome these challenges and foster community well-being while ensuring the economic vitality of the project itself.

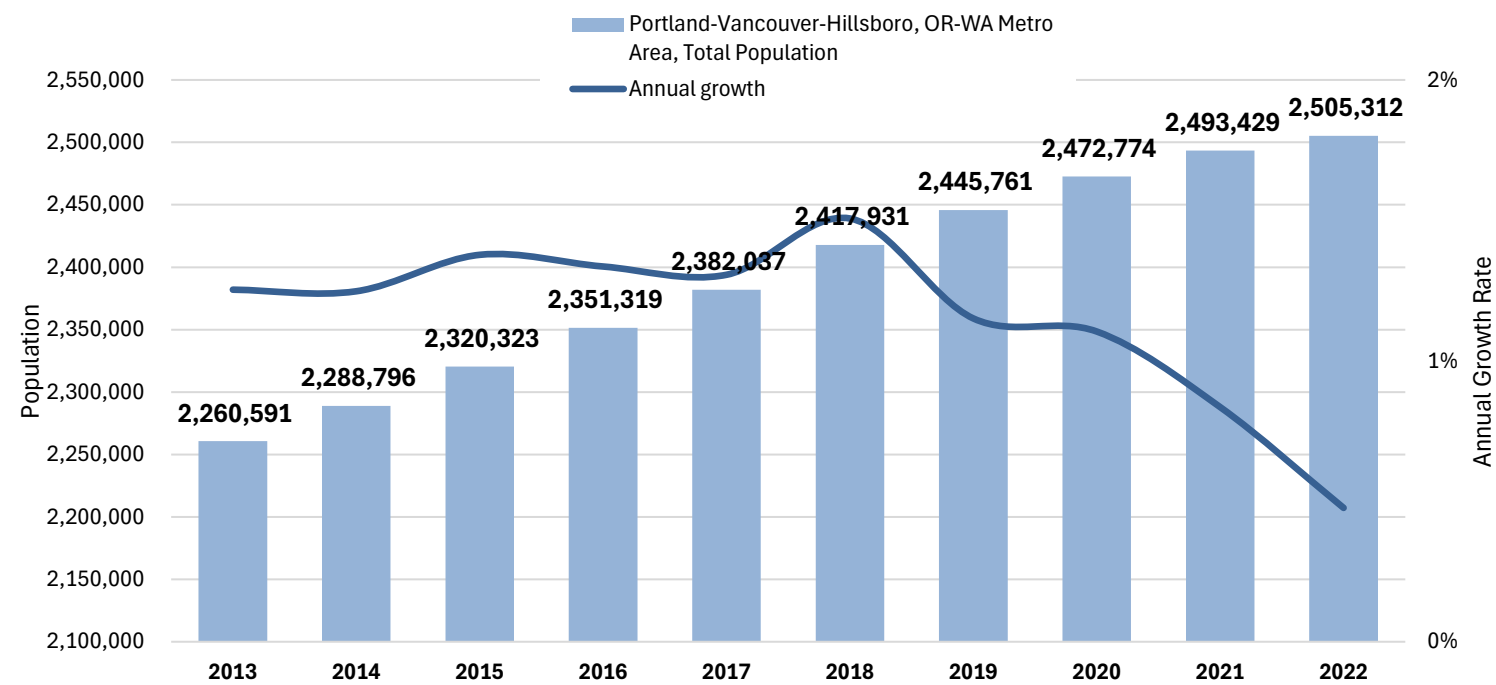
# PRIMARY MARKET AREA

## PORTLAND-VANCOUVER-HILLSBORO, OR-WA MSA

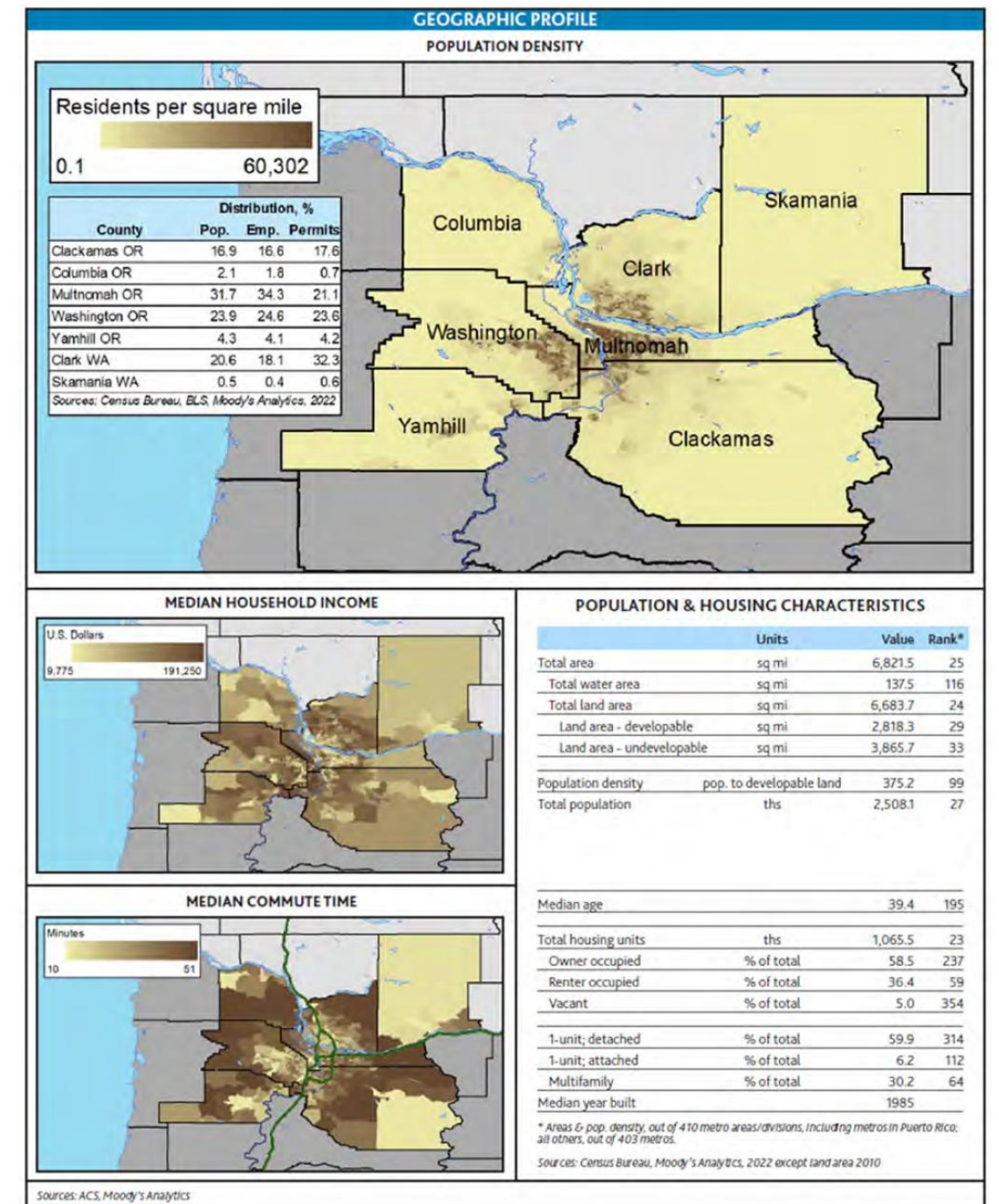
The primary market area for the site is the **Portland-Vancouver-Hillsboro metropolitan-statistical area (MSA)**, which covers the states of Oregon and Washington. Portland is the population center of the MSA which includes seven counties: Oregon Counties – Clackamas, Columbia, Multnomah, Washington, and Yamhill; and Washington Counties – Clark and Skamania. The overall MSA population as of 2023 is **2,509,925 people** with a population density of 375.3 people per square mile. For the last decade, the MSA population has been consistently growing; however, after its annual percentage change peaked at 1.5 percent in 2018, the pace of growth has slowed down significantly. According to the *Metro 2060 Growth Forecast*, the Portland-Vancouver-Hillsboro population is projected to reach **3,284,400 by 2050**.

### Population Estimates and Projections

#### Primary Market Area



Source: US Census, ACS 5-year Estimates, Table DP05, 2012-2022

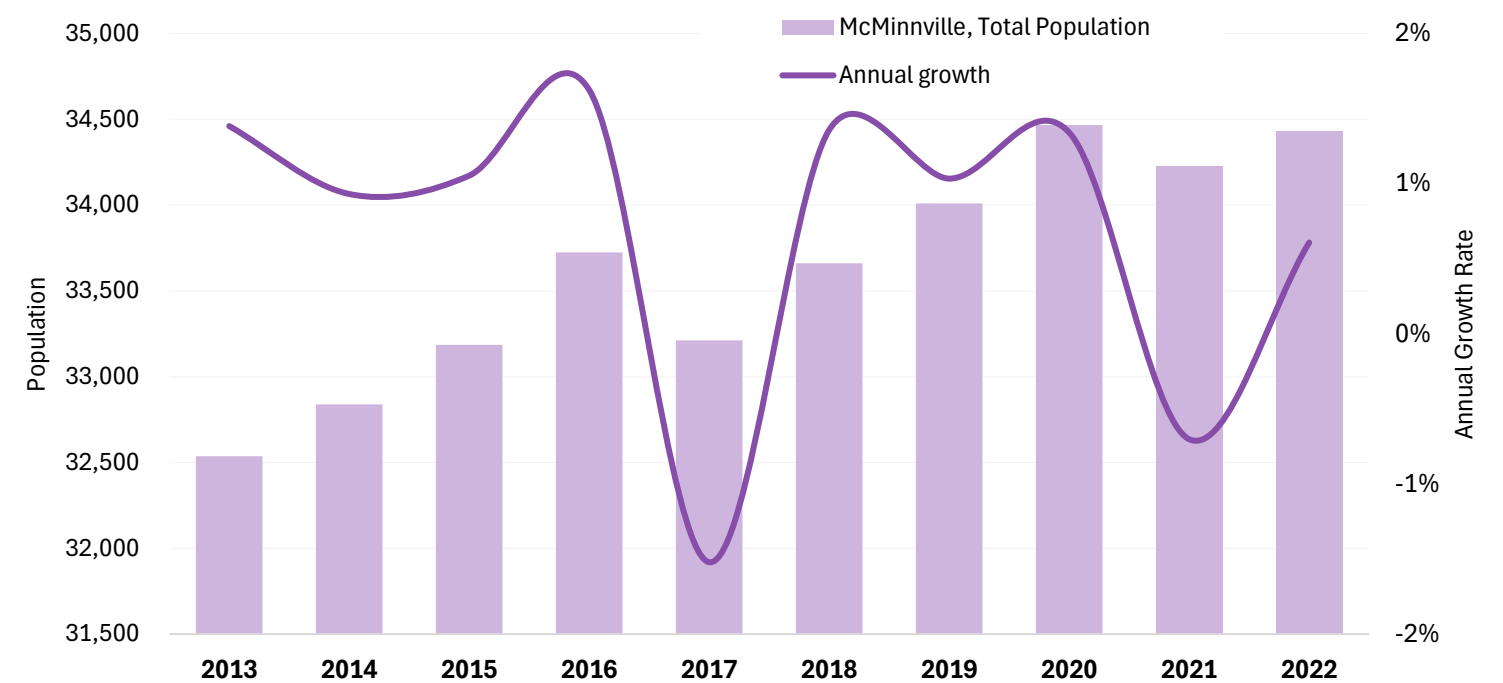


MOODY'S ANALYTICS / Précis® U.S. Metro / May 2024

# MODERATE POPULATION GROWTH EXPECTED IN COMING DECADE

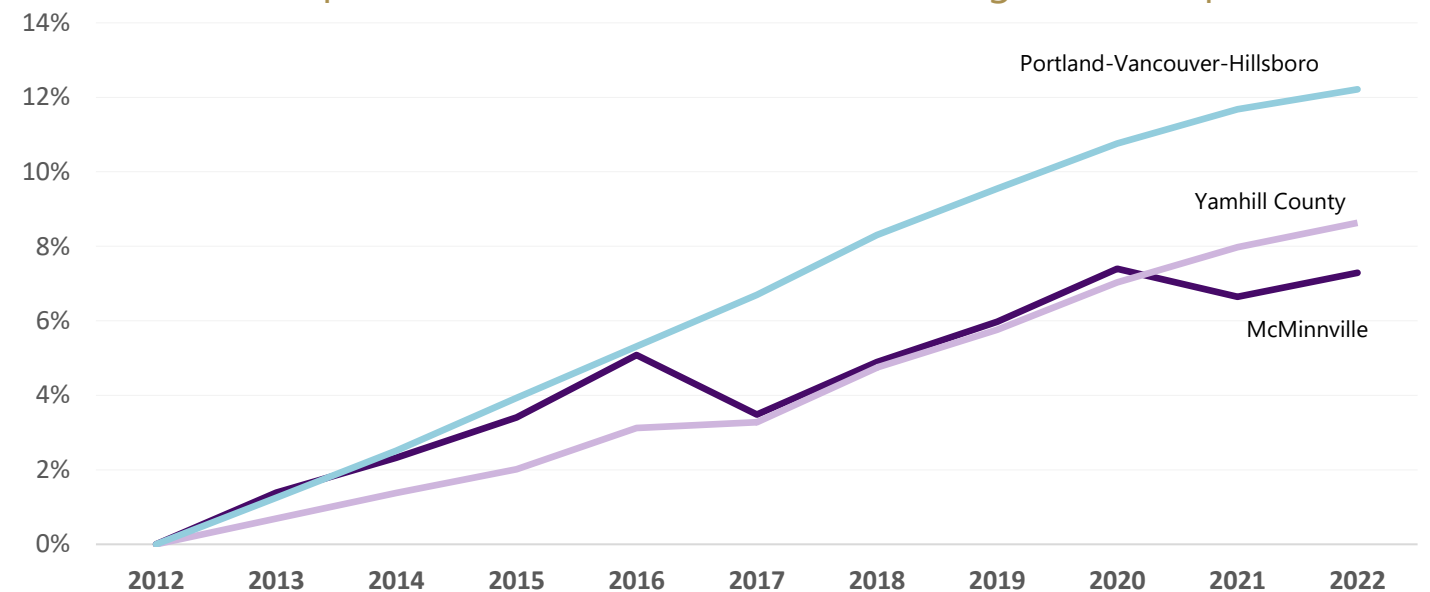
The city of McMinnville is the largest in Yamhill County, Oregon. In 2022, **34,434 people** lived in the city, with a population density of 3,255 people per square mile. The city's average annual growth fluctuated over ten years between 2012 and 2022, with an average of 0.7 percent per year. In 2017 and 2021, the population shrank by 1.5 percent and 0.7 percent respectively, while Yamhill County's overall growth also slowed in these years. As shown in the chart on the right the county and Portland-Vancouver-Hillsboro Metro area populations grew steadily over this period, while the city's growth lagged out after 2016 and onwards. The *Population Research Center at Portland State University* projects that McMinnville will grow to a total population of **41,869 by 2049**. The county population was 107,674 in 2022 and is projected to grow to 133,928 people by 2049 (*Forecast by Population Research Center, June 25, 2024*).

Population and Annual Growth in McMinnville, 2012-2022



Source: US Census, ACS 5-year Estimates, Table DP05, 2012-2022

McMinnville Population Growth since 2012 with Regional Comparison

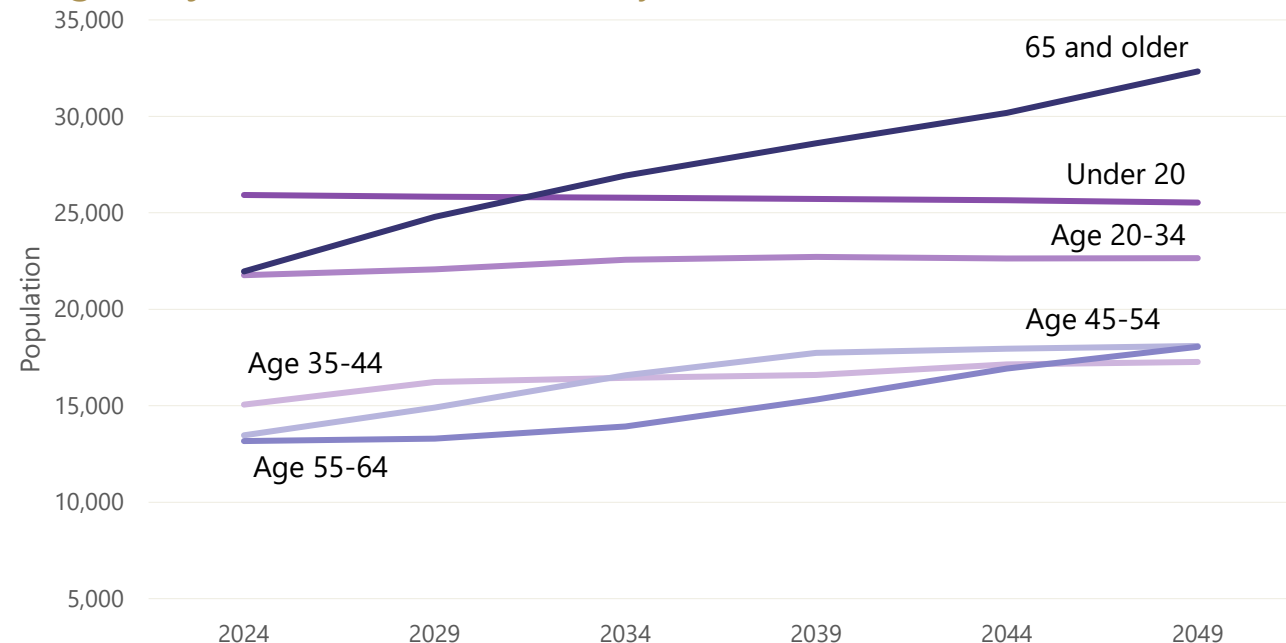


Source: US Census, ACS 5-year Estimates, Table DP05, 2012-2022

# AGING AND YOUTH POPULATIONS INDICATE A GROWING DEMAND FOR DIVERSE HOUSING TYPES, SERVICES, AND AMENITIES

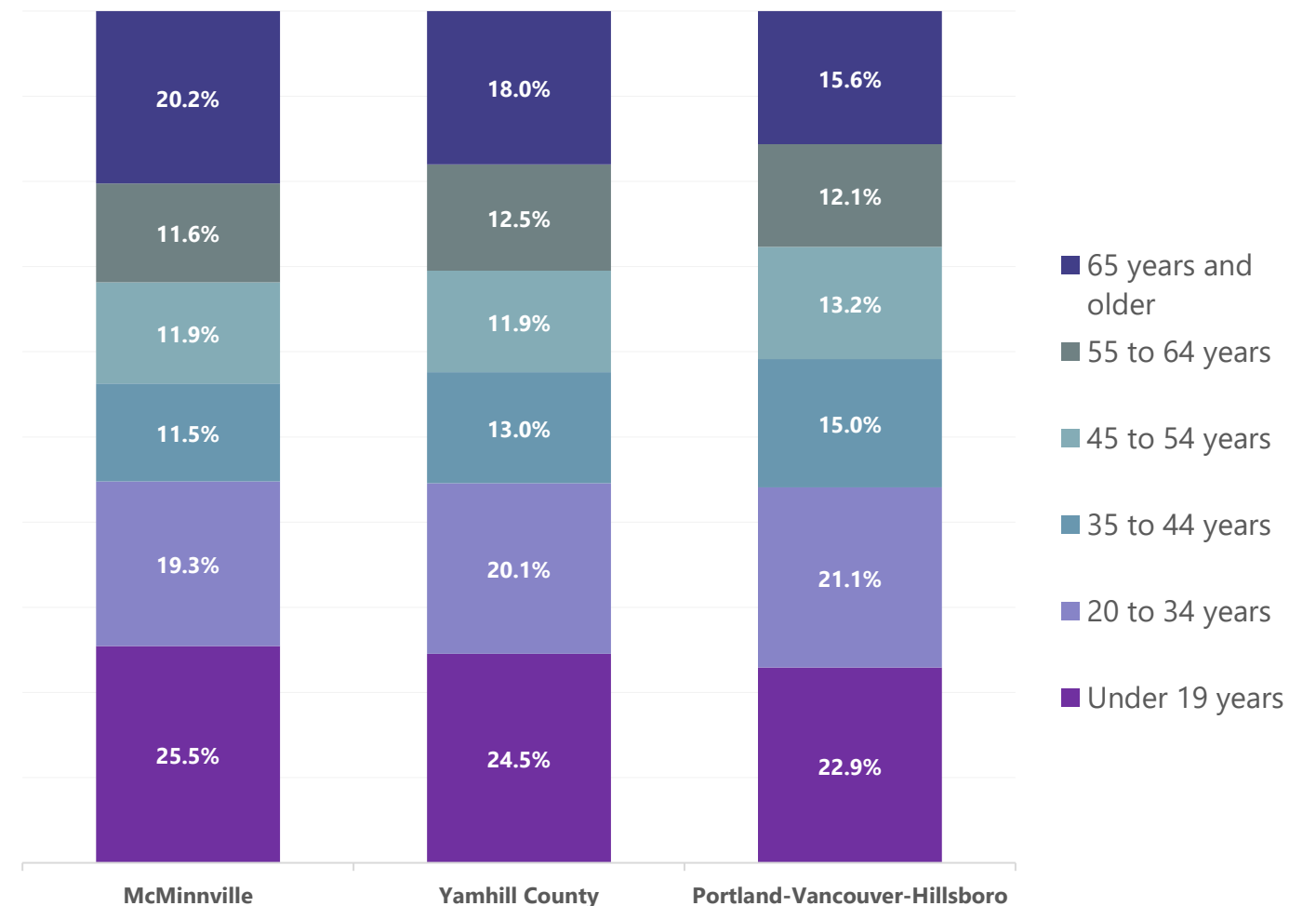
In 2022, the median age in McMinnville was 40.1 which was higher than the county median of 39.4 and the Portland-Vancouver-Hillsboro MSA median of 38.8. While the city's population is aging at a high rate from 35.3 in 2012 to 40.1 in 2022, the younger population remains the largest age group. People 19 years old or younger and 65 or older represent almost half of McMinnville's population. However, Yamhill County's elderly population is projected to outpace the younger population in 2032. This future-dominating age group will grow by almost 13,000 by 2049. The young population will stay flat and become the second largest group. The growing older population and high rate of young people in McMinnville will require housing and communities to accommodate the needs of these diverse groups. The aging population potentially increases demand for smaller, older households looking to downsize and/or senior housing. The young population would seem to indicate demand for starter homes, likely smaller, possibly attached, ownership products.

Age Projection in Yamhill County, 2024-2049



Source: Portland State University, Population Research Center, June 25, 2024

Age Distribution in McMinnville with Regional Comparison, 2022



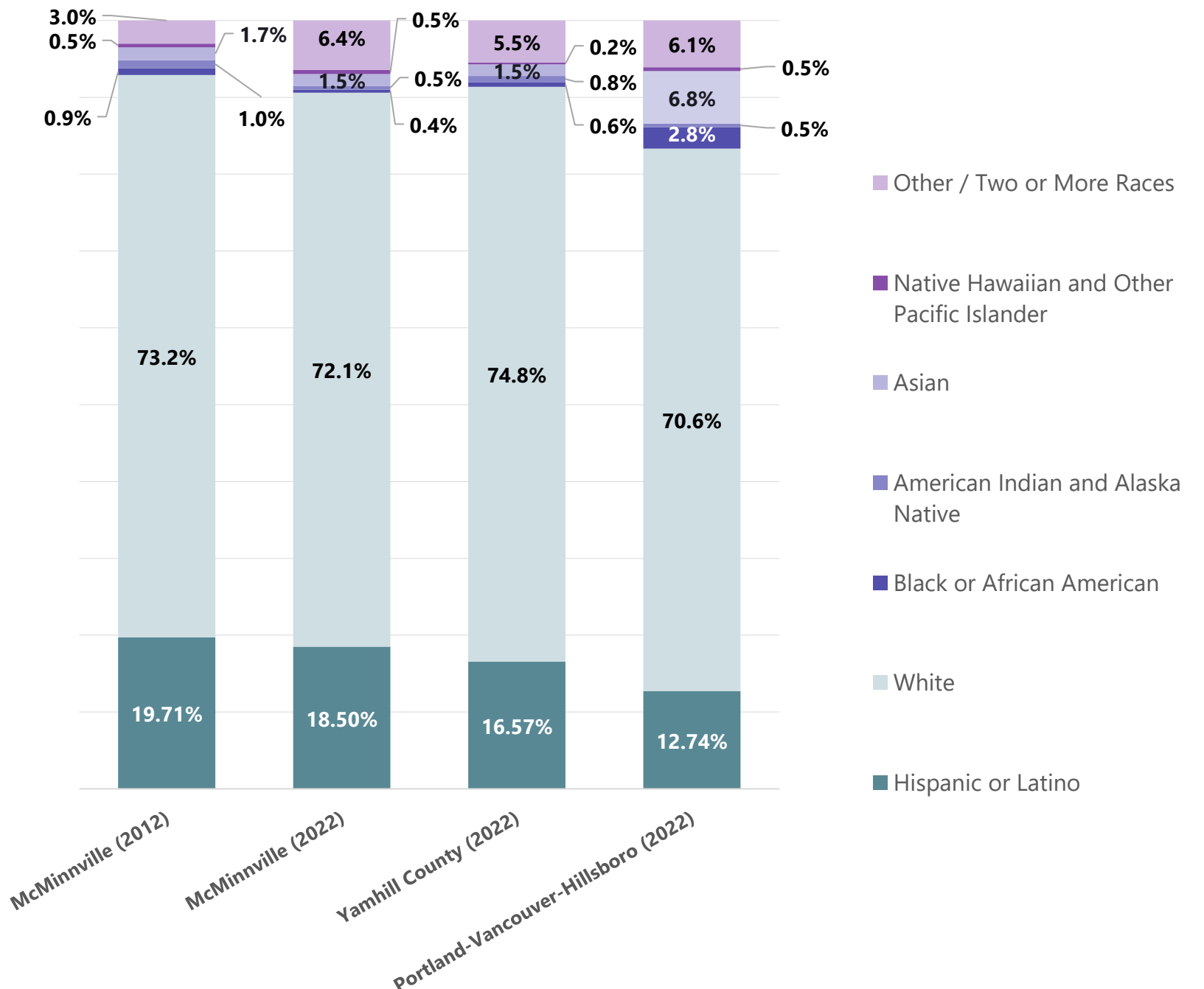
Source: US Census, ACS 5-year Estimates, Table DP05, 2022

At the same time, McMinnville working age population is somewhat lower compared to the county and metro. This may indicate a lack of "move up" housing, or economic opportunity, causing individuals and households in the prime of their career to be leaving McMinnville due to a lack of housing and/or good jobs.

# INCREASING DIVERSITY DRIVEN BY GROWING HISPANIC/LATINO POPULATION

The population in McMinnville is less diverse than in the Portland-Vancouver-Hillsboro MSA and similar to the Yamhill County racial distribution. The percentage of the White population declined by 1.1 percentage points, along with a similar decline in the Hispanic/Latino population by 1.21 percentage points. The overall diversity increased due to the more than doubled percentage points increase of other and multiracial groups. In 2022, 18.5 percent of the total McMinnville population were Hispanic/Latino keeping the highest share among the county and the metro rates since 2012.

Race and Ethnicity in McMinnville with Regional Comparison, 2022



Source: US Census, 2022 ACS 5-year Estimates, Table DP05

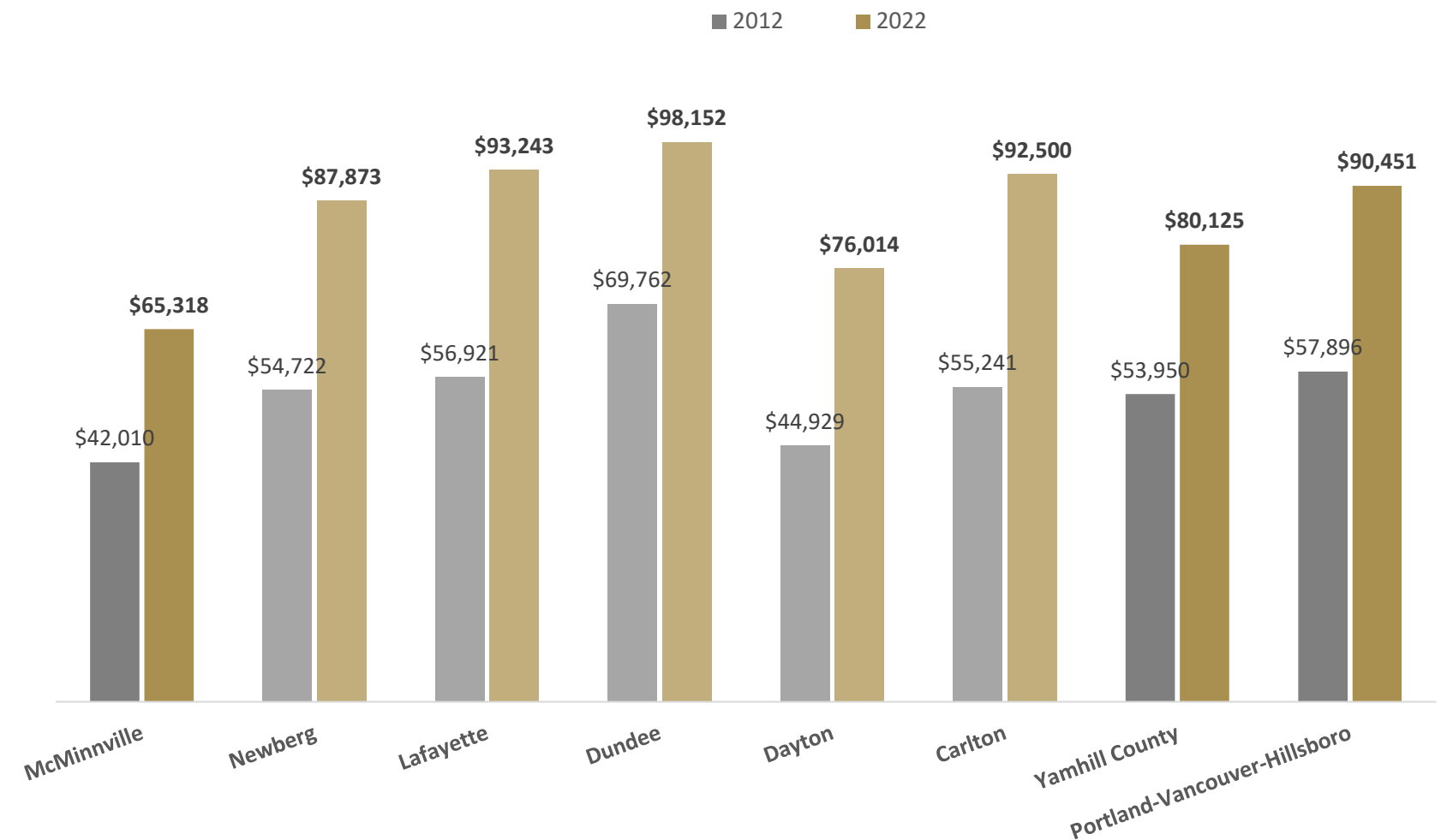
# MCMINNVILLE INCOMES LOWER THAN REST OF REGION

In 2022, McMinnville’s median household income was \$65,318 which is 18 and 28 percent lower than the county and metro area rates, respectively (not inflation-adjusted). It is also 27 percent lower, on average than the median household income of surrounding cities of Yamhill County such as Newberg (25,379 population, \$87,873 median household income), Lafayette (4,391; \$93,243), Dundee (3,224; \$98,152), Dayton (2,677; \$76,014), and Carlton (2,339; \$92,500).

The lower income might indicate that achievable rents and home prices are lower than in other cities making certain types of real estate infeasible or more difficult to finance due to a lack of demand for higher-end products (i.e., podium-style development, luxury townhomes, higher-end single-family residential, etc.). The low income indicates demand for more affordable housing options. However, higher-income households may choose to live in the surrounding communities if there is a lack of suitable options that meet their higher-end standards and or need for a particular housing type.

As of 2022, McMinnville also has a higher poverty rate than the county and metro, with **16.9 percent of McMinnville’s population living below the poverty line**. This rate was more than 1.5 times higher than in the Portland-Vancouver-Hillsboro, OR-WA Metro Area (9.7 percent) and 5.8 percentage points higher than in the county (11.1 percent).

Median Household Income in McMinnville with Regional Comparison, in 2012 and 2022



Source: US Census, 2022 ACS 5-year Estimates, Table S2503, 2012, 2022

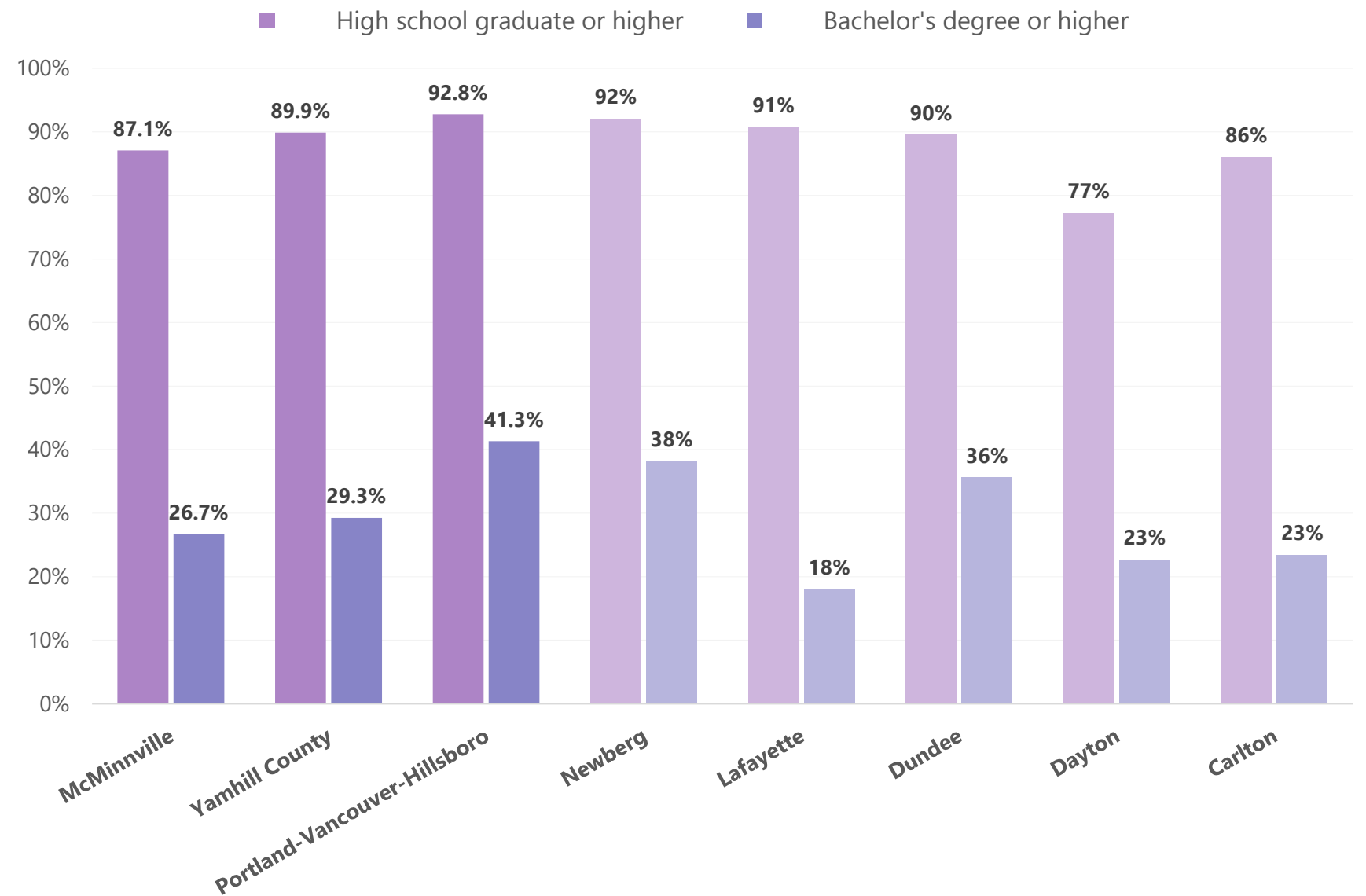
In 2022, there were 12,887 households in McMinnville with an average of **2.5 persons per household** which is a little lower than the county median of 2.7 persons per household and 0.1 points higher than in the Portland-Vancouver-Hillsboro Metro Area (2.4 persons per household).

# LOW EDUCATIONAL ATTAINMENT IN MCMINNVILLE COULD BE INCREASED THROUGH ASSETS LIKE LINFIELD

Among the McMinnville population of 25 years and over, **87.1 percent** graduated from a high school or higher as of 2022, which is lower than the county and the metro rates of **89.9** and **92.8** respectively. A quarter (26.7 percent) has a bachelor's degree or higher, which is lower than the county rate (29.3 percent) and significantly lower than the MSA's rate (41.3 percent).

While there are two higher education institutions in the city with around 9,300 students, cities with one college like Newberg (George Fox University) and no college like Dundee had higher rates of educational attainment, at 38 and 36 percent holding a bachelor's degree or higher, respectively. Linfield University could drive educational opportunities and enrollment to fill this gap.

Educational Attainment: High and Bachelor's Degree in McMinnville with Regional Comparison, 2022



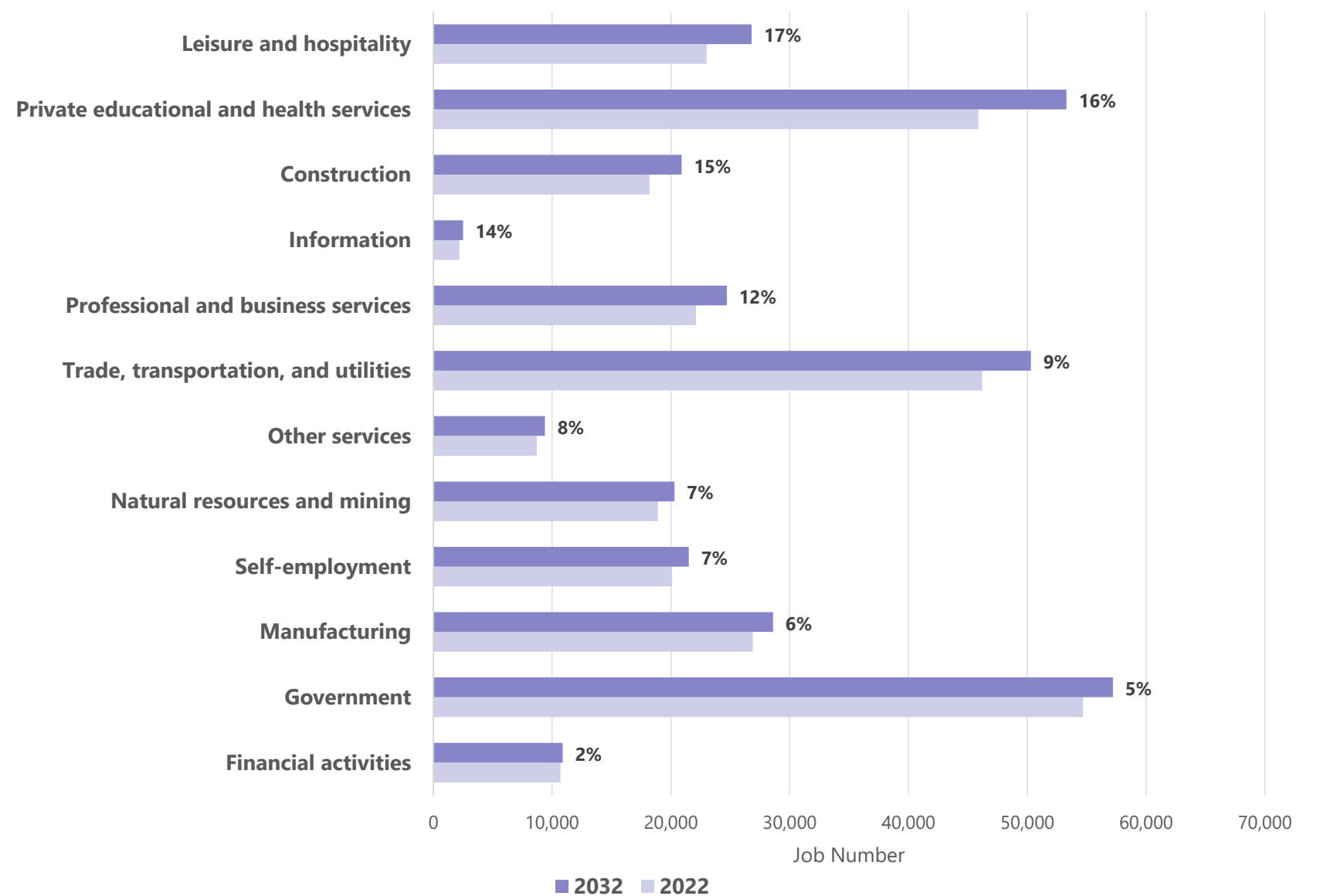
Source: US Census, 2022 ACS 5-year Estimates, Table S1501, 2022

# HEALTH CARE, LEISURE & HOSPITALITY, AND PRIVATE EDUCATION FASTEST GROWING SECTORS

Almost one-fifth of the jobs (2,974) in McMinnville are in health care and social assistance, followed by manufacturing and retail (13%), and education (12%). Manufacturing has a higher share in the county, with 17.7 percent of jobs in this industry. Healthcare and social assistance are also the top industries where 2,229 employees live and work in McMinnville, the rest of the 745 employees commute from elsewhere. There were a total of 1,094 McMinnville residents who worked in agriculture, forestry, fishing, and hunting in 2021 agriculture, forestry, fishing, and hunting industries - about 40 percent of them work outside the city. It could be an opportunity for growing the number of jobs in the agriculture industry in the city as the number of McMinnville residents working in agriculture has grown by 28 percent from 2011 to 2021 – four times faster than the population growth. A total of 6,885 additional employments are projected by 2041 (McMinnville Urbanization Report (June 2020)).

The Mid-Valley region (Yamhill, Linn, Marion, Polk, and Yamhill Counties) fastest-growing industry in the next 10 years will be **leisure, and hospitality with the projected to grow by 17 percent (3,800 new jobs)**. Private education and health services would count for an additional 7,400 jobs (16% growth), followed by construction and information industries growing at up to 15 percent rate. Almost 40 percent of current jobs in McMinnville are in one of those industry sectors meaning that the new development can benefit from the expansion of these uses especially while leveraging the housing supply.

Industry Employment Projections in Mid-Valley (Linn, Marion, Polk, and Yamhill Counties), 2022-2032



Source: Oregon Employment Department, December 21, 2023

# LINFIELD UNIVERSITY

## DEMOGRAPHICS

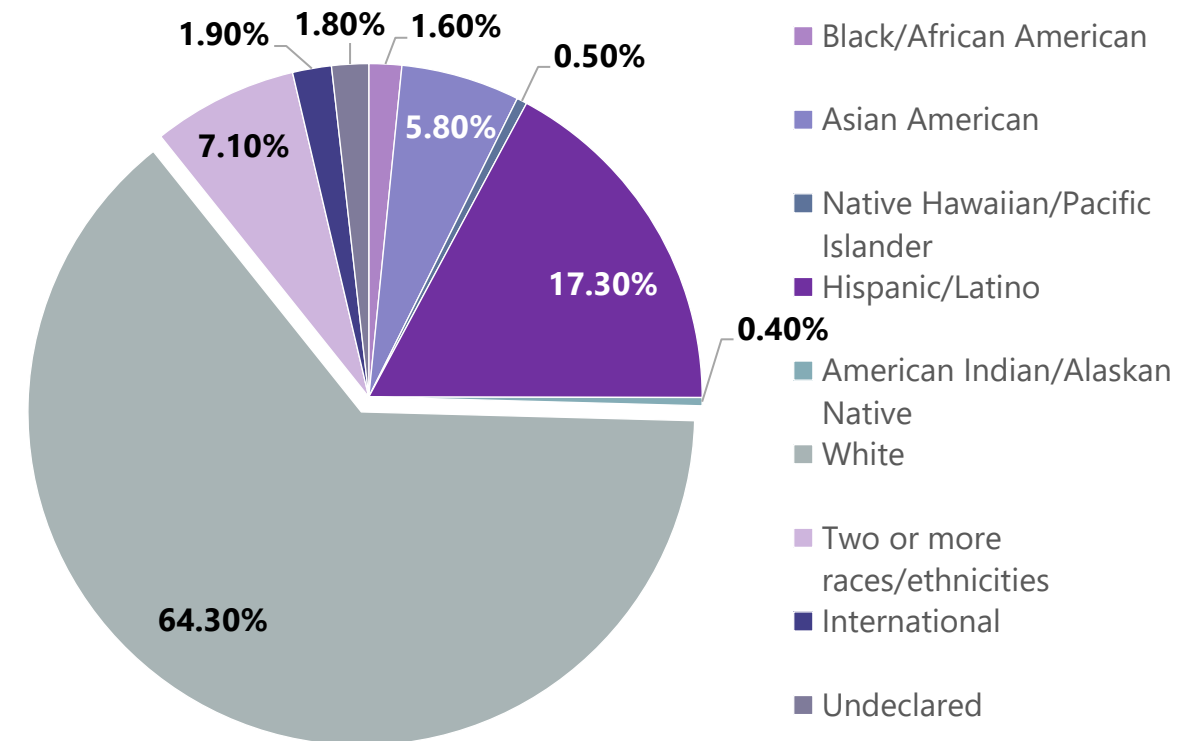
In 2023, a total of 1,726 students from 21 states and 11 countries were enrolled at Linfield University. Among them, 67 percent were from Oregon state and two percent were international. Most of the students defined themselves as female (64 percent) and around a third of the students were male (36 percent). Thirty-eight percent of students were U.S. students of color – that share of the student body has been growing in recent years. Among them, the largest group consists of Hispanic/Latino students, accounting for 17.3 percent, followed by 5.8 percent of Asian Americans<sup>1</sup>. The faculty consisted of 130 professors.

The largest program at Linfield University is nursing with 46.9 percent of graduates in 2022, followed by psychology with 6.1 percent of graduates, and kinesiology and exercise science – with 3.9 percent. 3.7 percent graduated from business administration and management programs; other programs had 3 percent or fewer graduates in 2022. While the Linfield University-Good Samaritan School of Nursing is highly ranked and nationally recognized and has the highest number of students, wine studies have a huge impact on the University's branding and representation in the region and beyond. The first wine study program was established in 2016, then in 2023, the Evenstad Center for Wine Education was named the most innovative wine study program in the country and at the top worldwide.

Area of Study	2022 graduates
Registered nursing/registered nurse	46.9%
Psychology	6.1%
Kinesiology and exercise science	3.9%
Business administration and management	3.7%
Sport and fitness administration/management	3.0%
Marketing/marketing management	3.0%
Elementary education and teaching	2.6%
Accounting	2.6%
Finance	2.2%
Mathematics	1.8%
Public health education and promotion	1.8%
International relations and affairs	1.6%
Biology/biological sciences	1.4%
Biochemistry and molecular biology	1.2%
History	1.2%
Other Programs (1% or less)	17.0%

Source: US Dept of Education (IPEDS) via Google Search for Colleges & Universities

### Racial & Ethnic Distribution of Linfield Students



Source: Linfield University Facts and Figures

# HOUSING

Housing is a major need in Yamhill County and McMinnville. The Linfield University site is zoned to allow multifamily housing, and housing on site could support students, faculty, staff, and community members. Housing is a varied asset. Potential housing types identified for consideration include market rate, workforce, affordable, senior, and multigenerational. If Linfield University intends to retain ownership of the land, this could pose a challenge for affordable housing, which typically relies on subsidies including reduced-priced land. In addition, full-time students are not eligible for housing in properties subsidized through the Low-Income Housing Tax Credit (LIHTC) program, except for students who were previously in foster care and those with dependents. However, there could be opportunities for the University to partner with a developer to create a unique mix of uses that serve both the university and the broader community.

Housing is one of the most attractive asset types for developers, as rents and home prices continue to grow due to shortages regionally and nationwide. However, headwinds in the construction market, including costs and interest rates, are making it harder for projects to pencil. In addition, competition for funding has made low-income housing development more challenging.

# MIXED-USE AND INTERGENERATIONAL HOUSING

## KEY TAKEAWAYS

### Strength

- The size and unconstrained nature of the site, along with its central location within McMinnville, offer a one-of-a-kind site conducive to a mix of housing types while offering a range of supporting amenities and open spaces.
- Existing amenities and campus settings are favorable contexts for residential development.
- Developer interest across multiple housing types

### Weaknesses

- Traffic on Highway 99W and access to the site are challenging, especially in Area B due, to the railway.
- Limited capacity through existing utilities and infrastructure will require significant investment for site preparation.

### Opportunities

- The large flat site opens up various opportunities for developing a complete community holistically integrated into the surrounding context.
- Need for accessible senior housing supported by the aging population; demand stated by those active in the senior housing space.
- Integration of senior housing and Linfield healthcare programs.
- City support for affordable housing and workforce housing.
- It is likely that the subject property could be subdivided to achieve the highest return to the owner.

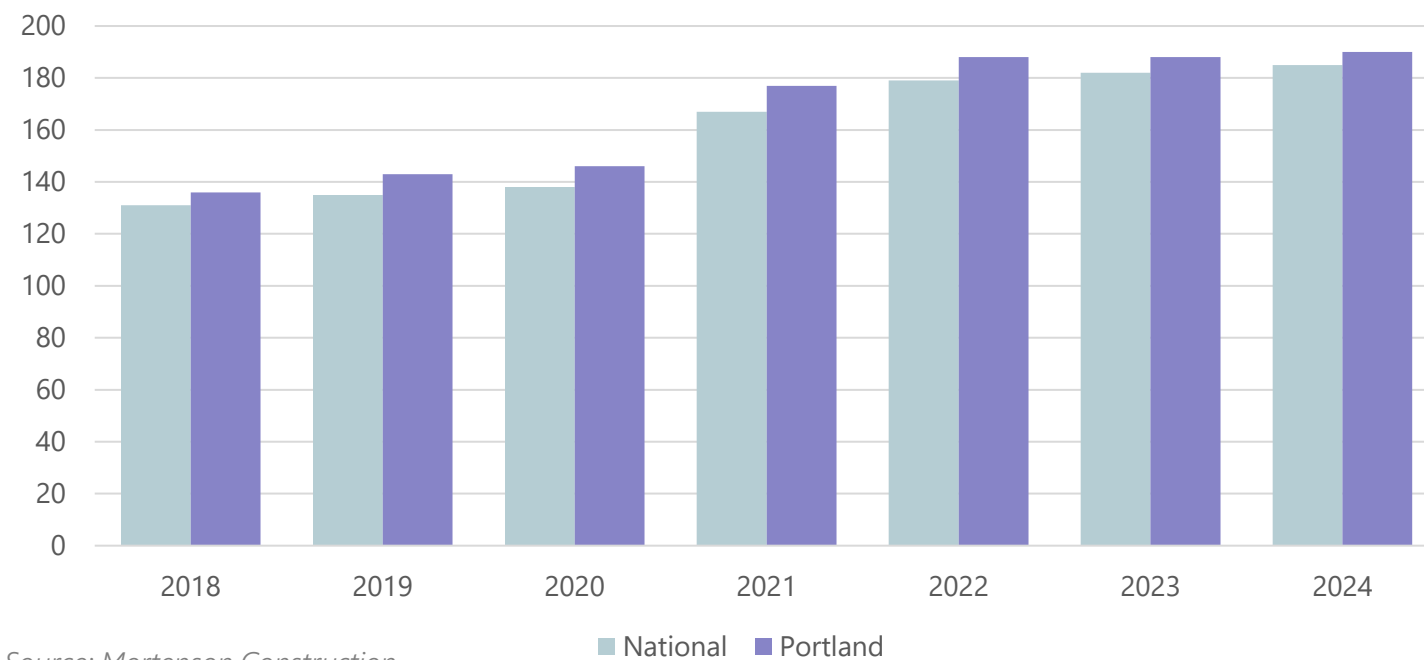
### Threats

- High construction costs and the relatively low income in McMinnville compared to surrounding communities may lead to unachievable rents. The current rents per square foot for apartments are on average 12 percent lower in McMinnville compared to Newberg and Yamhill County.
- The growth in housing stock in Yamhill County is relatively modest, particularly new multifamily housing construction.

# SUPPLY OF HOUSING CONSTRAINED BY THE RISING COST OF CONSTRUCTION & NEED FOR ACCESSIBLE SENIOR HOUSING

## NATIONAL TRENDS

Mortenson Construction Cost Index, 2018-2024



Source: Mortenson Construction

National macroeconomic trends in the US have made construction challenging. **The biggest headwinds to commercial construction are rising material and labor costs and a high-interest rate environment.** The Mortenson Construction Index compares annual construction costs to a 2008 baseline. As of 2024, the national construction cost index is 185, indicating that costs are 85 percent higher than they were in 2008. In Portland, the index is 190. In 2018, the construction cost index was 136 in Portland and 131 nationwide, indicating that costs have risen dramatically since then. This is due to a combination of a construction labor shortage and supply chain disruptions during the global COVID-19 pandemic.

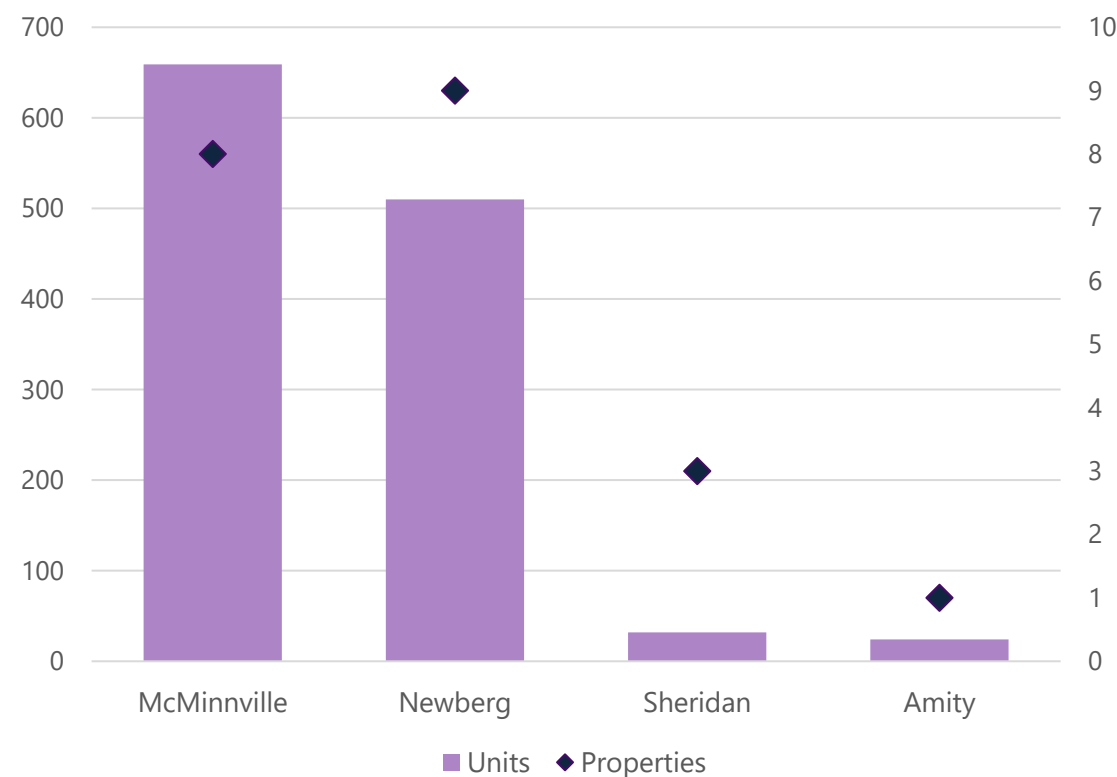
- **Senior And Accessible Housing Is In Need As Baby Boomers Age.**
- **44% Of Older Adults Want To Live In Multigenerational Neighborhoods**

A nationwide trend that is increasing in significance is the need for senior and accessible housing as Baby Boomers age. A 2021 AARP poll found that **three quarters of older adults aged 50 or older would like to stay in their current homes or communities for as long as possible.** Achieving this will require that communities build a variety of accessible housing options, including accessory dwelling units (ADUs), multifamily condos and apartments, and cottages. Of the older adults surveyed, **44 percent want to live in a multigenerational neighborhood**, 32 percent would prefer an “active adult” community, and 32 percent want to live in a continuing care community.

# MULTIFAMILY CONSTRUCTION HAS DECLINED IN THE LAST FOUR YEARS IN MCMINNVILLE

## REGIONAL TRENDS

Multifamily Rental Housing Construction Activity in Yamhill County, 2014-2024

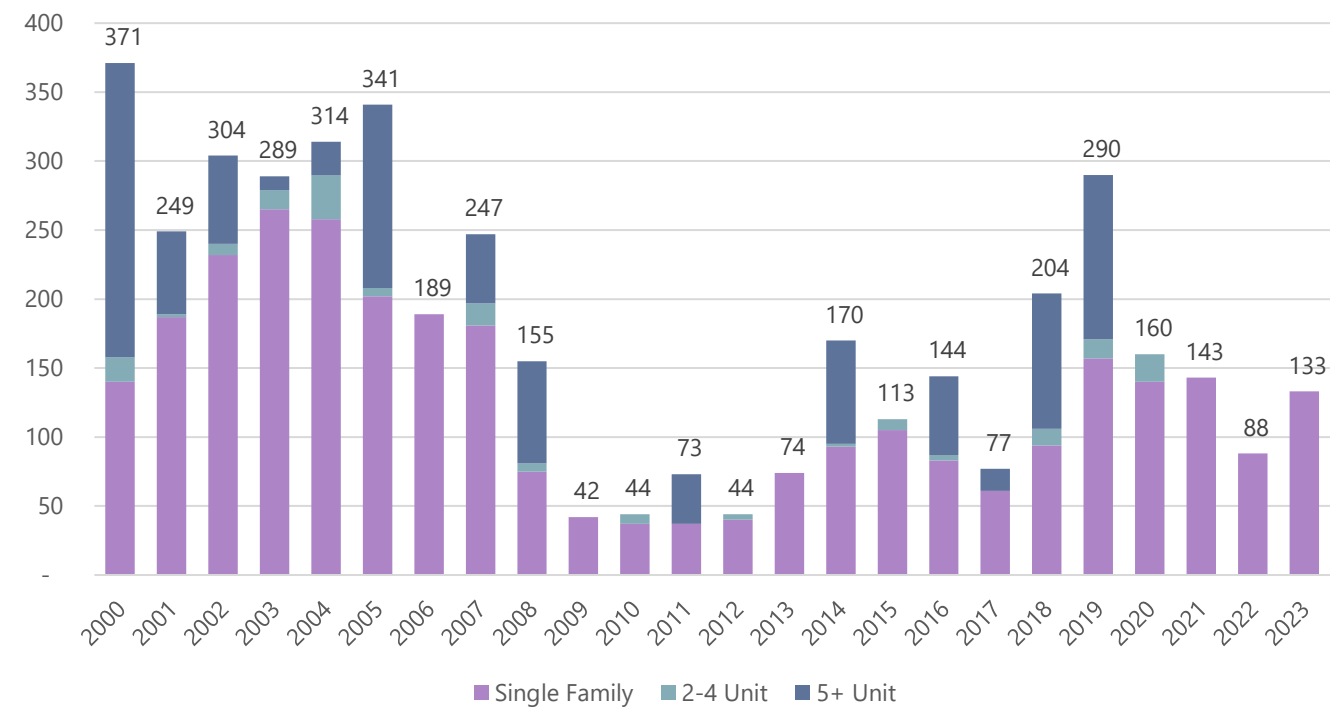


Source: CoStar, City of McMinnville

Since 2014, 20 multifamily rental properties with a total of 1,225 units have been completed in Yamhill County. McMinnville saw the most construction activity over that time with 659 units across eight properties, followed by Newberg.

## LOCAL TRENDS

Housing Units Permitted in McMinnville by Structure Type, 2000-2023



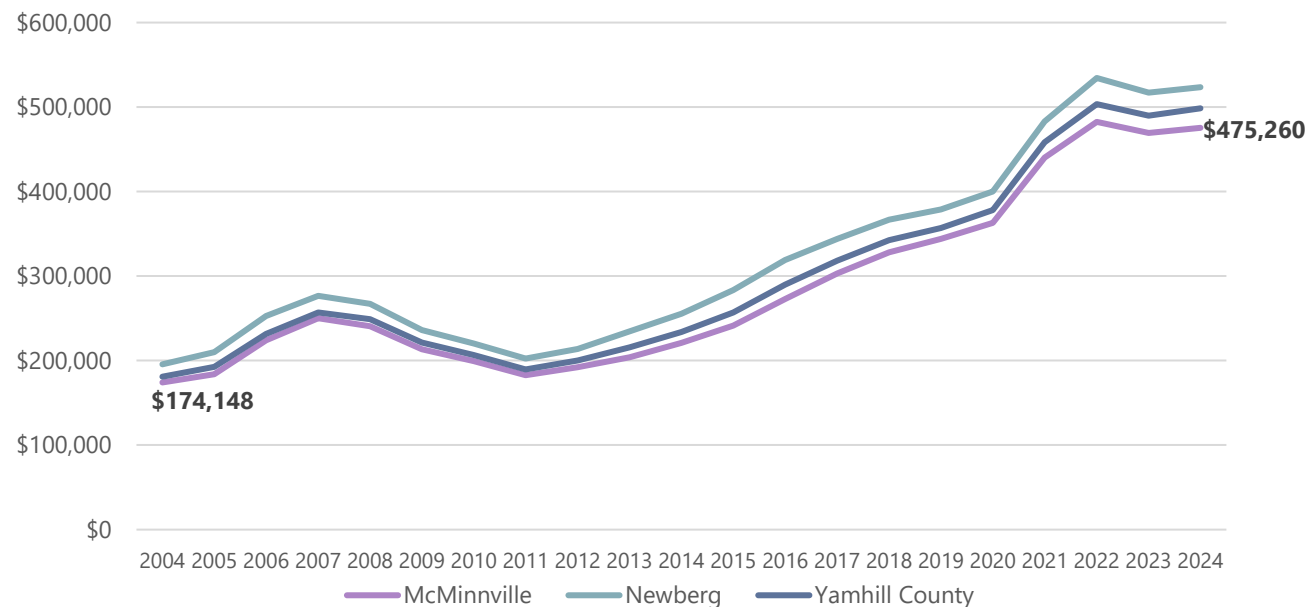
Source: US Department of Housing and Urban Development (HUD) SOCDS Building Permit Database.

Between 2014 and 2023, an average of 436 units have been permitted annually in Yamhill County. Over that same period, 15 percent of permitted housing units were in structures with five or more units.

In McMinnville, between 2014 and 2023 an average of 152 units were permitted annually. Of the units permitted over this period, 24 percent were in structures with at least five units – a much higher share than countywide. In 2019, 290 units were permitted – more than any other year since 2005. Of the units permitted in 2019, 119 (41 percent) were in multifamily structures with at least five units. More than half of the units permitted in Yamhill County that year were in McMinnville.

# SINCE 2012, THE TYPICAL HOME PRICE IN MCMINNVILLE GREW BY 151%, WHILE THE MEDIAN HOUSEHOLD INCOME GREW BY JUST 55%

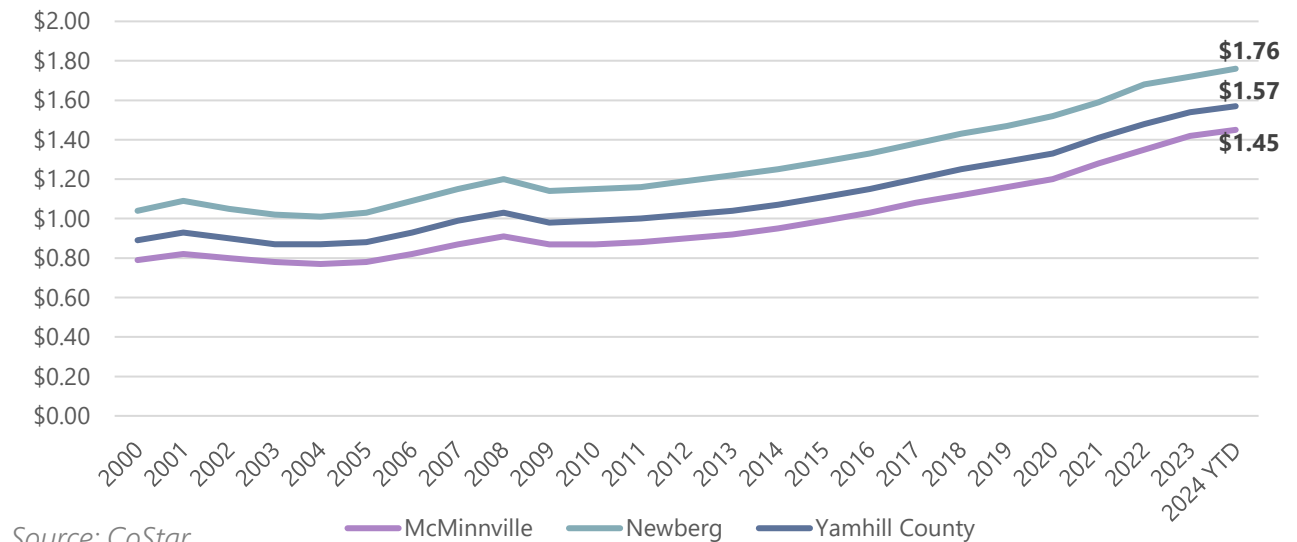
Typical Home Prices in McMinnville, Newberg, Yamhill County (2004-2024)



Source: Zillow Home Value Index (ZHVI).

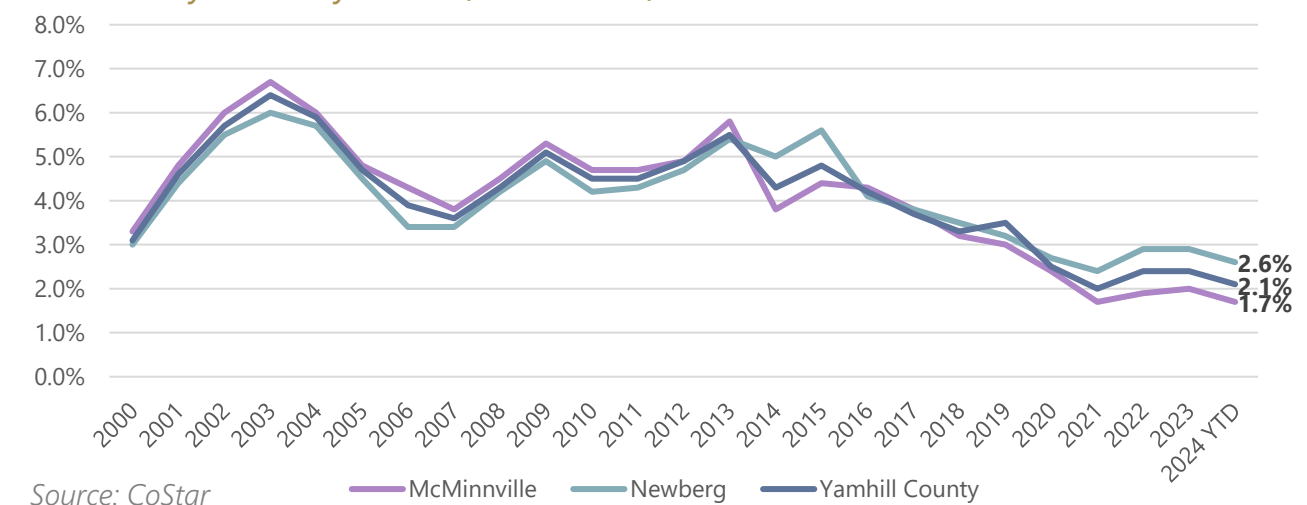
Home prices have risen significantly in McMinnville and Yamhill County over the last 20 years. The typical home price in McMinnville grew by 173 percent, from \$174,000 in 2004 to \$475,000 in 2024. Rents in McMinnville and Yamhill County have remained relatively flat. **The market asking rent per square foot for multifamily housing in McMinnville grew by just four percent between 2000 and 2024.** As of 2024, rent per square foot is higher in Newberg (\$1.76) than in McMinnville (\$1.45), even among newer housing units. While newly constructed units in McMinnville are seeing rents of \$1.74 per square foot, new apartments in Newberg are renting for \$1.82 per square foot. High-quality new apartment homes in McMinnville could achieve similar rents to Newberg – a household making the median income in McMinnville could afford an 850-square-foot apartment at \$1.82 per square foot (\$1,547 in monthly rent) without experiencing a cost burden.

Multifamily Asking Rent per SF, (2000-2024)



Source: CoStar

Multifamily Vacancy Rates (2000-2024)



Source: CoStar

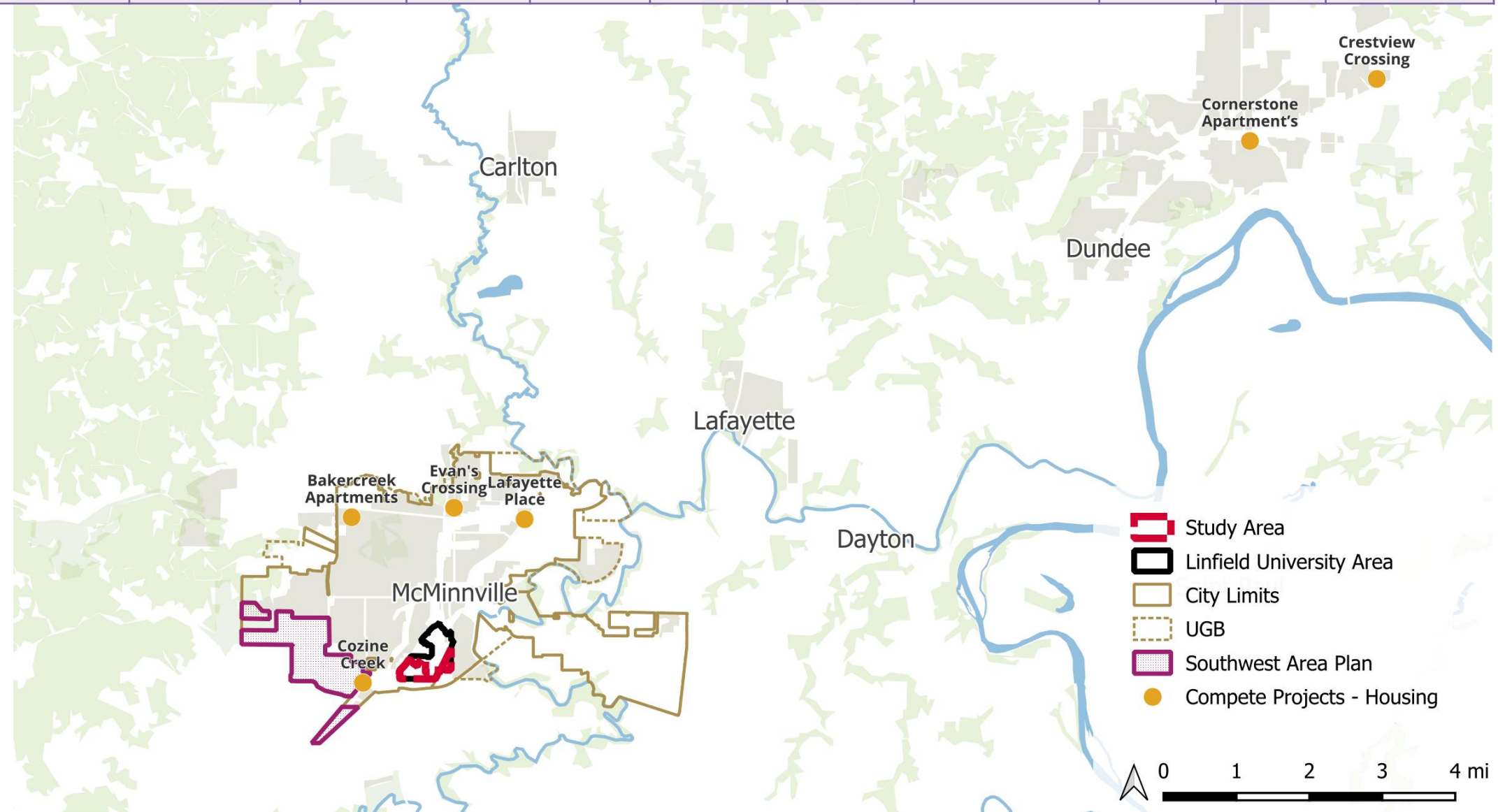
Although rent in McMinnville is relatively low compared to rent countywide, **the multifamily vacancy rate in McMinnville is under two percent, indicating strong demand for rental housing.** McMinnville's vacancy rate has remained below five percent – the typical benchmark for a healthy market – since 2013.

# COMPETITIVE MULTIFAMILY HOUSING PROJECTS IN MCMINNVILLE AND YAMHILL COUNTY

Name	Street Address	City	State	Year Built	Units	Avg. Unit Size	Avg. Rent	Avg. Rent PSF	Units / Acre	Stories	Parking
Cornerstone Apartment's	800 E 2nd Street	Newberg	OR	2021	19	883	\$1,606	\$1.82	73	3	tuck-under
Evan's Crossing	2501 NE Evans Street	McMinnville	OR	2020	119	920	\$1,575	\$1.71	26	3	surface
Crestview Crossing	4460 E Jory Street	Newberg	OR	2023	51	700	\$1,812	\$2.59	28	3	surface
Cozine Creek	1800 SW Old Sheridan Road	McMinnville	OR	2022	42	999	\$1,650	\$1.65	11	3	surface
Lafayette Place	2163 NE Lafayette Avenue	McMinnville	OR	2017	132	890	\$1,549	\$1.74	33	3	surface
Bakercreek Apartments	2005 NW 23rd Street	McMinnville	OR	2021	70	-	-	-	-	-	-

Source: CoStar

Among the total of 433 units in six multi-family competitive projects, the most of them are in McMinnville. The City has recently released RFQ for new residential and mixed-use commercial development in the Southwest Area Plan in the Urban Growth Boundary that will bring more housing and population growth into the proximity to the study area.



# INDEPENDENCE LANDING INDEPENDENCE, OR

Independence, Oregon, located in Polk County - just south of Yamhill County, has a population of 10,255 people. Like McMinnville, Independence benefits from its proximity to the wine country and a nearby urban center. In 2014, following the success of downtown improvements in the city, SERA Architects proposed a concept plan for the former Valley Concrete site along the Willamette River suggesting housing, retail, office, hospitality uses, and a riverfront park.

The City's Urban Renewal Agency held an RFQ process to conduct developer outreach and ultimately hired Tokola Properties who developed the riverfront properties with a mix of moderate- to high-intensity land uses a hotel, housing, retail, and open space. The site was in the Enterprise Zone, E-Commerce Zone, and the Independence Urban Renewal District.

The 73-room Independence Hotel opened in 2019, followed by the Independence Landing Apartments in 2020, and Osprey Point in 2022. The Independence Landing Waterfront Park was completed in 2021. Apartment rents have increased from an estimated \$1,200 in 2016 to over \$1,800 in 2024. The park saw 138,700 visits from 60,200 visitors in the past year.



The Independence Hotel 201 Osprey Lane, Independence, OR	
Rooms: 73	Year Built: 2019
Class: Upscale	Stories: 4
Rooms/Ac: 34	Parking: Surface



Independence Landing Apartments 375 Osprey Lane, Independence, OR	
Units: 124	Year Built: 2020
Avg. Rent: \$1,859	Stories: 3
Units/Ac: 38	Parking: Surface



Osprey Point 75 C Street, Independence, OR	
Units: 38	Year Built: 2022
Avg. Rent: \$1,641	Stories: 4
Units/Ac: 81	Parking: Surface

Source: doPDX PC

# THE CANNERY

## DAVIS, CA

### Farm-to-Table Community

The Cannery in Davis is a sustainable, pedestrian-friendly, farm-to-table incubator community that is the north gateway to the city. The 98.6-acre mixed-use multi-generational neighborhood offers housing for all ages, with resource-efficient homes, many with rooftop solar systems. A total of 488 homes are located within 300 feet of a park/trail network. Emphasize wellness and sustainability the site includes a pool, clubhouse, game room, outdoor gym, playgrounds, community garden, and urban farm. Over 28 acres are dedicated to open space, including parks, wildlife habitat, trails, community gardens, and an urban farm. The concept is based on promoting resiliency through the focus on locally produced resources on the development site to provide them for its citizens. The Cannery's 7.6-acre farm is maintained by the Center for Land-based Learning, a local nonprofit that trains farmers.

**“It’s a vision of the good life that is primed to reshape many American suburbs.” – CityLab**



Source: SWAgroup.



Source: SWAgroup.

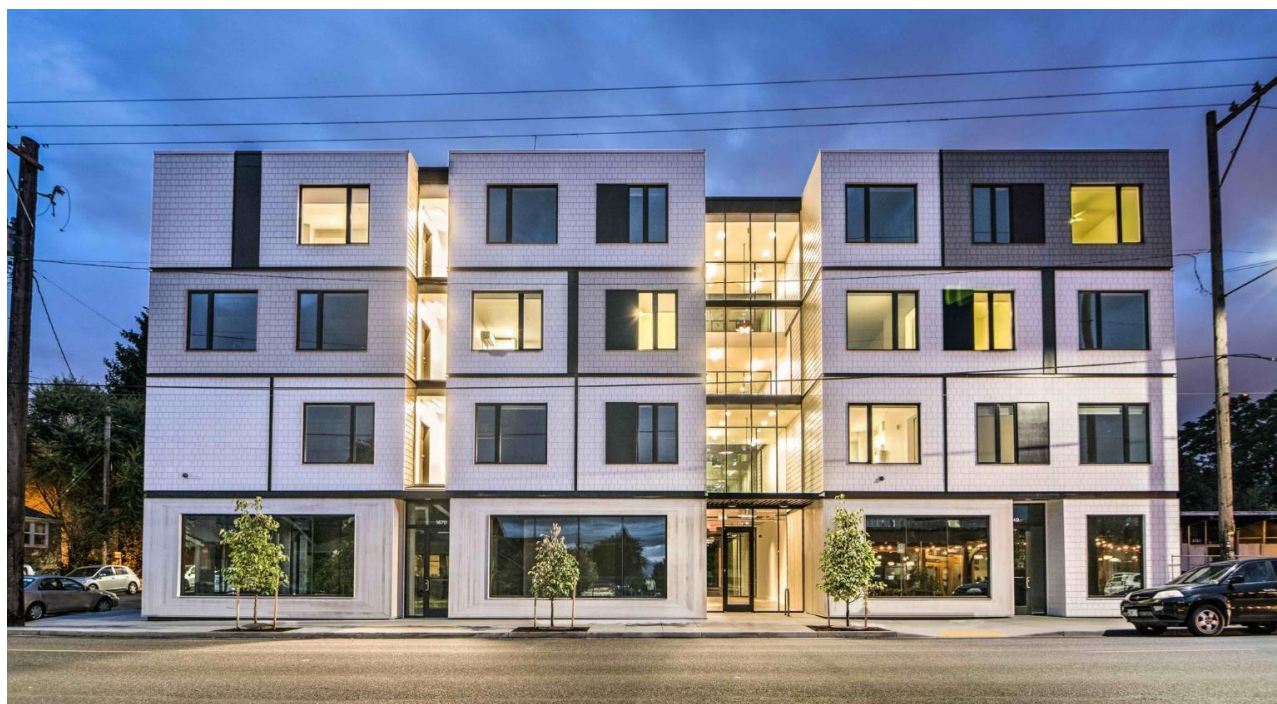


Source: SWAgroup.

# CONCORDIA K STREET COMMONS PORTLAND, OR

## Student Housing Master Lease

Urban Development + Partners (UD+P) completed the K Street Commons on NE Killingsworth Street in Portland in 2016. The **\$6.4 million project includes 34 market-rate apartments and 2,774 square feet of retail space.** UD+P partnered with Concordia University (CU), which had a campus about a mile away, and Metro, which provided transit-oriented development funding. Concordia agreed to master lease the apartments to provide housing for graduate students. The ground floor retail space now includes Mis Tacones, a vegan Mexican restaurant. Although the CU campus in NE Portland closed in 2020, the apartment building continues to operate, leasing to the public rather than exclusively to students. UD+P continues to own and operate the apartments now called Cassi Apartments. The small units – an average of 475 square feet – rent for **\$1,323 per month.**



Source: CoStar.

# OPPORTUNITY CENTER & HOUSING PORTLAND, OR

## Affordable Housing & College Services

In 2022, Portland Community College began a **\$36 million redevelopment of its Portland Metro Workforce Training Center.** The new 50,000-square-foot Opportunity Center, completed in 2023, includes classrooms, offices, and meeting rooms. Home Forward and the Oregon Department of Human Services will have offices there. The project uses cross-laminated timber and universal design principles.

Home Forward is developing **85 affordable housing units on-site for households earning 30 to 60 percent AMI.** PCC is leasing the housing site to Home Forward, which will manage it. The Native American Youth and Family Center will operate an early childhood education center on the first floor. The housing will feature two outdoor plazas and a **16,000-square-foot courtyard for community events.** Completion is expected by the end of 2024.



Source: Home Forward.

# BRIDGE MEADOWS PORTLAND & BEAVERTON, OR

## Multigenerational Housing Community

Bridge Meadows, a non-profit developer, is a multigenerational housing community with multiple locations across Oregon. It offers affordable housing for seniors, foster youth, and their families, creating a supportive environment where different generations live together and support each other. After the success of their first community in North Portland, Bridge Meadows launched Bridge Meadows Beaverton in 2017. This community features **9 single-family townhomes for foster families, 32 senior apartments, and a community building** centered around a courtyard to enhance connection and visibility. **Eligible residents include families committed to providing permanent homes for three or more foster children and individuals aged 55 and over who volunteer in the community,** offering support such as mentoring children or assisting with appointments.

Bridge Meadows Beaverton includes a dedicated community center where residents can relax, play, share a meal, or take part in one of the many classes and programs.



Source: Bridge Meadows.



Source: Bridge Meadows.



Source: Bridge Meadows.

# THE VI - STANFORD SENIOR COMMUNITY PALO ALTO, CA

## Luxury Senior Living Community – Programming Elements

Formerly known as the Classic Residence by Hyatt, the renovated complex, located on the Stanford University campus, capitalizes on adjacent cultural and medical services and bridges seniors with the local community providing an aging-in-place lifestyle. Around one million square feet of the development encompasses 289 independent living units, 70 assisted units, a 59-bed skilled nursing facility, and 60,000 square feet of common areas including dining rooms, a café, a business center, a fitness and aquatic center, a library and a theater, a general store and a day spa. The large private courtyards provide spaces for healthy walking and outdoor activities.

The case study represents a high-end senior community; however, that proves the global and state-growing trend of locating senior communities in proximity to university campuses that provide health care services for its residents. The Vi case displays how senior housing benefits not just the direct users but also creates a place for applied practice and work for the nursing specialists. **Senior housing combined with the Pre-K schools could offer an even broader range of possibilities** as it could co-benefit different population groups. That model could also benefit from the research centers on campus like a Center for Longevity.



## **WINE & FOOD (AGRICULTURE RELATED INDUSTRIES)**

The potential development of wine and agriculture initiatives on Linfield University's property could leverage the unique advantages of McMinnville, Oregon, a region renowned for its rich viticulture and agricultural history. This project aligns with the school's thriving wine program, offering students hands-on experience while contributing to the local wine industry.

When assessing market potential for a wine-centered project, we evaluate factors such as local consumer demand, regional wine tourism growth, vineyard productivity, and alignment with industry trends. By integrating academic resources with the region's agricultural strengths, the development can enhance both the university's educational mission and McMinnville's standing as a hub for Oregon wine production.

# WINE ORIENTED USES

## KEY TAKEAWAYS

### Strength

- The site is located in the heart of Willamette Valley wineries and vineyards.
- The Willamette Valley's unique climate and microclimates in the local area have set the stage for future development in the industry.
- Linfield's Center for Wine Education and Wine Studies program within the School of Business, as well as its Oregon Wine History Archive, provide potential partnership opportunities that leverage expertise and uses for the site.

### Weaknesses

- Most vineyards are located outside of McMinnville, reducing potential for wine production or a wine focused resort.
- Many local wineries have tasting rooms and dining operations on their properties that would provide competition.

### Opportunities

- Creating a place of gravity for the Willamette Valley wine industry, a "wine center" that grounds partnerships in the Valley.
- Opportunity to create a co-op wine production space that allows a head start for small producers that lack production space.
- Hospitality expertise and staffing are in high-demand; potential to leverage site development for a Linfield hospitality program.
- Wine-related program elements should be established in collaboration with agriculture to make the programming more inclusive.

### Threats

- Wine industry growth is fluctuating, both globally and locally
- Global anti-alcohol trends and exclusivity of wine as a culture mean future site uses should not singularly depend on wine.

# SUSTAINABILITY, PREMIUMIZATION AND TECHNOLOGICAL ADVANCEMENTS ARE THE MAIN DRIVERS OF WINE & AGRICULTURE INDUSTRY

The wine and agriculture industry is seeing **significant shifts driven by sustainability, premiumization, and technological advancements**. According to recent data, **sustainable wine production now accounts for 20-30% of the global market**, with organic wine sales expected to reach \$21.5 billion by 2024. This shift reflects consumer demand for organic and sustainably produced wines, with **30% of U.S. wine consumers prioritizing eco-friendly practices**. Premiumization is also reshaping the market, with global premium wine sales projected to grow by 6% annually, as consumers increasingly seek boutique, high-quality offerings.

E-commerce and direct-to-consumer (DTC) sales are on the rise, with DTC wine shipments in the U.S. growing by 27% in 2021, generating nearly \$4.2 billion in revenue. **Wine tourism**, too, is becoming an important revenue stream, **contributing more than \$2 billion annually to the U.S. economy**. Younger generations, particularly millennials and Gen Z, are driving demand for wines with unique stories and social responsibility—73% of millennials prefer to purchase from socially responsible companies. However, the growing global anti-alcohol trend and mindful lifestyle driven by the young generations has set challenges for the future of the wine industry. Climate change is also influencing the industry, with 62% of vineyards worldwide experiencing the need to adapt to changing conditions, while technological innovations in agriculture, such as precision viticulture, are helping improve vineyard efficiency and quality, making producers more competitive. The Willamette Valley is home to more than 700 wineries, up to 400 of them were opened in the last nine years ([Forbes](#)), which is almost the same as the total number of wineries in Napa Valley (475) and Sonoma (425) (*2023 Oregon Vineyard and Winery Census, September 2024*).



- **Over 700 wineries**
- **~ \$1 Billion Of Estimated Oregon Wines Value Sales (2023)**
- **Canada Is The Main Export Destination**

# THE SCARCITY OF LAND & CLIMATE CHANGE IMPACTS FORCE REAL ESTATE DEVELOPMENT TO PLACES WITH MILD CLIMATE

In 2024, real estate conditions in the wine and agriculture industry are heavily influenced by rising land costs, particularly in high-demand regions like Napa Valley and Willamette Valley, where prices per acre have reached over \$500,000 in some areas. The scarcity of available land is driving interest toward less traditional wine-growing regions such as Paso Robles and Walla Walla, where land costs remain more affordable but are rapidly increasing as these areas gain recognition. Zoning laws and conservation easements continue to protect agricultural land, with 57% of Napa County land restricted by conservation agreements, which limits development options and increases competition for available plots.

Climate change is having a notable impact on land values, as vineyards seek areas less affected by drought and extreme weather, with regions having access to reliable water sources commanding higher premiums. In 2024, water access is one of the leading factors in property negotiations, particularly in California where water scarcity continues to rise. Proximity to tourism hubs further elevates property value as wine tourism remains a growing sector, with over 50 million visitors contributing to the U.S. wine industry's annual revenue. Vineyard suitability, especially in terms of soil quality and terroir, continues to be a decisive factor in pricing, with **prime vineyard land in established regions fetching upwards of \$1 million per acre**. Additionally, the adoption of agricultural technologies such as drone monitoring and precision irrigation enhances land appeal by improving efficiency and yield, while economic factors like rising interest rates and demand for premium local wines add further competition to the real estate market.



*A vineyard in St. Helena on Sept. 28, 2020, amid the Glass Fire / Photo by Paul Kitagaki Jr./ZUMA Wire/Alamy Live News*

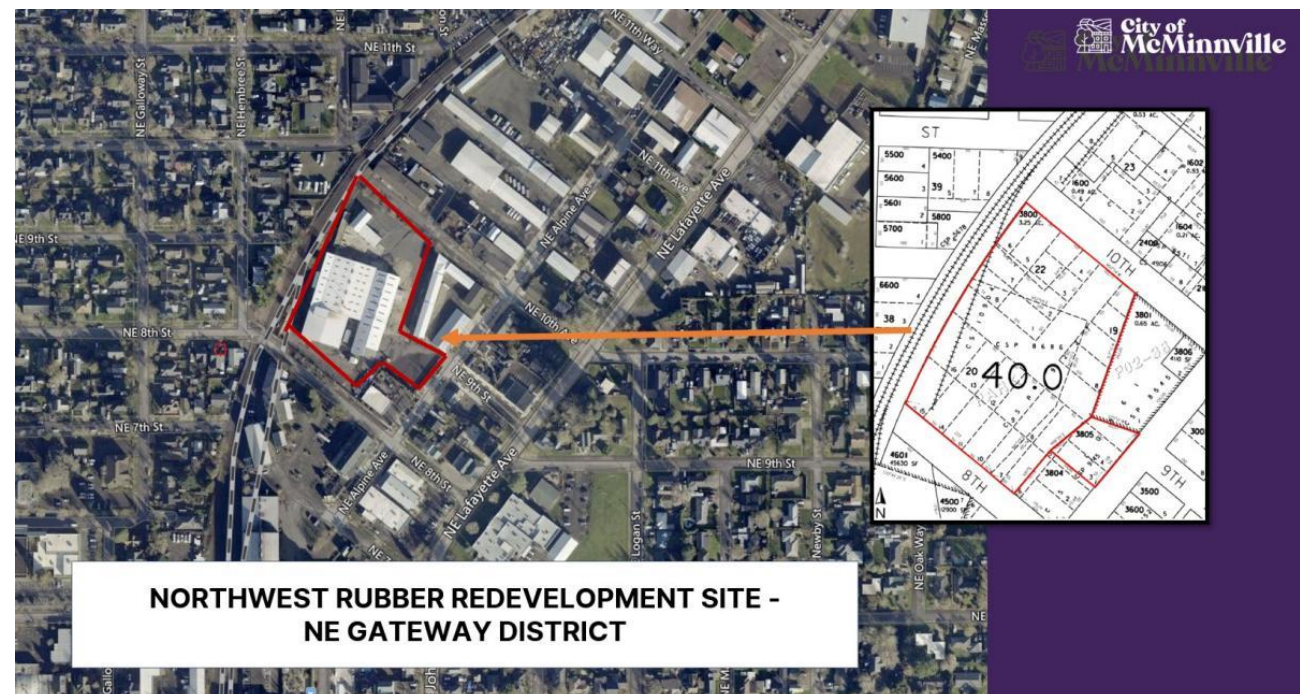
# COMPETITIVE PROJECTS IN MCMINNVILLE

## BOUNTY PARK FOOD FOREST, MCMINNVILLE, OR

In upcoming years there will be a creation of Bounty Park, a **10-acre permaculture food forest** in McMinnville, Oregon. The project aims to be America's first commercial-scale food forest, growing organic food for underserved communities in Yamhill County. In addition to food production, it will serve as a community resiliency hub during climate-related emergencies. The food forest will focus on sustainability and climate mitigation by incorporating regenerative agricultural practices, rainwater harvesting, and soil conservation, with the help of partners like Yamhill County Public Health and local universities. The project integrates Indigenous foodways, community participation, and educational components, positioning itself as a model for climate-resilient agriculture and food sovereignty in the region.

## NORTHWEST RUBBER SITE MCMINNVILLE, OR

McMinnville plans to redevelop a recently acquired 3.25-acre site for **mixed-use high-density residential and commercial purposes**. Purchased for \$4.25 million, the city intends to flip the property to a developer, with a focus on tax revenue generation over time, even at the potential cost of selling the land for less than the purchase price. A subcommittee will develop a Request for Proposals (RFP), encouraging flexible development plans that align with city goals without over-prescribing project details. This redevelopment is part of McMinnville's Urban Renewal District strategy, designed to increase the area's long-term tax base.



City of McMinnville

# WOODINVILLE WINE COUNTRY

## WOODINVILLE, WA

Woodinville, Washington, offers a compelling case study on how to transform a city into a wine hub. By leveraging its proximity to Seattle and the fertile wine regions of eastern Washington, Woodinville strategically positioned itself as a **center for wine tasting, tourism, and production**. The city attracted wineries and tasting rooms from prestigious vineyards, creating a vibrant wine tourism industry that draws visitors from across the region. Woodinville also invested in **wine-related events, culinary experiences, and infrastructure to support tourism**, while zoning regulations allowed for the expansion of winery operations. This approach turned Woodinville into a thriving wine destination without relying on local vineyards, showing that location and strategic partnerships are key to becoming a wine hub.



Woodinville Wine Country



- 4 Wine Districts with a Place For Everyone



Woodinville Wine Country

# QUEENSLAND COLLEGE OF WINE AND TOURISM STANTHORPE, AUSTRALIA

## Wine & Hospitality Center in the University Campus

A state-of-the-art **\$8.5 million education and training facility** for the Queensland wine tourism industry, the College is located on the campus of Stanthorpe State High School (Stanthorpe, QLD, Australia) and provides specialist education and training facilities for the wine tourism industry. In partnership with Queensland Wine Industry, the Department of Employment, Economic Development & Innovation, and Southern Downs Regional Council. The college operates the Banca Ridge winery, cellar door, Varias restaurant, and conference and function center (weddings, events, conferences) as a real industry context for the delivery and vocational education and training. QCWT is located in the Granite Belt Wine County – a center of booming winery and national parks tourism destination.



# WINE BUSINESS INSTITUTE SONOMA STATE UNIVERSITY, CA

## Wine Studies & Industry Collaboration

The Wine Business Institute (WBI) was established in 1996 as a collaboration between the wine industry and Sonoma State University and has formed a center for wine business, education, and research in the region. The Wine Spectator Learning Center on campus was opened in 2018. The **WBI Board of Directors raised over \$8 million to create the center.** The WBI is the official California partner institution with the Viticulture and Enology Science and Technology Alliance (VESTA) of the National Center of Excellence where students may take viticulture and enology classes from any member institution in the U.S. with complete confidence that course credits can be articulated toward a future viticulture or enology.



# CIA AT COPIA

## NAPA, CA

Associated with the Culinary Institute of America (CIA), CIA at Copia is the Culinary Institute of America's food and beverage hub in the heart of Napa. Explore food and wine through a variety of dining experiences, hands-on classes, shopping, and more. CIA at Copia - A Food Lover's Paradise in Napa along with **multiple food options**, restaurants, and bars including the **Culinary Art Museum**, History of California Wine Collection Exhibit by David and Judy Breitstein, and Culinary Garden. The facility has space for hosting various indoor events in the building facility and outdoors in the amphitheater. CIA California Greystone Campus associated with the Food Hub is located in St. Helena and includes Viking Teaching Kitchens, Ghirardelli Chocolate Discovery Center, Rudd Center for Professional Wine Studies, and Williams Center for Flavor Discovery.

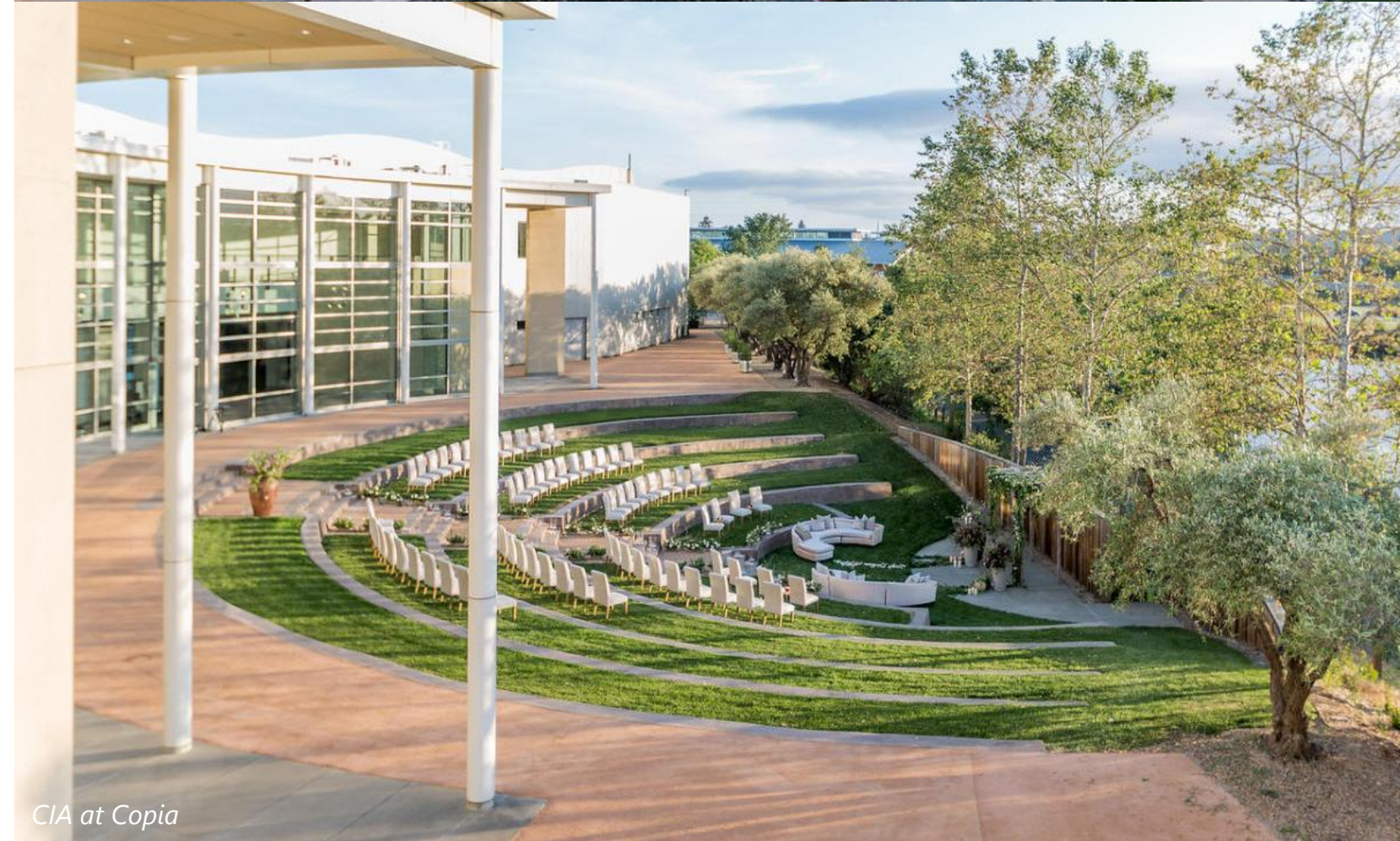


CIA at Copia

### Feed Your Joy



CIA at Copia



CIA at Copia

# HOSPITALITY & TOURISM

The development of a hospitality, tourism, and event space on the property owned can capitalize on McMinnville's growing reputation as a wine and culinary destination. This initiative aligns with the University's mission to engage with the community and provide unique experiences that enrich both student life and local tourism. By creating a venue that hosts events, showcases regional wines, and supports local businesses, we can enhance the university's visibility and foster connections between students, alumni, and the broader community. This project not only supports McMinnville's tourism goals but also provides a platform for Linfield to highlight its educational and athletics programs and commitment to community engagement. The region is undergoing a major transformation bringing more and more visitors to the Willamette Valley. We recognize that we are on the front end of a major hospitality expansion in the region and see this as a great way to accommodate visitors to McMinnville, Linfield and the region in general. With the expansion of the McMinnville Airport and the Evergreen Aviation Conference Center, there is more demand for hospitality options on the horizon.

# BUSINESS-CLASS HOTEL & BESPOKE HOSPITALITY

## KEY TAKEAWAYS

### Strength

- The bounty of the location supports sustainable tourism – a rising trend in hospitality.
- Linfield students, families, and athletics programs provide a build-in demand for hotel stays

### Weaknesses

- The short tourism season is a weakness of the hospitality industry in the Valley. However, that creates opportunities for innovative solutions that could distinguish the experience in the Valley from similar concepts.
- The Valley hospitality sector lacks the infrastructure to be competitive with the surrounding region but has potential for growth and development due to the moderate impacts of climate change, lower land costs, and operating expenses, and fewer land restrictions.
- Hospitality industry success in the Valley depends on the Portland hospitality market which has not yet recovered from the Covid-19 pandemic backlash.

### Opportunities

- Over the interviews with local experts the need for strengthening the local labor market has been identified. Linfield has an opportunity to host a hospitality program on top of its successful wine business studies program at Linfield.
- The growing wine industry and food and wine tourism are creating opportunities to develop into lodging and hospitality.
- McMinnville lacks a mid-tier hotel (proved by the data and local experts' opinions). This could become a market capture opportunity driven by needs at Linfield (sports teams lodging, parent visits, university business events, etc.) coupled with synergetic public spaces, commercial, and residential uses could provide base demand for a lodging operator.
- Demand for recreation and wellness services that support students' emotional and mental well-being is growing in campus development. Facilities such as gyms, fitness centers, aquatic centers, and physical therapy services (these are common in hospitality) enhance the campus as a healthy living environment, benefiting students and attracting visitors.

### Threats

- Hospitality is a volatile sector of the economy that depends on the seasonality, climate, destinations, and accompanying infrastructure.
- Established lodging operations would provide competition for hospitality developments on the site in the leisure segment of demand.

# ECOLOGICAL AGENDA AND TECHNOLOGICAL ADVANCEMENT WILL DRIVE THE FUTURE OF THE TOURISM INDUSTRY

In 2024, the hospitality industry is being shaped by several key economic trends.

Sustainability is at the forefront, with **73% of travelers willing to pay more for eco-friendly accommodation**, driving hotels and restaurants to adopt waste-reduction strategies, such as reducing food waste by 10-15% through better inventory management and integrating energy-efficient technologies like smart thermostats and solar energy systems.

Technology plays a major role, as 56% of consumers now prefer contactless payments, and mobile check-ins are expected to grow by 23% year-over-year. Personalized guest experiences powered by data analytics are becoming essential, with 70% of guests expecting tailored services.

The rise of "bleisure" travel—combining business and leisure—has led to a **40% increase in demand for work-friendly accommodations**, with hotels offering amenities like high-speed internet and quiet workspaces. Travelers are also seeking unique, immersive experiences, with **45% of guests opting for boutique hotels and local activities** over traditional stays. Post-COVID health and safety remain a priority, with 81% of travelers expecting enhanced cleaning protocols and contactless services to remain in place. Meanwhile, online travel agencies (OTAs) continue to dominate bookings, controlling nearly 65% of online reservations, which influences pricing strategies.

**Labor shortages persist as a significant challenge**, with 1 in 3 hospitality businesses struggling to fill open positions, pushing companies to offer higher wages and better working conditions to attract talent. The shift toward domestic travel remains strong, with 74% of U.S. travelers favoring local destinations, driven by inflation and economic uncertainty, prompting hospitality businesses to remain agile in adapting their offerings to meet shifting consumer expectations.

- **73% of travelers are willing to pay more for eco-friendly accommodation.**
- **“Bleisure” travel—combining business and leisure—increased the demand for work-friendly accommodations by 40 %.**
- **Labor shortages persistently challenge the industry pushing companies to offer higher wages and better working conditions.**



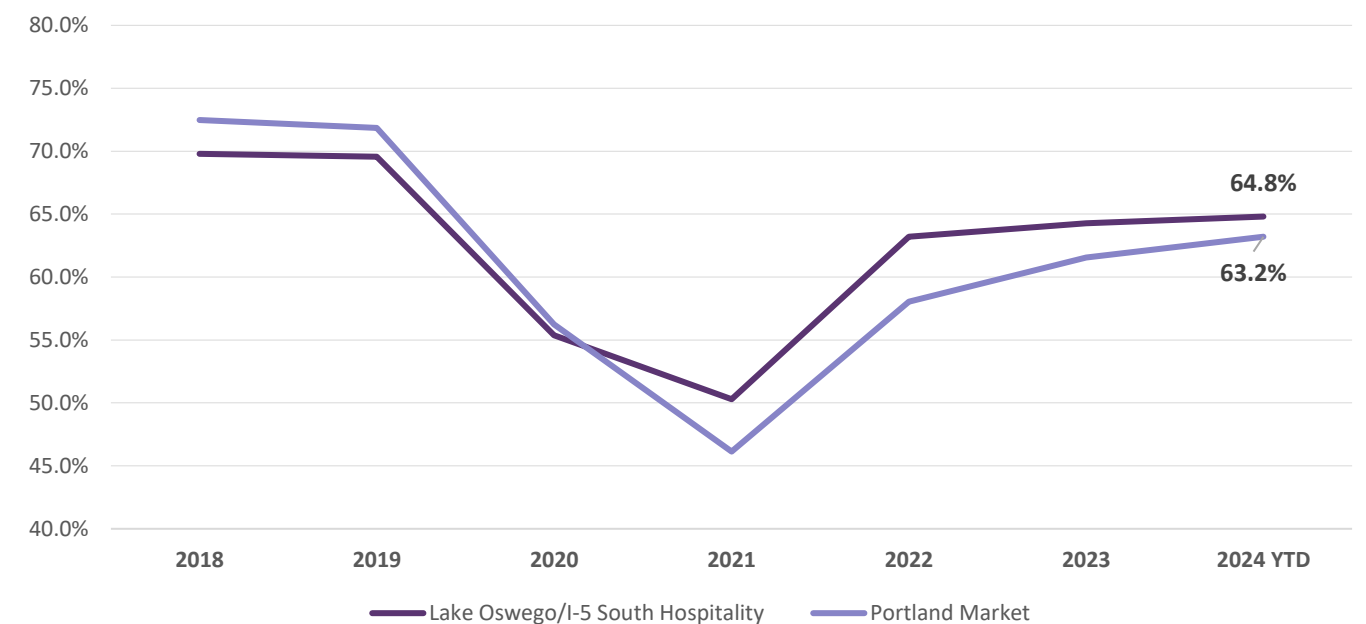
# LAKE OSWEGO/I-5 (YAMHILL COUNTY) SUBMARKET HAS OVERPACED THE PORTLAND MARKET RECOVERY

In 2024, real estate conditions in the hospitality industry are heavily influenced by a growing demand for flexible, multi-use spaces catering to both business and leisure travelers. The trend toward "bleisure" travel, which now accounts for 30% of all business trips, is driving the need for hotels to offer work-friendly environments, including meeting rooms, co-working spaces, and high-speed internet. Location remains critical, with hotels near major transportation hubs, such as airports, experiencing higher occupancy rates—85% of business travelers prefer proximity to airports or train stations. Sustainability is also a driving factor, with 60% of new hotel projects seeking green certifications, and properties that meet eco-friendly standards seeing higher average daily rates by up to 15%.

The trend toward adaptive reuse of buildings, particularly in urban markets, is gaining momentum as developers repurpose underutilized properties, such as former office spaces and warehouses, into boutique hotels. This strategy not only cuts costs but also aligns with sustainable development goals. Technological integration remains essential, with 45% of travelers expecting seamless digital experiences, including mobile check-ins, smart room controls, and contactless services.

Post-pandemic recovery continues, with urban areas like New York and San Francisco showing a resurgence in hotel occupancy, up by 25% year-over-year, while rural and resort destinations maintain their popularity as travelers seek more remote getaways. Investment in hospitality real estate remains robust, with \$45 billion in transaction volumes expected for 2024, though rising interest rates, currently hovering around 5-6%, are prompting more cautious evaluations of new projects. Labor shortages remain a challenge, with the hospitality sector facing a 12% workforce gap, which impacts operational efficiency and increases competition for talent, pushing hotels to focus on delivering exceptional, personalized service to stand out in an increasingly competitive market.

## Occupancy Rates in Lake Oswego/I-5 Submarket and Portland Market, 2018-2024



Source: CoStar

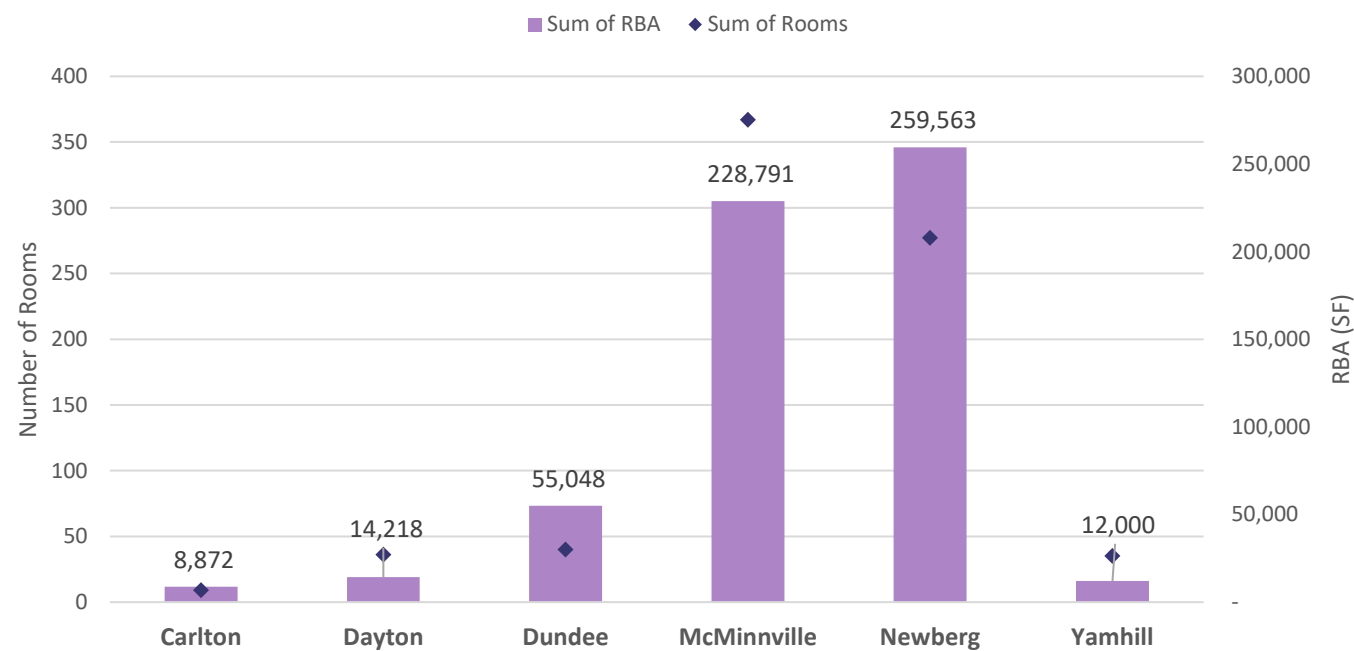
The Portland hospitality market is one of the least recovered in the nation, with the 12-month occupancy well below previous peaks. The Lake Oswego/I-5 submarket (includes Yamhill County) has slightly higher occupancy (64.8%) than the Portland market (63.2%) as of year-to-date 2024. Lake Oswego/I-5 South is smaller than the typical U.S. hotel submarket and contains around 4,000 rooms – a 12.5 percent share of the market – spread over 54 properties. The ADR of the submarket is \$138.5.

# MCMINNVILLE IS ANTICIPATED TO SEE AROUND 200k SQUARE FEET OF NEW HOTEL CONSTRUCTIONS

The total room inventory in Yamhill County is 734 with McMinnville representing half of them – 367 inventory rooms, followed by Newberg with 277 rooms. However, the market volume in Newberg is higher totaling almost 260,000 square feet compared to the 229,000 square feet in McMinnville. Therefore, Newberg offers larger space per room in comparison to the hotels in McMinnville. ADR in McMinnville is \$135 which is slightly lower than the county average of \$138.

McMinnville has been at the frontier of new construction in the last decade. Four new proposed projects will add 295 rooms to the market in the next three years. Any new hospitality development should account for the competitors' products in the growing market while the occupancy rates are still under recovery.

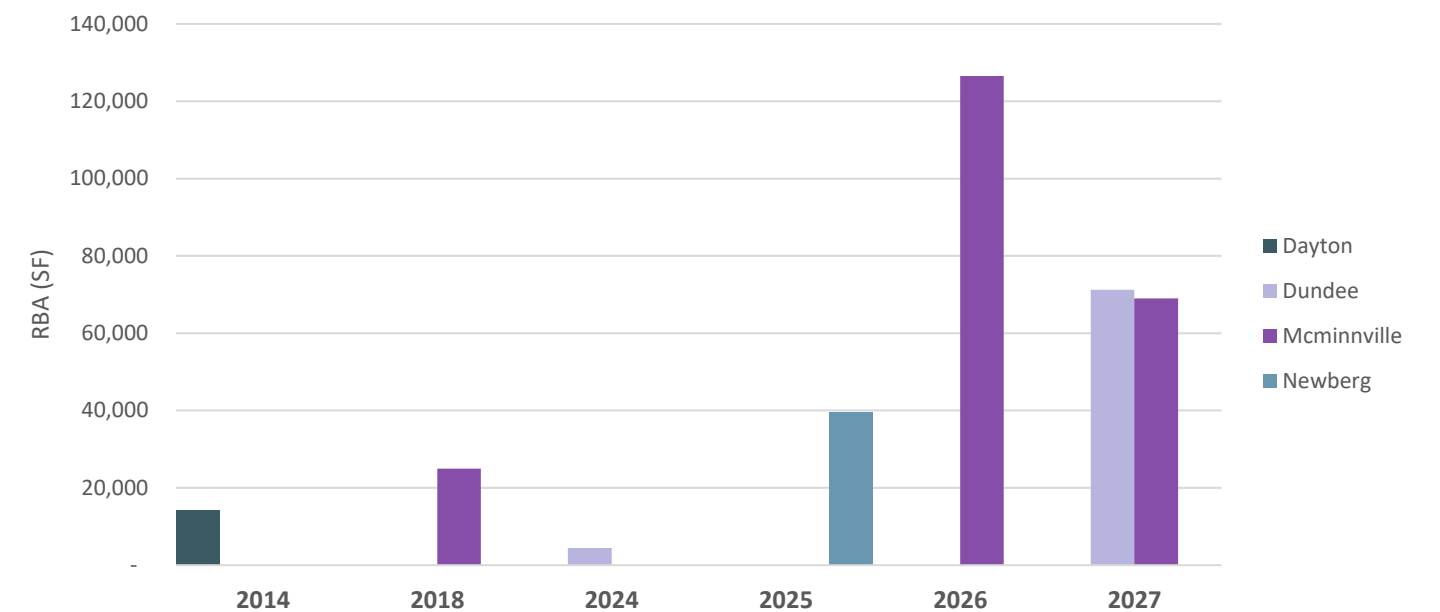
## Hospitality Market Volume in Yamhill County



Source: CoStar

Property Name	Property Address	Rooms	Construction Status	Brand	Building Class	Scale	Year Built	City
SKB Dundee Hotel Project	1232 N Highway 99W	95	Final Planning		B	Independent	2027	Dundee
Vignette Collection McMinnville OR	611 NE 3rd St	92	Proposed	Vignette Collection	A	Luxury	2027	McMinnville
La Quinta McMinnville	NE Three Mile Ln & NE Laurel Rd	73	Final Planning	Inns & Suites Hawthorn	B	Upper Midscale	2026	McMinnville
Hawthorn Suites McMinnville	NE Three Mile Ln & Northeast Laurel	30	Final Planning	Suites by Wyndham	B	Midscale	2026	McMinnville
AC Hotel McMinnville	NWQ Northeast Captain Michael King Smith Way	100	Final Planning	AC Hotels by Marriott	B	Upscale	2026	McMinnville
Fairfield Inn & Suites Portland Newberg	900 N Brutscher St	79	Under Construction	Fairfield Inn	B	Upper Midscale	2025	Newberg

## Hospitality New or Proposed Construction in Yamhill County, since 2014



Source: CoStar

# COMPETITIVE PROJECTS IN YAMHILL COUNTY

## ALLISON INN & SPA IN NEWBERG, OR

The Allison Spa in Newberg, Oregon, is a luxurious retreat nestled in the 35-acre landscape in the heart of the Willamette Valley. The spa spans 15,000 SF and includes 12 treatment rooms, a fitness studio, an indoor swimming pool, a whirlpool, and a pool terrace. A variety of services inspired by the local context include massages, wine facials, body treatments, and signature “Pinotherapy” rituals that incorporate local wines. Guests can enjoy steam rooms, stone-heated saunas, relaxation lounges, and a spa boutique. JORY Restaurant, the on-site gourmet eatery, serves delicacies paired with exotic and local vintage wines.

## LUXURY HOTEL IN DUNDEE, OR

In June 2024, Portland-based developer SKB, in collaboration with Embarcadero Hospitality Group, announced plans for a 95-room luxury hotel in Dundee, Oregon, situated in the 3-acre site in the heart of the Willamette Valley wine region. The project aims to offer guests a premium experience, integrating world-class wine and refined accommodations, with amenities such as courtyard gardens, a private tasting room, and a rooftop deck, some retail and outdoor space. This development highlights the growing draw of Oregon's wine country as a destination, with the hotel's design tailored to reflect the region's heritage and culture. The hotel is planned to be opened in 2026. The proposed average daily rate will be between \$450 and \$500.



SIP Magazine

# THE BARLOW SEBASTOPOL, CA

The Barlow project in Sebastopol, California, serves as an effective case study of how a mixed-use development centered on hospitality, artisanal production, and retail can rejuvenate a small city. Located in Sonoma County's wine country, the Barlow transforms a former apple cannery site into a vibrant **12.5-acre destination** featuring over **30 artisan producers**, including **wineries, breweries, restaurants, and boutiques**. Its design fosters an open-air, pedestrian-friendly environment that attracts locals and tourists alike.

The Barlow's success is driven by its focus on offering a curated, experiential blend of local food, drink, and craftsmanship, drawing on Sonoma County's agricultural and artisanal heritage. With its combination of **retail spaces, tasting rooms, and event venues**, it has become a hub for visitors seeking an immersive experience in wine country. This project illustrates how thoughtful **hospitality and mixed-use design** can enhance local tourism, stimulate economic growth, and strengthen community identity.



# THE GRADUATE BY HILTON EUGENE, OR

The Graduate Hotel located on 6<sup>th</sup> Avenue is next door to the Hult Center for the Performing Arts (see Arts & Entertainment case studies, p. 55). Its design celebrates local color palette with elements of Oregon's lush landscapes, Pacific Northwest heritage, and the school's famed track and field program. The **12-floor building seats on the 1.08-acre** piece of land. **The hotel encompasses 275 rooms, an indoor pool, a fitness center, and two restaurants.** The hotel features local food, cafés, and art. There is a pop-up outdoor beer garden, which is a perfect spot for outdoor events and gameday tailgates. **Rates start from \$215 per room.**



# ARTS & ENTERTAINMENT

McMinnville's broader community has expressed the need for increasing and diversifying the arts and entertainment services and events. One of the goals of the project is to enhance student experience in the university, and the art and entertainment facility or use may fill this need and retain students on campus beyond their regular study hours. In addition, Linfield University has the Theatre Arts and Musical Theatre programs that could benefit from such facility that provides space for exhibitions, performances, and events.

The market research for this category differs from others since the local market is tiny and users are likely to travel outside of the town for extended entertainment experience. In addition, this type of use may likely require significant investment before getting to the required return on investment. However, these types of uses could have a key impact on branding and enhance the sense of place.

# VISIT MCMINNVILLE - ARTS & CULTURE VISITOR CENTER

## KEY TAKEAWAYS

### Strength

- Linfield University is well-regarded for its liberal arts education through the College of Arts & Sciences. That recognition in the arts and culture realm sets strong fundamentals for developing cultural assets such as a museum, a performance auditorium, or an event space.

### Weaknesses

- The program elements that relate to the arts and culture industries usually could not be fully financially sustainable on their own and require seeking funding from the city, state, and federal governments.
- The entertainment industry has significantly transferred into online streaming. Offline venues are still recovering from the Covid-19 pandemic closures. However, large live events especially open space ones such as concerts and sports games have caught up with the visitors' numbers.

### Opportunities

- Entertainment and cultural components in the site programming may attract additional revenue for the regular retailers and other commercial uses on the site. As the market research shows, customers of entertainment and culture events spend \$39 per person on average on top of the event price.
- The Wine Studies Center at Linfield University has archives of the history of wine production in the Valley that could be showcased in a museum or a visitor center.
- The community has expressed the need for a large (over several hundred seats) event space or auditorium that could potentially align with the needs of the Linfield performance arts programs.

### Threats

- A large venue in a small city like McMinnville may not have a consistent demand for large events throughout the year.

# ARTS & ENTERTAINMENT INDUSTRY HAS CHANGED TO PROVIDE MORE ONLINE CONTENT IN RESPONSE TO COVID-19

The COVID-19 pandemic has drastically changed the art and entertainment industry with the expansion of streaming and digital media providing on-demand content for users online. As this sector provides services beyond basic needs, it is highly impacted by overall economic uncertainty and inflation. However, the industry is expected a modest growth at 2.8 percent by 2027 with digital services growing at a faster pace than non-digital ones (2024 Media & Entertainment Industry Outlook + Key Trends - Intellias).

According to the Arts & Culture Prosperity 6 Study by the Oregon Arts Commission and Travel Oregon, the sector contributed \$829 million to Oregon's economy in 2022, with over half of it coming from the Portland Metro area (\$456.5 million). In the state, an attendee of arts and culture events spends on average \$39 per event on top of the ticket price, amounting to a total of over \$330 million. Nearly one million of the total 8.9 million attendees were visitors from other states. Arts & culture could enrich economic vitality while bolstering unique cultural experiences and visibility of the Oregon cultural scene.

- Arts & Culture industry contributed \$829 million to Oregon's economy in 2022.
- 2.8% of modest growth by 2027 is expected.
- Digital services would grow at a higher rate than non-digital ones.

# THE MCMINNVILLE ART & ENTERTAINMENT MARKET IS TINY. THE AQUATIC CENTER IS THE MOST COMMON USE IN THE SUBSECTOR

The art and entertainment market is tiny in McMinnville represented by three performing theaters, one of which is Kenneth W. Ford Hall located on the Linfield campus adjacent to the north border of the South Edge study site. In addition, there is one movie theater on Hwy 18 east of the project site and the Evergreen Aviation & Space complex encompassing the museum, waterpark, and specialized movie theater.

Comparable recent sales in the art/entertainment market include properties of the **Bill Stoller Family's portfolio around Evergreen Museum** and the Event & Golf Center in SW Bayou Dr. The total paid price for the Evergreen Complex including the Wings& Waves Waterpark, Evergreen Space Museum, and The Lodge is \$12.27 million with an average \$56.37 per rentable building area square feet. The 15 thousand-square feet Event and Golf Center (The Nines Golf Course), located on 7.88 acres of land south of McMinnville along 99W, was sold at the highest price of \$111.33/SF.

Among the comparable properties in the Yamhill County market, **the aquatic and swimming center is the most common type in the art, entertainment, and sports uses** with an average total value per SF of \$50.30. **Two cultural art centers: one in Hillsboro and one in Sherwood, are located 26 miles from McMinnville, with an average value of \$26.00 per SF.** The total average value in the arts, entertainment, and sports market per square feet is \$38.95.

## Last Sales in Arts, Entertainment & Sports

No	Property Name	Property Address	City	Year Built	Land Area (AC)	RBA (SF)	Last Sale Date	Last Sale Price	\$/SF	\$/SF Land
1	EVENTS CENTER & GOLF COURSE	9301 SW Bayou Dr	McMinnville	1964	7.88	15,000	Sep-2023	\$1,670,000	\$111.33	\$4.87
2	Wings & Waves Waterpark	460 NE Captain Michael King Smith Way	McMinnville	2011	13.92	71,350	Apr-2020	\$1,952,452	\$27.36	\$3.22
3	Evergreen Space Museum	500 NE Captain Michael Smith Way	McMinnville	2008	29.70	120,000	Apr-2021	\$10,000,000	\$83.33	\$7.73
4	The Lodge	500 Cumulus Ave	McMinnville	1991	13.92	5,500	Apr-2020	\$321,383	\$58.43	\$0.53

Source: CoStar.

## Property Values Arts, Entertainment & Sports

No	Property Name	Property Address	City	Year Built	Land Area (AC)	RBA	Total Value	Total Value/SF	Improvements Value	Improvements Value/SF	Land Value	Land Value/SF	Owner Name
1	Chehalem Aquatic and Fitness Center (George Fox)	1802 Haworth Ave	Newberg	1960	4.97	21,794	\$18,307,245	\$84.56	\$17,073,235	\$78.86	\$1,234,010	\$5.70	
2	Aloha Swim Center	18650 SW Kinnaman Rd	Beaverton		16.86	9,144	\$53,073,640	\$72.27	\$40,283,720	\$54.85	\$12,789,920	\$17.41	Beaverton School Dist 48j
3	Glenn & Viola Walters Cultural Arts Center	527 E Main St	Hillsboro		1.08	5,621	\$1,186,990	\$25.23	\$652,180	\$13.86	\$534,810	\$11.37	Hillsboro City
4	Beaverton Swim Center	12850 SW 3rd St	Beaverton		1.24	17,732	\$510,180	\$11.60					Panas, Aisha D
5	City of Forest Grove Aquatic Center	2300 Sunset Dr	Forest Grove		1.37	20,221	\$1,956,340	\$32.78	\$1,068,940	\$17.91	\$887,400	\$14.87	Forest Grove City
6	Amusement Park (iFLY)	10645 SW Greenburg Rd	Tigard	2015	2.03	22,000	\$1,882,790	\$19.47					FAIRMOUNT FINANCIAL
7	Sherwood Center for the Arts	22689-22793 SW Pine St	Sherwood	2014	0.43	14,329	\$501,410	\$26.77					City of Sherwood Urban Renewal Agency
<b>Average Value</b>					<b>4.00</b>	<b>15,834</b>	<b>11,059,799</b>	<b>\$38.95</b>		<b>\$41.37</b>		<b>\$12.34</b>	

Source: CoStar.

# COMPETITIVE PROJECTS

## EVERGREEN MUSEUM AND WINGS & WAVES WATERPARK

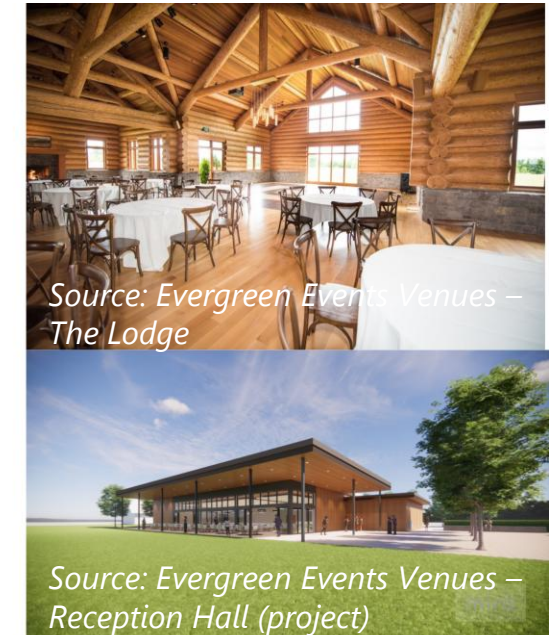
The 285-acre Opportunity Zone property was sold to Bill Stoller in April 2022 for \$9.5 million. The campus includes the Evergreen Aviation & Space Museum, Wings & Waves Waterpark, and The Lodge/Meeting Hall along with 220 acres of established vineyards and farmland, and the development site for the future 99,000 SF hotel. The Evergreen Museum will maintain its lease and the Waterpark will encounter some upgrades. Evergreen Events offers and manages the Evergreen Complex's spaces for various events such as weddings, fundraisers, conferences, company retreats, or workshops.

The Theater & Event Center has over 14,000 SF of meeting space including a 232-seat screen theater, 3 conference rooms (325 total capacity), and 2 boardrooms (20 total capacity).

The Space Museum is the largest venue in Willamette Valley. The Museum's ground floor can be reserved for an after-hours event for a maximum 450 seated capacity. The mezzanine level of the museum with a banquet hall (150 seated capacity), two conference rooms (40 and 12 capacity each), and the Game Lounge (30 seated capacity) available during all regular hours.

The Lodge is a venue suitable for special occasions like weddings, memorials, holiday parties, and banquets. The seating capacity is 200.

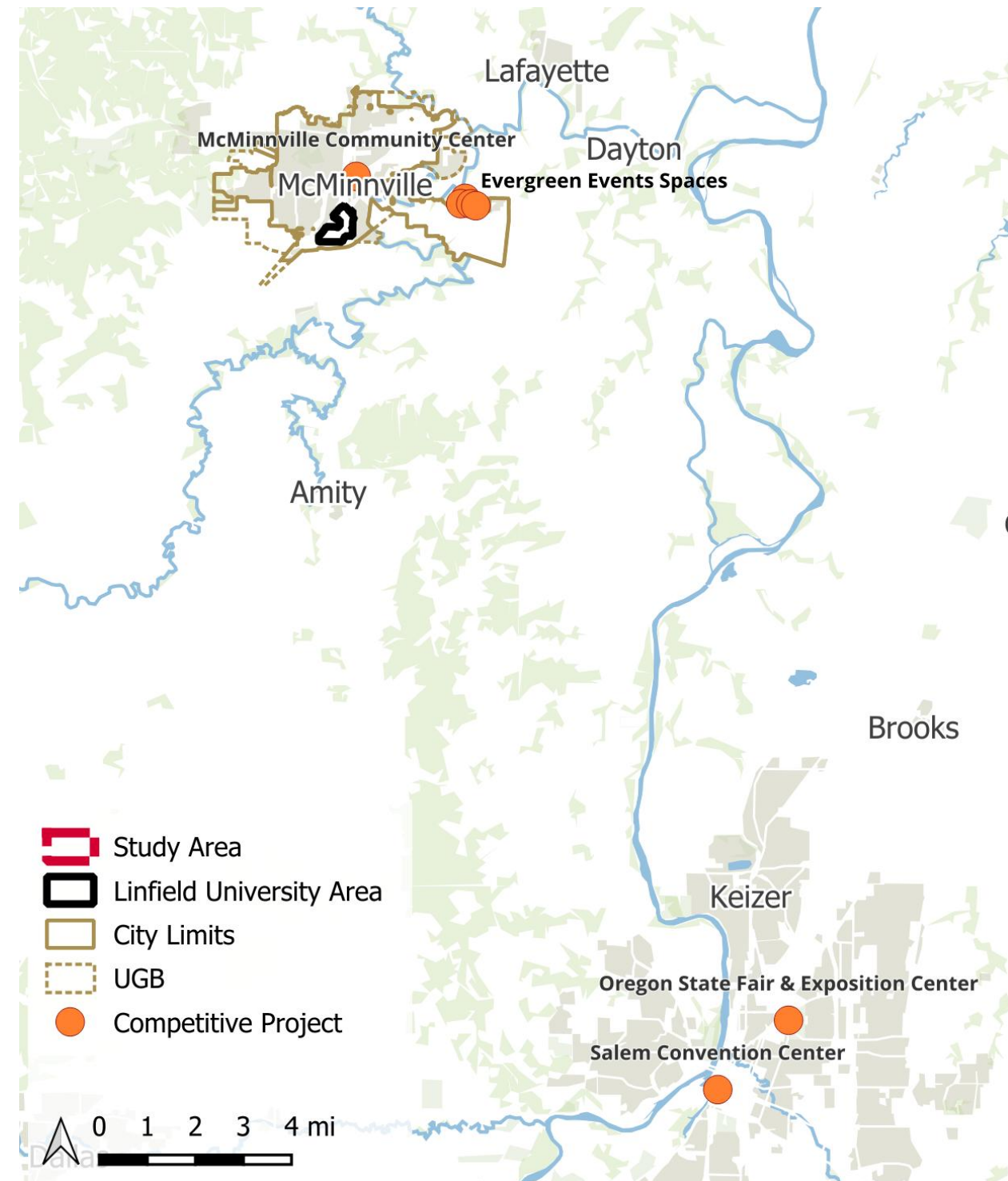
The Reception Hall with a 250-seated capacity is proposed to be opened in 2025.



# COMPETITIVE PROJECTS IN YAMHILL COUNTY

Name	Street Address	City	Year Built	Land (AC)	RBA (SF)	Capacity (seats)	Type
<b>Evergreen Events:</b>						<b>1,709</b>	<b>Events Venue</b>
Evergreen Aviation & Space Museum	500 NE Captain Michael King Smith Way	McMinnville	2008	29.70	120,000	682	Museum and Event Venue
The Theater & Event Center	490 NE Captain Michael King Smith Way	McMinnville			14,000	577	Auditorium
The Lodge/Meeting Hall	500 Cumulus Ave	McMinnville	1991	13.92	5,500	200	Event Venue
Reception Hall		McMinnville	2025*			250	Event Venue
Wings & Waves Waterpark	460 NE Captain Michael King Smith Way	McMinnville					Swimming Pool/Amusement Park
McMinnville Community Center	600 NE Evans St	McMinnville				110	Community Center
Oregon State Fair & Exposition Center	2330 17th St NE	Salem		185.00	30,000	7,000	Convention Center
Salem Convention Center	200 Commercial St SE	Salem				800	Convention Center

Source: CoStar



# CASCADE PARAGON ARTS GALLERY

PORTLAND, OR

## Portland Community College (PCC)

In 2016, Portland Community College (PCC) opened the **4,000 SF Paragon Arts Center** – a redevelopment of storefronts on N Killingsworth Street, across from the PCC Cascade Campus, into galleries featuring student art and the Fab Lab maker space. The Fab Lab is a unique art studio where students and community members can explore the intersection of art and **STEM education, utilizing the printmaking facility and digital fabrication technology.** The Fab Lab is equipped with a CNC router, laser cutter, vinyl cutter, 3D printers, and industrial sewing machines.

The mission of the Paragon Fab Lab is to make a positive social impact through education, innovation, and civic engagement. The gallery spaces also host local artists and community events. The Paragon Arts Center was purchased and renovated using bond funding. It is owned and operated by PCC.



Source: DAO Architecture

# HULT CENTER FOR THE PERFORMING ARTS

EUGENE, OR

## Portland Community College (PCC)

The **2.76-acre Hult Center** located in **Downtown Eugene** serves as a major cultural and entertainment venue for the city. Its two-story building encompasses two performance halls, the **2,447-seat Silva Concert Hall** and the **495-seat Soreng Theater**, a community room, rehearsal spaces, and art galleries. It hosts over 700 events and performances annually featuring local productions and inviting Broadway shows. The Center is a key part of the city's cultural landscape supporting local artists and providing space for visiting performers, as well as contributing to local educational initiatives and community engagement through workshops and outreach programs. The four main resident companies are Eugene Ballet, Ballet Fantastique, Eugene Concert Choir, and Eugene Symphony. The Hult Center is operated by the City of Eugene's Cultural Services Division, as part of the City's Library, Recreation, and Cultural Services Department. **BRA: 153,228 SF;** Opportunity Zone; **Total Value \$56,860,121 (\$472,95/SF).**



Source: WineCountry.com

# RETAIL

The City of McMinnville Economic Opportunities Analysis (ECONorthwest, June 2023) estimates demand for vacant 252 acres of commercial land to accommodate 6,333 new employees by 2041. There is also a commercial leakage of an estimated over 500 thousand square feet (LCG, Three Mile Lane Area) as people commute out of the city for shopping. Even though retail would be an accompaniment component of the development program, it is a key part of the project's financial feasibility and attractiveness for the local community and new businesses.

The important characteristics to look at in the retail market research study are local consumer demand, construction supply, and new businesses opened. By integrating commercial retail on the street front and clustering unique retail or food and restaurant hubs on the site, the development can benefit both the university, including students and faculty, local community, and support the attractiveness and maintenance of the other "big idea" uses on the site.

# RETAIL IS A BACKBONE OF THE SITE TO DEVELOP SUPPORTIVE SERVICES AND AMENITIES

## KEY TAKEAWAYS

### Strength

- The site is adjacent to Highway 99W and the existing corridor along it with the Albertson store. These are favorable conditions for densifying commercial activity by accompanying existing retail centers with street retail like restaurants, bars, and local retailers.

### Weaknesses

- Rents in retail are relatively low (20%) in McMinnville compared to Newberg. However, low rents may attract more local retailers and support the local community of small business owners.

### Opportunities

- There is a need to diversify and expand the number of destinations for the local community and Linfield students for hanging out and gatherings such as a contemporary local bar, restaurants, boutique local stores, etc.
- McMinnville has a retail leakage that emphasizes the need for regional retailers. The vacant site in the subject allows flexibility to attract a large retailer.

### Threats

- Although the retail vacancy is relatively low in McMinnville, the population density and quality of streetscape design do not currently support street retail on the site. Therefore, the retail typology should be identified in compliance with the key concept of the site development.

# COMMERCIAL CONSTRUCTION IN NEWBERG EXCEEDS MCMINNVILLE

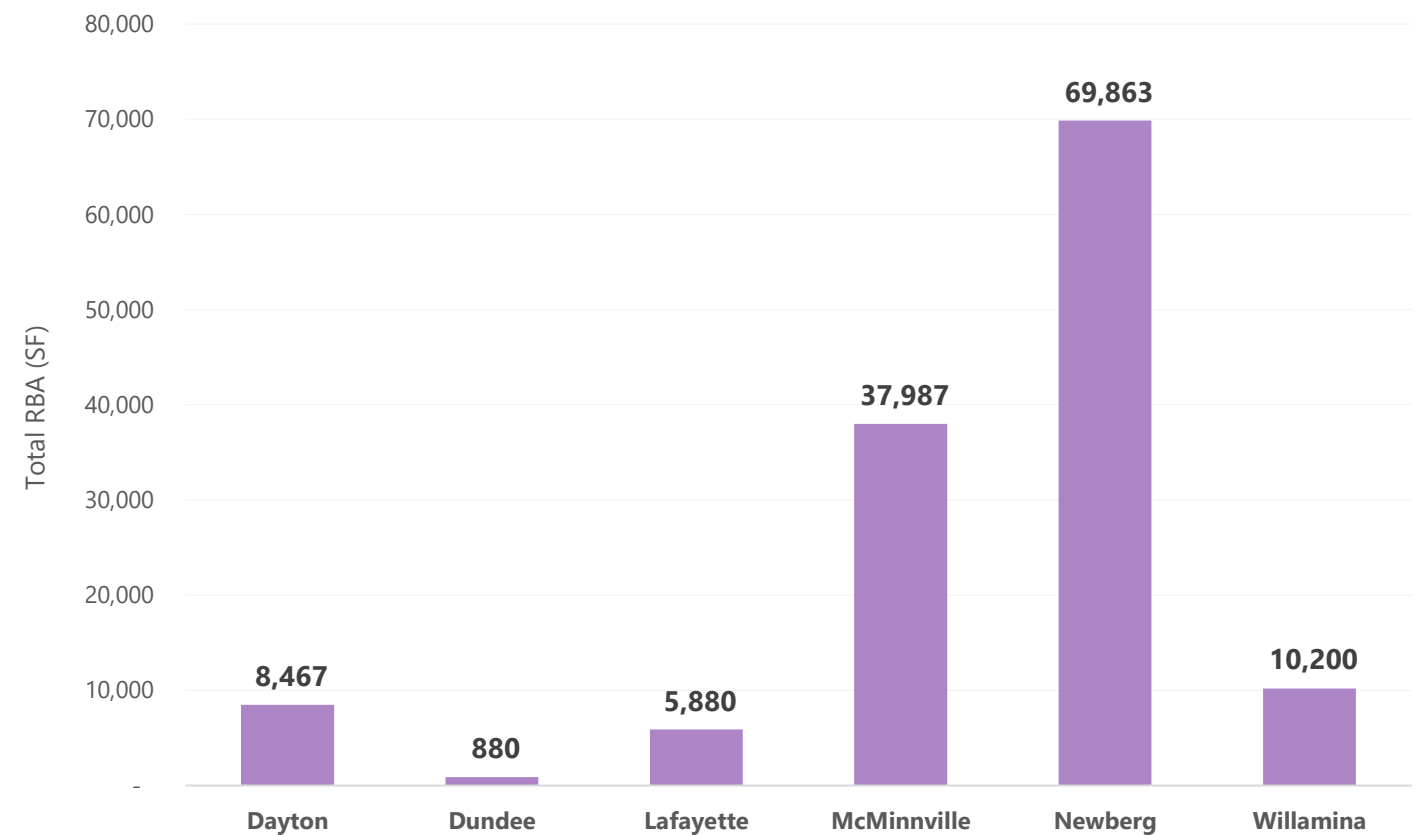
The U.S. retail market shows resilience with sales totaling around \$8.29 trillion in 2023, with the projected increase to \$10.3 trillion by 2030. The growth is driven by offline and online sales. The expansion of e-commerce retail, which accounts for around 15 percent of total sales, has diminished the demand for large mall shopping. However, that online business requires significant storage space. Besides the inflation and supply chain issues along with labor shortages, the retail market has been resilient to adapt. In the U.S. demand for retail space has increased by over 212 million SF since the start of 2021. While growing demand for space has been driven by expansion in numerous sectors, the most significant gains have been from tenants in the food and beverage, discount, off-price, and experiential sectors, which accounted for over half of all new leasing activity over the past year (Source: CapitalOne Retail Statistics).

The Yamhill County retail submarket has roughly 66,000 SF of space listed as available, for an availability rate of 1.5%. As of the fourth quarter of 2024, there is no retail space under construction in Yamhill County. In comparison, the submarket has averaged 8,500 SF of under-construction inventory over the past 10 years. The Yamhill County retail submarket contains roughly 4.2 million SF of inventory (Source: CoStar).

In the local level, McMinnville lacks quality office and industrial space for growth beyond the 15-year projection. The City of McMinnville Economic Opportunities Analysis (ECONorthwest, June 2023) estimates demand for vacant 252 acres of commercial land to accommodate 6,333 new employees by 2041.

Since 2014, a total of 133,277 SF of the new retail space was constructed in Yamhill County. Over half of the total construction occurred in Newberg, followed by McMinnville (29%).

Retail Construction in Yamhill County by City, 2014-2024



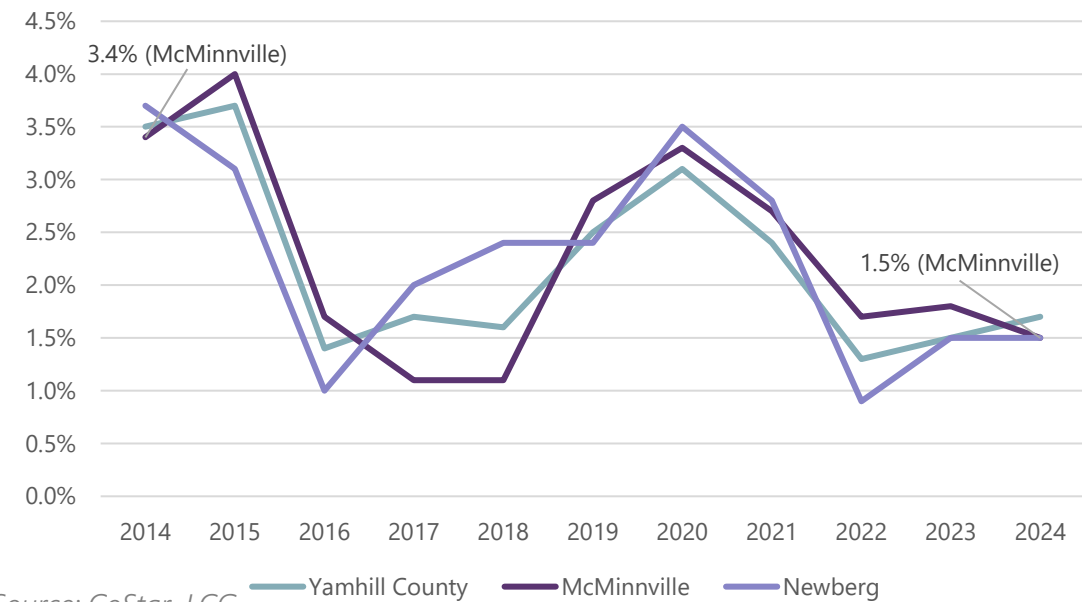
Source: CoStar

# CONSTRUCTION OF NEW HIGH-QUALITY RETAIL SPACE HAS THE POTENTIAL FOR HIGHER THAN COUNTY AVERAGE ASKING RENT

The Yamhill County retail submarket has a vacancy rate of 1.7% as of the fourth quarter of 2024, which is low compared to the five-year average of 2.0% and the 10-year average of 2.2%. This time last year, the submarket had a vacancy rate of 1.5%. The year-over-year change in the Yamhill County vacancy rate was a result of 5,800 SF of net delivered space and 8,400 SF of negative net absorption over the past year (source: CoStar).

Retail market rents in Yamhill County are \$19.10/SF. Rents have changed by 0.4% year over year in Yamhill County, compared to a change of -0.1% across the wider Portland market. Annual rent growth of 0.4% in Yamhill County is low compared to the submarket's five-year average of 2.9% and its 10-year average of 3.1%. The average market sale price is \$198/SF as of Q4 2024 (source: CoStar).

Retail Vacancy Rates, 2014-2024



Vacancy rates picked up to 3.2 percent during the COVID-19 pandemic and declined gradually since then. The retail vacancy rate in McMinnville is 1.5% as of Q4 2024, which is the same as in Newberg and a bit lower than in Yamhill County (1.7%).

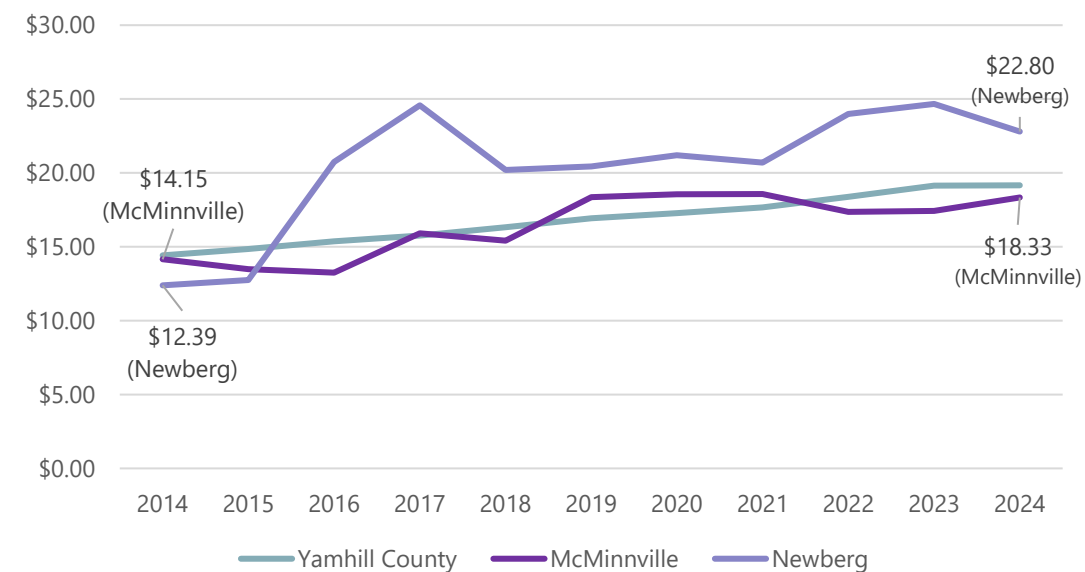
Last Sales Volume in Retail in Yamhill County, 2014-2024



Source: CoStar, LCG

Source: CoStar, LCG

Average Asking Rent Per Square Foot, 2014-2024



Source: CoStar, LCG

In McMinnville, the average asking rent per square foot is \$18.33 as of Q4 2024. This has been about 23 percent growth since 2014. The trend is similar the Yamhill County moderate growth from \$14.42 to \$19.16. However, Newberg average asking rent has boomed in 2017 and continued fluctuations at the higher rates compare to the county and McMinnville with \$22.8 average asking rent in 2024.

# COMPETITIVE PROJECTS IN YAMHILL COUNTY

## NEW RESTAURANT SPACE IN BAKER CREEK DRIVE – MCMINNVILLE, OR

The proposed development is comprised of four mixed-use buildings with two stories of residential use above ground floor commercial use, three 3-story buildings with multi-dwelling residential use, and on-site green space, plaza, and bicycle and pedestrian amenities (Source: McMinnville Economic Development Partnership). This includes **144 total units** (Source: MEDP) and **20,000 SF** of commercial space for a restaurant with a proposed asking retail rent of \$24/SF (Source: CoStar).



Source: CoStar

## RETAIL SPACE IN SHERWOOD (PROPOSED) – SHERWOOD, OR

The proposed retail development features four retail buildings and a **100-room hotel**. A total of **275,000 SF** of lease will be available, the construction is expected to start in 2025. The development will share the lot with the existing 94,000 SF of indoor Langer's Entertainment Center (Source: CoStar).



Source: CoStar

# OXBOW NAPA, CA

## Food Hub in the Wine County Downtown

Public market in the heart of the Napa Downtown area where both visitors and locals connect to taste local food and wine. 40,000 SF space includes a scenic outdoor deck with seating along the Napa River, features a diverse tenant mixture of local food vendors, artisan cafes and an organic produce outlet for local farms. Oxbow Public Market and its artisans and purveyors passionately support the concept of sustainable agriculture and local harvest—promoting a healthy environment, and social and economic equity within our community.

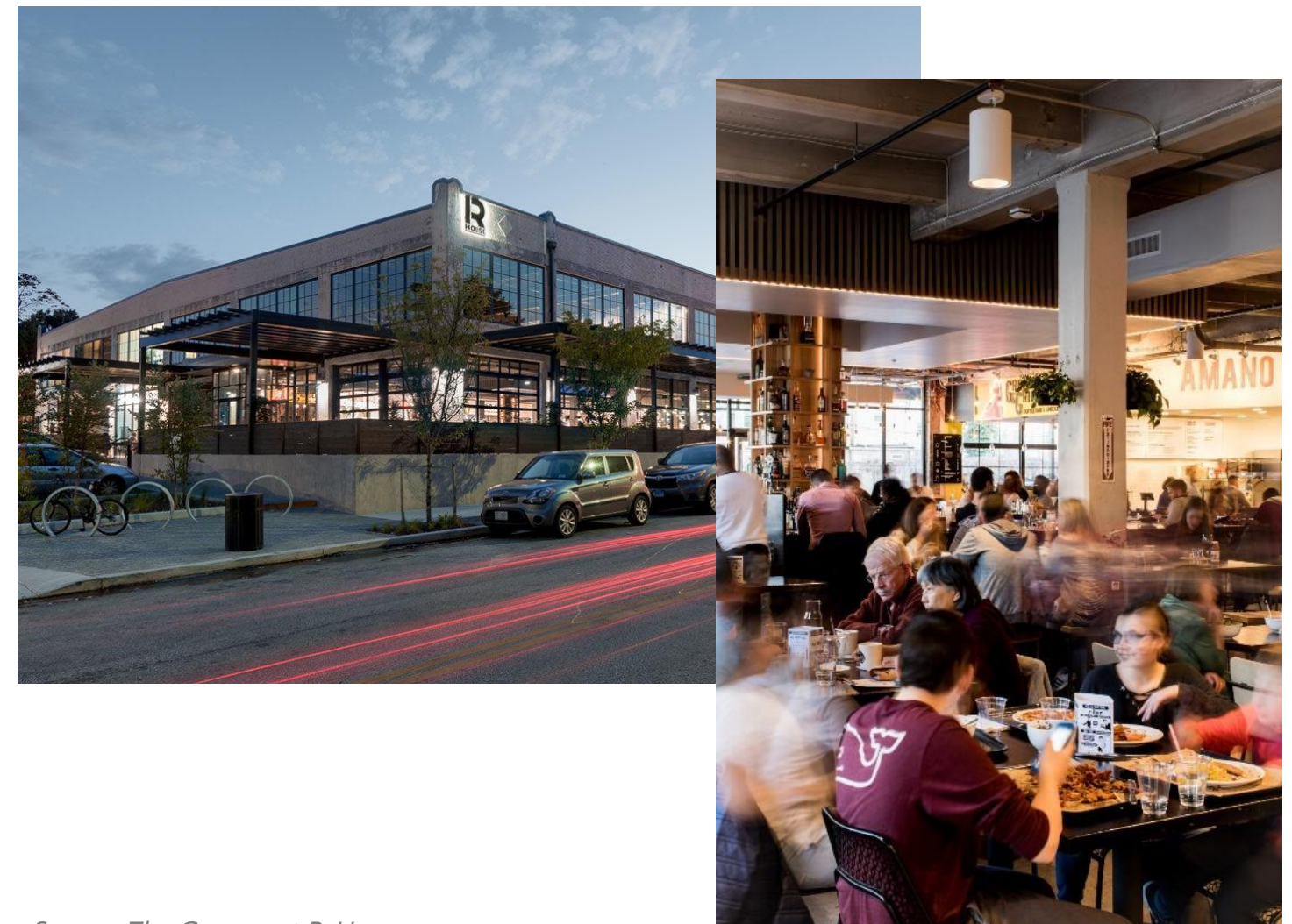


Source: Visit Napa Valley

# R-HOUSE BALTIMORE, MD

## Food Hub Near by the University

A former auto body shop was transformed into a food hall dedicated to connecting the community with experimental culinary. The food hub is located in the Remington neighborhood, less than a mile from Johns Hopkins University. The hub features 12 stalls, a central bar, and 6,500 SF event space called The Garage.



Source: The Garage at R-House

# HEALTHCARE

The COVID-19 pandemic has accelerated demand and revision of health services expanding the need for preventive and efficient emergency care. Healthcare and social assistance is the largest industry in McMinnville and is expected the highest growth rate in Mid-Valley (see page 7, Local Economy and Employment). In addition, the Linfield Nursing program is the largest program in the university and the oldest nursing education program in PNW. In 2021, a new 20-acre campus in northeast Portland, OR was opened expanding the simulation suites and teaching spaces' capacity . While the training facility is located in Linfield's Portland campus, many students reside in McMinnville either while completing the prerequisite program on the main Linfield campus or due to the lower housing prices in McMinnville compared to Portland. Therefore, new developments might contribute to the nursing practice experience on McMinnville's campus to alleviate the commute to the Portland campus and provide job opportunities for Linfield alumni. The space would be an opportunity to showcase the Linfield Nursing program's quality and benefits to the community.

# SUPPORTING USE FOR INTERGENERATIONAL HOUSING

## KEY TAKEAWAYS

### Strength

- The healthcare and social assistance industry is the largest industry in McMinnville with a 16-percent projected growth in the Mid-valley.
- Linfield's nursing program could support the workforce of a potential healthcare or medical center.

### Weaknesses

- A direct competitor for a potential healthcare facility on the subject site is Willamette Valley Medical Center, which is the top employer in the city, and is located relatively close to the site on Three Mile Lane.
- The major facilities of the Linfield nursing program are in the Portland Campus.

### Opportunities

- The global growth of the healthcare industry, prioritization of a healthy lifestyle, and Linfield's reputation in nursing care create opportunities for the expansion of outpatient care services on the site.

### Threats

- In the last 10 years, healthcare construction, in particular, continuing retirement healthcare, has expanded in Newberg and six times exceeded construction in McMinnville.

# OUTPATIENT CARE DEMAND IS GROWING WITH THE GLOBAL TREND FOCUSING ON HEALTHY LIFESTYLES AND PREVENTIVE MEDICINE

The COVID-19 pandemic has accelerated the digitalization of healthcare and telemedicine, increasing efficiency and patient care. At the same time, healthcare costs are rising due to the aging population, high demand for services, and the cost of medical technologies and pharmaceuticals. According to McKinsey & Company, in the U.S., healthcare profit pools will grow from \$583 billion in 2022 to \$819 billion in 2027 with a 7 percent compound annual growth rate. The global trend of shifting from inpatient to outpatient care will ensure the higher growth of outpatient care settings, such as physician offices and ambulatory surgery centers, among other profit pools. The software and platform businesses and specialty pharmacies will continue to experience rapid growth. However, some segments like general acute care and post-acute care will grow at a slower rate due to the labor shortages (particularly nurses). Along with these major economic trends, the global trend of increased focus on mental health, healthy lifestyle, preventive medicine, and biotechnology will expand the possibilities of various developments in the industry.

- Healthcare pools are projected to grow to \$819 billion in 2027.
- Healthcare is the highest-paying occupational category and the largest industry sector by share of employment in McMinnville with almost 3,000 jobs.

## Profit Pools in Healthcare

Distribution of projected healthcare EBITDA across healthcare segments, 2027, \$ billion

2022–2027 growth rate, %  
 <0 0–5 5–10 >10



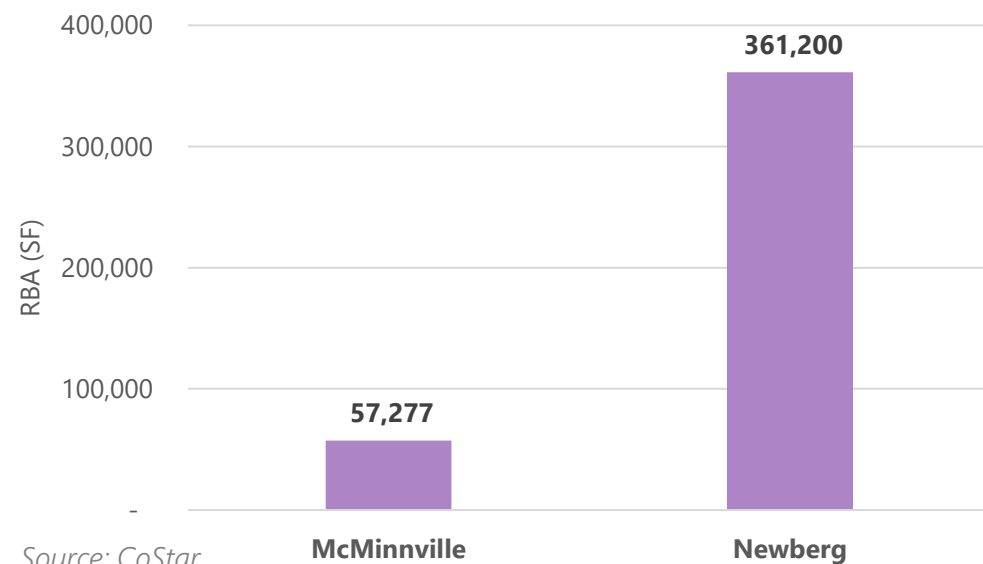
Note: Preliminary.  
<sup>1</sup>FBS = fixed-benefit and supplemental; PBM/PBA = pharmacy benefit administrator/pharmacy benefit manager.  
<sup>2</sup>Growth rate could be in range of 4–6%.  
 Source: McKinsey Profit Pools Model

Source: What to expect in US healthcare in 2024 and beyond, McKinsey & Company, 2024

# NEWBERG CONSTRUCTION OF HEALTH CARE FACILITIES HAS BEEN SIX TIMES ABOVE MCMINNVILLE IN THE LAST DECADE

Since 2014, five healthcare facilities of a total of 418,477 SF were constructed in Yamhill County. It includes the McMinnville Memory Care and Cherrywood Memory Care in McMinnville built in 2015, and three facilities in Newberg two of them are Continuing Care Retirement Communities and a new building for the Providence Newberg Hospital. The total RBA of construction in Newberg exceeded the McMinnville properties by more than six times, 57,3K SF compared to 361,2K SF.

## New Construction in Healthcare in Yamhill County, since 2014

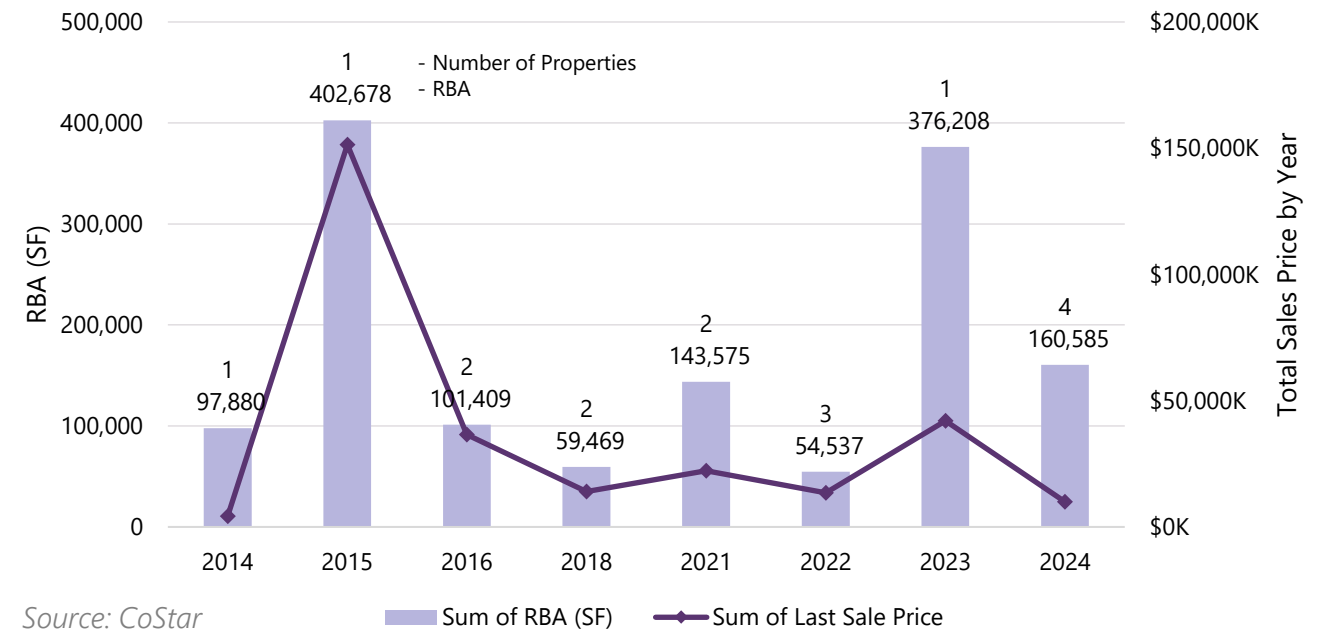


Source: CoStar

There have been eight sales in health care on the land of one acre or over in Yamhill County since 2020. Most of them are assisted living facilities. The average sale price was \$258.62 per SF.

Over the last ten years, an estimated 16 healthcare properties with ~1.4M SF were sold in Yamhill County. The major sale was Willamette Valley Medical Center sold for an estimated \$152,410K (\$376.01) as part of the \$600M portfolio in 2015.

## Last Sales in Healthcare in Yamhill County, 2014-2020



Source: CoStar

## Last Sales in Healthcare in Yamhill County, since 2020

Property Name	Property Address	City	Year Built	Land Area (AC)	RBA (SF)	Last Sale Date	Last Sale Price	\$/SF
Chehalem Health and Rehab Center (George Fox University)	1900 Fulton St	Newberg		3.78	25,484	Aug-24		
Evan Terrace Post Acute (former Prestige Post-Acute and Rehabilitation Center)	421 SE Evans St	McMinnville		3.78	47,847	Jul-24		
Osprey Pointe (part of portfolio)	345 SW Hill Rd	McMinnville	2007	1.73	83,120	Feb-24	\$6,785,340	\$81.63
Osprey Pointe (part of portfolio)	223 SW Osprey Point Ct	McMinnville		1.73	4,134	Feb-24	\$3,208,463	\$776.12
Hillside Campus	300 NW Hillside Pky	McMinnville	1984	47.88	376,208	May-23	\$42,000,000	\$111.64
McMinnville Memory Care	320 SW Hill Rd	McMinnville	2015	1.57	30,868	Sep-22	\$9,000,000	\$291.56
River Park Senior Living	1350 W Main St	Sheridan		4.00	21,469	Mar-22	\$3,004,623	\$139.95
Brookdale Newberg	3802 Hayes St	Newberg	2007	4.96	141,775	Jan-21	\$21,383,229	\$150.83
Average Stats			2003	8.68	91,363		\$14,230,276	\$258.62

# COMPETITIVE PROJECTS IN YAMHILL COUNTY

## WILLAMETTE VALLEY MEDICAL CENTER – MCMINNVILLE, OR

The Willamette Valley Medical Center (WVMC) was built on 31.4 acres in 2000 and partially renovated in 2023. The 402,678 SF medical center is located south of Hwy18 and is part of the Three Mile Lane Area Plan. WVMC offers various medical services including emergency care, surgery, maternity care, and various specialty services. The center is known for its commitment to providing high-quality, patient-centered care. WVMC also focuses on community health and wellness, offering programs and resources to support well-being. The 60-bed acute care facility is fully accredited by Chest Pain Center by ACC Accreditation Services. The 4-storey property was last sold as part of the \$600 million portfolio of eight properties (\$376.01/SF) to Medical Properties Trust in September 2015. According to the McMinnville Economic Development Partnership, WVMC is the top employer in the city with 574 employees in 2019.



Source: Your Land. Our Care

## PROVIDENCE NEWBERG MEDICAL CENTER (EXPANSION) – NEWBERG, OR

Providence Newberg Medical Center (PNMC) 61,200 SF expansion was completed in 2020. The new building enhances its services and capacity. The estimated \$46.7 million project will bring additional office space, the cancer center, and enlarging outpatient and cardiac rehabilitation services with more operating rooms serving an additional 7,000 patients. The new facility will contribute to the PNMC sustainability legacy of being the first Gold LEED-certified hospital in the country by installing efficient water fixtures, lighting, furnishings, and paint.



Source: Healthcare Design Magazine

# HEALTH FUTURES CENTER PHOENIX, AZ

## Collaboration between the University and Clinic

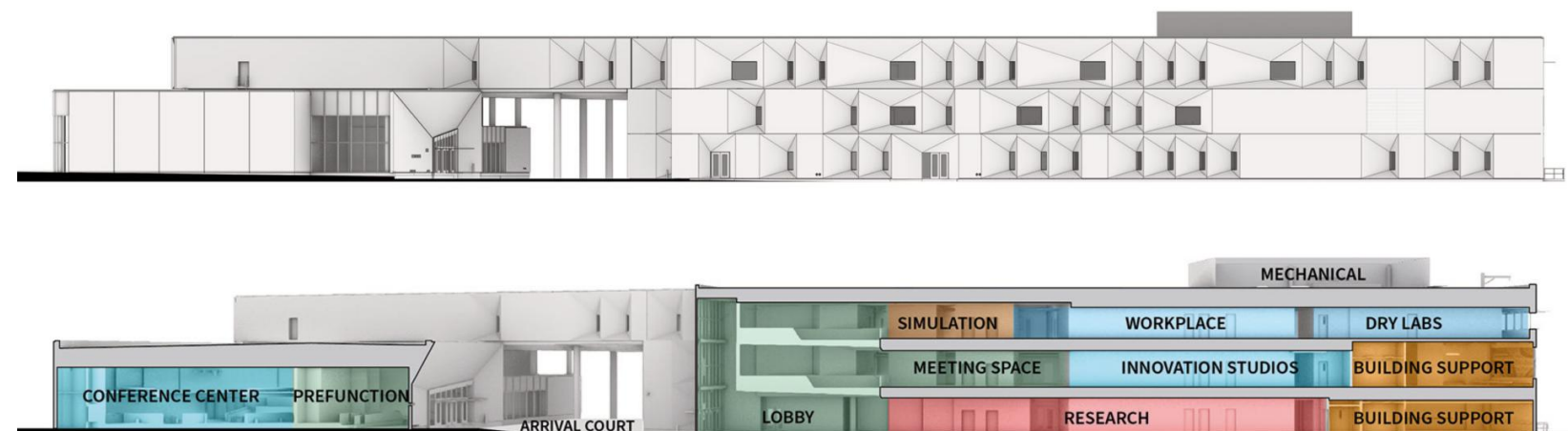
The Health Futures Center (HFC) in collaboration between Arizona State University (ASU) and the Mayo Clinic Alliance for Health Care opened its doors in 2021 to support medical research, learning, and entrepreneurship. The **150,000 SF new center features a med-tech innovation accelerator, biomedical engineering and informatics research labs**, and an innovative education zone. It is also home to one of the Edson College of Nursing and Health Innovation's nursing simulation labs.

The HFC is located in northeast Phoenix and adjacent to Mayo Clinic's campus. There are various research and collaborative use spaces on the first floor including a movement lab with cardio and strength research capabilities, learning studios, a demonstration kitchen, and a **300-person auditorium for continuing education**, conferences, and events. The second floor houses the MedTech Accelerator and meeting space<sup>16</sup>. A simulation lab for ASU nursing students and current practitioners with access to cutting-edge technology for hands-on experience in real-life environments as part of their training is located on the third floor.

ASU leases the center's property from the Arizona State Land Trust; the city of Phoenix provided funding for infrastructure improvements, and ASU paid for the construction of the building. In Arizona, **Mayo Clinic** is a major investor in the new health care and medical facilities and **has reinvested \$748 million to double the size of their Phoenix hospital campus**. The co-location of the ASU Health Futures Center will facilitate a moment of growth for both organizations.



Source: CO Architects



Source: CO Architects

## **EDUCATION (PRE-K)**

Linfield University has a Pre-Kindergarten Lab School established in 1973 and serves 55 three- to five-year-old students. It is the only preschool in Yamhill County accredited by the National Association for the Education of Young Children (NAEYC) – this is a unique and outstanding achievement for the preschool and the university. This distinguished asset could be accelerated by expanding the Pre-K facility in the South Edge of campus and combining that with other developments such as multigenerational community, health care, and art/entertainment.

By nature, education is not the most financially profitable asset in land use development. However, it is an essential asset that lays ground for the long-term sustainability of the land use whether it is a vital neighborhood or an innovation hub with the workforce housing. This section evaluates the size of the education market size, major global trends, and relevant case studies.

# PART OF THE MULTIGENERATIONAL COMMUNITY

## KEY TAKEAWAYS

### Strength

- Linfield University has a nationally recognized Pre-K program that has a long waiting list and provides an opportunity for the practice to students from educational programs as well as high-quality preschool education for children in the community.
- The site has more than enough space to develop a proper childcare or preschool facility that will meet the specific requirements for indoor and outdoor space and fixture requirements.

### Weaknesses

- Lack of funding to sustain operational costs. However, the local and state representative (Rep. Elmer) highly supports the development of childcare facilities in McMinnville.

### Opportunities

- State and federal funding is available to support childcare and early childhood education
- Integration of a pre-K school within intergenerational or senior living would be an asset development of such a community.

### Threats

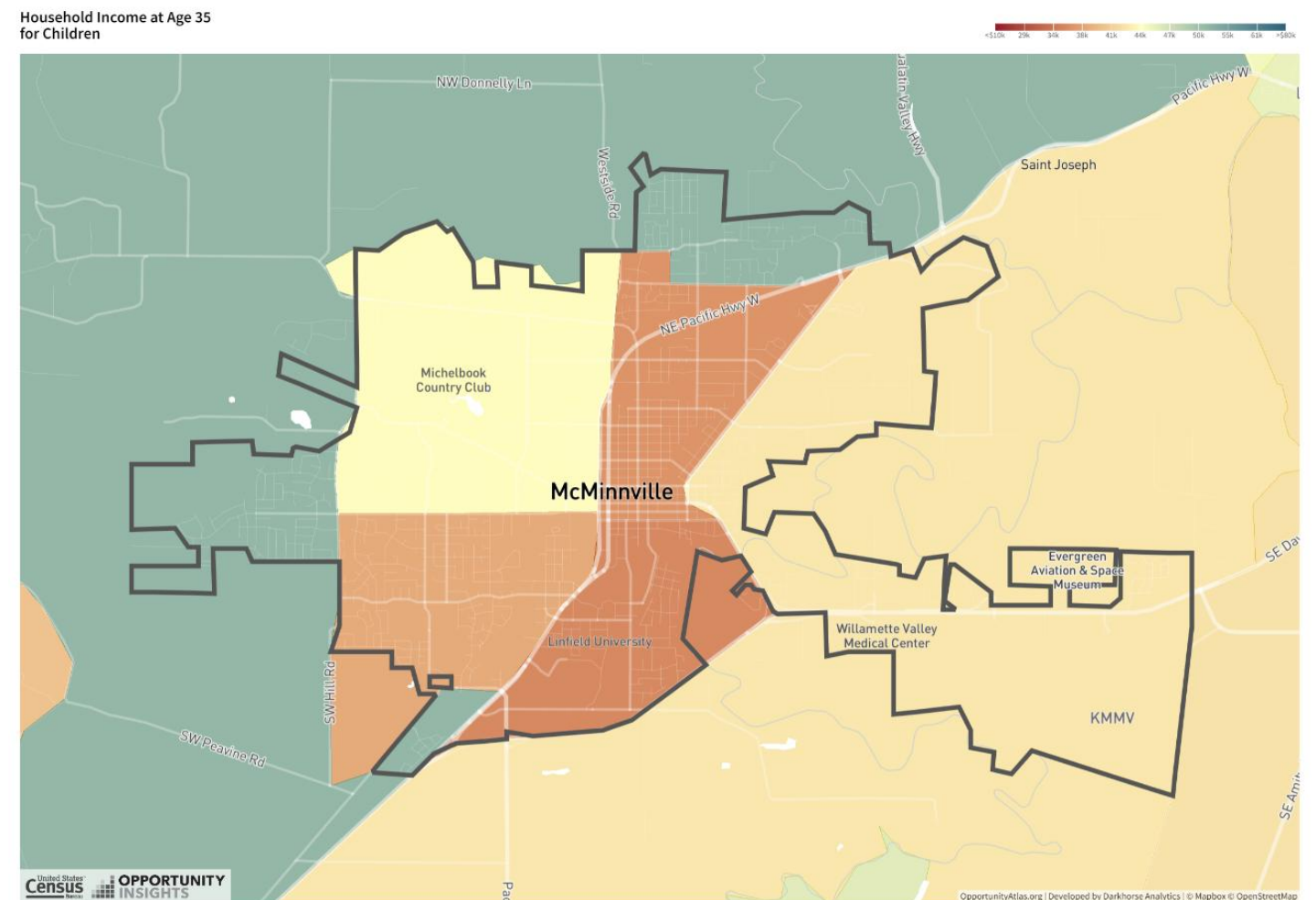
- Adequate workforce housing is a key to attracting workers for such projects. Therefore, housing affordability should be assured.
- The Pre-K facility might not be compatible with other commercial uses (e.g. a wine hub). Therefore, identifying a proper location for such use is paramount for safe access and compatibility with adjacent uses..

# GLOBAL EARLY CHILDHOOD EDUCATION MARKET IS EXPECTED TO GROW MORE THAN TWICE IN THE NEXT DECADE

The global early childhood education market is expected to grow more than twice from \$258.9 billion in 2023 to \$536.39 by 2032 with a compound annual growth rate of 8.4 percent during these 10 years. The COVID-19 pandemic has accelerated the increasing demand for early childhood education and expanded the forms of Pre-K learning from e-learning groups to experiential learning classes. The importance of early education and rising disposable income in North America will accelerate the market expansion. According to the National Institute for Early Education Research (NIEER), preschool enrollment increased by up to 7 percent from 2022 to 2023. Overall, for the last twenty years, the percentage of the U.S. population in preschool increased from 17 to 42 percent reaching the highest point of all-time. **The U.S. has been gradually increasing investments in preschool and topped \$13.37 billion in 2023.** Along with the government, innovators and big technological companies have been continuing to invest in early childhood education such as Jeff Bezos (Bezos Academy, a Montessori-inspired preschool), Elon Musk (Ad Astra), and Bill & Melinda Gates Foundation work with early childhood and technical experts to improve personalized learning experiences for children from diverse backgrounds. (image of these innovative schools)

According to the Opportunity Atlas Map (see it on the left), which assesses opportunities for children's outcomes in adulthood by looking at potential earnings in each Census tract, children growing up in Linfield's census tract (30802) can expect to have incomes between \$36,000 in adulthood which is the lowest among other McMinnville's census tracts (see Figure 34). In addition, given the fact that McMinnville has lower high and Bachelor's degree or higher rates compared to the county and metro area, investment in preschool education will have a positive effect on this metric in the long term and indirectly increase median income.

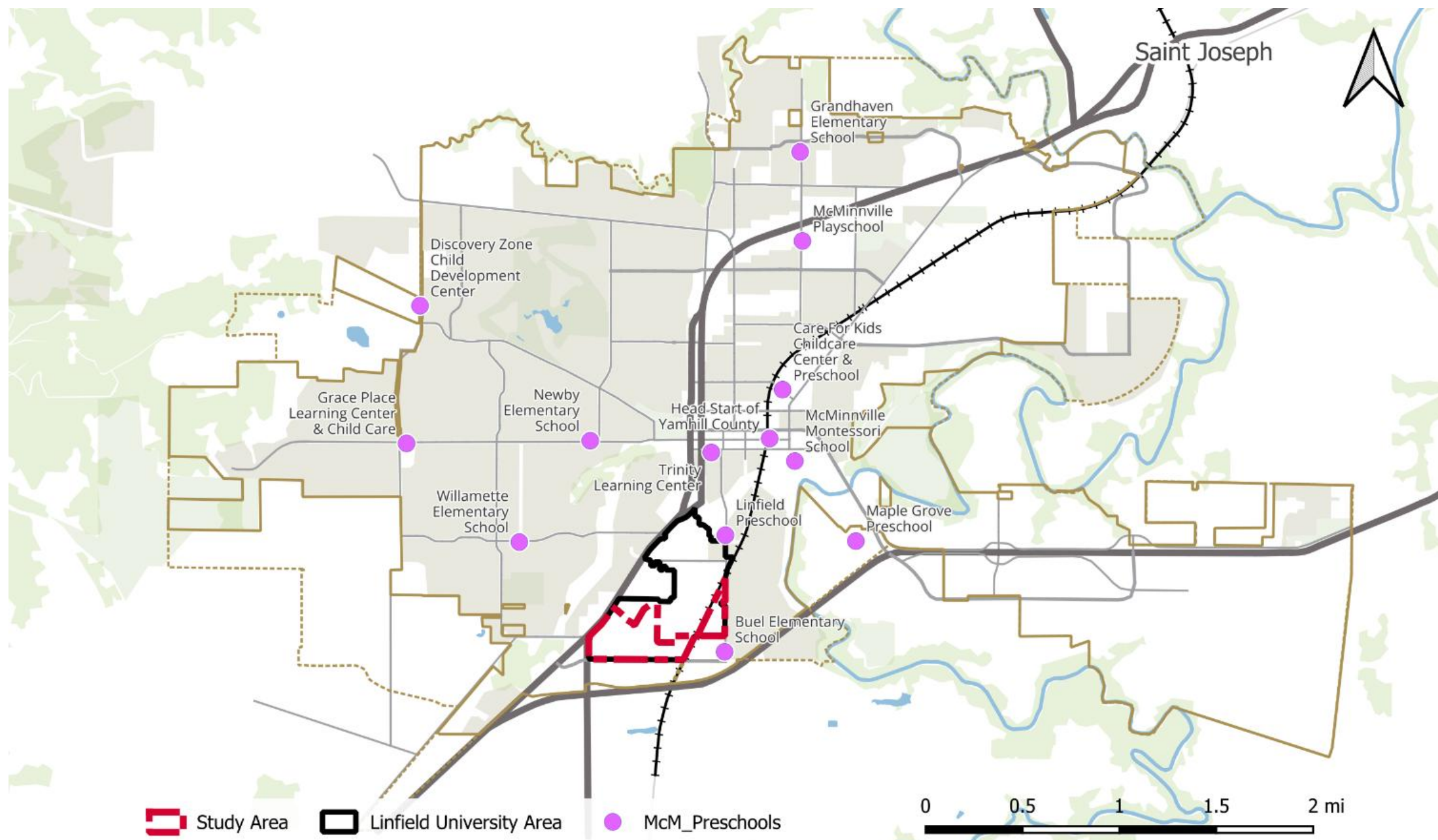
## Households Income at Age 35 in McMinnville



Source: Opportunity Atlas

# COMPETITIVE PROJECTS IN MCMINNVILLE

McMinnville has around 13 preschools and/or childcare including McMinnville Montessori School (47 students), Head Start of Yamhill County (81 students), and pre-K programs in McMinnville School District including Buel Elementary School, which is grasped between A and B segments of the South Edge development site to the north-east.



# INTERGENERATIONAL LEARNING CENTER

## SEATTLE, WA

### Providence Mount St. Vincent

The Intergenerational Learning Center at Providence Mount St. Vincent in Seattle integrates a preschool within a nursing home/senior living community, allowing for daily interactions between children and elderly residents and fostering meaningful relationships between generations. The young and elderly regularly interact in a variety of activities such as music, dancing, art, lunch, and storytelling. Established in 1991, the purpose of the ILC is to enhance the opportunities for kids and people of all ages to have frequent interaction.

Land acreage: 8.7; 5 stories; BRA: 217,257 SF.

# CHILDREN'S CENTER IN STANFORD COMMUNITY

## STANFORD, CA

### Pre-K in Campus Settings

The Children's Center of the Stanford Community (CCSF) is a non-profit that provides part- and full-time early childhood learning programs. The Bing Nursery School conducts research in play-based, child-centered education and development enriching the students' experience at CCSC. Overall, while the direct revenue impact might be limited, the broader benefits to the university's mission and community are significant.

Land acreage: 0.44 acres (estimate); up to 230 children.



Source: Family Assets



Source: Cook Silverman

# OFFICE/INNOVATION /INDUSTRIAL USE

The connection between industry and education is a cornerstone of success for the university and innovations in industry. Such relationships drive technological advancements and economic growth leveraging the cutting-edge research and the theoretical expertise of academia, with practical application and market-driven industry's focus. The collaboration between industry and the university can lead to the creation of new jobs that are much needed in the current local market, and the university's talent to sustain and accelerate growth.

As the office market has become volatile since the start of the pandemic, an accurate assessment of the local market characteristics is needed. This section assesses the local market trends of the office and industrial properties from the perspective of national and global trends, local market size, strengths and weaknesses, and opportunities and threats. Case studies showcase the innovative approach that can boost multilayered growth.

# CREATIVE, FLEX INDUSTRIAL/OFFICE NEEDED FOR MCMINNVILLE MAKERS

## KEY TAKEAWAYS

### Strength

- The local business community and organizations have supportive infrastructure for establishing new businesses in McMinnville. For example, McMinnville Industrial Promotion (MIP) helps newcomers and existing businesses access facilities, permits, and professional services.

### Weaknesses

- C-3 and R-4 zones do not permit industrial use, although the zoning regulations might be amended, and the City may be willing to change zoning if necessary for the community development.

### Opportunities

- McMinnville has a shortage of industrial and high-quality office spaces. The site might provide an opportunity to set a new standard in the McMinnville office market.
- Through the stakeholders' interviews it was discovered that flexible office space, potentially for short-term rent or co-working might be a model for diversifying the existing rigid office space structure and uplifting the quality of the existing office market.
- Light industrial or flexible office/industrial facility might be collocated with a wine hub facilitating opportunities for production, storage, and exhibition for unique experiences for exploring wine manufacturing (see John I. Haas Innovation Center case study).

### Threats

- High office vacancies across the country following the COVID-19 pandemic have halted most speculative office construction. However, the McMinnville office vacancy rate is 3.1%, and the industrial is 1.2%.

# MCMINNVILLE NEEDS HIGH-QUALITY OFFICE AND INDUSTRIAL SPACE TO ATTRACT NEW COMPANIES AND START-UPS

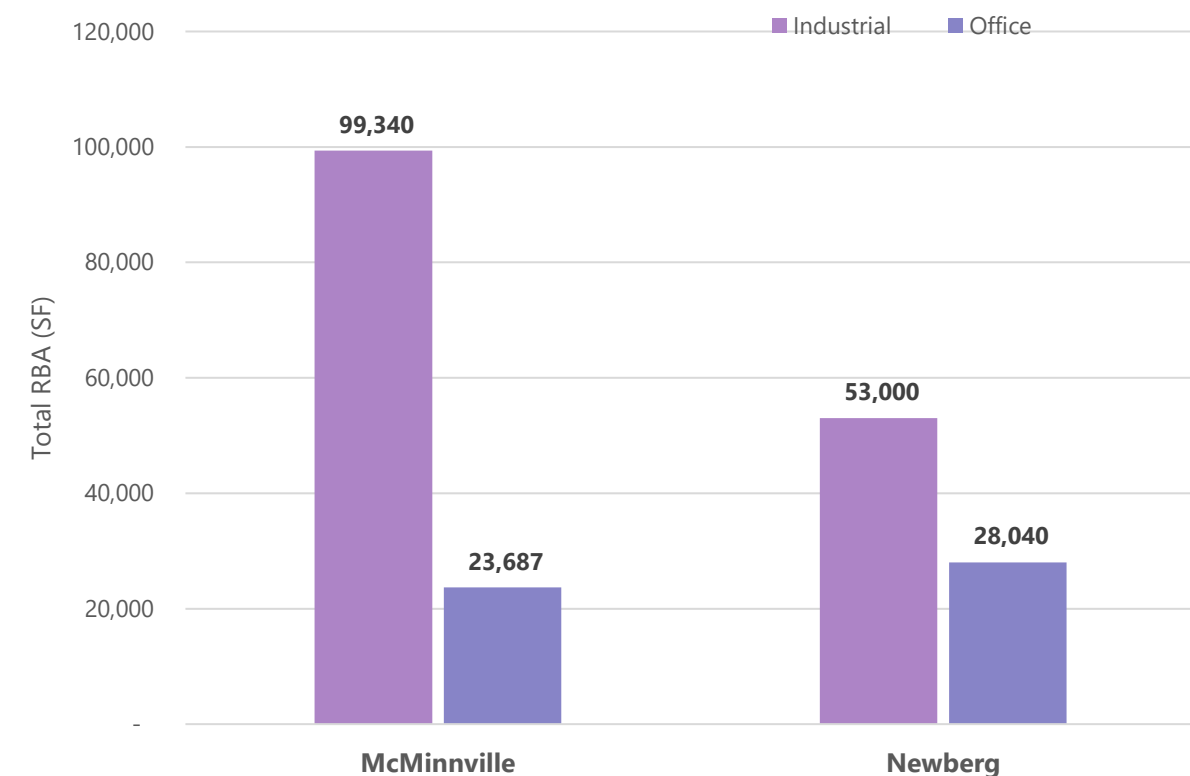
The wide adoption of remote and hybrid work in the post-COVID-19 pandemic environment has drastically influenced office vacancies reaching the highest record of around 19 percent. The industrial vacancy rates are at a healthier level of 6 percent. The Portland-Vancouver-Hillsboro metro area has been also impacted by this trend. However, smaller cities might conversely experience an influx of new workers who now work remotely and can reside in better-quality-of-life places further from large urban centers. Other trends are sustainable development and increasing demand in e-commerce and industrial warehouses/distribution centers, flexible offices, and industrial space that can be adapted to accommodate various uses.

The McMinnville Economic Development Partnership (MEDP) estimates that there were 1,587 businesses in 2019, with 90 of them being manufacturing companies. Among the top employees are Cascade Steel Rolling Mill (390 employees), Meggitt Polymers & Composites (222), and Betty Lou's (250), other non-industrial sector top employers are Willamette Valley Medical Center (574) and Linfield University (401). These are top tire employers; however, around 68 percent of McMinnville's companies have from one to four employees.

**McMinnville has a lack of quality office space and industrial space for growth.** The City of McMinnville Economic Opportunities Analysis (ECONorthwest, June 2023) estimates demand for vacant 153 acres of industrial land to accommodate 6,333 new employees by 2041.

Since 2014, a total of 152,340 SF of new industrial and 51,727 SF of office buildings were constructed in Yamhill County, with 60 percent of it in McMinnville (123,027 SF), and the rest in Newberg. The Yamhill County industrial submarket has averaged 26,000 SF of under-construction over the past 10 years, and the office submarket has averaged 17,000 SF.

New Industrial and Office Construction in Yamhill County, 2014-2024



Source: CoStar

There is neither industrial nor office space under construction as of Q4 2024. The industrial submarket has 110,000 SF of space listed as available, for an availability rate of 2.0%; and the office submarket has roughly 60,000 SF available at a rate of 3.6%.

# RELATIVELY LOW VACANCIES IN INDUSTRIAL AND OFFICE SPACE INDICATE THE NEED FOR NEW SPACES

## Industrial

The Yamhill County industrial submarket has a vacancy rate of 1.2% as of the fourth quarter of 2024, which is relatively high compared to the submarket's five-year average of 0.6% and low compared to the 10-year average of 2.3%. This is the 0.3 percentage point increase over the year. The year-over-year change in the Yamhill County vacancy rate was a result of no net delivered space and 31,000 SF of negative net absorption over the past year.

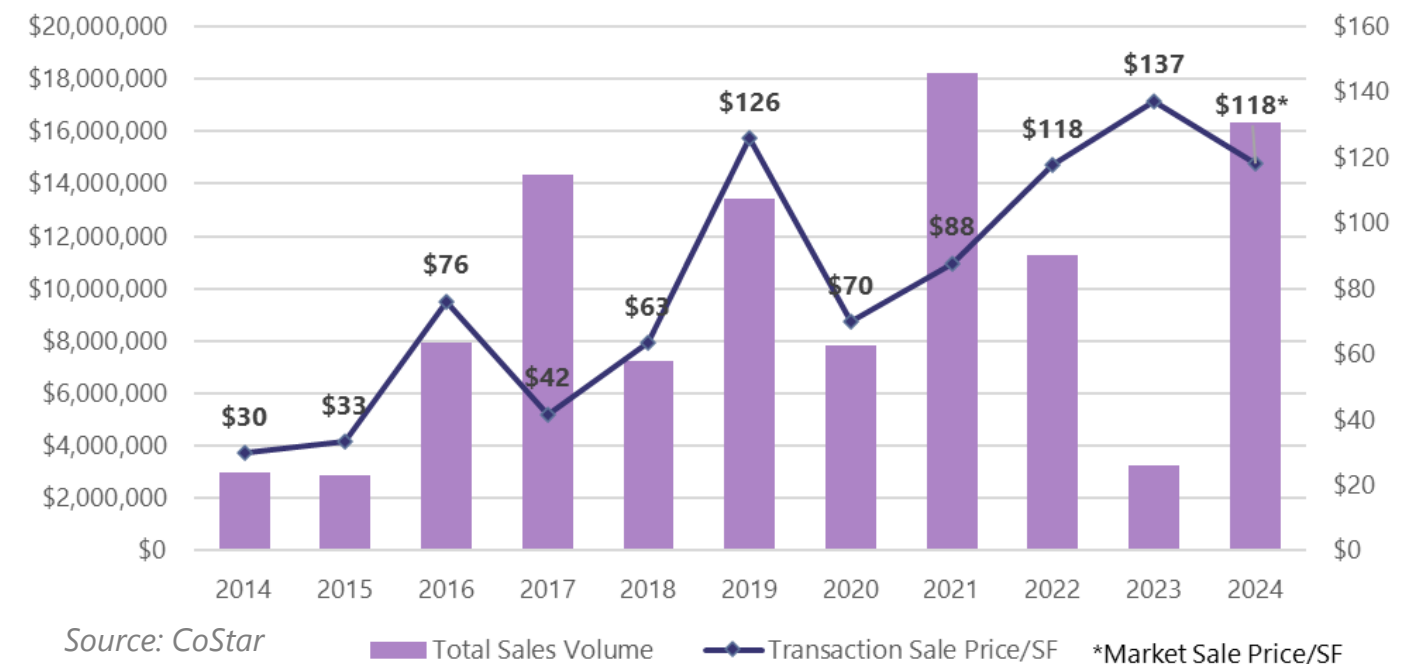
In Yamhill County, **average industrial market rents are \$10.70/SF**. Rents have changed by 1.2% year over year in Yamhill County, compared to a change of 2.0% market-wide. Annual rent growth of 1.2% in Yamhill County is compared to the submarket's five-year average of 5.7% and its 10-year average of 5.6%. The average market sale price is \$118/SF as of Q4 2024 (source: CoStar).

## Office

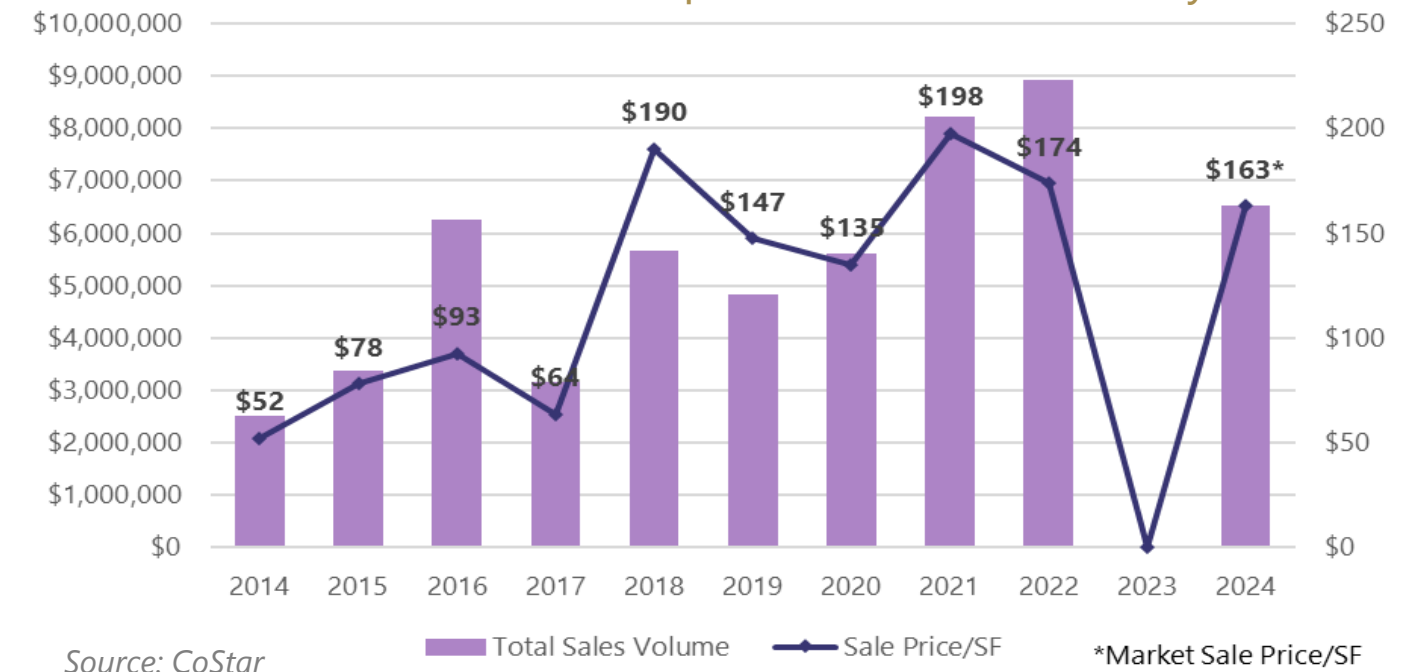
In the fourth quarter of 2024, the Yamhill County **office submarket's vacancy rate is 3.1%**. This has been a one percentage point increase since last year. The current office market rate is around the 10-year average vacancy of 3.3%. The year-over-year change in the Yamhill County vacancy rate was a result of no net delivered space and 13,000 SF of negative net absorption over the past year.

Average rents in Yamhill County are roughly **\$25.00/SF**, compared to the Portland average of **\$30.00/SF**. Rents have changed by 3.3% year over year in Yamhill County, compared to a change of 2.1% metro-wide. Annual rent growth of 3.3% in Yamhill County is compared to the submarket's five-year average of 2.1% and its 10-year average of 3.7%. The average market sale price is \$163/SF as of Q4 2024 (source: CoStar).

Last Sales Volume of Industrial Properties in Yamhill County, 2014-2024



Last Sales Volume of Office Properties in Yamhill County, 2014-2024



# COMPETITIVE PROJECTS IN YAMHILL COUNTY

## INNOVATION CAMPUS – MCMINNVILLE, OR

The proposed Innovation Campus I the Three Mile Lane project is designed to bring high-density employment responding to the next generation of industrial and entrepreneurial jobs where research and development is nurtured and supported by the campus infrastructure and partnerships with product manufacturing. The campus will house class “A” office space, flex spaces, incubator spaces and manufacturing facilities *(Source: City of McMinnville)*.



Source: CoStar

## BRIDGE – NEWBERG, OR

1,200 thousand SF of construction on over 100 acres of industrial land started in October 2024 on the south edge of the Newberg Urban Growth Boundary (1301 Wynooski Rd) in the Opportunity Zone. The use may include traditional distribution/manufacturing, technology, and data centers. The site demolition is completed, and an estimated construction completion will take one to two years as all utilities are currently on site. The owner is not publicly disclosed.



Source: Healthcare Design Magazine

# NTX BRIDGE - INNOVATION LAB PORTLAND, OR

## Collaboration Between University and International Company

The University of Oregon (UO) in partnership with NTX, a **global eco-textile company**, has established the NTX Portland Bridge Innovation Lab. This is the firm's first facility in the U.S. where UO's students, particularly from the UO sports product programs (such as Sports Product Design and Management), will have **access to the prototype lab** and **continuous mentorship**. This collaboration will strengthen international ties and innovation and expand the opportunities across the university. For the firm it is a way to keep advancing its **sustainable technologies and processes**, turning **cutting-edge research and ideas into real-world solutions**. The Bridge Innovation Center could include the NTX technologies and labs: NTX Cooltrans (a sustainable alternative for textile coloration that reduces environmental impact), NTX Eco-Denim (denim production technology that significantly reduces water and chemical usage), and NTX AI (optimizing textile production processes, ensuring efficacy, quality and eco-friendliness through the power of artificial intelligence). NTX is a world-leading sustainable textile Innovation & Solution Company that uses innovative textile colorization solutions that reduce water use for colorization by 90 percent. The company's headquarters is in Shanghai, China.



Source: University of Oregon

# JOHN I. HAAS INNOVATION CENTER YAKIMA, WA

## Wine Studies & Industry Collaboration

The state-of-the-art facility for advancing science and **technologies of hops in brewing**. The center features a cutting-edge **research lab**, a fully **automated research brewery**, local administrative offices, and an **outdoor beer garden - event center**. The center is a key place to establish long-standing relationships with clients and accelerate their future growth in the industry.

The Barth-HAAS group is the largest supplier of hops **committed to sustainability in agriculture and brewing**. The company's team is vast and composed of farmers, hop breeders, scientists, and brewers – all have come together to create innovative hop products.



Source: John I. Haas

# APPENDIX

The background research and additional case studies were not included in the body chapters of this report.

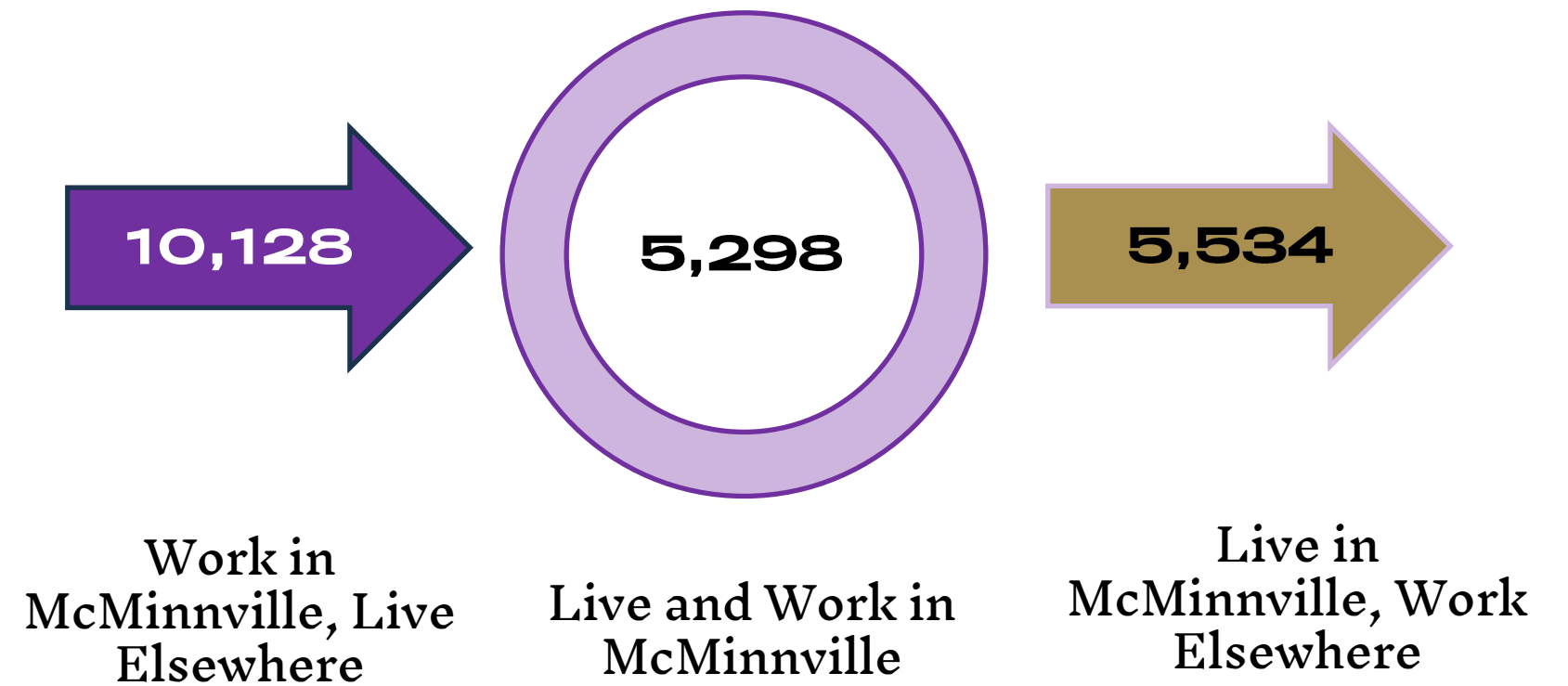
# SOCIOECONOMIC TRENDS

## JOBS & EXPENSES

Among all employees who live in McMinnville, 7 percent commute to work in Portland, 6 percent to Salem, and 5 percent to Newberg, which is about a 20-minute drive from McMinnville, 3 percent to Hillsboro, and another 41 percent work elsewhere. 45.6 percent of McMinnville's employed population commute to work within less than 10 miles, 26.2 percent work between 10 and 24 miles from the city, and 28.2 percent commute over 25 miles (see Table 1).

Four and a half percent of workers employed in McMinnville commute from Salem, 3.4 from Portland, 2.8 from Newberg, and 2 percent from Lafayette, other 51.2 percent commute from elsewhere. 47.1 percent of McMinnville's employees live in the city or within 10 miles, one quarter live from 10 to 24 miles, and 27.5 percent live beyond the 25-mile distance (see Table 1).

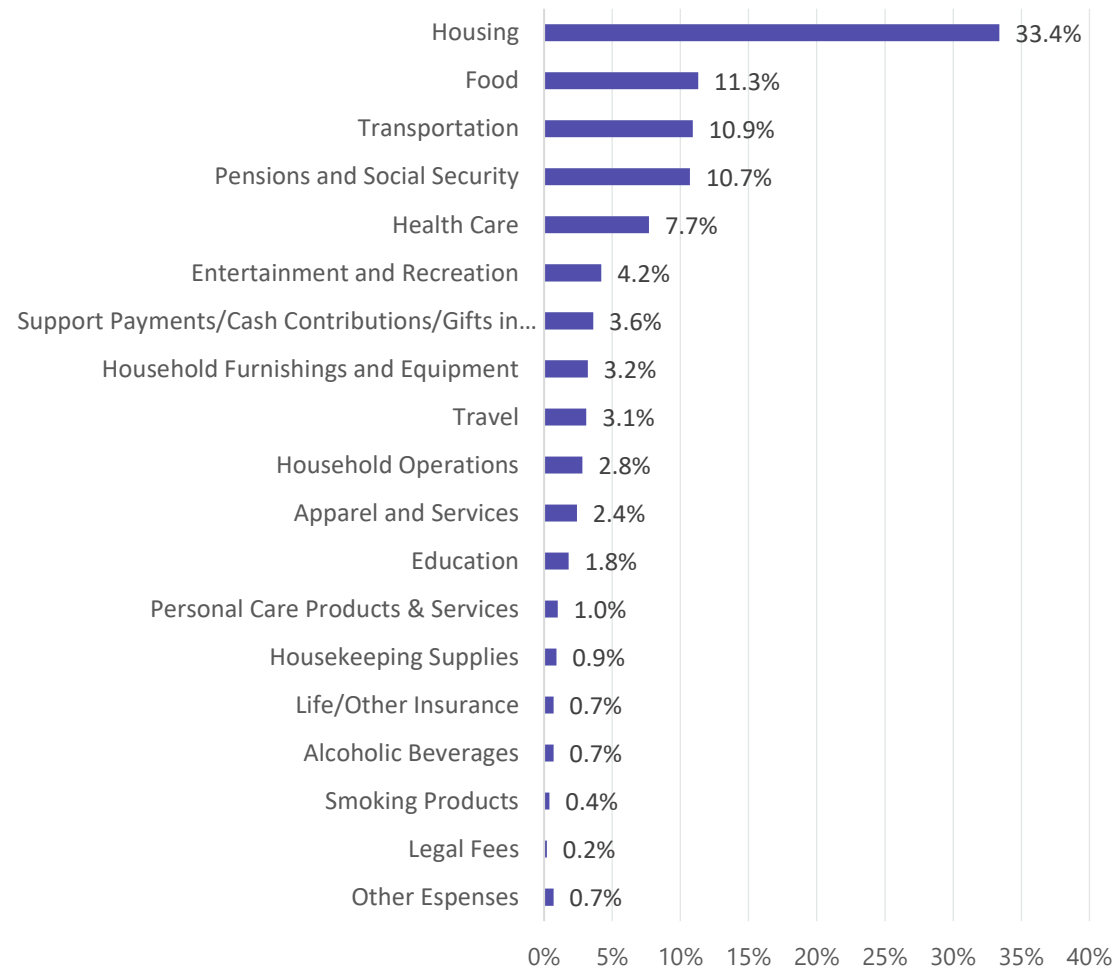
The job-to-housing ratio is 1.2 in the city, which could indicate a healthy job market but also an undersupply of housing units for these workers commuting from elsewhere.



# SOCIOECONOMIC TRENDS

## JOBS & EXPENSES

Household Expenses in McMinnville in, 2022



Source: Esri Business Analyst, LCG

Table 2. Jobs in McMinnville with Comparison to Yamhill County, 2021

	McMinnville		Yamhill County	
	Count	Share	Count	Share
Health Care and Social Assistance	2,974	19.3%	5,368	15.1%
Manufacturing	2,114	13.7%	6,325	17.7%
Retail Trade	2,042	13.2%	3,590	10.1%
Educational Services	1,820	11.8%	4,041	11.3%
Accommodation and Food Services	1,250	8.1%	2,637	7.4%
Public Administration	992	6.4%	1,426	4.0%
Agriculture, Forestry, Fishing and Hunting	661	4.3%	3,660	10.3%
Construction	582	3.8%	2,062	5.8%
Professional, Scientific, and Technical Services	522	3.4%	1,099	3.1%
Administration & Support, Waste Management and Remediation	486	3.2%	1,037	2.9%
Finance and Insurance	479	3.1%	689	1.9%
Other Services (excluding Public Administration)	392	2.5%	1,044	2.9%
Wholesale Trade	273	1.8%	868	2.4%
Information	213	1.4%	371	1.0%
Arts, Entertainment, and Recreation	147	1.0%	297	0.8%
Transportation and Warehousing	138	0.9%	416	1.2%
Real Estate and Rental and Leasing	115	0.7%	363	1.0%
Management of Companies and Enterprises	114	0.7%	137	0.4%
Utilities	90	0.6%	153	0.4%
Mining, Quarrying, and Oil and Gas Extraction	22	0.1%	60	0.2%

Source: US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) via Census [OnTheMap](#)

An average household in McMinnville spends **\$82,066 per year**. One-third of these expenses go to housing and 11.3 percent to food and beverages, followed by transportation expenses 10.9 percent. Apparel & services and health care share 9.1 percent of expenses and both have a spending potential index (SPI) of 82, meaning that it is 18 percentage points lower than the national average of 100. Considering that healthcare is the largest industry in McMinnville, there is a potential to increase the number of services in this sector. Entertainment & recreation account for 4.2 percent of total expenses along with travel for 3.1 percent; and both have SPI of 84. Lower SPI may indicate various challenges such as low-income levels, high cost of living, and other economic conditions.

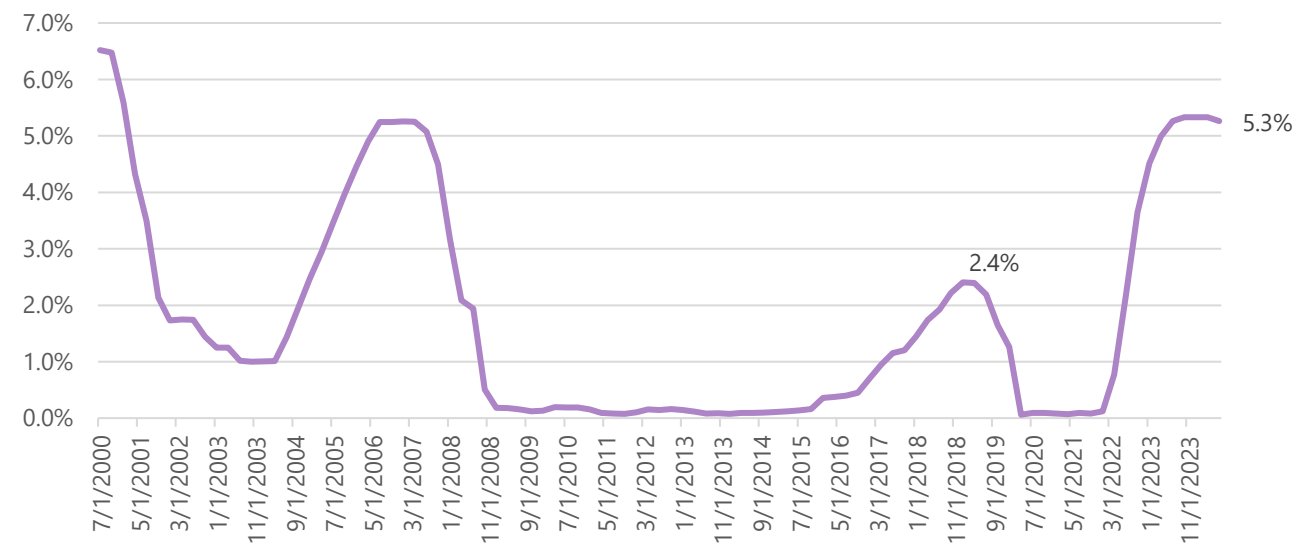
# HOUSING

## NATIONAL TRENDS

A nationwide trend that is increasing in significance is the need for senior and accessible housing as Baby Boomers age. A 2021 AARP poll found that three quarters of older adults aged 50 or older would like to stay in their current homes or communities for as long as possible. Achieving this will require that communities build a variety of accessible housing options, including accessory dwelling units (ADUs), multifamily condos and apartments, and cottages. Of the older adults surveyed, 44 percent want to live in a multigenerational neighborhood, 32 percent would prefer an “active adult” community, and 32 percent want to live in a continuing care community.

As of 2022, 5.7 million children under 18 were living with a grandparent householder nationwide, with 2.5 million of those children living in homes where the grandparent is responsible for their care. Among children living in a grandparent’s home, 38 percent are under the age of six. The median household income of households where children live with a grandparent responsible for their care is \$66,540, lower than the median of \$74,149 for all households. This indicates a potential need for more attainable multigenerational housing. In Yamhill County, 1,551 children under the age of 18 live with their grandparents – 79 percent of these children are under 12 years old.

Quarterly Federal Funds Rate, 2000-2024



Source: Federal Reserve Bank of St. Louis.

Both in Oregon and nationwide, high demand for apartments and a low-interest rate environment spurred multifamily construction between 2015 and 2019. However, rising inflation led to the Federal Reserve significantly increasing interest rates starting in 2022. This has exacerbated the cost challenges for commercial development nationwide, leading to a slowdown in construction activity. While higher rents and demonstrated strong rent growth can help multifamily projects pencil in this high-cost environment, it can be challenging for smaller cities to attract the development needed to meet housing demand.

# HOUSING

## ADDITIONAL CASE STUDIES

### Multigenerational Living – Crown Center for Senior Living & WashU Student in Residence Program

Washington University in St. Louis, Missouri created an innovative partnership with the Crown Center, a local senior living facility. The program offers students the opportunity to live in a private apartment within the facility in exchange for eight hours of volunteer work with the seniors each week. The program was marketed to students at the Friedman Center for Aging, who would benefit from first-hand experience living with and caring for seniors.

### Multigenerational Programming – St. Ann Center Bucyrus Campus, Milwaukee, WI

In 2015, the non-profit St. Ann Center for Intergenerational Care opened its second location (the Bucyrus campus) in the Amani neighborhood of northwest Milwaukee. The Bucyrus campus is a \$21 million, 80,000 square foot facility that combines adult day care and childcare, serving people ranging from infants to over 90 years old, including those with Alzheimer's and dementia. Childcare services include Head Start and Early Head Start programs, after-school and summer camp programs, and the Buddy Program, a service-learning program for children aged 11 to 15. In 2017, the campus received a \$5 million State grant to finish building its Alzheimer's and dementia unit as well as its classrooms and an aquatic center. In 2022, the campus finished the cleanup and renovation of an adjacent brownfield site, which now includes a bandshell, a play garden, and 30 raised garden beds to grow fresh produce for clients and children.

### Subsidized Multigenerational Housing: Grandfamilies Place, Phoenix, AZ

Grandfamilies Place in Phoenix, Arizona is multigenerational apartment housing for grandparents raising grandchildren, built through a partnership between local nonprofit Tanner Properties and national affordable housing developer Alliance Property Group. The property has 56 two- and three-bedroom units affordable to households making between 40 and 60 percent of the area median income (AMI). The \$11.5 million project was funded through a combination of Low-Income Housing Tax Credits (LIHTC) and HOME funds. Grandfamilies Place utilizes a combination of supportive programming and intentional design to provide multigenerational accessibility and success. Amenities include play areas, a pool, sports courts, a fitness center, a business center, a club house with an arcade room, and an on-site social services coordinator. Services include counseling, access to support groups, academic support, and after-school programming. The property also features solar panels installed using a rebate from the Salt River Project utility.

### Workforce Housing - Stevens Road Tract Concept Plan, Bend, OR

The Stevens Road Tract in Bend is a 261-acre site southeast of the city limits of Bend and adjacent to the urban growth boundary (UGB). It is owned by the State of Oregon. A [concept plan](#) for the site, released in 2022, suggests that 20 acres should be dedicated to housing – 12 acres for housing affordable at 60 percent AMI, six acres for housing affordable at 80 percent AMI (prioritizing educators), and two acres of mixed-income housing (80 percent affordable at 80 percent AMI). While the plan acknowledges that housing at 80 percent AMI can be challenging to produce due to the lack of subsidies available for workforce housing development, it estimates that it could include between 180 and 240 multifamily units at that price level on the six-acre site. In addition, two acres of middle housing could include between 32 and 39 homes at that price level.

# WINE & AGRICULTURE

## ADDITIONAL CASE STUDIES

### Paso Robles, CA

Paso Robles, California, provides an excellent example of how a city can evolve into a wine hub. Situated between San Francisco and Los Angeles, Paso Robles capitalized on its ideal climate and diverse soils to attract vintners and establish itself as a premier wine region. With a focus on Rhone varietals and innovative winemaking techniques, the area grew its reputation for high-quality, diverse wines. The city embraced wine tourism by developing infrastructure, hosting wine festivals, and creating partnerships with local restaurants and hotels. Strategic zoning allowed for vineyard expansion and the growth of tasting rooms, positioning Paso Robles as a key destination in California's wine country, blending agricultural excellence with tourism.



# HOSPITALITY & TOURISM

## ADDITIONAL CASE STUDIES

### *Woodinville Wine Country, Woodinville, WA*

Woodinville, Washington, offers a compelling case study for how hospitality drives economic growth in a small city through its focus on wine tourism. Home to over 130 wineries, breweries, and distilleries, Woodinville has developed into a prime destination for wine enthusiasts seeking curated experiences such as tastings, wine tours, and exclusive events. Its hospitality model is centered around boutique hotels like Willows Lodge, which provides upscale, immersive lodging in close proximity to these attractions. By integrating high-end accommodations with culinary tourism and wine-focused experiences, Woodinville has transformed into a thriving hub that leverages its local wine industry to attract visitors and boost the local economy.



# APPENDIX

## REGULATORY ENVIRONMENT

	General	R-4	C-3
<b>Housing</b>	The Linfield University site is within a Qualified Census Tract (QCT). QCTs are Census tracts in which 50 percent of households have incomes below 60 percent of the Area Median Income (AMI) or a poverty rate of more than 25 percent. Affordable housing developments located within a QCT are eligible for up to 30 percent more tax credits through the Low-Income Housing Tax Credit (LIHTC) program. QCTs are also eligible for funding via New Market Tax Credits (NMTC).	The R-4 zone limits density by lot area per unit. In this zone, 1,500 square feet of lot area is required for each unit with two or fewer bedrooms, and 1,750 square feet of lot area is required for each unit with three bedrooms. For units with more than three bedrooms, an additional 500 square feet of lot area is required for each additional bedroom. This means that a one-acre lot could have a maximum of 29 units. However, denser multifamily housing is allowed by conditional use in the R-4 zone, provided that the development meets specific metrics outlined in <a href="#">17.21.020M</a>	The C-3 zone has the same general regulations as the R-4 zone, but without the density restrictions. The height limit in the C-3 zone is 80 feet.
<b>Wine &amp; Agriculture</b>	The regulatory environment for the wine industry is complex, involving alcohol production and distribution laws, labeling requirements, environmental regulations, trade policies, and labor laws. Wineries must navigate licensing and alcohol sales through a three-tier system, comply with strict labeling rules, and adhere to environmental standards, especially for organic and sustainable certification. Trade tariffs and international regulations affect imports and exports, while excise taxes and health standards impact production. Direct-to-consumer sales, particularly through e-commerce, are regulated by shipping laws, and wineries must also follow labor and immigration rules for vineyard workers. Compliance with appellation protections ensures the authenticity of regional wines.		
<b>Hospitality &amp; Tourism</b>	The regulatory environment for the wine industry is complex, involving various laws and regulations at federal, state, and local levels. Wineries must obtain multiple licenses and permits, including federal permits from the Alcohol and Tobacco Tax and Trade Bureau (TTB) in the U.S., and navigate a three-tier distribution system that separates producers, distributors, and retailers. Strict labeling regulations govern alcohol content, grape varietals, and geographic origin, while geographical indications protect names like "Champagne" to ensure authenticity. Environmental regulations require adherence to sustainability practices and responsible water use, while trade and tariffs affect international wine trade and pricing. Health and safety standards ensure safe production environments, and direct-to-consumer sales are subject to varying state regulations on shipping and age verification. Additionally, wineries must comply with labor laws and regional appellation systems that regulate which wines can use specific geographical designations, making compliance essential for legal operation and market competitiveness.		C-3 permits lodging (hotels and motels) uses.
<b>Retail</b>	The Linfield College site is within a Qualified Census Tract (QCT) meaning that it is eligible for funding via New Market Tax Credits (NMTC). The NMTC attracts private investments into low-income communities through a tax credit against the federal income tax in exchange for making equity investments in Community Development Entities (CDEs). The total credit of 39 percent of the original investment is claimed over the seven years.		C-3 General Commercial zoning, which covers majority of the site, allows various retail facilities.

# APPENDIX

## REGULATORY ENVIRONMENT

	General	R-4	C-3
<b>Art &amp; Entertainment</b>	<p>The tract is qualified for NMTC.</p> <p><b>Goal 3.3 ‘Leverage arts and culture amenities’</b> that include evaluation of potential feasibility for public-private partnership to create a community art space or collaborative studio and cooperative gallery as well as identification of the potential for an arts and culture-focused event center in McMinnville. The need for an arts center is also proved by the residents' comments in the Idea Map for MAC-Town 2032, emphasizing diversification of the city’s amenities beyond wine and tourism and the lack of space for outdoor concerts and performances.</p> <p><b>Goal 6.3 ‘Diversify tourism destinations beyond wine’</b> encompasses a feasibility study of building an indoor sports complex for local recreation and regional event use. Linfield could offer a property lease for these purposes on part of the vacant land.</p>		<p>Under the C-3 zoning auditorium exhibition hall or other public assembly room, theater, a studio, including music, dancing, art, photography, or health is permitted. Other sports, art, and entertainment uses are not specifically mentioned.</p>
<b>Healthcare</b>	<p>The tract is also qualified for NMTC.</p> <p>MAC-Town 2032 Strategic Plan Goal 8.1 - Leverage institutional land assets and support planning for institutional growth and clustering proposes clustering of medical-professional uses near the Willamette Valley Medical Center (see Competitive Projects) and to create a regional anchor for health care near this site. However, Goal 8.3 - Support the expansion of programmatic offerings at local institutions includes working with Linfield to assess demand for education and training in health care and related services. Therefore, Linfield University is considered to be a key partner for the City, first of all, in health care education, and could potentially expand to the provision of health care services.</p>	<p>Hospital/clinic, nursing/convalescent home, day care facility (adult)</p>	<p>Medical/dental laboratory, hospital/clinics, nursing/convalescent home, veterinary offices/animal hospital, day care facility (adult)</p>
<b>Office/Innovation /Industrial</b>	<p>The MAC-Town 2032 Goal-1.4.3 emphasizes the maximization of the potential for light industrial and office development near the airport. The sub-goals of Goal 4 – Sustain and Innovate within Traditional Industry and Advanced Manufacturing including connection of traditional industry and advanced manufacturing to innovation resources for sustainable growth. Meanwhile, the Strategic Plan set a goal to become a place where small and medium technology firms can relocate and grow.</p>	<p>The zone does not permit industrial use.</p>	<p>C-3 zone allows office, and custom manufacturing of goods only for retail sale on the premises under the permitted uses.</p>
<b>Education (Pre-K)</b>	<p>The Linfield College site is within a Qualified Census Tract (QCT). QCTs are Census tracts in which 50 percent of households have incomes below 60 percent of the Area Median Income (AMI) or a poverty rate of more than 25 percent. QCTs are eligible for funding via New Market Tax Credits (NMTC). The NMTC attracts private investments into low-income communities through a tax credit against the federal income tax in exchange for making equity investments in Community Development Entities (CDEs). The total credit of 39 percent of the original investment is claimed over the seven years.</p> <p>The MAC-Town 2032 Economic Development Strategic Plan does not mention goals for preschool education; however, it states a potential task for 2.1.2 goal to increase access to skill development and education in career pathways at the elementary and secondary levels through increasing access to K-12 schools across Valley school districts. Preschool education improves later outcomes in K-12 children and individuals’ expected lifetime labor productivity , although, the effects show up much later. Therefore, continuing investment in preschool education will advance the quality of the workforce in the city and implicitly contribute to the Strategic Plan’s key goal of growing in living-wage jobs.</p>	<p>Childcare and childcare home facilities are permitted; public or private school is conditional use.</p>	<p>Childcare and childcare home facilities are permitted; public or private school is conditional use.</p>

# APPENDIX

## EXISTING PROGRAMS & ORGANIZATIONS SUPPORTING BUSINESSES IN MCMINNVILLE, OR

Name of the Program/Organization	Jurisdiction	Description, Benefits
<b><u>McMinnville Industrial Promotions</u></b>	Local Business Community/City	A local business community that helps newcomers and existing businesses access facilities, permits, and professional services. The organization owns several properties in McMinnville that are ready to lease, purchase, or built to suit. They provide free-of-charge services for the groundwork such as making sites shovel-ready, conducting environmental studies, arranging for utility hook-ups, and more .
<b>Yamhill County Economic Development Start-up Grant</b>	County	\$25,000 (1 grant). Businesses applying for this grant must be in business for no more than 2 years in traded sector, and not received a grant from Yamhill County.
<b>Yamhill County Economic Development Small Grants</b>	County	Up to \$10,000 (5 grants) . . Businesses applying for this grant must have fewer than 25 employees and been in business for more than 2 years.
<b>Yamhill County Economic Development Strategic Investment Fund</b>	County	Up to \$50,000 (1 grant). Businesses applying for this grant must have more than 25 employees and been in business for more than 2 years.
<b>Research and Development Tax Credit for Semiconductors</b>	State	The R&D Tax Credit offers eligible companies roughly 15% in tax credits for qualified research expenses or basic research payments in Oregon, up to \$4 million per taxpayer, per year. The program is funded through 2029 with a cap on total credit amounts available for each biennium.
<b>Oregon Production Investment Fund (Film and Video Incentives)</b>	State	Rebate of 20% of goods/services and 10% of Oregon-based payroll on projects that spend a minimum of \$1M.
<b>Greenlight Oregon Labor Rebate</b>	State	Rebate of 6.2% of payroll for which Oregon withholding applies on video or film projects that spend a minimum of \$1M in Oregon.
<b>Multiple Renewable Energy Incentives.</b>	State	Description as to be requested.