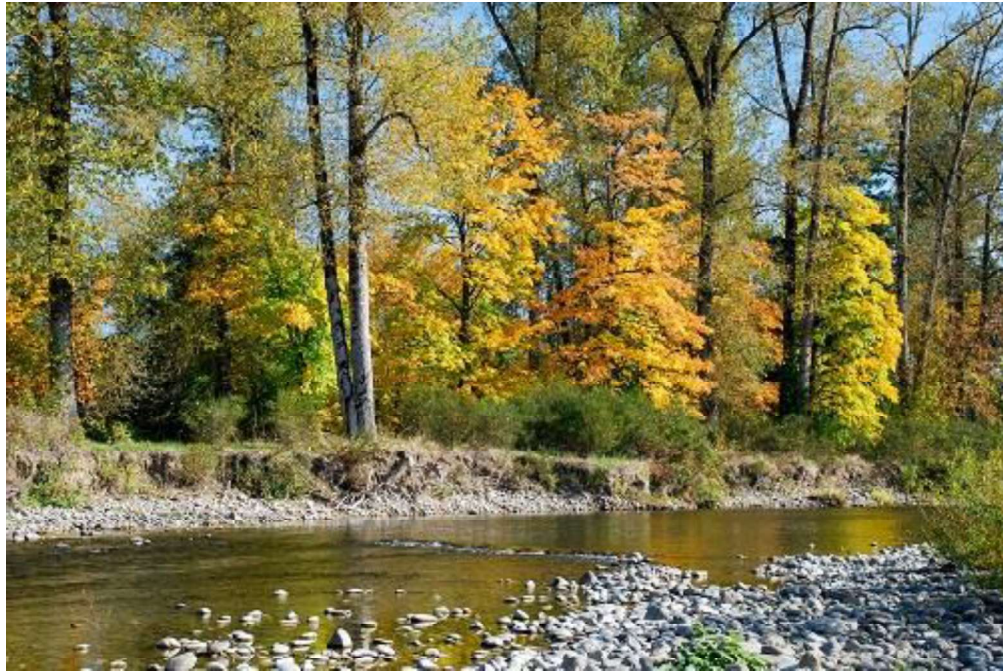




CITY OF MOLALLA, OREGON ECONOMIC OPPORTUNITIES ANALYSIS

Prepared For:
City of Molalla, Oregon

February 2025



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Technical Advisory Group

Eric Anderson, SEDCOR
Jeffrey Bivens, I&E Construction
James Bobst, Pacific Fiber
Rae Lynn Botsford, City Council Liaison
Julie Gilkison, EJK Associates
Jeff Hampton, Business Oregon
Joe Herrera, Mulino Trading
Tony Mann, Molalla River School District
Cindy Moore, Clackamas County
Kelly Reid, OR Dept. of Land Conservation & Development
Connie Sharp, Chamber of Commerce

City of Molalla Staff

Mac Corthell, Community Development Director
Dan Zinder, Senior Planner

Consultants

Brendan Buckley, Johnson Economics
Jerry Johnson, Johnson Economics
Matt Hastie, MIG
Andrew Parish, MIG
Sun-Gyo Lee, MIG

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City of Molalla

117 N. Molalla Avenue
Molalla, OR 97038
(503) 829-6855

Johnson Economics

621 SW Alder Street
Suite 605
Portland, OR 97205
(503) 295-7832

MIG

506 SW Sixth Avenue
Suite 400
Portland, OR 97204
503-297-1005

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I. INTRODUCTION

This report presents an Economic Opportunities Analysis (EOA) for the City of Molalla, Oregon.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within their Urban Growth Boundary (UGB). The principal purpose of the analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

To this end, this report is organized into seven primary sections:

- **Economic Trends:** Provides an overview of national, state, and local economic trends affecting Clackamas County and the City of Molalla, including population projections, employment growth and a demographic profile.
- **Economic Development Potential:** A discussion of the comparative advantages of the local community and work force.
- **Target Industries:** Analysis of key industry typologies the City should consider targeting as economic opportunities over the planning period.
- **Employment Land Needs:** Examines projected demand for industrial and commercial land based on anticipated employment growth rates by sector.
- **Capacity:** Summarizes the City's inventory of vacant and redevelopable industrial and commercial land (employment land) within City of Molalla's UGB.
- **Reconciliation:** Compares short- and long-term demand for employment land to the existing land inventory to determine the adequacy and appropriateness of capacity over a five and twenty-year horizon.
- **Conclusions and Recommendations:** Summary of findings and policy implications.

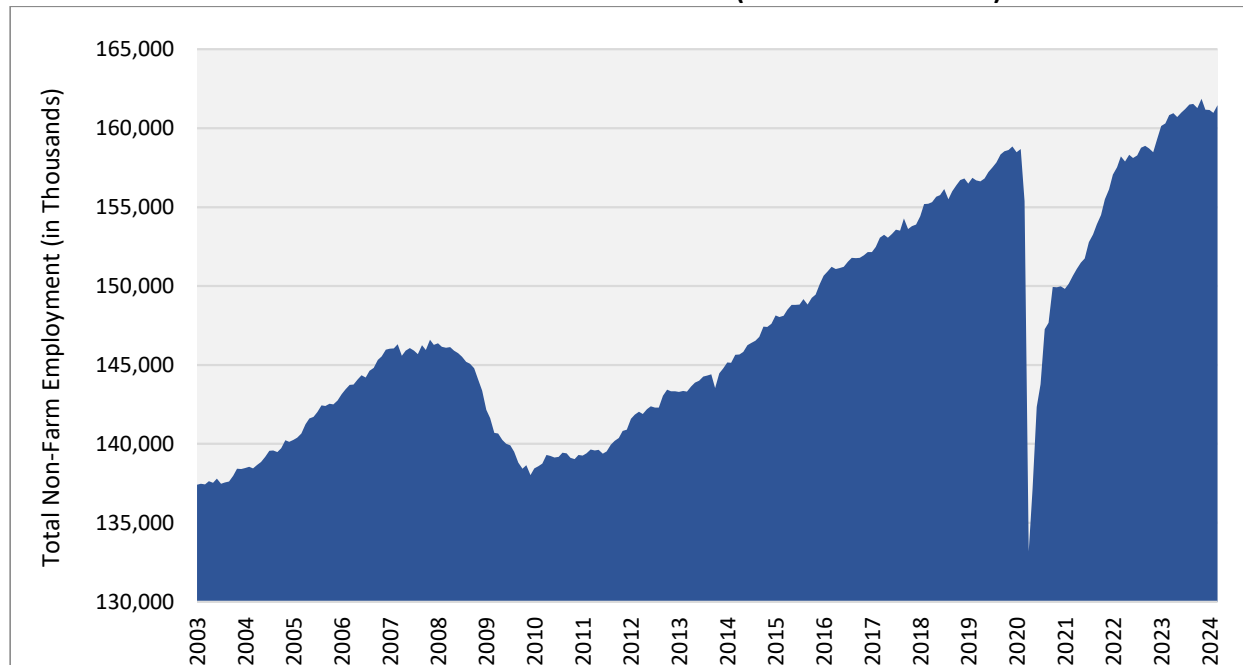
II. ECONOMIC TRENDS

This section summarizes employment and workforce trends at the national, state, and local level that will influence economic conditions in the City of Molalla over the 20-year planning period. This section is intended to provide the economic context for growth projections and establish a socioeconomic profile of the community.

A. NATIONAL TRENDS

Employment: In the first months of the pandemic, the nation lost nearly 22 million jobs, or 14% of total employment. However, the economy recovered quickly, displaying exponential growth as early as February 2021. As of late 2022, national employment had largely returned to pre-pandemic levels, eventually going on to reach a new peak in 2023 with roughly 162 million non-farm jobs in the economy (Figure 2.1).

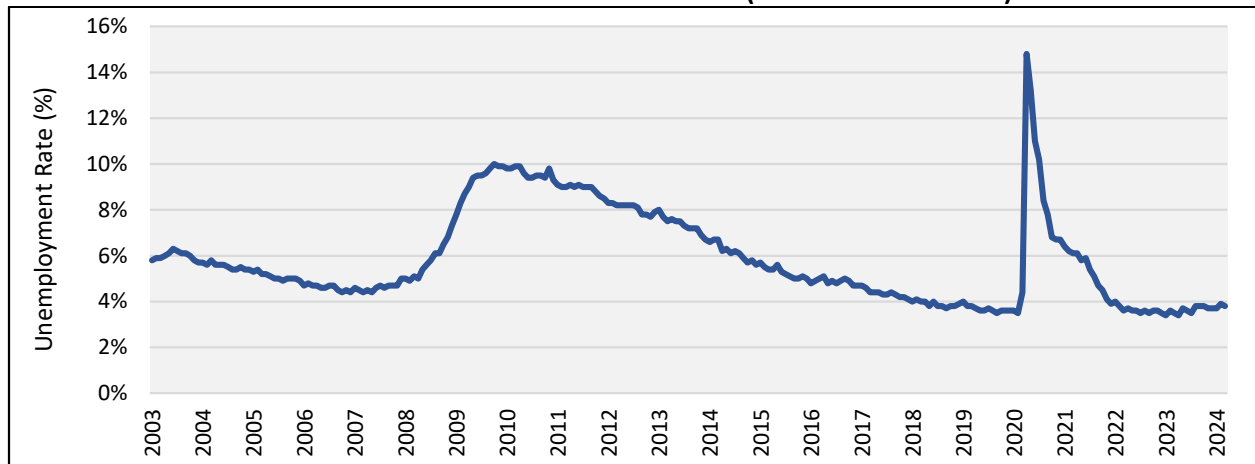
FIGURE 2.1: NATIONAL EMPLOYMENT LEVELS (JAN 2003 – MAR 2023)



Source: U.S Federal Reserve Bank of St. Louis

Unemployment Rate: The national unemployment rate spiked to nearly 15% in 2020 as many businesses paused operations or closed permanently in the first months of the pandemic. However, the unemployment rate began to decline almost immediately, and by mid-2022 had fallen back to a low 3.5%. There has been a slight uptick in the unemployment rate following the summer 2023, but it has remained low by historical standards, hovering around 3.9% as of March 2024 (Figure 2.2).

FIGURE 2.2: NATIONAL UNEMPLOYMENT RATE (JAN 2003 – MAR 2024)

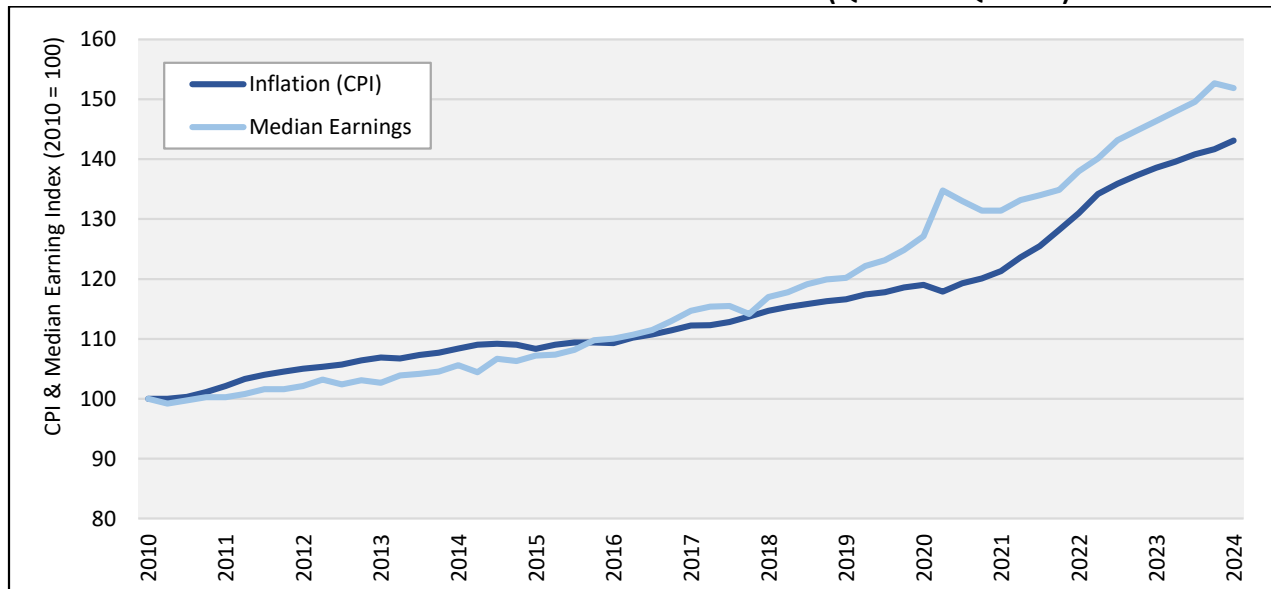


Source: U.S Federal Reserve Bank of St. Louis

Inflation: The counter story to this strong positive rebound in employment has been a rising rate of inflation coming out of the pandemic. Various stimulus measures, combined with supply shortages, led to rising prices for many consumer products, energy, and food. The rate of inflation accelerated in 2021 and began moderating towards the end of 2022, though the rate remains elevated (Figure 2.3). The Federal Reserve has maintained higher interest rates to curb price increases, however recent inflation has been at least partially driven by global macroeconomic forces beyond the Fed's control.

Wages: On a positive note, average household earning levels have also enjoyed growth coming out of the recession and have largely kept pace with, or exceeded, inflation in recent years. Earnings also spiked in 2020 when government stimulus payments were added to earned wages. However, this growth has started to decelerate as of Q1 2024, decreasing from the quarter before (Figure 2.3).

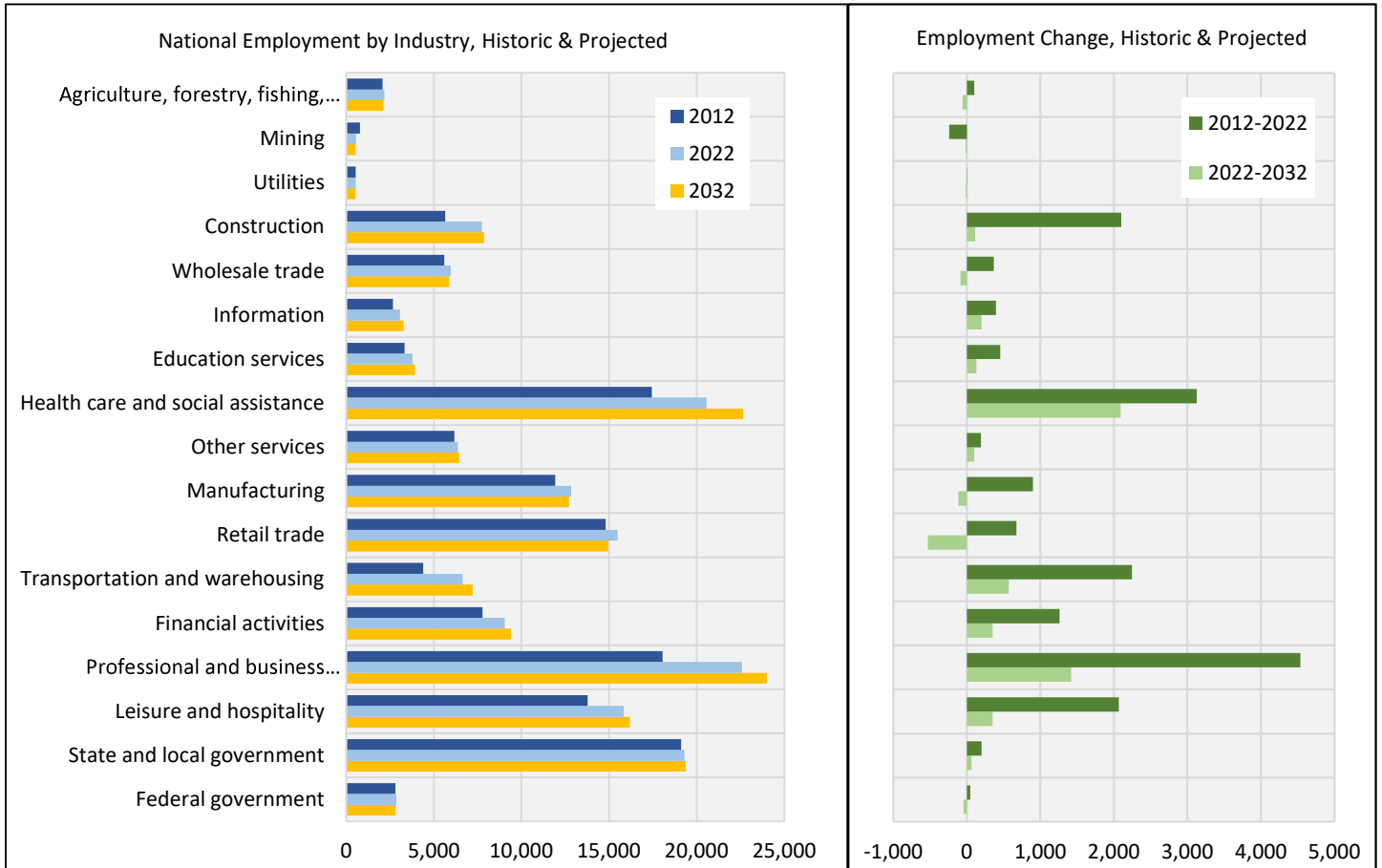
FIGURE 2.3: INFLATION INDEX VS. MEDIAN EARNINGS INDEX (Q1 2010 – Q1 2024)



Source: U.S. Federal Reserve Bank of St. Louis; Consumer Price Index for Urban Consumers (US); Median Earnings for Full-Time Employees, Seasonally Adjusted

Industry Sector Employment: At a national level healthcare & social assistance is projected to account for the largest share of new employment growth, followed by professional & business services, and leisure & hospitality. The aging of the population is expected to drive the healthcare sector over the next few decades.

FIGURE 2.4: NATIONAL EMPLOYMENT GROWTH BY SECTOR, HISTORIC AND PROJECTED

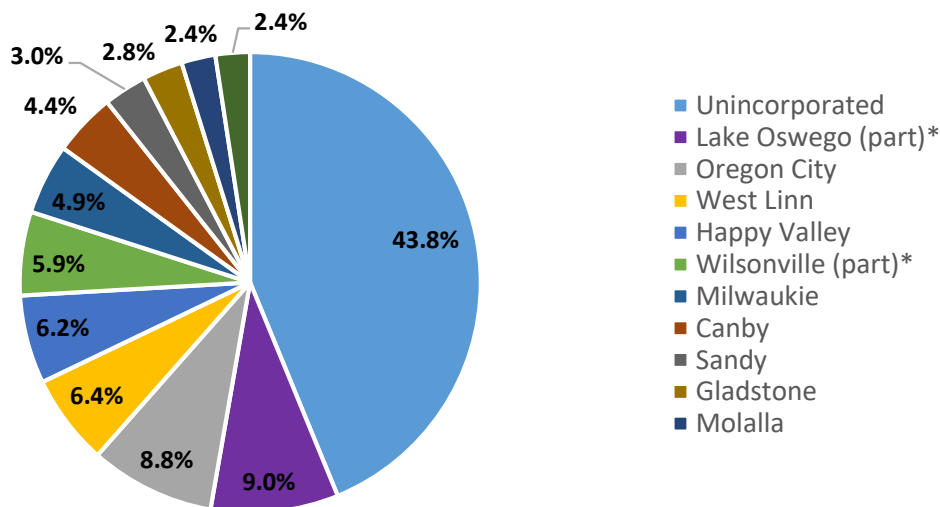


SOURCE: US Bureau of Labor Statistics

B. COUNTY AND LOCAL POPULATION AND WORKFORCE TRENDS

Population: Molalla makes up roughly 2.4% of Clackamas county’s population, with an estimated population of 10,335 people as of 2023 (the latest estimate available). The city has grown by an estimated 2,225 residents since 2010, at an estimated rate of 1.9% per year. This growth rate has outpaced the growth rates of the county (0.9%) and state (0.9%) in the same period.

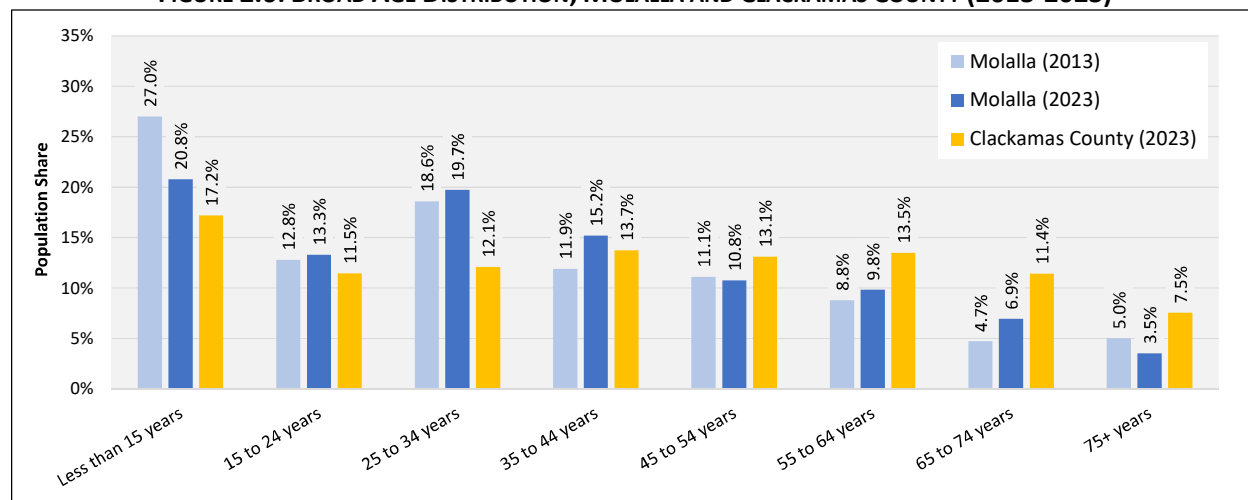
FIGURE 2.5: SHARE OF TOTAL POPULATION IN CLACKAMAS COUNTY (2023)



SOURCE: Population Research Center, Portland State University

Clackamas County’s population age distribution is fairly evenly distributed with no one age group far outnumbering the rest. Comparatively, Molalla’s age distribution is considerably more skewed towards the younger groups, with roughly 21% of the city’s population being under 15 years of age. While this remains the largest age segment, its share has fallen over the last ten years from an estimated 27%. An additional third (roughly 33%) of the city are between 15 and 34 years old.

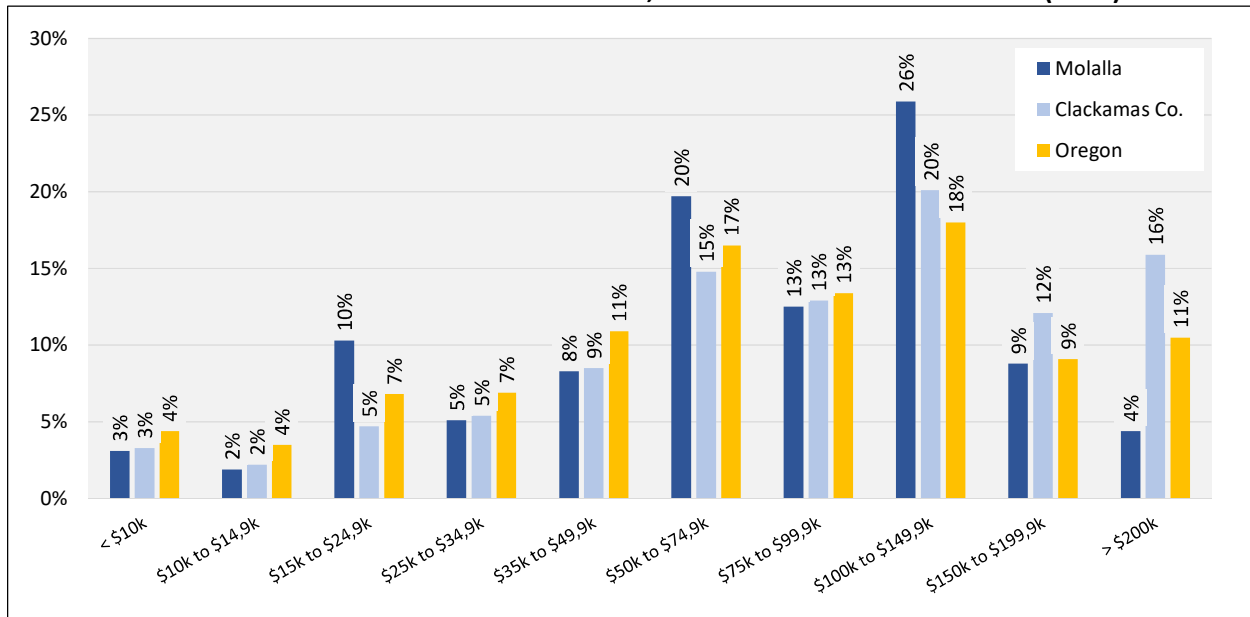
FIGURE 2.6: BROAD AGE DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2013-2023)



SOURCE: Population Research Center, Portland State University

Since 2013, the 35- to 44-year-old age cohort grew the most in share of total population in Molalla, while the 15 and younger group faced the biggest decrease. These trends reflect the aging of the Millennial and Baby Boom generations, increasing the share of population approaching middle age, and those aged 60 and older. A secular trend of falling fertility rates leads to fewer average children per family.

FIGURE 2.7: HOUSEHOLD INCOME DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2023)



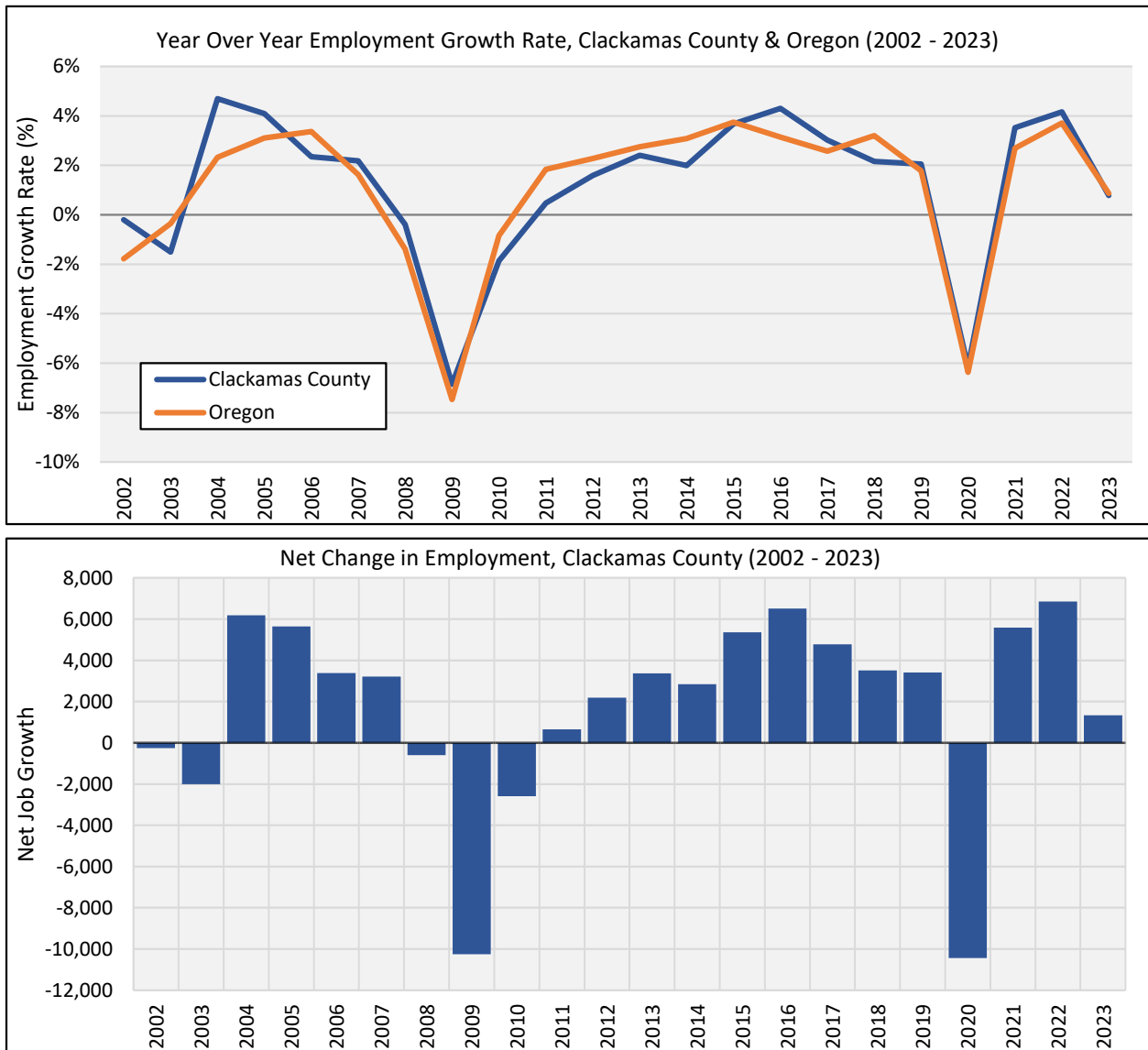
SOURCE: Census Bureau, ACS 5 Year Estimates

Figure 2.7 presents the estimated income distribution. Roughly 26% of Molalla’s and 20% of Clackamas County’s households earn between \$100k to \$149k, the largest share in both geographies, and greater than the statewide share. However, the city has a lower share of households earning more than \$150k.

Employment Growth: Clackamas County experienced slower employment growth relative to the state for most of the 2010’s. Following the ’08 – ’09 recession, the county did not return to positive growth until 2011 while the state saw positive employment growth in 2010. During this decade, Clackamas’ annual employment growth peaked at 4.3% in 2016 before decelerating up until the COVID-19 downturn. During the COVID-19 downturn, Clackamas County experienced a negative shock nearly identical with the state, losing about 6% of its employment base between 2019 and 2020. (Figure 2.8)

Since 2010, Clackamas County has added a net of roughly 30,000 jobs. The job growth peaked in 2015 with over 6,500 jobs added. In 2020, the county lost roughly 10,400 jobs, but recovered that employment over the next two years. (Figure 2.8)

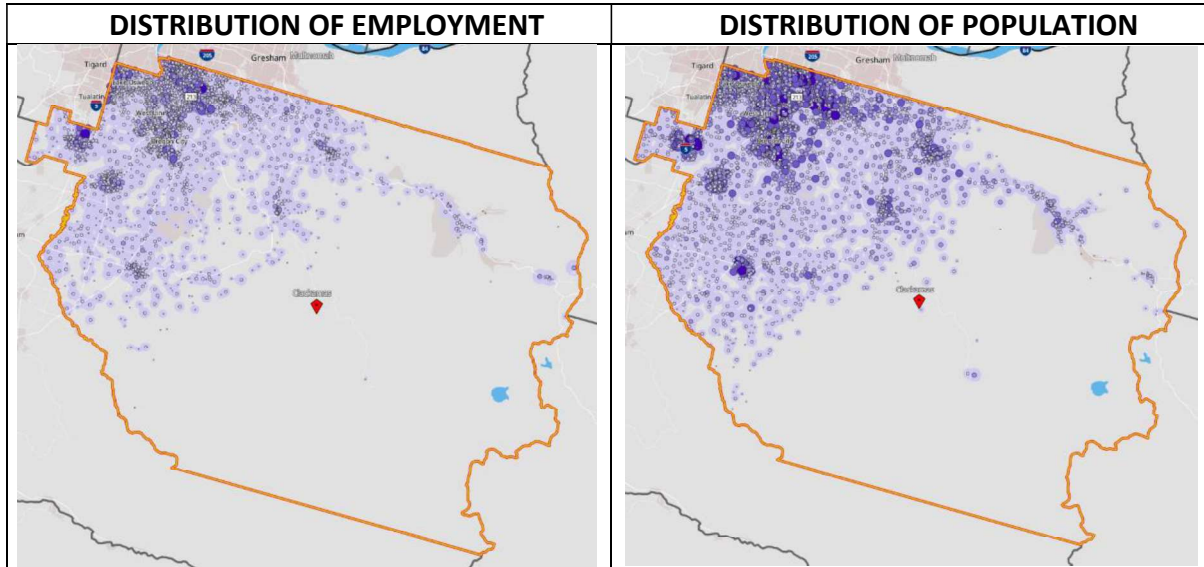
FIGURE 2.8: EMPLOYMENT GROWTH TRENDS, CLACKAMAS COUNTY & OREGON (2002 – 2023)



SOURCE: Oregon Employment Department, JOHNSON ECONOMICS

Employment and Population Concentrations: The distribution of employment in Clackamas County is concentrated in and around the Portland Metro area, as the largest regional hub of employment and economic activity (Figure 2.9). While population follows a similar pattern, there is a greater dispersion of residents outside of the Metro boundary than employment, indicating that many households live in more dispersed areas, and commute to employment centers.

FIGURE 2.9: DISTRIBUTION OF EMPLOYMENT AND WORKFORCE, CLACKAMAS COUNTY, 2021

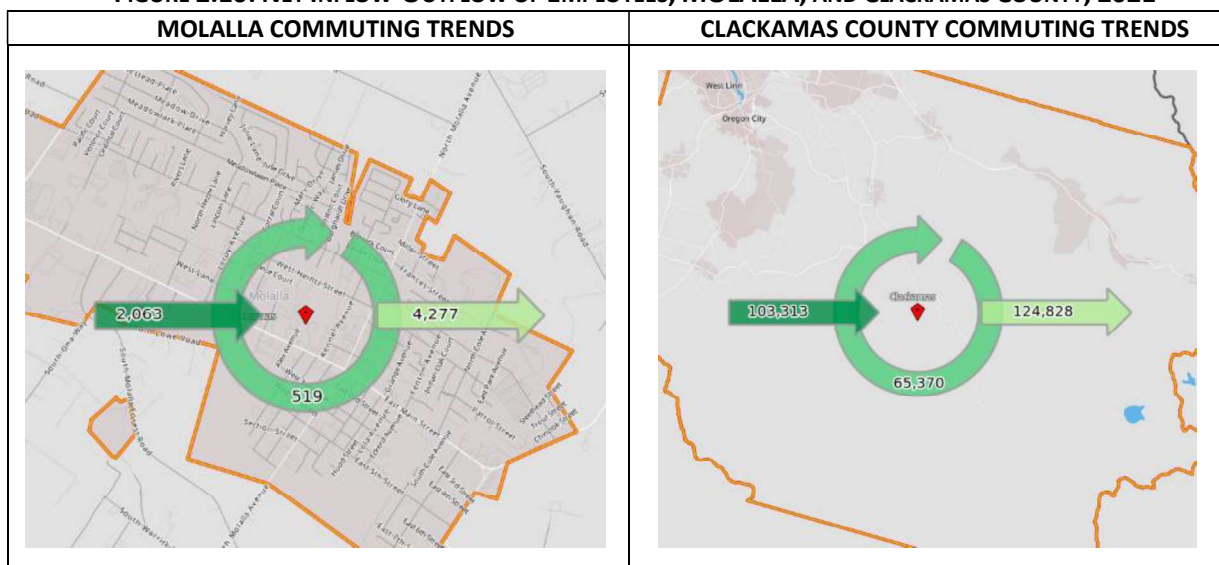


SOURCE: Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Data

Commuting Trends: In 2021 (the most recent data available), the city of Molalla was estimated to have roughly 2,060 people commuting in for work, 4,275 people commuting out and 520 residents both living and working in the city. This indicates that nearly 90% of working Molalla residents commute elsewhere for employment. These figures reflect “covered employment” as of 2021, the most recent year available. Covered employment refers to those jobs where the employee is covered by federal unemployment insurance. This category does not include many contract employees and the self-employed and therefore is not a complete picture of local employment. *The figure discussed here is best understood as indicators of the general pattern of commuting and not exact figures.*

Of those residents who work outside of the city, the most common commute destinations are Portland, Oregon City, Canby, and Salem. For local employees who commute in from outside of Molalla, most live in Salem, Portland, and Oregon City.

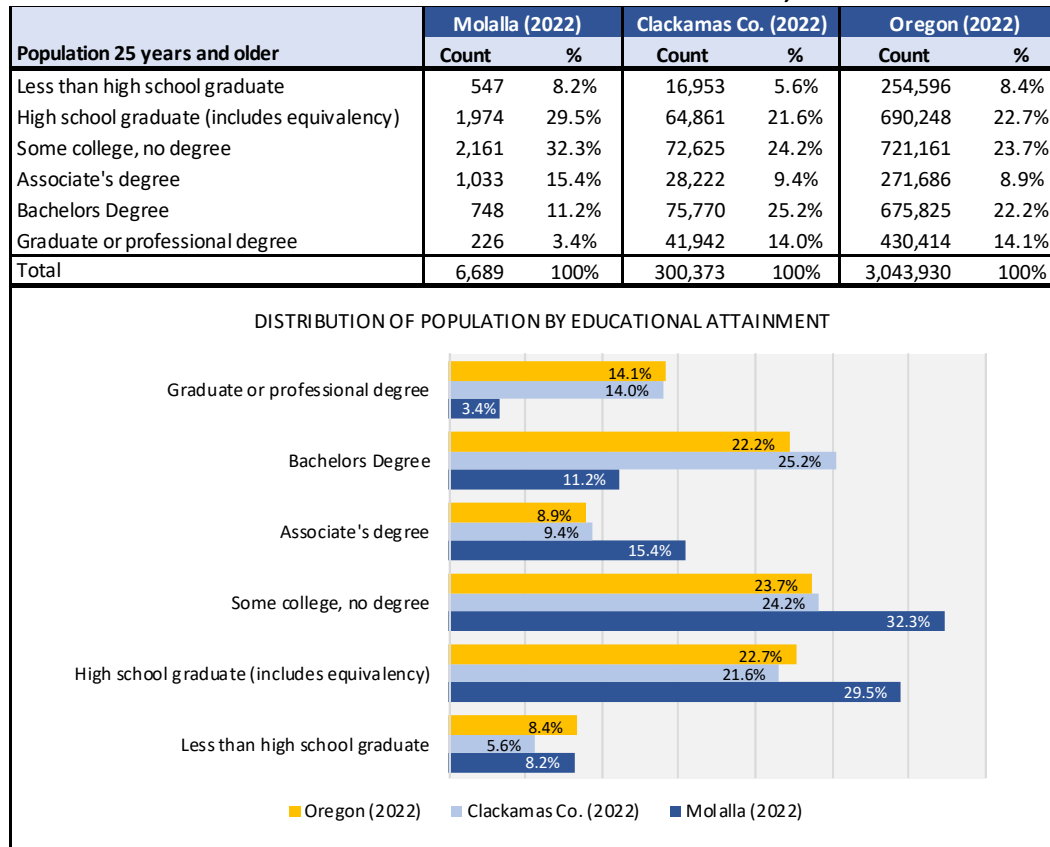
FIGURE 2.10: NET INFLOW-OUTFLOW OF EMPLOYEES, MOLALLA, AND CLACKAMAS COUNTY, 2021



SOURCE: Census Bureau, LEHD Data

Workforce Characteristics: Molalla has a greater share of less educated adults than the county or state (Figure 2.11).

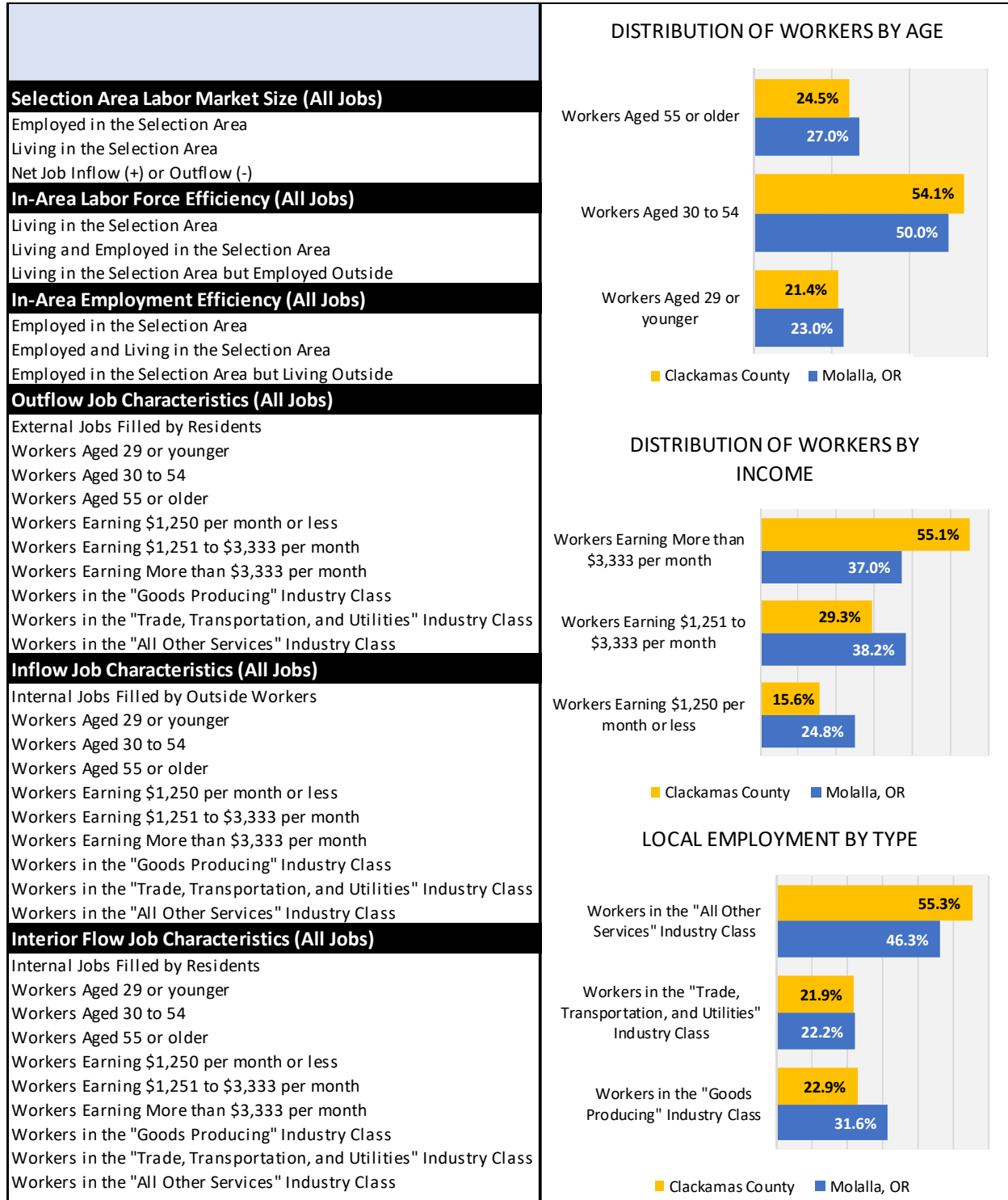
FIGURE 2.11: EDUCATIONAL ATTAINMENT PROFILE, 2022



SOURCE: U.S. Census Bureau, 2017 - 2022 ACS 5-Year Estimates

- Molalla's adult population (aged 25 years and older) has relatively lower average education levels than the county or state. 62% of the population have a high school diploma, or some college with no degree, compared to 46% of the county and state.
- 30% of Molalla's adult population have a degree, compared to 49% of the county and 45% of the state.
- Molalla has a higher share working in trade, transportation, and utilities (22.2%) and goods producing industries (31.6%) than the county (Figure 2.9). This includes retail, wholesale, warehousing, and shipping industries. (Figure 2.12)
- Molalla has a larger proportion of younger and near-retirement workers than the county, with 23% of its workers less than 30 years of age and 27% of its workers aged 55 or older.
- Working residents of Molalla are more likely to be in middle- and lower-income groups than the county. Roughly 24.8% of working Molalla residents earn over \$1,250 or less per month, and 38.2% earn between \$1,251 to \$3,333 per month.

FIGURE 2.12: CHARACTERISTICS OF LOCAL WORKFORCE, CITY OF MOLALLA AND CLACKAMAS COUNTY, 2021



C. MOLALLA EMPLOYMENT & SECTOR SUMMARY

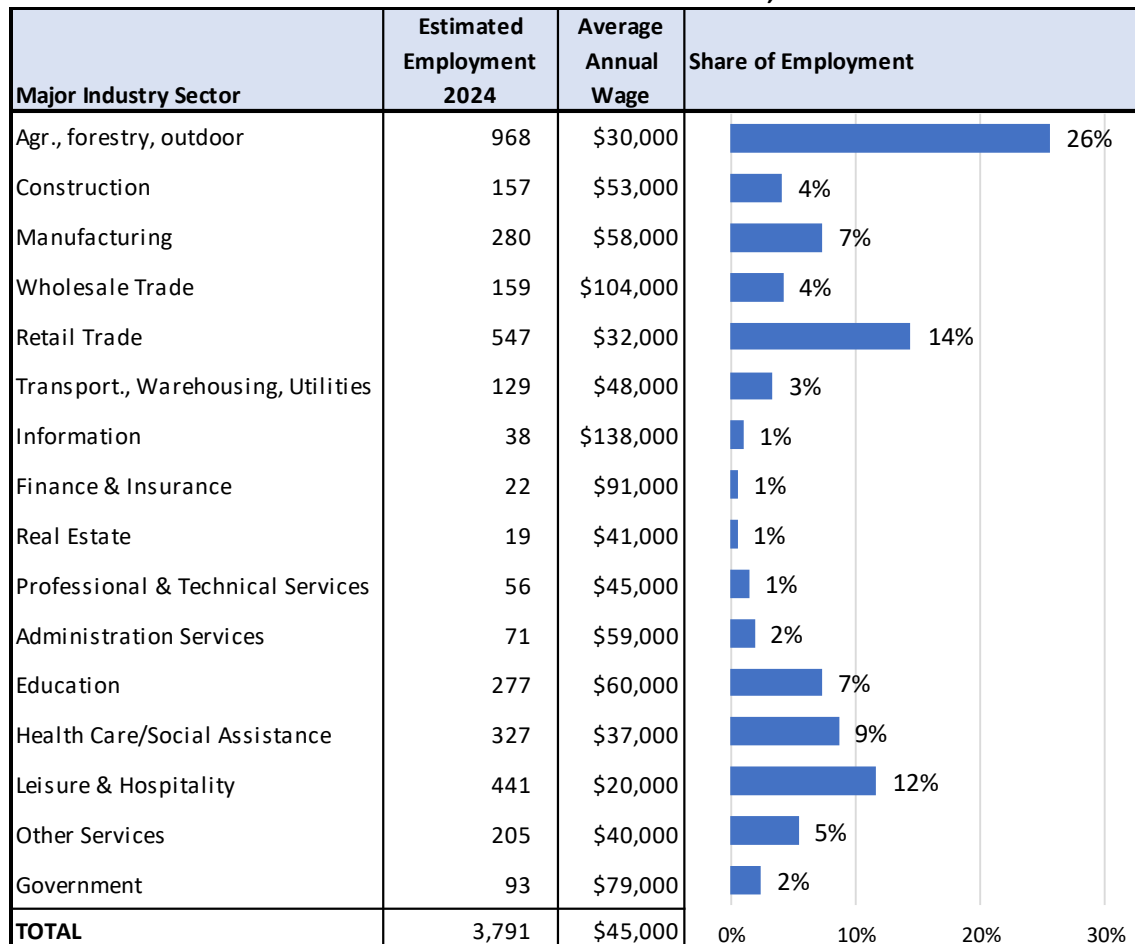
As of 2024, the City of Molalla is home to roughly 290 businesses with roughly 3,050 employees. There are an additional roughly 750 self-employed or sole-proprietor workers in the city, for a total of nearly 3,800 locally employed, or self-employed persons.

The largest industries by employment are “agriculture, forestry, fishing, and hunting”, retail trade, and leisure and hospitality (including dining). The manufacturing, health care & social assistance, and educational services sectors also have a notable employment base in the city. Molalla has the lowest employment representation in finance & insurance and real estate sectors, and no reported employment in the mining or utilities subsectors.

As for average annual wages, the highest paying sectors in 2024 are information, wholesale trade, and finance & insurance. The lowest paying sectors are “arts, entertainment, & recreation”, accommodation & food services, “agriculture, forestry, fishing, & hunting”, and retail trade.

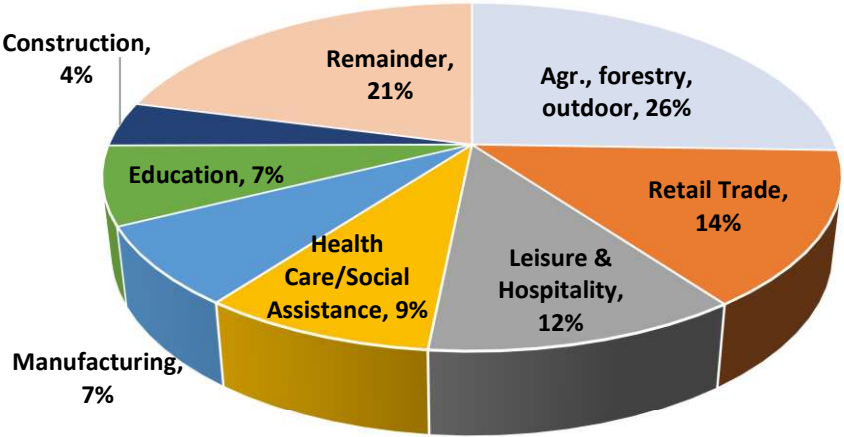
(Industry sectors are discussed in more detail in Section IV of this report.)

FIGURE 2.13: ESTIMATED EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024



SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

FIGURE 2.14: ESTIMATED SHARE OF EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024

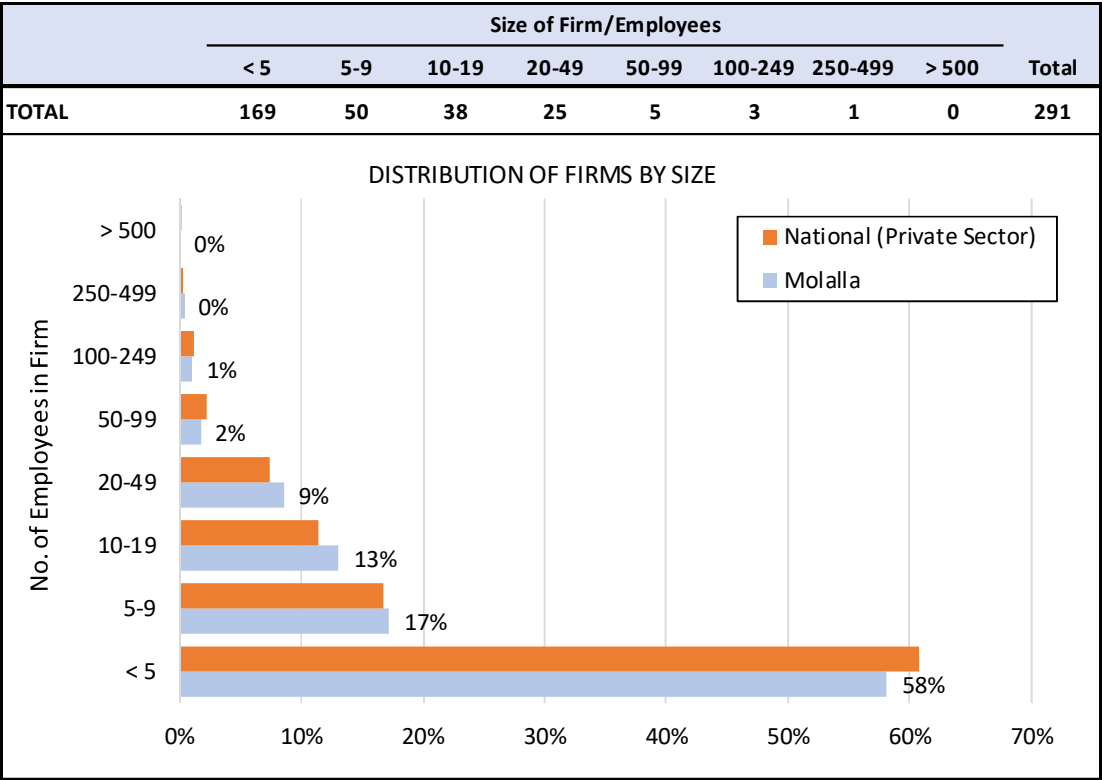


SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

The local employment base is dominated by relatively small firms, with nearly 90% of businesses having fewer than 20 employees (Figure 2.15). However, this trend is in keeping with the national average. Most businesses are small businesses. (This is based on the most recent 2022 QCEW data for unemployment-insurance covered employment, and therefore doesn’t include all self-employment or owner/operator businesses.) Just 1% of firms have more than 100 employees. This is again, in keeping with national trends.

As of 2022, there were an estimated 291 firms in Molalla with covered employees (not including sole-proprietorships/self-employed).

FIGURE 2.15: DISTRIBUTION OF FIRMS BY SIZE, CITY OF MOLALLA - 2024



SOURCE: Oregon Employment Department, Johnson Economics

III. COMMUNITY ECONOMIC DEVELOPMENT POTENTIAL

The economic climate of a community helps foster growth of existing firms and industry clusters and make the area attractive for new businesses. The City of Molalla has several advantages that boost its potential as a location for current and future business.

Location: Molalla enjoys a location between agricultural and forest lands, and near the Portland Metro area. The community has grown as a center for housing, employment, commerce, and services for the central Clackamas County subregion. The community is served by state highway access in the north/south and east/west directions. It is roughly 15 miles from I-5 freeway access via Woodburn to the west, and 15 miles from the Portland Metro region, via Oregon City to the north. Molalla is within commuting distance to Salem, the Metro region, and other Willamette Valley communities.

The location puts the city's businesses in the middle of a subregional market area and available labor force. While the city provides many shopping, dining, and service options, there are others that are lacking in the community, and necessitate a trip to neighboring communities. At the same time, the location separate from the major metro areas has allowed the city to maintain a small town identity and establish a strong base of agricultural and wood products industries based in the surrounding natural resources.

Transportation Connectivity: Molalla has good highway access, at the crossroads of state highways 213 and 211. These provide access to the surrounding agricultural and forestry lands in central Clackamas County, as well as broader access to the I-5 corridor, and the eastern Metro area. Highway 211 also provides a route to Estacada, Sandy, and US Highway 26 to the northeast. These routes can suffer from congestion that extends driving times, especially during commuting hours.

Portland International Airport is located approximately forty-five minutes to the north providing global air connections. The Salem Municipal Airport has recently been in discussions to provide some commercial service to a limited number of southwest states, which would provide nearer access to residents and businesses in Molalla.

Labor Market: The availability of ample and skilled labor is a key factor in economic development potential. It is estimated that nearly 90% of working Molalla residents commute elsewhere for their primary employment. This means that the community is likely home to a broader range of skills and specialties than just those found among local employers. This represents a diverse talent pool and skillset from which new businesses locating and growing in the city could draw.

Beyond the talent pool of Molalla residents, the city's highway access gives local businesses the ability to draw on a larger labor pool from the region. An estimated 80% of the local workforce commutes into Molalla, with the greatest numbers coming from Salem, Portland, Woodburn, Oregon City, and Canby. While ideally these workers may eventually choose to relocate to the community, in the meantime businesses know they can attract workers with a full range of skills and experience from a broader area if necessary.

The "Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Clackamas, Polk and Yamhill Counties" (2014) report identified workforce issues in Clackamas, Polk, and Yamhill counties. These issues included finding qualified workers with the proper basic and technical skills, training entry-level workers effectively, and successfully employing contractors from staffing agencies. These issues remain a challenge in many regions across Oregon and call for broader solutions with the city's economic development partners.

Quality of Life: Molalla offers a high quality of life and suburban amenities to attract new workers and businesses to the city. The city offers a mixture of small-town lifestyle, diverse cultural activities, with access to nature and rural amenities, while also being a quick trip away from larger metro areas with additional urban amenities. The community features relatively affordable housing in comparison to other parts of the region, good schools, parks, and shopping and local services for most daily needs.

Molalla's location in the Willamette Valley offers ready access to a full range of mountain recreation to the east, and Oregon's wine country to the west.

Economic Development Partnerships: Molalla has several partners in economic development, including the local Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Molalla is within roughly 15 miles of outposts of both Clackamas and Chemeketa Community College to offer ongoing education and training to the local workforce.

Local and regional employers are also key partners in promoting and growing their industries. Molalla works with these and other regional partners to provide the infrastructure and services needed to retain and attract businesses to the city.

Economic Development Tools: Molalla features an Enterprise Zone which allows for tax abatements to incentivize new business development across major commercial and industrial sections of the city, including the downtown. Molalla also maintains an Urban Renewal area that covers the downtown area, and much of the Highway 211 corridor, extending to highway 213, among other corridors. The urban renewal agency can offer incentives for development, secure key economic development sites, among other projects.

IV. INDUSTRY DIFFERENTIATION ANALYSIS

This element of the Economic Opportunities Analysis utilizes analytical tools to assess the economic landscape in Clackamas County and the City of Molalla. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the planning period.

A range of analytical tools to assess the local and regional economic landscape are used to determine the industry typologies the city should consider targeting over the planning period. Where possible, we look to identify the sectors that are likely to drive growth in current and subsequent cycles.

ECONOMIC SPECIALIZATION (CLACKAMAS COUNTY)

A common analytical tool to evaluate economic specialization is location quotient analysis. This metric compares the concentration of employment in an industry at the local level to a larger geography. All industry categories are assumed to have a quotient of 1.0 on the national level, and a locality's quotient indicates if the local share of employment in each industry is greater or less than the share seen nationwide. For instance, a quotient of 2.0 indicates that locally, that industry represents twice the share of total employment as seen nationwide. A quotient of 0.5 indicates that the local industry has half the expected employment.

A location quotient analysis was completed for Clackamas County, which evaluated the distribution of local employment relative to national averages, as well as average annual wage levels by industry (Figure 4.1). The industries that are well-represented countywide are good candidates for growth in localities such as Molalla as the city has the ability to tap into regional advantages to grow locally.



FIGURE 4.1: INDUSTRY SECTOR SPECIALIZATION BY MAJOR INDUSTRY, CLACKAMAS COUNTY, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
102 Service-providing	14407	117,463	\$7,620,027,186	\$64,872	0.96
101 Goods-producing	3,179	37,686	\$2,640,181,944	\$70,057	1.48
1011 Natural resources and mining	389	4,673	\$202,637,060	\$43,365	2.25
1012 Construction	2,057	15,192	\$1,106,928,565	\$72,865	1.72
1013 Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
1021 Trade, transportation, and utilities	2,590	33,948	\$2,083,407,387	\$61,370	1.04
1022 Information	480	2,643	\$294,869,919	\$111,587	0.76
1023 Financial activities	1,611	7,918	\$771,058,869	\$97,383	0.8
1024 Professional and business services	3158	24,425	\$2,084,308,856	\$85,334	0.95
1025 Education and health services	2,642	24,553	\$1,592,778,916	\$64,872	0.92
1026 Leisure and hospitality	1208	16,740	\$471,365,906	\$28,159	0.93
1027 Other services	1,622	6,735	\$280,288,847	\$41,619	1.34
1029 Unclassified	1097	502	\$41,948,486	\$83,535	1.49
Total	17,587	155,151	\$10,260,209,130	\$66,130	

SOURCE: U.S. Bureau of Labor Statistics

In general, the County has stronger representation among goods-producing sectors than service-producing sectors, relative to nationally. Among major industries, the natural resources & mining industry was the most strongly represented, with the construction industry being the next. Construction, Manufacturing and other types of services each have representation somewhat higher than the national average. The information and financial activities industries were the most under-represented major industries. The information sector provided the highest average wages among these industries (\$112k/year), while the other services industry has the lowest average wages (\$42k/year).

A more detailed industry analysis shows that the industries with the highest LQ in the county are “agriculture, forestry, fishing, and hunting”, construction, wholesale trade, and unclassified workers. Health care & social assistance, retail trade, and manufacturing employ the most people out of all the industries, employing a little over a third of the county’s entire employment base. The most under-represented industries are utilities, federal and state government, and mining. (Figure 4.2 includes government employment as well.)

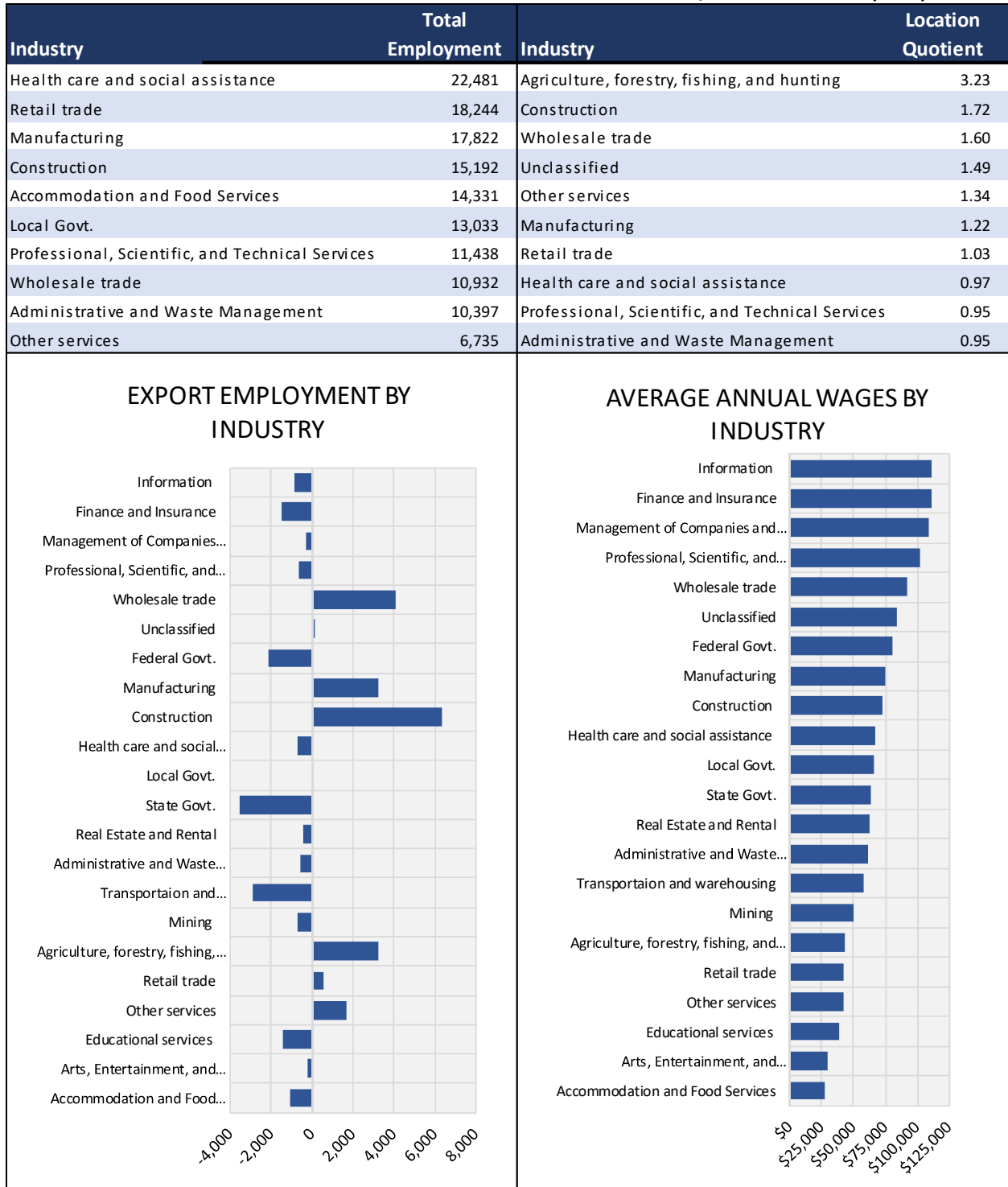
FIGURE 4.2: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CLACKAMAS COUNTY, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	384	4,645	\$201,222,408	\$43,320	3.23
Mining	5	28	\$1,414,652	\$50,523	0.04
Utilities	16	298	\$36,920,679	\$123,895	0.47
Construction	2,057	15,192	\$1,106,928,565	\$72,863	1.72
Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
Wholesale trade	1,102	10,932	\$1,011,208,904	\$92,500	1.6
Retail trade	1,125	18,244	\$777,672,778	\$42,626	1.03
Transportation and warehousing	347	4,475	\$257,605,026	\$57,565	0.61
Information	480	2,643	\$294,869,919	\$111,566	0.76
Finance and Insurance	905	5,666	\$630,017,931	\$111,193	0.79
Real Estate and Rental	706	2,252	\$141,040,938	\$62,629	0.84
Professional, Scientific, and Technical Services	2,127	11,438	\$1,169,298,119	\$102,229	0.95
Management of Companies and Enterprises	141	2,590	\$281,333,541	\$108,623	0.9
Administrative and Waste Management	890	10,397	\$633,677,196	\$60,948	0.95
Educational services	238	2,072	\$80,957,209	\$39,072	0.6
Health care and social assistance	2,405	22,481	\$1,511,821,707	\$67,249	0.97
Arts, Entertainment, and Recreation	215	2,409	\$71,302,136	\$29,598	0.91
Accommodation and Food Services	994	14,331	\$400,063,770	\$27,916	0.93
Other services	1,622	6,735	\$280,288,847	\$41,617	1.34
Unclassified	1,097	502	\$41,948,486	\$83,563	1.49
Federal Govt.	50	1,141	\$91,420,549	\$80,123	0.35
State Govt.	31	1,641	\$104,538,207	\$63,704	0.32
Local Govt.	198	13,033	\$866,580,255	\$66,491	0.82
Total	17,868	170,967	\$11,322,748,141	\$66,228	

SOURCE: U.S. Bureau of Labor Statistics

The level of indicated export employment is estimated by sector by combining the location quotients and overall employment levels. Export industries are important in that they grow the overall size of the local economy by bringing in dollars from outside the community, rather than recirculating internal spending. Clackamas County only has seven industries that had positive export employment in 2022: construction, wholesale trade, agriculture, other services, retail trade, and unclassified workers (in order from highest to lowest positive export employment).

FIGURE 4.3: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CLACKAMAS COUNTY (2022)



SOURCE: U.S. Bureau of Labor Statistics

ECONOMIC SPECIALIZATION (CITY OF MOLALLA)

The same analysis applied to the City of Molalla reveals high levels of employment concentration in industries such as agriculture, educational services, wood manufacturing, other services, and retail trade. In terms of employment concentration, agriculture far outperforms any other industries in the city with a location quotient (LQ) of 28.5, with the next highest employment concentration in the city being education services with a LQ of 3.4, and wood manufacturing with a LQ of 2.6. [Figure 4.2 presents data based on *covered employment* from 2022 (the most recent year available), not including self-employment.]

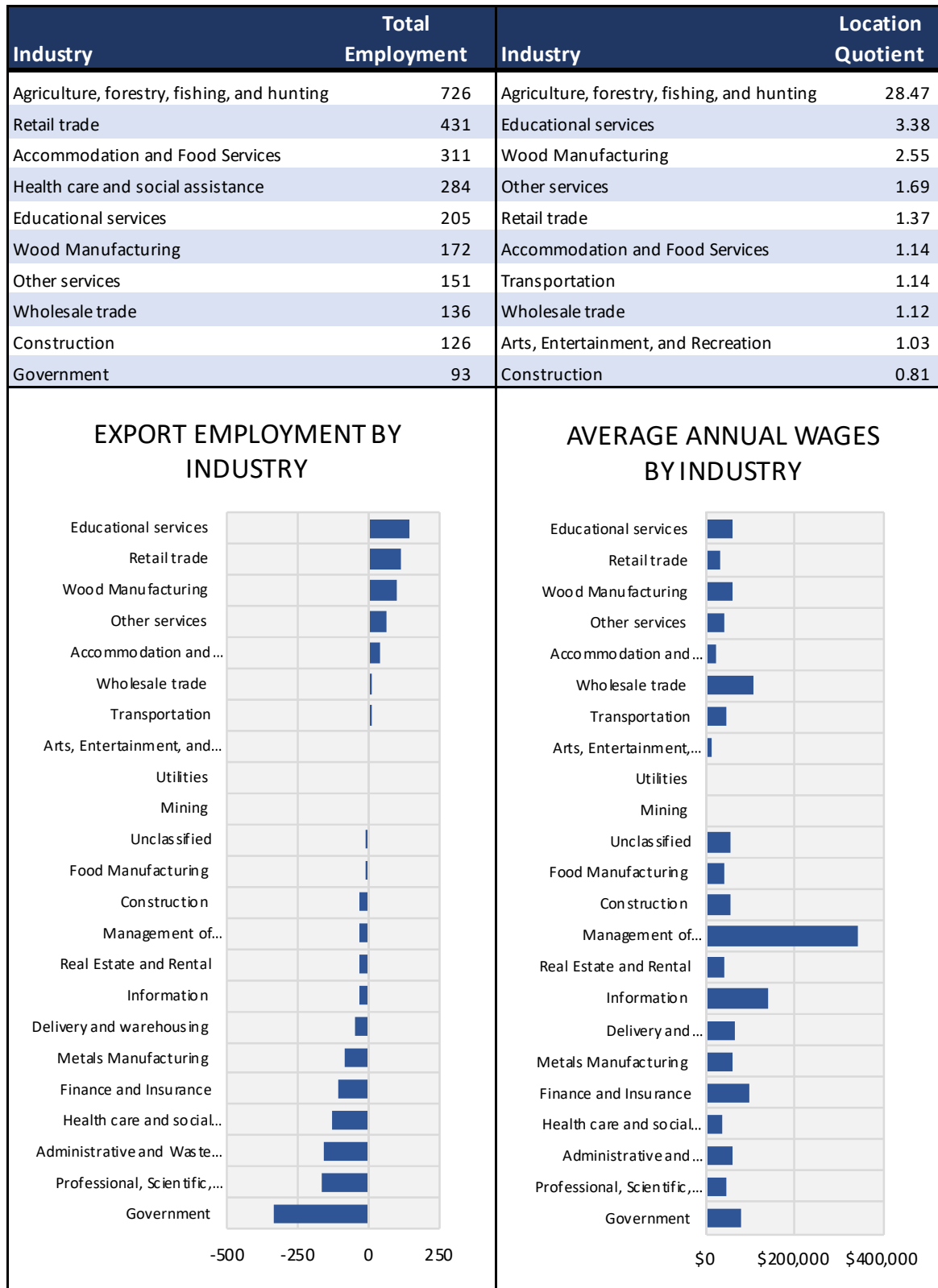
FIGURE 4.4: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF MOLALLA, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	14	726	\$21,470,928	\$29,574	28.47
Mining	0	0	\$0	\$0	0.00
Construction	37	126	\$6,763,733	\$53,680	0.81
Food Manufacturing	3	35	\$1,411,010	\$40,315	0.74
Wood Manufacturing	3	172	\$10,524,733	\$61,190	2.55
Metals Manufacturing	6	61	\$3,554,808	\$58,276	0.42
Utilities	0	0	\$0	\$0	0.00
Wholesale trade	11	136	\$14,192,868	\$104,359	1.12
Retail trade	27	431	\$13,801,890	\$32,023	1.37
Transportation	13	79	\$3,554,413	\$44,993	1.14
Delivery and warehousing	1	17	\$1,085,718	\$63,866	0.28
Information	3	27	\$3,731,841	\$138,216	0.44
Finance and Insurance	8	20	\$1,914,161	\$95,708	0.16
Real Estate and Rental	9	15	\$607,949	\$40,530	0.32
Professional, Scientific, and Technical Service	15	46	\$2,116,179	\$46,004	0.22
Management of Companies and Enterprises	2	19	\$6,504,641	\$342,350	0.37
Administrative and Waste Management	10	35	\$2,080,197	\$59,434	0.18
Educational services	5	205	\$12,264,813	\$59,828	3.38
Health care and social assistance	41	284	\$10,533,807	\$37,091	0.69
Arts, Entertainment, and Recreation	4	48	\$613,208	\$12,775	1.03
Accommodation and Food Services	30	311	\$6,341,262	\$20,390	1.14
Other services	39	151	\$6,057,328	\$40,115	1.69
Government	3	93	\$7,371,629	\$79,265	0.22
Unclassified	0	2	\$109,064	\$54,532	0.33
Total	284	3,039	\$136,606,180	\$44,951	

SOURCE: Oregon Employment Department

The top industries in terms of overall employment in 2022 were agriculture, retail trade, accommodation & food services, health care & social services, and educational services. The city were eight industries with positive export employment, the largest being educational services, retail trade, and wood manufacturing. As for the industries with the highest average annual wages, three industries stood out in particular. These were the management of company & enterprises, information, and wholesale trade industries. All three of these industries paid an annual average wage of above \$100k a year. (The management of company & enterprises sector was estimated to pay a very high average salary, but this is likely distorted due to small sample size.)

FIGURE 4.5: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CITY OF MOLALLA (2022)



SOURCE: Oregon Employment Department and Bureau of Labor Statistic

ECONOMIC DRIVERS

Shift Share Analysis

The identification of the economic drivers of a local or regional economy is critical in informing the character and nature of future employment, and by extension land demand over a planning cycle. To this end, we employ a shift-share analysis of the local economy emerging out of the latter half of the recent expansion cycle¹.

A shift-share analysis measures the local effect of economic performance within a particular industry or occupation. The process considers local economic performance in the context of national economic trends—indicating the extent to which local growth can be attributed to unique regional competitiveness or simply growth in line with broader trends. For example, consider that Widget Manufacturing is growing at a 1.5% rate locally, about the same rate as the local economy. On the surface we would consider the Widget Manufacturing industry to be healthy and contributing soundly to local economic expansion. However, consider also that Widget Manufacturing is booming across the country, growing at a robust 4% annually. In this context, local widget manufacturers are struggling, and some local or regional conditions are stifling economic opportunities.

We can generally classify industries, groups of industries, or clusters into four groups:

Growing, Outperforming: Industries that are growing locally at a rate faster than the national average. These industries have characteristics locally leading them to be particularly competitive.

Growing, Underperforming: Industries that are growing locally but slower than the national average. These industries generally have a sound foundation, but some local factors are limiting growth.

Contracting, Outperforming: Industries that are declining locally but slower than the national average. These industries have structural issues that are impacting growth industry wide. However, local firms are leveraging some local or regional factor that is making them more competitive than other firms on average.

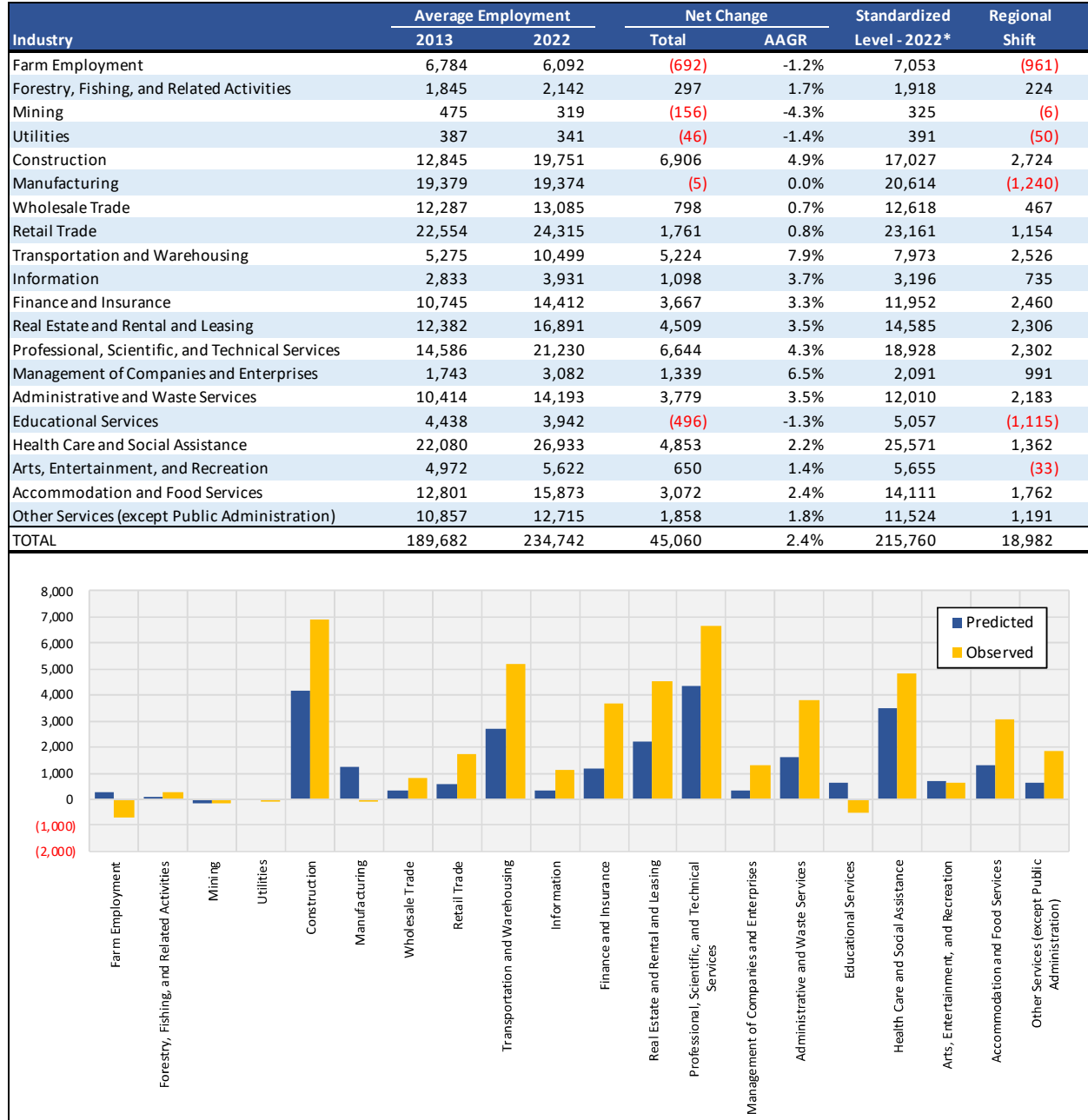
Contracting, Underperforming: Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factors are making it increasingly tough on local firms.

The average annual growth rate by industry from 2013 to 2022 (the latest available data) in Clackamas County was compared to the national rate. The observed local change was compared to a standardized level reflecting what would be expected if the local industry grew at a rate consistent with national rates for that industry.

As shown in Figure 4.6, more county industries grew at a faster rate than the rest of the country than those that grew at a slower rate. Sectors that experienced the most notable positive regional shift in employment during this period were construction, transportation & warehousing, finance & insurance, real estate & rental leasing, and professional services, and accommodation & food services. Only five county sectors experienced a negative regional shift in employment, these being manufacturing, educational services, farm employment, utilities, “arts, entertainment, & recreation” and mining.

¹ Measured from 2013 through 2022

FIGURE 4.6: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CLACKAMAS COUNTY (2013 – 2022)

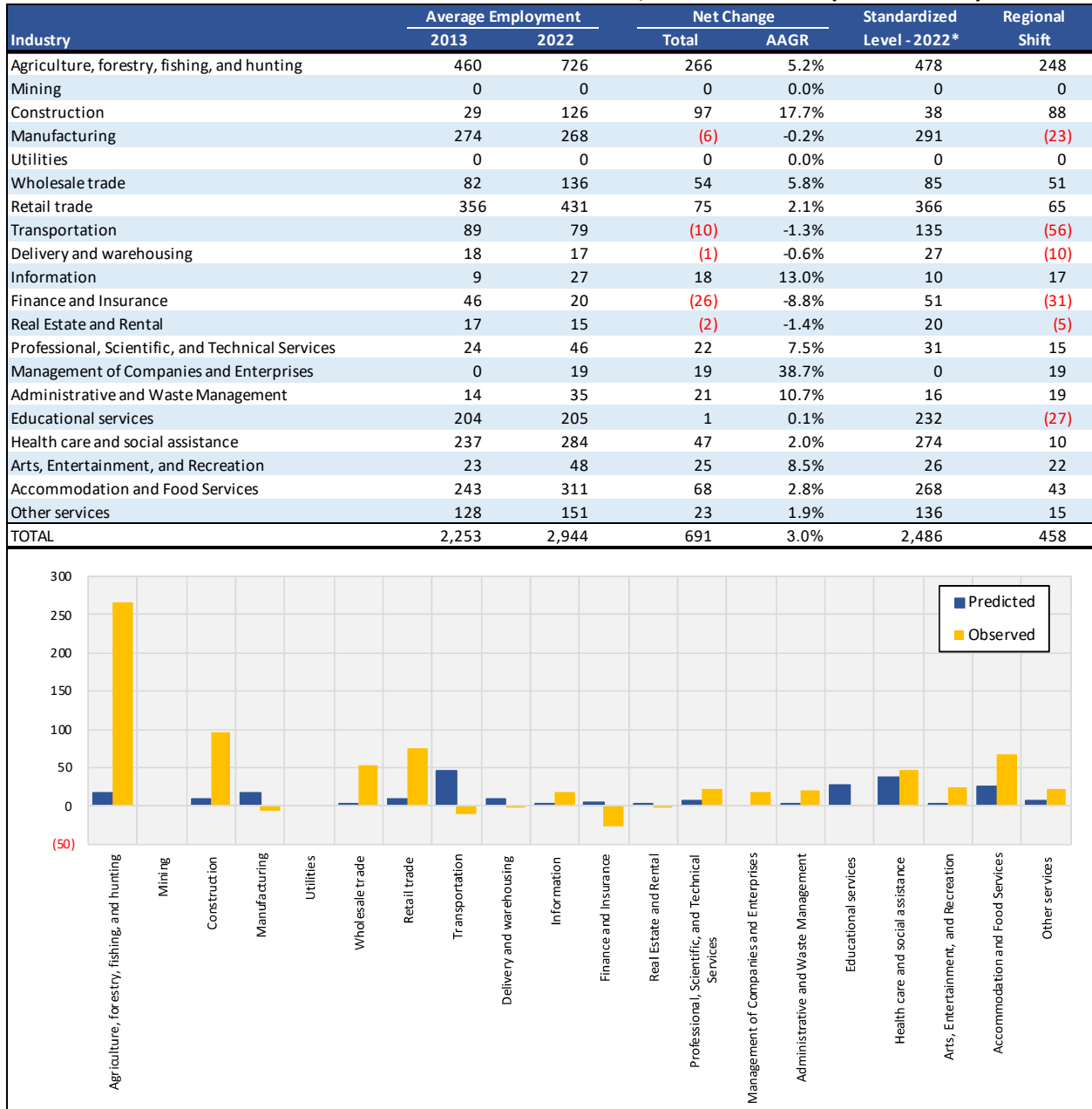


* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statics, Oregon Employment Department

When the same analysis is applied to the city of Molalla (Figure 4.7), most of the city's industries also displayed faster growth than the rest of the country. The most notable sector on this measure in the local economy was the agriculture and forestry sectors followed by construction, retail trade, and wholesale trade. These sectors grew faster than expected based on the national pace.

FIGURE 4.7: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CITY OF MOLALLA (2013 – 2022)



* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statistics

Growth and Current Strength Analysis

This analysis takes a look at the relationship between the location quotient of an industry and its employment growth (shift share) over the years to give useful insight into an industry's competitive performance. As mentioned above, location quotients are a metric that compares a local industry's employment concentration to the nation's employment concentration of the same industry. A quotient above 1 indicates that an industry has more local representation compared to what is expected nationally while a quotient less than 1 indicates that the local industry has less than the expected employment. When an industry's LQ is compared alongside its employment growth one can identify which industries in the region have been highly competitive, showing signs of growth, decreasing in competitiveness, or underperforming.

Much like the shift share analysis, this analysis separates industries/clusters into 4 categories² :

Growth Clusters: Industries that show strong concentration locally ($LQ > 1.0$) and have had positive employment growth in recent history. These industries are a focal point of the regional economy, displaying strong competitive advantage and potential growth.

Mature Clusters: Industries that have a strong local concentration ($LQ > 1.0$), but negative employment growth during the period of analysis. These industries have been an important factor in the local economy but may need resources to ensure growth into the future and continued competitiveness.

Emerging Clusters: Industries that have a smaller local concentration ($LQ < 1.0$), but have seen positive employment growth recently. Although these industries may not have been as important in the regional economy, there is strong potential for growth and could be main drivers of the regional economy in the foreseeable future.

Declining Clusters: Industries that have a smaller local concentration ($LQ < 1.0$) as well as negative employment growth. These industries are shrinking and have little competitive advantage in the region.

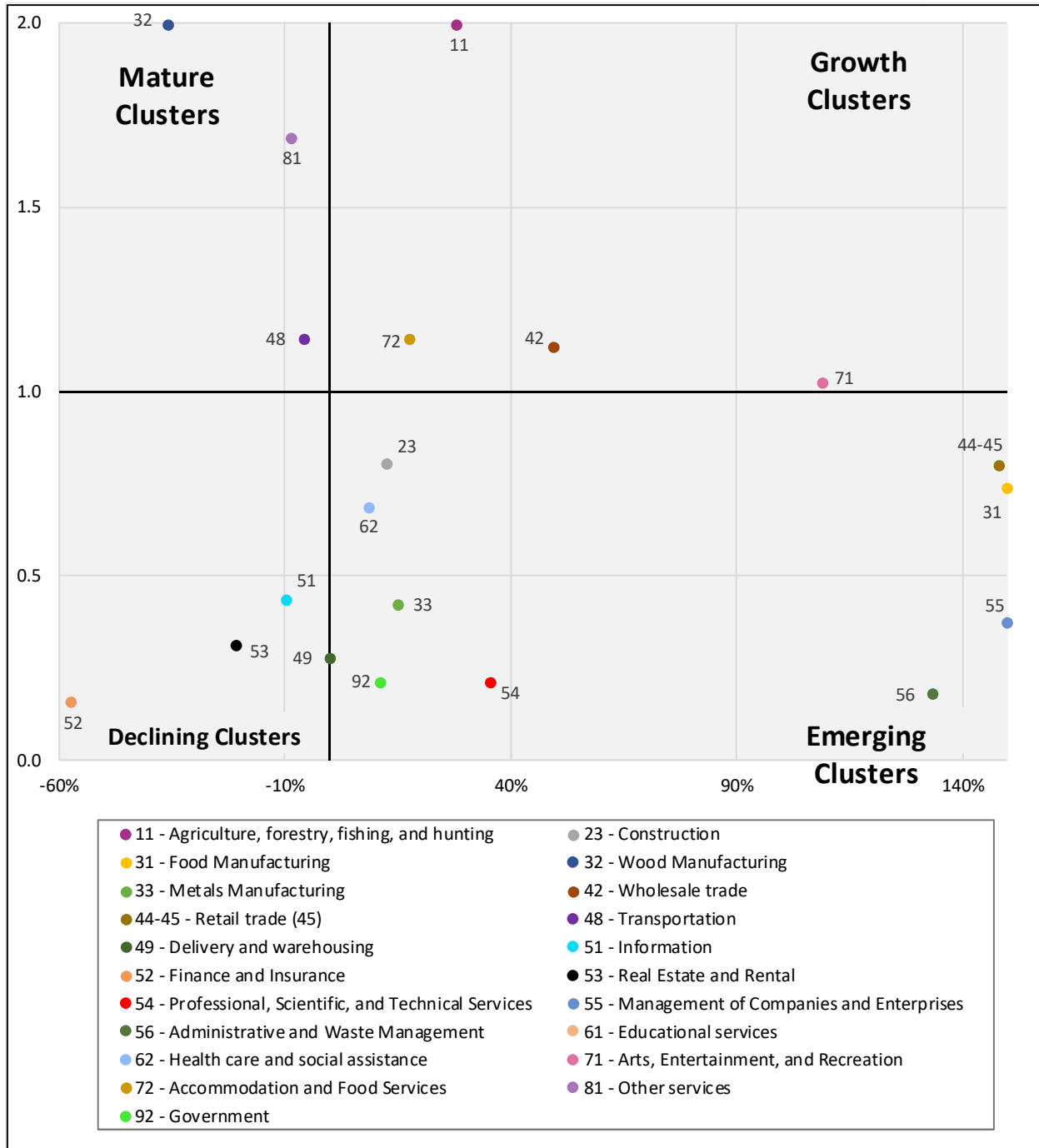
The figure 4.8 below depicts this relationship in the city of Molalla during the 2013 – 2022 period. A majority of industries showed positive employment growth in the last decade, placing them in the growth and emerging clusters. However, more industries have an LQ lower than 1, indicating that industries within Molalla are less concentrated than what is expected on the national level.

The construction, retail trade (NAICS 45), and food manufacturing industries are notably the closest to crossing the threshold from being an “emerging” industry into becoming a “growth” industry as they have displayed healthy employment growth with LQ's close to 1 as of 2022. The industries with the highest local concentrations are wood manufacturing and retail trade (NAICS 44) in the mature cluster, and agriculture in the growth sector.

The industries found to be in decline are information, real estate, warehousing, and finance and insurance.

² Kaliba, Aloyce. (2014). Industry Cluster Analyses for Capital Region Planning and Development District and the North Delta Regional Planning & Development District, Louisiana, USA. 10.13140/RG.2.1.2639.5282.

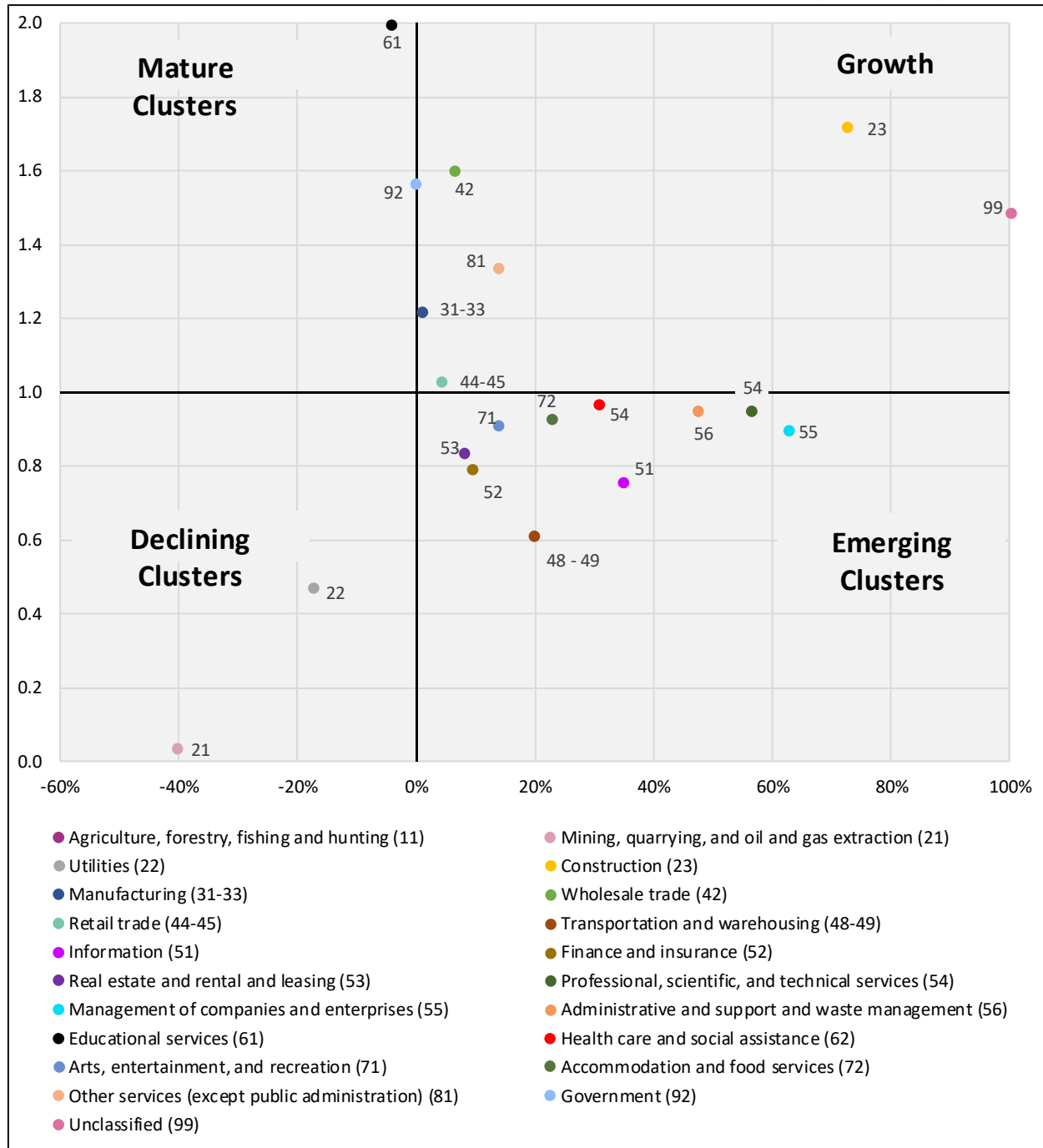
FIGURE 4.8: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CITY OF MOLALLA (2013 – 2022) *



*Note: NAICS 11 and 32 had an LQ of 28.47 and 2.55 respectively, while NAICS 31 and 55 had a growth rate of 290%, and 1800% from '17 – '22
Source: Oregon Employment Department, Bureau of Labor Statistics, JOHNSON ECONOMICS

Figure 4.9 below depicts the location quotient analysis done for Clackamas County during the 2013 – 2022 period. Similar to Molalla, a majority of Clackamas County's industries fall under the emerging cluster. The industries that are closest to crossing into the "growth" quadrant are the "healthcare & social assistance", "professional, scientific, & technical services", and "administrative & waste services" industries. The county's strongest industries in the last decade include construction, wholesale trade, and educational services. Only two of Clackamas County's industries fall under the declining clusters, these being the mining and utilities industries.

FIGURE 4.9: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CLACKAMAS COUNTY (2013 – 2022) *



* NAICS 61 had an LQ of 3.23, while NAICS 99 had a growth rate of 1421% in 2022

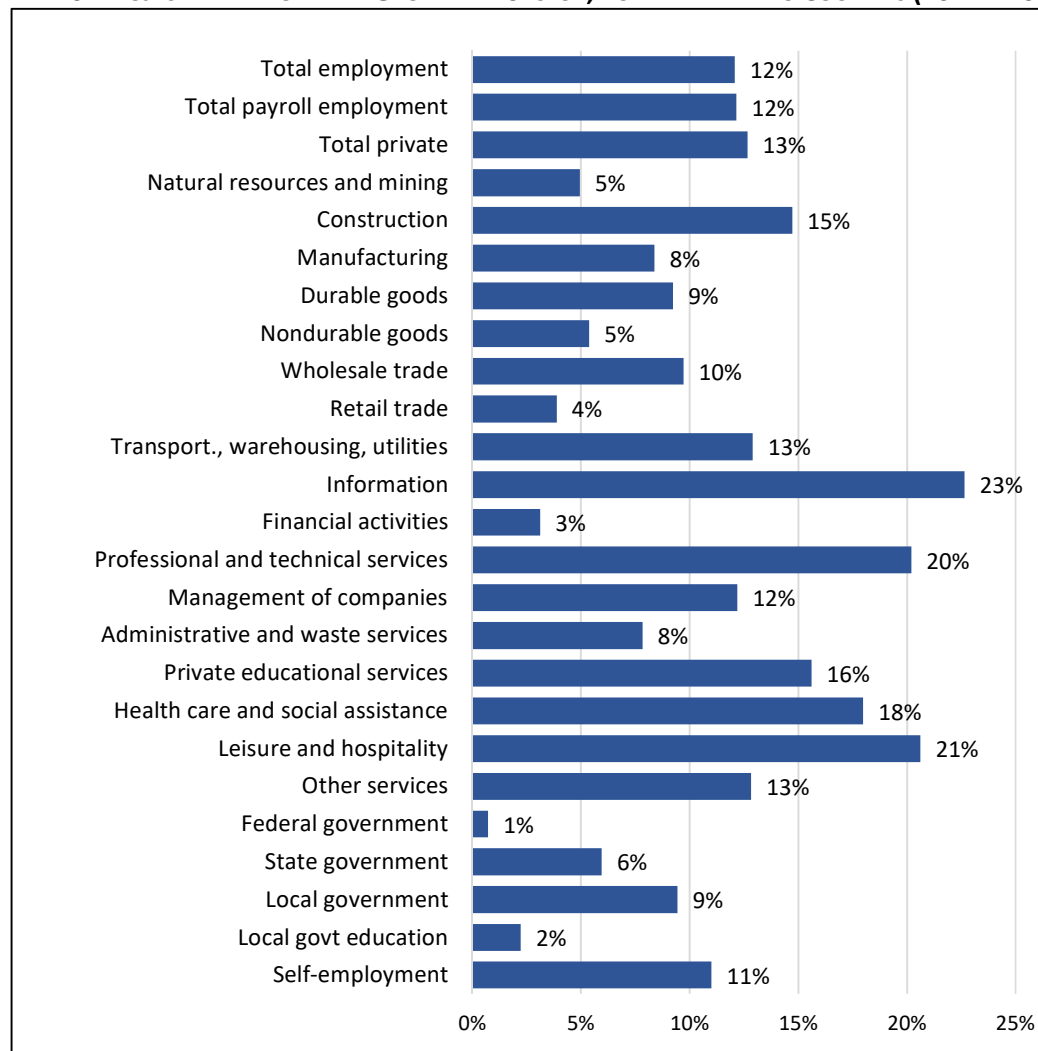
Source: 2013-2022 QCEW Data, Bureau of Labor Statistics, JOHNSON ECONOMICS

PROJECTED EMPLOYMENT GROWTH (OED)

The State of Oregon produces employment forecasts by sector at the broader regional level, which groups Clackamas, Multnomah, and Washington Counties together into one Portland Tri-County region. The most recent forecast anticipates a gain of 127,500 jobs from 2022 through 2032, reflecting growth of 12%, or an average annual rate of about 1.1% during the period. This region has historically seen strong growth, and recovery from the COVID pandemic has been promising.

In this region, the industries with the fastest growth rates are projected to be information, leisure and hospitality (tourism related), professional services, and health care. Furthermore, none of the industries are projected to experience decline in the coming years.

FIGURE 4.10: PROJECTED EMPLOYMENT GROWTH BY SECTOR, PORTLAND METRO COUNTIES (2022 – 2032)



SOURCE: Oregon Employment Department, Workforce and Economic Research Division

V. MOLALLA TARGET INDUSTRIES ANALYSIS

The preceding analysis provides a basis for narrowing of target industries for the City of Molalla. These indicators point to sectors of past and potential growth, as well as locally expressed economic development vision for the community. The following is a summary of targeted sectors and indicators for Molalla, and the broader region.

Molalla Targets and Indicators

CITY OF MOLALLA Industry Clusters Analysis (2020)	CITY OF MOLALLA Current Largest Employers
Manufacturing	Agriculture/Forestry/Outdoors
Agriculture/Forestry/Outdoors	Retail Trade
Education	Tourism
Health Care	Health Care
Retail and Wholesale Trade	Manufacturing
Tourism-Related (Dining, Lodging, Recreation)	Education
Construction	Construction

STRONG LOCATION QUOTIENT	STRONG SHIFT SHARE INDICATOR
Agriculture/Forestry/Outdoors	Agriculture/Forestry/Outdoors
Education	Construction
Wood Manufacturing	Retail and Wholesale Trade
Retail Trade	Accommodation and Food Service
Accommodation and Food Services	
Transportation	

Regional and Statewide Targets

BUSINESS OREGON - Statewide Targets	County and Regional
Outdoor Gear and Apparel	Traded sector industries
Forestry & Wood Products	Suppliers to existing companies
Advanced Manufacturing	Self-sufficiency-wage jobs
Business Services	Food & Beverage
Food & Beverage	Manufacturing
High Technology	High Technology

These broader analyses arrived at similar conclusions of the advantageous industries for Molalla and the central Clackamas County region in general, including wood product, food product and other manufacturing, and support industries including health care, education, and construction. Through the EOA planning process, the advisory group and community stakeholders focused on the desire for a greater diversity of shopping and dining options, and a greater tourism-related industry including lodging and recreation amenities, and agritourism.

TARGET INDUSTRY CLUSTERS

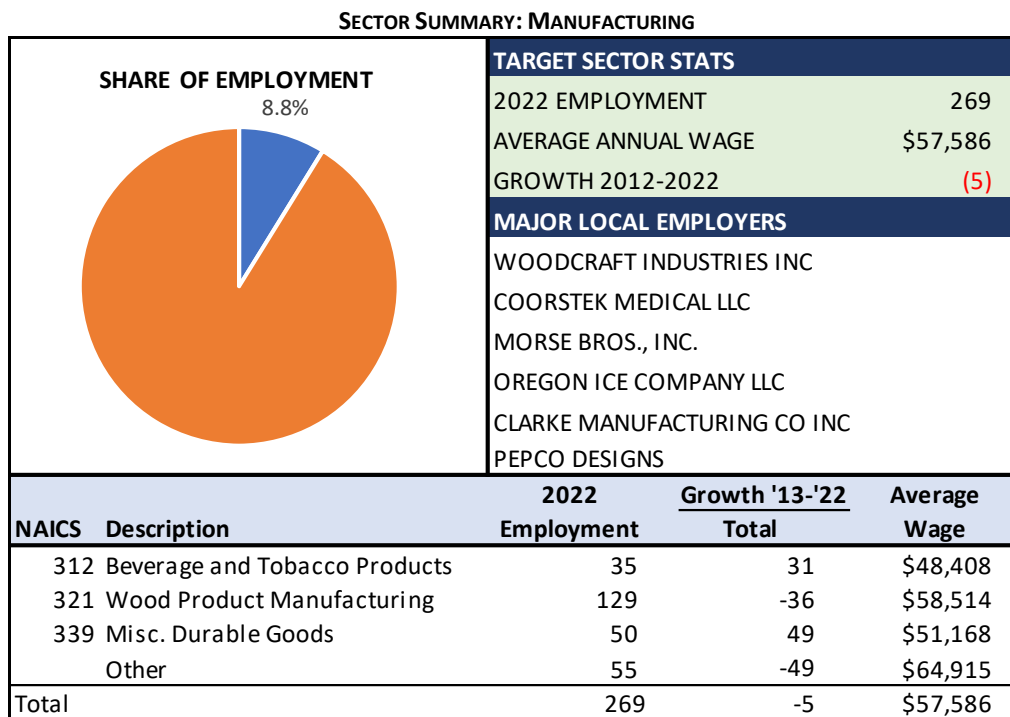
The selected priority industries reflect the community's historical strengths and advantages, regional trends, and local goals and objectives. These are discussed in more detail in the following pages:

- Manufacturing
- Health Care & Social Assistance
- Retail Trade
- Accommodation & Food Services
- Construction
- Arts, Entertainment & Recreation

Note: The following discussion of target sectors relies on the most recent QCEW (covered) employment data from the Oregon Employment Department, dating to 2022. Total employment figures are updated to an estimate for 2024 in the following section of this report.

MANUFACTURING

Manufacturing is identified as a target industry due to the high wages it offers, ability to build technical skills, and grow the community's economy as a traded sector with external customers. Manufacturing includes a wide range of potential product types including wood products, food processing and value-add products, metals, machinery, and high-tech manufacturing. While manufacturing has experienced secular decline nationwide over many decades, there are still many opportunities for producers that benefit from proximity to inputs and the intended market



Source: Oregon Employment Department

As of 2022, the manufacturing sector employed around 270 people which translates to 9% of the local employment base. The average annual wage was approximately \$57,500 per year in 2022. Employment base in the sector decreased slightly (2%) from 2012 through 2022.

Cluster Strengths

- Foundation of existing manufacturing businesses.
- Location near agricultural and forestry inputs.
- Solid wages, blue collar opportunities.

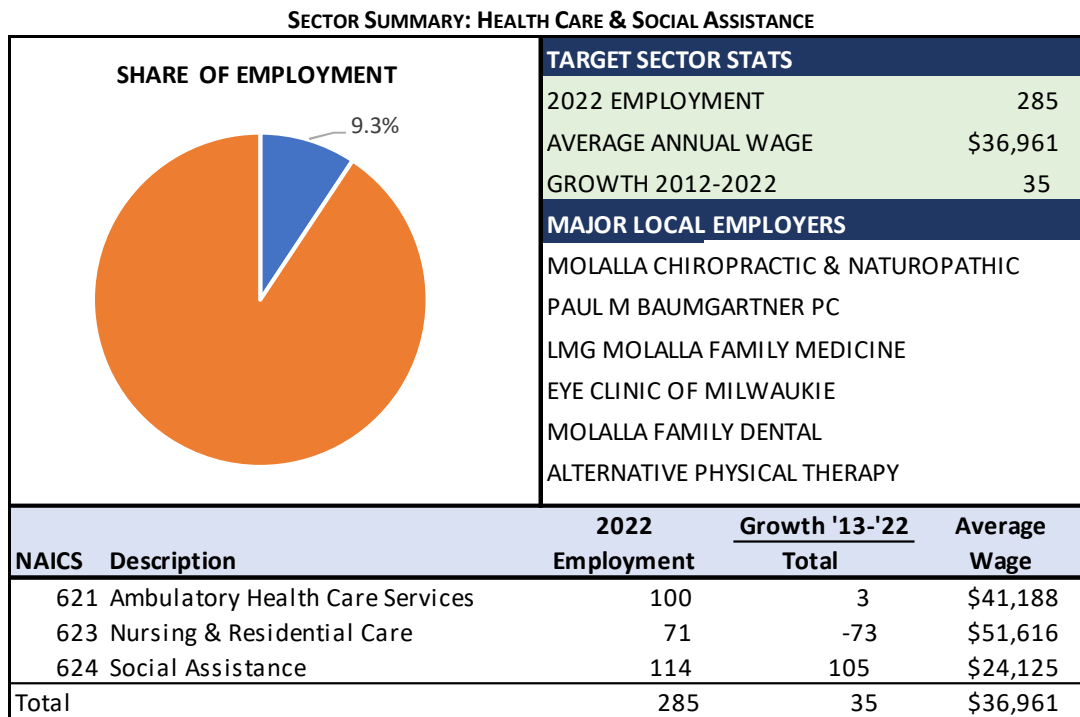
Cluster Challenges

- Limited available labor workforce, particularly for skilled manufacturing.
- Increasing shortage of appropriate industrial sites.

HEALTH CARE & SOCIAL ASSISTANCE

The Health Care and Social Services sector is one of the largest employers in Molalla, representing nearly 10% of employment. Like most communities, Molalla will increasingly face growing health care needs from a growing and aging population. The health care needs of the Baby Boom generation, the oldest of which are approaching 80 years old and the youngest approaching 60, are expected to increase the need for health care facilities and workforce over the next 20 years. The need for more local services such as medical specialists and expanded urgent care were identified as on-going needs in the community.

The health care & social assistance sector employed 285 people in 2022, which is over 9% of the city's employment base. The average annual wage in the industry was \$37,000 in 2022. The sector's employment base grew by 14% from 2012 to 2022, with the social assistance subsector seeing the strongest growth.



Source: Oregon Employment Department

Cluster Strengths

- Strong forecasted growth for health care.
- Growing population and number of households generating new demand.
- Attractive location for retirees and assisted living.

Cluster Challenges

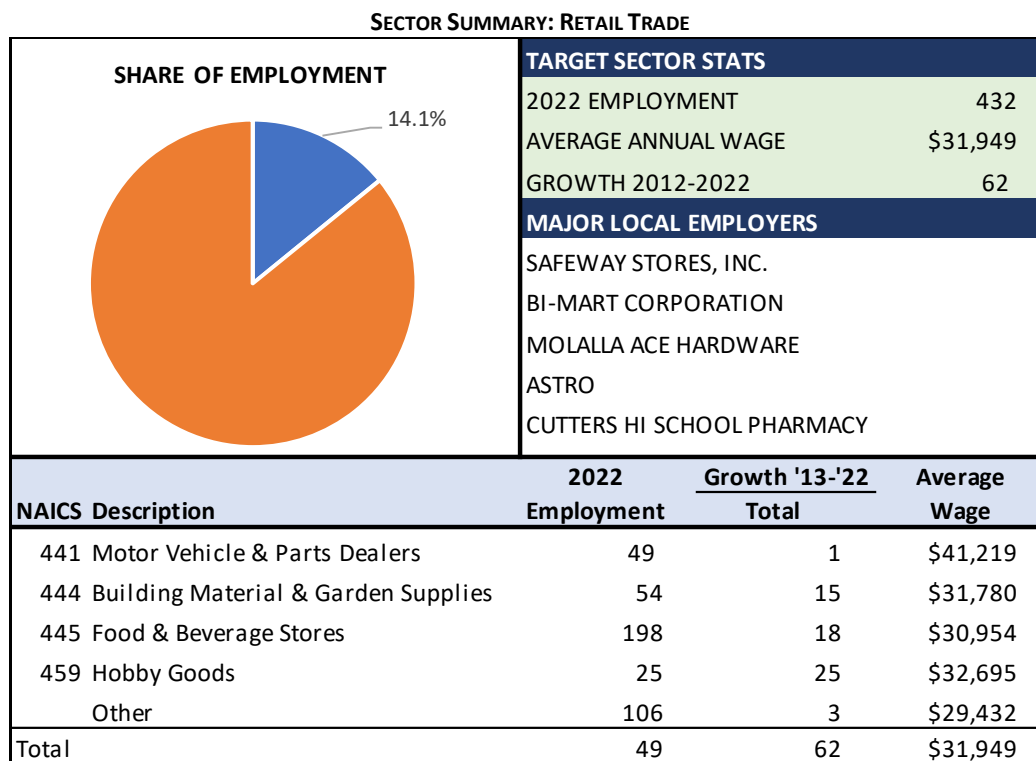
- Distance to full-service hospital.
- Recruitment of skilled workforce.



RETAIL TRADE

Despite its somewhat distant location from the I-5 corridor and Portland Metro area, Molalla serves as a commercial hub for the surrounding parts of Clackamas County, offering necessities such as groceries, gas, hardware, as well as general merchandise. The community requires more retail options and categories to serve the daily needs of residents, so that fewer trips outside of the area are necessitated to meet these needs.

Retail trade in Molalla employed roughly 14.1% of the county's employment base, with 432 covered employment jobs in 2022. The average annual wage in this sector was \$32,000 in 2022. Employment levels grew by 2% from 2012 to 2022, or a gain of about 62 workers during this time.



Source: Oregon Employment Department

Molalla is likely to keep its advantages as a sub-regional hub of shopping, dining and services in this part of the central valley. Continued growth in the community and surrounding area will support continued addition of retail options.

Cluster Strengths

- Established sub-regional market area and customer base.
- Continuing growth in population and households.

Cluster Challenges

- National challenges to brick-and-mortar retail from on-line shopping.
- Affordable housing for lower-wage workforce.

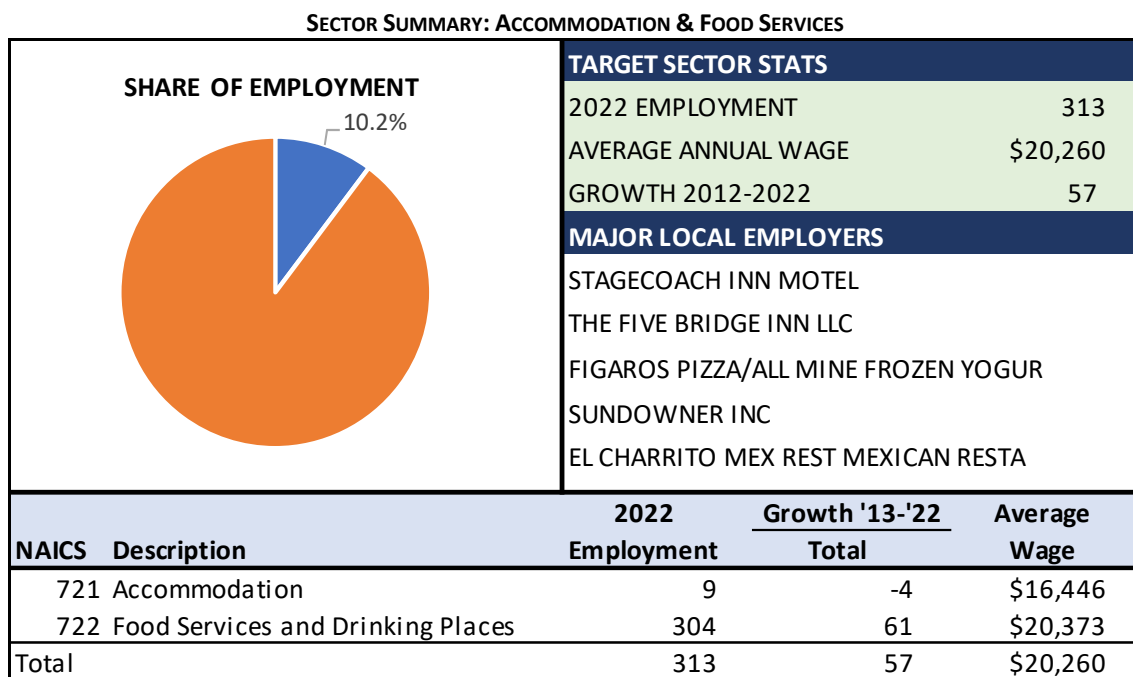


ACCOMMODATION & FOOD SERVICES

Molalla and the surrounding area has physical and locational attributes that make recreation and hospitality an attractive target sector. The city is a gateway to the Cascades, including Jefferson Park Wilderness, Detroit Lake area, and national forest lands. Regional outdoor recreation includes camping, hiking, hunting, fishing, skiing and biking. The accommodation and food services sector is key to supporting tourism through offering lodging and dining to visitors and local residents. The community identified a desire to increase recreational offerings to attract visitors (see more below) and offer lodging for them to stay.

The dining and bar sector is a significant part of the employment base and an amenity for local residents. While the sector provides generally low-wage employment, these businesses offer options for outside dining and entertainment that allow local spending to remain in the community and prevent long drives to other communities. The community expressed interest in more options in this sector and greater variety.

This sector employed about 313 in 2022, representing roughly 10% of the local employment base. The average annual wage is on the lower side compared to the other target industries with workers making an average of \$20,260 per year in 2022. The sector grew by roughly 22.3% in the last decade, adding around 57 jobs.



Source: Oregon Employment Department

Cluster Strengths

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

Cluster Challenges

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.

CONSTRUCTION

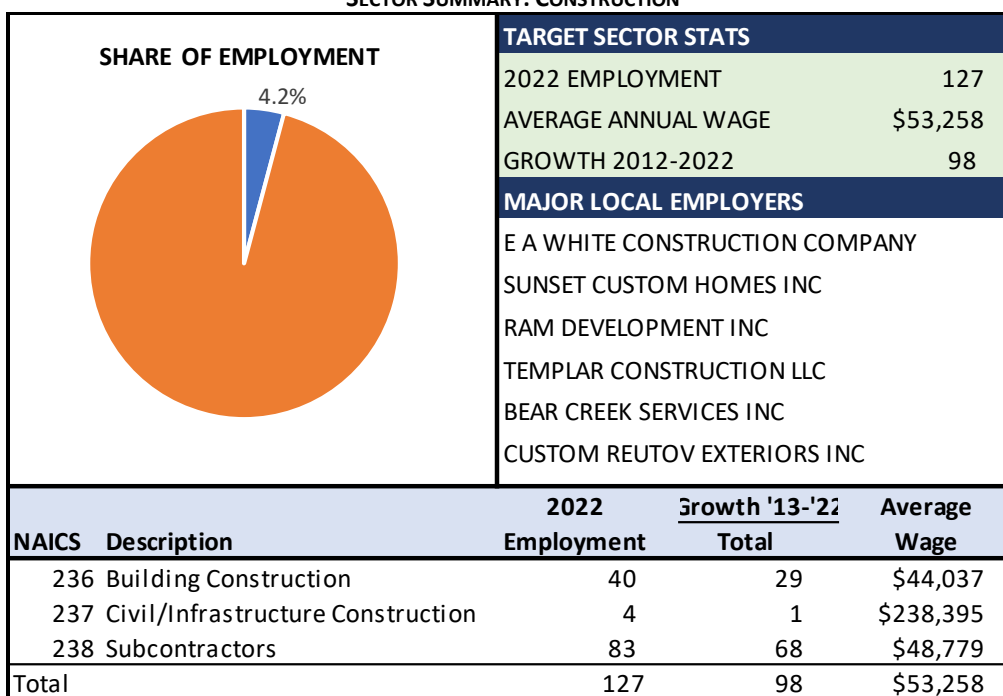
The strength of the construction sector typically trails growth in population and employment, as new households and businesses drive new real estate development. Construction is a desirable sector that provides both lower skilled and highly skilled positions and supports solid wages. Having construction capacity also allows the local economy to respond quickly and competently to new demand, while keeping costs down relative to importing construction workers and expertise from outside the area.



Construction is generally a resilient sector in areas that continue to experience organic growth in population and jobs such as Oregon. Even as broader economic trends may depress some aspects of real estate development, other sectors are often healthy or growing, and specialties such as public infrastructure development are resistant to economic cycles. This sector is a good industry for a relatively young, diverse, and less educated workforce.

The construction sector accounted for roughly 130 jobs in 2022, representing roughly 4.2% of the county's employment base. The average annual wage was approximately \$53,000 per year in 2022. The sector showed strong growth from 2012 to 2022, growing by 338%.

SECTOR SUMMARY: CONSTRUCTION



Source: Oregon Employment Department

Cluster Strengths

- On-going demand for construction in a growing community.
- Responds to both residential and employment growth.

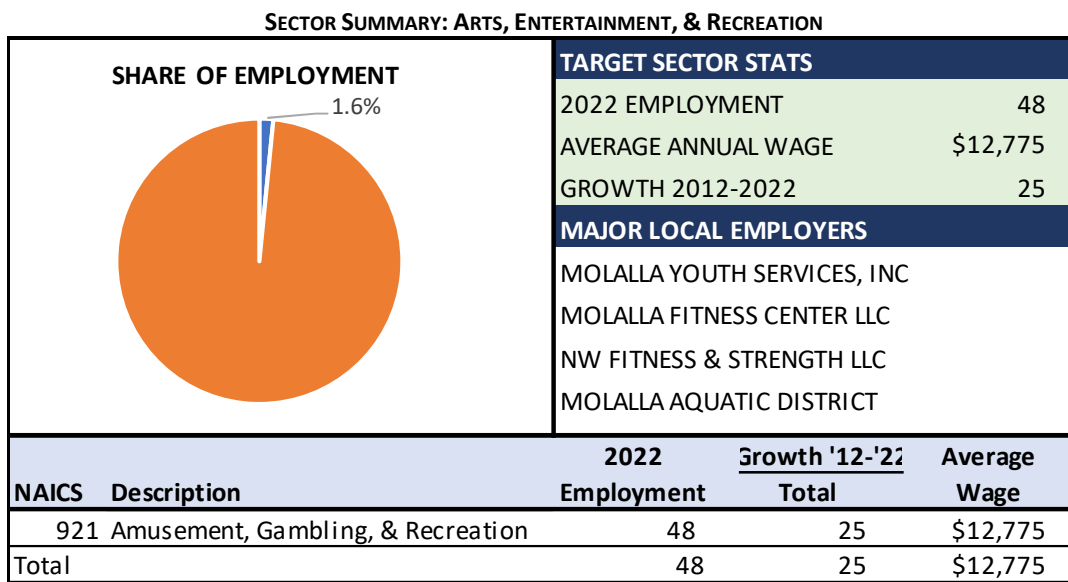
Cluster Challenges

- This sector tends to be dependent on other growth factors.
- Skilled construction workforce is in short supply.
- Current headwinds in development industry including interest rates, land, labor and material costs.

ARTS, ENTERTAINMENT, & RECREATION

In relation to the need for accommodations and dining to serve desired tourism, the community seeks to grow the arts, entertainment, and recreation sector to help attract and keep visitors in Molalla. Potential amenities might include regional sports tournaments or venues, indoor or outdoor music venues, farm/wine/beer related agritourism events, wedding venues, community festivals and other public events.

Overall, the arts, entertainment, & recreation sector is currently small, representing roughly 2% of all employment in the city of Molalla. This translates to 48 jobs in 2022 with an average annual wage of \$12,257. Employment in the cluster grew by 109% from 2012 through 2022, adding around 25 jobs in total.



Source: Oregon Employment Department

Cluster Strengths

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

Cluster Challenges

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.



VI. FORECAST OF EMPLOYMENT AND LAND NEED

CITY OF MOLALLA EMPLOYMENT FORECAST

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those trends into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated into two-digit North American Industry Classification System (NAICS) sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2024, the commencement year for the planning period. Employment growth will come as the result of net-expansion of existing businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. The forecast does not consider the impact of a significant exogenous shift in employment such as recruitment of an unforeseen major employer.

OVERVIEW OF EMPLOYMENT FORECAST METHODOLOGY

Our methodology starts with employment forecasts for major commercial and industrial sectors. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

FIGURE 6.1: UPDATE TO BASELINE YEAR AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT



The first analytical step of the analysis is to update covered employment to the 2024 base year. The Quarterly Census of Employment and Wages (QCEW) data was used to determine the City of Molalla's covered employment by industry through 2022, the latest year available. To update these estimates, we use observed industry specific growth rates for Clackamas County between 2022 and 2023.

The second step in the analysis is to convert "covered"³ employment to "total" employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. Covered employment was converted to total employment based on observed ratios at

³ The Department of Labor's Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are "covered" by unemployment insurance.

the national level derived from the Bureau of Economic Analysis from 2014 through 2022. The adjusted 2024 total employment base for the city of Molalla is nearly 3,800 jobs.

FIGURE 6.2: UPDATE TO 2024 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT, CITY OF MOLALLA

Major Industry Sector	QCEW Employment			Total Emp. Conversion ²	2024 Estimate
	2022 Employment	'22-'24 County Δ ¹	2024 Estimate		
Agriculture, forestry, outdoor	726	0.0%	726	75%	968
Construction	127	0.7%	128	81%	157
Manufacturing	269	-0.6%	267	96%	280
Wholesale Trade	137	1.9%	140	88%	159
Retail Trade	432	3.3%	446	82%	547
Transport., Warehousing, Utilities	98	-2.1%	96	75%	129
Information	27	3.8%	28	73%	38
Finance & Insurance	21	-7.0%	20	89%	22
Real Estate	15	-5.0%	14	74%	19
Professional & Technical Services	47	0.8%	47	84%	56
Administration Services	54	0.8%	54	76%	71
Education	205	6.5%	218	79%	277
Health Care/Social Assistance	285	6.5%	304	93%	327
Leisure & Hospitality	361	1.8%	367	83%	441
Other Services	153	0.0%	153	75%	205
Government	93	0.0%	93	100%	93
TOTAL	3,050	1.7%	3,102	82%	3,791

1/Growth rate calculated using CES data for Clackamas County

2/ Bureau of Economic Analysis (2022 County Averages)

SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

SCENARIO 1: “SAFE HARBOR” FORECAST (EMPLOYMENT GROWTH)

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The recommended approach for the City of Molalla is based on 660-024-0040(9)(a)(B), which allows using the most recently forecasted population growth rate for the City from the PSU Population Research Center (adopted 2020). The employment growth rate may be assumed to match the population growth rate.

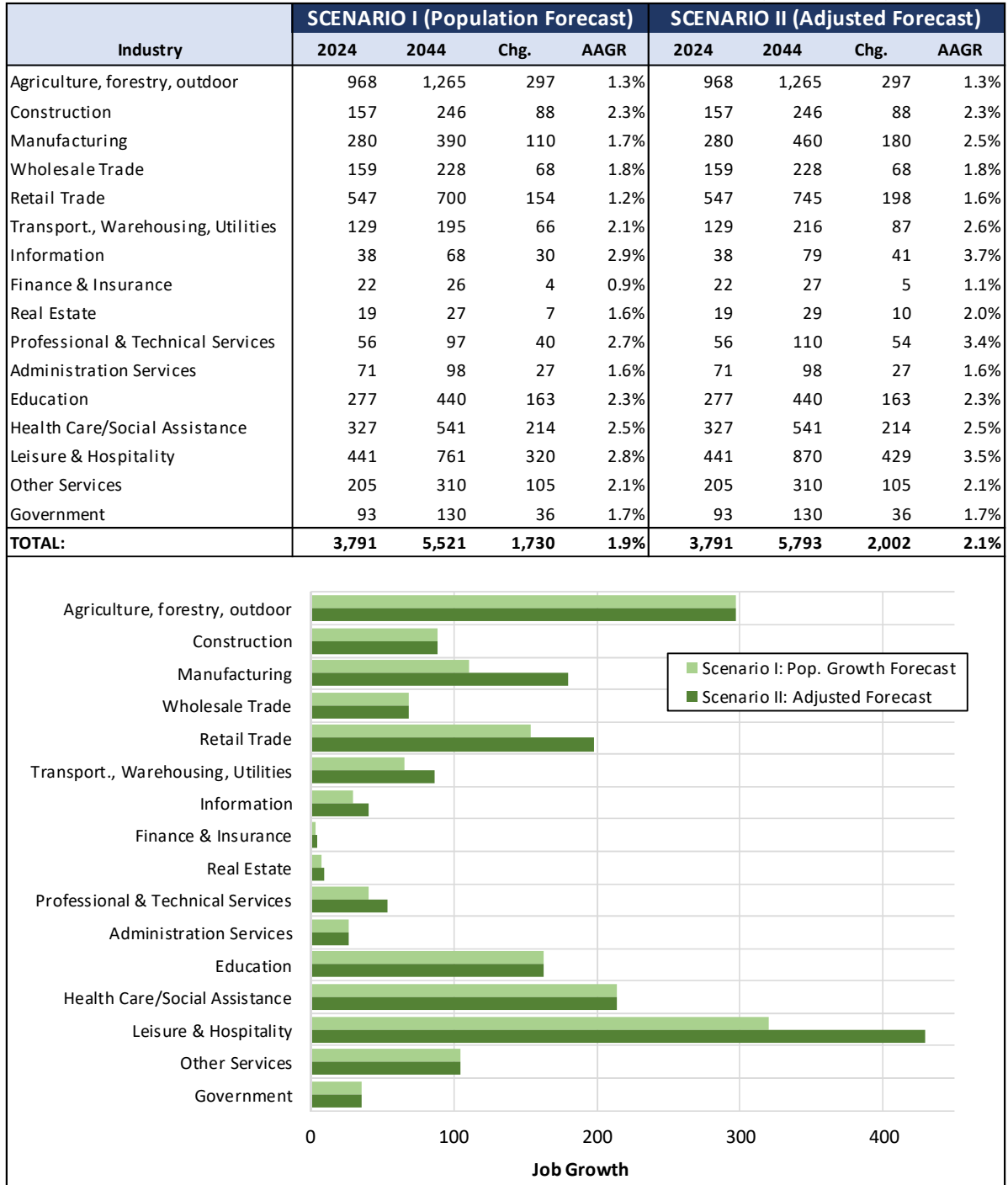
This method results in an average annual growth rate of 1.9%, with a total growth of 1,730 jobs over the forecast period. This approach is taken to form the base forecast of the adjusted forecast described below.

SCENARIO 2: ADJUSTED EMPLOYMENT FORECAST

A second adjusted forecast scenario was influenced by the research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified trends, an increased growth outlook for targeted industries, and input from the project advisory group. Further, the alternative scenario recognizes that economic development efforts and public policy can influence realized growth in targeted sectors.

The adjusted forecast results in an average annual growth rate of 2.1%, with a total growth of over 2,000 jobs over the forecast period.

FIGURE 6.3: COMPARISON OF ALTERNATE FORECASTS, CITY OF MOLALLA (2024 - 2044)



Source: Oregon Employment Department, Johnson Economics

SUMMARY OF EMPLOYMENT FORECAST SCENARIOS

The two forecast scenarios in this analysis range from 1.9% to 2.1% average annual growth. Job growth estimates range from 1,730 to 2,000 jobs over the 20-year period. Forecasts grounded in broad based economic variables cannot account for all the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information. This is particularly true in a smaller jurisdiction such as Molalla, in which a single large firm's location and/or operational decision may substantively impact the rate of growth.

FIGURE 6.4: SUMMARY OF PROJECTION SCENARIOS, CITY OF MOLALLA

Industry	Overall Employment					Net Change by Period				Total 24-44
	2024	2029	2034	2039	2044	24-29	29-34	34-39	39-44	
SCENARIO 1 (Population Growth)										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	304	330	359	390	24	26	29	31	110
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	582	619	658	700	35	37	40	42	154
Transport, Warehousing, Utilities	129	143	158	176	195	14	16	17	19	66
Information	38	44	51	59	68	6	7	8	9	30
Finance & Insurance	22	23	24	25	26	1	1	1	1	4
Real Estate	19	21	23	25	27	2	2	2	2	7
Professional & Technical Services	56	65	74	85	97	8	9	11	12	40
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	505	579	664	761	64	74	85	97	320
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
TOTAL:	3,791	4,159	4,568	5,020	5,521	369	408	452	501	1,730
SCENARIO 2 (Adjusted)										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	317	359	406	460	37	42	47	54	180
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	591	638	689	745	44	47	51	55	198
Transport, Warehousing, Utilities	129	146	167	189	216	18	20	23	26	87
Information	38	46	55	66	79	8	9	11	13	41
Finance & Insurance	22	23	24	26	27	1	1	1	1	5
Real Estate	19	21	24	26	29	2	2	3	3	10
Professional & Technical Services	56	67	79	93	110	10	12	14	17	54
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	522	619	734	870	82	97	115	136	429
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
TOTAL:	3,791	4,207	4,674	5,200	5,793	416	467	526	593	2,002

Source: Oregon Employment Department, Johnson Economics

The forecasts were further broken down into four five-year increments, assuming a consistent rate of growth over the period. We would expect that a twenty-year forecast will include multiple business cycles, and that growth will be variable.

EMPLOYMENT LAND FORECAST

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities typically use. As an example, insurance agents typically locate in traditional office space, often along commercial corridors. However, a percentage of these firms are also located in commercial retail space adjacent to retail anchors. Cross tabulating this distribution provides an estimate of employment in each typology.

The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market average vacancy we arrive at an estimate of total space demand for each building type.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or FAR. For example, assume a 25,000-square foot general industrial building requires roughly a site of roughly 100k square feet to accommodate its structure, setbacks, parking, and necessary yard/storage space. This building would have an FAR of roughly 0.25. Demand for space is then converted to net acres using a standard floor area ratio FAR for each development form.

LAND DEMAND ANALYSIS – ADJUSTED FORECAST SCENARIO

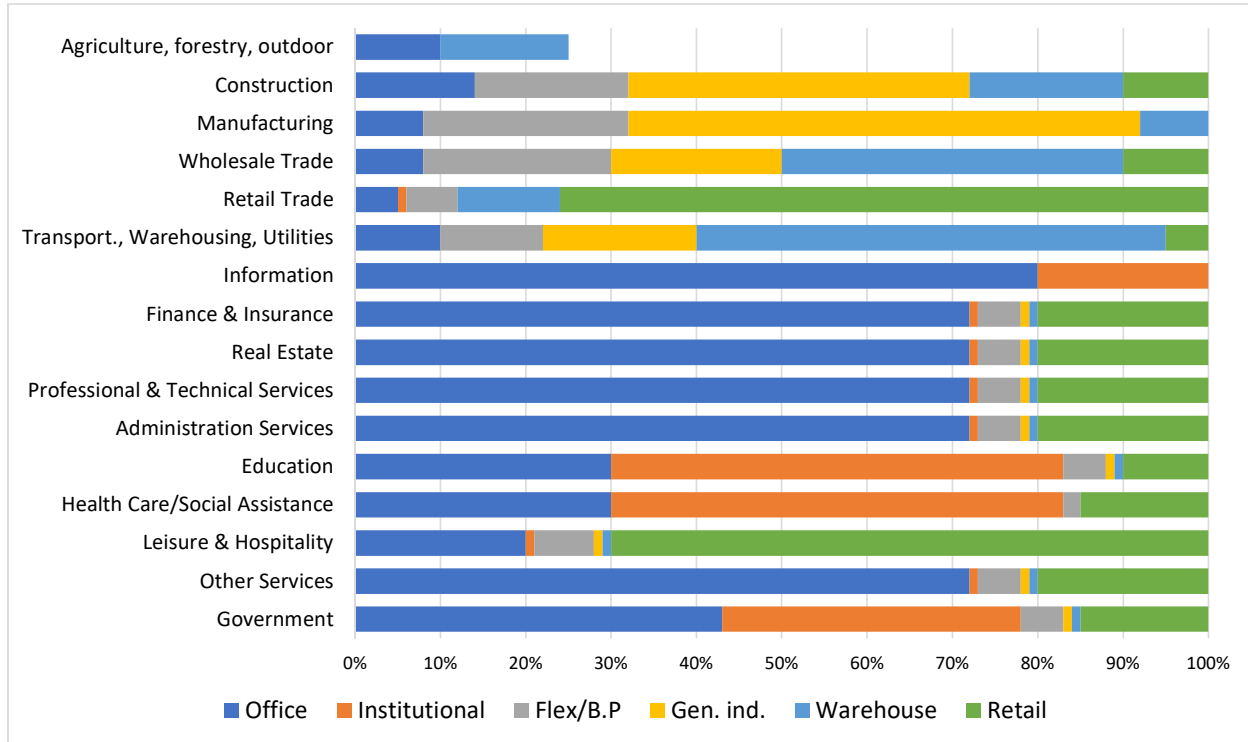
In this analytical step we allocate employment growth to the standard building typologies. The building typology matrix represents the share of sectoral employment that is located across various building types. (Note that only a fraction of employment in the agricultural sector is assumed to need urban real estate, as many of these companies operate in unincorporated areas in the region around the city. Food processing operations are captured under “manufacturing.”)

FIGURE 6.5: DISTRIBUTION OF EMPLOYMENT BY SPACE TYPE, CITY OF MOLALLA

Industry Sector	20-year Job Forecast		BUILDING TYPE MATRIX					
	Number	AAGR	Office	Institutional	Flex/B.P	Gen. ind.	Warehouse	Retail
Agriculture, forestry, outdoor	297	1.3%	10%	0%	0%	0%	15%	0%
Construction	88	2.3%	14%	0%	18%	40%	18%	10%
Manufacturing	180	2.5%	8%	0%	24%	60%	8%	0%
Wholesale Trade	68	1.8%	8%	0%	22%	20%	40%	10%
Retail Trade	198	1.6%	5%	1%	6%	0%	12%	76%
Transport., Warehousing, Utilities	87	2.6%	10%	0%	12%	18%	55%	5%
Information	41	3.7%	80%	20%	0%	0%	0%	0%
Finance & Insurance	5	1.1%	72%	1%	5%	1%	1%	20%
Real Estate	10	2.0%	72%	1%	5%	1%	1%	20%
Professional & Technical Services	54	3.4%	72%	1%	5%	1%	1%	20%
Administration Services	27	1.6%	72%	1%	5%	1%	1%	20%
Education	163	2.3%	30%	53%	5%	1%	1%	10%
Health Care/Social Assistance	214	2.5%	30%	53%	2%	0%	0%	15%
Leisure & Hospitality	429	3.5%	20%	1%	7%	1%	1%	70%
Other Services	105	2.1%	72%	1%	5%	1%	1%	20%
Government	36	1.7%	43%	35%	5%	1%	1%	15%
TOTAL	2,002	2.1%	24%	11%	8%	9%	9%	28%

Source: Johnson Economics

FIGURE 6.6: ASSUMED DISTRIBUTION OF SPACE BY TYPE AND INDUSTRY SECTOR, CITY OF MOLALLA



Source: Johnson Economics

FIGURE 6.7: NET GROWTH IN EMPLOYMENT BY BUILDING TYPE, CITY OF MOLALLA (SCENARIO 2) 2024-2044

Industry Sector	NET CHANGE IN EMPLOYMENT BY BUILDING TYPE - 2022-2042						Total
	Office	Institutional	Flex/B.P.	Gen. Ind.	Warehouse	Retail	
Agriculture, forestry, outdoor	30	0	0	0	45	0	74
Construction	12	0	16	35	16	9	88
Manufacturing	14	0	43	108	14	0	180
Wholesale Trade	5	0	15	14	27	7	68
Retail Trade	10	2	12	0	24	150	198
Transport., Warehousing, Utilities	9	0	10	16	48	4	87
Information	32	8	0	0	0	0	41
Finance & Insurance	4	0	0	0	0	1	5
Real Estate	7	0	0	0	0	2	10
Professional & Technical Services	39	1	3	1	1	11	54
Administration Services	20	0	1	0	0	5	27
Education	49	86	8	2	2	16	163
Health Care/Social Assistance	64	113	4	0	0	32	214
Leisure & Hospitality	86	4	30	4	4	301	429
Other Services	75	1	5	1	1	21	105
Government	16	13	2	0	0	5	36
TOTAL	472	228	151	181	182	565	1,779

Source: Johnson Economics

Under the employment forecast scenario, employment housed in retail space accounts for the greatest share of growth, followed by employment housed in office space. The combined employment forecast in commercially zoned space (~1,250 jobs) is somewhat greater than that forecast for industrially zoned space (~515 jobs). Note that the

1,779 total jobs shown here is less than the total employment in the adjusted forecast (2,002 jobs) because not all agricultural jobs require commercial real estate space.

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market average vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. The analysis assumes a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy, as they are typically purpose-built for healthcare, nonprofit, government, or related users.

The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR), based upon the observed FAR in existing Molalla commercial and industrial properties. The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

**FIGURE 6.8: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF MOLALLA
(ADJUSTED GROWTH FORECAST) – 20-YEAR**

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	472	228	151	181	182	565	1,779
Avg. SF Per Employee	350	600	990	600	1,850	500	663
Demand for Space (SF)	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
Floor Area Ratio (FAR)	0.25	0.30	0.25	0.25	0.20	0.25	0.24
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	28.0	21.8	9.9	17.2	4.5	19.6	14.5
Net Acres Required	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
Gross Acres Required	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Johnson Economics

Commercial office and retail densities are 28 and 20 jobs per acre, respectively. Industrial uses range from 17 for general industrial to less than 5 jobs per acre for warehouse/distribution. The overall weighted employment density is 15 jobs per acre, with the projected 2,000-job expansion in the local employment base through 2044 requiring an estimated 123 net acres, and 148 gross acres of employment land. An estimated 53% of this forecasted need is industrial land, and 47% commercial land. A major reason for this is the lower average employment density typically seen in industrial land use.

VII. RECONCILIATION OF EMPLOYMENT LAND NEED AND INVENTORY

The inventory of buildable employment land provides a snapshot of the current local capacity to accommodate more businesses and jobs over the planning period. This current available land is compared to the forecasted need for new land over the 20-year planning period, presented in Section VI.

SUMMARY OF LAND DEMAND (ACRES)

The estimate of future land need is re-presented below. A total need for 148 gross acres was identified across a range of land use and building types, based on the adjusted growth forecast.

FIGURE 7.1: SUMMARY OF FORECASTED 20-YEAR LAND NEED BY BUILDING TYPOLOGY (MOLALLA)

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	472	228	151	181	182	565	1,779
Avg. SF Per Employee	350	600	990	600	1,850	500	663
Demand for Space (SF)	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
Floor Area Ratio (FAR)	0.25	0.30	0.25	0.25	0.20	0.25	0.24
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	28.0	21.8	9.9	17.2	4.5	19.6	14.5
Net Acres Required	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
Gross Acres Required	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Oregon Employment Department, City of Molalla, Johnson Economics LLC

An estimated 53% of this forecasted need is industrial land (business park, general industrial, warehouse), and 43% commercial land (office, retail, institutional). There is a forecasted need for a total of 66 net (78 gross) acres of industrial land, and 56 net (70 gross) acres of commercial land.

SUMMARY OF LAND SUPPLY (ACRES)

To assess the remaining supply of buildable employment land suitable to accommodate the 20-year land need, an inventory of land with the proper zoning was conducted. The following is a summary of the results on that inventory. A more detailed explanation of the methodology and findings of the Buildable Land Inventory (BLI) is presented as Appendix A of this report.

The BLI filtered all of the zoned employment land in Molalla by Commercial or Industrial zoning category, environmental constraints that will limit development, and whether the parcel is already developed, vacant, or partially vacant (see Appendix A for more detail). The inventory was vetted to address development projects in the pipeline and known limitations on specific sites that will prevent development on all or a portion of the site.

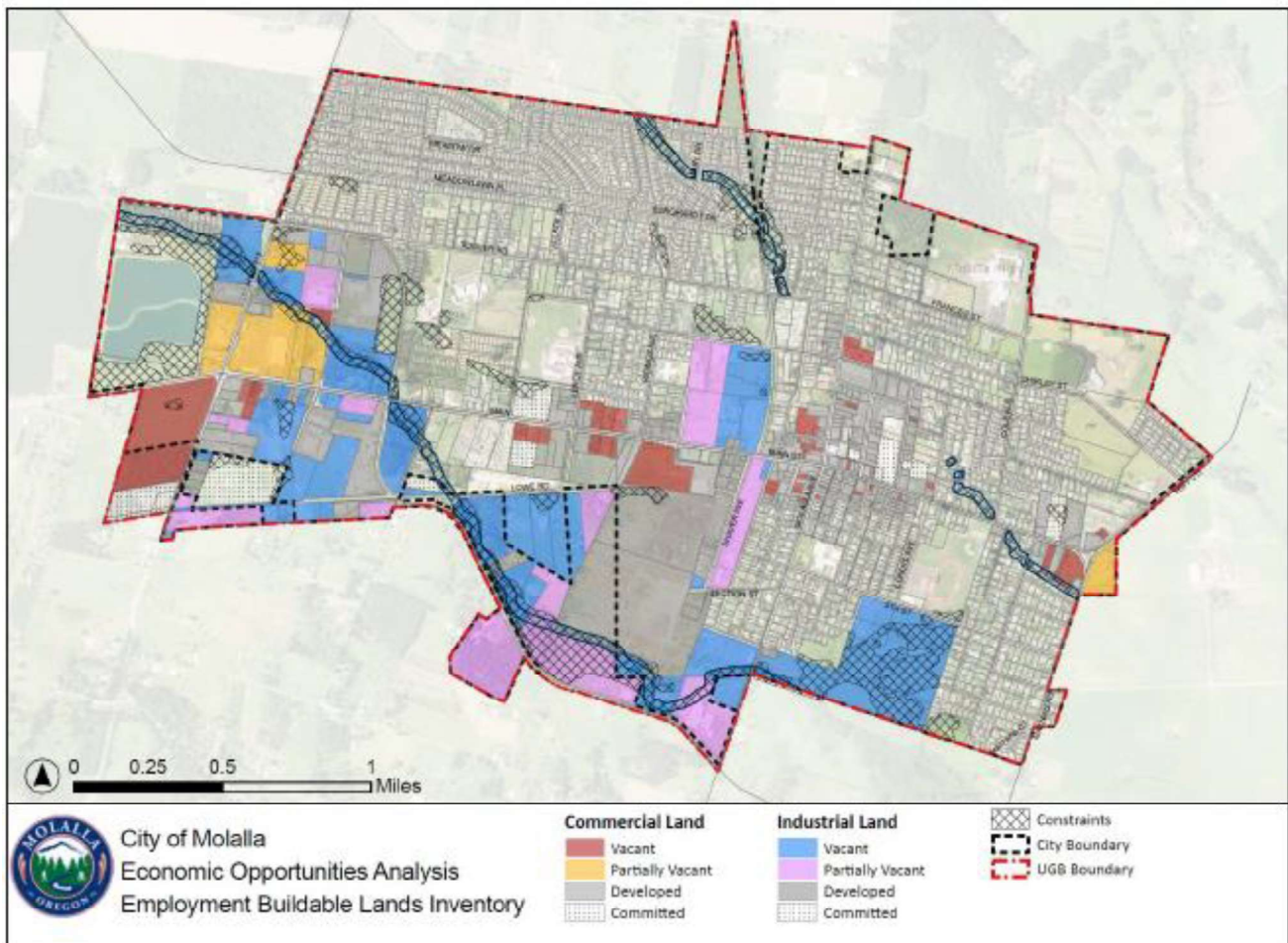
The following figure presents the estimated net developable acres of land by zone. There are an estimated 55 net acres of buildable Commercial land and an estimated 166 net acres of buildable Industrial land.

FIGURE 7.2: BUILDABLE LAND INVENTORY, NET DEVELOPABLE ACRES BY ZONE (MOLALLA)

	Net Developable Acres on Vacant Parcels	Net Developable Acres on Partially Vacant Parcels	Total Net Developable Acres
General Commercial (C-1)	5.3	0	5.3
Central Commercial (C-2)	38.7	10.7	49.4
Commercial Subtotal	44.0	10.7	54.7
Light Industrial (M-1)	19.5	12.7	32.3
Heavy Industrial (M-2)	101.4	29.8	131.3
Rural Industrial (RI)	2.8	-	2.8
Industrial Subtotal	123.7	42.6	166.3
Total	167.8	53.3	221.0

Source: City of Molalla, MIG

FIGURE 7.3: BUILDABLE LAND INVENTORY, EMPLOYMENT LAND BY DEVELOPMENT STATUS (MOLALLA)



Source: City of Molalla, MIG

COMPARING RECONCILIATION OF 20-YEAR LAND SUPPLY AND DEMAND

Comparing the Buildable Land Inventory to the 20-year forecast of employment land need indicates that the City of Molalla faces a deficit of employment land over the planning period of Commercial land and a surplus of Industrial land. A summary of the comparison of land supply and demand is presented below.

FIGURE 7.4: RECONCILIATION OF LAND SUPPLY AND 20-YEAR DEMAND (MOLALLA)

EMPLOYMENT ZONING DESIGNATION	20 YR. DEMAND (Gross Acres)	BUILDABLE LAND (Acres)	SURPLUS OR (DEFICIT) (Gross Acres)
Commercial (Office, Institutional, Retail)	70.2	54.7	(15.5)
Industrial (Gen. Ind., Warehouse, Flex)	78.1	166.3	88.2
TOTAL:	148.3	221.0	72.7

Source: Johnson Economics, MIG

- This analysis indicates that Molalla faces a deficit of 16 gross Commercial acres, and a surplus of 88 gross Industrial acres, for a **total employment land surplus of 73 gross acres**.
- It is important to note that some of the forecasted growth will include employers who may have specific site needs and preferences that are not reflected in the available buildable inventory. (See Appendix A for more details on site preferences for certain key industries.) In particular, there is forecasted demand for more suitable medium- and large-lot commercial and industrial sites while relatively few of these sites were found to remain in the inventory that are unconstrained. This is discussed in greater detail below.

SITE SUPPLY VS. SITE DEMAND (NUMBER AND SIZE OF SITES)

This section compares the more specific site requirements of projected future commercial and industrial users with the specific inventory of prospective employment sites identified within the UGB. Oregon Administrative Rules requires a determination of 20-year employment land need, as well as a determination of need for suitable, readily serviceable land to meet short-term demand.

The following definitions from OAR 660-009-005 are relevant to this discussion:

(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas....

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed

As noted in the prior section, the Buildable Land Inventory was screened for major constraints, including current development, floodways, wetlands, steep slopes, and federal ownership. The remaining parcels in the inventory may be buildable but may not meet the specific site requirements of certain users. Others may be part of the long-term supply, but not be well-suited for the short-term supply.

ESTIMATED 20-YEAR SITE NEEDS VS. CURRENT SUPPLY

The following figures represent the findings of estimated need (Section VI) and current supply (Section VII) of sites by size. Note that the estimate of future needs is approximate, as economic growth is dynamic and difficult to predict. Communities should maintain flexibility and ensure a supply of a variety of site types with short-term availability, as allowed through the Goal 9 EOA process.

Figure 7.5 presents the estimated supply of sites by zoning and site size as found in the BLI. As shown, there are few remaining sites over 10 acres in size in the inventory, and no remaining sites of greater than 13 acres. In total, there are 73 commercial sites remaining, and 81 industrial sites, most being small sites of under one acre.

Over 93% of sites are under five acres in size, while 5% are between five and ten acres. Only 1% of sites are greater than ten acres in size. This implies that Molalla needs a greater variety of medium and large sites.

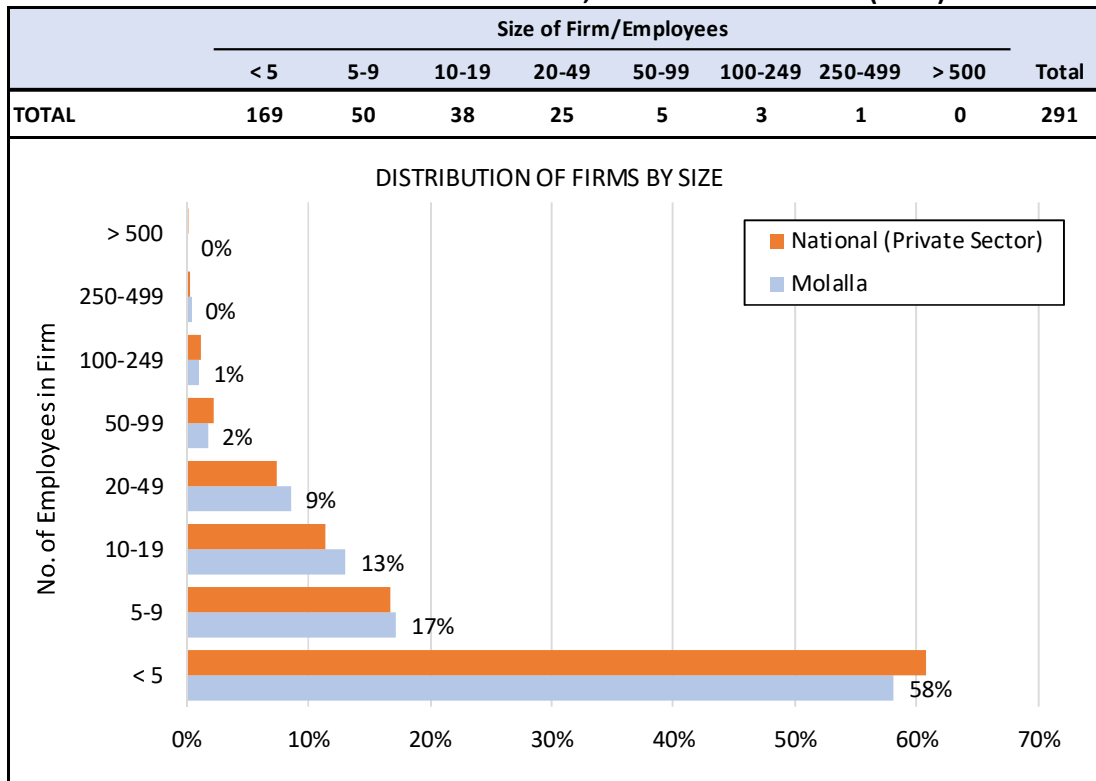
**FIGURE 7.5: SUMMARY OF SITE SUPPLY VS. FORECASTED 20-YEAR NEED
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**

	Number of lots	Net Acres
Commercial		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
Commercial Subtotal	73	54.7
Industrial		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
Industrial Subtotal	81	166.3
Total	154	221.0

Source: City of Molalla, MIG

As is the trend nationwide, most firms in Molalla are small businesses. The number of firms under five employees is 61% nationally, and 58% in Molalla. Those with fewer than 10 employees are 77% of businesses nationwide and 75% locally. However, while large firms of at least 100 employees make up a small percentage of businesses, their high employment means they still represent a significant share of overall employment.

FIGURE 7.6: NUMBER OF FIRMS BY SIZE, MOLALLA AND NATIONAL (2024)



Source: Oregon Employment Department, Bureau of Economic Analysis

By applying assumptions of the amount of space and land firms require based on size, we come to an estimate of the number of sites needed for commercial and industrial users from the 20-year growth forecast. Note that many of the smallest firms of one to four people will likely include home businesses, those sharing space in multi-tenant commercial centers, and other arrangements than strictly needing their own sites. Most of the larger firms likely will need their own sites, particularly industrial businesses with externalities that make it difficult to operate in shared space.

While need is weighted towards smaller sites for most businesses that have five or fewer employees, there is also a need for some sites at larger sizes to provide opportunities for new businesses to locate and allow existing businesses to expand.

Need for medium and large sites: The comparison of forecasted land demand to the remaining inventory found that there is a deficit of commercial land, and a surplus of industrial land. Through the EOA process, and discussion of interim findings, the advisory committee and local officials expressed the community's desire to have additional medium (5+ acres) and larger sites (20+ acres) available for commercial and industrial users, so that the city could competitively recruit larger businesses.

So while there is surplus of industrial land measured in gross acres, this land is mostly found in fragmented smaller sites. This means that there is a finding of need for additional industrial land and sites to meet the identified community goals.

There is a need for additional sites of 5+, 10+ and 20+ acres for commercial users, and 10+, 20+ and 30+ acres for industrial users (Figures 7.7 and 7.8).

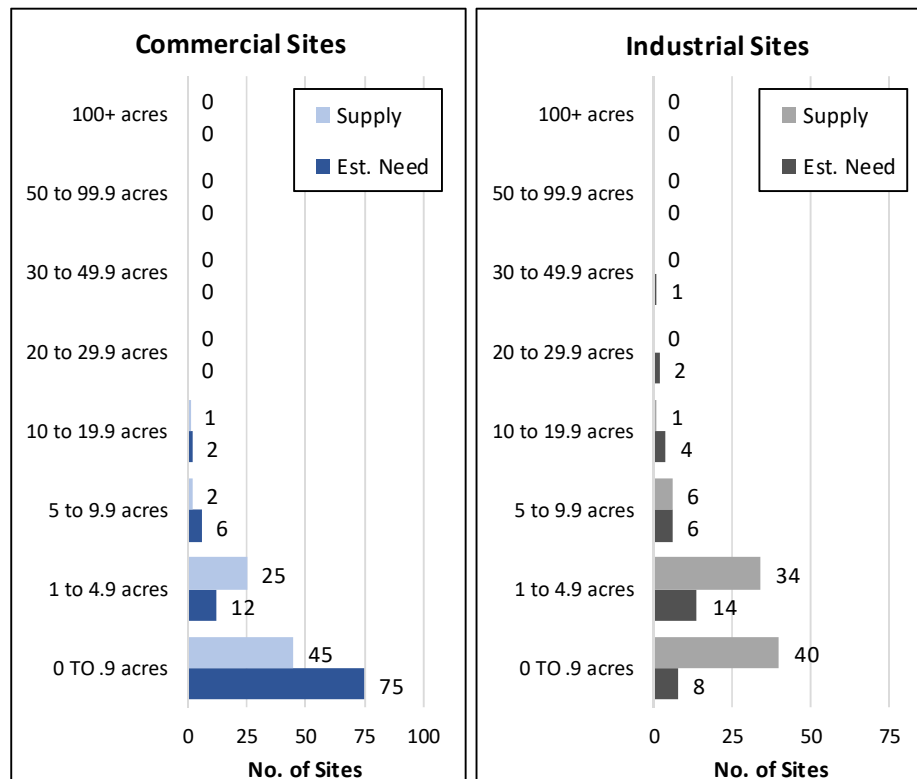
**FIGURE 7.7: ESTIMATE OF FORECASTED 20-YEAR SITE NEED
BY LAND USE AND SITE SIZE (ACRES)**

LAND USE	0 TO .9 acres	1 to 4.9 acres	5 to 9.9 acres	10 to 19.9 acres	20 to 29.9 acres	30 to 49.9 acres	50+ acres	TOTAL (sites)
Office	32	5	2	1	0	0	0	40
Institutional	4	3	2	0	0	0	0	9
Retail	39	4	2	1	0	0	0	46
Commercial Total:	75	12	6	2	0	0	0	95
Flex/B.P	1	5	2	1	0	0	0	9
Gen. Ind.	5	4	2	1	1	0	0	13
Warehouse	2	5	2	2	1	1	0	13
Industrial Total:	8	14	6	4	2	1	0	35
er	0	0	0	0	0	0	0	0
TOTAL:	83	26	12	6	2	1	0	130

Source: Oregon Employment Department, BEA, Johnson Economics LLC

Figure 7.8 presents a side-by-side comparison of forecasted need and current supply (inventory) by site size.

**FIGURE 7.8: SUMMARY OF FORECASTED 20-YEAR SITE NEED VS. SITE SUPPLY
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**



Source: Oregon Employment Department, Molalla, Johnson Economics LLC

The forecasted need for sites of different sizes does not match exactly with the current supply. The demand for commercial sites (retail/office/institutional) and industrial (general industrial, warehousing, multi-tenant flex park) exceeds the current supply.

It is estimated that the supply of small commercial sites is adequate but need exceeds supply for most site sizes larger than 5 acres. There is one identified commercial site of 12.5 acres.

Similarly for industrial users, the number of smaller sites is estimated to be sufficient, while sites over 10 acres are undersupplied. There is one remaining site of under 12 acres, and there are no sites over 20 acres.

VIII. FINDINGS AND RECOMMENDATIONS

SUMMARY OF FINDINGS

The EOA report points to several key conclusions regarding economic development goals and target industries in Molalla over the next 20 years. It also quantifies projected employment growth and land need within the UGB, and the adequacy of the current supply of employment land to meet that need.

Employment Growth

Molalla is home to an estimated 3,800 jobs as of 2024. The largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service and health care.

Based on a forecasted annual growth rate of 2.1%, the city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the same strong sectors, along with education and manufacturing. The forecasted 20-year employment growth would improve the balance of locally available jobs to the number of workers in Molalla. It would also emphasize higher wage industries to support these local households.

Broken down into broad categories of employment that tends to use commercial office/retail space, or that tends to use industrial space, the analysis forecasts that the 20-year demand for new employment land will be somewhat more weighted towards industrial land (53%) than commercial land (47%).

Expanding & Target Industries

The city has current advantages in several key industries including retail, forestry and wood manufacturing. However, in keeping with the identified economic objectives, a range of potential target industries for growth were identified through this process.

The target industries reflect industries where the area has shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry will translate to a need for 123 total net acres (148 gross acres) of land zoned for employment uses. The distribution of land demand between commercial uses (Office, Institutional, Retail) and industrial uses (Industrial, Warehouse, Business Park) leans towards industrial (53% vs. 47%).

A range of site sizes will be needed ranging from small to large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature of their business operations, firm size, location and infrastructure requirements, and other factors.

Adequacy of Employment Land Supply

The Buildable Land Inventory (BLI) of employment lands completed in conjunction with the EOA found a total of 221 net buildable acres in Commercial and Industrial zones.

- The projected 20-year need for Commercial land trails the supply, with an estimated 55 acres of commercial land remaining to meet a projected need for 70 acres. This indicates a deficit of 16 acres of Commercial land.
- There is a projected supply of 166 acres of Industrial land to meet the forecasted need of 78 acres. This indicates a surplus of 88 acres of Industrial land.
- The total estimated surplus of employment land is 73 gross acres.
- 93% of the remaining contiguous development sites in Molalla are under five acres in size, with most being one acre or less. Only two contiguous sites of slightly more than 10 acres remains. Molalla is without land to meet the needs of many medium to large employers.

EOA IMPLEMENTATION RECOMMENDATIONS

This section discusses a range of strategies and/or action items that the city may consider that are consistent with the findings of this report. (Adoption of this report does not imply official commitment to any of these steps although some of these strategies may be incorporated in Comprehensive Plan policies in some form.)

PROVIDE AN ADEQUATE SUPPLY OF EMPLOYMENT LAND & SITES		
CORE INITIATIVE		
Actions		Notes
MEET INDUSTRIAL AND COMMERCIAL LAND NEEDS		
1	Establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites.	The City should maintain an inventory of available employment land to meet the 20-year economic development needs of the community, including identifying sites of varying sizes that can be readily served with new infrastructure in the short-term. <u>Options:</u> UGB swap or expansion to increase the land supply; rezoning of other land categories to employment categories; public effort to prioritize and serve key employment areas.
2	Prioritize serving key industrial subareas and sites in the TSP and Capital Improvement Plan	Given limited public resources, ensure that all planning efforts reflect the prioritization and sequencing of infrastructure projects to serve key sites and areas.
3	Encourage infill, redevelopment and/or adaptive reuse of obsolete or underused properties in current employment zones.	Some existing commercial and retail space in the Downtown area and along commercial corridors might be more intensively used, accommodating more job growth in existing employment areas. More intensive development and mixed-use construction often encounter a feasibility gap between costs and end value. Common approaches to bridging this gap include TIF funding, tax credit programs, tax incentives, and public/private partnerships.

4	Inventory properties that might be good opportunity sites for potential public/private catalyst projects.	Public control of a property by the City, TIF agency, or other public agency provides the public with a valuable incentive with which to forge a public/private deal that provides public benefits that a private development might not. Examples include incentivizing the developer to build at greater density, mixed uses, design elements, transit-oriented or other design elements, and other public goods.
5	Evaluate assisting in wetland mitigation to increase developable land inventory, including creating or partnering in a wetland mitigation bank	Costs of mitigating can be prohibitive for industrial users while on-site mitigation reduces usable site area and can be difficult for a business operator to maintain over time. Mitigation banks allow for off-site mitigation. Credits at existing banks can be difficult or expensive to obtain. A local bank would provide more certainty for mitigation; however, an extensive interagency process is involved.
6	Facilitate clean up and utilization of identified brownfield sites	Work with the appropriate agencies to identify requirements, as well as potential funding sources, to bring environmentally contaminated sites to productive use. Possible incentives include local and state tax abatement programs, and surcharge-based clean up funds.
POLICY AND CODE STRATEGIES		
7	Continue to improve and streamline development regulations and review processes where possible, to reduce cost and time, and provide predictability.	The community and city work to be development and employer friendly.
8	Ensure that applicable Comp Plan designations and zoning allow the mix of uses sought in employment areas, and if necessary, limit those uses that don't contribute to goals.	Ensure that the desired zones are in place and permit the uses that are foreseen in the City's existing and future employment areas. Where current zoning does not match the vision, consider rezoning, or amending zone standards.
9	Review and update Development Code language to support the desired development types and streetscape initiatives.	A review of code standards can reveal where the adopted standards for elements like building height, setbacks, floor-area-ratio, parking, etc. may be posing difficulties in achieving feasible development in the target industries. Some large-lot commercial businesses and industrial users may benefit from more flexibility in site and building design to allow for creative design solutions and make projects more feasible.

TARGET INDUSTRIES AND BUSINESS DEVELOPMENT		
CORE INITIATIVE		
	Actions	Notes
SUPPORT AND EXPAND EMPLOYMENT IN TARGETED INDUSTRIES		
10	Adopt and regularly update target industry profiles.	Industry patterns can change significantly over time, and target industries should be assessed regularly for progress on metrics like job creation and new firms.
11	Maintain and enhance business outreach and communication.	Coordinate business cluster and employment district networking opportunities. Participate in efforts of major regional economic development partners. Potential actions in support of this strategy include developing and updating marketing materials, attending industry tradeshows, following up on referrals by partner organizations, publicizing the success of local businesses, and highlighting competitive advantages of the area for proposals.
12	Develop a marketing plan to attract businesses within the identified target industry business sectors.	Assemble and distribute materials of specific interest to targeted industries and identify key industry groups.
13	Support and engage regional and statewide partners.	Regularly meet and coordinate with groups such as the Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Promote available employment space and land.
14	Regularly update Oregon Prospector to promote available employment space and land to site selectors.	Business Oregon provides the Oregon Prospector tool which provides open, free data on available employment lands across the state, including both industrial and commercial properties. Ensure that all key sites are listed, and information is accurate and up to date.
15	Promote locally available tools: Enterprise Zone and Urban Renewal Grant Programs.	In all site listings and marketing materials, ensure that the benefits of the existing zones are mentioned where applicable.
SUPPORT SMALL BUSINESS DEVELOPMENT		
16	Develop and/or market programs to assist emerging and under-capitalized firms	Technical assistance, micro loans, storefront improvement programs, master leases, and credit enhancement. Refer businesses to partner agencies providing grants, training, and other programs.
17	Evaluate development of incubator space, or shared or collective space.	A shared work or incubator space, often affiliated with a college, economic development agency, or other agency, to provide space for small but promising companies to work and collaborate in a subsidized environment while they grow. Or repurpose existing space to support multi-tenant maker space. These provide small spaces for craftsmen and artisans to work and share tools and knowledge, to incubate new businesses.

18	Connect small business opportunities with property owners.	The City can serve as a clearinghouse or matchmaker, matching business needs with local property owners. This could include food carts, which can serve as an incubator for future food service tenants. Consider using public land for food carts, artisan fair, or similar small businesses.
WORKFORCE INITIATIVES		
19	Support connections between local industry, K-12, CCC, and state education and training courses.	Help match training programs to employers, potentially coordinating internships, or regular interaction with local businesses. Ensure that these programs address target industries in particular and stay up to speed on rapidly evolving industry norms and technology.
20	Promote workforce training resources.	Increase knowledge of existing resources for job seekers.
21	Ensure the housing policies allow for an appropriate mix of housing for the local workforce.	The community should strive to provide the full range of housing types and price points to meet the needs to the full workforce and encourage residents to both live and work in Molalla.
22	Support local affordable housing developers	Some low-wage positions are a foundational component of any local economy, and most industries rely on this workforce either primarily, or through their supporting firms. Subsidized affordable housing is one key segment of the workforce housing puzzle.
23	Prioritize childcare as a workforce readiness issue.	Childcare is a commonly identified need for working households if all adults are working, or working unusual hours, etc. This topic is increasingly raised as an important part of attracting and maintaining an available workforce. Home-based childcare businesses are also usually a category of self-employment.

APPENDIX A: INDUSTRIAL COMPETITIVE SITE NEEDS

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



PROFILE		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial				Warehousing & Distribution			Specialized										
						Value-Added Manufacturing and Assembly		Light / Flex Industrial		Warehousing & Distribution			Specialized										
						A	B	C	D	E	F	G	I	H	J	K	L						
CRITERIA		Heavy Industrial / Manufacturing		Food Processing		Advanced Manufacturing & Assembly		General Manufacturing		Industrial Business Park and R&D Campus		Business / Admin Services		Regional Warehouse / Distribution		Local Warehouse / Distribution		UVA Manufacturing / Research		Data Center		Rural Industrial	
Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.																							
1	<u>GENERAL REQUIREMENTS</u>																						
	<u>PHYSICAL SITE</u>																						
2	TOTAL SITE SIZE**		10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	20 - 100+	5 - 25+								
3	COMPETITIVE SLOPE:		0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 5%							
	<u>WORKFORCE</u>																						
4	AVAILABLE WORKFORCE POPULATION IN 50 MILE RADIUS:		30,000	150,000	20,000	60,000	30,000	750,000	25,000	75,000	20,000	60,000	10,000 - 25,000	1,000									
	<u>TRANSPORTATION</u>																						
5	TRIP GENERATION:		40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)									
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:		w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A									
7	RAILROAD ACCESS:		Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A									
8	PROXIMITY TO MARINE PORT:		Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A									
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:		Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A									
	Distance (Miles)		w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A									
10	PROXIMITY TO INTERNATIONAL AIRPORT:		Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A									
	Distance (Miles)		w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A									

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial				Warehousing & Distribution			Specialized		
		A	B	C	D	E	F	G		I	H	J	K	L	
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services		Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial	
11	UTILITIES	WATER:	Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	16"	4" - 8"	4" - 8"
			Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	8" - 10"	6" - 10"	8" - 12"	6" - 10"	6" - 10"	6" - 10"	10"-12"	6"	6" (or alternate source)
			High Pressure Water Dependency	Preferred	Required	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	Not Required	Required	Not Required	Not Required
			Flow Gallons per Day per Acre	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	1850 (GPD / Acre)	2700 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)	1200 (GPD / Acre)
			Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	6" - 8"	10" - 12"	10" - 12"	6" - 8"	4"	4"	8"-10"	6"	4" - 6" (or on-site source)
12	SEWER:	Flow Gallons per Day per Acre	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)	1000 (GPD / Acre)
		Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	6"	2"	2"	2"	4"	N/A	N/A
13	NATURAL GAS:	On Site	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
		Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	0.5 MW	5-25 MW	1 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Preferred	Competitive	Preferred	Not Required	Not Required	Required, could be on site	Not Required	Not Required
		Secondary System Dependency	Required	Preferred	Not Required	Required	Not Required	Required	Competitive	Preferred	Not Required	Not Required	Required	Not Required	Not Required
14	ELECTRICITY:	Major Communications Dependency	Preferred	Required	Required	Required	Required	Required	Required	Required	Preferred	Required	Required	Preferred	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Required	Preferred	Not Required	Not Required	Not Required	Required	Not Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
			Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
15	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Required	Required	Required	Required	Required	Required	Preferred	Required	Required	Preferred	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Required	Preferred	Not Required	Not Required	Not Required	Required	Not Required	Not Required
16	TELECOMMUNICATIONS:	Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
			Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



PROFILE		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution			Specialized														
		A		B		C		D		E		F		G		I		H		J		K		L		
		Heavy Industrial / Manufacturing		High-Tech / Clean-Tech Manufacturing		Food Processing		Advanced Manufacturing & Assembly		General Manufacturing		Industrial Business Park and R&D Campus		Business / Admin Services		Regional Warehouse / Distribution		Local Warehouse / Distribution		UVA Manufacturing / Research		Data Center		Rural Industrial		
CRITERIA			Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials.		Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.		May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.		Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than High-Tech Manufacturing.		Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.		High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.		Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.		Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.		Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.		Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.		Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power capacity, water supply, and security are critical. Surrounding environment (vibration, noise, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.		Located in more remote locations in the state. Usually without direct access (within 50 miles) of interstate or City of more than 50,000 people.	
	16 SPECIAL CONSIDERATIONS:																									

Mackenzie; Business Oregon

Terms:	
More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
	'Competitive' significantly increases marketability and is <i>highly recommended by Business Oregon</i> . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.
	* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.
	**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space
	† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).
	‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.