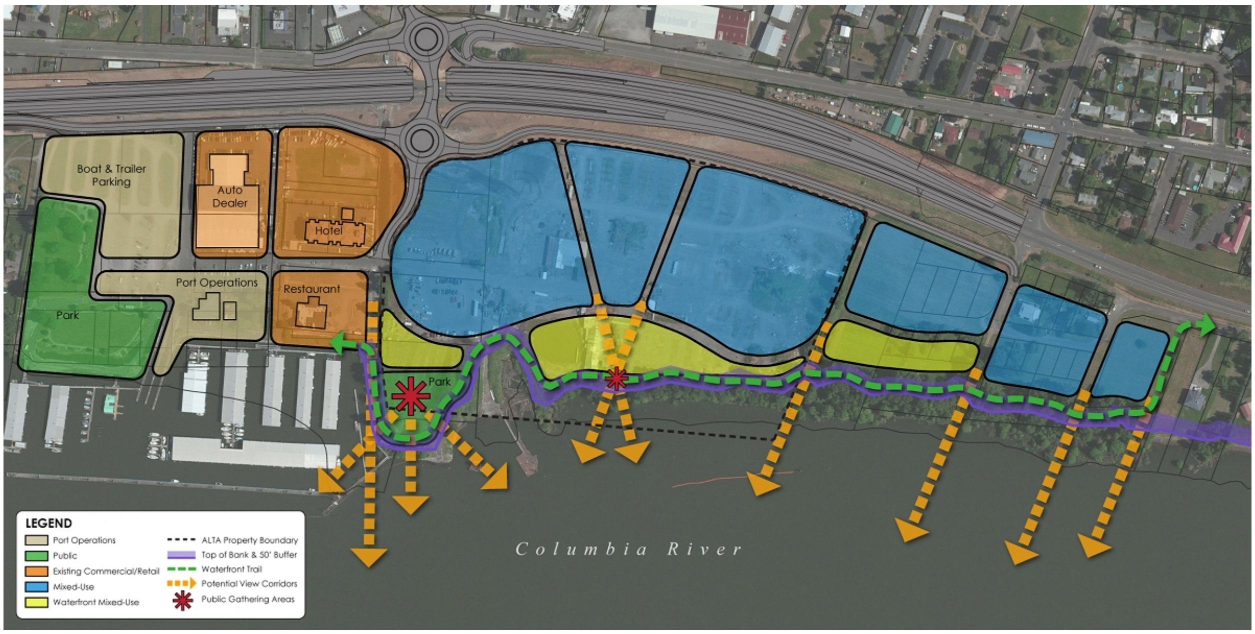
PARKERS LANDING:

WATERFRONT MARKET & DEVELOPMENT SCENARIOS ANALYSIS



Prepared for:

Camas-Washougal Economic Development Association

Parkers Landing, LLC

June 2014

E. D. Hovee & Company, LLC

Economic and Development Services

Parkers Landing: Waterfront Market & Development Scenarios Analysis

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AT-A-GLANCE SUMMARY

This waterfront market and development scenarios analysis is being conducted to evaluate a potential mix of uses that will be *market feasible* and address broader *public objectives* for 40 acres of now vacant property on the Columbia River in Washougal, Washington. Major observations and findings from this *draft report* are summarized as follows.

PARKERS LANDING OVERVIEW

With 40 acres owned 2/3 by the Port of Camas-Washougal and 1/3 by the private development firm Parkers Landing, LLC, the site is zoned by the City of Washougal for Highway Commercial (HC) use – allowing for a wide range of uses, including retail, offices, and multifamily residential.

A 2012 Washougal Waterfront plan addresses environmental conditions, regulatory provisions, and concept planning for the site. A traffic impact analysis was completed in 2013. Private development is also governed by a Development Agreement between the Port and Killian Pacific approved initially in 2012. This agreement was amended in 2013 with Parkers Landing LLC, replacing Killian Pacific as the legal entity for the private portion of site ownership.

WATERFRONT MARKET OVERVIEW

Parkers Landing represents an opportunity to build from waterfront experience of other communities across the U.S. but fitted to distinctive market niches now available within the Camas-Washougal area. With a mix of public and private ownership coupled with commitments to preservation of the Parkersville Landing Historical Park and public waterfront access, reuse of this waterfront can serve to fulfill both quality of life and economic development objectives.

With a current population of approximately 52,000 residents, the trade area considered as most directly supportive of Parkers Landing development extends from about NW Parker Street in Camas east to Washougal and also to the Stevenson/Carson area of Skamania County. This submarket has experienced rapid growth, with strong incomes, high educational attainment and family orientation as compared with the rest of Clark County:

- *Residential* represents multifamily or townhome development opportunity at a high amenity location, diversifying to a more urban Camas-Washougal housing product mix.
- *Office-flex* market opportunities appear limited, except possibly for user-driven projects.
- *Retail* offers considerable potential to provide the full range of day-to-day convenience retail and related service uses plus possible comparison retail for a trade area that is underserved, with the added expectation of continued high rates of population growth.
- *Specialty uses* have involved consideration of potential multi-screen cinema, health/ fitness, and lodging – to complement retail development of the site. Also reviewed are regional destination attractors such as outlet retailing and resort (including waterpark) concepts – offering limited market opportunity short-term, perhaps more longer term.

DEVELOPMENT SCENARIOS

Four preliminary site development scenarios were initially considered – of which two have been recommended for further consideration with more in-depth evaluation:

- **Scenario A – Community commercial center** (assuming that 100% of the site will be developed for commercial retail, office-flex, and related service business uses). Up to 350,000 square feet of commercial space is possible, with the majority as retail/service space and potentially a small component as build-to-suit office. Development would likely occur in two or more phases over a multi-year period to minimize the risk of temporarily over-saturating the market. Value of new development by build-out is estimated at $72 million (in 2013 dollars).
- **Scenario B – Commercial retail/office and residential mixed use** (in urban village format assuming that about one-half the site is developed for retail and office with the other half for residential apartments and townhomes). About one-half of the property would be allocated for close to 175,000 square feet of commercial development. Of the remaining site area, 10 acres is indicated for potential construction of 370 high amenity, market rate condos/apartments plus 10 acres for an estimated 115 townhomes. Value of development through an up to 10-year build-out is estimated at $137 million.

In-water moorage is also anticipated for pleasure craft and possible cruise ship moorage, with estimated costs not included in the totals noted above. Also excluded are land costs.

One-time state/local sales tax revenue effects from construction are estimated at $4.6 million with Scenario A and $9.0 million with Scenario B. *Annually recurring* state/local sales and property tax revenues are estimated at a combined total of $6.6 million per year with Scenario A as compared with $4.6 million annually with Scenario B.

With both scenarios, effects to the *immediate neighborhood area* are expected to include relative avoidance of conflict with neighboring uses and traffic effects north of SR-14 due to the relatively self-contained nature of the Parkers Landing site. There is opportunity for improved use of Parkersville Landing Historical Park and existing or expanded boat moorage facilities, particularly with Scenario B. Scenario A may involve added area-wide traffic impacts with full site commercial development requiring an augmented traffic analysis.

On a *community-wide basis,* both scenarios offer the opportunity to reconnect the Camas-Washougal community to the Columbia riverfront, better meet the daily shopping needs of area residents locally, improve Port revenues for on-site infrastructure and riverfront trail, and enhance local jurisdiction tax revenues (particularly for Washougal). Scenario A offers long-term opportunity for recapture of more sales leakage and more jobs but at greater project risk. In contrast, Scenario B diversifies the local housing mix at a high amenity waterfront location, but at the risk of overshooting a not yet fully tested market for high-end multifamily and attached residential housing on the Camas-Washougal waterfront. Project risks can be reduced to the extent that economic recovery continues and/or the project is appropriately phased.

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I. INTRODUCTION

Approximately 40 acres of waterfront property owned by the Port of Camas-Washougal (Port) and private developer Parkers Landing, LLC are being planned to "enhance public access to the Columbia River Waterfront with uses that support and encourage shopping, residential and other waterfront area uses." Considerable planning has occurred with both the privately and publicly owned portions of this combined assemblage – representing a distinctive opportunity to reconnect the Camas-Washougal communities to the Columbia riverfront.

BACKGROUND & OBJECTIVES

The Camas-Washougal Economic Development Association (CWEDA) and Parkers Landing, LLC have retained the economic and development consulting firm E. D. Hovee & Company, LLC (EDH) to prepare a preliminary waterfront market and development scenarios analysis for the affected Parkers Landing properties.

The goal of this analysis is to identify and characterize a potential mix of uses that will be *market feasible* and address broader *public objectives* for site development. Phase I in the analysis process has been to assess the market for a range of waterfront uses.

Results of a Phase I market overview assessment have been applied to more subsequent, more detailed Phase II specification of two waterfront development scenarios for further evaluation. This report addresses both the Phase I and Phase II portions of the market and development scenarios analysis assignment.

A preliminary draft of this report as of March 2014 was reviewed with project participants. Revisions have been made to address questions and comments received.

REPORT ORGANIZATION

Contents of this waterfront market and development analysis scenarios report are organized to cover the following topics:[1]

Analysis Summary
Parkers Landing Overview
Waterfront Market Overview
Development Scenarios

Attached at the end of this report are two appendices. Appendix A briefly profiles E. D. Hovee & Company, LLC as preparer of this analysis. Appendix B provides detailed supplemental data tables.

II. PARKERS LANDING OVERVIEW

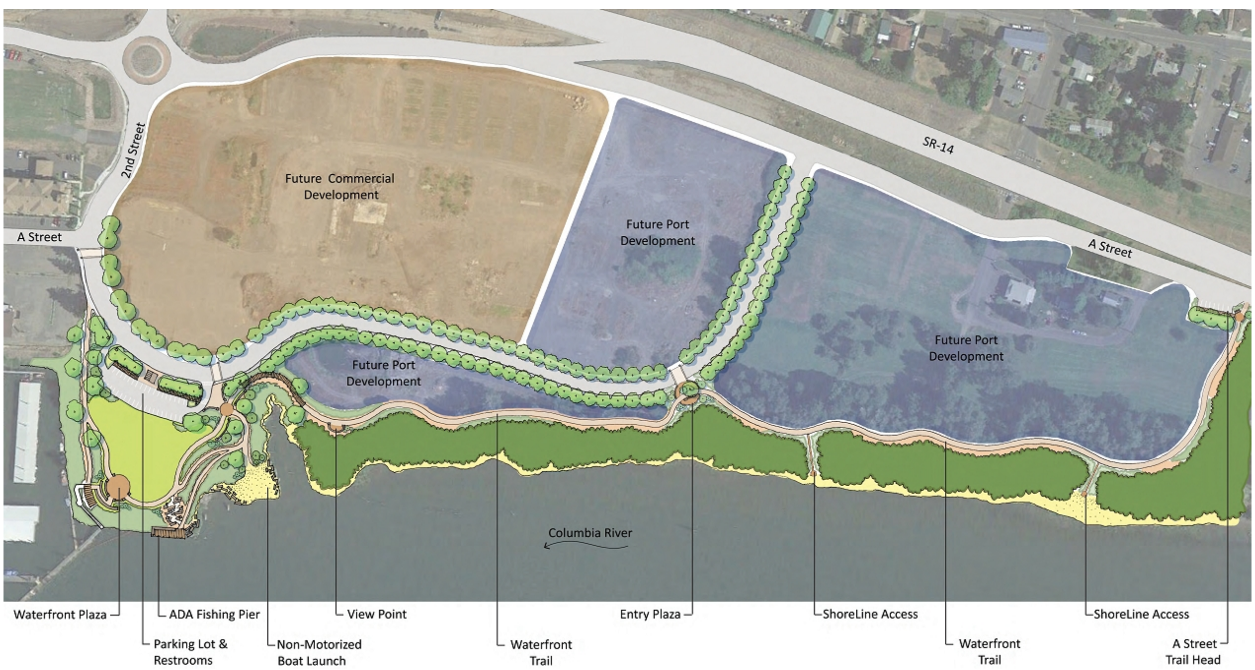
Parkers Landing represents a distinctive development opportunity for the Camas-Washougal community due to its high amenity Columbia River waterfront location, large site acreage under just two ownerships, and in-place project Development Agreement together with preliminary concept planning completed to date.

SITE DESCRIPTION

Topics covered by this overview description include site location, ownership, land use, environmental conditions, and traffic impact considerations.

Location. Situated in Washougal at the eastern end of Clark County in Washington state, the Parkers Landing site is bounded by State Route (SR) 14 on the north, the Columbia River on the south, about 7th Street on the east to 2nd Street and the Parkersville Landing Historical Park (adjacent to Marina Park) on the west.

Parkers Landing Site Overview



Source: BergerABAM and Port of Camas-Washougal, *Waterfront Trail: Preliminary Master Plan, 9/24/*2013.

Washougal's downtown and City Hall are situated approximately 1.5 miles to the east of the Parkers Landing site; downtown Camas is 1.5 - 2 miles to the west.

Ownership. Approximately 67% of the 40-acre Parkers Landing site is owned by the Port of Camas-Washougal, with 33% owned by the private real estate development firm Parkers Landing, LLC.

The **Port of Camas-Washougal** is the owner and operator of a public marina located directly to the west of the adjoining the Parkers Landing property – with the Port's industrial park situated to the east of the subject site. The Port's mission is:

> *To make strategic investments and develop effective partnerships that enhance the community's quality of life by bringing jobs, infrastructure, and recreational opportunities to East Clark County.*

Community-based and family-owned, **Parkers Landing, LLC** is affiliated with Killian Pacific, a local commercial real-estate development and investment company based in Vancouver with over 40 years of development experience in Oregon and southwest Washington. The firm's approach to building community is stated by its web site:[2]

> *Extensive experience, community relationships, and our strong team approach enables us to envision and create innovative real estate projects that challenge the norms of the traditional real-estate industry. We see opportunity in positive change, and we continually strive to enhance our communities for an improved quality of life.*

Land Use Designations. The Parkers Landing site is zoned by the City of Washougal as Highway Commercial (HC). Adjoining Marine Park and the Parkersville Historical Park are in the Open Space zoning district.

The HC zone is designed as the least restrictive of Washougal's commercial districts. A wide range of uses are permitted outright – including retail, offices, restaurants, lodgings, RV parks, government buildings, parks, and trails. Multifamily residential is also permitted outright, at densities of 10-16 units per acre. Mixed use developments and assisted living facilities are also permitted uses. Residential development can increase to 30 units per acre if in conjunction with a mixed use development involving retail/commercial use on the same site.

Conditional uses include lumber and building material sales, semipublic uses (as with electric power stations), and commercial recreation facilities (both enclosed and unenclosed). Additional use restrictions extending beyond zoning requirements are provided in the Development Agreement.

Structures in a HC zone may cover up to 50% of available site area, with maximum allowed height of up to 75 feet. The City has commercial site design and development standards aimed to contribute to lively streetscape with design elements to create visual interest. Parking is to be visually unobtrusive, behind buildings when possible or screened and landscaped.[3]

Environmental Conditions & Regulatory Provisions. As is detailed by *the Washougal Waterfront Revitalization Plan*, the Parkers Landing properties are designated as Urban under the current **Shoreline Master Plan (SMP).** Provisions apply to land within 200 feet of the ordinary high water mark of the Columbia River. SMP guidelines encourage shoreline development that is water-related or dependent, that provides public access, protects the natural environment, and redevelops underutilized land.

Building setbacks are 25 feet for permitted water-related uses and 100 feet for non-water oriented conditional uses. Because of prior use by a former lumber mill, shorelines have been previously impacted – providing some added flexibility of Shorelines provisions for site reuse.

A **Critical Areas Ordinance** provides a habitat buffer of 250 feet from the Columbia River, with steep slope buffers of 50 feet from areas with slopes of 25% or more. **Natural resource** inventories indicate that the site is not affected by jurisdictional wetlands and the elevation of the property is almost entirely above the 100-year floodplain.

Cultural resources are possible, though none have been specifically identified to date with the former Hambleton mill (on this site). Contingency planning should allow for the potential of encountering artifacts during excavation.

In summary, **City of Washougal** land use regulatory requirements can be expected to include a minimum 50 foot setback from riverbank steep slopes, riparian buffer of up to 250 feet (but no further than existing structures), public waterfront access, and limitation of commercial use to water-dependent or related development within 200 feet of the shoreline.

An **Environmental Assessment** focused on the former Hambleton mill concluded that: "For an industrial facility of the size and age of this mill (of 25 acres), the environmental concerns are limited in extent and severity." While cleanup actions are anticipated, they are expected to be readily accomplished in coordination with property redevelopment.

Traffic Impact Analysis. Traffic impact analysis was performed for the current private ownership portion of the Parkers Landing site in 2013. Assumed for purposes of the analysis was a mixed use development comprising up to 229,000 square feet of retail space, 126,000 square feet of general office, and 200 apartment units.

Overall, the analysis concluded that "the Parker's Landing Property can be developed while maintaining acceptable traffic operations and safety at the study intersections."[4] No off-site improvements are required for the development as proposed. Trips are vested over the 10-year initial term and potential 5-year extension of the Development Agreement. Later development could trigger new off-site improvements not currently required.

Development Agreement

Plans for cooperative development between the Port and Parkers Landing, LLC are governed by a Development Agreement initially dated March 2012, superceded as amended in September 2013. By this agreement, both parties agreed that the combined properties:

> *… represent a unique opportunity to create a gateway into the City and that development of the Properties should establish a sense of place, particularly from key focal points surrounding the Properties such as the SR-14 roundabout and the Second (2nd) Street frontage.*

Key provisions of the Development Agreement applicable to this market and development scenarios analysis include:

- Anticipation that development will occur in a series of phases, with the ability for each owner to lease or sell property at its discretion.
- Determination of pre-existing trip and new trips allowed together with traffic impact fees and potential credits associated with new development based on a Traffic Impact Analysis as referenced with the Development Agreement.
- Port commitment of an 8-12 foot all-weather waterfront trail with viewing points and connection to downtown Washougal.
- Reservation of pre-determined stormwater, sewer and water capacity.
- Vesting of development rights for minimum of 10 years from March 2012 with option for a 5-year extension, if the waterfront trail has been constructed and Phase 1 development site plan review has been submitted.

CONCEPT PLANNING

In 2012, a *Washougal Waterfront Revitalization Plan* was completed for the Port of Camas-Washougal. This plan was conducted within the context of the Port's Comprehensive Scheme of Harbor Improvements and Strategic Plan.

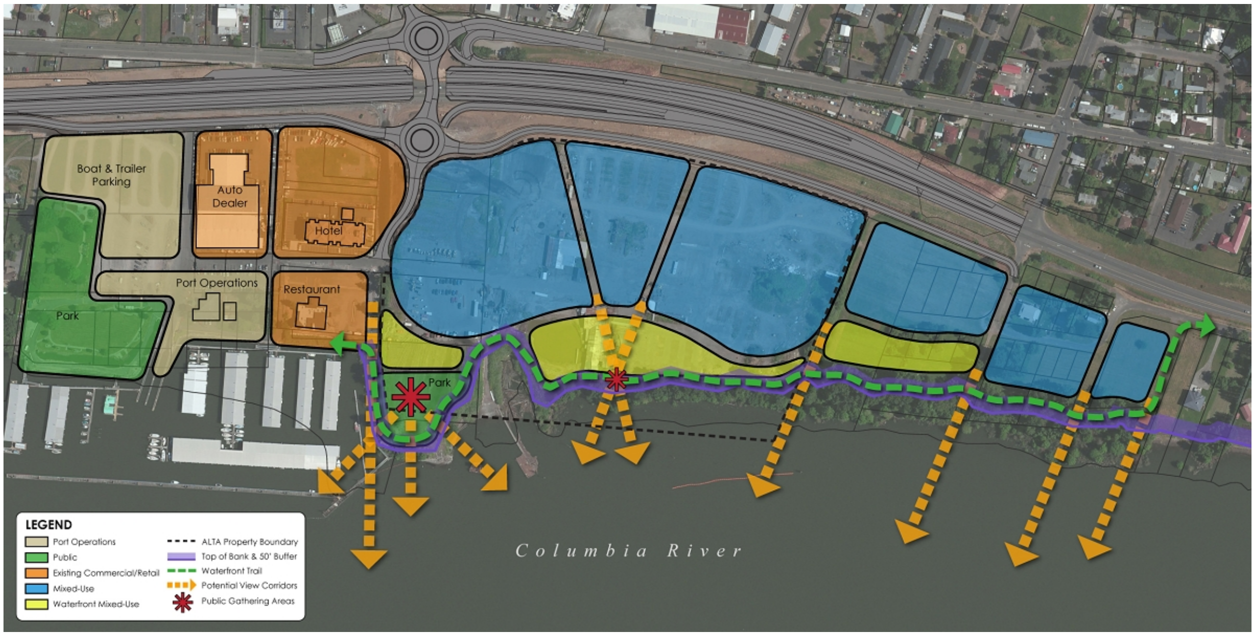
Plan funding was provided from a Washington State Department of Ecology Integrated Planning Grant. Much of the analysis was aimed to address environmental studies for the former 25-acre Hambleton Lumber Mill which comprises a major share of the current Parkers Landing property.

Conceptual planning completed to date has involved preparation of an illustrative site plan for adaptive reuse of the waterfront. The plan concept emerged as a synthesis of environmental due diligence, regulatory and physical condition assessments, and extensive public involvement including stakeholder interviews and community meetings.

The concept plan was accompanied by an implementation strategy including a work program aimed at "successfully accomplishing the redevelopment." While this concept plan was completed ahead of any detailed market analysis, it provides a useful framework for preliminary evaluation of development potentials for distinct portions of the full 40-acre property assemblage.

This concept plan is illustrated by the map on the following page.

Parkers Landing Land Use Area Concept Map



Source: Maul Foster & Alongi, *Washougal Waterfront Revitalization Plan,* as prepared for the Port of Camas-Washougal, May 4, 2012.

As illustrated by the concept map depicted above, major elements of this preliminary plan included:

- **Waterfront Greenway** – as a multipurpose paved pathway near the top of riverbank
- **Waterfront District** – with shops, restaurants and offices along the greenway (totaling 13,000-29,000 square feet in single story buildings)
- **Mixed-Use District** – set back from the river and oriented to retail, commercial, office, and residential development (of 190,000-250,000 square feet)
- **Sixth Street Development Area** – as a buffer along the eastern edge with mixed use development (of 27,000-44,000 square feet)
- **Parking** – focused on shared parking to minimize the expanse of continuous lots

This waterfront market and development scenarios analysis is intended to carry the previous site planning to the next step – by evaluating uses that can be supported by the market over an approximate 10-year build-out period.

While not intended to provide a detailed master plan, the development scenarios resulting from this current two-phase assessment also serve to illustrate potential use relationships and siting considerations on a generalized basis.

III. WATERFRONT MARKET OVERVIEW

A brief review of waterfront development experience both nationally and regionally begins this market overview. This is followed by discussion of the Parkers Landing market trade area and then with more focused evaluation of distinct real estate uses – for residential, office, and retail together with specialty service and destination potentials.

Rather than recommending a specific detailed development program, the purpose of this analysis is to cover a broad range of uses from the perspective of current market trends – both regionally and locally. This is followed by the outline of potential development scenarios that have now been considered with refined analysis as Phase II of a two-step evaluation process.

National & Regional Waterfront Development Experience

Most cities across the U.S. were founded and developed around coastal and inland waterways. Harbor areas were vital points for transportation of people and goods as from farm or manufacturer and distributor to market.

This pattern of development began to shift with the expansion of railroads and then highways becoming dominant forms of travel. Some harbor and port activities remained vitally active; others found themselves in the position of repurposing some or all of their waterfronts.

By the 1970s, there were clear signs of opportunities for successful waterfront redevelopment, increasingly for a mix of uses that might include some combination of water-dependent industry as well as commercial and residential activity. The national development trade organization of the Urban Land Institute released its guide for *Urban Waterfront Development.* The 1983 report was introduced with the observation that:

> *What were once front doors became back doors … Urban areas abandoned their waterfronts, and central cities declined along with them. But over time, waterfronts have been rediscovered – and are now "hot" real estate.*

Examples of early pioneering waterfront redevelopments often cited have included the former Charleston Navy Yard and Union Wharf in Boston, Baltimore's Inner Harbor, Laclede's Landing in St. Louis, the Embarcadero in San Diego, and Johns Landing in Portland.

Kirkland – an artisan village on Lake Washington east of Seattle

Today, the list of waterfront redevelopments has greatly expanded. Within the Pacific Northwest alone, notable examples of waterfront redevelopments have occurred in communities as diverse as Seattle (starting with Elliott Bay and more recently along South Lake Union), Tacoma (Foss Waterway), Spokane (starting with Expo 74), Portland (with Waterfront Park, then the South Waterfront and Eastbank Esplanade), Vancouver (at the site of a former chemical plant east of I-5 with planning now proceeding west of the bridge), Hood River (with new industrial/flex uses), Bend (Downtown Mirror Pond and then the Old Mill District), Richland (at Columbia Point), Kirkland (artisan downtown and residential village east of Seattle), and La Conner (as a Seattle get-away).


Portland – South Waterfront (SoWa) district represents a more vertical form of redevelopment on formerly waterfront industrial property

Each of these waterfront developments has involved some form of public-private partnership. A wide range of uses are often involved – with retail, office, residential and flex-industrial uses – tailored to fit the market opportunities and planning objectives of each community.

Parkers Landing represents an opportunity to build from experience of other communities fitted to distinctive market niches available within the Camas-Washougal area. With a mix of public and private ownership coupled with commitments to preservation of the Parkersville Landing Historical Park and public waterfront access, reuse of this waterfront can serve to fulfill both quality of life and economic development objectives.

Uses Considered for Parkers Landing

Conventional uses considered for the Parkers Landing site include attached and multifamily residential, office-flex, and master planned retail development. In addition, several potentially related specialty service and destination uses that have been of interest are also covered by this market overview report.

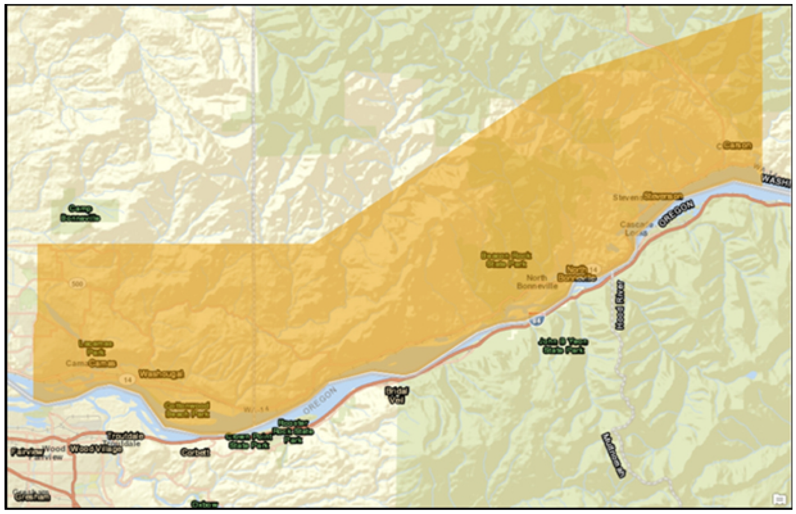
Specialty service uses reviewed include multi-screen theater and health/fitness center tenants, as well as lodging that might complement a retail center. Destination related potentials are considered for uses such as a retail outlet mall, destination resort, and themed recreation-waterpark.

Prior to proceeding with use-specific evaluations, this market overview begins with discussion of the underserved local trade area on which development at Parkers Landing might most appropriately focus. This is followed by a review of pertinent trade area demographics and economic conditions that serve to shape customer demand for a wide range of commercial development options.

TRADE AREA DEFINITION

A *trade area* is typically defined in terms of the market reach that might reasonably be expected for local community retail and service businesses located in the Parkers Landing area. For purposes of this market analysis, the trade area is defined as encompassing the population north of the Columbia River and extending from about NW Parker Street east to the Clark- Skamania County line and then further east covering populated areas of Skamania County to the Stevenson-Carson area.

Parkers Landing Market Trade Area



Source: E. D. Hovee & Company, LLC and Esri.

As of 2013, estimated population of this trade area was approximately 52,000 residents. As illustrated by the map, features distinctive to this trade area include:

- The relative length of the trade area extending about 38 miles **east-to- west**. Camas-Washougal businesses are the closest location to serve many of the commercial-retail and service needs of western Skamania County residents – due to the limited offerings in Stevenson and Carson (as well as across the river in Cascade Locks). Of the total 52,000 residents encompassed by the trade area, an estimated 44,000 (85%) live in Clark County and 8,000 (15%) in Skamania County.
- Geographic and land use constraints that limit the spread of urban development **south-to-north.** The southern boundary of the trade area is the Columbia River (and Oregon state line). The only river crossings are indicated by the I-205 freeway (approximately 10 miles west of Parkers Landing) and the Bridge of the Gods (just west of Stevenson).

Not all businesses serve precisely the same trade area. Businesses that cater to a quick in-out convenience market (as with convenience stores and espresso stands) can be expected to serve more localized or neighborhood trade areas. Some retail and service businesses (such as a destination restaurant or retail outlet as in Pendleton Woolen Mills or a hotel) can be expected to have customer draw reaching from well beyond the primary market trade area indicated for this analysis.

Demographic data for this primary trade area are also compared with overall trends for Clark County – as now follows.

Trade Area Demographics

Population of the trade area is projected to increase to nearly 56,000 residents by 2018. After increasing by nearly 38% in the decade of 2000-10, population is expected to be up by a more modest pace of an added 8% in five years. This is a faster rate of growth than is expected for all of Clark County.

Detailed demographic data is provided with the Appendix to this report. A synopsis of key characteristics is outlined below (and by the graphs to the right):

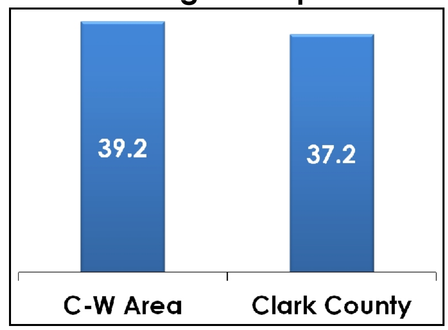
- Median age of population is above that of Clark County (at 39.2 versus 37.2 years). The Camas-Washougal trade area has above average proportions of residents in prime working years of 35-64 and of children ages 5-17.
- Over 75% of households are comprised of families (compared to 70% of households countywide).
- Trade area residents are relatively well educated (with 30% of adults having a college degree or better as compared with 25% countywide).
- At close to $62,200, median household income is 16% above the median for Clark County.
- Rates of vehicle ownership are relatively high, as are average commute times to work.

Local trade area residents are more likely to be employed in white collar occupations.[5] As detailed in the Residential Market section of this report, trade area residents also are likely to be homeowners with high home values compared to all of Clark County. In summary, strong population growth combined with relatively high incomes and education levels will support opportunity for added commercial development.

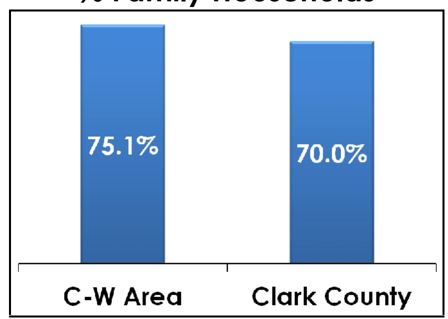
Employment Profile

As of 2012, Camas-Washougal accounts for about 8,900 jobs. This represents 7% of covered employment in Clark County. By comparison, the Clark County portion of the trade area accounts for 10% of countywide population.

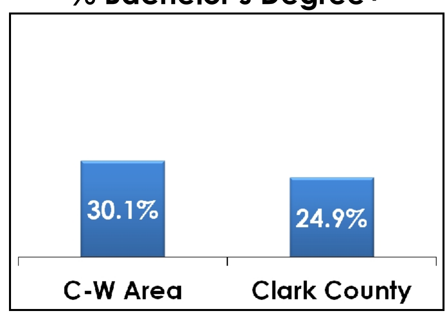
Median Age of Population



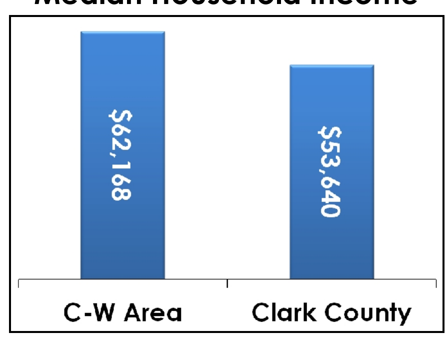
% Family Households



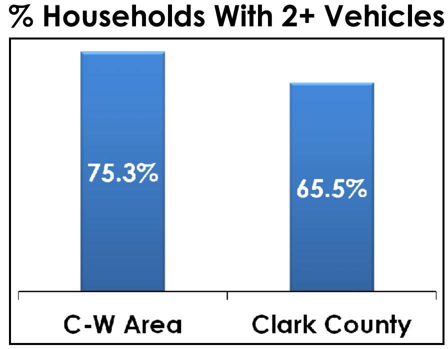
% Bachelor's Degree+



Median Household Income



% Households With 2+ Vehicles



As detailed by the following chart, sectors with proportionately high concentrations of employment in the Camas-Washougal area include manufacturing, wholesale trade, and professional/technical services. Under-represented sectors include construction, retail trade, finance/insurance, real estate, administrative/waste services, health care, accommodation and food services, and other (miscellaneous) services.

Camas-Washougal Employment Profile (2012)

NAICS	Employment Sector	Camas-Washougal	Clark County	C-W % of County
Total	**All Sectors**	**8,857**	**129,843**	**6.8%**
11	Ag/Forestry/Fishing	*	631	*
23	Construction	255	7,964	3.2%
31-33	Manufacturing	3,028	12,072	25.1%
42	Wholesale Trade	453	6,042	7.5%
44	Retail Trade	595	14,646	4.1%
48	Transportation & Warehousing	*	2,917	*
51	Information	*	2,540	*
52	Finance & Insurance	138	3,781	3.6%
53	Real Estate	96	2,158	4.4%
54	Professional/Technical Services	753	6,692	11.3%
55	Management of Companies	*	1,193	*
56	Adminstrative/Waste Services	208	6,777	3.1%
61	Educational Services	*	951	*
62	Health Care & Social Assistance	368	18,074	2.0%
71	Arts, Entertainment & Recreation	156	2,268	6.9%
72	Accommodation & Food Services	507	10,241	5.0%
81	Other Services	237	4,098	5.8%
92	Government	*	23,026	*

* Note: Employment is not disclosed for sectors noted with an asterisk (*) to avoid disclosure of data specific to individual firms. These sectors comprise about 23% of Camas-Washougal employment. Employment is for individuals in positions covered by unemployment insurance.

Source: Washington State Employment Security Department.

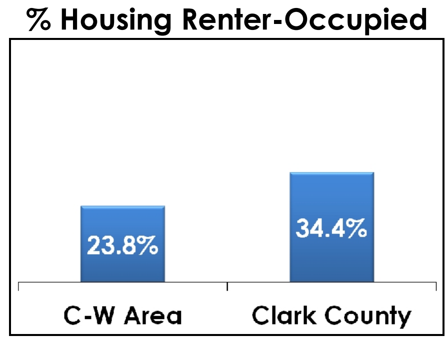
Because employment at the Parkers Landing site is intended for commercial (non-industrial) uses, commercial space demand will be dependent on growth of retail and service sectors that have historically been represented within the immediate community. The extent to which this occurs will affect the demand that may be realized for commercial retail and office-flex space.

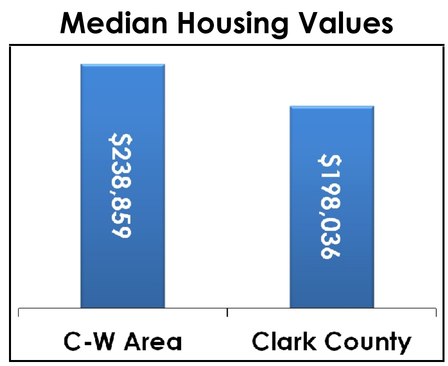
RESIDENTIAL MARKET

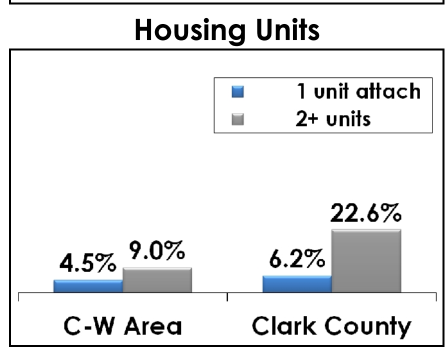
This market review now turns to analysis for the first of several potential uses considered – for attached single family and multifamily residential development.

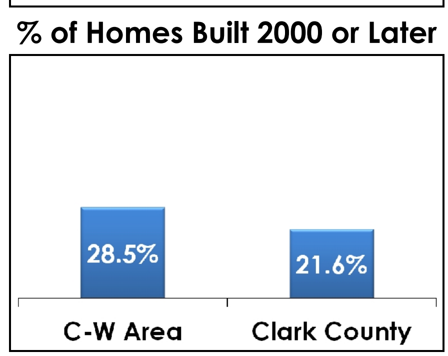
Camas-Washougal Market Overview

The Camas-Washougal market historically has been largely comprised of single family homes. While this is expected to remain the case, growth of the market also will create new and more diverse opportunities for attached/multifamily residential product – both for owner-occupants and renters. With nearly 20,650 total housing units as of 2013:









- Approximately 24% of occupied units are rental occupied – well below the countywide proportion of 34%.
- Median housing value for owner-occupied units is close to $239,000 – a figure that is 21% above the countywide median of $198,000.
- Nearly 80% of housing in the Camas-Washougal area is comprised of single family, detached homes – well above the Clark County proportion of 67%.
- However, attached and multifamily housing constitutes an important market niche of current and added housing opportunity locally, especially at high amenity locations. Between 4-5% of Camas-Washougal housing consists of single family attached units (such as townhomes).
- Another 9% comprises plex and multifamily residences of 2+ units. More than 95% of the multifamily east-county residential product is found in complexes of less than 50 units.
- Also noted is that due to consistently high population growth, the Camas-Washougal area experiences relatively high rates of new construction activity. Between 28-29% of submarket housing was built from 2000 to the present – as compared with less than 22% countywide. A pattern of more new housing is consistent with higher overall housing values supported in this relatively affluent Clark County submarket.

This analysis now proceeds to more detailed evaluation of components of multifamily/attached housing projects of potential interest to the Parkers Landing site area – apartments, condominiums, and attached/townhome residential product.

Regional Apartment Market

As a starting point for analysis, it is useful to review vacancy and occupancy trends for the Portland-Vancouver apartment market pre- and post recession. Even with the recession, metro area vacancies reached no higher than 5.9%. As of year end 2013, vacancies were at only 3.1%.

Data provider Multifamily NW divides Clark County into two (somewhat mis-labeled) submarkets – West and East Vancouver. These submarkets are currently experiencing apartment vacancies below the regional average.

PDX Metro Apartment Vacancy (2004-13)

Year	West Vancouver	East Vancouver	Portland Metro
2004	5.7%	7.0%	7.7%
2005	6.6%	6.1%	5.9%
2006	3.9%	2.9%	3.4%
2007	2.7%	7.4%	2.9%
2008	2.4%	8.3%	3.6%
2009	3.6%	8.4%	5.9%
2010	4.5%	8.5%	4.0%
2011	3.7%	5.0%	3.4%
2012	2.7%	4.0%	3.6%
2013	2.5%	2.6%	3.1%

Note: Vacancy data is from the Fall reports of each indicated year.

Source: Multifamily NW and E. D. Hovee & Company, LLC.

Camas-Washougal Apartment Market

As of year end 2013, CoStar data indicates that the Camas-Washougal submarket identified for Parkers Landing has an estimated 748 multifamily units. This represents less than 3% of the Clark County apartment inventory of nearly 29,000 rental apartments and less than 0.4% of the Portland metro inventory of over 200,000 rental units. As a point of comparison, the Camas-Washougal submarket's 0.4% share of the region's apartment inventory is well below its 2.3% share of the metro region's population – with potential for more multifamily in years ahead.

Comparative Apartment Market Indicators (Year End 2013)

	Camas-Washougal	Clark County	Portland Metro
Total Inventory (# Units)	748	28,816	200,295
% Built 2000 – 2013	23.40%	20.44%	15.93%
% Market Rate	73.80%	86.71%	84.09%
Average Asking Rents (Monthly)			
Studio	$ -	$667	$852
1 Bedroom	$795	$751	$869
2 Bedrooms	$761	$876	$952
3+ Bedrooms	$1,144	$1,123	$1,152
Concessions	2.90%	0.70%	0.90%
Vacancy Rate	3.90%	3.00%	3.50%
12 Month Absorption (Units)	(3)	107	605
Under Construction (units)	0	248	3,887
Proposed Development			
# of Projects	0	9	36
# of Units	0	2,076	6,701
Market Averages			
Units per Apartment Complex	20	50	38

Sources: CoStar and E. D. Hovee & Company, LLC.

Other key features of the Camas-Washougal apartment inventory as compared with all of Clark County and the Portland metro area are noted as follows:

- While the Camas-Washougal market has a relatively small share of the countywide and regional apartment market, new construction has occurred at a more rapid pace since 2000. An above average share of the inventory in this submarket (about 26%) is comprised of apartments with subsidy funding for construction and/or operations.
- While no studio units are noted for the local area, rents appear to be mid-upper market for larger 3+ bedroom units, versus mid-lower market for 1- and 2- bedroom units.
- While relatively low at less than 4%, vacancy rates are above countywide and regional averages; rent concessions also appear to be greater as a percentage of total rental income.
- There are no new projects for this submarket reported as planned or under construction. This is in a sharp contrast to the nearly 2,100 units in new projects countywide and 6,700 units regionally. Not surprisingly, localized absorption has also been flat with no new inventory being added.
- Finally, it is noted that the typical size of an apartment project in the Camas-Washougal submarket has been considerably smaller (at only 20 units per project) as compared with all of Clark County (50-unit average) or the metro region (38-unit average).

While CoStar's database does not lend itself to useful comparisons of per square foot rents, information pertinent to a per square foot analysis is provided by Multifamily NW. As noted, data from *The Apartment Report* is disaggregated to only two Clark County submarkets – East Vancouver (including Camas-Washougal) and West Vancouver.

As depicted by the following chart, rental rates (on a per square foot basis) typically are greatest for smaller units – which have a larger proportion of high cost kitchen and restroom facilities to spread over less living area than is the case for apartment units with more bedrooms.

Comparative Per Square Foot Rental Rates (Fall 2013)

	Total Units	Studio	1 Bed 1 Bath	2 Bed 1 Bath	2 Bed 2 Bath	2 Bed TWNHS	3 Bed 1 Bath	3 Bed 2 Bath
East Vancouver	$0.94	$1.32	$1.07	$0.86	$0.90	$0.83	-	$0.89
Portland Metro	$1.10	$1.73	$1.22	$0.95	$1.00	$0.91	$0.89	$0.93
EV % of Metro	85%	76%	88%	91%	90%	91%		96%

Sources: Multifamily NW, *The Apartment Report,* Fall 2013 and E. D. Hovee & Company, LLC.

Overall, East Vancouver/Clark County rental rates average only 85% of the rates achieved throughout the metro-wide market. The disparity is greatest for studios (24% below the metro-wide average), and least for large 3 bedroom/2 bath units (only 4% below). This indicates that east county demand and pricing power is relatively greater locally for larger rather than smaller apartment units.

Attached For Sale Residential

In addition to the rental market, there are opportunities to consider with for sale, attached residential development at Parkers Landing. This could involve:

- Condominium development – a market hard hit by the recession with current signs of impending recovery, though still lagging the single family market rebound.
- Attached single family residential – as with townhomes and row houses, where the homeowner may also retain ownership of the underlying land.

The following chart offers a clear demonstration of the price recovery of this market with existing units. New development has yet to re-emerge on a significant basis, especially within the Camas-Washougal area. Noted is that data for the Camas-Washougal area represents the combination of the 98607 (Camas) and 98671 (Washougal) zip codes.

Camas-Washougal Attached Housing Development (2012-13)

	New Attached Sales			Existing Attached Sales		
Zip Code	Total #	Avg Price	$/SF	Total #	Avg Price	$/SF
Camas-Washougal Zip Codes						
2012	11	$227,200	$120	27	$147,100	$96
2013	7	$262,500	$138	41	$166,200	$113
Clark County (All Zip Codes)						
2012	89	N/A	$112	461	N/A	$99
2013	127	N/A	$126	588	N/A	$114

Sources: Real Estats and E. D. Hovee & Company, LLC.

Several observations are noted from this transaction dataset:

- Prices for both new and existing attached housing in the Camas-Washougal area have increased in the past year; average prices of new units jumped by 16% -- albeit on a limited set of transactions.[6]
- Unit sizes of attached housing for the Camas-Washougal area are fairly large – averaging about 1,500 square feet for sales of existing units and a substantially larger figure of 1,900 square feet for sales of new units.
- When considered on a per square foot basis, Camas-Washougal area transaction prices have increased by 15% for new sales and by 18% for existing attached units. Both existing prices and rates of increase exceed what is being experienced countywide.
- A potential challenge for feasibility of new development is that per square foot pricing in Camas-Washougal is not yet showing any clear price premium over what can be realized with detached single family housing units.[7]

In short, attached housing development bears strong consideration as a component of the Parkers Landing residential mix – especially if prices continue to firm in the next 2-3 years.

Emerging Rental & Ownership Opportunity

A challenge for market analysis is to assess the opportunity for new or emerging market trends, as they are getting underway but before there is clear documentation of a new trend. This topic is of particular interest for residential market areas that are beginning to experience new and more urban forms of development. Urban scale development tends to require higher price points for project feasibility – whether for apartments, condominium units, or townhomes.

E. D. Hovee & Company, LLC has been at the front end of these changing market paradigms elsewhere – both in the Pacific Northwest and nationally. As examples, the emergence of the Pearl and then South Waterfront Districts near Portland's urban center was accompanied by the virtual doubling of rental rates and sales prices within the space of a few years – peaking before the Great Recession of 2007-2009. While sales prices (but not rents) dropped considerably during the recession, they have now recovered to pre-recession levels.

A similar phenomenon has been observed in Clark County, but on a smaller and more geographically focused scale to date. Higher end apartment and condo pricing has been observed in places such as downtown Vancouver (near Esther Short Park), on Vancouver's Columbia River waterfront, and in areas of east Clark County as at Camas Meadows and Columbia Tech Center. Similar experience has been observed in other urban village contexts of the Portland metro region – as in Lake Oswego and in portions of Beaverton/Hillsboro.

Specifically considered with this analysis are observations as to *top-of-market* pricing conditions both in Clark County and regionally:[8]

- For **apartments**, top of market rents in Clark County appear to be in the range of $1.50+ per square foot monthly, as in the Vancouver urban core and at Columbia Tech Center – with higher per square foot rents typically indicated for studio units. These reflect rent rates about 50% above current east Clark County averages. On the Oregon side of the Columbia River, suburban market rents reach to as much as $1.75-$2.00 (with the top of the market indicated for studio units in Lake Oswego near the lake and downtown).
- With respect to **condominium** units (flats in multi-story developments), re-sale price points for units constructed post-2000 reach from a low of about $225-$250+ per square foot (as at Heritage Place and Vancouvercenter in downtown Vancouver) to as much as $300-$400+ per square foot (along the Columbia River at the Meriwether and Sahalies at Tidewater Cove). A rebounding market can work to the advantage of high amenity sites such as Parkers Landing with direct waterfront views and access.
- Finally, **townhome/rowhouse** units (typically 2+ story) are generally ranging anywhere from about $150-$300 per square foot – though lower sales prices can be found in some older, lower amenity developments. The top end of the market appears to be with the Village at Columbia Shores on the Vancouver waterfront. With an average price of $180 per square foot countywide, units recently sold above this price level also are noted for Lakeshore Hills (an older development overlooking Vancouver Lake), Uptown Village (north side of downtown Vancouver), and at Two Creeks at Camas Meadows.[9]

For the waterfront site at Parkers Landing, the best opportunities appear to be for apartments and townhome/rowhouse product. Apartments offer the opportunity to further expand an as-yet emerging market niche for multifamily, rental housing product in Clark County – focusing on the amenity-oriented, upper end of the market which has been most underserved to date. Prospective renters likely will range from newly relocated management and technical personnel employed at the area's high tech firms to empty nesters seeking to downsize and transition away from the responsibilities of homeownership.

Of the ownership products, townhome/rowhouse product would appear to provide the better opportunity near-term. In Clark County, townhomes have typically led the market ahead of higher density and higher priced condo development. Townhomes can be owned in fee simple arrangements rather than as condos – a feature that is attractive for many buyers. Fee ownership also reduces the risk of homeowners association lawsuits, which have greatly dampened developer and lender interest for condo development in recent years.

Summary Observations

While serving as a relatively small portion of the Camas-Washougal residential market, apartment, condominium and townhome developments represent a potential opportunity for the Parkers Landing site.

These more urban scale and amenity-laden forms of development would serve to diversify the housing mix in the community, providing increased appeal for residents desiring a somewhat more village-oriented or less maintenance intensive form of housing than is possible with single family living. This addition to the housing mix can be expected to prove attractive to demographic groupings ranging from entry level workers to footloose young professionals to downsizing empty nesters.

East county attached/multifamily housing demand appears strongest for larger size units than would be developed elsewhere in Clark County or the metro area. Development feasibility can be improved as residential rental rates and sales prices for multifamily and attached dwelling units increase to levels necessary to support costs of constructing high quality housing on what can be expected to be a premium waterfront site.

OFFICE-FLEX MARKET

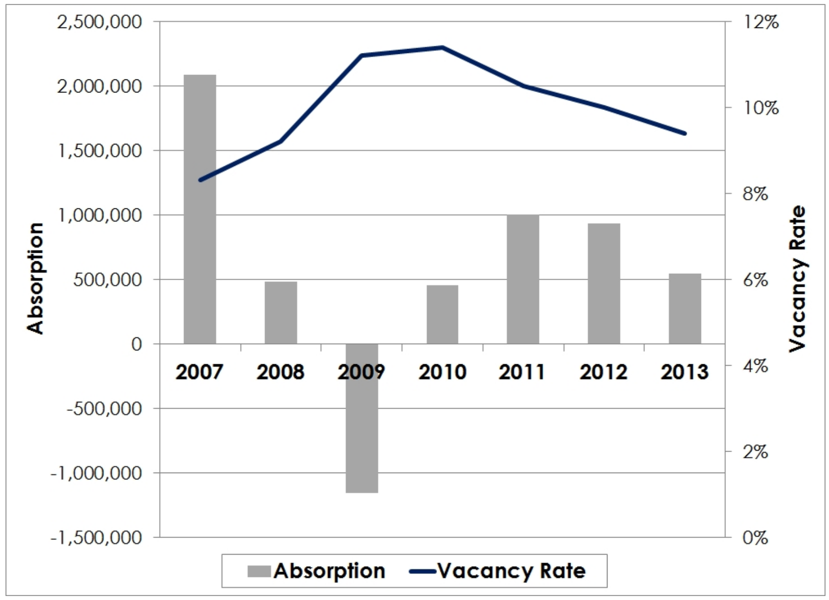
Demand for office and flex space is the first of the commercial market sectors considered with this analysis. We begin with a review of the full metro market, followed by more detailed consideration of the Camas-Washougal submarket in Clark County.

While office space is the primary consideration, this discussion also includes review of the flex market – as an office-industrial hybrid of growing significance both regionally and locally.

Portland Metro Office Market

As a starting point, it is useful to briefly review the trend of vacancy and occupancy of the Portland-Vancouver office market pre- and post-recession. 2007 was the last year of robust absorption and low vacancies before the recession extending to 2009.

PDX Metro Office Absorption & Vacancy (2007-13)



Source: CoStar and E. D. Hovee & Company, LLC.

The metro area market experienced negative absorption of nearly 1.2 million square feet in 2009 (as lease terminations far outpaced new lease transactions), with vacancy peaking in 2010 at 11.4%.

Since 2010, vacancies have been reduced each year – back to just over 9% as of 2013. Absorption has been positive, though not at the robust pace experience prior to the recession – and with some drop-off in activity in 2013. To date, mediocre job growth has contributed to a weaker recovery of office space demand than has been the case with other forms of investment property.

As of 2013, relatively low vacancies (of 7% or below) are reported for the submarkets of Airport Way and related in-city industrial areas of Portland, Hayden Island, Lloyd District, Mall 205, North Beaverton, and Central Vancouver. In contrast, relatively high vacancy rates (of 15%+) are indicated by CoStar for Beaverton's 217 corridor, Kruse Way, Sherwood and Tualatin (on the Oregon side of the Columbia River) – and for Orchards and Camas-Washougal (in Clark County).

Camas-Washougal Office Market

As of year end 2013, the Camas-Washougal market area comprises a total of over 236,000 square feet of office space. As depicted by the following chart, this represents just 2% of the total Clark County office inventory of nearly 11 million square feet and an even smaller fraction of the more than 98 million square feet of competitive office space throughout the 7-county Portland metro region.

Comparative Office Market Indicators (Year End 2013)

	Camas-Washougal	Clark County	Portland Metro
Total Inventory (SF)	236,261	10,929,488	98,305,980
% Class A	0%	20%	28%
% Class B	39%	55%	45%
% Class C	61%	26%	27%
Vacancy Rate	26.60%	10.10%	9.20%
Net Absorption (2013)	5,532	11,139	520,931
Planned SF	25,000	1,155,004	4,147,993
Construction SF	12,000	23,521	390,182
Rental Rates (fsg)			
Average	$18.00	$20.34	$20.73
Range	$18.00	$7.80-$45.00	$7.80-$45.00

Sources: CoStar and E. D. Hovee & Company, LLC.

Other key features of the Camas-Washougal office space inventory are noted as follows:

- Unlike the larger Clark County and Portland metro areas, Camas-Washougal has no identified Class A office space; the majority of the local office inventory is classified as older Class C space.
- The reported local vacancy rate comes close to 27%, well above the 9-10% rates noted for office space countywide and regionally.
- Indicated local rental rates are noted as ranging widely from $6.30 - $18 per square foot, albeit with some properties quoted on a triple net or other basis at less than full service gross (fsg) rents.
- The top of the market for Camas Washougal is not far below countywide and regional averages. However, rental rates are reported for only a small proportion of Camas-Washougal properties in the CoStar database, which is common for an edge of metro location with few large multi-tenant buildings.
- For 2013, net absorption locally (defined as new leases *less* new vacancies) was just over 5,500 square feet. Clark County also experienced minimal absorption, while over 520,000 square feet of net absorption occurred for the full Portland metro region.
- Despite limited absorption and high vacancies, there is an indicated 37,000 square feet of office space reported as planned or under construction locally. About 24,000 square feet is under construction in Clark County and close to 400,000 square feet region-wide. Over 70% of new office space currently under construction regionally is in Portland's central business district (CBD).

As detailed by the Appendix to this report, there are six office buildings of 10,000 square feet or more in the Camas-Washougal market area. Most appear to be user-owned, occupied 100% by individual private firms or public entities.

The largest office building as reported by CoStar is a 3-story, currently vacated structure in Camas owned by Fort James. However, viability for private reuse separate from the mill is uncertain. The largest multi-tenant building with space currently available for rent is the 25,800-square-foot Washougal Town Square building in downtown Washougal (at rents just below current top-of-market for the Camas-Washougal).

Under construction is an approximately 12,000 square foot building developed by Barrett Business Systems and being marketed for office or restaurant use adjacent to the Port of Camas-Washougal marina. The only office space identified as planned within the trade area is a potential 25,000 building on NW Brady Road in Camas.

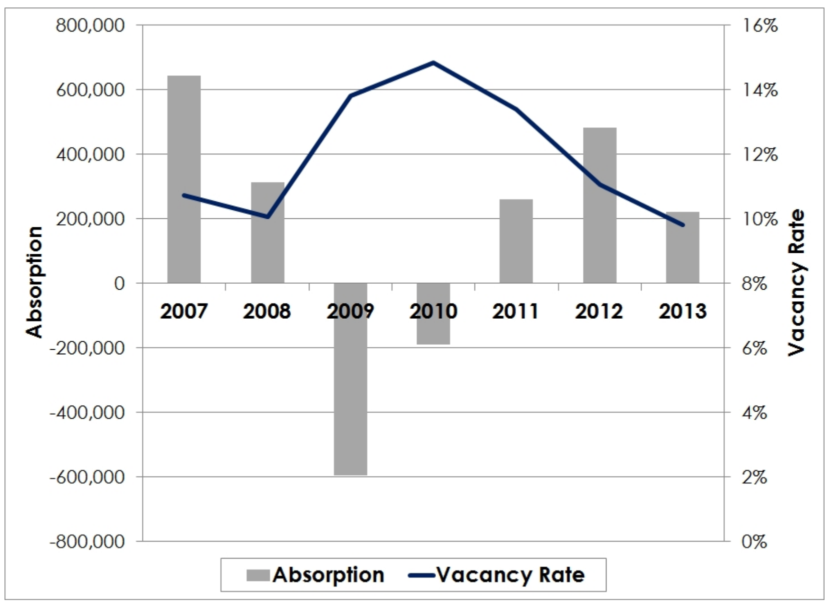
Just outside the market to the west of NW Parker Street (but within the Camas city limits) is the 5-story, 150,000 square foot Fisher Investments office building.[10] This construction project is currently underway at 5525 NW Fisher Creek Drive, situated between NW Parker and NE 192nd Avenue. The site has capacity for significant added development before build-out.

Portland Metro Market for Flex Space

With more than 18.6 million square feet of building area region-wide, flex space represents an increasingly important commercial real estate product as a hybrid of traditional office and industrial space.

CoStar defines *flex* as a type of building designed to be versatile; at least half of the rentable area of the building must be used as office space. Flex buildings are typically are zoned light industrial and have ceiling heights under 18 feet.

PDX Metro Flex Absorption & Vacancy (2007-13)



Source: CoStar and E. D. Hovee & Company, LLC.

To date, the flex market regionally comprises less than 20% as much building space as the traditional office market. However, it has become a significant part of the commercial development product in some submarkets of the region, especially Washington County's Sunset Corridor.

The pattern of absorption and vacancy from 2007-13 parallels that of office space regionally. Vacancies peaked at nearly 15% in 2010, but have since dropped sharply to the range of 10%. Unlike office space, flex vacancies are now lower than they were pre-recession.

Camas-Washougal Flex Market

Six properties totaling over 180,800 square feet are identified by CoStar as comprising the flex space inventory in the Camas-Washougal market area. The two largest properties are represented by 108,000 square feet at Underwriters Laboratories and the 43,000-square-foot Camas Business Campus – both of which are located in NW Camas.

Comparative Flex Market Indicators (Year End 2013)

	Camas-Washougal	Clark County	Portland Metro
Total Inventory (SF)	180,837	2,317,855	18,629,441
Vacancy Rate	25.40%	15.10%	10.00%
Net Absorption (2013)	0	(104,991)	219,356
Planned SF	0	200,652	474,652
Construction SF	0	0	1,910,911
Rental Rates (nnn)			
Average	$10.02	$8.66	$9.40
Range	$8.88-$11.16	$3.60-$19.00	$3.60-$23.00

Sources: CoStar and E. D. Hovee & Company, LLC.

As depicted by the chart above, Camas-Washougal represents approximately 8% of the Clark County and 1% of the Portland metro inventory of flex space:

- Currently, Camas-Washougal reported vacancy rates (at over 25%) are well above what is indicated for Clark County and the full Portland metro region.
- In 2013, no net absorption is indicated for the local market area. By comparison, Clark County experienced substantial negative absorption (with tenants leaving the market) whereas the Portland metro region experienced modest levels of positive net space demand.
- Despite high vacancies, higher average rents are indicated for Camas-Washougal market properties than for the rest of the county or region. However, the local area does not appear to have experienced the peak *top of market* rates being achieved at some premier properties regionally.
- Considerable new construction is underway regionally, with more planned projects being considered. Clark County has no new construction underway but planning is in the works for new development. No new construction or planned development is currently identified for the Camas-Washougal submarket.

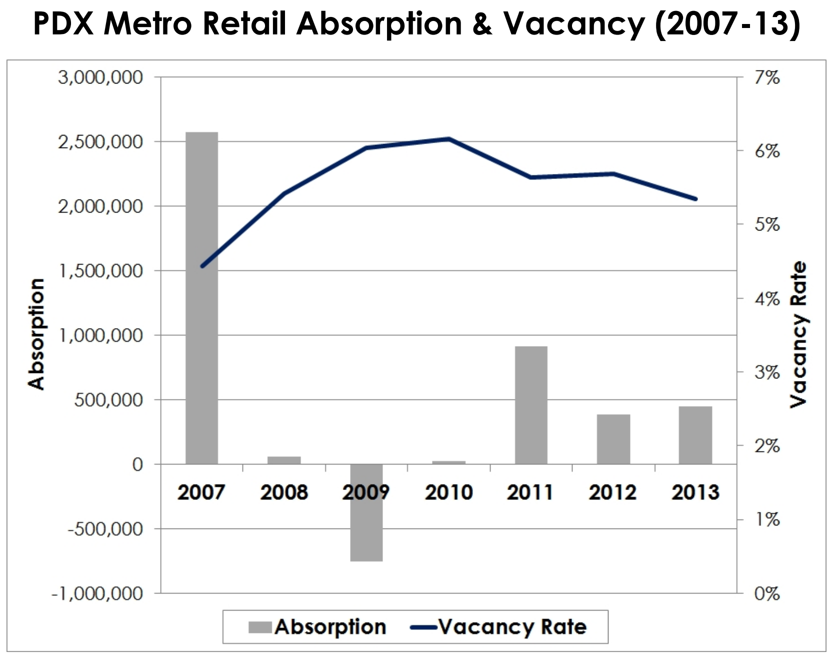
Despite development in recent years, the Camas-Washougal and Clark County continues to be under-represented in the metro region's flex market – which has been strongly oriented to the Sunset Corridor in Washington County. With pending redevelopment of Parkers Landing for mixed use, it is conceivable that a high-end flex or flex-office complex could be considered with site development. Any demand would likely be addressed as serving the needs of an end-user (or build-to-suit arrangement), rather than as a speculative multi-tenant development.

Commercial Retail Market

As with flex-office, this evaluation of retail demand begins with an overview of regional market trends, followed by more in-depth consideration of the Camas-Washougal submarket.

Portland Metro Retail Market

CoStar data indicates that the 7-county metro area market has more than 115.5 million square feet of competitive retail space. After experiencing more than 2 million square feet of net absorption in 2007, the market cratered – with virtually zero to negative net absorption each of the following three years.



Source: CoStar and E. D. Hovee & Company, LLC.

Vacancy rates went from less than 4.5% to more than 6%. While this was a substantial rise, retail vacancies even at the peak of the recession were well below vacancies that continue to be experienced with office and flex space.

The market is now in an economic recovery phase – with positive absorption together with declining vacancies experienced from 2011-13.

Camas-Washougal Retail Submarket

CoStar data indicates that the Camas-Washougal market area (east of NW Parker Street) comprises approximately 830,000 square feet of competitive retail space. This represents about 4% of the 18.8 million square feet of retail space in Clark County and 0.7% of the retail space in the Portland metro region.

By comparison, the Camas-Washougal trade area accounts for about 2.3% of metro region population. This provides one indicator of the degree to which this trade area is currently underserved with convenient, locally addressed retail. Additional discussion of the characteristics of Camas-Washougal retail *sales leakage* is provided in a subsequent section of this report.

Comparative Retail Market Indicators (Year End 2013)

	Camas-Washougal	Clark County	Portland Metro
Total Inventory (SF)	829,865	18,752,194	115,548,120
% in a Center	36%	63%	48%
% Other	64%	37%	52%
Vacancy Rate	8.50%	7.60%	5.30%
Net Absorption (2013)	18,817	183,177	434,034
Planned SF	0	1,503,360	3,889,580
Construction SF	0	224,528	635,677
Rental Rates (nnn)			
Average	$12.53	$18.25	$16.94
Range	$2.00-$25.00	$2.00-$35.00	$2.00-$45.00

Note: The market area extends west to about NW Parker Street and so excludes retail space located in Camas along the 192nd Avenue corridor (which is viewed as a distinct market area).

Sources: CoStar and E. D. Hovee & Company, LLC.

Other retail indicators pertinent to Parkers Landing site potentials are noted as follows:

- Currently a relatively low 36% of the local retail space is located in an identified center, with 64% in freestanding or other retail space.
- Current vacancy is reported by CoStar at 8.5%, somewhat above Clark County (at 7.6%) and the metro region (5.3%).
- Reported rents locally average only $12-$13, well below comparable rates countywide and regionally. There is considerable variation in reported rental rates; a large proportion of the Camas-Washougal area retail center properties, as well as freestanding and other smaller properties, are indicated as not reporting rental rates.
- Net absorption for 2013 is shown at just under 19,000 square feet, equating to more than 10% of absorption countywide.
- While considerable retail development is again underway or planned both countywide and regionally, there are no new projects identified by CoStar as of early 2014 for the market area pertinent to the Parkers Landing site; other projects may be in planning.

Retail space absorption through a rather dramatic economic cycle (from 2006-13) has averaged just over 193,000 square feet per year countywide – equivalent to about one new community center per year. Absorption in the Camas-Washougal trade area (east of Parker Avenue/Prune Hill) has been more anemic, averaging less than 15,000 square feet per year. However, less than 10,000 square feet of new retail space annually was built over this time period.

The largest multi-tenant center is Washougal's Evergreen Marketplace of approximately 139,000 square feet, followed by the 75,000-square-foot LaCamas Center in Camas. Other smaller centers (each in the size range of 20-40,000 square feet) include the One Stop in Camas and The Crossing and Washougal Town Square centers in Washougal. At present, there are no CoStar identified plans for new retail centers in either the Clark County or Skamania County portions of the trade area, extending east to Stevenson/Carson.

Trade Area Retail Demand/Supply Analysis

The approximately 52,000 residents of the Camas-Washougal (Parkers Landing) trade area generate annual consumer retail expenditure demand estimated at $862 million. As depicted by the following chart, approximately $351 million of this demand (41%) is currently addressed by retailers located directly within the trade area – with resulting sales leakage estimated at $511 million per year (or 59% of local consumer generated demand).

Trade Area Retail Demand & Supply (2013)

Retail Store Type	Demand Consumer Expenditures	Supply Retail Sales	Opportunity Leakage (Surplus)	% of Demand Leakage (Surplus)
Total Retail Sales w/Dining	**$862,085,000**	**$350,728,000**	**$511,357,000**	**59%**
Motor Vehicle & Parts Dealers	$147,581,000	$38,580,000	$109,001,000	74%
Furniture & Home Furnishings Stores	$17,581,000	$5,688,000	$11,893,000	68%
Electronics & Appliance Stores	$18,122,000	$5,660,000	$12,462,000	69%
Building Material, Garden Equip Stores	$86,732,000	$34,046,000	$52,686,000	61%
Food & Beverage Stores	$113,333,000	$77,440,000	$35,893,000	32%
Health & Personal Care Stores	$43,123,000	$7,675,000	$35,448,000	82%
Gasoline Stations	$84,683,000	$48,363,000	$36,320,000	43%
Apparel & Accessories Stores	$42,005,000	$2,280,000	$39,725,000	95%
Sporting Goods, Hobby, Book, Music Stores	$16,789,000	$7,525,000	$9,264,000	55%
General Merchandise Stores	$111,861,000	$68,085,000	$43,776,000	39%
Miscellaneous Store Retailers	$23,793,000	$17,337,000	$6,456,000	27%
Non-Store Retailers	$65,252,000	$3,879,000	$61,373,000	94%
Foodservice & Drinking Places	$91,230,000	$34,170,000	$57,060,000	63%

Sources: Claritas and E. D. Hovee & Company, LLC. See Appendix B for more detailed store type analysis.

Sales leakage is indicated across all major retail categories. Unmet sales demand is currently addressed by other retailers situated just to the west of the trade area (as on 192nd/164th Avenues), as well as elsewhere in Clark County and the Portland-Vancouver metro area.

In terms of the *dollar volume* of sales leakage, the major categories of leakage appear to be with auto dealers, followed by non-store retailers, dining, building/garden supply, general merchandise, apparel, grocery, health/personal care and gasoline stations (each with indicated leakage of $35+ million per year). As a percentage of *sales volume* potential, the category with the most leakage is found with clothing/apparel retailers (at just under $40 million annually).

The presence of substantial sales leakage (whether in dollar or percentage terms) is no guarantee of sales recapture opportunity. Much of the leakage noted for general merchandise and building/garden retailing is currently being met in some form by major retailers on 192nd Avenue (just to the west of the trade area) – as with Costco, Home Depot and Wal-Mart.

Some of this retail potential might be more conveniently met for trade area residents from Prune Hill east at a Parkers Landing site; however, a portion of sales dollars would also likely continue to be spent on 192nd – whether for reasons of customer loyalty to specific store brands or convenience in terms of an existing work commute.

The best opportunity for community sales leakage recapture typically lies with convenience retail – those items that a resident shops for on a day-to-day basis. Examples include grocery, pharmacy, general merchandise, and gasoline retail purchase as well as personal services.

While also providing opportunity for sales leakage recapture, comparison retailing is not as readily guaranteed due to consumer willingness to travel greater distance to shop (less frequently) on the basis of price, selection and favored brands. Comparison goods are associated with generally higher ticket items such as furniture, electronics, and apparel.

Because such a high percentage of resident demand for comparison shopping is currently being met outside the immediate community, there is improving opportunity to better serve more of these discretionary needs with added retail in the Camas-Washougal area. This is especially the case as the community continues to grow – reaching critical mass thresholds in terms of population and buying power required by national and regional retailers.

As a final note, auto dealers typically require larger sites with outside display area space and so do not represent a high priority recruitment target for the Parkers Landing site. Non-store retailers (including bulk mailers and internet retailers) are not expected to offer on-site customer retail presence.

Retail Market Potential for Parkers Landing Site

In addition to the existing retail sales leakage from the trade area, the total trade area potential includes another $66-$67 million of potential net new demand with population growth anticipated from 2013-18. This yields a cumulative as-yet untapped potential of $578 million annually in potential sales by 2018.

Excluding land intensive uses such as auto dealers (not anticipated for the Parkers Landing site) as well as non-store retailers (without local brick and mortar presence), the total added retail square footage supported at 100% theoretical capture within Camas-Washougal trade area would be a maximum figure of up to 976,000 square feet of potential development.[11] Additional land area could be set aside for gasoline service stations – a use that requires land set aside but often without significant associated building area.

No single development can be expected to capture all of this development – especially for retail categories that may continue to be effectively served from areas west of the Parkers Landing trade area (as on 192nd and 164th Avenues). For the foreseeable future, a significant portion of local resident purchases likely will continue to be made outside the immediate trade area.

An added question of growing importance is the market penetration of on-line retail purchases. On-line purchases have clearly impacted some brick and mortar store types (exemplified by bookstores) and now some seasons of the year (as the Christmas holiday period) more than others. However, to date e-commerce sales still account for only 5-6% of U.S. retail sales.[12]

The following chart illustrates retail capture rates that might be associated with a range of potentials for the Parkers Landing site. The upper end of the range assumes that the full site is developed as a retail commercial center, with over three-quarters (78%) of the site allocated for retail store uses and the remaining sites area for complementary commercial service uses. A detailed site allocation plan is provided with Section IV to this report.

Parkers Landing Retail Market Capture Scenario (to 2018)

Retail Store Type	Market Area Leakage + Growth	Per SqFt Sales Estimate	Added Retail SqFt	Parkers Landing Space Demand: Range of Capture %			Range of Building Sq Ft Potential		
Total Retail Sales w/Dining	**$577,822,000**		**976,000**	**14%**	-	**28%**	**136,300**	-	**272,600**
Auto Parts Stores	$9,310,087	$200	47,000	15%	-	30%	7,050	-	14,100
Motor Vehicle Dealers	$120,379,000	NA	NA	NA	-	NA	NA	-	NA
Furniture & Home Furnishings Stores	$13,248,000	$275	48,000	10%	-	20%	4,800	-	9,600
Electronics & Appliance Stores	$13,859,000	$450	31,000	10%	-	20%	3,100	-	6,200
Building Material, Garden Equip Stores	$59,373,000	$350	170,000	15%	-	30%	25,500	-	51,000
Food & Beverage Stores	$44,631,000	$425	105,000	20%	-	40%	21,000	-	42,000
Health & Personal Care Stores	$38,773,000	$475	82,000	20%	-	40%	16,400	-	32,800
Gasoline Stations	$42,849,000	NA	NA	NA	-	NA	NA	-	NA
Apparel & Accessories Stores	$42,964,000	$375	115,000	15%	-	30%	17,250	-	34,500
Sporting Goods, Hobby, Book, Music Stores	$10,558,000	$300	35,000	15%	-	30%	5,250	-	10,500
General Merchandise Stores	$52,400,000	$350	150,000	10%	-	20%	15,000	-	30,000
Miscellaneous Store Retailers	$8,290,000	$250	33,000	15%	-	30%	4,950	-	9,900
Non-Store Retailers	$66,404,000	NA	NA	NA	-	NA	NA	-	NA
Foodservice & Drinking Places	$64,094,000	$400	160,000	10%	-	20%	16,000	-	32,000

Sources: Claritas and E. D. Hovee & Company, LLC. See Appendix B for more detailed store type analysis. Needs for gasoline service are shown separately with land demand estimates in Section IV to this report.

Allocation of the full 40 acre site for a planned commercial center (with 78% as retail space) would lead to a potential development of approximately 270-275,000 square feet of building area for retail uses. If the commercial portion comprised half the site (20 acres), then an estimated 135-140,000 square feet of retail might be built on the site.

Successful development of the larger full-site project would require capture of an estimated 28% of theoretically available market potential. Development of half the site could prove successful with only 14% average market capture across all of the retail categories indicated.

Achievable retail capture rates will vary depending on the specific site use. Forecast capture rates are highest for store types that are clearly under-represented in the market area (extending east of the Parker Street /Prune Hill area) and/or for which a significant share of daily consumer purchases tend to be made locally on a convenience basis. Conversely, capture rates are lower for uses that are likely to be more dispersed, with local residents willing to travel further or which already have significant retail presence just outside the Parkers Landing trade area (as on the 192nd Avenue corridor).

Absorption of planned space could most readily be achieved for a smaller scale development, especially if a major anchor commitment was made prior to construction. Absorption of a

275,000 square foot likely would not be achieved as quickly – as this scale of development exceeds typical annual retail absorption for all of Clark County. The larger development alternative would be potentially dependent on securing several major anchor tenants which is not as likely in an era where retail is still undergoing major restructuring even with continued economic recovery now well underway.

As noted, the above estimates do not include are other potentially related and supportive customer-oriented service uses – as with personal service businesses, cinemas or fitness centers and destination functions such as lodging or recreation. Demand for these uses is considered separately and would represent square footage potential in addition to that of pure retail as outlined above. A combined development program is considered after more detailed discussion of other potential service and destination uses – a topic to which this analysis now turns.

SPECIALTY SERVICE & DESTINATION USES

Covered by this analysis are specialty service uses that could complement a master planned retail center. Examples considered include a multi-screen cinema, health/fitness center, and lodging. This is followed by destination related potentials – for uses such as retail outlet mall, destination resort, and themed recreation-waterpark.

Multi-Screen Cinema

As of 2012, there were more than 39,900 cinema screens in the U.S. This equates to about 1.3 screens per 10,000 population – a figure virtually unchanged over the last decade.

The U.S. and Canadian cinema market experienced a box office revenue increase of 6% from 2011-12. This is essentially the same growth factor that was experienced in the four years from 2008-11 – indicating the strong comeback in discretionary spending now underway.

While persons age 25-39 represent the largest single share of moviegoers nationally, growth has been stronger for persons age 50+ over the past several years. In the U.S., 3D screens now account for about half of all screens in place. Approximately 81% of all screens are located at venues with 8+ screens in a multi-plex configuration.

Currently, Clark County has nine movie cineplexes totaling 91 screens. This includes 49 screens at four locations with Regal Cinemas, 31 screens at two Cinetopia locations, and three independent cinemas with 11 screens – Liberty in Camas (2 screens), Battle Ground (8 screens), and Kiggins in Vancouver (1 screen).

If national averages were to be applied, it could appear that the Clark County market is over-screened. The 91 screens currently in Clark County are about 35 more than is typical for a market of this size.

However, the composition of the local movie theater market differs substantially from much of the rest of the U.S., due to the recent introduction of the home-grown Cinetopia (with 31 screens). Cinetopia features "living room theaters" offering a private "skybox" together with full service restaurant. The wine bar (Vinotopia) has live music.

Based on current population of the Camas-Washougal (Parkers Landing) trade area including much of Skamania County, this localized submarket should have potential to support seven screens. Currently, only one theater with two screens is directly located in this market. The closest multi-screen cinemas to the west are on SE 160th (Regal) and then at Mill Plain and 117th (Cinetopia) – approximately 13 - 15 miles (or a 17 - 18 minute drive time) from the Parkers Landing site.

Cinema Screens Supported

	U.S.	Clark Co	C-W Market
Population	313,914,040	441,228	51,916
Existing Cinema Screens	39,918	91	2
Screens/10,000 Residents	1.27	2.06	0.39
Added Screens Supported			
@ National Avg	-	(35)	5
@ Clark County Avg	-	-	9

Source: Motion Picture Association of America, *Theatrical Market Statistics, 2012;* Box Office Mojo, E. D. Hovee & Company, LLC.

There are currently only two screens directly located in the market trade area east of Prune Hill (in an older theater without 8+ screen capability which is needed to be competitive to the full range of market area theatergoers). Current unmet market potential is indicated for at least five new screens at current national standards. If the Clark County market were to continue to support cinemas at a ratio of more than two screens per 10,000 residents, potentially as much as a 9-screen multiplex might be supported at the Parkers Landing site.

With this preliminary analysis, it would be premature to conclude that a site such as Parkers Landing could readily support an additional increment of multi-screen theater space. This is for two reasons: a) the overall Clark County market appears to be already more than amply served – including theaters situated just to the west of the Parkers Landing trade area; and b) the net of five screens indicated is below the minimum size of multiplex operations both locally and nationally – typically starting at eight screens per property.

However, an 8-9 screen cinema would better meet the typical requirements of a national cinema operator. And a cinema at Parkers Landing would better serve needs of area residents living anywhere east of Prune Hill to as far as Stevenson/Carson. Due to the questions noted, proposals for multiplex space ideally will be accompanied by added due diligence research demonstrating capacity and operator interest for added screens both locally and regionally.

Health/Fitness Center

A second specialty service use that could complement potential retail and/or residential development of the Parkers Landing site is a health/fitness center. The focus of this discussion is on *full service* facilities defined – at a minimum – as providing exercise and weightlifting equipment, fitness classes, and a pool on-site. Size of full service health/fitness operations in Clark County typically ranges from about 20-40,000 square feet of building area.

At present, there are 12 identified facilities in Clark County that fit this *full service* definition:

- Cascade Athletic Club (Fisher's Landing off 164th Avenue)
- Clark County Family YMCA (Vancouver Mall/Orchards)
- Club Green Meadows (north of Vancouver Mall)
- Firstenburg Community Center (NE 136th Avenue – Vancouver)
- LA Fitness Sports Club (one facility in Hazel Dell, another in Orchards)
- LaCamas Swim and Sport (Camas east of NW Parker)
- Lake Shore Athletic Club (east of Vancouver Lake and NW Lakeshore Avenue)
- Marshall Community Center (Vancouver near Clark College)
- 24-Hour Fitness (three facilities in Vancouver at Andresen, 131st Ave and Columbia Tech Center just east of 164th Avenue)

One of these health/fitness facilities is located toward the western edge of the Camas-Washougal trade area – LaCamas Swim and Sport. Another two are in close proximity to 164th, with a third at NE 136th Avenue.

Health/fitness facilities that closed with the recession include Bally Total Fitness and Landover and Oxford Athletic Clubs. The Jim Parsley Center (Vancouver School District) no longer offers fitness classes and exercise and weightlifting equipment; therefore, it is no longer considered a full service facility.

A factor affecting the impacting the continued competitiveness of full service facilities both locally and nationally is the emergence of smaller specialty or boutique fitness operators. Examples in the Camas- Washougal market area include the Casey Stafford, Challenge, Kt Bell, and Snap Fitness centers together with Curves and Universal Jiu Jitsu.

At present, there is one full service health/fitness center for approximately every 37,000 residents in Clark County. Projected population growth over five years indicates potential to support another 0.75 facilities. Including the 8,000 Skamania County residents in the Parkers Landing trade area (plus 5-year growth), there is potential demand to support another full service facility in Clark County without negatively impacting existing facilities. However, given the existence of viable full service competition combined with continued growth of specialty operators, viability of a new full service health/fitness facility is not assured.

Whether or not a Parkers Landing site represents the best next Clark County location for a full service facility may be debatable – with north Clark County (Ridgefield or Battle Ground) also representing potentially viable locations. Potential attractiveness of the subject site is enhanced if there is other supporting commercial and/or high-end residential development on-site.

As with a cinema, pivotal to a feasibility determination would be the ability to interest a recognized national or local operator. If such interest is not readily forthcoming, the option would be to consider a smaller boutique operator (in the range of 5-20,000 square feet) or to not include a major fitness operation as part of the Parkers Landing commercial development.

Lodging Market

For this and other similar lodging assessments, pertinent lodging data has been compiled from the nationally recognized hospitality research firm Smith Travel Research (STR). Information we have reviewed extends back to the pre-recession period of 2006 and forward to more recent actual trends together with projected conditions for 2013 (just finished) and 2014 (now underway).

Overall Lodging Market Area. Recognizing that the Camas-Washougal area is situated at the eastern edge of the Portland-Vancouver urban area and at the gateway to the Columbia River Gorge National Scenic Area, our analysis has been organized to focus on a four-county area comprised of Clark and Multnomah Counties (urban area) plus Skamania and Hood River Counties (rural counties at the western end of the Gorge).

As of 2012, this **four-county region** had over 200 hotel-motel properties with an estimated 18,900-room inventory (averaging 93 rooms per property):

- Pre-recession annualized occupancies appear to have peaked in 2007 at just under 68%. During the recession, occupancies dropped to less than 59% in 2009 before rebounding back to pre-recession levels as of 2012.
- Not surprisingly, there is wide variation in lodging occupancies experienced over the course of a year and by day of week. Peak months are July-August (at up to 80%+ occupancy) with the off-season of December-January (often coming in at less than 50%). By day of week, region-wide lodging occupancies tend to be strongest from Thursday-Saturday with Sunday-Monday typically representing the low points.
- Average daily rate (ADR) for a single room peaked at $105+ in 2008, dropped by nearly $10 per night through the recession, coming back close to the $105 mark as of 2012. Average daily revenue per available room (RevPAR) similarly peaked in 2008 at $69, then dropped, but was back to exceed pre-recession levels as of 2012 (the last full year for readily available data).

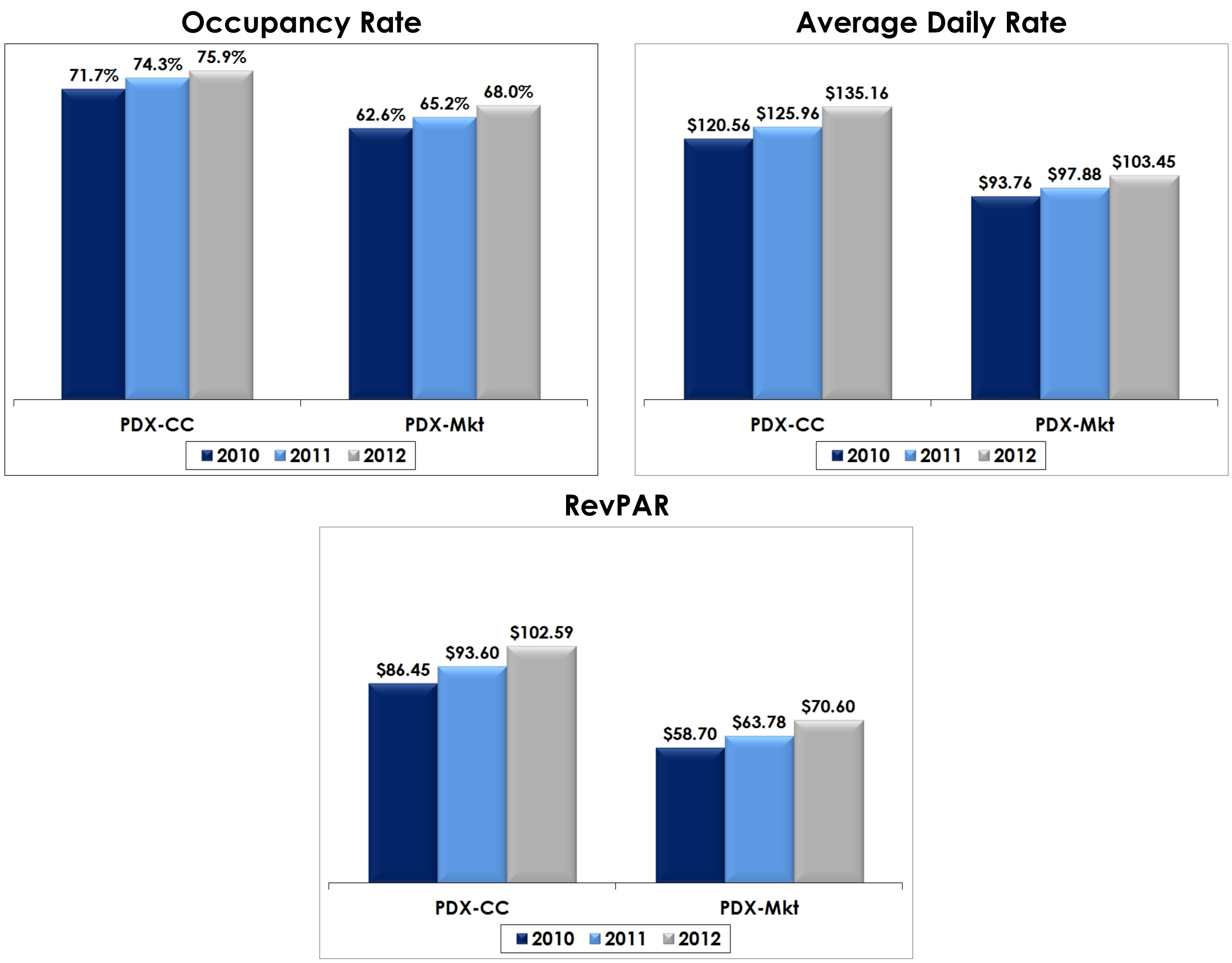
Clark County Inventory. The STR database covers more than 2,500 rooms in Clark County – representing about 13% of the four-county inventory. By comparison, Skamania and Hood River County have a combined 5% of the area's lodging – with Multnomah County comprising the remaining 82% of the area-wide room inventory.

- While most of Clark County's existing lodging is in the Vancouver area, the STR data base of competitive properties includes the 79-room Best Western Parkersville Inn & Suites, opened in 2009 adjoining the project site. With indoor pool and free Wi-Fi, room rates at Parkersville currently are quoted as starting at less than $120 per night.

- The typical Clark County lodging property averages about 88 rooms in size, comparable to the four-county average. The largest hotel is the Hilton Vancouver (owned via a Public Development Authority created by the City of Vancouver). Eleven Clark County properties have 100+ rooms. By comparison, Hood River County tends to have smaller, more boutique-focused hotels – averaging 45 rooms per property.

Metro Urban/Market-Wide Comparisons. As with commercial and residential development, the strongest portion of the region's lodging market has been focused on Portland's Central City. In 2012, hotel occupancies averaged 75.9% in Portland's Central City (PDX-CC), well above the 68.0% average occupancy rate for entire market area (PDX-Mkt).[13]

Portland Central City/Regional Market Lodging Indicators (2010-12)



Source: STR Research, from data as compiled for Travel Portland, *State of the Industry* reports, 2012/2013.

Average quoted room rates in Portland's Central City are 30% greater and RevPAR is 45% above region-wide averages. However, the strong run of the Portland urban market coupled with overall economic recovery is now spilling over to benefit less urban properties – as STR-estimated room night demand increased more rapidly across the full metro market than in the Central City in 2012.

National & Seattle Metro Comparables. Overall, lodging data suggests a regional market that not only has rebounded well from the recession, but is now moving from subpar to a more competitive position relative to the rest of the nation. However, room rates have remained on the low side, requiring continued attention to carefully control development costs with new construction.

The recession and recovery together with good media exposure are suddenly making Portland a sought-after visitor destination market. No less than the *New York Times* has designated Portland as “the capital of West Coast urban cool.”

Portland area occupancies and RevPAR now exceed national averages, though room rates still lag the rest of the nation. However, STR has forecast stronger room rate growth for Portland – with the opportunity to catch up to par in the current economic cycle. Limited-service properties are more readily ramped up than full service counterparts when capital becomes more readily available, as is now occurring.

Portland has not yet achieved the international standing of Seattle as a destination market. Hotel occupancies in this market are about 2-3% points less than in Seattle – whether viewed for the Central City or full market area. Lodging rates are 12-14% less than in the Seattle area – with disparities greater for the suburban portion of the market.

Even with these mixed signals, hotel construction activity in Clark County is now on the upswing. Three hotel projects are currently underway or planned for construction in 2014 – all in east Clark County:[14]

- The 115-room Towneplace Suites by Marriott – within the Columbia Tech Center area accessed via Mill Plain Boulevard.
- A 4-story, 99-room Hampton Inn and Suites – at Mill Plain Boulevard/136th Avenue.
- A 4-story, 83-room Candlewood Suites Hotel at the southwest corner of SE 192nd Avenue and 20th Street.

All three lodging projects are within Vancouver’s city limits (with Candlewood adjoining Camas), outside the trade area determined as most applicable to the Parkers Landing site area.

Convention Activity. The most readily available bellwether convention and conference data for the Portland metro area consists of information on booked business as compiled by Travel Portland for citywide conventions, as well as single hotel meetings. For this analysis, data has been compiled from the last three annual reports.

This data source also allows for a comparison of forecast to actual results:

- While the number of conventions tracked by Travel Portland has remained surprisingly constant from 2009-13, the volume of delegate activity (measured by room nights) has declined by 25% – from nearly 277,000 room nights in 2009 to a forecast figure of 208,000 for 2013.

- This decline in activity is being experienced both with what are termed as citywide conventions (using multiple hotel properties) and single hotel meetings. Since 2009, citywide events have gone from representing the majority to a minority of total convention-related room night demand.
- As of 2011, the number of room-nights associated with citywide conventions was similar to those with single hotel meetings; however, the average size of meetings is considerably different. The typical citywide convention is associated with over 2,200 room nights per event; by comparison, single hotel meetings average about 360 room nights per group.
- Much as Vancouver experienced prior to the opening of its Hilton Convention Center, absence of a major Portland convention headquarters hotel has been a significant marketing challenge in attracting larger national conventions to the region. The result is that available convention business tends to be a bit more dispersed across multiple hotels than is experienced in other cities with major headquarters hotel facilities.[15] In recognition of this concern, Metro is determining whether to provide subsidy for an approximately 600-room Hyatt Regency Hotel adjoining the Oregon Convention Center (OCC), requiring public as well as private funding support to proceed.

If the OCC Hyatt Regency is constructed, there will be some net addition to overall regional convention activity and lodging bookings. However, some portion of existing lodging demand may also be shifted away from some smaller hotels, especially during non-convention periods.

If the OCC Hyatt Regency is not constructed, there will be less net added convention activity for the region. However, the existing business will continue to be spread across a greater number of smaller properties, including some potential for added investment in meeting and banquet facilities as specialty niche opportunities for distinctive lodging properties across the region.

Summary Observations. For at least the near-term of the next 2-4 years, it would seem unlikely that another hotel (in addition to the existing Best Western Parkersville Inn & Suites) is warranted with Parkers Landing development. Local business and general travel demand for added lodging facilities likely would need to be predicated on evidence of strong renewed employment and residential growth in the Camas-Washougal market.

General business and tourism (FIT) demand conceivably could be augmented by specialty lodging opportunities at this site, in conjunction with other destination facilities at this Washington-side gateway to the Columbia River Gorge. A potential advantage of this site as compared with others more deeply in the heart of the Gorge is better year-round driving conditions (including proximity to Portland International Airport). The ability to provide specialty retail, trail and other amenities together with a business plan focused on catered events (from weddings to reunions) could also serve to define this competitive niche.

A disadvantage is that the Washington side of the Gorge has only 17% of the pass-through traffic as experienced with I-84 on the Oregon side. Added competition is also possible, for example, with a resort project being considered in Troutdale (discussed further below).[16] To summarize, a boutique hotel consequently appears to represent not a near term but possibly a later phase of Parkers Landing development – most likely in the range of 45-75 rooms together with provision of quality on-site meeting and event capabilities.

Factory Outlet Mall

A form of destination retail development that has experienced renewed popularity subsequent to the economic downturn is the factory outlet mall. Eight new outlet centers opened nationally in 2012, with an estimated 11 centers opened in 2013 – far eclipsing new openings of major regional malls in the U.S. Factors that have influenced this resurgence include:[17]

- Shift of the retail market during and post-recession to more value-conscious shoppers.
- Recognition by apparel retailers, in particular, as a growth opportunity in an otherwise slow growth market environment.
- Elimination of no-compete agreements and store radius restrictions that have now made it possible for national branded retailers to open outlet stores in major metro markets – increasingly with special product lines specifically tailored for outlet centers.
- Greater willingness of developers to build speculatively without the pre-lease commitments generally expected with most other forms of commercial development.
- Movement to build larger, village-format, restaurant and amenity-rich centers – now averaging 383,000 square feet per center, up from 271,000 square feet in 2009.

While now on the move, outlet centers remain less prevalent across the landscape than more traditional regional malls, much less so than community and neighborhood centers. As of 2010, there was one outlet center for every 1.44 million U.S. residents.[18] Less rurally focused than in the past, factory outlets continue to place strong emphasis on strategic market positioning, especially for sites offering high traffic counts for destination visitor amenities.

Currently, there are four outlet centers located within 120 miles of the Camas-Washougal area. Two are situated on I-5, one on I-84, and one at the center of the Oregon Coast vacation and weekend get-away area. Except for the Lincoln City center, these outlets

Destination Market Outlet Center Comparables

Outlet Mall/(Owner)	# of Stores	Average Daily Traffic (ADT)	Comments
Parkers Landing	--	24,000	SR-14 at northern gateway to National Scenic Area
Columbia Gorge (Premium Outlets)	45	28,500	I-84 in Troutdale, gateway to National Scenic Area
Woodburn (Premium Outlets)	110	82,200	I-5 south of Portland, largest and newest in region
Lincoln City (Tanger Outlets)	60	23,600	Highway 101 in Oregon Coast vacation area
Centralia (Centralia Outlets, Inc.)	30+	68,000	Both sides of I-5 between Seattle & Portland; oldest in Northwest

Source: E. D. Hovee & Company, LLC from the Oregon Department of Transportation, Washington State Department of Transportation, CoStar, and outlet websites.

benefit from higher traffic counts than are available with SR-14 at the north-side gateway to the Columbia River Gorge.

An earlier Tanger outlet mall operated at McMinnville. With an ADT of 21,400 in 2012, traffic volume is below that of other operating outlet centers. The McMinnville outlet was closed and sold for redevelopment in 2000, shortly after opening of the better positioned Woodburn premium outlet center.

Based on this initial assessment, it seems unlikely that a pure outlet center could be expected to develop at the Parkers Landing site in the near future. Traffic counts on SR-14 likely would have to increase substantially in conjunction with significant added destination tourism and get-away traffic on the Washington state side of the Columbia River. The state sales tax also represents a deterrent to shopping on the Washington state side when viable alternatives are available within a reasonable drive elsewhere in and near the Portland metro area.

However, it may prove viable for a major Parkers Landing retail development to include some value-related, even direct outlet retailers. A mix of traditional and outlet retailers might prove especially useful in attracting a mix of local and destination shoppers, as for apparel-related merchandise. This relationship could be further cemented if well recognized local/regional brands (like Pendleton already in Washougal) could be attracted to a high-end Columbia waterfront destination location.

Resort Concepts

Destination resorts come in many forms – both in and outside the Pacific Northwest. The most proximate example of a resort property – with golf course, hotel, lodging and conference center – is situated at Skamania Lodge in the Columbia River Gorge National Scenic Area (at Stevenson), less than 30 miles east of Parkers Landing. Anchored by a 254-room conference center hotel, Skamania Lodge was constructed by the developer of Salishan Lodge and Sunriver with private investment and federal funding allocated through the National Scenic Area.

Throughout the U.S., resort properties generally fared worse in the recession and have been slower to recover than non-resort hotel/motel properties. This is due to the highly discretionary and cyclical nature of personal and meeting/conference related travel involved.

The national hospitality research firm STR estimates that, as of 2013, resorts were running only slightly behind the 1997 peak in terms of both room-nights sold and revenue per available room (RevPAR). For the U.S. luxury resort market more specifically, STR is forecasting 3.5% growth in room demand in 2014.

However, because of the number of resorts that were overleveraged, foreclosures and restructurings of even internationally recognized trophy properties have not yet ended. Examples of troubled properties in the news this past year range from San Diego's Hotel del Coronado to Florida's Hilton Daytona Beach. Current appraisals of some properties have been coming in as much as 30-50% below pre-recession valuations.

In a more positive vein, recent market trends point to continued repositioning of existing resorts prior to substantial new development. Current activity nationally and globally appears to favor established clusters of resort activity at or near high profile destinations like Waikiki Beach and Disney theme park resorts.[19]

While a mature resort, Disneyland (situated on more than 500 acres in Anaheim), has experienced solid revenue gains with Fantasyland undergoing a major expansion.[20] A third theme park continues to be rumored, perhaps around a *Marvel* or *Star Wars* theme – in part to rival Universal Hollywood's planned $1.6 billion *Harry Potter* theme park. Long-term, Disney's ability to expand will also depend on reducing on-site parking demand through transportation measures that might range from structured parking to expanded airport concierge service to construction of a streetcar connecting hotels to key Anaheim visitor attractions.[21]

Within the Pacific Northwest, major resorts with significant on-site residential development tend to be oriented primarily to east of the Washington-Oregon Cascades. An exception is the Semiahmoo Resort in Blaine just south of the Canadian border – an 1,100-acre property which includes a hotel, marina, homes, and condominiums. Due to the severity of and subsequent slow recovery from the Great Recession, the 198-room hotel was closed in late 2012. The property then reopened in August 2013, after $6 million in facility upgrades including transition to new ownership and management arrangements.

In both western Washington and Oregon, developers continue to explore niche project opportunities for specialty, themed, tightly focused resort concepts. Two publicly announced projects with which our firm has provided preliminary economic analysis illustrate both the diversity and challenges of west-side resort-related development:

- **North Cascades Resort.** Situated mid-way between Vancouver BC and Seattle, the 953-acre state- and county-owned site of the former Northern State Hospital in Sedro Woolley has been proposed for redevelopment as a regional destination – featuring a 300-room hotel, restaurants, motorsports businesses, vocational school, equestrian center, and an array of recreational amenities including a 4-6 mile long performance motorsports road course. As of early 2013, feasibility depended on county and state agreement to lease the land for private development and on securing added investors needed for project design and construction. This project is now on indefinite hold pending results of a new master planning process for the Northern State Hospital site.
- **Troutdale Eastwinds Development.** Proposed by a subsidiary of The Yoshida Group is redevelopment of 12 acres of City-owned property and 8 acres already owned by Eastwinds/Yoshida fronting the Sandy River on the south side of the I-84 freeway. Planned is a recreation destination "similar to Hood River in the Gorge" – including an upscale hotel, restaurant, event center, and waterfront boardwalk.[22] Based on EPA and Oregon DEQ testing, the site is affected by environmental contamination issues. Master planning for riverfront restoration and public access is proceeding, with the goal of completing feasibility studies in 2014 – followed by potential purchase of City property and securing a hotel commitment.

Waterpark

The best known (if not only) major **private operator** of an indoor water theme park in the Pacific Northwest is Great Wolf Lodge. Based in Wisconsin, Great Wolf has 12 operating waterpark resorts across in the U.S. The only Great Wolf operation in the western U.S. is in Grand Mound, Washington – which draws from a Pacific Northwest, if not greater, market area. New facilities are currently planned in California (Garden Grove – near Disneyland) and Massachusetts.[23]

The population base required to support this organization – as the largest operator of private waterparks in the U.S. – is substantial. As of year end 2013, U.S. population was over 317 million, which equates to one Great Wolf Lodge resort for every 22.6 million residents. By comparison, the three Pacific Northwest states of Washington, Oregon and Idaho have a combined population of approximately 12-13 million – slightly more than half the market minimum typical for a Great Wolf site. Even with eight western states combined (excluding California, Arizona, Colorado and Hawaii), total combined market population is still below 21 million.[24]

The recession and ensuing slow recovery has not been kind to destination resort operators, including this company. In 2013, Great Wolf was purchased by Apollo Global Management, LLC, but continues to operate as a distinct legal entity. Based on recent financial reports through June 2013, Great Wolf also appears to still be experiencing operating losses (though not to the same extent as in 2012).[25]

Much more common in the Pacific Northwest are outdoor seasonal facilities with waterpark features – together with a few publicly owned and operated indoor year-round facilities. Private facilities tend to be located either in major population centers with direct freeway access or in destination resort areas east of the Cascade. Private aquatics facilities also tend to charge higher rates than public facilities, due at least in part to lack of public funding support.

While some facilities are stand-alone, others are integrated into larger facilities ranging from adjoining park/recreation uses to a major theme park to proximity with a regional shopping center. Year-round public facilities are much more common in Canada than the U.S. (as in British Columbia) for

Examples of Major PNW Aquatics Facilities:

Private:

- *Wild Waves Theme Park* situated in Federal Way – a combined water park & amusement park on 70 acres, billed as the largest in the Pacific Northwest
- *Roaring Springs Water Park* in Meridian & serving the Boise metro area
- *Boulder Beach Water Park* in Silverwood near Coeur D'Alene, Idaho, as part of a larger theme park that draws from Spokane & northern Idaho

Public:

- *North Clackamas Regional Aquatics Center* serving the Portland metro area
- *Weyerhaeuser King County Aquatic Center* in Federal Way, Washington, a public swim center both for international competitions & local use
- *Mountlake Terrace Indoor Family Aquatic Center* as a local community & budget oriented aquatics center aimed at leisure recreation
- *Family Aquatics Center of Pendleton*, operated during summer months as an outdoor aquatics center drawing customers from Oregon, Washington & Idaho

reasons including colder climate and a more long-standing tradition of public funding support for such facilities.

A review of U.S. industry data together with proprietary research conducted by our firm indicates that few, if any, public waterpark facilities operate at a profit. It is not uncommon for public aquatics facilities to require up to a 50% operating subsidy. These operating subsidies typically require ongoing financial support from a local jurisdiction's General Fund resources or from dedicated tax sources.[26]

MIXED USE DEVELOPMENT

This market overview has involved analysis of residential, commercial and specialty uses, each considered on its own merits. While it is important to understand the market potential and requirements of each individual type of use, this *one-at-a-time* approach may miss the opportunity for synergies that could occur between different but conceivably complementary uses if developed together.

This combination of varied uses is what increasingly is occurring with mixed use development. The mix of uses can be *vertical* (with one use located on top of another in a multi-story development – as with residential above retail). Vertical stacking generally is associated with higher cost construction and so is typically found in urban areas with relatively high land values.

Alternatively, the mix of uses can be *horizontal* (with different but compatible uses locating side-by-side). Horizontal mixed use is more common in suburban or smaller community environments or in projects for which development of different uses is expected to be phased in over time.

Some uses function better when mixed than others. For example, there is now widespread experience with mixed apartment/condo and multi-tenant retail development – in both vertical and horizontal master planned configurations. It typically proves more challenging to integrate industrial with residential development – due to conflicts over issues ranging from noise to traffic management. Traditional industrial use is not being considered with redevelopment of the Parkers Landing property.

Major destination uses may function well together – as with lodging, conference and theme resort development occurring on a joint master planned basis. It may be difficult to integrate in significant residential or non-resort related retail development due to needs for larger acreage sites and potential incompatibility of destination uses with more localized residential or commercial activities.

This market analysis addresses – on a preliminary basis – options for mixed use development. Options recommended for further consideration are discussed in conjunction with the formulation of potential development scenarios for the Parkers Landing sites – as now follows.

IV. DEVELOPMENT SCENARIOS

The Phase I market assessment resulted in the preliminary outline and consideration of four potential alternative development scenarios for the 40-acre Parkers Landing site. From this initial review in consultation with project partners, this initial listing has been narrowed to two scenarios for further evaluation.

PRELIMINARY DEVELOPMENT SCENARIOS

Based on the Phase I assessment, up to four scenarios were outlined for possible consideration in Phase II of this two-step evaluation process:

> ***Scenario A – Community Commercial Center.*** With this scenario, all 40 acres of the site would be developed pursuant to a joint Port/Parkers Landing, LLC master plan as a commercial retail center to primarily serve daily shopping needs of local trade area residents plus a limited component of destination retail activity. This scenario would include opportunity for supportive service commercial uses – ranging from multi-screen cinema and infill personal service businesses plus potential office or flex space. Both single- and multi-phase development options could be considered.
>
> ***Scenario B – Commercial Retail/Office & Residential Mixed Use.*** Approximately 50% of the combined Port/Parkers Landing, LLC site would be developed as a community retail center with a limited component of build-to-suit flex/office pads and residential oriented to the river. This concept might also be accompanied by introduction of a stronger street grid to create more of an urban village setting.
>
> ***Scenario C – Multi-Use Destination Development.*** All 40 acres of the site would be oriented to development as a destination attraction catering to the entire Portland-Vancouver metro market and as the north side gateway to the Columbia River Gorge National Scenic Area. This scenario could involve phased development with some mix of resort/waterpark, lodging/conference, and/or specialty outlet retailing uses.
>
> ***Scenario D – Mixed Use & Destination Development.*** This final concept represents some form of hybrid development scheme involving elements of Scenarios B and C. Most likely, a scaled back retail and residential mixed use project would be developed first, with retail more focused on smaller scale/pedestrian uses or a single large format retailer. Land area (of no more than 50% of the site) might be reserved for later phase development of a destination component for a single use attraction (such as conference hotel, waterpark, or outlet retail focused on Pacific Northwest brands).

Phase I Scenario Evaluation. Each of these four scenarios has been considered from the perspectives of scenario advantages and disadvantages, followed by recommendations as to scenarios recommended for further evaluation. This scenario comparison is presented in summary matrix form by the chart on the following page.

Preliminary Parkers Landing Phase I Scenario Evaluation

Scenario	Advantages	Disadvantages	Recommendation
A – Community Commercial Center	• Improved retail opportunity for Camas-Washougal residents • Strong tax benefits • Partner interest	• Full build-out as commercial center may require multi-year absorption & increased project risk • Possible constraint to waterfront access (mitigated with public trail)	Evaluate scenario in more detail. Assess absorption risk with larger development required to build-out the full 40-acre site.
B – Commercial Retail/Office & Residential Mixed Use	• Takes advantage of both commercial & emerging multifamily demand @ high amenity location • Partner interest	• Potentially a complex, multi-phase project • Need to create *top of market* residential community for project sustainability	Evaluate scenario in more detail. Assess build-out capacity for residential as well as commercial use.
C – Multi-use Destination Development	• Creates major visitor destination @ gateway to Gorge scenic area • Potential high spending & tax benefits if development succeeds	• Requires experienced private operator or public financial support • Possible constraint to waterfront access (mitigated with public trail) • May wait years for qualified project to materialize	Do not consider scenario further at this time. Without an existing private commitment, land can be more productively used for community retail or mixed use
D – Mixed Use & Destination Development	• Allows ½ of site to proceed quickly with lower risk mixed use development • Gives time for 2nd phase to materialize when market-ready	• Uncertainty about 2nd phase build-out may hamper marketability of 1st phase • May preclude housing as incompatible with 2nd phase destination	Do not consider scenario further at this time. This scenario has similar disadvantages to Scenario C without any substantial offsetting benefit.

Recommended for further consideration are local community serving Scenarios A-B. Not recommended at this time are the destination development concepts as would be associated with Scenarios C-D; renewed consideration would likely depend on a specific project proposal.

A primary consideration across all four scenarios considered was the potential holding time of the property for the two property owners before development would likely be ready to proceed. Because both property owners face significant holding costs, neither is in a financial position to wait indefinitely for a scenario for which there is no definitive indication of demand and/or developer readiness to proceed at this time.

Refined Development Scenarios

For the two scenarios recommended from the Phase I preliminary evaluation, this more in-depth Phase II portion of the market and development scenarios analysis is intended to:

- Illustrate potential use locations and adjacencies on the Parkers Landing site – in a manner that suggests site plan opportunities rather than prescribing a specific design solution at this time.
- Detail major program elements of the development concept – including range of uses, scale and density of development, and use dependencies.
- Describe anticipated market support and implications for financial feasibility – with respect to critical variables such as absorption potentials, required pricing, and on-/off-site development requirements.
- Address community effects – in terms of outcomes as for public tax revenue benefits and potential impacts to neighboring area as well as community-wide development.

Concepts Illustrated

On the following pages, generalized site concepts are presented for each of two development scenarios being evaluated further at this time:

- Scenario A – Community Commercial Center
- Scenario B – Commercial Retail/Office & Residential Mixed Use

The focus of the scenario concepts shown is on illustrating potential locations of varied site uses, key point of access and generalized travel patterns. The concepts are not intended to be a precise determinant of what uses go where, nor of public or private roadways as internal circulation that will eventually be constructed. These determinations will be made as the result of more detailed site and building planning and cost estimating yet to be conducted by the public and private participants in the Parkers Landing development.

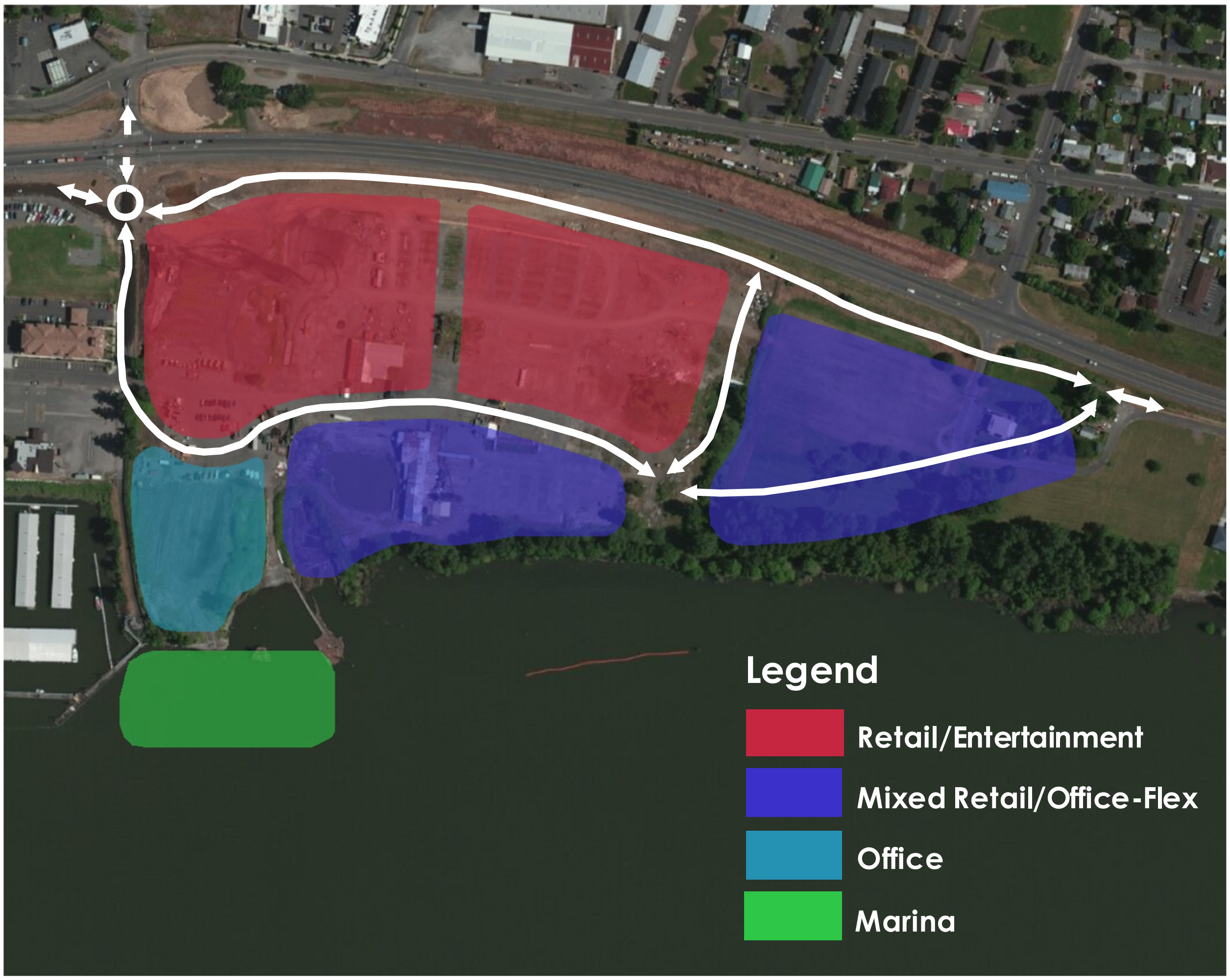
The concepts presented are intended to indicate not only the diversity of uses that might be considered but also the flexibility (or interchangeability) of some uses on the site. For example, if the market and/or financial feasibility of developing retail proves to be more viable than for office space, retail could extend into an area noted as also appropriate for office use.

For sake of ready comparison, the concepts for both Scenarios A and B assume a similar street circulation pattern. It is understood that the Port of Camas-Washougal likely will have responsibility for developing the primary loop street through the site. The extent to which other internal circulation consists of public or private roadways is not yet determined.

Also noted is that no explicit assumptions have been made as to the precise boundary between waterfront trails/natural buffer areas and building development. However, a key objective is to place uses that most value waterfront views and access closest to the water's edge. Both scenarios are aimed to fulfill a commitment for a waterfront trail with public access.

Scenario A Site Concept. As noted, Scenario A assumes that 100% of the site will be developed for commercial retail, office-flex, and related service business uses. However, the needs and interests of commercial uses may be variegated – in terms of site orientation and anticipated access.

Parkers Landing - Scenario A Site Concept



Source: E. D. Hovee & Company, LLC. Concept is intended for illustrative purposes only.

As illustrated by the site concept above:

- Core retail/entertainment uses (as with larger footprint structures) are oriented to the northwest area of the site somewhat away from the river and closest to highway access.
- Mixed retail/office-flex uses are oriented away from major access points, closer to the river. Restaurant and small scale retailers are particularly appropriate at these locations.
- Potential for a small marina or boat docking facility is also shown adjoining the existing marina. This could be used, for example, by river tour or cruise boats.

If phased, it is anticipated that initial development would orient to the west end of the site.

Scenario B Site Concept. This second scenario assumes that about one-half the site is developed for retail and office with the other half for residential apartments and townhomes.

Parkers Landing - Scenario B Site Concept

Source: E. D. Hovee & Company, LLC. Concept is for illustrative purposes only.

While overall circulation is similar to that of Scenario A, this concept differs in several respects:

- Core large footprint retail uses are focused toward the northwest portion of the site with the flexibility for added retail and/or office extending east and south.
- The southwest corner of the site is suggested for retail/office with the area further east transitioning to high-end apartments or condominiums with possible retail (at building corners) and then to townhome residential toward the eastern end of the site.
- A larger in-water marina/boat docking area is also indicated driven, in part, by the potential linkage between waterfront residential and associated boat moorage interest.

As an urban village, phasing could occur in a couple of directions – with housing starting along the river and initial commercial development focused toward the western edges of the site.

Scenario Program Elements

Scenarios A and B are similar in that both involve a significant commercial development component as well as similar circulation patterns. Scenario A assumes 100% commercial of the 40-acre site and Scenario B involves about 50% commercial development.

Consequently, for purposes of physical program definition, this analysis begins by describing a Scenario A 100% commercial development program (or hypothetical space allocation). Scenario B is then defined as a downsize of the Scenario A commercial element together with definition of potential residential use components for the remaining 50% of the site.

Scenario A Development Program. This initial scenario reflects development of the combined 40 acre Parkers Landing Site for a commercial retail development. Key elements of this illustrative development program are noted as including:

- An estimated 272,600 square foot retail center consistent with retail capture estimates earlier in this report analysis – accounting for approximately 31 acres of site utilization.
- Inclusion of personal service businesses, a multi-plex theater, office building site and pad for service station together accounting for an added 9 acres of site area.

Scenario A - 100% Community Commercial Center Development Program

Commercial Site Allocation Estimate			Comments
Retail Space Demand Allocation (High End)	272,600	sq ft	Maximum capacity @ 40 acres w/other uses
x Site Coverage	20%		Includes allowance for circulaton & setbacks
Equals Retail Acreage Need	31	acres	Net area for building, parking & landscaping
Plus Personal Service Businesses (~10% add-on)	3	acres	Typical for community retail centers
Plus Theater (8 plex)	4	acres	Based on comparables w/some shared parking
Plus Office Building Site	1	acre	Assume 20,000 sf office building
Plus Gasoline Service Station	1	acre	Typical for larger multi-pump stations
Equals Total Commercial Center Land Need	40	acres	
Estimated Total Commercial Building Area	348,500	sq ft	@ 20% overall site coverage

Note: Estimates include internal street circulation with site coverage and other use acreage factors.

Source: E. D. Hovee & Company, LLC. For illustrative purposes only.

As illustrated by the above chart, total building area at build-out with this illustrative program is estimated at 348,500 square feet. This indicates an overall building site coverage factor of 20%. The remaining 80% of the site area is allocated to land needed for street rights-of-way, parking and internal circulation, landscaping, river trail and buffer.

While the site concept for Scenario A indicates potential for development of office and possibly flex space, that is viewed as less likely to be supported by adequate market demand at rents that would be required for new development – at least in the near to mid-term. Consequently, this development program assumes a relatively modest user-driven office component. If office and/or flex space demand materializes more quickly than expected, Scenario A could be adjusted with less retail and more office/flex space – especially as a later phase development.

Scenario B Development Program. This second scenario assumes a mixed use development program with commercial retail/office and residential components:

- The size of the community commercial center is estimated at one-half of the Scenario A development program – reducing the commercial gross square footage to 174,250 gross square feet (GSF) on 20 acres of the 40-acre site.
- Of the remaining 20 acres, 10 acres is assumed to be developed with up to 370 apartment dwelling units (DUs) and 10 acres for 115 residential townhomes. Average unit size is estimated at 1,000 net square feet (NSF) for each apartment and at 1,500 NSF per townhome.

Scenario A-B Program & Cost Detail. Based on the above noted development program assumptions, cost of development has also been estimated on a preliminary order of magnitude basis. As indicated by the following chart, development cost is estimated to be in the range of $72 million for the Scenario A retail center development as compared with $137 million for the Scenario B concept with 50% of the site allocated for commercial use and 50% for housing.

Comparative Development Program & Development Costs

Development Component	Unit of Measure	Scenario A: 100% Comm'l Center	Scenario B: 50% Comm'l/ 50% Housing	Comments
Development Program				
Commercial Retail/Service	NSF/GSF	328,500	164,250	From retail analysis
Office/Flex	NSF	20,000	10,000	2 story office structure
Residential Apartments	DU	-	370	Average 1,000 NSF/DU
Residential Townhomes	DU	-	115	Average 1,500 NSF/DU
Total Building Area	**GSF**	**348,500**	**785,190**	
Valuation on Completion				
Commercial Retail/Service	Direct	$67,470,000	$33,735,000	w/service station
Office/Flex	plus	$4,520,000	$2,255,000	w/at-grade parking
Residential Apartments	Indirect	-	$72,850,000	w/at-grade parking
Residential Townhomes	Cost	-	$28,220,000	w/at-grade parking
Total		**$71,990,000**	**$137,060,000**	Excludes land cost

Note: Preliminary estimates include site and building development, but exclude moorage and land costs.[27]

Source: E. D. Hovee & Company, LLC. Estimates are in 2014 dollars and for illustrative purposes only.

Due to higher density of development possible with attached and multifamily residential uses, Scenario B involves more than double the total on-site building area as Scenario A. As these use allocations are illustrative, it is expected that subsequent more detailed development programming could vary considerable from these initial estimates – as refined site and development planning proceeds.

Anticipated Market & Financial Feasibility

Consistent with the market information provided with this assessment report, what follows is a summary of anticipated market support and implications for financial feasibility for the two development scenarios considered. Market and financial feasibility implications are assessed with respect to critical variables such as absorption potentials, required pricing, and on-/off-site development requirements.

No development cost or financial pro forma analysis has been conducted as market of this project assignment. Rental rate and sales price ranges should be viewed as general guides based on area comparables, rather than on site/infrastructure and associated cost issues yet to be determined as a result of more detailed site planning for the Parkers Landing property.

Scenario A – Community Commercial Center. Market and financial feasibility implications associated with a 100% community commercial development of the subject site area summarized with respect to absorption, pricing, and on-/off-site needs as follows:

- **Absorption:** A commercial center of nearly 350,000 square feet represents a sizable center that would substantially exceed any existing similar development in Camas-Washougal and would outstrip peak year demand experienced across all of Clark County in any year over the last eight years except 2008.

  The largest commercial center completed within the trade area to date is the 139,000 square foot Evergreen Marketplace (opened in 2000). A larger project outside the local area completed by Killian Pacific in 2008 is the 190,000 square foot Grand Central commercial center anchored by Fred Meyer and located on SR-14 near I-5 in Vancouver. While there currently is unmet market demand in the Camas-Washougal trade area that exceeds this amount, changing existing customer preferences to support a 350,000 square foot center in one phase represents a potentially high risk endeavor.

  More likely, the development would need to be bifurcated into at least two phases – with a first primarily retail/entertainment phase in the range of 150-180,000 square feet. This would be followed by one or more additional phases depending on lease-up experience of the first phase.

  Subsequent phase development could respond to office-flex as well as added retail tenant interest that emerges after the first 3-5 years assuming continued economic growth of the Camas-Washougal market area. With local office vacancies at over 26% and minimal office absorption both locally and countywide, little to no speculative multi-tenant office development can be expected near term; what potential might exist most likely would be for a user-specific, build-to-suit development.

- **Pricing:** For a financially feasible development, lease rates likely will need to be at or near the top of the market for similar newly constructed retail centers in the suburban portion of the Portland metro area – starting at about $24.00 per square foot (triple-net) annually for non-anchor spaces. Office lease rates for a new high amenity waterfront building would need to be above the current market average, likely in the range of $25-$30+ per square foot on a full service basis.

- **Tenant/User Mix:** The need to secure top of market lease rates will require a substantial orientation to nationally and regionally recognized retail tenants, most of whom prefer being in a multi-tenant planned center on arterials with high traffic counts in a suburban community setting. Anchor tenants for first phase development could be expected to focus on daily shopping needs including grocery, pharmacy and general merchandise retail, a possible multi-screen cinema, and multi-pump service station.

  Other first phase retail could include hardware/garden supply, and dining (both fast-food and quality/river-oriented restaurant/bar). Second or later phase development might involve greater emphasis with comparison or destination store types including apparel/specialty, home furnishings and electronics to the extent that added tenant interest was forthcoming.

- **On-/Off-Site Development Requirements:** For development of the first phase of a community commercial center, internal road access to at least the western portion quadrant of the site would be required together with provision of needed utilities, removal of any environmental contingencies, ability to develop high amenity sites overlooking the waterfront at the SW portion of the property, and completion of the waterfront trail.

  Full build-out of this 100% commercial development scenario would likely be contingent on completion of a full public road loop with internal circulation and required trip generation allocation also fully approved together with public-private agreement for joint development of the remaining property. While not required for land-side development, regulatory approval of in-water development would be needed to facilitate creation of added or specialized moorage facilities.

Scenario B – Commercial Retail/Office & Residential Mixed Use. Market and feasibility implications distinctive to this mixed use development scenario include the following:

- **Absorption:** A commercial center back to a range of 175,000 square feet represents a market fit that can more readily be accomplished as a single phase development. Rapid lease-up is expected provided that major anchor commitments are in place prior to construction.

  Due to the large size of an approximately 485 unit residential development (preliminarily illustrated at up to 370 condos/apartments and 115 townhomes), phasing of development over a multi-year period of 5-10 years can be expected.[28] The shorter time period is dependent on continued economic recovery, reasonable interest rates, supportive market pricing and attraction of an increased share of young professional and empty nester Camas-Washougal residents to multifamily and attached residential living in a high amenity riverfront location.

- **Pricing:** To achieve financial feasibility, it can be expected that rents in the range of $1.50+ per square foot monthly may be required for waterfront area apartments – at the top of the market for Camas-Washougal and Clark County. Depending on land costs, townhome sales prices in the range of $225+ per square foot likely can be expected as needed for project feasibility. Condo development is possible as demand re-emerges.

- **Tenant/User Mix:** Tenant mix for a commercial center can be expected to be similar to what was outlined for the first phase of a Scenario A development – with focus on meeting daily convenience shopping needs of Camas-Washougal residents. It is possible that a small component of specialty together with restaurant retail could emerge along the waterfront possibly with mixed use development. These potentials could be augmented by development of a significant in-water boat moorage facility and river cruise operator.
- **On-/Off-Site Development Requirements:** In addition to the requirements noted with Scenario A, realization of this mixed use option likely can be expected to require complete construction of the public loop road system early on – to facilitate a quick start to waterfront residential development. While not required for land-side development, regulatory approval of an expanded in-water development would be needed to facilitate creation of expanded moorage facilities to serve and attract potential residents to this location – as well as specialized moorage to serve tour boat operators to support land-side destination retail or possibly future lodging activity.

  To achieve densities that may be required for project feasibility on a high value site, it is anticipated that development will occur at overall densities allowed for mixed use developments including horizontal mixed use of up to 30 units per acre. Combined density of the residential component (both apartments and townhomes) is preliminarily programmed with Scenario B at about 24 units per acre.

Community Effects

Considered with this development scenarios analysis are potential outcomes as for public sector tax revenue benefits and potential impacts to neighboring area as well as community-wide development.

Tax Revenue Benefits. Based on the preliminary development program and cost estimates noted, it is possible to estimate potential key sources of tax revenue that would accrue to state and local jurisdictions from construction and ensuing operations at build-out. Estimates are made for the tax revenue streams deemed as most significant to local jurisdictions, notably:

- **Sales tax** – which will be realized as a one-time revenue on value of construction and on a recurring basis (annually) over time from businesses whose revenues are subject to retail sales and use tax.
- **Property tax** – an annually recurring revenue stream based on value of development. Estimates are made based on the value of improvements only and do not include effects related to added land value or change in taxable/tax-exempt status of land area.

As depicted by the chart on the next page, **one-time sales tax revenues** from construction are estimated at $4.6 million with Scenario A and $9.0 million with Scenario B. In effect, revenues are nearly double with Scenario B what might be expected with Scenario A development. These one-time revenues are generated in synch with on-site construction activity.

Comparative Tax Benefits @ Development Build-Out

Tax Revenue Source		Unit of Measure	Scenario A: 100% Comm'l Center	Scenario B: 50% Comm'l/ 50% Housing	Comments
One Time Tax Revenue					
	Sales Tax on Construction	8.40%	**$4,640,000**	**$9,040,000**	On hard cost only
Recurring Annualized Taxes Post Construction					
	Sales Tax	8.40%	$5,640,000	$2,820,000	On taxable retail sales
	Property Tax	$12.957 /$1,000 TAV	$930,000	$1,780,000	Calculated on value of development
	Total Annual Revenues		**$6,570,000**	**$4,600,000**	

Note: Scenario B impacts assume apartment plus townhome development. Tax benefits are likely greater than indicated to the extent that condominium units are developed instead of apartments.

Source: E. D. Hovee & Company, LLC. Estimates are in 2014 dollars and are for illustrative purposes only. See Appendix B for additional detail regarding tax revenue distribution by jurisdiction.

In terms of **recurring tax revenues**, Scenario A is associated with the greater annual revenue at $6.6 million per year as compared with $4.6 million per year with Scenario B. Scenario A's higher ongoing revenue capacity reflects the relative importance of retail sales tax on taxable business sales volume. With either Scenario A or B, sales tax represents the single largest source of added ongoing tax revenue to state and local jurisdictions.

As detailed in Appendix B to this report, the State of Washington is the single largest recipient of both one-time and recurring sales tax revenues – followed by the City of Washougal, C-Tran, and Clark County.

There are 21 property tax revenue rate categories. The City of Washougal is the largest recipient of property tax revenue from Parkers Landing development – followed by School District 112, state schools and the Clark County General Fund. Together these jurisdictions receive over 85% of resulting property tax revenues. Other beneficiaries include the Fort Vancouver Regional Library, City of Washougal EMS, and Port of Camas-Washougal.

Community Development Effects. Community effects can be addressed in terms of potential impacts to neighboring area as well as community-wide development. The chart on the following page provides an overview assessment of potential effects – some of which are distinct to Scenarios A or B and some of which are in common to both scenarios.

As are detailed by the chart, effects of importance relate to such items as use compatibility and synergistic opportunities, traffic impacts, supporting existing commercial districts, providing added jobs, funding supportive infrastructure, managing development risk, and re-connecting the Camas-Washougal communities with the Columbia riverfront.

Comparative Community Development Effects @ Development Build-Out

Scenario A (100% Commercial Center)	**Scenario B** (50% Commercial/50% Housing)
Effects to Immediate Neighborhood Area	
Does not conflict with Port of Camas-Washougal & private area industrial uses (as Parkers Landing site is self contained with separate SR-14 access points)	
Orients development to use of existing frontage road, traffic circle & SR-14 access, minimizing need for travel through neighborhoods north of SR-14	
Traffic impacts for full site development may need reevaluation (to include Port property)	Lesser traffic impacts than Scenario A with residential having lower impacts than commercial
Provides source of usage for Parkersville Landing Historical Park (especially along trail)	Increases potential linkage & use of Historical Park with residential-related trail usage
Supports existing moorage & possible expansion (as for tour boat operation)	Adds further moorage demand from residents at Parkers Landing
Community-Wide Effects	
Reconnects the Camas-Washougal community to the Columbia riverfront with public access together with active & passive use opportunities	
Improves convenience and access to local retail better meeting the daily shopping needs of Camas-Washougal & Skamania County trade area residents	
Complements Camas-Washougal downtowns & other existing commercial areas with opportunity for existing areas to serve other unmet consumer & destination needs (especially dining / comparison retail)	
With minimal focus on multi-tenant office space, leaves opportunity for future demand that materializes to be accommodated at other office-flex sites throughout the community	
Provides opportunity to recapture more of existing sales leakage but at greater project risk	Provides for less direct sales leakage recapture but with more options for existing commercial areas
Misses major opportunity for waterfront living but avoids risk of overshooting a not yet tested market	Diversifies housing mix with new multifamily plus townhome options & multi-year project build-out
At build-out will provide an estimated 720 jobs	At build-out will provide an estimated 360 jobs
Improves Port revenues as means to fund on-site infrastructure, trail and other site amenities plus shoreline protection; enhances local tax base (especially for Washougal).	

Source: E. D. Hovee & Company, LLC. Evaluation is preliminary and subject to revision with refined site planning.

Next Steps. E. D. Hovee & Company appreciates the opportunity to conduct this waterfront market and development scenarios analysis. Steps that can be anticipated subsequent to completion of this assessment may include public review and comment, selection of a preferred development alternative, refined site planning, securing necessary entitlements, and finalizing joint development arrangements for the publicly and privately owned portions of the combined Parkers Landing property.

APPENDIX A. PREPARER PROFILE

This waterfront market and development scenarios analysis has been prepared for CWEDA and Parkers Landing, LLC in cooperation with the Port of Camas-Washougal by the economic and development consulting firm E. D. Hovee & Company, LLC (EDH).

Since 1984, EDH has provided economic and development consulting services focused on the Pacific Northwest of Washington and Oregon, but with substantial experience throughout the United States as well. The range of services covers economic, market and feasibility analyses, community and business assessments, public revenue analyses, economic development and diversification strategies, and assistance with project implementation.

Market feasibility and development planning assignments have been conducted for a wide range of public, non-profit and private clients. Relevant project experience is summarized as follows:

- Mixed use *waterfront development assessments* have been conducted for public agency clients including the Portland Development Commission, Port of Portland, Port of Hood River, Eugene Water and Electric Board (EWEB), Port of Skamania County, and Foss Waterway Development Authority (Tacoma).
- EDH has worked with recognized *real estate development entities* including Killian Pacific, Gramor Development, Kimco Development, and Hoyt Street Properties – and with commercial end users such as Home Depot, Wal-Mart, Safeway, and Fred Meyer.
- EDH has extensive experience with market and due diligence analysis for major *attractor facilities* – as with development of Skamania Lodge in Stevenson, re-use of the Marcus Whitman hotel in Walla Walla, ancillary uses considered with Great Wolf Lodge in Grand Mound, and expansion of the Spokane Convention Center now underway.
- The firm has also worked with *Main Street revitalization and urban village* development projects – regionally for Pacific Northwest communities as diverse as Portland's Pearl District, Kirkland and downtown Washougal, and also nationally for the Main Street program of the National Trust for Historic Preservation.
- In *east Clark County,* EDH has conducted project assessments on behalf of the City of Washougal, Port of Camas-Washougal, and CWEDA.

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APPENDIX B. SUPPLEMENTAL DATA TABLES

On the following pages are provided detailed supplemental data tables – covering the following topics from sources as indicated:

Claritas (a Nielsen Company):

- Population Demographics
- Household & Income Profile
- Employment & Transportation Indicators
- Housing Profile
- Trade Area Retail Demand & Supply

CoStar:

- Camas-Washougal Multifamily Housing Properties (20+ Units)
- Camas-Washougal Office Buildings (10,000+ Square Feet)
- Camas-Washougal Flex Buildings
- Camas-Washougal Retail Centers (Multi-Tenant)

State/Local Jurisdictions and E. D. Hovee:

- Comparative Sales & Property Tax Distribution by Development Scenario

Claritas Population Demographics

Description	C-W Area	Clark County
Population		
2018 Projection	55,920	468,522
2013 Estimate	51,916	441,228
2010 Census	49,522	425,363
2000 Census	35,846	345,240
% Growth 2013-2018	7.7%	6.2%
% Growth 2010-2013	4.8%	3.7%
% Growth 2000-2010	38.2%	23.2%
2013 Est. Population by Age (%)		
Age 0 - 4	6.6%	7.0%
Age 5 - 9	7.0%	7.0%
Age 10 - 14	7.6%	7.4%
Age 15 - 17	5.0%	4.6%
Age 18 - 20	3.8%	3.9%
Age 21 - 24	4.5%	5.0%
Age 25 - 34	9.5%	12.2%
Age 35 - 44	14.1%	13.6%
Age 45 - 54	15.6%	14.1%
Age 55 - 64	13.9%	12.6%
Age 65 - 74	7.9%	7.7%
Age 75 - 84	3.2%	3.4%
Age 85 and over	1.2%	1.6%
2013 Est. Median Age	39.2	37.2
2013 Est. Average Age	38.0	37.4
2013 Est. Pop Age 15+ by Marital Status (%)		
Total, Never Married	21.6%	26.8%
Males, Never Married	12.8%	14.2%
Females, Never Married	8.8%	12.6%
Married, Spouse present	60.0%	52.8%
Married, Spouse absent	3.1%	3.7%
Widowed	3.5%	4.8%
Males Widowed	0.9%	1.0%
Females Widowed	2.5%	3.9%
Divorced	11.8%	11.8%
Males Divorced	5.0%	5.1%
Females Divorced	6.7%	6.7%
2013 Est. Pop. Age 25+ by Edu. Attainment (%)		
Less than 9th grade	1.6%	3.0%
Some High School, no diploma	5.5%	6.0%
High School Graduate (or GED)	26.4%	27.3%
Some College, no degree	26.3%	29.2%
Associate Degree	10.0%	9.7%
Bachelor's Degree	20.2%	16.1%
Master's Degree	7.4%	6.6%
Professional School Degree	1.6%	1.4%
Doctorate Degree	0.8%	0.7%

Household & Income Profile (Claritas)

Description	C-W Area	Clark County
Households		
2018 Projection	20,340	174,503
2013 Estimate	18,937	164,028
2010 Census	18,132	158,099
2000 Census	13,189	127,210
% Growth 2013-2018	7.4%	6.4%
% Growth 2010-2013	4.4%	3.8%
% Growth 2000-2010	37.5%	24.3%
2013 Est. Households by Household Type (% of Total)		
Family Households	75.1%	70.0%
Nonfamily Households	24.9%	30.0%
2013 Est. HHs by HH Income (%)		
< $15,000	9.5%	10.3%
$15,000 - $24,999	7.0%	9.6%
$25,000 - $34,999	9.0%	11.0%
$35,000 - $49,999	14.3%	15.9%
$50,000 - $74,999	20.8%	21.9%
$75,000 - $99,999	15.6%	13.8%
$100,000 - $124,999	9.3%	7.8%
$125,000 - $149,999	4.9%	3.6%
$150,000 - $199,999	6.2%	3.9%
$200,000 - $249,999	1.5%	0.9%
$250,000 - $499,999	1.6%	1.1%
$500,000+	0.3%	0.2%
2013 Est. Average Household Income	$76,551	$66,407
2013 Est. Median Household Income	$62,168	$53,640
2013 Est. Average Household Size	2.73	2.67

Employment & Transportation Indicators (Claritas)

Description	C-W Area	Clark County
2013 Est. Pop Age 16+ by Employment Status (% of Total)		
In Armed Forces	0.0%	0.3%
Civilian - Employed	56.0%	57.2%
Civilian - Unemployed	8.1%	8.0%
Not in Labor Force	36.0%	34.6%
2013 Est. Civ Employed Pop 16+ by Occupation (%)		
Architect/Engineer	3.6%	3.0%
Arts/Entertain/Sports	1.6%	1.8%
Building Grounds Maint	2.6%	3.3%
Business/Financial Ops	5.3%	5.2%
Community/Soc Svcs	1.0%	1.6%
Computer/Mathematical	2.4%	2.3%
Construction/Extraction	5.1%	4.7%
Edu/Training/Library	6.1%	5.3%
Farm/Fish/Forestry	0.4%	0.3%
Food Prep/Serving	3.3%	4.4%
Health Practitioner/Tec	5.3%	4.6%
Healthcare Support	1.9%	2.3%
Maintenance Repair	3.4%	3.6%
Legal	0.6%	0.9%
Life/Phys/Soc Science	1.2%	0.5%
Management	14.2%	10.1%
Office/Admin Support	13.5%	14.3%
Production	5.1%	6.0%
Protective Svcs	2.9%	2.3%
Sales/Related	11.6%	10.8%
Personal Care/Svc	2.9%	4.1%
Transportation/Moving	6.0%	8.6%
2013 Est. Pop 16+ by Occupation Classification (%)		
Blue Collar	19.5%	22.8%
White Collar	66.4%	60.5%
Service and Farm	14.1%	16.7%
2013 Est. Households by Number of Vehicles (% of Total)		
No Vehicles	3.0%	4.8%
1 Vehicle	21.7%	29.7%
2 Vehicles	46.9%	41.7%
3 Vehicles	18.4%	16.0%
4 Vehicles	6.1%	5.0%
5 or more Vehicles	3.9%	2.8%
2013 Est. Workers Age 16+, Transp. To Work (%)		
Drove Alone	78.4%	78.6%
Car Pooled	8.4%	10.0%
Public Transportation	1.3%	2.4%
Walked	1.8%	1.4%
Bicycle	0.3%	0.5%
Other Means	1.1%	1.3%
Worked at Home	8.7%	5.9%
2013 Est. Workers Age 16+ by Travel Time to Work (%)		
Less than 15 Minutes	24.4%	25.0%
15 - 29 Minutes	34.8%	40.8%
30 - 44 Minutes	23.5%	21.5%
45 - 59 Minutes	9.6%	7.1%
60 or more Minutes	7.8%	5.6%
2013 Est. Avg Travel Time to Work in Minutes	29.70	27.17

Housing Profile (Claritas)

Description	C-W Area	Clark County
2013 Est. Tenure of Occupied Housing Units (%)		
Owner Occupied	76.2%	65.6%
Renter Occupied	23.8%	34.4%
2013 Owner Occ. HUs: Avg. Length of Residence (Years)	14.1	14.2
2013 Renter Occ. HUs: Avg. Length of Residence (Years)	7.0	6.1
2013 Est. All Owner-Occupied Housing Values (% of Total)		
Value Less than $20,000	2.6%	2.6%
Value $20,000 - $39,999	0.9%	1.2%
Value $40,000 - $59,999	0.6%	0.9%
Value $60,000 - $79,999	0.6%	1.0%
Value $80,000 - $99,999	2.3%	2.3%
Value $100,000 - $149,999	12.8%	15.5%
Value $150,000 - $199,999	18.9%	27.6%
Value $200,000 - $299,999	29.2%	28.8%
Value $300,000 - $399,999	16.1%	12.1%
Value $400,000 - $499,999	5.4%	2.8%
Value $500,000 - $749,999	7.8%	4.0%
Value $750,000 - $999,999	0.9%	0.3%
Value $1,000,000 or more	1.9%	0.8%
2013 Est. Median All Owner-Occupied Housing Value	$238,859	$198,036
2013 Est. Housing Units	20,649	173,730
2013 Est. Housing Units by Units in Structure (% of Total)		
1 Unit Attached	4.5%	6.2%
1 Unit Detached	79.8%	66.7%
2 Units	2.0%	2.9%
3 or 4 Units	2.5%	4.3%
5 to 19 Units	2.6%	9.1%
20 to 49 Units	1.6%	2.0%
50 or More Units	0.3%	4.4%
Mobile Home or Trailer	6.5%	4.3%
Boat, RV, Van, etc.	0.3%	0.2%
2013 Est. Housing Units by Year Structure Built (%)		
Housing Unit Built 2005 or later	11.9%	7.9%
Housing Unit Built 2000 to 2004	16.6%	13.7%
Housing Unit Built 1990 to 1999	23.4%	26.2%
Housing Unit Built 1980 to 1989	9.6%	13.4%
Housing Unit Built 1970 to 1979	13.9%	19.1%
Housing Unit Built 1960 to 1969	6.8%	7.1%
Housing Unit Built 1950 to 1959	5.1%	4.8%
Housing Unit Built 1940 to 1949	3.8%	3.5%
Housing Unit Built 1939 or Earlier	9.0%	4.4%
2013 Est. Median Year Structure Built	1991	1988

Sources: Claritas, E. D. Hovee & Company, LLC.

Trade Area Retail Demand & Supply Detail (2013)

Retail Store Type	Demand Consumer Expenditures	Supply Retail Sales	Opportunity Leakage (Surplus)	% of Demand Leakage (Surplus)
Total Retail Sales Incl Eating and Drinking Places	**$862,083,989**	**$350,727,517**	**$511,356,472**	**59%**
Motor Vehicle and Parts Dealers-441	$147,581,270	$38,579,507	$109,001,763	74%
Automotive Dealers-4411	$105,586,368	$33,144,284	$72,442,084	69%
Other Motor Vehicle Dealers-4412	$29,542,699	$1,333,107	$28,209,592	95%
Automotive Parts/Accsrs, Tire Stores-4413	$12,452,203	$4,102,116	$8,350,087	67%
Furniture and Home Furnishings Stores-442	$17,580,673	$5,687,631	$11,893,042	68%
Furniture Stores-4421	$9,384,294	$1,709,642	$7,674,652	82%
Home Furnishing Stores-4422	$8,196,379	$3,977,989	$4,218,390	51%
Electronics and Appliance Stores-443	$18,121,614	$5,659,590	$12,462,024	69%
Appliances, TVs, Electronics Stores-44311	$13,360,095	$5,052,754	$8,307,341	62%
Household Appliances Stores-443111	$2,337,066	$622,038	$1,715,028	73%
Radio, Television, Electronics Stores-443112	$11,023,029	$4,430,716	$6,592,313	60%
Computer and Software Stores-44312	$4,333,862	$606,836	$3,727,026	86%
Camera and Photographic Equipment Stores-44313	$427,656	$0	$427,656	100%
Building Material, Garden Equip Stores -444	$86,732,103	$34,046,458	$52,685,645	61%
Building Material and Supply Dealers-4441	$77,159,986	$28,160,086	$48,999,900	64%
Home Centers-44411	$31,241,264	$954,592	$30,286,672	97%
Paint and Wallpaper Stores-44412	$1,244,698	$227,869	$1,016,829	82%
Hardware Stores-44413	$7,803,849	$12,627,152	($4,823,303)	-62%
Other Building Materials Dealers-44419	$36,870,176	$14,350,472	$22,519,704	61%
Building Materials, Lumberyards-444191	$14,074,583	$5,611,021	$8,463,562	60%
Lawn, Garden Equipment, Supplies Stores-4442	$9,572,117	$5,886,373	$3,685,744	39%
Outdoor Power Equipment Stores-44421	$2,106,056	$2,568,678	($462,622)	-22%
Nursery and Garden Centers-44422	$7,466,061	$3,317,695	$4,148,366	56%
Food and Beverage Stores-445	$113,333,070	$77,440,457	$35,892,613	32%
Grocery Stores-4451	$98,031,164	$74,284,544	$23,746,620	24%
Supermarkets, Grocery (Ex Conv) Stores-44511	$93,374,903	$71,369,841	$22,005,062	24%
Convenience Stores-44512	$4,656,261	$2,914,703	$1,741,558	37%
Specialty Food Stores-4452	$8,375,898	$1,096,632	$7,279,266	87%
Beer, Wine and Liquor Stores-4453	$6,926,009	$2,059,282	$4,866,727	70%
Health and Personal Care Stores-446	$43,122,805	$7,674,514	$35,448,291	82%
Pharmancies and Drug Stores-44611	$34,065,500	$6,909,693	$27,155,807	80%
Cosmetics, Beauty Supplies, Perfume Stores-44612	$2,971,822	$0	$2,971,822	100%
Optical Goods Stores-44613	$2,187,813	$604,566	$1,583,247	72%
Other Health and Personal Care Stores-44619	$3,897,669	$160,255	$3,737,414	96%
Gasoline Stations-447	$84,683,253	$48,363,078	$36,320,175	43%
Gasoline Stations With Conv Stores-44711	$61,641,640	$38,635,090	$23,006,550	37%
Other Gasoline Stations-44719	$23,041,614	$9,727,988	$13,313,626	58%

Trade Area Retail Demand & Supply Detail (2013 – Continued)

Retail Store Type	Demand Consumer Expenditures	Supply Retail Sales	Opportunity Leakage (Surplus)	% of Demand Leakage (Surplus)
Clothing and Clothing Accessories Stores-448	$42,005,088	$2,279,806	$39,725,282	95%
Clothing Stores-4481	$31,715,585	$2,104,391	$29,611,194	93%
Men's Clothing Stores-44811	$1,767,303	$0	$1,767,303	100%
Women's Clothing Stores-44812	$7,050,157	$439,106	$6,611,051	94%
Childrens, Infants Clothing Stores-44813	$2,101,418	$0	$2,101,418	100%
Family Clothing Stores-44814	$16,655,468	$1,178,902	$15,476,566	93%
Clothing Accessories Stores-44815	$1,328,940	$0	$1,328,940	100%
Other Clothing Stores-44819	$2,812,299	$486,383	$2,325,916	83%
Shoe Stores-4482	$4,901,665	$0	$4,901,665	100%
Jewelry, Luggage, Leather Goods Stores-4483	$5,387,838	$175,415	$5,212,423	97%
Jewelry Stores-44831	$5,013,536	$175,415	$4,838,121	97%
Luggage and Leather Goods Stores-44832	$374,302	$0	$374,302	100%
Sporting Goods, Hobby, Book, Music Stores-451	$16,788,820	$7,524,666	$9,264,154	55%
Sportng Goods, Hobby, Musical Inst Stores-4511	$12,775,231	$7,068,470	$5,706,761	45%
Sporting Goods Stores-45111	$7,009,152	$5,192,269	$1,816,883	26%
Hobby, Toys and Games Stores-45112	$3,653,710	$641,508	$3,012,202	82%
Sew/Needlework/Piece Goods Stores-45113	$1,028,344	$540,315	$488,029	47%
Musical Instrument and Supplies Stores-45114	$1,084,024	$694,378	$389,646	36%
Book, Periodical and Music Stores-4512	$4,013,589	$456,196	$3,557,393	89%
Book Stores and News Dealers-45121	$3,331,074	$456,196	$2,874,878	86%
Book Stores-451211	$3,057,065	$456,196	$2,600,869	85%
News Dealers and Newsstands-451212	$274,009	$0	$274,009	100%
Prerecorded Tapes, CDs, Record Stores-45122	$682,516	$0	$682,516	100%
General Merchandise Stores-452	$111,860,787	$68,085,397	$43,775,390	39%
Department Stores Excl Leased Depts-4521	$45,269,752	$4,781,036	$40,488,716	89%
Other General Merchandise Stores-4529	$66,591,035	$63,304,361	$3,286,674	5%
Miscellaneous Store Retailers-453	$23,792,667	$17,337,252	$6,455,415	27%
Florists-4531	$1,123,380	$1,932,100	($808,720)	-72%
Office Supplies, Stationery, Gift Stores-4532	$7,768,018	$3,603,043	$4,164,975	54%
Office Supplies and Stationery Stores-45321	$4,403,876	$1,575,762	$2,828,114	64%
Gift, Novelty and Souvenir Stores-45322	$3,364,142	$2,027,282	$1,336,860	40%
Used Merchandise Stores-4533	$2,300,650	$734,492	$1,566,158	68%
Other Miscellaneous Store Retailers-4539	$12,600,619	$11,067,617	$1,533,002	12%
Non-Store Retailers-454	$65,251,872	$3,879,001	$61,372,871	94%
Foodservice and Drinking Places-722	$91,229,966	$34,170,160	$57,059,806	63%
Full-Service Restaurants-7221	$42,296,882	$15,532,129	$26,764,753	63%
Limited-Service Eating Places-7222	$37,450,185	$17,336,318	$20,113,867	54%
Special Foodservices-7223	$7,272,107	$133,470	$7,138,637	98%
Drinking Places -Alcoholic Beverages-7224	$4,210,792	$1,168,243	$3,042,549	72%

Source: Claritas based on trade area analysis and refinements by E. D. Hovee & Company, LLC.

Camas-Washougal Multifamily Housing Properties (20+ Units)

Name	Address	City	Type	# of Units
Lookout at the Ridge	232 W Lookout Ridge Dr	Washougal	Market	121
Rockwood Terrace Apartments	525 C St	Washougal	Affordable	62
Riverview Apartment Homes	3003 NE 3rd Ave	Camas	Market	60
Park View East Apartments	4290 Addy St	Washougal	Market	59
Oakwood Terrace Apartments	691 32nd St	Washougal	Market	43
3rd Avenue Apartments	2615 NE 3rd Ave	Camas	Market	42
Cavalier Apartments II	554 6th St	Camas	Market	40
Cascade Village	530 NW Bulldog Dr	Stevenson	Affordable	36
Gateway Garden	4300 Addy St	Washougal	Affordable	32
Riverside Apartments	225 NE Sumner St	Camas	Market	28
Clark Village	225 8th St	Washougal	Market/Affordable	28
The River Place	1718 SE 11th Ave	Camas	Market	20

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.

Camas-Washougal Office Buildings (10,000+ Square Feet)

Name	Building Address	City	Class	RBA (SF)
Camas Business Campus	349 NW Drake St	Camas	C	32,000
Washougal Town Square	1700 Main St	Washougal	B	25,802
Washougal School District Office	2349 B St	Washougal	C	22,435
Riverview Bank Building	700 NE Fourth Ave	Camas	B	19,761
IOOF Bldg	2103 Main St	Washougal	C	10,318
Lutz Hardware Bldg	416 NE Dallas St	Camas	B	10,000

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.

Camas-Washougal Flex Buildings

Name	Building Address	City	RBA (SF)
Underwriters Laboratories	2600 NW Lake Rd	Camas	108,048
Camas Business Campus	349 NW 7th St	Camas	43,300
Multi-Tenant Bldg	921 4th St	Camas	11,089
Columbia River Plaza	3134-3142 D St	Washougal	8,000
Parker Landing	421 C St	Washougal	5,400
Post-Record Bldg	425 NE Fourth Ave	Camas	5,000

Source: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.

Camas-Washougal Retail Centers (Multi-Tenant)

Name	Building Address	City	RBA (SF)	Major Tenants
Evergreen Marketplace	3307 Evergreen Way	Washougal	138,942	Safeway, Riverview Community Bank, Subway, Supercuts, All Pride Fitness
LaCamas Center	3252-3354 NE 3rd Ave	Camas	74,682	Dollar Tree, Grocery Outlet, Walgreens, Ansur Saddlery, McDonald's
One Stop Shopping Center	3504-3536 NE 3rd Ave	Camas	38,875	River Rock Church, Jet Burger, Big John's Driving School
Washougal Town Square	1700 Main St	Washougal	22,168	Washougal Sport & Spine, Hearth, WildFlour Cafe & Cupcakes
The Crossing	SE 2nd & C St	Washougal	20,000	Starbucks, Quiznos
Multi-Tenant Strip Center	319-337 SE Lechner St	Camas	6,146	The Beeive, Pacific Northwest Sporting Good, Columbia Family Chiropractic

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.

Comparative Sales & Property Tax Distribution by Development Scenario

Tax Revenue Source & Distribution	Unit of Measure	Scenario A: 100% Comm'l Center	Scenario B: 50% Comm'l/ 50% Housing
ONE TIME TAX REVENUES			
Sales Tax on Construction			
State of Washington	6.50%	$3,590,000	$6,995,000
City of Washougal	1.00%	$550,000	$1,075,000
C-Tran	0.70%	$390,000	$755,000
Clark County	0.20%	$110,000	$215,000
Total	**8.40%**	**$4,640,000**	**$9,040,000**
RECURRING ANNUAL TAX REVENUES			
Annual Sales Tax Revenue			
State of Washington	6.50%	$4,365,000	$2,182,500
City of Washougal	1.00%	$670,000	$335,000
C-Tran	0.70%	$470,000	$235,000
Clark County	0.20%	$135,000	$67,500
Total	**8.40%**	**$5,640,000**	**$2,820,000**
Annual Property Tax Revenue	**Rate/$1000**		
CITY WASHOUGAL GENERAL	$2.878	$207,000	$395,000
SD112 WASHOUGAL M&O	$2.665	$191,000	$366,000
STATE SCHOOLS	$2.347	$168,000	$322,000
SD112 WASHOUGAL DEBT SVC	$1.779	$128,000	$244,000
COUNTY GENERAL	$1.426	$102,000	$196,000
FT VANCOUVER REG LIBRARY	$0.498	$36,000	$68,000
CITY WASHOUGAL EMS	$0.493	$35,000	$68,000
PORT CAMAS/WASHOUGAL GENERAL	$0.324	$23,000	$44,000
CITY WASHOUGAL PUBLIC SAFETY BOND	$0.160	$11,000	$22,000
SD112 WASHOUGAL CAPITOL P	$0.131	$9,000	$18,000
PORT CAMAS/WASHOUGAL BONDS	$0.123	$9,000	$17,000
CONSERVATION FUTURES	$0.058	$4,000	$8,000
CITY WASHOUGAL GENERAL ADREF	$0.025	$2,000	$3,000
DEV DISABILITY	$0.013	$1,000	$2,000
MENTAL HEALTH	$0.013	$1,000	$2,000
SD112 WASHOUGAL M&O ADREF	$0.010	$1,000	$1,000
VETERANS ASST	$0.009	$1,000	$1,000
COUNTY GENERAL ADREF	$0.004	-	$1,000
FT VANCOUVER REG LIBRARY ADREF	$0.002	-	-
PORT CAMAS/WASHOUGAL GEN ADREF	$0.000	-	-
CONSERVATION FUTURES ADREF	$0.000	-	-
Total	**$12.957**	**$930,000**	**$1,780,000**

Sources: E. D. Hovee & Company, LLC, Estimates are in 2014 dollars and for illustrative purposes only.

END NOTES

[1] Information for this waterfront market overview has been obtained from sources generally deemed to be reliable. However, EDH does not guarantee the accuracy of information from third party sources and the information in this report is subject to change without notice. The observations and findings contained in this report are those of the authors. They should not be construed as representing the opinion of any other party prior to their express approval, whether in whole or part.

[2] From the web site www.killianpacific.com.

[3] Off street parking requirements include 1 space per 500 square feet of office gross floor area (GFA), 125 square feet of restaurant GFA, and 250 square feet of retail GFA. Multifamily residential requires 1.5 spaces per unit; hotel/motel uses require 1 space per guest room plus 1 space per each two employees (plus added spaces for restaurants or assembly areas as applicable).

[4] Source is Kittelson & Associates, Inc., *Parker's Landing Transportation Impact Analysis,* March 28, 2013. Subsequent to this base analysis, supplemental analysis has been prepared to address varied refinements including reduced scale of development and questions related to extending the forecast horizon from 2020 to 2028 together with comparison of 8th and 9th generation ITE trip generation ratios.

[5] The Camas-Washougal trade area has above average concentrations of architect/engineers, educators, health practitioners/ technologists, managers, and sales/related personnel.

[6] While average sales price estimates are not directly available for all of Clark County, analysis of price distribution for 2013 indicates that 76% of sales of new attached units countywide were in the price range of $150,000-$250,000 and 19% at $250,000-$400,000. The remaining 5% were at prices below $150,000.

[7] Per square foot pricing has averaged about $120 for new Camas-Washougal detached single family home sales in 2012. Single family per square foot prices in 2013 dropped to about $118 in the Washougal zip code while increasing to $143 per square foot in Camas. Per RealEstats and E. D. Hovee & Company, LLC.

[8] This analysis has drawn from information sources including CoStar, web site research of comparable projects, and similar recent research by E. D. Hovee & Company, LLC for other Portland-Vancouver metro clients.

[9] Townhome sales include units where the land is owned jointly (as a condominium) and individually (with fee ownership). Recent Portland area sales have ranged up to $400 per square foot (Lake Oswego).

[10] It is noted that the Fisher Investments project did not yet show in the CoStar office data base for Clark County or the metro region, as of early January 2014.

[11] Sales per square foot figures indicated represent typical mid-range figures for each category. However, there can be significant variations in sales per square foot experienced across different retail tenants within a specific store category. Differences relate to such factors as store size, configuration, and independent versus national/chain operation. Figures used are based on sources including Urban Land Institute, Retail Trade Directory, RetailSails, 10-K financial statements, and proprietary analysis by E. D. Hovee & Company, LLC.

[12] According to the *U.S. Census Bureau News*, August 15, 2013, e-commerce sales accounted for 5.3% of total retail sales nationally in the second quarter of 2013.

[13] STR region-wide and Portland Central City data is tabulated for Travel Portland as provided in their most recent *State of the Industry Reports* of February 2012 and 2013.

[14] Information is from *The Columbian,* "Some Clark County Projects to Look for in 2014," January 19, 2014.

[15] As an example from the Portland Daily Journal of Commerce (April 26, 2012), Travel Portland reported losing 30 large convention groups representing 104,259 room nights in 2011 due to lack of a headquarters hotel.

16 Average Daily Traffic (ADT) on SR-14 east of Washougal at county line is from the Washington State Department of Transportation and on I-84 east of Troutdale from the Oregon Department of Transportation.

17 Industry sources related to outlet centers include: *ICSC News* (a publication of the International Council of Shopping Centers), "Outlet centers celebrate robust growth," October 7, 2013; and CoStar Group, "OUTLET WARS: Retailers, Developers Compete Against Malls and Each Other in Battle for Shopping Dollars."

18 As of 2010, the U.S. had 214 outlet centers with another 40 then on the drawing board. As cited by the *Wall Street Journal Online,* "Builders Mark Time on Outlet Centers," December 3, 2010.

19 For a recent review of resort trends and challenges, see the feature on "Resorts: Weathering Change," in the November/December issue of *Urban Land* published by the Urban Land Institute.

20 Information is based on a review of the U.S. SEC 10-K filing by The Walt Disney Company, September 2013.

21 GB Placemaking and E. D. Hovee & Company, LLC prepared an *Anaheim Streetcar Economic Impact & Development Study* for the Anaheim/Orange County Visitor & Convention Bureau in August 2013.

22 *Portland Tribune,* "Environmental problems run deep in Troutdale's future tourist site," August 23, 2013.

23 A typical Great Wolf facility ranges from 300-600 all suite overnight rooms and a large entertainment area of 40,000 - 100,000 square feet. Features include arcade/game rooms, fitness rooms, themed restaurants, spas, and supervised children's activities. The majority of Great Wolf Lodges are 100% owned by the company. The 39-acre Grand Mound facility is 49% owned by Great Wolf in partnership with The Confederated Tribes of the Chehalis Reservation. With 398 overnight rooms, the Ground Mound facility is 7th largest of 11 listed properties. With 74,000 square feet of indoor entertainment area, Grand Mound may be somewhat undersized at 8th largest of the facilities.

24 Population data is from the U.S. Census Bureau (as of 2012), with upward adjustment for 2013 based on December 26, 2013 U.S. population estimate per web site: http://www.census.gov/popclock/. The eight western states tallied as part of a maximum market area are Alaska, Montana, Nevada, Utah, and Wyoming in addition to core market states of Washington, Oregon and Idaho. With approximately 38 million residents, California more than meets the typical market size for a waterpark resort.

25 Financial results for Great Wolf Lodge reviewed are those as filed with the U.S. Securities and Exchange Commission with Form 10-Q, for the quarterly period ending June 30, 2013. Financial results have been affected by a change in accounting year and restatement of 2012 operating losses.

26 Information for this review has been compiled from sources including a *Study of Potential Regional Centers* conducted by E. D. Hovee & Company, LLC for a Tri-Cities Oversight Committee in 2007 – followed in 2012 by a more detailed *Regional Centers Project Review* for four potential facilities, including an aquatics center. A public funding proposal submitted to voters in 2013 by the Tri-Cities Regional Public Facilities District for a 0.1% sales tax to fund a regional year-round aquatics center was approved by voters in Pasco but defeated by voters in Kennewick and Richland – leading to overall defeat of the proposed measure.

27 Parameters with this illustrative development program and cost estimate are assumed building efficiencies of 90% for office space and 85% for apartments. Hard building construction cost is from $110-$135 per square foot and soft costs from 25-35% depending on the specific use. Site preparation cost is estimated at $4.50 per square foot of site area and at-grade parking at $9.00 per square foot including associated landscaping.

28 As a point of comparison, CoStar data indicates development of just over 50 apartment units per year in the Camas-Washougal market area (west of Parker) from 2000-13. Development of 370 apartments would represent an approximately 20% increase in the multifamily inventory of the Camas-Washougal trade area. Recent sales of new and existing attached units averaged about 40-45 units per year recently, but with buyer interest just now on the upswing after the recession. Development of 115 townhomes would represent an approximately 12% increase in the existing inventory of single-family attached housing in the Camas-Washougal trade area.