

## Memorandum

**To:** City of Vancouver

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ECONorthwest

**CC:** Nicole McDermott, Brian Carrico; WSP

**Subject:** Economic Conditions and Opportunities Analysis, City of Vancouver Comprehensive Plan Update

**Date:** June 21, 2024

## Section 1. Introduction, Background, and Summary of Findings

### Introduction

The City of Vancouver is embarking on an update to its Comprehensive Growth Management Plan and implementing regulations to establish an updated vision, policies, and implementation measures for the next 20 years. The updated plan and process are called Our Vancouver. The updated plan must be responsive to changing community dynamics, the strategic vision established by the City Council and include focused goals to address social inequities and climate change. The City will need to update their plan as a part of the periodic update process currently due in 2025.

The Comprehensive Growth Management Plan is a foundational document that provides the overall vision and policy direction for managing growth and development while considering effects on the built and natural environment and on public facilities. This will build from the City's Vision and Strategic Plan and is informed by other policy and plan documents. The current Growth Management Plan was originally adopted in 1994 in response to the enactment of the Washington State (State) Growth Management Act (GMA). In 2004, a comprehensive update to the plan was completed and a minor update was done in 2011, as required by the GMA. The city has changed significantly in the 18 years since 2004, particularly since the last update in 2011. The city is a dynamic and growing community that requires a plan that reflects its diversity, honors the past and provides a clear direction for the future.

As part of the City's consulting team led by WSP, ECONorthwest provided this Economic Conditions and Opportunities Analysis using the best available information from public and private data sources to assess the city and region's economic trajectory. This memorandum includes the findings from analyzing economic conditions and competitiveness, including measures of employment, growth and productivity, business creation and retention, entrepreneurship, investment flows, access to capital, distribution of wealth and income, and racial and geographic inclusion. Our analysis centers racial equity and geographic inclusion by focusing attention on data sources that we can disaggregate<sup>1</sup> and by integrating analysis helpful for promoting equitable outcomes. Key information from this memorandum will be incorporated into the Economic Opportunity Element to provide context and inform the direction the City's economic development should take over the next 20 years, from 2025 to 2045.

## Executive Summary

Vancouver's economy is undergoing a transformative shift. The city is attracting and increasing the number of professional and creative class amenities<sup>2</sup> and, as these sectors grow, the City is becoming less dependent on traditional manufacturing industries to drive economic growth. Vancouver has experienced rapid population growth over the past two decades, attracting educated, higher-income workers and employment opportunities in targeted sectors like healthcare, technology, and manufacturing. A combination of factors including the City's lack of income tax, recent investments in public infrastructure, and relatively lower cost of housing compared with Clark County and the City of Portland. These cost advantages have made Vancouver a desirable place for many in the region to live, resulting in in-migration to the City of Vancouver. In particular, white-collar workers gaining greater locational flexibility due to remote work during the COVID-19 pandemic may have shifted or accelerated migration patterns and housing preferences permanently. Overall,

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<sup>1</sup> Data that can be disaggregated by specific characteristics (like race and ethnicity) helps to reveal disparities between groups that may be obscured in aggregated data. Understanding how factors like income or homeownership vary across groups informs how to target interventions to address inequities and promote equitable outcomes over time.

<sup>2</sup> Creative class professions can be defined as people in science and engineering, architecture and design, education, arts, music, and entertainment whose economic function is to create new ideas, new technology, and new creative content, as well as professionals in business and finance, law, health care, and related fields.

outmigration of workers from Portland has contributed to Clark County's rapid growth, as well as more families and peak earning workers leaving Oregon in recent years.<sup>3</sup>

With rising demand for housing, Vancouver has seen increasing housing costs, rising displacement pressures, and economic disparities among communities. In particular, some people of color in Vancouver face higher levels of cost burdening, lower median incomes, lower rates of homeownership, and lower rates of educational attainment. In 2021, the median incomes of multiracial households, Black or African American households, Hispanic or Latino households, or households identifying as another race not listed were below the median income in Vancouver; in addition, a smaller share of residents over the age of 25 who were Black or African American, Hispanic or Latino, or another race alone had bachelor's degrees. Housing cost burden was also most prevalent for Black or African American and Hispanic or Latino households, indicating additional economic burdens. In recent years, commercial developers have gravitated to the city's larger buildable parcels, creating questions for how Vancouver should most strategically use its remaining buildable lands. As the city continues to grow, intentionally managing these changes will be critical to avoid negative impacts (like inefficient land use resulting in future land constraints), produce equitable outcomes, and ensure that Vancouver's land and resources are used efficiently.

As Vancouver updates its Comprehensive Plan, the findings point to several policy priorities:

- The City should pursue strategies to support equitable economic opportunities for all residents, especially those vulnerable to displacement.
- The City should consider inclusive economic development strategies that prioritize both the growth of the creative class and the retention of industries that provide employment opportunities for those without advanced degrees or specialized skills, such as traditional manufacturing jobs, construction related jobs, or labor in skilled trades.
- Supporting economic mobility is also critical, including workforce development initiatives and small business assistance programs targeted at disadvantaged groups.

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<sup>3</sup> Josh Lehner, "2022 Migration: Who Left?," Oregon Office of Economic Analysis, September 14, 2023, <https://oregoneconomicanalysis.com/2023/09/14/2022-migration-who-left/>.

- Balancing economic development to meet the needs of a diverse workforce can contribute to a more equitable and sustainable local economy.
- Coordinated housing and economic development strategies should also be implemented to ensure there is an adequate housing supply for a growing workforce, avoid displacement of existing residents, seek place-based strategies in key areas, and catalyze mixed-use development through partnerships.

## Planning Context

### Growth Management Act Requirements

Comprehensive planning in Washington is guided by the Growth Management Act (GMA), a series of statutes first adopted in 1990 which requires cities and towns within eighteen of the state's most populous counties to fully plan for future growth (RCW 36.70A). Given Clark County and Vancouver's population size, both jurisdictions must address all of the mandatory comprehensive plan elements, including land use, housing, capital facilities, utilities, and transportation.<sup>4</sup> Economic development (as well as parks and recreation) are included as mandatory elements (RCW 36.70A.070(7-8)), but since no state funds have been allocated to assist jurisdictions in creating these plans, they are currently optional.

### Economic Development Planning in Washington

The City of Vancouver has elected to include an economic development element as part of the current comprehensive plan update process, building on its current plan which was last updated in 2011 and following the GMA Goal 5 to:

*"Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the*

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<sup>4</sup> Since Vancouver also meets the criteria of annual maritime port revenues exceeding \$60 million, it must also include a ports element.

capacities of the state's natural resources, public services, and public facilities<sup>5</sup>.  
(RCW.36.70A.070(7))

In Washington, state provisions set limits on what actions cities and counties can take to support economic development, which often guides the strategies, goals, objectives, and policies that jurisdictions establish in economic development comprehensive plan elements. Article 8, Section 7 of the state constitution specifies that “No county, city, town or other municipal corporation shall hereafter give any money, property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm.”<sup>6</sup> Given this limitation, cities generally cannot directly use public funds to attract private development, but can implement incentives and programs to promote the economic welfare of residents and create new opportunities. Many cities target policies that facilitate economic growth through land use, infrastructure, tourism, marketing, and partnerships with nonprofit community-based organizations.

### **Regional Economic Development Planning**

Cities in Washington also coordinate with county-level Associate Development Organizations (ADOs) that represent each of Washington’s counties, funded in part by the state Department of Commerce. The Columbia River Economic Development Council (CREDC) represents Clark County and presents a baseline of goals and objectives for the region. Their current 2018–2023 Comprehensive Economic Development Plan outlines goals and actions based on a vision and set of values and guiding principles identified through extensive engagement with local partners.

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<sup>5</sup> In 2023, E2SHB 1181 updated the language of Comprehensive Plan goals (including economic development) to reflect climate change and resiliency goals.

<sup>6</sup> RCW 35.21.703 does allow cities to contract with nonprofit corporations to advance economic development.

## Exhibit 1. Goals and Objectives from 2018-2023 CREDC Comprehensive Economic Development Plan

Source: CREDC

1. Expand the Existing Base	2. Support People	3. Create Place
<ul style="list-style-type: none"><li>• Become Industry Experts</li><li>• Strategically Market Industry Clusters (Computers and Electronics, Software, Clean Tech, Metals and Machinery and Life Sciences),</li><li>• Build a Startup Ecosystem</li></ul>	<ul style="list-style-type: none"><li>• Foster Skills Development</li><li>• Prepare Youth for Economic Opportunity</li><li>• Launch a Brain Gain Initiative</li><li>• Promote an Ethical and Socially Just Society through an Intentional Commitment to Inclusion, Equity, and Diversity</li></ul>	<ul style="list-style-type: none"><li>• Each Community Creates a Placemaking Strategy</li><li>• Embrace Economic Opportunity in our Urban Center</li><li>• CREDC Tells the Story of Place</li><li>• Make Employment Areas Desired by Industry Clusters Shovel Ready</li><li>• Determine all Transportation Needs on a Regional Level Specifically to Support Economic Development</li></ul>

CREDC is now in the process of updating its 2018–2023 priorities and identifying new strategic actions to respond to Clark County’s quickly changing demographic and economic profile, with a new plan anticipated to provide further guidance in 2024.

### Implications for Growth Management

While economic development elements are currently optional under the GMA, aspects of the required land use and housing elements are linked with economic development and current conditions within jurisdictions. Cities fully planning for adequate land capacity to meet the needs of the community must understand their current employment base, development trends, workforce housing availability, income segments of the population, and future projections.

State statute requires that land use elements must “[designate] the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces and green spaces, urban and community forests within the urban growth area.” (36.70A.070(1)) This includes population densities, building intensities, and estimates of future population growth. RCW 36.70A.070(2)(d) requires that a housing element “Makes adequate provisions

for existing and projected needs of all economic segments of the community, including...consideration of housing locations in relation to employment location.”

To fully plan for growth and meet community needs in compliance with state provisions, cities like Vancouver, with sizable workforces, must understand the dynamics of the local and regional economy, consider where employment is concentrated and how residents and workers access employment opportunities, what industries are growing or declining, and whether there is sufficient space to fulfill anticipated employment land needs alongside other uses.

### **Buildable Land Capacity and Employment Capacity**

In 1997, Washington’s Review and Evaluation Program, also known as the “Buildable Lands Program,” was added to the GMA (RCW 36.70A.215). It requires some counties and cities within them to establish their own buildable lands programs (including Clark County and the City of Vancouver) and produce a report every eight years. In 2017, the Washington legislature passed E2SSB 5254 which amended the buildable lands statute and required counties to “determine whether [its] cities are achieving urban densities within urban growth areas by comparing growth and development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans with actual growth and development that has occurred” (RCW 36.70A.215).

RCW 36.70A.215 extends to providing sufficient land for employment by identifying the “amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan... [and] the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period.”<sup>7</sup> There are several recent and interim County documents that have implications for managing growth in the City of Vancouver covered in this section.

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<sup>7</sup> The state’s methodology used to evaluate employment land does not differentiate land by any market criteria such as size, infrastructure presence, cost, ownership, or availability.

## Clark County Comprehensive Plan (2016)

Clark County in its last Comprehensive Plan update in 2016 adopted two planning assumptions (Resolution 2016-03-01), anticipating 100,200 new jobs and a jobs-to-housing ratio of 1:1. The County's 2015-2035 Comprehensive Plan projected that based on the VBLM (vacant buildable lands model) this would include:

- 75,847 new jobs from vacant buildable lands;
- 16,775 jobs accommodated through redevelopment; and
- 7,400 public sector jobs on publicly owned parcels not included in the VBLM.

The County is currently in the process of updating its Comprehensive Plan, which is required to be completed by December 31, 2025.

## Clark County Buildable Lands Report (2022)

Pursuant to RCW 36.70A.215, in advance of its 2025 Comprehensive Plan update, Clark County produced a Buildable Lands Report in 2022 estimating remaining population and employment capacity, based on recent development trends, in local cities and Urban Growth Areas (UGAs). For Vancouver, the findings of the 2022 Buildable Lands Report indicated that the city and its unincorporated urban area (U) were anticipated to fulfill the largest share of Clark County's new employment land capacity needs through 2035 based on development trends in 2016-2020 (48% or 36,779 jobs). The largest share of total net buildable employment land in Vancouver to help meet this capacity was zoned Industrial (Exhibit 2).

The land and employment capacity analysis in the buildable lands report shown below in Exhibit 2 provides estimates based on data from the Washington Office of Financial Management, Washington Employment Security Department, Clark County, and individual municipalities. While these do not reflect the actual total number of jobs located in the county or its individual jurisdictions, they provide an approximate estimate for planning purposes to help measure how to achieve the County's economic goals. As the City updates its comprehensive plan economic development element, it will need to consider this regional role as well as any potential impacts of office redevelopment, remote work trends in the city's key industries, and patterns of mixed-use development that could have new implications for meeting employment capacity.



## Clark County's Buildable Lands Report (2022) Key Findings

Based on employment growth through 2020, redevelopment, and public sector job assumptions, the Clark County Buildable Lands Report indicated sufficient employment capacity for employment growth in the county through 2035.

Clark County added 12,700 jobs in 2016–2020 out of its target from the 2015–2035 Plan of adding 100,200 jobs by 2035. **Therefore, the Buildable Lands Report forecasted that the County would add 87,500 more jobs by 2035.<sup>8</sup>** Of this total, 72,878 jobs were expected to be accommodated on vacant buildable lands and the remainder through redevelopment or public sector employment.

**Half of Clark County's employment capacity from the 2022 report was in the City of Vancouver and the Vancouver Unincorporated Urban Area (U).** These areas combined were expected to accommodate 36,779 total jobs through 2035, with 59% of new employment on industrial land. Vancouver (U) accounted for 47% of this capacity.

There were 5,792 total net buildable acres of employment lands in Clark County UGAs reported in the Buildable Lands Report; 33% (1,888 net acres) of commercial land, and 67% (3,904 net acres) of industrial land. **The largest share of total net buildable employment land reported was the 2,423 net acres (62%) of industrial capacity in the City of Vancouver and the Vancouver Unincorporated Urban Area.<sup>9</sup>**

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<sup>8</sup> Clark County Community Development, "Clark County Buildable Lands Report," June 2022. The Buildable Lands Report must meet the Washington State requirements described under RCW 36.70A.215.

<sup>9</sup> The 2022 VBLM model assumes a 5% residential redevelopment rate on built Vancouver City Center commercial land and a 1% rate on built commercial land in Vancouver outside the City Center; and that 30% of commercial land in the Vancouver City Center will be residential development and 15% of Vancouver commercial land outside the City Center will be residential development.

## Exhibit 2. Commercial and Industrial Land Capacity and Employment Capacity Estimates, by Clark County Jurisdiction, Urban Growth Area, or Unincorporated Urban Area, 2022

Source: Clark County Buildable Lands Report. UGA: Urban Growth Area

Jurisdiction	Commercial			Industrial			Total Jobs
	Gross Acres	Net Acres	Jobs	Gross Acres	Net Acres	Jobs	
Battle Ground UGA	643	395	7,881	157	71	643	8,524
Camas UGA	452	296	5,920	1,398	667	6,001	11,921
La Center UGA	115	79	1,573	64	34	308	1,881
Ridgefield UGA	374	252	5,031	806	418	3,762	8,793
Vancouver	433	304	6,089	2,758	1,470	13,225	19,314
Vancouver (U)	638	444	8,886	1,710	953	8,579	17,465
Washougal UGA	165	114	2,281	509	262	2,362	4,643
Woodland UGA	-	-	-	-	-	-	-
Yacolt UGA	5	4	81	49	29	256	337
<b>Urban Total</b>	<b>2,825</b>	<b>1,888</b>	<b>37,742</b>	<b>7,451</b>	<b>3,904</b>	<b>35,136</b>	<b>72,878</b>

Source: Clark County GIS, Vacant Buildable Lands Model, June 2022; Council Resolution 2022-06-01

Notes: A – Employment growth target for 2035 set by Clark County Council Resolution 2016-03-01.

B – Urban Total includes capacity in incorporated cities/towns and their unincorporated urban areas.

C – Unincorporated urban area is designated with a (U).

## Vacant Buildable Land Model Update and initial growth allocations (2024)

Clark County made several updates to its VBLM in February 2024. Pursuant to GMA, the revised version of the VBLM estimated capacity by zoning rather than Comprehensive Plan designations, and used projected future rather than past densities. **Error! Reference source not found.** shows updated capacity estimates for jurisdictions in Clark County.<sup>10</sup> In Vancouver and the City's Urban Growth Area (UGA), the changes to the VBLM indicate a slightly lower jobs assumption than the 2022 model. The City is still expected to account for roughly half

<sup>10</sup> Clark County Community Planning, 'County releases 2023 vacant buildable lands model capacity report for public review,' <https://clark.wa.gov/community-planning/county-releases-2023-vacant-buildable-lands-model-capacity-report-public-review>, February 20, 2024.

(51%) of jobs in the County, with capacity for 33,193 total jobs through 20235, across 2,414 buildable acres in the City and 3,503 buildable acres in the UGA.

### Exhibit 3. VBLM Capacity and Yield by Jurisdiction, 2023

Source: Clark County Community Planning

Jurisdiction	Housing Units	(%)	Jobs	(%)	Gross Acres	(%)	Buildable Acres	(%)
Battle Ground	6,978	7.4%	7,677	11.8%	2,919	11.1%	1,584	13.7%
Camas	4,222	4.5%	11,363	17.5%	3,304	12.6%	1,486	12.9%
La Center	2,122	2.3%	2,096	3.2%	953	3.6%	422	3.7%
Ridgefield	5,821	6.2%	7,998	12.3%	3,027	11.5%	1,332	11.5%
Vancouver (City Only)	31,726	33.7%	18,025	27.7%	5,677	21.6%	2,414	20.9%
Vancouver (UGA Only)	39,338	41.8%	15,168	23.3%	8,389	31.9%	3,503	30.4%
Washougal	3,741	4.0%	2,404	3.7%	1,743	6.6%	699	6.1%
Woodland	101	0.1%	0	0.0%	95	0.4%	23	0.2%
Yacolt	151	0.2%	360	0.6%	154	0.6%	76	0.7%
Total	94,200	100.0%	65,090	100.0%	26,262	100.0%	11,538	100.0%

For purposes of the 2025 Comprehensive Plan update, on May 7, 2024, Clark County adopted the below 2045 new employment growth capacity estimates, and new employment growth allocations.

### Exhibit 4. 2045 Interim Employment Capacity Estimates and Allocations (2024)

Source: Clark County Community Planning

Jurisdiction	2023 VBLM Employment	Share	Construction Office	2023 Employment	Additional distribution not requiring new employment				Total Jobs Planned	
	Land Capacity		Distribution	Land Allocation	Work from home	Construction-Field	Government			
Battle Ground	7,677	11.8%	172	7,847	416	594	392		9,249	
Camas	11,363	17.5%	255	11,615	615	879	549		13,658	
La Center	2,096	3.2%	47	2,142	113	162	45		2,463	
Ridgefield	7,998	12.3%	180	8,175	433	619	148		9,375	
Vancouver (City)	18,025	27.7%	405	18,424	976	1,395	5,522		26,317	
Vancouver (UGA)	15,168	23.3%	341	15,504	821	1,174	1,754		19,253	
Washougal	2,404	3.7%	54	2,457	130	186	187		2,961	
Woodland	-	0.0%	-	-	-	-	0		0	
Yacolt	360	0.6%	8	368	19	28	3		419	
UGA Total	65,091		1,463	66,534	3,524	5,038	8,600		83,695	Urban
Rural									4,405	Rural
									88,100	Countywide

Clark County has recently adopted a 2045 countywide employment projection of 269,000 total jobs to be used with the County's 2025 Comprehensive Plan Update.<sup>11</sup>

## Intersection with Housing Needs

The County's interim population projection maintains the 1:1 jobs-to-housing ratio in the County's current 2015–2035 Comprehensive Plan. However, the City of Vancouver has had a consistently high jobs-to-housing ratio over the last 10 years compared to Clark County as a whole (Exhibit 5). As recently as 2021, the City of Vancouver had 1.18 jobs for every household compared to 0.82 jobs for every household in Clark County.<sup>12</sup>

The Housing Needs Assessment conducted for the Vancouver 2045 Comprehensive Plan Update identified a need for 43,198 new housing units through 2045 across Vancouver. **If the City of Vancouver continued to maintain an average of 1.17 jobs-to-housing units that has been observed between 2011–2021 through 2045, it would be on track to anticipate planning for 50,541 new jobs through 2045 (far above the County's interim allocation).** If the City of Vancouver applied the same 1:1 jobs-to-housing target as adopted by Clark County, the City would be on track for 43,198 new jobs (also above the interim allocation).

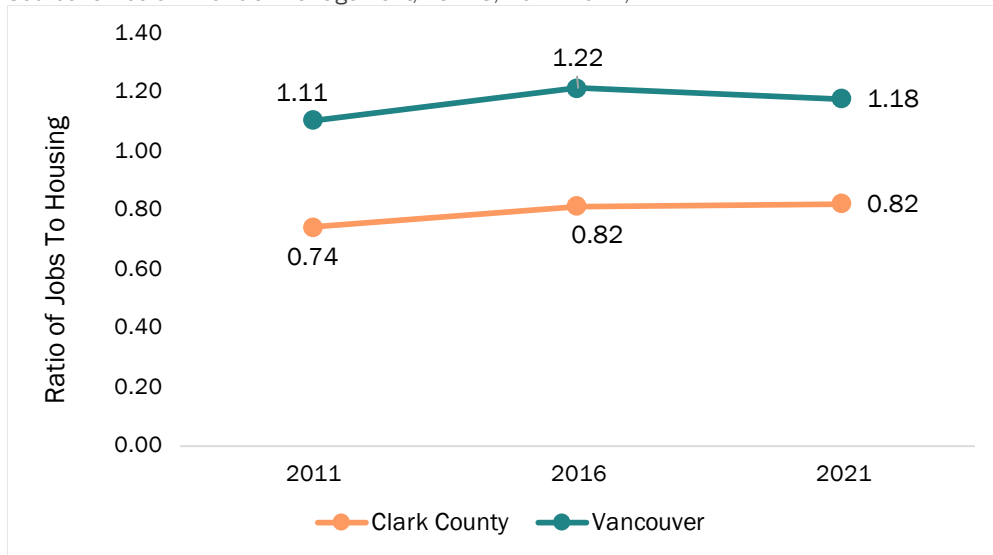
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<sup>11</sup> <https://clark.wa.gov/sites/default/files/media/document/2023-08/2023-08-01.pdf>

<sup>12</sup> The jobs-to-housing ratio is another metric useful for describing the balance between a city providing available housing for local workers and adequate jobs for those living in a city. The City of Vancouver recognizes the need to balance jobs to housing as a way to ensure the attainment of an appropriate supply and mix of housing and affordability levels to meet the needs of people who work and desire to live in Vancouver. The city established a Comprehensive Plan policy calling for an increase in the ratio of jobs to residents in the City of Vancouver and the region. Vancouver's jobs to housing ratio is trending upwards with a slight increase from 2011 to 2021, as the city has transitioned from a suburban bedroom community to a city offering more employment opportunities.

### Exhibit 5. Vancouver and Clark County Jobs to Housing Ratio 2011, 2016, 2021

Source: Office of Financial Management, LODS, 2011-2021,



## Regional Position

Vancouver is one of the fast-growing cities in Washington, located in Clark County on the state's southwestern border with Oregon, along the north shore of the Columbia River. Vancouver is of growing importance within the greater Portland metropolitan area's interconnected economy. Within the region, Vancouver is home to several large institutions including Clark College, Washington State University's Vancouver campus, and PeaceHealth Southwest Medical Center, with access to a broader selection of 25 colleges and universities in the Portland metro area. Clark County is also home to major regional employers in computers and technology within the broader network of science and technology industry clusters in the Portland area, offering Vancouver residents access to a variety of jobs in growing sectors.

Given the interconnected nature of Portland and Vancouver's economies and different state and local tax structures, the two cities often compete for residents and jobs within the region. A number of factors can influence household and employer decisions about location, including these tax structures as well as other considerations like the cost of living, land availability, quality of life amenities, infrastructure, and others. Over the past decade, Clark County has consistently seen positive net in-migration of residents from other counties in the region (Multnomah, Clackamas, and Washington Counties) according to data by the U.S.

Internal Revenue Service (IRS).<sup>13</sup> The U.S. Census Bureau’s populations estimates for 2021 also indicated that Clark County has had the largest population increase largely due to in-migration, while other counties in the region have all seen outmigration trends. Multnomah and Washington Counties both saw a net loss from outmigration in 2021, while Clackamas County also saw their lowest levels of in-migration for the last decade and low levels of natural population growth.<sup>14</sup>

## Regional Transportation Access

Vancouver is well connected to major local and regional transportation corridors, including two interstate bridges that connect the city with Portland. Interstate Highways (I-) 5, 205, and 84 offer commuters’ quick access by car or bus between Vancouver and the greater area, as well as a regional travel connection north to the Puget Sound and east along the Columbia River. While the bicycle and pedestrian networks may offer less direct options between cities, the I-5 and I-205 bridges provide protected pedestrian pathways over the river.

### Exhibit 6. Map of Key Clark County Regional Infrastructure

Source: CREDC Business Guide

Note: This map from CREDC illustrates infrastructure in the broader region



- |                          |       |                        |
|--------------------------|-------|------------------------|
| ① Port of Portland       | I-5   | Union Pacific Railroad |
| ② Port of Vancouver      | I-205 | BNSF Railroad          |
| ③ Portland Int'l Airport | I-84  |                        |

<sup>13</sup> Portland Business Alliance, “State of the Economy” (Value of Jobs Coalition, 2023).

<sup>14</sup> Ibid.



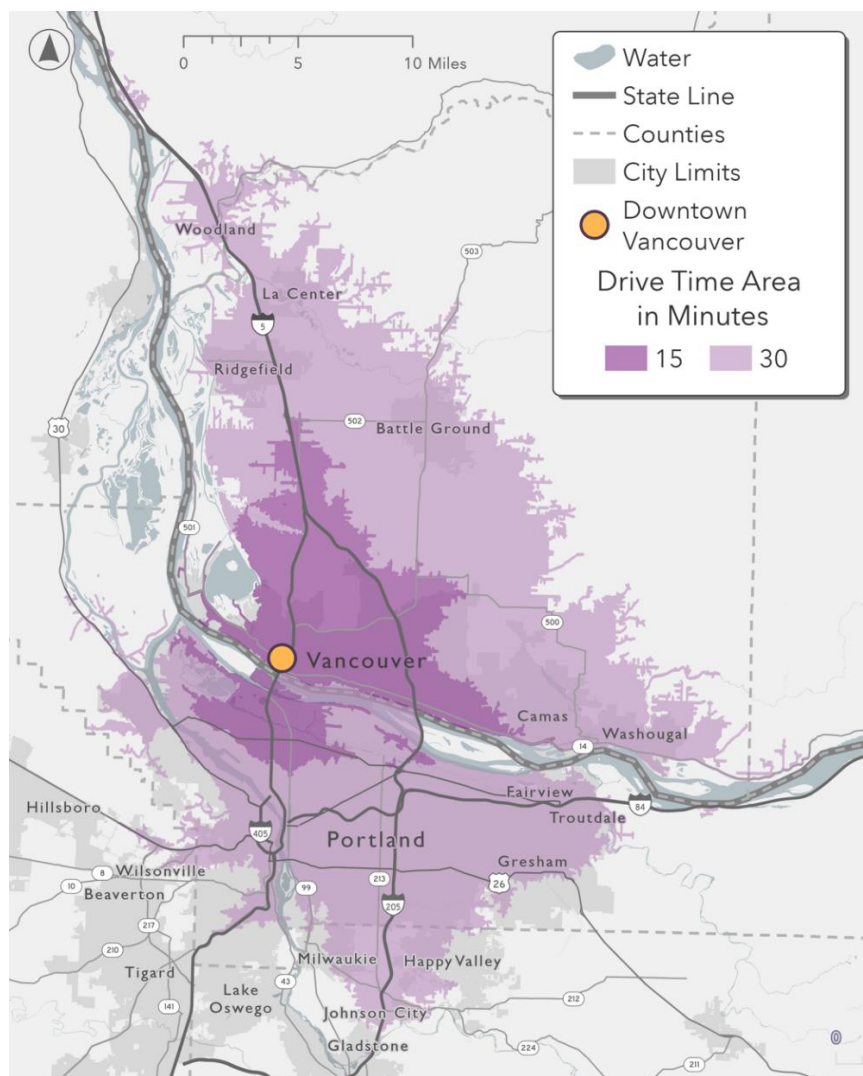
## Surrounding Land Uses

Located at a nexus of two interstate highways, national rail lines, and ocean-bound and river shipping lanes, with proximity to the Portland International Airport, the city is well positioned to access major markets within the United States and around the world (see Exhibit 6)

### Exhibit 7. Vancouver and Surrounding Jurisdictions, 15- and 30-Minute Drive Times from Downtown Vancouver

Source: ESRI

Drive times reflect an average outbound weekday morning commute



The city's access to deep water anchorages at the Port of Vancouver and Port of Portland, Union Pacific and BNSF railroad lines, and Portland International Airport (PDX) are among the city's strongest economic advantages for a number of industries. Regional markets accessible within a 30-minute drive include Downtown Portland, Gresham, Beaverton, Salmon Creek, Ridgefield, and Camas/Washougal (see Exhibit 7).

## Summary of Key Findings

### Demographic Trends

Vancouver, Clark County, and the State of Washington have grown substantially over the last two decades and are projected to continue to grow over the 20-year planning period. From 2000 to 2023, Vancouver's population grew by just over 56,000 residents, or 39%, which is higher than Washington state (35%) but lower than Clark County as a whole (53%). The pandemic may have shifted or accelerated migration patterns and housing preferences permanently, and Portland outmigration has contributed to Clark County's rapid growth.

**The region's growth includes more educated and early working age adults, and higher income households to Vancouver.** An increasingly educated and skilled workforce can help attract and retain employers, including those in CREDC's current target industry clusters for the County (Computers and Electronics, Software, Clean Tech, Metals and Machinery, Life Sciences). The community development needs associated with the growth of this skilled workforce will depend on employer workspace needs and existing office vacancy rates. A portion of this skilled workforce in occupations allowing for locational flexibility (such as tech-intensive industries) could work remotely at least part of the time or in co-working spaces rather than working fulltime at a centralized office space. As of 2022, approximately 17% of Vancouver's workers worked remotely (US Census data) and 52% of these workers earn over \$65,000 per year (see the Vancouver Housing Needs Assessment for more information).

**However, the city's increasing median household income can also be a sign of displacement of lower-income households.** As higher-income households move into the city, it is likely to increase housing costs and displacement pressures for lower-income households. Cost burden has impacted renters more than homeowners. Renters are nearly three times as likely to be cost burdened than homeowners, with over a quarter of renters severely cost burdened, spending more than 50% of income on rent. In Vancouver, Black or African American households and Hispanic or Latino households experience the highest rates of cost burden and severe cost burden.

**As the city continues to grow, managing negative externalities for groups who are already at a disadvantage will be critical to ensuring equitable opportunities.** Anti-displacement strategies in vulnerable areas, targeted workforce development, culturally-specific and accessible small business support, and other intentional strategies should be developed and reinforced to avoid creating deeper disparities for communities of color and low-income residents.



## Real Estate Trends

Billions of dollars in public realm improvements, transportation enhancements, and public private partnerships has catalyzed a cycle of private investment that has delivered new housing units and employment space across the city. Over the last fifteen years, Vancouver has added over 1 million square feet each of new office and retail space, and roughly 4 million square feet of industrial capacity. Developers have gravitated towards some of the city's large open sites, but created important questions for how Vancouver should seek to use its remaining buildable employment lands. Although the City has added 1,466 new housing units per year on average from 2012 to 2022 (many as part of large, mixed-use developments with 79% of new permits in multifamily developments over the last three years), the City still has a need to deliver more housing to meet demand (see the Housing Needs Assessment). Given finite amounts of land, which are expected to accommodate a large share of Clark County's employment growth in coming years, policy decisions around efficient land use are becoming more critical.

In recent years, Vancouver's commercial real estate trends have closely tracked Clark County and the broader Portland metro area, with several gaps closing for the city in the three years since the onset of the COVID-19 pandemic. Since 2020, office, retail, and industrial vacancies have climbed in the four-county area, while Vancouver's commercial vacancies remained lower in all categories. In 2023 year-to-date the region has over 11 percent of its office space vacant, compared to only 5 percent in Vancouver. While this rate has continued to increase from 2020 in the region, Vancouver and Clark County's office markets have recovered quickly. Retail and industrial vacancies do not show as sharp of a contrast but are maintaining lower vacancy rates and showed a quicker recovery from fluctuations in 2020.

Office market data indicates that Vancouver has established itself as the prime location for affordable office space within Clark County and the Portland metro area. While the city has lower office rents in comparison to the regional average, Vancouver's ability to attract tenants seeking lower cost options presents an opportunity for the city to strategically position itself as an attractive hub for new and expanding businesses, especially cost-conscious startups. Targeted initiatives to develop more modern office amenities, coworking spaces, small business incubators, "third places" (or social hubs facilitating social interaction outside of home or work such as cafes, parks, community centers), mixed-use development, and incentives for targeted office development could help the city capitalize on this competitive advantage in office real estate for service-based industries that continue to

grow in Vancouver. However, as post-COVID trends emerge, needs for startups and small businesses in particular may change as remote work offers a cost-effective alternative.<sup>15</sup>

**Vancouver has an opportunity to develop mixed-use retail centers that could boost access to shopping, dining, and entertainment.** While Vancouver's new retail construction (also referred to as 'deliveries') slowed in recent years, the city has also maintained growth in retail and service industry jobs. Areas of the city that saw falling employment include older suburban-style malls and plazas along highway corridors, while the city's downtown employment increased. Retail growth presents avenues to partner with developers on revitalization projects and initiatives to support local small businesses that are positioned to new post-pandemic trends that prioritize mixed-use commercial development.

## Employment Trends

**Service-based industries are concentrated in Vancouver and make up a large and growing share of the city's workforce.** Healthcare, retail, and educational services represent the largest shares of employment in the city, with all service sectors as a whole accounting for more than half of jobs in the City. These represent areas where Vancouver can build on opportunities, although wages in many service-oriented careers are not on par with the County average. Developing industries that offer living-wage jobs should be a part of the City's strategy to provide economic opportunities for Vancouver residents, with pathways to these opportunities through upskilling or reskilling existing workers and fostering low-barrier educational programs.

**Many of the largest employers in Clark County are based in Vancouver and represent key industry clusters in healthcare, technology, and education.** Major employers like health centers, tech companies, and educational institutions represent key partners for developing

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<sup>15</sup> The recently released Urban Land Institute's real estate trends report highlights emerging office space sector changes affected by remote work and other impacts (such as artificial intelligence). These changes have led to a reevaluation of the traditional office model and casted doubt on a complete return to pre-pandemic office conditions. ULI describes reduced tenant demand, particularly in downtown areas, resulting in a split market, with premium modern properties gaining favor. (ULI, 2024, Emerging Trends in Real Estate United States and Canada, [https://knowledge.uli.org/reports/emerging-trends/2024/emerging-trends-in-real-estate-united-states-and-canada-2024?\\_gl=1\\*tyvb9f\\*\\_ga\\*ODQxOTExMjQ4LjE3MDAwNjk0NDM.\\*\\_ga\\_68IJQP7N7N\\*MTcwMDYxMTM3MS45LjEuMTcwMDYxMTM4Ni4wLjAuMAI](https://knowledge.uli.org/reports/emerging-trends/2024/emerging-trends-in-real-estate-united-states-and-canada-2024?_gl=1*tyvb9f*_ga*ODQxOTExMjQ4LjE3MDAwNjk0NDM.*_ga_68IJQP7N7N*MTcwMDYxMTM3MS45LjEuMTcwMDYxMTM4Ni4wLjAuMAI)).

career pathways and opportunities for residents of Vancouver and other parts of Clark County. Universities, hospitals, and technology parks are becoming increasingly important locations where people both work and develop skills for some of these major industries.

**Jobs are moving in towards local employment hubs like Downtown Vancouver, the Vancouver Innovation Center, and large institutions.** Employment trends at the census tract level show that employment is growing in these locations, while declining along older, suburban-style commercial areas like Fourth Plain Boulevard. While many cities (including Portland) have struggled to maintain Downtown areas post-pandemic, Vancouver is showing a stronger rebound than the region.

## Policy Implications

The findings from this analysis can inform and guide the City as it develops its economic development strategies for the next twenty years. Some of the key policy implications from this work that the City may consider in the Comprehensive Plan update include:

**Supporting employment and wealth creation opportunities for residents across all income levels.** Demographic trends show an increase in younger, educated workers and high-income households, as well as a high-share of cost-burdened households. The City should evaluate strategies to continue supporting and attracting skilled workers to fill key roles in target industries, along with strategies to promote stability and opportunity for residents vulnerable to displacement and poverty.

**Including housing as a focus of the City's economic development strategy.** Access to talent is a primary driver of growth for many companies. A limited availability of housing and lack of affordable housing are issues not just for Vancouver residents but, increasingly, for employers who have difficulty attracting and retaining talent to fill roles. Historic and current housing underproduction has limited local supply (see Housing Needs Assessment), creating new pressures for residents including proximity to employment. The City should evaluate the dynamic between the industries they prioritize and the likelihood that the workers in those industries can afford to live in Vancouver. The City's housing and economic development efforts should be strategically coordinated to ensure the city has sufficient housing options to meet the needs of Vancouver workers and employers.

**Coordinating with partners to support regional goals and target industries.** The City should coordinate and align efforts with CREDC to support key industry clusters in Computer and Electronics, Clean Tech, Software, Metals & Machinery, and Life Sciences. The City should

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coordinate with regional partners on key infrastructure projects and transportation improvements.

**Pursuing place-based development strategies.** The City's public realm investments will continue to catalyze private development in areas across the city. The City should continue to strengthen downtown as a residential, cultural, civic, retail and entertainment center. The City should develop targeted economic development and equitable development strategies, (e.g., culturally specific entrepreneurship business assistance programs) in neighborhood centers, in alignment with the future land use map and where the City is planning infrastructure investments.

## Section 2. Demographic Profile

Population growth, demographic composition, and income distribution can all have important implications for a city's economic development. Key characteristics such as population growth over time, age of residents, median income, and disparities by race and ethnicity provide useful context about Vancouver's current households and recent trends. The purpose of this analysis is to evaluate the socioeconomic conditions that will influence demand for different land uses and shape the economic opportunities in the city over the current comprehensive plan horizon. This information can also help to identify which communities in Vancouver are not benefiting from current efforts and inform the City's work to address current gaps for equitable economic development as part of the comprehensive plan update.

This section provides an overview of key socioeconomic conditions in Vancouver that are useful for evaluating economic opportunities and challenges. To better understand the City's standing within the region, the analysis also includes comparisons to Clark County and other geographies such as Washington State and the greater Portland area as needed to contextualize conditions in Vancouver.

### Data and Geographies

This assessment relies on published data primarily from the U.S. Census Bureau, CoStar, Washington Office of Financial Management, U.S. Department of Housing and Urban Development, Clark County, and the City of Vancouver (see the Our Vancouver Housing Needs Assessment for detail on the main data sources used). For demographic data, ECONorthwest primarily used the 2021 American Community Survey (ACS) 1-year Estimates, which is the most current data set available. This report uses the City of Vancouver as its primary geography, with comparisons to Clark County and Washington State, as well as some targeted comparisons to other cities in the region, including Portland and Hillsboro. In some cases, the analysis uses a four-county area including Clark County (WA), Multnomah County (OR), Washington County (OR), and Clackamas County (OR) when necessary to understand regionwide economic trends.

### Equity Priority Communities

The City has identified Equity Priority Communities, comprised of historically marginalized and/or vulnerable communities, that should be centered in Vancouver's planning and policy processes. These Equity Priority Communities are defined as those who experience or have experienced discrimination and exclusion based on identity. A history of housing discrimination and other exclusionary policies have deprived people in these communities of opportunities for wealth creation, access to capital, and access to quality affordable

housing in areas near essential amenities. For the purposes of this project, Equity Priority Communities include:

- Black, indigenous, people of color (BIPOC) communities
- People with low incomes
- People with disabilities, including neurodivergent
- Youth and children
- LGBTQ+ individuals
- Renters
- People without an address/ people experiencing homelessness
- Small business owners
- Refugees
- Undocumented population

Understanding disparities between these groups help the City make decisions on investments that meaningfully reverse the disparities in access to jobs, housing, transportation, and other community services. Where possible, this study disaggregates data by race to help understand disparities and inform future policy decisions.

## **Population Growth and Forecast**

### **Population Growth**

The Washington State Office of Financial Management provides official state and local population estimates and projections for use in the allocation of funds, growth management, and other planning functions. This section utilizes official population estimates from 2000–2022 and official projections for 2050 to understand Vancouver’s past and future population growth.

Population growth and household formation are critical indicators for the available workforce and economic base of the city. Although Vancouver is part of an economically interconnected region, the rate of population growth in the city and county heavily influences future employment trends, local demand, and business competitiveness.

Vancouver and the region have grown substantially over the last two decades and are projected to continue to grow over the 20-year planning period. From 2000 to 2023, Vancouver’s population grew by just over 56,000 residents, or 39%, which equals an annualized compounded growth rate of 1.4% growth per year (see Exhibit 8 below). At almost

200,000 persons, Vancouver is the fourth largest city, based on population, in the State of Washington (below the cities of Seattle, Spokane, and Tacoma but above Bellevue).<sup>16</sup>

Clark County has experienced a higher rate of population growth than Vancouver, though both are growing at a faster rate than the state overall. Despite Vancouver's slightly slower growth than the county, the city is likely to draw from a labor pool that includes commuters from unincorporated suburban areas and towns to the north, west, and east.

#### Exhibit 8. Population Growth, Vancouver, Clark County, and Washington, 2000-2023

Source: ECONorthwest, Office of Financial Management Population Estimates.<sup>17</sup>

	2000	2010	2023	Change, 2000- 2023	% Change, 2000- 2023	Annualized Compounded Growth Rate
City of Vancouver	143,560	161,791	199,600	56,040	39%	1.4%
Clark County	345,238	425,363	527,400	182,162	53%	1.9%
State of Washington	5,894,143	6,724,540	7,951,150	2,057,007	35%	1.3%

## In-Migration

A portion of Vancouver's recent growth can be linked to migration from Multnomah County and other counties in the Portland Metropolitan region. From 2011 to 2021, Clark County has seen consistent rates of positive in-migration, with an average of approximately 5,000 people per year moving into the County. Meanwhile Oregon Metro Counties have all seen decreasing rates of in-migration since 2016, with a particularly high number of people moving out of Multnomah County in 2021. In 2021, nearly 13,000 people moved out of Multnomah county and approximately 5,800 people moved into Clark County. These findings suggest that the greater locational flexibility allowed post-COVID 19 is a contributing factor,

<sup>16</sup> Washington State Office of Financial Management analysis of U.S. Census data, 2021: <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/population-density>

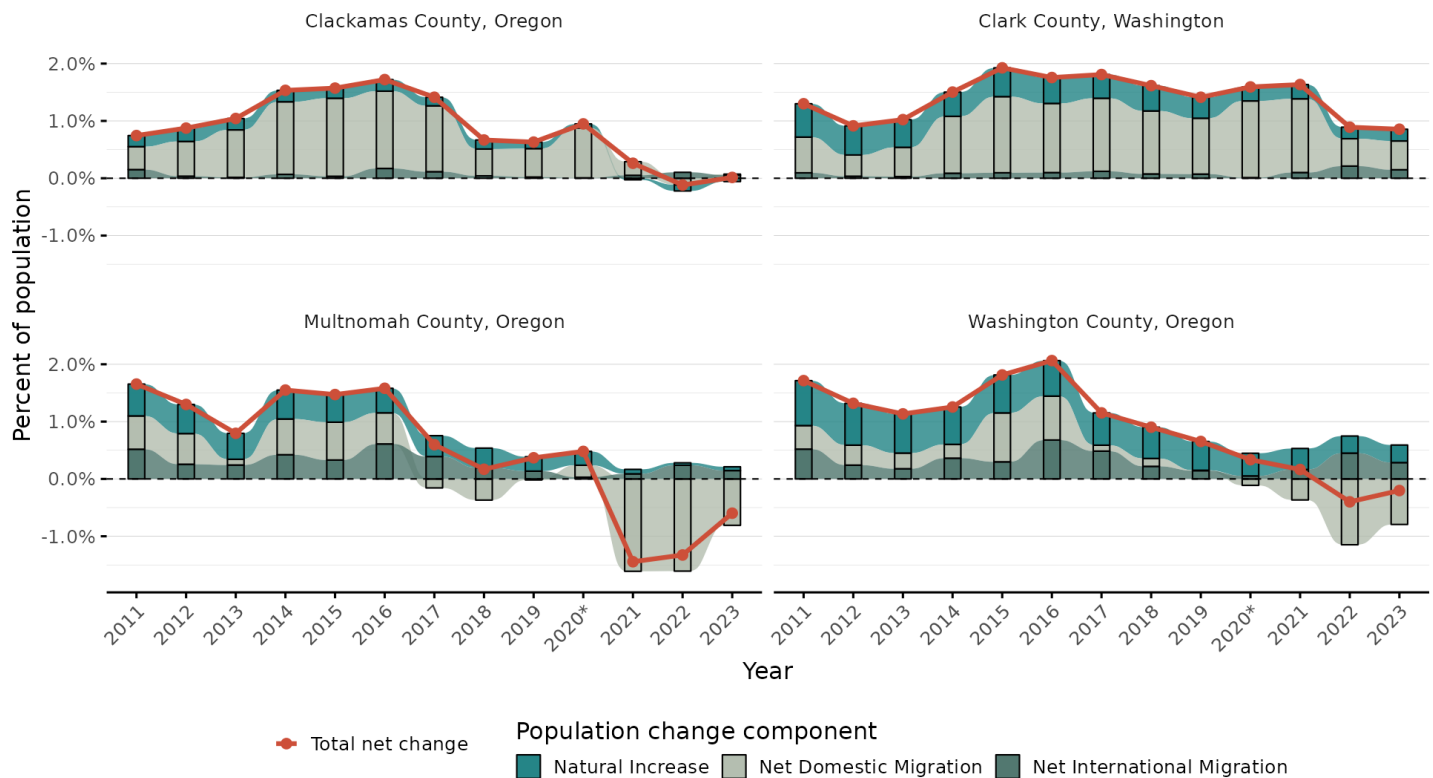
<sup>17</sup> Between 2010 to 2020, several areas were annexed into the City of Vancouver which increased the population by approximately 6,126 persons. If the annexation was deducted from the 2023 population estimate, the percent change would be 35% rather than 39%.



though not the singular cause, of migration trends from the Portland Metro region to Clark County.

### Exhibit 9. Annual Population Change by County across the Portland Metro Region, 2011-2021

Source: U.S. Census



\* 2020 components only extend from 4/1 to 6/31, and so have been annualized for this report

## Demographic Composition

Demographic information describing the age and race and ethnicity trends of the community, can help inform both economic conditions today and key considerations for future economic development. ECONorthwest primarily used 2021 one-year American Community Survey (ACS) data (the most current data available) for this analysis.

### Key Findings

- **The share of early and mid-career age residents and older adults in Vancouver is growing.** Vancouver's median age in 2021 was 39 years, similar to Clark County and increasing slightly since 2011. Vancouver's largest age group in 2021 was residents aged 20 to 34 years, representing roughly a quarter of the population (24%). Residents in this group are likely to include more early-career workers and students. From 2011 to 2021, the share of residents under 20 years decreased from 25% to 20%, while the share of residents older than 65 increased from 13% to 19%, indicating a decreased share of families with children and a greater share of



residents entering retirement (the Housing Needs Assessment also indicates that Vancouver's median household size has decreased slightly since 2011).

Demographic trends will drive consumer preferences, housing needs and workforce composition. Specifically, more working-age young adults without children and more seniors are likely to drive demand for more compact housing types near amenities, services, and entertainment and recreational opportunities.

- **The share of residents over 25 with a bachelor's degree or higher increased in Vancouver and Clark County from 2011 to 2021.** An increasingly educated workforce may help the city in attracting and retaining employers that require workers with specific skill sets or educational backgrounds.
- **Both Vancouver and Clark County have become more racially and ethnically diverse.** From 2011 to 2021, Vancouver saw increases by two percentage points in its Hispanic and Latino population (from 9 to 11%), Asian population (from 6 to 8%), multiracial population (from 5 to 7%), and Black population (from 3 to 5%).
- **Disparities in median income, educational attainment, housing cost burden, and homeownership rates by race and ethnicity indicate ongoing economic inequality for people of color in Vancouver and Clark County.** In 2021, the median incomes of multiracial households, Black or African American households, Hispanic or Latino households, or households identifying as another group not listed by the ACS were below the median income in Vancouver; in addition, a smaller share of residents over the age of 25 who were Black or African American, Hispanic or Latino, or another race alone had bachelor's degrees. Housing cost burden was also most prevalent for Black or African American and Hispanic or Latino households, indicating additional economic burdens.

## Age

Individuals often have different economic prospects and challenges at different stages of life. For example, young workers, students, and recent college graduates who are in the early stages of their careers may have greater locational flexibility, while mid- to late-career workers may be less likely to change careers, and retirees and older adults exiting the workforce may have changing needs for housing, amenities, and services.

Compared to Clark County overall, Vancouver has a greater share of working-age young adults and seniors, and a lower share of residents under 20 years of age. Exhibit 10 shows the median age for Vancouver and Clark County. Vancouver has a marginally higher median age, 39.4 years, than the county overall.

### Exhibit 10. Median Age, Vancouver and Comparison Geographies, 2021

Source: ACS 1-Year Data Tables, 2021

Jurisdiction	Median Age
City of Vancouver	39.4
Clark County	39.2
Hillsboro	34.8
Portland	38.3
State of Washington	38.2

### Exhibit 11. Change in Median Age, Vancouver and Comparison Geographies, 2011-2021

Source: ACS 1-Year Data Tables, 2011, 2021

Jurisdiction	2011	2021	Change
City of Vancouver	38.0	39.4	1.4
Clark County	37.0	39.2	2.2
Hillsboro	32.2	34.8	2.6
Portland	35.7	38.3	2.6
State of Washington	37.3	38.2	0.9

Exhibit 11 shows the change in median age from 2011 to 2021. Vancouver's median age increased by 1.4 years from 2011 to 2021, a slightly lower change than the county.

Exhibit 12 shows the distribution of different age groups. In Vancouver, the largest age group is residents aged 20 to 34 years (24%). Compared to the county, Vancouver has a similar share of residents between the ages of 35 and 64, but a 3-percentage-point higher share of residents 65 years and older (or nearly 19% share higher than the County). In addition, while the county's largest age group is residents under 20 years (25%), Vancouver has a 5-percentage-point lower share (or 20% lower share than that of the County).

### Exhibit 12. Age Distribution, Vancouver and Comparison Geographies, 2021

Source: ACS 1-Year Data Tables, 2021

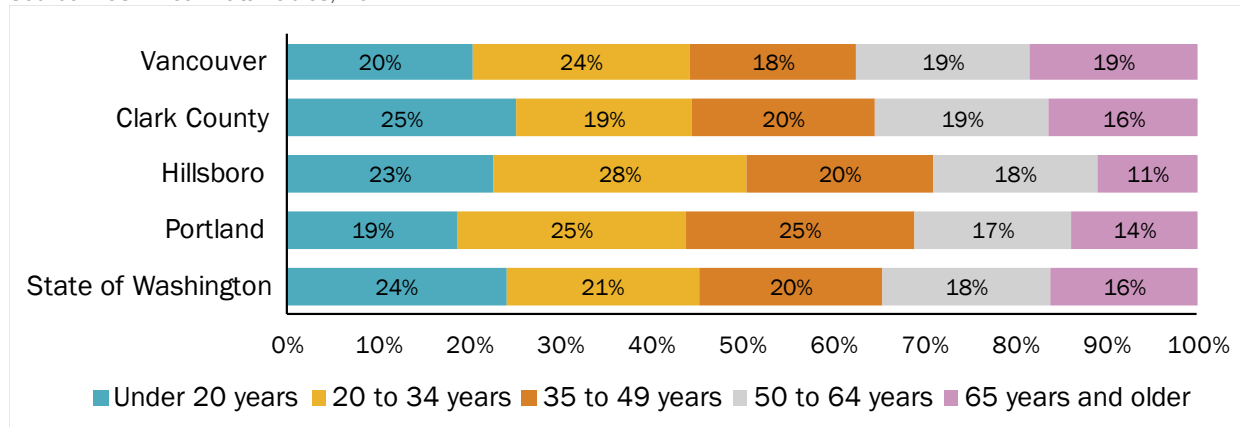
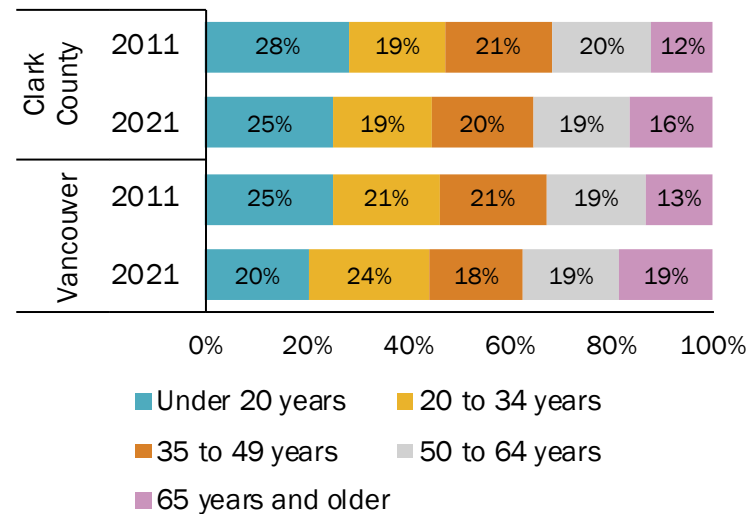


Exhibit 13 shows the change in age distribution for Vancouver and Clark County. In both jurisdictions, the share of residents under 20 years decreased (by 5 percentage points in Vancouver). On the other end of the spectrum, the share of residents 65 years and older increased in both jurisdictions (by 6 percentage points in Vancouver). In the county overall,

the share of residents between 20 and 65 years remained relatively stable, while in Vancouver the share of residents aged 20 to 34 years increased by 3 percentage points, and the share of residents aged 35 to 49 years decreased 3 percentage points.

**Exhibit 13. Change in Age Distribution, Vancouver and Clark County, 2011-2021**

Source: ACS 1-Year Data Tables, 2011, 2021



In addition, prime working age is generally defined as workers aged between 25 to 54 years. Vancouver’s share of prime working population (20 to 49 years) is similar to Clark County and has slightly decreased from 2011 to 2021.

**Race and Ethnicity**

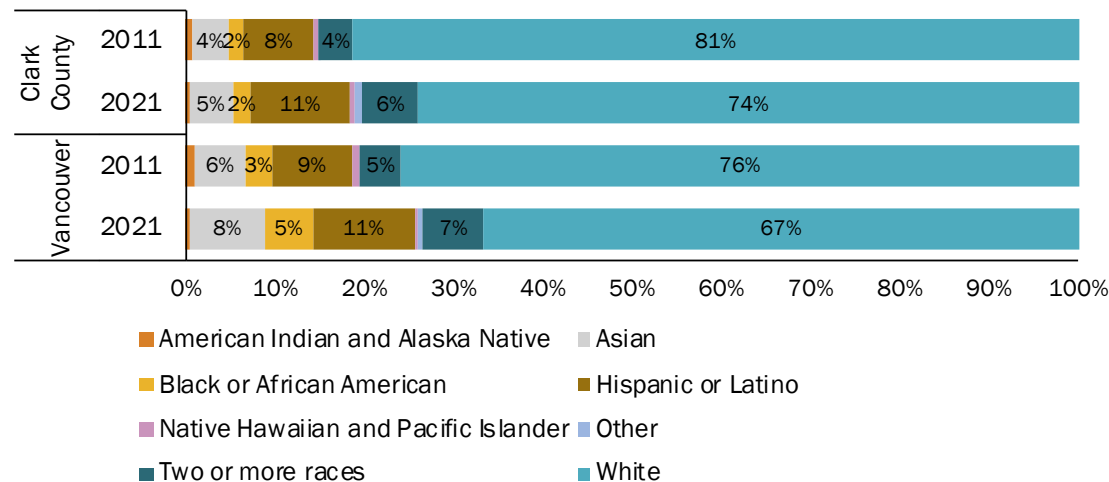
In both Vancouver and Clark County, the majority of the population is White, with 67% of residents identifying as White in Vancouver and 74% in the county. However, Vancouver has a 3-percentage-point higher share of Black or African American residents, and a 3-

percentage-point higher share of Asian residents than the county overall. **Both jurisdictions became more racially and ethnically diverse over the last decade from 2011 to 2021.**

Vancouver saw increases by two percentage points for its Hispanic and Latino population (from 9 to 11%), Asian population (from 6 to 8%), multiracial population (from 5 to 7%), and Black or African American population (from 3 to 5%). Exhibit 14 shows the change in the distribution of residents by race and ethnicity from 2011 to 2021.

**Exhibit 14. Change in Race and Ethnicity Distribution, Vancouver and Clark County, 2011-2021**

Source: ACS 1-Year Data Tables, 2011, 2021



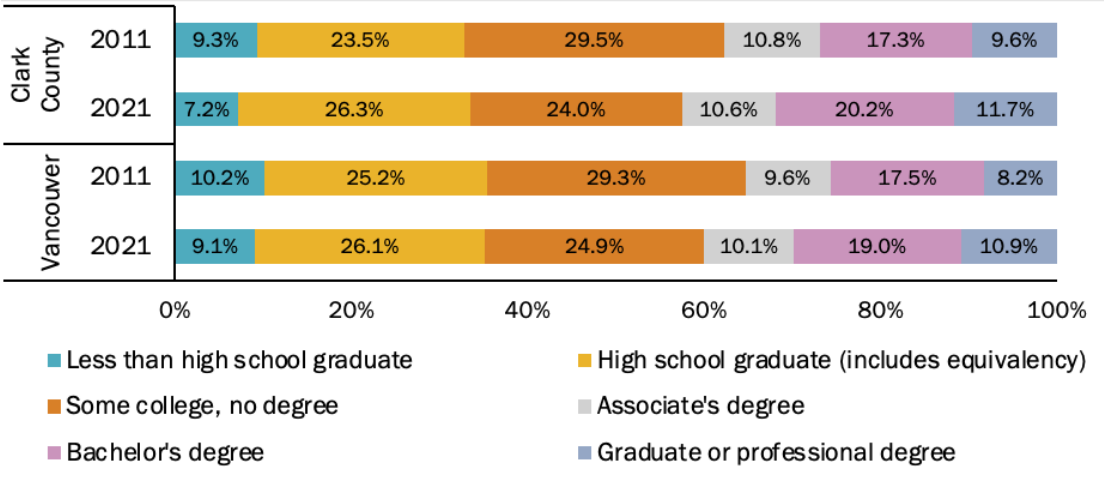
# Educational Attainment

Educational attainment is an important indicator for economic opportunities and the type of available workforce in an area. Economic development strategies may target different types of skill development, industry pipelines, or training programs depending on the existing level of education among residents.

From 2011 to 2021, Vancouver and Clark County both saw growth in the share of residents over 25 with a bachelor’s degree or higher. The share of residents with some college but no degree and those with no high school degree also decreased across both geographies in this timeframe. An increasingly educated workforce may help the city in attracting and retaining employers that require workers with specific skill sets or educational backgrounds. As professional services industries grow in Vancouver, the city will see increasing opportunities for skilled workers in industries like financial services. Industries like specialized manufacturing, life sciences, and healthcare also present opportunities for those with associate degrees or graduates from Career and Technical Education programs to access higher wage jobs.

**Exhibit 15. Change in Educational Attainment, Vancouver and Clark County, 2011-2021**

Source: ACS 1-Year Data Tables, 2011, 2021. Note: This only includes the educational attainment level for people 25 years and over.

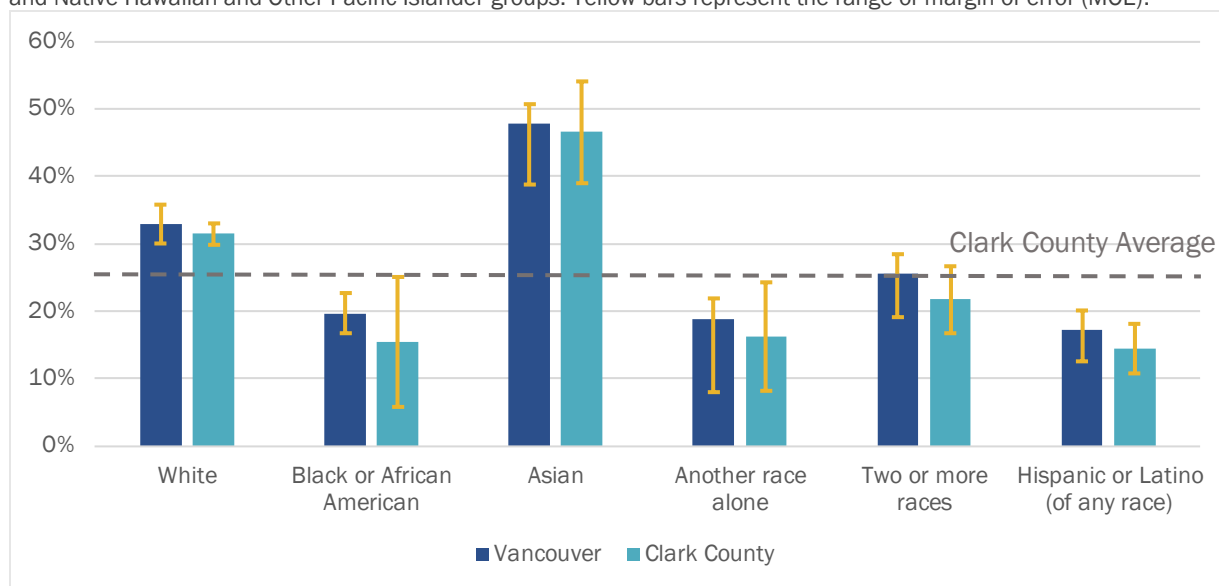


Educational attainment is not the same between different groups by race and ethnicity in Vancouver or Clark County. For the population age 25 and over, a larger share of white and Asian residents held at least a bachelor’s degree, which often indicates different types of employment opportunities in the workforce. In comparison, a lower share of residents who

were Black or African American, Hispanic or Latino, or another race alone had bachelor's degrees both in Vancouver and Clark County.

#### Exhibit 16. Share of Population Age 25 and Over with a Bachelor's Degree or Higher by Race and Ethnicity, Vancouver and Clark County, 2021

Source: ACS 1-Year Data Tables, 2021. Note: Due to low sample size, accurate data is not available for American Indian and Alaska Native and Native Hawaiian and Other Pacific Islander groups. Yellow bars represent the range of margin of error (MOE).



## Income Distribution

Income and income distribution are critical indicators of economic prosperity. Income levels directly reflect the purchasing power and standard of living of individuals and households; higher incomes generally enable people to afford better education, healthcare, and access to essential goods and services, contributing to overall well-being and productivity. The distribution of income and disparities between demographic groups are also critical considerations for addressing economic inequality and reducing concentrations of poverty. Key findings for income distribution in Vancouver include:

- **Median household income in Vancouver is increasing.** In Vancouver and Clark County, the share of all income brackets above \$75,000 increased between 2011 and 2021, while the share of households earning less than \$75,000 annually decreased. While an increase in median household income can have positive compounding effects throughout the regional economy, it can also be a sign of displacement of lower-income households and compounding economic burdens on populations who have been historically disadvantaged.
- **However, incomes in Vancouver are still lower than elsewhere in Clark County.** Vancouver had a median household income of \$70,000 in 2021, which is lower than the median household income in Clark County. Comparatively, Vancouver had a

higher share of households earning less than \$75,000 and a lower share of households earning more than \$100,000 annually.

- **Vancouver median household incomes generally align with the Portland region Area Median Income (AMI).** However, compared to the larger region, Vancouver has a higher share of households earning below 60% of the AMI.

## Median Household Income

As of 2021, the median household income in Vancouver was roughly \$70,000 per year. The city's median household income was approximately \$14,000 lower than that of Clark County as a whole, which includes cities like Ridgefield, Camas, and Washougal that have seen substantial population growth and corresponding increases in median household

income in recent years. A variety of socioeconomic factors may contribute to this disparity between the City of Vancouver and other geographies in the region such as educational attainment levels, employment trends, and disparities for groups who have been historically disadvantaged. For instance, incomes in Hillsboro are likely higher due to high concentrations of high-wage tech industry jobs in the Hillsboro Industrial Area.

Even after adjusting for inflation, the City of Vancouver and Clark County both saw increases in median household income from 2011 to 2021 (as shown in Exhibit 18). Vancouver's median household income increased roughly \$15,500 over this time period increasing by 28% which is slightly lower than Clark County (at 33%). The areas surrounding Vancouver tend to include a larger share of higher income households and lower share of people of color.

### Exhibit 17. Median Household Incomes, Vancouver and Comparison Geographies, 2021

Source: ACS 1-Year Data Tables, 2021

Jurisdiction	Median Household Income
City of Vancouver	\$70,000
Clark County	\$84,000
City of Hillsboro	\$97,000
City of Portland	\$79,000
State of Washington	\$84,000

## Household Income Distribution

Exhibit 19 shows the distribution of different income brackets in Vancouver and Clark County. Of these jurisdictions, **Vancouver has a higher share of residents in income brackets below \$75,000 annually.**

Vancouver's share of households earning below \$75,000 per year is even higher than the State of Washington and the City of Portland. In Vancouver, 53% of all households earn \$75,000 or less, compared to 44% in Clark County (9 percentage points higher). Compared to Clark County, Vancouver's share of households earning less than \$25,000 is five percentage points higher than the county. Looking at the higher income brackets, Vancouver has a lower total share of households earning above \$75,000 per year (47% compared to 56%). In particular, the city has a smaller share of households earning between \$100,000 and \$150,000 than the county (17% compared to 21%), and a smaller share by 5 percentage points of households earning more than \$150,000 compared to the county overall.

## Exhibit 18. Change in Median Household Incomes, Vancouver and Comparison Geographies, 2011-2021 (2021\$)

Source: ACS 1-Year Data Tables, 2011, 2021. Note: 2011 incomes are adjusted for inflation to 2021 dollars.

	2011	2021	Change	% Change
City of Vancouver	\$58,918	\$69,993	\$11,075	28%
Clark County	\$68,250	\$83,837	\$15,587	33%
City of Hillsboro	\$79,219	\$97,436	\$15,781	20%
City of Portland	\$56,658	\$79,057	\$18,217	32%
State of Washington	\$68,466	\$84,247	\$15,587	23%

## Exhibit 19. Median Household Income Distribution, Vancouver and Comparison Geographies, 2021

Source: ACS 1-Year Data Tables, 2021

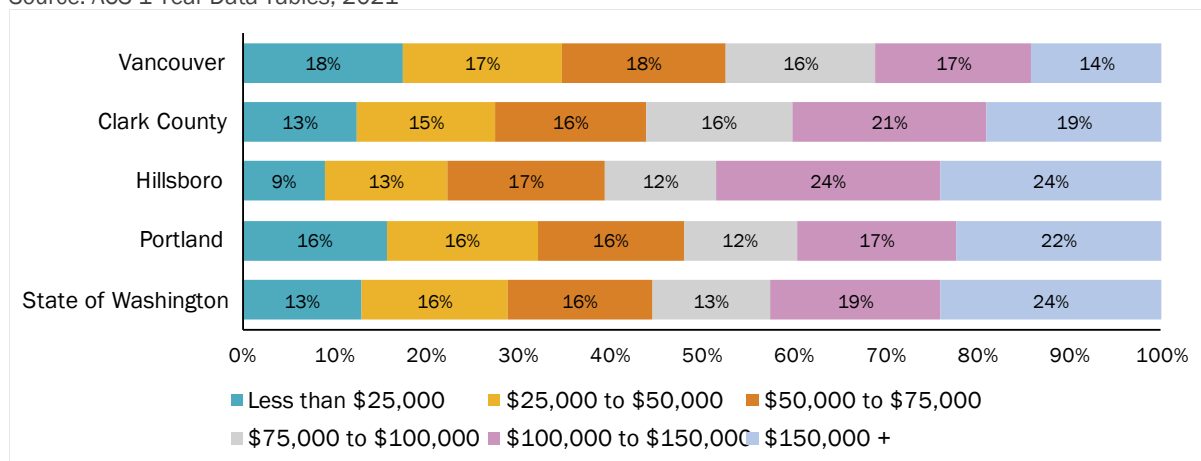
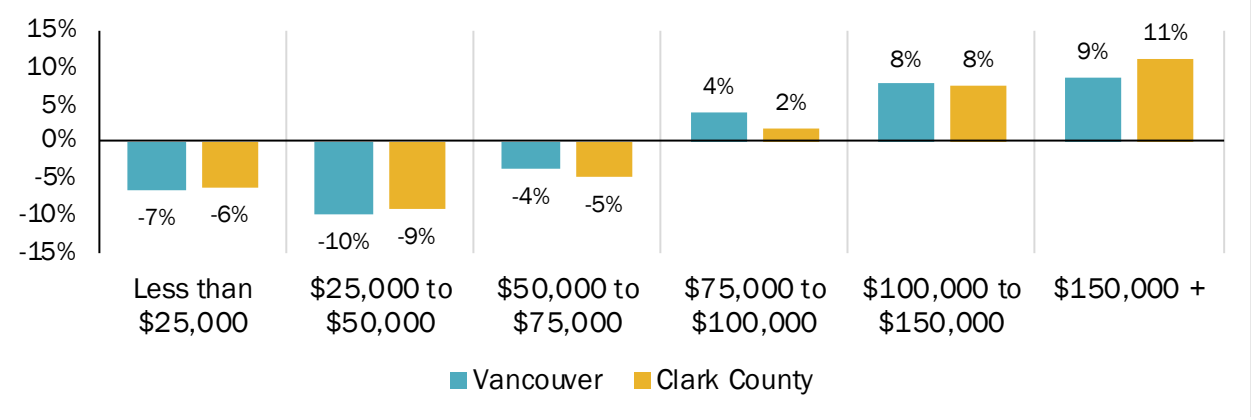




Exhibit 20 shows the change in the *share* of each income bracket from 2011 to 2021; for example, the share of households earning more than \$150,000 annually increased from 5% to 14% in Vancouver over this time period, an increase of 9 percentage points. **In both Vancouver and Clark County, the share of households earning less than \$75,000 annually decreased, while the share of all income brackets earning above \$75,000 increased.** This could indicate that the City of Vancouver is gaining more people with household incomes earning above \$75,000 per year or that existing households are experiencing increases in their incomes. Also in both jurisdictions, the share of households earning between \$25,000 and \$50,000 decreased the most, while households earning more than \$150,000 increased the most. While changes were similar between the city and the county, the county had a slightly higher change in the share of households earning greater than \$150,000.

**Exhibit 20. Change in Median Household Income Distribution, Vancouver and Clark County, 2011-2021**  
Source: ACS 1-Year Data Tables, 2011, 2021



An increase in median household income can have positive compounding effects throughout the regional economy. Greater spending power for households can result in more revenue for local businesses, and more local government tax revenue for public services and programs. However, an increasing median household income can also be a sign of displacement of lower-income households. As higher income households move into the city, it is likely to increase housing costs and displacement pressures for lower-income households.

**Income Inequality**

Inequality between individuals and households with high incomes and those with low incomes in a community is helpful to understand how to best target economic development strategies to reduce disparities. Tracking income inequality allows decisionmakers to identify trends and emerging areas of concern so they can take steps to address root causes and create more equitable opportunities for residents. As Vancouver sees an influx of high-income households and rising median income, it is critical to track this variance between new high-earning and lower income residents. There are several ways that income inequality can be measured, including the Palma Ratio included in this section.



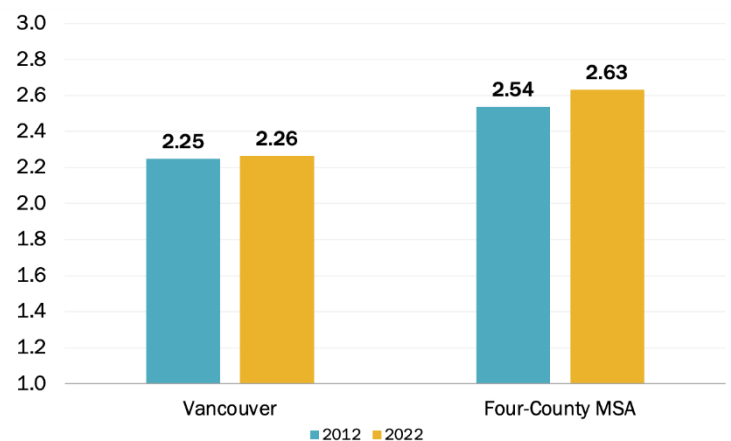
## Palma Ratio

The Palma Ratio is one method of measuring income inequality that is defined as the ratio of income at the top 10 percent of households relative to that of the bottom 40 percent. This ratio is calculated by comparing the total income of households in both groups.<sup>18</sup> A higher score indicates greater income inequality between the top 10 percent and bottom 40 percent of households. A Palma Ratio greater than 1.0 indicates that the top 10% of the population being measured holds a larger share of income compared to the bottom 40% of the population while a ratio less than 1.0 implies the opposite (that the bottom 40% holds more income or wealth than the top 10%).

The Palma Ratio has consistently been higher in Clark County compared to the City of Vancouver for a decade from 2012 to 2022 (in 2022, it was 2.26 in the city and 2.63 in the county) (Exhibit 21). Vancouver saw a minor increase in its Palma Ratio score between 2012 and 2022, while the four-county area (including Clark, Multnomah, Clackamas, and Washington Counties) saw a larger increase than the city from 2.54 to 2.63 (by 0.09).<sup>19</sup> This indicates that Vancouver did not see a sizable change in inequality between its highest and lowest income levels, while disparities grew more in the four-county area overall. This could indicate a combination of stagnant or shrinking wages for the area's bottom 40 percent of households or disproportionately higher growth for the top 10 percent.

**Exhibit 21. Palma Ratio, Vancouver and Four-County Area (Clark County, WA; Multnomah County, OR; Clackamas County, OR; Washington County, OR), 2012-2022**

Source: ACS PUMS 1-Year Estimates, 2012, 2022.



<sup>18</sup> Alex Cobham, "The Palma," The Uncounted, December 8, 2014, <https://uncounted.org/palma/>.

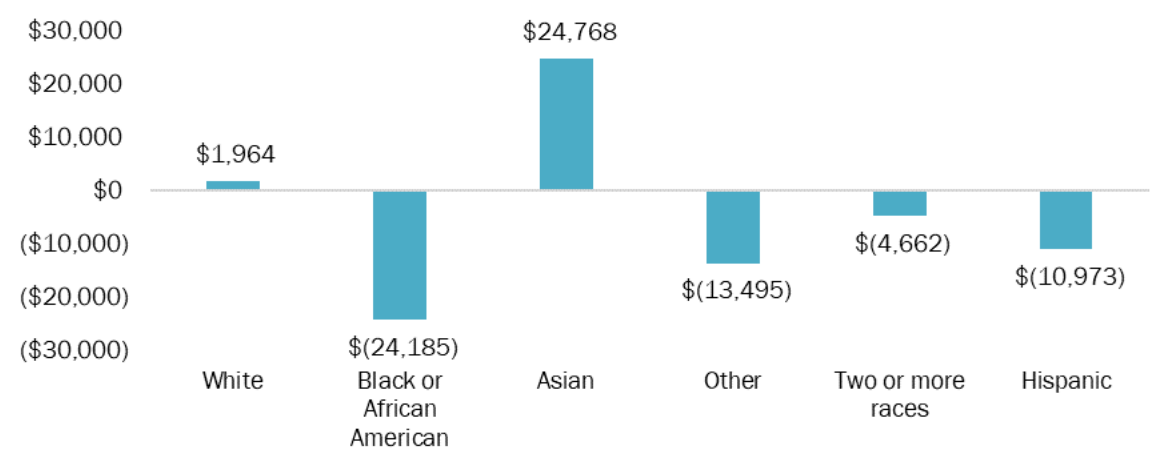
<sup>19</sup> Calculating the Palma Ratio requires analysis of PUMS data, which provides more detail about income brackets than the American Community Survey (ACS). PUMS data uses of Public Use Microdata Area (PUMA) geographies, which do not have the same geographic alignment as the ACS. Given the overlap of PUMAs in Clark County, this analysis compares Vancouver with the four-county area.

## Income and Race

Exhibit 22 shows the difference for median incomes from the overall median income by race for Vancouver. Disparities were highest for Black or African American households, Hispanic households, Multiracial households, and households in the Other race category, whose median incomes were below the median household income for the City, while the median incomes of White and Asian households were above the median income of the city. These disparities highlight the importance of targeted, culturally-specific economic development strategies aimed at serving those communities where there is the greatest need for economic mobility and wealth creation opportunities.

**Exhibit 22. Difference between Median Income by Race and Overall Median, Vancouver**

Source: ACS 5-year estimates 2017-2021. Note: Due to low sample size, accurate data is not available for American Indian and Alaska Native and Native Hawaiian and Other Pacific Islander groups.



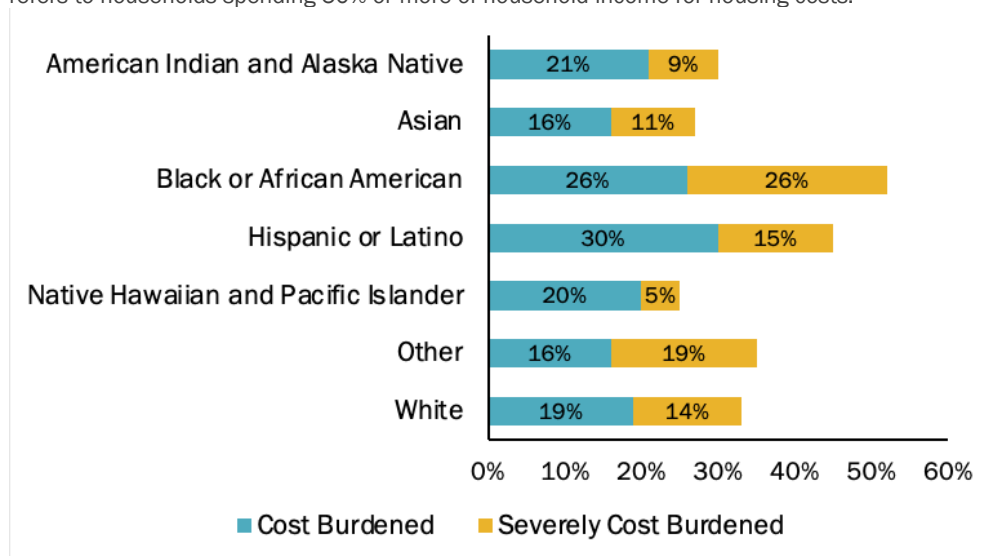
## Housing Characteristics and Race

Disparities in housing cost burden can also indicate economic inequality. The US Department of Housing and Urban Development guidelines describe ‘cost burden’ as a household spending 30 percent or more of their monthly income towards a mortgage, rent, utilities, and other housing costs, while ‘severe cost burden’ describes households paying 50 percent or more of monthly income towards those expenses. In Vancouver, cost burden was most severe for Black or African American and Hispanic or Latino households, indicating additional economic burdens on these households.

### Exhibit 23. Cost Burden by Race, Vancouver, 2021

Source: SEVA, American Community Survey 5-Year Data Tables, 2017-2021

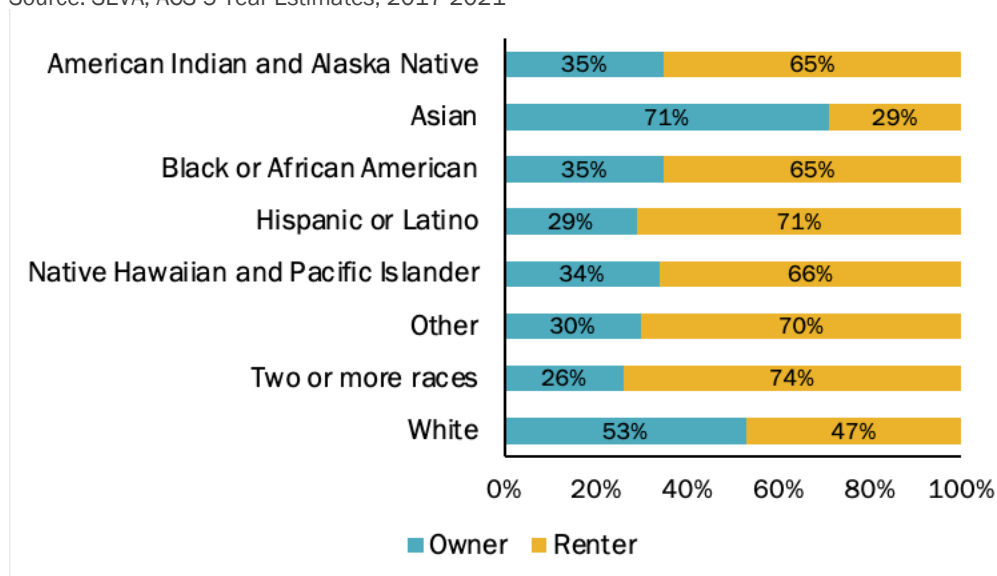
Note: 'Cost burdened' here refers to households spending between 30-49% of household income for housing costs. 'Severely cost burdened' refers to households spending 50% or more of household income for housing costs.



In the City, White and Asian households are also more likely to own their homes compared to householders who are Black or African American, Hispanic or Latino, American Indian and Alaska Native, Native Hawaiian and Pacific Islander, two or more races, or another race. Higher rates of homeownership can indicate greater stability for households.

### Exhibit 24. Household Tenure by Race and Ethnicity, Vancouver, 2021

Source: SEVA, ACS 5-Year Estimates, 2017-2021



## Section 3. Economic Profile

### Employment Growth

In 2021, Vancouver was home to nearly 100,00 jobs. The number of jobs in Vancouver has increased rapidly between 2011 and 2021, growing from 77,846 jobs in 2011 to 99,057 jobs in 2021. This increase of 21,211 jobs means that Vancouver has gained an average of 2,121 jobs per year from 2011 to 2021.

### Employment Density

The City of Vancouver has several employment centers dispersed throughout the city supporting a higher concentration of jobs (see Exhibit 25 below). Vancouver's downtown area located near I-5 has the most intensive concentration of employment, with other centers around major employers like Clark College, the Port of Vancouver on the waterfront, PeaceHealth medical facilities along Mill Plain Boulevard, the Vancouver Mall and other strip shopping centers along WA-500, and technology and innovation hubs such as Vancouver Innovation Center (VIC) on the east side.

Understanding where employment is clustered and where job densities are growing can help inform employment capacity planning, where to target infrastructure investment and transit service, and can shape land use policy decisions. Public transit becomes more efficient and cost-effective as density levels in transit corridors increase and become more optimal to support transit service ridership. In addition, it is most efficient to coordinate job clusters to be located near housing that would best serve working age population needs.

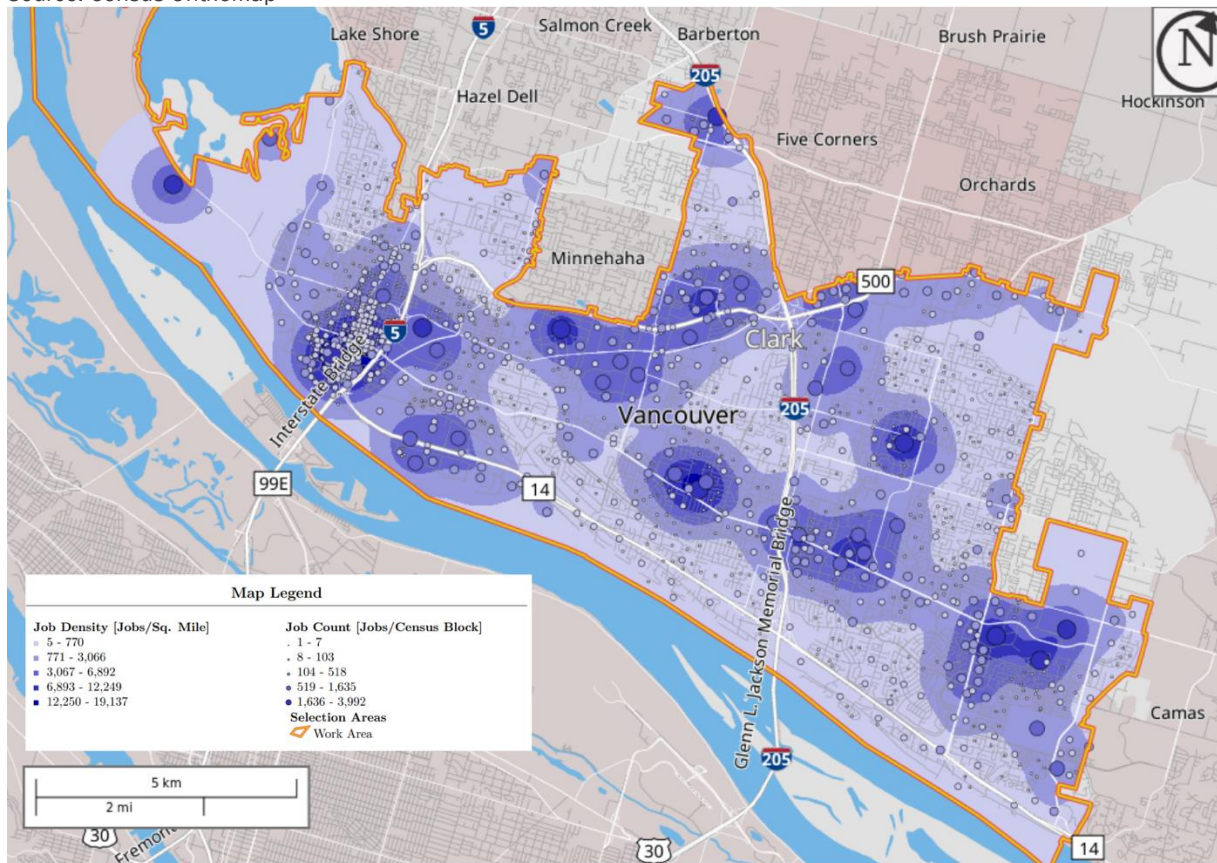
LEHD Origin-Destination Employment Statistics (LODES) data used to analyze employment density does not fully account for remote workers, since it registers the location of an employer by address but “does not have information to determine whether a job is remote work or whether the worker physically travels to this location for the worker's regular duties. Some workers may never physically attend the employment location while others may go irregularly, and a worker's travel situation may change from year to year.”<sup>20</sup> In many cases, employers may have full or partially remote workers whose jobs are counted at their physical location.

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<sup>20</sup> US Census Bureau, “OnTheMap Help and Documentation,” <https://lehd.ces.census.gov/applications/help/onthemap.html#!faqs#25>.

## Exhibit 25. Counts and Density of All Jobs, Vancouver, 2020

Source: Census OntheMap



## Commute Patterns

Regional commuting patterns and workforce trends are interconnected and changing. Employment trends and commuting patterns can provide insight on the needs of workers today and into the future. Employment plays an important role in where people live, and it can influence where people move. If the data show that many people are commuting into the city for work, it could indicate that the city does not have enough housing to accommodate its workforce or enough housing that meets their needs and affordability levels.

Prior to the COVID-19 pandemic, many workers traveled to in-person jobs located in central business districts five days a week. Current trends allow for greater locational flexibility and a variety of hybrid schedules, although commute distances can still impact where residents can seek employment opportunities. As such, jobs that require some level of in-person work may be more or less accessible to potential workers depending on the distance from residential areas.

This section describes the commute patterns of Vancouver residents and workers. The neighboring jurisdictions and unincorporated areas included in these data are those where people made the most trips to and from Vancouver. These areas, referred to in this section as



“comparison geographies”, include Portland, Hillsboro, Gresham, Camas, Battle Ground, Wilsonville, Milwaukie, Camas, Hazel Dell, Salmon Creek, and Beaverton. This analysis is limited to jurisdictions and unincorporated areas in Clark County and adjacent counties to control for primarily in-person commuting and to avoid capturing fully remote workers who may live a farther distance from Vancouver.

Key findings for commuting patterns include:

- **About a third of Vancouver workers live in Vancouver –a higher share of workers who both live and work in the city (34%) than all nearby jurisdictions except Portland.** Vancouver’s residents are more likely to work in Vancouver than surrounding geographies. Vancouver workers are also more likely to be residents of Vancouver than any other single location in the area.<sup>21</sup>
- **Since 2010, the size of Vancouver’s workforce and population has grown overall, while the share of people who commute to and from the city has stayed about the same, indicating that Vancouver has proportionately attracted both residents and workers** (see Exhibit 28 and Exhibit 29 below). In 2020, Vancouver had the second largest workforce among comparison geographies, after Portland. This grew 26% since 2010, with a slight dip from 2019 to 2020 in total workers and residents. This may indicate larger economic and population trends during the onset of the COVID-19 pandemic.
- **The second largest workplace destination for Vancouver residents is Portland and the second largest home destination for Vancouver workers is unincorporated Clark County.** The share of workers commuting from Vancouver to other destinations in Clark County increased since 2010.
- **Vancouver workers and residents had relatively short commutes in 2020 compared with other regional cities.** Of comparison geographies, workers commuting to Vancouver had the second shortest commute in 2020 (after Beaverton), and residents commuting from Vancouver had the fourth shortest distance in 2020 (with Beaverton, Milwaukee, and Portland residents all having shorter commutes). The average commute distance for Vancouver residents was 10.8 miles in 2020, while

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<sup>21</sup> In comparison, the City of Seattle has around 64%, the City of Spokane has nearly 55%, the City of Bellevue has almost 24%, and the City of Tacoma has almost 30% of persons living and working in the same city in 2020.

the average distance for workers at jobs in Vancouver was just over 11 miles – the second shortest among comparison cities.

- **Vancouver workers commuting for work tend to live in areas further north of the City.** In contrast, Vancouver residents commuting to work tend to commute to destinations south of Vancouver such as to Portland, Gresham, and Tigard (see Exhibit 26 and Exhibit 27 below).

Vancouver is part of a connected regional economy, with residents of the city working in different locations across Clark and surrounding counties (particularly in Portland).

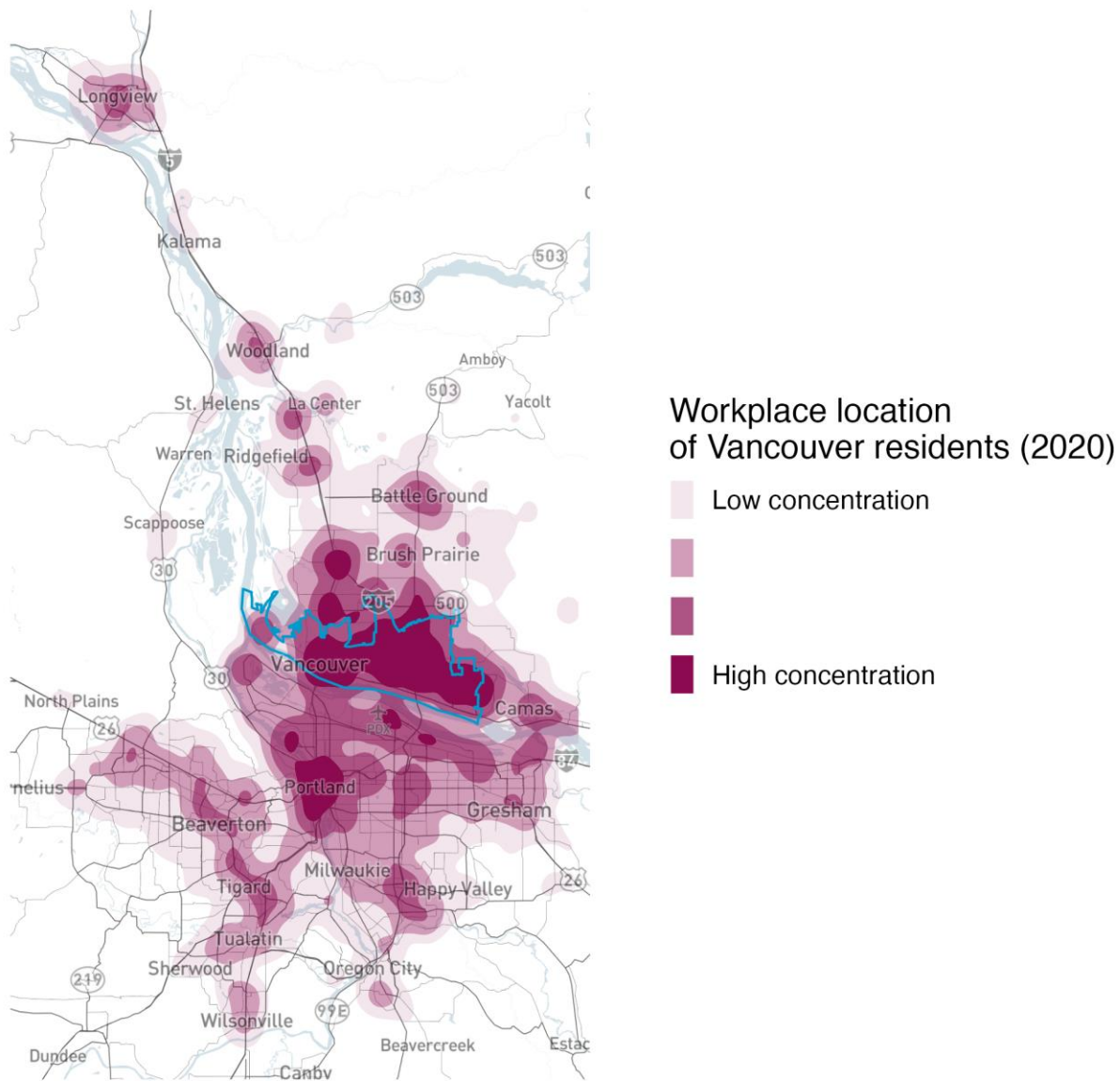
Vancouver is also an important contributor to this regional economy through its major institutions and employment hubs. The city draws in workers from across the area, with commuters traveling from suburban areas of Clark County and beyond.

The maps below depict two-dimensional density regions, which are broken out into four tiers. These can be best described as representing the smallest area that can contain 99%, 95%, 80%, and 50% of all commutes to or from Vancouver. These types of cartographic representations are best used as generalizations of spatial concentrations of points, and since these percentage values can often be confusing or abstract for the general reader, we have re-labelled them to "High" and "Low" at the 99% and 50% tiers.



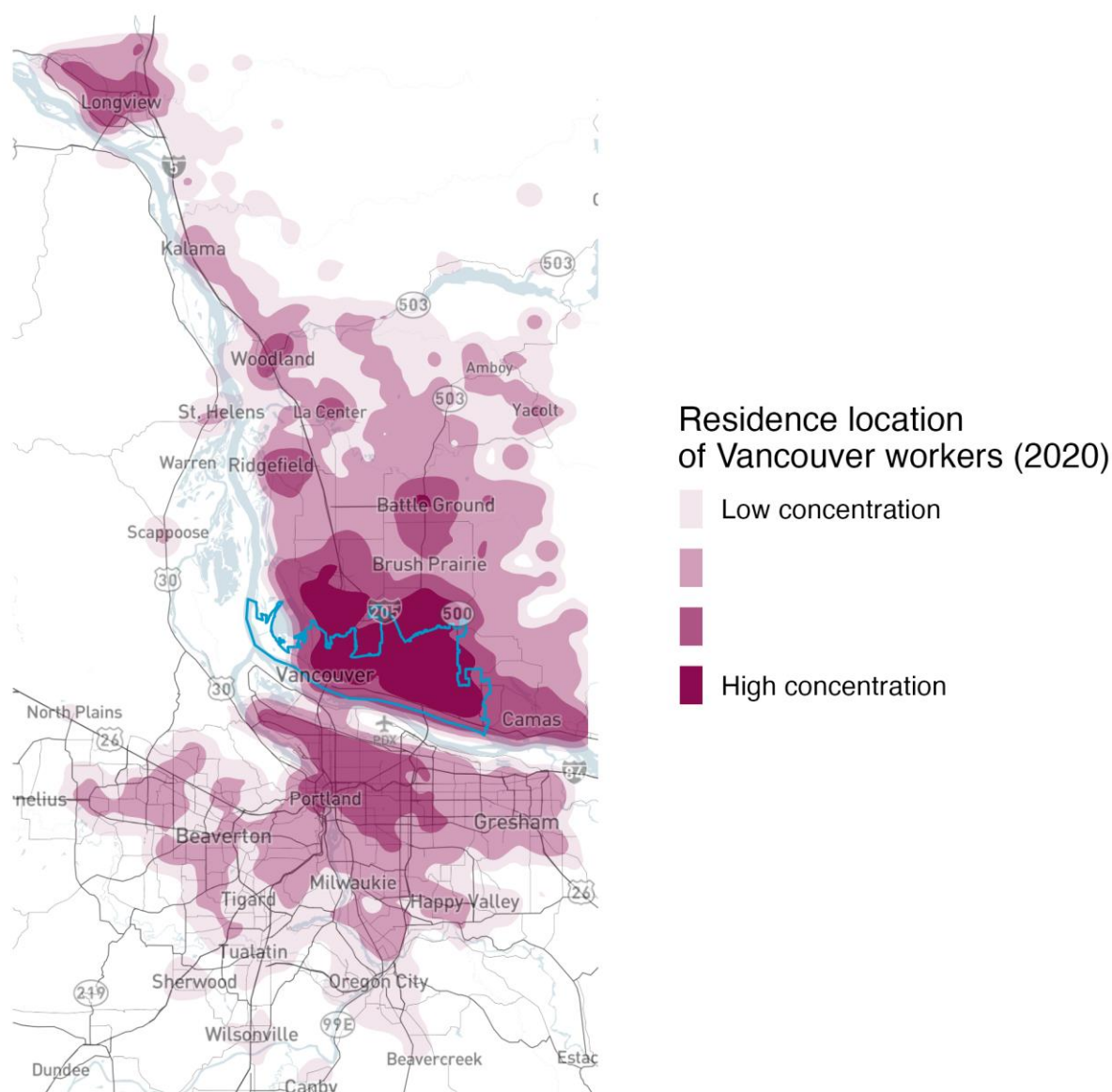
## Exhibit 26. Workplace Location of Vancouver Residents, 2020

Source: LODS, 2010-2020



## Exhibit 27. Residence Location of Vancouver Workers, 2020

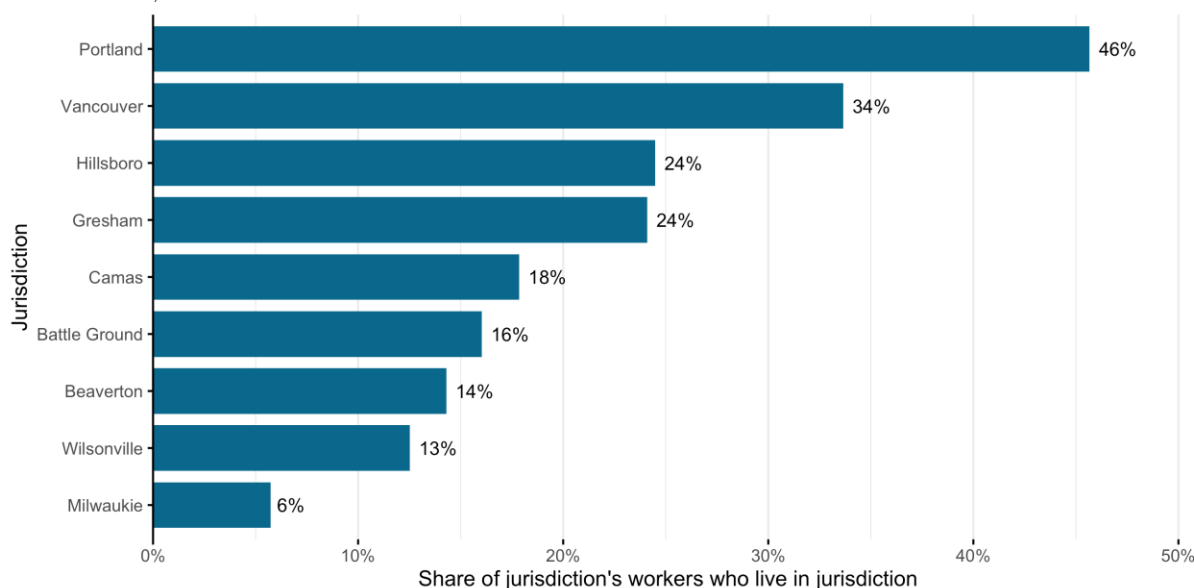
Source: LODS, 2010-2020



Of comparison geographies in the region, Vancouver had the second largest share of workers who both live and work in the city (34%) after Portland in 2020 (see Exhibit 28 below). Other cities and towns in the area saw much lower shares of workers who lived within the same location, particularly smaller jurisdictions to the south of Portland like Milwaukie and Wilsonville.

## Exhibit 28. Share of Workers Living and Working in the Same Jurisdiction, Vancouver and Surrounding Cities, 2020

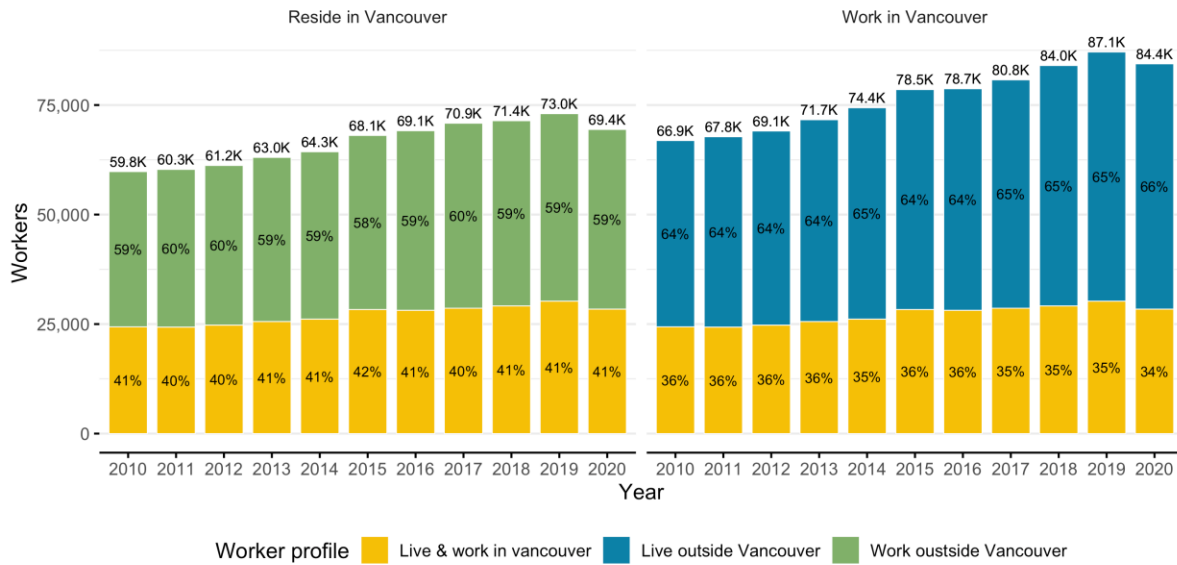
Source: LODES, 2010-2020



In Vancouver, the total number of both residents and workers grew overall between 2010 and 2020 (with a slight decline in 2020 from previous years), as shown in Exhibit 29. The share of the population both living and working in the city remained about the same from 2010 to 2020, indicating that Vancouver has proportionately attracted both groups. In 2020, Vancouver had 84,413 workers, the second largest workforce among comparison geographies in this analysis, after Portland (with 396,692 workers in 2020). This grew 26% since 2010, from 66,898 to 84,413 workers (by 17,515 workers). However, in 2020 the city saw a slight decline in both residents and workers for the first time in the ten-year period. This may indicate larger economic and population trends during the onset of the COVID-19 pandemic, including a national spike in unemployment, an increase in early retirements, and relocation in response to greater locational flexibility.

## Exhibit 29. Share of Residents and Workers Living and Working in Vancouver, 2010-2020

Source: LODS, 2010-2020

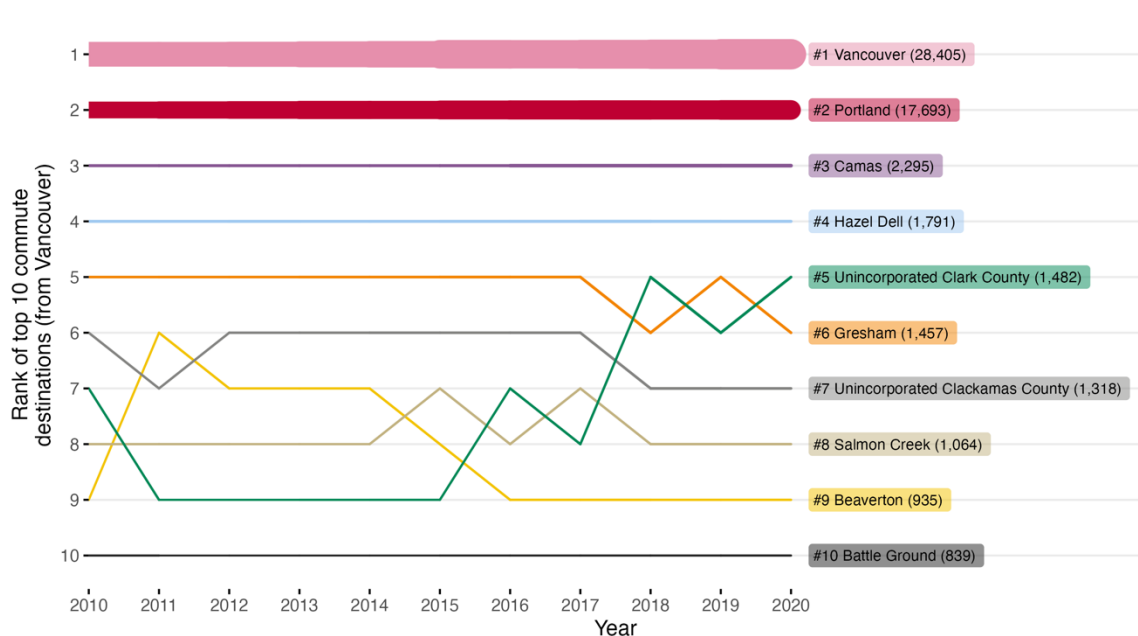


Vancouver's residents are more likely to work in Vancouver than any other single location in the area. The second largest *destination* for Vancouver residents is Portland, followed to a lesser extent by Camas, Hazel Dell, and unincorporated Clark County (Exhibit 30). Top destinations have remained steady since 2010, although the share of workers commuting to destinations in Clark County increased.

## Exhibit 30. Top Commute Destinations from Vancouver, 2010-2020

Source: LODS, 2010-2020

Note: Heavier line weights indicate the larger number of commuters shown in parentheses on the right of each destination.

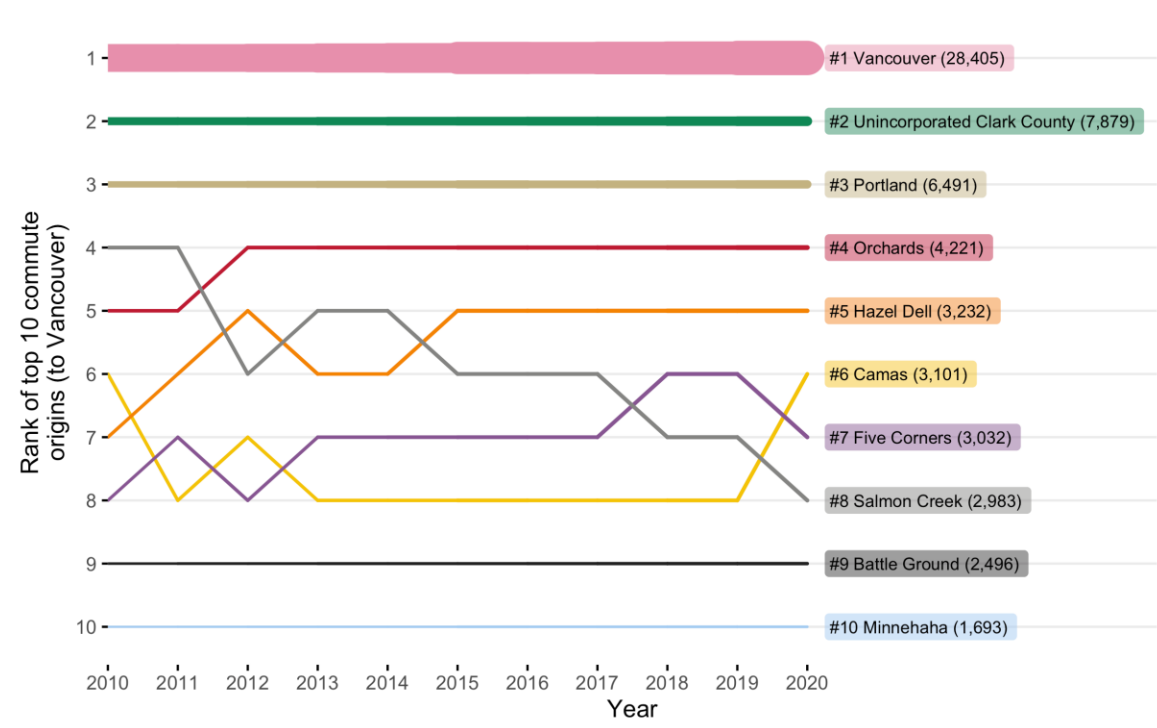


Vancouver workers are also more likely to be residents of Vancouver than any other single location in the area. Residents of unincorporated Clark County are the largest group of workers *commuting into* Vancouver, followed closely by those working in Portland (Exhibit 31). To a lesser extent, workers also commuted from smaller cities in Clark County and surrounding counties.

### Exhibit 31. Top Commute Origins to Vancouver, 2010-2020

Source: LODS, 2010-2020

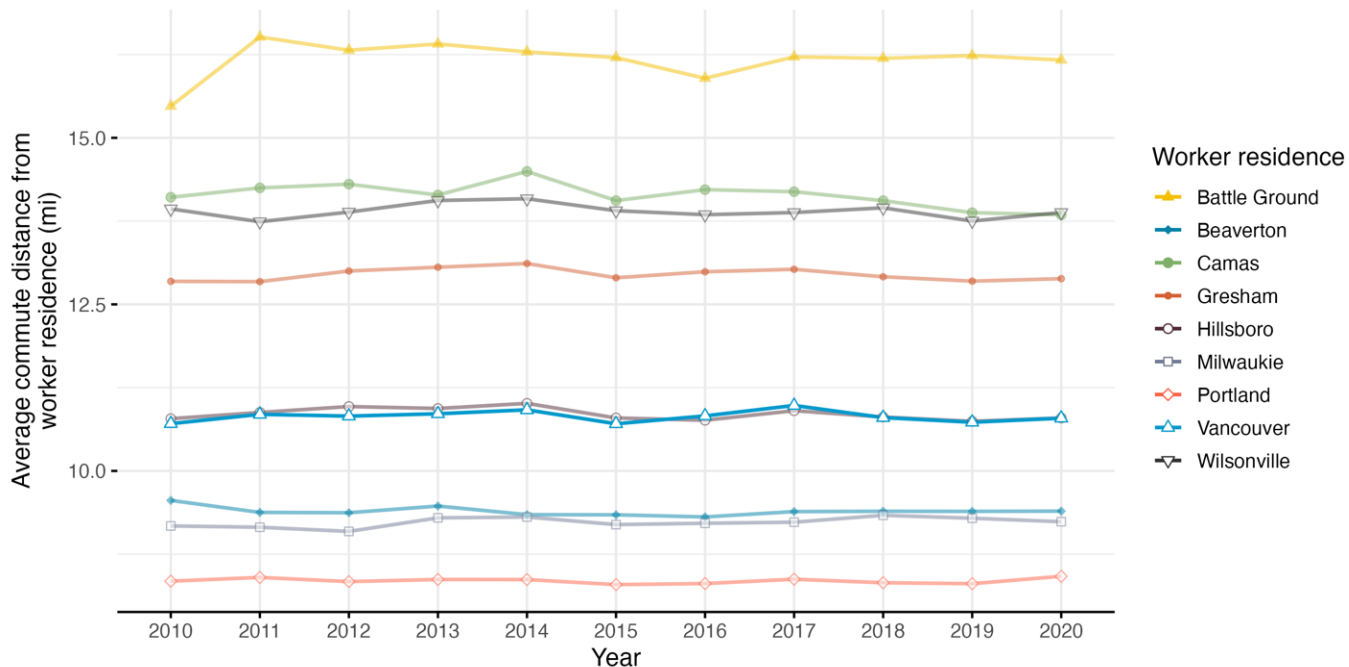
Note: Heavier line weights indicate the larger number of commuters shown in parentheses on the right of each origin



Residents commuting *from* Vancouver had the fourth shortest distance in 2020 (with Beaverton, Milwaukie, and Portland residents all having shorter commutes), at about 10.8 miles on average (Exhibit 32). This fluctuated only slightly between 2010 and 2020.

### Exhibit 32. Average Commute Distance from Worker Residence, Vancouver and Surrounding Cities (Residents), 2010-2020

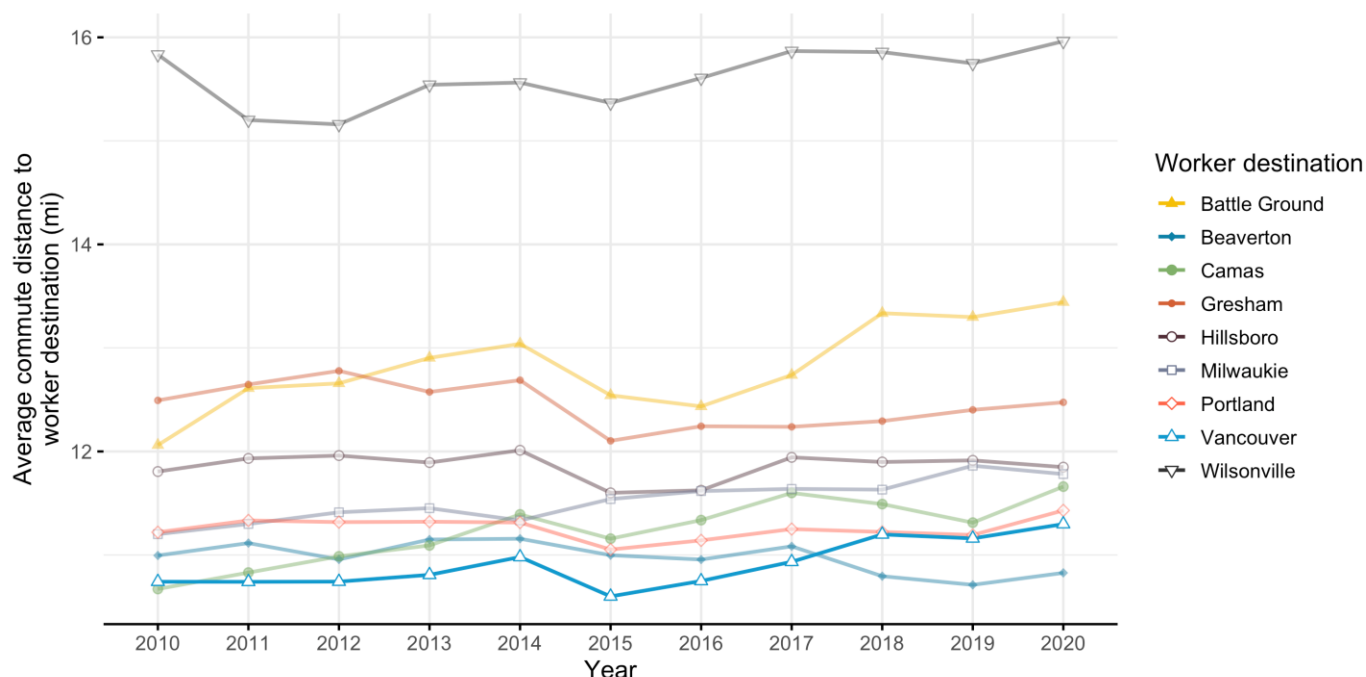
Source: LODS, 2010-2020



Of comparison geographies, workers commuting to Vancouver for work had the second shortest commute in 2020 (commuters to Beaverton had the shortest), at just over 11 miles on average (Exhibit 33). The average commute for Vancouver workers grew slightly since 2010 by about 0.5 miles.

**Exhibit 33. Average Commute Distance to Worker Destination, Vancouver and Surrounding Cities (Workers), 2010-2020**

Source: LODS, 2010-2020



## Regional Employment

As the largest city in Clark County and the second largest in the Portland metropolitan region, regional trends are an important factor for Vancouver. Because employment data often includes confidentiality requirements to protect identifiable information about businesses and workers, many data points related to industry employment and wages are only publicly available at the County level. This section provides a connection between available County and regional data to provide context to the employment landscape in Vancouver.

## Employment Composition

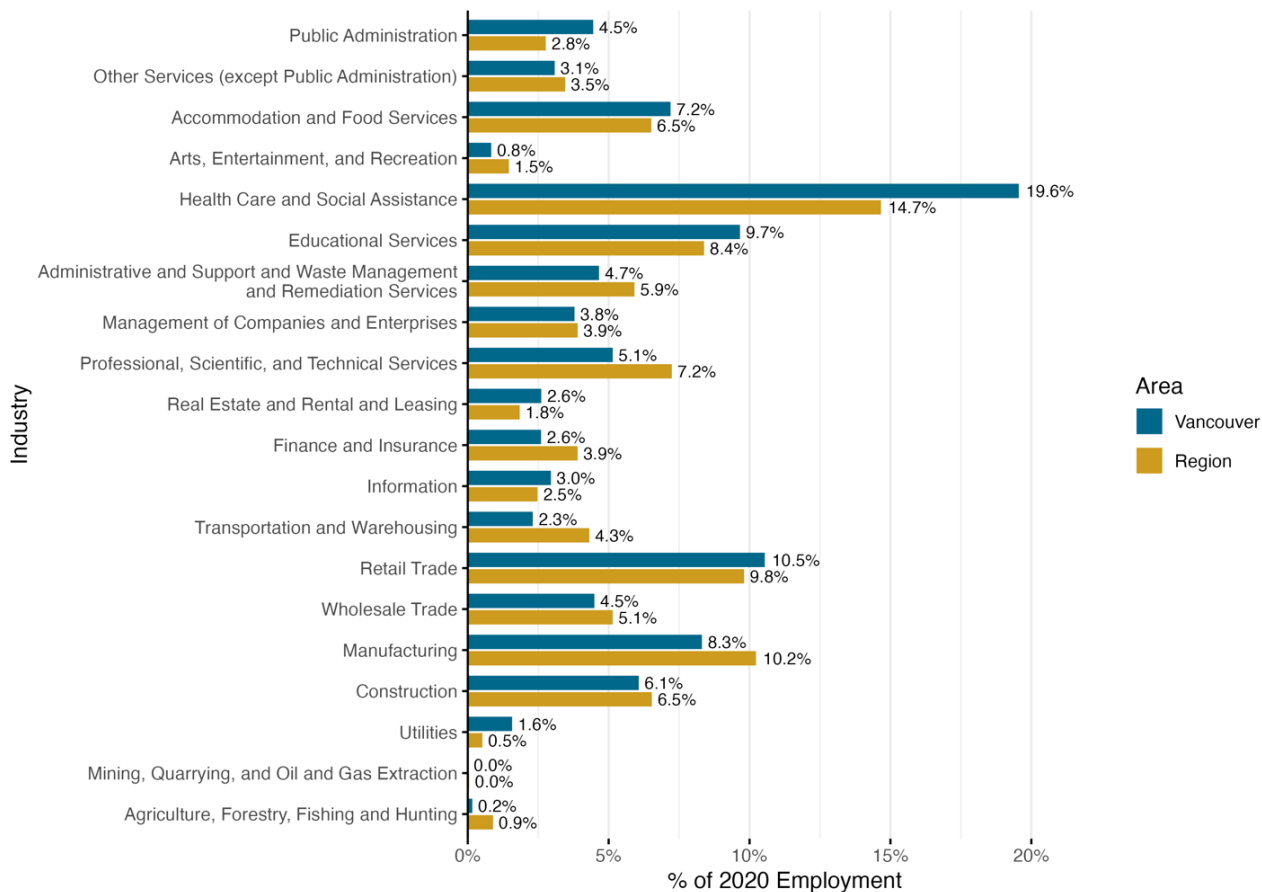
Exhibit 34 shows the share of employment by industry in both Vancouver and the Portland region. Service-based industries were particularly strong in Vancouver in 2020. In both the city and the region, healthcare and social assistance were clear standouts in employment, with the industry offering nearly one in five jobs in the city. Other industries that represented some of the largest shares of employment for the city and at a greater extent than the metro overall included retail trade, educational services, and accommodation and food services.



Many of the residents employed in retail trade and accommodation and food services industries receive low or moderate wages and require housing affordable at 50 to 80 percent Median Income,<sup>22</sup> which is typically not developable without some level of subsidy or incentives. Nearly 18 percent of Vancouver residents are employed in these service industry jobs, which gives a sense of the amount of affordable housing needed in the city.

#### Exhibit 34. Share of Employment by Industry, Vancouver and the Portland 4-County Metro Area (Region)

Source: LODS 2020



Reference region is the combination of Clark, Clackamas, Washington and Multnomah counties

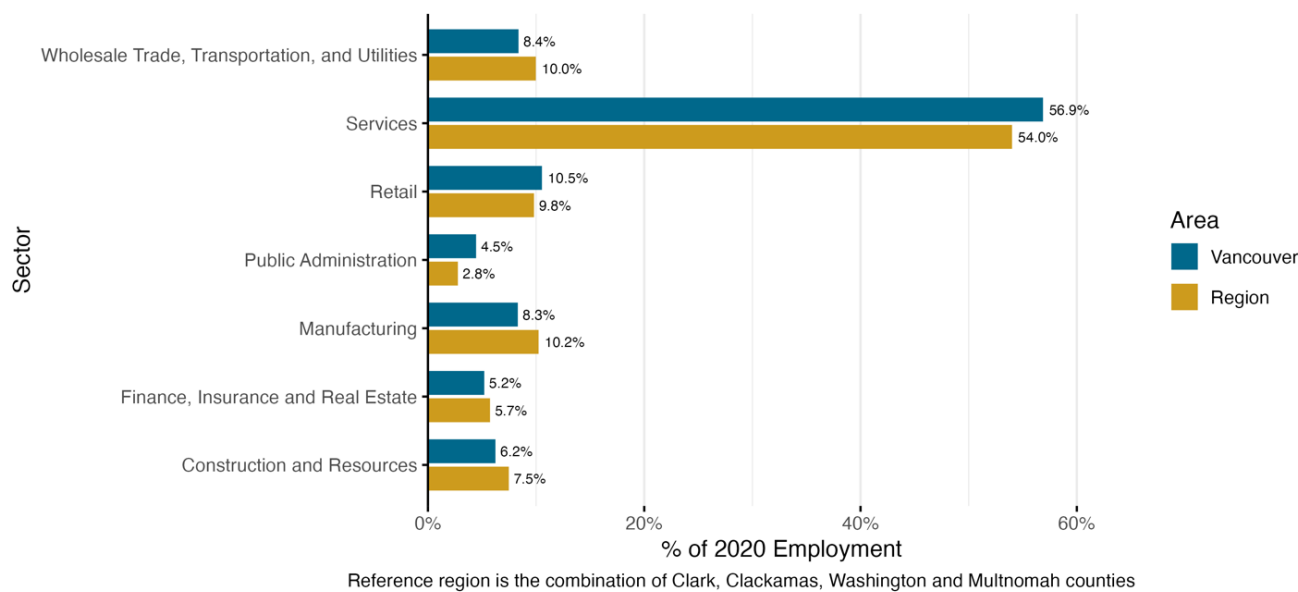
Exhibit 35 further emphasizes the divide in Vancouver and the region between service industries and all other groups, with over half of jobs in both geographies falling into one of

<sup>22</sup> <https://clark.wa.gov/sites/default/files/media/document/2022-06/Apr%202022%20Income%20Mar%202022%20FMR%20%20Jun%202022%20HOME%20Limits.pdf>

these sectors. Manufacturing and construction had relatively high employment in the city but are below the regional average in their share of employment.

**Exhibit 35. Share of Employment by Industry Group, Vancouver and Portland 4-County Metro Area (Region)**

Source: LODS 2020



**Key Regional Industries**

In Clark County, the industries with the largest employment in 2022 were Healthcare and Social Assistance; Government; Retail Trade; Construction; and Accommodation and Food Services. Of these industries, Government and Construction had average wages per employee above the average wage for all covered employment across the county, while Retail and Accommodation and Food Services paid below average wages. Healthcare and Social Assistance paid roughly equivalent wages with the county average.

## Exhibit 36. Covered Employment Change, Clark County, 2012-2022

Source: Washington Employment Security Division

Note: The top five industries with the highest share of covered employment in 2022 are shown in **bold** and those paying above the county average wage in 2022 are highlighted in **green**

Sector	2012	2022	Share of Total Jobs (2022)	Average Wage (2022)	Change 2012 to 2022		
					Difference	Percent	AAGR
Management of companies and enterprises	1,193	3,576	2.0%	\$111,725	2,383	200%	11.6%
<b>Construction</b>	<b>7,964</b>	<b>16,986</b>	<b>9.7%</b>	<b>\$71,499</b>	<b>9,022</b>	<b>113%</b>	<b>7.9%</b>
Finance and Insurance	3,781	6,451	3.7%	\$112,277	2,670	71%	5.5%
Educational Services	951	1,613	0.9%	\$38,791	662	70%	5.4%
<b>Health Care and Social Assistance</b>	<b>18,074</b>	<b>27,639</b>	<b>15.7%</b>	<b>\$64,412</b>	<b>9,565</b>	<b>53%</b>	<b>4.3%</b>
Professional, Scientific, and Technical Service	6,692	10,169	5.8%	\$99,988	3,477	52%	4.3%
Information	2,540	3,856	2.2%	\$107,469	1,316	52%	4.3%
<b>Accommodation and Food Services</b>	<b>10,241</b>	<b>14,831</b>	<b>8.4%</b>	<b>\$27,491</b>	<b>4,590</b>	<b>45%</b>	<b>3.8%</b>
Administrative and waste services	6,777	9,719	5.5%	\$58,585	2,942	43%	3.7%
Real estate and rental and leasing	2,158	3,078	1.8%	\$59,398	920	43%	3.6%
<b>Retail trade</b>	<b>14,646</b>	<b>19,139</b>	<b>10.9%</b>	<b>\$42,261</b>	<b>4,493</b>	<b>31%</b>	<b>2.7%</b>
Transportation and Warehousing	2,917	3,548	2.0%	\$72,086	631	22%	2.0%
Manufacturing	12,072	14,333	8.2%	\$71,970	2,261	19%	1.7%
Wholesale Trade	6,042	6,953	4.0%	\$92,968	911	15%	1.4%
<b>Government</b>	<b>23,026</b>	<b>25,856</b>	<b>14.7%</b>	<b>\$71,555</b>	<b>2,830</b>	<b>12%</b>	<b>1.2%</b>
Agriculture, Forestry, Fishing and Hunting	631	594	0.3%	\$48,781	-37	-6%	-0.6%
Arts, Entertainment, and Recreation	2,268	2,001	1.1%	\$32,835	-267	-12%	-1.2%
Other services, except public administration	7,760	5,374	3.1%	\$49,730	-2,386	-31%	-3.6%
Not Elsewhere Classified	109	136	0.1%	\$178,803	n/a	n/a	n/a
<b>Total</b>	<b>129,842</b>	<b>175,852</b>	<b>100%</b>	<b>\$66,824</b>	<b>46,010</b>	<b>35%</b>	<b>3.1%</b>

## Largest Employers

Local leaders and economic development organizations benefit from having a detailed understanding of the top employers in their county, where those employers' facilities are located, and the industries they represent. This knowledge enables strategic decisions about policies, infrastructure investments, workforce development initiatives, and business attraction efforts that will support the county's economic health. For example, knowing the largest private sector industries and companies can inform technical training programs at local colleges and high schools. Understanding employer geography can also guide transportation infrastructure enhancements to improve access to job centers.

### Regional Target Industry Clusters

In 2018, Clark County's economic development corporation CREDC established five target industry clusters in its 5-year action plan, including:

**Computers and Electronics**  
**Software**  
**Clean Tech**  
**Metals and Machinery**  
**Life Sciences**

As CREDC updates its strategic plan (concurrently with the Vancouver Comprehensive Plan), these sectors may evolve based on post-pandemic trends and other macroeconomic changes.

Many of the largest employers in Clark County are based in Vancouver and represent key industries like healthcare, technology, and education, including PeaceHealth, Vancouver Public Schools, the Vancouver Clinic, Bonneville Power Administration, and HP. Some employers have locations both in Vancouver and elsewhere in the region but maintain the majority of their facilities in the city. These large employers indicate clusters in line with those

identified by CREDC's strategic sectors identified through industry analysis, including computers and electronics, and life sciences.<sup>23</sup>

### Exhibit 37. Top 10 Employers in Clark County, WA, 2020

Source: Columbia River Economic Development Council

Employer	Total Employees	Industry	Location
PeaceHealth	4,415	Healthcare	Multiple (based in Vancouver)
Vancouver Public Schools	3,178	Education	Vancouver
Evergreen Public Schools	2,698	Education	Vancouver
The Vancouver Clinic	1,526	Healthcare	Multiple (based in Vancouver)
Bonneville Power Administration	1,124	Energy	Vancouver
Kaiser Permanente	1,088	Healthcare	Multiple (based in Vancouver)
Hewlett-Packard	1,050	Technology	Vancouver
Clark College	1,023	Education	Vancouver
WaferTech	1,000	Technology	Camas
Fisher Investments	905	Finance	Camas

## Analysis of Business Changes

The geographic distribution of employment has important implications for understanding how changing trends can have an impact on neighborhoods within Vancouver, as well as more localized commuting and transportation needs. Exhibit 38 identifies the change in employment between 2010 and 2020 for individual census tracts in the city, as well as the number of employees in 2020. Darker green circles indicate the highest level of growth in these tracts, while darker pink circles indicate stronger levels of decline in employment.

The areas with the strongest growth and total employment include tracts around Downtown Vancouver (near the intersection of the Columbia River and I-5), the Vancouver Innovation Center (on the city's east side), and tracts near I-205 which are home to major employers like PeaceHealth, Evergreen High School, and retail plazas. The large tract on the west side of Vancouver also saw growth, which is home to a large industrially zoned parcels and the Bonneville Power Administration (another major regional employer).

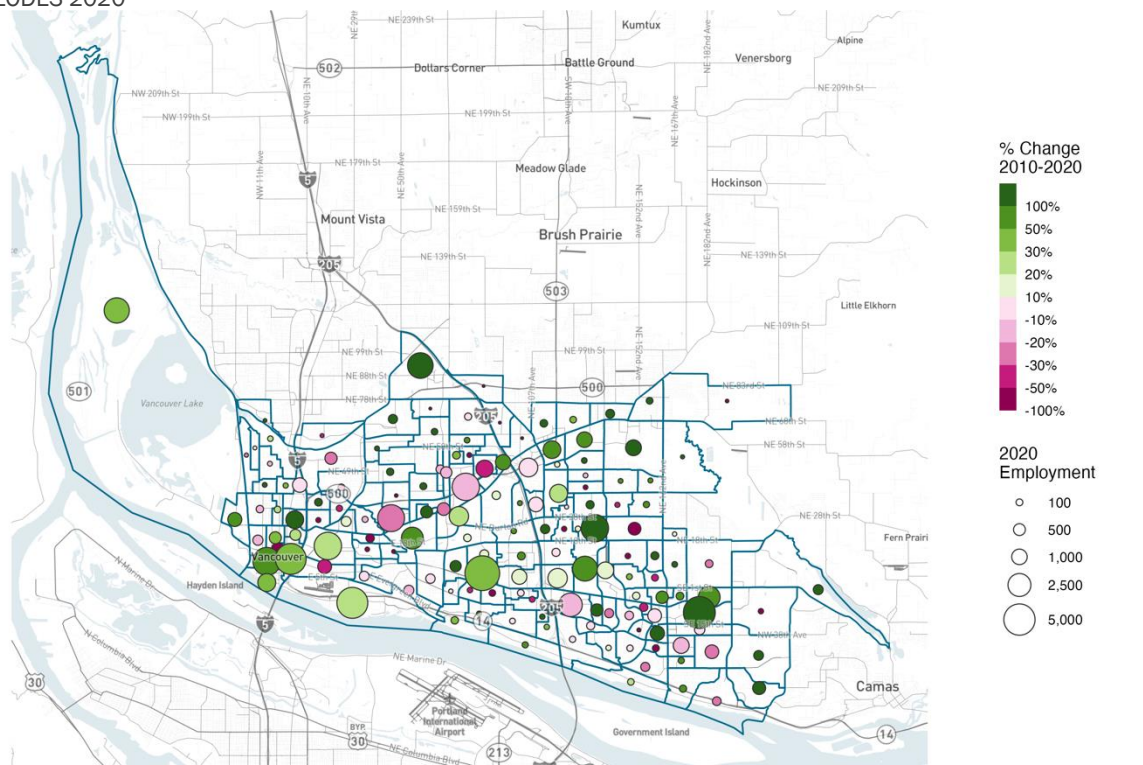
Areas that saw the most decline in employment are dispersed throughout Vancouver, and particularly those along Fourth Plain Boulevard and WA-500 which runs diagonally between I-5 and I-205. The areas are home to the Vancouver Mall and other traditional suburban-

<sup>23</sup> CREDC, "Industry Analysis," <https://credc.org/industry-analysis/>.

style retail centers which did not fare well nationwide at the onset of the COVID-19 pandemic.

### Exhibit 38. Change in Employment by Census Tract, Vancouver, 2010-2020

Source: LODS 2020



## Business Formation

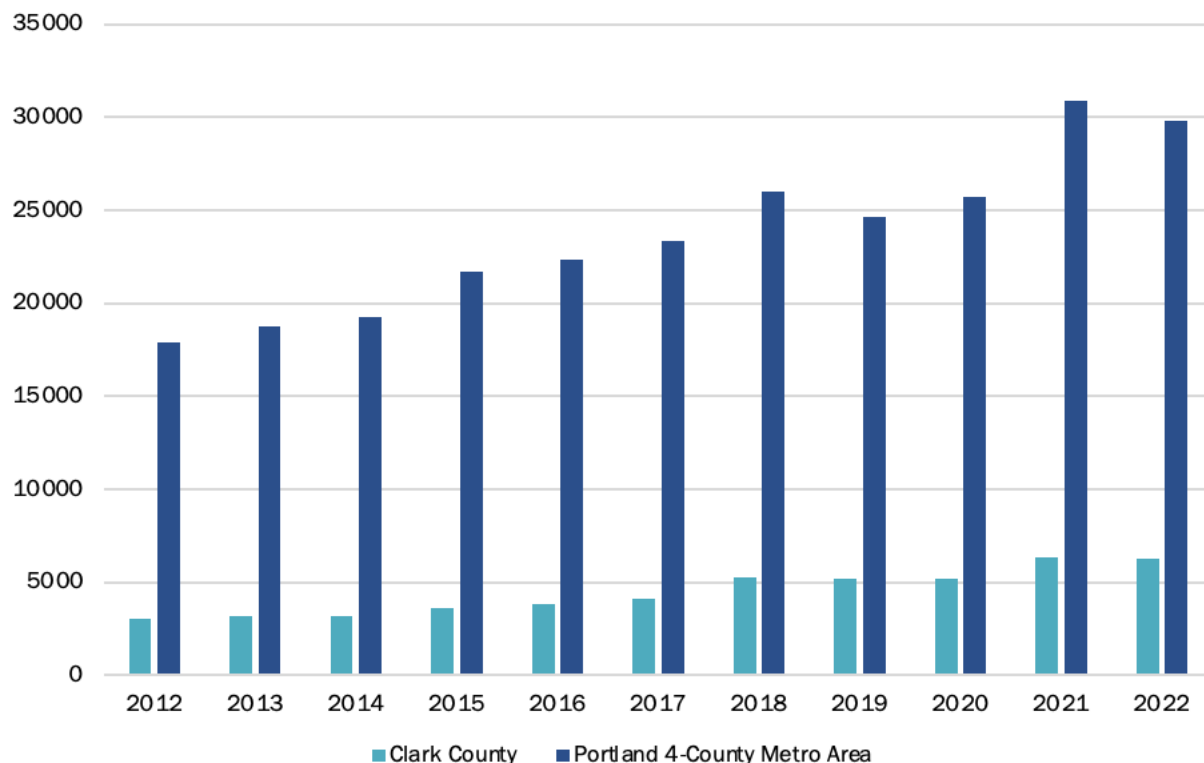
In 2022, 6,241 new business applications were filed in Clark County, growing steadily by more than double (106 percent) from the 3,031 business applications filed in 2012. The growth rate for the four-county area over this time period was only 58 percent, potentially indicating that Clark County has been successfully growing in their ability to attract new firms relative to the region. This could also point to a growth in small businesses and startups rather than the relocation of large employers, following national trends seen in entrepreneurship since 2020.<sup>24</sup> Applications in Clark County accounted for approximately 26 percent of all new

<sup>24</sup> Ryan A. Decker and John Haltiwanger, "Surging Business Formation in the Pandemic: Causes and Consequences?," Brookings, September 27, 2023, <https://www.brookings.edu/articles/surging-business-formation-in-the-pandemic-causes-and-consequences/>.

firms started within the four-county metro area (including Clark, Clackamas, Multnomah, and Washington Counties) in 2022.

**Exhibit 39. Annual Business Applications, Clark County and 4-County Portland Metro (Clark, Multnomah, Washington, and Clackamas Counties), 2012–2022**

Source: US Census Bureau, Business Formation Statistics. Note: This data is only available at the county level.

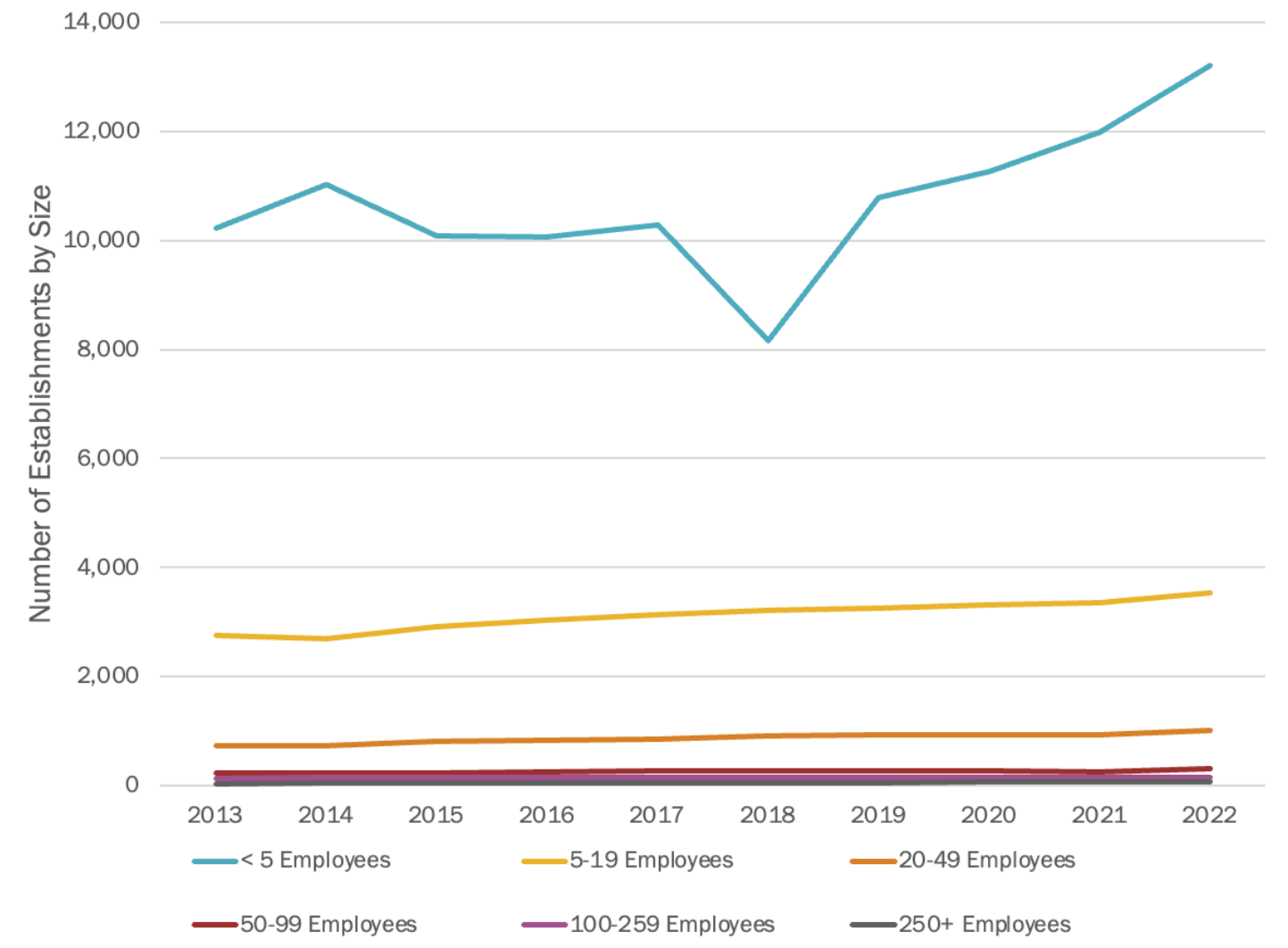


Clark County has seen a notable growth in the number of small firms (those with less than five employees) since 2018 (Exhibit 40), representing a resurgence after the number of small firms declined in the early 2010's. Between 2020 and 2022 alone, the number of establishments in this category grew by 17 percent (1,939 new firms), indicating a post-pandemic continuation of the upward trend for startups and small businesses located in the County. The number of larger firms (with over 250 employees) also grew in this time period by 24 percent, increasing from 67 to 83 establishments. These large firms consistently comprised the greatest share of employees overall in Clark County since 2012, followed by a steady share of employment for smaller firms with between 5 and 19 workers (Exhibit 41). It is likely that the success of Clark County seen in new business formation is linked to this growth in small businesses, following

national trends seen in entrepreneurship since 2020,<sup>25</sup> while the largest firms continue to account for a larger share of total jobs.

**Exhibit 40. Number of Establishments by Size, Clark County, 2013–2022**

Source: Washington State Employment Security Department/Labor Market and Economic Analysis (LMEA)  
Note: Data is available through Q1 2023 but not included in this graphic.

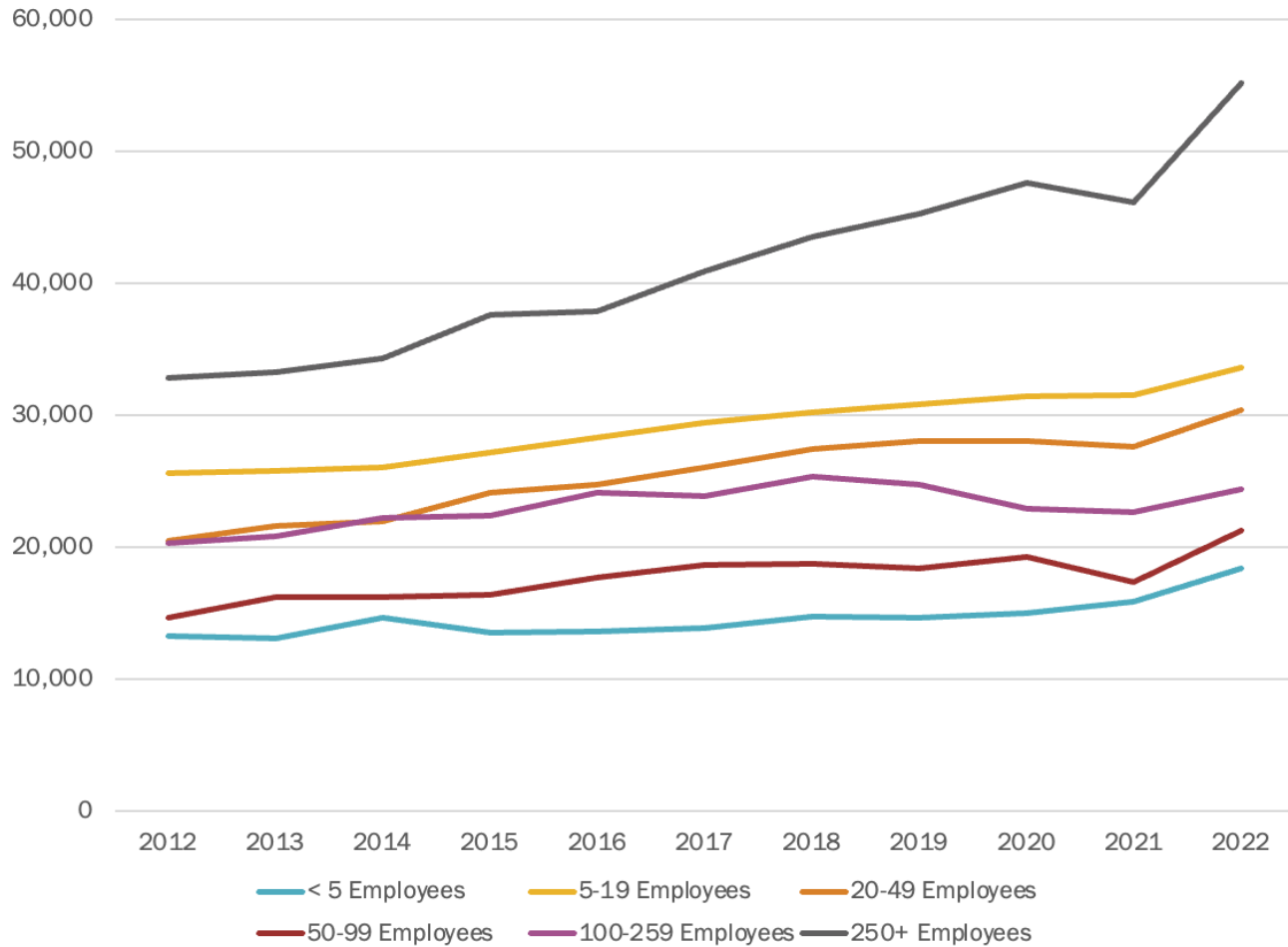


<sup>25</sup> Ryan A. Decker and John Haltiwanger, “Surging Business Formation in the Pandemic: Causes and Consequences?,” Brookings, September 27, 2023, <https://www.brookings.edu/articles/surging-business-formation-in-the-pandemic-causes-and-consequences/>.



#### Exhibit 41. Number of Employees by Establishment Size, Clark County, 2013–2022

Source: Washington State Employment Security Department/Labor Market and Economic Analysis (LMEA)



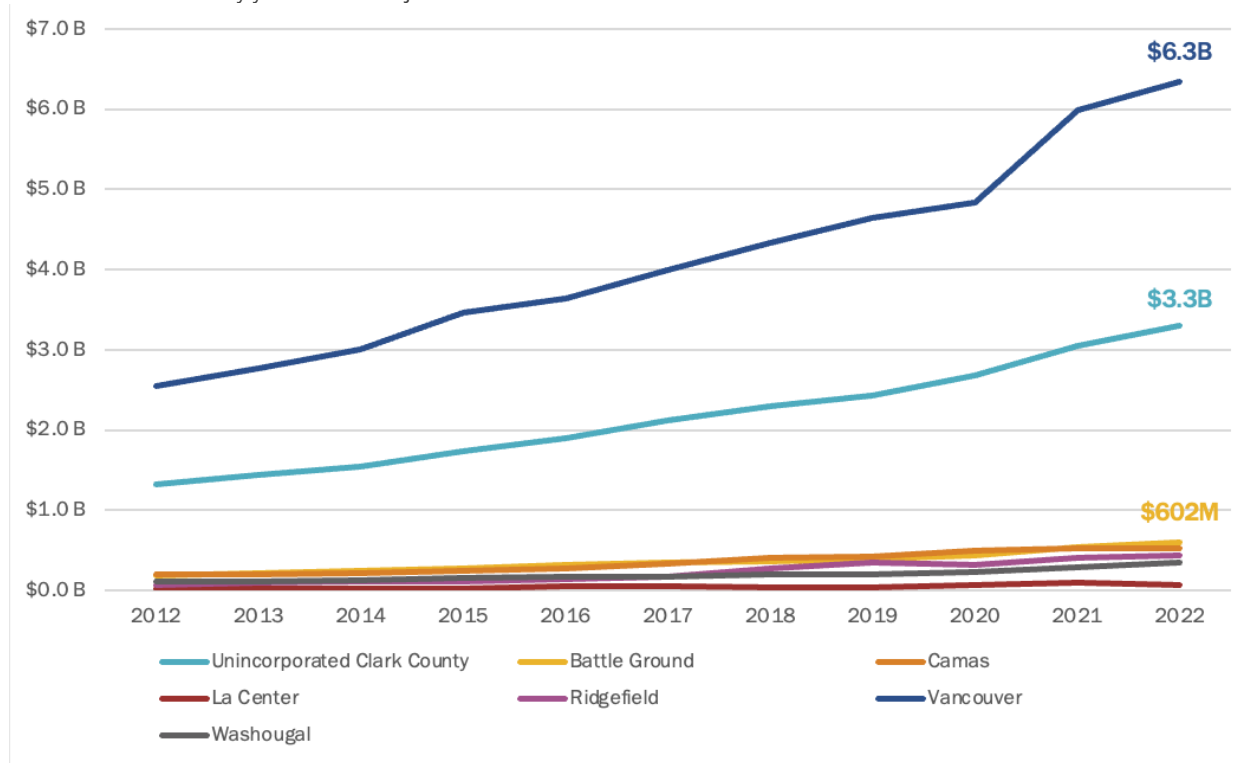
#### Taxable Retail Sales

The City of Vancouver's taxable retail sales were higher than those in other Clark County jurisdictions over the past decade, climbing up to \$6.3 billion in 2022 across all NAICS categories. The unincorporated areas of Clark County saw about half of Vancouver's taxable retail sales, totaling \$3.3 billion in 2022. All other Clark County jurisdictions were well below \$1 billion each, with Battle Ground being the highest among smaller cities at \$602 million in 2022. Despite their low total amounts compared with Vancouver and Unincorporated Clark County, the Cities of Ridgefield and La Center saw the greatest rate of change over this period. Adjusted for inflation, Ridgefield saw its taxable retail sales increase to over four times its revenue in 2012, and La Center saw its sales more than double. On a per capita basis, unincorporated areas of the county saw the greatest change in taxable retail sales proportionate to changes in population.

#### Exhibit 42. Total Taxable Retail Sales by Clark County Jurisdictions, 2012-2022

Source: Washington Department of Commerce, US Bureau of Labor Statistics Inflation Calculator

Note: Total revenues by year are not adjusted for inflation.



#### Exhibit 43. Total Taxable Retail Sales by Clark County Jurisdictions, 2012-2022 (in 2022\$)

Source: Washington Department of Commerce, US Bureau of Labor Statistics Inflation Calculator

Jurisdiction	2012 (in 2022\$)	2022	% Change 2012-2022 (adj.)	AAGR
City of Vancouver	\$3.2B	\$6.3B	95.5%	9.5%
Unincorporated Clark County	\$1.7B	\$3.3B	94.7%	9.5%
Other Jurisdictions (Total)	\$742M	\$2.0B	170.2%	17.0%
Clark County (Total)	\$5.7B	\$11.6B	105.0%	10.5%

**Exhibit 44. Per Capita Taxable Retail Sales by Clark County Jurisdictions, 2012-2022 (in 2022\$)**

Source: Washington Department of Commerce, US Bureau of Labor Statistics Inflation Calculator

Jurisdiction	2012 (in 2022\$)	2022	% Change 2012-2022 (adj.)	AAGR
City of Vancouver	\$20,175	\$32,119	59.2%	5.9%
Unincorporated Clark County	\$8,333	\$13,860	66.3%	6.6%
Other Jurisdictions	\$15,459	\$23,445	51.7%	5.2%
Clark County	\$17,031	\$22,362	31.3%	3.1%

## Regional Industries and Employment

Tracking changes in Vancouver's location quotient (LQ) and employment growth provides valuable insights into the trajectory of the local economy. Monitoring shifts in these metrics over time shows how a city's economic makeup is evolving and whether certain sectors are growing or declining compared to broader trends. The data in this section highlights Vancouver's competitive economic advantages and identifies high-potential clusters which can be helpful to inform the City's strategies for attracting investment and talent. Exhibit 45 and Exhibit 46 provide analysis describing the location quotient, by major employment sector, for Vancouver as it relates to changes in employment for 2-digit NAICS codes which represent broad industries.

In Exhibit 45 the location quotient (y-axis) is a value that describes how concentrated an employment sector is locally relative to the four-county region. A value of 1.0 for a sector means the county is on par with the four-county region (i.e., has the same share of jobs as the state and is considered not concentrated). Values exceeding 1.0 (above the x-axis intersection) suggest industry concentration in the area. The higher the location quotient, the more concentrated the sector in the analysis areas. Employment sectors with bigger location quotients typically indicate a competitive advantage and, in turn, a higher likelihood of attracting new firms in that sector to the region. The average annual percent change in employment over the 2010 to 2020 period is denoted on the x-axis. Each major employment sector is also shown with a circle, relatively sized to indicate the number of covered jobs in each sector in 2020.

Industries in the top right quadrant (particularly those with larger levels of employment) show strong industry clusters which are both concentrated in Vancouver and growing in employment. Most of the high-level industry clusters in this group in Vancouver are service-based industries, including retail, accommodation and food services, educational services, information, real estate, and healthcare and social assistance. While public administration and utilities both remained concentrated in Vancouver in 2020, these two sectors saw a slight decline in employment, falling in the upper left quadrant of the chart. However, these losses were relatively low and indicate relative stability for both industries.

Sectors that fall in the lower right corner can show emerging industries, which are growing in employment but are not yet at a critical mass for concentration in Vancouver. Management of companies and enterprises dominated employment growth despite only accounting for a modest share of employment overall. However, the industry's quick rise in employment indicate that it will likely continue to grow in Vancouver. Construction, wholesale trade, manufacturing, administrative services, and professional, scientific and technical services all showed high potential as well, increasing their employment while nearing an LQ of 1.0.

#### Exhibit 45. Sector Analysis by Change in Employment, Vancouver, 2010-2020

Source: LODES 2010-2020

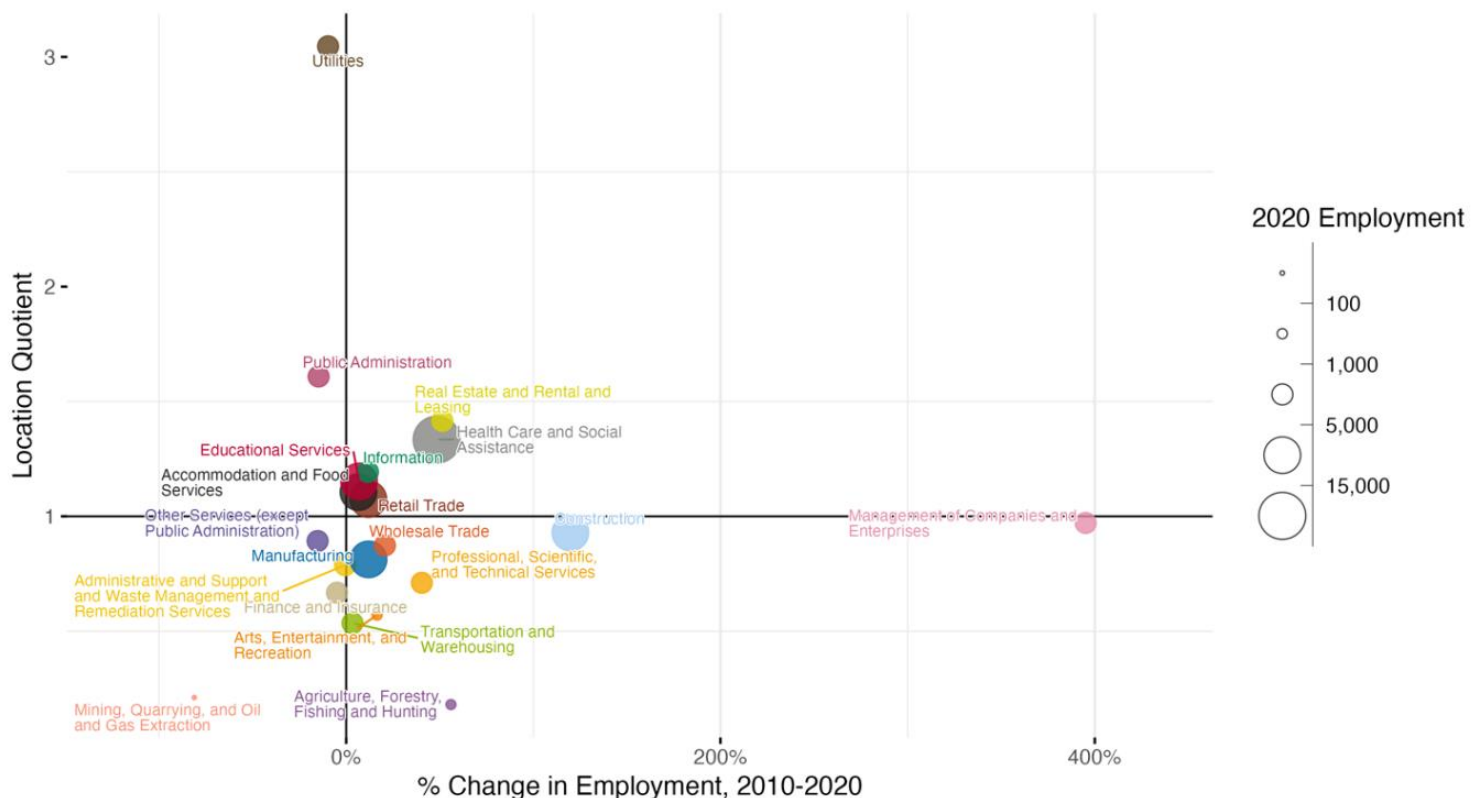
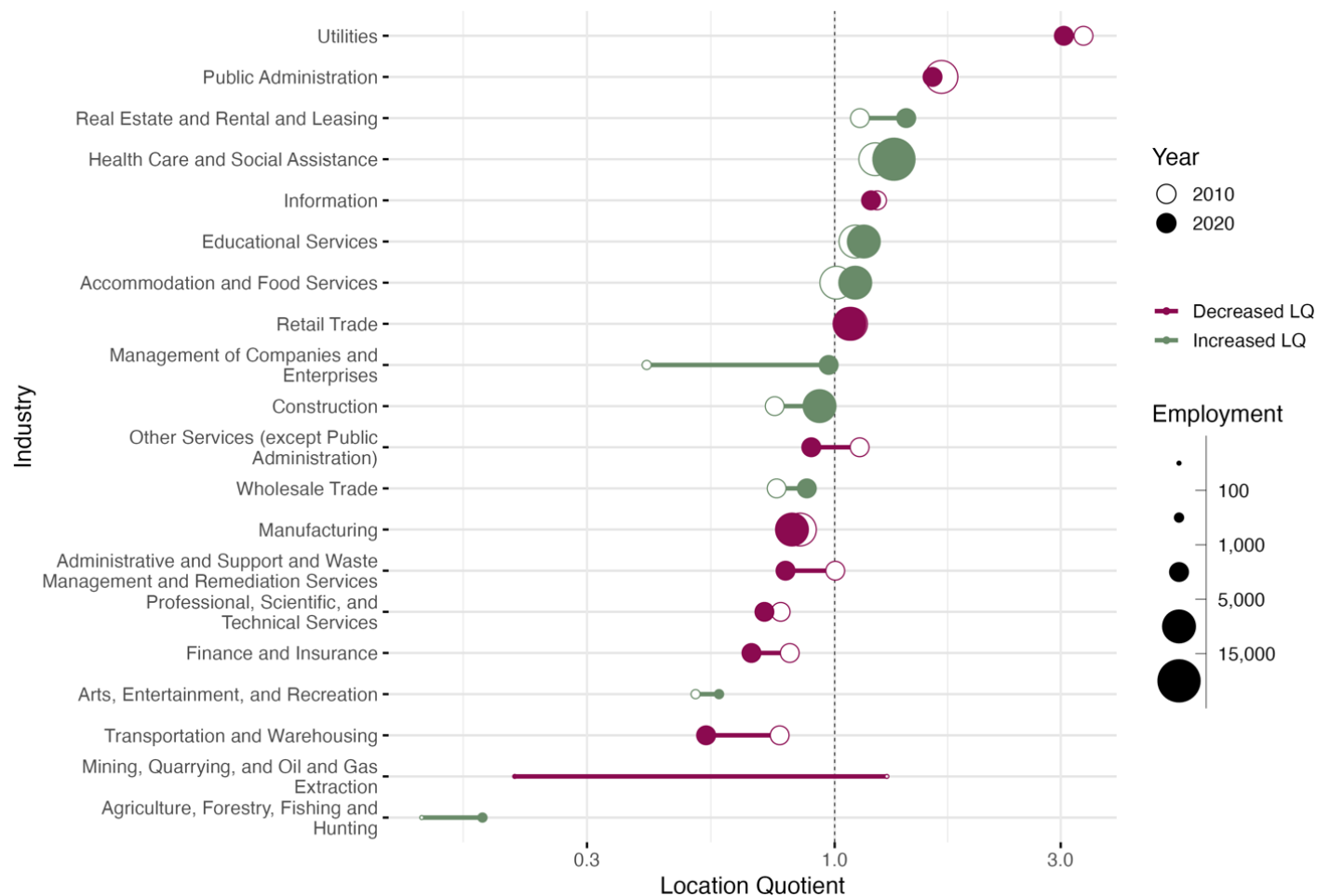


Exhibit 46 shows the change in location quotient for sectors in Vancouver between 2010 and 2020, with green colored circles showing those which increased (became more locally concentrated) and maroon circles showing those that decreased (became less concentrated). Since location quotient is calculated as a comparison of Vancouver employment and the four-county region, it can change both due to above-average employment growth locally, or a decline in employment on a larger scale that did not have as strong of an impact on a jurisdiction.

The industries that have a high concentration in Vancouver relative to the four-county region are utilities, public administration, real estate, health care and social assistance, information, educational services, and accommodation and food services. Industries that saw the greatest increase in concentration in Vancouver between 2010 and 2020 include management of companies and enterprises, healthcare and social assistance, real estate, construction, and wholesale trade. Like those industries seeing positive growth of these industries are service-based, with the exception of construction and wholesale trade (which have benefited from Vancouver's availability of large opportunity sites and industrial land). Several of these industries also account for some of the highest shares of employment in Vancouver, with healthcare and social assistance being the largest single industry in the city in 2020 and construction and wholesale trade both falling within the top ten.

Some industries also saw a notable decline in this period, including mining, quarrying, oil and gas, transportation and warehousing, finance and insurance, administrative and support services, and other services. Their slow or negative employment change seen in Exhibit 46 indicates that opportunities to grow these sectors are slowing down or decreasing.

**Exhibit 46. Sector Analysis by Change in Location Quotient, Vancouver, 2010-2020**  
 Source: LODS 2010-2020



## Subsectors

Data at the 3-digit NAICS code level provides a more detailed look at trends for specific subsectors in Clark County. Subsectors with the highest employment and location quotients within Clark County provide more specific details on economic trends and opportunities.

In 2022, the top twenty subsectors by employment were spread across larger sectors, with five falling under the Retail Trade (44-45) industry, three within Construction (23), two respectively in Health Care and Social Assistance (62) and Real Estate and Rentals and Leasing (52), and the remainder among other larger industries. Overall, these top subsectors accounted for 59 percent of all covered jobs in Clark County in 2022 and saw more rapid growth than all jobs in the County (increasing by 56 percent since 2012 compared to 35 percent across all industries). All top subsectors in 2022 saw positive growth in employment since 2012.

The subsectors which saw the highest growth between 2012-2022 include Specialty trade contractors; Social assistance, nursing, and residential care; Management of companies and enterprises; Construction of buildings; and Securities, commodity contracts, and other financial investments and related activities. All of these subsectors more than doubled in employment since 2012 and maintained a location quotient (LQ) above 1.0, indicating a comparative advantage (Exhibit 48). Computer and electronic product manufacturing was had the highest LQ among all subsectors (of any employment size) in the County.

Of the 20 subsectors with the highest employment in Clark County, half (10) offered higher wages compared to the Clark County average, with the highest wages in professional sectors: Securities, commodity contracts, and other financial investments and related activities, Management of companies and enterprises, and Professional, scientific, and technical. However, the subsector with the greatest total employment (Food service and drinking places) paid less than half of the County average. Likewise, four of the five Retail Trade subsectors paid lower wages than the County average, with only one (Motor vehicle and parts dealers) offering higher wage opportunities.



## Exhibit 47. Top Twenty Subsectors by Covered Employment, Clark County, 2012-2022

Source: Bureau of Labor Statistics

Note: The top five industries with the highest % of growth in covered employment in 2022 are shown in **bold** and those paying above the county average wage in 2022 are highlighted in **green**. Due to changes in the NAICS codes classification system in 2017 and 2022, some numeric designations of sectors have changed or aggregated since 2012.

Sector	Subsector (3-Digit NAICS)	2012	2022	Share of Total Jobs (2022)	Average Wage (2022)	Change 2012 to 2022		
						Difference	Percent	AAGR
722	Food services and drinking places	9,305	13,646	7.8%	\$26,689	4,341	47%	3.9%
238	<b>Specialty trade contractors</b>	<b>4,954</b>	<b>11,182</b>	<b>6.4%</b>	<b>\$65,695</b>	<b>6,228</b>	<b>126%</b>	<b>8.5%</b>
621	Ambulatory health care services	8,069	10,485	6.0%	<b>\$83,086</b>	2,416	30%	2.7%
541	Professional, scientific, and technical	6,692	10,157	5.8%	<b>\$100,293</b>	3,465	52%	4.3%
561	Administrative and support services	6,299	9,110	5.2%	\$58,074	2,811	45%	3.8%
623	<b>Social assistance, nursing and residential care</b>	<b>3,409</b>	<b>7,583</b>	<b>4.3%</b>	<b>\$29,823</b>	<b>4,174</b>	<b>122%</b>	<b>8.3%</b>
455	General merchandise retailers	4,517	5,479	3.1%	\$35,143	962	21%	1.9%
423	Merchant wholesalers, durable goods	2,932	4,195	2.4%	<b>\$93,009</b>	1,263	43%	3.6%
445	Food and beverage retailers	2,987	3,862	2.2%	\$34,369	875	29%	2.6%
551	<b>Management of companies and enterprises</b>	<b>1,194</b>	<b>3,576</b>	<b>2.0%</b>	<b>\$111,732</b>	<b>2,382</b>	<b>199%</b>	<b>11.6%</b>
236	<b>Construction of buildings</b>	<b>1,546</b>	<b>3,542</b>	<b>2.0%</b>	<b>\$73,141</b>	<b>1,996</b>	<b>129%</b>	<b>8.6%</b>
334	Computer and electronic product manufacturing	2,926	3,464	2.0%	<b>\$88,052</b>	538	18%	1.7%
531	Real estate	1,863	2,657	1.5%	\$59,823	794	43%	3.6%
522	Credit intermediation and related activities	2,218	2,518	1.4%	<b>\$96,626</b>	300	14%	1.3%
459	Sporting goods, hobby, musical instrument, book, and miscellaneous retailers	1,631	2,504	1.4%	\$33,638	873	54%	4.4%
523	<b>Securities, commodity contracts, and other financial investments and related activities</b>	<b>637</b>	<b>2,341</b>	<b>1.3%</b>	<b>\$153,402</b>	<b>1,704</b>	<b>268%</b>	<b>13.9%</b>
237	Heavy and civil engineering construction	1,465	2,229	1.3%	<b>\$98,775</b>	764	52%	4.3%
444	Building material and garden equipment and supplies dealers	1,258	2,155	1.2%	\$53,553	897	71%	5.5%
441	Motor vehicle and parts dealers	1,194	1,959	1.1%	<b>\$79,142</b>	765	64%	5.1%
811	Repair and maintenance	1,898	1,954	1.1%	\$60,164	56	3%	0.3%
<b>Total (Top 20 Subsectors)</b>		<b>66,994</b>	<b>104,598</b>	<b>59%</b>		<b>37,604</b>	<b>56%</b>	<b>4.6%</b>
<i>Total (All County Jobs)</i>		<i>129,842</i>	<i>175,852</i>	<i>100%</i>	<i>\$66,824</i>	<i>46,010</i>	<i>35.4%</i>	<i>3.1%</i>

Exhibit 48 and Exhibit 49 show location quotient and change in employment for the 20 subsectors with the largest shares of employment in Clark County. Of the top subsectors, the majority (16) had a location quotient greater than 1.0, indicating a greater concentration of jobs in those subsectors in Clark County compared to the United States overall. The subsectors with the greatest concentration in Clark County were Computer and electronic product manufacturing, Specialty trade contractors, and Securities, commodity contracts, and other financial investments and related activities.

**Exhibit 48. Subsector Analysis by Change in Covered Employment, Clark County, 2012-2022 (Selected Subsectors with Highest Employment Growth/LQ)**

Source: Bureau of Labor Statistics

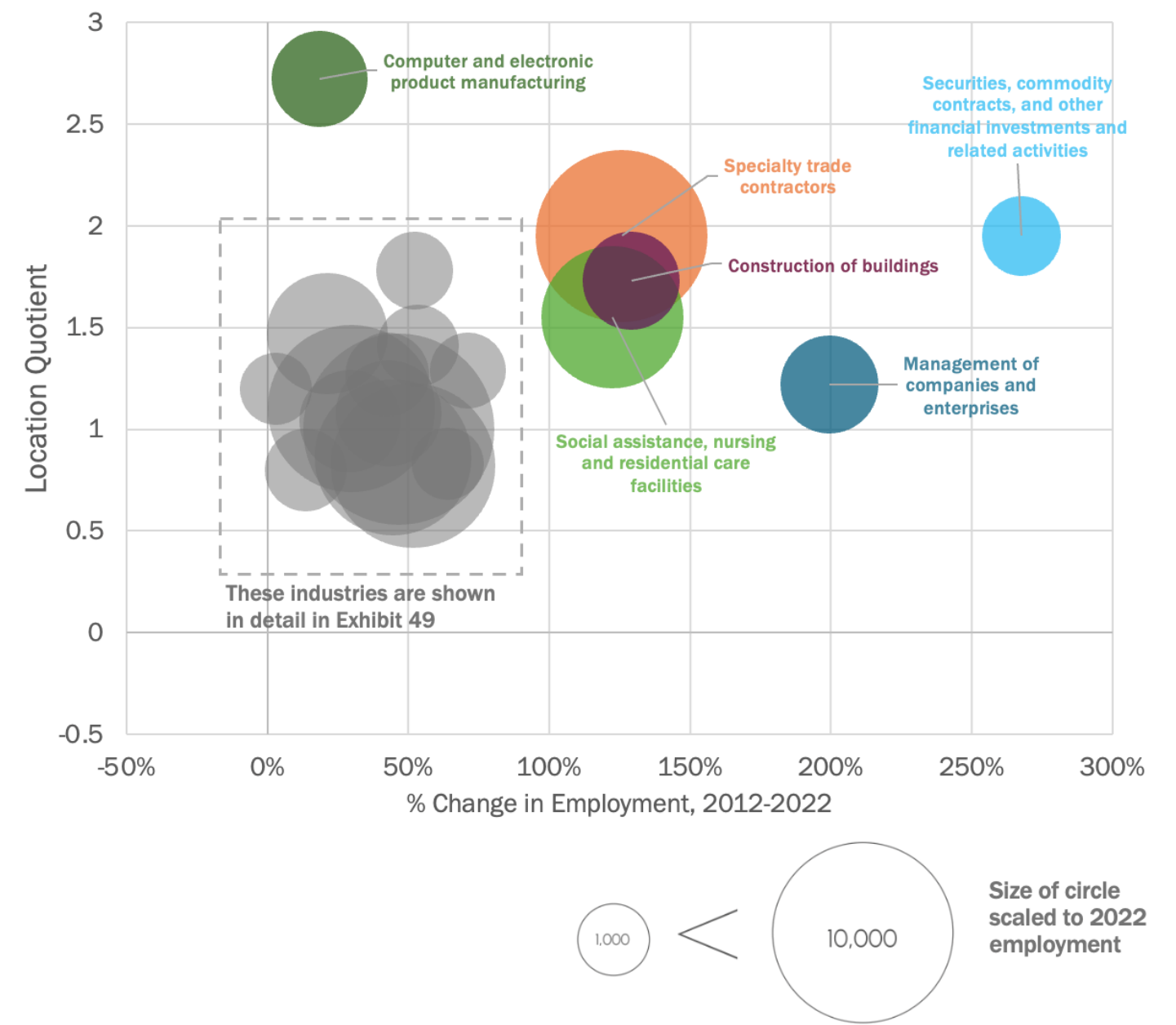
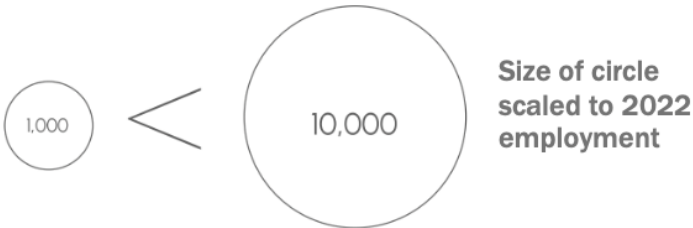
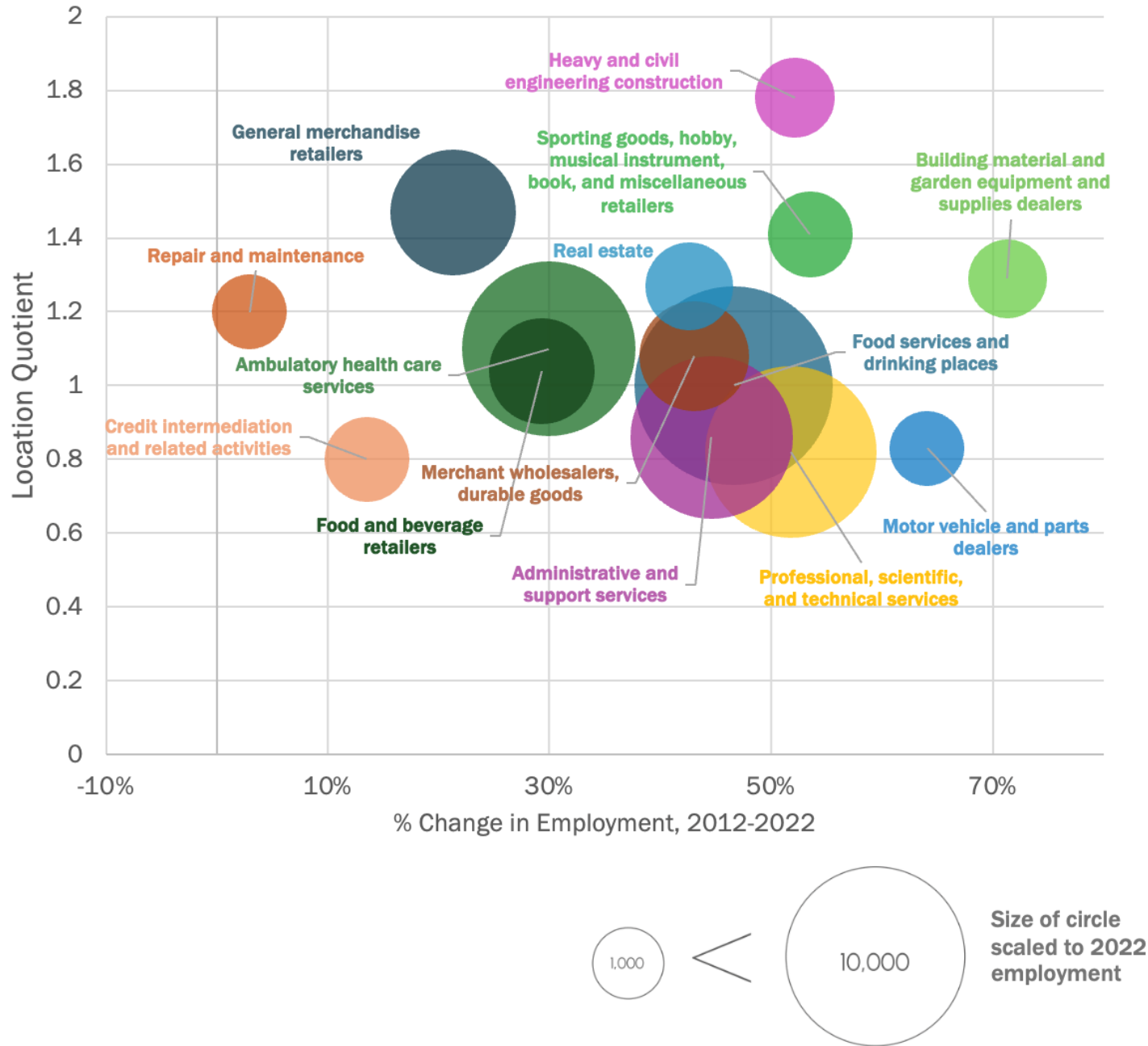


Exhibit 49. Subsector Analysis by Change in Covered Employment, Clark County, 2012-2022 (Top 20 Subsectors by Employment)

Source: Bureau of Labor Statistics

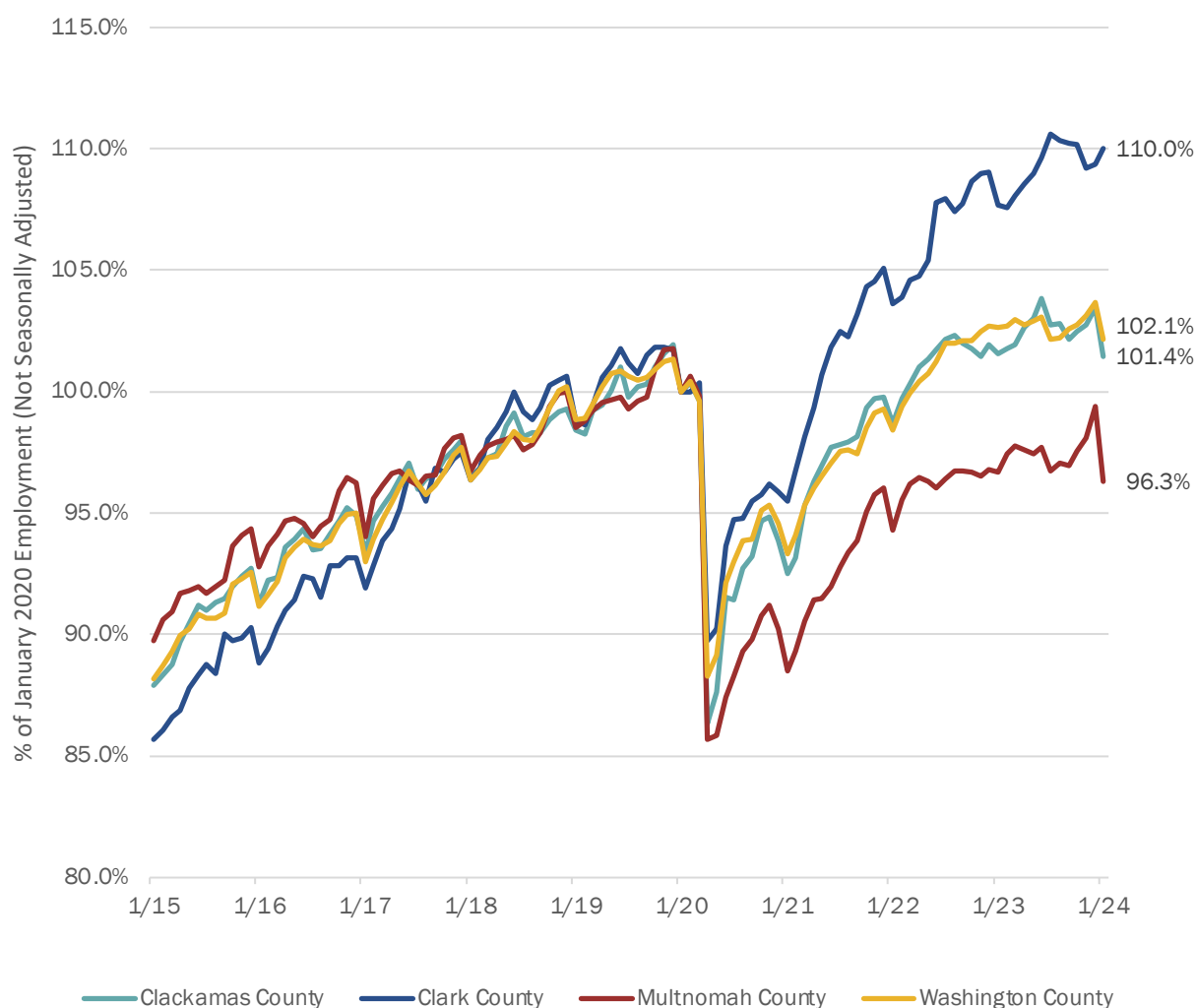


## Post-Covid Employment Recovery

Like most places in the region and across the nation, Clark County experienced a sharp drop in employment in early 2020, following the onset of the COVID-19 pandemic. In March of 2020, employment in Clark County dropped to 85 percent of the number of jobs in January of that same year. The rest of the Portland Metropolitan region experienced a similar drop in employment during that time. Employment has been steadily increasing across the region since, and Clark County has had a particularly strong recovery. Clark County was back to a pre-pandemic (January 2020) level of employment by April 2021, where Washington and Clackamas Counties were by December 2022. As of January 2024, Clark County was at 110 percent of January 2020 employment level.

### Exhibit 50. Annual Employment Change Compared to Pre-pandemic by County

Source: 2015 to 2023 (through June) Current Employment Statistics - Bureau of Labor Statistics & Oregon Employment Department



## Section 4. Real Estate Market Conditions

This section details Vancouver's commercial real estate conditions and identifies market drivers and trends that will influence the market appeal and viability of commercial uses in the area. This report primarily covers nonresidential commercial real estate including office, industrial, and retail building types in the city, as well as a comparison with Clark County and the four-county Portland Metro Area (including Clark, Multnomah, Clackamas, and Washington Counties). The Housing Needs Assessment portion of this Comprehensive Plan Update covers the residential real estate market in greater depth. The exhibits in the section below show historical trends in the average effective rent rates and average annual vacancy rates for the analysis. In general, the analysis shows trends in Triple-Net (NNN) rents, vacancy rates, and deliveries (these are described below). This section also looks back to trends in the past fifteen years, capturing a longer cycle of real estate trends including the 2008 recession and the COVID 19 pandemic.

- **Triple-Net (NNN):** Represents annual rents on a per-square-foot (psf) basis, not including any pass-through expenses such as taxes, insurance, and utilities or maintenance costs.
- **Vacancy Rates:** Represents how much space per-square-foot (psf) is vacant in a submarket.
- **Deliveries:** Represent the total amount of new square feet of each product type that has been added to the market on an annual basis.
- **Net Absorption:** Represent annual net square feet of new occupancy or vacancy of space accounting for deliveries.

### Key Commercial Real Estate Market Findings

- **Office:** The Vancouver office market is small but appears stable in the years since the COVID-19 pandemic. Steadily increasing rents and low vacancy rates suggest a reasonably strong office market. While the region has struggled with office space absorption since 2020, Vancouver has seen positive absorption of new office space post-pandemic, despite minimal construction of new office space over the past five years. While the long-term impacts of the post-COVID hybrid work environment are unclear, recent feedback from stakeholder engagement across the region indicates that businesses renewing leases are typically occupying less space (30% on average) and seeing a relocation to higher class space. This indicates that Class-A office space will have more rapid absorption compared to Class-B and Class-C office spaces across the region.
- **Industrial:** Vancouver accounts for a lower share of Clark County's total industrial market compared with its clear influence in office and retail, and only about 64% of

new industrial space over the past fifteen years. Within the region, Clark County accounted for only 12% of the total industrial inventory in 2023 YTD. Slightly lower rents, increasing vacancy rates, and negative absorption in Vancouver and Clark County compared with the region in 2023 YTD indicate a weaker market for industrial real estate. These data, combined with declining employment numbers in manufacturing and decreasing location quotients in Transportation and Warehousing and Manufacturing sectors (shown in Exhibit 45 and Exhibit 46 of Section 3) could indicate a shift in Vancouver's economy away from traditional industrial uses.

- **Retail:** Like office space trends, Vancouver's retail market dominates the total inventory in Clark County, with 85% of Clark County's total retail square footage located in the city. Rents for retail space in Vancouver were slightly higher compared to the four-county metro area as a whole in 2023, and new deliveries in Clark County accounted for about 29% of all new retail space in the four-county metro area. This indicates that there is growing demand for retail space in Vancouver and Clark County. However, as new construction (referred to below as 'deliveries') have slowed since 2007 and the city sees a decreasing amount of large format sites, the City may see more infill and neighborhood-scale retail development rather than larger establishments.

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#### E-Commerce Trends

During the onset of the COVID-19 pandemic, demand for e-commerce (online sales of goods that are shipped to customers) rose sharply compared to brick-and-mortar retail as communities practiced social distancing.<sup>26</sup> This trend was partially driven by the availability of large platforms like Amazon, but also drove many small retailers to adopt an online presence while competing with larger and more well-resourced firms. However, four years after the initial onset of the pandemic in 2020, vacant real estate space is historically low nationwide despite high interest rates and increasing customer preferences for 'experiential retail' that offers unique or engaging experiences.<sup>27</sup> Following this national trend, Vancouver, Clark County, and the 4-County Metro Area are all seeing comparatively low rates of retail vacancies than the early and mid 2010's.

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<sup>26</sup> International Trade Administration, 'Impact of COVID Pandemic on E-Commerce,' <https://www.trade.gov/impact-covid-pandemic-ecommerce>.

<sup>27</sup> Boston Business Journal, 'Thriving in 2024: Brick-and-mortar retail is back in fashion,' <https://www.bizjournals.com/boston/news/2024/01/18/thriving-in-2024-brick-and-mortar-retail-is-back.html>.

## Commercial Real Estate Market Trends

### Office Submarket

Office rents in Vancouver have steadily risen over the past decade, with the current rate of \$24.99 psf. The city and Clark County have followed very similar trajectories over this time period, with the County overall tracking only slightly behind the city in rents. Both areas offer a lower cost per square foot than the average across the four-county Portland Metro Area (includes Clark, Multnomah, Clackamas, and Washington Counties).

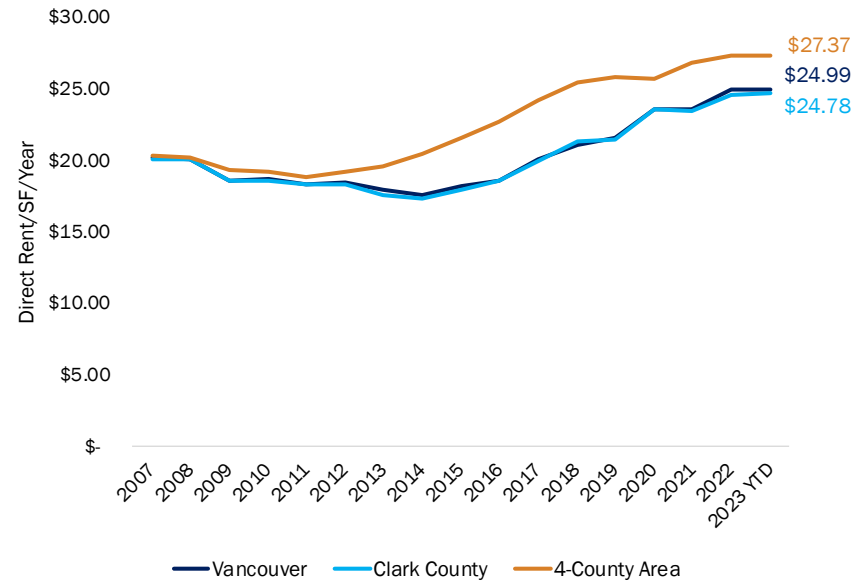
The similarity between Vancouver and Clark County reflects the fact that most of the total County office inventory is located in Vancouver rather than outlying suburban areas. In 2023 YTD, 808 of Clark County's 946 office buildings were in the city, comprising 88 percent of the total square footage.

As rents have risen, office vacancy rates in Vancouver have trended downwards since 2008, alongside jurisdictions in the region. Despite a modest spike in vacancy in 2020 aligning with national trends at the onset of the COVID-19 pandemic, Vancouver now stands at a relatively low vacancy rate of 5.3% while vacancy rates stood at 11.1% across the greater region, continuing on an upward trend in 2023 YTD.

As with rents, Clark County and Vancouver have maintained similar vacancy rates over time since Vancouver has the majority of the County's office space.

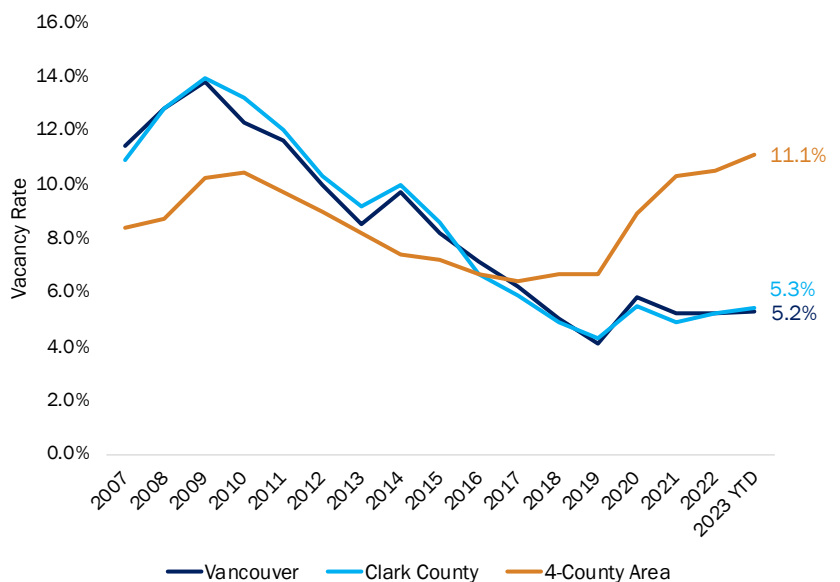
**Exhibit 51. Average Office Rent per Square Foot, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



**Exhibit 52. Average Office Vacancy Rate, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 Year to Date (YTD)**

Source: CoStar





In the greater region, office space has struggled with absorption in recent years, but net absorption of office space in the Vancouver market has generally been positive absorption since 2007. The greatest square footage was absorbed in 2016, 2007, and 2012, but managed to remain positive (contrary to regional trends) following the pandemic. Vancouver only saw negative absorption in 2020, as cities across the United States struggled with the impacts of the COVID-19 pandemic.

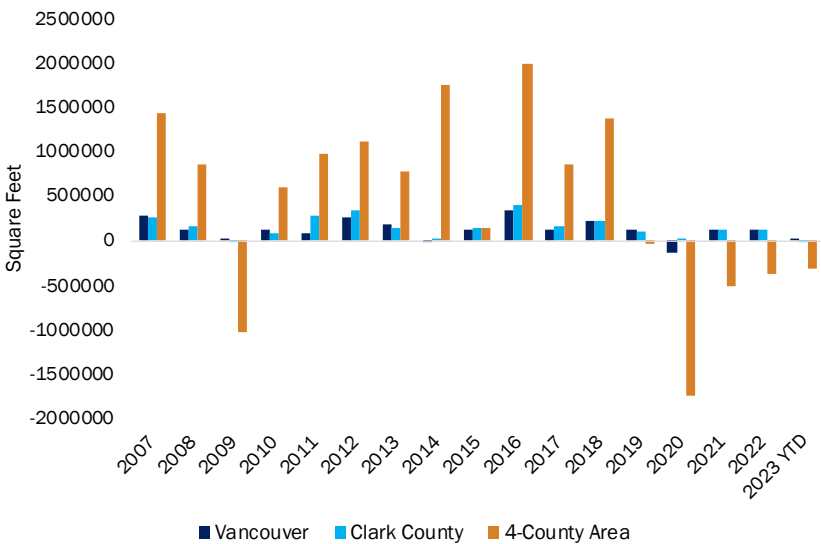
Similar absorption patterns in Clark County and Vancouver indicate that much of the new office space being absorbed into the market is within the city.

Vancouver’s new office spaces are just one portion of the overall four-county area, with the majority of new office space delivered elsewhere in the four-county area. 2007 and 2008 saw the greatest square footage of office space delivered in Clark County, with the majority of new office space in Vancouver.

Over the past fifteen years, approximately three quarters of new office space delivered has been in Vancouver, with 1.9 million square feet added in this time period.

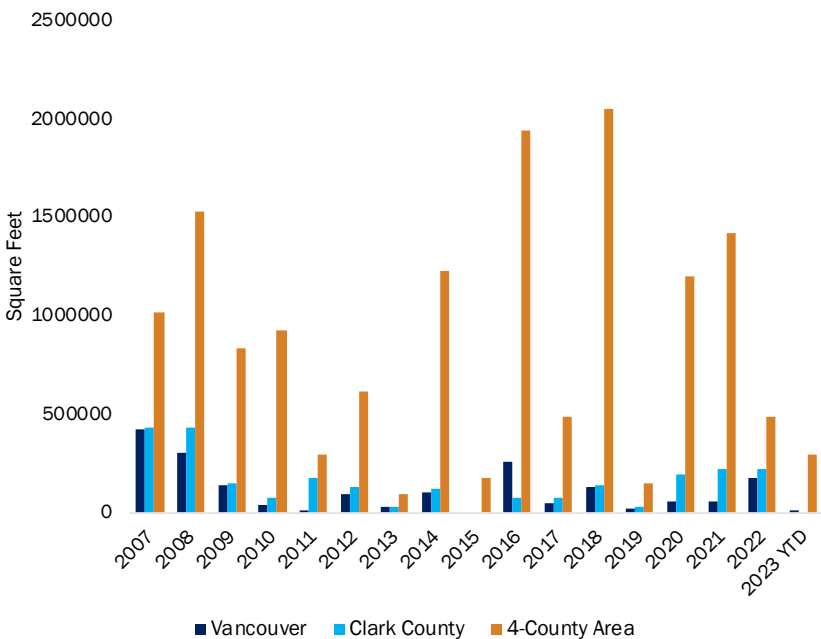
**Exhibit 53. Office Net Absorption, City of Vancouver, Clark County, and 4-County Area 2007 to 2023 YTD**

Source: CoStar



**Exhibit 54. Office Deliveries, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



## Downtown Post-COVID Trends: Employment and Visitation in the Vancouver Center City Vision Subarea

Within Vancouver, there are submarkets with distinct trends that have citywide implications. The Vancouver Center City Vision (VCCV) area is a 130-block area that encompasses Vancouver's downtown and surrounding areas. The VCCV is a central employment hub in Vancouver, and is home to a number of key employers, about 25% of the City's overall office stock, and 44% of Class A office space.<sup>28</sup> Measures of employment and visitation in the VCCV provide insight into how the city is rebounding after the COVID-19 pandemic, using Placer.ai's foot traffic analytics platform integrating proprietary artificial intelligence to estimate the number of visits based on GPS data.<sup>29</sup>

**Employment:** The number of employees working in the VCCV decreased in Q2 and Q3 of 2020 as a result of pandemic related work-from home restrictions and layoffs. The number of employees working downtown has gradually increased since the beginning of 2021 and appears to have stabilized at a number slightly lower than pre-pandemic levels. While still below pre-pandemic levels, the VCCV has seen more full recovery of employees who work downtown compared to other service-sector based urban employment centers throughout the Portland Region.

**Visitation:** Like downtown areas around the country, VCCV saw a sharp decline in visitation at the onset of the COVID pandemic in 2020 Q1. Foot traffic in the VCCV has been on an upwards trajectory since the pandemic, as visitors returned to the area for shopping, recreation, or other purposes, but visitation has not quite rebounded to pre-pandemic levels. Visitor trends continue on an upward trajectory demonstrating the strength of the VCCV as a destination in the region.

### Exhibit 55. Vancouver Center City Vision Area Employment and Visitation, 2017 Q4 – 2023 Q2

Source: Placer.ai



<sup>28</sup> The office building classification system divides buildings into three categories: Class A, Class B and Class C. Definitions for Class A Office vary, but are generally based on higher quoted rents, and above average building systems and services, tenant and building finish, and location.

<sup>29</sup> Placer.ai uses anonymous mobile phone location data to estimate visitation. A "visit" is triggered in Placer.ai's database when a cell phone seeks two Wi-Fi signals five to fifteen minutes apart (this range differs by cell phone operating system; e.g., an Android phone

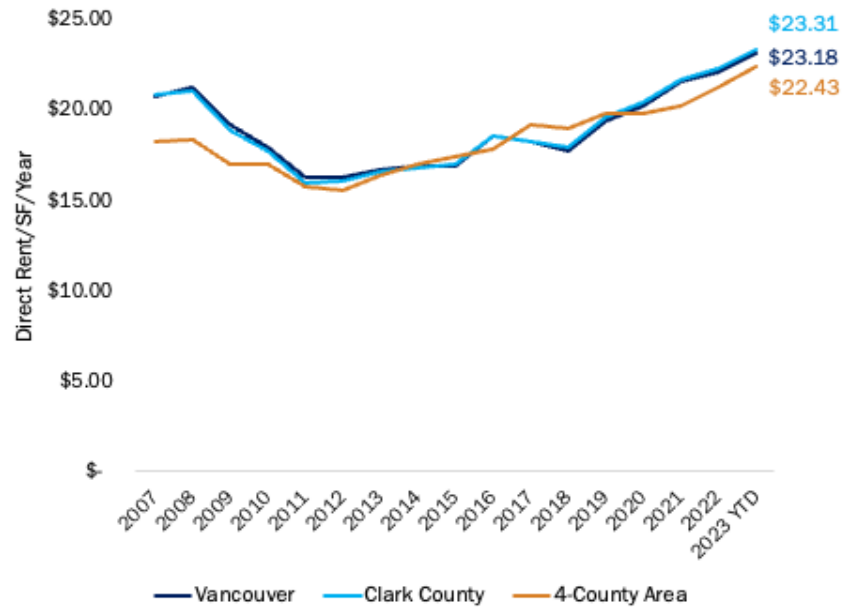
## Retail Submarket

Retail rents across the region have been slowly increasing since the Great Recession. In Vancouver and Clark County retail rents rose by 8% since 2010.

Since 2020, retail rents in the City of Vancouver and Clark County have been higher than the average for the 4-county Portland Metro Area (includes Clark, Multnomah, Clackamas, and Washington Counties). Like the office market, Vancouver and Clark County's rents for retail space have stayed closely aligned, with Clark County only \$0.13 psf higher than the city in 2023 Year to Date.

**Exhibit 56. Average Retail Rent per Square Foot, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



scans for Wi-Fi every three to seven minutes). While this means that visitors may be counted multiple times, this data is useful to provide a relative picture of trends over time.

As retail rents have risen, vacancies have also declined over the past decade, indicating a growing demand for retail in both the city and county.

Despite a modest spike in 2020 where vacancies reached 4.7%, Vancouver and Clark County returned quickly to approximate pre-pandemic retail vacancy rates. These rates were slightly higher than the four-county area during the pandemic but were approximately on par in 2023 YTD.

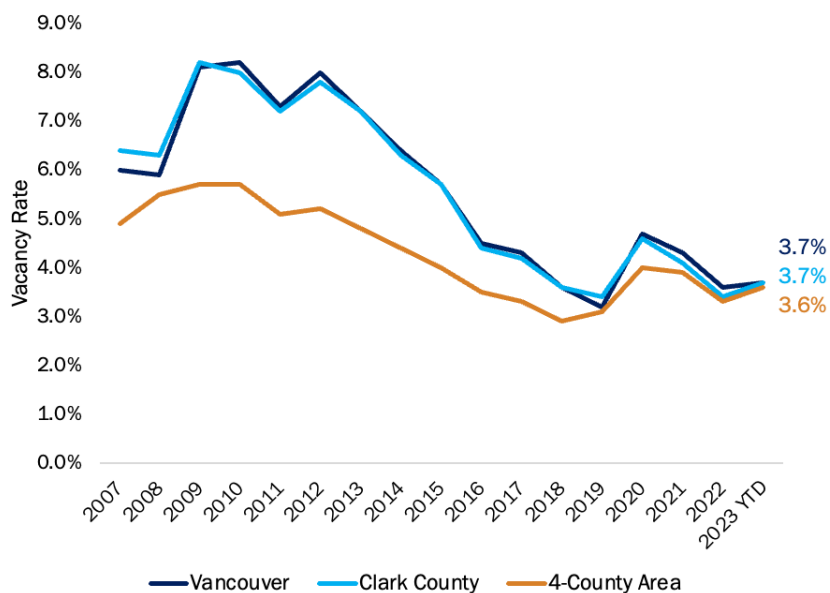
Generally, net absorption on retail space has been positive since 2007, with two years of negative absorption in 2009 in the wake of the Great Recession and 2020 at the onset of the COVID-19 pandemic.

For most years in this period, Clark County had slightly higher square feet of net absorption than the city. Trends in Vancouver and Clark County has generally followed the same patterns as the four-county area with a proportionately smaller square footage.

Vancouver saw an influx of retail space in the late 2000's and mid 2010's, trailing off over the past five years. The greatest amount of new retail space was delivered in 2008, with over 900,000 new square feet delivered.

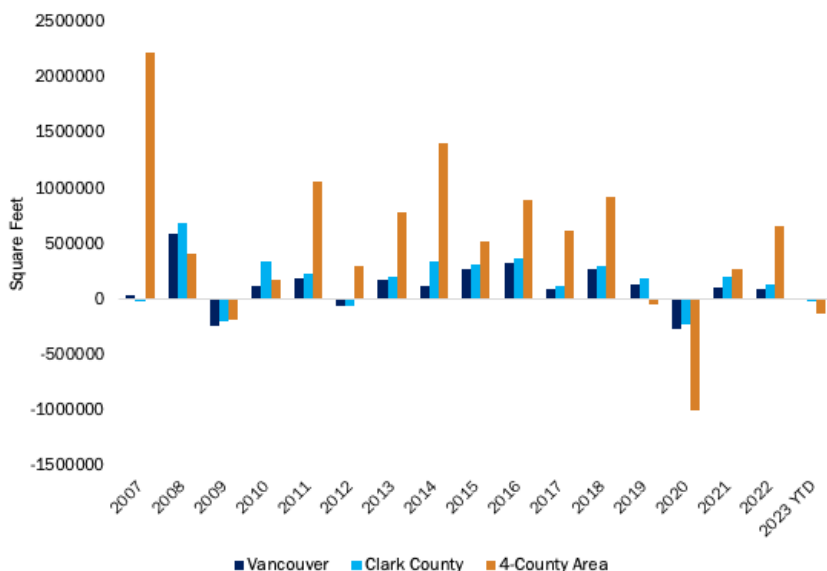
**Exhibit 57. Average Retail Vacancy Rate, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



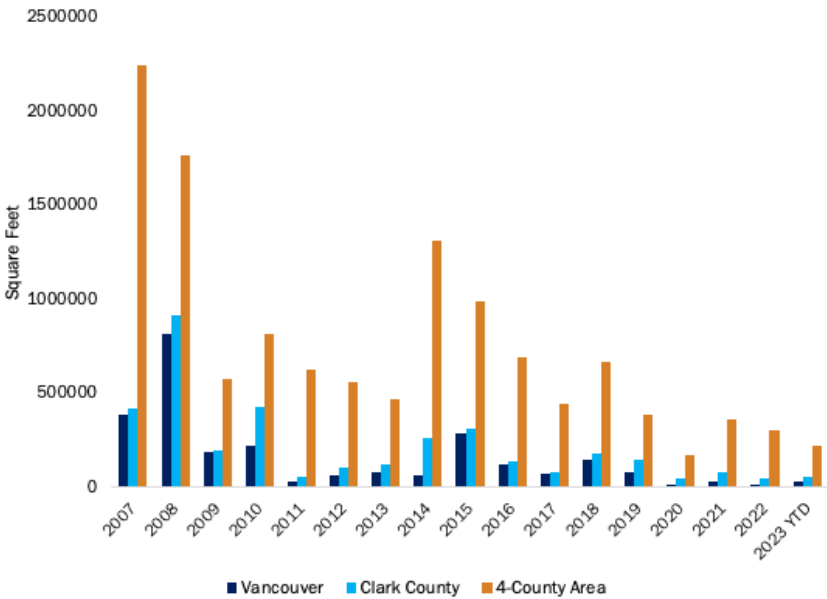
**Exhibit 58. Retail Net Absorption, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



In general, Vancouver’s retail deliveries have accounted for the majority of new retail space across Clark County (approximately 74% of new retail). Within the four-county area, Clark County accounts for about 29% of all new retail deliveries.

**Exhibit 59. Retail Deliveries (New Construction), City of Vancouver, Clark County, and 4-County Area 2007 to 2023 YTD**  
Source: CoStar



## Industrial Submarket

Industrial rents per square foot have been increasing in both Clark County and Vancouver since 2007, sitting at approximately \$10.5 psf in both areas (Exhibit 60). The four-county Portland Metro Region had slightly higher rents than Vancouver and Clark County, but generally tracked with the area over the past fifteen years.

Industrial vacancy rates have fluctuated since 2007, declining to their lowest rate in the period during 2020 (Exhibit 61). Both the city and the county currently have low rates of industrial vacancy, though vacancy rates in Vancouver and Clark County have been increasing over the past four years.

Despite lower rents in Vancouver and Clark County, vacancy rates were slightly higher than the four-county area in 2023 YTD.

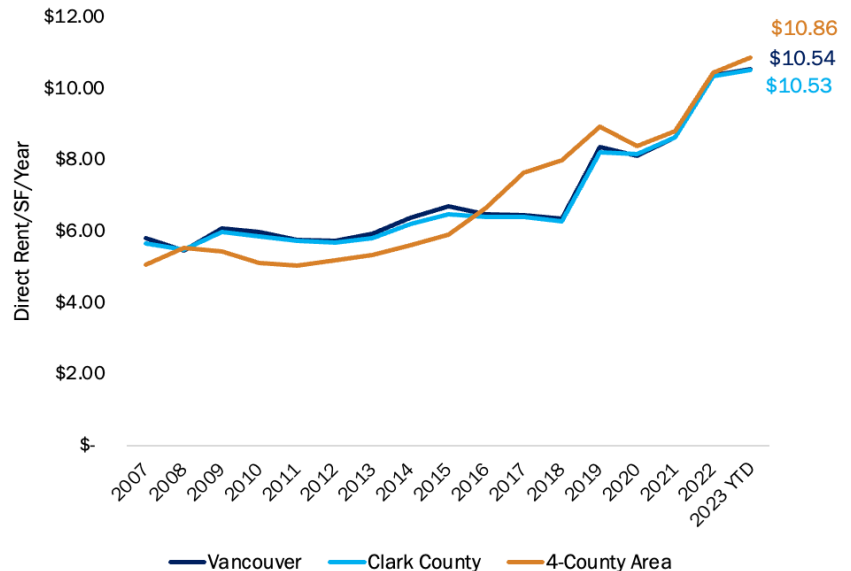
Industrial deliveries have generally had positive net absorption over the past decade, after struggling in the late 2000's during the recession (Exhibit 62).

Note that negative absorption in year-to-date does not necessarily indicate that a property will not be leased within the close of 2023 and is likely to change.

Unlike the retail and office markets, Clark County has seen a large volume of new industrial space delivered outside of Vancouver, particularly in the past five years (Exhibit 63).

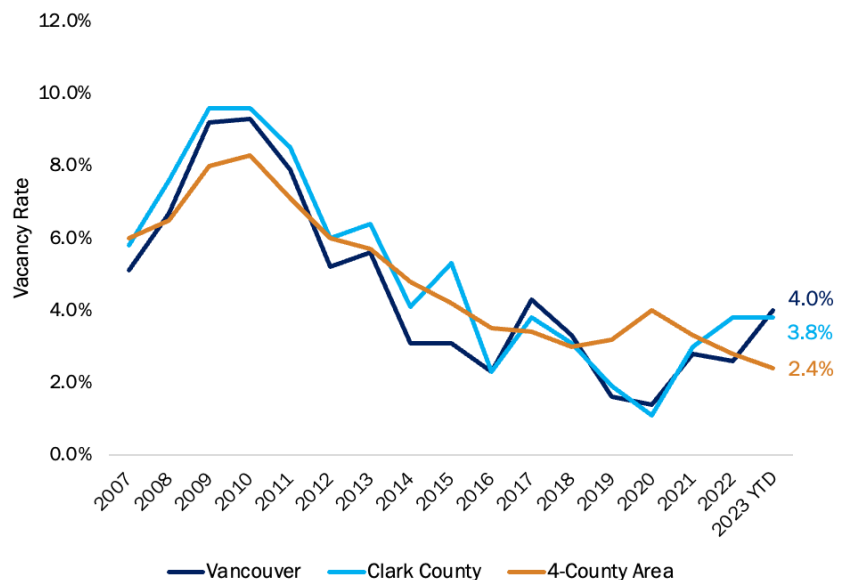
**Exhibit 60. Average Industrial Rent per Square Foot, City of Vancouver, Clark County, and 4-County Area 2007 to 2023 YTD**

Source: CoStar



**Exhibit 61. Average Industrial Vacancy Rate, City of Vancouver and Clark County, 2007 to 2023 YTD**

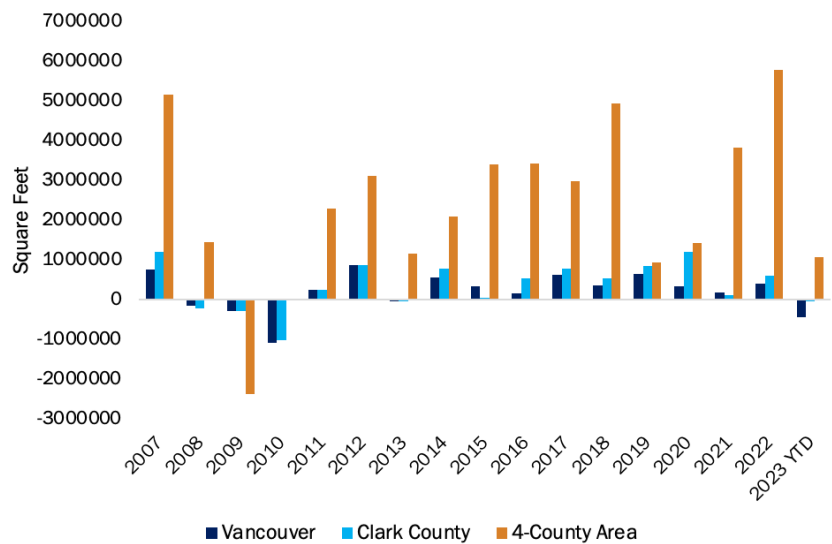
Source: CoStar



Since 2017, 4.7 million square feet of new industrial space has been delivered in Clark County, with only about half in Vancouver. Throughout the four-county area, Clark County accounted for a proportionately smaller share of industrial deliveries; only about 17% between 2007 and 2023 YTD.

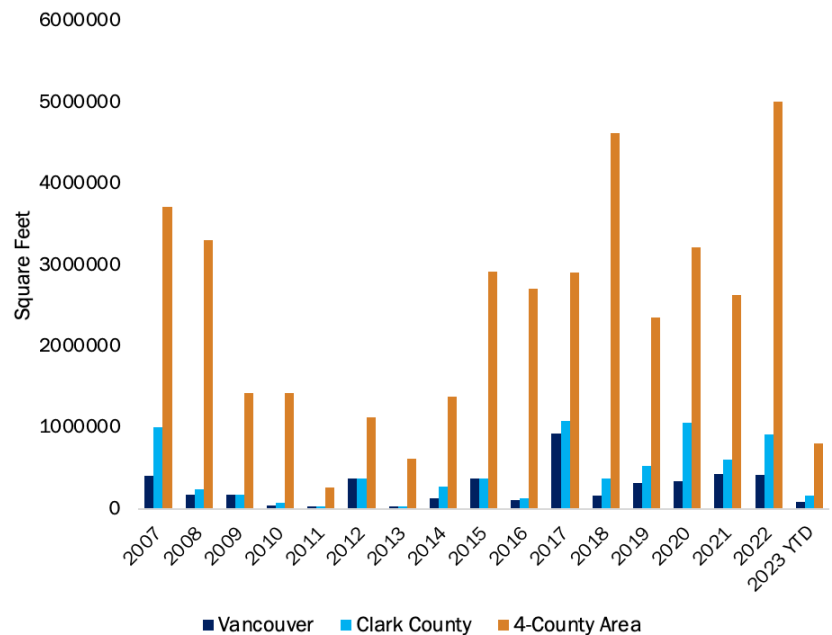
**Exhibit 63. Industrial Net Absorption, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar



**Exhibit 62. Industrial Deliveries, City of Vancouver, Clark County, and 4-County Area, 2007 to 2023 YTD**

Source: CoStar





## Key Residential Real Estate Market Findings

Housing is increasingly an economic development issue. Housing availability and affordability help determine the size and stability of the local workforce. Rising housing costs and decreasing vacancies, as seen in competitive regions like the Portland metro area, indicate upward pressure on the market. While beneficial for owners and the tax base, high costs and limited availability place a heavy cost burden on renters and homebuyers. Promoting housing options at price points affordable to households at all income levels can help ensure a diversified workforce, create opportunities for upward mobility, attract new talent to the region, and support broader economic development goals. The continuing impacts of historic racial inequities in housing and employment can also be expressed in levels of housing cost burden. These disparities stress the need for equitable economic development that intentionally provides opportunities for Black, Indigenous, and People of Color (BIPOC) residents who have been excluded from building generational wealth due to past discriminatory policies.

This section summarizes key findings for Vancouver from the 2023 Our Vancouver Housing Needs Assessment and identifies key implications for economic development and employment.

### Housing Availability

- The local availability of housing within a region can impact economic conditions as households make tradeoffs about where to live and work. Post-COVID remote work trends have provided greater locational flexibility for workers. In recent years the Portland Metro region has also increased transportation options that allow workers to commute more efficiently. The location of available housing and proximity to transit, services, and employment hubs can also influence where individuals seek jobs. Trends in Vancouver and Clark County show that housing underproduction has limited housing supply in both the City of Vancouver and Clark County (as well as the greater region).
- From 2011 to 2021, Vancouver increased its housing stock by roughly 14,700 units, or by 21%, while the total population grew by roughly 23%. Historic and current housing underproduction has limited housing supply in Clark County as well as the greater Portland metro area.
- The dominant type of housing is single-detached comprising over half the housing stock both in Vancouver and Clark County as a whole. However, Vancouver has a lower share of single-detached housing (at 56%) compared to the county's 72%. The remaining housing stock in Vancouver includes an estimated 27% multifamily

housing and 18% “plex housing” which is attached units up to fourplexes (according to U.S. Census data, 2021).

- Vancouver has a higher share of multifamily housing than the county overall, with slightly under half (44%) of Vancouver housing units having more than one unit. Permit data analysis shows a steady increase in multifamily development in the city in recent years.

## Multifamily Residential Market

- Vancouver is seeing a steady increase in the annual rate of new units permitted in multifamily development across all scales of buildings, opening up potential new workforce housing units. 79% of new unit construction in the city has been in multifamily developments over the last three years.
- Most apartment construction has been concentrated in the downtown area, with some clusters of multifamily development along Fourth Plain Boulevard and along I-205.
- Since 2015, the most common permitted multifamily building scale was 20- to 49-unit buildings (32% of permitted units), followed closely by 100+ unit buildings (28%). Only 4% of permitted units were in two- to four-unit buildings (or ‘middle housing’).

## Housing Prices and Vacancy

In general, rising housing prices and falling vacancy rates indicate upward pressure on the market for different types of real estate. If workers struggle to find attainable options for their income level near job centers, the lack of housing options can constrain the labor force in an area. The Our Vancouver Housing Needs Assessment highlighted the following trends.

- **While the City’s housing costs remain lower than Clark County overall, vacancy rates have remained stable at about 5 percent since 2012.** Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units. In Vancouver, the vacancy rate fluctuates between 2% and 5%; it is currently 4% in Clark County. The city’s vacancy rate has remained in this low range since 2011.
- **Rents are rising in Vancouver.** Rents in Vancouver are very similar to the county overall. As of June 2023, the average rent in Vancouver is \$1,711, increasing 60% since 2012. The Vancouver Housing Needs Assessment shows that in Vancouver,

cost burden rates for renters tends to be higher and growing which could indicate a lack of affordable rental housing options.<sup>30</sup>

- **Home sale prices are also rising in Vancouver but remain lower than Clark County.** As of June 2023, the median home sale price in Vancouver is roughly \$477,000. The city's home prices are roughly \$50,000 lower than the county overall and lower than the national average. Vancouver's home prices increased at a similar rate since 2012, nearly tripling (a 174% increase) over the last decade. Home prices in Vancouver are lower than several competitor cities in the Portland metro area, including Portland, Beaverton, and Hillsboro. However, home prices in other jurisdictions dropped from 2022 to 2023, while Vancouver and Clark County home prices continued to grow, indicating a strong demand for homes at lower price points.
- **Cost burden has impacted renters more than homeowners.** Rates of cost burden for renters have increased slightly since 2011 (by 3 percentage points) but dropped significantly for homeowners (by 12 percentage points). Renters are nearly three times as likely to be cost burdened than homeowners, with over a quarter of renters severely cost burdened, spending more than 50% of income on rent. In Vancouver, Black or African American households and Hispanic or Latino households experience the highest rates of cost burden and severe cost burden. Lastly, Vancouver's median household income increased by 28% from 2011 and 2021 which is far less than the increases in median home sales prices and average rents.

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<sup>30</sup> Housing cost burden can be an indicator of determining how well a city is meeting its need to provide housing that is affordable to all segments of its workforce and population. Housing costs are typically the largest portion of a household budget, and typically include mortgage or rent payment, utilities, interest, and insurance. Housing cost burden can put low-income households in vulnerable situations which can also lead job instability, among other negative outcomes. In a connected region like the Portland metro, households may make the decision to live and work in areas with lower housing costs relative to their income.

## Section 5. Competitive Advantages

Vancouver has a number of competitive advantages today that make it an attractive location for businesses and workers, including its high quality of life, tax advantages, and well-connected multimodal infrastructure. These primary factors contributing to Vancouver's growth should be considerations as the City plans for continued economic development work in the next 20 years with the Growth Management Update. Continuing progress like public realm investments, supporting workforce housing, and strategically planning for employment growth using the City's buildable lands will be critical to build on the City's current strengths.

### **Vancouver Offers Access to Quality-of-Life Amenities at a Lower Price Point.**

Vancouver's proximity to the Columbia River Gorge, Mount St. Helens, and national forests throughout southern Washington and northern Oregon offer access to abundant outdoor recreation activities. The city's downtown area has a vibrant and growing mix of food, beverage, and entertainment assets. The natural beauty and robust amenities in the region as well as farmland create a lifestyle draw for Vancouver.

Compared with other west coast areas that offer similar access to recreation, Clark County presents an option with a relatively lower cost of living, and more affordable prices for homes as well as industrial and office space.<sup>31</sup> As more workplaces become flexible or rethink locational decisions in the wake of the COVID-19 pandemic, many are choosing to move to places that offer lifestyle advantages for workers as well as lower cost commercial space and relatively affordable homes.

### **Vancouver's Location on the Oregon-Washington Border Allows Tax Advantages to Attract Residents and Businesses.**

For businesses and individuals deciding on a location within the Portland region, the different tax structures available in Oregon and Washington can be a critical decision point. Given the short distance between Portland and Vancouver, residents and businesses can continue enjoying many of the same regional amenities and destinations while decreasing the share of household income paid towards income taxes.

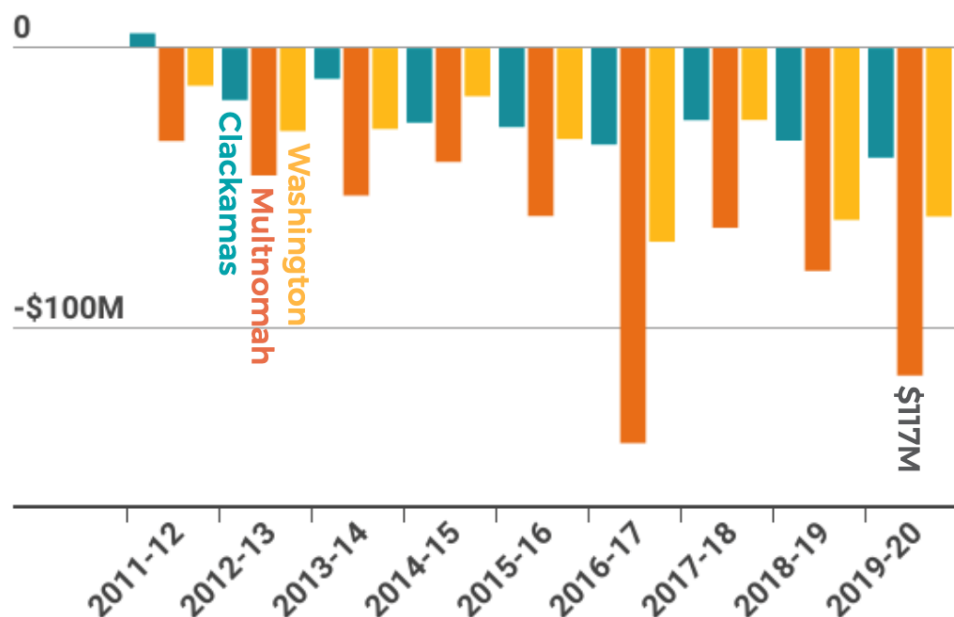
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<sup>31</sup> Columbia River Economic Development Council, "Clark County Business Guide," 2022.

Washington's lack of corporate or personal income tax compared with Oregon's absence of sales tax presents two distinct options that can have different advantages for households and businesses. In recent years, Portland Business Alliance's analysis of data from the Internal Revenue Service (IRS) indicates that more firms and households are making the decision to relocate to Clark County from the Portland metro region counties in Oregon, with \$117 million net migration of tax revenue to Clark County in FY 2019 to 2020 (Exhibit 64).

**Exhibit 64. Net Migration Flow of Tax Revenue to Clark County, WA by Adjusted Gross Income Between Tax Years (in Nominal Dollars)**

Source: Internal Revenue Service, Portland Business Alliance



## Vancouver is Part of a Well-Developed Higher Education and Workforce Development Ecosystem.

Vancouver is home to Clark College and Washington State University's Vancouver Campus, with regional connections to additional higher education institutions in Portland including Portland State University. Through partnerships with key industries, these institutions have partnered to build pipelines to job opportunities in well-paying careers like semiconductor manufacturing, software engineering, and others.

As educational attainment levels rise for the residents of Vancouver, more opportunities become unlocked to attract more employers in high-paying, high-opportunity careers. However, ensuring that these opportunities can equitably reach communities in Vancouver is a key consideration for leveraging the City's competitive advantages to benefit all residents. Career Technical Education (CTE) can help to fill gaps for many residents by providing technical training for a broad range of workers.

## The City's Public Realm Investments Have Expanded Access for Jobs and Residences in Vancouver, and There is More to Come.

In the past five years, the City of Vancouver has made large public realm investments in its Downtown area and other parts of the city, including transportation improvements, beautification, and public-private partnerships. Over \$1.5 billion for downtown waterfront improvements have supported development of new public space as well as businesses and housing.

These investments have paid off with increasing private investment and quality public spaces for Vancouver, with well-developed sub areas like the Vancouver Waterfront. In the coming years as the city continues to build a stronger sense of place, investments in public realm improvements and partnerships can continue to build Vancouver's competitive advantages for attracting residents.

Planning efforts are also underway for replacing the I-5 bridge. Though this long-term project faces the challenges of updating major regional infrastructure, bridge replacement will be a transformative investment once completed, allowing for expedited passenger and freight travel across the Columbia River. ODOT and WSDOT are jointly leading these efforts in coordination with eight other bi-state partner agencies: TriMet, C-TRAN, Oregon Metro, the Southwest Washington Regional Transportation Council, the cities of Portland and Vancouver, and the Ports of Portland and Vancouver.

### Exhibit 65. Downtown Walking Map of Vancouver

Source: Visit Vancouver

