

Individual Project 1_DaoDang: Location Analysis for Corporate Client

Executive summary:

This report evaluates two potential locations for establishing a pet clinic for Healthy Paws: the Lloyd District submarket and the Sunset Corridor/Hillsboro submarket. After using ArcGIS to analyze demand drivers, an additional tapestry group - the Affluent estate life model, market conditions, demographics, community, and competitive landscape, also comparing the Retail Market Report Portland – OR USA Costar, the recommendation is that the client should focus on the Lloyd District submarket- property: **1407 NE Halsey St, Portland, OR 97232-1475** as the preferred option for the clinic.

The Lloyd District is expected to attract a growing population of young professionals and families based on the research. Its high visibility, accessibility via public transportation, and proximity to major attractions provide an advantageous setting for a pet clinic. Furthermore, this area hosts various community events that can facilitate engagement with potential clients. In contrast, although the Sunset Corridor is close to high-tech firms with more green space, it faces challenges such as higher asking rent, increased competition from established veterinary practices, and declining growth trends. As a result, the Lloyd District submarket presents a more promising opportunity for establishing a successful pet clinic in the long term.

Introduction:

As a consultant for Healthy Paws, in this project, the potential retail locations for the pet clinic's expansion into Portland, Oregon, will need to be identified and evaluated based on several requirements. The project aims to identify and secure a suitable retail space that aligns with the clinic's mission of providing affordable pet care, focusing primarily on dogs, cats, and smaller pets, not providing boarding, daycare, or grooming services. The new location must meet several required criteria, including high visibility on a corner lot near busy intersections, easy accessibility, parking, and a primary trade area with a population of 8,000 to 10,000. Moreover, the property should be commercially zoned, single-story with an open plan design, and between 3,500 and 5,000 square feet in size. Additionally, the property should be located in a safe area with affordable rent ranging from \$22 to \$25 per square foot.

To execute this project, ArcGIS is applied to identify suitable neighborhoods and properties. Moreover, engaging landlords for lease negotiations by Costar will be crucial, along with collaborating with designers to create a functional clinic layout. After locating ideal places, the next step is to evaluate each based on how well they align with Healthy Paws' mission and operational needs and provide a final recommendation of the top properties for the new clinic. This report includes detailed assessments and a rationale for recommendations, along with considerations on lease terms and potential tenant improvements.

Discussion of analysis and results:

To analyze different locations for a pet clinic using ArcGIS, three potential key demand drivers are indicated that need to be focused on: **pet ownership rates, disposable income levels, and population density.**

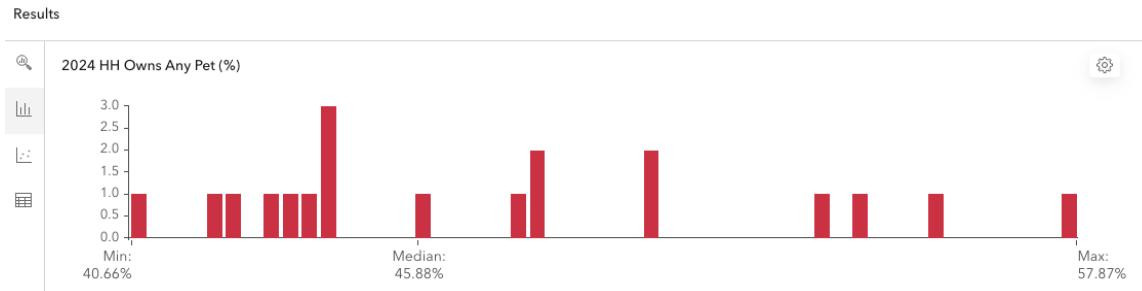
As of 2024, over 50% of Oregon households own at least one pet¹, and this trend is expected to continue growing. As we know, higher pet ownership leads to increased regular visits to veterinary clinics for routine check-ups, vaccinations, and emergency care. A location with a higher concentration of pet owners will likely have more clients for Healthy Paws. Besides that, households with higher incomes are more likely to spend on pet services. In addition, with a suitable demographic profile, locations will provide a steady stream of clients who value the compassionate care that Healthy Paws aims to offer. Age group and family structure can influence pet ownership trends. Younger families and individuals are often more likely to own pets and look for veterinary care. Moreover, The location with a higher population density, it will have more potential customers for pet clinics. With more people and more pets, the need for pet healthcare services increases, creating a strong demand for pet clinics to meet these needs. People prefer services that are close to them for convivence, pet owners can quickly access veterinary services for regular check-ups, emergencies, vaccinations, and other pet-related needs. Also, clinics in highly populated areas are often busier and need to expand their services to meet this rising demand.

Combining these demand drivers into location analysis will help Healthy Paws identify optimal sites for the new clinic in Portland. By focusing on areas with high pet ownership rates, disposable income levels, and favorable demographics with younger families and high population, easy to access, the clinic can enhance its chances of success in the new market.

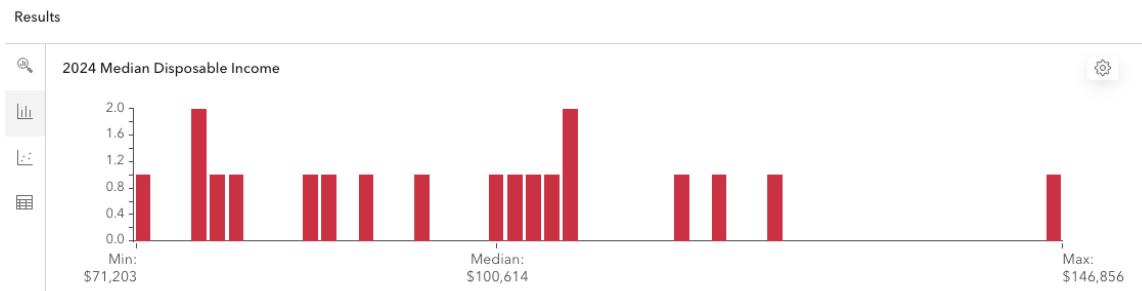
¹The Zebra. *Pet ownership statistics*. The Zebra. Retrieved from <https://www.thezebra.com/resources/research/pet-ownership-statistics/>

To meet the project requirements and refine *Project 1 Dataset*, we focused on identifying vacant spaces that meet the minimum floor size criteria. Any secondary property types that are not suitable for a veterinary clinic, such as restaurants, banks, and auto repair shops were removed. Additionally, properties with signage are considered a valuable amenity and currently for sale were avoided to prevent complications related to landlord changes. Therefore, the result shows that 14 properties met the basic requirements for analysis in ArcGIS. Applying the Smart Map function, we employed census blocks as the level of detail and selected three relevant variables from the available options that align with our identified demand drivers. Below is the resulting map that we got from ArcGIS Business Analyst (figure 1) on the ranges for variables:

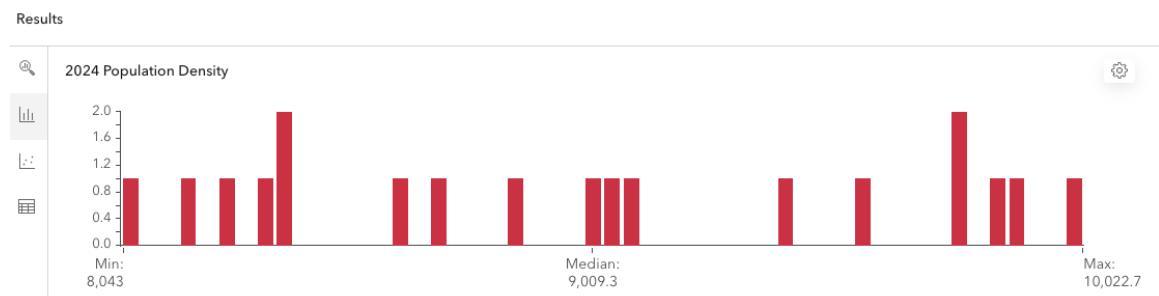
- 2024 HH Owns Any Pet(%): 39.98% - 61.38%



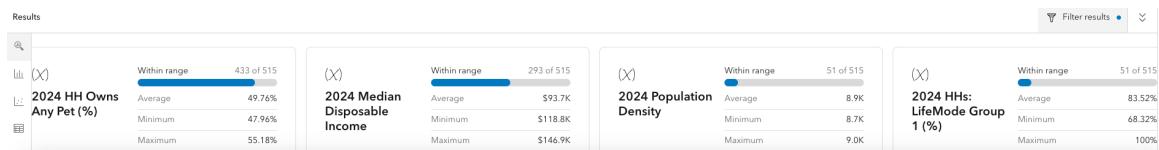
- 2024 Median Disposable Income: \$70,340 - \$159,687



- 2024 Population Density: 8,030 to 10,023



One Tapestry household group that was added for the clinic's target client is The Affluent estate life model because this represents a demographic characterized by established wealth and a high standard of living. This group includes households who are highly educated, have strong preferences for upscale goods and services, and frequently go shopping, using premium services, like attending concerts, and events, and dining at upscale restaurants. Given that, households in the Affluent Estates group with a range from 50.17% to 100% are likely to own pets and invest significantly in their care services. By understanding the characteristics and preferences of this demographic, pet clinics can tailor offerings and marketing strategies to effectively attract and retain clients.



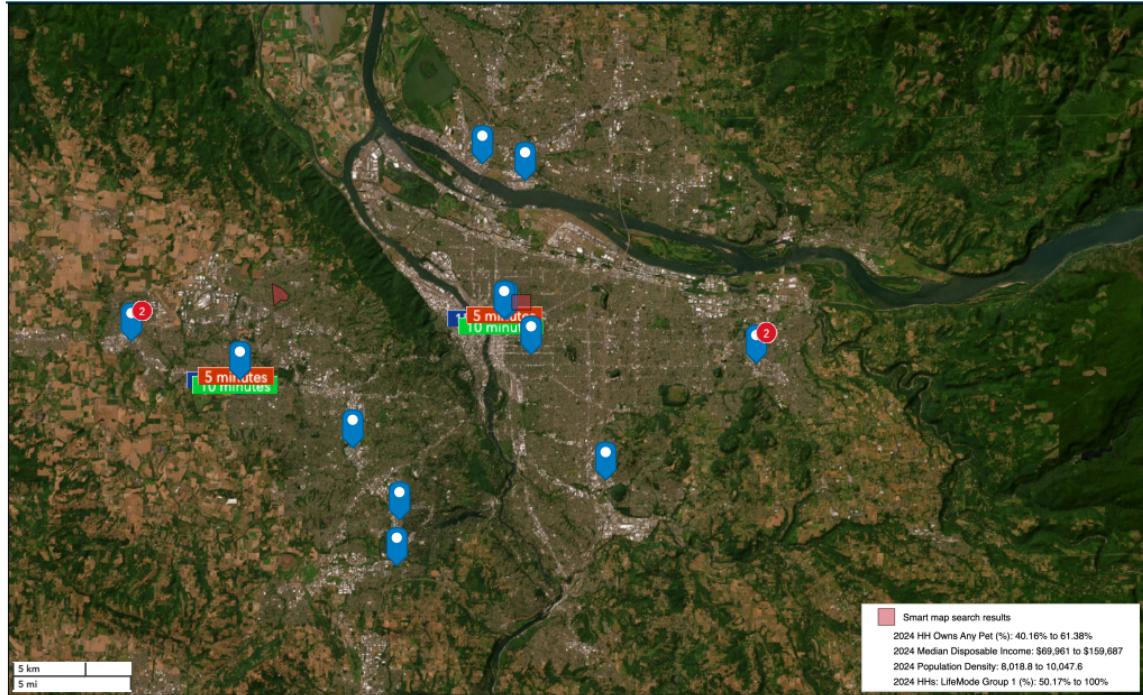


Figure 1 - ArcGIS Business Analyst Map

From ArcGIS analysis to further investigate different submarkets, the selection of properties that are nearby the census tracts and match the criteria above for a pet clinic are:

- Feature 9: **1407 NE Halsey St, Portland, OR 97232-1475** in the Lloyd District submarket.
- Feature 10: **20225-20285 SW Tualatin Valley Hwy, Beaverton, OR 97006** in Sunset Corridor/Hillsboro submarket.

These properties: 1407 NE Halsey St, Portland, OR 97232-1475 in the Lloyd District (figure 2) and property: 20225-20285 SW Tualatin Valley Hwy, Beaverton, OR 97006 Sunset Corridor/Hillsboro (figure 5) offer several key benefits:

- Accessibility: both locations are conveniently situated near major highways and roads, including Interstate 84 and US-26, making them easily accessible for

clients. This is important for pet owners in need of urgent care or regular veterinary services.

- **Parking facilities:** Each property includes multiple large parking lots nearby, which can accommodate clients and enhance the convenience of visiting the clinic.
- **Demographics:** The target areas have a combination population exceeding 8,000 residents, with an average income of over \$100,000. This demographic is likely to invest in quality pet care, as they typically have a higher percentage of pet ownership.

Lloyd District Insights (Feature 9: 1407 NE Halsey St, Portland, OR 97232-1475)

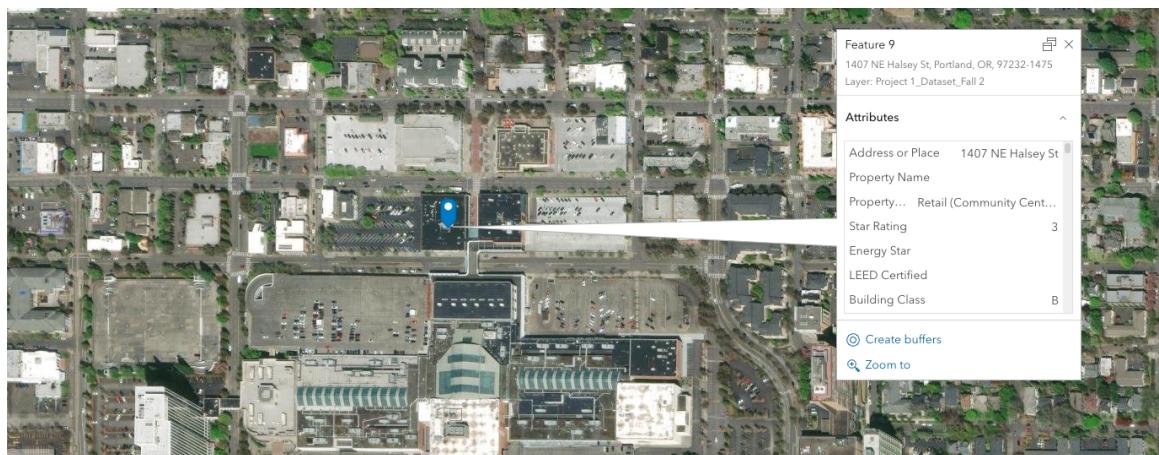


Figure 2- ArcGIS Business Analyst _ 1407 NE Halsey St, Portland, OR 97232-1475 in the Lloyd District

RE573 RE Econ & Market Analysis

Project 1

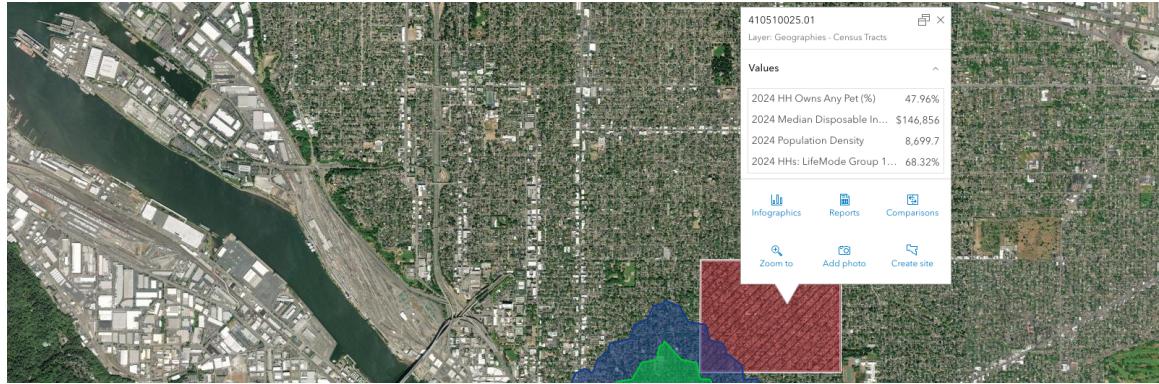


Figure 3- Census Tract matches our criteria nearby 1407 NE Halsey St, Portland,
OR 97232-1475 in the Lloyd District



Figure 4 - Tapestry of Lloyd District Neighborhood

- The Lloyd District is undergoing significant residential development, including plans for public spaces and pedestrian walkways. This will create an environment conducive to pet walking and increase foot traffic around the clinic, attracting more clients.

- The area serves as a gateway to major Portland attractions and is well-connected by public transport, including the Max light rail. This accessibility can draw in clients from surrounding neighborhoods²
- As the district evolves into a mixed-use area with shopping and dining options, it is poised to attract a younger demographic of residents who are likely to own pets, thus expanding the potential client base for the clinic. As this district becomes more attractive with shopping and dining options, it is expected to draw in younger people. These groups often seek neighborhoods that offer more than just places to live, but also convenient access to amenities like restaurants and shops.

This is the immediate area around the property, typically within a 5-to-10-minute drive or walk. For a veterinary clinic, this is defined by neighborhood and specific district. People in this zone are most likely to be regular customers, as it's easy and convenient for them to access the clinic. Even 10 to 20 minutes away, it still within a reasonable distance for occasional or emergency services. Defining this area helps the clinic understand where its primary customers are located and how to serve them best.

Sunset Corridor/Hillsboro Insights (Property: 20225-20285 SW Tualatin Valley Hwy, Beaverton, OR 97006):

² Travel Portland.*New in the Lloyd neighborhood*. Travel Portland. Retrieved from <https://www.travelportland.com/meetings/new-in-lloyd-neighborhood/>

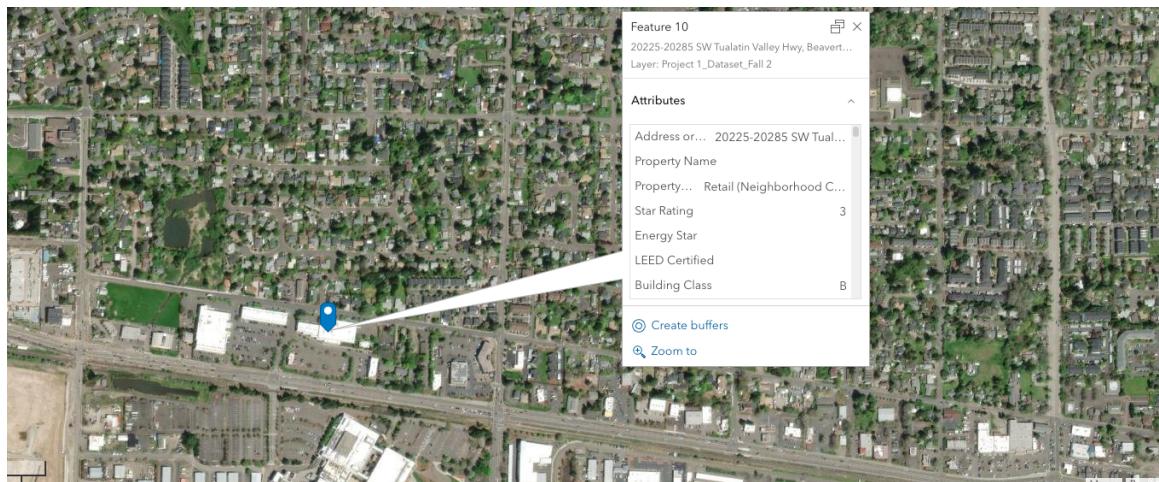


Figure 5- ArcGIS Business Analyst _ 20225-20285 SW Tualatin Valley Hwy,
Beaverton, OR 97006

- The Sunset Corridor is home to a concentration of high-tech firms such as Intel and Tektronix, Columbia, Nike, etc. This economic activity supports a community with disposable income that values quality pet care.
- The area's close to shopping centers and public transportation (many Tri-Met Max light rail accessible), many shopping around Cedar Hills, Aloha, Rock Creek, and Oregon Station, enhances its appeal as a residential location, making it ideal for establishing a pet clinic that caters to busy professionals³. Accessibility plays a crucial role within 5-10 minutes to access public transportation, nearby highways, and large parking lots that are convenient for customers to reach the business. This is particularly relevant for a pet clinic targeting busy professionals who may rely on convenient transport options to access services quickly. This location can enhance marketing strategies and service offerings tailored to the needs of busy professionals in the Cedar Hills, Aloha, Rock Creek, and Oregon Station areas. By

³ Eleete Real Estate. *Sunset Corridor: A closer look at Portland's hidden gem*. Eleete Real Estate. Retrieved from <https://www.eleeterealestate.com/blog/neighborhoods/sunset-corridor-2>

leveraging these insights, pet clinics can position themselves effectively within their target markets.

Therefore, both selected properties not only meet logistical requirements but also align with demographic trends that favor pet ownership and investment in veterinary services. The strategic positioning within these vibrant neighborhoods will likely foster growth and sustainability for the proposed pet clinic.

When analyzing more potential impact of nearby businesses on a proposed pet clinic in Lloyd District (Feature 9) and Sunset Corridor (Feature 10), it is essential to consider various factors, including strengths, weaknesses, competitors, complementary uses, and potential nuisances.

| | Feature 9 _ Lloyd District | Feature 10_Sunset Corridor |
|-----------|--|---|
| Strengths | <p>High Foot Traffic: the presence of major venues: Oregon Convention Center, Moda Center attracts significant foot traffic, which can benefit a pet clinic through increased visibility and client acquisition.</p> <p>Hosting several community events provides potential benefits for the clinic:</p> | <p>High Income Demographic: The presence of high-tech firms contributes to a wealthier population likely to invest in premium pet care services.</p> <p>Family-Oriented Community: The suburban feel and family-oriented amenities attract residents who are more likely to own pets.</p> |

| | | |
|--|--|--|
| | <p>visibility and engagement, educational opportunities can educate pet owners on health issues, care, services, and networking with local businesses (create cross promotional opportunities)</p> <p>Urban Revitalization: Ongoing redevelopment plans to create a vibrant mixed-use neighborhood, enhancing the appeal for pet owners who value accessible services.</p> <p>Therefore, this property can take advantage of high visibility from community events, educational opportunities, and networking with local businesses. This strategic location of property not only meets the demand for</p> | |
|--|--|--|

| | | |
|-------------|---|---|
| | pet care but also positions the clinic as an integral part of the community. | |
| Weaknesses | <p>Limited Residential Space: more commercial properties and hotels than residents units, which may limit the local pet-owning population</p> <p>Potential Noise: Proximity to entertainment venues could lead to noise disturbances that might be stressful for pets</p> | Less Urban Density: has lower urban density, which might lead to fewer spontaneous visits from potential clients. |
| Competitors | <p>There are several existing competitors veterinary Clinics nearby: Pet Samaritan Clinic, BluePearl Pet Hospital, Heartfelt Veterinary Hospital, etc.</p> | Similar to Lloyd District, there are existing veterinary clinics and pet supply stores: Cedar Mill Veterinary Hospital, Northwest Exotic Pet Vet, Bethany Family Pet Clinic, etc. |

| | | |
|--------------------|---|---|
| Complementary Uses | <p>Pet-friendly Businesses: nearby parks and pet friendly cafes</p> <p>Retail and Dinning options: The mix of retail and dining establishments can enhance clients' experiences, encouraging them to visit the clinic as part of outing.</p> | <p>Parks and recreational Areas: this location has more greenspaces of larger parks encourages pet ownership and can drive traffic to a nearby clinic.</p> <p>Community Events: Local events or markets can draw families with pets, increasing potential interactions.</p> |
| Nuisance Factors | <p>Substance Abuse Services: Nearby facilities Central City Concern provide services for who are impacted by homelessness, poverty and addiction. While they serve an important community need, their presence might deter some clients due to concerns about safety or</p> | <p>Industry Areas: could produce noise or odors detrimental to a pet clinic's environment.</p> <p>Traffic Congestion: Heavy traffic due to commuting workers could create accessibility issues for clients trying to reach the clinic during the peak time.</p> |

| | | |
|--|--|--|
| | discomfort around vulnerable populations. | |
|--|--|--|

Based on statistics from the Costar Retail Market Report, feature 9 with Lloyd District's asking rent of \$24.65 is lower than feature 10 with Sunset Corridor's \$27.85, indicating that Lloyd District may offer a more cost-effective option for tenants. Moreover, both areas get negative growth rates, with Lloyd District at -0.7% and Sunset Corridor at -0.6%. This indicates a slight decrease in demand or pricing power in both submarkets. Also, the QTD annualized changes are negative, with Lloyd District showing a decline of -1.6% and Sunset Corridor reflecting a more significant decline at -2.4%.

From this analysis, both areas are facing negative growth; however, the Lloyd District has appropriately priced, given its lower asking rent, combined with the potential for future development and revitalization. This could attract more foot traffic and potentially increase demand in the future. On the other hand, the Sunset Corridor has a higher market asking rent due to the presence of high-tech firms and family-oriented amenities. However, it may be mispriced considering its declining growth rates and recent market trends indicating a more challenging competitive landscape.

To get more detail about the community within 15 minutes walking of property: **1407 NE Halsey St, Portland, OR 97232-1475**, we run the report shown in figure 7 below:

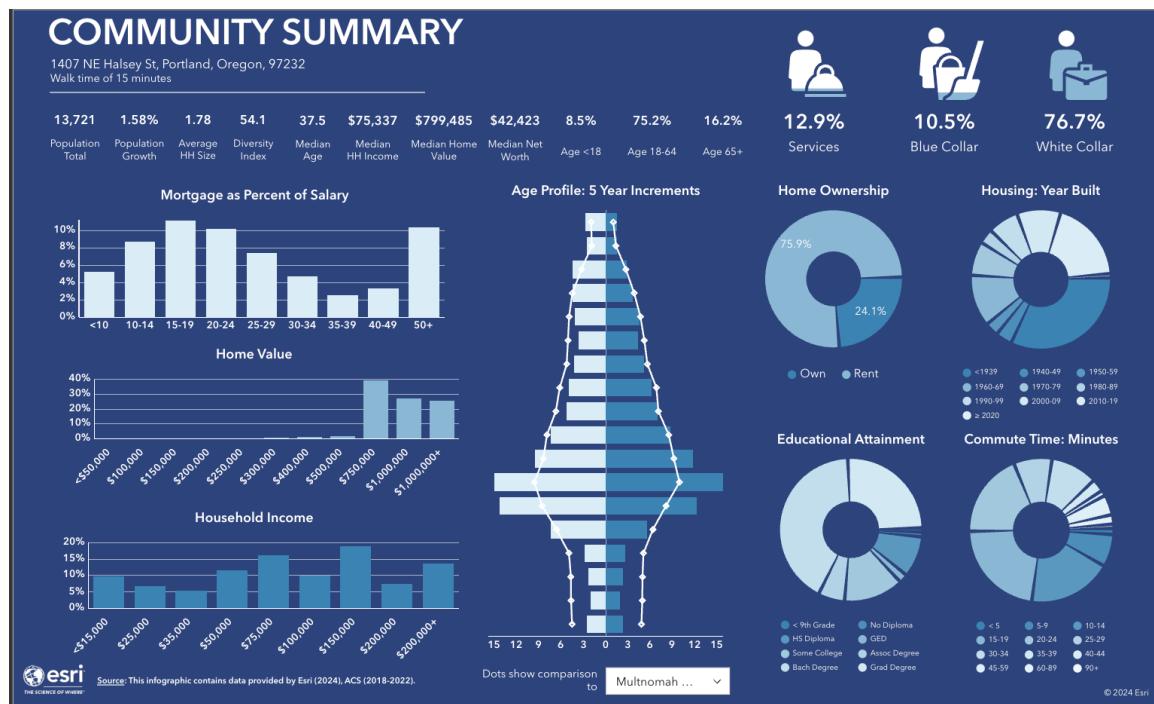


Figure 7 - Community Summary of Property: **1407 NE Halsey St, Portland, OR 97232-1475** within time of 15 minutes

This community of the property is experiencing steady population growth at a rate of 1.58%, which reflects an expanding and potentially larger, growing potential customer base to increased demand for pet services. Over 50% of households earn more than \$75,000 with a median household income of \$75,337, indicating that many residents have the financial means to afford higher-end services, such as premium pet care. Additionally, the area is home to a young population, with 75.2% of residents being part of the younger generation, and 75.9% of homes are owner-occupied. These factors suggest that a significant portion of the community likely owns pets and due to their financial stability and young, settled lifestyle, would be inclined to invest in quality pet services.

Managerial recommendation:

Based on the analysis, the recommendation is that the client should focus first on establishing a pet clinic on the property: **1407 NE Halsey St, Portland, OR 97232-1475** with the submarket Lloyd District. The reason is the Lloyd District is undergoing extensive urban redevelopment, which includes plans for more residential spaces and pedestrian-friendly areas. This will attract the younger demographic more and boost foot traffic. Additionally, there are several major attractions around this location: Oregon Convention Center and various shopping retail venues provide high visibility for a new clinic. Its great public transportation options include Max Light access, and bus lines, that can enhance accessibility for pet owners from nearby neighborhoods. Lloyd District also hosts several community events that can draw pet owners and give the clinic more opportunities for the clinic to interact and engage with potential clients. These elements create an ideal environment for establishing a pet clinic that attracts a growing, pet-owning demographic, maximizes visibility, and takes advantage of local events and public spaces. The property will benefit from both immediate and long-term advantages, ensuring a strong market position and high potential for growth as the neighborhood continues to evolve.

Focusing on the Lloyd District for establishing a pet clinic due to its growth potential, visibility, community engagement possibilities, evolving demographics, and lower market asking rent. While there are challenges that exist in terms of competition and safety perceptions, particularly near Holladay Park, these can be addressed through careful planning and strategic marketing efforts, such as selecting a site that is a bit away from these trouble spots, which can mitigate risks. The area's revitalization efforts make it an ideal position for long-term success in the market.

References:

1. The Zebra. *Pet ownership statistics*. The Zebra. Retrieved from <https://www.thezebra.com/resources/research/pet-ownership-statistics/>
2. Travel Portland. *New in the Lloyd neighborhood*. Travel Portland. Retrieved from <https://www.travelportland.com/meetings/new-in-lloyd-neighborhood/>
3. Eleete Real Estate. *Sunset Corridor: A closer look at Portland's hidden gem*. Eleete Real Estate. Retrieved from <https://www.eleeterealestate.com/blog/neighborhoods/sunset-corridor-2>
4. <https://bao.arcgis.com/esriBAO/>
5. <https://www.perplexity.ai/>