

Clackamas County Lodging At-A-Glance Report

For the Clackamas County Tourism & Cultural Affairs
Department

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I. Introduction

Clackamas County seeks to evaluate the competitiveness of its existing lodging supply and investigate potential opportunities for new lodging development, including a variety of alternative lodging options. A key motivating factor is that overnight visitor spending is up to three times higher than day visitor spending and provides significant economic benefits to area businesses and the community overall.

This report shares Marketek's research findings regarding the following project components:

- **Lodging Trends:** Summarize key national and regional lodging market trends.
- **Competitive Assessment:** Portray perceptions of Clackamas County's lodging product, challenges and opportunities.
- **Supply and Demand Analysis:** Review Clackamas County's local lodging supply and summarize demand drivers and any recent or anticipated changes.
- **Case Study Research:** Characterize examples of successful lodging products, including redeveloped hotels, camping and agritourism, boutique hotels and resorts.
- **Developers and Financing:** Prepare a list of prospective hotel developers/owners and of potential financing components for lodging development/redevelopment.
- **Findings and Conclusions:** Identify major research findings and conclusions and next steps for expanding lodging options in Clackamas County.

Methodology

Marketek's primary and secondary research included:

- Overview of national and statewide lodging market trends based on most current Smith Travel, Longwoods and Dean Runyan reports available December 2012;
- Interviews with representatives of the local lodging, travel, visitor and meeting industries;
- Review of prior lodging analysis for Clackamas County communities;
- Demographic profile of Clackamas County and metro Portland residents;
- Summary of local visitor attractions and other demand generators;
- Demographic and travel industry comparisons between Clackamas, Washington and Lane Counties;
- Case studies of a variety of types of successful lodging facilities; and
- Site visits to Clackamas County.

II. Lodging Industry Trends

The outlook for the hotel and lodging industry continues to improve, with ongoing small-scale growth in revenues and increasing availability of financing. While 2009 was one of the most challenging years for hotels due to large drops in occupancy and room rates, the market has shown consistent signs of recovery since then.

U.S. Lodging Market Outlook

Supply and Demand

According to Smith Travel Research, increases in demand have consistently outpaced increases in supply over the last two years. As of July 2012, national demand (as measured by occupancy rate) was at a historical high of 69.7 percent. Supply has remained stagnant as the number of projects in the active pipeline fell between 2011 and 2012, a result of lack of financing and depressed revenues during the recession. There is indication, however, that capital flow is returning and that investors are showing a renewed interest in hotel properties. Supply growth is anticipated to temper rising occupancy rates, stabilizing them over the 2012-2013 period.

Revenue

Average Daily Rate (ADR)¹ and Revenue per Available Room (RevPar)² both increased across all market segments from 2009 to 2012, hitting a historic high of \$78 billion in August of this year. In some segments, growth in room rates has buoyed revenue even as room sales have slowed or stagnated. Although nationwide ADR has increased to \$127 as of 2011, it remains below the 2008 peak of \$135. Revenue growth has varied by geographic market, with the strongest increases occurring in West Coast cities.

Market Segments

Trends in demand vary by market segment. The leisure market has shown strong signs of recovery with continued room for growth. Growth in business travel continues to be somewhat stagnant with job market expansion not translating to expansion in corporate travel. Economic difficulties in Europe and the U.S., slow growth in China and the recent presidential election all contributed to a sense of uncertainty and a cautious approach by businesses to travel spending. Transient business travel continues to outpace travel for meetings and events, reflecting a desire to direct resources toward short-term, revenue generating activity. Group travel is anticipated to grow as the broader economy recovers.

Traveler Demographic Profile

Millennials – persons in their 20s to mid-30s – are the fastest growing age segment in terms of travel spending, increasing by 20 percent in 2010. Their spending still lags that of Baby Boomers, however, who remain the industry's largest market. Hotels have begun targeting Millennials,

¹ Average Daily Rate (ADR) measures the average rental rate for occupied rooms. It is found by dividing total revenue from room sales by total number of rooms sold.

² Revenue per Available Room (RevPar) measures the average revenue generated per room (occupied or unoccupied). It is found by dividing total revenue from room sales by the total number of available rooms in the property and the number of days in the timeframe being measured.

seeking to offer unique settings and amenities and high tech services. These preferences are starkly different from those of Baby Boomers, who tend to prioritize comfort, reliability and exhibit brand loyalty.

Oregon Lodging Market Outlook

The Oregon hotel and lodging industry tracks with key national trends of limited growth in demand and revenue and stagnation in supply. More specifically:

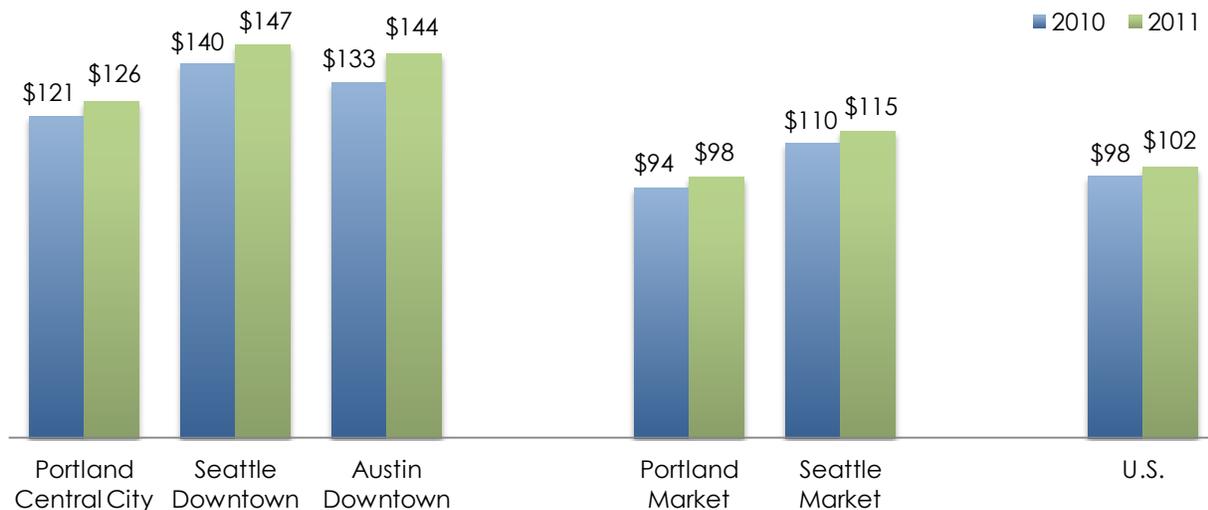
Supply and Demand

The average hotel occupancy rate in Oregon was estimated at 60.6 percent in 2012 and is growing at a comparable rate to similar markets such as Seattle, and at a higher rate than the nation. Demand in the Portland market is stronger than throughout the state, with an occupancy rate of 69.3 percent. Supply remained constant in Portland throughout 2011 and 2012. As of July 2012, one project was under construction, five in final planning and six in preliminary planning stages. Together, they translate to 1,636 new rooms; an additional 1,748 rooms are in pre-planning stages.

Revenue

Oregon's ADR was estimated at \$98 in 2011, a slight increase from 2010 but still below the national ADR of \$102. RevPar rates follow a similar trend, reflecting growth in ADR and occupancy. Metro Portland's 2011 ADR of \$98 was below similar markets such as Seattle (\$115) (Figure 1). By 2012, it increased to \$108, reflecting the nationwide trend of higher rates of growth in revenue than in occupancy rate.

Figure 1. Average Daily Rates, 2010 to 2011



Source: Travel Oregon

Traveler Demographic Profile

Visitor spending in metro Portland increased for the second year in a row in 2011, reaching \$3.85 billion. The bulk of Portland's visitors market is middle aged (30s to 50s) and tends to have lower incomes than the average national traveler. Visitors also tend to have fewer kids, translating into less demand for family-oriented, resort-type hotel products. The majority of trips (both leisure and

business) originate from within Oregon, reflecting the nationwide trend evident since the beginning of the recession of more in-state travel due to lower costs. This is starting to change, however, as people begin to travel more and as Oregon's profile continues to rise both nationwide and with international travelers.

Lodging Industry Trends

The lodging industry continues to adapt to the recession and changing traveler needs and interests. Research reveals the following trends in hotel development:

Figure 2. Summary of Lodging Industry Trends

<p>Boutique Hotels</p> <ul style="list-style-type: none">• Smaller, independent hotel chains with unique products performed well throughout the recession• Offer a distinct experience that attracts the Generation X and Millennial market segments• Advantages for developers include higher room rates, site selection flexibility, higher margins than similarly priced luxury hotels and more flexible pricing in response to market shifts• Include conversions of historic/interesting buildings to create ambiance and smaller hotels where visitors can connect with staff and unique, cozy spaces (Example: Ace Hotel chain)
<p>Rise of Brands</p> <ul style="list-style-type: none">• Larger international hotel chains offering an affordable luxury product by branding smaller chains• Offer high level of comfort in design-driven, high-tech environments with competitive rates• Examples include Aloft, Citizen M, Yotel, Standard by Andre Balazs, Qbic, Edition and Z Hotels
<p>Changes in Business Travel</p> <ul style="list-style-type: none">• New entrepreneurs, particularly in the tech sector, are looking for more unique meeting spaces• Smaller meeting facilities are becoming more popular as businesses scale back• Hotels are enhancing amenities and offering unique services such as eco-meetings or wellness meetings to become more competitive at attracting business travelers
<p>Renovation versus Construction</p> <ul style="list-style-type: none">• Limited financing is leading hotels toward renovation of existing facilities versus new construction in order to remain competitive without taking larger risks
<p>New Technology</p> <ul style="list-style-type: none">• Social media is being used as a distribution channel, customer service tool, lead generation service and branding platform, but is limited in driving bookings• Customers are using mobile apps to book rooms and hotels are exploring apps such as digital concierges and information on weather, news and travel information
<p>Short Booking/Stays</p> <ul style="list-style-type: none">• While travel is recovering after the recession, visitors are tending toward shorter stays• Booking windows are also shortening due to the growing popularity of online booking and in response to changing trends in business trends and corporate travel
<p>Luxury Camping/"Glamping"</p> <ul style="list-style-type: none">• Independent lodging facilities seeking to offer visitors a unique experience• Sheltered insulated spaces running the spectrum from basic yurts and huts to luxury canvas tents• Includes electricity but not running water; other amenities may include luxury beds, designer furnishings, gourmet meals cooked outdoors and a range of planned activities
<p>Agritourism/Culinary Tourism</p> <ul style="list-style-type: none">• Growing emphasis on lodging products emphasizing farms and food production• Includes options such as farm stays where visitors participate in agricultural production to culinary-related programming such as farm tours, farm loops, foraging expeditions and craft beer tours

Figure 2. Summary of Lodging Industry Trends (continued)

Sustainability

- Continued emphasis on design and LEED ratings to attract eco-conscious customers
- Other amenities include guest-controlled energy use, locally-sourced food and materials, bike rentals and electric car networks

Fine Dining

- Outsourcing food and beverage services increases costs but takes advantage of customers' desire for gourmet food, alcohol and other food products (Example: Willows Inn on Lummi Island, WA)
-

III. Clackamas County Existing Conditions

This section characterizes Clackamas County's existing lodging supply and major demand generators – residents, visitors and businesses. It also considers supply by major sub-regions within the county including:

- *Greater Portland I-205 Corridor:* Gladstone, Happy Valley, Milwaukie, North Clackamas, Oak Grove, Oregon City, West Linn
- *Greater Portland I-5 Corridor:* Lake Oswego, Wilsonville
- *Willamette Valley:* Canby, Molalla
- *Mount Hood:* Damascus, Estacada, Government Camp, Sandy, Villages of Mount Hood

Supply At-A-Glance

Clackamas County's lodging supply includes a total of 119 properties with more than 5,000 rooms, campsites and RV sites (Figure 3). Hotels and motels constitute half of accommodations with a total of 33 properties with 2,519 rooms. The largest share of hotel rooms (79.1 percent) is mid-market/economy chains or independents. There are only four resort or top-end chain properties, totaling 527 rooms. Clackamas has two destination lodging facilities – Timberline Lodge and Resort at the Mountain – both located in the Mt. Hood area and featuring outdoor access as a prime amenity. Timberline Lodge focuses on its premier access to Mt. Hood and winter sports (skiing, snowboarding, snowshoeing). Resort at the Mountain offers a spa and golf course along with a range of outdoor activities. It completed a \$15 million renovation in 2010 and is aggressively increasing occupancies, relying predominately on leisure travelers from metro Portland. Please see Appendix A for a complete list of Clackamas' lodging supply.

Figure 3. Clackamas County Lodging Supply by Type, 2012

Lodging Type	Total Properties	Total Rooms/Sites		Avg. Rooms/Sites per Property
		Number	Percent	
Hotels/Motels	33	2,519	50.0%	76.3
Resort	2	230	4.6%	115.0
Top-End Chain	2	297	5.9%	148.5
Mid-Market Chain	9	868	17.2%	96.4
Economy Chain	8	424	8.4%	53.0
Independent	12	700	13.9%	58.3
Bed & Breakfasts	10	31	0.6%	3.1
Campsites/RV Sites	11	2,113	41.9%	192.1
Vacation Rentals	65	378	7.5%	5.8
Total Lodging	119	5,041	100.0%	42.4

Source: Clackamas County Tourism & Cultural Affairs Department

Major lodging indicators for Clackamas County (Figure 4) indicate that the lodging market is slowly regaining strength following declines during the recent recession. Occupancy rate rebounded from a five-year low of 56.9 percent to reach 61.7 percent during the July 2011-June 2012 time frame (the most recent 12-month period for which data is available). Likewise, ADR moved up since 2009 to reach \$82.69, and revenues have also increased in response to growth in rates and occupancy. However, no major market indicator has reached pre-recession levels. At present, occupancy rate is down by 4.9 percent from four years ago and ADR is down by 3.1 percent.

In comparison to national averages, Clackamas' occupancy rate is below the U.S. figure by 8 percentage points. The national ADR was also well above the County's average as of 2011 (\$102 versus \$82). This difference is reflective of the local lodging supply which is predominately mid-level and economy chains and metro Portland's generally lower room rates when compared to similar markets such as Seattle.

Figure 4. Lodging Market Indicators, Clackamas County, July 2007 to June 2012

Market Indicator	July 2007 – June 2008	July 2008 – June 2009	July 2009 – June 2010	July 2010 – June 2012	July 2011 – June 2012
Occupancy					
Room Supply	886,220	886,220	885,854	885,790	886,220
Room Demand	575,336	513,529	503,975	531,543	547,083
Occupancy Rate	64.9%	57.9%	56.9%	60.0%	61.7%
Rates & Revenue					
Average Daily Rate	\$85.32	\$85.51	\$80.19	\$80.63	\$82.69
Total Revenue	\$49.1 mill	\$43.9 mill	\$40.4 mill	\$42.9 mill	\$45.2 mill
Revenue per Available Room	\$55.39	\$49.55	\$45.62	\$48.38	\$51.05

Source: Smith Travel Research

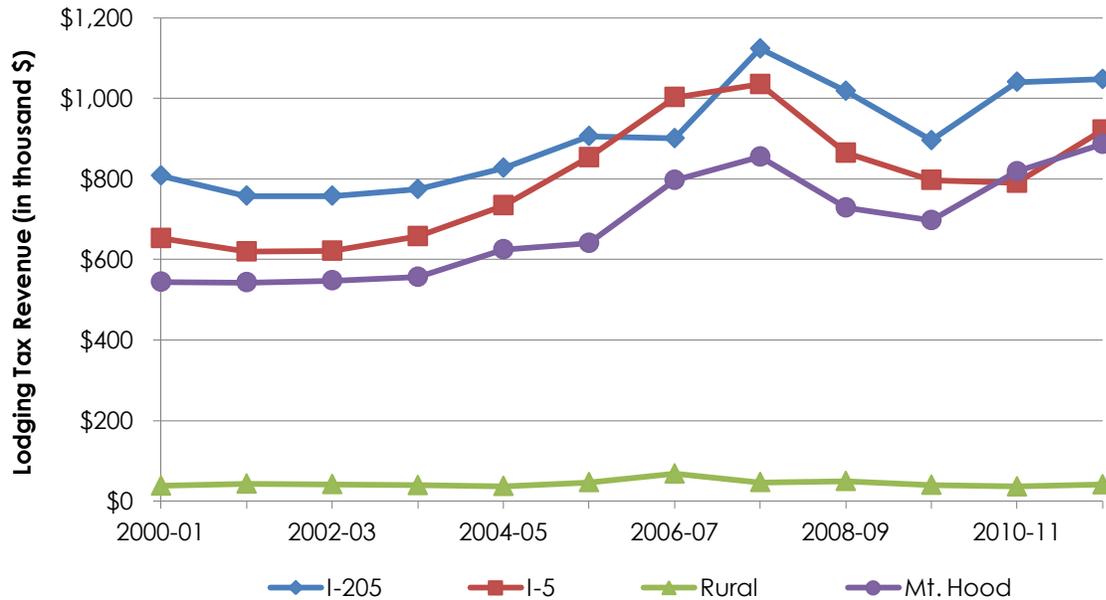
Supply by Sub-Region

Like the lodging market indicators, Clackamas County's hotel tax revenue for the past ten years evidences effects of the national recession and corresponding sluggishness in the travel industry (Figure 5). The County's three largest sub-regions – the I-205 corridor, I-5 corridor and Mt. Hood area –all saw steady increases in lodging tax revenue from FY '01-'02 through FY '07-'08 then fell in 2008-09 in response to the national economic downturn. Tax revenue has increased since then in all three sub-areas, although only Mt. Hood has surpassed its pre-recession figures.

The North Willamette Valley area including Canby and Molalla, is the smallest submarket and has seen fluctuations in tax revenue since 2000.³ It reached a high of \$67,700 in FY 2006-07, but has generally remained in the high \$30,000s to mid \$40,000s for the last decade. In FY 2011-12, the County raised a total of \$2.9 million in lodging tax revenue, down 5.6 percent from a high of \$3.1 million in FY 2007-08.

³ This submarket is later referred to as "rural." Other portions of the County (e.g., the mountain) are rural, but may not be affected in the same way by the seasonality that occurs in the rural valley. County geographies are defined differently by TRT, Runyan and Travel Oregon/Longwoods, so this distinction is used to outline the regional differences in occupancies, product and demand.

Figure 5. Clackamas County Lodging Tax Revenue by Sub-Region, Fiscal Years 2000-01 to 2011-12



Source: Clackamas County

Given Clackamas' size and diversity, its lodging supply varies considerably by sub-region (Figure 6). The largest concentrations of conventional hotels and motels are along the I-205 and I-5 corridors. The I-205 area includes 15 hotel/motel properties ranging from economy to full-service options, with a mix of national chains and independently-operated facilities. It also offers camping/RV sites and B&Bs, for a total of 1,315 room/sites in 21 properties. The lodging supply along the I-5 corridor consists of ten hotels/motels, from economy chains such as Days Inn and Quality Inn, to the full-service Crowne Plaza and the Lakeshore Inn on Lake Oswego.

Figure 6. Clackamas County Lodging Supply by Region, 2012

Lodging Type	Total Properties	Total Rooms/Sites		Avg. Rooms/Sites per Property
		Number	Percent	
Greater Portland I-205 Corridor	21	1,315	26.1%	62.6
Greater Portland I-5 Corridor	10	908	18.0%	90.8
Willamette Valley	4	165	3.3%	41.3
Mount Hood	84	2,653	52.6%	31.6
Hotel/Motel	6	373	7.4%	62.2
Bed & Breakfast	6	15	0.3%	2.5
Camping/RV Sites	7	1,887	37.4%	269.6
Vacation Rentals	65	378	7.5%	5.8
Total Lodging	119	5,041	100.0%	42.4

Source: Clackamas County Tourism & Cultural Affairs Department

The Willamette Valley is home to only four lodging facilities – a B&B, an RV park and two aging, independent motels. Previous market studies completed for the area indicate it is too small of a

market to support a national chain; however, there may be potential to redevelopment existing properties to upgrade lodging options near downtown Molalla and Canby.

The Mt. Hood sub-region makes up the largest share of accommodations in Clackamas (53 percent), and has the most variety of lodging options. Six conventional hotels provide 373 rooms. Two of these properties – Resort at the Mountain and Timberline Lodge – are destination facilities that offer premier access to the many outdoor activities the region offers. Campsites and RV sites comprise the majority of Mt. Hood's lodging supply with 1,887 sites (or 71 percent of the total in the sub-region). They include spots in county, state and national forest lands and privately-owned RV parks. Typical amenities include showers, fire pits and picnic tables. Two campgrounds also offer yomes, which are similar in nature to yurts. Mt. Hood's lodging supply also includes several B&Bs and a variety of vacation rental homes at a range of price points.

Overall, Clackamas' diverse lodging options reflect the range of activities that draw travelers to the area, whether it is to experience the outdoors, to visit local downtowns, to attend a conference or meeting, or to enjoy the proximity to Portland without the downtown price. As Clackamas seeks to increase its visitor draw, defining and marketing the experiences that each sub-region offers will be crucial. The nature of new lodging products will follow from these focused identities.

Demand Generators

Potential demand generators for new or redeveloped lodging space in Clackamas County will include regional leisure travelers, corporate travelers, and group travel, whether for business or pleasure.

Leisure Travel Market

Interviews with local travel industry professionals and research conducted for Travel Oregon indicate that the largest share of overnight trips to the Mt. Hood area and a substantial share of overnight trips to greater Portland originate from within the Portland Metropolitan Statistical Area (MSA). Thus, we use the Portland MSA as the market area for leisure visitors to Clackamas County. Figure 7 characterizes the County, metro Portland and the state in terms of major demographic indicators and Appendix B provides more detailed socioeconomic data.

As of 2012, metro Portland's population was estimated at 2.27 million persons, representing an average annual increase of 1.5 percent since 2000. Growth is projected to slow somewhat to an average of 1.1 percent per year through 2017, which is an addition of 125,000 persons. Metro Portland residents tend to be slightly younger and more racially diverse than residents statewide. Median household income in the MSA is about \$6,600 greater than in the state, but \$6,000 less than the median in Clackamas. Nearly one-third of MSA residents hold four-year college degrees, as do a third of residents in the County.

A 2009 study by Longwoods Travel USA characterizing the visitor market for Mount Hood-Columbia River Gorge shows that 2.4 million people make overnight trips to the region annually, spending an average of 2.8 nights there. The vast majority are leisure trips (92 percent) and most visitors are couples without young children. Incomes vary considerably – 13 percent of visitors have annual incomes below \$25,000 and another 13 percent have incomes above \$150,000. Top reasons for visiting include the outdoors, touring and special events; top activities include visiting parks and historic sites, shopping, being along the water, hiking, fine dining, visiting museums and camping.

Greater Portland attracted 8.3 million overnight trips in 2009, of which 16 percent were business-related, 50 percent were to visit friends or family, and 34 percent were other leisure travelers. Of the leisure travelers, top reasons for traveling to Portland were special events and to tour the city. Visitors spent an average of 2.2 nights in the greater Portland area, and most traveled by car from metro Portland or metro Seattle. The largest shares of leisure visitors were between the ages of 25 and 44, had household incomes between \$25,000 and \$75,000, and were childless singles or couples.

Figure 7. Demographic Snapshot: Clackamas County, Portland MSA and State of Oregon

Demographic Indicator	Clackamas County	Portland MSA	State of Oregon
Population			
2012 (estimate)	380,435	2,270,258	3,899,159
2017 (forecast)	392,739	2,395,497	4,063,119
Avg. Ann. % Change ('00 -'12)	1.04%	1.48%	1.16%
Avg. Ann. % Change ('12 -'17)	0.65%	1.10%	0.84%
Average Household Size (2012)	2.57	2.52	2.47
Median Household Income (2012)	\$60,321	\$54,279	\$47,661
Median Age (Years) (2012)	41.1	36.9	38.7
Race & Ethnicity (2012)			
White Alone	87.6%	80.5%	83.1%
Non White Alone	12.4%	19.5%	16.9%
Hispanic (any race)	8.2%	11.3%	12.3%
Educational Attainment (2010)			
Associate Degree	8.4%	8.3%	8.3%
Four Year Degree or More	31.3%	32.8%	28.7%

Source: ESRI Business Information Solutions

Business Travel Market

Unlike Multnomah and Washington Counties, Clackamas has few major business clusters that attract large meetings or conferences. There are several facilities in Clackamas that can accommodate up to 300 attendees, but locations in Hillsboro are heavy competition for this market sector. Within Clackamas, there are 15,190 businesses employing 157,660 persons. Most jobs are in either services (32.8 percent) or retail trade (24.1 percent) (Figure 8).

Figure 8. Businesses and Employment by Industry: Clackamas County, 2012

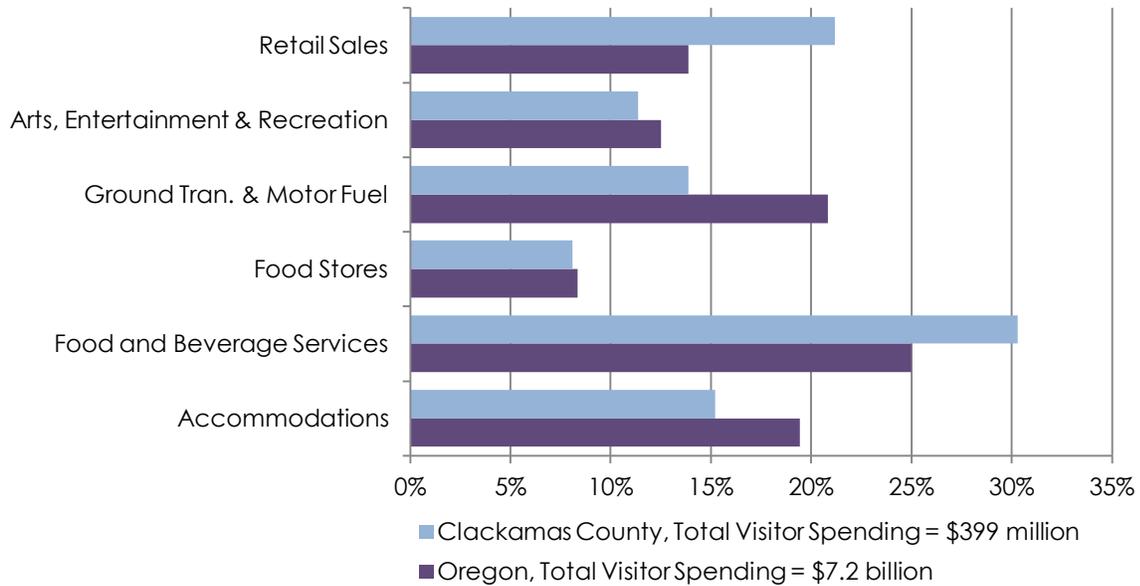
Industry	Businesses		Jobs	
	#	%	#	%
Agriculture & Mining	537	3.5%	3,913	2.5%
Construction	1,715	11.3%	9,740	6.2%
Manufacturing	742	4.9%	18,166	11.5%
Transportation, Communication & Utilities	499	3.3%	5,358	3.4%
Wholesale Trade	867	5.7%	9,678	6.1%
Retail Trade	2,916	19.2%	38,060	24.1%
Finance/Insurance/Real Estate	1,600	10.5%	11,370	7.2%
Services	5,425	35.7%	51,692	32.8%
Government	396	2.6%	8,170	5.2%
Other	493	3.2%	1,513	1.0%
Total Employment	15,190	100.0%	157,660	100.0%

Source: ESRI Business Information Solutions

Visitor Spending

Spending in Clackamas by both leisure and business visitors totaled \$399 million as of 2011. Travelers to the County devoted a larger share of their spending to dining out and shopping than did visitors statewide, but spent less on accommodation and transportation costs. According to the 2009 Longwoods study, traditional hotels/motels are the preferred lodging type for 71 percent of visitors to greater Portland. When visiting Mt. Hood, guests lodging choices are more varied – 45 percent stay in hotels/motels, 20 percent camp and 13 percent stay at resorts.

Figure 9. Visitor Spending at Destination by Category: Clackamas County & State of Oregon, 2011



Source: Dean Runyan Associates

IV. Clackamas County Competitive Assessment

To assess the competitive posture of lodging in Clackamas County, Marketek interviewed visitor industry professionals and compared key indicators for Clackamas to those of similar markets. This research is summarized below, followed by an analysis of lodging strengths, challenges and opportunities for Clackamas by sub-region.

Interview Themes

Marketek interviewed over a dozen visitor and lodging industry professionals from the greater Portland area and beyond to ascertain their perspectives on Clackamas County's existing lodging product and opportunities for expansion. Given the integral relationship of Clackamas' visitor offerings and lodging products, this section includes perceptions on the County's visitor market position, its existing lodging facilities, and challenges and opportunities for expansion. Direct quotations from interviewees are shown in italics and a list of participants is provided in Appendix C.

1. Perception of Clackamas County's Visitor Market Position

- Clackamas County is the great unknown. While its products – including hiking, biking, rafting, fishing, skiing and related recreational activities – are unique and interesting, more awareness needs to be created about all that Clackamas offers.
- Clackamas is clearly working on branding and marketing the outdoor experience, but packages seem unclear, limited or seasonal. More than one person commented that even Resort at the Mountain is missing mountain packages. Developing *the experience* is integral to developing *the product*, and Clackamas should offer a *year-round* experience.
- Trends show continued consumer support for outdoor recreation and niche cultural, culinary and agritourism experiences in greater Portland, including Clackamas County and the Mt. Hood region. However, visitors need simple, specific guidance – *“How do I get to the mountain? What else is there to do there?”*
- The key to Clackamas' success with lodging expansion will be in differentiating its product from other areas in metro Portland. Its natural geography makes it unique and this difference should be a strong selling point. The County must create an image of an experience instead of focusing on an image of the location. Lodging will develop around those experiences.
- Be careful in using the name “Clackamas.” People from out-of-state may not know or remember the name or know its relation to the City of Portland. One interviewee commented, *“I have never understood Clackamas boundaries.”* The County will need to work on building its brand and name recognition.
- Be very clear about what markets Clackamas owns. For example, if it's “Horse Country,” then *“how does this get actively promoted, leveraged for an interesting overnight adventure and packaged for promotion to horse lovers?”*

- Clackamas and other areas in the region need to improve the connections between clusters of complementary destinations. For example, several nearby garden tours would appeal to garden lovers in the region. *“How do we all work together to better connect our urban centers to rural areas and agritourism?”*

2. Perception of Clackamas County’s Lodging Product

- Clackamas County does a good job of serving the middle-market, budget-conscious consumer avoiding the higher rates of downtown Portland lodging. For example, Monarch is known as a location for budget groups – reunions, military and related. It offers very reasonable rates and Motorcoach parking, and has appeal to Asian and Canadian visitors on a budget.
- Clackamas’ lodging product is perceived as somewhat ordinary, possibly due to the good number of limited service hotels and small- to medium-sized properties. Lodging that capitalizes on differentiation, such as the county’s two destination hotels (Timberline Lodge and The Resort at the Mountain), vacation rentals and B&Bs are inventory exceptions. Other than in the vacation rental arena, there has not been much growth in unique overnight accommodations.
- Some persons interviewed were not familiar with the range of Clackamas lodging product outside of I-205 and Lake Oswego/Kruse Way.

3. Challenges for Lodging Development

- Seasonality will continue to be an issue for much of Clackamas’ overnight visitor market, with out-of-area recreation travel strongest during the summer. As such, many rural areas of the County are challenged to attract lodging as they principally serve the leisure market, which is not sustainable year round.
- Unique lodging products in Clackamas’ small, suburban centers will have to compete with the growing number of boutique hotels in nearby Portland.
- The County lacks a cluster of industries or concentration of businesses to spur development of a large number of top of the line corporate chains.
- Development of specialized lodging such as glamping and farm stays could be unique, but will never drive huge numbers in the lodging market.

4. Opportunities for Lodging Diversification

- A key advantage for Clackamas County’s lodging development is that the independent, outdoor-oriented visitor can get and stay closer to Mt. Hood from Clackamas. This group is often looking for ‘adventure’ and is a target for unique lodging destinations such as destination resorts, B&Bs, vacation rentals and other diverse accommodations later referenced in this report.
- The Portland market is reaching a tipping point and additional supply will soon be needed. Metro Portland does not have much new product in the pipeline – two new projects in

Washington County, a new Residence Inn in Pearl, a possible new Hyatt in South Waterfront and the hopeful Convention Center hotel on the eastside.

- One interviewee noted that more brands are starting to update and remodel in an effort to freshen up their look; this is due mainly to increased occupancy and revenue to put back into the hotel. Hotel lobbies and in-room décor are getting ‘face-lifts’ as they try to attract consumers with higher expectations.
- The suburban lodging market may be ready for expansion in the next several years, but it is unlikely to support a top end facility. *“Clackamas has room to elevate its stature with the addition of some higher quality lodging, though a destination boutique hotel would need an exceptional location.”*
- Rural agritourism is an attraction, however, it is a seasonal market. Clackamas could make this a top priority but it would need to stay focused and carve out this niche. *“Offer the best farm tours and farm stays anywhere around!”*
- Clackamas has the potential to serve growing and potential demand from the organized sports market. The Hood View Park Sports Complex reports over 175,000 attendees per year. Washington County notes a significant bump in visitors and occupancies every weekend of the summer, in part tied to their sports facilities. Clackamas County could capture more of this visitor market with additional marketing, personnel resources and room inventory.

Comparable Oregon Markets

To evaluate Clackamas County's visitor market in a regional context, Marketek compared key indicators for it and two other, similarly positioned Oregon counties – Washington and Lane. Like Clackamas, Washington is a metro Portland county with a mix of suburban town centers (Beaverton, Hillsboro), outdoor tours (farms, gardens, wineries) and recreation (hiking, biking, kayaking). Lane stretches from the Willamette National Forest to Eugene to the coast, encompassing a wide mix of outdoor recreation, rural activities and urban attractions.

Figure 10 compares demographic, business and visitor market characteristics for the three counties. Population estimates and growth rates for Clackamas and Lane are similar; however, Lane's considerably larger land area translates to a much lower population density. Washington County is more densely populated than both and had a higher population growth rate over the last twelve years. Clackamas and Washington Counties both have older populations, higher median incomes and a greater concentration of jobs than Lane.

In 2011, visitor spending ranged from \$4.0 million in Clackamas to \$5.4 million in Lane and supported 5,250 to 8,750 jobs, respectively. In each geography, the majority of overnight stays by visitors were in private homes. In Clackamas, hotel/motel nights constituted only 18 percent of visitor nights, compared to 22 percent in Washington and Lane. Alternative lodging (RV parks, camping, hostels, B&Bs, etc.) made up 22 percent of overnight stays in Lane, but much smaller shares in Washington (2 percent) and Clackamas (9 percent). According to a Lane County travel market representative, alternative lodging tends to do well there, including both lower-cost options and luxury rental homes along river corridors. Washington has less varied accommodation options – it does not compete with Portland for boutique hotels and gets few requests for alternative lodging.

Clackamas' 2011 occupancy rate of 60.8 percent falls between Lane's (57.6 percent) and Washington's (66.4 percent). Its average daily rate of \$82 is below that of both the other counties. Like Clackamas, Washington County's leisure visitor traffic tends to be highly seasonal. While sporting events at Hillsboro Stadium boost summer visitor numbers, there is a perception that Washington lacks wintertime activities. Washington also benefits from several industry clusters and large employers, including Intel, which brings considerable business travel. In Lane, about half of visitor traffic is in Eugene, one-quarter in Springfield and the remaining quarter throughout the county.

Figure 10. Visitor Market Indicators: Clackamas, Washington and Lane Counties

Indicator	Clackamas County	Washington County	Lane County
Residential Profile (2012)			
Population			
2012 Population Estimate	380,435	539,721	357,964
2012 Population Density (pop./sq. mi.)	209	787	78
Historic Avg. Annual Growth Rate ('00-'12)	1.0%	1.8%	0.9%
Projected Avg. Annual Growth Rate ('12-'17)	0.6%	1.2%	0.7%
Age			
Under 20	25.6%	27.5%	23.0%
Age 20 – 34	16.8%	22.0%	22.2%
Age 35 – 49	28.3%	28.6%	24.4%
Age 50 and over	29.3%	21.9%	30.4%
Median Household Income	\$60,321	\$60,573	\$42,600
Business Market Profile (2012)			
Total Businesses	15,190	18,840	16,281
Total Employment	157,660	215,625	181,054
Travel Market Profile (2011)			
Travel Impacts			
Visitor Spending at Destination	\$4.0 million	\$4.8 million	\$5.4 million
Employment Generated by Travel Spending	5,250 jobs	5,970 jobs	8,750 jobs
Visitor Volume (Number of Persons)			
Nights in Hotels/Motels	1.2 million	1.6 million	1.8 million
Total Overnight Stays	6.7 million	7.4 million	8.1 million
Lodging Market Indicators			
Occupancy Rate	60.8%	66.4%	57.6%
Average Daily Rate	\$82	\$84	\$85
Revenue Per Available Room	\$50	\$56	\$49

Source: ESRI Business Information Solutions, Dean Runyan Associates, Smith Travel Research, Washington County Visitors Association

Competitive Assessment

To help provide insight to Clackamas County's competitive posture for developing or redeveloping lodging facilities, a broad evaluation is provided for each of the sub-regions of the County that share similar locational attributes and target markets. They include: the I-205 corridor, the I-5 corridor, the Willamette Valley and Mount Hood. These areas are similar to but not aligned with the Travel Oregon geographies used to market Clackamas County.

Figure 11. Clackamas County's Lodging Assessment

Greater Portland I-205 Corridor
Geography/Description
Gladstone, Happy Valley, Milwaukie, North Clackamas, Oak Grove, Oregon City, West Linn
Strengths/Assets
<ul style="list-style-type: none"> • North Clackamas Recreation District/Hoodview facilities have large draw and capacity to host major national or West Coast tournaments • North Clackamas Chamber is strong marketing partner • Identifiable market position as 'moderate' priced lodging, serving cost-conscious consumer • Attracts group market that cannot afford downtown Portland • Convenient location for accessing Portland, airport, Mt. Hood recreation and Gorge • Selected unique visitor draws including Willamette Falls and Bob's Red Mill • Public and private investment in downtowns of several cities along I-205 corridor
Challenges
<ul style="list-style-type: none"> • Many lodging properties are older and in need of renovations in order to capture higher occupancies • Proximity to Portland and limited number of visitor attractions translates to low number of overnight visitors • Area dominated by suburban bedroom communities with low-to-moderate population growth • Business base is not significant and concentrated compared to other parts of greater Portland • Considerable number of existing lodging properties in Milwaukie and Clackamas, including several mid-market chains
Opportunities
<ul style="list-style-type: none"> • Potential recreation/sports market expansion tied to Hood View Park Sports Complex • A number of communities are gaining notoriety for revitalized downtowns (Oregon City, Milwaukie) and may be able to support a boutique lodging facility

Greater Portland I-5 Corridor

Geography/Description

Lake Oswego, Wilsonville

Strengths/Assets

- Easy access to Highway 217 and Portland central city
- Relatively dense business cluster – Kruse Way, Wilsonville, Beaverton
- Urban amenities and walkable destinations with plentiful business services, dining and shopping
- Very good access to destination shopping – Washington Square Regional Mall and Woodburn Outlets
- Area currently supports several higher-end and mid-market chain hotels but lacks unique/boutique properties
- Several existing hotels and other facilities offer meeting space for up to 300 attendees

Challenges

- Highly competitive within each community; occupancies are still below pre-recession levels
- Limited visitor attractions offering regional draw
- Proximity to Portland translates into day trips for central city visitors, not overnight stays
- Strong competition from Hillsboro for attracting large meetings/conventions

Greater Portland I-5 Corridor

Opportunities

- Create unique boutique lodging with appeal to business and local markets
- Capitalize on unique recreation/visitor attributes, such as horse country, with one-of-a-kind experiential overnight product

Willamette Valley

Geography/Description

Canby, Molalla

Strengths/Assets

- Local business, resident and visitor markets are expanding
- Unique visitor attractions (e.g., Buckaroo and Clackamas County Fairgrounds)
- Close proximity to farms and vineyards of Willamette Valley
- Rural character; strong agritourism potential

Challenges

- Relatively small markets and limited business in terms of major employers
- Limited ability to capture drive-by demand compared to I-5 or I-205 locations
- Conventional chain lodging deemed infeasible by Horwath HTL consultants
- Lack of concentrated urban amenities (shopping, dining) that visitors often seek close to lodging

Opportunities

- Older, smaller motels provide chance for redevelopment into unique 21st century products (e.g., Canby Country Inn, Stagecoach Inn)
- Create unique farm stays
- Encourage bed and breakfast lodging types
- Evaluate potential for small lodge (under 30 rooms) in downtown Canby

Mount Hood

Geography/Description

Damascus, Estacada, Government Camp, Sandy, Villages of Mt. Hood

Strengths/Assets

- Excellent access to Mt. Hood, Sandy/Clackamas Rivers and mountain recreation
- Natural setting/forest character
- Offers Clackamas' widest variety of lodging options – resort hotels, mid-market and economy chains, B&Bs, camping/RV sites and a variety of vacation rentals

Challenges

- Individual communities have too small a business/resident market to support new lodging
- Limited urban amenities within town centers
- Many communities fall below snow line and may not offer year round lodging appeal
- Lack knowledge of existing year-round recreation opportunities to diversify draw of visitors
- In competition with large, established lodging already on Mount Hood

Mount Hood

Opportunities

- Redevelop existing older motels/hotels/lodges (e.g., Red Fox Motel in Estacada)
 - Retain and enhance existing lodging through assistance with property improvements and marketing networks
 - Create unique lodging prototypes – glamping, riverside/forest yurts or cabins
 - Potential business opportunity for vacation rentals in the Estacada area
-

V. Case Studies

A relevant emerging trend for Clackamas County is the push toward smaller-scale, unique, experiential lodging types. These can take the form of a boutique hotel, a refurbished existing property, a creative approach to camping or farm stays. Many of the models are apropos to Clackamas' rural mountain and valley settings where the draw is connecting to the natural environment. Unique properties often seek to attract a niche market such as the Gen X/Gen Y consumer who is looking for not just a place to stay but also an experience. This market is relevant to Clackamas given that the majority of visitors attracted are from the Portland metro region where this younger market segment with edgy taste is over represented as compared to other cities throughout the region.

In order to examine this trend in greater detail and provide the County with best practices in hotel development, Marketek researched ten existing developments. These case studies were selected based on their relevance to the County in terms of the existing strengths/amenities Clackamas County may be able to leverage to enhance its lodging market. The case studies examine unique lodging types developed by smaller-scale entrepreneurs. Where possible, Marketek sought to highlight lower cost entry points and alternatives to conventional lodging, as well as projects with innovative funding mechanisms or public-private partnerships. Marketek also identified properties that would be complementary in character to the County's existing efforts to promote activities such as agritourism and bicycle tours.

For each case study, Marketek identified the distinctive offering of the project and researched the history of the operation, owner/developer, the size of the facility, number and type of rooms, key guest and business amenities, rates, target market, and occupancy rates. Marketek interviewed property owners, managers, and marketing leads to ascertain more specifics on keys to success, lessons learned, and any advice for how government entities could better partner with developers.

Other relevant examples that may warrant additional research by Clackamas County depending on the lodging model pursued are provided in Appendix D.

Key Themes and Findings

Following are key themes and findings based on Marketek's review of diverse lodging products targeting similar markets to those Clackamas County hopes to capture:

- Marketing/branding plays a key role in building the profile and developing a buzz and can be a game changer for a property.
- Website design can improve how visitors make reservations and learn about a property and increase the ease of the visiting experience.
- Often smaller products (25 rooms and below) are developed by a single entrepreneur who is looking to diversify earnings from an existing property (campground, farm, ranch, golf course) – this is a good starting point in the market and can serve as a bridge to build larger and larger lodging product. These developers tend to maintain ownership and management of the property as opposed to larger properties that are often developed and then sold to management teams.

- Larger hotels are able to remain full throughout the week and throughout all seasons by offering diverse recreational activities but also by targeting both the leisure and business markets.
- Location is key. A less desirable location can make up some of the gap by offering more activities to attract people looking for an experience. These activities must be reconciled with the target market the hotel is seeking to attract.
- Offering packages/business discounts is a good way to attract people.
- Marketing and enhancing the history/character of lodging as a key defining characteristic is a great way to attract visitors looking for a unique experience.
- A less costly alternative to developing new properties is to renovate/redevelop existing facilities. Developers may perform a facelift on an existing hotel property, redefining the target market and lodging rates, or renovate a unique, historic property to create a new hotel.
- Newer high-tech offerings including iPod/iPad docks, flat screen TVs and wireless internet are a must if a hotel is looking to attract the Millennial market.
- To be more competitive with business travelers, hotels should go beyond offering meeting facilities and offer amenities targeted at meeting goers.
- The most common form of public financing is small business loans from offices of economic development.
- Counties and cities can encourage unique lodging types including farms stays by offering a clear and easy to understand conditional use permit process with lower fees and by helping operators understand what content they need to include in their permit applications.
- Glamping and farm stays offer a unique lodging option that is growing in popularity. There are plenty of examples of lower-price, entry products. Lodging should be complemented with activities, however, and developers should be aware of the seasonal limitations on outside facilities and occupancy rates

Glamping

Glamping, or luxury camping, is an emerging trend offering creature comforts in natural settings. Facilities range from luxury, high end canvas cabins on wood platforms with running water and electricity to more basic, rustic yurts, teepees, or tents with beds. Glamping accommodations can be stand alone or offered as an option alongside more traditional lodgings. Glamping facilities are located in rustic locations, offering access in comfort to beautiful natural settings. Many facilities seek to be low-impact and have a range of eco-friendly components. On-site and guided activities are usually offered. Most glamping sites also have limited seasons based on their location. However, there are some glamping business models that succeed based on their ability to 'pick up and go' to different sites according to the season. Their safari-like tenting and light footprint make it relatively easy to move. Cascade Huts operating in the Mt. Hood National Forest has a wide range of sites from summer camping on the mountain to bike trail spots in the spring. Glamping Minnesota is another example of the portable approach.

Cherry Wood Bed Breakfast and Barn

3271 Roza Drive
Zillah, WA 98953
(509) 829-3500

<http://www.cherrywoodbbandb.com/>

- A working fruit farm and ranch that offers teepees; located 20 miles outside of Yakima, Washington in wine region.
- Cherry Wood is a working farm producing apples, pears, cherries and grapes. The farm used to be a working ranch, raising their own horses, but now rehabilitates abandoned and neglected horses.
- Terry and Pepper Fewel have owned the farm for 26 years. They decided to expand their bed and breakfast service in 2002 to include luxury teepees after they could not meet all the demand for the rooms offered in the main house.
- Luxury teepees start at \$245 per night. They are available April through early October. Lodging is available inside the farmhouse as well during cooler weather.
- The teepees cost \$4,000 – \$5,000 each to erect and outfit.
- Teepee amenities include king sized beds with designer linens, rustic carved-wood floors, private bathrooms, campfire rings, barbeque grills, gourmet cooking, compact refrigerators, an open-air shower and wi-fi.
- Activities include bike tours/horseback rides through wineries surrounding the farm (22 wineries within 12 miles), an open sky spa and shopping at the bunkhouse boutique.
- Primary target market is couples; children are not allowed. The entire facility is available for rent for small retreats with a maximum of 12 people.



Lakedale Resort

4313 Roche Harbor Road
Friday Harbor, WA 98250
(800) 617-2267

<http://www.lakedale.com/>

- Located on the San Juan Islands, Lakedale Resort is 82 acres, has three lakes and offers canvas cabins for comfortable outdoor camping. The Island is 70 miles north of Seattle and accessible by ferry or floatplane.
- Bought by John and Shelly Bogaert in 2005 for \$4.5 million. They engaged a local management company, Columbia Hospitality, to run resort on day-to-day basis given their lack of experience and to allow them the time to build and refine Lakedale's brand and create their canvas cabins.
- Facility includes a 10-room lodge, 6 two-bedroom log cabins, 1 three-bedroom lake house, 16 canvas cabins, an Airstream trailer and campsites (19 RV sites, 6 group sites and 73 camping sites).
- Canvas cabins are 225 square feet and have redwood furniture and pillow-top queen beds. There is no electricity or running water but the resort delivers hot-water bottles every night. Cabins are available May through September. They have a front porch and a fire ring.
- A duplex canvas cabin is available that offers two side by side cabins. A 450-square canvas bunkhouse is also available for up to six. A canvas cottage with electricity, a bathroom and a king-sized bed is also available.
- Lodge rooms range from \$149-\$169 a night. Log cabins are \$249 a night. The Airstream Trailer is \$259 a night. The Lake House is \$459 a night. Canvas cabins range from \$179-\$279 a night.
- Activities are centered around the lakes with swimming, boating and fishing. Resort offers treasure hunts, campfire cooking demonstrations, and birdhouse & jewelry making classes. Other activities on the Island include whale-watching, fishing, kayaking, and winery and local artisan tours.



Farm Stays

Farm stays offer overnight accommodations on working farms. The concept originated in Europe, where it has become widely established. Farm stays offer a rural experience targeted primarily at families. The accommodations and activities emphasize the culture of growing and producing food, while supplementing income to maintain working farms. Guests can often participate hands-on in farm chores. Lodging is usually modest and often located directly in the farm house. Most offer breakfast but not other meals. Sometimes classes are offered or other demonstrations but the majority of the experience is unstructured and emphasizes escape from the city and exposure to the farming culture.

Leaping Lamb Farm Stay

20368 Honey Grove Road
Alsea, OR 97324
(541) 487-4966/(877) 820-6132
<http://www.leapinglambfarm.com/>



- A historic farm with a homestead built at the turn of the 20th century located 25 miles southwest of Corvallis, offering overnight farm stays.
- The farm includes 20 acres of pasture, 40 acres of woods, hiking trails, a garden, an Orchard, and a creek. A working farm since 1896 that grows hay and fruit and raises heritage turkey, cattle and sheep. The farm also has a garden and greenhouse with produce that guests can buy for meals, chicken, geese, horses, a peacock, and cats and dogs.
- Owned and operated by Scottie and Greg Jones, who also run a Farm Stay website (<http://www.farmstayus.com/>) that lists farm vacations offered throughout the U.S.
- Has a full bath, complete kitchen and eating area, and large living room.
- Offers guests opportunities to participate in farm chores. Can also sign up for private tours of coastal rainforest, a white wolf sanctuary and the Thyme Garden Herb Company garden.
- Started home stays in 2006 with a two-bedroom cabin available for rental that sleeps six. Started in order to supplement existing income of farm. Without the farm stay, would no longer be in business.
- A two-night minimum is required. Rates are \$150/night for 1-2 people, \$25 for each additional person. Children under three are free.
- Target market is families – roughly 80% of visitors. Early and late in season most guests are mid-valley locals. In the summer guests come primarily from Portland, Seattle, San Francisco and Texas. Have attracted some international guests. About 20% of guests are from out of the region. This number is increasing slightly as there is more national media coverage of the farm stay.
- The cabin is booked about 60% of the year. Farm stay is offered year round with portion blocked out for the holidays. Occupancy is up around 100% for June, July and August. Occupancy is closer to 70% during the Spring and in September. Mostly books on the weekends in the winter. Depends on the season and what is going on at the farm/what type of experience guests want.
- Lessons learned include working with the local planners at County to figure out how to do the farm stay as opposed to creating an adversarial relationship. Worked with planner to determine what additional information to include in Conditional Use Permit to explain the product to County.
- Farm has benefited from good media coverage and the web network of small farm stays they started with assistance from Cascade Pacific RC&D and OSU Extension Small Farms program.
- Counties could be less rigid on automatically ruling out farm stays. Farm stays are not trying to replace existing farms but supplement income. Counties should recognize the economic impact of the lodging – guests go to general store, gas station and café. Conditional use permits should allow for some non-farm uses on farms, and fees for permit should be reasonable. Some counties have fees around \$3,500, which is more than a farm stay would make in a season. Rates should be reasonable and more consistent across counties.

Boutique Hotels

Boutique hotels seek to differentiate themselves from larger chain or branded hotels through unique and intimate designs while providing all the same features and facilities. Common spaces, room furnishings and layouts, and amenities all establish a luxurious and distinct experience for guests. Boutique hotels tend to be in the medium size range, typically offering under 100 rooms. They usually feature 24-hour guest services, on-site dining facilities and bars and lounges.

The Inn at 5th

205 E. 6th Ave
Eugene, OR 97401
(541) 743-4099
<http://www.innat5th.com/>



- A luxury boutique hotel located in Downtown Eugene offering a distinct, urban experience.
- The 5-story hotel is the first new hotel downtown in 28 years, opened in 2012. Developed by Brian Obie, who also owns the 5th Street Public Market. The project cost \$14 million to develop. The City of Eugene leveraged over \$11 million by providing a \$500,000 Business Development Fund loan for pre-development costs. Brian Obie organized about 50 partners to raise equity.
- Additionally, the project benefited from Eugene's recent efforts to streamline development procedures for downtown projects by waiving land use application fees, providing fast-track building plan reviews (a time savings) and guaranteeing same-day building inspections.
- Key selling point is proximity to downtown amenities including the 5th Street Public Market. Located adjacent to a day spa/salon and highly regarded restaurant. Less than two miles from the University of Oregon. Sells unique attributes of the City of Eugene (parks, galleries and music venues) and the region (Willamette Valley, Cascade Range and the Oregon Coast). There are long-term plans to offer special excursions and varied activities for use by the community as well.
- Cultivates a unique atmosphere with different room layouts and designs that reflect the local culture. In-room amenities include angled-bed layout to facilitate increased in-room socializing, butler closets for privacy, local artwork, gas fireplaces, balconies offering views, in-room refrigerators stocked in advance with guests' selections, and in-room dining and spa services. Upper floor rooms have baskets they can lower to the ground-floor so staff of LaVelle Vineyard tasting room can fill them with bottles of wine and cheese.
- Sustainable features include a modular heat pump system that cuts energy use by 30%, energy efficient lighting, use of recycled products, and the re-use of a tree on-site for furniture in rooms.
- Amenities to target business travelers include 24-hour fitness center, wireless high-speed internet access, business nooks located on each guest floor, and complementary shuttle service within a four-mile radius of the hotel.
- Offers 3,000 square feet of meeting and event space including a board room that can accommodate eight people and a 1,400 square foot meeting space that can accommodate 70-80 guests. Meeting spaces offer state-of-the-art technology (including closed-circuit TV coverage) and expansive layouts.
- Facility has 70 rooms with rates ranging from \$159-\$209 and 5 executive suites, 5 terrace spa suites and 3 junior suites for \$289-\$309. The largest penthouse suite is 1,000 square feet at a rate of \$500 per night. The Inn offers corporate and group rates.
- Target market is upscale clientele looking for a "true experience." Primarily business travelers and leisure travelers.
- Target occupancy was 65% when opening.

Edgefield

2126 S.W. Halsey St.
Troutdale, OR 97060
(503) 669-8610

<http://www.mcmenamins.com/54-edgefield-home>

- Built in 1911 as a county poor farm, Edgefield is a national historic landmark renovated as a destination resort and boutique hotel in 1990. Features historic building in natural setting with many on-site attractions.
- Owned and operated by the McMenamin's chain.
- Property is a 74-acre parcel along the Columbia River Gorge; a 20-minute drive from Portland.
- On-site attractions include brewery, distillery, winery, gardens, restaurants and bars, two par-three golf courses, an onsite glass blower and potter, a movie theater, library, spa and soaking pool, and concert venues.
- Room amenities include wi-fi, vintage furnishing, unique design and cotton bathrobes. No phones or TVs are offered to promote tranquility.
- Facility has 114 guestrooms and two 12-person hotel rooms.
- Varying guest room sizes and rates: Suites with private bath are \$120-\$155 a night; European-style King is \$90-\$115 a night; European-style Double Queen is \$90-\$115 a night; European-style Queen is \$70-\$105 a night; Family room with 1 King and 2 bunks is \$150-\$175 a night; Twin is \$50 a night; and a bunk in a hostel room is \$30 a night.
- Offers popular packages that include lodging and some combination of available amenities on site. Also offers holiday packages for New Year's, etc.
- Sixteen meeting and banquet facilities are available that range in seating capacity from 8 to 200 people. Largest event spaces are 3,200 square feet and 2,500 square feet. Many smaller meeting spaces averaging 300 to 500 square feet are also available.



Resorts/Lodges

Located in popular vacation spots that offer natural and recreational amenities, resorts or lodges seek to provide all-inclusive facilities. They are typically found by beaches, on lakes, in forests or the mountains, or on golf courses. Lodges specifically are designed to offer an outdoor experience. The building style features natural materials such as wood and stone. Resorts/lodges offer a range of on-site activities and amenities to cater to needs of clientele such as spas, pools, golf courses and fine dining. They primarily target leisure travelers but depending on the facilities and proximity to business clusters, can attract business travelers and groups as well. They typically offer a range of units including larger multi-family units or suites/cabins.

The Inn at Diamond Woods

96096 Territorial Road
Monroe, OR 97456
(541) 510-2467
<http://www.theinnatdiamondwoods.com/>

- The Inn is located in a large, private rural location 15 minutes from the Eugene Airport, 25 minutes from Downtown Eugene and Corvallis, with expansive lawns and views of the Willamette Valley. It sits on edge of Diamond Woods Golf Course, the newest championship golf course in Lane County.
- Owned and operated by Jeff and Liz Doyle and Greg Doyle, who also own the golf course. Opened in October 2009 as an additional investment based on on-going requests for event space. Golf business has been down nationally. Built for just over \$600,000.
- Facility is 6,000 square feet with a large 2,400 square foot patio, meeting rooms and a golf course. Offers 4 master suites – 1 king and 3 queens – each with a private bath and living room/meeting area, two other large meeting areas and a kitchen for use by guests.
- Have 2, 3, or 4 master bedrooms with rates beginning at \$350 a night in the off-season and \$500 a night in season. Includes 50% off golf. Rental fee for business meetings is \$300 a day.
- Offers three event rooms that each seat up to 50 people with wi-fi and multi-media capabilities. Offers golf and catering as amenities. Largest room capacity is 90 people.
- Target market is business retreats and groups/events (reunions, weddings, etc.). Offers the benefits of renting what feels like a private home with great views and easy access to golf.
- Booked for two to three weddings a month through the fall. Have had business meetings and conferences held there. First year of operation hosted 14 weddings and about 28 business meetings and family events.



Evergreen Lodge at Yosemite

33160 Evergreen Road
Groveland, CA 95321
(800) 93-LODGE
<http://www.evergreenlodge.com/>



- Renovated historic lodge and cabins built in 1921 located one mile from Yosemite National Park that offers natural setting and escape with modern amenities while preserving the historic charm of the property.
- Sold to the current owners (Brian Anderluh, Dan Braun and Lee Zimmerman) in 2001 for \$1.25 million. They have added 75 new cabins and communal buildings with \$15 million worth of additions and upgrades. They transformed it from a little motel into a resort. Former CEO of Kimpton hotels recently joined their board and is helping plan future developments.
- Did not seek out conventional sources of financing (i.e. venture capital) so they insulated themselves from outside pressures. They raised money through debt-equity financing with a third of money from investor equity and two-thirds from a bank loan. Investments are structured as long-term holds with the return of capital through refinancing. Lodge has provided 15-20% in total equity returns. They set up a provision allowing the holding company to issue debt to pay back investors the full amount of their original investment without requiring them to give up their shares so that investors get a good return without pushing the company to go public or be acquired.
- Largest institutional investor was Pacific Community Ventures (PVC), which provides small business equity through venture capital for projects looking to invest in low-income communities. They funded project because of unique youth employment program that provides summer employment and job training for urban youth.
- Property is 22 acres with 90 cabins located between old-growth forest stands. Resort has a main lodge, restaurant, tavern, open-air plaza with 1,200 square foot sun deck and beer garden, children's play area with bark teepees, a theater, open-air massage cabana, swimming pool and hot tub, recreation center with board games and internet access, and ¼ mile on-site nature trail.
- Cabins have king-sized beds, living rooms and private decks. Newer cabins are 440 square feet and have 100 square foot decks. Older cabins are small but have lots of historic charm. Cabins are decorated with rustic décor reflecting natural setting and historic character.
- Rates for cabins range from \$120-\$310 for smaller cabins (440-450 SF), \$120-\$370 for family cabins (400-600 SF), vintage budget cabins for \$100-\$220 (250 SF) and one larger house for \$575-\$1,050 (2,500 SF).
- Amenities include on-site massage and yoga, rental of outdoor gear and equipment, gourmet coffee brewers, private decks, and satellite radios and portable DVD players and movies instead of phones or TVs.
- Offer guided activities (partial and full-day) and access to surrounding natural amenities of national park. Guests can fly fish, bike, hike, raft, snow shoe, geocache, horseback ride, or rock climb. Have an on-site recreation manager/guide. Family-focused activities include evening s'mores, campfire sing-alongs, nature crafts, family hikes, outdoor movies and bingo.
- Target market is leisure travelers – specifically families. Also target groups (reunions, weddings, school and youth groups, and corporate meetings). Have a 3,000 square foot outdoor event area, along with a range of smaller event facilities ranging from 300-1,500 square feet. Offer a newer event facility that accommodates up to 150 guests and has modern facilities with full business capabilities.

Refurbished Hotels

Given the growing trend of experiential travel and continued low rates of capital available for new hotel projects, the following case studies present some best practices in renovation of existing lodging facilities. With upfront investments in exterior and interior finishes, marketing plans, and facilities better meeting existing needs, entrepreneurs have been able to create new value.

Silverton Inn & Suites

310 N. Water Street

Silverton, OR 97381

(503) 873-1000

<http://www.silvertoninnandsuites.com/>

- Renovated motor lodge located in Silverton, less than a mile from the Oregon Garden, offering reasonable rates with nicer amenities adjacent to downtown historic district.
- Old Nordic Motel purchased in 2006 by Doug DeGeorge, a general contractor. No public financing. Completed in 2007.
- Renovation includes a two-story grand lobby with a massive fireplace and Italian-themed restaurant, new bathrooms, sleigh beds, fine linens and luxury mattresses.
- Each room and suite has unique name and design related to town of Silverton.
- Facility has 18 rooms including singles, double queens and triple queen suites. Room rates range from \$79 to \$229. Also offer packaged deals.
- Room amenities include kitchenettes, satellite TVs, wireless internet and unique designs.
- Primary market is leisure travel but do offer some event/meeting spaces. They do not get large groups but do get some limited business travelers.
- Event space accommodates 72 people and is targeted at retreats, weddings, conferences, reunions, and exhibitions.



The Commodore

258 14th Street
Astoria, OR 97103
(503) 325-4747
<http://www.commodoreastoria.com/>



- Renovated historic hotel in downtown Astoria built in the 1920s, reopened in 2009.
- Bought by three local developers in 2007 for \$565,000. They spent \$1.5 million on renovations over 18 months. The City provided financial aid with a \$300,000 loan.
- Building is 2 stories with 18 rooms. Restoration mixes historic renovation with modern twists including use of technology (iPod/iPhone docking stations and digital art) and clean modern take on maritime theme. Many historic elements such as room numbers and windows are reused throughout. History used as a selling point in marketing.
- Offers unique lower-cost lodging option of 10 rooms without private baths that are simple, frill free, yet comfortable. These "cabin" rooms have full-sized beds, seating, flat screen LCDs/DVDs, iPod/iPhone docking stations and sinks. Restrooms and showers are located at the end of the hallway. Have marble floors. Low cost design touches in each room include sleek red seating and original artwork on walls and ceiling.
- Large common space in lobby lounge mimics a cabin cruiser with dark wood and rope art. A clothing boutique and coffee shop were added.
- A range of 8 other larger room types are also available. Deluxe cabins offer queen-sized beds and larger rooms. Suites are larger still and have private baths.
- Cabin rates start at \$69 a night. Deluxe cabins and suites start at \$139-\$169 a night with a higher price for rooms off the street with less noise or rooms with better views.
- The vast majority of target market is leisure travelers. They do attract some business guests and book groups, particularly weddings in the summer. Target market is young, hip crowd from Portland looking for weekend getaway.
- Occupancy rates during the summer are 70-80%. Business slows down in the winter with occupancy rates closer to 60%.
- Roughly 70-75% of guests are from the NW region.
- Developers also own other properties along the same street. Looking to create a high-energy district with shops, restaurants and bars to attract young creative types from Portland and Seattle.
- Partnered with WK12, an offshoot of Wieden + Kennedy's advertising, to create an identity and brand for the hotel and a youth-oriented strategy to appeal to their target market of young, creative types. They then marketed via blogs, Twitter and Facebook. One marketing strategy included sending letters to travel, home, design and other magazines from a mysterious entity called The Commodore. Spent a lot of effort to build a brand and build intrigue given lack of comparable product in the marketplace.
- Despite the effort they put into social media, they advise start-ups to really emphasize what they can offer guests and the community. The majority of their business still comes from word of mouth so offering great service and being upfront with guests about service the hotel offers.

Hotel Modera

515 SW Clay St
Portland, OR 97201
(877) 484-1084
<http://hotelmodera.com/>

- An old Days Inn motor lodge renovated into a boutique hotel in Downtown Portland.
- Hotel has 5 stories and 174 rooms/suites.
- Modera is owned by Seattle-based Posh Ventures LLC, formed specifically to redevelop the hotel. Partners include Alan Battersby, Craig Schafer and Desmond Mollendor, who have acquired and/or repositioned 10 hotels including the Hotel Andra and University Hotel in Seattle.
- They paid \$14 million to acquire the site in 2008, opened in the summer of 2009. The renovation took just six months and was done by Holst Architecture. Renovation included mid-century modern architectural finishes, insertion of large picture windows to feature views of the city and large, central common spaces.
- Selling point is modern design and elegance. Offers a product that did not exist in Portland. Over 500 pieces of local art, marble and black walnut floors, and urban aesthetic. Common spaces are a big draw with an inner courtyard filled with fire pits where guests can sit while eating/drinking from hotel restaurant. Also has living green wall.
- Facility has 75 premier king rooms with city views for \$129 a night, 56 premier king rooms with garden views for \$139 a night, 36 premier double queen rooms with city views for \$149 a night, and 6 premiere suites with king beds, city views and living areas for \$309 a night.
- Guest amenities include 24-hour concierge service, passes to nearby 24 Hour Fitness, secure valet parking and an on-site restaurant and bar.
- Room amenities include down blankets, faux fur throws, luxury bedding, iPod docking stations, flat screen TVs, motion-sensitive air conditioning and wireless internet. There are electronic "Do Not Disturb" systems for added privacy.
- Target business travelers during the week and leisure travelers on the weekends.
- Several meeting rooms with one larger space at 1,600 square feet and four smaller spaces ranging from 260 to 350 square feet. All offer state-of-the-art audiovisual capabilities. Offer a preferred Corporate Plan.



VI. Development and Financing

To help the Clackamas County Tourism organization begin to share opportunities for new and different lodging prospects, Marketek prepared a list of entrepreneurial developers, a snapshot of typical financing/development tools and an approach for pursuing boutique lodging development deals.

List of Developers

Below is a list of developers Marketek identified through project research that have experience with small-scale, unique lodging. This list was compiled based on extensive interviews with industry professionals at the state and local levels and Marketek’s experience facilitating development. The developers below range from individual entrepreneurs and partnerships to larger development companies that may have developed boutique properties or larger branded hotels. Their focus is primarily in the metro Portland region, although many have experience throughout the Pacific Northwest.

Figure 12. Potential Developers of Unique Lodging Product

Developer	Company	Relevant Properties	Contact Info
DJ Simcoe	McMenamins	The Edgefield	430 N. Killingsworth Portland, OR 97217 (503) 223-0109 Fax: (503) 294-0837 dj@hq.mcmenamin.com
Tom Drumheller Patrick Nofield	Escape Lodging Company	Ocean Lodge	PO Box 1037 3287 S Hemlock St Cannon Beach, OR 97110 (503) 436-2480 tom@escapelodging.com
	Moonstone Hotel Properties	Oregon Garden Resort Village Green Resort	2905 Burton Drive Cambria, CA 93428 (805) 927-6114
Richard Boyles	InnSight Hotel Management Group	Courtyard Eugene Residence Inn, Eugene Spring Hill Suites, Medford	840 Beltline Road, Suite 202 Springfield, OR 97477 (541) 746-8444 info@innsighthmg.com
Paul Caruana Brian Faherty Lance Marrs	Partnership that forms LLCs for various projects	The Commodore	Paul Caurana, Inc. Gearhart, OR (503) 717-1020 Living Room Realtors Lance Marrs (503) 701-5323 lance@livingroomrealtors.com

Figure 12. Potential Developers of Unique Lodging Product (continued)

Brian Obie	Inn at Fifth Street Market LLC	Inn at 5 th	296 East Fifth Street, Suite 300 Eugene, OR 97401 (541) 484-0383
Alan Battersby Craig Schafer Desmond Mollendor	Posh Ventures LLC (partnership that forms LLCs for various projects)	Hotel Modera Hotel Andra	Based out of Seattle Desmond Mollendor 515 SW Clay St Portland, OR 97201 (503) 484-0250
Doug DeGeorge	Doug DeGeorge Construction Company	Silverton Inn & Suites	Silverton Inn (ask for George) 310 N. Water St. Silverton, OR 97381 (503) 873-1000
Kevin White Brett Wilkerson	North Pacific Management, Inc.	Ashfield Inns Hotel Elliot The Heathman	1905 SE 10th Avenue Portland, OR 97214 (503) 425-1500 info@northp.com
Gordon Sondland Bashar Wali	Provenance Hotels	Hotel de Lux Hotel Lucia	Gordon Sondland (503) 222-1515 Gordon@provenancehotels.com Bashar Wali (503) 548-2607 bashar@provenancehotels.com
Fred Kleisner, General Manager of The Nines Eric Paul, General Manager of the Courtyard	Sage Hospitality	The Nines The Courtyard by Marriot	Eric Paul eric.paul@cymportland.com (503) 575-4015

Financing Tools

Below is a summary of existing state and local tools available for financing hotel/lodging projects. They range from private equity to public loans and incentives. The list has been compiled based on lessons learned from the case studies found in Section V and research Marketek conducted on other financing approaches. Most projects will use some combination of the sources below to raise adequate funds for development.

Figure 13. Common Development Financing Tools for Hotel Projects

Tool	Source
Private Equity	Financial Partners
Small Business Loans/Matched Business Grants Direct low or no interest loans to cover land costs, construction and predevelopment costs, and working capital.	Small Business Development Centers, Private Sector Loan Pool

Figure 13. Common Development Financing Tools for Hotel Projects (continued)

<p>Urban Renewal Subsidies, assistance in land acquisition, improvements to streetscapes, sidewalks, parks, and other public amenities that are amenities to development, partner on parking garage.</p>	<p>Urban Renewal Agencies</p>
<p>Public Incentives Revolving loan funds, reduced interest rates, grants, reduced land costs, long-term land leases, lower System Development Charges, property tax abatements/freezes, flexible zoning requirements/reduction in requirements.</p>	<p>County, City, Small Business Development Centers</p>
<p>Gap Financing Secondary financing to supplement financing through conventional means.</p>	<p>Economic Development Agencies, Small Business Development Centers</p>
<p>Oregon Credit Enhancement (CEF) and Entrepreneurial Development Loan Fund (EDLF) Direct loans/loan guarantees to help start-ups and small businesses expand or become established in Oregon. Loans are a maximum of \$500,000 and have a fixed interest rate.</p>	<p>Business Oregon</p>
<p>Development Services Opportunity Grants (where available) Assistance for property owners with seed money and real estate development expertise and technical assistance in evaluating development project feasibility.</p>	<p>Urban Renewal Agencies</p>
<p>Project Feasibility Study Grants Assistance for small businesses or communities to evaluate development project feasibility. Limited to rural/non-urban communities.</p>	<p>USDA Rural Development (public applicant)</p>
<p>Enterprise Zones (EZ) Designed to encourage business investment through property tax exemption in designated areas of Clackamas County. Locating or expanding into an enterprise zone provides eligible businesses property tax exemption on new construction, building improvements and equipment for a period of three years to five years.</p>	<p>Sub-areas of Clackamas County including the City of Sandy, City of Molalla and City of Estacada</p>
<p>Business Finance Loans Gap financing that offers loans to assist businesses with property acquisition, equipment purchases, working capital, and credit enhancement. Limited to rural/non-urban communities.</p>	<p>Economic Development Agencies, Mt. Hood Economic Alliance, Mid-Willamette Valley Council of Governments</p>
<p>Technical Assistance Technical assistance and resources such as site selection, renewable energy and efficiency planning, assistance in navigation of permitting and construction process, technical support for brownfields, small business classes, and one-on-one business counseling.</p>	<p>Economic Development Agencies, Small Business Development Centers, Main Street Program</p>
<p>Storefront Improvement Grants Grants and design assistance for improvements including repainting and purchase of new windows/awnings. Available to both property owners and business owners.</p>	<p>Economic Development Agencies, Urban Renewal Agencies, State Historic Preservation Office</p>

Development Approach

In the last several years, many Clackamas communities have tested the potential for a new hotel. Some are seeking to create a unique, boutique product and others are looking for any way to expand their lodging mix. A recent article by Steven Marx, former executive at Kimpton Hotels, highlights key insights for prospective hotel/lodging developers regardless of the approach.

Figure 14. Key Attributes of Attractive Boutique Hotel Deals

1. Provide as “clean” a deal as possible, i.e., remove any “ifs”

Perform most of requisite due diligence prior to presenting to lender, including a review of any permitting issues, a Phase 1 inspection of the site, a full MEP review (for conversions) and an initial supportive feasibility study.

2. The hotel component stands on its own in a mixed-use environment

Do not count on mixing in apartment, condo, or commercial space to justify the cost of the hotel. The project should stand on its own.

3. Pick a market that supports creating a boutique hotel at your price point and quality level

Look for truly comparable hotels in your market with average rates and occupancies that are sufficient to support adequate investment returns so that it is easier for the appraiser to index your property type against stabilized hotels and come up with results that support your numbers and returns.

4. Skin in the game

Equity and debt suppliers want to see that you are contributing equity as well so it is not only investors that are at risk.

5. Consider a historic adaptive reuse vs. a new build project

Adaptive reuse projects offer the benefit of federal and state historic tax credits that can entitle developers to a return on equity at opening or over the course of the project.

6. Look for repositioning opportunities

It is easier to finance the acquisition and repositioning of an existing hotel with an on-going revenue stream. There are many opportunities that have the “bones” and are in markets where a repositioning of the hotel as an upscale project in an excellent location can provide good returns. This requires a lower amount of capital than a new build or adaptive reuse project and can more easily justify good returns on investment. You might also be able to convince the existing owner to stay in the deal and contribute all or part of the existing property to reduce the equity requirement and facilitate financing.

Source: Adapted from an article by Steven Marx, former executive at Kimpton Hotels, Loews Hotel Corp and W Hotels as published in *Hotel Business Review*. Available at: http://hotelexecutive.com/business_review/569/major-challenges-in-financing-boutique-hotels-in-todays-credit-crisis.

VII. Recommendations for Clackamas County

Clackamas County's diverse urban and rural geography demands a wide range of approaches to encourage the expansion of the lodging sector. Lodging types that are supportive of Clackamas' unique rural landscape are not only feasible but highly desirable in the Valley and Mountain areas of Clackamas. Freeway and town-center oriented areas of the County have the chance to serve a broader market and also have opportunities for expansion or improvement.

Marketek's recommended actions for Clackamas County seek to encourage the development of small-scale, one-of-a-kind lodging types leveraging agritourism opportunities and to support the expansion or enhancement of existing hotels and lodging clusters throughout the County.

Land Use Regulation Recommendations

As noted in Clackamas County's Agritourism Master Plan and in research with Travel Oregon, the County can work directly and indirectly to amend existing land use regulations and encourage agritourism lodging products:

- Facilitate development of a coalition of interested jurisdictions to lobby for proposed land use changes, encouraging dialogue about how to balance agritourism and recreational development with the preservation of agricultural, rural, and forest lands.
- Work to allow farm stays in zones where bed and breakfasts are currently allowed. Add a definition of farm stays to the county code.
- Identify the ideal number of rooms for bed and breakfasts based on economic necessities and consider amending the zoning code to allow for additional rooms beyond the existing limit.
- Reduce fees for conditional use permits for applications proposing agritourism supportive uses.
- Modify the county land use ordinance to allow small farm-vineyard tasting rooms in rural and agricultural/rest zones through a more streamlined, less expensive process than the current conditional land use permit process.
- Designate an in-house County planning expert as the point person for all applications and permitting for agricultural and rural landowners. This expert would be responsible for coordinating with all other state and county agencies for applications.
- Petition to have Land Conservation Development Commission (LCDC) administrative rules amended to allow for the development of camp ground, yurt and other outdoor lodging. The amendment should enable teepees and canvas tents on private land zoned forest or farmland where this practice will not be detrimental to commercial agriculture in the immediate area.

- Advocate at state and regional levels for policies that allow additional supportive activities on farms, vineyards, and other rural and agricultural lands.

Visitor Product Development and Marketing Recommendations

Beyond amending land use policy, there are other actions the County can take to continue to market and encourage the development of desired lodging types, recreational activities and visitor destinations.

- Conduct an inventory of existing unique/historic buildings that could potentially be developed as one-of-a-kind overnight destinations. Collect relevant information on properties so they can be marketed to prospective developers.
- Continue to develop and promote the farm loop tours as a regional destination. As part of this effort, promote lodging including farm stays.
- Encourage the development of farm to table dinners at local farms to further encourage farm destinations.
- Build on existing programs of Clackamas County, Travel Oregon and Travel Portland to continue to aggressively promote agritourism and market the region.
- Facilitate marketing roundtables and networking sessions among hotel operators clustered together to develop cooperative marketing plans: e.g., Wilsonville, Kruse Way, I-205. Share examples of hotel joint marketing and the benefits of working together through packages, referrals, group targeting and day-to-day communication about the competitive environment.

Business Development Recommendations

- Host a community workshop and panel discussions on alternative lodging trends and opportunities, what developers look for and how to organize to attract local or out-of-town lodging investors.
- Organize an industry roundtable/workshop with private developers of desired lodging types and economic development and planning staff to discuss potential partnerships and stumbling blocks to development proposals.
- Conduct hotel/motel business retention and expansion visits to share information on local and state financing and technical assistance tools (Figure 13) for facility renovation/improvements, to share marketing plans for the area and develop support for efforts to expand the County's visitor base.
- Create a 'development toolbox' that packages any local and state incentives and financial and technical assistance for developing new lodging in Clackamas. Include contact information for learning more about these programs. Focus on a variety of lodging types – including alternatives such as farm stays or glamping – and clearly address issues (such as the permitting process and other regulatory issues) that business owners may perceive as potential hurdles.

- Connect proprietors of successful agritourism and luxury camping facilities in the region with prospective operators of potential similar facilities in Clackamas. This connection may occur through a small workshop or panel discussion. Potential discussion topics may include product definition/development, the development process, marketing and general operations.

Appendix A: Clackamas County Lodging Supply

Property	Location	Rooms/Sites	Rate
Greater Portland I-205 Corridor			
Hotels/Motels			
Best Western Plus Rivershore Hotel	Oregon City	114	\$\$-\$
Budget Inn	Gladstone	36	\$
Clackamas Comfort Suites	Clackamas/Sunnyside	50	\$
Clackamas Inn & Suites	Clackamas/Sunnyside	44	\$\$-\$
Clackamas Sunnyside Inn	Clackamas/Sunnyside	141	\$\$-\$
Courtyard by Marriott Portland SE	Clackamas/Sunnyside	136	\$\$\$-\$
Days Inn Portland South	Clackamas/Sunnyside	96	\$
Econo Lodge	Milwaukie	27	\$
Hampton Inn Clackamas	Clackamas/Sunnyside	114	\$\$-\$
Howard Johnson Clackamas	Clackamas/Sunnyside	68	\$\$-\$
Kings Row Motel	Milwaukie	16	\$
Milwaukie Inn	Milwaukie	39	\$\$-\$
Monarch Hotel & Conference Center	Clackamas/Sunnyside	192	\$\$\$-\$
Oxford Suites	Gladstone	97	\$\$
Your Host Motel	Milwaukie	18	\$
Bed & Breakfasts			
Clackamas River House	Clackamas/Sunnyside	2	\$\$-\$
Mt. Scott Manor Bed & Breakfast	Clackamas/Sunnyside	4	\$\$-\$
Sandes of Time B&B	Milwaukie	4	\$\$\$-\$
Campgrounds/RV Parks			
Clackamas Park	Oregon City	35	\$
Smith's Mobile Estates	Milwaukie	17	\$
Town & Country RV	Clackamas/Sunnyside	65	\$
Greater Portland I-5 Corridor			
Hotels/Motels			
Best Western Wilsonville Inn & Suites	Wilsonville	56	\$\$-\$
Crowne Plaza Lake Oswego	Lake Oswego	161	\$\$\$-\$
Days Inn & Suites	Wilsonville	64	\$
Fairfield Inn & Suites by Marriott	Lake Oswego	123	\$\$-\$
Hilton Garden Inn Portland	Lake Oswego	179	\$\$\$-\$

\$ = \$0-\$100 \$\$ = \$101-\$150 \$\$\$ = \$151-\$200 \$\$\$\$ = \$201+

Property	Location	Rooms/Sites	Rate
Greater Portland I-5 Corridor			
Hotels/Motels			
Lakeshore Inn	Lake Oswego	31	\$-\$\$\$
Phoenix Inn Suites	Lake Oswego	62	\$-\$\$
Quality Inn	Wilsonville	63	\$
Residence Inn by Marriott	Lake Oswego	112	\$-\$\$\$
SnoozInn	Wilsonville	57	\$
Willamette Valley			
Hotels/Motels			
Canby Country Inn	Canby	35	\$
Stagecoach Inn Motel	Molalla	15	\$
Bed & Breakfasts			
Prairie House Inn	Molalla	6	\$
Campgrounds/RV Parks			
Riverside RV Park	Canby	109	\$
Mount Hood			
Hotels/Motels			
Best Western Mt Hood Inn	Government Camp	57	\$\$-\$\$\$
Best Western Sandy	Sandy	45	\$-\$\$
Mountain Air Motel	Villages of Mt. Hood	10	\$
Red Fox Motel	Estacada/Eagle Creek	31	\$
The Resort at The Mountain	Villages of Mt. Hood	160	\$-\$\$\$
Timberline Lodge	Government Camp	70	\$\$-\$\$\$
Bed & Breakfasts			
Brightwood Guest House B & B	Villages of Mt. Hood	1	\$\$-\$\$\$
Doublegate Inn	Villages of Mt. Hood	2	\$\$-\$\$\$
Fagan's Haven B&B	Damascus/Boring	3	\$
Hidden Lake Retreat	Estacada/Eagle Creek	4	\$-\$\$
Hidden Woods Bed & Breakfast	Villages of Mt. Hood	1	\$\$-\$\$\$
Sandy Salmon B & B Lodge	Villages of Mt. Hood	4	\$\$\$-\$\$\$\$
Campgrounds/RV Parks			
Clackamas County Parks*	Estacada/Eagle Creek	200	\$
Mt. Hood National Forest Campgrounds*	Villages of Mt. Hood	959	\$
Mt. Hood Village Resort & RV Park	Villages of Mt. Hood	352	\$-\$\$\$
Oregon State Parks	Estacada/Eagle Creek	56	\$

\$ = \$0-\$100 \$\$ = \$101-\$150 \$\$\$ = \$151-\$200 \$\$\$\$ = \$201+ * = multiple locations

Property	Location	Rooms/Sites	Rate
Mt. Hood			
Campgrounds/RV Parks			
Promontory Park	Estacada/Eagle Creek	50	\$
Silver Fox RV Park	Estacada/Eagle Creek	70	\$
Timothy Lake	Estacada/Eagle Creek	200	\$
Vacation Rentals			
A Majestic Mountain Retreat	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
A Zig Zag Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
Alpine Chalet	Villages of Mt. Hood	1	\$\$-\$\$\$
Alpine Creek Condo	Government Camp	1	\$\$\$-\$\$\$
An Oregon Experience*	Villages of Mt. Hood	10	\$\$\$-\$\$\$\$
Alpine Vacation Rentals*	Villages of Mt. Hood	11	\$\$-\$\$\$\$
Bon Fir Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
Boulder Creek Retreats	Villages of Mt. Hood	1	\$\$-\$\$\$
Camp Colton	Colton	8	\$\$-\$\$\$
Capstone Log Lodge	Villages of Mt. Hood	1	\$\$\$\$
Cascade Cabins	Villages of Mt. Hood	1	\$\$-\$\$\$
Clarke Cabin	Government Camp	1	\$\$\$\$
Clear Creek Lodge	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
Coffee Cabin	Villages of Mt. Hood	1	\$
Collins Lake Resort	Government Camp	68	\$\$\$-\$\$\$\$
Creek Ridge Chalet	Government Camp	1	\$\$-\$\$\$
Dancing Bear Cottage	Villages of Mt. Hood	1	\$\$-
Government Camp Chalet	Government Camp	1	\$\$\$\$
Government Camp Village	Government Camp	1	\$\$\$\$
Great Northwest Cabins	Villages of Mt. Hood	1	\$\$-\$\$\$
Hilltop Hideaway	Government Camp	1	\$\$-\$\$\$
Hilltop Hideaway	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
Home Away from Home	Government Camp	1	\$\$-\$\$\$
Hood Mountain Hideaway	Villages of Mt. Hood	1	\$\$-\$\$\$
Huckleberry Inn	Government Camp	17	\$\$-\$\$\$
Kathy's Kabins	Villages of Mt. Hood	2	\$\$\$
Laughing Bear Log Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
Liberty Lodge of Brightwood	Villages of Mt. Hood	1	\$\$
Little Trail Lodge	Government Camp	2	\$\$\$\$
Mountain Pass Chalet	Government Camp	1	\$\$\$\$
Mountain Resort Lodging Company	Government Camp	3	\$\$\$-\$\$\$\$
Mountain Retreats*	Villages of Mt. Hood	10	\$\$-\$\$\$
Mt. Hood Cabins for All Seasons*	Villages of Mt. Hood	55	\$\$-\$\$\$
Mt. Hood Chalet	Government Camp	1	\$\$\$\$

\$ = \$0-\$100 \$\$ = \$101-\$150 \$\$\$ = \$151-\$200 \$\$\$\$ = \$201+ * = multiple locations

Property	Location	Rooms/Sites	Rate
Mt. Hood			
Vacation Rentals			
Mt. Hood Hideaways	Villages of Mt. Hood	1	\$-\$\$\$\$
Mt. Hood Lifestyle Bungalows	Villages of Mt. Hood	3	\$\$\$\$
Mt. Hood Resort Condominiums	Villages of Mt. Hood	6	\$\$\$-\$\$\$\$
Mt. Hood Vacation Rentals*	Villages of Mt. Hood	20	\$-\$\$\$\$
Mt. Vista Chalet	Villages of Mt. Hood	1	\$-\$\$\$\$
Mt. Vista Vacation Rental	Villages of Mt. Hood	1	\$-\$\$\$
Pappy's Riverfront Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
Penthouse at Grand Lodge	Government Camp	1	\$\$\$\$
Powder Lodging	Government Camp	1	\$\$-\$\$\$\$
Raven's Nest	Government Camp	1	\$\$\$\$
Rivers Cabins	Villages of Mt. Hood	3	\$-\$\$\$\$
Running Bear Cabin	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
Salmon River Condo	Villages of Mt. Hood	1	\$-\$\$
Secret Cedars Cabin	Villages of Mt. Hood	1	\$\$\$\$
Snow Drift Cabin	Villages of Mt. Hood	1	\$-\$\$\$\$
Snowline Motel & Cabins	Villages of Mt. Hood	8	\$
Summit Meadow Cabins	Government Camp	5	\$\$\$-\$\$\$\$
Swedish Stuga	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
Sycamore Lodge	Villages of Mt. Hood	1	\$\$\$-\$\$\$\$
The Cabins Creekside	Villages of Mt. Hood	9	\$-\$\$
The Cedar Chalet	Villages of Mt. Hood	1	\$-\$\$\$\$
The Cedars Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
The Grand Lodges	Government Camp	19	\$\$\$\$
The Lodge at Government Camp	Government Camp	6	\$\$\$\$
Thunderhead Lodge #102	Government Camp	1	\$\$\$\$
Tichy Lodging	Government Camp	5	\$-\$\$\$\$
TLC Cabin	Government Camp	1	\$\$\$\$
Whiskey Creek Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$
Whispering Woods Resort	Villages of Mt. Hood	64	\$-\$\$\$\$
Wildwood River Cabin	Villages of Mt. Hood	1	\$\$-\$\$\$\$
Zoe's Log Cabin	Villages of Mt. Hood	1	\$\$

\$ = \$0-\$100 \$\$ = \$101-\$150 \$\$\$ = \$151-\$200 \$\$\$\$ = \$201+ * = multiple locations

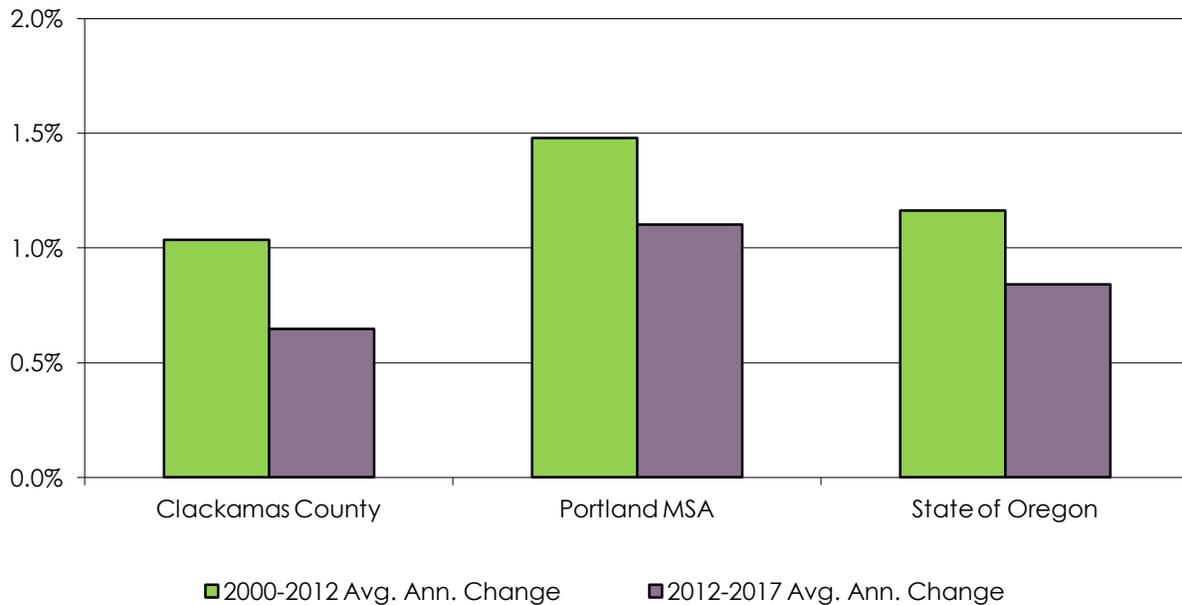
Appendix B: Demographic Profile

Population and Household Growth:

Clackamas County, Portland MSA and State of Oregon, 2000-2017

Geographic Area	2000	Avg. Ann. Change 2000-2012		Avg. Ann. Change 2012-2017			
		2012 (Estimate)	Number	Percent	2017 (Forecast)	Number	Percent
Clackamas County							
Population	338,347	380,435	3,507	1.04%	392,739	2,461	0.65%
Households	128,179	147,033	1,571	1.23%	152,793	1,152	0.78%
Avg. Household Size	2.62	2.57	-0.004		2.55	-0.004	
Portland MSA							
Population	1,927,881	2,270,258	28,531	1.48%	2,395,497	25,048	1.10%
Households	745,531	884,346	11,568	1.55%	936,633	10,457	1.18%
Avg. Household Size	2.54	2.52	-0.002		2.52	0.000	
State of Oregon							
Population	3,421,399	3,899,159	39,813	1.16%	4,063,119	32,792	0.84%
Households	1,333,723	1,542,736	17,418	1.31%	1,617,261	14,905	0.97%
Avg. Household Size	2.51	2.47	-0.003		2.46	-0.002	

Average Annual Population Growth Rates, 2000-2017



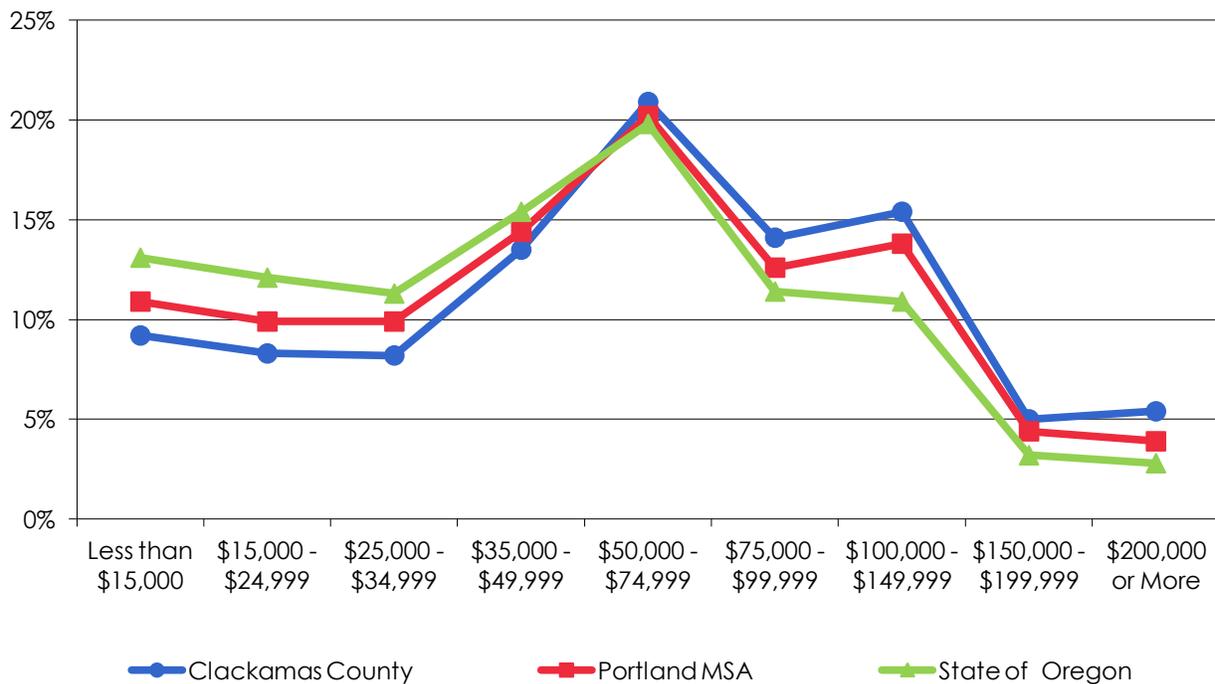
Source: ESRI Business Information Solutions

Household Income Distribution:

Clackamas County, Portland MSA and State of Oregon, 2012

Income	Clackamas County	Portland MSA	State of Oregon
Less than \$15,000	9.2%	10.9%	13.1%
\$15,000 - \$24,999	8.3%	9.9%	12.1%
\$25,000 - \$34,999	8.2%	9.9%	11.3%
\$35,000 - \$49,999	13.5%	14.4%	15.4%
\$50,000 - \$74,999	20.9%	20.2%	19.8%
\$75,000 - \$99,999	14.1%	12.6%	11.4%
\$100,000 - \$149,999	15.4%	13.8%	10.9%
\$150,000 - \$199,999	5.0%	4.4%	3.2%
\$200,000 or More	5.4%	3.9%	2.8%
Total	147,033	884,346	1,542,736
Median Household Income	\$60,321	\$54,279	\$47,661

Household Income Distribution, 2012



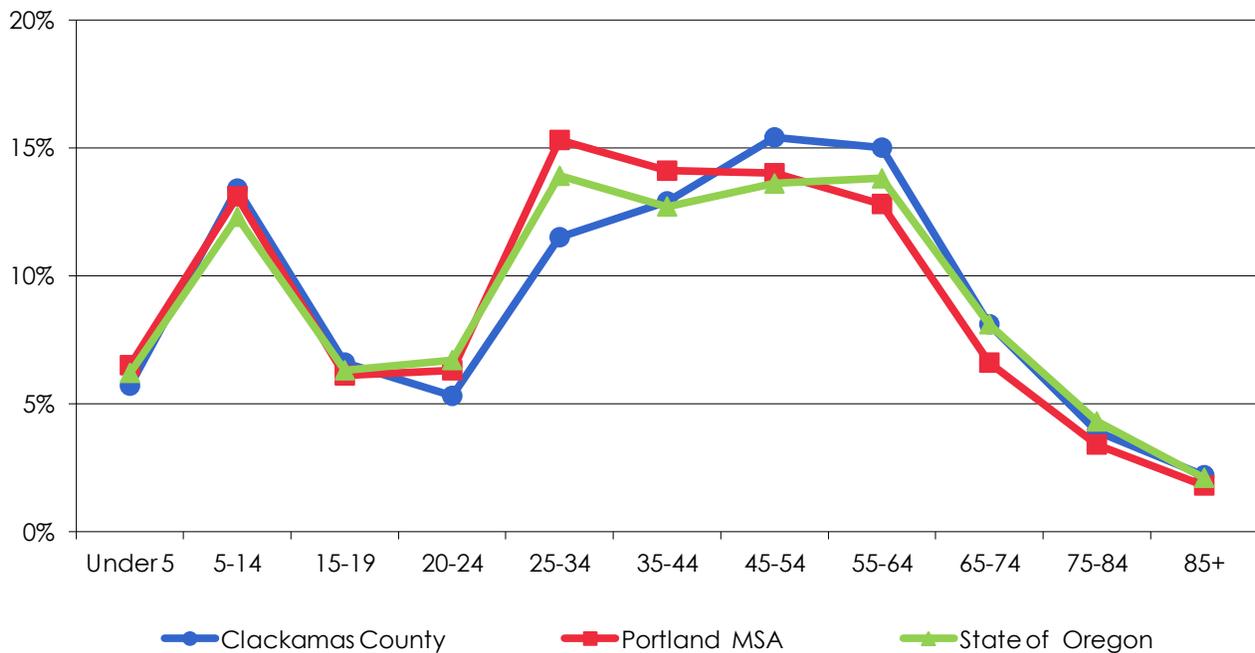
Source: ESRI BIS

Age Distribution of the Population:

Clackamas County, Portland MSA and State of Oregon, 2012

Age	Clackamas County	Portland MSA	State of Oregon
Under 5	5.7%	6.5%	6.2%
5-14	13.4%	13.1%	12.3%
15-19	6.6%	6.1%	6.3%
20-24	5.3%	6.3%	6.7%
25-34	11.5%	15.3%	13.9%
35-44	12.9%	14.1%	12.7%
45-54	15.4%	14.0%	13.6%
55-64	15.0%	12.8%	13.8%
65-74	8.1%	6.6%	8.1%
75-84	3.9%	3.4%	4.3%
85+	2.2%	1.8%	2.1%
Total	380,435	2,270,258	3,899,159
Median Age	41.1	36.9	38.7

Age Distribution of the Population, 2012

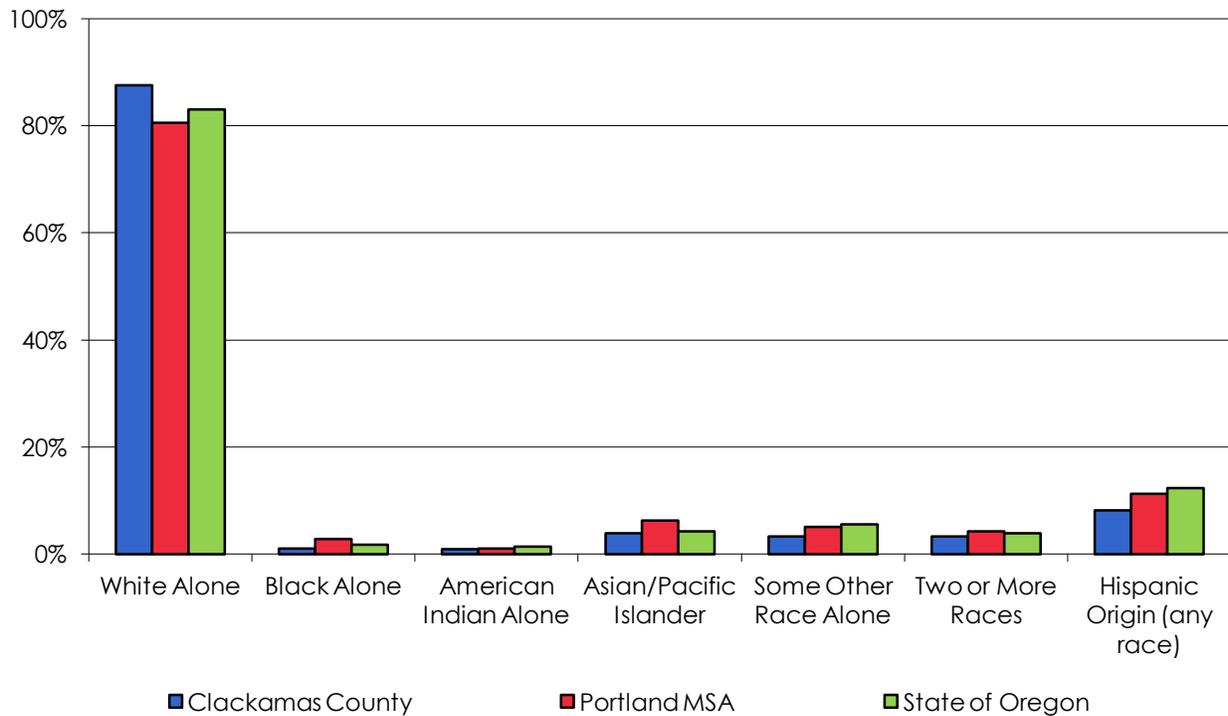


Source: ESRI BIS

**Racial and Ethnic Composition of the Population:
Clackamas County, Portland MSA and State of Oregon, 2012**

Race & Ethnicity	Clackamas County	Portland MSA	State of Oregon
White Alone	87.6%	80.5%	83.1%
Black Alone	1.0%	2.8%	1.8%
American Indian Alone	0.9%	1.0%	1.4%
Asian/Pacific Islander	3.9%	6.3%	4.2%
Some Other Race Alone	3.3%	5.1%	5.6%
Two or More Races	3.3%	4.3%	3.9%
Hispanic Origin (any race)	8.2%	11.3%	12.3%
Total	380,435	2,270,258	3,899,159

Racial & Ethnic Composition, 2012



Source: ESRI BIS

Tapestry Market Segmentation Data: Portland MSA, 2012

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are defined by census blocks and are analyzed by a variety of demographic and socioeconomic characteristics and other determinants of consumer behavior. The top community Tapestry market segments in the Portland MSA are shown below.

Market Segment		% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1	Main Street, USA	11.9%	Family mix	37	\$57,196	These fairly well-educated consumers tend to purchase software, savings certificates, home improvement items and prescription medication. Civic-minded, they often attend public meetings and work as volunteers.
2	Up and Coming Families	6.4%	Married couples	32	\$76,135	These young, affluent families enjoy home improvement projects and dining out at fast food and family style restaurants. Leisure activities include taking their young children to the zoo or traveling domestically.
3	Metropolitans	5.7%	Singles, Married couples	38	\$60,191	Singles and childless couples with a busy, urban lifestyle. Do yoga, listen to jazz and visit museums. Travel frequently for business and pleasure.
4	Exurbanites	5.5%	Married couples	46	\$84,522	Empty nester couples who spend time working in their garden or decorating their homes. Enjoy domestic wine, attending the theater and outdoor activities such as boating and hiking.
5	In Style	5.4%	Married couples without children	40	\$70,745	Well-educated professional couples who may live in the suburbs but enjoy the amenities of the city. Travel frequently for business and pleasure, own mutual funds and contribute to 401-K accounts. Dine out and shop at stores such as Anne Taylor and Nordstrom.
6	Old and Newcomers	5.1%	Singles, Shared households	37	\$44,601	Households often in transitional mode, either starting careers or retiring. Older members consult with financial planners and are health-conscious. Younger members typically enjoy movies, college football games and activities such as yoga and kickboxing.
7	Aspiring Young Families	5.0%	Family mix	31	\$52,487	Live in start-up homes or town homes, nearly half rent, spend discretionary income on their children and homes. Enjoy eating out, movies and playing sports.
8	Green Acres	4.9%	Married couples	41	\$63,430	Blue collar families w/ children 6-17 living in pastoral settings. These do-it-yourselfers are not afraid to tackle home improvement projects and enjoy watching football and NASCAR and going hunting and hiking.
9	Enterprising Professionals	4.3%	Singles, Married couples	32	\$69,779	These young, educated, working professionals change cities frequently, moving where jobs are located. They prefer to rent, rely on cell phones, laptops and the Internet and love to travel.
10	Metro Renters	4.0%	Singles	34	\$57,662	A young market whose members spend primarily on themselves. Purchases include ski/workout clothing, designer clothes and imported wine/beer. Favorite stores are Bloomingdales, Banana Republic and Macy's.

Source: ESRI BIS

Appendix C: List of Interviewees

Frank Casarez, Resort at the Mountain
Harry Daalgard, Travel Oregon
Mike Fisher, Oregon Society of Association Management
Mike Grubbe, SD Deacon
Gary Hammond, Oregon Society of CPAs
John Hope-Johnstone, Travel Oregon
Scottie Jones, Leaping Lamb Farms
Lori Little, Oregon Restaurant and Lodging Association
Joe Loomis and Shelli Vrabel, North Clackamas Recreation District
Brian McCartin, Travel Portland
Jeff Miller, Travel Portland
Barbara Mulligan, HelmsBriscoe, National Meeting Planners
Sylke Neal-Finnegan, APR, Washington County
Chris Otto, Inn at the Seventh Mountain
DJ Simcoe, McMenamins, COO Hotels
Mike Smith, Travel Portland
Mitch Speck and Karey Milne, Sandy Chamber of Commerce
Barbara Steinfield, Travel Portland
Tenise Kyger, Silverton Inn
Samantha Tetreault, Best Western Wilsonville Inn & Suites
Kari Westlund, Lane County

Appendix D: Additional Lodging Examples

Inn at Serenbe

10950 Hutchenson Ferry Rd
Chattahoochee Hills, GA 30268
(770) 463-2610

<http://www.serenbeinn.com/index.html>

Restored 1905 farmhouse with a range of accommodations on an animal farm including cabins, a restored barn and lakehouse. Luxury accommodations and access to farm activities and downtown Serenbe amenities. Rates range from \$130-\$795.

The Resort at Paws Up

40060 Paws Up Road
Greenough, MT 59823
800-473-0601

<http://www.pawsup.com/glamping/river-camp.php>

Luxury ranch resort on working cattle ranch with stunning natural surroundings. Offers vacation homes and glamping tents and a range of guided activities. Tents have king beds, heating and cooling, heated floors, indoor showers, camping butlers and chefs. Food cooked over campfire. Rates range from \$1,275-\$1,660.

Whitepod

Route des Cerniers, Switzerland
41-24-471-38-38, info@whitepod.com
<http://www.whitepod.com/?lang=en>

Eco-village with geodesic insulated tents on wooden platforms – snow glamping. Tents have carpet, bathrooms linked to spring water and wood stove for heating. Access to private ski lifts and winter activities. Rates range from 209€ to 314€.

Skamania Lodge

1131 SW Skamania Lodge Way
Stevenson, WA 98648
(509) 427-7700

<http://www.skamania.com/>

Luxury mountain lodge overlooking the Gorge with large number of rooms and amenities targeted at business travelers/conferences. Built in historic style with modern technology and amenities. Offers lots of outdoor recreational opportunities to take full advantage of scenic location. Rooms range from \$119-\$239.

Orenco Hotel

1457 NE Orenco Station Parkway
Hillsboro, OR 97214
(503) 208-5708
<http://theorenco.com/>

A boutique hotel in brownstone along main street in Orenco Station. Offers business visitors to surrounding tech companies alternative, boutique accommodations. Located within walking distance of city amenities. Rooms range from \$145-\$199.

The Sleeping Lady

7375 Icicle Road
Leavenworth, WA 98826
(509) 548-6344/(800) 574-2123
<http://www.sleepinglady.com/>

A middle-range mountain resort that is a refurbished old camp. Offers clusters of rooms in cabins designed to blend in with natural surroundings. Rates are packages for various activities including downhill skiing, spa visit, wine tour, or sleigh rides. Rates range from \$170-\$467.

Cave B Inn

344 Silica Rd NW
Quincy, WA 98848
(888) 785-CAVE
<http://www.cavebinn.com/yurts.php>

Luxury yurts on estate vineyard overlooking the Columbia River in Central Washington. Twenty-five environmentally-sensitive yurts with views of the Gorge and access to luxury amenities at vineyard including spa, restaurant, and pool. Rate for yurt is \$129.

Mountain Hound

621 Baker Street
Nelson, BC
(866) 452-6490
<http://www.mountainhound.com/>

Renovated mountain lodging in small town with ski access. Low entry to market with limited amenities and low cost access to ski slopes. Rooms range from \$59-\$79 with ski packages for under \$100.

Rolling Huts

18150 State Route 20
Winthrop, WA 98862
(509) 996-4442
<http://www.rollinghuts.com/>

Architecture driven concept in Methow Valley. Large, wooden rolling huts that offer rustic accommodations similar to yurts in valley setting. Modern architecture in a beautiful location.

Coastal Mountain Sport Haus

66845 Nehalem Highway North
Vernonia, OR 97064
(503) 429 -6940
<http://coastalmountainsporthaus.com/>

Small inn in natural setting with access to outdoor activities including biking, boating, and fishing. Has a soaking pool and is building a cyclocross bike trail onsite. Offers yoga classes. Rates start at \$125 a night.

The Modern

1314 West Grove Street
Boise, ID 83703
(866) 780-6012
<http://www.themodernhotel.com/>
Boutique hotel in renovated Travelodge similar to the Jupiter in Portland.

The Allison Inn & Spa

2525 Allison Lane
Newberg, OR 97132
(503) 554-2525
<http://www.theallison.com/>
Destination lodging and spa located adjacent to a vineyard.

Paca Pride Guest Ranch

28311 Mountain Loop Highway
Granite Falls, WA 98252
(360) 691-3395
<http://www.pacapride.com/>

The Burrard

1100 Burrard Street
Vancouver, BC
(604) 681-2331
theburrard.com

Kumsheen Rafting Resort

1345 Trans-Canada Highway
Lytton, BC
(250) 455 2297
<http://kumsheen.com/resort/stayingover/>

Dog Mountain Farm

P.O. Box 17
Carnation, WA 98104
(425) 333-0833
<http://www.dogmtfarm.com/B%20and%20B%20farm%20stay.htm>

Stoller Family Estate

16161 Northeast McDougall Road
Dayton, OR 97114
(503) 864-3404
www.stollerfamilyestate.com

Resort at the Mountain

68010 East Fairway Ave
Welches, OR 97067
(877) 439-6774
<http://www.theresort.com/>

Seventh Mountain Resort

18575 SW Century Drive
Bend, OR 97702
(877) 765-1501
<http://www.seventhmountain.com>

Jupiter Hotel

800 East Burnside Street
Portland, OR 97214
(503) 230-9200
www.jupiterhotel.com

