ECONOMIC PROFILE

This Profile is a companion to the Economic Development Element of the Lewis county Comprehensive Plan. It provides the data and analysis of current and projected conditions that the strengths, weaknesses, opportunities and threats described in the Element. The information in this Profile is based on US Census data, analysis and forecasts of the state Office of Financial Management, plans and programs of the Lewis County Economic Development Council, and other relevant sources.

Lewis County has an economy that is growing more diverse, with growth occurring in such sectors as manufacturing, retail, and visitor services. The County has distinctly different economic profiles in its western and eastern portions. Western Lewis County flanks Interstate Highway 5, and experiences the spillover demand for development from the Puget Sound region to the north. Eastern Lewis County features a resource-based economy relying on timber harvest and wood processing; and tourism and recreation. The County, cities, ports, Lewis County Economic Development Council, Centralia-Chehalis Chamber of Commerce, East Lewis County Chamber, South Lewis County Chamber, Morton Chamber, East Lewis County Public Development Authority, Destination Packwood, and Scenic Byways are all involved in pursuing economic opportunities in the area. The economic profile of the county is described further in this section in terms of demographic and employment conditions, market conditions for various types of development, and overall economic strengths weaknesses opportunities and threats.

POPULATION

The 2007 population of Lewis County was estimated to be 74,100 as indicated in Table 1. The County grew at an average rate of 2.0% between 1990 and 1995, with growth slowing to approximately 1.0% annually during the past 12 years. The aggregate growth over the 17 year period was 25%. The April 1, 2010 OFM population estimate is 75,600 also reflecting the 1.0% growth rate.

Table 1
Lewis County Population

	1990	1995	2000	2007	Annual Growth Rate 1990-1995	1995-2000	2000-2007
Lewis	59,358	65,500	68,600	74,100	2.0%	0.9%	1.1%
Unincorporated	35,829	40,177	40,821	45,073	2.3%	0.3%	1.4%
Incorporated	23,529	25,323	27,779	29,027	1.5%	1.9%	0.6%
Centralia	12,101	12,730	14,742	15,520	1.0%	3.0%	0.7%
Chehalis	6,527	6,910	7,057	7,045	1.1%	0.4%	0.%
Morton	1,130	1,258	1,045	1,140	2.2%	-3.6%	1.3%
Mossyrock	452	535	486	485	3.4%	-1.9%	0.0%
Napavine	745	960	1,383	1,492	5.2%	7.6%	1.1%
Pe Ell	547	590	657	670	1.5%	2.2%	0.3%
Toledo	586	690	653	685	3.3%	-1.1%	0.6%
Vader	414	488	590	620	3.3%	3.9%	0.7%
Winlock	1,027	1,162	1,166	1,370	2.5%	0.1%	2.3%

	1990	1995	2000	2007	Aggregate Growth Rate 1990-1995	1995-2000	2000-2007
Lewis	59,358	65,500	68,600	74,100	10.3%	4.7%	8.0%
Unincorporated	35,829	40,177	40,821	45,073	12.1%	1.6%	10.4%
Incorporated	23,529	25,323	27,779	29,027	7.6%	9.7%	3.6%
Centralia	12,101	12,730	14,742	15,520	5.2%	15.8%	4.5%
Chehalis	6,527	6,910	7,057	7,045	5.9%	2.1%	-0.2%
Morton	1,130	1,258	1,045	1,140	11.3%	-16.9%	9.1%
Mossyrock	452	535	486	485	18.4%	-9.2%	-0.2%
Napavine	745	960	1,383	1,492	28.9%	44.1%	7.9%
Pe Ell	547	590	657	670	7.9%	11.4%	2.0%
Toledo	586	690	653	685	17.7%	-5.4%	4.9%
Vader	414	488	590	620	17.9%	20.9%	5.1%
Winlock	1,027	1,162	1,166	1,370	13.1%	0.3%	17.5%

Source: Washington State Office of Financial Management

Unincorporated areas account for 61% of the total population of the county. Centralia is the largest city in the County with 21% of the total population and 53% of the incorporated population.

Population projections prepared by the Washington State Office of Financial Management (OFM) are provided periodically for a 20-year forecast period. The OFM projections include low, intermediate, and high scenarios. Population

growth for the period 2002 through 2006 has closely followed the OFM intermediate projections from 2002. The Planned Growth Committee of elected officials in the county has adopted population allocations for all jurisdictions that total 99,746 by 2030, within the bounds of the OFM intermediate and high projections. OFM has generated new projections for the next 20 years. These 2030 new projections range from a low of 74,100 to an intermediate of 94,696 to a high of 122,443. The Planned Growth Committee will undertake a new set of allocations in 2011 using 2010 census data. The current adopted allocations are shown below:

Table 2
Lewis County Adopted
2030 Population Allocations

Lewis County	**99,746**
Centralia	22,535
Chehalis	11,230
Winlock	4,550
Vader	885
Napavine	3,063
Morton	1,869
PeEll	814
Mossyrock	920
Toledo	1,131
Birchfield	6,300
Total Urban	**56,980**
Incorporated Urban	53,297
Unallocated Urban	3,683

Total Rural	**42,766**

As indicated in the above table, Lewis County's population is projected to increase to 99,476 by 2025. This growth rate is about equal to the growth experienced in the County between 2000 and 2007.

Several demographic characteristics of Lewis County are compared to the State of Washington in Table 3. This information was obtained from the 2000 Census.

Table 3
Comparison of Demographic Characteristics - 2000

	Lewis County	Washington
Population	68,600	5,894,121
Avg. Household Size	2.57	2.53
Median Age	38.4	35.3
Population Under 18 (% of Total)	26.5%	25.7%
Population 65 or Older (% of Total)	15.5%	11.2%
Owner Occupied Housing (% of Total)	71.4%	64.6%
Education Attainment (Pop. 25+ Yrs)		
High School	80.5%	87.1%
Bachelor's Degree	12.9%	27.7%
Median Household Income	$35,511	$45,776

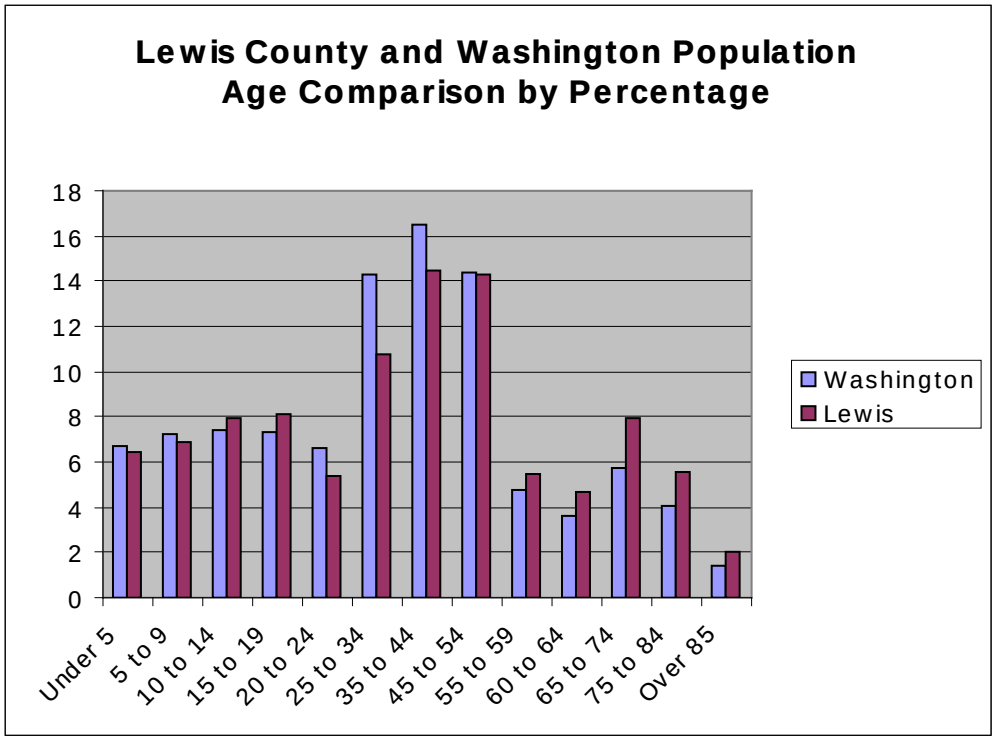
Source: US Census Bureau, Profile of General Demographic Characteristics, 2000

Noteworthy demographic differences between Lewis County and Washington State are summarized below:

> Median age in the County is three years older than the State, and the percentage of population age 65 or older is substantially greater in Lewis County compared to Washington State. This is due to the County's attraction of retirees, including many former state employees and others seeking less urbanization or lower housing prices than in other more densely populated places.
>
> Education attainment is significantly lower in Lewis County vs. the State, particularly among post high school segment, with only 12.9% of the county population having a bachelor's degree compared to 27.7% among State residents. This results in fewer high skill job opportunities in Lewis County, and residents leave the area to seek jobs elsewhere.
>
> Median household income at $35,511 for the county was 22% lower than the State level of $45,776 in 1999.

The age distribution is shown graphically in Figure 1. The County has a smaller share of its population in the 20 to 54 age groups, the prime workforce categories.

Figure 1



SOURCE: US CENSUS BUREAU, PROPERTY COUNSELORS EMPLOYMENT

Table 4 compares nonagricultural employment in the county to Washington State as a whole.

Table 4
Nonagricultural Employment by Industry in Lewis County

Industry	Employment by Industry 2000	Employment by Industry 2007	County 2000-2007 Change	WA State 2007
Total Nonagricultural	24,660	25,420	760	2,843,300
Total Private	19,570	20,330	760	2,312,600
Goods Producing	5,820	6,150	330	484,600
Natural Resources, Mining & Const.	2,520	2,580	60	198,700
Manufacturing	3,300	3,570	270	385900
Services Providing	18,840	19,270	430	2,358,700
Trade, Transportation, & Utilities	5,960	5,760	(200)	540,400
Wholesale Trade	670	570	(100)	125,900
Retail Trade	3,500	3,640	410	321,100
Transportation, Whse, & Utilities	1,790	1,550	(240)	93,400
Information & Financial Activities	990	1,090	100	254,300
All Other Services	6,800	7,330	530	1,033,300
Government	5,090	5,090	0	530,700
Federal Government	300	220	(80)	68,500
State and Local Government	4,790	4,870	80	462,200
Industry	**Percentage Distribution 2000**	**Percentage Distribution 2007**	**Annual % Change**	**Location Quotient**
Total Nonagricultural	100.0%	100.0%	1.0%	1.000
Total Private	79.4%	80.0%	1.4%	0.983
Goods Producing	23.6%	24.2%	2.2%	1.420
Natural Resources, Mining & Const.	10.2%	10.1%	2.3%	1.452
Manufacturing	13.4%	14.0%	2.1%	1.4035
Services Providing	76.4%	75.8%	0.7%	0.914
Trade, Transportation, & Utilities	24.2%	22.7%	-0.5%	1.192
Wholesale Trade	2.7%	2.2%	-2.1%	0.506
Retail Trade	14.2%	14.3%	1.1%	1.268
Transportation, Whse, & Utilities	7.3%	6.1%	-3.4%	1.856
Information & Financial Activities	4.0%	4.3%	1.3%	0.479
All Other Services	27.6%	28.8%	2.5%	0.793
Government	20.6%	20.0%	-0.6%	1.073
Federal Government	1.2%	0.9%	-4.3%	0.359
State and Local Government	19.4%	19.2%	.2%	1.181

Sources: Washington Employment Security Department, 1999 and Sept 2007

Total nonagricultural employment in Lewis County increased to 25,420 jobs in 2007, 3.0% higher than the level in 2000. Government represents the largest

employment sector at 20.0% of all county jobs, followed by retail trade at 14.3%. Average agricultural employment in the county in 2006 was 1,180, with a peak of 1,500 in July. This represents approximately 5% of nonagricultural employment.

The Location Quotient (LQ) column in Table 4 is a measure of economic specialization, and represents the ratio of an industry's share of total employment in the county relative to that same industry's share of statewide employment. A LQ in excess of 1.0 indicates that an industry is proportionately more important in the local economy than it is statewide, while a LQ under 1.0 indicates the county has proportionately less employment in the industry than the state.

Compared to the State, Lewis County has a higher proportion of jobs in the goods producing sectors (natural resources, mining, construction, and manufacturing), transportation, warehousing, and utilities sector, retail, and state and local government. Mining in particular is a substantial source of employment in the county, with the TransAlta coal mine historically contributing heavily to the economy. The November 2006 closure of the mine has resulted in the loss of 600 jobs, thereby affecting the Location Quotient as well as average wages and income in the County.

Sectors under-represented in Lewis County include information, financial activities, and wholesale trade.

The largest employers in Lewis County are summarized in Table 5.

Table 5
Nonagricultural Employment by Industry in Lewis County – 2006

Rank	Employer	Product or Service	Employees
1	Centralia Hospital	Health Services	700
2	Lewis County	Government	670
3	Wal Mart	Retail	430
4	Centralia School District	Education	400
5	Chehalis School District	Education	392
6	Centralia College	Education	391
7	Cardinal Glass FG/TG	Glass Manufacturing	305
8	National Frozen Foods	Food Processing	300
9	Centralia Factory Outlet	Retail	280
10	Fred Meyer	Distribution	270
11	Hampton Affiliates	Wood Processing	250

12	Trans Alta	Energy Generator	250
13	Hardel Mutual Plywood	Wood Processing	240
14	Cascade Hardwoods	Wood Processing	230
15	Safeway Stores	Retail	200

Source: Centralia-Chehalis Chamber of Commerce, 2007

Until closure of its coal mine in November 2006, the largest single employer in Lewis County was TransAlta Corporation, which still operates three power plants near Centralia. Other major employers are Centralia and Morton Hospitals, Lewis County government, the Centralia and Chehalis School Districts, Centralia College and large retailers.

Nonagricultural employment projections for Lewis County by the State of Washington Employment Security Department are summarized in Table 6.

Table 6
Nonagricultural Employment Projections WA DES
Lewis County - 2009 and 2014

	Estimated	Projected		Avg. Annual Growth Rate	
Industry	**2004**	**2009**	**2014**	**2004-2009**	**2009-2014**
Total Nonagricultural	24,100	26,200	27,400	1.7%	.9%
Total Private	19,200	21,200	21,900	2.0%	0.7%
Goods Producing	5,200	5,600	5,700	1.5%	0.4%
Natural Resources, Mining & Const.	2,400	2,300	2,300	-0.8%	0.0%
Manufacturing	2,800	3,300	3,400	3.3%	0.6%
Services Providing	18,900	20,800	21,700	1.9%	0.9%
Trade, Transportation, & Utilities	5,500	6,200	6,400	2.4%	0.6%
Wholesale Trade	600	600	600	0.0%	0.0%
Retail Trade	3,500	4,000	4,100	2.7%	0.5%
Transportation, Whse, & Utilities	1,400	1,600	1,700	1.4%	1.2%
Information & Financial Activities	1,000	1,100	1,100	1.9%	0.0%
All Other Services	7,500	8,300	8,700	2.0%	.9%
Government	4,900	5,200	5,500	1.2%	1.1%
Federal Government	200	200	200	0.0%	0.0%
State/Local Government	2,000	2,100	2,500	1.0%	3.5%
Educational Services	2,500	2,700	2,800	1.6%	0.7%

Source: Washington State Employment Security Report, Long Term Industry Projections, June 2007

Total nonagricultural employment in the county is projected to increase at an average annual rate of 1.7% through 2009, and 0.9% per year from 2009 to 2014 (or a total of almost 5%). The industry sectors anticipated to grow the fastest are manufacturing and retail trade.

The size of the labor force and unemployment information for Lewis County is compiled in Table 7. Between 1990 and 2004, the unemployment rate remained at nearly 8% or higher. The county rate has dropped in the last four years to an average rate of 7.0% for 2007, well above the State's 2007 rate of 4.5%. The rate for February 2008 is 9.7% compared to 8.2% in February 2007.

Table 7
Nonagricultural Employment by Industry in Lewis Co.

	Lewis County				WA State
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Unemployment Rate
1990	26,250	24,170	2,080	7.9%	4.9%
1995	29,590	27,040	2,550	8.6%	6.4%
2000	28,890	26,240	2,650	9.2%	5.2%
2001	28,110	25,460	2,650	9.4%	6.4%
2002	28,840	26,280	2,560	8.9%	7.3%
2003	30,100	27,380	2,720	9.0%	7.5%
2004	30,340	27,890	2,450	8.1%	6.0%
2005	31,860	29,510	2,350	7.4%	5.5%
2006	31,190	29,010	2,180	7.0%	4.9%
2007	31,060	28,880	2,180	7.0%	4.5%

Sources: Washington Employment Security Department

The average annual wage in Lewis County was significantly lower than the wage for the State as a whole, $32,806 versus $42,888 in 2006. The average wages for specific occupations are compared in Table 8. While the wages for certain occupations are actually higher for Lewis County during the period shown, most occupations have wages 85% to 95% of the averages for the State as a whole.

Table 8

Washington State and Lewis County Wage Rate Comparison – 2005

	SW Washington*	Washington State	SW WA as %
Accountants and Auditors	29.57	29.24	101%
Administrative Services manager	30.57	41.72	73%
Computer and Information Services Manager	49.32	54.91	90%
Computer Software Engineer Applications	33.37	40.96	81%
Computer Support Specialist	23.39	24.98	94%
Customer Services Representative	14.61	15.53	94%
Electrical Engineer	39.04	37.66	104%
Executive Secretary & Administrative Asst.	20.26	21.45	94%
Financial Manager	38.54	51.46	75%
Laborers and material Movers	13.30	12.63	105%
Logging Equipment Operator	20.99	20.57	102%
Machinist	21.18	20.92	101%
Maid and Housekeeper	9.99	10.22	98%
Maintenance & Repair Worker	16.63	18.17	92%
Mechanic Installer-Supervisor	27.19	31.60	86%
Operating Engineer construction	22.63	24.86	91%
Packers and Packagers	10.35	10.37	100%
Retail Sales Supervisor	21.51	23.61	91%
Retail Salesperson	13.67	13.66	100%
Secretary exc. Legal	13.79	16.26	85%
Shipping Receiving Clerk/Truck Driver-Heavy	13.32	15.12	88%
Truck Driver-heavy\	18.48	18.53	100%
Welder Cutter Brazer	20.10	19.61	102%

* Includes Lewis, Grays Harbor, Mason, Pacific and Wahkiakum Counties

Source: Washington State Occupational Employment and Wage estimates, March 2007

INCOME

The Office of Financial Management of Washington State has projected the median household income for Lewis County to be $42,414 for 2007. In comparison, the State median income projection for 2007 is estimated to be $58,462. 33 of 39 Washington counties fall below the state median household income, but Lewis County has the second-lowest median household income in western Washington. Lewis County's income level has increased by 2.2% per

year since 1999, contrasting with the State increase of 3.1% during the same time period. The rate of growth for Lewis County has lagged the increase in the Consumer Price Index over the period of 2.4%

Table 9

Median Income Trends

	Lewis County	State of Washington
1999 (Census)	$35,511	$45,776
2000 (Estimate)	36,694	48,300
2001 (Estimate)	37,817	49,337
2002 (Estimate)	37,891	49,958
2003 (Estimate)	37,410	50,779
2004 (Estimate)	37,815	53,530
2005 (Estimate)	37,910	53,697
2006 (Preliminary Estimate)	40,747	56,079
2007 (Projection)	42,414	58,462
Average Income Increase	2.2%	3.1%

Source: Washington State Office of Financial Management Forecasting

ANALYSIS OF MARKET CONDITIONS

The demographic and employment conditions and trends are also reflected in market conditions for individual categories of business. Supply and demand conditions are presented in this section for the major sectors of the visitor industry, industrial development, and retail development. As noted earlier, conditions differ significantly throughout the county, as western Lewis County is beginning to be affected by development pressures from the Puget Sound area, and eastern Lewis County is affected more by resource demand and recreation use.

RESOURCE SECTORS CONDITIONS

Lewis County has a wealth of resources in the agriculture, forestry and mining sectors. These resources provide employment in both harvest/extraction and manufacturing/processing.

AGRICULTURE

Conditions in Lewis County agriculture are summarized in a report prepared by The Washington Department of Community Trade and Economic Development. (*Designation of Agricultural Lands in Chelan, King, Lewis, and Yakima Counties* December 2004). The information in that report is based largely on data from the 2002 Census of Agriculture prepared by the US Census Bureau.

Lewis County ranks first in the state for production of poultry and eggs and cut Christmas trees. Top crop items by acreage include forage at 28,414 acres; cut Christmas trees at 4,832 acres; vegetables at 2,344 acres; sweet corn at 1,361 acres; and green peas at 874 acres.

In 2002, the total market value of agricultural products sold was almost $89.5 million. Poultry and egg production is Lewis County's top agricultural product, with a $31.6 million market value in 2002. Lewis County tops the state in poultry production. Lewis County also ranks first in the state in the production of cut Christmas trees and short rotation woody crops, with a market value of $7.4 million. The table below also shows the other top three crops for the county.

Poultry and eggs	Milk & other dairy products from cows	Cattle & calves	Nursery, greenhouse, floriculture, & sod	Cut Christmas trees, & short rotation woody crops
$31.6 million	$20.8 million	$12.3 million	$8.3 million	$7.4 million

Source: *2002 Census of Agriculture "*

Agricultural employment in Lewis County was reported by Washington Department of Employment Security to average 1,180 workers in 2006. Employment was highest in that year with 1,500 workers in July. Food manufacturing was reported by the State to be 300 in that year. The level of processing employment is low relative to harvest activity.

According to the 2002 Census of Agriculture, there are 131,000 acres in farms countywide. The median farm size is 46 acres. There are 9,000 acres of irrigated land.

The outlook for large scale agricultural production is not strong. Major processors like National Frozen Foods and Darigold are looking outside western Washington for expansion. Those areas are closer to the sources and provide a

lower cost environment. The strongest opportunities for agriculture and food production are in small niche markets like wine and specialty cheeses.

FORESTRY AND FOREST PRODUCTS

The forestry and forest product sectors are some of the largest in Lewis County. The US Census Bureau reports in County Business Patterns the following employment levels in 2004:

Sawmills and Wood Preservation	915
Logging	415
Veneer, Plywood and Engineered Wood Products	359
Support Activities for Forestry	338
Other Wood Products	210

Approximately three quarters of the total land area of the county is timberland. There are over a dozen large wood processing facilities in Lewis County that convert raw timber into products such as lumber, shingles, utility poles, doors and furniture.

The outlook for growth in employment in these sectors is affected by several trends.

- Improvements in machinery and processes have led to significant improvements in worker productivity.
- Environmental concerns and regulatory programs such as the Endangered Species Act have led to restrictions on harvests, particularly on federal lands.
- Growth in the global economy has led to continued demand for wood products and export activity.
- Supply constraints and cost pressures encourage alternative building products and systems.

Overall, these trends will result in constraints in employment growth in this sector. However, there are opportunities for growth in such products as environmentally certified wood and new engineered building products.

MINING

TransAlta was one of the largest employers in Lewis County until they closed their coal mine in November 2006, cutting 550 jobs. The company continues to operate three power plants with 225 employees. The mine closure was caused by TransAlta's difficulty in obtaining state and federal mining permits.

The Trans Alta plants continue to be important sources of energy, supplying an estimated 8% of the state's consumption. Centralia Community College offers the Center for Excellence in Energy, providing training and resources for students and employers in the energy technology field. Lewis County is emerging as a center of both energy production and training.

There are numerous sand and gravel operations throughout the county.

VISITOR ACTIVITY

Tourism and the visitor industry are a significant part of the Lewis County economy. According to the Washington State County Travel Impact report, the Lewis County visitor industry supports 2,020 jobs and generates $168.5 million in direct visitor spending as shown in Table 10. The 2,020 jobs can be compared to the 1,550 jobs in the Transportation, Warehouse and Utilities sector, and the 2,580 jobs in the Resources, Mining and Construction sectors as shown in Table 4. Accommodations and food services represented over one-half of the total employment. On a per capita basis, Lewis County ranks 11th highest among the 39 counties with per capita visitor spending at $2,320 versus $2,175 for the State as a whole.

Table 10

Lewis County Visitor Industry - 2006

	Employment	Visitor Spending ($Millions)
Accommodations	1,020	19.8
Food and Beverage Services	660	35.8
Food Stores	310	11.3
Ground Transportation and Motor Fuel	20	59.0
Arts Entertainment Recreation	-	19.3
Retail Sales	10	23.3
Air Transportation	-	-
Spending at Destination	2,020	168.5
Other Travel	-	-
Total	2,020	168.5

Source: Dean Runyan Associates, Washington State Travel Impacts, 2006

Mount Rainier and Mount St. Helens are major visitor attractions in the County with portions of the Mount Rainier National Park, and the major access routes to Mount St. Helens located in Lewis County. Fishing and hiking are popular recreation activities in the County as well as wildlife viewing. Mount Rainier and White Pass offer a range of winter sports activities including downhill skiing, cross country skiing, and snowshoeing. The County is an important part of two major State initiatives: the Scenic Byways (including the White Pass Byway) and Watchable Wildlife.

There are several factory outlet stores and antique malls in the County that attract shoppers from surrounding counties and travelers on I-5. The County also offers a variety of fairs, festivals and other events as well as a variety of historical resources.

The Southwest Washington Regional Equestrian Center (REQ) is a proposed sports entertainment complex that could become a major visitor destination in the county. The center is a 7,000 seat indoor performance arena that will cater to equestrian events. The center is proposed for a site near I-5 Exit 63. The proponent has applied to the County for a Master Planned Resort permit.

The Lewis County Comprehensive Tourism Plan prepared in 2003 calls for a set of programs regarding product development, community capacity, communications approach, and tourism logo and identity. The Plan identified three visitor experience themes for the promotion in the county:

- The wild Heart of Volcano country,
- Places from a Simpler Time-historic town centers, and
- Agriculture, Bulbs, and Countryside.

The Plan also identified a series of facility improvements, partnership opportunities, communications tools, and organizational structures. The Plan identified the formation of a county-wide tourism organization as a key issue for tourism success. A county Visitor's Bureau was established in response to the Plan, but is not currently in operation because of funding issues.

INDUSTRIAL MARKET CONDITIONS

INDUSTRIAL DEVELOPMENT ACTIVITY

Lewis County has attracted several large industrial users in recent years.

Cardinal Glass – a $140 million glass manufacturing plant employing 305 workers.

Fred Meyer Distribution Center – 700,000 square feet of warehouse distribution space with 350 jobs.

Cascade Hardwoods – added 100 jobs.

Sierra Pacific Industries – added 130 jobs.

Michaels —719,000 square feet of warehouse distribution space with 125 jobs.

Mohawk Carpets – added 50 jobs.

Pierce Plastics – added 50 jobs.

Braun Northwest—added 50 jobs.

There is strong interest in Lewis County sites along I-5 for major large scale employment sites. Developers are looking increasingly to Lewis County for such development because of good market access, cheaper land prices, and the availability of large parcels. Much of the interest in the area stems from growth at the Tacoma, Seattle and Portland ports as container traffic from Asia increases. The cities and ports along the I-5 corridor are aggressively planning to meet these demands.

INDUSTRIAL FACILITIES INVENTORY

Major industrial parks and facilities within Lewis County are summarized in Table 11. The Port of Centralia and Port of Chehalis both operate large master planned industrial parks, where the majority of manufacturing, warehousing, and light industrial development is focused. The Port of Centralia's first industrial park (Centralia Industrial Park) on Galvin Rd. consists of approximately a dozen existing metal buildings containing over 120,000 sq ft of industrial space. Numerous one-half to ten acre sites are currently available for sale or lease.

The Port of Centralia's second industrial park (North Corporate Park) contains two new buildings totaling nearly 800,000 square feet. Major tenants include a national crafts store chain's distribution center and a pipe and tubing manufacturer. These uses should lead to further development oriented towards manufacturing clusters of similar products.

Chehalis Industrial Park (Port of Chehalis) currently has over 45 industrial users operating out of this 700 acre master planned campus. Recent changes include a new distribution center occupied by a global delivery company, new plants for several manufacturers and remodels or additions of existing facilities. All these properties enjoy excellent freeway access.

Additional sites are under consideration outside the established port industrial parks. Several cities have recently zoned land for industrial uses. TransAlta donated 1,000 acres of land, to the Lewis County Economic Development Council, which the EDC will make available in 100-acre blocks for industrial users.

Table 11
Major Industrial Parks - Lewis County

Identification/ Location	Size	Description
Centralia Industrial Park I Galvin Rd. Centralia	606 acres	Master planned park - Port of Centralia 25-30 existing businesses
Centralia Ind. Park II Harrison Ave./Hoss Rd. Centralia	517 acres	Master planned park – Port of Centralia
Chehalis Industrial Park East of I-5, at Maurin Rd. Chehalis	700 acres	Master planned park - Port of Chehalis 45-50 existing businesses

INDUSTRIAL LAND NEED

The Lewis County Economic Development Council commissioned a series of reports since 1997 providing an analysis of Lewis County's industrial lands. The most recent update was published in August 2005. The analysis, prepared by E.D. Hovee and Associates, compared the available supply of suitable industrial land with two scenarios for demand over the next twenty years. The historic trends scenario is based on employment growth extrapolated from historic levels. The Economic Emphasis scenario reflects higher labor force participation, a lower unemployment target, a high wage job target, and higher industrial jobs target. The Historic Trends scenario shows 2100 additional industrial jobs over the next 20 years, while the Economic Emphasis scenario shows 7,290 additional industrial jobs. The associated land supply comparison is shown in Table 12. The Economic Emphasis scenario assumptions reflect the adopted goals of the County.

Table 12
Lewis County 20 Year Industrial Land Supply Analysis
(acres)

	Historic Trends	Economic Emphasis
Total Net Industrial Land Demand	876.0	3,038.0
Industrial Land Supply-No Wetlands, Floodplain	454.7	454.7
Industrial Surplus/Deficit	421.3	2,583.3
Industrial Land Supply-Some Wetlands, Floodplain	338.0	338.0
Adjusted Industrial Surplus/Deficit	-83.3	-2,345.3

Source: E.D. Hovee & Company, LLC, Lewis County Industrial Lands Update, August 2005

The analysis concludes that Lewis County (including the cities) will be severely hampered in its efforts to improve local economic conditions, and meet the objectives embodied in the Economic Emphasis scenario assumptions unless it designates additional large (greater than 50 acres) industrial sites for development. Large amounts of industrial-zoned vacant land recently designated by some cities are not included in the industrial land supply of the study, and would meet a significant portion of the deficit under the Economic Emphasis scenario.

The 2009-2010 South Lewis County Subarea Plan process included further demand analysis by E.D. Hovee & Company. This updated the 1997 and 2005 conclusions and focused on industrial land demand particular to proximity to, and reliance on, Interstate 5. The study forecasted a 20-year demand for 600 net acres. (Net area is land that is buildable, unencumbered by critical areas and with no provision for public infrastructure or a market factor).

There are nearly 2,000 acres of land in Lewis County that are zoned for industrial uses. Approximately 70 percent of this land is located within incorporated cities or their urban growth areas; the other 30 percent is located in unincorporated Lewis County, away from services. Table 13 shows how industrial-zoned land in Lewis County is distributed.

Table 13
Lewis County Industrial-Zoned Lands

City or LAMIRD	Acres of Industrially-Zoned Land	Vacant / Available Acreage of Industrial Land
City of Centralia and UGA	1788 acres	acres
City of Chehalis and UGA	1581 acres	acres
City of Napavine and UGA	853 acres	acres
City of Vader and UGA	32 acres	acres
City of Winlock and UGA	578 acres	acres
Onalaska Small Town Industrial (STI) Site	17 acres	acres
Packwood STI Site	179 acres	acres
Randle STI Site	120 acres	acres
Baer Rural Area Industrial (RAI) Site	46 acres	acres
Curtis Pole Yard RAI Site	360 acres	acres
Ed Carlson Memorial Field RAI Site	97 acres	acres
Klein Bicyles RAI Site	28 acres	acres
Morton Log Yard RAI Site	73 acres	acres
PLS Log Yard RAI Site	33 acres	acres
Puget Sound Energy RAI Site	39 acres	acres
Ramsey Industrial Park RAI Site	27 acres	acres
Taylor Drilling RAI Site	20 acres	acres
TransAlta RAI Site	819 acres	Acres

Williams Industrial RAI Site	22 acres	acres
South Lewis County Economic Development UGA	acres	

Source: Lewis County Planning Division; Table 13 under revision.

RETAIL AND SERVICE MARKET CONDITIONS

The retail sector is largely a support sector, but can be a primary sector if it serves a trade area larger than the County itself.

RETAIL SALES

The mix of businesses in Lewis County can be summarized according to the amount and type of taxable business receipts. Table 14 summarizes the receipts by sector and compares them to levels for Washington State. As shown, total taxable receipts for the County in 2006 were $1.1 billion. The two largest concentrations within the retail trade sector are motor vehicles/parts at 12.3% and general merchandise stores at 9.5%. Construction (21.0%), wholesale trade (10.3%), and accommodations/food services (7.5%) represent the other largest industry sectors.

Sectors where Lewis County has a relative lack of business activities are apparel, sporting goods, and finance/insurance. Non-food retail categories are ones where small cities have difficulty attracting businesses, because of shopping patterns and retail location preferences.

On a per capita basis, total retail trade in Lewis County was $6,919 in 2006, compared to $7,939 for the State as a whole. On a percentage basis, Lewis County per capita retail trade sales are 87% of statewide sales, a percentage that is greater than the County's median household income relative to the State.

Table 14

Taxable Retail Sales Analysis – Lewis County and Washington State-2006

		2006 Lewis County			2006 State of WA		
NAICS No.	**Industry**	**Taxable Retail Sales**	**% of Total**	**Sales per**	**Taxable Retail Sales**	**% of Total**	**Sales per**
44-45	Retail Trade						
441	Motor Vehicles & Parts	$138,519,597	12.3%	$1,900	$12,461,354,195	11.2%	$1,992
442	Furniture & Home Furnishing	13,440,021	1.2%	184	2,248,966,738	2.0%	$359
443	Electronics & Appliances	11,162,524	1.0%	153	2,802,268,280	2.5%	$448
444	Building Materials, Garden Equip	60,132,524	5.3%	825	5,380,904,889	4.8%	$860
445	Food & Beverage Stores	36,781,683	3.3%	505	3,052,690,706	2.7%	$488
446	Drug/health Stores	9,447,028	0.8%	130	1,287,686,412	1.2%	$206
447	Gas Stations & Convenience	28,531,788	2.5%	391	1,369,164,314	1.2%	$219
448	Apparel & Accessories	21,559,622	1.9%	296	3,440,747,000	3.1%	$550
451	Sporting Goods, Toys, Book &	8,527,668	0.8%	117	1,871,775,845	1.7%	$299
452	General Merchandise Stores	106,831,298	9.5%	1,465	9,538,347,381	8.6%	$1,525
4541	E-commerce & Mail Order	3,110,130	0.3%	43	465,044,259	0.4%	$74
453	Miscellaneous Retailers	66,355,873	5.9%	910	5,747,658,546	5.2%	$919
	Total Retail Trade	$504,399,756	44.7%	6,919	$49,666,608,565	44.6%	$7,939
11	Agriculture, Forestry, Fishing	$3,138,526	0.3%	43	$136,889,650	0.1%	$22
21	Mining	4,960,016	0.4%	68	119,961,504	0.1%	$19
22	Utilities	831,914	0.1%	11	81,357,635	0.1%	$13
23	Construction	237,040,182	21.0%	3,252	21,829,047,405	19.6%	$3,489
31-33	Manufacturing	26,797,763	2.4%	368	2,699,095,582	2.4%	$431
42	Wholesale Trade	115,989,405	10.3%	1,591	8,615,294,485	7.7%	$1,377
48-49	Transportation & Warehousing	5,626,803	0.5%	77	447,161,913	0.4%	$71
51	Information	39,193,507	3.5%	538	4,613,363,921	4.1%	$737
52	Finance, Insurance	3,369,947	0.3%	46	978,499,827	0.9%	$156
53	Real Estate, Rental/leasing	25,480,455	2.3%	350	2,882,083,943	2.6%	$461
54	Professional, Scientific &	15,426,314	1.4%	212	2,074,978,404	1.9%	$332
55-62	Management, Education & Health	13,603,265	1.2%	187	2,660,359,298	2.4%	$425
71	Arts, Entertainment & Recreation	11,863,175	1.1%	163	980,648,548	0.9%	$157
72	Accommodations & Food	85,077,433	7.5%	1,167	10,247,969,674	9.2%	$1,638
81	Other Services	34,312,783	3.0%	471	3,330,144,289	3.0%	$532
92,00	Public Administration, Other	66,636	0.0%	1	81,700,639	0.1%	$13
	Total All Industries	$1,127,177,880	100.0%	15,462	$111,445,229,509	100.0%	$17,813

LEAKAGE

Retail leakage is defined as the difference between spending by market area residents and actual retail sales. Table 15 provides a leakage analysis for Lewis County for 2006. Resident spending is estimated by using adjusted average per capita sales rates for the State as a whole. The adjustments reflect the lower median income and expenditure patterns from the Consumer Expenditure Surveys by the US Census Bureau. According to the latter source, some expenditures such as those for automobiles vary directly with income, while others such as food sales do so to a lesser extent.

The leakage analysis is prepared in terms of gross retail sales rather than taxable sales. Gross sales are estimated by applying factors from statewide data.

Table15

Retail Sales Analysis

Retail Sales Analysis – Net Leakage

	Lewis Co. 2006 Gross	Spending /Capita	Resident Spending Lewis Co.	Net Leakage Lewis Co.
Retail Trade				
Motor Vehicles & Parts	173,517,891	1,851	134,924,782	(38,593,109)
Furniture & Home Furnishing	16,239,203	320	23,307,622	7,068,420
Electronics & Appliances	13,825,736	426	31,028,611	17,202,876
Building Materials, Garden Equip & Su	64,919,708	854	62,229,808	(2,689,900)
Food & Beverage Stores	136,550,887	1,688	123,067,870	(13,483,017)
Drug/health Stores	32,066,719	651	47,430,063	15,363,344
Gas Stations & Convenience Stores W/	158,572,654	1,132	82,516,692	(76,055,962)
Apparel & Accessories	30,148,995	570	41,586,385	11,437,390
Sporting Goods, Toys, Book & Music	9,743,858	263	19,191,353	9,447,495
General Merchandise Stores	193,631,237	1,888	137,644,958	(55,986,279)
E-commerce & Mail Order	37,250,002	698	50,905,576	13,655,574
Miscellaneous Retailers	90,740,921	986	71,885,202	(18,855,719)
Total Retail Trade	957,207,811	11,327	825,718,922	(131,488,889)
Selected Sevices				
Arts, Entertainment & Recreation	12,553,007	166	12,066,431	(486,577)
Food Services	78,987,416	1,420	103,507,024	24,519,608
Personal Services	6,342,199	166	12,066,523	5,724,324
Subtotal	97,882,622	1,751	127,639,978	29,757,355
Total Retail and Selected Services	1,055,090,433	13,078	953,358,900	(101,731,533)

Gross retail sales in the county exceed the estimated resident spending for the retail trade and selected services shown. Lewis County is a net attractor of retail sales from outside its borders. The sectors in which the County is a net attractor include:

- Motor Vehicles and Parts
- Building Materials and Garden,
- Food and Beverage Stores,
- Gas Stations and Convenience Stores,
- General Merchandise Stores,
- Miscellaneous Retailers, and
- Arts Entertainment and Recreation.

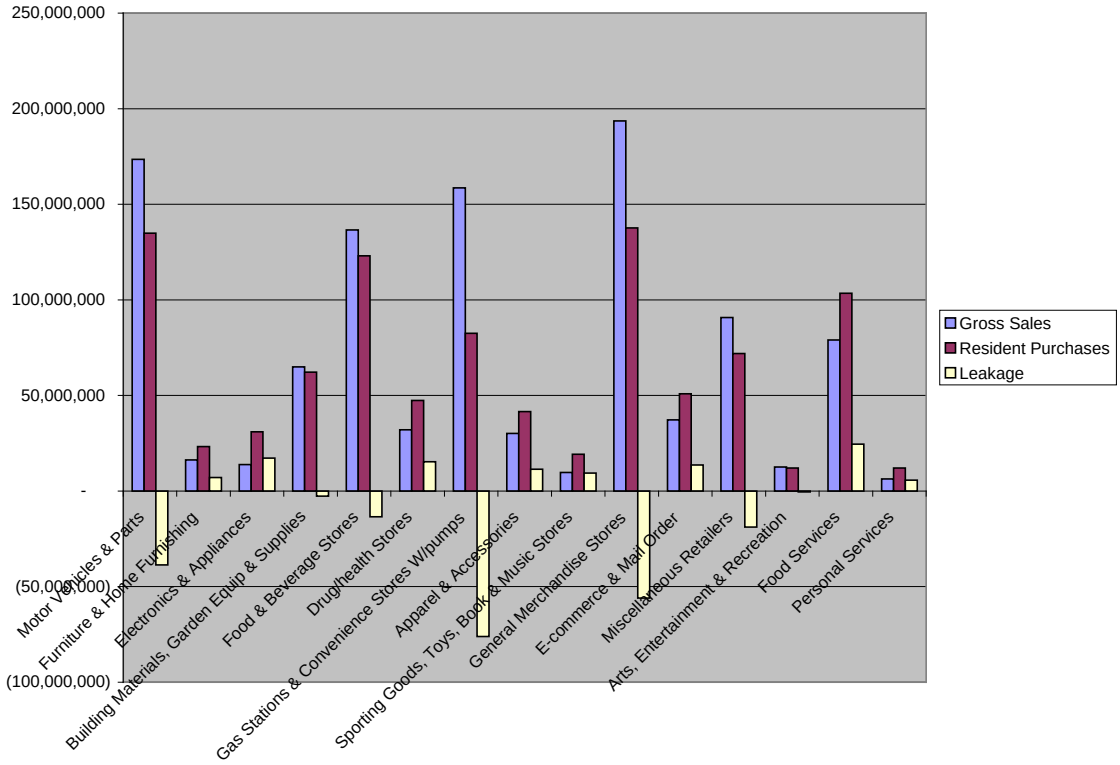
Lewis County experiences leakage in the following sectors:

- Furniture and Home Furnishings,
- Electronics and Appliances,
- Drug/Health Stores,
- Apparel and Accessories,
- Sporting Goods Toys and Books,
- Food Services, and
- Personal Services.

The results are shown graphically in Figure 2.

Figure 2

Summary of Retail Leakage-2006



Overall retail *purchasing power* generated by **South County Subarea** residents is estimated at $83.7 million per year. In comparison, area retailers capture an estimated $59.2 million in annual retail sales (as of 2008) – resulting in sales leakage estimated at $24.5 million (or 29% of Subarea-generated demand). The majority of retail categories appear to be *under-served* within the Subarea. Leakage of 50% or more is noted for store types including motor vehicles, furniture/home furnishings, electronics/appliances, health/personal care, clothing and accessories, general merchandise retail (both department store and discount-oriented), nonstore retailers, and restaurants. Sales leakage is also noted for building materials/garden supply, food and beverage stores (grocery), sporting goods/hobby/books/music, and miscellaneous store retailers (including florists, office supplies, and gift stores). Gasoline stations represent the sole retail category exhibiting negative retail leakage, effectively *over-serving* the South County Subarea (due to substantial tourism and pass-through related business volume).

RETAIL INVENTORY

Retail development occurs in stand-alone buildings, shopping centers, and downtown or neighborhood business districts. Shopping centers fall into several categories, which differ according to the number and type of stores, the amount of space and site area, and the size of the market area, both in terms of population and distance.

Table 16

Neighborhood Shopping Center		Off-Price Center	
Anchors	Supermarket and drug store	Anchors	Off-price/discount store
Number of Stores	10-40 stores	Number of Stores	20-60
Total Retail Space	30,000-100,000 square feet	Total Retail Space	100,000-500,000 square feet
Site Area	3-10 acres	Site Area	5-15 acres
Market Area Population	10,000-30,000 people	Market Area Population	80,000-250,000 square feet
Market Area Radius	1-3 miles	Market Area Radius	6-15 miles
Community Shopping Center		**Specialty Center**	
Anchors	Junior department or discount store	Anchors	Specialty/theme retailer(s)
Number of Stores	25-80 stores	Number of Stores	varies widely
Total Retail Space	100,000-450,000 square feet	Total Retail Space	varies widely
Site Area	10-30 acres	Site Area	varies widely
Market Area Population	30,000-75,000 people	Market Area Population	varies widely
Market Area Radius	3-8 miles	Market Area Radius	varies widely
Regional Shopping Center		**Outlet Center**	
Anchors	1 or 2 full-line department stores	Anchors	Manufacturer's outlet stores
Number of Stores	50-100 stores	Number of Stores	30-100 stores
Total Retail Space	300,000-750,000 square feet	Total Retail Space	200,000-800,000 square feet
Site Area	30-50 acres	Site Area	20-50 acres
Market Area Population	100,000-250,000 people	Market Area Population	200,000-600,000 square feet
Market Area Radius	8-15 miles	Market Area Radius	over 50 miles
Super-Regional Shopping Center		**Power Center**	
Anchors	3 or more full-line department stores	Anchors	Large warehouse/discount retailers
Number of Stores	100-300 stores	Number of Stores	10-20 stores (mainly large retailers)
Total Retail Space	600,000-2,000,000 square feet	Total Retail Space	250,000-800,000 square feet
Site Area	40-100 acres	Site Area	20-50 acres
Market Area Population	250,000-600,000 people	Market Area Population	250,000-500,000 square feet
Market Area Radius	12-50 miles	Market Area Radius	12-50 miles
Strip Retail Center		**Sources:**	
Anchors	Convenience Grocery	Urban Land Institute, Dollars and Cents of Shopping Centers	
Number of Stores	3-20 stores	Property Counselors	
Total Retail Space	10,000-30,000 square feet		
Site Area	1-3 acres		
Market Area Population	under 20,000 people		
Market Area Radius	under 2 miles		

Types of Shopping Centers

The retail inventory of Lewis County consists of a mix of types of shopping centers, a concentration of individual buildings, highway-oriented strip development, and stand-alone facilities. Table 17 summarizes the characteristics of major retail facilities in the County including shopping centers, strip centers, and major stand-alone retail facilities.

Table 17
Major Retail Facilities – Lewis County

Identification/ Location	Retail Type
Centralia Factory Outlets Exit 82 - Interstate 5 Centralia	Outlet center
Twin City Town Center Exit 79 - Interstate 5 Chehalis	Community center
Exit 79 Big Box Retailers Interstate 5 Chehalis	Big box stores
Fairway Center 1732 S. Gold St. Centralia	Neighborhood center
Lewis County Mall National Ave./Hampe Way Chehalis	Stand-alone
Yard Birds Mall 2100 National Ave. Chehalis	Neighborhood center
Sunbird Shopping Center National Ave./Coal Creek Rd. Chehalis	Neighborhood center

The primary retail center in Lewis County is located west of Interstate 5 at Exit 79 in Chehalis. This area includes the 140,000 square foot Twin City Town Center and three big box retailers. This community scale center generally serves county residents. Spurred by the recent commercial development of the area, other strip retail centers have been completed within the past year. Future big box stores are proposed for a 60-acre parcel north of the existing big box stores, with an additional 725,000 square feet of retail.

Another prominent retail facility in the County is Centralia Factory Outlets, a 202,000 square foot center located on both sides of Interstate 5 at Exit 82 in Centralia. Occupied by over 30 brand name outlet stores, renovation and expansion of this center is currently underway. These stores serve a trade area much larger than the county itself.

Several of Lewis County's cities contain traditional downtown business districts. In addition to retail, Lewis County's downtown business districts support essential services such as banks, barbers, and accountants, as well as industrial activities and residential living spaces. Downtown areas tend to include smaller, locally-owned businesses that offer a diverse blend of unique products and services. Downtown areas attract shoppers who are looking for specific items that cannot be found in large chain stores and those who prefer a more traditional shopping experience, as well as visitors who are attracted to smaller towns. Traditional downtown areas exist in six of the nine incorporated cities in Lewis County: Centralia, Chehalis, Morton, Mossyrock, Toledo, and Winlock. Over 400 retail establishments and more than 22,000 lineal feet of retail frontage exist in these areas. Many of these downtown areas have prominent anchor attractions. There are significant opportunities for infill and revitalization of these important downtowns.

Table 18
Lewis County Downtown Retail Centers

City	Establishments	Retail Frontage
Centralia	158	10,000 lineal feet
Chehalis	113	6,000 lineal feet
Morton	54	2,100 lineal feet
Mossyrock	26	1,000 lineal feet
Toledo	23	1,300 lineal feet
Winlock	34	2,000 lineal feet

Source: Lewis County Planning

The South County Economic Development UGA located at the interchange of Interstate 5 and SR 505 supports the development of region-serving retail and service businesses by providing land capable of accommodating large scale mixed use projects.

TOURISM-ORIENTED LAND DEMAND

South Lewis County is well situated to capture a large I-5 market with approximately 6 million residents living within a 2-hour drive time. Potential destination activities that have been identified (to date) as actual or potential draws to South County include:

- *Mount St. Helens National Volcanic Monument* – including the Johnston Ridge Observatory accessed from SR 505 through Toledo and the State operated Seaquest/ Silver Lake center accessed via a loop from SR 505 to SR 504 back through Castle Rock.
- *Winlock Waters* – a private water ski community with multiple lake courses and 30 approved home/recreation lots that also hosts head-to-head USA Water Ski and other competitions.
- *Community Attractions and Events* – including St. Francis Mission (the oldest Catholic mission in the Northwest) and Lewis and Clark State Park near Toledo; Winlock's annual (June) "Egg Day" and antique dealers; and the 1896 Little Falls Jail and Ben Olsen (Victorian style) House in Vader.
- *Outdoor Recreation Activities* – notably fishing and hunting that are already proven draws. Increased spending potential is possible with expanding the list of activities that draw overnight visitation, such as added equestrian activity, hiking and biking trails. Added spending potential is also associated with a shift toward more value-added services such as guide services, formalized RV/tent campgrounds, and bed and breakfasts.

South County can position itself for major tourism activity by supporting development of major destination uses and the availability of high amenity attractions away from the I-5 corridor, including preservation of high value environmental streams, wildlife habitats and landscapes of the area's existing natural setting.

The Economic Development district in the South Lewis County Subarea provides land suitable for a mix of uses including hotels, recreational developments, entertainment venues, and other tourism-oriented developments at a scale capable of attracting travelers using the I-5 corridor.