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Economy

Prineville's Comprehensive Plan

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Economy

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Chapter 5 Economy

Purpose and Intent

Goal 9 of Oregon’s Statewide Planning Goals and Guidelines pertains to economic development. This goal calls for diversification and improvement of the economy. It requires communities to inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs. Thus, the City of Prineville is required, by law, to provide at least a 20-year supply of commercial and industrial land and commensurate infrastructure. In conformance with Goal 9, the City has conducted an Economic opportunities Analysis (EOA) with a Buildable Lands Inventory. The complete analysis was prepared by ECONorthwest in conjunction with 3J Consulting in November of 2025 and is titled “City of Prineville Economic Opportunities Analysis”. The full analysis is adopted by reference and considered a part of this chapter. The following is the “Executive Summary” of the EOA.

Executive Summary

Economic Opportunities Analysis 2026

The City of Prineville is conducting an Economic Opportunities Analysis (EOA) to inventory buildable commercial and industrial land, identify the City’s economic development potential, forecast growth and land needs for 20 years, and determine whether the City has enough land to accommodate growth. The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within Prineville between 2026 and 2046, (2) evaluate the existing employment land supply within the city to determine if it is adequate to meet that need, (3) help the City understand its economic opportunities in the context of Prineville’s comparative advantages and disadvantages, and (4) to fulfill state planning requirements for a twenty-year supply of employment land.

How much buildable employment land does Prineville currently have?

Prineville’s Urban Growth Boundary (UGB) contains approximately 4,032 acres of commercial- and industrial-designated land. Of this land, 1,361 acres are unconstrained and buildable, split between approximately 111 acres of commercial land and about 1,250 acres of industrial land.

How much growth is Prineville planning for?

Prineville’s population in 2023 is approximately 11,598 people. Between 2000 and 2023, Prineville’s population grew at an average annual rate of 2.0%, approximately twice the rate of Oregon’s population. Prineville’s employment base is projected to grow from 9,852 jobs in 2026 to 12,582 in 2046, an increase of 2,730 jobs. Most new employment will require commercial or industrial land, with 1,213 new industrial jobs, 1,377 new commercial jobs and the remainder in government (see **Exhibit 11** in EOA).

Does Prineville Have Sufficient Land for Employment?

Prineville has sufficient land over the next 20 years for most employment needs but has a deficit of large industrial sites. Key findings of land sufficiency for the 2026–2046 period are:

- ◆ **Commercial.** Prineville will need approximately 85 total acres of commercial land. Currently, Prineville has 111 acres of commercial land, a surplus of 26 acres.
- ◆ **Industrial.** Prineville has enough smaller industrial sites to accommodate expected growth but a deficit of large industrial sites to accommodate growth. Error! Not a valid bookmark self-reference. shows the conclusion about sufficiency of Prineville’s industrial land.
 - *Small industrial sites.* Prineville will need 46 industrial sites smaller than 25 acres (84% of the City’s industrial site needs). Prineville has 94 industrial sites smaller than 25 acres. Prineville has enough smaller industrial sites to accommodate expected growth.
 - *Large industrial sites.* Prineville will need 9 industrial sites larger than 50 acres and has 6 industrial sites in this size class. As a result, Prineville has a deficit of large industrial sites. Using an average site size of 251.7 acres (based on the current average site size in that category), **Prineville will need an additional 755 acres of buildable industrial land in three (3) sites for target industries.** The EOA describes the target industries for these sites, which includes a wide range of manufacturing facilities, data centers, and a biomass facility.

Exhibit 1. Comparison of the Capacity of Unconstrained Vacant Land with Employment Land Demand by Land Use Type, Prineville UGB, 2026–2046

	Employees by TOTAL Parcel Size						Total
	Less than 2 acres	2 - 5 Acres	5 - 10 Acres	10 - 25 Acres	25 - 50 Acres	50+ Acres	
Estimated Sites Needed	24	13	7	2	-	9	55
Buildable Sites	50	33	9	2	5	6	105
Comparison of Sites Needed and Existing Sites	26	20	2	-	5	(3)	
Does Prineville have enough sites for growth?	Yes	Yes	Yes	Yes	NA	No	
Estimated Unmet Land Need (acres)	-	-	-	-	-	755	755

Source: ECONorthwest

In addition, the City has three (3) sites zoned Heavy Industrial that the City is considering rezoning to residential or other urban uses. These three (3) sites are included in the buildable lands inventory (shown in the number of sites in **Exhibit 1**). These sites are unsuited for Heavy Industrial uses because they are adjacent to developed and developing residential areas, separated topographically from the lower industrial properties, and divided by an irrigation canal restricting access.

These sites total of 109 acres (see **Exhibit 27 in EOA**). One of these sites is larger than 50 acres (72 buildable unconstrained acres). The other sites are 11 buildable unconstrained acres and 26 buildable unconstrained acres in size.

If the City re-zones some or all of these sites, the City may replenish its buildable land supply to ensure it is able to meet future employment land needs.

What are Prineville's growth opportunities?

Prineville's key competitive advantages include:

- ◆ **Location.** Prineville is located in central Oregon's East Cascades region, drawing employees from the broader Central Oregon labor market. Additionally, its proximity to National Forests and outdoor recreation attracts residents and visitors.
- ◆ **Transportation Connections.** Prineville owns and operates the Prineville Railway, a short-line railroad attached to railroad tracks that connect with Redmond and then run north and south, providing shipping and distribution opportunities to the rest of the state. Additionally, Prineville's location along Highway 26 and Highway 126 connects the City with transportation routes spanning Oregon and the West Coast.
- ◆ **Availability of public facilities.** Prineville has a significant amount of existing and future capacity available in its water systems, provided at a slightly lower cost than other central Oregon cities. Prineville also has excess capacity within its wastewater system.
- ◆ **Infrastructure investments.** In recent years, Prineville has made major investments into its infrastructure, including the Crooked River Wetlands Complex, Aquifer Storage and Recovery (ASR) System, the \$13.5 million Combs Flat Road extension, U.S. 26/3rd Street corridor improvements, and town center infrastructure revitalization.
- ◆ **Business-friendly environment.** Prineville offers a range of incentive programs designed to attract and support businesses, including a Long-Term Rural Enterprise Zone Facility tax exemption. Additionally, businesses benefit from low-cost industrial land and competitive power rates, making Prineville an economically attractive location for new and expanding enterprises.
- ◆ **Resilient economy.** In 2022, Heartland Forward ranked Prineville ninth on a list of the Most Dynamic Micropolitan (cities with a population under 50,000). Heartland Forward cited Prineville's diversification of its economy in the past decade, largely due to the construction of its new data centers.

Given these factors, Prineville is an attractive location for residents and business. The City has growth potential in several industries, including manufacturing, data centers, biomass energy production, and services for visitors and residents.

What are Prineville's Target Industry Priorities?

Prineville's Target Industry Priorities focus on continued development of technology-centered industry and on manufacturing, consistent with information in the EOA and based on site characteristics that are typically necessary for those industries.

- ◆ **Technology-centered industries.** Prineville will target technology and knowledge-based industries, such as high tech, Internet, e-commerce, and creative services, that rely primarily on high-capacity power, redundant fiber, secure campuses, and skilled labor. These uses may generate fewer heavy-truck trips than traditional goods-producing industries, although specific subsectors may still require freight access. Since 2008, Prineville added 946 jobs, many of which are related to growth of data centers, which currently employ approximately 700 employees. The growth in data centers is a driving factor in increasing average wages in Crook County from nearly \$34,700 in 2008 to more than \$70,200 in 2022. Prineville finds that data centers occupying large industrial sites have been, and likely will continue to be, critical drivers of Prineville's economy and employment.
- ◆ **Manufacturing industries.** Traditional manufacturing businesses, including manufacturers of products, components, machines, farm and construction equipment, woods, metals, glass, stone, fertilizer and chemicals, and composite materials, are target industries for Prineville.
- ◆ **Very large industrial sites.** According to the EOA, Prineville has a substantial share of employment, including manufacturing and data center employment, on sites larger than 50 acres. Based on the EOA, these very large industrial sites have an average site size of approximately 251.7 acres. Data centers and large-footprint manufacturers may require sites approaching or exceeding 200 acres with high-capacity power and fiber. Prineville finds that manufacturing employers occupying large industrial sites have been, and likely will continue to be, critical drivers of Prineville's economy and employment.
- ◆ **Target-industries approach and implementation.** Target industries may be identified by resolution for economic development programming, but the City will adopt by ordinance land-use regulations to implement this policy by: (a) designating specific target-industry sites on the Comprehensive Plan Map or by overlay; (b) limiting land division and incompatible interim uses that would undermine those sites, including partitioning below the minimum site size; and (c) applying adjacency/compatibility protections until development for the intended uses occurs. Designations and development will respect the City's acknowledged Goal 5 program and avoid Goal 7 hazards or apply adopted mitigation. If the City adopts a

short-term supply policy, the City will maintain a short-term supply of very large target-industry sites consistent with that policy.

What are the key conclusions?

The conclusions about commercial and industrial land sufficiency are:

- ◆ **Prineville’s economy has changed substantially since the last EOA was completed.** Since 2008, Prineville added 946 jobs, many of which are related to growth of the data centers. The growth in data centers is a driving factor in increasing average wages in Crook County from nearly \$34,700 in 2008 to more than \$70,200 in 2022. In addition, Prineville expanded or altered its UGB six times between 2012 and 2017, primarily for data center development and expansion, all in the southern part of the City in areas with Light Industrial zoning.
- ◆ **Prineville is forecasted to grow in both the commercial and industrial employment sectors.** Prineville is planning for growth of 2,730 new jobs in the city over the 2026 to 2046 period. About 1,377 of the jobs will be in commercial and retail services and 1,213 of the jobs will be industrial. To forecast the 20-year growth, this EOA first forecasts Prineville’s 20-year employment growth and projects the City’s 20-year commercial and non-target-industry industrial employment land needs based on the expected growth. The EOA also uses the targeted industries approach to project 20-year land needs for data center and other target industry development.
- ◆ **Prineville has enough employment land to accommodate commercial growth.** **Exhibit 29** in the EOA document shows that Prineville has enough land for commercial employment growth over the next 20 years, with a surplus of 26 acres. For its target industries, Prineville will have need for commercial sites ranging from space in existing buildings to custom-built buildings on sites from 1 to 5 acres, which can be accommodated on existing buildable land within the UGB.
- ◆ **Prineville has a large amount of employment on large sites.** Prineville has a large amount of employment (43% of employment) on sites larger than 50 acres. These large sites have an average size of 251.7 acres and are in use by businesses like Meta and Apple. The section describes the site needs for nine sites in the 50+ acre size range.
- ◆ **Prineville has a deficit of large industrial sites and will need to consider a UGB expansion to accommodate the need for a large sites.** Prineville has a deficit of sites larger than 50 acres for industrial development. Prineville needs three (3) more sites than it has within the UGB, averaging 251.7 acres. These site needs are consistent with the types of development present in Prineville, inquiries for large sites in 2024 and 2025, and Prineville’s target industries.

- ◆ **Prineville will need to expand its UGB to accommodate growth in large manufacturing, data center, and other large industrial uses.** The site needs for new large industrial sites (about 250 acres in size) cannot be met within the existing Prineville UGB. In order to accommodate growth of new large industrial businesses, the City will need to expand its UGB.
- ◆ **Prineville may rezone some Heavy Industrial land.** The EOA identified three Heavy Industrial sites that are unsuited for Heavy Industrial uses because they are adjacent to developing residential areas, separated topographically from the lower industrial properties, and divided by an irrigation canal restricting access. If the City re-zones some or all of these sites, the City may replenish its buildable land supply to ensure it is able to meet future employment land needs.
- ◆ **Redevelopment potential is concentrated along Highway 26 and in older industrial areas.** Redevelopment potential in Prineville generally consists of smaller commercial lots along Highway 26 or larger industrial sites with older buildings in northern Prineville. Given Prineville's modest surplus of commercial land, commercial redevelopment is most likely to occur on more desirable sites with visibility from the Highway or in other desirable areas, where the landowner is motivated to redevelop the site for a new use. Redevelopment of older industrial buildings may be limited by costs of demolition and clean-up of prior industrial uses.

Goal # 1: Provide adequate industrial and commercial land inventories to satisfy the urban development needs of Prineville for the planning horizon.

Economic Policies

1. Update buildable land inventories and analysis of needed commercial and industrial land as needed for the 20-year planning horizon. Amendments may be needed in response to rapid growth, redevelopment, zone changes, mixed use development or planned unit developments. When new lands are needed the City should work with partners to authorize expansion of the UGB to maintain inventories.
2. State, local, and nationwide trends are not adequate to properly estimate needed industrial and commercial lands. Other local information and economic development opportunities must be used to properly evaluate future land needs.
3. To ensure adequate public facilities for the planning horizon, the City shall develop and maintain Facility Plans (Master Plans) to adequately serve the transportation, water and wastewater needs of industrial and commercial areas.

4. The City shall reserve and protect large industrial lots of more than 20 acres in size and very large industrial sites greater than or equal to 50 contiguous acres. This includes sites or contiguous areas suitable for development by target industries in view of the City's average large-site size of 251.7 acres, goal of attracting new or expanded similar large-footprint target industries and maintaining suitable sites as an enticement for attracting new industry.
5. Housing affordability is key to attracting commercial and industrial businesses. Reasonable regulations supporting development of housing affordable to people who live and work in Prineville should be explored and implemented if deemed beneficial to the community.
6. The City should evaluate amendments to the Comprehensive Plan, when expanding the UGB to add employment lands with specific locational requirements. Amendments should be evaluated in relation to all applicable policies of the Comprehensive Plan.

Goal # 2: Promote Economic Development.

Economic Policies

1. The City should coordinate with a variety of agencies groups and local organizations when developing plans, to best meet the requirements of a growing community.
2. The City should promote a business-friendly environment and entrepreneurial climate for new and existing businesses. Strong public partnerships with local businesses are key to successful economic development.
3. The City should focus on providing its citizens with amenities that provide a high quality of life while also ensuring the City maintain its identity and small-town atmosphere.
4. The City's fees and system development charges must be carefully monitored and evaluated to ensure that development pays its own way while not creating obstacles to desired development.
5. The City should focus on adoption and implementation of a Downtown Enhancement Plan will help to ensure the long-term success of the urban core area. This plan should include a long-term strategy for enhancing development opportunities in the urban core and creating a destination and sense of place for citizens and visitor alike.
6. The City should modify development codes when necessary to navigate a changing economic environment or to address economic development objectives.
7. The City should encourage development of businesses that use the Prineville Rail line.