



Thursday, October 23, 2008

*Businesses hold steady for now*

## **North Coast businesses report ups and downs as economy turns sour**

**The Daily Astorian**

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WARRENTON - More people are buying used cars. And despite reports to the contrary, financing is still available.

That was the message from Jim Thompson, general sales manager at Ocean Crest Chevrolet in Warrenton.

Around the region, retailers, the hospitality industry and other businesses are reporting mixed success as the U.S. economy slides toward what might be a full-scale recession. However, the overriding message from business leaders is that the North Coast hasn't been as badly hit as other areas of the nation - yet.

"There are fewer people coming in," said Thompson at Ocean Crest. "Their big concern is that they can't get financed."

National media have given the impression that there aren't financing options available for car buyers, Thompson said.

"We're advertising - letting people know that they can get financed," he added.

He also said the dealership seemed to be selling more used cars. Regardless, he anticipates the market to turn around soon, and said he recently hired three new sales people.

"Do it during the slow season, rather than waiting for the new season," Thompson said. "We're hanging in there."

### **Impacts slow to kick in**

It may be too early to tell if the downturn in the economy will affect local businesses, any more than the weather does.

At the Pig 'N Pancake restaurant, president Wayne Poole said all of the stores - in Cannon Beach, Seaside and Astoria - were slower than usual in September. In fact, summer was "definitely" slower than other summers.

"I attribute that to gas prices and the weather," Poole said.

He said he hasn't looked at October's figures yet, but he doesn't think the dreary national news about the economy has been felt here yet.

"There are so many variables," he said. "The weather has a stronger impact. It has a lot more to do with that - and how many people are at the convention center (in Seaside)."

### **Gas prices, weather more significant**

Dave Norstedt, vice president of operations for Martin Hospitality, said he has seen "a little weakness" in the number of people patronizing the company's four hotels and three restaurants. But he also blamed gas prices and weather.

Although the "season" began a little late this year, Norstedt said, by mid-July, the hotels were booked 100 percent well into August.

Even after a week of record lows in the stock market and the dismal economic predictions coming from Wall Street, Norstedt said he was "pleasantly surprised" that the Cannon Beach hotels were full and the restaurants were busy Saturday night.

However, he added, bookings at the company's Inn of the Four Winds in Seaside were "definitely weaker" during a time of year when it should be relatively well occupied.

"I've seen more of a weakness in the Seaside market," Norstedt said.

"We have a long economic recovery ahead of us," he added. "I don't expect business to be brisk. But people love the beach, and they tend to find ways to get here. They may be spending a little less than before."

The "worst" thing that people can do is "hunker down in their houses and stop spending money," said Norstedt, because that will cause the entire economy to slow down, much like it did from 2000 to 2002.

"It's an unusual time," he said. "This is affecting the global economy, and we never saw that before."

### **No worries here**

Mike Wallis, owner of the wine shop Cellar on Tenth in Astoria, said his spring sales were down but fall sales were up. He said his customers are mostly in upper income brackets and haven't cut their spending on wine, from what he can see.

Astoria's Cannery Pier Hotel is also doing fine, according to its manager, Don West. "Currently we don't see any downturn here," West said. People who shorten their trips still come to the North Coast, even if they have decided to scuttle plans for vacations at Disneyland or in Hawaii.

With shoulder season rates for the Cannery Pier Hotel ranging from \$169 for regular rooms to \$550 for the hotel's Pilot House, the upscale hotel appeals to affluent visitors.

"I'm feeling really good in this final quarter," West said. "A lot of people looking for this type of accommodation are still traveling."

But he's not making any bets about the future. "Your guess is as good as mine," West said. "Hopefully, the North Coast will stay strong." If things do take a turn for the worse, West predicts it will happen suddenly because people don't plan in advance for weekend trips to the coast they way they do for trips to more distant locations.

### **Lektro holding steady**

International sales keep business booming at Lektro Inc., which manufactures electric aircraft towing vehicles at its plant in Warrenton. "We're holding our own," said CEO Eric Paulson. Even though business with domestic airlines is down, Paulson said the weak dollar has helped Lektro's sales to customers in the Middle East, Europe, Asia and South America.

Paulson said today's emphasis on the environment is good for Lektro because the company builds vehicles powered by electricity, not gasoline. "The trend around the world is to go green and reduce emissions," he said.

Last year was the biggest year Lektro ever had, Paulson said, and this year is on pace to be the second biggest year for the company. "We've had a decent year considering the economy," Paulson said. Still, he reduced personnel, cut back on "luxuries" and got back to essentials in anticipation of economic troubles. "We've cut back, become a little lean. The key right now is just to be efficient. There's no room in this economy for waste."

### **Bornstein, Autio coping well**

High-priced seafood items are among the first to feel the effects of an economic slowdown, said Andrew Bornstein, a manager at Bornstein Seafoods in Astoria. But his plant isn't feeling a dramatic plunge in sales.

As the American dollar weakens, he said, his plant is exporting more fish overseas, putting more fish in the freezer for longer shelf life and selling less expensive seafood products such as shrimp meat.

"We're not laying anybody off or down-sizing at all," he said.

Mike Autio, owner of Autio Manufacturing, which makes food processing equipment and employs 14 people, said his facility is still busy.

"It's surprising, but so far we're still busy," he said. "We're pretty happy about that."

### **One business that is booming**

And lastly, when economic times are bad, folks try their best not to waste money. They also look for services they can afford.

Coastal Family Health Center, an Astoria health provider that cares for uninsured and underinsured people, reports that the number of people applying for its services has skyrocketed recently, increasing as much as 500 percent.

Jim Coffee, the clinic's executive director, said six weeks ago it was sending out 10 to 15 packets of applications per week. Now the number is between 50 and 60.

He said he can't say for certain why people are turning to the clinic because it doesn't ask people why they are applying to be clients.

"It's tough if you lose your insurance," he said. But he added that some health care providers like CFHC and Columbia Memorial Hospital don't require payment at the time services are given.

"We have payment plans and a lot of options that people can apply for and use," said Steve Buckelew, CMH director of marketing. "Our mission is to bring the best health care to the community regardless of people's ability to pay."

"We see an upswing in the number of people trying to get into our system," Coffee said. "But we also see an increase in the number of people being 'no pay' or 'slow pay.'"

Coffee said a lot of the people coming in don't even have the \$15 co-pay the clinic asks them to pay.

"It ends up costing us five or six dollars to collect 15," he said.

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*Reporters Joe Gamm, Nancy McCarthy, Cassandra Profita and Sandra Swain contributed to this story*

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