

# THE GREATER SCOTTSDALE AIRPARK 2030 REPORT



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## LOCATION

The "Greater Scottsdale Airpark" Boundaries:

**NORTH** Loop 101 Pima Freeway

**SOUTH** Thunderbird Rd.

**WEST** 64th St.

**EAST** 90th St. - between Raintree & the CAP Canal; 96th St. - between the CAP Canal & Bell Rd.

## ZONING

Commercial Office; Light Industrial; Hotel; Commercial Retail; Aviation; Multifamily

## SIZE

±3,300 Acres

±43,887,549 SF of Buildings

## CURRENTLY DEVELOPED

±3,250 Acres

## NUMBER OF COMPANIES

±3,233

## BUSINESS CATEGORIES

±130 (i.e., accountants, auto, publishing, aerospace/defense, light manufacturing, retail, high tech, healthcare & biotech, business services, hospitality, retail, etc.)

## NUMBER OF EMPLOYEES

±59,132

## NUMBER OF BUILDINGS – 1,202

(including hotels, auto dealerships, all retail)

Building Usage	Square Feet	Percentage
Office	12,938,588	31%
Industrial/Flex	9,241,921	22%
Hangar	910,272	2%
Retail	8,492,785	20%
Hotels	2,960,352	7%
Apartments	9,343,631	18%
<b>Total</b>	<b>43,887,549</b>	



// Pictured Above: Scottsdale Airpark Aviation Center

## 2030 Report

Our original report for the Scottsdale Airpark began in 1981 and was named the 2010 Report. In that Base Year of 1981, there were 3,320 employees, 1,580,000 square feet of buildings, and 268 companies.

The Scottsdale Airpark has exceeded every recorded prediction since then. Currently, the Airpark has approximately 59,132 employees, 43,887,549 square feet of buildings and 3,233 companies.

### The Economic Runway

The Greater Scottsdale Airpark still has some runway left in this post-recession cycle. The development community has shown quite a bit of restraint over the last 10 years by not overbuilding office, flex or light industry. Much of the investment dollars have gone into refurbishing, re-purposing and tearing down obsolete buildings and preparing for a future development project.

The Greater Scottsdale Airpark, like Metro Phoenix, has had a gradual recovery and has been able to attract a much broader economic diversity and thus our "runway" still has room to grow through 2020.

### The Fed

The Fed knows what it's doing. Relax! The Fed is putting gentle taps on the brakes to diffuse price pressure and hold inflation in check. They can react quickly and ease policy if the economy stumbles.

### Mixed-Use Developments (MXD)

Why are mixed-use developments becoming one of the most popular product types in the United States?

Developers and investors alike are increasingly seeking out opportunities to integrate product types in order to achieve the ultimate goal of creating destinations that draw residents, tenants, visitors (car auctions, golf, horse shows, etc.) and patrons to Engage and Interact, Live, Shop, Work and Play.

While we have seen great results at Kierland and The Scottsdale Quarter, the Greater Scottsdale Airpark in general has been one large MXD with the addition of the large number of apartments and condominiums. In addition, Greater Scottsdale Airpark has the "Scottsdale Airport" and its brand new \$27,000,000 Aviation Business Center. This unique asset makes the Greater Scottsdale Airpark MXDs among the best business districts in the entire Southwest United States.

Other "State of the Art" MXDs are being planned in the Greater Scottsdale Airpark as of this writing.



// Pictured Above: Flex Workspace Images

### Flexible Work Space\*

This trend is impacting Occupiers and Investors alike. The key take-aways are:

- **Fast Growth** – Flexible workspace continues to grow at a rapid pace, now accounting for one-third of office leasing in the last 18 months alone.
- **Focus on Enterprise** – Flexible workspace providers are shifting their focus to target larger corporations and enterprise clients.
- **Talent Forward** – Companies are turning to flexible workspace to provide the work environment to attract and retain the best young talent in the market.
- **Diversified Uses** – Firms are leasing shared space for everything from surge space to touchdown space for traveling executives to incubators for new products and project teams, among others.
- **Rare Bright Spot** – Flexible workspace is one of the few growing sources of office demand, although it still only makes up only a fraction of the office market, with 1.6% of all inventory in leading office markets.
- **Changing the Model** – Flexible workspace is impacting traditional leasing models and firms; occupational portfolios, together with the nature of how office space is designed and utilized. Traditional owners are responding with their own flexible space and lease options.
- **Tech and High Wage Markets** – The concentration of co-working space is almost twice as great in tech markets as in other markets. Co-working also concentrates in high-wage markets and cities with a large concentration of professional services firms.
- **Recession Proof?** – Since the vast majority of flexible workspace came online after the Great Recession (late 2007 to mid-2009), its performance during a downturn is untested, but it could provide a buffer to landlords as tenants seek short-term, flexible space.
- **Testing the Economics** – While the growth of major providers, in terms of leasing volume and locations, is undeniable, some providers are highly leveraged and could be susceptible to a market downturn, particularly if office rents start to decline.

\*Source: Colliers International 2019 U.S. Flexible Workspace Report

### Redevelopment Properties



**YAM Circle:** This new, ±17,800 SF shopping center located at the traffic circle connector at Hayden Road and Northsight Boulevard opened in December. It replaced the torn down and former Harley-Davidson of Scottsdale. Harley-Davidson of Scottsdale built the world's largest Harley-Davidson dealership across the street in 2015.



**At Home Specialty Retailer:** This Texas-based company purchased and is redeveloping the former Sam's Club on the east side of the airport.



**Whole Foods and Sports Chalet:** This ±13.10-acre site (adjacent to the new At Home store) is being repurposed into a mixed use of apartments, self-storage, retail and restaurants. We'll call it a mini-MXD.

### Big Deals and Company Additions to the Scottsdale Airpark.



Nationwide Insurance Company purchased 134 acres at the Loop 101/Hayden Road to build a 950,000 SF MXD. The first phase will include the 460,000 SF regional headquarters, restaurants and a hotel.



**Airobotics:** This "hot" Israeli drone company opened its US headquarters on Raintree in the fourth quarter.



**Ammo Incorporated:** This Scottsdale-based company continues to expand nationwide within the sporting industry, and has turned its focus to an expansion into the defense munitions sector, with its acquisition last year of SW Kenetics, another Arizona-based R&D firm.

### What Will We See in 2019 in the Greater Scottsdale Airpark?

- More property selling as current owners want to capitalize on this current cycle.
- Ground breaking on 1-2 more MXDs in the Greater Scottsdale Airpark.
- Higher occupancy and higher rental rates.

### PREDICTION FOR 2030

We will likely see 82,000 employees, 53 million square feet of a variety of office, flex, industrial, medical, retail, multi-family, hotels and car dealership buildings and about 4,100 companies.

LAND SALES				
YEAR	# OF LOT SALES	SALES VOLUME	TOTAL ACRES	AVG PRICE/SF
2018	6	\$17,274,920	20	\$25.50
2017	5	\$28,124,548	26	\$24.84
2016	4	\$13,010,986	9	\$33.46
2015	11	\$77,736,765	82	\$21.65
2014	13	\$46,716,714	37.57	\$24.00
2013	6	\$26,558,420	25.36	\$24.04
2012	4	\$10,880,978	15.36	\$16.25
2011	3	\$4,803,456	8.21	\$13.43
2010	5	\$6,209,156	9.73	\$14.64
2009	0	N/A	N/A	N/A

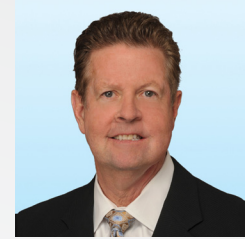
THE GREATER SCOTTSDALE AIRPARK GROWTH - JUNE 1981 - DECEMBER 2016				
DATE	SQUARE FEET	VACANCY	NUMBER OF EMPLOYEES	NUMBER OF BUSINESSES
Jun. 1981	1,580,611	13.9%	±3,320	268
Jun. 1982	1,720,210	10.1%	±3,680	289
Jun. 1983	1,900,188	6.1%	±4,038	316
Jan. 1984	2,288,439	10.9%	±4,504	383
Jan. 1985	2,683,394	11.8%	±5,345	480
Jan. 1986	3,673,589	18.7%	±5,861	534
Jan. 1987	4,419,226	19.4%	±8,661	733
Jan. 1988	4,881,979	16.0%	±9,802	957
Aug. 1990	5,698,361	14.3%	10,120	943
Aug. 1991	6,170,344	14.2%	10,654	1,082
Aug. 1992	6,971,986	12.6%	11,345	1,076
Nov. 1993	6,977,774	6.7%	13,402	1,237
Sep. 1994	7,716,855	3.5%	13,846	1,257
Sep. 1995	8,920,772	2.3%	14,132	1,332
Dec. 1996	10,114,610	3.1%	17,275	1,477
Dec. 1997	11,685,747	3.2%	19,873	1,624
Dec. 1998	13,991,908	4.1%	25,891	1,708
Dec. 1999	18,443,263	6.0%	30,344	1,807
Dec. 2000	19,474,883	7.6%	31,992	1,868
Dec. 2001	20,388,981	9.8%	33,015	1,907
Dec. 2002	21,683,303	12.9%	41,265	2,198
Dec. 2003	23,385,523	11.9%	44,815	2,288
Dec. 2004	25,864,351	11.5%	47,218	2,397
Dec. 2005	26,714,351	9.9%	48,634	2,481
Dec. 2006	27,661,351	9.7%	50,450	2,554
Dec. 2007	33,764,653	12.9%	52,500	2,774
Dec. 2008	34,213,932	15.1%	52,000	2,800
Dec. 2009	34,736,584	29.0%	48,000	2,576
Dec. 2010	34,757,067	28.8%	48,500	2,580
Dec. 2011	34,766,078	23.0%	49,200	2,601
Dec. 2012	39,722,398	18.5%	52,000	2,848
Dec. 2013	39,781,068	16.0%	53,400	2,900
Dec. 2014	40,101,068	13.0%	54,100	2,950
Dec. 2015	40,718,394	11.6%	55,260	3,025
Dec. 2016	41,251,574	10.3%	56,180	3,075
Dec. 2017	42,187,874	10.1%	57,300	3,150
Dec. 2018	43,887,549	8.5%	59,132	3,233

\*Using the newest technology (CoStar) we have updated the list of all buildings, including auto dealerships, Costco, Walmart, etc., that we had not included in the past.

### Major Companies

- Accolade Healthcare
- Airobotics
- Alliance Defense Fund
- APL Container Transportation Services
- Appogee Physicians
- AutoNation Ford
- AXON
- Best Western
- Chase Bank
- Choice Hotels International, Inc.
- Colliers International
- Carlisle Companies
- Corporate Jets, Inc.
- Costco
- Cox Cable of Scottsdale
- Data Mapping Solutions
- Dillon Precision Industries
- Discount Tire Company, Inc.
- Early Warning Services
- Earnhardt Cadillac
- Electronics for Imaging
- Fairmont Scottsdale Princess
- Farmers Insurance
- Fender Musical Instruments Corporation
- First Fidelity Bank
- Flow Dynamics, Inc.
- GE Franchised Finance Corporation
- General Mills
- Go AZ Motorcycles
- Go Daddy Software
- Go Video
- GPS Insight
- GTCC CalComp Input Technologies Division
- Han Wei Lines
- Harley-Davidson of Scottsdale
- Home Depot
- HomeSmart
- Hypercom Corporation
- IKON
- Ingram Micro
- Interface, Inc.
- IO Capital Princess, LLC
- JDA Software
- Knowledge Net
- KYOCERA Solar
- Lowes Home Improvement Warehouse
- Mayo Clinic
- Mercer Advisors, Inc.
- Meritage Corporation
- Metris Company
- MidFirst Bank
- Mobility Electronics
- Morgan Stanley Smith Earney, LLC
- Nautilus Insurance Co.
- North Central University
- Orion Health
- Pegasus Solutions
- Peter Piper Corporate Headquarters
- Phase 2 Solutions
- Prudential Insurance
- Pulte Homes
- Rental Service Corp.
- Redirect Health
- Right Honda and Toyota
- Russo & Steele
- Schumacher European, Ltd. (Mercedes-Benz)
- Scottsdale Association of Realtors
- Scottsdale Prep Academy
- SonicAir
- South Hills Design Corporation
- State Farm Insurance
- Target
- Tesla Motors
- The Tech Group / Tech Poulson
- Trivita
- Universal Technology Institute (UTI)
- U.S. Postal Service
- U-Haul
- Unison Health Care
- Universal Laser Systems
- Van Chevrolet
- VanGuard
- Wal-Mart Supercenter
- Westin Kierland Resort
- World at Work

BUILDING SALES					
TYPE	# OF SALES	SALES VOLUME	TOTAL SF	AVG PRICE/SF	HIGH/LOW
<b>2018</b>					
Office	22	\$ 231,843,037	948,069	\$219	\$313/\$104
Industrial	36	\$ 117,260,350	634,581	\$179	\$220/\$116
Retail	8	\$ 55,127,734	324,448	\$244	\$458/\$99
Multifamily	2	\$ 91,500,000	409,993	\$222	\$240/\$204
<b>TOTAL</b>	<b>68</b>	<b>\$495,731,121</b>	<b>2,317,091</b>		
<b>2017</b>					
Office	23	\$168,965,337	812,008	\$208	\$313/\$104
Industrial	41	\$129,318,047	1,000,204	\$129	\$202/\$92
Retail	5	\$45,512,500	233,280	\$195	\$353/\$170
Multifamily	3	\$270,050,000	1,199,312	\$225	\$326/\$192
<b>Total</b>	<b>72</b>	<b>\$613,845,884</b>	<b>3,244,804</b>		
<b>2016</b>					
Office	35	\$404,599,070	2,032,707	\$199	\$258/\$112
Industrial	38	\$80,386,448	64,229	\$125	\$300/\$64
Retail	16	\$271,149,939	1,177,515	\$230	\$616/\$53
<b>Total</b>	<b>89</b>	<b>\$756,135,457</b>	<b>3,274,451</b>		
<b>2015</b>					
Office	24	\$178,174,381	919,060	\$194	\$254/\$98
Industrial	23	\$48,994,677	395,149	\$124	\$192/\$77
Retail	13	\$97,120,600	448,244	\$217	\$767/\$132
<b>Total</b>	<b>60</b>	<b>\$324,289,658</b>	<b>1,762,453</b>		
<b>2014</b>					
Office	30	\$69,800,000	555,965	\$139	\$217/\$79
Industrial	39	\$60,000,000	668,488	\$114	\$257/\$52
Retail	6	\$39,744,000	208,927	\$190	\$414/\$15,
<b>Total</b>	<b>75</b>	<b>\$169,544,000</b>	<b>1,433,380</b>		
<b>2013</b>					
Office	22	\$179,000,800	1,098,164	\$163	\$312/\$97
Industrial	25	\$24,194,800	9,000	\$101	\$149/\$58
Retail	2	\$4,200,000	239,552	\$250	N/A
<b>Total</b>	<b>49</b>	<b>\$207,395,600</b>	<b>1,346,716</b>		
<b>2012</b>					
Office	41	\$204,454,653	998,687	\$114	\$305/\$48
Industrial	28	\$50,662,667	553,022	\$92	\$303/\$25
Retail	7	\$94,522,237	637,434	\$148	\$350/\$101
<b>Total</b>	<b>76</b>	<b>\$349,639,557</b>	<b>2,189,143</b>		
<b>2011</b>					
Office	29	\$27,185,499	261,400	\$104	\$188/\$54
Industrial	38	\$85,246,048	835,745	\$102	\$185/\$58
Retail	11	\$68,809,575	537,574	\$128	\$248/\$85



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Jim Keeley, SIOR, CCIM, founded Classic Real Estate Corporation, now known as CC Partners, L.L.C., DBA Colliers International, in 1983. The firm conducts the majority of its commercial brokerage business within the Scottsdale Airpark and the Loop 101 Employment Base and has concluded over 5,000 transactions and \$3 billion of business.

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