

Analysis And Projections Of Scottsdale's Economy - 2000





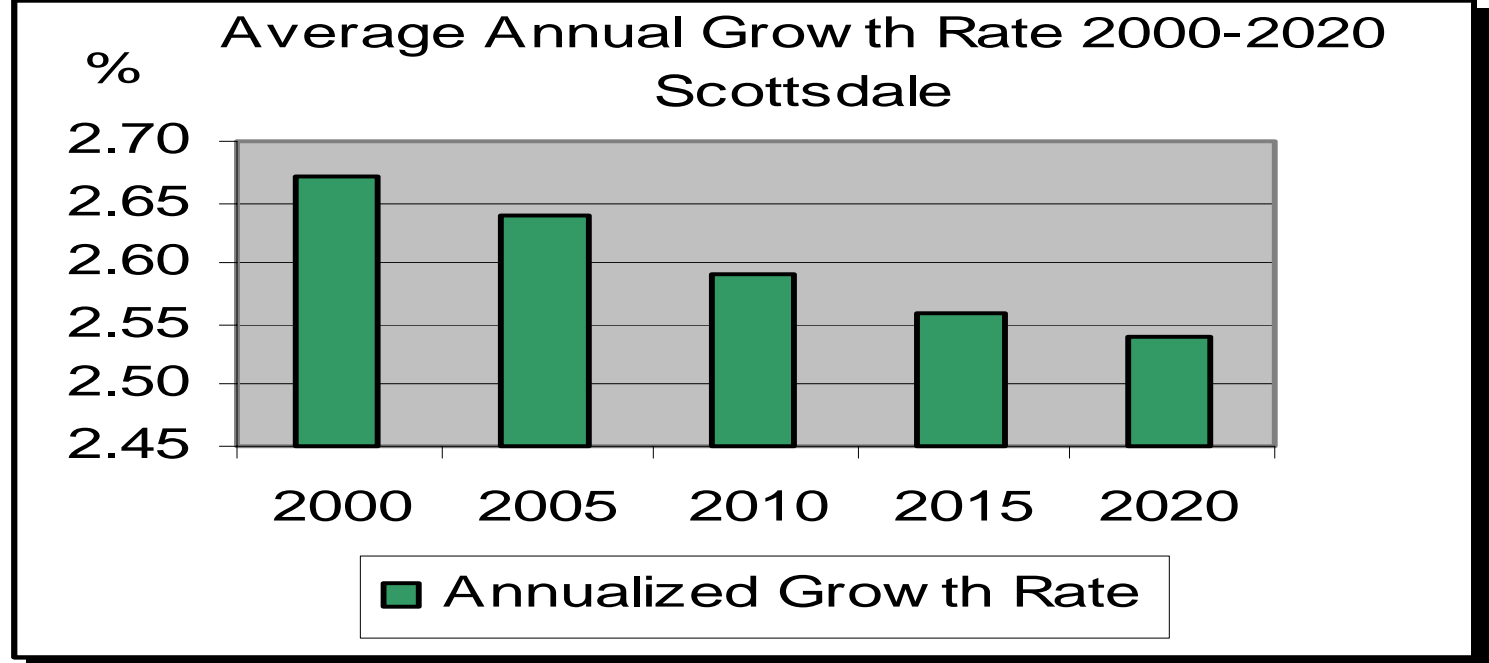
Introduction

The San Francisco-based economics consulting firm of Gruen Gruen and Associates was retained to conduct an economic base analysis of the Scottsdale Market Area with projections, by employment sector, to the year 2020. Special emphasis was given to the Airpark/Sonoran Regional Core and hospitality sectors because of their significant roles in the area's economy.

Here are some findings and conclusions of the team's general economic analysis...

Although jobs in the area will increase significantly over the next 20 years, from 129,000 to 191,000, the average annual rate of increase will decline as primary employment centers approach buildout
Business Services will continue as the leading economic driver







The balance of people and jobs will be healthy and relatively stable

- ◆ The population will increase by about 43%, and the number of jobs will grow by about 48% over the 20-year period
- ◆ The ratio of jobs/population will increase, slightly, from 0.59 to 0.63 in that time
- ◆ The Scottsdale Market Area will continue to be a net importer of employees and an exporter of jobs

Jobs/Population Growth 2000-2020

Scottsdale

People

400,000

300,000

200,000

100,000

0

2000

2010

2020

Jobs Population

Jobs/Population Ratios 2000-2020

Scottsdale

%

2.00

1.50

1.00

0.50

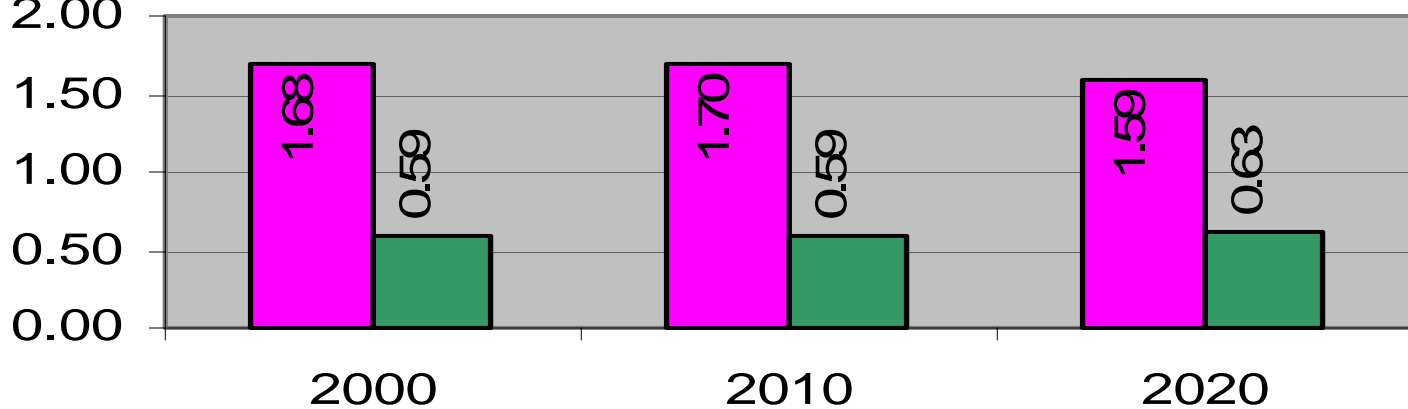
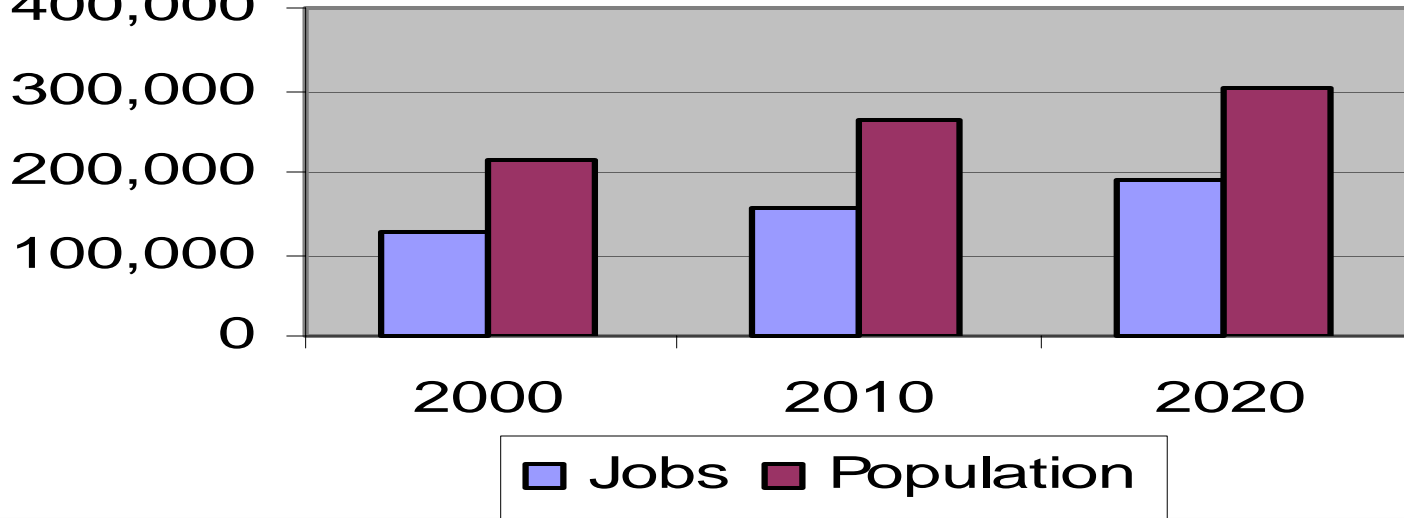
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2000

2010


2020

Population/Jobs Ratio Jobs/Population Ratio



The Airpark/Sonoran Regional Core Survey said...

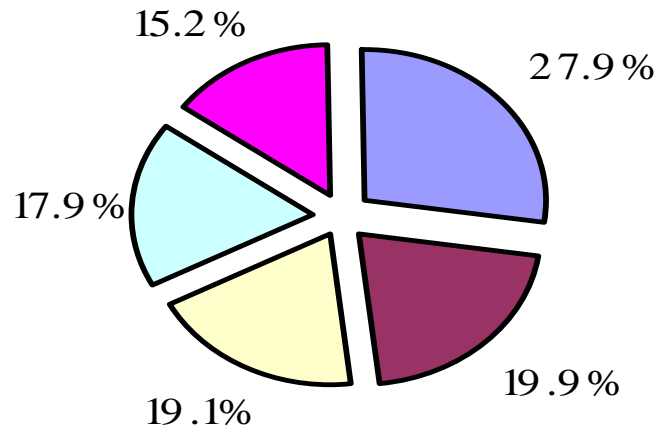
- ◆ The primary reason reported for firms locating in the Airpark/SRC area was because north Scottsdale is where the owners, CEO's and managers of the companies want to live
- ◆ 44% of sample firms' business originates from outside Maricopa County, with Manufacturing sector reporting the highest (70%) and Retail/ Wholesale Trade showing the lowest (25%)



Because a Scottsdale address is attractive to both families and firms alike, Construction will continue to be a significant sector in our economic base as long as a developable capacity remains; but the primary drivers of our economy are Business Services, Retail Trade, Hospitality, F.I.R.E., and Health!

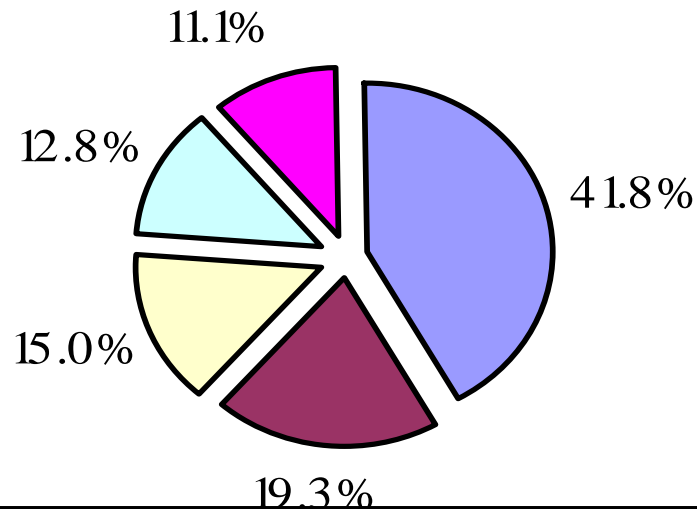
•F.I.R.E. includes Finance, Insurance, & Real Estate

1995 Employment Sector %'s Airpark/Sonoran Regional Core



- Business Services
- Construction
- Retail Trade
- Wholesale Trade
- Hospitality

2020 Employment Sector %'s Airpark/Sonoran Regional Core




- Business Services
- Retail Trade
- Hospitality
- Wholesale Trade
- Personal Services

Here are some findings and conclusions of our consulting team's hospitality survey...


- ◆ 38% (22 of 58 hotels/motels) responded to the questionnaire mailout
 - 23% are located north of Cactus Road
 - 77% are located south of Cactus Road
 - 23% are defined as luxury
 - 41% are moderate
 - 36% are economy




- 
- ◆ the number of years reported at the same location
 - 3 with less than 1 year, 3 with more than 40, and an overall average of 19.5 years
 - ◆ the number of rooms reported per facility
 - a low of 11, a high of 654, and an overall average of 192



- ◆ with respect to meeting/conference space...
 - 3 hoteliers reported none
 - 5 reported under 1,000 square feet of space
 - 8 reported more than 10,000 square feet
 - the average was 1,000-2,000 square feet

- 
- ◆ year round occupancy rates reported for 1997...
 - 3 hoteliers reported rates under 65%
 - 10 reported 67% to 75%
 - 6 reported rates greater than 75%
 - luxury hotels reported an average occupancy of 74.3%, about 4% higher than either moderate or economy facilities with 70.3% and 70.6% respectively

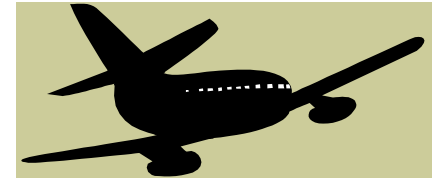
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- ◆ visitation patterns examined were convention/conference, business, vacation and special events...
 - 10% reported no convention/conference visitors and no special events travelers
 - 5% reported no business travelers
 - 30% reported more than 50% of guests are attending a conference/convention and 66% of those facilities are luxury hotels/resorts



◆ diverse special events create demands for Scottsdale's hospitality industry...

- NASCAR
- Fiesta Bowl
- Barrett-Jackson
- Phoenix Open
- Arabian Horse Show

but, 70% of the hotel respondents reported 10% or less of their business was driven by special events



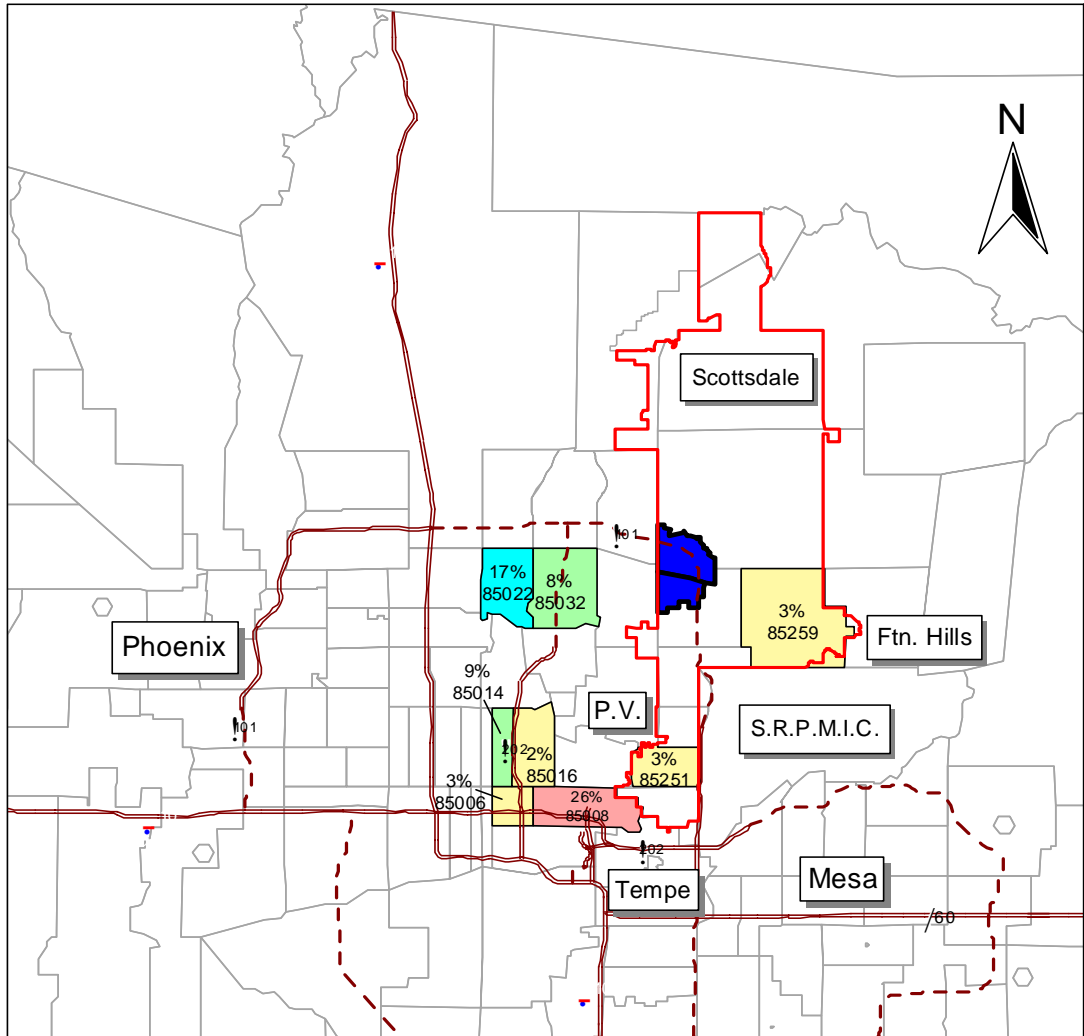
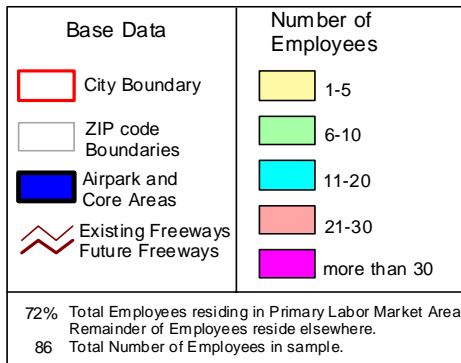
- ◆ concerning the use of Scottsdale Airport by arriving/departing hotel guests...
 - 30% of the hoteliers reported no usage
 - 70% reported estimated usage from a low of 0.5% to a high of 12% with an overall average of 3%



Hospitality Labor Market Area



- ◆ Out of a total of 2,116 full-time hotel employees surveyed, 53% reside in Phoenix and 29% in Scottsdale
- ◆ Phoenix zip codes 85008, 85014, 85022 and 85032, all of which contain a large number of Hispanic households, are the dominant areas providing a primary labor source for the hospitality industry













Hospitality Primary Labor Market Area
 Scottsdale Airpark/Core Areas Economic Analysis, 1999



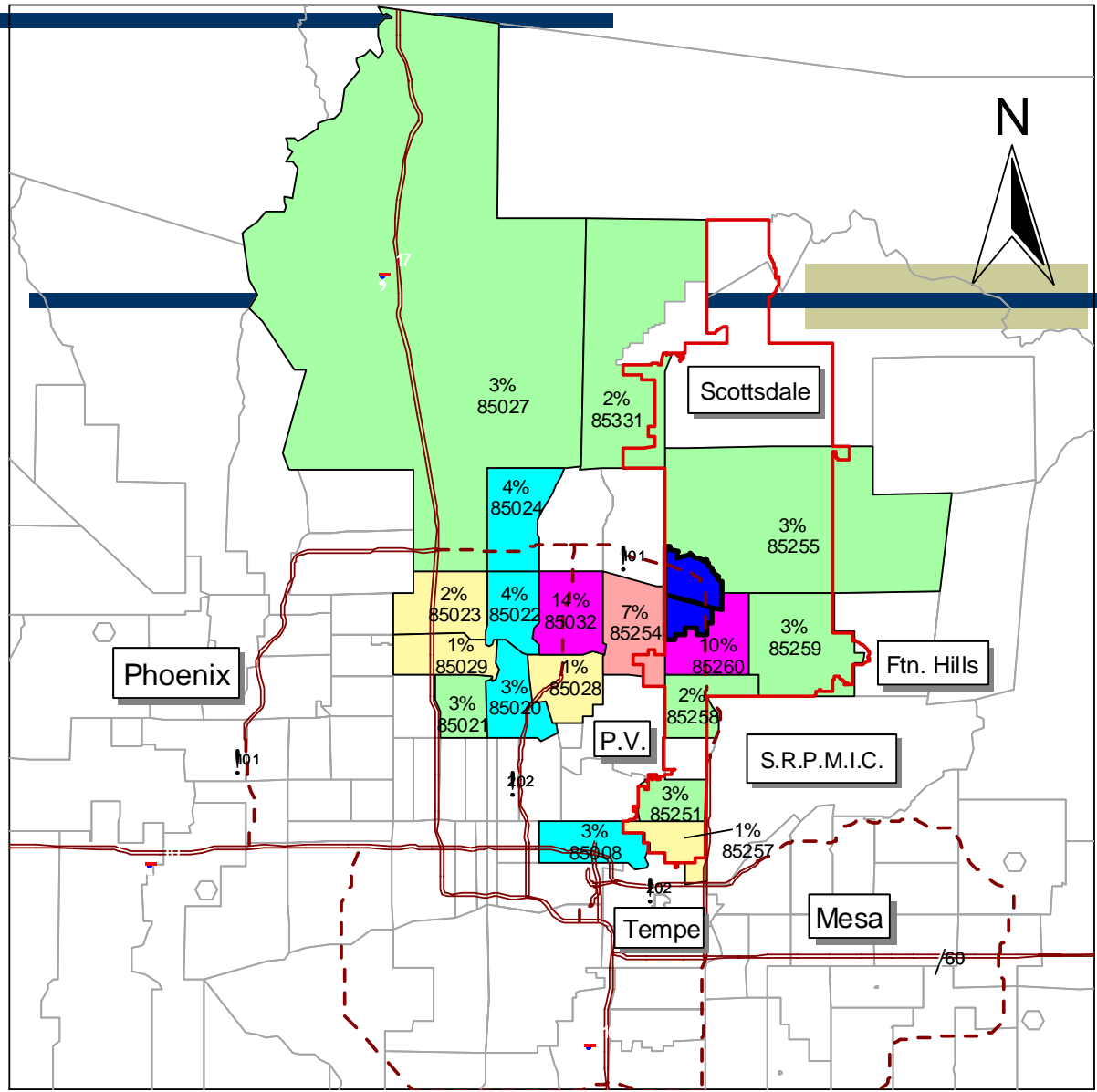
All Industries Labor Market Area For Airpark/Sonoran Core Area



- ◆ 31% of all employees reside in Scottsdale
- ◆ 49% commute from Phoenix, with the majority living in the north central area
- ◆ The remainder commute from Glendale, Mesa, Tempe, Cave Creek, and other valley towns
- ◆ This distribution pattern is similar for all employees working in Scottsdale

Base Data		Number of Employees	
	City Boundary		17-30
	ZIP code Boundaries		31-40
	Airpark and Core Areas		41-60
	Existing Freeways		61-110
	Future Freeways		111-185

70% Total Employees residing in Primary Labor Market Area.
Remainder of Employees reside elsewhere.
1,368 Total Number of Employees in sample.



All Industries Primary Labor Market Area
Scottsdale Airpark/Core Areas Economic Analysis, 1999



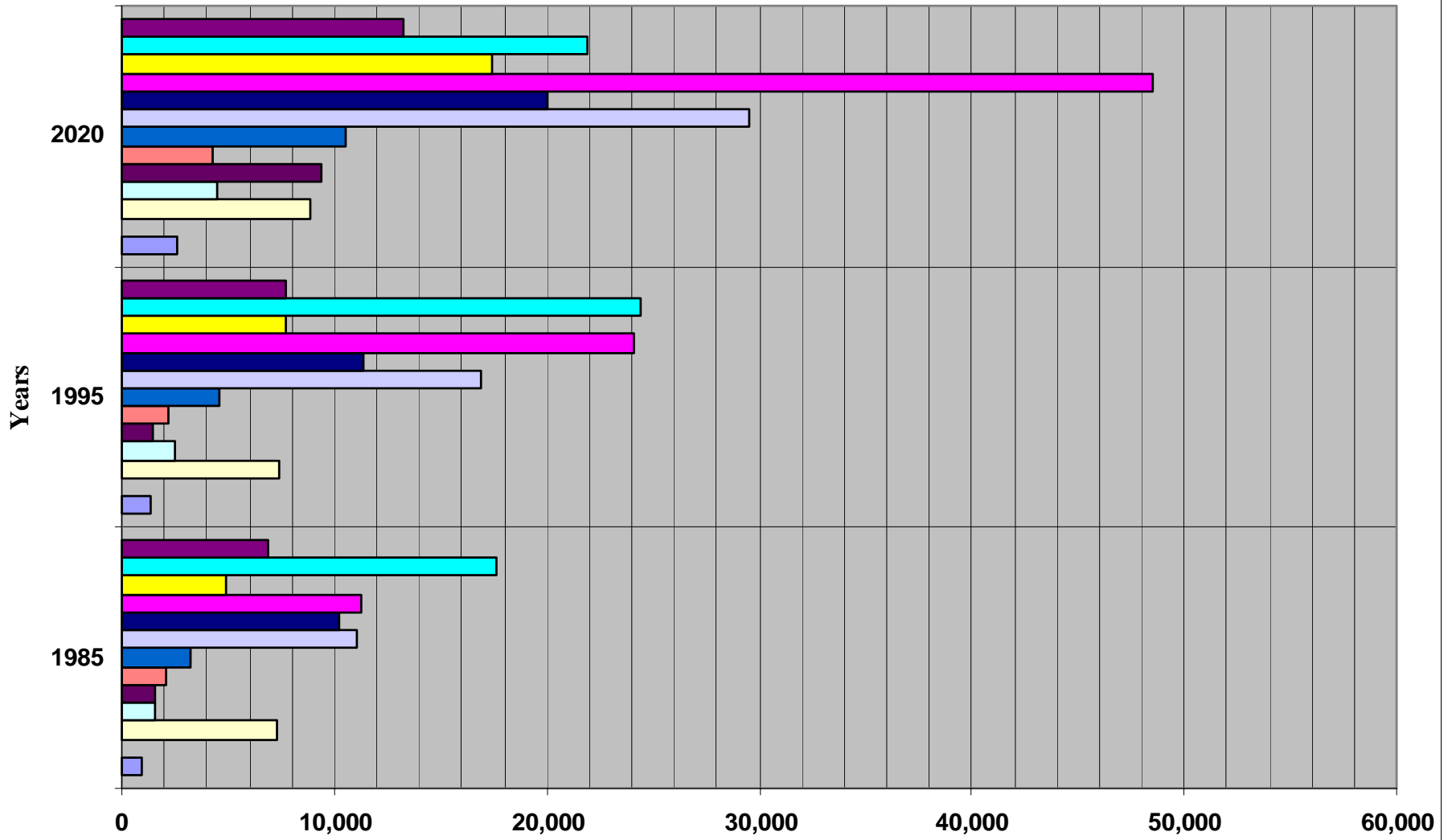
Scottsdale's Economy Is Diversified, Healthy, And Growing



- ◆ 93% of all SIC categories are represented in Scottsdale's businesses
- ◆ Employment has grown at an average annual rate of 3.5% for the last 20 years and is forecast to increase at a yearly rate of not less than 2.0% for the next 20 years
- ◆ Business and employment construction is adding more than \$500 million to Scottsdale's property tax basis each year

Employees By Industry Sector For Years 1985, 1995, And 2020

Scottsdale, AZ



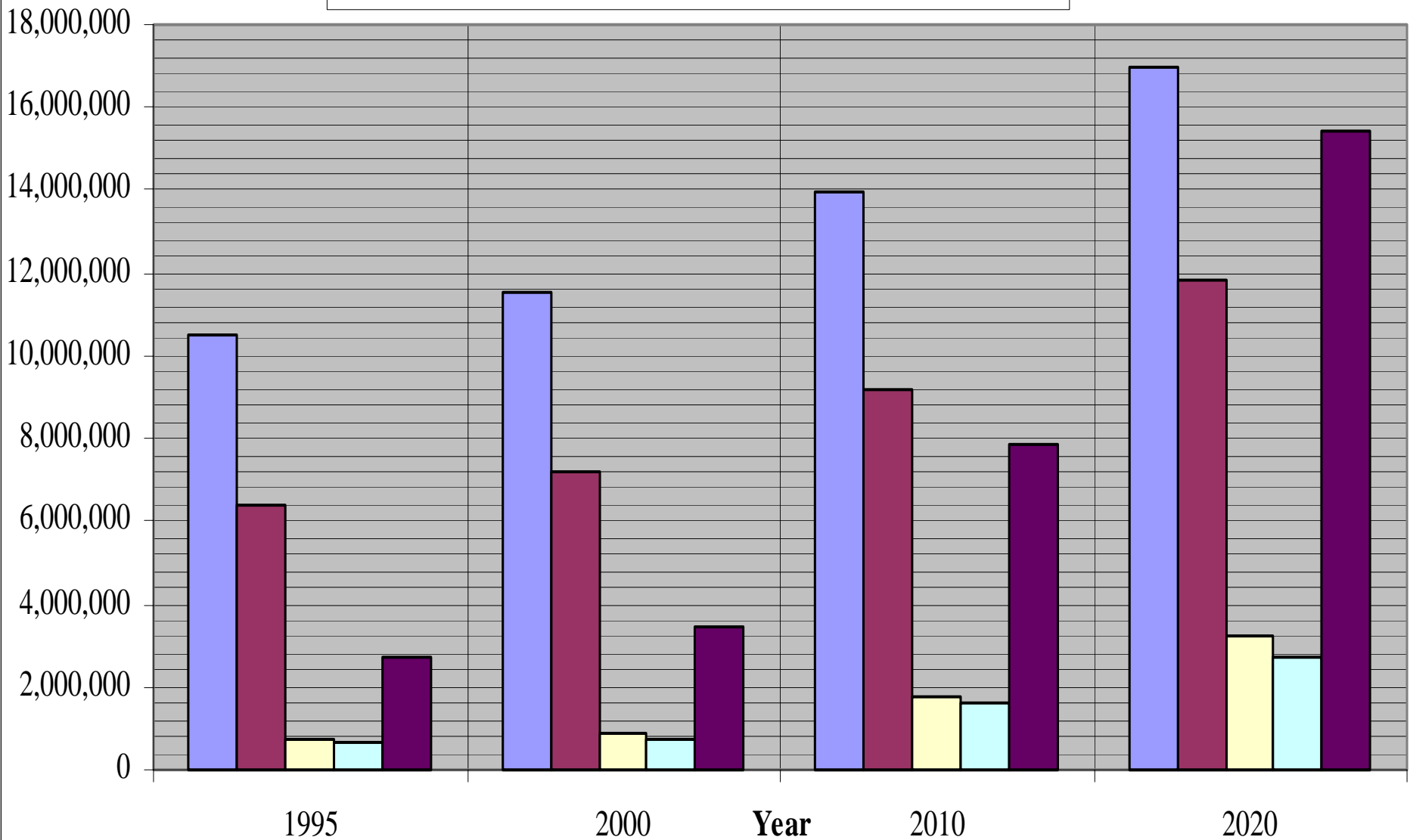
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|------------------|-------------------|---------------------|--------------------------|
| ■ AGRICULTURE | ■ MINING | ■ CONSTRUCTION | ■ LOW TECH MANUFACTURING |
| ■ TRANSPORTATION | ■ WHOLESALE TRADE | ■ RETAIL TRADE | ■ F.I.R.E. |
| ■ HEALTH | ■ HOSPITALITY | ■ PERSONAL SERVICES | ■ BUSINESS SERVICES |

Growth In Total Required Square Footage By Building Type

Scottsdale Whole City - 1995-2020

Square Feet

Office Retail Industrial Warehouse Mixed Use



Estimate of Building Space and Vacant Land Required 2010-2020 for Whole City Area



•Total valuation in 2020 will be approximately \$2.35 billion

	Office	Retail	Industrial	Warehouse	Warehouse w/ Retail/ Office	Total
Est. SF Occupied - 2020	15,395,845	10,745,892	2,929,190	2,482,583	14,046,411	45,599,922
Est. SF Available & Under Construction - 2010	13,944,196	9,205,054	1,745,513	1,589,562	7,896,863	34,381,190
Est. SF Vacant - 2020	1,539,585	1,074,589	292,919	248,258	1,404,641	4,559,992
Total Net SF Added 2010-2020	2,991,233	2,615,427	1,476,596	1,141,279	7,554,188	15,778,724
Total Net SF Added Since 1999	6,443,500	5,260,400	2,411,600	2,041,900	12,281,900	28,439,300
Total SF Required in 2020	16,935,400	11,820,500	3,222,100	2,730,800	15,451,100	50,159,900
Total Land Acres Added 2010-2020	230	300	110	90	580	1,310
Total Land Acres Added Since 1999	490	600	180	160	940	2,370
Total Land Acreage Required in 2020	1,300	1,360	250	210	1,180	4,300

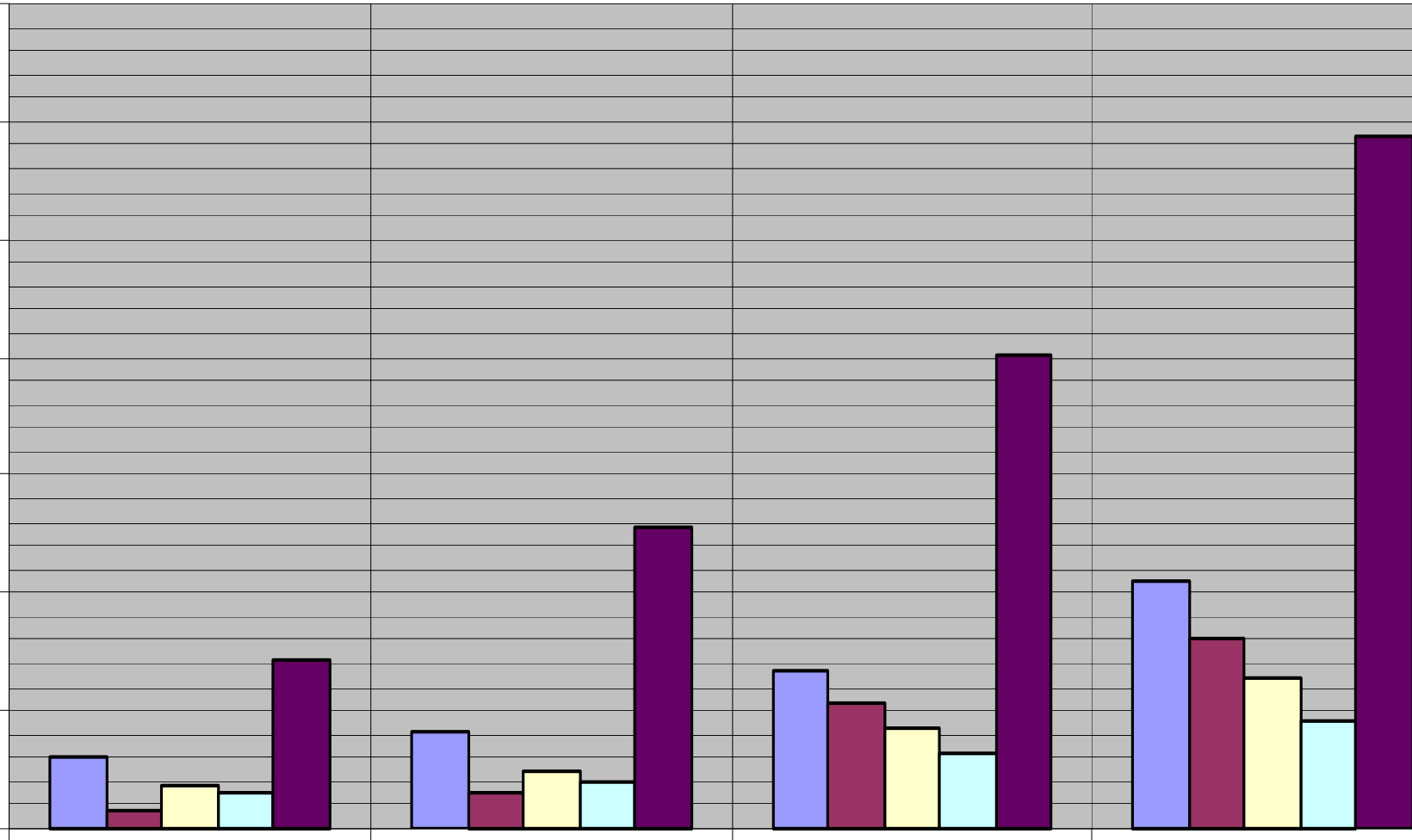
Growth In Total Required Square Footage By Building Type

Scottsdale Airpark/Sonoran Regional Core - 1995-2020

Square Feet

Office Retail Industrial Warehouse Mixed Use

14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0



1995


2000

Year

2010


2020

Estimate of Building Space and Vacant Land Required 2010-2020 for Airpark/Sonoran Regional Core Area

	Office	Retail	Industrial	Warehouse	Warehouse w/ Retail/ Office	Total
Est. SF Occupied - 2020	3,801,096	2,942,219	2,312,381	1,661,275	10,697,768	21,414,739
Est. SF Available & Under Construction - 2010	2,457,874	1,924,523	1,547,246	1,186,083	7,281,021	14,396,747
Est. SF Vacant - 2020	380,110	294,222	231,238	166,128	1,069,777	2,141,474
Total SF Added 2010-2020	1,723,300	1,311,900	996,400	641,300	4,486,500	9,159,400
Total SF Added Since 1999	2,665,200	2,683,400	1,685,600	1,109,400	7,096,500	15,240,100
Total SF Required in 2020	4,181,200	3,236,400	2,543,600	1,827,400	11,767,500	23,556,100
Total Land Acres Added 2010-2020	132	151	76	49	343	751
Total Land Acres Added Since 1999	223	330	141	94	599	1,386
Total Land Acreage Required in 2020	320	371	195	140	900	2,679

•Total valuation in 2020 will be approximately \$1 billion

Airpark/Sonoran Regional Core Area Building-Type Requirements - 1995-2020				
Building Type	1995	2000	2010	2020
Office	1,228,465	1,667,600	2,703,661	4,181,206
Retail	280,686	608,300	2,116,975	3,236,441
Industrial	732,620	943,800	1,701,971	2,543,619
Warehouse	632,388	789,800	1,304,691	1,827,403
Mixed Use	2,879,588	5,138,100	8,009,123	11,767,545
Totals	5,753,747	9,147,600	15,836,421	23,556,213
Whole City Employment Center Building-Type Requirements - 1995-2020				
Building Type	1995	2000	2010	2020
Office	10,523,682	11,541,125	13,944,196	16,935,430
Retail	6,423,215	7,216,042	9,205,054	11,820,481
Industrial	732,045	891,603	1,745,513	3,222,109
Warehouse	633,098	757,793	1,589,562	3,730,842
Mixed Use	2,742,922	3,486,119	7,896,863	15,451,052
Totals	21,054,962	23,892,682	34,381,188	51,159,914

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- Projections of employment and the amount and type of space and land required by the private businesses likely to locate in Scottsdale must be used by the city and other public agencies to provide for the timely needed expansion of public infrastructure to serve the city's economic base
 - It is important that the character of future development be attuned to the economic and technological environment of the 21st century







