

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

±34,298,366 SF of Buildings

CURRENTLY DEVELOPED

±3,100 Acres

NUMBER OF COMPANIES

±3,075

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

±56,180

NUMBER OF BUILDINGS – 1,157

(including hotels, auto dealerships, all retail)

Building Usage	Square Feet	Percentage
Office	12,926,594	38%
Industrial/Flex	9,241,921	27%
Hangar	837,772	2%
Retail	8,331,727	24%
Hotels	2,960,352	9%
Total	34,298,366	



Bahia 101 was the first new free standing office building in the Greater Scottsdale Airpark built since 2009.



Sunrise Commons, a continuation of more multifamily residential to the Scottsdale Airpark Employment Base and Mixed Use Developments.

2030 Report

Since 1981, we have had a vision of what the Greater Scottsdale Airpark would look like in the year 2030. Initially, records in 1981 showed 3,000 employees, 1,589,000 square feet of buildings and 268 companies in the Airpark.

Original reports were called the 2010 Report and we originally predicted by 2010 there would be 50,000 employees, 25 million square feet and 3,000 companies. The Airpark currently has 56,180 employees, 34,298,366 square feet of buildings and 3,075 companies.

Looking back at 1986, 1996, 2006

1986 was the peak year of the fastest growing cycle of new construction in the office, office/warehouse and retail segment of the roaring '80s. 500,000 SF of new construction (14% of the overall square feet) was added in 1986.

1996 was the midpoint of the '90s Market Rising Cycle with 1,200,000 SF of new construction. There were four more years of steady growth in the '90s.

2006 The Scottsdale Airpark added over 7,000,000 SF of new construction between January 2006 and December 2008, as the cycle ended. The most difficult recession of the last 50 years happened then.

2016 Where we are at today?

The Airpark feels very different than the previous cycles of 1986, 1996 and 2006. To measure this, and look at the cycle on a scale of 1-10, the high point of the Airpark was 2008 at a "10" and at the low point of the recovery in 2011, we were at a "2."

Today we are at about a "7." Clearly we haven't reached our high peaks of 2008 and it looks like several more years of good, strong steady growth.

What is also different than the previous cycles over the last 50 years is that less vacant space has increased the price of buildings with absorption of jobs and for the first time the Arizona economy was not driven by new homes and residential construction.

It appears that residential construction will continue to improve over the next several years and this will bode well for the commercial and industrial values, as the demand exceeds supply and drives the values and the prices up. This is a unique time due to the new influx of millennial employees and a tribute to both Arizona's diversity of industries and good government policies.

HOW DID THE SCOTTSDALE AIRPARK BENEFIT FROM ALL THIS?

- › New technology companies were established in the area.
- › With very little construction in the last seven years, the absorption of space by schools, insurance companies, financial companies, churches and other tenants has driven up rental rates.
- › There have been large capital improvements in 30-40 year-old buildings that were purchased at 50% of their 2008 values, remodeled, updated and brought to the market with their new modern amenities to attract today's employee base.
- › The recession cycle gave the city time to implement new transportation plans including the roundabouts on Hayden Road and proceeding with the new planned roundabouts on Raintree Road east to west, between Loop 101 and Scottsdale Rd.
- › In 2016, the city reached an agreement to tear down the current airport terminal and renovate it with two brand new large hangars and an updated airport terminal.
- › This year brought the newly built "Sneaky Big Studios," as well as the live/work/play mixed use developments. The Airpark brought an overall fresh attitude to embrace innovation.

BIG DEALS, COMPANY'S GROWTH AND ADDITIONS TO THE SCOTTSDALE AIRPARK.

Optima Kierland – the new 220-unit 12-story project under construction at Scottsdale Road and Greenway Parkway.

Van Trust Real Estate – moves their corporate headquarters from Phoenix to the Greater Airpark Perimeter Center

Potato Barn - Opens their new furniture showroom on the Loop 101 freeway.

Soho – The new three story live/work condo community breaks ground at Bahia.

The Scottsdale Quarter – Opens up the new six-story office building and quickly leases it up with the highest rents in the Airpark

YAM Holdings – Moved into a new 60,000 SF ultra modern HQ office building.

Sunset Commons – 202-unit apartment complex beside Costco broke ground and new residents will take occupancy in 2017.

THE "BILLIONAIRES" AND THE AIRPARK

It has been reported that eight billionaires reside in the Greater Scottsdale Airpark, either specifically with their headquarters and/or subsidiary companies. The industries they come from are as follows:

- › Auto Accessories
- › Technology, Transportation and Leisure Sports
- › Automobile Sales
- › Import/Export and Real Estate
- › Banking, Insurance, and Real Estate
- › Development and Food Industry
- › Storage and Transportation
- › Insurance and Real Estate

WHAT WILL WE SEE IN 2017 IN THE GREATER SCOTTSDALE AIRPARK?

- › The transition of Live/Work/Play will be at the center stage of the Airpark with over 800 new apartment and condo owners in residence.
- › Office rents will continue to rise due to the lack of new supply.
- › The largest redevelopment project ever built will be announced in a key location in the Airpark.
- › The Scottsdale Airpark will have its first Wikipedia listing.
- › A panel of Scottsdale Airpark stakeholders hope to bring forward new "branding" of the Greater Scottsdale Airpark Employment Base.
- › More aerospace and defense related companies.

WHAT WILL 2030 LOOK LIKE?

We are likely to see 75,000 employees, 4,000 companies and 50 million square feet of buildings throughout the entire Greater Scottsdale Airpark. This would include new buildings along the state land property north and south of the Loop 101 Freeway.

Major Companies

Accolade Healthcare
 Alliance Defense Fund
 APL Container Transportation Services
 Apogee Physicians
 AutoNation Ford
 Best Western
 Chase Bank
 Choice Hotels International, Inc.
 Colliers International
 Carlisle Companies
 Corporate Jets, Inc.
 Costco
 Cox Cable of Scottsdale
 Dillon Precision Industries
 Discount Tire Company, Inc.
 Early Warning Services
 Earnhardt Cadillac
 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
 GTCO CalComp Input Technologies Division
 Harley-Davidson of Scottsdale
 Henkel Corporate Headquarters
 Home Depot
 HomeSmart
 Hypercom Corporation
 IKON
 Ingram Micro
 Interface, Inc.
 International Cruise & Excursions (SEARS)
 IO Capital Princess, LLC
 JDA Software
 Knowledge Net
 Kohl's Department Store
 KYOCERA Solar
 Lowes Home Improvement Warehouse
 Markel West
 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
 TASER International
 Tesla Motors
 The Tech Group / Tech Poulson
 Trivita
 Universal Technology Institute (UTI)
 U.S. Postal Service
 U-Haul
 Unison Health Care
 Van Chevrolet
 VanGuard
 Wal-Mart Supercenter
 Westin Kierland Resort
 World at Work

LAND SALES				
YEAR	# OF LOT SALES	SALES VOLUME	TOTAL ACRES	AVG PRICE/SF
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
2008	3	\$7,250,000	4.45	\$37.40
2007	16	\$55,896,182	51.14	\$25.09

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	5,396,211	14.3%	±10,120	943
Aug. 1991	5,868,194	14.2%	±10,654	1,082
Aug. 1992	6,141,078	12.6%	±11,345	1,076
Nov. 1993	6,146,866	6.7%	±13,402	1,237
Sep. 1994	6,569,987	3.5%	±13,846	1,257
Sep. 1995	6,932,228	2.3%	±14,132	1,332
Dec. 1996	8,126,066	3.1%	±17,275	1,477
Dec. 1997	9,697,203	3.2%	±19,837	1,624
Dec. 1998	11,085,954	4.1%	±25,891	1,708
Dec. 1999	14,626,300	6.0%	±30,344	1,807
Dec. 2000	15,657,920	7.6%	±31,992	1,868
Dec. 2001	16,282,920	9.8%	±33,015	1,907
Dec. 2002	17,356,120	12.9%	±41,265	2,198
Dec. 2003	18,562,463	11.9%	±44,815	2,288
Dec. 2004	20,553,975	11.5%	±47,218	2,397
Dec. 2005	21,403,975	9.9%	±48,634	2,481
Dec. 2006	22,350,975	9.7%	±50,450	2,554
Dec. 2007	28,454,277	12.9%	±52,500	2,774
Dec. 2008	28,852,256	15.1%	±52,000	2,800
Dec. 2009	28,942,406	29.0%	±48,000	2,576
Dec. 2010	28,962,889	28.8%	±48,500	2,580
Dec. 2011	28,971,900*	23.0%	±49,200	2,601
Dec. 2012	33,928,220*	18.5%	±52,000	2,848
Dec. 2013	33,986,890*	16%	±53,400	2,900
Dec. 2014	34,006,890*	13%	54,100	2,950
Dec. 2015	34,193,616*	11.6%	55,260	3,025
Dec. 2016	34,298,366*	10.3%	56,180	3,075

*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.

BUILDING SALES					
TYPE	# OF SALES	SALES VOLUME	TOTAL SF	AVG PRICE/SF	HIGH/LOW
2016					
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
Total	89	\$756,135,457	3,274,451		
2015					
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
Total	60	\$324,289,658	1,762,453		
2014					
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,
Total	75	\$169,544,000	1,433,380		
2013					
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
Total	49	\$207,395,600	1,346,716		
2012					
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
Total	76	\$349,639,557	2,189,143		
2011					
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
Total	78	\$181,241,122	1,634,719		
2010					
Office	37	\$66,533,044	608,465	\$109	\$219/\$56
Industrial	24	\$21,838,832	206,253	\$106	\$235/\$67
Retail	5	\$5,797,024	45,855	\$126	\$175/\$69
TOTAL	66	94,168,900	860,573		
2009					
Office	16*	\$37,917,000	308,000	\$123	\$285/\$75
Industrial	3	\$8,197,000	65,027	\$126	\$196/\$80
Retail	0	N/A	N/A	N/A	N/A
TOTAL	19	\$46,114,000	373,027		

*69% of the office sales in 2009 were for office condos smaller than 8,600 SF



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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 \$2.7 billion of business.

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