

**Mesa, Arizona**  
**Falcon Field Economic Activity Area**  
**Strategic Vision**  
**&**  
**Planning Document**

**DRAFT**

**Falcon Field Strategic Vision Commission**

**FOR DISCUSSION PURPOSES ONLY**

**August 2014**

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# Falcon Field Economic Activity Area

## Strategic Vision

### Objective

The Falcon Field Economic Activity Area (FFEAA) Strategic Vision process is a concerted effort to establish a strategic economic development direction for the Airport and surrounding non-residential area in Northeast Mesa to guide future development efforts. The visioning process will generate a strategy critical to providing a course of action to support and retain existing on- and off-airport businesses, attract new businesses that provide high-quality jobs to the Falcon Field Economic Activity Area and to protect it from residential pressure and encroachment. Basic analysis of Mesa's strengths, weaknesses, and opportunities, as well as an examination of untapped growth sectors and external barriers to success will frame the strategy. \*A high-quality job is defined as a full-time equivalent position that pays an annual wage at or above 125% of the annual median wage (\$35,275) for Maricopa County or \$44,094 (2013).

### ***Strategic Vision***

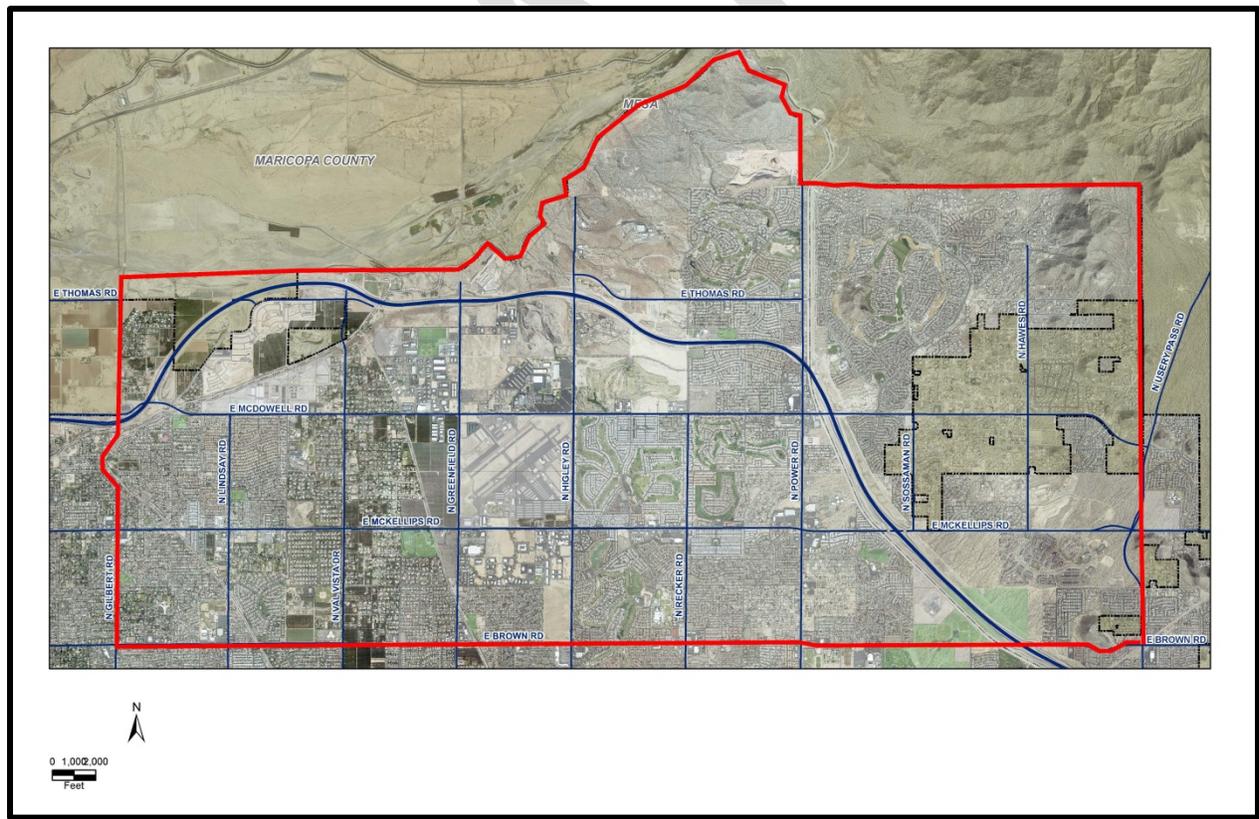
*The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as a vibrant aerospace, aviation, and defense hub – a premier location for companies in industry sectors seeking a highly attractive, competitive operating environment in which to grow. Anchored by a city-owned general aviation airport, boasting a high-tech workforce, knowledge-based company decision-makers will regard Falcon as a thriving destination for growing their business, set against the beautiful backdrop of Red Mountain.*

## Falcon Field Economic Activity Area (FFEAA)

The FFEAA is in the Northeast corner of the City of Mesa, 18 miles east of Phoenix Sky Harbor International Airport. The 35+/- square mile area is bordered on the north by the Salt River and State, tribal and federal lands; on the south by Brown Road and is bisected by the SR 202 Freeway. The Area's western border is Gilbert Road and the eastern boundary is Ellsworth Road.

The largest single ownership of the area is the former US and British fighter pilot training airfield, Falcon Field Airport. The City-owned airport encompasses approximately 800 acres of airfield and airfield support property. As the fourth busiest general aviation airport in the United States, the airport serves both small (less than 10 employees) businesses and international aviation companies and defense contractors such as Boeing, MD Helicopters, Nammo Talley, and Timken that together employ more than 5,000 people. The Airport is home to approximately 100 businesses that focus primarily on business activities related to aviation.

**Falcon Field Economic Activity Area (FFEAA) outlined in red.**



## FFEAA Business and Industry Profile

The entire Falcon Field Economic Activity Area (FFEAA) is home to 18,947 employees and 671 companies in numerous industries. The categories are pre-determined industry clusters created by Maricopa Association of Government (MAG) to group similar businesses together. From an employee perspective, the High Tech Manufacturing & Development cluster employs the greatest amount of people at 30.1% of total FFEAA employment despite representing only 2.8% of the total companies. Therefore, the amount of employment is much denser for this industry cluster than in areas such as Retail or Consumer Services. The High Tech Manufacturing & Development cluster includes the major aerospace companies like Boeing, MD Helicopters, Nammo Talley and The Timken Company. Other larger industries, based on total employees, in the area include Business & Consumer Services (14.5%), Retail (8.9%), Construction (13%), and Transportation & Distribution (7%).

**Chart A:**

<b>2013 Falcon Field Employers by Industry Breakdown</b>				
<b>Industry Sector</b>	<b># of Employees</b>	<b>% of Total</b>	<b># of Companies</b>	<b>% of Total</b>
Business Svcs	1229	6.49%	88	13.11%
Construction	2457	12.97%	129	19.23%
Consumer Goods Manufacturing	159	0.84%	10	1.49%
Consumer Svcs	1517	8.01%	81	12.07%
Education	1265	6.68%	21	3.13%
Finance, Insurance & Real Estate (FIRE)	551	2.91%	42	6.26%
Government, Social & Advocacy Svcs	668	3.53%	50	7.45%
Health Care	767	4.05%	63	9.39%
High Tech Manufacturing & Development	5704	30.11%	19	2.83%
Hospitality, Tourism & Recreation	405	2.14%	18	2.68%
Media, Publishing & Entertainment	35	0.18%	4	0.60%
Metal Inputs & Transport-Rel. Manuf.	339	1.79%	9	1.34%
Non-Metallic Manufacturing	542	2.86%	10	1.49%
Resource-dependent Activities	253	1.34%	12	1.79%
Retail	1687	8.90%	65	9.69%
Telecommunications	17	0.09%	2	0.30%
Transportation & Distribution	1352	7.14%	48	7.15%
	<b>18947</b>		<b>671</b>	

*\*Maricopa Association of Governments Employer Database; Businesses w 5 or greater employees*

## FFEAA Growth from 2007-2013

Growth in Total FFEAA Employment 2007-2013 is flat while growth in Total Number of FFEAA Companies 2007-2013 saw a 12% increase. While some employers dropped down or off the list of Top 10 employers, Boeing gained 839 employees or 21%, and Special Devices grew their workforce by 12%

**Chart B:**

2013		2010		2007	
# of Employees	18,947	# of Employees	19,338	# of Employees	18,943
# of Companies	671	# of Companies	694	# of Companies	601
Top 10 Employers		Top 10 Employers		Top 10 Employers	
Boeing Co	4,800	Boeing Co	4,146	Boeing Co.	3,961
Special Devices Inc	400	Veolia Transportation - Mesa	504	Etelecare Global Solutions	500
Veolia Transportation	375	Special Devices Inc	361	Riggs Plumbing LLC	420
Walmart	331	Walmart	350	Wal-Mart Stores, Inc.	370
Strongfield Trimco Inc	250	Emerson	256	Special Devices, Inc.	356
Nammo Talley Inc	249	Nammo Talley Inc	254	Metric Roofing Inc	350
MD Helicopters	240	Strongfield Trimco Inc	250	Commercial Finance Serv. Inc	300
The Timken Company	161	Creative Human Resources Concepts	237	MD Helicopters	297
Frys Food Stores	130	MD Helicopters	207	Creative Human Resources Concepts	237
Home Depot	113	Epic Plumbing	200	Talley Defense Systems, Inc.	211
<b>Top 10 Total</b>	<b>7,049</b>	<b>Top 10 Total</b>	<b>6,765</b>	<b>Top 10 Total</b>	<b>7,002</b>

\*Source: MAG: MAG utilizes data from Dunn & Bradstreet, historical data, sampling of companies and community verification

## Market Overview

The amount of vacant office space in the City of Mesa as well as the Falcon Field Economic Activity Area (FFEAA) has been steadily decreasing over the past four years while the current vacancy rate of office space in Mesa (16%) is substantially higher than that of FFEAA (11.4%). Similarly the industrial and flex space in the City of Mesa currently has a higher vacancy rate (11.3%) compared to FFEAA (7.3%) while the overall vacancy rate has been decreasing for both areas over the past five years.

The current Rent Price Per SF and Sale Price Per SF for both the City of Mesa and FFEAA are very similar for industrial and flex properties. However, the Gross Rent Per SF in the City of Mesa is more than 7% higher than in FFEAA and the Sales Price Per SF in the City of Mesa is more than 50% higher than in FFEAA. **See Appendix for additional detail, Exhibits 2-5.**

## Demographics:

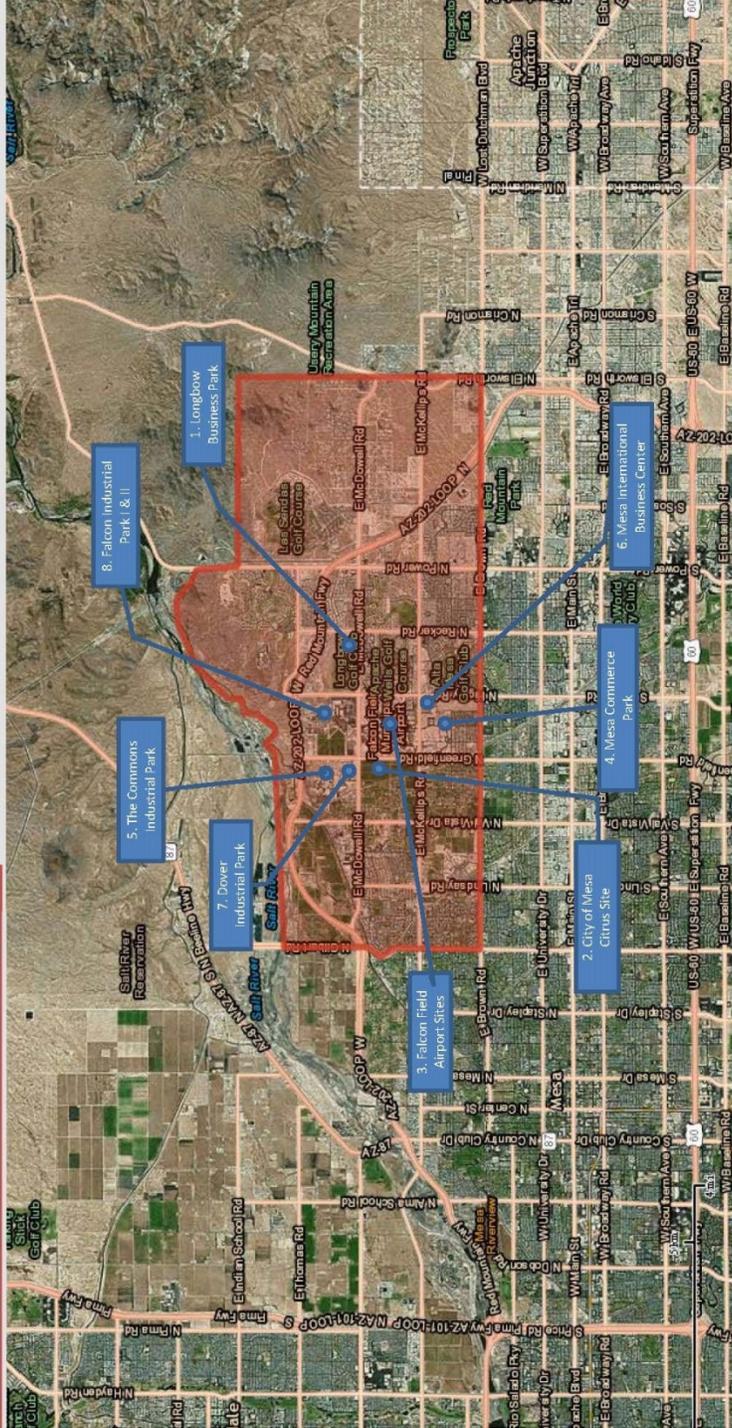
The following chart illustrates the City of Mesa basic demographic profile compared to Falcon Field Economic Activity Area demographic profile.

**Chart C:**

Demographics	Mesa	Falcon Field
Total Population	454,981	61,916
Median Age	35.3	44.1
Median Household Income	\$47,801	\$70,147
Population Earning above \$100,000	14.1%	32.5%
Per Capita Income	\$23,491	\$35,712
Population 25+ by Educational Attainment		
Total	295,652	42,876
High School Graduate	22.4%	17.8%
GED/Alternative Credential	3.9%	2.7%
Some College, No Degree	27.9%	26.9%
Associate Degree	8.4%	9.1%
Bachelor's Degree	16.3%	24.1%
Graduate/Professional Degree	8.2%	14.7%
Employed Population 16+ by Occupation		
Total	191,514	27,298
White Collar	59.1%	71.8%
Management/Business/Financial	12.9%	19.9%
Professional	18.4%	23.8%
Sales	11.7%	13.0%
Administrative Support	16.1%	15.1%
Services	22.2%	15.0%
Blue Collar	18.7%	13.1%
<i>Source: ESRI Community Analyst, July 2014</i>		

# FALCON FIELD ECONOMIC ACTIVITY AREA

## DEVELOPMENT OPPORTUNITIES



Development Opportunities	Total Acres	Occupied Acres	Vacant Acres	% Vacant
1 Longbow Business Park	313.0	169.0	144.0	52.0%
2 City of Mesa Citrus Sites	216.0	0.0	216.0	100%
3 Falcon Field Airport Sites	205.75	116.85	88.90	43.2%
4 Mesa Commerce Park	117.0	77.0	40.0	34.2%
5 The Commons Industrial Park	107.0	98.0	9.0	8.4%
6 Mesa Intl. Business Center	90.0	18.0	72.0	80.0%
7 Dover Industrial Park	68.0	60.0	18.0	23.0%
8 Falcon Industrial Park I & II	58.0	48.0	10.0	17.2%

### Available Space for Development

The FFEAA encompasses approximately 35 square miles of land. The vast majority is comprised of residential or open space. Non-residential developments are primarily located directly adjacent to Falcon Field Airport or along State Route 202 Red Mountain Freeway.

## Breakdown of GPEC/ACA Project Submissions with FFEAA Properties/Buildings

The City of Mesa has made a deliberate effort to streamline development processes, update infrastructure and improve marketing efforts for the FFEAA which is likely to explain some of the positive gains in the Area during the recession. These data below may dispel the idea that the Area is disproportionately struggling compared to other areas of the City. Additionally, the City has worked closely with Greater Phoenix Economic Council (GPEC) and the Arizona Commerce Authority to propose multiple sites and properties within the FFEAA for project inquiries.

Over the FY 2012-2014 timeframe, Mesa staff responded to 20 specific E-Tracks from GPEC and ACA that included FFEAA properties and/or buildings. The chart below provides a breakdown of E-Tracks that included FFEAA properties and buildings.

*Note: At "press time", there are still 10 Active projects from the 20 projects to which the City of Mesa responded. An additional five have been Terminated without knowledge of disposition, two are On Hold, two selected other locations out of state and one landed in Scottsdale.*

**Chart D: Highlighted fields indicate projects still active**

Falcon Field: Properties Submitted for E-Tracks							
In fiscal years 2012/2013 & 2013/2014, 40 properties were submitted in the Falcon Field area for 20 E-Tracked Projects from the Arizona Commerce Authority and Greater Phoenix Economic Council. These 20 projects together totaled 5,196 jobs with a weighted ave wage of \$47,842, \$426.5 million in capital investment, and over 2.3 million in total sq ft requirements. Also note that out of these 20 projects, 12 were looking for existing facilities, 5 were considering existing or build-to-suit, and 3 were only looking for build-to-suit.							
Fiscal Year 2012/2013 - 56 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Twelve	2	Existing	3450 N. Higley Rd. Building 1 and Building 2	75	-	\$45,000	25,000
PB	1	BTS	Greenfield Rd. and Loop 202	70	-	\$72,000	-
Sea Change	2	Existing	Falcon Field Airport "East Parcel" and "Orchard Property"	400	-	\$41,000	300,000
Speed	4	Existing	Longbow, Loop 202 & Greenfield, SWC McKellips Rd & Ivy St, SWC Greenfield & McDowell	65	\$500,000	\$48,000	15,000
Spectrum	1	Existing	4310 E. McDowell Rd.	43	-	-	14,000
Radiate	3	Existing	5550 E. McDowell Rd. Building A & B, NWC Greenfield & McDowell	20	\$60,000,000	\$70,000	-
Broadway	3	Existing	4310 E. McDowell Rd., 4738 E. Ingram St., 3110 N Oakland Rd	100	-	-	25,000
Mario	1	Existing	4310 E. McDowell Rd.	100	-	-	30,000
# of Projects w/ FF submission = 8 (14% of E-Tracks in 12/13)	17		FY 12/13 Sub-Totals	873	\$ 60,500,000	\$ 46,563	409,000
Fiscal Year 2013/2014 - 49 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Sanus	5	BTS	Longbow, NW Loop 202 & Recker Rd, N. Recker Rd @ McKellips, 3150 N Recker Rd, NE Virginia St & Greenfield	471	\$35,000,000	\$47,291	350,000
Powder	2	Existing or BTS	NEC Higley & Thomas Rd, NEC Virginia St. & Greenfield Rd	42	\$61,000,000	\$66,000	115,000
Northsight	2	Existing	4738 E. Ingram, 4151 E Quartz Cir	55	\$5,000,000	\$45,000	40,000

Auto	3	BTS	Longbow, Greenfield Rd. & 202, SWC Val Vista Dr. & 202	200	-	\$32,000	200,000	
H2	3	Existing or BTS	Longbow, NWC Recker & McDowell, NWC Greenfield Rd. @ McDowell	1	-	\$40,000	15,000	
Bliss	1	Existing	3130 N. Oakland	90	-	\$33,000	25,000	
Falcon	2	Existing	1850 N Higley Rd, 1918 N Higley Rd	50	\$2,000,000	\$40,000	-	
Technica	1	Existing	4738 E. Ingram	30	\$1,500,000	\$60,000	25,000	
Knock #1	1	Existing or BTS	Longbow	1,800	\$159,000,000	\$45,000	530,000	
Knock #2	1	Existing or BTS	Longbow	750	\$68,000,000	\$42,000	227,000	
Nightingale	1	Existing or BTS	Longbow	709	\$27,000,000	\$75,000	300,000	
Amped	1	Existing	Greenfield Rd. & 202	125	\$7,500,000	\$45,000	100,000	
# of Projects w/ FF submission = 12 (25% of E-Tracks in 13/14)	23			<b>FY 13/14 Sub-Totals</b>	<b>4,323</b>	<b>\$ 366,000,000</b>	<b>\$ 49,121</b>	<b>1,927,000</b>
Total # of Projects w/ FF submission = 20 (19% of E-Tracks in 12/13 & 13/14)	40			<b>Two Year Total</b>	<b>5,196</b>	<b>\$ 426,500,000</b>	<b>\$ 47,842</b>	<b>2,336,000</b>
Note: A "-" signifies that the specific metric/number was never provided by the client, and is thus, not included in the calculations								

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## **Strengths, Challenges, Opportunities, and Barriers to Success**

An important part of any strategic planning exercise is assessing and understanding an area's strengths, challenges, opportunities, and barriers to growth. Strengths and Challenges represent internal factors that exist within a community. Opportunities and Potential Barriers represent external elements that can impact a community.

The following represents the results of this competitive analysis for FFEAA:

### **1. Strengths**

- a. Available industrial, flex, and office zoned property
- b. With more than 260,000 flight operations annually, Falcon Field is the fourth most active general aviation airport in the U. S. and second in the Phoenix metro area. (Source: Federal Aviation Administration (FAA) Air Traffic Activity Data System (ATADS).
- c. Large number of privately-owned aircraft
- d. Airport is self-sustaining financially, only outside funding is from Az Dept of Trans and FAA
- e. Large aerospace / defense manufacturer operations (Boeing, MD Helicopters)
- f. Freeway access
- g. Infrastructure (water, wastewater, gas & power)
- h. City motivated to attract business, a proven "can do" attitude and approach in City of Mesa leadership to Economic Development (facilitate, not regulate)
- i. Successes with HEAT initiatives
- j. Reverse commute traffic pattern
- k. Close proximity to local recreational areas

### **2. Challenges**

- a. Perceived air traffic congestion due to flight training
- a. Lack of defined value proposition, key differentiators which are critical to the visioning process and to developer actionable market strategy
- b. Perceived lack of commitment to existing Falcon Field aviation and non-aviation businesses
- c. Very low knowledge and recognition of area by the brokerage and development communities
- b. Office, industrial and flex land values and rents are higher than comps in Scottsdale, North Phoenix, Goodyear, and others. Cost of land and leases not competitive for our market

- c. Capital improvement funds are often from the federal government and are sometimes cumbersome to administer
- d. Need to define and understand scalability, sustainability factors
- e. Fiber infrastructure needs to be improved

### **3. Opportunities and Untapped Growth Sectors**

- a. Attractive demographic with household incomes higher than other Mesa households.
- b. Numerous potential partners to cultivate, existing and new, to assist in quality development (existing area businesses, land and building owners, development and brokerage community, ACA, etc.)
- c. Desirable access to recreation areas (rivers, lakes, mountains), connections to trails / parks
- d. Boeing, MD Helicopters, Nammo Talley
- e. City control of zoning, permitting, and regulatory reform authority
- f. Development of on-airport business opportunities
- g. Promotion of private aviation activities
- h. Hospitality, golf, sports and recreation
- i. Existing Southeast Valley user community

### **4. Potential Barriers to Success**

- a. Limited freeway visibility and signage
- b. Escalating costs of aircraft ownership (fuel, operation and maintenance)
- c. Residential encroachment and organized opposition to aviation overflights
- d. Limited “service delivery area” (50% of border is State, Tribal Community and Federal lands)
- e. Limited number of large sized parcels available for development
- f. Defense and aerospace industry retraction, Department of Defense spending reductions will affect some major employers
- g. Office, industrial, and flex land values and rents
- h. Type and size of existing commercial building inventory
- i. Close proximity to other airports
- j. Fragmented City approach to regulatory issues and airport development
- k. Lack of City commitment to airport marketing and sustainability
- l. No “Sense of Place” or strong identity for the area
- m. Flight school operations may conflict with best uses for Falcon Field Airport

## **Target Industries for FFEAA**

For the past several years, the City of Mesa's overall Economic Development priorities have been guided by Mesa's industries of opportunity: Healthcare; Education; Aerospace; and Technology/Tourism (HEAT). These five distinct industry sectors were selected based on Mesa's assets of available land, workforce, utilities, airports and existing businesses. The City Council and staff continue to prioritize these sectors throughout all of Mesa, including the Falcon Field Economic Activity Area.

Under the direction and guidance of the Commission, staff, working with input and data from the Greater Phoenix Economic Council and Arizona Commerce Authority, staff identified **two** specific industry sectors as Tier One industries, Aerospace/Aviation & Defense and Advanced Business Services that present better than average opportunities to attract new investment. Tourism is identified as a potential Tier Two industry with potential.

### **Tier One Industries**

#### **Aerospace/Aviation & Defense**

With the nation's fourth busiest general aviation airport and major Aerospace/Aviation and Defense companies such as Boeing, MD Helicopters, ATK, CAE, Timken, Nammo Talley and Special Devices, employing more than 5,500 full time employees, already in and around Falcon Field Airport and emerging companies such as Geco, Inc. and Phoenix Heliparts, the Aerospace/Aviation & Defense sector should be a primary industry to continue to be a dominate industry cluster for the FFEAA. Several members of the Commission have recommended that in addition to developing a closer relationship with the City's existing Aerospace and Defense businesses to ensure their retention and future expansions, the City should be working with these businesses to better understand the significant innovations that are taking place in the industry and opportunities to attract companies that are spurring these innovations. Aerospace/Aviation & Defense business retention and expansion efforts by the City and its partners, as well as the development of an innovative incentive program specifically targeting this sector at the Airport, should be a significant and constant effort to help search out and attract these innovation types of A/A&E industries.

In addition, the City should foster connections between the aviation and the educational community to build a consistent pipeline of professional and skilled workforce. To support this, the City may need to explore creating specific programs and or incentives for aviation-related businesses who invest in or adjacent to, Falcon Field Airport to help improve the competitiveness of the Area.

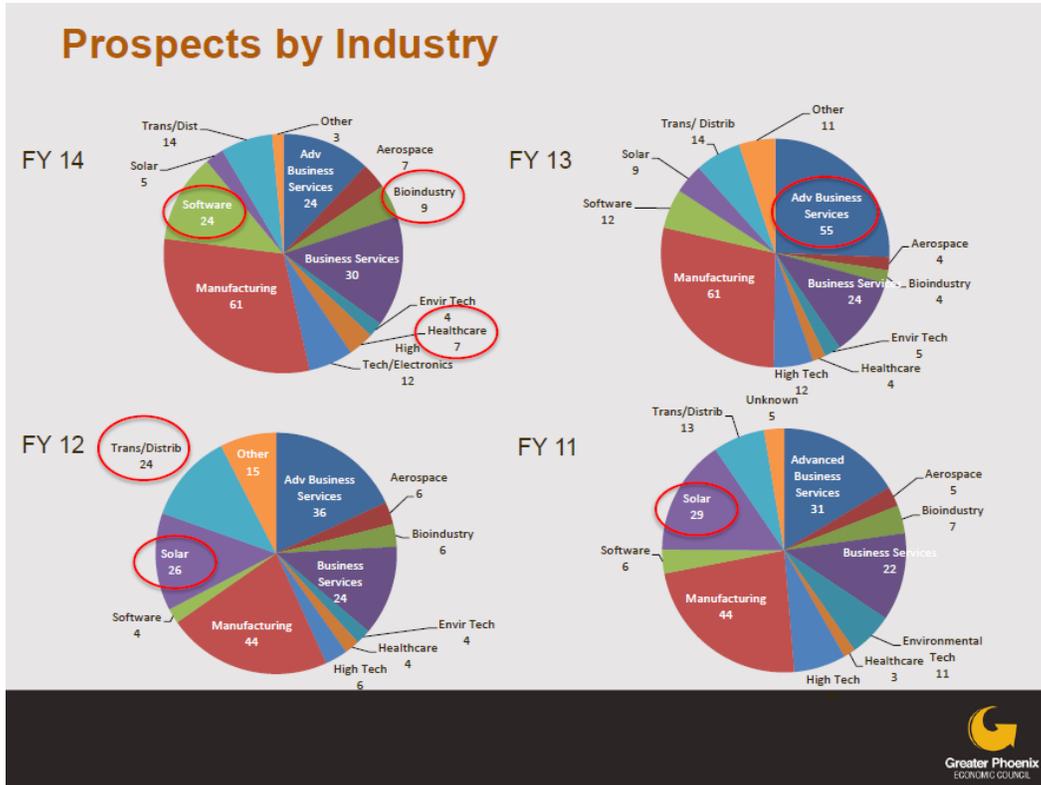
## Advanced Business Services

As one of the largest existing industry clusters with the FFEAA and with an ample supply of existing office/flex buildings and several green field sites suitable for new office campuses adjacent to the Loop 202 freeway, the Advanced Business Services cluster matches up well Falcon Field Economic Activity Area.

Advanced Business Services or ABS generally encompass enterprises that:

- derive most of their sales from business clients;
- provide product development and / or cost management solutions which are specifically tailored to the needs of clients;
- apply a high degree of creativity and intellectual expertise in delivering these solutions; and
- act as the **primary provider** of intellectual content as opposed to agents for other corporations providing pre-designed goods and services.

Examples of advanced business services businesses include banking, financial services, data centers, back office centers, consulting firms, accounting, mortgage, payroll processing, as well as software research, development and support to name just a few. The Greater Phoenix Economic Council's recent analysis breaking down the types of industry prospects demonstrate that Advanced Businesses Services and Business Services combined has comprised the largest segments of the prospects requesting GPEC's site selection services over the past several years.



In the specific case of the FFEAA, ABS aligns well with Falcon’s strong infrastructure base of water, wastewater, fully improved streets, redundant electric grid, freeway access, and ample supply of existing office and flex buildings. According to GPEC’s Business Development Trends analysis of Office users, which is largely the type of facilities that ABS businesses utilize, both office prospects and their request for existing building options are up.

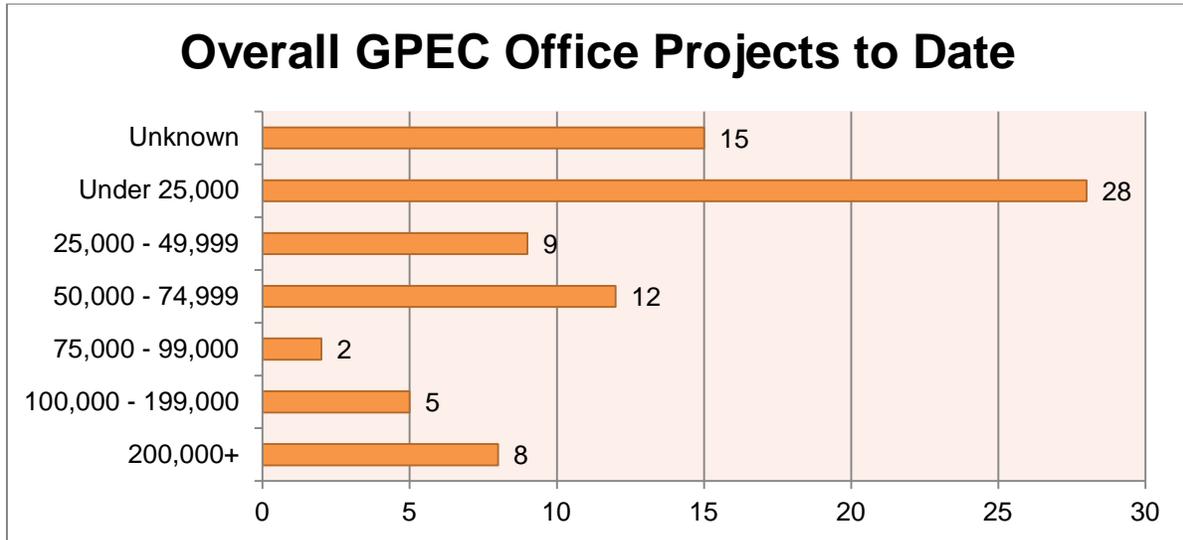
Further analysis demonstrates while some office prospects require more than 100,000 sq. ft. of space, the majority of these users require less than 75,000 sq. ft. Furthermore, the largest segment of Office prospects are users seeking space ranging from under 25,000 sq. ft. to 50,000 sq. ft.. This corresponds with the existing supply of existing Office/Flex space within the FFEAA. Combining all these existing attributes and assets of the FFEAA, the upward trending within the Office and Advanced Business Service sector, and the forthcoming effort to rebrand and aggressively market the FFEAA, the FFEAA will have an above average opportunity to attract Advanced Business Services businesses.

### Business Development Trends – Office

Data from Greater Phoenix Economic Council – July 2014

- 93% of prospects are requesting existing buildings
  - Up from a three-year average of 85%
- Office prospects are up 6% over last year

**Chart E:**



## **Tier Two Industry**

### **Tourism**

The FFEAA is both home and gateway to many outdoor activities such as hiking, mountain biking, climbing in the City parks as well as the adjacent mountain areas. It is suspected that thousands of Arizona residents fish, kayak, tube and paddleboard the Salt River, as well as boat, ski, and wakeboard on nearby lakes. The clear economic impact however, is not yet known and has not been studied.

Coordinated efforts should be made by the City, the Mesa Chamber of Commerce, Visit Mesa and other organizations to first assess the market potential and then try to capture a greater percentage of these travelers as they utilize Mesa’s unique amenities in the desert. With year-round access to lakes, rivers, and parks, assuming the market would support it, effort could be made to attract outfitters and sporting equipment manufacturers and retailers.

In addition to activities using the natural features of the area, the City should work to promote Sport Tourism, utilizing existing parks: Quail Run, Gene Autry and Red Mountain as well as planned park sites and other open space areas such as the City’s extensive orange groves as prime locations. These sporting complexes can attract events and tournaments subsequently driving hotel booking and retail/restaurant

activity. This will elevate Mesa as a regional and national sports recreation destination and infuse the area with new dollars from outside the region.

Examples of destination facilities include Disney's Wide World of Sport Complex in Tampa, a 100-acre campus that offers multiple indoor and outdoor sporting opportunities, and Foley Sports Complex (under construction), North Myrtle Beach which will feature local and regional sporting events. A greater emphasis should be placed on connecting recreational facilities with paths and greenbelts and other off-street access.

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# FALCON FIELD ECONOMIC ACTIVITY AREA

## STRATEGIC PLAN

**DRAFT --- AUGUST 2014 --- DRAFT**

### GOALS AND STRATEGIES

To execute the mission, the Commission has outlined goals and objectives for consideration by Mesa City Council to establish the City's strategic direction for economic development within the FFEAA.

The recommendation from the Commission discusses two distinct components, or strategies (campaigns), for accomplishing the mission: **Business Development and Branding and Marketing**. The first goal is **to create and retain quality jobs in FFEAA** and requires a three-prong approach: attracting new business; retaining and expanding existing businesses; and product development. Product development for purposes of this document, includes research, analysis and planning to identify feasible opportunities to pursue for tourism and commercial development that would yield an attractive return on investment. Ideally, over the three months, a business development plan would be created and execution would begin. The business development plan would be a three-five year effort with annual performance measures and key milestones to identify success.

The second component, to run concurrently with the first outlined above, involves a **concerted effort in promoting** the Falcon Field Economic Activity Area (FFEAA). Marketing and branding efforts for FFEAA need to be prioritized during the current fiscal year. FFEAA has quality assets in key industries and a detailed plan on how to distribute the message is needed immediately. There is also a large contingent in the development and brokerage community that is relatively unaware of the benefits of locating in the FFEAA. With targeted and strategic promotion, the visibility of FFEAA could be raised substantially.

### BUSINESS DEVELOPMENT

#### Goal 1. Create and Retain Quality Jobs

**To attract, grow and retain FFEAA jobs, increase capital investment, expand the tax base, and grow industries the FFEAA.**

#### Objective 1:

Business attraction. Generate quality leads of businesses exploring relocation or expansion opportunities.

**Strategies:**

- a) Direct City staff to investigate and/or propose methods, programs or incentives to spur development within the Area which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating lease terms and airport fees, non-traditional resources)
- b) Develop and implement a program to market to major commercial brokerage institutions in the Phoenix-Mesa area to educate them about the opportunity and or available buildings/properties within the FFEAA.
- c) Respond strategically to leads from the Greater Phoenix Economic Council (GPEC), Arizona Commerce Authority (ACA), as well as leads from other partners.
- d) Market new and/or existing business assistance programs including Foreign Trade Zone, expedited or Self-Certified plan review and permitting, and customized solutions (build-to-suit/lease), etc., to decision-makers in key industries.
- e) Work with partners to create strategies and winning solutions for project proposals to the Arizona Commerce Authority, GPEC, brokerage inquiries, etc.
- f) Build relationships with key site selection professionals and commercial real estate brokers in an effort to increase direct lead generation.
- g) Work with existing land and building owners to cooperatively market (CoStar service), brand and price their land and facilities accordingly.
- h) Prioritize “game changer tenants” or Tier I companies and develop a plan to pursue them.
- i) Develop a strategy and timeline to address fiber infrastructure opportunities.

**Supporting Tactics May Include:**

- a) City staff to inventory relevant buildings/land for business attraction efforts in the industries of opportunity within the FFEAA. CoStar represents a portion of the available land and buildings in FFEAA.
- b) Facilitating regular conference calls, monthly meetings, or other forums, with key sales and marketing partners.

**Objective 2.**

Business retention and expansion.

**Strategies:**

- a) Provide assistance to existing FFEAA companies to ensure their continued health and aid in their ability to grow and thrive in the community by providing technical assistance and expertise on subjects such as expansion options, permitting guidance, financing options, etc.
- b) Aggressively implement Mesa’s Business Retention & Expansion (BRE) program with partners, including the Chamber of Commerce, to identify and meet with companies. Utilize the data to assist in retaining and expanding businesses.

### **Objective 3.**

Product development. Identify feasible opportunities for tourism and commercial development that yields return on investment for the FFEAA.

#### **Strategies:**

- a) Conduct a feasibility study to determine the economic potential of Red Mountain Park and or the City orange groves into a City-owned and operated “Mega Sports Complex”.
- b) Conduct a Visitor Profile study to determine the potential of subsector markets in the tourism industry (cultural traveler, youth sports, outdoor adventurer, culinary arts, etc.) and the potential opportunity to build product in FFEAA to maximize the opportunity those travelers may provide Mesa.
- c) Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of FFEAA as a business and travel destination.
- d) Leverage City of Mesa-owned real estate and utilities within the FFEAA to add value to city site proposals and packages.
- e) Direct City staff to examine to ncing Airport operations and ensuring long-term sustainability such as lease fees, landing fees, taxes, etc.

#### **Business Development Performance Measures / Defining Success / Deliverables:**

- Increase the number of quality, high-wage jobs created in FFEAA by 10 percent over the next three years.
- Increase the capital investment made in FFEAA over the next three years
- FFEAA will have an annual report card highlighting progress and accomplishments.

## **BRANDING AND MARKETING**

**Goal 1. Increase awareness, drive interest and increase leads from businesses in targeted sectors for site location in the Falcon Field Economic Activity Area (FFEAA).**

### **Objective 1:**

Create a brand strategy for FFEAA.

#### **Strategies:**

- a) Develop a new brand for FFEAA.
- b) City staff to coordinate a stakeholder committee to work on the brand and participate in creating the new FFEAA brand pillars, messaging, positioning statement/value proposition, etc.
- c) City staff to lead this effort and coordinate resources and stakeholder participation.

### **Objective 2:**

Create a marketing and communications plan for FFEAA.

#### **Strategies:**

- a) In concert with the branding process, develop a marketing plan identifying target audiences, target industries and measurable performance indicators.
- b) Develop and implement a consistent and cohesive marketing strategy, aimed at local, national and international target audiences (including site selectors and company executives), that establishes the FFEAA as well as Falcon Field Airport as a desirable location for investment by targeted, high skill industries.
- c) Educate target audiences on the value of FFEAA on the media, residents, businesses, economic development partners, and decision-makers.
- d) Incorporate specifics of the FFEAA brand value proposition into the City of Mesa Economic Development "Road Show" promoting city services, business resources (P&Z) and signature projects and make presentations at various conferences held locally, regionally, and nationally to reach the target audiences including brokers, site selectors, real estate consultants, company decision-makers, and other related professionals.
- e) Work with partners to shape the FFEAA as an attractive opportunity for development – participating in Falcon Field Area improvement projects, marketing land and buildings, existing business mix, workforce, infrastructure improvements, etc.
- f) Collaborate with state, regional and local business development organizations such as Arizona Commerce Authority, GPEC, Arizona Technology Council, local arts and culture community, and others, to improve Mesa's profile as a top tier destination to

live, work and build a business.

- g) Work with Chamber of Commerce, Visit Mesa and East Valley Partnership and other community partners to promote the FFEAA. Identify and coordinate “who” will be doing “what” as part of the Marketing / Communication strategy and outreach efforts.

### **Branding and Marketing Performance Measures / Defining Success / Deliverables:**

- FFEAA will have a clearly defined value proposition, key differentiators and brand supporting an economic development “actionable market strategy”.
- Create appropriate targets for key performance measures for years one through five.
- Increased earned local and national media.
- Conduct two broker/developer familiarization tours of the Area per year.
- Increase in lead generation year over year.
- Track conversion rate of leads to locates to establish a baseline.
- Identify Mesa’s Office of Economic Development as the prime point of contact for businesses.

# Appendix

DRAFT

## Exhibit 1

### Community Profile

Falcon Field and Mesa Comparison



City of Mesa - Office of Economic Development

	Mesa	Falcon Field Area	
<b>Population Summary</b>			
2000 Total Population	399,930	51,342	Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
2010 Total Population	439,041	59,488	
2014 Total Population	454,981	61,916	
2019 Total Population	480,530	65,432	
<b>Household Summary</b>			
2014 Households	171,244	22,984	
2019 Households	181,116	24,379	
<b>Median Household Income</b>			
2014	47,801	70,147	
2019	54,351	83,666	
<b>Median Home Value</b>			
2014	\$167,372	\$243,708	
2019	\$206,862	\$276,496	
<b>Per Capita Income</b>			
2014	\$23,491	\$35,712	
2019	\$26,766	\$41,668	
<b>Median Age</b>			
2010	34.7	43	Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.
2014	35.3	44.1	
2019	36	44.7	
<b>2014 Households by Income</b>			
Household Income Base	171,243	22,984	
\$35,000 - \$49,999	15.7%	10.6%	
\$50,000 - \$74,999	20.8%	20.1%	
\$75,000 - \$99,999	13.4%	14.7%	
\$100,000 - \$149,999	8.7%	15.8%	
\$150,000 - \$199,999	3.2%	9.0%	
\$200,000+	2.2%	7.7%	
Population Earning above \$100,000	14.1%	32.5%	
Average Household Income	\$61,940	\$95,860	
Average Home Value	\$262,977	\$364,541	

<b>2014 Population by Age</b>		
Total	454,980	61,919
0 - 24	35.0%	30.6%
25 - 44	26.7%	20.3%
45 - 64	22.6%	30.4%
65+	15.8%	18.4%
<b>2014 Population by Race/Ethnicity</b>		
Total	454,981	61,916
White Alone	75.6%	88.9%
Black Alone	3.7%	1.7%
American Indian Alone	2.5%	0.9%
Asian Alone	2.2%	2.3%
Pacific Islander Alone	0.4%	0.2%
Some Other Race Alone	11.9%	3.3%
Two or More Races	3.7%	2.8%
Hispanic Origin	27.7%	10.5%
Diversity Index	65.6%	35.8%
<b>2014 Population 25+ by Educational Attainment</b>		
Total	295,652	42,876
High School Graduate	22.4%	17.8%
GED/Alternative Credential	3.9%	2.7%
Some College, No Degree	27.9%	26.9%
Associate Degree	8.4%	9.1%
Bachelor's Degree	16.3%	24.1%
Graduate/Professional Degree	8.2%	14.7%
<b>2014 Population 15+ by Marital Status</b>		
Total	358,079	50,630
Never Married	30.7%	22.9%
Married	51.0%	61.5%
Widowed	5.9%	5.0%
Divorced	12.4%	10.7%
<b>2014 Civilian Population 16+ in Labor Force</b>		
Civilian Employed	91.8%	93.8%
Civilian Unemployed	8.2%	6.2%
<b>2014 Employed Population 16+ by Industry</b>		
Total	191,515	27,297
Agriculture/Mining	0.6%	0.5%
Construction	7.3%	5.7%
Manufacturing	8.4%	12.2%
Wholesale Trade	1.9%	2.7%
Retail Trade	12.8%	11.3%
Transportation/Utilities	4.6%	4.4%
Information	1.5%	1.2%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Finance/Insurance/Real Estate	8.3%	8.7%
Services	51.4%	49.0%
Public Administration	3.3%	4.3%
<b>2014 Employed Population 16+ by Occupation</b>		
Total	191,514	27,298
White Collar	59.1%	71.8%
Management/Business/Financial	12.9%	19.9%
Professional	18.4%	23.8%
Sales	11.7%	13.0%
Administrative Support	16.1%	15.1%
Services	22.2%	15.0%
Blue Collar	18.7%	13.1%
Farming/Forestry/Fishing	0.2%	0.0%
Construction/Extraction	5.4%	3.0%
Installation/Maintenance/Repair	3.8%	2.3%
Production	4.1%	4.1%
Transportation/Material Moving	5.2%	3.7%
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.		
©2014 Esri		

## Exhibit 2

# City of Mesa Industrial and Flex Space Summary

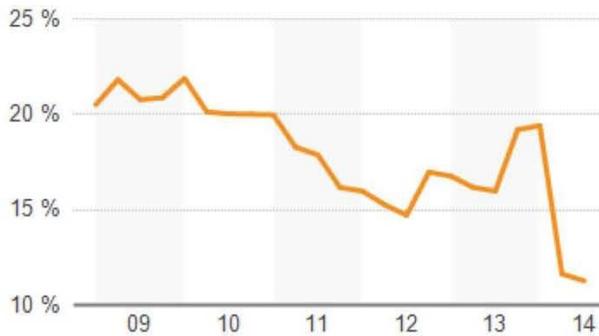
\*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$7.73	\$7.27	Existing Buildings	895	889
Vacancy Rate	11.3%	17.9%	Existing SF	18,712,605	17,622,837
Vacant SF	2,111,696	3,148,199	12 Mo. Const. Starts	13,923	504,329
Availability Rate	13.2%	19.0%	Under Construction	0	660,141
Available SF	2,465,847	3,438,460	12 Mo. Deliveries	28,948	395,040
Sublet SF	21,113	75,407			
Months on Market	10.5	10.9			

Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	938,598	686,721	Sale Price Per SF	\$74	\$67
12 Mo. Leasing SF	1,056,100	1,171,463	Asking Price Per SF	\$81	\$71
			Sales Volume (Mil.)	\$149	\$66
			Cap Rate	8.4%	7.2%

\*Source for all data is CoStar - July 2014

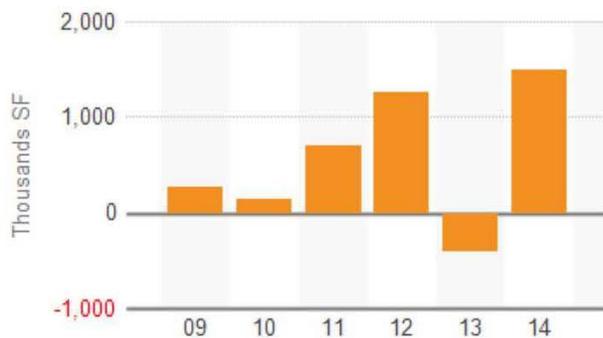
### Vacancy Rate



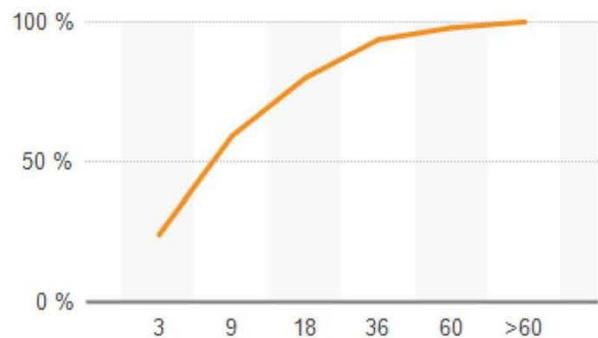
### Asking Rent Per SF



### Net Absorption



### Probability of Leasing in Months



## Exhibit 3

# Falcon Field Industrial and Flex Space Summary

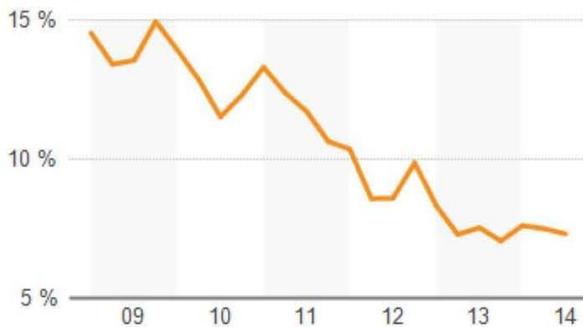
\*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$7.76	\$7.71	Existing Buildings	204	201
Vacancy Rate	7.3%	10.5%	Existing SF	4,273,606	4,242,944
Vacant SF	312,851	444,951	12 Mo. Const. Starts	13,923	14,107
Availability Rate	8.7%	12.6%	Under Construction	0	8,319
Available SF	371,249	533,660	12 Mo. Deliveries	28,948	17,242
Sublet SF	3,450	36,053			
Months on Market	8.5	9.6			

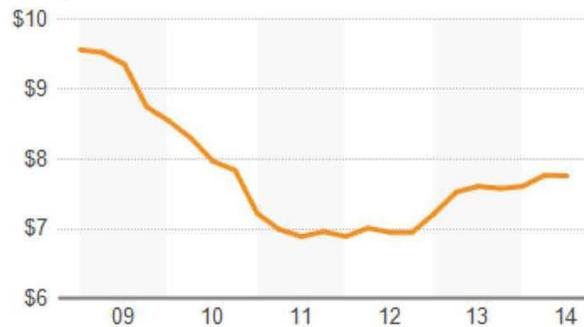
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	25,863	57,123	Sale Price Per SF	\$71	\$69
12 Mo. Leasing SF	181,172	150,677	Asking Price Per SF	\$89	\$82
			Sales Volume (Mil.)	\$12	\$11
			Cap Rate	6.8%	6.8%

\*Source for all data is CoStar - July 2014

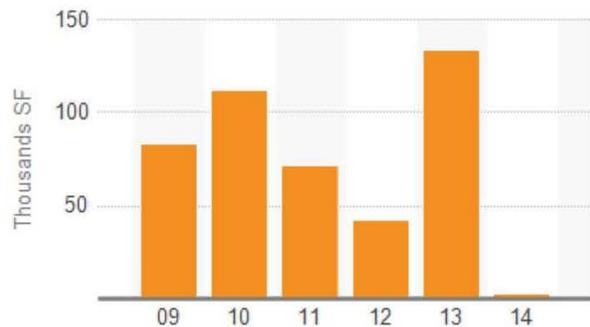
### Vacancy Rate



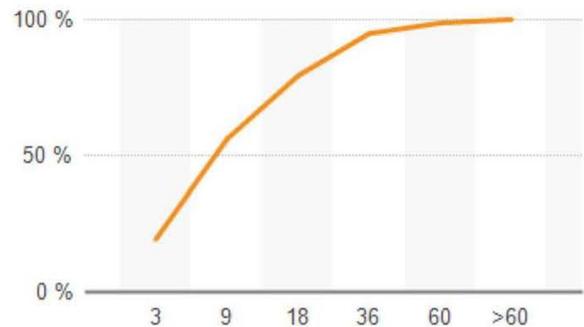
### Asking Rent Per SF



### Net Absorption



### Probability of Leasing in Months



## Exhibit 4

# City of Mesa Office Space Summary

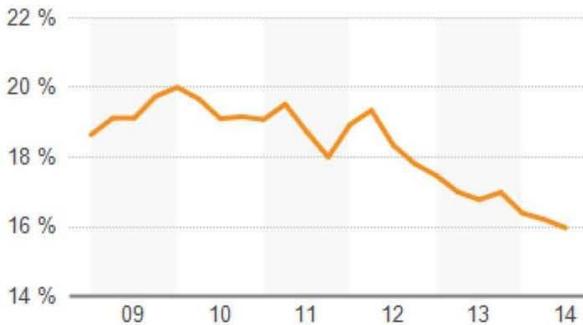
\*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$17.92	\$18.38	Existing Buildings	1,002	999
Vacancy Rate	16.0%	18.5%	Existing SF	10,999,628	10,841,753
Vacant SF	1,756,610	2,003,564	12 Mo. Const. Starts	0	33,030
Availability Rate	18.2%	20.0%	Under Construction	0	13,932
Available SF	2,001,471	2,169,163	12 Mo. Deliveries	0	51,151
Sublet SF	60,693	45,114			
Months on Market	17.5	16.4			

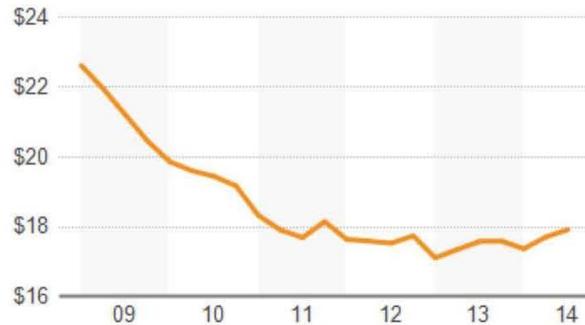
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	112,438	103,070	Sale Price Per SF	\$125	\$92
12 Mo. Leasing SF	464,392	577,715	Asking Price Per SF	\$105	\$106
			Sales Volume (Mil.)	\$62	\$35
			Cap Rate	7.7%	9.1%

\*Source for all data is CoStar - July 2014

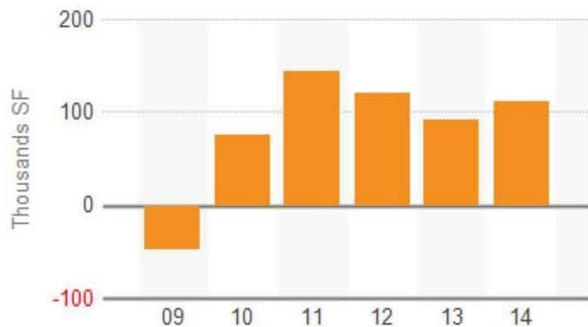
### Vacancy Rate



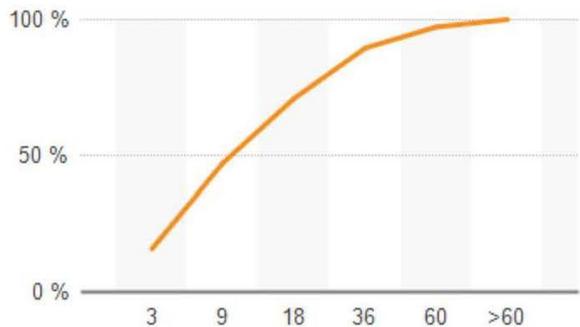
### Gross Asking Rent Per SF



### Net Absorption



### Probability of Leasing in Months



## Exhibit 5

# Falcon Field Office Space Summary

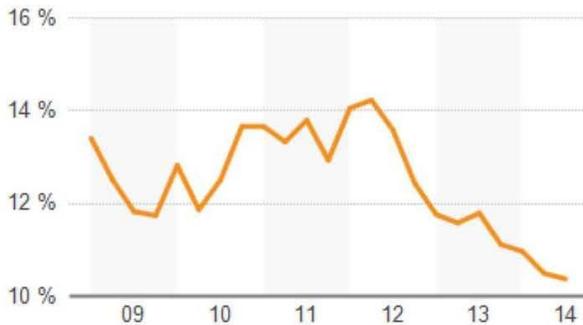
\*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$16.64	\$17.36	Existing Buildings	138	138
Vacancy Rate	10.4%	12.5%	Existing SF	1,445,626	1,442,759
Vacant SF	150,023	180,494	12 Mo. Const. Starts	0	3,018
Availability Rate	11.4%	13.8%	Under Construction	0	2,264
Available SF	164,608	199,084	12 Mo. Deliveries	0	3,584
Sublet SF	0	568			
Months on Market	20.0	15.6			

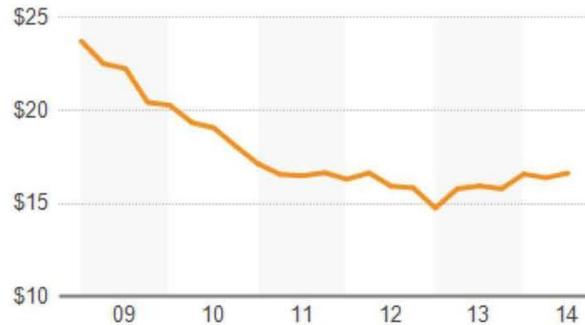
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	15,892	8,325	Sale Price Per SF	\$74	\$66
12 Mo. Leasing SF	38,592	35,922	Asking Price Per SF	\$116	\$107
			Sales Volume (Mil.)	\$3.2	\$3.0
			Cap Rate	9.0%	10.3%

\*Source for all data is CoStar - July 2014

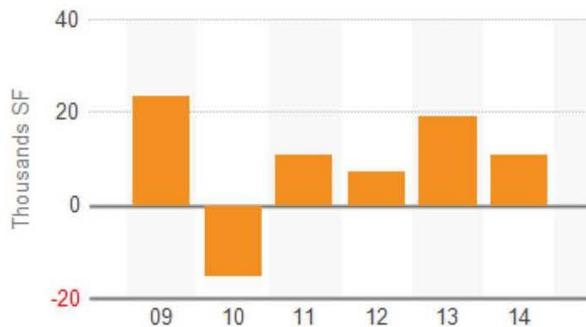
### Vacancy Rate



### Gross Asking Rent Per SF



### Net Absorption



### Probability of Leasing in Months

