



E-Commerce, Distribution & Logistics Ecosystem

JUNE 2022

Supply Success in Greater Phoenix

One of the nation's largest e-commerce, distribution & logistics hubs

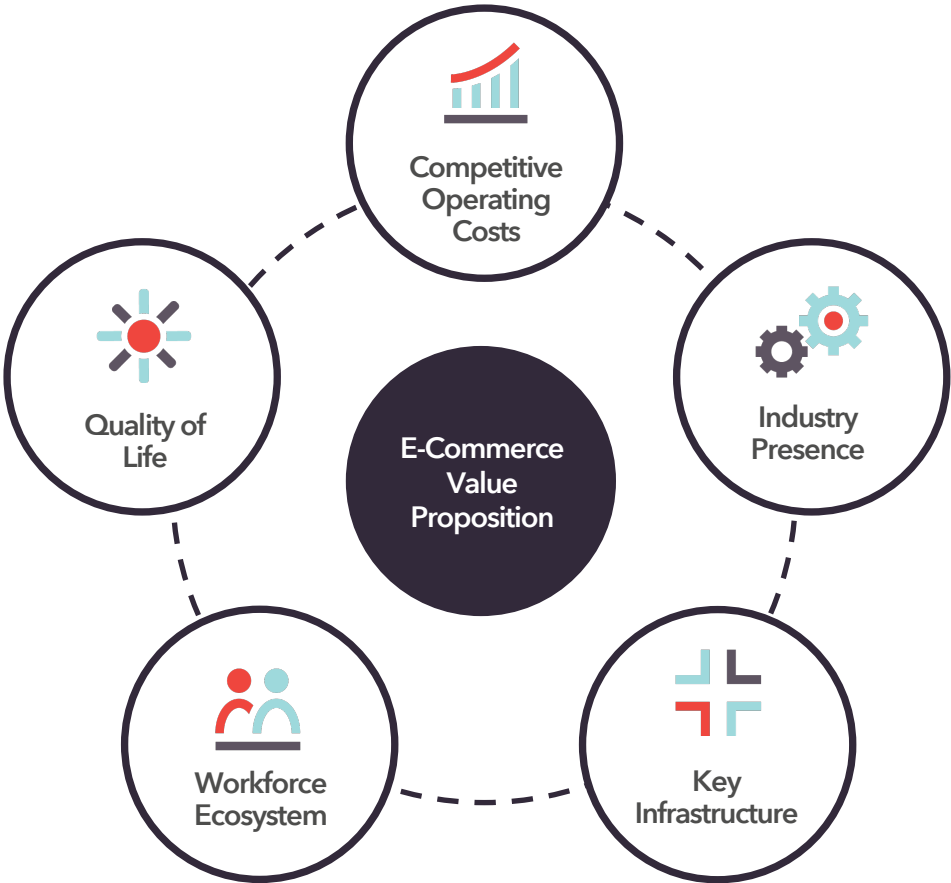
Greater Phoenix is a large and growing e-commerce, distribution and logistics hub. Many of the largest e-commerce firms have facilities in Greater Phoenix. With exceptional access to major markets, innovative trade programs and high-quality infrastructure, the region is an ideal location for these types of operations.

Here are just a few reasons why so many top companies choose Greater Phoenix:

- Lower operating costs than peer markets
- Well-planned, high-quality, air, rail and highway infrastructure
- Access to key markets within a one-day haul
- Innovative programs providing fast-tracked customs with Mexico
- More affordable cost of living for the employees that make companies great
- The region opens the door to a better quality of life than peer markets
- A welcoming and supportive region with active trade associations and key partners



Value Proposition



Competitive Operating Costs	Industry Presence	Key Infrastructure	Workforce Ecosystem	Quality of Life
<ul style="list-style-type: none">• Up to 12.8% less expensive operating costs than in competitor markets• Real estate purchasing costs 25% lower than Reno and Riverside	<ul style="list-style-type: none">• Major firms such as Amazon, Chewy, Inc. REI, UPS and others have significant operations• Home to largest full-truckload carrier in the United States• Several innovative logistics firms based in Greater Phoenix	<ul style="list-style-type: none">• Access to Interstates 8, 10, 17 and 40• Planned highways throughout region• Served by Union Pacific and BNSF Railroads• Sky Harbor International Airport serves 10 major freight carriers	<ul style="list-style-type: none">• #3 Supply Chain Management MBA Program in the U.S. at ASU• ASU Internet Edge Supply Chain Lab provides expertise and industry connectivity	<ul style="list-style-type: none">• Up to 20% lower cost of living than competitor markets• Housing rental cost is roughly 30% lower than Riverside, CA• Home to the largest municipal park in the nation

Value Proposition

What the industry is saying about Greater Phoenix



"The Goodyear distribution center will enable us to continue to focus on the needs of customers by moving our gear and apparel more quickly and efficiently, now and into the future."

-Rick Bingle, vice president of supply chain - REI



"We're excited to further expand Chewy fulfillment operations to Arizona, our first in the state and seventh in the country. We greatly appreciate the partnership with the city of Goodyear and look forward to investing in the local community with the creation of 700 new jobs."

-Ryan Cohen, co-founder & CEO - Chewy, Inc.



Daimler Trucks North America

"Selecting the Phoenix area as a PDC [i.e., parts distribution center] location was more than just picking a dot on a map... Phoenix's ideal location will improve service for many of those dealers and fleets."

-Stefan Kurschner, senior vice president of Aftermarket - Daimler Trucks North America

Industry Ecosystem

Notable logistics firms headquartered in Greater Phoenix



Knight-Swift

Knight-Swift is the industry's largest full-truckload carrier and is the result of a merger between Knight Transportation and Swift Transportation, two Phoenix-based, publicly traded firms. With roughly 24,000 employees nationally, Knight-Swift also provides cross-border, intermodal and logistics services.



GlobalTranz

GlobalTranz is a privately-held, Scottsdale-based logistics and freight management technology firm. A full-service third-party logistics (3PL) provider, GlobalTranz reported a 40% increase in revenue in the fourth quarter of 2020. In 2020, it ranked #4 in the Top 10 3PL by Inbound Logistics.

GPS Insight



GPS Insight is a Scottsdale-based fleet management and logistics firm. It was listed in Inc. 5000 Fastest-Growing Private Companies and Deloitte Technology Fast 500 rankings multiple times.



Mach 1 Global Services

Mach 1 Global Services provides logistics and supply chain solutions via air, ocean, road, rail and warehousing services. Headquartered in Tempe, the company has 25 locations throughout the U.S., as well as operates in China, India, Indonesia, Mexico and United Arab Emirates.

Industry Ecosystem

Distribution Centers

Many leading national firms operate distribution centers in Greater Phoenix. Listed below are the largest operations in the region by employment.

Company	Employee Count	City
Marshalls	1,650	Phoenix
Amazon	1,630	Phoenix
Walmart	1,053	Buckeye
Macy's	1,022	Goodyear
Amazon	1,007	Goodyear
Amazon	985	Phoenix
Amazon	972	Phoenix
Albertsons	810	Tolleson
Amazon	749	Phoenix
Atlas Retail Services	649	Tolleson
Walmart	600	Casa Grande
thredUP	520	Phoenix
Amazon	518	Phoenix
Humana	467	Glendale
Humana	407	Phoenix
Amazon	400	Phoenix
Stitch Fix	388	Phoenix
AutoZone	380	Tolleson
Bashas'	370	Chandler
Pillpack	370	Phoenix
Target	360	Phoenix
Recreational Equipment, Inc.	325	Goodyear
O'Reilly Automotive	320	Phoenix
PetSmart	312	Phoenix

Industry Ecosystem

Locates and Expansions

Since July 2017, GPEC has helped more than 35 ecommerce, distribution and logistics companies expand in the region, resulting in more than 10,000 jobs. Here is a sampling of companies:

WILLIAMS-SONOMA

Year: 2022 | Jobs: 1,716

Abercrombie & Fitch

Year: 2021 | Jobs: 300

Funko

Year: 2021 | Jobs: 360



Year: 2021 | Jobs: 750



Year: 2021 | Jobs: 150



Year: 2020 | Jobs: 95



Year: 2020 | Jobs: 1,000



Year: 2020 | Jobs: 150



Year: 2020 | Jobs: 400



Year: 2019 | Jobs: 300



Year: 2018 | Jobs: 370



Year: 2018 | Jobs: 250



Year: 2018 | Jobs: 145
Year: 2020 | Jobs: 200



Year: 2017 | Jobs: 132

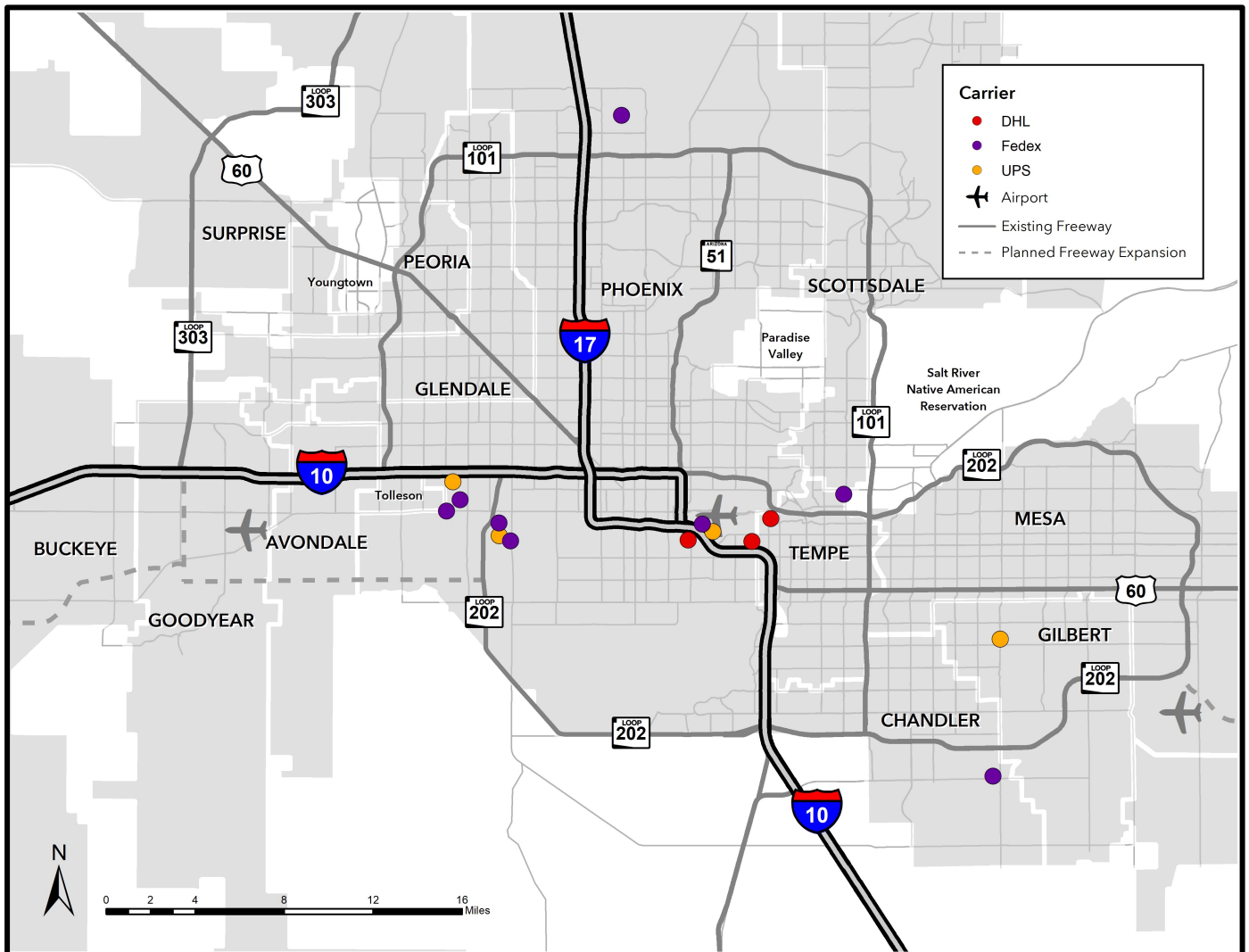


Year: 2017 | Jobs: 700

Industry Ecosystem

Major Carrier Locations

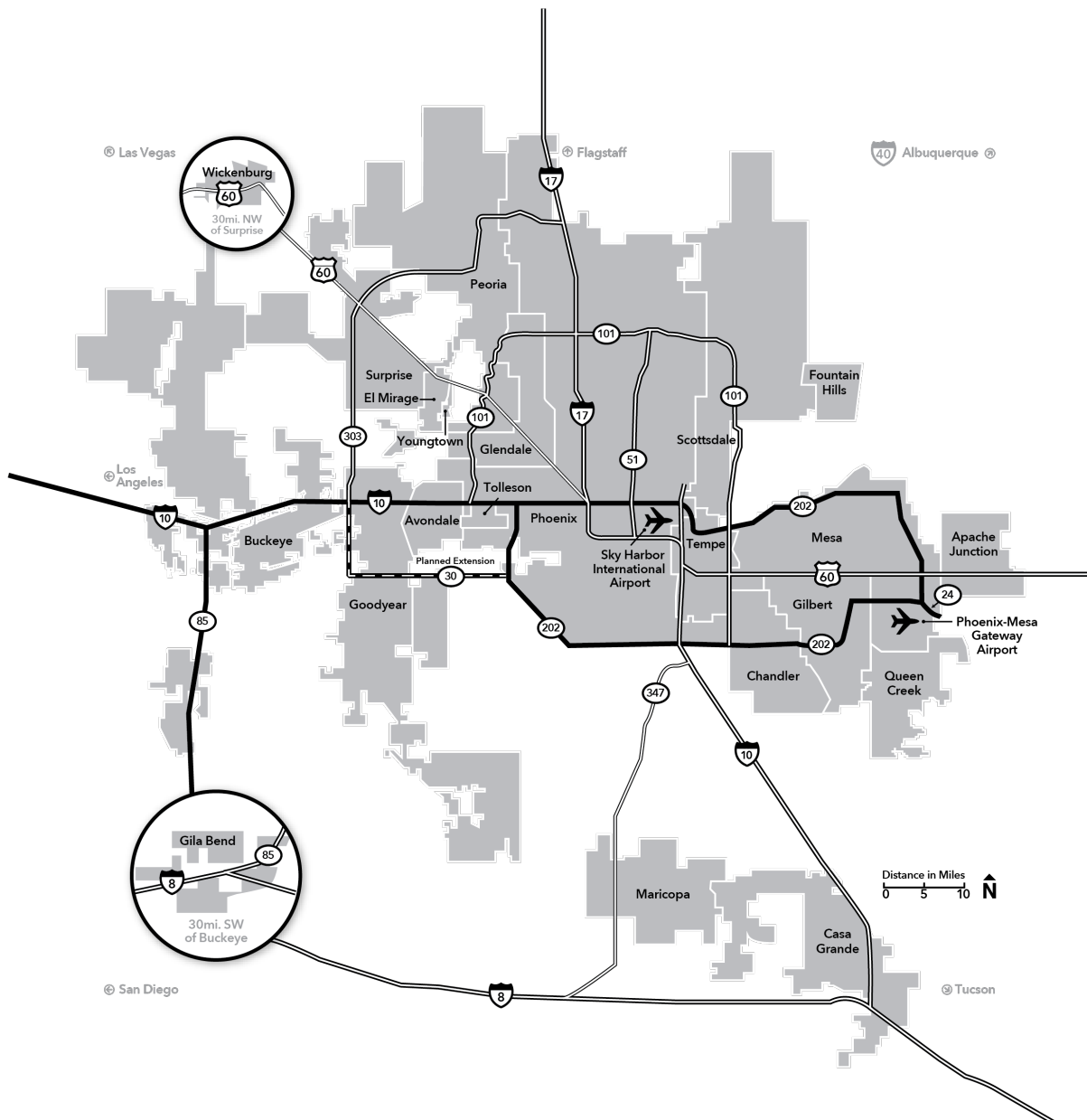
The map below shows freight and sorting locations for major shipping firms in Greater Phoenix. As can be seen below, FedEx and UPS have substantial operations in Greater Phoenix, including the development of a new distribution center in Goodyear, near Interstate 10 and Loop 303.



Key Infrastructure

Greater Phoenix Regional Highway Map

The map below displays existing and planned highway infrastructure in Greater Phoenix. The region's highways are well-planned and provide easy access to all the major submarkets in this area. In addition, proximity to Interstates 8 and 40 mean that access to California markets is seamless.



Key Infrastructure

Greater Phoenix Market Access

Greater Phoenix has access to more than 33 million people in seven states within a one-day truck haul, including major seaports in Los Angeles and Long Beach. Firms have access to nearly the entire Southwest within a two-day haul. Hauling is made easy thanks to easy access to Interstates 8, 10, 17 and 40.

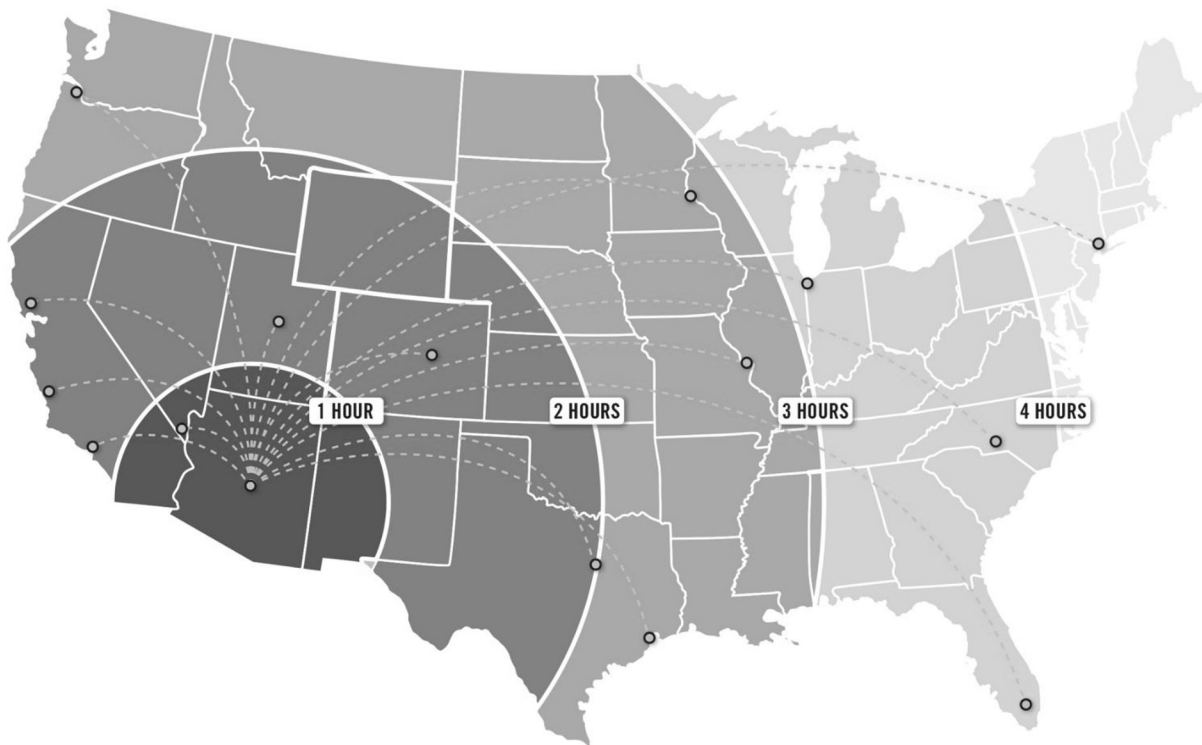


Key Infrastructure

Greater Phoenix Airport Access

Skybridge at Phoenix-Mesa Gateway Airport:

- The air logistics hub to ship high-value goods directly to consumers through a bonded facility incorporating Mexican and U.S. customs will be the first of its kind in the interior U.S. for air freight activities.
- Ideally situated within the Southwestern U.S. to not only meet growing e-commerce and airport logistics demands in the Phoenix metropolitan area but also to serve as a direct carrier to and from consumers in Mexico and across the nation.
- The proximity to Arizona State University's Polytechnic Campus creates opportunities for partnerships to attract and retain workforce talent within the airport.



Phoenix Sky Harbor International Airport (PHX):

- 39 million passengers in 2021
- 408,285 landings and takeoffs in 2021
- Over 1,000 tons of cargo handled daily

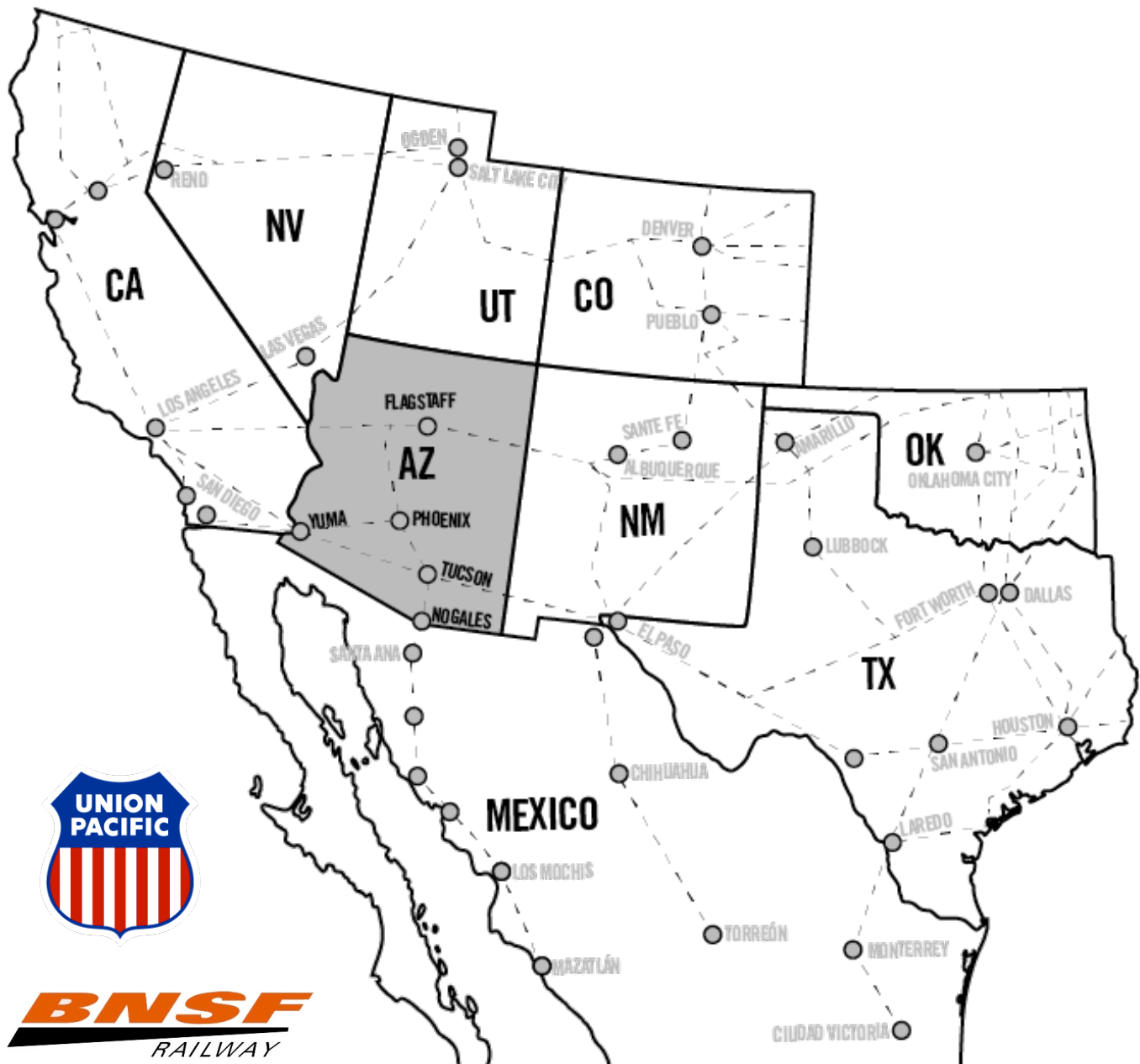
Cargo Community at PHX:

- | | |
|---------------------|-----------------------------------|
| • ABX | • Southwest Airlines |
| • American Airlines | • Swissport Cargo |
| • DHL | • UPS |
| • FedEx | • West Air Cargo |
| • South Air Cargo | • Worldwide Flight Services (WFS) |

Key Infrastructure

Regional Rail Access

Greater Phoenix is served by two major railroads, Union Pacific and BNSF. The map below displays all major rail lines throughout the Southwest.



Talent Pipeline

Greater Phoenix Talent Pipeline

The Department of Supply Chain Management at Arizona State University's (ASU) W.P. Carey School of Business advances knowledge in global supply chain management while focusing on issues of practical importance. Its faculty is globally recognized for expertise in procurement, supply management, operations management, logistics and supply chain performance optimization.



Top 5

ASU ranked 3rd by *U.S. News and World Report* for Best Supply Chain Management MBA Programs in 2022

ASU's Supply Chain Management Programs

The Department of Supply Chain Management under the W.P. Carey School of Business is one of the top-ranked supply chain departments in the U.S. The school is ranked No. 2 in the nation by U.S. News & World Report for undergraduate programs and No. 3 for graduate programs.

The School currently offers the following programs:

- Supply chain management (B.S.)
- Global logistics management (B.A.)
- Master of Science in Business Analytics (MS-BA)
- Master of Science in Global Logistics (MS-GL)
- The Online Master of Science in Supply Chain Management (Online MS-SCM)
- Business Administration with a concentration in SCM (Ph.D.)

Talent Pipeline

Internet Edge Supply Chain Lab

The Internet Edge Supply Chain Lab's mission is to create academic and Industry-inspired research that advances the understanding of technology innovations, challenges and opportunities regarding supply chain management.

The lab is led by Elliot Rabinovich and Dale Rogers. They are currently working on the following projects:



- Last mile fulfillment in omnichannel retailing with Walmart
- Merchandise variety in omnichannel retailing with Relay Foods
- Role of online retailing in promoting local grocery supply chains with USDA
- Management practices in warehouse platform systems with JDA Software and FLEXE
- Social media use during humanitarian disaster events with WeLink
- IoT Case Study: The IoT Supply Chain with Intel

The Internet Edge Supply Chain Lab hosts spring and fall meetings which cover a variety of topics including IoT and future supply chain challenges. In addition, the events feature expert lectures and networking opportunities.

Event participants have included:

- | | | |
|------------------------|-------------------------|---------------------|
| • Arrow Electronics | • GS1 | • n.io |
| • Bashas' Supermarkets | • Google | • OnTrac |
| • Cargomatic | • Home Depot | • Relay Foods |
| • Comcast | • IBM | • Resilinc |
| • Dell | • Igginition | • Terbine |
| • Engage3 | • Intel | • Trax Technologies |
| • FedEx | • JDA Software | • The Gap |
| • Fiat-Chrysler | • Knight Transportation | • Walmart |
| • Ford | • Menlo Logistics | |
| • FLEXE | • Newegg | |

For more information about the Internet Edge Supply Chain Lab, please visit:
<https://research.wpcarey.asu.edu/internet-edge/>

Labor Analysis

Labor Pool

The table below shows employment for the following e-commerce, distribution and logistics occupations in the selected metros.

Occupation	Phoenix	Las Vegas	Reno	Riverside
Customer Service Representatives	84,141	22,067	4,518	18,575
Laborers and Freight, Stock and Material Movers, Hand	49,688	23,850	8,365	63,696
Stockers and Order Fillers	41,812	16,330	5,635	61,466
General and Operations Managers	38,680	14,559	4,243	18,767
Heavy and Tractor-Trailer Truck Drivers	22,277	6,656	4,432	27,962
Light Truck Drivers	14,731	5,177	1,682	15,712
Industrial Truck and Tractor Operators	10,669	4,057	1,933	23,276
Shipping, Receiving and Inventory Clerks	9,524	5,130	2,330	11,471
Packers and Packagers, Hand	8,794	2,786	2,795	13,622
First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	8,438	2,593	941	9,668
Inspectors, Testers, Sorters, Samplers and Weighers	6,224	1,505	1,208	4,844
Packaging and Filling Machine Operators and Tenders	3,245	1,138	613	5,000
Logisticians	2,844	635	195	1,554
Transportation, Storage and Distribution Managers	2,175	762	307	2,608
Cargo and Freight Agents	1,433	820	198	1,120
Total	304,675	108,064	39,395	279,340

Labor Analysis

Labor Pool

Provided below are median annual wages for the selected e-commerce, distribution and logistics occupations in the comparison regions.

Occupation	Phoenix	Las Vegas	Reno	Riverside
Customer Service Representatives	\$36,078	\$33,613	\$33,259	\$37,793
Laborers and Freight, Stock and Material Movers, Hand	\$30,912	\$29,848	\$34,548	\$32,260
Stockers and Order Fillers	\$30,202	\$27,747	\$35,377	\$31,919
General and Operations Managers	\$100,029	\$104,645	\$102,940	\$99,340
Heavy and Tractor-Trailer Truck Drivers	\$47,774	\$48,318	\$50,586	\$50,377
Light Truck Drivers	\$36,545	\$32,781	\$40,471	\$44,115
Industrial Truck and Tractor Operators	\$37,253	\$40,914	\$42,207	\$38,244
Shipping, Receiving and Inventory Clerks	\$35,192	\$31,762	\$36,295	\$35,108
Packers and Packagers, Hand	\$26,754	\$24,794	\$30,846	\$27,553
First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	\$54,894	\$54,600	\$55,390	\$59,173
Inspectors, Testers, Sorters, Samplers and Weighers	\$40,645	\$34,424	\$39,937	\$37,654
Packaging and Filling Machine Operators and Tenders	\$31,074	\$28,413	\$31,064	\$31,533
Logisticians	\$68,257	\$58,802	\$66,958	\$80,169
Transportation, Storage and Distribution Managers	\$92,666	\$78,811	\$88,975	\$93,001
Cargo and Freight Agents	\$41,213	\$28,746	\$31,863	\$36,222

Operating Cost Analysis

The Annual Business Operating Cost Analysis has been prepared using the following parameters as an estimate for e-commerce, distribution and logistics operations in competitor markets. Component and custom analyses to match your company's operations can be provided upon request.

Assumptions

- \$10,000,000 personal property investment
- 200,000 square foot Industrial Warehouse, Lease
- Utilities (per month):
 - Electric: 1,000W, 200,000KWh
 - Water/Wastewater: 3,000cf, 5/8 meter
- 250 jobs (Bureau of Labor Statistics equivalent occupations)

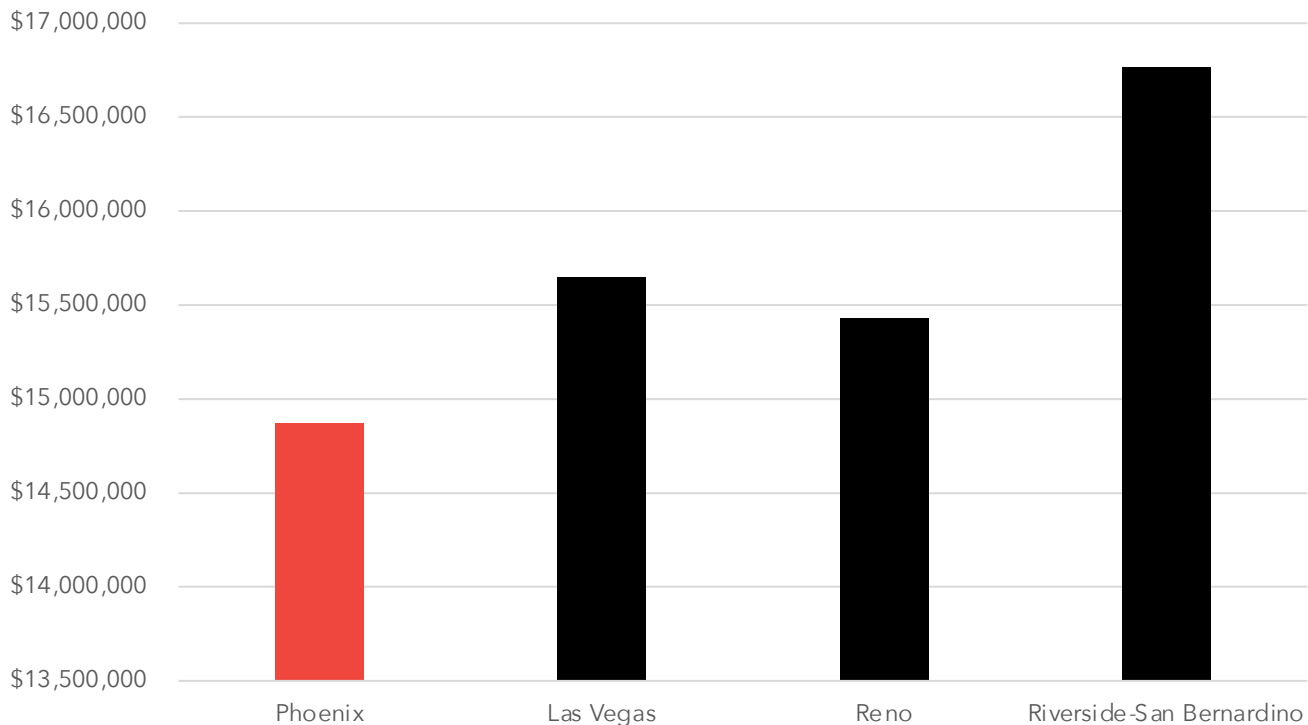
Occupations	Employment
Laborers and Material Movers, Hand	100
Packers and Packagers, Hand	50
Packaging and Filling Machine Operators	30
Shipping, Receiving and Traffic Clerks	30
Industrial Truck and Tractor Operators	20
First-Line Supervisors of Laborers and Material Movers	15
Logisticians	3
General and Operations Managers	1
Transportation, Storage and Distribution Managers	1
Total	250

Operating Cost Analysis

Annual Operating Cost

Metro	Payroll	Benefits	Utilities	Real Estate	Property Tax	Total Operating Cost	Index
Phoenix	\$10,502,050	\$2,545,350	\$328,206	\$1,488,000	\$5,258	\$14,868,863	100.0%
Las Vegas	\$10,999,105	\$2,873,353	\$250,400	\$1,416,000	\$108,395	\$15,647,252	105.2%
Reno	\$11,008,805	\$2,875,531	\$267,095	\$1,152,000	\$127,320	\$15,430,751	103.8%
Riverside-San Bernardino	\$11,190,609	\$3,106,564	\$539,633	\$1,812,000	\$116,500	\$16,765,306	112.8%

Annual Operating Cost by Metro



Operating Cost Analysis

Arizona Tax Environment vs. Competitor Markets

Arizona has a very competitive tax and mandated benefits environment compared to peer markets.

Metro	Sales Tax Rate	Corporate Income		Inventory Tax	Unemployment Insurance			Workers Comp. (Rate Per \$100 Payroll)
		Tax Rate	Bases		Rate (As % Of Payroll)	Wage Base	Max. Payment	
Phoenix	8.60%	4.90%	Net income	No	2.00%	\$7,000	\$240.00	\$1.05
Las Vegas	8.40%	1.48%	Payroll	No	2.95%	\$33,400	\$469.00	\$1.07
Reno	8.30%	1.48%	Payroll	No	2.95%	\$33,400	\$469.00	\$1.07
Riverside	8.80%	8.84%	Net income	No	3.40%	\$7,000	\$450.00	\$2.16

Source: Applied Economics Metrocomp Tool; Tax Foundation, 2021; Various state revenue departments, 2020; Oregon Dept. of Consumer and Business Services, "Workers' Comp. Premium Rate Ranking", 2020; U.S. DOL, "Significant Provisions of State Unemployment Insurance Laws", January 2021.

Industrial Market Rates

The tables below provide quoted monthly rates per square foot for industrial properties within Greater Phoenix and competitor markets.

Market Rate for Lease of Industrial Properties

Metro	Monthly Rate Per Square Foot	Index
Phoenix	\$0.87	100.0%
Las Vegas	\$0.97	111.5%
Reno	\$0.69	79.3%
Riverside (Inland Empire)	\$0.97	111.5%

Average Quoted Industrial Rates by Greater Phoenix Markets

Submarket	Monthly rate per square foot
Glendale	\$0.75
Goodyear	\$0.64
Grand Avenue	\$0.76
Pinal County	\$0.84
Southwest Outlying	\$0.68
SW N of Buckeye Road	\$0.65
SW S of Buckeye Road	\$0.71
Tolleson	\$0.65
W Phoenix N of Thomas Rd	\$0.74
W Phoenix S of Thomas Rd	\$0.74

Source: CoStar 2022 Q1 Industrial Market Reports.

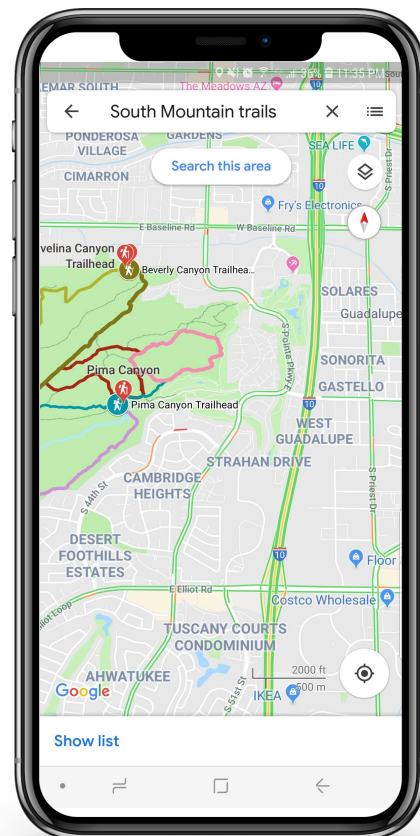


E-COMMERCE, DISTRIBUTION & LOGISTICS

Quality of Life

Parks & Recreation

Greater Phoenix is home to hundreds of parks and hundreds of miles of hiking, biking and walking trails. The region is home to the largest municipal park in the United States, South Mountain Park/Preserve (SMP). SMP covers more than 16,000 acres. Other large parks in the region include the White Tank Mountain Regional Park, Camelback Mountain, Piestewa Peak and the Superstition Mountains. Notable walking trails in the region include canals, Tempe Town Lake, the Greenbelt and Papago Park.



Quality of Life

Cost of Living

Greater Phoenix is more affordable for companies and the people that make them successful.

Greater Phoenix is the only market with a cost of living below the national average. Across all major buckets of expenses, Greater Phoenix is lower cost than peer markets.

Metro	Cost of Living Index	Index
Phoenix	107.0	100.0%
Las Vegas	109.5	102.3%
Reno	116.5	108.9%
Riverside	127.9	119.5%

Source: Lightcast 2022 Q2 Dataset.

Housing

Greater Phoenix's housing market remains affordable relative to competing markets.

Metro	Median Home Value	Index	Median Rent	Index
Phoenix	\$442,976	100.0%	\$1,884	100.0%
Las Vegas	\$416,647	94.1%	\$1,805	95.8%
Reno	\$556,638	125.7%	\$1,580	83.9%
Riverside	\$555,853	125.5%	\$2,537	134.7%

Source: Zillow Home Value Index February 2022; Zillow Rental Value Index February 2022.

Personal Income Tax

Greater Phoenix has the lowest personal income tax of those states that have a personal income tax across all income levels. With its affordable cost of living and low taxes rates, income goes further in Greater Phoenix.

State	\$50,000	\$150,000	\$270,000	\$500,000	\$1 Million Or More
Arizona	2.98%*				
Nevada	No Personal Income Tax Levied				
California	8.00%	9.30%	9.30%	11.30%	13.30%

*2.55% for the first \$27,272 of income.

Source: Tax Foundation 2022.

Notes: Tax rates are for single filers.

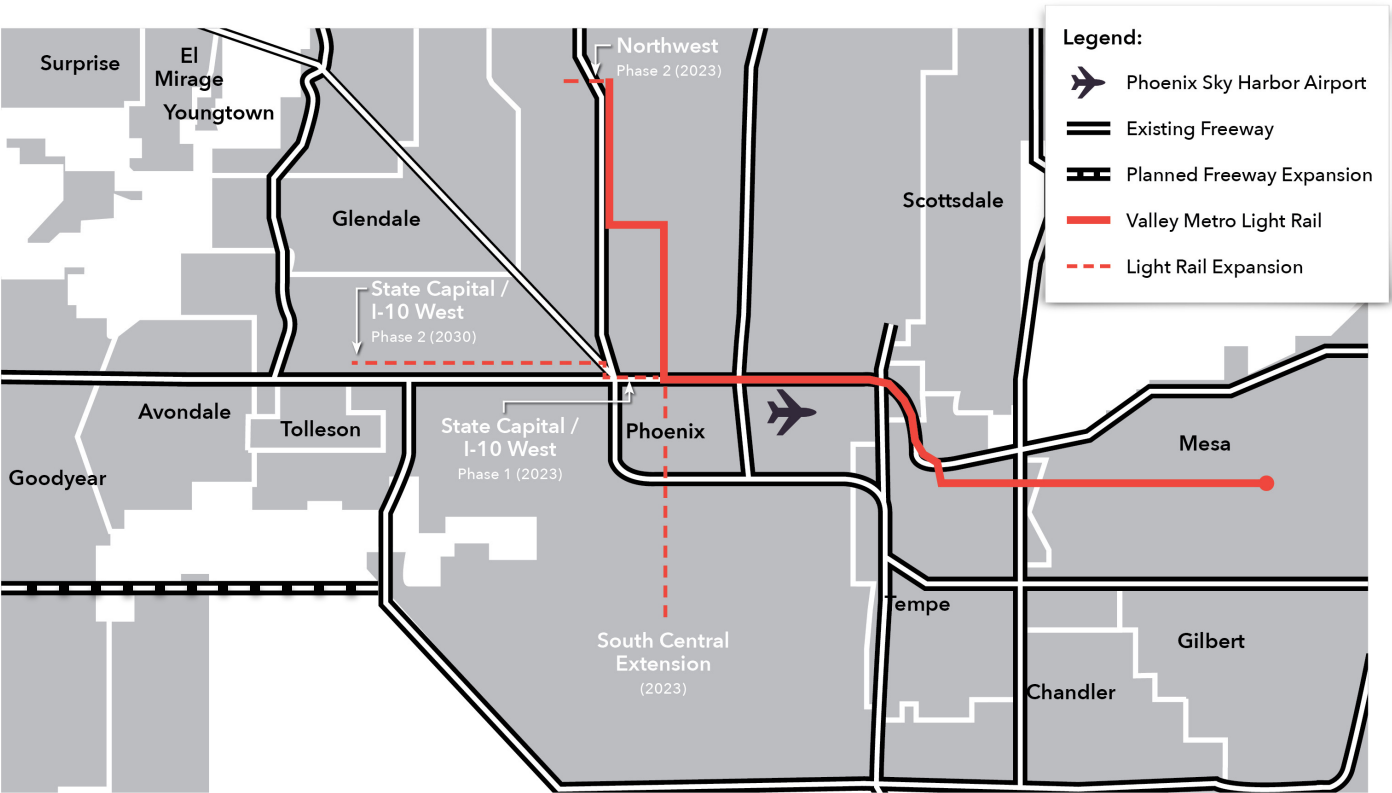
Quality of Life

Commute Times & Light Rail

Many companies that have recently expanded into the region have commented on the ease of access to the workforce and the accessibility of the market. An important aspect of this is the region’s commute times which are significantly shorter than competitor markets, enabling your workforce to spend more time enjoying their lifestyle and less time in traffic. The region has a modern freeway system and an expanding light rail ensuring that there is a robust supply of talent no matter where a business is located.

Metro	Average Commute Times	Yearly Commute	Index
Phoenix	26.9 minutes	9.6 days	100.0%
Las Vegas	25.1 minutes	9.0 days	93.3%
Reno	22.3 minutes	8.1 days	82.9%
Riverside	33.2 minutes	11.9 days	123.4%

Source: ACS 2020 5-Year Estimates.



Rankings & Recognition

#3

Phoenix was ranked #3 in Numeric Population Growth from 2010 to 2019 in the 2020 U.S. Census.

#1

Arizona State University named America's Most Innovative University seven years in a row by U.S. News & World Report.

#3

Sky Harbor International Airport ranked 3rd in the Wall Street Journal's "The Best of the Biggest Airports"

Top Tier

APS and SRP rank as top business service providers by J.D. Power and Associates for reliability.

Top 10

In 2021, Arizona was ranked in the top 10 best states to start a business by The Motley Fool.

Top 10

Greater Phoenix is ranked in the top 10 for low catastrophic and natural disaster risk.

Top 20

In 2022, one city within the region were listed in the top 20 happiest cities in the nation.

Top 20

Arizona ranked in the top 20 states for doing business in 2021.

Greater Phoenix Greater Together

People. Place. Technology.