



Greater Phoenix Startup Ecosystem

SEPTEMBER 2023

PHOENIX 2023

Develop Your Business in Greater Phoenix

One of the nation's best markets for startups

Greater Phoenix is bucking the national trend of decreased venture capital funding. From 2022 to 2023, non-debt, VC/equity financing deals grew 58% to \$1.7 billion in the region, showcasing the enthusiasm of investors and entrepreneurs to invest in this space. From early-stage ventures testing a product to late-stage startups looking to expand, the region is home to startups at all stages. Greater Phoenix's business environment makes it the ideal place for startups of all stages and industries.

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

- Substantial cluster of startups with a strong community that provides mentorship, peer support and funding opportunities
- Large and talented workforce at competitive wages
- Massive education pipeline developing workers with vital skills
- Competitive operating cost and tax environment with several available incentives
- More affordable cost of living and overall better quality of life than peer markets

Greater Phoenix

\$1.7B

VC funding
in 2023

\$23.1M

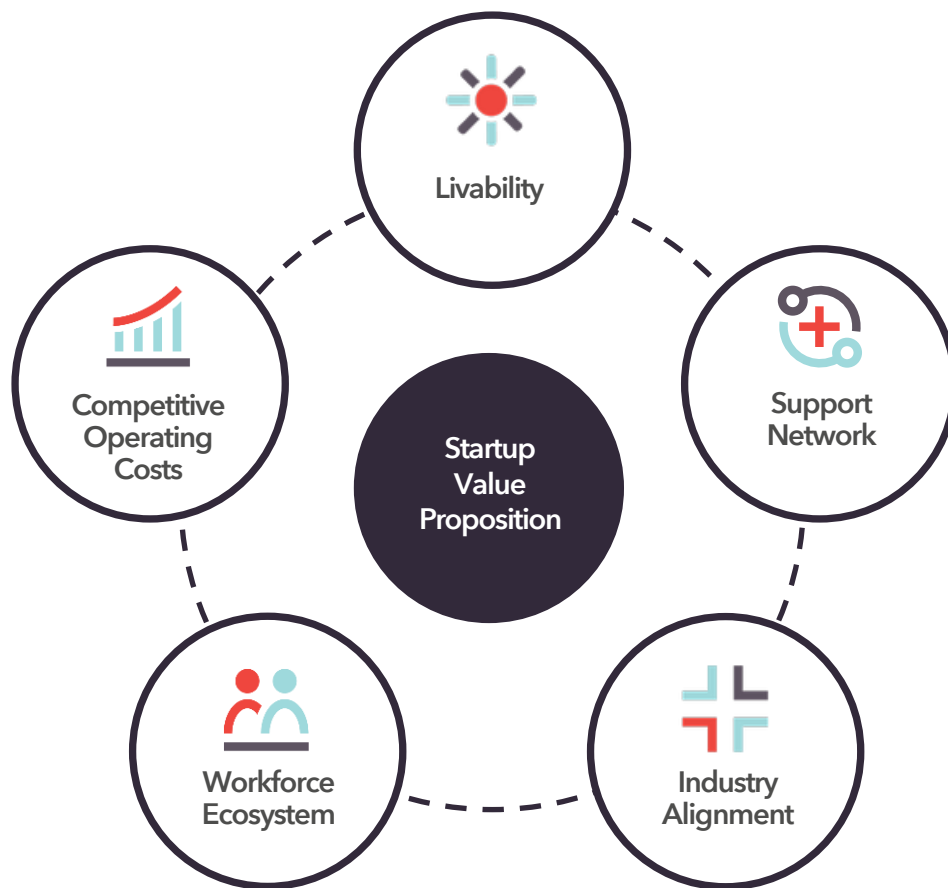
Average deal
size in 2023

\$1.6B

In equity AUM,
up 30x in just 2 years



Value Proposition



| Lifestyle & Livability | Support Network | Industry Alignment | Workforce Ecosystem | Competitive Operating Costs |
|---|---|---|---|--|
| <ul style="list-style-type: none"> • Lower cost of living than many peer markets • An abundance of craft breweries and coffee houses throughout the region • More than 300 days of sunshine annually | <ul style="list-style-type: none"> • Vast network of industry support, mentorship opportunities, and access to capital • Coworking spaces, incubators, and accelerators to help startups grow | <ul style="list-style-type: none"> • Welcoming startup community made from companies of all sizes • Ecosystem made up of homegrown companies and startups expanding into the region | <ul style="list-style-type: none"> • Specialized training programs in universities and community colleges across the state • University alignment and partnerships to create job-ready students • Growing number of coding schools and bootcamps | <ul style="list-style-type: none"> • More affordable real estate and benefit costs compared to many peer markets • Several quality incentives and programs to further decrease operating costs |

Startup Cluster

Homegrown Companies in Greater Phoenix

Greater Phoenix's business environment makes it the ideal place for businesses to start and grow. The following companies have all found success in the region.



Emerge

Emerge is a web-based truckload management system that connects shippers and partners when executing full truckload transactions. The company has transformed freight strategy by connecting procurement, intelligence, execution and integrations in one unified solution. Since its founding in 2017, EmERGE has raised \$172.5 million in funding. The company has over 230 employees and continues to grow by expanding its headquarters in Scottsdale and new office in Atlanta.



Persefoni

Named to the Global Cleantech 100 list twice over the company's first four years of operation, Persefoni offers a climate management platform that provides tools to measure, track and reduce carbon emissions. Its software helps users meet regulatory climate disclosure requirements and requests. Headquartered in Mesa, Ariz., the company also has offices in Canada, Denmark, Japan, Singapore and the U.K. To date, Persefoni has raised \$164.2 million in funding.



Lessen

Headquartered in Scottsdale, Ariz., Lessen is an online platform for managing properties and maintenance services. Through automation and real-time analytics on its proprietary technology platform, Lessen's professional field project managers provide hands-on service and leverage a network of vetted service professionals in over 40 markets across the United States. Since being founded in 2019, Lessen has raised \$735 million in funding and managed over 1 million properties.

Startup Cluster

Homegrown Companies in Greater Phoenix

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Paradox

Founded in 2016, Paradox is an artificial intelligence company that provides automated recruiting software to engage with candidates through mobile and social platforms and automate a variety of tasks. Paradox has offices across the globe, including in Baltimore, Chicago, Da Nang, Tel Aviv, and Scottsdale, where the company is headquartered. In 2023, the company made the Inc. 5000 list for having 720% growth over three years. To date, Paradox has raised \$253.3 million in funding.



Offerpad

Offerpad is an online home buyer and seller headquartered in Chandler, Ariz. The company buys homes directly from homeowners through an online process that results in an offer typically within 24 hours, allows the seller to pick a closing date, and offers free, local moving services. Since being founded in 2015, Offerpad has raised \$355.0 million in funding.



Postscript

Postscript, which operates out of its Scottsdale headquarters and a Phoenix office, is an SMS platform that enables brands to communicate and engage with customers through text message marketing. Since its launch in 2018, Postscript has more than 200 employees and has raised \$106.2 million in funding.

Startup Cluster

Homegrown Companies in Greater Phoenix

Greater Phoenix's business environment makes it the ideal space for ventures in a variety of sectors including finance, software and healthcare. The following companies have all found success in the region.



Startup Cluster

Expansions and Relocations

No matter the industry, startups from across the country are relocating to and expanding in Greater Phoenix. Below are some of the startups that have expanded their footprint here.

Nikola Motor Company



Nikola Motor Company designs and manufactures semi- and pickup trucks with electric and hybrid hydrogen-electric powertrains. The company moved its headquarters to Phoenix in 2019 and began operations on a manufacturing facility in late 2021. The company said it chose Greater Phoenix for the region's quality workforce, training programs and colleges, as well as weather that allows for year-round manufacturing. Since its founded in 2014, the company has raised \$3.3 billion in funding.

OnePointOne



OnePointOne is the first indoor farming company to offer aeroponic and hydroponic indoor farming technology. It delivers automated indoor plant production technologies that produce high quality plant material to improve health. In June 2021, the company announced expansion of its corporate and vertical farming production facilities to Avondale, Ariz. Since its founding in 2017, OnePointOne has raised over \$60 million in funding.

Fasetto



Fasetto is a software development company that increases connectivity in technology including Gravity, a program for sharing, streaming and data sends between devices without an internet connection, and Forum, which shares presentations to nearby devices without an internet connection. In March 2020, Fasetto announced the move of their headquarters to Greater Phoenix, citing reasons such as the rising tech sector, top universities, and access to leading companies to develop strategic partnerships.

Startup Cluster

Expansions and Relocations

No matter the industry, both startups from across the country and homegrown ventures in Greater Phoenix are choosing to expand in the region. Below are some of the startups that have expanded their footprint here.



Talent Pipeline

Homegrown

Arizona has three four-year public universities: Arizona State University in Tempe, Northern Arizona University in Flagstaff and the University of Arizona in Tucson. Arizona State University is home to the Ira A. Fulton School of Engineering, whose undergraduate program ranks in the top 20 percent of ranked programs by U.S. News & World Report. Many of its 350 faculty members have been honored with the highest awards in their fields. The engineering school provides over 30,000 students per year with advanced knowledge on challenges in energy, health, sustainability, education and security. The university's J. Orin Edson Entrepreneurship + Innovation Institute offers degrees, mentorship programs, collaborative spaces, and funding to help launch new startup ventures. It is also home to the Innovation Hub, a 15,000 square foot space with breakout rooms for reservation, 3D printers, and tools for prototyping. Mayo Clinic and ASU's MedTech Accelerator is a year-long immersion and two-week in-person program for medical device and health care IT startups allowing them to use the two companies' resources to develop and optimize products and services, license intellectual property, and sponsor research and clinical studies.

Arizona State University, Northern Arizona University and University of Arizona each have a full range of business, healthcare, engineering, and computer-related programs. The table below shows total enrollment for the 2022 to 2023 school year and completions for the 2021 to 2022 school year.

| University | Type | City | Total Enrollment* | Total Graduates* |
|-----------------------------|-------------|-----------|-------------------|------------------|
| Arizona State University | 4-yr Public | Tempe | 80,065 | 19,552 |
| Northern Arizona University | 4-yr Public | Flagstaff | 23,203 | 8,111 |
| University of Arizona | 4-yr Public | Tucson | 43,002 | 11,582 |
| Total | - | - | 146,270 | 39,245 |

*Non-distance

Source: ASU Facts; UA Fact Book; NAU Quick Facts

Talent Pipeline

Notable University Rankings

Arizona State University



- #1 Most innovative school (2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023), U.S. News & World Report
 - #1 Online bachelor's degree programs, U.S. News & World Report
 - #7 Online MBA program, U.S. News & World Report
 - #8 Undergraduate business analytics program, U.S. News & World Report
 - #9 Online graduate business programs, U.S. News & World Report
 - #26 Global universities, economics/business, U.S. News & World Report
-

University of Arizona



- #3 Graduate information systems program, U.S. News & World Report
 - #4 Earth Sciences, U.S. News & World Report
 - #5 Undergraduate management information system program, U.S. News & World Report
 - #5 Online graduate computer information technology program, U.S. News & World Report
-

Talent Pipeline

Universities and Colleges in Greater Phoenix



Grand Canyon University

Grand Canyon University is a private Christian university committed to training the next generation of working professionals. The university's Canyon Ventures is a business accelerator with 30 startups working out of the space. The university offers programs in the following areas:

- Business and Management
 - Engineering and Technology
 - Medical Studies and Sciences
-



Maricopa County Community College District

With almost 100,000 students annually across 10 campuses, MCCCDC is one of the largest college systems in the nation. The college offers programs in areas such as:

- Business, Entrepreneurialism and Management
 - Computer and Information Technology
 - Engineering
 - Health Sciences
-



University of Phoenix

University of Phoenix is a for-profit university headquartered in Phoenix. The school has a variety of programs in areas such as:

- Business
- Cybersecurity
- Engineering

Talent Pipeline

Notable Coding Schools & Programs in Greater Phoenix

Per Scholas



With over 20 schools United States, including one in Phoenix, the school offers a variety of coding and technology focused programs. Its tuition-free training combines business professional skills development with hands-on technical instruction for high demand jobs.

- Software Engineering
 - IT Support
 - TEKsystems Courses
-

Galvanize



Galvanize offers full- and part-time curriculum in web development and data science. Immersive course offerings produce job-ready graduates.

- Full stack
 - JavaScript
 - Python
-

SprintQA



Headquartered in Phoenix, SprintQA is an online coding bootcamp that offers programs in the categories below. It teaches skills, give hands-on experience, and provide support for job searches and interviews.

- Quality Assurance Automation
- Development & Operations
- Cybersecurity
- Salesforce

Startup Tech Jobs

Booming High-Tech Job Market

Greater Phoenix is one of the most rapidly expanding high-tech job markets in the nation. With over 100,000 tech employees, metro employment has grown 21% over a five-year period. The Greater Phoenix tech sector continues to see rapid growth that surpasses many peer markets including Atlanta, Denver, New York and Salt Lake City. Even with that growth, Phoenix employers can attract skilled tech workers at relatively lower costs.

The StartupAZ jobs board serves as a platform for connecting talent with startups in the region. Job seekers can browse through a comprehensive collection of job listings across various functions and industries, providing seamless accessibility for individuals of all backgrounds. It contributes to building a strong startup ecosystem where talent and innovation converge, driving mutual growth and success.

For more information, please visit: <https://jobs.startupaz.org/jobs>



Local Innovation

Startup Support Network in Greater Phoenix



#yesphx

#yesphx is the go-to resource for startups and technology companies in Greater Phoenix entering the market or looking to grow. It works to amplify the sector, unify the players in the space and be a generous community for entrepreneurs.



Arizona Innovation Challenge

The Arizona Innovation Challenge is a business plan competition designed to advance innovation and technology commercialization in Arizona. Each year, the competition awards the winners \$1.5 million in total, one of the largest amounts available for any challenge of its kind in the country. Winners also receive enrollment in the Arizona Commerce Authority's mentor-led accelerator, media support and promotion, and exposure to investors, business executives and startup CEOs.



Arizona Technology Council

The Arizona Technology Council is the largest trade association for technology companies in the state. With more than 750 members, the organization hosts events, provides networking opportunities, and advocates on behalf of technology companies. It also hosts a job board and promotes Arizona firms through media.



Freeway

Freeway is an independent, community-led group in Arizona that helps founders successfully capitalize their startup. It is designed for early stage tech founders, investors and partners, who desire to fuel & shape Arizona's Tech Startup scene.

Local Innovation

Startup Support Network in Greater Phoenix



Venture Madness by Invest Southwest

Since 1992, Venture Madness by Invest Southwest has helped emerging growth companies raise more than \$1 billion in capital by connecting investors with ventures. It does its work through memberships, partnerships, programs and event initiatives that provide valuable insights and education on topics important to fostering the investor and emerging growth ecosystems.



Phoenix Startup Week

Phoenix Startup Week is a six-day event featuring sessions, mentoring, competitions, debates, panels, happy hours, and networking. Growing every year, Phoenix Startup Week gathers Greater Phoenix's startup community into one place.



StartupAZ

StartupAZ focuses on helping innovative startup companies improve their leadership, performance and connections while inspiring generosity and philanthropy within their communities. The organization's goal is to provide support and resources to founders in the critical stages of company building. Since being formed in 2015, StartupAZ has supported more than 120 early-stage founders and has raised over \$300 million in capital.



Venture Café Phoenix

Venture Café Phoenix connects innovators and entrepreneurs with accessible, high-impact weekly programming and events. It welcomes innovators of every expertise, experience level and identity and collaborates with a wide range of moderators, educators and thinkers to lead programs.

FinTech Sandbox

Following the example set by the United Kingdom, on March 22, 2018, Arizona became the first state in the U.S. to create a Regulatory Sandbox Program (RSP). This RSP allows financial services companies to test innovative products and technology in market for up to 24 months without obtaining a license or other authorizations that might otherwise be required.

This program encourages the development of emerging industries like FinTech, blockchain and cryptocurrencies throughout the state.

Three things to know about the Sandbox Program

1. Loans and transactions

Sandbox participants may make consumer lender loans (up to \$15,000 per individual loan and \$50,000 per consumer) or provide products or services as a money transmitter (up to \$2,500 per transaction and \$25,000 per consumer).

2. Arizona user base capped at 10,000

User base for FinTech product is capped at 10,000 customers. However, the attorney general may allow companies in the sandbox to transact with up to 17,500 customers if the company is financially solvent and has proper risk management protocols in place.

3. Limitless participants

There is no limit on the number of participants in the sandbox at any one time. The program ends on July 1, 2028.

Recent Sandbox Participants

| Company | Date Joined | Description |
|---|---------------|---|
| GiveCorporation Inc. | March 2023 | Software providing merchant services with innovative state-of-the-art fraud detection. |
| Yield Park, LLC | March 2022 | Cash management tool utilizing digital dollar custodians and decentralized finance protocols. |
| Valley of the Sun Mint, LLC (dba Satoshiware) | March 2022 | Hardware bitcoin wallets called Satoshi Coins that are pre-loaded with fractional bitcoin. |
| Cryptoenter Corp. | July 2021 | A blockchain-based platform integrated with banks to provide bank customers with cryptocurrency exchange and transfers. |
| MO Technologies USA, LLC | February 2020 | An online platform that allows consumers to apply for an interest-free cash advance line of credit. |
| WithClutch, LLC | January 2020 | Technology and a business model for refinancing motor vehicle retail installment contracts. |

For more information, visit www.gpec.org/sandbox.

Local Innovation

Incubators & Accelerators

Greater Phoenix has a strong support network for startups. Listed below are some of the region's incubators and accelerators, spaces that can be used by companies as they grow. Many of these spaces offer additional services to help connect, integrate and build new companies in the ecosystem.

- ASU Chandler Innovation Center
- ASU ScaleU
- ASU Venture Devils
- AZ Startup Collective
- Avenue Business Center
- AZ TechCelerator
- BioAccel
- Center For Entrepreneurial Innovation (CEI)
- Chandler Innovations
- Coplex
- FABRIC
- Fennemore Craig Venture Accelerator
- Flinn Foundation Entrepreneurship Program
- Game CoLab
- Global Growth Accelerator
- Growth Nation
- High Tide
- House of Genius
- JumpStartBiz - Fountain Hills
- JumpStartBiz - Tempe
- LaunchPoint
- MAC6 Leadership Academy
- MacroTechnology Works
- Moonshot at NACET
- Recreate Now
- SEED SPOT
- Stealthmode Partners
- Tallwave
- The Journey Venture Studio



Local Innovation

Coworking Spaces

Greater Phoenix has a strong support network for entrepreneurs and startups. Listed below are some of the region's coworking spaces, many of which offer additional services to help connect and integrate new companies into the ecosystem.

- 1951 @ SkySong
- 850PBC
- AZ CoWork
- Chefs Shared Kitchen
- Co+HOOTS
- Cooper Crossing
- CoWorkArizona
- CoWorking on 15th Ave
- Elevate Coworking
- Executivehub
- Expansive - Chandler, Mesa, Phoenix
- EZ Spaces
- Fusion on First
- Gainey Ranch
- Galvanize
- GangPlank- Queen Creek
- Gateway Executive Suites
- Grid.Works
- HeatSync Labs
- StartUpPHX
- ignite sparked by BBB
- Industrious
- InnovationHub @ GoodyearAZ
- Kenect Phoenix
- Lux Office - Avondale
- Lux Office - Scottsdale
- Mac6 - Coworking Space
- Mac6 - Manufacturing Space
- THINKspot
- Novel Coworking Group - Heard Building, Phoenix
- Novel Coworking Group - Midtown, Phoenix
- Office Evolution
- Phoenix Forge Makerspace
- Perimeter83
- Premier Coworking
- Regus - Arizona, Mesa - Dobson
- Regus - Arizona , Scottsdale - Raintree Corporate Center
- Regus - Arizona , Scottsdale- Scottsdale Financial Center III
- Spaces
- Start @ West-MEC
- The Department
- Society Workspaces
- Thrive Coworking for Women
- Union WorkSpace
- WeWork - 101 N. 1st Ave
- WeWork - 2425 E. Camelback Ave
- WeWork - The Watermark
- Workpliciti
- Workuity- Biltmore
- Workuity- Chandler

Labor Analysis

Labor Pool

Greater Phoenix is home to a large and diverse supply of talent. The table below shows the number of jobs in each occupation category for the following metros.

| Occupation | Phoenix | Atlanta | Austin | Denver | Los Angeles | Miami | Nashville | Salt Lake City |
|--|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|
| Business Operations Specialists | 110,266 | 173,607 | 61,320 | 113,098 | 291,327 | 127,238 | 44,159 | 41,398 |
| Healthcare Diagnosing or Treating Practitioners | 86,640 | 97,470 | 31,996 | 58,939 | 218,931 | 110,277 | 45,033 | 25,756 |
| Computer Occupations | 84,678 | 116,268 | 76,108 | 78,897 | 159,339 | 61,810 | 32,248 | 35,324 |
| Customer Service Representatives | 83,651 | 69,766 | 32,395 | 29,302 | 78,792 | 69,747 | 24,077 | 30,036 |
| General and Operations Managers | 67,067 | 66,848 | 41,756 | 27,349 | 96,143 | 55,984 | 22,346 | 30,453 |
| Financial Specialists | 53,366 | 69,660 | 28,880 | 48,188 | 127,224 | 62,004 | 21,455 | 19,857 |
| Health Technologists and Technicians | 46,610 | 49,880 | 19,336 | 22,051 | 106,074 | 58,061 | 23,750 | 14,204 |
| Sales Representatives, Services | 38,153 | 50,321 | 22,236 | 42,175 | 84,196 | 59,175 | 16,554 | 14,041 |
| Software Developers | 29,306 | 41,759 | 24,237 | 25,265 | 52,513 | 17,478 | 7,800 | 12,796 |
| Engineers | 24,945 | 25,703 | 16,538 | 28,922 | 67,010 | 14,834 | 6,927 | 9,625 |
| Sales Representatives, Wholesale and Manufacturing | 23,153 | 37,704 | 13,388 | 22,139 | 71,214 | 36,543 | 10,459 | 10,406 |
| Advertising, Marketing, Promotions, Public Relations, and Sales Managers | 14,316 | 19,904 | 14,500 | 11,995 | 61,687 | 15,114 | 7,121 | 6,377 |
| Computer Systems Analysts | 11,703 | 11,500 | 9,461 | 6,901 | 15,044 | 6,460 | 3,596 | 2,153 |
| Drafters, Engineering Technicians, and Mapping Technicians | 10,276 | 10,211 | 8,284 | 8,255 | 22,013 | 7,680 | 3,829 | 4,886 |
| Mathematical Science Occupations | 4,543 | 8,881 | 3,875 | 4,785 | 10,863 | 4,848 | 2,161 | 3,112 |
| Software Quality Assurance Analysts and Testers | 2,872 | 3,870 | 3,786 | 3,575 | 6,462 | 2,576 | 559 | 1,492 |
| Life, Physical, and Social Science Technicians | 2,857 | 4,676 | 2,274 | 4,883 | 13,464 | 3,882 | 1,997 | 3,311 |
| Physical Scientists | 2,181 | 3,051 | 2,114 | 5,070 | 7,628 | 2,149 | 1,145 | 1,515 |
| Life Scientists | 1,879 | 3,289 | 2,482 | 3,405 | 11,501 | 3,627 | 1,291 | 2,153 |
| Total | 698,460 | 864,370 | 414,966 | 545,194 | 1,501,427 | 719,483 | 276,508 | 268,892 |

Labor Analysis

Median Wages

In addition, median wages in Greater Phoenix are significantly cheaper and competitive compared to other metros.

| Occupation | Phoenix | Atlanta | Austin | Denver | Los Angeles | Miami | Nashville | Salt Lake City |
|--|-----------|-----------|-----------|-----------|-------------|-----------|-----------|----------------|
| Business Operations Specialists | \$69,247 | \$76,093 | \$71,191 | \$82,049 | \$77,484 | \$68,176 | \$63,309 | \$67,271 |
| Healthcare Diagnosing or Treating Practitioners | \$94,051 | \$95,060 | \$94,123 | \$94,772 | \$128,469 | \$85,528 | \$82,894 | \$84,023 |
| Computer Occupations | \$96,073 | \$105,604 | \$94,265 | \$110,310 | \$107,412 | \$85,270 | \$80,992 | \$91,652 |
| Customer Service Representatives | \$37,820 | \$37,190 | \$38,075 | \$41,694 | \$42,452 | \$36,735 | \$37,633 | \$37,964 |
| General and Operations Managers | \$86,725 | \$97,157 | \$92,215 | \$131,611 | \$113,797 | \$89,509 | \$119,219 | \$87,181 |
| Financial Specialists | \$70,197 | \$78,214 | \$73,033 | \$83,632 | \$81,226 | \$77,513 | \$69,836 | \$67,993 |
| Health Technologists and Technicians | \$45,312 | \$48,751 | \$47,481 | \$53,767 | \$60,585 | \$47,431 | \$47,312 | \$45,478 |
| Sales Representatives, Services | \$59,749 | \$59,426 | \$55,699 | \$74,651 | \$65,011 | \$55,908 | \$56,751 | \$56,675 |
| Software Developers | \$111,864 | \$122,488 | \$109,886 | \$128,957 | \$135,952 | \$108,796 | \$107,874 | \$106,894 |
| Engineers | \$100,784 | \$95,634 | \$107,681 | \$107,232 | \$110,260 | \$91,276 | \$94,514 | \$90,526 |
| Sales Representatives, Wholesale and Manufacturing | \$65,621 | \$68,907 | \$65,518 | \$75,483 | \$66,438 | \$62,370 | \$65,804 | \$65,975 |
| Advertising, Marketing, Promotions, Public Relations, and Sales Managers | \$110,009 | \$138,675 | \$130,026 | \$161,493 | \$134,751 | \$124,724 | \$130,011 | \$124,856 |
| Computer Systems Analysts | \$105,148 | \$103,972 | \$97,722 | \$110,682 | \$111,348 | \$97,571 | \$87,804 | \$85,298 |
| Drafters, Engineering Technicians, and Mapping Technicians | \$61,256 | \$57,429 | \$60,474 | \$61,456 | \$68,462 | \$57,267 | \$54,278 | \$54,637 |
| Mathematical Science Occupations | \$84,275 | \$94,567 | \$92,546 | \$98,358 | \$98,933 | \$100,455 | \$86,451 | \$78,832 |
| Software Quality Assurance Analysts and Testers | \$86,248 | \$101,901 | \$96,487 | \$104,525 | \$106,088 | \$82,819 | \$80,067 | \$81,277 |
| Life, Physical, and Social Science Technicians | \$51,261 | \$54,085 | \$50,528 | \$51,024 | \$53,269 | \$43,206 | \$46,842 | \$47,994 |
| Physical Scientists | \$72,026 | \$90,335 | \$78,743 | \$97,889 | \$88,210 | \$76,378 | \$74,980 | \$77,803 |
| Life Scientists | \$71,577 | \$81,563 | \$69,718 | \$84,858 | \$103,290 | \$64,558 | \$71,577 | \$75,694 |

Operating Costs

Real Estate Costs

Greater Phoenix's real estate rates are competitive with peer markets. The table below shows office and industrial lease rates in the following regions.

| Metro | Office | | Industrial | |
|----------------|-----------------------------------|--------|-----------------------------------|--------|
| | Annual Lease Rate Per Square Foot | Index | Annual Lease Rate Per Square Foot | Index |
| Phoenix | \$29.28 | 100.0% | \$12.96 | 100.0% |
| Atlanta | \$28.08 | 95.9% | \$8.52 | 65.7% |
| Austin | \$43.68 | 149.2% | \$14.04 | 108.3% |
| Denver | \$29.28 | 100.0% | \$12.12 | 93.5% |
| Los Angeles | \$41.88 | 143.0% | \$19.08 | 147.2% |
| Salt Lake City | \$25.56 | 87.3% | \$11.16 | 86.1% |

Source: Costar 2023 Q2 Market Reports

Arizona Tax Environment vs. Competitor Markets

Arizona has a very competitive tax and fringe/mandated benefits environment compared to other major startup markets.

| Metro | Sales Tax Rate | Corporate Income | | Inventory Tax | Unemployment Insurance | | | Workers Comp. (Rate Per \$100 Payroll) |
|----------------|----------------|------------------|----------------|---------------|------------------------|-----------|--------------|--|
| | | Tax Rate | Basis | | Rate (As % Of Payroll) | Wage Base | Max. Payment | |
| Phoenix | 8.60% | 4.90% | Net income | No | 2.00% | \$8,000 | \$320 | \$0.87 |
| Atlanta | 8.90% | 5.75% | Net income | No | 2.70% | \$9,500 | \$365 | \$1.15 |
| Austin | 8.25% | 0.75% | Taxable margin | Yes | 2.70% | \$9,000 | \$563 | \$0.88 |
| Denver | 8.81% | 4.40% | Net income | No | 1.70% | \$20,400 | \$742 | \$0.93 |
| Los Angeles | 9.50% | 8.84% | Net income | No | 3.40% | \$7,000 | \$450.00 | \$2.26 |
| Miami | 7.00% | 5.50% | Net income | No | 2.70% | \$7,000 | \$275 | \$1.26 |
| Nashville | 9.25% | 6.50% | Net income | Yes | 2.70% | \$7,000 | \$275 | \$1.03 |
| Salt Lake City | 7.75% | 4.85% | Net income | No | 0.30-7.30%* | \$44,800 | \$712 | \$0.86 |

*Varies by industry. New out-of-state contractors are assigned the maximum tax rate (7.30%) unless they purchase an existing business.

Source: Tax Foundation, 2023

Operating Costs

Statutory Incentives

Even with the highly competitive tax environment in Greater Phoenix and Arizona, there are several tax incentives that can be utilized to mitigate operating costs. Some of the most relevant to the startup industry are listed below. Please note that this is not a comprehensive list of all incentives available within the state of Arizona. Additionally, it should be noted that this document is only a guide for potential incentives. Actual incentives will depend on actual project parameters and varying program qualifications and requirements as determined by the Arizona Commerce Authority.

Quality Jobs Tax Credit

The Quality Jobs Tax Credit program awards \$9,000 of tax credits over three years for qualifying companies. The chart below highlights minimum qualifying capital expenditure and wage rate in an urban area, while the texts describe additional program parameters.

- \$9,000 corporate income tax credit per job (\$3,000/employee/year)
- Capped at 10,000 jobs per year
- Employer must offer to pay at least 65% of employee health insurance premium

Urban

| Min. new jobs | County median wage | Maricopa | Min. capex |
|---------------|--------------------|----------|-------------|
| 25 | 100% | \$45,927 | \$5,000,000 |
| 25 | 125% | \$57,409 | \$2,000,000 |
| 25 | 150% | \$68,891 | \$1,000,000 |
| 25 | 200% | \$91,854 | \$500,000 |

Rural

| Min. new jobs | County median wage | Pinal | Min. capex |
|---------------|--------------------|----------|-------------|
| 5 | 100% | \$38,712 | \$1,000,000 |
| 5 | 125% | \$48,390 | \$500,000 |
| 5 | 150% | \$58,068 | \$100,000 |

R&D Tax Credit

A nonrefundable tax credit equal to 24% of the first \$2.5M in qualifying expenses and 15% above that amount for years 2011-2030. After that the credit is equal to 20% of the first \$2.5M and 11% above that.

- Qualifying small companies (fewer than 150 employees) can apply to make their credit refundable (75% of nonrefundable value, up to \$100,000 per year)
- An additional credit of 10% of the amount of basic research payments paid to one or more state universities for the non-refundable program

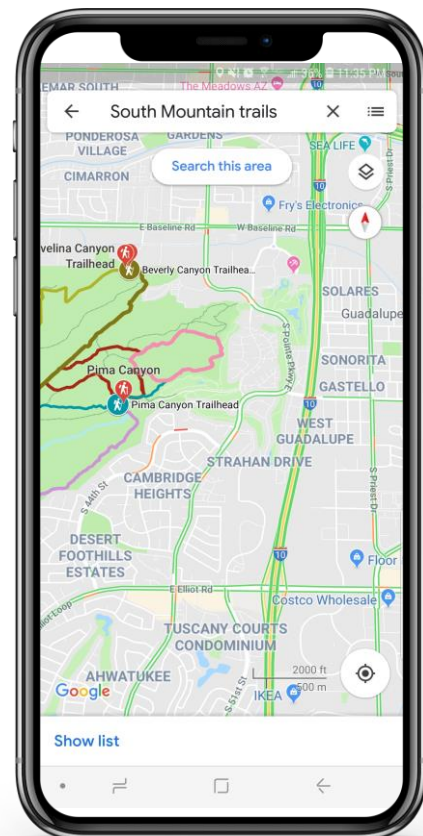


STARTUP ECOSYSTEM

Quality of Life

Parks & Recreation

Greater Phoenix is home to hundreds of parks and hundreds of miles of hiking, biking, and walking trails. With 300+ days of sunshine and mild weather for most of the year, the region is perfect for those who love an outdoor lifestyle. Greater Phoenix has the largest municipal park in the United States, South Mountain Park, which 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 the canal system, Tempe Town Lake, the Greenbelt and Papago Park.



Livability

Cost of Living

Greater Phoenix is more affordable for companies and the people that make them successful. Across all major buckets of expenses, Greater Phoenix is less expensive than almost all peer markets.

| Metro | Groceries | Utilities | Transportation | Health care | Composite Index | Index |
|----------------|-----------|-----------|----------------|-------------|-----------------|--------|
| Phoenix | 105.1 | 99.2 | 100.0 | 94.7 | 100.6 | 100.0% |
| Atlanta | 101.4 | 81.2 | 99.3 | 109.6 | 97.3 | 96.7% |
| Austin | 99.0 | 90.1 | 85.6 | 98.5 | 98.8 | 98.2% |
| Denver | 105.4 | 82.5 | 100.4 | 97.1 | 110.2 | 109.5% |
| Los Angeles | 111.8 | 110.5 | 120.1 | 107.8 | 148.8 | 147.9% |
| Miami | 103.3 | 101.8 | 100.9 | 95.7 | 117.9 | 117.2% |
| Nashville | 100.3 | 94.6 | 91.5 | 92.3 | 99.2 | 98.6% |
| Salt Lake City | 101.0 | 92.2 | 112.9 | 96.9 | 108.7 | 108.1% |

Source: C2ER 2023 Q2 COLI

Housing

Greater Phoenix's housing market remains less expensive than most peer markets.

| Metro | Median Home Value | Index | Median Rent | Index |
|----------------|-------------------|--------|-------------|--------|
| Phoenix | \$444,816 | 100% | \$1,949 | 100% |
| Atlanta | \$374,163 | 84.1% | \$1,986 | 101.9% |
| Austin | \$478,710 | 107.6% | \$1,932 | 99.1% |
| Denver | \$581,204 | 130.7% | \$2,104 | 108.0% |
| Los Angeles | \$889,297 | 199.9% | \$2,994 | 153.6% |
| Miami | \$458,333 | 103.0% | \$2,817 | 144.5% |
| Nashville | \$434,130 | 97.6% | \$1,968 | 101.0% |
| Salt Lake City | \$531,143 | 119.4% | \$1,726 | 88.5% |

Source: Zillow Home Value Index, July 2023; Zillow Observed Rent Index, July 2023

Personal Income Tax

Greater Phoenix's flat personal income tax of 2.50% is the lowest of 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 | 2.50% | | | | |
| Georgia | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| Texas | N/A | | | | |
| Colorado | 4.40% | | | | |
| California | 8.00% | 9.30% | 9.30% | 11.30% | 13.30% |
| Florida | N/A | | | | |
| Tennessee | N/A | | | | |
| Utah | 4.85% | | | | |

Source: Tax Foundation 2023. Tax rates are for single filers.

Livability

Coffee & Craft Beer

Greater Phoenix's craft beer and coffee culture is creative, dynamic and growing. The list below is a sample of the variety of craft beverage makers in the region.

Craft Breweries

12 West Brewing
8 Bit Aleworks
Arizona Wilderness Brewing Company
Beer Research Institute
Bone Haus Brewing
Cider Corps
Desert Eagle Brewing
Desert Monks Brewing Company
Fate Brewing Company
Flying Basset Brewing
Four Peaks Brewing Company
Goldwater Brewing Company
Grand Avenue Brewing
Helio Basin Brewing
Helton Brewing
Huss Brewing Company
Lochiel Brewing

O.H.S.O. Eatery + Nanobrewery
North Mountain Brewing
North Mountain Brewing
Lucidi Distillery
O.H.S.O. Eatery + Nanobrewery
Old Ellsworth Brewing Company
Oro Brewing Company
Pedal Haus Brewery
Peoria Artisan Brewery
The Perch Brewery
PHX Beer Co.
Saddle Mountain Brewing Company
SanTan Brewing Company
Scottsdale Beer Company
Shop Beer Co.
Sonoran Brewing Co.
State 48 Brewery
Sunup Brewing Co.
Uncle Bear's Brewhouse
Wren House Brewing Co.

Craft Coffee

A Shot of Java
Azukar Coffee
Belhaus
Berdona's Fine Coffee & Food
Bergies Coffee Roast House
Blue House Coffee
Cartel Coffee Lab
Copper Star Coffee
Driftwood Coffee Co.
Fair Trade Café
Fillmore Coffee Co.
Giant Coffee
Gold Bar Espresso
Jobot Coffee
King Coffee

Lola Coffee Bar
Lost Dutchman Coffee Roasters
Lux Central
Maverick Coffee
Nami
Peixoto Coffee Roasters
Press Coffee Roasters
Provision Coffee Bar
Regroup Coffee + Bicycles
Royal Coffee Bar
Serafina Coffee Roasters
Songbird Coffee & Tea
The Refuge Café
Urban Beans
Ziggy's Coffee

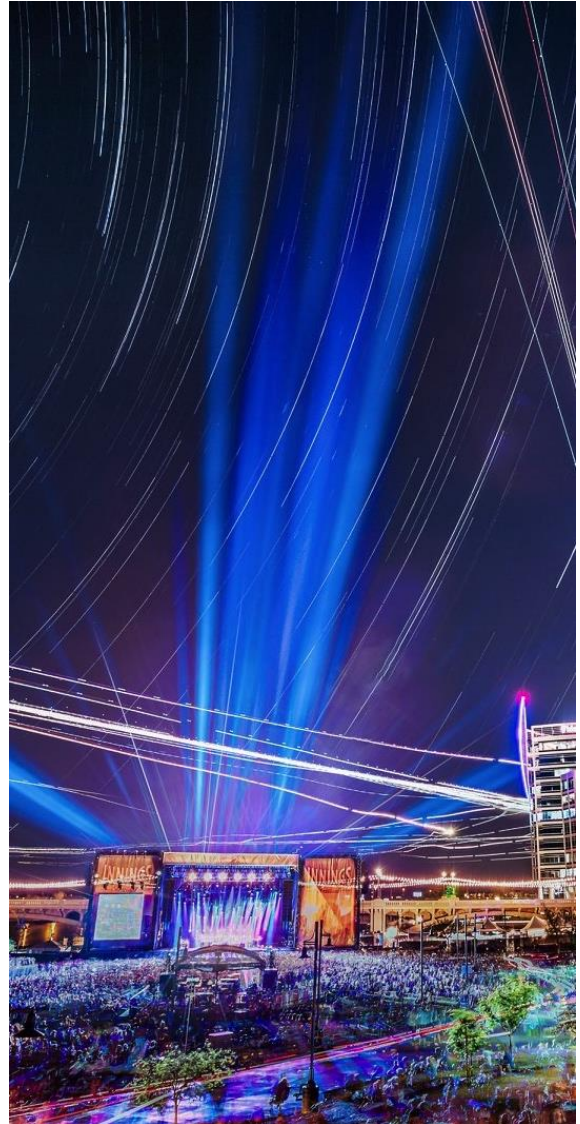


Livability

Music, Events & Culture

Greater Phoenix is home to an exciting and diverse music scene, some of the nation's most iconic events and a culture all its own. The list below displays many of the region's unique events and amenities.

Arizona Fall League
 Arizona Jazz Festival
 Arizona Hip Hop Festival
 Arizona Opera
 ArtLink First Fridays - Downtown Phoenix
 Ballet Arizona
 Barrett-Jackson Classic Car Auction
 Country Thunder Arizona
 Decadence Arizona
 Desert Botanical Garden
 Fiesta Bowl
 FORM Arcosanti
 Four Peaks Oktoberfest
 Gammage Auditorium
 Heard Museum
 Innings Festival
 McDowell Mountain Music Festival
 Mesa Arts Center
 Major League Baseball Spring Training
 Musical Instrument Museum
 Orpheum Theater
 Rock n Roll Marathon
 Phoenix Art Museum
 Phoenix Symphony
 Phoenix Unknown: World Food and Music Night Market
 Phoenix Zoo
 Pot of Gold Festival
 Scottsdale Arts Festival
 Scottsdale Museum of Contemporary Art
 South Mountain Park
 Super Bowl LVII
 PGA WM Phoenix Open
 West World
 Wickenburg Gold Rush Days



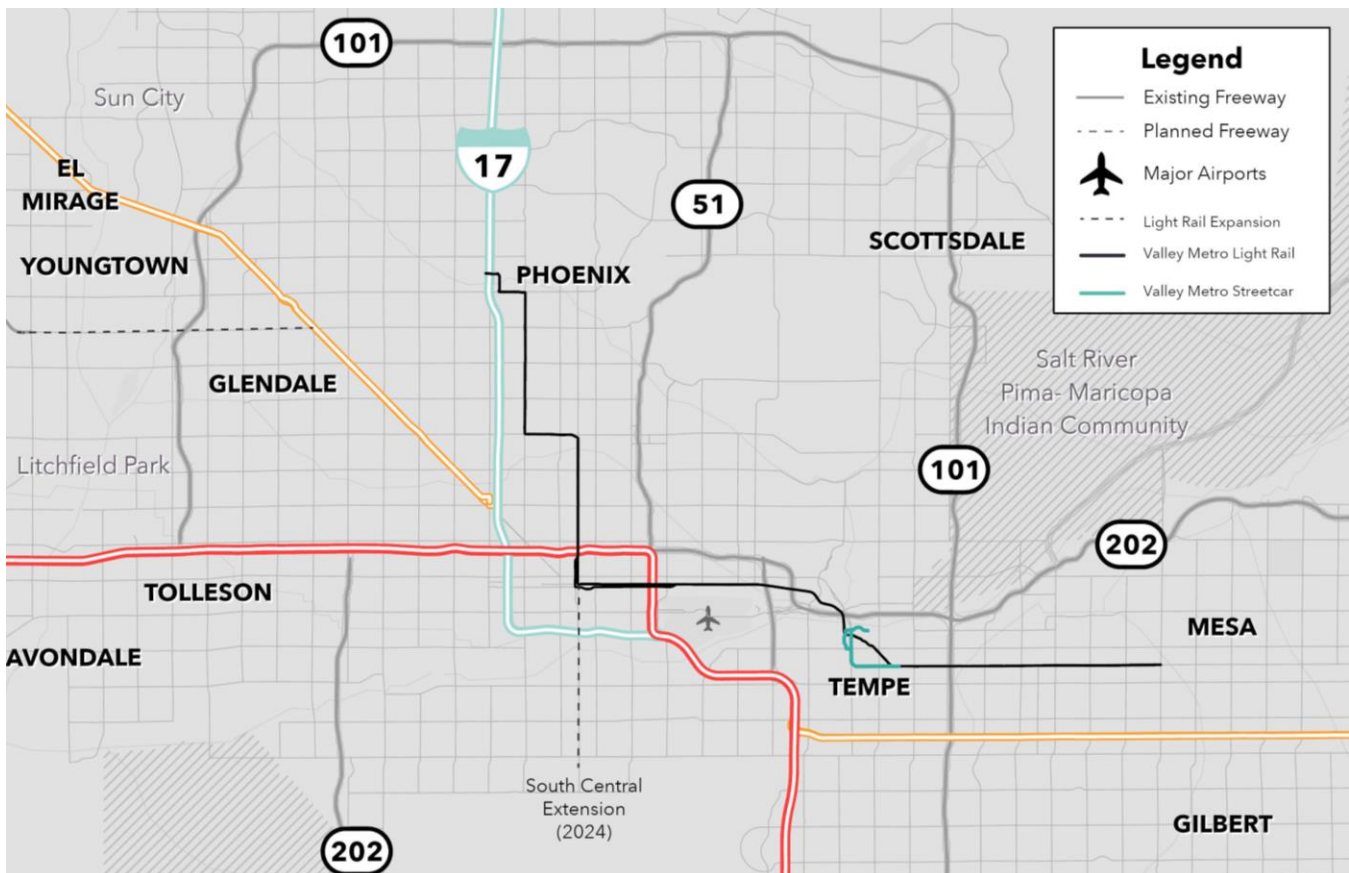
Livability

Commute Times & Light Rail

Companies that have recently expanded into the region take note of the ease of access to workforce and the accessibility of the market. An important component 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's modern freeway system and expanding light rail ensure a robust talent supply no matter where a business is located.

| Metro | Average Commute | Yearly Commute | Index |
|----------------|-----------------|----------------|--------|
| Phoenix | 25.8 minutes | 9.3 days | 100.0% |
| Atlanta | 30.9 minutes | 11.2 days | 119.8% |
| Austin | 26.4 minutes | 9.5 days | 102.3% |
| Denver | 26.8 minutes | 9.7 days | 103.9% |
| Los Angeles | 29.2 minutes | 10.5 days | 113.2% |
| Miami | 29.5 minutes | 10.7 days | 114.3% |
| Nashville | 27.1 minutes | 9.8 days | 105.0% |
| Salt Lake City | 22.8 minutes | 8.2 days | 88.4% |

Source: ACS 2022 1-Year Estimates



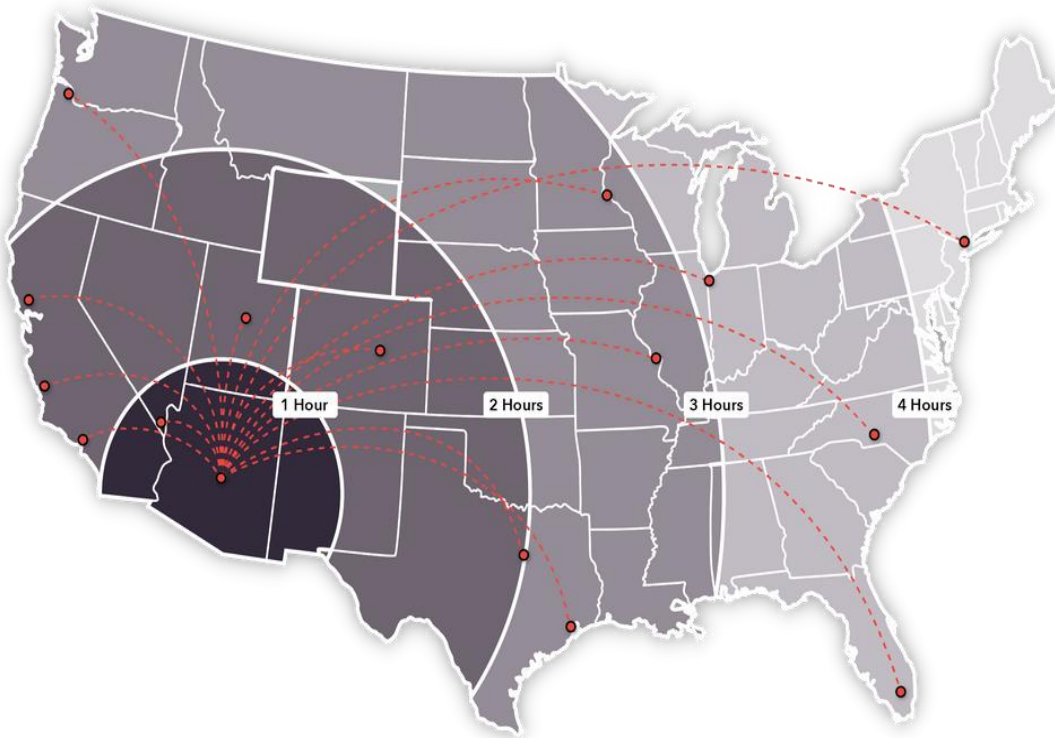
Key Infrastructure

Greater Phoenix Airport Connectivity

Greater Phoenix is home to two commercial airports, Sky Harbor International Airport and Mesa Gateway Airport. Sky Harbor, the larger of the two, is consistently rated as the best, or one of the best, international airports in the United States.

Major carriers from Sky Harbor include:

- Air Canada
- Alaska Airlines
- Amazon (Freight)
- American Airlines
- Boutique Air
- British Airways
- Condor Airlines
- Delta Airlines
- DHL (Freight)
- FedEx (Freight)
- Frontier Airlines
- Hawaiian Airlines
- JetBlue
- Southwest Airlines
- Spirit Airlines
- Sun Country Airlines
- United Airlines
- UPS (Freight)
- Volaris
- WestJet



Phoenix Sky Harbor International Airport:

- 44 million passengers annually
- Over 1,200 daily domestic and international flights
- Over 125,000 boardings daily

Sky Harbor offers nonstop flights to 25 international locations, including:

- Frankfurt
- London
- Mexico City
- Monterrey
- Montreal
- Paris
- Toronto
- Vancouver

Rankings & Recognition

#1

Phoenix was ranked #1 by population growth from 2010 to 2020 among all US cities

#1

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

#2

Arizona is ranked #2 by U.S. News and World Report in power grid reliability

#3

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

#4

Arizona was ranked the No. 4 place to do business in 2022 by *Chief Executive*

#7

In 2023, Arizona was ranked as the seventh-best state to start a business by WalletHub

Top 20

In 2022, Scottsdale was listed in the top 20 happiest cities in the nation

Top Tier

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

Greater Phoenix Greater Together