



# Greater Phoenix Aerospace & Defense Ecosystem

AUGUST 2023

# Reach New Heights in Greater Phoenix

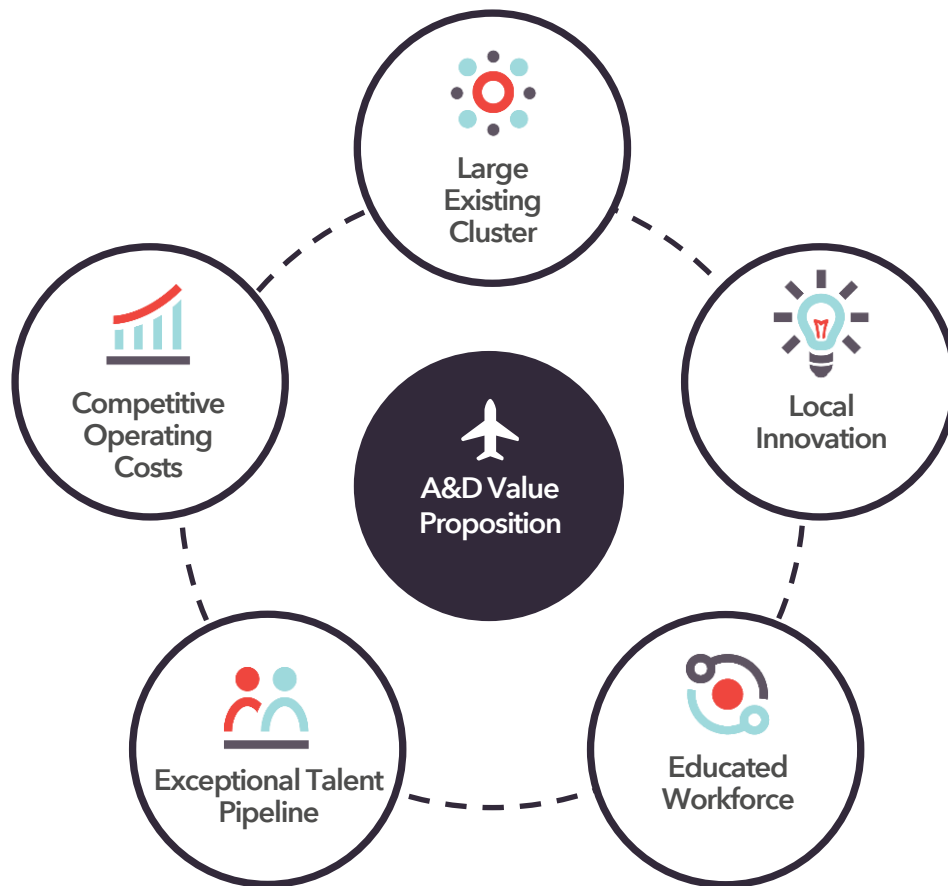
## A Top U.S. Hub for Aerospace & Defense

Greater Phoenix has long been a top market in the nation to locate and expand aerospace & defense (A&D) operations. From training thousands of pilots throughout Greater Phoenix during World War II to developing cutting-edge space technologies today, the aerospace & defense industry soars in the region. Here are just a few reasons why so many top companies choose Greater Phoenix:

- Key military installations including Luke Air Force Base
- Exceptional satellite/space flight research by both private industry and academia
- Easy access to Southern Arizona's aerospace cluster, including the Yuma Proving Grounds, Tucson Spaceport and Davis-Monthan Air Force Base
- A large and skilled labor pool
- Collaborative universities producing top talent
- Competitive operating costs and a tax environment with a number of available incentives, including Military Reuse Zones
- Numerous airports with connected commercial spaces, including Phoenix Sky Harbor International Airport, Mesa Gateway Airport, Phoenix-Goodyear Airport, Deer Valley Airport, and Falcon Field



# Value Proposition



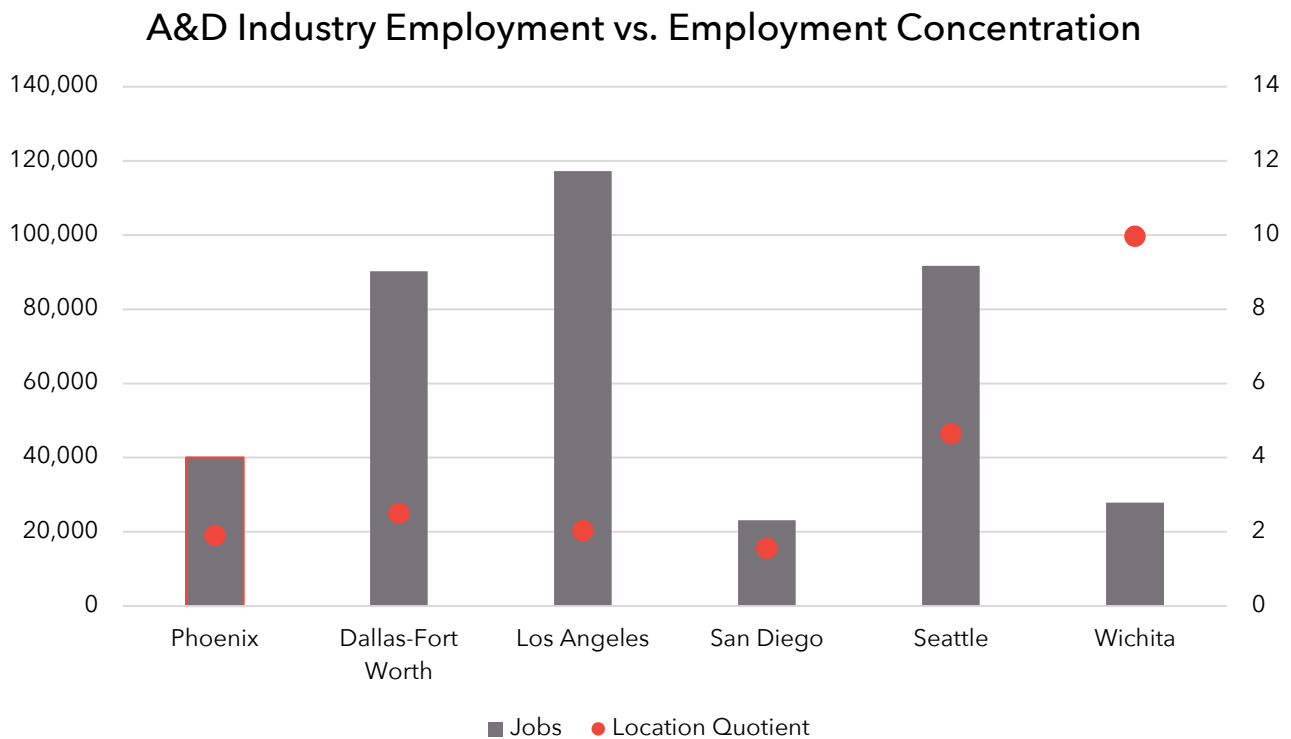
Large Existing Cluster	Local Innovation	Educated Workforce	Exceptional Talent Pipeline	Competitive Operating Costs
<ul style="list-style-type: none"> <li>•Composed of many of the largest A&amp;D companies in the world</li> <li>•Emerging commercial space sector validates market for aerospace R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>•Home to top company HQs like Honeywell Aerospace and KinetX Aerospace</li> <li>•Universities leading the way in developing new aerospace technologies</li> </ul>	<ul style="list-style-type: none"> <li>•Highly specialized workforce with specialties in a variety of relevant fields</li> <li>•Variety of business operation types equates to a flexible labor pool</li> </ul>	<ul style="list-style-type: none"> <li>•Over 4,000 graduates from relevant programs</li> <li>•More graduates in relevant college level programs than some competitor markets, including those with larger industry clusters</li> </ul>	<ul style="list-style-type: none"> <li>•Major competitor markets are up to 23% more expensive than Greater Phoenix</li> <li>•A number of quality incentives to further decrease operating costs</li> </ul>

# Industry Cluster

Employment concentration is a measure of market specialization in an industry achieved by comparing the share of that market's employment in an industry to the national proportion of that industry's employment. For example, Phoenix's employment concentration of 1.91 indicates that the market has 91% higher concentration of the Aerospace & Defense cluster than the nation.

The figures below show the magnitude and specialization of major markets' workforce in the Aerospace & Defense cluster. As can be seen, Greater Phoenix has a large and highly concentrated workforce that is comparable to aerospace hubs like Los Angeles and San Diego.

Metro Area	Jobs	Employment Concentration
Phoenix	40,062	1.91
Dallas-Fort Worth	90,240	2.50
Los Angeles	117,223	2.04
San Diego	23,160	1.56
Seattle	91,698	4.65
Wichita	27,839	9.97



# Industry Cluster

## Industry Leaders Soar In Greater Phoenix

Industry-leading firms have critical operations in Greater Phoenix. Whatever the operation type, Greater Phoenix has demonstrated that it has the ecosystem to allow both legacy and emerging aerospace & defense companies to thrive.



Employees: 7,787  
Operation: HQ, Manufacturing



Employees: 4,057  
Operation: Manufacturing, GSOC



Employees: 3,253  
Operation: Innovation Systems HQ



Employees: 3,235  
Operation: R&D, Manufacturing



Employees: 1,128  
Operation: Manufacturing



Employees: 582  
Operation: HQ, Manufacturing



Employees: 501  
Operation: R&D



Employees: 464  
Operation: HQ, Repair



Employees: 450  
Operation: F-35 Development



Employees: 385  
Operation: Communication Systems



Employees: 331  
Operation: Primary Operations Center



Employees: 329  
Operation: HQ, Manufacturing



Employees: 292  
Operation: HQ



Employees: 245  
Operation: R&D, Manufacturing



Employees: 216  
Operation: Manufacturing

# Industry Cluster

## Industry Highlights

These industry leaders have found success with a variety of operations in Greater Phoenix.



Headquartered in Phoenix, Honeywell Aerospace employs more than 7,700 in the region. Honeywell's operations in the region include manufacturing, research & development and office & administrative functions. The company keeps its Connected Aircraft at Phoenix Sky Harbor Airport, where it demonstrates the latest and greatest in advanced aerospace technology. Honeywell has been in the region since it acquired Sperry Aerospace in 1986.



In 2018, Northrop Grumman expanded its regional footprint in Greater Phoenix through its acquisition of Orbital ATK (now Northrop Grumman Innovation Systems). The company has large facilities in Chandler, where it builds propulsion devices for rockets, and in Mesa, where it builds and distributes munitions. The company employs more than 3,200 in the region and remains on the cutting edge of propulsion technologies. Northrop Grumman continues to invest in Greater Phoenix, expanding over sections of 63 acres in Gilbert through several phases since 2016.



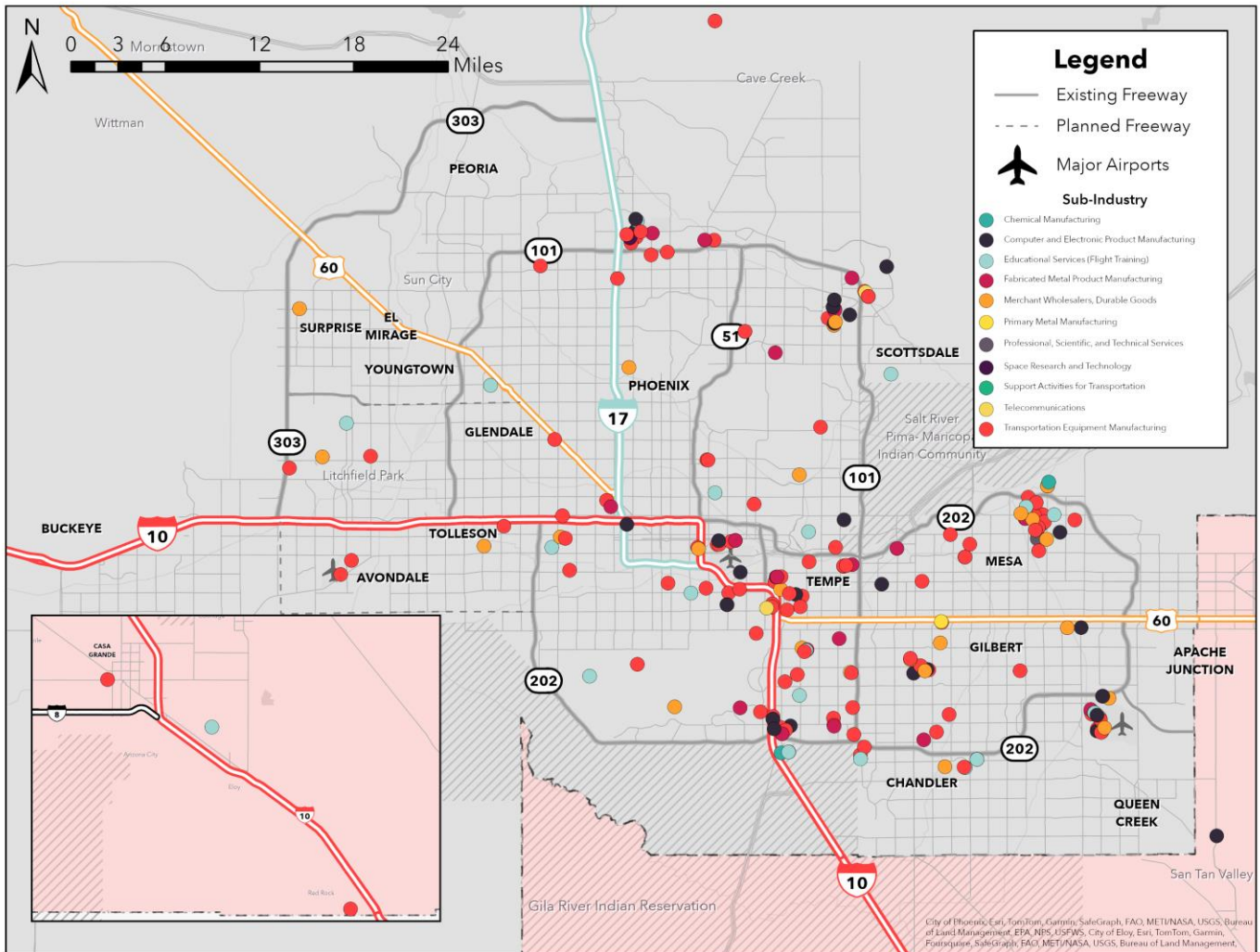
Boeing, a global leader in both commercial and military aerospace, manufactures its Apache attack helicopter in Mesa. In addition, the company has its Global Security Operations Center and other critical functions, including development, at its Mesa facility. In 2022, the company finished construction on a new addition to its Mesa campus, which now has an advanced composite fabrication center. Boeing employs more than 4,000 people in Greater Phoenix.



From its time developing information systems and global solutions at what is now Phoenix-Goodyear Airport to supporting F-35 operations at Luke Air Force Base in Glendale, Lockheed Martin has a long history in Greater Phoenix. Luke Air Force Base is the premier international training facility for F-35 operations, and as such, Lockheed Martin employs approximately 450 in the region.

# Industry Cluster

The map below shows the locations of major companies in the aerospace and defense ecosystem throughout Greater Phoenix. It also highlights the locations of airports that these firms tend to cluster around. The ecosystem used for this map is defined on the next page.



# Industry Cluster

The table below breaks out the firms seen on the map on the previous page by NAICS 3-Digit industry type. Please note that this is not a comprehensive list of all industries included in the ecosystem, but rather the ones most relevant for the map. Refer to Appendix A.1 and A.2 for the complete list.

Industry	Firms
Transportation Equipment Manufacturing	103
Computer and Electronic Product Manufacturing	29
Merchant Wholesalers, Durable Goods	27
Educational Services (Flight Training)	21
Fabricated Metal Product Manufacturing	19
Telecommunications	3
Support Activities for Transportation	2
Chemical Manufacturing	2
Educational Services	2
Primary Metal Manufacturing	2
Space Research and Technology	1
Professional, Scientific, and Technical Services	1
Merchant Wholesalers, Durable Goods	1
Total	213



# High-Growth Space Sector

Greater Phoenix and Arizona at-large are rapidly becoming centers of growth in space technology through leveraging the long-established aerospace infrastructure. Greater Phoenix's space technology industry has grown 106% since 2015, outpacing the nation by almost three times. Home to a diverse and growing ecosystem, advanced R&D, and top-tier higher education, Greater Phoenix and Arizona are launching the next generation of aerospace firms to new heights.

Arizona is on the cutting edge of space technology development, as testing regularly occurs at both the Tucson Space Port and the Yuma Proving Ground. The Tucson Space Port, located at Tucson International Airport, is home to World View Enterprises, a space technology company that is a leader in the emerging stratospheric economy. The Yuma Proving Ground is a U.S. Army Facility near the city of Yuma. Home to some of the most advanced research & development testing the Department of Defense and private sector are undertaking, the Yuma Proving Ground has a hotbed of activity.

## Arizona's Space Leaders



WORLD VIEW.



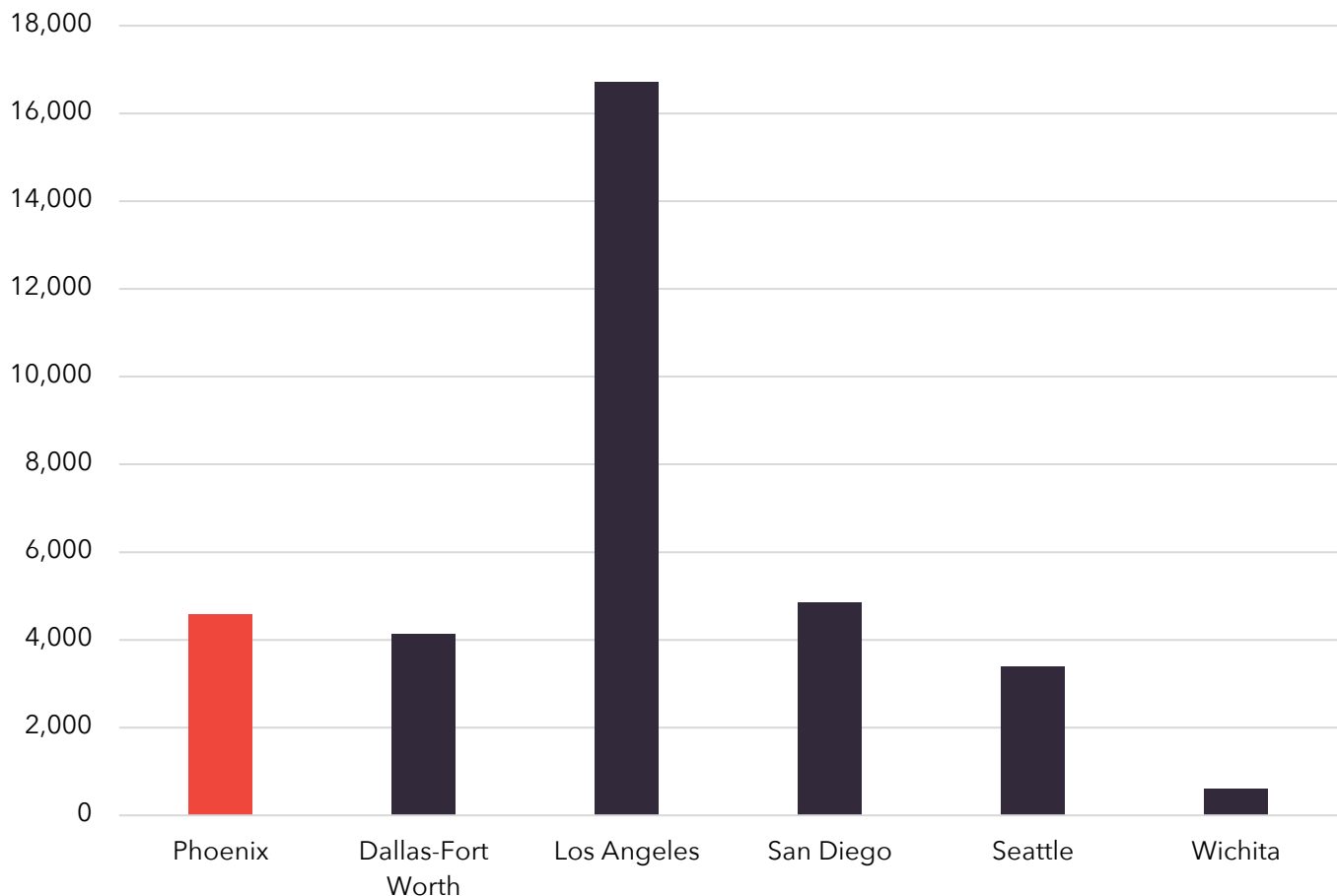
# Talent Pipeline

## Greater Phoenix Talent Pipeline

Below are total numbers of non-distance program completions at Greater Phoenix colleges and universities for programs relevant to Aerospace & Defense. The region produced over 4,000 graduates in these fields during the 2022 to 2023 school year, up 26% from the 2017 to 2018 school year. Comparison data for peer markets has been provided below.

Certificate	Associate	Bachelor	Master	Doctor
861	136	1,813	1,603	178

## Total Completions Awarded by Metro



# Talent Pipeline

## Arizona State University (ASU)



As a top research university, ASU is one of the handful of universities that have the capacity to build space-ready hardware for NASA and is currently involved in 21 NASA missions. In fact, ASU has partnered with Intuitive Machines on a mini lunar vehicle that launched in the fall of 2024 to explore the lunar south pole. ASU also has one of the largest engineering programs in the country, with programs both on its main Tempe campus and its Polytechnic campus at Mesa Gateway Airport.

ASU offers a wide variety of degree programs in areas that are relevant to aerospace & defense. These programs include:

### Polytechnic Campus

- Aeronautical Management Technology (Unmanned Aerial Systems)
- Aviation
- Engineering: focus areas in electrical systems, mechanical engineering systems, manufacturing engineering

### Tempe Campus

- Aerospace Engineering: focus areas in aeronautics, astronautics and autonomous vehicle systems
- Electrical Engineering
- Industrial Engineering
- Mechanical Engineering
- Software Engineering



University	Type	City	2023 Engineering Enrollment	2023 A&D Graduates	2023 Total Graduates
Arizona State University	4-yr Public	Tempe	31,752	3,684	21,683

# Talent Pipeline

## University of Arizona (U of A)



U of A is a leader in aerospace, space and engineering. It is the only place in the world capable of building the mirrors for the Giant Magellan Telescope, and one of the handful of universities with the capacity to build space-ready hardware for NASA. U of A is the No. 8-ranked university in the world for space science, according to U.S. News and World Report's 2024 college rankings.

U of A offers a wide variety of degree programs in areas that are relevant to aerospace & defense. These programs include:

### Tucson Campus

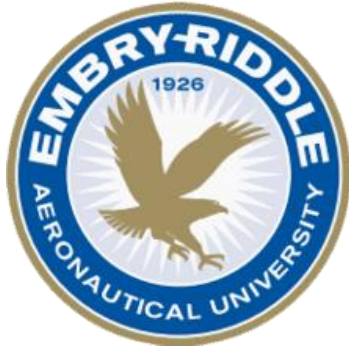
- Aerospace Engineering
- Mechanical Engineering
- Physics and Space Sciences, which includes access to the university's Lunar and Planetary Laboratory (LPL), which was integral to the Phoenix Mars Mission and OSIRIS-Rex.



University	Type	City	2023 Engineering Enrollment	2023 A&D Graduates	2023 Total Graduates
University of Arizona	4-yr Public	Tucson	3,411	617	10,963

# Talent Pipeline

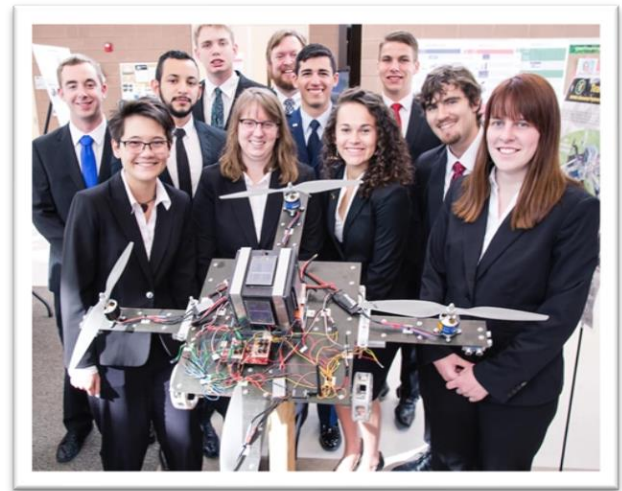
## Embry-Riddle Aeronautical University



Embry-Riddle Aeronautical University, located in Prescott, Arizona, is a world leader in aerospace education. Aerospace and Aeronautical Astronautical Engineering programs at its Prescott campus are ranked #1 in the nation among undergraduate institutions by U.S. News and World Report for 2024. The university's focus on the skies prepares its students to be valuable contributors in both aerospace & defense industry sectors.

Embry-Riddle offers a wide variety of degree programs in areas that are relevant to aerospace & defense. These programs include:

- Aerospace Engineering, which equips students with skills to solve even the most complex challenges in design, propulsion and systems for aircraft and/or spacecraft.
- Unmanned Aircraft Systems, which focuses on commercial and civil applications and trains students on both the practical use of unmanned aircraft as well as the use and analysis of data collected by said aircraft.



University	Type	City	2023 Engineering Enrollment	2023 A&D Graduates	2023 Total Graduates
Embry-Riddle Aeronautical University	4-yr Private	Prescott	1,191	434	627

# Talent Pipeline

## Maricopa Community Colleges (MCCCD)

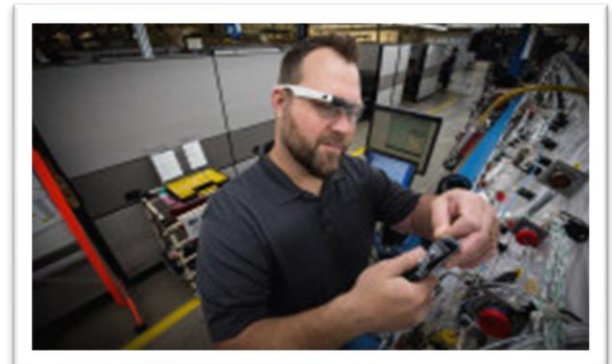


Maricopa Community Colleges is a key player in propelling the aerospace and defense industry forward in the Phoenix area. Through specialized programs at its ten colleges and partnerships with industry leaders like Boeing and Intel, MCCCD nurtures a skilled workforce ready to meet the demands of the industry. Its meaningful collaborations and dedication to practical education establish a strong link between academic training and industry needs, marking MCCCD as a significant contributor to Arizona's robust aerospace and defense sectors.

MCCCD offers a wide variety of degree programs in areas relevant to aerospace and defense. These programs include:

### Chandler-Gilbert Campus

- Aircraft Maintenance Technology
- Airway Science Technology
- Cyber Engineering
- Cybersecurity
- Unmanned Aircraft Systems



### Industry Partnerships

- Boeing Workforce Pipeline: Provides hands-on aerospace skill development through Aviation Sheetmetal, Cable Harness Wiring and Composites Technician Boot Camps. The training pathways align with industry demands for technical personnel.

University	Type	2023 Total Enrollment	2023 A&D Graduates	2023 Total Graduates
Maricopa Community Colleges	4-yr Public	86,523	411	24,178

# Talent Pipeline

## Additional Higher Education Leaders in Greater Phoenix

---



### University Of Phoenix

One of the largest online private universities in the United States focused on business curriculum. The learning model of the university is designed to provide an active, engaging, learning environment that allows for practical application of knowledge and skills

---



### Grand Canyon University

Located in Phoenix, GCU is Arizona's premier private Christian university with over 200 academic programs and 25,000 on-campus students enrolled. GCU's engineering programs include electrical and mechanical engineering.

---



### University Of Advancing Technology

UAT enrolls more than 850 students, primarily in technology-focused programs such as computer science, with a mission to educate students in innovative advanced technology.



# Talent Pipeline

## K-12 Stem Initiatives

The Arizona STEM Network, led by the Science Foundation of Arizona, leads a number of initiatives and coalesces educators of all levels to improve STEM education in the Arizona K-12 system and improve the quality of Arizona's talent pipeline in the long term. Among these is the HELIOS STEM Schools pilot program that develops a system to provide the infrastructure, resources and metrics needed to improve educational outcomes in STEM fields.

Several major local employers in the cluster have supported K-12 initiatives in Arizona in the past, including:

- Honeywell recently forged a partnership with Mesa Public Schools and launched a workforce and education program to improve STEM education in Arizona. This project strengthens the connection between industry and classroom experiences, curriculum and instruction.
- Boeing's drone activity at the Aeronautical Center of Exploration in Mesa is a direct result of its 20-year collaboration between Mesa Public Schools students and Boeing engineers for its flight center program. Student drone involvement continued after the program's end in 2018.
- General Dynamics' Mission Systems business line has provided the eCrew program to STEM-interested students participating in the Scottsdale and Gilbert Boys and Girls Club branches since 2010. eCrew is a 12-week intensive STEM learning program with hands-on projects.

This is just a sample of the many ways local A&D operations are involved in improving the talent pipeline for the region.





# Labor Analysis

## Labor Pool

The labor pool for relevant occupations in all industries has been provided below. It should be noted that several of these markets have large information technology sectors, which explains disproportionately larger counts of software developers and computer systems analysts.

Occupation	Phoenix	Dallas-Fort Worth	Los Angeles	San Diego	Seattle	Wichita
Software Developers	29,682	51,344	53,142	17,492	80,847	1,884
Miscellaneous Assemblers and Fabricators	17,109	36,256	41,517	9,698	9,449	3,164
Computer Systems Analysts	11,931	18,072	15,448	5,220	13,724	899
Inspectors, Testers, Sorters, Samplers, and Weighers	7,640	16,030	21,280	5,543	8,156	2,664
First-Line Supervisors of Production and Operating Workers	5,963	17,485	18,498	4,396	7,186	2,072
Industrial Engineers	5,260	8,281	8,944	2,665	5,562	1,161
Electrical, Electronic, and Electromechanical Assemblers	4,135	6,388	12,887	5,483	5,335	722
Machinists	4,056	4,581	12,033	3,188	4,320	1,571
Aircraft Mechanics and Service Technicians	3,871	7,411	6,042	4,986	5,711	1,596
Mechanical Engineers	3,672	4,786	8,557	4,334	5,367	728
Electrical Engineers	3,169	5,005	8,637	2,823	5,232	308
Software Quality Assurance Analysts and Testers	2,905	8,290	6,526	2,566	10,068	177
Architectural and Engineering Managers	2,863	5,520	10,662	3,995	4,271	405
Logisticians	2,475	6,436	9,298	4,464	3,680	653
Industrial Production Managers	2,384	5,439	8,398	2,373	2,837	528
Computer Numerically Controlled Tool Operators	1,789	3,408	6,704	1,512	1,232	1,046
Aerospace Engineers	808	2,782	4,848	1,838	3,853	1,714
Aircraft Structure, Surfaces, Rigging, and Systems Assemblers	598	2,198	881	680	3,108	5,459
Avionics Technicians	319	621	1,301	1,375	1,564	547
Aerospace Engineering and Operations Technologists and Technicians	150	330	723	458	306	381
<b>Total</b>	<b>110,779</b>	<b>210,664</b>	<b>256,325</b>	<b>85,089</b>	<b>181,806</b>	<b>27,678</b>

# Labor Analysis

## Labor Costs

The table below shows the annual median wage for relevant occupations in the selected regions. Labor costs in Greater Phoenix are comparable to or less than peer markets.

Occupation	Phoenix	Dallas-Fort Worth	Los Angeles	San Diego	Seattle	Wichita
Software Developers	\$111,873	\$122,112	\$135,945	\$138,133	\$152,630	\$100,190
Miscellaneous Assemblers and Fabricators	\$37,526	\$35,764	\$37,282	\$36,525	\$43,568	\$36,496
Computer Systems Analysts	\$105,141	\$106,191	\$111,344	\$107,765	\$124,788	\$77,913
Inspectors, Testers, Sorters, Samplers, and Weighers	\$47,408	\$39,782	\$45,614	\$49,213	\$64,693	\$62,213
First-Line Supervisors of Production and Operating Workers	\$63,020	\$62,325	\$65,253	\$67,787	\$74,868	\$63,756
Industrial Engineers	\$101,970	\$99,993	\$102,856	\$101,754	\$105,210	\$90,754
Electrical, Electronic, and Electromechanical Assemblers	\$40,008	\$36,525	\$39,081	\$39,936	\$46,749	\$37,346
Machinists	\$51,255	\$50,269	\$48,193	\$55,682	\$62,540	\$46,284
Aircraft Mechanics and Service Technicians	\$67,035	\$77,953	\$77,017	\$76,690	\$84,603	\$66,272
Mechanical Engineers	\$92,333	\$99,338	\$104,620	\$95,326	\$106,094	\$78,874
Electrical Engineers	\$97,383	\$98,467	\$129,406	\$122,824	\$126,898	\$82,958
Software Quality Assurance Analysts and Testers	\$86,245	\$96,831	\$106,089	\$105,539	\$113,250	\$78,717
Architectural and Engineering Managers	\$158,876	\$166,128	\$171,202	\$171,080	\$167,567	\$140,590
Logisticians	\$66,262	\$75,045	\$80,008	\$86,986	\$98,936	\$62,367
Industrial Production Managers	\$116,855	\$119,627	\$109,444	\$126,589	\$131,283	\$107,315
Computer Numerically Controlled Tool Operators	\$45,269	\$45,308	\$46,986	\$47,424	\$84,328	\$47,108
Aerospace Engineers	\$126,562	\$115,901	\$136,636	\$116,189	\$135,410	\$101,384
Aircraft Structure, Surfaces, Rigging, and Systems Assemblers	\$52,400	\$72,166	\$56,324	\$58,594	\$66,252	\$63,065
Avionics Technicians	\$63,242	\$80,250	\$87,426	\$79,914	\$113,070	\$65,814
Aerospace Engineering and Operations Technologists and Technicians	\$48,767	\$50,745	\$83,721	\$75,130	\$102,902	\$69,879

# Operating Cost Analysis

The Annual Business Operating Cost Analysis has been prepared using the following parameters as an estimate for A&D product development in competitor markets. Component and custom analyses to match your company's operations can be provided upon request.

## Assumptions

- \$20,000,000 personal property investment
- 50,000 square foot Industrial Manufacturing, Lease
- Utilities (per month):
  - Electricity: 40W, 10,000KWh
  - Water/Wastewater: 3,000cf, 5/8 meter
- 150 jobs (Bureau of Labor Statistics equivalent occupations)

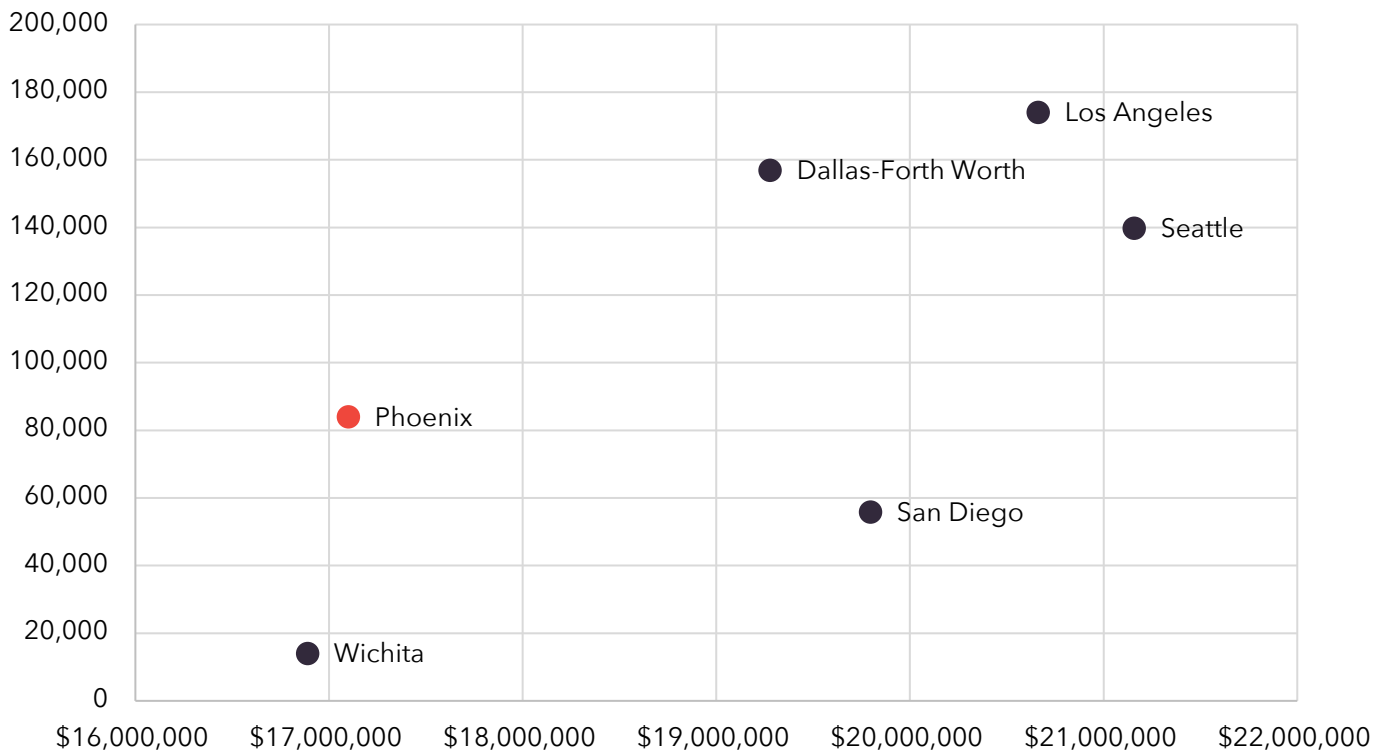
Occupations	Employment
Software Developers, Systems Software	30
Team Assemblers	20
Aircraft Mechanics and Service Technicians	20
Aerospace Engineers	20
Industrial Engineers	15
Mechanical Engineer	12
Electrical Engineers	12
First-Line Supervisors of Production Workers	10
Computer Systems Analysts	10
Industrial Production Managers	1
<b>Total</b>	<b>150</b>

# Operating Cost Analysis

## Annual Operating Cost

Metro	Employee Payroll	Fringe And Mandated Benefits	Utilities	Real Estate Payments	Property Tax	Total Operating Cost	Index
Phoenix	\$13,609,927	\$3,074,789	\$19,698	\$386,000	\$9,860	\$17,100,274	100.0%
Dallas-Forth Worth	\$15,070,197	\$3,412,854	\$22,963	\$303,000	\$468,660	\$19,277,674	112.7%
Los Angeles	\$15,822,302	\$3,717,699	\$24,465	\$862,000	\$235,800	\$20,662,265	120.8%
San Diego	\$15,216,246	\$3,577,868	\$42,088	\$726,000	\$234,200	\$19,796,402	115.8%
Seattle	\$16,282,789	\$4,136,448	\$15,841	\$532,000	\$189,907	\$21,156,985	123.7%
Wichita	\$12,878,389	\$2,965,346	\$16,435	\$241,000	\$787,885	\$16,889,055	98.8%

## Annual Operating Cost and Industry Employment\*



\*Employment is based on the occupation assumptions on the previous page.

# Tax Environment

## Arizona Tax Environment vs. Competitor Markets

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

Metro	Sales Tax Rate	Corporate Income		Unemployment Insurance			Workers Comp. (Rate Per \$100 Payroll)	Inventory Tax
		Tax Rate	Basis	Rate (As % Of Payroll)	Wage Base	Max. Payment		
Phoenix	8.60%	4.90%	Net Income	2.00%	\$8,000	\$320	\$0.87	No
Dallas-Forth Worth	8.25%	0.75%	Taxable Margin	2.70%	\$9,000	\$563	\$0.88	Yes
Los Angeles	9.50%	8.84%	Net Income	3.40%	\$7,000	\$450	\$2.26	No
San Diego	7.75%	8.84%	Net Income	3.40%	\$7,000	\$450	\$2.26	No
Seattle	10.25%	0.48%	Gross Receipts	1.00%	\$67,600	\$999	\$1.31	No
Wichita	7.50%	7.00%	Net Income	2.70%	\$14,000	\$560	\$1.02	No



# Statutory Incentives

## 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 A&D 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

Quality jobs provides tax credits to employers creating a minimum number of net new quality jobs and making a minimum capital investment in Arizona. The Quality Jobs Tax Credit offers up to \$9,000 of Arizona income or premium tax credits over a three-year period for each net new quality job. The tax credit is equal to \$3,000 per qualified employment position, employed for each full taxable year of continuous employment for three years. If the allowable tax credit exceeds the income or premium tax liability, any unused amount may be carried forward for up to five consecutive taxable years. Employers must cover 65% of employee health insurance premium costs. Additional program qualifications are listed below.

# \$9K

\$9,000 corporate income  
tax credits per job  
(\$3,000/employee/year)

# 10K

Capped at 10,000  
jobs per year

# 65%

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

# Statutory Incentives

## Qualified Facilities Refundable Tax Credit

- Targets manufacturing facilities, including those focusing on research and development or headquarters locations
- Offers refundable income tax credit equal to the lesser of:
  - 10% of the qualifying capital investment, or
  - \$20,000 per net new full-time employment position at the facility, or
  - \$30,000,000 per taxpayer
- Requires wages of greater than 125% of the state median wage for production occupations in urban areas (\$49,274); 100% in rural areas (\$39,419)
- At least 65% of benefits package covered by employer
- Minimum investment of \$250,000

## Military Reuse Zones (MRZ)

- Established in 1992 to minimize the impact of military base closures, both Arizona-designated MRZs are in Greater Phoenix: Mesa Gateway and Goodyear Airports. Businesses located in MRZs are subject to the following benefits:
  - Transaction Privilege Tax Exemption - Exemption from transaction privilege tax on contracts for certain types of construction at an MRZ
  - Property Reclassification - Both real and personal property can be reclassified from Class 1 (17% assessment ratio) to Class 6 (5% assessment ratio), which may result in property tax savings of up to 70.5% for a period of five years

## Foreign Trade Zones (FTZ)

- Designated areas where imports can be stored without full customs formalities
- In Arizona, property is reclassified from Class 1 to Class 6, lowering assessment ratio from 17% to 5%
- Property tax savings of up to 70.5%
- FTZ properties are eligible to claim additional depreciation on personal property to further lower tax liability

## HB2822

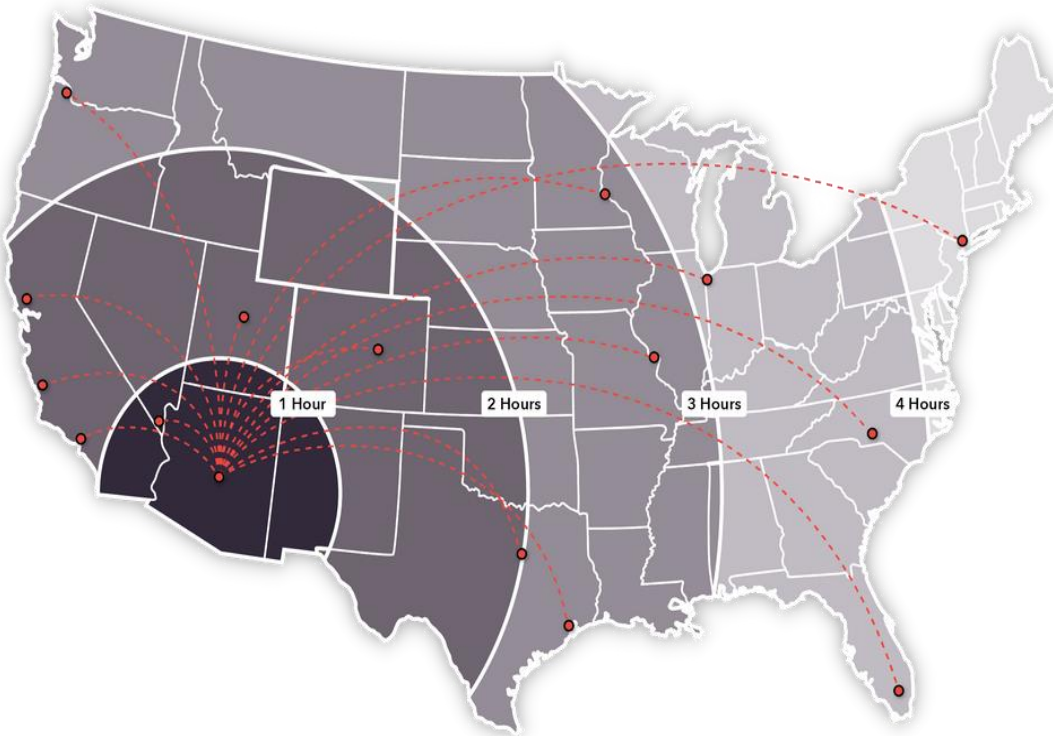
This legislation sets the full cash value of business and agricultural personal property initially classified during or after Tax Year 2022 to 2.5% of the property's acquisition cost. Properties that can benefit from the new legislation include shopping centers, golf courses, manufacturers, and other personal property devoted to commercial or industrial use that is not classified elsewhere, agricultural property, and personal property in a FTZ or MRZ.

# Key Infrastructure

## Greater Phoenix Airport Access

### Skybridge at Mesa Gateway Airport:

- An 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 U.S.A.
- Located near ASU's Polytechnic Campus, the proximity to the university creates opportunity for partnerships and to attract and retain workforce talent.



### Phoenix Sky Harbor International Airport:

- 44 million passengers annually
- Over 1,200 daily domestic and international flights
- Over 1,000 tons of cargo handled daily
- 25 direct international flights

### Major Cargo Carriers from Sky Harbor:

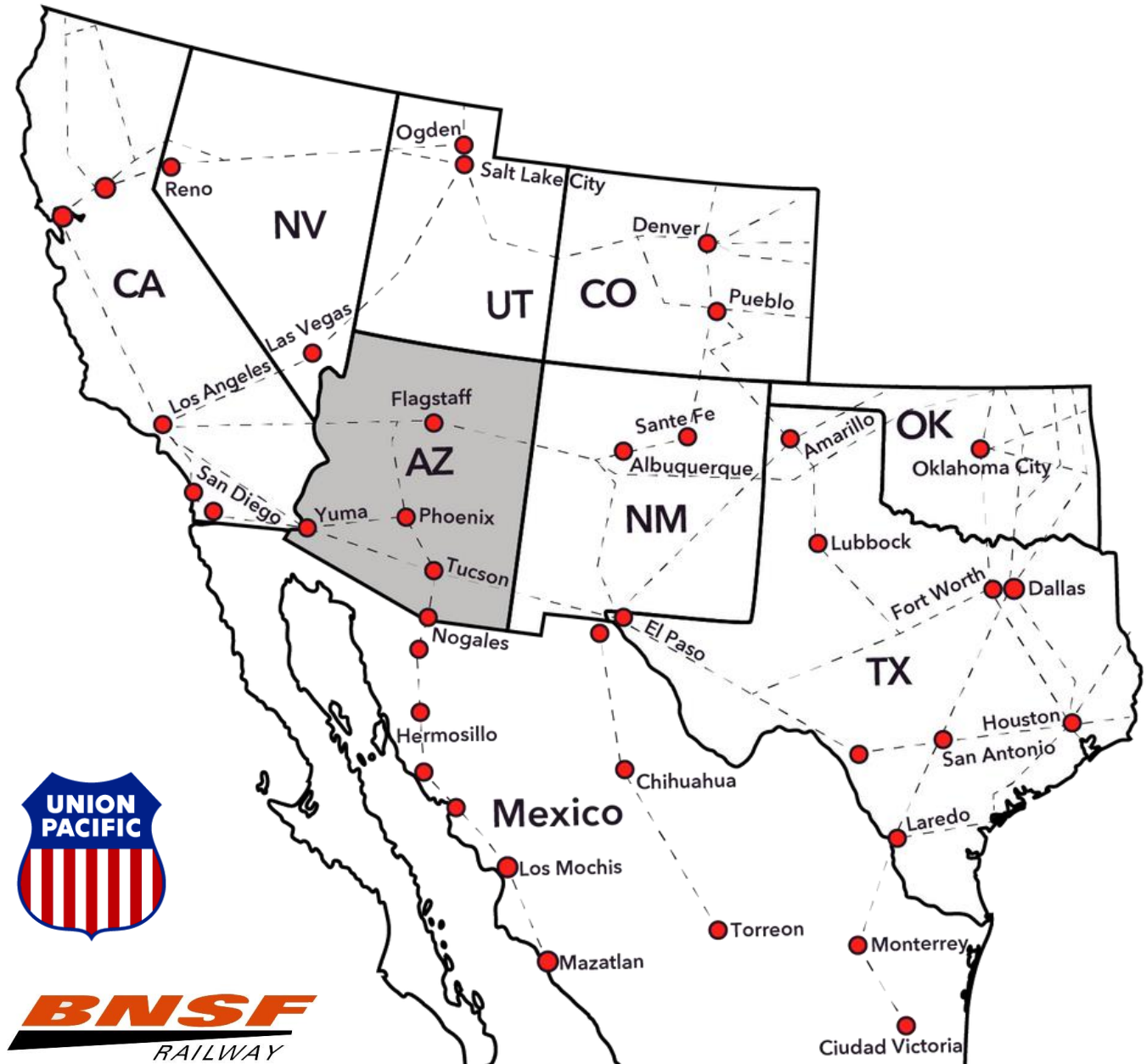
- |                     |                      |
|---------------------|----------------------|
| • Amazon Prime Air  | • DHL                |
| • American Airlines | • FedEx              |
| • Ameriflight       | • Southwest Airlines |
| • British Airways   | • United             |
| • Delta Airlines    | • UPS                |



# Key Infrastructure

## Regional Rail Access

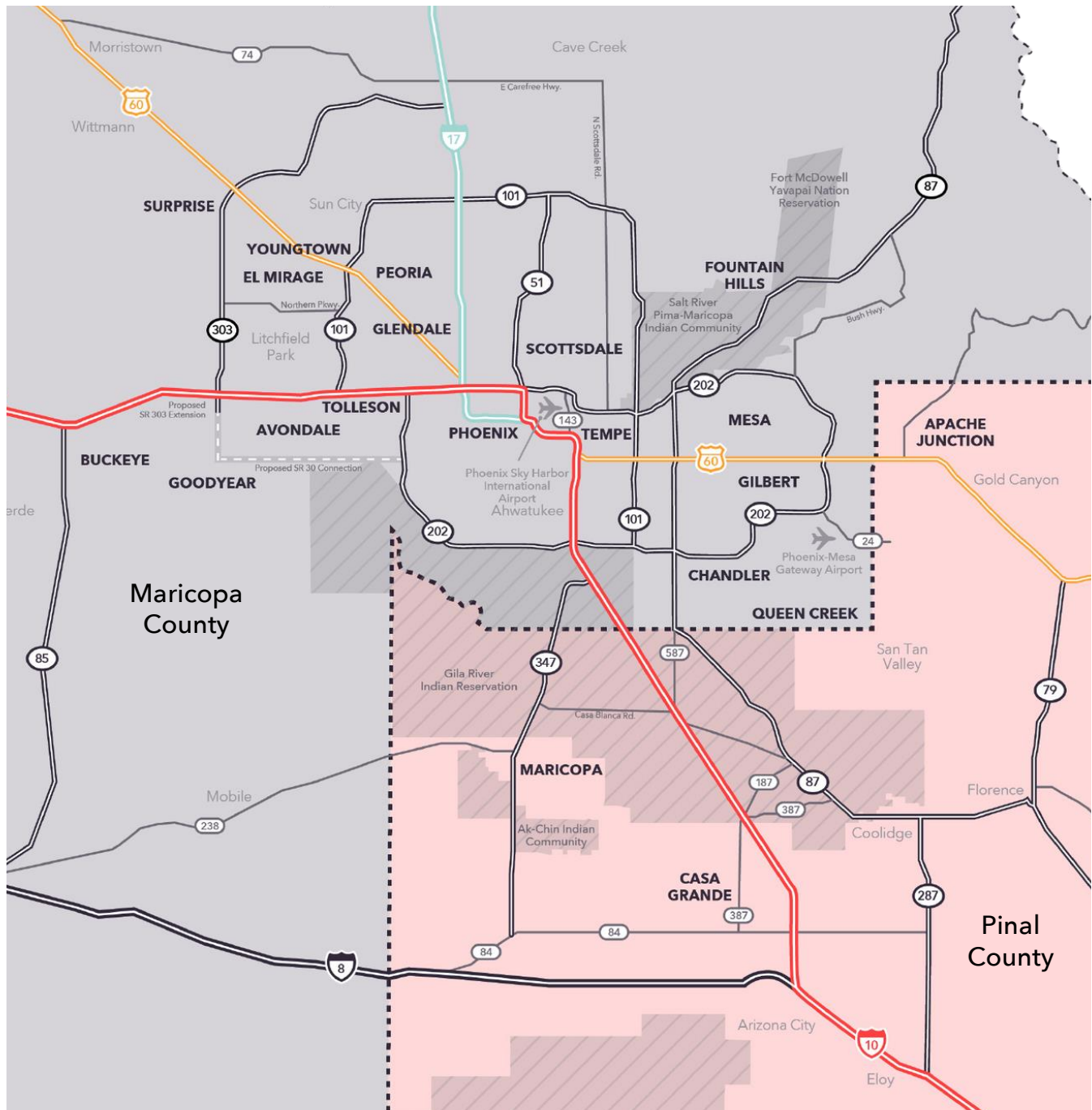
Greater Phoenix is served by two major railroads, Union Pacific and BNSF. The map below displays all major rail lines throughout the Southwest.



# 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 the region. In addition, proximity to Interstates 8 and 40 mean that access to California markets is seamless.



# 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 3<sup>rd</sup> 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

# Appendix A.1

## Aerospace & Defense Industry Cluster Definition

Aerospace & Defense, as a complex and diverse sector, covers a wide variety of specializations and supply lines. The table below outlines the primary NAICS Industry codes used in our Industry Cluster Analyses.

NAICS	Description
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
336411	Aircraft Manufacturing
336412	Aircraft Engine and Engine Parts Manufacturing
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing
336414	Guided Missile and Space Vehicle Manufacturing
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing
336992	Military Armored Vehicle, Tank, and Tank Component Manufacturing
481111	Scheduled Passenger Air Transportation
481112	Scheduled Freight Air Transportation
481211	Nonscheduled Chartered Passenger Air Transportation
481212	Nonscheduled Chartered Freight Air Transportation
481219	Other Nonscheduled Air Transportation
488111	Air Traffic Control
488119	Other Airport Operations
488190	Other Support Activities for Air Transportation
517410	Satellite Telecommunications
611512	Flight Training (Private)
927	Space Research & Technology

# Appendix A.2

## Aerospace & Defense Industry Cluster Definition

Aerospace & Defense, as a complex and diverse sector, covers a wide variety of specializations and supply lines. The table below outlines the secondary NAICS Industry codes used in our Industry Cluster Analyses.

NAICS	Description
325920	Explosives Manufacturing
332992	Small Arms Ammunition Manufacturing
332994	Small Arms, Ordnance, and Ordnance Accessories Manufacturing
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
336999	All Other Transportation Equipment Manufacturing
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing
541330	Engineering Services
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)

# Greater Phoenix Greater Together