



THE GREATER PHOENIX TECH STORY

2023

THE GREATER PHOENIX TECH STORY

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THE GREATER PHOENIX TECH STORY

It's the beginning of a new age in tech. The saturation of coastal and gateway markets has led to a "rise of the rest" as secondary markets establish regional tech hubs to meet the needs of a growing tech-centric economy. Greater Phoenix is at the forefront of this rise with a growing talent pool, collaborative environment, business-friendly culture and quality of life. Emerging tech companies choose Greater Phoenix to establish their footprints, test their technologies and scale.

Over the last 70 years, Greater Phoenix has created a diversified tech ecosystem home to research and development (R&D), high-tech manufacturing, software companies and next-generation technologies. Today, there are roughly 800 software companies that call Greater Phoenix home. Companies including GoDaddy, Carvana and NortonLifeLock went from startups to household names right in our own backyard. New and innovative companies from coast to coast and around the globe seek Greater Phoenix where they can secure top talent and provide a high quality of life for their employees.

TALENT AND EDUCATION

Startups and established tech firms alike find that Greater Phoenix is the place to be. Nearly 100,000 high-tech employees are in the region. Tech companies can leverage the large and talented workforce fueled by Arizona State University, which has the largest engineering school in the nation, where 30,000 students are enrolled. The numerous career-based learning initiatives and boot camps offer learning opportunities to an emerging workforce preparing for diverse industries.

BUSINESS CULTURE

The region's business-friendly culture fosters an entrepreneurial spirit. Local officials continue to support emerging technologies and pioneering policies allow businesses to thrive. The fintech and proptech Sandbox provides entrepreneurs a testing ground without burdensome regulatory costs. Available incentive programs allow businesses to grow and retain the region's top talent.

COLLABORATION

The Greater Phoenix ecosystem has enabled long-time businesses, emerging disruptors, educational institutions and the public to work together to better the region. In Greater Phoenix, it is easy to be new. The collaborative environment of public-private partnerships propel innovation in the region. The unity of the region has led to technological advancements, new ventures and startup growth.

QUALITY OF LIFE

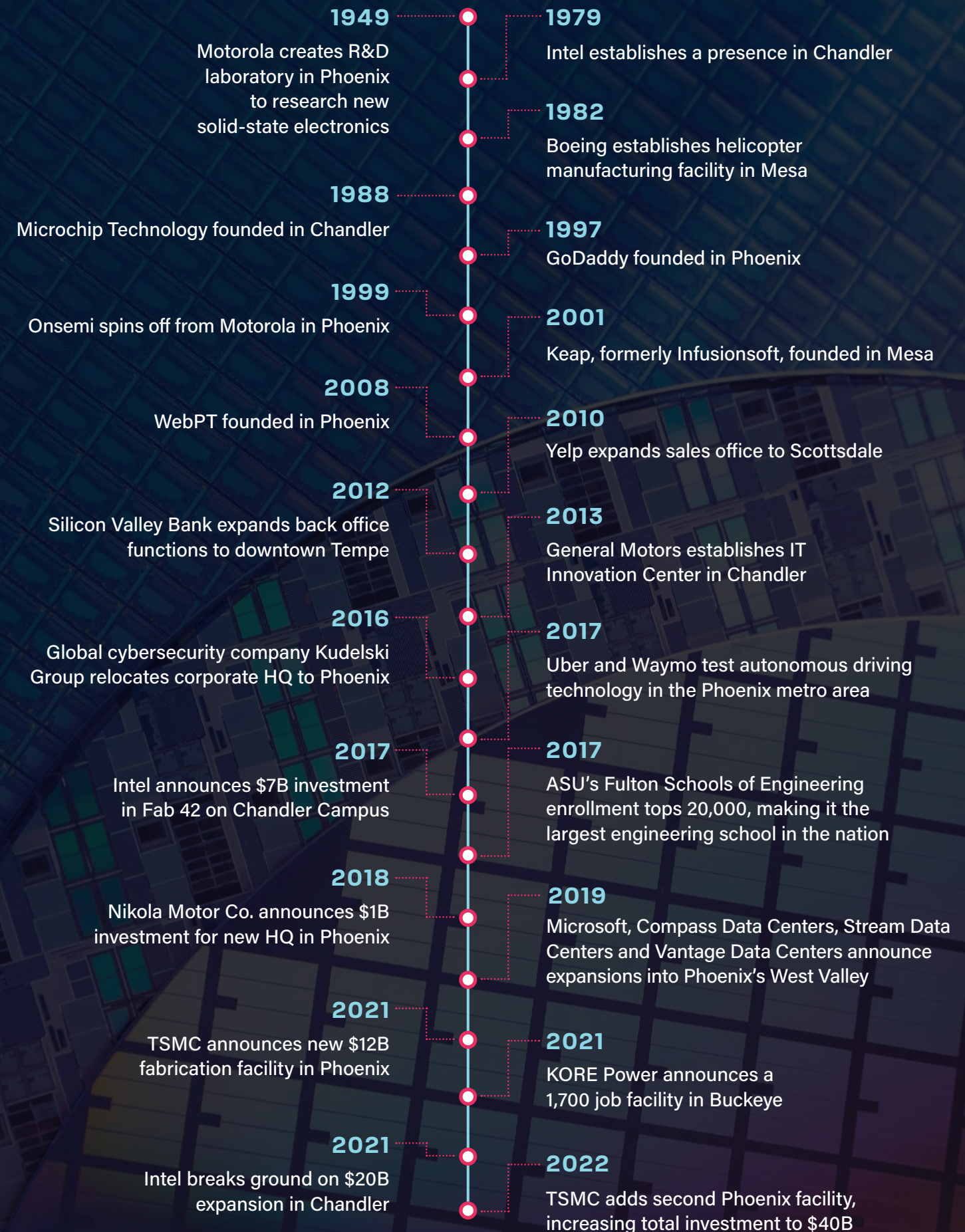
Greater Phoenix offers an affordable quality of life unmatched by competitor tech hubs. Affordable commercial space for businesses, coupled with diverse employment opportunities and abundant amenities or tech workers make the Valley a highly attractive locale. Rising costs and intense competition in competitor markets have motivated talent and businesses to seek alternative locations; and some now call Greater Phoenix home.



The technology sector has deep roots in Greater Phoenix.

Greater Phoenix's tech sector emerged following World War II as military installations proliferated throughout the United States. Greater Phoenix quickly became a hotbed for the aerospace, defense and semiconductor industries as companies servicing military operations started investing in R&D labs in the region. Motorola became one of the first tech companies in Greater Phoenix with the establishment of a research lab in 1949.

The region evolved with the rise of the Internet Age, becoming home to several large enterprise software development and web hosting companies. In recent years, the tech ecosystem has progressed into a highly desirable market for next-generation technologies focused on cybersecurity, autonomous vehicles, fintech, medtech, proptech and other industries related to the internet of things (IoT).



Large Tech Companies in Greater Phoenix

| | | | |
|---|---|--|---|
|  <p><i>Chandler</i> 11,806 Employees HQ in Santa Clara, CA</p> |  <p><i>Scottsdale & Phoenix</i> 3,229 Employees HQ in Falls Church, VA</p> |  <p><i>Chandler, Gilbert & Mesa</i> 3,200 Employees HQ in Falls Church, VA</p> |  <p><i>Chandler</i> 1,970 Employees HQ in Chandler, AZ</p> |
|  <p><i>Chandler</i> 1,468 Employees HQ in Eindhoven, Netherlands</p> |  <p><i>Tempe & Scottsdale</i> 1,343 Employees HQ in Tempe, AZ</p> |  <p><i>Phoenix & Chandler</i> 1,264 Employees HQ in Phoenix, AZ</p> |  <p><i>Tempe</i> 1,121 Employees HQ in Tempe, AZ</p> |
|  <p><i>Phoenix</i> 981 Employees HQ in Phoenix, AZ</p> |  <p><i>Phoenix</i> 691 Employees HQ in San Jose, CA</p> |  <p><i>Scottsdale</i> 673 Employees HQ in Scottsdale, AZ</p> |  <p><i>Scottsdale</i> 575 Employees HQ in Scottsdale, AZ</p> |
|  <p><i>Phoenix</i> 501 Employees HQ in Almere, Netherlands</p> |  <p><i>Chandler</i> 375 Employees HQ in Chandler, AZ</p> |  <p><i>Phoenix</i> 350 Employees HQ in Phoenix, AZ</p> |  <p><i>Phoenix</i> 310 Employees HQ in Phoenix, AZ</p> |
|  <p><i>Tempe</i> 307 Employees HQ in Tempe, AZ</p> |  <p><i>Chandler</i> 300 Employees HQ in Chandler, AZ</p> |  <p><i>Scottsdale</i> 299 Employees HQ in Scottsdale, AZ</p> |  <p><i>Tempe</i> 215 Employees HQ in Tempe, AZ</p> |

Recent Tech Job Announcements

| COMPANY | LOCATION | EXPECTED NEW JOBS | NEW OCCUPIED SF |
|-------------------------------|------------|-------------------|-----------------|
| TSMC Arizona | Phoenix | 4,500 | 3,800,000 |
| Viasat | Tempe | 1,500 | 300,000 |
| Sendoso | Phoenix | 1,000 | 58,000 |
| Meta Platforms | Mesa | 700 | 2,500,000 |
| Xnrgy | Mesa | 350 | 550,000 |
| Stryker | Chandler | 317 | 104,000 |
| ElectraMeccanica Vehicle Corp | Mesa | 300 | 230,000 |
| Tokyo Electron America (TEL) | Phoenix | 300 | 16,755 |
| Bespoke | Phoenix | 250 | 50,000 |
| Corning | Gilbert | 250 | 317,000 |
| Viavi | Chandler | 233 | 104,300 |
| Robinhood | Tempe | 182 | 34,000 |
| Edwards Vacuum | Chandler | 172 | 201,221 |
| Advantest | Chandler | 170 | 86,065 |
| Meyer Burger | Goodyear | 156 | 276,183 |
| Align Technology | Tempe | 150 | 34,000 |
| Bristol-Myers Squibb | Phoenix | 150 | 117,000 |
| Diamond Age | Phoenix | 119 | 22,600 |
| Systems Signs | Chandler | 100 | 123,000 |
| LiveRamp | Tempe | 87 | 32,000 |
| EMD Electronics | Chandler | 75 | 68,841 |
| Kinetics | Tempe | 60 | 60,000 |
| Fundera by NerdWallet | Scottsdale | 50 | 10,000 |

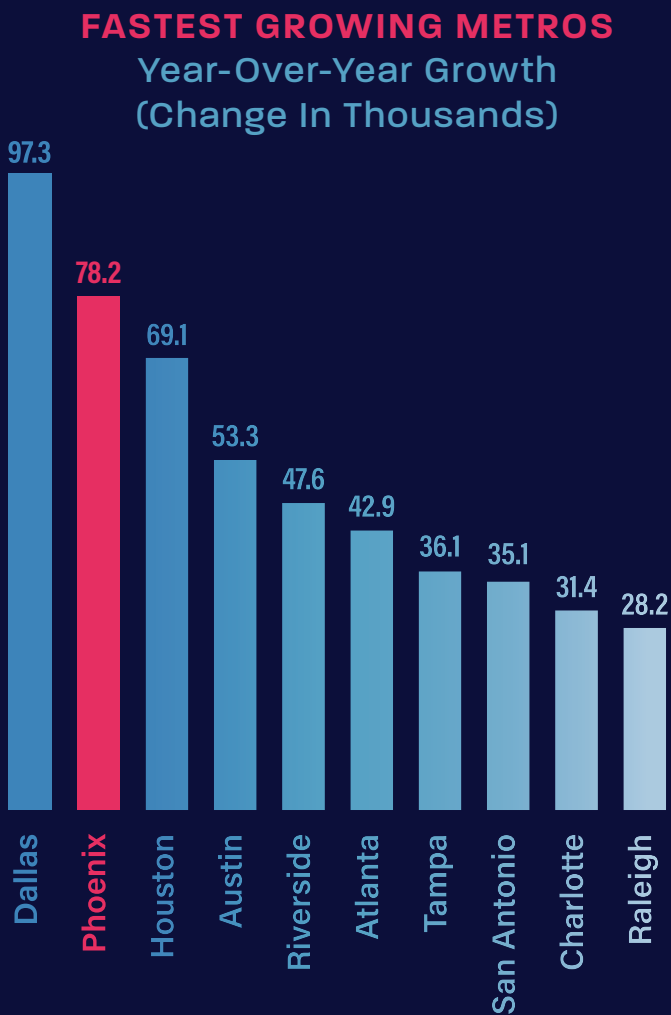
Source: Greater Phoenix Economic Council (GPEC), CBRE Research. *Job announcements publicized by expanding and new-to-market companies include projections of new jobs that are typically added over a one- to three-year period. Square footage is approximate.



POPULATION

Greater Phoenix is one of the fastest-growing regions in the nation. The metro is home to more than 5 million people, where net migration fuels growth. Over the last two decades, Greater Phoenix has grown by 93,000 people each year on average.

Greater Phoenix adds over 250 people each day, making it the second fastest growing region. Furthermore, Phoenix metro has a relatively young population with a median age of 37.1 years, falling below the national median.



Source: U.S. Census Bureau, 2022.

MEDIAN AGE BY METRO

| | | | |
|----------------|------|---------------|------|
| Salt Lake City | 33.1 | Los Angeles | 37.4 |
| Dallas | 35.2 | San Jose | 37.4 |
| Austin | 35.3 | Charlotte | 37.7 |
| Nashville | 36.6 | Chicago | 37.9 |
| Atlanta | 36.8 | Boston | 38.8 |
| Denver | 36.9 | U.S. | 38.8 |
| Phoenix | 37.1 | New York City | 39.0 |
| Seattle | 37.2 | San Francisco | 39.3 |

Source: U.S. Census Bureau, 2017-2021 5-Year estimates.

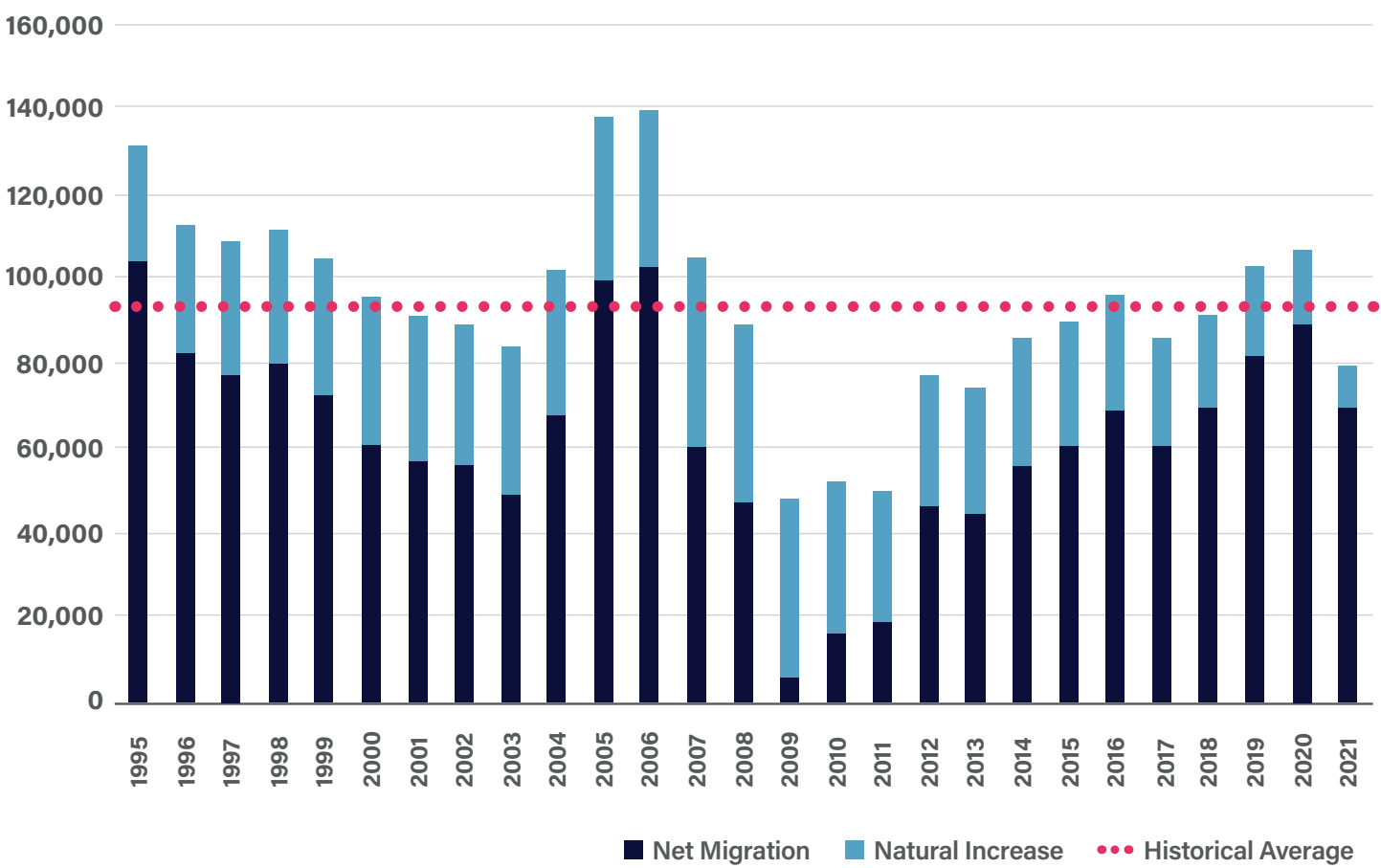
Population Change of 20–34 Year Olds

| | 2010–2021 | 2021–2026* | 2021–2030* |
|----------------|-----------|------------|------------|
| Charlotte | 48.7% | 6.2% | 9.8% |
| Nashville | 27.5% | 5.4% | 8.1% |
| Austin | 26.4% | 8.3% | 15.5% |
| Denver | 24.1% | 5.1% | 9.5% |
| Seattle | 23.2% | 0.6% | 0.5% |
| Dallas | 18.4% | 4.8% | 9.3% |
| Boston | 16.5% | -1.5% | -4.0% |
| Phoenix | 13.6% | 3.9% | 8.0% |
| Atlanta | 13.0% | 4.3% | 6.4% |
| San Jose | 12.0% | -3.4% | -7.1% |
| San Francisco | 10.9% | -3.3% | -6.5% |
| New York City | 6.7% | -1.7% | -4.5% |
| Salt Lake City | 5.6% | 6.1% | 9.4% |
| Los Angeles | 3.5% | -5.2% | -8.9% |
| Chicago | -0.2% | -2.9% | -5.6% |

Source: U.S. Census Bureau, 2022; Oxford Economics, 2022.

*Forecast

Greater Phoenix Robust Population Growth Driven by Net Migration



Source: U.S. Census Bureau, 2022.

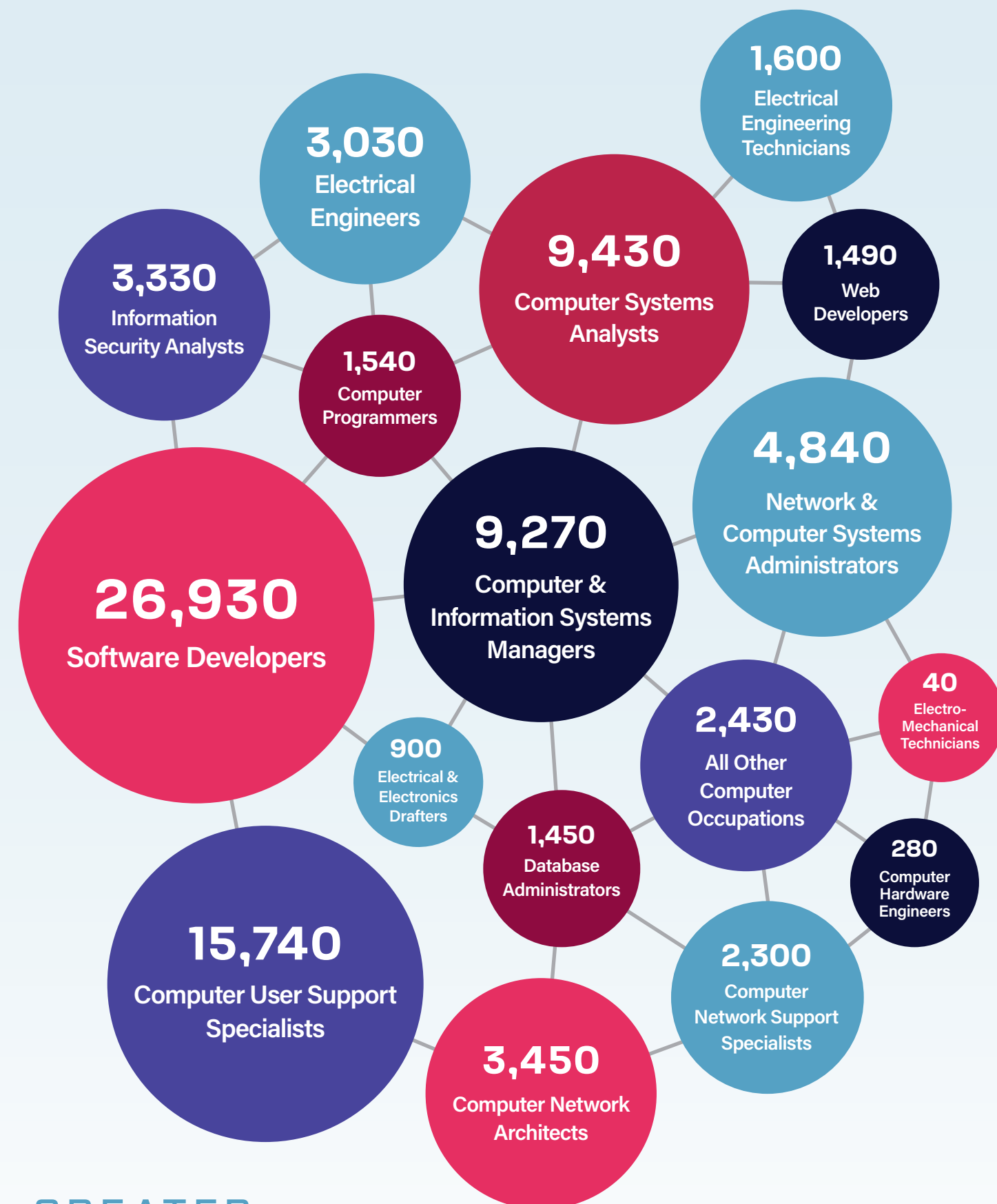
Greater Phoenix is the place to scale.

Greater Phoenix is one of the most rapidly expanding high-tech job markets in the nation. With nearly 100,000 high-tech employees, metro employment has grown 18.3 percent over a five-year period. The Greater Phoenix tech sector continues to see rapid growth that surpasses many peer markets including Austin, Atlanta and New York. Yet, Phoenix employers can attract skilled tech workers at relatively lower costs despite fast-growing demand.

Beyond its existing supply of high-quality talent, Greater Phoenix's future labor pipeline is bolstered by the presence of several highly-rated public and private universities, including Arizona State University, The University of Arizona, Grand Canyon University and Northern Arizona University.

WORKFORCE VS. OTHER TECH MARKETS

| METRO | LABOR FORCE | UNEMPLOYED | UNEMPLOYMENT RATE | 2021 TECH JOBS | TECH JOB GROWTH (2016 – 2021) |
|-------------------------|-------------|------------|-------------------|----------------|-------------------------------|
| Atlanta | 3,209,119 | 86,488 | 2.7% | 145,080 | 6.5% |
| Austin | 1,375,956 | 37,895 | 2.8% | 84,680 | 8.0% |
| Boston | 2,788,508 | 73,899 | 2.7% | 166,450 | 2.1% |
| Charlotte | 1,417,899 | 49,229 | 3.5% | 61,950 | 21.8% |
| Chicago | 4,913,120 | 216,499 | 4.4% | 167,560 | 6.2% |
| Dallas | 4,331,023 | 141,855 | 3.3% | 187,950 | 14.9% |
| Denver | 1,755,937 | 57,381 | 3.3% | 117,620 | 22.8% |
| Los Angeles | 6,547,396 | 268,671 | 4.1% | 235,800 | 9.8% |
| Nashville | 1,112,184 | 29,340 | 2.6% | 36,110 | 29.4% |
| New York | 10,059,135 | 374,922 | 3.7% | 344,520 | 2.6% |
| Phoenix | 2,586,266 | 76,933 | 3.0% | 99,600 | 18.3% |
| Salt Lake City | 718,403 | 14,601 | 2.0% | 55,930 | 29.0% |
| San Francisco Bay Area* | 3,624,803 | 97,329 | 2.7% | 378,870 | 12.6% |
| Seattle | 2,201,949 | 74,174 | 3.4% | 189,570 | 31.6% |



GREATER PHOENIX HIGH-TECH EMPLOYMENT BREAKDOWN

EDUCATION

Arizona State University is home to the largest engineering school in the nation with over 30,296 students currently enrolled. The region also benefits from a diverse higher education ecosystem that includes two additional state universities, several private four-year colleges, an extensive community college system and robust career and technical education offerings.

SAMPLE OF HIGHER EDUCATION OFFERINGS IN GREATER PHOENIX

- Arizona Christian University
- Benedictine University at Mesa
- Central Arizona College
- DeVry University
- East Valley Institute of Technology
- Midwestern University
- Ottawa University
- Park University
- UEI College
- University of Phoenix
- Universal Technical Institute
- Western Maricopa Education Center



Ranked **Most Innovative School** in the Nation by U.S. News and World Report for the **8th consecutive year.**



Enrollment & Graduates:

Greater Phoenix Area Universities (2021)

| SCHOOL | FALL ENROLLMENT 2021 | DOCTORAL DEGREES | MASTER'S DEGREES | BACHELOR'S DEGREES | ASSOCIATE'S DEGREES | CERTIFICATES |
|--------|----------------------|------------------|------------------|--------------------|---------------------|--------------|
| ASU | 135,729 | 984 | 8,829 | 22,067 | - | 3,174 |
| MCC | 99,338 | - | - | - | 9,901 | 18,779 |
| UA | 48,274 | 1,010 | 2,256 | 7,543 | 0 | 608 |
| GCU | 103,072 | 829 | 14,378 | 13,492 | 0 | 454 |
| NAU | 28,711 | 220 | 1,328 | 6,198 | 0 | 1,228 |
| UAT | 908 | - | 10 | 122 | 24 | - |
| TOTAL | 416,032 | 3,043 | 26,791 | 49,300 | 9,901 | 24,243 |

ASU = Arizona State University
GCU = Grand Canyon University
MCC = Maricopa Community Colleges

NAU = Northern Arizona University
UA = University of Arizona
UAT = University of Advancing Technology

Source: Integrated Postsecondary Education Data System (IPEDS), 2022.

Graduate Students By Major:

(2020 – 2021)

| SCHOOL | COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES | ENGINEERING | BUSINESS, MANAGEMENT, MARKETING AND RELATED SUPPORT SERVICES |
|--------|--|-------------|--|
| ASU | 1,581 | 2,955 | 5,874 |
| MCC | 933 | 20 | 3,339 |
| UA | 536 | 797 | 1,506 |
| GCU | 714 | 106 | 4,294 |
| NAU | 128 | 297 | 1,427 |
| UAT | 55 | 1 | 10 |
| TOTAL | 3,947 | 4,176 | 16,450 |

ASU = Arizona State University
GCU = Grand Canyon University
MCC = Maricopa Community Colleges

NAU = Northern Arizona University
UA = University of Arizona
UAT = University of Advancing Technology

Source: Integrated Postsecondary Education Data System (IPEDS), 2022.

TECH LEARNING INNOVATORS

GALVANIZE

Phoenix

A hybrid education, training and coworking space offering an organic learning environment and coursework in software engineering, coding and data science. Galvanize members and students can leverage learning, collaboration and professional networking with startups and large firms to jump start and advance a career in tech.

TECH TALENT SOUTH

Phoenix

A technical education company that offers individual coding courses and connects employers, students and innovators across the Phoenix tech ecosystem. In addition to coursework in web design, coding, UX design and app development, TTS offers talent acquisition, onboarding services and workforce development partnerships to tech firms and entrepreneurs.

ARIZONA CYBER WARFARE RANGE

Tempe

An experimental “live-fire” cyber warfare range offering an open practice environment and applied training in computer systems attack and defense, digital forensics and threat intelligence. Facilities are volunteer-managed and open to anyone wishing to train or upskill their cybersecurity expertise through hands-on learning.

WOZ U

Scottsdale

An online multi-pronged education as a service platform with offerings in software development, front-end, back-end, full-stack web development, cybersecurity and big data. Woz U works to reduce the growing tech skills gap by making its programs available to universities and private organizations via institutional partnerships.

UA CODING BOOT CAMP

Chandler & Gilbert

The University of Arizona offers in-person and online curricula in full-stack web development and app development. In 12-24 weeks, students can train or upskill in high-demand areas such as database management, browser-based technologies, internet marketing, quality assurance, server side development and deployment.

MARICOPA IT INSTITUTE

Phoenix

Maricopa Community Colleges’ new tech innovation hub offers online courses in a wide variety of disciplines including cloud computing, cybersecurity, mobile app development and virtualization to meet growing information technology labor needs. Students can obtain industry standard certifications recognized by Linux, CompTIA, Amazon Web Services, Microsoft, Apple and many others.

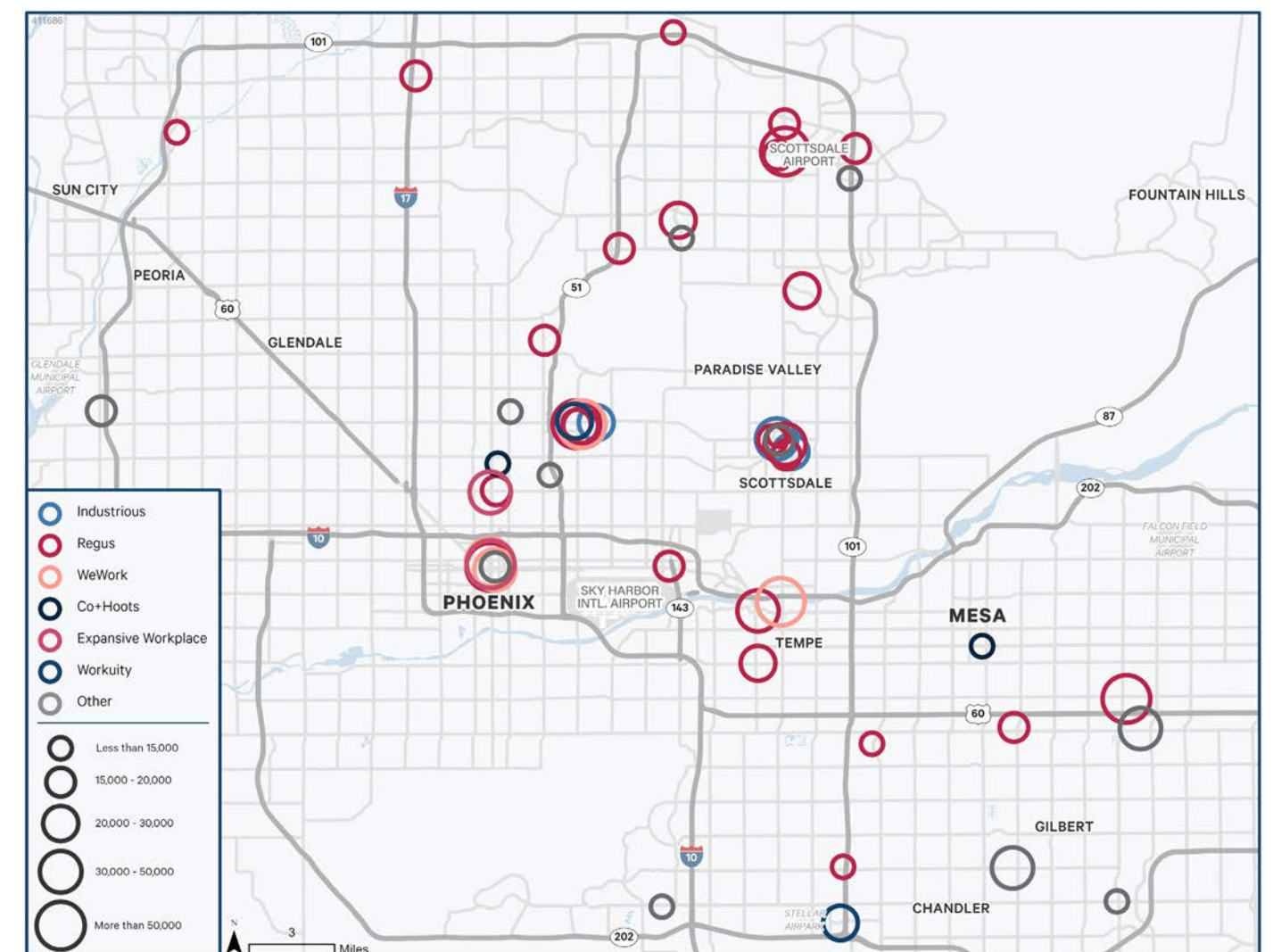
COWORKING

More office users are turning to agile space as they adapt to shifting workforce preferences in a post-pandemic environment. This includes medium and large enterprises that see an opportunity to experiment with novel strategies to enter new markets while reducing capital expenditures.

Since mid-2020, agile office space providers reduced their inventory by 12.2 million square feet, with New York, San Francisco and Los Angeles accounting for nearly half of this reduction. Phoenix’s flexible space inventory

has remained stable over the last three years despite a turbulent office environment. There are roughly 18 coworking space providers operating a cumulative 1.2 million square feet across 53 locations in the valley. Approximately 83 percent of coworking office inventory is controlled by five providers - IWG, WeWork, Industrious, Expansive Workspace and Workuity. These firms are concentrated in high-value office submarkets in the Valley, such as downtown Phoenix, South Scottsdale and the Camelback Corridor.

Source: CBRE, “Flexible Office Space - Awakening an Era of Flexibility,” February 2022.



Source: CBRE Research, Q3 2022.

DOWNTOWN TEMPE

Downtown Tempe was the top tech submarket in Greater Phoenix for rent growth from Q2 2017 to Q2 2019. Nationally, Tempe has the third lowest office vacancy rate in the county. The submarket is successfully attracting companies due to the presence of Arizona State University’s main campus, a large and talented workforce and a walkable urban environment that provides an abundance of amenities. Additionally, Class A developments along Tempe Town Lake have attracted tech companies seeking high-quality space at reduced costs when compared to competitor markets. Notable tech employers in the submarket include Opendoor, LifeLock, Silicon Valley Bank and Carvana.

DOWNTOWN PHOENIX

Downtown Phoenix is a vibrant, diverse neighborhood that offers a genuine live-work-play lifestyle. Major draws to downtown include Arizona State University’s Downtown Phoenix Campus, the Valley Metro Light Rail and walkable streets lined with restaurants, retail and entertainment options. The completion of Block 23, a mixed-use development comprising apartments, Fry’s Food and Drug, restaurants and office space, is a monumental landmark for the downtown area and represents the first construction delivery for office space since 2010. An increasing number of technology companies, such as Uber, DoubleDutch and Gainsight, are moving from coastal markets to downtown Phoenix. This shift has diversified the submarket’s employer base, which was historically dominated by financial and government services.

CHANDLER PRICE CORRIDOR

The Price Corridor in Chandler is a high-demand submarket for fintech and high-tech manufacturing companies. Notable tech employers in the submarket include Keap, Intel, PayPal and General Motors. High college attainment and availability of skilled labor make the area attractive to employers. Additionally, an abundance of low-cost land has resulted in a significant amount of office construction over the last few years, providing companies with numerous high-quality options. Furthermore, the submarket is surrounded by affordable housing and easy commutes, combined with a thriving shopping and dining scene that helps attract and retain top talent.

SOUTH SCOTTSDALE

Tech employers are drawn to South Scottsdale due to its high concentration of millennials, educated workforce and amenities that attract top talent. The submarket offers numerous walkable attractions, including Scottsdale Fashion Square (the largest mall in the Southwest), a growing culinary scene, unique shops and vibrant nightlife. Technology companies, including Yelp, Sendoso, Indeed and ZocDoc, have expanded in the area over the past several years. The ASU Scottsdale Innovation Center (SkySong) links technology, research, education and entrepreneurship. SkySong is home to nearly 20 tech and tech-adjacent companies, including Workiva, Oracle and Datashield.

Source: CBRE Research, Q4 2022.
*Estimates represent the office market.

Emerging Submarkets

GOODYEAR

Goodyear is home to a rapidly expanding tech corridor. The area has advanced fiber capacity and power infrastructure, and a robust workforce. Vantage, Compass and Microsoft data centers, along with Meyer Burger and Amazon’s robotics facility have recently chosen to open facilities in Goodyear. The corridor is also experiencing an emerging office sector with new Class A office space under development adjacent to its city center.

NORTH PHOENIX

North Phoenix is an up and coming tech market, bolstered by the location of Taiwan Semiconductor Manufacturing Company (TSMC) in 2021. In 2022, the company announced the addition of a second facility, which will produce 3 nm chips – among the most advanced semiconductor technology in the world. Related suppliers are now clustering in the north Phoenix area and throughout Greater Phoenix as a result. The area is easily accessible via Loop 303 and I-17 and has an abundance of land opportunities for development.

DATA CENTERS

Greater Phoenix is a top market for data centers due to its large and talented workforce, one of the most reliable electric grids in the nation, low risk of natural disasters, temperate fall and winter climate and competitive operating cost environment with a robust incentive program.

Phoenix ranks as the fifth largest data center market in the nation by megawatt inventory size, behind Northern Virginia, Dallas, Silicon Valley and Chicago. The region remains one of the fastest growing markets with year-over-year megawatt inventory growth of 13%. Most of this demand is from hyperscalers as they increase their local footprints. Examples include Aligned Data Centers’ planned development of a new two million square foot megacampus that will bring 400 megawatts of new capacity and QTS Data Centers’ recent purchase of 400 acres in the West Valley.

GREATER PHOENIX DATA CENTERS

- | | |
|------------------------|-----------------------------|
| » Adentro | » Mindbody |
| » Aligned Data Centers | » Namecheap |
| » American Express | » Newfold Digital |
| » Apple | » Nomadic |
| » AT&T | » Parchment |
| » Calero | » Paypal |
| » Charles Schwab | » Secure One Data Solutions |
| » EdgeCore | » Solera Health Inc |
| » Edgenuity | » Symphony Health Solutions |
| » EQOD | » Transact |
| » Flexential | » Trapp Technology |
| » Godaddy | » Verra Mobility |
| » HonorHealth | » Zocdoc |
| » Iron Mountain | |
| » Microsoft | |

Source: CBRE, “North America Data Center Trends HQ 2022,” February 2023; Maricopa Association of Governments Employer Database, 2021.

GREATER PHOENIX

OFFICE DEMAND

| | |
|--|--|
| 51 | 6 |
| Office users seeking 2,121,000 sq. ft. | Technology firms seeking 340,000 sq. ft. |

INDUSTRIAL DEMAND

| | | |
|---|---|--|
| 138 | 32 | 4 |
| Industrial users seeking 30,185,295 sq. ft. | Manufacturing firms seeking 4,437,100 sq. ft. | Advanced manufacturing firms seeking 500,065 sq. ft. |

COMPANY PROFILES

Opportunity abounds in Greater Phoenix. The region is well-positioned to support new-to-market technologies and the expansion of existing tech industries. A talented workforce, robust education pipeline, collaborative mindset, competitive operating cost and relative affordability continue to attract tech companies to the region. These companies have laid foundations, found success and bolstered their operations proving Greater Phoenix is the place to scale.

TSMC

| | |
|----------------------------|------------------|
| Established AZ Operations | 2021 |
| Local Operations | Phoenix |
| Greater Phoenix Employment | 4,500 (expected) |

Taiwan Semiconductor Manufacturing Company is the world’s largest semiconductor foundry, producing chips for companies such as Apple, Qualcomm, Nvidia and Advanced Micro Devices. In late 2020, the company announced the location of a facility in Phoenix, and in 2022 announced the expansion of the project, investing a total of \$40 billion in the market. The plant will produce some of the most advanced semiconductor technology in the world as the company plans to begin production of 4-nanometer chips in the first fab in 2024 and 3-nanometer chips in the second fab in 2026.

VIAMI

| | |
|----------------------------|----------|
| Established AZ Operations | 2021 |
| Local Operations | Chandler |
| Greater Phoenix Employment | 230 |

Viavi Solutions is a global provider of network test, monitoring and assurance solutions for communications service providers, enterprises, network equipment manufacturers, government and avionics. In 2021, Viavi announced Chandler as the location of a new advanced manufacturing operation, supporting the company’s Optical Security and Performance Products division. The new facility, located near Chandler Airpark, opened in November of 2022 and is also the new home of Viavi’s global headquarters which previously resided in California.

EARLY WARNING

| | |
|----------------------------|-----------------|
| Established AZ Operations | 1990 |
| Local Operations | Scottsdale (HQ) |
| Greater Phoenix Employment | 670 |

Early Warning is a fintech company that provides identity and payment solutions to empower financial institutions to make confident decisions, enable payments and mitigate fraud. Today, Early Warning is best known as the owner and operator of the Zelle Network, a mobile payment app for consumers. In August of 2022, Early Warning opened a new state-of-the-art headquarters in Scottsdale to accommodate its growing hybrid workforce. With 70% of their workforce based in Greater Phoenix, Early Warning continues their legacy as a top-tier employer in the region.

DELOITTE

| | |
|----------------------------|-----------------|
| Established AZ Operations | 1961 |
| Local Operations | Gilbert & Tempe |
| Greater Phoenix Employment | 1,700 |

Deloitte is one of the world’s leading professional services firms providing advisory and consulting services across more than 20 industries. Since 2018, Deloitte has invested heavily in Greater Phoenix, expanding their local footprint by an additional 220,000 sq. ft. and 1,400 employees. Their state-of-the-art U.S. delivery center in Gilbert provides capabilities for cloud IT, Salesforce, automation and robotics, blockchain, SAP and more. In 2022, Deloitte opened their Tempe office which houses many of their professional practices including audit, tax, consulting and financial advisory services for government and commercial clients in the western U.S.

COST OF DOING BUSINESS

Major Tech Hubs

Small change
creates **huge** impact:
two ways to **save \$1M***

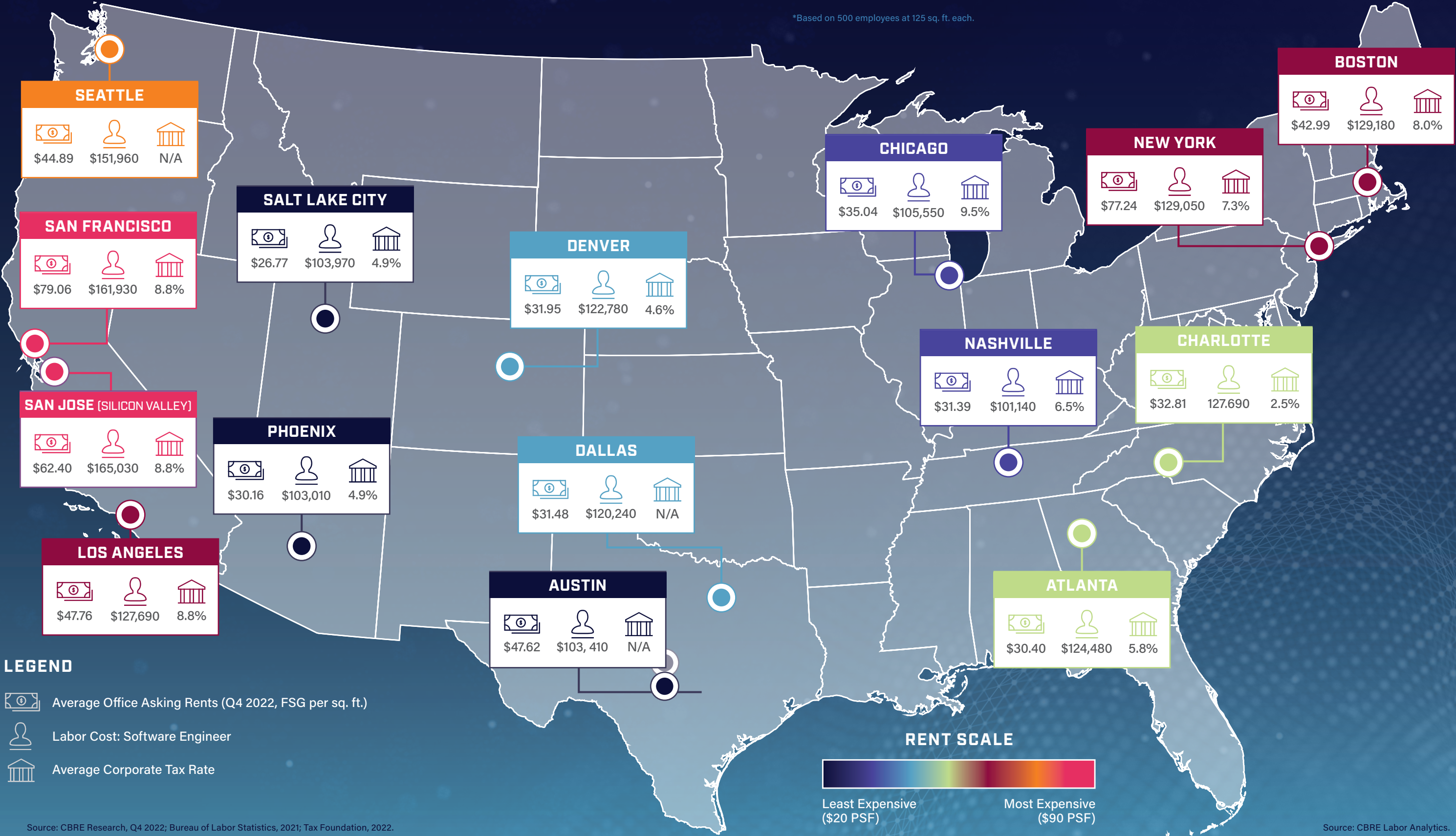


\$1.00
PER HOUR



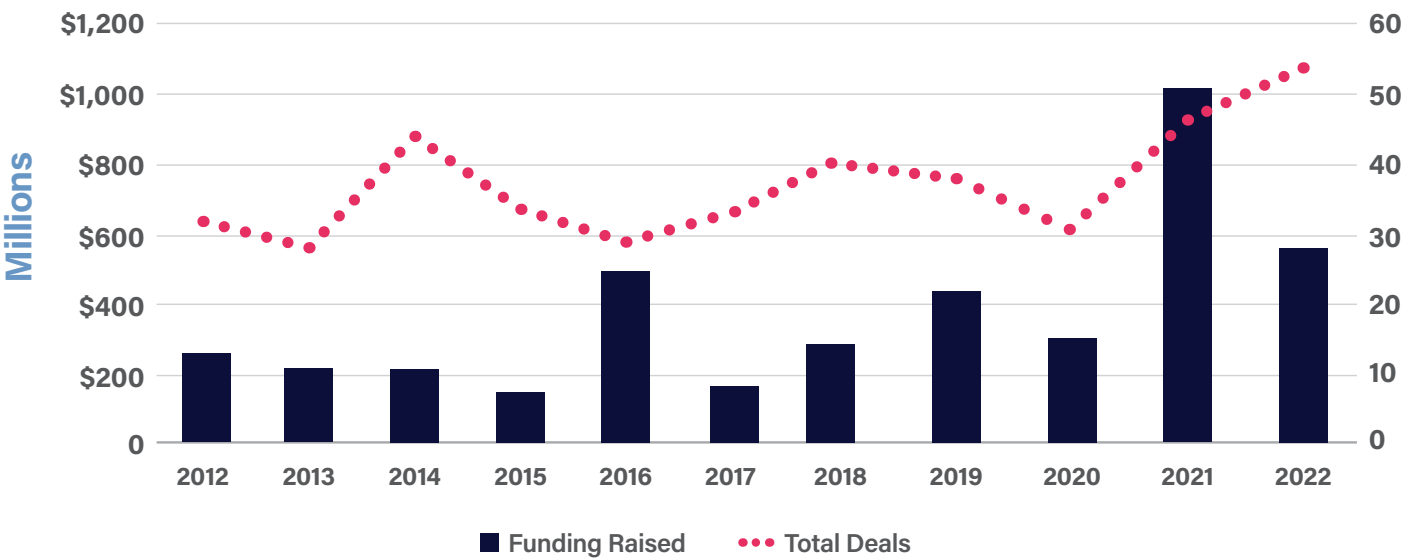
\$16.64
PSF/YR

*Based on 500 employees at 125 sq. ft. each.



VENTURE CAPITAL & PRIVATE EQUITY

GREATER PHOENIX TECH CAPITAL FUNDING



Notable Tech Capital Deals by Total Funding Raised

| COMPANY | LOCATION | TOTAL FUNDING RAISED (MILLION) |
|---------------------------|------------|-----------------------------------|
| Nikola Motor Company | Phoenix | \$460.0 |
| Keap | Chandler | \$184.0 |
| Carvana | Tempe | \$160.0 |
| Offerpad | Chandler | \$155.0 |
| Emerge | Scottsdale | \$150.0 |
| Persefoni | Tempe | \$110.7 |
| SmartRent | Scottsdale | \$97.0 |
| NJOY | Scottsdale | \$83.7 |
| Prevalent | Phoenix | \$72.0 |
| Centauri Health Solutions | Scottsdale | \$68.4 |

Private capital investment in Greater Phoenix tech companies is on the rise. In the last ten years, there has been 373 deals accounting for approximately \$3.8 billion in total funding. This includes \$1 billion raised in 2021, beating the previous high of \$430 million in 2019. The steady growth trend is attributable to a thriving ecosystem of quality startups in Greater Phoenix bolstered by a collaborative entrepreneurial culture. Unhindered access to industry knowledge, institutional support and other resources make Greater Phoenix a desirable location for innovators and entrepreneurs.

Source: CB Insights, total funding related to Seed/Angel, Series A-E+, Private Equity, Growth Equity, Other Venture Capital, and IPO state deals in internet software & services, computer networking equipment, e-commerce, computer storage & peripherals, gaming, handheld computers & accessories, IT services, personal computers & notebooks, servers & mainframes, specialty computer hardware, supercomputers, workstations & thin clients, software (non-internet/mobile), mobile commerce, telecom services, fiber optics, towers & infrastructure, mobile software & services, RFID systems, telecom devices & equipment, stealth mode, electronic equipment & components, chips & semiconductors, electrical products, electronic manufacturing services, electronic test, measurement and monitoring, and technical & scientific instrumentation within 50 mi. of Phoenix city center, 2012-2022.

REGULATORY POLICY

Arizona works to enable new technology adoption.

Arizona has a pro-business regulatory environment that fosters innovation and growth in the state. Numerous industries have been positively impacted, such as autonomous vehicles, fintech and blockchain companies.

Arizona also systemically reviews regulations with the Arizona Administrative Code to identify rules that may have become obsolete and works to eliminate or revise and improve them in order to save businesses time and money.

Autonomous Vehicles

In 2015, former Governor Doug Ducey signed an executive order allowing for the testing of autonomous vehicles in Arizona. The order instructed the Department of Transportation, Department of Public Safety and other agencies to support the testing of self-driving vehicles and established a Self-Driving Vehicle Oversight Committee to advise relevant stakeholders. In 2018, the executive order was updated to allow for driverless testing of autonomous vehicles in Arizona and described safety standards that must be met. In 2021, regulations were codified into statute by the state legislature.

Blockchain

In 2017, Arizona became the first state to pass a “smart contract” law guaranteeing digital signatures recorded on a blockchain. This clarity is critical for startups, allowing them to move ahead with smart contract applications that are protected under law. Like the rules protecting smart contracts between individuals, an April 2018 “Corporate Blockchain Bill” provided legal recognition for data stored and shared by corporations on the blockchain. This allows companies to use the technology for all types of recordkeeping and provide legal certainty for both business and consumer-facing startups.

Fintech

In 2018, Arizona became the first state in the U.S. to create a Regulatory Sandbox Program where financial services companies can test innovative products and technology in the market for up to 24 months and reach a customer base of 10,000 without obtaining a license or other authorizations that may be required. Sandbox participants may make consumer lender loans up to \$15,000 per individual loan and \$50,000 per consumer or provide products and services as a money transmitter (\$2,500 per transaction and \$25,000 per consumer). There is no limit to the number of companies that can participate.

Proptech

Arizona continued to expand its Sandbox program by creating a proptech program in 2019, which allows for limited market testing of technology products and services in the residential real estate market for up to 24 months without first obtaining licensure or standard authorization. The product or service must be unique from other products or services currently on the market.

OPERATIONAL AFFORDABILITY

Thanks to a simplified tax structure and affordable real estate, Greater Phoenix offers a favorable business environment compared to other competitor markets. As the following business operating cost analysis shows, a mid-size software company based in Silicon Valley could pay over 50% more in operating costs compared to a similar company in Greater Phoenix.

ASSUMPTIONS

- \$2.5 million personal property investment
- 10,000 square foot office in central business district
- Utilities included in lease

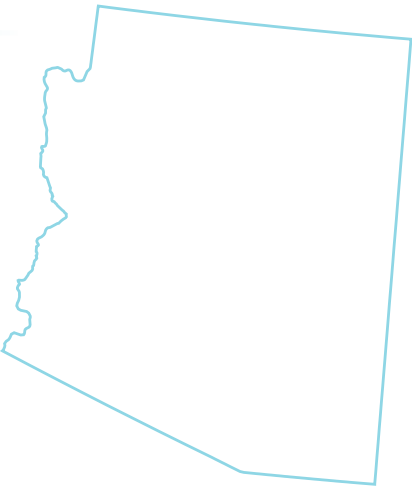
WORKFORCE

| | |
|---|----|
| Software Developers | 25 |
| Web Developers | 15 |
| Computer Network Architects | 5 |
| Computer and Information Systems Managers | 2 |
| Computer Network Support Specialists | 2 |
| General and Operations Managers | 1 |
| TOTAL | 50 |

| METRO AREA | EMPLOYEE PAYROLL | FRINGE & MANDATED BENEFITS | BUILDING/ LEASE PAYMENTS | PROPERTY TAX | TOTAL OPERATING COST | INDEX |
|----------------|------------------|----------------------------|--------------------------|--------------|----------------------|---------|
| Phoenix | \$4,949,923 | \$1,092,023 | \$299,200 | \$1,233 | \$6,342,379 | 100.00% |
| Salt Lake City | \$5,325,484 | \$1,245,321 | \$368,300 | \$29,095 | \$6,968,200 | 109.90% |
| Dallas | \$5,566,951 | \$1,231,869 | \$296,700 | \$58,582 | \$7,154,102 | 112.80% |
| Austin | \$5,628,078 | \$1,245,262 | \$656,200 | \$54,417 | \$7,583,957 | 119.60% |
| Denver | \$5,901,458 | \$1,308,050 | \$390,700 | \$57,506 | \$7,657,714 | 120.70% |
| Seattle | \$6,133,004 | \$1,381,913 | \$584,400 | \$23,738 | \$8,123,055 | 128.10% |
| San Jose | \$7,395,814 | \$1,645,635 | \$580,800 | \$30,250 | \$9,652,499 | 152.20% |
| San Francisco | \$7,219,341 | \$1,606,652 | \$811,900 | \$30,000 | \$9,667,893 | 152.40% |

Source: Applied Economics Metrocomp, 2022.

Relevant Tax Credit Programs in Arizona



RESEARCH & DEVELOPMENT TAX CREDIT

Provides an Arizona income tax credit for increased R&D activities conducted in the state, including research conducted at a state university and funded by the company. It applies to both corporations and individuals and is equal to 24% of the first \$2.5 million in qualifying expenses plus 15% of the qualifying expenses in excess of \$2.5 million.

QUALITY JOBS TAX CREDIT

Provides tax credits to employers creating a minimum number of net new quality jobs and making a minimum capital investment in Arizona. The program offers up to \$9,000 of Arizona income or premium tax credits spread over a three-year period for each net new quality job.

ANGEL INVESTOR TAX CREDIT

Provides tax credits to investors who make investments in targeted small businesses certified by the Arizona Commerce Authority (ACA). The ACA can authorize \$20 million in tax credits against qualified investments made in qualified small businesses through June 30, 2031. No more than \$2.5 million in tax credits may be authorized per calendar year.

QUALIFIED FACILITIES TAX CREDIT

Provides a refundable tax credit equal to manufacturing, R&D or headquarters facilities that have at least 65% of sales or revenue from outside of Arizona. The credit is equal to the lesser of 10% of capital investment or \$20,000 per qualifying job, up to \$30 million.

COMPUTER DATA CENTER PROGRAM

Provides a transaction privilege (sales) tax exemption for 10 years on qualifying purchases of computer data center equipment for companies that invest at least \$50 million within urban counties and \$25 million within rural counties. Sustainable redevelopment projects that invest at least \$200 million can qualify for a 20-year exemption.



QUALITY OF LIFE

Greater Phoenix offers an array of amenities and attractions expected of a bustling urban and suburban region. From unique art galleries and hip eateries, to major sporting events and breathtaking natural amenities, Greater Phoenix offers something for everyone.

RANKINGS

| | | | | | |
|----|---|----|---|----|--|
| #1 | Top large county for talent attraction for 3 rd consecutive year (Maricopa County) <i>Lightcast, 2022</i> | #1 | Best city to launch a startup (Phoenix) <i>Time2Play, 2022</i> | #2 | Best place to live in the U.S. (Tempe) <i>Money, 2022</i> |
| #4 | Most electric vehicle friendly state (Arizona) <i>The Fabricator, 2022</i> | #4 | Best state for women startup founders (Arizona) <i>Merchant Maverick, 2023</i> | #6 | Most desirable city to live (Phoenix) <i>Home Bay, 2023</i> |

GREATER PHOENIX IS HOME TO

| | | | | |
|--------------|---------------|--|---------------------------|----------------------------|
| 300+ | 400+ | 3 | 300+ | 75° |
| Golf courses | Hiking trails | Of the 5 largest city parks in the world | Days of sunshine annually | Average annual temperature |

| | |
|-----------------------------------|------------------------|
| 6 | Annual national events |
| Barrett Jackson Auto Auction | |
| MLB Cactus League Spring Training | |
| NASCAR | |
| Fiesta Bowl | |
| Guaranteed Rate Bowl | |
| WM Phoenix Open | |

| | |
|----------------------------|---------------------------|
| 7 | Professional sports teams |
| Arizona Cardinals (NFL) | |
| Arizona Diamondbacks (MLB) | |
| Arizona Coyotes (NHL) | |
| Phoenix Suns (NBA) | |
| Phoenix Mercury (WNBA) | |
| Arizona Rattlers (IFL) | |
| Phoenix Rising (USL) | |



ARTS & CULTURE

RANKINGS

230+

Art galleries

50+

Performing arts theatres

40+

Museums

5

Local music venues host
crowds over 15,000

10+

Destination music
festivals each year

9

Major music colleges
and numerous other
niche training schools
across the region

NATIONALLY RENOWNED CUISINE

Cocina Madrigal
*Yelp's Top 100 Places to Eat in the U.S.,
2020 & 2022*

Pizzeria Bianco
James Beard Award Winner, 2022

Andreoli Italian Grocer
James Beard Award Nominee, 2022

Barrio Café
James Beard Award Nominee, 2020

FnB Restaurant
James Beard Award Winner, 2019

The Fry Bread House
James Beard Award Winner, 2012

Fox Restaurant Concepts
James Beard Award Semifinalist, 2009–2018

AWARD-WINNING CRAFT BEER

Great American Beer Festival Award Winners:

Saddle Mountain Brewing Co.
*Gold Medal (2019), Silver Medal (2020),
Bronze Medal (2022)*

Wren House Brewing Co.
Gold Medal (2020, 2022), Silver Medal (2019)

O.H.S.O. Brewery
Silver Medal (2019, 2021), Bronze Medal (2019)

Oro Brewing Co.
Gold Medal (2022)

Desert Monks Brewing Co.
Silver Medal (2021)

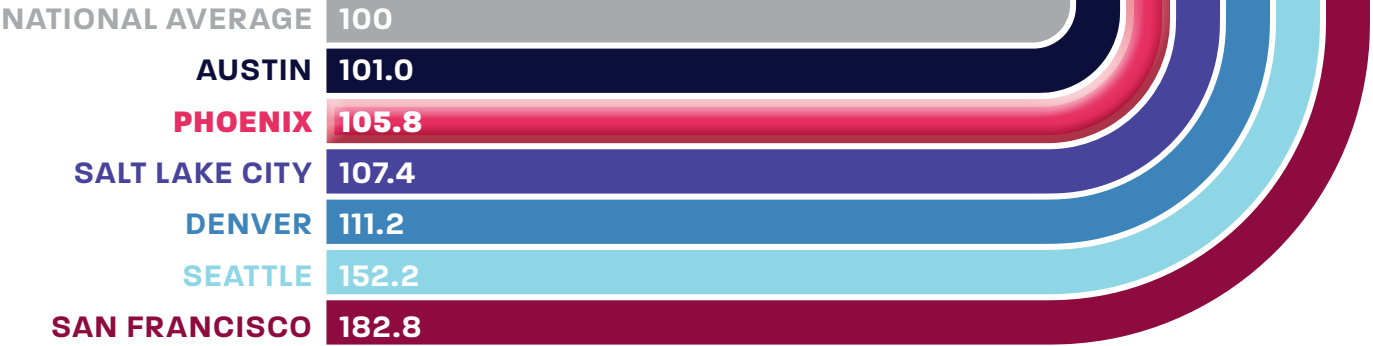
Fate Brewing Co.
Bronze Medal (2020)

Huss Brewing Co.
Silver Medal (2019)

SunUp Brewing Co.
Bronze Medal (2019)

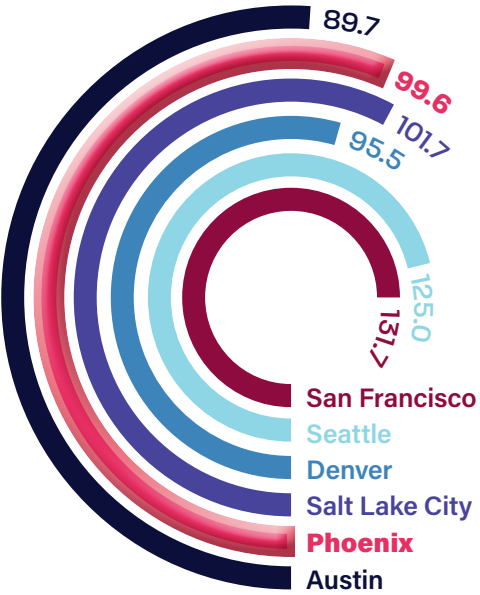
COST OF LIVING

The Cost of Living Index measures relative price levels for consumer goods and services. The national average is 100, and each index is read as a percentage of the national average.

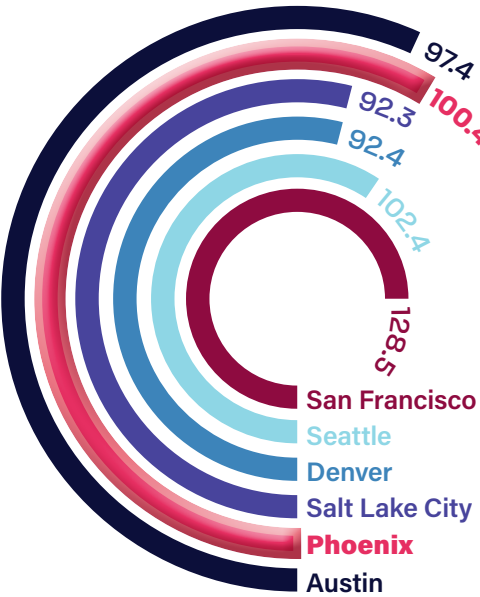


Source: Council for Community and Economic Research (C2ER) Cost of Living Index, Q3 2022.

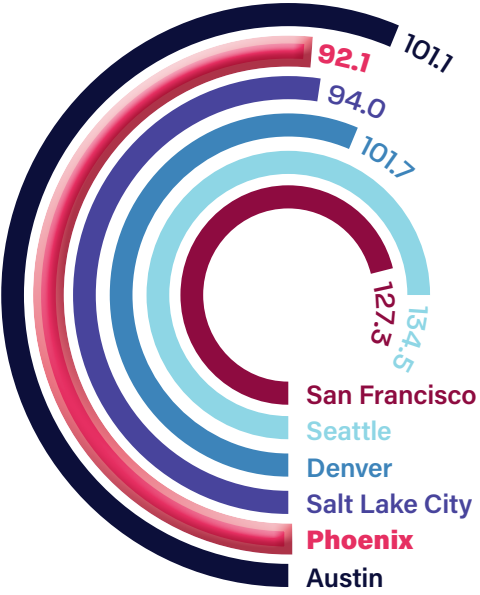
GROCERIES



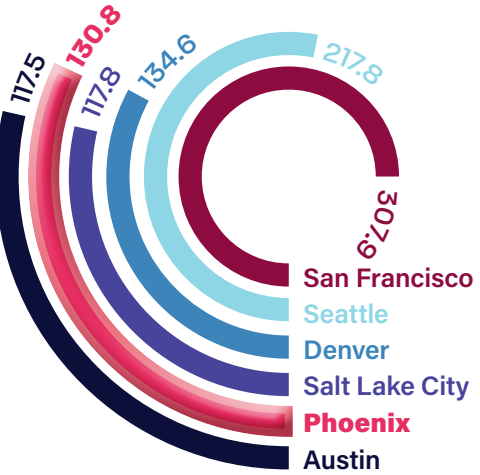
UTILITIES



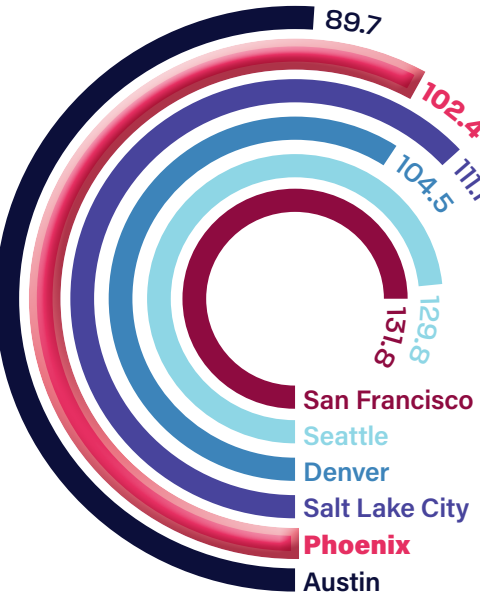
HEALTH CARE



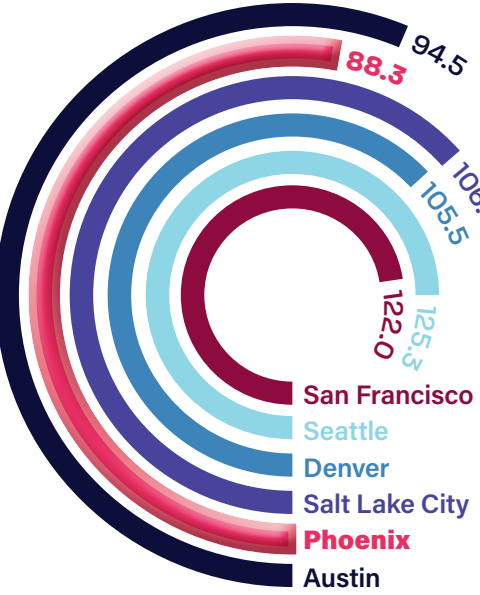
HOUSING



TRANSPORTATION



MISC. GOODS & SERVICES



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