



## Forecasting the future



Let us point you in the right direction -  
There are signs everywhere if you know where to look.

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## FAST FACTS

### ► LOCATION

#### Boundaries:

North:	Loop 101 Pima Freeway
South:	Thunderbird Road
West:	64th Street
East:	90th St. (between Raintree and CAP Canal) 96th St. (between the CAP Canal and Bell Rd.)

### ► ZONING

Commercial Office; Light Industry; Hotel;  
Commercial Retail

### ► SIZE

2,900 ± Acres, approximately 24,250,000 ± SF  
of Buildings

### ► CURRENTLY DEVELOPED

Approximately 2,850 ± acres

### ► NUMBER OF COMPANIES

Approximately 2,554

### ► BUSINESS CATEGORIES

Approximately 110 (i.e., accountants, auto,  
stock brokers, publishing, etc.)

### ► NUMBER OF EMPLOYEES

Approximately 50,450

### ► NUMBER OF BUILDINGS (INCLUDING HOTELS)

Building Usage	Number	Percentage
Office	278	35%
Office/Warehouse	320	41%
Hangar	31	4%
Retail/Hotels	159	20%
<b>Total</b>	<b>788</b>	<b>100%</b>

## GROWTH OUTPACES PROJECTIONS

Beginning with our first 2010 Report published in the late 1980s, we predicted that the Scottsdale Airpark would have over 50,000 employees and more than 3,000 companies occupying 25 million square feet by the year 2010. We have exceeded 50,000 employees four years ahead of time with no let-up in sight, and the Airpark is well on its way to 25 million square feet. The number of companies has not grown as rapidly as we predicted, primarily due to the fact that there are many more large companies based here than in the '80s and '90s. In 2020, we anticipate 60,000 employees and 3,200 companies occupying over 30 million square feet.

### ► FIGURE 1: THE GREATER SCOTTSDALE AIRPARK GROWTH

Date	Square Feet	Vacancy	Number of Employees	Number of Businesses
1996	8,126,006	3.1%	17,275	1,477
2001	16,282,920	9.8%	33,015	1,907
2006	22,350,975	9.7%	50,450	2,884
2020	30,000,000	-	60,000	3,200

## OFFICE BUILDING MOMENTUM

The transition from light industrial warehouse buildings in the first 25 years of the Airpark has changed with the momentum of building of new Class A office buildings (Figure 2). The Loop 101 freeway access, the relocation of decision makers into the North Scottsdale residential market, an employment base larger than 50,000, and other amenities continue to draw new tenants and bigger companies. There is a more diverse use of the land; however, there is a diminishing supply of lots for purchase. Land values seem to have leveled off since 2005 at \$26 to \$30 per sf.

### ► FIGURE 2: ELEVEN NEW OFFICE BUILDINGS OVER 70,000 SF COMPLETED OR UNDER CONSTRUCTION IN 2006

Building	Square Feet	Location
Raintree Corporate Center	167,000	NEC Loop 101 & Raintree
McDowell Mountain Business Park	260,000	NWC of Bahia & Loop 101
Perimeter Gateway III	70,000	NEC 82nd Street & Bell Road
FNBA II	86,000	NWC Perimeter & Princess Dr.
Perimeter Gateway 101	80,000	NEC 82nd Street & Bell Road
Chauncey Ranch Commerce Ctr.	100,000	SEC of Mayo Blvd & 71st Street
Financial Center @ Kierland	175,000	16100 71st Street
Perimeter Parkview Corp Center II	70,000	8300 Block of Hartford Dr.
MAX @ Kierland	257,000	NWC Scottsdale Rd & Paradise Ln.
The Pinnacle in Kierland IV	210,000	SWC Butherus & Scottsdale Roads
Vanguard's "Green" Building	125,000	Raintree/Northsight Building
<b>TOTAL SQUARE FOOTAGE</b>	<b>1,600,000</b>	

Lease rates of Class A office space have increased and now exceed \$30 per sf on several new buildings. What was a high-end rate of \$27 per sf for the last three years is now the low end for new Class A office buildings.

Class B and C office buildings have had higher vacancy with lower rental rates, due to a growing number of tenants who want to upgrade their image and are willing to pay for Class A office space.

## INCREASED BUILDING HEIGHTS

Along with the transition into more of an office environment, there is a demand for increased building heights. This has been an ongoing issue for the last couple of years. The Pinnacle at Kierland IV is completing their six-story building on the west side of Scottsdale Road (city of Phoenix), whereas the buildings on the east side of Scottsdale Road (city of Scottsdale) have been limited to three-story buildings. The Scottsdale Crossings Project at Scottsdale Road and Butherus (which will be redeveloped) and the One Scottsdale Project at Scottsdale Road and the Loop 101, will have up to five-story buildings. However, Scottsdale is still falling short of the density that will be required in the near future and certainly leading up to the year 2020.

## AMENITIES FOR A GROWING EMPLOYMENT BASE

As the Airpark continues its transition from office/warehouse buildings to more office high tech and flex buildings, amenities are in high demand. New restaurants and more fitness centers have been added. The granddaddy of all the fitness centers is the new 110,000 sf Lifetime Fitness building, which recently opened at Scottsdale Road and Chauncey Boulevard, just south of the Loop 101 freeway. The influx of fitness centers supports the Class A office employment base, as do the restaurants, retail boutique shopping and other amenities typically found in office environments.

## INVESTMENT PROPERTIES

Last year, there were several unique sales that drove the price per square foot of investment properties into the \$300 - \$500 per sf range on well leased up Class A office spaces and/or retail centers. 2006 has shown some leveling of these increasing prices due to fluctuation of interest rates and the CAP rates that investors are now seeing.

## 2020

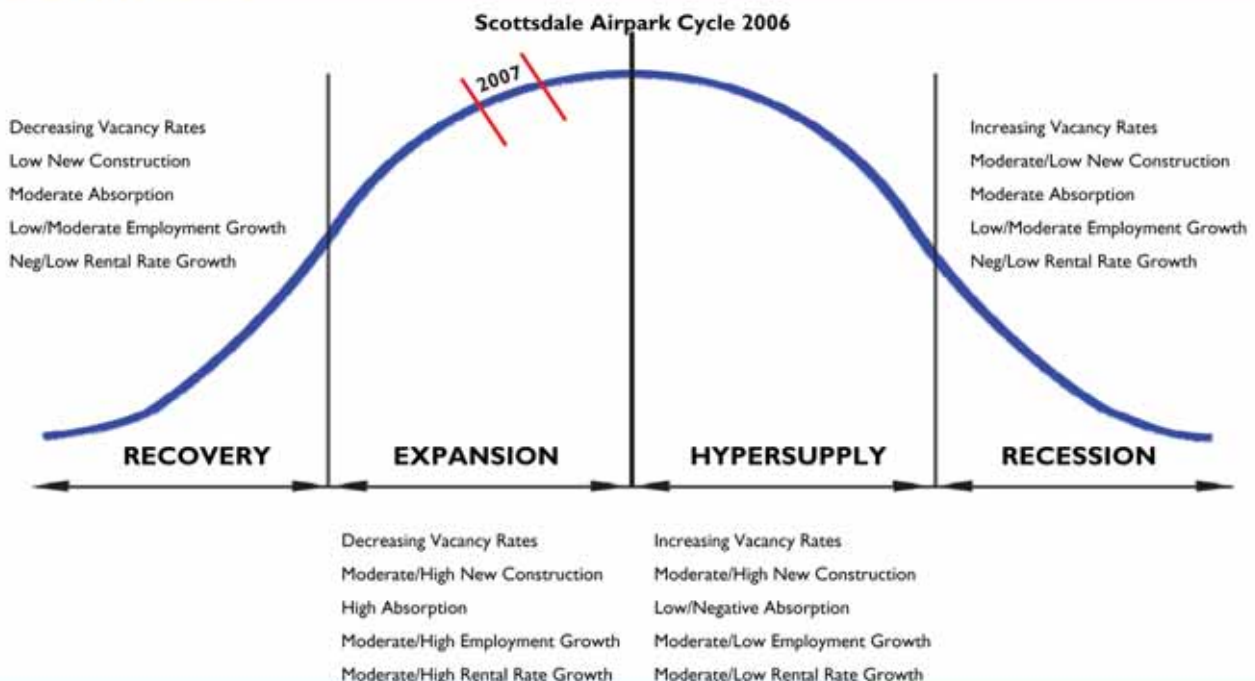
As we move toward the year 2020, we predict that the area will continue to draw office tenants and that future City Councils will soften their stance on height. We should have six to eight story buildings along some of the redevelopment areas throughout the Airpark. By the year 2020, there will be an incredible amount of employment along the entire "Loop 101 Employment Base™" that will run from the Salt River Pima Indian Community at Chaparral Road and through the Airpark, Desert Ridge and Deer Valley areas.



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*"The proximity to our executive housing, the feeling of relatively new infrastructure environments and office buildings and graffiti-free walls and buildings continue to make our employees comfortable here. We look forward to the continued growth of the Greater Scottsdale Airpark."*  
 Business Owner

## REAL ESTATE CYCLE 2006



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