



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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CHALLENGES FOR THE FUTURE...

RAPID GROWTH —URBAN CORE—TRANSPORTATION—DENSITY

Current and historical statistics paint a clear picture of the Greater Phoenix Metropolitan area in 2020. By examining population statistics, we can estimate the number of homes and apartment units and the square footage of retail, office and industrial properties that may be needed in 2020. These statistics, along with aerial maps from the past and present, enable us to project *where* the population will grow, *how* it will grow and *what* we will expect to see in new residential and commercial development.

FAST FACTS

▶ 2020 REQUIREMENTS*

- 540,000 new single family homes
- 95,000 additional multi-family units
- 17.9 million sf of retail
- 54 million sf of office
- 73 million sf of industrial
- Approximately 133,500 acres of new development (209 square miles)

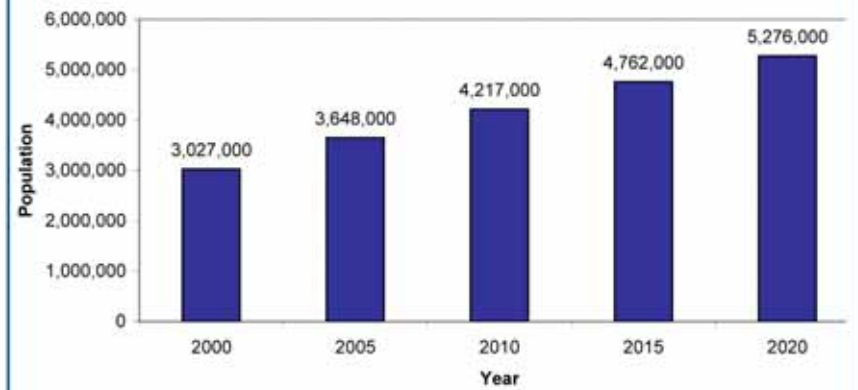
*Based on Projected Population of 5.3 million

▶ GROWTH BY THE NUMBERS*

- 1 residential unit is needed for every 2.6 people
- Density for all housing units average of 6.75 dwelling units/acre
- 30 sf of office, 71 sf of industrial, and 32 sf of retail are needed for each person
- 1 hospital for every 50,000 people
- 1 regional mall for every 200,000 people within a five-mile radius
- 1 doctor for every 482 people
- 1 nurse for every 128 people
- 1 in 5 new residents will be K-12 school age
- 1 police officer for every 375 people
- 1 firefighter for every 1,110 people
- 1 superior court judge per 30,000 people
- 1 person creates 1,800 lbs. of trash per year and creates demand for 4,250 kilowatt hours of electricity per year and 192 gallons of water per day (including added commercial and industrial)

*on average

▶ FIGURE 1: GREATER PHOENIX POPULATION



Source: AZ Department of Economic Security | U.S. Bureau of the Census

LAND IMPACTS ALL GROWTH

Today's sense of scarcity of developable land will be the reality of 2020. Specific challenges affect our land market and ultimately shape our future environment. Transportation, housing costs, and quality of life for residents are growing concerns and will be exacerbated as our population burgeons. Development on the fringes of the Valley has been the immediate solution in decades past. Moving forward, infill and redevelopment will be driven by these issues.

THE NEW URBAN CORE

Specific infill target areas that are growing in importance are located within the perimeters of the Loop 101 and the Loop 202. By 2020 these areas will be the Valley's "new urban core." (Figure 2, on back page) Explosive growth has forced Metro Phoenix to create new transportation corridors, decentralize the employment picture and look at high-density development in areas that did not previously embrace it. As larger parcels of vacant land disappear within this new urban core, smaller acreage will have to accommodate more square footage of development. Expect to see an accelerated push for dense product that will maximize the land in particular locations. Land prices will continue to increase and developers will need to be creative to get the most value out of their land, resulting in true mixed-use development. Moving forward, nothing within this core will be built with less than three stories in height.

DECENTRALIZATION OF EMPLOYMENT HUBS

What makes the model of a new urban core really work is the decentralization of employment in Phoenix, an area that has always grown out rather than up. This is reflected by the expansion of the urban core to include these present and future major job centers.

- ▶ Scottsdale and Deer Valley Airparks
- ▶ Hi-tech base in South Chandler along the Loop 101 corridor
- ▶ West I-10 Freeway, with a large distribution presence
- ▶ West Loop 101 Corridor
- ▶ Williams Gateway Area



These strategically placed hubs provide easy, Valley-wide freeway access for businesses. Metro Phoenix has been, and will continue to be, a city with a major employment presence in its traditional cores of downtown Phoenix and around Sky Harbor Airport, with smaller hubs strategically located along the freeway corridors.

TRANSPORTATION CORRIDORS—THE ROAD LEADS TO...

The **Loop 202 South Mountain Freeway** is scheduled for completion in 2015 and will pull trucking traffic away from congested downtown Phoenix, allowing redevelopment of existing one-story, under utilized structures.

The **Loop 303** has already spurred a great deal of commercial growth along its corridor and this development will continue as it transitions from a parkway to a freeway in 2015. The boundaries of the new urban core will continue to grow; however, Luke Air Force Base in the Northwest Valley will be a barrier to high-density development.

The **Williams Gateway Freeway** in the Southeast Valley will be completed around 2020. This will ease congestion on the US 60, provide even better access to the already well-positioned Williams Gateway area, spur more commercial development along its route through the GM Proving Grounds and create value for future state land auctions.

Construction of the **SR 801 (I-10 reliever)** is planned to begin in 2021 and cannot come too soon to help ease congestion on the crowded I-10. Distribution/warehouse uses will see tremendous growth further west along the I-10 and SR 801, as well as in Pinal County near the I-10 and I-8 interchange.

By 2020 five extensions will have been added to the 20-mile light rail starter segment, with a sixth extension slated to open in 2025. These extensions will expand light rail's reach further into Northwest Phoenix, Tempe, Mesa, West Phoenix, Glendale, and eventually Northeast Phoenix. (Figure 3, on back page)

DENSITY... DEMAND FOR HEIGHT

Municipalities have generally shied away from high-density development outside their traditional urban cores. Urban core expansion, longer commute times, heavy pollution and the decentralization of jobs will cause municipalities to consider high-density development in places where it has not traditionally been allowed. Many people want and need to live close to where they work. As employment locations continue to develop, traditional single-family neighborhoods will give way to higher density, smaller-unit developments to accommodate the needs of the community.

WHAT'S NEXT

- ▶ Land prices will be driven upwards by the high demand for land near employment hubs.
- ▶ With higher density, a developer can spread the land and fixed costs over more units, lowering the per unit basis and allowing the delivery of more affordable units.
- ▶ There will be greater demand for less height restrictions in areas where density makes sense.
- ▶ To maximize the value and efficiency of these employment hubs, municipalities will need to be open to the development of taller buildings.

CONTINUED GROWTH ON THE FRINGES

Phoenix has always grown out and will continue to do so. The natural barriers to outward growth can be seen on any aerial—Bureau of Land Management, National Forest Service, Indian, and state land (Figure 2, on back page). You can easily predict where growth will happen by following these land designations. State land will eventually be auctioned, but typically not until everything around it has been developed and the land is then considered "infill." Infrastructure is another critical constraint to growth on the fringes. We simply do not have the ability to build streets or water and sewer systems fast enough to keep up with our explosive growth.

There are still huge swaths of undeveloped land in the West Valley and Pinal County that will sprout master-planned communities. Developers have begun planning "village cores," focusing on higher density residential, retail and office. These type developments, however, cannot provide enough employment to serve an entire community. To serve the growth of the outlying areas, employment has to come from the emergence of the aforementioned satellite employment hubs along the edges of the new urban core.

▶ (continued on back page)

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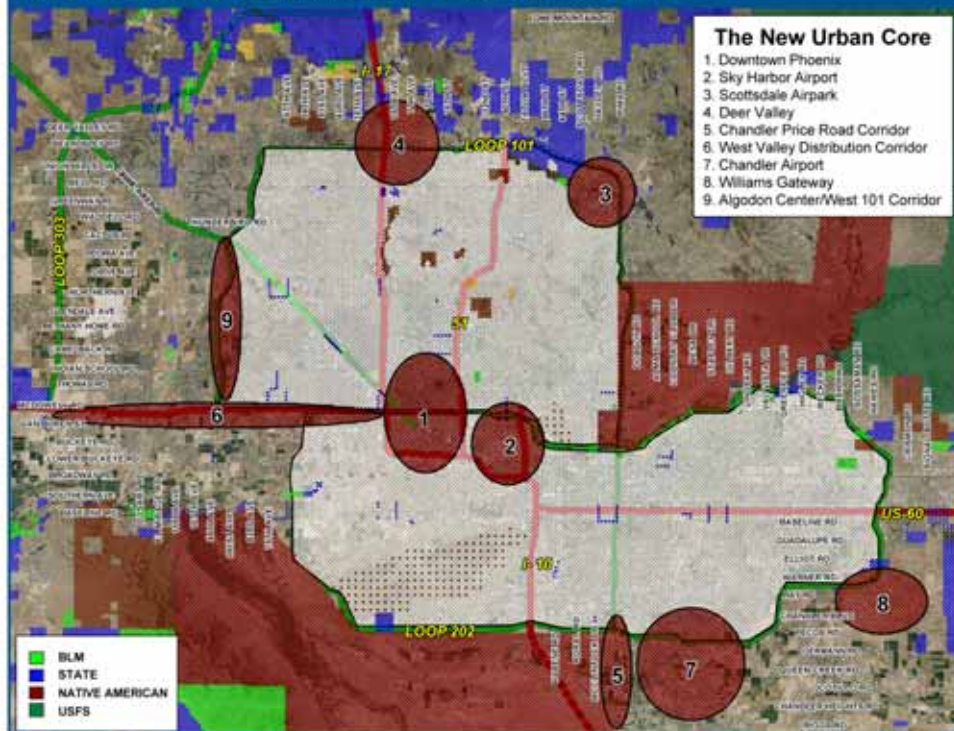
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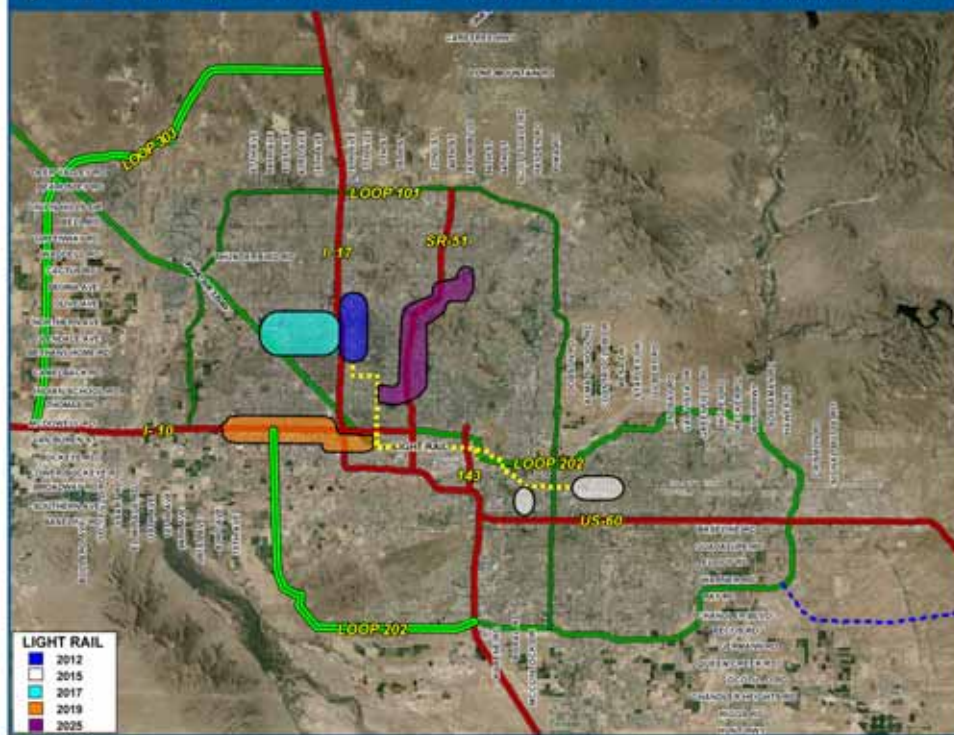
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The specific infill target areas that are growing in importance are located within the perimeters of the Loop 101 and the Loop 202 – the new "urban core."

▶ **FIGURE 2: THE NEW URBAN CORE**



▶ **FIGURE 3: FUTURE TRANSPORTATION CORRIDORS**



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