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## Scottsdale Airpark economic impact continues to soar

The Business Journal of Phoenix - by [Katie Ruark](#) The Business Journal

**Scottsdale Airpark** has changed faces several times since it took flight in 1942.

- It was a World War II training center.
- It once was owned by Arizona State Teachers College.
- It was purchased by The Arizona Conference of Seventh Day Adventists.

But now the airpark is Scottsdale's largest concentration of employment with about \$2.5 billion in salaries, said Dave Roderique, general manager of economic vitality for the city of Scottsdale. And it still is undergoing change.

The airpark is a model for a great employment base that other developers and municipalities have studied and copied, said Jim Keeley, founding partner of **Colliers Classic**, a real estate consulting firm based at the airpark.

Since 1989 Keeley has been looking into the future, each year revising his forecast on what the year 2010 will hold for the airpark.

His latest report predicts that by 2010, the airpark will mark a milestone with 25 million square feet of building space housing 3,000 companies and 50,000 employees.

The airpark currently 21.4 million square feet of building space, 2,481 companies and 48,634 employees.

"(The airpark) will continue to be one of the premiere business addresses in the Valley," said Roderique, who has worked with the city for 20 years. "Also, based on the rate of growth we have been seeing, this could become the largest employment center in the entire Valley in the next five to 10 years."

But land is running out, so now it's out with the old and in with the new, said Roderique.

"We are starting to see the early efforts to redevelop the original areas of the airpark," he said. "Older, low-scale buildings are starting to give way to higher density mixed-use developments."

One example is The **Dial Corp.** research facility. It will be redeveloped in a project similar to the successful Kierland Commons mixed-use project located across Scottsdale Road in the city of Phoenix. The 200,000-square-foot building will be razed to make way for about 1 million square feet of retail and office space, hotel and residential components, said Roderique.

Dial Corp.'s headquarters will remain in the airpark for now, but the research facility will move to a new location.

Greg Hopley, senior vice president of Colliers Classic agrees that growth in the airpark will continue vertically.

"Many of the buildings will be razed and new development will take place," he said. "The height requirements will change too as we go upward, not outward."

Keeley said the 600-plus acres of state land north of the airpark also present an opportunity for growth.

"I hope (the city) increases the height limits from the current three-story height limit to a six-story height limit, so some of the redevelopments can occur on the major roadways," said Keeley.

"I also hope to see some of the state land north of the airpark delivered into the private sector's hands for continued orderly development through the year 2020."

The state is expected to auction off this land in the next five years, he said in the report. But because such sales involve large blocks of land, marketing could pose some challenges. Keeley also predicts a shift in the tenant mix.

Warehouse-related businesses and the small widget assembly plants likely will give way to office, high tech and service types of companies, he said.

Statistics show an increased interest in airpark office buildings, which have surpassed industrial facilities in sales over the past five years.

In 2000, 32 of the 76 sales were office buildings, 34 industrial and 10 retail. In 2005, 49 of the 110 sales were offices, 43 industrial and 18 retail.

Of the 761 buildings at the airpark today, 35 percent are offices and 41 percent are office/warehouse.

The year 2005 also marked the first time the price per square foot for office sales topped \$300. "Originally, it was an industrial park, with primary uses being manufacturing, warehousing, etc., whereas today it is primarily an employment center (mostly office jobs) with a strong retail concentration around the edges," said Roderique. "Also it has gone much more upscale, lots of high-paying jobs, higher amenities, like restaurants, shopping and recreation, etc."

Keeley credits much of the airpark's success to Scottsdale politics.

"Scottsdale went through some major city council changes in the '90s with neighborhood opposition to many projects in Scottsdale, however, the geographic area of Scottsdale Airpark was not impacted by the neighborhoods because the zoning was in place and the residential neighborhoods were far enough away that the airpark did not impact them," he said.

The airpark benefits Scottsdale as well.

According to a 2003 report, the most recent available, on the impact of Scottsdale airport and the airpark, the area contributes between \$2.5 billion and \$3 billion annually to the economy. That includes about \$23 million in sales and property taxes.

"The founding fathers of Scottsdale really had it right in bringing in the commercial development and surrounding the airpark, a true success," Hopley said.

"Its history is amazing with its start, as a World War II aviation training site, with some 3,000 to 4,000 aviators trained to fight for the USA. It is truly one place that is constantly used as a tool for success, for other airparks throughout the country."

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Scottsdale Airpark: [www.scottsdaleairpark.com](http://www.scottsdaleairpark.com).

Colliers Classic: [www.colliersmn.com](http://www.colliersmn.com).

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