SKYSONG
ECONOMIC IMPACT ANALYSIS
APRIL 2016

Overview
An analysis was requested of ASU SkySong’s impact on both the City of Scottsdale and the Greater Phoenix region over the next 30 years to estimate the economic value the development will generate.

This analysis examines the impact of SkySong buildings 1-3, 4, 5, 6, and 7-11, as well as a restaurant. To date, SkySong buildings 1-3 have been completed, with SkySong 4 construction expected to be completed in late 2016, the restaurant in early 2017, SkySong 5 and 6 in late 2017, and SkySong buildings 7-11 by 2022.

Assumptions
SkySong 1-3
- Total Number of Jobs: 1,767
- Total Square Feet: 405,768 SF
- Lease Rate: $26.50/SF

SkySong 4
- Total Number of Jobs: 650
- Construction Costs: $29,850,000
- Completion: October 2016
- Total Square Feet: 141,109 SF
- Lease Rate: $29.50/SF

SkySong 5 (Hotel)
- Total Number of Jobs: 50
- Estimated Construction Costs: $30,000,000
- Completion: September 2017
- Total Square Feet: 150,000 SF

SkySong 6
- Total Number of Jobs: 550
- Construction Costs: $28,775,000
- Completion: December 2017
- Total Square Feet: 150,000 SF
- Lease Rate: $31.50/SF

SkySong 7-11
- Total Number of Jobs: 2,500
- Estimated Construction Costs: $90,000,000
- Completion: 2022
- Total Square Feet: 450,000 SF
- Estimated Lease rate: $28.00/SF

SkySong Restaurant
- Total Number of Jobs: 120
- Estimated Construction Costs: $4,000,000
- Completion: February 2017
- Total Square Feet: 12,000 SF

General
- No Property Tax Liability
Summary of Impacts

Based on the assumptions outlined above, SkySong will produce an estimated $420 million in total revenues to the City of Scottsdale and $1.20 billion in total revenues to the region as a whole over the next 30 years. In this same period, SkySong is projected to create an estimated $14.02 billion of total personal income in Scottsdale, and $15.22 billion regionally. Additionally, SkySong will generate an estimated $28.98 billion in economic output for the City of Scottsdale, and $32.17 billion in economic output across the region.

Table 1 represents the jobs created from the construction of SkySong 4, 5, 6, 7-11, and the restaurant. Construction jobs are temporary, but these jobs provide additional revenues to the city and to the region in the year they occur. The revenue from construction is included in the impacts listed in Tables 2 and 3.

Tables 2 and 3 represent the economic impacts to the City of Scottsdale and to the entire region over the next 30 years.

Table 1: Estimated Construction Impact

<table>
<thead>
<tr>
<th></th>
<th>SCOTTSDALE CONSTRUCTION JOB IMPACT</th>
<th>REGIONAL CONSTRUCTION JOB IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Jobs</td>
<td>1,025</td>
<td>1,025</td>
</tr>
<tr>
<td>Indirect Jobs</td>
<td>768</td>
<td>889</td>
</tr>
<tr>
<td>Total Jobs</td>
<td>1,792</td>
<td>1,914</td>
</tr>
</tbody>
</table>

Table 2: Estimated Scottsdale 30-Year Economic Impact

<table>
<thead>
<tr>
<th></th>
<th>JOBS</th>
<th>PERSONAL INCOME</th>
<th>ECONOMIC OUTPUT</th>
<th>REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>5,637</td>
<td>$9,716,326,849</td>
<td>$18,184,063,007</td>
<td>$266,634,041</td>
</tr>
<tr>
<td>Indirect</td>
<td>3,465</td>
<td>$4,301,886,950</td>
<td>$10,796,641,993</td>
<td>$153,273,941</td>
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<tr>
<td>Total</td>
<td>9,102</td>
<td>$14,018,213,798</td>
<td>$28,980,705,001</td>
<td>$419,907,982</td>
</tr>
</tbody>
</table>

Table 3: Estimated Regional 30-Year Economic Impact

<table>
<thead>
<tr>
<th></th>
<th>JOBS</th>
<th>PERSONAL INCOME</th>
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</thead>
<tbody>
<tr>
<td>Direct</td>
<td>5,637</td>
<td>$9,716,326,849</td>
<td>$18,184,063,007</td>
<td>$702,074,903</td>
</tr>
<tr>
<td>Indirect</td>
<td>4,399</td>
<td>$5,503,491,366</td>
<td>$13,981,211,532</td>
<td>$495,901,954</td>
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<tr>
<td>Total</td>
<td>10,036</td>
<td>$15,219,818,214</td>
<td>$32,165,274,540</td>
<td>$1,197,976,858</td>
</tr>
</tbody>
</table>
About GPEC Economic Impact Model
The Greater Phoenix impact model calculates economic and revenue impacts of new business in the region. The underlying theory behind this regional model is that all communities benefit when a new business locates in the region, both in terms of employed residents and new revenues. The purpose of the model is to show how this distribution of economic benefits may occur.

Economic Impact
The impact model uses county-level multipliers from the Minnesota IMPLAN Group for Maricopa County to calculate direct and indirect impact on specific communities in the Greater Phoenix region. The model also calculates economic impact to the county and state economies in terms of new jobs, output, and revenue generated. In addition to jobs, new businesses create new consumer spending throughout. The payroll from the new businesses can be converted into effective buying income. On a regional basis, effective buying income is distributed across retail and service categories based on spending patterns from the Bureau of Labor Statistics.

Revenue Impact
Direct revenue impacts include revenues generated directly by the businesses, based on project information such as real property values, employment, direct sales, and local and nonlocal purchases. Additional revenues generated by related supplier and consumer jobs, and supported residents are included in the indirect and total impact results. All revenue projections are in current dollars.

Disclaimer
The results from this analysis suggest only one possible scenario based on given project parameters and assumptions, and do not exclude other development possibilities under different assumptions. The economic impact model serves as a tool for basic quantitative evaluations for economic development projects. The results are based on the current economic structure of the communities, and current tax rates. The results of the model are order-of-magnitude estimates, and are intended only as a general guide as to show how businesses and development projects may impact the region.
GREATER PHOENIX: WHERE BUSINESS GOES TO SCALE

ABOUT THE GREATER PHOENIX ECONOMIC COUNCIL:

The Greater Phoenix Economic Council (GPEC) is Arizona’s premier, nationally-ranked economic development organization representing Maricopa County, 23 member communities and more than 170 private-sector investors.

OUR SERVICES: Connectivity to Key Resources • Regional Economic Labor Market Data • HR Employment Assistance • Operational Cost Analysis MetroComp Analysis • Economic Impact Analysis • Regional Site-Selection

Photo courtesy of Arizona Republic