



Infrastructure as a Foundation for Innovation

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Laying the Foundation for Innovation

You know a state commerce department is doing something right when it achieves 1,250% of its goal for capital investment from growing companies.

That's what the Arizona Commerce Authority reported on the final day of June 2024, as corporate end users during the 2024 fiscal year committed to more than \$50 billion in expansions that will create more than 24,250 jobs. "Since 2011," the Authority stated, "Arizona has

successfully landed 1,264 companies that have committed to creating more than 285,000 projected new Arizona jobs and investing over \$162 billion in new capital statewide."

The Greater Phoenix metro area can take credit for the lion's share of that success, as one big project after another — led by the resurgent American semiconductor sector — lands in such communities as Mesa, Buckeye, Scottsdale, Tempe, Goodyear and the City of Phoenix itself.

Since 2020, says the Commerce Authority, "Arizona has won more than 40 semiconductor expansions representing over \$102 billion in capital investment and over 15,700 direct industry jobs."

Beyond the tens of billions of dollars already being invested by Intel and TSMC, among the most recent is Amkor's commitment to invest \$2 billion and create 2,000 jobs at an advanced packaging and testing facility in Peoria. That's the same niche no less than the U.S. Department of State has identified as an area in which Greater Phoenix and Arizona State University can offer workforce development expertise to near-shore and offshore allies as the country knits together a complete semiconductor supply chain. But there is already quite a cluster right there in the Valley.

"We've had 28 suppliers come to Arizona since 2020," says Greater Phoenix Economic Council President and CEO Chris Camacho, noting that a regional delegation just visited TSMC's home country of Taiwan and met with dozens of suppliers there looking at the U.S. market.

"People think this happened overnight," Camacho says, "but our work intentionally started in 2015 around this semiconductor ecosystem." It's been strong enough that the area, along with Texas, was evaluated by Micron for the \$100 billion fab investment that ultimately went to New York. But even that runner-up finish was a net positive, he says.

"The scale of that investment, the fact they are in that memory and logic space and they're a foundry — they would have competed head to head with Intel's and TSMC's expansions," he relates. "We worked really hard on that project with our state partners. The good news is we analyzed a lot of new dirt now in play for other projects. Soil analysis, seismic activity, distribution of the power grid — it got us ready for the next couple



Continuing an Incredible Run

The activity is so fast and furious it's no wonder that the prestigious W. P. Carey School of Business at Arizona State University is expanding its real estate programs, boosted by a commitment of \$25 million from the W. P. Carey Foundation that brings its overall commitment to more than \$100 million. "For decades, the real estate industry has been a central component to the economic development engine that drives Arizona," said ASU President Michael Crow, a leader more than a few points to as a visionary for the region, "and that will continue to be central to our progress as the state and its economy mature in the years ahead."

It's also no wonder Maricopa County Community College District (MCCCD) and Maricopa Community Colleges Foundation were selected in July as one of 10 community and technical colleges nationwide to receive a \$1 million Lowe's Foundation Gable Grant to support construction trades programs. According to the Arizona Office of Economic Opportunity, the construction industry is expected to see the highest rate of job growth between 2023 and 2025 at 3.3%. By 2031, the state is projected to add 37,000 new construction jobs.

MCCCD in May also reached a milestone, becoming the state's first-ever community college to award four-year baccalaureate degrees during commencement ceremonies for over 10,000 graduates. MCCCD encompasses 10 colleges and 31 satellite locations. MCCCD alumni currently employed in Maricopa County's workforce amounted to \$6.4 billion in added income according to an economic impact study conducted by Lightcast for the fiscal year 2021-22.

The wave of industry investment has been so strong that SEMICON West, the seminal North American microelectronics exhibition and conference, has announced it will relocate to Phoenix on a rotating basis in 2025, 2027 and 2029 after so consecutive years in San Francisco. The show will have to get in line in a city that's also seen a boom in events: In the past 18 months Phoenix has hosted Super Bowl LVII, the 2023 World Series, the 2024 NCAA Final Four and the 2024 WNBA All Star Game. Camacho says not to forget the PGA Tour's annual Waste Management Open that always attracts massive (and wild) crowds during Super Bowl week, and the NCAA Women's Final Four and NBA All-Star Game coming soon.

"We've had an incredible run," he says of those sports events alone. Sometimes those events feed into the parallel incredible run of corporate projects via red-carpet tours, but usually the effects are indirect he says, noting how often his team encounters company executives who say they attended a sporting event and recall from the experience "how easy it was to get around and the positive community response."

Mobility and public sentiment about it are hot topics in the region as Maricopa County voters will head to the polls in November to vote on Proposition 479, which would extend the existing half-cent sales tax dedicated to transportation for an additional 20 years. The original measure passed in 1985, followed by a renewal in 2004. "We wouldn't be where we are today without those initiatives being successful," says Sharon

Harper, chair, president and CEO of commercial real estate company The Plaza Companies and co-chair of GPEC's International Leadership Council.

Informed that the Phoenix region shot up to No. 2 in Site Selection's 2024 Global Groundwork Index rankings based on blended corporate facility and public infrastructure investment data, she says Proposition 479 is an extension doing nothing less than "laying the groundwork to ensure the future competitive advantage of this region. Infrastructure is the basis for that." Proposition 479, she says, "could not be more important for us to stay tied for number two or maybe number one in 10 years.

Camacho couldn't agree more. In addition to responding to the steep demand curve for electrical power from the region's growing manufacturing and data center activity, he says the transportation improvements backed by the sales tax are "probably the most critical investment our market makes. You can see it in real time — the 101, the 202, the 303, a lot of arterials in the Valley were funded by this source. Over 92% of GPEC deals are located within a mile of these transportation corridors. We have a 26-minute average commute time," among the best among large cities in the country. "I live 18 miles from downtown, and it takes me 25 minutes to get to work," he reports. Roads function as economic corridors, but also offer a lifestyle and resident advantage, he says as "ease of living is becoming a more relevant part of the dialogue" for companies and their people alike.

A New American City

Camacho considers infrastructure of all types — roads, power grid, transit, talent — and feels the need to stay one step ahead of trends, much as the GPEC team is doing with 10 industry sectors that include aerospace. "What is their future R&D in deep space, in satcom, in air mobility?" he asks, repeating questions posed at a recent roundtable with aerospace leaders. "That's the new definition of economic development: Making sure we're getting ahead."



Those out in front, after all, are the first to see opportunity. That concept applies to Biscuit Flats, a proposed \$7 billion, 28-million-sq.-ft. mixer use development from Mack Real Estate Group (MREG) and investment partner McCourt Partners that will be positioned immediately adjacent to TSMC's fabrication campus in North Phoenix. In May, a Mack affiliate, Biscuit Flats Dev LLC, prevailed at an auction for development rights to more than 2,300 acres of fully entitled land awarded by the Arizona State Land Department.



"Together with ASLD and McCourt Partners, we are privileged to help in the building of a new type of city that both supports and leverages the domestic and international digital transformation enabled by TSMC's new semiconductor manufacturing campus," said Richard Mack, CEO of MREG. "We hope that this new silicon city will serve as a model for public-private cooperation, to not only bring back high-tech manufacturing jobs to the U.S., but also to create the live/work environments of the future."

MREG is currently building over 4 million sq. ft. of industrial space across Mack Innovation Park Deer Valley (located within 10 minutes of TSMC) and another large industrial site in Scottsdale.

Camacho calls the Biscuit Flats site "one of the most impressive megasites in the country" for what he sees as "a new American city north of Phoenix." But why stop there?

"One thing about Phoenix," he says, "is we can keep scaling. We have a lot of land still, either privately deeded or under state land control, that will be provided to developers in the future."

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