

# TUCSON



CITY OF TUCSON OFFICE OF ECONOMIC INITIATIVES

# CITY OF TUCSON ARIZONA

Tucson is home to a top-tier research institution, the University of Arizona, and to tech industry clusters in aerospace, biotech, defense, IT, logistics, optics and solar. Companies in Tucson have access to a well-qualified workforce. The city's high quality of life – including a vibrant downtown and year-round outdoor recreation in spectacular scenery – makes Tucson an attractive location for employees.

Our large bilingual population gives Tucson businesses an advantage when doing business in Mexico and throughout the Americas. Just 60 miles from the border, Tucson is the closest major U.S. city to Mexico's expanding deep-water port at Guaymas, Sonora.

Located entirely within a federally-designated Foreign Trade Zone, Tucson is a major hub for international trade.

Tucson's future is bright. Come build it with us.

Tucson blends natural beauty with a culture of innovation to create a distinctive lifestyle that attracts a diversity of people and commerce.



# LOCATION

Tucson, Arizona, is strategically located in the southwest region of the United States, immediately accessible to three of the world's largest economies -- California (#9), Texas (#13) and Mexico (#14).

Tucson is southern Arizona's largest city and the second largest city in the State of Arizona. Located ninety miles southeast of Phoenix and 60 miles north of the U.S. - Mexico border, Tucson is the ideal location for business and industry.



# QUALITY OF LIFE

Tucson is one of the oldest continuously occupied places in America – and for good reason. Tucson offers so much more than 350 days of sunshine. It has grown over the centuries from a Native American farming community to a Southwestern metropolis of a million people.

Surrounded by four majestic mountain ranges, Tucson offers residents and tourists year-round hiking, biking, camping, golf, tennis and other outdoor activities. Over 620 miles of streets with bicycle lanes combine with the 55-mile dedicated Pima County Urban Loop, a paved, shared-use path, to form the most comprehensive network for active cyclists in the nation. The Loop is also popular with runners and walkers. The Atlantic Magazine recognized Tucson as a top-rated city in the country for bicycle-friendly neighborhoods, and Outdoor Magazine ranked Tucson the Number One Bike Town in America.

For two weeks every winter, the world meets in Tucson as it becomes a bustling, international marketplace of buyers and sellers at the Tucson Gem, Mineral & Fossil Showcase.

The “Gem Show” is much more than a single event at one location. Rather, there are thousands of participants and attendees at more than 40 sites around town. Dozens of shows take place at the same time - in giant white tents, hotels, resorts and exhibit halls.



Tucson is a rich and diverse city to live and visit with incredible attractions for the whole family, 350 days of sunshine for outdoor adventures and golf, an extensive arts and culture background, world-class accommodations and spas, and a burgeoning culinary and nightlife scene.

# DOWNTOWN LIFE

Tucson's vibrant downtown core is the place to experience various cultural and outdoor festivals of the city. The Modern Streetcar will link the downtown and the University of Arizona invigorating the area with activity day and night. Tucson boasts a vibrant arts community with numerous museums, including the Arizona State Museum, the Tucson Museum of Art, and the Center for Creative Photography. The Downtown Arts District is crowded with theaters, restaurants and performance spaces. The community supports a ballet, two symphonies, an opera company, and a jam-packed calendar of live music and performing arts choices.





The City's new Sun Link Modern Streetcar line runs from the west side of downtown through the heart of the City, along the popular 4th Avenue shopping district, through the University of Arizona Main Campus, to the University Medical Center. Streetcar development has already brought over \$400 million in private investment to downtown Tucson.

# POPULATION & WORKFORCE

The metropolitan Tucson area has nearly one million residents and is the 33rd largest city in the U.S. It is a vibrant city with a diverse population and a rich history. Arizona's population is the seventh youngest in the nation.

The Tucson region civilian labor force is approximately 475,000 strong. More than 1,200 high-tech businesses employ over 50,000 people, and growth in the high-tech and "clean" manufacturing sectors continues. This positive trend helps keep Tucson's existing workforce stable while attracting new, young, educated workers. The Tucson workforce is supported by a strong and diverse higher and continuing education system that matches skills to employer needs.

Median age in the City of Tucson

**32.5**





# EDUCATION

The University of Arizona is the state's premier research university, ranked among the top 20 public research universities nationwide. With a global reputation for innovative research, University of Arizona faculty – including five Nobel Prize winners – are helping create the next generation of knowledge workers.

The University of Arizona is ranked #3 in the nation by the National Science Foundation for physical sciences research, boasts a #1 ranked Geology Department, and is a top producer of Fulbright Scholars. The University of Arizona has also received more NASA grants for space exploration research than any other university.

Other top 20 programs at the University of Arizona include:

Management Information Systems  
Systems and Industrial Engineering  
Applied Math  
Philosophy  
Photography  
Pharmacy

Entrepreneurship  
Analytical Chemistry  
Agriculture and Biosystems  
Architecture and Landscape  
Architecture  
Optical Sciences



#3 in the nation for physical sciences research, a #1 ranked Geology Department, #5 in the nation for MIS, and a top producer of Fulbright Scholars.

# EDUCATION

Pima Community College, with six campuses, four education centers, and several adult learning centers is one of the largest multi-campus community colleges in the U.S. It provides traditional and online instruction for over 144 programs, as well as workforce training, personal interest classes, and post-baccalaureate certificates.

**Tucson is proud of the achievements of its primary and secondary schools, which offer a wide variety of educational choices to area students.**

- **2 of the best high schools in the nation: Basis and University High School**
- **229 public schools in 17 districts in Pima County** (many with open enrollment options)
- **84 charter schools**



*Basis High School*

# UNIVERSITY OF ARIZONA RESEARCH PARKS

Tech Parks Arizona creates the place, environment and interactive ground that generates, attracts and retains technology companies and talent in alignment with the research, mission and goals of the University of Arizona (UA). Tech Parks Arizona directs the UA Tech Park, the UA Bio Park and the Arizona Center for Innovation with the highest priority of recruiting companies with connections to the UA to locate at these facilities. Tech Parks Arizona is part of Tech Launch Arizona which transforms UA discoveries into intellectual property, inventions, and technology. It brings UA researchers and the business community together to enhance the impact of UA's research, innovation, and technology park assets.



The UA Bio Park encompasses 65 acres of shovel ready land located just two miles south of the University of Arizona Main Campus and within five miles of forty biotech companies and organizations. The Bio Park is part of The Bridges, a large multi-use development that includes residential, retail development and 15 acres of open space. At build-out, will include nearly 3.2 million square feet of developed space, including office and laboratory space as well as hospitality, educational, and residential usages.



# TRANSPORTATION & LOGISTICS

Tucson is a vital transportation and distribution hub that connects people and products in today's competitive global marketplace. Its unique location near Mexico and its deep-water ports, as well as its substantial transportation infrastructure, means excellent access for trade.

Tucson sits at the crossroads of Interstate 19 and Interstate 10. I-10 is one of only three coast-to-coast highways in the country, and I-19 connects directly with Mexico's Federal Highway 15 through Nogales, Sonora, Mexico.



Tucson has long recognized the importance of air access, having established the first municipal airport in the United States. Today, Tucson International Airport (TIA) continues to meet the aviation demands of both business travelers and freight, and it is a cornerstone of the region's tourism and economic development. TIA's world-class facilities have a \$3.2 billion economic impact and support approximately 35,000 jobs. With over 3,000 acres of developable land and only six miles south of downtown Tucson, TIA plays a leading role in Tucson's aerospace, industrial, logistics, transportation and technology sectors. TIA's near-term plans focus on efficiency and sustainability, including development of an additional air-carrier runway and enhanced connectivity of multi-modal transit and freight facilities.

The Union Pacific's main line runs east to west through Tucson, giving the city an advantage in transportation and logistics. The Port of Tucson, a multifaceted rail facility, provides a wide variety of rail-oriented transportation options including intermodal container handling, boxcar access and team track.



# DISTANCE & DELIVERY TIMES FROM TUCSON TO MAJOR U.S. CITIES

MAJOR CITIES	MILES	KILOMETERS	TRUCK	RAIL
	Distance (Miles/Km)		Delivery Time (Days)	
Atlanta	1,734	2,791	3	5
Chicago	1,840	2,961	3	4
Dallas	962	1,548	2	4
Denver	943	1,518	2	9
Detroit	2,077	3,343	4	4
Houston	1,065	1,714	2	5
Kansas City	1,285	2,068	3	4
Los Angeles	483	777	1	4
Memphis	1,417	2,280	3	8
New Orleans	1,409	2,268	3	10
New York	2,527	4,067	5	7
Phoenix	114	183	1	2
Salt Lake City	773	1,244	2	5
San Francisco	862	1,387	2	6
St. Louis	1,540	2,478	3	6

# COST OF DOING BUSINESS



Tucson, Arizona, offers one of the lowest costs of doing business in the United States, primarily because of low taxes and small state government. While the national average of per-capita income going to taxes is 9.9 percent, in the state of Arizona the number is only 8.4 percent.

In addition, Arizona's taxes on property, gas and personal income remain low compared to the rest of the country. According to the Tax Foundation, Arizona ranks ninth nationwide for overall state and local tax burden. Property taxes in Arizona are the sixth-lowest in the country, and unemployment insurance tax is the second lowest. Average costs for workers compensation are another advantage, with Arizona ranked seventh nationwide by the American Legislative Exchange Council in 2010.

# GROWTH INDUSTRIES

## AEROSPACE & DEFENSE

The aerospace and defense sector is a major contributor to the region's economy. Tucson is ranked as one of the top 5 areas in the U.S. for these industries. The aerospace industry includes defense and space-related manufacturing, research and development, industrial technology, assembly, distribution and warehousing. It also includes firms that maintain and rehabilitate the nation's commercial aircraft fleet. The neighboring state of Sonora is quickly becoming one of Mexico's biggest and most important aerospace clusters as well, making Tucson the closest major U.S. city to companies manufacturing there.

## Southern Arizona Aerospace and Defense Employers:



A military installation since 1925, Davis-Monthan Air Force Base (DM) is Tucson's third largest employer, with 6,900 military and 1,600 civilian employees serving at the base. The economic impact of DM is estimated at over \$1.6 billion annually.

# INNOVATION

The Tucson region is fast becoming one of the nation's most innovative business centers. Life sciences programs at the University of Arizona are international leaders in scientific research and education. With access to cutting edge research facilities and staff, collaboration between higher education and biotechnology businesses attracts companies from start-ups to multinationals, including most recently, Ventana Medical Systems (a division of Roche group), Sanofi US, and the Critical Path Institute.

## OPTICS

Tucson's optics industry is world-renowned and composed of companies ranging from large aerospace corporations to research facilities and entrepreneurial start-ups. Much of Tucson's optics industry growth stems from the city's status as a center of world-class astronomy and the University of Arizona's pre-eminence in the field of optical sciences. The Optical Sciences Center (OSC) is at the heart of optics-based research and instruction on the University of Arizona campus. OSC is considered a national asset for technical leadership in developing new technologies and application for optics in the fields of data storage, medicine, manufacturing, telecommunications, and military guidance systems.

## RENEWABLE ENERGY

Recognized globally as a location of choice for solar energy activities, Tucson's emerging solar industry promises a bright future. The region has valuable resources for technology development, manufacturing and solar power generation. While Tucson is already well known for its abundant sunshine, the region is also becoming known for its abundant human capital, state of the art research and development, ample supply chain opportunities and competitive operating costs.

# GROWTH INDUSTRIES

# LEADING TUCSON EMPLOYERS & FIRMS



**Raytheon**



BUILDING AMERICA®





**Honeywell**



**ManTech**  
International Corporation

**NORTHROP GRUMMAN**  
at Davis Monthan Air Force Base

**CANYON RANCH**  
*The Power of Possibility*

**GENERAL DYNAMICS**  
Information Technology



**Beacon Group**  
*Creating Opportunities for People with Disabilities*

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INSTITUTE**



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**UNIVERSAL AVIONICS**  
SYSTEMS CORPORATION



**SARGENT**  
AEROSPACE & DEFENSE

**SAIC**

# INCENTIVES

- ✦ **Government Property Lease Excise Tax (GPLET):** Eight (8) year property tax abatement for qualifying projects in the Central Business District
- ✦ **Primary Jobs:** 100% credit of construction sales tax to qualifying expenses, 100% waiver of building permit fees to eligible projects
- ✦ **Site Specific Sales Tax Incentive:** Project-generated tax revenues applied to job training or public infrastructure improvements
- ✦ **Tucson Community Development Loan Fund:** \$20 million loan pool for projects that create jobs for low-to-moderate income individuals
- ✦ **Tucson Industrial Development Authority Bonds and Loans**
- ✦ **Permit fees waived** in the Downtown Financial Incentive District
- ✦ **Environmental Protection Agency Brownfields Grant**
- ✦ **Regulatory relief** when building within the Infill Incentive Districts
- ✦ **Small Business Assistance Line (520) 837-4100:** Information to guide new and expanding businesses through City processes and connect them with resources

# INCENTIVES

- ✦ **Arizona Innovation Accelerator Fund** - \$18.2 million loan participation program to stimulate financing to small businesses and manufacturers.
- ✦ **AZ Fast Grant** - Enables Arizona-based technology companies to initiate the commercialization process.
- ✦ **AZ Step Grant** - Grant funding from the U.S. Small Business Administration (SBA) and Arizona Commerce Authority (ACA) to Arizona small businesses as they go global for the first time.
- ✦ **Commercial/Industrial Solar** - Businesses installing a solar energy device at an Arizona facility may be eligible for an income tax credit of up to \$50,000/tax year.
- ✦ **Job Training** - Provides reimbursable grants to employers that implement job-specific training plans for new jobs or for training plans that increase the skill level of current employees.
- ✦ **Qualified Facility** - Offers a refundable income tax credit equal to the lesser of 10% of the qualifying capital investment, or \$20,000 per net new job at the facility.
- ✦ **Quality Jobs** - Provides income tax credits of up to \$9,000 for each new quality job created.
- ✦ **Renewable Energy Tax Incentive** - Companies engaged in the solar, wind, geothermal and other renewable energy industries may obtain up to a 10% refundable income tax credit and up to a 75% reduction on real and personal property taxes.
- ✦ **Research & Development** - Refundable and non-refundable income tax credits are available for investments in research and development activities conducted in Arizona.

# MARKET CONDITIONS

## RETAIL, INDUSTRIAL, OFFICE & RESIDENTIAL

### Rental Rates

#### Commercial Office

Class A: \$22.62  
All Classes: \$18.21

**Average City-wide Retail:** 14.32 psf/year

**Average Residential:** \$637/unit  
without utilities

#### Industrial

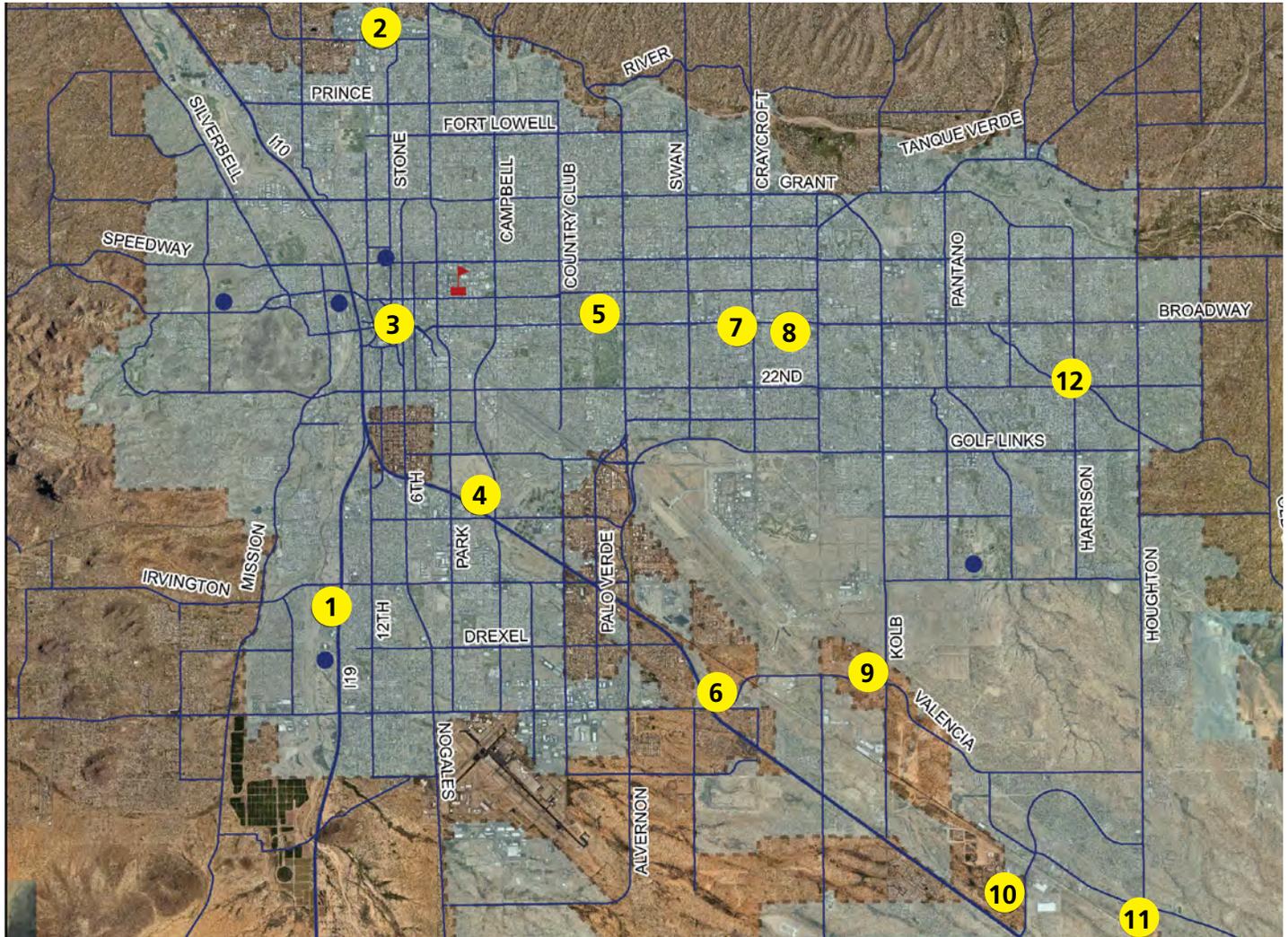
High Tech: \$8.12  
Manufacturing: \$5.21  
Office Service: \$7.13  
Warehouse: \$6.37

#### Vacancy rates:

Retail: 7.1%  
Industrial: 10.8%  
Office: 12.9%  
Multifamily: 9.4%

Source: CCIM, Cushman & Wakefield PICOR

# MAJOR TUCSON COMMERCIAL CENTERS



1. Tucson Spectrum
2. Tucson Mall
3. Downtown
4. UA Bio Park/The Bridges

5. El Con Mall
6. Valencia Crossing
7. Williams Center
8. Park Place Mall

9. Valencia & Kolb
10. UA Tech Park
11. Houghton Town Center
12. Old Spanish Trail Marketplace

-  Commercial Centers
-  University of Arizona
-  Pima Community College



# ANNUAL EVENTS



All Souls Procession

Arizona International Film Festival

Cyclovia

Fiesta del Dia de San Juan

El Tour de Tucson Bicycle Race

Festival of Books

Fourth Avenue Street Fair

Gem, Mineral and Fossil Show

International Mariachi Conference

La Fiesta de los Vaqueros Tucson  
Rodeo & Parade

Tucson Blues and Bluegrass Festivals

Tucson Meet Yourself

University of Arizona Division I Sports

Wa:k Pow Wow

# TUCSON ACCLAIMS

**#1 Bike Town in the U.S.**

- *Outside Magazine*

**#2 Entrepreneurial Hot Spot**

- *Entrepreneur Magazine*

**#5 Best Place for Outdoor Activities**

- *MSN*

**#7 Community in the Nation for Energy Star Homes**

- *Environmental Protection Agency*

**#9 Cities Best Suited for Fitness and Walking**

- *Prevention Magazine*

**#10 Healthy Lifestyle**

- *Cooking Light*

**Top 10 Places to Retire**

- *CNN Money*

**University of Arizona:**

**#1 ranked Geology Department**

- *U.S. News & World Report Best Grad Schools*

**#3 in the nation for physical sciences**

- *National Science Foundation*

**A top producer of Fulbright Scholars**

**University of Arizona Medical Center Ranked  
"Best Hospital"** - *U.S. News & World Report*

**#13 among American public universities in  
producing employable graduates**

- *Global Employability Survey*



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