



CITY OF SCOTTSDALE ECONOMIC DEVELOPMENT

Resiliency

2020/2021
Annual Report





A Resilient Business Community

As we close out the fiscal year, we reflect on how Scottsdale businesses faced the challenges of the past year-plus with incredible grit and sacrifice. The Economic Development Department dedicates this annual report to the amazing work our business community conducts every day and the resolve in which the community came together.

It would be difficult to find someone who the pandemic has not impacted as it has reached every corner of our globe. In Scottsdale, our lives changed instantly, and our business community and residents stepped up in countless ways.

Our healthcare workers sacrificed time with their families and put their own health at risk to take care of our community, exemplifying what it means to be true heroes. Our public safety personnel worked tirelessly in protecting us and continued to provide emergency medical care under extreme pressures. Our teachers and school administrators continued to educate our children while facing incredible new challenges. Our frontline and essential workers logged long hours under tremendous strain and challenges while providing essential services.

Together, our business community pivoted and continued to provide critical services to our residents.

As a department, we too shifted to make sure we were supporting our most impacted small businesses. This past year the City was able to provide direct support to hundreds of businesses through various programs, including the Reimburse Scottsdale grant fund, the Small Business Assistance Center, and the Local First training program.

It is our hope that this year's annual report shares the stories of the amazing efforts of our business community and how their hard work continues to shape our economy. We are proud to be part of the Scottsdale community.

Your Scottsdale Economic Development Team

2020–2021 Community & Department Highlights



Economic Development Department earns re-accreditation

The International Economic Development Council (IEDC) recognized the Department as one of 68 economic development organizations accredited by IEDC. The program is a comprehensive peer review process that measures economic development organizations against professional standards.



21 Scottsdale companies recognized on the Inc. 5,000 list

Every year, Inc. Magazine produces a list of the fastest-growing privately held companies in America and this year 21 Scottsdale-based companies made the prestigious list.



Scottsdale recognized as top city for women entrepreneurs

The city of Scottsdale ranks in the top 10 best cities where women are most successful, according to a report from SmartAsset. Scottsdale also cracked the top 15 cities for Women Entrepreneurs, coming in at number 6 on the list by Fundera.



Active job board supports Scottsdale businesses through workforce connections

The ChooseScottsdale.com job board currently hosts openings for Scottsdale employers with nearly 1,000 unique job opportunities posted.



300+ businesses supported by two pandemic-related business support programs

Last year our team partnered with Local First Arizona to create the Small Business Assistance program, which specifically supported 100+ businesses through 14 small business training sessions and one-on-one assistance.



Scottsdale City Council approves department's new 5-year strategic plan

The Department underwent a strategic planning exercise to create strategies and tactics to further develop Scottsdale as a destination for talent, business and investment.

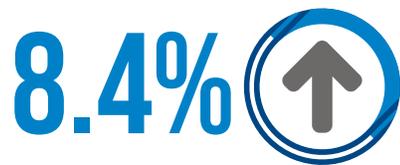


Department attracted and retained key businesses to Scottsdale

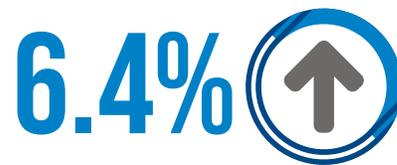
Of the seven locates and expansions over the past year, three involved headquarters including Axon, LifeStance Health and Anuncia all committing to Scottsdale long-term.

The Economic Development Department conducts regular in-depth research on the state of the national, regional and local economies.

The latest report released in June reflects:



personal income in Arizona, 2020
*highest increase in the U.S.



Q1 2021 GDP growth in the U.S.

Project Locates



Axon*
Axis-Raintree Development
**retention/expansion*



Entrada Development



LifeStance Health
Valet Spa



Thinkzilla
Anuncia

Scottsdale Resolve

“HonorHealth and its more than 12,800 employees were on the front line of responding to a surge in COVID-19 patients while continuing to care for the community during this unprecedented time. As the frontline healthcare workers cared for patients, HonorHealth also opened one of the first drive-thru COVID-19 vaccination sites as Maricopa County’s Northeast POD in December 2020, giving more than 74,000 vaccinations in less than three months.”

– HonorHealth

“We adapted quickly to temporarily working from home while continuing all team daily zoom meetings to keep engagement strong and motivation high. Now that we are fully back in the office, we feel even closer and more energized by the support we all gave each other during 2020.”

– LevRose Commercial Real Estate

“During this pandemic, we remained optimistic and hopeful about growing our business. We view this timing as one that provides opportunities for our business to grow and thrive. With financial assistance, a solid reputation and strong experience in our field, and our recent MBE certification, we are well-positioned to take advantage of opportunities as the economy continues to recover.”

– Maximo Branding

“We have been so very fortunate to have endured throughout the pandemic. With our own resources, the help of grants offered from the city, as well as the promotional opportunities provided by the city and Experience Scottsdale, we were able to move through last year via dine-in and take-out. We are very grateful to now be performing at 100% capacity at our fine dining restaurant.”

– Marcellino Ristorante

“Nationwide was one of the first companies to quickly pivot to a remote working environment, so it could keep its associates safe while seamlessly providing for the needs of its customers and partners. As a Fortune 100 company and as a leader in driving diversity, equity and inclusion, the company was also able to further its long-standing efforts to promote social justice and fight systemic racism. During a challenging year, Scottsdale-based associates, with their Nationwide colleagues across the country helped protect people, businesses and futures with extraordinary care.”

- Nationwide

Economic Development Department Goals



Total 5-yr direct revenue impact of projects
Goal: \$6,000,000 | Actual: \$10,379,450



Average wage of jobs created or retained
Goal: \$70,316 | Actual: \$105,722



Number of special events and programs
Goal: 10 | Actual: 29



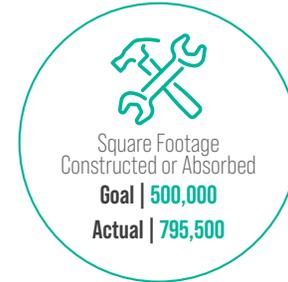
Number of special events and program attendees
Goal: 500 | Actual: 913



Number of total sessions on ChooseScottsdale.com website
Goal: 20,000 | Actual: 21,055

“As we grow and scale manufacturing, our need to expand operations into the Southwest has been met with impressive support from the thriving Greater Phoenix biomedical community, which is anchored by numerous medical centers of excellence...The warm welcome and support has been unparalleled and makes us feel Arizona is truly invested in our future.”

- Elsa Chi Abruzzo | CEO Anuncia



“Even during this global pandemic, HonorHealth’s commitment to invest in the community to meet the needs of patients remained steadfast. HonorHealth opened Sonoran Crossing Medical Center, their sixth medical center, in September 2020, and the Bob Bové Neuroscience Institute opened on the Scottsdale Osborn campus, offering in-depth, multidisciplinary neurologic care in one location.”

- HonorHealth

“As we pioneer the future of behavioral health and develop our new corporate headquarters in Scottsdale...we can further our mission of delivering personalized, data-driven and comprehensive care to help patients stay healthy.”

- Michael Lester | CEO LifeStance Health



Number of businesses recruited or retained with City assistance
Goal: 15 | Actual: 7



Total 5-Year Economic Impact of Projects
Goal: \$3,000,000,000 | Actual: \$2,849,609,507



Number of business retention & expansion visits
Goal: 150 | Actual: 101

¹ Total number of new jobs, average wages, square footage, total 5-year direct revenue & total 5-year economic impact figures have been updated since original publication in August 2021

Economic Development Department 5-Year Strategic Plan

In April, the City Council accepted the City of Scottsdale Economic Development 5-Year Strategic Plan. This plan was developed in concert with Scottsdale business leaders and community stakeholders, and defines the Economic Development Department vision, values, guiding principles, goals, objectives and actions for the City of Scottsdale over the next five years.

The City's ability to retain and grow existing Scottsdale businesses and attract new companies contributes to a diverse and sustainable economy. The Strategic Plan also addresses pandemic-related recovery initiatives that will serve to rebuild our local economy and support small businesses.

“We are incredibly proud of our track record of helping diverse businesses, communities and individuals, and look forward to connecting with the Scottsdale community to grow innovation and opportunities.”

- Dr. Velma Trayham | CEO Thinkzilla

Goals

- 1 | Grow Scottsdale's existing industries to foster economic vitality.
- 2 | Attract investment to diversify Scottsdale's economy.
- 3 | Bolster Scottsdale's startup ecosystem.
- 4 | Make inclusion and diversity an economic development priority.
- 5 | Build the premier destination for talent in the Southwest.
- 6 | Enhance the Scottsdale brand for business, capital and talent.

Vision

Scottsdale is a prosperous, sustainable destination for diverse talent, investment and innovative businesses.

Target Industries

- 1 | **Corporate Headquarters.** A city with an exceptional quality of life, Scottsdale's share of corporate HQs is 13% greater than the U.S.
- 2 | **IT Services and Software.** With a competitive advantage two times the U.S. average, Scottsdale is a magnet for technology development.
- 3 | **Financial and Insurance Services and Technology.** Employing 13,000, the City's Financial and Insurance Services sector offers a foundation for future innovation and enterprise development.
- 4 | **Healthcare Services and Innovation.** With an array of leading healthcare institutions, Scottsdale is one of the country's premier healthcare centers.
- 5 | **Logistics Management.** This fast-growing sector boasts an employment base of 3,000 in Scottsdale and has access to ASU's top-ranked Department of Supply Chain Management.
- 6 | **Tourism.** Scottsdale's tourism and hospitality industry is an important employment base for the City and essential for maintaining the community's quality of life appeal.

“We were closed for a month during the pandemic. Government programs helped us make it through the slow times.”

– Loma Skin and Laser

“Trainual is a Scottsdale-based platform that modernizes the way businesses onboard, train, and scale their teams. Barely two years old when the pandemic hit, Trainual was able to double revenue, triple their team size, and raise Series B funding in the last 12 months.”

– Trainual

“Our business survived the pandemic through the orders of our dedicated customers and community members who have grown to love our award-winning barbecue and southern charm we offer every day.”

– AZ BBQ Shack

“Moosavi Design Group has been fully operative during the pandemic. We had meetings through Zoom as well as in-person appointments following CDC guidelines. We are proud to have successfully managed our business during this pandemic.”

– Moosavi Design Group

“The pandemic hit my facial business hard but receiving a small business loan from SBA has been very helpful!”

– Kimberly’s Facial Boutique

“Along with intensified hygiene protocols, Scottsdale Fashion Square and its retailers responded to the pandemic by offering more ways for customers to tailor their shopping and dining experiences, which included expanded hours, buy-online-pick-up-in-store or curbside options, increased restaurant patio seating, and both virtual and in-person shopping by appointment.”

– Scottsdale Fashion Square

“Transitioning from a rough 2020 year in retail into 2021 had a bumpy start but is starting to look more like the Scottsdale I want it to be. We are adapting and trying many new ways of doing business to survive and thrive in the post-COVID retail world.”

– Havaianas at Scottsdale Fashion Square

“Mayo Clinic was able to assess, plan and pivot in order to implement success during the pandemic, and was the first provider in the state to stand up COVID testing. While the emergency of the pandemic was challenging, our teams did incredible work and accelerated our patient-centered innovations.”

– Mayo Clinic

Industry & Economic Activity Trends

Top Industries By Employment

Description	2020 Jobs	2015-2020 % Change	Average Earnings / Job	2020 LQ*
Health Care & Social Assistance	31,948	21%	\$72,432	1.09
Administrative Support, & Waste Management & Remediation Services	26,397	4%	\$56,394	1.93
Finance & Insurance	22,003	46%	\$110,664	2.32
Accommodation & Food Services	21,805	-8%	\$30,406	1.27
Professional, Scientific & Technical Services	21,372	23%	\$95,510	1.40
Retail Trade	20,084	-1%	\$47,241	0.91

*Location Quotient (LQ) is an industry's share of a regional total, a score above 1.0 means a higher concentration of that industry

FY21 Commercial Vacancy Rate/\$ per SF

	Q1	Q2	Q3	Q4
Retail Vacancy	6.6%/\$26.38	6.4%/\$26.15	6.1%/\$26.02	5.5%/\$26.46
Office Vacancy	12.3%/\$28.27	13.1%/\$28.52	15.7%/\$28.52	16.0%/\$28.37
Industrial Vacancy	4.8%/\$13.93	3.6%/\$13.96	3.1%/\$14.48	1.9%/\$14.85

Largest Private Employers



15,000+ Businesses in Scottsdale



96% Businesses with Fewer than 50 Employees

Emsi Q2 2021 Data Set

Program Highlights

In August 2020, the Reimburse Scottsdale grant program was launched, which provided over \$600,000 in grants to 194 Scottsdale small businesses. In November 2020, the city partnered with Local First to provide training and consulting services to 108 small businesses and over 400 hours of one-on-one technical support.

New Business Licenses

Every year, hundreds of new businesses are registered with the City of Scottsdale, ranging from beauty salons to bookstores and everything in between. This past fiscal year, the City processed 803 new business licenses, despite the pandemic, yet still a decrease from 980 in the previous year.

It is worth noting the decrease in “Full-service restaurants” and the increase in “Electronic shopping and mail-order houses” that coincides with the broader impacts the pandemic had on the local economy.

The table below shows the most common types of new businesses that were registered in FY 2021, compared to the previous fiscal year.

Most Common New Business Types for FY 2021

Business Types	FY 2021	FY 2020
Beauty Salons	48	58
Other Personal Care Services	41	38
Full-Service Restaurants	38	59
Offices of Physicians (Except Mental Health Specialists)	32	30
Lessors of Nonresidential Buildings (Except Mini Warehouses)	28	37
Electronic Shopping & Mail-Order Houses	19	3
FY Totals:	803	980

Going Forward

Despite this past year’s pandemic, Scottsdale has attracted new companies and investments while supporting the city’s existing businesses. The Department will be working with existing and new partners in Arizona and across our targeted markets to attract new investment, new talent and new opportunities.

Through our new 5-year strategic plan, we will take steps towards longer-term actions and initiatives to rehabilitate, rebuild and grow.

The Department will continue to target specific industry sectors that intersect with and expand existing businesses to add new high wage opportunities for our residents and increase economic activity, for resilient and inclusive growth.

These efforts will strengthen the one thing we all love about our city: its quality of place.



CHOOSE *Scottsdale*

CITY OF SCOTTSDALE ECONOMIC DEVELOPMENT

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