

# ECONOMIC IMPACT ANALYSIS OF MARGARET T. HANCE PARK



**City of Phoenix**  
PARKS AND RECREATION DEPARTMENT

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**hunden**  
**strategic**  
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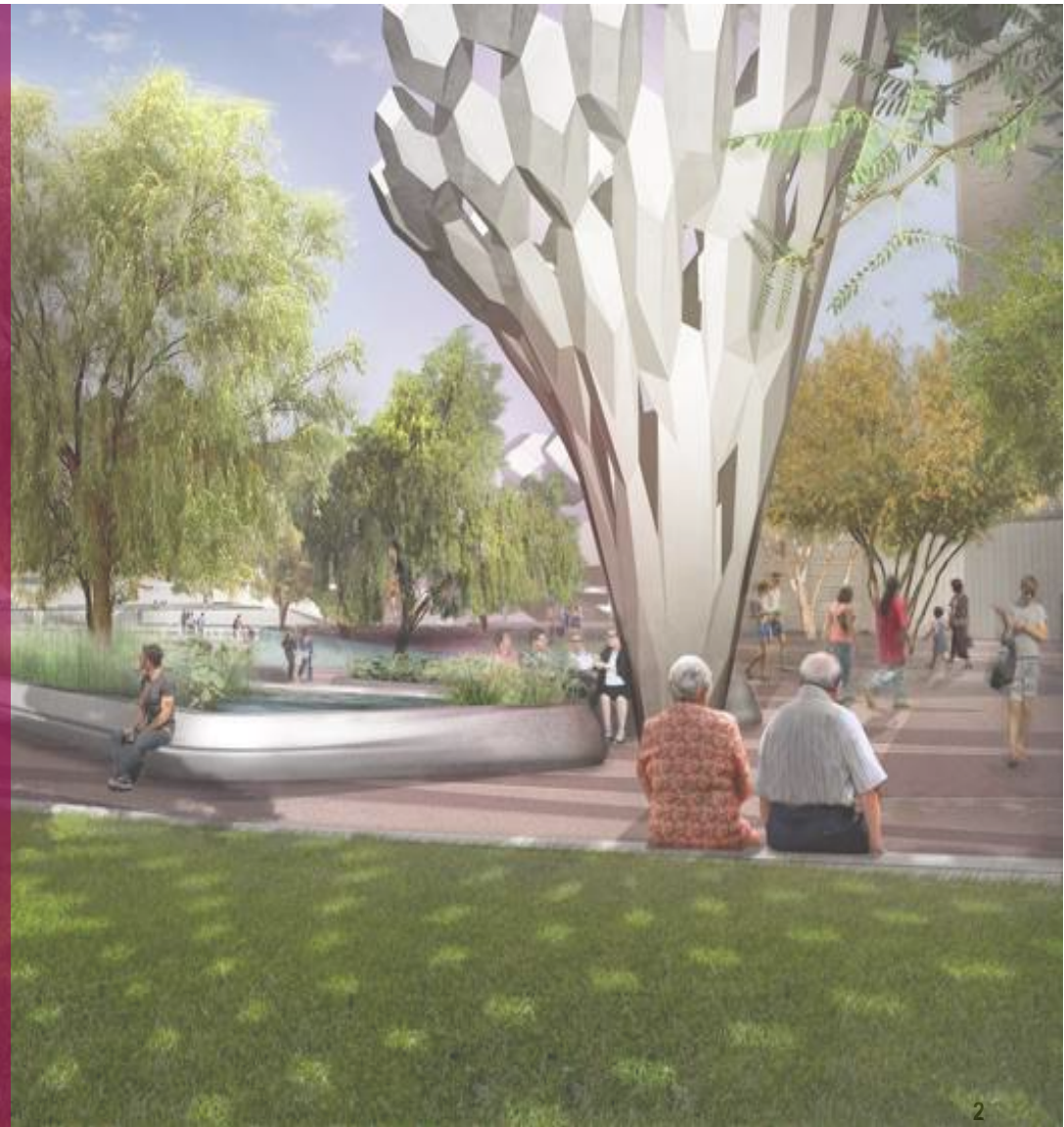
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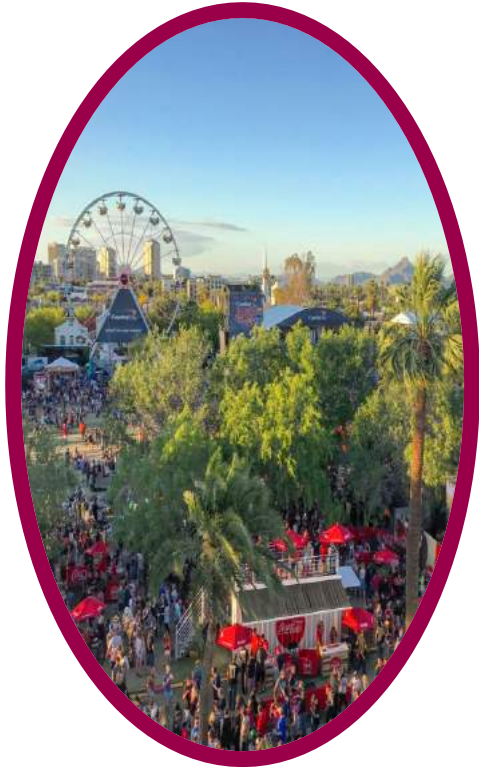
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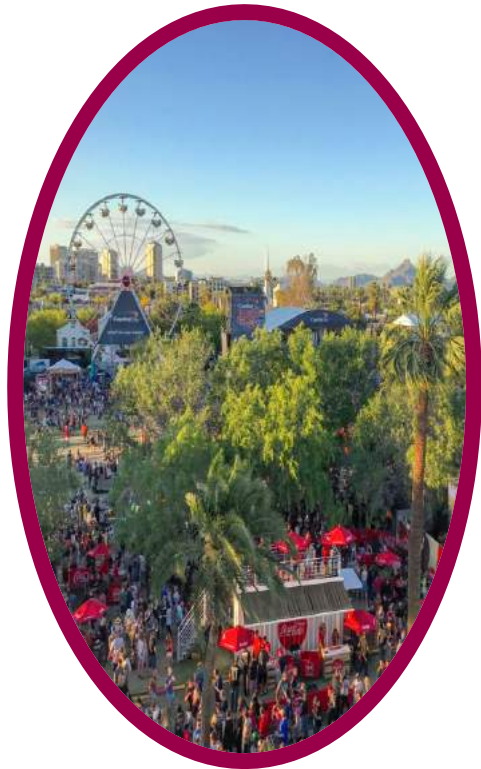
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# EXECUTIVE SUMMARY – HEADLINES



- If the 2016 Hance Park Master Plan were to be fully realized, the expected result would be the creation of a destination that is appealing to both tourists and locals, and a destination that integrates surrounding neighborhoods and cultural institutions with Hance Park.
- Development has already started to occur around Hance Park in anticipation of revitalization. Such developments include En Hance Park, Portland on the Park, the Found:Re Hotel, and Artisan Lofts on Central.
- The population residing within the Phoenix MSA, downtown Phoenix, and immediately surrounding Hance Park has grown at a substantial rate since 2000, and this trend is expected to continue.
- Although the average age may fluctuate for those living in downtown Phoenix, the population generally shares in that they are single, multi-unit renters.
- A majority of residential growth is already occurring south of Hance Park and the primary “in-demand” unit types are one-bedroom apartments and two-bedroom townhomes. Total sales and rentals in 2017 are on pace to outperform totals in both 2015 and 2016,
- While the Metropolitan Phoenix retail market has been relatively stable over the trailing four quarters, the downtown Phoenix retail market has lagged behind. Retail vacancy within the metro market has hovered around 11 percent while retail vacancy within downtown retail market has remained around 33 percent over the four quarter period.

# EXECUTIVE SUMMARY – HEADLINES



- Over the trailing four quarters (Q3 2016 to Q2 2017), overall asking office rent has increased within both the metropolitan and downtown Phoenix markets from \$23.95 to \$24.87 and from \$26.42 to \$29.67, respectively. Unsurprisingly, overall asking office rent is higher within downtown Phoenix market than the entire metropolitan market.
- Local office brokers indicated that demand for Class A and B office space in downtown Phoenix is on the rise and that demand from a number of tech, startup and entrepreneurial companies has contributed to the increase in overall asking rent rates.
- Demand for hotel room nights has increased at a compounding annual growth rate (CAGR) of 8.3 percent between 2011 and 2016 and demand for room nights is expected to increase by seven percent between 2016 and 2017.
- RevPar, which is a product of occupancy times rate, has grown at a robust CAGR of 9.8 percent between 2011 and 2016 and the Phoenix market is now garnering more than \$105 in RevPar.

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# Hance Park Profile

The 32-acre Margaret T. Hance “Deck Park” is located just north of downtown Phoenix, and is situated directly above a one half mile stretch of US Interstate Highway 10. The park was completed in 1992 and serves as a unique intersection between a number of neighborhoods including Roosevelt, Broadway, Evans Churchill and Downtown Phoenix. The park is also bordered by a number of cultural institutions and residential units, both multi- and single-family. Hance Park is also uniquely bisected by North Central Avenue; this north-south arterial roadway acts as a major man-made boundary dividing the east end of the park from the west end.

**Figure 1-1:** An aerial view of Margaret T. Hance Park as highlighted in yellow



**Figure 1-2**



**Figure 1-3**



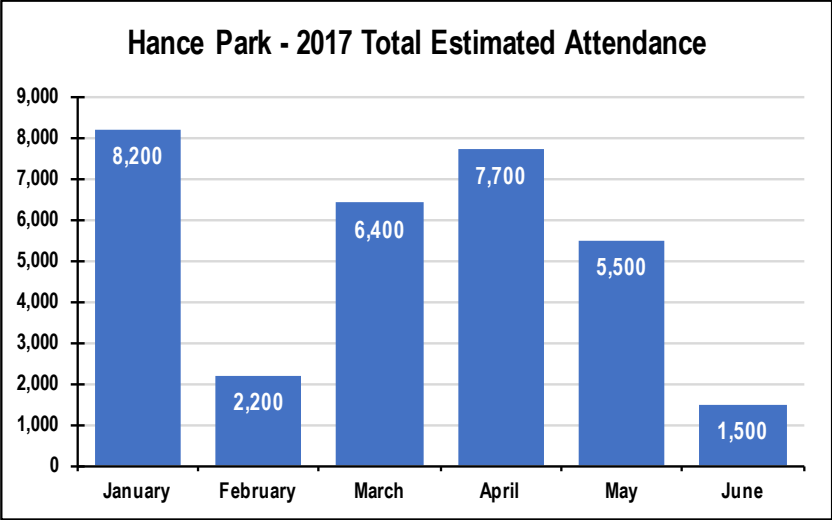
Hance Park boasts a number of on-site and adjacent cultural institutions including the Burton Barr Central Library (Figure 1-2), Arizona Humanities, Japanese Friendship Garden (Figure 1-3), Irish Cultural Center, Arizona Jewish Historical Society, and the Phoenix Center for the Arts, in addition to on-site amenities like drinking fountains, grills, reservable ramadas, playground, dog park, restrooms, walking path, and a lighted sand volleyball court.

The location of Hance Park and its cultural landmarks help define it as midpoint, bridging the Midtown Arts District to the north and Downtown Phoenix to the south. The park’s location along the newly developed light rail system also makes it more easily accessible to thousands.



# Hance Park Profile – Event Data

Figure 1-4



In 2017, events hosted at Hance Park attracted the most people in January and April at 8,200 and 7,700, respectively. The Park is active primarily in winter and spring months when the weather is more cooperative while activity at the park is limited in summer.





# Hance Park Profile

Figure 1-5



Figure 1-5 details all of the major cultural institutions in the area in relation to Hance Park. A large cluster of cultural institutions currently exists north of Hance Park and along N. Central Avenue. This cluster is anchored by the Burton Barr Central Library which sees more than one million visitors annually. The presence of these cultural assets presents an opportunity for Hance Park to feed off of and elongate visitor stays in downtown.



# Hance Park Profile

Figure 1-6



Figure 1-6 details all of the recently completed and under construction projects within the CBD. As shown, a number of developments are already open or in the planning/development stage. Additionally, a number of the developments adjacent to Hance Park are mixed-use in nature.

# Hance Park Profile – Current Condition

Figures 1-7 and 1-8 show images of Hance Park's west end as it exists today. Figure 1-7 shows an east facing view of the park while Figure 1-8 shows a west facing view of the park.

Figure 1-7



Figure 1-8



Figure 1-9



Figure 1-9 shows an image from under the North Central Avenue bridge. This is a elevated, man-made boundary divides Hance Park's east end from its west end.

Figures 1-10 and 1-11 show images of Hance Park's east end as it exists today. The two visuals are both facing east.

Figure 1-10



Figure 1-11



# Hance Park Profile – Recent Park Developments

## Portland on the Park



**Portland on the Park** is located directly south of Hance Park and overlooks the Japanese Friendship Gardens. This 149-unit condo building, which was developed by Habitat Metro, opened in 2017 and offers 2- & 3-bedroom luxury condos for sale or for rent. On average, condo units are selling for between \$400,000 and \$1,000,000 (depending on size), or at between \$315 per square foot and \$600 per square foot with an average of \$444 per square foot and a median of \$431 per square foot.

## En Hance Park



The 49-unit **En Hance Park** is located directly south of Hance Park's east end. This development is expected to be completed in three phases. Phase I of the modern condo unit development opened in March, 2017 and includes 65,000 square feet of livable space. Phase II of the project is expected to break ground in Spring, 2017. Shepley Bulfinch is developing the entire, three phased project. Pricing for a 1-bedroom unit starts at \$235,000 while 2-bedroom units start at \$318,000 and range up to \$455,000. Like most all residential units, pricing depends on the total square feet and the level on which the unit is located.

## FOUND:RE Phoenix Hotel



The **Found:RE Hotel** is located directly south of Hance Park and is adjacent to Portland on the Park. This boutique hotel opened in 2016 and features 105 guestrooms. On average, hotel room rates range between \$89 and \$129 per night. The Found:RE hotel was uniquely designed in order to blend art with hospitality. The development features numerous pieces of art throughout its lobby, restaurant and event spaces. Event space offered at the Found:RE includes the 2,502-square foot "gallery" and the 512-square foot "studio."



# Hance Park Profile – Recent Park Developments

## artHaus



The 25-unit **artHAUS** is made up of seven three-level townhomes, fifteen two-level lofts, and three single-level flats. The units range in size from 560 to 1,900 square feet, and the remaining units are priced between \$254,000 and \$511,000. Built in 2016, the artHAUS is directly north of Hance Park and in close proximity to the Phoenix Art Museum and the entertainment district of Phoenix. This unique building was designed and developed by Jason Boyer.

## Muse Apartments



The **Muse Apartment building** was constructed in 2017 and sits on the corner of McDowell Road and Central Avenue. The four-story building, developed by Lennar, features 367 units. There are 14 different floorplans ranging from studio to 3-bedroom. Units range from \$1,085 to \$2,475 per month. The Muse also offers an in-house coffee shop, resort-style pool, business lounge, fitness center, and more.

## Broadstone Arts District



Built in 2017 by the Alliance Residential Company, **Broadstone Arts District** has 280 units across four floors. There are 14 different floorplans between studio, one-bedroom, two-bedroom, and penthouse units. Available units range from \$1,314 to \$2,961 per month. The property is north of Hance Park on McDowell Road, and close to the Phoenix arts and entertainment district.



# Hance Park Profile – 2016 Master Plan

Although Hance Park was completed in 1992, the full vision for the park has yet to be realized. Due to a lack of funding, water features at the park were eventually shut off, vegetation did not survive, and a number of amenities were never developed including the carousel, amphitheater, grandstand, parking garage and shaded arcade. In 2011, the Hance Park Master Plan Steering Committee was formed and appointed by the Phoenix Parks and Recreation Department. This committee was tasked with recommending a new master plan for the continued development of Hance Park.

In 2013, the steering committee engaged the Design Team of !Melk, Weddle Gilmore, and Floor Associates to come up with a new master plan and conceptual drawings for Hance Park. The newly appointed design team first sought input from the community on its vision for Hance Park. In doing so, the design team identified a number of challenges associated with the park as it is today, including:

- **Identity** – Hance Park lacks a certain identity and has no clear brand recognition with the general public.
- **Entries & Boundaries** – Hance Park lacks clearly defined park entrances / exits and park boundaries. This is believed to contribute to the lack of park identity and poor visibility from arterial roadways.
- **Connectivity** – there is a lack of connectivity felt by those utilizing Hance Park. The community believes that the Central Avenue Bridge acts as a barrier dividing the east and west ends of the park. The community also believes that there is a lack of connectivity between the park and adjacent cultural institutions that is due to both physical and programming issues.
- **Infrastructure & Amenities** – Hance Park lacks adequate infrastructure including, but not limited to, shade, water, event facilities, accessible restrooms, and food & beverage options.
- **Programmed Activities** – Hance Park lacks a sense of activation which is believed to be due to a lack of programmed activities at the park. Few programmed activities gives the park a sense of emptiness.
- **Safety** – A lack of safety was expressed as a major concern by the community.

After a four-year process that included data collection and community input, the Design Team of !Melk, Weddle Gilmore, and Floor Associates released a Hance Park Master Development Plan in 2016. This detailed master plan includes a three phased development approach that will be detailed later in this chapter. However, through their analysis !Melk, Weddle Gilmore, and Floor Associates identified the following components as “needed” in a fully realized Margaret T. Hance Park revitalization.

The City of Phoenix has since replaced the !Melk Group with Hargreaves Associates on the the master planning team but would like to still follow the master plan.



# Hance Park Profile – 2016 Master Plan

## Proposed Park Elements, Amenities & Solutions:

- A **band shell / amphitheater** designed to support community events such as music festivals, cultural performances, films, and local school events.
- A range of **food & beverage** options including, but not limited to, food trucks, kiosks, coffee shop, beer garden, restaurants and picnic pavilions.
- A number of **shade elements** to protect park guests from desert conditions. Shade elements should be both man-made and natural.
- **Water features** capable of supporting the development of microclimates within the park.
- A **splash pad** oriented in the park's central plaza.
- **Biking amenities** that include a shared bike station, bike racks, and enhanced connections to existing and future biking paths surrounding the park.
- **Exercise amenities** such as a walking / running track around the park. This track should also have strong pedestrian connections to the surrounding neighborhood.
- **Playscapes** that are geared toward children of all ages and that are integrated into the park's design.
- An urban plaza **skate park** that is both integrated into the park's design and provides multi-functional plaza space.
- Integrate a completed **Hance Dog Park** with the balance of the park.
- Display interactive **visual landmarks** such as public installations, unique architecture and public art.
- **Wi-Fi access** to draw people to the park and encourage them to stay.

## Proposed Urban Design & Park Integration:

- **Connectivity** will be improved by identifying entry points connected to streets, light-rail, and more. Highlighting the Central Avenue Bridge will help the park flow together, and create a more cohesive feel.
- **Cultural Institutions** will develop a connection with the park through cross program opportunities and design aspects. Options will be explored to provide direct access from the park to adjacent institutions.
- **Lighting** will be improved and provide a greater sense of safety.
- **Visibility** will be enhanced by design, entry points, and awareness from surrounding streets. Awareness will also be increased on the Central Avenue Bridge.

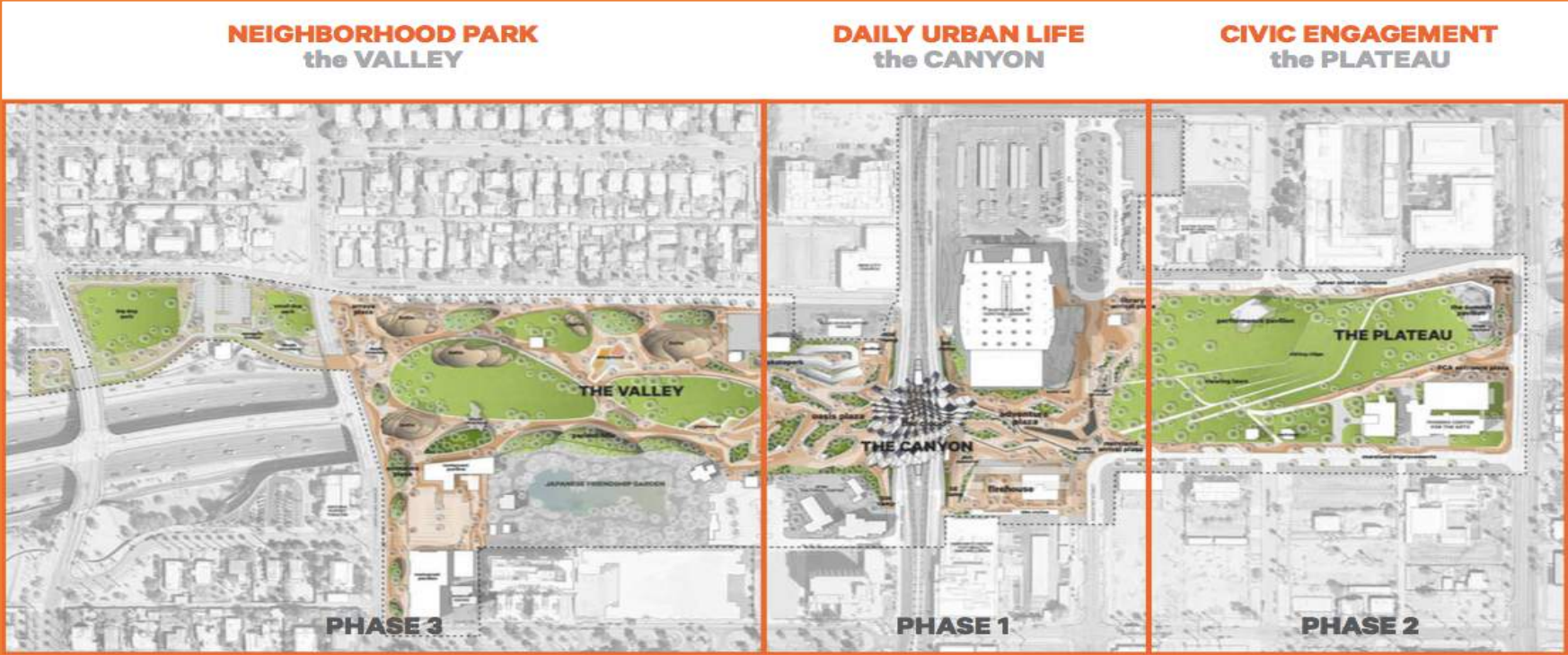
## Proposed Programming & Operations:

- **Programming, daily activation & special events** will highlight daily urban life and support healthy living. Concerts, special performances, films, and cultural festivals will be among the featured activities and events.
- **Integration with existing programs** will capitalize on activities such as First Friday and other events hosted by surrounding institutions.
- A strategy allowing **restrooms** to be easily accessible for park users will be developed.
- **Safety** is a main point that will be addressed in various ways. Location of programmed activities, lighting, visibility, maintenance, and more will be stressed. Ensuring that the park has a variety of amenities and special programming, such as tours and events, will draw visitors throughout the day.



# Hance Park Profile – 2016 Master Plan

Figure 1-12



The design team envisions three phases of development beginning with the Canyon which will be centered around daily urban life, moving to the Plateau to be designed for civic engagements and ending with the Valley to be designed as a neighborhood park.





## Phase I – Daily Urban Life

**Elements of Phase I** will include visual landmarks, water features, shade elements, botanic gardens, the Fire House Plaza, a skate park, and a splash pad. Phase I will also include amenities such as food & beverage, retail space, bicycle support, restrooms, and a Central Avenue connection.

**Cultural Institutions** will include the iconic Burton Barr Library to serve as a center for learning and activity. The Ellis Shackelford House offers a glimpse of a historic mansion on North Central Avenue in 1900's architecture. The Irish Cultural Center educates the public on Celtic cultures. Parsons Center for Health & Wellness offers a range of services to the Phoenix community.

**Park Integration:** The Central Avenue Bridge will highlight the Library and connect the east and west portions of the park. Entry points will provide visual connections to the park. "The Cloud" provides shade, as well as an architectural focal point. Common materials used throughout phase I will also help to tie the area together

Figure 1-13





# Hance Park Profile – 2016 Master Plan

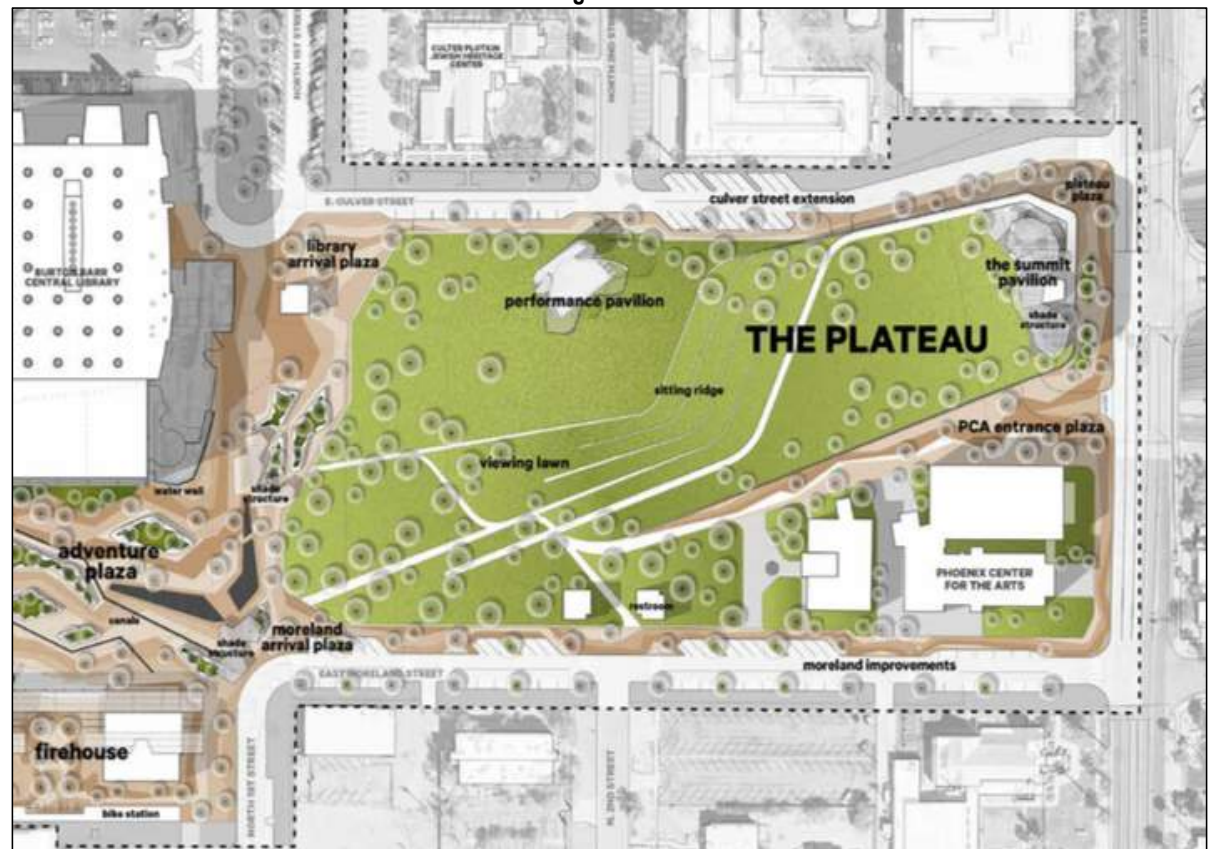
## Phase II – Civic Engagement

**Elements of Phase II** include a performance pavilion & viewing lawn, sculptural shade structures, visual landmarks, special event space, a viewing summit, and a water wall. Additional retail space and restrooms will also be included.

**Cultural Institutions** will include the Phoenix Center for the Arts, which offers opportunities for all ages through classes in the visual and performing arts. The Cutler Plotkin Jewish Heritage Center educates the community about Jewish contributions and preserves the legacy of Jewish communities in Arizona. The Roosevelt Row Arts district is in close proximity to the 1<sup>st</sup> Street Promenade as well as galleries, restaurants, boutiques, and music venues.

**Park Integration:** The Phoenix Center for the Arts enhances program opportunities in the park. Elevation and extended park edges enhance the visibility and identity of the east portion from the interstate below.

Figure 1-14





# Hance Park Profile – 2016 Master Plan

## Phase III – Neighborhood Park

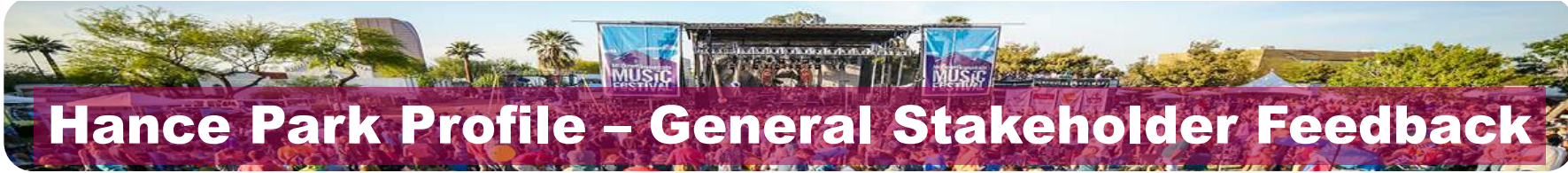
**Elements of Phase III** include visual landmarks, shade elements, picnic & barbeque areas, a restaurant pavilion, and additional restrooms. Also included are exercise amenities, playscapes and fields, a zipline, and a dog park.

**Cultural Institutions** will include the Japanese Friendship Garden that provides a place to admire nature and find peace, as well as learn about Japanese culture and tradition. The Great Arizona Puppet Theater and Winship House will contribute to the history of the park and highlight the art of puppetry and an example of a home from the Arts and Crafts Movement. Kenilworth Elementary School will continue to educate local students and the building is also listed as the oldest school in the county.

**Park Integration:** The park is expanded to the west and will incorporate elements that were once disconnected. The combination of butte and mound landforms with architectural structures will be recognizable and unique to the park. The park's borders will also be pronounced and well defined to the those in the surrounding area.

Figure 1-15





Throughout the data collection process, HSP interviewed a number of key stakeholders and market participants in order to gather general thoughts and feedback on the state of downtown Phoenix. HSP also solicited input from local stakeholders on how to improve the Hance Park experience for users. A summary of these conversations can be found below:

- Downtown Phoenix does not currently have a collaborative place for people to gather and interact.
  - A revamped Hance Park could fill this void and provide a gathering place, especially during the daytime.
- There are still misperceptions about downtown Phoenix. A number of meeting planners that have not been to Phoenix in years still believe it is the same place it once was. They have yet to see the transformation first hand.
- Oftentimes locals are not the best ambassadors in encouraging people to go downtown. Local residents often tell out-of-town visitors not to go downtown because "there is nothing to do."
- There are too few people walking the streets and a lack of a true restaurant core creates a perception issue.
- The March Madness Music Festival and McDowell Mountain Music Festival have shown the full potential of what Hance Park can be.
- ASU helps contribute to the downtown atmosphere with "pods" of like-minded people.



# Hance Park Profile – Conclusions

Since opening in 1992, Hance Park has been an underutilized asset located at the northern cusp of Phoenix’s downtown. Recently, Hance Park has shown glimpses of what it can be if the original master plan were to be fully realized in spite of the Park being originally developed to bridge the gap between the Historic Roosevelt Neighborhood after it was bisected by Interstate 10. This potential was on display when Hance Park hosted the March Madness Music Festival which reached capacity (20,000 people) within minutes of the gate opening. Similarly, the McDowell Mountain Music Festival has also seen success at Hance Park in recent years.

In anticipation of a reinvigorated Margaret T. Hance Park, a number of developments have also opened recently or broken ground just south and north of the park. Specific, major developments include the 149-unit Portland on the Park, the 49-unit En Hance Park, and the 105-guestroom Found:Re Hotel to the south as well as the 25-unit ArtHaus, 367-unit Muse Apartments, and 280-unit Broadstone Arts District to the north. These residential developments have added high density residential units to the local supply in an area that has historically housed single family-detached homes. The development of the Found:Re hotel has added to the artistic framework of the community, while also adding an upscale lodging establishment between Midtown and Downtown Phoenix.

Although the landscape is already changing around Hance Park, a fully realized master plan would likely continue to help support all types of development into the foreseeable future, especially retail soon after the opening of high-density residential units. The creation of a destination real estate asset with public access will continue to drive both foot and vehicular traffic to the surrounding area.



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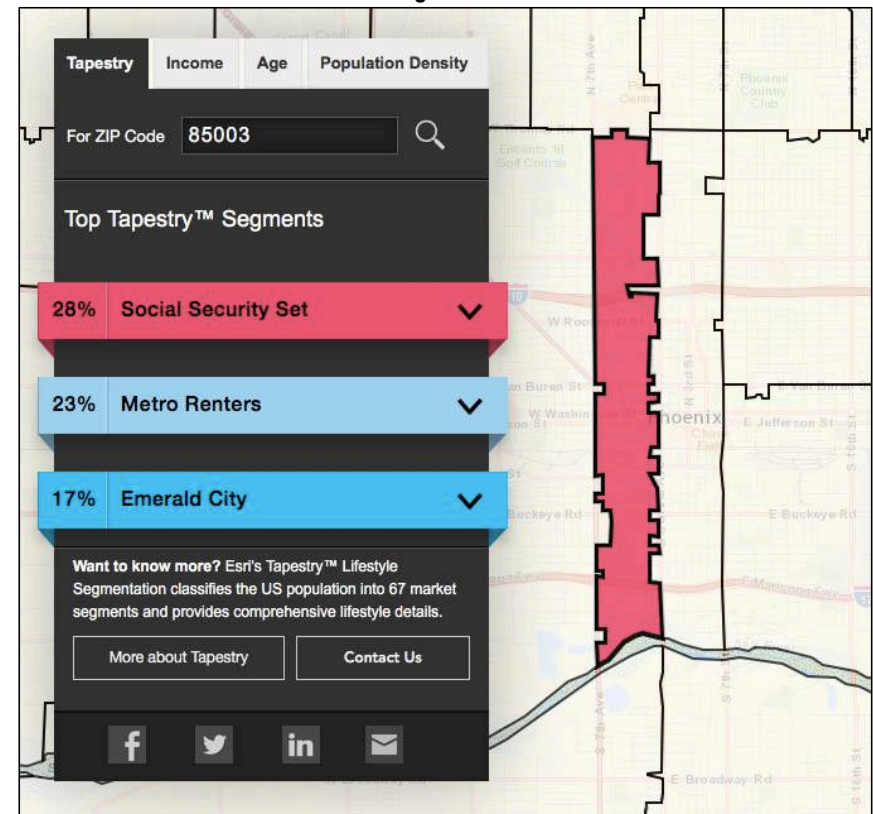
# Economic & Demographic Market Analysis

## Tapestry Segment – 85003

ESRI Tapestry classifies US residential neighborhoods (by zip code) into 67 unique segments based on demographic and socio-economic characteristics. This information helps inform HSP on lifestyle choices, consumer habits, and how free time is spent. The Hance Park site crosses over the zip codes 85003 and 85004. Understanding the characteristics of these neighborhoods is important, as residents from both neighborhoods will likely visit the site. A summary of the socio-economic characteristics of the 85003 zip code can be found below.

- **Social Security Set (28 percent):** Singles, multi-unit renters, live alone on low, fixed incomes in low-cost apartments near urban areas. Enjoy easy access to hospitals, community centers, and public transportation. Low incomes limit shopping.
- **Metro Renters (23 percent):** Singles, multi-unit renters, young, mobile, educated, or still in school. Live alone or with a roommate, most income goes to rent, fashion, and the latest technology. Frequent grocers such as Whole Foods and stores including Nordstrom and Gap.
- **Emerald City (17 percent):** Singles, single family and multi-unit renters. Young, mobile, well educated and well employed. Likely to rent in low density urban areas, long hours spent working and online, in combination with visits to the gym. Purchase environmentally-friendly products, music and art are key interests.

Figure 2-1



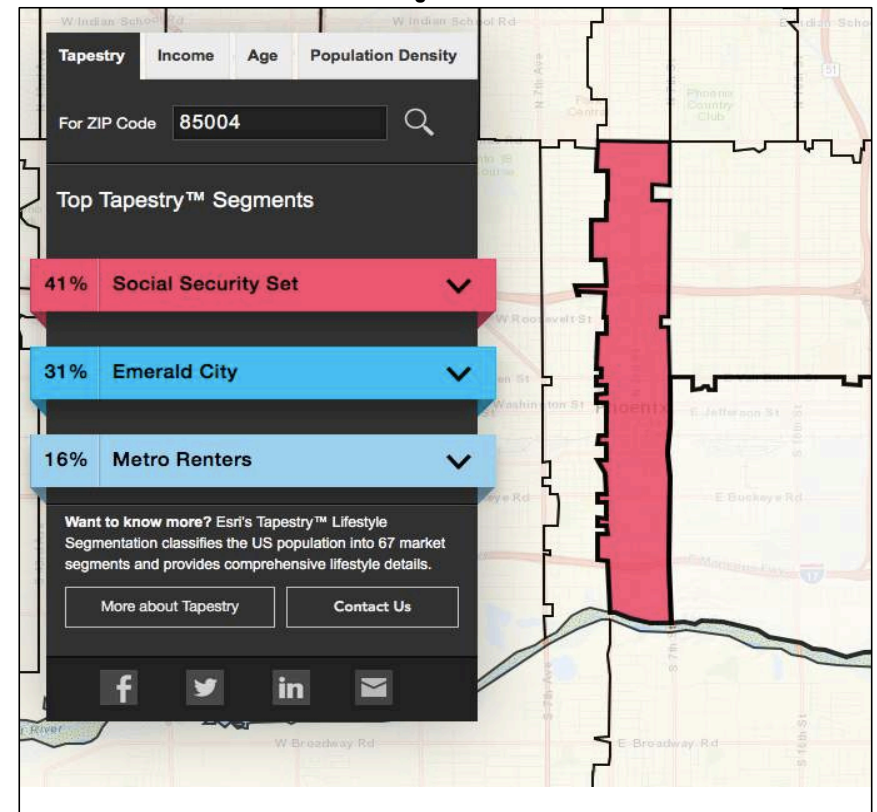
# Economic & Demographic Market Analysis

## Tapestry Segment – 85004

In addition to the 85003 zip code, HSP gathered ESRI Tapestry information on the 85004 zip code. The top three Tapestry segments are the same for both zip codes, as is to be expected considering their proximity. However, the percent and order of the segments between the two zip codes is slightly different. The top segments for the 85004 zip code can be found below.

- **Social Security Set (41 percent):** Singles, multi-unit renters, live alone on low, fixed incomes in low-cost apartments near urban areas. Enjoy easy access to hospitals, community centers, and public transportation. Low incomes limit shopping.
- **Emerald City (31 percent):** Singles, single family and multi-unit renters. Young, mobile, well educated and well employed. Likely to rent in low density urban areas, long hours spent working and online, in combination with visits to the gym. Purchase environmentally-friendly products, music and art are key interests.
- **Metro Renters (16 percent):** Singles, multi-unit renters, young, mobile, educated, or still in school. Live alone or with a roommate, most income goes to rent, fashion, and the latest technology. Frequent grocers such as Whole Foods and stores including Nordstrom and Gap.

Figure 2-1





# Economic & Demographic Market Analysis



## Population and Growth Rates

Table 2-1

	Population and Growth Rates				Percent Change 2000-2016
	1990	2000	2010	2016 Estimate	
United States	248,709,873	281,421,906	308,745,538	323,127,513	14.8%
Arizona	3,665,228	5,130,632	6,392,017	6,931,071	35.1%
Phoenix-Mesa-Scottsdale MSA	2,238,480	3,251,876	4,192,887	4,661,537	43.3%
Maricopa County	2,122,101	3,072,149	3,817,117	4,242,997	38.1%
<b>City of Phoenix</b>	<b>983,403</b>	<b>1,321,045</b>	<b>1,445,632</b>	<b>1,615,017</b>	<b>22.3%</b>
City Pop. As % of Metro Area	43.9%	40.6%	34.5%	34.6%	--

Source: U.S. Census Bureau, Hunden Strategic Partners

- Population growth over the last 16 years has been extremely high in the state, MSA, county and city.
- The Phoenix-Mesa-Scottsdale MSA relative to the national averages experienced a more than 43 percent increase in total population between 2000 and 2016.
- Although it is not as robust as the MSA's growth rate, the City of Phoenix experienced a more than 22 percent increase in population over the same time period.

# Economic & Demographic Market Analysis

## Income, Spending & Other Demographic Data

Table 2-2

Income, Spending and Other Demographic Data				
Category	United States	Arizona	Maricopa County	Phoenix
Homeownership rate, 2011-2015	63.9%	62.8%	60.7%	53.0%
Median value of owner-occupied housing units, 2011-2015	\$178,600	\$167,500	\$187,100	\$163,400
Persons per household, 2011-2015	2.64	2.69	2.75	2.85
Median household income (in 2015 dollars), 2011-2015	\$53,889	\$50,255	\$54,229	\$47,326
Persons below poverty level, percent, 2011-2015	13.5%	17.4%	16.3%	23.1%
Total employment, 2015	124,085,947	2,295,186	1,571,313	--
Total employment, percent change, 2014-2015	2.5%	2.4%	2.8%	--
Retail sales per capita, 2012	\$13,443	\$12,927	\$14,534	\$12,392

Source: US Census Bureau

- Homeownership rates and median value of owner-occupied housing is low in Phoenix when compared to the county, state and country.
- The average household size in Phoenix is larger than the county, state and national average; however, does not reflect the average household size within a more micro-area.
- The median household income in Phoenix is lower and persons below the poverty level are higher than the other measured areas.

# Economic & Demographic Market Analysis

## 2016 Educational Attainment

Table 2-3

Educational Attainment - 2015				
Age 25+ Population	United States	Arizona	Maricopa County	Phoenix
Did not complete high school	13.3%	13.9%	13.3%	19.3%
Completed high school	27.8%	24.4%	23.0%	23.8%
Some college	21.1%	25.7%	24.9%	22.5%
Associates Degree	8.1%	8.7%	8.4%	7.7%
Bachelors Degree	18.5%	17.3%	19.5%	17.3%
Graduate Degree	11.2%	10.2%	11.0%	9.5%

Source: US Census Bureau, Hunden Strategic Partners

- Educational attainment for those living within the city of Phoenix is relatively consistent but slightly below state, county and national averages.
- However, those having not completed high school is moderately higher at a city level than county, state and national levels.

# Economic & Demographic Market Analysis

## Phoenix Area Colleges & Universities

Table 2-4

Phoenix Area Colleges & Universities				
Institution	Location	Distance from Phoenix	Highest Degree Offered	Enrollment
Arizona State University-Downtown Phoenix	Phoenix	0.1	Doctorate	10,952
GateWay Community College	Phoenix	2.6	Associates	5,637
Phoenix College	Phoenix	4.2	Associates	11,865
South Mountain Community College	Phoenix	5.5	Associates	4,083
Phoenix Seminary	Phoenix	5.9	Doctorate	206
Ottawa University-Phoenix	Phoenix	7.5	Masters	567
Arizona State University-Tempe	Tempe	8.0	Doctorate	51,984
College America-Phoenix	Phoenix	8.4	Bachelors	632
Rio Salado College	Tempe	8.5	Associates	20,533
Arizona State University-Skysong	Scottsdale	8.7	Doctorate	20,273
Southwest College of Naturopathic Medicine & Health Sciences	Tempe	9.1	Doctorate	385
<b>Total Enrollment</b>				<b>127,117</b>

Source: National Center for Education Statistics, Hunden Strategic Partners

- The total college and university enrollment is well over 120,000 students and there are nearly 11,000 students within walking distance of Hance Park.
- Generally, college students utilize cultural and entertainment attractions, specifically in downtown area in close proximity to the respective university/college.
- Phoenix boasts a unique downtown in that nearly 130,000 students reside less than ten miles from downtown.

# Economic & Demographic Market Analysis

## Phoenix's Top Employers

Table 2-5

Phoenix's Top 30 Employers - 2016			
Rank	Company Name	Employees	Industry Type
1	Banner Health	9,145	Health Care
2	Honeywell	7,121	Aerospace
3	American Express	5,771	Financial
4	Wells Fargo	4,882	Financial
5	Bank of America	4,635	Financial
6	J.P. Morgan Chase	4,278	Financial
7	U Haul	4,014	Advanced Business Svcs
8	Amazon.com	4,013	Retail
9	UnitedHealth Group	3,787	Financial
10	St Joseph's Hospital	3,757	Health Care
11	United States Postal Service	3,639	Distribution
12	Mayo Clinic	3,621	Health Care
13	Charles Schwab	3,441	Advanced Business Svcs
14	Carl T Hayden VA Medical Center	3,124	Health Care
15	Apollo Group Inc	3,095	Education
16	USAA Phoenix Office	3,000	Financial
17	HonorHealth	2,838	Health Care
18	Discover Financial Services	3,818	Financial
19	US Airways Inc	2,771	Transportation & Logistics
20	Pinnacle West Capital Corporation	2,630	Utilities

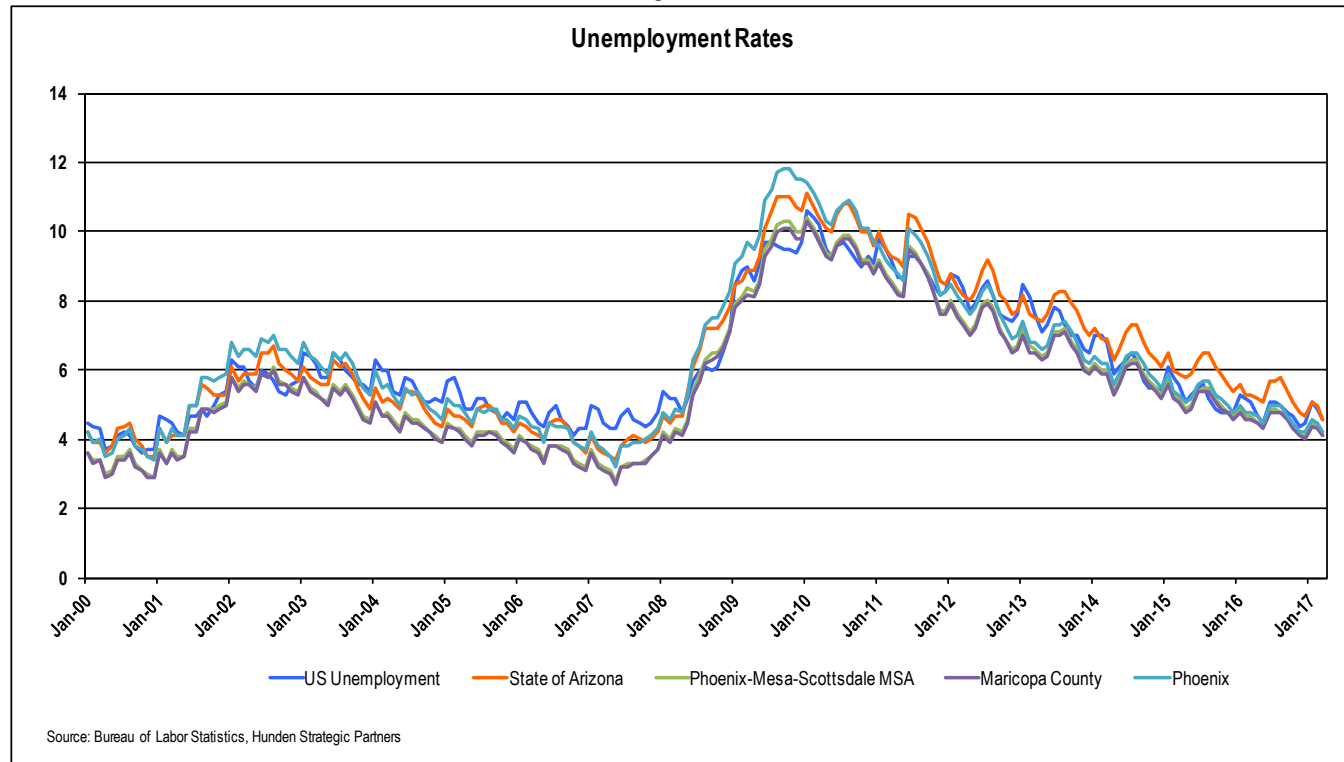
Source: Downtown Phoenix

- The top two employers are Banner Health and Honeywell, which together employ more than 16,200 people.
- The following four employers are all financial institutions that together, employ more than 19,500 people.
- U-Haul and Amazon also have a large presence in Phoenix employing 4,014 and 4,013 people, respectively.

# Economic & Demographic Market Analysis

## Historical Unemployment

Figure 2-3



The City of Phoenix has shown lower unemployment levels than the state of Arizona since the Great Recession in 2009. Historically, state, county, and city unemployment rates fall in line with national unemployment rates.

# Economic & Demographic Analysis – Attractions

## Chase Field



Located less than two miles south of Hance Park, Chase Field is home to the Arizona Diamondbacks of the MLB. Since the ballpark first opened in 1998, over 17.5 million baseball fans have attended Chase Field, and many more have experienced concerts and other events in the facility. Annually, the facility draws more than two million fans. A pool and hot tub help the venue to stand out.

## Heard Museum



Located one mile north of Hance Park, Heard Museum focuses on American Indian art. The museum offers a variety of exhibitions, outdoor galleries, interactive learning, and events and festivals. In 2015, the museum was host to approximately 150,000 visitors. Of these visitors, 70% reside outside of Arizona.

## Talking Stick Resort Arena



Formerly known as US Airways Center, the arena is located about a mile and a half south of Hance Park and is home to the Phoenix Suns (NBA) and Phoenix Mercury (WNBA) franchises. In addition to basketball and arena football events, the venue hosts many concerts throughout the year. In 2016, the Phoenix Suns drew more than 708,000 people to games.

## South Mountain Park



South Mountain Park is nearly 10 miles south of Hance Park. The park consists of more than 16,000 acres and consists of three mountain ranges. The trails are shared by horseback riders, hikers, and mountain bikers.

# Economic & Demographic Analysis – Attractions

## Phoenix Art Museum



The Phoenix Art Museum is less than a half mile north of Hance Park and is within a ten-minute walk. Identified as the largest museum in the southwestern United States, the museum offers a variety of exhibitions and education. The Museum has been visited by millions since its opening in 1959.

## Roosevelt Row



Roosevelt Row is located adjacent to, and directly south of, Hance Park, centering around Roosevelt Street. The district features murals, galleries, and more. Many events are sponsored and hosted by the Roosevelt Row Merchants Association. Fridays in Phoenix is just one example of an event that hosts one of the nation's largest art walks every Friday.

## Heritage Square



Heritage Square is located more than two miles southeast of Hance Park. Heritage Square's Victorian style stands out to locals and visitors alike. The Heritage and Science Museum and historic Rosson House Museum are operated by the Heritage Square Foundation. One of the highlights of Heritage Square is the iconic-food. Nubuo, Pizzeria Banco, The Rose and Crown and Royal Coffee Bar headline the restaurants in and around the square.

## Arizona Science Center



The Arizona Science Center is located in downtown Phoenix at the Heritage & Science Park, or approximately 1.5 miles from Hance Park. The science center features more than 350 exhibits and attracts more than 400,000 annual visitors. This facility also includes the Dorrance Planetarium and a five-story IMAX theater.



# Economic & Demographic Analysis – Attractions

## Phoenix Children's Museum



The Children's Museum of Phoenix is located adjacent to Heritage Park and approximately 1.5 miles from Hance Park. The museum offers more than 250 interactive exhibits and is dubbed as one of the top three children's museums in the nation. Annually, the

## Burton Barr Central Library



Located adjacent to, and just north of, Hance Park is the Burton Barr Central Library. This public library sees more than one million visitors annually and sits at 280,000 square feet. It was designed by Will Bruder and Wendell Burnette and opened in 1995. The library boasts a collection of books that exceeds 500,000.

## CityScape Phoenix



This more than \$500 million mixed-use development is located in the heart of downtown Phoenix and encompasses two city blocks. It is dubbed as the central hub of downtown and brings together dining, nightlife, shopping, entertainment, and business. Notable tenants include Chipotle, Starbucks, Hotel Palomar Phoenix, Lucky Strike Bowling, The Arrogant Butcher, and CVS.

## Phoenix Civic Plaza / Convention Center



The Phoenix convention center is located in downtown Phoenix and boasts more than 900,000 square feet of meeting and exhibit space. The center's southern building was remodeled in 2008 while the north and west buildings opened in 2009 and 2006, respectively.



# Economic & Demographic Analysis – Attractions

Figure 2-4

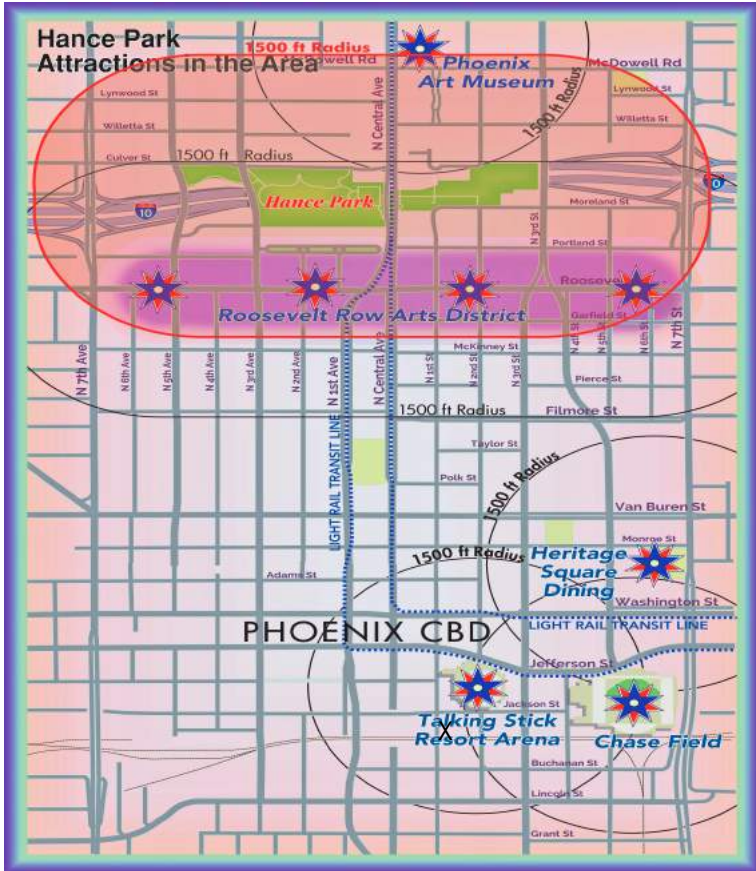
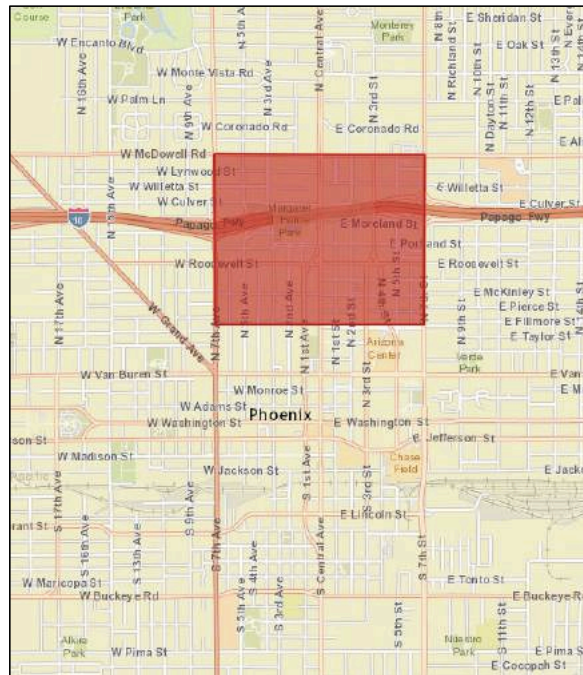


Figure 2-4 details the major downtown Phoenix attractions relative to Hance Park. The rings around each attraction indicates walkability to and from the respective asset. It is important note that Hance Park is located north of downtown Phoenix and is not considered to be walkable from other major downtown assets, especially during the summer. Although the presence of the Light-Rail helps to solve some walkability issues, it does not completely solve this concern.

# Economic & Demographic Market Analysis - ESRI

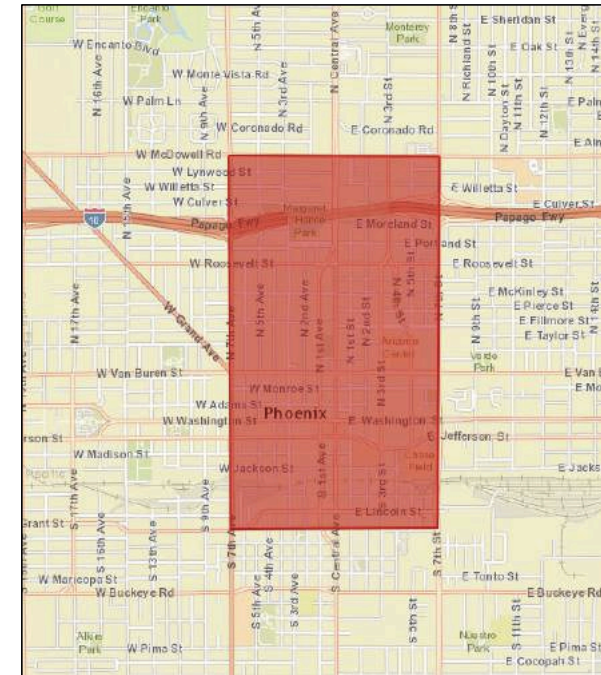
In addition to analyzing the economic and demographic makeup of the entire Phoenix market, HSP also utilized the ESRI STDB database to provide economic, demographic, and market statistics within specific geographic areas. HSP identified two primary market areas titled 'Hance Park Overlay' (Figure 2-5) and, "Downtown Phoenix Overlay' (Figure 2-6) which is essentially downtown Phoenix. These two market areas are defined below.

**Figure 2-5 'Hance Park Overlay'**



The 0.78 square mile Hance Park Overlay area is defined by W. McDowell Road to the north, N. 7<sup>th</sup> Ave to the west, W. Fillmore Street to the south and N. 7<sup>th</sup> Street to the east.

**Figure 2-6 'Downtown Phoenix Overlay'**



The Downtown Phoenix Overlay area is defined by W. McDowell Road to the north, N. 7<sup>th</sup> Ave to the west, W. Grant Street to the south and N. 7<sup>th</sup> Street to the east. This area is 1.73 square miles.

# Economic & Demographic Market Analysis - ESRI

## Income, Age & Other Demographic Information

Table 2-7

	Hance Park Overlay	Downtown Phoenix Overlay
Population	4,722	9,074
Median Age	34.3	29.1
Number of Households	3,896	5,091
Average Household Size	1.3	1.5
Median Household Income	\$31,653	\$29,359
Unemployment Rate	3.4	3.7

Source: ESRI STDB

- More than 4,700 people live within the 0.78 square mile Hance Park Overlay while more than 9,070 people live within the Downtown Phoenix Overlay.
- Although the median household income is well below the national (\$53,889) and state (\$50,255) averages, unemployment rates within the two overlay areas are low.
- The average age and household size statistics reflect data gathered from ESRI Tapestry in that a majority of the population is either part of the metro renter, social security set or emerald city classification meaning that they are generally younger and live in smaller households.

# Economic & Demographic Market Analysis - ESRI

## Population Summary

Table 2-8

	2000	Rate (Yr/Yr)	2010	Rate (Yr/Yr)	2017	Rate (Yr/Yr)	Proj. 2022	Rate (Yr/Yr)
Hance Park Overlay	3,123	--	3,589	14.9%	4,722	31.6%	5,370	13.7%
Downtown Phoenix Overlay	6,270	--	7,362	17.4%	9,074	23.3%	9,951	9.7%

Source: ESRI STDB

- Both overlays saw substantial population increases between 2000 and 2017.
- The population living within the Hance Park Overlay has increased by more than 50 percent between 2000 and 2017, or from 3,123 to 4,722. This population is also expected to increase by 13.7 percent between 2017 and 2022.
- The Downtown Phoenix Overlay also experienced a substantial population increase since 2000 with its population growing from 6,270 in 2000 to 9,074 in 2017. The population within this overlay is expected to increase by 9.7 percent between 2017 and 2022.

# Economic & Demographic Market Analysis - ESRI

## Housing Summary

Table 2-9

	Total Households	Owner Occupied	Renter Occupied	Vacant
Hance Park Overlay	3,896	11.1%	71.8%	17.1%
Downtown Phoenix Overlay	5,091	9.6%	69.9%	20.5%

Source: ESRI STDB

- A majority of the housing units are renter occupied within both overlays while vacancy rates are higher than the percent of owner occupied units.
- This housing makeup is generally in-line with other major metropolitan / downtown markets.

# Economic & Demographic Market Analysis - ESRI

## Educational Attainment

Table 2-10

	Hance Park Overlay	Downtown Phoenix Overlay	Phoenix
No High School Diploma	9%	14%	19%
High School Graduate	20%	21%	24%
Some College	26%	25%	23%
Bachelor's / Graduate / Professional Degree	45%	40%	35%

Source: ESRI STDB

- Those living within the Hance Park overlay have achieved a higher level of education than those living in the Downtown Phoenix Overlay; or those living within the City of Phoenix.
- Approximately 45 percent of the people living within the Hance Park Overlay have earned a bachelor's, graduate or professional degree compared to 40 percent living within the Downtown Phoenix Overlay and 35 percent living within the City of Phoenix.

# Economic & Demographic Market Analysis - ESRI

## Consumer Spending Summary

Table 2-11

Type	Hance Park		Downtown	
	Overlay	Percent	Phoenix Overlay	Percent
Shelter	\$13,189	39.0%	\$12,386	39.0%
Food at Home	\$3,890	11.5%	\$3,662	11.5%
Health Care	\$3,640	10.8%	\$3,441	10.8%
Food Away from Home	\$2,569	7.6%	\$2,385	7.5%
Entertainment & Recreation	\$2,197	6.5%	\$2,055	6.5%
Apparel & Services	\$1,626	4.8%	\$1,510	4.8%
Support Payments, Gifts & Cash Contributions	\$1,505	4.4%	\$1,414	4.5%
Travel	\$1,361	4.0%	\$1,264	4.0%
HH Furnishings and Equipment	\$1,349	4.0%	\$1,254	4.0%
Education	\$1,184	3.5%	\$1,102	3.5%
Vehicle Maintenance & Repair	\$749	2.2%	\$702	2.2%
Personal Care Products & Services	\$592	1.7%	\$554	1.7%
<b>Total</b>	<b>\$33,850</b>	<b>100.0%</b>	<b>\$31,728</b>	<b>100.0%</b>

Source: ESRI STDB

- On average, consumers living within the Hance Park overlay spend \$33,850 a year while consumers living within the Downtown Phoenix Overlay spend just over \$31,720. This is likely a result of median household income levels within the two overlays as the Hance Park Overlay median household income is more than \$2,000 more than the Downtown Phoenix Overlay.
- As expected, spending on shelter and food accounts for more than 58 percent of spending.



# Economic & Demographic Market Analysis – Conclusions

HSP elected to focus on the economic and demographic makeup of a specific market area that will likely see the greatest impact from a re-envisioned Margaret T. Hance Park in addition to the economic and demographic makeup of the City of Phoenix. A summary of findings can be found below:

- ESRI Tapestry indicated that Downtown Phoenix is primarily comprised of three tapestry segments including the social security set, metro renter set and emerald city set. These three segments share in that they are primarily made up of singles electing to live in multi-unit residential properties and as such, demand for this type of housing unit should likely continue to increase as the population continues to increase.
- Historical and projected future population growth rates have been substantially higher in the greater Phoenix area when compared to the rest of the country. The City of Phoenix experienced a more than 22 percent increase in its population between 2000 and 2016 while the Hance Park Overlay market area saw more than a 50 percent increase in its population between 2000 and 2017. ESRI projects that the Hance Park Overlay market's population will continue to increase by 13.7 percent between 2017 and 2022.
- The Hance Park Overlay market is highly educated, especially when compared to the Downtown Phoenix Overlay market and the entire City of Phoenix in that 45 percent of people have earned a bachelor's, graduate, or professional degree.
- The housing market within the Hance Park Overlay and the Downtown Phoenix Overlay averages 70 percent renter occupied units while only 10 percent of units are owner occupied. Vacancy rates average between the two overlays averages to approximately 18.5 percent.
- As Hance Park is located on the cusp of downtown Phoenix, there are a number of destination tourism attractions including Chase Field, Talking Stick Arena, the Burton Barr Public Library, the Children's Museum of Phoenix, Roosevelt Row, and Phoenix Convention Center. There is healthy mix of recreation, museum, cultural, and sports destinations drawing people into and around downtown Phoenix.



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**Section 5: Office Market Analysis**

**Section 6: Hotel Market Analysis**

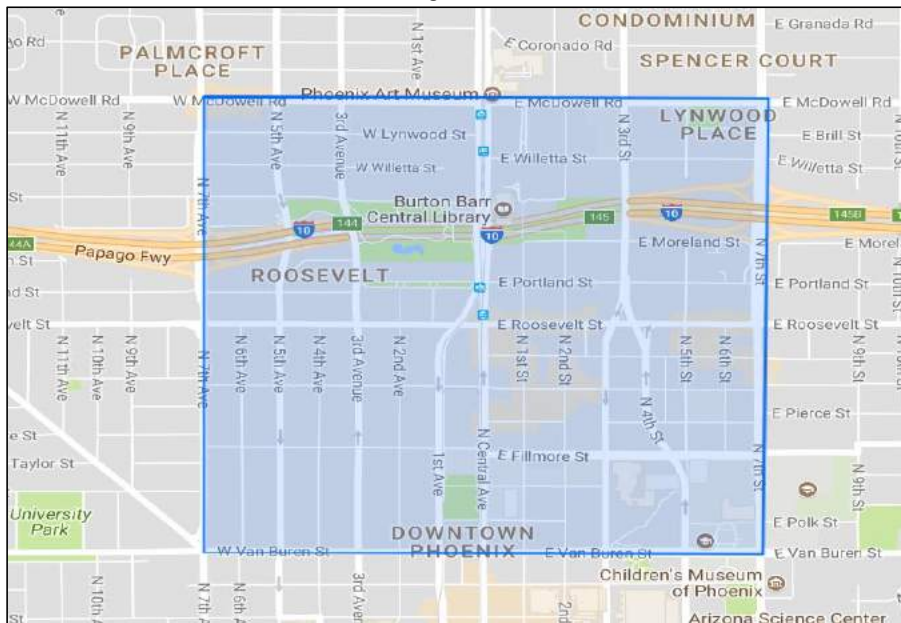
**Section 7: Case-Study Parks**

**Section 8: Economic Impact Analysis**

# Residential Market Analysis – Hance Park Overlay

HSP utilized a number of resources to gather residential market data for a distinct market area. This market area is the primary market areas expected to be impacted by the revitalization of Hance Park. HSP also elected to analyze all residential unit types including, apartment style / flat, loft-style, townhome / condo and single-family detached homes in order to get a clear understanding of the multi-faceted residential market.

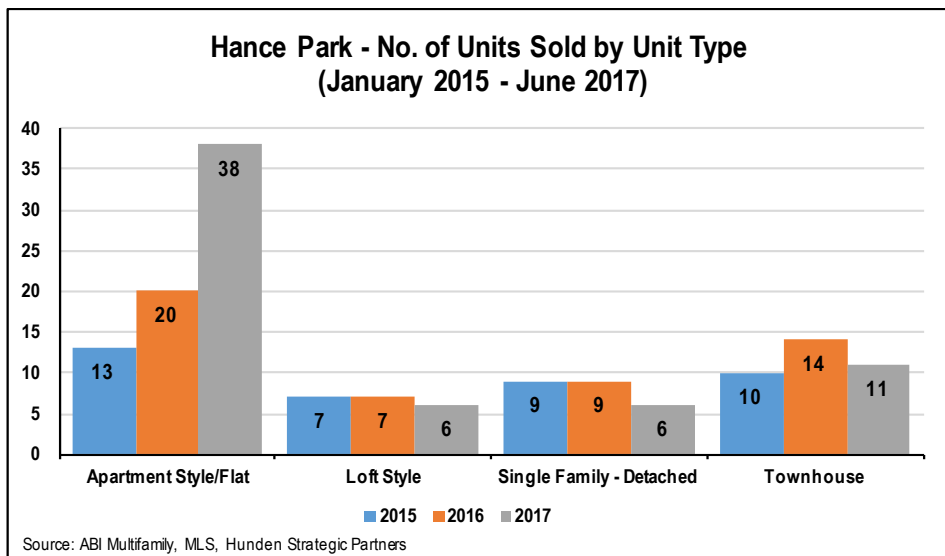
Figure 3-1



HSP will refer to this market area as the 'Hance Park Overlay,' it is defined as the area shaded in blue. This market area is very similar to the 'Hance Park Overlay' market area defined in Section 2 of this report. Data presented in this section will be a reflection of the residential market within this area.

# Residential Market Analysis – For Sale Summary

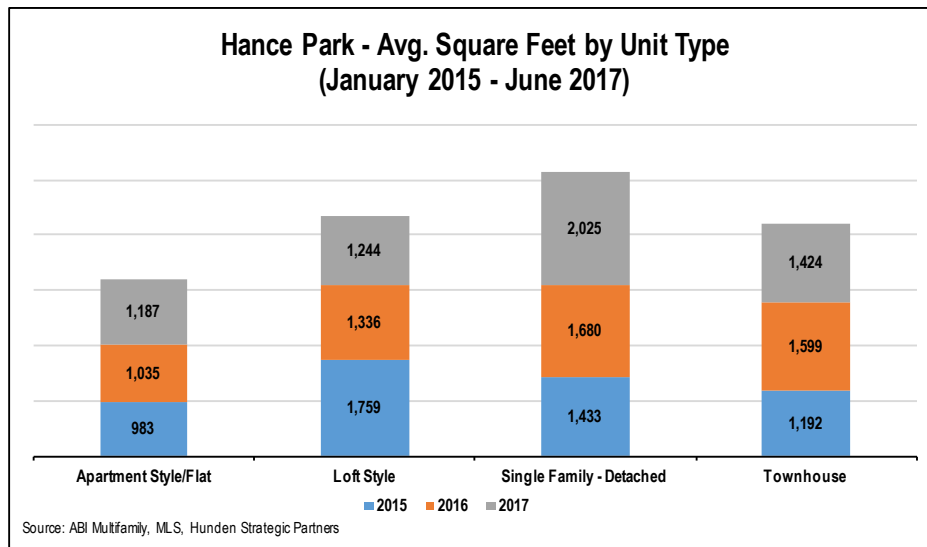
Figure 3-2



- It is first important to note that 2017 'for sale' figures only represents sales through June, 2017, indicating that the for sale figures are on pace to outperform the prior two years.
- The increase of apartment style / flat unit sales is likely attributed to the opening of high-rise residential buildings around Hance Park.
- The total number of residential units that were sold within the market area in 2017 suggests a healthy market that is absorbing new supply.

# Residential Market Analysis – For Sale Summary

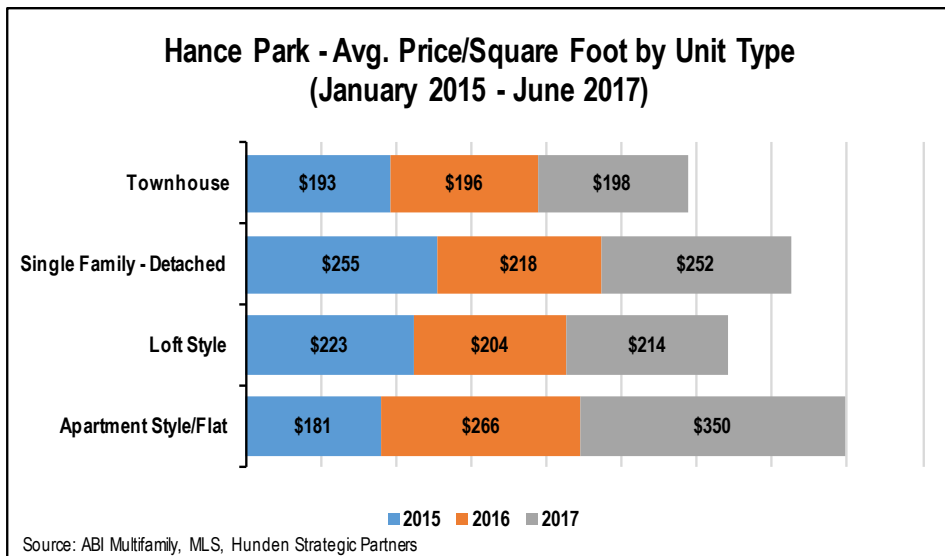
Figure 3-3



- As new apartment style / flat units come online (En Hance Park / Portland on the Park), total unit size is steadily increasing along with improved amenities. This is driving up the price per square foot.
- The total supply of loft style units has remained consistent as this unit type is no longer desired by the market. This has, in turn, driven down the average price per square foot and average unit size.
- Single family – detached unit size has fluctuated due to the availability of units in historic neighborhoods. This figure is highly dependent on what is available on the open market as home sizes vary more than other residential uses.
- Townhomes are predominantly for rent units and the average size has fluctuated over the period, but has increased since 2015 as new units come online.

# Residential Market Analysis – For Sale Summary

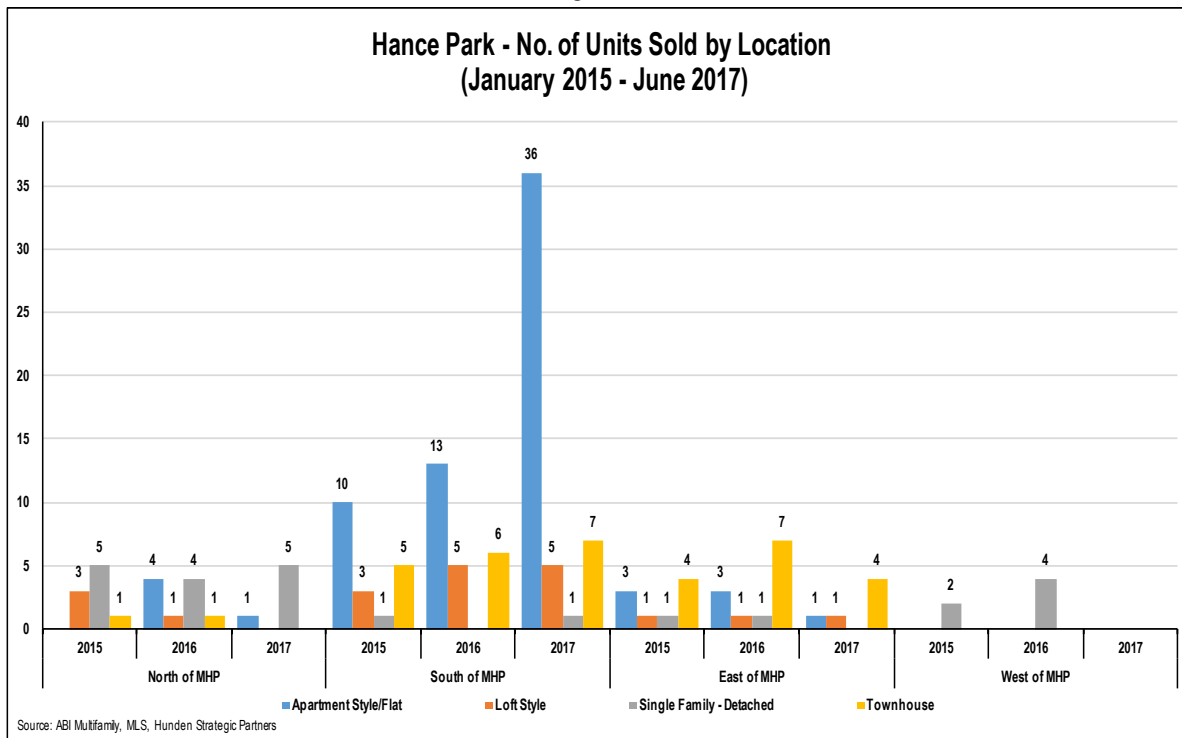
Figure 3-4



- Increases in the average apartment style / flat sale price per square foot figures are being driven by new development sales south and east of Hance Park. Specifically, developments south of Hance Park have increased price per square foot from \$186 in 2015 to \$359 in 2017.
- Single family – detached home sales per square foot have remained consistent north, east and west of Hance Park while price per square foot figures south of Hance Park have increased to \$319 in 2017 from \$260 in 2015.
- Average townhouse sales per square foot has remained consistent over the period.

# Residential Market Analysis – For Sale Summary

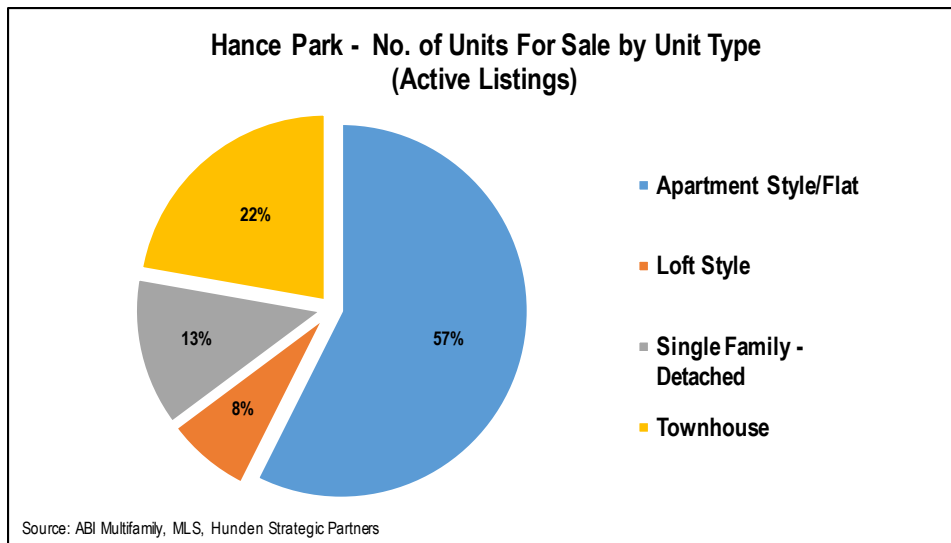
Figure 3-5



- A majority of sales have occurred south and east of Hance Park with only six units having sold west of Hance Park since 2015.
- The opening of the two high-rise residential units, which are both located directly south of Hance Park, inflates sales figures south of Hance Park.
- The Historic Roosevelt Neighborhood, which features primarily single family-detached homes, is located north, northwest and southwest of Hance Park and has implications on sales within the area.
- Since 2015, 18 townhomes have sold both east and south of Hance Park.

# Residential Market Analysis – For Sale Summary

Figure 3-6



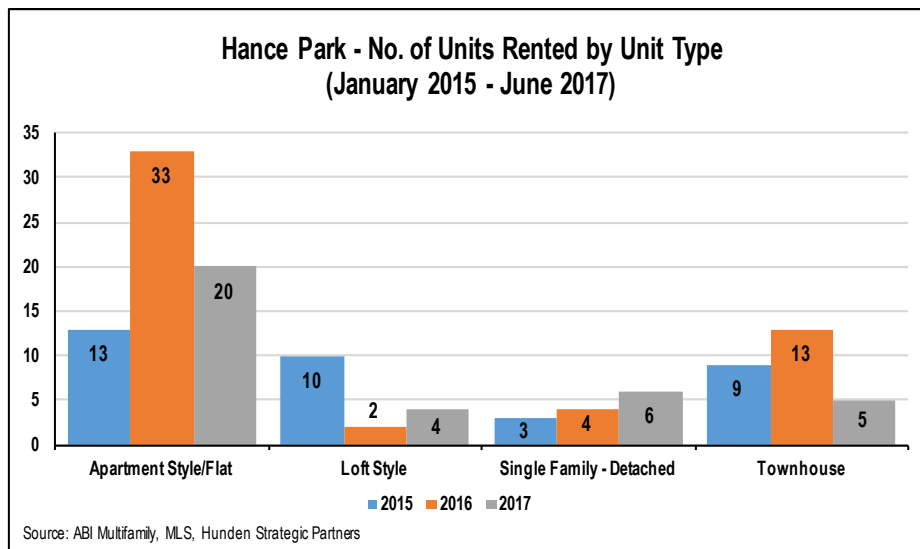
- More than 50 percent of actively listed units are apartment style / flat units, of which 76 percent are located south of Hance Park.
- Approximately 22 percent of actively listed units are townhomes, of which 17 percent are located south of Hance Park with the balance listed north and east of Hance Park.



# Residential Market Analysis – For Rent Summary

HSP also provided a summary of the rental market within the defined market area. A summary of rental properties can be found in this section.

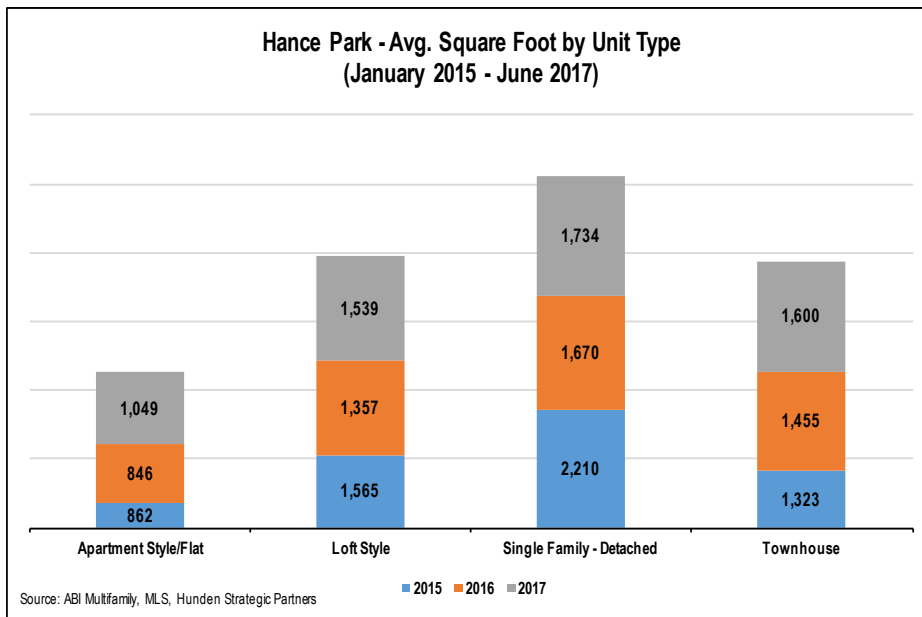
Figure 3-7



- It is again important to note that the 2017 rental figures are only a representation of the rental market through June, 2017. This data indicates that the rental market is on pace to outperform the prior two years in most categories.
- Similar to residential sales, apartment style / flat units have been the most popular rental unit over the time period with townhomes next behind; however, as more townhomes come online, the majority are being purchased and turned around as rentals.

# Residential Market Analysis – For Rent Summary

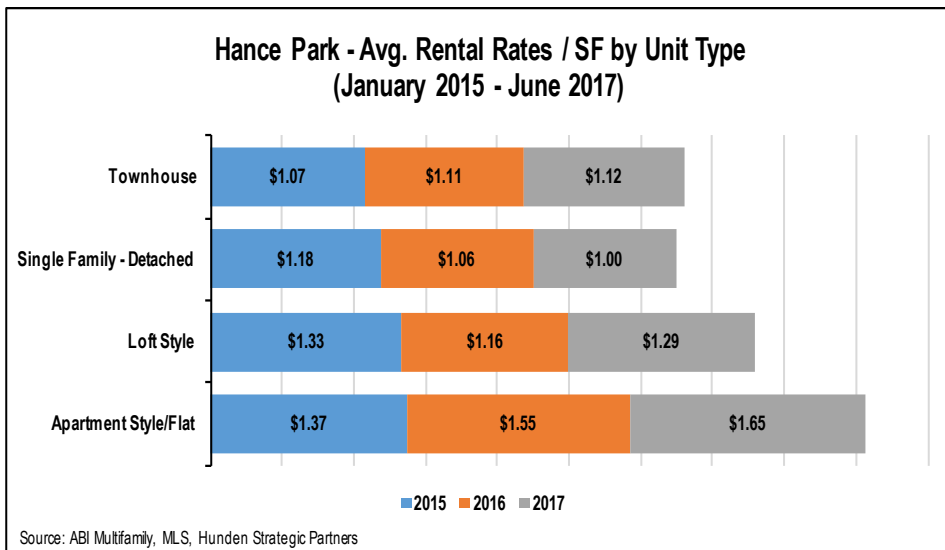
Figure 3-8



- Average square feet for apartment style / loft units saw substantial increases in studio sizes between 2015 and 2017; or an increase from 390 to 1,200 square feet. This shows that the market is demanding, and supporting, larger and higher end apartment style / loft units.
- Additionally, larger one- and two-bedroom townhomes are in demand as the average unit size has increased between 2015 and 2017. On average, unit size for one-bedroom townhomes increased by just under 600 square feet between 2015 and 2017.

# Residential Market Analysis – For Rent Summary

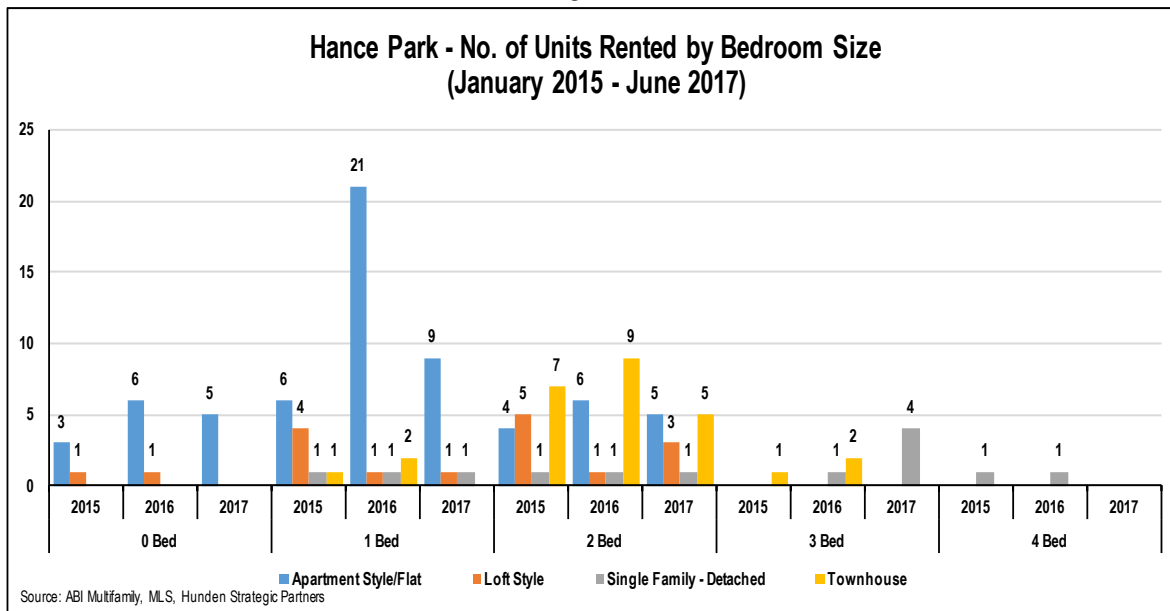
Figure 3-9



- New apartment style / flat unit developments have likely driven the rental price per square foot for one- and two-bedroom from \$1.29 and \$1.36 per square foot in 2015 to \$1.72 and \$1.62 in 2017, respectively.
- Additionally, the average rental price per square foot for two- and three-bedroom townhomes has increased between 2015 and 2017.

# Residential Market Analysis – For Rent Summary

Figure 3-10



- As shown, one-bedroom and two-bedroom units have been rented more frequently than studio, three- and four-bedroom units - which is to be expected.
- Additionally, townhomes and apartment style / flat units have historically been rented more frequently than single family – detached homes and loft style units.
- Going forward, HSP expects these trends to continue, especially with new apartment developments continuing to come online that feature one- and two-bedroom units.

A banner image featuring a collage of urban-themed graphics. On the left, a sign says 'MADE'. In the center, there's a circular graphic with an eye and the text 'EYE LOUNGE'. On the right, a sign says 'ROOSEVELT ROW'. The banner has a purple gradient overlay at the bottom.

## Residential Market Analysis – Broker Feedback

Throughout the data collection process, HSP interviewed a number of residential brokers and local stakeholders to better understand the past, present, and expected future state of the residential housing market in Phoenix. A summary of these conversations can be found below:

- Arizona State University (ASU) has helped to attract residents downtown.
- Artists came to Roosevelt Road over 20 years ago, this helped create interest in the area and enabled it to gentrify. As a result of gentrification, home prices increased.
- Community approved funding for improved light rail and additional transportation options, which has helped boost the residential market.
- With condo development coming downtown, Hance Park will ideally be a destination to keep downtown residents from seeking entertainment elsewhere.

A banner image featuring a collage of urban-themed graphics. On the left, a sign says 'MADE'. In the center, there's a circular graphic with an eye and the text 'EYE LOUNGE'. On the right, a sign says 'ROOSEVELT ROW'. Below the banner is a dark purple bar with the title 'Residential Market Analysis – Conclusions' in white.

## Residential Market Analysis – Conclusions

HSP analyzed the residential market (Hance Park Overlay) immediately surrounding Hance Park using data collected from the Multiple Listing Service (MLS) and local brokers. HSP expects that this primary market area will be highly impacted by a fully realized Hance Park Masterplan. A summary of findings can be found below:

- Apartment style/flat unit sales increased by more than 190 percent between January 2015 and June 2017, while price for those units increased by 125 percent, on average. This increase can likely be attributed to the coming online of high density apartment buildings immediately north and south of Hance Park.
- While the number of loft style units sales remained relatively consistent, average sale price decreased by 35% between January 2015 and June 2017.
- There were 9 single family-detached home sales in 2015 and 2016 with 6 through June in 2017; however, pricing for those units increased by 34 percent between 2016 and 2017 and sales are on pace to outperform prior years.
- A majority of residential unit rentals and sales occurred south of Hance Park between January, 2015 and June, 2017 with few residential sales occurring west of Hance Park over the period.
- One-bedroom apartment style / flat and two-bedroom townhome rentals were the two most frequent rental types within the Hance Park Overlay over the period.
- Local stakeholders and area brokers indicated that the population of those living within the area immediately surrounding Hance Park is growing rapidly and that Hance Park is an attractive place to live. Brokers also indicated that ASU has helped bring residents to downtown Phoenix.

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# Retail Market Analysis

Figure 4-1

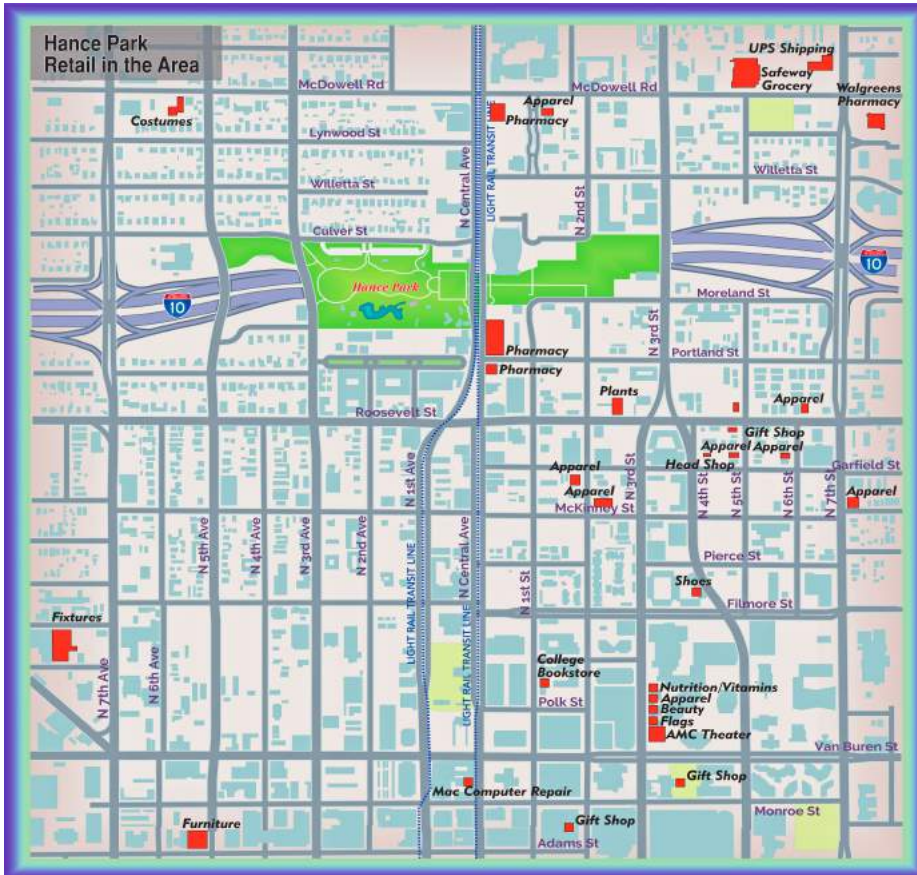


Figure 4-1 depicts the location of all major area retail nodes within the downtown Phoenix CBD. Retail is rather light and not clustered in this part of Phoenix.





Figure 4-2



Figure 4-2 depicts the location of all area restaurants and drinking establishments in relation to Hance Park.

# Retail Market Analysis – Metro Phoenix

In order to understand the full impact that a revitalized Margaret T. Hance Park may have on the downtown Phoenix retail market, it is important to understand the current and historical retail market within Metropolitan Phoenix and Downtown Phoenix. This section will provide data and analysis for these two submarkets within Arizona.

Table 4-1, below, provides an overview of the historical retail market for Metropolitan Phoenix beginning in Q1 2016 and ending in Q1 2017.

**Table 4-1**

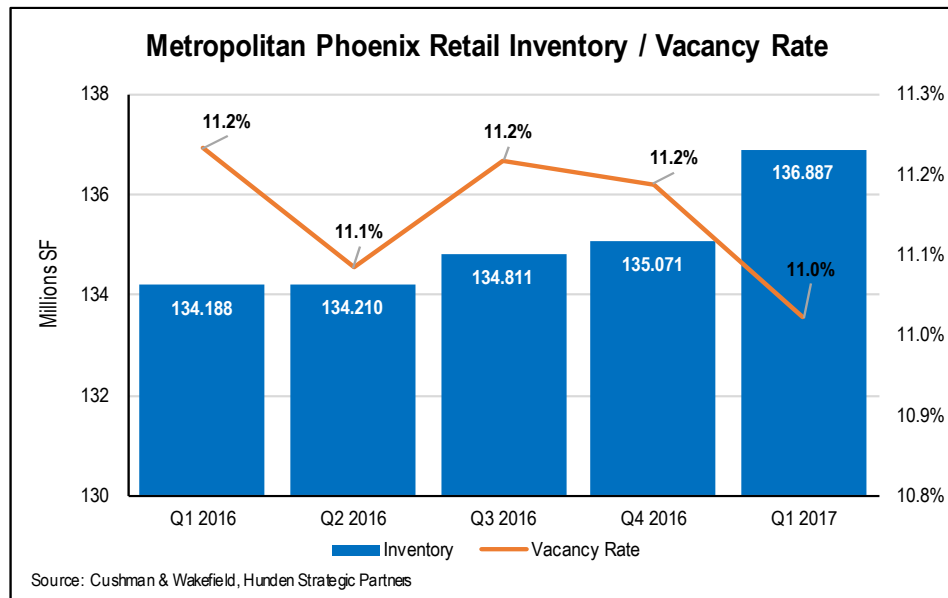
Retail Summary - Metropolitan Phoenix								
	Inventory	Sublet Vacancy	Direct Vacancy	Total Vacancy	Vacancy Rate	Quarterly Net Absorption	YTD Net Absorption	Average Asking Rent
Q1 2016	134,188,137	564,641	14,507,917	15,072,558	11.2%	507,180	507,180	\$14.20
Q2 2016	134,209,794	349,741	14,525,954	14,875,695	11.1%	354,893	838,946	\$14.43
Q3 2016	134,811,444	417,197	14,705,424	15,122,621	11.2%	187,677	1,027,770	\$14.52
Q4 2016	135,071,075	436,000	14,676,073	15,112,073	11.2%	350,907	1,455,692	\$14.50
Q1 2017	136,887,413	368,774	14,719,038	15,087,812	11.0%	508,355	508,355	\$14.51

Source: Cushman & Wakefield, Huden Partners

- Between Q1 2016 to Q1 2017, there has been close to 2.7 million square feet of retail inventory added to the Metro Phoenix market with more than 1.9 million square feet of retail inventory absorbed over the same period, or 71 percent.
- Vacancy rates have remained consistent at around 11 percent, and average asking rents have also been consistent at between \$14 and \$15 per square foot over the period.
- Overall, the retail market has remained consistent over the last five quarters, showing a slight decrease in vacancy, as well as a slight increase in average asking rent.

# Retail Market Analysis – Metro Phoenix

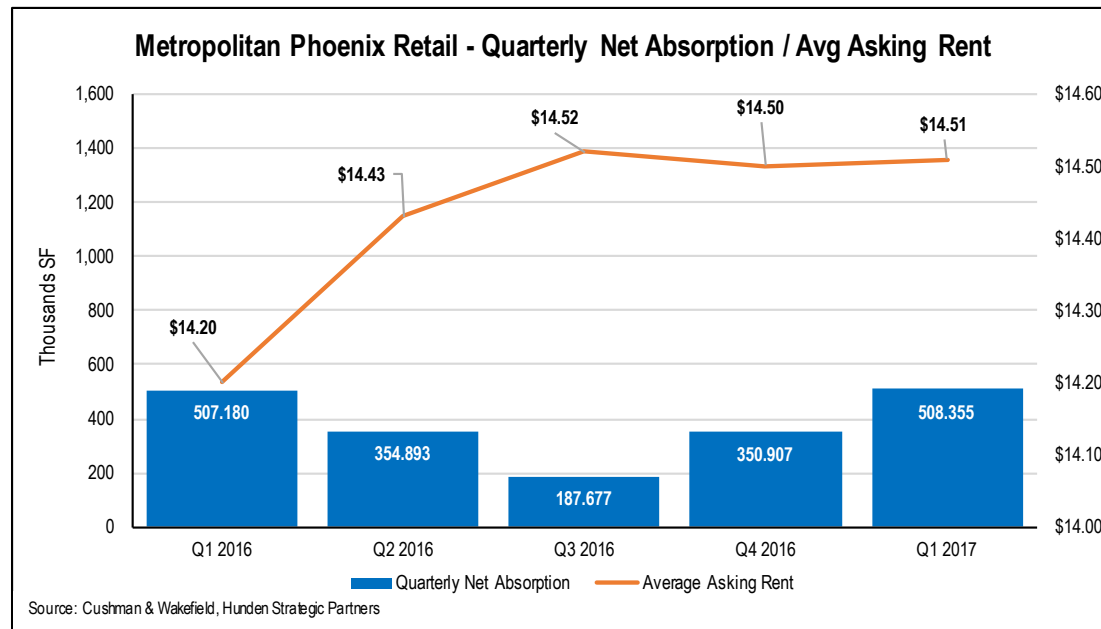
Figure 4-3



- The figure above shows that retail inventory has been added to the market in each of the past five quarters, with the largest addition coming between Q4 of 2016 and Q1 of 2017 when more than 1.8 million square feet of retail space was added.
- The vacancy rate during this time period has remained relatively consistent at between 11.0 percent and 11.2 percent, with the lowest vacancy rate coming in Q1 of 2017 at 11 percent.

# Retail Market Analysis – Metro Phoenix

Figure 4-4



- The Metropolitan Phoenix retail market has experienced positive absorption over each of the past five quarters.
- The positive absorption demonstrates continued demand for retail space within Metropolitan Phoenix market.
- Average asking rents have shown steady increases over the period but has leveled off despite movements in net absorption.

# Retail Market Analysis – Downtown Phoenix

Table 4-2, below, provides an overview of the historical retail market for Downtown Phoenix CBD beginning in Q1 2016 and ending in Q1 2017.

Table 4-2

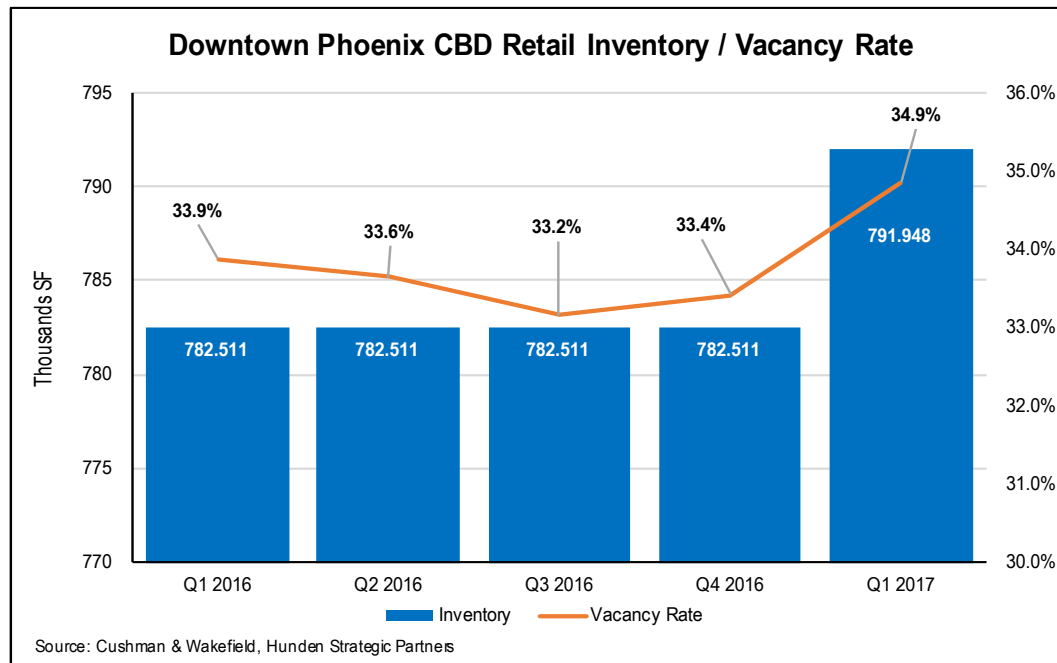
Retail Summary - Phoenix CBD								
	Inventory	Sublet Vacancy	Direct Vacancy	Total Vacancy	Vacancy Rate	Quarterly Net Absorption	YTD Net Absorption	Average Asking Rent
Q1 2016	782,511	--	265,033	265,033	33.9%	3,727	3,727	\$18.07
Q2 2016	782,511	--	263,229	263,229	33.6%	1,804	5,531	\$14.41
Q3 2016	782,511	--	259,453	259,453	33.2%	-503	5,028	\$15.37
Q4 2016	782,511	--	261,419	261,419	33.4%	-1,966	3,062	\$15.37
Q1 2017	791,948	8,853	267,160	276,013	34.9%	-14,594	-14,594	\$19.24

Source: Cushman & Wakefield, Hunden Partners

- In Q1 2017, total vacancy reached a period high at just over 267,000 square feet of retail space, or 34.9 percent. This uptick in vacancy is likely attributed to the coming online of additional retail space.
- Vacancy rates have remained at between 33 and 35 percent over the trailing five quarters, a significant difference from about 11 percent vacancy for the entire Metropolitan Phoenix retail market.
- Average asking rents have fluctuated during the period but are generally in-line with the entire Metro Phoenix market; however, the average asking rent increased by more than 25 percent between Q4 2016 and Q1 2017.
- Total absorption within the Phoenix CBD has been negative for the trailing three quarters indicating that the market is not filling new and unoccupied retail space.

# Retail Market Analysis – Downtown Phoenix

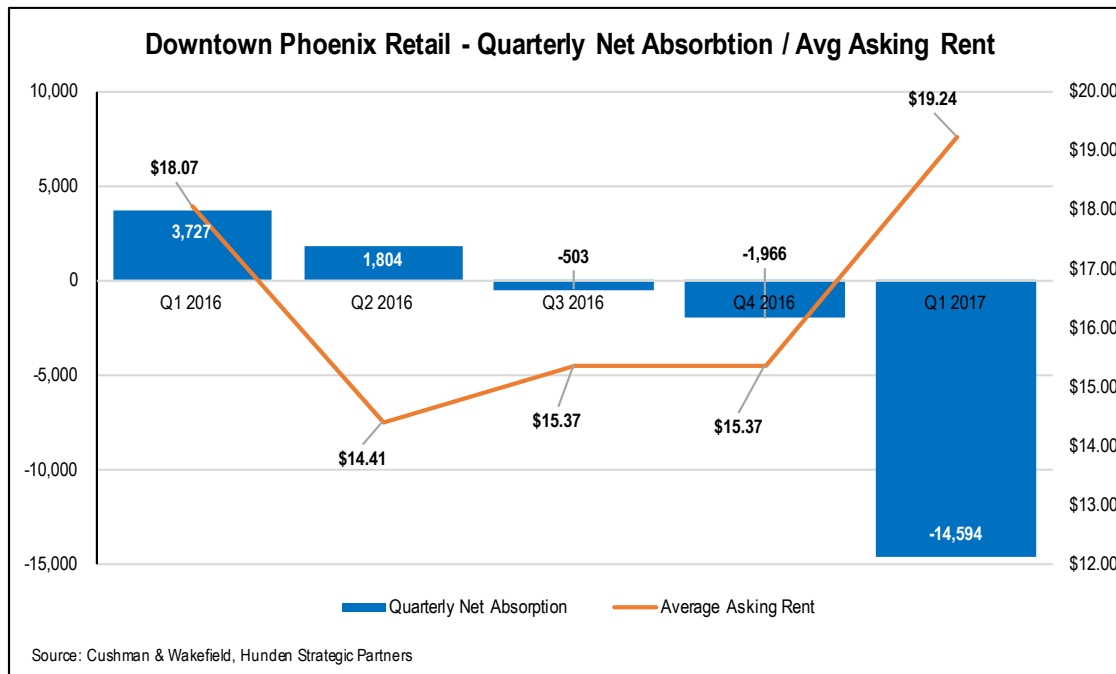
Figure 4-5



- The figure above shows that just under 10,000 square feet of retail space was added to the market in Q1 of 2017
- The highest vacancy rate of 34.9 percent coincides with the added retail space in Q1 2017. This is likely due to the fact that new retail supply has yet to be filled.

# Retail Market Analysis – Downtown Phoenix

Figure 4-6



- Only two of the trailing five quarters have shown positive net absorption within the Phoenix CBD, and Q1 of 2017 had significant negative net absorption relative to prior quarters. This negative absorption is likely influenced by the coming online of just under 10,000 square feet of space.
- Average asking rates have fluctuated at between \$14 and just over \$19 throughout the period. Average asking rents also increased by more than 25 percent between Q4 2016 and Q1 2017.



# Retail Market Analysis – Broker Feedback

Throughout the data collection process, HSP interviewed a number of commercial retail brokers to better understand the past, present, and expected future state of the retail market in downtown Phoenix. A summary of these conversations can be found below:

- Historically, there were not many options in art, music, museums, dining and nightlife. These options are beginning to make their way downtown and are contributing to the creation of an attractive downtown.
- Arizona Center, purchased at \$100/SF or \$110 million, could improve retail options.
- A true restaurant core does not currently exist in downtown Phoenix. A number of residents / visitors are unsure where to go and how to find food and beverage downtown. This is also a possible wayfinding issue.
- Overall, retail should improve and there should be an increase in the number retail options as upticks in the office and residential markets continue to bring more people downtown.





## Retail Market Analysis – Conclusions

HSP analyzed both the metropolitan and downtown Phoenix retail market in order to gather a baseline of where the retail market has been historically in relation to where the retail market stands today. In doing so, HSP utilized a number of resources gathered from a number of local retail brokers. A summary of findings can be found below:

- The Metropolitan Phoenix retail market has been consistently healthy over the trailing five quarters, featuring an average asking rent around \$14.30 per square foot and an average vacancy rate around 11 percent. The metropolitan Phoenix retail market has also positively absorbed new market supply each of the last five quarters.
- The downtown Phoenix retail market has performed well below the Metropolitan Phoenix retail market over the trailing five quarters. The downtown Phoenix retail market has experienced fluctuating average asking rents, consistent negative absorption and vacancy rates that are at or above 33 percent over the trailing five quarters. These indicators suggest that the downtown retail market is not as strong as the Metropolitan Phoenix retail market.
- However, the addition of high-density residential units around Hance Park will likely make the market metrics more attractive to prospective retail developers in the coming years, enticing development.



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# Office Market Analysis – Metro Phoenix

In order to understand the full impact that a revitalized Margaret T. Hance Park may have on the downtown Phoenix office market, it is important to understand the current and historical office market landscape within Metropolitan Phoenix and Downtown Phoenix. This section will provide current and historical market details for these submarkets.

Table 5-1, below, provides an overview of the historical office market in Metropolitan Phoenix for the eight-quarter period beginning in Q3 2015 and ending in Q2 2017.

**Table 5-1**

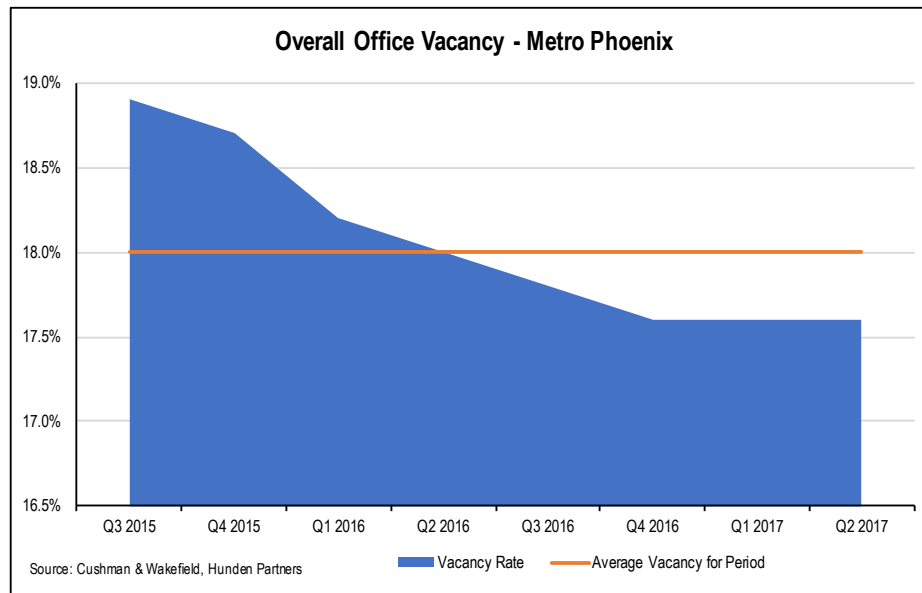
<b>Metropolitan Phoenix Office Market Summary</b>								
	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>Q1 2016</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>
Phoenix Employment	1,922,000	1,946,000	2,114,000	1,964,000	1,970,000	1,973,000	2,198,000	2,009,000
Phoenix Unemployment	5.1%	5.0%	4.8%	4.7%	5.2%	4.5%	4.3%	4.3%
Vacancy	18.9%	18.7%	18.2%	18.0%	17.8%	17.6%	17.6%	17.6%
Net Absorption (sf)	880,000	1,501,000	703,000	1,005,000	1,103,000	795,000	622,000	374,000
Under Construction (sf)	4,416,000	3,097,000	2,710,000	2,456,000	1,647,000	1,666,000	789,000	912,000
Average Asking Rent	\$22.69	\$23.02	\$23.29	\$23.52	\$23.95	\$24.26	\$24.76	\$24.87

Source: Cushman & Wakefield, Huden Partners

- Office vacancy in Metropolitan Phoenix has steadily decreased from just under 19 percent in Q3 2015 to a period low of 17.6 percent in Q2 2017.
- The average asking rent per square foot has steadily increased from \$22.69 in Q3 2015 to \$24.87 in Q2 2017, or by 9.6 percent.
- The Metropolitan Phoenix office market was especially strong in 2016, seeing average asking rents increase by more than four percent and having absorbing more than 3.6 million square feet of space between the first and fourth quarters.
- Although the total square feet of office space absorbed in 2017 is just under one million through two quarters, average asking rent has continued to increase over the previous quarter.
- Overall, the Metro Phoenix office market has been strong over the last two years as new builds have been absorbed and asking rents continue to increase quarter over quarter.



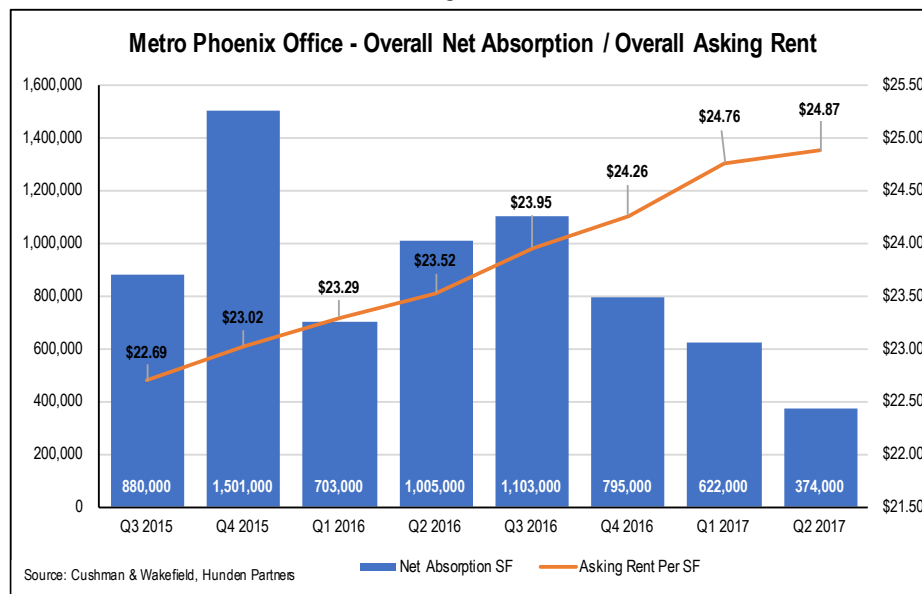
Figure 5-1



- Overall office vacancy rates in Metropolitan Phoenix have steadily decreased since Q3 2015, with the average vacancy for the period falling at 18 percent.
- Office vacancy rates have stabilized at 17.6 percent through the first two quarters of 2017 and overall office vacancy has been at or below the period average since Q2 2016.

# Office Market Analysis – Metro Phoenix

Figure 5-2



- The Metropolitan Phoenix office market has experienced positive absorption over the trailing eight quarters.
- Although total absorption tapered off in Q1 and Q2 of 2017, this data demonstrates that there is continued demand for office space in Metro Phoenix because new builds have been well received by the market.
- The average overall asking rent has also experienced steady increases during the period; however, the increase from \$24.76 in Q1 2017 to \$24.87 in Q2 2017 was modest relative to previous quarter over quarter increases. This is in direct correlation to a decline in the total absorption.

# Office Market Analysis – Downtown Phoenix

HSP also analyzed the Downtown Phoenix office market over the trailing four quarters. The downtown market area is roughly bound by Interstate-17 (south), S. 15<sup>th</sup> Avenue (west), E. McDowell Road (north) and N. / S. 11<sup>th</sup> Street (east).

Table 5-2

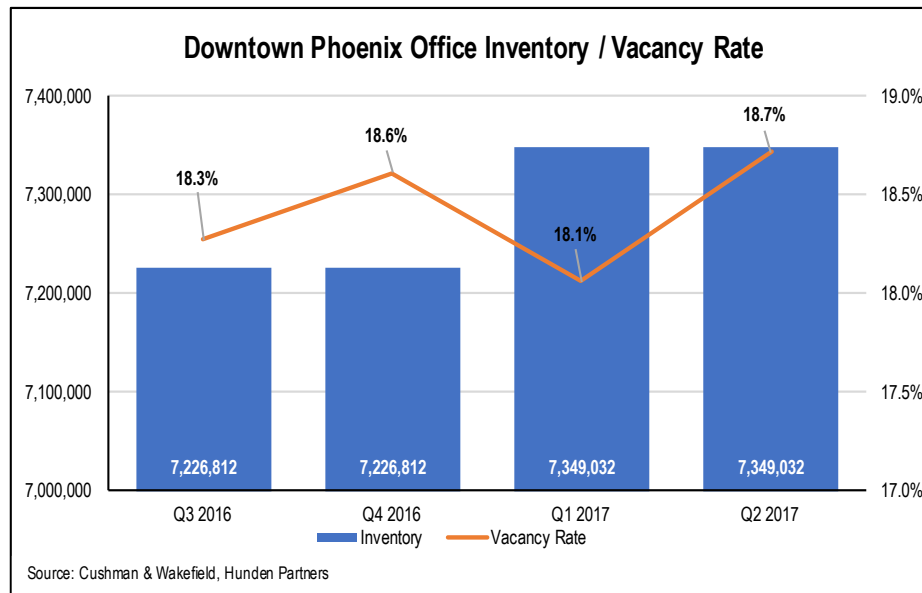
Downtown Phoenix Office Market Summary										
Quarter	Total Buildings	Inventory	Sublet Vacant	Direct Vacant	Total Vacant	Vacancy Rate	Quarterly Net Absorb	Under Construction	Overall Avg Asking Rent	Overall Class A Rent
Q3 2016	42	7,226,812	124,825	1,195,651	1,320,476	18.3%	-2,826	122,220	\$26.42	\$27.34
Q4 2016	42	7,226,812	121,316	1,223,718	1,345,034	18.6%	-24,558	163,220	\$27.42	\$27.97
Q1 2017	43	7,349,032	121,316	1,205,929	1,327,245	18.1%	140,009	41,000	\$28.93	\$29.70
Q2 2017	43	7,349,032	54,896	1,320,654	1,375,550	18.7%	-48,305	67,174	\$29.67	\$30.62

Source: Cushman & Wakefield, Hunden Partners

- The Downtown Phoenix office market added one new office development between Q4 2016 to Q1 2017; this one development added 122,220 square feet of office space to the downtown market.
- Downtown office vacancy has remained relatively stable between Q3 2016 and Q2 2017, averaging 18.4 percent over the period.
- The average downtown office vacancy rate (18.4 percent) is slightly higher than the average Metropolitan Phoenix office vacancy rate (17.7 percent) over the same four quarter period.
- Although three of the trailing four quarters saw negative quarterly net absorption, total net absorption was more than 64,000 square feet due to the 140,009 square feet absorbed in the first quarter of 2017.
- Overall average asking rents have increased by 12.3 percent between Q3 2016 and Q2 2017, while overall average class A office rent has also increased by 12 percent over the period.

# Office Market Analysis – Downtown Phoenix

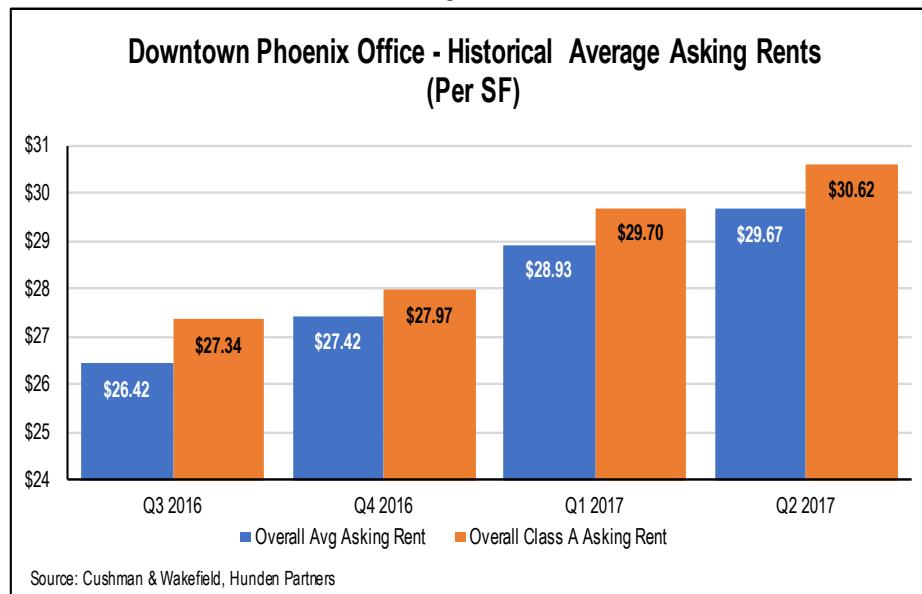
Figure 5-3



- The Downtown Phoenix office market supply has remained relatively stagnant over the last year, adding only 122,220 square feet of space between the fourth quarter of 2016 and the first quarter of 2017.
- Overall office vacancy has also remained within one percentage point over the same time period; peaking at 18.7 percent in Q2 2017.

# Office Market Analysis – Metro Phoenix

Figure 5-4



- Overall average asking office rents within Downtown Phoenix suggest a healthy office market with continued quarter over quarter increases for both the entire office supply and the class A office supply.
- Steadily increasing rents suggest a strong demand for office space.



A banner image showing a city skyline with modern office buildings under a blue sky. The text 'Office Market Analysis – Broker Feedback' is overlaid in white on a dark red background.

## Office Market Analysis – Broker Feedback

Throughout the data collection process, HSP interviewed a number of commercial office brokers to better understand the past, present, and expected future state of the office market in downtown Phoenix. A summary of these conversations can be found below:

- There is approximately 16 million square feet of office space between midtown (9 million sf) and downtown (7 million sf) Phoenix.
- Demand for downtown office space is higher than it has ever been; specifically, there is high demand for class A and class B office space.
- Currently, adaptive warehouse space is popular within the Phoenix market.
- Tech, startups, and entrepreneurs are continuously moving their offices downtown. Formerly, tech companies wanted to be located in Scottsdale but they are now choosing to locate to downtown Phoenix.
- Traditionally, downtown tenants were primarily law firms and government offices, however, this narrative is changing and now supports more of a mix of tenants.
- The recent rise in rental rates can be attributed to a steady rise in demand.

A banner image showing a city skyline with modern office buildings under a blue sky. The text 'Office Market Analysis - Conclusions' is overlaid in white on a dark red background.

## Office Market Analysis – Conclusions

HSP analyzed both the metropolitan and downtown Phoenix office market in order to gather a baseline of where the office market has been historically in relation to where the office market stands today. In doing so, HSP utilized a number of resources gathered from a number of local office brokers. A summary of findings can be found below:

- Office vacancy rates within the metropolitan Phoenix market have steadily decreased from 18.9 percent to 17.6 percent between Q3 2015 and Q2 2017 while office vacancy rates within the downtown Phoenix have remained relatively consistent at around 18.5 percent between Q3 2016 and Q2 2017.
- The metropolitan Phoenix office market has absorbed an average of more than 872,000 square feet of space, per quarter, between Q3 2015 and Q2 2017; however, the downtown Phoenix office market has only seen one quarter (between Q3 2016 and Q2 2017) with positive office absorption.
- Over the trailing four quarters (Q3 2016 to Q2 2017), overall asking office rent has increased within both the metropolitan and downtown Phoenix markets from \$23.95 to \$24.87 and from \$26.42 to \$29.67, respectively. Unsurprisingly, overall asking office rent is higher within downtown Phoenix market than the entire metropolitan market.
- Local office brokers indicated that demand for Class A and B office space in downtown Phoenix is on the rise and that demand from a number of tech, startup and entrepreneurial companies has contributed to the increase in overall asking rent rates.
- Local office brokers also indicated that downtown office tenants are no longer strictly law firms and governmental entities.



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# Hotel Market Analysis

HSP also utilized Smith Travel Research (STR) database to better understand the hotel market within downtown Phoenix. The following table provide a summary of the hotel properties located in downtown Phoenix.

**Table 6-1**

Downtown Phoenix Hotel Summary				
Property Name	Distance	Rooms	Chain-Scale	Open
Hilton Garden Inn Phoenix Downtown	0.2	170	Upscale	Dec-15
Renaissance Phoenix Downtown Hotel	0.2	518	Upper Upscale	Jun-75
Kimpton Hotel Palomar Phoenix	0.2	242	Upper Upscale	Jun-12
Rodeway Inn Downtown Phoenix	0.2	38	Economy	Jun-56
Residence Inn Phoenix Downtown	0.2	200	Upscale	May-17
Courtyard Phoenix Downtown	0.2	120	Upscale	May-17
Americas Best Value Inn Phoenix	0.3	36	Economy	--
Westin Phoenix Downtown	0.3	242	Upper Upscale	Mar-11
Hyatt Regency Phoenix	0.3	693	Upper Upscale	Jan-76
Travelodge Phoenix Downtown	0.3	47	Economy	Jun-59
Sheraton Hotel Phoenix Downtown	0.5	1,000	Upper Upscale	Sep-08
Holiday Inn Express & Suites Phoenix Downtown Ballpark	0.7	90	Upper Midscale	Apr-98
Springhill Suites Phoenix Downtown	0.8	121	Upscale	Nov-00
Foundre Phoenix	2.7	104	Independent	Jun-74
<b>Total / Average</b>	<b>0.5</b>	<b>3,621</b>	<b>--</b>	<b>Feb-94</b>

Source: Smith Travel Research. Hunden Partners

- HSP identified 14 hotel properties located within downtown Phoenix. These 14 properties total more than 3,600 rooms and opened, on average, in February, 1994.



# Hotel Market Analysis

Table 6-2

Lodging Summary: Downtown Phoenix						
Chain Scale	Rooms	% of Total Rooms	Hotels	Rooms per Hotel	Avg. Opening Year	Avg. Age in Years
Upper Upscale	2,695	74%	5	539	Sep-96	21
Upscale	611	17%	4	153	Nov-12	5
Upper Midscale	90	2%	1	90	Apr-98	19
Midscale	0	0%	0	--	--	--
Economy	121	3%	3	40	Nov-57	60
Indep	104	3%	1	104	Jun-74	43
<b>Total / Average</b>	<b>3,621</b>	<b>100%</b>	<b>14</b>	<b>259</b>	<b>Jan-88</b>	<b>30</b>

Source: Smith Travel Research, Hunden Partners

- Almost 75 percent of the downtown hotel rooms are within upper upscale properties while 17 percent of downtown hotel rooms are located within upscale properties.
- The downtown market features a limited number of upper midscale, economy and independent properties while housing no midscale properties.
- The four upscale properties are also, on average, the newest properties in the market.

# Hotel Market Analysis

Figure 6-1



Figure 6-1 details the location of all the reporting hotel properties in relation to Hance Park.

A wide-angle photograph of a city skyline at dusk, with buildings illuminated against a dark sky. A purple banner is overlaid at the bottom of the image.

# Hotel Market Analysis – Development Pipeline

## Hotel Development Pipeline

In addition to the 3,621 hotel rooms already open within Downtown Phoenix, there are a few hotel projects that are either under construction or are in the early stages of development. A summary of these future properties can be found below:

- The 210-room **Hampton Inn** is the only hotel property that is currently under construction in downtown Phoenix. The site is located just south of Arizona State University's downtown campus at Central Avenue and Polk Street. Mortenson Companies is currently conducting site work for the property which is expected to come online in the summer of 2018. The property will be strategically located to capture business from Phoenix's CBD, ASU and the Phoenix Biomedical Campus.
- Although specific plans for the project have yet to be announced, a **boutique hotel** is planned adjacent to the Arizona Center as part of a more than 40,000-square foot, 31-story, mixed use development.

# Hotel Market Analysis

HSP used Smith Travel Research data to analyze the downtown hotel set. The following table shows the performance data for the Phoenix downtown set of hotels from 2011 through June of 2017.

Table 6-3

Historical Supply, Demand, Occupancy, ADR, and RevPar for Downtown Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2011	2,866	1,046,257	--	555,451	--	53.1	--	\$135.09	--	\$71.72	--
2012	2,972	1,084,683	3.7%	607,087	9.3%	56.0	5.4%	\$142.13	5.2%	\$79.55	10.9%
2013	3,037	1,108,444	2.2%	624,838	2.9%	56.4	0.7%	\$141.32	-0.6%	\$79.66	0.1%
2014	3,027	1,104,855	-0.3%	684,848	9.6%	62.0	10.0%	\$144.47	2.2%	\$89.55	12.4%
2015	3,041	1,110,125	0.5%	755,827	10.4%	68.1	9.8%	\$157.65	9.1%	\$107.34	19.9%
2016	3,223	1,176,473	6.0%	785,298	3.9%	66.8	-2.0%	\$160.22	1.6%	\$106.95	-0.4%
YTD 2017	3,408	616,821	5.6%	456,846	6.6%	74.1	-4.6%	\$179.05	1.5%	\$132.61	-3.2%
Projected 2017	3,408	1,243,866	12.0%	808,735	7.0%	65.0	-4.5%	\$162.38	3.0%	\$105.58	-1.6%
CAGR* (2011-2016)	2.5%	2.5%	--	8.3%	--	5.1%	--	3.7%	--	9.8%	--

\*Compound Annual Growth Rate  
Sources: Smith Travel Research, Hunden Strategic Partners

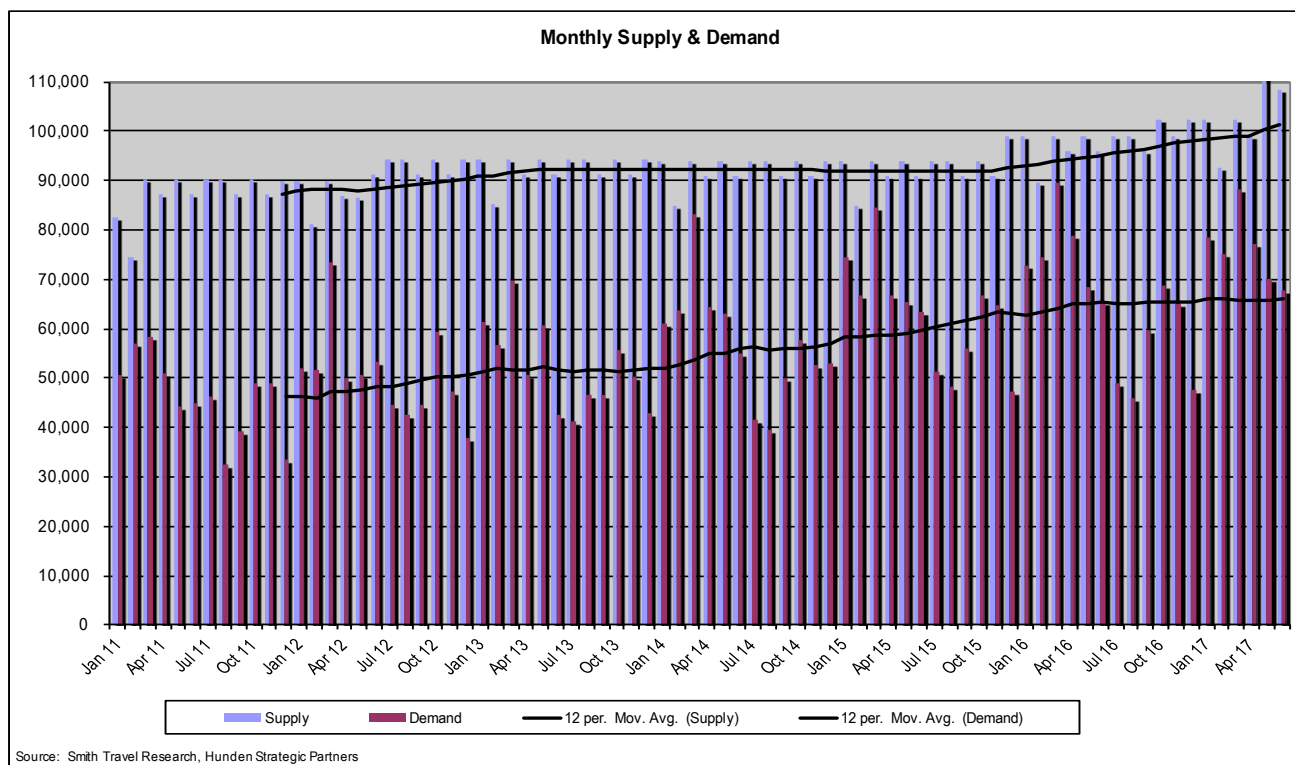
- Demand for room nights in the selected hotel set has increased every year between 2011 and 2016 and is expected to increase by seven percent in 2017.
- Occupancy steadily increased between 2011 and 2015; however, saw dips in both 2016 and projected 2017.
- These occupancy dips can likely be attributed to the opening of new hotel properties, specifically the opening of the 170-room Hilton Garden Inn Phoenix Downtown in December, 2015 and the 200-room Residence Inn Phoenix Downtown and the 120-room Courtyard Phoenix Downtown in May, 2017.
- ADR and RevPar also increased over the period from \$135.09 to \$179.05 and \$71.72 to \$132.61, respectively.





# Hotel Market Analysis

Figure 6-2

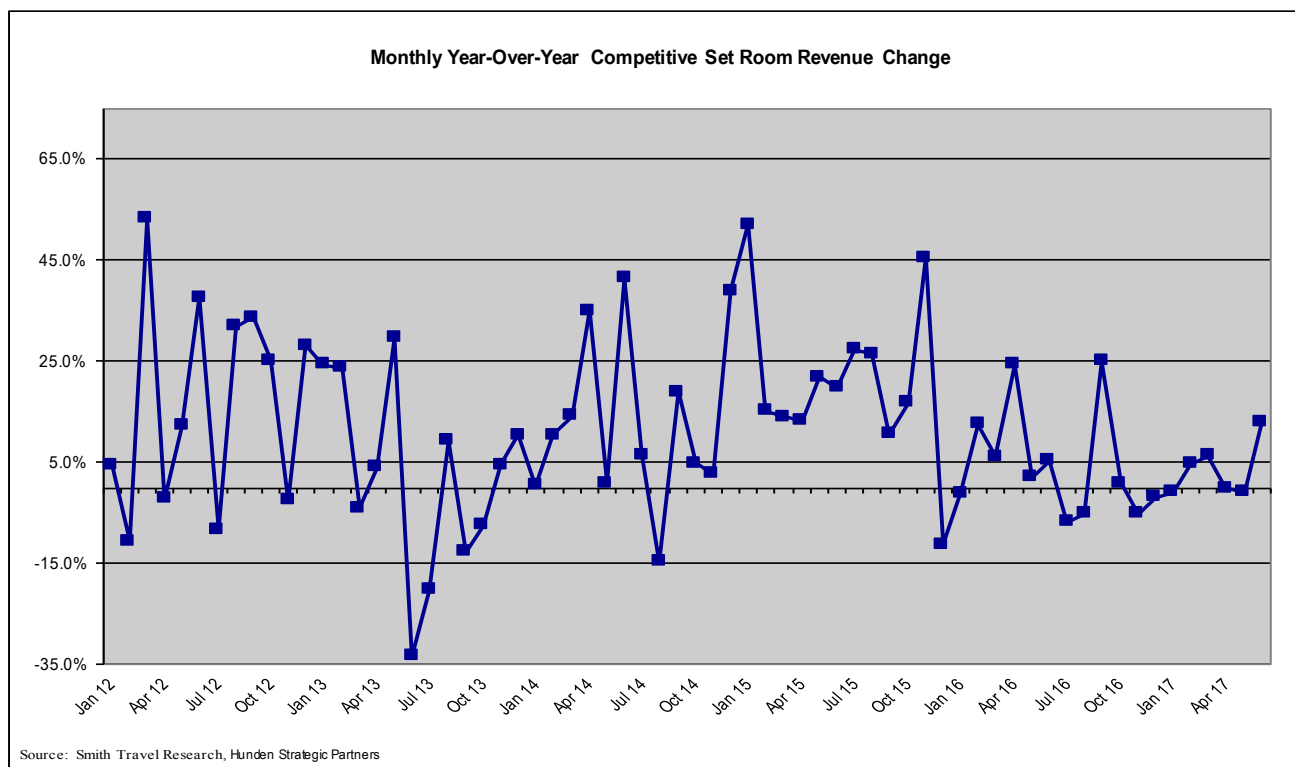


- Figure 6-2 provides an overview of the historical supply and demand, by month, for hotel room nights within the downtown Phoenix hotel set.
- Annually, the demand for room nights is highest between January and July, and peaking in March and April.



# Hotel Market Analysis

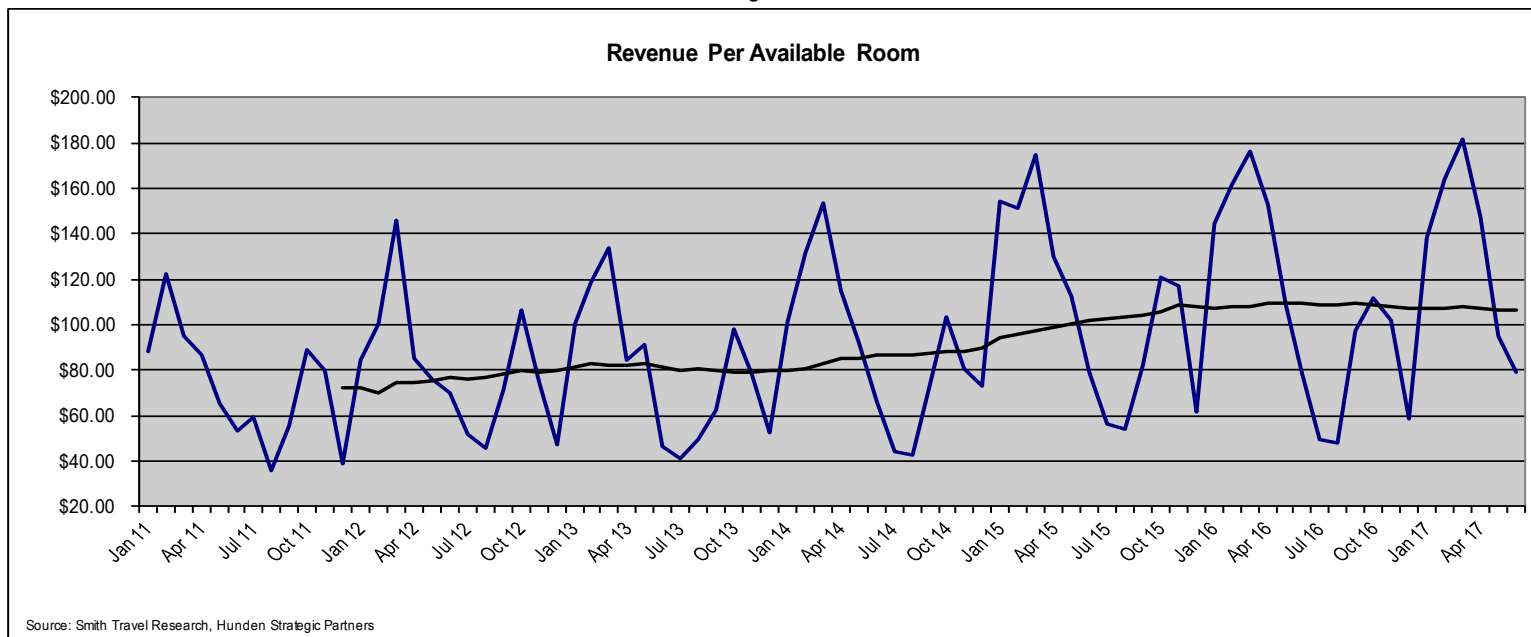
Figure 6-3



- Figure 6-3 shows the room revenue changes (year-over-year) by month between January, 2012 and June, 2017. Any data point greater than zero is a positive indicator for the downtown set.
- As shown, the downtown set's room revenue fluctuated predominately between 25 percent and negative 15 percent; however, was mostly positive over the period.

# Hotel Market Analysis

Figure 6-4

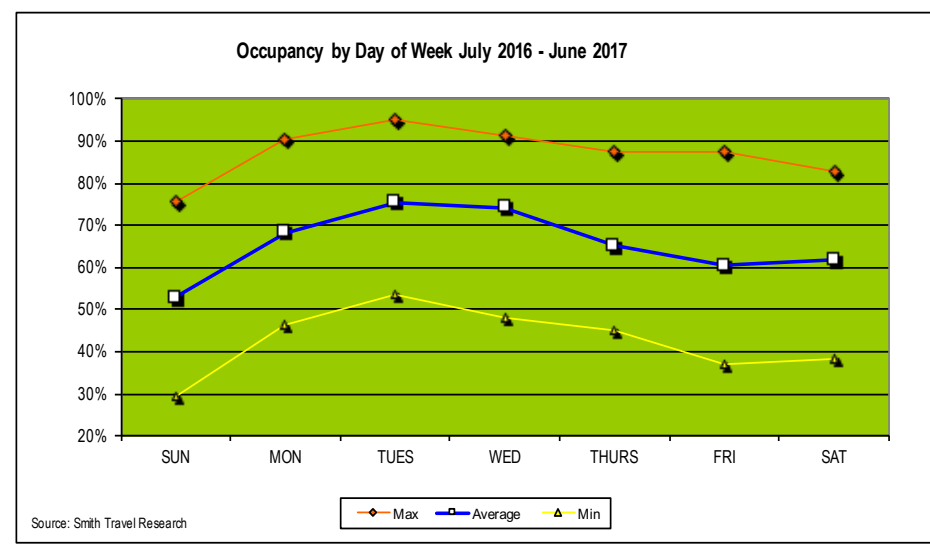


- Figure 6-4 shows the Revenue Per Available Room (RevPAR), which is the product of occupancy and rate. The black line shows the 12-month moving average. The figure above shows RevPAR fluctuating seasonally between January of 2011 and June, 2017.
- As shown, the 12-month moving average has increased from approximately \$70 in 2012 to nearly \$110 in 2017.



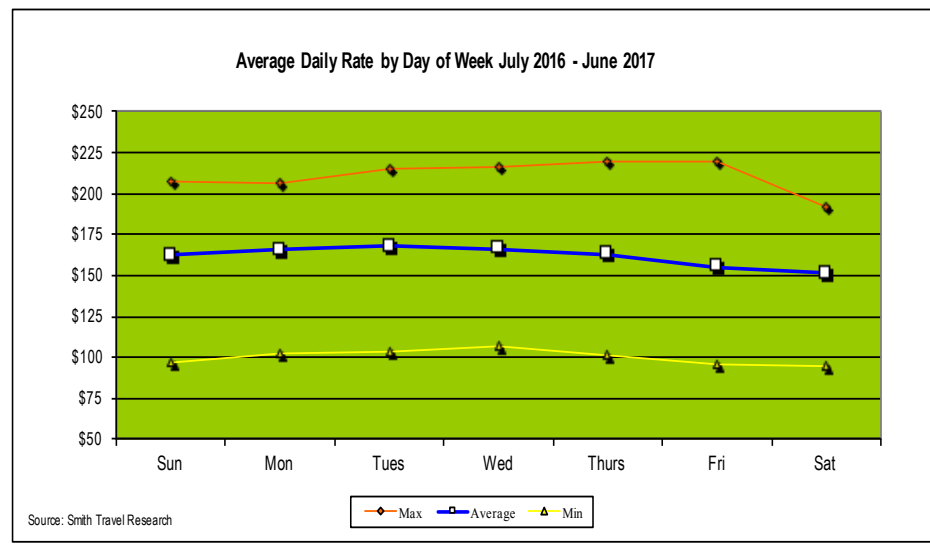
# Hotel Market Analysis

Figure 6-5



- Figure 6-5 shows the occupancy by day of the week during the 12 months ending June, 2017.
- Occupancy is strong throughout the weekdays and into the beginning of the weekend suggesting strong corporate and other weekday visitation.
- Occupancy is lowest on Sunday nights, which is typical for all markets, although is not as dramatic a difference as is typically seen.

Figure 6-6



- Figure 6-6 shows the average daily rate by day of week.
- Similar to occupancy, average rates are essentially flat for all days with a slight increase in the middle and back half of the week.
- While average rates fluctuate minimally, maximum rates for this market are surprisingly high on Sundays, especially with it having the weakest occupancy. This suggests a strong market, since hotels depend on the weekday corporate travelers whom are willing to pay more for their rooms than leisure and group travelers.



# Hotel Market Analysis

Figure 6-7

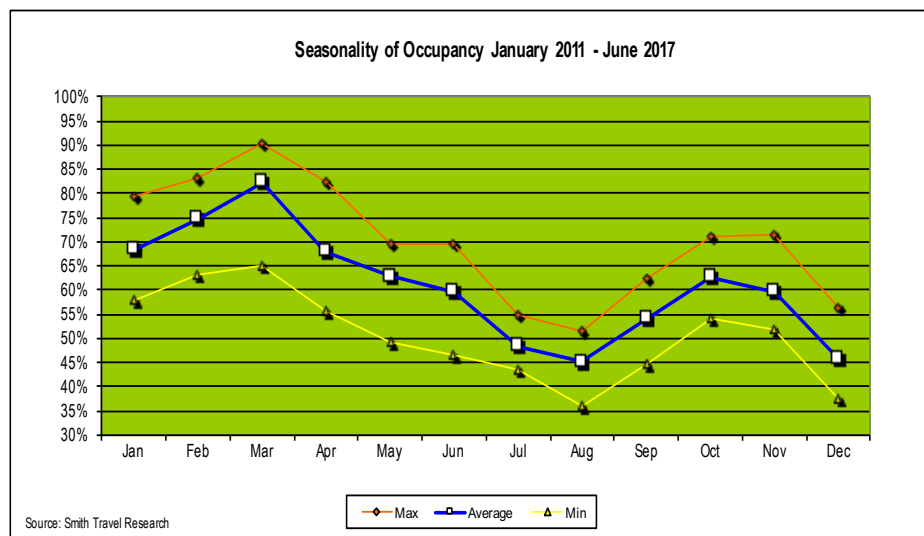


Figure 6-7 displays the seasonality of occupancy for January, 2011 through the end of June, 2017. In terms of occupancy, February, March, and April are the busiest months. March averages approximately 83 percent occupancy while February and April average 75 and nearly 70 percent, respectively. August is the slowest month of the year at 45 percent occupancy, on average. The seasonality is opposite to most northern markets where rates are lower in the winter months, increase and peak during summer months. As a result of many travelers fleeing the colder climates during winter months, downtown Phoenix hotels perform better during winter and spring months and experience low occupancy rates during the hot summer months.

Figure 6-8

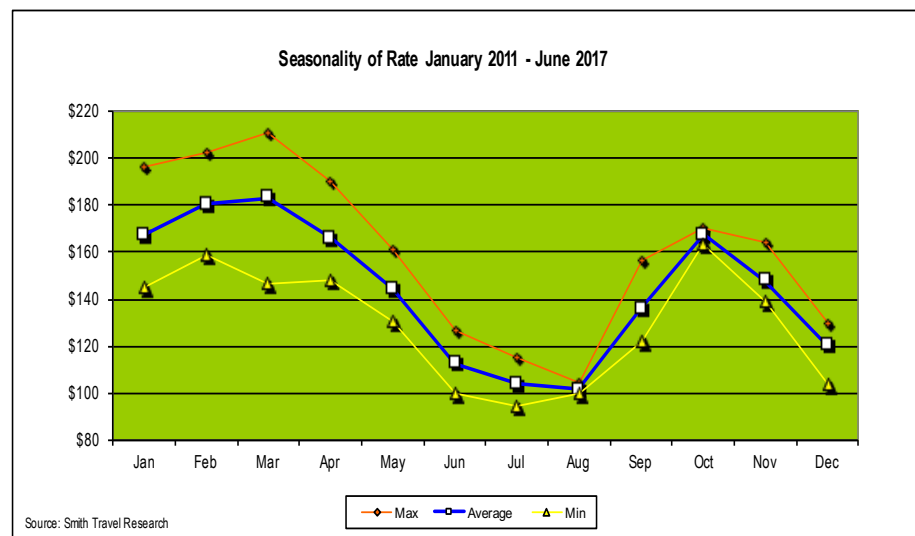


Figure 6-8 shows the seasonality of rate. The average daily rate peaks in March at approximately \$181 and decreases from April through August to approximately \$100. In December, the average daily rate declines to another low point of \$120 before increasing during the later winter months. Based on the patterns, there is literally a “move-in” week of northerners after the Christmas and New Year’s holidays from north to south. This typically lasts until tax day, when most have moved back north in conjunction with April 15<sup>th</sup>, tax filing day, and warmer weather up north.



Figure 6-9

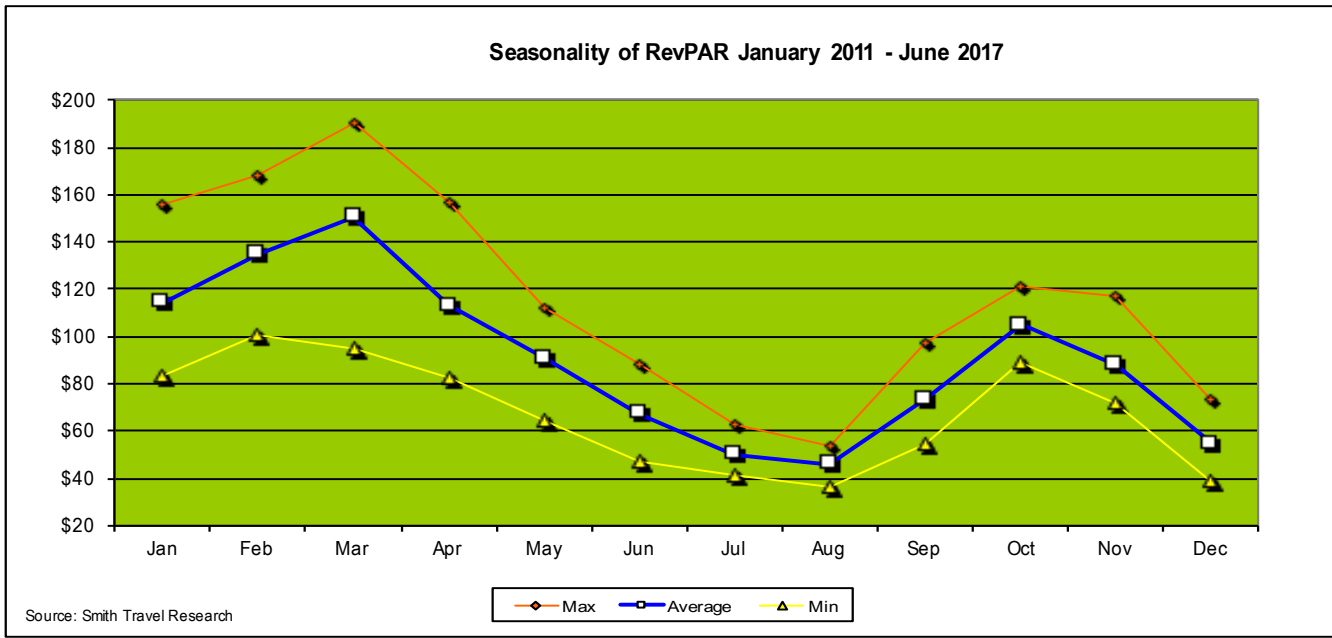


Figure 6-9 shows the seasonality of RevPAR, which is the product of rate and occupancy, and suggests overall revenue. As with the other performance indicators, RevPAR data is consistent with the analysis of the prior graphs. RevPAR is highest during January, February, March, and April when rate and occupancy are high or at their peaks. RevPAR is lowest in the summer months, and in December.

# Hotel Market Analysis

Figure 6-10

Occupancy Percent by Day of Week by Month - July 2016 - June 2017								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jul - 16	34.3%	53.6%	64.5%	65.8%	51.7%	41.5%	42.1%	49.4%
Aug - 16	29.9%	50.9%	58.5%	59.0%	45.0%	36.9%	38.1%	46.5%
Sep - 16	53.6%	69.9%	79.5%	75.8%	52.0%	50.2%	60.8%	62.3%
Oct - 16	57.6%	70.3%	75.3%	77.0%	69.0%	62.3%	61.5%	67.1%
Nov - 16	55.8%	67.1%	71.4%	70.7%	65.0%	66.3%	60.1%	65.6%
Dec - 16	29.2%	46.2%	53.4%	47.9%	46.0%	45.8%	54.5%	46.4%
Jan - 17	67.0%	73.2%	85.2%	85.2%	81.6%	71.0%	75.5%	76.8%
Feb - 17	66.1%	76.4%	88.0%	91.3%	87.6%	84.2%	74.3%	81.1%
Mar - 17	75.5%	85.3%	95.0%	89.1%	86.2%	87.4%	82.7%	86.0%
Apr - 17	66.8%	90.4%	87.5%	88.9%	78.3%	66.3%	72.0%	78.0%
May - 17	40.7%	63.6%	74.1%	67.9%	65.9%	59.6%	61.3%	62.5%
Jun - 17	57.2%	72.2%	74.8%	72.9%	53.3%	53.7%	58.7%	62.6%
<b>Average</b>	<b>53.1%</b>	<b>68.0%</b>	<b>75.4%</b>	<b>74.1%</b>	<b>64.7%</b>	<b>60.1%</b>	<b>61.5%</b>	

Sources: Smith Travel Research

	75-80
	80-90
	> 90

Each cell in Figure 6-10 an average of four specific dates, for example Tuesdays in March average 95.0 percent occupancy, suggesting that there are likely a couple of dates at 100 percent occupancy. As shown, Monday through Saturday occupancy in February, March, and April 2017 was highest. Although weekend occupancy is not as robust as weekday occupancy, Fridays and Saturdays between January and May 2017 was strong. This suggests a decent amount of leisure travel to Phoenix during that time and can likely be attributed to the Cactus League which is Major League Baseball's pre-season that begins in late February and runs through early April.

# Hotel Market Analysis

Figure 6-10

ADR by Day of Week by Month - July 2016 - June 2017								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jul - 16	97.37	102.36	103.88	106.66	100.85	95.68	94.83	100.65
Aug - 16	97.36	105.90	111.68	106.73	101.52	96.58	95.18	103.90
Sep - 16	157.97	165.87	169.08	165.69	149.19	138.36	141.36	156.28
Oct - 16	166.30	169.93	174.54	176.15	173.07	155.75	149.19	166.67
Nov - 16	153.48	157.97	170.59	161.71	152.34	140.29	140.44	155.15
Dec - 16	115.44	125.24	129.30	129.52	128.44	122.10	127.02	125.97
Jan - 17	176.46	183.90	184.01	183.92	180.39	179.18	173.76	180.54
Feb - 17	197.26	206.61	213.64	208.50	207.30	191.97	185.15	202.04
Mar - 17	200.16	206.69	215.20	216.03	219.09	219.01	192.38	210.97
Apr - 17	207.15	202.05	186.10	188.06	175.68	170.89	192.29	189.70
May - 17	128.52	159.86	165.79	160.47	153.70	139.96	133.10	151.80
Jun - 17	128.63	137.93	135.04	133.14	118.84	113.17	115.64	126.56
<b>Average</b>	<b>162.46</b>	<b>165.58</b>	<b>167.61</b>	<b>166.43</b>	<b>162.76</b>	<b>154.91</b>	<b>151.02</b>	

Sources: Smith Travel Research

	190 - 200
	200 - 210
	>210

Figure 6-10 shows the ADR by day of the week for each of the past twelve months. The yellow cells represent ADR values from \$190 to \$200, the orange cells represent values from \$200 to \$210, and the red cells are all values above \$210. The highest average daily rates occurred during the week in March, at more than \$200, excluding Saturdays. The day of the week with the lowest ADR is Saturday with an average of \$151.02. Consistent with the occupancy heat chart, this table demonstrates that there is a strong corporate demand market, but that the leisure market is not driving rates on the weekends, especially during summer months.





## Hotel Market Analysis – Conclusions

HSP analyzed the downtown Phoenix hotel market using Smith Travel Research (STR) in order to gather a baseline of where the hotel market has been historically in relation to where the hotel market stands today. A summary of findings can be found below:

- HSP has identified 14 hotel properties totaling 3,621 guestrooms in downtown Phoenix. Approximately 74 percent of all guestrooms are within upper upscale properties while 17 percent of guestrooms are within upscale properties. The remaining eight percent of guestrooms are located within upper midscale (2 percent), economy (three percent) and independent (three percent) properties.
- Almost all of the hotel properties in the set are located downtown with the only walkable hotel from Hance Park being the 105-room Found:RE.
- Two hotels, the 120-room Courtyard Phoenix Downtown and the 200-room Residence Inn Phoenix Downtown, opened in May, 2017 with the 210-room Hampton Inn expected to come online in the summer of 2018.
- Overall demand for hotel room nights has increased at a compounding annual growth rate (CAGR) of 8.3 percent between 2011 and 2016 and demand for room nights is expected to increase by seven percent between 2016 and 2017.
- Overall hotel occupancy has increased at a CAGR of 5.1 percent over the period, with the only year over year decrease coming between 2015 and 2016.
- Average daily rate (ADR) has also increased over the period at a CAGR of 3.7 percent. The market saw a small dip in ADR between 2012 and 2013; however this blip was minor and the market is now garnering the highest ADR over the six and a half year period at \$179.05.
- RevPar, which is a product of occupancy times rate, has grown at a robust CAGR of 9.8 percent between 2011 and 2016 and the Phoenix market is now garnering more than \$105 in RevPar.

**Executive Summary**

**Section 1: Hance Park Profile**

**Section 2: Economic & Demographic Analysis**

**Section 3: Residential Market Analysis**

**Section 4: Retail Market Analysis**

**Section 5: Office Market Analysis**

**Section 6: Hotel Market Analysis**

**Section 7: Case-Study Parks**

**Section 8: Economic Impact Analysis**



# CASE-STUDY PARKS

In this section, HSP analyzes the characteristics of other major, urban parks in the U.S. that in many ways may be similar to a re-envisioned Hance Park. HSP will address characteristics such as location, planning, costs and funding, oversight, offerings, usage, and impacts on the surrounding area.

The parks analyzed include:



**Located:** Dallas, TX  
**Opened:** 2012  
**Acres:** 5.2 acres  
**Owner:** City of Dallas  
**Operator:** Woodall Rodgers Park Foundation (Private)  
**Est. Annual Visitation:** 1.0 million



**Located:** Chicago, IL  
**Opened:** 2004  
**Acres:** 24.5 acres  
**Owner:** City of Chicago  
**Operator:** Chicago Department of Cultural Affairs & Special Events  
**Est. Annual Visitation:** 5.0 million



**Located:** Houston, TX  
**Opened:** 2008  
**Acres:** 12.0 acres  
**Owner:** City of Houston  
**Operator:** Discovery Green Conservancy  
**Est. Annual Visitation:** 1.2 million





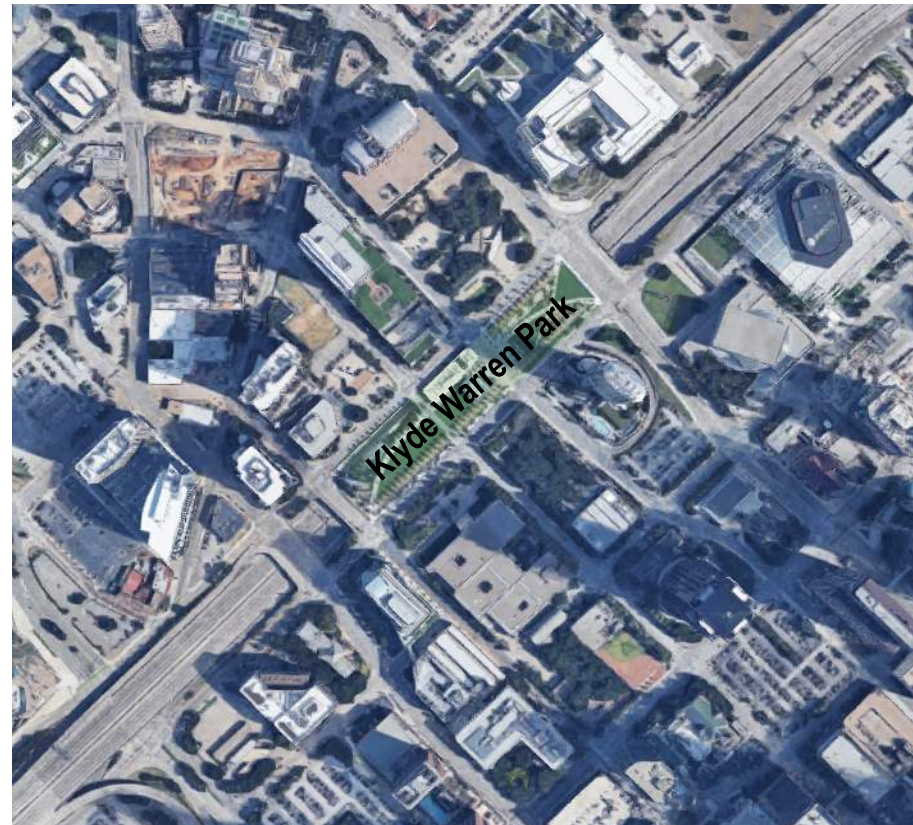
## Klyde Warren Park – Dallas, TX

### Overview

Located in downtown Dallas, Klyde Warren Park is one of the most unique and recent city park developments in the country. Designed by The Office of James Burnett, the "deck" park is suspended above the Woodall Rodgers Freeway and sits on top of over 300 concrete beams uniquely positioned to act as planters for the vegetation above. The park officially opened in 2012 and spans 5.2 acres. Similar to Hance Park, Klyde Warren Park serves as a connector between two neighborhoods that were formerly divided by a recessed freeway. Since opening, the park has served as a bridge between the Uptown neighborhood and the Downtown Dallas Arts District which is similar to the role played by Hance Park in connecting the Historic Roosevelt Neighborhood, Roosevelt Row and Downtown Phoenix.

Klyde Warren Park is owned by the City of Dallas but is privately operated by the Woodall Rodgers Park Foundation. The public-private partnership allows the City of Dallas to own the park's land and permanent fixtures, while the Woodall Rodgers Park Foundation manages all programming, operations and maintenance at the park. A number of cultural institutions are also situated around the park including the Nasher Sculpture Center, the Meyerson Symphony Center, the Perot Museum of Nature and Science, and the AT&T Performing Arts Center as well as a number of high rise apartment buildings, office buildings, and the 218-room Ritz-Carlton Dallas. To the east of the park is also the Dallas Museum of Art and the central business district, while the west side of the park faces Uptown and the American Airlines center.

Figure 7-1





# Klyde Warren Park – Dallas, TX

The following pictures show the Klyde Warren Park site, before and after construction.

Figure 7-2 'Before'

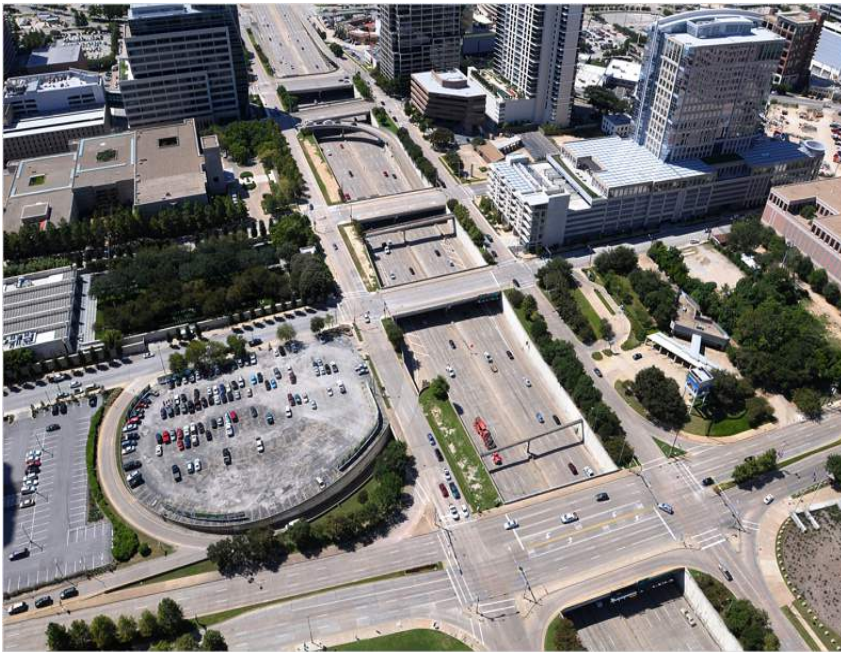


Figure 7-3 'After'



# Klyde Warren Park – Dallas, TX

Figure 7-4

## Park Amenities

1. The Botanical Garden
2. Children's Park
3. Jane's Lane
4. Ginsburg Family Great Lawn
5. The Dallas Morning News Reading & Games Room
6. Chase Promenade
7. Hart Boulevard
8. Nancy Collins Fisher Pavilion
9. Muse Family Performance Pavilion
10. The Southwest Porch
11. Moody Plaza
12. East Lawn
13. The Commons presented by Cigna
14. My Best Friend's Park
15. Pearl Lawn





## Klyde Warren Park – Dallas, TX

### History, Planning & Design

Although the concept of developing a deck park likely originated in the 1960's when Mayor Jonsson recessed the freeway, progress wasn't made on realizing this vision until 2002 when John Zogg revisited the idea and rallied public support for the project. In 2004, a \$1 million grant was provided by the Real Estate Council to start the due diligence process and to provide staff support for the incubation period. After this grant was made, other private-sector donors quickly followed with \$1 million contributions; this group then went on to form the Woodall Rodgers Park Foundation which spearheaded the project from incubation (2004), to design (2009), to completion (2012) and continues to operate the park today.

Figure 7-5





## Klyde Warren Park – Dallas, TX

### Costs and Funding

The development of Klyde Warren Park was done under a total budget of \$110 million, and was funded through a public-private partnership. The private sector contributed nearly \$50 million, while public support included:

- \$20 million in bond funds from the city of Dallas;
- \$20 million in highway funds from the state and
- \$16.7 in federal stimulus funds (Tiger Grant).

Approximately 52% of the park was funded by the City, with the rest from private contributions.

Figure 7-6







## Klyde Warren Park – Dallas, TX

### Park Impact

Since opening in 2012, Klyde Warren Park has had a substantial impact on the surrounding community, and especially the real estate community. According to CBRE, NNN lease rates at sites immediately surrounding the park increased substantially between 2012 and 2015 including:

- From \$19 per square foot to \$25 per square foot at the Trammell Crow Center in the Arts District,
- from \$13 per square foot to \$19 per square foot at 2100 Ross,
- from \$25 per square foot to \$37 per square foot at 200 McKinney,
- and average rents for the residential component at 2100 McKinney have increased from \$22 to \$36 per square foot.

In addition to driving up average lease rates in both commercial and residential developments surrounding the park, the opening of Klyde Warren Park has also spurred new developments in the immediate area including:

- A 20-story office building at McKinney Avenue and Harwood Street (*McKinney & Olive*),
- a 530,000 square foot tower at McKinney Avenue and Olive Street,
- a 23-story project at 1900 Pearl Street,
- and a 916,000 square foot mixed use complex at Pearl Street and Olive Street which will feature a 19-story office tower and a 32-story residential tower along with a plaza designed by the same landscape architect that designed Klyde Warren Park.

In addition to attracting approximately one million visitors per year to the park, Klyde Warren Park has also attracted both millennials and baby boomers into a market with which they are not as familiar, by promoting live-work-play style of environment. Additionally, a number of redevelopment projects have already occurred, and are continuing to develop around the park including the approximate \$175 million redevelopment of the Statler Hilton, and the approximately \$220 million redevelopment of the Olympic building.

Due to its immediate success, a second phase of development has been discussed for Klyde Warren Park. This expansion would potentially include a parking garage, expanded playground, ice rink, multi-level event space, restaurant, and pedestrian walkways extending to adjacent cultural institutions. If progress on Phase II can be maintained at its current schedule, it is expected to be completed in 2019.





## Feedback

HSP also had conversations with local stakeholders in Dallas as well as members from Downtown Dallas Inc. in order to better understand how the opening of Klyde Warren Park has affected the local community. A summary of these conversations can be found below:

- The opening of Klyde Warren Park has allowed land and property values to increase substantially around the park, essentially creating oceanfront property in the middle of Dallas.
- All different property types have been, and are continuing to be developed around the park including multi-family, single-family, office and retail.
- Klyde Warren Park serves as an excellent compliment to the Dallas Arts District and has resulted in visitors staying in the area for longer periods of time as they visit both the park and the surrounding cultural assets.
- Food trucks help to activate the park almost every day of the year, while also supplying the surrounding workforce with an option for lunch.
- Park visitors are not noticeably deterred by hot summer temperatures as the the park was constructed with water features and natural grass designed to keep the park cool.
- Klyde Warren Park is also an attractive destination for convention-goers despite being located more than one mile from the Kay Bailey Hutchison Convention Center.





# Millennium Park – Chicago, IL

## Overview

Millennium Park, which is located in downtown Chicago, is one of the most well-known examples of park development that has transformed a city and its surroundings. The 24.5-acre park, which officially opened in 2004 (some components opened earlier and some later), is part of Chicago's 319-acre lakefront Grant Park, but was formerly used as a rail yard and parking lot that were carved out of the larger Grant Park.

The park is owned by the City of Chicago and operated by its Department of Cultural Affairs and Special Events. The non-profit Millennium Park Foundation was also formed to maintain the park, and program various components. It has a number of offerings that, individually and collectively, have become among the most-visited attractions in the region, and country. The park is in the northwestern corner of Grant Park, to the immediate east of the famed Michigan Avenue “streetwall” and Chicago's central business district, and just west of Lake Michigan and Lake Shore Drive.

Figure 7-7





# Millennium Park – Chicago, IL

The following pictures show the Millennium Park site, before and after construction.

Figure 7-8 'Before'



Figure 7-9 'After'





## History, Planning & Design

The planning for what has become Millennium Park dates back to the 1800s, when the site was declared to legally "remain forever open, clear, and free of any building." However, agreements with the Illinois Central Railroad resulted in an easement for what is now Millennium Park; because of ICR's rights and the importance of rail to Chicago, Grant Park was designed around it.

From the 1850s through 1997, ICR controlled the property but donated it to the City of Chicago in late 1997 and Mayor Richard Daley announced "Lakefront Millennium Park" that would redevelop what had become an eyesore for downtown Chicago. The original park was to cost \$150 million, with \$30 million from the private sector, and open by mid-2000 (for the new millennium).

The original plans only included 16 acres, and would have built an underground parking garage topped by landscaped green space. However, through ambitious plans derived from highly successful private fundraising, the scope and size of the park continued to increase (to 24.5 acres and nearly \$500 million).

Construction for the park began in September 1998, and while individual components were completed as early as 2001, the park did not officially open until 2004. In the ensuing years, Millennium Park has become one of the region's most popular tourist attractions and a key driver of economic development for downtown Chicago.

Figure 7-10





# Millennium Park – Chicago, IL

## Amenities

Millennium Park has a number of attractions, including many that are architecturally and culturally significant. The park includes the following facilities, venues, and attractions.

**Jay Pritzker Pavilion** – one of the centerpieces of the Millennium Park is the Frank Gehry-designed bandshell, which has 4,000 fixed seats and lawn seating for 11,000. The Pavilion is the home of the Grant Park Symphony Orchestra and the Grant Park Music Festival (the nation's only free, municipally-supported outdoor classical music series), and a wide range of other performances (most of which are free of charge).

**AT&T Plaza and Cloud Gate** – AT&T Plaza is the public space that hosts Anish Kapoor's Cloud Gate sculpture. The \$23-million Cloud Gate, colloquially known as the Bean, is a reflective steel sculpture with no seams that has become a leading photo opportunity. The Plaza (which received \$3 million for naming rights) also houses the Park Grill restaurant.

**Crown Fountain** – is a favorite of visitors. It is an interactive art installation with a reflecting pool between two 50-foot glass brick towers with video displays. The two fifty-foot glass towers feature interior projections (each facing the other tower) the cycle through enlarged photos of human faces. Weather permitting, the towers intermittently release water into the pool, some of which appears to be gushing out of the people's mouths that are projected within the glass towers. People are allowed to splash in, and get splashed by the water.

**Lurie Garden** – is a 2.5-acre garden that cost \$13.2 million and has a \$10-million endowment.

**Parking and transportation access** – the park is situated above a 2,218-space garage and a train depot, and is conveniently located near public transportation access points.

Figure 7-11 'Jay Pritzker Pavilion'



**McCormick Tribune Plaza & Ice Rink, Park Grill Restaurant** – the \$3.2-million Plaza (funded by the McCormick Tribune Foundation) hosts a free ice-skating rink for four months per year, and otherwise serves as the Park Grill Plaza, Chicago's largest outdoor dining facility (150 seats). Next to the Plaza, and under the AT&T Plaza, is the year-round Park Grill restaurant (300 seats).

**BP Pedestrian Bridge** – was built with a \$5-million donation from BP and connects Millennium Park to Maggie Daley Park, which is part of the larger Grant Park. The bridge was also designed by Frank Gehry.





# Millennium Park – Chicago, IL

## Amenities

**Harris Theater** – a 1,525-seat performing arts theater that is largely underground and regularly hosts some of the city’s leading cultural arts groups such as the Joffrey Ballet and Chicago Opera Theater, as well as other events.

**Wrigley Square** – a public square that includes a lawn, public fountain, and the Millennium Monument, a near-replica of the peristyle that was on the site from 1917 through 1953. The William Wrigley, Jr. Foundation donated \$5 million for this area of the park.

**McDonald’s Cycle Center** – a 300-space heated and air conditioned bike station, with lockers, showers, a snack bar, and bike repair and rentals.

**Exelon Pavilions** – four solar energy-generating structures that also provide access to the park’s underground parking garages, and one also serves as the park’s welcome center. Exelon donated approximately \$6 million for the pavilions.

**Boeing Galleries** – two outdoor exhibition spaces that were added after the park opened, following a \$5-million grant from Boeing.

**Chase Promenade** – an eight-acre, open-air, tree-lined walkway that is also used for exhibitions, festivals, and other programming.

**Nichols Bridgeway** – a pedestrian bridge that opened in 2009 that connects the south end of the park with the Modern Wing of the Art Institute of Chicago, which is immediately south of the park.

Figure 7-12 ‘Crown Fountain’



Figure 7-13 ‘Wrigley Square’



# Millennium Park – Chicago, IL

## Costs and Funding

Millennium Park's original budget was \$150 million, but due to expansions and construction delays, the final cost increased to \$490 million. (The park's original footprint was 16.5 acres, but was officially constructed at 24.5 acres.)

Approximately 55% of the park was funded by the City, with the rest from private contributions. The City's funding was generally provided by TIF revenues and the sale of parking revenue bonds. The table to the right shows the amounts funded publicly and privately (in millions), and their uses.

Table 7-1

Millennium Park Funding Summary (000s)			
Park Component	Cost	%	Funding Source
Garage	\$99,000	20.2%	Public - City
Metra Crossover Structure	\$61,000	12.4%	Public - City
Harris Music & Dance Theatre	\$61,000	12.4%	Private - Donor
Park Finishes / Landscaping	\$43,000	8.8%	Public - City
Design & Management Costs	\$40,000	8.2%	Public - City
Gehry Trellis & Ribbons	\$31,900	6.5%	Private - Donor
Kapoor Sculpture / AT&T Plaza	\$26,000	5.3%	Private - Donor
Music Pavilion	\$25,500	5.2%	Public - City
Endowment Commitment	\$25,000	5.1%	Private - Donor
Crown Fountain	\$17,000	3.5%	Private - Donor
BP Pedestrian Bridge	\$14,500	3.0%	Private - Donor
Lurie Garden	\$13,200	2.7%	Private - Donor
Exelon Pavilions - Private	\$6,000	1.2%	Private - Donor
Base Park Improvements	\$5,400	1.1%	Private - Donor
Wrigly Square / Peristyle	\$5,000	1.0%	Private - Donor
Chase Promenade	\$4,000	0.8%	Private - Donor
McCormick Tribune Ice Rink	\$3,200	0.7%	Private - Donor
Boeing Galleries	\$3,000	0.6%	Private - Donor
Sound System Enhancement	\$2,500	0.5%	Private - Donor
Exelon Pavilions - Public	\$1,500	0.3%	Public - City
Demountable Fences	\$750	0.2%	Private - Donor
Mid Level Terraces	\$600	0.1%	Private - Donor
Fixed Seating	\$490	0.1%	Private - Donor
Furnishings	\$260	0.1%	Private - Donor
Graphics	\$200	0.0%	Private - Donor
<b>Total Cost</b>	<b>\$490,000</b>	<b>100.0%</b>	<b>--</b>
<b>Total Public - City Cost</b>	<b>\$270,000</b>	<b>55.1%</b>	<b>--</b>
<b>Total Private - Donor Cost</b>	<b>\$220,000</b>	<b>44.9%</b>	<b>--</b>

Source: Millennium Park - Its Creation and Economic Impact, Hunden Partners







# Millennium Park – Chicago, IL

## Operations and Usage

According to the City of Chicago, annual visitation to Millennium Park was three million in its first year and has since increased to five million per year. For these five million annual visitors, the city produces over 500 free public programs annually.

In the summer of 2017, the City's programming in the park included the following:



Music festivals including the Chicago Gospel Music Festival, Friday Night Sounds, the Chicago Blues Festival, the Grant Park Music Festival, the Chicago Jazz Festival, and other series and concerts.



After School Matters summer programs (daily from late June through early August), including painting, mosaics, large-scale mural creation, band rehearsals and performances, and other programming.



Pilates, yoga, strength training, and Zumba classes held three days per week.



Other programming and uses include daily exhibitions, tours and guided walks, plant sales, and others. The park is also the home of the City's official Christmas tree and lighting.

Figure 7-14





# Millennium Park – Chicago, IL

## Park Impact

A number of academic and anecdotal research has been compiled on the impact of Millennium Park to downtown Chicago and various subareas, related to residential, office, and hospitality development, as well as visitation and spending. Much of this information is summarized below.

While many factors can potentially be attributable to improvements to downtown Chicago, and the East Loop in particular, the development of Millennium Park is generally the primary variable that has affected the area. A **2011 Economic Impact Study of the Loop** (Chicago's central business district) that was Commissioned by the Chicago Loop Alliance (CLA) addressed changes in the Loop pre- and post-Millennium Park. The Loop is defined as the area between Lake Shore Drive to the east, slightly south of Millennium Park, and the Chicago River to the north and west (a visual representation of the loop can be seen in Figure-15 to the right). The Central Area contains a larger part of downtown Chicago.

Although data presented on the following pages is somewhat dated, it still provides an indication of how a public park's transformation impacts the immediate market area in the period immediately following completion. The figures on the following page show changes within the two geographic areas between 2000 and 2010, courtesy of the CLA report.

Figure 7-15





### Park Impact – Residential

Although the *Economic Impact Study of the Loop* was published in 2011, and in the midst of the Great Recession that began in 2008, the residential housing market immediately surrounding Millennium Park still performed well between 2000 and 2010. During this period, more than 8,100 residential units were constructed, and added to the total market supply, of which approximately 43 percent of units were new condos, 29 percent were new apartments and 23 percent were adaptive reuse condos. As a result, the total number of households in the loop increased by almost 200 percent between 2000 and 2010 while the total population living within the loop also increased by 187 percent over the same period.

These statistics indicate that the residential housing market in the Loop performed well above that of the entire Chicago Central Area where the total number of households increased by only 68 percent and the total population increased by 66 percent. The influx of new residential construction and the improved appeal of the area is directly correlated to the development of Millennium Park.

Figure 7-16

	Loop	Central Area
<b>2000 Census</b>		
Population	7,056	111,742
Households	3,968	66,387
<b>New Housing Added 2000-2010</b>		
Housing Units	8,170	47,647
Student Residences	1,536	5,779
<b>Estimated 2000-2010 Growth</b>		
Population from New Housing Units <sup>1</sup>	11,765	68,612
Population from New Dorm Beds <sup>2</sup>	1,459	5,490
Households from New Housing Units <sup>3</sup>	7,762	45,265
<b>2010 Population and Households</b>		
Population	20,280	185,844
Households	11,730	111,652
<b>2000-2010 Growth Rates</b>		
Population	187%	66%
Households	196%	68%

<sup>1</sup> Assumes 1.6 persons per unit and 90% occupancy of new units  
<sup>2</sup> Assumes 95% occupancy of dorm beds  
<sup>3</sup> Assumes 1.6 persons per unit

Sources: 2000 Census; Chicago Central Area Plan; Goodman Williams





# Millennium Park – Chicago, IL

## Park Impact – Hospitality

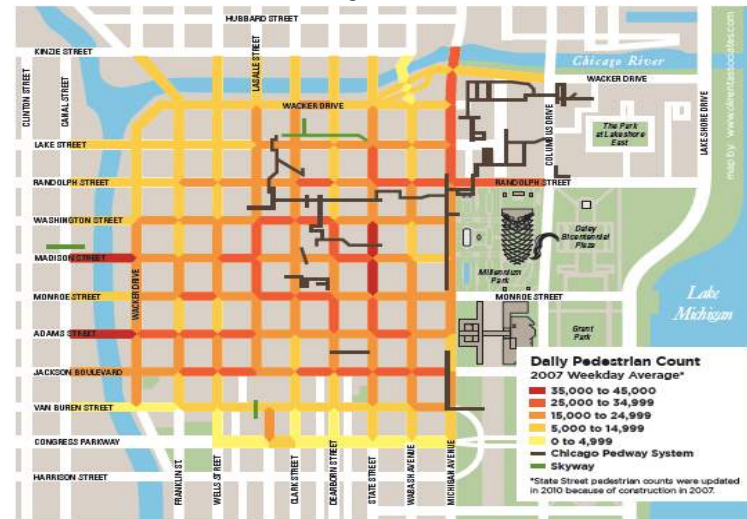
The development of Millennium Park has not only had a profound impact on the residential market within the Loop but has also impacted the hospitality market as well. Between the opening of the park in 2004 and 2010, seven hotel properties were developed in the seven-block radius surrounding Millennium Park totaling just over 2,110 rooms. Since 2010, an additional 11 hotel properties have been developed within the same radius accounting for just under 2,950 rooms with one additional property currently under construction.

Millennium Park has created a center of gravity for tourists resulting in an attractive destination that supports a number of activities including dining, shopping, and sight seeing. These factors have created the perception of a more safe environment where people want to gather.

## Park Impact – Retail & Restaurant

The development of Millennium Park has also created a more suitable environment for retail and restaurant establishments in the South Loop. This environment is a result of the continued influx of high-density residential buildings and hotel developments that work to create a consumer base able to support retail stores and restaurants. Specifically, retail and restaurant establishments along Michigan Avenue and other prominent thoroughfares have significantly benefited from the opening of Millennium Park as pedestrian foot traffic has substantially increased (a visual representation of this can be seen in Figure 7-16 below).

Figure 7-16





# Discovery Green – Houston, TX

## Overview

Located in downtown Houston, Texas, Discovery Green Park spans 12 acres and opened in April, 2008. The development of the park was a product of a successful public-private partnership between the City of Houston, the Houston First Corporation and Discovery Green Conservancy which is a non-profit organization that operates the park and holds several events throughout the year.

The 12-acre park is situated on the doorstep of the George R. Brown Convention Center and is also sandwiched between the Toyota Center, where the NBA's Houston Rockets play, and Minute Maid Park, home of Major League Baseball's Houston Astros. The site was formerly two large parking lots that serviced the convention center as well as the Houston Center Gardens.

During the planning phase of the park, attendance was projected to be 500,000 per year. This attendance projection was attained in the first six months, and in 2014 attendance totaled over 1.2 million. The park hosts over 600 free events each year.

Figure 7-17



A banner image showing a city skyline in the background with a dark red overlay at the bottom containing the text "Discovery Green – Houston, TX" in white.

# Discovery Green – Houston, TX

The following pictures show the Discovery Green site, before and after construction.

Figure 7-18 'Before'



Figure 7-19 'After'





## Discovery Green – Houston, TX

### History, Planning & Design

The first portion of the land for Discovery Green park was purchased by the City of Houston in 2002. A group of philanthropists purchased additional land with the concept of turning it into an urban park shortly after. The public-private partnership was pushed by the mayor and other philanthropic organizations invested as well. In 2004, after The City of Houston purchased the remaining land, Discovery Green Conservancy was incorporated. The city wanted the park to be a community effort and hosted large public meetings in addition to smaller focus groups. The name “Discovery Green” was selected as the result of a contest that received more than 6,200 entries.

Figure 7-20



# Discovery Green – Houston, TX

## Park Amenities

1. McNair Foundation Jogging Trail
2. Waste Management, Inc. Gardens
3. Merrill Lynch & Co. Pier
4. Lindsey Waterside Landing & Garden
5. Kinder Lake
6. Anheuser-Busch Stage
7. Gateway Fountain
8. Alkek Building
9. The Lake House
10. Cullen Veranda
11. Sarofim Picnic Lawn
12. Bracewell Plaza
13. Harriet and Joe Foster Dog Run
14. Kinder Large Dog Run
15. Jones Lawn
16. Andrea and Bill White Promenade
17. The Brown Foundation Promenade
18. Bernice Hevrdejs Butterfly Garden
19. Jimi Derrick's Arbor
20. Jack C. Alexander Plaza
21. The Grove and the Treehouse
22. Grace Event Lawn
23. Wortham Foundation Gardens
24. Hagstette Putting Green
25. Maconda's Grove
26. Riley Family Foundation
27. Ray C. Fish Foundation Bench Area

Figure 7-21







# Discovery Green – Houston, TX

## Costs and Funding

Discovery Green Park was funded through a public-private partnership. The project cost a total of \$182 million. The breakdown of this total cost included:

- \$57 million to acquire the land
- \$125 million to build, landscape and complete the project

Figure 7-22





# Discovery Green – Houston, TX

## Impact

Discovery Green Park has had a tremendous impact on the City of Houston since its opening in 2008. The park has contributed to an estimated \$625 million in downtown development. Additionally, the park has spurred approximately \$1 billion in future office, hotel and residential projects. The following projects have been developed on the east side of downtown, in close proximity to Discovery Green since the park opened:

- **One Park Place** (2009) – high-end residential tower with 346 units
- **Hess Tower** (2011) – office development, highest price per square foot in Houston at the time
- **Embassy Suites Hotel** (2011) – 262-room Hilton Hotel
- **Marriot Marquis** (2017) – convention hotel
- Houston Independent School District’s **High School for the Performing and Visual Arts** (plans underway)

In addition to new building construction, the park has had a significant impact on Houston’s Convention District. Large corporations such as Microsoft and Starbucks have held conventions at the George R. Brown Convention Center. Discovery Green was also dubbed “Super Bowl Central” as the hub of activity for the 2017 Super Bowl, as seen in Figure 7-23.

Figure 7-23





## Case Study Parks – Conclusion

While none of the three case study parks analyzed in this chapter represent a perfect comparison to Hance Park, all three parks were developed with the same goal in mind: activating an underdeveloped and underutilized area within a major metropolitan city. Similarly, the revitalization of Hance Park is expected to follow this goal and the following bullet points are major takeaways from the case studies analyzed:

- Annually, all three parks generate significant visitation estimated at between one and five million people. Specifically, the 5.2-acre Klyde Warren Park sees approximately one million park visitors per year, the 12-acre Discovery Green Park sees approximately 1.2 million visitors per year, and the 24.5-acre Millennium Park sees approximately five million park visitors per year.
- Annually, the three case study parks each host more than 1,200 programmed events including fitness classes, yoga in the park, movies in the park, food trucks, live music, lectures, children’s activities, community events, and public events among others. A majority of the programming is free to the public, while some major events including music concerts and festivals are ticketed.
- The opening of each case study park spurred significant real estate development in the immediate area. Additionally, existing average NNN lease rates also increased around the park after development. Specifically, NNN lease rates increased by more than 30 percent over a three year period following the opening of Klyde Warren Park.

It needs to be noted that each of the three case study parks are immediately adjacent to the core of the host city’s downtown, where high-rise apartment and condo buildings, hotels, and office buildings are situated within feet of the park. In Houston, the city’s active convention center and two sports arenas bookend the Discovery Green, while in Dallas, Klyde Warren Park was placed in the middle of the urban center and connected the city’s office buildings to the already-existing residential towers, museums, and boutique-filled streets of Uptown. The urban context in the case of Phoenix’s Hance Park is not yet at a mature stage. Phoenix’s hotels lie nearly a mile to the south, and high-density residential complexes are, as of 2017, not yet the dominant urban feature, but are growing. Hance Park does not have the luxury of being placed immediately adjacent to an already built-up urban core such as the other parks. Hance Park, instead, will be the pioneering entity of its immediate area, and will have to rely on aggressive programming and some iconic, bold, must-visit sculptures, and visual (and interactive) elements that are truly unforgettable to the public, inspiring both local and out-of-town visitors. As this plan becomes reality, Phoenix can expect the city blocks around Hance Park and southward towards the downtown core to jump-start a wave of new construction in office and residential sectors, followed by new restaurant and retail nodes, once the neighborhood has developed momentum and some degree of critical mass. The resulting developments may not be as dense or be as quickly transformative as the case studies in Chicago, Dallas and Houston, however, it will have a great impact on the center city as long as the park remains clean, safe, and extensively programmed.





**Executive Summary**

**Section 1: Hance Park Profile**

**Section 2: Economic & Demographic Analysis**

**Section 3: Residential Market Analysis**

**Section 4: Retail Market Analysis**

**Section 5: Office Market Analysis**

**Section 6: Hotel Market Analysis**

**Section 7: Case-Study Parks**

**Section 8: Economic Impact Analysis**

# Economic Impact Analysis – General Assumptions

In this section, HSP estimated the incremental impact that a revitalized Hance Park will likely have on Phoenix, Maricopa County and the State of Arizona. Table 8-1 provides a baseline for major real estate assets in Phoenix’s CBD including residential, hotel, office, and retail while Table 8-2 provides the same analysis assuming Hance Park is renovated.

**Table 8-1**

Historical Growth & Projected Future Growth in Major Real Estate Segments - Phoenix BASELINE																	
	Historical		Fundraising Stage		Construction / Park Development			Park is Open									
	2016	2017	2018	2019	2020	2021	2022	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 10 2032	Year 15 2037	Year 20 2042	Year 25 2047	Year 30 2052
Residential Apartment Units	5,489	6,452	7,226	7,877	8,507	9,145	9,831	10,420	11,046	11,598	12,178	12,787	15,187	18,037	21,422	25,443	30,218
Residential Condo Units	1,044	1,266	1,456	1,601	1,714	1,834	1,962	2,060	2,163	2,271	2,339	2,409	2,793	3,238	3,754	4,352	5,045
Hotel Rooms	3,223	3,408	3,578	3,757	3,926	4,103	4,288	4,438	4,593	4,754	4,920	5,092	5,990	6,944	8,050	9,332	10,818
Office Square Feet (000s)	7,227	7,349	7,533	7,721	7,875	8,033	8,194	8,358	8,525	8,653	8,782	8,914	9,603	10,345	11,145	12,006	12,934
Retail & Restaurant Square Feet (000s)	783	792	806	820	832	844	857	867	878	889	900	909	956	1,004	1,056	1,109	1,166

Source: HSP, STR, Cushman & Wakefield, CoStar

**Table 8-2**

Historical Growth & Projected Future Growth in Major Real Estate Segments - Phoenix ASSUMING a Remodeled Hance Park																	
	Historical		Fundraising Stage		Construction / Park Development			Park is Open									
	2016	2017	2018	2019	2020	2021	2022	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 10 2032	Year 15 2037	Year 20 2042	Year 25 2047	Year 30 2052
Residential Apartment Units	5,489	6,452	7,226	7,877	8,546	9,230	9,968	10,716	11,466	12,326	13,065	13,719	16,293	19,352	22,984	27,297	32,421
Residential Condo Units	1,044	1,266	1,456	1,601	1,730	1,868	2,017	2,159	2,288	2,403	2,499	2,599	3,013	3,492	4,049	4,693	5,441
Hotel Rooms	3,223	3,408	3,578	3,757	3,972	4,153	4,342	4,492	4,648	4,808	4,975	5,147	6,044	6,998	8,104	9,386	10,873
Office Square Feet (000s)	7,227	7,349	7,533	7,721	7,914	8,112	8,315	8,502	8,693	8,867	9,035	9,198	9,968	10,738	11,568	12,462	13,425
Retail & Restaurant Square Feet (000s)	783	792	806	820	858	906	953	998	1,043	1,088	1,131	1,171	1,338	1,477	1,630	1,800	1,988

Source: HSP, STR, Cushman & Wakefield, CoStar

# Economic Impact Analysis – General Assumptions

Table 8-3 (below) shows the expected incremental impact that a revitalized Hance Park will likely have on major real estate asset developments in Phoenix's CBD.

**Table 8-3**

Incremental Impact of a Revitalized Hance Park										
Component	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Total Residential Units	394	545	859	1,047	1,121	1,326	1,569	1,856	2,196	2,598
<i>Residential Apartment Units</i>	295	420	728	888	932	1,107	1,315	1,561	1,854	2,202
<i>Residential Condo Units</i>	99	125	131	159	189	219	254	295	342	396
Hotel (Rooms)	45	50	55	55	55	55	55	55	55	55
Office (000 SF)	144	168	214	253	284	365	393	423	456	491
Retail/Restaurant (000 SF)	10	14	20	24	26	34	45	59	78	103

Source: Hunden Strategic Partners

Table 8-3 shows the difference between Tables 8-1 and 8-2 on the prior page. HSP assumes that a revitalized Hance Park will spur the development of approximately 2,600 new residential units, 491,000 SF of office space, 103,000 SF of retail/restaurant space and 55 hotel rooms by Year 30. While HSP does not believe that the opening of a revitalized Hance Park will spur significant hotel development, HSP expects that such an investment will spur additional residential and office development within the area.

# Economic Impact Analysis – General Assumptions

Tables 8-4 provides a summary of the expected programming at Hance Park after renovation.

Table 8-4

Projected Number of Events by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Special Events	2	3	4	4	4	4	4	4	4	4
Amphitheater Events	0	8	12	12	12	12	12	12	12	12
Other Programmed Events	48	60	75	75	75	75	75	75	75	75
Community Events	12	18	26	26	26	26	26	26	26	26
Other (Dog/Skate)	365	365	365	365	365	365	365	365	365	365
Meetings/Banquets	48	60	72	72	72	72	72	72	72	72
<b>Total</b>	<b>840</b>	<b>879</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>

Source: Hunden Strategic Partners

By stabilization in year three, HSP projects Hance Park to host just under 920 events per year. Of note, HSP projects Hance Park to host just over 70 meeting/banquet events, 12 amphitheater events, and four special events by stabilization; these events will likely draw a portion of visitors from outside of Phoenix. While HSP projects four special events by stabilization, visitation for these events will likely be significant. This is detailed on the following page.

# Economic Impact Analysis – General Assumptions

Tables 8-5 summarizes the projected average attendance at a remodeled Hance Park, and is categorized by event type.

Table 8-5

Hance Park Projected Average Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
General Visitation	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Special Events	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Amphitheater Events	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Other Programmed Events	500	500	500	500	500	500	500	500	500	500
Community Events	100	100	100	100	100	100	100	100	100	100
Other (Dog/Skate)	100	100	100	100	100	100	100	100	100	100
Meetings/Banquets	50	50	50	50	50	50	50	50	50	50

Source: Hunden Strategic Partners

HSP projects that special events will draw the most visitors per event followed by general visitation and amphitheater events. General visitation is passive and is non-event based attendance at the park. While community events and other events are not expected draw a significant amount of visitors per event, these events will likely happen with more frequency than special and amphitheater events.



# Economic Impact Analysis – General Assumptions

Tables 8-6 summarizes the projected total attendance, by category, for Hance Park after renovation.

Table 8-6

Projected Attendance by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
General Visitation	693,500	693,500	693,500	693,500	693,500	693,500	693,500	693,500	693,500	693,500
Special Events	30,000	45,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Amphitheater Events	0	14,400	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Other Programmed Events	24,000	30,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
Community Events	1,200	1,800	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Other (Dog/Skate)	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500
Meetings/Banquets	2,400	3,000	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Total	787,600	824,200	855,300	855,300	855,300	855,300	855,300	855,300	855,300	855,300

Source: Hunden Strategic Partners

By stabilization in Year 3, HSP projects Hance Park to attract more than 855,000 people on an annual basis. General visitation accounts for more than 80 percent of visitation at Hance Park by stabilization and is then followed by special event visitation.

# Economic Impact Analysis – Phoenix

Tables 8-7 summarizes the the key metrics and assumptions used to determine net new visitors to Phoenix by the stabilized year.

**Table 8-7**

Annual Metrics and Assumptions Used to Determine Net New Visitors to Phoenix (Stabilized Year)										
	Percent of Visitors Non- Phoenix	Percent of Non- Phoenix Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non- Phoenix Visitors Making a Daytrip	Number of Non- Phoenix Visitors Staying Overnight	Visitor s per Room	Room Nights Generated	Number of Non- Phoenix Daytrips	% Net New to Phoenix	Net New Room Nights to Phoenix
General Visitation	13%	22%	3%	78%	19,834	1.7	11,667	70,321	100%	11,667
Special Events	55%	55%	30%	45%	18,150	2.1	8,643	14,850	100%	8,643
Amphitheater Events	33%	22%	7%	78%	1,568	2.1	747	5,560	100%	747
Other Programmed Events	12%	10%	1%	90%	450	1.7	265	4,050	100%	265
Community Events	6%	5%	0%	95%	8	1.7	5	148	100%	5
Other (Dog/Skate)	3%	5%	0%	95%	55	1.5	37	1,040	100%	37
Meetings/Banquets	33%	40%	13%	60%	475	1.3	366	713	100%	366
<b>Total</b>	<b>16%</b>	<b>5%</b>	<b>5%</b>	<b>95%</b>	<b>40,540</b>	<b>1.9</b>	<b>21,728</b>	<b>96,682</b>	<b>22%</b>	<b>21,728</b>

Source: Hunden Strategic Partners

While the estimated number of out-of-state visitors is not overwhelming on the surface, those that make the trip are more than likely going to spend the night in a Phoenix hotel. HSP estimates that more than 40,500 people will stay overnight in Phoenix, per year, as a result of a revamped Hance Park and these overnight visitors are estimated to demand just over 21,700 room nights per year. Additionally, HSP estimates that just under 100,000 daytrips to Phoenix will be made as a result of a remodeled Hance Park.

# Economic Impact Analysis – Phoenix

The tables below provide a summary of the expected direct net new spending and the direct, indirect, and induced net new spending impacts on the City of Phoenix from a revitalized Hance Park.

Table 8-8

Direct Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Food & Beverage	\$5,229	\$12,046	\$17,972	\$21,692	\$23,559	\$30,799	\$53,134	\$92,605	<b>\$1,369,567</b>
Lodging	\$1,956	\$2,354	\$2,743	\$2,825	\$2,910	\$3,374	\$4,545	\$6,118	<b>\$122,315</b>
Retail	\$2,429	\$7,101	\$11,152	\$13,767	\$15,057	\$19,996	\$35,389	\$62,865	<b>\$908,286</b>
Transportation	\$2,270	\$5,842	\$8,944	\$10,919	\$11,902	\$15,686	\$27,424	\$48,277	<b>\$705,280</b>
Other Local Spending	\$6,039	\$14,916	\$22,628	\$27,515	\$29,953	\$39,365	\$68,507	\$120,188	<b>\$1,763,222</b>
<b>Total</b>	<b>\$17,923</b>	<b>\$42,258</b>	<b>\$63,440</b>	<b>\$76,718</b>	<b>\$83,380</b>	<b>\$109,219</b>	<b>\$189,000</b>	<b>\$330,052</b>	<b>\$4,868,670</b>

Source: Hunden Strategic Partners

Table 8-9

Direct, Indirect & Induced Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Spending</b>									
Direct	\$17,923	\$42,258	\$63,440	\$76,718	\$83,380	\$109,219	\$189,000	\$330,052	<b>\$4,868,670</b>
Indirect	\$6,020	\$7,808	\$10,994	\$12,887	\$13,868	\$17,762	\$29,579	\$50,099	<b>\$768,769</b>
Induced	\$7,479	\$9,714	\$13,714	\$16,099	\$17,331	\$22,221	\$37,069	\$62,880	<b>\$963,183</b>
<b>Total</b>	<b>\$31,423</b>	<b>\$59,781</b>	<b>\$88,147</b>	<b>\$105,704</b>	<b>\$114,580</b>	<b>\$149,203</b>	<b>\$255,648</b>	<b>\$443,031</b>	<b>\$6,600,621</b>

Source: Hunden Strategic Partners

- HSP estimates direct net new spending in Phoenix to total more than \$4.8 billion by Year 30.
- In Phoenix, total direct, indirect, and induced net new spending is expected to surpass \$6.6 billion over the 30 year period.

# Economic Impact Analysis – Phoenix

The tables below provide a summary of the net new earning expected from direct, indirect, and induced net new spending to the City of Phoenix as well as net new FTE jobs created as a result of the project.

Table 8-10

Net New Earnings from Direct, Indirect & Induced Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Earnings</b>									
From Direct	\$5,871	\$7,638	\$10,814	\$12,714	\$13,694	\$17,576	\$29,377	\$49,910	<b>\$763,078</b>
From Indirect	\$1,885	\$2,443	\$3,436	\$4,024	\$4,329	\$5,542	\$9,221	\$15,604	<b>\$239,681</b>
From Induced	\$2,227	\$2,891	\$4,078	\$4,785	\$5,150	\$6,602	\$11,007	\$18,662	<b>\$286,020</b>
<b>Total</b>	<b>\$9,982</b>	<b>\$12,972</b>	<b>\$18,328</b>	<b>\$21,522</b>	<b>\$23,173</b>	<b>\$29,720</b>	<b>\$49,605</b>	<b>\$84,177</b>	<b>\$1,288,779</b>

Source: Hunden Strategic Partners

Table 8-11

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Average
<b>Net New FTE Jobs</b>									
From Direct	376	477	660	758	797	905	1,183	1,571	1,057
From Indirect	126	160	222	254	267	303	397	527	355
From Induced	158	201	278	320	336	382	500	665	447
<b>Total</b>	<b>660</b>	<b>838</b>	<b>1,160</b>	<b>1,332</b>	<b>1,401</b>	<b>1,590</b>	<b>2,079</b>	<b>2,763</b>	<b>1,859</b>

Source: Hunden Strategic Partners

- As a result of the project, net new earnings are expected to surpass \$1.2 billion over the period.
- The proposed project is projected to create approximately 1,160 FTE jobs by stabilization in Year 3 and more than 2,760 FTE jobs by Year 30.

# Economic Impact Analysis – Phoenix

The table below estimates the fiscal impact on the City of Phoenix as a result of the project and is estimated based on local tax rates.

Table 8-12

Estimated Fiscal Impact - Phoenix Tax Impacts from Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Local Taxes Collected</b>									
Hotel Occupancy Tax	\$104	\$125	\$145	\$150	\$154	\$179	\$241	\$324	\$6,483
Sales Tax	\$195	\$506	\$777	\$949	\$1,035	\$1,365	\$2,390	\$4,210	\$61,445
Food & Beverage Tax	\$120	\$277	\$413	\$499	\$542	\$708	\$1,222	\$2,130	\$31,500
Auto Rental Tax	\$49	\$126	\$192	\$235	\$256	\$337	\$590	\$1,038	\$15,164
<b>Total</b>	<b>\$468</b>	<b>\$1,034</b>	<b>\$1,528</b>	<b>\$1,833</b>	<b>\$1,987</b>	<b>\$2,590</b>	<b>\$4,442</b>	<b>\$7,702</b>	<b>\$114,591</b>

\* First year includes construction period spending on the project  
 Source: Hunden Strategic Partners

HSP estimates that the project will generate more than \$114 million in fiscal impacts over the 30 year period. A majority of this impact will be as a result of the 2.3 percent Phoenix sales tax levy. The 5.3 percent hotel occupancy tax levy is projected to contribute a modest \$6.8 million toward fiscal impacts.

# Economic Impact Analysis – Phoenix

Table 8-13 provides an overall summary of all impacts to Phoenix expected from the renovation of Hance Park. This summary table is a representation of data found in the prior tables related to Phoenix impact.

- Net new spending to Phoenix is expected to surpass \$6.6 billion over the period with direct net new spending contributing more than \$4.8 billion.
- Net new earnings are expected to surpass \$1.2 billion with direct spending again contributing to a significant portion of that total.
- Over the term, more than 2,700 FTE jobs are projected to be created as a result of the project.
- Fiscal impacts are also expected to surpass \$114 million as sales tax and F&B tax levies contribute a significant portion to this figure.

Table 8-13

Summary of Impact - Phoenix (30 Years)	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$4,869
Indirect	\$769
Induced	\$963
<b>Total</b>	<b>\$6,601</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$763
From Indirect	\$240
From Induced	\$286
<b>Total</b>	<b>\$1,289</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	1,571
From Indirect	527
From Induced	665
<b>Total</b>	<b>2,763</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
Hotel Occupancy Tax	\$6.5
Sales Tax	\$61.4
Food & Beverage Tax	\$31.5
Auto Rental Tax	\$15.2
<b>Total</b>	<b>\$114.6</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$44.0
New Labor Spending	\$66.0
Job-Years, From Construction	1,218
Source: Hunden Strategic Partners	

# Economic Impact Analysis – Maricopa County

Tables 8-14 summarizes the the key metrics and assumptions used to determine net new visitors to Maricopa County by the stabilized year.

**Table 8-14**

Annual Metrics and Assumptions Used to Determine Net New Vistors to Maricopa (Stabilized Year)								
	Percent of Visitors Non- Maricopa	Percent of Non- Maricopa Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non- Maricopa Visitors Making a Daytrip	Number of Non- Maricopa Visitors Staying Overnight	Visitors per Room Night	Room Nights Generated	Number of Non- Maricopa Daytrips
General Visitation	4%	20%	1%	80%	5,548	1.7	3,264	22,192
Special Events	45%	75%	34%	25%	20,250	2.1	9,643	6,750
Amphitheater Events	25%	30%	8%	70%	1,620	2.1	771	3,780
Other Programmed Events	4%	10%	0%	90%	150	1.7	88	1,350
Community Events	3%	0%	0%	100%	0	1.7	0	78
Other (Dog/Skate)	1%	4%	0%	96%	15	1.5	10	350
Meetings/Banquets	25%	40%	10%	60%	360	1.3	277	540
<b>Total</b>	<b>8%</b>	<b>3%</b>	<b>3%</b>	<b>97%</b>	<b>27,943</b>	<b>2.0</b>	<b>14,053</b>	<b>35,040</b>

Source: HSP

HSP estimates that just under 28,000 people will stay overnight in Maricopa County, per year, as a result of a revamped Hance Park and these overnight visitors are estimated to demand just over 14,000 room nights per year. Additionally, HSP estimates that just over 35,000 daytrips to Maricopa County will be made as a result of a remodeled Hance Park.

# Economic Impact Analysis – Maricopa County

The tables below provide a summary of the expected direct net new spending and the direct, indirect, and induced net new spending impacts on Maricopa County from a revitalized Hance Park.

Table 8-15

Direct Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Food & Beverage	\$2,896	\$3,971	\$5,870	\$6,979	\$7,543	\$9,753	\$16,517	\$28,375	<b>\$427,884</b>
Lodging	\$992	\$1,388	\$1,774	\$1,827	\$1,882	\$2,182	\$2,943	\$3,965	<b>\$78,785</b>
Retail	\$1,558	\$2,181	\$3,406	\$4,178	\$4,561	\$6,031	\$10,600	\$18,735	<b>\$273,099</b>
Transportation	\$1,345	\$1,862	\$2,827	\$3,413	\$3,707	\$4,847	\$8,365	\$14,582	<b>\$216,088</b>
Other Local Spending	\$3,489	\$4,816	\$7,240	\$8,692	\$9,424	\$12,273	\$21,038	\$36,488	<b>\$544,031</b>
<b>Total</b>	<b>\$10,280</b>	<b>\$14,218</b>	<b>\$21,117</b>	<b>\$25,089</b>	<b>\$27,116</b>	<b>\$35,085</b>	<b>\$59,464</b>	<b>\$102,144</b>	<b>\$1,539,887</b>

Source: Hunden Strategic Partners

Table 8-16

Direct, Indirect & Induced Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Spending</b>									
Direct	\$10,280	\$14,218	\$21,117	\$25,089	\$27,116	\$35,085	\$59,464	\$102,144	<b>\$1,539,887</b>
Indirect	\$3,450	\$4,770	\$7,084	\$8,417	\$9,097	\$11,771	\$19,951	\$34,273	<b>\$516,653</b>
Induced	\$4,301	\$5,949	\$8,852	\$10,532	\$11,387	\$14,748	\$25,034	\$43,060	<b>\$648,155</b>
<b>Total</b>	<b>\$18,031</b>	<b>\$24,937</b>	<b>\$37,053</b>	<b>\$44,037</b>	<b>\$47,601</b>	<b>\$61,604</b>	<b>\$104,449</b>	<b>\$179,477</b>	<b>\$2,704,695</b>

Source: Hunden Strategic Partners

- HSP estimates direct net new spending in Maricopa County to total more than \$1.5 billion by Year 30.
- In Maricopa County, total direct, indirect, and induced net new spending is expected to surpass \$2.7 billion over the 30 year period.



# Economic Impact Analysis – Maricopa County

The tables below provide a summary of the net new earning expected from direct, indirect, and induced net new spending to Maricopa County as well as net new FTE jobs created as a result of the project.

Table 8-17

Net New Earnings from Direct, Indirect & Induced Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Earnings</b>									
From Direct	\$3,391	\$4,693	\$6,997	\$8,335	\$9,017	\$11,688	\$19,871	\$34,221	<b>\$514,358</b>
From Indirect	\$1,080	\$1,493	\$2,215	\$2,629	\$2,841	\$3,674	\$6,220	\$10,676	<b>\$161,101</b>
From Induced	\$1,279	\$1,769	\$2,631	\$3,129	\$3,383	\$4,380	\$7,432	\$12,777	<b>\$192,422</b>
<b>Total</b>	<b>\$5,750</b>	<b>\$7,956</b>	<b>\$11,844</b>	<b>\$14,094</b>	<b>\$15,241</b>	<b>\$19,742</b>	<b>\$33,523</b>	<b>\$57,674</b>	<b>\$867,881</b>

Source: Hunden Strategic Partners

Table 8-18

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Average
<b>Net New FTE Jobs</b>									
From Direct	217	292	426	496	523	600	799	1,076	709
From Indirect	73	98	143	166	175	201	268	361	238
From Induced	91	123	179	209	221	253	338	455	300
<b>Total</b>	<b>380</b>	<b>513</b>	<b>748</b>	<b>871</b>	<b>920</b>	<b>1,055</b>	<b>1,404</b>	<b>1,892</b>	<b>1,246</b>

Source: Hunden Strategic Partners

- As a result of the project, net new earnings are expected to surpass \$860 million over the period.
- The project is projected to create approximately 750 FTE jobs by stabilization within Maricopa County in Year 3 and just under 1,900 FTE jobs by Year 30.

# Economic Impact Analysis – Maricopa County

The table below estimates the fiscal impact on Maricopa County as a result of the project and is estimated based on local tax rates.

Table 8-19

Estimated Fiscal Impact - Maricopa Tax Impacts from Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Local Taxes Collected</b>									
Hotel Occupancy Tax	\$18	\$25	\$31	\$32	\$33	\$39	\$52	\$70	\$1,394
Sales Tax	\$35	\$49	\$75	\$90	\$98	\$128	\$221	\$387	\$5,720
Food & Beverage Tax	\$20	\$28	\$41	\$49	\$53	\$68	\$116	\$199	\$2,995
Auto Rental Tax	\$5	\$7	\$10	\$12	\$13	\$17	\$29	\$51	\$756
Property Tax	\$407	\$537	\$800	\$963	\$1,038	\$1,243	\$1,682	\$2,295	\$44,347
<b>Total</b>	<b>\$485</b>	<b>\$645</b>	<b>\$957</b>	<b>\$1,146</b>	<b>\$1,235</b>	<b>\$1,495</b>	<b>\$2,101</b>	<b>\$3,002</b>	<b>\$55,213</b>

\* First year includes construction period spending on the project  
 Source: Hunden Strategic Partners

HSP estimates that the project will generate more than \$55 million in fiscal impacts over the 30 year period for Maricopa County. A majority of this impact will be as a result of the county property tax. The 1.7 percent hotel occupancy tax levy is projected to contribute just under \$1.4 million while the sales tax levy is projected to contribute more than \$5.7 million.

# Economic Impact Analysis – Maricopa County

Table 8-20

Table 8-20 provides an overall summary of all impacts to Maricopa County expected from the renovation of Hance Park. This summary table is a representation of data found in the prior tables related to Maricopa County impact.

- Net new spending to the county is expected to surpass \$2.7 billion over the period with direct net new spending contributing more than \$1.5 billion.
- Net new earnings to the county are expected to surpass \$860 million with direct spending again contributing to a significant portion of that total.
- Over the term, more than 1,890 FTE jobs are projected to be created as a result of the project within the county.
- Fiscal impacts are also expected to surpass \$55 million as county property tax contributes a significant portion.

<b>Summary of Impact - Maricopa County (30 Years)</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$1,540
Indirect	\$517
Induced	\$648
<b>Total</b>	<b>\$2,705</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$514
From Indirect	\$161
From Induced	\$192
<b>Total</b>	<b>\$868</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	1,076
From Indirect	361
From Induced	455
<b>Total</b>	<b>1,892</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
Hotel Occupancy Tax	\$1.4
Sales Tax	\$5.7
Food & Beverage Tax	\$3.0
Auto Rental Tax	\$0.8
Property Tax	\$44.3
<b>Total</b>	<b>\$55.2</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$44.0
New Labor Spending	\$66.0
Job-Years, From Construction	1,218
Source: Hunden Strategic Partners	

# Economic Impact Analysis – Arizona

Tables 8-21 summarizes the the key metrics and assumptions used to determine net new visitors to Arizona by the stabilized year.

**Table 8-21**

Annual Metrics and Assumptions Used to Determine Net New Vistors to Arizona (Stabilized Year)								
	Percent of Visitors Non- Arizona	Percent of Non- Arizona Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non- Arizona Visitors Making a Daytrip	Number of Non- Arizona Visitors Staying Overnight	Visitors per Room Night	Room Nights Generated	Number of Non- Arizona Daytrips
General Visitation	3%	75%	2%	25%	15,604	1.7	9,179	5,201
Special Events	15%	75%	11%	25%	6,750	2.1	3,214	2,250
Amphitheater Events	5%	75%	4%	25%	810	2.1	386	270
Other Programmed Events	3%	70%	2%	30%	788	1.7	463	338
Community Events	2%	70%	1%	30%	36	1.7	21	16
Other (Dog/Skate)	0%	70%	0%	30%	0	1.5	0	0
Meetings/Banquets	15%	70%	11%	30%	378	1.3	291	162
<b>Total</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>97%</b>	<b>24,366</b>	<b>1.8</b>	<b>13,554</b>	<b>8,236</b>

Source: HSP

HSP estimates that just under 24,400 people will stay overnight in Arizona, per year, as a result of a revamped Hance Park and these overnight visitors are estimated to demand just under 14,000 room nights per year. Additionally, HSP estimates that just over 8,200 daytrips to Arizona will be made as a result of a remodeled Hance Park.

# Economic Impact Analysis – Arizona

The tables below provide a summary of the expected direct net new spending and the direct, indirect, and induced net new spending impacts on the State of Arizona from a revitalized Hance Park.

Table 8-22

Direct Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Food & Beverage	\$1,993	\$2,614	\$3,794	\$4,524	\$4,894	\$6,342	\$10,779	\$18,572	<b>\$279,291</b>
Lodging	\$1,343	\$1,529	\$1,711	\$1,762	\$1,815	\$2,105	\$2,839	\$3,825	<b>\$76,575</b>
Retail	\$1,047	\$1,440	\$2,233	\$2,742	\$2,994	\$3,962	\$6,973	\$12,336	<b>\$179,665</b>
Transportation	\$918	\$1,230	\$1,842	\$2,228	\$2,422	\$3,171	\$5,485	\$9,578	<b>\$141,713</b>
Other Local Spending	\$2,393	\$3,181	\$4,708	\$5,665	\$6,146	\$8,017	\$13,779	\$23,946	<b>\$356,369</b>
<b>Total</b>	<b>\$7,694</b>	<b>\$9,995</b>	<b>\$14,289</b>	<b>\$16,922</b>	<b>\$18,272</b>	<b>\$23,597</b>	<b>\$39,856</b>	<b>\$68,257</b>	<b>\$1,033,613</b>

Source: Hunden Strategic Partners

Table 8-23

Direct, Indirect & Induced Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Spending</b>									
Direct	\$7,694	\$9,995	\$14,289	\$16,922	\$18,272	\$23,597	\$39,856	\$68,257	<b>\$1,033,613</b>
Indirect	\$2,574	\$3,345	\$4,786	\$5,669	\$6,122	\$7,908	\$13,360	\$22,886	<b>\$346,457</b>
Induced	\$3,195	\$4,161	\$5,971	\$7,084	\$7,653	\$9,895	\$16,747	\$28,730	<b>\$434,177</b>
<b>Total</b>	<b>\$13,463</b>	<b>\$17,501</b>	<b>\$25,046</b>	<b>\$29,675</b>	<b>\$32,047</b>	<b>\$41,399</b>	<b>\$69,963</b>	<b>\$119,873</b>	<b>\$1,814,247</b>

Source: Hunden Strategic Partners

- HSP estimates direct net new spending in Arizona to total more than \$1 billion by Year 30.
- In Arizona, total direct, indirect, and induced net new spending is expected to surpass \$1.8 billion over the 30 year period.

# Economic Impact Analysis – Arizona

The tables below provide a summary of the net new earning expected from direct, indirect, and induced net new spending to the State of Arizona as well as net new FTE jobs created as a result of the project.

Table 8-24

Net New Earnings from Direct, Indirect & Induced Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Net New Earnings</b>									
From Direct	\$2,513	\$3,278	\$4,717	\$5,604	\$6,056	\$7,838	\$13,287	\$22,825	<b>\$344,386</b>
From Indirect	\$812	\$1,053	\$1,502	\$1,777	\$1,918	\$2,475	\$4,175	\$7,142	<b>\$108,301</b>
From Induced	\$953	\$1,240	\$1,777	\$2,107	\$2,276	\$2,941	\$4,975	\$8,529	<b>\$128,979</b>
<b>Total</b>	<b>\$4,277</b>	<b>\$5,571</b>	<b>\$7,996</b>	<b>\$9,487</b>	<b>\$10,250</b>	<b>\$13,254</b>	<b>\$22,437</b>	<b>\$38,496</b>	<b>\$581,666</b>

Source: Hunden Strategic Partners

Table 8-25

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Average
<b>Net New FTE Jobs</b>									
From Direct	157	201	284	330	348	399	530	714	472
From Indirect	53	67	95	111	117	134	178	239	158
From Induced	66	84	119	139	147	168	224	302	199
<b>Total</b>	<b>275</b>	<b>352</b>	<b>498</b>	<b>579</b>	<b>612</b>	<b>701</b>	<b>932</b>	<b>1,255</b>	<b>829</b>

Source: Hunden Strategic Partners

- As a result of the project, net new earnings are expected to surpass \$580 million over the period.
- The project is projected to create just under 500 FTE jobs by stabilization within Maricopa County in Year 3 and just over 1,250 FTE jobs by Year 30.

# Economic Impact Analysis – Arizona

The table below estimates the fiscal impact on the State of Arizona as a result of the project and is estimated based on local tax rates.

Table 8-26

Estimated Fiscal Impact - State Tax Impacts from Net New Spending (000s)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
<b>Local Taxes Collected</b>									
Hotel Occupancy Tax	\$74	\$84	\$94	\$97	\$100	\$116	\$156	\$210	\$4,212
Sales Tax	\$193	\$259	\$389	\$471	\$512	\$671	\$1,162	\$2,032	\$30,018
Food & Beverage Tax	\$112	\$146	\$212	\$253	\$274	\$355	\$604	\$1,040	\$15,640
Auto Rental Tax	\$26	\$34	\$52	\$62	\$68	\$89	\$154	\$268	\$3,968
Income Tax	\$657	\$913	\$1,436	\$1,774	\$1,941	\$2,581	\$4,573	\$8,131	\$117,700
<b>Total</b>	<b>\$1,060</b>	<b>\$1,436</b>	<b>\$2,183</b>	<b>\$2,658</b>	<b>\$2,895</b>	<b>\$3,811</b>	<b>\$6,649</b>	<b>\$11,681</b>	<b>\$171,537</b>

\* First year includes construction period spending on the project  
 Source: Hunden Strategic Partners

HSP estimates that the project will generate more than \$171 million in fiscal impacts over the 30 year period for the state of Arizona. A majority of this impact will be as a result of the state income tax. The 5.6 percent state sales tax levy accounts for more than \$30 million in fiscal impact.

# Economic Impact Analysis – Arizona

Table 8-27 provides an overall summary of all impacts to the state of Arizona expected from the renovation of Hance Park. This summary table is a representation of data found in the prior tables related to Arizona impact.

- Net new spending to the state is expected to surpass \$1.8 billion over the period with direct net new spending contributing more than \$1 billion.
- Net new earnings to the state are expected to surpass \$582 million with direct spending again contributing to a significant portion of that total.
- Over the term, more than 1,250 FTE jobs are projected to be created as a result of the project within the state.
- Fiscal impacts are also expected to surpass \$122 million with a majority of the fiscal impact coming from income tax.

Table 8-27

Summary of Impact - Arizona (30 Years)	
	State
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$1,034
Indirect	\$346
Induced	\$434
<b>Total</b>	<b>\$1,814</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$344
From Indirect	\$108
From Induced	\$129
<b>Total</b>	<b>\$582</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	714
From Indirect	239
From Induced	302
<b>Total</b>	<b>1,255</b>
<b>Taxes Collected</b>	<b>(millions)</b>
Hotel Occupancy Tax	\$4
Sales Tax	\$30
Food & Beverage Tax	\$16
Auto Rental Tax	\$4
Income Tax	\$118
<b>Total</b>	<b>\$122</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$44.0
New Labor Spending	\$66.0
Job-Years, From Construction	1,218

Source: Hunden Strategic Partners



# Economic Impact Analysis – Summary

Table 8-28 provides a summary of all impacts to the City of Phoenix, Maricopa County, and State of Arizona expected from the renovation of Hance Park. As expected, the greatest impact will occur within the City of Phoenix as the development will be situated there. Direct new spending is projected to surpass \$6.6 billion within the city over the 30 year period. The county and the state will also benefit from net new spending as both are projected to receive more than \$1.8 billion as a result of the park over a 30 year period. FTE jobs are projected to be created at a city, county and state level. In total just under 5,950 FTE jobs are expected to be created between the three. Fiscal impacts are projected to be significant at a state and city level with each projected to collect more than \$115 million in tax revenue as a result of the project.

Table 8-28

Summary of Impact (30 Years)			
	State	County	City
<b>Net New Spending</b>	<b>(millions)</b>	<b>(millions)</b>	<b>(millions)</b>
Direct	\$1,034	\$1,540	\$4,869
Indirect	\$346	\$517	\$769
Induced	\$434	\$648	\$963
<b>Total</b>	<b>\$1,814</b>	<b>\$2,705</b>	<b>\$6,601</b>
<b>Net New Earnings</b>	<b>(millions)</b>	<b>(millions)</b>	<b>(millions)</b>
From Direct	\$344	\$514	\$763
From Indirect	\$108	\$161	\$240
From Induced	\$129	\$192	\$286
<b>Total</b>	<b>\$582</b>	<b>\$868</b>	<b>\$1,289</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
From Direct	714	1,076	1571
From Indirect	239	361	527
From Induced	302	455	665
<b>Total</b>	<b>1,255</b>	<b>1,892</b>	<b>2763</b>
<b>Taxes Collected</b>	<b>(millions)</b>	<b>(millions)</b>	<b>(millions)</b>
Hotel Occupancy Tax	\$4	\$1	\$6
Sales Tax	\$30	\$6	\$61
Food & Beverage Tax	\$16	\$3	\$32
Auto Rental Tax	\$4	\$1	\$15
Income Tax	\$118	\$44	\$0
Real Estate Tax	\$0	\$55	\$0
<b>Total</b>	<b>\$122</b>	<b>\$55</b>	<b>\$115</b>
<b>Construction Impact</b>	<b>(millions)</b>	<b>(millions)</b>	<b>(millions)</b>
New Materials Spending	\$44.0	\$31.2	\$14.6
New Labor Spending	\$66.0	\$46.8	\$21.9
Job-Years, From Construction	1,218	863	404

Source: Hunden Strategic Partners