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INDUSTRY UPDATE

Bi-weekly period ending December 19, 1997

Phoenix Metro Area

Manufacturing

A robotics firm selects Chandler as its supply center for the western United States. The **SuperMecha-tronics division of Motoman Inc. will open March 1** with an annual payroll of about \$1 million. Motoman supplies robotic automation in the production of microchips and is the third largest robotics company in North America. The robotics are built in Dayton, Ohio. The new facility is being built at Erie Tech Plaza, between 54th and 56th streets.

Construction

Building permits issued for the year in Maricopa County are on a record pace, according to the College of Business at Arizona State University. Demand for single-family homes is particularly strong. Bouyed by the expiration of a land-use moratorium and an expected increase in development fees, the 1,774 permits issued for Gilbert set the pace in the third quarter of 1997. Phoenix followed with 1,426.

Services

Marriott intends to build a 950-room resort at Deer Valley Road and Tatum Boulevard in the master-planned community of Desert Ridge. To be located next to the Wildfire golf course, which Marriott will purchase, the resort will include a lake, theme restaurants, retail outlets and a second 18-hole golf course. The resort is being designed by Hornberger & Worstell of San Francisco and will be built by Hensel Phelps Construction of Colorado.

Finance, Insurance, and Real Estate

Bank of America will move its regional headquarters into one of three skyscrapers planned

for the Collier Center in downtown Phoenix. The announcement paves the way for construction to begin on the \$500 million development of office, retail and hotel space. Bank of America will leave its present downtown high-rise location to occupy eight of the 24 floors in the new building. Opus West is developing the property on land owned by Barron Collier of Florida.

Westin Hotels is also involved in the Collier Center, which is bounded by 1st and 3rd streets and Washington and Jefferson streets. Agreement has been reached between the city and Westin officials, and pending city council approval, construction of the 700-room hotel will begin in 1998. Westin Hotels is joined in the development by Woodbine Southwest, which is also the builder.

Trammell Crow Co. is building a 540,000-square-foot business park on 39 acres south of Sky Harbor Airport near I-10 and 32nd Street. The development, one of the Valley's largest new business parks, will consist of six buildings that offer a hybrid of industrial and office space known as "back-office space." The project is largely speculative, although Apria Healthcare, the nation's largest home health care company, has signed on as the development's first tenant.

New-home developments continue shaping the fringes of metropolitan Phoenix. In the northwest Valley, **Beazer Homes** opened two new neighborhoods, touted for their affordability, at **Mountain Vista Ranch** at 160th Avenue and Bell Road in Surprise. In north Scottsdale, **Saddleback Handcrafted Homes** has broken ground for a luxury gated community called 25000 Troon Mountain Drive, which includes a 6,200-square-foot residence reputed to be the largest semi-custom model in Arizona. Further east, the Lyle Anderson Co. is selling lots in Superstition Mountain, a planned luxury golf community, at the 870-acre site located between Apache Junction and Gold Canyon.

Statewide

Expansion is slated for the University of Arizona's heart center in Tucson following approval by the Arizona Board of Regents. The proposed 36,400-square-foot facility will be a three-story addition to the College of Medicine. More than \$8 million of the estimated construction costs of \$9.7 million has been raised through donations and pledges.

SunCor Development is building 300 high-end homes around the golf course in its Sedona Golf resort. The development, which will be built in two phases, will include a 225-room resort built by the Canadian firm United Properties, a 406-unit time-share and a shopping center. Large developments are uncommon in Sedona because of the lack of large parcels of land, a city moratorium on sewer connections, and anti-growth sentiment.

Prescott Valley is getting a new town hall and library. Valued at nearly \$10 million, the four story, 61,000-square-foot facility is expected to be finished by October 1998. Included in the building will be a town council chamber and courtroom and the Prescott Valley Public Library. Designed by the Phoenix-based architectural firm of Langdon Wilson, the building will be constructed by Cohen Contracting, also of Phoenix.

CMX Group Inc., a Phoenix engineering firm, is **designing infrastructure improvements for downtown Prescott.** The \$2 million project includes brick crosswalks, pedestrian lights, street furniture and landscaping. Construction will begin early in 1998.

Miscellaneous

Growing disparity between the wealthy and poor is affirmed by an analysis of census data by the nonpartisan Center on Budget and Policy Priorities. The study, which examined data for families with children under 18, indicated that the average income of middle-class families in Arizona fell by 22 percent between the late 1970s and the mid-1990s. The decline to \$32,177 represented the largest drop of any state. The middle fifth of wage earners in Arizona share 15.1 percent of all

state income (the second lowest of any state), while the wealthiest fifth control 48.7 percent of all income (the third-highest of all states).

Growing 8.1 percent during the third quarter, **Mexico's economy appears to be continuing its recovery** from the peso-devaluation crisis of three years ago. According to a report from the Banc One Economic Outlook Center at Arizona State University, Mexico's gross domestic product will expand 7 percent in 1997, up from 5.1 percent last year, and in contrast to a 6.2 percent drop in 1995. Exports and private investment are seen as fueling the expansion, in contrast to previous cycles when public spending was the catalyst.

The cost to employers for unemployment insurance has been reduced 15 percent. The new rate is 1.27 percent of the first \$7,000 of each employee's annual pay - down from 1.5 percent. According to Arizona officials, low unemployment levels has allowed for the adjustment.

Funding for maintenance and operation of Arizona's public schools fell 9.2 percent over the past nine years, according to a report by the Joint Legislative Budget Committee. Inflation-adjusted funding dropped from \$3,351 per student in 1990 to an estimated \$3,044 in 1998, according to the report which was part of a new tax policy study issued by the Morrison Institute for Public Policy at Arizona State University.

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