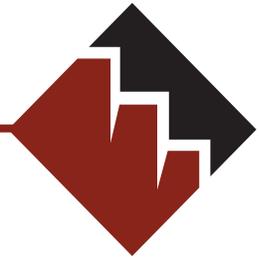


# MARKET SNAPSHOT

## Aerospace & Defense



CREG

### Tucson, Arizona – From Black Boxes to the Boneyard

This *Market Snapshot* will give you reasons why Tucson, Arizona should be on your short list for starting, relocating or expanding your A&D business.

When you locate to Tucson, you'll be in very good company. It turns out that more than half of the manufacturing workforce in Tucson, Arizona is involved in A&D-related activity and there are currently over 1,200 companies involved in aerospace and defense manufacturing, training, research and service throughout the city.

#### Key Facts about the Aerospace & Defense Industry

- Nationally, according to a 2013 report from PricewaterhouseCoopers, the top 100 Aerospace & Defense companies in the United States reported \$719 billion in revenue and \$66 billion in operating profit.
- Arizona has been cited by Deloitte Consulting as fourth nationwide in aerospace payroll and fourth in aerospace revenue at almost \$15 billion.
- Tucson has an 8.35 location quotient, meaning the area is over eight times more concentrated in this industry than the average of all metropolitan statistical areas in the United States. This puts the city in the Top 5 Metro Areas Nationwide.

*"Lower taxes, less burdensome government regulations, a competitive incentives package and exceptional aerospace and engineering programs at the university level have led to Arizona's top-10 rankings in Department of Defense contracts as well as in A&D manufacturing, aerospace exports and aerospace jobs."*

...Arizona Commerce Authority

#### Specialized Commercial Real Estate Needs

- Businesses in aviation, aerospace or defense manufacturing and service have specialized real estate needs, including adequate warehouse space for materials and products, building configurations and infrastructure to optimize production and service.
- A key success factor in the global aircraft manufacturing industry is the ability to handle the "troughs and peaks" in demand. Your choice of real estate must have the flexibility for rapid expansion or curtailment of operations to meet market demands.
- Because Tucson is a transportation hub for imports and exports, you'll want to identify real estate that provides easy access to multiple transportation modes.



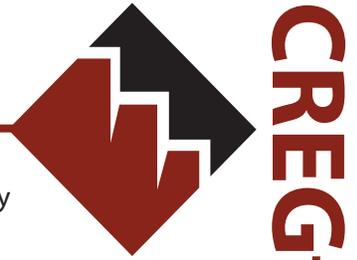
Market Snapshot courtesy of:



**Commercial Real Estate Group of Tucson LLC**

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## Tucson, Arizona - Enviably Location, Outstanding Reputation



You may think of Tucson as a place where the sun shines more than 350 days a year and the skies are clear and blue. That sunshine and the low humidity are two of the many reasons why Tucson is a key player in the Aerospace & Defense industry.

The dryness of the Sonoran Desert provides an ideal storage environment for aviation. One organization that takes advantage of the climate is the AMARG (Aerospace Maintenance and Regeneration Group). It has the largest U.S. military craft storage facility, fondly referred to as The Boneyard. Over 4,000 aircraft and other military equipment are serviced here or stored for parts.

The city's central southwestern U.S. location provides several advantages for A&D. An intermodal rail facility that connects easily to coastal ports and easy access to interstate and international highways provide efficient and reliable transportation options.

The names of a few A&D companies in Tucson will be very familiar to you. Raytheon, Bombardier, Sargent, Universal Avionics, Lockheed Martin, Honeywell, B/E Aerospace, Paragon Space and Securaplane are just a few of the 1,200 A&D-related companies that call Tucson home.



### Strong Research & Educational Presence

- The University of Arizona's Department of Aerospace and Mechanical Engineering educates and supports the A&D industry.
- Pima Community College's Aviation Technology Program offers four major fields of study and has been called "one of the best kept secrets among many in the Tucson region."
- AZCI (Arizona Center for Innovation), a tech business incubator, provides facilities and lab space for early-stage ventures.
- Tech Launch Arizona helps University faculty commercialize their inventions.

### Local Community Support

- The Arizona Technology Council (AZTC), a highly active trade association for technology-related industries, hosts the state's annual Aviation, Aerospace & Defense Requirements Conference drawing prime contractors, tier four suppliers and the Department of Defense (DoD).
- Tucson's Pima County government and TREO (Tucson Regional Economic Opportunity) offer economic and business development assistance and support the city's goal to be on the short list for corporate site selectors.

### Availability of Federal and State Incentives and Funding

- More than \$200 million is available through refundable tax credits, reimbursable grants and property tax reductions.
- SBIR (Small Business Innovation Research) grants have been awarded to many Tucson-based companies.
- ACA (Arizona Commerce Authority) provides numerous funding opportunities in the form of grants and loans.

Want more information that proves Tucson, Arizona is a great place for A&D companies?

The 15-page white paper "Tucson, Arizona. From Black Boxes to the Boneyard" contains in-depth information and resources. Request it from Michael Coretz at Commercial Real Estate Tucson LLC.



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