
**Employment Land Supply/Demand Analysis
Town of Queen Creek, Arizona**

Prepared for:
Circle G Property Development.

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Executive Summary

Elliott D. Pollack and Company has been retained to evaluate the demand for employment land within the Town of Queen Creek based on historical supply/demand dynamics in the metro Phoenix area and Maricopa Association of Governments (MAG) long term projections. The research outlined in this report has been prepared as part of General Plan Amendment Case Number GP07-04 concerning the redesignation of 280 acres north of Queen Creek Road and east of Crismon Road from Employment-Type A to Low Density Residential and Medium Density Residential. The term “employment” is used in this study to refer to industrial and business park land uses. The Queen Creek General Plan refers to industrial areas as Employment-Type A (general industrial) and Employment-Type B (light industrial).

Conclusions

Data compiled from the Queen Creek General Plan indicates that the Town has designated approximately three times as much employment land (based on MAG population projections) than the community will need over the long term to serve its future employment base. If conditions warrant, it would be reasonable for Queen Creek to consider reducing its employment inventory to be more consistent with projected demand.

The implications of designating an abundance of employment land on the General Plan could have long term fiscal effects. While a reasonable mix of employment is important for the health of a community, the majority of revenues generated to Arizona cities come from the resident population base. These major revenue sources include retail sales taxes and state shared revenues. In Queen Creek, 55% of projected 2004-05 General Fund revenues (excluding a \$4 million carryover) come from sales taxes and state shared revenues. Another 25% of General Fund revenues are derived from building permits and engineering fees.

Property taxes, on the other hand, are the primary revenue generated to a city from employment uses (industrial and office uses). These taxes constitute a very small share of the overall city budget compared to population-based revenues. In fact, according to the County Treasurer, Queen Creek does not currently levy a property tax.

Therefore, from a fiscal perspective, it is important for a community to plan for a reasonable mix of employment uses. If there is too much employment land, that property will sit idle for decades, producing little in the way of income for a city. Alternatively, if that land could be used for residential purposes, it could support additional retail uses and generate a wide array of city revenues. With the large excess supply of employment land in Queen Creek, it appears appropriate to consider a reduction in the inventory to bring it more in line with demand and the fiscal structure of the Town.

Employment Land Supply - Demand Analysis

Queen Creek is expected to grow to over 88,000 people by 2030 with nearly 37,000 jobs. Employment growth between 2000 and 2030 is forecasted at 35,000 jobs, with 24,000 of those jobs (69%) in the industrial and office categories. The total estimated employment land demand to accommodate these jobs is 904 acres based on typical development patterns within the metro Phoenix area.

Based on year-end 2003 aerial photography and the Queen Creek General Plan, there are currently over 3,000 acres of vacant employment land within the Town of Queen Creek. Developed employment land today totals only 138 acres.

The following table provides a comparison of the demand for and supply of employment land in Queen Creek. The vacant employment land supply totals 3,060 acres. Projected employment land demand through 2030 is 904 acres, creating a surplus of employment land of approximately 2,156 acres.

Vacant Employment Land	3,060
Employment Land Demand	(904)
Surplus (Deficit)	2,156

Source: Elliott D. Pollack & Co.

Queen Creek's current vacant employment land base of 3,060 acres represents approximately three times as much land than will be needed to accommodate the future employment needs of the community based on current MAG forecasts. If conditions warrant, it would be reasonable for Queen Creek to consider reducing its employment inventory to be more consistent with projected demand. To allow for choice in the market place, the amount of land reserved for employment uses in the General Plan should be increased by another 20% to 25%. This would increase the total suggested employment land reserve to 1,130 acres.

1.0 Purpose of Study

Elliott D. Pollack and Company has been retained to evaluate the demand for employment land within the Town of Queen Creek based on historical supply/demand dynamics in the metro Phoenix area and Maricopa Association of Governments (MAG) long term projections. The research outlined in this report has been prepared as part of General Plan Amendment Case Number GP07-04 concerning the redesignation of 280 acres north of Queen Creek Road and east of Crismon Road from Employment Type A to Low Density Residential and Medium Density Residential. The term “employment” is used in this study to refer to industrial and business park land uses. The Queen Creek General Plan refers to industrial areas as Employment-Type A (general industrial) and Employment-Type B (light industrial).

This report will provide an overview of the metro Phoenix industrial market, focusing on historical demand trends and the relationship between industrial development and population growth. Employment demand projections will be based on information developed by the Maricopa Association of Governments (MAG) for its long term transportation planning efforts. The data is contained within its socioeconomic database and 2003 Interim Projections. The contents of this study reflect the views of Elliott D. Pollack & Company who is responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of MAG and have not been approved or endorsed by MAG.

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding this study is for the client’s due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, loan agreement or other agreement or document without our prior written approval, which may require that we perform additional procedures, nor can it be used for any purpose other than as expressly stated in this report.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack and Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.

- This study will only evaluate the employment land supply and demand balance within the Town of Queen Creek. It will not evaluate the feasibility of converting the 280 acres outlined in General Plan Amendment Case Number GP07-04 (located north of Queen Creek Road and east of Crismon Road) from Employment Type A to Low Density Residential and Medium Density Residential.
- Our analysis is based on currently available information and estimates and assumptions about long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this market study are those that are believed to be significant to the projections of future results.

The next section of this report outlines the trends within the industrial real estate market in Metro Phoenix. Section 3.0 provides the methodology for determining the demand for employment land within the Town of Queen Creek based on MAG projections. In Section 4.0, the demand for employment land in Queen Creek is compared to the available supply.

2.0 Metro Phoenix Industrial Real Estate Market

The industrial sector is the largest segment of the commercial real estate market. This firm uses a number of different sources to track the industrial market, but the most detailed information is provided by Kammrath and Associates which primarily depends upon the County Assessor's records for their database. The data used in this analysis is derived from the Kammrath and Associates June 2004 Update to The Property Book Directory of Industrial Buildings. It includes all buildings larger than 10,000 square feet in size. Due to time delays in placing newly developed property on the Assessor's tax rolls, the Kammrath and Associates database typically lags behind market construction activity.

Table 1
**Industrial Building Space by City
2003**

City	Manufacturing		Industrial Park		Office Warehouse		Warehouse/Distribution		Total	
	Square Feet	Market Share	Square Feet	Market Share	Square Feet	Market Share	Square Feet	Market Share	Square Feet	Market Share
Chandler	10,871,958	18.8%	1,209,406	4.0%	1,496,450	6.2%	3,585,251	3.3%	17,163,065	7.7%
% of City Total	63.3%		7.0%		8.7%		20.9%		100.0%	
Gilbert	844,960	1.5%	1,149,488	3.8%	847,183	3.5%	1,580,987	1.4%	4,422,618	2.0%
% of City Total	19.1%		26.0%		19.2%		35.7%		100.0%	
Glendale	1,805,519	3.1%	960,891	3.2%	437,014	1.8%	6,333,936	5.8%	9,537,360	4.3%
% of City Total	18.9%		10.1%		4.6%		66.4%		100.0%	
Mesa	4,587,948	7.9%	2,402,264	7.9%	1,128,413	4.7%	3,191,204	2.9%	11,309,829	5.1%
% of City Total	40.6%		21.2%		10.0%		28.2%		100.0%	
Peoria	295,266	0.5%	195,608	0.6%	280,520	1.2%	329,079	0.3%	1,100,473	0.5%
% of City Total	26.8%		17.8%		25.5%		29.9%		100.0%	
Phoenix	24,885,233	43.1%	14,295,238	47.0%	10,285,488	42.7%	67,727,204	61.7%	117,193,163	52.8%
% of City Total	21.2%		12.2%		8.8%		57.8%		100.0%	
Scottsdale	2,212,684	3.8%	3,404,874	11.2%	3,048,298	12.7%	630,430	0.6%	9,296,286	4.2%
% of City Total	23.8%		36.6%		32.8%		6.8%		100.0%	
Tempe	6,913,204	12.0%	6,708,767	22.0%	6,350,022	26.4%	12,031,511	11.0%	32,003,504	14.4%
% of City Total	21.6%		21.0%		19.8%		37.6%		100.0%	
Maricopa County	57,716,740	100.0%	30,425,618	100.0%	24,078,430	100.0%	109,687,876	100.0%	221,908,664	100.0%
% of County Total	26.0%		13.7%		10.9%		49.4%		100.0%	

Throughout Metro Phoenix, the industrial market is comprised of approximately 222 million square feet of space (buildings greater than 10,000 square feet in size). Industrial buildings are categorized into four types of uses by Kammrath and Associates: assembly or manufacturing, multi-tenant, office warehouse, and warehouse/distribution. As of the latest data available through 2003, assembly or manufacturing buildings totaled about 57.7 million square feet of space (or 26.0% of total) and multi-tenant buildings totaled 30.4 million square feet (or 13.7% of total). In addition, there were another 24.1 million square feet of office/warehouse buildings (10.9% of total) and 109.6 million square feet of warehouse/distribution buildings (nearly 50% of total).

As shown on Table 1, 75% of all industrial space is found within three cities: Phoenix, Tempe, and Chandler. Phoenix accounts for more than half of the inventory and the City of Tempe about 14%. About 91% of the industrial inventory is found within the eight largest cities in Maricopa County. Phoenix also holds a market share of 43.1% of all assembly or manufacturing space in

the region, followed by Chandler that has two large Intel plants and assorted other high tech companies.

According to data prepared by Kammrath and Associates, Queen Creek contains no conventional industrial development although some parts of its industrial land inventory are occupied by industrial buildings smaller than 10,000 square feet and open storage uses. Industrial land uses in Queen Creek will be further evaluated in a later section of this report.

Industrial square footage per capita is represented on Table 2. The inventory of total industrial space on a per capita basis is highly concentrated within the cities of Phoenix, Chandler, and Tempe. These communities all exceed the County average of 65.3 square feet of industrial space per person.

Table 2 Industrial Building SF Per Capita 2003	
City	Total Space
Chandler	82.3
Gilbert	29.2
Glendale	41.4
Mesa	26.0
Peoria	8.7
Phoenix	84.5
Scottsdale	42.7
Tempe	200.5
Maricopa County	65.3
Source: Kammrath & Associates, Arizona Department of Economic Security, Elliott D. Pollack & Company.	

Between 1990 and 2003, the industrial market in Maricopa County has increased by more than 86 million square feet, absorbing approximately 7,528 acres. The Southeast Valley of Maricopa County accounted for approximately 31.5% of the industrial square footage constructed between 1990 and 2003. These figures do not take into account buildings smaller than 10,000 square feet in size. Smaller industrial buildings do not absorb a significant amount of acreage throughout the County. Based on an analysis of County tax records, in recent years, buildings smaller than 10,000 square feet account for only 6% of total construction activity (in square feet). In Queen Creek, aerial photography indicates some industrial sites may be occupied by smaller buildings. However, for the purposes of this report, the square footage of conventional industrial buildings in Queen Creek approaches zero.

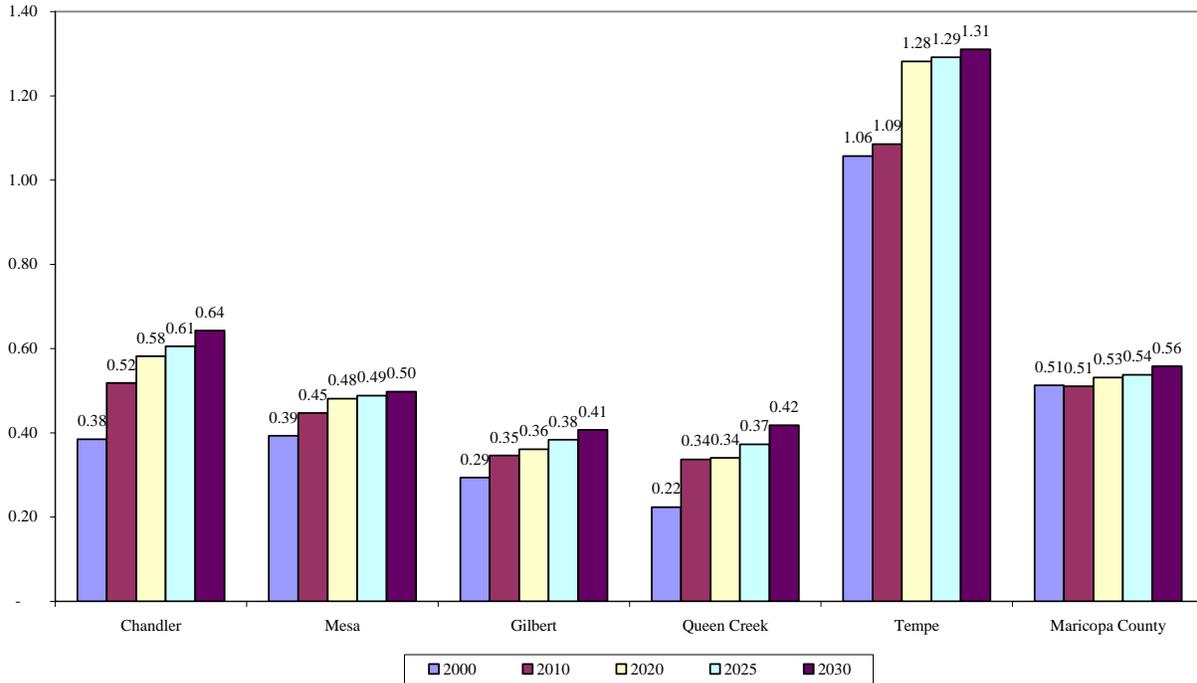
Table 3 Industrial Building Construction 1990 - 2003			
Industrial Building Square Feet Constructed			
	SE Valley		County
Year Built	SF	% of County	SF
1990	1,614,981	47.3%	3,416,521
1991	1,573,245	36.2%	4,347,101
1992	947,578	54.0%	1,756,391
1993	484,062	11.8%	4,093,296
1994	471,967	15.0%	3,142,412
1995	1,965,316	28.9%	6,804,246
1996	6,067,430	53.4%	11,358,409
1997	4,034,179	41.7%	9,678,374
1998	2,367,631	25.1%	9,417,187
1999	2,674,070	29.1%	9,189,851
2000	1,731,986	19.6%	8,820,134
2001	1,485,423	19.2%	7,739,708
2002	925,284	24.2%	3,827,637
2003	795,765	30.4%	2,617,263
Grand Total	27,138,917	31.5%	86,208,530
Industrial Acres Absorbed			
	SE Valley		County
Year Built	Acres	% of County	Acres
1990	94	44.4%	211
1991	112	25.0%	448
1992	173	77.0%	225
1993	69	19.4%	358
1994	38	16.1%	238
1995	157	28.8%	544
1996	705	60.6%	1,163
1997	317	38.6%	822
1998	168	25.3%	662
1999	255	28.1%	909
2000	154	16.9%	913
2001	136	26.4%	515
2002	78	24.0%	325
2003	84	42.3%	200
Grand Total	2,540	33.7%	7,532
Source: Kamrath & Associates; Elliott D. Pollack & Co.			

The jobs to population ratio is an important measure of the health of a community's economy. When compared to the Maricopa County average, it shows whether a city is importing or exporting workers to other parts of the metro area. According to the Maricopa Association of Governments (MAG), in 2000, the jobs to population ratio for the County stood at 0.51. In other words, across Maricopa County, there is approximately one job for every two people. By 2030, the jobs to population ratio is projected to increase slightly to 0.56. (The above numbers are based on the population living within households and exclude those living in group quarters such as universities and prisons).

By comparison, Tempe's jobs to population ratio was more than twice the County average in 2000 and is projected to continue to increase in the future. This indicates that Tempe has a large employment base relative to its population and that quite a few commuters travel to the city during the typical work week. In contrast, Chandler, Gilbert, Queen Creek and Mesa have lower

jobs to population ratios, typical of many suburban locations where the employment base is not as well developed.

**Projected Jobs to Population Ratio
Southeast Valley Cities
Source: MAG 2003 Interim Projections
(Based on Population Within Households)**



The above information is important in developing estimates of the demand for employment land in the future. Given Queen Creek’s location on the periphery of the metro area, it is expected that the demand for industrial land will likely lag behind the growth of the community for the foreseeable future. However, the community needs to plan for its industrial employment base to ensure that there is adequate land available for job growth.

3.0 Employment Land Demand Projection

This section of the report utilizes the Maricopa Association of Governments (MAG) 2003 interim projections to determine the demand for employment land in Queen Creek over the next 30 years. While the projections have not been officially adopted, they are the best available approximation of future population and employment activity in Metro Phoenix. They take into account overall growth in the marketplace, the directions of growth, land availability, and competing sites and communities. **Any conclusions reached in this analysis do not reflect the official views or policies of MAG and have not been approved or endorsed by MAG.** The term “employment” is used in this study to refer to industrial and business park land uses.

3.1 Population and Employment Projections

This study will analyze population, employment and land use projections for the Queen Creek Municipal Planning Area (MPA) as defined by MAG. The MPA is a geographical unit that is used by MAG to define the ultimate boundaries of a community. The Queen Creek MPA is slightly larger than the Town’s current land area but encompasses all the property that is expected to eventually annex into the community in the future.

Over the next thirty years, MAG projects that Queen Creek’s population and employment growth will remain strong and will capture a growing share of the metro area’s growth. As shown on the following table, Queen Creek is expected to capture 2.7% of the metro area’s population growth through 2030. In 2000, the Town only accounted for 0.2% of the County’s population. The employment capture rate through 2030 is lower at 1.9%, but still larger than the current 0.1% share of County employment. The Town’s jobs to population ratio will, therefore, increase from 0.22 in 2000 to 0.42 by 2030, still below the projected county-wide average of 0.55.

Table 4
**MAG Interim Population and Employment Projections
Queen Creek MPA**

Population			
	Maricopa County	Queen Creek	Queen Creek % of Maricopa County
2000	3,096,613	7,438	0.2%
2010	4,134,388	18,873	0.5%
2020	5,164,142	58,251	1.1%
2025	5,663,999	73,140	1.3%
2030	6,139,971	88,130	1.4%
2000-2030 Growth	3,043,358	80,692	2.7%
Employment			
	Maricopa County	Queen Creek	Queen Creek % of Maricopa County
2000	1,564,836	1,665	0.1%
2010	2,112,000	6,359	0.3%
2020	2,705,000	19,798	0.7%
2025	3,002,000	27,216	0.9%
2030	3,377,000	36,802	1.1%
2000-2030 Growth	1,812,164	35,137	1.9%
Jobs to Population Ratio			
	Maricopa County	Queen Creek	
2000	0.51	0.22	
2010	0.51	0.34	
2020	0.52	0.34	
2025	0.53	0.37	
2030	0.55	0.42	

Source: Analysis of MAG Interim Projections; Elliott D. Pollack & Company.

The employment and population projections prepared by MAG are useful in estimating the demand for employment land. The methodology employed in this study uses current MAG estimates of office and industrial job growth in the Queen Creek MPA to project future land demand. The methodology has been developed based on prior studies conducted by this firm for other cities in the metro area. Existing land use data was collected from the Queen Creek General Plan, aerial photography and other sources. Both office and industrial employment projections from MAG were used to estimate the employment land demand, assuming that 100% of industrial employment would be situated in either Employment-Type A or B areas (general or light industrial) and 50% of office uses would locate in Employment-Type B areas (light industrial) in the community. The remaining office employment is assumed to locate in commercial or retail areas throughout the Town.

3.2 Employment Land Demand Projection

Table 5 outlines the demand projection for industrial and business park land within the Queen Creek MPA based on MAG 2003 interim projections. The analysis takes into account the demand for land generated by office land uses as well as industrial land uses, assuming that 50% of office uses would locate in business parks in the form of call centers or other employee intensive type uses. The remainder of the office employment would be expected to locate in commercial or retail hubs in the Town.

Queen Creek is expected to grow to over 88,000 people by 2030 with 36,800 jobs. By 2030, about 15,500 jobs of the total employment base are expected to be “industrial” employment and 9,400 jobs will be in the “office” or services sector. Employment growth between 2000 and 2030 is forecasted at 35,000 jobs, with nearly 24,200 of those jobs (69%) in the industrial and office categories.

The 2030 population for Queen Creek of 88,130 persons projected by MAG is very close to the estimated build-out population of 90,350 persons outlined in the General Plan. Therefore, by 2030, Queen Creek will likely be completely developed from a residential standpoint unless the General Plan is amended in the future to increase densities.

The demand for employment land is based on research conducted by this firm. A ratio of 18 employees per gross acre for industrial land and 60 employees per gross acre for office land is used in this analysis. The term “gross acres” includes streets within industrial parks. Restated another way, these factors represent approximately 700 square feet of building space for each industrial employee (at a .25 coverage ratio) and 180 square feet of building space for an office/service sector employee (at a .25 coverage ratio). The analysis assumes that 50% of office employment would locate in business parks.

Using these factors, the total employment land demand is calculated at the bottom of Table 5. From 2000 to 2030, the estimated demand for industrial and business park land is 904 acres. Overall, the number of employees per acre will average approximately 21.6.

Queen Creek MPA Projections	2000	2010	2020	2025	2030	
Population	7,438	18,873	58,251	73,140	88,130	
Total Jobs	1,665	6,359	19,798	27,216	36,802	
Total Jobs/Population Ratio	0.22	0.34	0.34	0.37	0.42	
Industrial Jobs	643	2,043	5,965	10,260	15,503	
Industrial Jobs % of Total Jobs	38.6%	32.1%	30.1%	37.7%	42.1%	
Office Jobs	-	1,004	3,242	5,987	9,357	
Office Jobs % of Total Jobs	0.0%	15.8%	16.4%	22.0%	25.4%	
Growth		2000-2010	2010-2020	2020-2025	2025-2030	Total
Total Jobs		4,694	13,439	7,418	9,586	35,137
Industrial Jobs		1,400	3,922	4,295	5,243	14,860
Industrial Jobs % of Total Jobs		29.8%	29.2%	57.9%	54.7%	42.3%
Office Jobs		1,004	2,238	2,745	3,370	9,357
Office Jobs % of Total Jobs		21.4%	16.7%	37.0%	35.2%	26.6%
Employment Land Demand		2000-2010	2010-2020	2020-2025	2025-2030	Total
Industrial Job Growth		1,400	3,922	4,295	5,243	14,860
Industrial Jobs per Acre		18	18	18	18	
Industrial Land Demand (acres)		78	218	239	291	826
Office Job Growth (50% in Employment Areas)		502	1,119	1,373	1,685	4,679
Office Jobs per Acre		60	60	60	60	
Office Land Demand (acres)		8	19	23	28	78
Total Employment Land Demand (acres)		86	237	261	319	904
Total Employees Per Acre		22.1	21.3	21.7	21.7	21.6

Source: Analysis of MAG Interim Projections; Elliott D. Pollack & Company.

In order to determine the validity of the above land demand factors, the MAG database was examined for certain areas of the City of Tempe that are used almost exclusively for employment purposes and which are largely built-out. The following table outlines the results of the analysis by socioeconomic analysis zone (SAZ), a geographic unit that MAG uses for transportation planning. In the built-up parts of the Valley, the typical SAZ is one square mile in size.

Table 6 shows the intensity of employment per acre for 2000 and projected for 2030. Employment per acre in 2030 ranges from a low of approximately 17 jobs per acre to a high of 25 jobs per acre. The average projected density in 2030 is 21.1 employees per acre. Many of the SAZs include some office and retail development and other uses along the peripheral arterial streets. Employment within the eight SAZs totaled 30,500 in 2000; by 2030, employment is only expected to increase to 33,000 jobs. MAG classifies the jobs in 2030 as 71.4% industrial, 13.6% office and 10.3% retail.

Table 6			
Employment Per Acre			
City of Tempe			
Socioeconomic Analysis Zones (SAZs)			
		2000	2030
SAZ	Major Nearby Intersection	Jobs/Acre	Jobs/Acre
1866	Broadway and Priest	24.46	25.35
1158	University and SR 153	21.92	22.64
1189	Broadway and Priest	19.72	20.58
1920	Warner and Kyrene	15.92	16.79
1913	Elliot and Kyrene	8.38	17.16
1880	Broadway and Hardy	23.96	24.25
1885	Southern and Hardy	17.55	18.90
1884	Southern and Priest	18.34	18.64
Average		19.54	21.13

Source: MAG 2003 Interim Projections

The projected employment density for Queen Creek’s future job growth outlined in Table 5 is approximately 21.6 employees per acre, including both industrial and office jobs (19,539 jobs divided by 904 acres). Given the data for Tempe, this ratio appears reasonable and would likely take into account retail and other job categories that may locate in certain employment areas. Tempe’s industrially developed areas are comprised of predominantly low-rise, single story buildings that would be similar to the development in Queen Creek’s employment areas.

4.0 Supply and Demand Analysis

This section will provide estimates of the supply of employment land within the Queen Creek MPA, including the vacant land inventory that will be available for development in the future. The term “employment” is used in this study to refer to conventional industrial and business park land uses that are categorized in the Queen Creek General Plan as Employment-Type A or Type B uses. Primary sources of information will be those available from the Town of Queen Creek, specifically the General Plan. The available land supply for employment uses will then be compared to the projected demand outlined in the previous section.

4.1 Employment Land Inventory

The primary source of information on the inventory of employment land in the Town of Queen Creek is the 2002 General Plan. While the Land Use Element of the Plan does not provide much in-depth detail on existing land development patterns, it does provide estimates of the number of acres that are currently designated for future employment land uses. Queen Creek refers to these areas as either Employment–Type A or Employment–Type B. Type A areas are designated for general industrial uses while Type B are reserved for light industrial and office uses.

The employment areas of Queen Creek were mapped on Elliott D. Pollack & Company’s GIS system and aerial photos were then used to estimate the amount of developed and undeveloped land. Based on year-end 2003 aerial photography, there are currently 3,198 acres of vacant Employment-Type A and Type B land within Queen Creek. It is estimated that approximately 138 acres are currently developed or in some type of use. This leaves an undeveloped inventory of over 3,000 acres of employment land.

Table 7 Employment Land Inventory Town of Queen Creek			
Land Use	Total Planned Acres	Developed Acres	Vacant Acres
Employment - Type A	1,511	-	1,511
Employment - Type B	1,687	138	1,549
Totals	3,198	138	3,060

Source: Town of Queen Creek General Plan, Elliott D. Pollack & Co.

There are several concentrations of employment uses in the Town of Queen Creek:

- The northwest corner of the Town along Rittenhouse Road.
- Between Germann and Queen Creek Roads from Ellsworth to Meridian Road (generally within the overflight and noise zones of Williams Gateway Airport).
- Near the intersection of Riggs and Meridian Roads.

The largest number of employment-designated acres, perhaps as much as 2,200 acres, is contained near or within the Williams Gateway Airport noise zones.

4.2 Supply - Demand Analysis

Table 8 provides a comparison of the demand for and supply of employment land in the Town of Queen Creek. Based on GIS data, the vacant employment land supply totals 3,060 acres. Projected employment land demand is 904 acres as described in the Section 3.0. The surplus of employment land in Queen Creek is estimated at approximately 2,156 acres.

Vacant Employment Land	3,060
Employment Land Demand	(904)
Surplus (Deficit)	2,156

Source: Elliott D. Pollack & Co.

While the indicated demand for employment land in Queen Creek is estimated at 904 acres, to allow for choice in the market place, the amount of land reserved for employment uses, as reflected on the General Plan, should be increased by another 20% to 25%. This would increase the total suggested employment land reserve to 1,130 acres.

Queen Creek's current vacant employment land base of 3,060 acres represents approximately three times as much land than will be needed to accommodate the future employment needs of the community based on current MAG forecasts. If conditions warrant, it would be reasonable for Queen Creek to consider reducing its employment inventory to bring it more in line with projected demand.

4.3 Conclusions

Data compiled from the Queen Creek General Plan indicates that the Town has designated significantly more employment land (based on MAG population and employment projections) than the community will need over the long term to serve its future employment base. How much of this employment land can or should be converted to other uses depends upon its location and restrictions for development. However, the implications of designating an abundance of employment land on the General Plan could have long term fiscal effects.

While a reasonable mix of employment is important for the health of a city (so that property taxes provide support for the local school district and residents have the opportunity to work near home), the majority of revenues generated to a community come from the resident population base. These major revenue sources include retail sales taxes and state shared revenues. City retail sales tax receipts only occur as local households spend their wages on retail goods and services. Without local residents, there would be no sales tax revenue. A larger population also means that a community will collect a larger share of state shared revenues. Fiscal impact studies have shown that local residents are not a drain on the community, but rather pay more

than their fair share of the cost of services they demand through sales tax and other revenues. In Queen Creek, 55% of projected 2004-05 General Fund revenues (excluding a \$4 million carryover) come from sales taxes and state shared revenues. Another 25% of General Fund revenues are derived from building permits and engineering fees.

Property taxes, on the other hand, are the primary revenue generated to a city from employment uses (industrial and office uses). These taxes constitute a very small share of the overall city budget compared to population-based revenues. In fact, according to the County Treasurer, Queen Creek does not currently levy a property tax.

Therefore, from a fiscal perspective, it is very important for a community to plan for a reasonable mix of employment uses. If there is too much employment land, that property will sit idle for decades, producing little in the way of income for a city. Alternatively, if that land could be used for residential purposes, it could support additional retail uses and generate a wide array of city revenues. With the large excess supply of employment land in Queen Creek, it appears appropriate to consider a reduction in the inventory to bring it more in line with demand and the fiscal structure of the Town.