

Northwest Corner of Alma School Road & Queen Creek Road - Chandler, Arizona

OCOTILLO PLAZA



2980 Building		
Suite	Tenant	SF
1	Copper Mountain Veterinarian	
2	Sidelines Grill	

2960 Building		
Suite	Tenant	SF
1	Water and Ice	
2	Pizza Hut	
3	Poke Eats	
4	Jimmy John's	

2840 Building		
Suite	Tenant	SF
	Big Air Trampoline Park	
	Aldi	

2950 Building		
Suite	Tenant	SF
1	Medical/Urgent Care	

2860 Building		
Suite	Tenant	SF
24	Available	1,340
25	Available	1,356
26	Pet Groomer	
28	Eye Care Professionals	
30	Leslie's Pool Supplies	
31	Barber Shop	
32	Best Brains	
33	Medical Practice	
34	Avis	
35	Available	2,388

2820 Building		
Suite	Tenant	SF
1	Super Cleaners	
2	Available	1,260
3	Pampered Foot	
4	Sprint	
5	The Vape Lab	
6	Tom's BBQ	
9	Desert Valley Skate	
10	VK Nails	
12	Dollar Tree	
15	Biryani Pot Indian Restaurant	
16	30/10 Weight Loss	
17	Kim's Tailoring	
18	PostNet	
19	Joncen Phi Salon	
21	Flowers by Renee	
22	Code Ninja	

DEMOGRAPHICS

(Source: SitesUSA)

	1 Mile	2 Miles	3 Miles	5 Miles
Estimated Population (2020)	14,721	40,950	81,741	216,757
Projected Population (2025)	15,891	44,494	89,139	235,408
Estimated Avg. Household Income (2020)	\$137,877	\$138,949	\$123,974	\$113,785
Projected Avg. Household Income (2025)	\$159,254	\$158,701	\$142,860	\$130,554
Average Household Size (2020)	2.7	2.6	2.6	2.6
Total Daytime Employees (2020)	2,481	12,091	29,054	75,961
Median Age (2020)	36.6	36.7	37.3	37.7
Adult Population 25 Years or Over (2020)	9,948	27,973	56,063	148,963
Education Attained - Associate Degree or Higher (2020)	67.8%	66.9%	60.9%	53.4%

TRAFFIC COUNTS

(2014 Source: City of Chandler)

Alma School Road	35,900
Queen Creek Road	20,600
Total Cars Per Day	56,500



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OCOTILLO PLAZA

Northwest Corner of Alma School Road & Queen Creek Road - Chandler, Arizona

ANCHORED BY



SUITES FROM 1,260 SF - 2,388 SF AVAILABLE

FOR LEASE



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PROJECT HIGHLIGHTS

- Anchored by **ALDI** (Under Construction) and **DOLLAR TREE**
- Tenants at intersection: **Albertsons**, **SPROUTS**, **HomeGoods**, **OfficeMax**, **PEWE**, **STARBUCKS**, **McDonald's**
- Newest tenant adjacent to center: **SHOPPERS HOME & RANCH GOODS**
- A new ±82,000-SF **Village** located just one mile south of the site
- Less than 2 miles from Loop 202 Freeway
- Average household incomes greater than \$138,000 within 2 miles
- Price Road corridor currently ±35,000 employees
- Approximately 1½ miles from Wells Fargo Business Park and Continuum Office Park with approximately 4,600 employees and ultimate build-out of more than 15,000 employees

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PARK PLACE SOUTH
 - Five planned flex/office buildings
 - A planned 264-room hotel and conference center that will hold up to 1,000 guests
 - Totalling nearly 1 million SF

INNOVATION SQUARE
 - Proposed "innovation zone" that will provide services to neighboring businesses

WELLS FARGO OFFICE CAMPUS
 - Currently approximately 2,500 employees
 - Final build out of approximately 1.8 million SF and nearly 10,000 employees

LAND USE

- INDUSTRIAL USES
- MIXED USES
- OFFICE

ADDITIONAL INTEL INFORMATION

- Ultimate build out: 10 plants and approximately 25,000 employees
- Existing fab 12 - built in 1993 and opened in 1995
 - Fab 22 - built in 1999
 - Fab 32 - built in 2003
 - Fab 42 - built in 2013
 - Fab 52 construction within 3 years
- Fab employees - 2,500 higher paid, educated full-time employees per fab
- Each time they build a fab plant there are 5,000 - 6,000 construction workers at critical mass
- Existing fab 12 is being converted adding 2,500 construction workers
- There are 43 fabs - 4 are in Arizona
- Construction workers work 10 hour days, 60 hrs/wk

PARK PLACE CENTRAL
 - Approximately 970,000 SF of existing and planned office

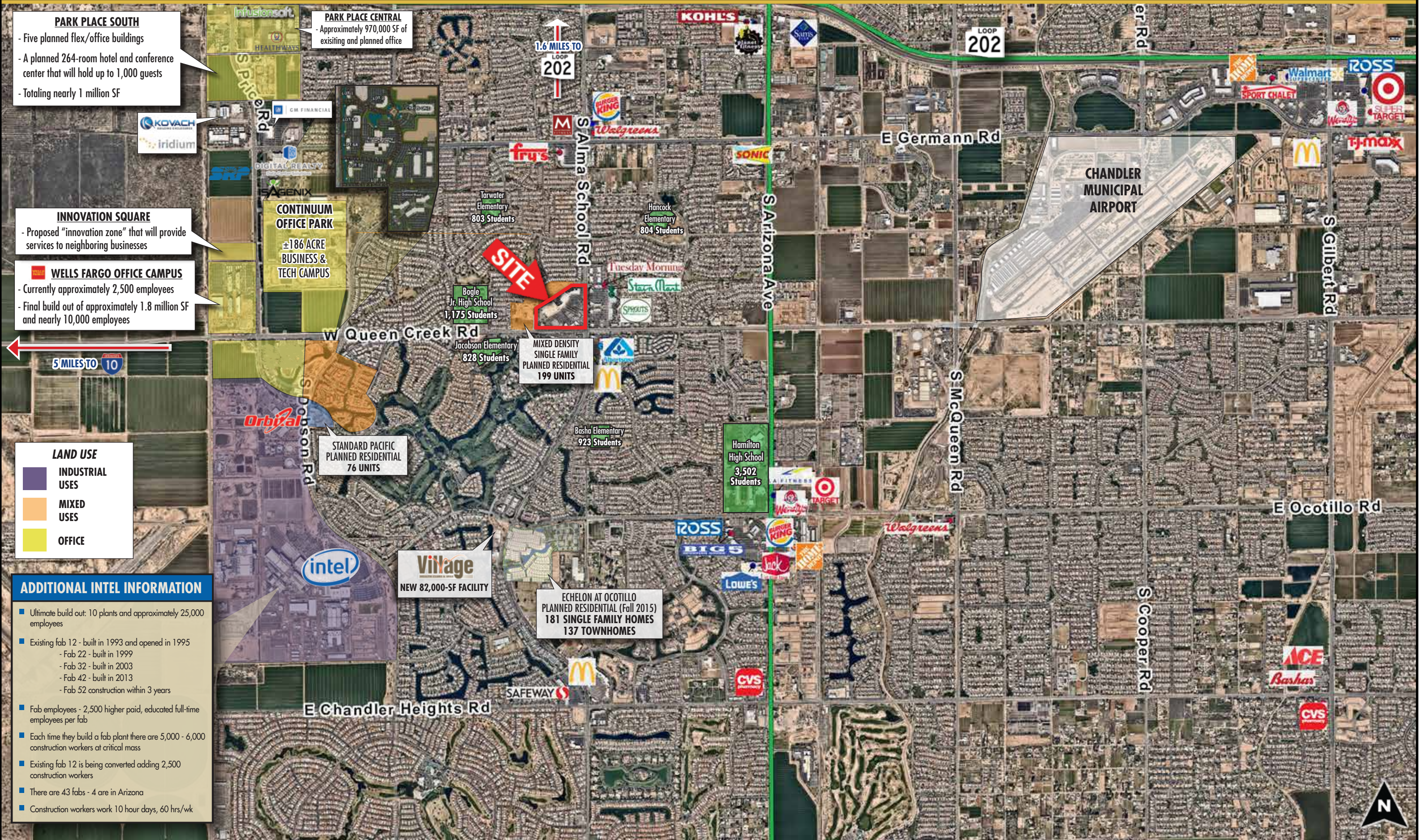
CONTINUUM OFFICE PARK
 ±186 ACRE BUSINESS & TECH CAMPUS

MIXED DENSITY SINGLE FAMILY PLANNED RESIDENTIAL
 199 UNITS

STANDARD PACIFIC PLANNED RESIDENTIAL
 76 UNITS

Village
 NEW 82,000-SF FACILITY

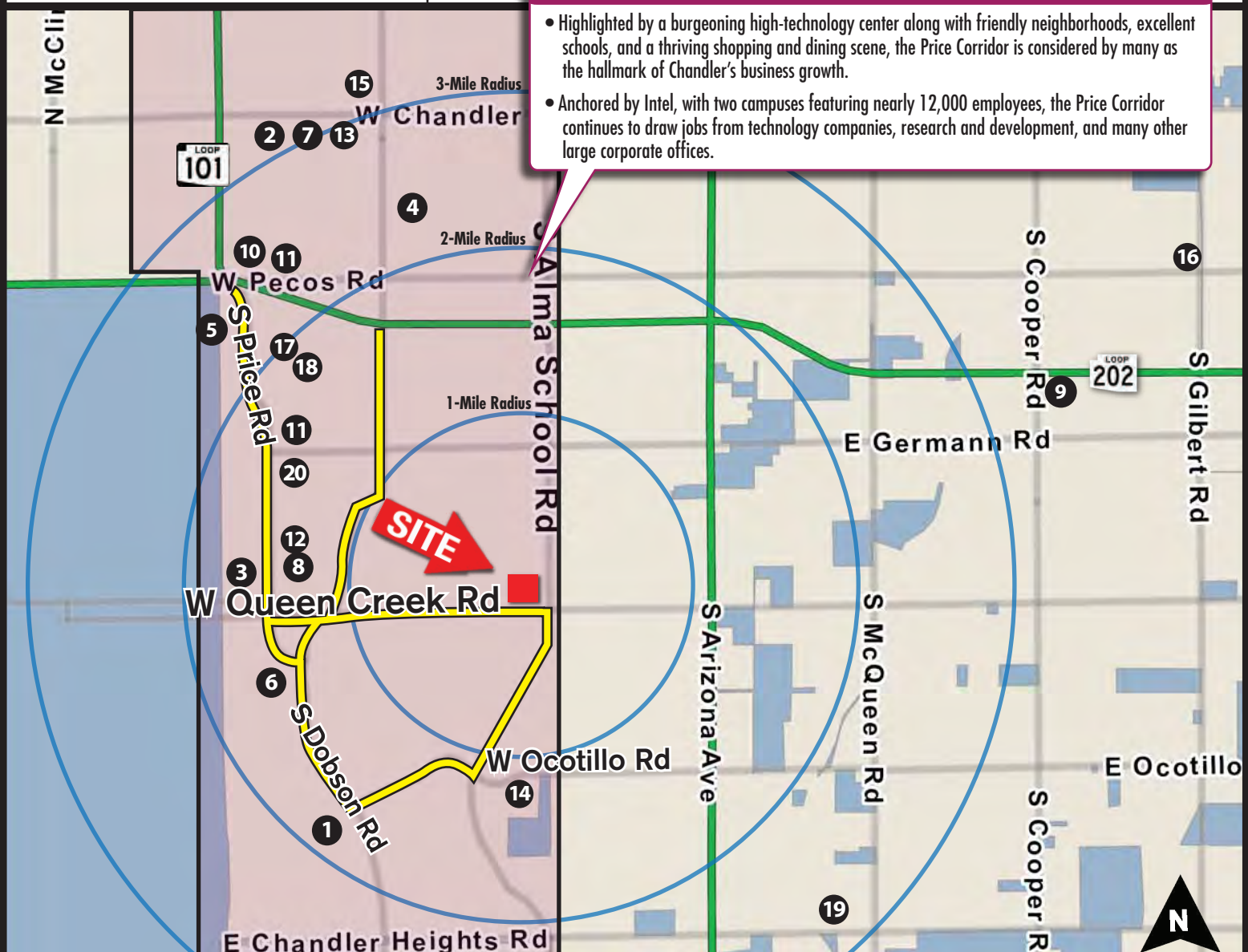
ECHELON AT OCOTILLO PLANNED RESIDENTIAL (Fall 2015)
 181 SINGLE FAMILY HOMES
 137 TOWNHOMES



COMPANY	EMPLOYEES APPROXIMATE	SPECIALTY	COMPANY	EMPLOYEES APPROXIMATE	SPECIALTY	COMPANY	EMPLOYEES APPROXIMATE	SPECIALTY	
1 Intel	11,900	Microprocessors	9 EDMC	1,100	Adult education	16 Chandler Gilbert Community Center	500	Adult education	
2 Bank of America	3,800	Mortgage processing center	10 QBE	1,100	Insurance processing	17 Infusionsoft	474	Software consulting	
3 Wells Fargo	2,600	Corporate Banking	11 GM	1,000	Software development & product integration	18 Healthways	400	Comprehensive disease management/healthcare	
4 Dignity Health Chandler Regional Medical Center	2,100	Hospital	12 OnTrac	850	Shipping & tracking services	19 Gold Canyon	300	Candle manufacturing	
5 PayPal	1,900	Financial Services	13 Rogers Corporation	750	Microwave substrates	20 Isagenix	300	Nutraceutical R&D	
6 Orbital	1,650	Aerospace launch systems	14 Bashas'	700	Distribution center	TOTAL EMPLOYEES APPROXIMATELY 35,000			
7 Microchip	1,626	Microprocessors	15 Safelite AutoGlass	700	Auto glass repair & replacement				
8 Nationstar MORTGAGE	1,200	Mortgage processing center							

PRICE CORRIDOR

- Highlighted by a burgeoning high-technology center along with friendly neighborhoods, excellent schools, and a thriving shopping and dining scene, the Price Corridor is considered by many as the hallmark of Chandler's business growth.
- Anchored by Intel, with two campuses featuring nearly 12,000 employees, the Price Corridor continues to draw jobs from technology companies, research and development, and many other large corporate offices.



DE RITO PARTNERS, INC

PRICE CORRIDOR - DEMOGRAPHIC ANALYSIS OCTOBER 2012

(IN COMPARISON TO OTHER MAJOR EMPLOYMENT HUBS IN THE VALLEY)

	Chandler (Chandler & 101)	Chandler Vs. Other Markets RANKINGS	Scottsdale (Raintree & Loop 101)	Deer Valley (I-17 & 101)	Gilbert / Mesa (I-60 & Gilbert Rd)	Glendale (Glendale Ave & 101)	Sky Harbor (SR 143 & I-10)
Average Household Income	\$80,979	2nd	\$117,304	\$73,117	\$69,515	\$55,317	\$50,515
EDUCATION LEVEL							
Some College	25.2%	3rd	21.2%	27.2%	27.5%	22.6%	22.1%
Associates Degree	8.8%	2nd	6.9%	9.0%	8.7%	9.1%	7.6%
Bachelors Degree	24.0%	2nd	34.0%	18.9%	17.1%	9.1%	14.6%
Masters / Doctoral	11.3%	2nd	15.7%	7.6%	6.9%	3.4%	6.4%
Average Age	34.38	3rd youngest	41.70	35.07	34.67	32.69	31.85
EMPLOYMENT BASE							
5 Mile	134,728	4th	141,600	104,376	146,808	71,675	280,450
10 Mile	461,077	3rd	294,842	642,482	415,473	358,510	875,750
Average (Affordable) Housing Value	\$192,210	N/A	\$407,221	\$167,754	\$167,527	\$118,696	\$124,538
Population Growth (2000 - 2017)	33.8%	2nd	19.3%	28.29%	52.70%	32.32%	6.33%
Population Growth (2012 - 2017)	8.13%	2nd	6.97%	7.17%	10.49%	7.76%	3.58%

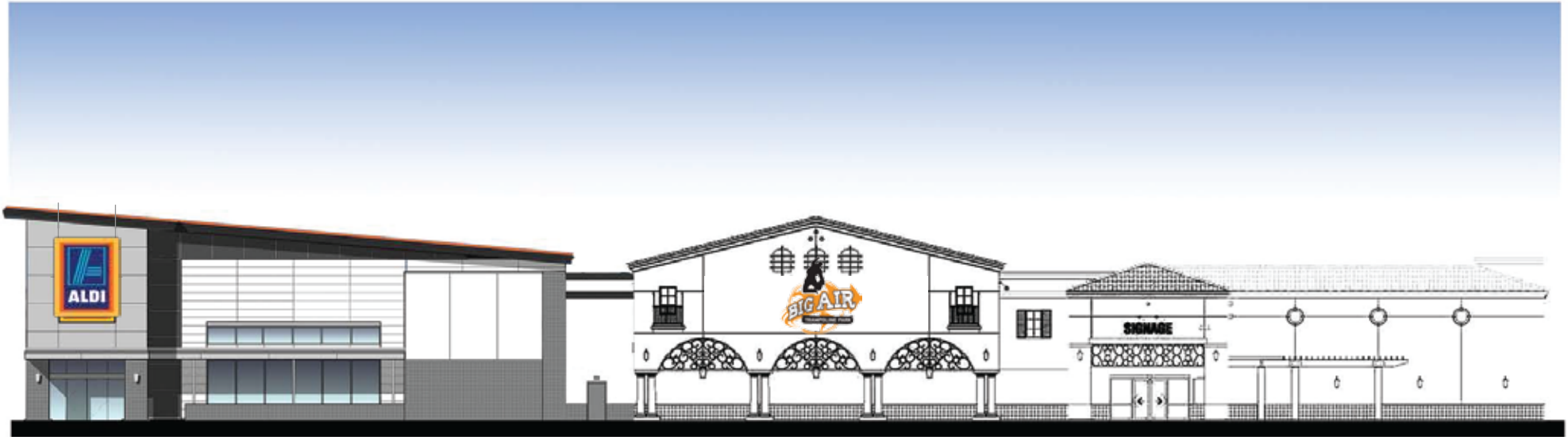
LARGEST EMPLOYERS IN CHANDLER, ARIZONA

COMPANY	EMPLOYEES	SPECIALTY	BENEFITS
1 Intel*	11,900	Microprocessors	<h1 style="font-size: 4em; margin: 0;">10 OF THE TOP 50 LARGEST EMPLOYERS IN CHANDLER ARE WITHIN APPROXIMATELY TWO MILES OF OCOTILLO PLAZA</h1> <p style="font-size: 1.2em; margin: 0;">(ALMA SCHOOL ROAD & QUEEN CREEK ROAD)</p> <p style="font-size: 0.8em; margin: 0;">*Based on information gathered from the City of Chandler Economic Development Department (Info gathered October 2014)</p>
2 Bank of America	3,800	Mortgage processing center	
3 Chandler School District	3,000	Public education	
4 Freescale Semiconductor	3,000	Semiconductors / satellite systems	
5 Wells Fargo Ocotillo Corporate Campus*	2,600	Corporate banking	
6 Verizon Wireless	2,300	Wireless Customer Support and Regional Corporate Headquarters	
7 Chandler Regional Medical Center	2,100	Hospital	
8 Paypal	1,900	Financial Services	
9 Orbital Sciences*	1,650	Aerospace launch systems	
10 Microchip Technology	1,626	Microprocessors	
11 City of Chandler	1,567	Government	
12 Nationstar Mortgage*	1,200	Mortgage processing center	
13 Education Management Corp. (EDMC)	1,100	Adult education	
14 QBE	1,100	Insurance Processing	
15 Avnet	1,000	Computer products distribution	
16 General Motors*	1,000	Software development & product integration	
17 OnTrac*	850	Shipping & Tracking Services	
18 Rogers Corporation	750	Microwave substrates	
19 Bashas' Distribution Center*	700	Distribution center	
20 Safelight Auto Glass	700	Auto glass repair & replacement	
21 Toyota Financial Services	650	Financial services center	
22 Tri City Mechanical	580	Air Conditioning Contractors and Service	
23 Pearson Education	550	Textbook and Software Design	
24 Brycon Corporation	500	Cleanroom construction	
25 Chandler-Gilbert Community College	500	Adult education	
26 InfusionSoft*	474	Software consulting	
27 Marvell Technologies	450	Electronics & semiconductors	
28 Arizona Nutritional Supplements	446	Vitamin Manufacturing and R&D	
29 Bashas' Corp HQ	400	Corporate Headquarters	
30 Healthways*	400	Comprehensive disease management /healthcare	
31 Comfort Systems USA-Southwest	375	Health care, industrial manufacturing	
32 GM Financial Services	375	Auto financial services	
33 Origami Owl	373	Custom jewelry company	
34 Advanced Integration Technologies	350	Electronics & semiconductor products	
35 Isola Laminate Systems Corp	350	Global Corporate HQ and Aerospace / Laminates	
36 Rogers Circuit Materials	350	Manufactures flexible circuits	
37 ArmorWorks	300	Defense armor systems	
38 Erikson Construction	300	General construction	
39 Gold Canyon Candles	300	Candle manufacturing	
40 Isagenix*	300	Nutraceutical R&D	
41 Crane STC Microwave Systems	285	Manufactures and designs electrical components	
42 Pacific Scientific Energetic Materials	270	Manufactures fire suppression components	
43 South Bay Circuits, Inc.	260	Circuit boards	
44 Parc Place, Inc.	250	Adolescent treatment center	
45 Triangle Truss Inc.	250	Manufactures wooden floor trusses	
46 Heraeus Materials Tech. Division	250	Electronic semiconductor products	
47 Cardinal Health	240	Medical	
48 Garmin	240	Software development	
49 Goodrich Turbomachinery	226	Manufactures turbo jet engine components	
50 American Sheet Metal	200	Precision sheet metal fabrication	

* WITHIN 2 MILES OF SITE

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PROPOSED ELEVATION



SOUTH ELEVATION

Roadwork paves way for Intel's massive Fab 42 campus in Chandler

Paulina Pineda, Arizona Republic Published 12:56 p.m. MT June 17, 2019

Chandler is investing \$5.4 million on a road expansion to accommodate expected growth at an Intel plant in the coming years.

The state and Intel will reimburse the city for the work, according to city documents.

Intel is among Arizona's largest employers and the top employer in Chandler, with about 11,000 jobs, according to a city report.

The cranes at Intel's Ocotillo campus and the road expansion are tied to ongoing construction of the company's Fab 42 semiconductor fabrication plant, said Micah Miranda, Chandler's economic development director. Intel officials

have mostly kept quiet about the project, which was announced in 2017 as a \$7 billion investment into the Fab 42 facility that will make its most advanced computer chips.

Chandler will expand Old Price Road on the western end of the Intel Ocotillo campus, off Dobson Road in south Chandler, to alleviate construction and employee traffic.

The roadwork is expected to begin by the end of the year and be completed next spring.

Road expansion to alleviate traffic on Dobson Road

An estimated 1,000 vehicles an hour leave Intel at peak hours, according to city documents.

Once complete, Fab 42 is expected to generate 3,000 high-wage technology jobs, the company previously told The Arizona Republic.

Miranda said the roadwork will help alleviate traffic on Dobson Road by adding an additional entrance to the campus.

Crews will widen northbound Old Price Road from one to two lanes from Queen Creek Road south toward the plant, according to the agreement. The city will also add streetlights; relocate underground utility lines; and restore any gates, walls, fencing or landscaping impacted by roadwork.

The state will reimburse Chandler for 80% of the costs, or about \$4.3 million, and Intel will pay the remaining 20%, or about \$1.1 million.

Chandler is the first Arizona city to take advantage of a new funding mechanism that allows the state to reimburse municipalities for public improvements for qualified manufacturing facilities, Miranda said.

"This work will support Intel which supports tens of thousands of families across Arizona. So while this is a Chandler project, the economic implications stretch across the city and state," he said.

The city will be responsible for ongoing maintenance of the road.



Roadwork paves way for Intel's massive Fab 42 campus in Chandler

Intel finishing work on Fab 42

Miranda said Intel is working on several major infrastructure projects at the Ocotillo site, including construction and outfitting of its Fab 42 plant.

Base construction and tool installation is expected to be completed in early 2020, according to the funding agreement.



The Chandler City Council recently approved expanding Old Price Road to accommodate expected additional traffic coming from the Intel Ocotillo campus as it completes its Fab 42 plant. (Photo: Intel Corp.)

Intel will manufacture chips with 10-nanometer technology in Fab 42, according to the agreement. One nanometer is about one-billionth of a meter and the chips will power computers, data centers, sensors and other devices.

The company is also working on what Intel calls the Link, a clean-room pathway that connects the existing plants at the site to Fab 42. Intel operates two key campuses in Chandler.

Intel first began work on Fab 42 in 2011, but never completed it after slow sales led the company to lay off 5,000 people company-wide in 2014.

Crews are now working to finish construction and stock the factory.

Microsoft's moves

Tech giant has data-centric plans for Goodyear sites

CORINA VANEK, 14

April 26, 2019



EVER HEARD OF ALDI?



If not, you will soon. The German grocer has been quietly buying land all over the Valley in advance of a market push that could reshape the competitive landscape.

BRANDON BROWN REPORTS, 4-6



TECHNOLOGY



Nikola Motors struts its stuff

The company debuted its zero-emission vehicles at a big unveiling. **HAYLEY RINGLE, 13**

RESIDENTIAL REAL ESTATE

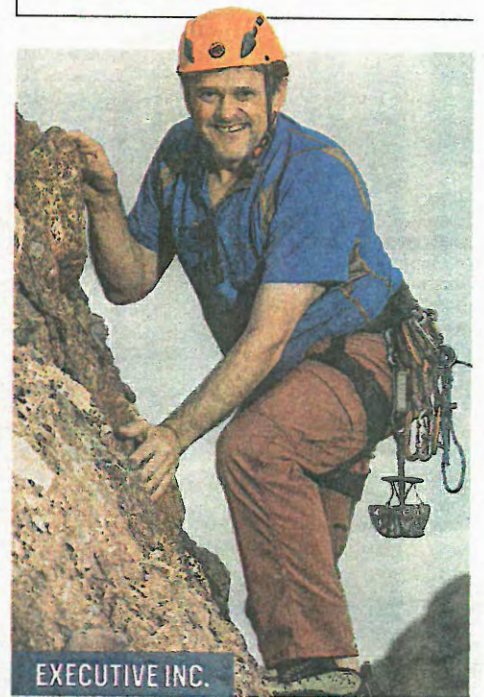
Housing affordability declines in Valley

Increasing home prices put region further behind other markets in the West. **ANGELA GONZALES, 8**

RESTAURANTS

Is Kona Grill's goose cooked?

The restaurant is struggling, and its only hope may be Chapter 11. **BRANDON BROWN, 11**



EXECUTIVE INC.

CLIMBING TO THE TOP 21



Nextiva
SERVICE CRM

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MARTIN DE RITO
9120 E TALKING STICK WAY
SCOTTSDALE AZ 85250-8511



A rendering of a proposed Aldi grocery store in Scottsdale. The company has purchased or leased sites for 14 stores.

PROVIDED BY ALDI

PREPARE FOR ALDI'S FIRST WAVE OF PHOENIX STORES

BY BRANDON BROWN
bbrown@bizjournals.com

For more than a year, German grocery chain Aldi Inc. has purchased millions of dollars worth of land around Phoenix, but the timing of its market rollout has remained a mystery.

The discount grocer, which has its U.S. headquarters in Batavia, Illinois, has yet to announce when and where it will open its Valley stores, but information gathered by the Phoenix Business Journal indicates Aldi has plans to open at least 14 stores in the Phoenix metro in the near future.

During the past 17 months, Aldi quietly purchased more than \$33 million worth of property around Phoenix for 11 different stores, according to Maricopa County records. A person familiar with Aldi's Arizona moves, who asked not to be identified, said the company is expected to close on at least one more property in the coming months.

Aldi also has signed a lease to rent space in Chandler at the northwest corner of Alma School and Queen Creek roads, and the company will lease its south Scottsdale store in the redeveloped Papago Plaza on the southwest corner of McDowell and Scottsdale roads.

Each Aldi store could cost between \$4 million and \$6 million to build, according to a source. Altogether, Aldi could spend as much as \$150 million during its first Valley expansion wave.

Aldi's Arizona rollout is a key part to the company's mission to become the third-largest grocery chain in the U.S., behind Cincinnati-based Kroger Co. (NYSE: KR), the parent company of local chain Fry's Food Stores, and Bentonville, Arkansas-based Walmart (NYSE: WMT). Its entry into the Valley is bound to raise the competitive stakes in the market.

In 2017, company officials said

COVER STORY



PROVIDED BY CITY OF MESA

A rendering for a Mesa version of an Aldi store the company has plans to build.

it would invest \$5.8 billion to build 800 new stores across the U.S. and renovate hundreds of existing stores by 2022. Aldi often goes head-to-head with other grocers, usually opening right across the street, working a strategy of offering low prices and its own private label products to gain a competitive advantage in other U.S. cities.

Keeping things quiet

In 2018, Aldi opened 82 new stores, which accounted for 15.6 percent of all new grocery square footage in the U.S., according to recent research published by Jones Lang LaSalle. This year, Aldi plans to open 15 stores across Southern California, bringing its total in that state to 78. With the large investment already made in California, the timing of Aldi's Arizona major rollout is in flux and could be delayed until 2020 depending on market factors.

Aldi is a private company that holds many of its plans close to the vest. While there are numerous publicly known moves pointing to Aldi's intentions around Phoenix – including land it has purchased, a plethora of documents filed with municipal planning and zoning commissions and public statements from the likes of officials such as Buckeye Mayor Jackie Meck – the grocer has refused to confirm it will open stores in the Valley.

An Aldi spokesperson told the Business Journal the company “is exploring opportunities in Arizona,” but would not confirm specific information about expansion areas or potential store locations. Aldi is waiting until “plans are solidified,” until it shares that information, the spokesperson said.

Velocity Retail Group, the firm that represents Aldi in real estate transactions around Phoenix, wrote in its Winter 2019 Market Report that Aldi will start to open a handful of stores in the latter part of 2019. When asked about Aldi's Valley expansion, Velocity officials declined comment.

While it is unclear when Aldi will

start building, owning the land is a smart move, especially in the quickly changing grocery business, said Taylor Coyne, retail research manager at JLL.

“Owning your own real estate allows for greater flexibility,” Coyne said. “We're seeing grocers experimenting both within and outside the store – be it click-and-collect areas or micro-fulfillment centers attached to stores – so allowing for future concepts may be part of that decision.”

Following the rooftops

The majority of Aldi stores coming to Phoenix are new builds. The company is focusing its expansion on the suburbs and parts of the Valley seeing serious population growth.

In the West Valley, Aldi has purchased land in Buckeye, Goodyear, north Peoria, Laveen and Glendale. Aldi has plans for one store in north Phoenix near 14th Street and Bell Road. In the East Valley, the grocery chain is planning stores in Tempe, south Scottsdale, Mesa, Queen Creek and two stores in both Gilbert and Chandler.

Aldi has purchased 2.5- to 3-acre parcels near busy intersections with lots of retail options. Stores will be in buildings from 20,000 to 22,000 square feet.

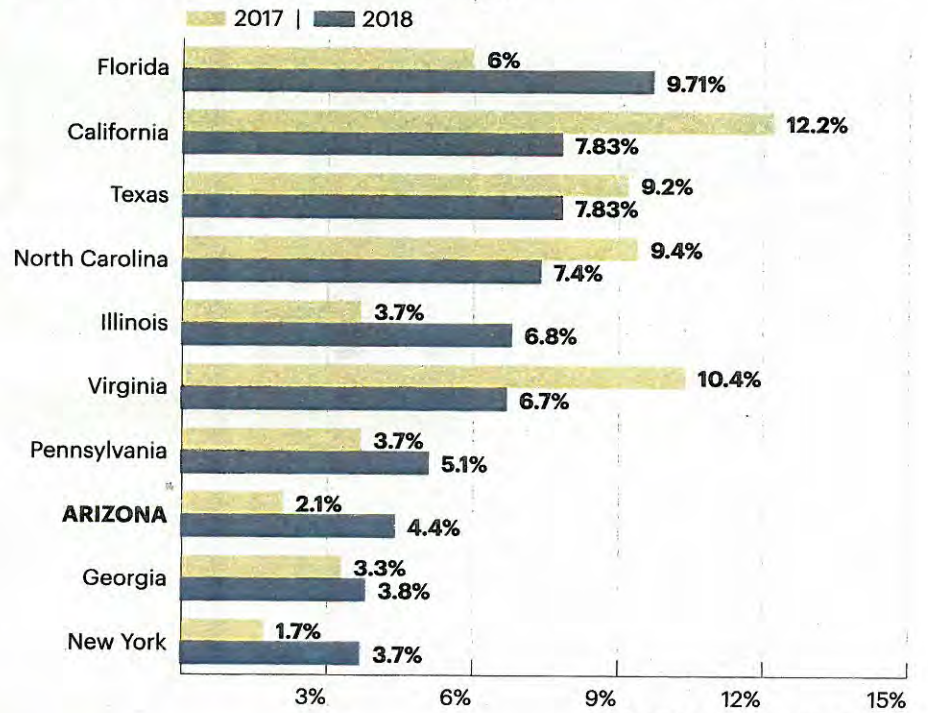
Aldi is not stopping after these first 14 stores. The company soon could start to look for more real estate to buy or centers to open in, according to a Business Journal source. The second wave of Aldi locations in Phoenix could be another 10 to 12 stores. But the site selection process and construction could take another two years or more.

The single highest-priced construction project of Aldi's in the Valley will be its 600,000-square-foot distribution center and regional office. In 2017, Aldi purchased approximately 69 acres in Goodyear on the southwest corner of Indian School Road and Cotton Lane. The company is expected to pay at least \$60 million to build the distribution center. The city of Goodyear said the project

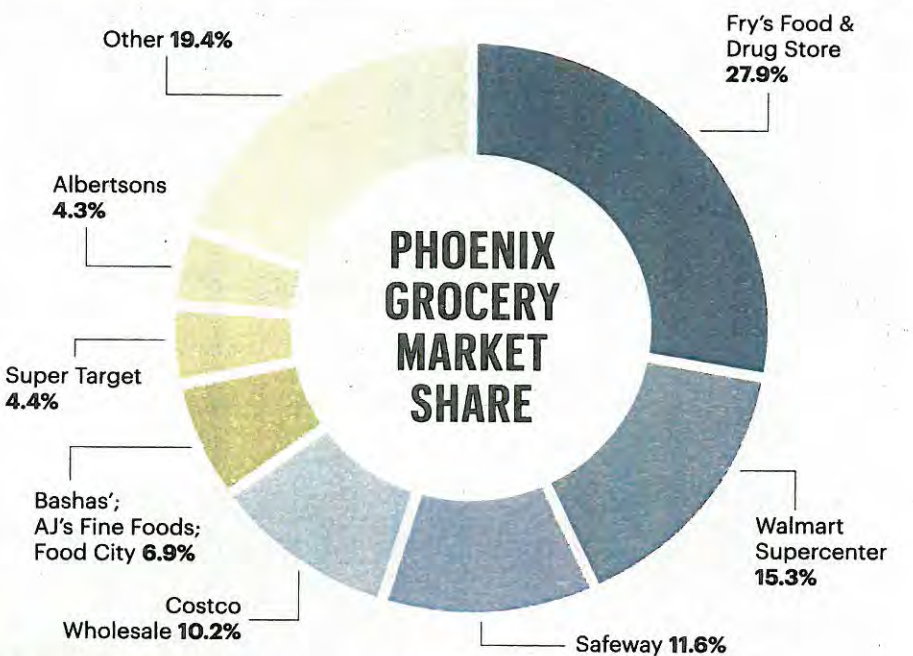
CONTINUED ON PAGE 6

MEASURING GROCERY STORE GROWTH

Grocery store openings were up 29.4% in 2018, with more than 17 million square feet of new stores added across the U.S. Aldi led the country in new store openings with 82 new stores in 2018, which accounted for 15.6% of all new grocery square footage in the U.S. More than 4% of all new grocery store square footage was in Arizona. That number will see a big increase in 2019 and 2020 if Aldi officials decide to start opening its planned stores around the Valley. Here's the latest ranking of states by percentage of new grocery store square footage:



SOURCE: JONES LANG LASALLE



*OTHER INCLUDES: Sam's Club, Sprouts Farmers Market, WinCo Foods, Walmart Neighborhood Market, Trader Joe's, Whole Foods Market, Los Altos Ranch Market, El Super, Dollar Tree, Family Dollar, Smart & Final, 99 Cents Only Store and other super markets. Individually, each has less than 4% of the market share. DATA PROVIDED BY CHAIN STORE GUIDE LLC

“Owning your own real estate allows for greater flexibility. We're seeing grocers experimenting both within and outside the store – be it click-and-collect areas or micro-fulfillment centers attached to stores – so allowing for future concepts may be part of that decision.”

TAYLOR COYNE, JLL



COVER STORY



WHERE ALDI WILL GO

The German grocer has plans for the region, and these are the sites they already purchased or leased.

1. **Buckeye**, Intersection of Yuma and Watson roads
2. **Goodyear**, Estrella Parkway and Roosevelt Street
3. **Peoria**, Lake Pleasant Parkway and Happy Valley Road
4. **Glendale**, 16880 N. 59th Ave.
5. **Laveen**, 59th Avenue and Baseline Road
6. **Phoenix**, 1401 E. Bell Road
7. **Scottsdale**, McDowell and Scottsdale roads
8. **Tempe**, 1715 E. Southern Ave.
9. **Gilbert**, 1225 N. Arizona Ave.
10. **Chandler**, Alma School and Queen Creek roads
11. **Chandler**, Queen Creek and Gilbert roads
12. **Gilbert**, 1767 E. Pecos Road
13. **Queen Creek**, Ellsworth and Queen Creek roads
14. **Mesa**, 2751 S. Signal Butte Road

DISTRIBUTION CENTER AND REGIONAL OFFICES

15. **Goodyear**, Indian School Road and Cotton Lane

CONTINUED FROM PAGE 5

would create more than 130 jobs.

An opening date has not been set for the distribution center. Goodyear communications manager Corinne Holliday said Aldi is in the process of redesigning its facilities now, so the company is re-evaluating its timeline.

So far there has been little, if any, construction on Aldi-owned property. The company could be waiting to build and open stores until the Goodyear distribution center is up and running. Without an operating distribution center, Aldi would have to bring in all of its product from Southern California, which would be costly and could put a strain on its Los Angeles-area operations.

Beefing up competition

Mark Miller, president of the Arizona Food Marketing Alliance, a local trade organization that represents food retailers and suppliers, said Arizona's grocery business is among the most competitive nationwide.

"Our local and national grocery chains must be on their game every day," he said.

The Valley's current grocery landscape is saturated, with Fry's leading with 94 stores and 27.9% of the current market share, according to data provided by Chain Store Guide. Walmart and Safeway are next with 15.3% and 11.6% of the market share, respectively.

It appears Aldi isn't afraid of a little competition, based on where it has purchased land.

The company's first 14 store locations in the Phoenix market are all near other

supermarkets. The proposed Gilbert Aldi store at 1225 N. Arizona Ave., for example, has a WinCo Foods, Costco (Nasdaq: COST), Fry's and Walmart all within a mile.

A number of the proposed Aldi stores are at the same intersection of a WinCo, Fry's, Walmart, Albertsons or Sprouts Farmers Market (Nasdaq: SFM). When looking at markets where Aldi and Kroger both operate, half of Kroger's stores have an Aldi within three miles, according to a 2018 report by Wolfe Research LLC.

"We are going where competitors are. We like to be close to the competition for convenience reasons for our customer," Aldi U.S. CEO Jason Hart told CNBC in 2018. "We like them to shop exclusively

Aldi, but we recognize that consumers are going to more than one store."

A 2018 study by researchers from Washington University in St. Louis found 83 percent of shoppers regularly visit between four and nine chain stores to purchase groceries on a regular basis.

Many of Phoenix's national chains, such as Kroger-owned Fry's and Walmart, have been defending their market share against Aldi for years, Miller said, but all the Valley's grocers need to figure out their strategy with a new competitor thrown into the mix.

"The grocers in Arizona focus on placing the right selection for each store's demographic," Miller said. "They ensure that each location is performing at the highest level, or they change the format."



Customers inside an Aldi store.

Striving for efficiency

Some of Aldi's competitive advantages include offering lower prices, and having efficient operational costs.

Aldi stores are about 22,000 square feet with a sales floor of 12,000 square feet. In the grocery world, this is smaller than most of its competitors. Sprouts stores run from 25,000 to 30,000 square feet while Fry's, Bashas' and Safeway are usually between 60,000 and 80,000 square feet. Walmarts can be as big as 180,000 square feet.

Aldi's smaller stores cost less to construct and operate. They also require fewer employees to run them. Aldi also requires customers to bag their own groceries and pay a quarter to use a shopping cart.

In the grocery world, Aldi is referred to as a "deep discounter." It typically will have lower prices than most stores on a daily basis. Aldi differs from many large grocery stores because 90% of its products are private label, meaning Aldi has more control over the retail price.

"Aldi has done an excellent job with brand awareness and brand allegiance, which is part of the reason why they are able to expand so successfully across the country," said JLL's Coyne. "Private labels allow for greater flexibility in product pricing and can keep prices low for the customer while also boosting grocery margins."

In addition, Aldi started placing a larger emphasis in 2018 on easy-to-prepare food and fresh, organic produce and meat. Phoenix-based grocery chain Sprouts has found success with a similar focus on produce and quick-prep meals, during its national expansion. ▮

Study: Aldi a Growing Competitive Force

BY: MARIANNE WILSON | January 30, 2019

Shoppers continue to score traditional supermarkets high in quality and store cleanliness and selection, but deep-discounter Aldi is a growing threat.

That's according to a study by the Retail FeedBack Group, which found that traditional supermarkets continue to maintain the strongest overall satisfaction score (4.31 on a five-point scale) when compared to Aldi (4.27) and Walmart (3.93). Supermarkets also have the highest scores in quality and variety.

Aldi, however, received the top score (4.30) when considering value for money spent, and also had the highest overall satisfaction score (4.30) during the peak traffic hours of 3 p.m. to 7 p.m. versus supermarkets (4.27) and Walmart (3.98).

In addition, Aldi shoppers are more likely to recommend the store, with a Net Promoter Score of 44.7 compared to supermarkets (40.7) or Walmart (27.1). And 42% of those who shopped at Aldi say they plan to shop there more in the next 12 months, versus 22% for supermarket shoppers and 28% for Walmart shoppers.



“Aldi continues to make inroads in competing against supermarkets,” said Doug Madenberg, principal, RFG. “As Aldi continues to remodel stores and expand into new locations, supermarkets need to step up their game in areas like staff availability and helpfulness, maintain leading scores in quality and variety, as well as focus operationally on improving satisfaction during high traffic time periods.”

Supermarket shoppers rated quality/freshness of the food and groceries (4.44), cleanliness of the store (4.42) and item variety and selection (4.38) as the strongest core experience factors. Associate friendliness, while the highest service rating, received a more moderate score of 4.32, followed by checkout speed/efficiency (4.28), associate helpfulness/knowledge (4.24) and the lowest scoring service area – associate availability – (4.17). Service is a critical factor given that overall satisfaction is significantly higher when service attributes receive stronger scores.

Tied for the lowest score among all core experience factors was value for the money spent (4.17). Looking at specific price attributes, the results show produce prices (3.99), meat/poultry prices (4.00) and everyday prices (4.01) all received low scores in the supermarket channel, while advertised sales items scored much higher (4.34). This is an important strength, as 73% of shoppers refer to one or more advertising/sales vehicles – traditional, social, mobile and digital – before or during the visit.

In core experience ratings, Aldi shoppers give value for money spent the highest mark (4.51) versus Walmart shoppers (4.32) and supermarket shoppers (4.17). With the exception of value for money spent, Walmart shoppers score Walmart lowest on the other core experience factors relative to supermarkets and Aldi. It is also noteworthy that Aldi has moved into a tie with supermarkets on quality and freshness (56% “highly satisfied”), with Walmart trailing at 46%.

RFG’s 2019 U.S. Supermarket Experience Study also revealed that while digital circulars (30%) continue to grow, the printed circular is still more popular (51%), more so with boomers (62%) as compared to Millennials (40%). But digital coupons (33%) have now surpassed clipped coupons (29%) and are used across all age groups.

Intel investing \$7 billion in Chandler facility, creating 3,000 high-wage jobs

Hayley Ringle, Reporter, Phoenix Business Journal Feb 8, 2017, 12:06pm MST Updated Feb 8, 2017, 1:35pm MST

Intel Corp. announced plans today to invest more than \$7 billion to complete the most advanced semiconductor factory in the world in Chandler.

The completion of the high-volume factory, known as Fab 42, will take three to four years and create 3,000 high-tech, high-wage Intel jobs for process engineers, equipment technicians and facilities support engineers and technicians.

Fab 42 is expected to create more than 10,000 long-term jobs in Arizona combined with the indirect impact on businesses that will support the factory's operations, according to Intel.

Intel CEO Brian Krzanich made the announcement today during a meeting with President Donald Trump in the White House.

"Intel's business continues to grow and investment in manufacturing capacity and R&D ensures that the pace of Moore's Law continues to march on, fueling technology innovations the world loves and depends on," Krzanich said. "This factory will help the U.S. maintain its position as the global leader in the semiconductor industry."



Brian Krzanich, chief executive officer of Intel Corp., speaks during an event at the 2016 Consumer Electronics Show (CES) in Las Vegas, on Jan. 5, 2016.

Fab 42 will use the 7-nanometer manufacturing process to produce microprocessors to power data centers and hundreds of millions of smart and connected devices.

The chips made using this process will power the most sophisticated computers, data centers, sensors and other high-tech devices, enabling artificial intelligence, more advanced cars and transportation services, and breakthroughs in medical research and treatment, according to Intel.

Gov. Doug Ducey said Intel's expansion is "huge news" for the state.



Intel Corp. on Feb. 8, 2017, announced plans to invest more than \$7 billion to complete Fab 42. On completion, Fab 42 in Chandler, is expected to be the most advanced semiconductor factory in the world.

"With thousands of jobs and a \$7 billion investment, Fab 42 will create a ripple effect throughout our economy," Ducey said in a statement. "This means jobs for Arizonans, and a historic investment in our state. Intel's commitment to Arizona speaks volumes about our workforce, advanced educational infrastructure, business environment and commitment to technology and innovation. This represents a core area of Arizona expertise, advanced engineering and manufacturing."

Fab 42, which was completed at the end of 2013 but never opened, was supposed to be the manufacturing plant for the 14-nanometer chips. It has remained empty until the company decided what to do next.

"Intel is a global manufacturing and technology company, yet we think of ourselves as a leading American innovation enterprise," Krzanich said.

"America has a unique combination of talent, a vibrant business environment and access to global markets, which has enabled U.S. companies like Intel to foster economic growth and innovation. Our factories support jobs — high-wage, high-tech manufacturing jobs that are the economic engines of the states where they are located."

According to Santa Clara, California-based Intel (Nasdaq: INTC), it is America's largest high-technology capital expenditure investor, with \$5.1 billion in the U.S. in 2015, and the third largest investor in global R&D, with \$12.1 billion in 2015.

The majority of Intel's manufacturing and R&D is in the U.S. and the company employs more than 50,000 people in the country.

WalletHub names Chandler No. 1 place to get job

This month, Chandler received the No. 1 ranking in WalletHub's national survey of the best places to find a job in 2018, capping a year of growth for the city and signalling further investment to come.

The report gave 180 U.S. cities a ranking based on 26 indicators sorted between two primary factors, job market and socioeconomics, with job market weighted more heavily. The report favors cities like Chandler, which offer a job market with employment opportunity, industry variety and job security. Socioeconomic factors such as median income and cost of living are also considered.

Chandler ranked No. 3 in job market and No. 9 in socioeconomics. Four of the top five cities in the report were in Arizona.

"We pride ourselves on customer service," said Chandler Economic Development Director Micah Miranda, referring to the package of advantages that Chandler offers companies interested in moving to the city. Miranda said Chandler's K-12 education system, low cost of living and opportunities in the technology industry make the city appealing for business development.



Above: Aerial view of Overstreet in Chandler. BUSINESS NEWS | 8 Feb | BRENDON KLEEN

Chandler added about 2,000 jobs in 2016, along with nearly \$90 million in capital investment, according to Mayor Jay Tibshraeny's 2017 State of the City address. Tech companies from Intel to Infusionsoft have continued to create jobs and expand their business in Chandler, helping turn the city into a hotbed for innovation and investment.

Intel CEO Brian Krzanich went to the White House in February 2017 to announce a \$7 billion extension of its fabrication plant 42 in southeast Chandler. The Fab 42 expansion will reportedly create 3,000 jobs and take advantage of the land available in Chandler away from its downtown area. Construction on the plant began in 2011 but had lain dormant since 2014, when Intel paused work on the plant amid falling computer sales.

Mike Hutchinson, an executive vice president at the East Valley Partnership, called Intel the "poster child" for prospective 2018 job growth in Chandler.

Small business is equally important to Chandler's growing economy. Local companies like AniCell Biotech, which as an awardee at the 2016 Arizona Innovation Challenge received \$250,000 from the Arizona Commerce Authority, can bring desirable jobs in smaller batches.

"Small business job growth has been and will continue to be critically important to the economic vitality of Chandler," Miranda said. "Early indicators show that 2018 will be no exception."

The Chandler Innovations incubator is a joint venture supported by the city of Chandler, Arizona State University and NACET, a business development nonprofit organization. Once accepted into the four-part program, local startups are given access to professionals like Tom Fulcher, the incubator's entrepreneur in residence, as well as lab and research space.

These resources allow small companies to further develop their business model into one they can pitch to investors. Many of the companies will then enter contests like the Innovation Challenge or Invest Southwest's Venture Madness competition to earn investment opportunities.

Fulcher points to AniCell's success to show the potential of small businesses to enhance the local economy when they receive the support they need.

"The expectation is that these companies are going to be a part of the East Valley," he said. "That they are committed to Chandler, because Chandler is making a commitment to them."

The incubator model helps turn small business ideas like AniCell's into new local jobs.

The company expects to at least double its staff of 10 researchers and salespeople in 2018, according to AniCell Biotech CEO Brandon Ames. In addition, Ames expects outside investment around \$500,000 into AniCell within the year as the company continues to grow.

"Chandler has always been a right-minded place to live and work," Ames said. "Their foresight is helping to drive jobs, revenue and tax dollars. It's almost a self-licking ice cream cone."

Orbital Announces Long-Term Commitment to Chandler, Arizona with Major Facilities Expansion Project



Orbital Sciences Corp. is expanding its Chandler campus in a move that could double the size of the campus.

Dulles, Va.-based Orbital (NYSE:ORB) billed the move as a long-term commitment to Chandler, which includes the construction of up to three buildings and a renewed 11-year lease on its current facility.

“Since Orbital first established a presence in Chandler 20 years ago when we acquired a small company called

Space Data, we have been the beneficiary of a very business-friendly environment,” said David W. Thompson, Orbital’s chairman and CEO in a statement. “We are most appreciative of the City’s responsiveness to our development proposals for this project. In turn, we are very pleased to continue to grow in the area, adding to the dynamic local business environment and generating significant economic benefits for the community with high-tech and high-skill jobs.”

The buildings will be phased as part of a master-planned development being constructed in part in the city’s Ocotillo region by Gilbane Development Co. The first building is slated to be an 83,000-square-foot, three-story facility, said Torben Arend, senior development manager for Gilbane. “It’s part of a larger retail, residential and commercial development,” he said.

Orbital, which develops space, satellite and missile defense systems, leases its current 355,000-square-foot facility on the campus from W.P. Carey & Co. located on South Price Road, between Dobson Road and Queen Creek Road. This facility will be expanded by 13,000 square feet.

The company has run into issues with its 1,300 full- and part-time work force because of lack of office space. It leases about 172,500 square feet of space in Chandler for offices in addition to its main campus. The company likely will phase out the off-site leased space as it develops more land on its own campus, said Barron Beneski, a spokesman for the company.



At completion, the three buildings will bring Orbital’s campus to about 600,000 square feet of office space, capable of handling about 2,200 employees. The facility is located at The Waters at Ocotillo, along the high-tech Price Road corridor in Chandler. The Waters at Ocotillo is a pedestrian friendly, master planned community encompassing commercial, retail and residential spaces. Tenants in the new Orbital building can easily take advantage of these nearby amenities, including a large lake system.

Chandler officials said they are pleased Orbital will remain in the city and expand its presence. “This expansion by Orbital is great news for the community on a number of levels,” said Mayor Boyd Dunn in a statement. “We continue to achieve our goal of a diversified employment base, while setting an example that while the economy may be facing uncertain times, Chandler is a place that can and will provide an excellent opportunity for long-term growth. Orbital has long been a wonderful corporate neighbor, and we look forward to seeing that relationship continue for many years to come.”