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The Northern Connection:

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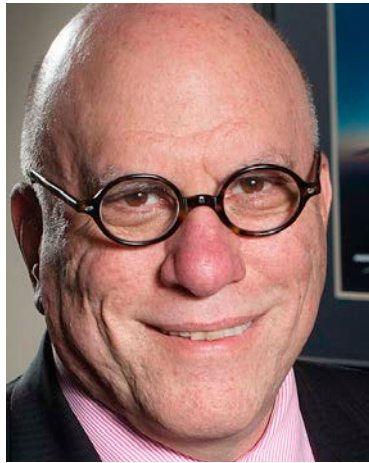
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"Canada is Arizona's house account. Arizona is way more international than people think it is," said Glenn Williamson, president and CEO of the Canada Arizona Business Council. "The footprint comes from tourism, and tourism begets (foreign direct investment)."

Williamson points with pride at the Canadian companies with significant footprints in Phoenix. There are over 500



Glenn Williamson

CEO | Canada Arizona Business Council

Canadian-owned companies operating in Arizona creating more than 26,000 jobs, according to the Maricopa Association of Governments. "Canadians come to Arizona for the same reason we came to Arizona," he said. "They like the

climate, the investment opportunities, the affordability and quality of life."

Williamson has been Canada's cheerleader in Arizona for 20 years. He's promoted the relationship between the state and the country, grown Canadian companies here and helped other Canadian companies plant a flag in Phoenix.

"Some days, I feel like a lobbyist," he said with a laugh. The jest is serious. Williamson is the Honorary Canadian Consul for Arizona. "Someone has to make sure that the business and tourist interests of Arizona are well represented in Canada," he noted.

Williamson is indefatigable. He claims to sleep just several hours a night and is often on the phone or traveling to help companies make the connections needed to grow internationally.

"It works in both directions," he said. "Many Arizona companies want to sell in Canada. Many businesses are shipping north. Canadian concerns locate here because of access to both the U.S. West Coast and Mexico.

Membership in the CABAC includes local companies as well as Canadian firms.

"It's all about relationships," Williamson said. "The extent of the connective tissue between Phoenix and Canadian markets is broader than most people realize."

Many Valley cities contract with Epcor to deliver water and collect wastewater. Epcor is Canadian-owned.

"Tucson Gas & Electric distributes electric power for Tucson and southern Arizona. Fortis owns it, and Fortis is a Canadian concern," he said. "They're in the CABAC, and so are APS and SRP."

Top business leaders comprise the CABAC, Williams says.

"We're top executives only, decision-makers," he added. "The goal is that when anyone calls me and has a challenge, needs information, wants to know about doing business in Phoenix, the members have an obligation to take that call and help right away."

CABAC members meet quarterly to network and listen to presentations about significant trends affecting their companies and cross-border business. The organization has 100 members, the maximum membership load for the Council. "I'd compare it to something like the (Young Presidents' Organization)," said Williamson. "It's a true one-on-one opportunity for members."

Wings and Wheels Scottsdale is the crown jewel annual event for the CABAC. Williamson hosts 700 guests, more than half jet owners, at the largest private jet event in North America. The fundraiser on the tarmac at Scottsdale Air Park generates contributions to a host of Valley organizations.

"Last year we had 21 jets, which is just epic," said Williamson. The 2022 Wings and Wheels will benefit the Coyotes Foundation and its youth hockey scholarships.

"There is just one degree of separation between Arizona and Canada, and it's growing," Williamson said. "We're seeing Canadian pension funds investing in Phoenix. There are (real estate investment trusts) putting money into the market. One of them, Artis REIT, has its U.S. investment headquarters in Phoenix."

Williamson was actively involved in the recent federal legislation, co-sponsored by all four Arizona and Florida senators, to reopen the Canadian and Mexican border. The administration announced that two-way traffic between the three North American trading partners resumes for vaccinated travelers on November 1.

"That was a big win," he said. "I made many calls and raised the interest level."

The CABAC role didn't pass unnoticed as after the announcement on October 13, Williamson was interviewed by CNN, MSNBC, Fox Business and Bloomberg.

Next on the Council's agenda is recognizing the substantial value of 'snowbirds' coming to Arizona.

"I was amazed to find out that no one is tracking their economic impact locally," he said. "Sure, we see over one million Canadian visitors each year, but during the pandemic, the research firm, Canalytics, reported that Canadians invested \$1.5 billion in Arizona residential real estate."

It seems fitting that Williamson had to jump off the interview call for this article to get on the horn with a couple of new Canadian executives taking a look at why they should building their U.S. facility in Phoenix.



CABAC leader Williamson is all business when it comes to Canada and Arizona

By Eric Jay Toll | *Special to the Phoenix Business Journal*





Access Public Venture Capital

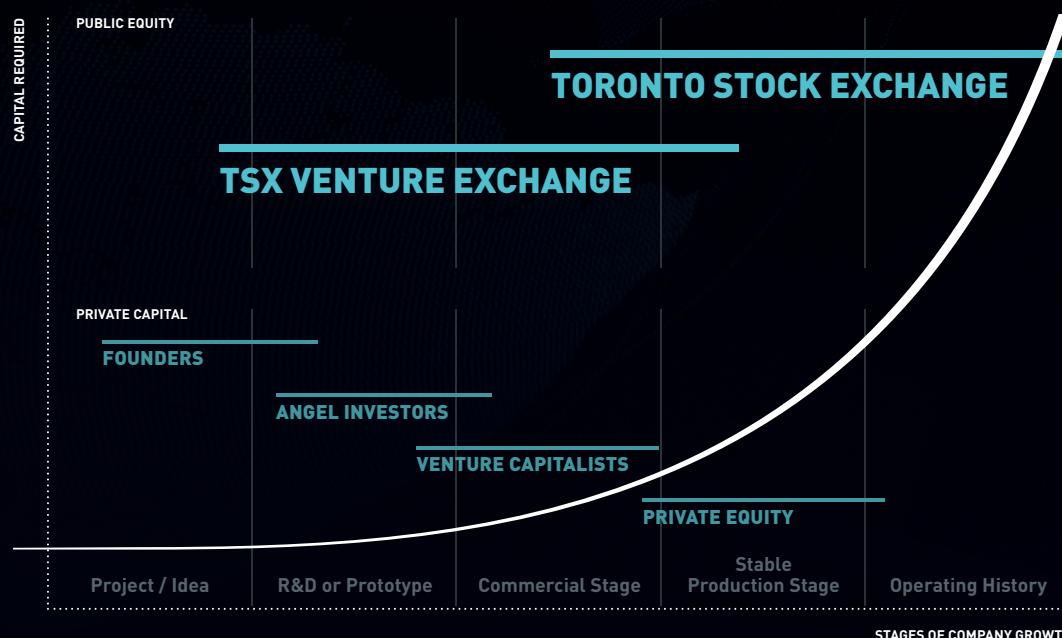
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**TORONTO STOCK EXCHANGE
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For Arizona companies, looking north may be the answer, way up north where the numbers are. In the first half of 2021, American listed companies hit an all-time high combined market capitalization of \$145B on Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV).

That's access to needed capital and an alternative to the traditional private venture funding road. TSX and TSXV are a pair of stock exchanges doing business with more U.S. companies all the time, including a number from Arizona such as Global Water Resources (TSX:GWR) and Simply Better Brands Corp (TSXV:SBBC). More than 40 percent of the trading on the two exchanges is from outside of Canada, and U.S. trades make up the bulk of the action.

American companies are taking note. The first half of 2021 saw a 120 percent increase in new U.S. listings on TSX (since 2012) and TSXV (since 2016). Equity capital from these listings hit nearly three-quarters of a billion dollars, a 50 percent jump from 2020.

Companies on the two exchanges combined raised nearly \$35B in 2020, with the average financing round on the junior exchange (TSXV) hitting just under \$3 million. It's an enticing path for the right small public companies doing venture-size deals.

TSX and TSXV are potentially viable and secure outlets for any high-growth Arizona company looking for

funding. The two exchanges provide an alternative to the traditional angel-to-venture investor route when considering all capital raising options. Designed for early-stage and pre-revenue companies, TSXV is the venture route in Canada for Arizona companies. More established companies can look to list on TSX.

When moving towards Series B funding, TSXV may be a more attractive option than making the rounds of private venture capital firms, with the potential to maintain greater control, use public stock to make acquisitions, and to diversify the shareholder base.

Going public provides access to permanent capital with a keen ability to return to the market for subsequent funding rounds as the company executes its business plans. It's a direct path to liquidity for early investors and employees. Having public stock can make it a lot simpler to create an incentive for early and critical employees.

In business, options and alternatives are always on the table, and TSX and TSXV provide a unique route to raising capital. More information is at US.TSX.com.



Raising Capital in Unexpected Places: Toronto Stock Exchange and TSX Venture Exchange

By **Eric Jay Toll** | *Special to the Phoenix Business Journal*





Canadian FDI boosts Greater Phoenix economy to new heights

By **Eric Jay Toll** | Special to the Phoenix Business Journal

Canadians with Phoenix homes bring another asset to Arizona. Nearly 4,300 Canadians bought residential property in Greater Phoenix last year. The combined total of their investment topped \$1.5 billion, according to the National Association of Realtors.

“Almost all of the Canadian companies opening facilities here have executives with homes in Phoenix,” said Glenn Williams, Honorary Consul to the Canadian government and CEO of the Canada Arizona Business Council. “Once someone is here and recognizes the business environment, it’s easy for them to decide to open a business here.”

The Canadians have been opening here, to the tune of around 27,000 jobs spread among 278 companies, more than any other nation. Last year, according to the National Association of Realtors, Canadian commercial real estate investors pumped \$4.2 billion into U.S. CRE. Greater Phoenix and Arizona accounted for about 20 percent of that investment.

One interesting note is that 39 percent of the FDI investors paid cash for their real estate, compared to 19 percent among all real estate buyers.

“Canadians find it easy to do business

in Arizona,” said Sandra Watson, CEO and president of the Arizona Commerce Authority.

“We have many connections between the state and Canada, including Canadian banks and financial companies. Unlike many countries, Canada has rapidly discovered the value of inland America that is found in Arizona’s business proposition.”

In addition to banks BMO Harris—owned by the Bank of Montréal—and Royal Bank of Canada, Phoenix has regional headquarter offices for Colliers, a Canadian commercial real estate company, and Stantec, a Canadian engineering consultant. Filling tanks and tummies are roles of Circle K, a Canadian-owned convenience store chain.

Canadians are part of the Phoenix economy from many different angles. Some real estate investment trusts are pumping millions

of dollars into acquisitions. What started as purchases of existing commercial real estate is now turning into a development. Mattamy Homes is Canadian. Artis REIT started buying multifamily communities in the Great Recession and is currently developing flexible commercial and industrial projects.

“We opened the first phase of Park Lucero and filled it,” said Philip Martens, U.S. executive vice president of Artis REIT.

“Now we’re developing three more industrial buildings in Park Lucero East and are seeing prospect’s interest.”

Manufacturing and financial services are the two sectors most impacted by Canadian investment, and it’s continually growing. Earlier in 2021, Apel, a Canadian aluminum construction material

fabricator, announced plans for a manufacturing facility and the ultimate relocation of its headquarters to Phoenix.

Phoenix’s inland location is another draw for Canadian companies to avail their connections into Mexico and the

rest of the Americas.

“With the tax structure in Arizona, there is a great advantage to a Canadian company locating here,” said

FDI generates a bigger multiplier in the economy. The dollar invested by Canadians is increased four to five times going through the economy.

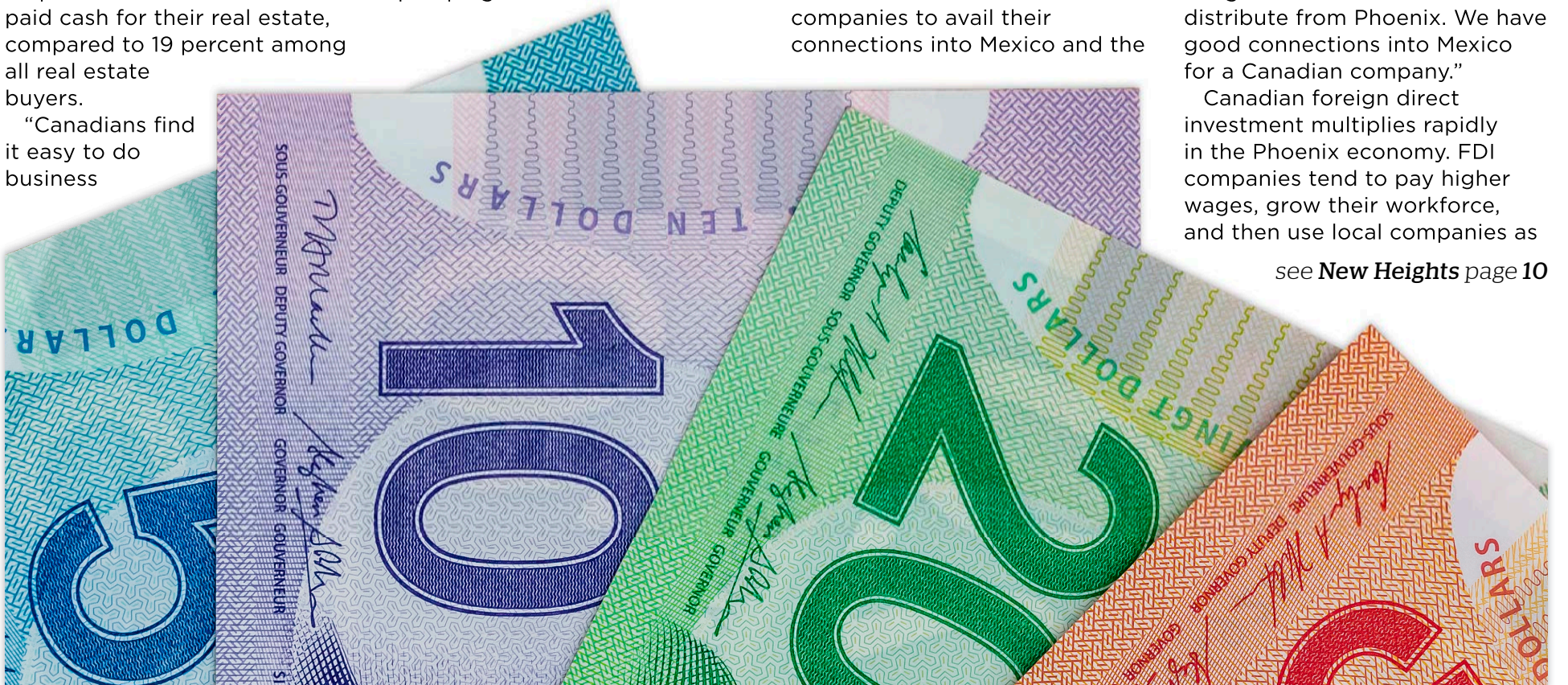
Christine Mackay

Director | Phoenix Community and Economic Development

David Jackson, president of Knight/Swift Transportation, a Phoenix-based logistics company and the largest trucking company in the U.S. “It’s simple for companies to connect with imports to the Port of Long Beach or manufacture and distribute from Phoenix. We have good connections into Mexico for a Canadian company.”

Canadian foreign direct investment multiplies rapidly in the Phoenix economy. FDI companies tend to pay higher wages, grow their workforce, and then use local companies as

see **New Heights** page 10





Foreign investment flees the coast: More bang for the buck in the desert

By **Eric Jay Toll** | *Special to the Phoenix Business Journal*

The days of looking at a U.S. map and seeing just the coast are ending.

“We see many exceptional investments in commercial real estate away from the coasts,” said Phil Martens, U.S. Regional Director for Artis REIT, one of Canada’s largest real estate investment trusts. “We’ve been investing in Phoenix for a long time, and it’s been good for us.”

The Manitoba-based company sits in what’s known as the Canadian Midwest; its vision sees more than just coastal America. Martens said the coasts are overpriced. He sees Phoenix as a central location for foreign direct investment.

Was taking the risk during the Great Recession a worthwhile investment for a Canadian?

“Very much so, we’re happy with the returns we’ve generated, said Martens. “And we’ve grown our investments into Houston, Denver, Minneapolis and Madison.”

What Artis discovered was that for Canadians, the Arizona market was a very comfortable place to invest. For decades, Canadians have wintered in Greater Phoenix, the epitome of the “snowbird” migration for six months in the sun.

From 2015 to 2021, Canadian companies were the largest source of greenfield FDI. According to the Arizona Commerce Authority, Canadian investors have generated 18 announced projects across a range of sectors.

Phoenix is popping up on more radars since solidly being crowned the fastest growing population in America and ranked among the five largest cities in the U.S. The 2020 Decennial U.S. Census says only New York, Los Angeles, Chicago and Houston are bigger than Phoenix. In last year’s Census Bureau 2020 population estimates, only Phoenix had five-figure population growth, adding over 26,000 new residents. New

York and Chicago lost more population than Phoenix gained. L.A. and Houston barely added 2,000 people between them.

More than any other nation, Canadians began buying second homes in Phoenix. As businesses north of the border looked to expand globally, the city became a perfect place to open a branch office or new manufacturing facility because there is a Canadian community in the city.

Well-known Canadian businesses are already part of the Phoenix business community.

BMO



BMO Harris, owned by Bank of Montreal, and RCB, Royal

Canadian Bank, have branches in the Valley. Commercial brokerage, Colliers, is one of the largest CRE brokers in Phoenix.

Arizona has deep trade roots in Mexico, which opens opportunities for companies locating facilities in Phoenix to add rapidly add customers from a third country. It also provides another way to connect to Asian trade through Mexico. Locating in Phoenix opens that opportunity with the United States-Mexico-Canada agreement by placing Canadian investors within hours of major Mexican Markets.

“Phoenix is a solid center for logistics and product movement,” said David Jackson, Knight/Swift Transportation CEO. “It’s easy for a company to move a product just about anywhere in the U.S. from here.” Knight/Swift, headquartered in Phoenix, has deep roots and routes throughout the U.S. and into Mexico and Canada. Its network reflects the key foreign trade and investment between Phoenix businesses and its top



two trading partners.


“What Canadians, and Asians, are discovering is that land, labor and development costs are more efficient when getting away from coastal properties. Combine that with rapid population growth, and they know they can find workforce and a good value for

investment,” said Jim Rounds, president of Rounds Consulting. “What’s unique about Phoenix is that economic development is an all-hands-on-deck help for a company. Economic developers are packaging everything a company needs to close a deal.

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Follow the money: Canadian FDI into the Valley Means Regional GDP boost

By **Eric Jay Toll** | *Special to the Phoenix Business Journal*

Foreign direct investment: the combination of foreign-owned companies, global investment in real estate, and the wages and benefits paid to workers of an international business combine to boost Phoenix's economic growth. Walking through what that means to the Valley's economy is easier looking at how much FDI adds to the metro gross domestic product.

"FDI is somewhat invisible in the Phoenix economy," said Jim Rounds, president of Rounds Consulting Group, a Valley-based economy consulting firm. "The increase we're seeing in FDI is one of the things that makes the Phoenix area one of the fastest-growing economies in the U.S."

If there were no foreign direct investment in Greater Phoenix, the metropolitan area would still suffer the Great Recession's effects. Instead of average GDP growth of 5.6 percent over the last 10 years, greater Phoenix would have a decade of economic growth averaging less than 3 percent. FDI puts the oomph into the Phoenix economy, taking the metro area from a constant struggle to the top five metro areas for economic growth.

"FDI raises the conversation globally about Phoenix and its capabilities," said Christine Mackay, director, Phoenix Community and Economic Development. "Phoenix's

international platform is changing rapidly. Typically, an international FDI investor looks at top markets. They look at L.A.; they look at Seattle, Houston; they look at New York and Boston. They look at more of those markets that have been pretty traditional to them where they've done business."

Mackay said some of these markets have become saturated or a challenge for companies looking to do business in the U.S.

"Phoenix has spent the last ten years getting ready to be an opportunity for international companies," she said. "We used to be internationally a third-tier city, and now we're a high second-tier market. Within the next ten years, we'll be a first-tier city."

Canadian real estate investment trust, Artis REIT, has been ahead of that curve. Philip Martens, executive vice president—U.S. Region, based in Phoenix, says that the city is an anchor for the business.

"We look for opportunities in secondary markets," he said. "Phoenix has a lot of liquidity chasing investments. It's been a good market for (Artis). We're here to stay."

If Canada were not a U.S. Phoenix trading partner, instead of the third-largest gross domestic product increase in the U.S., Greater Phoenix economic growth would have trailed the national average in 2019 and 2020. According to data from the U.S. Census Bureau, in 2020, greater Phoenix

exported \$2.2 billion in goods and services to Canada, making the northern neighbor Phoenix's second-largest trading partner.

"Phoenix recognizes the importance of FDI, and our business community makes foreign investors feel welcome when they come to town," said Phoenix Mayor Kate Gallego. "This is especially true with Canadians. There are hundreds of Canadians who own property in Phoenix. The community is so large that most Canadians who move with a company feel right at home."

FDI's impact on the Arizona economy is greater than just exports. The National Association of Realtors says that in 2020, Canadians purchased \$2.2 billion in residential real estate alone, with over 80% of that going into the Phoenix Metro area gross domestic product. Canalytics projects in the Phoenix area saw another 2.5 billion in commercial real estate transactions during 2020.

"Canadian companies were the largest source of capital for greenfield development," said Sandra Watson, a native of Toronto, and president and CEO of Arizona Commerce Authority, the state's quasi-public economic development agency. "Canadian investment is incredibly important to our economy as we start to focus and target on industries that

FDI GDP



add value (to the economy). The FDI environment between Arizona and Canada has really evolved over the years, which has opened the door to many more opportunities for investment between these two geographic locations.”

Altogether, Canadians increased the Phoenix Metro GDP by \$6.9 billion, the equivalent of 54 percent of the Phoenix GDP growth projected for 2020 over 2019. That number does not include the economic input from more than 1.3 million Canadian visitors to the Phoenix area in normal years.

The Maricopa Association of Governments reports that Canadian companies in greater Phoenix employ over 19,000 people. The largest Canadian-owned business in the Valley is the Circle K convenience store chain with nearly 6,000 employees. Heinz, which hired over 4,000 in the metro area, is the second-largest Canadian employer. Kahala foods, with 1,200 employees on the list, followed by Onex (nearly 900 employees) and BMO Harris (over 800 employees), round out the top five. Other major Canadian-owned employers in Greater Phoenix include Brookfield Asset Management (more than 700) in its real estate ownership and management, Gerber Collision and Glass (over 600) and Four Seasons Hotels (around 450).

“The money comes from Canada and makes capital or physical investments in our economy. The most important thing is that it is new money into the market,” said Mackay. “What I mean is that it’s money that has not been here before, so the FDI money tends to bounce around in the economy more than local dollars do. They may be investing in real estate; they may be investing in technology; they may be buying equipment. It has an economic multiplier with companies that the investment trickles down to.”

There are only four cities in the United States larger than Phoenix. The city is just barely older than Arizona, the youngest of the mainland’s 48 states. Its nation-leading

population growth is well-accommodated with various living opportunities from dense urban settings to sprawling semi-rural properties with space for horses.

“Because Phoenix grew so fast, our infrastructure is newer, and we’re agile in welcoming a new company,” said Mayor Gallego. “I get out of my office and visit companies; I meet with representatives when they come to town. White glove service is a hallmark of Phoenix. When a company decides to land in Phoenix, the city team remains in contact.”

Rounds talks about the FDI “package” put together when an international company looks at Phoenix. He says that Arizona delivers more information to help a company make a business case for locating in the city. Unlike some cities, Rounds says, “Phoenix does not have to wave cash incentives to attract attention.”

“Here in Arizona, we operate at the ‘speed of business,’” said Watson. “This means that we help a business get operational as quickly as possible.”

The speed at which a company can move encourages FDI. While federal regulations may affect specific sectors and business categories, it’s not that different for a Canadian company in Phoenix than for one doing business in Canada. In Phoenix, a foreign-based company is treated just like local companies.

Watson said that what FDI means for Arizona is more investment and job opportunities. By spending the last eight years stabilizing the tax structure and modernizing business regulations, Arizona moves quickly to help Canadians get the businesses open.

“It gives us faster job opportunities,” said Watson. “The quality of the foreign companies locating here requires a talent base that Arizona is producing.”

The most potent attraction for Canadian companies coming to Arizona is its proximity to Mexico. Greater Phoenix, Arizona, and Sonora, Mexico comprise one

of the world’s largest vehicle and aerospace supply chain centers. Complex components are made in Phoenix and environs and shipped to vehicle assembly lines in Mexico.

Here in Arizona,
we operate at
the ‘speed of
business,’ this
means that we
help a business
get operational
as quickly as
possible.

Sandra Watson

President & CEO | Arizona
Commerce Authority

Another asset in Phoenix is a large number of bilingual members of the workforce. Phoenix is an incredibly diverse market, with the U.S. Census Bureau reporting 54 percent of its population being persons of color. The city’s population is 43 percent Latino and 44 percent white.

Although trade with Mexico tops Phoenix’s trade with Canada, Canadian investment in Arizona is nearly double that of Mexican FDI into the area. Canadians invest heavily in the U.S. In 2020, the nationwide investment topped \$491 billion, more than any other country, according to the U.S. Bureau of Economic Analysis. Phoenix’s share is still small, but it’s growing substantially from where it was ten years ago.

The growing rate of FDI from Canada and other countries into Phoenix’s economy is making a difference. While the U.S. saw a 3.2 percent GDP increase in 2019 over 2018, Phoenix landed at 5.8 percent, among the top GDP gains among large metro areas. Personal income in Arizona (metro data are not yet available) rose 7.8 percent in 2020, tied for tops in the U.S.

Arizona’s cost efficiency and stable business environment make it an attractive target for Canadian companies looking to grow across the border. The proximity to Mexico, experienced workforce, and modern infrastructure combine to offer an unprecedented speed to market a business.



We used to be a community that created its (gross domestic product) by building, tourism and retail sales. Over the last decade, we've changed the economic base into manufacturing, technology and other recession-resistant industries. Canadians have been the biggest group to recognize the value they get coming inland.

Jim Rounds

President | Rounds Consulting Group

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vendors and suppliers.

"FDI generates a bigger multiplier in the economy," said Christine Mackay, Phoenix Community and Economic Development director. "The dollar invested by Canadians is increased four to five times going through the economy."

Economist Jim Rounds agrees. He sees FDI as a still less-than-it-could-be resource tapped for growing Greater Phoenix's economic base.

"We used to be a community that created its (gross domestic product) by building, tourism and retail sales," Rounds, president of Rounds Consulting Group, said. "Over the last decade, we've changed the economic base into manufacturing, technology and other recession-resistant industries. Canadians have been the biggest group to recognize the value they get coming inland."

Coming inland is the new rallying cry among well-tuned REITs and investors. As coastal prices skyrocket, Phoenix is still an economic bargain for CRE. With Canada in the lead, that investment, in turn, is starting to show in Greater Phoenix's population and economic growth.

Suggesting to Rounds that FDI is like filling a washing machine with money draws a laugh.

"But it's not a bad analogy," he said. "FDI brings new money into Phoenix that did not previously exist because it's coming from outside the U.S."

In the washing machine analogy, local Phoenix money fills the washer and keeps getting washed—spent locally—and washed and washed. Some of that money is sucked out of the washer through the drain—spent outside Arizona on imports. Eventually, the money either leaves the washer or wears out. Along with other out-of-area companies opening here and local companies exporting goods to other states and nations, FDI keeps new money flowing into the washer, making the economy grow.

Coming to Phoenix, Canadian companies slip right into the business world and their local neighborhoods. Life in the U.S. is very similar to Canada. Our coinage uses the same terminology, although the U.S. doesn't have the dollar coin known as the loonie for its impress of a loon on one side. Besides, when using the centigrade scale, it's more weather tolerant to say summer temperatures are 40 degrees C instead of 105 degrees F.

Canadian investment in Phoenix is growing. While Mexican investment was more in 2007, according to the National Association of Realtors, Canada has been the leader in FDI every year since then, including year-to-date data in 2021.

The Realtors association says that personal relationships between foreign countries and the U.S. are parts of more than 50 percent of the real estate transactions.

"Phoenix Sister Cities is all about relationships," said Rita Marko, Phoenix Sister Cities president and CEO and Phoenix International Relations Division Director. "We have had a strong connection with our sister city, Calgary, since 1997. Business is all about personal relationships, and that's what we do."

Many know the Sister Cities program for the well-publicized cultural and student exchanges between cities. The other role of the program is building personal connections between the business communities in two cities.

"I speak with the mayor of Calgary on a fairly regular basis," said Phoenix Mayor Kate Gallego. "We know each other and share solutions to challenges facing both cities. When the pandemic ends, we'll look forward to exchanging visits."

Those exchanges are not vacation trips. Running from right after an early breakfast to late at night, the delegations from visiting and host cities have a day of packed events and meetings. The importance of the exchanges is for Phoenix business leaders to meet their Canadian counterparts. That connection pays off when the Canadians want to do business in Phoenix, knowing someone they can talk to for ideas and local tips. The reverse applies when Phoenix companies wish to expand into Canada.

According to data from the Maricopa Association of Governments, over 40 Arizona companies have opened Canadian branches, adding over 5,000 jobs to the U.S. northern neighbor.

"Canadian investment is a real boost to Phoenix's GDP," said Rounds.

According to the Bureau of Economic Analysis, the 2019 Phoenix metro GDP hit \$237 billion, up from \$230 billion in 2018. Canadian tourism pumped about \$2 billion into the Greater Phoenix economy in 2019 Census data. National Association of Realtors data show residential real estate investors poured in over \$1.2 billion, and CRE was another \$1.8 billion. Wages from Canadian companies added at least \$1.5 billion to the economy that year, based

on the Indeed.com average wage data multiplied by the number of Canadian-generated jobs in the metro. These numbers place Canada's total contribution to the Phoenix GDP at \$6.5 billion, just about equal to the increase in 2019's Phoenix GDP compared to 2018.

"Canada is a big part of the area's economic success," said Rounds.





Foreign Investment from page 7

This is unique when compared to many other cities.”

The result is that Phoenix and Arizona move faster for a company to get them from selection to opening. While economic developers are not directly involved with real estate investments, they still provide REITs with information.

“It’s a welcoming environment for a foreign company,” said Phoenix Mayor Kate Gallego. “Most people in Phoenix are from somewhere else. Because of that, the business community is accessible.”

The mayor says that Phoenix’s pioneer spirit makes the city a place where executives and relocating employees

find themselves welcomed into neighborhood and business communities.

“Phoenix is the youngest big city. And that means that makes it easier to connect with people,” said Christine Mackay, director, Phoenix Community and Economic Development. “Here, the community isn’t concerned with where you went to college, what clubs you’re in or who your father or grandfather was. It’s a community in which everyone is working for success.

According to Jim Rounds, the stable business environment reduces investor risk in Phoenix, president of Rounds Consulting Group, an economist and economic consultant. Rounds said that there’s another reason foreign direct investment in Phoenix makes sense.

“California is just another state, but its economy makes it a world power,” he said. “Right now, however, its economic and social problems are on a scale that is like a small dysfunctional country.”

Companies are interested in shifting some work or entire facilities into Arizona. It’s easy to get to Phoenix from just about anywhere in California, and the business environment cuts into risk.

“It’s part of Arizona’s value proposition,” said Sandra Watson, president and CEO of the Arizona Commerce Authority, the state’s quasi-governmental economic development agency. “Over the decade since the Great Recession, we’ve diversified our economy, modernized and eliminated hundreds of regulations, and enacted a stable and consistent tax policy.”

According to Rounds, Arizona is stepping forward in opportunities for foreign businesses.

“Its forward progress is moving faster than in coastal cities,” he said. “The new population coming into Phoenix is bolstering the experience of its workforce,

and the companies landing in the market are increasingly offering high-value jobs. The career opportunities and ability to absorb both population and corporate expansions positions Phoenix uniquely for investors.

Canadian investors started moving into the Phoenix market during the Great Recession when capital was tight. The real estate market struggled, and investors took advantage of the bargains cropping up. Artis was a significant purchaser of multifamily properties. When the economy started growing, they shifted investing into office and industrial sectors. Martens watched Phoenix and Artis’ equity grow.

“The amount of liquidity that is now flowing through into Phoenix is phenomenal. You’re seeing a strength where people cannot find enough industrial and commercial product,” he said. “Phoenix is moving from being a secondary to a primary market. Rounds said whether

it’s a corporate locate or real estate investment, Phoenix is nearing its sweet spot.

“An investor stepping in at this stage is going to be just ahead of the sweet spot where high wage jobs and economic opportunities begin to accelerate more than today,” he said. “The next two decades for Phoenix are very bright.”

Positioned for retail, tourism and real estate before the Great Recession, Phoenix was vulnerable to recessions impacting consumers. Today the city moved into a position of a diversified economy with focused, vital business sectors.

“Manufacturing, bioscience healthcare, technology and financial services, the four advanced industries, have taken over the economy,” said Mackay. “Today, we have more jobs in manufacturing than construction for the first time in our history. When the pandemic recession hit, it was still serious, but Phoenix had one of the smallest declines in jobs and has had the fastest job recovery. In August, we recovered all of the jobs lost in the pandemic.”

Those jobs were coming back in different industries. According to Mackay, the four advanced industries were increasing workforces, hundreds of formerly employed workers were forming new companies.

Canada and the Phoenix have had strong relationships, personal relationships, with each other. Phoenix and Calgary are sister cities and exchanging more than choirs and student ambassadors.

“Business is all about relationships,” said Rita Marko, president and CEO of Phoenix Sister Cities and director of International Relations for Phoenix Community and Economic Development. “We are constantly building connections for businesses between Calgary and Phoenix.”

Spring 2021, the organization hosted

the first Trilateral Trade Conference, which connected businesses in Phoenix, Mexico and Canada exploring opportunities, successes and the future.

It’s part of Arizona’s value proposition. Over the decade since the Great Recession, we’ve diversified our economy, modernized and eliminated hundreds of regulations, and enacted a stable and consistent tax policy.

Sandra Watson

President & CEO | Arizona Commerce Authority

“It comes down to a business decision,” said Rounds. “Phoenix is well-positioned to increase its workforce continually, and that’s a prime attraction for expanding and relocating companies. The volume of capital investment is increasing. The economic development team puts together an entire package. Some places wave tax breaks or cash incentives in front of firms, but in Phoenix, a company has a much lower risk. The state, the cities, brokers all work together to find the right place for a company.”

Rounds said that Phoenix’s secret weapon is the State Lands Department. Arizona holds thousands of undeveloped acres in Greater Phoenix, and the Department is part of the economic development package making the properties rapidly available.

“The thing about the Phoenix economy and its booming high-value jobs,” said Rounds. “They haven’t yet pressed the gas pedal down to the floor.”

Capital investment in the area, according to Rounds, comes in on a solid economic base.





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