

Will the Scottsdale Tech Hub Prediction Come to Fruition?

In a recent Wall Street Journal article, it was announced that Stockdale Capital, a developer based out of LA, had plans to build a 250,000 square foot office building in downtown Scottsdale. Why? According to the WSJ's interview with one of Stockdale's leaders, it's simple: "'You've got all these guys who are sniffing around and-or just moved one of their offices,' said Dan Michaels, managing director at Stockdale. In San Francisco, 'they are choking on the costs of taxes and insurance and employees,' he said."

And Stockdale isn't the only company that sees Scottsdale's tech hub potential. With companies like Axosoft, CreditMonitoring.com and Yelp (among a myriad of others) calling Scottsdale home, the chances of the city truly becoming a force in the tech world isn't far-fetched.

Although the predictions have materialized more frequently over the last few years, the reasons behind them remain as compelling as ever. A few?

— **Scottsdale's Talent Pool**: There's no denying that Silicon Valley has some of the brightest and most accomplished minds in the tech world. But while tech jobs are certainly in demand there, they're also extremely competitive. Because Scottsdale is still growing its tech presence, the competition for jobs is less fierce. However, with a number of highly qualified candidates in the tech field who have relocated to be a part of existing tech companies (think eBay, InfusionSoft, etc.), there is a huge pool of talent to be had. What's more, with programs like Rockit Bootcamp and universities like ASU and U of A, fresh talent is entering into local circulation frequently.

— **Cheaper Rent**: Rent in Silicon Valley isn't exactly a walk in the park. With a high cost of living, both housing and office rent soar right along with it. An example? According to Wired, rent

averages about $97 per square foot in Mountain View, home of Google. Where Facebook is located, rent can hit around $88 per square foot. Compare that to our rent here at Hivewyre. Our 10,000 square foot office is in the heart of Scottsdale (about 5 minutes from Old Town, one of the most dense and priciest areas in the city). Our neighbors include Yodle, Pyxl, Recruiting.com, and more. Our rent? $27 per square foot— about 260% less expensive than the average rent for an office space near Google.

— **Lower Taxes**: It probably comes as no surprise that Silicon Valley taxes are significantly higher than many other cities, including Scottsdale. Silicon Valley sales tax currently sits at 8.75%, compared to Scottsdale's 7.95%. According to TaxFoundation.org, California tops the list with the highest state-level tax rate in the U.S. at 7.5%, compared to Arizona's 5.6%. Scottsdale's Economic Development website phrases much of the city's benefits this way: "Despite being the sixth largest City in Arizona, Scottsdale ranks second in the state for the amount of venture capital its companies are able to attract, according to research conducted by the Greater Phoenix Economic Council. It is also home to a number of technology firms ranking in the Inc. 500... Google proclaimed Scottsdale in August 2013 as a National eCity, the only such designation in the State of Arizona, confirming the intensity of Internet business activity in the city."

Although it may take some time for Scottsdale to reach its full technology potential, the signs all point towards the "future tech hub" predictions coming to life. As for us here at the Hive? We're excited to have even more industry neighbors!