

Manufacturing

Phoenix ranked No. 1 in nation for manufacturing growth, report says



Construction has significantly progressed on Taiwan Semiconductor Manufacturing Co.'s new complex in north Phoenix, which is pictured above in November 2023.

TAIWAN SEMICONDUCTOR MANUFACTURING CO



By [Audrey Jensen](#) – Reporter, Phoenix Business Journal
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Phoenix is the top market for manufacturing growth thanks to at least 14 major announcements that have been made in the region since 2020.

Metro Phoenix was ranked No. 1 out of the 15 top growth markets for largest projected job gains by global real estate firm Newmark Group Inc. [in its latest manufacturing report](#), which identified the largest growth markets in large, medium and small metros.

Nearly 15,500 jobs have been promised as part of the major manufacturing developments coming to the Valley, which topped the nation for both projected jobs added and manufacturing announcements in excess of \$100 million, according to Newmark research.

Elizabeth Berthelette, author of the Newmark report, said Phoenix has a long history in advanced manufacturing with companies such as Intel and Honeywell over the past 50-plus years.

"Having that basis of skill-level, other facilities, other types of companies doing similar things – R&D, highly-skilled manufacturing and production – has really continued to attract new announcements," she said. "It's the business climate, economic climate, less expensive power, more development opportunities."



Elizabeth Berthelette, head of northeast research & national life science research for Newmark Group Inc.

NEWMARK GROUP INC.

The resurgence of manufacturing in the United States [has brought a host of companies to Arizona](#), including technology giants Taiwan Semiconductor Manufacturing Co. and LG Energy Solution. The average square footage of mega investments is 1.45 million square

feet, while the average manufacturing lease has averaged about 45,000 square feet, according to Newmark.

Bob Hess, a site selector who is vice chairman of global strategy for Newmark, said Phoenix's past reputation as a bland hub of call centers and insurance firms as well as companies exiting California, was a precursor to the growth the region is now seeing. Because of a [concerted effort by leaders to diversify the economy](#) and a major network of universities and community colleges, more companies now want to relocate to the Valley.

"Because of that passion, that synergy, your public-private partnership situation out there is stronger than most of these metro areas," Hess said.

The Phoenix metro's large labor pool and proximity to larger markets with R&D systems have attracted employers to the area as well.

Newmark found that the Phoenix market had nearly 75,000 advanced manufacturing workers as of 2023, although finding the labor to fill the new jobs will be a challenge across all markets, especially in smaller regions that do not have as diverse economies.

"Phoenix isn't immune to the challenges of the greater advanced manufacturing sector," Berthelette said. "Where Phoenix may excel is the diversity of its economy – it's very large, there's a lot of different industries there, the population growth is very fast."

Four main sectors drive growth

These projects have [helped push the Phoenix market ahead in the national industrial rankings](#) even as e-commerce and logistics started to slow down in the past year across the U.S.

Growth is expected to continue for Phoenix and other markets in manufacturing as major projects are built out because of ancillary demand and third-party vendors that want to be close to the manufacturers.



Bob Hess, vice chairman of global strategy for Newmark Group Inc.

NEWMARK GROUP INC.

Hess said companies are mostly looking for communities that have a sustainable plan and visions for partnerships and strategies to address quality of life, infrastructure, housing and more.

"There some challenges out there but I think Phoenix is always going to be a top 10 metro in the United States in the years to come," Hess added.

High-tech and digitalization such as semiconductors, automotive and transportation, energy and biomanufacturing are four of the main manufacturing sectors driving much of the growth.

In Q3 2023, the manufacturing sector made up nearly 12% of the industrial inventory under construction in metro Phoenix, according to Newmark. In Austin, another major industrial market, manufacturing made up 13.5% of projects under construction in the same time period.

Other large markets that are seeing the most growth in the industry were Atlanta, which has had 12,713 jobs announced since 2020, and Austin, which has had 11,465 jobs announced since then.

In mid-size and small metros measured, Syracuse, New York saw the most manufacturing jobs announced with 9,000 new jobs for a new Micron facility, while Savannah, Georgia, had nearly 9,000 jobs announced across two facilities since 2020.