



## Tango Twist: Let's Get Out of the Industrial Twilight Zone

Robert L. Davis • published in the June 2016 issue

**F**irst quarter 2016 results are in for Tucson's industrial sector and while they are somewhat conflicting depending on the source, I would generally characterize the market as lethargic, shallow, anemic, and in dire need of wide swaths of demolition.

What's wrong with Tucson's industrial picture and how do we fix it? Here's how I see it.

### The Problem

Do you remember Rod Serling's Twilight Zone? Let me refresh your memory. It opened with "doo doo doo doo, doo doo doo doo" followed by a voiceover that included some variation on these words:

"There is a fifth dimension beyond that which is known to man. It is a dimension as vast as space and as timeless as infinity. It is the middle ground between light and shadow, between science and superstition, and it lies between the pit of man's fears and the summit of his knowledge. This is the dimension of imagination. It is an area which we call... the Twilight Zone."

If you close your eyes and listen carefully to these words, when you open them again, you may just find yourself at the corner of 36th Street and Kino, staring at a 60-acre industrial ghost town called The Bridges, home of Tucson's oldest nonexistent industrial magnet, U of A Tech Park, formerly known as U of A Bio Park. This would-be park is anchored by impressive monument signage beyond which lays acres and acres of unrealized dreams, a daily reminder to all who pass of how misguided our community leaders can be.

Now I'm all for imagination, but let's face it. Since "coming on line" in 2012—13 years after inception and planning—nothing has changed at this location, not counting the signage and the name. There has been no shortage of self-generated studies, renderings, photographs, brochures, websites and leasing agents promoting the park. In the end, it's been nothing but a persistent, persuasive and unrealistic myth. The location is simply wrong for such a use, on every level. The whole project premise is based on false hopes vs. facts.

In another Twilight Zone episode, Arizona Center for Innovation has been like a forgotten stepchild down at U of A Tech Park south, located 19 miles from the University at Rita Rd., half way to El Paso (or so it seems). Others may be reticent to admit it, but I will go out on a limb to say Tech Park Rita is a rather stupid place to incubate companies, hence the difficulty in attracting more of them there. It is anchored by companies like IBM, Citicards and Raytheon, all of which located there for competitive space availability reasons only and whose operations there have little if any collaboration with U of A. It's long overdue to admit that Tech Park Rita's highest and best use is strictly as a commercial real estate business park. My advice to community leaders would be to quit gobbling the granola and focus on making it the best business park it can be.

In other misguided moves, now Arizona Center for Innovation is scheduled to move to Tech Park Bridges, along with Tech Launch Arizona (currently in the University Services Annex building at East Sixth Street and Main). Where would such collaboration-thirsty tenants rather be? On campus, of course—or adjacent to it, or at least somewhere in the urban core. Why? Because that's where the researchers are, that's where the density is and that's where the action is going to happen in the future. By now, those signs are crystal clear.

## The Solution

Here's the holy grail that I think works, and the University knows this, they just need to pivot.

The University of Arizona is one of only 65 "Research 1" universities in the U.S. and Canada, a top tier research institution. Unlike most of its "peers," U of A does not have acres and acres of surrounding land on which to expand. Nevertheless, proximity to the university is one of the most valuable assets the Board of Regents has to sell—and must sell—in order to forcefully drive Tucson's technology economy.

If Tucson is banking its future on technology, that future will come sooner and stronger once community leaders—including Arizona Board of Regents, U of A, Southern Arizona Leadership Council, Pima County elected officials, and others—coalesce around three common truths: Technological development depends on innovation and collaboration, the University is the hub and densification is the key.

Numerous studies by ULI and others prove that urban density is a key economic driver. Arthur C. "Chris" Nelson, PhD, FAICP, Professor of Planning and Real Estate Development at CAPLA, a nationally renowned expert on the subject who also happens to be a professor in our own back yard, weighs in:

"How great are the benefits of density? Economists studying cities routinely find that after controlling for other variables, workers in denser places earn higher wages and are more productive. Some studies suggest that doubling density raises productivity by around 6 percent while others peg the impact at up to 28 percent. Some economists have concluded that more than half the variation in output per worker across the United States can be explained by density alone; density explains more of the productivity gap across states than education levels or industry concentrations or tax policies."

Hello, suburban sprawl, are you listening? You are not working for our economy. We have to bring people closer together, at least where industry is concerned. Nelson figures that if Tucson metro's urbanized area density were to double, we'd increase jobs by upwards of 50k.

A great first step toward achieving increased urban density and its economic rewards would be for community leaders to get their heads out of the Twilight Zone and declare a new mission for the tech park at The Bridges. The Bridges would make a better annex for back-office university service activities such as accounting, communications, financial services, payroll, HR, etc. Personnel that need no interaction with students, faculty or staff could be relocated very easily and effectively, freeing up valuable space on our landlocked campus for higher and better uses. In the interest of creating better synergy for tech start ups, increased density and more jobs in this modern digital and tech age of communications, relocating nonessential activities off campus to a place like the Bridges seems like a no brainer to me.

Bob Davis has been serving the business community of Tucson, Arizona since 1985 with an unequalled track record in solving a multitude of commercial real estate issues for local, regional, national international clients. In 2015 he became a partner and cofounder with Tom Hunt in Tango Commercial Real Estate, LLC. He can be reached at Bob@tangocommercial.com.

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