

Phoenix's tech scene is growing -- in an old warehouse district

[Jon Swartz](#), USA TODAY Published 7:18 p.m. ET May 20, 2017



(Photo: Greater Phoenix Economic Council, for USA TODAY)

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PHOENIX — A rusted shell of what once was a produce warehouse is an unlikely setting for a tech renaissance — but it's happening on a small patch of land a few blocks south of downtown Phoenix.

Within the two square miles that house Phoenix's Warehouse District, there's ample evidence amid dozens of once-abandoned structures: 60 tech start-ups work out of a 55,000-square-foot technology-education campus run by Galvanize; a thriving electronic medical record company, WebPT, has morphed into a multimillion-dollar business employing hundreds; a reconverted warehouse, opened in 1926, is the home of advertising agency R&R Partners.

"This area was hidden in plain sight for decades," says Mayor Greg Stanton, reflecting on the tech surge from Bentley Calverly, an art gallery in the warehouse district. "But Phoenix is a land of opportunity, a place for risk takers."

The rise of the warehouse district, like the mythological phoenix, began to take shape a few years ago with the passage in 2015 of a 35-year, light rail expansion plan through the central spine of

Phoenix. It connected the neglected south side of town to downtown and, equally important, local campuses for Arizona State University and University of Arizona.



Phoenix is undergoing a tech transformation downtown. (Photo: Greater Phoenix Economic Council, for USA TODAY)

At the same time, residential construction (5,000 apartment units over the next three years) and commercial development picked up, tech hires by established companies in the financial and health care industries are ramping up, and pockets of tech workers in the region have migrated downtown, where they prefer to work and play. The affordable cost of living has helped too, drawing workers here from more expensive cities.

Of course, competing for talent with the likes of the San Francisco Bay Area, New York, Chicago, Boston and other top-tier cities isn't easy — each is a firmly established mecca of tech talent, brimming with venture capital riches and opportunities for job advancement. But Stanton and other city officials point to Phoenix's expanding population, business-friendly climate and comparatively inexpensive office space.

After years of growing out into suburban sprawl, Phoenix — the nation's 13th-largest metropolitan area, with 4 million people, according to the U.S. Census Bureau — is growing up, with the construction of high-rises and other buildings downtown. And owners of tech companies are flocking to it.

"We started working out of a Starbucks," recalls Brad Jannenga, who co-founded WebPT in 2006 with his wife, Heidi. The company, which provides a suite of software for physical therapists, has grown to 330 employees and \$50 million in revenue. Last year, he plunked down \$1 million on two historic buildings in the warehouse district for up to three tech companies, including his latest start-up SaaS Industries.



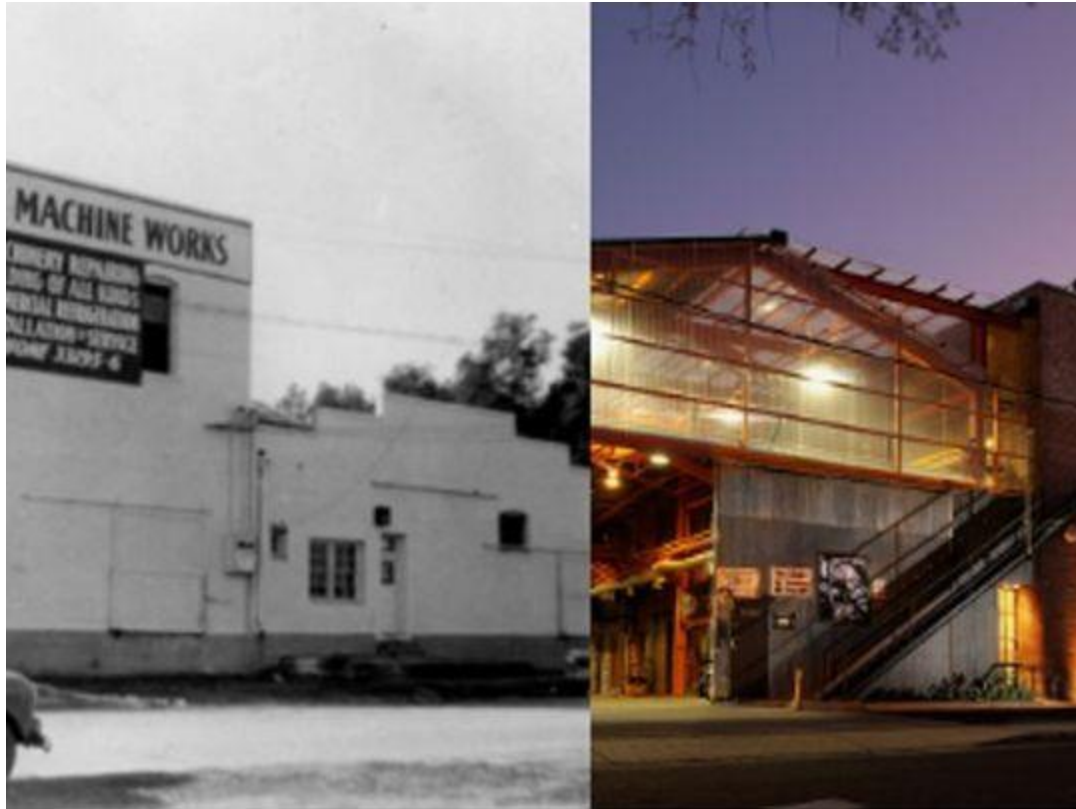
Phoenix Mayor Greg Stanton at Galvanize. (Photo: Greater Phoenix Economic Council, for USA TODAY)

"The stone-in-the-pond moment," when a region like Silicon Valley and Austin ripples into something larger to create an ecosystem "never happened here" in Phoenix, Jannenga says. "But it is starting to happen now... Ten times a day I see a connection, and hear of a place doing amazing things."

Several of them reside at Galvanize, which is more than an incubator, says Phoenix Councilwoman Kate Gallego. "It's like a scene," where people work, learn computing skills and collaborate with one another at all hours versus the typical 9-to-5 work shift, she says. Among its success stories are Picmonic, a visual-storytelling platform, and Coplex, a start-up studio and accelerator.

That scene, in turn, could prove to be an economic and creative catalyst, enhancing Phoenix's growing reputation as a "mega-events" host, Stanton says. The city was host to the NCAA basketball Final Four this year and the Super Bowl in February 2015. The Lost Lake Festival, a three-day musical event featuring The Killers and Chance the Rapper, is coming in October.

Matt Silverman has had a front-row seat to the transformation of south Phoenix. As vice president and managing director of R&R Partners, the ad agency that came up with the "Whatever Happens in Vegas" slogan, he set up the agency's office in the warehouse district.



The ASU School of Art, before and after. (Photo: Greater Phoenix Economic Council, for USA TODAY)

"Old is what's new and hip now," says Silverman, whose office was initially established by Henry Ong, a businessman who immigrated to Phoenix from China in 1909 and opened a produce warehouse at the site in 1926. "You can't replace the craftsmanship of old, historic buildings."

Slowly but surely, it is happening in a section of the city where buildings once laid dormant for more than 20 years.

"This is a golden moment for Phoenix," Stanton says.

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