

# Arizona State Freight Plan

## CURRENT TRENDS

JANUARY 2022



### ECONOMIC CONTEXT

Lower home prices compared to neighbor states help drive population growth. Growth is also supported by new corporate headquarters in Arizona including larger manufacturing, transportation, technology, financial and call center companies. Strength in health services sector and proximity to Mexico will also boost Arizona's economy. A weakness in Arizona's economy is its military manufacturing sector which is vulnerable to federal spending cuts. The state economy would benefit from further diversification to help to limit the impacts of future crises.

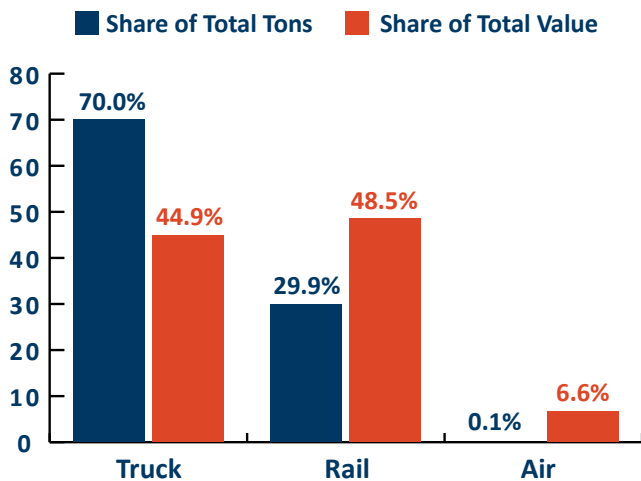


### FREIGHT CHARACTERISTICS

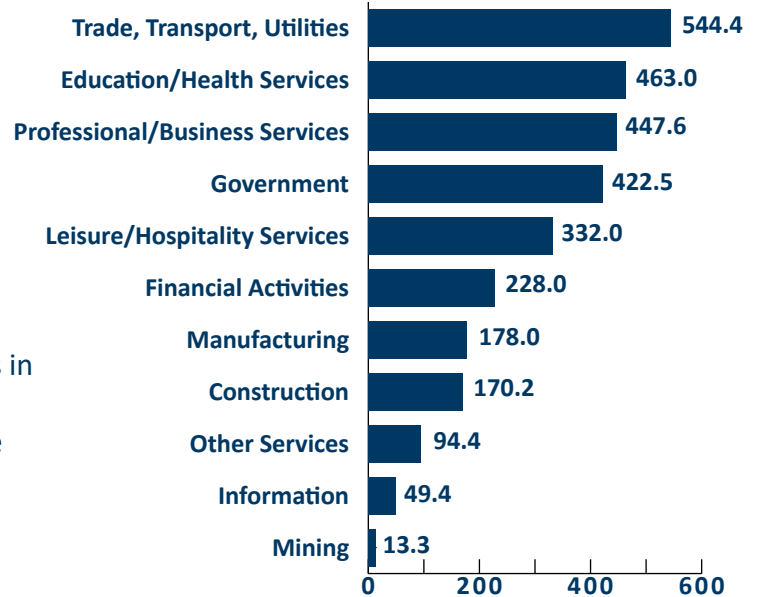
Arizona ranks 3rd in terms of originations and 4th in terms of destinations out of all US states in terms of total freight tons.

In 2020, Arizona exported \$19.7 billion worth of goods abroad, placing it 22nd among all U.S. states - A 20 percent drop from 2019. Most of Arizona's major trading partners also imported significantly less in 2020 than 2019.

#### Share of Freight Flows by Mode, 2019 (Percent)



#### Employment by Sector, 2019 (Thousands)



#### TOP TEN COMMODITIES, 2019

##### BY VALUE

- Mixed Commodity/Consolidated Shipments
- Small Packaged Freight Shipments
- Motor Vehicles
- Motor Vehicle Parts or Accessories
- Warehouse and Distribution Center
- Electrical Equipment
- Transportation Equipment
- Missile or Space Vehicle Parts
- Pharmaceuticals
- Miscellaneous Manufacturing Products

##### BY TONS

- Gravel or Sand
- Mixed Commodity/Consolidated Shipments
- Warehouse & Distribution Center
- Broken Stone or Riprap
- Petroleum Refining Products
- Miscellaneous Waste or Scrap
- Grain
- Asphalt Paving Blocks or Mix
- Bituminous Coal
- Concrete Products



## EMERGING TRENDS AND ISSUES

Emerging freight trends can influence freight transportation in Arizona both through negative impacts and potential benefits. The Arizona Freight Plan will consider these emerging trends in the development of goals, objectives, and strategies that Arizona DOT can adopt to prepare for these potential changes to freight transportation in Arizona.

### TRENDS AND ISSUES

Vehicle Technology (automation and electrification)

Innovations at border crossings

Extreme climate events

Global supply chain issues

E-commerce growth

Changes to trading partners due to pandemic

Infrastructure Technology

The United States, Mexico, and Canada (USMCA) trade agreement

Truck parking needs

Last mile delivery changes including aerial vehicles and bicycle delivery



## STRENGTHS AND WEAKNESSES OF ARIZONA'S FREIGHT TRANSPORTATION SYSTEM

### STRENGTHS

- Arizona has an extensive, reliable, and efficient multimodal freight transportation system.
- Arizona's freight clusters are generally well connected to the multimodal freight transportation system.
- Arizona's freight transportation system provides vital links between Arizona's principal trading partners - Mexico, California, and Texas.

### WEAKNESSES

- Arizona has a need for passing and climbing lanes to improve movement on the Key Commerce Corridors (KCC).
- Arizona is experiencing a shortage in the supply of safe truck parking.
- Arizona's transportation system around and within urban centers is congested and less reliable.
- The Arizona/Mexico border has limited rail capacity and limited roadway connections which contribute to poor reliability at the border.

This summary of the strengths and weaknesses of Arizona's freight transportation system emphasizes areas where decision makers, through the State Freight Plan, can leverage the advantageous position of Arizona and also address potential deficiencies to improve the performance of the state freight system.