

Greater Phoenix Greater Together

MARCH 2024

Greater Phoenix Overview

As a state, Arizona's economy has a positive outlook for continued growth post-COVID. Greater Phoenix has had an increase in labor force, increase in employment rates, increase in earnings, increase in nonfarm payroll jobs and an increase in the average hourly earnings compared to the previous 12 months. A mild recession is anticipated for the overall US economy which will translate to a slower paced growth for the Greater Phoenix region and the state in the near-term future.

Consumer Spending

Prices in Greater Phoenix increased 0.7% for the two months ending in February 2024. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 2.2%. Food prices increased 1%. Energy prices advanced 0.5%, largely the result of an increase in the price of electricity. The index for all other items less food and energy rose 2.5% over the year.

Disposable Income

Arizona's annual per capita disposable personal income is currently \$49,493; a 27% increase from 2017 when personal disposable income was \$38,851. Despite this growth, increase in disposable income is still lagging the inflation rates.

Housing Sector

The House Price Index percentage change for the Greater Phoenix region from January 2023 is at 4.56%; despite the region experiencing a cooling housing market, resulting from an increase in interest rates, home prices have been on the rise since February 2023.

Inflation

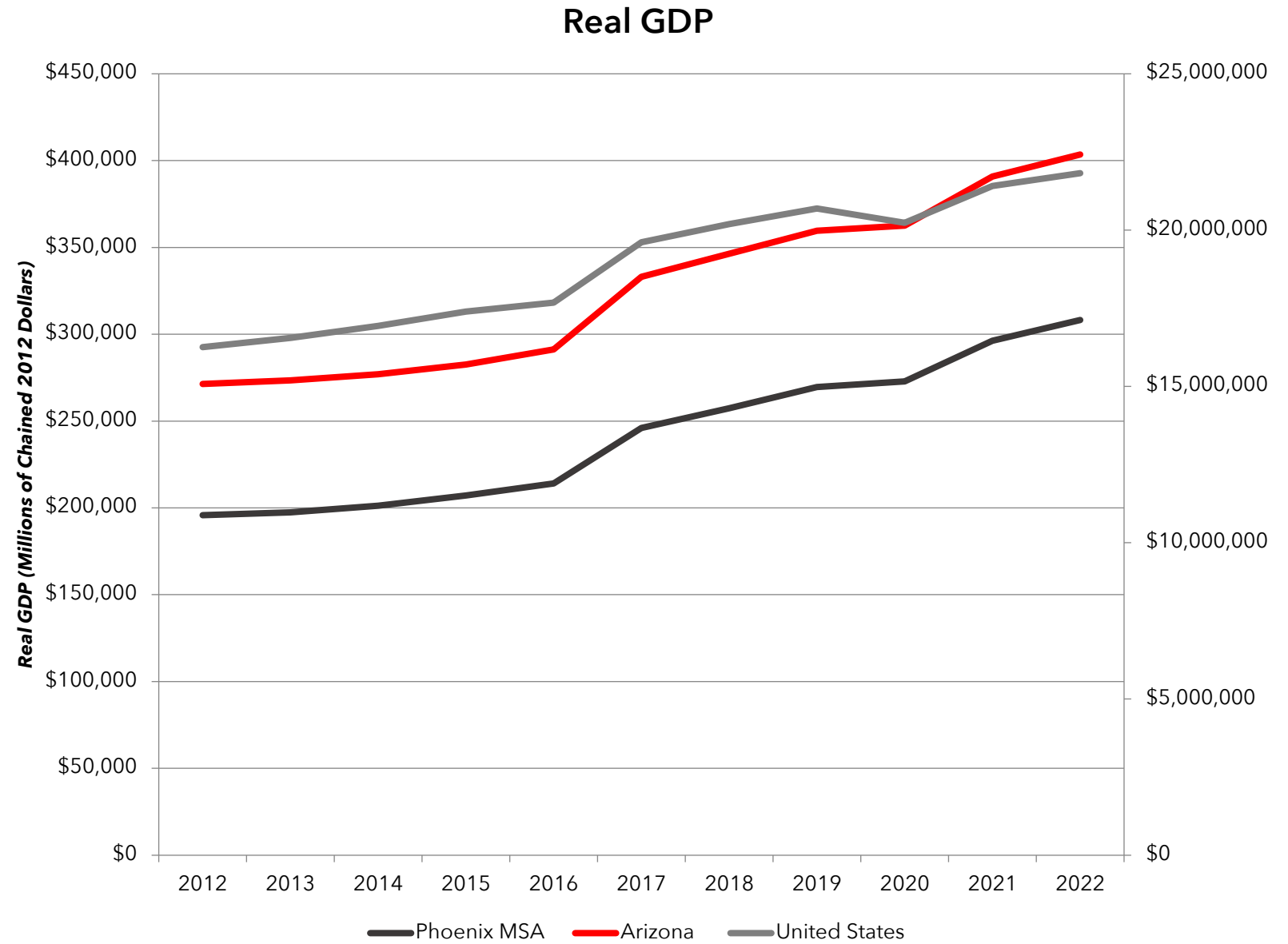
The nation reported an inflation rate of 3.2%; 0.1 percentage points increase from January. In contrast, Greater Phoenix recorded a rate of 2.2%, reflecting a 0.5 percentage point decrease from December. Despite national and regional Inflation rates slowing down, the nation is still experiencing high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the US.

An aerial photograph of a city skyline, featuring numerous skyscrapers and buildings. A large, semi-transparent red arrow graphic points from the top right towards the bottom right, partially overlapping the city view. The text "Economic Activity" is overlaid on the left side of the image in a large, white, sans-serif font.

Economic Activity

National, State & Greater Phoenix Economy

- Greater Phoenix real GDP in 2022 was \$308.2 billion, expanding by 4.0% over the previous year
- Arizona real GDP grew 3.2% from 2021 to 2022
- U.S. real GDP grew 1.9% from 2021 to 2022
- Most recent estimates of GDP indicate a consistent positive economic outlook, with a 3.4% annual growth rate in Q4 2023 nationally. A contrast to the 4.9% increase in Q3 2023.



Wage Growth

- In Greater Phoenix and Arizona, overall real personal income grew slower than the national average from 2021 to 2022
- The percentage growth in real per capita personal income from 2021 to 2022 in Greater Phoenix was modestly lower than the national average

Real Personal Income (millions of constant 2012 dollars)

	2021	2022	% Growth
Greater Phoenix	273,183	258,424	-5.4%
Arizona	390,082	371,495	-4.8%
United States	19,626,221	18,803,662	-4.2%

Real Per Capita Personal Income (constant 2012 dollars)

	2021	2022	% Growth
Greater Phoenix	55,269	51,523	-6.8%
Arizona	53,694	50,480	-6.0%
United States	59,110	56,419	-4.6%

Greater Phoenix Employment

Greater Phoenix's pre-COVID peak was in December 2019 at 2,255,700 jobs

Jobs have increased by 12,300 compared to January, and increased by 52,700 year over year

Current total nonfarm payroll employment is 2,445,400 jobs; unemployment rate is 3.3%



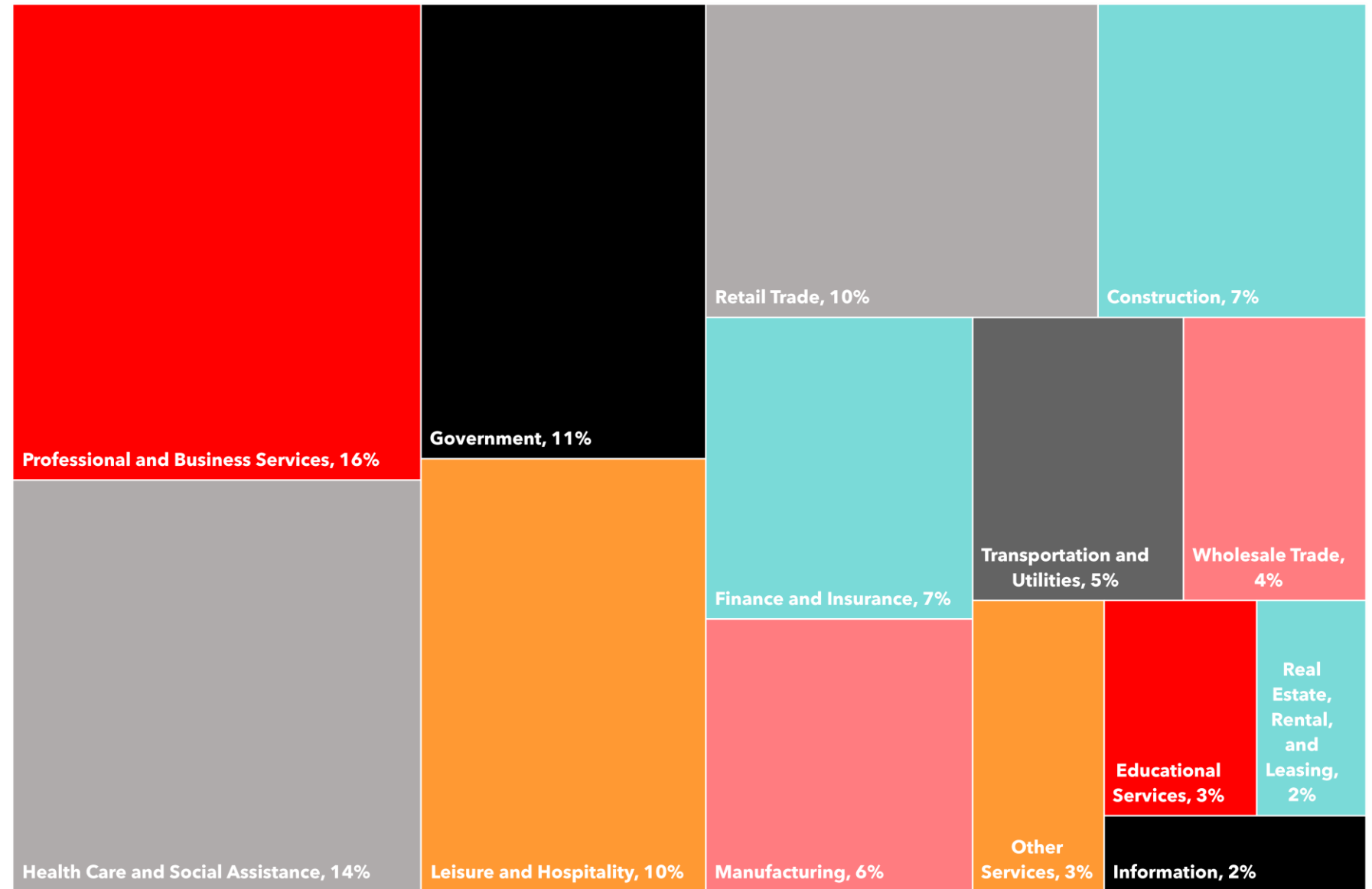
Source AZ Office of Economic Opportunity Labor Statistics, March 2024, not seasonally adjusted, preliminary numbers



Current Makeup of Industry

- The largest industries in Greater Phoenix are professional and business services and healthcare and social assistance
- There has been significant growth in the healthcare and social assistance sector following the 2008 recession. Conversely, construction is experiencing very slow but gradual growth while there is a decline in retail trade as a share of total employment

CURRENT EMPLOYMENT DIVERSITY



Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Electricians, Home Health and Personal Care Aides, Restaurant Cooks and Medical Assistants
- Home Health and Personal Care Aides, Laborers and Freight, Stock, and Material Movers, Fast Food and Counter Workers and General and Operations Managers had the highest increase in the number of jobs between 2023 and 2024

Greater Phoenix Fastest-Growing Occupations

Description	2023 Jobs	2024 Jobs	2023 - 2024 Change	2023 - 2024 % Change
Electricians	13,982	14,812	830	6%
Home Health and Personal Care Aides	55,352	57,905	2,553	5%
Cooks, Restaurant	21,333	22,292	959	4%
Medical Assistants	14,297	14,889	592	4%
Software Developers	30,039	31,270	1,232	4%
First-Line Supervisors of Construction Trades and Extraction Workers	14,050	14,586	536	4%
Construction Laborers	21,002	21,801	799	4%
Light Truck Drivers	14,086	14,583	497	4%
Insurance Sales Agents	12,952	13,399	447	3%
Miscellaneous Assemblers and Fabricators	17,717	18,319	602	3%
First-Line Supervisors of Food Preparation and Serving Workers	18,193	18,748	555	3%
Laborers and Freight, Stock, and Material Movers, Hand	57,172	58,874	1,702	3%
Registered Nurses	42,040	43,187	1,148	3%
Maintenance and Repair Workers, General	25,076	25,732	656	3%
Heavy and Tractor-Trailer Truck Drivers	29,337	30,096	758	3%
Fast Food and Counter Workers	60,624	62,171	1,546	3%
Project Management Specialists	20,104	20,613	509	3%
Stockers and Order Fillers	44,312	45,401	1,089	2%
Receptionists and Information Clerks	20,413	20,909	496	2%
Postsecondary Teachers	27,313	27,966	653	2%

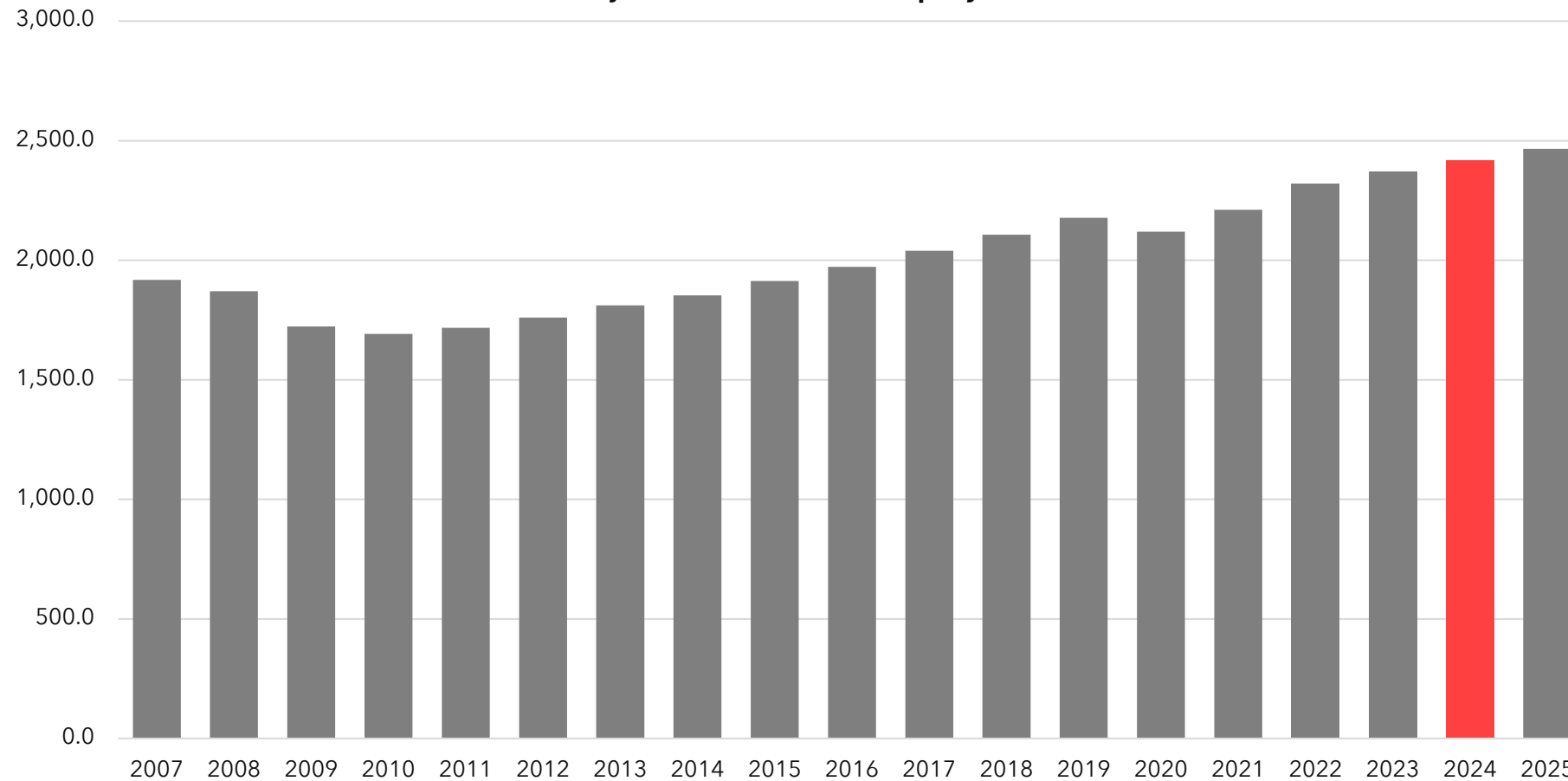
Job Forecast

Greater Phoenix job growth is projected to be 2.05% from 2024 to 2025

Arizona job growth is projected to be 1.94% from 2024 to 2025

Greater Phoenix recovered all job loss caused by COVID-19 in 2021

Projected Non Farm Employment Growth

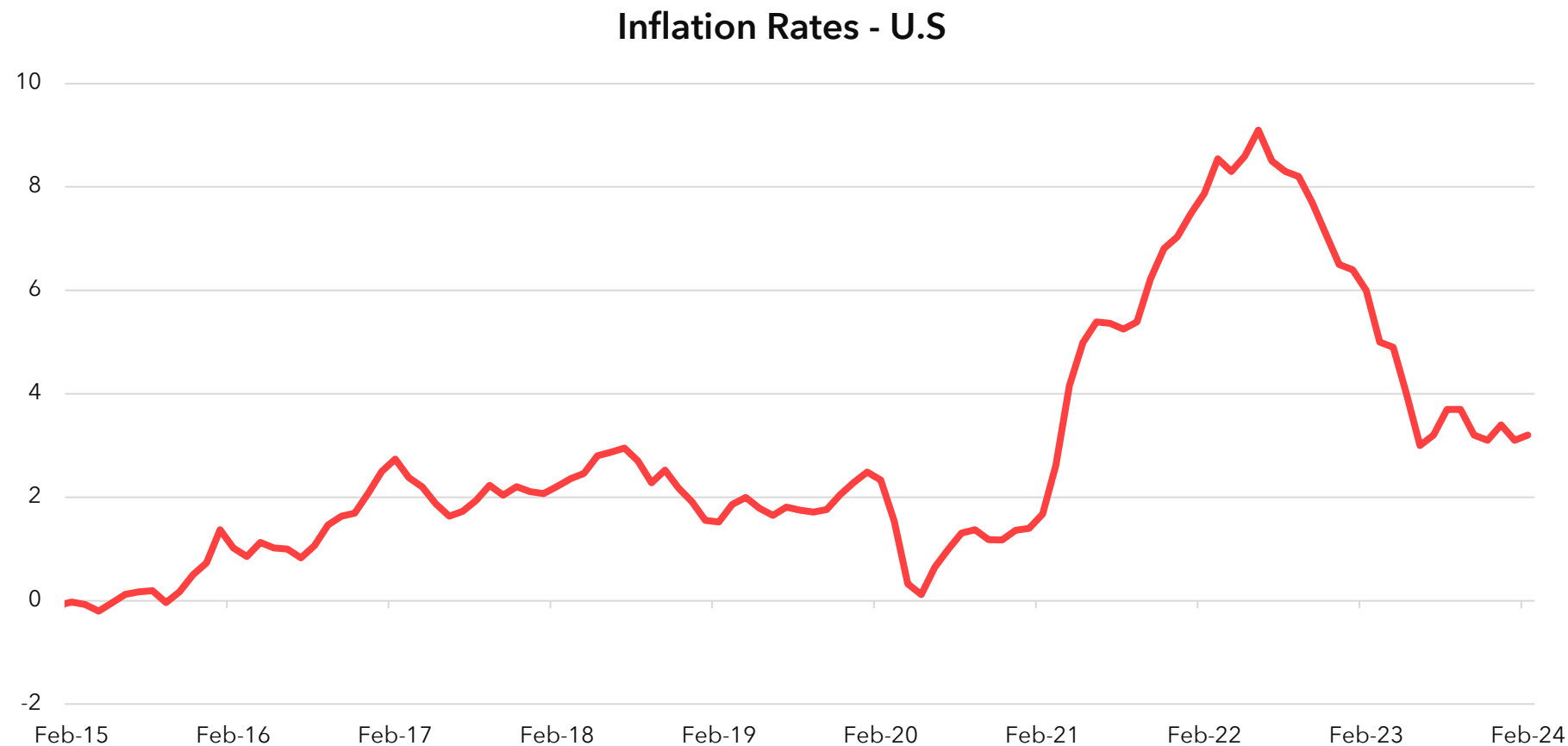


Source: University of Arizona Economic and Business Research Center, March 2024



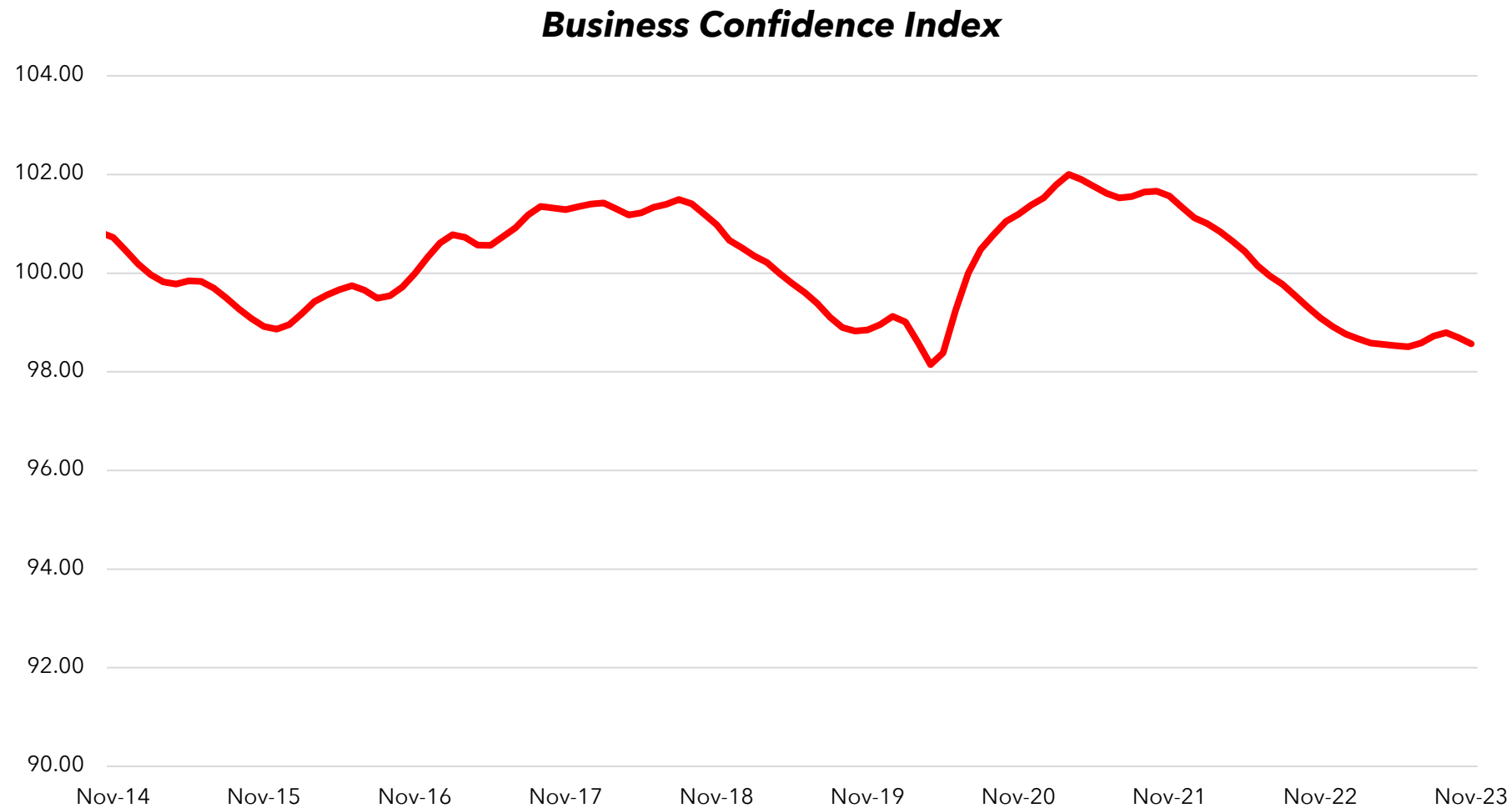
Inflation and Prices (National)

- Inflation reflects the annual percentage change in the cost to an average consumer of acquiring a standard market basket of goods and services. The inflation rate presented below is the year-over-year percentage change which is a measure of the average monthly change in the overall price for goods and services paid by urban consumers
- The most recent inflation rate was 3.2%, 0.1 percentage points higher than the month of January. However, rates remain above the long-term average



Business Confidence Index (National)

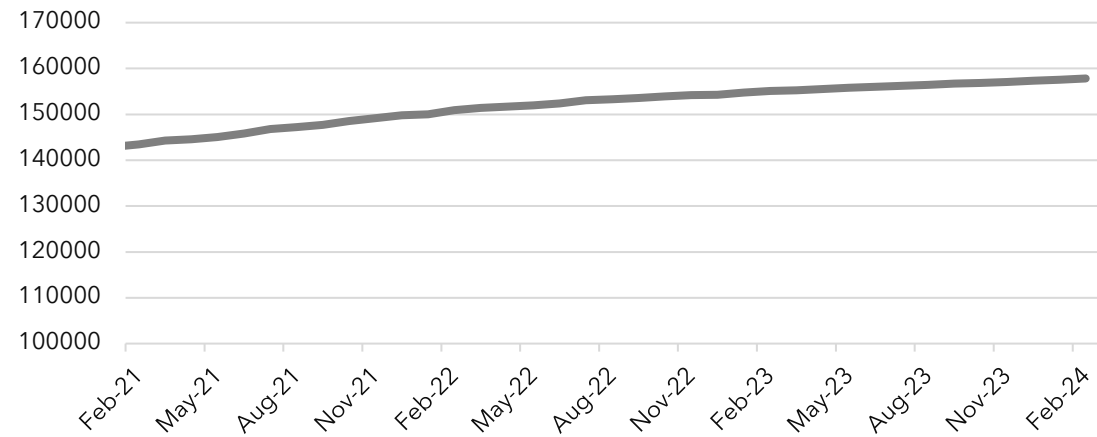
- The Business Confidence Index measures how businesses perceive the economy based on surveys measuring developments in production, orders and stocks of finished goods. Numbers above 100 indicate confidence in future business performance
- The index measured at 98.57 in November, indicating ongoing pessimism towards economic activity in the future



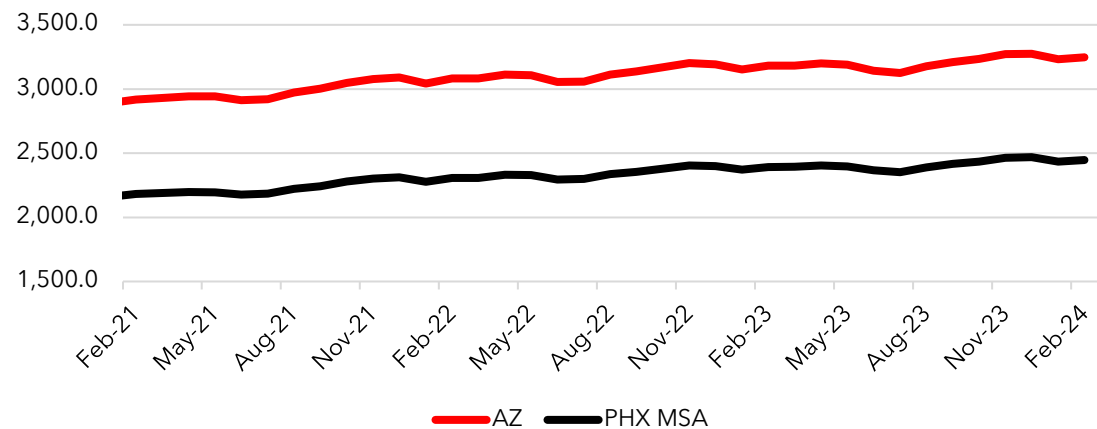
Regional Comparisons: Labor force

- Presently, Greater Phoenix exhibits a lower unemployment rate compared to Arizona, while the state has a higher unemployment rate than the United States. Employment rates follow a consistent trend at the metro, state and national level
- Among the December separations in Arizona, 78,000 were quits and 41,000 were layoffs and discharges, compared to 82,000 quits and 43,000 layoffs and discharges in November

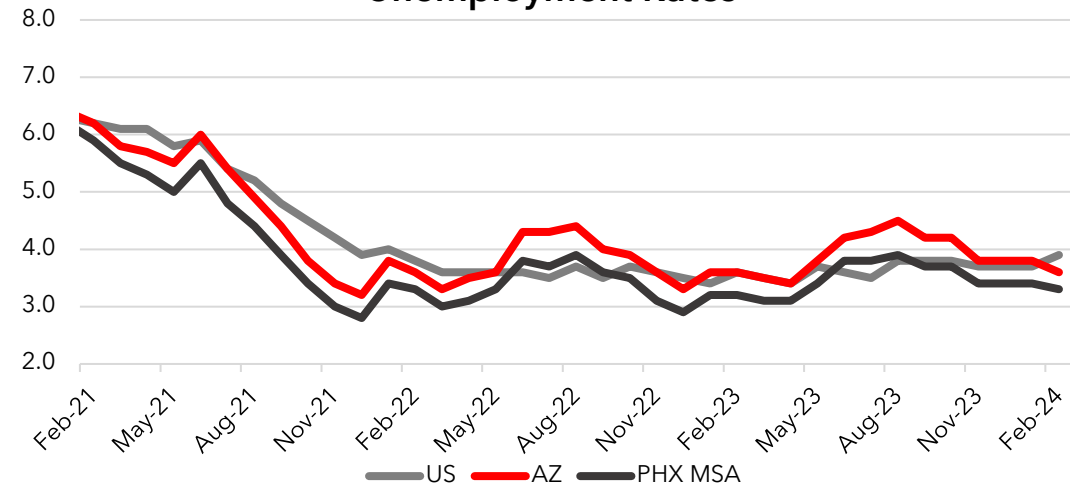
US Nonfarm Employment (000)



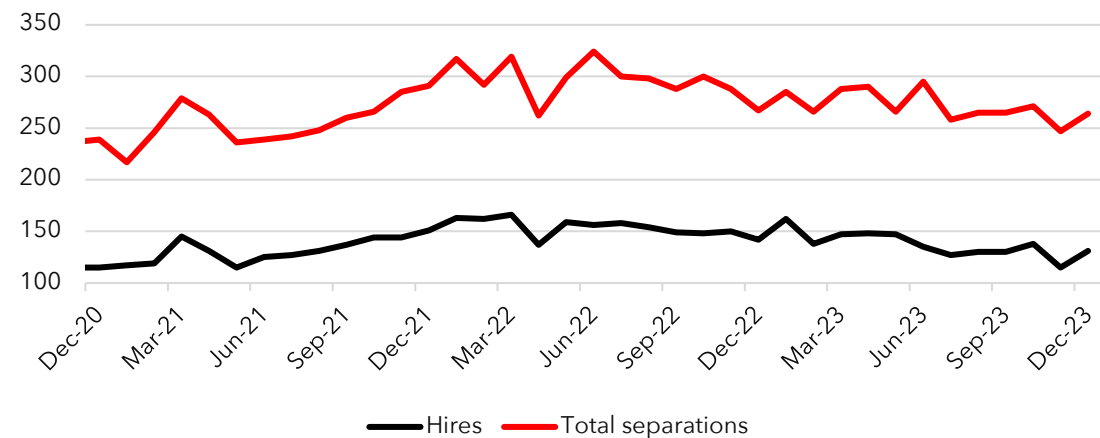
Local and State Nonfarm Employment (000)



Unemployment Rates



Arizona Hires and Total separations (000)



Source: AZ Office of Economic Opportunity Labor Statistics, March 2024, not seasonally adjusted, preliminary numbers
 All US Data- BLS, March 2024, seasonally adjusted. Hires and separations, BLS, March 2024, seasonally adjusted.



Households

Cost of Living

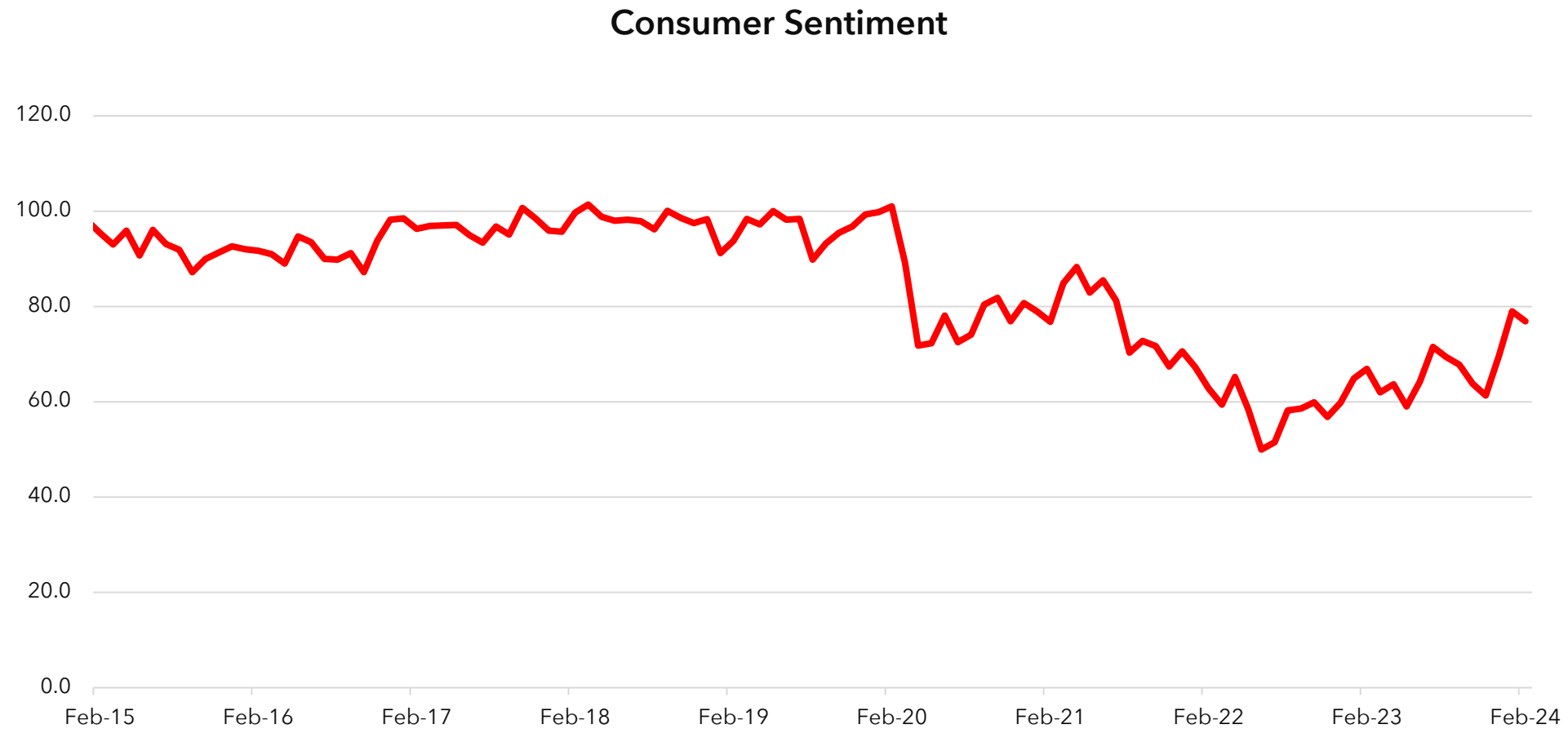
The overall cost of living in Greater Phoenix is 1.7% above the national average.

Cost of Living Comparison for Select Markets

Region	100% Composite Index	15.73% Grocery items	28.10% Housing	9.06% Utilities	8.53% Transportation	4.83% Healthcare	33.75% Misc. Goods and Services
Albuquerque NM	93.5	96.9	82.0	98.1	92.6	95.8	100.2
Houston TX	95.3	99.5	81.6	100.0	94.3	95.5	103.6
Austin TX	97.8	97.0	104.9	99.5	91.3	95.9	93.8
Phoenix AZ	101.7	104.6	112.0	98.1	103.9	93.9	93.2
Dallas TX	102.2	98.5	98.4	110.1	87.0	108.4	108.0
Denver CO	108.8	105.2	124.3	87.9	105.0	98.1	105.6
Salt Lake City UT	109.8	100.6	124.9	96.3	116.2	98.8	105.0
Portland OR	119.3	111.6	143.3	98.0	139.8	115.4	104.0
Arlington VA	135.4	113.2	209.2	102.5	97.2	115.4	105.6
San Diego CA	141.7	117.3	214.2	104.3	126.0	103.0	112.4
Seattle WA	145.7	115.9	211.6	101.8	131.8	139.1	120.9
Los Angeles CA	147.3	113.6	229.4	111.6	127.6	105.6	115.1
Boston MA	148.0	105.9	227.1	138.5	117.6	115.3	116.7
San Francisco CA	169.5	122.4	283.1	141.3	133.4	126.1	119.7
New York (Manhattan) NY	227.8	112.7	505.0	104.9	115.4	130.1	126.0

Consumer Sentiment (National)

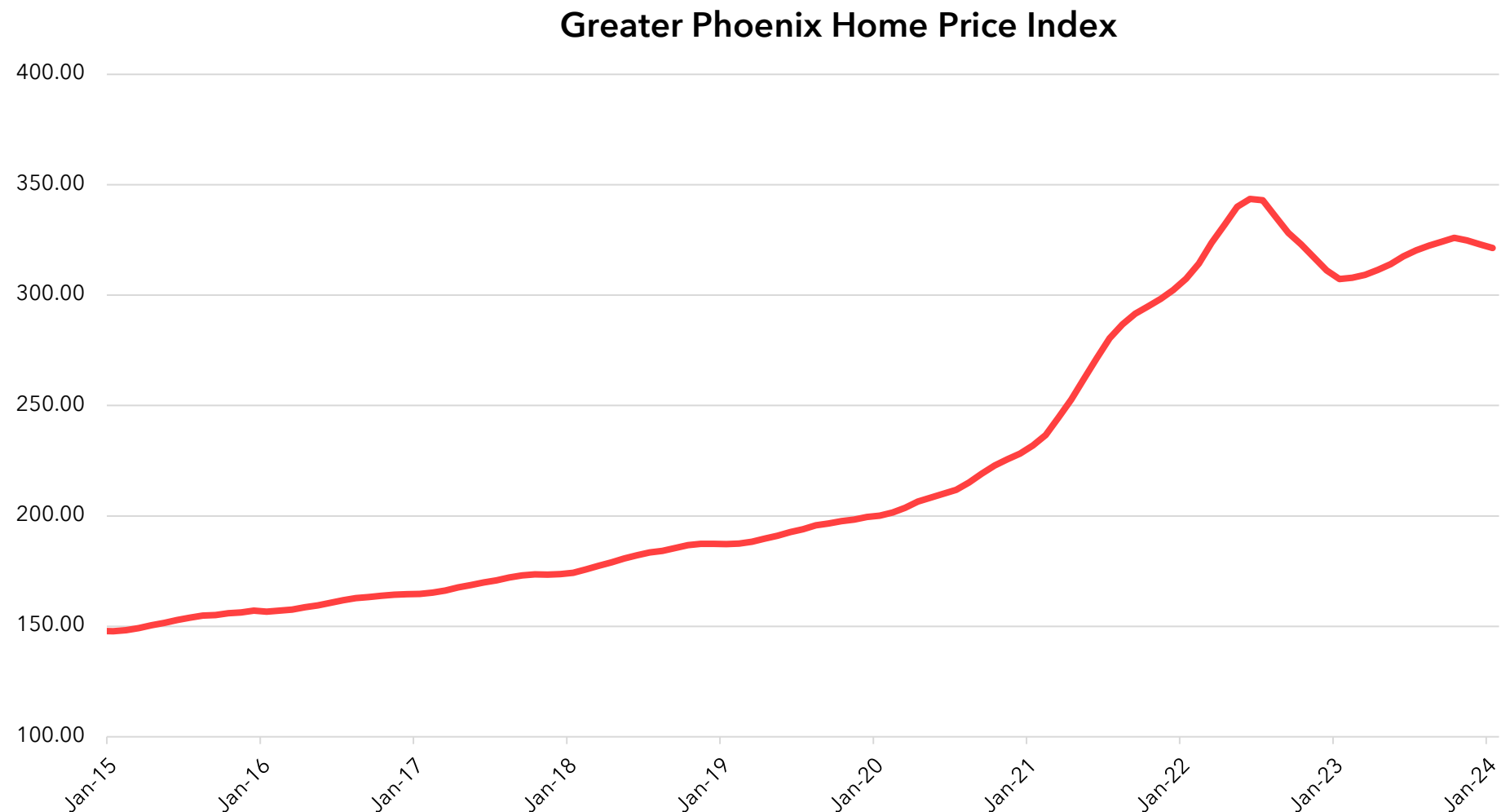
- Consumer sentiment remains at or near its lowest level in the past decade but is starting to trend upward
- Index is at 76.9 for the month of February



Housing Sector

Housing Prices

- Home prices in Greater Phoenix increased for over a decade with the month of June 2022 recording the highest index at 343.56 with an annual percentage change of 26.55%
- Despite the housing market cooling off, there has been an uptick in home prices since February 2023. The YoY change is at 4.56% for the month of January



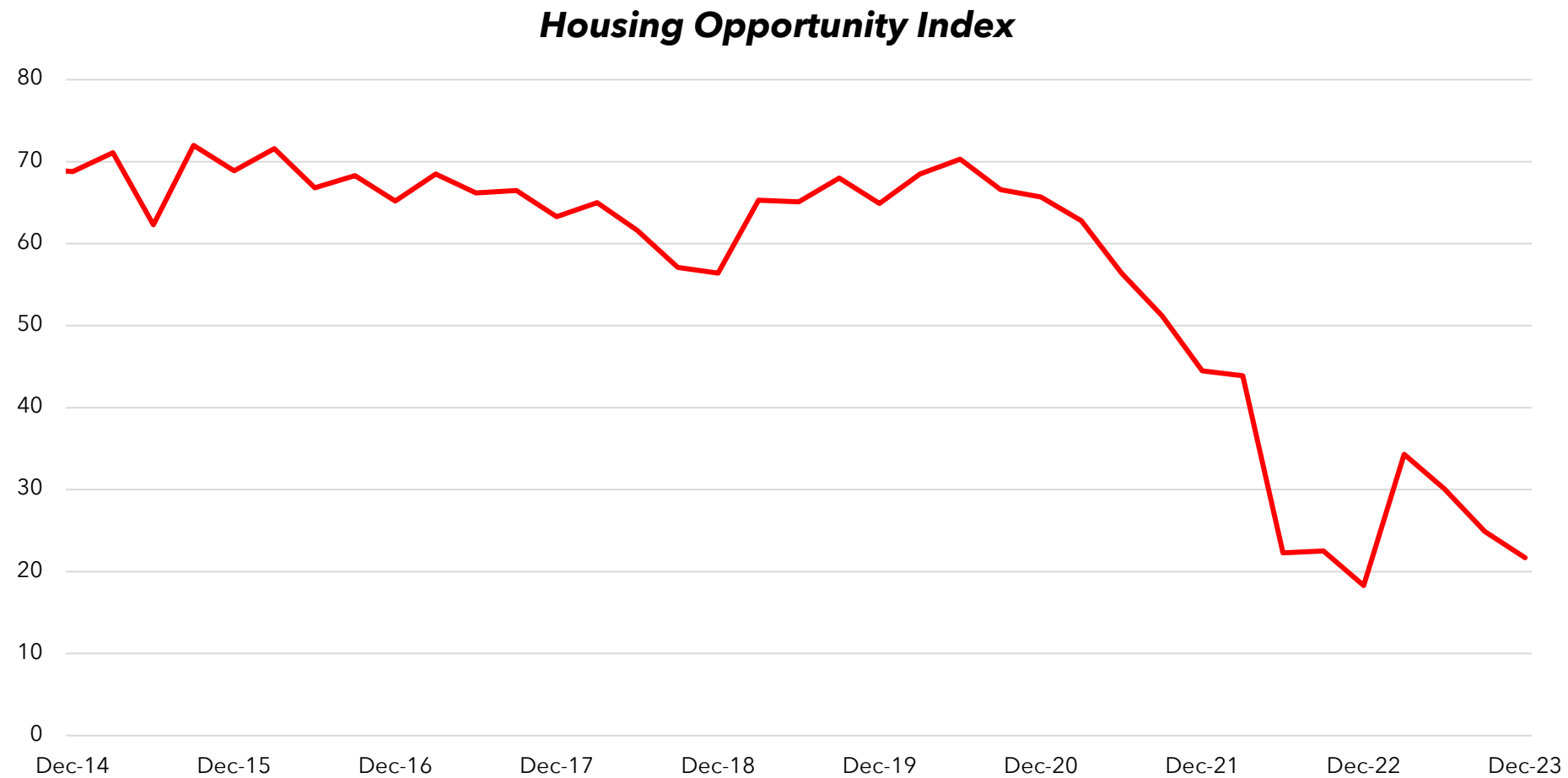
*An index value of 100 equals the home price in January 2000.

Source: S&P/Case-Shiller Home Price Index, March 2024



Housing Affordability

- This index shows the share of homes sold in the Phoenix MSA that would have been affordable to a household earning the local median income, based on the standard mortgage underwriting criteria
- 21.7% of new and existing homes were sold between the beginning of October and end of December were affordable to households earning a median income of \$99,000



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