

Greater Phoenix Greater Together

JUNE 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 1.9% for the two months ending in April 2024. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 2.6%. Food prices increased 3%. Energy prices fell 3.9%, largely the result of a decrease in the price of gasoline. The index for all other items less food and energy rose 3% 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 April 2023 is at 4.82%; 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

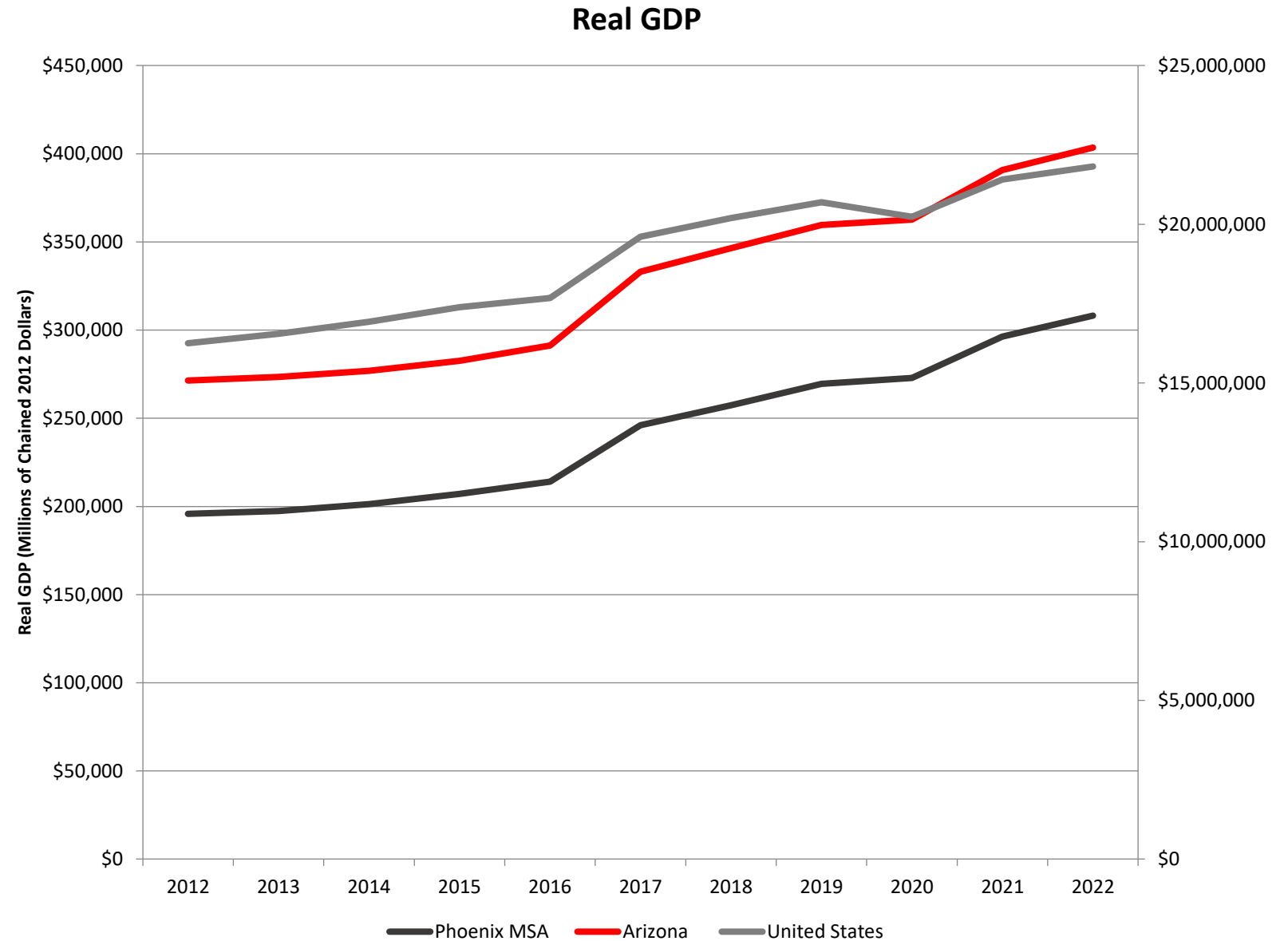
The nation reported an inflation rate of 3.3%; 0.1 percentage points decrease from April. In contrast, Greater Phoenix recorded a rate of 2.6%, reflecting a 0.4 percentage point increase from February. Despite national and regional Inflation rates slowing down, the nation is still experiencing high interest 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 left towards the right, partially overlapping the city view. The text "Economic Activity" is centered over the image in a white, bold, sans-serif font. There are also decorative elements: a grid of small blue dots in the top right corner and a grid of small orange dots in the bottom left corner.

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 still indicate a positive economic outlook, with a 1.4% annual growth rate in Q1 2024 nationally. A contrast to the 3.4% increase in Q4 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 reduced by 6,500 compared to April, and increased by 52,300 year over year

Current total nonfarm payroll employment is 2,450,000 jobs; unemployment rate is 2.9%



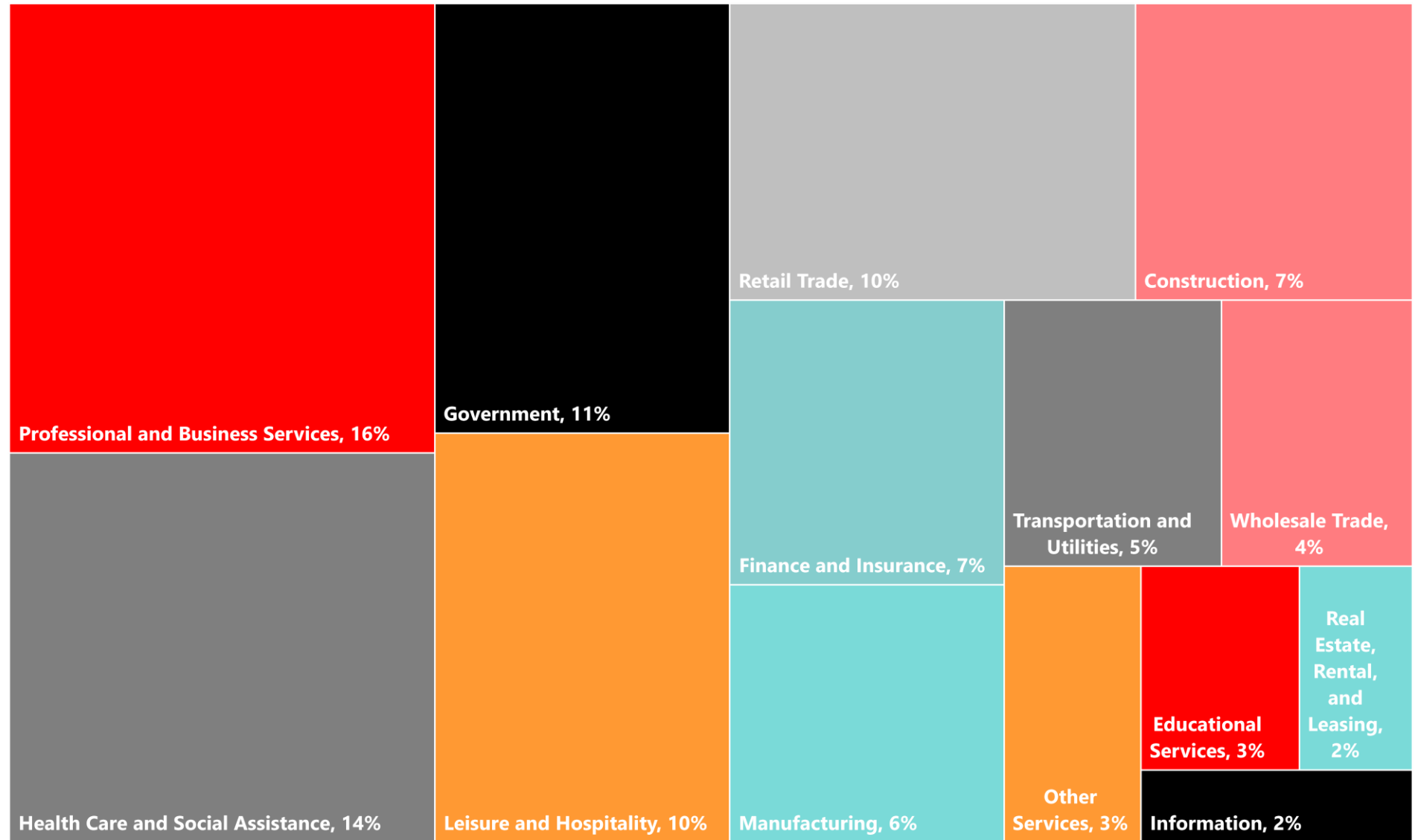
Source AZ Office of Economic Opportunity Labor Statistics, June 2024, not seasonally adjusted, preliminary numbers



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, Restaurant Cooks , Home Health and Personal Care Aides, and Medical Assistants
- Home Health and Personal Care Aides, Fast Food and Counter Workers, Laborers and Freight, Stock, and Material Movers, 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	14,594	15,498	905	6%
Cooks, Restaurant	20,445	21,436	992	5%
Home Health and Personal Care Aides	54,001	56,586	2,585	5%
Medical Assistants	16,052	16,704	652	4%
Software Developers	29,353	30,542	1,188	4%
First-Line Supervisors of Construction Trades and Extraction Workers	16,098	16,731	632	4%
Construction Laborers	22,017	22,867	850	4%
Industrial Truck and Tractor Operators	13,417	13,905	488	4%
Light Truck Drivers	14,797	15,311	513	3%
Miscellaneous Assemblers and Fabricators	17,516	18,075	559	3%
Laborers and Freight, Stock, and Material Movers, Hand	52,697	54,295	1,597	3%
First-Line Supervisors of Food Preparation and Serving Workers	18,336	18,889	553	3%
Stockers and Order Fillers	39,446	40,599	1,153	3%
Project Management Specialists	18,457	18,959	502	3%
Registered Nurses	47,361	48,642	1,281	3%
Heavy and Tractor-Trailer Truck Drivers	27,884	28,637	753	3%
Maintenance and Repair Workers, General	24,113	24,747	634	3%
Receptionists and Information Clerks	18,955	19,443	488	3%
Postsecondary Teachers	26,599	27,276	677	3%
Waiters and Waitresses	35,096	35,925	829	2%

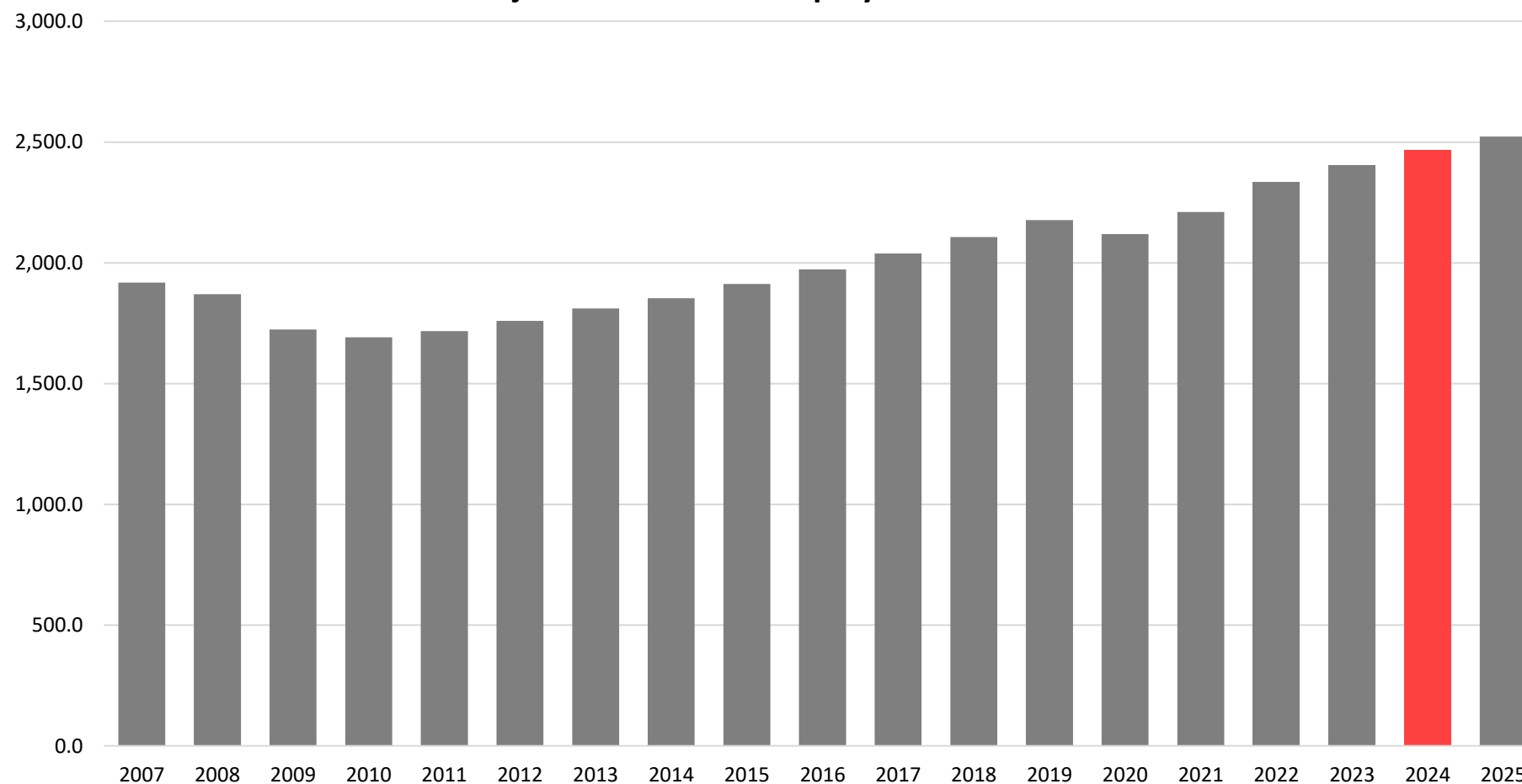
Job Forecast

Greater Phoenix job growth is projected to be 2.25% from 2024 to 2025

Arizona job growth is projected to be 1.96% from 2024 to 2025

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

Projected Non Farm Employment Growth

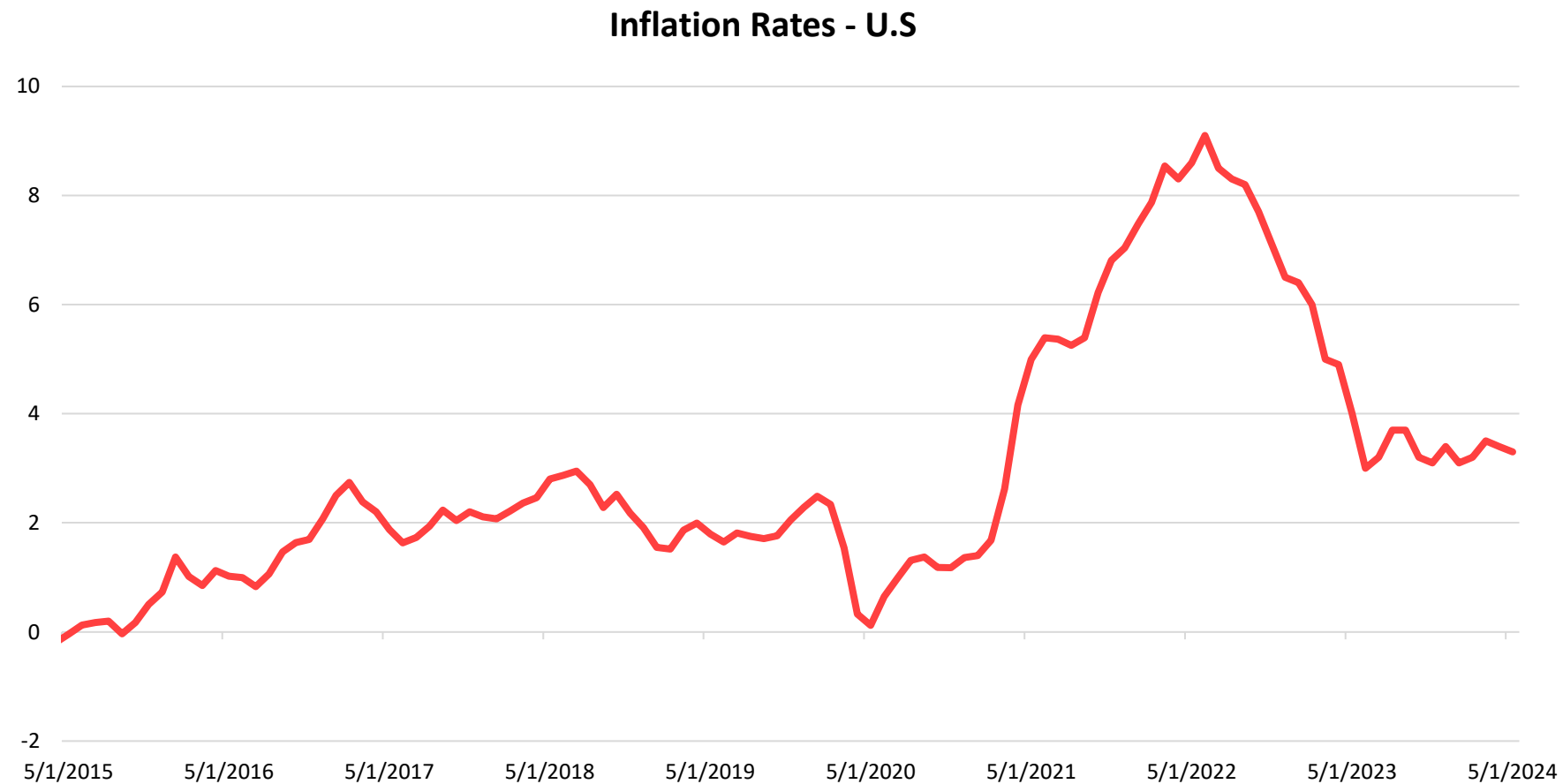


Source: University of Arizona Economic and Business Research Center, June 2024



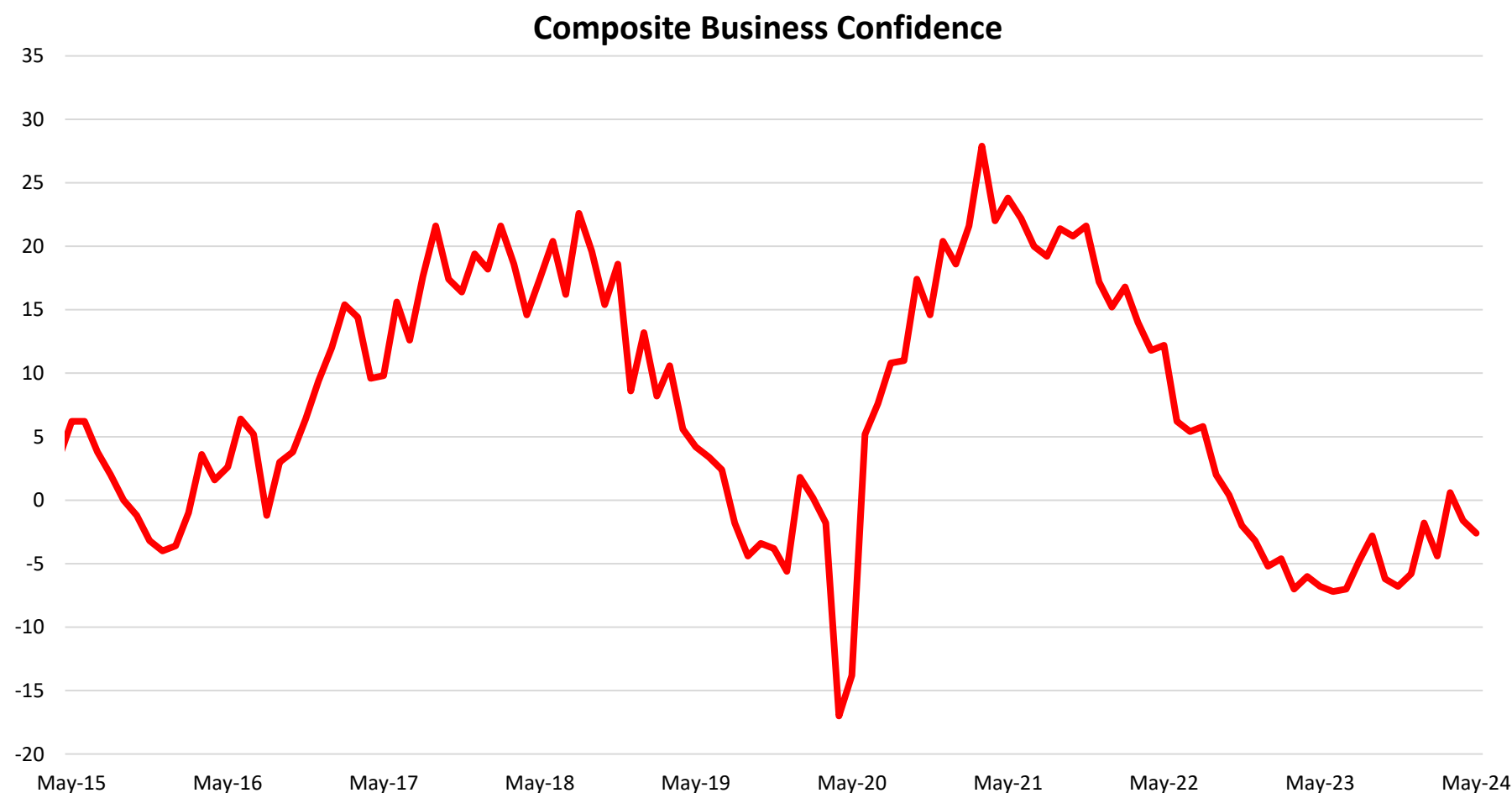
Inflation and Prices (National)

- 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 3.3%, 0.1 percentage points lower than the month of April. However, rates remain above the long-term average



Composite Business Confidence (Manufacturing)

- The Composite Business Confidence is an indicator for business tendencies, based on surveys measuring developments in production, orders and stocks of finished goods in the manufacturing sector. The indicator is exhibited as the percentage of net balances.
- The net balances were at -2.6 in May, indicating ongoing pessimism towards economic activity in the future



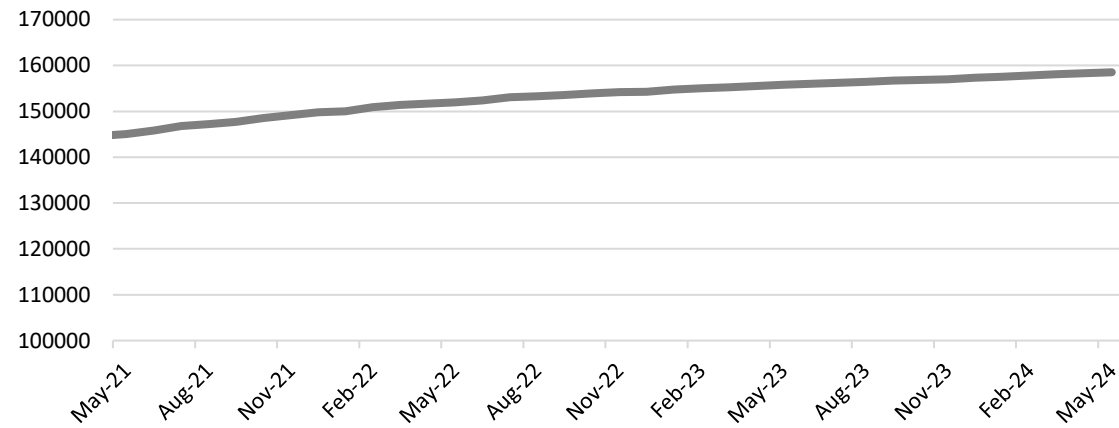
The Composite Business Confidence (CBC) for the manufacturing sector has replaced the Business Confidence Index (BCI) which used to measure the overall perception of businesses on the economy. The percentage of net balances quantifies the overall sentiment or trend among respondents; A negative net balance indicates that more respondents are experiencing or expecting declines rather than improvements in the economy while a net balance of zero means that the percentage of positive and negative responses are equal, indicating a neutral outlook.

Source: OECD, June 2024

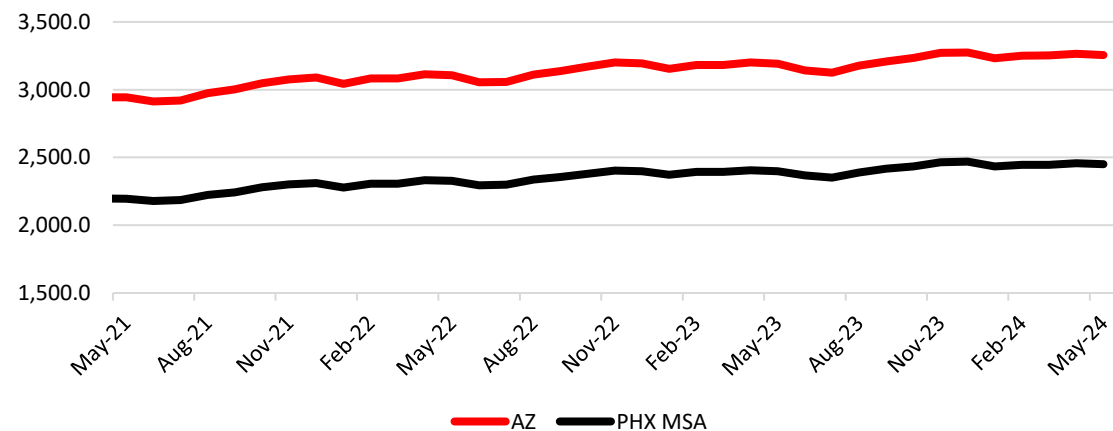
Regional Comparisons: Labor force

- Presently, Greater Phoenix and the state exhibit a lower unemployment rate compared to the United States. Employment rates follow a consistent trend at the metro, state and national level
- Among the March separations in Arizona, 63,000 were quits and 42,000 were layoffs and discharges, compared to 77,000 quits and 36,000 layoffs and discharges in February

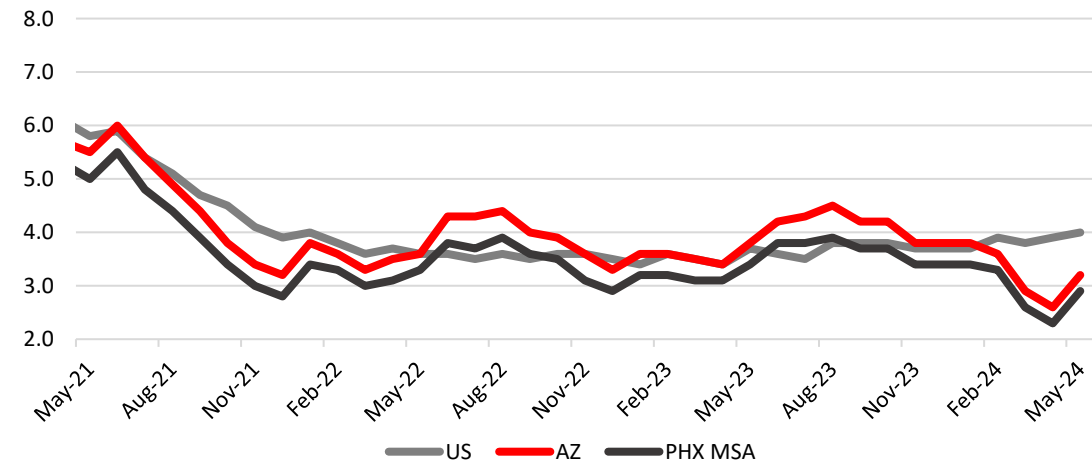
US Nonfarm Employment (000)



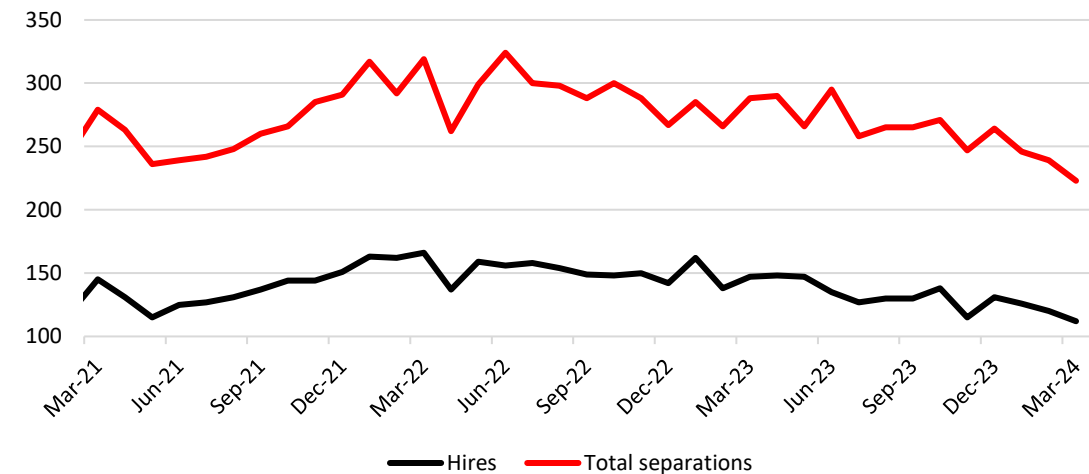
Local and State Nonfarm Employment (000)



Unemployment Rates



Arizona Hires and Total separations (000)



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



Households

Cost of Living

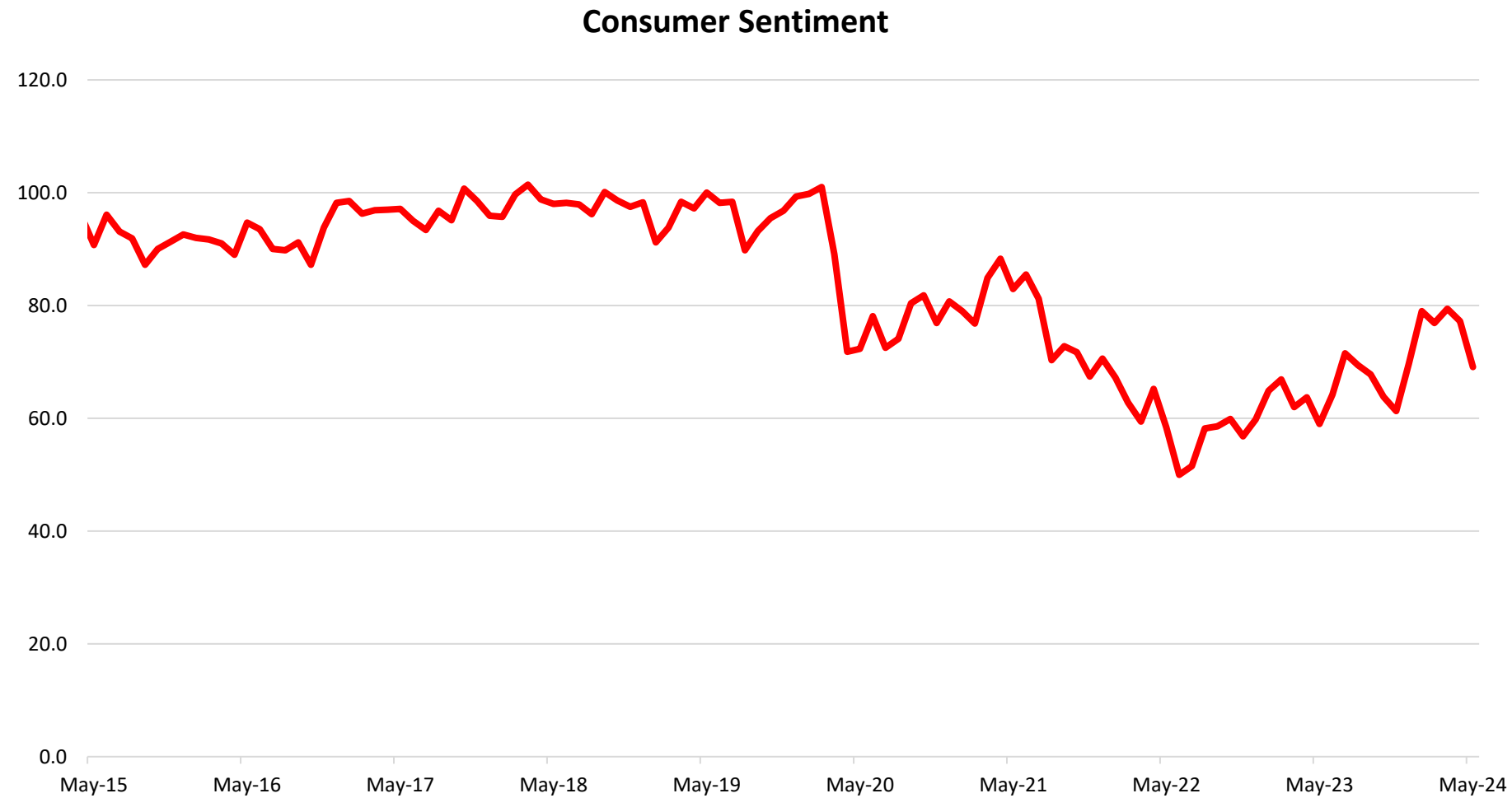
The overall cost of living in Greater Phoenix is 4.3% above the national average.

Cost of Living Comparison for Select Markets

Region	100% Composite Index	14.67% Grocery items	27.97% Housing	8.75% Utilities	10.75% Transportation	4.59% Healthcare	33.27% Misc. Goods and Services
Houston TX	93.8	99.5	80.6	93.8	92.7	92.8	102.9
Albuquerque NM	94.4	96.6	88.0	91.3	86.0	100.3	101.6
Austin TX	97.9	97.1	105.2	98.6	93.9	94.7	93.7
Dallas TX	101.5	98.6	97.3	112.9	88.8	99.7	107.6
Phoenix AZ	104.3	103.1	113.5	101.2	99.8	87.7	101.7
Denver CO	107.6	100.8	124.4	89.7	91.6	107.0	106.4
Salt Lake City UT	108.1	98.3	127.3	92.5	101.1	89.7	105.1
Portland OR	119.0	109.8	147.4	85.6	133.3	117.7	103.6
Arlington VA	132.8	111.4	203.0	95.1	96.2	112.8	107.7
Seattle WA	144.0	112.5	209.2	102.6	130.1	127.4	120.6
San Diego CA	144.2	112.8	210.9	127.5	142.9	98.8	112.9
Boston MA	144.3	104.0	212.8	149.0	113.8	123.6	116.1
Los Angeles CA	150.6	111.6	233.3	113.9	142.6	99.3	117.6
San Francisco CA	169.6	122.8	274.9	161.2	147.1	123.9	117.5
New York (Manhattan) NY	231.0	117.7	511.5	116.6	116.2	136.4	125.5

Consumer Sentiment (National)

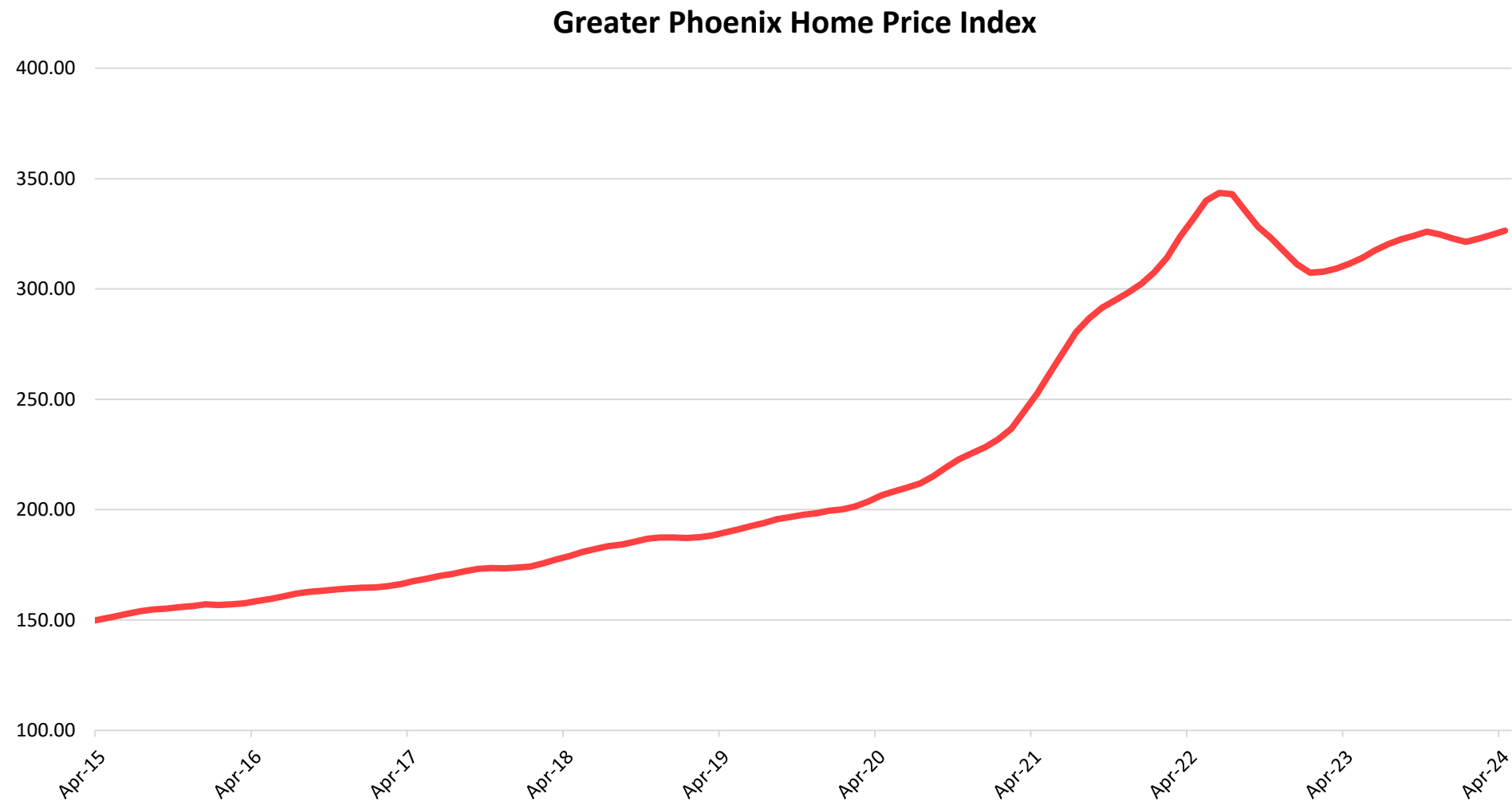
- Consumer sentiment remains at or near its lowest level in the past decade.
- For the month of May, the index fell back 8.1% and is at 69.1



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%
- There has been an uptick in home prices since February 2023. The YoY change is at 4.82% for the month of April



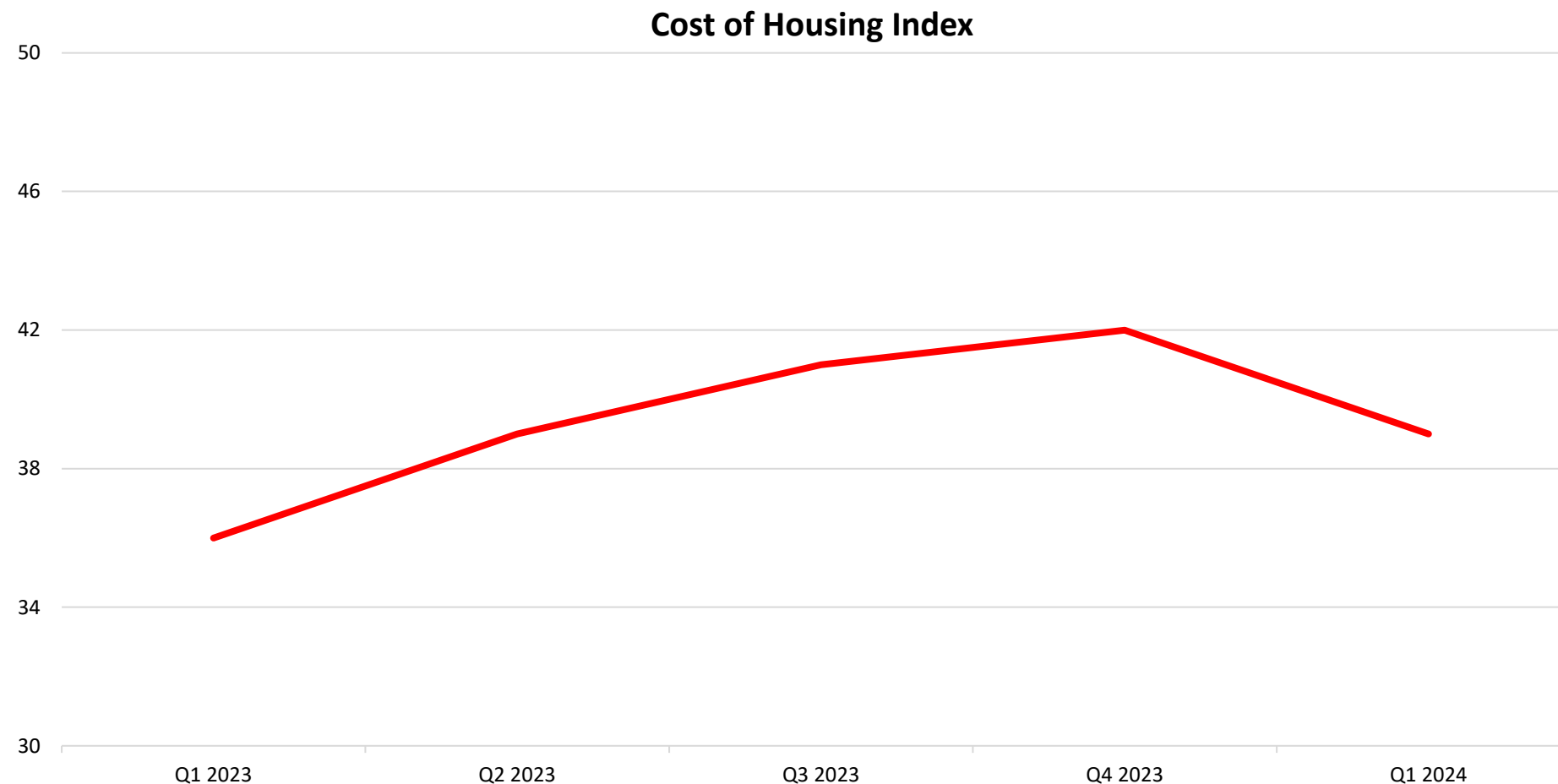
**An index value of 100 equals the home price in January 2000.*

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



Housing Costs

- This index shows the portion of a typical family's income needed to make a mortgage payment on a median-priced home
- The Q1 2024 reading for the Phoenix MSA indicates that 39% of a typical median family's income of \$101,300, was needed, to make a mortgage payment on a median-priced new single-family home of \$470,500
- Nationally, 38% of a typical family's median income of \$97,800 was needed to make a mortgage payment on a median-priced new single-family home of \$420,800



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