

Greater Phoenix Economic Snapshot

DECEMBER 2022

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, decrease in unemployment rates, increase in earnings, increase in nonfarm payroll jobs and an increase in the average hourly earnings compared to the previous 12 months.

Consumer Spending

Prices in Greater Phoenix increased 1.4% for the two months ending in October 2022. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 12.1%. Food prices increased 12.6%. Energy prices jumped 23.4%, largely the result of an increase in the price of gasoline. The index for all other items rose 11.1% over the year.

Disposable Income

Arizona's annual per capita disposable personal income is currently \$48,732; a 31% increase from 2016 when personal disposable income was \$37,199. Despite this growth, increase in disposable income is still lagging the record high inflation rates.

Housing Sector

The House Price Index percentage change for the Greater Phoenix region from one year ago is at 9.6%; indicating a cooling housing market resulting from housing price declines, decrease in the number of home sales and rising interest rates.

Inflation

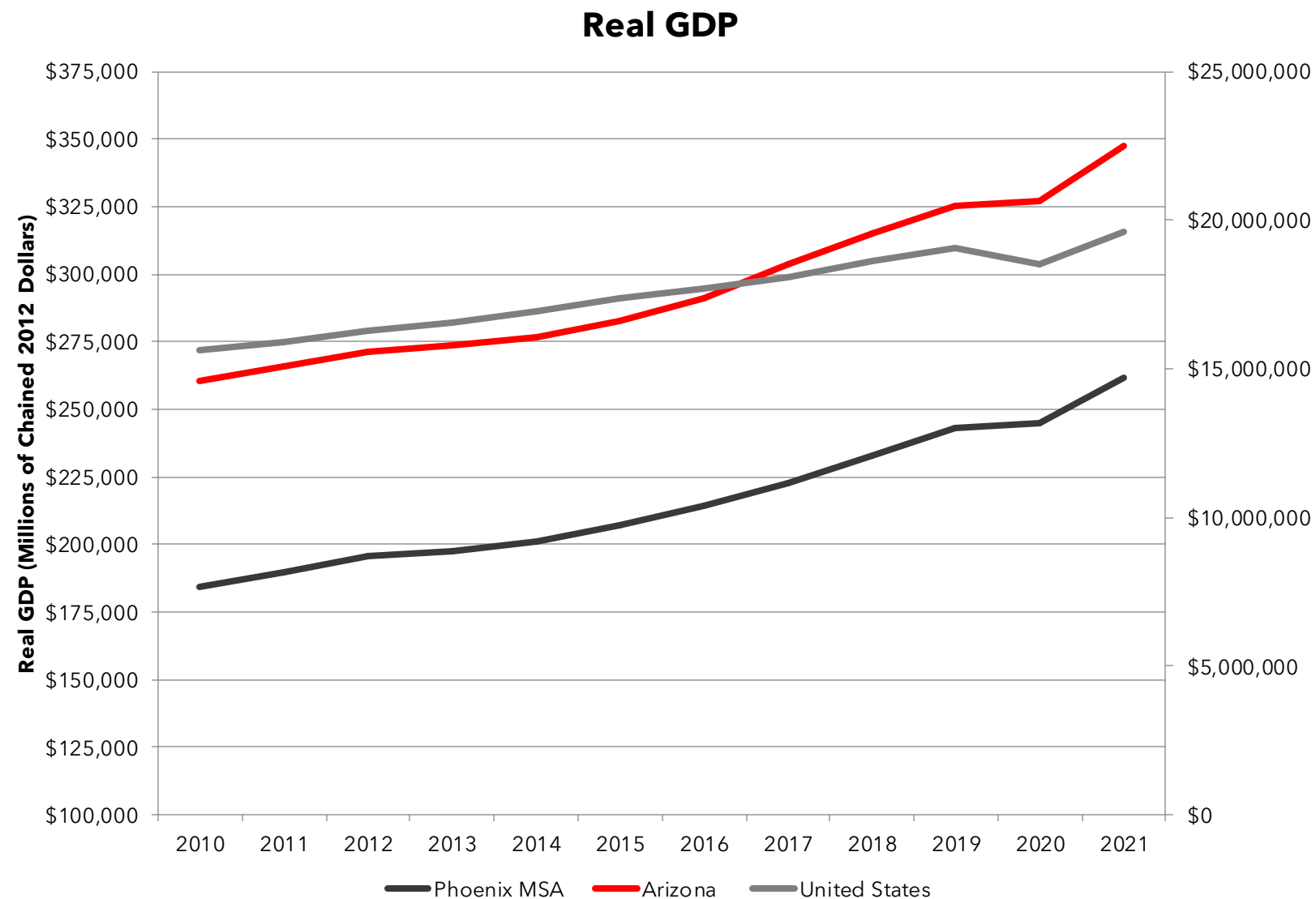
The recent surge in inflation suggests higher restrictive rates this year and a more restrictive monetary policy, which will likely contribute to a slower economic growth to Arizona and the nation.



Economic Activity

National, State & Greater Phoenix Economy

- Greater Phoenix real GDP in 2021 was \$261.7 billion, expanding by 6.9% over the previous year
- Arizona real GDP grew 6.3% from 2020 to 2021
- U.S. real GDP grew 5.9% from 2020 to 2021
- Most recent estimates of GDP show an annual growth rate of 3.2% in Q3 2022 nationally, a positive outlook for the economy despite a slight downturn in Q1 and Q2.



Source: Bureau of Economic Analysis January 2023

Wage Growth

- In Greater Phoenix and Arizona, overall real personal income grew faster than the national average from 2020 to 2021
- The percentage growth in real per capita personal income from 2020 to 2021 in Greater Phoenix was significantly higher than the national average

Real Personal Income (millions of constant 2012 dollars)

| | 2020 | 2021 | % Growth |
|-----------------|------------|------------|----------|
| Greater Phoenix | 234,587 | 252,473 | 7.6% |
| Arizona | 341,319 | 362,114 | 6.1% |
| United States | 17,825,584 | 18,412,541 | 3.3% |

Real Per Capita Personal Income (constant 2012 dollars)

| | 2020 | 2021 | % Growth |
|-----------------|--------|--------|----------|
| Greater Phoenix | 48,190 | 51,045 | 5.9% |
| Arizona | 47,551 | 49,766 | 4.7% |
| United States | 53,772 | 55,477 | 3.2% |

Greater Phoenix Employment

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

There has been a steady increase in the number of jobs in the metro

Current total nonfarm payroll employment is 2,368,500 jobs; unemployment rate is 3%

Greater Phoenix Job Growth

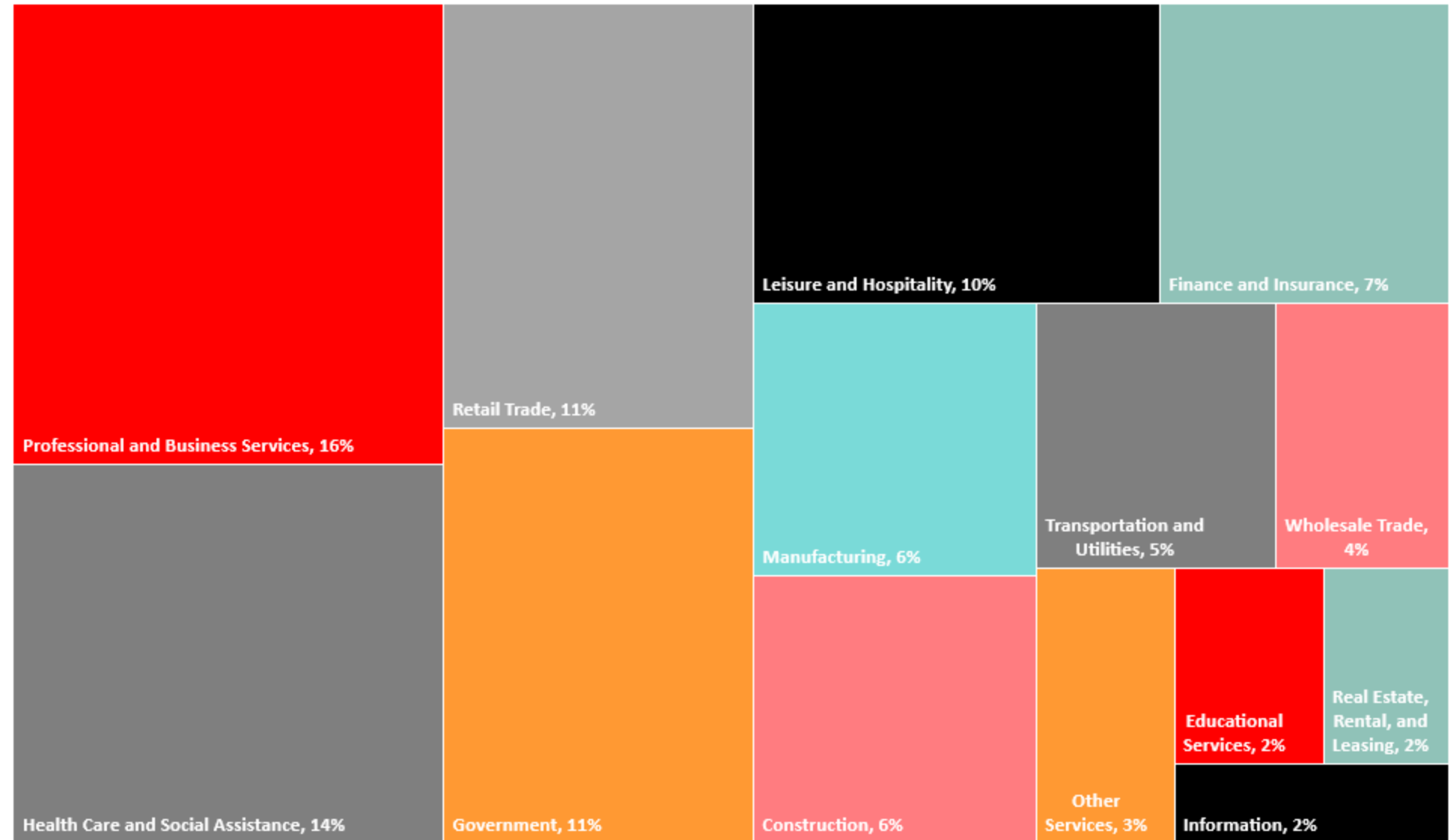


Source: AZ Office of Economic Opportunity Labor Statistics, December 2022, not seasonally adjusted, preliminary numbers

Current Makeup of Industry

- The largest industries in Greater Phoenix are professional and business services and healthcare and social assistance
- Since the 2008 recession, the most significant changes are a relative growth in healthcare and social assistance and decline in construction and retail trade

CURRENT EMPLOYMENT DIVERSITY



Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Insurance Sales Agents, Industrial Truck and Tractor Operators, Restaurant Cooks, and Home Health and Personal Care Aides.
- 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 2021 and 2022.

Greater Phoenix Fastest-Growing Occupations

| Description | 2021 Jobs | 2022 Jobs | Change | % Change |
|--|-----------|-----------|--------|----------|
| Insurance Sales Agents | 12,791 | 13,647 | 856 | 7% |
| Industrial Truck and Tractor Operators | 14,920 | 15,874 | 954 | 6% |
| Cooks, Restaurant | 19,310 | 20,507 | 1,197 | 6% |
| Home Health and Personal Care Aides | 56,250 | 59,611 | 3,361 | 6% |
| Electricians | 11,864 | 12,449 | 585 | 5% |
| Fast Food and Counter Workers | 37,323 | 39,132 | 1,808 | 5% |
| Medical Assistants | 14,682 | 15,393 | 711 | 5% |
| Software Developers | 28,134 | 29,467 | 1,333 | 5% |
| Market Research Analysts and Marketing Specialists | 12,879 | 13,442 | 563 | 4% |
| First-Line Supervisors of Food Preparation and Serving Workers | 16,744 | 17,456 | 712 | 4% |
| Laborers and Freight, Stock, and Material Movers, Hand | 50,223 | 52,335 | 2,112 | 4% |
| Light Truck Drivers | 14,751 | 15,370 | 620 | 4% |
| Accountants and Auditors | 18,839 | 19,522 | 683 | 4% |
| Stockers and Order Fillers | 39,319 | 40,733 | 1,414 | 4% |
| Registered Nurses | 40,785 | 42,246 | 1,461 | 4% |
| Heavy and Tractor-Trailer Truck Drivers | 29,251 | 30,243 | 992 | 3% |
| Construction Laborers | 17,521 | 18,109 | 588 | 3% |
| Receptionists and Information Clerks | 17,620 | 18,204 | 584 | 3% |
| Waiters and Waitresses | 33,904 | 34,841 | 937 | 3% |
| Maintenance and Repair Workers, General | 23,953 | 24,607 | 654 | 3% |

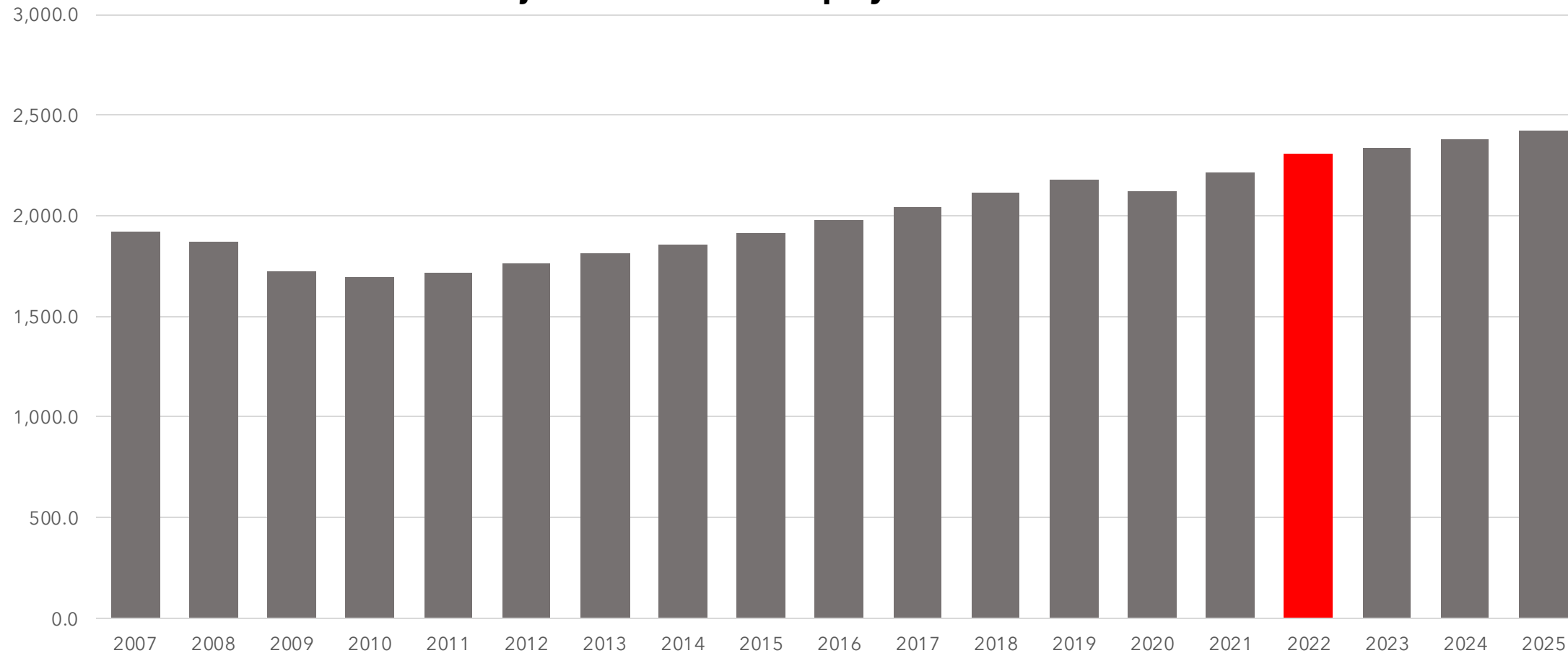
Job Forecast

Greater Phoenix job growth is projected to be 1.32% from 2022 to 2023

Arizona job growth is projected to be 1.08% from 2022 to 2023

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

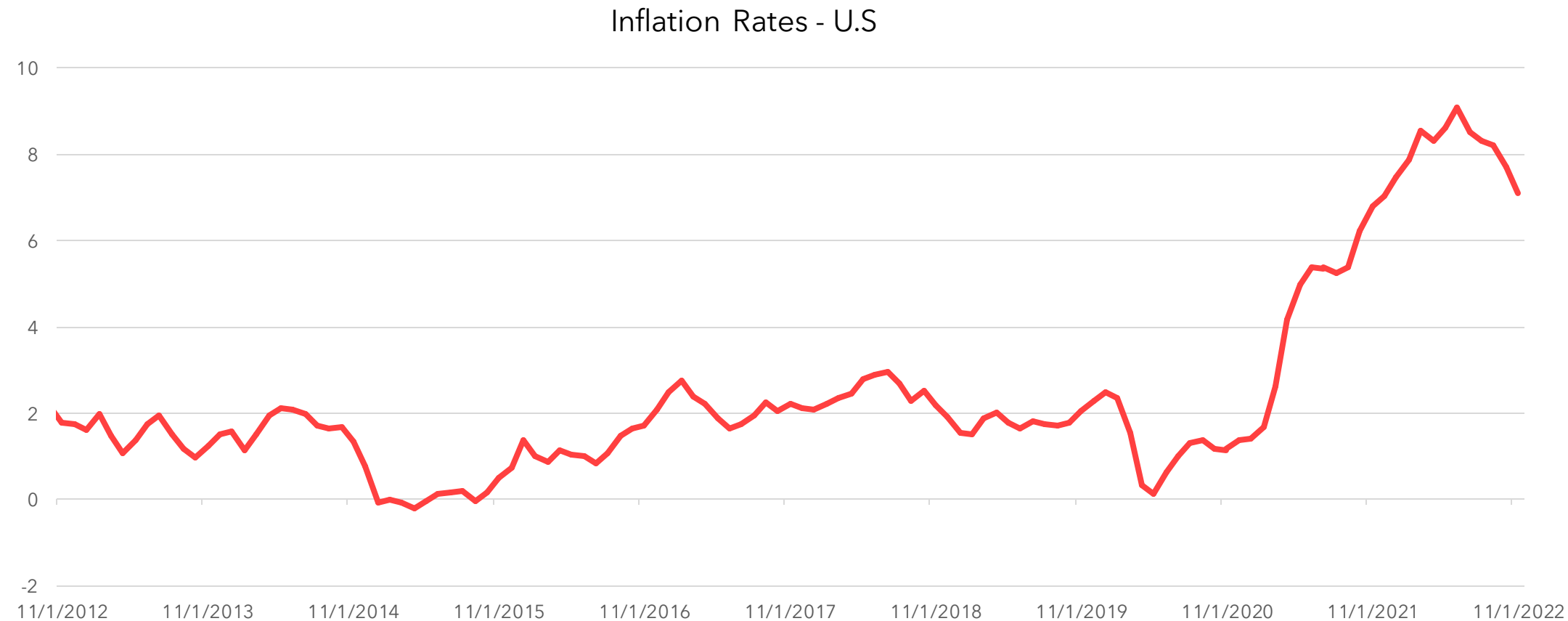
Projected Non Farm Employment Growth



Source: University of Arizona Economic and Business Research Center, December 2022

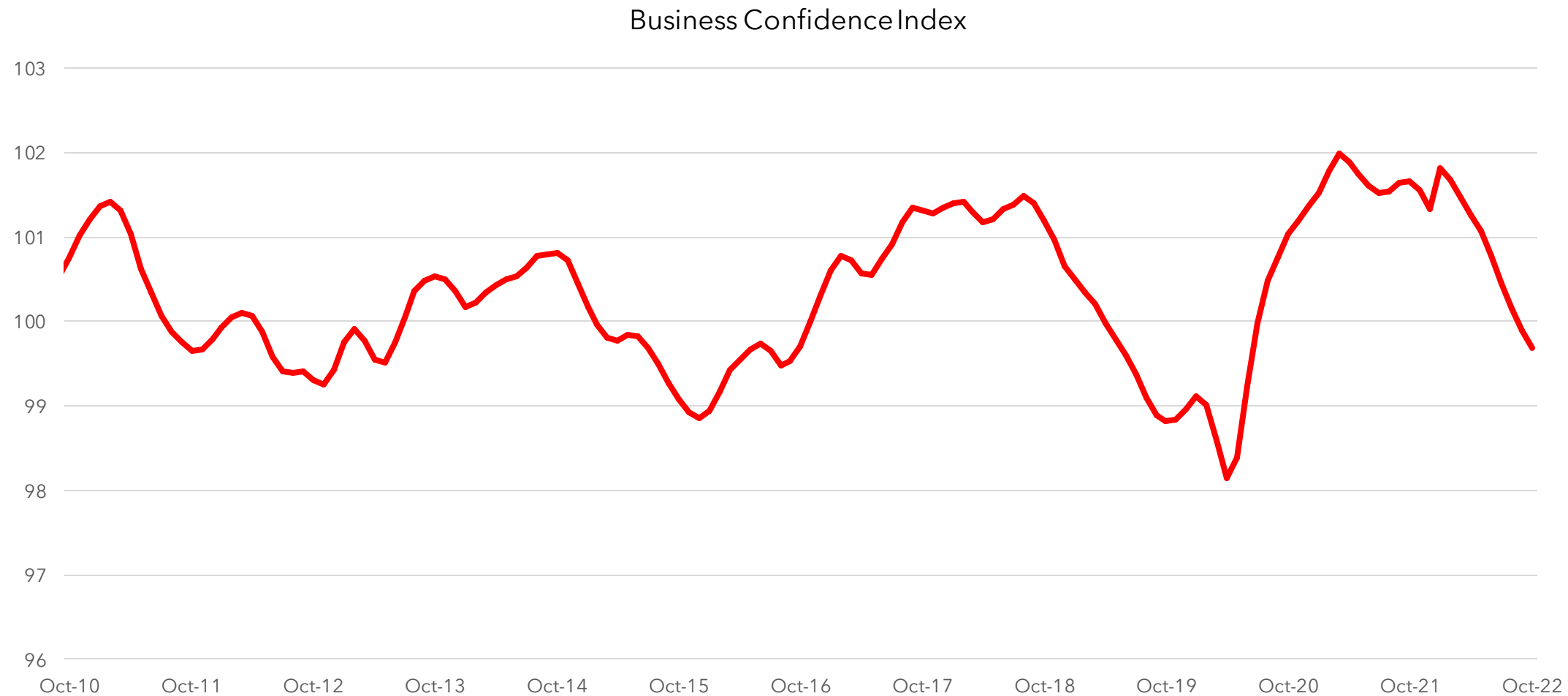
Inflation and Prices (National)

- 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
- In 2022 year to date, inflation has been at or near its highest rate in a decade



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 99.7 in October, indicating slight pessimism towards economic activity in the future, and was the second consecutive month with a reading below 100

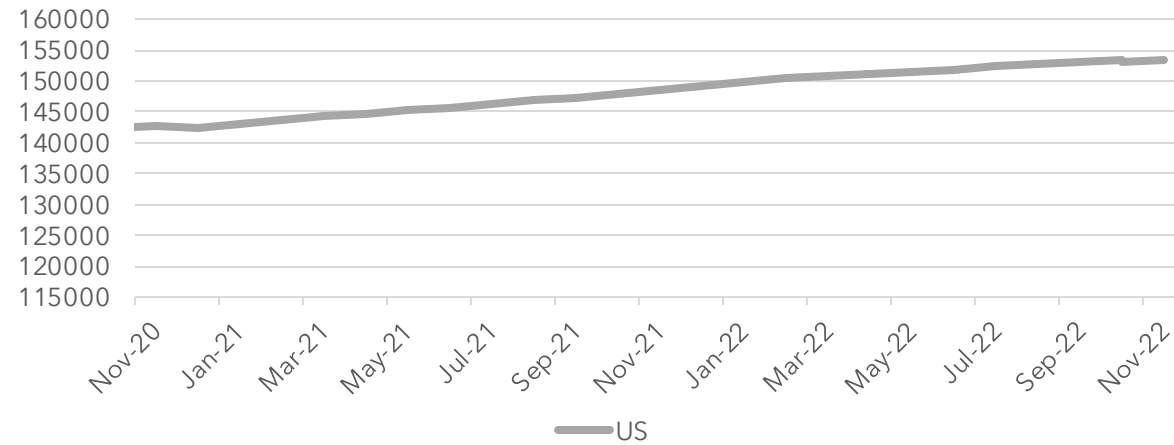


Regional Comparisons

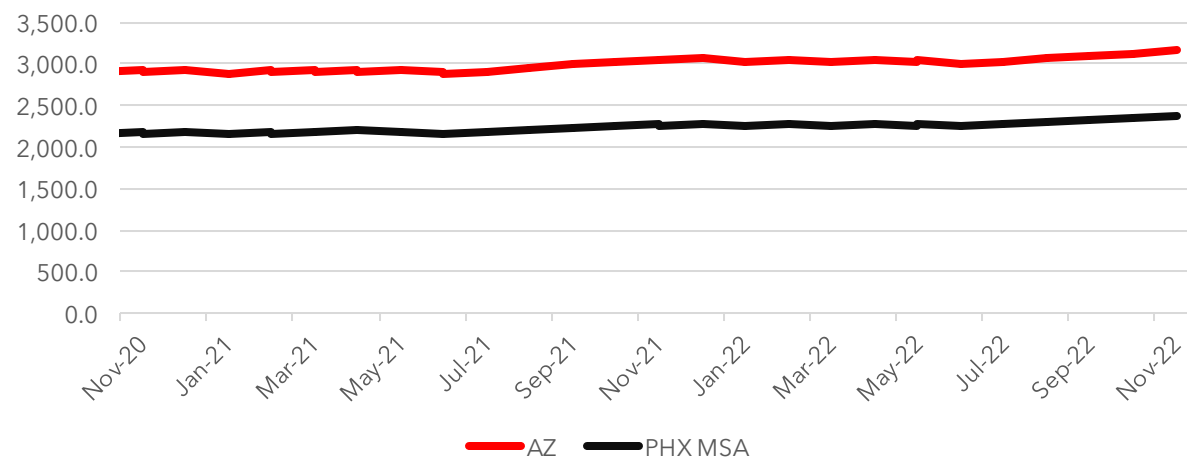
- Greater Phoenix has a lower unemployment rate than Arizona and the United States
- Employment rates have a consistent trend at the metro, state and national level

Nonfarm Employment

United States Employment (000)

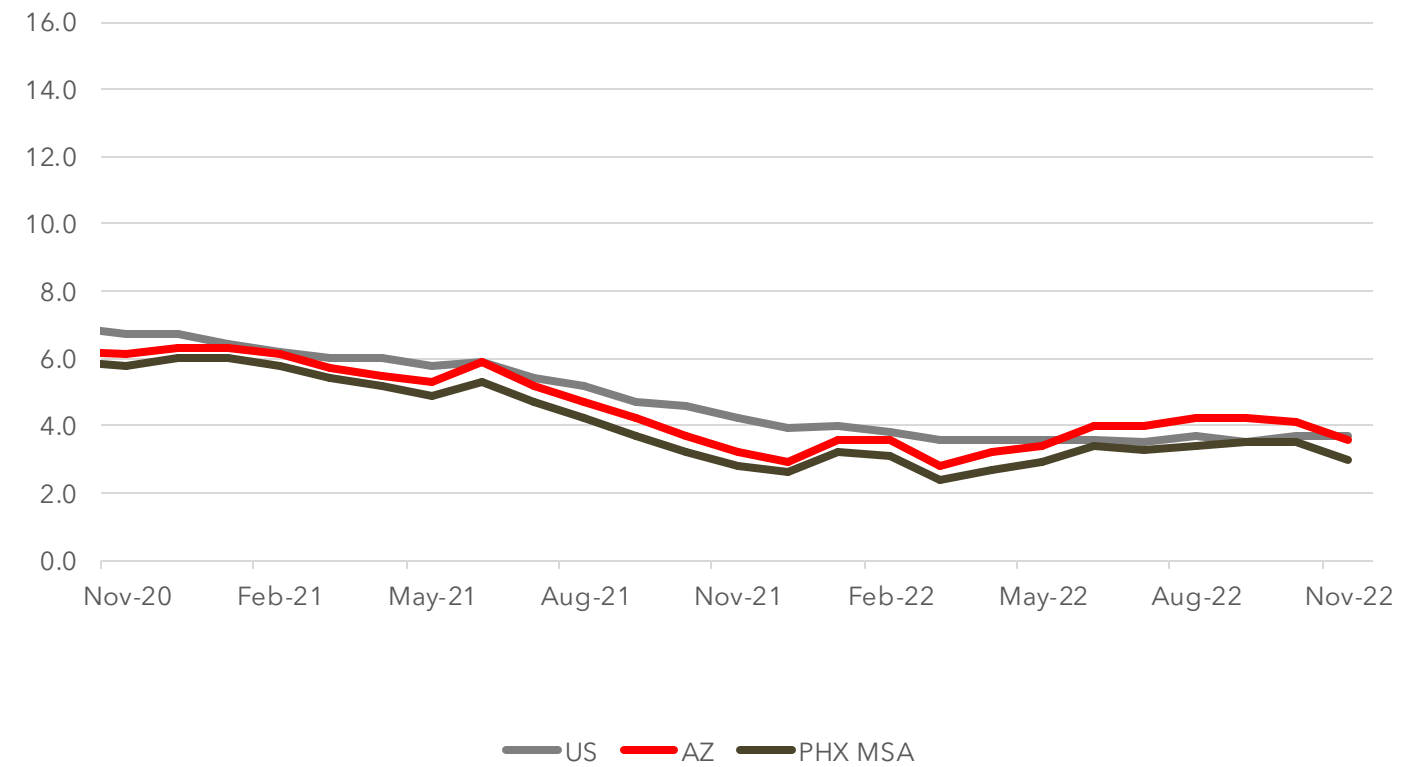


Local and State Employment (000)



Unemployment Rates

Unemployment Rates



Source: University of Arizona Economic and Business Research Center, December 2022

An aerial photograph of a city skyline, likely Phoenix, Arizona, featuring numerous skyscrapers and modern buildings. The image is overlaid with a large, stylized graphic on the left side, consisting of a red triangle pointing right and a dark blue triangle pointing left, separated by a white border. The word "Households" is centered in white text over the cityscape.

Households

Cost of Living

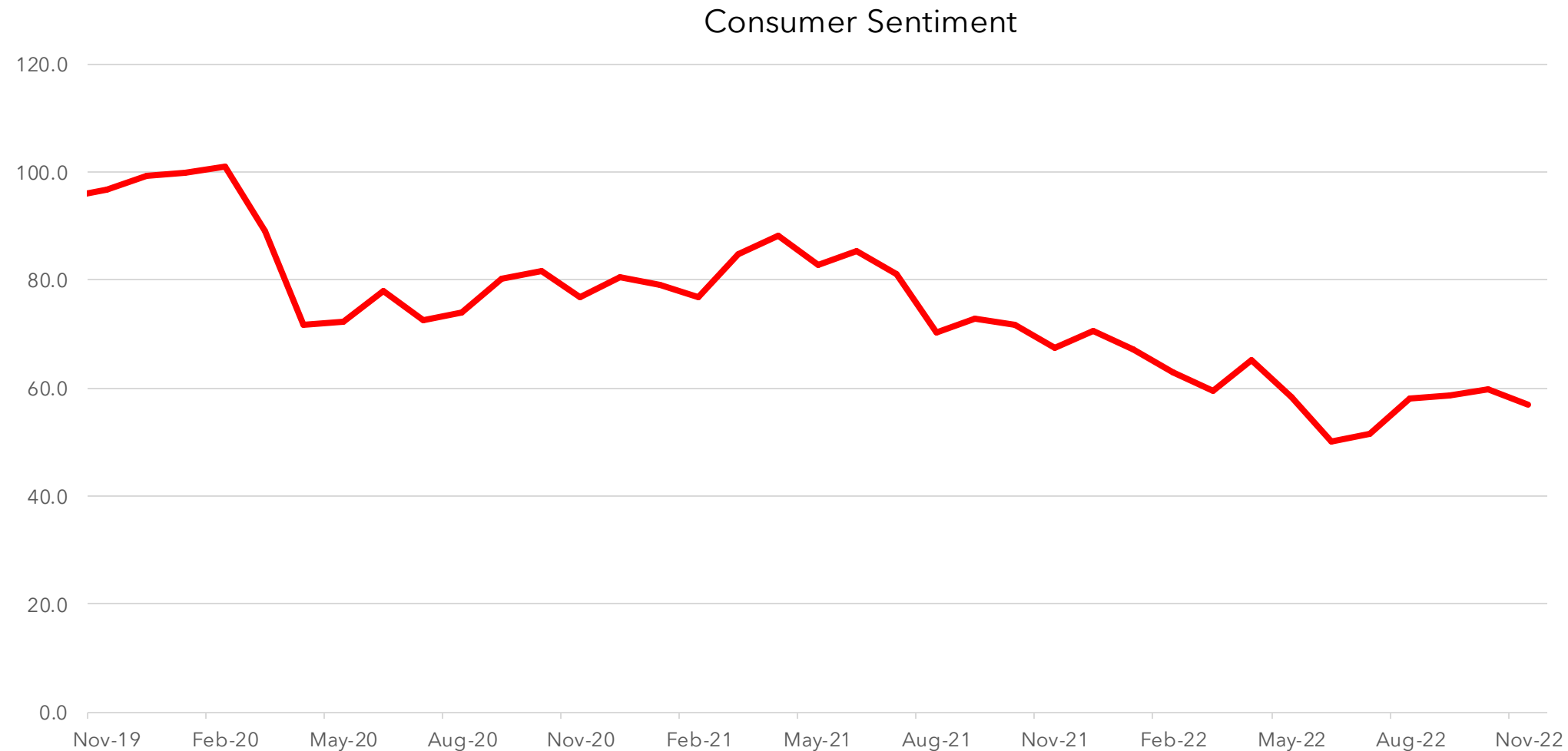
The overall cost of living in Greater Phoenix is 5.8% above the national average.

Cost of Living Comparison for Select Markets

| Region | 100% Composite Index | 17.26% Grocery items | 30.9% Housing | 10.21% Utilities | 7.54% Transportation | 4.42% Healthcare | 29.67% Misc. Goods and Services |
|--------------------------|----------------------------|-------------------------|------------------|---------------------|-------------------------|---------------------|---------------------------------------|
| Houston, TX | 91.8 | 90.3 | 81.9 | 103.0 | 100.1 | 94.4 | 96.6 |
| Albuquerque, NM | 93.0 | 97.0 | 87.7 | 90.4 | 92.5 | 93.1 | 97.2 |
| Austin, TX | 101.0 | 89.7 | 117.5 | 97.4 | 89.7 | 101.1 | 94.5 |
| Dallas, TX | 103.0 | 96.2 | 95.9 | 119.0 | 82.4 | 115.5 | 112.1 |
| Phoenix, AZ | 105.8 | 99.6 | 130.8 | 100.4 | 102.4 | 92.1 | 88.3 |
| Salt Lake City, UT | 107.4 | 101.7 | 117.8 | 92.3 | 111.1 | 94.0 | 106.3 |
| Denver, CO | 111.2 | 95.5 | 134.6 | 92.4 | 104.5 | 101.7 | 105.5 |
| Portland, OR | 122.2 | 106.4 | 156.1 | 91.3 | 125.1 | 109.2 | 108.0 |
| Arlington, VA | 139.1 | 109.2 | 210.5 | 96.2 | 110.7 | 107.1 | 109.0 |
| San Diego, CA | 147.4 | 110.0 | 227.1 | 111.0 | 127.6 | 107.2 | 109.8 |
| Boston, MA | 149.9 | 113.0 | 217.3 | 121.2 | 134.0 | 113.8 | 120.6 |
| Seattle, WA | 152.2 | 125.0 | 217.8 | 102.4 | 129.8 | 134.5 | 125.3 |
| Los Angeles, CA | 152.5 | 107.0 | 239.5 | 111.6 | 126.0 | 110.8 | 115.3 |
| San Francisco, CA | 182.8 | 131.7 | 307.9 | 128.5 | 131.8 | 127.3 | 122.0 |
| New York (Manhattan), NY | 237.6 | 126.2 | 491.2 | 102.3 | 110.4 | 108.8 | 136.2 |

Consumer Sentiment (National)

- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 56.8 for the month of November

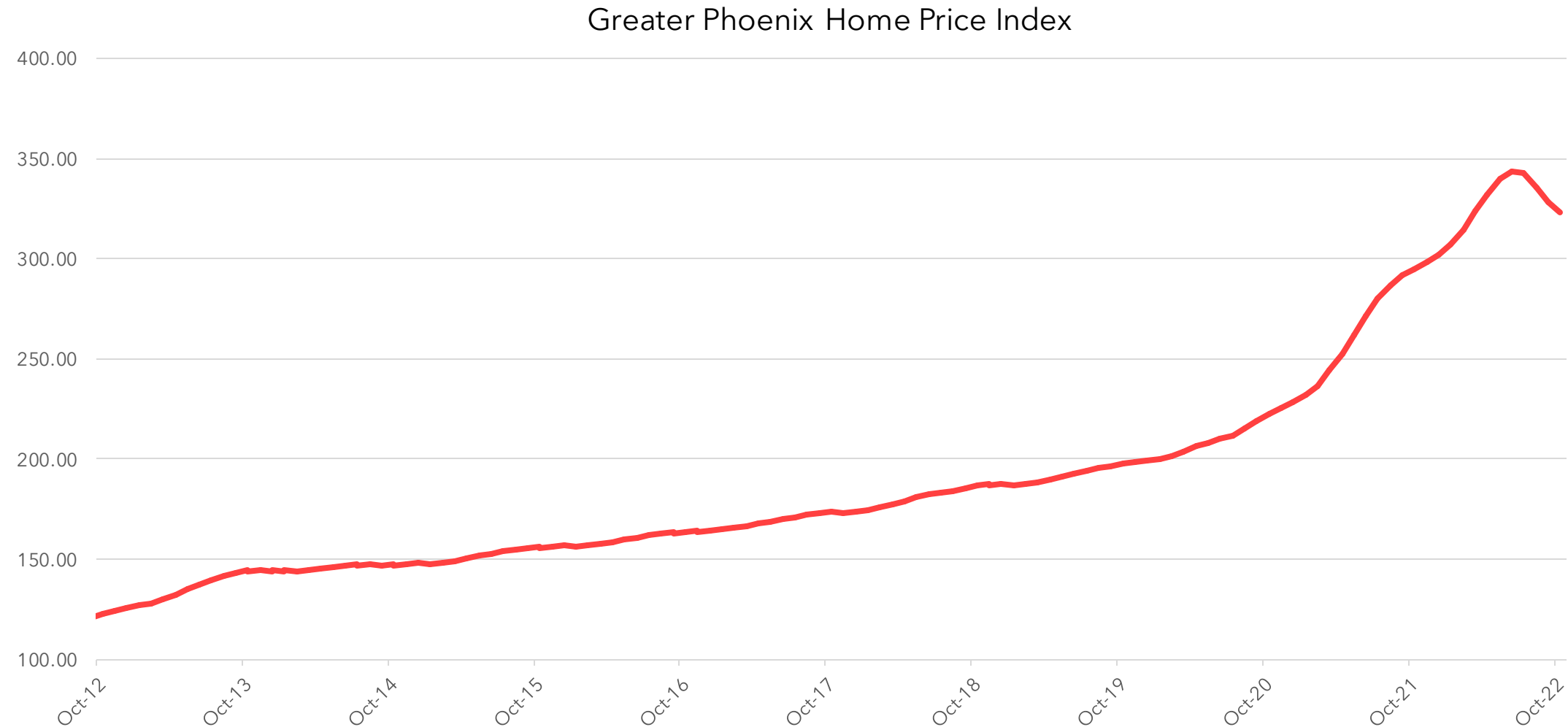




Housing Sector

Housing Market Trends

- Home prices in Greater Phoenix increased for over a decade with the month of June recording the highest index at 343.56 with an annual percentage change of 26.56%
- Due to the increase in interest rates, the market is cooling off. The YoY change is at 9.6% for the month of October.



*An index value of 100 equals the home price in January 2000.
Source: S&P/Case-Shiller Home Price Index, December 2022

Greater Phoenix Greater Together