

# Greater Phoenix Economic Snapshot

OCTOBER 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 0.8% for the two months ending August 2022. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 13.0%. Food prices increased 14.1%. Energy prices jumped 19.2%, largely the result of an increase in the price of gasoline. The index for all other items rose 12.3% 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 17%; 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.

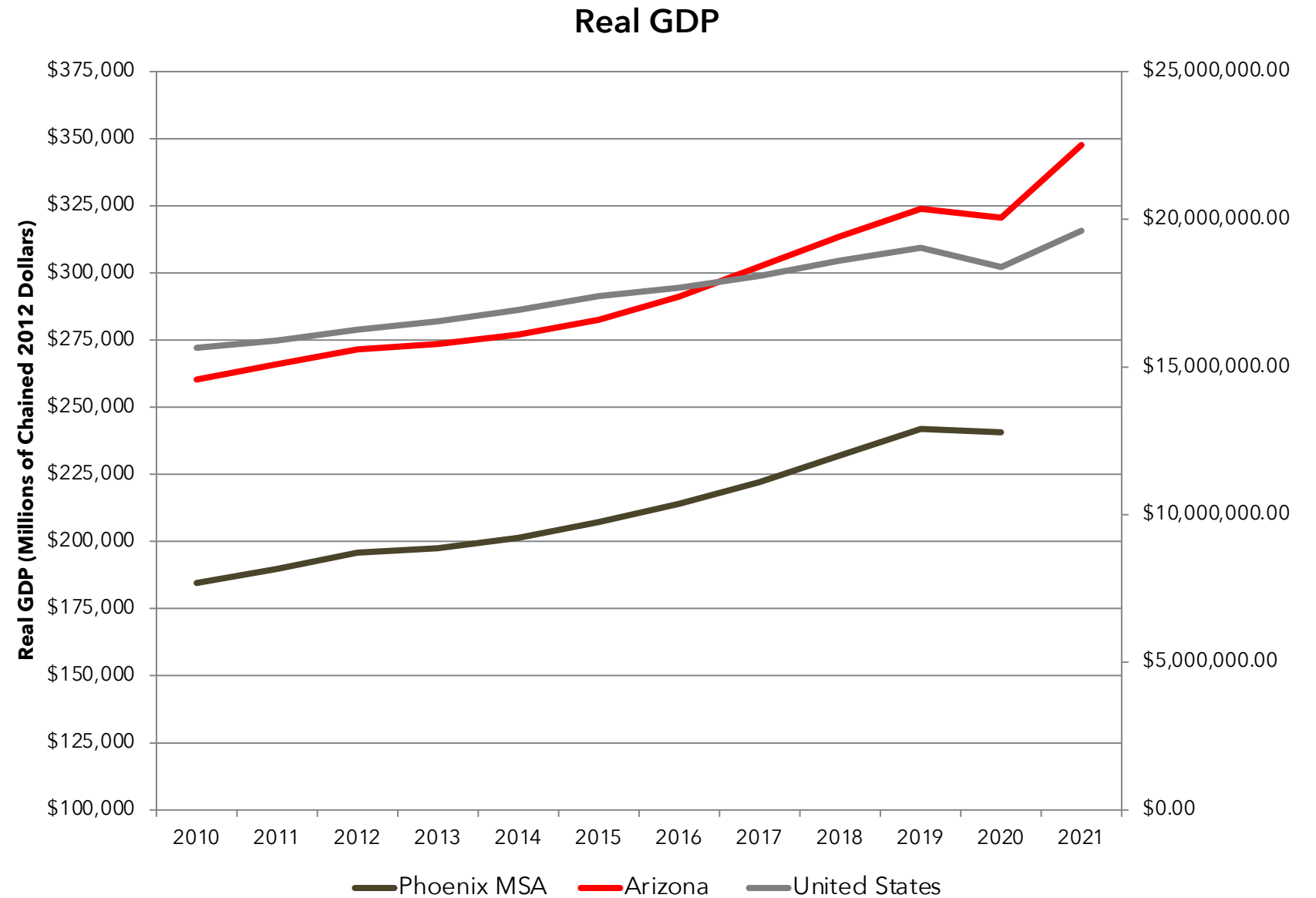




# Economic Activity

# National, State & Greater Phoenix Economy

- Greater Phoenix real GDP in 2020 was \$240.7 billion, contracting by 0.5% over the previous year
- Arizona real GDP grew 8.5% from 2020 to 2021
- U.S. real GDP grew 6.7% from 2020 to 2021
- Most recent estimates from Q1 and Q2 2022 of GDP levels could be indicative of an impending recession due to a downturn for two consecutive quarters



\*\*\*\* 2021 Real GDP data for Greater Phoenix is yet to be released

Source: Bureau of Economic Analysis October 2022



# Wage Growth

- In Greater Phoenix and Arizona, overall real personal income grew faster than the national average from 2019 to 2020
- In Arizona, real personal income per capita grew faster than the national average. Real personal income in Greater Phoenix did not

## Real Personal Income (millions of chained 2012 dollars)

	2019	2020	% Growth
Greater Phoenix	216,149	230,923	6.8%
Arizona	309,269	335,393	8.4%
United States	16,740,966	17,628,680	5.3%

## Per Capita Real Personal Income (chained 2012 dollars)

	2019	2020	% Growth
Greater Phoenix	43,623	45,638	4.6%
Arizona	42,413	45,193	6.6%
United States	50,988	53,504	4.9%

# 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 2,323,100 jobs; unemployment rate is 3.5%

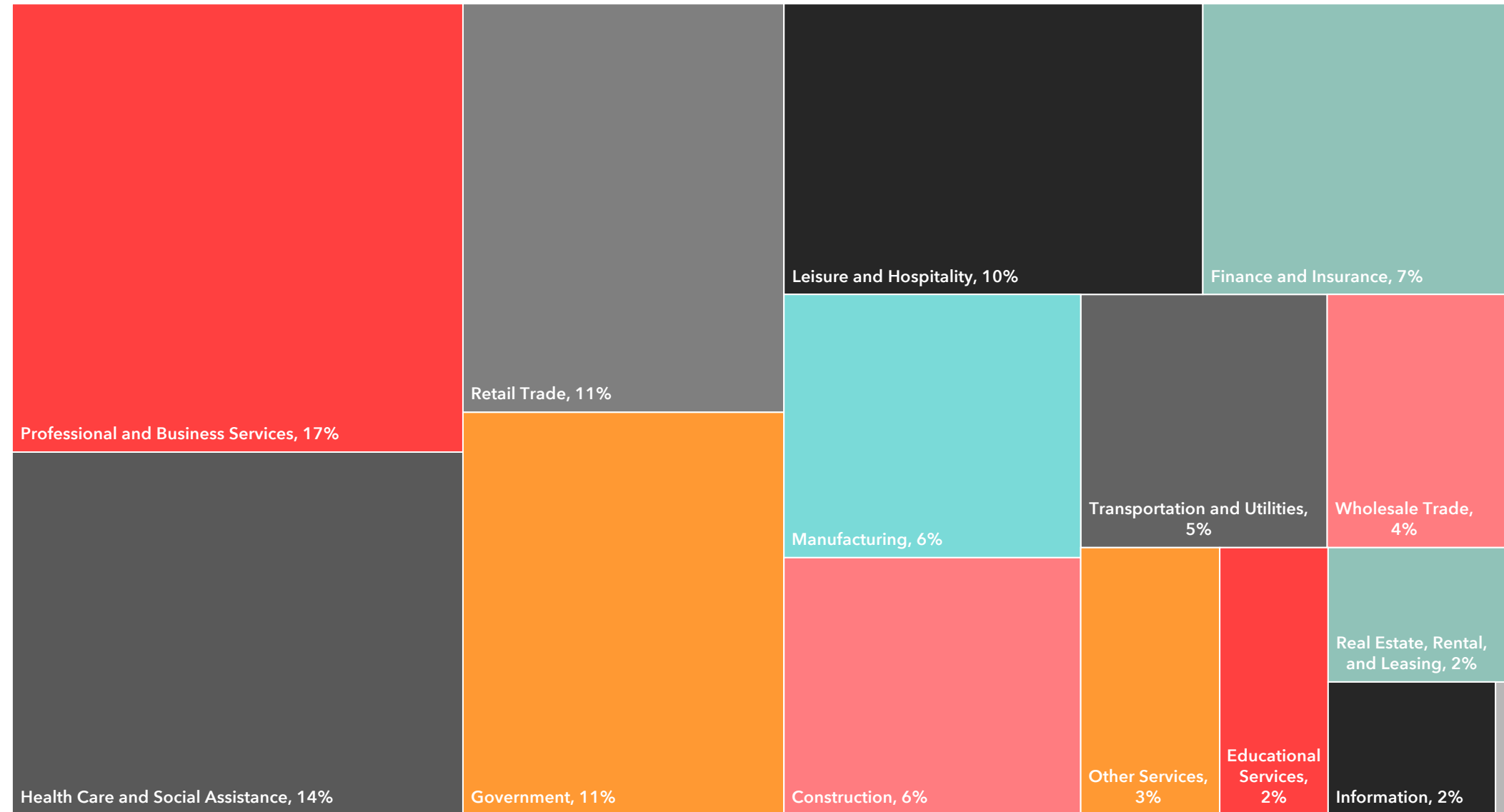


Source: AZ Office of Economic Opportunity Labor Statistics, October 2022, not seasonally adjusted, preliminary numbers

# 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



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

# Drivers of Growth

- The top three 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	2021 - 2022 Change	2021 - 2022 % 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%



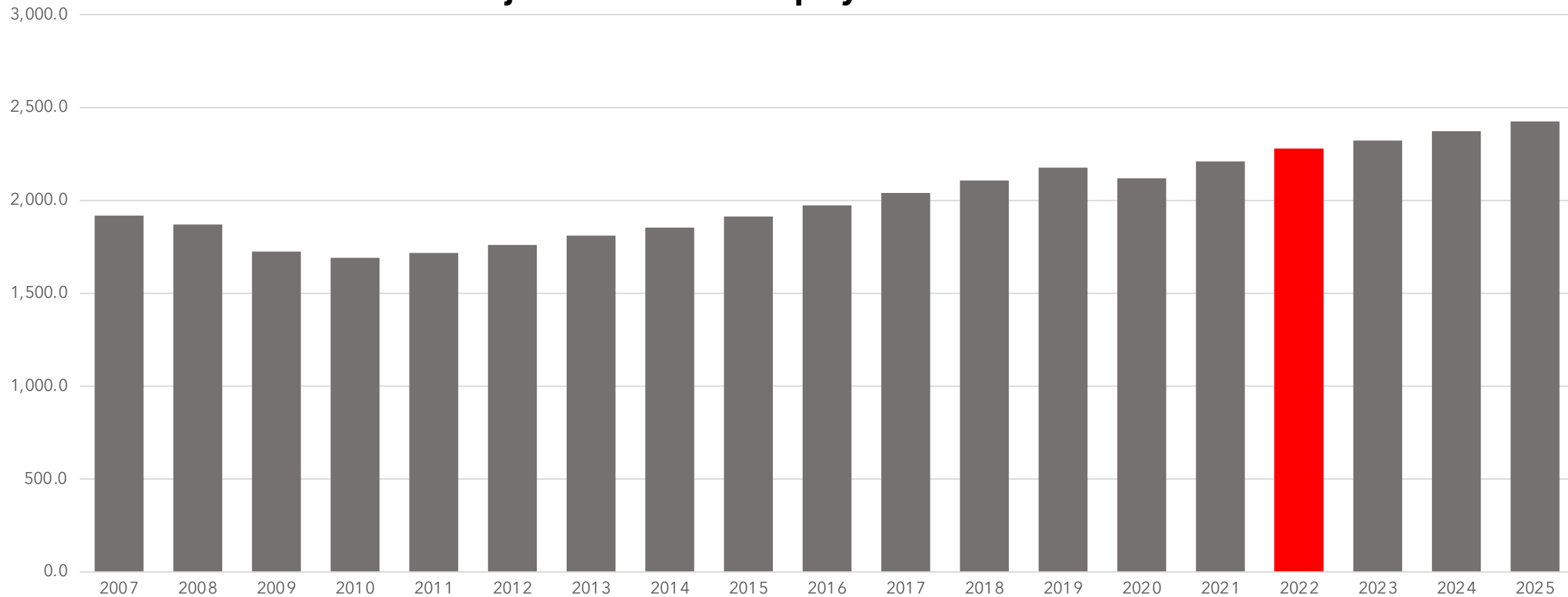
# Job Forecast

Greater Phoenix job growth is projected to be 1.9% from 2022 to 2023

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

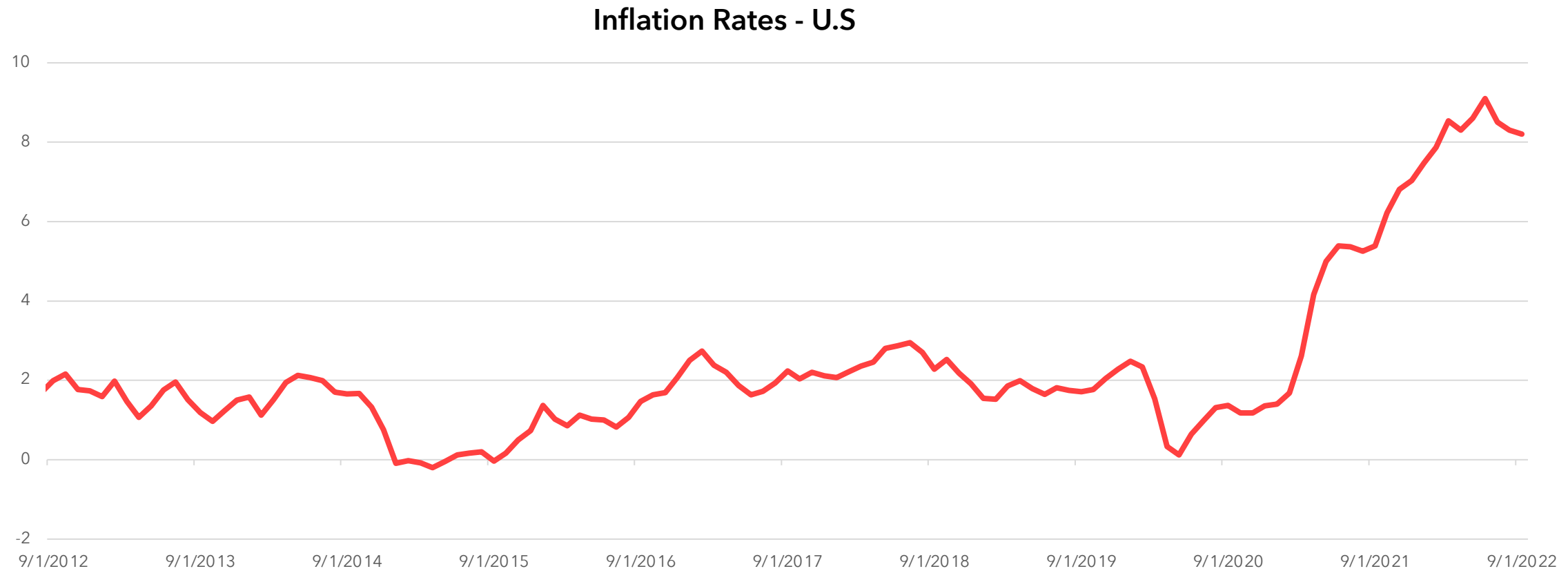
**Projected Non Farm Employment Growth**



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

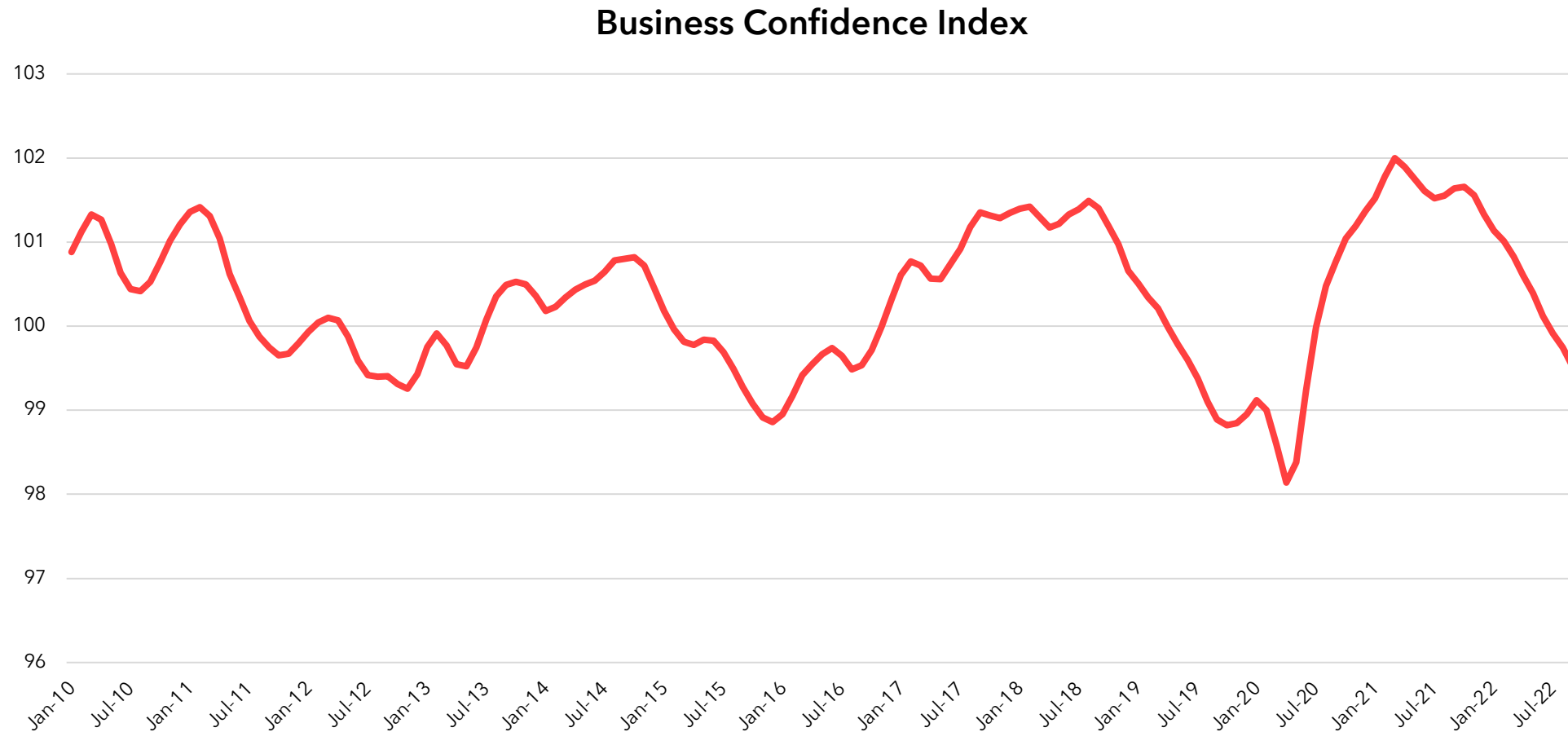
# Inflation and Prices (National)

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

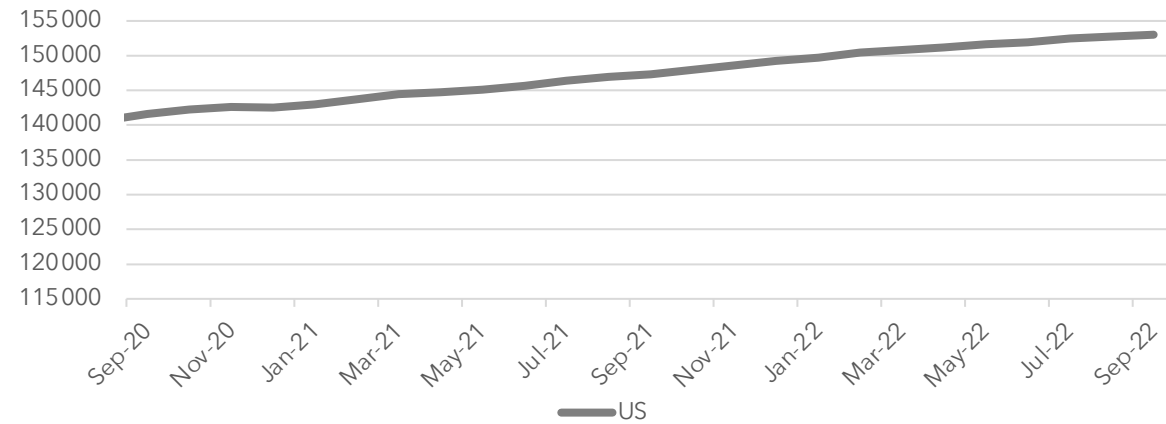


# Regional Comparisons

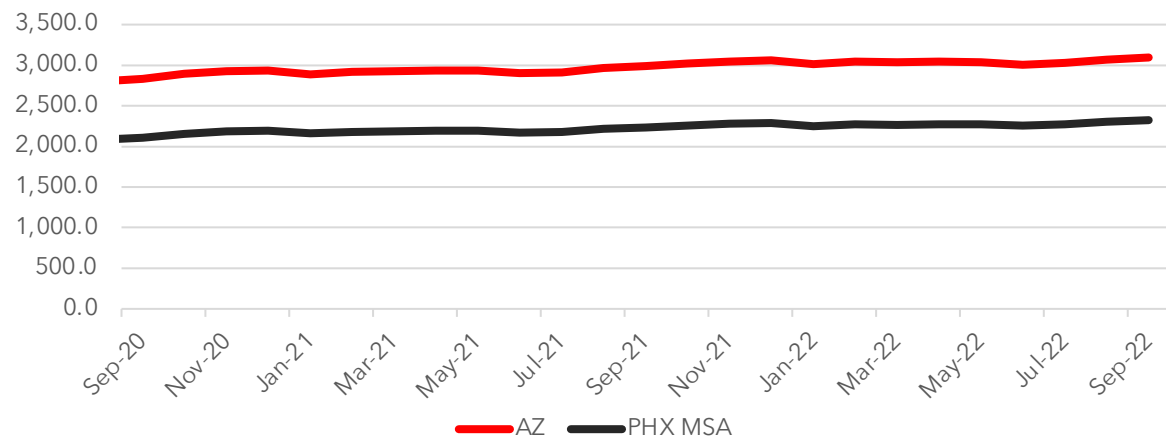
- Greater Phoenix has a lower unemployment rate than Arizona or the United States
- Employment rates have a consistent trend at the metro, state and national level

## Nonfarm Employment

United States Employment (000)

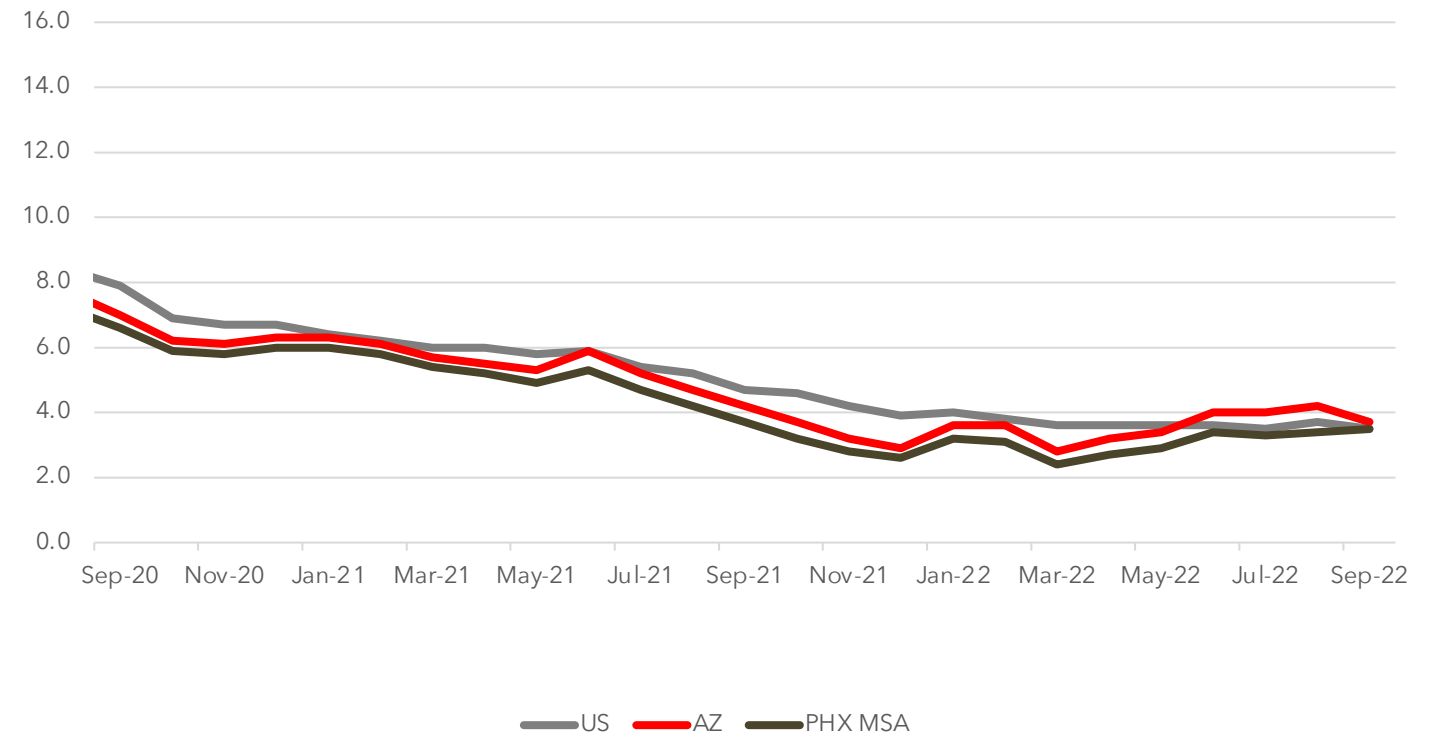


Local and State Employment (000)



## Unemployment Rates

Unemployment Rates



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





# Households



# Cost of Living

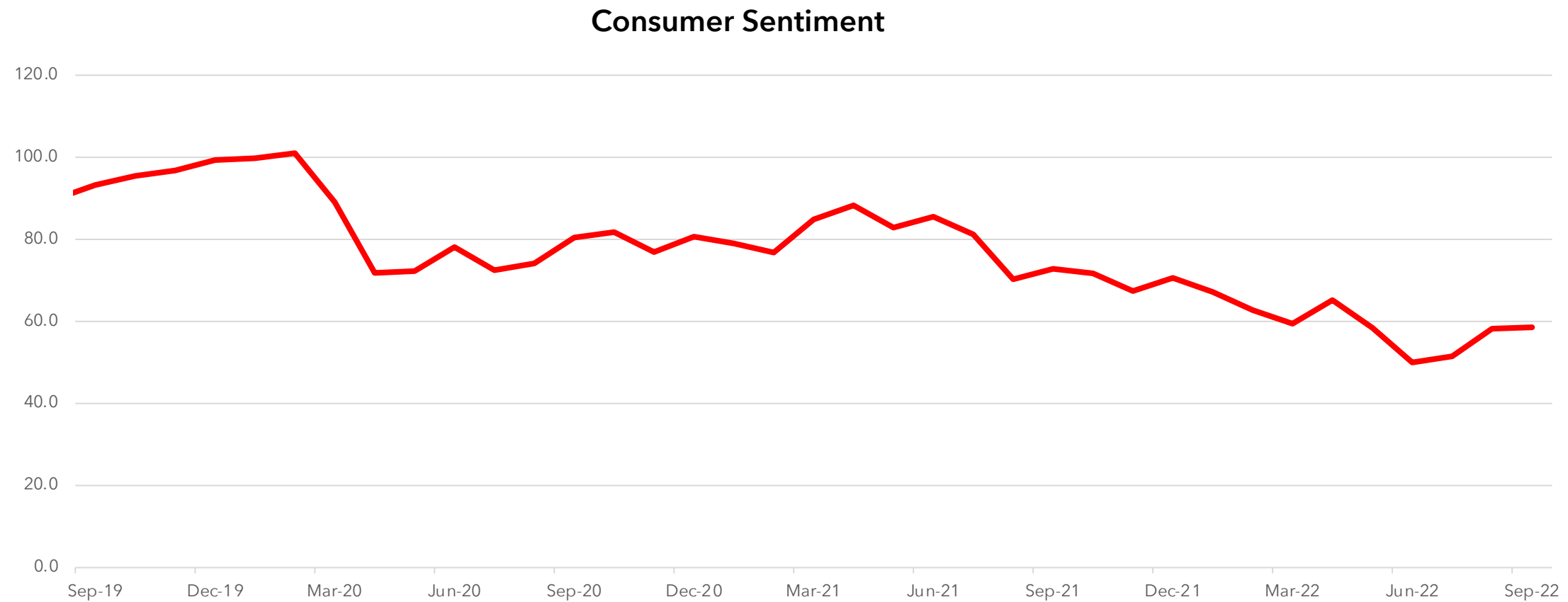
The overall cost of living in Greater Phoenix is 4.8% above the national average.

## 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	91.4	94.9	80.9	94.1	92.7	95.3	98.5
Albuquerque NM	92.6	97.9	85.8	92.7	91.6	93.2	96.6
Austin TX	100.2	87.8	111.8	90.8	93.6	101.7	100.1
Dallas TX	102.1	94.3	96.0	109.2	87.8	109.6	113.1
<b>Phoenix AZ</b>	<b>104.8</b>	<b>98.7</b>	<b>121.3</b>	<b>103.9</b>	<b>107.8</b>	<b>97.0</b>	<b>91.8</b>
Salt Lake City UT	108.4	103.5	121.8	93.6	113.1	102.1	102.2
Denver CO	111.0	93.4	140.5	82.1	98.7	99.5	105.4
Portland OR	124.2	107.7	159.3	90.4	120.3	103.0	113.0
Arlington VA	143.9	111.6	220.9	96.1	107.6	112.8	112.7
San Diego CA	146.1	112.4	219.7	115.5	132.7	104.1	109.1
Seattle WA	150.5	122.1	207.4	107.5	117.1	128.1	134.5
Boston MA	154.6	113.4	227.1	127.8	135.1	117.7	122.7
Los Angeles CA	155.1	113.0	241.9	109.1	127.5	112.3	118.4
San Francisco CA	183.6	132.6	304.1	134.0	142.5	128.5	123.4
New York (Manhattan) NY	237.7	135.7	476.6	103.0	124.2	108.7	142.6

# Consumer Sentiment (National)

- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 58.6 for the month of September





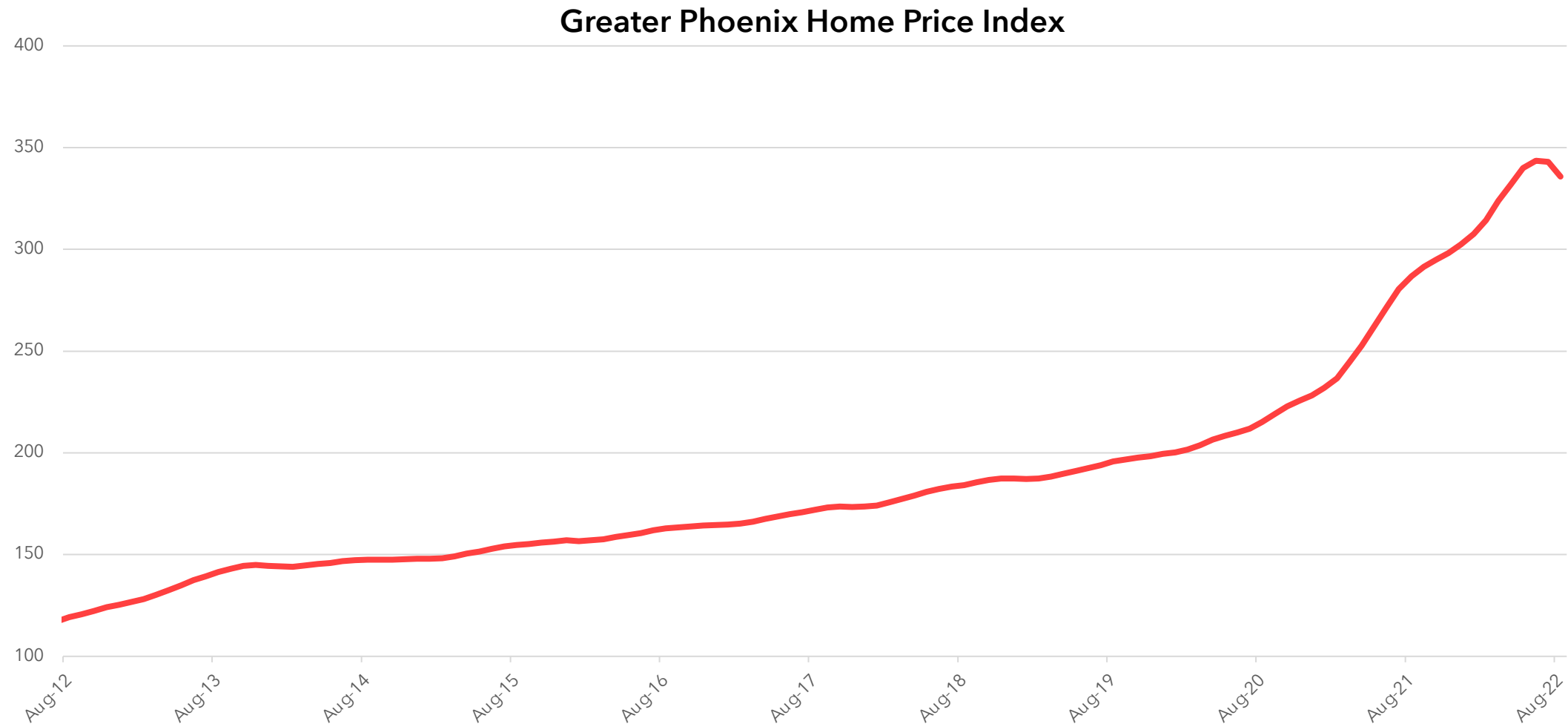


# Housing Sector



# Housing Market Trends

- Home prices in Greater Phoenix have been increasing for the past decade with the month of June recording the highest index at 343.57 with an annual percentage change of 26.56%.
- However, due to the increase in interest rates, the market is cooling off as the YoY change is at 17.08% for the month of August.



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

# Greater Phoenix Greater Together