

Greater Phoenix Greater Together

SEPTEMBER 2023

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. 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 0.1% for the two months ending in August 2023. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 3.7%. Food prices increased 4.9%. Energy prices increased 4.5%, largely the result of an increase in the price of electricity. The index for all other items less food and energy rose 3.5% 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 July 2022 is at -6.58%; despite the region experiencing a cooling housing market resulting from an increase in interest rates, there has been a slight increase for the sixth consecutive month in home prices since February 2023.

Inflation

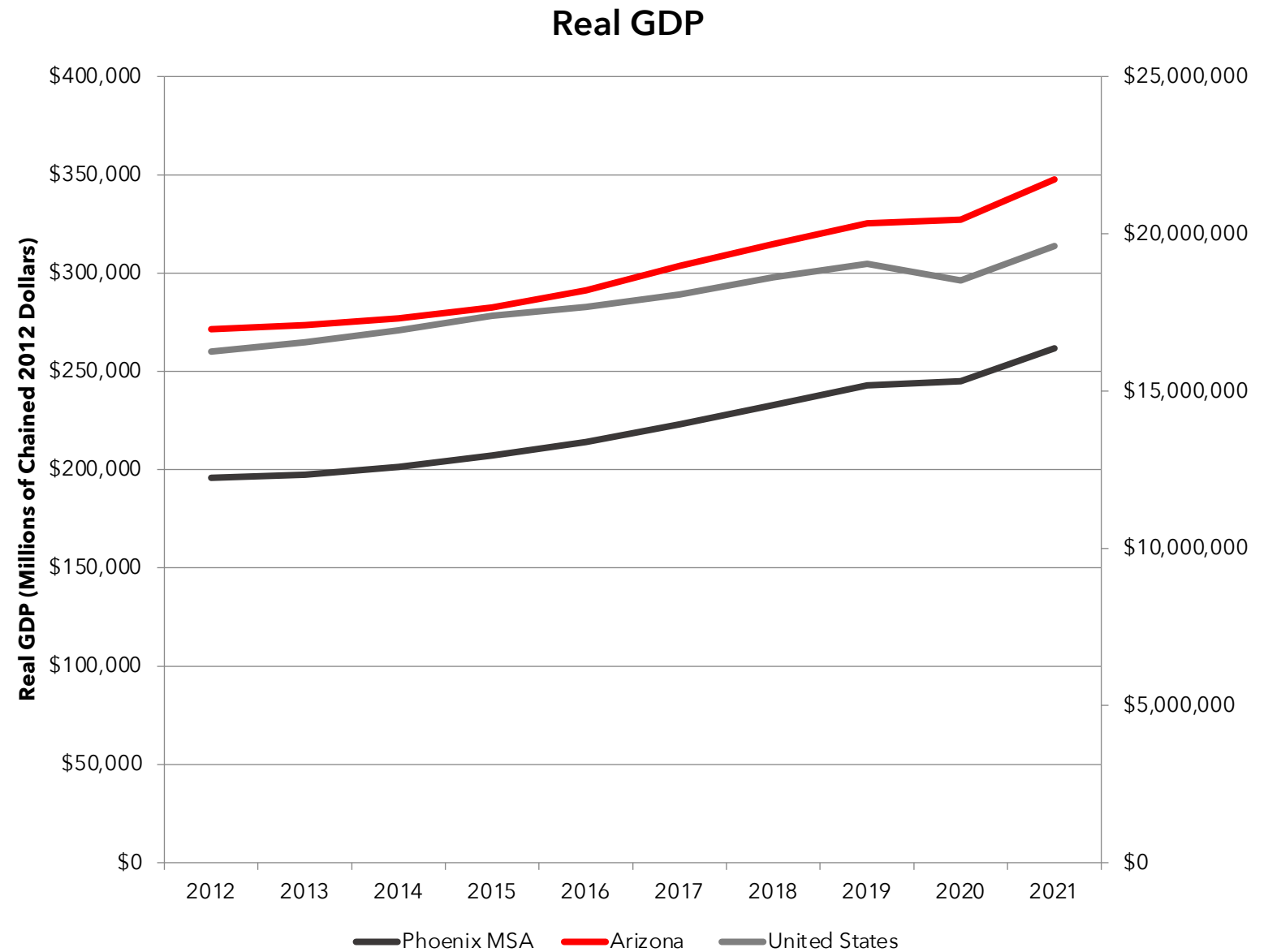
The Inflation rate has seen an increase of 0.5 percentage points for the month of August. This is an increase for the second month, following a decline of 12 consecutive months since June 2022. The nation is still experiencing high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the nation.

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 white, sans-serif font.

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 2.1% in Q2 2023 nationally, a positive outlook for the economy compared to a 2.2% increase in Q1 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

Jobs have risen by 31,900 compared to July, and by 45,000 year over year

Current total nonfarm payroll employment is 2,356,300 jobs; unemployment rate is 4.0%



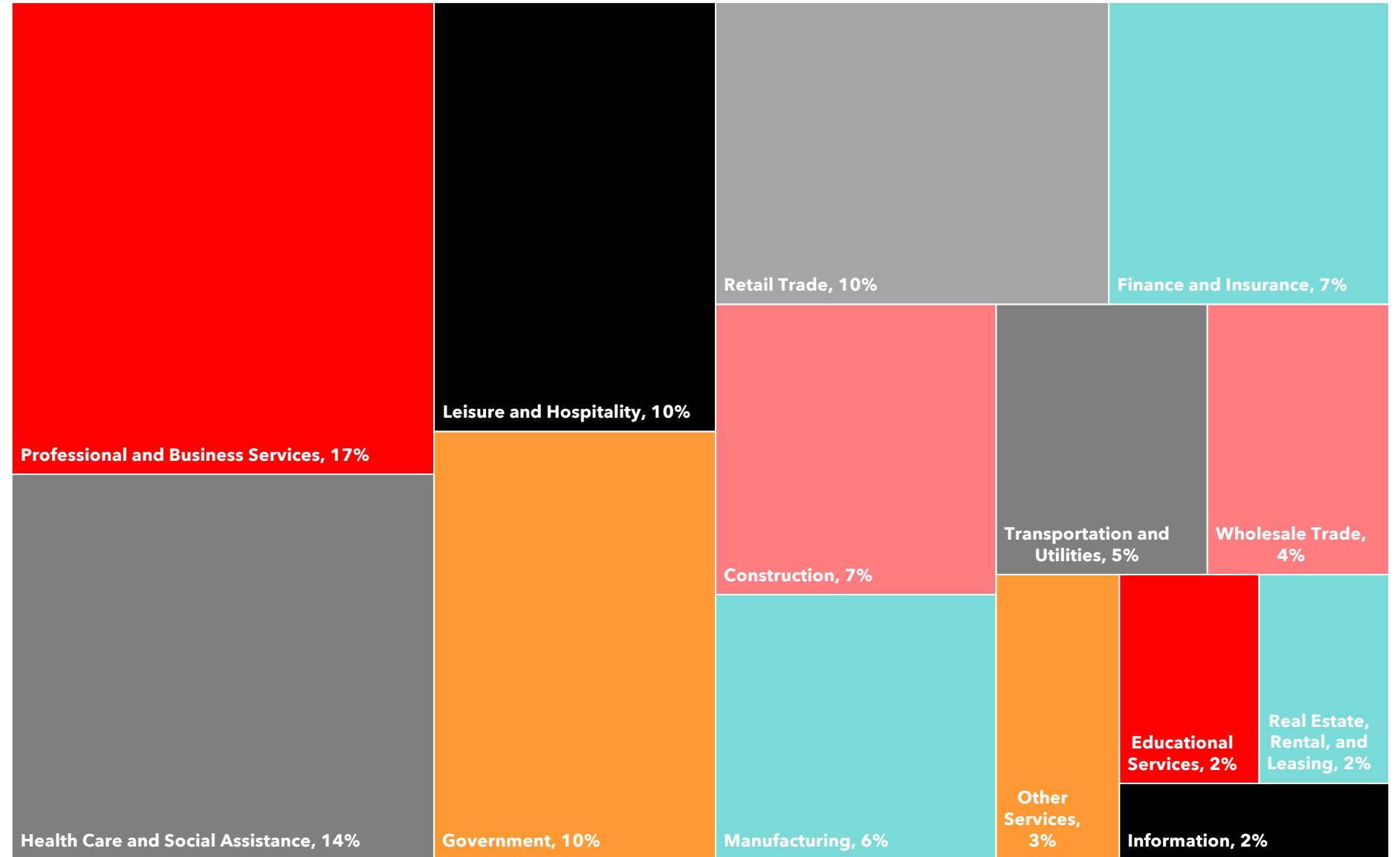
Source AZ Office of Economic Opportunity Labor Statistics, September 2023, not seasonally adjusted, preliminary numbers



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 a decline in construction and retail trade

CURRENT EMPLOYMENT DIVERSITY



Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Restaurant Cooks , Industrial Truck and Tractor Operators, Electricians 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 2022 and 2023

Greater Phoenix Fastest-Growing Occupations

Description	2022 Jobs	2023 Jobs	2022 - 2023 Change	2022 - 2023 % Change
Cooks, Restaurant	20,237	21,587	1,350	7%
Industrial Truck and Tractor Operators	10,829	11,489	660	6%
Electricians	12,709	13,399	691	5%
Home Health and Personal Care Aides	53,858	56,637	2,779	5%
Medical Assistants	13,945	14,607	662	5%
Software Developers	29,682	31,030	1,349	5%
Market Research Analysts and Marketing Specialists	12,592	13,140	548	4%
First-Line Supervisors of Food Preparation and Serving Workers	17,594	18,294	701	4%
Construction Laborers	19,968	20,717	749	4%
Waiters and Waitresses	37,259	38,626	1,366	4%
Laborers and Freight, Stock, and Material Movers, Hand	56,933	58,921	1,989	3%
Miscellaneous Assemblers and Fabricators	17,109	17,705	596	3%
Fast Food and Counter Workers	59,131	61,005	1,874	3%
Accountants and Auditors	19,954	20,568	614	3%
Heavy and Tractor-Trailer Truck Drivers	28,982	29,843	861	3%
Registered Nurses	41,404	42,623	1,219	3%
Stockers and Order Fillers	44,073	45,370	1,297	3%
Maintenance and Repair Workers, General	24,563	25,248	685	3%
Receptionists and Information Clerks	20,182	20,725	543	3%

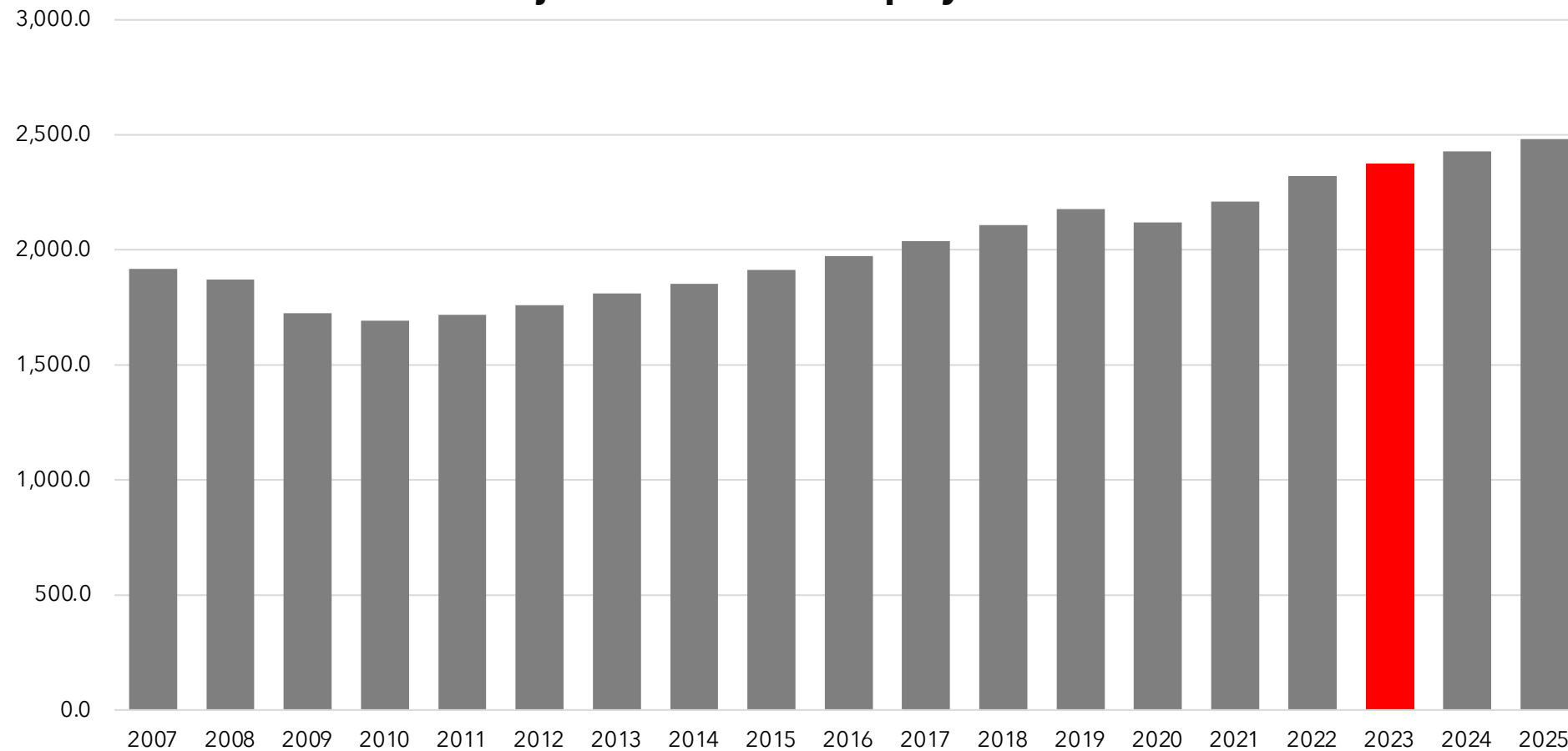
Job Forecast

Greater Phoenix job growth is projected to be 2.34% from 2023 to 2024

Arizona job growth is projected to be 2.01% from 2023 to 2024

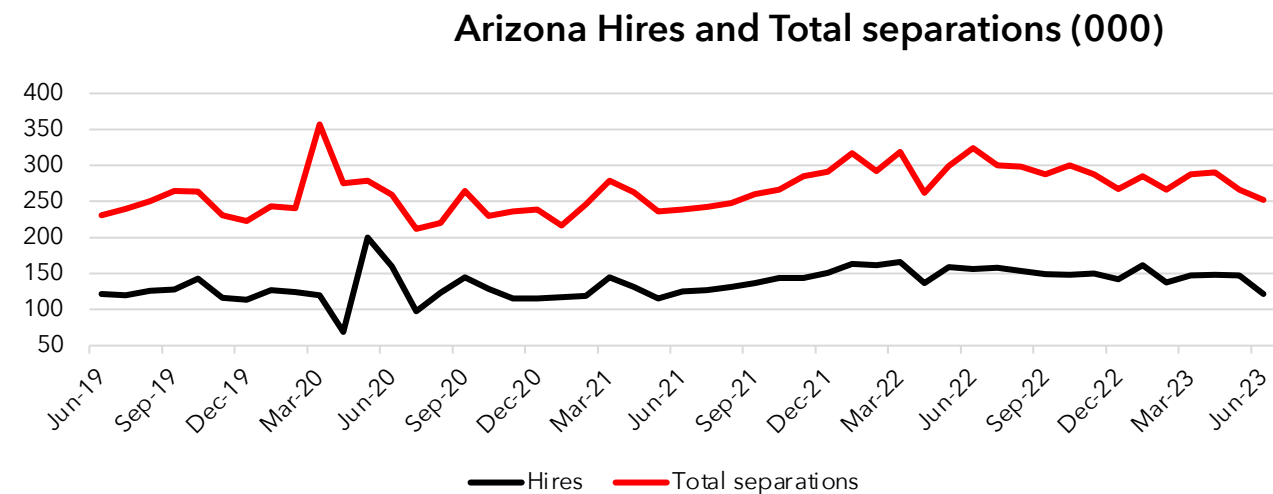
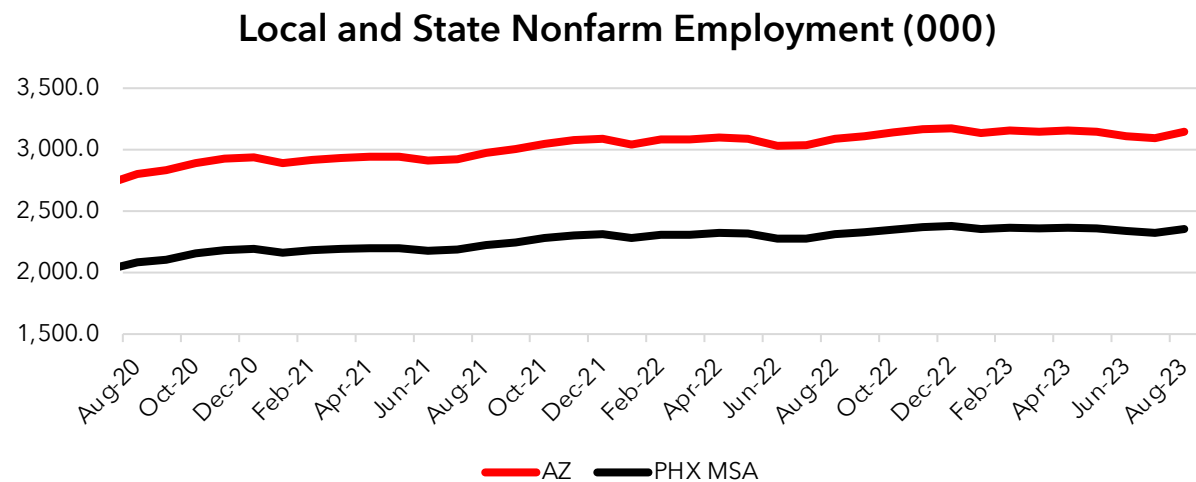
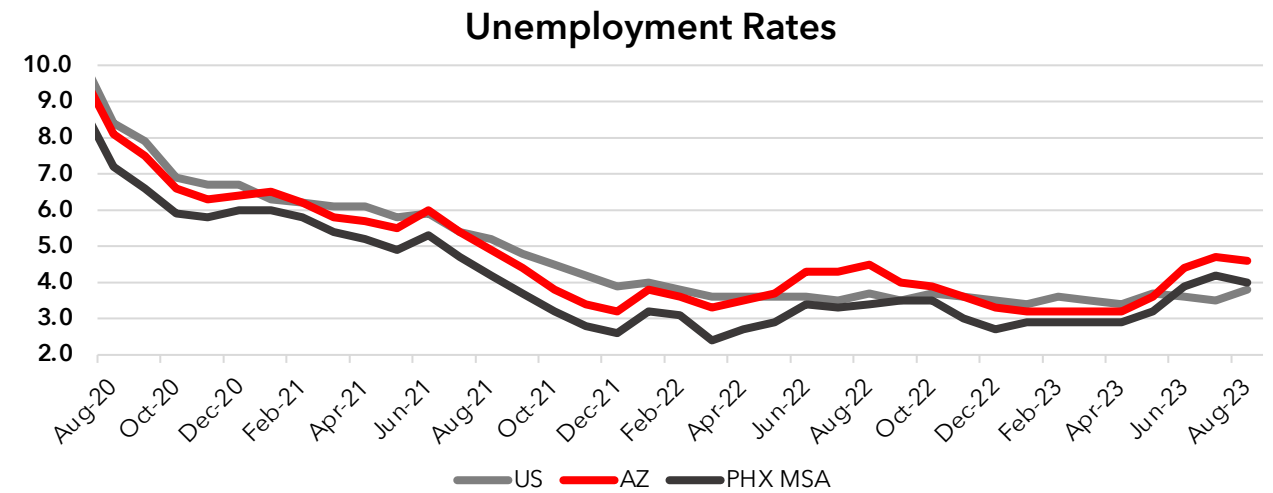
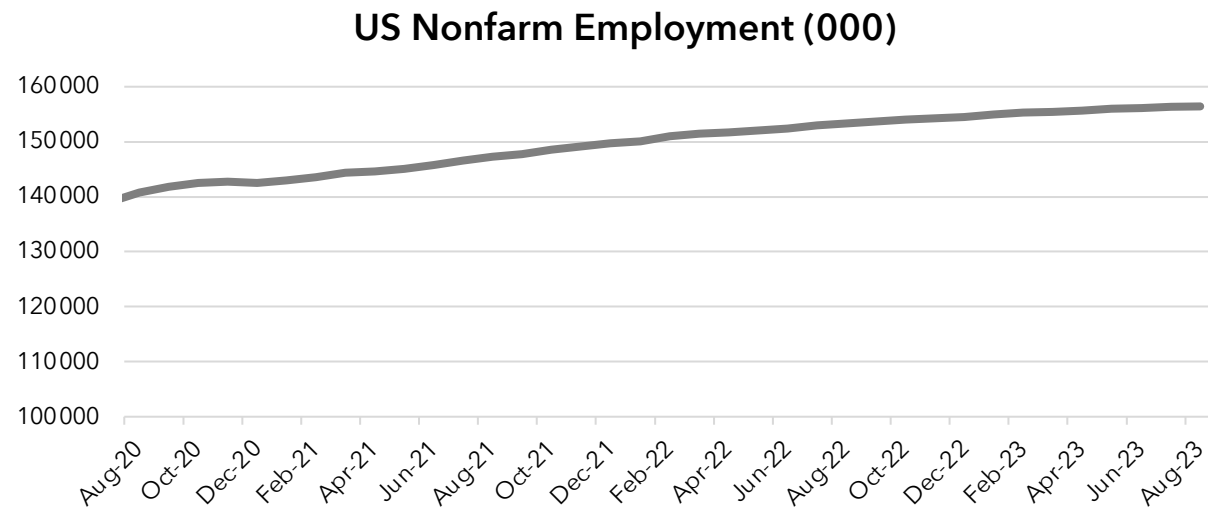
Greater Phoenix recovered all job loss caused by COVID-19 in 2021

Projected Non Farm Employment Growth



Regional Comparisons: Labor force

- Currently, Greater Phoenix has a lower unemployment rate than Arizona, but both the region and the state have a higher unemployment rate than the United States. Employment rates have a consistent trend at the metro, state and national level
- Among the June separations in Arizona, 93,000 were quits and 33,000 were layoffs and discharges, compared to 90,000 quits and 22,000 layoffs and discharges in May

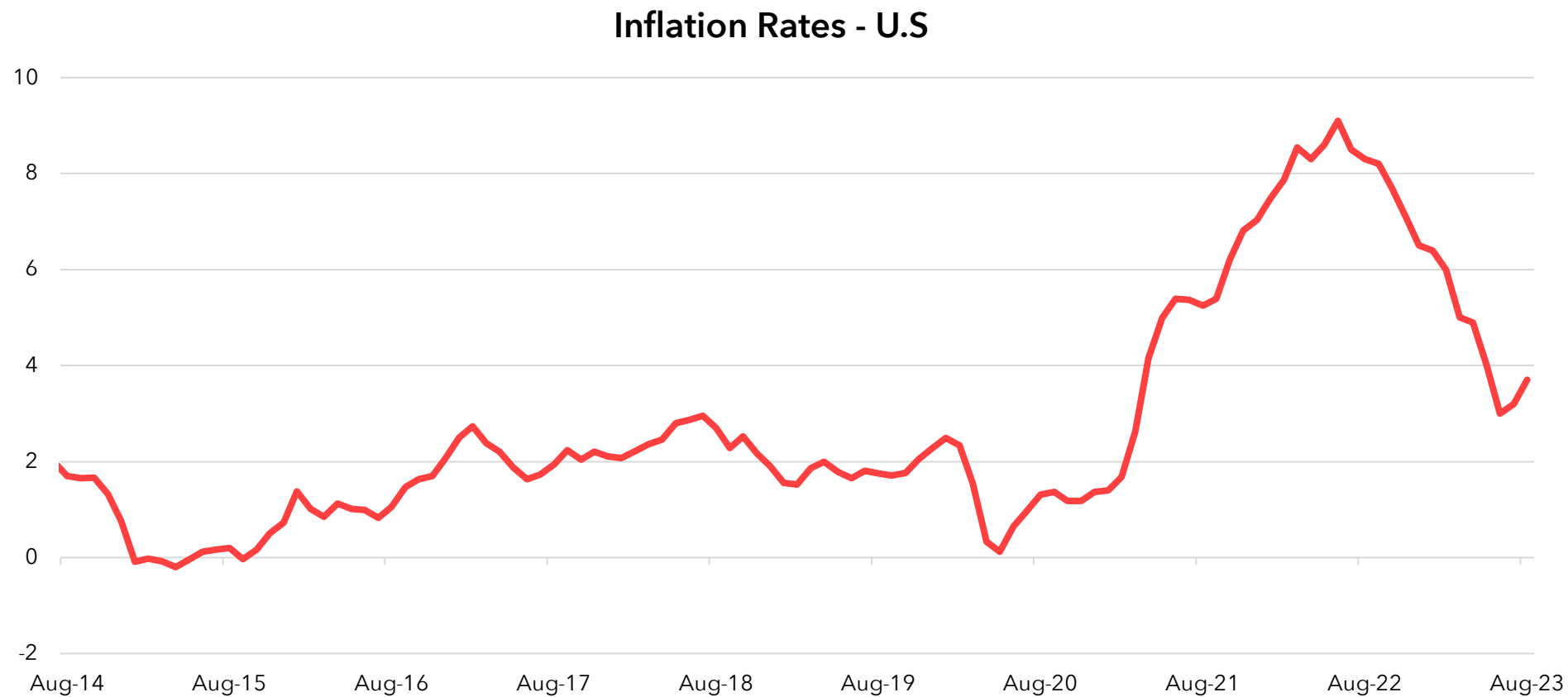


Source: AZ Office of Economic Opportunity Labor Statistics, September 2023, not seasonally adjusted, preliminary numbers
 All US Data- BLS, September 2023. Hires and separations, BLS, September 2023, seasonally adjusted.



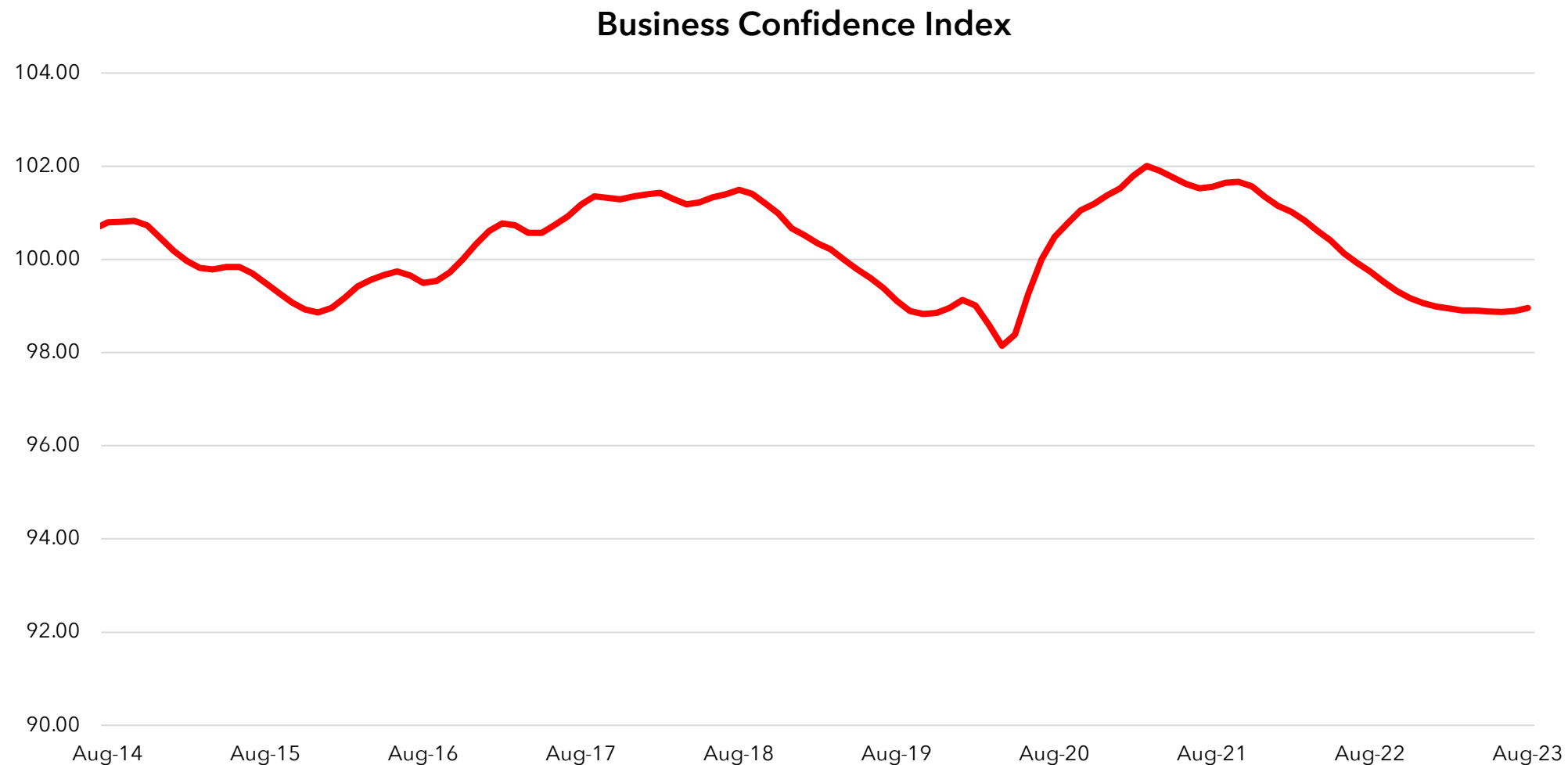
Inflation and Prices (National)

- 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 3.7% which is an increase for the second month following a decline for an entire year since June 2022. 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 98.96 in August, indicating slight pessimism towards economic activity in the future



Households

Cost of Living

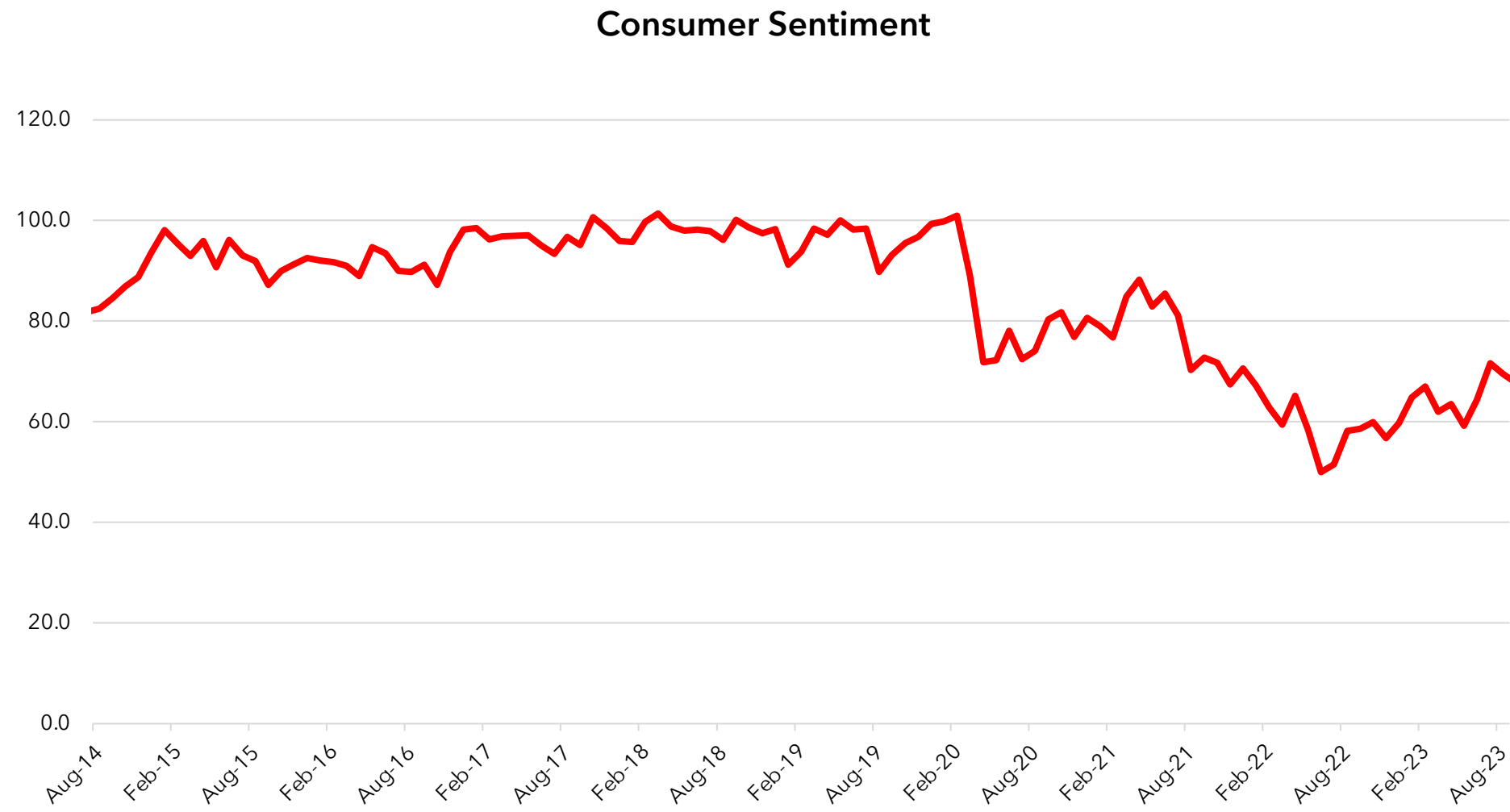
The overall cost of living in Greater Phoenix is 0.6% above the national average.

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	93.7	97.4	83.5	99.1	93.1	97.4	98.6
Houston TX	94.2	101.4	82.7	105.0	88.3	93.0	99.2
Austin TX	98.8	99.0	106.3	90.1	85.6	98.5	98.2
Phoenix AZ	100.6	105.1	114.3	99.2	100.0	94.7	88.6
Dallas TX	102.5	100.2	98.1	111.1	89.6	106.4	107.5
Salt Lake City UT	108.7	101.0	124.2	92.2	112.9	96.9	104.4
Denver CO	110.2	105.4	130.9	82.5	100.4	97.1	107.1
Portland OR	120.7	111.3	152.6	97.0	119.5	109.1	106.9
Arlington VA	136.2	111.7	210.3	99.8	99.4	111.3	108.7
San Diego CA	140.0	115.3	211.0	109.2	122.4	105.2	110.2
Seattle WA	143.8	116.8	209.4	102.5	124.8	142.8	117.8
Boston MA	144.5	105.2	211.2	130.8	116.8	113.1	122.4
Los Angeles CA	148.8	111.8	238.6	110.5	120.1	107.8	114.7
San Francisco CA	169.6	117.7	291.3	128.4	129.5	126.8	119.7
New York (Manhattan) NY	225.8	112.0	503.7	99.7	113.1	120.4	124.8

Consumer Sentiment (National)

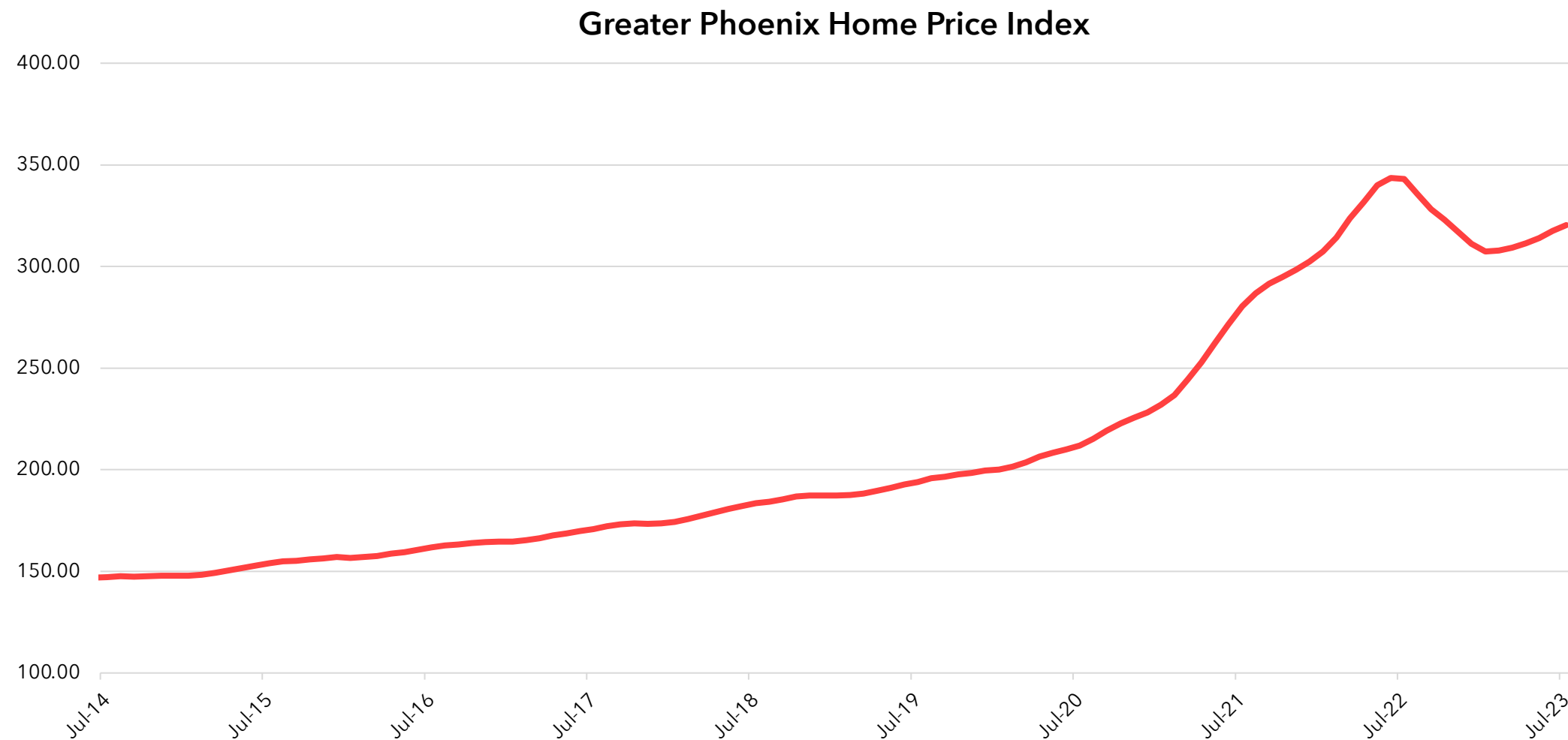
- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 69.5 for the month of August



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 a slight uptick in home prices since February. The YoY change is at -6.58% for the month of July



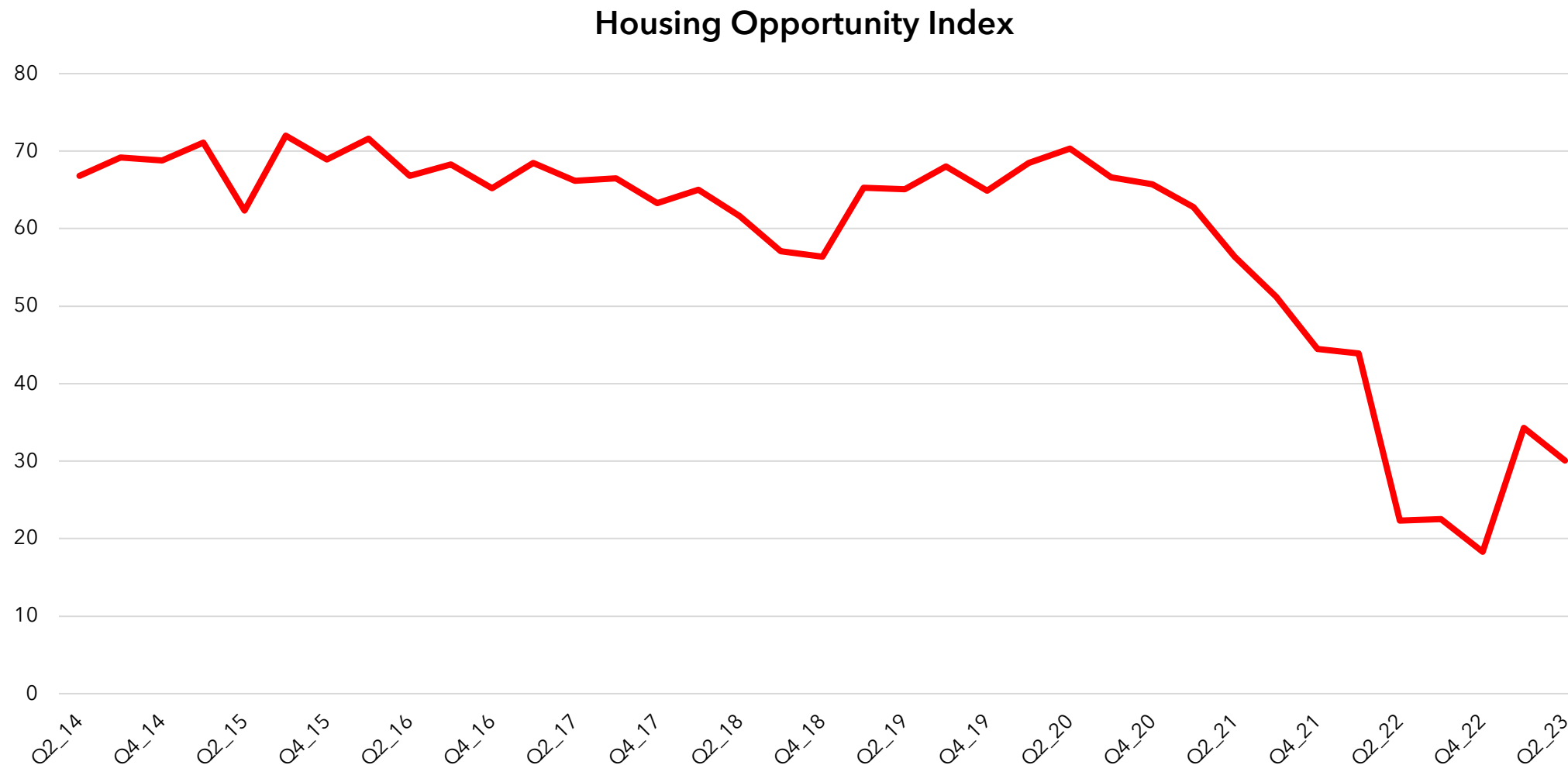
*An index value of 100 equals the home price in January 2000.

Source: S&P/Case-Shiller Home Price Index, September 2023



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
- 30.1% of new and existing homes were sold between the beginning of April and end of June were affordable to households earning a median income of \$99,000



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