

Greater Phoenix Greater Together

DECEMBER 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, 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 0.6% for the two months ending in October 2023. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 2.9%. Food prices increased 3.4%. Energy prices declined 0.9%, largely the result of a decrease in the price of gasoline. The index for all other items less food and energy rose 3.2% 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 October 2022 is at 0.92%; despite the region experiencing a cooling housing market, resulting from an increase in interest rates, home prices have increased for the ninth consecutive month since February 2023.

Inflation

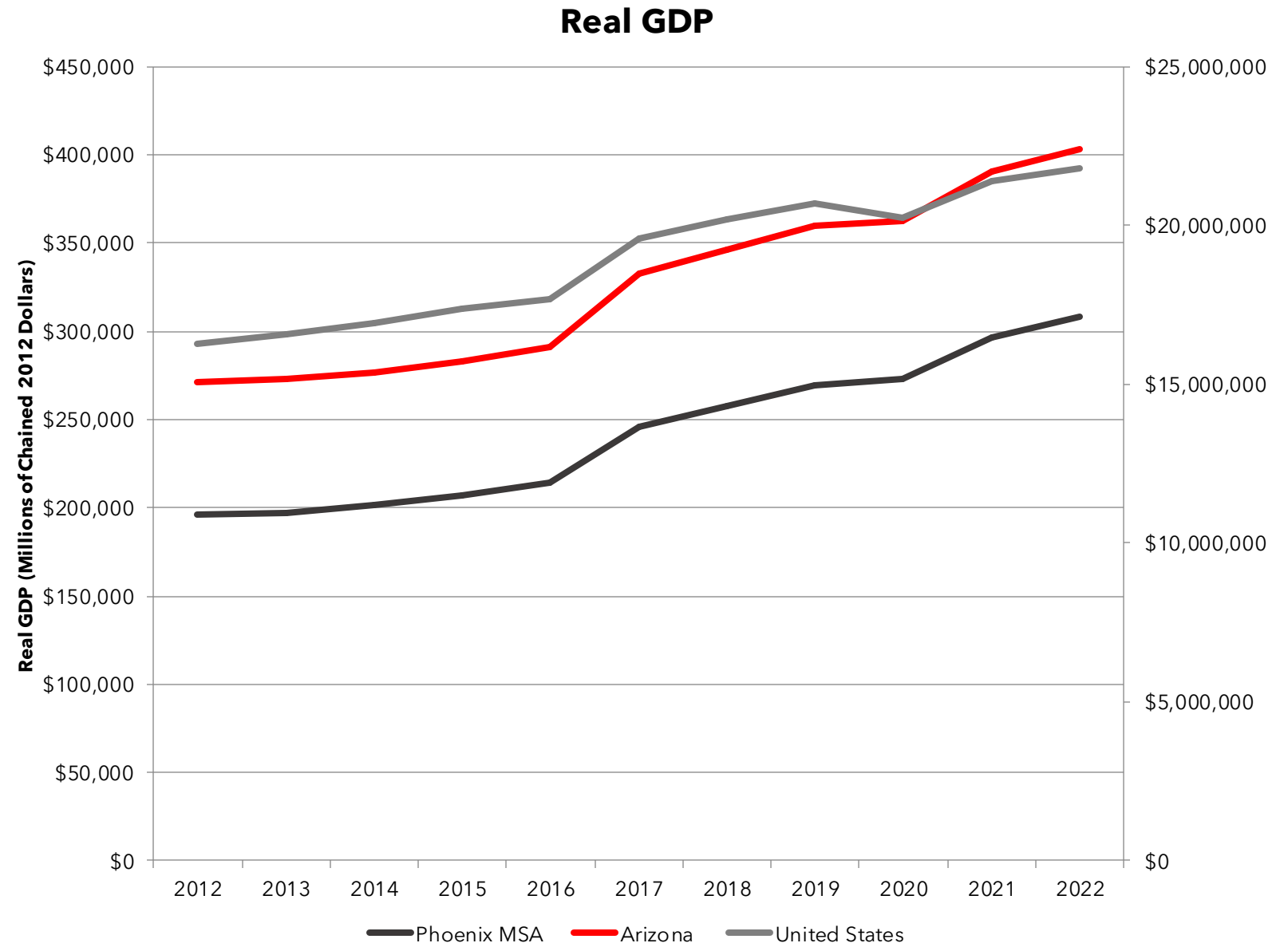
Greater Phoenix recorded an inflation rate of 2.9%; 0.8 percentage points lower from the month of August, and the lowest since February 2021. Despite national and regional Inflation rates slowing down, the nation is still experiencing high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the nation.

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 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 show an annual growth rate of 4.9% in Q3 2023 nationally, a positive outlook for the economy compared to a 2.1% increase in Q2 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 risen by 23,100 compared to October, and by 43,900 year over year

Current total nonfarm payroll employment is 2,415,300 jobs; unemployment rate is 3.5%



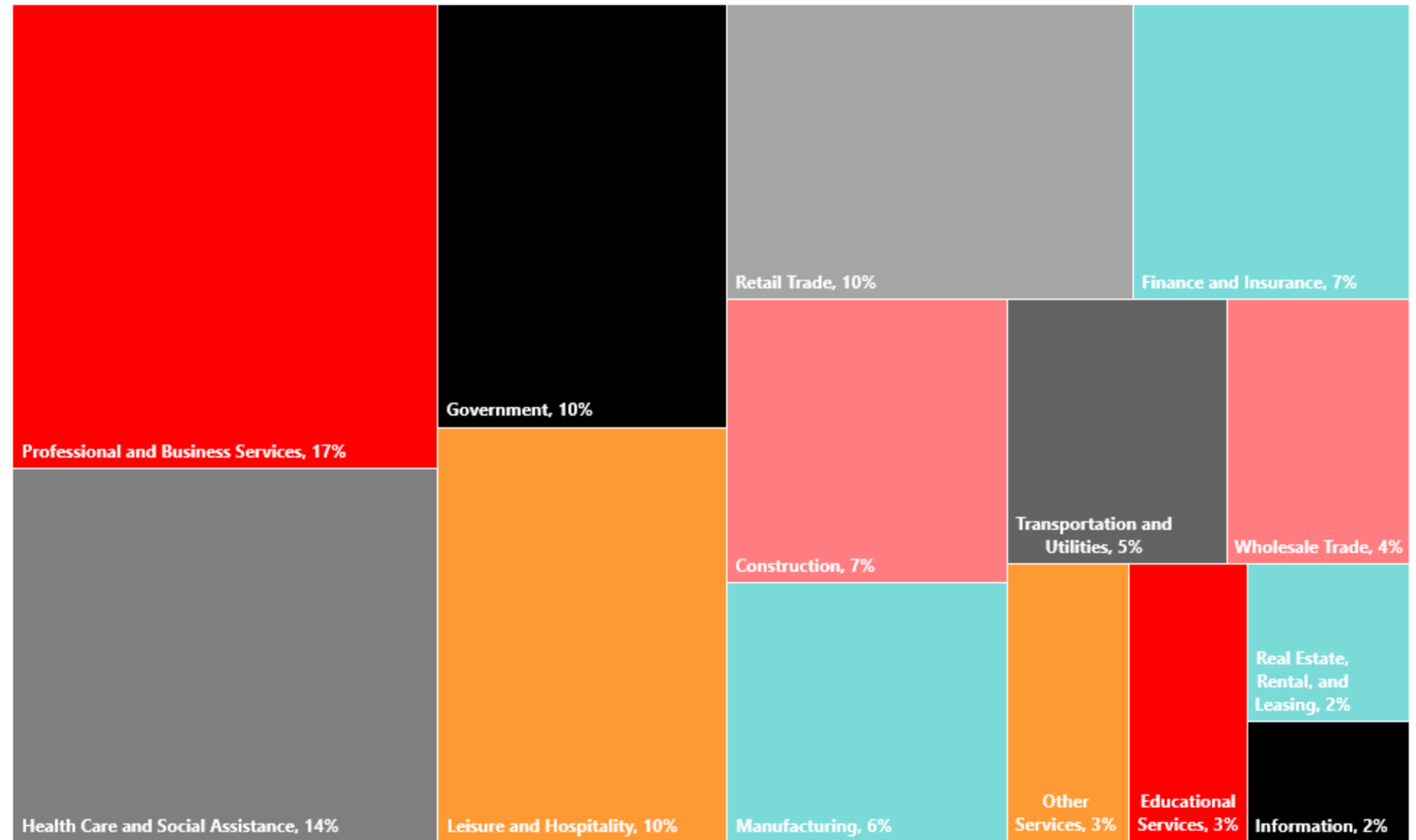
Source AZ Office of Economic Opportunity Labor Statistics, December 2023, not seasonally adjusted, preliminary numbers



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 Industrial Truck and Tractor Operators, Electricians, Restaurant Cooks, and Home Health and Personal Care Aides
- Home Health and Personal Care Aides, Laborers and Freight, Stock, and Material Movers, General and Operations Managers, and Fast Food and Counter Workers 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
Industrial Truck and Tractor Operators	10,873	11,474	601	6%
Electricians	12,811	13,517	706	6%
Cooks, Restaurant	20,273	21,373	1,100	5%
Home Health and Personal Care Aides	53,822	56,553	2,730	5%
Medical Assistants	13,971	14,627	657	5%
Software Developers	29,725	31,120	1,395	5%
Insurance Sales Agents	12,963	13,516	554	4%
Light Truck Drivers	13,876	14,435	559	4%
Construction Laborers	20,009	20,748	738	4%
Miscellaneous Assemblers and Fabricators	17,155	17,760	605	4%
Laborers and Freight, Stock, and Material Movers, Hand	57,109	59,102	1,993	3%
First-Line Supervisors of Food Preparation and Serving Workers	17,624	18,229	605	3%
Stockers and Order Fillers	44,177	45,679	1,502	3%
Accountants and Auditors	19,995	20,630	635	3%
Heavy and Tractor-Trailer Truck Drivers	29,053	29,956	903	3%
Registered Nurses	41,473	42,759	1,286	3%
Receptionists and Information Clerks	20,224	20,821	596	3%
Maintenance and Repair Workers, General	24,605	25,321	717	3%
Waiters and Waitresses	37,326	38,352	1,027	3%
Fast Food and Counter Workers	59,231	60,850	1,619	3%

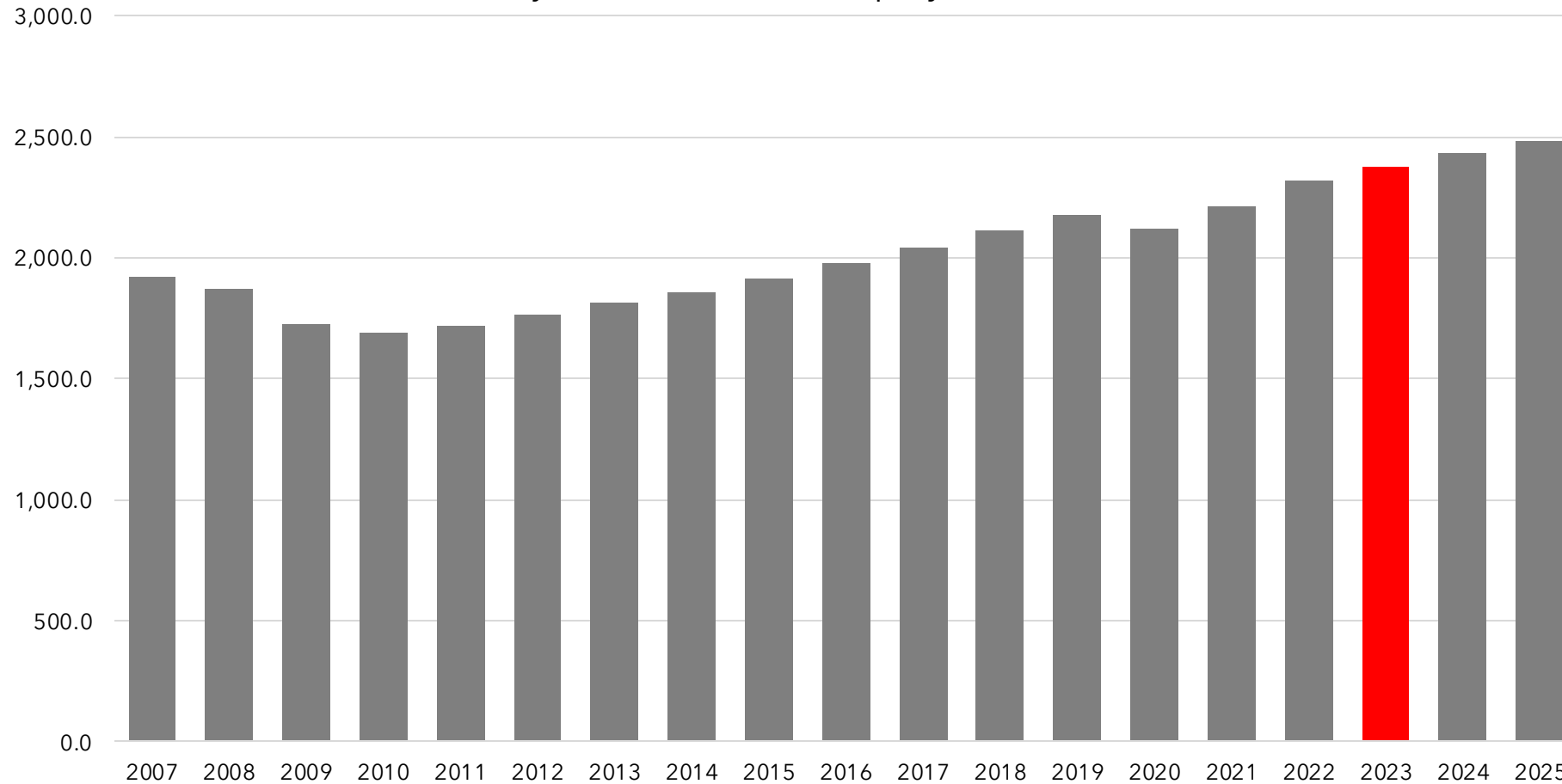
Job Forecast

Greater Phoenix job growth is projected to be 2.27% from 2023 to 2024

Arizona job growth is projected to be 1.85% from 2023 to 2024

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 2023



Inflation and Prices (National)

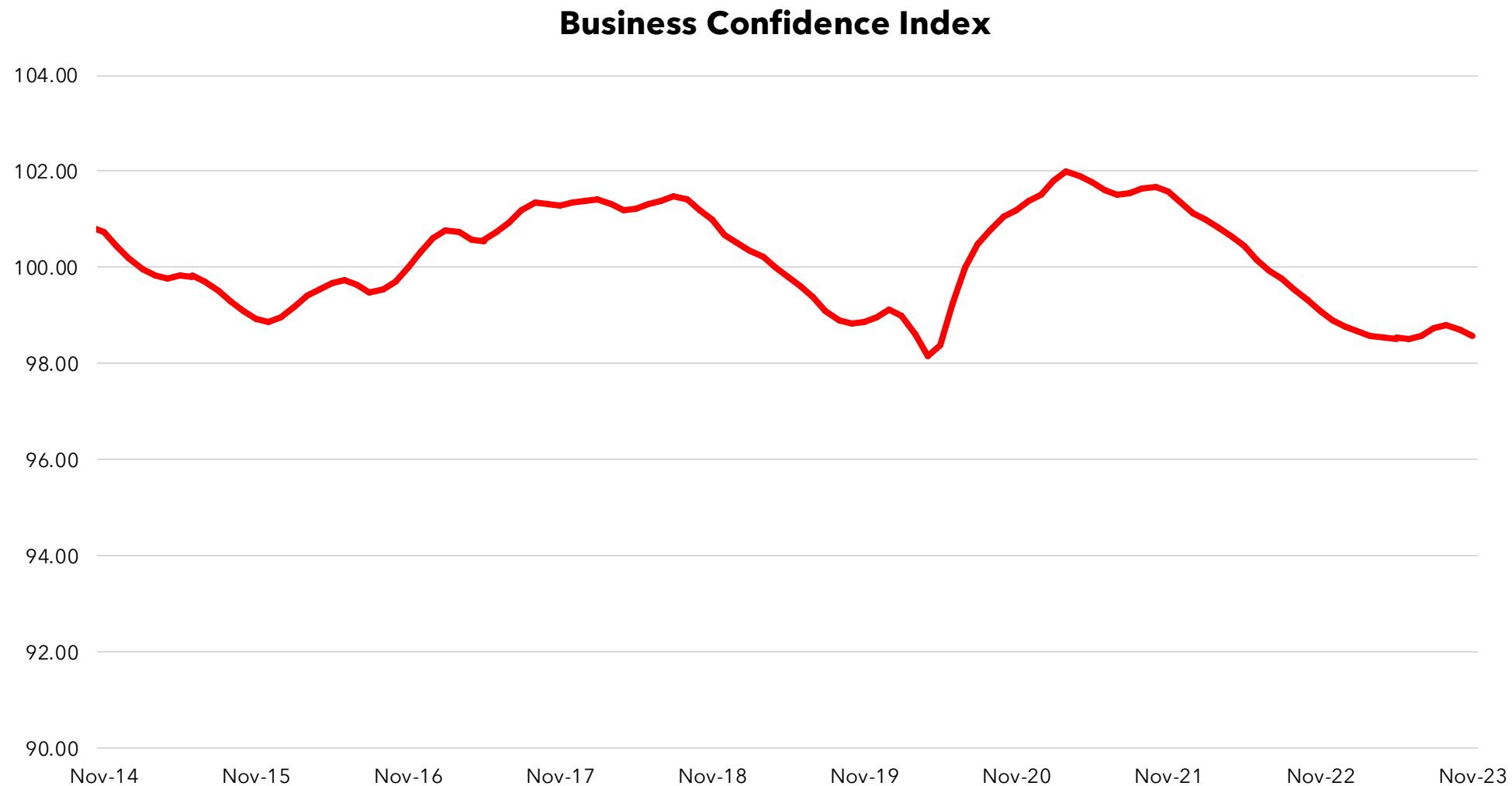
- Inflation reflects the annual percentage change in the cost to an average consumer of acquiring a standard market basket of goods and services. The inflation rate presented below is the year-over-year percentage change which is a measure of the average monthly change in the overall price for goods and services paid by urban consumers
- The most recent inflation rate was 3.1%, 0.1 percentage points lower than the month of October. However, rates remain above the long-term average

Inflation Rates - U.S



Business Confidence Index (National)

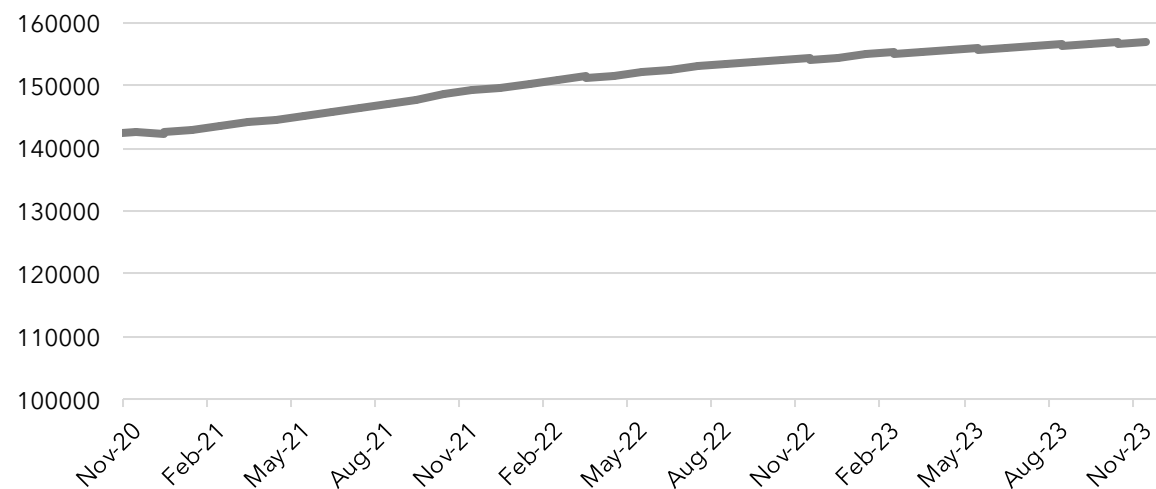
- The Business Confidence Index measures how businesses perceive the economy based on surveys measuring developments in production, orders and stocks of finished goods. Numbers above 100 indicate confidence in future business performance
- The index measured at 98.57 in November, indicating ongoing pessimism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



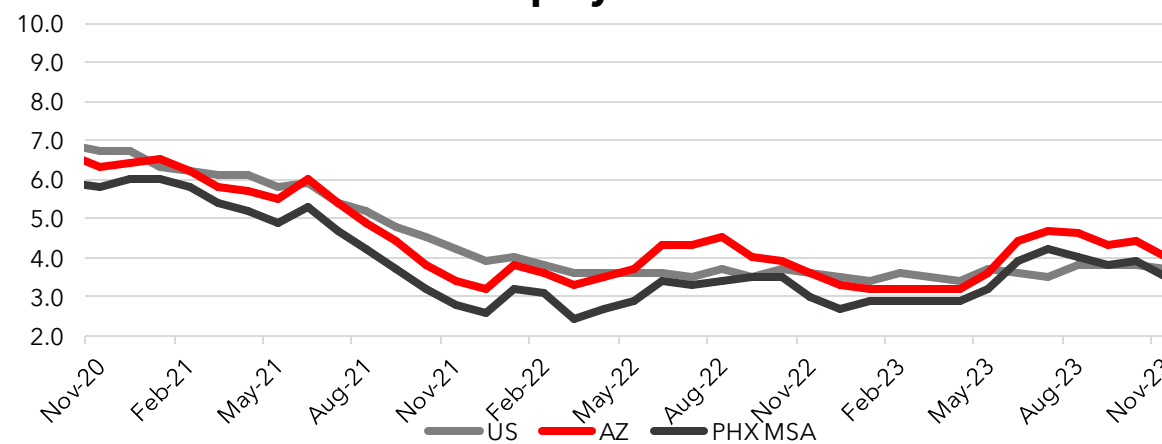
Regional Comparisons: Labor force

- 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 September separations in Arizona, 93,000 were quits and 33,000 were layoffs and discharges, compared to 86,000 quits and 43,000 layoffs and discharges in August

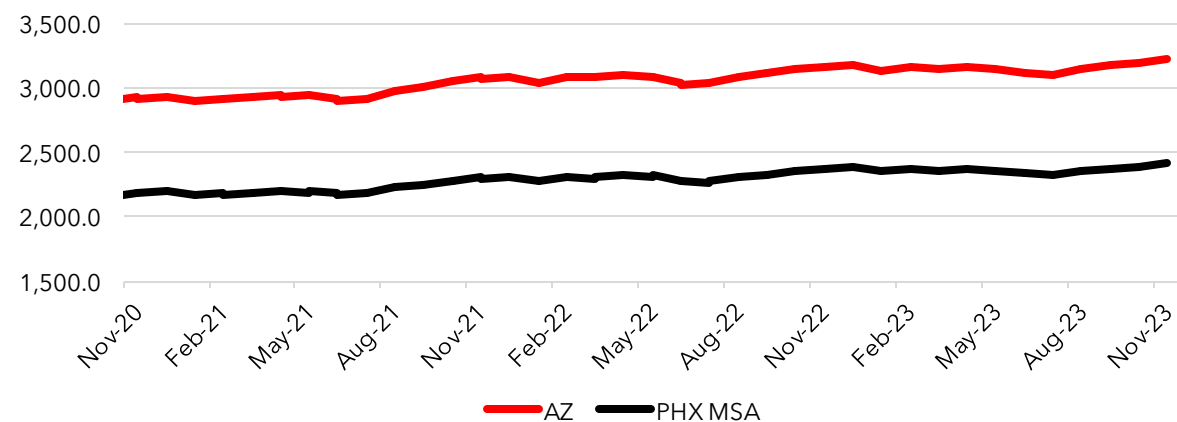
US Nonfarm Employment (000)



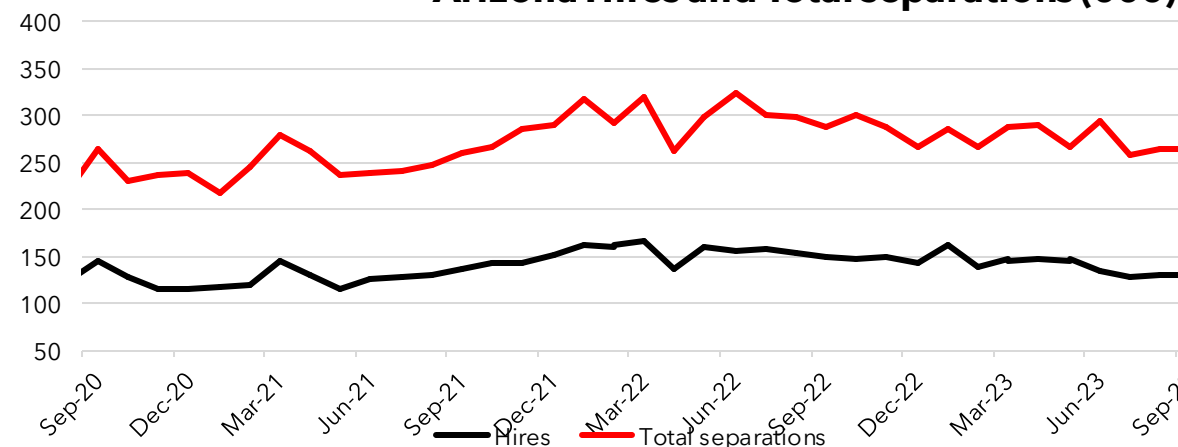
Unemployment Rates



Local and State Nonfarm Employment (000)



Arizona Hires and Total separations (000)



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



Households

Cost of Living

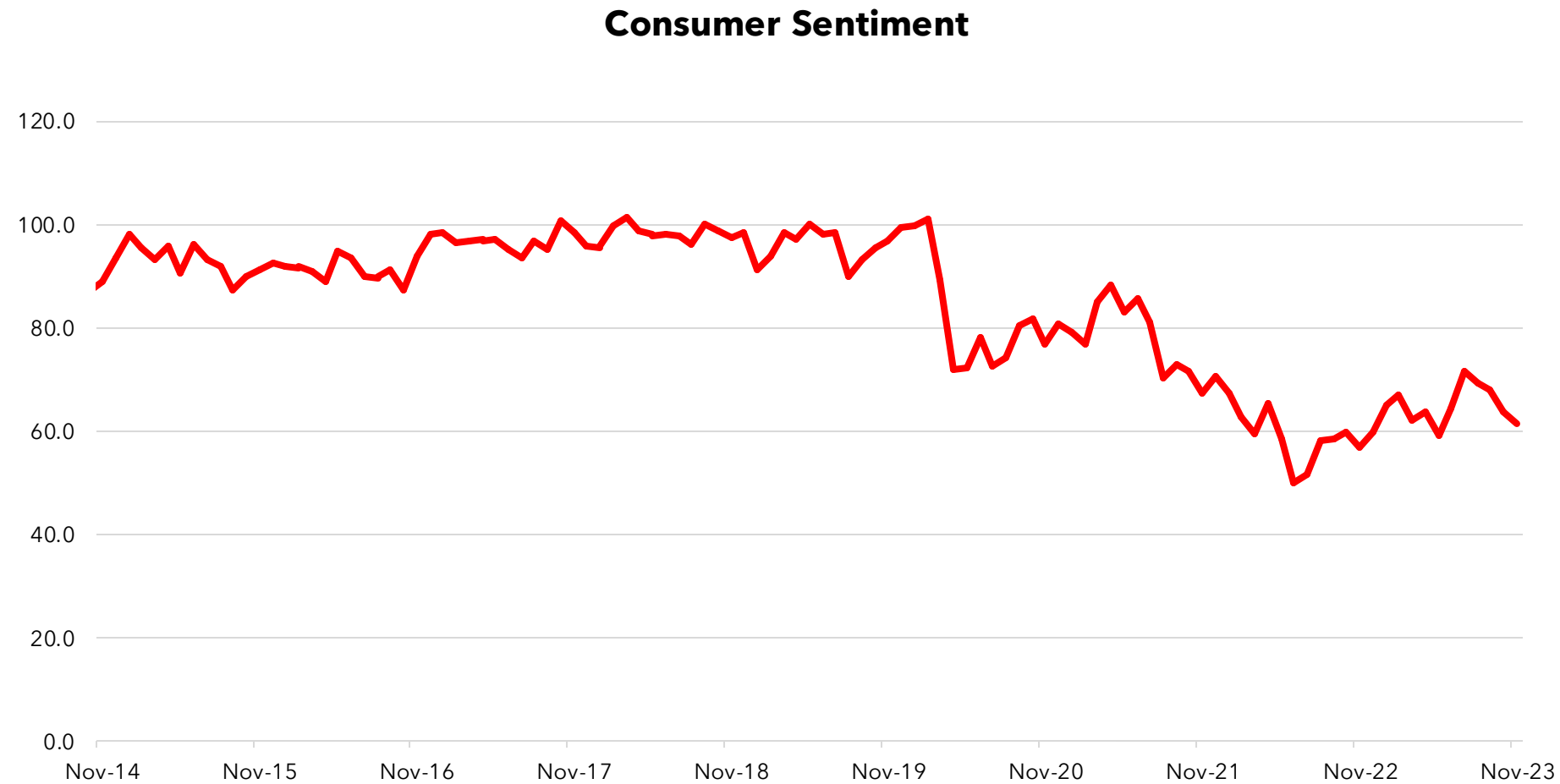
The overall cost of living in Greater Phoenix is 1.7% above the national average.

Cost of Living Comparison for Select Markets

Region	100% Composite Index	15.73% Grocery items	28.10% Housing	9.06% Utilities	8.53% Transportatio n	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)

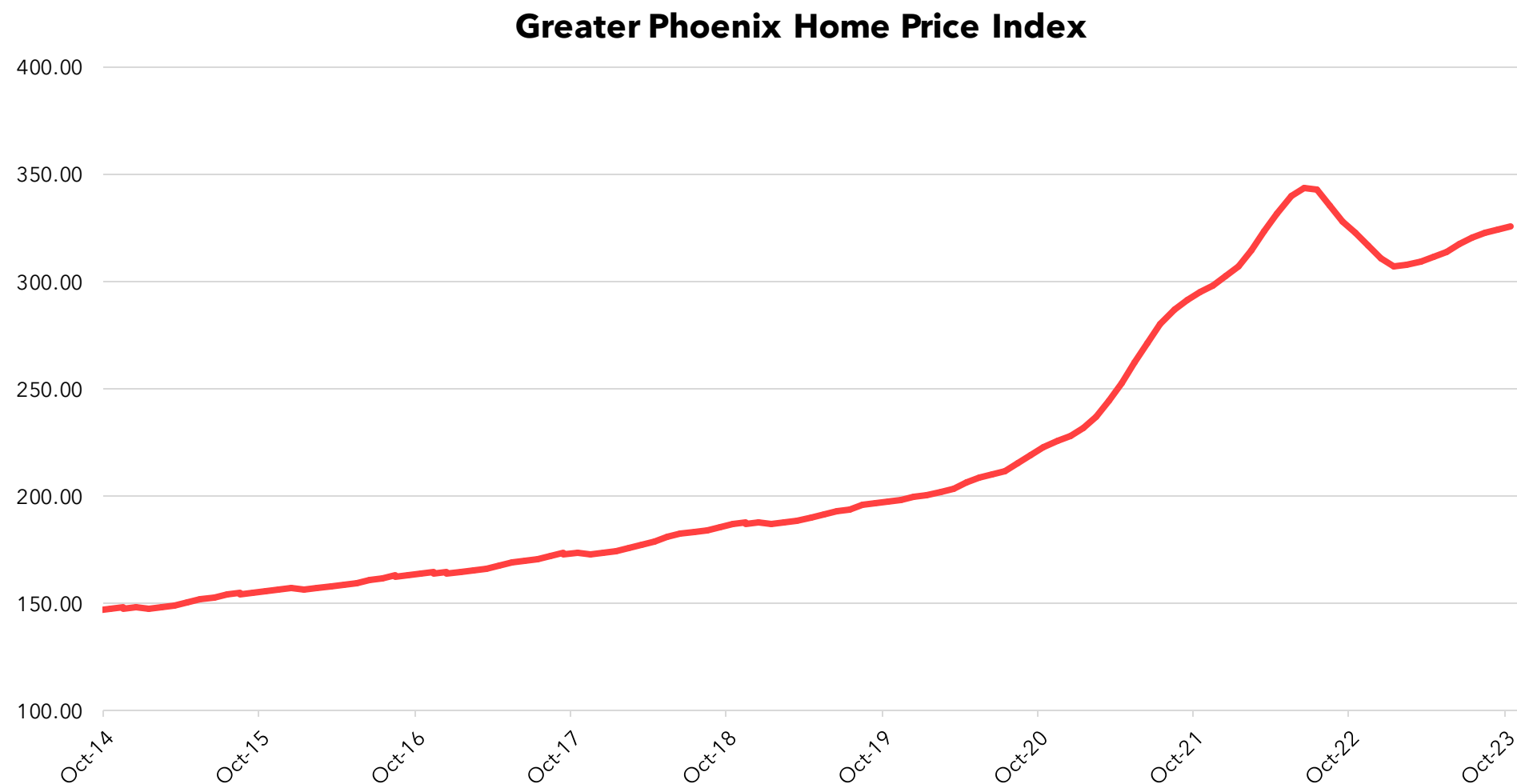
- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 61.3 for the month of November



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. The YoY change is at 0.92% for the month of October

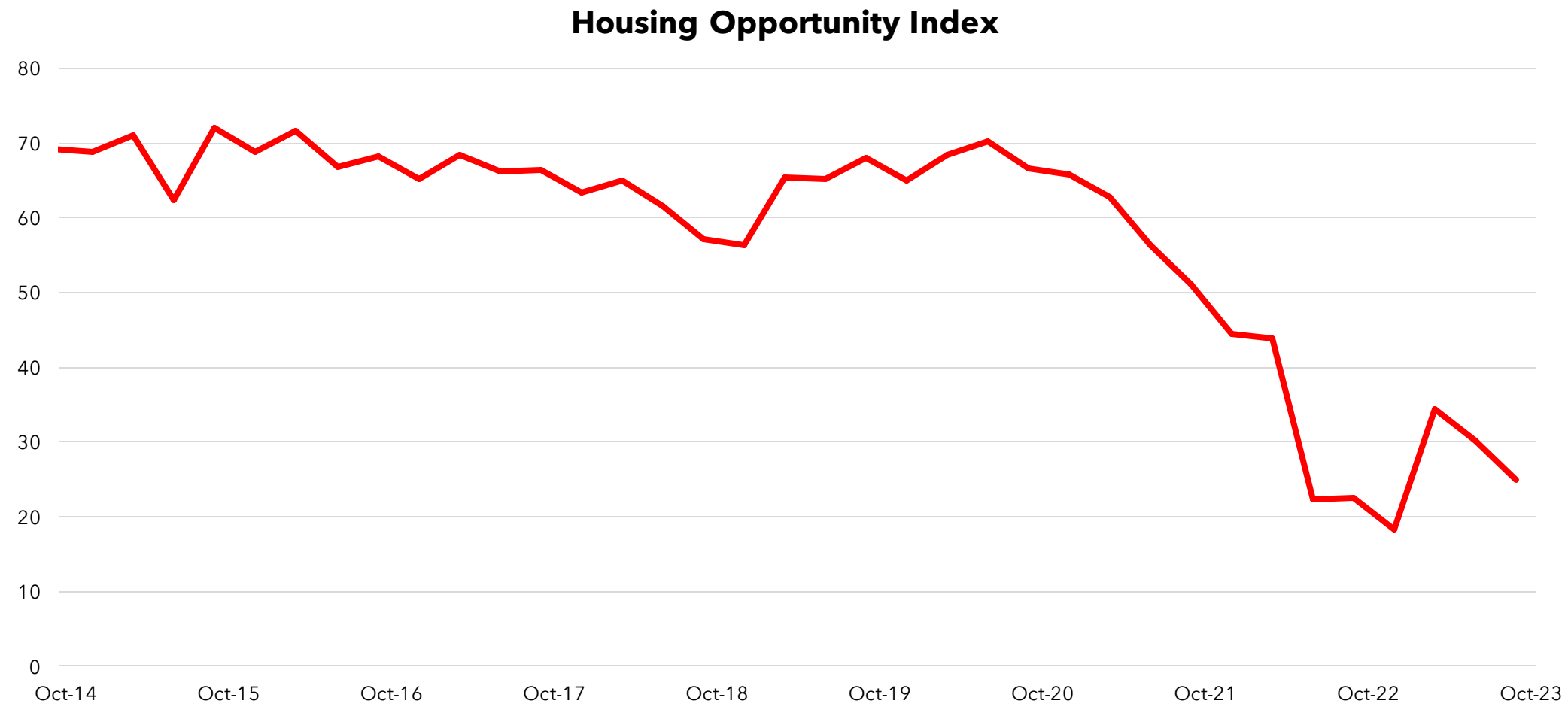


*An index value of 100 equals the home price in January 2000.
Source: S&P/Case-Shiller Home Price Index, December 2023



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
- 24.9% of new and existing homes were sold between the beginning of July and end of September were affordable to households earning a median income of \$99,000



Greater Phoenix Greater Together