

Greater Phoenix Greater Together

SEPTEMBER 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 reduced by 0.3% for the two months ending in August 2024. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 2.3%. Food prices increased 1.7%. Energy prices fell 7.8%, 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 \$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 July 2023 is at 2.87%; Despite home prices being on a steady rise since February 2023, the half-point rate cut in September contributed to a slight decrease in mortgage rates nationwide.

Inflation

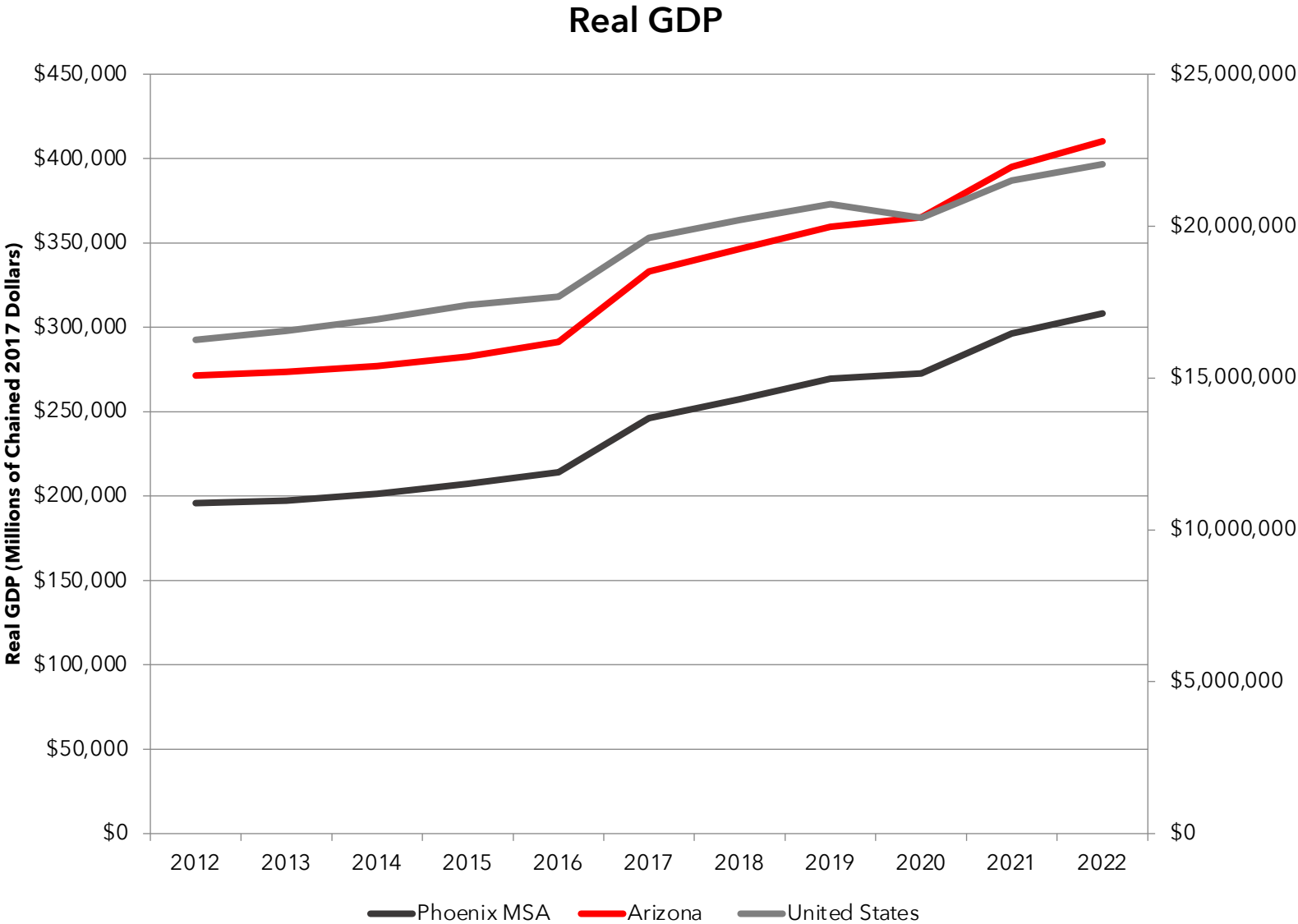
The nation reported an inflation rate of 2.5%; a 0.4 percentage point decrease from July. Greater Phoenix recorded a rate of 2.3%, a 0.4 percentage point decrease from June. Despite national and regional Inflation rates slowing down, the nation is still experiencing high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the US.



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 3.8% from 2021 to 2022
- U.S. real GDP grew 2.5% from 2021 to 2022
- Most recent estimates of GDP indicate a positive economic outlook, with a 3.0% annual growth rate in Q2 2024 nationally. A contrast to the 1.6% increase in Q1 2024.



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 increased by 33,600 compared to July, and increased by 54,600 year over year

Current total nonfarm payroll employment is 2,444,300 jobs; unemployment rate is 3.5%

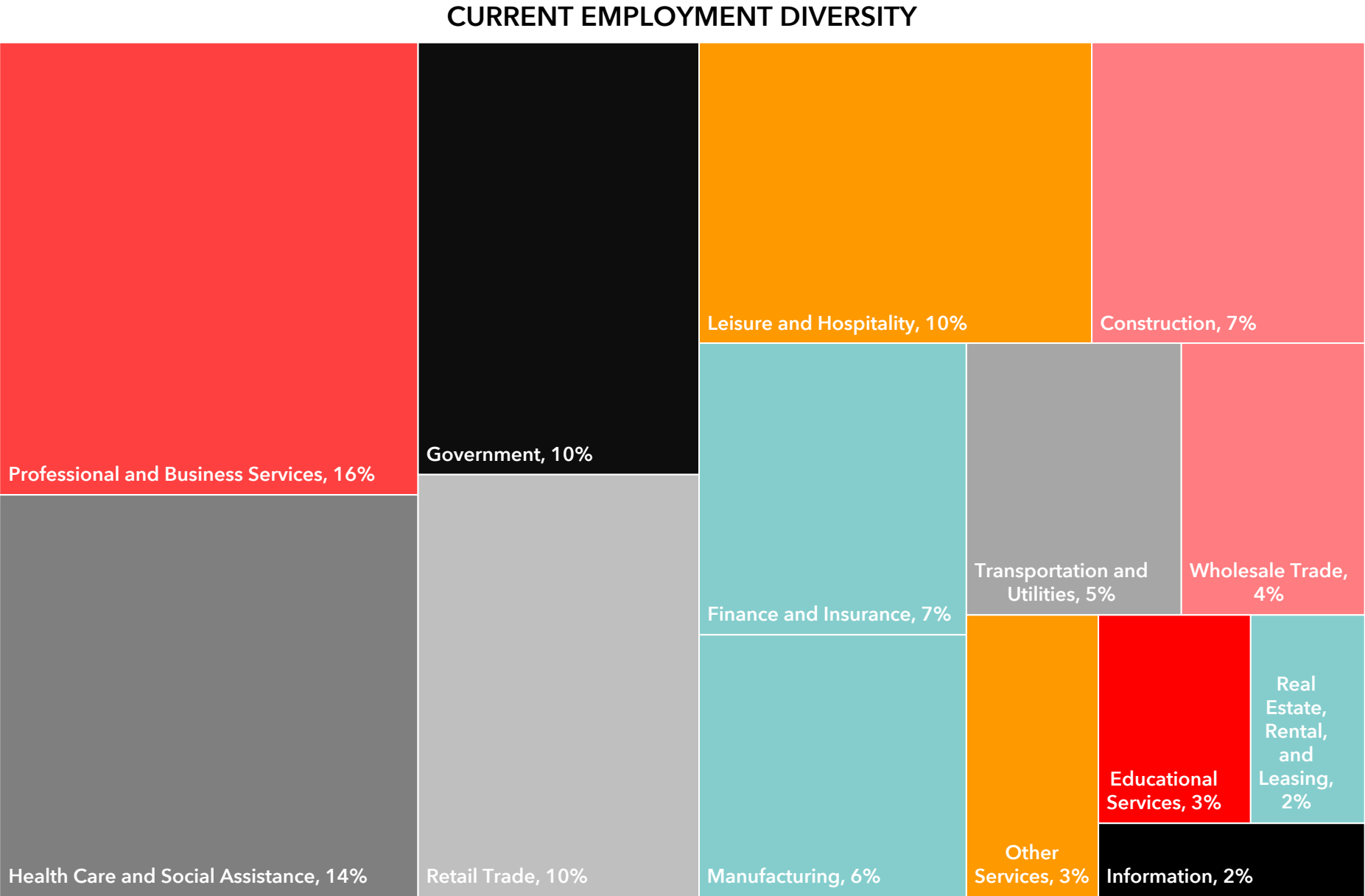


Source AZ Office of Economic Opportunity Labor Statistics, September 2024, not seasonally adjusted, preliminary numbers



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



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



Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Electricians, Medical and Health Services Managers, Restaurant Cooks , and Home Health and Personal Care Aides
- 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 | 14,739 | 15,688 | 948 | 6% |
| Medical and Health Services Managers | 7,749 | 8,224 | 475 | 6% |
| Cooks, Restaurant | 20,635 | 21,654 | 1,019 | 5% |
| Home Health and Personal Care Aides | 54,589 | 57,190 | 2,601 | 5% |
| Medical Assistants | 16,212 | 16,878 | 666 | 4% |
| First-Line Supervisors of Construction Trades and Extraction Workers | 16,238 | 16,896 | 658 | 4% |
| Software Developers | 29,332 | 30,505 | 1,173 | 4% |
| Construction Laborers | 22,206 | 23,084 | 878 | 4% |
| Industrial Truck and Tractor Operators | 13,441 | 13,960 | 518 | 4% |
| Light Truck Drivers | 14,857 | 15,368 | 511 | 3% |
| Laborers and Freight, Stock, and Material Movers, Hand | 52,630 | 54,271 | 1,641 | 3% |
| First-Line Supervisors of Food Preparation and Serving Workers | 18,511 | 19,075 | 563 | 3% |
| Stockers and Order Fillers | 39,641 | 40,841 | 1,201 | 3% |
| Miscellaneous Assemblers and Fabricators | 17,478 | 17,998 | 519 | 3% |
| Postsecondary Teachers | 26,797 | 27,552 | 755 | 3% |
| Registered Nurses | 47,867 | 49,214 | 1,347 | 3% |
| Project Management Specialists | 18,519 | 19,030 | 511 | 3% |
| Maintenance and Repair Workers, General | 24,251 | 24,900 | 650 | 3% |
| Heavy and Tractor-Trailer Truck Drivers | 27,891 | 28,630 | 739 | 3% |
| Receptionists and Information Clerks | 19,095 | 19,597 | 502 | 3% |
| Waiters and Waitresses | 35,431 | 36,304 | 873 | 2% |
| Fast Food and Counter Workers | 73,995 | 75,667 | 1,672 | 2% |
| General and Operations Managers | 69,359 | 70,807 | 1,448 | 2% |
| Office Clerks, General | 36,162 | 36,768 | 606 | 2% |
| Retail Salespersons | 58,135 | 59,107 | 972 | 2% |

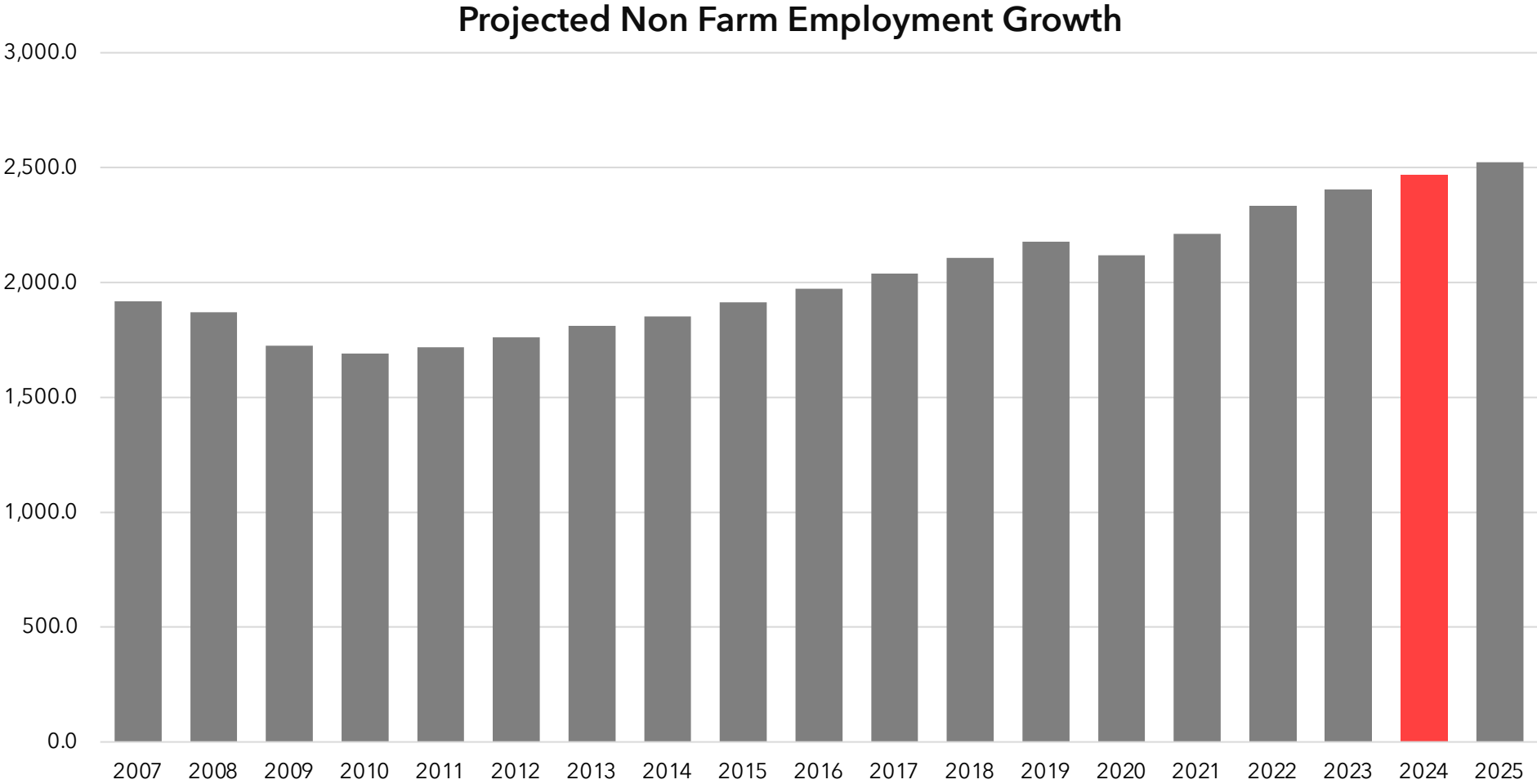


Job Forecast

Greater Phoenix job growth is projected to be 2.27% from 2024 to 2025

Arizona job growth is projected to be 2.15% from 2024 to 2025

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

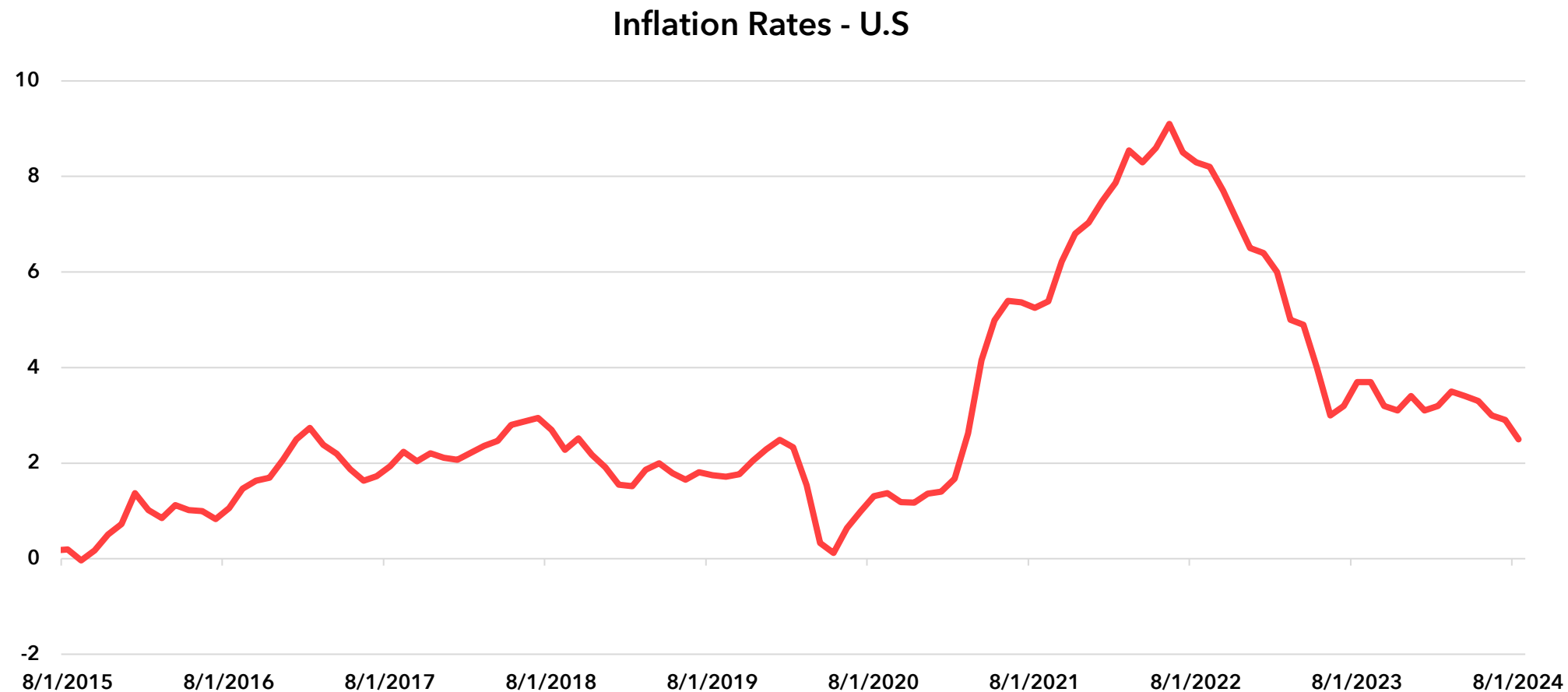


Source: University of Arizona Economic and Business Research Center, September 2024



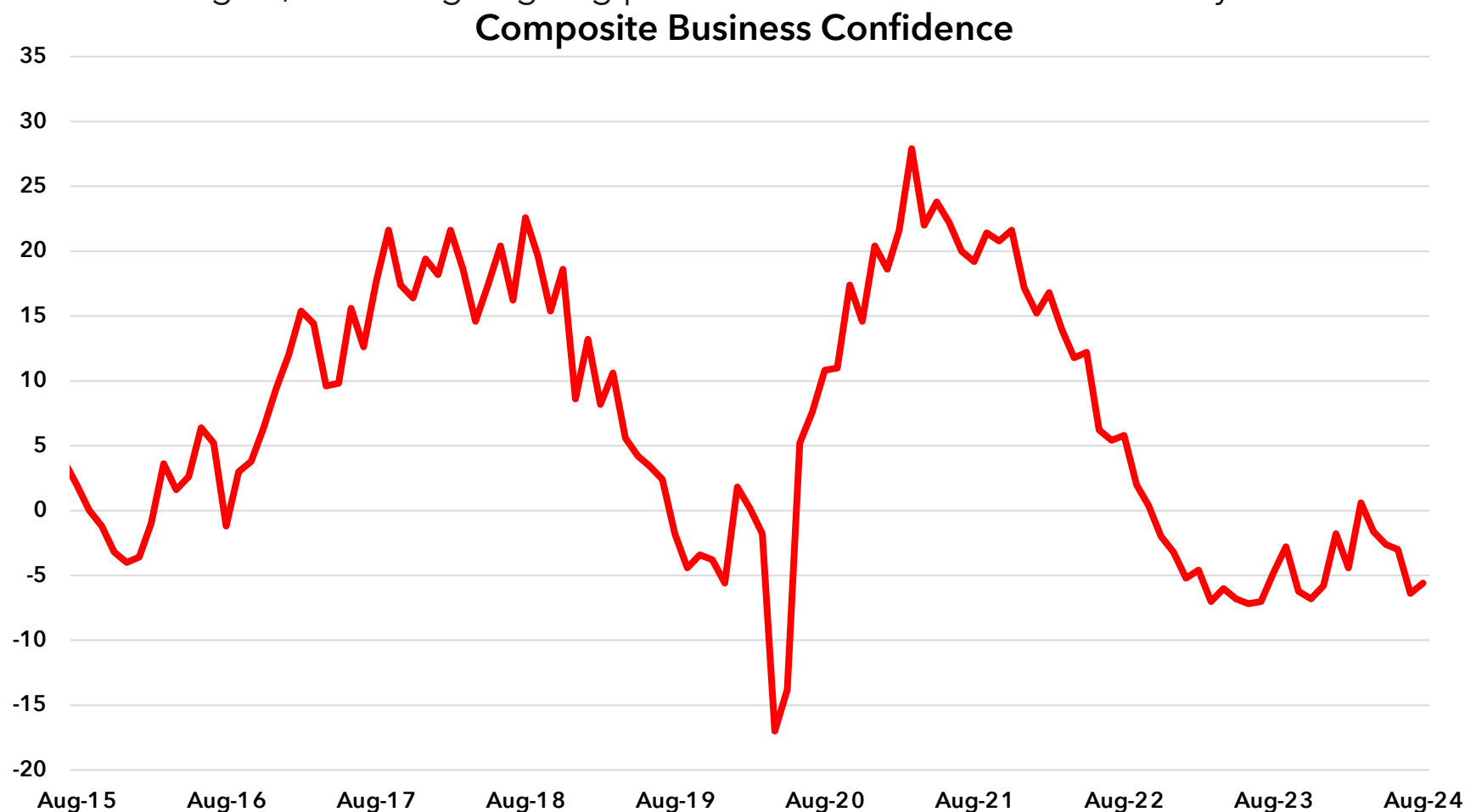
Inflation and Prices (National)

- 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 2.5%, 0.4 percentage points lower than the month of July.



Composite Business Confidence (Manufacturing)

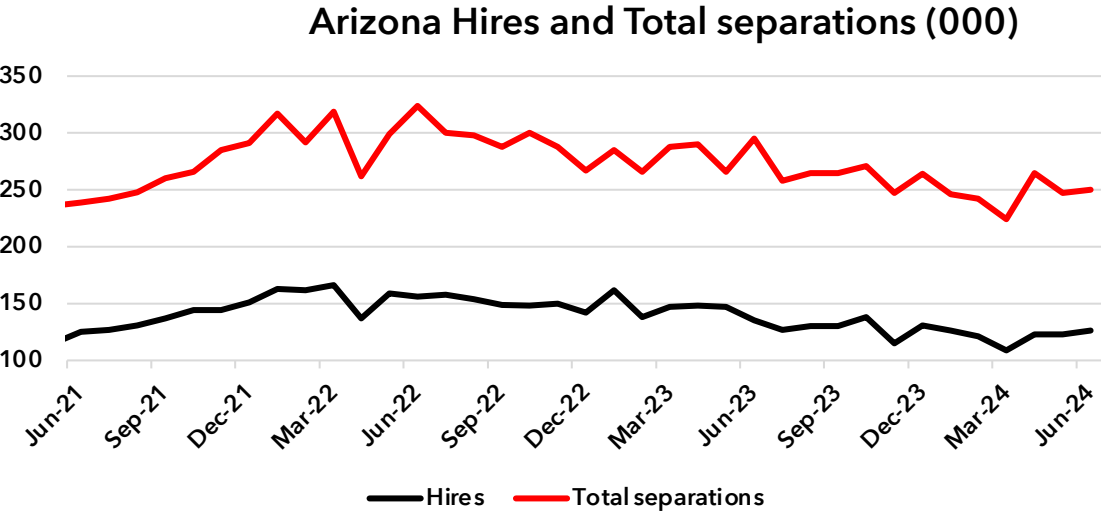
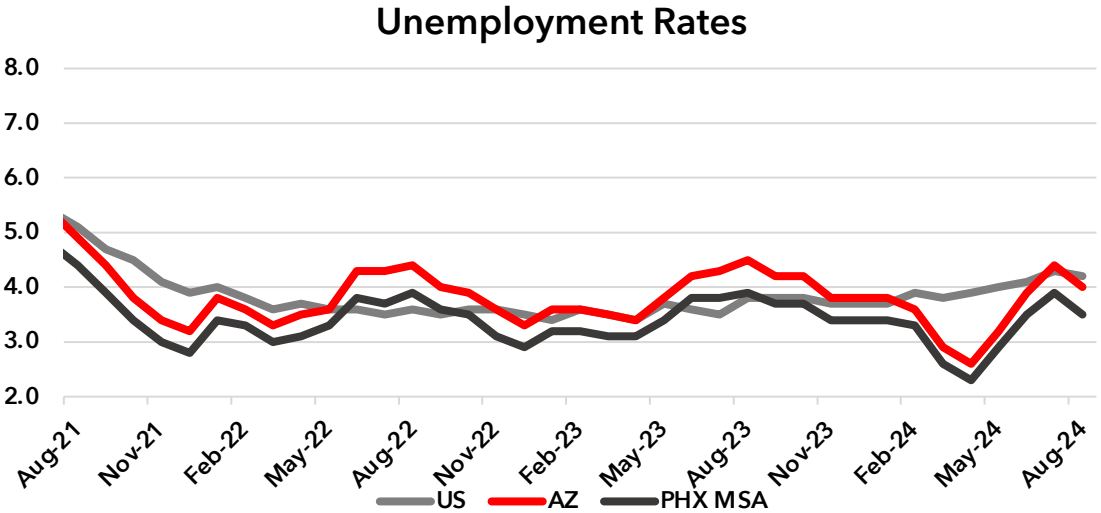
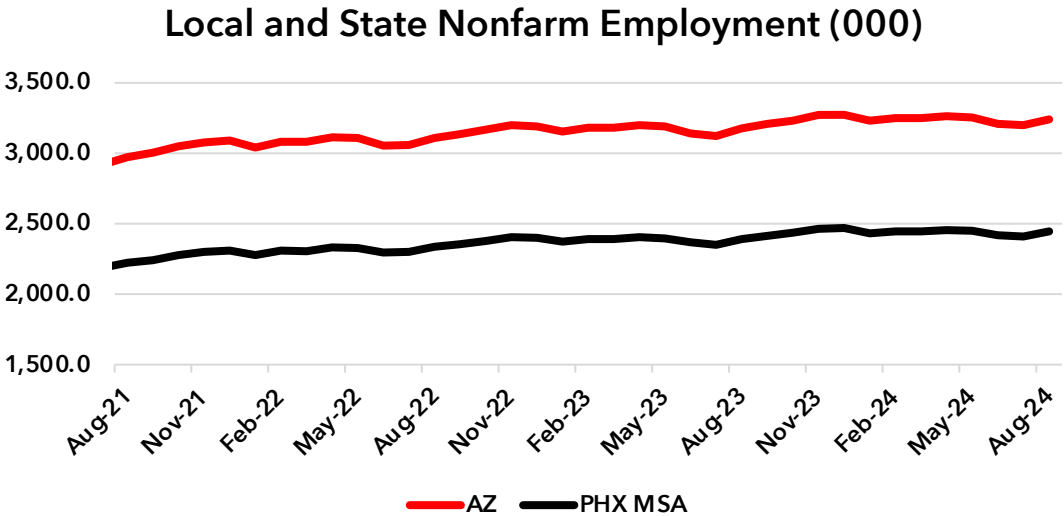
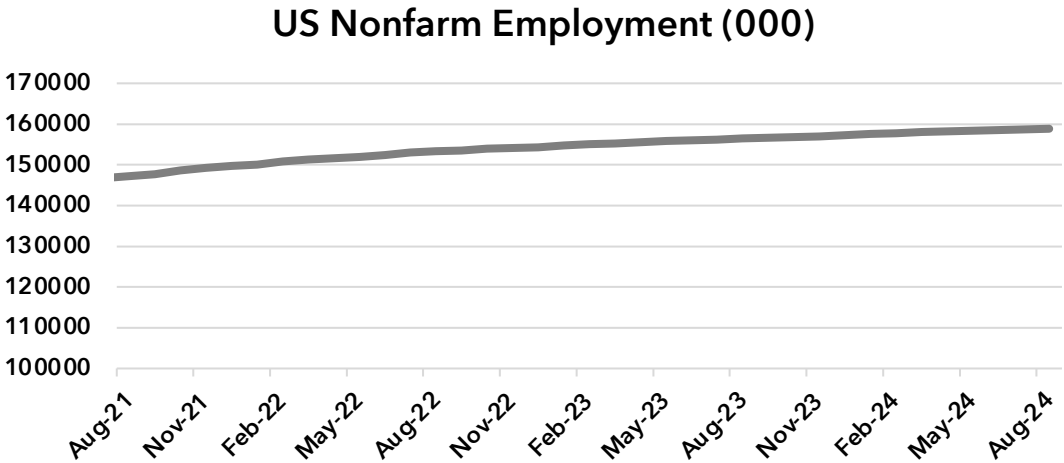
- The Composite Business Confidence is an indicator for business tendencies, based on surveys measuring developments in production, orders and stocks of finished goods in the manufacturing sector. The indicator is exhibited as the percentage of net balances.
- The net balances were at -5.6 in August, 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, September 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 June separations in Arizona, 71,000 were quits and 40,000 were layoffs and discharges, compared to 79,000 quits and 39,000 layoffs and discharges in May



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



Households

Cost of Living

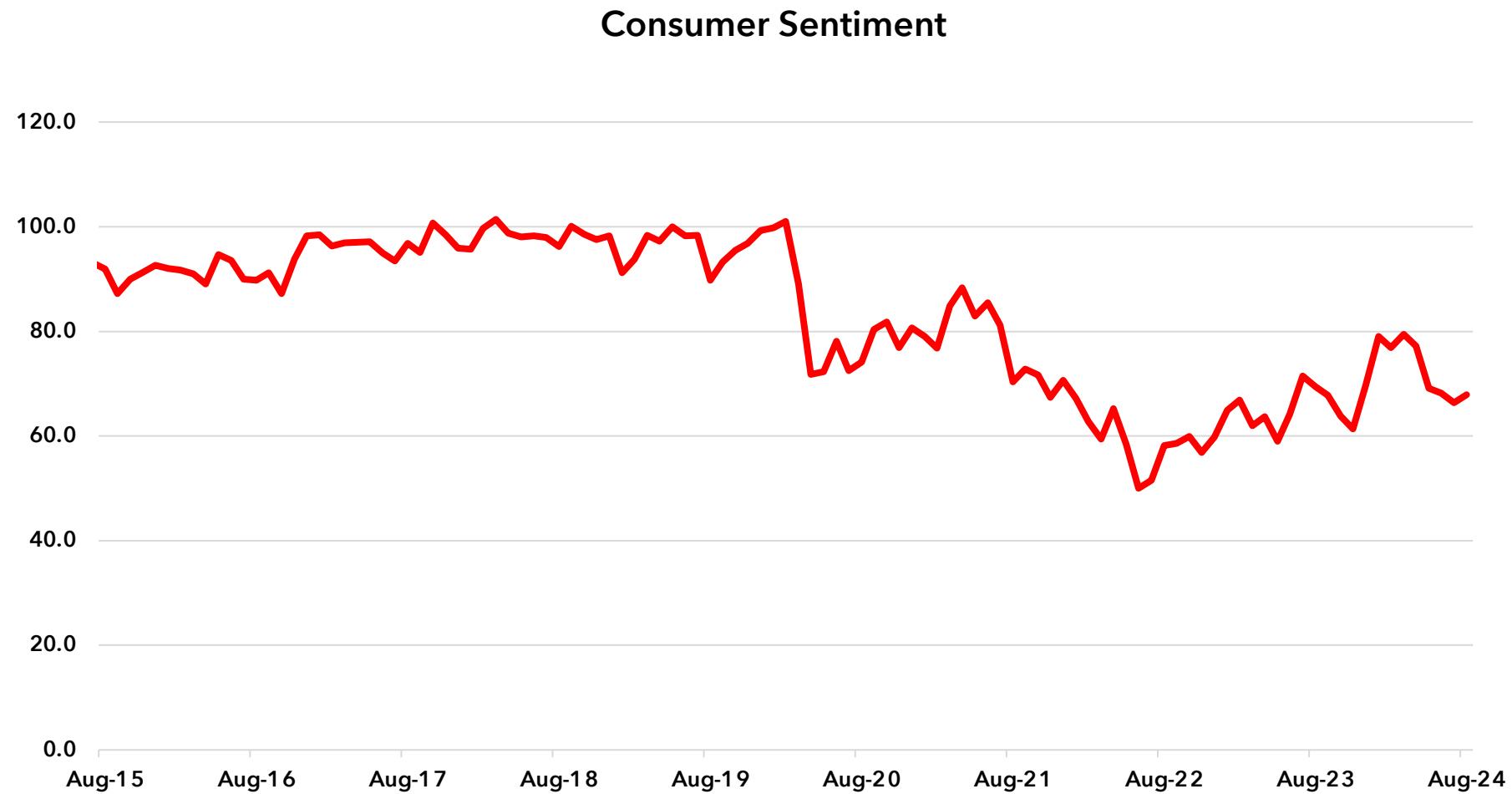
The overall cost of living in Greater Phoenix is 7.3% above the national average.

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 | 93.0 | 99.7 | 75.6 | 93.8 | 94.4 | 91.5 | 104.3 |
| Albuquerque NM | 94.6 | 97.8 | 90.0 | 87.9 | 84.0 | 101.5 | 101.2 |
| Austin TX | 96.6 | 96.4 | 103.9 | 98.9 | 92.6 | 97.0 | 91.3 |
| Dallas TX | 101.6 | 99.0 | 96.6 | 112.5 | 94.4 | 101.9 | 106.3 |
| Phoenix AZ | 107.3 | 102.3 | 116.4 | 108.6 | 115.4 | 91.3 | 101.1 |
| Denver CO | 108.2 | 102.4 | 123.6 | 90.4 | 91.3 | 108.9 | 107.9 |
| Salt Lake City UT | 109.5 | 97.8 | 129.5 | 92.4 | 118.4 | 86.4 | 102.6 |
| Portland OR | 116.0 | 107.9 | 144.5 | 85.8 | 127.6 | 107.2 | 100.9 |
| Arlington VA | 136.2 | 114.7 | 211.2 | 93.4 | 101.9 | 113.2 | 108.2 |
| Seattle WA | 144.1 | 104.6 | 215.7 | 150.4 | 106.5 | 123.2 | 114.7 |
| San Diego CA | 145.6 | 111.0 | 211.9 | 137.7 | 143.7 | 101.5 | 114.0 |
| Boston MA | 146.3 | 112.0 | 214.8 | 100.6 | 128.3 | 127.7 | 124.3 |
| Los Angeles CA | 148.6 | 108.9 | 232.1 | 102.5 | 139.0 | 99.2 | 117.9 |
| San Francisco CA | 167.4 | 126.6 | 263.9 | 156.5 | 149.7 | 125.5 | 118.7 |
| New York (Manhattan) NY | 226.0 | 119.9 | 495.3 | 115.6 | 110.5 | 138.7 | 124.8 |

Consumer Sentiment (National)

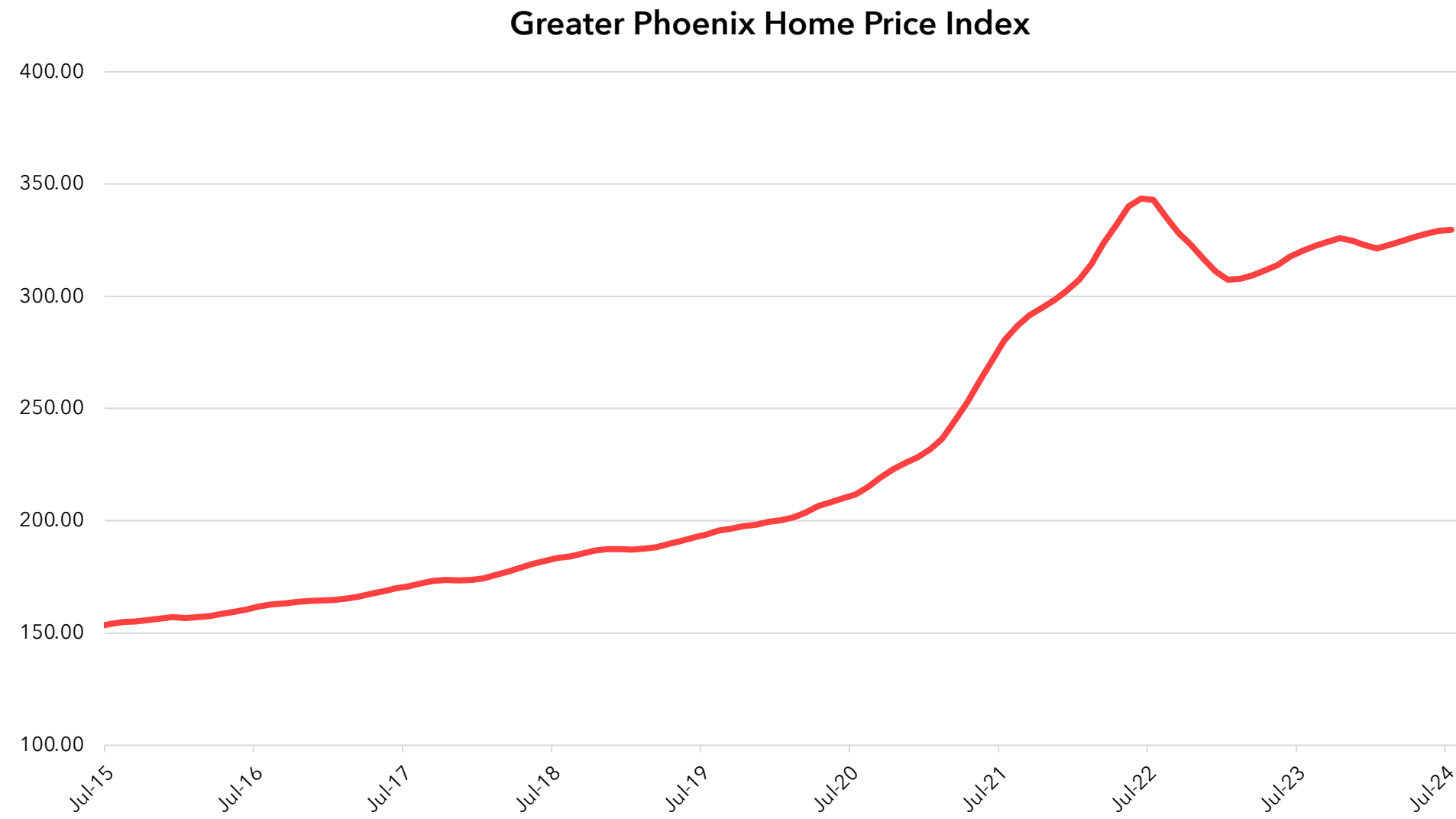
- Consumer sentiment remains at or near its lowest level in the past decade.
- For the month of August, the index increased slightly and is at 67.9 from 66.4 in July



Housing Sector

Housing Prices

- There has been an uptick in home prices since February 2023. The YoY change is at 2.87% for the month of July

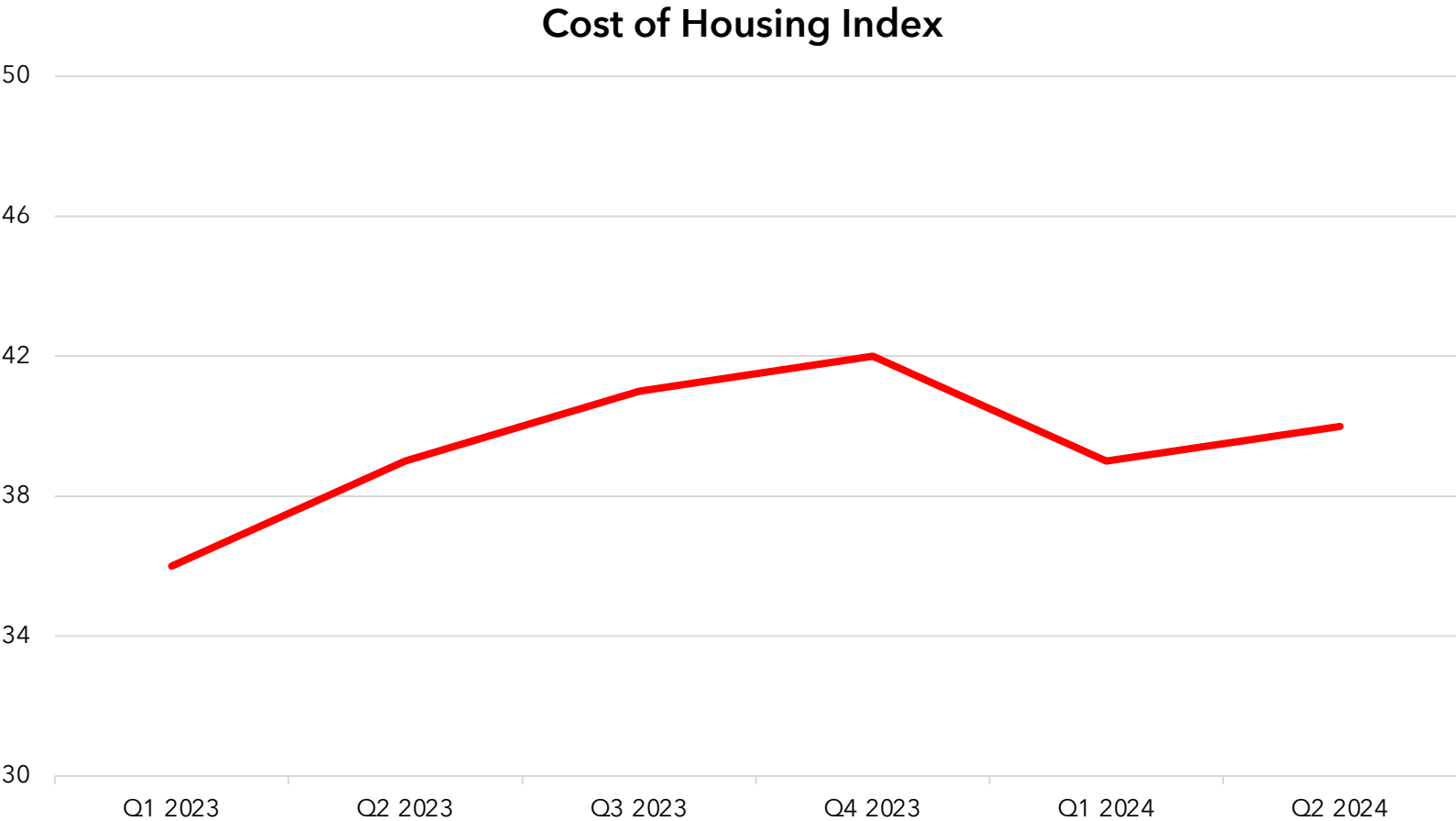


**An index value of 100 equals the home price in January 2000.
Source: S&P/Case-Shiller Home Price Index, September 2024, Not Seasonally adjusted*



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 Q2 2024 reading for the Phoenix MSA indicates that 40% 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 \$480,400
- 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 \$412,300



The cost of Housing Index (CHI) has replaced the Housing Opportunity Index (HOI) which showed the share of homes sold that would have been affordable to a household earning the local median income, based on the standard mortgage underwriting criteria
Source: National Association of Home Builders, August 2024



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