

Greater Phoenix Greater Together

DECEMBER 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 0.1% for the two months ending in October 2024. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 1.6%. Food prices increased 1.5%. Energy prices fell 11.9%, largely the result of a decrease in the price of gasoline. The index for all other items less food and energy rose 2.7% over the year.

Disposable Income

Arizona's annual per capita disposable personal income is currently \$56,293; a 38% increase from 2018 when personal disposable income was \$40,703. 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 October 2023 is at 1.2%; despite the region experiencing a cooling housing market resulting from an increase in interest rates, home prices have been on the rise since February 2023.

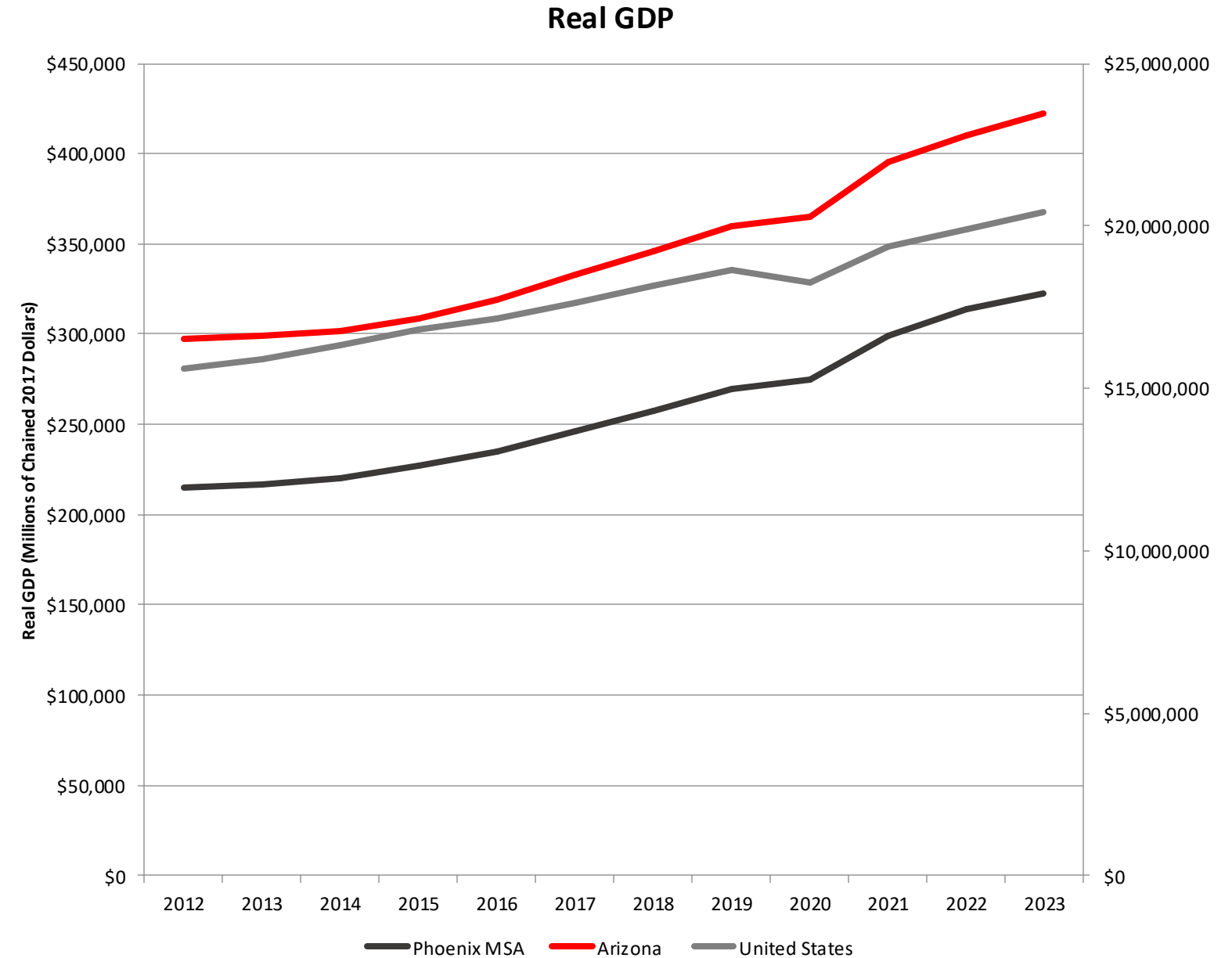
Inflation

The nation reported an inflation rate of 2.7%; 0.1 percentage points increase from October. Greater Phoenix recorded a rate of 1.6%, a 0.7 percentage point decrease from August. 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 2023 was \$322.79 billion, expanding by 2.9% over the previous year
- Arizona real GDP grew 3.0% from 2022 to 2023
- U.S. real GDP grew 2.7% from 2022 to 2023
- Most recent estimates of GDP indicate a positive economic outlook, with a 3.1% annual growth rate in Q3 2024 nationally. A contrast to the 3.0% increase in Q2 2024.



Wage Growth

- In Greater Phoenix and Arizona, overall real personal income grew slower than the national average from 2022 to 2023
- The percentage growth in real per capita personal income from 2022 to 2023 in Greater Phoenix was modestly lower than the national average

Real Personal Income (millions of constant 2017 dollars)

	2022	2023	% Growth
Greater Phoenix	261,076	265,177	1.6%
Arizona	374,593	381,769	1.9%
United States	19,013,960	19,404,132	2.1%

Real Per Capita Personal Income (constant 2017 dollars)

	2022	2023	% Growth
Greater Phoenix	51,998	52,302	0.6%
Arizona	50,856	51,373	1.0%
United States	57,052	57,937	1.6%

Greater Phoenix Employment

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

Jobs have increased by 26,500 compared to October, and increased by 42,900 year over year

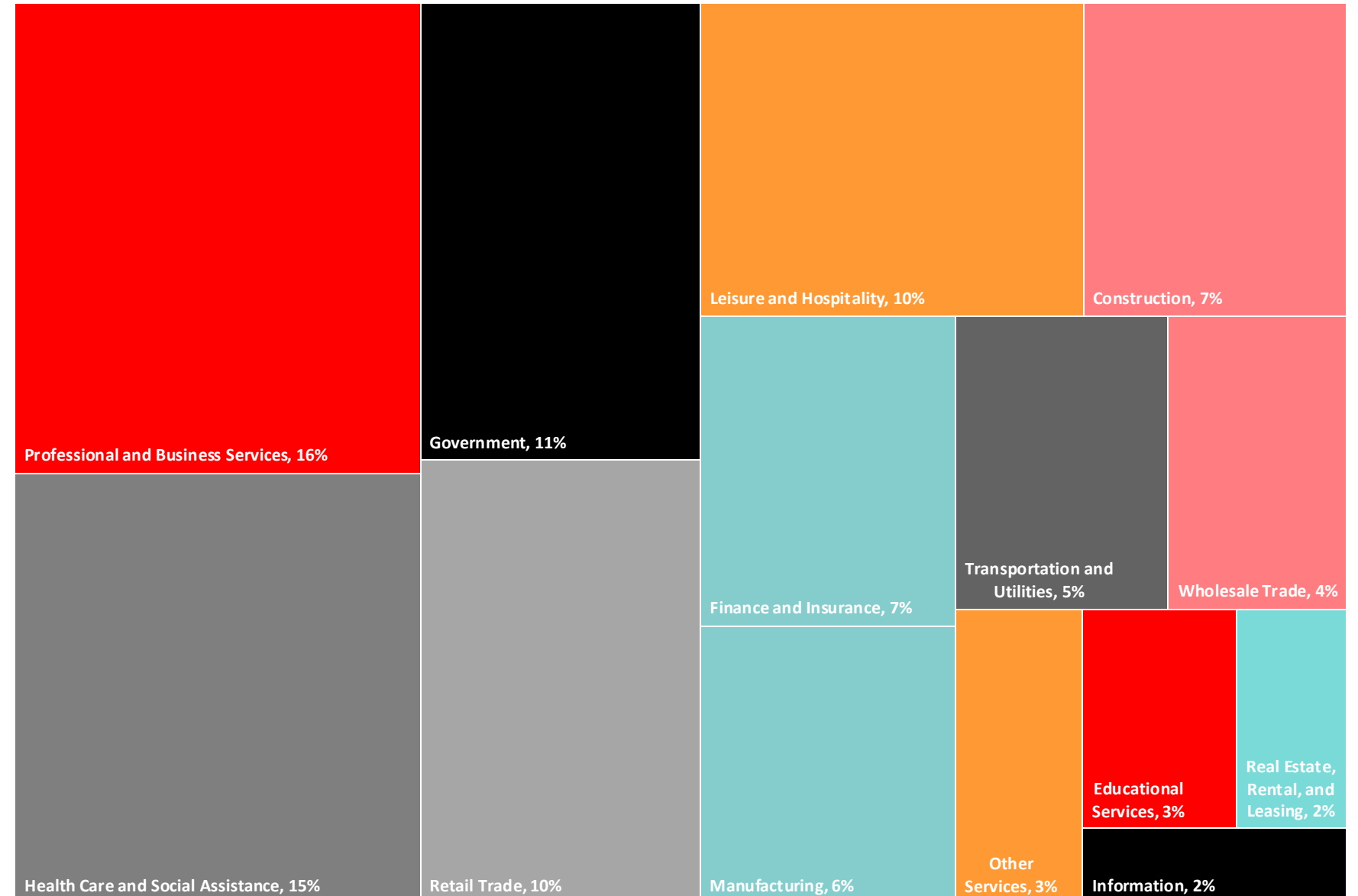
Current total nonfarm payroll employment is 2,507,400 jobs; unemployment rate is 3.5%



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

CURRENT EMPLOYMENT DIVERSITY



Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Electricians, Restaurant Cooks, Home Health and Personal Care Aides and First-Line Supervisors of Construction Trades and Extraction Workers
- 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	14,777	15,749	972	7%
Cooks, Restaurant	20,700	21,755	1,055	5%
Home Health and Personal Care Aides	54,701	57,432	2,731	5%
First-Line Supervisors of Construction Trades and Extraction Workers	16,306	16,988	682	4%
Medical Assistants	16,255	16,922	667	4%
Construction Laborers	22,289	23,198	909	4%
Software Developers	29,413	30,602	1,189	4%
Industrial Truck and Tractor Operators	13,477	13,993	515	4%
Light Truck Drivers	14,887	15,397	510	3%
Stockers and Order Fillers	40,539	41,885	1,347	3%
First-Line Supervisors of Food Preparation and Serving Workers	18,619	19,221	602	3%
Laborers and Freight, Stock, and Material Movers, Hand	52,859	54,493	1,634	3%
Miscellaneous Assemblers and Fabricators	17,529	18,042	513	3%
Postsecondary Teachers	27,747	28,547	800	3%
Project Management Specialists	18,585	19,110	526	3%
Registered Nurses	47,997	49,338	1,341	3%
Heavy and Tractor-Trailer Truck Drivers	27,938	28,708	770	3%
Maintenance and Repair Workers, General	24,366	25,019	653	3%
Receptionists and Information Clerks	19,166	19,674	508	3%
Waiters and Waitresses	35,524	36,440	916	3%

Source: Lightcast 2024 Q4 Dataset, November 2024



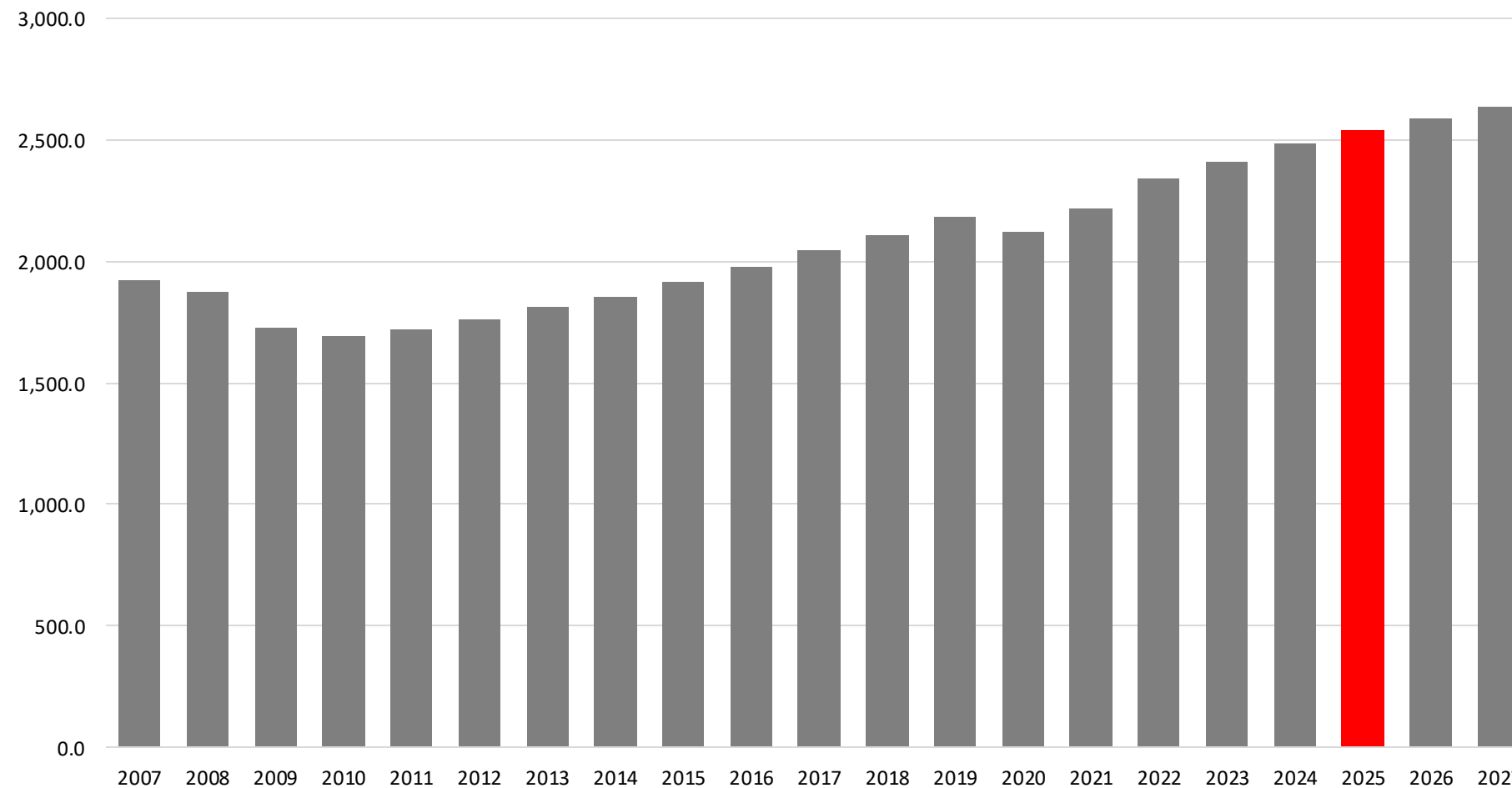
Job Forecast

Greater Phoenix job growth is projected to be 2.03% from 2025 to 2026

Arizona job growth is projected to be 1.95% from 2025 to 2026

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

Projected Non Farm Employment Growth



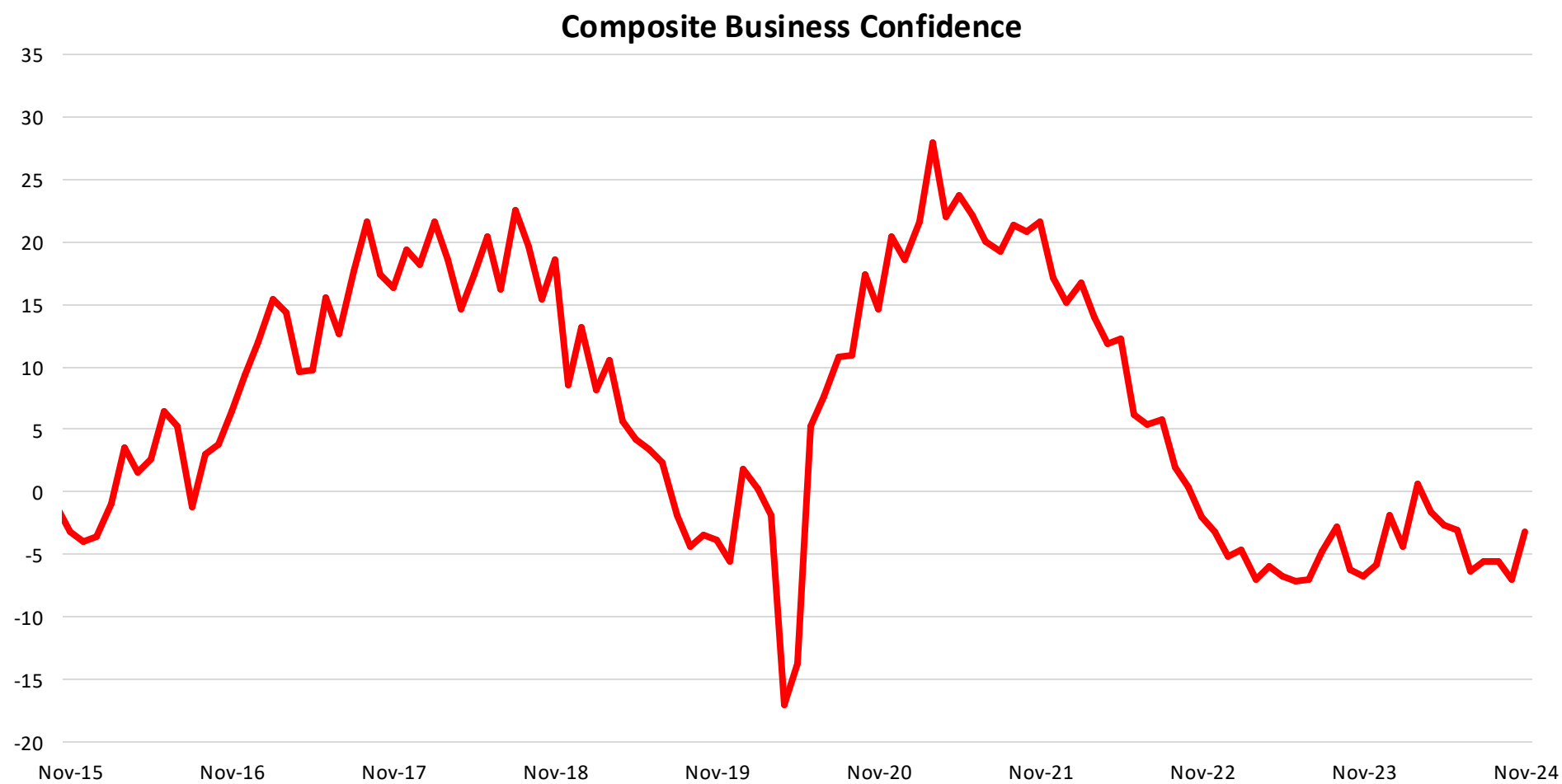
Inflation and Prices (National)

- 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 2.7%, 0.1 percentage points higher than the month of October.



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 -3.2 in November, 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

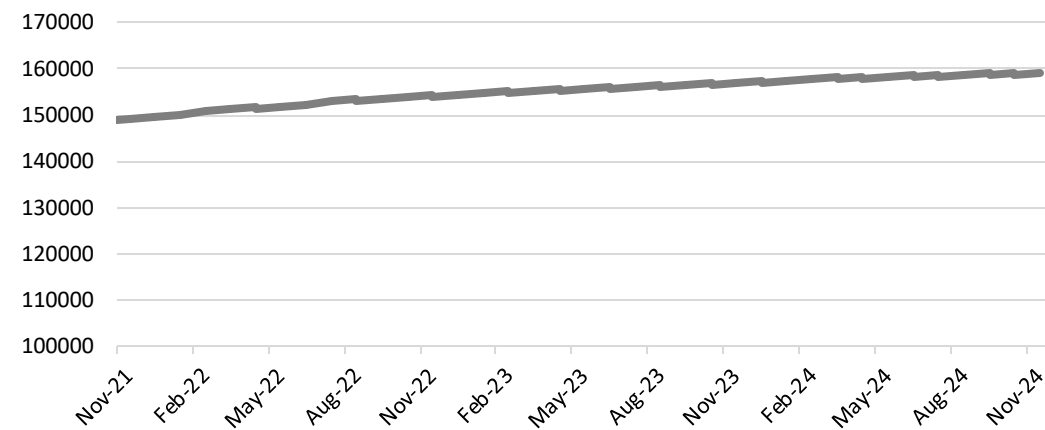
The percentage of net balances quantifies the overall sentiment or trend among respondents; A negative net balance indicates that more respondents are experiencing or expecting declines rather than improvements in the economy while a net balance of zero means that the percentage of positive and negative responses are equal, indicating a neutral outlook

Source: OECD, December 2024

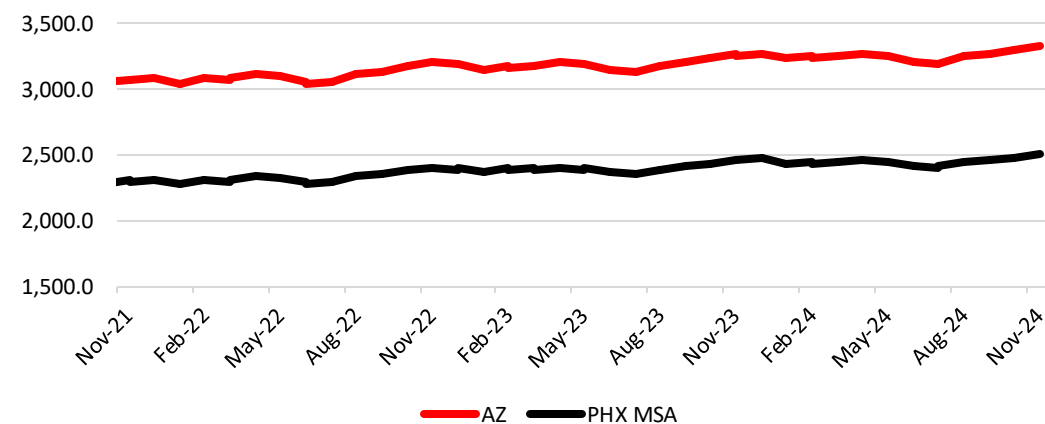
Regional Comparisons: Labor force

- 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 September separations in Arizona, 65,000 were quits and 38,000 were layoffs and discharges, compared to 72,000 quits and 35,000 layoffs and discharges in August

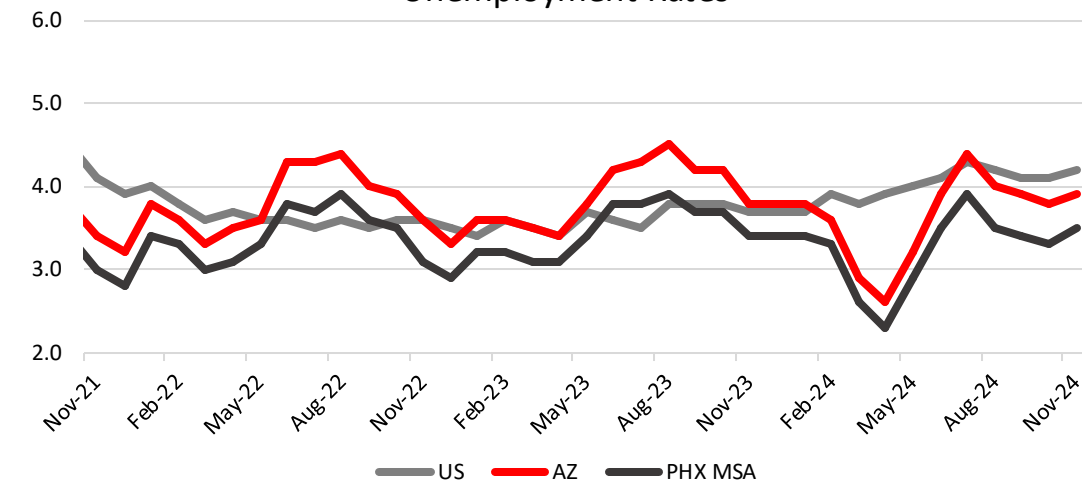
US Nonfarm Employment (000)



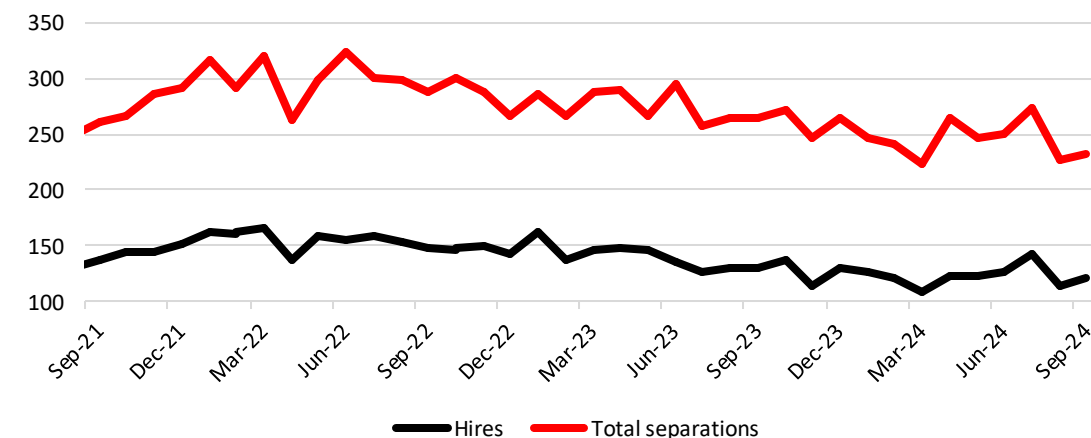
Local and State Nonfarm Employment (000)



Unemployment Rates



Arizona Hires and Total separations (000)



Households

Cost of Living

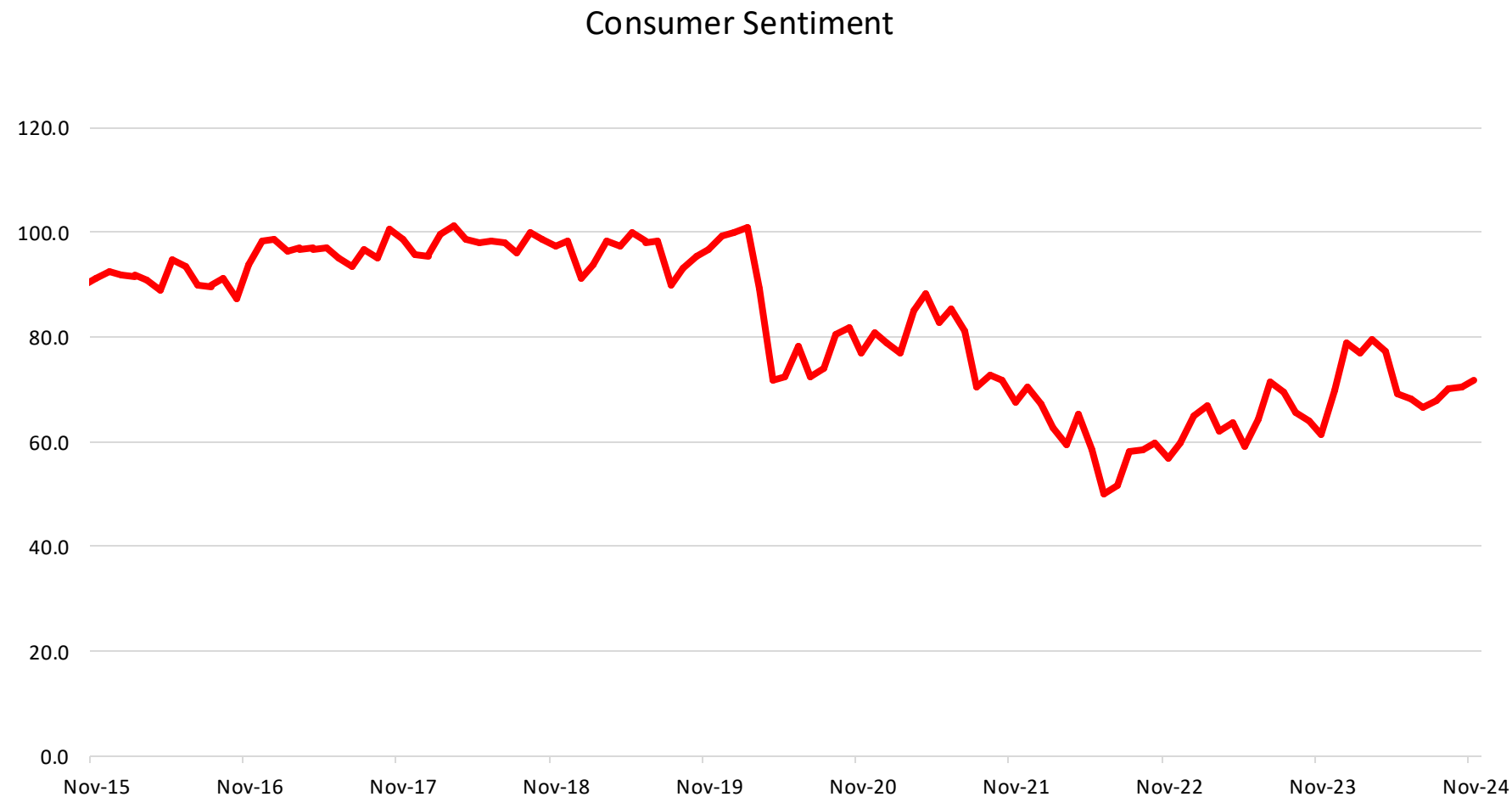
The overall cost of living in Greater Phoenix is 7.2% above the national average.

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	94.7	98.3	81.2	91.0	94.6	103.0	104.3
Albuquerque NM	95.0	97.8	88.7	83.8	87.7	107.0	102.7
Austin TX	96.6	95.8	102.5	98.9	98.0	97.6	90.9
Dallas TX	100.8	98.7	90.8	120.8	90.0	107.9	107.3
Phoenix AZ	107.2	103.3	116.6	109.3	100.2	89.6	105.2
Denver CO	108.8	100.9	122.1	88.9	101.0	110.4	108.6
Salt Lake City UT	109.5	98.6	129.7	101.7	113.4	89.8	100.9
Portland OR	115.3	103.9	145.1	89.2	121.3	110.4	100.8
Arlington VA	133.8	110.5	206.1	92.6	107.0	116.3	105.3
Seattle WA	144.0	107.5	212.0	101.4	126.7	127.7	121.9
San Diego CA	146.5	111.7	213.2	149.5	136.2	104.0	114.2
Boston MA	146.9	104.5	226.0	146.1	109.5	130.1	113.6
Los Angeles CA	148.7	109.3	233.1	104.7	126.8	99.3	120.6
San Francisco CA	162.7	122.2	252.0	158.8	133.8	130.4	120.3
New York (Manhattan) NY	229.9	117.0	499.7	112.5	124.6	150.2	128.8

Consumer Sentiment (National)

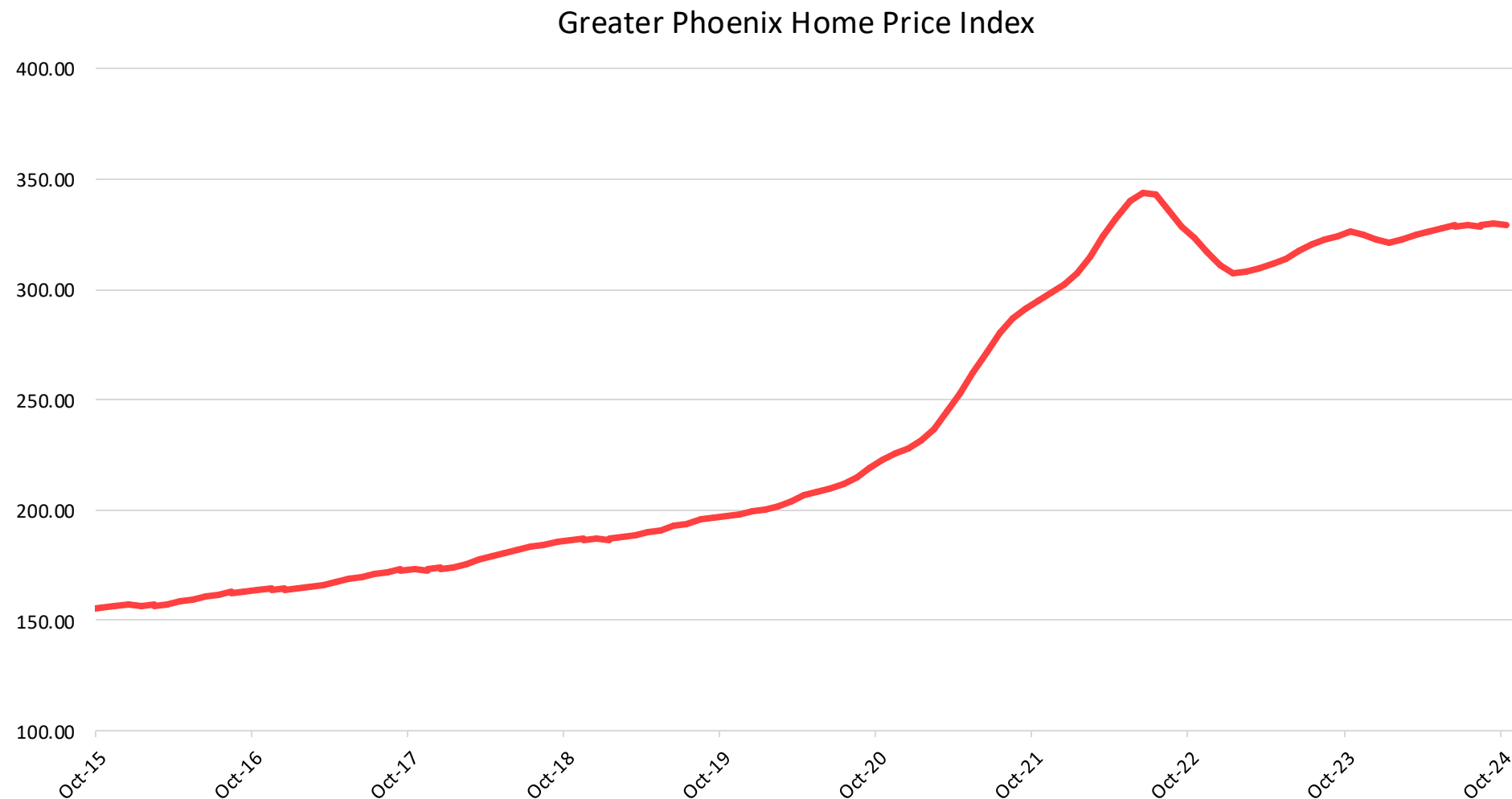
- Consumer sentiment remains at or near its lowest level in the past decade.
- For the month of November, the index increased slightly and is at 71.8 from 70.5 in October



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%
- There has been an uptick in home prices since February 2023. The YoY change is at 1.2% for the month of October

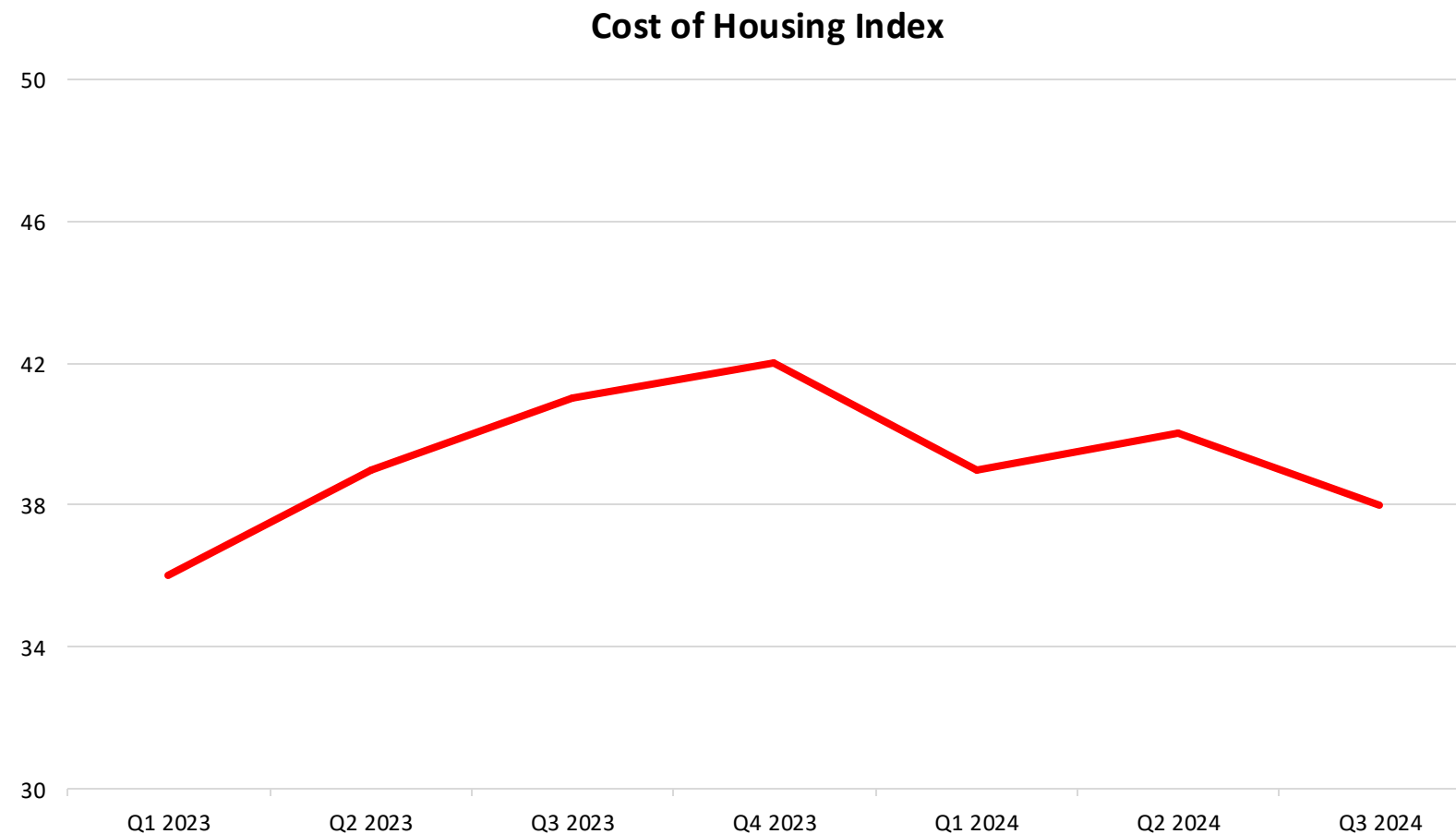


**An index value of 100 equals the home price in January 2000.*

Source: S&P/Case-Shiller Home Price Index, December 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 Q3 2024 reading for the Phoenix MSA indicates that 38% 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 \$469,500
- 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 \$420,400



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, November 2024



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