

Greater Phoenix Greater Together

MARCH 2025

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 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 by 0.9% for the two months ending in February 2025. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) increased by 1.8%. Food prices increased 2.3%. Energy prices rose 3.9%. The index for all other items less food and energy rose 1.6% 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 January 2024 is at 2.74%; home prices in have been on the rise since February 2023.

Inflation

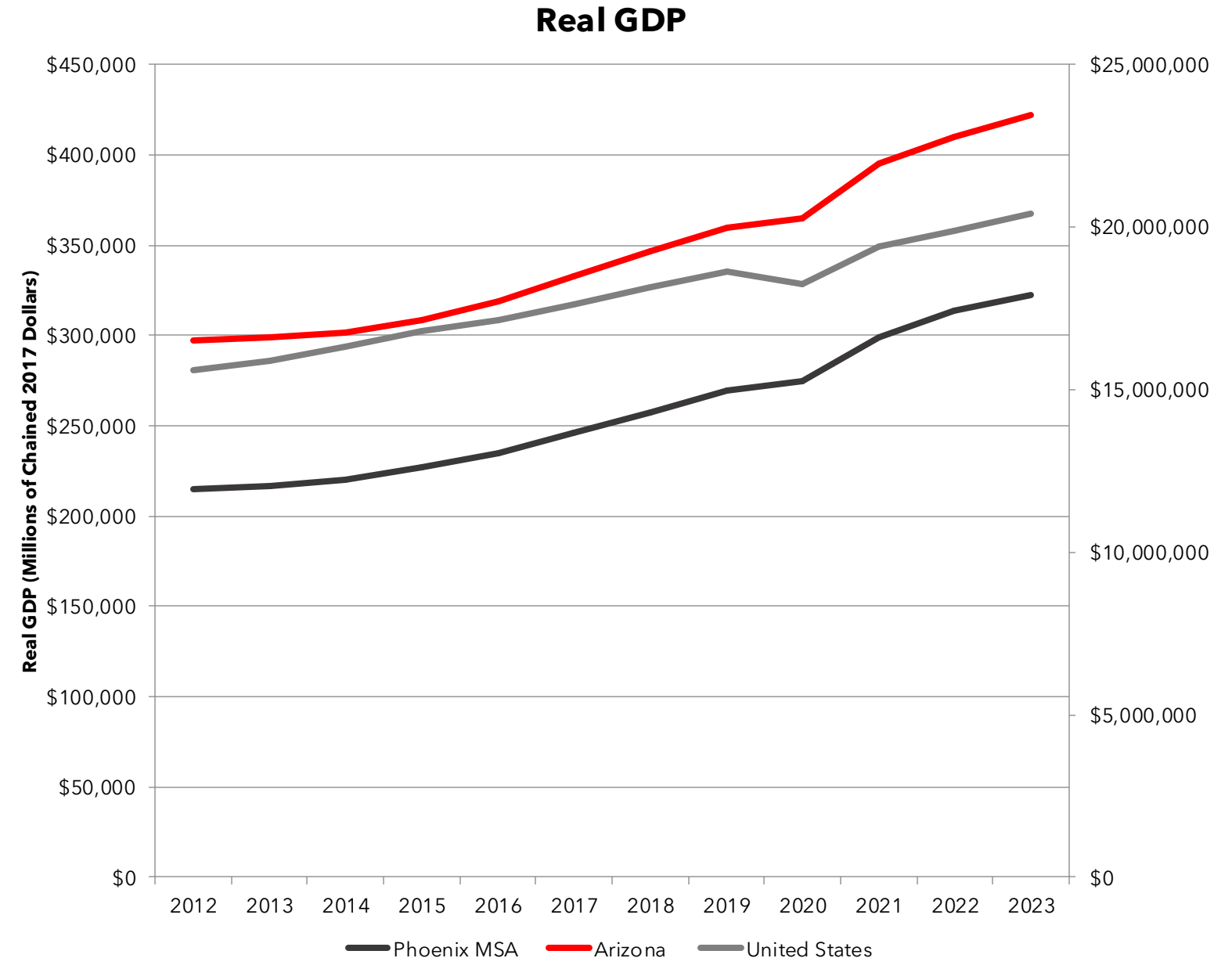
The nation reported an inflation rate of 2.8% in February; 0.2 percentage points decrease from January. Greater Phoenix recorded a rate of 1.8% in February, an increase of 0.2 percentage points from December. Despite national and regional Inflation rates slowing down, the nation is still experiencing high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the US.

An aerial photograph of a dense urban skyline, featuring numerous skyscrapers and buildings. A large, semi-transparent red arrow graphic points from the left towards the right, partially obscuring the city view. The text "Economic Activity" is overlaid on the left side of the image in a large, white, sans-serif font. In the bottom right corner, there is a small logo consisting of a stylized "G" followed by a right-pointing arrow.

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 slowing but still positive economic outlook, with a 2.4% annual growth rate in Q4 2024 nationally, a contrast to the 3.1% increase in Q3 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 reduced by 7,500 compared to January, and increased by 15,100 year over year

Current total nonfarm payroll employment is 2,462,000 jobs; unemployment rate is 3.6%



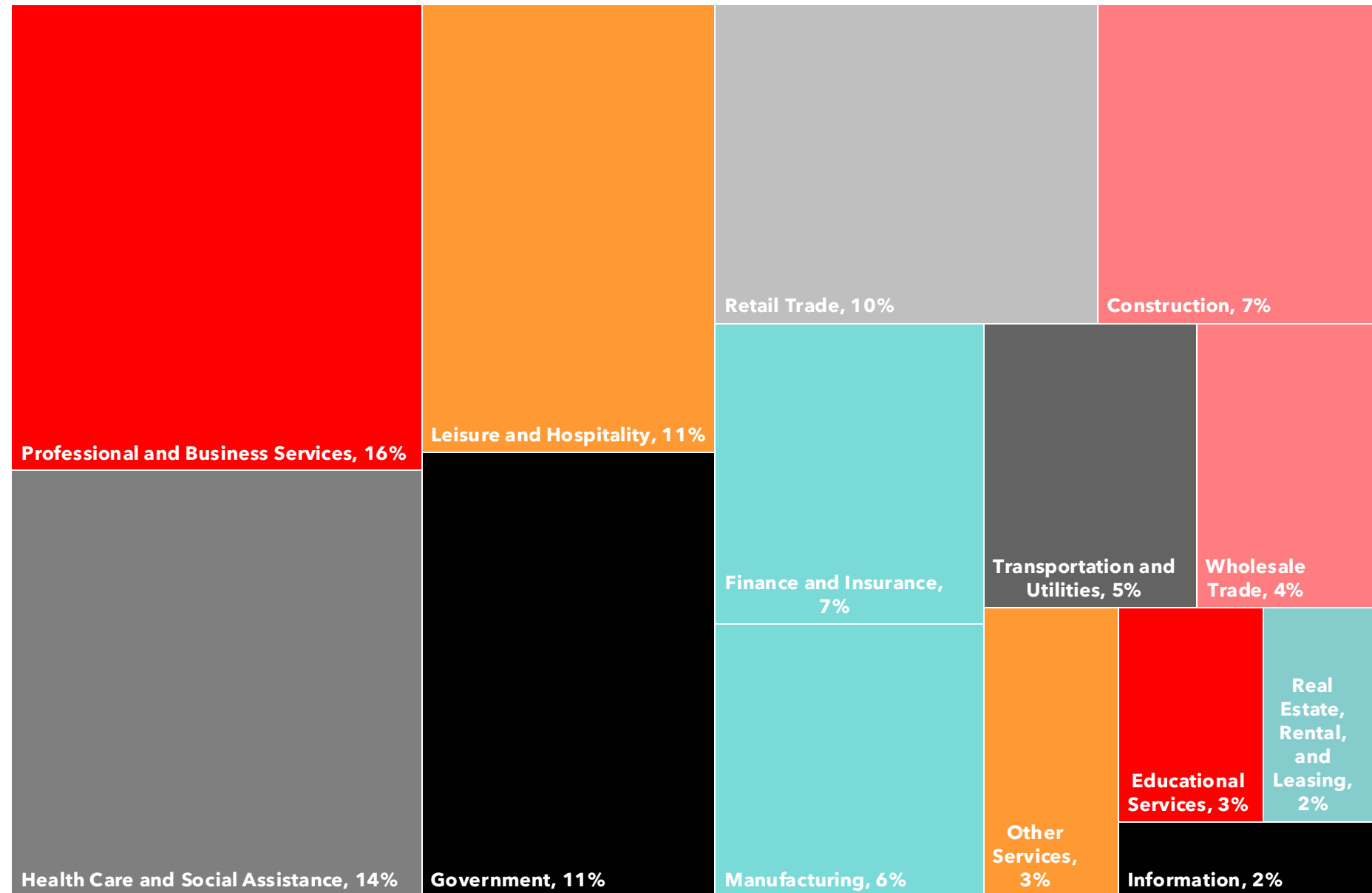
Source AZ Office of Economic Opportunity Labor Statistics, March 2025, not seasonally adjusted, preliminary numbers



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

CURRENT EMPLOYMENT DIVERSITY



Competitive Effect

- The competitive effect measures the job change that occurs within an occupation and indicates how much of the job change within a given region is the result of some unique competitive advantage of the region.
- The Occupational mix effect is the number of jobs we would expect to see added or lost within an occupation in our region, based on it's national growth/decline.

Greater Phoenix Highest Performing Occupations

Occupation	Job Change 2019-2024	Expected Change	Occupational Mix Effect	Competitive Effect
General and Operations Managers	26,909	19,144	17,563	7,765
Registered Nurses	10,314	3,229	1,812	7,084
Business Operations Specialists, All Other	5,660	2,525	2,323	3,134
Secondary School Teachers, Except Special and Career/Technical Education	4,361	338	(98)	4,023
Management Analysts	3,527	1,698	1,321	1,829
Computer and Information Systems Managers	3,338	2,565	2,282	772
Accountants and Auditors	3,307	1,941	1,304	1,365
Compliance Officers	2,910	1,153	948	1,757
Buyers and Purchasing Agents	2,390	737	511	1,653
Personal Financial Advisors	2,387	947	838	1,441
Construction Managers	2,344	690	514	1,654
Financial and Investment Analysts	1,629	452	328	1,177
Civil Engineers	1,382	275	129	1,107
Computer Hardware Engineers	1,254	115	91	1,139
Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	1,248	34	(165)	1,214
Fundraisers	1,116	229	182	888
Credit Analysts	681	(32)	(93)	714
Graphic Designers	597	(98)	(200)	695
Substitute Teachers, Short-Term	168	(589)	(709)	756
Computer Programmers	(167)	(965)	(1,053)	798

To measure Competitive effect, we subtract expected change from the actual regional job change. NB; This effect can be positive even if regional employment is declining
 The Occupational mix effect is calculated by subtracting the national growth rate of the overall economy from the national growth rate of the specific occupation
 Education Level- Bachelor's degree
 Source: Lightcast 2025 Q1 Dataset, February 2025

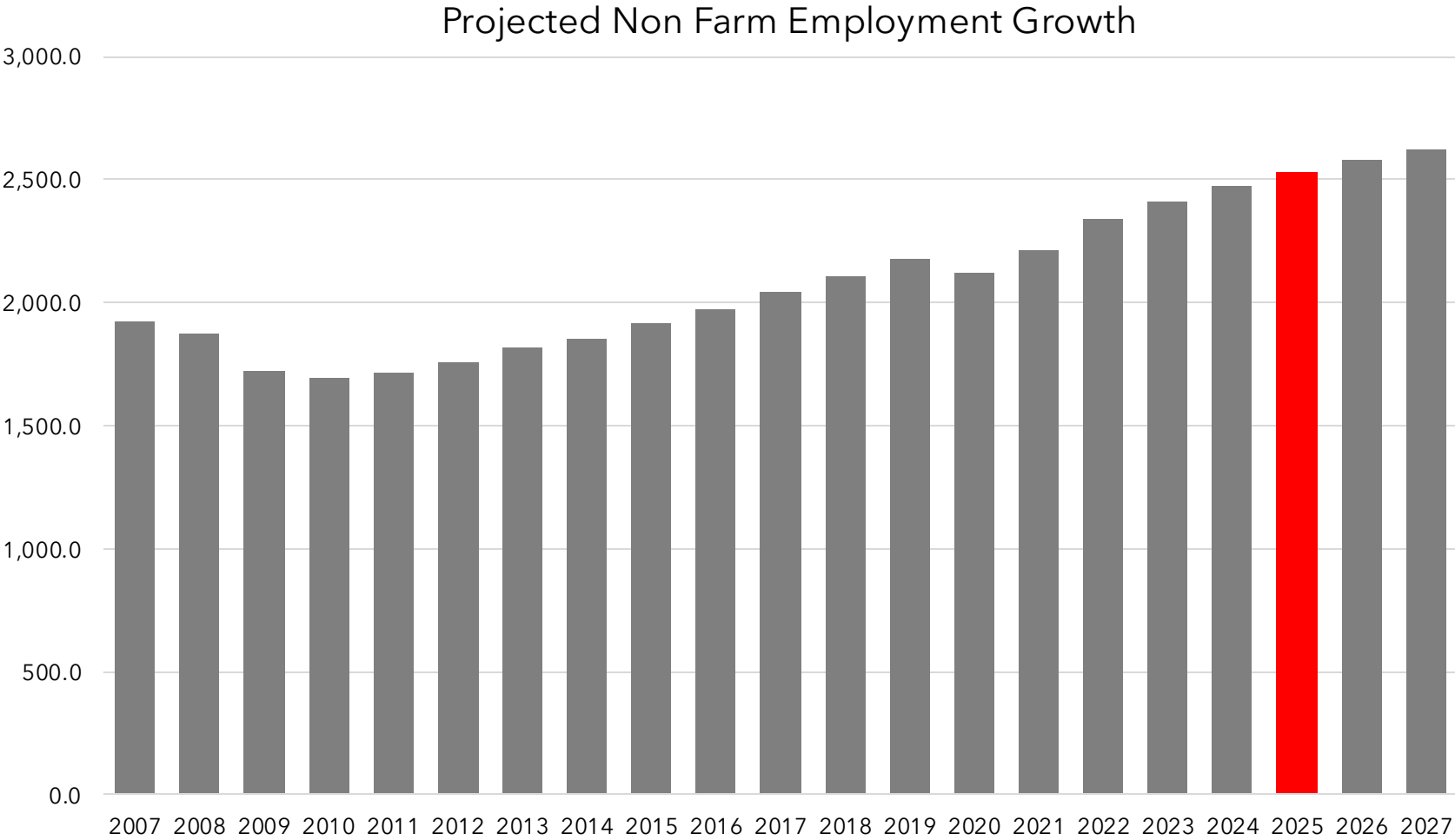


Job Forecast

Greater Phoenix job growth is projected to be 1.97% from 2025 to 2026

Arizona job growth is projected to be 2.08% from 2025 to 2026

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

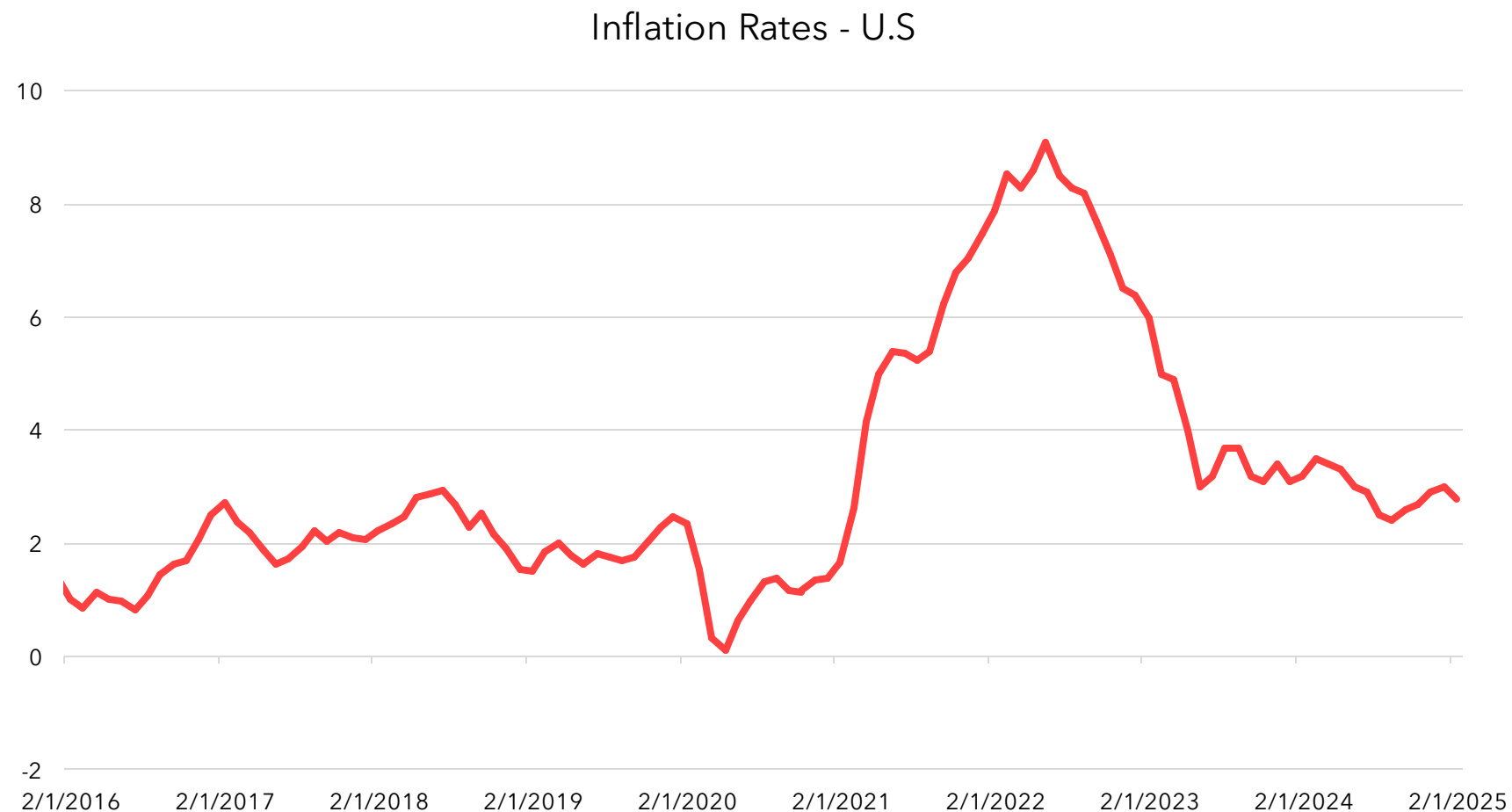


Source: University of Arizona Economic and Business Research Center, December 2024



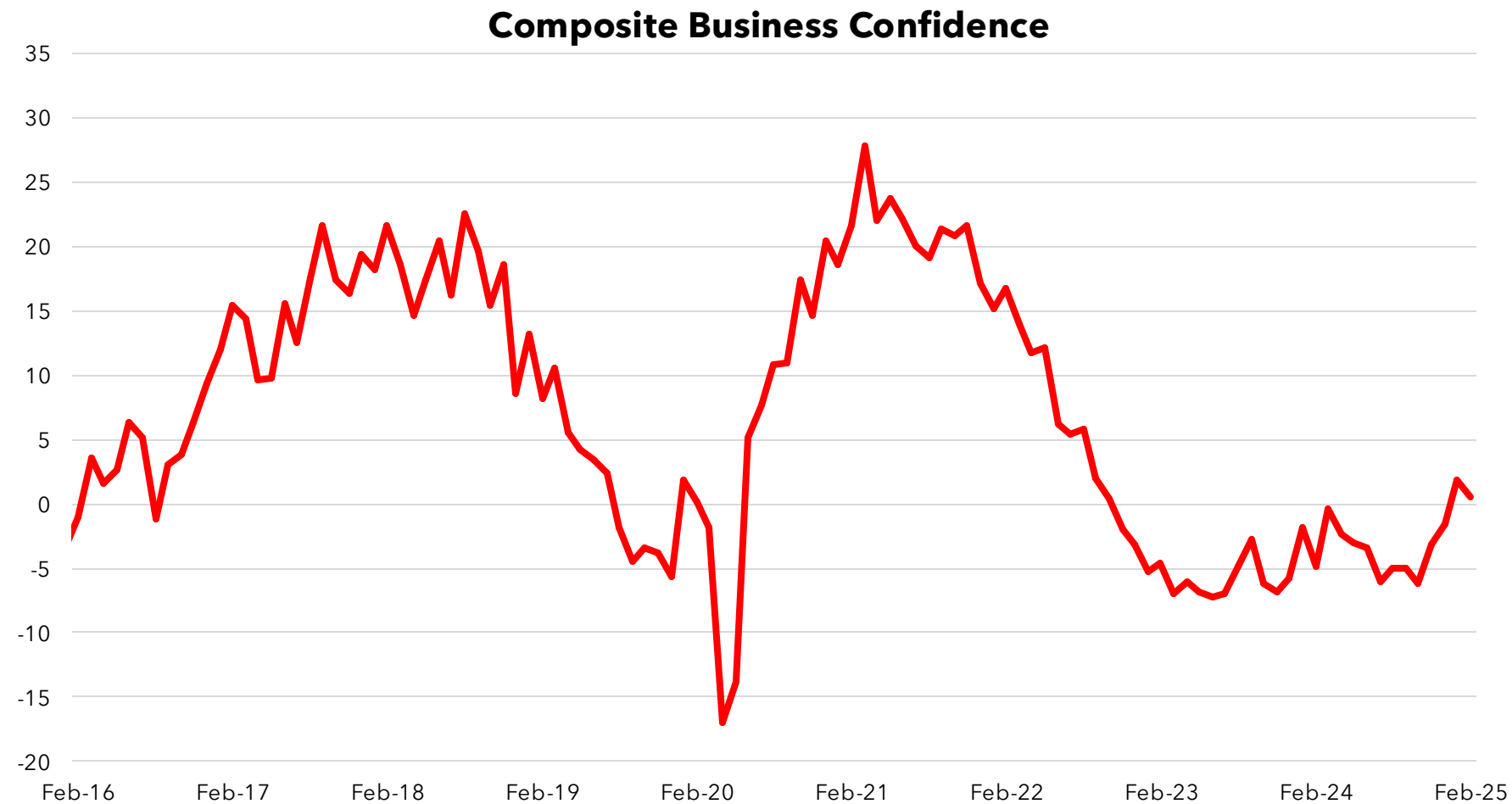
Inflation and Prices (National)

- 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 2.8%, 0.2 percentage points lower than the month of January



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 0.6 in February, indicating slight optimism towards economic activity in the future

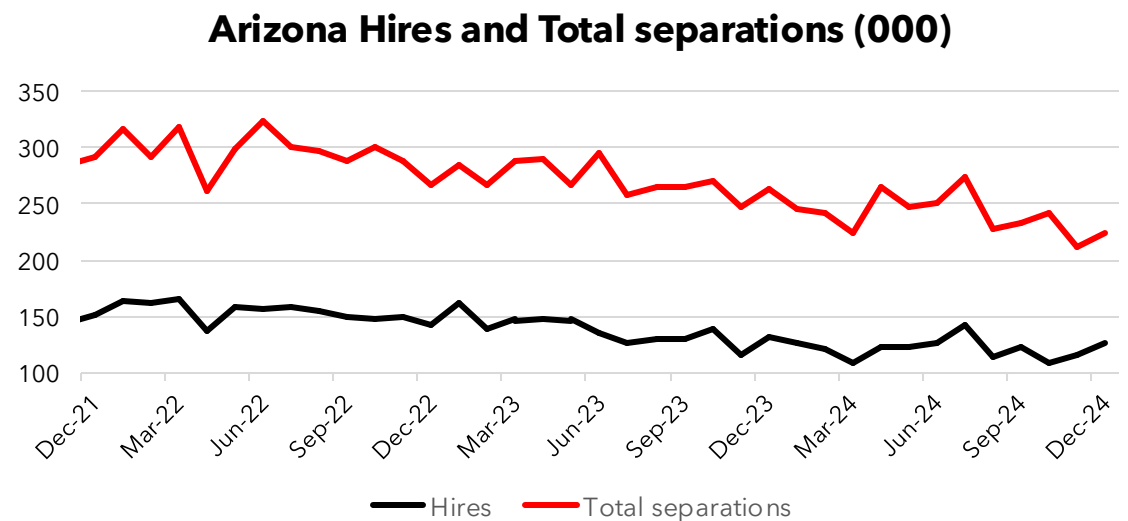
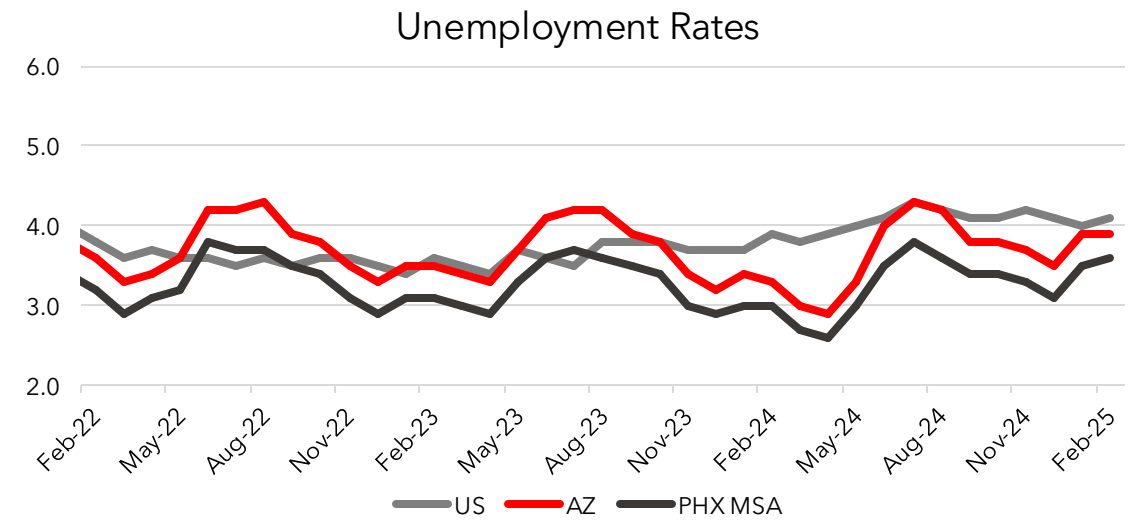
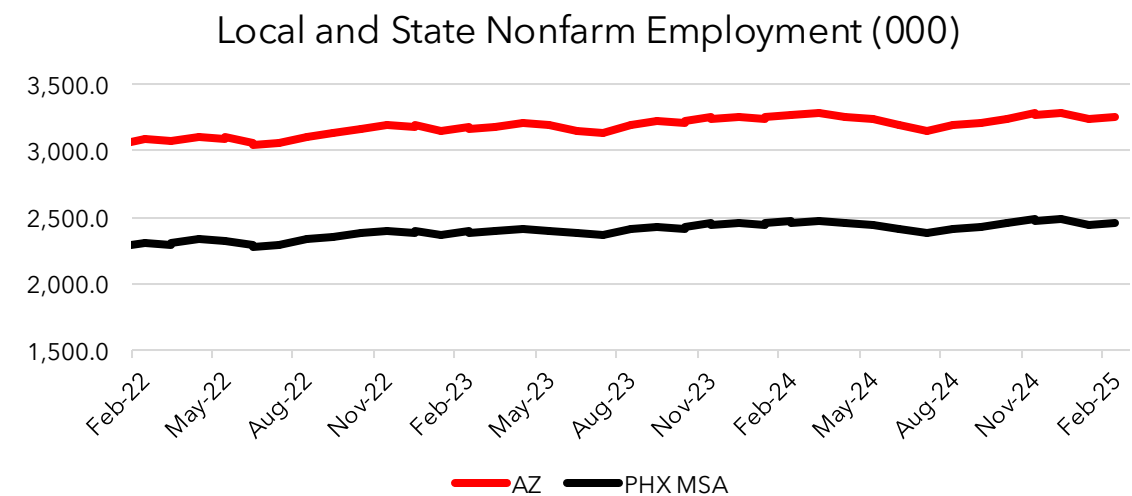
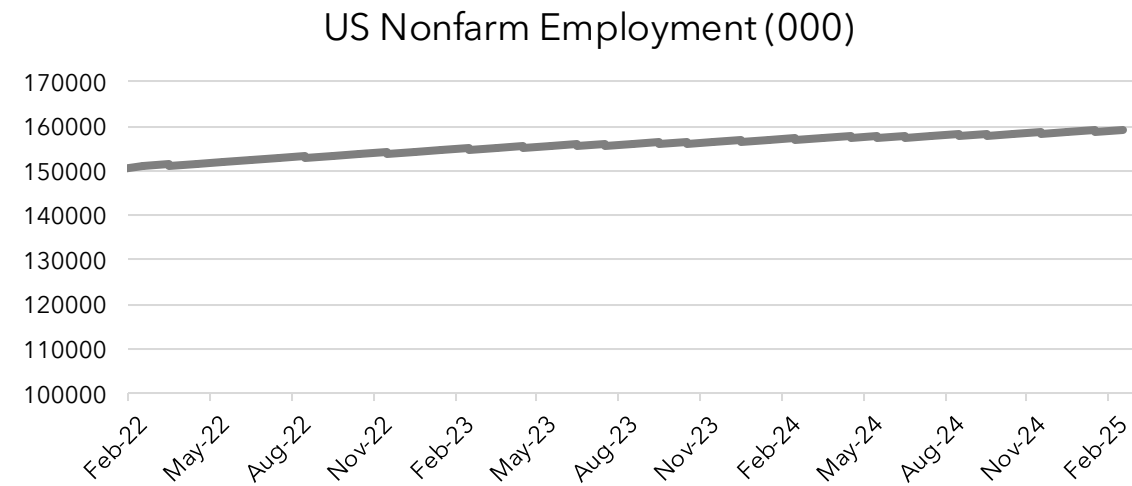


The Composite Business Confidence (CBC) for the manufacturing sector has replaced the Business Confidence Index (BCI) which used to measure the overall perception of businesses on the economy. The percentage of net balances quantifies the overall sentiment or trend among respondents; A negative net balance 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, March 2025

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 December separations in Arizona, 59,000 were quits and 31,000 were layoffs and discharges, unchanged from November



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% Transportatio n	4.59% Healthcar e	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

Source: C2ER Cost of Living Index 2024 Q3



Consumer Sentiment (National)

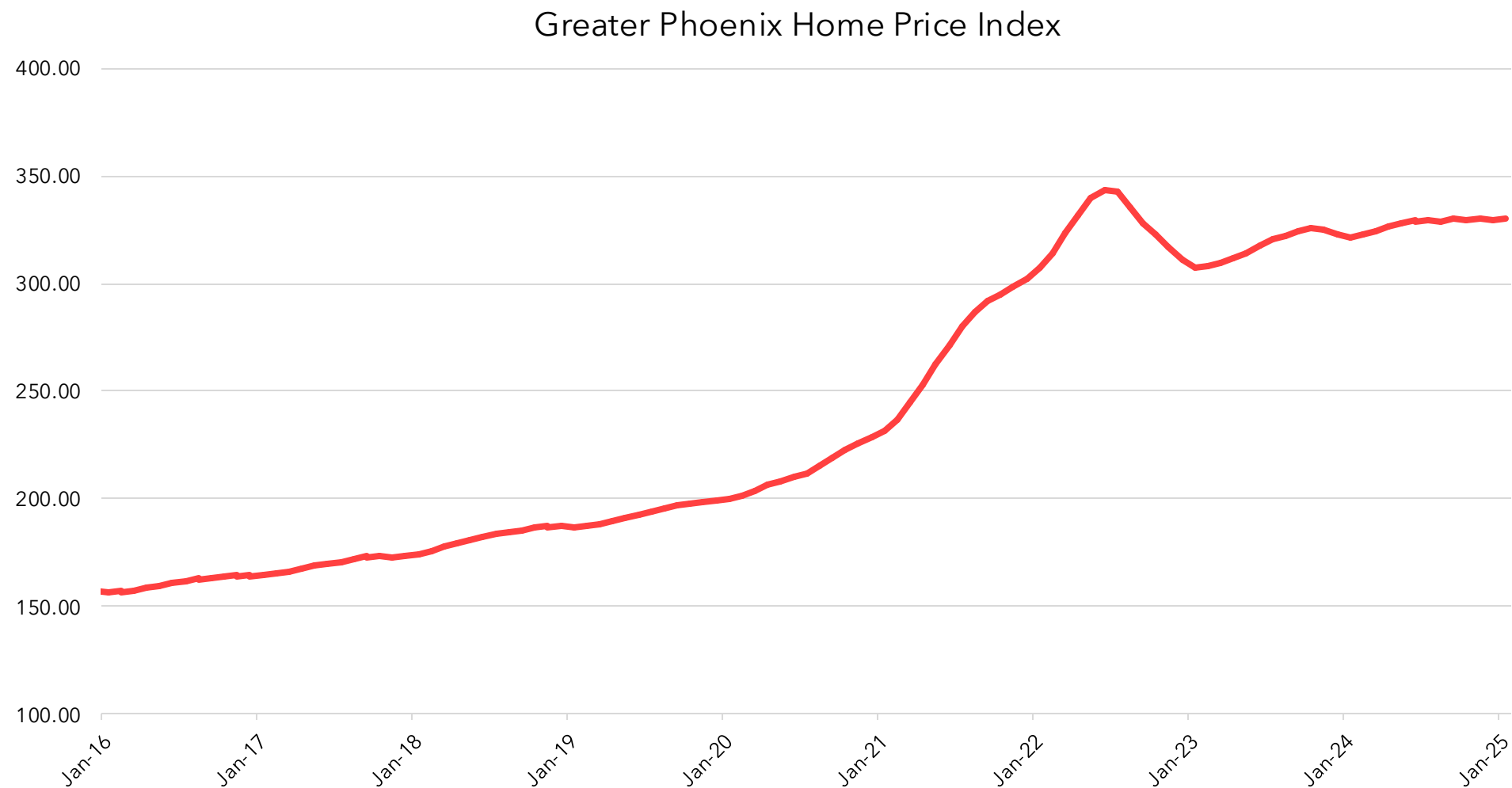
- Consumer sentiment remains at or near its lowest level in the past decade.
- The index decreased from 71.1 in January to 64.7 in February



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 2.74% for the month of January

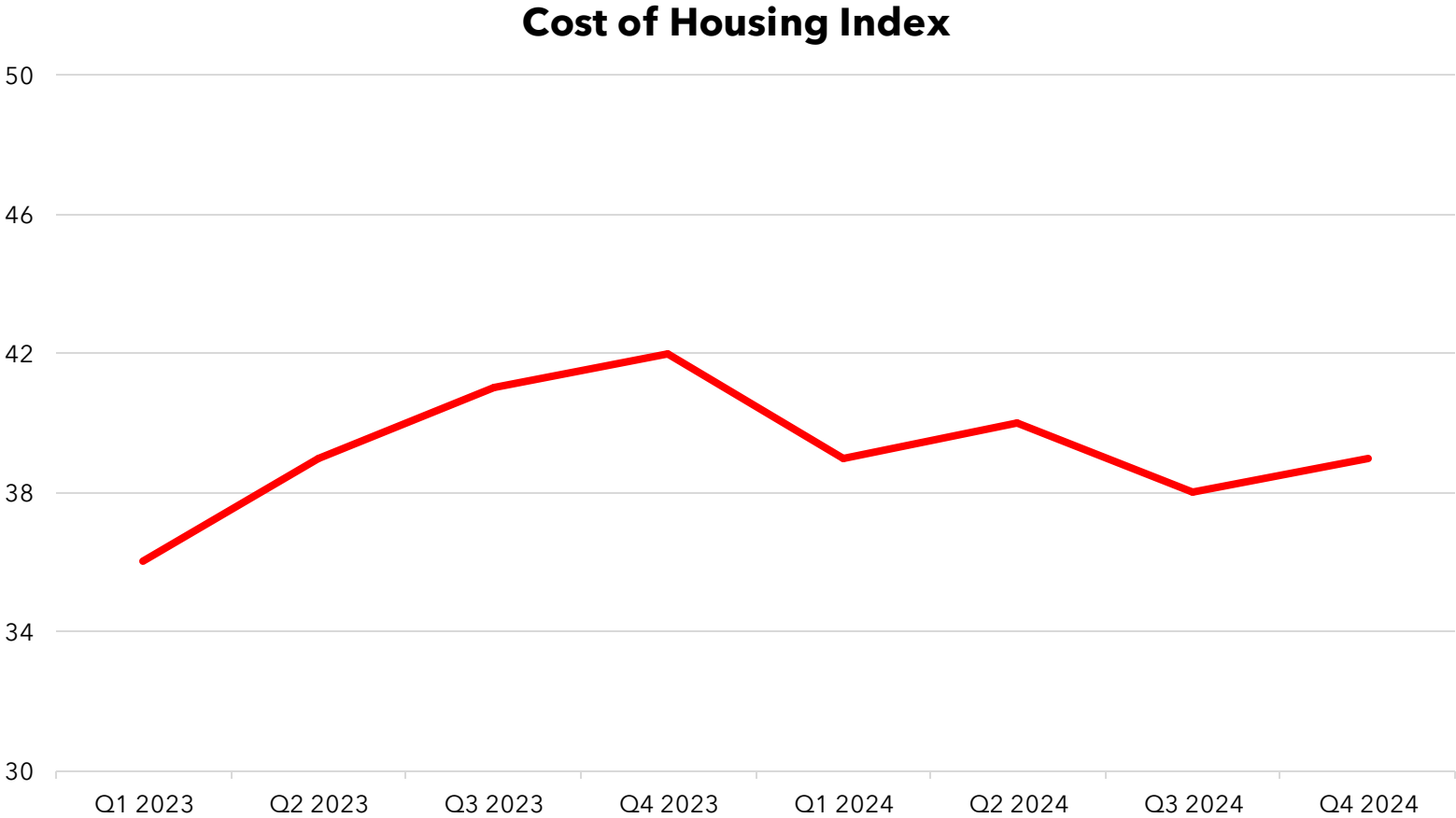


*An index value of 100 equals the home price in January 2000.

Source: S&P/Case-Shiller Home Price Index, March 2025, 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 Q4 2024 reading for the Phoenix MSA indicates that 39% 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 \$476,400
- 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 \$419,200



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, March 2025



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