



SEPTEMBER 2025

# Economic Snapshot

# Greater Phoenix Overview

Arizona and the Greater Phoenix's economies are experiencing a slower increase in employment rates and nonfarm payroll jobs 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 by 0.9% for the two months ending in August 2025. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) increased by 1.4%. Food prices increased 1%. Energy prices declined 0.8%. The index for all other items less food and energy rose 1.7% 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.

## Inflation

Inflation rose to 2.9% nationally in August; a 2 percentage point increase from July. Greater Phoenix recorded a rate of 1.4% in August, an increase of 1.2 percentage points 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.

## Housing Sector

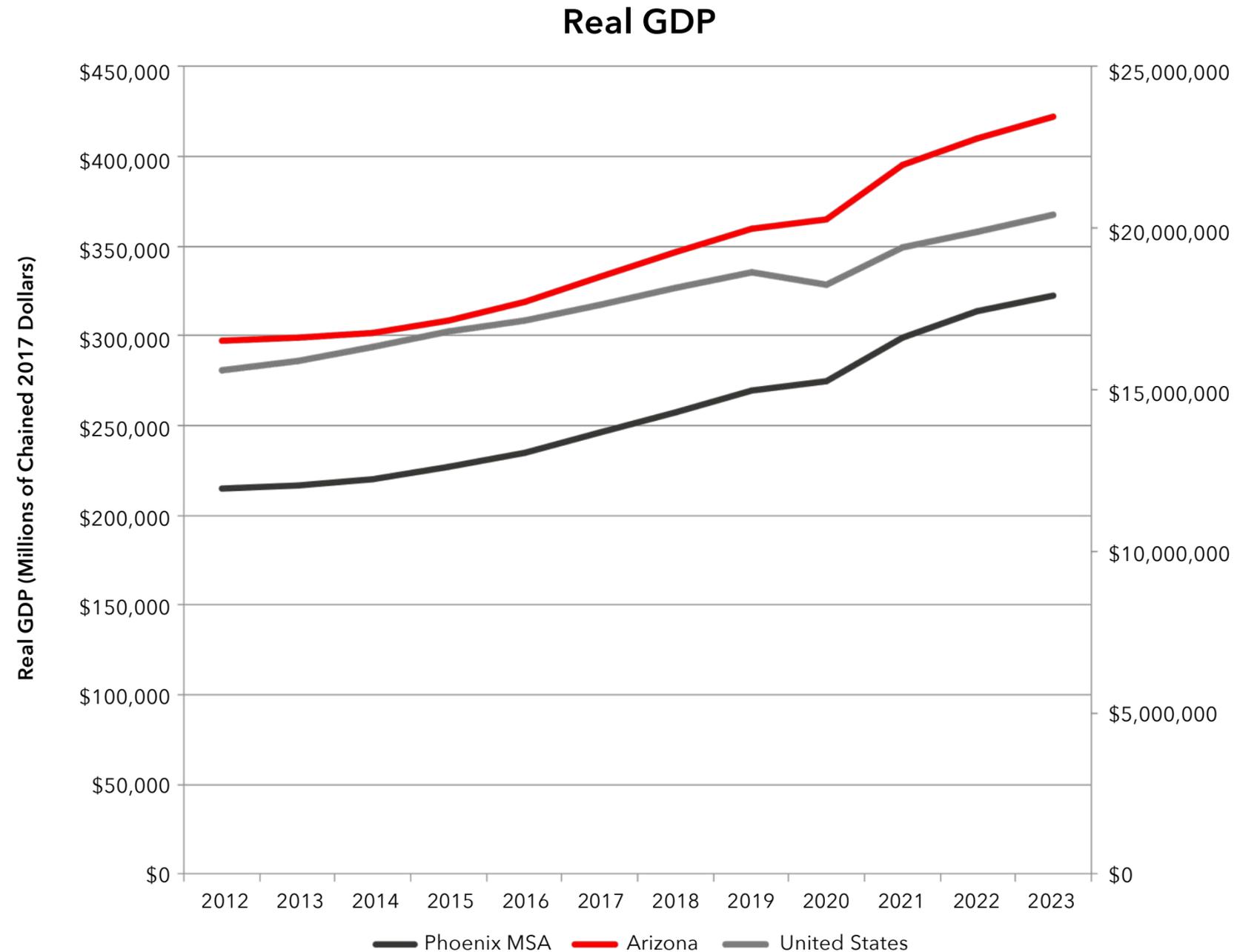
The House Price Index percentage change for the Greater Phoenix region from Q2 2024 is at 1.73%; home prices have been on the rise since Q1 2023.



# 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 3.8% annual growth rate in Q2 2025 nationally, a contrast to the -0.6% rate in Q1 2025.



# 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%



ECONOMIC ACTIVITY

# Greater Phoenix Employment

- ⊕ Greater Phoenix's pre-COVID peak was in December 2019 at 2,255,700 jobs
- ⊕ Jobs have increased by 38,300 compared to July, and by 35,900 year over year
- ⊕ Current total nonfarm payroll employment is 2,446,600 jobs; unemployment rate is 4.2%

Greater Phoenix Job Growth

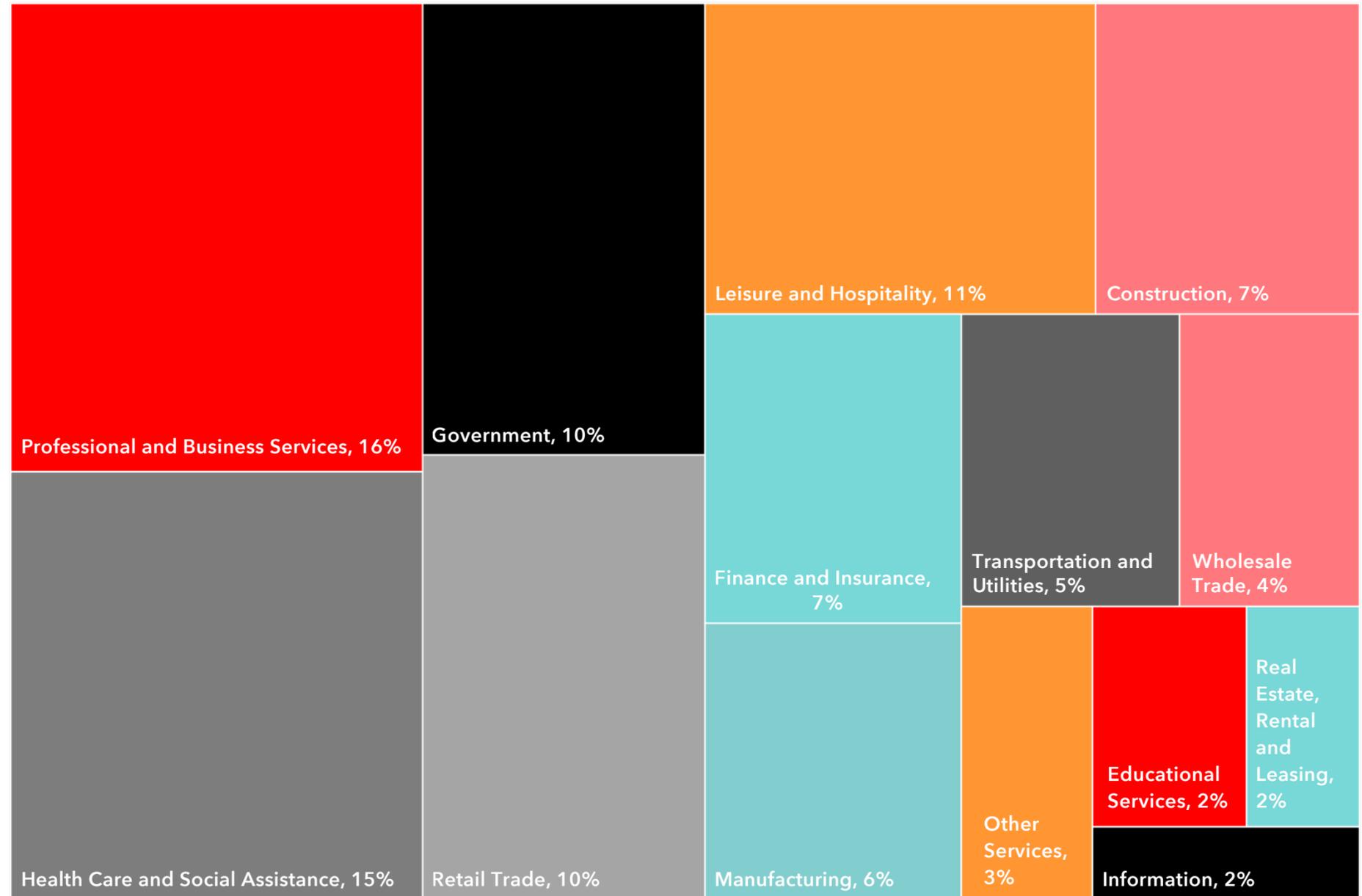


Source AZ Office of Economic Opportunity Labor Statistics, September 2025, not seasonally adjusted, preliminary numbers

# 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 its national growth/decline

## Notes:

- To measure the competitive effect, we subtract the 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

Occupation	Job Change 2020-2025	Expected Change	Occupational Mix Effect	Competitive Effect
General and Operations Managers	33,135	22,631	17,294	10,504
Registered Nurses	9,150	4,743	(215)	4,407
Secondary School Teachers	4,702	1,376	(150)	3,326
Securities, Commodities, and Financial Services Sales Agents	3,276	901	(225)	2,375
Miscellaneous Business Operations Specialists	4,666	2,307	1,476	2,358
Computer Hardware Engineers	2,362	167	66	2,195
Construction Managers	3,425	1,256	670	2,170
Education and Childcare Administrators	3,244	1,510	711	1,734
Buyers and Purchasing Agents	2,235	1,195	364	1,040
Athletes, Coaches, Umpires, and Related Workers	1,712	767	396	945
Teaching Assistants	2,420	1,580	(573)	840
Management Analysts	3,452	2,692	1,260	760
Financial Analysts and Advisors	3,007	2,331	920	676
Accountants and Auditors	3,388	2,762	537	625
Miscellaneous Computer Occupations	1,340	742	327	598
Preschool and Kindergarten Teachers	1,680	1,126	130	554
Public Relations Specialists	1,109	562	113	547
Tutors	874	357	164	517
Civil Engineers	1,323	808	316	515
Sales Engineers	439	(64)	(150)	503



# Job Forecast

## Projected Non Farm Employment Growth



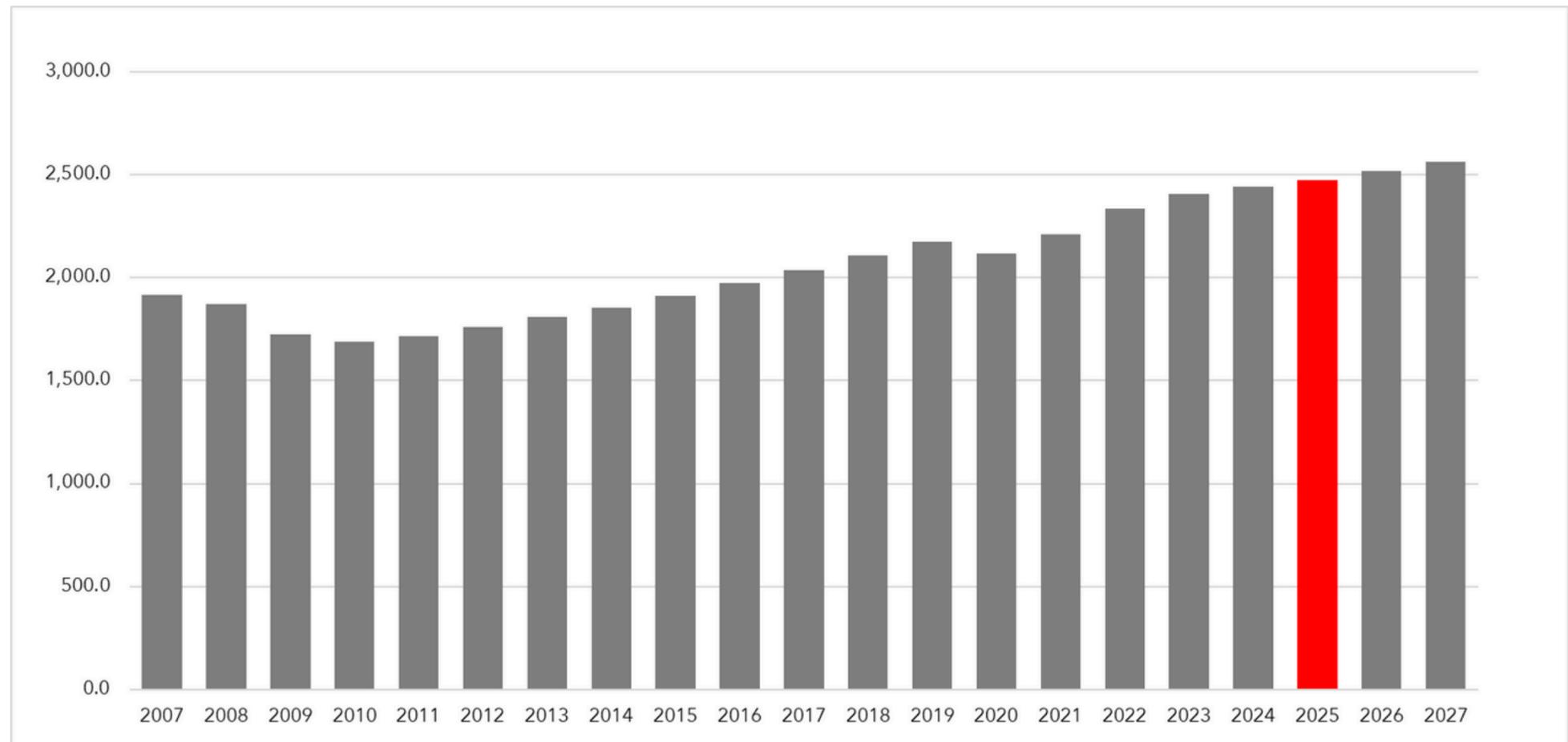
Greater Phoenix job growth is projected to be 1.84% from 2025 to 2026



Arizona job growth is projected to be 1.61% from 2025 to 2026



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



# 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 2.9%, 0.2 percentage points higher than the month of July

**Inflation Rates - U.S.**



# 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 -2.6 in August, indicating slight pessimism towards economic activity in the future

**Note:**

- 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 2025

**Composite Business Confidence**



# Regional Comparisons: Labor Force

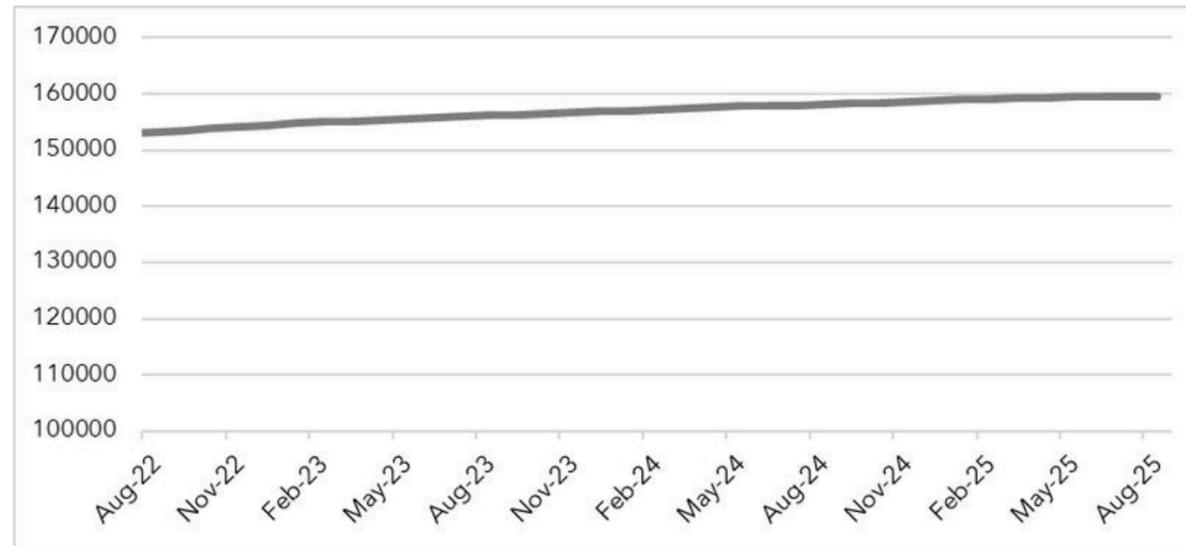


Presently, Greater Phoenix and the state exhibit a lower unemployment rate compared to the United States. Employment rates follow a consistent trend at the metro, state and national level

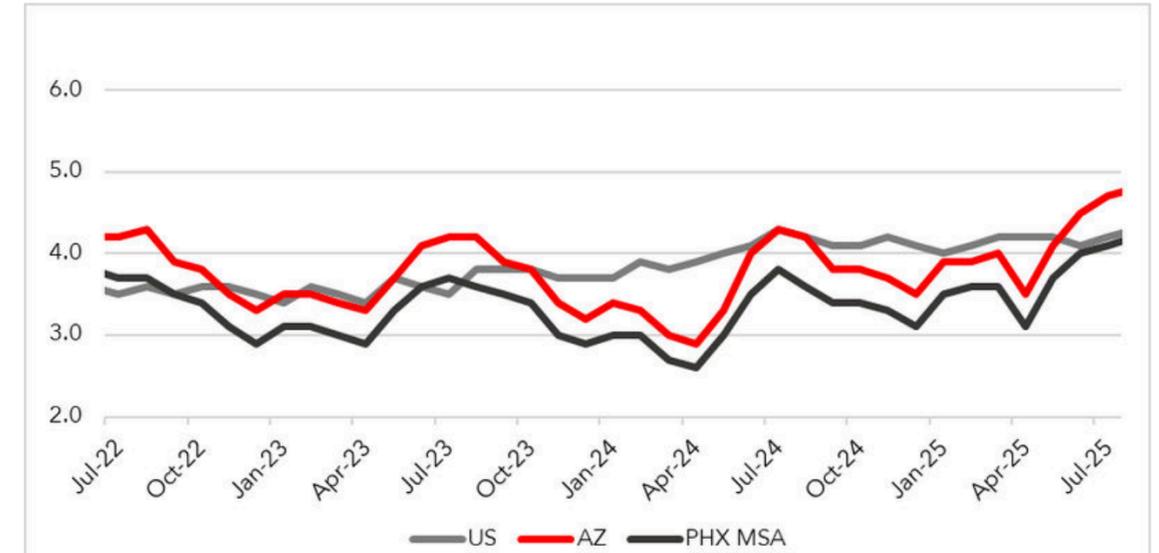


Among the June separations in Arizona, 81,000 were quits and 37,000 were layoffs and discharges compared to May's 81,000 quits and 40,000 layoffs and discharges

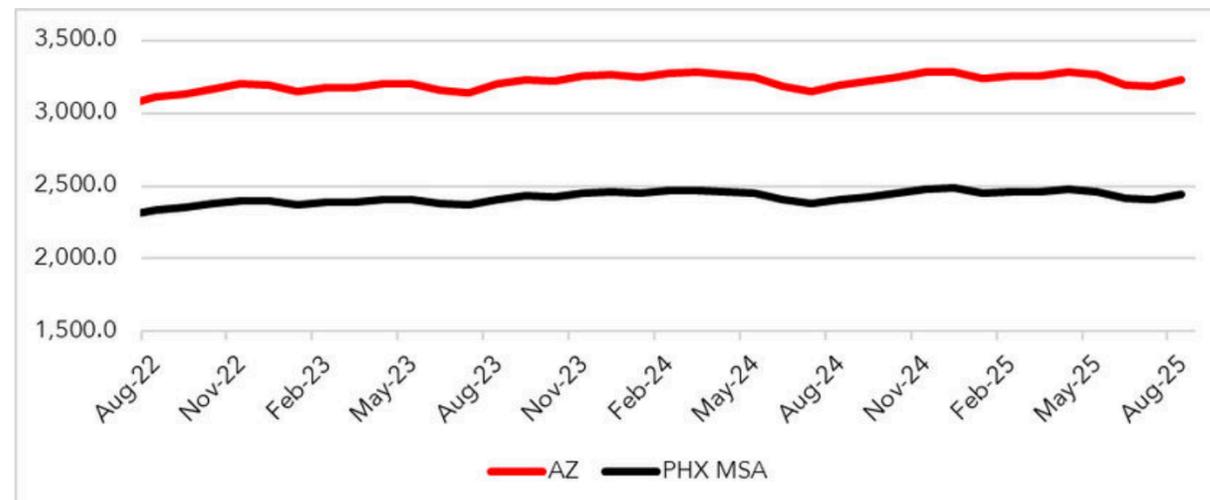
### U.S. Nonfarm Employment (000)



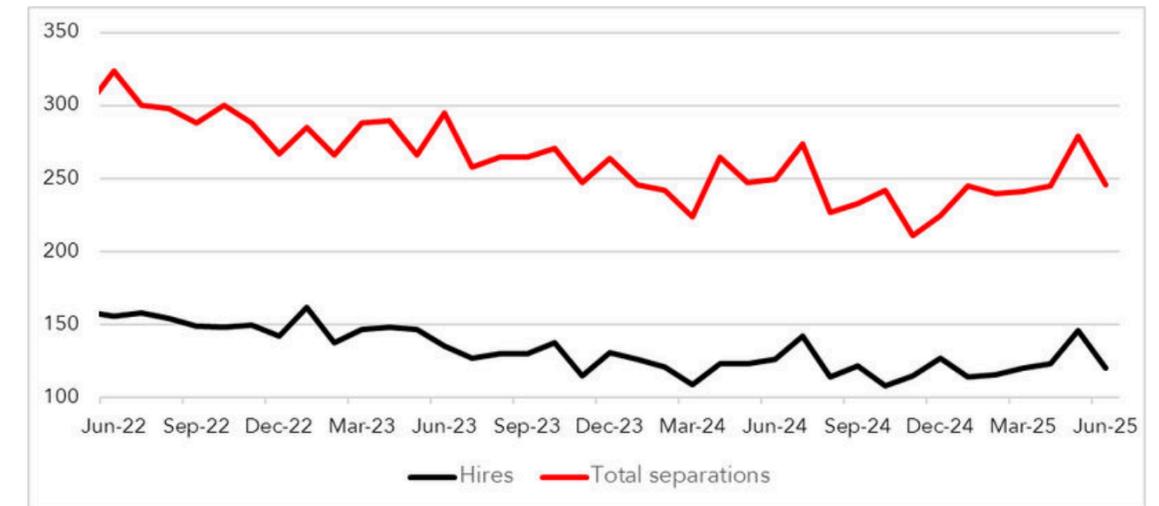
### Unemployment Rates



### Local & State Nonfarm Employment (000)



### Arizona Hires & Total Separations (000)



Source: AZ Office of Economic Opportunity Labor Statistics, September 2025, not seasonally adjusted, preliminary numbers. All US Data- BLS, September 2025, seasonally adjusted. Hires and separations, BLS, September 2025, seasonally adjusted.





# Households

# Cost of Living Comparison for Select Markets

The overall cost of living in Greater Phoenix is 5.1% above the national average.

Region	100% Composite Index	15.29% Grocery Items	28.36% Housing	8.38% Utilities	8.8% Transportation	4.70% Healthcare	34.47% Misc. Goods and Services
Houston TX	92.6	98.2	78.1	89.7	96.2	98.8	101.0
Austin TX	94.6	95.8	94.6	99.7	95.3	89.2	93.4
Albuquerque NM	96.5	96.9	88.5	82.6	100.0	99.8	104.9
Dallas TX	98.9	98.6	90.0	113.9	88.0	102.9	104.9
Salt Lake City UT	103.9	97.6	119.8	84.2	104.2	93.8	99.7
<b>Phoenix AZ</b>	<b>105.1</b>	<b>103.3</b>	<b>110.5</b>	<b>107.5</b>	<b>113.8</b>	<b>99.7</b>	<b>99.5</b>
Denver CO	108.4	101.2	116.1	87.1	96.7	110.6	113.1
Portland OR	114.9	108.4	134.8	96.6	122.3	119.7	103.4
Arlington VA	132.8	109.8	200.6	95.0	98.0	124.0	106.4
Seattle WA	141.2	111.0	197.4	100.0	127.1	122.4	124.6
Boston MA	144.8	103.7	214.3	152.2	105.8	134.4	115.4
San Diego CA	146.1	111.7	209.8	149.5	144.5	102.4	114.6
Los Angeles CA	149.4	107.9	231.5	107.0	139.1	99.0	120.1
San Francisco CA	160.1	113.7	245.9	149.9	140.6	125.8	122.1
New York (Manhattan) NY	232.0	118.7	501.2	119.1	120.9	149.9	127.7

# Consumer Sentiment (National)

Consumer sentiment remains at or near its lowest level in the past decade  
The Index decreased to 58.2 in August from 61.7 in July

## Consumer Sentiment



Source: University of Michigan, August 2025



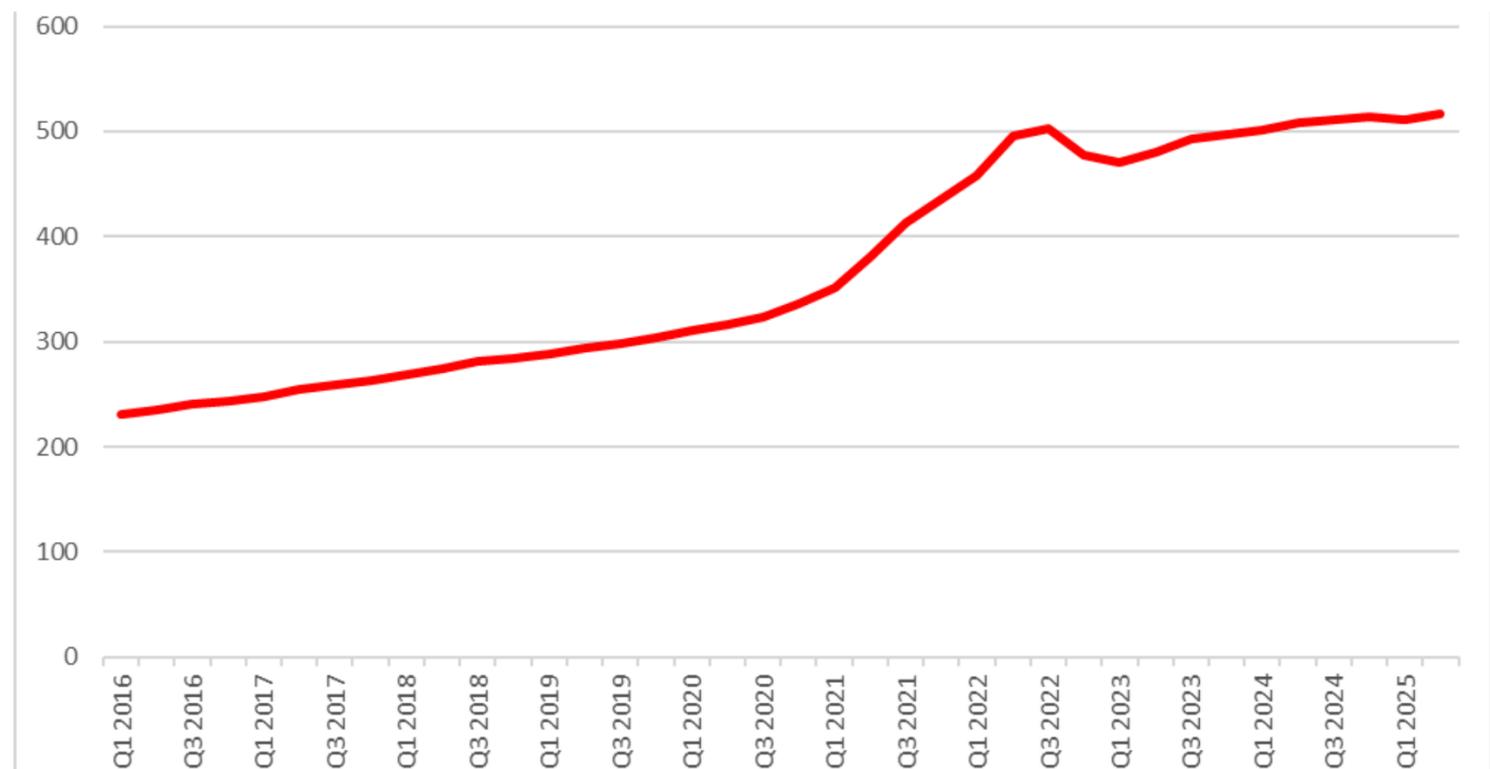
# Housing Sector



# Housing Prices

- ⊕ Home prices in Greater Phoenix increased for over a decade, reaching a peak in Q3 2022, with an index value of 502.39.
- ⊕ After a slight dip, there has been an uptick in home prices since Q1 2023. In Q2 2025 the index stands at a value of 516.23, a 1.73% YoY change compared to Q2 2024.

### Greater Phoenix Home Price Index



\*An index value of 100 equals the home price in January 1995.

Source: US Federal Housing Finance Agency, All-Transactions House Price Index, retrieved from FRED

# 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 2025 reading for the Phoenix MSA indicates that 36% of a typical median family's income of \$109,600, was needed, to make a mortgage payment on a median-priced new single-family home of \$474,600
- ⊕ Nationally, 36% of a typical family's median income of \$104,200 was needed to make a mortgage payment on a median-priced new single-family home of \$410,800

## Cost of Housing Index

