

JANUARY 2026

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

Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) increased by 2.2%. Food prices and Energy increased 2.3% and 4.2% respectively. The index for all other items less food and energy rose 2.1% 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 2.7% nationally in December; remaining steady from November. Greater Phoenix recorded a rate of 2.2%. 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

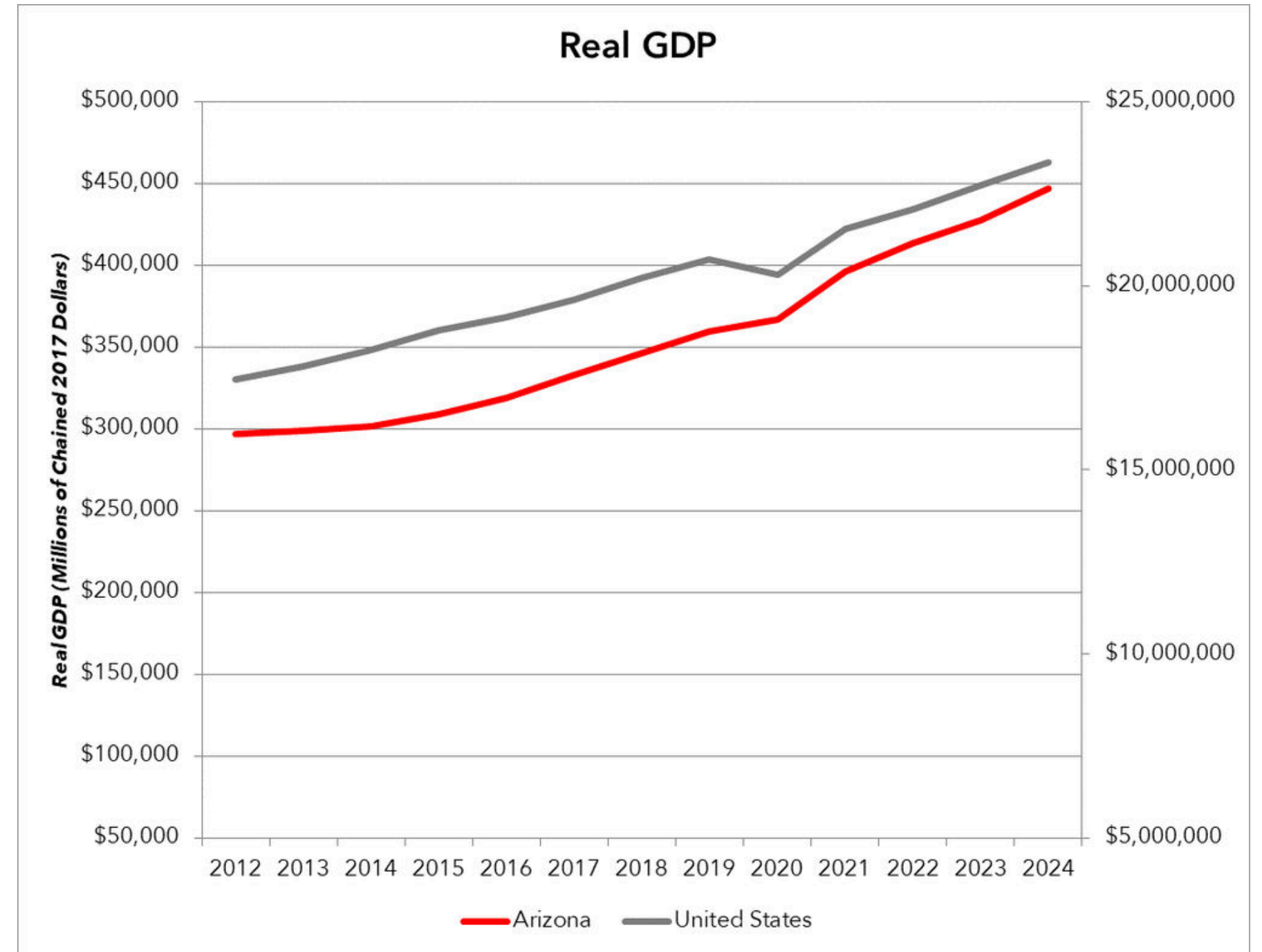
The House Price Index percentage change for the Greater Phoenix region from Q3 2024 is at 0.87%; home prices have been on the rise since Q1 2023.



Economic Activity

National, State & Greater Phoenix Economy

- ⊕ Arizona real GDP in 2024 was \$446.97 billion, expanding by 4.5% over the previous year
- ⊕ U.S. real GDP grew 2.8% from 2023 to 2024
- ⊕ Recent estimates show that annual real GDP growth accelerated nationally from 3.8% in Q2 2025 to 4.4% in Q3 2025. Over the same period, the state's economy also edged higher, rising from 0.9% in Q2 to 1.1% in Q3.



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

- ⊕ Current total nonfarm payroll employment is 2,507,300 jobs; unemployment rate is 3.5%
- ⊕ Jobs have increased by 8,300 compared to November, and by 21,700 year over year
- ⊕ Following a mid-year dip, non-farm jobs in Greater Phoenix rose from August through December 2025

Greater Phoenix Job Growth

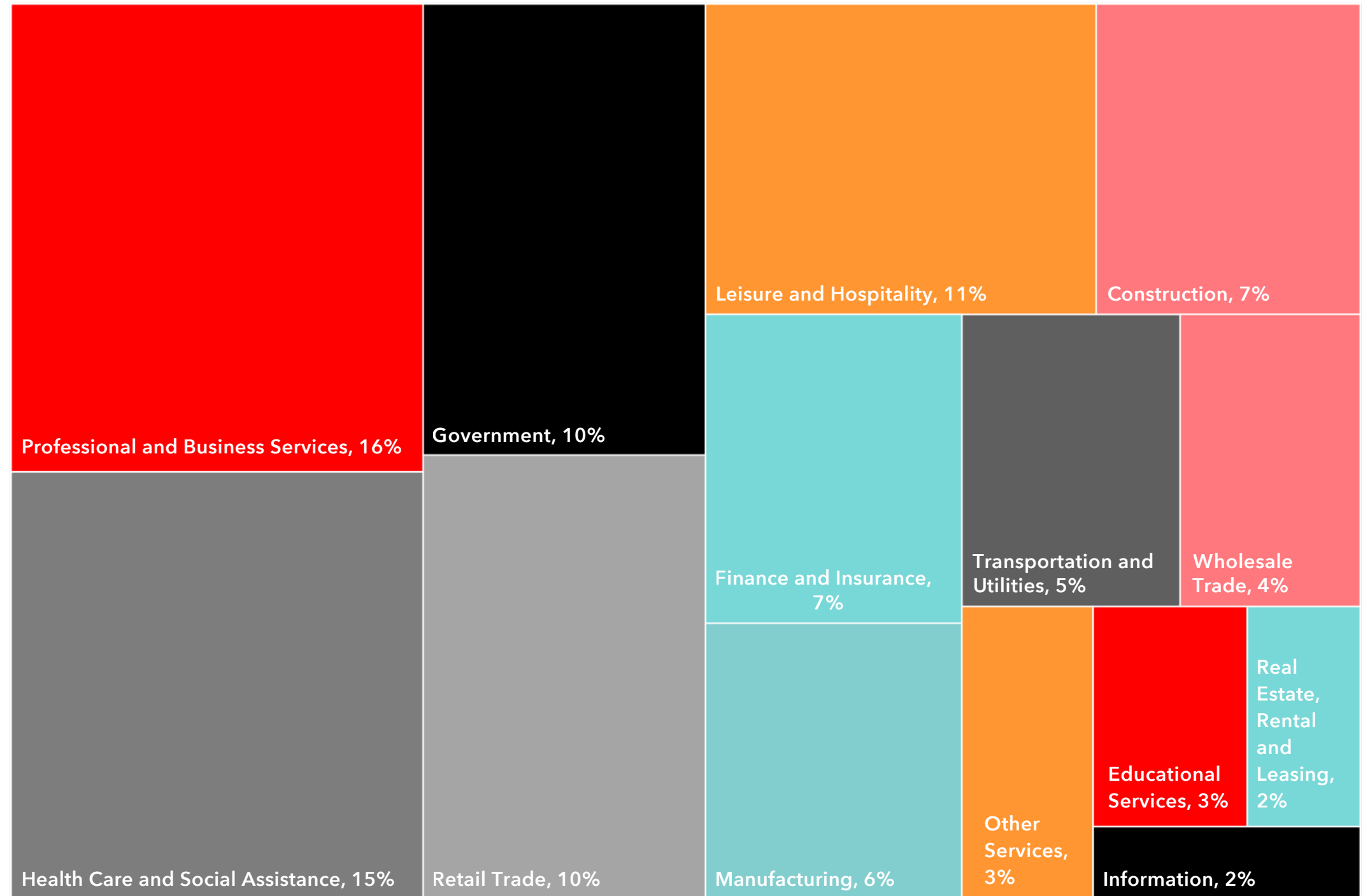


Source AZ Office of Economic Opportunity Labor Statistics, January 2026, not seasonally adjusted, preliminary numbers

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



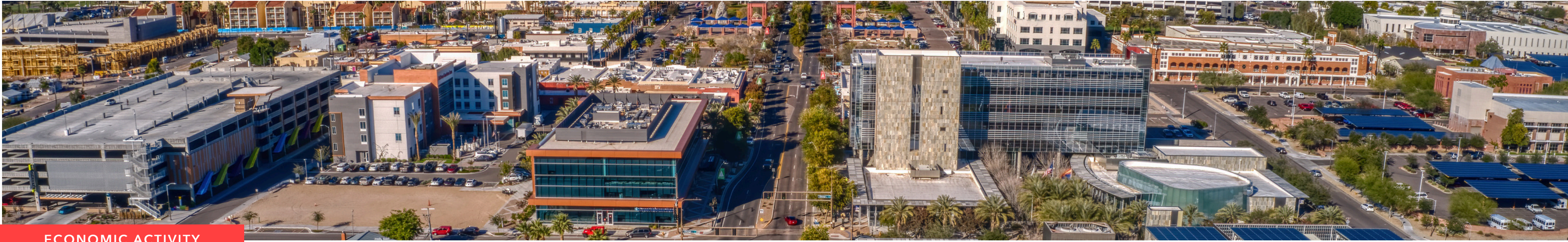
Competitive Effect

- ⊕ 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	33,213	22,696	17,326	10,517
Registered Nurses	9,172	4,725	(264)	4,446
Secondary School Teachers	4,703	1,378	(158)	3,324
Securities, Commodities, and Financial Services Sales Agents	3,276	899	(235)	2,377
Miscellaneous Business Operations Specialists	4,680	2,307	1,471	2,372
Computer Hardware Engineers	2,367	166	64	2,202
Construction Managers	3,435	1,257	667	2,178
Education and Childcare Administrators	3,266	1,514	709	1,752
Buyers and Purchasing Agents	2,241	1,195	358	1,046
Athletes, Coaches, Umpires, and Related Workers	1,717	771	397	946
Management Analysts	3,457	2,697	1,255	761
Financial Analysts and Advisors	3,015	2,338	919	677
Miscellaneous Computer Occupations	1,346	742	325	604
Accountants and Auditors	3,347	2,765	526	581
Preschool and Kindergarten Teachers	1,680	1,127	125	553
Public Relations Specialists	1,113	562	111	551
Teaching Assistants	2,118	1,573	(593)	545
Civil Engineers	1,333	807	312	526
Tutors	877	355	161	521
Sales Engineers	443	(63)	(148)	506



Job Forecast

Projected Non Farm Employment Growth



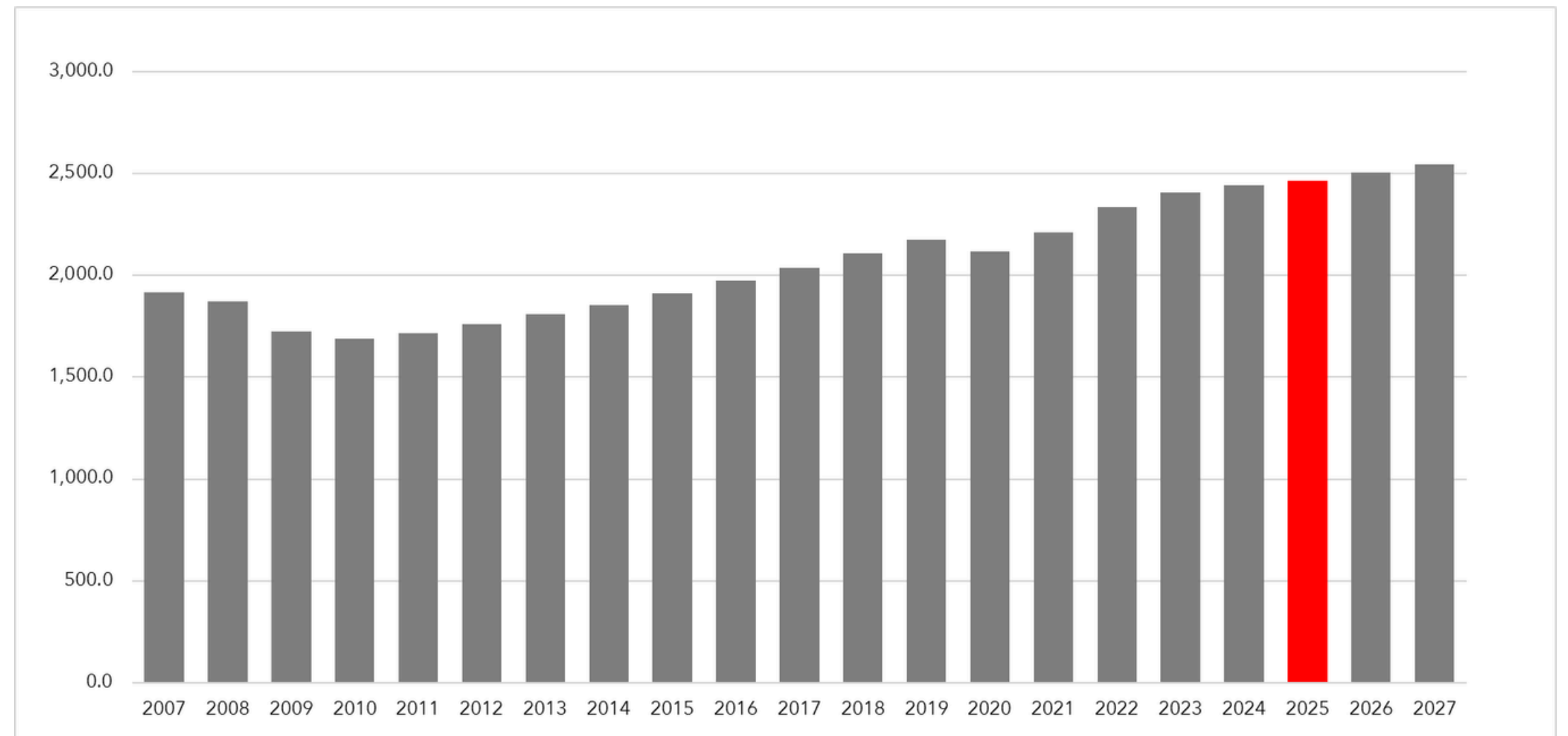
Greater Phoenix job growth is projected to be 1.59% from 2025 to 2026



Arizona job growth is projected to be 1.58% from 2025 to 2026



Greater Phoenix is expected to outpace the state in job growth and overall employment activity



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%, unchanged from November

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 -3.6 in November, 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, December 2025

Composite Business Confidence



Regional Comparisons: Labor Force

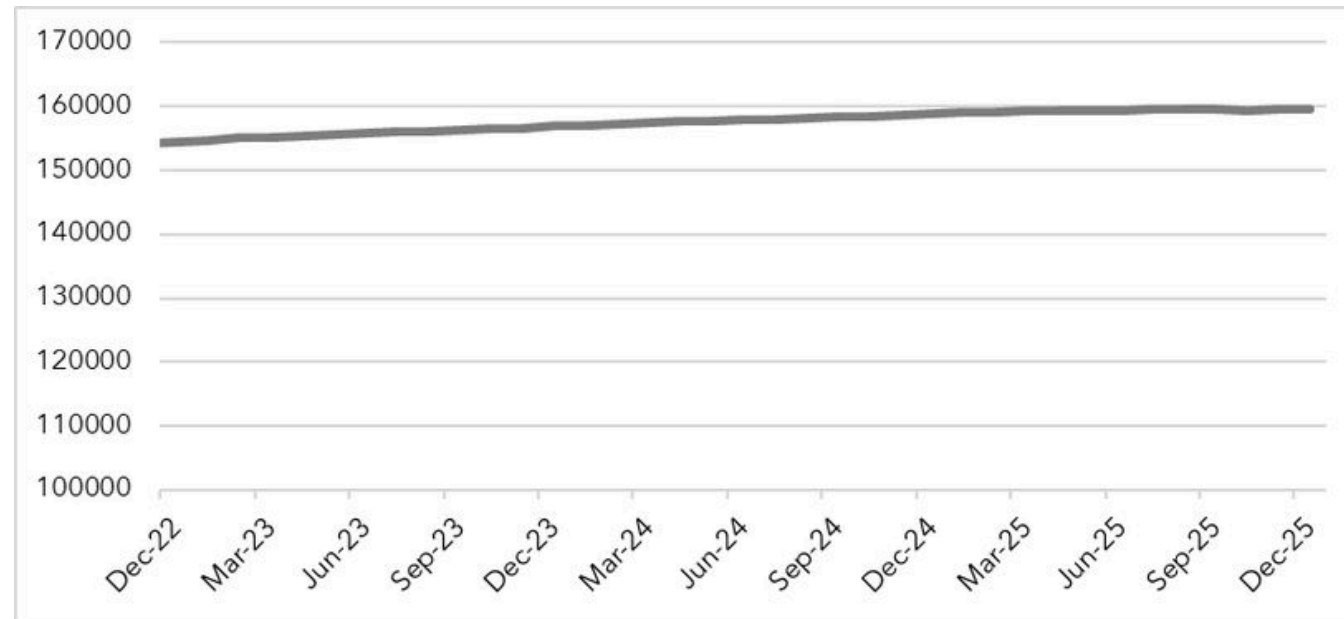


Presently, Greater Phoenix exhibits a lower unemployment rate compared to the State and the United States. Employment rates follow a consistent trend at the metro, state and national level

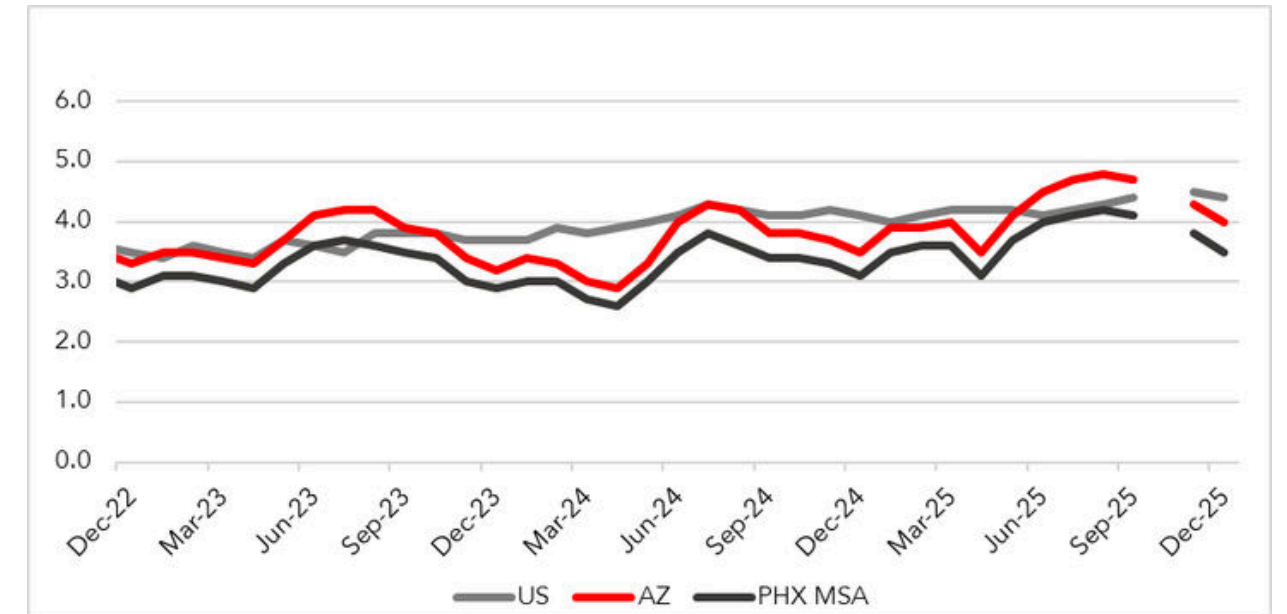


Among the October separations in Arizona, 65,000 were quits and 39,000 were layoffs and discharges compared to September's 69,000 quits and 39,000 layoffs and discharges

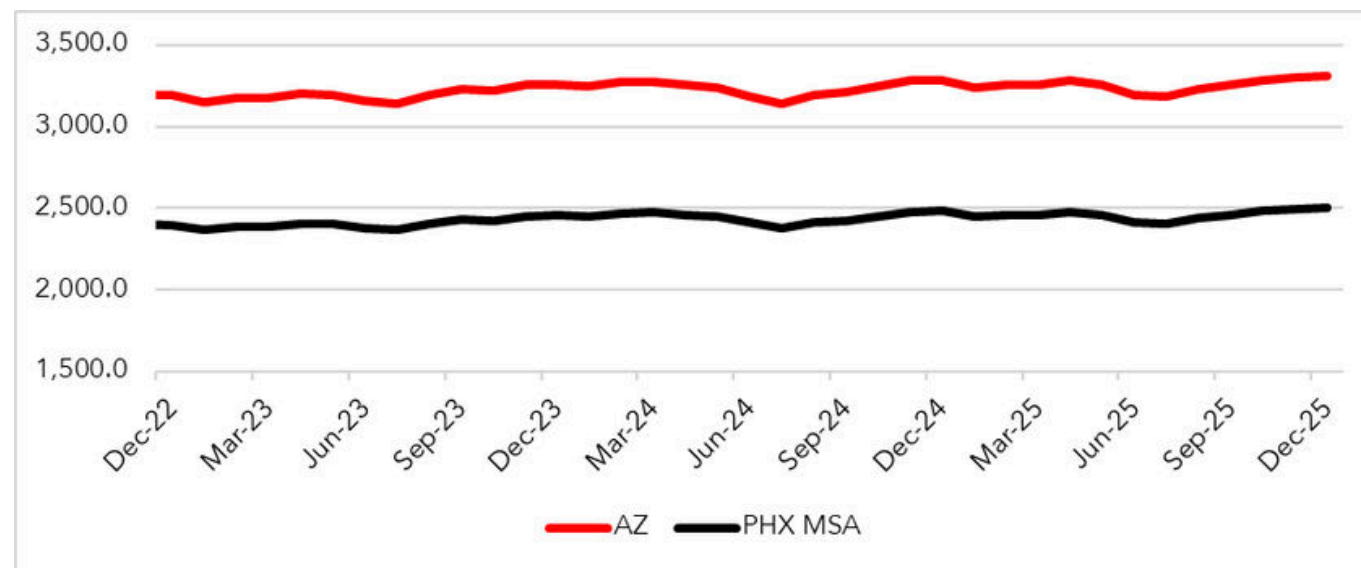
U.S. Nonfarm Employment (000)



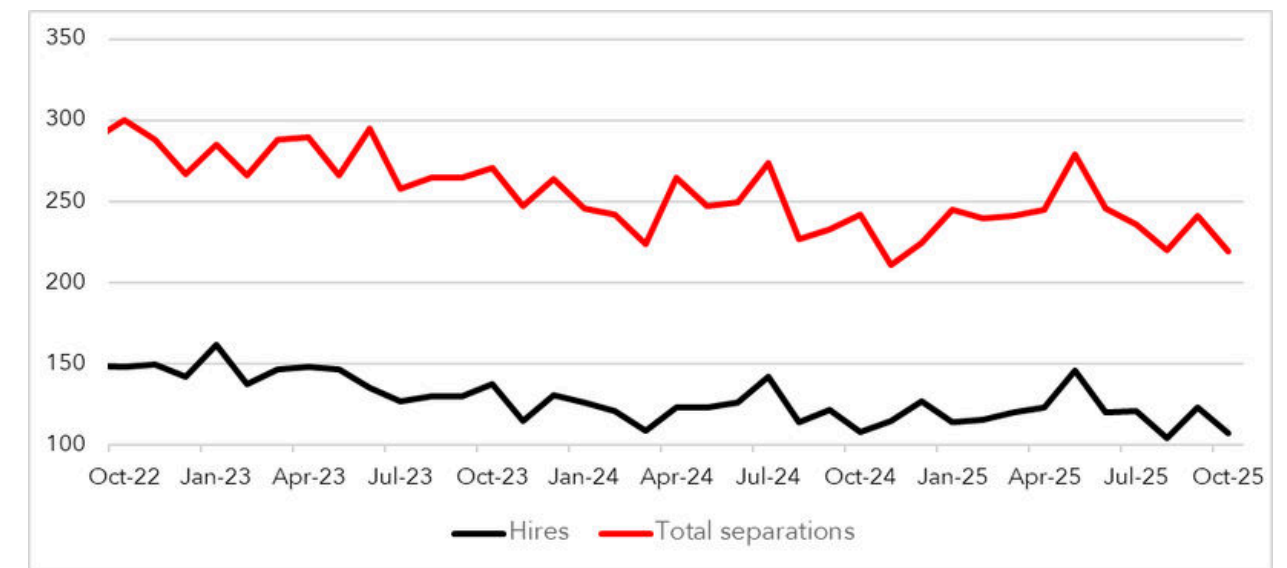
Unemployment Rates



Local & State Nonfarm Employment (000)



Arizona Hires & Total Separations (000)



Source: AZ Office of Economic Opportunity Labor Statistics, January 2026, not seasonally adjusted, preliminary numbers. All US Data-BLS, January 2026, seasonally adjusted. Hires and separations, BLS, January 2026, seasonally adjusted. ***BLS did not collect survey data for October 2025 due to a lapse in appropriations





Households

Cost of Living Comparison for Select Markets

The overall cost of living in Greater Phoenix is 3.3% 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	93.0	97.1	78.7	90.6	97.1	98.3	101.9
Austin TX	96.8	93.9	95.3	98.6	96.8	97.7	98.7
Albuquerque NM	97.0	97.8	91.1	85.2	93.5	100.9	104.8
Dallas TX	98.1	97.8	86.2	112.4	87.7	103.8	106.4
Salt Lake City UT	103.2	96.1	117.3	79.0	107.0	91.3	101.2
Phoenix AZ	103.3	101.2	110.1	102.3	109.0	91.6	99.0
Denver CO	109.3	101.3	117.9	85.8	99.5	117.4	112.8
Portland OR	114.7	107.8	131.5	101.0	131.2	118.8	102.6
Arlington VA	138.1	112.8	214.0	90.9	104.5	121.5	109.2
San Diego CA	144.0	110.4	203.5	151.5	140.8	97.7	115.4
Seattle WA	145.9	109.1	210.0	98.9	140.2	122.1	125.6
Los Angeles CA	150.6	107.8	235.3	113.1	136.3	99.3	119.8
Boston MA	150.8	102.4	232.9	155.4	105.9	133.9	117.3
San Francisco CA	164.1	117.1	259.2	149.1	142.9	124.9	121.2
New York (Manhattan) NY	232.5	114.8	508.4	117.3	117.3	149.2	126.4

Consumer Sentiment (National)

Consumer sentiment remains at or near its lowest level in the past decade
The Index increased to 52.9 in December from 51 in November

Consumer Sentiment





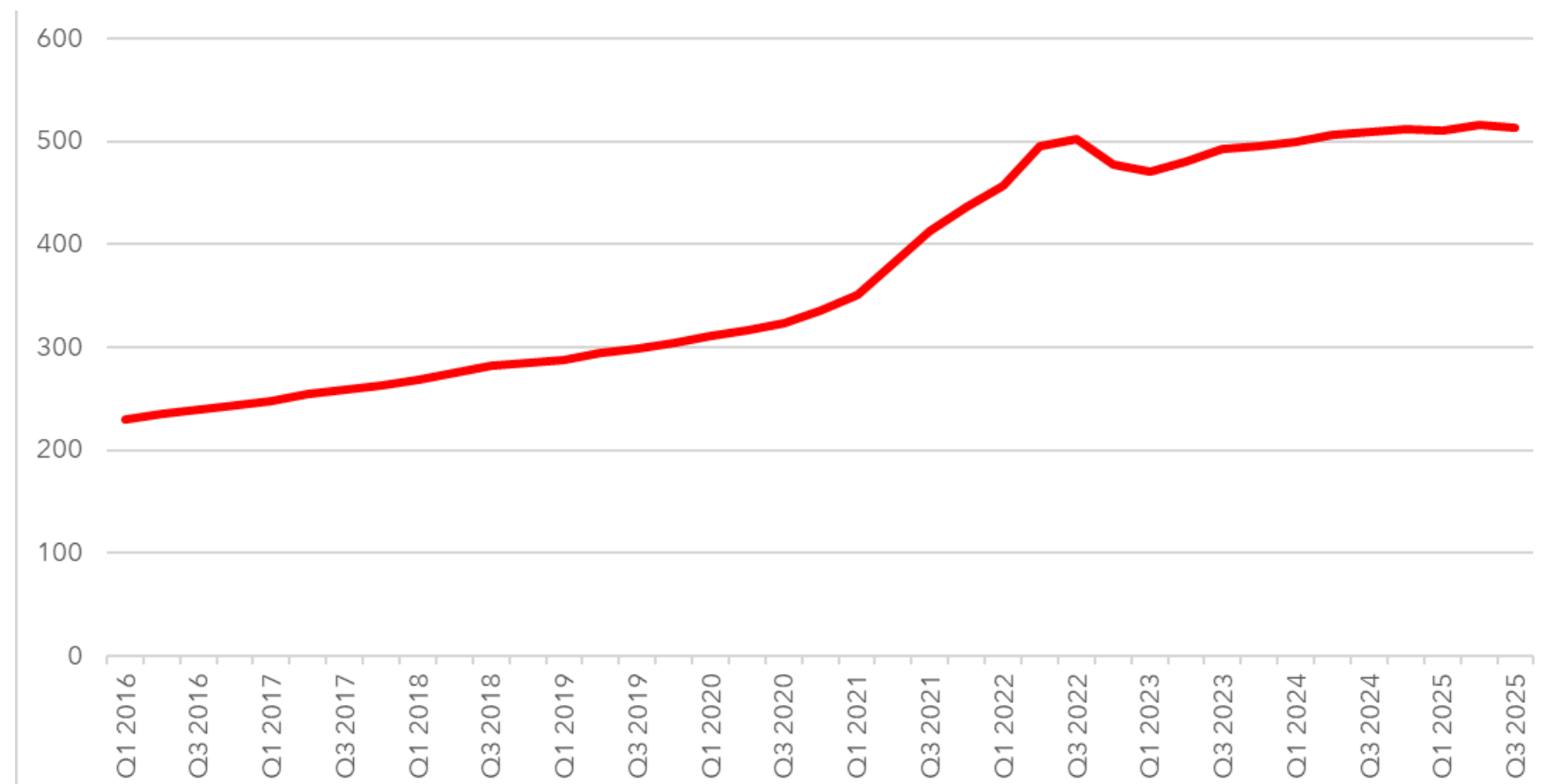
Housing Sector



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 Q3 2025 the index stands at a value of 514.03, a 0.87% YoY change compared to Q3 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

