



Greater Phoenix Economic Snapshot

MARCH 2023

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, decrease in unemployment 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 Greater Phoenix region and the state in the near-term future.

Consumer Spending

Prices in Greater Phoenix increased 1.2% for the two months ending in February 2023. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 8.5%. Food prices increased 10.1%. Energy prices declined 2.2%, largely the result of a decrease in the price of gasoline. The index for all other items less food and energy rose 9.1% over the year.

Disposable Income

Arizona's annual per capita disposable personal income is currently \$48,732; a 31% increase from 2016 when personal disposable income was \$37,199. Despite this growth, increase in disposable income is still lagging the record high inflation rates.

Housing Sector

The House Price Index percentage change for the Greater Phoenix region from one year ago is at 2.9%; indicating a cooling housing market resulting from housing price declines, decrease in the number of home sales and rising interest rates.

Inflation

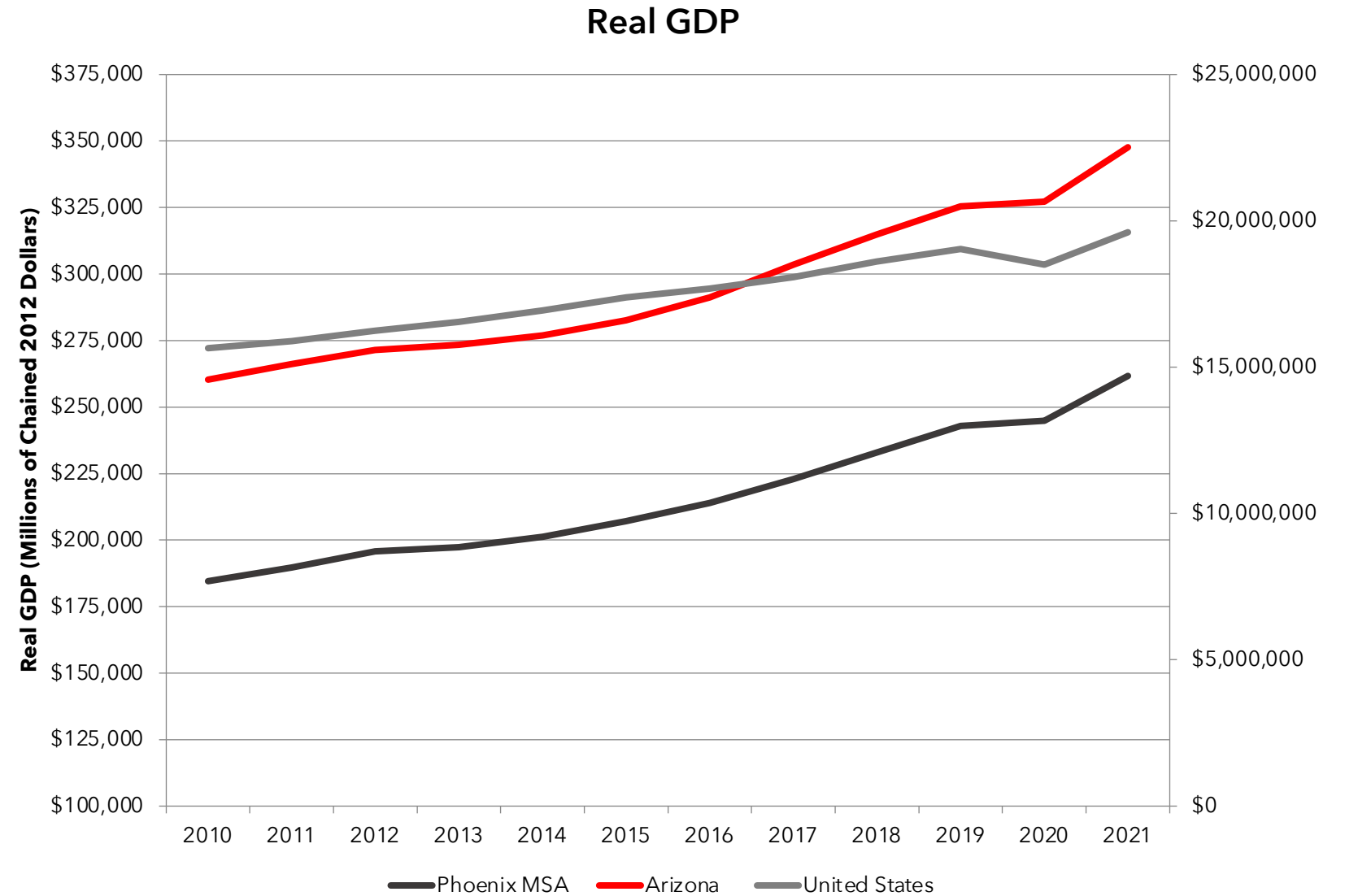
The Inflation rate has been declining for the eighth month in a row, following an all time high in June 2022. Despite this trend, there are still high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the nation.



Economic Activity

National, State & Greater Phoenix Economy

- Greater Phoenix real GDP in 2021 was \$261.7 billion, expanding by 6.9% over the previous year
- Arizona real GDP grew 6.3% from 2020 to 2021
- U.S. real GDP grew 5.9% from 2020 to 2021
- Most recent estimates of GDP show an annual growth rate of 2.7% in Q4 2022 nationally, a positive outlook for the economy despite a slight downturn in Q1 and Q2.



Wage Growth

- In Greater Phoenix and Arizona, overall real personal income grew faster than the national average from 2020 to 2021
- The percentage growth in real per capita personal income from 2020 to 2021 in Greater Phoenix was significantly higher than the national average

Real Personal Income (millions of constant 2012 dollars)

	2020	2021	% Growth
Greater Phoenix	234,587	252,473	7.6%
Arizona	341,319	362,114	6.1%
United States	17,825,584	18,412,541	3.3%

Real Per Capita Personal Income (constant 2012 dollars)

	2020	2021	% Growth
Greater Phoenix	48,190	51,045	5.9%
Arizona	47,551	49,766	4.7%
United States	53,772	55,477	3.2%

Greater Phoenix Employment

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

There has been a steady increase in the number of jobs in the metro

Current total nonfarm payroll employment is 2,364,100 jobs; unemployment rate is 2.9%

Greater Phoenix Job Growth

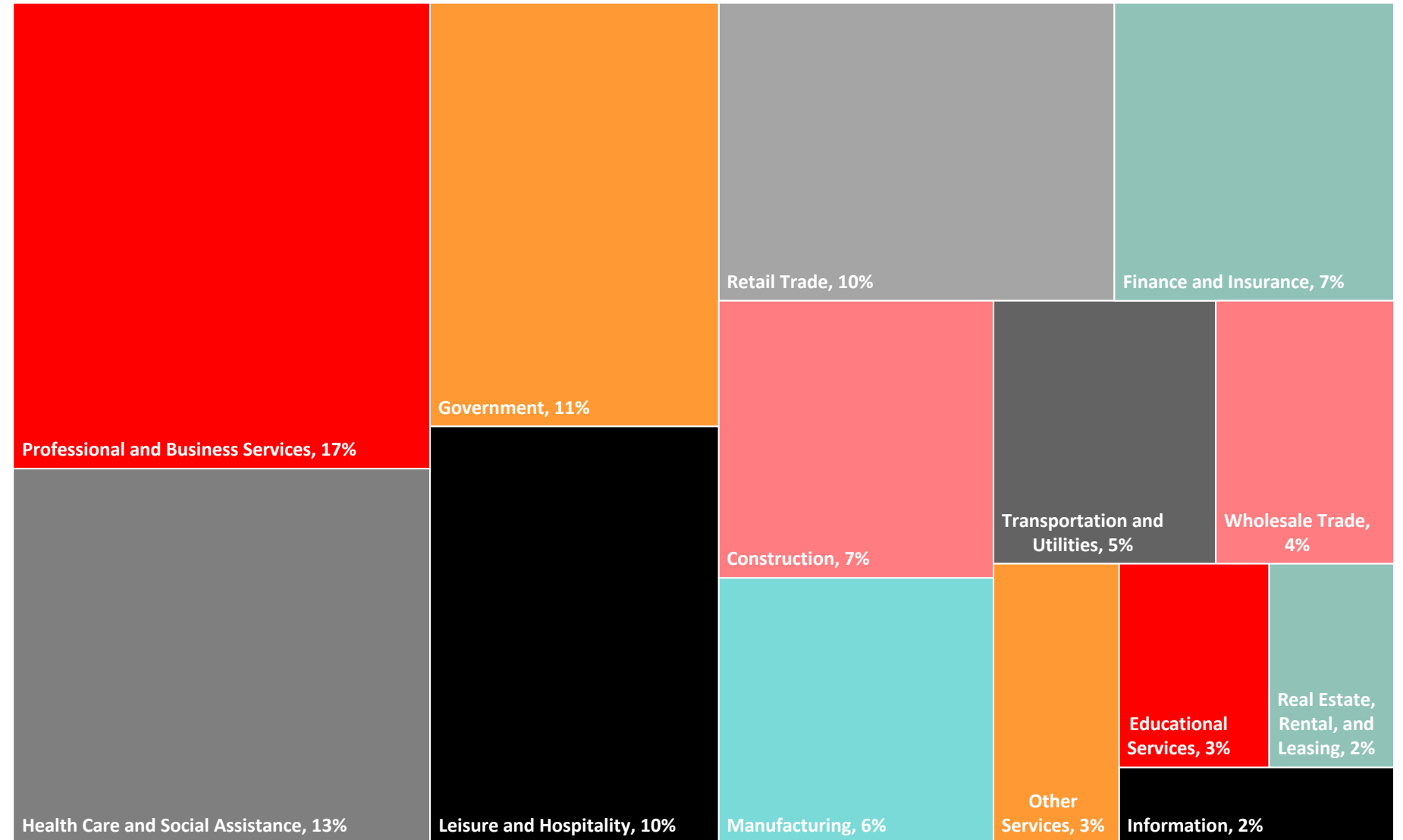


Source: AZ Office of Economic Opportunity Labor Statistics, March 2023, not seasonally adjusted, preliminary numbers

Current Makeup of Industry

- The largest industries in Greater Phoenix are professional and business services and healthcare and social assistance
- Since the 2008 recession, the most significant changes are a relative growth in healthcare and social assistance and a decline in construction and retail trade

CURRENT EMPLOYMENT DIVERSITY



Source: AZ Office of Economic Opportunity Labor Statistics, March 2023, not seasonally adjusted, preliminary numbers

Drivers of Growth

- The top four occupations that had the fastest recent employment growth were Restaurant Cooks , Industrial Truck and Tractor Operators, Home Health and Personal Care Aides and Software Developers.
- Home Health and Personal Care Aides, Laborers and Freight, Stock, and Material Movers, General and Operations Managers and Fast Food and Counter Workers had the highest increase in the number of jobs between 2022 and 2023.

Greater Phoenix Fastest-Growing Occupations

Description	2022 Jobs	2023 Jobs	Change	% Change
Cooks, Restaurant	21,065	22,454	1,389	7%
Industrial Truck and Tractor Operators	15,489	16,394	906	6%
Home Health and Personal Care Aides	56,361	59,293	2,932	5%
Software Developers	28,973	30,367	1,394	5%
Electricians	12,332	12,924	592	5%
Medical Assistants	15,118	15,842	724	5%
Market Research Analysts and Marketing Specialists	13,330	13,923	593	4%
Fast Food and Counter Workers	38,663	40,309	1,646	4%
First-Line Supervisors of Food Preparation and Serving Workers	17,500	18,235	735	4%
Laborers and Freight, Stock, and Material Movers, Hand	51,546	53,578	2,033	4%
Stockers and Order Fillers	40,611	42,153	1,542	4%
Waiters and Waitresses	35,934	37,276	1,342	4%
Construction Laborers	18,166	18,844	678	4%
Accountants and Auditors	19,205	19,891	686	4%
Registered Nurses	41,251	42,669	1,418	3%
Heavy and Tractor-Trailer Truck Drivers	29,990	31,003	1,013	3%
Receptionists and Information Clerks	17,818	18,409	591	3%
Maintenance and Repair Workers, General	24,641	25,374	734	3%
General and Operations Managers	58,242	59,955	1,713	3%
Postsecondary Teachers	24,028	24,638	610	3%

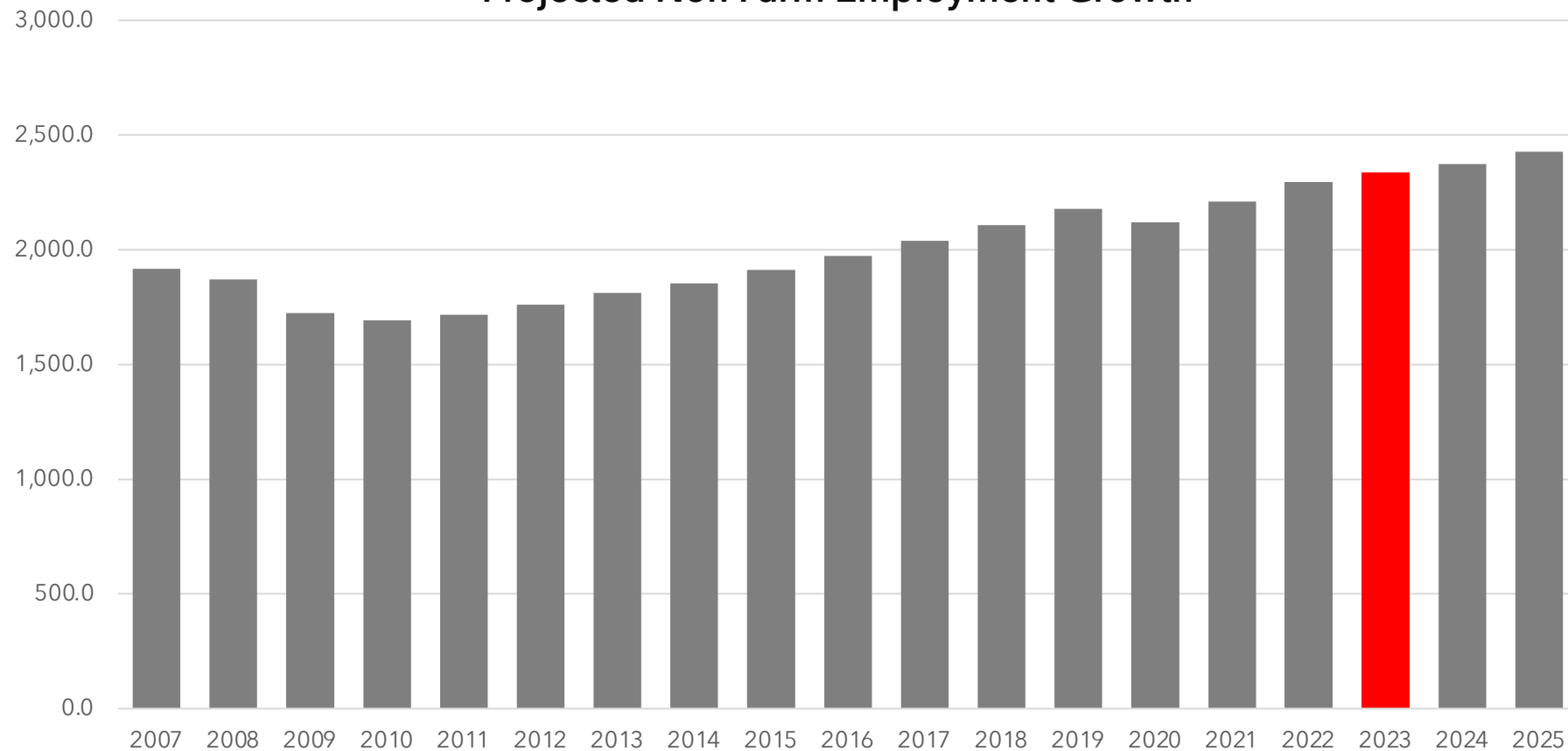
Job Forecast

Greater Phoenix job growth is projected to be 1.67% from 2023 to 2024

Arizona job growth is projected to be 1.58% from 2023 to 2024

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

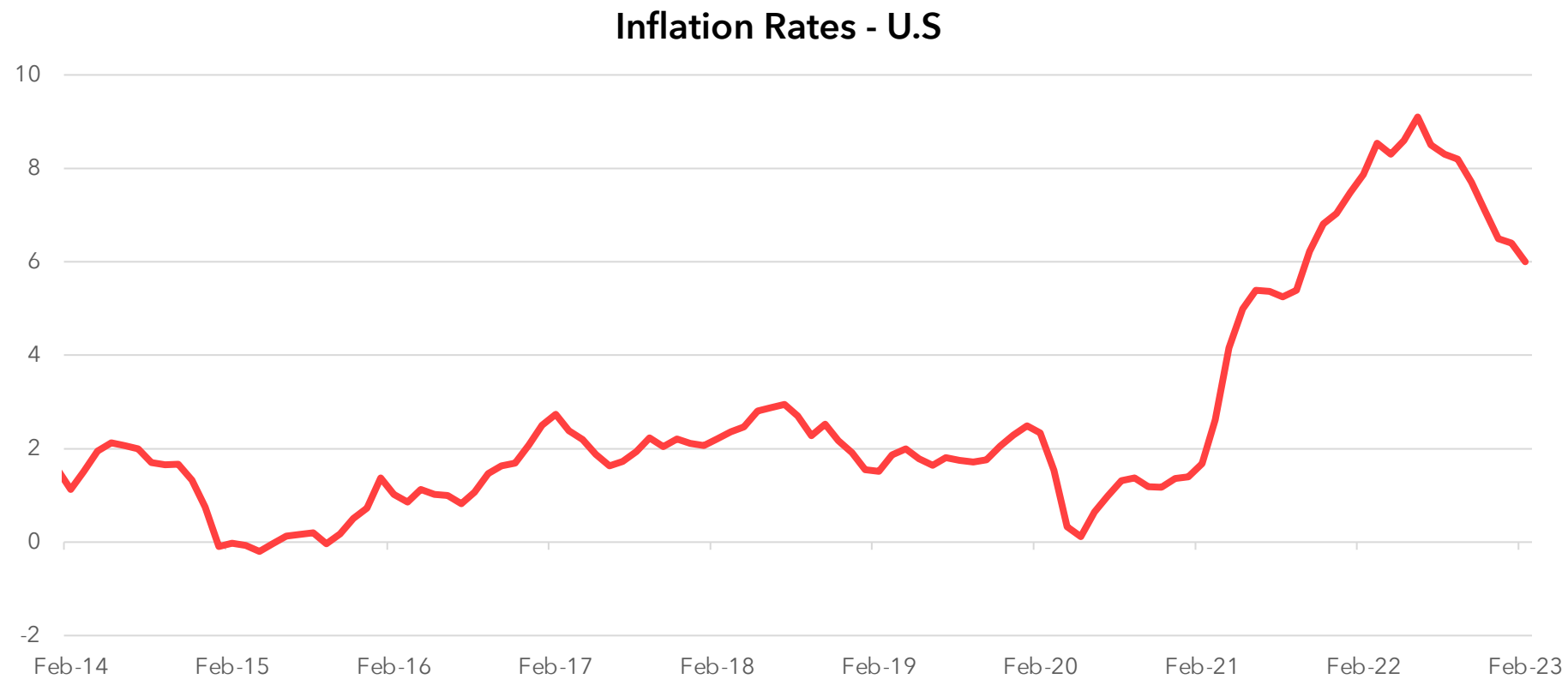
Projected Non Farm Employment Growth



Source: University of Arizona Economic and Business Research Center, March 2023

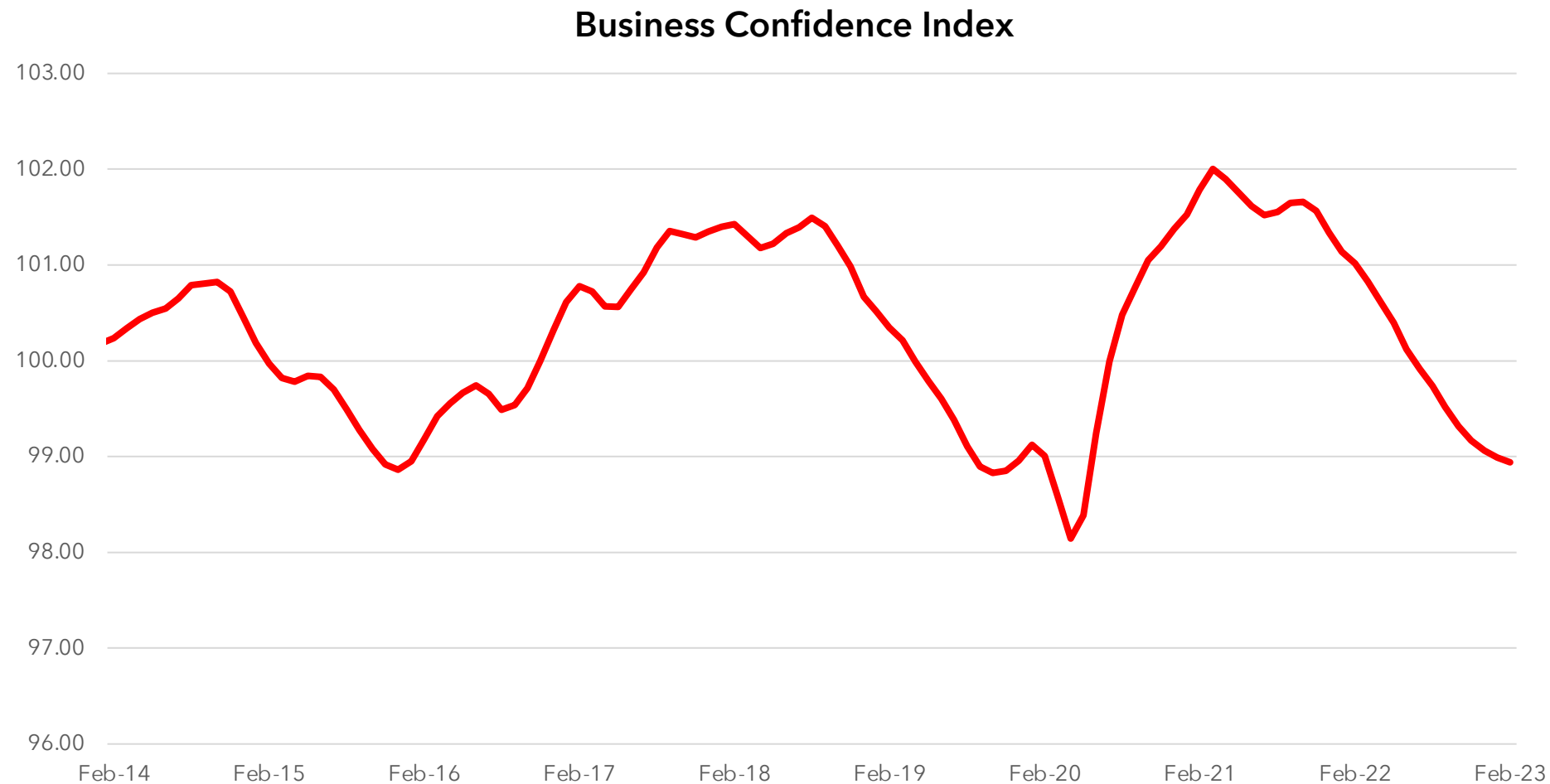
Inflation and Prices (National)

- 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 6% which is a decrease for the eighth consecutive month since June 2022. However, rates remain above the long-term average



Business Confidence Index (National)

- The Business Confidence Index measures how businesses perceive the economy based on surveys measuring developments in production, orders and stocks of finished goods. Numbers above 100 indicate confidence in future business performance
- The index measured at 98.94 in February, indicating slight pessimism towards economic activity in the future

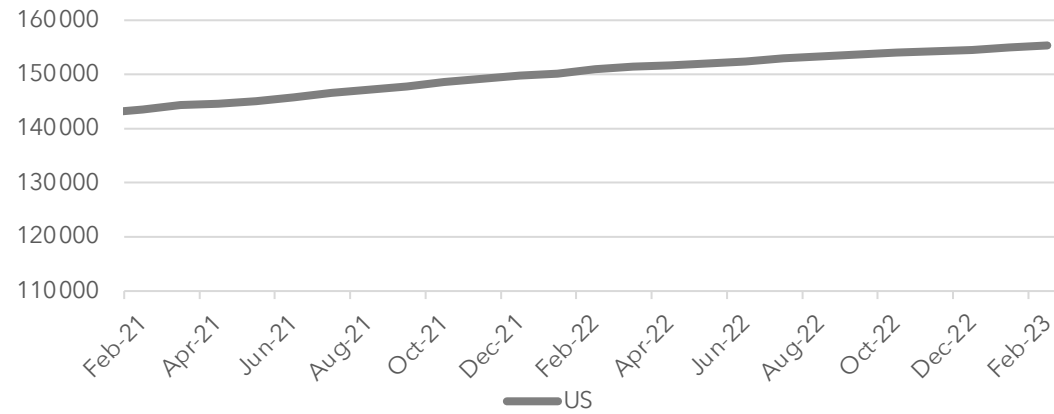


Regional Comparisons

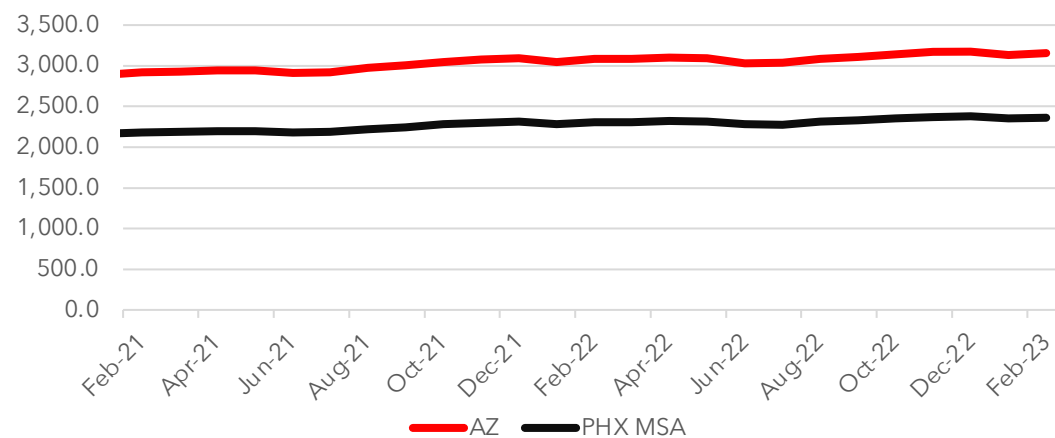
- Greater Phoenix has a lower unemployment rate than Arizona and the United States
- Employment rates have a consistent trend at the metro, state and national level

Nonfarm Employment

US Employment (000)

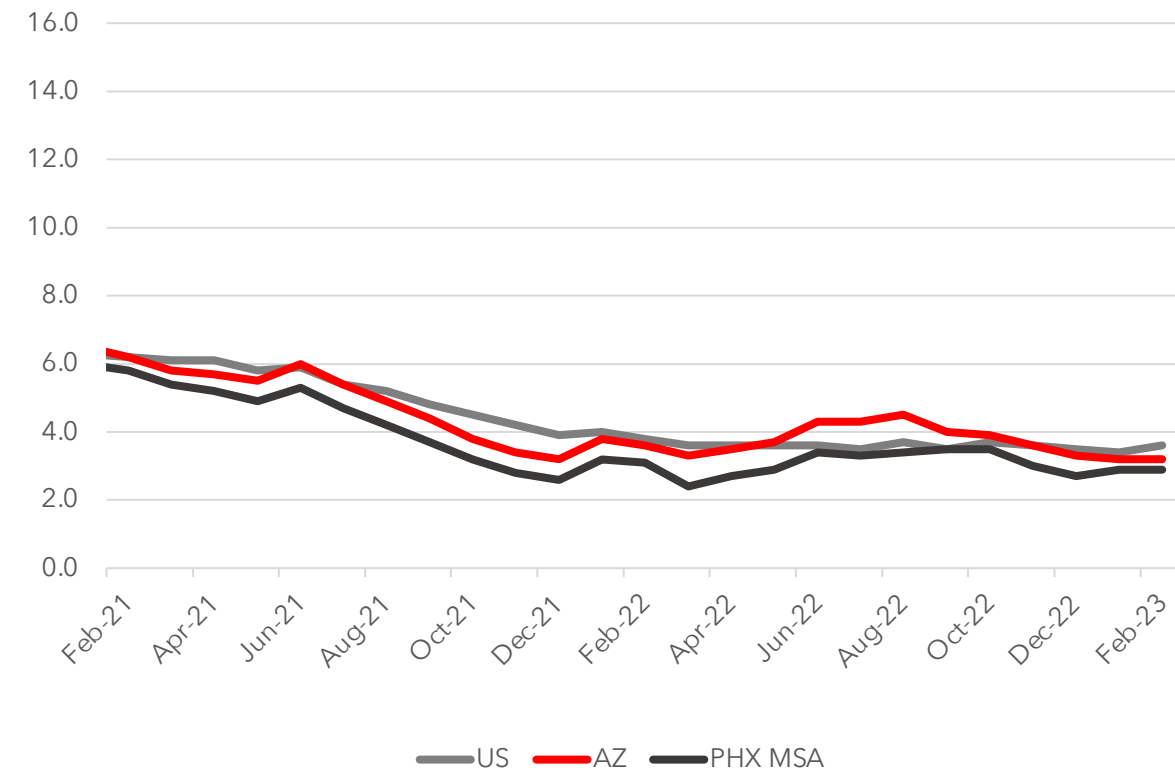


Local and State Employment (000)



Unemployment Rates

Unemployment Rates



Source: AZ Office of Economic Opportunity Labor Statistics, March 2023, not seasonally adjusted, preliminary numbers
All US Data- BLS, March 2023



Households

Cost of Living

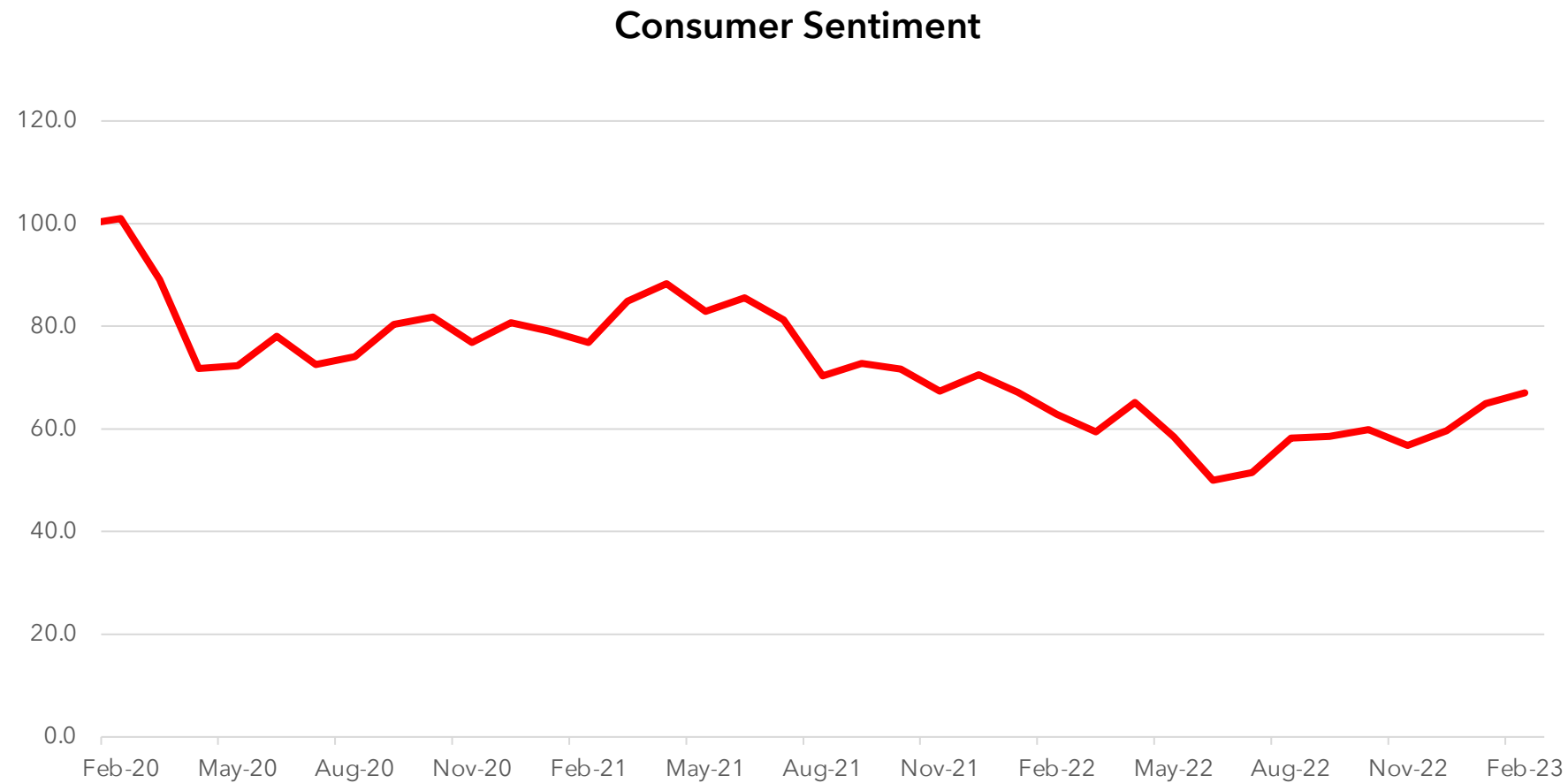
The overall cost of living in Greater Phoenix is 5.8% above the national average.

Cost of Living Comparison for Select Markets

Region	100% Composite Index	17.26% Grocery items	30.9% Housing	10.21% Utilities	7.54% Transportation	4.42% Healthcare	29.67% Misc. Goods and Services
Houston, TX	91.8	90.3	81.9	103.0	100.1	94.4	96.6
Albuquerque, NM	93.0	97.0	87.7	90.4	92.5	93.1	97.2
Austin, TX	101.0	89.7	117.5	97.4	89.7	101.1	94.5
Dallas, TX	103.0	96.2	95.9	119.0	82.4	115.5	112.1
Phoenix, AZ	105.8	99.6	130.8	100.4	102.4	92.1	88.3
Salt Lake City, UT	107.4	101.7	117.8	92.3	111.1	94.0	106.3
Denver, CO	111.2	95.5	134.6	92.4	104.5	101.7	105.5
Portland, OR	122.2	106.4	156.1	91.3	125.1	109.2	108.0
Arlington, VA	139.1	109.2	210.5	96.2	110.7	107.1	109.0
San Diego, CA	147.4	110.0	227.1	111.0	127.6	107.2	109.8
Boston, MA	149.9	113.0	217.3	121.2	134.0	113.8	120.6
Seattle, WA	152.2	125.0	217.8	102.4	129.8	134.5	125.3
Los Angeles, CA	152.5	107.0	239.5	111.6	126.0	110.8	115.3
San Francisco, CA	182.8	131.7	307.9	128.5	131.8	127.3	122.0
New York (Manhattan), NY	237.6	126.2	491.2	102.3	110.4	108.8	136.2

Consumer Sentiment (National)

- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 67 for the month of February

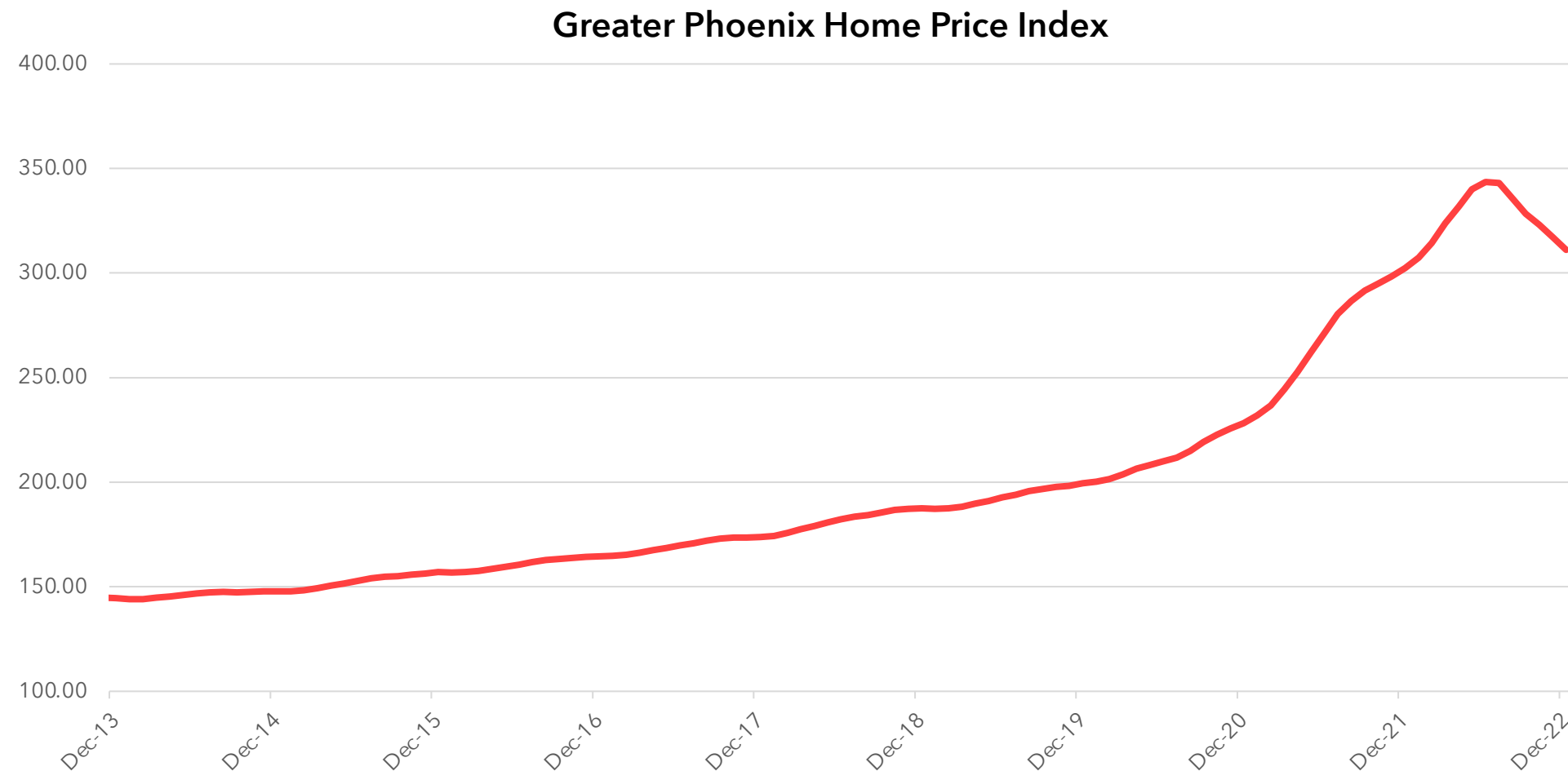




Housing Sector

Housing Market Trends

- Home prices in Greater Phoenix increased for over a decade with the month of June recording the highest index at 343.56 with an annual percentage change of 26.56%
- Due to the increase in interest rates, the market is cooling off. The YoY change is at 2.9% for the month of December.



**An index value of 100 equals the home price in January 2000.
Source: S&P/Case-Shiller Home Price Index, March 2023*

Greater Phoenix Greater Together