

Greater Phoenix Greater Together

JUNE 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 the Greater Phoenix region and the state in the near-term future.

Consumer Spending

Prices in Greater Phoenix increased 1.5% for the two months ending in April 2023. Over the last 12 months, the Consumer Price Index for all Urban Consumers (CPI-U) jumped 7.4%. Food prices increased 6.8%. Energy prices rose 2.9%, largely the result of an increase in the price of gasoline. The index for all other items less food and energy rose 8.1% 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 April 2022 is at -6.14%; despite the region experiencing a cooling housing market resulting from an increase in interest rates, there has been a slight increase for the third consecutive month in home prices since February 2023.

Inflation

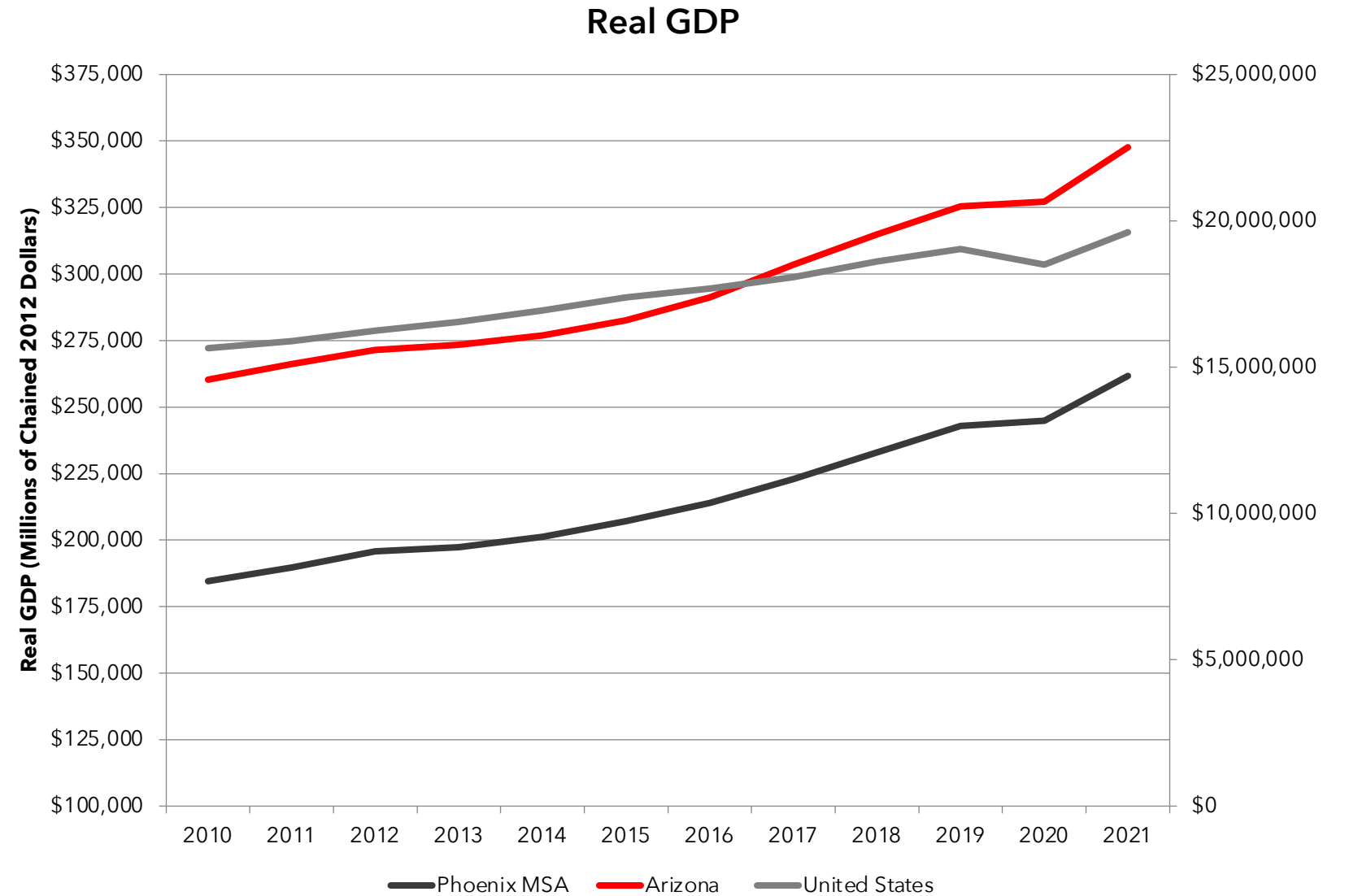
The Inflation rate has been declining for the eleventh month in a row, following an all time high in June 2022. Despite this trend, there are still high interest rates, implying a tighter monetary policy, which is likely contributing to slower economic growth in Arizona and the nation.

An aerial photograph of a city skyline, featuring numerous skyscrapers and buildings. A large, semi-transparent red arrow graphic points from the top right towards the center of the image. The text 'Economic Activity' is overlaid in white on the left side of the image.

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 2.0% in Q1 2023 nationally, a positive outlook and slower growth for the economy compared to a 2.6% increase in Q4 2022.



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 2,353,700 jobs; unemployment rate is 3.3%

Greater Phoenix Job Growth



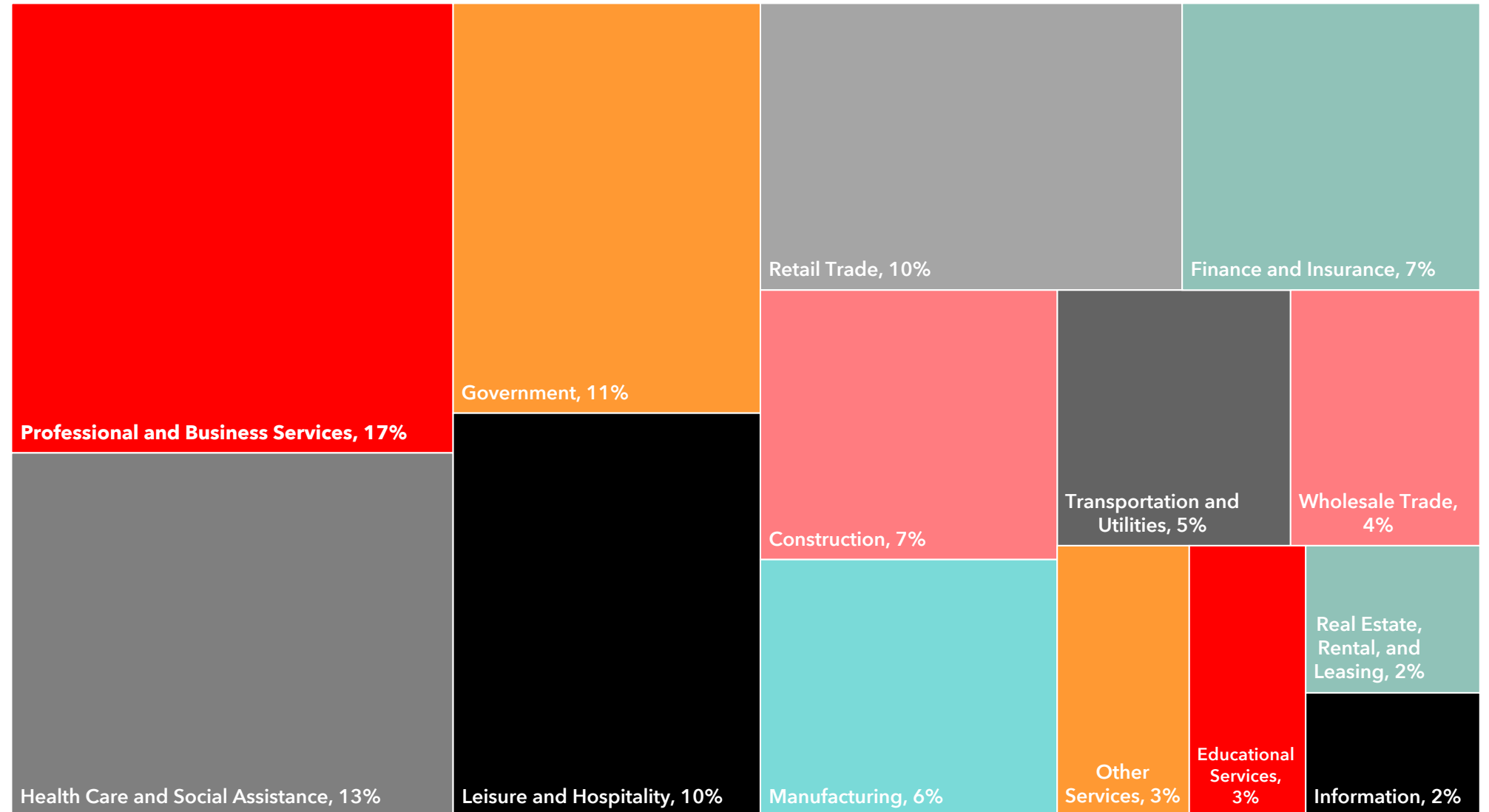
Source AZ Office of Economic Opportunity Labor Statistics, June 2023, not seasonally adjusted, preliminary numbers



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



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 Electricians.
- Home Health and Personal Care Aides, Laborers and Freight, Stock, and Material Movers, Fast Food and Counter Workers and General and Operations Managers had the highest increase in the number of jobs between 2022 and 2023.

Greater Phoenix Fastest-Growing Occupations

Description	2022 Jobs	2023 Jobs	2022 - 2023 Change	2022 - 2023 % Change
Cooks, Restaurant	21,393	22,742	1,348	6%
Industrial Truck and Tractor Operators	15,580	16,429	849	5%
Home Health and Personal Care Aides	56,660	59,420	2,760	5%
Electricians	12,723	13,331	607	5%
Software Developers	29,256	30,569	1,313	4%
Medical Assistants	15,181	15,854	673	4%
Market Research Analysts and Marketing Specialists	13,504	14,065	560	4%
Fast Food and Counter Workers	39,318	40,870	1,552	4%
First-Line Supervisors of Food Preparation and Serving Workers	17,731	18,424	693	4%
Light Truck Drivers	15,217	15,769	551	4%
Laborers and Freight, Stock, and Material Movers, Hand	52,038	53,920	1,882	4%
Construction Laborers	18,510	19,167	657	4%
Waiters and Waitresses	36,481	37,752	1,271	3%
Miscellaneous Assemblers and Fabricators	15,849	16,361	513	3%
Accountants and Auditors	19,272	19,863	590	3%
Stockers and Order Fillers	39,803	40,985	1,182	3%
Heavy and Tractor-Trailer Truck Drivers	30,159	31,053	894	3%
Receptionists and Information Clerks	17,949	18,478	529	3%
Maintenance and Repair Workers, General	24,913	25,580	666	3%
General and Operations Managers	58,782	60,322	1,540	3%

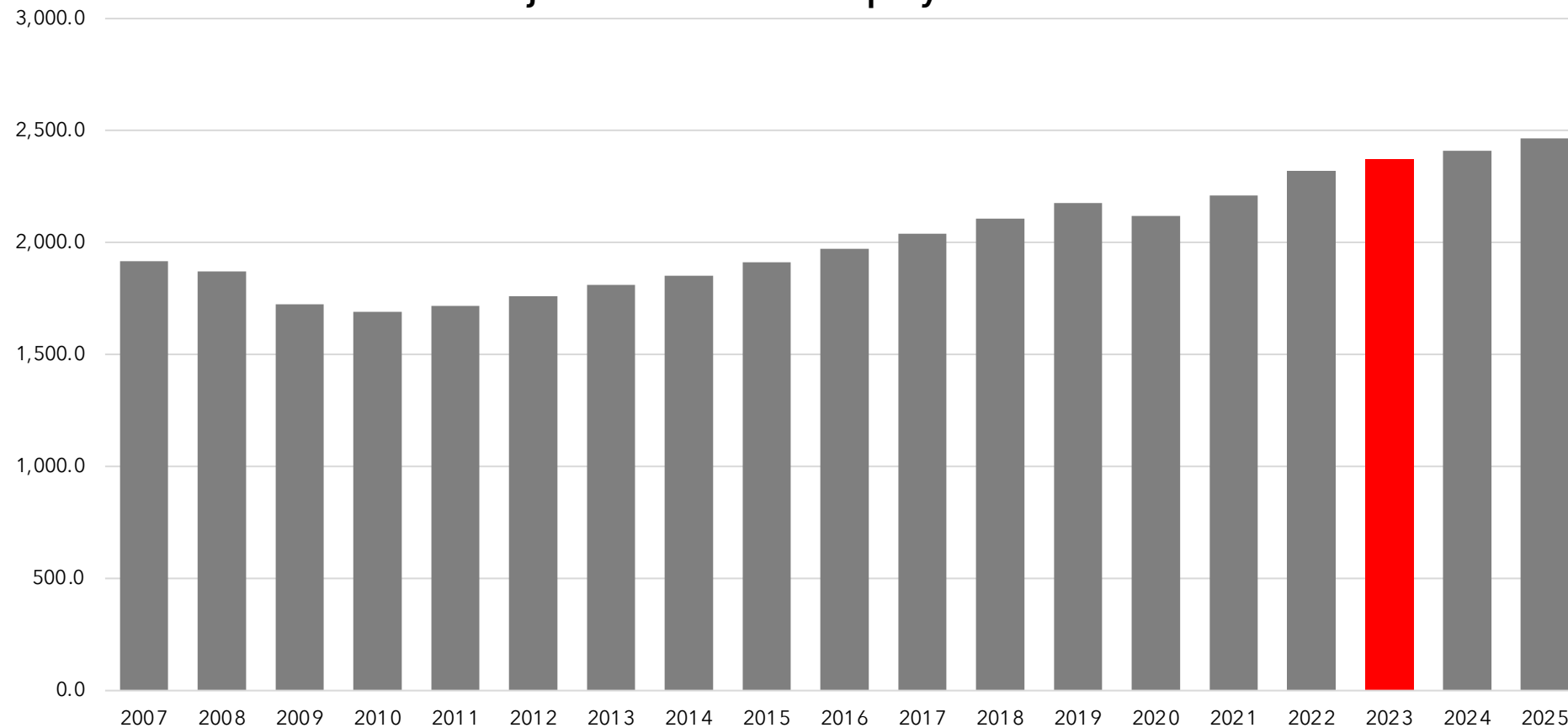
Job Forecast

Greater Phoenix job growth is projected to be 1.66% from 2023 to 2024

Arizona job growth is projected to be 1.48% from 2023 to 2024

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

Projected Non Farm Employment Growth

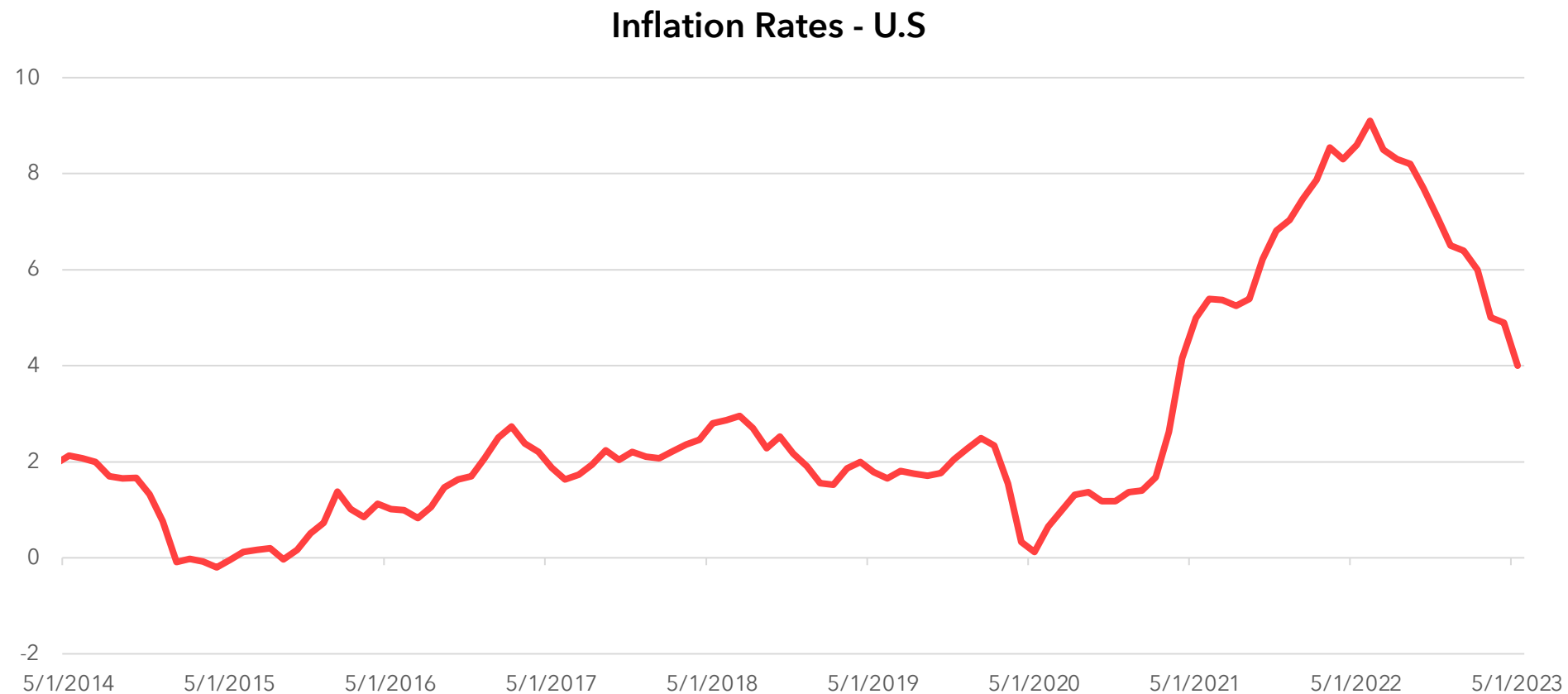


Source: University of Arizona Economic and Business Research Center, June 2023



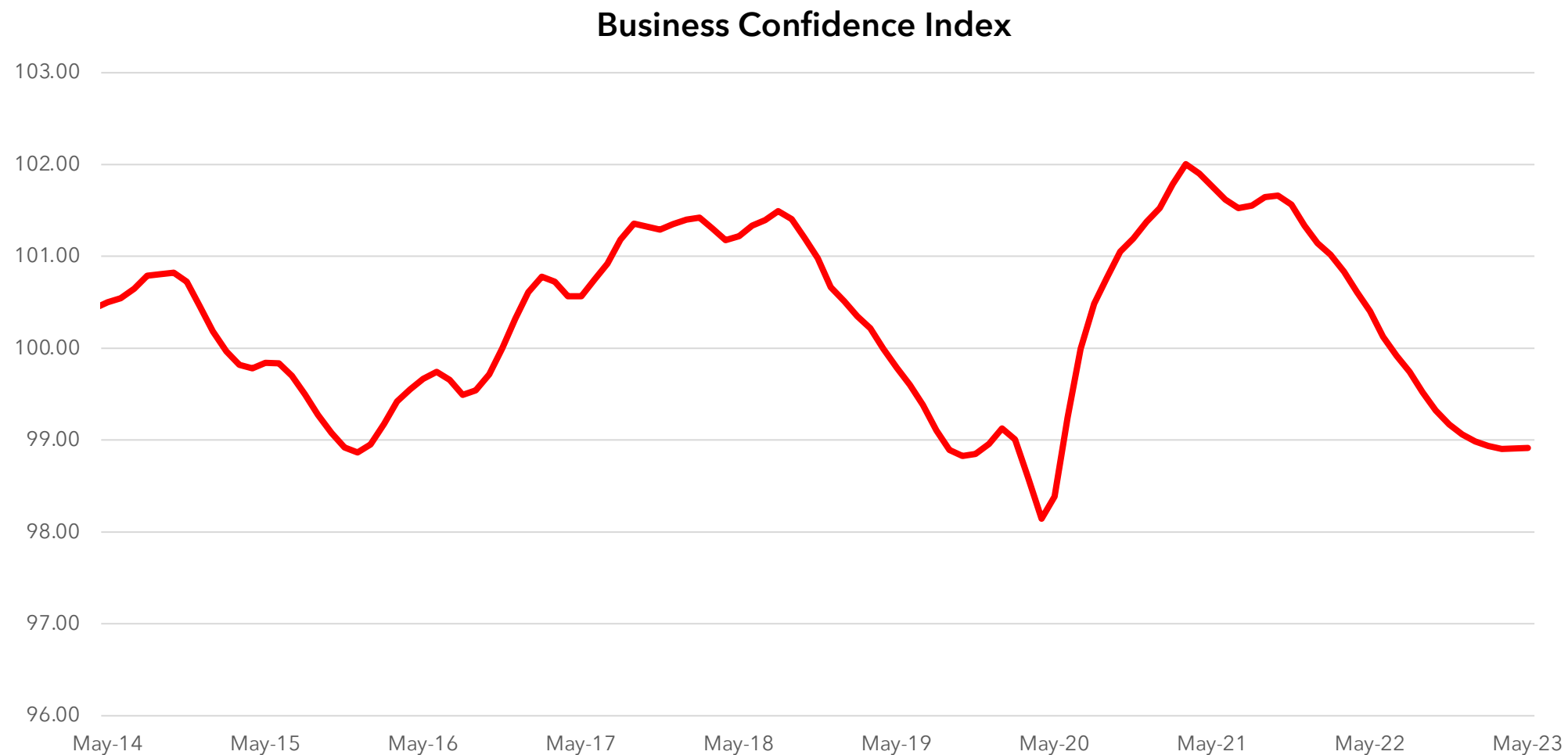
Inflation and Prices (National)

- 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 4.0% which is a decrease for the eleventh 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 98.91 in May, indicating slight pessimism towards economic activity in the future

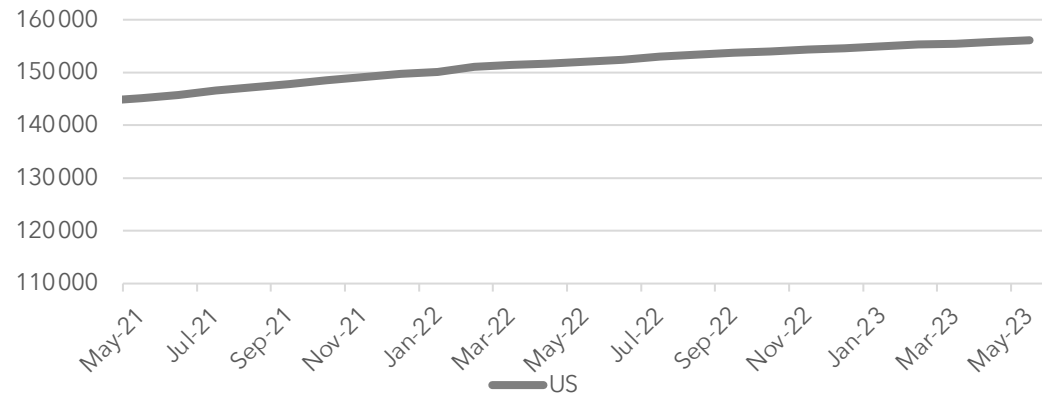


Regional Comparisons

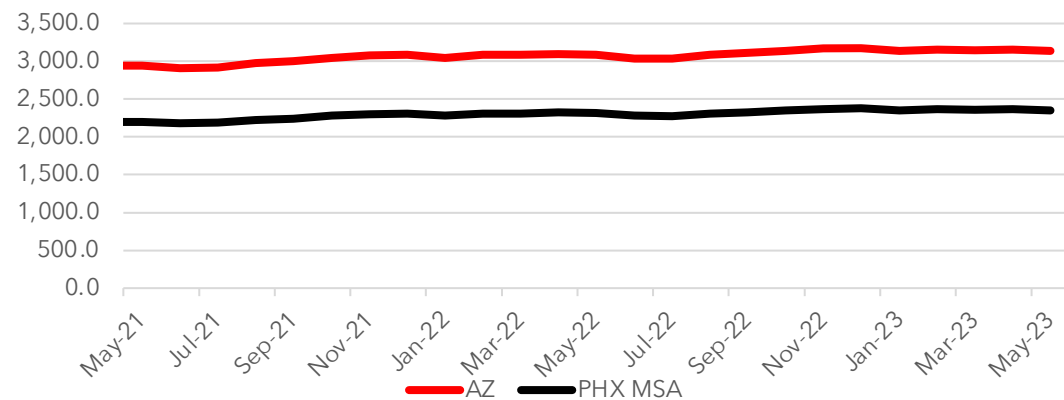
- Greater Phoenix has a lower unemployment rate than Arizona and the United States
- Employment rates have a consistent trend at the metro, state and national level

Nonfarm Employment

US Employment (000)

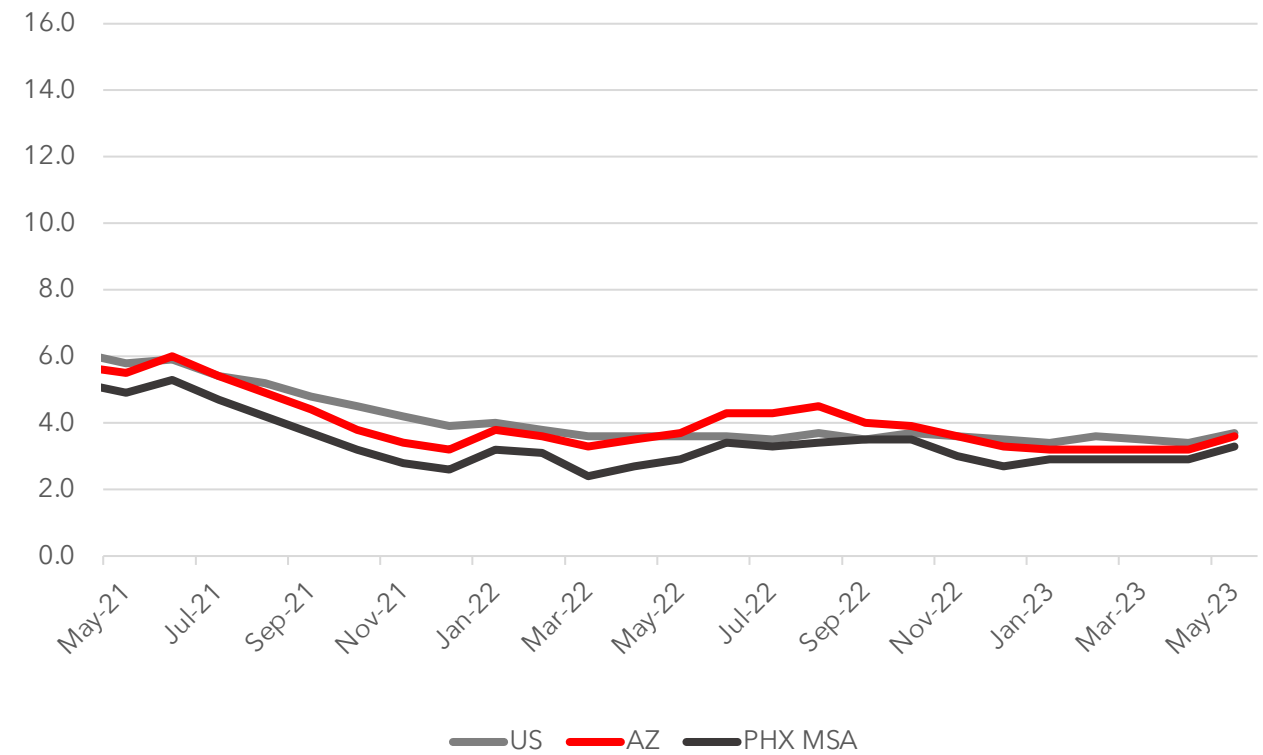


Local and State Employment (000)



Unemployment Rates

Unemployment Rates



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



Households

Cost of Living

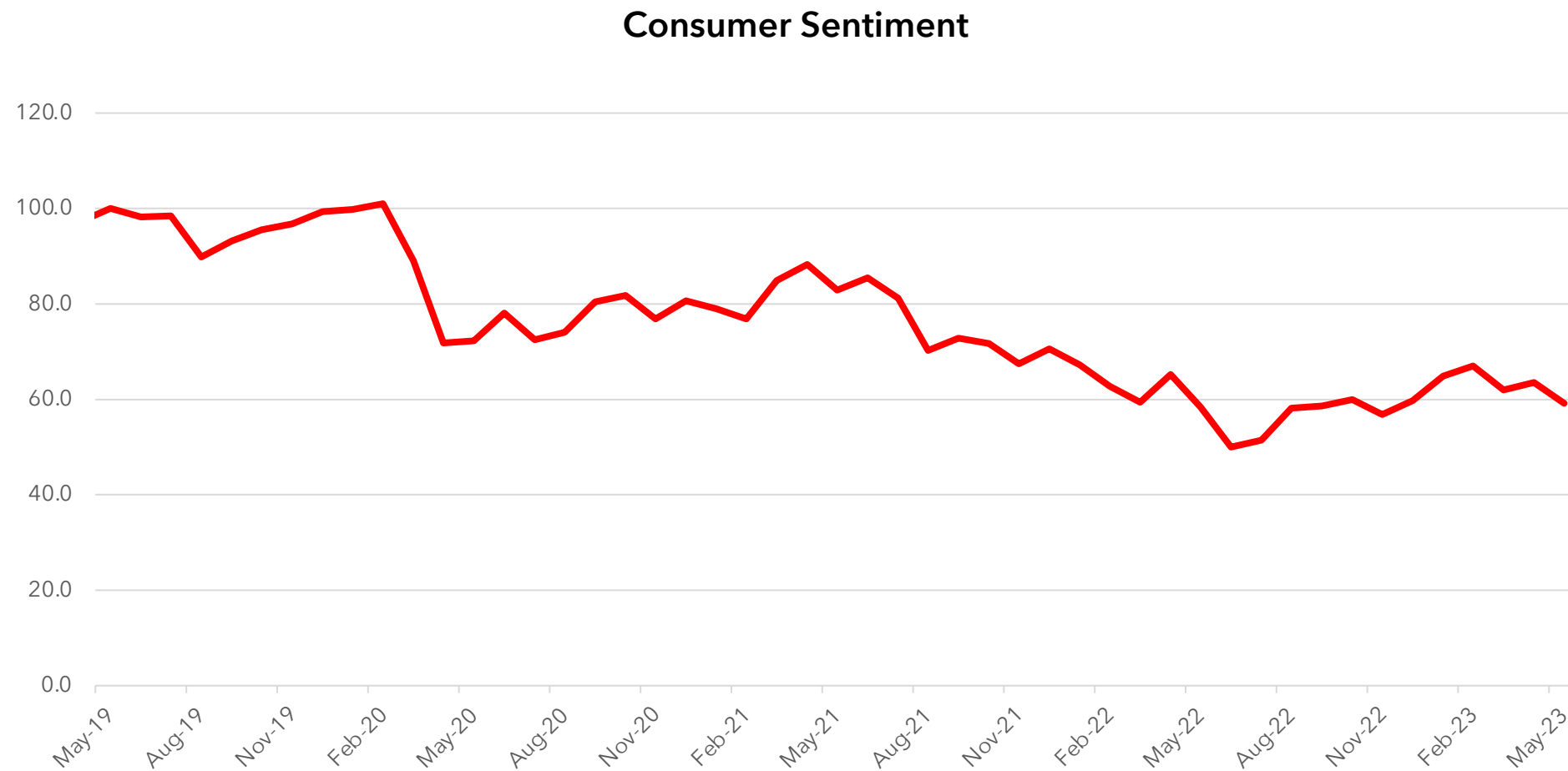
The overall cost of living in Greater Phoenix is 3.8% above the national average.

Cost of Living Comparison for Select Markets

Region	100% Composite Index	15.73% Grocery items	28.10% Housing	9.06% Utilities	8.53% Transportation	4.83% Healthcare	33.75% Misc. Goods and Services
Albuquerque NM	93.8	97.9	85.2	99.1	90.1	94.0	98.6
Houston TX	93.9	99.3	83.0	103.8	90.6	91.3	99.1
Austin TX	101.2	96.9	115.2	96.1	90.1	99.4	96.1
Dallas TX	103.0	102.0	95.9	112.0	89.5	110.3	109.3
Phoenix AZ	103.8	103.1	122.7	98.8	102.8	92.2	91.5
Salt Lake City UT	106.5	99.8	117.8	92.8	104.2	93.1	106.5
Denver CO	111.9	104.9	134.7	86.5	107.5	100.5	105.8
Portland OR	120.7	108.9	152.6	93.5	122.8	107.6	108.2
Arlington VA	140.1	116.9	218.0	99.4	102.2	113.3	110.4
San Diego CA	142.5	115.0	215.6	105.4	130.0	105.9	112.7
Seattle WA	144.5	117.0	210.1	102.0	125.6	134.5	120.2
Boston MA	148.4	105.0	219.5	126.1	127.5	112.6	125.8
Los Angeles CA	149.1	111.6	235.2	112.7	121.9	109.5	117.2
San Francisco CA	169.9	127.8	286.6	132.3	131.5	123.5	118.9
New York (Manhattan) NY	222.0	116.3	480.2	100.6	119.7	113.5	130.2

Consumer Sentiment (National)

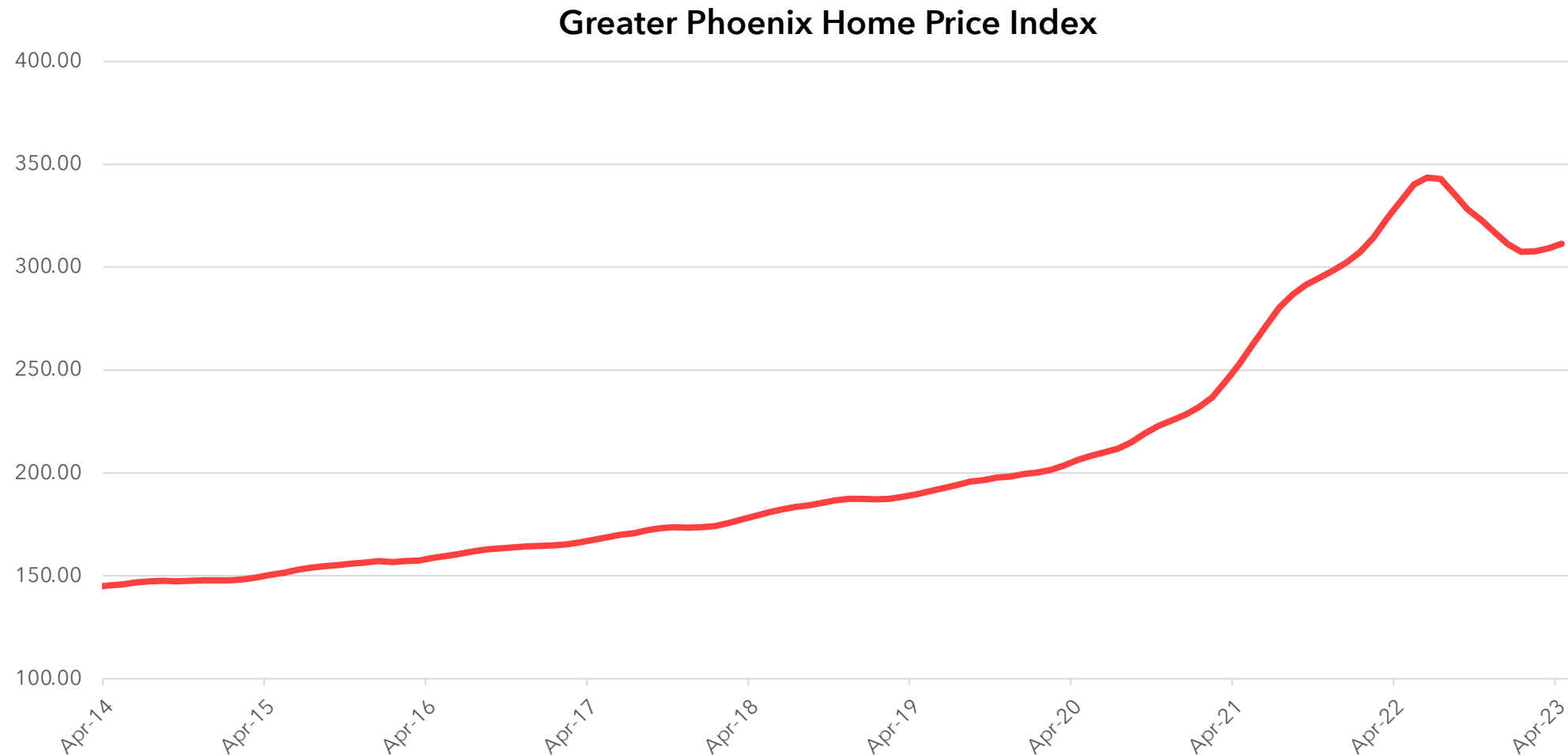
- Consumer sentiment remains at or near its lowest level in the past decade
- Index is at 59.2 for the month of May



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%
- Despite the housing market cooling off, there has been a slight uptick in home prices since February. The YoY change is at -6.14% for the month of April.



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

Source: S&P/Case-Shiller Home Price Index, June 2023



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