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ARIZONA Economic Update & Outlook

ECONOMIC CLUB OF PHOENIX

Lee.mcpheters@asu.edu
May 8, 2014

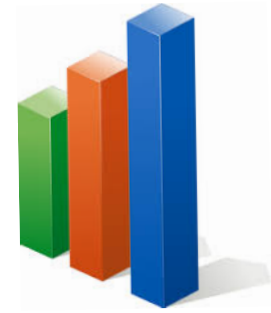
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Arizona's Economy Bottomed Out in 2010 – 4 Years Ago!

- **Historically A Growth Leader**
- **But Recession Hit Earlier, Harder**
- **Out of the Woods? Not Yet!**
- **Long Term Outlook Positive**

ARIZONA

Economic Forecast



Arizona Indicators	2013	2014	2015
	Annual Percent Change		
Employment	2.1	2.4	2.5
Personal Income	2.7	4.0	4.5
Population	1.2	1.4	1.5

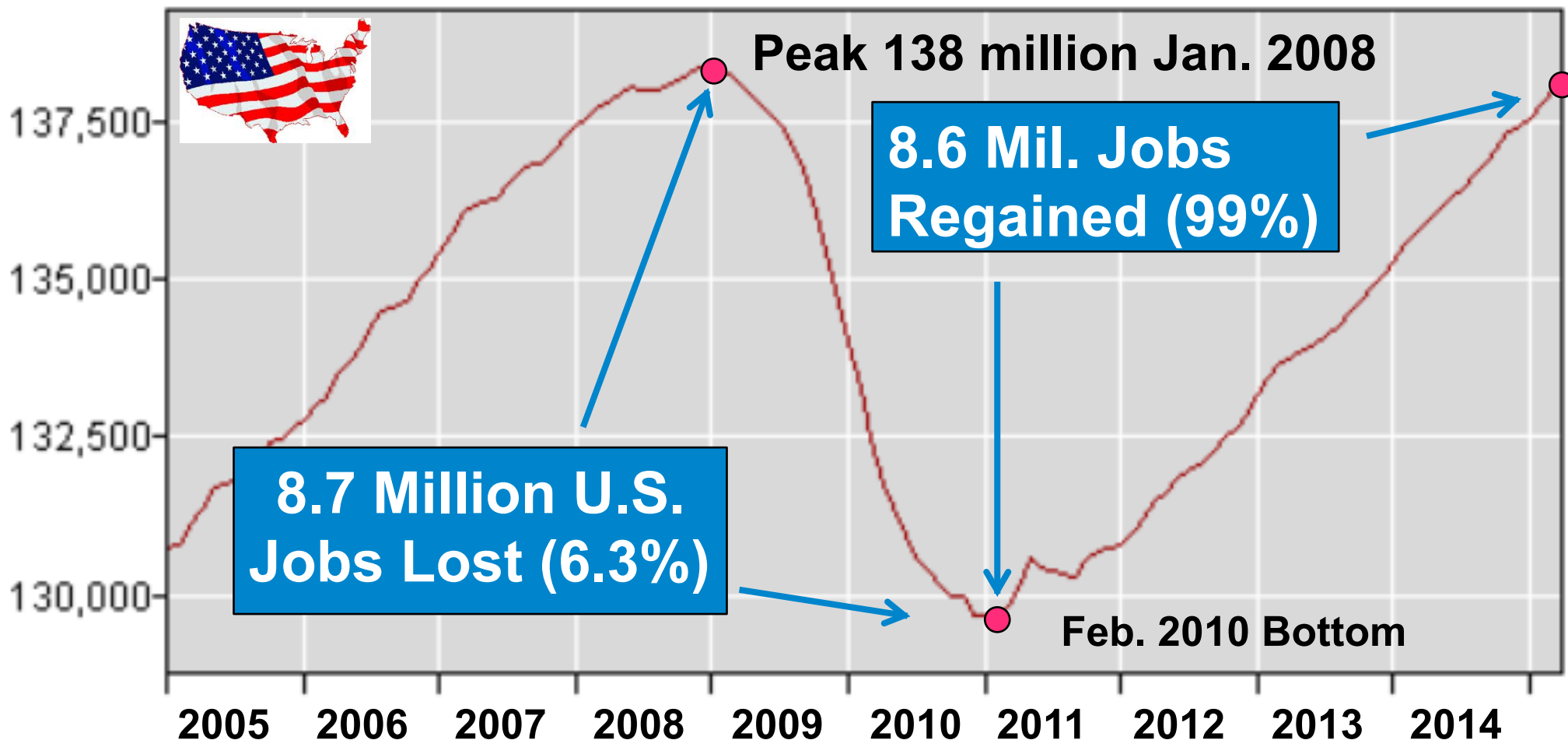
W. P. Carey School of Business, ASU, based on data available May 8, 2014

Slow Recovery of Lost Jobs

- The U.S. has regained 99% of jobs lost in recession
- Arizona has regained 56% of jobs lost in recession
- Metro Phoenix has regained 63% of jobs lost in recession

U.S. Has Regained 99% of Lost Jobs

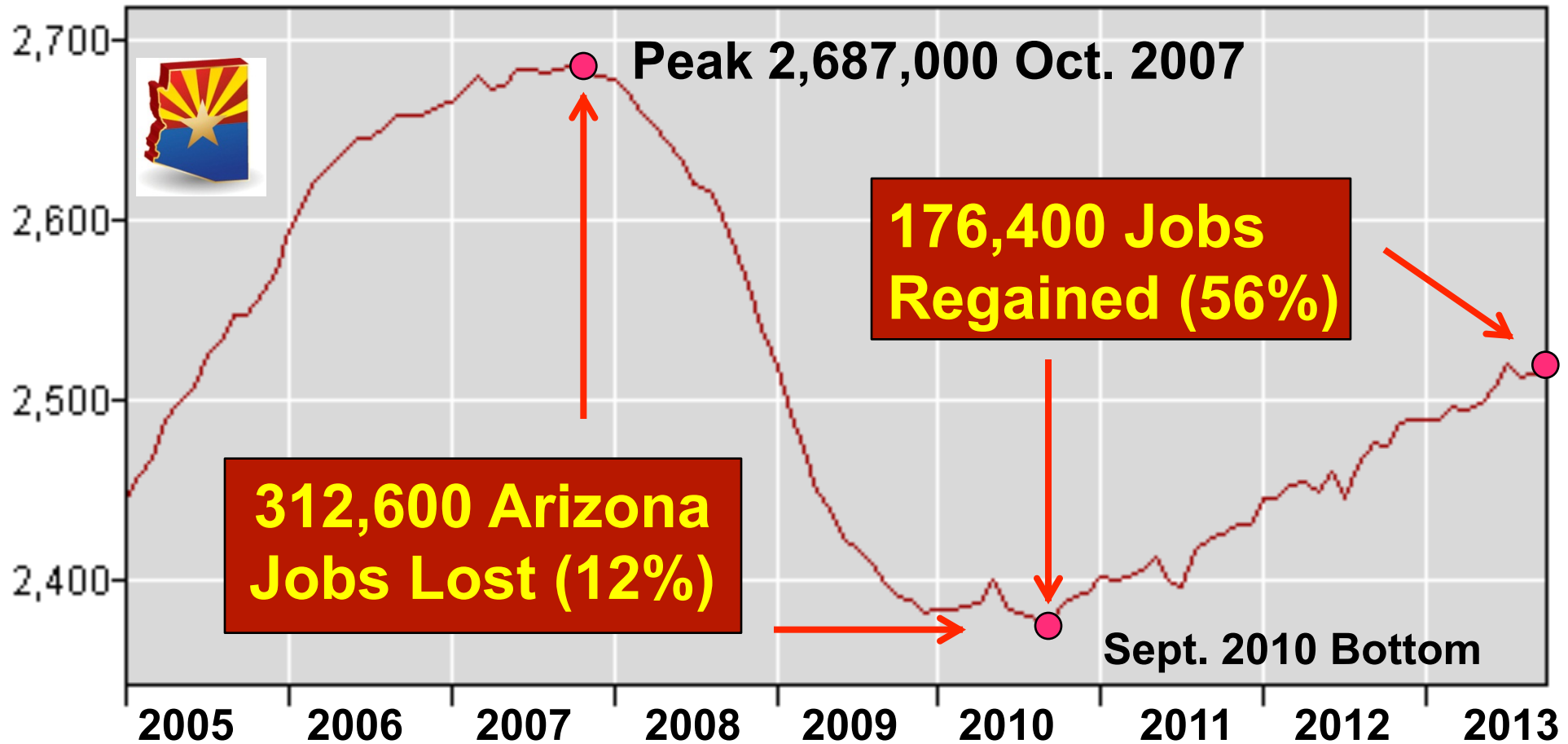
Only 113,000 Jobs for Full Recovery



U. S. Bureau of Labor Statistics, Seasonally Adjusted, April 2014

Arizona Has Regained 56% of Lost Jobs

136,200 Jobs (44%) Still to Recover



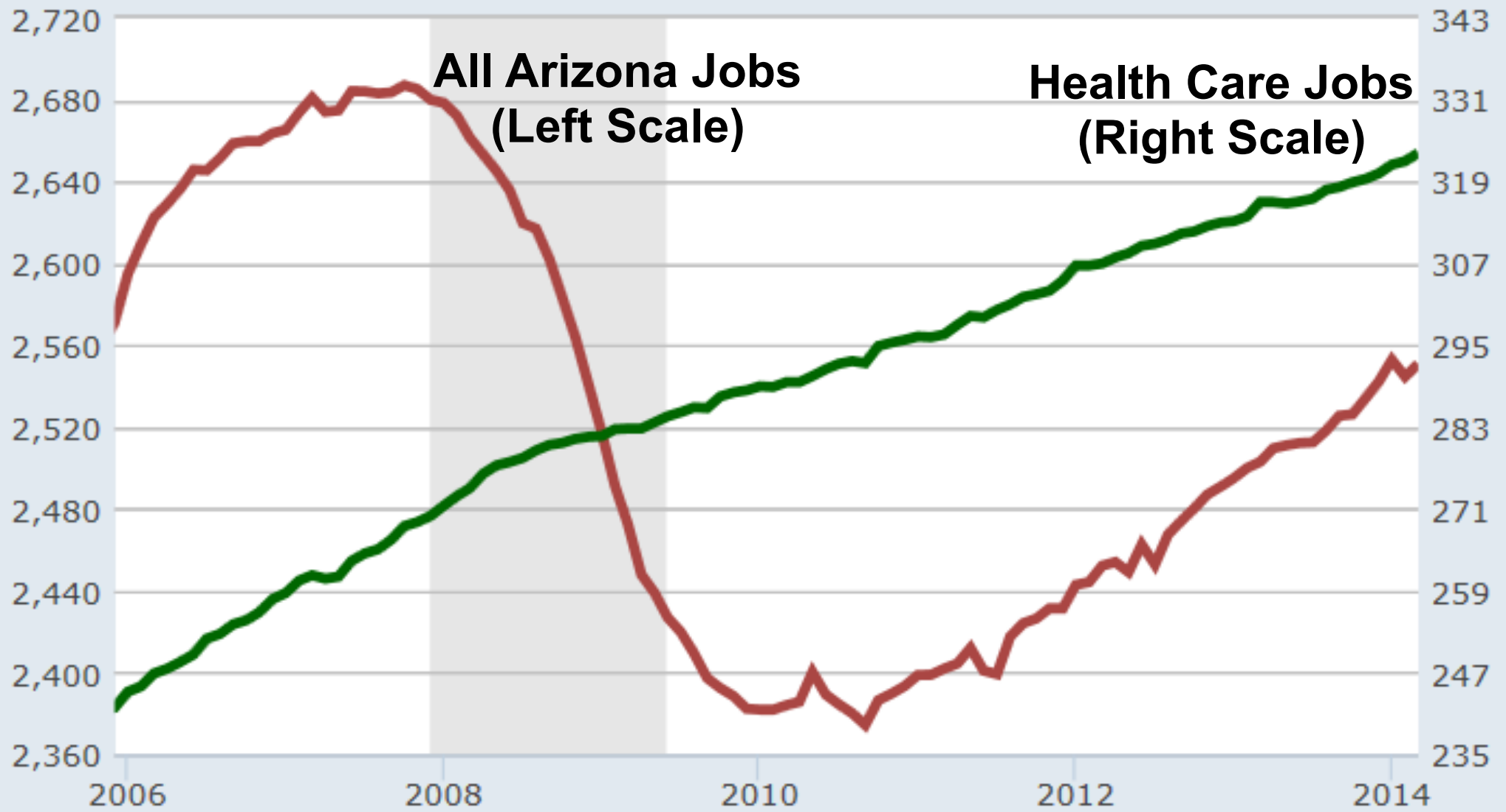
U. S. Bureau of Labor Statistics, Seasonally Adjusted, March 2014

Arizona Jobs Lost & Regained

Arizona Industry	Job Loss	% Regained
Total All Jobs Lost	412,000	43%
Construction	133,000	12%
Administrative Support	67,000	61%
Retail Trade	45,000	30%
Manufacturing	40,000	17%
Financial Activities	23,000	102%
Food Service	17,000	119%
Local Government	32,000	49%
State Government	17,000	38%

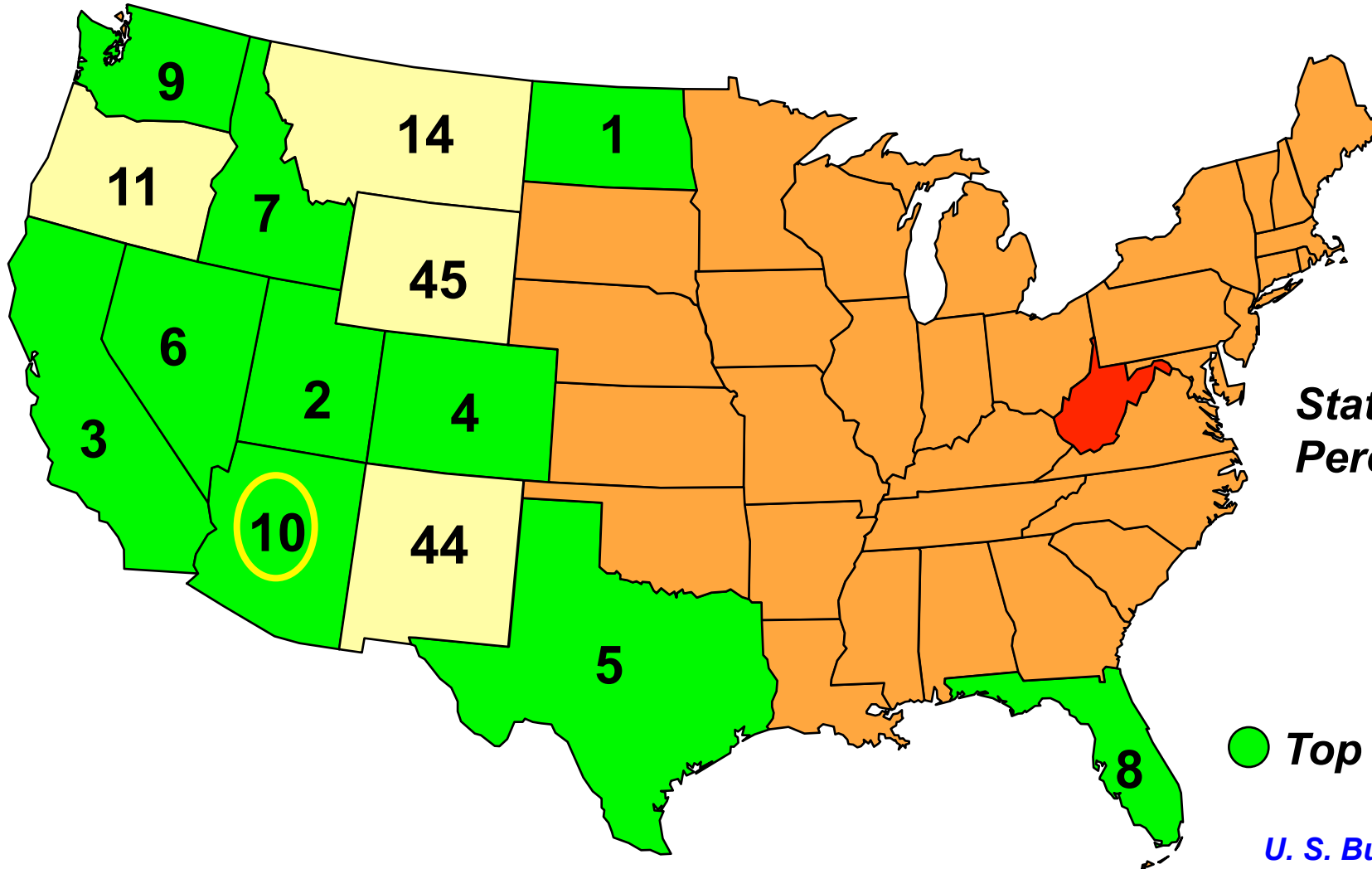
U. S. Bureau of Labor Statistics, Seasonally Adjusted, March 2014

Health Care Employment in Arizona (and U.S.) is Recession-Resistant



Arizona 10th in Job Growth in 2013

(AZ Jobs Up by 2.1% - 25 yr. Average is 3.9%)



*States Ranked by
Percent Change*

● *Top 10 Growth States*

U. S. Bureau of Labor Statistics

Phoenix 7th in Job Growth (8 of 10 Metros From West)

Percent Growth Non-Farm Employment 2013 vs. 2012

Top Ten Fastest Growing Metros

1. Riverside	6. Seattle
2. San Francisco	7. Phoenix
3. Denver	8. Dallas
4. Houston	9. Los Angeles
5. Orlando	10. Miami

U. S. Bureau Labor Statistics, 28 Metro Areas with > 1 mill. Jobs

Myth or Fact?

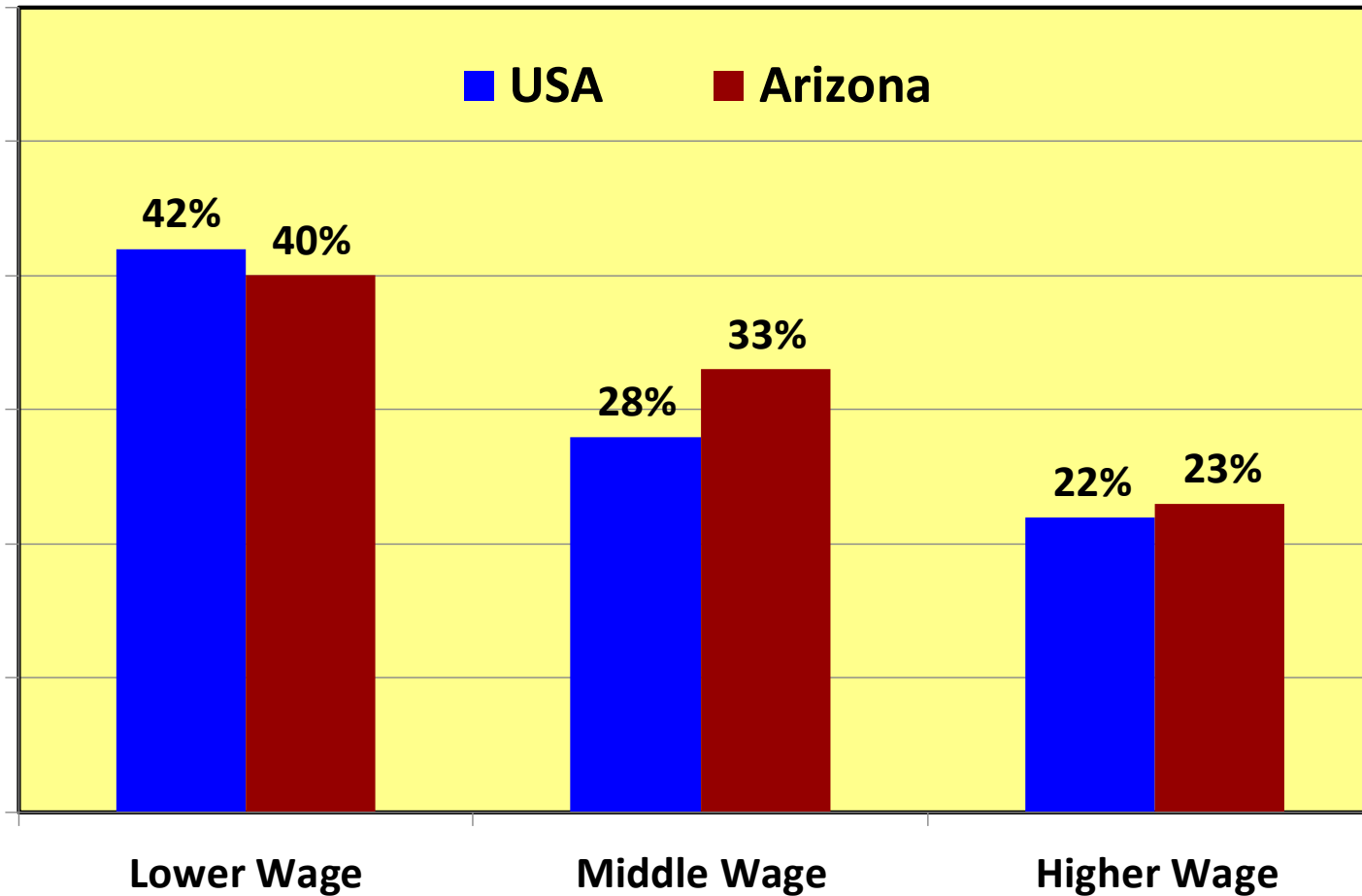
**Most New Jobs
are in Lower
Wage Industries**

Sources of AZ & US New Jobs

Industry	AZ Share	US Share
Admin. Support	20%	15%
Financial Activities	16%	4%
Health Care	13%	18%
Food Service	13%	17%
Construction	13%	8%
Retail Trade	7%	11%
Professional/Technical	5%	10%

U. S. Bureau of Labor Statistics & W. P. Carey School, 2013

Arizona Creating More Middle, Higher Wage Jobs Vs. Overall U. S. Economy

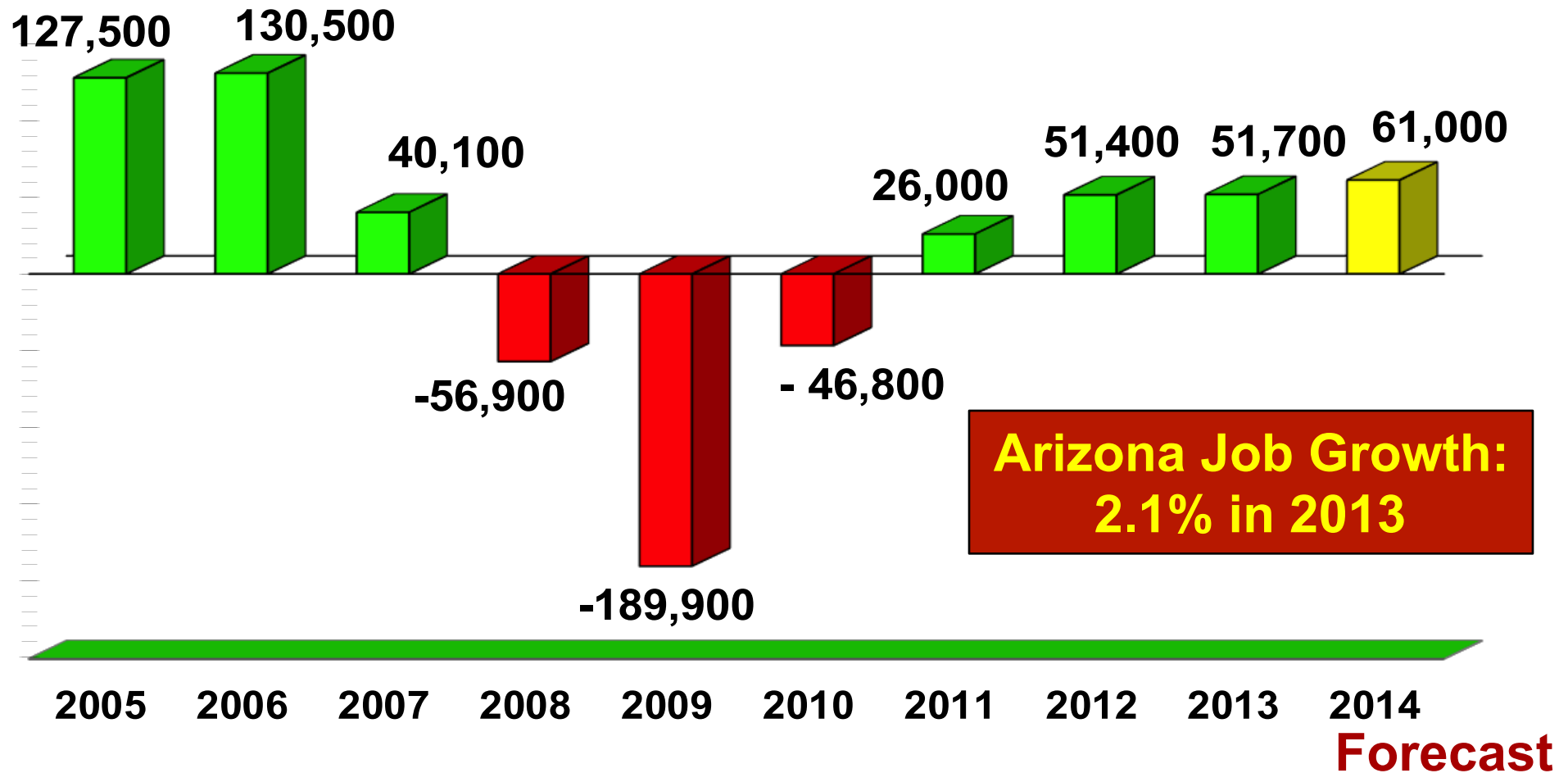


Note: Lower Wage = \$40,000 or less; Middle Wage = \$41,000 - \$60,000; Higher Wage = \$61,000 - \$85,000 based on annual industry wages from Quarterly Census of Employment & Wages for Arizona, 2012 ; new jobs from Current Employment Survey, 2013

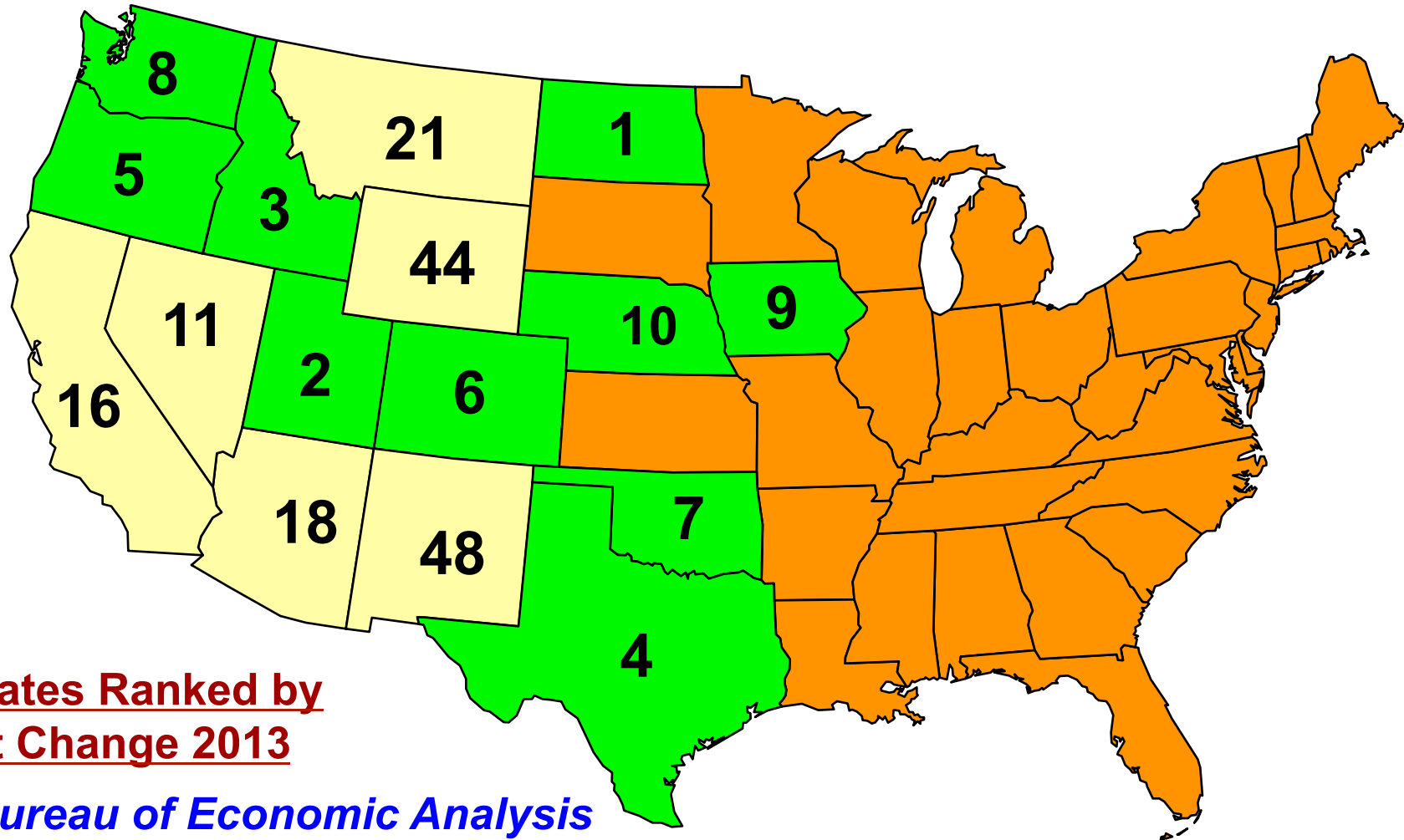
Arizona Employment: 2014

2 More Years to Regain 136,200 Lost Jobs

Annual Employment Change



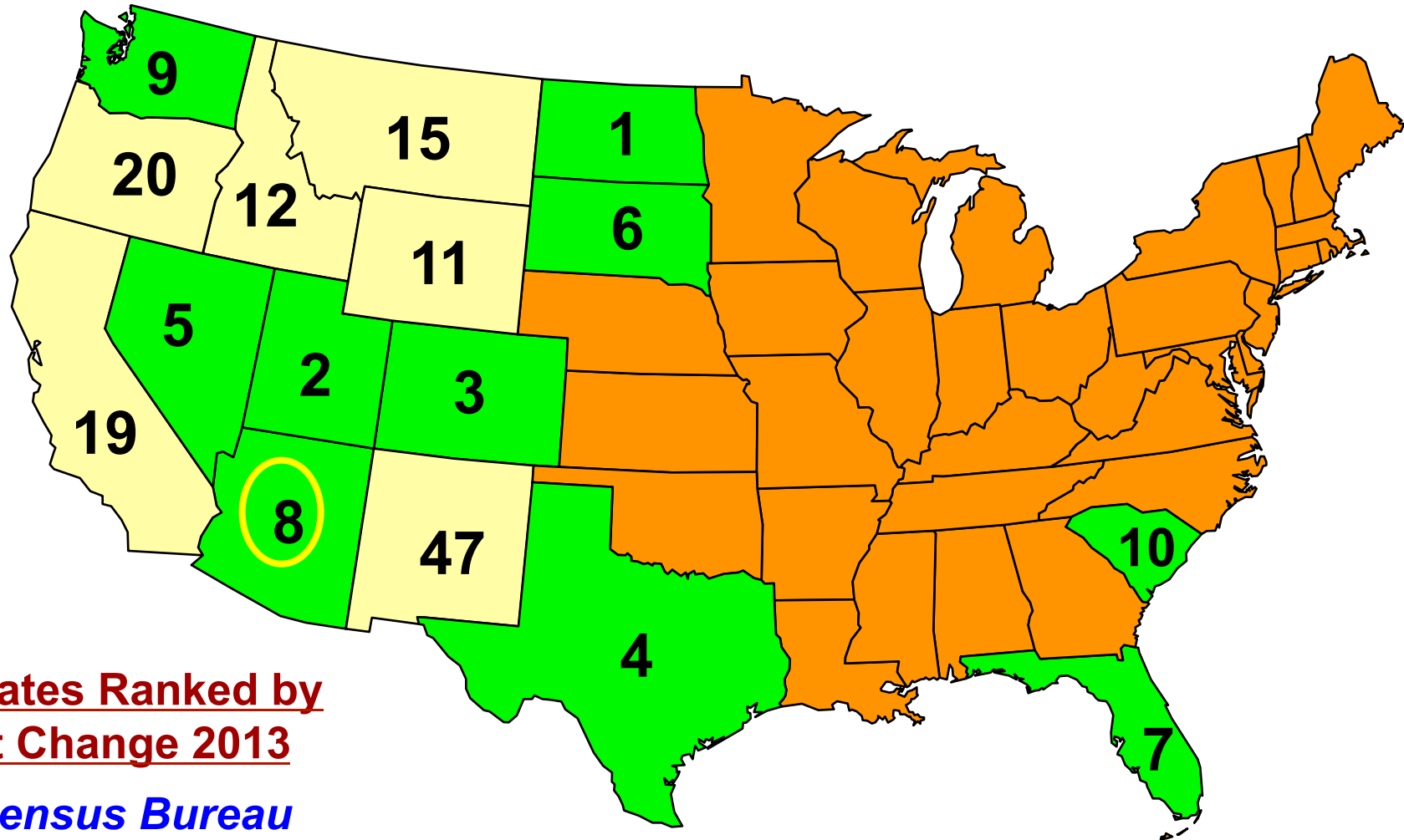
Arizona Ranked 18th in Personal Income Growth (2.7%) in 2013



U. S. States Ranked by
Percent Change 2013

U. S. Bureau of Economic Analysis

Arizona Ranked 8th (1.2%) in Population Growth in 2013



U. S. States Ranked by
Percent Change 2013

U. S. Census Bureau

Phoenix 3rd as Domestic Migration Destination

(Gained 96,000 in 2006)

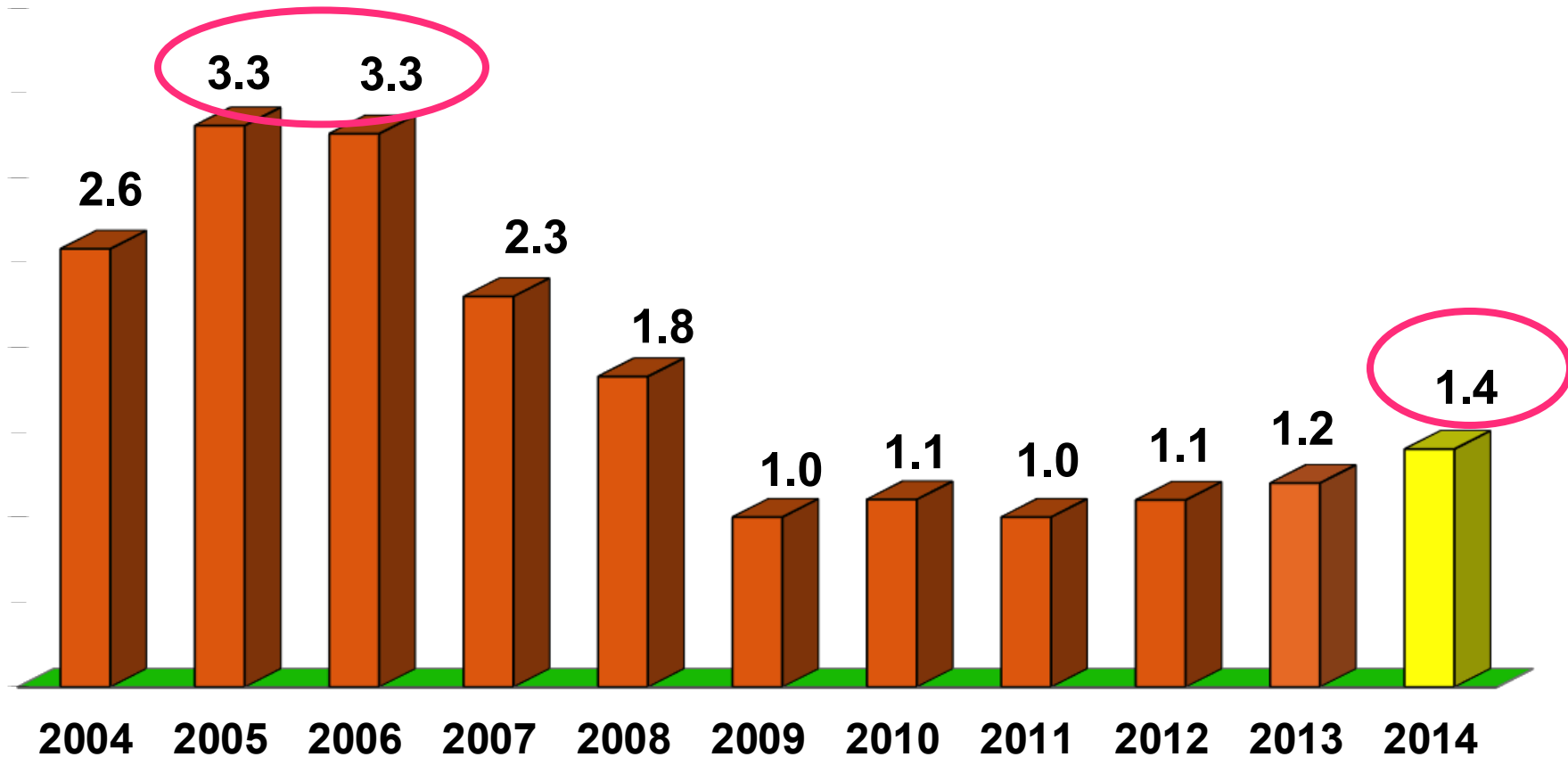
Top Ten Metro Destinations: 2013

1. Houston (55,620)	6. San Antonio (22,392)
2. Dallas (32,641)	7. Charlotte (21,382)
3. Phoenix (32,014)	8. Nashville (17,975)
4. Denver (26,536)	9. Seattle (17,926)
5. Austin (25,908)	10. Orlando (17,316)

2014 Population Growth: 1.4%

Not Enough for Robust Recovery

Annual Percent Change



Arizona Economic Outlook Summary

- **2014 - better than most states - but 8th lean year of subpar Arizona growth**
 - **Indicators show “not out of the woods”**
 - **Still 2 – 3 years before full recovery**
 - **Major risk is continued ineffective growth policies at national level**
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Lee.mcpheters@asu.edu

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