

# Arizona/Phoenix/Western States Update & Outlook

*ASU/JPMorgan Chase  
54<sup>th</sup> Annual Economic Forecast Luncheon*

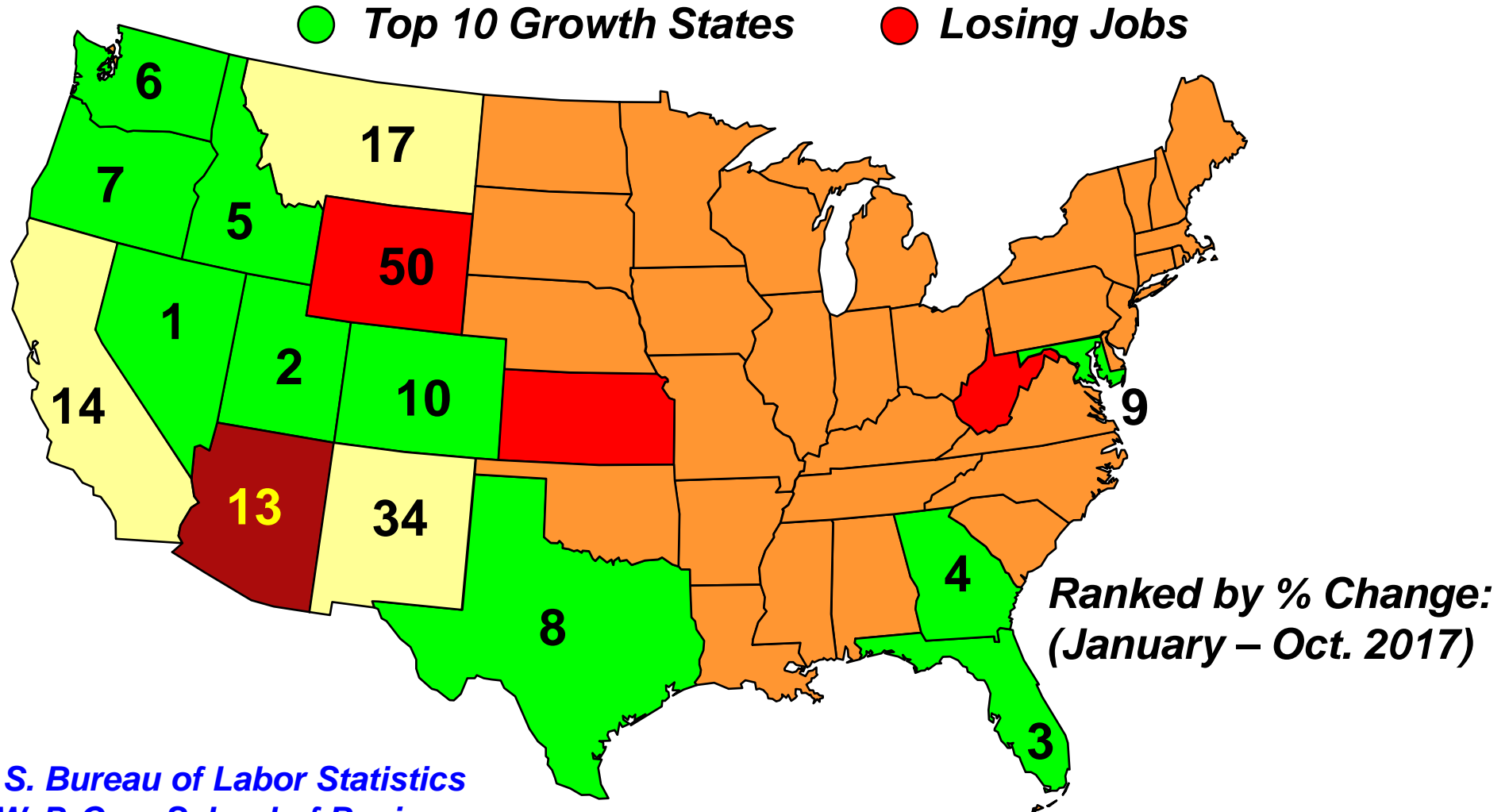
November 29, 2017

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Arizona State University

# Arizona Ranks 13<sup>th</sup> in Non-Farm Job Creation Year-To-Date 2017



U. S. Bureau of Labor Statistics  
& W. P. Cary School of Business

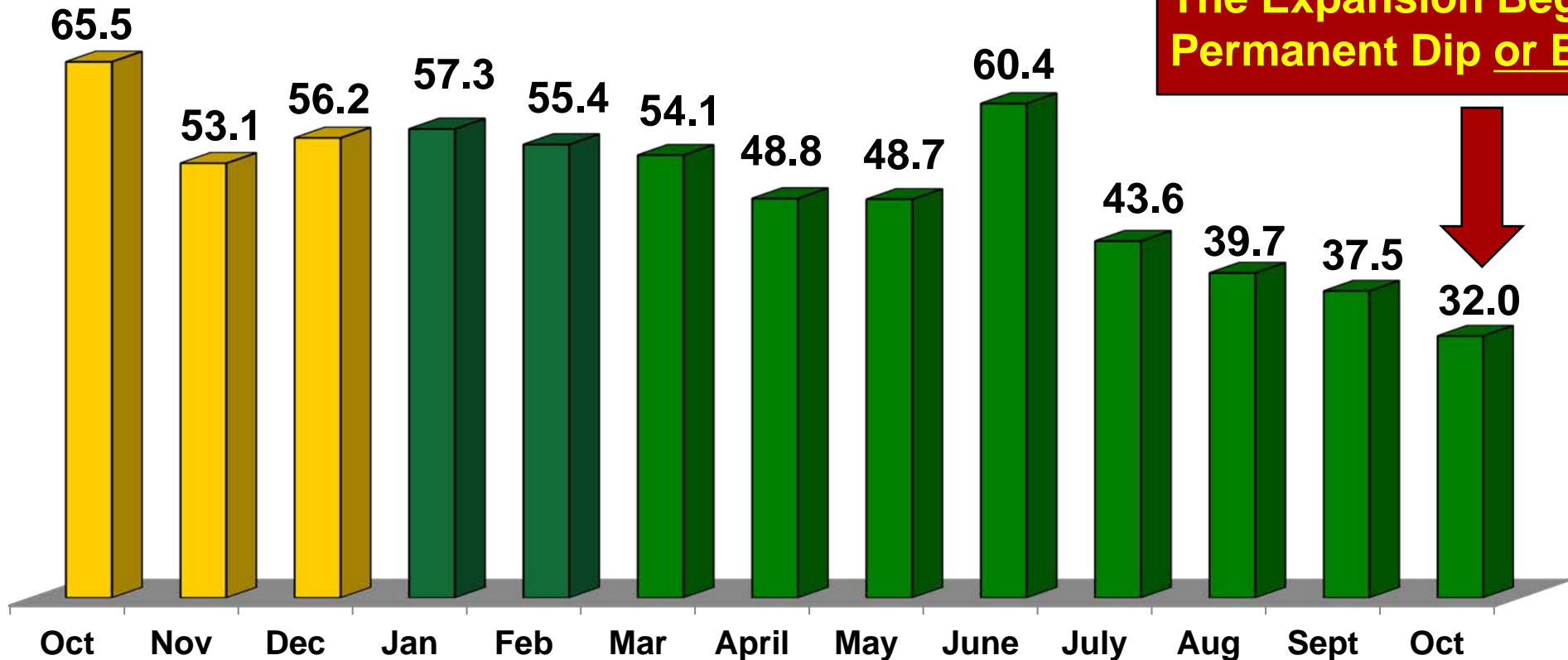
# Food Service & Financial Job Growth Gains Best in the U.S.

<b>Arizona Industry</b>	<b>% Change</b>	<b>U.S. Rank</b>
<b>Non-Farm Employment</b>	<b>1.8</b>	<b>13</b>
<b>Food Services</b>	<b>6.5</b>	<b>1</b>
<b>Financial Activities</b>	<b>4.0</b>	<b>1</b>
<b>Health Care</b>	<b>3.0</b>	<b>5</b>
<b>Construction</b>	<b>2.4</b>	<b>27</b>
<b>Manufacturing</b>	<b>2.1</b>	<b>9</b>
<b>Trucking</b>	<b>2.0</b>	<b>7</b>

*U. S. Bureau of Labor Statistics &  
W. P. Carey School of Business, Year -to-Date October 2017*

# But Arizona Job Growth Has Slowed During the Second Half of 2017

Thousands of New Jobs Year-Over-Year

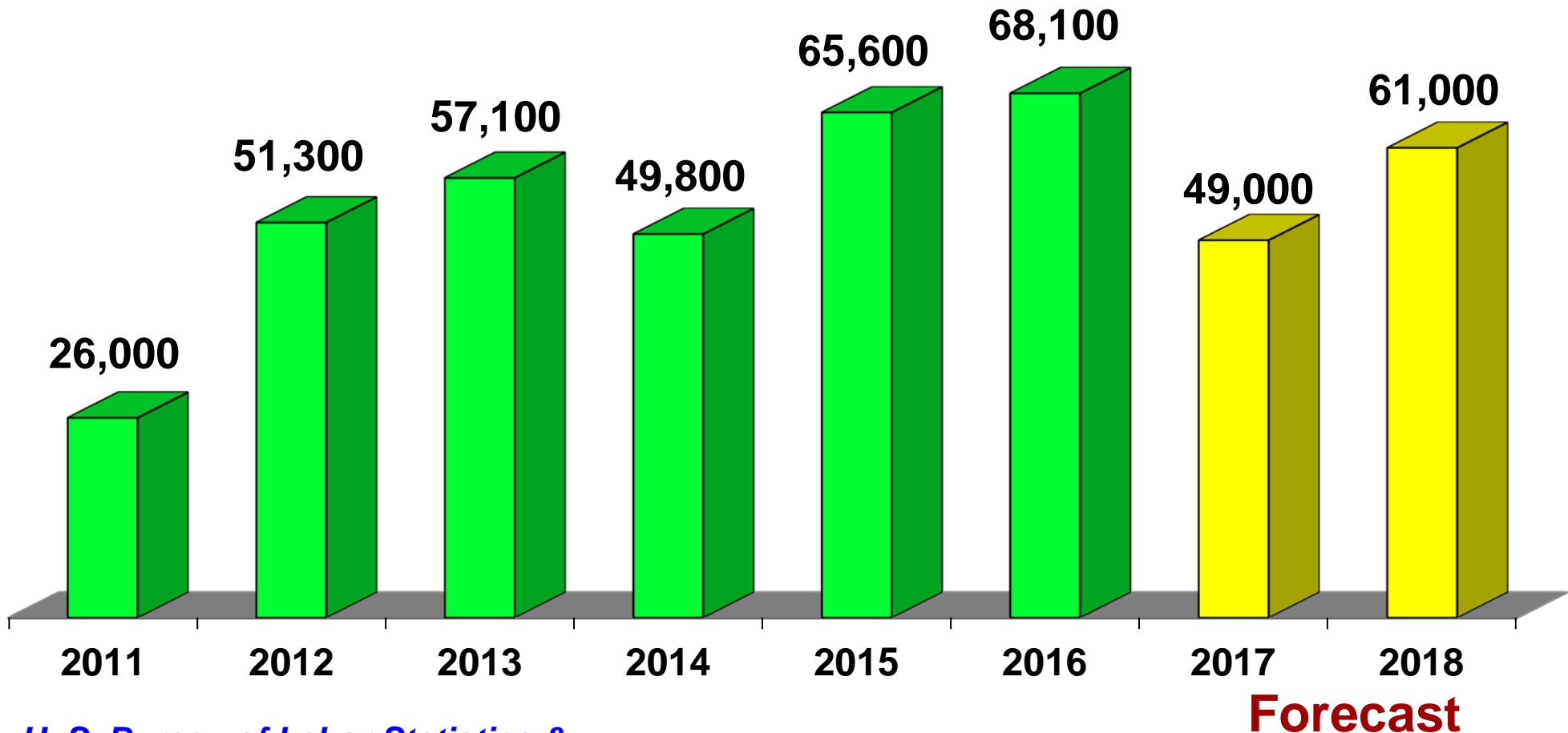


Slowest Growth Since  
The Expansion Began:  
Permanent Dip or Blip?

*U. S. Bureau of Labor Statistics*

# Arizona To Add 61,000 Jobs in 2018

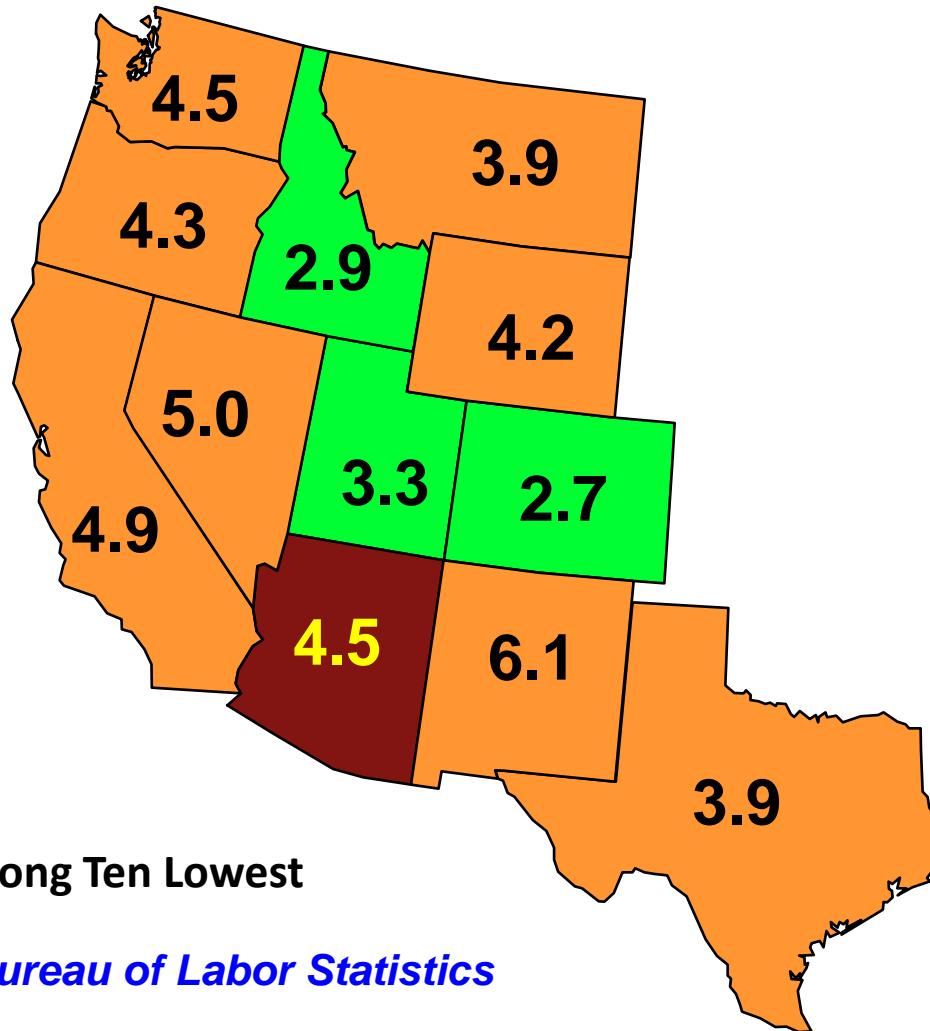
## Annual Job Creation



*U. S. Bureau of Labor Statistics &  
W. P. Carey School of Business, November 29, 2017*

# Unemployment in Western States

(Seasonally Adjusted Unemployment Rates, October 2017)



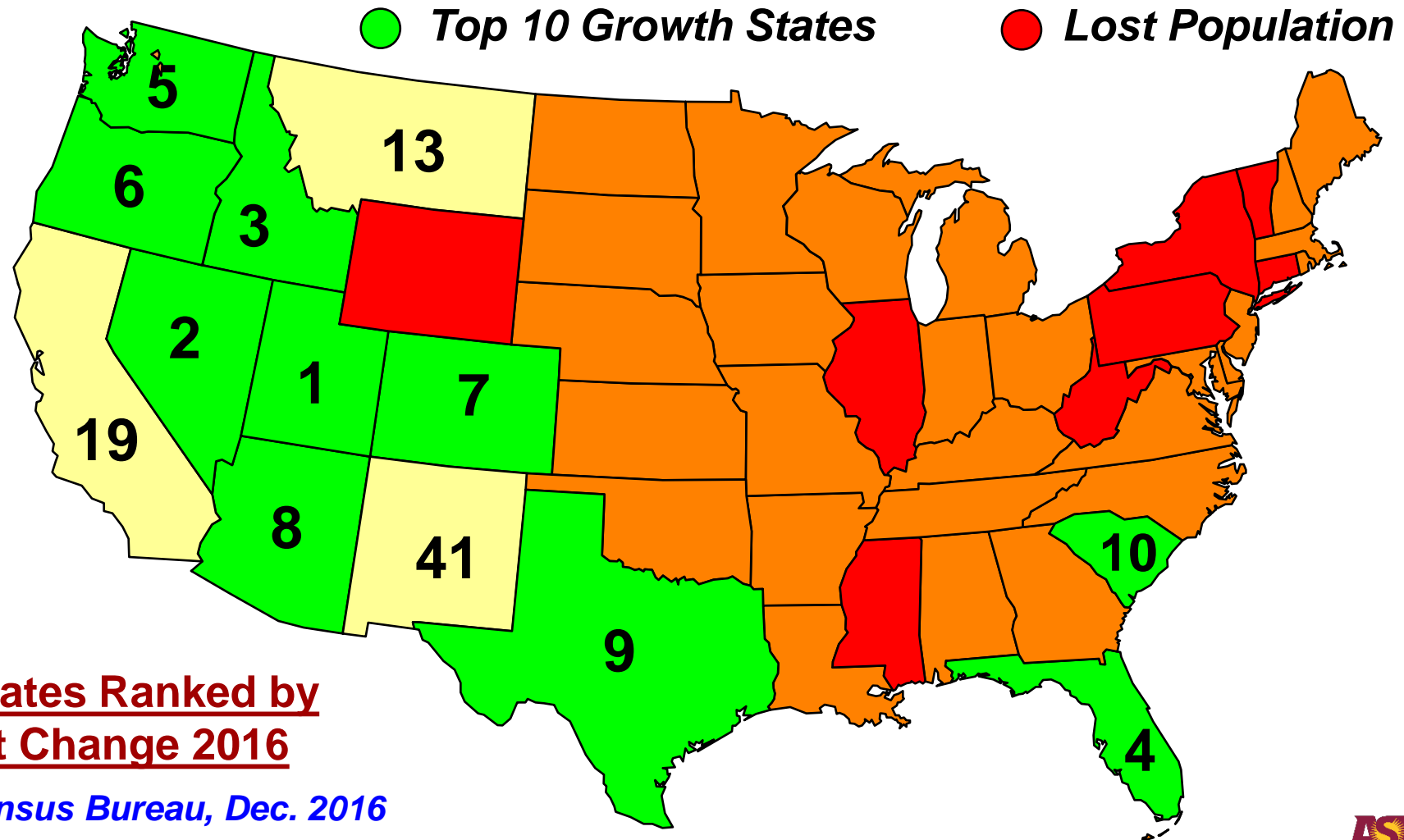
 Among Ten Lowest

U. S. Bureau of Labor Statistics

## Unemployment Notes

- Arizona's 4.5 % unemployment rate lowest in 10 years (Dec '07)
- Colorado has 3<sup>rd</sup> lowest rate, Idaho 6<sup>th</sup>, Utah 10<sup>th</sup>
- New Mexico's unemployment is the second highest in the nation, behind Alaska (7.2%)
- Arizona unemployment rate is projected to average 4.3% in 2018

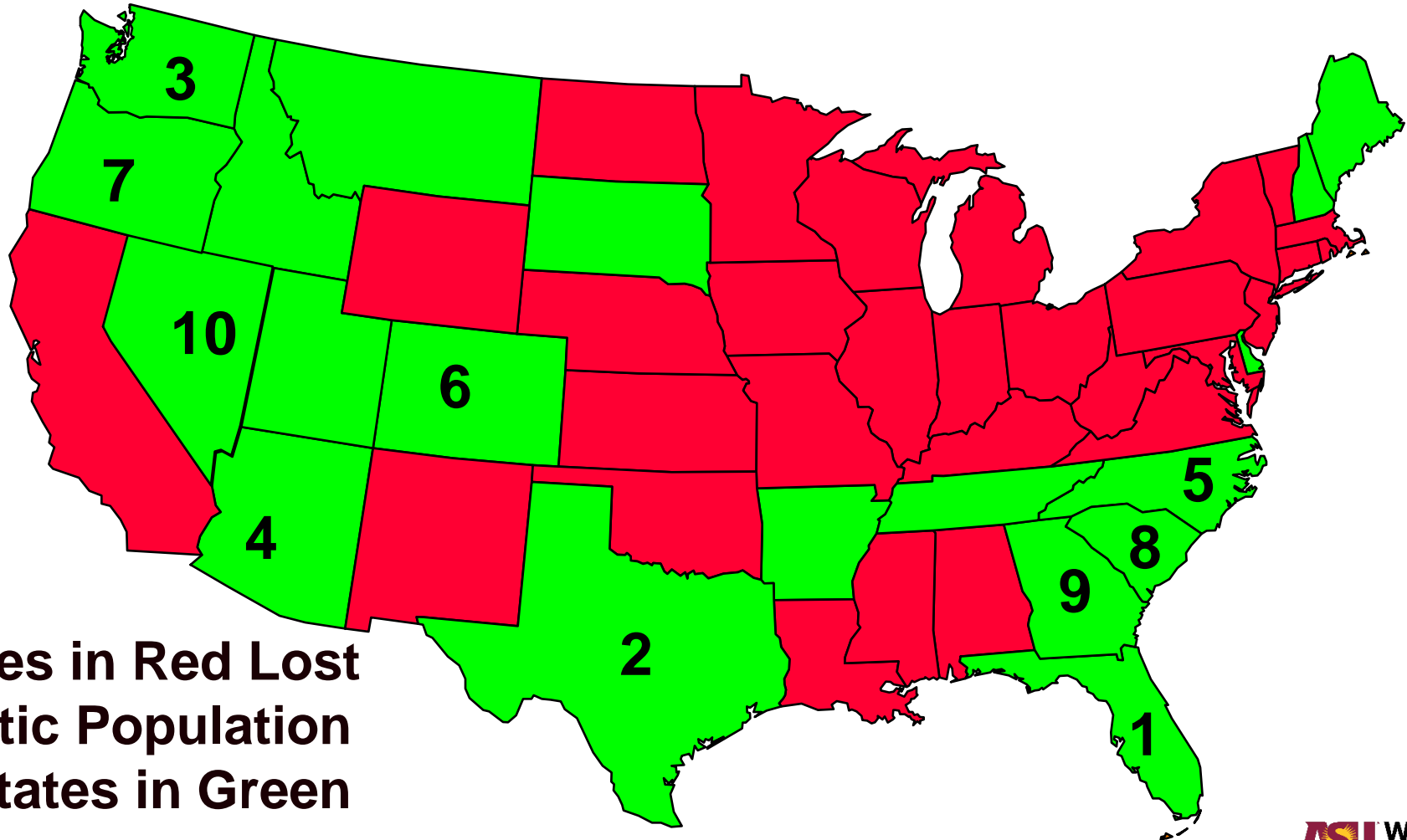
# Arizona Ranked 8<sup>th</sup> Fastest in Population Growth in 2016



U. S. States Ranked by Percent Change 2016

U. S. Census Bureau, Dec. 2016

# Arizona Ranks Among Top Five States for Domestic In-Migration



Alaska  
Hawaii

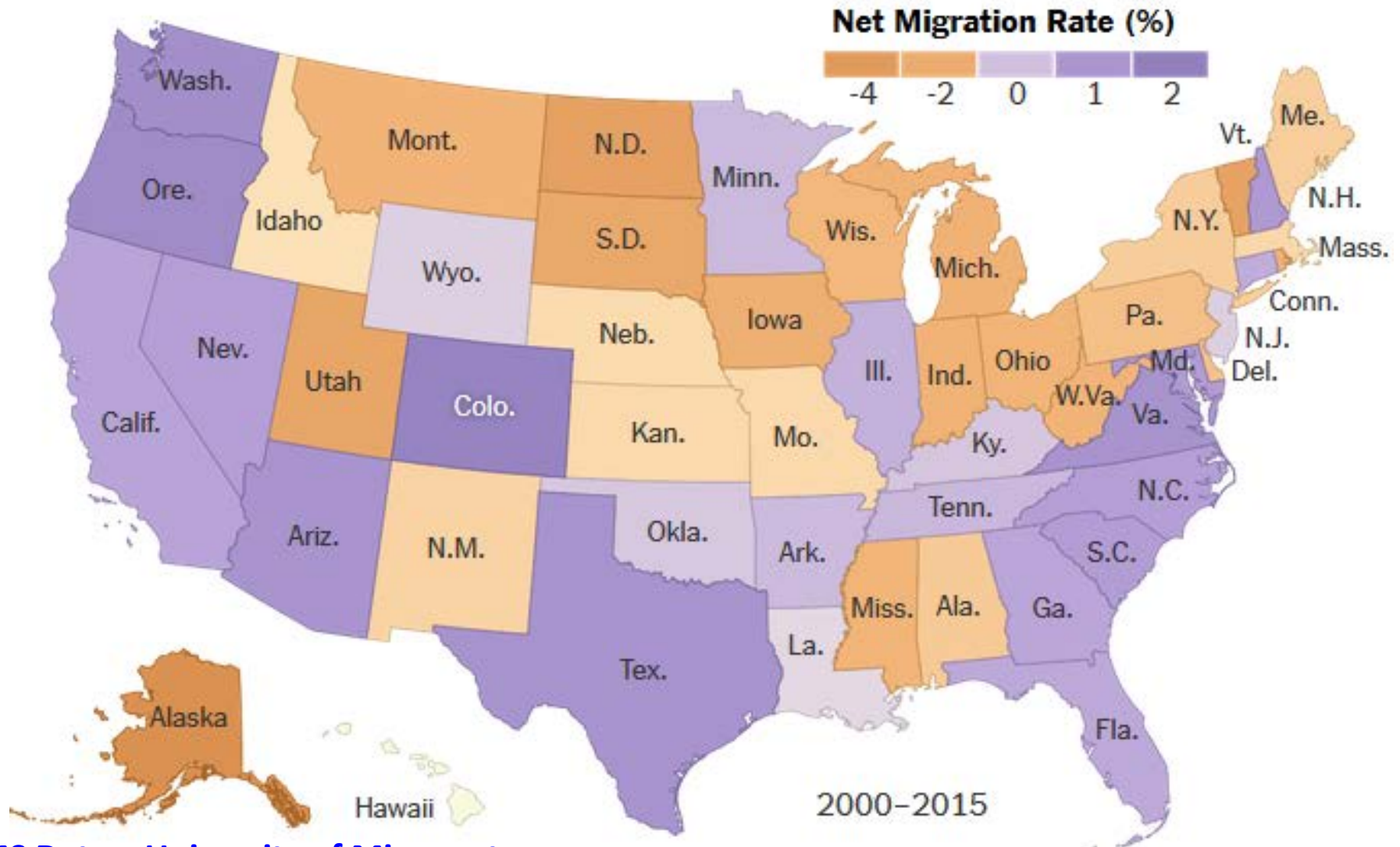
31 States in Red Lost Domestic Population to 19 States in Green

*U.S. Census Bureau, Dec. 2016*



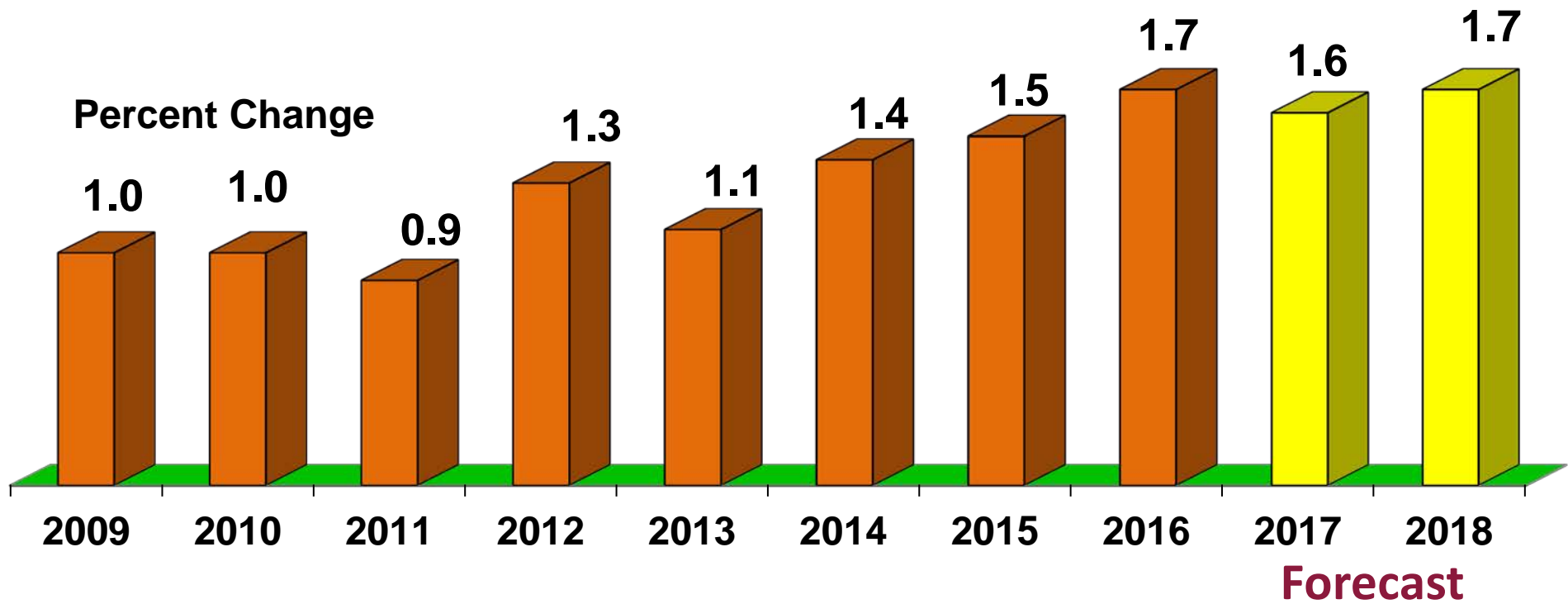
# Arizona & West Draw College Grads

## Net Migration of College Educated under 40



# Arizona 2018 Population Growth Will Yield 120,000 New Residents

Annual Average 1977 – 2007 = 3.2%

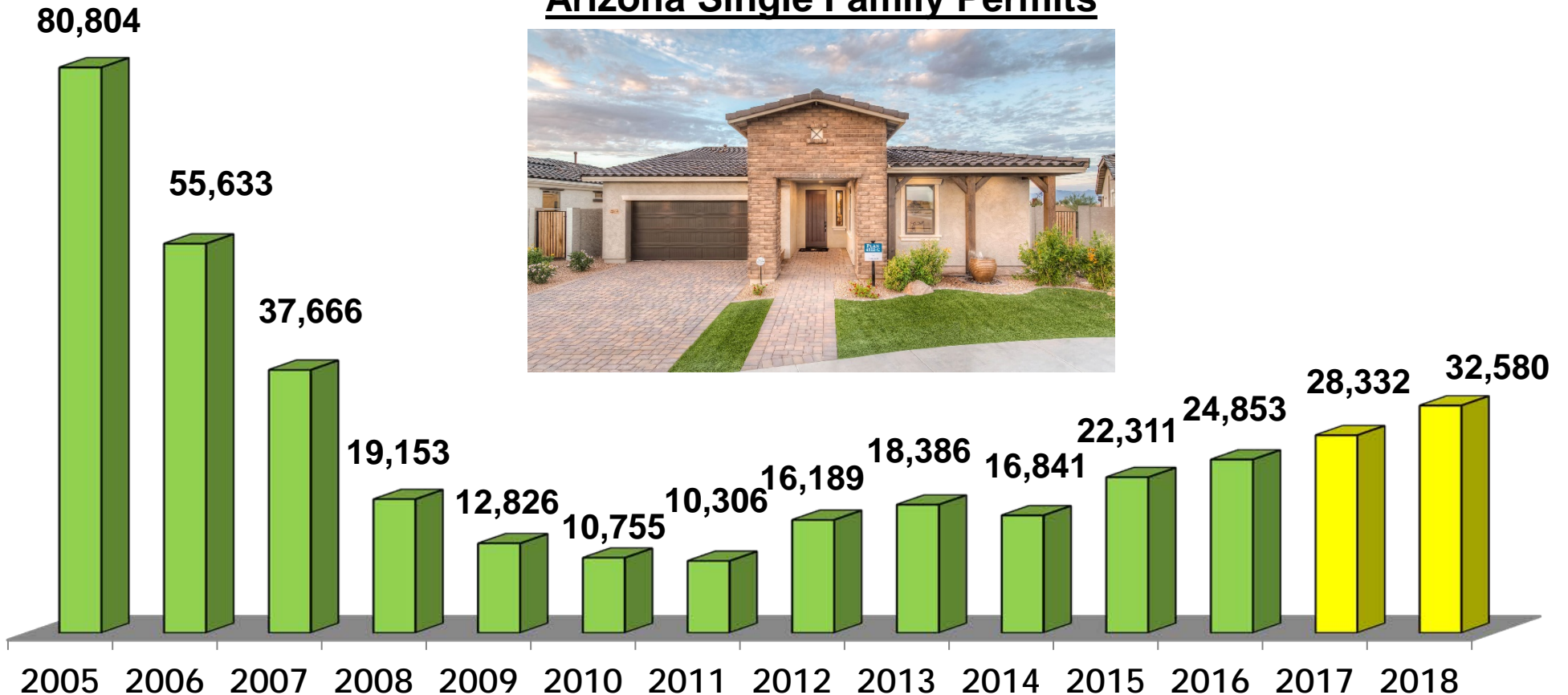


*U.S. Census Bureau &  
W. P. Carey School of Business, November 29, 2017*

# 4<sup>th</sup> Year of Home Building Gains

## 15% Arizona Rise Expected in 2018

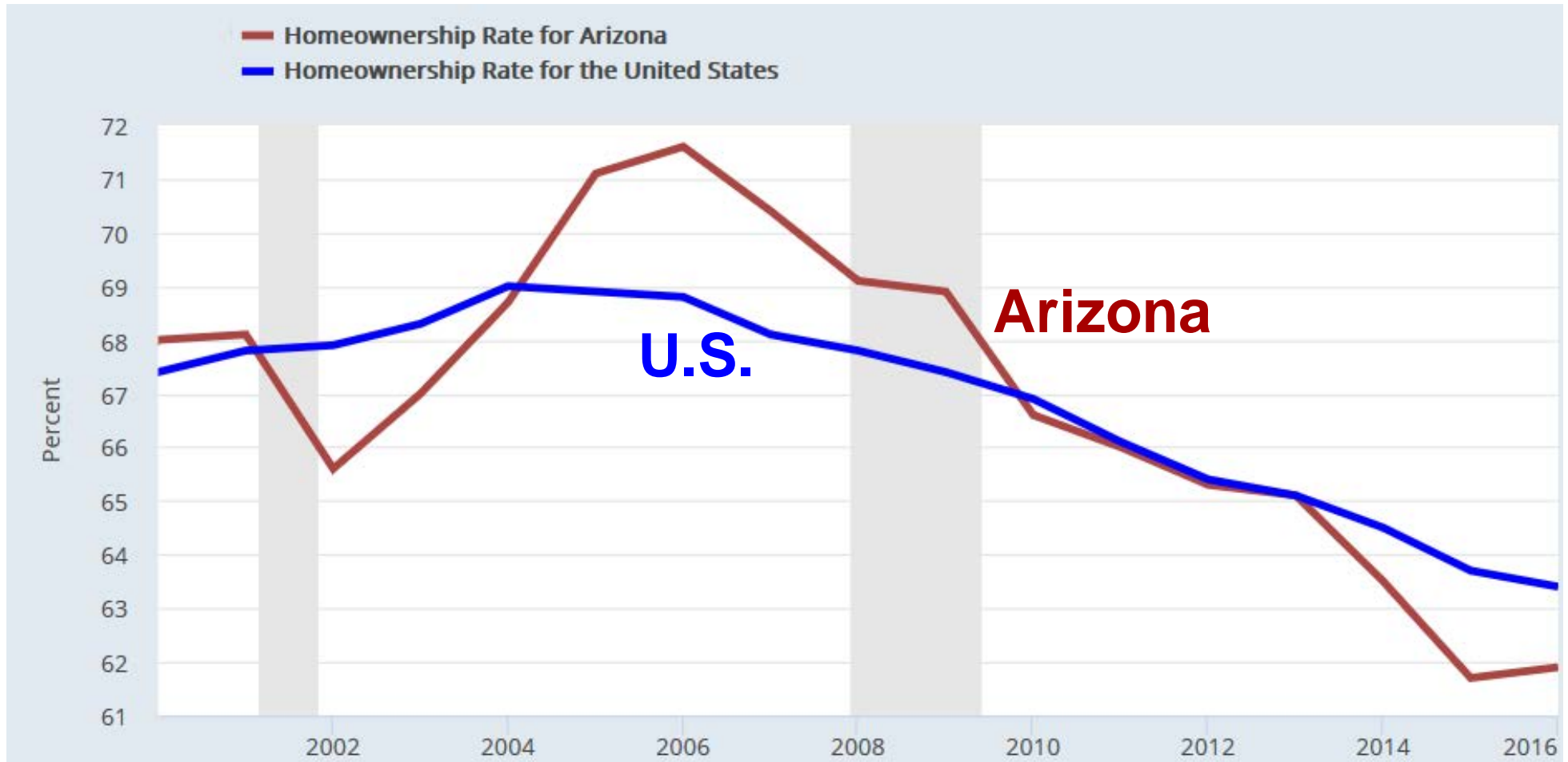
Arizona Single Family Permits



**Forecast**

*U.S. Census Bureau &  
W. P. Carey School of Business, November 29, 2017*

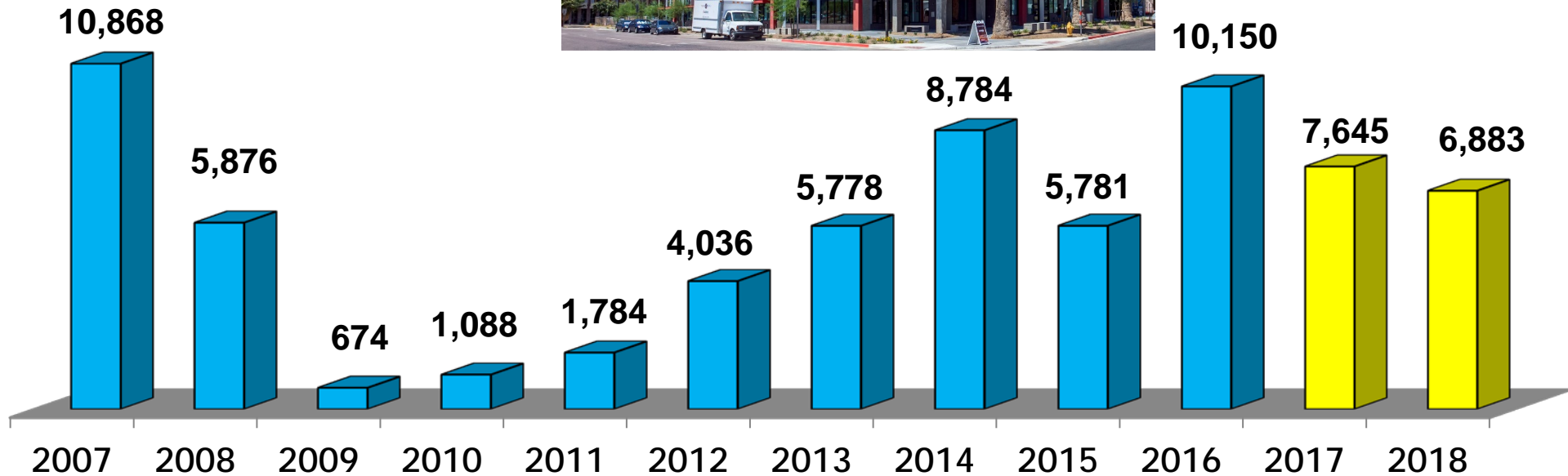
# Arizona Home Ownership Rate Has Declined from Pre-Recession Peak



U.S. Census Bureau

# Multi-Family Permits to Dip in 2018

## Greater Phoenix Multi-Family Permits



**Forecast**

*U.S. Census Bureau &  
W. P. Carey School of Business, November 29, 2017*



# Greater Phoenix Outlook

<b>Phoenix Indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Employment (thousands)</b>	<b>1,973</b>	<b>2,024</b>	<b>2,081</b>
<b>Employment Growth (% change)</b>	<b>3.1</b>	<b>2.5</b>	<b>2.8</b>
<b>New Jobs (thousands)</b>	<b>60.1</b>	<b>51.0</b>	<b>57.0</b>
<b>Population (% change)</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>
<b>Single Family Permits (thousands)</b>	<b>18.4</b>	<b>21.5</b>	<b>24.5</b>

*W. P. Carey School of Business, November 29, 2017*



# Arizona Economic Outlook

*Greatest Risk is National Economy*

<b>Arizona Indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>New Jobs (thousands)</b>	<b>68.1</b>	<b>49.0</b>	<b>61.0</b>
<b>Employment (% change)</b>	<b>2.6</b>	<b>1.8</b>	<b>2.2</b>
<b>Unemployment Rate (December)</b>	<b>5.0</b>	<b>4.5</b>	<b>4.2</b>
<b>Population (% change)</b>	<b>1.7</b>	<b>1.6</b>	<b>1.7</b>
<b>Single Family Permits (% change)</b>	<b>11.4</b>	<b>14.0</b>	<b>15.0</b>

*W. P. Carey School of Business, November 29, 2017*

# Potential Threats & Headwinds To U.S. Economic Growth

- **Fed Makes “Policy Mistake”**
- **Congress Makes “Policy Mistake”**
- **Productivity Weakens**
- **Korean, Other International Crisis**
- **Tax Cut Fails, Consumer Confidence Craters, Markets Contract**



# Arizona Economic Outlook Summary-2018

- Arizona unemployment rate is at 10 year low.
- Key industries are strong and growing: Finance, Manufacturing, Construction, and services such as Health Care and Food Services
- But growth rates for past 5 years indicate a slower, sustainable “New Normal” for Arizona and Phoenix
- Population, start ups, and cost structure will drive growth in 2018 – U.S. business cycle is greatest risk