

**Maricopa County  
 Economic and Workforce Overview  
 November, 2008**

**Employment**

- Employment which is non-farm related in the Greater Phoenix Metropolitan Area stands at 1.87 million in September of 2008, and is down 2.3% from September 2007.
- The Greater Phoenix Metro had the third largest over-the-year decreases in employment for September (-43,200 jobs), putting it just behind Detroit (-57,800) and Los Angeles (-53,200).

<b>Employment - Greater Phoenix</b>		
September 2007 – September 2008		
	<i>07-08</i>	<i>06-08</i>
Construction	-18.7%	-24.5%
Construction of Buildings	-28.5%	-32.8%
Heavy and Civil Engineering	-4.5%	-4.5%
Specialty Trade Contractors	-18.8%	-25.9%
Employment Services	-8.9%	-13.6%
Retail Trade	-5.1%	-2.4%
Financial Activities (Including Real Estate)	-2.1%	-3.6%
Manufacturing	-1.0%	-3.6%
Government	1.9%	7.2%
Education and Health Services	5.0%	9.1%
Source: Arizona Department of Commerce		

- The seasonally adjusted unemployment rate in the Greater Phoenix Metro stands at 5.3% in September compared to 6.1% nationally. This is an increase from a high of 3.6% in January 2008 and a low of 3.0% in May of 2007.

Arizona ranks 49<sup>th</sup> in employment growth from September 2007 over September 2008, meaning 59,200 jobs in AZ vanished, a -2.3% difference, only RI was worse at -2.7%, compared to Arizona's ranking of 2<sup>nd</sup> in employment growth between 2005 and 2006.

**Industry Sectors**

Exports are one of the few bright spots in the Arizona economy. Thanks to the weakened dollar, Arizona's exports to the world were up 4.9% between 2006 and 2007



and are up 1.9% in the first half of 2008 compared to the first half of 2007. A boost in exports has not translated into more manufacturing jobs in the state. As Manufacturing employment was down 1.7% from September to September but this rate of job loss is less than for the overall state economy which was down 2.2 % over the same period

- Natural resources and mining led the state in employment grow September to September, up 6.7%, but it is a relatively small industry sector in the state accounting for less than 1% of employment and 1.8% of gross state product in 2007.
- Other sectors with positive employment growth include health care and social assistance (up 3.9%), professional and technical services (3.1%), government (1.5%).
- Sectors with negative employment growth statewide include transportation and warehousing (-1.2%), finance and insurance (-1.9%), real estate, rental, and leasing (-2.7%), administrative support and waste services (-5.4%), information (-6.1), and construction (-17.2%).

### **Economic Indicators**

- Inflation worries might be a thing of the past, but for the wrong reason—recession. The Consumer Price Index was down 0.4% in August and 0.1% in September. Decreasing energy prices should continue this trend.
- Arizona was ranked 28<sup>th</sup> among states in personal income growth in the second quarter of 2008, up 1.6% from the first quarter of 2008, but below the national average of 1.8%. This is up from 0.9% in the first quarter of 2008.
- Retail sales are down in Arizona due to employment declines, falling wealth from lower home and stock, tighter credit, and higher inflation. Sales are down over 10% in inflation adjusted terms. The hardest hits have been auto and furniture sales.
- Housing troubles are affecting American consumers whose purchases account for more than 70 percent of US economic growth. Fewer home purchases mean fewer sales of "durable goods" to fill them and less access to credit and declining sales tax revenue for state coffers. The Sun Belt states where housing markets have been hardest hit—Arizona, California, Florida and Nevada—were among the states reporting sales tax revenue as below target.

### **Housing Market**

- According to the National Association of Realtors, the median price of an existing single family home in the Greater Phoenix Metro area was down 22.5% between the second quarter of 2007 and the second quarter of 2008, a decrease of \$264,800 to \$205,100. This put the Greater Phoenix Metro area 7<sup>th</sup>

- nationwide during this period behind the cities of Sacramento, Ft. Myers, Riverside, Los Angeles, Orange County and Las Vegas.
- The Greater Phoenix Metro area led the nation in home price declines between August 2007 and August 2008 according to the S&P/Case-Shiller Home Price index, which is down 30.7%
  - Home sales and residential construction are now showing signs of stabilization. Residential building permits are down about 70% from their October 2005 peak, which is on par with declines experienced during the mid 1970s and early 1980s. About 40-50% of all present home sales are repossessions or foreclosures.
  - Forecasters are predicting that by mid 2009 the housing market is expected to bottom out, credit will expand, and consumer demand will increase.

### **Bright Spots**

- Analysts foresee the business cycle to be up by mid-2010, and growth will return again.
- The long term prospects for growth in the state of Arizona are strong, with a population of 15 million by 2040, which is eight-and-a-half million more people than currently live in Arizona today. If projections hold true, Arizona will be the fifth most populous state in 2040 behind California, Texas, New York, and Florida. This will mean the number of jobs in Arizona will double over the next 32 years as 3.7 million jobs are added.

### **Sources:**

U.S. Bureau of Labor Statistics

Arizona Department of Commerce, U.S.

Department of Commerce TradeStats

U.S. Bureau of Economic Analysis

National Association of Realtors

S&P/Case-Shiller Home Price Index

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