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Welcome




Kyle Steinbuch
Regional President | Head of Corporate
Banking for Arizona and New Mexico
PNC Bank




Eller College
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U.S. and Global Outlook



Jay Hawkins
Senior Economist
PNC Financial Services Group



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Economic Outlook

Trade War Threatens to Derail the Expansion

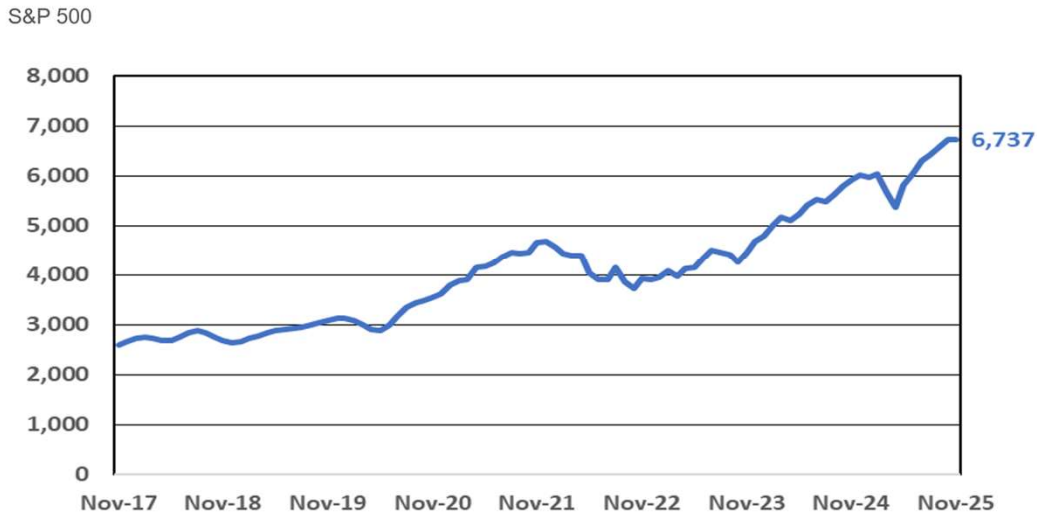
Jay Hawkins
Senior Economist
The PNC Financial Services Group

University of Arizona Economic Outlook
December 12, 2025
Tucson, AZ



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Stock Prices Hit a Record High in November...



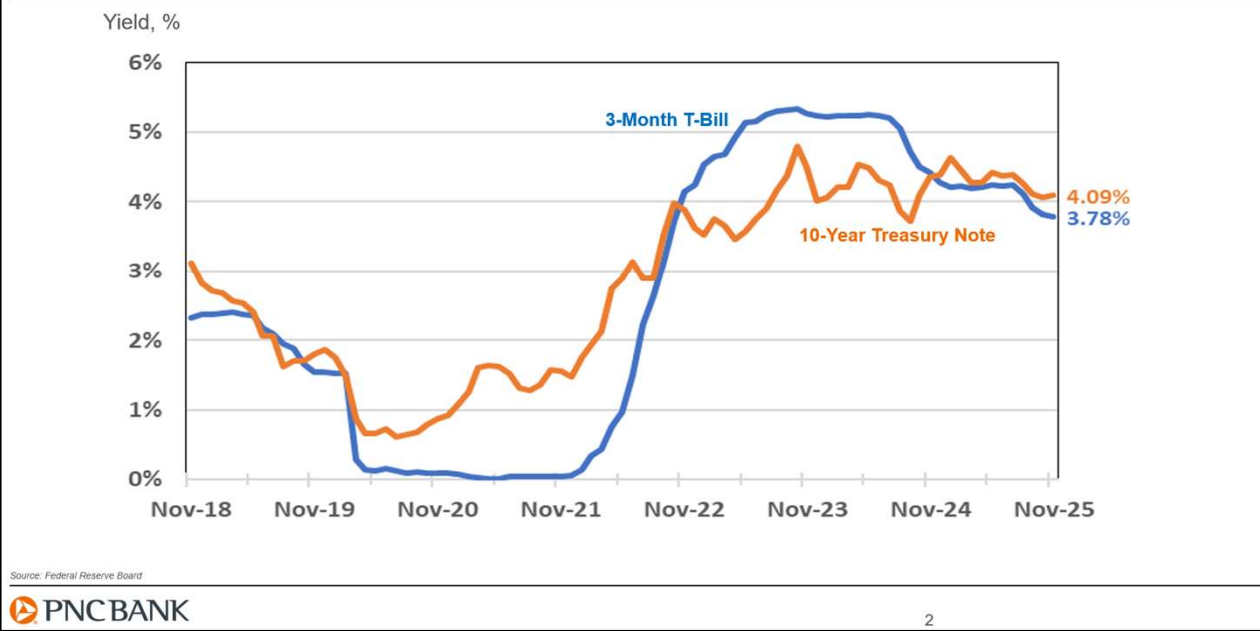
Source: Standard & Poor's



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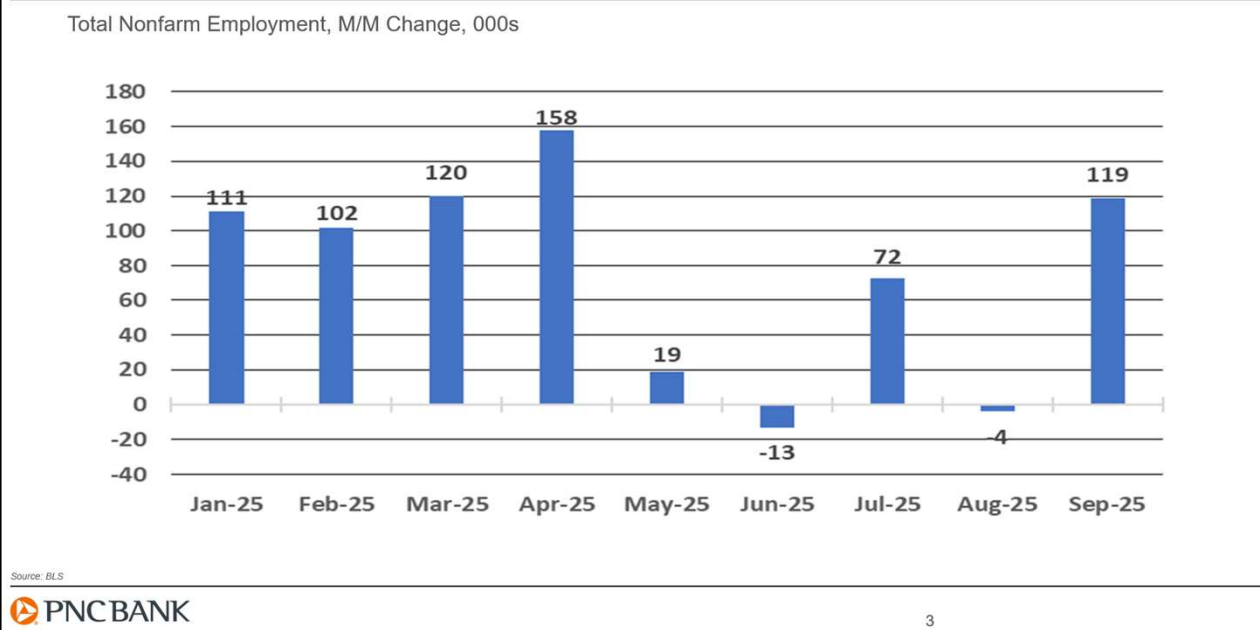
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... And Interest Rates Are Off Their Highs

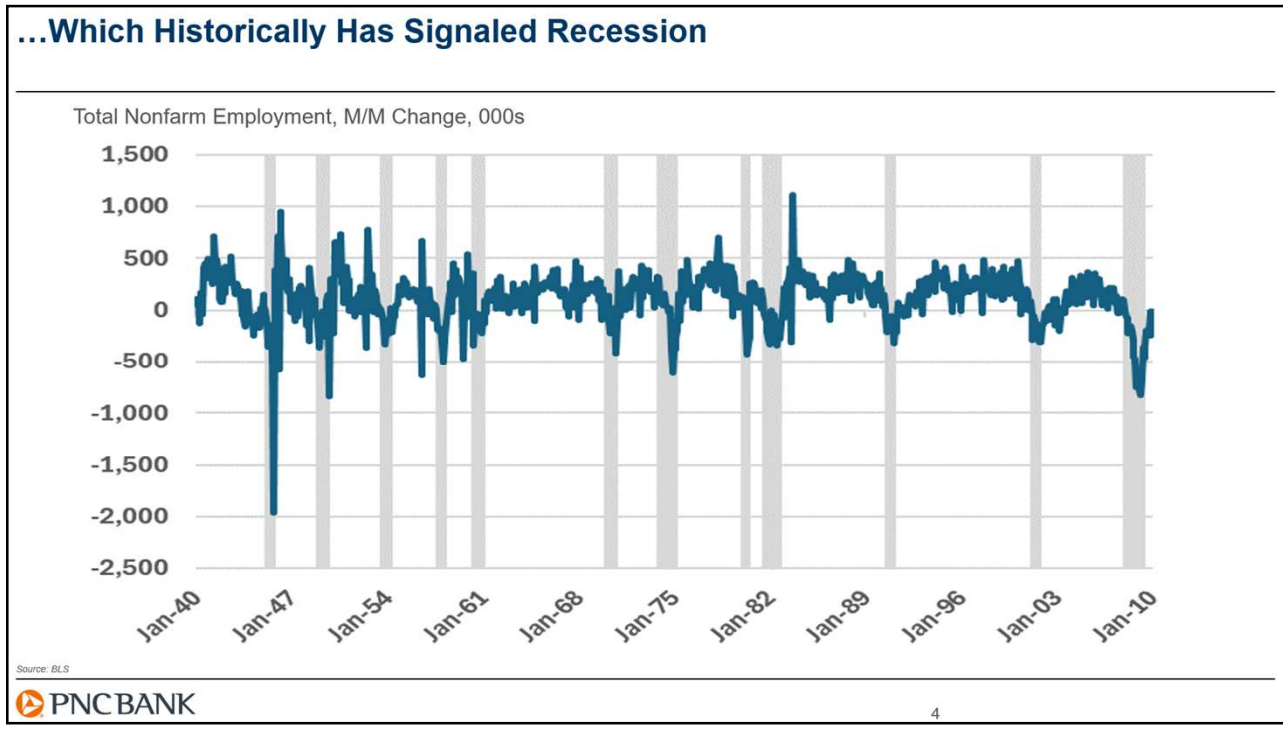


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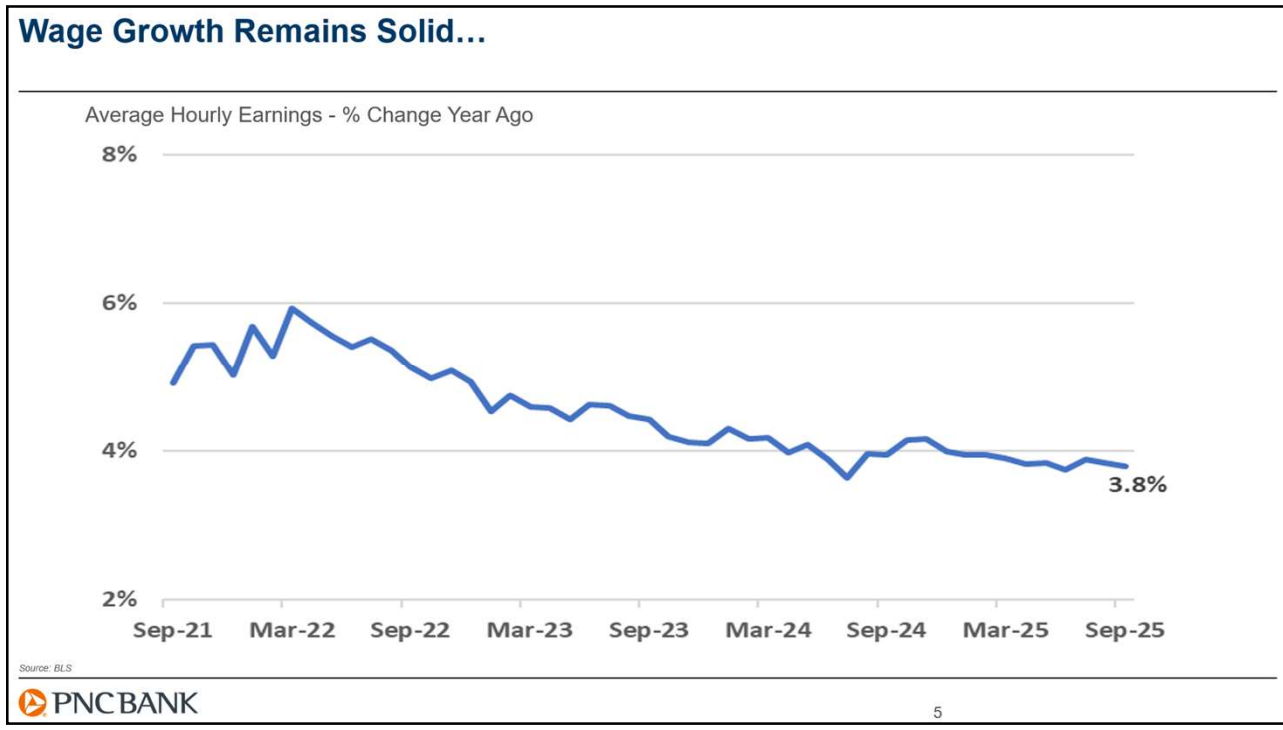
Job Growth Suddenly Downshifted in May and was Negative in June and August...



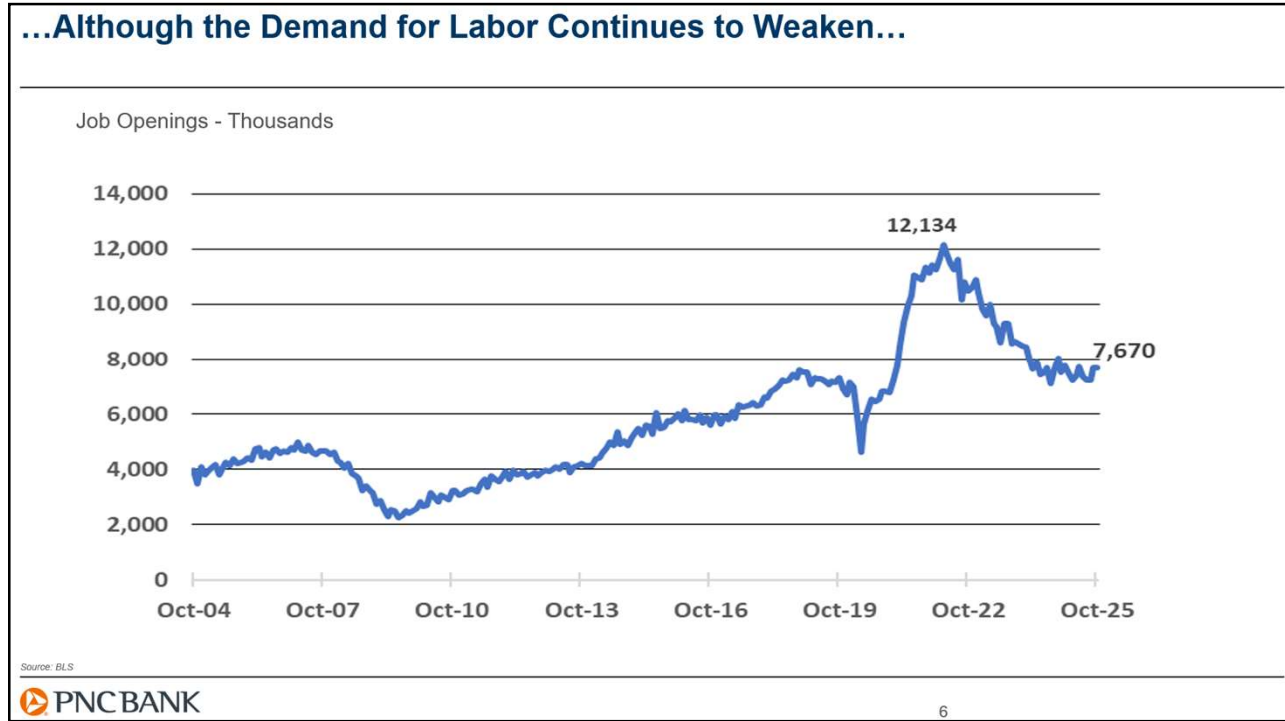
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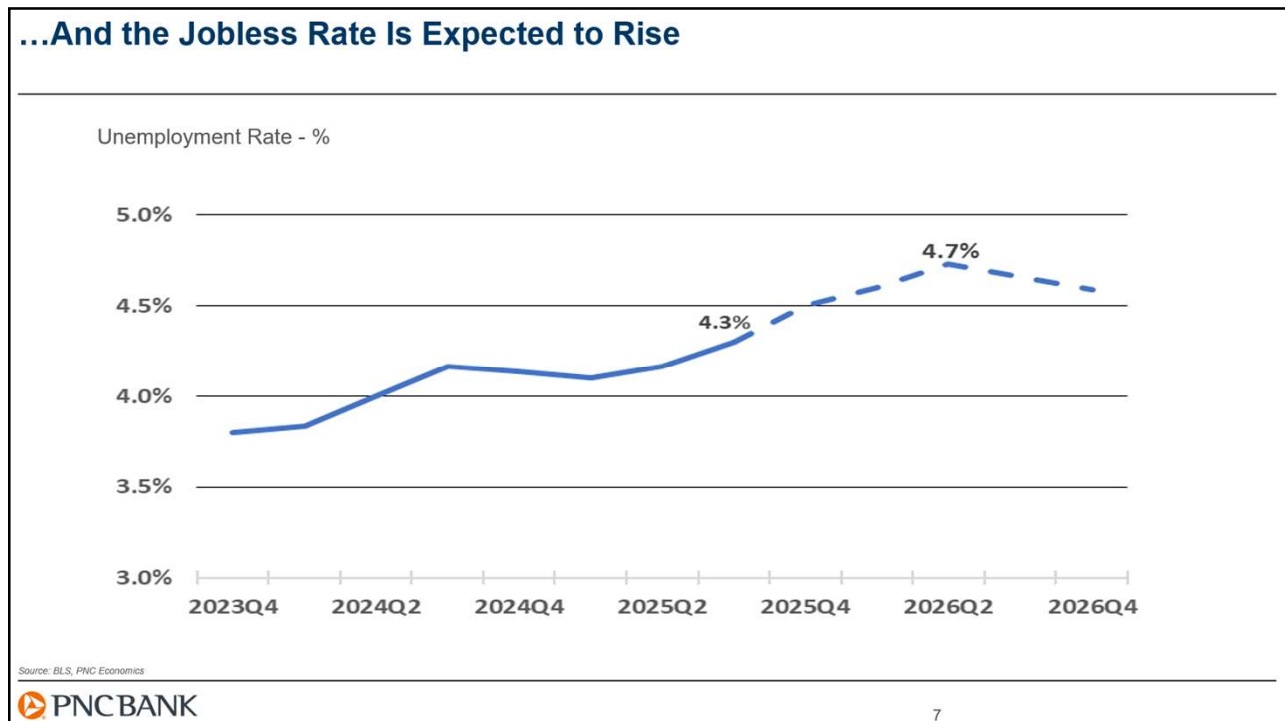
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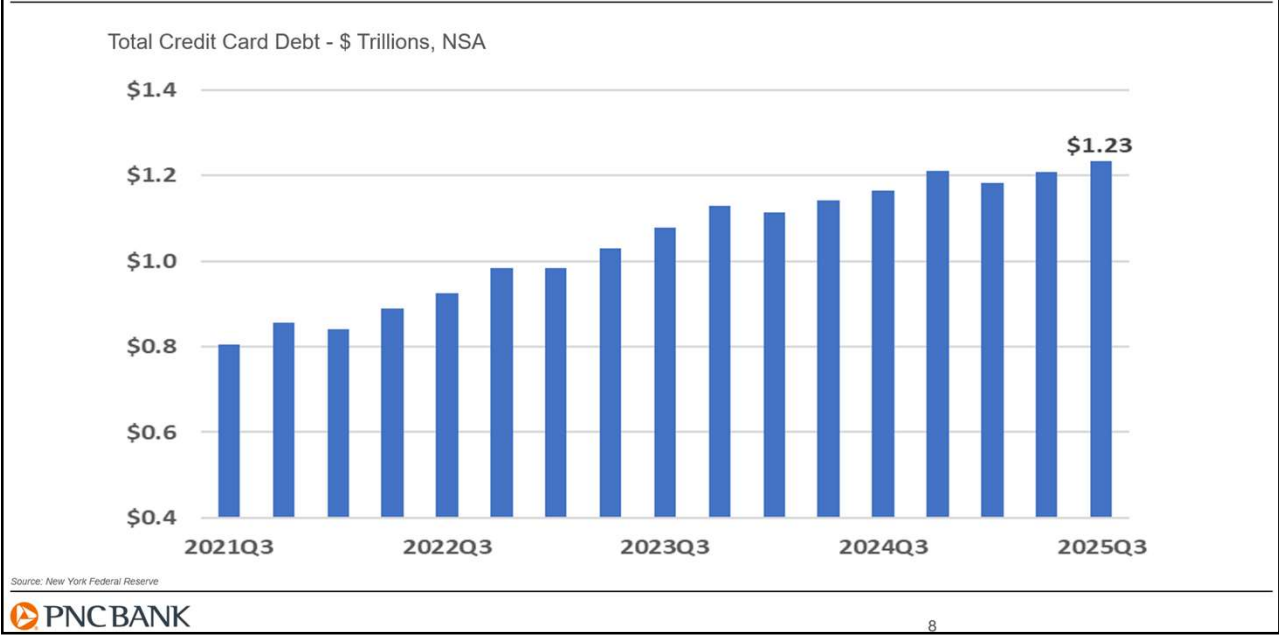


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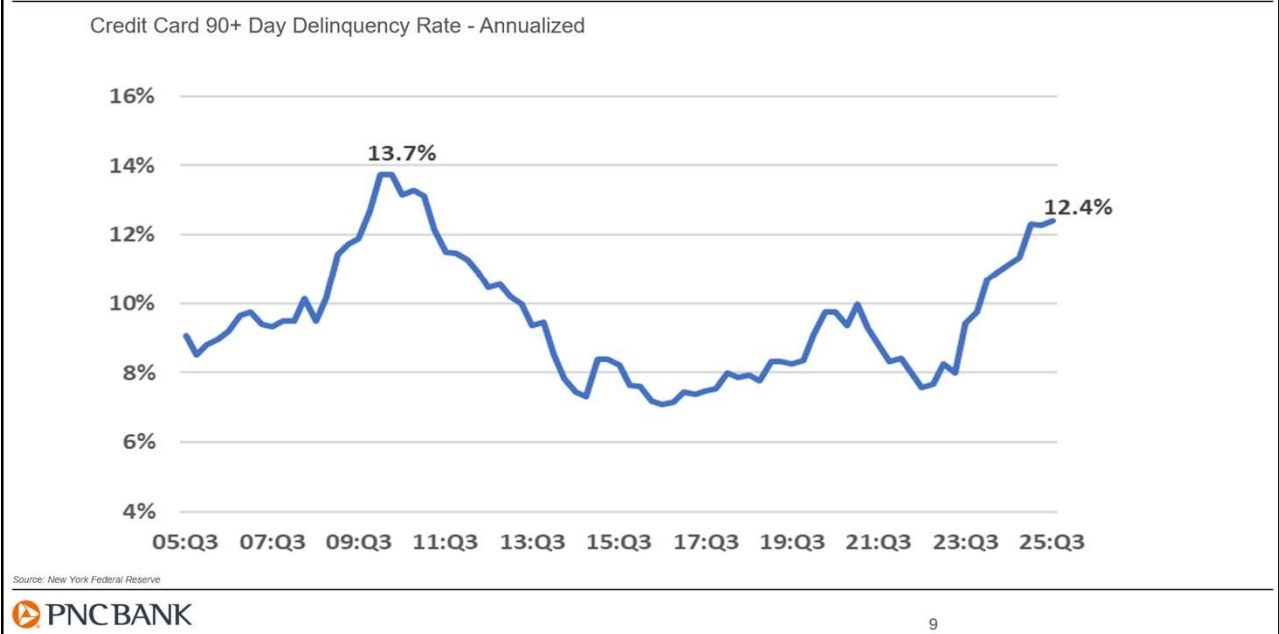
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Credit Card Debt is Near an All-Time High...

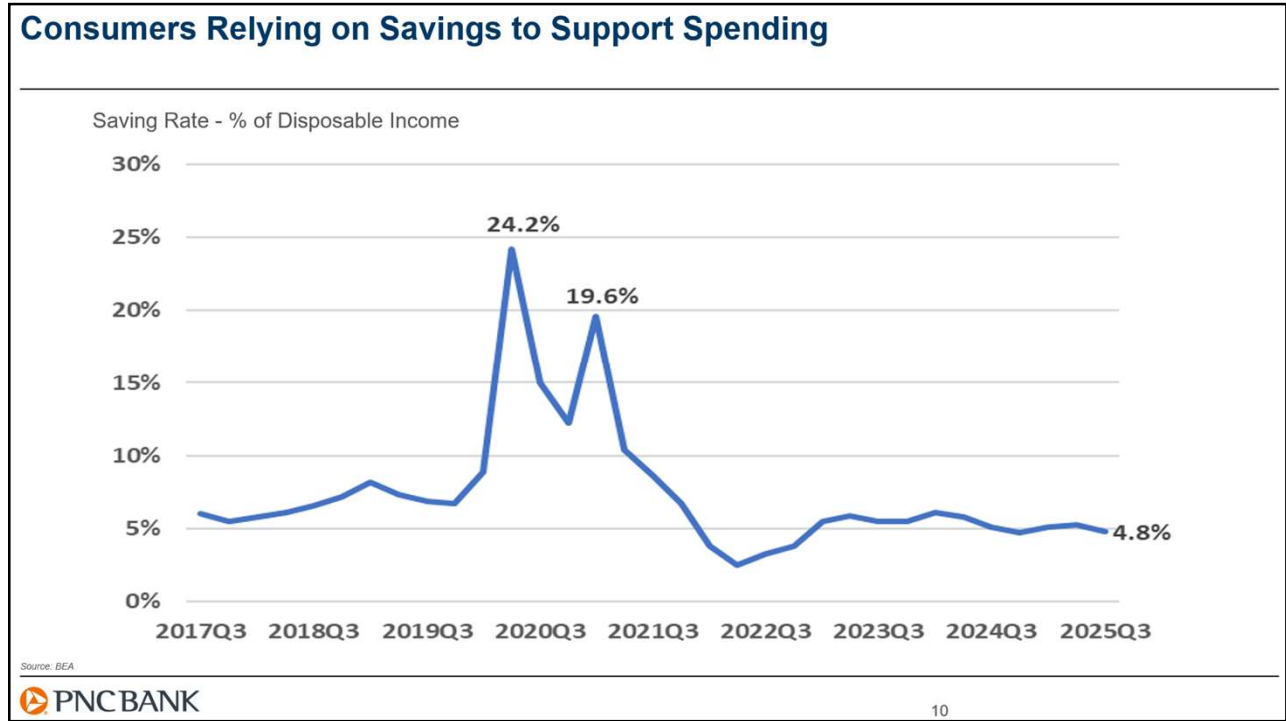


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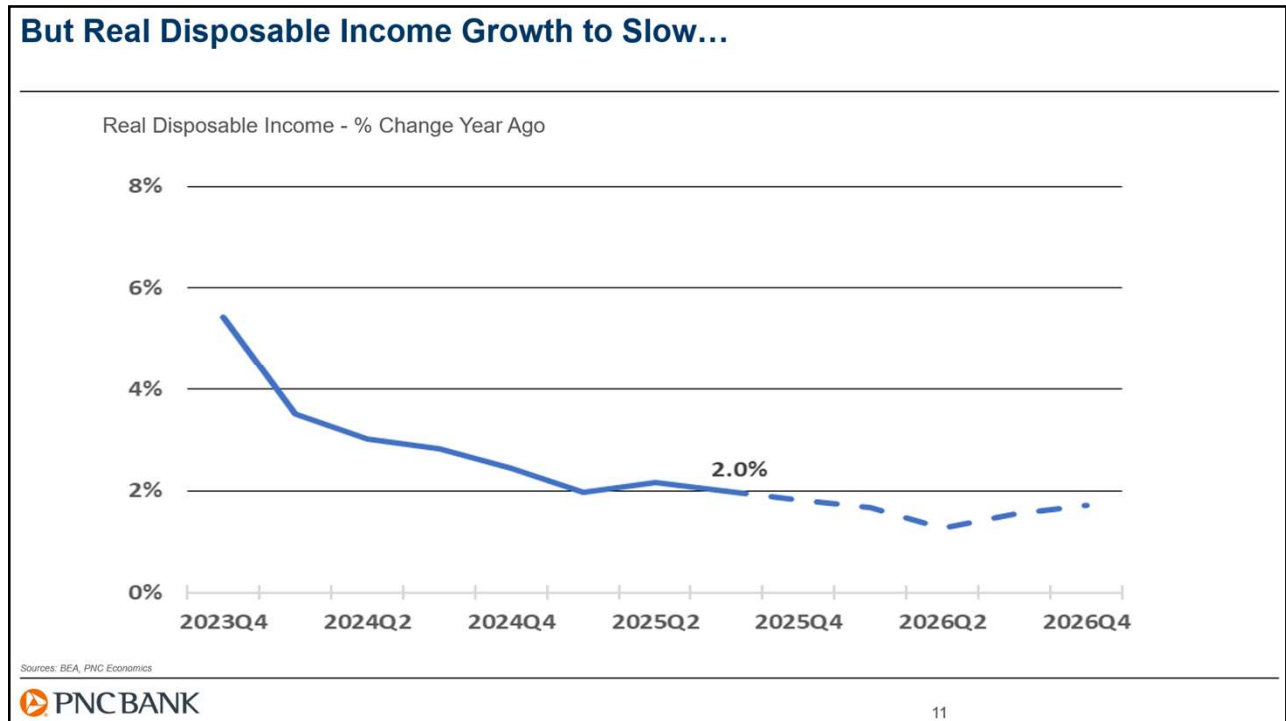
...Pushing the Delinquency Rate Higher



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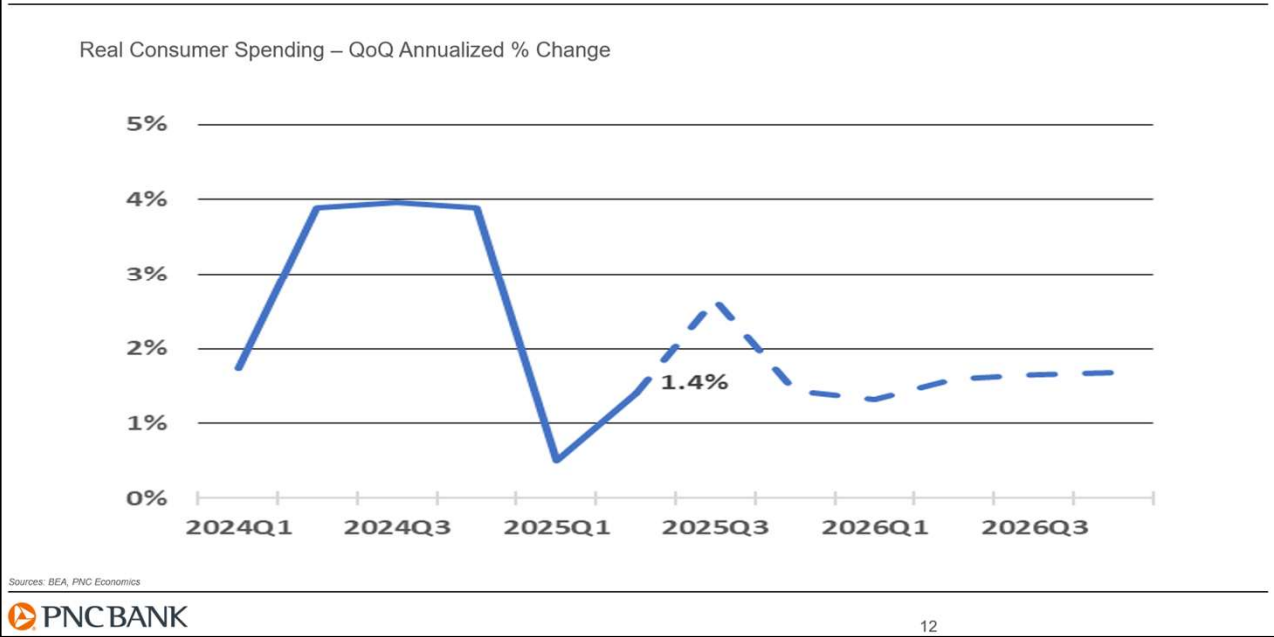


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...Weighing on Consumer Spending Growth



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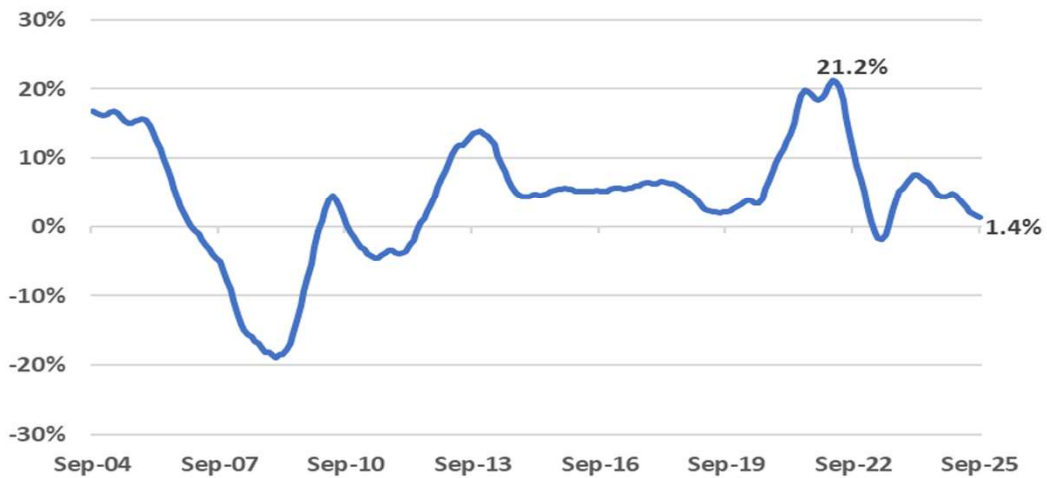
Existing Single-Family Home Sales are Down 26% from Pre-Pandemic Levels...



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Yet Home Prices Have Risen for 27 Straight Months...

S&P CoreLogic Case-Shiller 20-City HPI - % Change Year Ago



Source: S&P CoreLogic Case-Shiller



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...Amid Still-Low Inventory For Sale

Months' Supply Total Existing Homes For Sale - SA



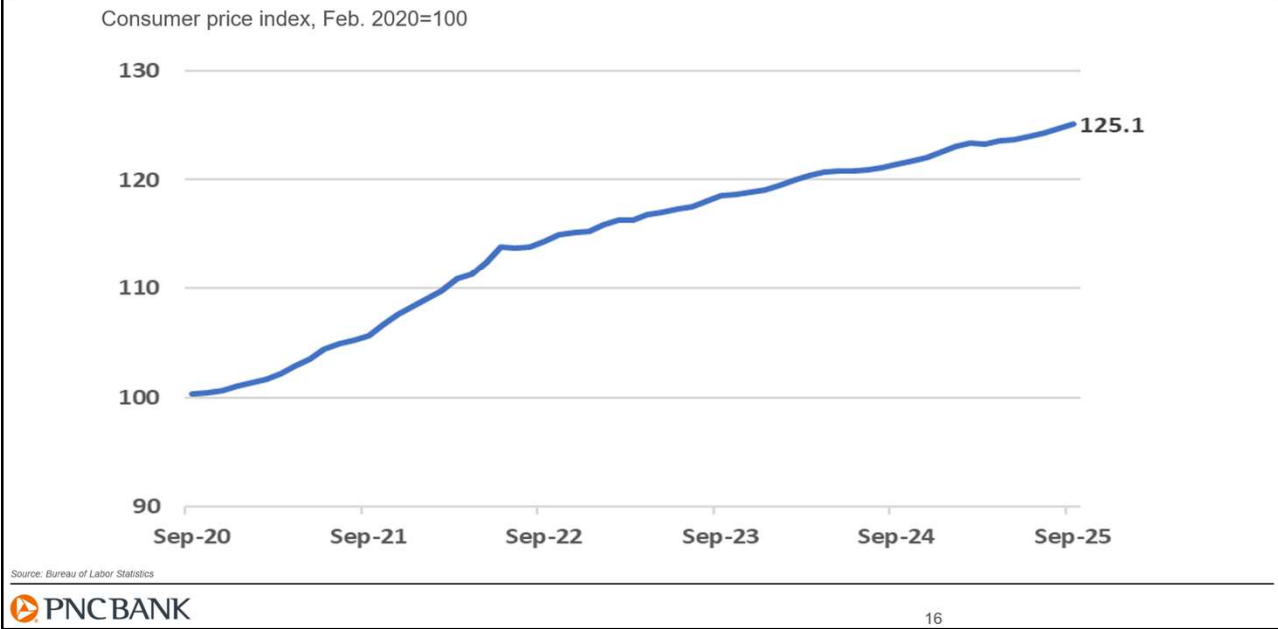
Source: S&P CoreLogic Case-Shiller



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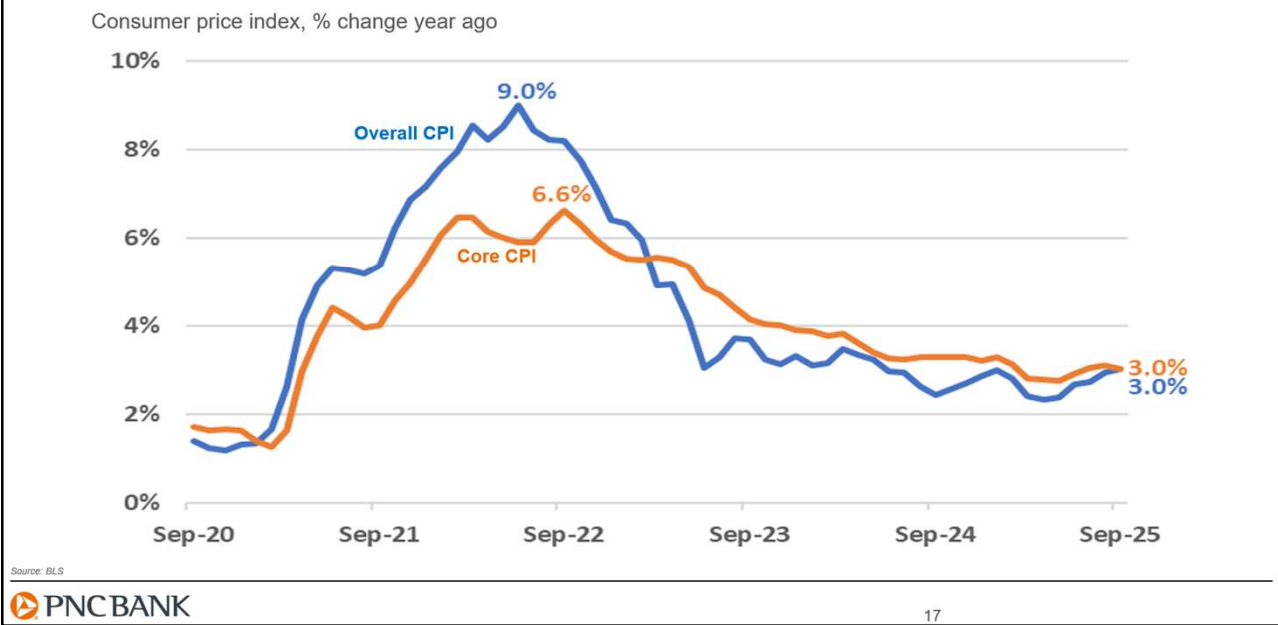
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Prices Are 25% Higher Than They Were Before the Pandemic...



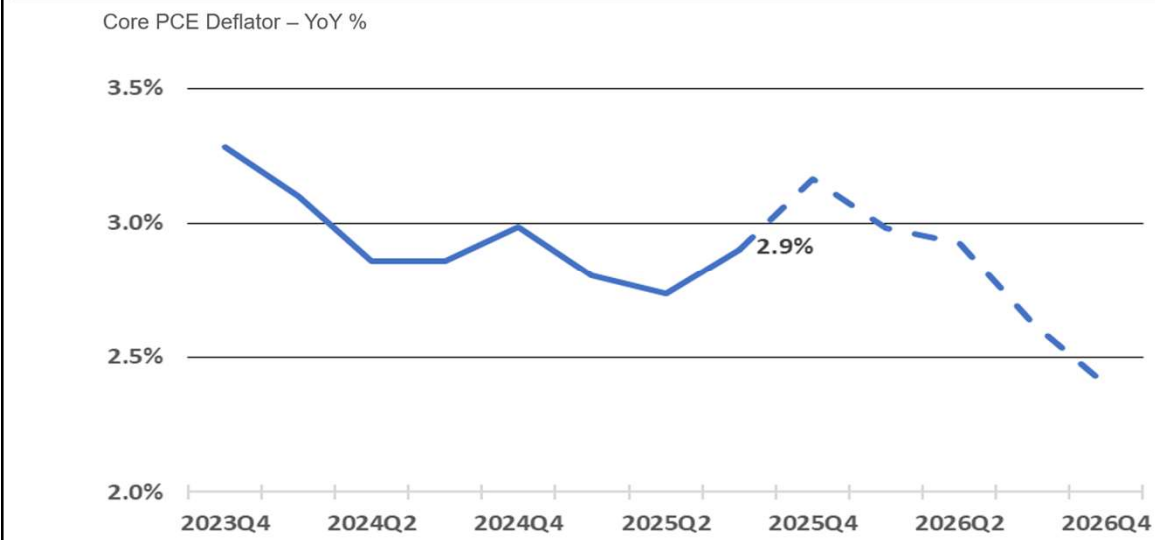
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...Inflation Has Reaccelerated...



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...And is Expected to Move Further Away from the Fed's Target



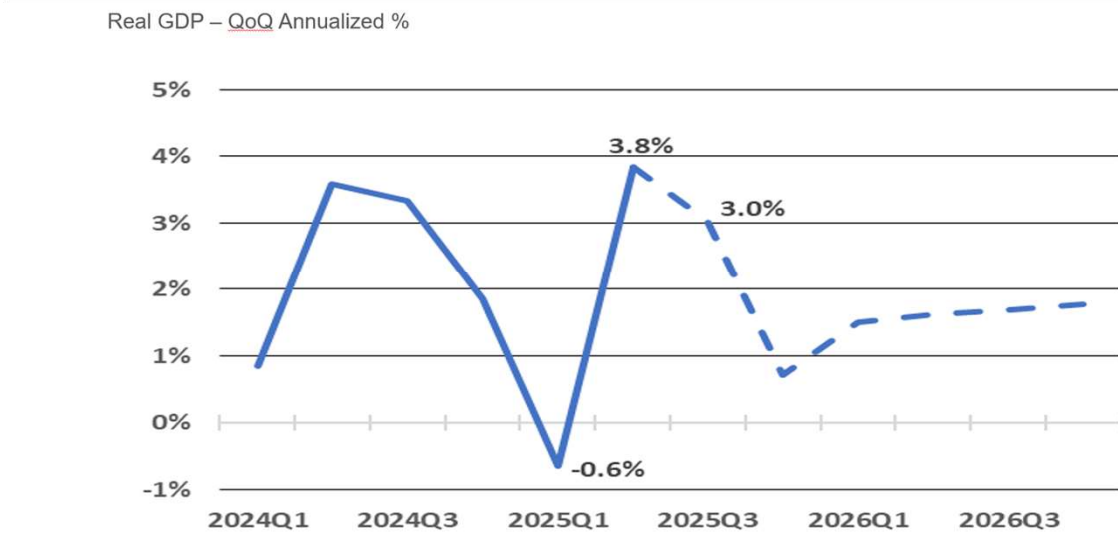
Sources: BEA, PNC Economics



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GDP Growth Expected to Moderate in 2025 & 2026...



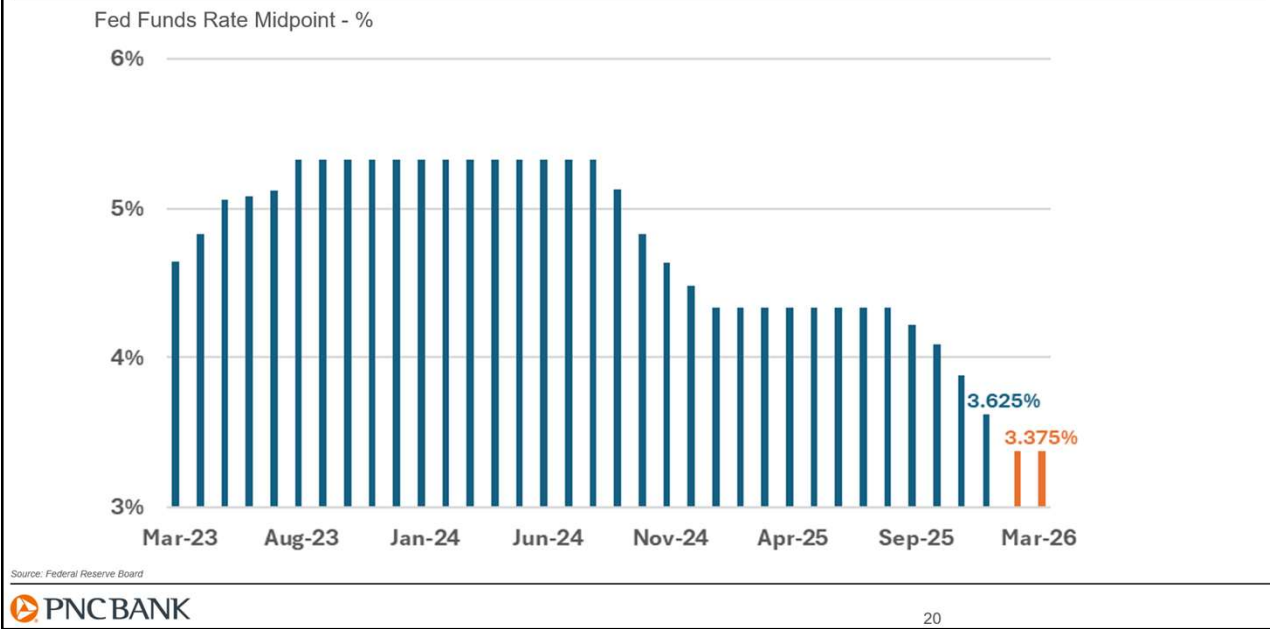
Sources: BEA, PNC Economics



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...Prompting the FOMC to Continue Lowering Rates



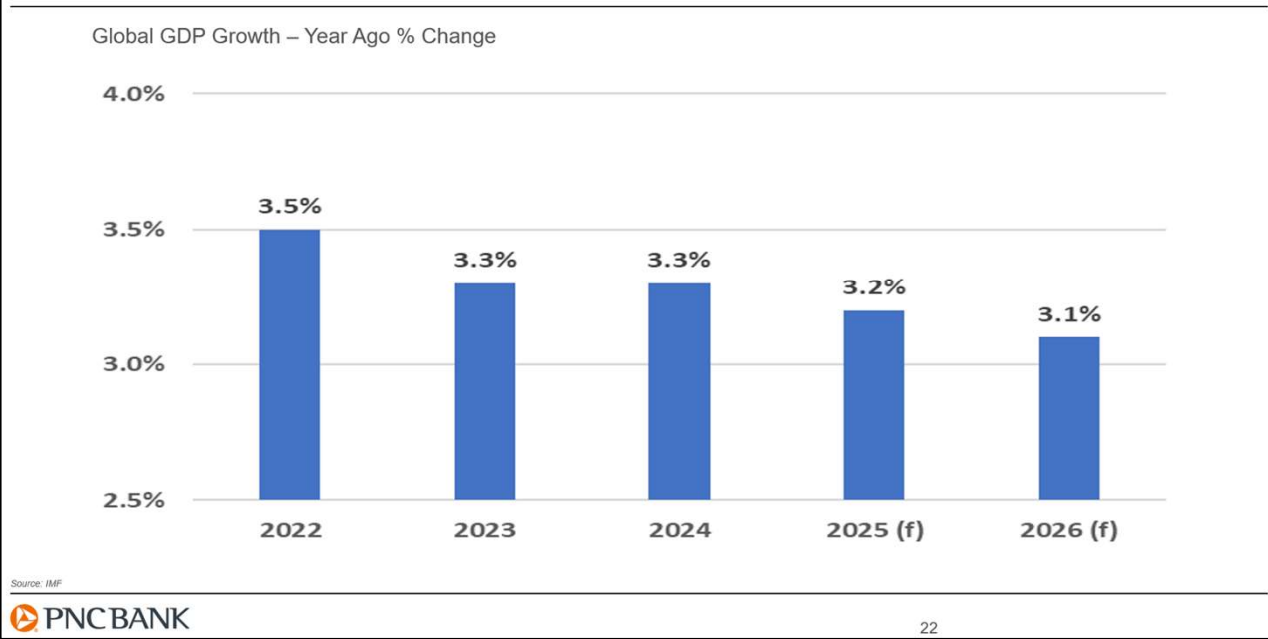
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Risks Are Heavily Weighted to the Downside

- Tariffs
 - Restricted immigration/deportations
 - Equity Market Correction
 - Government spending cuts
 - Tax cuts
 - Regulation
 - How does the Fed respond?
 - Geopolitical: Middle East, China/Taiwan, Russia/Ukraine
 - Financial stresses
 - Commercial real estate
 - Housing market
 - AI
- PNC BANK

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Global Economic Growth to Moderate Slightly



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Tucson's Last Decade




Jennifer Pullen
Director
Economic and Business Research Center



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Tucson Over the Past Decade



Tucson's Strengths

INDICATORS	10 YEAR CHANGE	INDICATORS	10 YEAR CHANGE
AIR TRAVEL	<ul style="list-style-type: none"> PASSENGERS INCREASED BY 19.9% (2014-2024) #1 IN DEPARTURE GROWTH (2024) 	INTERNET ACCESS	<ul style="list-style-type: none"> HOUSEHOLDS WITH BROADBAND UP 6.3% PTS. (2018 - 2023) 3RD HIGHEST COVERAGE AT 250/25 MBPS (2023)
COLLEGE MAJOR	<ul style="list-style-type: none"> STEM RELATED INCREASE (2013-2023) #4 IN STEM RELATED (2023) 	PATENTS	<ul style="list-style-type: none"> SLOW GROWTH OVER THE DECADE TUCSON RANKED 4TH AMONG PEERS
CONGESTION COSTS ★	<ul style="list-style-type: none"> COSTS DECLINED BY 17.4% (2012-2022). 1ST AMONG PEERS ONLY URBAN AREA TO IMPROVE 	TEEN BIRTH RATES ★	<ul style="list-style-type: none"> DECLINE OF 61.2% (2013-2023) DROPPED BELOW THE NATION
COST OF LIVING	<ul style="list-style-type: none"> TUCSON'S COST OF LIVING IMPROVED (2013-2023) IMPROVED RANK FROM 5TH TO 4TH 	TRANSPORTATION TO WORK	<ul style="list-style-type: none"> DRIVING ALONE FELL 5.8% PTS. (2013-2023) 2ND IN BIKING TO WORK (2023)
EMPLOYMENT SHARE	<ul style="list-style-type: none"> SIMILAR MIX AS NATION RANKED SECOND AMONG PEERS (2024) 	VOTER TURNOUT	<ul style="list-style-type: none"> ARIZONA: 2ND LARGEST INCREASE (2013-2023) TUCSON'S TURNOUT INCREASED BY 8.7% PTS. OVER TWO DECADES
HOUSING COST BURDEN	<ul style="list-style-type: none"> 3RD LARGEST DECLINE AMONG PEERS (2013-2023) IMPROVED RANK FROM 8TH TO 4TH 	WAGE DISTRIBUTION	<ul style="list-style-type: none"> WAGE INEQUALITY IMPROVED BETWEEN 2014-2024 TUCSON TIED FOR 1ST (2024)

*All indicators reported in this infographic are for the Tucson Metropolitan Statistical Area (MSA), except Air Travel is reported for the Tucson International Airport, Congestion Costs are for Urban Areas, and Voter Turnout is reported for the state of Arizona.

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Tucson's Challenges



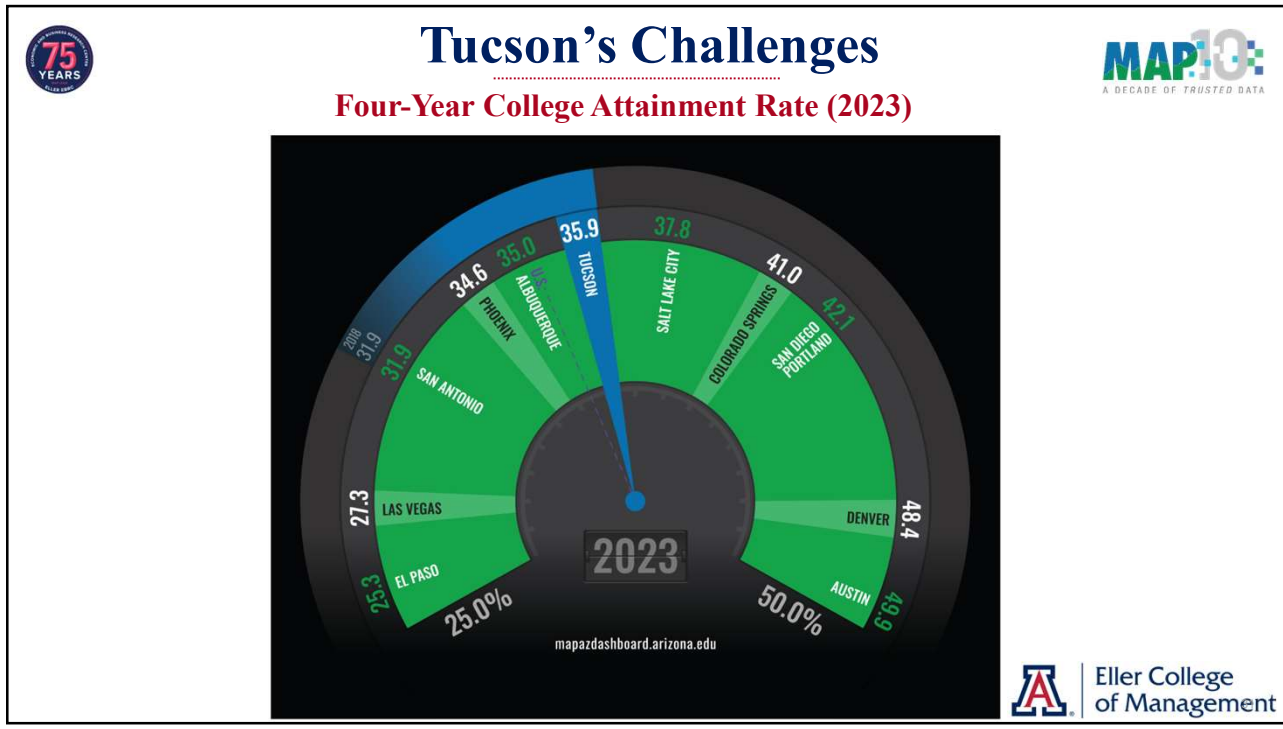
Growth Rate of Total Nonfarm Jobs (2024)

City	Growth Rate (%)
Tucson	-0.5
Portland	0.0
San Diego	0.5
Denver	0.7
Salt Lake City	1.2
U.S. Average	1.3
Albuquerque	1.3
Colorado Springs	1.4
Phoenix	1.6
San Antonio	1.8
Las Vegas	2.0
Austin	2.2
El Paso	2.9

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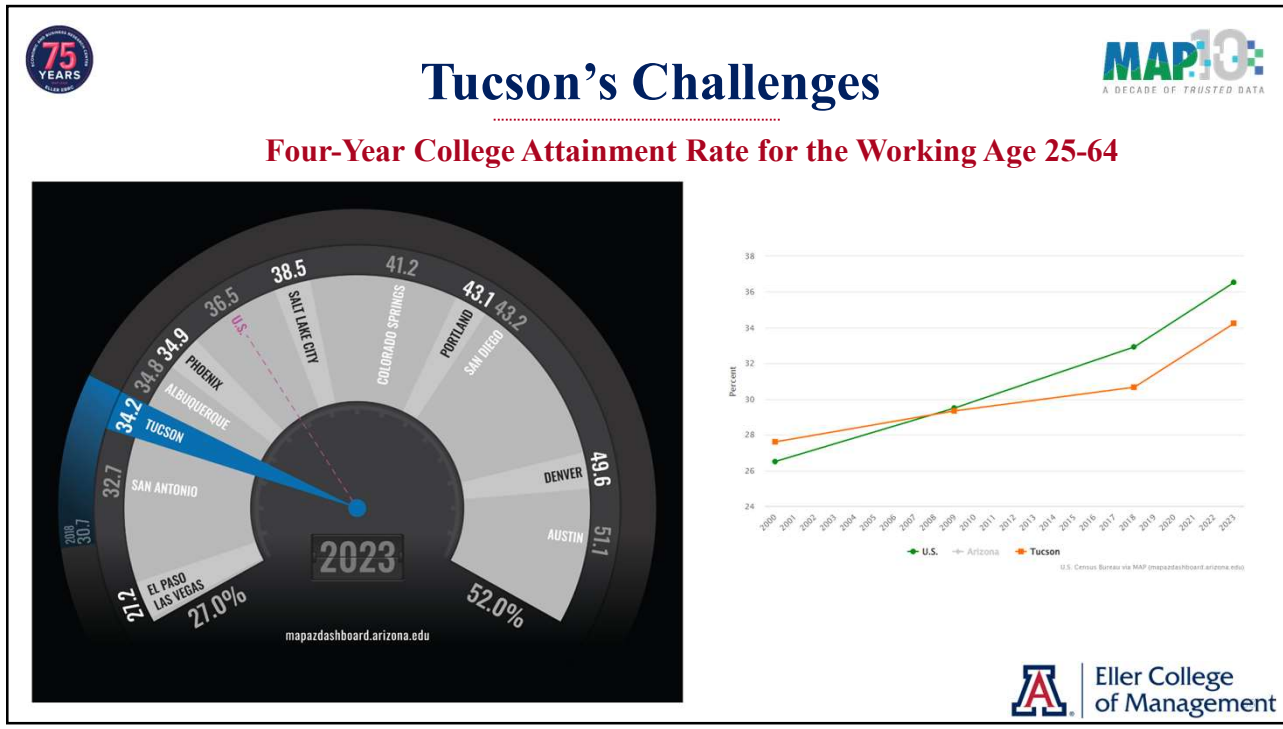
Tucson's Challenges
Four-Year College Attainment Rate by Age (2023)

MAP10: A DECADE OF TRUSTED DATA

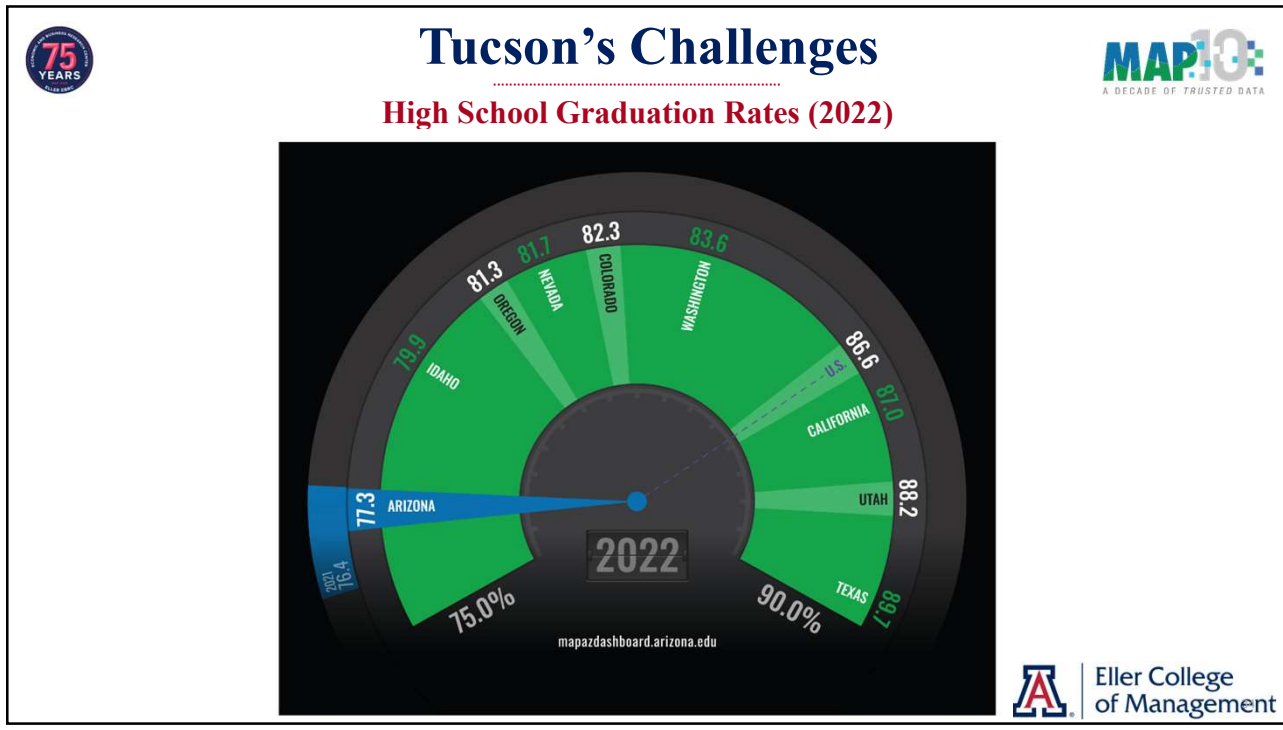
AGE	TUCSON	ARIZONA	U.S.
18-24	10.8%	10.7%	12.9%
25-34	33.1%	32.1%	38.8%
35-44	36.3%	35.1%	39.8%
45-64	33.9%	31.9%	33.6%
65+	39.5%	32.2%	30.3%

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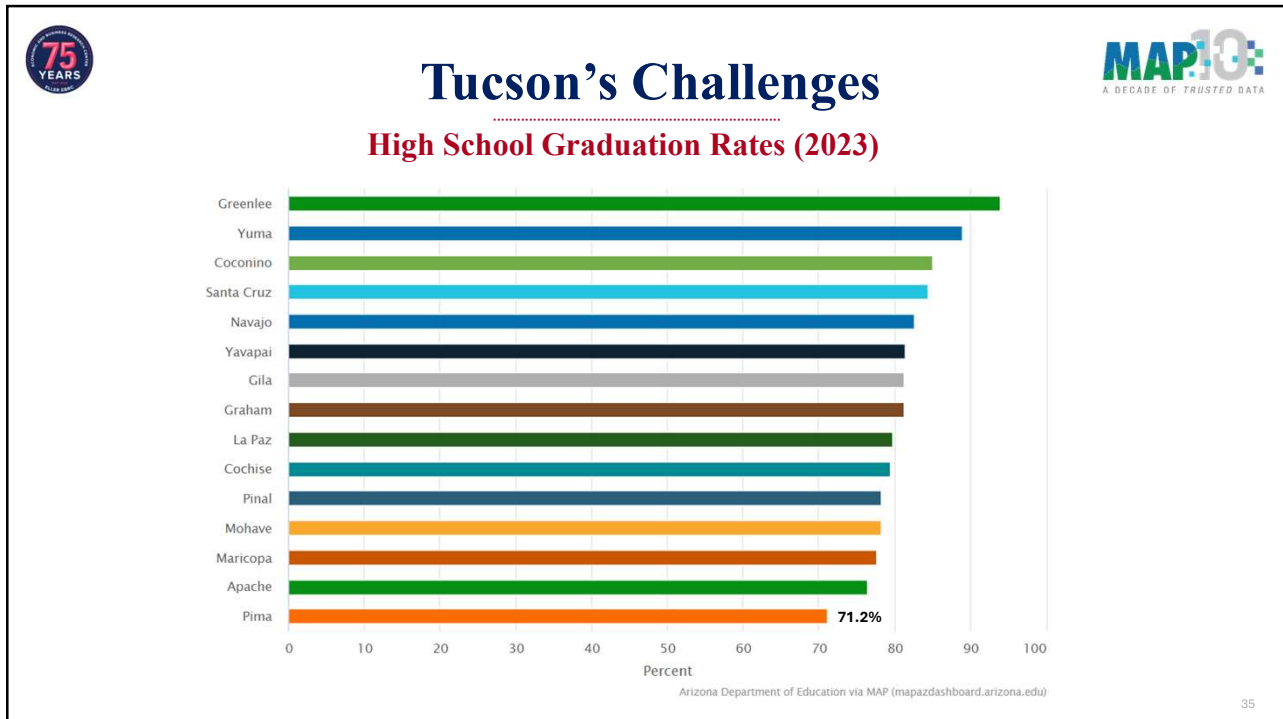
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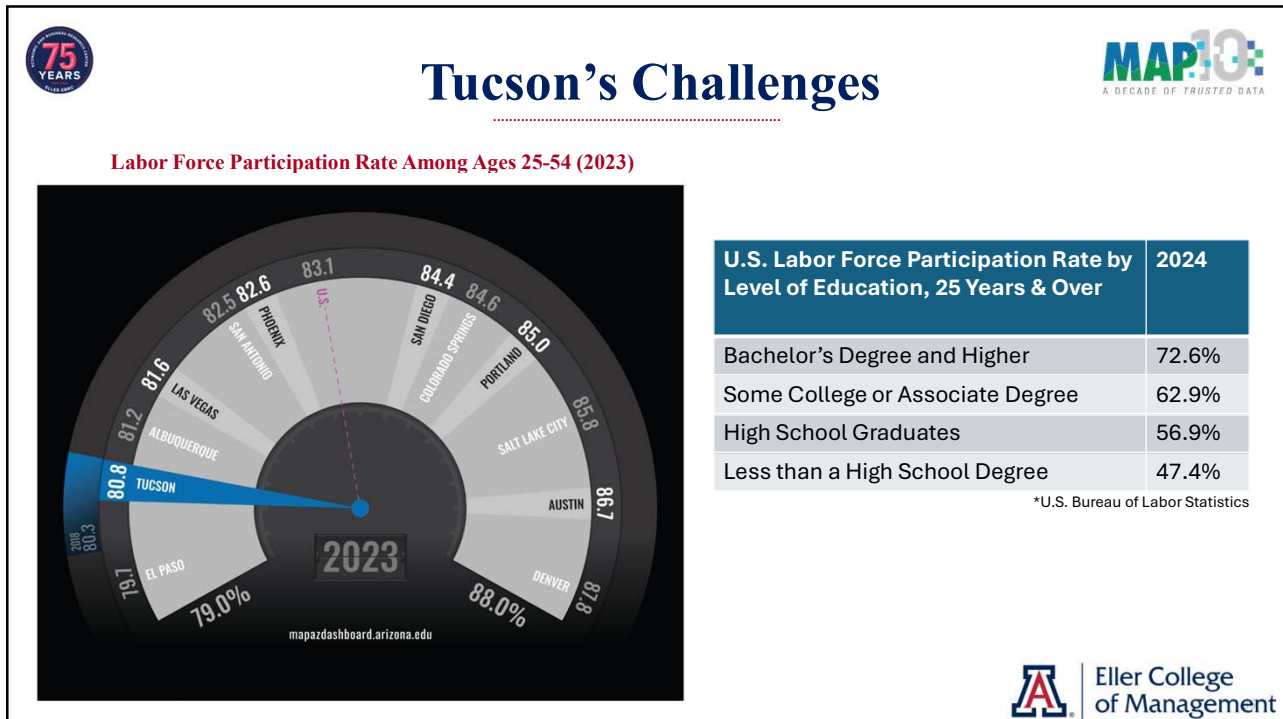
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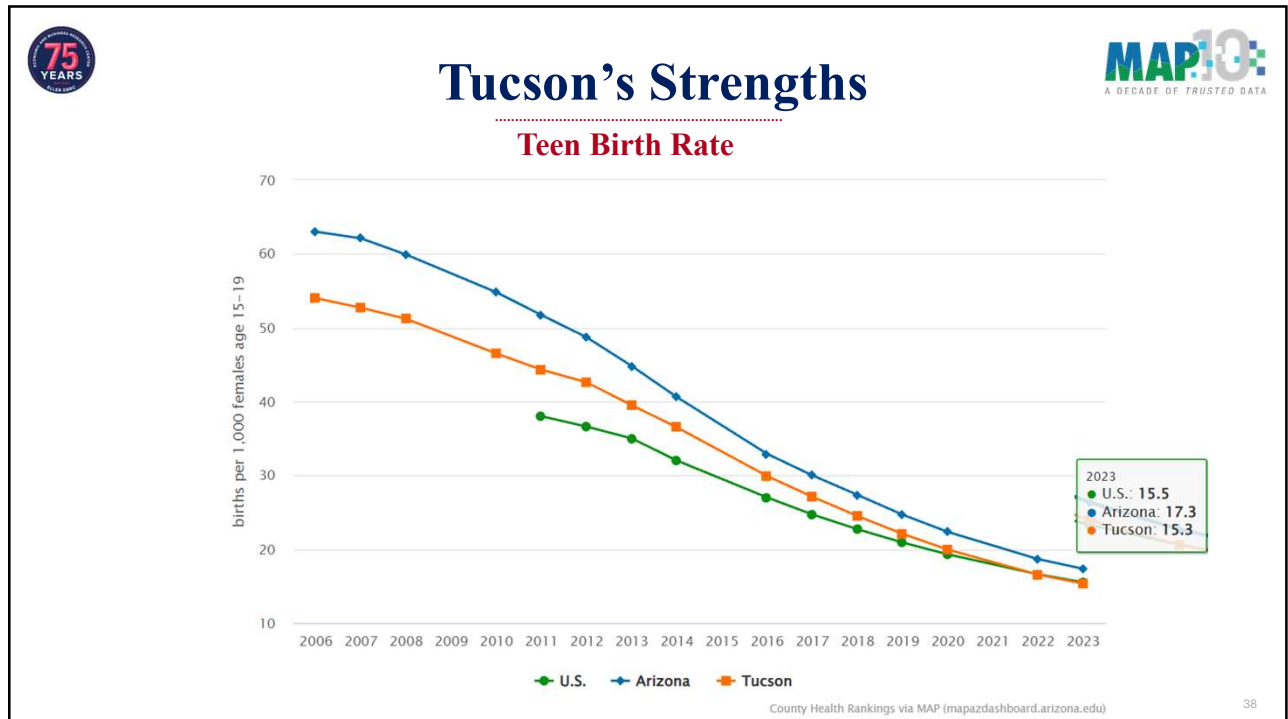
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Tucson Outlook



George Hammond
Research Professor
Economic and Business Research Center



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Key Topics

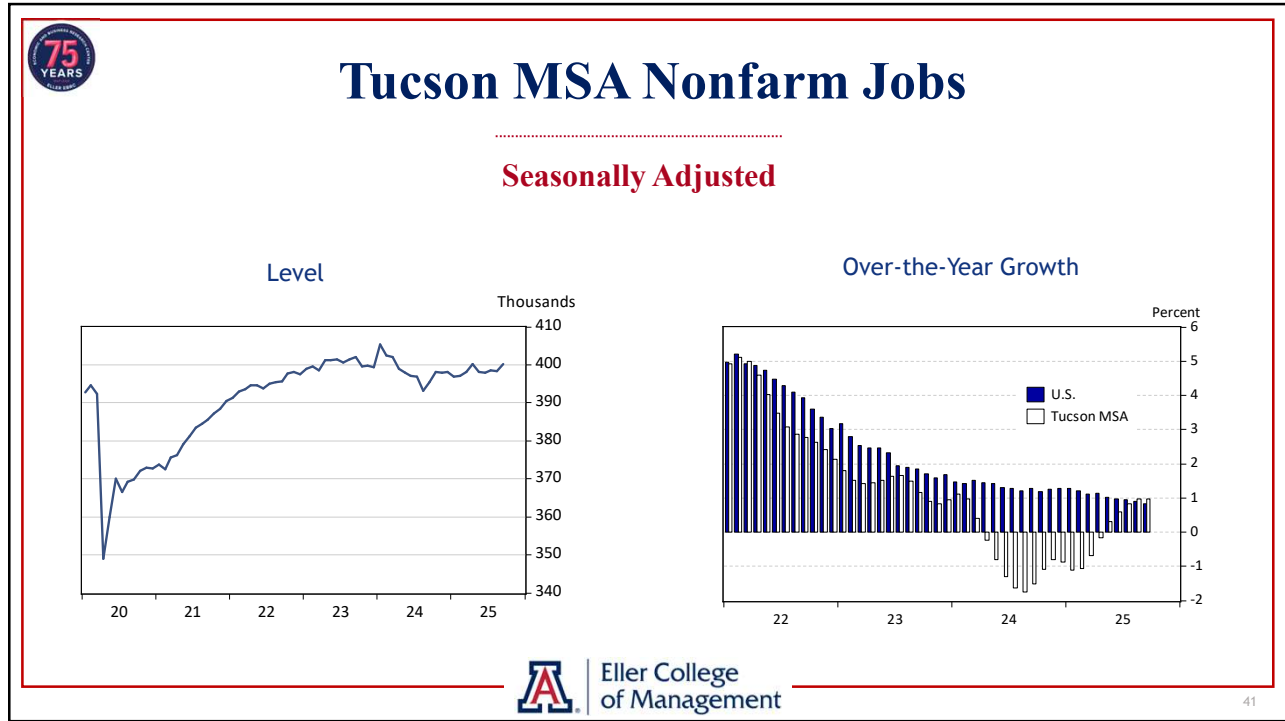
- ▶ **Tucson jobs have stopped growing**
 - ▶ Driven by sharply lower hiring and modestly elevated layoffs
 - ▶ Private education and health care still driving gains
- ▶ **Phoenix MSA shelter inflation remains well below the U.S.**
 - ▶ Which is keeping Phoenix all-items inflation low
- ▶ **Housing cost burdens remain elevated**
 - ▶ And housing permit activity is down so far this year
- ▶ **The baseline forecast calls for modest improvement in growth next year**
 - ▶ But recession risks remain a concern, with elevated federal government policy uncertainty, elevated tariffs, reduced international migration, and elevated deportations



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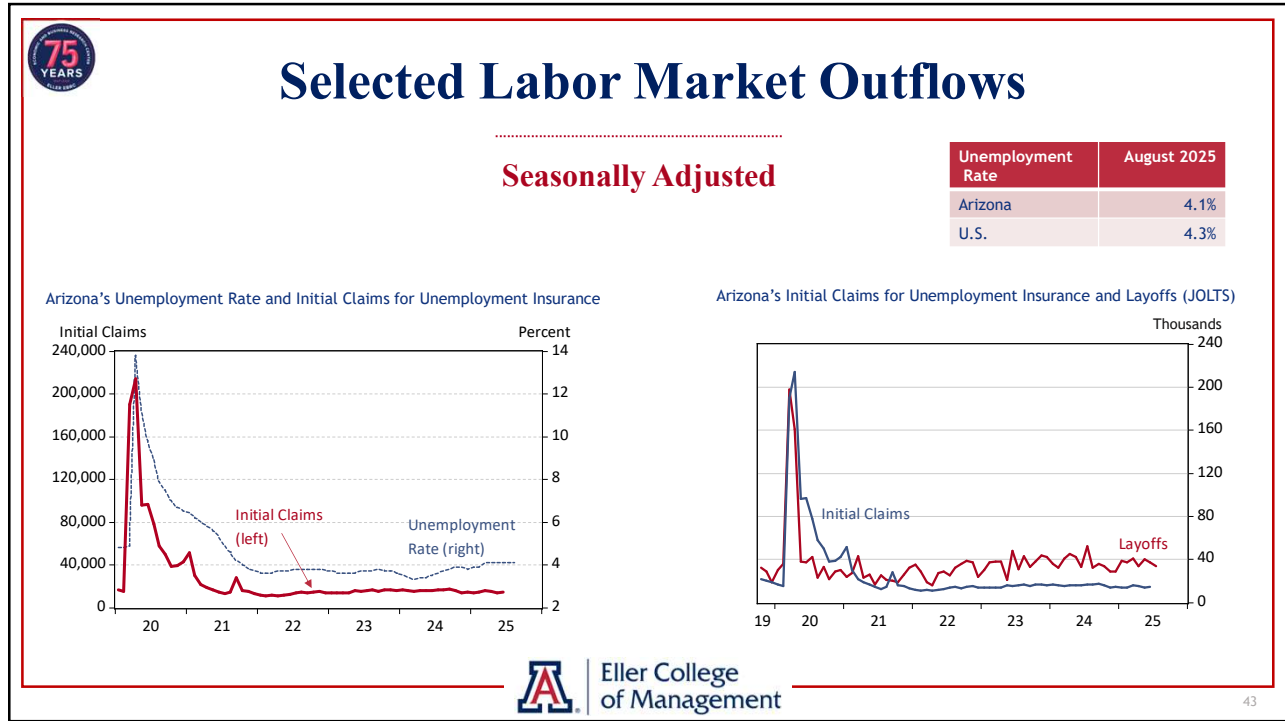
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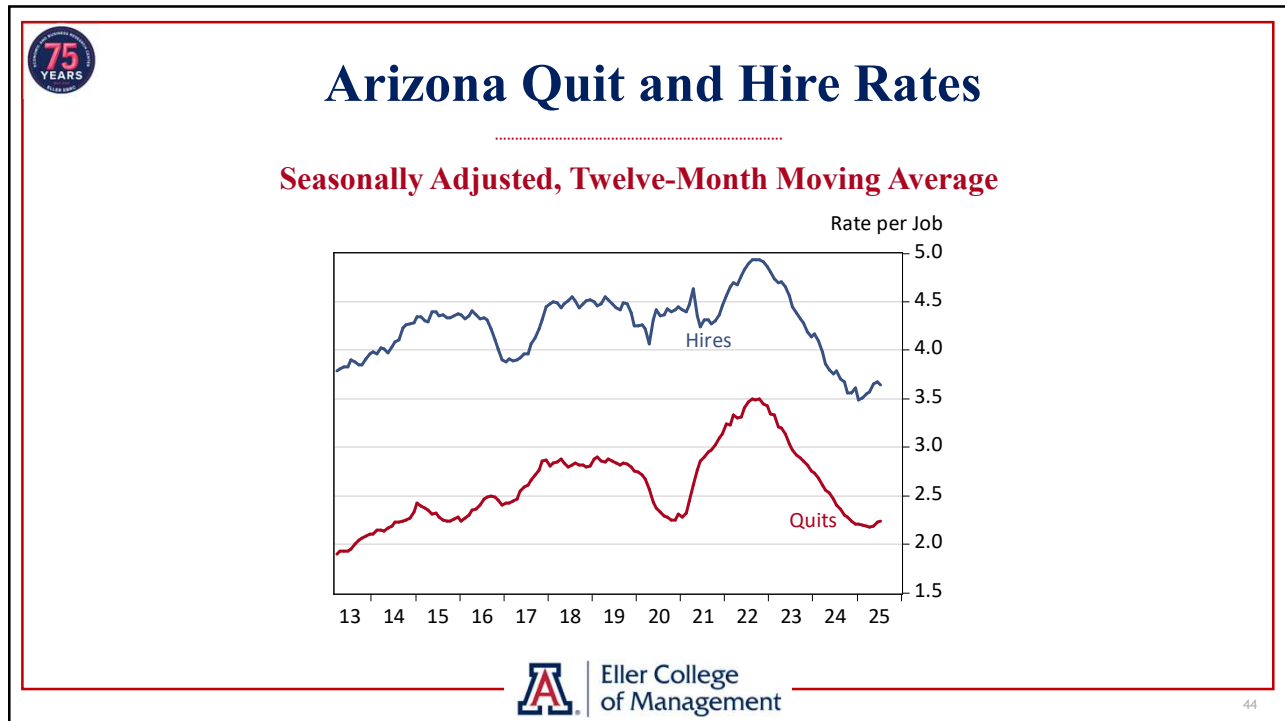
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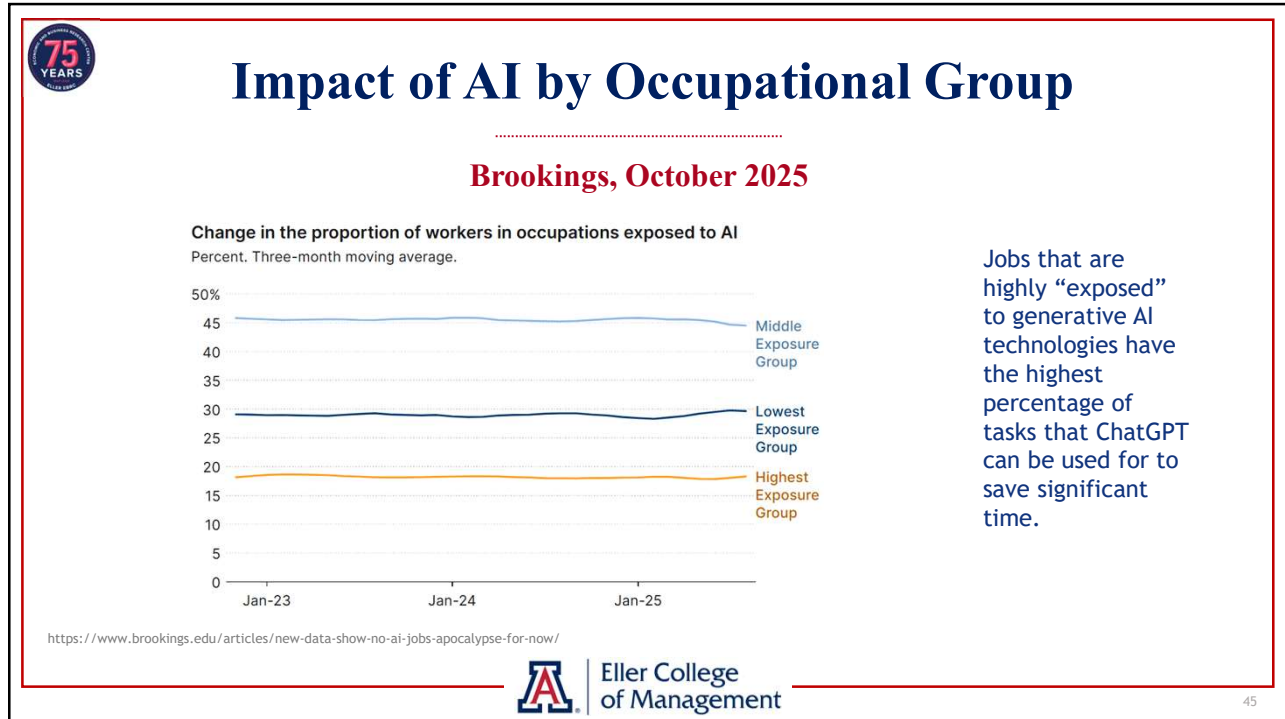
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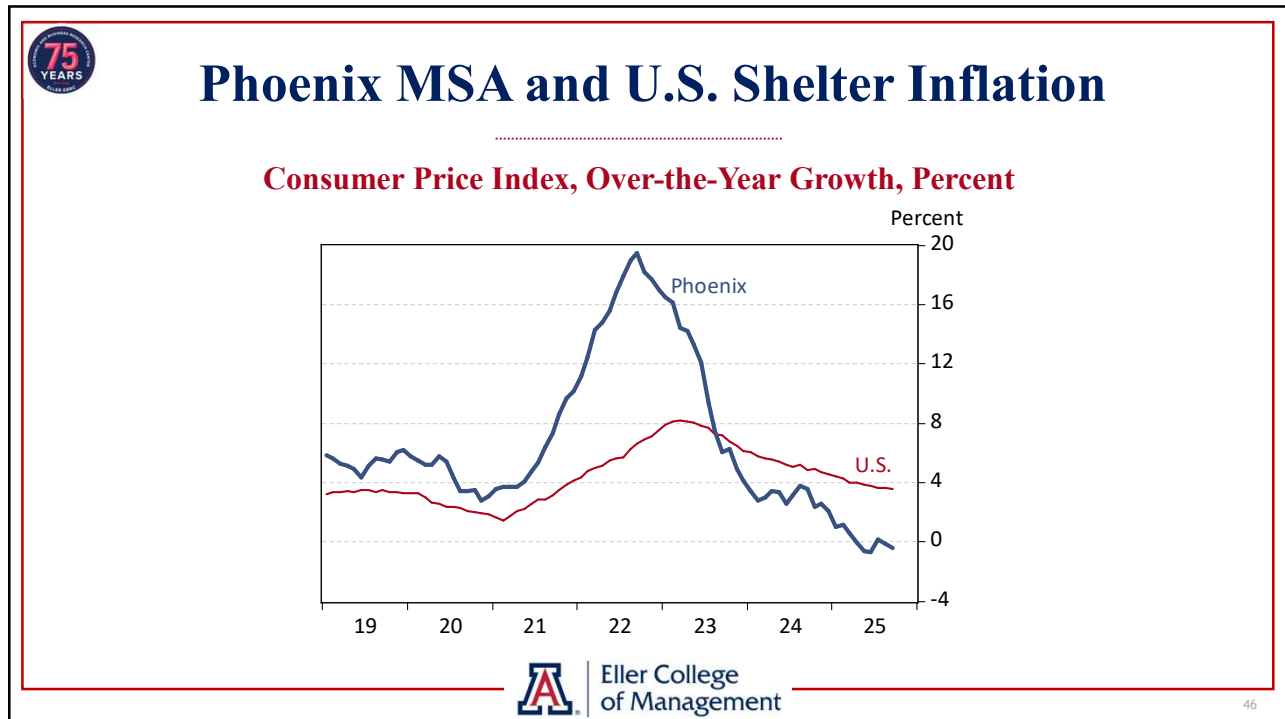
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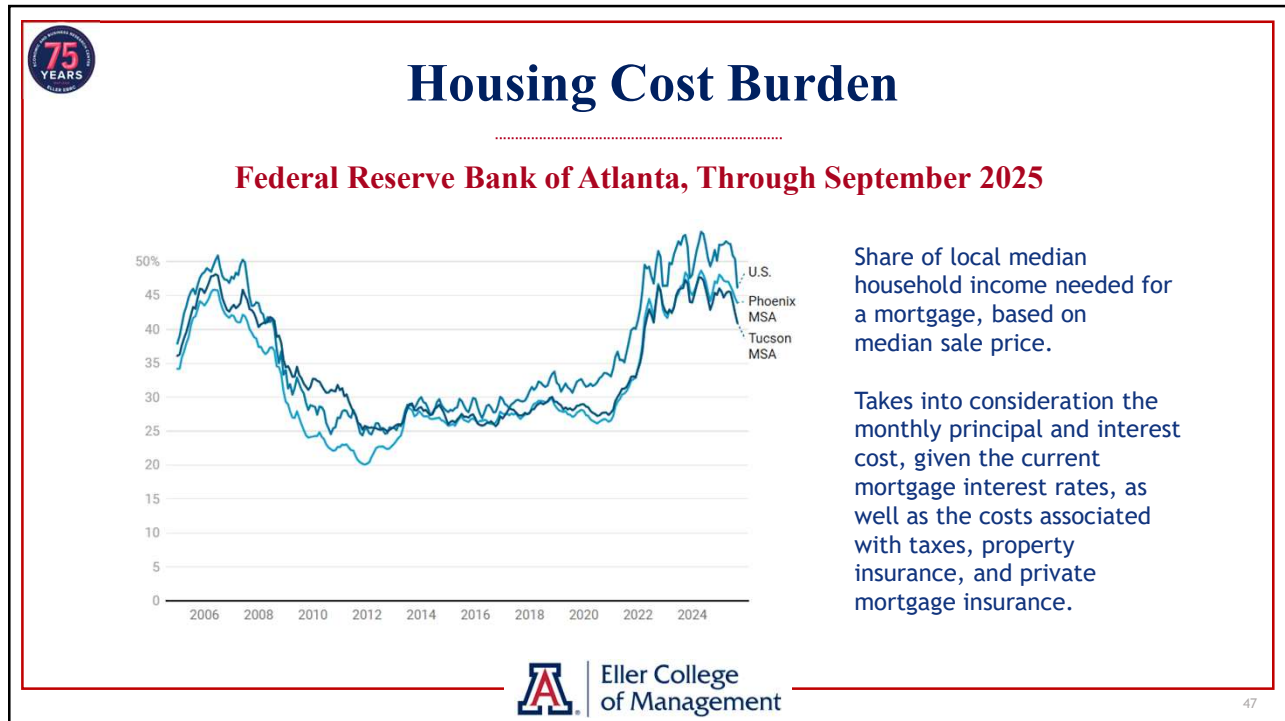
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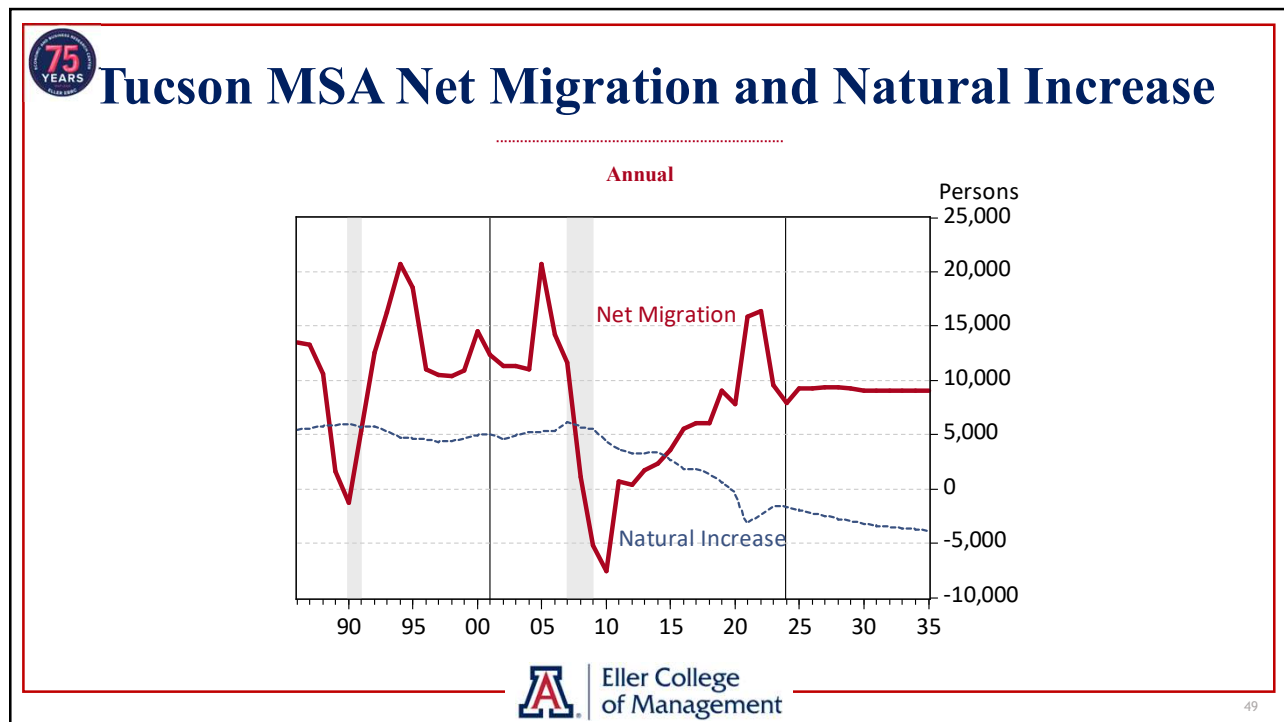
Tucson MSA Outlook Summary
 Annual Growth Rates

	Actual	Forecast		
	2024	2025	2026	2027
Growth Rate				
Nonfarm Jobs	-0.5	-0.1	0.6	0.9
Personal Income	4.8	4.3	5.5	6.0
Retail Plus Remote Sales	1.4	2.7	3.1	3.5
Population	0.6	0.7	0.6	0.6
Level				
Housing Permits	5,250	4,904	4,550	4,175

Personal income is forecast in 2024.

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Main Takeaways

- ▶ **Tucson is not generating job growth**
 - ▶ Hiring is down and layoffs are modestly elevated
 - ▶ Federal economic policy uncertainty seems to be the cause, not AI
- ▶ **Shelter inflation has significantly slowed in the Phoenix MSA**
 - ▶ And that has brought overall inflation below the national average
- ▶ **Housing cost burdens have improved modestly**
 - ▶ But remain very much elevated
- ▶ **The outlook calls for a small acceleration in growth next year**
 - ▶ But important risks remain, mostly originating from federal policy initiatives

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Generative AI Leadership Accelerator

When
January 20 - 23, 2026

Where
University of Arizona Chandler, Chandler, AZ

Who Should Attend?

- Senior executives and their teams
- Strategic decision-makers who are ready to lead Generative AI transformations
- Individuals seeking to implement real-world Generative AI projects within their organization

Generative AI isn't just a tool; it's the requirement to remain a leader in any industry. The GALA program is a hands-on, four-day immersive program where you'll conceptualize a real Generative AI initiative under the guidance of world-class faculty.

With Generative AI Leadership Accelerator (GALA), you don't just learn about Generative AI—you master it by applying AI solutions directly to your organization. Your team will understand Generative AI, gain practical experience, and guide colleagues on how to launch their own Generative AI initiatives, creating a ripple effect of innovation.

Leadership and Strategy
Prepare to guide and upskill your team with an organization-specific AI strategy.

Team-Centric Approach
Leaders and their teams collaborate on Generative AI projects, ensuring everyone has the tools to drive Generative AI adoption.

Real-World Application
Work on an actual business initiative with direct coaching from Generative AI experts and leave with actionable pilots.

Mastering Generative AI for Exponential Impact

DAY ONE	<p>Generative AI and Business Ethics Dr. Paul Melendez - Dr. Melendez will help you navigate the ethical frameworks essential for responsible AI adoption.</p>
DAY TWO	<p>Demystifying Generative AI Dr. Yong Ge - Dr. Ge will break down the fundamentals of Generative AI and its transformative potential across industries.</p> <p>Hands-On Prompt Engineering Dr. Mohammed Shafae - Dr. Shafae will lead a practical session on crafting effective prompts and AI interactions.</p> <p>Business Applications of Prompt Engineering Dr. Bikram Ghosh, Dr. Mohammed Shafae - Dr. Ghosh and Dr. Shafae will help you learn how to translate prompt engineering into real business value.</p>
DAY THREE	<p>Agentic Systems Dr. Bikram Ghosh - Dr. Ghosh will explore how to customize large language models and build agentic systems tailored to your organization's needs.</p> <p>Retrieval-Augmented Generation (RAG) and LLMs Dr. Gondy Leroy - Dr. Leroy will guide you through advanced architectures and how to apply them effectively.</p>
DAY FOUR	<p>Gen AI Application Roadmap Finalize your team's Gen AI pilot and create an actionable roadmap for implementation. Faculty post-program consulting to ensure success.</p>

Discounts available for groups of two or more individuals from the same organization AND University of Arizona Alumni. Breakfast and lunch are included in the registration price.

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A special thank you to



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for presenting today's event.



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