

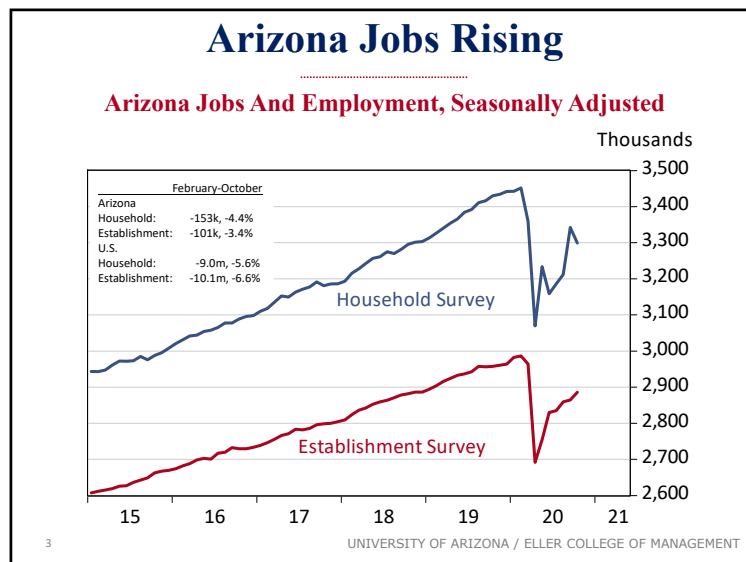
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Key Topics Today

- ▶ **Uncertainty dominates the outlook**
 - ▶ How fast will the state recover?
- ▶ **Arizona has outperformed many states, but still has a long way to go**
 - ▶ 65.8% of jobs replaced through October
 - ▶ U.S. replaced 54.5% through October
- ▶ **The short-run outlook depends on the outbreak**
 - ▶ Look for continued recovery, but a big surge in the outbreak will slow progress
- ▶ **Baseline includes a major federal fiscal stimulus package in the fourth quarter of 2020**
 - ▶ Which contributes to recovery to prior peak in mid 2021
 - ▶ Pessimistic alternative assumes slower recovery, by the end of next year

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2



3

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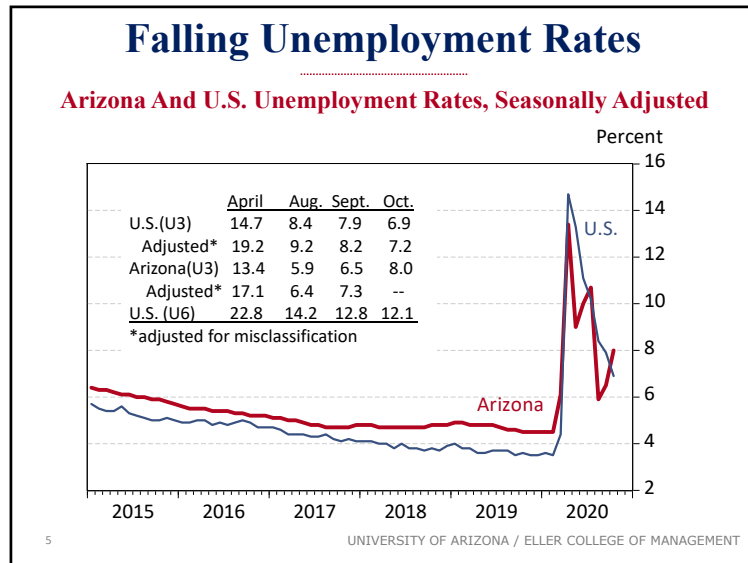
Recovering Unevenly

Nonfarm Payroll Jobs, Seasonally Adjusted

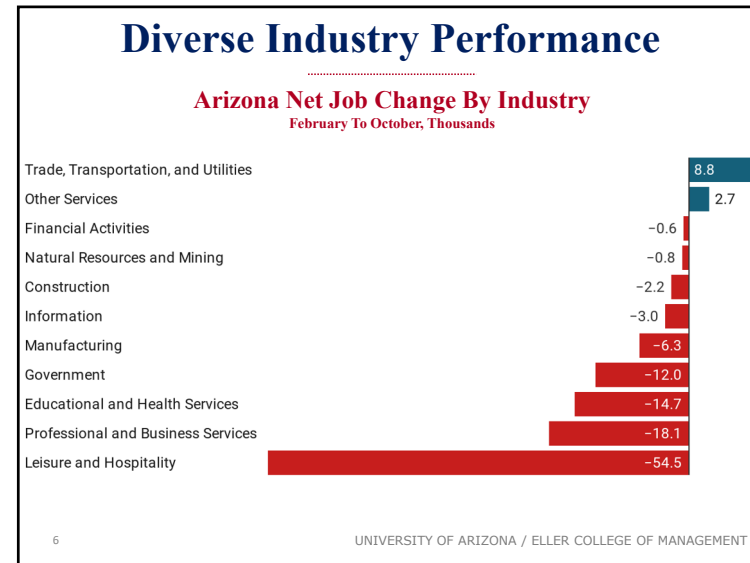
	Percent Change From February To						
	April	May	June	July	August	September	October
Flagstaff	-20.1	-18.9	-17.4	-18.3	-16.4	-18.6	-17.7
Lake Havasu City-Kingman	-14.7	-10.0	-7.5	-7.3	-5.8	-5.3	-4.5
Phoenix	-9.8	-8.1	-5.6	-5.6	-4.6	-4.0	-3.3
Prescott	-7.3	-3.5	-1.5	-1.8	0.0	-0.9	-1.1
Sierra Vista-Douglas	-6.6	-2.3	-1.2	0.6	0.9	-0.9	-0.3
Tucson	-8.7	-6.4	-3.2	-3.9	-3.2	-4.7	-4.0
Yuma	-10.4	-7.9	-7.6	-5.9	-5.0	-5.2	-5.5
Arizona	-9.9	-7.8	-5.2	-5.1	-4.3	-4.1	-3.4
U.S.	-14.5	-12.7	-9.6	-8.5	-7.5	-7.0	-6.6

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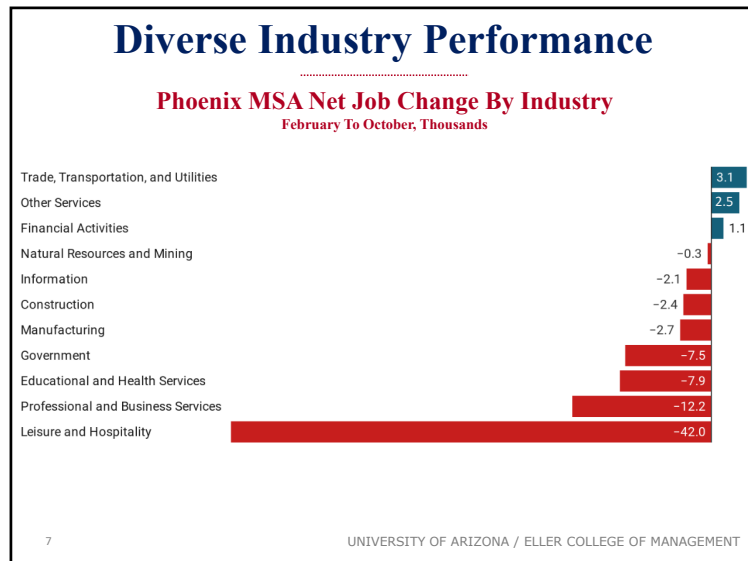
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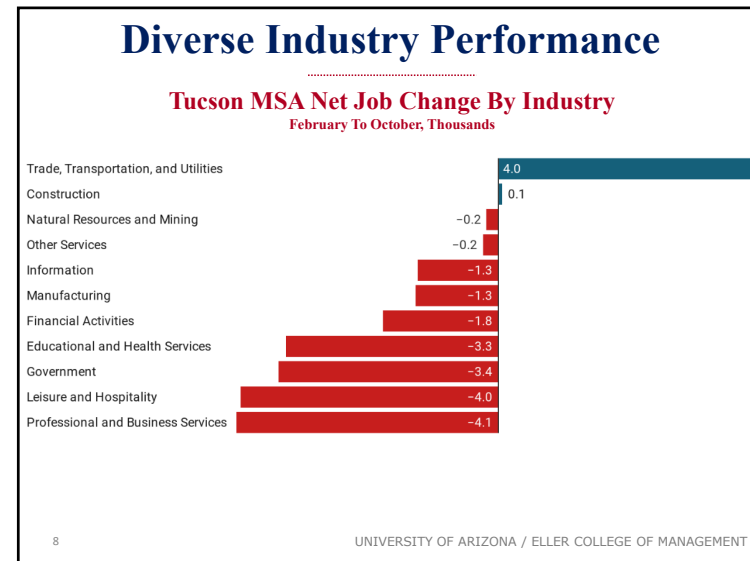
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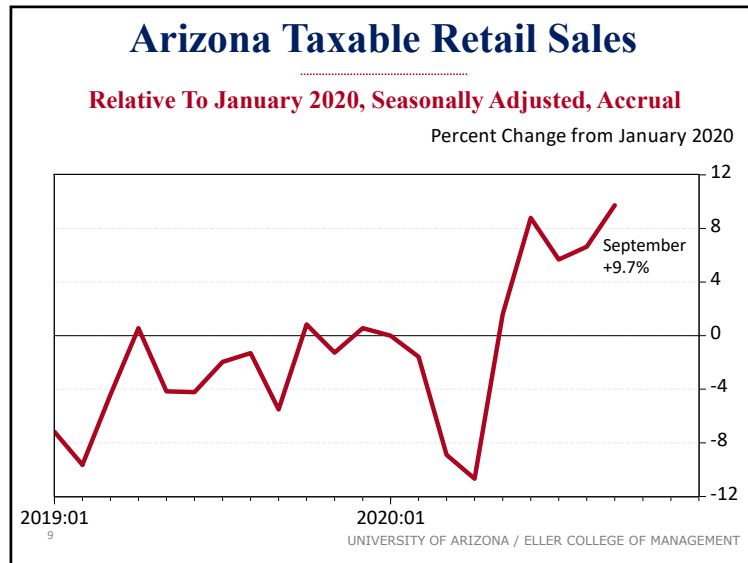
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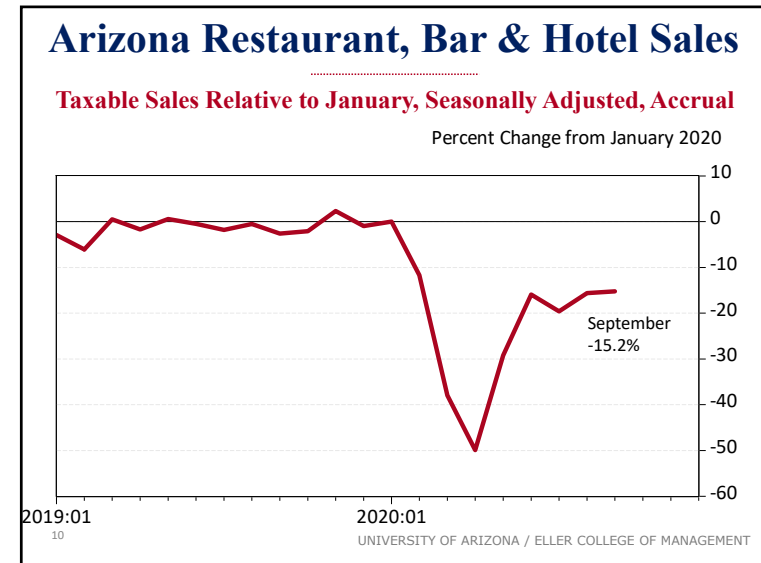
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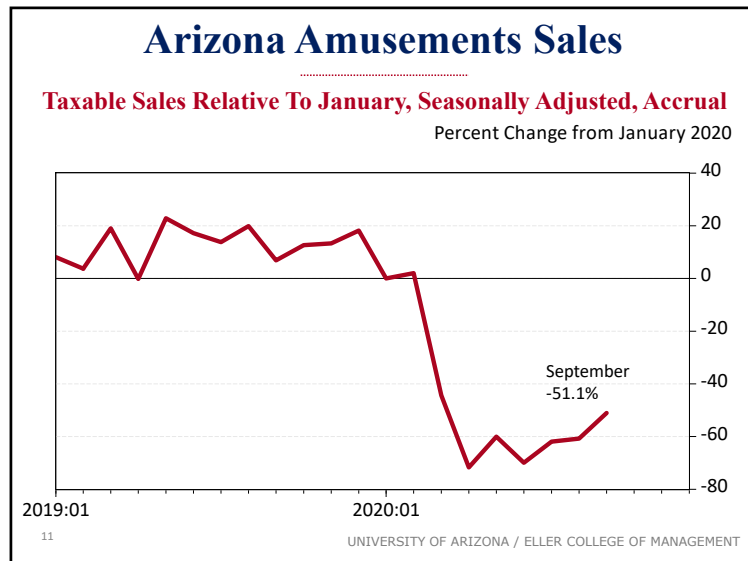
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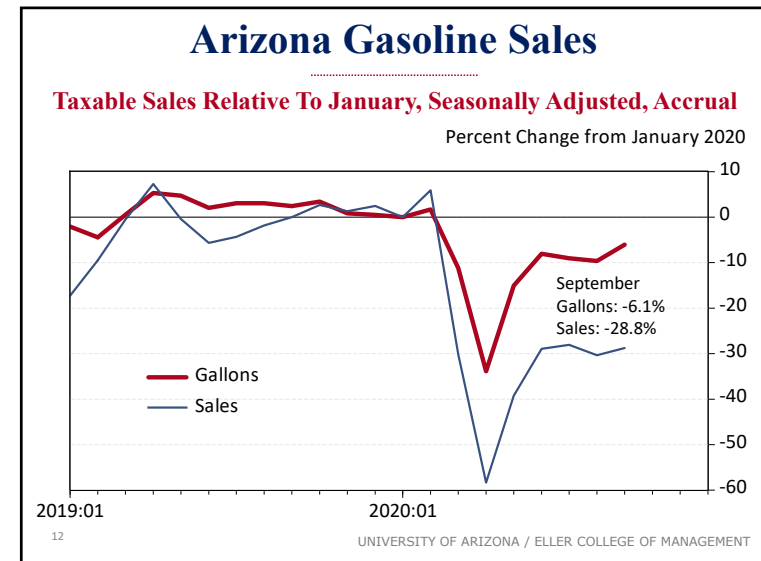
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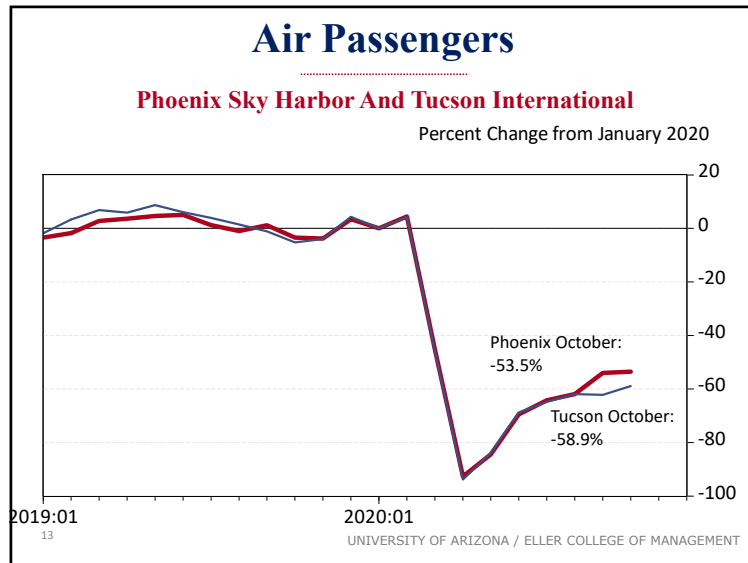


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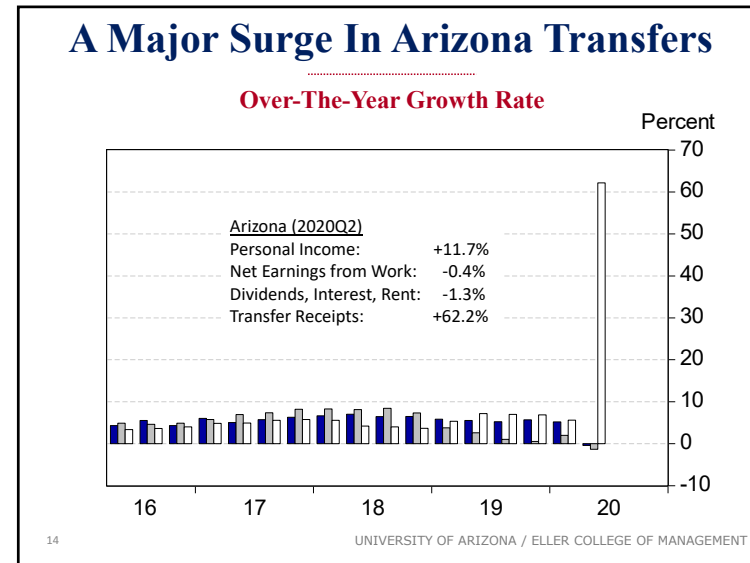


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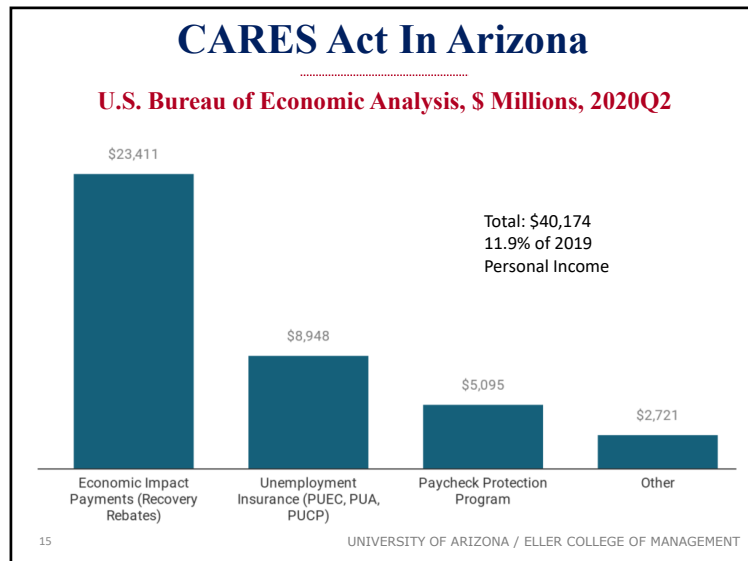
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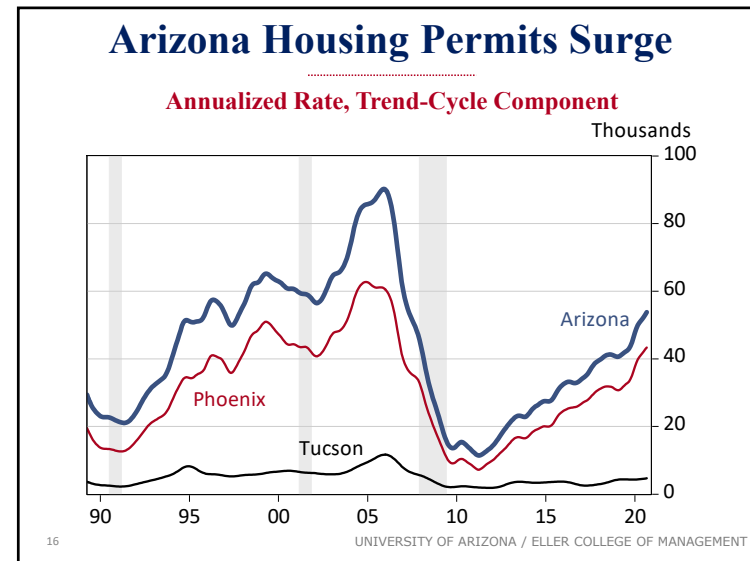
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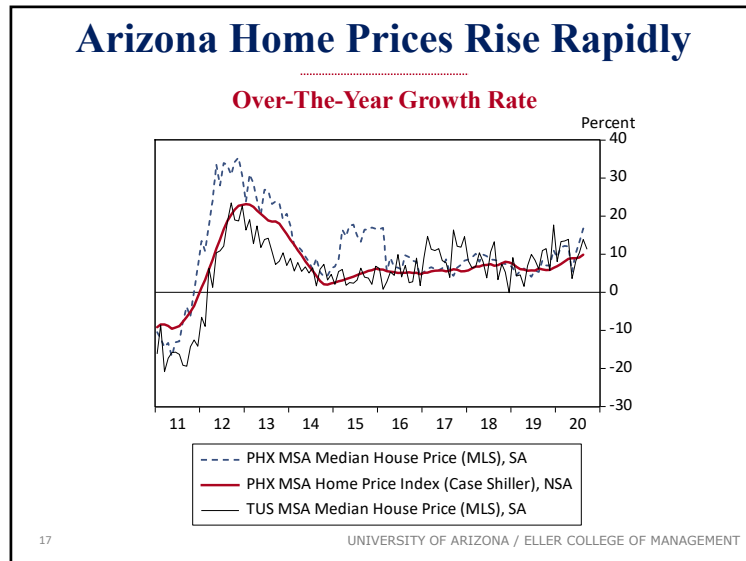


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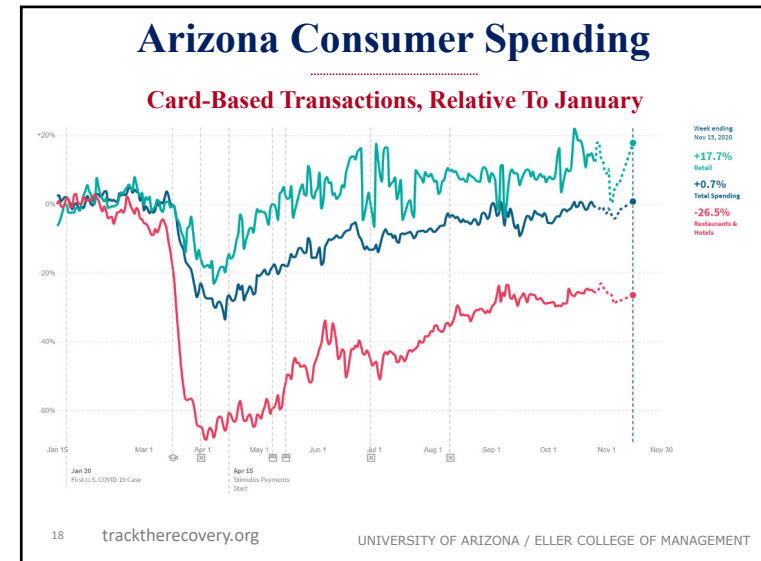


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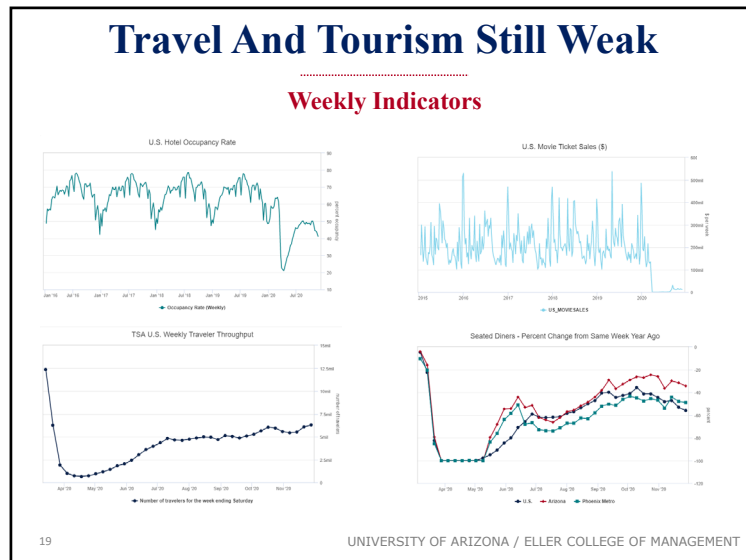
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17



18



19

Arizona, Phoenix, And Tucson Outlook

- ▶ **Continued recovery, with gradual improvement**
 - ▶ Resurgence of the outbreak will slow progress
- ▶ **Arizona jobs return to pre-pandemic levels in mid-2021 under the baseline**
 - ▶ Pessimistic alternative suggests late 2021
- ▶ **Personal income growth is strong this year, slow next year**
 - ▶ Driven by the federal fiscal policy injection in 2020 and withdrawal in 2021 under baseline assumptions
- ▶ **Population growth remains solid, which supports construction activity**

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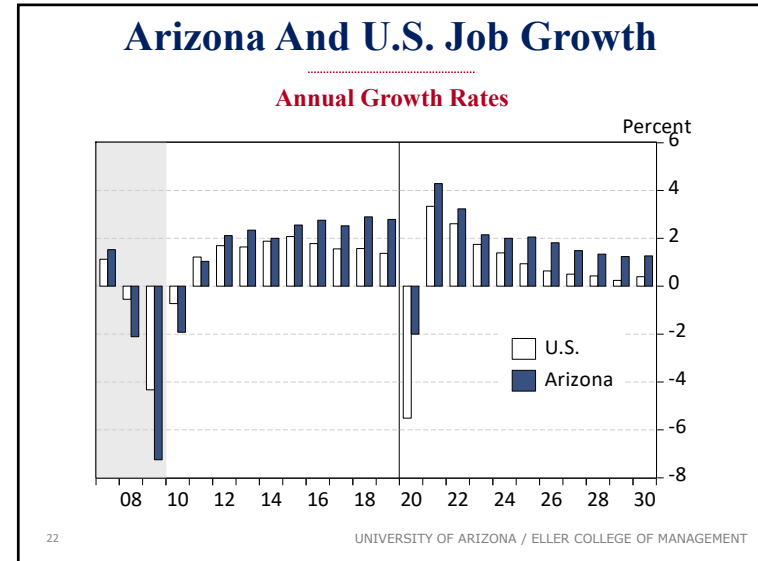
Arizona Short-Run Summary

Over-The-Year Growth Rates

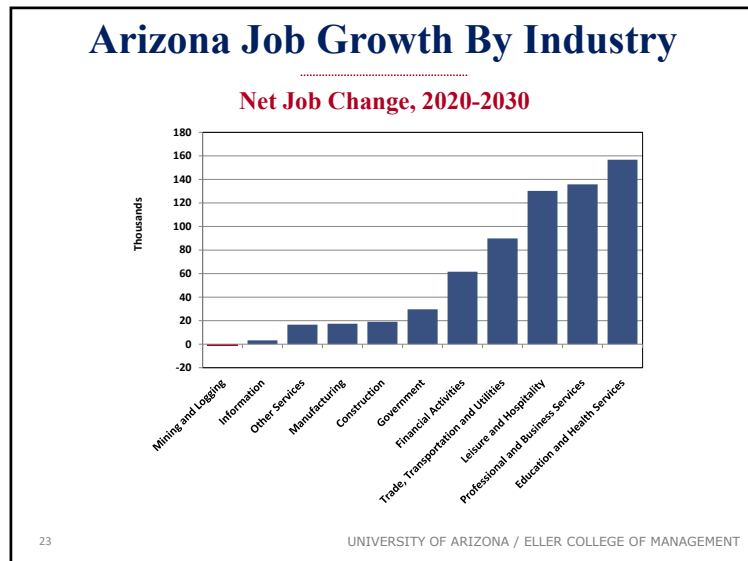
	Actual	Forecast		
	2019	2020	2021	2022
Growth Rate				
Nonfarm Jobs	2.8	-2.0	4.3	3.2
Personal Income	5.0	6.4	0.9	5.8
Retail Plus Remote Sales	7.7	9.5	4.4	3.1
Population	1.6	1.4	1.5	1.5
Level				
Unempl. Rate	4.7	7.6	6.3	5.2
Housing Permits	46,580	53,526	49,885	46,880

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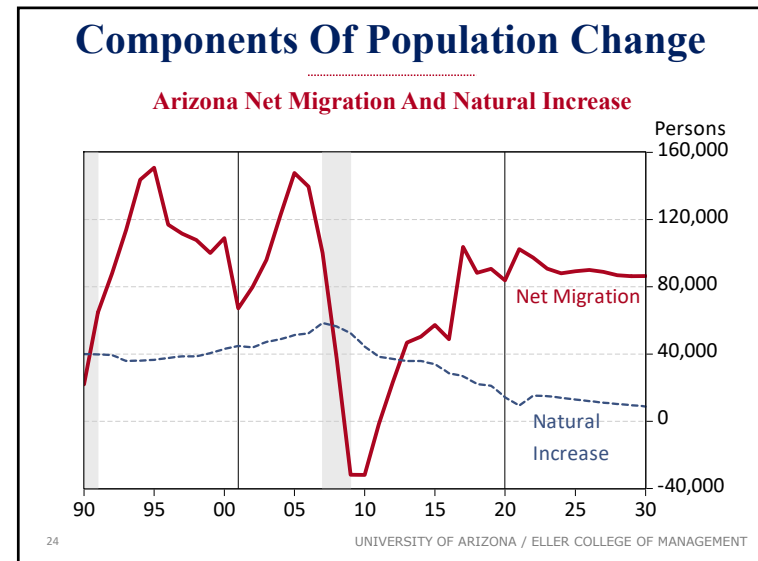
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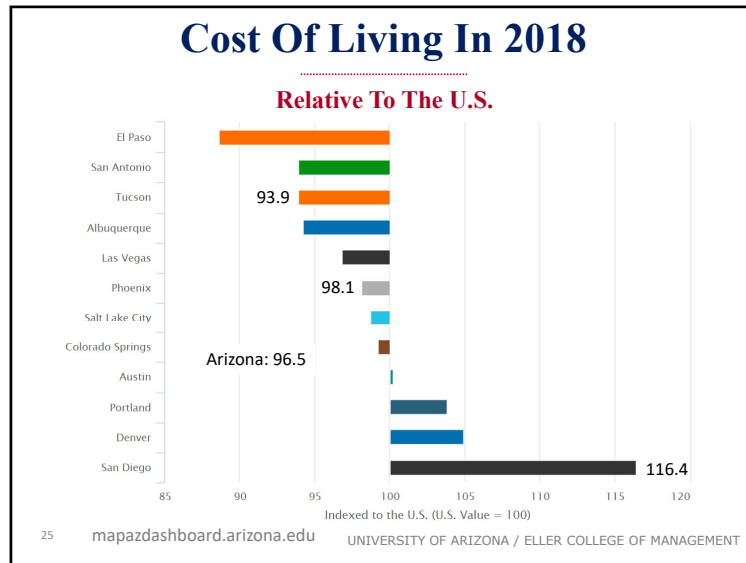


23



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Who Moves To Arizona?

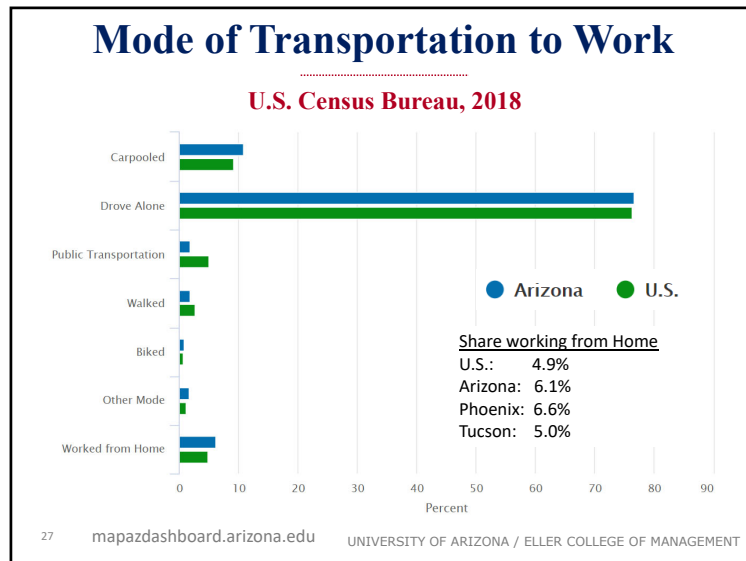
Gross Migration Flow To Arizona, Annual Average, 2014-2018, PUMS

Arizona		Phoenix MSA		Tucson MSA	
California	62,086	California	39,091	California	7,398
Washington	15,313	Texas	10,014	Washington	2,464
Texas	15,251	Washington	9,803	Texas	1,982
Illinois	12,385	Illinois	9,706	Florida	1,796
Colorado	11,556	Colorado	7,489	Colorado	1,709
Oregon	9,691	Oregon	6,484	Virginia	1,496
Utah	8,528	Florida	5,452	Oregon	1,247
Florida	8,423	New Mexico	5,237	Illinois	1,220
New Mexico	8,170	Minnesota	5,234	Nevada	1,045
Michigan	7,385	Michigan	5,213	Michigan	1,003
Total		Midwest	41,748	South	9,929
		Northeast	12,772	West	16,445
		South	35,299	Total	36,714
		West	82,022		
Total		264,870	171,841	36,714	

Source: author's calculations, ipums.org, ACS Five-Year 2014-2018, Public Use Microdata Sample

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Who Works In Another State?

Arizona Residents With Jobs In Other States, Private Sector Primary Jobs, LEHD, 2017

Arizona		Phoenix MSA		Tucson MSA	
California	23,422	California	13,767	California	2,394
Nevada	11,919	New Mexico	2,295	New Mexico	614
New Mexico	5,854	Texas	2,243	Texas	435
Utah	3,739	Nevada	1,740	Nevada	246
Texas	3,206	Utah	1,548	Colorado	231
Colorado	2,229	Colorado	1,194	Washington	150
Washington	1,117	Illinois	857	Florida	145
Illinois	1,071	Washington	803	Illinois	131
Florida	739	Florida	475	Utah	117
Oregon	567	Oregon	403	Nebraska	115
Total		Midwest	2,640	South	964
		Northeast	826	West	3,953
		South	4,266	Total	5,657
		West	22,565		
Total		61,066	30,297	5,657	

Source: On The Map, <https://onthemap.ces.census.gov/>, LEHD

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Who Lives In Another State?

Residents Of Other States With Jobs In Arizona, Private Sector Primary Jobs, LEHD, 2017

	Arizona	Phoenix MSA	Tucson MSA
California	14,869	7,941	567
New Mexico	4,184	1,533	177
Nevada	3,012	1,256	121
Utah	1,697	1,172	104
Texas	1,639	866	48
Colorado	1,116	683	40
Florida	467	315	39
Washington	431	279	35
Illinois	411	266	34
New York	392	249	27
Midwest	2,084	1,323	179
Northeast	1,222	731	86
South	3,765	2,393	341
West	26,117	13,182	957
Total	33,188	17,629	1,563

Source: On The Map, <https://onthemap.ces.census.gov/>, LEHD

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Phoenix MSA Short-Run Summary

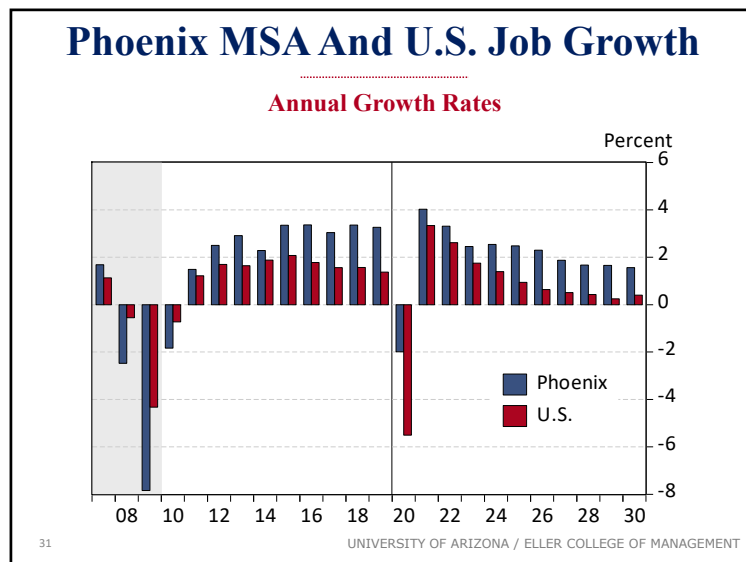
Over-The-Year Growth Rates

	Actual 2019	Forecast		
		2020	2021	2022
Growth Rate				
Nonfarm Jobs	3.3	-2.0	4.0	3.3
Personal Income*	5.5	6.7	2.4	6.1
Retail Sales Less Food	6.2	5.2	5.0	5.2
Population	1.9	1.7	1.9	1.8
Level				
Housing Permits	35,873	41,159	39,174	38,272

*Personal income is forecast in 2019.

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31

Tucson MSA Short-Run Summary

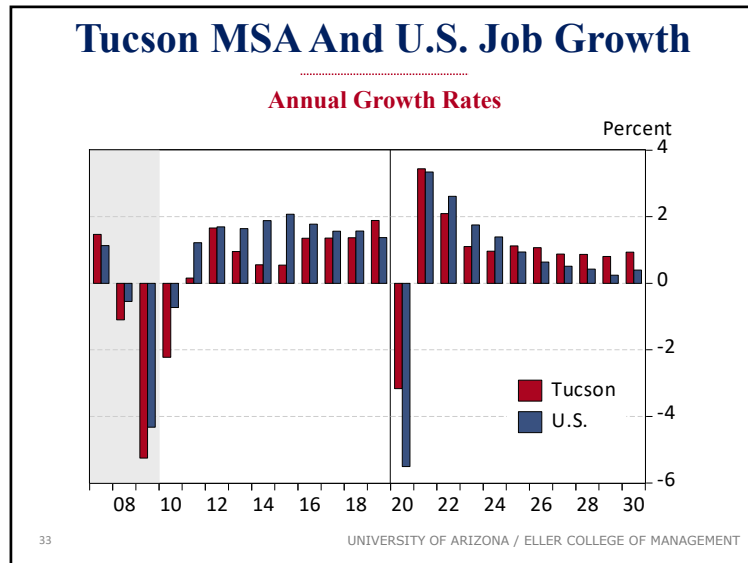
Over-The-Year Growth Rates

	Actual 2019	Forecast		
		2020	2021	2022
Growth Rate				
Nonfarm Jobs	1.9	-3.2	3.4	2.1
Personal Income*	4.8	6.8	0.9	4.1
Retail Sales Less Food	5.4	4.0	3.2	4.0
Population	1.0	0.8	1.1	1.0
Level				
Housing Permits	4,313	4,693	4,470	4,390

*Personal income is forecast in 2019.

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33

Key Takeaways

- ▶ **Uncertainty dominates the outlook**
 - ▶ The pandemic will impact the outlook, particularly in the near term
- ▶ **The Arizona economy has recovered faster than the U.S. and many states**
 - ▶ But the pace of recovery has slowed significantly during the past four months
 - ▶ The travel and tourism sector remains weak
- ▶ **The baseline forecast calls for the state to reach pre-pandemic levels in mid 2021**
 - ▶ But with a surging outbreak and without federal stimulus in the fourth quarter, it will likely be later
- ▶ **Solid population growth is likely to continue as Arizona’s relatively low cost of living, strong job growth, and natural amenities draw migrants from other states**

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Transformation starts here.





40