

# Regional Economic Update

## 1<sup>st</sup> Quarter, 2013



POPTAC Committee  
Maricopa Association of Governments  
March 26, 2013

# Overview

- Macro and regional economic growth drivers
- Maricopa County's economy picking up momentum
- Comparative Analysis
- Headwinds

# Macro and Regional Economic Trends

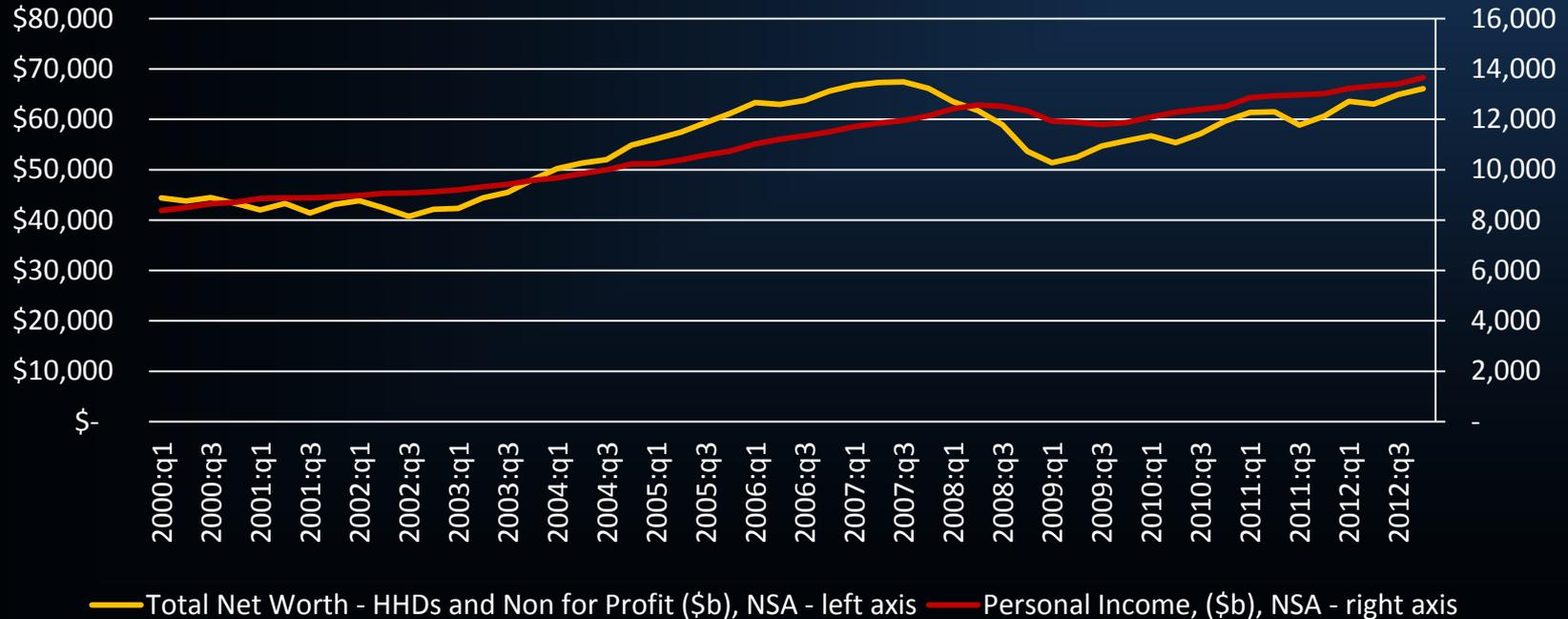
## Economic Growth Drivers

- Consumer net worth and incomes rising
- Corporate profits at record high
- Increased production
- Region's export markets strong

# Macro and Regional Economic Trends

## Consumer net worth and incomes rising

U.S. Household Net Worth and Personal Income (\$b), 2000Q1 - 2012Q4



Data Source: BEA, FRED database

# Macro and Regional Economic Trends

## Corporate profits at record high

Corporate Profits (After Tax) and Compensation of Employees: (Wages & Salary) as Share to Gross Domestic Income, 1959-2011



Data Source: BEA, FRED database

# Macro and Regional Economic Trends

Region's export markets strong

Arizona Exports, Top 3 Destinations and Projected Economic Growth

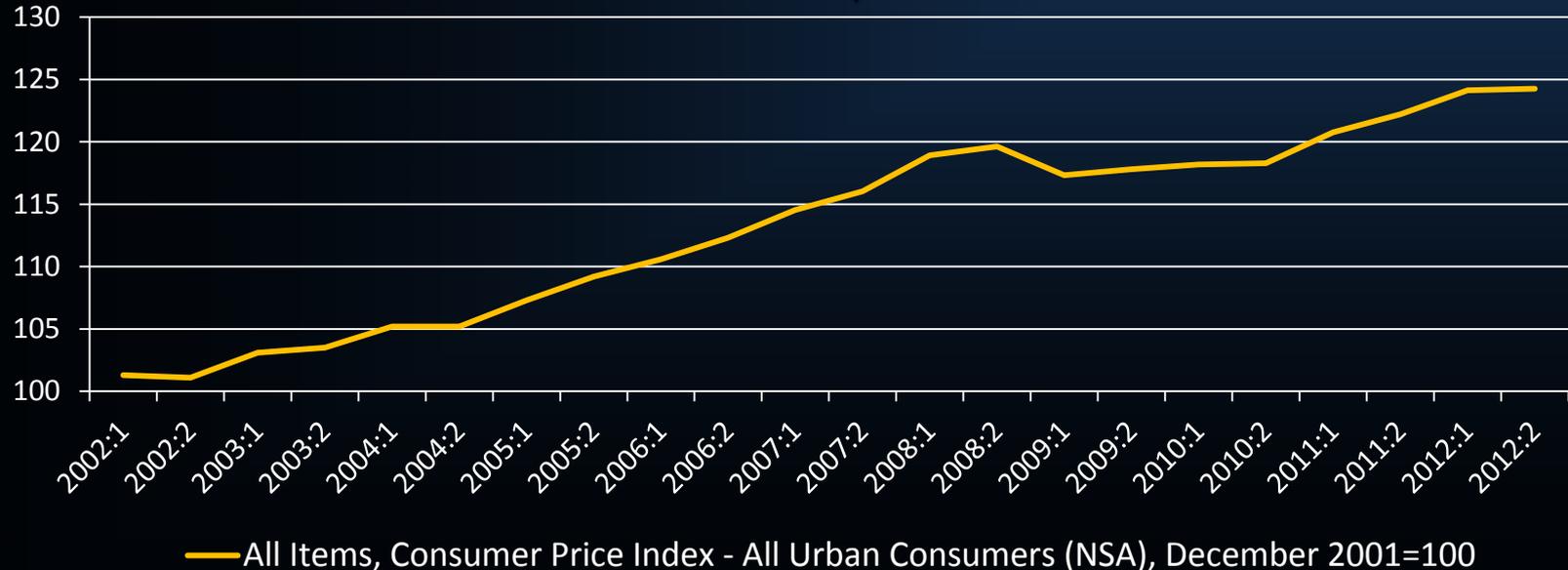
	<b>Export Value (\$b)</b>	<b>Percent Change</b>	<b>GDP growth Projections</b>
	<b><u>2012</u></b>	<b><u>2010-2012</u></b>	<b><u>2014</u></b>
<b>World</b>	\$ 18.36	17.4%	4.1%
<b>Mexico</b>	\$ 6.27	24.1%	3.5%
<b>Canada</b>	\$ 2.16	10.4%	2.3%
<b>China</b>	\$ 1.25	20.9%	8.5%

# Macro and Regional Economic Trends

Inflation is in check

Phoenix-Mesa-Glendale MSA

Consumer Price Index, H1 2002 – H2 2012



Source: Bureau of Labor Statistics

# Maricopa County

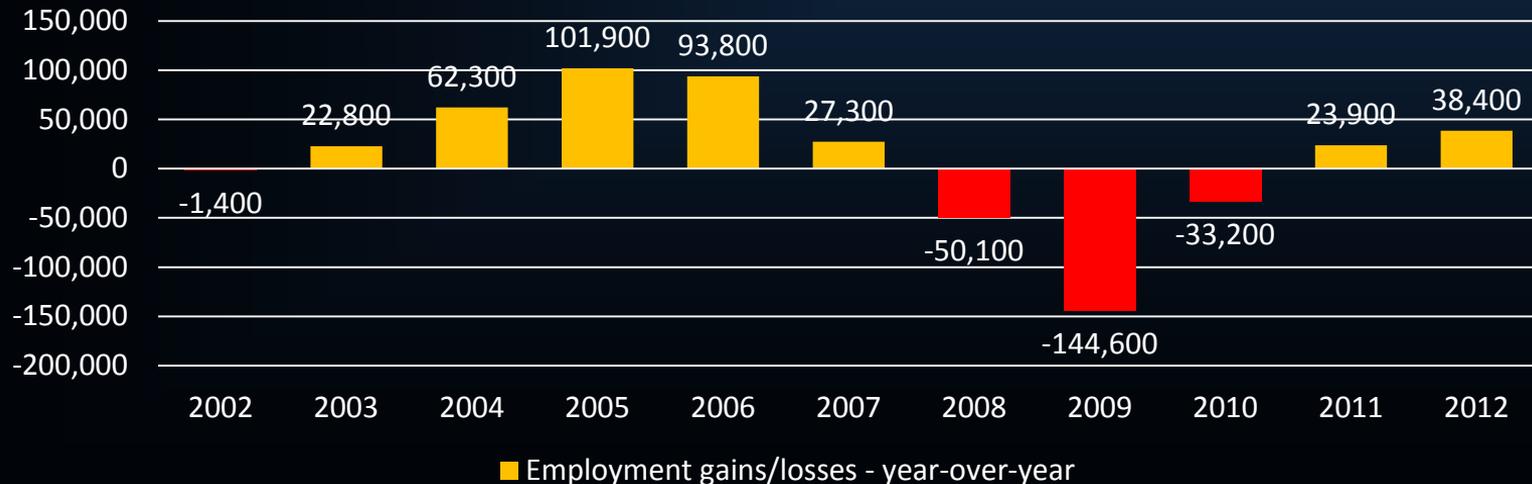
## Maricopa County's Economic Performance

- Maricopa County's economy picking up momentum
  - Employment situation improving
  - Housing market leading the nation in recovery
  - Consumers poised to spend on durable goods

# Maricopa County - Employment Situation

Maricopa County's economy added 38,400 jobs in 2012 and has recovered 120,000 jobs of the close to 298,000 jobs lost during the recession, as of January 2013.

## Maricopa County - Employment gains/losses (annual change), 2002-2012

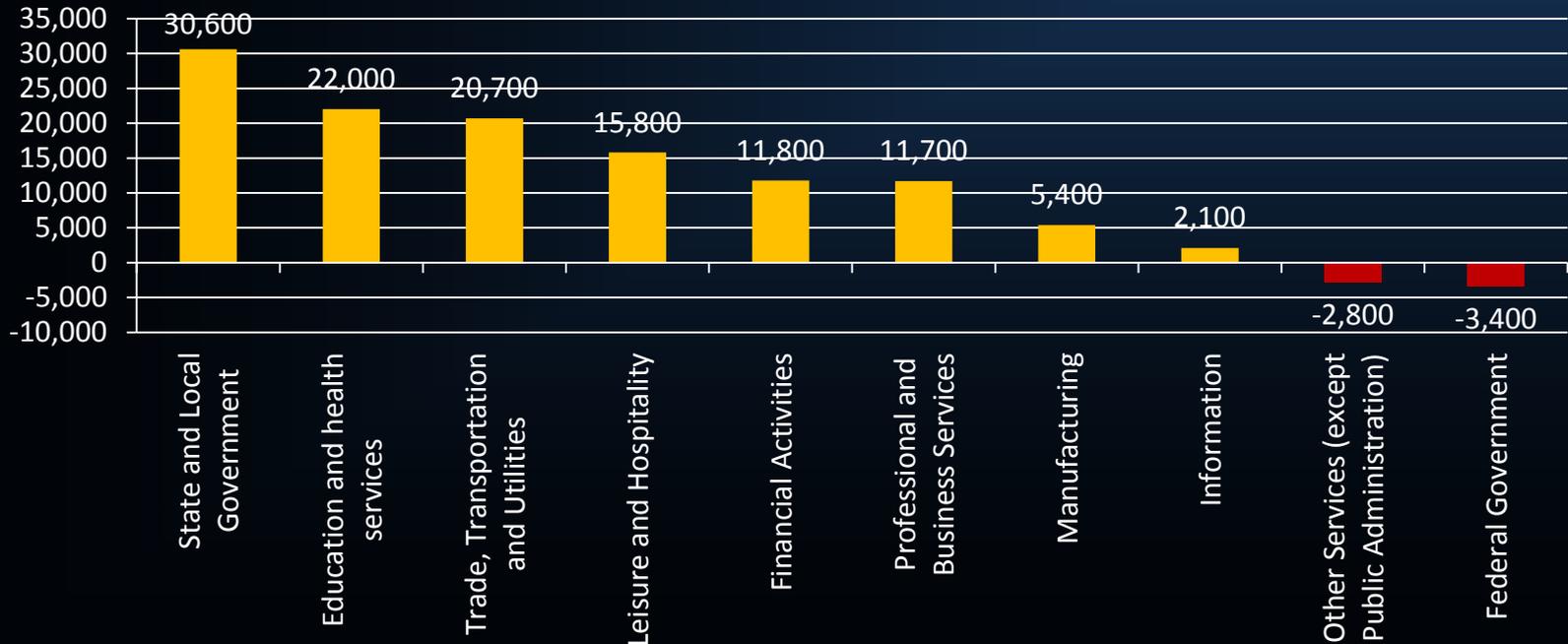


Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

# Maricopa County - Employment Situation

Service sectors and government leading in the recovery.

Maricopa County - Employment gains/losses by Industry (Jul. 2010 to Jan. 2013)

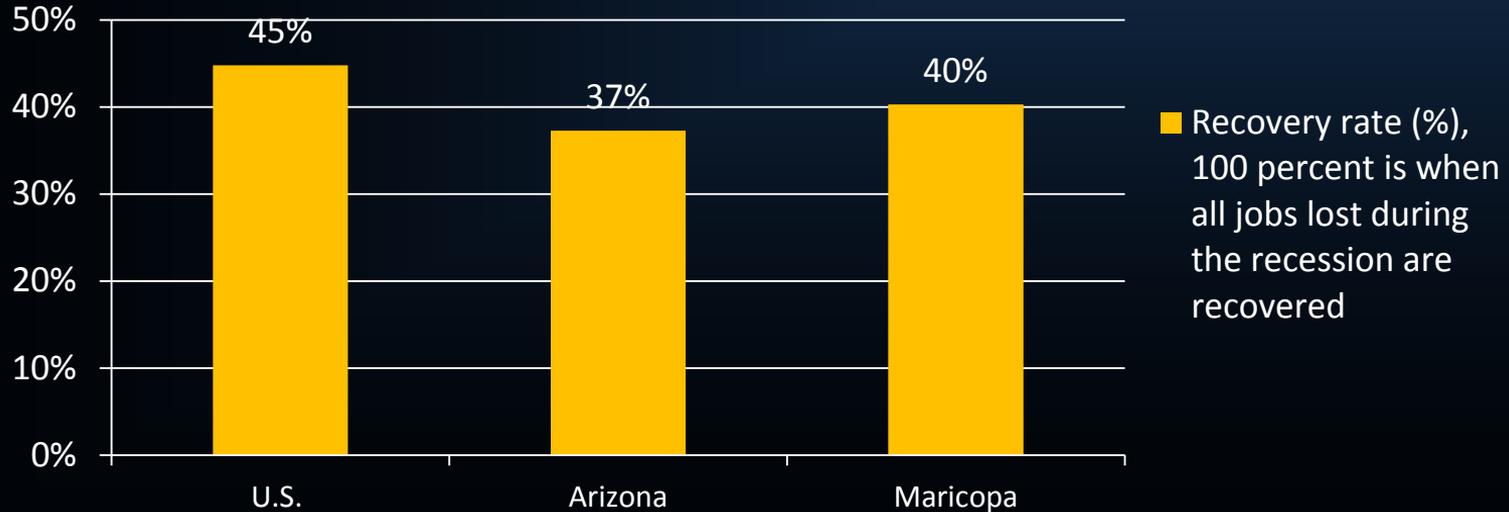


Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

# Employment Recovery Rate - Comparison

Maricopa County lags the nation in recovering jobs lost during the recession

Jobs Generated from Trough to January 2013 as a Percent of Jobs Lost During the Recession

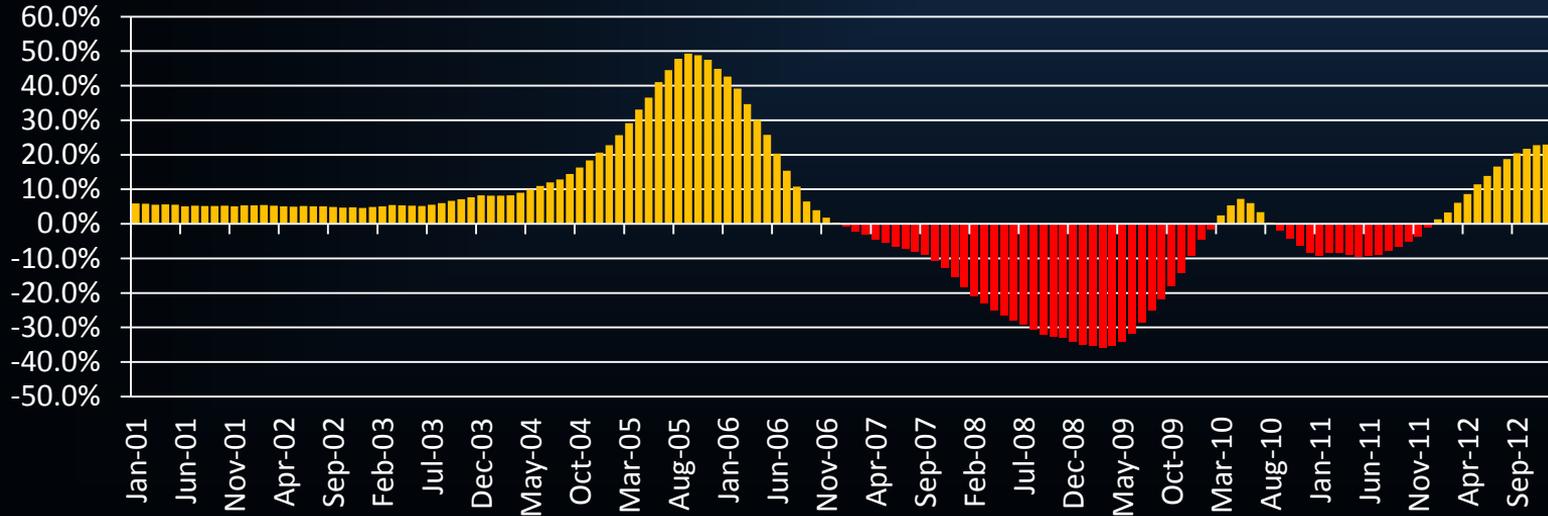


Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

# Housing Market

Phoenix-Mesa-Glendale Metro Area leading the nation in home price appreciation

Phoenix-Mesa-Glendale Metro Area  
S&P Case-Shiller Home Price Index (year-over-year percent change)

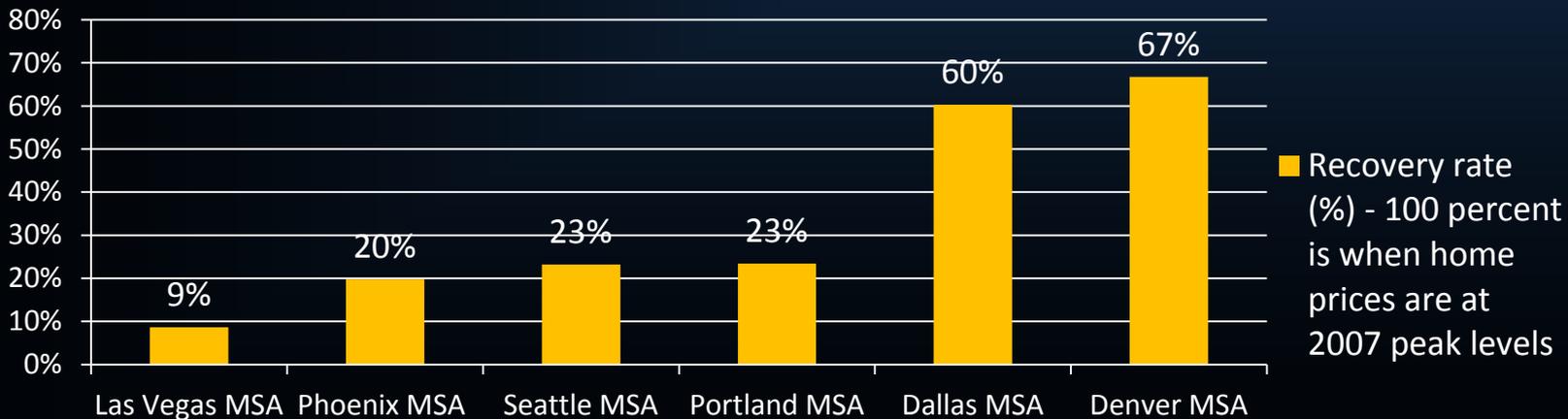


Source: Standard and Poor Case-Shiller

# Housing Market Recovery Rate - Comparison

Phoenix-Mesa-Glendale Metro Area leading peer metro areas in home price appreciation, but lagging in recovery of home values to their pre-recession levels.

Home Price Value Appreciation - Recovery Rate (%)  
Trough of S&P Home Price Index to current, Dec. 2012

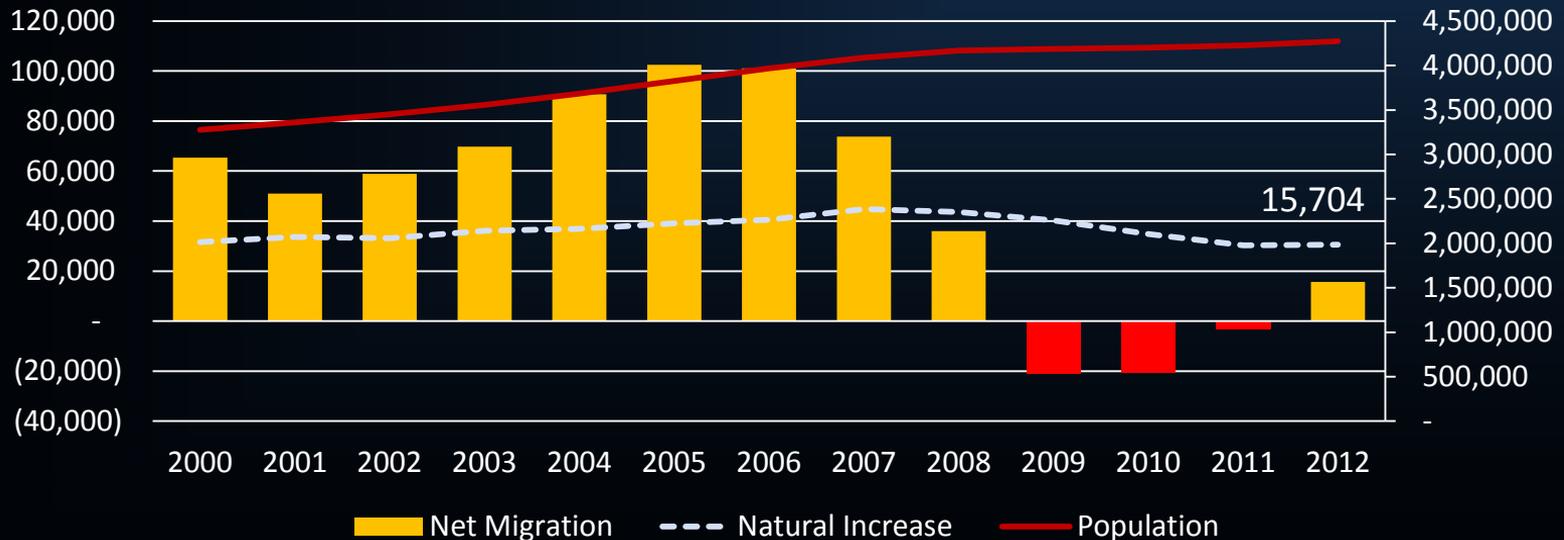


Source: Standard and Poor Case-Shiller

# Housing Market

Increased Mobility – Net Migration in Positive Territory

Phoenix-Mesa-Glendale Metro Area  
Population, Natural Increase and Net Migration

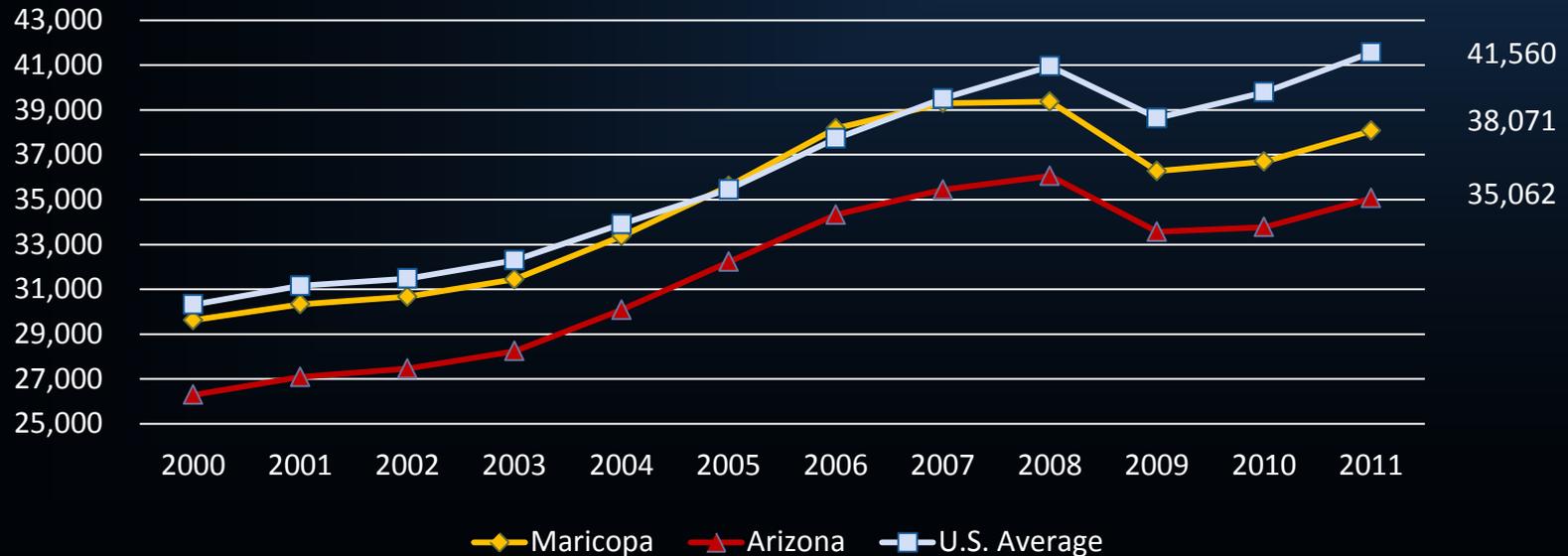


Source: Arizona Vital Statistics, Arizona Department of Administration

# Household Income

Maricopa County's per capita personal income shifted below the U.S. average and has remained below the U.S. average since 2007.

Maricopa County  
Per Capita Personal Income Trends, 2000-2011

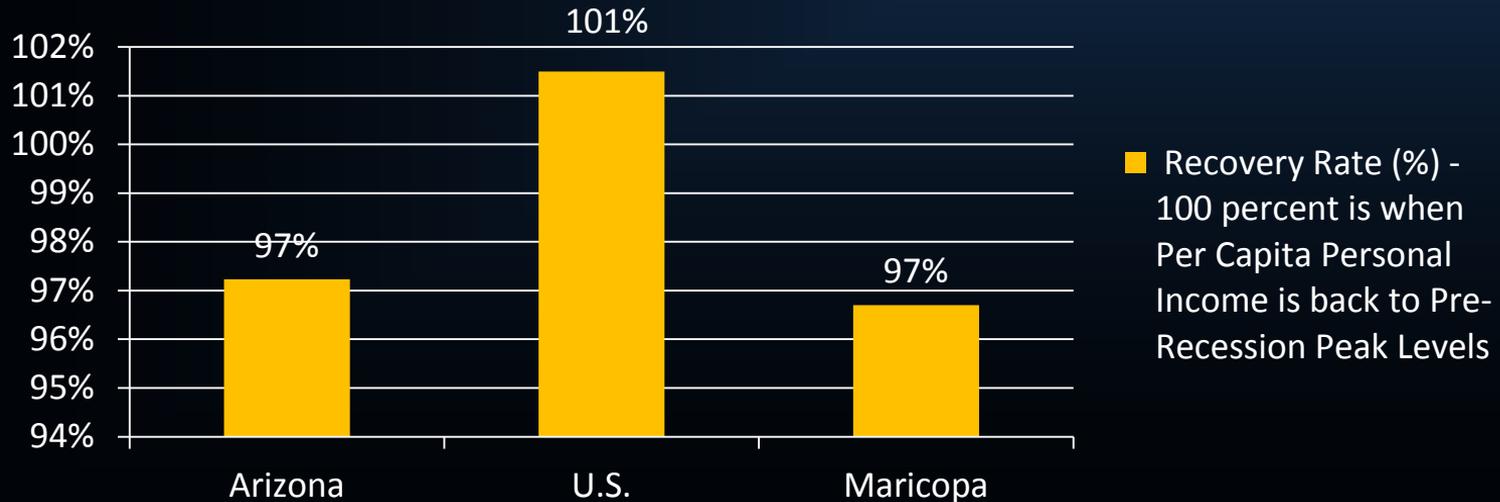


Source: Arizona Department of Revenue

# Household Income Recovery Rate - Comparison

Maricopa County lags the nation in recovering Per Capita Personal Income lost during the recession.

Per Capita Personal Income gained from Trough to 2011 as a Percent of Per Capita Personal Income Lost During the Recession



Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

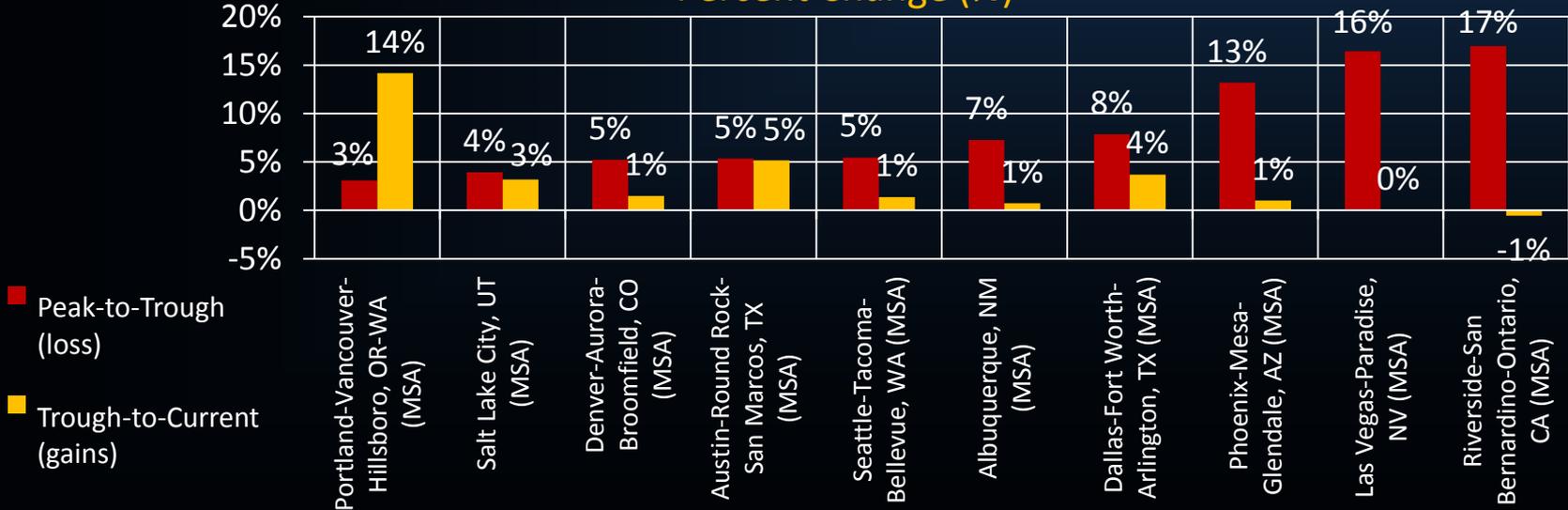
# Household Income Recovery Rate - Comparison

The Phoenix-Mesa-Glendale Metro Area ranked third among its peers in lost per capita personal income during the recession.

## Phoenix Metro Area and Peer Cities

### Per Capita Personal Income Peak-to-Trough and Trough-to-Current (2011)

#### Percent Change (%)



# Household Spending

Consumer Spending in auto sales up.

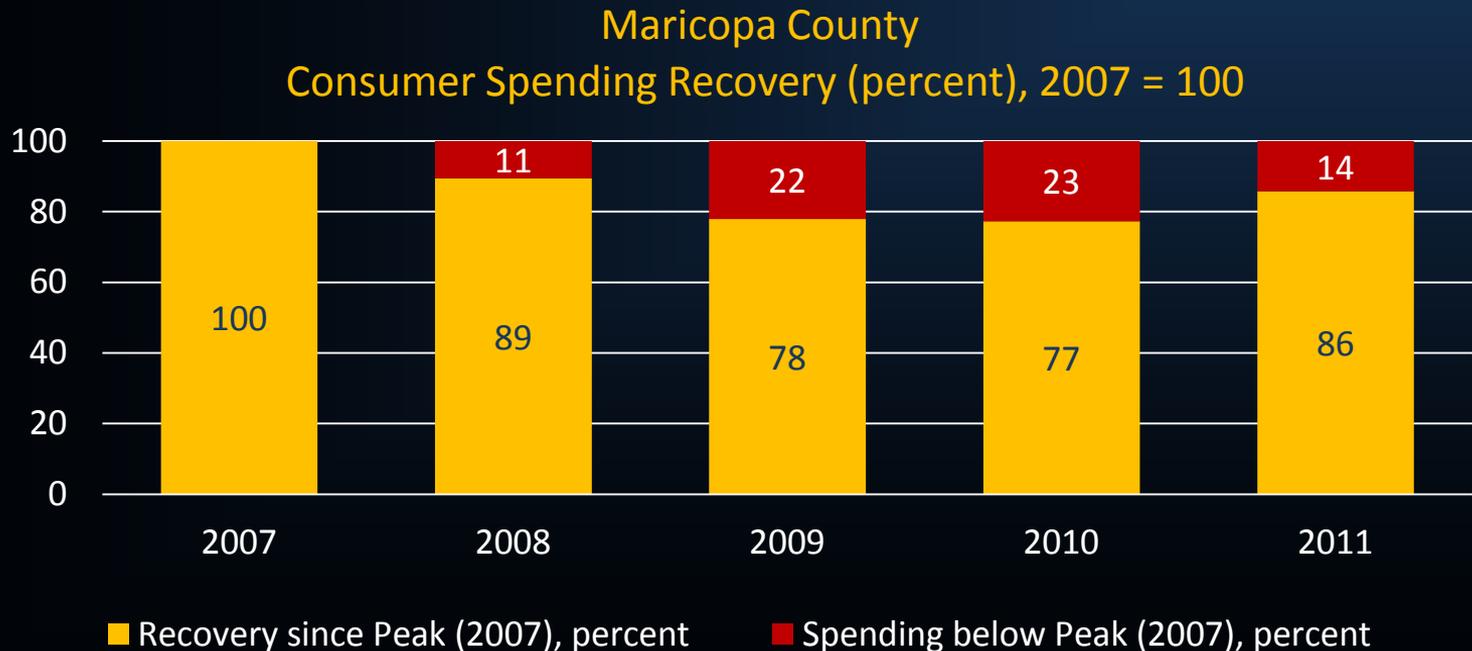
Maricopa County  
Taxable Retail Sales by Top 3 Industry Sectors (Smoothed), Jun. 2004 to Nov. 2012



Source: Arizona Department of Revenue

# Household Spending

Consumer Spending (taxable sales) increasing but still below 2007 peak levels.



Source: Arizona Department of Revenue

# Conclusion

- Maricopa County's Economy in steady recovery
  - Housing market leading in the recovery
  - Rise in net worth will continue to stimulate consumer spending
- Corporates are well positioned to make capital investments
  - Result in job creation
- Small and Medium-size Enterprises' (SME's) lagging in the recovery

# Macro and Regional Economic Trends

- Headwinds and uncertainty
  - Weak commercial real estate market
  - Fiscal policy on spending
  - Euro zone debt restructuring potential shocks



**For More Information Contact:**

Lora Mwaniki-Lyman  
lmlyman@azmag.gov  
(602) 452-5003  
www.azmag.gov

# Questions and Comments