

ARIZONA'S ECONOMY

JULY 1999

SUMMER ISSUE



Marshall J. Vest
Forecasting Project Director
June 1, 1999

E-COMMERCE PRESENTS RISKS AND OPPORTUNITIES

Internet-commerce is dramatically changing supply chains and the way goods are purchased. This has major ramifications for Main Street businesses and for governments that depend on sales taxes. Have you bought an airline ticket using the Internet yet? Made car rental or hotel reservations? Bought a computer or a sweater? Many people have. In just the past year, consumers have largely overcome the fear of using a credit card to purchase something on the Web. Experts say that with 128-bit encryption, making a Web purchase is safer than using an ATM machine at your local grocery store. During the holiday shopping season,

Internet sales exploded, propelling sales to nearly \$8 billion, or 2% of total nationwide retail sales. Currently, virtually every retailer in the country, large or small, is scurrying to develop an online store.

Motivation to purchase online is compelling: lower prices, wider selection, detailed product information – all from the convenience of your own home or office – twenty four hours a day! Comparison-shopping is easy – just a click away. On the Web, geographic boundaries disappear and distance is zero.

Recent examples of the speed at which things are changing include J.C. Penney Co., who just put all 12,000 items in its spring

catalog on line, and Sears new site offering appliances (appliance.com – see craftsman.com for tools). Federated Department Store's recently acquired Fingerhut, which positions them to develop Web stores for Macy's and Bloomingdales, both traditional Main Street stores. Sales tripled during the holiday season for Eddie Bauer Inc., one of the pioneers of "e-tailing" and one of the first to make money on the Web.

In the electronics field, Dell is a widely recognized pioneer ringing up sales of \$24 million a day from its Web store. Recently with the introduction of Gigabuy.com, Dell expanded its product offering beyond its own computers and accessories to some 30,000 electronic products and consumer electronics. Compaq and Gateway are scurrying to catch up. Egghead, a company that was losing money fast recently abandoned its old business model, eliminating all its brick and mortar in favor of becoming a Web-only merchant. After only a few short months, Egghead is profitable once again.

The list of new offerings changes daily as others join the fray. Wal-Mart and Kmart now both have web stores. Auction sites such as Onsale.com and ebay.com are hot. To keep you informed, *Business Week* recently launched a new web site, ebiz.com, that is updated daily with news about e-commerce developments. According to Forrester Research, a widely respected information technology research firm, as much as one-third of all retail sales will be conducted on the Internet in only five years: sales will rise from \$8 billion to \$108 billion in 2003!



INSIDE

ECONOMIC UPDATE & OUTLOOK	3
EBR 50TH ANNIVERSARY	6
FORECAST TABLES	7
ARIZONA ECONOMIC INDICATORS	8

What is happening on the consumer side is only a *small part of the story!* E-commerce between businesses is five times larger – an estimated \$43 billion last year. In five years, that will balloon to \$1.3 trillion, or ten times the consumer side (again according to Forrester Research). The current wave of reengineering (or more appropriately e-engineering) is changing the way companies distribute goods, collaborate within the company and deal with suppliers. Inventories time is reduced to days or hours, even as customers place orders for “made-to-order” products. Web technology enables companies to respond to demand in real time rather than producing to a forecast-driven production schedule (which results in inventories).

All this is changing the entire nature of organizations. Some companies contract out the actual manufacturing or shipping functions to other companies. From a marketing viewpoint, data derived from sales allows companies to analyze who their best customers are, what they want, what they are likely to buy next, and even identify customers who aren't worth the effort.

Industries with great potential for e-engineering include the travel industry, insurance, newspapers, autos, event tickets, toys, apparel, home electronics, health and beauty, computing and electronics, etc. An airline ticket, for example, costs \$8 to process the traditional way, but only \$1 on the Web. By reducing costs and improving productivity, airlines can boost profits and lower prices at the same time.

As industries are reshaped and supply chains redefined, numerous opportunities will emerge for innovative firms. Entire new industries are being born. Others are at risk of going the way of buggy whip manufacturers.

Growth of Internet retailing presents a significant risk for Main Street retailers. Think of amazon.com's effect on small locally owned bookstores that have gone out of business in recent months. Barnes and Noble quickly developed an on-line presence, but Borders lagged. Some industry watchers think Borders is in big trouble. The point here is that as consumers buy more on-line they will make fewer purchases at Main Street stores. *The Internet eliminates long-standing geographic protections of local businesses!*

Even as corporate America suffers from reengineering exhaustion, a new wave of

e-engineering is upon us. Get used to it, and get on board. Your future is at stake!

THE INTERNET IS NOT A TAX-FREE ZONE!

Growth in Internet commerce has major implications for public institutions that depend on sales taxes. As Main Street sales disappear, so will tax receipts. It is not that the Internet is a tax-free zone, as many purchasers think. Rather, there are significant compliance issues with Internet purchases that prevent taxes from being collected. By law, taxes are still due on mail order purchases (including catalog as well as Internet), assuming that the jurisdiction imposes a use tax². The problem is that tax collectors cannot require merchants to collect the tax (unless merchants have “significant presence – or nexus” in the taxing jurisdiction). That places the burden on the purchaser to calculate and remit taxes due. Unfortunately, most people incorrectly believe that the Internet is tax-free. Others choose to ignore their responsibility since there is no means of enforcement. In short, the Internet presents a moral hazard by making tax cheats out of virtually everyone who buys products online³.

An example may shed some light: let's buy a \$3,000 computer from three different merchants and compare the final costs, including taxes:

1. Purchase the computer at a Main Street business such as Circuit City or Best Buy located in, say, the city of Tucson. The merchant collects a sales tax of 7% or \$210: \$150 (5%) goes to the State of Arizona and \$60 (2%) to the city of Tucson.

Total cost is \$3,210.

2. Make an Internet purchase from dell.com. Since Dell does not have nexus in Arizona, tax authorities can not require Dell to collect a tax so none is collected. Since we are an individual, we choose to ignore the law and do not pay taxes.

Total cost is \$3,000.

3. Use the Internet but purchase from Insight.com, which is headquartered in the city of Tempe. A sales tax of 7.4% or \$222 is collected and distributed as follows: \$150 (5%) to the State of Arizona, \$51 (1.7%) to the City of Tempe and \$21 (0.7%) to Maricopa County.

Total cost is \$3,222.

We've purchased three identical computer systems and faced three different prices. This is a terrible tax system that favors some

merchants over others. Even worse, it creates incentives that change economic behavior, as tax avoidance becomes an issue. Reform of Federal laws that govern mail order purchases is desperately needed so that mail order merchants collect the tax.

Last October, Congress passed the Internet Tax Freedom Act, which places a three year ban on any new federal, state or local taxes on Internet access fees, bandwidth capacity or bit volume. It does not prohibit the collection of sales (or use) taxes, however. Also, the law establishes the Advisory Commission on Electronic Commerce that is charged with the task of examining issues related to all types of taxes on the Internet, including sales and use. A lot is at stake and lobbying promises to be intense.

How large an issue is this? Statewide, retail sales during 1998 exceeded \$31.5 billion. Assuming that Arizona consumers behave similarly to their counterparts across the nation, Arizonans purchased over \$1.5 billion of products via mail order last year (catalog and Internet combined). That represents \$75 million in state tax revenues, only a portion of which was collected from businesses. By the year 2004, sales could exceed \$12 bill with a state tax liability of \$600 million. City and county assessments add to that total. This is *real* money and the stakes are sky high!

Even economists and local economy-watchers have a stake in this issue! Estimates of retail sales for the state and counties are based on tax collections. (If you know how much money was collected and the tax rate, it is simple arithmetic to compute the sales base). But, economists have no measure of catalog and Internet sales, since taxes are (often) not collected. As mail order volume grows, the usefulness of sales data as currently calculated will suffer as indicators of consumer purchases or the health of the economy. Stay tuned! \$

¹ Mark Trease is a doctoral student of Public Financial Management in the School of Public Administration and Policy.

² A sales tax is charged on transactions that occur within the boundaries of the taxing jurisdiction. Use taxes are assessed on goods that are purchased out-of-area but brought into the area for consumption. The use tax is in place of and not added onto the sales tax. All states that have a sales tax also have a use tax. Many cities in Arizona also impose use taxes. Use taxes are necessary to create a *level playing field for local businesses*.

³ Since businesses are given the opportunity to declare mail order purchases on forms filed with tax authorities and are faced with the threat of audit, most declare their purchases and pay taxes.

TOO GOOD TO BE TRUE?

By Marshall J. Vest
June 1, 1999

How long can the too-good-to-be-true economy continue to soar? So far, Arizona's economy looks very strong, thanks to consumers who obviously are "not into delayed gratification." They are buying new cars, houses, furnishings and even new clothing! Employment remains strong and estimates were recently revised upward. The situation in Latin America looks much less onerous, and exports to Mexico are expanding robustly. However, the good news may be about to change as consumers take a deep breath. The forecast calls for a much slower economy next year as the new millennium begins.

With data through the first quarter, Arizona's economy continues to experience robust growth, consistent with our year-end forecast that consumers would fuel the expansion one more year. Strong consumer spending and a booming housing sector continue to lead the economy. Retail sales and restaurant & bar sales are both increasing at a 7-8% annual rate. In a world with less than 2% inflation, most of that increase is due to gains in volume. Apparel and accessory stores show the largest increase during the past twelve months with sales up 11.4%. Motor vehicle dealer sales gained 9.4%, followed by building materials & hardware stores (up 9.0%) and furniture & home furnishings (up 8.7%).

Residential building permits continue marching upward, setting new highs for this decade each month. During the first quarter, total permits were 21% higher than the prior year. Single family permits were up 22.5% from the all-time record 48,000 units for all of 1998. Markets for resale housing also continue their upward surge. In metro Phoenix, resales are running at a record-high 55,000 unit annual rate and Tucson sales are the highest since 1978 as they approach a 10,500 unit annual rate. Both areas registered 15-20% increases during the first quarter.

EXHIBIT 1
Capital Gains Boost Income
Individual Income Tax Withholding (line), AZ

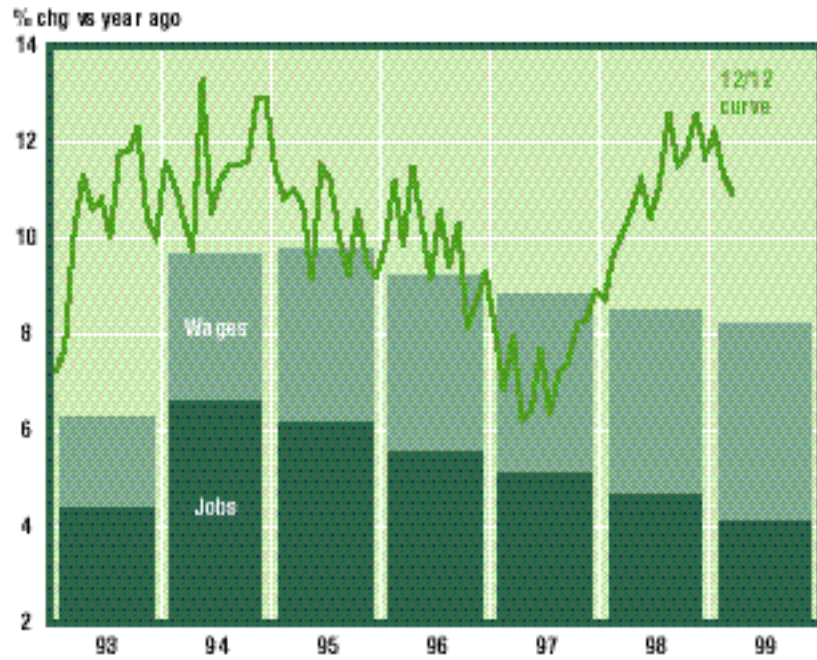


EXHIBIT 2
Industrial Sector Expanding
Purchasing Managers Survey, Arizona



Consumers have been spurred to spend by the cornucopia of jobs, increasing real wages, large bonuses and profits from stock-option plans, low interest rates that have allowed homeowners to refinance – thus freeing more of take home pay for spending, and

large gains in wealth from appreciating financial and real assets. During the past twelve months, individual income tax withholding has consistently been running 11-12% higher than the prior year (**Exhibit 1**). This measure captures more

EXHIBIT 3

A History of Revisions to Wage & Salary Employment Estimates

Arizona, 1983 to 1998

Year	Thousands of jobs				% change from prior year			
	prelim	1st rev	final	change	prelim	1st rev	final	change
1983	1045.0	1064.5	1077.7	32.7	1.5	3.4	4.7	3.1
1984	1141.7	1180.8	1181.6	39.9	7.3	9.6	9.6	2.4
1985	1258.5	1277.5	1278.6	20.1	6.6	8.1	8.2	1.6
1986	1344.1	1341.4	1337.9	-6.2	5.2	4.9	4.6	-0.6
1987	1371.6	1383.7	1385.7	14.1	2.3	3.4	3.6	1.3
1988	1411.4	1410.6	1418.9	7.5	2.0	1.8	2.4	0.4
1989	1437.2	1457.2	1454.3	17.1	1.9	2.7	2.5	0.6
1990	1505.4	1490.9	1482.9	-22.5	3.3	2.5	2.0	-1.3
1991	1518.4	1497.6	1491.4	-27.0	1.8	1.0	0.6	-1.3
1992	1505.1	1519.9	1517.1	12.0	0.5	1.9	1.7	1.2
1993	1553.9	1571.2	1584.4	30.5	2.2	3.6	4.4	2.2
1994	1638.6	1685.2	1692.1	53.5	4.3	6.4	6.8	2.5
1995	1760.7	1783.1	1795.6	34.9	4.5	5.4	6.1	1.6
1996	1859.0	1895.6	1892.2	33.2	4.3	5.6	5.4	1.1
1997	1979.9	1977.1	1984.7	4.8	4.4	4.5	4.9	0.4
1998	2068.9	2078.0		9.1	4.6	4.7		0.1
			Average	16.3			Average	1.0

Source: The College of BPA, The University of Arizona

EXHIBIT 4

Exports from Arizona to the World, \$000s

Destination	1996	1997	% chg	1998	% chg
Asian 10 Countries	4,545,997	6,018,415	32.4	4,082,443	-32.2
Mexico	2,005,373	2,177,882	8.6	2,738,570	25.7
Canada	997,214	1,096,152	9.9	1,089,152	-0.6
United Kingdom	830,113	1,095,822	32.0	780,080	-0.6
Germany	396,726	395,962	-0.2	513,713	-28.8
France	306,332	361,203	17.9	427,942	18.5
Netherlands	138,261	306,695	121.8	404,767	32.0
Ireland	101,567	95,342	-6.1	138,012	44.8
Australia	83,223	90,454	8.7	123,919	37.0
Switzerland	50,868	108,429	113.2	120,913	11.5
Total AZ Exports	\$10,502,466	\$13,820,200	31.6	\$11,414,462	-17.4

Source: Exporter Location Status, U.S. Census Bureau

than just job growth and salary increases, both of which grew by 4% or so last year. It also captures realized taxable capital gains from ownership such as the sale of businesses or securities, IPO proceeds, company stock options and severance income. Since 1994, realized capital gains have tripled nationwide, providing a significant source of income to

support spending. Not surprisingly, consumer confidence of Arizonans stands near record highs.

Even Arizona's export sector looks better. During the past year, layoffs resulting from falling exports buffeted the manufacturing sector. Manufacturing job growth slowed from 6% annual rates in late 97-early 98 to near

zero in recent months. However, in last year's fourth quarter, the export picture began to improve (see section below). Additionally, the Arizona Purchasing Managers Survey strengthened considerably in recent months with both orders and production again moving above 50. Readings above 50 signal that Arizona's industrial sector is expanding (**Exhibit 2**).

REVISIONS SHOW STRONGER EMPLOYMENT

In March, the Arizona Department of Economic Security (DES) released its annual revisions of employment. Counts for both 1997 and 1998 were boosted upward, although by relatively small amounts. The new estimates for 1998 employment are 9,100 higher than previously-released figures. That is in addition to a 7,600 upward boost for the prior year. The revision for 1997 reverses last year's "first" revision that lowered job counts by 2,800. Although the changes are small and well within federal government guidelines, they show that the economy was stronger than originally reported. A history of prior revisions is presented in **Exhibit 3**.

Job growth in 1997 is now set at 4.9%, with 1998 registering a 4.7% gain. Preliminary estimates showed increases of 4.4% and 4.6%, respectively. The 1998 figure will be revised again next year – most likely upward, but the change should be small – a few tenths of a percent at most.

Interestingly, preliminary job growth in each of the past five years has ranged between 4.3% and 4.6% (*column six*). These are the numbers that are reported to the press each month. Final revisions show that actual job growth was as high as 6.8% in 1994 (*column eight*).

When the economy is growing rapidly, the sample survey employed by DES tends to understate the number of jobs created in new firms. Although the economy grew rapidly last year, a chronic shortage of workers no doubt restrained job creation. At the end of 1998, unemployment was only 3.6% state-wide, and an even lower 2.8% and 2.4% in the Phoenix and Tucson Metro areas, respectively. Business managers confirm that finding workers remains their biggest challenge, as it has been over the past 2-3 years.

Looking at sub-state areas, most of the new-found jobs are in the "Balance of the State," i.e., the thirteen counties that lie

outside the Phoenix and Tucson metro areas. In the original estimates, job growth in the Balance registered 2.8% during 1997; the revised estimates show growth of 5.0%. The 1997 estimates for Pima County (metro Tucson) also received a boost – to 2.8% from 1.8% originally reported. Growth in Metro Phoenix was trimmed slightly, from 5.5% to 5.4% during that same year.

The failure of a growing number of firms with multiple job sites to report employment by county continues to affect reliability of sub-state estimates. The statewide totals for these firms are counted in the county that is believed to be the firm's "home base." In most cases, that is Maricopa County. The mis-reporting boosts metro Phoenix figures at the expense of all outlying counties. With that warning as a caveat, revised estimates show 1998 job growth at 5.6% in metro Phoenix, 3.2% in metro Tucson and 2.3% in the Balance of the State.

Comparing 1998 job growth to other areas across the country, the Phoenix-Mesa metro area ranks as the fastest-growing *large* metro area and the 9th-fastest among all (some 286) metro areas. Arizona is the fastest-growing state with its 4.7% increase, edging out number Florida (4.1%). Nevada, the perennial leader, ranks fifth with a 3.8% increase.

EXPORTS TO MEXICO STILL STRONG

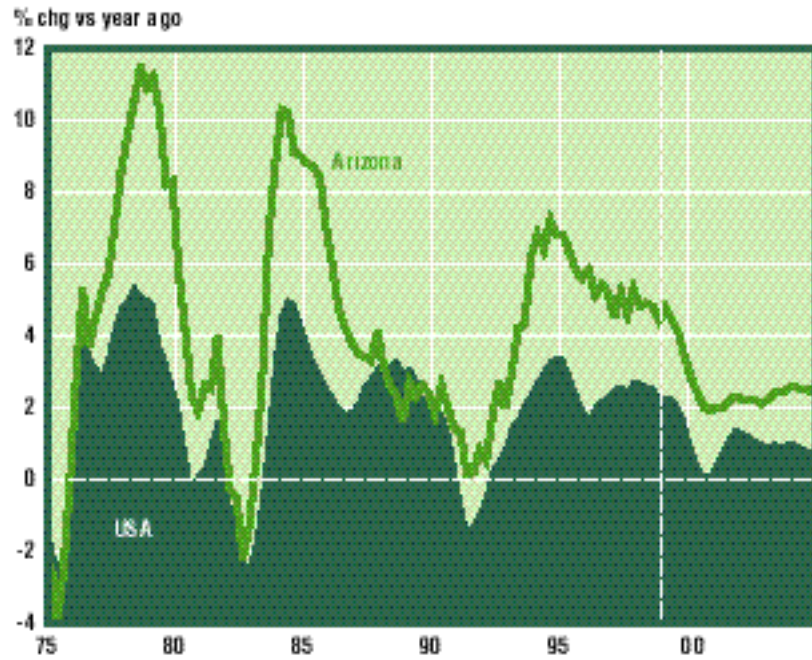
Final numbers for all of 1998 show that Arizona exports to Mexico remain strong. Last quarter, with only nine months of data, exports were registering a rather weak 3.6% increase. But, a burst of exports during the fourth quarter boosted the annual total to over \$2.7 billion, a strong 25.7% gain. That helped offset further declines in exports to Asian-10 countries, which fell by nearly a third. Overall, Arizona exports declined by \$2.4 billion or 17.4% in 1998 (**Exhibit 4**).

News on Mexico's economy has been favorable in recent months. Brazil's devaluation in January raised the question of whether contagion would spread throughout Latin America like it did in Asia. Although Brazil, Argentina and Venezuela are currently suffering recessions, contagion has not spread to Mexico. Nor is it expected to do so. Mexico's trade links are with the U.S., not South American countries. Moreover, investor capital has returned to Mexico's financial markets, easing pressures on the peso. During the

EXHIBIT 5

Arizona's Job Growth Mirrors the U.S.

Wage and Salary Job Growth



Brazilian devaluation, the Mexican peso sank to roughly 10.7 per dollar. In recent weeks it has recovered to roughly 9.2. Mexico's stock market also has recovered nicely, with the IPC General Index in mid-May surging back to a record high near 6,000. According to the Mexico Consensus Economic Forecast newsletter, published by the College of Business at Arizona State University, real GDP will grow by 2.5% in 1999, followed by a 3.4% increase the following year.

News is also positive for many Asian countries. South Korea has bottomed out, capital is returning as reflected in rising financial markets, and economic recovery is in its early stages. Other countries will follow. As their economies strengthen, so should Arizona's exports to that region. Although it will take some time to recover lost ground, the downturn in exports appears to have bottomed out.

THE OUTLOOK

Now the hard question: How much longer can consumers continue to carry the domestic (and world) economy? According to forecasts of The WFEA Group, a leader in worldwide economic forecasting whose forecast we use as inputs to our models, U.S. consumers' spending spree has just about run its course. How the cooling process starts is anyone's guess but consumer confidence falls, spend-

ing returns to more normal levels, job growth slows, and wage increases moderate. Possible triggers are inflation, higher interest rates, a stock market crash, Y2K disruptions, shocks to foreign economies, or a combination of all the above. The dollar is expected to fall over the forecast horizon, which causes import prices to rise. This allows domestic producers to raise prices for the first time this decade. With rising inflation, interest rates move up, which brings high-flying housing markets back to earth.

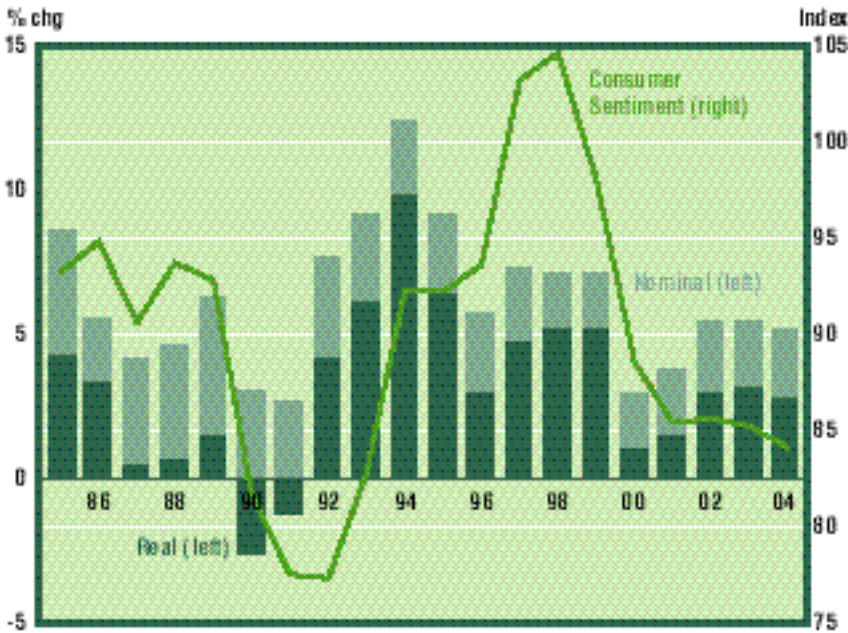
April's report of large increases in both consumer and producer prices may mark the beginning; mortgage rates are already up nearly a whole percentage point since last summer's low point. WFEA forecasts growth of only 1.8% in real GDP in 2000, half the rate of growth experienced during 1996-99. Growth averages 2.2% during 2001-04.

Arizona's economy mirrors the U.S. in our forecasts. By 2000, Arizona job growth is cut nearly in half, and increases by a below-average 2.3%. Although no recession is expected, that is the slowest growth since the last recession ended in 1992. **Exhibit 5** shows how Arizona's job growth mirrors the U.S.

EXHIBIT 6

Spending Binge Nearing End?

Retail Sales Growth, Arizona



As job growth slows and interest rates move up, consumers lose confidence and boost their rate of savings. The effect on retail sales is significant. After gaining 7.1% in '99, sales cool to a chilly 2.9% increase. That is the smallest gain since '91. Consumers remain cautious throughout the following four years and match purchases more closely with gains in personal income (see forecast table on page 7). Housing markets also cool considerably with new home construction retreating from 60,000 annual pace to nearer 40,000 (see Exhibit 6).

WEFA's forecast for next year is among the lowest in a survey of some 50 economists as reported in the April *Blue Chip Economic Indicators*, published by Aspen Publishers, Inc. The consensus forecast for real GDP is 2.5%. WEFA's HIGH scenario contains growth of only 2.1%, still well below the consensus. For that reason, we assign equal probabilities of 40% to the BASE and HIGH scenarios. That leaves 15% for the RECESSION and 5% for the LOW scenarios.

Using WEFA's HIGH scenario to drive our models, job growth of 2.8% in 2000 is projected for Arizona, a half point higher than in the BASE. In the HIGH scenario, personal income grows by 7.1% but retail sales grow by a still-meager 3.8%.

Either way, the consumer relinquishes his economy-leading role and the too-good-to-be-true economy returns to reality. Keys to watch in coming months include inflation, interest rates, Y2K fallout, and consumers' expectations. \$

S P O N S O R S

- Arizona Joint Legislative Budget Committee
- Arizona Portland Cement
- Arizona Public Service Company
- Bank One Arizona
- CB Richard Ellis
- City of Tucson
- Coldwell Banker Success Realty
- Elliott D. Pollack and Company
- Estes/Kaufman and Broad
- Merrill Lynch
- Pima County
- Salt River Project
- Territorial Newspapers
- Tucson Electric Power Company
- Tucson Newspapers
- US WEST Communications
- US WEST Dex

*The University of Arizona's
Economic and Business
Research Program (EBR) is
celebrating its Golden Jubilee
50th anniversary*

On July 28, 1949, the Bureau of Business Research (BBR) was created with Dr. Lauren W. Casaday as Director, one research associate and a secretary in temporary quarters in the Engineering building.

The Bureau underwent three name changes: one in 1957, when it became the Bureau of Business and Public Research (BBPR), and another in 1965, when it became the Division of Economic and Business Research. In a sweeping reorganization and downsizing in 1991, the organization adopted its current moniker.

As the 21st century approaches, EBR continues its proud service to the citizens of Arizona as well as the national constituency. Current activities revolve around the State Data Center (principal status), economic and revenue forecasting, and special studies that range from economic impact to public finance to industry studies.

Publications include *Arizona's Economy* (a free quarterly newsletter, AUBER Award of Excellence, Continuing Publications Category, 1993), the *Arizona Statistical Abstract* (AUBER Award of Excellence, Single Volume Category, 1993), and *Arizona Economic Indicators*, a twice-yearly chartbook. The annual Economic Forecast Luncheon attracts nearly 500 business leaders each year.

Directors of the organization include:

- Dr. Lauren W. Casaday.....1949-'63
- Dr. Harold J. Hoflich.....1964-'66
- Dr. David E. Shirly.....1966-'71
- Dr. Gerlof Homan.....1971
- Dr. Gary M. Munsinger.....1971-'72
- Dr. Joseph Walka.....1972-'73
- Dr. Terrence B. O'Keefe.....1972-'77
- Dr. Nat De Gennaro, acting director.....1977
- Dr. Helmut Frank.....1978-'80
- Dr. Arthur Silvers.....1981-'91
- Lisa Fahey, Associate Dean
for Advancement.....'91 to present

Current staff and activities include:

- Dr. Alberta Charney.....Economic Impact
and Fiscal Analysis
- Marshall Vest.....Forecasting Project Director
- Pia Montoya.....Data Bases and State Data Center
- Valorie Rice.....Data Reference
- Heather Peterson.....Research Specialist
- Maile Nadelhoffer.....Research Specialist
- Diana Hunter.....Communications Director
- Kitty Stoops.....Administrative Associate
- 3 part-time students.....Steve, Matt and Aurora

FORECAST TABLES

Forecasts for Arizona

	1998	1999	2000	2001	2002	2003	2004
Personal Income (\$ mill)	107,275.2	115,357.6	122,964.8	130,178.5	137,437.6	145,451.6	153,809.8
percent change	7.1	7.5	6.6	5.9	5.6	5.8	5.7
Per Capita Personal Income	22,810.0	23,865.8	24,801.1	25,686.0	26,546.7	27,512.3	28,488.0
percent change	4.0	4.6	3.9	3.6	3.4	3.6	3.5
Aggregate Retail Sales (\$ mill)*	45,459.4	48,408.7	49,942.6	51,803.7	54,465.4	57,293.1	60,160.6
percent change	5.9	6.5	3.2	3.7	5.1	5.2	5.0
Population (000s, mid-year)	4,703.0	4,833.6	4,958.0	5,068.1	5,177.2	5,286.8	5,399.1
percent change	2.9	2.8	2.6	2.2	2.2	2.1	2.1
Net Migration (000s)	93.0	89.5	76.8	69.3	71.0	71.9	75.1
Wage & Salary Employment (000s)	2,078.1	2,164.5	2,214.0	2,261.8	2,310.6	2,365.6	2,424.8
percent change	4.7	4.2	2.3	2.2	2.2	2.4	2.5
Goods-Producing	373.2	381.0	381.5	382.5	385.3	391.9	401.6
percent change	5.7	2.1	0.1	0.3	0.7	1.7	2.5
Construction	142.4	150.5	146.6	140.4	138.1	139.5	143.1
percent change	8.0	5.7	-2.6	-4.2	-1.6	1.0	2.6
Manufacturing	217.9	217.8	222.0	229.1	234.2	239.5	245.5
percent change	5.1	0.0	1.9	3.2	2.2	2.3	2.5
Service-Providing	1,704.9	1,783.5	1,832.5	1,879.2	1,925.3	1,973.7	2,023.3
percent change	4.5	4.6	2.7	2.5	2.5	2.5	2.5
Trade (Wholesale & Retail)	500.2	520.0	535.2	551.4	568.2	587.2	607.2
percent change	3.7	4.0	2.9	3.0	3.1	3.3	3.4
Services	625.1	663.0	683.8	705.6	726.6	746.1	765.5
percent change	4.8	6.1	3.1	3.2	3.0	2.7	2.6

Forecasts for Phoenix-Mesa Metro

	1998	1999	2000	2001	2002	2003	2004
Personal Income (\$ mill)	77,290.3	83,756.2	89,692.4	95,747.7	101,759.9	108,235.4	114,905.1
percent change	9.8	8.4	7.1	6.8	6.3	6.4	6.2
Per Capita Personal Income	26,176.4	27,512.0	28,688.1	29,894.6	31,033.1	32,257.4	33,474.3
percent change	6.0	5.1	4.3	4.2	3.8	3.9	3.8
Aggregate Retail Sales (\$ mill)*	31,448.5	33,962.1	35,144.8	36,697.2	39,130.2	41,575.6	43,943.8
percent change	7.3	8.0	3.5	4.4	6.6	6.2	5.7
Population (000s, mid-year)	2,952.7	3,044.4	3,126.5	3,202.8	3,279.1	3,355.4	3,432.6
percent change	3.6	3.1	2.7	2.4	2.4	2.3	2.3
Net Migration (000s)	75.2	62.3	51.7	45.5	45.3	45.3	46.2
Wage & Salary Employment (000s)	1,464.3	1,526.2	1,559.4	1,593.5	1,625.7	1,659.9	1,695.9
percent change	5.9	4.2	2.2	2.2	2.0	2.1	2.2
Goods-Producing	281.2	286.2	287.8	290.3	290.3	294.0	299.9
percent change	6.9	1.8	0.6	0.9	0.0	1.3	2.0
Construction	103.8	107.5	103.7	98.5	95.5	95.2	97.1
percent change	9.1	3.6	-3.6	-5.0	-3.0	-0.4	2.1
Manufacturing	171.2	172.6	178.0	185.7	188.6	192.6	196.5
percent change	6.0	0.8	3.2	4.3	1.6	2.1	2.0
Service-Providing	1,183.1	1,240.0	1,271.6	1,303.1	1,335.3	1,365.9	1,396.0
percent change	5.6	4.8	2.6	2.5	2.5	2.3	2.2
Trade (Wholesale & Retail)	354.5	371.4	381.8	392.4	404.1	416.3	427.9
percent change	4.7	4.8	2.8	2.8	3.0	3.0	2.8
Services	456.1	478.6	488.3	500.2	511.8	520.6	530.2
percent change	5.6	4.9	2.0	2.4	2.3	1.7	1.8

Forecasts for Tucson Metro Area

	1998	1999	2000	2001	2002	2003	2004
Personal Income (\$ mill)	17,851.9	19,270.7	20,526.0	21,716.9	22,927.3	24,231.5	25,545.1
percent change	6.5	7.9	6.5	5.8	5.6	5.7	5.4
Per Capita Personal Income	21,985.1	23,126.6	24,085.0	25,057.9	26,047.3	27,102.9	28,123.6
percent change	4.2	5.2	4.1	4.0	3.9	4.1	3.8
Aggregate Retail Sales (\$ mill)*	7,260.5	7,686.2	8,032.4	8,414.9	8,818.5	9,229.8	9,638.3
percent change	4.7	5.9	4.5	4.8	4.8	4.7	4.4
Population (000s, mid-year)	812.0	833.3	852.2	866.7	880.2	894.1	908.3
percent change	2.1	2.6	2.3	1.7	1.6	1.6	1.6
Net Migration (000s)	12.5	17.0	14.7	10.0	9.1	9.5	9.9
Wage & Salary Employment (000s)	328.1	344.5	351.2	356.0	360.5	366.1	371.8
percent change	4.0	5.0	2.0	1.3	1.3	1.6	1.5
Goods-Producing	51.0	55.9	57.2	57.3	57.3	57.7	58.4
percent change	2.1	9.6	2.4	0.2	0.0	0.6	1.2
Construction	20.2	21.6	22.3	22.1	21.6	21.5	21.8
percent change	4.2	6.8	3.5	-1.1	-2.0	-0.4	1.4
Manufacturing	28.6	32.0	32.3	32.7	33.0	33.3	33.5
percent change	1.2	12.0	1.0	0.9	0.9	0.9	0.8
Service-Providing	277.1	288.6	294.0	298.6	303.2	308.5	313.4
percent change	4.4	4.1	1.9	1.6	1.5	1.7	1.6
Trade (Wholesale & Retail)	70.3	72.8	74.6	76.0	77.4	79.2	80.8
percent change	1.6	3.5	2.5	1.9	1.9	2.2	2.1
Services	105.9	111.3	113.9	116.3	118.7	121.1	123.1
percent change	6.7	5.1	2.3	2.1	2.1	2.0	1.7

* Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.

Source: Economic and Business Research Program, Karl Eller Graduate School of Management, College of Business and Public Administration, The University of Arizona.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for: most recent month most recent 12-months	
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES	63,125	62,800	60,875	62,875	67,875	9.7	6.2
Employment	50,450	51,575	51,825	52,975	53,625	19.5	7.4
Unemployment	12,675	11,225	9,050	9,900	14,250	-16.2	3.1
Unemployment Rate (%)	20.1	17.9	14.9	15.7	21.0	-23.6	-3.0
Employees on Nonagricultural Payrolls, ADES							
Total	42,575	42,225	42,975	43,200	43,050	12.8	7.1
Mining	25	n/a	n/a	n/a	n/a	...	...
Construction	2,550	2,525	2,525	2,575	2,700	10.2	7.7
Manufacturing	2,250	2,250	2,300	2,350	2,350	11.9	18.3
Trans., Comm. & Publ. Util.	1,900	1,875	1,875	1,825	1,800	1.4	7.3
Trade	12,200	12,250	11,900	12,050	11,725	4.0	0.9
Finance, Ins. & Real Estate	1,275	1,250	1,250	1,250	1,175	4.4	-5.8
Services	8,300	8,100	8,125	8,150	8,200	-0.9	-3.7
Government	14,100	13,975	15,000	15,000	15,100	35.4	21.2
Sales (\$000s) ADOR							
Gross Retail	107,093	86,786	93,710	96,612	...	4.4	4.5
Retail	88,375	68,224	73,847	75,457	...	2.0	4.3
Restaurants & Bar	9,547	9,376	11,297	10,444	...	-5.3	4.8
Gasoline, EBR	9,171	9,186	8,566	10,711	...	42.0	5.5
Gallons (000s) ADOT	9,624	9,608	9,462	10,225	...	40.4	26.7
Contracting	15,460	15,341	15,859	16,751	...	2.6	3.4
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	9,715	11,342	14,948	12,980	20,210	45.9	-14.7
Residential Building	5,588	6,969	7,339	7,750	9,093	17.0	16.0
Non-Residential Building	3,303	2,500	6,615	3,783	1,971	-60.7	-40.8
Non-Building	824	1,873	994	1,447	9,146	758.0	-14.3
Number of Dwelling Units Awarded, F.W. Dodge							
Total	74	76	79	97	103	21.2	28.4
One Family Houses	74	76	79	97	103	21.2	28.1
MOHAVE-LA PAZ REGION							
Civilian Labor Force, ADES	70,000	71,575	70,475	71,950	71,775	8.6	6.1
Employment	67,000	67,625	67,650	68,200	68,350	8.4	6.8
Unemployment	3,000	3,950	2,825	3,750	3,425	12.3	-6.9
Unemployment Rate (%)	4.3	5.5	4.0	5.2	4.8	3.4	-12.4
Employees on Nonagricultural Payrolls, ADES							
Total	41,950	41,425	41,475	41,950	42,400	2.3	2.0
Mining	175	n/a	n/a	n/a	n/a	...	...
Construction	3,325	3,250	3,200	3,200	3,200	5.8	7.4
Manufacturing	3,625	3,625	3,650	3,700	3,700	5.7	7.4
Trans., Comm. & Publ. Util.	2,075	1,950	1,950	1,950	2,000	-2.4	-0.6
Trade	13,400	13,275	13,100	13,400	13,450	6.5	4.3
Finance, Ins. & Real Estate	1,475	1,425	1,425	1,425	1,475	-1.7	2.2
Services	10,075	9,975	10,100	10,200	10,350	2.2	0.9
Government	7,800	7,750	7,875	7,900	8,050	-4.7	-3.7
Sales (\$000s) ADOR							
Gross Retail	102,768	81,013	106,056	103,483	...	7.1	6.2
Retail	83,449	60,399	82,607	78,067	...	7.8	10.4
Restaurants & Bar	10,663	11,076	14,165	13,213	...	3.4	6.7
Gasoline, EBR	8,656	9,538	9,284	12,203	...	6.8	-15.9
Gallons (000s) ADOT	9,083	9,977	10,255	11,649	...	5.7	0.8
Contracting	25,384	17,623	20,739	24,804	...	44.9	23.0
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	16,716	22,538	16,540	35,211	29,063	57.8	-10.5
Residential Building	12,439	12,933	15,265	18,246	16,660	21.5	12.6
Non-Residential Building	1,531	5,878	719	7,107	4,855	21.1	-25.1
Non-Building	2,746	3,727	556	9,858	7,548	984.5	-35.4
Number of Dwelling Units Awarded, F.W. Dodge							
Total	132	136	179	201	171	19.6	13.9
One Family Houses	128	132	149	199	167	18.4	13.2

See notes at bottom of Arizona - Quarterly table.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for: most recent month	most recent 12-months
COCHISE-SANTA CRUZ REGION							
Civilian Labor Force, ADES							
Employment	51,825	52,250	52,225	52,775	53,025	2.9	0.0
Unemployment	47,575	48,300	48,300	48,675	49,100	3.8	2.0
Unemployment Rate (%)	4,250	3,950	3,925	4,100	3,925	-7.1	-15.8
Unemployment Rate (%)	8.2	7.6	7.5	7.8	7.4	-9.7	-15.8
Employees on Nonagricultural Payrolls, ADES							
Total	41,375	41,100	41,425	41,750	41,650	-0.7	0.5
Mining	50	n/a	n/a	n/a	n/a	...	...
Construction	2,075	2,075	2,125	2,150	2,125	4.9	4.7
Manufacturing	2,225	2,250	2,200	2,200	2,250	8.4	3.1
Trans., Comm. & Publ. Util.	2,400	2,425	2,450	2,450	2,450	0.0	2.3
Trade	11,475	11,350	11,400	11,600	11,500	-2.5	1.2
Finance, Ins. & Real Estate	1,000	975	975	975	975	-4.9	6.8
Services	9,325	9,150	9,275	9,225	9,300	3.0	1.0
Government	12,875	12,875	13,000	13,150	13,050	-3.7	-2.2
Sales (\$000s) ADOR							
Gross Retail	93,958	66,255	73,184	82,103	...	9.7	7.3
Retail	75,767	49,776	54,620	60,937	...	3.8	7.2
Restaurants & Bar	9,199	7,960	9,652	9,253	...	0.2	-0.5
Gasoline, EBR	8,992	8,519	8,912	11,913	...	71.5	17.4
Gallons (000s) ADOT	9,437	8,911	9,844	11,373	...	69.6	42.5
Contracting	14,557	11,742	14,296	16,981	...	75.9	18.0
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	11,360	25,653	8,582	9,799	10,282	11.0	27.6
Residential Building	5,475	6,301	7,945	8,488	7,043	-1.6	1.3
Non-Residential Building	5,475	2,795	380	833	1,200	-43.0	53.6
Non-Building	410	16,557	257	478	2,039	...	160.5
Number of Dwelling Units Awarded, F.W. Dodge							
Total	62	69	86	96	91	15.2	-2.1
One Family Houses	60	69	86	92	91	15.2	11.1
GILA-GRAHAM-GREENLEE REGION							
Civilian Labor Force, ADES							
Employment	32,975	32,950	33,075	33,200	33,350	1.3	-1.5
Unemployment	30,425	30,300	30,275	30,525	30,875	1.7	-1.5
Unemployment Rate (%)	2,550	2,650	2,800	2,675	2,475	-3.9	-1.4
Unemployment Rate (%)	7.7	8.0	8.5	8.1	7.4	-5.1	0.1
Employees on Nonagricultural Payrolls, ADES							
Total	25,275	24,675	24,800	25,450	25,525	-0.5	-2.8
Mining	2,950	n/a	n/a	n/a	n/a	...	...
Construction	1,975	1,950	1,950	1,975	2,050	15.5	12.5
Manufacturing	1,875	n/a	n/a	n/a	n/a	...	...
Trans., Comm. & Publ. Util.	825	850	850	825	800	-3.0	-3.6
Trade	5,675	5,500	5,450	5,625	5,575	-0.9	-1.3
Finance, Ins. & Real Estate	500	n/a	n/a	n/a	n/a	...	...
Services	4,450	4,350	4,300	4,450	4,375	2.9	-0.2
Government	7,075	6,825	7,075	7,425	7,575	-3.8	-8.8
Sales (\$000s) ADOR							
Gross Retail	46,702	35,034	39,165	41,132	...	0.1	-0.1
Retail	37,747	27,633	30,636	31,944	...	-3.2	-0.5
Restaurants & Bar	4,673	4,007	5,230	4,962	...	1.2	-0.3
Gasoline, EBR	4,282	3,394	3,299	4,226	...	32.3	3.0
Gallons (000s) ADOT	4,493	3,550	3,644	4,035	...	30.8	24.3
Contracting	7,973	9,569	9,822	10,492	...	-13.5	0.9
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	5,296	4,221	5,562	13,693	9,908	20.6	0.2
Residential Building	3,163	3,577	3,930	7,290	5,195	-24.0	-11.6
Non-Residential Building	2,000	0	231	5,153	4,250	2979.7	55.4
Non-Building	133	644	1,401	1,250	463	-62.7	-18.0
Number of Dwelling Units Awarded, F.W. Dodge							
Total	27	32	41	57	44	-21.4	-14.6
One Family Houses	27	32	41	57	44	-21.4	-3.1

See notes at bottom of Arizona - Quarterly table.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for: most recent month	most recent 12-months
APACHE-NAVAJO REGION							
Civilian Labor Force, ADES	50,375	50,700	51,050	50,800	50,875	1.1	-1.4
Employment	43,425	43,125	43,325	43,525	44,225	2.1	-0.5
Unemployment	6,950	7,575	7,725	7,275	6,650	-4.7	-6.3
Unemployment Rate (%)	13.8	14.9	15.1	14.3	13.1	-5.7	-4.9
Employees on Nonagricultural Payrolls, ADES							
Total	42,975	41,950	42,375	43,175	43,575	-0.2	-2.0
Mining	950	n/a	n/a	n/a	n/a	...	...
Construction	1,875	1,700	1,675	1,775	1,850	-2.6	0.2
Manufacturing	1,525	1,475	1,500	1,475	1,450	5.5	-6.1
Trans., Comm. & Publ. Util.	2,475	2,425	2,425	2,425	2,425	1.0	0.5
Trade	7,500	7,275	7,175	7,325	7,750	6.5	2.0
Finance, Ins. & Real Estate	1,100	1,050	1,050	1,100	1,125	-2.2	1.7
Services	6,575	6,650	6,850	7,100	7,100	-0.4	0.5
Government	21,000	20,450	20,775	21,000	20,900	-2.8	-4.6
Sales (\$000s) ADOR							
Gross Retail	61,850	45,829	51,085	55,613	...	6.5	2.7
Retail	52,231	36,547	41,185	43,323	...	1.7	4.8
Restaurants & Bar	4,320	3,647	5,371	4,025	...	-7.2	3.2
Gasoline, EBR	5,299	5,635	4,529	8,265	...	56.4	-11.0
Gallons (000s) ADOT	5,561	5,895	5,003	7,891	...	54.6	6.8
Contracting	7,886	9,955	8,355	10,285	...	40.8	26.4
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	11,591	5,584	18,903	9,452	8,146	-6.3	9.3
Residential Building	5,374	3,352	18,903	5,157	6,227	-3.1	33.9
Non-Residential Building	5,747	2,000	0	2,295	373	-66.1	-21.4
Non-Building	470	232	0	2,000	1,546	31.6	11.8
Number of Dwelling Units Awarded, F.W. Dodge							
Total	45	31	205	61	61	-1.6	30.7
One Family Houses	45	31	197	61	61	-1.6	42.0
COCONINO-YAVAPAI REGION							
Civilian Labor Force, ADES	124,425	123,275	126,375	125,375	129,450	5.2	3.3
Employment	118,675	116,850	120,975	118,975	123,725	5.7	4.3
Unemployment	5,750	6,425	5,400	6,400	5,725	-5.4	-13.6
Unemployment Rate (%)	4.6	5.2	4.3	5.1	4.4	-10.1	-16.3
Employees on Nonagricultural Payrolls, ADES							
Total	99,025	97,775	99,975	101,925	102,825	3.1	3.0
Mining	1,000	1,000	1,000	1,025	1,050	5.0	2.8
Construction	6,450	6,325	6,425	6,700	6,700	3.9	2.4
Manufacturing	6,450	6,550	6,575	6,600	6,500	0.4	0.0
Trans., Comm. & Publ. Util.	3,150	3,075	3,075	3,150	3,250	0.8	3.4
Trade	25,925	25,100	25,300	26,000	26,575	4.6	1.3
Finance, Ins. & Real Estate	3,200	3,125	3,150	3,150	3,200	2.4	6.4
Services	27,500	26,875	27,325	28,050	28,825	7.2	6.4
Government	25,350	25,725	27,125	27,250	26,725	-1.6	1.9
Sales (\$000s) ADOR							
Gross Retail	175,131	141,474	157,462	177,412	...	12.6	3.9
Retail	138,107	105,338	119,179	130,407	...	9.0	4.8
Restaurants & Bar	25,878	23,162	27,431	29,896	...	8.9	9.3
Gasoline, EBR	11,146	12,974	10,852	17,109	...	63.9	-12.8
Gallons (000s) ADOT	11,697	13,571	11,987	16,333	...	62.1	5.4
Contracting	46,888	41,064	38,142	41,425	...	25.5	14.3
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total	31,383	36,042	36,298	50,150	50,977	3.8	-3.8
Residential Building	22,956	21,627	24,488	29,568	24,270	-21.1	-7.8
Non-Residential Building	2,648	6,307	11,531	14,359	14,518	18.1	-12.6
Non-Building	5,779	8,108	279	6,223	12,189	100.8	20.9
Number of Dwelling Units Awarded, F.W. Dodge							
Total	199	203	208	255	243	2.1	5.4
One Family Houses	187	182	198	246	223	0.5	10.4

See notes at bottom of Arizona - Quarterly table.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for:	
						most recent month	most recent 12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES							
Employment	1569.5	1555.4	1568.2	1572.6	1579.4	7.5	6.7
Unemployment	1528.1	1513.5	1524.1	1529.0	1535.3	7.1	6.7
Unemployment Rate, Seas. Adj. (%)	41.3	41.9	44.1	43.6	44.1	27.8	5.3
	2.9	2.7	2.9	3.0	3.2	18.5	-1.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1515.7	1473.8	1493.6	1503.4	1504.5	3.5	5.1
Mining	5.6	5.6	5.5	5.5	5.6	0.0	-7.6
Construction	110.4	109.5	110.6	111.5	111.8	10.1	10.9
Manufacturing	171.5	170.2	170.8	170.4	170.4	0.6	3.2
Durable	131.3	130.7	131.0	130.8	131.0	0.5	3.8
Nondurable	40.2	39.5	39.8	39.6	39.4	1.0	1.2
Trans., Comm. & Publ. Util.	78.4	78.1	77.9	78.7	79.0	8.2	7.3
Trade	370.0	362.3	363.4	365.8	365.1	3.9	4.2
Wholesale	90.5	89.9	90.8	91.5	91.6	5.4	4.9
Retail	279.5	272.4	272.6	274.3	273.5	3.4	4.0
Finance, Ins. & Real Estate	122.6	121.7	121.7	122.3	122.6	5.6	9.3
Services	465.6	446.0	452.8	457.9	459.5	2.1	4.1
Government	191.6	180.4	190.9	191.3	190.5	2.3	4.7
Sales (\$000s) ADOR							
Aggregate Retail Sales	3,261,953	2,571,725	2,648,885	3,020,372	...	9.1	7.4
Retail	2,456,515	1,754,159	1,811,315	2,128,598	...	9.5	7.5
Food, EBR	374,167	377,375	379,775	381,135	...	6.7	10.0
Restaurants & Bars	309,915	319,323	338,392	363,827	...	5.7	8.4
Gasoline, EBR	121,356	120,868	119,403	146,812	...	19.4	-3.2
Contracting	681,235	517,582	579,389	658,683	...	14.1	16.2
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total Awards	555,794	521,988	466,459	749,011	687,959	-13.2	-3.7
Residential Building	356,439	349,736	353,339	523,048	490,740	1.0	1.5
Non-Residential Building	102,663	71,155	84,893	142,544	88,042	-59.5	-28.4
Non-Building	96,692	101,097	28,227	83,419	109,177	21.7	39.0
New Housing Units Authorized, Census C-40							
Total Units	3,835	4,362	3,753	4,777	4,726	3.5	12.2
Single Family Units	2,805	2,936	3,008	4,306	3,578	-3.9	13.8
2-4 Unit Structures	4	11	13	15	38	280.0	25.2
5-plus Unit Structures	1,004	1,376	712	400	1,104	33.7	11.4
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	691,502	565,636	539,179	751,107	816,448	26.3	21.2
Total Units	4,636	3,638	3,581	4,910	5,142	17.0	14.3
Average Price (\$)	149,159	155,480	150,567	152,975	158,780	8.0	5.9
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	2,617,190	2,531,340	2,547,304	3,142,807	...	2.6	5.1
Total Aircraft Movements	46,452	45,005	43,505	49,034	...	6.9	4.8

	PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL) - QUARTERLY DATA					% change versus year ago for:	
	I 98	II 98	III 98	IV 98	I 99	most recent quarter	most recent 4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	2,915.4	2,940.5	2,964.2	2,987.1	3,010.0	3.2	3.4
Natural Increase	6.9	7.0	7.0	7.1	7.2	4.2	3.0
Births	12.4	12.4	12.5	12.7	12.8	3.4	2.5
Deaths	5.4	5.5	5.5	5.5	5.6	2.4	1.8
Net Migration	19.1	18.2	16.6	15.7	15.7	-18.0	-10.7
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	74,767	76,489	78,158	79,747	81,332	8.8	9.4
Earnings by Place of Work	55,101	56,476	57,801	59,050	60,293	9.4	10.2
Less: Contributions for Social Insurance	3,790	3,872	3,951	4,023	4,094	8.0	9.0
Plus: Adjustment for Residence	-173	-174	-174	-174	-173	-0.2	0.0
Plus: Dividends, Interest & Rents	13,139	13,407	13,665	13,909	14,153	7.7	8.6
Plus: Transfer Payments	10,490	10,652	10,817	10,985	11,154	6.3	6.2
Per Capita Personal Income (\$, SAAR) EBR	25,646	26,012	26,367	26,697	27,020	5.4	5.8

See notes at bottom of Arizona - Quarterly table.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for:	
						most recent month	most recent 12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES							
Employment	385.0	384.7	389.1	389.6	390.8	6.1	4.7
Unemployment	376.0	375.3	379.2	380.2	381.5	6.3	5.3
Unemployment Rate, Seas. Adj. (%)	9.0	9.4	9.9	9.4	9.3	-2.6	-13.0
	2.5	2.5	2.6	2.5	2.7	-10.0	-16.9
Employees on Nonagricultural Payrolls (000s) ADES							
Total	336.5	329.3	334.8	337.8	338.0	3.4	3.4
Mining	2.1	2.1	2.1	2.1	2.0	-9.1	-6.3
Construction	20.8	20.6	20.9	21.4	21.6	12.5	5.7
Manufacturing	29.3	28.6	29.1	29.4	29.6	2.4	2.7
Durable	23.4	22.8	23.2	23.5	23.6	2.6	3.1
Nondurable	5.9	5.8	5.9	5.9	6.0	1.7	1.0
Trans., Comm. & Publ. Util.	13.6	13.4	13.2	13.4	13.6	0.7	-1.6
Trade	73.2	71.4	71.8	72.7	72.3	3.4	1.6
Wholesale	11.2	10.9	11.0	11.0	10.9	2.8	0.2
Retail	62.0	60.5	60.8	61.7	61.4	3.5	1.9
Finance, Ins. & Real Estate	13.7	13.3	13.3	13.3	13.4	5.5	8.2
Services	109.4	108.2	109.5	110.1	110.3	4.1	6.5
Government	74.4	71.7	74.9	75.4	75.2	0.9	0.7
Sales (\$000s) ADOR							
Aggregate Retail Sales	750,076	599,597	618,728	684,123	...	8.3	5.0
Retail	548,722	395,939	410,494	465,313	...	9.4	5.7
Food, EBR	91,743	92,536	93,124	93,458	...	6.7	6.9
Restaurants & Bars	74,598	77,957	82,746	84,607	...	-1.1	5.3
Gasoline, EBR	35,013	33,165	32,363	40,745	...	21.8	-7.6
Contracting	109,677	90,786	102,488	106,998	...	15.0	13.5
Value of Construction Contract Awards (\$000s) F.W. Dodge							
Total Awards	63,938	80,928	61,826	79,419	104,077	6.8	-21.9
Residential Building	38,382	43,358	51,657	53,841	56,923	-23.2	-23.2
Non-Residential Building	22,139	7,738	4,007	23,565	25,653	43.8	-29.9
Non-Building	3,417	29,832	6,162	2,013	21,501	288.5	13.6
New Housing Units Authorized, Census C-40							
Total Units	687	518	566	698	830	21.8	13.9
Single Family Units	523	484	532	670	721	11.3	23.1
2-4 Unit Structures	4	4	21	3	14	133.3	18.2
5-plus Unit Structures	112	13	0	0	0	...	18.0
Housing Sales and Prices, TAR							
Total Sales (\$000s)	119,200	88,831	98,863	140,819	148,106	21.0	23.1
Total Units	844	612	697	938	1,049	17.9	17.5
Average Price (\$)	141,233	145,149	141,841	150,127	141,188	2.7	4.8
Tucson International Airport, TAA							
Total Passengers	302,701	282,847	293,091	348,257	322,435	2.3	-0.4
Total Aircraft Movements	23,885	24,371	23,777	25,970	23,516	5.8	14.4

	TUCSON METROPOLITAN REGION (PIMA) - QUARTERLY DATA					% change versus year ago for:	
	I 98	II 98	III 98	IV 98	I 99	most recent quarter	most recent 4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	805.1	809.7	814.7	820	825.3	2.5	2.3
Natural Increase	1.1	1.1	1.1	1.1	1.1	-3.5	1.6
Births	2.8	2.8	2.9	2.9	2.9	0.3	0.4
Deaths	1.7	1.7	1.7	1.8	1.8	2.7	-0.4
Net Migration	3.1	3.5	3.9	4.2	4.2	35.9	29.1
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	17,358	17,669	18,006	18,374	18,739	8.0	7.0
Earnings by Place of Work	10,770	11,014	11,273	11,549	11,822	9.8	8.7
Less: Contributions for Social Insurance	753	769	786	803	821	9.0	8.5
Plus: Adjustment for Residence	235	242	250	257	265	12.7	11.2
Plus: Dividends, Interest & Rents	3,748	3,782	3,824	3,876	3,928	4.8	3.7
Plus: Transfer Payments	3,359	3,401	3,446	3,495	3,544	5.5	5.2
Per Capita Personal Income (\$, SAAR) EBR	21,562	21,823	22,100	22,407	22,705	5.3	4.5

See notes at bottom of Arizona - Quarterly table.

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for: most recent month	most recent 12-months
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES	2,347.2	2,333.6	2,351.5	2,359.2	2,376.4	6.9	5.7
Employment	2,261.7	2,246.6	2,265.7	2,272.1	2,286.6	6.9	6.0
Unemployment	85.5	87.0	85.8	87.1	89.8	7.0	-1.5
Unemployment Rate, Seas. Adj. (%)	4.1	3.9	4.0	4.2	4.3	-2.3	-7.1
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,150.6	2,097.3	2,125.7	2,143.4	2,146.1	3.5	4.3
Mining	12.6	12.5	12.5	12.4	12.5	-3.1	-6.5
Construction	151.1	149.8	150.5	152.4	153.1	10.6	10.1
Manufacturing	218.7	217.1	217.4	217.6	217.6	0.8	3.0
Durable	167.0	166.1	166.1	166.4	166.6	0.7	3.5
Nondurable	51.7	51.0	51.3	51.2	51.0	1.2	1.4
Trans., Comm. & Publ. Util.	105.2	104.5	103.7	104.9	105.6	6.3	5.4
Transportation	68.3	67.3	66.5	67.6	68.2	6.7	6.7
Trade	520.7	509.0	511.4	516.5	515.9	4.0	3.6
Wholesale	113.1	112.5	113.3	114.4	114.0	4.8	4.5
Retail	407.6	396.5	398.1	402.1	401.9	3.8	3.3
Finance, Ins. & Real Estate	143.9	142.5	143.5	144.2	144.6	4.5	8.4
Services	647.1	625.0	634.6	641.3	644.0	3.3	4.9
Government	351.3	336.9	352.1	354.1	352.8	0.8	1.5
Federal	45.0	44.4	44.1	43.6	43.9	-0.2	0.9
State & Local	306.3	292.5	308.0	310.5	308.9	0.9	1.5
Schools	168.0	154.8	169.3	170.8	169.6	-0.8	0.6
Hours Worked Per Week, Manufacturing, ADES	39.9	40.1	40.1	40.3	40.6	0.5	-3.0
Average Hourly Earnings (\$) ADES							
Copper Mining	17.04	16.84	16.48	16.31	16.87	-2.4	3.4
Construction	14.39	14.29	14.15	14.20	14.43	-2.2	-0.4
Manufacturing	12.48	12.65	12.64	12.65	12.58	5.7	5.7
Utilities	17.97	17.87	17.70	17.58	17.29	0.0	-1.7
Retail Trade	11.54	11.78	11.69	11.60	11.82	3.2	0.4
Wholesale Trade	13.33	13.59	13.25	13.23	13.24	0.4	0.6
Sales (\$000s) ADOR							
Aggregate Retail Sales	4,671,970	3,704,568	3,865,616	4,338,502	...	8.9	6.3
Retail	3,480,913	2,498,015	2,623,883	3,014,046	...	8.8	6.9
Food, EBR	538,350	546,765	550,242	552,213	...	7.4	6.6
Restaurants & Bars	448,793	456,508	494,284	520,227	...	4.1	7.5
Gasoline, EBR	203,914	203,280	197,208	252,016	...	25.2	-4.5
Gallons (000s) ADOT	213,993	212,636	217,837	240,588	...	23.9	14.9
Utilities	375,687	403,981	358,673	367,532	...	1.3	2.5
Communications	177,332	183,479	182,719	182,132	...	10.3	12.3
Amusements	5,324	62,445	73,229	73,851	...	-7.9	-6.6
Rentals - Personal Property	268,968	242,623	261,056	280,588	...	8.2	21.0
Contracting	909,060	713,662	789,090	886,419	...	15.8	15.6
Mining - Metal, Oil & Gas	72,562	66,450	76,085	74,268	...	-23.9	-26.8
Hotel/Motel	102,778	151,272	199,969	217,020	...	3.5	3.9
Value of Construction Contract Awards (\$000s)							
Total Awards	705,793	708,296	629,118	959,715	920,622	-7.7	-4.4
Residential Building	449,816	447,853	482,866	653,388	616,151	-2.6	-1.4
Non-Residential Building	145,506	98,373	108,376	199,639	140,862	-45.8	-27.0
Non-Building	110,471	162,070	37,876	106,688	163,609	55.1	45.5
New Housing Units Authorized, Census C-40							
Total Units	4,865	5,264	4,708	6,015	6,055	5.8	11.4
Single Family Units	3,684	3,772	3,919	5,521	4,849	0.6	14.3
2-4 Unit Structures	43	88	72	89	87	74.0	46.9
5-plus Unit Structures	1,138	1,404	717	405	1,119	31.2	6.4
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	1,834	1,434	1,560	2,062	2,069	-4.1	-4.9
Chapter 7	1,442	1,090	1,227	1,688	1,682	-3.2	-2.2
Chapter 11	20	20	22	11	22	-21.4	-4.3
Chapter 13	372	324	311	363	365	-6.4	-15.3

See notes at bottom of Arizona - Quarterly table.

	I 98	II 98	III 98	IV 98	I 99	% change versus year ago for:	
						most recent quarter	most recent 4-quarters
ARIZONA QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	4652.8	4686.3	4719.5	4752.2	4784.8	2.8	2.9
Natural Increase	9.8	9.8	10.0	9.8	9.9	0.6	0.6
Births	19.2	19.2	19.4	19.3	19.4	1.1	1.5
Deaths	9.4	9.4	9.4	9.5	9.5	1.7	2.5
Net Migration	23.7	23.7	23.0	22.6	22.7	-3.9	-2.0
Personal Income Derivation (\$mil, SAAR) EBR							
Total Personal Income	104,579	106,215	108,067	110,239	112,498	7.6	7.2
Earnings by Place of Work	74,100	75,353	76,782	78,600	80,347	8.4	8.2
Less: Contributions for Social Insurance	5,222	5,297	5,383	5,492	5,609	7.4	7.2
Plus: Adjustment for Residence	265	266	268	270	271	2.4	1.4
Plus: Dividends, Interest & Rents	17,724	17,978	18,278	18,560	18,836	6.3	5.2
Plus: Transfer Payments	17,713	17,916	18,123	18,301	18,654	5.3	5.3
Components of Earnings (\$mil, SAAR) BEA							
Wages and Salaries	61,130	62,680	64,368	65,594	...	9.7	10.0
Other Labor Income	5,798	5,897	5,993	6,043	...	6.1	5.8
Proprietor's Income	7,483	7,691	7,683	7,999	...	10.3	8.8
Farm	354	424	296	416	...	32.5	1.6
Nonfarm	7,129	7,266	7,387	7,584	...	9.3	9.2
Per Capita Personal Income (\$, SAAR) EBR							
	22,477	22,665	22,898	23,198	23,512	4.6	4.2
Average Wage Per Employee, Annual (\$) EBR							
	29,438	29,777	30,229	30,622	...	5.6	5.2

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for:	
						most recent month	most recent 12-months
TRAVEL AND TOURISM - MONTHLY DATA							
Visits to Parks & Other Recreational Areas, ADOT, NPS & ASPB							
Northern Arizona	758,343	967,549	966,722	1,522,328	1,619,436	-9.5	2.5
Historical	77,558	89,845	103,079	168,709	162,317	-16.2	-3.4
Scenic	228,584	238,376	250,467	522,605	489,592	-14.2	-4.2
Water Based Recreation	452,201	639,328	613,176	831,014	967,527	-5.7	7.5
Southern Arizona	171,277	254,419	303,431	430,130	296,143	-22.6	-6.0
Historical	45,639	59,635	71,002	89,602	59,147	-3.5	-1.8
Scenic	113,806	171,113	195,675	280,232	192,025	-29.3	-10.6
Water Based Recreation	11,832	23,671	36,754	60,296	44,971	-9.4	10.2
International Border Crossings, USINS & USCS							
U.S. Citizens	801,502	762,697	720,518	844,049	...	5.1	9.6
Aliens	2,210,322	2,074,987	1,961,302	2,173,695	...	6.5	1.4
Vehicles	842,514	822,368	746,785	891,834	...	11.1	4.5

	DEC 98	JAN 99	FEB 99	MAR 99	APR 99	% change versus year ago for:	
						most recent month	most recent 12-months
MEASURES OF INFLATION AND PRICES - MONTHLY DATA							
Consumer Price Index (1982-1984=100) BLS							
U.S. - All Urban	163.9	164.3	164.5	165.0	166.2	2.3	1.7
U.S. - Wage Earners	160.7	161.0	161.1	161.4	162.7	2.3	1.5

Sources and abbreviations:

ADES: Arizona Department of Economic Security
 ADHS: Arizona Department of Health Services
 ADOR: Arizona Department of Revenue
 ADOT: Arizona Department of Transportation
 ARMLS: Arizona Regional Multiple Listing Service
 ASBD: Arizona State Banking Department
 ASPB: Arizona State Parks Board
 ASU: Arizona State University, College of Business, Research Centers
 BEA: Bureau of Economic Analysis, U.S. Department of Commerce
 BLS: Bureau of Labor Statistics, U.S. Department of Labor
 Census C-40, Bureau of the Census, U.S. Department of Commerce
 EBR: Economic & Business Research Program, The University of Arizona
 F.W. Dodge, Division of McGraw Hill Information Systems Co. (proprietary data provided by special permission)
 NPS: National Park Service, U.S. Department of the Interior
 NSCCC: Nogales-Santa Cruz Chamber of Commerce
 PSIA: Phoenix Skyharbor International Airport
 SAAR: Seasonally adjusted at annual rates
 TAA: Tucson Airport Authority
 TAR: Tucson Association of Realtors
 USINS: U.S. Immigration & Naturalization Service, U.S. Department of Justice
 U.S. Bankruptcy Court, District of Arizona
 USCS: U.S. Customs Service, U.S. Department of the Treasury

MEASURES OF INFLATION AND PRICES

	I 98	II 98	III 98	IV 98	I 99	% change versus year ago for: most recent quarter	most recent 4-quarters
Consumer Price index (1982-84=100) ASU & BLS							
Metropolitan Phoenix*	176.7	180.1	179.7	181.5	n/a	2.3	3.0
Western Region (U.S.)	163.3	164.2	165.1	165.8	167.3	2.4	2.0
U.S. - All Urban Consumers	161.9	162.8	163.4	164.0	164.6	1.7	1.6
U.S. - Urban Wage Earners	158.5	159.4	160.0	160.7	161.2	1.7	1.5
Price Indexes (1992=100) BEA							
Gross Domestic Product	112.3	112.6	112.9	113.1	113.5	1.0	1.0
Personal Consumption Expenditures	112.3	112.6	112.8	113.1	113.5	1.1	0.8

See notes at bottom of Arizona - Quarterly table.

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