

2005-2006 Economic Outlook

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The economy is now in "mid cycle." Losses suffered during the last recession have been recovered and new all-time records are being set each month. Results are not even, however, across all industries. Manufacturing and information are still declining while construction soars. Next year's performance rides on the answer to two perplexing questions: "What's holding back job creation?" and "Is there a bubble in housing that's about to burst?" Unless something really bad happens (such as a dollar "crash," a major terrorist event in the U.S., or other shock that interrupts commerce and sends decision makers to the sidelines), the expansion should continue for another few years. More balanced growth across sectors is expected in 2005, and job creation will improve. The following year will bring slower growth as the business cycle matures.

Two-thousand and four will go into the record books as the best year for business conditions in a decade. It may not have felt like it at times, given gasoline prices above two dollars per gallon, hurricanes in the southeastern U.S., the detraction of a divisive presidential campaign, and the ever-present threat of terrorism. In fact, both consumer and business confidence trended downward nationwide during 2004.

The economy grew robustly, however, with real GDP expanding by a preliminary 4.4% during 2004. Consumers spent freely, housing markets soared to record highs, interest rates remained near recent lows, inflation remained in check, corporate profits soared to all-time highs relative to GDP, and state revenue collections surged across the country. All things considered, it just doesn't get much better.

other computerized innovations such as "self-service" checkout lines at grocery stores. These initiatives have boosted productivity and allowed retailers to forgo hiring additional workers.

Using Arizona data, as we near the end of the third year of this expansion, retail employment today is nearly at the same level but is growing at much slower pace than a decade ago. This could be a structural shift, or it could reflect retailers' expectations for a mediocre holiday shopping season. Maybe retailers are simply being cautious with hiring this season.

In education, enrollments are declining due to demographics, according to the Federal Department of Education. They note that elementary and secondary enrollments are growing by only 160,000 in 2004 compared to an aver-

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What's Holding Back Job Creation?

The single element missing from this sanguine picture of health has been the lack of job growth. In Arizona, the question is "why the lack of significant growth," since the state is adding jobs and was one of the first states to recover all the jobs that were lost during the 2001 recession. In September, non farm employment was 2.4% higher than a year earlier, but most forecasters (including this one) expected gains closer to 4% by this point.

Has a structural shift in some sectors eliminated the possibility of robust growth? Or is this just a garden variety business cycle tempered by hurricanes, political uncertainty, high gasoline prices, and terrorist threats?

A case can be made that a structural shift has occurred in a handful of important sectors such as retailing, education, telecommunications, health care, and manufacturing¹. In retailing, Wal-Mart and online retailers are forcing mainstream retailers to cut costs by adopting new technologies for inventory management and

age of 700,000 during the 1990s. That means fewer new teachers need to be hired. But, using Arizona data, there is no perceptible slowdown in education employment; In Arizona, enrollments continue to expand and the shortage of teachers is perpetual.

The same is true for "health care and social services." (These categories are added together since it's hard to distinguish nowadays.) The national slowdown in hiring cited in the *BusinessWeek* article is not evident in Arizona data. One of the largest skill shortages in Arizona is for nurses, medical technologists, and pharmacists. As the population grows older, the need for additional health care professionals will accelerate.

Telecommunications is quite a different story. Fallout from overinvestment during the high tech boom is still being felt, and employment continues to slide. Enough fiber for an entire decade was installed during the late 1990s. Growth of cellular communications and resulting losses of wired customers also is a factor. Is this a structural shift, or simply an investment

¹ See "Jobs: The Lull Will Linger," *BusinessWeek*, October 25, 2004, p 38-41.

cycle, similar to what happened in housing during the late 1980s? In the longer term, telecom will be back, but in the near term additional cuts should be expected.

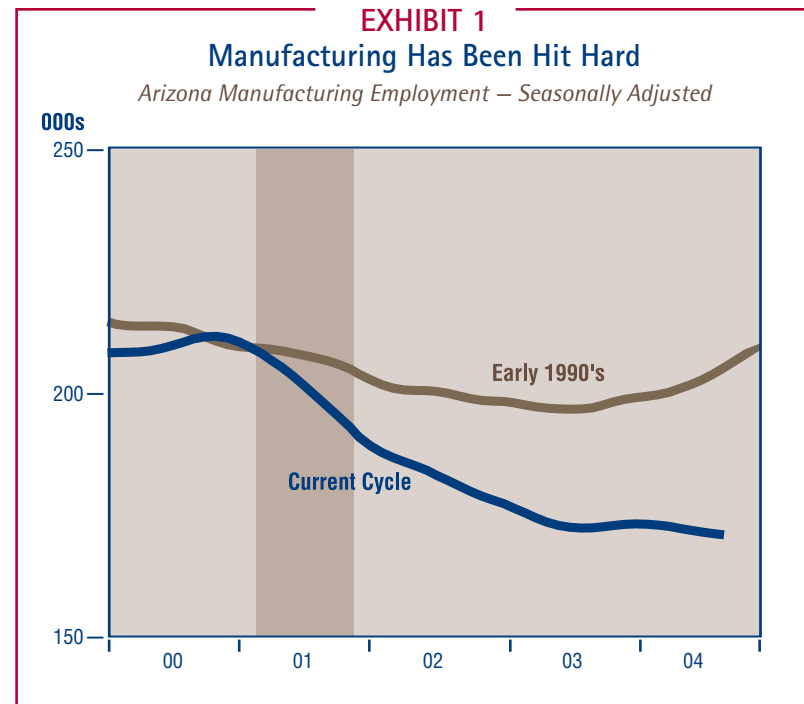
Finally, consider manufacturing, which is still struggling to reestablish an upward trend for employment. The decline during this past recession was unprecedented, as Arizona's manufacturers lost 40,000 jobs or nearly 20% of their workforce (Exhibit 1).

The reasons for manufacturing's fall are well known: strong productivity gains coupled with outsourcing, off-shoring, and commoditization of many products that other countries can make at lower cost. Manufacturing jobs have been in a long-term secular decline nationwide over the past few decades. At times, Arizona has been able to attract manufacturing jobs – in semiconductors and electronics during the '70s, and aerospace during the '90s. But it has been a losing battle to increase this industry's share of total employment. New products and industries need to be born for manufacturing to increase its contribution to the state's economy.

The idea that there has been a structural shift in a number of industries that preempts stronger job creation is intriguing, but not well supported by data available for Arizona. Perhaps some industries are finally implementing new technologies that will boost productivity and check the need to hire additional workers. But the main explanation for slow overall job creation is the continuing slide in manufacturing and telecommunications industries, whose declines are largely due to the investment cycle and global competition in mature industries. Both should begin growing again in 2005, but neither will become engines of growth.

The Outlook for Housing

How the economy progresses in coming months has a lot to do with the homebuilding and construction industries. Home building has been so good for so long, far surpassing expectations. Is there a bubble in housing markets that is about to burst? Or will construction continue to be the fastest-growing sector? Should we be worried



about "investors" buying new houses with the intention of renting?

Although interest rates remain low, housing affordability is deteriorating rapidly due to surging prices. Housing affordability for Metro Phoenix, compiled by the Arizona Real Estate Center at Arizona State University, shows the second quarter 2004 index at 100 for new homes and 112 for resale homes. Both fell significantly (13-15 points) from the prior quarter. During 2003, the index was near 113 for new homes and 126 for resale.

According to the Office of Federal Housing Enterprise Oversight (OFHEO), during the year ending with the second quarter, their "repeat sales" price index increased 9.4% nationwide, the largest increase since the 1970's. That's four to five times the rate of inflation! For Arizona, the increase was nearly the same at 9.5% – a little more in Flagstaff (13.4%) and Tucson (9.9%), and a little less in Phoenix (8.2%). Two neighboring states, California and Nevada, have seen prices explode during the past year, with gains of 18% and 23%, respectively. Other states recording double-digit gains are in the northeastern U.S., including D.C., Virginia and Florida.

Are prices now too high? One measure is the ratio of average home prices to average household disposable income. That ratio is the highest in nearly thirty years, both for new and resale housing (Exhibit 2).

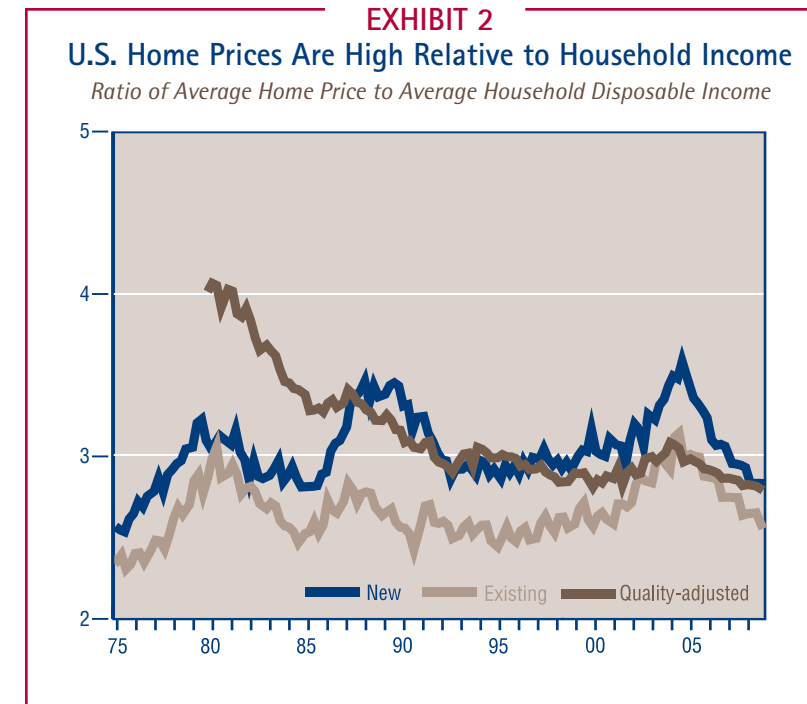
New housing prices are now 3-1/2 times household incomes. Existing housing is three times. After adjusting for quality differences, the spike is not so dramatic, but the data clearly indicate that households are committing more of their income to housing as they buy bigger and fancier houses.

Are too many houses being built? A useful measure is the comparison of the number of new houses to the increase in population.

As a long term average, the Arizona homebuilding industry supplies roughly 400 housing units for each 1,000 increase in new residents. That's 2-1/2 persons per household – close to the average number of persons per household in all existing housing. Today, about 550 housing units are being built for each 1,000 increase in population (less than 2 persons per household). Ignoring the 1980's, this has been exceeded only once – during the late 1970's bubble.

Should we worry about "investors" buying new houses? It is estimated that 15-20% of home sales in Phoenix new housing subdivisions are to investors.

As 2004 comes to a close, many builders are wisely limiting sales to "investors," who are now turning



to the resale market. Instances of multiple offers for full-price-plus are becoming commonplace, and MLS stats for average days on the market has fallen to a little more than 5 weeks.

According to real estate analysts, an "unbelievable" amount of money is currently flowing into Arizona real estate from out-of-state buyers who consider local prices to be cheap. Land prices are soaring, deals are being done simply because the financing "works," and new homes are being rationed via lotteries. These are not good signs for the long-term health of real estate markets.

Bubbles are notoriously difficult to detect until after they burst, but most analysts conclude that presently there are only a few markets nationwide that are experiencing housing bubbles. Arizona's housing markets are not on the list, but it's clear that homebuilding is above trend and that the risk of a bad ending is higher today than at any time in recent memory.

The path for Arizona's home building activity in 2005 and beyond depends on four key items:

- The flow of money into housing has been phenomenal. Any disruption in mortgage lending (such as the failure of Fannie Mae or Freddie Mac), or sudden withdrawal of "investors" from the market could precipitate a bad ending.
- Higher prices and rising interest rates will hurt affordability, and that will slow homebuilding. We expect interest rates to rise, but gradually. The key diver of affordability in recent months is rapid price increases, which have already seriously lowered affordability.
- Inventories in housing remain very low – less than a three month supply. A surge of vacancies in existing housing (including apartments) or in the number of unsold new houses could be the first indication of trouble.
- Population growth (and new household formation) has remained high during the past recession. We expect both to move higher during 2005 and that will provide solid support for housing.

All things considered, our forecast calls for a modest downturn in homebuilding in '05, although the total number for the entire year may be higher than '04 (the new year begins at a very high level).

As a result, the construction industry is expected to have a neutral effect on the economy in '05, and then become a drag the following year.

Next Year Will Bring More Balanced Growth

Our forecast for Arizona calls for much stronger job growth during 2005. We expect manufacturing to stabilize and even add a few thousand jobs. The same for the information industry, of which telecommunications is part. It's not that either will drive the economy, but rather will no longer be a drag. While professional & business services will provide the most new jobs (followed by construction, retail trade and financial activities), the fastest growing major sectors will be construction, professional & business services and financial activities.

Non farm employment will increase by 4.8% statewide in 2005, compared to a 3.1% gain in '04 – the same that's expected for '06. In absolute terms, nearly 115,000 new jobs, net, will be created in '05, and another 75,000 the following year.

Arizona's population will swell by 185,000 next year, a gain of 3.2%. The following year's gain will approach 200,000. Expect income gains in excess of eight percent next year and retail sales nearer seven percent. Next year will bring the largest percentage increases this expansion. The following year will see slower growth as the cycle matures (See forecast tables on page 4).

New initiatives in biosciences that are quite exciting include the Translational Genomics Research Institute, in which the three Arizona universities are major partners. T-Gen's mission is to discover genetic markers of disease and identify new treatments. A second initiative is a partnership between the University of Arizona, SRI International and the U.S. Food and Drug Administration to speed the testing and approval process for new drugs. Both projects hold great promise for providing new industries that will drive the economy into the future.

In summary, the Arizona economy will grow rapidly in 2005 and a little less rapidly the following year. The economy continues to be driven by large population gains and a flood of money into real estate. How the current excesses in real estate are resolved will determine in large part the course of the expansion to come; A bad ending would not be pretty, though likely not as severe as the late 1980's experience. Additionally, the manufacturing and information sectors need to regain their footing, and our export base needs to start growing again, for the economy to strengthen.

The main explanation for slow overall job creation is the continuing slide in manufacturing and telecommunications industries.

An "unbelievable" amount of money is currently flowing into Arizona real estate from out-of-state buyers. How will this episode of overinvestment end?

FORECAST TABLES

ARIZONA ECONOMIC INDICATORS

Arizona	2004	2005	2006	2007	2008	2009	2010
Personal Income (\$ mill)	160,699.3	173,797.3	185,507.6	196,708.0	208,350.1	221,528.5	236,594.0
percent change	6.9	8.2	6.7	6.0	5.9	6.3	6.8
Wage per Employee	37,950	39,488	41,012	42,599	44,207	45,871	47,622
percent change	3.8	4.1	3.9	3.9	3.8	3.8	3.8
Aggregate Retail Sales (\$ mill)*	65,315.5	69,510.2	72,622.1	75,499.4	78,679.8	82,252.7	86,415.9
percent change	8.6	6.4	4.5	4.0	4.2	4.5	5.1
Population (000s, mid-year)	5,791.0	5,978.7	6,174.7	6,357.5	6,535.5	6,716.2	6,904.2
percent change	2.9	3.2	3.3	3.0	2.8	2.8	2.8
Residential Permits	87,834.0	91,379.0	81,712.0	73,866.0	71,485.0	70,943.0	71,821.0
percent change	24.1	4.0	-10.6	-9.6	-3.2	-0.8	1.2
Non Farm Employment (000s)	2,358.6	2,472.8	2,548.4	2,601.2	2,649.2	2,705.9	2,776.8
percent change	3.1	4.8	3.1	2.1	1.8	2.1	2.6
Goods-Producing	372.5	397.4	410.6	415.7	417.3	420.8	427.8
percent change	4.0	6.7	3.3	1.3	0.4	0.8	1.7
Service-Providing	1,986.3	2,075.6	2,138.0	2,185.6	2,232.1	2,285.4	2,349.3
percent change	3.0	4.5	3.0	2.2	2.1	2.4	2.8
Trade, Trans., & Utilities	455.0	474.1	487.2	495.4	503.5	513.4	526.1
percent change	2.1	4.2	2.8	1.7	1.6	2.0	2.5
Prof. & Business Services	331.8	358.8	373.5	382.3	390.3	400.6	414.6
percent change	4.8	8.1	4.1	2.3	2.1	2.6	3.5
Leisure & Hospitality	237.0	244.7	250.2	255.5	260.8	266.7	273.2
percent change	2.3	3.3	2.2	2.1	2.1	2.3	2.4
Government	400.7	409.5	417.9	424.6	430.5	438.6	449.9
percent change	1.7	2.2	2.1	1.6	1.4	1.9	2.6
Phoenix-Mesa Metro Area							
Personal Income (\$ mill)	110,316.0	119,217.9	128,038.7	136,981.2	146,436.7	157,309.8	169,643.8
percent change	6.6	8.1	7.4	7.0	6.9	7.4	7.8
Wage per Employee	43,073	44,794	46,728	48,826	50,976	53,160	55,443
percent change	3.8	4.0	4.3	4.5	4.4	4.3	4.3
Aggregate Retail Sales (\$ mill)*	44,856.9	47,708.5	49,572.3	51,996.9	54,697.7	57,729.8	61,243.5
percent change	8.7	6.4	3.9	4.9	5.2	5.5	6.1
Population (000s, mid-year)	3,714.4	3,838.5	3,968.2	4,091.5	4,210.9	4,331.7	4,458.6
percent change	3.2	3.3	3.4	3.1	2.9	2.9	2.9
Residential Permits	67,268	70,058	61,559	53,405	51,866	52,383	54,784
percent change	22.6	4.1	-12.1	-13.2	-2.9	1.0	4.6
Non Farm Employment (000s)	1,671.7	1,751.5	1,813.0	1,859.2	1,898.0	1,943.3	1,999.2
percent change	3.2	4.8	3.5	2.6	2.1	2.4	2.9
Goods-Producing	271.9	289.1	300.6	302.7	300.7	304.1	310.4
percent change	3.3	6.3	4.0	0.7	-0.6	1.1	2.1
Service-Providing	1,399.8	1,462.4	1,512.4	1,556.6	1,597.4	1,639.3	1,688.8
percent change	3.2	4.5	3.4	2.9	2.6	2.6	3.0
Trade, Trans., & Utilities	342.9	358.0	370.2	380.3	389.7	399.8	412.0
percent change	4.1	4.4	3.4	2.8	2.5	2.6	3.0
Prof. & Business Services	273.8	291.1	304.5	314.5	322.1	329.2	339.2
percent change	6.3	6.3	4.6	3.3	2.4	2.2	3.1
Leisure & Hospitality	163.3	169.7	173.7	178.1	182.8	188.3	194.3
percent change	3.9	3.9	2.4	2.5	2.7	3.0	3.2
Government	219.7	224.7	229.5	233.7	237.5	242.2	248.7
percent change	1.4	2.3	2.2	1.8	1.6	2.0	2.7
Tucson Metro Area							
Personal Income (\$ mill)	24,125.8	25,754.6	27,607.7	29,516.9	31,643.2	34,013.9	36,531.5
percent change	5.8	6.8	7.2	6.9	7.2	7.5	7.4
Wage per Employee	35,487	36,646	38,038	39,483	40,958	42,463	44,004
percent change	3.7	3.3	3.8	3.8	3.7	3.7	3.6
Aggregate Retail Sales (\$ mill)*	9,932.3	10,514.8	11,002.1	11,503.6	12,071.9	12,712.2	13,367.9
percent change	7.7	5.9	4.6	4.6	4.9	5.3	5.2
Population (000s, mid-year)	934.7	962.2	991.4	1,019.2	1,046.1	1,072.7	1,099.2
percent change	2.6	2.9	3.0	2.8	2.6	2.5	2.5
Residential Permits	10,206	11,078	11,765	11,195	10,830	10,707	10,644
percent change	22.8	8.5	-1.1	-4.8	-3.3	-1.1	-0.6
Non Farm Employment (000s)	354.3	369.4	382.2	392.7	402.5	412.1	421.5
percent change	2.0	4.3	3.5	2.7	2.5	2.4	2.3
Goods-Producing	53.8	56.4	58.7	60.0	60.8	61.2	61.5
percent change	0.6	5.0	4.1	2.2	1.2	0.6	0.6
Service-Providing	300.5	313.0	323.5	332.7	341.8	350.9	359.9
percent change	2.2	4.2	3.3	2.8	2.7	2.7	2.6
Trade, Trans., & Utilities	55.7	57.8	59.1	60.3	61.6	63.2	64.8
percent change	1.8	3.9	2.2	1.9	2.3	2.6	2.6
Prof. & Business Services	42.4	45.2	49.0	52.3	54.9	57.2	59.2
percent change	2.1	6.7	8.4	6.6	4.9	4.2	3.6
Leisure & Hospitality	37.4	39.9	41.2	42.4	43.7	45.1	46.6
percent change	2.9	6.5	3.3	2.9	3.1	3.3	3.3
Government	78.5	79.8	81.0	82.2	83.4	84.6	86.0
percent change	0.1	1.7	1.5	1.5	1.5	1.5	1.6

* Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.
Source: Economic and Business Research Center, Eller College of Management, The University of Arizona

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
APACHE COUNTY							
Civilian Labor Force, ADES	22,825	22,500	23,275	23,450	23,350	8.9	2.0
Employment	19,075	18,800	20,000	20,600	20,700	10.3	2.7
Unemployment	3,750	3,700	3,275	2,850	2,650	-0.9	-2.2
Unemployment Rate (%)	16.4	16.4	14.1	12.2	11.3	-9.0	-4.0
Employees on Nonagricultural Payrolls, ADES							
Total	19,200	18,575	19,950	20,825	20,900	8.4	1.7
Total Private	6,525	6,375	6,600	6,650	6,600	5.2	1.8
Goods-Producing	625	725	750	775	775	19.2	-3.5
Service-Providing	18,575	17,850	19,200	20,050	20,125	8.1	1.9
Trade, Transportation, and Utilities	2,050	2,000	2,000	2,000	2,000	6.7	8.1
Other Private Service-Providing	3,850	3,650	3,850	3,875	3,825	2.0	-0.3
Government	12,675	12,200	13,350	14,175	14,300	10.0	1.6
Federal Government	3,125	2,775	3,125	3,150	3,100	6.9	2.5
State and Local Government	9,550	9,425	10,225	11,025	11,200	10.9	1.4
Sales (\$000s) ADOR							
Gross Retail	12,293	11,803	11,837	12,165	...	10.9	8.7
Retail	6,133	5,590	5,551	5,364	...	2.7	5.2
Restaurants & Bars	961	1,070	999	1,027	...	7.1	9.6
Gasoline, EBR	5,199	5,143	5,287	5,775	...	20.5	12.3
Gallons (000s) ADOT	2,573	2,667	2,749	2,936	...	13.5	-0.8
Contracting	5,000	7,279	8,908	6,902	...	-1.5	-8.8
Hotel/Motel	979	1,268	1,197	1,270	...	41.9	-6.6
New Housing Units Authorized, Census C-40							
Total Units	14	11	8	7	6	-33.3	38.5
Single Family Units	14	11	8	7	6	-33.3	38.5
NAVAJO COUNTY							
Civilian Labor Force, ADES	38,275	38,650	39,050	38,525	38,025	6.2	3.5
Employment	33,675	34,000	34,750	34,550	34,350	6.3	3.7
Unemployment	4,600	4,650	4,300	3,975	3,675	5.0	2.2
Unemployment Rate (%)	12.0	12.0	11.0	10.3	9.7	-1.1	-1.2
Employees on Nonagricultural Payrolls, ADES							
Total	29,225	28,875	29,925	30,075	29,875	4.5	2.6
Total Private	18,550	18,525	18,950	18,650	18,450	3.5	3.9
Goods-Producing	3,250	3,300	3,275	3,200	3,200	-7.2	-2.4
Natural Resources and Mining	825	825	825	825	825	-13.2	-8.3
Construction	1,650	1,700	1,675	1,625	1,625	-5.8	1.7
Manufacturing	775	775	775	750	750	-3.2	-3.7
Service-Providing	25,975	25,575	26,650	26,875	26,675	6.2	3.3
Trade, Transportation, and Utilities	5,750	5,750	5,725	5,625	5,625	1.4	3.8
Information	675	675	675	675	650	8.3	11.7
Financial Activities	825	825	850	825	800	0.0	11.3
Professional and Business Services	1,000	1,025	1,050	1,025	1,025	10.8	7.0
Educational and Health Services	3,250	3,075	3,450	3,475	3,475	15.8	11.2
Leisure and Hospitality	2,975	3,050	3,075	2,975	2,825	2.7	-0.5
Other Services	825	825	850	850	850	13.3	2.1
Government	10,675	10,350	10,975	11,425	11,425	6.3	0.6
Federal Government	1,800	1,675	1,800	1,850	1,800	12.5	2.4
State and Local Government	8,875	8,675	9,175	9,575	9,625	5.2	0.3
Sales (\$000s) ADOR							
Gross Retail	80,827	75,352	76,387	78,227	...	13.3	8.4
Retail	60,469	55,064	57,859	59,713	...	15.3	5.9
Restaurants & Bars	7,071	7,770	7,132	6,822	...	-4.2	5.1
Gasoline, EBR	13,287	12,518	11,396	11,693	...	15.2	24.9
Gallons (000s) ADOT	6,577	6,491	5,924	5,944	...	8.5	11.4
Contracting	15,717	13,089	13,320	15,874	...	6.7	5.3
Hotel/Motel	3,092	3,251	2,932	2,676	...	-4.9	-3.1
New Housing Units Authorized, Census C-40							
Total Units	41	50	50	59	35	-16.7	23.0
Single Family Units	41	50	50	27	35	-16.7	14.5

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
GRAHAM COUNTY							
Civilian Labor Force, ADES							
Employment	10,650	10,425	10,775	11,175	11,000	-1.3	-1.9
Unemployment	9,900	9,725	10,125	10,400	10,300	-1.4	-1.2
Unemployment Rate (%)	7.0	6.7	6.0	6.9	6.4	0.0	-11.1
Employees on Nonagricultural Payrolls, ADES							
Total	6,475	6,325	6,750	7,025	7,075	2.2	-1.3
Total Private	4,225	4,200	4,275	4,275	4,225	-0.6	-0.9
Goods-Producing	475	475	500	500	475	5.6	-3.5
Service-Providing	6,000	5,850	6,250	6,525	6,600	1.9	-1.2
Trade, Transportation, and Utilities	1,375	1,350	1,350	1,350	1,350	-3.6	0.9
Other Private Service-Providing	2,375	2,375	2,425	2,425	2,400	0.0	-1.4
Government	2,250	2,125	2,475	2,750	2,850	6.5	-2.1
Federal Government	325	325	325	325	325	0.0	-5.6
State and Local Government	1,925	1,800	2,150	2,425	2,525	7.4	-1.5
Sales (\$000s) ADOR							
Gross Retail	16,499	15,123	14,203	15,902	...	17.5	4.4
Retail	13,372	12,046	11,088	12,440	...	12.9	4.2
Restaurants & Bars	1,314	1,329	1,417	1,458	...	46.4	0.6
Gasoline, EBR	1,813	1,748	1,697	2,004	...	31.9	8.6
Gallons (000s) ADOT	897	906	882	1,019	...	24.2	-4.1
Contracting	2,713	3,359	2,148	2,305	...	-21.9	-17.7

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
COCONINO COUNTY							
Civilian Labor Force, ADES							
Employment	70,675	72,300	71,125	70,400	69,525	3.3	2.4
Unemployment	66,050	67,600	66,925	66,500	65,825	3.5	2.6
Unemployment Rate (%)	4,625	4,700	4,200	3,900	3,700	0.0	-0.3
Unemployment Rate (%)	6.5	6.5	5.9	5.5	5.3	-3.2	-2.5
Employees on Nonagricultural Payrolls, ADES							
Total	59,350	59,650	59,750	60,550	60,375	1.6	1.3
Total Private	41,300	41,525	41,550	41,450	41,275	2.8	2.6
Goods-Producing	5,950	6,050	6,025	6,025	6,350	8.1	3.2
Natural Resources and Mining	125	125	125	125	125	-16.7	-14.3
Construction	2,775	2,850	2,800	2,775	2,900	3.6	3.1
Manufacturing	3,050	3,075	3,100	3,125	3,325	13.7	4.2
Service-Providing	53,400	53,600	53,725	54,525	54,025	0.8	1.1
Trade, Transportation, and Utilities	9,400	9,450	9,375	9,425	9,400	-2.6	0.5
Information	525	525	550	550	500	11.1	7.7
Financial Activities	1,550	1,550	1,575	1,550	1,500	3.4	1.0
Professional and Business Services	3,350	3,300	3,375	3,275	3,300	8.2	7.1
Educational and Health Services	7,125	7,075	7,200	7,325	7,375	7.3	6.3
Leisure and Hospitality	11,675	11,875	11,725	11,550	11,125	0.2	1.0
Other Services	1,725	1,700	1,725	1,750	1,725	1.5	-0.4
Government	18,050	18,125	18,200	19,100	19,100	-1.0	-1.3
Federal Government	3,450	3,500	3,675	3,625	3,325	-1.5	-3.0
State and Local Government	14,600	14,625	14,525	15,475	15,775	-0.9	-0.9
Sales (\$000s) ADOR							
Gross Retail	137,673	136,758	127,048	122,744	...	10.1	7.1
Retail	89,142	88,127	81,377	79,364	...	11.0	6.6
Restaurants & Bars	27,015	27,584	26,934	25,903	...	10.2	7.7
Gasoline, EBR	21,516	21,047	18,737	17,478	...	6.1	8.8
Gallons (000s) ADOT	10,650	10,913	9,740	8,885	...	-0.1	-5.1
Contracting	27,608	24,867	26,053	26,793	...	-20.7	-1.1
Hotel/Motel	21,022	23,019	20,541	19,985	...	9.2	9.9
New Housing Units Authorized, Census C-40							
Total Units	74	105	69	56	70	-2.8	-16.8
Single Family Units	74	105	69	53	70	2.9	19.0

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
GREENLEE COUNTY							
Civilian Labor Force, ADES							
Employment	3,675	3,750	3,700	3,650	3,675	0.7	-2.5
Unemployment	3,500	3,575	3,525	3,450	3,500	2.9	-0.3
Unemployment Rate (%)	175	175	175	200	175	-30.0	-29.2
Unemployment Rate (%)	4.8	4.7	4.7	5.5	4.8	-30.5	-27.2
Employees on Nonagricultural Payrolls, ADES							
Total	3,375	3,450	3,425	3,425	3,525	5.2	-0.6
Total Private	2,825	2,900	2,875	2,875	2,975	5.3	-1.4
Goods-Producing	2,250	2,300	2,300	2,325	2,400	5.5	-0.7
Service-Providing	1,125	1,150	1,125	1,100	1,125	4.7	-0.4
Trade, Transportation, and Utilities	225	250	250	225	250	11.1	-3.5
Other Private Service-Providing	350	350	325	325	325	0.0	-4.2
Government	550	550	550	550	550	4.8	3.6
Federal Government	50	50	50	50	50	0.0	20.0
State and Local Government	500	500	500	500	500	5.3	2.1
Sales (\$000s) ADOR							
Gross Retail	11,104	4,981	8,853	8,247	...	37.6	19.6
Retail	10,424	4,304	8,194	7,618	...	41.3	19.3
Restaurants & Bars	235	255	191	209	...	14.3	9.2
Gasoline, EBR	444	422	468	420	...	0.6	32.3
Gallons (000s) ADOT	220	219	243	214	...	-5.2	18.8
Contracting	713	673	972	1,515	...	114.2	-35.5
Hotel/Motel*	421	269	394	372	...	18.9	5.0

* Includes Graham County data.

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
YAVAPAI COUNTY							
Civilian Labor Force, ADES							
Employment	86,600	86,350	87,125	86,600	87,425	4.8	4.3
Unemployment	84,225	84,000	84,800	84,175	85,050	5.2	4.7
Unemployment Rate (%)	2,375	2,350	2,325	2,425	2,375	-7.8	-8.1
Unemployment Rate (%)	2.7	2.7	2.7	2.8	2.7	-12.0	-11.9
Employees on Nonagricultural Payrolls, ADES							
Total	56,075	55,175	56,450	57,125	57,425	4.0	4.0
Total Private	45,275	44,950	45,375	45,525	45,725	4.3	3.6
Goods-Producing	10,000	10,000	10,025	10,000	10,050	2.6	2.0
Natural Resources and Mining	1,150	1,175	1,150	1,175	1,175	17.5	15.3
Construction	5,600	5,575	5,650	5,600	5,675	1.8	1.5
Manufacturing	3,250	3,250	3,225	3,225	3,200	-0.8	-1.1
Service-Providing	46,075	45,175	46,425	47,125	47,375	4.3	4.5
Trade, Transportation, and Utilities	10,025	10,000	10,075	10,225	10,450	1.7	0.8
Information	675	675	675	675	650	-3.7	2.2
Financial Activities	2,025	1,975	2,000	2,000	2,000	5.3	5.9
Professional and Business Services	4,575	4,450	4,550	4,325	4,350	8.8	5.9
Educational and Health Services	9,025	8,925	9,150	9,250	9,250	8.5	10.3
Leisure and Hospitality	7,275	7,225	7,150	7,300	7,200	2.9	1.4
Other Services	1,675	1,700	1,750	1,750	1,775	7.6	-1.5
Government	10,800	10,225	11,075	11,600	11,700	2.6	6.0
Federal Government	1,300	1,325	1,325	1,300	1,300	0.0	2.6
State and Local Government	9,500	8,900	9,750	10,300	10,400	3.0	6.4
Sales (\$000s) ADOR							
Gross Retail	147,938	143,836	144,673	143,527	...	10.7	10.0
Retail	113,823	109,765	111,598	110,150	...	10.7	9.8
Restaurants & Bars	18,648	19,064	18,515	18,892	...	9.8	6.7
Gasoline, EBR	15,468	15,007	14,560	14,484	...	12.2	16.5
Gallons (000s) ADOT	7,656	7,781	7,569	7,363	...	5.7	4.2
Contracting	55,820	59,972	53,240	54,975	...	26.9	12.9
Hotel/Motel	6,949	7,064	6,516	8,755	...	35.0	-0.3
New Housing Units Authorized, Census C-40							
Total Units	330	528	262	250	262	7.8	20.9
Single Family Units	308	410	248	236	258	14.2	24.9

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
GILA COUNTY							
Civilian Labor Force, ADES	18,675	18,925	19,175	19,000	18,875	0.7	-1.0
Employment	17,400	17,725	18,000	17,725	17,675	1.6	0.1
Unemployment	1,275	1,200	1,175	1,275	1,200	-11.1	-14.8
Unemployment Rate (%)	6.8	6.3	6.1	6.7	6.4	-11.7	-13.9
Employees on Nonagricultural Payrolls, ADES							
Total	13,575	13,600	13,900	13,850	13,775	-0.7	-1.0
Total Private	8,675	8,800	8,775	8,625	8,575	-3.1	-1.5
Goods-Producing	2,025	2,025	2,000	1,975	1,950	-6.0	-6.7
Service-Providing	11,550	11,575	11,900	11,875	11,825	0.2	0.1
Trade, Transportation, and Utilities	2,100	2,075	2,075	2,050	2,050	-4.7	-0.6
Other Private Service-Providing	4,550	4,700	4,700	4,600	4,575	-1.1	0.6
Government	4,900	4,800	5,125	5,225	5,200	3.5	-0.2
Federal Government	600	625	600	600	525	0.0	-4.9
State and Local Government	4,300	4,175	4,525	4,625	4,675	3.9	0.4
Sales (\$000s) ADOR							
Gross Retail	31,256	29,316	29,411	28,763	...	1.2	5.3
Retail	21,458	19,518	19,417	19,085	...	-2.6	1.0
Restaurants & Bars	4,438	4,680	4,564	4,352	...	12.0	7.1
Gasoline, EBR	5,360	5,118	5,431	5,326	...	8.3	25.0
Gallons (000s) ADOT	2,653	2,654	2,823	2,708	...	2.0	12.7
Contracting	10,129	7,846	8,011	9,435	...	16.9	10.6
Hotel/Motel	1,023	1,172	994	916	...	-2.9	4.6

MOHAVE COUNTY							
Civilian Labor Force, ADES	79,600	81,025	80,900	80,950	82,000	7.0	5.0
Employment	76,450	78,075	78,000	78,025	79,075	8.3	6.0
Unemployment	3,150	2,950	2,900	2,925	2,925	-19.3	-13.7
Unemployment Rate (%)	4.0	3.6	3.6	3.6	3.6	-24.6	-17.7
Employees on Nonagricultural Payrolls, ADES							
Total	47,400	47,050	48,050	48,575	48,700	3.9	2.6
Total Private	40,550	40,550	40,850	41,075	41,200	3.9	3.5
Goods-Producing	9,050	8,950	9,125	9,150	9,125	-5.2	0.1
Natural Resources and Mining	100	100	100	100	100	0.0	0.0
Construction	5,500	5,400	5,525	5,475	5,475	-9.9	-2.7
Manufacturing	3,450	3,450	3,500	3,575	3,550	2.9	5.1
Service-Providing	38,350	38,100	38,925	39,425	39,575	6.2	3.2
Trade, Transportation, and Utilities	10,675	10,600	10,600	10,725	10,900	2.3	1.7
Information	900	900	875	875	850	0.0	1.0
Financial Activities	2,100	2,125	2,100	2,100	2,100	7.7	11.2
Professional and Business Services	3,850	3,825	3,875	3,925	3,900	16.4	9.7
Educational and Health Services	5,450	5,550	5,725	5,800	5,950	6.3	0.3
Leisure and Hospitality	6,350	6,425	6,325	6,300	6,225	11.2	10.3
Other Services	2,175	2,175	2,225	2,200	2,150	6.2	3.4
Government	6,850	6,500	7,200	7,500	7,500	3.8	-2.3
Federal Government	550	525	525	525	525	5.0	1.2
State and Local Government	6,300	5,975	6,675	6,975	6,975	3.7	-2.6
Sales (\$000s) ADOR							
Gross Retail	146,532	145,435	133,813	139,474	...	13.6	11.7
Retail	110,738	106,753	98,865	103,030	...	9.6	10.4
Restaurants & Bars	14,957	16,005	13,844	15,946	...	18.2	9.7
Gasoline, EBR	20,838	22,677	21,104	20,499	...	33.9	22.0
Gallons (000s) ADOT	10,314	11,758	10,971	10,420	...	26.1	8.2
Contracting	47,547	47,032	46,500	51,101	...	52.8	42.5
Hotel/Motel	4,528	4,719	4,106	3,888	...	21.1	11.8
New Housing Units Authorized, Census C-40							
Total Units	316	380	437	351	283	-13.5	7.0
Single Family Units	310	340	403	319	273	-6.2	12.4

LA PAZ COUNTY							
Civilian Labor Force, ADES	7,200	6,875	6,775	6,700	6,550	-5.8	-1.0
Employment	6,725	6,425	6,300	6,200	6,075	-7.3	-1.8
Unemployment	475	450	475	500	475	18.8	2.8
Unemployment Rate (%)	6.6	6.5	7.0	7.5	7.3	26.0	3.9
Employees on Nonagricultural Payrolls, ADES							
Total	4,875	4,700	4,725	4,700	4,725	0.0	-0.6
Total Private	2,525	2,525	2,475	2,450	2,500	7.5	-2.7
Goods-Producing	375	375	325	300	300	20.0	5.7
Service-Providing	4,500	4,325	4,400	4,400	4,425	-1.1	-1.0
Trade, Transportation, and Utilities	1,050	1,075	1,075	1,075	1,100	2.3	-9.3
Other Private Service-Providing	1,100	1,075	1,075	1,075	1,100	10.0	2.4
Government	2,350	2,175	2,250	2,250	2,225	-7.3	1.8
Federal Government	200	200	225	225	225	50.0	19.5
State and Local Government	2,150	1,975	2,025	2,025	2,000	-11.1	0.5
Sales (\$000s) ADOR							
Gross Retail	16,343	15,240	14,254	13,534	...	15.9	13.5
Retail	8,974	7,592	7,326	7,334	...	17.2	11.3
Restaurants & Bars	1,826	2,001	1,671	1,714	...	4.8	10.1
Gasoline, EBR	5,543	5,647	5,258	4,486	...	18.5	19.2
Gallons (000s) ADOT	2,744	2,928	2,733	2,280	...	11.6	6.5
Contracting	2,402	1,962	1,356	1,600	...	-6.6	58.8
Hotel/Motel	463	588	491	400	...	-11.5	1.2

YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES	78,450	79,825	81,350	80,075	77,850	3.9	1.3
Employment	56,850	55,950	57,075	57,975	59,475	2.9	2.2
Unemployment	21,600	23,875	24,275	22,100	18,375	7.0	-1.7
Unemployment Rate (%)	27.5	29.9	29.8	27.6	23.6	3.0	-2.8
Employees on Nonagricultural Payrolls, ADES							
Total	43,725	42,900	44,600	45,650	47,625	7.6	2.6
Total Private	31,750	31,625	31,825	32,450	34,225	9.0	2.6
Goods-Producing	6,050	6,050	6,050	6,125	6,225	1.6	4.3
Natural Resources and Mining	25	25	25	25	25	0.0	0.0
Construction	4,175	4,200	4,250	4,325	4,375	17.4	15.0
Manufacturing	1,850	1,825	1,775	1,775	1,825	-23.2	-10.6
Service-Providing	37,675	36,850	38,550	39,525	41,400	8.5	2.3
Trade, Transportation, and Utilities	8,125	8,050	8,000	8,200	9,375	13.6	-1.2
Information	950	925	950	950	925	-9.8	-2.5
Financial Activities	1,225	1,200	1,200	1,275	1,300	2.0	-4.1
Professional and Business Services	4,075	4,050	3,975	4,150	4,200	11.3	13.2
Educational and Health Services	5,700	5,675	5,875	5,900	6,025	8.6	5.3
Leisure and Hospitality	4,250	4,275	4,375	4,450	4,700	15.3	-0.1
Other Services	1,375	1,400	1,400	1,400	1,475	11.3	-0.1
Government	11,975	11,275	12,775	13,200	13,400	4.1	2.5
Federal Government	2,925	2,950	2,950	2,925	2,925	4.5	3.5
State and Local Government	9,050	8,325	9,825	10,275	10,475	4.0	2.2
Sales (\$000s) ADOR							
Gross Retail	102,780	98,090	99,112	110,407	...	17.4	9.7
Retail	76,507	72,808	74,683	85,209	...	18.0	8.8
Restaurants & Bars	11,245	10,299	10,019	10,751	...	15.8	9.4
Gasoline, EBR	15,028	14,983	14,409	14,447	...	15.5	15.7
Gallons (000s) ADOT	7,439	7,769	7,490	7,344	...	8.7	2.5
Contracting	38,770	30,672	33,309	31,875	...	25.0	26.8
Hotel/Motel	2,256	2,310	2,206	2,568	...	-1.0	11.1
New Housing Units Authorized, Census C-40							
Total Units	252	168	233	188	248	53.1	30.3
Single Family Units	165	168	233	188	184	13.6	28.2

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	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
SANTA CRUZ COUNTY							
Civilian Labor Force, ADES							
Employment	15,050	15,125	15,600	15,750	15,675	3.0	2.6
Unemployment	13,275	12,675	12,950	12,800	12,975	1.4	2.3
Unemployment Rate (%)	1,775	2,450	2,650	2,950	2,700	11.3	4.6
Unemployment Rate (%)	11.8	16.2	17.0	18.7	17.2	8.1	2.1
Employees on Nonagricultural Payrolls, ADES							
Total	12,650	11,850	12,250	12,250	12,450	1.0	1.7
Total Private	9,275	8,725	8,700	8,675	8,950	1.7	0.8
Goods-Producing	1,350	1,325	1,400	1,375	1,350	0.0	-1.8
Service-Providing	11,300	10,525	10,850	10,875	11,100	1.1	2.1
Trade, Transportation, and Utilities	5,100	4,575	4,475	4,450	4,775	1.1	1.8
Other Private Service-Providing	2,825	2,825	2,825	2,850	2,825	3.7	0.3
Government	3,375	3,125	3,550	3,575	3,500	-0.7	4.1
Federal Government	1,175	1,175	1,150	1,150	1,100	-4.3	1.8
State and Local Government	2,200	1,950	2,400	2,425	2,400	1.1	5.2
Sales (\$000s) ADOR							
Gross Retail	32,476	30,639	30,700	29,487	...	10.0	7.7
Retail	24,683	22,938	23,212	22,262	...	9.7	5.7
Restaurants & Bars	3,093	2,842	2,636	2,533	...	21.5	4.5
Gasoline, EBR	4,700	4,859	4,851	4,693	...	5.7	22.1
Gallons (000s) ADOT	2,327	2,519	2,522	2,386	...	-0.5	9.9
Contracting	6,811	4,584	6,336	6,626	...	1.9	19.1
Hotel/Motel	874	564	547	1,056	...	65.8	9.7
New Housing Units Authorized, Census C-40							
Total Units	53	39	54	62	48	9.1	10.6
Single Family Units	53	36	54	60	46	35.3	15.3

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
COCHISE COUNTY							
Civilian Labor Force, ADES							
Employment	47,075	47,325	47,500	47,650	47,900	4.0	1.5
Unemployment	45,125	45,300	45,575	45,650	46,000	4.4	2.6
Unemployment Rate (%)	1,950	2,025	1,925	2,000	1,900	-3.8	-17.9
Unemployment Rate (%)	4.1	4.3	4.1	4.2	4.0	-7.5	-19.1
Employees on Nonagricultural Payrolls, ADES							
Total	34,225	34,000	34,750	35,350	35,750	4.6	2.1
Total Private	22,825	23,075	23,200	23,325	23,650	4.9	2.1
Goods-Producing	3,250	3,275	3,325	3,450	3,625	9.0	1.4
Natural Resources and Mining	50	25	25	25	25	-50.0	-16.7
Construction	2,275	2,325	2,350	2,350	2,475	8.8	1.7
Manufacturing	925	925	950	1,075	1,125	12.5	1.8
Service-Providing	30,975	30,725	31,425	31,900	32,125	4.1	2.2
Trade, Transportation, and Utilities	6,325	6,225	6,250	6,325	6,425	4.0	2.3
Information	450	475	450	450	450	-5.3	-4.8
Financial Activities	925	950	950	925	950	8.6	4.8
Professional and Business Services	3,550	3,700	3,750	3,675	3,650	7.4	4.3
Educational and Health Services	3,775	3,850	3,825	3,800	3,800	4.8	5.4
Leisure and Hospitality	3,475	3,525	3,575	3,600	3,625	0.7	-2.1
Other Services	1,075	1,075	1,075	1,100	1,125	4.7	-0.6
Government	11,400	10,925	11,550	12,025	12,100	4.1	2.3
Federal Government	4,900	5,000	5,050	5,000	4,900	3.7	5.8
State and Local Government	6,500	5,925	6,500	7,025	7,200	4.3	-0.1
Sales (\$000) ADOR							
Gross Retail	73,748	73,319	73,921	70,929	...	3.2	8.7
Retail	55,624	54,720	55,449	53,155	...	-0.1	4.0
Restaurants & Bars	9,004	8,900	8,530	7,921	...	2.6	18.1
Gasoline, EBR	9,120	9,699	9,942	9,854	...	26.4	36.7
Gallons (000s) ADOT	4,514	5,029	5,168	5,009	...	19.1	20.2
Contracting	17,773	17,008	19,337	18,111	...	-0.8	6.5
Hotel/Motel	2,040	2,199	2,038	2,007	...	4.7	15.3
New Housing Units Authorized, Census C-40							
Total Units	97	92	89	85	76	-2.6	24.5
Single Family Units	97	92	89	85	76	-2.6	23.6

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES							
Employment	431.6	431.0	433.5	437.9	442.8	3.6	1.8
Unemployment	415.0	414.7	418.0	421.2	426.1	3.8	2.5
Unemployment Rate, Seas. Adj. (%)	16.6	16.3	15.5	16.7	16.7	-1.8	-13.3
Unemployment Rate, Seas. Adj. (%)	3.7	3.5	3.5	3.8	3.8	-5.0	-14.9
Employees on Nonagricultural Payrolls (000s) ADES							
Total	344.9	338.1	344.4	352.9	358.2	2.3	1.4
Natural Resources and Mining	1.2	1.2	1.2	1.3	1.3	18.2	-2.1
Construction	23.6	23.6	23.8	24.0	24.6	6.0	3.3
Manufacturing	28.5	28.4	28.4	28.3	28.2	-1.1	-1.8
Computer and Electronic Prod.	5.3	5.3	5.3	5.3	5.2	-1.9	-2.3
Aerospace Products and Parts	11.3	11.3	11.3	11.2	11.1	-2.6	-2.9
Wholesale Trade	7.2	7.3	7.2	7.2	7.2	0.0	-0.2
Retail Trade	38.8	38.5	38.8	38.8	39.4	-0.3	0.7
Transp., Warehousing, and Utilities	7.9	7.9	7.9	7.9	8.0	3.9	0.8
Information	7.7	7.7	7.7	7.7	7.8	2.6	1.4
Financial Activities	15.5	15.6	16.0	16.2	16.5	7.8	4.2
Professional and Business Services	41.4	41.5	41.8	42.3	42.6	0.9	1.2
Educational and Health Services	47.4	47.3	47.6	48.0	48.3	3.9	5.1
Arts, Entertainment, and Recreation	4.8	4.6	4.5	4.7	4.8	-7.7	0.8
Accommodation	7.6	7.5	7.6	7.8	8.2	10.8	4.1
Food Svcs and Drinking Places	24.4	23.9	24.4	24.9	25.3	6.8	1.4
Other Services	15.0	15.0	14.8	14.8	14.8	2.1	1.7
Federal Government	10.1	10.1	10.4	10.3	10.4	5.1	5.9
State and Local Government	63.8	58.0	62.3	68.7	70.8	0.1	-1.2
State and Local Government Education	40.4	34.5	39.5	46.2	48.4	1.5	0.9
Sales (\$000s) ADOR							
Aggregate Retail Sales	799,480	781,107	798,265	784,466	...	6.7	8.6
Retail	535,181	529,106	544,653	526,837	...	7.9	6.9
Food, EBR	109,880	105,741	105,928	108,710	...	5.5	18.8
Restaurants & Bars	93,855	86,139	88,465	89,127	...	6.6	8.8
Gasoline, EBR	60,564	60,122	59,219	59,793	...	-1.1	7.0
Contracting	159,880	151,491	160,189	156,852	...	11.1	9.3
Hotel/Motel	19,126	16,368	16,233	17,909	...	9.4	3.6
New Housing Units Authorized, Census C-40 adjusted by EBR							
Total Units	937	1,212	1,039	918	828	0.9	30.9
Single Family Units	856	892	856	848	716	-9.9	23.5
2-5-plus Unit Structures	81	320	183	70	112	326.8	144.6
Housing Sales and Prices, TAR							
Total Sales (\$000s)	365,563	311,318	300,961	264,331	273,555	25.2	27.7
Total Units	1,718	1,530	1,468	1,274	1,295	10.4	15.2
Average Price (\$)	212,784	203,476	205,014	207,481	211,240	13.4	10.2
Tucson International Airport, TAA							
Total Passengers	300,155	303,272	284,098	273,606	327,069	13.2	5.4
Total Aircraft Movements	19,904	20,065	20,439	19,186	22,685	12.8	-3.2

	III 2003	IV 2003	I 2004	II 2004	III 2004	% change versus year ago for most recent:	
						quarter	4-quarters
TUCSON METROPOLITAN REGION (PIMA COUNTY) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	914.0	919.9	925.8	931.8	937.7	2.6	2.5
Natural Increase	1.3	1.2	1.2	1.2	1.2	-3.6	-0.2
Births	3.2	3.2	3.2	3.2	3.2	0.0	0.8
Deaths	1.9	1.9	1.9	1.9	2.0	2.4	1.4
Net Migration	4.5	4.7	4.7	4.7	4.7	5.1	17.2
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	22,896	23,263	23,631	23,961	24,291	6.1	5.3
Earnings by Place of Work	15,508	15,745	15,982	16,204	16,425	5.9	5.4
Less: Contributions for Social Insurance	1,771	1,804	1,837	1,868	1,899	7.2	6.6
Plus: Adjustment for Residence	106	108	109	111	112	5.8	5.6
Plus: Dividends, Interest & Rents	4,877	4,967	5,057	5,129	5,201	6.6	4.6
Plus: Transfer Payments	4,176	4,247	4,319	4,385	4,451	6.6	6.2
Per Capita Personal Income (\$, SAAR) EBR	25,050	25,288	25,524	25,715	25,904	3.4	2.6

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES							
Employment	1,778.2	1,791.6	1,794.8	1,784.0	1,797.7	3.8	3.4
Unemployment	77.4	72.5	73.0	76.9	74.9	-9.2	-17.7
Unemployment Rate, Seas. Adj. (%)	4.0	3.7	3.7	4.0	4.0	-11.1	-19.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1,639.7	1,622.6	1,644.1	1,660.8	1,678.9	2.4	2.4
Natural Resources and Mining	2.0	2.0	2.0	2.0	2.1	5.0	0.8
Construction	145.0	145.8	146.4	147.1	147.9	9.6	10.3
Durable Goods	101.5	101.3	101.5	101.4	101.5	0.5	-1.1
Fabricated Metal Products	13.1	13.0	13.1	13.0	13.1	2.3	1.5
Computer and Electronic Prod.	35.3	35.4	35.2	34.9	34.8	-2.8	-6.2
Aerospace Products and Parts	14.5	14.5	14.6	14.7	14.7	0.0	-0.8
Non-Durable Goods	26.8	26.5	26.6	26.7	26.6	-2.6	-2.2
Wholesale Trade	76.2	75.7	75.7	75.6	75.5	-2.3	-1.9
Retail Trade	194.6	193.6	194.4	194.1	197.3	2.3	3.1
Utilities	8.0	8.1	8.1	8.0	8.0	0.0	2.3
Transportation and Warehousing	51.5	51.5	51.4	51.5	52.9	1.3	0.0
Information	35.2	34.9	34.0	33.5	33.8	-7.7	-6.2
Finance and Insurance	102.6	102.4	102.6	102.8	103.6	1.6	1.9
Real Estate, Rental, and Leasing	33.1	32.8	32.9	32.9	33.1	0.0	0.0
Professional and Business Services	265.5	265.7	266.9	265.8	268.0	1.8	2.6
Educational Services	27.6	26.1	27.8	29.1	30.0	11.5	14.6
Health Care and Social Assistance	143.0	142.4	142.7	143.0	143.0	2.4	3.4
Arts, Entertainment, and Recreation	20.1	19.3	19.3	19.9	20.5	2.0	0.1
Accommodation	26.8	26.2	26.1	26.5	27.3	3.4	0.9
Food Svcs and Drinking Places	110.1	107.5	108.6	109.5	111.5	2.8	2.0
Other Services	63.1	63.2	63.4	63.6	63.7	3.7	1.7
Federal Government	21.6	21.7	21.8	21.8	22.0	1.9	0.0
State and Local Government	185.4	175.9	191.9	206.0	210.6	3.0	2.2
State and Local Government Education	86.7	77.2	94.3	108.9	112.2	3.6	4.0
Sales (\$000s) ADOR							
Aggregate Retail Sales	3,718,399	3,583,966	3,531,867	3,668,377	...	10.3	10.7
Retail	2,562,574	2,428,935	2,420,951	2,532,928	...	11.8	8.7
Food, EBR	474,480	456,604	457,412	469,427	...	6.3	22.1
Restaurants & Bars	424,068	388,755	392,918	409,204	...	5.7	8.7
Gasoline, EBR	257,277	309,672	260,585	256,817	...	10.2	15.9
Contracting	919,725	856,040	942,756	933,217	...	20.5	17.8
Hotel/Motel	67,364	54,506	54,362	71,104	...	20.0	6.1
New Housing Units Authorized, Census C-40							
Total Units	5,939	7,038	5,282	5,284	5,238	1.9	23.9
Single Family Units	5,590	6,291	4,998	4,761	4,510	15.3	25.8
2-4 Unit Structures	214	109	160	62	70	-76.2	117.4
5-plus Unit Structures	135	638	124	461	658	-29.8	0.4
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	2,245,461	1,937,221	1,947,960	1,893,821	1,833,257	0.0	29.7
Total Units	9,530	8,684	8,695	8,351	7,836	26.1	20.4
Average Price (\$)	235,620	223,079	224,032	226,778	233,953	-20.7	7.4
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	3,430,314	3,591,777	3,373,538	3,022,417	3,391,626	7.7	4.5
Total Aircraft Movements	44,831	46,027	46,073	44,372	46,218	-0.9	-0.2

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
ASPB: Arizona State Parks Board
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 Center, The University of Arizona
NPS: National Park Service, U.S. Department of the Interior

PSIA: Phoenix Skyharbor International Airport
SAAR: Seasonally adjusted at annual rates
TAA: Tucson Airport Authority
TAR: Tucson Association of Realtors
U.S. Bankruptcy Court, District of Arizona
USBCBP: U.S. Bureau of Customs and Border Protection, U.S. Department of Homeland Security

PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL COUNTY) - QUARTERLY DATA

	III 2003	IV 2003	I 2004	II 2004	III 2004	% change versus year ago for most recent:	
						quarter	4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	3,613.0	3,642.0	3,670.9	3,699.9	3,728.9	3.2	3.2
Natural Increase	9.1	9.0	8.9	8.9	8.9	-2.3	0.5
Births	15.3	15.3	15.3	15.3	15.3	0.1	1.3
Deaths	6.2	6.2	6.3	6.4	6.4	3.8	2.3
Net Migration	19.5	19.9	20.0	20.1	20.1	3.1	6.7
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	104,156	105,967	107,752	109,461	111,171	6.7	6.2
Earnings by Place of Work	83,668	85,185	86,664	88,126	89,589	7.1	6.8
Less: Contributions for Social Insurance	9,271	9,470	9,665	9,855	10,046	8.4	8.0
Plus: Adjustment for Residence	-24	-23	-22	-20	-19	22.9	22.2
Plus: Dividends, Interest & Rents	16,151	16,398	16,649	16,848	17,046	5.5	3.8
Plus: Transfer Payments	13,632	13,877	14,126	14,363	14,599	7.1	7.0
Per Capita Personal Income (\$, SAAR) EBR							
	28,828	29,096	29,353	29,585	29,813	3.4	2.9

ARIZONA - QUARTERLY DATA

	III 2003	IV 2003	I 2004	II 2004	III 2004	% change versus year ago for most recent:	
						quarter	4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	5,649.2	5,687.9	5,727.9	5,769.8	5,813.0	2.9	2.8
Natural Increase	12.1	11.7	12.7	12.4	12.1	0.1	2.6
Births	22.9	22.7	23.2	22.9	23.1	0.8	2.2
Deaths	10.8	11.1	10.5	10.4	11.0	1.7	1.7
Net Migration	26.5	27.2	28.4	30.1	31.8	20.2	8.2
Personal Income Derivation (\$mil, SAAR) EBR							
Total Personal Income	151,187	154,208	156,119	158,759	161,532	6.8	6.6
Earnings by Place of Work	115,664	118,088	120,047	122,051	124,431	7.6	7.6
Less: Contributions for Social Insurance	12,745	12,980	13,394	13,586	13,832	8.5	7.7
Plus: Adjustment for Residence	574	578	588	599	611	6.5	6.0
Plus: Dividends, Interest & Rents	24,218	24,893	24,652	24,995	25,287	4.4	2.5
Plus: Transfer Payments	23,476	23,629	24,228	24,703	25,037	6.6	6.9
Components of Earnings (\$mil, SAAR) BEA							
Wages and Salaries	84,364	85,788	87,089	88,313	90,141	6.8	6.6
Other Labor Income EBR	18,014	18,480	18,960	19,286	19,701	9.4	9.4
Proprietor's Income	13,461	13,696	13,626	14,247	...	9.9	10.0
Farm	521	581	254	276	...	-40.1	3.2
Nonfarm	12,939	13,116	13,372	13,971	...	11.8	10.2
Per Capita Personal Income (\$, SAAR) EBR							
	26,763	27,112	27,256	27,516	27,788	3.8	3.7
Average Wage Per Employee, Annual Rate (\$) EBR							
	36,076	36,517	36,715	36,890	...	3.0	4.0

TRAVEL AND TOURISM - MONTHLY DATA

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
Visits to Parks & Other Recreational Areas, NPS & ASPB							
Northern Arizona	2,170,094	2,337,590	2,112,926	1,842,045	1,388,757	-4.5	1.3
Historical	150,768	184,739	141,772	138,362	132,608	-5.6	2.7
Scenic	736,351	847,198	763,912	681,790	504,359	1.8	3.1
Water Based Recreation	1,282,975	1,305,653	1,207,242	1,021,893	751,790	-8.2	0.0
Southern Arizona	143,981	168,105	150,260	145,283	191,922	3.5	-2.4
Historical	21,216	21,681	20,619	21,812	29,984	-3.2	2.8
Scenic	83,346	107,342	92,615	96,132	135,400	7.7	-3.0
Water Based Recreation	39,419	39,082	37,026	27,339	26,538	-7.5	-5.3
International Border Crossings, USBCBP							
U.S. Citizens	707,138	745,539	644,137	645,171	640,305	-12.8	-8.8
Aliens	1,665,706	2,080,925	2,066,265	1,735,044	1,700,326	-16.1	0.4
Vehicles	870,014	924,847	10.7	-2.0

MEASURES OF INFLATION AND PRICES - MONTHLY DATA

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent:	
						month	12-months
Consumer Price Index (1982-1984=100) BLS							
U.S. - All Urban	189.7	189.4	189.5	189.9	190.9	3.2	2.4
U.S. - Wage Earners	185.3	184.9	185.0	185.4	186.5	3.2	2.3

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	% change versus year ago for most recent: month 12-months	
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES							
Employment	2,765.9	2,778.2	2,787.7	2,782.7	2,797.2	3.5	2.3
Unemployment	2,625.4	2,640.2	2,650.9	2,643.3	2,664.8	3.9	3.3
Unemployment Rate, Seas. Adj. (%)	140.5	138.0	136.8	139.4	132.4	-5.3	-13.4
	4.7	4.3	4.4	4.8	4.8	-7.7	-15.3
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,314.1	2,285.4	2,322.5	2,352.7	2,377.8	2.5	2.2
Natural Resources and Mining	8.3	8.5	8.4	8.5	8.6	8.9	1.3
Construction	193.0	194.0	195.0	196.2	198.0	8.6	8.4
Durable Goods Manufacturing	138.6	138.3	138.4	138.1	138.4	0.6	-0.8
Fabricated Metal Products	17.0	17.0	17.0	17.0	17.2	1.2	1.7
Computer and Electronic Prod.	41.1	41.3	41.1	40.8	40.6	-2.4	-5.6
Aerospace Products and Parts	26.4	26.4	26.4	26.2	26.2	-1.1	-1.6
Non-Durable Goods Manufacturing	33.7	33.3	33.5	33.6	33.6	-3.4	-3.6
Wholesale Trade	91.8	91.0	91.0	90.9	91.2	-1.4	-1.2
Retail Trade	277.9	276.3	277.6	277.8	282.1	1.6	2.5
Utilities	11.5	11.5	11.4	11.4	11.4	0.0	1.6
Transportation and Warehousing	65.3	65.3	65.2	65.1	66.8	1.5	-0.1
Information	47.1	46.8	46.0	45.5	45.7	-6.0	-4.7
Finance and Insurance	117.5	117.4	118.1	118.3	119.3	2.1	2.1
Real Estate, Rental, and Leasing	43.5	43.2	43.3	43.4	43.6	0.5	0.1
Professional and Business Services	329.3	329.2	331.1	330.2	332.9	2.1	2.7
Educational Services	37.8	35.3	38.4	40.3	41.1	10.5	13.4
Health Care and Social Assistance	219.5	219.0	220.0	220.4	221.0	3.1	3.9
Arts, Entertainment, and Recreation	30.0	29.0	28.8	29.5	30.1	2.7	3.3
Accommodation	44.4	43.6	43.4	43.7	44.7	3.2	1.8
Food Svcs and Drinking Places	160.8	157.8	159.4	160.8	163.0	3.1	1.6
Other Services	88.0	87.9	88.0	88.2	88.1	2.7	1.4
Federal Government	52.5	52.4	53.7	53.6	53.4	4.7	3.0
State and Local Government	323.6	305.6	331.8	357.2	364.8	2.6	1.0
State and Local Government Education	159.1	140.6	169.3	196.3	202.8	3.8	2.4
Hours Worked Per Week, Manufacturing, ADES	39.5	39.3	39.8	40.2	40.0	-1.5	-0.1
Average Hourly Earnings (\$) ADES							
Construction	15.30	15.40	15.45	15.41	15.60	2.9	1.8
Manufacturing	14.08	14.07	14.02	14.01	13.98	-3.3	-1.2
Trade, Transportation, Utilities	14.17	14.25	14.32	14.40	14.35	6.7	4.8
Retail Trade	11.54	11.52	11.50	11.72	11.74	2.4	1.6
Wholesale Trade	18.85	19.05	18.97	19.06	18.76	7.2	10.1
Sales (\$000s) ADOR							
Aggregate Retail Sales	5,458,676	5,271,344	5,220,946	5,356,179	...	9.9	8.7
Retail	3,689,102	3,517,266	3,520,223	3,624,486	...	11.1	8.2
Food, EBR	715,688	688,724	689,943	708,067	...	6.9	7.5
Restaurants & Bars	617,729	576,693	577,835	595,858	...	6.6	8.7
Gasoline, EBR	436,157	488,661	432,945	427,769	...	10.1	15.5
Gallons (000s) ADOT	215,887	253,376	225,058	217,451	...	3.7	2.4
Utilities	623,759	697,960	730,559	707,501	...	4.9	7.6
Communications	247,123	247,114	250,304	236,316	...	5.2	-2.4
Amusements	70,664	63,535	54,926	51,578	...	13.6	5.6
Rentals - Personal Property	310,217	247,903	249,355	249,355	...	-4.2	-1.5
Contracting	1,310,609	1,225,874	1,322,437	1,317,182	...	18.5	16.2
Mining - Metal, Oil & Gas	66,591	67,593	66,865	73,619	...	101.5	97.7
Hotel/Motel	130,256	117,298	112,557	132,906	...	16.4	5.9
New Housing Units Authorized, Census C-40							
Total Units	7,971	9,514	7,430	7,781	7,032	3.5	25.1
Single Family Units	7,465	8,353	6,966	6,543	6,150	12.2	26.3
2-4 Unit Structures	251	180	214	153	94	-74.3	50.7
5-plus Unit Structures	255	981	250	485	788	-17.2	1.2
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	2,771	2,583	2,741	2,544	2,446	-11.8	-2.9
Chapter 7	2,288	2,150	2,269	2,081	2,017	-10.6	-0.6
Chapter 11	14	17	14	18	18	5.9	-27.4
Chapter 13	469	416	458	445	411	-17.6	-11.3

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

MEASURES OF INFLATION AND PRICES -QUARTERLY DATA

Consumer Price Index (1982-84=100) BLS

	III 2003	IV 2003	I 2004	II 2004	III 2004	% change versus year ago for most recent: quarter 4-quarters	
Western Region (U.S.)	189.1	188.7	190.8	193.0	193.2	2.2	1.9
U.S. - All Urban Consumers	184.6	184.6	186.3	188.9	189.6	2.7	2.3
U.S. - Urban Wage Earners	180.3	180.3	181.9	184.5	185.1	2.7	2.2

Price Indexes (1996=100) BEA

	III 2003	IV 2003	I 2004	II 2004	III 2004	% change versus year ago for most recent: quarter 4-quarters	
Gross Domestic Product	106.2	106.6	107.3	108.2	108.4	2.1	2.0
Personal Consumption Expenditures	105.7	106.0	106.9	107.7	108.0	2.2	2.0

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to Arizona Economic Indicators Data Book.

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