

Economic Outlook for 2007-2008

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As 2006 comes to a close, indicators related to the economy's performance are mixed, and forecasts vary widely about what lies ahead. Arizona's economy is showing remarkable resilience even as the anticipated correction in housing advances. Labor markets, wages and incomes, and population growth still look solid. Worrisome, however, is the fact that housing is now retreating from lofty levels, and consumer spending is no longer growing as the stimulus from housing rapidly evaporates. History is likely to repeat and housing will lead the rest of the economy to lower ground in coming months. We continue to forecast significantly slower growth in 2007 as construction becomes a major drag. Keys to whether the slowdown turns into a recession are how long it takes for housing to return to "normal" and whether consumers will be able to continue spending as incomes weaken and the value of their homes stops increasing.

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Our forecast from one year ago called for a significant slowdown in growth during the second half of 2006 as consumers pulled back and housing markets retreated. The nation's economy has followed this script rather closely. After growing at a 3.2% annual rate in 2005, the nation's output rose by only 1.6% in the third quarter and likely will turn in a sub-2% showing in the final quarter. The drag from the housing downturn is subtracting an estimated 1.2% percentage points from GDP growth. For all of 2007, growth is likely to remain in the 2-2.5% range and well below potential.

In Arizona, housing markets are rapidly losing ground as they return to "normal". The fall in building activity and sales is beginning to spill over into other sectors but so far damage has been limited.

The most visible signs of slowing can be seen in retail sales totals, which ceased growing last spring and are now declining slightly (Exhibit 1). The last time sales declined was during the 2001 recession.

The state no longer tabulates sales by category, but the retrenchment is most likely explained by weakening sales at hardware stores, home improvement centers, furniture stores, and new car dealers. Now that the consumer's largest asset, their home, is no longer increasing in value, they may be less willing (or able) to spend as freely. On a positive note, the recent decline in gasoline prices will help support spending through the holidays. We expect retail sales to grow by 4.5-5.0% in 2007 following gains of 8.5% and 13.4% in the prior two years.

A slowdown in restaurant and bar sales also is evident. Spending slowed during the summer months, suggesting that either we're not eating out as often or tourism is tapering off. Support for the latter is seen in airline passenger traffic. Neither Tucson International nor Sky Harbor airport has experienced growth in 2006.

Plenty of Momentum Remains

Effects of the slowdown have yet to appear in recent data on population flows, incomes, wages and jobs, which remain remarkably strong. Unfortunately, lags in data reporting, measurement issues, and how analysts look at recent changes cloud interpretation of these measures.

The latter is particularly important. Regional analysts typically compare current data to a year ago. The advantage is that this measure automatically adjusts for seasonality (unlike national data, most state level data is not seasonally adjusted). The disadvantage is that a calculation over a 12-month span is not very current. (It won't reveal a turning point until six months after the turn!) The solution is to seasonally adjust the data and compare to the prior period (and deal with any additional noise using short moving averages).

As best anyone can measure, population statewide continues to grow by 200,000-plus each year (an increase of 3.4%). Metro Tucson reached a milestone in late 2006 as population surpassed the magic one million mark. Some slowing in recent months is evident in the number of new electric utility customers (our best real-time indicator of household formation), but the numbers remain at a high level. Population growth is key to our forecast and to the length of time needed for housing markets to correct. We expect population growth to remain at high levels, similar to the experience of 2001.

Arizona personal income grew at an 8.2% seasonally adjusted annual rate in the second quarter. That follows a surge of 15% in the first quarter, which was boosted by large year-end-2005 bonuses. Compared to one year earlier, second quarter personal income was up nearly 10% (the biggest gain in six years). Wage and salary disbursements, which account for two-thirds of the total, grew at a 9.3% annual rate, while proprietors income increased by a meager 2.7%. Because of the volatility in recent reporting periods and the preliminary nature of these estimates, it's impossible to judge the strength of income growth. We expect that as commission incomes fall in real estate-related jobs and as jobs are cut in construction and real estate-related sectors, personal income will slow significantly. From a very strong advance of 9.8% in 2006, look for gains in the neighborhood of 6.5% in 2007 and the following year. With population growth of 3.3%

and consumer prices increases at 2.4%, that still leaves positive per capita real personal income growth.

Average wages accelerated during the past two years, and with data through the 1Q2006, wages statewide increased by 6.1% during the past year to \$39,800. The data is from the QCEW that is based on unemployment insurance reports filed by employers. The strong increase helps explain why consumer confidence remains high. We expect wage increases to moderate during 2007, dropping back to 3.5% or so.

So far, nonfarm payrolls show little slowing. Compared to a year ago, employment statewide has grown by 4.7% through October. That gives Arizona the distinction of having the fastest job growth in the country. When seasonally adjusted annual rates are used, the rate of growth during recent months registers 4.7% as well. That's only slightly slower than the 5.1% increase for all of 2005.

It's possible that reported data from the CES program (which is based on a very small sample of employers) is being overstated. This often happens during cycle downturns leading to downward revisions. However, comparisons of published numbers to the QCEW estimates are very close through 1Q2006, suggesting little revision when the estimates are re-benchmarked next spring.

The industry responsible for the most new jobs is (surprise!) construction. During the past year construction has accounted for 21% of all new jobs created, although representing only 9% of total jobs. (Normally, 6% are in construction.) Here again, there is little sign of slowing so far.

Although nonresidential construction remains robust, the preponderance of construction workers is employed on residential projects ("stick-built" houses are much more labor intensive). As builder backlogs disappear, workforce reductions will become commonplace.

All measures considered, the Arizona economy still has plenty of momentum going into the New Year. Other than the sales data, it's still too early to see the effects of the correction taking place in real estate. Those should become visible in the very near future.

Will the Real Estate Retrenchment Drag the Economy into Recession?

Over the past 35 years, the real estate sector (as measured by construction employment) has turned down four times. Each time, the downturn has occurred prior to the beginning of recessionary periods. The shaded

boxes in Exhibit 2 are officially recognized periods of nationwide recession.

During these periods, overall job creation in Arizona (as measured by nonfarm jobs) has slowed to near zero. That is, during national recessions, Arizona's job machine simply stops creating jobs. Aggregate employment does not shrink. During the late 1980s, real estate suffered its worst set-

back ever. The industry suffered five years of contraction during which real estate prices plummeted, the state's monstrous savings and loan industry vanished, and most real estate developers and builders were forced into bankruptcy. Even so, Arizona's overall economy continued to grow until the national recession, which was short and mild, finally arrived in 1990.

EXHIBIT 1 Consumer Spending is Slowing

Retail Sales, AZ
Seasonally Adjusted Annual Rate

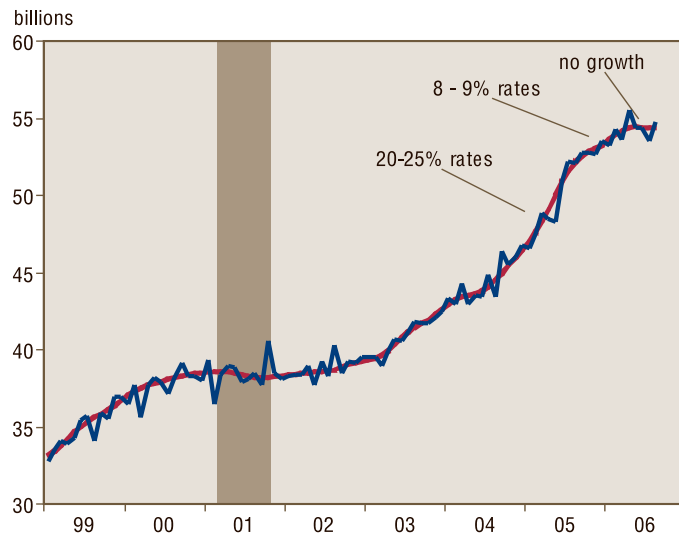
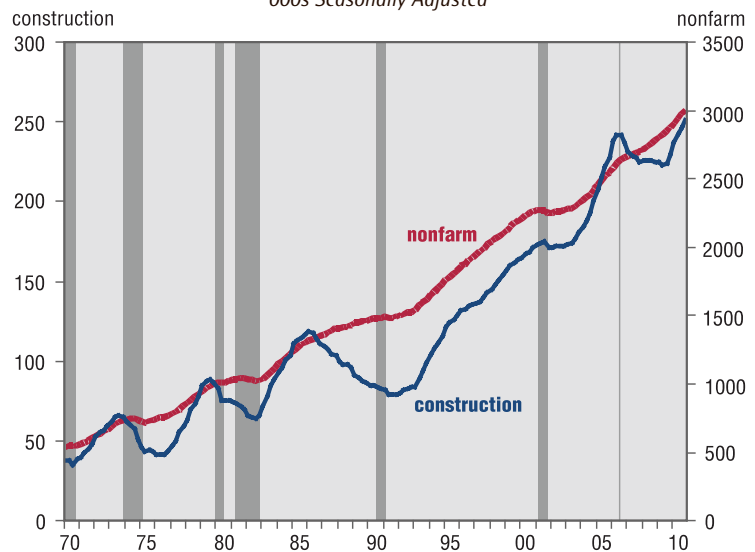


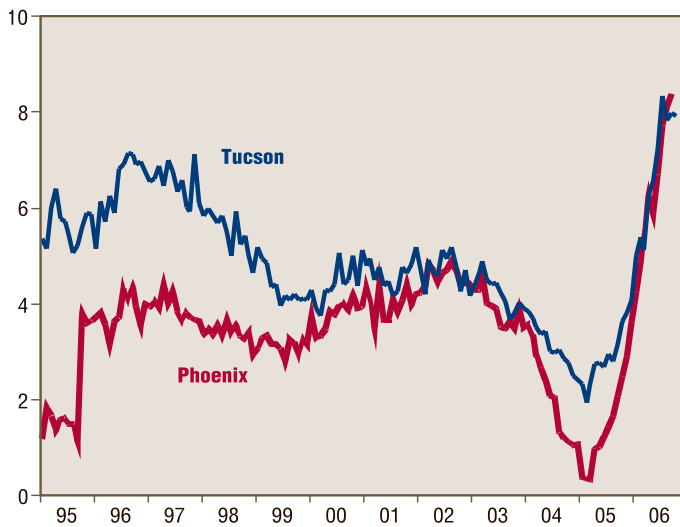
EXHIBIT 2 When Building Activity Declines the Economy Slows

Construction and Nonfarm Employment, AZ
000s Seasonally Adjusted



Our forecast from one year ago called for a significant slowdown in growth during the second half of 2006 as consumers pulled back and housing markets retreated. The nation's economy has followed this script rather closely.

EXHIBIT 3
Inventories Have Soared to Record High
 Months Supply of Housing
MLS Listing to Sales Ratio



In 1991, Arizona's workforce stopped growing, but it did not contract.

Construction employment will soon peak and move lower, but strong nonresidential building will limit the downside. Hotels, offices, industrial and retail construction have experienced double-digit gains during the past year. A rather modest 20,000 jobs or so will likely be lost during 2007, which will do little more than alleviate the skilled labor shortage plaguing the industry. These losses are insufficient to bring the economy to a standstill, and overall nonfarm jobs will continue to grow, albeit more slowly.

How Long Will the Real Estate Correction Last?

As in any down market, a psychological adjustment to a better balance between fear and greed is necessary. During the recent boom phase, there was no fear. Buyers stood in line to get their name on a lottery list to buy a home and complained if they weren't one of the lucky ones! (They won't let me buy a home!) Homeowners sold their existing home and used the equity to buy a half dozen others using highly leveraged financing. Investors (including short-term speculators, aka "flippers") accounted for nearly a third of all residential transactions in Arizona markets. Realtors became order takers. Multiple full-price-plus offers were commonplace. During the frenzy, housing became

seriously overbought with prices inflated well beyond economic fundamentals. No fear. All greed.

Then investors left, sensing that the easy money had been made. Within a few months, market psychology had done an about face. Fear was rediscovered and markets are still trying to rediscover the right balance. So where are we now in the "correction"?

Every housing down-cycle has three phases. The first is denial, wherein sellers refuse to budge and hold on in hopes that they eventually will get their price. Buyers believe that prices will fall and therefore have no motivation to buy. It's as if buyers read the newspapers but sellers do not. During this phase, inventories of resale homes soar as the market virtually ceases to function.

The second phase is acceptance. Owners of resale homes capitulate and lower their prices or simply move to the sidelines and decide to stay put. Unable to sell their existing homes, they cancel the contract on the new home they hoped to move into. Home builders aren't in the business to hold spec properties so they move quickly to reduce swelling inventories through price reductions, free upgrades, cars, vacations, and other promotions that effectively reduce the price. This in turn reinforces downward pressure on prices in resale markets. During this phase, prices fall for both new and resale homes. Buyers feel vindicated and remain on the sidelines.

The third stage is consolidation. Finally, inflated price expectations are wrung out of the market and prices once again reflect economic fundamentals. Prices start to reflect the value of houses as shelter rather than as an investment. Buyers return to the market, inventories fall and prices stabilize. The market thereby returns to "normal" and the stage is finally set for a new expansion phase.

Arizona's housing markets are about half-way through this process. Prices are declining but inventories are still rising and are at the highest levels in at least a decade. At current sales rates, there is an eight-month supply of homes for sale (Exhibit 3).

We expect prices to continue declining through most of 2007 and for inventories to be drawn down to a more normal 4-5 months by year end. Housing prices nationwide are expected to decline between 2-4% during 2007, the first decline since the Great Depression. In Arizona, a decline of 10% or more is possible, given that prices nearly doubled during the past five years. Construction of new homes will remain subdued until inventories return to normal.

**The Outlook:
 Slower Growth but No Recession**

2006 will go into the record books as the second biggest year for growth during the current expansion, nearly matching the explosion in 2005. The fifth year of this expansion, 2007, will see a moderation of growth to below trend. Nonfarm employment will grow by 2.4% in 2007, compared to the average of 3.3% over the past decade. Between 60,000 and 65,000 jobs will be created statewide.

Downside risks to the outlook are four-fold. The housing downturn could turn into a free fall with prices plunging 10-15% or more nationwide. Widespread loan defaults and shrinkage in support industries could be enough to sink the overall economy. Second, the economy remains quite vulnerable to another energy shock (oil prices surging above \$100 per barrel) or terrorist event on US soil. Third, inflation could be much worse and that would force the Fed to raise interest rates even further rather than lowering them next year as widely expected. Finally, a crash in the dollar brought on by a sudden reversal of foreigners' willingness to buy US debt could cause longer term interest rates to soar. These events could lead to a consumer-led recession similar in length and duration as the last two recessions.

These fears are enough to keep business leader confidence in the cautionary zone for some time. ■

FORECAST TABLES

	2005	2006	2007	2008	2009	2010	2011
Arizona							
Personal Income (\$ mill)	179,114.0	196,741.5	209,681.2	223,046.0	239,986.8	260,850.9	283,167.7
percent change	8.9	9.8	6.6	6.4	7.6	8.7	8.6
Wage per Employee	39,837	42,454	43,917	45,419	47,187	49,133	51,182
percent change	4.5	6.6	3.4	3.4	3.9	4.1	4.2
Aggregate Retail Sales (\$ mill)*	74,818.0	81,267.6	84,902.2	88,866.9	94,027.2	100,393.0	107,217.6
percent change	13.5	8.6	4.5	4.7	5.8	6.8	6.8
Population (000s, mid-year)	6,045.0	6,252.7	6,456.4	6,644.6	6,843.8	7,055.8	7,283.5
percent change	3.4	3.4	3.3	2.9	3.0	3.1	3.2
Residential Permits	85,835	66,062	57,005	62,635	77,280	87,019	92,996
percent change	0.1	-23.0	-13.7	9.9	23.4	12.6	6.9
Non Farm Employment (000s)	2,503.2	2,623.3	2,686.3	2,749.3	2,837.1	2,957.6	3,078.5
percent change	5.1	4.8	2.4	2.3	3.2	4.2	4.1
Goods-Producing	408.7	433.1	423.3	418.5	417.3	436.9	455.7
percent change	8.4	6.0	-2.3	-1.1	-0.3	4.7	4.3
Service-Providing	2,094.5	2,190.4	2,263.2	2,331.0	2,419.9	2,520.9	2,622.9
percent change	4.5	4.6	3.3	3.0	3.8	4.2	4.0
Trade, Trans., & Utilities	488.2	513.9	526.1	538.1	560.2	587.1	614.5
percent change	5.5	5.3	2.4	2.3	4.1	4.8	4.7
Prof. & Business Services	366.3	391.7	407.4	417.9	433.8	455.6	479.2
percent change	8.2	6.9	4.0	2.6	3.8	5.0	5.2
Leisure & Hospitality	252.2	261.8	269.8	279.9	292.0	304.3	316.5
percent change	4.3	3.8	3.1	3.8	4.3	4.2	4.0
Government	403.3	411.7	421.3	429.6	440.2	451.9	461.8
percent change	1.0	2.1	2.3	2.0	2.5	2.7	2.2
Phoenix-Mesa Metro Area							
Personal Income (\$ mill)	125,931.7	139,010.5	148,445.5	158,288.7	171,022.7	187,094.3	205,214.1
percent change	8.9	10.4	6.8	6.6	8.0	9.4	9.7
Wage per Employee	45,669	48,649	50,376	52,239	54,331	56,467	58,697
percent change	3.5	6.5	3.6	3.7	4.0	3.9	3.9
Aggregate Retail Sales (\$ mill)*	52,025.1	56,585.2	59,148.4	62,224.3	66,754.9	72,495.4	78,320.0
percent change	14.7	8.8	4.5	5.2	7.3	8.6	8.0
Population (000s, mid-year)	3,895.2	4,038.4	4,163.6	4,292.6	4,436.1	4,600.7	4,778.8
percent change	3.7	3.7	3.1	3.1	3.3	3.7	3.9
Residential Permits	62,617	43,610	38,539	42,205	56,777	74,286	80,379
percent change	-4.0	-30.4	-11.6	9.5	34.5	30.8	8.2
Non Farm Employment (000s)	1,788.0	1,870.9	1,918.8	1,963.2	2,029.9	2,131.1	2,246.2
percent change	6.2	4.6	2.6	2.3	3.4	5.0	5.4
Goods-Producing	300.9	313.1	298.0	293.4	296.1	318.2	340.0
percent change	9.2	4.0	-4.8	-1.5	0.9	7.5	6.9
Service-Providing	1,487.1	1,557.9	1,620.9	1,669.8	1,733.8	1,812.9	1,906.2
percent change	5.6	4.8	4.0	3.0	3.8	4.6	5.1
Trade, Trans., & Utilities	366.4	381.4	391.8	402.9	419.2	439.8	462.6
percent change	7.6	4.1	2.7	2.8	4.1	4.9	5.2
Prof. & Business Services	296.9	316.5	336.9	345.5	356.8	373.8	400.5
percent change	8.4	6.6	6.4	2.6	3.3	4.8	7.1
Leisure & Hospitality	169.7	178.4	183.1	189.9	198.2	207.1	215.8
percent change	4.8	5.1	2.6	3.7	4.4	4.4	4.2
Government	225.5	229.0	233.9	239.0	246.2	254.4	262.0
percent change	2.1	1.6	2.2	2.2	3.0	3.3	3.0
Tucson Metro Area							
Personal Income (\$ mill)	26,154.4	28,393.5	30,287.8	32,067.7	34,532.2	37,188.7	39,782.8
percent change	5.9	8.6	6.7	5.9	7.7	7.7	7.0
Wage per Employee	38,327	40,260	41,753	43,238	44,801	46,496	48,316
percent change	3.8	5.0	3.7	3.6	3.6	3.8	3.9
Aggregate Retail Sales (\$ mill)*	10,984.9	11,815.9	12,265.5	12,774.1	13,441.9	14,167.0	14,847.5
percent change	10.9	7.6	3.8	4.1	5.2	5.4	4.8
Population (000s, mid-year)	957.6	986.8	1,011.9	1,035.3	1,061.6	1,088.8	1,115.1
percent change	2.8	3.0	2.5	2.3	2.5	2.6	2.4
Residential Permits	11,913	8,989	8,092	9,272	10,768	11,151	10,770
percent change	14.4	-24.5	-10.0	14.6	16.1	3.6	-3.4
Non Farm Employment (000s)	365.0	379.1	387.8	393.1	403.9	416.4	426.7
percent change	1.4	3.9	2.3	1.4	2.8	3.1	2.5
Goods-Producing	55.4	57.6	56.8	55.4	56.7	58.5	59.4
percent change	3.1	4.0	-1.3	-2.6	2.5	3.2	1.5
Service-Providing	309.6	321.4	330.9	337.7	347.2	357.9	367.3
percent change	1.1	3.8	2.9	2.1	2.8	3.1	2.6
Trade, Trans., & Utilities	59.0	61.0	62.2	63.6	65.6	67.6	69.2
percent change	1.9	3.4	2.1	2.2	3.1	3.0	2.5
Prof. & Business Services	45.5	48.0	51.2	52.3	53.1	55.1	57.2
percent change	4.9	5.3	6.7	2.1	1.6	3.8	3.9
Leisure & Hospitality	39.4	41.8	42.7	44.1	46.0	47.8	49.4
percent change	0.8	6.0	2.1	3.3	4.3	4.0	3.3
Government	77.4	78.2	79.2	80.3	81.8	83.4	84.4
percent change	-3.2	1.1	1.3	1.4	1.8	1.9	1.3

* 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

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
APACHE COUNTY							
Civilian Labor Force, ADES							
Employment	19,825	19,900	19,925	20,050	19,975	-0.9	-1.8
Unemployment	17,100	16,800	17,825	17,975	17,925	-0.6	-1.8
Unemployment Rate (%)	2,725	3,100	2,100	2,075	2,050	-3.5	-1.8
Unemployment Rate (%)	13.7	15.6	10.5	10.3	10.3	-2.7	0.0
Employees on Nonagricultural Payrolls, ADES							
Total	18,725	18,400	19,725	20,050	20,200	-0.7	-1.2
<i>Total Private</i>	6,550	6,550	6,750	6,650	6,750	-0.4	-0.5
Goods-Producing	750	800	800	825	850	-5.6	3.6
Service-Providing	17,975	17,600	18,925	19,225	19,350	-0.5	-1.4
Trade, Transportation, and Utilities	1,950	1,875	1,900	1,850	1,925	1.3	2.1
Other Private Service-Providing	3,850	3,875	4,050	3,975	3,975	0.0	-2.5
<i>Government</i>	12,175	11,850	12,975	13,400	13,450	-0.9	-1.6
Federal Government	3,300	3,125	3,475	3,475	3,450	5.3	2.7
State and Local Government	8,875	8,725	9,500	9,925	10,000	-2.9	-2.9
Sales (\$000s) ADOR							
Gross Retail	14,978	14,692	14,423	13,374	...	-12.2	10.8
Retail	6,715	6,674	6,296	6,922	...	5.3	12.9
Restaurants & Bars	1,084	1,203	1,049	1,122	...	6.3	-0.8
Gasoline, EBR	7,180	6,815	7,078	5,331	...	-29.8	10.5
Gallons (000s) ADOT	2,501	2,329	2,574	2,266	...	-13.2	-5.1
Contracting	6,326	8,115	7,469	8,867	...	-18.3	-7.5
Hotel/Motel	1,430	1,643	1,463	1,475	...	7.4	0.2
New Housing Units Authorized, Census C-40							
Total Units							
Single Family Units							
Note: As of Jan 2005, Apache County no longer reports monthly permits.							
NAVAJO COUNTY							
Civilian Labor Force, ADES							
Employment	38,000	37,975	37,750	38,000	37,600	2.0	-0.1
Unemployment	34,575	34,225	35,150	35,400	34,925	2.6	0.4
Unemployment Rate (%)	3,425	3,750	2,600	2,600	2,675	-6.1	-4.7
Unemployment Rate (%)	9.0	9.9	6.9	6.8	7.1	-8.0	-4.6
Employees on Nonagricultural Payrolls, ADES							
Total	29,500	29,000	30,025	30,375	30,250	2.6	1.2
<i>Total Private</i>	19,575	19,625	20,075	20,150	20,050	4.2	3.7
Goods-Producing	3,650	3,725	3,700	3,775	3,825	7.0	0.5
Mining and Construction	2,900	2,975	2,975	3,000	3,075	10.8	5.8
Manufacturing	750	750	725	775	750	-6.3	-15.6
Service-Providing	25,850	25,275	26,325	26,600	26,425	2.0	1.3
Trade, Transportation, and Utilities	5,350	5,400	5,400	5,500	5,500	-0.5	0.2
Information	800	825	825	850	850	13.3	8.4
Financial Activities	550	550	550	575	575	4.5	-5.0
Professional and Business Services	1,300	1,275	1,300	1,200	1,200	4.3	13.3
Educational and Health Services	3,700	3,400	3,825	3,925	3,925	7.5	9.8
Leisure and Hospitality	3,175	3,375	3,400	3,275	3,150	4.1	3.0
Other Services	1,050	1,075	1,075	1,050	1,025	0.0	7.0
<i>Government</i>	9,925	9,375	9,950	10,225	10,200	-0.2	-3.2
Federal Government	1,775	1,600	1,800	1,800	1,700	1.5	0.5
State and Local Government	8,150	7,775	8,150	8,425	8,500	-0.6	-3.9
Sales (\$000s) ADOR							
Gross Retail	94,862	92,740	89,927	95,081	...	7.7	10.4
Retail	71,832	67,848	68,294	68,510	...	5.1	11.1
Restaurants & Bars	8,976	9,554	8,543	9,284	...	26.1	16.0
Gasoline, EBR	14,054	15,339	13,091	17,287	...	10.2	3.8
Gallons (000s) ADOT	4,896	5,242	4,762	7,349	...	36.3	-10.6
Contracting	24,798	20,853	26,173	21,013	...	2.5	30.0
Hotel/Motel	3,536	3,904	3,521	3,547	...	18.2	4.7
New Housing Units Authorized, Census C-40							
Total Units	41	45	40	44	46	-27.0	-1.1
Single Family Units	41	45	40	40	46	-22.0	-2.2

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

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
GRAHAM COUNTY							
Civilian Labor Force, ADES	12,750	13,000	13,425	13,750	14,175	15.7	5.8
Employment	11,900	12,125	12,800	13,075	13,500	17.9	6.7
Unemployment	850	875	625	675	675	-15.6	-7.4
Unemployment Rate (%)	6.7	6.7	4.7	4.9	4.8	-27.1	-12.1
Employees on Nonagricultural Payrolls, ADES							
Total	7,500	7,575	7,825	8,400	8,875	17.9	7.3
<i>Total Private</i>	5,175	5,325	5,500	5,775	6,225	28.4	11.1
Goods-Producing	675	725	800	950	1,125	87.5	23.0
Service-Providing	6,825	6,850	7,025	7,450	7,750	11.9	6.0
Trade, Transportation, and Utilities	1,750	1,700	1,725	1,825	1,975	29.5	17.7
Other Private Service-Providing	2,750	2,900	2,975	3,000	3,125	14.7	5.0
<i>Government</i>	2,325	2,250	2,325	2,625	2,650	-0.9	0.1
Federal Government	350	350	350	325	325	0.0	2.6
State and Local Government	1,975	1,900	1,975	2,300	2,325	-1.1	-0.3
Sales (\$000s) ADOR							
Gross Retail	23,053	21,940	22,626	22,763	...	21.9	25.7
Retail	18,537	17,737	18,245	18,701	...	28.1	29.0
Restaurants & Bars	2,119	1,630	1,905	1,883	...	14.6	20.3
Gasoline, EBR	2,397	2,574	2,475	2,179	...	-10.2	8.2
Gallons (000s) ADOT	835	880	900	926	...	11.1	-7.7
Contracting	3,843	4,450	3,014	3,736	...	51.9	60.3
COCONINO COUNTY							
Civilian Labor Force, ADES	70,100	70,400	69,600	70,300	69,600	1.9	2.6
Employment	66,400	66,300	66,700	67,400	66,700	2.6	3.0
Unemployment	3,700	4,100	2,900	2,900	2,900	-12.1	-5.6
Unemployment Rate (%)	5.3	5.8	4.2	4.1	4.2	-13.8	-8.0
Employees on Nonagricultural Payrolls, ADES							
Total	64,300	65,000	65,000	66,000	65,900	2.8	4.2
<i>Total Private</i>	45,000	45,900	45,800	45,600	45,300	2.5	4.6
Goods-Producing	7,200	7,400	7,200	7,300	7,200	7.5	7.5
Mining and Construction	3,600	3,700	3,600	3,600	3,500	6.1	6.0
Manufacturing	3,600	3,700	3,600	3,700	3,700	8.8	8.9
Service-Providing	57,100	57,600	57,800	58,700	58,700	2.3	3.9
Trade, Transportation, and Utilities	9,200	9,400	9,500	9,400	9,200	-1.1	-1.3
Information	500	500	500	500	400	-20.0	5.4
Financial Activities	1,700	1,700	1,700	1,700	1,700	0.0	1.5
Professional and Business Services	4,200	4,300	4,400	4,400	4,400	10.0	14.6
Educational and Health Services	6,700	6,700	7,100	7,100	7,100	-4.1	1.8
Leisure and Hospitality	13,600	14,000	13,600	13,400	13,500	5.5	7.7
Other Services	1,900	1,900	1,800	1,800	1,800	0.0	-0.9
<i>Government</i>	19,300	19,100	19,200	20,400	20,600	3.5	3.3
Federal Government	3,100	2,900	3,000	3,000	2,800	-6.7	-6.6
State and Local Government	16,200	16,200	16,200	17,400	17,800	5.3	5.2
Sales (\$000s) ADOR							
Gross Retail	157,660	153,364	150,003	160,401	...	14.1	9.5
Retail	97,276	92,415	94,793	105,927	...	19.3	8.5
Restaurants & Bars	32,202	31,663	30,648	31,153	...	16.1	11.6
Gasoline, EBR	28,183	29,286	24,563	23,322	...	-6.5	11.0
Gallons (000s) ADOT	9,818	10,009	8,934	9,914	...	15.7	-5.0
Contracting	36,214	30,060	40,728	33,059	...	-6.2	25.6
Hotel/Motel	24,747	24,749	21,927	22,946	...	7.3	6.4
New Housing Units Authorized, Census C-40							
Total Units	61	57	90	72	79	-10.2	4.9
Single Family Units	61	55	90	72	79	-10.2	5.0

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

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
GREENLEE COUNTY							
Civilian Labor Force, ADES							
Employment	3,600	3,700	3,850	3,925	4,075	16.4	5.9
Unemployment	3,425	3,500	3,700	3,775	3,900	18.2	6.8
Unemployment Rate (%)	175	200	150	150	175	-12.5	-8.6
Unemployment Rate (%)	4.9	5.4	3.9	3.8	4.3	-24.8	-13.3
Employees on Nonagricultural Payrolls, ADES							
Total	4,250	4,300	4,450	4,575	4,650	22.4	11.6
<i>Total Private</i>	3,800	3,850	3,950	4,075	4,150	24.8	14.1
Goods-Producing	3,150	3,175	3,225	3,325	3,400	25.9	15.5
Service-Providing	1,100	1,125	1,225	1,250	1,250	13.6	2.5
Trade, Transportation, and Utilities	275	275	275	300	300	0.0	-0.7
Other Private Service-Providing	375	400	450	450	450	38.5	15.6
<i>Government</i>	450	450	500	500	500	5.3	-4.2
Federal Government	50	50	50	50	50	0.0	5.3
State and Local Government	400	400	450	450	450	5.9	-5.0
Sales (\$000s) ADOR							
Gross Retail	11,524	12,156	12,405	9,684	...	-8.3	16.3
Retail	10,367	11,039	11,314	8,978	...	-6.3	15.8
Restaurants & Bars	270	285	281	246	...	21.4	15.4
Gasoline, EBR	887	832	810	460	...	-41.1	23.8
Gallons (000s) ADOT	309	284	295	196	...	-27.1	5.7
Contracting	6,666	3,755	4,879	5,680	...	12.7	321.8
Hotel/Motel*	623	353	678	687	...	2.8	38.6

* Includes Graham County data.

YAVAPAI COUNTY

Civilian Labor Force, ADES							
Employment	95,000	94,700	96,300	97,100	97,100	5.7	5.1
Unemployment	91,300	90,800	93,300	93,900	93,800	6.3	5.5
Unemployment Rate (%)	3,700	3,900	3,000	3,200	3,300	-10.8	-4.6
Unemployment Rate (%)	3.9	4.1	3.1	3.3	3.4	-15.6	-9.1
Employees on Nonagricultural Payrolls, ADES							
Total	63,700	63,200	64,500	65,400	66,000	6.8	7.2
<i>Total Private</i>	53,000	53,000	53,400	53,600	53,900	7.4	7.7
Goods-Producing	13,200	13,400	13,500	13,500	13,400	9.8	10.8
Mining and Construction	9,400	9,600	9,700	9,700	9,600	12.9	13.6
Manufacturing	3,800	3,800	3,800	3,800	3,800	2.7	4.6
Service-Providing	50,500	49,800	51,000	51,900	52,600	6.0	6.3
Trade, Transportation, and Utilities	12,200	12,300	12,200	12,400	12,700	6.7	6.3
Information	600	600	600	600	600	0.0	-2.7
Financial Activities	2,400	2,400	2,400	2,400	2,500	13.6	11.1
Professional and Business Services	5,400	5,300	5,400	5,300	5,400	5.9	10.9
Educational and Health Services	8,800	8,600	8,900	9,000	9,000	5.9	5.3
Leisure and Hospitality	8,200	8,100	8,100	8,100	8,000	5.3	4.7
Other Services	2,200	2,300	2,300	2,300	2,300	9.5	12.3
<i>Government</i>	10,700	10,200	11,100	11,800	12,100	4.3	4.8
Federal Government	1,300	1,300	1,300	1,300	1,300	0.0	3.4
State and Local Government	9,400	8,900	9,800	10,500	10,800	4.9	5.0
Sales (\$000s) ADOR							
Gross Retail	179,180	177,265	185,738	173,641	...	1.2	11.0
Retail	134,469	131,296	142,470	132,190	...	1.6	10.5
Restaurants & Bars	22,520	23,000	22,618	22,338	...	8.8	9.1
Gasoline, EBR	22,191	22,970	20,649	19,112	...	-8.8	16.4
Gallons (000s) ADOT	7,731	7,850	7,511	8,125	...	12.9	-0.4
Contracting	77,896	66,432	74,545	78,850	...	25.3	27.0
Hotel/Motel	8,443	7,772	6,950	8,287	...	5.5	14.0
New Housing Units Authorized, Census C-40							
Total Units	230	169	196	214	142	-55.1	-20.3
Single Family Units	216	169	179	178	139	-54.0	-21.0

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ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
GILA COUNTY							
Civilian Labor Force, ADES	20,325	20,600	21,325	20,875	20,850	2.0	0.2
Employment	19,050	19,250	20,350	19,825	19,775	3.3	0.7
Unemployment	1,275	1,350	975	1,050	1,075	-17.3	-6.9
Unemployment Rate (%)	6.3	6.6	4.6	5.0	5.2	-18.9	-7.0
Employees on Nonagricultural Payrolls, ADES							
Total	14,150	14,125	14,725	14,625	14,725	5.0	2.2
<i>Total Private</i>	9,525	9,600	9,675	9,650	9,725	6.0	3.9
Goods-Producing	2,100	2,175	2,175	2,250	2,300	21.1	3.3
Service-Providing	12,050	11,950	12,550	12,375	12,425	2.5	2.0
Trade, Transportation, and Utilities	2,175	2,200	2,175	2,150	2,175	1.2	1.5
Other Private Service-Providing	5,250	5,225	5,325	5,250	5,250	2.4	5.2
<i>Government</i>	4,625	4,525	5,050	4,975	5,000	3.1	-1.2
Federal Government	575	550	550	525	475	-9.5	-4.9
State and Local Government	4,050	3,975	4,500	4,450	4,525	4.6	-0.8
Sales (\$000s) ADOR							
Gross Retail	37,525	42,476	37,678	35,988	...	2.4	12.1
Retail	23,892	28,697	26,315	24,741	...	4.0	13.4
Restaurants & Bars	5,625	5,493	4,839	5,264	...	12.8	7.6
Gasoline, EBR	8,008	8,286	6,523	5,983	...	-10.4	10.5
Gallons (000s) ADOT	2,790	2,832	2,373	2,544	...	11.0	-5.4
Contracting	10,758	10,781	9,165	8,804	...	-16.2	25.9
Hotel/Motel	1,386	1,482	1,285	1,221	...	-0.0	12.3
MOHAVE COUNTY							
Civilian Labor Force, ADES	90,175	89,625	90,600	89,275	90,150	2.0	3.2
Employment	86,400	85,325	87,325	85,925	86,500	2.1	3.1
Unemployment	3,775	4,300	3,275	3,350	3,650	0.7	4.9
Unemployment Rate (%)	4.2	4.8	3.6	3.8	4.0	-1.3	1.7
Employees on Nonagricultural Payrolls, ADES							
Total	53,350	52,850	53,725	54,125	54,925	2.5	3.7
<i>Total Private</i>	46,050	45,850	46,050	46,075	46,775	2.3	4.0
Goods-Producing	10,900	10,875	10,925	10,950	11,000	-0.7	-1.2
Mining and Construction	7,350	7,350	7,450	7,525	7,600	6.3	2.4
Manufacturing	3,550	3,525	3,475	3,425	3,400	-13.4	-7.7
Service-Providing	42,450	41,975	42,800	43,175	43,925	3.3	5.0
Trade, Transportation, and Utilities	11,550	11,375	11,300	11,325	11,625	0.9	5.0
Information	950	925	925	925	925	-2.6	-3.1
Financial Activities	2,275	2,325	2,325	2,325	2,350	8.0	6.1
Professional and Business Services	3,975	4,100	4,125	3,950	3,900	2.0	4.9
Educational and Health Services	6,950	6,875	7,175	7,225	7,400	6.9	7.4
Leisure and Hospitality	6,950	6,900	6,825	6,925	7,075	6.0	7.3
Other Services	2,500	2,475	2,450	2,450	2,500	-2.9	4.4
<i>Government</i>	7,300	7,000	7,675	8,050	8,150	3.5	1.8
Federal Government	525	550	525	525	500	-4.8	-1.2
State and Local Government	6,775	6,450	7,150	7,525	7,650	4.1	2.0
Sales (\$000s) ADOR							
Gross Retail	182,467	173,157	165,712	155,069	...	-13.7	6.5
Retail	135,528	123,509	122,528	115,052	...	-15.5	6.4
Restaurants & Bars	18,844	18,597	17,482	17,577	...	8.6	4.7
Gasoline, EBR	28,095	31,050	25,703	22,441	...	-17.9	8.3
Gallons (000s) ADOT	9,788	10,612	9,349	9,540	...	1.6	-6.8
Contracting	71,891	63,762	60,616	56,434	...	-7.8	16.0
Hotel/Motel	5,280	5,177	4,522	4,407	...	2.1	8.0
New Housing Units Authorized, Census C-40							
Total Units	242	129	296	120	125	-61.9	-30.4
Single Family Units	178	119	244	112	99	-68.7	-37.4

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ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
LA PAZ COUNTY							
Civilian Labor Force, ADES							
Employment	7,950	7,850	7,575	7,550	7,375	2.1	-0.9
Unemployment	7,450	7,325	7,175	7,125	6,975	4.1	-0.2
Unemployment Rate (%)	500	525	400	425	400	-23.8	-9.7
Unemployment Rate (%)	6.3	6.7	5.3	5.6	5.4	-25.4	-8.9
Employees on Nonagricultural Payrolls, ADES							
Total	5,325	5,425	5,400	5,325	5,375	2.4	-0.7
<i>Total Private</i>	3,300	3,325	3,300	3,200	3,275	6.5	5.2
Goods-Producing	500	500	450	425	450	0.0	4.4
Service-Providing	4,825	4,925	4,950	4,900	4,925	2.6	-1.2
Trade, Transportation, and Utilities	1,325	1,325	1,350	1,300	1,325	-3.6	-1.2
Other Private Service-Providing	1,475	1,500	1,500	1,475	1,500	20.0	12.3
<i>Government</i>	2,025	2,100	2,100	2,125	2,100	-3.4	-8.5
Federal Government	225	225	225	225	225	0.0	0.0
State and Local Government	1,800	1,875	1,875	1,900	1,875	-3.8	-9.4
Sales (\$000s) ADOR							
Gross Retail	17,986	17,619	16,235	15,062	...	-6.8	0.4
Retail	9,653	8,379	7,983	7,935	...	-7.5	-1.4
Restaurants & Bars	1,970	2,205	1,950	1,548	...	-16.5	-7.4
Gasoline, EBR	6,363	7,034	6,301	5,579	...	-2.7	6.3
Gallons (000s) ADOT	2,217	2,404	2,292	2,372	...	20.5	-9.6
Contracting	2,708	3,312	1,656	2,172	...	-36.1	37.4
Hotel/Motel	535	526	515	461	...	-0.3	9.4
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES							
Employment	81,400	83,700	80,900	77,900	76,600	3.9	4.4
Unemployment	67,400	65,800	66,800	65,800	65,800	6.5	5.7
Unemployment Rate (%)	14,000	17,900	14,100	12,100	10,800	-9.2	-2.9
Unemployment Rate (%)	17.2	21.4	17.4	15.5	14.1	-12.7	-6.8
Employees on Nonagricultural Payrolls, ADES							
Total	53,300	51,200	52,400	52,800	53,800	5.3	6.3
<i>Total Private</i>	38,600	38,400	38,400	38,400	39,100	6.5	6.8
Goods-Producing	8,700	8,800	8,800	8,700	8,800	17.3	13.2
Mining and Construction	5,500	5,500	5,500	5,400	5,400	8.0	12.3
Manufacturing	3,200	3,300	3,300	3,300	3,400	36.0	14.8
Service-Providing	44,600	42,400	43,600	44,100	45,000	3.2	5.0
Trade, Transportation, and Utilities	9,800	9,800	9,600	9,700	10,000	2.0	3.3
Information	1,100	1,100	1,100	1,100	1,100	0.0	0.0
Financial Activities	1,500	1,400	1,400	1,400	1,400	-6.7	-1.7
Professional and Business Services	3,600	3,600	3,600	3,600	3,900	11.4	4.5
Educational and Health Services	6,100	6,000	6,100	6,100	6,200	1.6	2.8
Leisure and Hospitality	6,300	6,200	6,300	6,300	6,300	10.5	16.7
Other Services	1,500	1,500	1,500	1,500	1,400	-6.7	-2.1
<i>Government</i>	14,700	12,800	14,000	14,400	14,700	2.1	4.8
Federal Government	3,300	3,400	3,400	3,400	3,500	12.9	12.0
State and Local Government	11,400	9,400	10,600	11,000	11,200	-0.9	2.8
Sales (\$000s) ADOR							
Gross Retail	128,106	123,764	127,702	124,369	...	-1.8	8.6
Retail	93,328	88,150	94,605	96,618	...	3.3	7.4
Restaurants & Bars	14,550	12,902	12,357	13,293	...	6.9	11.8
Gasoline, EBR	20,227	22,712	20,740	14,458	...	-30.1	12.7
Gallons (000s) ADOT	7,046	7,762	7,544	6,146	...	-13.5	-3.8
Contracting	40,492	31,886	38,920	46,284	...	16.8	1.6
Hotel/Motel	3,012	2,286	3,280	3,716	...	53.7	19.8
New Housing Units Authorized, Census C-40							
Total Units	134	83	99	113	107	-36.3	-26.6
Single Family Units	127	83	99	108	102	-39.3	-27.5

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ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
SANTA CRUZ COUNTY							
Civilian Labor Force, ADES	16,550	16,675	16,950	16,925	17,300	6.1	5.0
Employment	15,225	14,925	15,475	15,300	15,675	7.9	6.3
Unemployment	1,325	1,750	1,475	1,625	1,625	-8.5	-8.0
Unemployment Rate (%)	8.0	10.5	8.7	9.6	9.4	-13.7	-12.3
Employees on Nonagricultural Payrolls, ADES							
Total	13,825	13,400	13,625	13,775	14,375	8.3	7.8
<i>Total Private</i>	10,500	10,250	10,225	10,350	10,875	8.5	10.2
Goods-Producing	825	875	925	950	1,000	11.1	-9.0
Service-Providing	13,000	12,525	12,700	12,825	13,375	8.1	9.1
Trade, Transportation, and Utilities	5,650	5,375	5,275	5,300	5,600	5.2	10.0
Other Private Service-Providing	4,025	4,000	4,025	4,100	4,275	12.5	15.7
<i>Government</i>	3,325	3,150	3,400	3,425	3,500	7.7	0.9
Federal Government	1,300	1,300	1,350	1,350	1,375	12.2	9.2
State and Local Government	2,025	1,850	2,050	2,075	2,125	4.9	-3.7
Sales (\$000s) ADOR							
Gross Retail	40,568	40,800	40,728	38,345	...	9.2	10.7
Retail	32,122	31,948	32,367	28,873	...	10.7	12.2
Restaurants & Bars	3,238	3,499	2,933	3,946	...	14.3	17.3
Gasoline, EBR	5,209	5,352	5,428	5,526	...	-0.8	-0.5
Gallons (000s) ADOT	1,815	1,829	1,974	2,349	...	22.8	-14.6
Contracting	12,309	9,309	12,853	8,942	...	-13.5	61.0
Hotel/Motel	1,068	1,042	925	779	...	-12.3	10.5
New Housing Units Authorized, Census C-40							
Total Units	61	52	69	61	35	-27.1	15.4
Single Family Units	58	50	64	58	35	-27.1	16.1
COCHISE COUNTY							
Civilian Labor Force, ADES	57,975	57,150	57,800	57,350	57,250	1.6	3.0
Employment	55,025	54,025	55,525	54,900	54,750	2.3	3.1
Unemployment	2,950	3,125	2,275	2,450	2,500	-11.5	0.2
Unemployment Rate (%)	5.1	5.5	3.9	4.3	4.4	-12.9	-2.6
Employees on Nonagricultural Payrolls, ADES							
Total	38,150	37,825	38,550	38,650	38,850	2.1	4.1
<i>Total Private</i>	25,975	25,950	26,050	26,075	26,225	2.4	4.7
Goods-Producing	3,750	3,875	3,875	3,825	3,850	2.0	5.6
Mining and Construction	2,900	3,000	2,975	2,900	2,950	1.7	8.2
Manufacturing	850	875	900	925	900	2.9	-2.4
Service-Providing	34,400	33,950	34,675	34,825	35,000	2.1	4.0
Trade, Transportation, and Utilities	6,750	6,700	6,775	6,800	6,875	5.8	4.8
Information	425	425	425	425	400	-11.1	-5.4
Financial Activities	1,000	1,000	1,000	1,000	975	-2.5	2.8
Professional and Business Services	4,800	4,750	4,825	4,825	4,875	8.3	7.8
Educational and Health Services	4,050	4,000	3,975	4,000	4,050	2.5	1.6
Leisure and Hospitality	4,250	4,250	4,225	4,250	4,275	0.6	7.4
Other Services	950	950	950	950	925	-21.3	-5.3
<i>Government</i>	12,175	11,875	12,500	12,575	12,625	1.4	3.0
Federal Government	5,025	5,000	4,975	5,000	4,975	-1.0	1.6
State and Local Government	7,150	6,875	7,525	7,575	7,650	3.0	4.0
Sales (\$000) ADOR							
Gross Retail	77,674	90,726	82,879	85,375	...	6.9	6.5
Retail	55,741	68,016	61,102	67,949	...	17.5	6.9
Restaurants & Bars	9,227	9,533	9,591	9,355	...	8.5	6.8
Gasoline, EBR	12,705	13,177	12,186	8,070	...	-39.6	4.2
Gallons (000s) ADOT	4,426	4,503	4,432	3,431	...	-25.2	-11.3
Contracting	28,449	24,218	23,577	25,741	...	20.7	38.7
Hotel/Motel	2,643	2,390	2,545	2,506	...	-3.6	4.2
New Housing Units Authorized, Census C-40							
Total Units	70	75	63	57	63	-31.5	-24.5
Single Family Units	70	75	63	57	63	-30.0	-23.8

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

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES							
Employment	443.3	446.0	446.2	454.9	457.4	4.2	2.5
Unemployment	422.9	424.6	430.1	437.3	439.7	5.1	2.8
Unemployment Rate, Seas. Adj. (%)	20.4	21.4	16.1	17.6	17.7	-14.5	-4.7
	4.4	4.5	3.4	3.7	3.9	-17.0	-7.0
Employees on Nonagricultural Payrolls (000s) ADES							
Total	374.1	374.7	379.9	389.6	393.4	5.7	4.1
Natural Resources and Mining	1.7	1.7	1.7	1.8	1.8	38.5	20.4
Construction	28.5	29.0	29.0	28.9	29.4	10.1	10.1
Manufacturing	29.3	29.5	29.6	29.4	29.6	4.6	2.7
Computer and Electronic Prod.	4.7	4.7	4.7	4.6	4.6	-4.2	-3.6
Aerospace Products and Parts	11.6	11.7	11.8	11.7	11.8	5.4	2.8
Wholesale Trade	8.8	8.7	8.7	8.7	8.8	4.8	4.3
Retail Trade	42.9	43.2	43.2	43.5	44.0	7.6	4.0
Transp., Warehousing, and Utilities	9.3	9.2	9.3	9.2	9.1	-2.2	0.8
Information	7.1	7.1	7.0	7.0	7.0	-2.8	-2.2
Financial Activities	17.5	17.7	17.8	18.1	18.3	7.6	8.7
Professional and Business Services	48.5	49.2	49.4	49.9	50.8	7.6	6.5
Educational and Health Services	52.0	51.9	52.9	53.7	54.2	5.7	5.2
Arts, Entertainment, and Recreation	6.3	6.0	6.0	6.0	6.3	18.9	19.2
Accommodation	8.1	8.0	8.0	8.1	8.0	3.9	3.4
Food Svcs and Drinking Places	28.3	27.8	28.2	28.7	29.0	5.8	5.7
Other Services	15.0	14.9	14.9	14.9	15.1	1.3	1.1
Federal Government	10.4	10.2	10.4	10.5	10.5	1.9	2.1
State and Local Government	60.4	60.6	63.8	71.2	71.5	3.8	-1.0
State and Local Government Education	34.5	34.2	38.4	45.6	46.0	3.6	-2.0
Sales (\$000s) ADOR							
Aggregate Retail Sales	977,105	901,477	952,979	895,144	...	-1.8	7.6
Retail	659,263	593,459	641,948	595,369	...	1.4	8.0
Food, EBR	129,600	124,361	124,420	127,747	...	2.3	6.5
Restaurants & Bars	109,086	100,332	104,629	110,099	...	5.5	8.6
Gasoline, EBR	79,156	83,325	81,981	61,929	...	-35.2	3.1
Contracting	194,981	172,424	181,732	219,326	...	17.6	12.6
Hotel/Motel	22,815	17,898	19,865	20,945	...	-3.4	7.6
New Housing Units Authorized, Census C-40 adjusted by EBR							
Total Units	834	676	678	484	522	-41.9	-22.0
Single Family Units	793	632	636	439	481	-39.6	-21.5
2-5-plus Unit Structures	41	44	42	45	41	-60.0	-26.0
Housing Sales and Prices, TAR							
Total Sales (\$000s)	417,120	335,851	370,671	273,322	292,205	-17.8	-5.1
Total Units	1,524	1,227	1,381	1,077	1,095	-20.0	-13.4
Average Price (\$)	273,701	273,717	268,408	253,781	266,854	2.8	10.4
Tucson International Airport, TAA							
Total Passengers	343,147	340,385	313,392	299,914	...	-4.3	4.7
Total Aircraft Movements	22,131	20,023	24,186	19,496	...	-18.6	6.4

TUCSON METROPOLITAN REGION (PIMA COUNTY) - QUARTERLY DATA

	III 2005	IV 2005	I 2006	II 2006	III 2006	% change versus year ago for most recent:	
						quarter	4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	961.5	968.7	975.9	983.2	990.4	3.0	3.0
Natural Increase	1.3	1.3	1.3	1.3	1.3	-1.5	-0.8
Births	3.2	3.2	3.2	3.3	3.3	0.7	0.4
Deaths	1.9	1.9	1.9	1.9	2.0	2.1	1.2
Net Migration	5.8	5.9	5.9	6.0	6.0	3.2	13.5
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	26,358	26,955	27,554	28,114	28,673	8.8	8.2
Earnings by Place of Work	18,225	18,671	19,120	19,529	19,939	9.4	8.5
Less: Contributions for Social Insurance	2,073	2,130	2,187	2,241	2,295	10.7	10.0
Plus: Adjustment for Residence	120	121	123	125	126	5.5	4.5
Plus: Dividends, Interest & Rents	5,037	5,142	5,246	5,348	5,450	8.2	8.0
Plus: Transfer Payments	5,050	5,151	5,252	5,353	5,453	8.0	8.1
Per Capita Personal Income (\$, SAAR) EBR	27,414	27,827	28,234	28,595	28,950	5.6	5.0

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent:	
						month	12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES							
Employment	1,998.6	1,991.6	1,991.2	2,008.1	2,008.6	3.4	4.1
Unemployment	1,920.1	1,909.4	1,929.5	1,940.8	1,940.5	4.2	4.6
Unemployment Rate, Seas. Adj. (%)	78.5	82.2	61.7	67.3	68.1	-15.7	-6.8
	3.8	4.0	3.0	3.2	3.4	-17.1	-10.3
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1,861.2	1,852.6	1,882.9	1,901.3	1,924.4	5.2	5.7
Natural Resources and Mining	2.8	2.7	2.8	2.8	2.7	58.8	28.4
Construction	185.1	186.9	187.9	189.6	192.8	11.8	13.6
Durable Goods	109.6	109.3	109.1	108.7	108.6	-0.5	1.4
Fabricated Metal Products	14.9	15.0	15.0	15.0	15.2	5.6	5.2
Computer and Electronic Prod.	40.6	40.5	40.3	40.0	39.8	-0.3	2.2
Aerospace Products and Parts	15.0	15.1	15.1	15.0	15.0	-2.6	0.9
Non-Durable Goods	27.4	27.3	27.3	27.3	27.3	-0.7	-0.6
Wholesale Trade	85.7	86.2	86.4	86.2	87.2	4.4	4.2
Retail Trade	230.4	231.6	232.7	232.7	236.1	6.9	7.9
Utilities	8.2	8.2	8.2	8.3	8.3	1.2	1.3
Transportation and Warehousing	53.5	53.5	53.7	53.6	54.7	-0.5	0.6
Information	32.8	32.5	32.5	32.2	32.1	-3.0	-1.7
Finance and Insurance	112.0	112.7	113.0	113.4	114.1	3.1	3.8
Real Estate, Rental, and Leasing	39.5	39.6	39.8	39.5	40.0	5.3	5.4
Professional and Business Services	325.3	326.0	327.1	329.0	333.3	7.2	8.9
Educational Services	30.7	28.9	30.7	32.1	32.6	5.2	5.3
Health Care and Social Assistance	159.3	159.5	160.7	161.1	162.2	4.8	4.4
Arts, Entertainment, and Recreation	23.9	22.9	22.9	23.3	24.2	9.0	7.6
Accommodation	27.2	26.2	26.2	26.6	27.6	1.8	0.2
Food Svcs and Drinking Places	127.4	125.0	126.1	127.2	129.1	5.7	6.2
Other Services	69.6	70.4	70.5	70.7	71.0	3.6	5.2
Federal Government	22.0	22.0	22.2	22.5	22.3	1.8	1.1
State and Local Government	188.8	181.2	203.1	214.5	218.2	3.3	1.7
State and Local Government Education	86.6	79.2	101.9	113.5	116.6	4.4	2.4
Sales (\$000s) ADOR							
Aggregate Retail Sales	4,771,884	4,407,028	4,583,887	4,498,495	...	4.5	11.9
Retail	3,251,079	2,957,947	3,121,230	3,044,918	...	5.8	11.4
Food, EBR	596,350	572,245	572,518	587,826	...	6.9	10.6
Restaurants & Bars	529,829	469,287	472,485	523,086	...	9.1	11.0
Gasoline, EBR	394,626	407,550	417,654	342,665	...	-13.9	18.4
Contracting	1,549,182	1,291,211	1,393,905	1,511,280	...	25.5	27.1
Hotel/Motel	91,025	60,141	68,407	90,433	...	7.8	7.4
New Housing Units Authorized, Census C-40							
Total Units	4,538	3,326	2,861	2,707	2,158	-60.3	-24.3
Single Family Units	3,800	2,518	2,704	2,083	1,662	-57.3	-26.5
2-4 Unit Structures	58	88	92	28	100	-30.6	33.9
5-plus Unit Structures	680	720	65	596	396	-71.7	-19.1
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	2,446,496	1,977,003	1,986,575	1,772,257	1,794,554	-28.6	-15.5
Total Units	6,946	5,878	5,944	5,423	5,371	-30.7	-27.2
Average Price (\$)	352,216	336,339	334,215	326,804	334,119	3.0	17.1
Phoenix Sky Harbor International Airport, PSHIA							
Total Passengers	3,608,776	3,709,773	3,473,887	3,041,533	3,367,020	-2.4	1.2
Total Aircraft Movements	44,990	45,428	46,349	43,777	45,845	-3.6	-1.2

SOURCES AND ABBREVIATIONS:

ADES: Arizona Department of Economic Security	BLS: Bureau of Labor Statistics, U.S. Department of Labor	PSHIA: Phoenix Sky Harbor International Airport
ADHS: Arizona Department of Health Services	Census C-40: U.S. Census Bureau, U.S. Department of Commerce	SAAR: Seasonally adjusted at annual rates
ADOR: Arizona Department of Revenue	EBR: Economic & Business Research Center, The University of Arizona	TAA: Tucson Airport Authority
ADOT: Arizona Department of Transportation	NPS: National Park Service, U.S. Department of the Interior	TAR: Tucson Association of Realtors
ARMLS: Arizona Regional Multiple Listing Service		U.S. Bankruptcy Court: District of Arizona
ASPB: Arizona State Parks Board		USCBP: U.S. Customs and Border Protection, U.S. Department of Homeland Security
BEA: Bureau of Economic Analysis, U.S. Department of Commerce		

	III 2005	IV 2005	I 2006	II 2006	III 2006	% change versus year ago for most recent: quarter 4-quarters	
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL COUNTY) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	3,913.0	3,948.8	3,984.6	4,020.5	4,056.2	3.7	3.7
Natural Increase	9.9	9.9	9.9	10.0	10.0	1.6	2.8
Births	16.3	16.4	16.5	16.6	16.7	2.4	2.9
Deaths	6.4	6.5	6.6	6.6	6.7	3.6	3.0
Net Migration	25.7	26.0	25.9	25.9	25.8	0.4	1.7
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	127,365	130,745	134,106	137,376	140,645	10.4	10.2
Earnings by Place of Work	103,434	106,489	109,524	112,479	115,435	11.6	11.4
Less: Contributions for Social Insurance	11,353	11,717	12,076	12,428	12,780	12.6	12.4
Plus: Adjustment for Residence	-73	-73	-75	-75	-75	-3.4	-1.7
Plus: Dividends, Interest & Rents	18,856	19,234	19,610	19,954	20,298	7.6	6.7
Plus: Transfer Payments	16,500	16,813	17,123	17,446	17,768	7.7	8.3
Per Capita Personal Income (\$, SAAR) EBR	32,550	33,110	33,656	34,169	34,674	6.5	6.3

ARIZONA - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
	III 2005	IV 2005	I 2006	II 2006	III 2006	% change versus year ago for most recent: quarter 4-quarters	
Population	6,070.7	6,121.8	6,173.1	6,225.8	6,278.8	3.4	3.4
Natural Increase	13.0	12.3	13.0	14.4	13.5	3.9	3.0
Births	24.2	23.9	24.8	25.3	24.7	1.8	3.2
Deaths	11.3	11.6	11.8	10.9	11.2	-0.7	3.6
Net Migration	38.4	38.6	38.5	39.4	38.8	1.0	3.9
Personal Income Derivation (\$mil, SAAR) BEA & EBR							
Total Personal Income	182,481	183,942	190,051	195,247	199,246	9.2	9.4
Earnings by Place of Work	140,752	141,261	146,934	150,973	153,581	9.1	10.7
Less: Contributions for Social Insurance	15,348	15,427	16,177	16,578	16,839	9.7	11.8
Plus: Adjustment for Residence	629	648	653	672	683	8.6	3.5
Plus: Dividends, Interest & Rents	28,611	29,325	29,760	30,749	31,466	10.0	6.3
Plus: Transfer Payments	27,838	28,134	28,885	29,435	30,357	9.0	7.4
Components of Earnings (\$mil, SAAR) BEA & EBR							
Wages and Salaries	102,370	102,920	107,499	110,730	112,793	10.2	11.4
Other Labor Income EBR	22,494	22,561	23,314	23,909	24,357	8.3	10.1
Proprietor's Income	15,887	15,780	16,179	16,287	...	6.5	9.7
Farm	394	349	444	426	...	12.4	-7.5
Nonfarm	15,494	15,432	15,734	15,861	...	6.3	10.3
Per Capita Personal Income (\$, SAAR) EBR	30,059	30,047	30,787	31,361	31,733	5.6	5.8
Average Wage Per Employee, Annual Rate (\$) EBR	39,803	39,584	40,917	41,503	...	7.5	6.2

TRAVEL AND TOURISM - MONTHLY DATA							
	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent: month 12-months	
Visits to Parks & Other Recreational Areas, NPS & ASPB							
Northern Arizona	2,197,903	2,450,693	2,183,101	1,592,239	1,413,261	1.4	0.6
Historical	121,540	136,140	124,882	128,652	130,651	9.5	-1.8
Scenic	728,895	819,062	709,125	581,951	503,734	3.6	0.6
Water Based Recreation	1,347,468	1,495,491	1,349,094	881,636	778,876	-1.2	0.9
Southern Arizona	138,817	159,823	119,751	170,346	186,426	-7.1	0.2
Historical	18,865	23,982	12,218	19,041	26,565	-14.0	-11.3
Scenic	84,601	98,088	81,668	118,354	132,319	-4.8	0.8
Water Based Recreation	35,351	37,753	25,865	32,951	27,542	-10.4	11.7
International Border Crossings, USCBP							
U.S. Citizens	631,927	646,110	631,369	-4.6	-2.9
Aliens	1,649,621	1,716,996	1,721,191	3.4	-1.9
Vehicles	745,902	724,645	706,321	690,701	...	-9.9	-10.5

MEASURES OF INFLATION AND PRICES - MONTHLY DATA							
Consumer Price Index (1982-1984=100) BLS							
	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent: month 12-months	
U.S. - All Urban	202.9	203.5	203.9	202.9	201.8	1.3	3.4
U.S. - Wage Earners	198.6	199.2	199.6	198.4	197.0	0.9	3.4

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

ARIZONA ECONOMIC INDICATORS

	JUN 2006	JUL 2006	AUG 2006	SEP 2006	OCT 2006	% change versus year ago for most recent: month 12-months	
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES							
Employment	2,955.7	2,952.9	2,953.4	2,975.9	2,978.0	3.5	3.7
Unemployment	2,818.3	2,804.4	2,841.7	2,858.5	2,860.3	4.4	4.2
Unemployment Rate, Seas. Adj. (%)	137.4	148.5	111.7	117.4	117.7	-13.8	-5.5
	4.4	4.7	3.6	3.7	3.9	-18.8	-8.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,594.8	2,582.0	2,623.0	2,654.3	2,684.2	4.7	5.1
Natural Resources and Mining	10.6	10.7	10.8	10.9	11.0	34.1	18.1
Construction	243.1	246.1	247.0	248.7	252.4	10.4	11.8
Durable Goods Manufacturing	149.0	149.1	148.9	148.4	148.4	0.7	1.9
Fabricated Metal Products	19.2	19.3	19.3	19.3	19.5	4.8	4.8
Computer and Electronic Prod.	45.8	45.7	45.4	45.1	45.0	-0.4	1.7
Aerospace Products and Parts	27.3	27.5	27.6	27.5	27.5	2.2	2.3
Non-Durable Goods Manufacturing	34.6	34.5	34.5	34.5	34.6	-0.9	-0.8
Wholesale Trade	103.1	103.3	103.3	103.1	104.4	4.4	4.2
Retail Trade	320.3	321.5	322.6	323.2	328.2	5.9	6.0
Utilities	11.9	11.9	11.9	11.8	11.8	-0.8	1.5
Transportation and Warehousing	69.1	69.1	69.2	69.1	70.3	-0.1	1.1
Information	44.5	44.3	44.1	43.8	43.6	-3.1	-1.8
Finance and Insurance	128.3	129.2	129.4	130.0	130.7	3.1	4.0
Real Estate, Rental, and Leasing	52.0	52.2	52.4	52.4	53.0	6.2	6.6
Professional and Business Services	397.1	398.0	399.3	401.1	406.2	6.3	8.0
Educational Services	40.1	37.1	40.3	42.3	43.4	3.1	3.4
Health Care and Social Assistance	243.2	243.3	245.5	246.5	248.3	4.7	4.5
Arts, Entertainment, and Recreation	34.7	33.5	33.3	33.7	34.5	9.9	9.1
Accommodation	46.9	46.1	46.1	46.6	47.7	3.0	3.2
Food Svcs and Drinking Places	187.0	183.8	185.7	187.5	189.5	5.6	6.1
Other Services	96.7	97.6	97.7	97.9	98.8	3.9	5.1
Federal Government	53.1	52.5	53.4	53.5	53.0	1.3	1.3
State and Local Government	329.5	318.2	347.6	369.3	374.4	2.9	1.3
State and Local Government Education	157.6	145.6	177.8	199.8	204.5	3.3	1.7
	40.5	40.2	40.3	40.6	40.8	-0.2	-1.0
Hours Worked Per Week, Manufacturing, ADES							
Average Hourly Earnings (\$) ADES							
Construction	16.59	16.91	16.82	17.01	16.99	6.7	4.8
Manufacturing	15.14	15.45	15.88	15.90	15.96	12.6	3.0
Trade, Transportation, Utilities	15.04	15.47	15.21	14.99	15.17	0.5	1.9
Retail Trade	12.09	12.40	12.14	11.78	11.79	-3.9	0.5
Wholesale Trade	17.98	18.51	18.64	18.69	18.88	2.2	-1.3
Sales (\$000s) ADOR							
Aggregate Retail Sales	6,874,177	6,422,358	6,636,147	6,480,115	...	3.4	11.0
Retail	4,599,802	4,227,113	4,449,490	4,322,684	...	4.7	10.6
Food, EBR	885,554	849,758	850,164	872,896	...	7.8	11.1
Restaurants & Bars	759,540	689,183	691,310	750,193	...	8.9	10.4
Gasoline, EBR	629,281	656,303	645,184	534,341	...	-17.2	13.9
Gallons (000s) ADOT	219,224	224,293	234,672	227,157	...	2.5	-2.4
Utilities	789,079	806,261	992,254	855,475	...	9.7	13.5
Communications	290,756	280,413	297,281	285,814	...	11.2	11.9
Amusements	83,327	88,971	67,188	67,007	...	22.3	17.0
Rentals - Personal Property	330,330	288,499	317,564	300,857	...	7.0	13.4
Contracting	2,066,512	1,740,569	1,879,232	2,030,187	...	21.2	24.8
Mining - Metal, Oil & Gas	202,966	205,804	188,366	183,734	...	59.4	61.2
Hotel/Motel	166,543	129,365	135,882	161,410	...	6.4	7.8
New Housing Units Authorized, Census C-40							
Total Units	6,236	4,617	4,398	3,881	3,284	-56.0	-23.5
Single Family Units	5,375	3,756	4,130	3,159	2,717	-53.3	-25.4
2-4 Unit Structures	116	134	182	88	157	-21.1	35.1
5-plus Unit Structures	745	727	86	634	410	-71.8	-18.0
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	565	514	617	582	687	-93.8	-86.8
Chapter 7	451	407	482	466	520	-95.0	-88.4
Chapter 11	17	9	13	8	10	-50.0	-15.7
Chapter 13	97	98	122	108	157	-77.7	-75.9

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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