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Patience is a Virtue

By Marshall J. Vest
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These are nervous times. The economy is plunging, and measure after measure brings more bad news. The "talking heads" on TV continue doing their sensationalist best to convince viewers that the Fed's rescue efforts are not working (they are, patience, please). Additionally, statements from Washington about business conditions haven't been particularly reassuring either. Confidence on the part of both consumers and business leaders has fallen to record lows, and fear dominates our collective psyche. This is typical of recessions. History tells us that just when everyone capitulates to the idea that conditions will never improve, recovery begins. The recession is nearing its nadir.

As of mid-February, the most recent data available stretches through year end. It paints a pretty bleak picture, but that is not unexpected. The economy was in free fall as 2008 came to an end, and expectations are that the first quarter will be equally depressing. Six months from now, with data for the second quarter, we should see clear evidence that recessionary forces are diminishing. In the meantime, talk show hosts will sensationalize every negative report and intensify peoples' fears. There has never been a better time to develop a new hobby and turn off the talking heads.

In late February, Congress passed a \$787 billion fiscal stimulus plan and introduced a \$275 billion program to facilitate modification of home mortgages. Also, the U.S. Treasury, with Secretary Geithner now in charge, made significant revisions to the TARP rescue plan approved last fall, including changing its name to the Financial Stability Program (FSP). A key element of FSP is expansion of the Federal Reserve's Term Asset-Backed Securities Lending Facility (TALF) from a \$200 billion lending limit to \$1 trillion. TALF provides funding to purchase securities backed by assets such as credit card debt, auto loans, student

loans, and residential and commercial real estate loans. It is essentially a structured investment vehicle backed by the Fed! This will significantly increase the flow of credit to the private sector, while banks struggle to meet capital adequacy requirements. These measures, in addition to those put in place last fall, will contain the damage currently being wreaked and provide support for the economy's recovery. The federal government and the nation's central bank have committed nearly \$10 trillion to the rescue. By comparison, total annual output of the U.S. economy is \$14 trillion. This is an unprecedented amount of stimulus and it *will* work, given time.

The recession is nearing its nadir during the current quarter and will loosen its grip as spring arrives. With luck, and the enormous boost from the federal government, the economy should be back on track by year end – maybe sooner. At this point, patience is a virtue.

Recent Evidence

Recent evidence shows that the recession so far is similar to the severe recessions of the mid-1970s
continued on Page 2

Dear Readers,

This issue of *Arizona's Economy* will be the last edition published in print and mailed to you. However, we will continue to offer you **Arizona's Economy Online** each quarter with expanded articles and enhanced access to our award-winning economic forecasts and data at:

<http://www.ebr.eller.arizona.edu/azeconomy/>

This electronic version of the magazine also allows you to access our economic analysis and updates sooner each quarter. The online version is also printable.

We would like to express our gratitude to you, our 10,000+ print subscribers for your interest in and support of our publication for the past 30 years. If you would like to be notified by e-mail each quarter when the latest edition becomes available online, please fill out the e-form at:

<http://www.ebr.eller.arizona.edu/subscribe/> or e-mail ebrpublications@eller.arizona.edu with your contact information.

The popular Arizona Business Leader Confidence Index (BLCI), launched some six years ago in a partnership with Compass Bank, also will cease with the current (second quarter) survey. We'd like to thank our panel of over 1,500 for their participation.

Also, we are proud to announce the launch of the *EBR Database Online*, an online subscription database providing you with access to extensive current and historical data series describing Arizona and its communities. Find out more about this exciting new service and subscribe at:

http://www.ebr.eller.arizona.edu/datacenter/EBR_Database.asp

Thank you for your interest in Arizona's Economy! --Editor

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and the early-1980s. Looking at Arizona data (Exhibit 1), we find that residential building activity (as measured by building permits) has fallen to less than 85% of its peak level. That compares to declines of 74% and 71%, respectively, during the two earlier periods. Nonfarm employment is down 5.7% so far, compared to a 4.5% peak-to-trough decline in the mid 1970s, and 2.2% in the early 1980s. Inflation-adjusted retail sales fell 10.7% in the 1970s recession and 33.1% in the early-1980s. In the current recession, sales have fallen 20% so far.

The current recession still has not bottomed out, and it will no doubt exceed these two earlier recessions as measured by both depth and duration. But it will fall far short of the declines suffered during the great depression.

Arizona Outlook

Arizona has been hit harder than any state, with the exception of Nevada. Arizona's economy entered the recession three months earlier than the national economy, and will likely emerge later. Using nonfarm employment as the yardstick, we expect the bottom to come in the second quarter of 2010. Some 220,000 jobs will be lost, an unprecedented decline from peak to trough of 8.2%. That puts the number of jobs back to the level of early 2005. It is expected to take until the end of 2012 for employment levels to regain the peak of 2007Q3.

The lion's share of losses will be in the construction industry. That industry will lose half of its workers over a four-and-a-half-year slide from its 2006Q2 peak to the bottom in 2010Q4.

Personal income increased by only 2.7% in 2008, the smallest increase in at least four decades. We expect aggregate income to decline by 1.1% this year and grow by only one percent in 2010. In inflation-adjusted terms, 2008-2010 will

bring a three row stretch of declines. In the mid-1970s and early 1980s recessions, real income declined in 1975 and again in 1982.

Declines in retail sales (including restaurants and bars, food, and gasoline) also have been unprecedented. This aggregate sales measure fell 4.6% in 2008 and would have been worse were it not for the 8.2% increase in gasoline sales. With gasoline prices now half what they were just six months ago, the aggregate sales measure will fall by 7.6% in 2009. The following year should see a nice rebound of 6.5-7.0%, as all components recover from very depressed levels. For the narrowly-defined retail component, the annual changes for 2008-2010 are -8.9%, -3.7%, and 7.0%, respectively.

Arizona's unemployment rate stood at 6.9% at

the end of 2008. Unemployment is predicted to peak at 9.5% by year end 2009, and average 8.8% for all of 2009 and 2010.

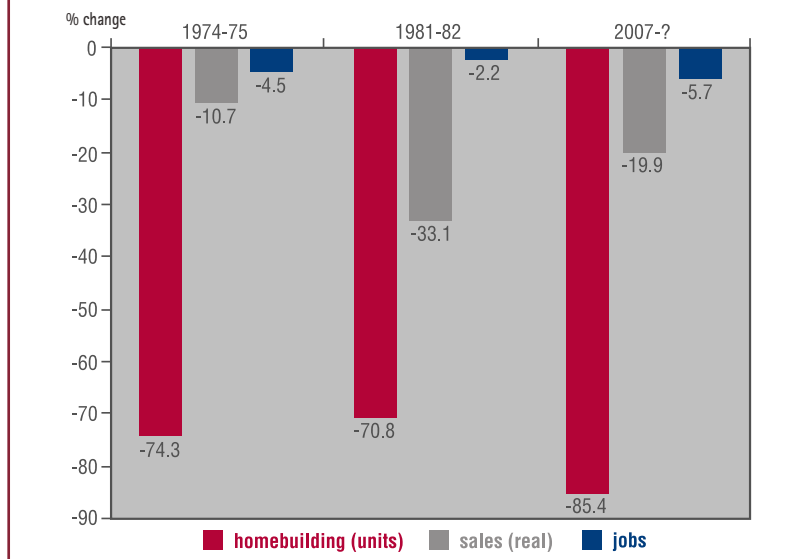
Population growth has slowed to the lowest rate in the past five decades. According to the U.S. Census Bureau, Arizona's population grew by 2.3% in 2008. Look for an increase of only 1.4% this year and 1.7% in 2009. In sheer numbers, population increases by 92,000 this year and 110,000 in 2010. The rate of growth remains below 2.5% through 2015.

This recession will undoubtedly go into the record books as the longest and most severe since World War II. Thankfully, actions of the Federal government and the Federal Reserve to boost aggregate demand and to keep credit markets working will limit further damage. Patience -- and faith that conditions will soon improve -- are needed now. ■

To view forecast tables, please visit: <http://www.ebr.eller.arizona.edu/azeconomy/>

EXHIBIT 1 Current Recession is Comparable, So Far

Losses in Prior Recessions, Arizona



Mexican Visitors to Arizona: Characteristics and Economic Impacts, 2007-2008

Soon to be Released

Over 3,000 Mexican visitors to Arizona were interviewed at the six land border crossings, and at Phoenix Sky Harbor International and Tucson International airports to determine visitor and trip characteristics, destination areas within Arizona, shopping patterns, sight-seeing activities, and expenditures by category. This study, the fourth in a series spanning three decades, was prepared for the

Arizona Office of Tourism and authored by Drs. Vera Pavlakovich-Kochi and Alberta H. Charney of the Economic and Business Research Center in the Eller College of Management.

Following the official release by the Arizona Office of Tourism, the entire report can be accessed on our website at:

<http://www.ebr.eller.arizona.edu/azeconomy/>

Six months from now, with data for the second quarter, we should see clear evidence that recessionary forces are diminishing.

The Economic Importance of High-Tech Industry in Arizona

By William P. Patton, Ph.D.

The importance of the high-tech sector in Arizona cannot be overstated. High-tech industries are major sources of employment and income, provide high-wage jobs, and support new company spin-offs, as well as, new product development. Moreover, innovative high-tech industries may be better equipped to compete in the global market place than traditional industries such as manufacturing. Finally, a healthy high-tech sector can be an engine of regional economic growth and development. This article updates and expands on data and analysis provided in our article "High-Tech Powers Arizona's Economy," from the July 2006 issue of *Arizona's Economy*.

In 2007, high tech industries employed 278,700 workers accounting for 11% of total employment in Arizona. While high-tech accounted for 11% of employment, high-tech industries contributed \$20.3 billion to payrolls, 18% of the total payroll for all industries in 2007. The average wage for all high-tech industries combined is 75% higher than the average wage for all industries. Again in 2007, the average annual wage for high-tech industries was \$72,700 vs. \$41,600 for all industries.

This positive divergence between employment and payroll shares is even more

pronounced in the high-tech manufacturing sector. High-tech manufacturing firms tend to be larger than traditional manufacturing firms, with the average employment in high-tech manufacturing companies being 2.5 times that in non-high tech manufacturing firms. In 2007, there were 900 high-tech manufacturing firms in Arizona accounting for 18% of the total number of manufacturing firms and 47% of the employment in the manufacturing sector overall. However, high-tech manufacturing payrolls totaling \$6.4 billion were responsible for a whopping 60% of all manufacturing payrolls and 6% of total payrolls in the state.

The average annual wage for high-tech manufacturing industries was \$80,100. This is 37% higher than the average annual wage rate for the entire manufacturing sector, and almost double the average annual wage rate for all industries in Arizona.

To learn how to identify high-tech firms and what drives growth and change in this important sector of our state's economy, read the entire article online at:

<http://www.ebr.eller.arizona.edu/azeconomy/>

Unemployment Rates – All Six of Them

By Alberta H. Charney, Ph.D.

Recently, the U.S. unemployment rate increased to 8.1%. This represents the portion of the labor force that is looking for a job but is currently unemployed. The definition of the labor force is the sum of employed persons plus persons looking for work.

Under this definition, if a person has been laid off from a high-paying manufacturing job and, to make ends meet, is working at a fast food restaurant, they are considered "employed." If there are substantial numbers of these "underemployed" persons, then the traditional unemployment rate substantially underestimates the level of suffering in the economy.

The traditional unemployment rate is actually one of six different unemployment rates (U1-U6) tracked by the Bureau of Labor Statistics. The traditional unemployment rate is referred to as U-3.

The unemployment rate U-4, which includes discouraged workers is only slightly above U-3. There is a bigger increase of almost 2/3rds of a percent when marginally attached workers are included (U-5). But when persons working part-time when they would prefer to have full-time employment are added, the unemployment rate is almost 15 percent (U-6). Since 1994, when U-4 – U-6 were added, U-6 has been approximately 3.1 – 4.5 percent higher than U-3. In the most recent month, U-6 was 6.7 percent higher than U-3.

To learn more about how unemployment rates are defined and how these rates have tracked historically in Arizona, please visit:

<http://www.ebr.eller.arizona.edu/azeconomy/>

Arizona's High-Tech Industry Drivers

By William P. Patton, Ph.D.

Arizona's high-tech industries are a source of jobs, incomes, and high wages. They also represent industry sectors with strong growth potential and the ability to compete in the global market.

Given their importance to the state's economy, the attraction, expansion, and retention of high-tech industries is a major component of the economic development strategies at the state, regional, and local levels. Economic development organizations are constantly attempting to find ways to be more competitive with other regions in growing high-tech industry clusters.

High-tech firms make their business location decisions based on many of the same location factors as non-high-tech firms. These factors would include things like low operating costs (labor, taxes, materials, transportation, etc.), proximity to major markets, proximity to critical inputs, and so forth.

However, high-tech firms have additional requirements that can be even more important than the factors above. The most important location factor to high-tech firms is the availability of a highly educated, highly skilled workforce. They also value being near major universities and research and development activity. Finally, since many high-tech firms are startups and spinoffs with new products and services, it is important to have access to venture capital and other sources of early stage financing.

To find out how Arizona fares in the high-tech location competition go to:

<http://www.ebr.eller.arizona.edu/azeconomy/>

*In 2007, high-tech industries accounted for 11% of total jobs
and 18% of dollar payrolls.*

Marginal Federal Income Tax Rates: A History

By Alberta H. Charney, Ph.D.

In the recent presidential election, there was a great deal of discussion about whether or not to raise the highest marginal tax rate for family incomes (married couples, filing jointly) that are over \$250,000/year from 35%, the 2008 rate, to 39.6%, the highest marginal income tax rate during the 1990s. This article provides an overview of the federal income tax rates throughout much of the 20th century so this proposed tax increase can be put into perspective. All of the tax structures compared in this article are for married couples filing jointly.

When we examine marginal tax rates and brackets in real terms for taxable years 1987, 1992, 1999, and 2008, we notice that these tax structures extend back through the four most recent presidents' terms. Although there are some differences among them, there are far more similarities. After all subtractions to income are made, the resulting taxable income had a starting tax rate of 10 or 15%. By the time taxable income reaches \$55,000-\$65,000 (in \$2008), the marginal tax rate increases to between 25% and 28%. From there, the 1987 tax structure increases the

fastest, reaching 35% by the time taxable income reaches \$90,000 and increases to 38.5% at \$170,000. The 38.5% marginal rate is the highest among the tax structures, except for the 1999 tax structure, which taxes income over \$370,000 at 39.6%. The lowest tax bracket for higher income couples occurred in 1992, when the highest marginal rate of 31% was reached at approximately \$135,000.

The recent income tax proposal would increase the 2008 structure to 39.6% for taxable incomes over \$250,000 (not presented on the graph). In addition, the president's proposal would cut taxes for at least some families below this income by \$1,000, but this tax reduction would be accomplished through a tax credit, rather than through changes in marginal tax rates and/or brackets.

To examine the data, view graphs and history of the income tax structure in the U.S. from 1913 through the present please visit:

<http://www.ebr.eller.arizona.edu/azeconomy/>

Educate or Incarcerate? Arizona's General Fund Expenditures: 1979 – 2008

By Alberta H. Charney, Ph.D.

Arizona state policymakers have been reducing state government, cutting education funding, and shrinking university funding, as shares of the state economy.

Although volatile, the General Fund of the State of Arizona has been shrinking, per \$1,000 of state personal income, since the early 1990s. The General Fund declined steadily through fiscal year (FY) 2003, largely due to numerous tax cuts in the 1990s and a weak economy in the early 2000s. The General Fund then climbed steeply between 2005 and 2007 but dropped again due to tax cuts and a weak economy.

General Fund education expenditures have also been in decline relative to Arizona personal income, as have education expenditures (excluding School Facilities Board expenditures) as a share of the General Fund itself. In the late 1970s, education comprised almost 70% of the General Fund of the State of Arizona. In recent years, education was slightly over half of the General Fund.

Universities have fared much worse than even education as a whole. University expenditures fell from 19% of the General Fund in 1979 to approximately 10% in

recent periods. Despite representing only 10% of the General Fund, some proposals to solve the current fiscal crises would have universities absorbing approximately 25% of the budget cuts.

In the late 1970s, universities received \$9 for each \$1000 of Arizona personal income and protection and safety got \$3. Over time, universities received less and expenditures on protection and safety grew. With the proposed budget cuts, universities will fall substantially below protection and safety, of which 80 – 86% represents the Department of Corrections.

One has to ask whether these budget priorities are what are required for Arizona and its citizens to compete in the 21st century global economy.

To further explore this important topic and examine the data, please visit:

<http://www.ebr.eller.arizona.edu/azeconomy/>

Arizona expenditure data was obtained from the Joint Legislative Budget Committee website. Personal income data is from the Bureau of Economic Analysis.

*University funding, now only 10% of General fund spending,
will soon be less than spending for corrections.*

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADOC	3,173.6	3,180.7	3,169.6	3,163.5	3,150.7	2.1	3.2
Employment	2,973.9	2,979.3	2,969.5	2,951.9	2,922.9	-0.8	1.1
Unemployment	199.7	201.4	200.1	211.6	227.8	63.2	53.5
Unemployment Rate, Seas. Adj. (%)	6.0	6.2	6.2	6.4	7.0	59.0	47.2
Employees on Nonagricultural Payrolls (000s) ADOC							
Total	2,604.1	2,600.0	2,580.9	2,561.3	2,486.9	-5.9	-2.7
Total Private	2160.3	2152.8	2131.9	2115.0	2053.2	-7.3	-3.7
Government	443.8	447.2	449.0	446.3	433.7	1.4	2.7
Federal Government	55.1	55.1	55.1	55.3	54.8	4.6	4.2
State and Local Government	388.7	392.1	393.9	391.0	378.9	0.9	2.5
State and Local Government Education	208.6	212.1	214.6	212.7	201.5	2.6	3.2
Hours Worked Per Week, Manufacturing, ADOC	39.9	39.8	39.7	40.5	41.2	1.2	-1.3
Average Hourly Earnings (\$) ADOC							
Construction	18.82	19.15	19.30	19.70	19.30	2.2	5.7
Manufacturing	16.53	16.37	16.23	16.47	17.11	6.1	4.4
Trade, Transportation, Utilities	15.08	15.13	15.21	15.12	15.39	5.4	2.6
Retail Trade	12.61	12.57	12.66	12.32	12.98	7.2	3.2
Wholesale Trade	19.97	19.94	20.11	20.71	21.28	10.3	3.1
Sales (\$000s) ADOR							
Aggregate Retail Sales	6,279,506	5,984,648	5,992,266	6,959,559	...	-13.3	-5.1
Retail	3,869,885	3,581,724	3,775,136	4,840,478	...	-13.8	-9.6
Food, EBR	968,299	1,006,111	1,016,618	1,015,725	...	3.8	5.0
Restaurants & Bars	718,500	749,313	748,783	754,089	...	1.3	-2.5
Gasoline, EBR	722,822	647,500	451,729	349,267	408,765	-37.2	4.3
Gallons (000s) ADOT	214,768	224,616	218,163	228,204	222,773	-2.1	-4.7
Utilities	932,773	809,568	623,205	641,237	...	1.2	5.9
Communications	232,446	253,749	260,197	247,542	...	-19.2	-6.2
Amusements	70,296	66,729	86,056	76,916	...	-12.5	1.3
Rentals - Personal Property	316,927	322,899	280,779	290,014	...	-13.4	-2.7
Contracting	1,464,964	1,422,550	1,253,904	1,360,692	...	-18.9	-17.5
Mining - Metal, Oil & Gas	136,117	75,558	30,127	13,586	...	-85.0	-8.0
Hotel/Motel	165,624	188,212	173,706	148,818	...	-5.9	-4.6
New Housing Units Authorized, Census C-40 & EBR							
Total Units	1,825	1,300	1,022	795	760	-72.2	-50.8
Single Family Units	1,133	877	616	723	574	-62.9	-51.6
2-4 Unit Structures	26	33	122	4	14	-73.6	-56.7
5-plus Unit Structures	666	391	284	68	172	-84.8	-47.0
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	1,881	3,119	1,741	1,874	1,713	77.1	90.9
Chapter 7	1,509	2,723	1,369	1,536	1,364	91.8	102.6
Chapter 11	37	52	36	41	37	37.0	63.6
Chapter 13	335	343	335	297	312	36.2	53.2
TRAVEL AND TOURISM - MONTHLY DATA							
Visits to Parks & Other Recreational Areas, NPS & ASPB							
Northern Arizona	1,671,947	1,401,274	992,525	756,876	695,218	2.6	0.3
Historical	120,200	133,558	82,750	55,617	59,230	12.1	-0.1
Scenic	629,344	505,437	322,538	244,874	236,733	10.1	0.4
Water Based Recreation	922,403	762,279	587,237	456,385	399,255	-2.5	0.2
Southern Arizona	119,939	177,858	231,305	206,756	291,479	21.4	6.7
Historical	20,254	28,889	31,446	42,806	44,397	2.1	7.6
Scenic	71,839	116,801	173,342	149,470	220,154	24.6	7.9
Water Based Recreation	27,846	32,168	26,517	14,480	26,928	34.6	0.1
International Border Crossings, USCBP							
Passengers	1,518,477	1,469,488	1,483,744	1,615,561	1,575,398	-4.5	-2.7
Pedestrians	861,830	810,400	730,379	862,563	699,950	-14.7	-14.9
Vehicles	640,723	637,448	639,556	687,570	675,536	-4.8	-5.3

See sources and abbreviations at the bottom of page 8. • For additional detail and history, subscribe to *EBR Database Online*.

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADOC	2,136.8	2,145.7	2,141.8	2,136.4	2,123.1	1.2	2.7
Employment	2,016.7	2,023.7	2,019.2	2,004.5	1,980.9	-1.6	0.8
Unemployment	120.1	122.0	122.6	131.9	142.2	67.5	58.1
Unemployment Rate, Seas. Adj. (%)	5.6	5.7	5.9	6.4	6.1	64.9	54.5
Employees on Nonagricultural Payrolls (000s) ADOC							
Total	1,857.3	1,856.0	1,841.7	1,826.1	1,770.3	-6.7	-3.0
Total Private	1,606.5	1,603.1	1,587.7	1,573.5	1,525.3	-7.4	-3.8
Government	250.8	252.9	254.0	252.6	245.0	-1.7	2.0
Federal Government	22.8	22.9	22.7	22.8	22.7	5.1	5.1
State and Local Government	228.0	230.0	231.3	229.8	222.3	-2.3	1.7
State and Local Government Education	120.7	122.1	123.7	123.2	116.5	-2.8	1.8
Sales (\$000s) ADOR							
Aggregate Retail Sales	4,294,422	4,064,909	4,079,062	4,785,852	...	-13.5	-6.4
Retail	2,698,354	2,460,903	2,593,629	3,367,158	...	-14.4	-11.1
Food, EBR	636,593	661,452	668,360	667,772	...	3.3	4.5
Restaurants & Bars	494,363	521,543	525,497	530,291	...	3.4	-2.8
Gasoline, EBR	465,113	421,011	291,577	220,631	259,629	-38.2	4.4
Contracting	1,017,853	990,979	846,641	940,964	...	-23.6	-20.6
Hotel/Motel	89,714	113,346	111,036	92,177	...	-11.5	-4.9
New Housing Units Authorized, Census C-40 & EBR							
Total Units	1,384	968	579	441	539	-71.9	-53.7
Single Family Units	703	559	369	426	361	-65.8	-55.1
2-4 Unit Structures	19	26	2	2	12	-75.6	-65.2
5-plus Unit Structures	662	384	208	12	166	-79.6	-48.7
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	1,354,579	1,143,223	904,707	1,065,102	854,270	-6.2	-16.8
Total Units	6,179	5,384	4,417	5,524	4,736	62.9	16.2
Average Price (\$)	219,223	212,337	204,824	192,813	180,378	-42.4	-27.2
Phoenix Sky Harbor International Airport, PSHIA							
Total Passengers	2,861,437	3,165,766	2,965,180	3,171,614	2,999,552	-9.7	-6.1
Total Aircraft Movements	37,843	39,434	37,716	39,119	39,237	-13.6	-7.8
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADOC	489.3	490.3	487.8	489.0	488.2	5.7	4.6
Employment	461.2	461.9	459.8	459.0	456.4	3.4	2.9
Unemployment	28.1	28.4	28.0	30.0	31.8	53.6	50.2
Unemployment Rate, Seas. Adj. (%)	5.7	5.7	5.9	6.3	6.0	46.3	43.4
Employees on Nonagricultural Payrolls (000s) ADOC							
Total	382.5	381.6	379.1	377.5	367.9	-2.6	-1.2
Total Private	299.3	297.7	294.7	293.4	286.9	-5.2	-2.6
Government	83.2	83.9	84.4	84.1	81.0	7.9	4.4
Federal Government	11.2	11.4	11.5	11.4	11.4	6.5	6.0
State and Local Government	72.0	72.5	72.9	72.7	69.6	8.1	4.1
State and Local Government Education	44.8	45.9	46.3	46.2	43.2	14.3	5.0
Sales (\$000s) ADOR							
Aggregate Retail Sales	904,011	875,929	881,638	1,040,292	...	-12.0	-3.9
Retail	548,413	513,121	550,518	720,134	...	-12.6	-8.1
Food, EBR	148,814	154,626	156,240	156,103	...	4.1	5.3
Restaurants & Bars	109,900	121,889	114,702	115,777	...	0.1	-2.3
Gasoline, EBR	96,883	86,294	60,178	48,278	56,515	-33.8	6.3
Contracting	196,265	199,342	164,516	181,690	...	-6.8	-10.1
Hotel/Motel	19,782	26,308	26,714	21,750	...	9.3	-14.8
New Housing Units Authorized, Census C-40 & EBR							
Total Units	229	153	105	107	107	-77.8	-50.0
Single Family Units	212	138	96	99	99	-47.1	-48.2
2-5-plus Unit Structures	17	15	10	8	8	-97.3	-60.6
Housing Sales and Prices, TAR							
Total Sales (\$000s)	203,049	186,356	137,104	155,043	122,382	-25.7	-28.3
Total Units	964	846	645	777	588	-5.3	-16.0
Average Price (\$)	210,631	220,279	212,565	199,540	208,133	-21.5	-14.8
Tucson International Airport, TAA							
Total Passengers	287,577	334,055	304,044	317,531	288,675	-18.5	-6.1
Total Aircraft Movements	15,643	15,834	14,760	15,032	17,771	-18.9	-15.9

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
APACHE COUNTY							
Civilian Labor Force, ADOC	22,050	22,000	21,825	21,875	22,050	7.4	7.6
Employment	19,625	19,425	19,275	19,200	19,150	3.1	5.2
Unemployment	2,425	2,575	2,550	2,675	2,900	48.7	33.1
Unemployment Rate (%)	11.0	11.7	11.7	12.2	13.2	38.4	23.2
Employees on Nonagricultural Payrolls, ADOC							
Total	20,625	20,350	20,125	19,975	19,500	-1.6	2.1
<i>Total Private</i>	7,225	7,125	6,975	6,800	6,425	-8.9	1.0
<i>Government</i>	13,400	13,225	13,150	13,175	13,075	2.3	2.7
Federal Government	3,300	3,225	3,225	3,300	3,250	-0.8	1.3
State and Local Government	10,100	10,000	9,925	9,875	9,825	3.4	3.2
Sales (\$000s) ADOR							
Gross Retail	16,992	15,981	11,770	12,102	...	-61.7	10.2
Contracting	11,026	14,693	8,668	7,775	...	-5.7	27.6
Hotel/Motel	1,758	1,180	814	902	...	-4.7	18.4
COCHISE COUNTY							
Civilian Labor Force, ADOC	61,325	61,025	60,900	61,075	61,425	4.1	5.7
Employment	57,825	57,525	57,400	57,325	57,500	2.4	4.3
Unemployment	3,500	3,500	3,500	3,750	3,925	35.3	39.1
Unemployment Rate (%)	5.7	5.7	5.7	6.1	6.4	30.1	31.5
Employees on Nonagricultural Payrolls, ADOC							
Total	38,025	37,850	37,800	37,600	36,975	-2.4	0.7
<i>Total Private</i>	25,400	25,125	25,075	24,875	24,400	-6.1	-0.4
<i>Government</i>	12,625	12,725	12,725	12,725	12,575	5.7	3.1
Federal Government	4,925	5,050	5,050	5,075	5,050	5.2	4.3
State and Local Government	7,700	7,675	7,675	7,650	7,525	6.0	2.3
Sales (\$000) ADOR							
Gross Retail	86,930	78,483	79,168	97,749	...	-11.3	0.1
Contracting	30,583	23,781	29,185	25,203	...	-0.4	-13.2
Hotel/Motel	3,318	3,783	3,184	4,819	...	76.9	4.8
New Housing Units Authorized, Census C-40							
Total Units	25	25	13	24	8	-65.2	-38.4
Single Family Units	25	25	13	24	8	-65.2	-38.4
COCONINO COUNTY							
Civilian Labor Force, ADOC	74,300	74,600	74,600	74,300	74,800	6.6	4.7
Employment	70,300	70,600	70,300	69,600	69,600	4.3	3.1
Unemployment	4,000	4,000	4,300	4,700	5,200	48.6	47.2
Unemployment Rate (%)	5.4	5.4	5.8	6.3	7.0	39.4	40.2
Employees on Nonagricultural Payrolls, ADOC							
Total	64,400	64,800	64,300	63,400	62,300	-1.1	-0.6
<i>Total Private</i>	43,500	43,100	42,600	42,200	41,000	-5.7	-3.1
<i>Government</i>	20,900	21,700	21,700	21,200	21,300	9.2	4.9
Federal Government	3,100	2,900	2,800	2,800	2,700	0.0	0.3
State and Local Government	17,800	18,800	18,900	18,400	18,600	10.7	5.7
Sales (\$000s) ADOR							
Gross Retail	146,291	129,456	110,242	126,353	...	-11.1	-1.4
Contracting	41,131	35,369	33,930	31,480	...	-12.9	-5.0
Hotel/Motel	27,434	21,027	11,725	13,045	...	7.6	7.0
New Housing Units Authorized, Census C-40							
Total Units	18	15	26	19	5	-82.8	-41.0
Single Family Units	18	15	26	19	5	-82.8	-43.9

See sources and abbreviations at the bottom of page 8. • For additional detail and history, subscribe to *EBR Database Online*.

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
GILA COUNTY							
Civilian Labor Force, ADOC	22,400	22,125	22,000	22,150	22,075	2.2	5.3
Employment	20,900	20,575	20,450	20,425	20,100	-2.0	3.2
Unemployment	1,500	1,550	1,550	1,725	1,975	79.5	50.6
Unemployment Rate (%)	6.7	7.0	7.0	7.8	8.9	75.7	43.0
Employees on Nonagricultural Payrolls, ADOC							
Total	14,425	14,225	14,125	14,075	13,550	-7.0	-0.1
Total Private	9,575	9,400	9,300	9,250	8,825	-8.1	-0.6
Government	4,850	4,825	4,825	4,825	4,725	-5.0	0.7
Federal Government	525	475	475	450	450	5.9	0.9
State and Local Government	4,325	4,350	4,350	4,375	4,275	-6.0	0.7
Sales (\$000s) ADOR							
Gross Retail	36,641	32,798	29,949	32,983	...	-15.3	-2.6
Contracting	9,623	8,423	10,892	8,627	...	5.5	-5.0
Hotel/Motel	1,012	1,195	954	752	...	-14.1	-28.6
GRAHAM COUNTY							
Civilian Labor Force, ADOC	16,625	16,575	16,275	16,475	16,250	3.7	13.2
Employment	15,550	15,525	15,075	15,025	14,575	-1.5	10.3
Unemployment	1,075	1,050	1,200	1,450	1,675	91.4	76.2
Unemployment Rate (%)	6.5	6.3	7.4	8.8	10.3	84.7	56.0
Employees on Nonagricultural Payrolls, ADOC							
Total	8,900	8,850	8,850	8,775	8,400	-6.7	5.1
Total Private	6,075	5,950	5,950	5,875	5,650	-9.6	6.8
Government	2,825	2,900	2,900	2,900	2,750	0.0	1.6
Federal Government	425	425	425	425	400	0.0	2.1
State and Local Government	2,400	2,475	2,475	2,475	2,350	0.0	1.6
Sales (\$000) ADOR							
Gross Retail	24,995	23,827	19,513	23,503	...	-23.3	-4.4
Contracting	5,954	6,884	7,316	4,834	...	-16.5	41.4
GREENLEE COUNTY							
Civilian Labor Force, ADOC	4,600	4,600	4,550	4,650	4,625	6.3	9.7
Employment	4,400	4,400	4,250	4,250	4,125	-1.2	7.3
Unemployment	200	200	300	400	500	185.7	81.3
Unemployment Rate (%)	4.3	4.3	6.6	8.6	10.8	168.7	64.5
Employees on Nonagricultural Payrolls, ADOC							
Total	5,575	5,625	5,125	5,100	4,775	-5.0	9.1
Total Private	5,000	5,075	4,550	4,525	4,200	-6.7	9.9
Government	575	550	575	575	575	9.5	2.3
Federal Government	25	25	25	25	25	0.0	-11.8
State and Local Government	550	525	550	550	550	10.0	3.3
Sales (\$000s) ADOR							
Gross Retail	9,660	18,543	30,471	11,976	...	-60.0	45.8
Contracting	6,429	5,445	4,177	6,835	...	15.5	-22.6
Hotel/Motel (Includes Graham County data.)	916	712	682	379	...	-29.4	-5.4

ADOC: Arizona Department of Commerce
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: U.S. Census Bureau, U.S. Department of
Commerce
EBR: Economic & Business Research Center,
The University of Arizona
NPS: National Park Service, U.S. Department of the Interior

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

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
LA PAZ COUNTY							
Civilian Labor Force, ADOC	7,500	7,475	7,450	7,550	7,625	-3.5	-1.9
Employment	6,850	6,850	6,875	6,950	6,975	-6.1	-4.0
Unemployment	650	625	575	600	650	36.8	38.2
Unemployment Rate (%)	8.7	8.4	7.7	7.9	8.5	41.8	41.0
Employees on Nonagricultural Payrolls, ADOC							
Total	4,900	5,000	5,000	5,025	4,925	-7.5	-6.0
<i>Total Private</i>	2,475	2,525	2,525	2,525	2,475	-10.0	-7.4
<i>Government</i>	2,425	2,475	2,475	2,500	2,450	-4.9	-4.5
Federal Government	325	325	325	325	325	0.0	2.6
State and Local Government	2,100	2,150	2,150	2,175	2,125	-5.6	-5.5
Sales (\$000s) ADOR							
Gross Retail	15,361	17,559	15,742	18,798	...	-18.4	0.8
Contracting	2,761	2,671	1,280	2,518	...	-42.1	-1.9
Hotel/Motel	349	361	385	431	...	-4.8	-9.4
MOHAVE COUNTY							
Civilian Labor Force, ADOC	93,200	93,200	93,300	93,300	93,900	2.4	1.5
Employment	86,000	85,700	85,600	85,300	84,900	-1.4	-1.3
Unemployment	7,200	7,500	7,700	8,000	9,000	60.7	56.1
Unemployment Rate (%)	7.7	8.0	8.3	8.6	9.6	56.9	53.9
Employees on Nonagricultural Payrolls, ADOC							
Total	50,100	49,800	49,500	49,100	47,800	-7.2	-5.6
<i>Total Private</i>	41,200	41,000	40,600	40,400	39,400	-8.4	-7.1
<i>Government</i>	8,900	8,800	8,900	8,700	8,400	-1.2	2.8
Federal Government	500	500	500	500	500	0.0	0.0
State and Local Government	8,400	8,300	8,400	8,200	7,900	-1.3	2.9
Sales (\$000) ADOR							
Gross Retail	136,290	125,917	136,964	147,642	...	-11.7	-6.6
Contracting	35,503	26,855	31,094	31,635	...	-9.0	-18.3
Hotel/Motel	3,640	2,960	2,885	2,330	...	-18.5	-9.2
New Housing Units Authorized, Census C-40							
Total Units	42	46	18	17	17	-32.0	-50.5
Single Family Units	42	46	18	17	17	-32.0	-56.7
NAVAJO COUNTY							
Civilian Labor Force, ADOC	39,900	39,700	38,950	39,225	39,625	3.7	2.9
Employment	35,975	35,575	34,775	34,725	34,450	-2.1	-0.6
Unemployment	3,925	4,125	4,175	4,500	5,175	69.7	53.5
Unemployment Rate (%)	9.8	10.4	10.7	11.5	13.1	63.7	49.0
Employees on Nonagricultural Payrolls, ADOC							
Total	28,875	28,525	27,825	27,675	26,925	-7.1	-4.4
<i>Total Private</i>	18,375	18,000	17,700	17,400	16,775	-9.4	-6.2
<i>Government</i>	10,500	10,525	10,125	10,275	10,150	-2.9	-1.0
Federal Government	1,725	1,650	1,650	1,675	1,600	0.0	-1.0
State and Local Government	8,775	8,875	8,475	8,600	8,550	-3.4	-1.1
Sales (\$000s) ADOR							
Gross Retail	98,645	89,330	76,779	81,955	...	-14.4	6.5
Contracting	17,814	17,307	15,855	11,667	...	-55.8	-29.6
Hotel/Motel	3,433	2,999	2,115	2,039	...	-5.7	18.8
New Housing Units Authorized, Census C-40							
Total Units	20	12	7	14	5	-66.7	-41.7
Single Family Units	20	12	7	14	5	-66.7	-40.2

See sources and abbreviations at the bottom of page 8. • For additional detail and history, subscribe to *EBR Database Online*.

ARIZONA ECONOMIC INDICATORS

	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	% change versus year ago for most recent: month 12-months	
SANTA CRUZ COUNTY							
Civilian Labor Force, ADOC	18,850	18,700	18,375	18,250	18,350	2.8	4.4
Employment	16,300	16,100	16,200	16,125	16,300	-1.7	1.0
Unemployment	2,550	2,600	2,175	2,125	2,050	60.8	47.0
Unemployment Rate (%)	13.5	13.9	11.8	11.6	11.2	56.4	40.1
Employees on Nonagricultural Payrolls, ADOC							
Total	13,825	13,700	13,800	13,650	13,575	-6.9	-2.7
Total Private	9,950	9,800	9,850	9,700	9,600	-11.7	-5.1
Government	3,875	3,900	3,950	3,950	3,975	7.4	4.4
Federal Government	1,500	1,500	1,525	1,550	1,550	10.7	7.0
State and Local Government	2,375	2,400	2,425	2,400	2,425	5.4	2.7
Sales (\$000s) ADOR							
Gross Retail	32,566	29,914	36,779	48,469	...	-21.4	-10.2
Contracting	13,941	4,668	9,340	16,316	...	77.1	20.1
Hotel/Motel	924	1,146	1,027	1,078	...	-16.6	5.4
New Housing Units Authorized, Census C-40							
Total Units	9	9	7	8	6	-70.0	-56.9
Single Family Units	9	9	7	8	6	-70.0	-56.5
YAVAPAI COUNTY							
Civilian Labor Force, ADOC	99,400	99,300	98,200	97,800	98,100	1.3	0.1
Employment	93,000	92,800	91,600	90,700	89,900	-2.5	-2.2
Unemployment	6,400	6,500	6,600	7,100	8,200	78.3	59.4
Unemployment Rate (%)	6.4	6.5	6.7	7.3	8.4	75.9	59.2
Employees on Nonagricultural Payrolls, ADOC							
Total	60,400	60,500	59,700	58,900	57,000	-8.5	-6.2
Total Private	47,700	47,700	46,800	46,400	45,000	-11.4	-7.7
Government	12,700	12,800	12,900	12,500	12,000	4.3	0.5
Federal Government	1,400	1,400	1,500	1,400	1,400	16.7	8.1
State and Local Government	11,300	11,400	11,400	11,100	10,600	2.9	-0.4
Sales (\$000) ADOR							
Gross Retail	155,067	149,455	144,088	164,590	...	-16.0	-7.1
Contracting	43,174	52,024	38,369	45,821	...	0.0	-11.5
Hotel/Motel	9,029	9,634	7,287	5,458	...	-20.7	-5.2
New Housing Units Authorized, Census C-40							
Total Units	37	33	94	73	25	-69.1	-45.9
Single Family Units	37	31	21	27	25	-61.5	-57.3
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADOC	87,300	85,300	83,700	81,300	80,500	-1.3	5.9
Employment	69,200	68,500	68,700	68,800	68,100	-6.8	1.4
Unemployment	18,100	16,800	15,000	12,500	12,400	45.9	33.7
Unemployment Rate (%)	20.7	19.7	17.9	15.4	15.4	47.9	25.5
Employees on Nonagricultural Payrolls, ADOC							
Total	52,800	52,900	52,800	52,600	51,100	-8.9	-0.8
Total Private	37,200	37,400	37,200	37,200	36,000	-13.7	-2.7
Government	15,600	15,500	15,600	15,400	15,100	4.9	4.2
Federal Government	3,500	3,500	3,500	3,500	3,500	2.9	5.0
State and Local Government	12,100	12,000	12,100	11,900	11,600	5.5	4.0
Sales (\$000s) ADOR							
Gross Retail	138,743	142,521	148,081	175,446	...	-13.7	-0.2
Contracting	32,906	34,109	52,642	45,327	...	11.7	8.3
Hotel/Motel	4,315	3,562	4,897	3,658	...	14.9	3.7
New Housing Units Authorized, Census C-40							
Total Units	40	25	30	60	39	-26.4	-19.1
Single Family Units	40	25	30	60	39	-26.4	-17.1

See sources and abbreviations at the bottom of page 8. • For additional detail and history, subscribe to *EBR Database Online*.

	IV 2007	I 2008	II 2008	III 2008	IV 2008	% change versus year ago for most recent: quarter 4-quarters	
MEASURES OF INFLATION AND PRICES -QUARTERLY DATA							
Consumer Price index (1982-84=100) BLS							
Western Region (U.S.)	214.5	216.9	221.2	222.9	217.6	1.4	3.5
U.S. - All Urban Consumers	209.7	212.1	216.8	219.3	213.1	1.6	3.8
U.S. - Urban Wage Earners	205.3	207.7	212.9	215.5	208.1	1.3	4.1
Price Indexes (2000=100) BEA							
Gross Domestic Product	120.8	121.6	122.0	123.1	123.3	2.0	2.2
Personal Consumption Expenditures	119.2	120.3	121.5	123.0	121.5	1.9	3.3

See sources and abbreviations at the bottom of page 8. • For additional detail and history, subscribe to *EBR Database Online*.

ARIZONA'S ECONOMY

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ARIZONA'S ECONOMY

60 Years of Excellence

This year marks the 60th anniversary of the Economic and Business Research Center (EBR). EBR continues its proud service to the citizens of Arizona by providing information and research on the economy that is vital to decision makers in both the public and private sectors.

Current activities revolve around the State Data Center (principal status), economic and revenue forecasting, border and regional development, environmental/sustainable economics, renewable energy, and special studies that range from economic impact to public finance to industry studies. EBR's publications and website have been recognized for excellence on multiple occasions.

The Center was created on July 28, 1949 as the Bureau of Business Research with the purpose of practical investigation and study of business and economic problems. Its objectives are the collection, analysis, arrangement, and dissemination of economic facts to:

- Promote the development and utilization of Arizona's resources
- Assist business and government units to deal intelligently with present problems and to plan for the future
- Train and assist faculty and students in the field of business and economic research

The Bureau underwent four name changes: one in 1957, when it became the Bureau of Business and Public Research, and another in 1965, when it became the Division of Economic and Business Research. In a sweeping reorganization and downsizing in 1991, the organization became the Economic and Business Research Program, and in 2003 its current moniker was adopted.



Breakfast with the Economists

Join us for breakfast as The University of Arizona economists Gerald Swanson and Marshall Vest review factors affecting the current contraction of the nation's economy and its impact on the mid-year economic forecast for Arizona and its Metro economies.

When: Thursday, June 18, 2009
7:00 am – 8:45 am

Where: Doubletree Hotel Tucson at Reid Park
445 South Alvernon Way

Cost: \$22.00 per person

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