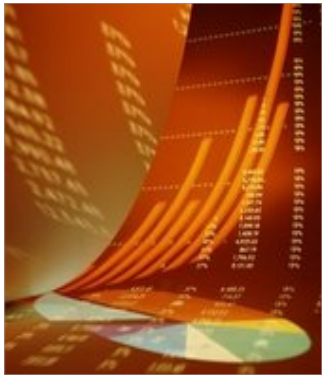


January 2010–Winter Issue

## Recovery for Arizona: When? How Strong?

By Marshall J. Vest  
Forecasting Project Director  
December 1, 2009



Third quarter real GDP growth of 3.5% confirms that the U.S. recession ended before mid-year. Recovery will be fragile and vulnerable during the coming year and it will be 2011 before it can be sustained by private-sector forces. In Arizona, the economy is still contracting and it will be well into next year before recessionary forces recede. A great deal of damage has been wreaked, and it will take years to repair. It will be 2013 or beyond before Arizona's nonfarm employment returns to its pre-recession levels and for unemployment to drop below 6%.

### National Overview

The U.S. economy is responding to massive amounts of fiscal and monetary stimulus as evidenced by third quarter real GDP growth registering

2.8%. Gains were widespread across the economy's components including business investment, consumer spending, federal government outlays, exports, and even residential building activity. Only state and local government spending subtracted from growth, but the decline would have been much worse without the federal rescue money; more will be needed.

Of the original \$785 billion of stimulus originally approved by Congress, a little over \$180 billion has been put into play through mid-November. The bulk of the remaining stimulus, over \$300 billion, will be unleashed in 2010. Its contribution measures 0.8 percentage points added to GDP growth in 2009 and 1.3% to 2010. In November, Congress

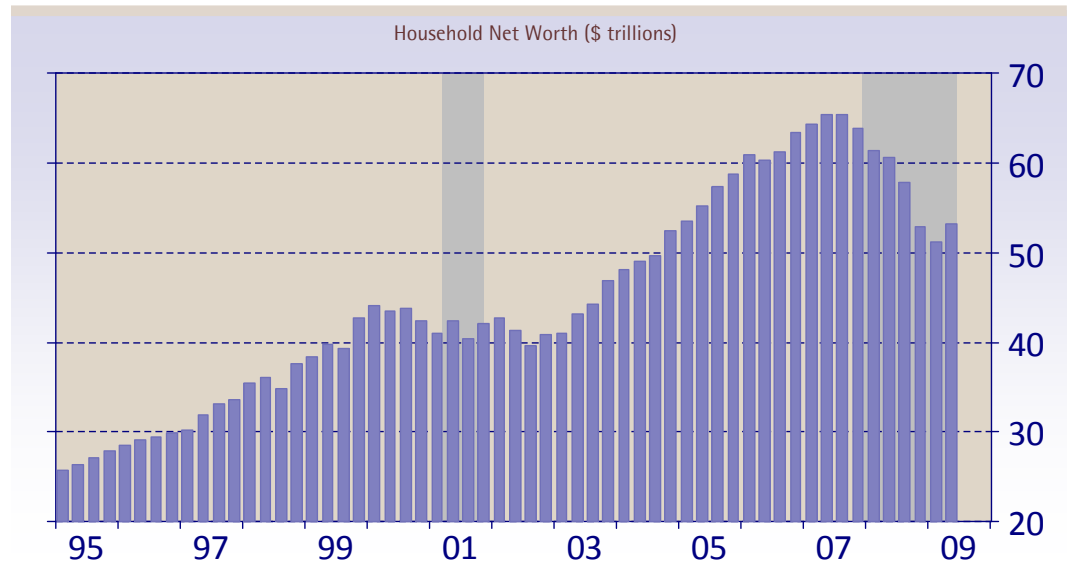
approved additional stimulus of \$45 billion in the form of emergency unemployment insurance benefits and expansion of home buyer tax credits. An additional amount could be approved going forward. This is strong support that will continue to prop up demand until the private sector strengthens enough to sustain the recovery.

The Treasury will spend a little over \$500 billion of the \$700 billion Troubled Asset Relief Program (TARP) budget authority, which includes recent repayment of \$95 billion by some of the largest banks. TARP has been used to support the auto sector, housing, and to provide capital to the financial system. Again, this is very strong support.

### Inside This Issue:

RECOVERY FOR ARIZONA: WHEN? HOW STRONG? <i>Marshall J. Vest</i>	1
CRISIS IN ARIZONA STATE GOVERNMENT <i>Marshall J. Vest</i>	8
THE ARIZONA-SONORA BORDER REGION: A REVIEW OF ECONOMIC INTEGRATION ALONG THE BORDER <sup>1</sup>	9
ECONOMIC FORECAST DATA	12
AZ ECONOMIC INDICATORS	11

Exhibit 1: Consumer Spending Will Not be a Driver



Source: Federal Reserve Board

## Arizona's Economy

“All that’s needed now is for businesses to regain confidence that the recovery will continue.”

In recent months, stress in financial markets has improved significantly. Interest rate spreads between high-grade and lower-rated corporate bonds, Treasury-Euro dollar (TED) spreads, and commercial paper spreads all have returned to historical levels. That does not mean that credit markets are back to normal, however. Banks are sitting on this infused liquidity and are still tightening credit standards.

During the recession, firms were quick to lay off workers. The downside, of course, is the deleterious effect on consumer spending and confidence. The upside is that productivity has soared along with profitability and business firms are sitting on a mountain of cash that’s ready to be spent for new equipment and additional workers. All that’s needed now is for businesses to regain confidence that the recovery will continue.

### What to expect for 2010 and beyond:

- Historically, deep recessions have been followed by strong (V-shaped) recoveries, but recessions involving financial crisis are typically slow to recover as bank capital is arduously restored. This recovery is expected to be restrained by poor fundamentals for battered consumers and additional time required for credit markets to return to normal. Not until 2011 will the recovery move into higher gear, and 2013 before losses are recovered and expansion begins.
- The inventory cycle has turned up and will continue to add 2% or more to GDP growth over the next few quarters.
- Businesses will soon begin to replace workers who were cut during the recession. They also will boost spending on software and equipment (but not new buildings, which will continue to slide before reaching bottom in 2011). Businesses will be able to spend from record high hoards of cash and avoid still-tight credit markets.
- As hiring resumes, discouraged workers will reenter the labor force and that will keep unemployment moving upward. Unemployment will peak by mid-year 2010 just shy of 11%.



Exhibit 2:  
Tax Rates Are Low, Must Rise

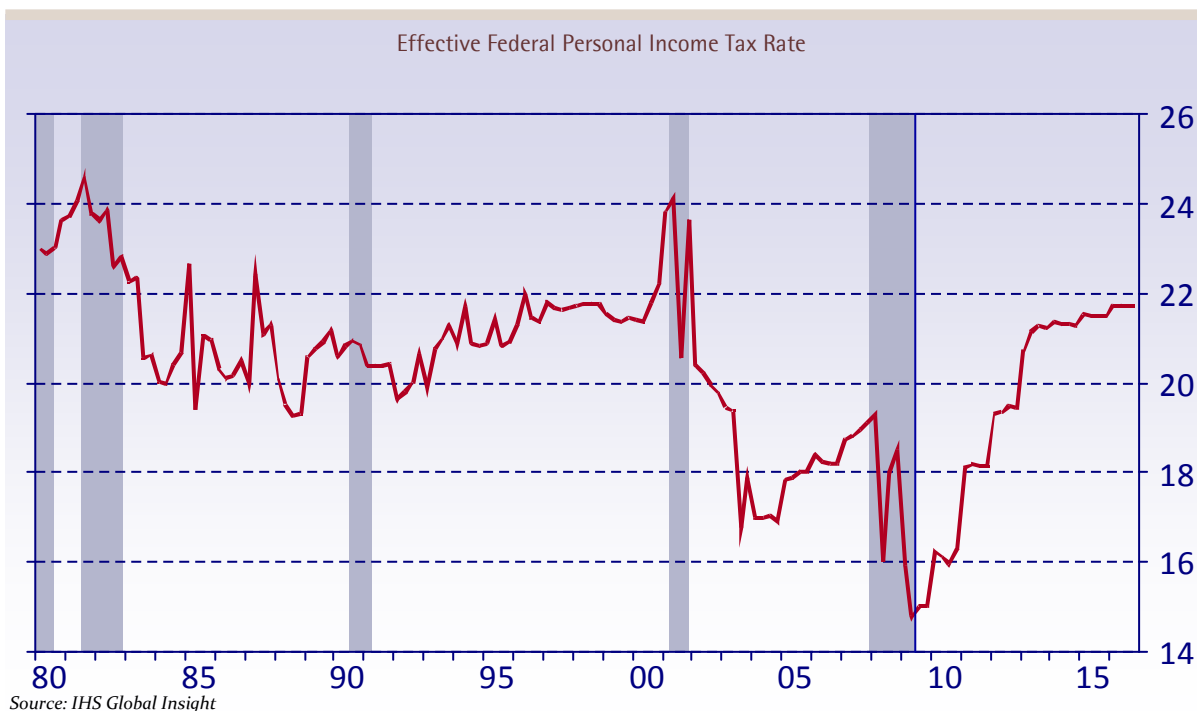
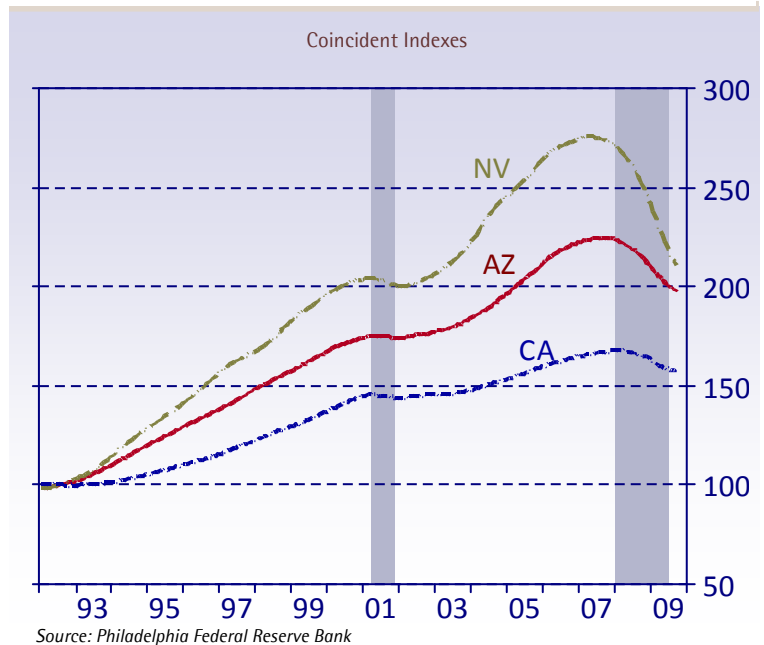


Exhibit 3:  
Arizona Still Losing Ground

- Consumers are still weary of potential layoffs, stagnant wages, and loss of wealth. Households have suffered a loss of \$14 trillion in net worth during the recession. They still have a little over \$50 trillion in total net worth, but it's no longer as easy to tap as a couple years ago. In the aggregate, housing equity has fallen below 50%, and the ability to withdraw mortgage equity to bolster spendable cash is but a distant memory. Additionally, energy prices now are moving up and squeezing discretionary spending. Consumer spending (which accounts for two-thirds of GDP) is stabilizing but will not be a driver during the recovery (Exhibit 1).
- Short term interest rates will remain at current levels until late summer when the Federal Reserve begins to tighten. Long term rates will move higher with 10-year treasury yields rising to 4% by year end 2011. The dollar will continue falling in the near term which will boost exports.
- Longer term, accelerating inflation remains a risk, but not over the next year or two. Unemployment is high and still rising, wage inflation is moving lower, and there is a large amount of productive capacity that is currently idle. It will be 2013 or beyond before the economy approaches its full productive capacity.
- Expect new bubbles to surface. Some of the excess liquidity sloshing around the world is currently fueling bubbles in a few markets. Gold is the prime example currently, along with other commodities as well as real estate and stock markets in developing countries, primarily in Asia.



Given current federal spending levels, a significant boost in taxes is unavoidable. Current projections show that over the next decade, the federal government deficit will grow by \$8.0 trillion. By 2019, the deficit as a proportion of GDP will soar from 3.4% to 8.5%. (In fiscal year 2009 the deficit was 11.2% of GDP. The average over the past 40 years is 2.4%). Foreigners currently hold about \$3.3 trillion of debt (a little over half of the total). It's inconceivable that foreigners could provide the needed funds, even if they wanted to; likewise for domestic sources. Taxes must rise to get control of the deficit.

As a percentage of personal income, the federal effective tax rate has fallen below 15%, a record low; it averaged between 20% and 24% over the 1980s and 1990s. It won't be enough to boost taxes only on the wealthy; a broad-based increase is needed. Look for reductions or elimination of deductibility of mortgage interest and property taxes, a boost in capital gains rates, higher taxes on dividends and possibly taxation of employer-provided benefits. Some of the Bush tax cuts will be allowed to expire in 2011. And a national sales tax in the form of a value added tax is possible (Exhibit 2).

### Arizona Will Lag Behind

The Arizona economy suffered greatly during the recession, recording absolutely stunning losses. Arguably the hardest hit of any state, Arizona's economy has suffered extensive damage that will require years to repair.

The Federal Reserve Bank of Philadelphia's State Coincident Index shows that Arizona is one of 18 states whose index declined more than 1% during the three months ending in September. Most are in the southern tier and mountain states, but include the Pacific Northwest, Michigan, Illinois, Pennsylvania, Rhode Island, and Hawaii. The index for each state is based on nonfarm employ-

“Current projections show that over the next decade, the federal government deficit will grow by \$8.0 trillion. By 2019, the deficit as a proportion of GDP will soar from 3.4% to 8.5%. (In fiscal year 2009 the deficit was 11.2% of GDP. The average over the past 40 years is 2.4%). .”

## Arizona's Economy



“We expect employment to continue to decline, albeit at a much slower rate in coming months, and not bottom out until the third quarter of 2010.”

ment, average hours worked in manufacturing, the unemployment rate, and inflation-adjusted wage and salary disbursements. The index is set equal to 100 in July 1992. Although this index provides little information beyond what one could learn by simply looking at employment, it provides a measure of comparison across states (Exhibit 3).

### Labor Markets Are Moribund

Nonfarm employment in Arizona peaked in September of 2007, and during the following 24 months, nearly 275,000 jobs disappeared. That's 10.3% of the workforce. Prior to the current recession the largest decline was the 4.7% drop during the 1974-75 re-

cession. Losses during the 2001 recession were only 1.2%.

The bad news is that employment is still declining. In September, jobs were still being lost at a 5.3% annual rate. The only good news is that this represents an improvement over the 10%-plus annual rate of decline during this year's first quarter. We expect employment to continue to decline, albeit at a much slower rate in coming months, and not bottom out until the third quarter of 2010.

With data through September, Exhibit 4 shows how industry sectors have fared during the past recession. The construction industry has been the hardest hit, losing nearly half of its job base; some 115,000

jobs have disappeared since May 2006. The next largest numerical loss is professional and business services, down 61,000. In percentage terms, mining has lost 22.6% of its jobs and manufacturing is down 21.4%. The only major sector to escape losses has been education and health services, which has added 21,700 jobs since the recession began in Arizona. Sectors that led the way into recession include information, which peaked 21 months early, manufacturing (17 months), construction (16), and financial services (6).

### Labor Market Outlook

The outlook for employment is for losses to continue through next summer, albeit at a much more moderate pace. What

Exhibit 4: Industry Employment During the Recession  
Employment by Sector, AZ

Arizona	Change Since Peak (000s)	%	Peak Month	Lead (Lag) # Months
Nonfarm	274.7	-10.3%	Sep 07	-
Construction	115.3	-47.2%	May 06	16
Professional & Business Services	-61.1	-15.1%	Oct 07	(1)
Trade, Transportation & Utilities	-57.6	-10.9%	Nov 07	(2)
Manufacturing	-40.1	-21.4%	Apr 06	17
Financial Services	-23.6	-12.7%	Mar 07	6
Leisure & Hospitality	-15.9	-5.8%	Dec 07	(3)
Government	-14.4	-3.3%	Sep 08	(12)
Information	-7.4	-16.3%	Dec 05	21
Other Services	-6.7	-6.6%	May 08	(8)
Mining	-3.2	-22.6%	Sep 08	(12)
Education and Health Services	21.7	7.1%	still growing	(24)

Note: Education & Health Services jobs are still growing and have increased by 21,700 workers since September 2007.

will the ensuing recovery look like? Recoveries following the past two recessions, which were short and mild, were muted ("U"-shaped). Recoveries from the severe recessions of the mid-1970s and the early 1980s advanced much more quickly (they were more "V"-shaped). Once employment hits bottom next year, gains will be slow (Exhibit 5).

As clearly shown, the current cycle is much more severe than any ever seen in Arizona – it lasted nearly three years and dropped much deeper. However, recovery will be impeded by excess capacity of unoccupied houses and commercial space, which will postpone new construction; continued slides in manufacturing, information, and high technology sectors; extended time required to rebuild bank balance sheets; wary consumers; and budget crises leading to debilitating cuts in state and local government spending (which represents 20% of state GDP).

### What to Expect

Here's a summary of what to expect for Arizona's economy during 2010-11.

- Arizona's unemployment rate will continue to climb into the New Year and will top out at 10% during the first quarter. Unemployment will be slow to retreat and it will be 2014 before it drops below 6%.
- Nonfarm employment will bottom during the third quarter 2010, which means that on an average annual basis, employment growth will again be negative for 2010. Following a 7.1% plunge in 2009, employment will decline by 2.7% in 2010 and barely grow in 2011 (Exhibit 6).
- Government payrolls will continue to shrink in 2010-11 as spending is trimmed to balance budgets. The public sector will lag behind the private sector by at least a year (probably two) as the recovery unfolds.
- The construction industry will continue to shed jobs in 2010. With homebuilding activity running at only 10% of its peak value and commercial construction about to disappear, there are still too many construction workers on the payroll (half still remain employed). Construction employment will dip below 90,000 in 2011, compared to 240,000 in 2006.

Exhibit 5: Employment Recovery Will be Slow

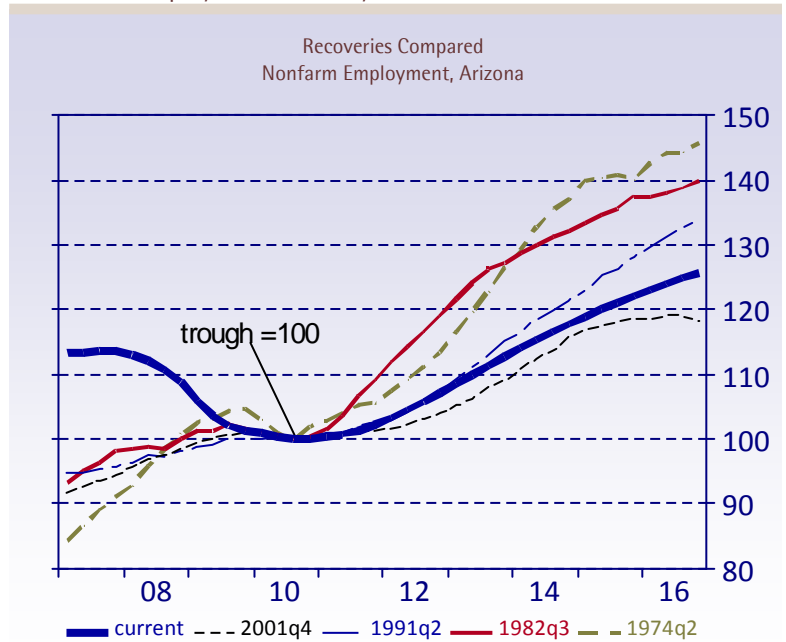
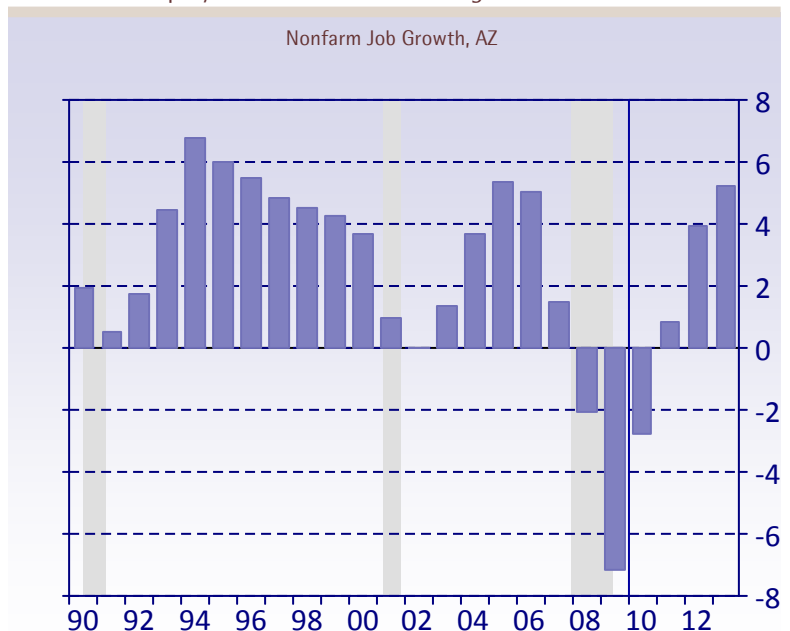


Exhibit 6: Employment Growth Will be Negative for 2010



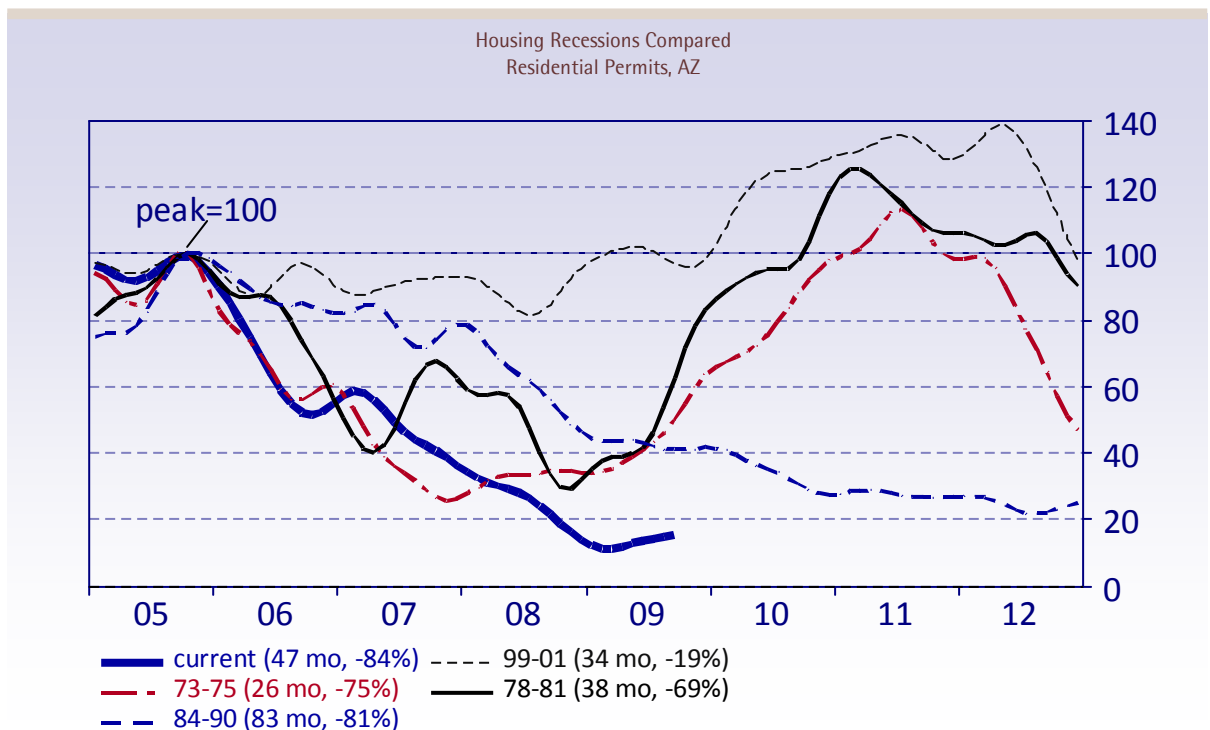
## Arizona's Economy



“Homebuilding turned the corner in March and moved marginally higher over the ensuing six month period.”

- Homebuilding turned the corner in March and moved marginally higher over the ensuing six month period. This reflects demand from a niche market – some people only want a new home – and builders have reduced inventories to a very low level. But this doesn't mean that homebuilding is about to move significantly higher. There are still tens-of-thousands of vacant homes that need to be absorbed before additional homes are added. Permits statewide will remain below 20,000 in 2010, then total 35,000 the following year. It will be 2013 before activity returns to a more normal pre-boom 60,000 annual rate (Exhibit 7).
- A large portion (perhaps half) of the recent jump in home sales is investors snapping up properties. Another wave of foreclosures is expected to bring additional properties to market. Home prices appear to be stabilizing but could retreat again before bottoming. These should be good investments over a five-year period and if renters can be found.
- Multifamily construction will total less than 2,000 units this year and only 3,000 next. Renters have disappeared in recent months in favor of renting a house or becoming a home owner (affordability is at record highs, mortgage rates are low, and the \$8,000 tax credit for first time home buyers, which now extends into April 2010, have offered strong motivation). Others may be doubling up or moving in with relatives.
- Commercial real estate markets are still in the early stages of the down cycle. According to Real Estate Analytics, commercial property prices nationwide have plunged 41% from the 2007 peak, and during the next three years more than \$1.4 trillion of commercial real estate loans will need to be refinanced. Smaller banks that focus on these loans will be hard hit. Commercial brokerage houses will see activity increase as they scramble to find new owners for foreclosed properties.
- Aggregate personal income of Arizonans (in current dollars) will decline in 2009 – the first time that's ever happened. This measure will barely grow in 2010 and gain only 2.8% the following year. Wage increases economy wide will dip below two percent in each of the next two years, reflecting the abundance of available workers.
- Consumer spending, as measured by Arizona retail sales, will bounce back as the

Exhibit 7: Residential Construction has Bottomed-out



environment improves and pent up demand is satisfied. Expect retail sales to increase by 4.5% in 2010 and 10.4% in 2011, following back-to-back years of 9.5% declines during 2008 and 2009. Spending will reflect replacement needs rather than impulse-driven discretionary buying. It's no longer shop 'til you drop. Frugality is in. But from these depressed levels, double-digit percentage gains are a distinct possibility.

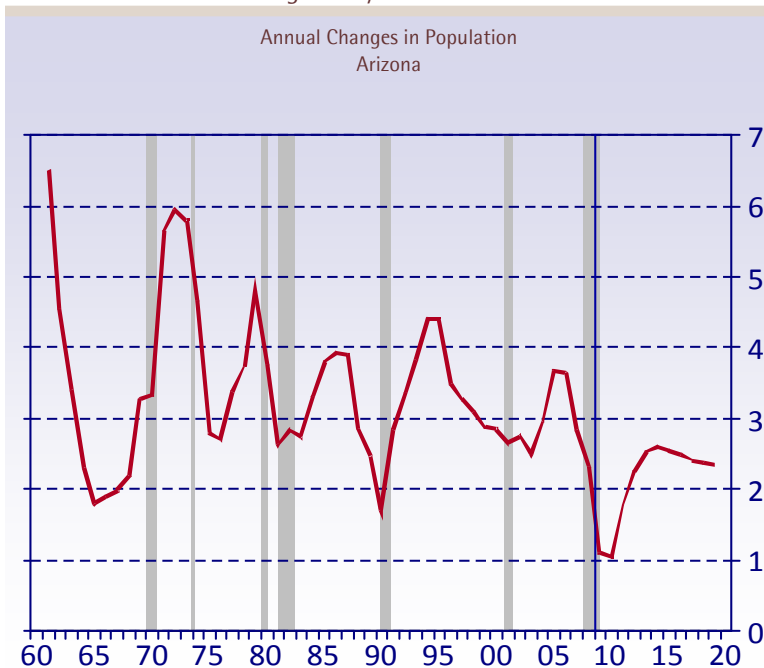
- The 2010 Census of population will find 6.6 million Arizona residents. That's after

growth averaging only 1.0% over the past two years -- about 70,000 additional people per year; natural increase accounts for 55,000 of the 70,000 gain. Population growth accelerates in 2011 to a still-low 1.8% growth rate (Exhibit 8).

In summary, the national recession may be over, but there is still a long way to go before the Arizona economy gets back to "normal." For some lagging sectors, such as real estate and the public sector, it will be years. For now, it's at least somewhat reassuring that the recession has ended.

"In summary, the national recession may be over, but there is still a long way to go before the Arizona economy gets back to 'normal'....For now, it's at least somewhat reassuring that the recession has ended."

Exhibit 8: Growth Averages Only 1.0% Over the Past Two Years



# Crisis in Arizona State Government

“Arizona faces one of the nation’s most severe state budget crises... only California is in worse shape.”



“No one knows how this catastrophe will play out...It will take years to recover from the damage that is being wreaked.”

By Marshall J. Vest

Arizona faces one of the nation’s most severe state budget crises. According to a recent report from the Pew Center on the States, *Beyond California: States in Fiscal Peril*, only California is in worse shape. Rhode Island, Michigan, Oregon, Nevada, Florida, New Jersey, Illinois and Wisconsin also face huge budget challenges.

After cutting budgets significantly during the past two years, the state of Arizona this year is spending roughly \$10.1 billion, but revenues of only \$6.4 billion will be collected. \$1.1 billion of federal stimulus money, coupled with additional cuts, fund sweeps, and sales of state buildings reduces the current-year shortfall to about \$2 billion. The gap will grow to \$3 billion plus next year, and a structural deficit of similar size looms for as far as the eye can see.

The budget gap cannot be closed through spending cuts alone. K-12 education spending totals roughly \$4 billion, Medicaid and health \$2 billion, community colleges and universities \$1.3 billion, prisons \$1 billion, \$700 million for welfare, and \$1 billion for everything else. Health-related spending is mandated either by the federal government or voters, K-12 is formula-driven and voter mandated, and federal stimulus dollars for K-12 and higher education are subject to “maintenance of effort” clauses that limit further cuts without forfeiting federal dollars. The bottom line is, you could lay off every state

employee and not begin to balance the budget. You could entirely eliminate funding for higher education and not come close. Ditto for welfare programs such as food stamps, TANF, the disabled, unemployment insurance, assisted living, and programs for children such as child abuse, child care, and foster care.

The 95<sup>th</sup> Arizona Town Hall that convened in early November found unequivocally the need to raise revenues (increase taxes) as well as cut spending. The Governor’s call for a temporary one-cent increase in the sales tax would raise nearly \$1 billion over a 12-month period. That’s not nearly enough, but is a positive step toward providing an adequate revenue stream.

Before rejecting out-of-hand the idea of a tax increase on the grounds that it will hurt the economy, consider that the series of tax cuts enacted since the mid-1990s has carved an estimated \$2.6 billion from annual collections (in today’s dollars). Had legislators not passed permanent tax cuts based on temporary increase in revenues, we wouldn’t be in such a mess today. Permanent cuts were favored rather than adequately funding the Budget Stabilization Fund, which was quickly drained. So what would be so bad about simply reversing the earlier-enacted tax cuts? (The lion’s share targeted the individual income tax).

Moreover, spending cuts hurt the economy just as much as tax increases. Some argue that spending cuts are even

more damaging. Nobel prize winner in economics, Joseph Stiglitz, prescribes that the way to inflict the least damage on the economy is to raise income tax rates on the highest tax brackets. A significant portion of the extra revenue raised comes from savings and therefore doesn’t directly affect consumption.

Voter mandated spending absent of funding, mismanagement of the tax base, ideological roadblocks, and the two-thirds “super-majority” required to raise taxes, have created a crisis environment that’s inflicting substantial long-term damage on public institutions and infrastructure. (The super-majority actually gives power to the *minority*! It only takes 11 senators to block a tax increase.)

No one knows how this catastrophe will play out. Neither legislative leaders nor the governor are subject to sanctions if they don’t produce a balanced budget. The state can (and is) borrowing to pay its obligations, and that will work as long as banks are willing to lend the state money. If a balanced budget is not produced, banks may cut off the state, leaving it to issue IOU’s (like California did a few years ago). Interest rates on state borrowing will surely rise. A shutdown of state government and bankruptcy are real possibilities. It will take years to recover from the damage that is being wreaked.

# The Arizona–Sonora Border Region: A Review of Economic Integration along the Border<sup>1</sup>

By Alberta Charney, Ph.D., and Lora Mwaniki-Lyman<sup>2</sup>

The States of Arizona and Sonora represent a modern-day model of regional integration molded on shared ecological systems and long-standing cultural, political, economic and social ties. These ties continue to evolve in the face of political, immigration and global challenges although more recent political and public attention has focused on the illegal flow of people and contraband between Mexico and the United States, and the security and humanitarian concerns of the southern border region.

In 2008, Arizona and Sonora combined had an estimated population of 8,987,788 people, a 7.6 percent increase since 2005, with Arizona growing by 9.0 percent and Sonora by 3.9 percent.

## Border Crossings and Trade Flows

The U.S.–Mexico border stretches 1,969 miles from San Diego–Tijuana in the west to Brownsville–Matamoros in the east and is estimated to be the most frequently crossed border in the world (see Exhibit 1). In 2008, nearly 212 million people crossed into the United States from Mexico through the U.S. border ports of entry (BPOE). Arizona and Sonora share a 361 mile long portion of the international border and accounted for about 14 percent of all persons crossing the border in 2008. These border

ports of entry not only serve as Arizona's passageway to Mexico but as a fundamental gateway for U.S.–Mexico trade.

In 2008 alone, \$20.78 billion worth of goods moved through the six BPOEs (imports and exports). This represented 33.3 percent of all trade flows between the United States and Mexico, down from the 36.3 percent reported in 2004. Of the \$20.78 billion U.S. trade flow with Mexico, \$13.9 billion were imports.

## Arizona–Sonora Border Economy

The Border Economy has well-defined transborder industry clusters ranging from the fresh produce industry to high-tech manufacturing sectors. Under the maquiladora program, foreign companies import raw materials or inputs duty free, assemble them into final goods and export the final goods back to the foreign country duty free.

The Mexican economy and mostly the maquiladora industry are highly dependent on the U.S. economy. It is estimated that over 60 percent of all Mexican imports are from the U.S. with over half of them destined for maquiladora. Most of the U.S. export commodities mentioned above end up in maquiladoras for assembly after which they are exported back to the U.S. as final goods. In 2006, Sonora was home to 210 maquiladora plants with 86,874 employees and 7.2 % of ma-

quiladora employment in Mexico. For Mexico as a whole, employment in the maquiladora industry peaked in October of 2000 at 1,347,803. Employment in maquiladoras located in Sonora peaked in November of 2000.

During the 2001 U.S. recession, Sonora experienced the largest decline in employment relative to other border states, losing 44,944 (26 percent) of employment, mostly linked to the U.S. manufacturing sector. As of December 2006, Sonora had regained most of the lost jobs but is yet to regain its peak.

The downturn in maquiladora production was worsened by the slump in U.S. manufacturing as a result of a strong dollar, low-wage competition

“The States of Arizona and Sonora represent a modern-day model of regional integration molded on shared ecological systems and long-standing cultural, political, economic and social ties. These ties continue to evolve in the face of political, immigration and global challenges ...”

Exhibit 1: U.S.— Mexico Border States



Source: Department of Agriculture, Texas

<sup>1</sup>Reprinted with permission of BBVA Compass.

<sup>2</sup>Contributors to this article include Maile L. Nadelhoffer, Vera Pavlakovich-Kochi, and Valorie Rice.

## Arizona's Economy

Exhibit 2: Mexican Visitor Spending Categories 2007–2008

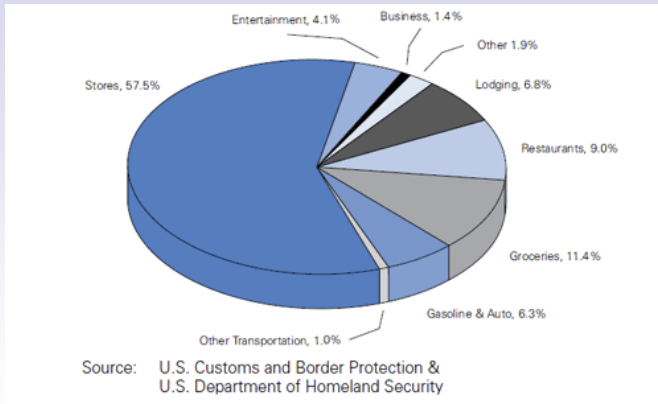
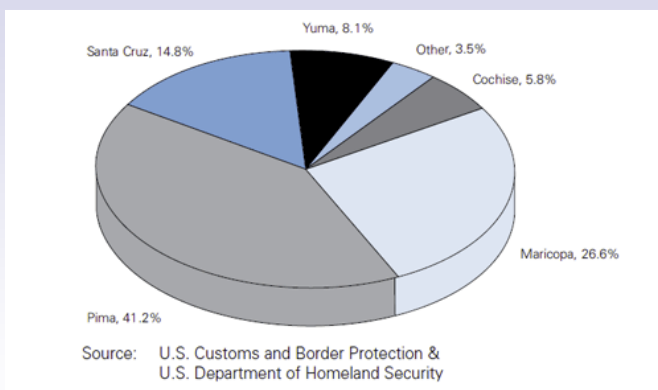


Exhibit 3: Mexican Visitors to Arizona (percent total job impact)



as emerging markets and China entered the World Market and 2001 NAFTA rules that eroded duty free benefits for companies outsourcing from non-NAFTA member countries.

These structural changes in the maquiladora sector resulted in losses in employment in certain sectors such as textile and apparel. Proximity to the U.S., quick turnarounds, a focus on high value-added products, a highly-skilled labor force capable of being innovative and protection of intellectual rights are some of the reasons the maquiladora sector is holding its own.

### Mexican Visitors to Arizona and Their Impacts

Travel and tourism continues to be an important export industry driving Arizona's economy. There were more than 24 million legal aliens crossing the border from Mexico into Arizona between July 2007 and June 2008, 99 percent of whom were residents of the state of Sonora. The volume and impact of Mexican visitors to Arizona powerfully illustrates the economic interdependence of Arizona and Sonora.

Leisure activities are the primary reason for 64 percent of all visitor parties. Business-related reasons are the primary reasons for the remaining 36 percent of visits<sup>3</sup>.

Mexican visitor spending in Arizona was almost \$2.7 billion in 2007–2008, a figure more than double the estimated spending in 2001. This spending occurred in mostly retailing, lodging, grocery stores and restaurants (Exhibit

2).

Almost 23,400 wage and salary jobs in Arizona are directly attributable to Mexican visitor spending, Exhibit 3. Through local purchases of supplies by businesses and the spending of income derived from visitor-related jobs, these visitors generated almost 7,000 additional jobs in Arizona in 2007–08. These 30,400 jobs account for a total personal income of \$837 million and \$3.61 billion in gross sales.

The largest amount of Mexican visitor spending occurred in Pima County, a county that includes Tucson and extends all the way to the U.S.–Mexico border (Exhibit 4). Pima County was the recipient of almost \$1 billion in Mexican visitor spending and 41.2 percent of the total job impact. (table) Maricopa County, containing the state's largest metropolitan area and capital city, Phoenix, received the 2nd largest amount of spending (\$694 million) and the 2nd largest share of the total job impact, 26.6%.

Although Pima and Maricopa Counties received the largest spending, the county most reliant on Mexican visitor spending is Santa Cruz County, which contains the largest BPOE. Mexican visitors account for 23.6 percent of all jobs in that county (Exhibit 5).

Mexican visitor spending has particularly salient impacts on the taxable sales in Arizona's border counties. Mexican visitor spending generates a staggering 48.6 percent of the total taxable sales in Santa Cruz County, 6.3 percent of taxable sales in Yuma County, 5.3 percent in Cochise County, 5.2 percent in Pima County and only 0.8 percent in Mari-

<sup>3</sup>Pavlakovich-Kochi, V. and Charney A., *Mexican Visitors to Arizona: Visitor Characteristics and economic Impacts, 2007–2008*, a report prepared for the Arizona Office of Tourism by the Economic and Business Research Center, Eller College of Management, University of Arizona, December 2008. [http://ebr.eller.arizona.edu/research/mexican\\_visitors\\_to\\_arizona\\_2007\\_08.pdf](http://ebr.eller.arizona.edu/research/mexican_visitors_to_arizona_2007_08.pdf)

copa County. The larger the county and the further away the county is from the border, the smaller the share of total taxable sales attributable to Mexican visitor spending.

Each day, on average, more than 65,000 Mexican residents come to Arizona to work, visit friends and relatives, recreate and shop. Each day, they spend over \$7,350,000 in Arizona's stores, restaurants, hotels and other businesses, and thus contribute substantially to Arizona's export trade with Mexico.

“Each day, on average, more than 65,000 Mexican residents come to Arizona to work, visit friends and relatives, recreate and shop. Each day, they spend over \$7,350,000 in Arizona's stores, restaurants, hotels and other businesses, and thus contribute substantially to Arizona's export trade with Mexico.”

Exhibit 4: Arizona Counties

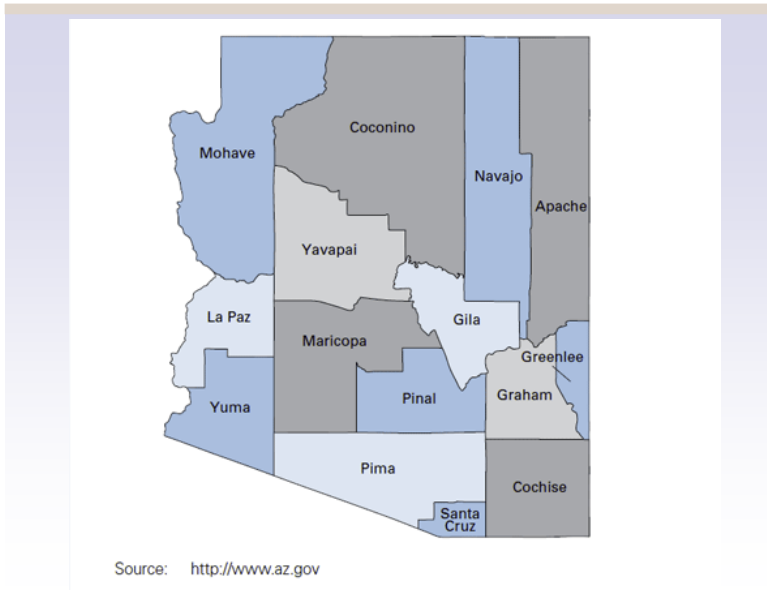
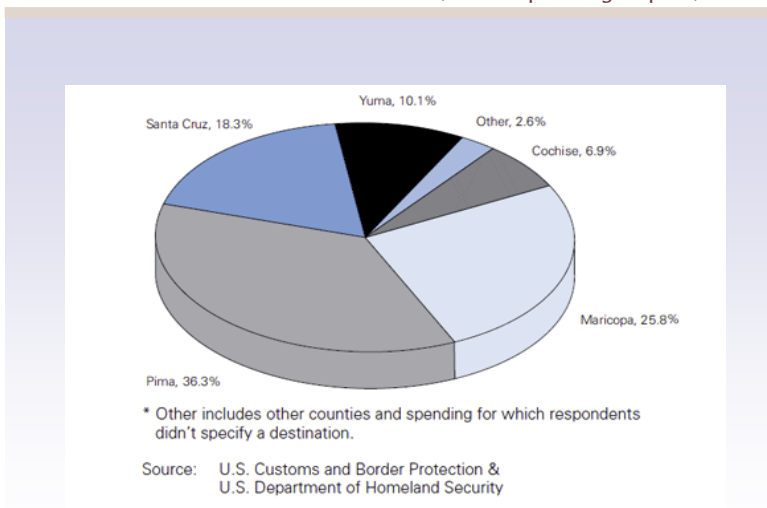


Exhibit 5: Mexican Visitors to Arizona (Direct Spending Impact)



## Arizona's Economy

### Forecast Tables

Arizona	2008	2009	2010	2011	2012
<b>INCOME</b>					
Personal Income (\$mill)	223185	217393	218352	224363	238352
% change	2.1	-2.6	0.4	2.8	6.2
Per capita Personal Income (\$)	34335.1	33083.3	32886.4	33202.6	34495.2
% change	-0.2	-3.6	-0.6	1	3.9
<b>SALES (\$millions)</b>					
Retail Sales (current dollars)	77589.7	70448.9	73881.5	80945.5	87878.2
% change	-5.2	-9.2	4.9	9.6	8.6
Food Sales	10907.3	11309.9	11611	12166.3	12743.3
% change	5.7	3.7	2.7	4.8	4.7
Retail Sales less Food	49183.4	44512.8	46522.1	51343.1	56016.5
% change	-9.6	-9.5	4.5	10.4	9.1
Restaurant and Bar Sales	9386.2	8889.7	9378	10131.5	11042.3
% change	-2.6	-5.3	5.5	8	9
Gasoline Sales	8372	6018.2	6654.2	7601	8387.3
% change	7.6	-28.1	10.6	14.2	10.3
<b>EMPLOYMENT (ooos)</b>					
Non Farm Employment	2618.2	2431.3	2364.4	2383.6	2477.9
% change	-2.1	-7.1	-2.7	0.8	4
Mining	13.5	11.7	10.6	10.2	10.4
% change	18	-13.6	-9.5	-3.4	1.4
Construction	186.2	131.1	99.4	88.2	103.1
% change	-17.2	-29.6	-24.2	-11.2	16.9
Manufacturing	173.2	138.6	140.5	148.3	157.3
% change	-4.7	-20	1.4	5.5	6.1
Trade, Transportation & Utilities	516.2	486.1	473.1	478	495
% change	-2.2	-5.8	-2.7	1	3.6
Information	41.8	40.2	37.1	39	38.8
% change	-1.5	-4	-7.6	5	-0.5
Professional & Business Services	387	349.9	333.3	332.8	347.5
% change	-4	-9.6	-4.7	-0.1	4.4
Leisure & Hospitality	269.6	257.7	253.5	257.3	266.7
% change	-1.2	-4.4	-1.6	1.5	3.6
Government	433.6	423.7	416.2	412.1	417
% change	3	-2.3	-1.8	-1	1.2
<b>OTHER INDICATORS</b>					
Population (ooos)	6500.2	6571.1	6639.6	6757.4	6909.7
% change	2.3	1.1	1	1.8	2.3
Unemployment Rate, percent	5.5	8.8	7.7	6.7	6.6
Residential Permits (units)	25026.4	13689.6	19432.7	35252.5	50624.2
% change	-48.4	-45.3	42	81.4	43.6
Single family	17709	11791.3	16371.7	30853.6	44610.2
% change	-51.8	-33.4	38.8	88.5	44.6
Multi-family	7317.4	1898.3	3061	4398.9	6014
% change	-37.8	-74.1	61.3	43.7	36.7
Gasoline Sales (mill of gals)	2715.3	2641	2692	2794.7	2925.6
% change	-5	-2.7	1.9	3.8	4.7
Civilian Nonag Wage Rate	44353.6	45369.3	46234.5	47062	48048.9
% change	2.7	2.3	1.9	1.8	2.1

January 2010–Winter Issue

Forecast Tables

Phoenix-Mesa MSA	2008	2009	2010	2011	2012
<b>INCOME</b>					
Personal Income (\$mill)	149902.6	143357.6	144078.5	148987.3	159885.7
% change	2.3	-4.4	0.5	3.4	7.3
Per capita Personal Income (\$)	35008	33108	32749	33104	34514
% change	-0.5	-5.4	-1.1	1.1	4.3
<b>SALES (\$millions)</b>					
Retail Sales (current dollars)	53731.9	47330.9	49745.3	54766.5	60444.7
% change	-6.4	-11.9	5.1	10.1	10.4
Food Sales	7792.4	6825.1	6996.0	7328.3	7754.6
% change	4.5	-12.4	2.5	4.8	5.8
Retail Sales less Food	33982.4	30551.7	32064.9	35751.9	39972.5
% change	-11.1	-10.1	5.0	11.5	11.8
Restaurant and Bar Sales	6558.7	6186.4	6465.2	6943.1	7574.8
% change	-2.8	-5.7	4.5	7.4	9.1
Gasoline Sales	5398.4	3767.6	4219.2	4743.2	5142.8
% change	9.2	-30.2	12.0	12.4	8.4
<b>EMPLOYMENT (oos)</b>					
Non Farm Employment	1867.8	1727.5	1676.4	1699.1	1784.5
% change	-2.5	-7.5	-3.0	1.4	5.0
Mining	3.9	3.4	3.1	3.3	3.5
% change	21.4	-12.4	-10.1	6.1	7.5
Construction	139.4	100.6	68.8	59.4	75.9
% change	-17.7	-27.8	-31.6	-13.7	27.7
Manufacturing	130.1	98.5	100.4	104.8	111.6
% change	-5.2	-24.3	1.9	4.3	6.5
Trade, Transportation & Utilities	383.3	360.8	347.7	354.5	372.2
% change	-2.2	-5.9	-3.6	2.0	5.0
Information	31.5	29.8	28.6	31.3	31.0
% change	1.2	-5.5	-3.9	9.3	-0.9
Professional & Business Services	310.3	281.9	271.3	271.9	284.8
% change	-4.6	-9.2	-3.7	0.2	4.7
Leisure & Hospitality	185.2	176.2	176.0	181.2	188.7
% change	-0.6	-4.8	-0.1	2.9	4.1
Government	245.5	238.2	234.5	233.3	238.4
% change	2.8	-3.0	-1.6	-0.5	2.2
<b>OTHER INDICATORS</b>					
Population (oos)	4281.9	4330.1	4399.4	4500.6	4632.5
% change	2.8	1.1	1.6	2.3	2.9
Residential Permits (units)	18533	9808	13288	25190	39282
% change	-50.3	-47.1	35.5	89.6	55.9
Single family	12657	7900	11400	22406	35147
% change	-52.1	-37.6	44.3	96.5	56.9
Multi-family	5876	1908	1888	2785	4135
% change	-45.9	-67.5	-1.0	47.5	48.5
Gasoline Sales (mill of gals)	1736.2	1654.8	1709.4	1745.8	1795.5
% change	-4.7	-4.7	3.3	2.1	2.8
Unleaded Gasoline Price, PHX (\$)	3.11	2.28	2.47	2.72	2.86
% change	14.6	-26.8	8.4	10.1	5.4
Aggregate Earnings Rate	48809	49213	50472	51633	52896
% change	3.8	0.8	2.6	2.3	2.4

## Arizona's Economy

### Forecast Tables

Tucson MSA	2008	2009	2010	2011	2012
<b>INCOME</b>					
Personal Income (\$mill)	32655.4	32013.6	32802.9	34252.2	36674.4
% change	3.2	-2.0	2.5	4.4	7.1
Per capita Personal Income (\$)	32268	31417	31698	32384	33824
% change	1.6	-2.6	0.9	2.2	4.4
<b>SALES (\$millions)</b>					
Retail Sales (current dollars)	11521.8	10269.2	10746.5	11778.9	12885.8
% change	-3.9	-10.9	4.6	9.6	9.4
Food Sales	1821.6	1619.3	1692.0	1789.5	1889.1
% change	5.3	-11.1	4.5	5.8	5.6
Retail Sales less Food	7159.4	6443.5	6710.6	7387.5	8144.7
% change	-8.1	-10.0	4.1	10.1	10.2
Restaurant and Bar Sales	1421.2	1371.1	1437.9	1579.2	1738.6
% change	-2.3	-3.5	4.9	9.8	10.1
Gasoline Sales	1119.6	835.3	905.8	1022.7	1113.4
% change	11.1	-25.4	8.4	12.9	8.9
<b>EMPLOYMENT (ooos)</b>					
Non Farm Employment	381.4	363.2	360.6	371.3	389.4
% change	-1.0	-4.8	-0.7	3.0	4.9
Mining	2.0	1.6	1.6	1.6	1.7
% change	10.0	-20.0	-0.3	4.0	2.3
Construction	22.7	17.9	16.4	18.3	22.1
% change	-14.1	-21.2	-8.6	11.9	20.4
Manufacturing	27.1	25.2	24.2	24.5	25.4
% change	-1.5	-6.8	-3.9	1.3	3.4
Trade, Transportation & Utilities	62.4	57.6	57.4	59.2	62.2
% change	-2.9	-7.8	-0.3	3.1	5.0
Information	5.2	4.8	4.7	4.8	4.8
% change	-11.6	-9.0	-1.2	2.3	0.0
Professional & Business Services	51.4	46.8	44.6	45.2	47.9
% change	-2.3	-9.0	-4.6	1.2	6.0
Leisure & Hospitality	39.8	38.9	39.1	40.5	42.4
% change	-0.8	-2.5	0.5	3.7	4.7
Government	80.6	79.1	78.7	79.6	81.2
% change	3.5	-1.8	-0.6	1.2	2.0
<b>OTHER INDICATORS</b>					
Population (ooos)	1012	1019	1034.9	1057.7	1084.3
% change	1.5	0.7	1.6	2.2	2.5
Residential Permits (units)	3221	2227	5454	7968	9341
% change	-38.5	-30.9	145.0	46.1	17.2
Single family	2743	2109	5148	7697	9060
% change	-41.6	-23.1	144.1	49.5	17.7
Multi-family	478	118	307	271	282
% change	-11.3	-75.4	160.6	-11.6	3.9
Gasoline Sales (mill of gals)	360.1	366.9	367	376.4	388.7
% change	-3.1	1.9	0.0	2.6	3.3
Unleaded Gasoline Price, PHX (\$)	3.10	2.30	2.50	2.70	2.90
% change	14.6	-26.8	8.4	10.1	5.4
Aggregate Earnings Rate	39973	39538	40261	41018	41837
% change	2.2	-1.1	1.8	1.9	2.0

\* 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

\* all numbers & analysis from EBR's November 2009 forecast (next forecast update: November, 2009).

### SOURCES AND ABBREVIATIONS for the Arizona Economic Indicators:

**ADES:** Arizona Department of Economic Security

**ADHS:** Arizona Department of Health Services

**ADOR:** Arizona Department of Revenue

**ADOT:** Arizona Department of Transportation

**ARMLS:** Arizona Regional Multiple Listing Service

**ASPB:** Arizona State Parks Board

**BEA:** Bureau of Economic Analysis, U.S. Department of Commerce

**BLS:** Bureau of Labor Statistics, U.S. Department of Labor

**Census C-40:** 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's Economy

### Arizona Economic Indicators

Arizona Monthly Data	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force (000s), ADOC	3,158.6	3,165.6	3,174.7	3,160.1	3,150.6	-0.9	1.1
Employment	2,876.3	2,864.6	2,879.1	2,866.8	2,855.7	-4.1	-2.1
Unemployment	282.3	301.0	295.6	293.3	294.9	46.4	60.1
Unemployment Rate, Seas. Adj. (%)	8.7	9.2	9.1	9.3	9.3	51.1	56.5
Employees on Nonagricultural Payrolls (000s), ADOC							
Total	2,405.3	2,382.2	2,397.7	2,409.2	2,422.4	-6.8	-6.7
Natural Resources and Mining	10.8	10.9	11.0	11.1	11.1	-22.4	-12.8
Construction	141.4	138.9	138.6	138.4	136.3	-23.8	-25.6
Durable Goods Manufacturing	130.2	129.7	129.4	128.7	128.6	-7.2	-6.0
Fabricated Metal Products	16.9	16.9	16.8	16.7	16.8	-8.2	-9.9
Computer and Electronic Prod.	40.1	39.5	39.3	39.0	38.9	-6.7	-4.2
Aerospace Products and Parts	28.8	29.0	29.1	29.0	29.0	3.2	2.9
Non-Durable Goods Manufacturing	32.9	30.5	30.9	31.5	31.5	-9.0	-6.9
Wholesale Trade	99.4	98.3	97.5	96.7	97.8	-8.5	-7.1
Retail Trade	294.4	292.2	290.6	288.3	290.9	-6.5	-8.5
Utilities	12.5	12.5	12.5	12.5	12.5	-2.3	-2.0
Transportation and Warehousing	69.5	69.8	69.9	69.3	69.2	-6.6	-5.2
Information	39.2	39.2	39.3	38.5	38.5	-6.8	-6.3
Finance and Insurance	121.9	122.3	121.6	121.1	121.9	-2.4	-2.2
Real Estate, Rental, and Leasing	45.6	44.5	44.0	44.1	44.0	-12.7	-10.4
Professional and Business Services	340.6	341.0	340.0	340.3	345.2	-9.2	-10.9
Educational Services	43.3	41.3	42.0	43.0	43.9	-4.1	-3.9
Health Care and Social Assistance	274.3	275.5	275.9	275.2	277.3	0.0	1.0
Arts, Entertainment, and Recreation	31.9	31.0	30.6	31.3	31.3	-10.8	-8.5
Accommodation	47.6	47.2	46.6	45.9	45.9	-3.8	-2.4
Food Svcs and Drinking Places	180.7	176.6	175.7	173.5	176.1	-1.8	-4.7
Other Services	94.7	93.9	92.9	91.7	90.5	-9.0	-6.0
Federal Government	57.1	57.5	57.2	56.9	57.1	3.6	4.8
State and Local Government	337.3	329.4	351.5	371.2	372.8	-4.9	-1.7
State and Local Government Education	161.4	153.5	178.9	200.7	203.4	-4.1	-0.4
Hours Worked Per Week, Manufacturing, ADOC	39.4	38.8	38.1	38.1	38.8	-2.5	-3.8
Average Hourly Earnings (\$) ADOC							
Construction	19.34	19.69	19.52	19.59	19.81	3.4	4.4
Manufacturing	17.10	17.02	16.89	17.07	17.18	4.9	4.6
Trade, Transportation, Utilities	15.44	15.46	15.61	15.55	15.53	2.6	3.7
Retail Trade	13.15	13.24	13.37	13.47	13.44	6.9	5.3
Wholesale Trade	21.31	21.40	21.49	21.08	21.07	5.7	6.4

Arizona monthly data continued next page...

## January 2010–Winter Issue

Arizona - Monthly , continued...	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
<b>Sales (\$oos), ADOR</b>							
Aggregate Retail Sales	5,811,346	5,473,387	5,681,966	5,500,770	...	-11.3	-12.6
Retail	3,601,211	3,370,920	3,535,307	3,371,660	...	-12.9	-13.6
Food, EBR	932,491	890,659	887,006	906,480	...	1.6	4.5
Restaurants & Bars	707,799	665,044	672,780	686,674	...	-4.4	-5.9
Gasoline, EBR	569,845	546,764	586,872	535,956	...	-25.9	-34.7
Gallons (oos) ADOT	213,705	222,235	221,704	212,344	...	-1.1	-3.5
Utilities	894,605	1,026,534	1,054,419	962,019	...	3.1	-2.5
Communications	223,296	227,704	227,685	224,676	...	-3.3	-19.5
Amusements	89,858	74,526	68,617	58,723	...	-16.5	-10.9
Rentals - Personal Property	265,559	252,209	230,312	243,140	...	-13.4	-2.7
Contracting	1,000,094	906,472	840,541	821,544	...	-43.9	-33.8
Mining - Metal, Oil & Gas	71,631	83,321	98,784	544,079	...	299.7	-40.0
Hotel/Motel	131,091	124,009	120,446	135,667	...	-18.1	-16.1
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	1,606	2,002	1,197	1,144	1,084	-13.5	-50.9
Single Family Units	1,592	1,667	1,187	1,026	1,074	28.0	-35.8
2-4 Unit Structures	4	2	2	23	5	-84.4	-87.5
5-plus Unit Structures	10	333	8	95	5	-98.7	-82.4
<b>Bankruptcy Filings, U.S. Bankruptcy Court</b>							
Total	3,102	3,174	3,078	3,323	3,342	7.1	70.4
Chapter 7	2,512	2,632	2,526	2,721	2,717	-0.2	74.3
Chapter 11	58	39	50	53	50	-3.8	49.9
Chapter 13	532	503	502	549	574	67.3	55.4
Arizona - Quarterly	o8 III	o8 IV	o9 I	o9 II	o9 III	% change vs. year ago for most recent:	
						quarter	4-QTR average
<b>Demographics &amp; Vital Statistics (oos, seas adj) ADHS &amp; EBR</b>							
Population	6511.9	6533.5	6551.2	6565.0	6577.8	1.0	1.5
Natural Increase	13.7	13.1	12.5	12.0	14.9	8.5	-5.7
Births	24.7	24.1	23.8	23.2	26.1	5.7	-3.6
Deaths	11.0	11.0	11.3	11.2	11.2	2.1	-1.1
Net Migration	9.7	6.6	3.1	0.1	-1.4	-114.7	-89.1
<b>Personal Income Derivation (\$mil, SAAR) BEA &amp; EBR</b>							
Total Personal Income	223,492	222,004	219,404	218,060	215,992	-3.4	-1.9
Earnings by Place of Work	159,525	158,027	154,790	151,493	150,099	-5.9	-4.3
Less: Contributions for Social Insurance	17,709	17,598	17,522	17,309	17,123	-3.3	-2.0
Plus: Adjustment for Residence	760	739	725	710	704	-7.4	-4.7
Plus: Dividends, Interest & Rents	43,404	42,770	41,359	39,787	38,824	-10.6	-5.6
Plus: Transfer Payments	37,512	38,066	40,052	43,378	43,489	15.9	13.1
<b>Components of Earnings (\$mil, SAAR) BEA &amp; EBR</b>							
Wages and Salaries	116,906	115,939	113,048	110,300	109,050	-6.7	-4.8
Other Labor Income EBR	25,280	25,296	25,440	25,221	25,014	-1.1	-0.3
Proprietor's Income	17,339	16,793	15,933	15,854	...	-8.8	-6.3
Farm	166	106	-107	11	...	-93.3	-86.3
Nonfarm	17,173	16,687	16,040	15,843	...	-7.9	-4.8
Per Capita Personal Income (\$, SAAR) EBR	34,321	33,979	33,491	33,215	32,837	-4.3	-3.3
Average Wage Per Employee, Annual Rate (\$) EBR	44,084	44,680	44,172	44,222	...	0.8	1.5

## Arizona's Economy

Travel and Tourism - Monthly	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. avg.
<b>Visits to Parks &amp; Other Recreational Areas, NPS &amp; ASPB</b>							
Northern Arizona	2,212,519	2,197,209	2,467,640	1,801,544	1,504,451	7.4	-0.6
Historical	144,297	120,585	131,766	135,023	125,287	-6.2	-1.0
Scenic	767,179	873,888	821,389	625,414	511,815	1.3	-2.8
Water Based Recreation	1,301,043	1,202,736	1,514,485	1,041,107	867,349	13.8	0.9
Southern Arizona	157,130	144,233	127,212	129,828	177,133	-10.6	-3.3
Historical	14,569	20,688	12,428	23,634	28,761	-0.4	-2.3
Scenic	93,911	79,608	77,000	72,583	112,444	-18.0	-6.9
Water Based Recreation	48,650	43,937	37,784	33,611	35,928	11.7	13.6
<b>International Border Crossings, USBCBP</b>							
Passengers	1,367,281	1,515,668	1,455,940	1,379,283	1,235,419	-15.9	-10.4
Pedestrians	589,153	614,722	673,295	603,910	652,764	-19.5	-27.6
Vehicles	630,360	639,244	644,710	607,977	638,107	0.1	-5.0
Inflation and Prices - Monthly	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. avg.
<b>Consumer Price Index (1982-1984=100) BLS</b>							
U.S. - All Urban	215.7	215.4	215.8	216.0	216.2	-0.2	-0.6
U.S. - Wage Earners	211.0	210.5	211.2	211.3	211.5	-0.3	-1.1
Inflation and Prices - Quarterly	o8 III	o8 IV	o9 I	o9 II	o9 III	% change vs. year ago for most recent:	
						quarter	4-QTR avg.
<b>Consumer Price index (1982-84=100) BLS</b>							
Western Region (U.S.)	222.9	217.6	216.8	218.8	219.9	-1.4	-0.3
U.S. - All Urban Consumers	219.3	213.1	212.0	214.3	215.7	-1.6	-0.3
U.S. - Urban Wage Earners	215.5	208.1	206.5	209.2	211.0	-2.1	-0.8
<b>Price Indexes (2000=100) BEA</b>							
Gross Domestic Product	109.1	109.2	109.7	109.7	109.8	0.6	1.5
Personal Consumption Expenditures	110.3	108.9	108.4	108.8	109.5	-0.7	0.3



*For historical data and additional data series, subscribe to the EBR Database Online. The Economic and Business Research Center has maintained economic indicators on the State of Arizona since 1949. The EBR Database Online builds upon this large and up-to-date database to provide economic and socio-demographic data series in simple, easy to generate reports online.*

*To subscribe visit : <http://ebr.eller.arizona.edu/subscribe/>*

## January 2010–Winter Issue

Phoenix-Mesa MSA - Monthly	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month	12-mo. average
Civilian Labor Force (ooos), ADOC	2122.5	2118.9	2124.4	2115.4	2114.4	-1.5	0.7
Employment	1946.8	1933.6	1941.9	1932.7	1929.8	-4.6	-2.4
Unemployment	175.7	185.3	182.5	182.7	184.6	51.3	66.7
Unemployment Rate, Seas. Adj. (%)	8.0	8.4	8.4	8.5	8.7	55.4	66.5
Employees on Nonagricultural Payrolls (ooos), ADOC							
Total	1711.8	1691.3	1700.5	1707.1	1720.9	-7.3	-7.1
Natural Resources and Mining	3.2	3.2	3.1	3.1	3.2	-15.8	-10.7
Construction	105.0	103.4	103.4	103.1	101.4	-24.6	-25.9
Durable Goods	98.2	97.1	97.0	96.4	96.3	-7.7	-5.7
Computer and Electronic Prod.	36.6	36.0	35.8	35.5	35.4	-6.8	-4.0
Aerospace Products and Parts	15.6	15.7	15.8	15.8	15.8	2.6	3.1
Non-Durable Goods	24.9	23.2	23.3	23.3	23.2	-12.5	-8.4
Wholesale Trade	83.5	84.0	83.3	82.7	83.5	-5.6	-5.3
Retail Trade	208.5	206.8	206.3	203.7	206.8	-6.0	-8.4
Utilities	9.1	9.1	9.1	9.1	9.1	1.1	0.7
Transportation and Warehousing	53.7	52.2	52.0	51.4	51.6	-11.0	-7.5
Information	30.5	30.5	30.4	30.1	29.8	-5.1	-3.5
Finance and Insurance	105.6	105.8	104.9	104.3	105.1	-2.9	-2.4
Real Estate, Rental, and Leasing	34.7	33.9	33.6	33.5	33.4	-14.8	-10.5
Professional and Business Services	271.2	271.5	270.5	270.7	275.6	-9.3	-11.5
Educational Services	33.9	32.6	33.2	33.6	34.3	-2.6	-1.1
Health Care and Social Assistance	182.1	182.6	182.7	182.7	184.7	0.1	0.8
Arts, Entertainment, and Recreation	25.5	24.7	24.8	24.9	25.0	-3.5	-2.8
Accommodation	28.8	28.2	28.0	27.6	28.0	-6.0	-1.5
Food Svcs and Drinking Places	126.6	123.7	123.1	122.0	123.7	-1.4	-4.4
Other Services	70.1	69.5	68.6	67.9	66.7	-11.1	-4.6
Federal Government	22.8	23.1	22.8	22.7	23.0	0.4	2.8
State and Local Government	193.9	186.2	200.4	214.3	216.5	-5.9	-2.7
State and Local Government Education	89.8	83.1	99.2	113.9	115.9	-5.1	-1.6
Sales (\$ooos), ADOR							
Aggregate Retail Sales	3,864,901	3,585,227	3,736,901	3,649,214	...	-15.0	-14.9
Retail	2,472,126	2,280,992	2,396,922	2,303,095	...	-14.6	-14.5
Food, EBR	562,725	537,481	535,277	547,028	...	-14.2	-8.0
Restaurants & Bars	485,211	442,013	449,681	470,289	...	-4.9	-6.5
Gasoline, EBR	344,838	324,741	355,022	328,801	...	-29.3	-36.0
Contracting	674,224	618,304	564,951	550,605	...	-45.9	-37.3
Hotel/Motel	65,177	56,703	56,113	67,729	...	-24.5	-19.5
New Housing Units Authorized, Census C-40							
Total Units	1,209	1,244	794	714	757	-18.8	-56.0
Single Family Units	1,209	1,234	794	663	754	40.9	-35.8
2-4 Unit Structures	0	0	0	9	3	-88.0	-93.1
5-plus Unit Structures	0	10	0	42	0	-100.0	-88.2
Housing Sales and Prices, ARMLS							
Total Sales (\$ooos)	1,469,369	1,594,319	1,364,139	1,383,759	1,381,032	20.8	0.2
Total Units	8,286	9,095	8,008	7,907	8,121	50.8	53.2
Average Price (\$)	177,332	175,296	170,347	175,004	170,057	-19.9	-35.6
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	3,189,822	3,344,775	3,174,009	2,838,459	...	-0.8	-7.6
Total Aircraft Movements	37,382	38,688	38,093	35,977	...	-4.9	-11.7

## Arizona's Economy

Phoenix-Mesa MSA - Quarterly ADHS & EBR	o8 II	o8 III	o8 IV	o9 I	o9 II	% change vs. year ago for most recent quarter 4-QTR avg.	
Demographics & Vital Statistics (oos, seas adj)							
Population	4,286.2	4,299.1	4,311.6	4,323.8	4,336.0	1.2	1.5
Natural Increase	10.9	11.0	11.3	11.4	11.5	6.3	3.6
Births	17.6	17.8	18.1	18.3	18.4	4.8	3.2
Deaths	6.8	6.8	6.8	6.9	6.9	2.3	2.5
Net Migration	5.2	1.9	1.2	0.9	0.6	-88.0	-92.6
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	149,802	147,772	145,812	144,176	142,540	-4.8	-3.3
Earnings by Place of Work	116,454	114,230	112,061	110,202	108,344	-7.0	-5.0
Less: Contributions for Social Insurance	13,152	12,942	12,738	12,564	12,391	-5.8	-4.1
Plus: Adjustment for Residence	-197	-199	-200	-202	-204	-3.4	-3.5
Plus: Dividends, Interest & Rents	24,861	24,144	23,460	22,822	22,183	-10.8	-8.6
Plus: Transfer Payments	21,837	22,539	23,229	23,918	24,607	12.7	12.8
Per Capita Personal Income (\$, SAAR) EBR	34,950	34,373	33,819	33,344	32,874	-5.9	-4.6

Apache County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month 12-mo. average	
Civilian Labor Force, ADOC	22,850	23,375	23,175	22,525	22,350	1.6	5.3
Employment	19,425	19,650	19,625	19,175	18,850	-3.0	0.9
Unemployment	3,425	3,725	3,550	3,350	3,500	35.9	44.6
Unemployment Rate (%)	15.0	15.9	15.3	14.9	15.7	33.8	37.6
Employees on Nonagricultural Payrolls, ADOC							
Total	19,525	19,700	19,650	19,300	19,150	-5.9	-3.5
Total Private	6,300	6,325	6,225	6,250	6,300	-11.6	-12.5
Goods-Producing	925	900	900	900	900	-16.3	-1.8
Service-Providing	18,600	18,800	18,750	18,400	18,250	-5.3	-3.6
Trade, Transportation, and Utilities	1,700	1,775	1,675	1,700	1,750	-7.9	-12.3
Other Private Service-Providing	3,675	3,650	3,650	3,650	3,650	-12.0	-14.9
Government	13,225	13,375	13,425	13,050	12,850	-2.8	1.5
Federal Government	3,475	3,375	3,525	3,500	3,500	8.5	2.8
State and Local Government	9,750	10,000	9,900	9,550	9,350	-6.5	1.0
Sales (\$oos), ADOR							
Gross Retail	15,733	15,544	14,730	14,594	...	-14.1	-20.1
Retail	7,991	7,781	7,097	7,462	...	-12.0	-17.3
Restaurants & Bars	1,235	1,396	1,094	1,172	...	16.2	10.6
Gasoline, EBR	6,507	6,367	6,539	5,960	...	-20.6	-27.9
Gallons (oos) ADOT	2,440	2,588	2,470	2,361	...	5.9	6.6
Contracting	6,105	7,672	10,751	6,553	...	-40.6	1.1
Hotel/Motel	1,895	1,744	1,589	1,443	...	-17.9	-6.2

## January 2010–Winter Issue

Tucson MSA - Monthly	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent	
						month	12-mo. average
Civilian Labor Force (ooos), ADOC	486.4	491.0	492.2	493.0	491.0	0.1	2.8
Employment	446.6	448.8	451.3	452.1	449.8	-2.6	0.1
Unemployment	39.8	42.2	40.9	40.9	41.2	45.1	55.8
Unemployment Rate, Seas. Adj. (%)	7.9	8.1	8.1	8.1	8.3	45.6	51.8
Employees on Nonagricultural Payrolls (ooos), ADOC							
Total	354.6	354.1	356.5	361.6	362.2	-5.1	-4.8
Natural Resources and Mining	1.3	1.4	1.3	1.3	1.3	-35.0	-23.3
Construction	16.5	16.3	16.3	16.2	15.8	-25.5	-27.8
Manufacturing	25.9	26.2	26.2	26.4	26.3	-3.3	-3.6
Aerospace Products and Parts	12.6	12.7	12.7	12.6	12.6	3.3	2.7
Wholesale Trade	9.5	9.4	9.4	9.4	9.4	-1.1	-2.7
Retail Trade	39.1	38.9	37.9	38.1	37.8	-9.4	-10.0
Transp., Warehousing, and Utilities	8.6	8.7	8.8	8.7	8.7	-1.1	-5.4
Information	4.3	4.2	4.2	4.1	4.1	-14.6	-17.4
Financial Activities	16.7	16.7	16.6	16.6	16.6	-3.5	-3.1
Professional and Business Services	47.2	47.4	46.5	46.8	46.9	-10.5	-7.8
Educational and Health Services	57.8	57.8	58.9	59.1	59.5	1.9	2.7
Arts, Entertainment, and Recreation	4.6	4.9	4.8	4.8	5.0	2.0	-2.5
Accommodation	7.1	6.8	6.7	6.7	6.7	-4.3	-1.9
Food Svcs and Drinking Places	27.0	26.0	26.0	25.9	26.0	-4.8	-4.2
Other Services	15.0	14.8	14.7	14.4	14.6	-4.6	-6.5
Federal Government	11.8	11.8	11.9	11.9	12.1	6.1	8.3
State and Local Government	62.2	62.8	66.3	71.2	71.4	-1.5	0.4
State and Local Government Education	35.2	35.9	39.7	45.0	45.4	-1.1	2.3
Sales (\$ooos), ADOR							
Aggregate Retail Sales	849,845	821,568	876,902	815,905	...	-9.8	-11.9
Retail	528,314	512,156	558,318	500,687	...	-8.7	-11.7
Food, EBR	133,508	127,519	126,996	129,784	...	-12.9	-6.8
Restaurants & Bars	105,574	102,043	105,384	106,612	...	-3.0	-3.2
Gasoline, EBR	82,449	79,849	86,203	78,822	...	-18.6	-30.9
Contracting	122,365	115,269	108,952	109,383	...	-44.3	-26.1
Hotel/Motel	15,009	14,257	14,167	16,661	...	-15.8	-11.5
New Housing Units Authorized, Census C-40							
Total Units	244	229	207	222	176	13.5	-44.9
Single Family Units	230	210	205	220	174	24.3	-34.7
2-5-plus Unit Structures	14	19	2	2	2	-86.7	-87.0
Housing Sales and Prices, TAR							
Total Sales (\$ooos)	237,997	249,548	195,634	185,933	199,843	7.2	-16.4
Total Units	1,139	1,184	980	945	1,021	20.7	1.7
Average Price (\$)	208,952	210,767	199,626	196,755	195,733	-11.1	-17.9
Tucson International Airport, TAA							
Total Passengers	294,958	302,284	282,600	268,638	316,069	-5.4	-16.0
Total Aircraft Movements	14,523	13,958	13,610	12,847	15,256	-3.7	-20.0

## Arizona's Economy

Tucson MSA - Quarterly ADHS & EBR	08 III	08 IV	09 I	09 II	09 III	% change vs. year ago for most recent	
						quarter	4-QTR avg.
Demographics & Vital Statistics (000s, seas adj)							
Population	1012.6	1014.5	1016.3	1018.1	1019.8	0.7	0.9
Natural Increase	1.4	1.4	1.5	1.5	1.5	8.9	3.8
Births	3.4	3.5	3.5	3.6	3.6	4.2	2.6
Deaths	2.0	2.0	2.0	2.1	2.1	1.1	1.8
Net Migration	0.8	0.5	0.3	0.3	0.2	-70.7	-84.4
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	32,692	32,467	32,254	32,094	31,933	-2.3	-1.1
Earnings by Place of Work	20,921	20,584	20,259	19,977	19,696	-5.9	-4.2
Less: Contributions for Social Insurance	2,431	2,402	2,374	2,351	2,327	-4.3	-2.8
Plus: Adjustment for Residence	180	178	176	174	172	-4.4	-3.7
Plus: Dividends, Interest & Rents	7,293	7,128	6,971	6,831	6,690	-8.3	-6.1
Plus: Transfer Payments	6,730	6,978	7,222	7,462	7,702	14.5	14.2
Per Capita Personal Income (\$, SAAR) EBR	32,286	32,004	31,737	31,524	31,312	-3.0	-2.0

Cochise County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent	
						month	12-mo. average
Civilian Labor Force, ADOC	63,125	63,200	63,225	62,725	62,250	2.0	3.1
Employment	58,525	58,425	58,650	58,100	57,675	0.3	1.3
Unemployment	4,600	4,775	4,575	4,625	4,575	30.7	37.4
Unemployment Rate (%)	7.3	7.6	7.2	7.4	7.3	28.1	33.4
Employees on Nonagricultural Payrolls, ADOC							
Total	37,000	36,700	36,800	36,875	36,975	-2.3	-3.2
Total Private	24,750	24,475	24,275	24,275	24,325	-3.2	-5.4
Goods-Producing	2,400	2,350	2,300	2,400	2,375	-8.7	-17.5
Mining and Construction	1,775	1,725	1,725	1,750	1,725	-6.8	-18.1
Manufacturing	625	625	575	650	650	-13.3	-15.9
Service-Providing	34,600	34,350	34,500	34,475	34,600	-1.8	-2.0
Trade, Transportation, and Utilities	6,100	6,025	5,875	5,875	5,950	-8.1	-8.8
Information	450	425	425	425	425	-10.5	160.0
Financial Activities	650	625	625	625	625	-7.4	-36.0
Professional and Business Services	5,950	5,875	6,050	6,050	6,025	1.7	-10.4
Educational and Health Services	4,075	3,975	3,900	3,900	3,875	-5.5	4.4
Leisure and Hospitality	4,275	4,350	4,400	4,300	4,350	9.4	1.4
Other Services	850	850	700	700	700	-22.2	43.4
Government	12,250	12,225	12,525	12,600	12,650	-0.6	1.6
Federal Government	5,225	5,275	5,225	5,200	5,150	2.0	5.5
State and Local Government	7,025	6,950	7,300	7,400	7,500	-2.3	-1.0
Sales (\$000), ADOR							
Gross Retail	86,332	81,493	81,912	76,260	...	-12.3	-10.7
Retail	64,096	58,981	59,140	55,774	...	-8.4	-6.0
Restaurants & Bars	10,177	10,743	10,330	9,498	...	-3.9	-1.5
Gasoline, EBR	12,059	11,769	12,442	10,988	...	-32.0	-36.3
Gallons (000s) ADOT	4,522	4,784	4,700	4,353	...	-9.4	-5.4
Contracting	19,196	21,367	16,837	22,902	...	-25.1	-18.9
Hotel/Motel	3,233	3,072	2,785	3,380	...	1.9	0.0
New Housing Units Authorized, Census C-40							
Total Units	18	43	27	28	33	32.0	-20.5
Single Family Units	18	43	27	28	33	32.0	-20.5

## January 2010–Winter Issue

Coconino County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force, ADOC	74,400	74,700	75,300	74,900	73,800	-1.1	1.8
Employment	68,800	68,500	69,400	69,100	67,800	-4.0	-0.5
Unemployment	5,600	6,200	5,900	5,800	6,000	50.0	48.7
Unemployment Rate (%)	7.5	8.3	7.8	7.7	8.1	51.6	46.2
Employees on Nonagricultural Payrolls, ADOC							
Total	60,500	59,800	60,700	61,000	60,500	-6.6	-5.1
Total Private	41,000	40,800	40,700	40,300	40,400	-6.3	-7.6
Goods-Producing	5,900	5,900	5,800	5,800	5,700	-13.6	-12.2
Mining and Construction	2,300	2,300	2,200	2,200	2,200	-24.1	-24.5
Manufacturing	3,600	3,600	3,600	3,600	3,500	-5.4	-1.8
Service-Providing	54,600	53,900	54,900	55,200	54,800	-5.8	-4.3
Trade, Transportation, and Utilities	8,900	8,800	8,800	8,700	8,700	-9.4	-9.1
Information	400	400	400	400	400	0.0	0.0
Financial Activities	1,600	1,600	1,600	1,600	1,600	-5.9	-7.5
Professional and Business Services	3,000	3,000	3,000	2,900	3,000	-6.3	-7.2
Educational and Health Services	7,400	7,400	7,500	7,500	7,600	2.7	0.6
Leisure and Hospitality	11,700	11,700	11,600	11,500	11,500	-5.0	-10.1
Other Services	2,100	2,000	2,000	1,900	1,900	-9.5	-2.4
Government	19,500	19,000	20,000	20,700	20,100	-7.4	0.4
Federal Government	3,500	3,500	3,500	3,400	3,200	10.3	8.6
State and Local Government	16,000	15,500	16,500	17,300	16,900	-10.1	-1.0
Sales (\$oos), ADOR							
Gross Retail	145,881	147,595	146,206	139,268	...	-4.8	-11.2
Retail	91,149	90,358	88,389	88,193	...	-1.3	-6.6
Restaurants & Bars	30,820	32,465	33,074	30,412	...	-7.5	-7.5
Gasoline, EBR	23,911	24,771	24,743	20,663	...	-14.1	-31.2
Gallons (oos) ADOT	8,967	10,068	9,347	8,187	...	14.6	0.7
Contracting	25,207	25,504	26,828	26,429	...	-35.7	-25.5
Hotel/Motel	25,551	27,726	26,217	25,451	...	-7.2	-6.4
New Housing Units Authorized, Census C-40							
Total Units	11	313	8	13	16	6.7	69.8
Single Family Units	11	7	8	13	16	6.7	-44.4

## Arizona's Economy

Gila County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force, ADOC	22,700	23,150	23,175	22,900	22,350	1.0	1.3
Employment	20,225	20,550	20,700	20,425	19,850	-3.5	-3.3
Unemployment	2,475	2,600	2,475	2,475	2,500	61.3	81.2
Unemployment Rate (%)	10.9	11.2	10.7	10.8	11.2	59.7	79.0
Employees on Nonagricultural Payrolls, ADOC							
Total	13,375	13,525	13,650	13,625	13,350	-6.2	-7.9
Total Private	8,575	8,725	8,700	8,725	8,650	-8.0	-9.4
Goods-Producing	2,550	2,600	2,575	2,550	2,550	-8.9	-5.7
Service-Providing	10,825	10,925	11,075	11,075	10,800	-5.5	-8.4
Trade, Transportation, and Utilities	2,200	2,200	2,175	2,175	2,150	-5.5	-4.6
Other Private Service-Providing	3,825	3,925	3,950	4,000	3,950	-8.7	-13.9
Government	4,800	4,800	4,950	4,900	4,700	-2.6	-5.1
Federal Government	600	600	600	575	525	10.5	8.2
State and Local Government	4,200	4,200	4,350	4,325	4,175	-4.0	-6.5
Sales (\$oos), ADOR							
Gross Retail	39,545	33,221	33,129	33,377	...	-8.9	-16.6
Retail	27,114	20,439	21,415	22,242	...	-9.0	-12.1
Restaurants & Bars	5,344	5,726	4,728	4,630	...	-7.1	-2.3
Gasoline, EBR	7,087	7,056	6,985	6,504	...	-9.8	-38.6
Gallons (oos) ADOT	2,658	2,868	2,639	2,577	...	20.3	-9.8
Contracting	8,809	4,760	5,961	6,063	...	-37.0	-25.4
Hotel/Motel	938	1,140	968	868	...	-14.2	-2.4

Graham County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force, ADOC	14,475	14,400	14,300	14,375	14,425	-13.0	-5.9
Employment	12,250	12,125	12,125	12,325	12,400	-20.1	-12.7
Unemployment	2,225	2,275	2,175	2,050	2,025	92.9	104.0
Unemployment Rate (%)	15.4	15.8	15.2	14.3	14.0	121.6	119.7
Employees on Nonagricultural Payrolls, ADOC							
Total	7,800	7,575	7,475	7,800	8,025	-9.3	-10.0
Total Private	5,200	5,150	4,950	5,000	5,050	-15.1	-13.4
Goods-Producing	875	850	800	800	800	-42.9	-30.0
Service-Providing	6,925	6,725	6,675	7,000	7,225	-3.0	-6.2
Trade, Transportation, and Utilities	1,500	1,450	1,400	1,400	1,425	-10.9	-7.3
Other Private Service-Providing	2,825	2,850	2,750	2,800	2,825	-4.2	-9.0
Government	2,600	2,425	2,525	2,800	2,975	2.6	-2.3
Federal Government	450	425	425	425	425	0.0	4.6
State and Local Government	2,150	2,000	2,100	2,375	2,550	3.0	-3.5
Sales (\$oos), ADOR							
Gross Retail	20,755	19,613	19,498	18,423	...	-26.3	-26.1
Retail	16,093	15,131	14,711	14,033	...	-30.4	-26.5
Restaurants & Bars	1,925	1,842	1,858	1,738	...	-19.8	-11.8
Gasoline, EBR	2,737	2,640	2,929	2,651	...	-0.1	-33.5
Gallons (oos) ADOT	1,026	1,073	1,107	1,050	...	33.3	-4.2
Contracting	3,931	4,606	3,511	2,859	...	-52.0	-31.9

## January 2010–Winter Issue

Greenlee County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force, ADOC	4,375	4,375	4,375	4,400	4,400	-4.3	-0.4
Employment	3,475	3,425	3,425	3,475	3,500	-20.5	-12.7
Unemployment	900	950	950	925	900	350.0	293.0
Unemployment Rate (%)	20.6	21.7	21.7	21.0	20.5	370.5	297.7
Employees on Nonagricultural Payrolls, ADOC							
Total	2,925	2,925	2,975	3,025	3,025	-46.2	-30.0
Total Private	2,400	2,375	2,375	2,400	2,400	-52.7	-34.2
Goods-Producing	1,950	1,950	1,950	1,975	1,975	-56.4	-35.6
Service-Providing	975	975	1,025	1,050	1,050	-4.5	-10.3
Trade, Transportation, and Utilities	150	150	150	150	150	-33.3	-36.7
Other Private Service-Providing	300	275	275	275	275	-15.4	-16.1
Government	525	550	600	625	625	13.6	6.6
Federal Government	50	50	50	50	25	0.0	6.7
State and Local Government	475	500	550	575	600	14.3	6.6
Sales (\$oos), ADOR							
Gross Retail	7,647	8,104	8,274	540	...	-94.4	-36.6
Retail	6,795	7,247	7,306	0	...	-100.0	-36.4
Restaurants & Bars	305	368	376	0	...	-100.0	-22.8
Gasoline, EBR	546	489	591	540	...	-54.4	-45.9
Gallons (oos) ADOT	205	199	223	214	...	-39.2	-20.1
Contracting	650	356	853	0	...	-100.0	-43.8
Hotel/Motel	448	495	412	427	...	-53.4	-31.2

La Paz County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent:	
						month	12-mo. average
Civilian Labor Force, ADOC	7,675	7,900	7,825	7,800	7,600	1.7	0.2
Employment	6,975	7,175	7,150	7,125	6,925	1.1	-1.7
Unemployment	700	725	675	675	675	8.0	26.6
Unemployment Rate (%)	9.1	9.2	8.6	8.7	8.9	6.2	26.2
Employees on Nonagricultural Payrolls, ADOC							
Total	4,750	4,925	4,875	4,950	4,875	-2.5	-4.8
Total Private	2,325	2,475	2,425	2,450	2,400	-5.0	-8.8
Goods-Producing	225	225	225	225	225	0.0	-20.0
Service-Providing	4,525	4,700	4,650	4,725	4,650	-2.6	-4.0
Trade, Transportation, and Utilities	1,100	1,300	1,225	1,250	1,200	0.0	-2.5
Other Private Service-Providing	1,000	950	975	975	975	-11.4	-12.6
Government	2,425	2,450	2,450	2,500	2,475	0.0	-0.6
Federal Government	325	325	325	325	325	0.0	0.0
State and Local Government	2,100	2,125	2,125	2,175	2,150	0.0	-0.7
Sales (\$oos), ADOR							
Gross Retail	16,405	17,294	16,305	14,907	...	-3.0	-18.7
Retail	7,700	7,883	7,634	7,410	...	1.1	-7.7
Restaurants & Bars	2,286	2,385	2,126	1,788	...	19.5	5.2
Gasoline, EBR	6,419	7,026	6,545	5,709	...	-12.7	-36.9
Gallons (oos) ADOT	2,407	2,856	2,473	2,262	...	16.4	-5.8
Contracting	2,675	1,909	1,082	327	...	-88.1	-22.8
Hotel/Motel	525	445	468	587	...	68.1	-3.9

## Arizona's Economy

---

Mohave County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month 12-mo. average	
Civilian Labor Force, ADOC	94,000	93,900	93,900	92,900	92,000	-1.3	0.6
Employment	84,800	84,200	84,300	83,400	82,400	-3.9	-2.7
Unemployment	9,200	9,700	9,600	9,500	9,600	28.0	47.9
Unemployment Rate (%)	9.8	10.3	10.2	10.2	10.4	29.7	47.3
Employees on Nonagricultural Payrolls, ADOC							
Total	46,900	46,400	46,600	46,400	46,200	-7.2	-7.9
Total Private	39,000	38,600	38,200	38,100	38,000	-7.3	-8.9
Goods-Producing	7,300	7,200	7,000	7,000	6,900	-13.8	-14.7
Mining and Construction	4,000	3,900	3,800	3,800	3,700	-19.6	-20.5
Manufacturing	3,300	3,300	3,200	3,200	3,200	-5.9	-6.4
Service-Providing	39,600	39,200	39,600	39,400	39,300	-6.0	-6.5
Trade, Transportation, and Utilities	10,800	10,700	10,700	10,600	10,600	-6.2	-7.2
Information	800	800	800	800	800	-11.1	-8.3
Financial Activities	2,100	2,100	2,100	2,100	2,100	-4.5	-9.9
Professional and Business Services	3,100	3,100	3,000	3,000	3,000	-11.8	-11.5
Educational and Health Services	7,200	7,100	7,200	7,300	7,300	-1.4	-3.5
Leisure and Hospitality	5,700	5,600	5,500	5,400	5,400	-3.6	-7.0
Other Services	2,000	2,000	1,900	1,900	1,900	-13.6	-14.1
Government	7,900	7,800	8,400	8,300	8,200	-6.8	-2.5
Federal Government	500	500	500	500	500	0.0	5.0
State and Local Government	7,400	7,300	7,900	7,800	7,700	-7.2	-3.0
Sales (\$ooos), ADOR							
Gross Retail	139,011	140,806	134,824	129,284	...	-5.1	-13.8
Retail	97,722	97,870	92,412	92,372	...	-1.9	-10.0
Restaurants & Bars	16,047	17,299	16,542	14,867	...	1.5	-7.8
Gasoline, EBR	25,242	25,637	25,870	22,044	...	-19.9	-31.9
Gallons (ooos) ADOT	9,466	10,420	9,773	8,734	...	6.9	0.5
Contracting	36,802	34,635	26,888	29,077	...	-18.1	-14.9
Hotel/Motel	3,729	4,182	3,675	3,559	...	-2.2	-10.0
New Housing Units Authorized, Census C-40							
Total Units	20	46	22	12	14	-69.6	-59.6
Single Family Units	20	46	22	12	14	-69.6	-50.1

## January 2010–Winter Issue

Navajo County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month 12-mo. average	
Civilian Labor Force, ADOC	40,725	41,950	41,625	40,550	40,325	1.6	1.8
Employment	34,925	35,775	35,700	34,800	34,325	-3.5	-3.4
Unemployment	5,800	6,175	5,925	5,750	6,000	45.5	57.5
Unemployment Rate (%)	14.2	14.7	14.2	14.2	14.9	43.2	54.9
Employees on Nonagricultural Payrolls, ADOC							
Total	26,775	27,350	27,275	26,850	26,750	-6.2	-8.1
Total Private	16,925	17,100	17,025	16,775	16,600	-7.8	-10.4
Goods-Producing	2,375	2,325	2,475	2,450	2,450	-16.2	-22.9
Mining and Construction	1,875	1,825	1,975	1,950	1,950	-12.4	-20.2
Manufacturing	500	500	500	500	500	-28.6	-31.6
Service-Providing	24,400	25,025	24,800	24,400	24,300	-5.1	-6.3
Trade, Transportation, and Utilities	5,225	5,225	5,225	5,125	5,050	-6.5	-6.3
Information	950	950	950	950	950	0.0	0.0
Financial Activities	450	450	475	450	450	-5.3	-13.6
Professional and Business Services	1,175	1,175	1,175	1,175	1,175	-2.1	-5.5
Educational and Health Services	3,200	3,225	3,225	3,200	3,200	-1.5	-5.5
Leisure and Hospitality	2,850	2,950	2,750	2,675	2,625	-15.3	-14.0
Other Services	700	800	750	750	700	0.0	-13.4
Government	9,850	10,250	10,250	10,075	10,150	-3.6	-3.9
Federal Government	1,775	1,775	1,850	1,850	1,825	10.6	3.2
State and Local Government	8,075	8,475	8,400	8,225	8,325	-6.2	-5.3
Sales (\$oos), ADOR							
Gross Retail	90,890	85,488	90,489	85,183	...	-13.6	-13.8
Retail	69,170	61,934	68,467	64,883	...	-11.7	-10.0
Restaurants & Bars	7,953	9,396	7,946	7,908	...	-3.1	-6.8
Gasoline, EBR	13,767	14,158	14,076	12,392	...	-27.2	-32.7
Gallons (oos) ADOT	5,163	5,755	5,318	4,910	...	-2.9	-0.4
Contracting	13,229	12,062	11,426	12,003	...	-32.6	-37.4
Hotel/Motel	3,506	3,197	3,718	3,399	...	-1.0	-17.2
New Housing Units Authorized, Census C-40							
Total Units	8	10	9	1	12	0.0	-64.2
Single Family Units	8	10	9	1	12	0.0	-64.2

## Arizona's Economy

Santa Cruz County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month 12-mo. average	
Civilian Labor Force, ADOC	18,150	18,875	19,075	18,825	18,800	0.5	2.0
Employment	15,575	15,725	15,825	15,600	15,475	-3.9	-2.8
Unemployment	2,575	3,150	3,250	3,225	3,325	27.9	48.8
Unemployment Rate (%)	14.2	16.7	17.0	17.1	17.7	27.2	46.7
Employees on Nonagricultural Payrolls, ADOC							
Total	12,625	12,650	12,750	12,700	12,775	-6.8	-7.7
Total Private	9,025	8,900	8,775	8,700	8,775	-10.5	-11.9
Goods-Producing	900	875	875	875	875	-5.4	-10.8
Service-Providing	11,725	11,775	11,875	11,825	11,900	-6.8	-7.4
Trade, Transportation, and Utilities	5,375	5,275	5,225	5,150	5,250	-8.3	-7.7
Other Private Service-Providing	2,750	2,750	2,675	2,675	2,650	-15.9	-19.4
Government	3,600	3,750	3,975	4,000	4,000	2.6	4.1
Federal Government	1,575	1,575	1,600	1,600	1,600	6.7	8.3
State and Local Government	2,025	2,175	2,375	2,400	2,400	0.0	1.5
Sales (\$oos), ADOR							
Gross Retail	31,501	31,199	31,677	36,466	...	12.0	-19.3
Retail	23,434	23,391	23,254	28,950	...	15.6	-18.2
Restaurants & Bars	3,294	3,029	3,304	3,128	...	4.8	-13.5
Gasoline, EBR	4,773	4,779	5,119	4,388	...	-3.4	-29.1
Gallons (oos) ADOT	1,790	1,942	1,934	1,738	...	28.8	4.2
Contracting	4,811	4,944	4,586	4,675	...	-66.5	-28.0
Hotel/Motel	575	794	835	825	...	-10.6	-32.7
New Housing Units Authorized, Census C-40							
Total Units	3	6	13	4	5	-44.4	-57.4
Single Family Units	3	6	13	4	5	-44.4	-56.7

## January 2010–Winter Issue

Yavapai County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent	
						month	12-mo. average
Civilian Labor Force, ADOC	99,200	99,500	100,800	100,200	99,700	0.4	0.6
Employment	90,100	89,800	91,400	90,700	90,200	-2.8	-3.1
Unemployment	9,100	9,700	9,400	9,500	9,500	46.2	69.3
Unemployment Rate (%)	9.2	9.7	9.3	9.5	9.5	45.6	68.4
Employees on Nonagricultural Payrolls, ADOC							
Total	56,200	55,500	56,600	56,800	57,100	-5.6	-7.9
Total Private	44,700	44,400	44,400	44,200	44,200	-7.3	-10.4
Goods-Producing	8,100	8,000	8,000	8,000	7,900	-18.6	-21.3
Mining and Construction	5,400	5,300	5,300	5,300	5,200	-23.5	-25.1
Manufacturing	2,700	2,700	2,700	2,700	2,700	-6.9	-12.6
Service-Providing	48,100	47,500	48,600	48,800	49,200	-3.1	-5.2
Trade, Transportation, and Utilities	11,500	11,400	11,300	11,300	11,400	-6.6	-7.9
Information	600	600	600	500	500	-16.7	-4.1
Financial Activities	2,300	2,300	2,300	2,300	2,300	-4.2	-4.5
Professional and Business Services	2,900	2,900	2,900	2,900	2,900	-9.4	-25.5
Educational and Health Services	10,400	10,300	10,400	10,400	10,500	-0.9	1.1
Leisure and Hospitality	7,600	7,600	7,600	7,500	7,500	-1.3	-4.5
Other Services	1,300	1,300	1,300	1,300	1,200	-14.3	-31.4
Government	11,500	11,100	12,200	12,600	12,900	0.8	2.6
Federal Government	1,600	1,500	1,600	1,500	1,500	7.1	18.8
State and Local Government	9,900	9,600	10,600	11,100	11,400	0.0	0.6
Sales (\$000s), ADOR							
Gross Retail	148,143	148,097	150,899	140,350	...	-9.5	-15.5
Retail	106,387	106,860	107,537	100,355	...	-9.4	-14.1
Restaurants & Bars	21,935	22,119	22,644	21,144	...	-3.0	-6.7
Gasoline, EBR	19,821	19,118	20,718	18,852	...	-16.0	-31.9
Gallons (000s) ADOT	7,433	7,771	7,827	7,469	...	11.9	0.2
Contracting	37,500	28,925	30,297	25,897	...	-40.0	-35.7
Hotel/Motel	7,285	7,311	6,633	7,710	...	-14.6	-18.5
New Housing Units Authorized, Census C-40							
Total Units	31	36	46	40	42	27.3	-33.1
Single Family Units	31	36	38	35	37	19.4	-47.5

## Arizona's Economy

---

Yuma County	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change vs. year ago for most recent month 12-mo. average	
Civilian Labor Force, ADOC	88,200	90,300	91,400	89,600	87,100	2.1	1.6
Employment	67,900	66,800	67,700	67,800	66,600	-2.8	-3.6
Unemployment	20,300	23,500	23,700	21,800	20,500	22.0	28.0
Unemployment Rate (%)	23.0	26.0	25.9	24.3	23.5	19.5	26.4
Employees on Nonagricultural Payrolls, ADOC							
Total	49,400	48,400	48,800	49,100	49,200	-7.0	-7.2
Total Private	34,700	34,200	34,000	33,700	33,800	-9.6	-10.5
Goods-Producing	5,300	5,100	5,100	5,100	5,000	-13.8	-18.7
Mining and Construction	3,500	3,400	3,400	3,400	3,300	-19.5	-17.3
Manufacturing	1,800	1,700	1,700	1,700	1,700	0.0	-21.4
Service-Providing	44,100	43,300	43,700	44,000	44,200	-6.2	-5.6
Trade, Transportation, and Utilities	9,400	9,300	9,200	9,100	9,200	-14.8	-12.6
Information	1,800	1,800	1,800	1,800	1,800	0.0	4.3
Financial Activities	1,600	1,600	1,500	1,500	1,500	-6.3	-2.6
Professional and Business Services	4,200	4,200	4,200	4,200	4,200	-10.6	-10.2
Educational and Health Services	6,100	6,000	6,100	6,100	6,200	-1.6	-2.9
Leisure and Hospitality	4,500	4,400	4,400	4,300	4,300	-8.5	-15.2
Other Services	1,800	1,800	1,700	1,600	1,600	-5.9	-3.2
Government	14,700	14,200	14,800	15,400	15,400	-0.6	1.4
Federal Government	3,600	3,700	3,700	3,700	3,600	2.9	2.4
State and Local Government	11,100	10,500	11,100	11,700	11,800	-1.7	1.2
Sales (\$oos), ADOR							
Gross Retail	118,501	112,480	115,487	117,332	...	-15.4	-13.4
Retail	83,120	79,897	82,705	86,203	...	-14.7	-9.7
Restaurants & Bars	15,691	14,220	13,693	13,487	...	-1.5	-1.3
Gasoline, EBR	19,690	18,363	19,090	17,641	...	-26.5	-36.0
Gallons (oos) ADOT	7,384	7,464	7,212	6,989	...	-2.0	-4.7
Contracting	44,591	26,161	27,619	24,772	...	-24.7	-10.3
Hotel/Motel	3,219	2,944	2,865	3,628	...	-15.9	-4.6
New Housing Units Authorized, Census C-40							
Total Units	62	72	70	107	26	4.0	3.1
Single Family Units	62	72	70	47	26	4.0	-1.3

McClelland Hall, Room 103  
P.O. Box 210108  
1130 E. Helen Street  
Tucson, AZ, 85721-0108

Phone: 520-621-2155  
Fax: 520-621-2150  
E-mail:  
ebrpublications@eller.arizona.edu

**Marshall J. Vest**  
*Director*  
(520) 621-4075  
mvest@eller.arizona.edu

**Alberta Charney, Ph.D.**  
*Senior Research Economist*  
(520) 621-2291  
acharney@eller.arizona.edu

**Pia Montoya**  
*Database Specialist*  
(520) 621-2523  
pmontoya@eller.arizona.edu

**Lora Mwaniki-Lyman**  
*Research Economist*  
(520) 626-6439  
loramwa@eller.arizona.edu

**Maile L. Nadelhoffer**  
*Senior Research Economist &  
Webmaster*  
(520) 621-4050  
mln@eller.arizona.edu

**William P. Patton, Ph.D.**  
*Senior Research Economist*  
(520) 626-0011  
wppatton@eller.arizona.edu

**Vera Pavlakovich-Kochi, Ph.D.**  
*Senior Regional Scientist*  
(520) 626-0520  
vkp@eller.arizona.edu

**Valorie Rice**  
*Librarian & State Data Center*  
(520) 621-2109  
vrice@eller.arizona.edu

To subscribe to Arizona's Economy or other Economic and Business Research Publications, visit:  
[www.ebr.eller.arizona.edu/subscribe/](http://www.ebr.eller.arizona.edu/subscribe/)

Arizona's Economy, published quarterly by the Economic and Business Research Center at the Eller College of Management, is provided as an educational service by The University of Arizona. Correspondence should be addressed to EBR Publications, McClelland Hall Room 103, PO Box 210108, Tucson, Arizona 85721-0108.

Arizona's Economy is available online at: [www.ebr.eller.arizona.edu/azeconomy/](http://www.ebr.eller.arizona.edu/azeconomy/).  
As part of The University of Arizona's public mission to improve quality of life for the people of Arizona and the nation, the Economic and Business Research Center is dedicated to providing Arizona citizens and decision makers with high quality economic data and objective forecasts and analyses.

Copyright 2009 by The University of Arizona. Information contained in this publication may be copied or reprinted with credit to the Eller College of Management at The University of Arizona.

Visit us online at [www.ebr.eller.arizona.edu/](http://www.ebr.eller.arizona.edu/)!

## Thank you to our community sponsors for their ongoing support of Economic and Business Research Center programs.

*Arizona Electric Power Cooperative*

*City of Tucson*

*Arizona Joint Legislative Budget Committee*

*Cox Communications*

*Arizona Public Service Company*

*Elliott D. Pollack and Company*

*Bascom Arizona Ventures, LLC*

*Grubb & Ellis*

*BBVA Compass*

*Maricopa Association of Governments*

*BeachFleischman*

*Maricopa County*

*Carondelet Health Network*

*Pascua Yaqui Tribe*

*CB Richard Ellis*

*Pima Association of Governments*

*Chase*

*Pima County*

*City of Mesa*

*Pinal County*

*City of Phoenix*

*Salt River Project*

*City of Tempe*

*Tucson Electric Power Company*

Special thanks to  for its ongoing support of the Economic and Business Research Center website!

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