

## Population Gains and Real Estate "Investors" Drive Growth.

By Marshall J. Vest  
Forecasting Project Director  
March 1, 2005

*The Arizona economy continues to march forward at a measured pace. Since the 2001 recession, population growth and an huge inflow of money into real estate have driven the expansion. Meanwhile, basic industries (those that sell their product beyond Arizona's borders) have been shrinking. As the year progresses, a more balanced expansion should emerge, and 2005 will be another solid year for business. Risks are centered primarily on recent overinvestment in real estate.*

Arizona's population swelled by more than 200,000 people in 2004, according to estimates produced by the Arizona Department of Economic Security. That's a 3.6% increase – the largest since 1995's 4.4% surge. As of mid-year, over 5.8 million people now call Arizona home, making it the 18th largest state, right behind Missouri and Tennessee. By the middle of this year, Arizona will overtake both states, and Washington and Indiana in 2007 (Table 1).

**TABLE 1: POPULATION ESTIMATES  
Selected States,\* 2004**

rank		(million)
1.	California	35.894
2.	Texas	22.490
3.	New York	19.227
4.	Florida	17.397
5.	Illinois	12.714
6.	Pennsylvania	12.406
7.	Ohio	11.459
8.	Michigan	10.113
9.	Georgia	8.829
10.	New Jersey	8.699
11.	North Carolina	8.541
12.	Virginia	7.460
13.	Massachusetts	6.417
14.	Indiana	6.238
15.	Washington	6.204
16.	Tennessee	5.901
17.	Missouri	5.755
<b>18.</b>	<b>Arizona</b>	<b>5.744</b>
22.	Colorado	4.601
27.	Oregon	3.595
34.	Utah	2.389
35.	Nevada	2.335
36.	New Mexico	1.903
39.	Idaho	1.393
44.	Montana	0.927
51.	Wyoming	0.507

Source: Population Division, U.S. Census Bureau and District of Columbia\*

The demand for Arizona living is propelled by a number of factors including a desire to escape high densities of many coastal cities as well as last summer's hurricanes on the east coast. Arizona also has long been a destination of choice for upwardly-mobile retirees because of the mild climate and low tax burden. In Tucson, for example, an estimated 30 percent of home sales in recent years were to retirees. However, the two most often mentioned reasons for moving to Arizona are the low cost of real estate and the availability of jobs.

The surge in population has been accompanied, as one might expect, by job growth in population-serving sectors. Construction activity is well above trend with over 15,500 new workers added in the past year, December to December. That makes construction the largest job generator across all sectors. In second place is education and health services, up 11,100, closely followed by government, up 10,300 (with over half in the public school system). Retail trade added 8,500. All of these gains are related to more people – and the need for more houses, teachers for more students, and retail space for more shoppers.

Meanwhile, Arizona's export base continues to languish. Manufacturing employment is down 20% from its high, and the information industry (which includes software development, telecommunications, and publishing) continues to shed jobs. Declines in base sectors are not good for long-term economic vitality and prosperity.

Exhibit 1 shows job growth in export-based and population-based sectors using a crude approximation for each that is limited by the available categories published as part of the current employment survey (CES) program. We define "export based" as simply the sum of manufacturing, natural resources and mining, and information. (A better label might

*The two most often mentioned reasons for moving to Arizona are the low cost of real estate and the availability of jobs.*

## ARIZONA'S ECONOMY

be "high tech" since many of these jobs are part of these industries). A major component of leisure and hospitality is export-based since it serves tourists, but it also serves locals as well, so it is shown separately. Likewise for professional and business services, which serves both population-serving and export-based businesses. The population-serving category is the amalgamation of remaining sectors (that includes construction, trade, transportation, utilities, financial activities, educational and health services, and government).

Population serving sectors have grown by nearly 10% since early 1991 while export-based sectors lost more than 16% and have yet to clearly bottom out. Growth in the other two categories has been largely disappointing so far.

Nonfarm employment rose by a disappointing 2.4% in 2004, however, we would not be surprised if revisions, due to be released in the coming weeks, show three percent or better (perhaps as high as 3.5%). Recent revisions to nationwide employment were upward, and the gap between national estimates and the sum from all states is especially wide (and national are higher). If Arizona revisions follow the national, the largest upward revisions will be in leisure and hospitality, transportation and warehousing, and business and professional services.

### Housing Bubble Revisited

Analysts continue to debate whether housing markets are experiencing a bubble. The short-term market-clearing mechanism in any market is the price, and housing prices have been accelerating sharply. Exhibit 2 shows a history of housing prices going back some thirty years using nationwide data from a database of repeat sales compiled by the Office of Federal Housing Enterprise Oversight (OFHEO). The data is for Arizona.

The solid line shows housing prices after adjusting for inflation. The shaded areas under that line show periods in which housing prices were going up faster than inflation. The shaded bars represent periods of national recession. Back in the late

1970's, the cumulative increase over a three-year period was 26%. During three years in the mid 1980's, real prices rose almost 5%. In the current episode, prices have increased by 57% over a period that spans nearly eleven years. Moreover, prices accelerated sharply as 2004 came to a close, with increases exceeding 10%! The current run-up in housing prices is unprecedented in both duration and magnitude.

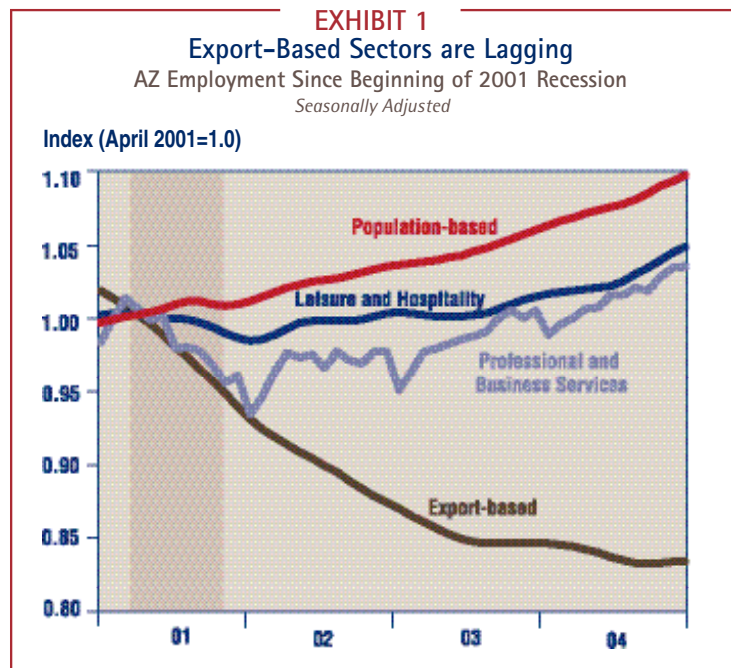
The graph also shows that housing prices do decline, at least in real terms. In nominal terms, price appreciation runs close to zero. These periods last from 3-5 years.

There is no such thing as a national housing market, of course. National statistics are simply an aggregate of individual markets, and individual markets around the country vary widely. Each city has its own market, and larger cities may have more than one. Markets that face supply constraints, i.e., a shortage of developable land, are the most likely to experience rapid price increases. Market bubbles in today's environment are located primarily on both coasts in areas where land is scarce. For most of the country, housing markets are seeing normal appreciation in line with overall inflation. Until last year, housing price appreciation in Arizona was not extraordinary.

Although rapid escalation of prices is a necessary feature, it is not sufficient to identify a bubble environment. A bubble usually has three key features. First, prices are bid up beyond what is consistent with underlying fundamentals. The challenge is to identify what the fundamental level is, and measures typically used such as housing prices relative to household income or to rents are not very good measures, especially when sales are to buyers from outside the region (where incomes may be much higher or buyers have significant wealth).

Second, it's not really historical prices that matter, but homebuyers' expectations of future price increases. If buyers expect prices to rise by, say ten percent in real terms over the next five or ten years, then the market is in serious trouble. Here again, expectations are hard to observe, and the only way to get this data is through expensive surveys of recent buyers.

A third feature is the presence of speculators in the market. Investors who hold a property for a few years (perhaps as a future retirement home) are not a problem. It's the buyer who is looking to "flip"



*The current run-up in housing prices is unprecedented  
in both duration and magnitude.*

### EXHIBIT 2

#### Unprecedented Burst in Hope Prices

AZ Home Price Appreciation



### EXHIBIT 3

#### Moderation to Trend Growth Lies Ahead

Annual Change in Population and Jobs, AZ



the property in a few months and pocket a large gain that distorts the market and makes underlying fundamental values (and demand) impossible to determine.

The period of overinvestment we are currently experiencing here in Arizona will be followed by a market "correction." The "investor" money we currently see in real estate markets will leave as soon as a new investment fad or another "undiscovered" market emerges. In the meantime, the higher that prices rise, the greater the risk for a bad ending.

### The Outlook

Better results for export-based sectors should soon be evident in employment numbers as evidenced by a number of positive announcements in recent months. Expansions at Orbital Sciences, General Dynamics, DunnAir Business Jet Completion Center, W.L. Gore and Associates, and Boeing Co., to highlight a few of the larger projects, will send manufacturing employment upward going forward. Construction activity will cool and no longer be the growth leader, but will remain at a high level. Professional and business services should accelerate smartly, and sectors related to travel and tourism should see significant gains. Overall, look for over 100,000 new nonfarm jobs, net, during 2005, an increase of 4.5%. As the current wave of overinvestment in real estate subsides, both employment and population growth will retreat to increases more in line with trend growth (Exhibit 3).

Personal income through the third quarter 2004 is showing solid growth of 7% with an accelerating trend. Look for a gain near 8% in 2005. Wages per employee will exceed 4%. Sales data show that the consumer continues to spend, but at a diminished rate when compared to early 2004. As 2004 came to an end, retail sales growth was running at a 5% annual rate, while restaurant and bar sales had moderated to 2%. We think this is a temporary lull and are forecasting 7 to 7.5% gains for all of 2005.

The current year should bring solid growth. Population growth and real estate will continue to drive the Arizona economy in the near term, but a better balance should develop as the year progresses (see forecast table on page 4). ■

## FORECAST TABLES

	2004	2005	2006	2007	2008	2009	2010
<b>Arizona</b>							
Personal Income (\$ mill)	160,537	173,142	185,256	197,620	211,348	226,300	242,816
percent change	6.8	7.9	7.0	6.7	6.9	7.1	7.3
Wage per Employee	37,854	39,422	41,071	42,827	44,659	46,548	48,462
percent change	3.6	4.1	4.2	4.3	4.3	4.2	4.1
Aggregate Retail Sales (\$ mill)*	65,838	70,229	73,284	76,630	80,367	84,600	89,265
percent change	9.3	6.7	4.3	4.6	4.9	5.3	5.5
Population (000s, mid-year)	5,832.2	6,026.1	6,214.5	6,392.5	6,569.9	6,751.0	6,936.6
percent change	3.6	3.3	3.1	2.9	2.8	2.8	2.7
Residential Permits	86,682	85,900	78,834	73,665	71,381	70,161	69,175
percent change	22.6	-0.9	-8.2	-6.6	-3.1	-1.7	-1.4
Non Farm Employment (000s)	2,358.9	2,465.7	2,537.6	2,597.3	2,655.7	2,718.4	2,783.6
percent change	3.1	4.5	2.9	2.4	2.2	2.4	2.4
Goods-Producing	371.8	393	402.5	410.2	415.6	421.2	427
percent change	3.8	5.7	2.4	1.9	1.3	1.3	1.4
Service-Providing	1,987.3	2,072.8	2,135.3	2,187.4	2,240.3	2,297.5	2,356.9
percent change	3.0	4.3	3.0	2.4	2.4	2.6	2.6
Trade, Trans., & Utilities	453.8	470.5	483.8	494.1	505.7	518.6	531.8
percent change	1.8	3.7	2.8	2.1	2.3	2.6	2.6
Prof. & Business Services	333.3	360.4	374.7	384.6	394.6	406.6	418.5
percent change	5.2	8.1	4.0	2.7	2.6	3.0	2.9
Leisure & Hospitality	236.4	243.2	249.5	255.7	262.5	269.4	276.3
percent change	2.0	2.9	2.6	2.5	2.6	2.7	2.5
Government	403.1	413.2	421.3	428.7	435.3	443.3	453.9
percent change	2.2	2.5	2.0	1.7	1.5	1.8	2.4
<b>Phoenix-Mesa Metro Area</b>							
Personal Income (\$ mill)	110,377	119,394	128,433	137,853	148,236	159,592	172,268
percent change	6.8	8.2	7.6	7.3	7.5	7.7	7.9
Wage per Employee	43,068	44,909	47,025	49,313	51,697	54,134	56,651
percent change	3.8	4.3	4.7	4.9	4.8	4.7	4.7
Aggregate Retail Sales (\$ mill)*	45,181	48,206	50,323	52,908	55,907	59,202	62,862
percent change	9.5	6.7	4.4	5.1	5.7	5.9	6.2
Population (000s, mid-year)	3,742.5	3,877.2	4,008.8	4,128.3	4,246.6	4,368.1	4,494.3
percent change	4.0	3.6	3.4	3.0	2.9	2.9	2.9
Residential Permits	64,229	64,772	57,819	52,401	51,945	53,165	55,059
percent change	17.1	0.8	-10.7	-9.4	-0.9	2.3	3.6
Non Farm Employment (000s)	1,670.8	1,742.5	1,798.3	1,845.2	1,890.6	1,941.6	1,996.0
percent change	3.3	4.3	3.2	2.6	2.5	2.7	2.8
Goods-Producing	273.7	290.1	297.7	300.6	303.5	309.1	315.0
percent change	4.3	6.0	2.6	1.0	1.0	1.8	1.9
Service-Providing	1,397.1	1,452.5	1,500.6	1,544.6	1,587.1	1,632.5	1,681.1
percent change	3.1	4.0	3.3	2.9	2.8	2.9	3.0
Trade, Trans., & Utilities	334.6	347.6	359.0	368.6	379.0	390.1	401.9
percent change	1.8	3.9	3.3	2.7	2.8	2.9	3.0
Prof. & Business Services	268.2	289.1	299.6	309.5	317.6	326.9	336.8
percent change	3.9	7.8	3.6	3.3	2.6	2.9	3.0
Leisure & Hospitality	162.0	168.6	173.6	178.6	184.1	189.9	195.4
percent change	3.3	4.1	3.0	2.9	3.1	3.1	2.9
Government	222.2	229.2	233.9	237.9	241.7	246.2	252.4
percent change	2.6	3.1	2.1	1.7	1.6	1.9	2.5
<b>Tucson Metro Area</b>							
Personal Income (\$ mill)	23,920	25,512	27,395	29,307	31,353	33,461	35,764
percent change	5.3	6.7	7.4	7.0	7.0	6.7	6.9
Wage per Employee	35,250	36,434	37,869	39,388	40,945	42,527	44,139
percent change	3.4	3.4	3.9	4.0	4.0	3.9	3.8
Aggregate Retail Sales (\$ mill)*	9,878	10,393	10,889	11,379	11,913	12,472	13,057
percent change	7.2	5.2	4.8	4.5	4.7	4.7	4.7
Population (000s, mid-year)	931.2	955.5	983.3	1,009.3	1,033.2	1,055.9	1,077.8
percent change	2.2	2.6	2.9	2.6	2.4	2.2	2.1
Residential Permits	10410.0	10778.0	10974.0	10257.0	9424.0	8944.0	8657.0
percent change	25.3	3.5	1.8	-6.5	-8.1	-5.1	-3.2
Non Farm Employment (000s)	352.8	366.5	379.2	389.4	398.1	406.0	413.3
percent change	1.6	3.9	3.5	2.7	2.2	2.0	1.8
Goods-Producing	53.5	56.0	58.1	59.4	60.2	60.4	60.7
percent change	0.3	4.6	3.8	2.3	1.3	0.4	0.3
Service-Providing	299.4	310.6	321.1	330.0	337.9	345.5	352.6
percent change	1.9	3.7	3.4	2.8	2.4	2.3	2.1
Trade, Trans., & Utilities	54.9	56.9	58.3	59.2	60.3	61.3	62.4
percent change	0.8	3.6	2.4	1.7	1.7	1.8	1.8
Prof. & Business Services	42.4	45.0	48.9	52.0	54.3	56.3	58.1
percent change	2.1	6.2	8.7	6.3	4.3	3.7	3.2
Leisure & Hospitality	37.5	39.5	40.7	41.9	43.0	44.2	45.2
percent change	2.6	5.5	3.0	2.8	2.8	2.7	2.3
Government	78.3	79.6	80.8	82.0	83.1	84.1	85.2
percent change	-0.1	1.6	1.5	1.4	1.3	1.3	1.3

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

Source: Economic and Business Research Center, Eller College of Management, The University of Arizona

**ARIZONA ECONOMIC  
INDICATORS**

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month      12-months	
<b>APACHE COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	23,275	23,450	23,325	22,300	21,975	2.2	3.2
Employment	20,000	20,600	20,675	19,925	19,650	4.8	4.2
Unemployment	3,275	2,850	2,650	2,375	2,325	-15.5	-2.6
Unemployment Rate (%)	14.1	12.2	11.4	10.7	10.6	-17.3	-5.4
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	19,950	20,825	20,850	20,350	20,100	3.9	3.0
<i>Total Private</i>	6,600	6,650	6,575	6,575	6,450	4.9	2.4
Goods-Producing	750	775	775	775	675	12.5	1.7
Service-Providing	19,200	20,050	20,075	19,575	19,425	3.6	3.1
Trade, Transportation, and Utilities	2,000	2,000	2,000	2,025	2,025	3.8	7.4
Other Private Service-Providing	3,850	3,875	3,800	3,775	3,750	4.2	0.1
<i>Government</i>	13,350	14,175	14,275	13,775	13,650	3.4	3.3
Federal Government	3,125	3,150	3,075	3,075	3,075	2.5	2.7
State and Local Government	10,225	11,025	11,200	10,700	10,575	3.7	3.5
<b>Sales (\$000s) ADOR</b>							
Gross Retail	11,837	12,165	11,719	10,116	...	13.7	9.3
Retail	5,551	5,364	5,110	4,197	...	-4.8	4.5
Restaurants & Bars	999	1,027	905	717	...	10.6	8.5
Gasoline, EBR	5,287	5,775	5,704	5,202	4,862	29.6	15.4
Gallons (000s) ADOT	2,749	2,936	2,652	2,512	2,567	2.7	-0.7
Contracting	8,908	6,902	7,474	6,511	...	-23.4	-20.7
Hotel/Motel	1,197	1,270	1,135	698	...	42.5	-2.6
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	8	7	6	1	3	50.0	21.4
Single Family Units	8	7	6	1	3	50.0	21.4
<b>NAVAJO COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	39,050	38,525	37,975	36,750	36,800	3.1	4.1
Employment	34,750	34,550	34,325	33,450	33,500	4.4	4.3
Unemployment	4,300	3,975	3,650	3,300	3,300	-9.0	2.1
Unemployment Rate (%)	11.0	10.3	9.6	9.0	9.0	-11.7	-1.8
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	29,925	30,075	29,850	29,500	29,525	3.5	3.1
<i>Total Private</i>	18,950	18,650	18,450	18,100	18,100	3.0	3.9
Goods-Producing	3,275	3,200	3,200	3,150	3,125	-6.7	-3.2
Natural Resources and Mining	825	825	825	825	825	-10.8	-8.8
Construction	1,675	1,625	1,625	1,575	1,550	-6.1	0.3
Manufacturing	775	750	750	750	750	-3.2	-3.4
Service-Providing	26,650	26,875	26,650	26,350	26,400	4.9	4.0
Trade, Transportation, and Utilities	5,725	5,625	5,625	5,600	5,575	0.0	3.1
Information	675	675	650	650	650	8.3	11.6
Financial Activities	850	825	800	800	825	-5.7	8.1
Professional and Business Services	1,050	1,025	1,025	1,025	1,050	13.5	8.5
Educational and Health Services	3,450	3,475	3,475	3,500	3,550	17.4	12.5
Leisure and Hospitality	3,075	2,975	2,825	2,550	2,500	1.0	0.0
Other Services	850	850	850	825	825	10.0	4.6
<i>Government</i>	10,975	11,425	11,400	11,400	11,425	4.3	2.0
Federal Government	1,800	1,850	1,775	1,750	1,775	7.6	4.4
State and Local Government	9,175	9,575	9,625	9,650	9,650	3.8	1.6
<b>Sales (\$000s) ADOR</b>							
Gross Retail	76,387	78,227	75,905	66,480	...	2.5	10.1
Retail	57,859	59,713	57,583	50,982	...	4.2	9.1
Restaurants & Bars	7,132	6,822	6,065	4,912	...	-2.1	3.7
Gasoline, EBR	11,396	11,693	12,257	10,586	10,480	29.1	19.6
Gallons (000s) ADOT	5,924	5,944	5,699	5,111	5,533	2.4	3.2
Contracting	13,320	15,874	14,760	14,884	...	38.1	7.7
Hotel/Motel	2,932	2,676	2,238	1,872	...	0.3	-2.8
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	50	59	35	32	48	152.6	31.2
Single Family Units	50	27	35	32	48	152.6	22.8

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month 12-months	
<b>GRAHAM COUNTY</b>							
<b>1 Civilian Labor Force, ADES</b>	10,775	11,175	10,975	10,925	10,875	-1.4	-1.5
Employment	10,125	10,400	10,275	10,300	10,275	-1.2	-1.1
Unemployment	650	775	700	625	600	-4.0	-6.9
Unemployment Rate (%)	6.0	6.9	6.4	5.7	5.5	-2.7	-5.5
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	6,750	7,025	7,075	7,100	7,100	1.8	-0.8
<i>Total Private</i>	4,275	4,275	4,225	4,250	4,250	-1.2	-1.1
Goods-Producing	500	500	475	475	475	5.6	-3.4
Service-Providing	6,250	6,525	6,600	6,625	6,625	1.5	-0.6
Trade, Transportation, and Utilities	1,350	1,350	1,350	1,375	1,375	-3.5	0.2
Other Private Service-Providing	2,425	2,425	2,400	2,400	2,400	-1.0	-1.4
Government	2,475	2,750	2,850	2,850	2,850	6.5	-0.4
Federal Government	325	325	325	325	325	0.0	-5.0
State and Local Government	2,150	2,425	2,525	2,525	2,525	7.4	0.3
<b>Sales (\$000s) ADOR</b>							
Gross Retail	14,203	15,902	14,308	15,107	...	5.2	4.4
Retail	11,088	12,440	10,635	11,770	...	5.3	3.4
Restaurants & Bars	1,417	1,458	1,442	1,400	...	-19.1	3.3
Gasoline, EBR	1,697	2,004	2,231	1,936	1,902	44.3	16.0
Gallons (000s) ADOT	882	1,019	1,037	935	1,004	14.4	0.0
Contracting	2,148	2,305	2,230	2,760	...	75.1	-15.9
<b>COCONINO COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	71,125	70,400	69,675	68,575	67,625	2.8	2.8
Employment	66,925	66,500	66,025	64,875	63,850	3.8	3.2
Unemployment	4,200	3,900	3,650	3,700	3,775	-11.7	-2.6
Unemployment Rate (%)	5.9	5.5	5.2	5.4	5.6	-14.1	-5.2
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	59,750	60,550	60,600	60,050	59,525	2.8	1.8
<i>Total Private</i>	41,550	41,450	41,325	40,775	40,800	3.2	2.8
Goods-Producing	6,025	6,025	6,350	6,350	6,350	10.0	4.2
Natural Resources and Mining	125	125	125	100	100	0.0	-15.9
Construction	2,800	2,775	2,900	2,900	2,875	4.5	3.3
Manufacturing	3,100	3,125	3,325	3,350	3,375	15.4	6.1
Service-Providing	53,725	54,525	54,250	53,700	53,175	2.0	1.5
Trade, Transportation, and Utilities	9,375	9,425	9,400	9,375	9,350	-3.9	-0.5
Information	550	550	500	500	500	11.1	10.5
Financial Activities	1,575	1,550	1,500	1,500	1,500	3.4	1.3
Professional and Business Services	3,375	3,275	3,300	3,150	3,100	4.2	6.8
Educational and Health Services	7,200	7,325	7,375	7,450	7,575	7.8	7.4
Leisure and Hospitality	11,725	11,550	11,125	10,700	10,700	1.9	1.0
Other Services	1,725	1,750	1,775	1,750	1,725	6.2	1.1
Government	18,200	19,100	19,275	19,275	18,725	1.9	-0.2
Federal Government	3,675	3,625	3,450	3,300	3,275	-2.2	-2.1
State and Local Government	14,525	15,475	15,825	15,975	15,450	2.8	0.2
<b>Sales (\$000s) ADOR</b>							
Gross Retail	127,048	122,744	118,201	106,560	...	6.8	7.7
Retail	81,377	79,364	75,893	71,945	...	2.7	6.4
Restaurants & Bars	26,934	25,903	23,339	18,316	...	0.9	7.4
Gasoline, EBR	18,737	17,478	18,969	16,299	14,528	24.5	19.1
Gallons (000s) ADOT	9,740	8,885	8,821	7,870	7,670	-1.3	3.3
Contracting	26,053	26,793	26,819	20,669	...	-23.2	-5.5
Hotel/Motel	20,541	19,985	16,122	10,693	...	6.0	8.7
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	69	56	70	54	68	-27.7	-24.1
Single Family Units	69	53	70	52	68	-26.1	6.2

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month 12-months	
<b>GREENLEE COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	3,700	3,650	3,675	3,725	3,750	5.6	-1.1
Employment	3,525	3,450	3,500	3,575	3,600	8.3	1.3
Unemployment	175	200	175	150	150	-33.3	-31.3
Unemployment Rate (%)	4.7	5.5	4.8	4.0	4.0	-36.9	-30.3
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	3,425	3,425	3,525	3,575	3,650	9.8	1.0
<i>Total Private</i>	2,875	2,875	2,975	3,025	3,100	10.7	0.4
Goods-Producing	2,300	2,325	2,400	2,425	2,475	10.0	0.9
Service-Providing	1,125	1,100	1,125	1,150	1,175	9.3	1.3
Trade, Transportation, and Utilities	250	225	250	250	250	11.1	-0.0
Other Private Service-Providing	325	325	325	350	375	15.4	-2.4
<i>Government</i>	550	550	550	550	550	4.8	4.3
Federal Government	50	50	50	50	50	0.0	9.1
State and Local Government	500	500	500	500	500	5.3	3.9
<b>Sales (\$000s) ADOR</b>							
Gross Retail	8,853	8,247	8,573	8,308	...	71.4	27.6
Retail	8,194	7,618	7,857	7,703	...	73.7	27.9
Restaurants & Bars	191	209	241	138	...	2.4	2.8
Gasoline, EBR	468	420	474	466	503	35.6	35.9
Gallons (000s) ADOT	243	214	220	225	265	7.5	18.5
Contracting	972	1,515	899	529	...	-9.3	-20.9
Hotel/Motel*	394	372	219	372	...	-14.6	-2.0

\* Includes Graham County data.

<b>YAVAPAI COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	87,125	86,600	87,600	86,975	86,175	5.2	4.6
Employment	84,800	84,175	85,250	84,850	84,200	5.9	5.1
Unemployment	2,325	2,425	2,350	2,125	1,975	-19.4	-8.8
Unemployment Rate (%)	2.7	2.8	2.7	2.4	2.3	-23.3	-12.7
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	56,450	57,125	57,600	57,650	57,400	5.1	4.4
<i>Total Private</i>	45,375	45,525	45,875	45,850	45,975	5.6	4.1
Goods-Producing	10,025	10,000	10,050	9,825	9,925	3.9	2.4
Natural Resources and Mining	1,150	1,175	1,175	1,150	1,150	17.9	16.1
Construction	5,650	5,600	5,675	5,475	5,575	2.3	1.7
Manufacturing	3,225	3,225	3,200	3,200	3,200	2.4	-0.4
Service-Providing	46,425	47,125	47,550	47,825	47,475	5.3	4.8
Trade, Transportation, and Utilities	10,075	10,225	10,525	10,675	10,775	4.9	1.4
Information	675	675	650	650	675	0.0	1.9
Financial Activities	2,000	2,000	2,025	2,025	2,050	9.3	6.8
Professional and Business Services	4,550	4,325	4,350	4,375	4,400	8.0	6.8
Educational and Health Services	9,150	9,250	9,300	9,375	9,350	9.4	10.5
Leisure and Hospitality	7,150	7,300	7,200	7,150	7,025	1.8	1.7
Other Services	1,750	1,750	1,775	1,775	1,775	7.6	0.4
<i>Government</i>	11,075	11,600	11,725	11,800	11,425	3.2	5.5
Federal Government	1,325	1,300	1,300	1,275	1,275	0.0	1.8
State and Local Government	9,750	10,300	10,425	10,525	10,150	3.6	6.0
<b>Sales (\$000s) ADOR</b>							
Gross Retail	144,673	143,527	145,101	145,874	...	13.2	9.8
Retail	111,598	110,150	109,291	114,000	...	17.6	10.3
Restaurants & Bars	18,515	18,892	19,734	16,579	...	-22.5	0.9
Gasoline, EBR	14,560	14,484	16,076	15,296	13,174	26.5	19.2
Gallons (000s) ADOT	7,569	7,363	7,475	7,386	6,955	0.3	3.8
Contracting	53,240	54,975	53,808	51,139	...	18.8	14.8
Hotel/Motel	6,516	8,755	8,150	6,094	...	9.7	0.1
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	262	250	262	265	273	23.0	26.6
Single Family Units	248	236	258	257	268	28.2	26.7

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month 12-months	
<b>GILA COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	19,175	19,000	18,925	18,525	18,300	-0.1	-0.6
Employment	18,000	17,725	17,725	17,475	17,300	1.3	0.7
Unemployment	1,175	1,275	1,200	1,050	1,000	-20.0	-16.3
Unemployment Rate (%)	6.1	6.7	6.3	5.7	5.5	-19.9	-15.7
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	13,900	13,850	13,825	13,800	13,700	0.2	-0.6
<i>Total Private</i>	8,775	8,625	8,600	8,600	8,575	-1.7	-1.2
Goods-Producing	2,000	1,975	1,950	1,925	1,950	-3.7	-5.7
Service-Providing	11,900	11,875	11,875	11,875	11,750	0.9	0.4
Trade, Transportation, and Utilities	2,075	2,050	2,050	2,050	2,050	-6.8	-1.7
Other Private Service-Providing	4,700	4,600	4,600	4,625	4,575	1.7	1.1
Government	5,125	5,225	5,225	5,200	5,125	3.5	0.6
Federal Government	600	600	525	500	500	5.3	-3.0
State and Local Government	4,525	4,625	4,700	4,700	4,625	3.4	1.0
<b>Sales (\$000s) ADOR</b>							
Gross Retail	29,411	28,763	30,299	29,271	...	12.6	5.9
Retail	19,417	19,085	20,163	20,146	...	8.5	1.9
Restaurants & Bars	4,564	4,352	4,125	3,620	...	-9.9	4.6
Gasoline, EBR	5,431	5,326	6,010	5,505	4,890	51.3	28.1
Gallons (000s) ADOT	2,823	2,708	2,795	2,658	2,582	19.9	12.0
Contracting	8,011	9,435	6,756	5,324	...	-40.4	1.8
Hotel/Motel	994	916	956	794	...	12.3	7.9
<b>MOHAVE COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	80,900	80,950	81,700	80,975	80,750	5.5	5.2
Employment	78,000	78,025	79,050	78,400	78,300	7.0	6.3
Unemployment	2,900	2,925	2,650	2,575	2,450	-27.9	-17.3
Unemployment Rate (%)	3.6	3.6	3.2	3.2	3.0	-31.7	-21.2
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	48,050	48,575	48,750	48,850	48,525	2.5	2.5
<i>Total Private</i>	40,850	41,075	41,225	41,325	41,275	3.4	3.2
Goods-Producing	9,125	9,150	9,125	9,050	8,925	-5.3	-1.7
Natural Resources and Mining	100	100	100	100	100	0.0	0.0
Construction	5,525	5,475	5,475	5,425	5,300	-10.2	-5.0
Manufacturing	3,500	3,575	3,550	3,525	3,525	2.9	4.2
Service-Providing	38,925	39,425	39,625	39,800	39,600	4.4	3.5
Trade, Transportation, and Utilities	10,600	10,725	10,925	11,025	11,075	1.1	0.8
Information	875	875	850	875	875	0.0	0.7
Financial Activities	2,100	2,100	2,100	2,100	2,125	6.3	9.5
Professional and Business Services	3,875	3,925	3,900	4,025	4,050	16.5	10.4
Educational and Health Services	5,725	5,800	5,950	5,925	5,925	5.3	1.4
Leisure and Hospitality	6,325	6,300	6,225	6,150	6,150	10.8	10.9
Other Services	2,225	2,200	2,150	2,175	2,150	6.2	4.7
Government	7,200	7,500	7,525	7,525	7,250	-2.4	-1.4
Federal Government	525	525	525	500	525	0.0	1.2
State and Local Government	6,675	6,975	7,000	7,025	6,725	-2.5	-1.6
<b>Sales (\$000s) ADOR</b>							
Gross Retail	133,813	139,474	134,903	141,163	...	16.8	14.2
Retail	98,865	103,030	98,008	108,227	...	12.2	12.4
Restaurants & Bars	13,844	15,946	14,546	13,407	...	5.3	11.1
Gasoline, EBR	21,104	20,499	22,348	19,530	18,852	46.8	30.0
Gallons (000s) ADOT	10,971	10,420	10,392	9,430	9,953	16.3	13.0
Contracting	46,500	51,101	44,714	46,849	...	50.2	47.7
Hotel/Motel	4,106	3,888	3,283	2,595	...	19.2	12.2
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	437	351	283	322	310	13.6	10.4
Single Family Units	403	319	273	308	304	33.3	18.3

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

**ARIZONA ECONOMIC INDICATORS**

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month      12-months	
<b>LA PAZ COUNTY</b>							
<b>Civilian Labor Force, ADES</b>							
Employment	6,775	6,700	6,500	6,200	6,250	-9.1	-2.0
Unemployment	6,300	6,200	6,025	5,800	5,825	-10.0	-2.5
Unemployment Rate (%)	475	500	475	400	425	6.3	5.7
Unemployment Rate (%)	7.0	7.5	7.3	6.5	6.8	16.9	8.0
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	4,725	4,700	4,700	4,525	4,575	-4.2	-1.2
<i>Total Private</i>	2,475	2,450	2,450	2,250	2,275	-1.1	-1.7
Goods-Producing	325	300	300	300	325	30.0	9.2
Service-Providing	4,400	4,400	4,400	4,225	4,250	-6.1	-1.9
Trade, Transportation, and Utilities	1,075	1,075	1,050	1,075	1,100	4.8	-6.7
Other Private Service-Providing	1,075	1,075	1,100	875	850	-15.0	0.8
Government	2,250	2,250	2,250	2,275	2,300	-7.1	-0.7
Federal Government	225	225	225	225	225	28.6	24.4
State and Local Government	2,025	2,025	2,025	2,050	2,075	-9.8	-2.6
<b>Sales (\$000s) ADOR</b>							
Gross Retail	14,254	13,534	15,082	16,042	...	21.2	14.5
Retail	7,326	7,334	7,623	7,961	...	9.0	11.8
Restaurants & Bars	1,671	1,714	1,823	1,764	...	-23.3	6.5
Gasoline, EBR	5,258	4,486	5,636	6,317	5,215	33.0	24.1
Gallons (000s) ADOT	2,733	2,280	2,621	3,050	2,753	5.4	7.5
Contracting	1,356	1,600	1,880	1,258	...	5.0	44.6
Hotel/Motel	491	400	379	429	...	33.7	2.1
<b>YUMA METROPOLITAN REGION</b>							
<b>Civilian Labor Force, ADES</b>							
Employment	81,350	80,075	77,900	75,800	75,150	3.8	2.2
Unemployment	57,075	57,975	59,475	60,675	63,650	5.1	3.1
Unemployment Rate (%)	24,275	22,100	18,425	15,125	11,500	-3.2	-0.8
Unemployment Rate (%)	29.8	27.6	23.7	20.0	15.3	-6.7	-2.5
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	44,600	45,650	47,625	49,300	51,775	9.2	3.9
<i>Total Private</i>	31,825	32,450	34,225	35,750	38,300	11.3	4.2
Goods-Producing	6,050	6,125	6,225	6,675	7,575	9.4	3.8
Natural Resources and Mining	25	25	25	25	25	0.0	0.0
Construction	4,250	4,325	4,375	4,375	4,425	13.5	15.1
Manufacturing	1,775	1,775	1,825	2,275	3,125	4.2	-12.2
Service-Providing	38,550	39,525	41,400	42,625	44,200	9.2	3.9
Trade, Transportation, and Utilities	8,000	8,200	9,375	10,125	11,225	15.4	2.5
Information	950	950	925	925	925	-11.9	-6.1
Financial Activities	1,200	1,275	1,300	1,350	1,350	8.0	-1.8
Professional and Business Services	3,975	4,150	4,200	4,200	4,425	9.3	11.7
Educational and Health Services	5,875	5,900	6,025	6,075	6,150	8.4	6.0
Leisure and Hospitality	4,375	4,450	4,700	4,875	5,075	18.0	4.3
Other Services	1,400	1,400	1,475	1,525	1,575	10.5	2.8
Government	12,775	13,200	13,400	13,550	13,475	3.7	3.0
Federal Government	2,950	2,925	2,925	2,925	2,925	3.5	4.1
State and Local Government	9,825	10,275	10,475	10,625	10,550	3.7	2.7
<b>Sales (\$000s) ADOR</b>							
Gross Retail	99,112	110,407	111,210	135,198	...	19.0	9.8
Retail	74,683	85,209	87,314	107,376	...	20.2	9.0
Restaurants & Bars	10,019	10,751	12,394	11,581	...	-1.1	9.2
Gasoline, EBR	14,409	14,447	11,502	16,241	18,673	43.0	17.7
Gallons (000s) ADOT	7,490	7,344	5,349	7,842	9,858	13.3	2.1
Contracting	33,309	31,875	35,680	30,715	...	14.1	31.0
Hotel/Motel	2,206	2,568	2,890	2,981	...	13.6	9.8
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	233	188	248	171	169	59.4	37.1
Single Family Units	233	188	184	171	169	59.4	29.0

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent:	
						month	12-months
<b>SANTA CRUZ COUNTY</b>							
<b>Civilian Labor Force, ADES</b>							
Employment	15,600	15,750	15,675	15,050	15,075	2.9	3.0
Unemployment	12,950	12,800	12,950	13,200	13,675	4.0	2.5
Unemployment Rate (%)	2,650	2,950	2,725	1,850	1,400	-6.7	6.4
Unemployment Rate (%)	17.0	18.7	17.4	12.3	9.3	-9.3	3.5
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	12,250	12,250	12,425	12,875	13,325	4.3	1.9
<i>Total Private</i>	8,700	8,675	8,875	9,275	9,750	5.7	1.4
Goods-Producing	1,400	1,375	1,350	1,325	1,325	1.9	-0.9
Service-Providing	10,850	10,875	11,075	11,550	12,000	4.6	2.3
Trade, Transportation, and Utilities	4,475	4,450	4,675	5,050	5,525	8.3	1.9
Other Private Service-Providing	2,825	2,850	2,850	2,900	2,900	2.7	1.5
Government	3,550	3,575	3,550	3,600	3,575	0.7	3.4
Federal Government	1,150	1,150	1,150	1,150	1,125	-2.2	1.7
State and Local Government	2,400	2,425	2,400	2,450	2,450	2.1	4.2
<b>Sales (\$000s) ADOR</b>							
Gross Retail	30,700	29,487	33,813	37,801	...	7.3	7.6
Retail	23,212	22,262	25,504	29,804	...	5.0	6.1
Restaurants & Bars	2,636	2,533	2,866	2,643	...	-0.2	2.4
Gasoline, EBR	4,851	4,693	5,442	5,354	6,608	45.3	20.4
Gallons (000s) ADOT	2,522	2,386	2,531	2,585	3,489	15.1	4.4
Contracting	6,336	6,626	6,842	6,699	...	6.6	10.7
Hotel/Motel	547	1,056	957	856	...	38.0	12.8
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	54	62	48	42	58	26.1	7.1
Single Family Units	54	60	46	34	58	31.8	8.4
<b>COCHISE COUNTY</b>							
<b>Civilian Labor Force, ADES</b>							
Employment	47,500	47,650	47,975	47,725	47,475	4.2	2.2
Unemployment	45,575	45,650	46,050	46,000	45,850	5.0	3.2
Unemployment Rate (%)	1,925	2,000	1,925	1,725	1,625	-14.5	-17.1
Unemployment Rate (%)	4.1	4.2	4.0	3.6	3.4	-17.9	-18.8
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	34,750	35,350	35,775	35,900	35,925	5.4	2.8
<i>Total Private</i>	23,200	23,325	23,650	23,675	23,725	5.6	2.7
Goods-Producing	3,325	3,450	3,625	3,450	3,300	7.3	2.6
Natural Resources and Mining	25	25	25	25	25	-50.0	-25.0
Construction	2,350	2,350	2,475	2,475	2,375	10.5	3.8
Manufacturing	950	1,075	1,125	950	900	2.9	1.4
Service-Providing	31,425	31,900	32,150	32,450	32,625	5.2	2.9
Trade, Transportation, and Utilities	6,250	6,325	6,450	6,600	6,675	5.1	2.7
Information	450	450	425	450	450	0.0	-4.0
Financial Activities	950	925	950	950	950	5.6	5.9
Professional and Business Services	3,750	3,675	3,650	3,625	3,675	6.5	4.6
Educational and Health Services	3,825	3,800	3,800	3,825	3,875	6.9	5.7
Leisure and Hospitality	3,575	3,600	3,625	3,650	3,675	3.5	-0.7
Other Services	1,075	1,100	1,125	1,125	1,125	4.7	0.2
Government	11,550	12,025	12,125	12,225	12,200	4.9	3.0
Federal Government	5,050	5,000	4,975	5,000	5,000	5.8	6.1
State and Local Government	6,500	7,025	7,150	7,225	7,200	4.3	0.9
<b>Sales (\$000) ADOR</b>							
Gross Retail	73,921	70,929	73,130	74,629	...	5.7	8.0
Retail	55,449	53,155	52,427	55,978	...	0.3	2.3
Restaurants & Bars	8,530	7,921	9,174	7,917	...	1.4	18.2
Gasoline, EBR	9,942	9,854	11,529	10,734	11,848	58.2	46.8
Gallons (000s) ADOT	5,168	5,009	5,361	5,183	6,255	25.4	26.9
Contracting	19,337	18,111	16,795	14,903	...	-10.2	-3.6
Hotel/Motel	2,038	2,007	2,695	2,376	...	10.5	17.3
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	89	85	76	69	76	43.4	25.8
Single Family Units	89	85	76	60	76	43.4	23.6

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month 12-months	
<b>TUCSON METROPOLITAN REGION (PIMA)</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	433.5	437.9	441.9	440.9	440.0	2.3	2.2
Unemployment	418.0	421.2	425.4	426.2	426.7	2.9	2.8
Unemployment Rate, Seas. Adj. (%)	15.5	16.7	16.5	14.7	13.3	-15.3	-12.1
Unemployment Rate, Seas. Adj. (%)	3.5	3.8	3.8	3.4	3.1	-16.2	-13.5
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	344.4	352.9	357.7	360.3	362.7	2.1	1.6
Natural Resources and Mining	1.2	1.3	1.3	1.3	1.3	18.2	5.0
Construction	23.8	24.0	24.3	24.2	24.3	3.4	3.5
Manufacturing	28.4	28.3	28.2	28.2	28.2	-1.4	-1.4
Computer and Electronic Prod.	5.3	5.3	5.3	5.3	5.3	1.9	-0.9
Aerospace Products and Parts	11.3	11.2	11.1	11.1	11.1	-3.5	-2.5
Wholesale Trade	7.2	7.2	7.2	7.3	7.3	1.4	0.5
Retail Trade	38.8	38.8	39.4	41.2	42.2	0.0	0.2
Transp., Warehousing, and Utilities	7.9	7.9	7.9	7.9	8.0	3.9	1.4
Information	7.7	7.7	7.7	7.8	7.7	0.0	1.8
Financial Activities	16.0	16.2	16.5	16.8	16.9	10.5	5.3
Professional and Business Services	41.8	42.3	42.6	42.4	42.4	-0.2	1.2
Educational and Health Services	47.6	48.0	48.2	48.3	48.6	3.2	4.6
Arts, Entertainment, and Recreation	4.5	4.7	4.8	4.8	4.8	-7.7	-1.3
Accommodation	7.6	7.8	8.3	8.5	8.7	16.0	6.5
Food Svcs and Drinking Places	24.4	24.9	25.3	25.6	26.0	7.0	3.0
Other Services	14.8	14.8	14.8	14.8	14.7	1.4	1.8
Federal Government	10.4	10.3	10.4	10.4	10.5	7.1	5.8
State and Local Government	62.3	68.7	70.8	70.8	71.1	0.1	-0.9
State and Local Government Education	39.5	46.2	48.4	48.6	48.9	1.9	1.1
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	798,265	784,466	791,176	828,501	...	8.3	7.5
Retail	544,653	526,837	509,018	561,596	...	6.0	6.1
Food, EBR	105,928	108,710	113,031	116,149	...	6.1	10.1
Restaurants & Bars	88,465	89,127	97,360	87,493	...	-0.3	9.4
Gasoline, EBR	59,219	59,793	71,768	63,263	65,303	30.0	15.2
Contracting	160,189	156,852	147,238	169,547	...	20.3	10.6
Hotel/Motel	16,233	17,909	24,506	23,302	...	4.3	4.3
<b>New Housing Units Authorized, Census C-40 adjusted by EBR</b>							
Total Units	1,028	909	820	898	748	7.7	25.2
Single Family Units	842	835	705	835	709	8.0	17.5
2-5-plus Unit Structures	186	74	115	63	39	2.4	150.7
<b>Housing Sales and Prices, TAR</b>							
Total Sales (\$000s)	300,961	264,331	273,555	258,237	273,531	44.0	34.2
Total Units	1,468	1,274	1,295	1,209	1,283	18.7	17.2
Average Price (\$)	205,014	207,481	211,240	213,596	213,196	21.3	14.6
<b>Tucson International Airport, TAA</b>							
Total Passengers	284,098	273,606	327,069	321,874	332,506	7.8	7.5
Total Aircraft Movements	20,439	19,186	22,685	22,434	20,128	10.7	2.8

## TUCSON METROPOLITAN REGION (PIMA COUNTY) - QUARTERLY DATA

	IV 2003	I 2004	II 2004	III 2004	IV 2004	% change versus year ago for most recent: quarter 4-quarters	
<b>Demographics &amp; Vital Statistics (000s, seas adj) ADHS &amp; EBR</b>							
Population	918.0	923.1	928.5	934.3	940.4	2.4	2.3
Natural Increase	1.3	1.3	1.3	1.3	1.3	3.1	5.5
Births	3.2	3.2	3.2	3.2	3.3	2.3	3.0
Deaths	1.9	1.9	1.9	1.9	2.0	1.7	1.4
Net Migration	3.3	3.7	4.1	4.5	4.7	41.3	15.3
<b>Personal Income by Source (\$mil, SAAR) EBR</b>							
Total Personal Income	23,165	23,321	23,715	24,121	24,525	5.9	5.3
Earnings by Place of Work	15,644	15,724	15,986	16,271	16,578	6.0	5.1
Less: Contributions for Social Insurance	1,792	1,810	1,843	1,878	1,914	6.8	6.3
Plus: Adjustment for Residence	106	107	109	111	113	6.2	5.4
Plus: Dividends, Interest & Rents	4,949	4,977	5,069	5,154	5,221	5.5	5.1
Plus: Transfer Payments	4,258	4,322	4,394	4,464	4,526	6.3	6.5
<b>Per Capita Personal Income (\$, SAAR) EBR</b>	25,233	25,264	25,541	25,817	26,080	3.4	2.9

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent:	
						month	12-months
<b>PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	1,867.8	1,860.9	1,873.1	1,882.4	1,867.9	2.4	2.7
Unemployment	1,794.8	1,784.0	1,798.3	1,814.5	1,807.8	3.4	3.7
Unemployment Rate, Seas. Adj. (%)	73.0	76.9	74.8	67.9	60.1	-20.6	-17.0
	3.7	4.0	4.0	3.7	3.3	-23.3	-18.8
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	1,644.1	1,660.8	1,679.9	1,705.0	1,707.8	2.7	2.6
Natural Resources and Mining	2.0	2.0	2.1	2.1	2.1	5.0	1.7
Construction	146.4	147.1	149.2	150.8	150.7	10.0	10.7
Durable Goods	101.5	101.4	101.5	102.0	102.0	0.2	-0.4
Fabricated Metal Products	13.1	13.0	13.1	13.1	13.2	0.0	1.6
Computer and Electronic Prod.	35.2	34.9	34.8	35.0	35.1	-2.2	-4.7
Aerospace Products and Parts	14.6	14.7	14.7	14.7	14.9	1.4	-0.6
Non-Durable Goods	26.6	26.7	26.6	26.8	26.7	-2.9	-2.5
Wholesale Trade	75.7	75.6	75.5	75.8	76.3	-1.5	-1.9
Retail Trade	194.4	194.1	197.3	205.9	211.7	3.4	3.2
Utilities	8.1	8.0	8.0	8.0	8.0	0.0	1.4
Transportation and Warehousing	51.4	51.5	52.9	52.7	52.5	1.2	0.5
Information	34.0	33.5	33.6	33.7	33.4	-8.5	-6.8
Finance and Insurance	102.6	102.8	103.2	103.9	104.8	2.2	1.7
Real Estate, Rental, and Leasing	32.9	32.9	33.1	33.3	33.7	-0.3	0.0
Professional and Business Services	266.9	265.8	268.4	270.4	270.7	3.0	2.7
Educational Services	27.8	29.1	30.0	30.3	30.4	12.2	13.9
Health Care and Social Assistance	142.7	143.0	142.9	144.0	144.4	2.8	3.3
Arts, Entertainment, and Recreation	19.3	19.9	20.5	20.8	21.1	1.9	-0.3
Accommodation	26.1	26.5	27.3	27.6	27.6	2.2	1.0
Food Svcs and Drinking Places	108.6	109.5	111.5	113.7	114.4	2.6	2.3
Other Services	63.4	63.6	63.7	63.8	63.9	3.6	2.4
Federal Government	21.8	21.8	22.0	22.0	22.7	1.3	0.5
State and Local Government	191.9	206.0	210.6	217.4	210.7	2.7	2.9
State and Local Government Education	94.3	108.9	112.2	112.8	113.0	3.2	3.7
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	3,531,867	3,668,377	3,728,268	3,818,467	...	10.3	10.1
Retail	2,420,951	2,532,928	2,500,756	2,603,698	...	9.1	9.2
Food, EBR	457,412	469,427	488,083	501,551	...	7.0	11.6
Restaurants & Bars	392,918	409,204	451,511	434,605	...	4.1	9.1
Gasoline, EBR	260,585	256,817	287,918	278,613	267,003	30.0	20.1
Contracting	942,756	933,217	901,602	914,500	...	32.7	19.5
Hotel/Motel	54,362	71,104	102,313	98,281	...	-5.8	5.3
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	5,282	5,284	5,238	4,038	5,284	-0.5	19.9
Single Family Units	4,998	4,761	4,510	3,779	3,958	-10.9	21.4
2-4 Unit Structures	160	62	70	68	110	150.0	123.7
5-plus Unit Structures	124	461	658	191	1,216	46.9	-3.4
<b>Housing Sales and Prices, ARMLS</b>							
Total Sales (\$000s)	1,947,960	1,893,821	1,833,257	1,812,368	1,808,665	41.6	34.7
Total Units	8,695	8,351	7,836	7,695	7,554	25.4	24.2
Average Price (\$)	224,032	226,778	233,953	235,525	239,431	12.9	8.3
<b>Phoenix Skyharbor International Airport, PSIA</b>							
Total Passengers	3,373,538	3,022,417	3,391,626	3,239,654	3,347,436	7.0	5.5
Total Aircraft Movements	46,073	44,372	46,218	45,001	47,110	3.9	0.9

## SOURCES AND ABBREVIATIONS:

**ADES:** Arizona Department of Economic Security

**ADHS:** Arizona Department of Health Services

**ADOR:** Arizona Department of Revenue

**ADOT:** Arizona Department of Transportation

**ARMLS:** Arizona Regional Multiple Listing Service

**ASPB:** Arizona State Parks Board

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

**BLS:** Bureau of Labor Statistics,

U.S. Department of Labor

**Census C-40:** Bureau of the Census, U.S. Department of Commerce

**EBR:** Economic & Business Research Program, The University of Arizona

**NPS:** National Park Service, U.S. Department of the Interior

**PSIA:** Phoenix Skyharbor International Airport

**SAAR:** Seasonally adjusted at annual rates

**TAA:** Tucson Airport Authority

**TAR:** Tucson Association of Realtors

**U.S. Bankruptcy Court:** District of Arizona

**USBCBP:** U.S. Bureau of Customs and Border

Protection, U.S. Department of Homeland Security

	IV 2003	I 2004	II 2004	III 2004	IV 2004	% change versus year ago for most recent: quarter      4-quarters	
<b>PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL COUNTY) - QUARTERLY DATA</b>							
<b>Demographics &amp; Vital Statistics (000s, seas adj) ADHS &amp; EBR</b>							
Population	3,653.3	3,689.5	3,725.4	3,759.8	3,793.3	3.8	3.9
Natural Increase	9.1	9.2	9.2	9.2	9.2	1.4	2.4
Births	15.3	15.5	15.6	15.6	15.7	2.0	2.5
Deaths	6.2	6.3	6.3	6.4	6.4	2.9	2.5
Net Migration	26.1	27.0	26.7	25.2	24.2	-7.4	10.6
<b>Personal Income by Source (\$mil, SAAR) EBR</b>							
Total Personal Income	105,925	107,057	109,220	111,468	113,764	7.4	6.8
Earnings by Place of Work	85,061	86,034	87,814	89,697	91,675	7.8	7.2
Less: Contributions for Social Insurance	9,459	9,632	9,840	10,042	10,235	8.2	8.3
Plus: Adjustment for Residence	-29	-29	-28	-28	-28	4.8	5.7
Plus: Dividends, Interest & Rents	16,413	16,481	16,781	17,071	17,324	5.6	4.9
Plus: Transfer Payments	13,939	14,203	14,493	14,771	15,028	7.8	8.1
<b>Per Capita Personal Income (\$, SAAR) EBR</b>	28,994	29,016	29,317	29,647	29,991	3.4	2.8

**ARIZONA - QUARTERLY DATA**

**Demographics & Vital Statistics (000s, seas adj) ADHS & EBR**

Population	5,705.7	5,756.3	5,806.9	5,857.0	5,906.2	3.5	3.5
Natural Increase	11.8	12.6	12.4	12.6	12.4	5.5	4.5
Births	22.8	23.2	22.9	23.0	23.1	1.2	1.6
Deaths	11.1	10.5	10.5	10.4	10.7	-3.4	-1.6
Net Migration	38.8	37.9	38.2	37.1	36.4	-6.2	13.5

**Personal Income Derivation (\$mil, SAAR) BEA & EBR**

Total Personal Income	154,208	156,488	158,779	160,850	166,032	7.7	6.8
Earnings by Place of Work	118,088	120,295	122,109	123,986	126,799	7.4	7.5
Less: Contributions for Social Insurance	12,980	13,421	13,605	13,807	14,110	8.7	8.3
Plus: Adjustment for Residence	578	590	599	609	623	7.9	6.8
Plus: Dividends, Interest & Rents	24,893	24,760	24,890	24,870	27,248	9.5	3.9
Plus: Transfer Payments	23,629	24,268	24,788	25,195	25,474	7.8	7.2

**Components of Earnings (\$mil, SAAR) BEA & EBR**

Wages and Salaries	85,739	87,225	88,348	89,802	91,863	7.1	6.8
Other Labor Income EBR	18,480	18,998	19,275	19,613	20,060	8.6	9.1
Proprietor's Income	13,696	13,764	14,361	14,641	...	8.8	10.7
Farm	581	400	415	438	...	-15.9	27.4
Nonfarm	13,116	13,364	13,946	14,203	...	9.8	10.2

**Per Capita Personal Income (\$, SAAR) EBR**

Per Capita Personal Income (\$, SAAR) EBR	27,027	27,185	27,343	27,463	28,111	4.0	3.2
---	--------	--------	--------	--------	--------	-----	-----

**Average Wage Per Employee, Annual Rate (\$) EBR**

Average Wage Per Employee, Annual Rate (\$) EBR	36,552	36,757	37,485	37,801	...	4.8	4.7
---	--------	--------	--------	--------	-----	-----	-----

**TRAVEL AND TOURISM - MONTHLY DATA**

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent: month      12-months	
<b>Visits to Parks &amp; Other Recreational Areas, NPS &amp; ASPB</b>							
Northern Arizona	2,112,926	1,842,045	1,388,757	918,012	805,259	-1.9	0.5
Historical	141,772	138,362	132,608	80,938	60,415	-20.8	0.2
Scenic	763,912	681,790	504,359	298,091	254,324	-10.3	1.2
Water Based Recreation	1,207,242	1,021,893	751,790	538,983	490,520	6.4	0.1
Southern Arizona	150,260	145,283	191,922	194,907	186,656	-10.4	-3.8
Historical	20,619	21,812	29,984	29,861	36,285	-13.5	-0.4
Scenic	92,615	96,132	135,400	149,422	140,861	-9.3	-4.0
Water Based Recreation	37,026	27,339	26,538	15,624	9,510	-14.7	-6.4
<b>International Border Crossings, USBCBP</b>							
U.S. Citizens	644,137	645,171	640,305	669,397	701,001	0.9	-4.0
Aliens	2,066,265	1,735,044	1,700,326	1,824,740	1,945,437	-1.8	-0.6
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**MEASURES OF INFLATION AND PRICES - MONTHLY DATA**

**Consumer Price Index (1982-1984=100) BLS**

U.S. - All Urban	189.5	189.9	190.9	191.0	190.3	3.3	2.7
U.S. - Wage Earners	185.0	185.4	186.5	186.8	186.0	3.4	2.6

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

# ARIZONA ECONOMIC INDICATORS

	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	% change versus year ago for most recent:	
						month	12-months
<b>ARIZONA MONTHLY DATA</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	2,787.7	2,782.7	2,797.0	2,796.9	2,778.1	2.6	2.7
Unemployment	2,650.9	2,643.3	2,665.1	2,679.2	2,674.2	3.5	3.6
Unemployment Rate, Seas. Adj. (%)	136.8	139.4	131.9	117.7	103.9	-17.3	-12.8
	4.4	4.8	4.8	4.5	4.2	-16.0	-14.8
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	2,322.5	2,352.7	2,378.9	2,407.8	2,413.5	2.8	2.4
Natural Resources and Mining	8.4	8.5	8.6	8.7	8.7	10.1	3.9
Construction	195.0	196.2	198.9	200.4	200.2	8.4	8.8
Durable Goods Manufacturing	138.4	138.1	138.4	138.7	138.6	0.1	-0.2
Fabricated Metal Products	17.0	17.0	17.2	17.2	17.3	-0.6	1.4
Computer and Electronic Prod.	41.1	40.8	40.6	40.9	41.0	-1.7	-4.1
Aerospace Products and Parts	26.4	26.2	26.2	26.2	26.3	-1.5	-1.3
Non-Durable Goods Manufacturing	33.5	33.6	33.6	33.9	34.3	-3.1	-3.9
Wholesale Trade	91.0	90.9	91.2	92.0	93.3	-0.7	-1.1
Retail Trade	277.6	277.8	282.7	294.5	302.1	2.9	2.5
Utilities	11.4	11.4	11.4	11.4	11.5	0.9	0.7
Transportation and Warehousing	65.2	65.1	66.8	66.4	66.1	0.9	0.4
Information	46.0	45.5	45.3	45.4	45.1	-7.6	-5.3
Finance and Insurance	118.1	118.3	119.0	119.7	120.6	3.0	2.0
Real Estate, Rental, and Leasing	43.3	43.4	43.6	43.7	44.2	0.5	0.3
Professional and Business Services	331.1	330.2	333.2	335.1	335.6	2.9	2.8
Educational Services	38.4	40.3	41.1	41.4	41.5	11.3	12.8
Health Care and Social Assistance	220.0	220.4	221.0	222.5	223.2	3.2	3.8
Arts, Entertainment, and Recreation	28.8	29.5	30.1	30.5	30.9	4.4	2.7
Accommodation	43.4	43.7	44.7	44.9	44.9	2.7	1.9
Food Svcs and Drinking Places	159.4	160.8	163.0	165.5	166.5	3.2	2.2
Other Services	88.0	88.2	88.1	88.3	88.4	2.6	1.9
Federal Government	53.7	53.6	53.4	53.3	54.1	4.4	3.6
State and Local Government	331.8	357.2	364.8	371.5	363.7	2.2	1.7
State and Local Government Education	169.3	196.3	202.7	203.8	203.0	3.6	2.7
	39.8	40.2	40.1	39.9	40.4	-2.2	-1.1
<b>Hours Worked Per Week, Manufacturing, ADES</b>							
<b>Average Hourly Earnings (\$) ADES</b>							
Construction	15.45	15.41	15.56	15.72	16.01	4.1	1.8
Manufacturing	14.02	14.01	13.97	14.13	14.18	-1.0	-1.7
Trade, Transportation, Utilities	14.32	14.40	14.43	14.38	14.30	6.3	5.1
Retail Trade	11.50	11.72	11.70	11.69	11.64	1.9	1.2
Wholesale Trade	18.97	19.06	18.80	18.24	17.95	2.6	9.0
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	5,220,946	5,356,179	5,426,780	5,572,337	...	10.2	9.2
Retail	3,520,223	3,624,486	3,567,182	3,755,383	...	8.9	8.6
Food, EBR	689,943	708,067	736,207	756,521	...	7.5	7.5
Restaurants & Bars	577,835	595,858	645,526	605,091	...	1.9	8.9
Gasoline, EBR	432,945	427,769	477,865	455,342	443,841	32.0	20.4
Gallons (000s) ADOT	225,058	217,451	222,211	219,866	234,328	4.6	4.4
Utilities	730,559	707,501	581,524	470,376	...	9.9	7.6
Communications	250,304	236,316	247,330	236,982	...	2.6	-1.0
Amusements	54,926	51,578	55,562	80,400	...	5.0	4.2
Rentals - Personal Property	249,355	249,355	274,939	243,311	...	-5.9	-0.7
Contracting	1,322,437	1,317,182	1,267,496	1,286,286	...	27.0	17.5
Mining - Metal, Oil & Gas	66,865	73,619	80,116	62,668	...	74.3	119.8
Hotel/Motel	112,557	132,906	165,845	151,345	...	-1.6	5.5
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	7,430	7,781	7,032	5,819	6,986	4.2	22.2
Single Family Units	6,966	6,543	6,150	5,495	5,643	-1.7	23.1
2-4 Unit Structures	214	153	94	133	121	4.3	50.1
5-plus Unit Structures	250	485	788	191	1,222	44.1	-0.6
<b>Bankruptcy Filings, U.S. Bankruptcy Court</b>							
Total	2,741	2,544	2,446	2,279	2,175	-3.4	-2.5
Chapter 7	2,269	2,081	2,017	1,864	1,714	-3.7	-0.1
Chapter 11	14	18	18	13	9	-59.1	-34.4
Chapter 13	458	445	411	402	452	0.4	-10.9

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

	IV 2003	I 2004	II 2004	III 2004	IV 2004	% change versus year ago for most recent: quarter 4-quarters	
<b>MEASURES OF INFLATION AND PRICES -QUARTERLY DATA</b>							
<b>Consumer Price Index (1982-84=100) BLS</b>							
Western Region (U.S.)	188.7	190.8	193.0	193.2	194.8	3.2	2.3
U.S. - All Urban Consumers	184.6	186.3	188.9	189.6	190.7	3.3	2.7
U.S. - Urban Wage Earners	180.3	181.9	184.5	185.1	186.4	3.4	2.6
<b>Price Indexes (1996=100) BEA</b>							
Gross Domestic Product	106.6	107.3	108.2	108.6	109.1	2.4	2.2
Personal Consumption Expenditures	106.0	106.9	107.7	108.0	108.6	2.5	2.2

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

## ARIZONA'S ECONOMY

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 also 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 2004 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.

Printing and mailing costs for Arizona's Economy are covered by private sponsorship and not at tax-payer expense.

### Eller College of Management

Interim Dean: ..... Kenneth R. Smith  
Vice Dean: ..... Stanley Reynolds  
Director of Marketing and Communications: ..... Julie S. Krell

### Economic and Business Research Center:

Main phone/fax ..... 520.621.2155  
fax: 520.621.2150  
Director ..... Marshall J. Vest  
520.621.4075  
Economic Impact and Fiscal Analysis..... Alberta Charney  
520.621.2291  
State Data Center and Database Administrator ..... Pia Montoya  
520.621.2523  
Senior Researcher and Webmaster ..... Maile Nadelhoffer  
520.621.4050  
Data Reference Librarian..... Valorie Rice  
520.621.2109

Thank you to our partners for their ongoing sponsorship of Economic and Business Research Center programs.

### Forecasting Project Sponsors:

Arizona Department of Commerce	City of Mesa
Arizona Joint Legislative Budget Committee	City of Tucson
Arizona Public Service Company	Compass Bank
Bank One	Elliott D. Pollack and Company
CB Richard Ellis	KB Home
City of Glendale	Maricopa Association of Governments

Pascua Yaqui Tribe
Pima Association of Governments
Pima County
Salt River Project
Tucson Electric Power Company
Tucson Newspapers

### Arizona's Economy Sponsor:



### Website Sponsor:



# ARIZONA'S ECONOMY

## How Confident is Arizona Business?

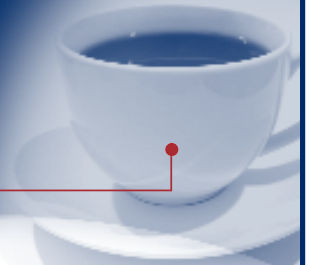
Covering six key financial measures, along with a topical issue each quarter, the **Arizona Business Leaders Confidence Index®** (BLCI) sums up the expectations of hundreds of the state's leading executive decision makers. The BLCI is a collaborative effort between Compass Bank and The University of Arizona's Eller College of Management to provide local and relevant information to Arizona's business leaders.

Please log on at [www.bcli.com/arizona/](http://www.bcli.com/arizona/) and register to become a BLCI panelist. It only takes a few minutes and you'll be notified by email when the next survey opens on June 1st.

With increased participation from business leaders like you, the BLCI will become a more valuable planning tool for the Arizona business community. Plus, when you participate, you receive an exclusive preview of survey results before they are released to the general public.

**Join today!**

## Breakfast with the Economists: A Mid-Year Economic Update



Join us for breakfast as The University of Arizona economists Gerald Swanson and Marshall Vest review the nation's current situation regarding budget deficits, national debt, and mid-year economic forecast for the State and Metro economies.

**When:** Thursday, June 9, 2005  
7:15 am – 9:00 am

**Where:** McClelland Hall, The University of Arizona

**Cost:** \$18 per person

**Reservations:** Debra at 520.621.9954 or  
[rsvp@eller.arizona.edu](mailto:rsvp@eller.arizona.edu)

Sponsored by Bank One **BANK ONE.**

**Eller** COLLEGE OF  
MANAGEMENT  
THE UNIVERSITY OF ARIZONA.

Economic and Business Research Center  
Eller College of Management  
McClelland Hall 103  
PO Box 210108  
Tucson, Arizona 85721-0108

**ADDRESS SERVICE REQUESTED**

PRSR. STD.  
U.S. POSTAGE  
PAID  
TUCSON, ARIZONA  
PERMIT NO. 190

**Change of address, please email: [ebrpublications@eller.arizona.edu](mailto:ebrpublications@eller.arizona.edu)**