

ARIZONA'S ECONOMY

ECONOMIC AND BUSINESS RESEARCH CENTER

Tales of Two Cities: Arizona's Largest Metropolitan Areas Diverge

By George W. Hammond, Ph.D., EBR Director and Research Professor

December 1, 2015



The Arizona economy is expanding at a solid, but unspectacular, pace. However, those gains are very unevenly distributed across the state. The Phoenix metro area (MSA), composed of Maricopa and Pinal counties, accounted for most of the state's job growth during the past year. In contrast, the Tucson MSA (Pima County) generated no net job gains. The rest of the state posted slow job growth. Overall, Arizona remains stuck in low gear, in large part because fiscal drag and low U.S. residential mobility continue to hinder key sectors. The forecast calls for growth to accelerate as these factors gradually loosen their grip.

Phoenix MSA Outlook: Sustained Rapid Growth

The Phoenix metro economy is expanding at a faster rate than the nation. As **Exhibit 1** shows, job growth in the MSA

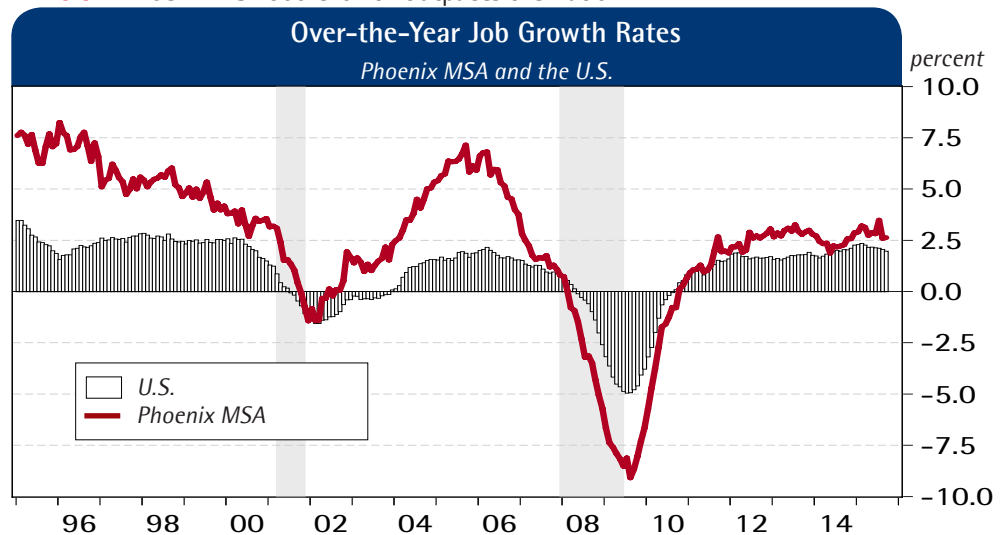
has been above the national average since mid-2011. From the third quarter of 2014 to the same quarter of this year, the Phoenix MSA added 48,800 jobs. That translated into a growth rate of 2.7%, which was well above the national rate of 2.0%. It also accounted for 88.1% of net job growth statewide. Keep in mind that the employment data seen here is based on EBRC's benchmark of the raw BLS data.

Through September 2015, housing permit activity in the Phoenix MSA has increased strongly, with permits up 17.8% compared to the same period last year. Most of that strength was concentrated in single family permits, which were up 38.9% over 2014. Multi-family permits were running 8.8% below

their 2014 rate. Overall, housing permits are showing signs of strength so far this year, which suggests stronger gains in construction employment in 2016, assuming that builders can overcome a tight construction labor market.

The outlook for the Phoenix MSA is summarized in **Exhibit 2**. The forecast calls for economic growth to strengthen during the next three years, with job growth reaching 2.9% by 2017. Stronger job gains translate into faster growth in personal income and retail sales. Keep in mind that the strong growth in retail sales in 2015 is likely related to a change in tax law that is reallocated sales from contracting to the retail category.

Exhibit 1: Phoenix MSA Job Growth Outpaces the Nation



IN THIS ISSUE *Photos of Tucson and Phoenix State Capitols, Shutterstock.com*

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“From the third quarter of 2014 to the same quarter of this year, the Phoenix MSA added 48,800 jobs. That translated into a growth rate of 2.7%...”

Exhibit 2: Phoenix MSA Outlook Summary

	Actual*		Forecast	
	2014	2015	2016	2017
Growth Rate				
Nonfarm Jobs	2.4	2.8	2.9	2.9
Personal Income	5.0	5.5	5.5	6.1
Retail Sales Less Food	3.8	9.9	5.5	5.9
Population	1.5	1.6	1.8	2.0
Level				
Housing Permits	20,341	23,316	25,979	33,266

* Personal income is forecast.

Tucson MSA Outlook: Growing, but Still Slow

The Tucson MSA (Pima County) has been losing steam during the past three years, with gradually decelerating job gains (Exhibit 3). As the graph suggests, monthly data for Tucson tends to be volatile, so it is wise to focus on more on quarterly/annual data. In the third quarter of 2015, Tucson's employment was virtually unchanged from a year ago. That's a big contrast with the nation, state, and Phoenix MSA, each of which added jobs at a rate of 2.0% or greater. Again, keep in mind that the employment data seen here is based on EBRC's benchmark of the raw BLS data.

Performance has been quite different across industries during the past four quarters.

Professional and business services; leisure and hospitality; education and health care; financial activities; and information all added jobs. However, those gains were roughly offset by losses in natural resources and mining; other services; manufacturing; construction; trade, transportation, and utilities; and government.

The government sector generated the largest job losses over the year, with the big decline coming in state and local government. These losses reflect employment reductions at the University of Arizona, as well quirks in the counting of teachers returning to work.

Overall, Tucson's slow growth since 2012 has reflected the impact of fiscal drag. During 2013-2014, this was primarily driven by federal fiscal drag, with the imposition



Exhibit 3: Tucson MSA Job Growth Loses Steam

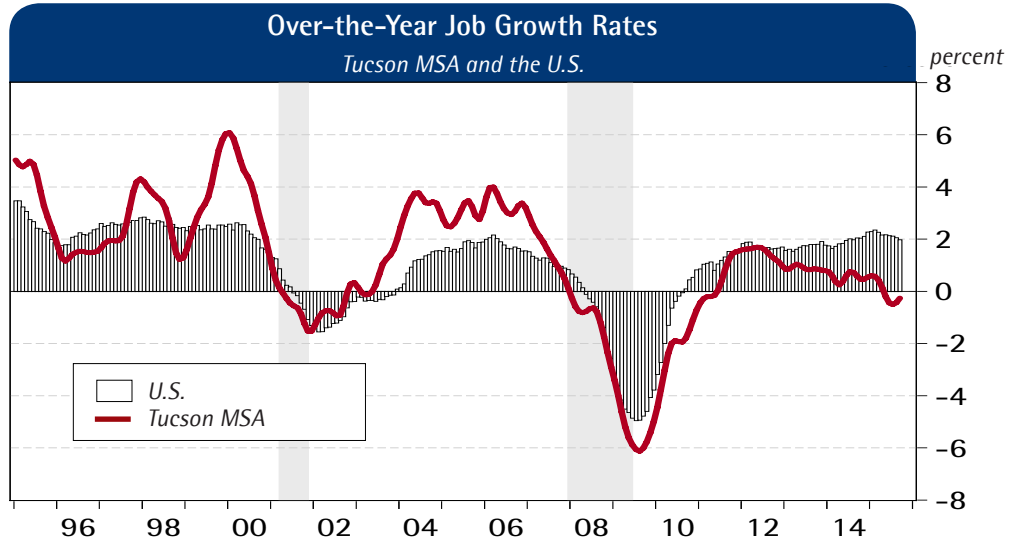


Exhibit 4: Tucson MSA Outlook Summary

	Actual*		Forecast	
	2014	2015	2016	2017
Growth Rate				
Nonfarm Jobs	0.5	0.3	1.0	1.6
Personal Income	3.6	3.6	3.9	4.7
Retail Sales Less Food	2.4	10.8	3.7	3.5
Population	1.1	0.2	0.5	0.9
Level				
Housing Permits	3,250	3,901	4,039	4,502

* Personal income is forecast.

of the sequester and other federal budget cuts. Lately, state and local fiscal drag has become more of an issue, with state budget cuts affecting the local economy.

Fiscal drag tends to impact Tucson more than Phoenix or the state as a whole. This happens simply because federal and state/local activity is a larger share of the local economy. Government (federal civilian and military, as well as state and local) accounted for 21.9% of Tucson's GDP in 2014, compared to 12.4% for the U.S., 13.8% for the state, and 10.1% for Phoenix.

The forecast calls for Tucson to grow during the next three years, but at a modest pace (Exhibit 4). Job growth accelerates from 0.3% in 2015 to 1.6% by 2017. The acceleration reflects less federal (and state and local) fiscal drag, as well as increased U.S. residential mobility which boosts population gains.

Risks to the Forecast

One major risk to the baseline forecasts for Phoenix and Tucson is the possibility of a downturn in the U.S. economy. A U.S. recession would take the wind out of Arizona's sails, and push growth down or even generate a recession for Phoenix and Tucson.

In addition, there are state-specific risks to the outlook, particularly the risk that U.S. residential mobility never increases substantially above current levels. This would generate much slower-than-expected state population gains and the housing

sector would not recover to the degree expected in the baseline forecast.

In addition, a continued appreciation in the value of the U.S. dollar carries risks for the state. Exports, particularly to Mexico, have been a bright spot for the state economy during the past year. A much stronger dollar would weigh on exports during the next couple of years, adversely affecting both merchandise exports and international tourist expenditures.

Need to know more?

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“ In the third quarter of 2015, Tucson's employment was virtually unchanged from a year ago. That's a big contrast with the nation, state, and Phoenix MSA, each of which added jobs at a rate of 2.0% or greater. ”

Tucson Teacher Wages: Location, Location, Location

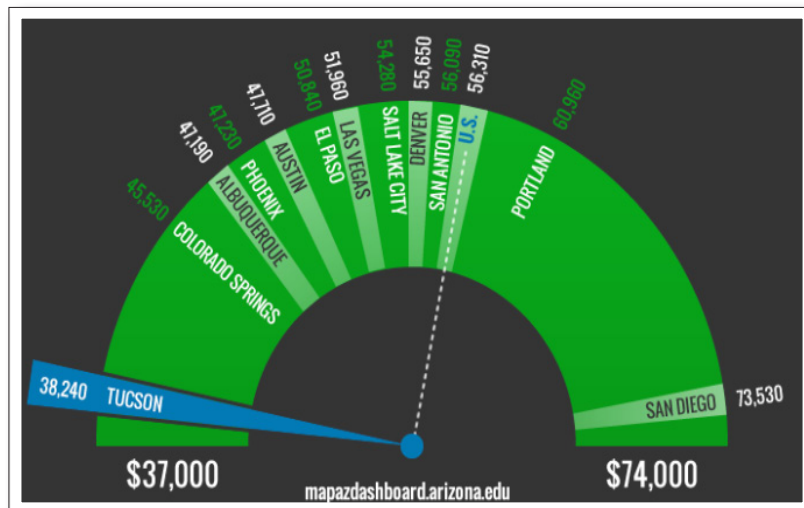
by Maile L. Nadelhoffer, Senior Research Economist

“...after adjustment (for cost of living), Tucson and Phoenix come in last for median teacher pay among Western metros.”

The median wage for secondary school teachers in Tucson was \$38,240 in 2014, substantially lower than their peers in Phoenix and \$18,070 less than for secondary school teachers in the U.S. overall. This means that Tucson teachers earned only 68 percent of what their colleagues earned nationally in 2014, and in Phoenix only 84 percent.

Dashboard, adjusted 2013¹ median wages for secondary school teachers for cost of living across select Western metros and made comparisons. Her team found that, after adjustment, Tucson and Phoenix come in last for median teacher pay among Western metros (see [Exhibit 2](#)). Pullen's analysis concluded that "when adjusted for cost of living, Tucson teachers earn only 66 percent of what their counterparts in San

Exhibit 1:



Courtesy of the Making Action Possible dashboard.

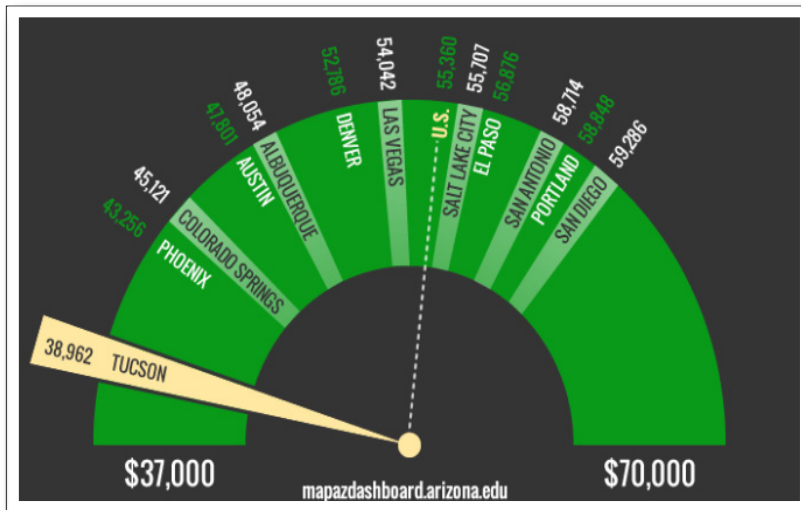
As one might expect, teachers earned a whole lot more in San Diego with their median wage of \$73,530. Now for something you might not expect: secondary school teachers in El Paso also earned substantially more than they did in Tucson. El Paso's median secondary school teacher wage was \$50,800. Phoenix also pays less than El Paso with its median wage of \$47,230 (see [Exhibit 1](#)).

A common argument for low teacher wages in Tucson is that the cost of living is less here when compared to other Western cities and to the nation overall. Jennifer Pullen, a research economist at the Economic and Business Research Center in the Eller College of Management and program director for the Making Action Possible

Diego earn, and in Phoenix 73 percent." Would you go looking for work in San Diego if you thought you could get anything in the neighborhood of a 44 percent raise in real terms? Further, adjusted figures show the median secondary school teacher wage is only 70 and 78 percent of the national median in Tucson and Phoenix, respectively.

Another statement often made when teacher wages are discussed is "teachers earn more than other workers in Tucson." Yes, median wage of for secondary school teachers in 2014 (\$38,240) was indeed higher than the median wage for all occupations (\$32,510). However, as Pullen points out "the all-occupations median wage includes a large number of occupations with low educational

Exhibit 2:



Courtesy of the Making Action Possible dashboard.

requirements." In the U.S., nearly all secondary school teachers have bachelor's degrees and over half have master's degrees. As a result, secondary school teachers are expected to earn more than the overall workforce. This is why Pullen's team chose to analyze relative median teacher pay across competitive markets in the West and make cost of living adjusted comparisons.

"Research has shown that providing competitive wages for teachers has a significant effect on the decision to choose teaching as an occupation and remain in the

field. Others have noted that insufficient compensation for teachers, in relation to other occupations, may affect turnover and student success" said Pullen.

Visit the Making Action Possible Dashboard's (MAP) Teacher Wages page for a detailed analysis and data on this important topic and follow the MAP on Twitter.

Stay tuned for an in-depth report on the state of teacher wages in Tucson on the MAP coming in January 2016.

¹ 2013 is the most recent year for which purchasing power parity data are available from the U.S. Census Bureau in order to carry out a cost of living analysis.

Economic Impacts of Extending Arizona's Border Zone

by Maile L. Nadelhoffer, Senior Research Economist

On October 6, at DATOS: Southern AZ Regional Overview – Hispanic Market Breakfast at the Hilton Tucson El Conquistador, Alberta Charney, Ph.D., faculty member and senior research economist at Eller's Economic and Business Research Center (EBRC), presented results of a new study simulating economic impacts of extending Arizona's border zone from the current 75 miles to include the entire state to a crowd of about 400. In 2015, the Maricopa Association of Governments

(MAG) requested that the UA conduct an economic impact analysis of this proposed extension on Mexican visitor spending in Arizona. Several regional planning agencies including MAG have long felt that allowing pre-cleared Mexican border crossing card holders the opportunity and flexibility to spend their tourist dollars throughout Arizona will invigorate tourism-sensitive economies in both rural and urban regions of the state.

Dr. Charney outlined calculations for baseline expenditures of Mexican visitors to Arizona from 2013 to 2016, and provided several "what if" scenarios including 1) an increase in all border crossers by three percent; 2) an increase in passenger crossers by three percent; and 3) increases of five percent, ten percent and fifteen percent in the number of Mexican travelers traveling north of the existing border zone.

The analysis used data and detailed characteristics of Mexican visitors and their spending patterns obtained in an extensive 2007-2008 Mexican visitors study, conducted by EBRC for the Arizona Office of Tourism, combined with current and projected trends and volume of border crossings into Arizona.

"The proposed extension could generate up to \$181 million in additional estimated spending and 2,179 additional jobs in 2016," concluded Charney, "and bring the total projected spending of Mexican visitors to Arizona to nearly \$3.1 billion with a total jobs impact of 31,856."

"However, there are risks associated with these estimates" warned Charney, "if oil prices remain depressed long-term and the Mexican Peso-U.S. dollar exchange

rate remains at historic highs, this could adversely affect Mexico's overall economy and lower Mexican consumer spending and travel."

Read the entire report "Extending the Border Zone to the Entire State of Arizona: Estimated Expenditures and Economic Impact Simulations, 2013-2016."

After Dr. Charney's remarks, study co-author and EBRC research economist, Alan Hoogasian took the audience on a tour of EBRC's new Arizona-Economic Indicators website sponsored by the Arizona-Mexico Commission, Arizona Commerce Authority, Arizona Department of Transportation, and Arizona Office of Tourism. The site offers over three thousand time series tracking trade and competitiveness in the Arizona-Mexico region. "What I think is really great about this site is that it is interactive," said Hoogasian, "users can download all the data they see, click on a table to get a trend chart, or if they want to use a map or a chart in a presentation they can download it in multiple formats with a click." All the data on this site are constantly updated and users are assured they have the most recent statistics.

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Forecast Tables

Arizona	2014	2015	2016	2017	2018	2019
Personal Income (\$ mil)	255,024	264,709	276,824	293,209	311,360	330,316
% Chg from Year Ago	4.1%	3.8%	4.6%	5.9%	6.2%	6.1%
Retail Sales (\$mil)	88,531	91,436	94,849	99,692	105,729	111,410
% Chg from Year Ago	3.4%	3.3%	3.7%	5.1%	6.1%	5.4%
Total Nonfarm Employment (000s)	2,568.8	2,626.7	2,688.6	2,764.7	2,845.4	2,926.8
% Chg from Year Ago	1.9%	2.3%	2.4%	2.8%	2.9%	2.9%
Population (000s), July 1st estimates	6,667.2	6,762.4	6,869.6	6,993.8	7,121.1	7,249.8
% Chg from Year Ago	1.3%	1.4%	1.6%	1.8%	1.8%	1.8%
Residential Building Permits (units)	26,997	27,958	33,284	42,526	46,226	47,846
% Chg from Year Ago	7.1%	3.6%	19.0%	27.8%	8.7%	3.5%

Phoenix-Mesa-Scottsdale MSA	2014	2015	2016	2017	2018	2019
Personal Income (\$ mil)	178,029	186,556	196,640	208,838	222,319	236,698
% Chg from Year Ago	4.5%	4.8%	5.4%	6.2%	6.5%	6.5%
Retail Sales (\$ mil)	61,920	64,352	66,965	70,530	75,371	79,749
% Chg from Prior	3.8%	3.9%	4.1%	5.3%	6.9%	5.8%
Total Nonfarm Employment (000s)	1,854.0	1,906.0	1,961.2	2,018.5	2,081.2	2,148.2
% Chg from Year Ago	2.3%	2.8%	2.9%	2.9%	3.1%	3.2%
Population (000s), July 1st estimates	4,404.9	4,474.4	4,551.7	4,642.5	4,746.7	4,855.6
% Chg from Year Ago	1.5%	1.6%	1.7%	2.0%	2.2%	2.3%
Residential Building Permits (units)	20,341	20,336	25,028	33,718	37,323	37,442
% Chg from Prior	8.6%	0.0%	23.1%	34.7%	10.7%	0.3%

Tucson MSA	2014	2015	2016	2017	2018	2019
Personal Income (\$ mil)	38,025	39,106	40,621	42,641	44,806	47,053
% Chg from Year Ago	3.0%	2.8%	3.9%	5.0%	5.1%	5.0%
Retail Sales (\$ mil)	12,577	12,964	13,460	14,019	14,637	15,229
% Chg from Year Ago	1.6%	3.1%	3.8%	4.2%	4.4%	4.0%
Total Nonfarm Employment (000s)	364.9	367.5	372.5	379.4	386.2	393.2
% Chg from Year Ago	0.5%	0.7%	1.4%	1.8%	1.8%	1.8%
Population (000s), July 1st estimates	1,007.2	1,015.1	1,024.9	1,037.8	1,052.1	1,067.0
% Chg from Year Ago	1.1%	0.8%	1.0%	1.3%	1.4%	1.4%
Residential Permits (units)	3,250	3,654	3,796	4,412	4,893	5,012
% Chg from Year Ago	-6.9%	12.4%	3.9%	16.2%	10.9%	2.4%

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The Forecasting Project is a community-sponsored research unit within the Economic and Business Research Center producing quarterly economic forecasts for Arizona and its metro areas. These forecasts are recognized as among the most accurate in the Western states.

Arizona Economic Indicators

Arizona – Labor Force and Employment, SA	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
<i>Persons (000s, seasonally adjusted), Local Area Unemployment Statistics, BLS</i>					
Civilian Labor Force	3,145.8	3,141.1	3,144.4	3,148.6	3,158.5
% Chg from Year Ago	2.1%	1.7%	1.5%	1.3%	1.4%
Employment	2,954.3	2,944.3	2,947.4	2,955.6	2,968.4
Unemployment	191.4	196.8	197.0	192.9	190.0
Unemployment Rate	6.1	6.3	6.3	6.1	6.0
<i>Employees on Nonagricultural Payrolls (000s, seasonally adjusted), Current Employment Statistics, BLS</i>					
Total	2,619.6	2,626.8	2,630.9	2,651.4	2,663.3
% Chg from Year Ago	2.1%	2.2%	2.1%	2.4%	2.5%
Total Private	2,215.9	2,219.7	2,219.6	2,238.5	2,250.4
% Chg from Year Ago	2.8%	2.7%	2.6%	2.8%	2.9%
Goods Producing	297.7	298.1	297.8	297.8	302.2
Mining and Logging	12.8	12.6	12.5	12.1	12.0
Construction	129.6	129.2	130.2	129.6	133.4
Manufacturing	155.3	156.3	155.1	156.1	156.8
Durable Goods	119.3	120.3	119.3	120.2	120.4
Non-Durable Goods	36.0	36.0	35.8	35.9	36.4
Service Providing	2,321.9	2,328.7	2,333.1	2,353.6	2,361.1
Private Service Providing	1,918.2	1,921.6	1,921.8	1,940.7	1,948.2
Wholesale Trade	93.5	94.3	94.0	95.0	95.0
Retail Trade	316.6	318.7	319.1	320.7	322.9
Transportation and Utilities	88.8	88.7	87.5	89.0	90.8
Information	43.8	43.3	43.6	44.2	44.7
Finance and Insurance	148.7	150.1	149.8	150.7	149.8
Real Estate and Rental and Leasing	46.4	45.9	46.5	48.1	46.5
Professional and Business Services	398.3	394.3	394.5	399.2	399.3
Professional, Scientific, and Technical Services	134.6	134.8	134.5	135.8	135.9
Management of Companies and Enterprises	30.6	30.4	31.0	31.0	31.4
Administrative and Support Waste Management and Remediation Services	233.1	229.1	229.0	232.4	232.0
Educational Services	58.7	60.9	59.8	61.6	61.4
Health Care and Social Assistance	334.6	336.4	335.4	336.4	339.8
Arts, Entertainment, and Recreation	40.4	40.5	40.0	41.1	41.6
Accommodation and Food Services	254.7	255.3	258.2	260.1	261.6
Other Services	93.7	93.2	93.4	94.6	94.8
Government	403.7	407.1	411.3	412.9	412.9
% Chg from Year Ago	-1.5%	-0.8%	0.0%	0.1%	0.5%
Federal Government	54.5	55.1	55.1	54.8	54.9
State Government	85.9	83.1	85.7	88.0	88.1
Local Government	263.3	268.9	270.5	270.1	269.9

Arizona Economic Indicators

Arizona - Earnings, Sales, Housing, Bankruptcy	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
<i>Average Hourly Earnings by Industry (\$, not seasonally adjusted), BLS</i>					
Total Private	23.02	23.36	23.25	23.31	23.49
% Chg from Year Ago	0.7%	2.6%	1.9%	2.5%	3.0%
Construction	22.94	22.89	23.17	23.01	23.46
Manufacturing	24.50	24.57	24.28	24.59	24.85
Financial Activities	26.74	27.35	26.99	27.23	27.31
Professional and Business Services	26.15	26.67	26.53	26.53	26.71
Trade, Transportation, and Utilities	20.51	20.81	20.69	20.82	20.88
Education and Health Services	24.83	25.03	25.14	25.12	25.21
Leisure and Hospitality	13.94	14.02	14.10	14.15	14.23
<i>Sales (\$000s, accrual), ADOR</i>					
Aggregate Retail Sales, EBRC*	7,402,393.7	7,369,357.6			
% Chg from Year Ago	7.4%	3.8%			
Retail Sales	4,812,535.8	4,780,953.3	4,923,634.0		
Food, EBRC**	1,012,754.5	1,007,109.9	1,016,960.6		
Restaurants & Bars	924,207.4	936,652.0	945,514.8		
Gasoline, EBRC***	660,000.6	652,969.2	552,722.9		
Gallons, ADOT	233,628.5	239,007.8	228,021.0		
Utilities	1,151,548.0	1,160,559.5	1,064,554.0		
Communications	213,758.4	204,858.4	197,529.0		
Amusements	91,369.3	82,105.0	80,741.3		
Rentals Personal Property	332,738.6	271,621.0	287,908.0		
Contracting	815,330.8	780,141.8	798,747.5		
Hotel/Motel	176,544.0	165,831.7	194,254.7		
Mining, Oil, & Gas Production	35,621.4	12,998.1	10,593.1		
Mining Severance	44,920.4	49,303.8	56,063.8		
Printing	18,127.4	17,502.0	19,334.9		
Publishing	9,389.3	7,226.7	7,218.0		
Use Tax	440,451.8	573,863.7	474,574.1		
<i>New Housing Units Authorized, Census C-40</i>					
Total Units	3114	3168	2503	2617	
% Chg from Year Ago	34.0%	50.6%	34.6%	29.6%	
Single Family Units	2164	2066	1945	1862	
% Chg from Year Ago	37.9%	51.7%	23.5%	40.4%	
2-4 Unit Structures	34	34	24	16	
5-plus Unit Structures	916	1068	534	739	
<i>Bankruptcy Filings, U.S. Bankruptcy Court - Arizona District</i>					
Total	1491	1443	1433		
% Chg from Year Ago	-15.5%	-11.1%	-1.2%		
Chapter 7	1249	1218	1190		
Chapter 11	38	13	15		
Chapter 13	204	212	228		

*EBRC estimates Aggregate Retail Sales by summing Retail Sales (ADOR), Food Sales estimated by EBRC (food is not taxable in Arizona), Restaurant and Bar Sales (ADOR), and Gasoline Sales estimated by EBRC using number of gallons sold in Arizona (ADOT) and current tax rate on gasoline (ADOR).

**estimated by EBRC.

***estimated by EBRC using gallons sold (ADOT) and tax rate (ADOR).

Arizona Economic Indicators

Population and Vital Statistics - Arizona	2010	2011	2012	2013	2014
<i>Demographics and Vital Statistics (July 1st Estimates, 000s), ADHS, ADOA & EBRC</i>					
Population	6,401.6	6,438.2	6,498.6	6,581.1	6,667.2
% Chg from Year Ago	0.2%	0.6%	0.9%	1.3%	1.3%
Resident Births, July 1st estimates	87.1	85.2	85.7	85.0	86.6
Birth Rate	13.6	13.2	13.2	12.9	13.1
Resident Deaths	45.9	47.5	48.5	49.1	51.1
Net Migration	-16.6	10.9	34.2	48.5	55.5

*This population figure is from the Arizona Dept. of Administration, rather than the official Census population count. EBRC feels this figure is more accurate.

**Birth rate and net migration are both calculated by EBRC using data from the Arizona Dept. of Health Services.

Arizona - Personal Income and Earnings	2010	2011	2012	2013	2014
Per Capita Personal Income (\$), EBRC*	34,240.9	35,867.3	37,114.7	37,024.0	38,260.6
% Chg from Year Ago	1.3%	4.7%	3.5%	-0.2%	3.3%
Average Earnings per Job (\$), BEA**	46,664	47,943	49,265	49,376	50,661
% Chg from Year Ago	1.7%	2.7%	2.8%	0.2%	2.6%

*Personal Income Derivation (\$ millions), BEA****

Total Personal Income	219,195.8	230,920.3	241,192.2	243,656.9	255,092.9
% Chg from Year Ago	1.4%	5.3%	4.4%	1.0%	4.7%
Earnings by place of work	149,712.1	156,700.8	163,693.4	167,827.3	175,367.2
Less: Contributions for government social insurance	17,129.2	15,873.2	16,423.0	19,165.5	20,056.3
Plus: Adjustment for residence	1,250.9	1,243.5	1,334.5	1,281.9	1,365.2
Equals: Net earnings by place of residence	133,833.8	142,071.1	148,605.0	149,943.7	156,676.1
Plus: Dividends, interest, and rent	37,045.9	40,526.3	44,516.4	44,511.3	46,309.8
Plus: Personal current transfer receipts	48,316.1	48,322.9	48,070.8	49,201.9	52,107.0

*Components of Earnings (\$ millions), BEA****

Total Wages and salaries	109,289.5	113,662.6	119,041.4	122,598.2	127,815.2
% Chg from Year Ago	-0.4%	4.0%	4.7%	3.0%	4.3%
Supplements to wages and salaries	25,521.8	26,408.1	26,755.2	27,696.0	28,869.3
Proprietors' income	14,900.8	16,630.0	17,896.8	17,533.1	18,682.7
Farm	85.0	542.8	318.6	675.6	559.2
Nonfarm	14,815.7	16,087.2	17,578.2	16,857.4	18,123.5

*EBRC calculates per capita personal income using total personal income from BEA divided by population estimates from ADOA. ADOA counts differ from official Census counts, but EBRC considers them more accurate.

**Average earnings per job is total earnings divided by total full-time and part-time employment. Earnings is the sum of three components of personal income--wages and salaries, supplements to wages and salaries, and proprietors' income. BEA employment series for states and local areas comprises estimates of the number of jobs, full-time plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Both employment for wages and salaries and proprietors' employment are included.

***for detailed definitions, see BEA table SA4 "Personal Income and Employment by Major Component"

Arizona Economic Indicators

Arizona - Travel and Tourism (monthly data)	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
<i>International Border Crossings, Bureau of Transportation Statistics</i>					
Total					
% Chg from Year Ago					
Pedestrians					
Personal Vehicle Passengers					
Bus Passengers					
Trains					
% Chg from Year Ago					
Trucks					
% Chg from Year Ago					
<i>Hospitality Employment (000s, not seasonally adjusted), BLS</i>					
Leisure and Hospitality	291.2	292.4	294.6	298.5	301.5
% Chg from Year Ago	4.9%	3.6%	3.7%	3.4%	3.8%
Accommodation	44.2	43.6	43.9	44.5	43.4
% Chg from Year Ago	1.8%	0.7%	2.3%	2.5%	-1.6%
<i>Sales (\$000s, accrual), ADOR</i>					
Hotel/Motel	176,544.0	165,831.7	194,254.7		
% Chg from Year Ago	13.5%	5.2%	9.3%		

Border crossing data currently only available through June 2015.

Please see AZMEX.eller.arizona.edu for full data histories and detail.

Arizona - Travel and Tourism, cont.	2010	2011	2012	2013	2014
<i>Visits (000s) Arizona State and National Parks, NPS & ASPB</i>					
Total Arizona	20,082.5	19,339.1	19,030.6	19,221.3	20,705.7
% Chg from Year Ago	-3.6%	-3.7%	-1.6%	1.0%	7.7%
Northern Arizona	17,328.9	16,856.6	16,552.4	16,626.2	18,029.4
% Chg from Year Ago	-3.4%	-2.7%	-1.8%	0.4%	8.4%
Historical	1,296.1	1,327.8	1,147.4	1,070.3	1,114.5
Scenic	6,297.4	6,190.5	6,369.7	6,521.0	6,935.8
Water-based	9,735.4	9,338.3	9,035.3	9,034.9	9,979.1
Southern Arizona	2,753.6	2,482.5	2,478.2	2,595.1	2,676.3
% Chg from Year Ago	-4.4%	-9.8%	-0.2%	4.7%	3.1%
Historical	426.9	438.1	382.2	359.4	384.8
Scenic	1,939.5	1,726.3	1,729.7	1,869.3	1,903.1
Water-based	387.2	318.1	366.3	366.4	388.4

Inflation and Prices - United States	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
<i>U.S. Consumer Price Indices (seasonally adjusted), BLS</i>					
All Urban Consumers: All Items	238.10	237.93	237.57	238.04	238.11
% Chg from Year Ago	0.2%	0.2%	0.0%	0.1%	0.4%
Western States - All Urban Consumers: All items	245.04	244.74	244.26	244.34	243.75
% Chg from Year Ago	1.3%	1.3%	1.0%	1.1%	1.5%
<i>U.S. Producer Price Index: All Commodities (seas. adj.), BLS</i>					
	193.90	192.20	189.10	187.70	185.90
% Chg from Year Ago	-6.8%	-7.2%	-8.4%	-7.7%	-7.5%

Arizona Economic Indicators - MSAs

Note our readers: For the MSAs and counties which follow, EBRC "taxable sales" (accrual basis) only run through May of 2015, hence that line is currently blank. This is due to a delay in reporting from the Arizona Department of Revenue. We hope to have this remedied in the next issue.

Phoenix-Mesa-Glendale MSA - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	2,154.8	2,152.7	2,168.7	2,172.7	
Unemployment Rate	5.7	5.8	5.5	5.2	
Total Nonfarm Employment (000s), BLS	1,860.4	1,888.0	1,906.2	1,934.3	1,956.0
Private	1,656.8	1,663.4	1,664.4	1,689.9	1,710.0
Government	203.6	224.6	241.8	244.4	246.0
Average Hourly Earnings, Total Private, \$, BLS	23.80	24.20	24.10	24.17	24.43
Taxable Sales (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	2,416	2,495	1,855	1,817	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Phoenix-Mesa-Glendale MSA - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	4,200,427	4,227,601	4,273,897	4,338,672	4,404,888
% Chg from Year Ago	0.3%	0.7%	1.1%	1.5%	1.5%
Total Personal Income (\$000), BEA	151,301,118	160,086,328	168,757,726	170,239,926	178,871,199
% Chg from Year Ago	1.7%	5.8%	5.4%	0.9%	5.1%
Per Capita Personal Income (\$), EBRC**	35,944.0	37,631.0	38,965.0	38,655.0	39,846.0
Consumer Price Index (Phx-Mesa-Glndle MSA) <i>All Urban Consumers: All items, BLS</i>					
% Chg from Year Ago					

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Tucson MSA (Pima County)- Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	459,673	461,557	471,490	471,601	
Unemployment Rate	6.2	6.1	5.7	5.5	
Total Nonfarm Employment (000s), BLS	355.4	362.1	371.4	375.0	382.0
Private	291.4	291.0	291.9	294.8	300.5
Government	64.0	71.1	79.5	80.2	81.5
Average Hourly Earnings, Total Private, \$, BLS	22.01	22.15	22.15	22.28	22.22
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	338	325	288	296	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Tucson MSA (Pima County) - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	981,168	986,081	990,380	996,046	1,007,162
% Chg from Year Ago	-0.3%	0.5%	0.4%	0.6%	1.1%
Total Personal Income (\$000), BEA	33,001,217	34,539,779	35,590,889	35,784,754	37,198,714
% Chg from Year Ago	0.8%	4.7%	3.0%	0.5%	4.0%
Per Capita Personal Income (\$), EBRC**	33,608	34,955	35,838	35,855	37,031
% Chg from Year Ago	0.1%	4.0%	2.5%	0.1%	3.3%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Arizona Economic Indicators - MSAs

Flagstaff MSA (Coconino County) - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	75.0	73.8	74.6	73.7	
Unemployment Rate	7.2	6.9	6.4	6.3	
Total Nonfarm Employment (000s), BLS	65.4	65.7	67.2	67.0	65.6
Private	47.6	47.4	47.2	46.7	45.6
Government	15.2	15.4	17.1	17.6	17.6
Average Hourly Earnings, Total Private, \$, BLS	18.09	18.16	18.26	18.21	18.56
Taxable Sales: Total (\$ Accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	45	35	24	214	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Flagstaff MSA (Coconino County) - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	134,679	134,162	134,313	135,695	139,372
% Chg from Year Ago	0.8%	-0.4%	0.1%	1.0%	2.7%
Total Personal Income (\$000), BEA	4,603,037	4,819,660	4,978,754	5,127,921	5,399,899
% Chg from Year Ago	0.2%	4.7%	3.3%	3.0%	5.3%
Per Capita Personal Income (\$), EBRC**	34,177.8	35,924.2	37,068.3	37,790.1	38,744.5
% Chg from Year Ago	-0.6%	5.1%	3.2%	2.0%	2.5%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Lake Havasu City - Kingman MSA (Mohave County) - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	12.4	12.2	12.1	12.0	
Unemployment Rate (not seas. adj.), BLS	9.0	8.5	8.3	7.5	
Total Nonfarm Employment, (000s), BLS	45.9	46.1	45.8	46.0	45.9
Private	38.4	38.5	38.3	38.3	38.3
Government	7.5	7.6	7.5	7.7	7.6
Average Hourly Earnings, Total Private (\$), BLS	19.24	19.53	19.57	18.74	19.63
Gross Taxable Sales (\$, accrual)	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	64	51	50	43	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Lake Havasu City-Kingman MSA (Mohave County) - Annual Data	2010	2011	2012	2013	2014
Population, July 1st estimate, ADOA	75,210	75,840	77,683	77,900	77,922
% Chg from Year Ago	0.1%	0.8%	2.4%	0.3%	0.0%
Total Personal Income (\$000), BEA	5,143,789	5,219,541	5,347,552	5,396,628	5,633,946
% Chg from Year Ago	1.0%	1.5%	2.5%	0.9%	4.4%
Per Capita Personal Income, EBRC	25,706	26,043	26,333	26,507	27,617
% Chg from Year Ago	1.1%	1.3%	1.1%	0.7%	4.2%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Arizona Economic Indicators - MSAs

Prescott MSA (Yavapai County) - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	96.3	96.6	96.9	97.2	
Unemployment Rate	5.7	5.6	5.7	5.5	
Total Nonfarm Employment (000s), BLS	59.2	60.5	61.6	62.4	62.6
Private	49.8	50.5	51.0	51.7	51.9
Government	9.4	10.0	10.6	10.7	10.7
Average Hourly Earnings, Total Private, \$, BLS	19.26	18.86	18.85	18.87	19.37
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	83	76	107	73	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Prescott MSA (Yavapai County) - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	210,899	211,247	211,583	213,294	215,357
% Chg from Year Ago	-0.5%	0.2%	0.2%	0.8%	1.0%
Total Personal Income (\$000), BEA	6,077,340	6,345,155	6,591,170	6,811,155	7,172,392
% Chg from Year Ago	0.1%	4.4%	3.9%	3.3%	5.3%
Per Capita Personal Income (\$), EBRC**	28,816	30,037	31,152	31,933	33,305
% Chg from Year Ago	0.6%	4.2%	3.7%	2.5%	4.3%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Sierra Vista - Douglas MSA (Cochise County) - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	51.0	50.7	50.3	50.2	
Unemployment Rate	7.9	8.0	7.6	7.2	
Total Nonfarm Employment (000s), BLS	33.5	34.0	34.2	34.5	34.5
Private	22.6	22.6	22.5	22.9	22.8
Government	10.9	11.4	11.7	11.6	11.7
Average Hourly Earnings, Total Private (\$), BLS	20.26	21.20	20.98	21.88	22.21
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	13.0	17.0	19.0	11.0	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Sierra Vista - Douglas MSA (Cochise County) - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	51,329	50,893	50,908	51,269	51,104
% Chg from Year Ago	-3.6%	-0.9%	0.0%	0.7%	-0.3%
Total Personal Income (\$000)	4,570,411	4,736,361	4,678,914	4,593,193	4,679,941
% Chg from Year Ago	2.2%	3.6%	-1.2%	-1.8%	1.9%
Per Capita Personal Income (\$)**	34,773	36,284	35,785	35,088	36,103
% Chg from Year Ago	1.3%	4.3%	-1.4%	-2.0%	2.9%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

Arizona Economic Indicators - MSAs

Yuma MSA (Yuma County) - Monthly Data	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015
Civilian Labor Force (000s), BLS	97.8	96.4	92.4	90.7	
Unemployment Rate	26.8	27.0	26.1	23.2	
Total Nonfarm Employment (000s), BLS	48.3	49.9	50.5	51.5	52.5
Private	34.9	35.5	35.9	36.8	37.7
Government	13.4	14.4	14.6	14.7	14.8
Average Hourly Earnings, Total Private (\$), BLS	20.30	20.11	20.10	19.78	19.36
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
Total New Residential Permits (units), Census C-40	44.0	58.0	62.0	71.0	

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Yuma MSA (Yuma County) - Annual Data	2010	2011	2012	2013	2014
Population, ADOA*	60,057	60,522	61,500	63,007	63,718
% Chg from Year Ago	-0.5%	0.8%	1.6%	2.5%	1.1%
Total Personal Income (\$000)	5,323,706	5,622,247	5,586,005	5,838,101	5,841,652
% Chg from Year Ago	3.0%	5.6%	-0.6%	4.5%	0.1%
Per Capita Personal Income (\$)**	27,140	28,051	27,226	27,890	27,553
% Chg from Year Ago	2.2%	3.4%	-2.9%	2.4%	-1.2%

*Population counts as of July 1st. ADOA population estimates differ from official Census Bureau estimates. EBRC considers ADOA counts to be the most accurate.

**BEA total personal income divided by ADOA population estimates.

TABLES: SOURCES AND ABBREVIATIONS

ADHS: Arizona Department of Health Services

ADOA: Arizona Department of Administration, Office of Employment and Population Statistics

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

Micropolitan SA: Micropolitan Statistical Area must have at least one urban cluster of at least 10,000, but less than 50,000 inhabitants.

EBR: The Economic and Business Research Center, The University of Arizona.

MSA: Metropolitan Statistical Area must have at least one core urbanized area of 50,000 or more inhabitants.

PSHIA: Phoenix Sky Harbor International Airport

SAAR: Seasonally adjusted at annual rates

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

BTS: Bureau of Transportation Statistics, U.S. Department of Transportation

NPS: National Parks Service

* All Aggregate Retail Sales figures reported by EBR include retail, food, restaurant & bars and gasoline sales.

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

Arizona Economic Indicators - Counties

Apache County Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	21.3	21.0	21.3	20.9	20.3
Unemployment Rate	13.6	14.8	13.7	13.2	12.7
Total Nonfarm Employment (000s), ADOA	18.0	17.6	18.5	18.4	18.1
Private	7.4	7.4	7.4	7.4	7.4
Government	10.6	10.2	11.1	11.0	10.8
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Gila County (Payson Micropolitan SA) Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	22.1	22.0	21.8	21.4	21.1
Unemployment Rate	7.8	8.4	8.4	8.2	8.0
Total Nonfarm Employment (000s), ADOA	15.2	15.0	15.3	15.1	15.0
Private	9.9	9.9	9.9	9.9	9.8
Government	5.2	5.1	5.4	5.2	5.2
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
New Residential Permits (units), Census C-40	7	13	12	7	12

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Graham County Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	14.8	14.7	14.7	14.9	15.0
Unemployment Rate	7.3	7.9	7.8	7.7	7.4
Total Nonfarm Employment (000s), ADOA	8.7	8.6	8.8	9.0	9.1
Private	5.9	5.8	5.9	5.8	5.8
Government	2.8	2.8	3.0	3.2	3.3
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Greenlee County Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	4.1	4.1	4.1	4.1	4.0
Unemployment Rate	7.5	8.1	8.3	8.5	8.6
Total Nonfarm Employment (000s), ADOA	4.6	4.6	4.6	4.6	4.6
Private	4.0	4.0	4.0	4.0	4.0
Government	0.5	0.5	0.6	0.6	0.6
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Arizona Economic Indicators - Counties

La Paz County Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	8.8	8.8	8.2	7.7	7.8
Unemployment Rate	7.6	7.8	8.1	8.2	7.5
Total Nonfarm Employment, ADOA	5.1	5.2	5.1	5.1	5.2
Private	2.8	2.8	2.7	2.7	2.8
Government	2.4	2.4	2.4	2.4	2.4
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Navajo County (Show Low Micropolitan SA) Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	42.2	41.4	42.0	41.4	40.7
Unemployment Rate	9.6	10.5	10.0	9.5	9.2
Total Nonfarm Employment (000s), ADOA	27.6	26.8	28.1	28.0	27.8
Private	18.1	18.2	18.3	18.3	18.2
Government	9.4	8.7	9.8	9.8	9.7
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
New Residential Permits (units), Census C-40	14	12	19	14	13

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

Santa Cruz County Summary - Monthly	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Civilian Labor Force (000s), BLS	20.0	19.9	19.9	19.8	19.7
Unemployment Rate	10.6	14.2	14.4	14.6	13.7
Total Nonfarm Employment (000s), ADOA	13.3	12.6	12.8	12.8	12.9
Private	9.7	9.1	9.1	9.0	9.2
Government	3.6	3.5	3.7	3.8	3.7
Taxable Sales: Total (\$000s, accrual), ADOR*	NA	NA	NA	NA	NA
New Residential Permits (units), Census C-40	12	6	4	3	6

*Total of all collection categories covered by Arizona's "Transaction Privilege Tax," does not include food or gasoline sales.

ARIZONA'S ECONOMY

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