
Arizona Economic Forecast: 2016 & 2017

ADOH Arizona Housing Forum

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ROUNDS CONSULTING GROUP

Numbers Only?

- Numbers are great, if you also understand the story behind them...
- What is the story?

How certain are the forecasts?



So, what do we do in this situation?

???

U.S. and Global Conditions

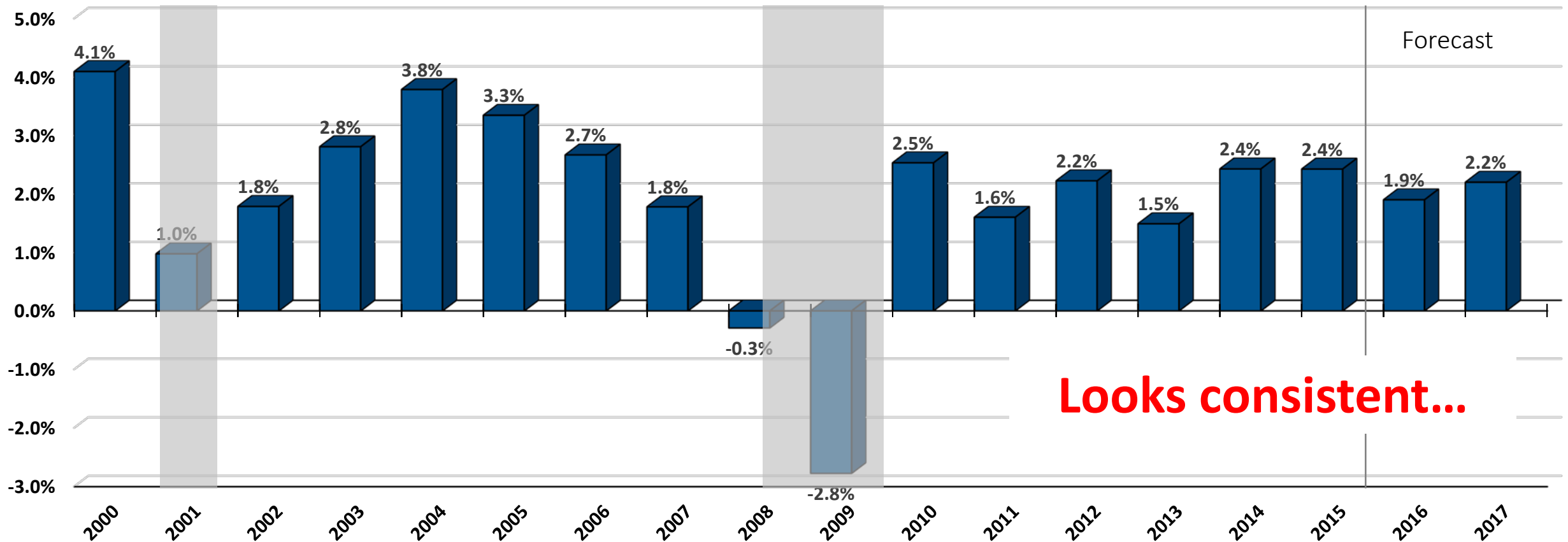


U.S. Real GDP

Annual Percent Change 2000 - 2017*

Source: U.S. Bureau of Economic Analysis; Blue Chip Economic Indicators

Recession Period

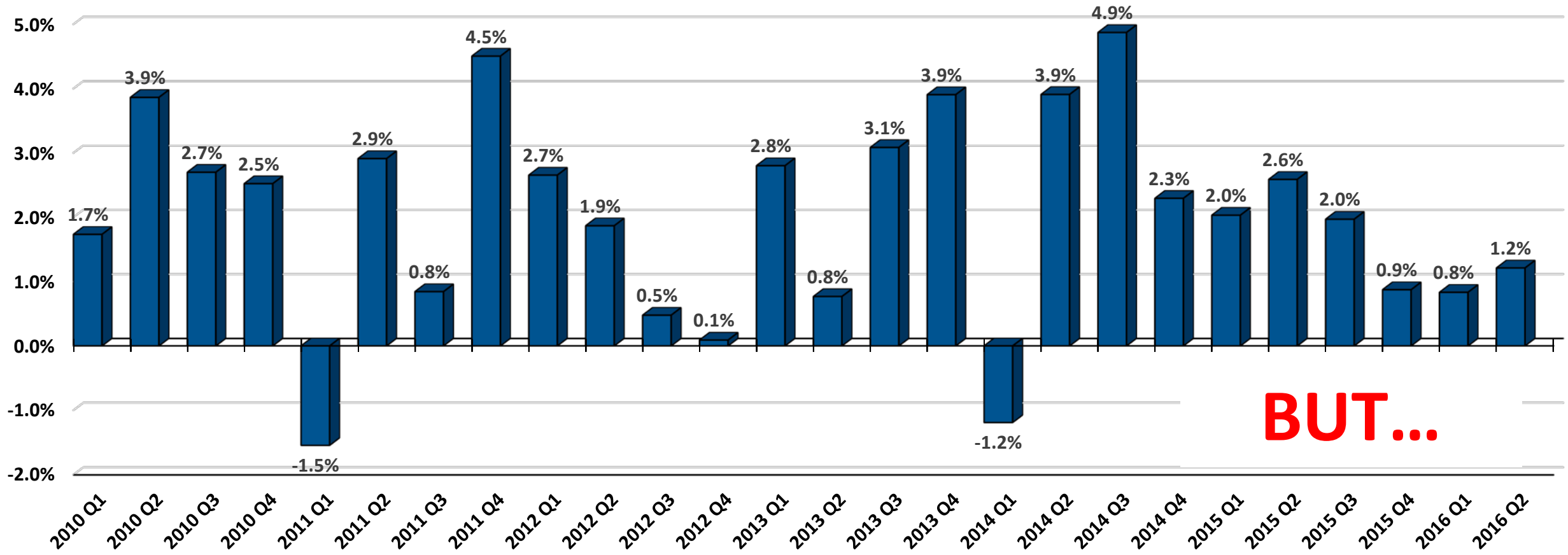


*Forecast from the Blue Chip Economic Indicators

U.S. Real GDP

Annualized Percent Change 2010 - 2016*

Source: U.S. Bureau of Economic Analysis



BUT...

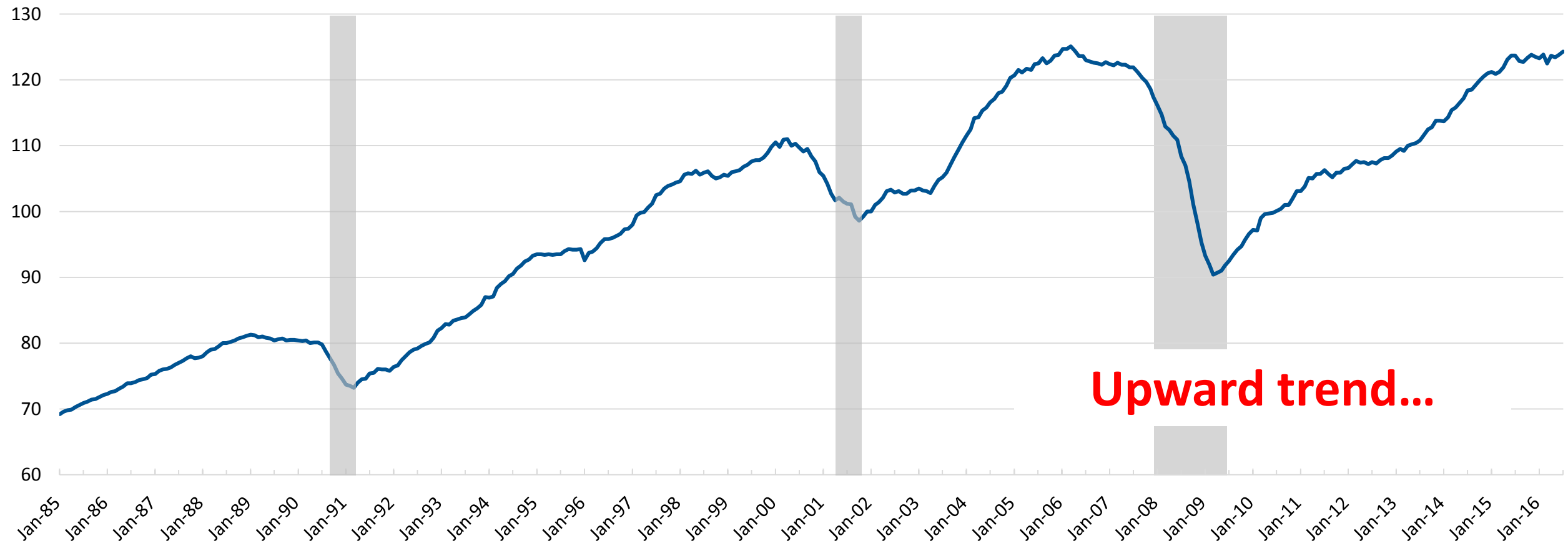
*Data through Q2 2016

U.S. Leading Indicators

1985 - 2016*

Source: The Conference Board

Recession Period



*Through July 2016

U.S. Leading Indicators – Components

July 2016

Source: The Conference Board

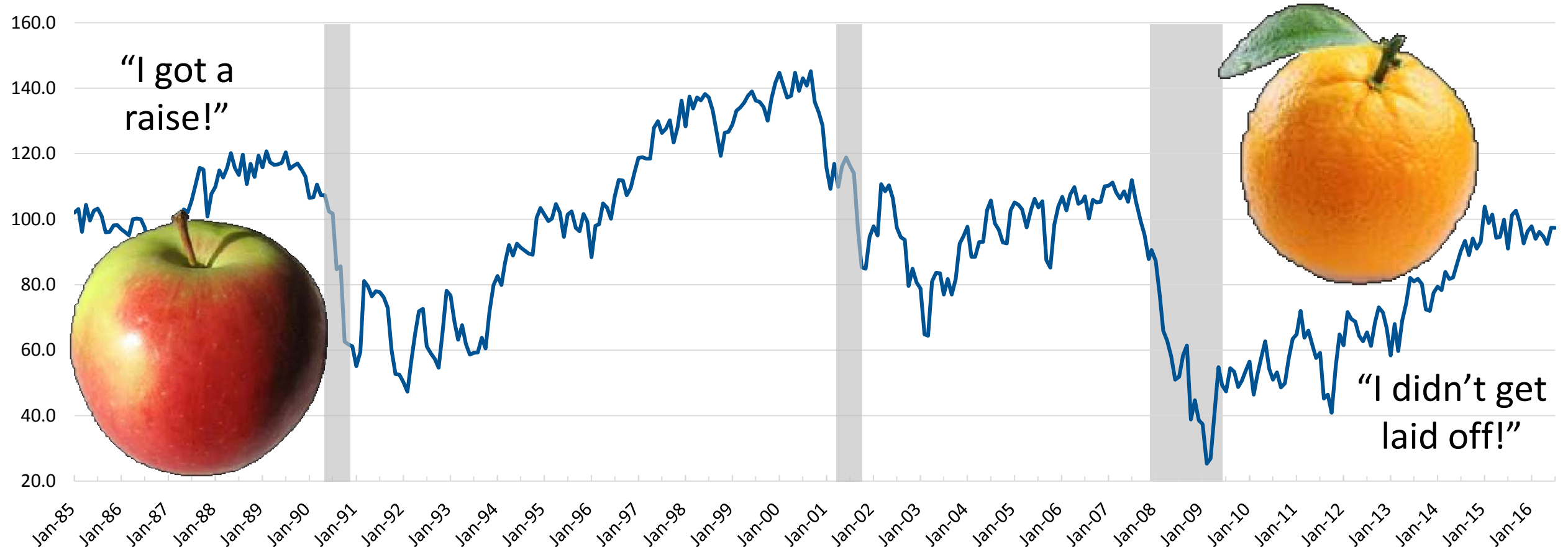


U.S. Consumer Confidence

1985 - 2016*

Source: The Conference Board

Recession Period



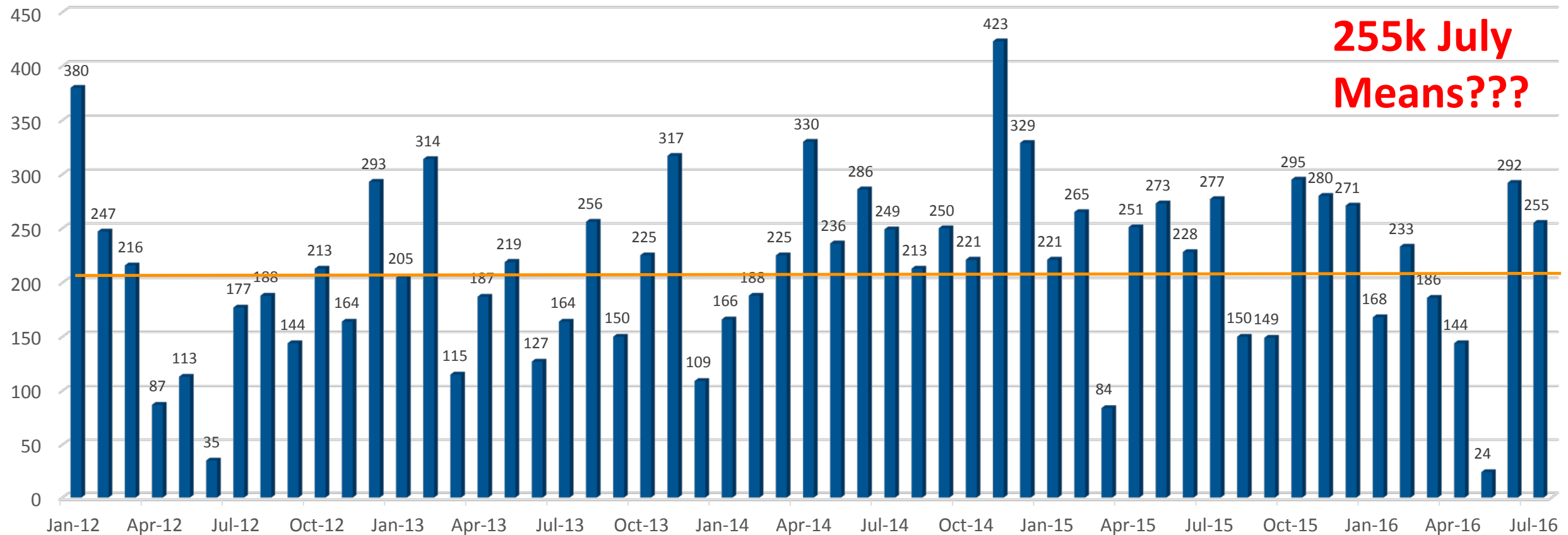
*Through July 2016

U.S. Employment Net Change

2012 - 2016*

Source: U.S. Bureau of Labor Statistics

Thousands



**255k July
Means???**

*Through July 2016

US Housing Market Trends

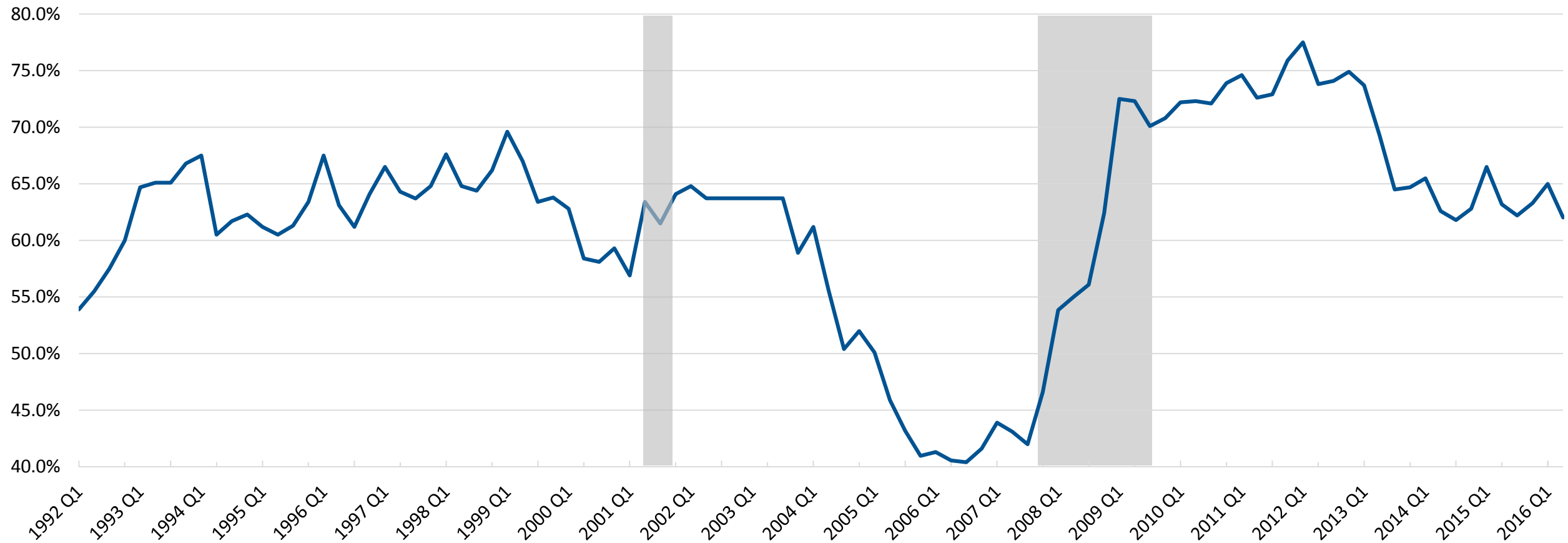


Are Homes Affordable...

Share of U.S. Homes Sold Affordable to a Family Earning the Median Income 1992-2016*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



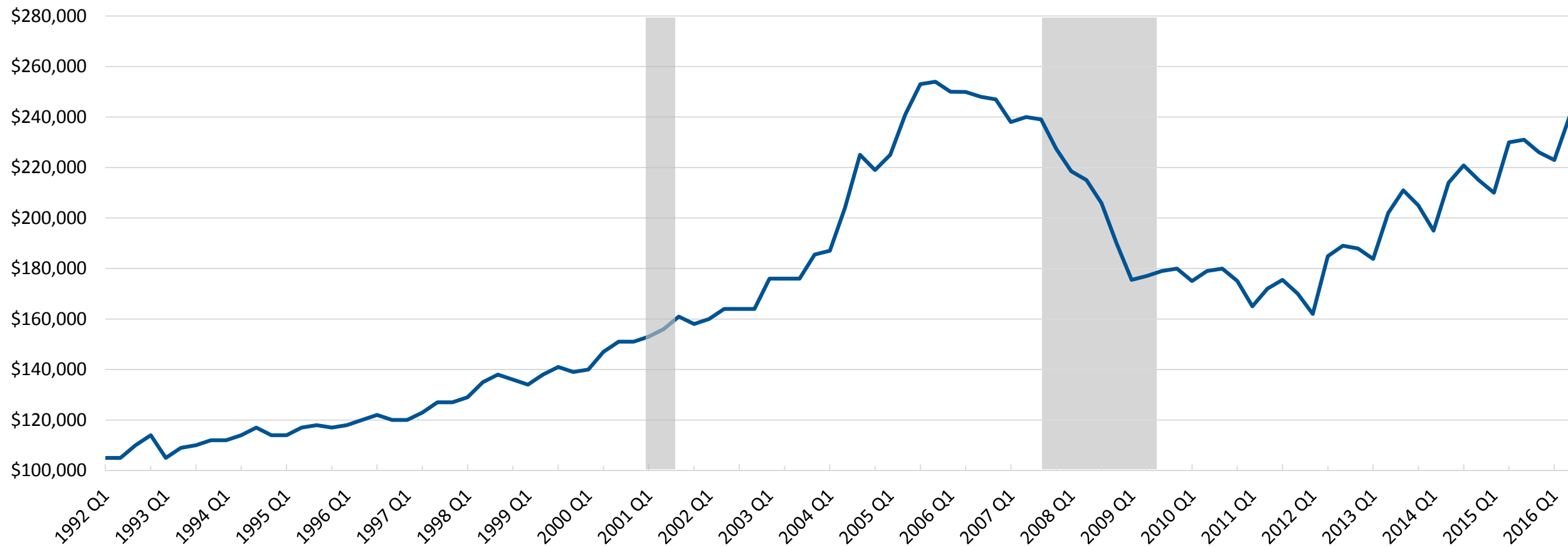
*Through Q2 2016

Home Prices Recovering...

U.S. Median Price of Homes Sold 1992-2016*

Source: NAHB/Wells Fargo

Recession Period



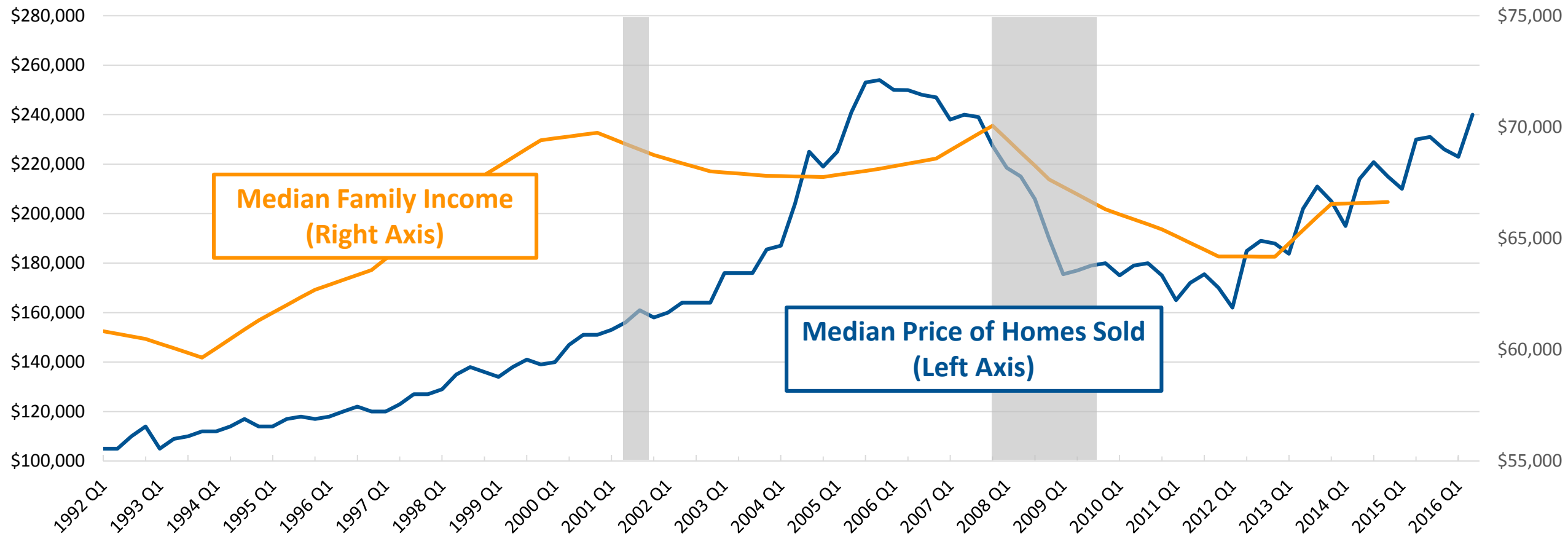
*Through Q2 2016

U.S. Price of Home Sold v. Family Income

1992-2016*

Source: NAHB/Wells Fargo; U.S. Census Bureau

Recession Period



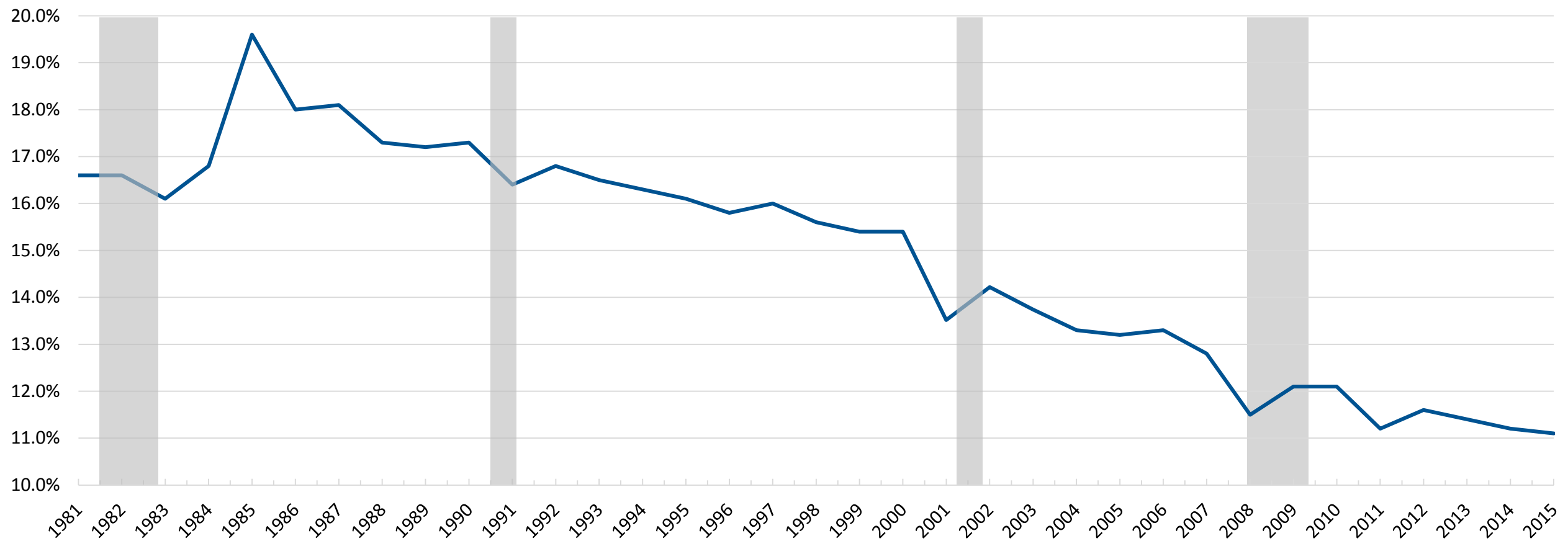
*Through Q2 2016

People Not Moving...

Percent of U.S. Pop. Living in a Different Residence 1981-2015

Source: U.S. Census Bureau

Recession Period

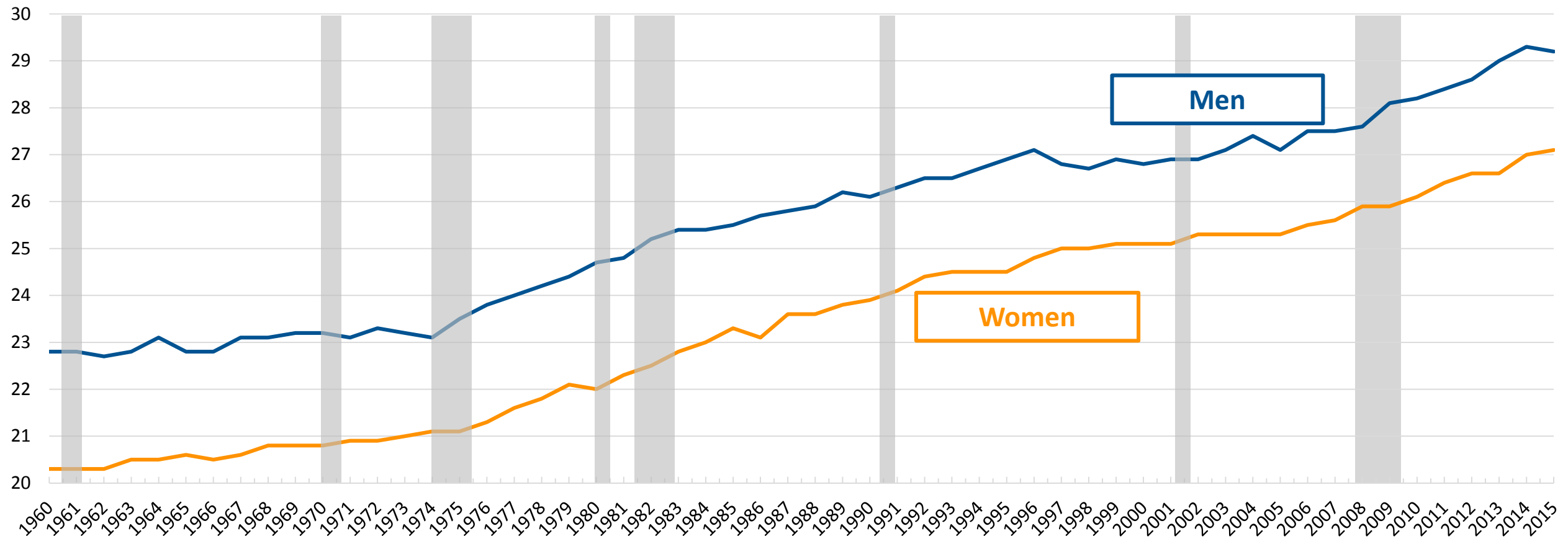


Delays in Marriage...

U.S. Median Age of First Marriage 1960-2015

Source: U.S. Census Bureau

Recession Period

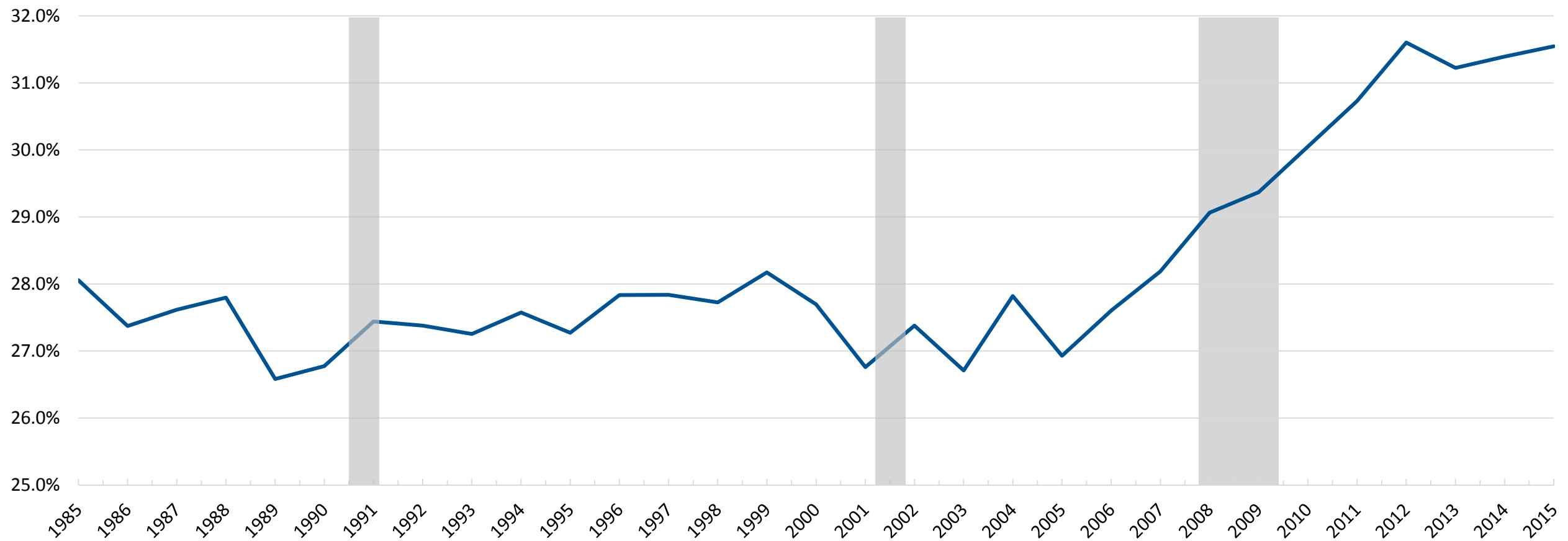


Young Adults Living in the Basement...

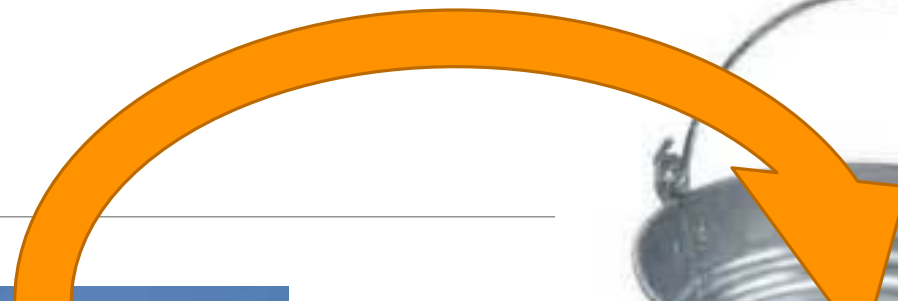
U.S. Adults 18-34 Years Old Living at Home 1985-2015

Source: U.S. Census Bureau

Recession Period



Risks?



Summary - US Economy:

- Rates of growth may be up,
- Economic risk is also up,
- Stock market volatility will continue,
- US housing risks,
- Look for **TRENDS**...i.e. strong/weak jobs reports, strong/weak GDP, etc.

Arizona...

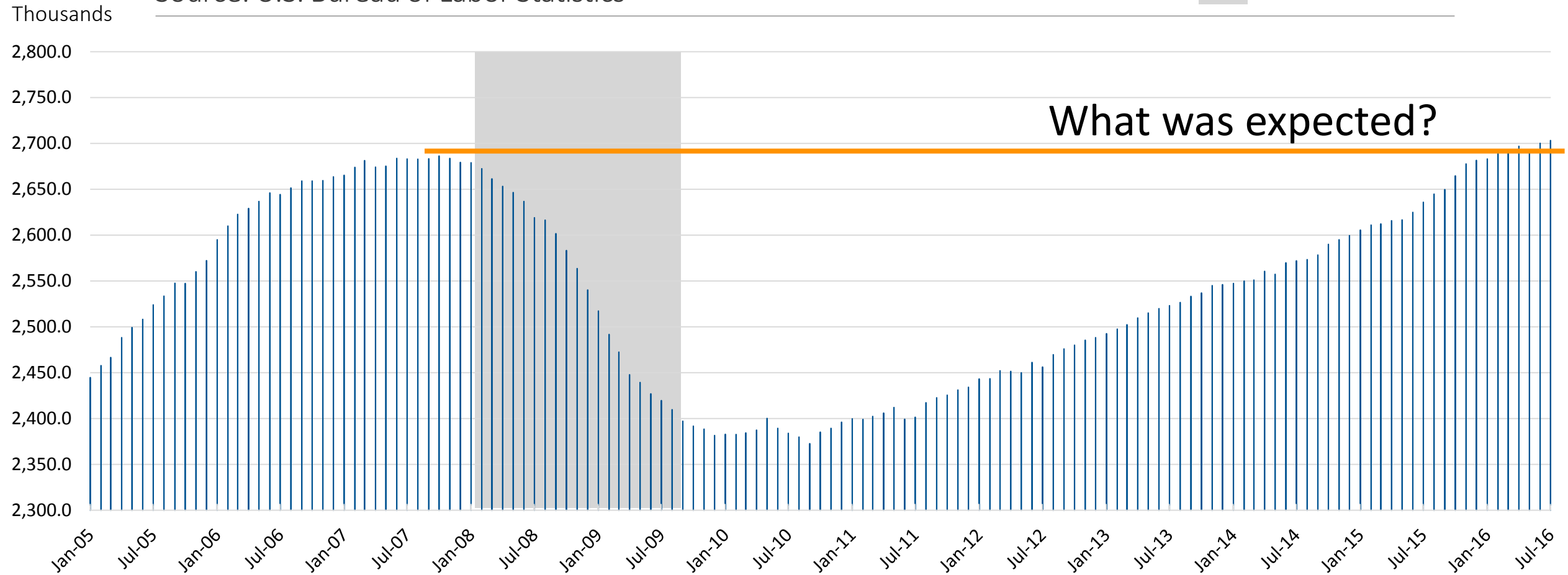


AZ Employment is 105.4% Recovered

2005 - 2016*

Source: U.S. Bureau of Labor Statistics

Recession Period



*Through July 2016

Math Rules... Fall far, grow strong...



$$\begin{array}{c} 50\% \\ / 2 = \end{array}$$

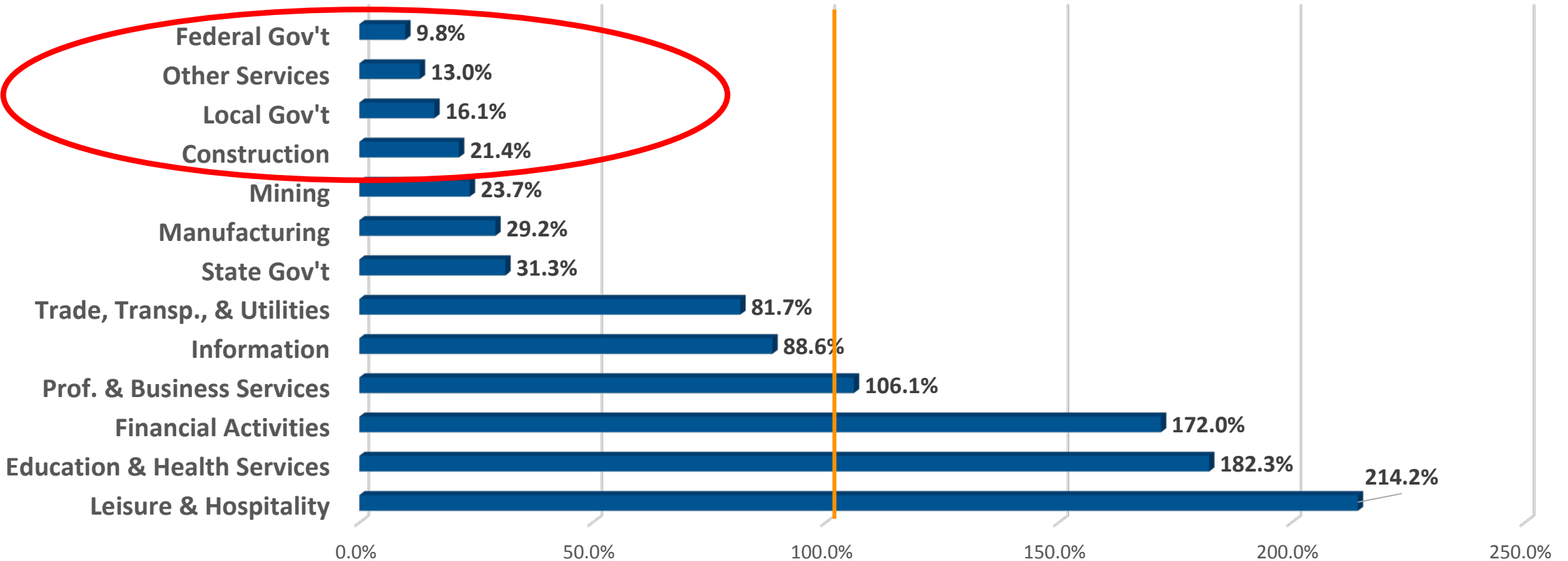


$$\begin{array}{c} 100\% \\ \times 2 = \end{array}$$



AZ Employment Recovery by Industry

Source: U.S. Bureau of Labor Statistics



*Through July 2016

U.S. Job Growth 2015

State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	3.76%	Utah	11	2.57%	Arizona
2	3.43%	Florida	12	2.47%	Tennessee
3	3.34%	Nevada	13	2.42%	North Carolina
4	3.30%	Oregon	14	2.41%	Texas
5	3.10%	Colorado	15	2.35%	Delaware
6	2.99%	California	16	1.82%	Indiana
7	2.96%	Idaho	17	1.79%	Virginia
8	2.95%	Georgia	18	1.77%	Arkansas
9	2.89%	Washington	19	1.72%	Massachusetts
10	2.71%	South Carolina	20	1.68%	Montana

U.S. Job Growth 2016*

State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	3.48%	Idaho	11	2.69%	Colorado
2	3.33%	Oregon	12	2.51%	Nevada
3	3.24%	Utah	13	2.43%	South Carolina
4	3.12%	Florida	14	2.23%	Hawaii
5	3.10%	Washington	15	2.21%	Michigan
6	2.96%	Georgia	16	2.21%	North Carolina
7	2.90%	Arizona	17	2.15%	Virginia
8	2.79%	Delaware	18	1.94%	Arkansas
9	2.75%	California	19	1.93%	Maryland
10	2.72%	Tennessee	20	1.82%	Massachusetts

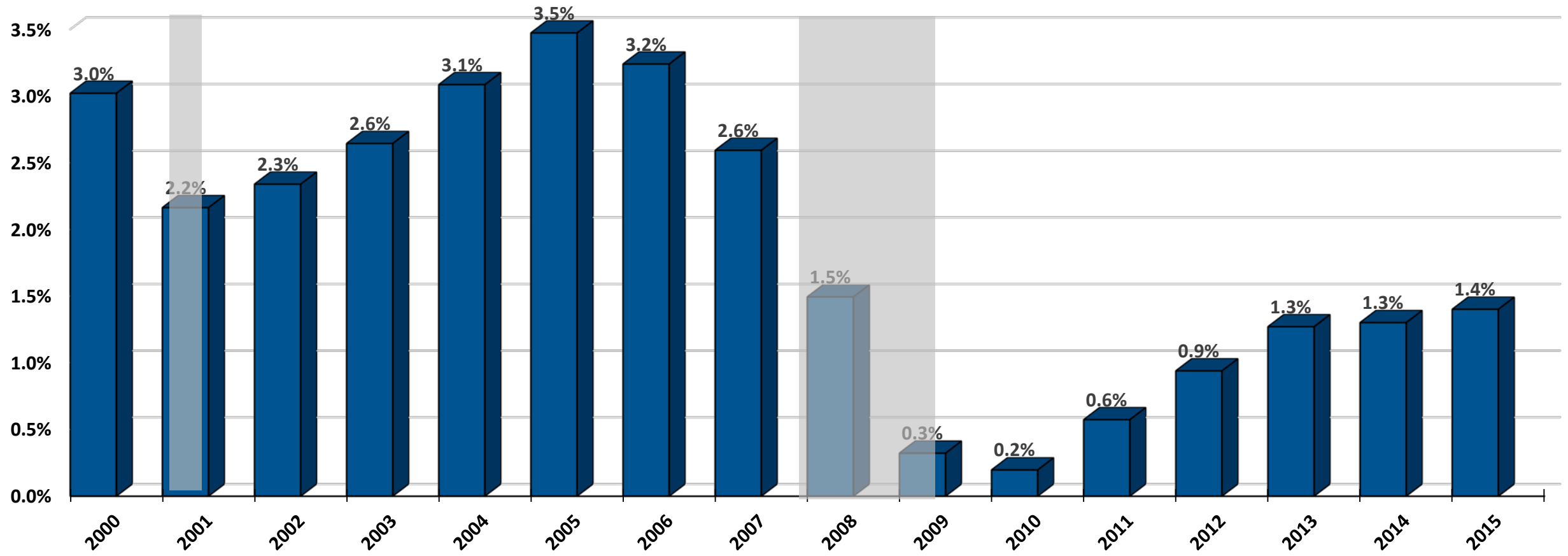
*Through July 2016

Arizona Population (Census modeled July 2015)

Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period



AZ Housing Market Trends

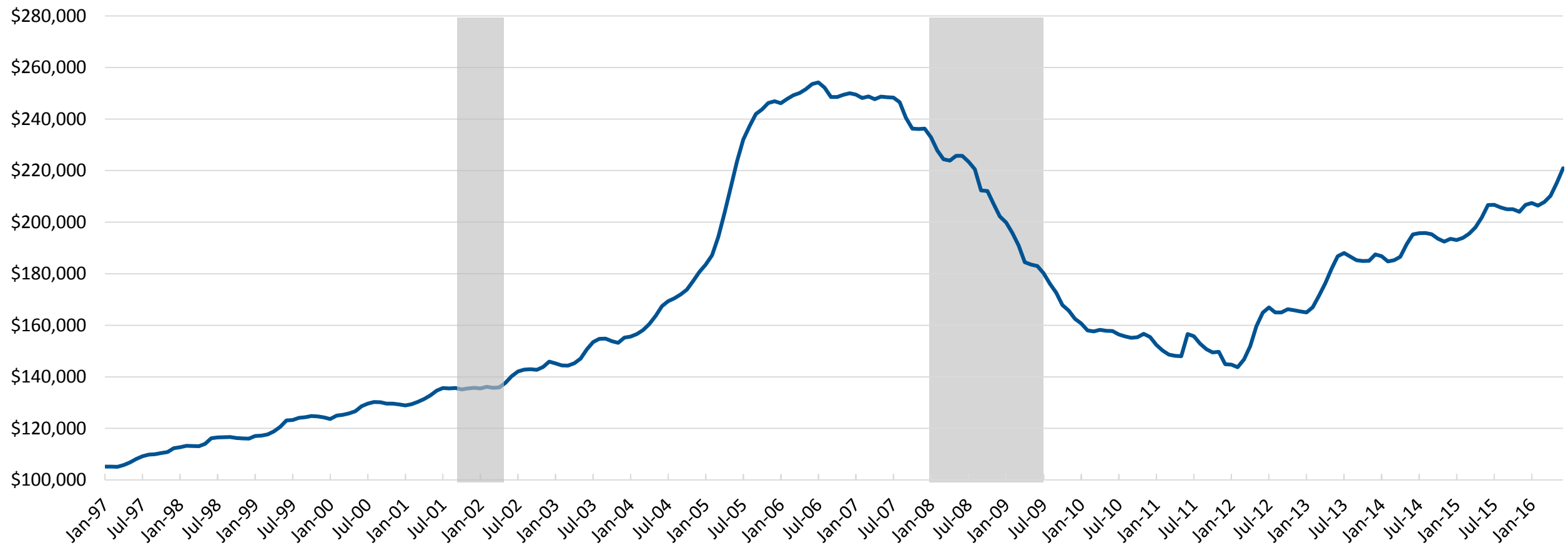


Arizona Median Price of Homes Sold

1997-2016*

Source: Zillow Research

Recession Period



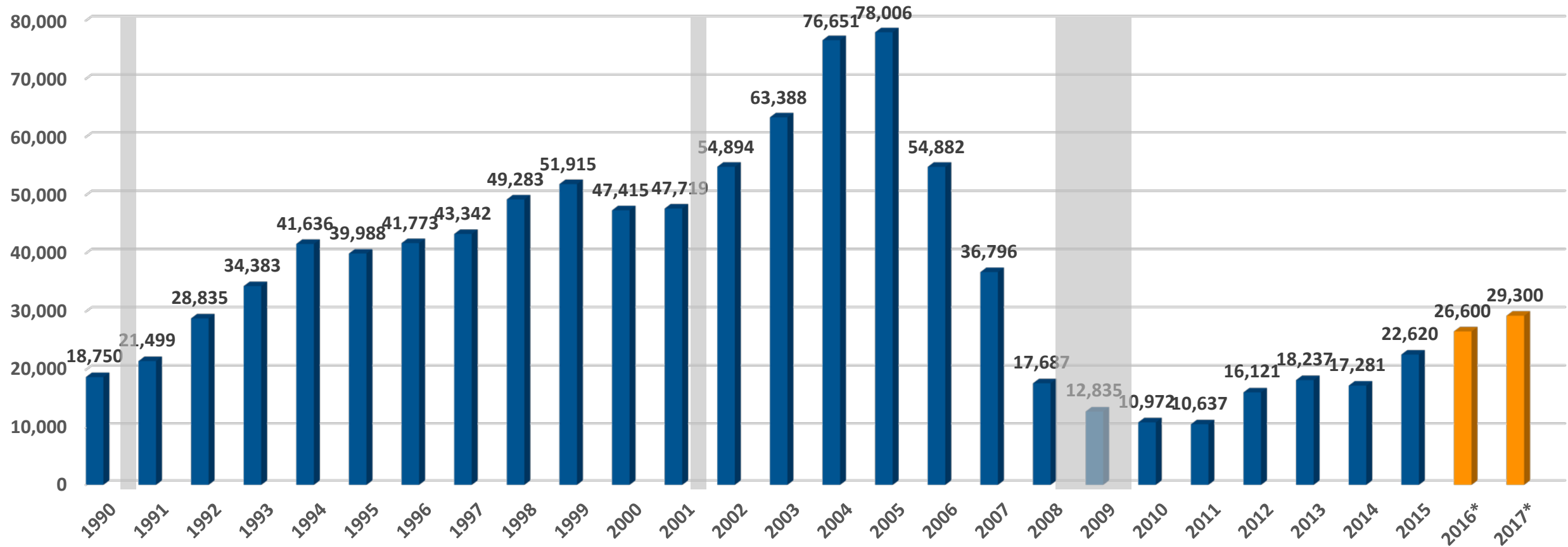
*Through June 2016

Arizona Single Family Home Permits

1990-2017*

Source: U.S. Census Bureau

Recession Period



*Forecast

Arizona Summary –

- No boom, but data looks good,
- Some regions doing better than others,
- AZ **will** outpace nation,
- Some things we cannot control.
- ***What can we control?***

Metro Phoenix recovery finally strong?



Metro Phoenix Employment is 119.6% Recovered

2005 - 2016*

Source: U.S. Bureau of Labor Statistics

Recession Period

Thousands

2,000.0

1,950.0

1,900.0

1,850.0

1,800.0

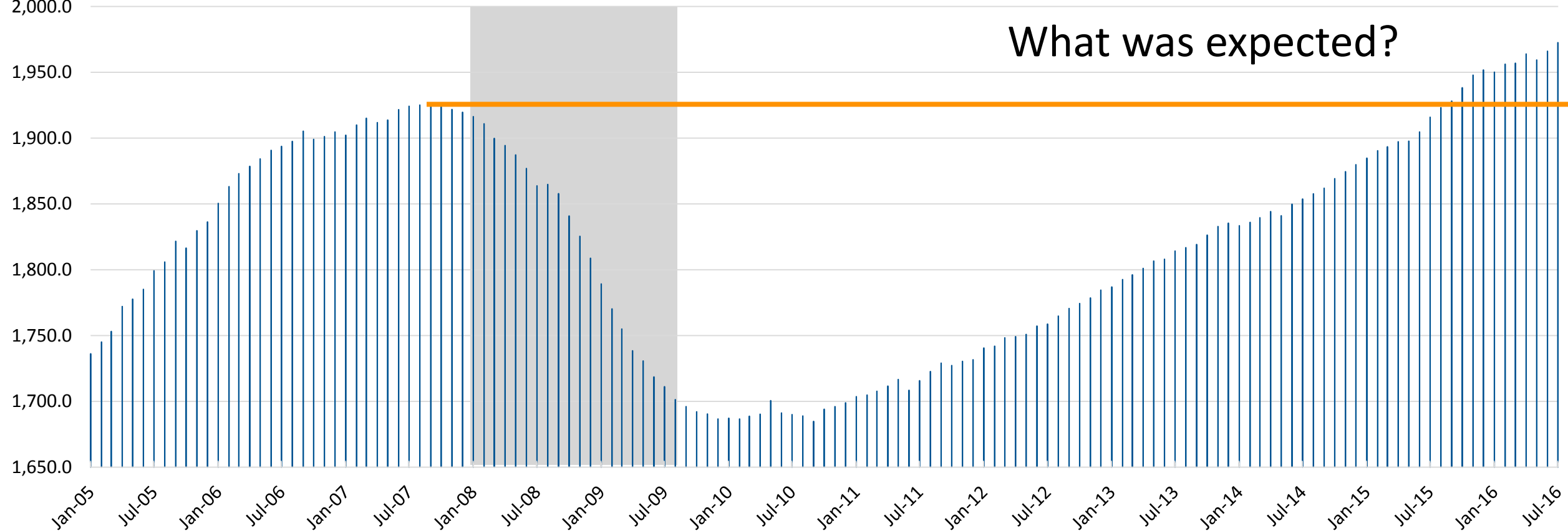
1,750.0

1,700.0

1,650.0

What was expected?

*Through July 2016

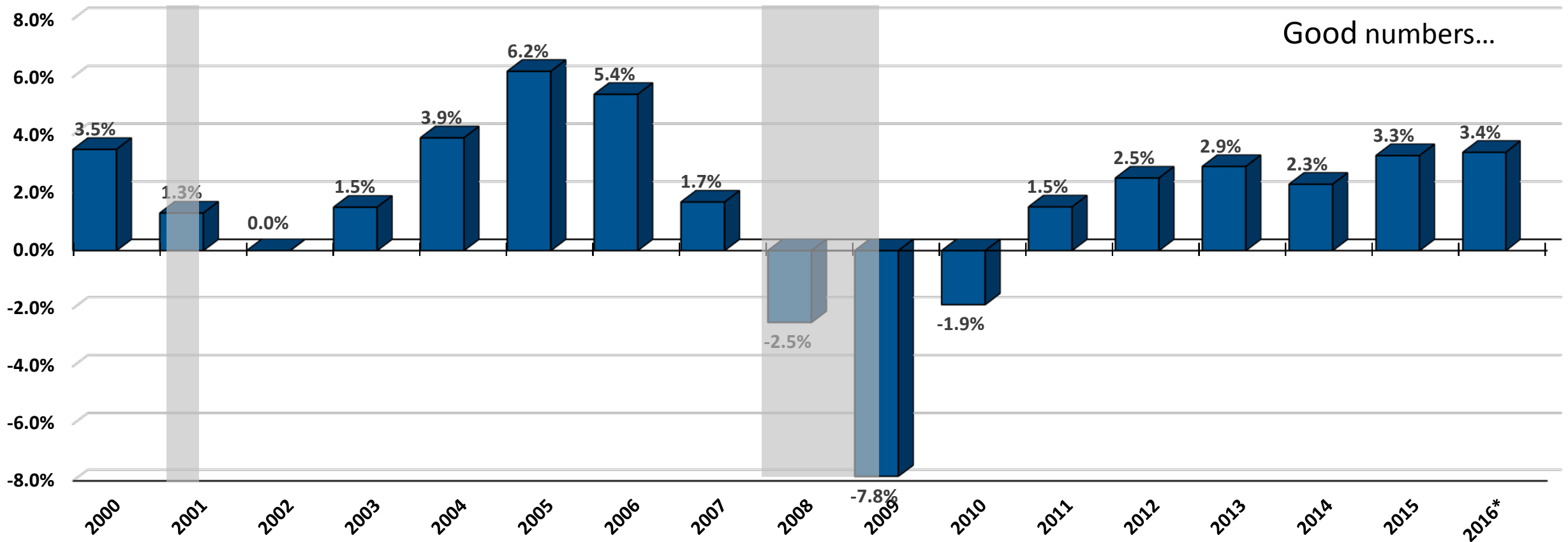


Metro Phoenix Employment

Annual Percent Change 2000 - 2016*

Source: Arizona Department of Administration

Recession Period



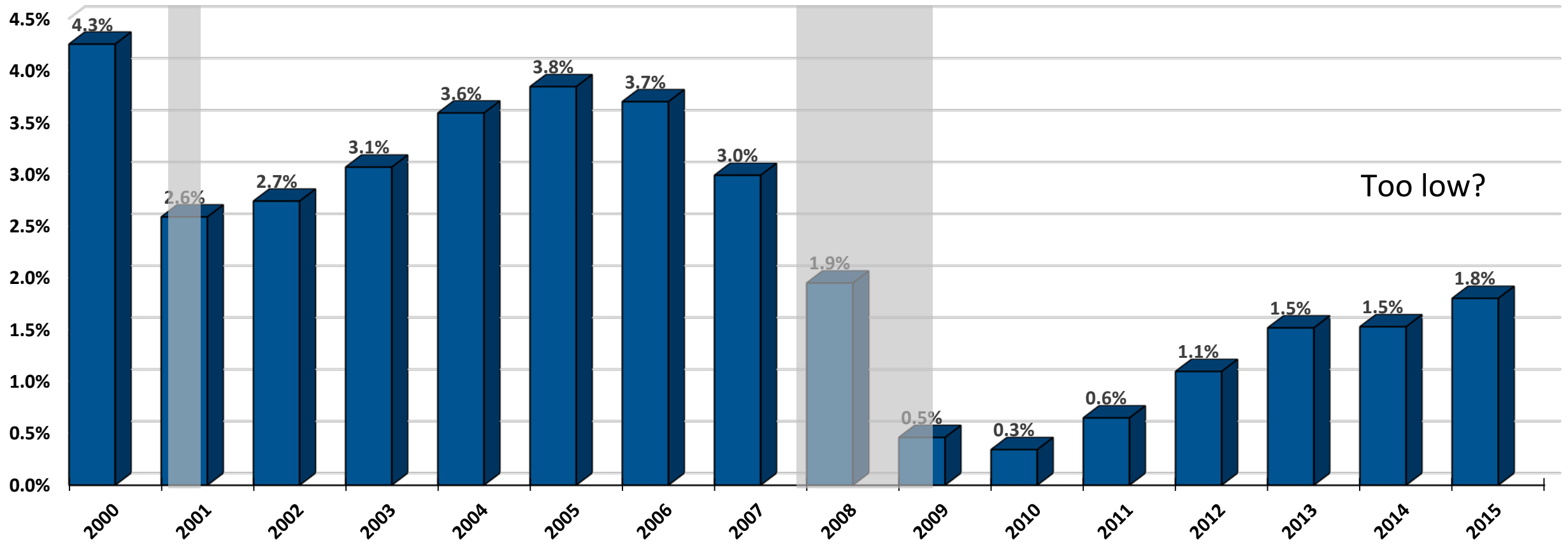
*YTD through July 2016

Metro Phoenix Population

Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period



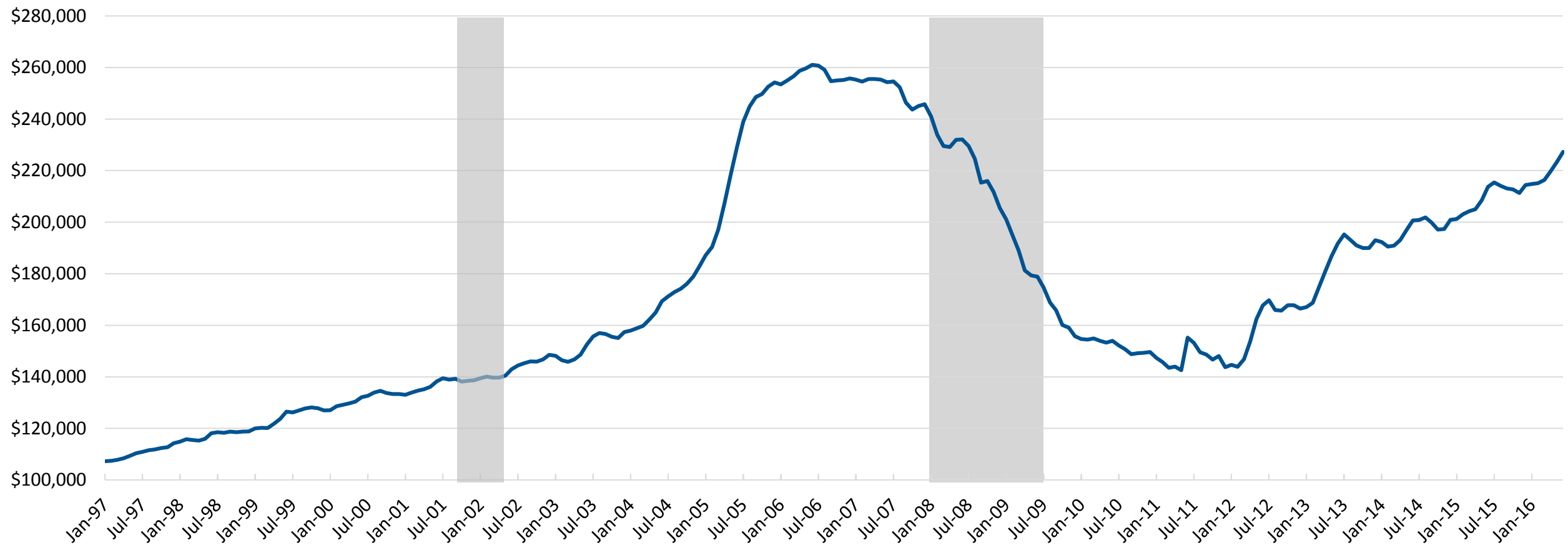
Too low?

Metro Phoenix Median Price of Homes Sold

1997-2016*

Source: Zillow Research

Recession Period



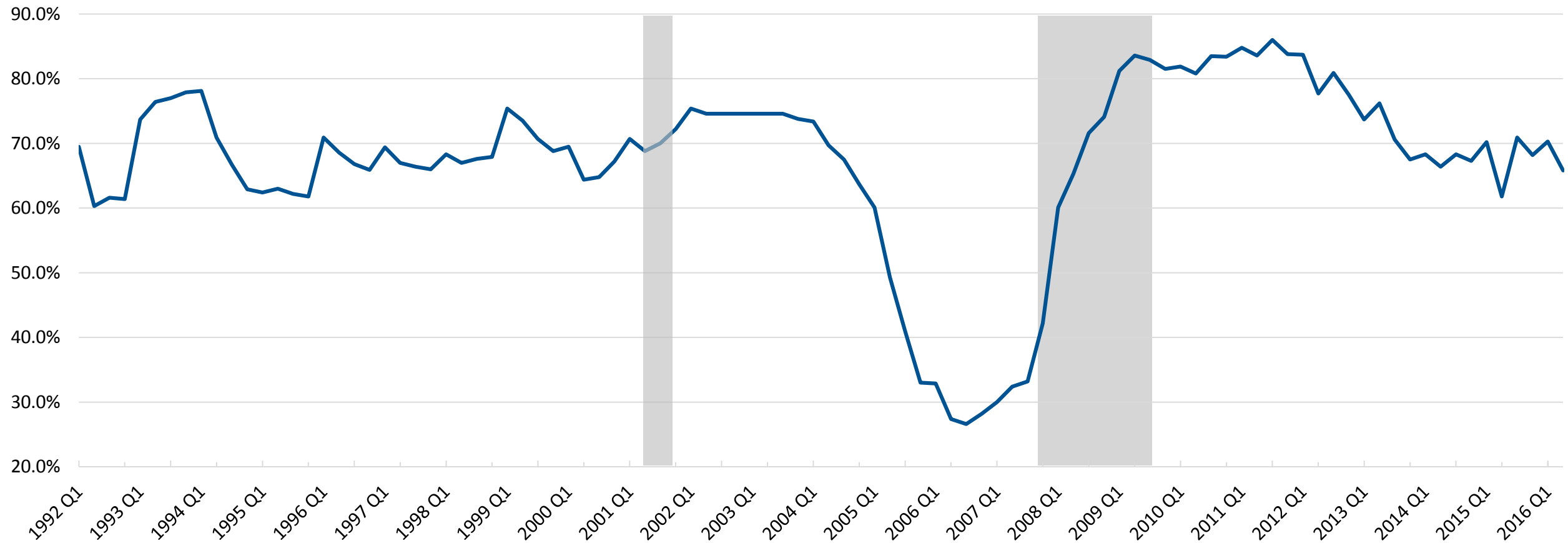
*Through June 2016

Metro Phoenix Housing Opportunity Index

Share of Homes Sold Affordable to a Family Earning the Median Income 1992-2016*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



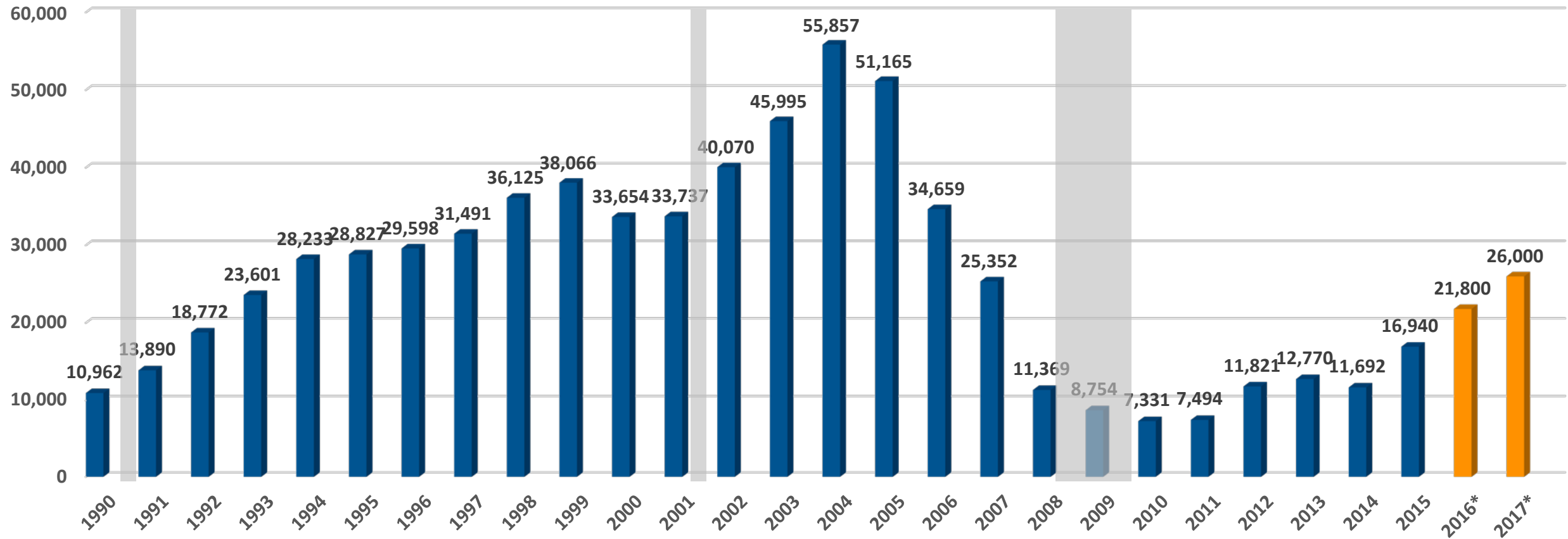
*Through Q2 2016

Metro Phoenix Single Family Home Permits

1990-2017*

Source: U.S. Census Bureau

Recession Period



*Forecast

Tucson: From struggling to growth?



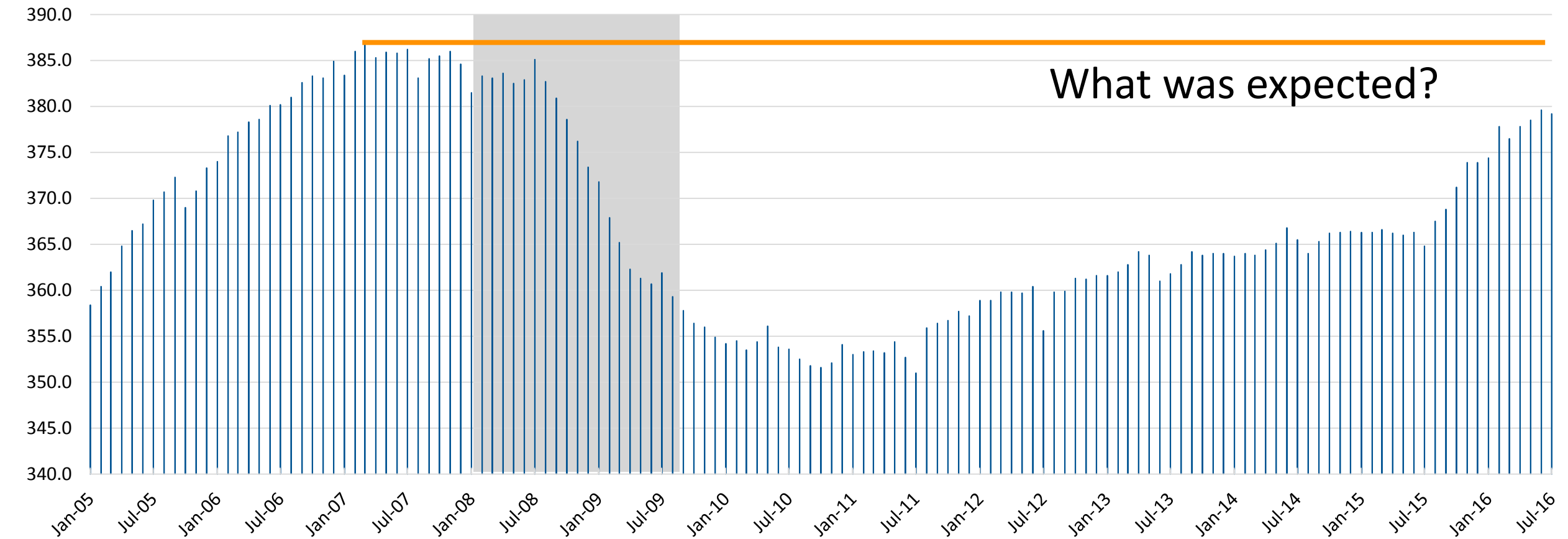
Metro Tucson Employment is 78.3% Recovered

2005 - 2016*

Source: U.S. Bureau of Labor Statistics

Recession Period

Thousands



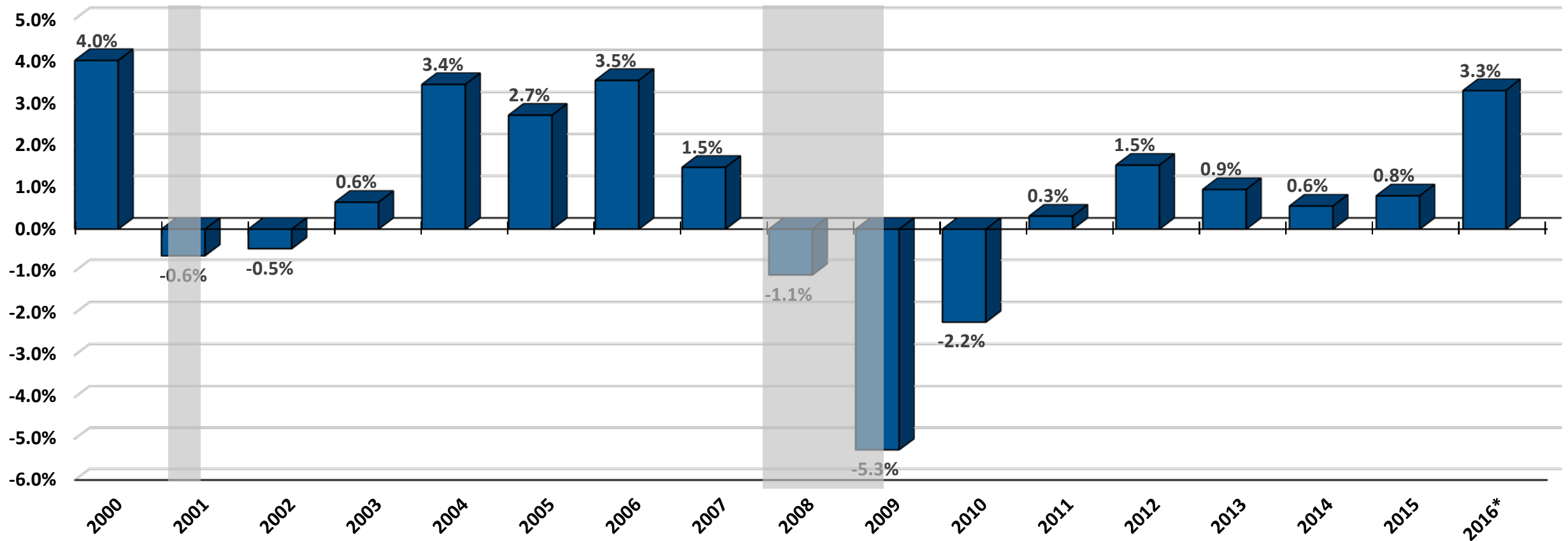
*Through July 2016

Metro Tucson Employment

Annual Percent Change 2000 - 2016*

Source: Arizona Department of Administration

Recession Period



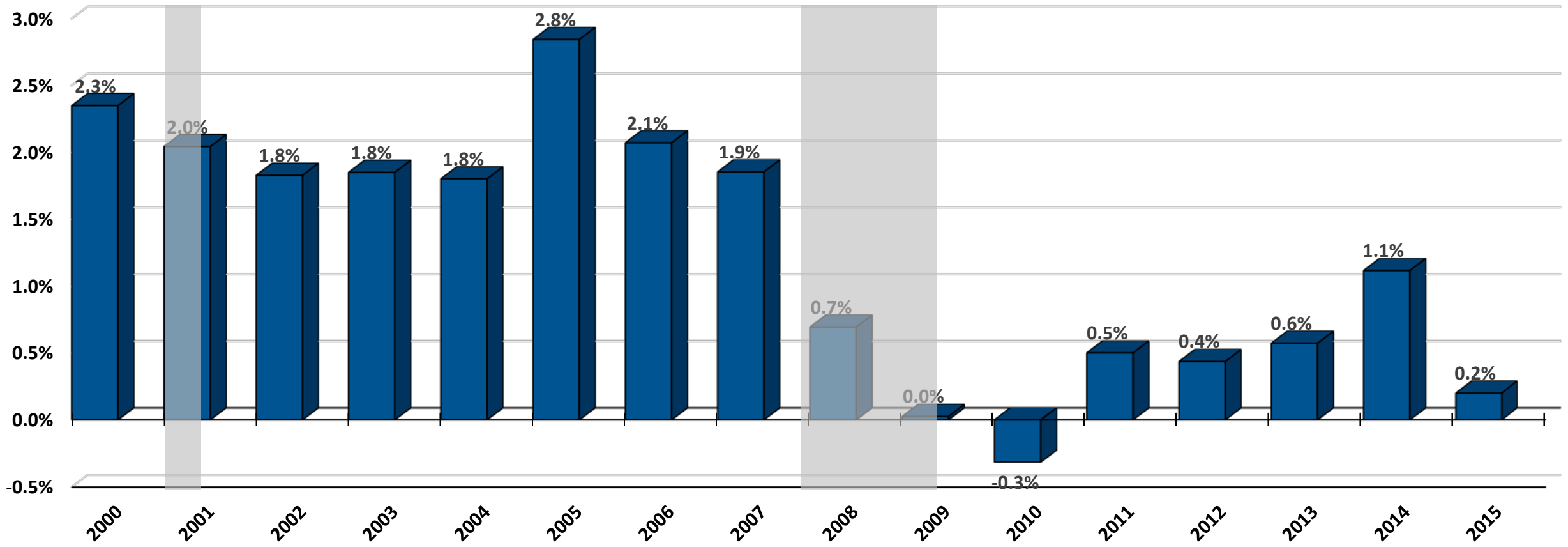
*YTD through July 2016

Metro Tucson Population

Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period

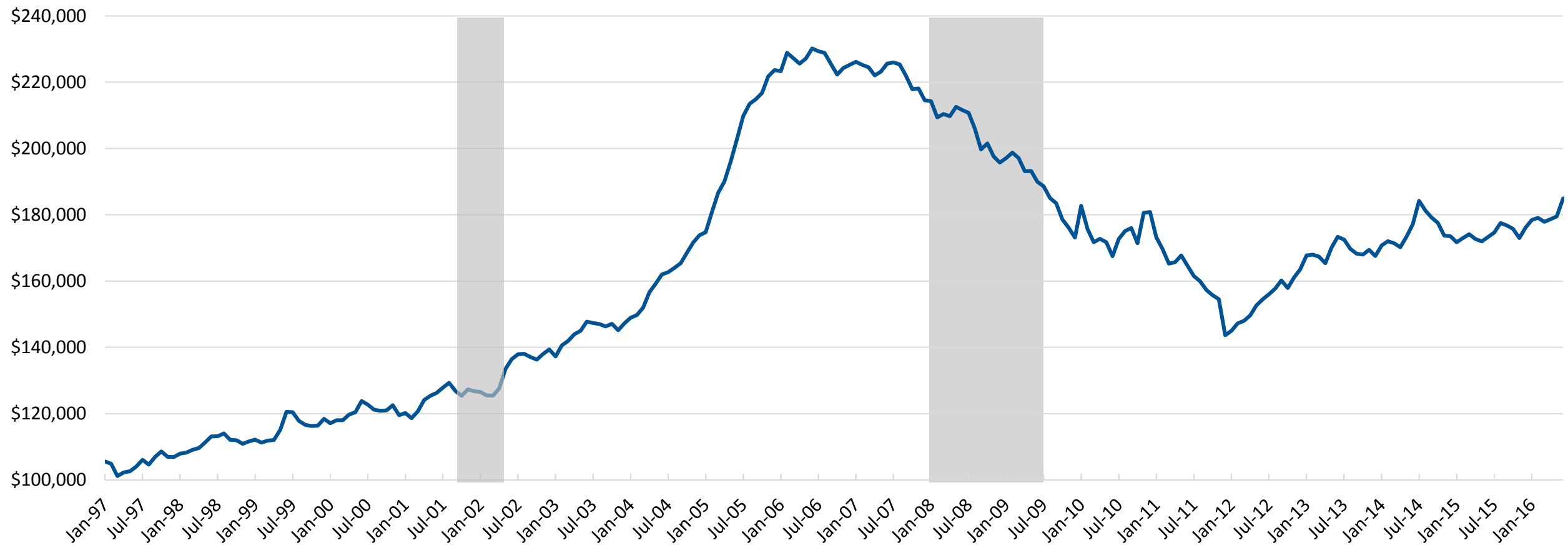


Metro Tucson Median Price of Homes Sold

1997-2016*

Source: Zillow Research

Recession Period



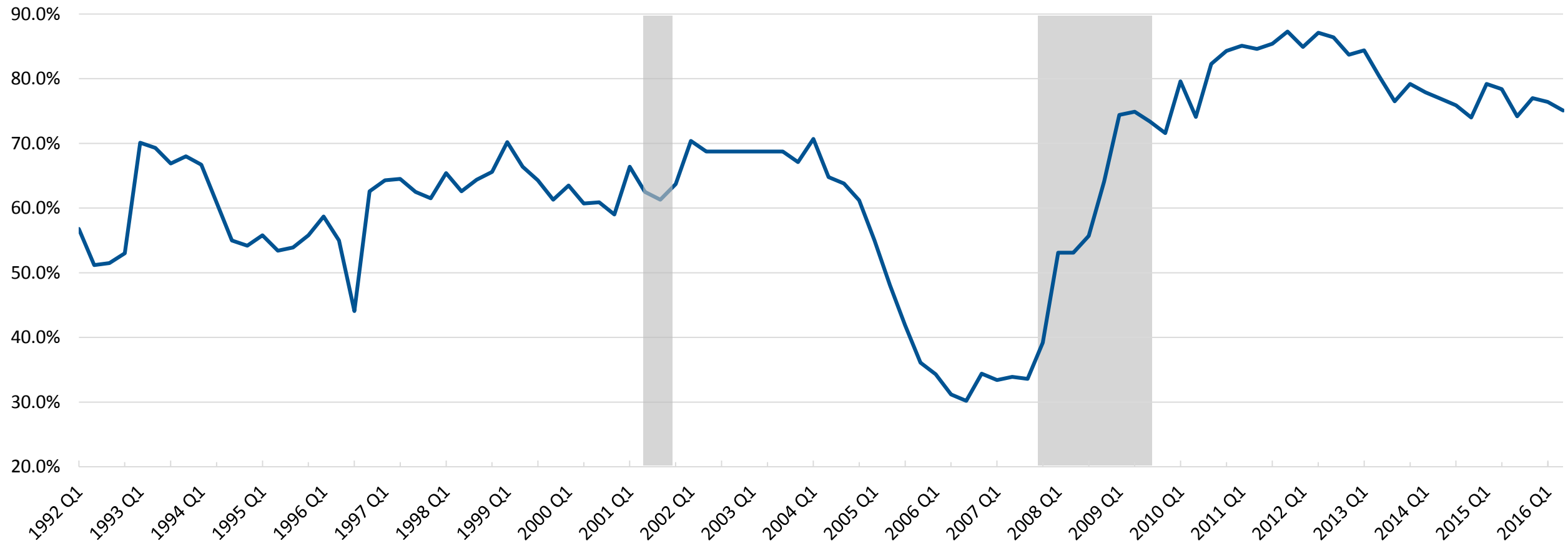
*Through June 2016

Metro Tucson Housing Opportunity Index

Share of Homes Sold Affordable to a Family Earning the Median Income 1992-2016*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



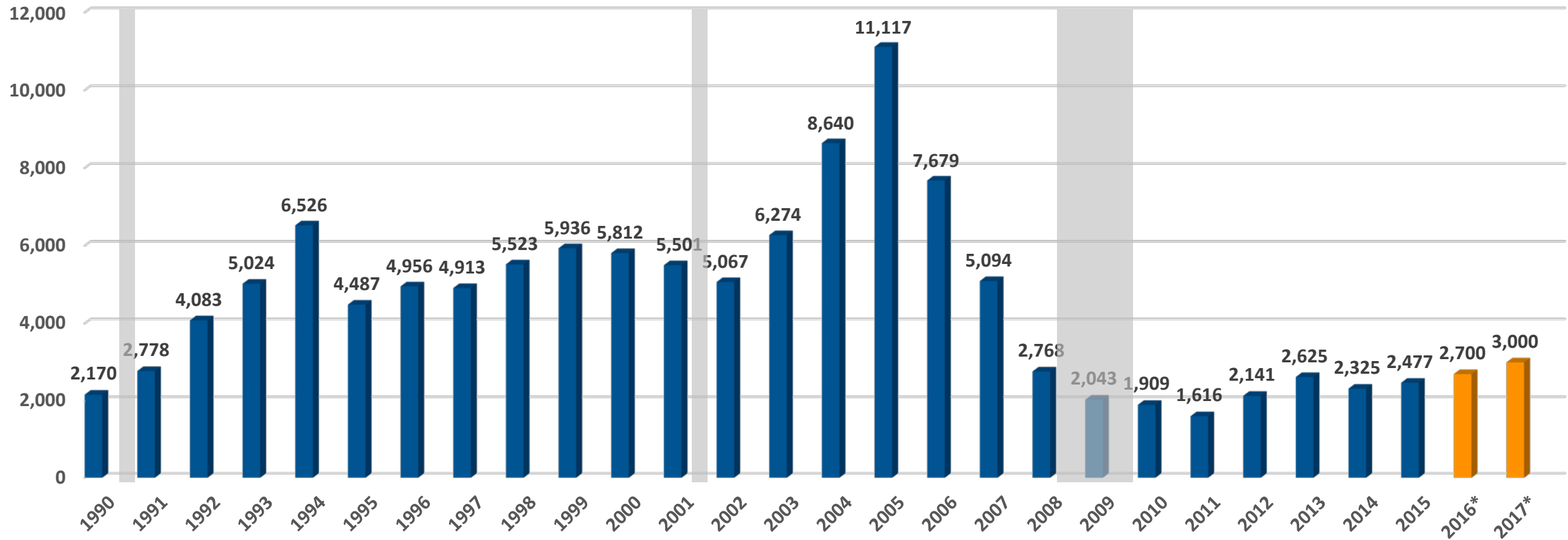
*Through Q2 2016

Metro Tucson Single Family Home Permits

1990-2017*

Source: U.S. Census Bureau

Recession Period



*Forecast

Other parts of the state?



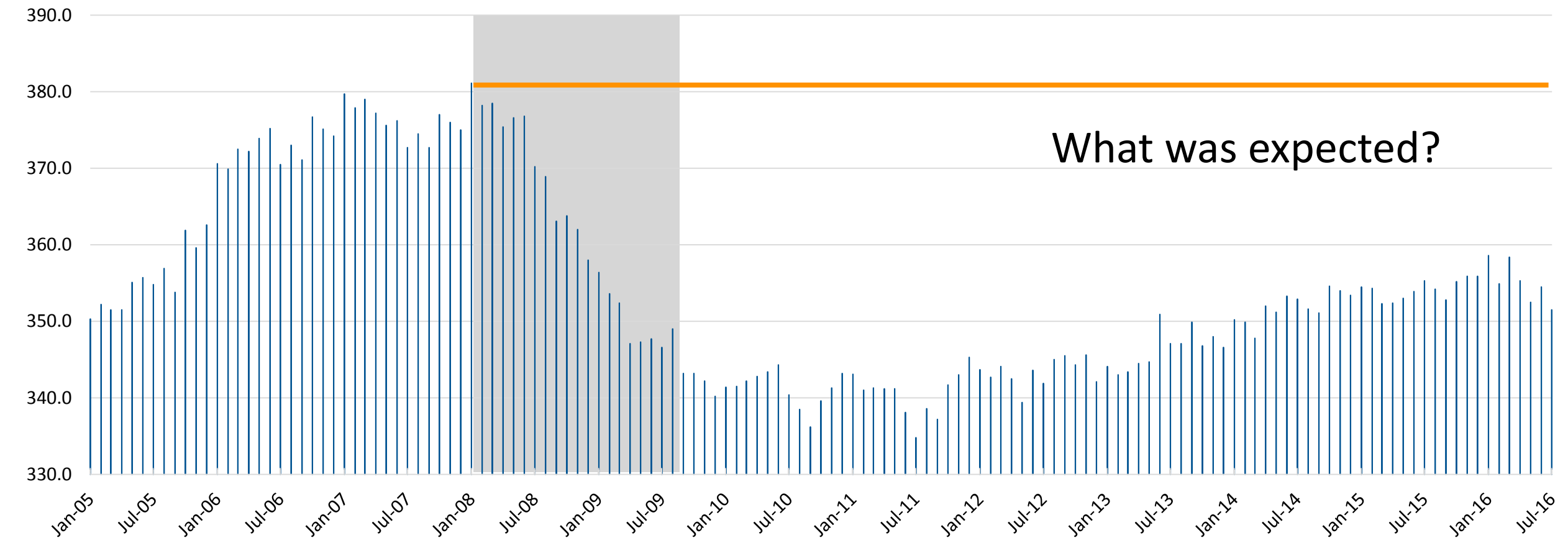
Balance of State is 31.2% Recovered

2005 - 2016*

Source: U.S. Bureau of Labor Statistics

Recession Period

Thousands



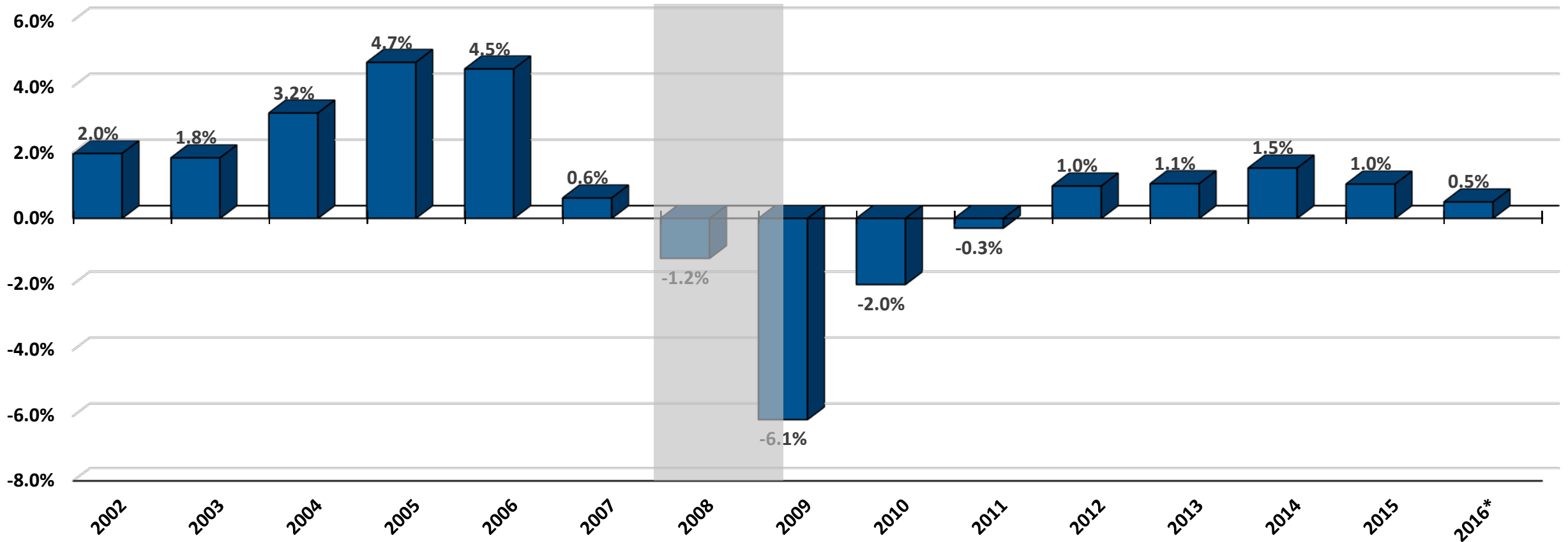
*Through July 2016

Balance of State Employment

Annual Percent Change 2002 - 2016*

Source: Arizona Department of Administration

Recession Period

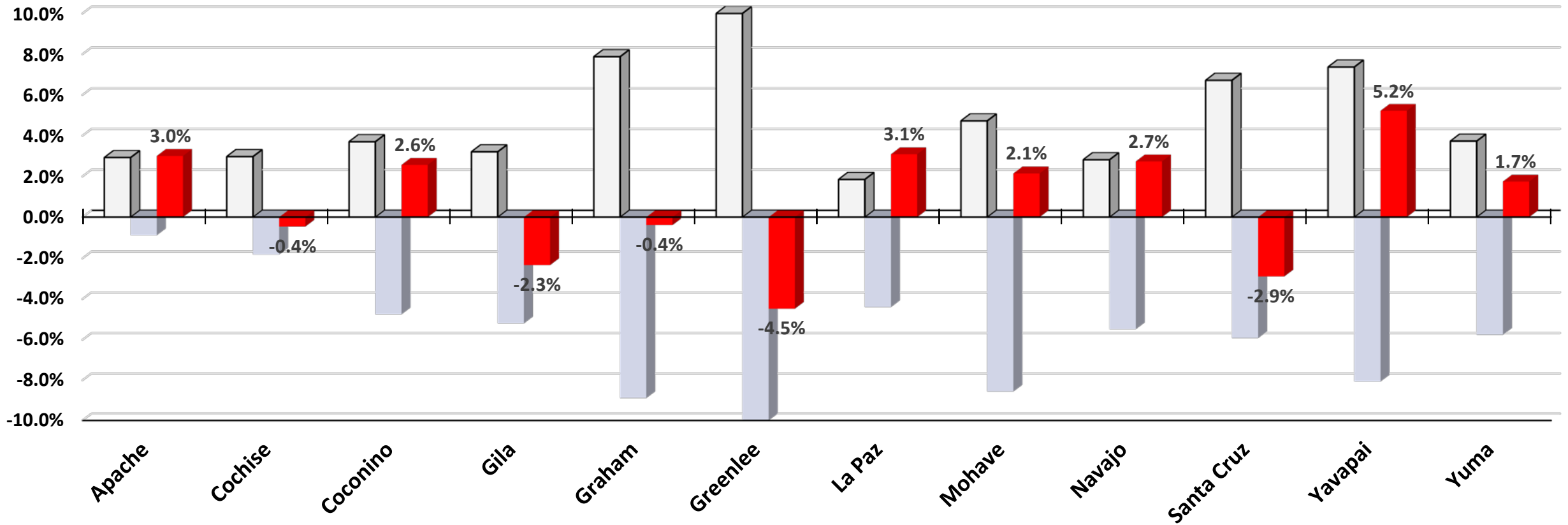


*YTD through July 2016

Balance of State Employment by County

Annual Percent Change 2006, 2009, 2016*

Source: Arizona Department of Administration



*2016 YTD through July 2016

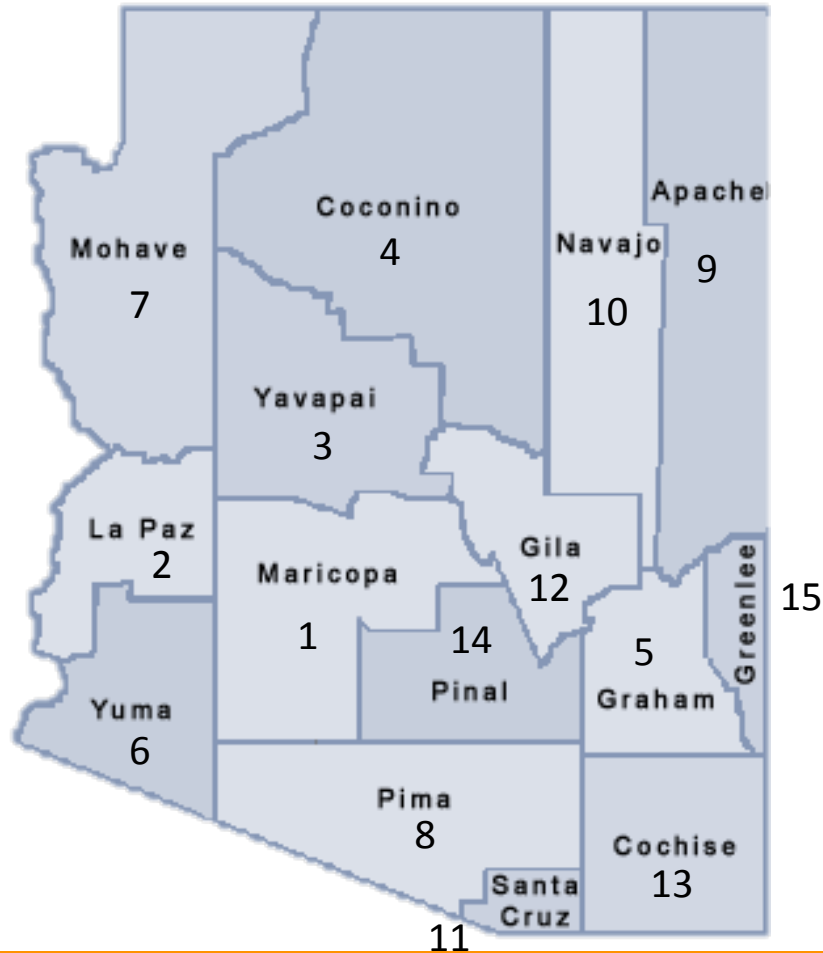
□ 2006 ■ 2009 ■ 2016 YTD

Employment Growth

2015 Ranking by County

Source: Arizona Department of Administration

Doesn't tell full story!!!



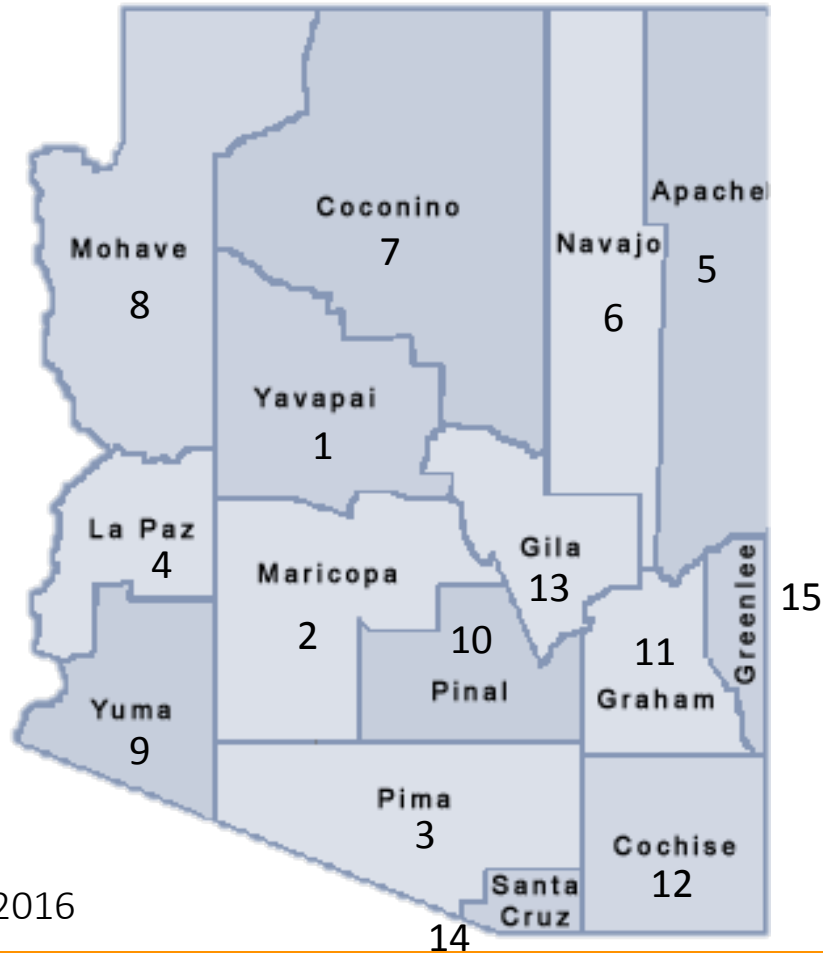
Arizona Counties		
Rank	% Growth	County
1	3.4%	Maricopa County
2	2.9%	La Paz County
3	2.9%	Yavapai County
4	2.0%	Coconino County
5	2.0%	Graham County
6	1.7%	Yuma County
7	1.7%	Mohave County
8	0.8%	Pima County
9	0.1%	Apache County
10	-0.1%	Navajo County
11	-0.2%	Santa Cruz County
12	-0.7%	Gila County
13	-0.9%	Cochise County
14	-0.9%	Pinal County
15	-17.4%	Greenlee County

Employment Growth

2016* Ranking by County

Source: Arizona Department of Administration

Doesn't tell full story!!!



Arizona Counties		
Rank	% Growth	County
1	5.22%	Yavapai County
2	3.99%	Maricopa County
3	3.71%	Pima County
4	3.09%	La Paz County
5	3.01%	Apache County
6	2.74%	Navajo County
7	2.57%	Coconino County
8	2.15%	Mohave County
9	1.75%	Yuma County
10	-0.35%	Pinal County
11	-0.37%	Graham County
12	-0.44%	Cochise County
13	-2.33%	Gila County
14	-2.89%	Santa Cruz County
15	-4.48%	Greenlee County

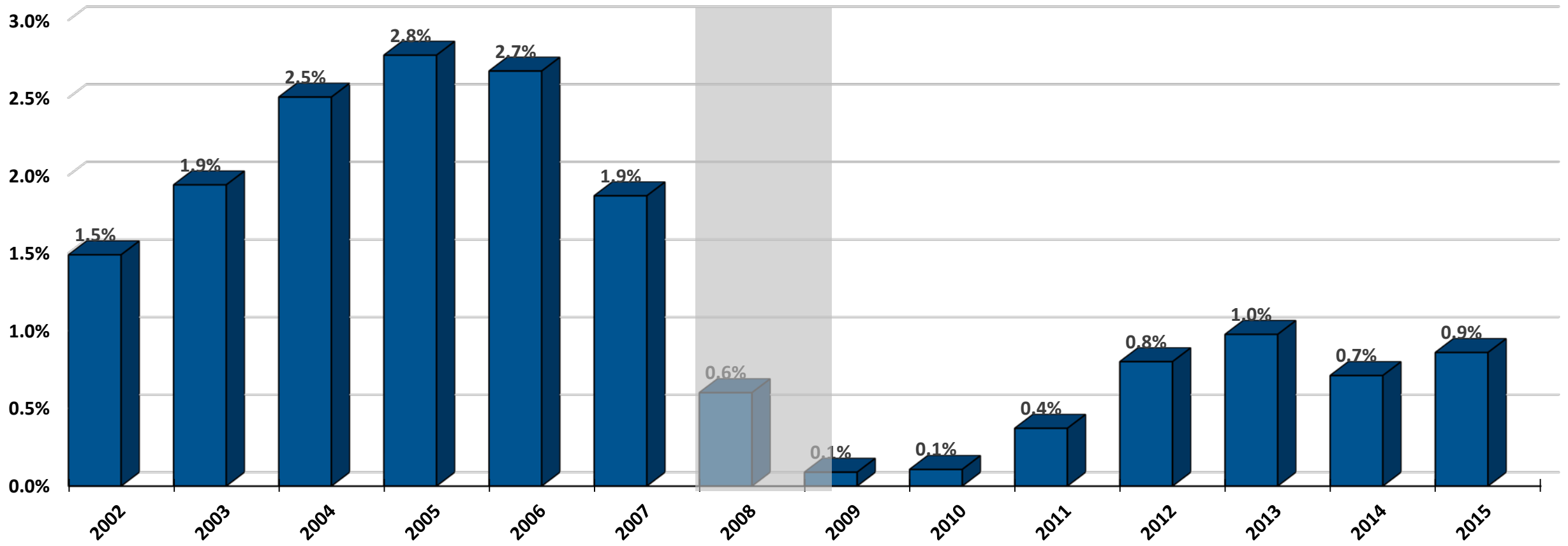
*YTD through July 2016

Balance of State Population

Annual Percent Change 2002 - 2015

Source: Arizona Department of Administration

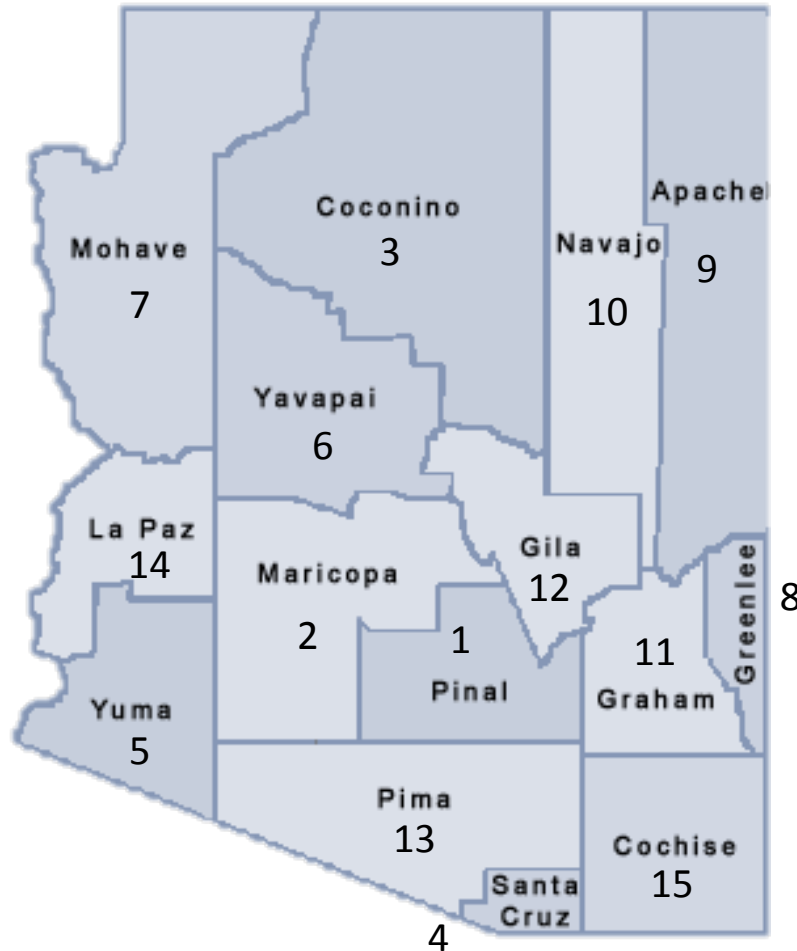
 Recession Period



Population Growth

2015 Ranking by County

Source: Arizona Department of Administration



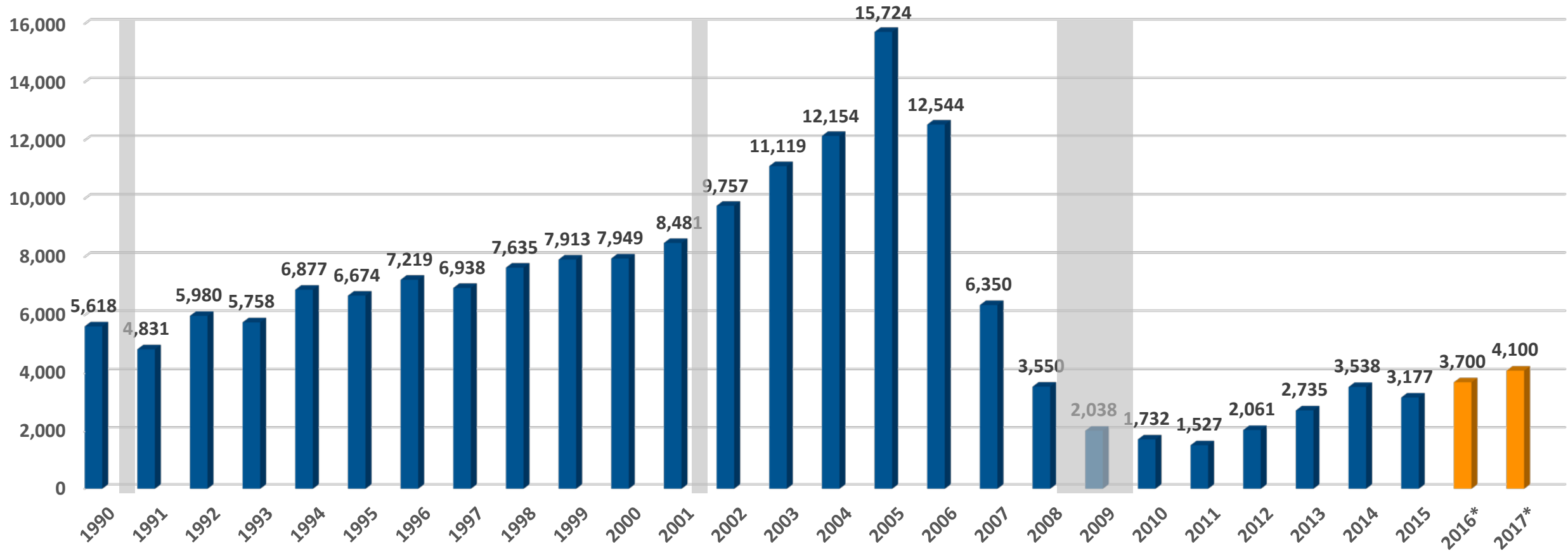
Arizona Counties		
Rank	% Growth	County
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2	1.7%	Maricopa County
3	1.6%	Coconino County
4	1.4%	Santa Cruz County
5	1.4%	Yuma County
6	1.1%	Yavapai County
7	0.8%	Mohave County
8	0.8%	Greenlee County
9	0.5%	Apache County
10	0.4%	Navajo County
11	0.4%	Graham County
12	0.3%	Gila County
13	0.2%	Pima County
14	-0.1%	La Paz County
15	-0.4%	Cochise County

Balance of State Single Family Home Permits

1990-2017*

Source: U.S. Census Bureau

Recession Period



*Forecast

Where to Focus...How to Impact Growth?

- Recruit businesses?
- Grow from within?



Businesses Still Need Stuff...

- Quality workforce,
- Quality roads,
- Competitive costs,
- Consistent government,
- etc. etc. etc.



What do people need?

- Jobs,
- Amenities,
- Affordable housing,
- Available financing,
- Better balance sheets,
- Etc.



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