

## CHAPTER II: STATE SUMMARY

### ECONOMIC REGIONS

In the Statewide Economic Study, Arizona was split into 11 regions:

- Canyon: the portions of Coconino County and Mohave County north of the Colorado River.
- Central: Maricopa County and western Pinal County.
- Mining: southern Gila County, Graham County, Greenlee County, and eastern Pinal County.
- Mountain: part of Coconino County (excluding the portion north of the Colorado River, the Hopi and Navajo reservations, and the Sedona area) and the Winslow area of Navajo County.
- Navajo/Hopi: the Hopi and Navajo reservations in northern Apache County, northeastern Coconino County, and northern Navajo County.
- North River: part of Mohave County (excluding the portion north of the Colorado River) and La Paz County.
- Plateau: southern Apache County, northern Gila County, and southern Navajo County.
- South River: Yuma County.
- Southeast: Cochise County and Santa Cruz County.
- Southern: Pima County.
- Yavapai: Yavapai County and the Sedona area of Coconino County.

The population, land area, and employment of each region are shown in Table 1.

**TABLE 1  
ECONOMIC REGIONS IN ARIZONA**

Region	2004 Population	Land Area* (Square Miles)	2004 Employment	Population per Square Mile	Employment per Sq Mile
Central	3,737,971	9,606	1,684,837	389	175
Southern	934,432	9,052	392,712	103	43
Yavapai	197,900	7,809	66,573	25	9
North River	193,765	7,967	56,549	24	7
South River	182,458	3,478	73,852	53	21
Southeast	176,813	8,835	61,183	20	7
Navajo/Hopi	113,114	17,883	24,338	6	1
Mountain	106,358	8,518	50,564	13	6
Plateau	104,752	9,756	32,257	11	3
Mining	91,847	8,558	22,770	11	3
Canyon	19,213	3,939	6,376	5	2
Sum of Regions	5,130,465	94,728	2,344,359	61	26

\* Calculated as the sum of zip code tabulation areas from the 2000 census. Unpopulated areas may not have a zip code assigned, so these figures understate regional size.

Source: Land area from U.S. Department of Commerce, Census Bureau, 2000 census. Population and employment are estimated for 2004 — see Chapter I for details.

The land area is from the 2000 census and is the sum of zip code tabulation areas, which are not identical to zip codes. The land area of the 11 regions combined is 94,728 square miles, well short of the state total of nearly 114,000 square miles. Eight of the 11 regions have a land area between 7,800 and 9,800 square miles (8 to 10 percent of the total of the regions). The Navajo/Hopi region is much larger than this at 19 percent of the total, while the Canyon and South River regions are smaller, each accounting for around 4 percent of the total.

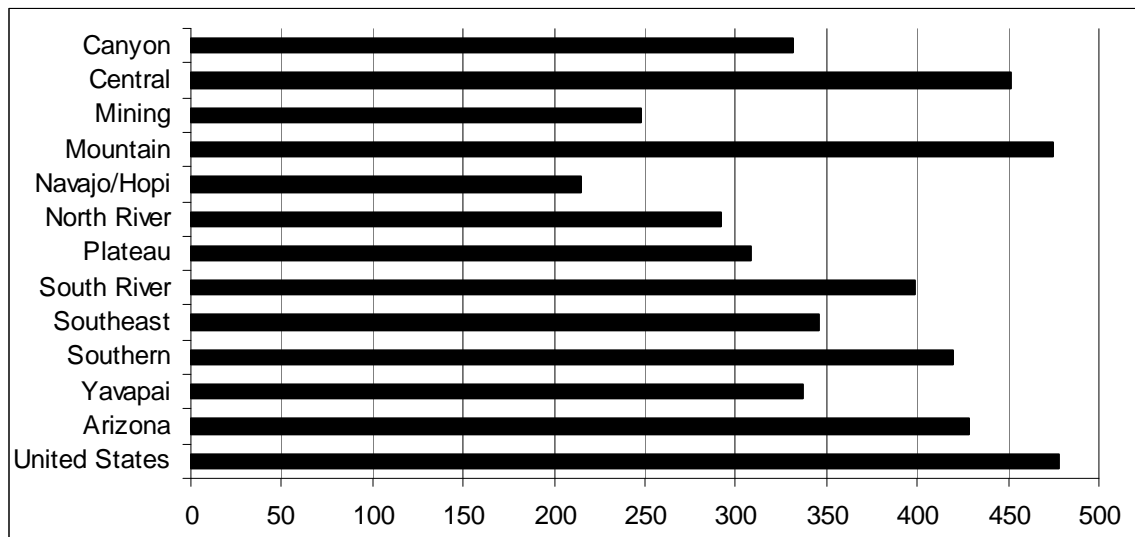
The population in the Central and Southern regions — Maricopa, Pima, and much of Pinal County — is much more than in the other regions. Sixty-four percent of the state’s population lived in the Central region and an additional 16 percent resided in the Southern region. Four of the regions had a population between 175,000 and 200,000 (just more than 3 percent of the total), and four others were between 90,000 and 115,000 (just under 2 percent). The Canyon region’s population was less than 20,000, just 0.3 percent of the total.

The distribution of employment generally was similar to that of population. However, the Central region accounted for an even larger share of the state (68 percent), and the Mountain region moved from the medium-small category based on population to the medium-large category based on employment.

In order to compare areas of unequal size, employment per 1,000 residents was calculated. The state average was 10 percent less than the national average. As seen in Chart 1, employment per 1,000 residents was less than the national average in all regions, though the shortfall in the Mountain region was minimal. The Central region’s per capita employment exceeded the state average, but the other nine regions had a figure less than the state average.

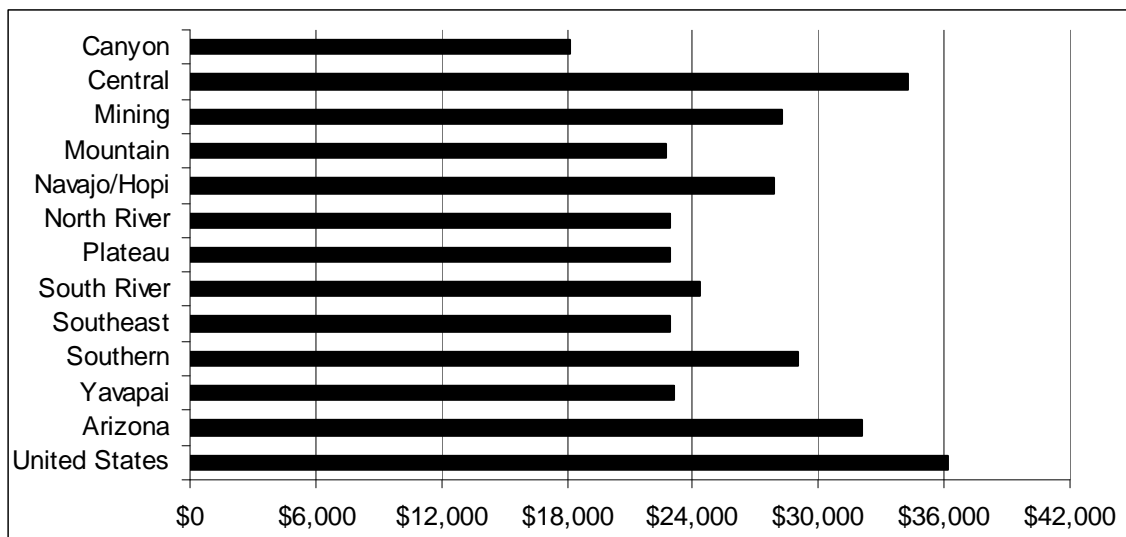
Similarly, average nonfarm private-sector payroll per employee was less than the national average in each region (see Chart 2). The state average was 12 percent less than the national average. The Central region was the only one with average payroll per employee greater than the state average.

**CHART 1**  
**WAGE AND SALARY EMPLOYMENT PER 1,000 RESIDENTS IN 2004**  
**Economic Regions of Arizona**



Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004*, and estimates of agriculture and government employment — see Chapter I for details.

**CHART 2**  
**NONFARM PRIVATE-SECTOR PAYROLL PER WAGE AND SALARY EMPLOYEE IN 2004**  
**Economic Regions of Arizona**



Note: The payroll for some zip codes was withheld by the Census Bureau to meet disclosure restrictions. The payroll was not disclosed for an estimated 11 to 20 percent of the employment in the Canyon, Mining, and Navajo/Hopi regions.

Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004*. Calculated as first quarter 2004 payroll times four divided by employment (expressed as of the week of March 12).

Tourism is important to the economy of most regions. Manufacturing also contributes in most regions, though the type of manufacturing varies widely across the state. Otherwise, leading economic activities vary by region, as seen in Table 2 and summarized below.

- Canyon: Power generation (the Navajo Generating Station outside Page), tourism, and the federal government (primarily related to Lake Powell) are the primary drivers of the economy. Some manufacturing industries contribute, with sporting goods the largest of these. Wholesale trade and transportation and warehousing play a smaller role.
- Central: Numerous basic economic activities are present in the region, but none are dominant. Manufacturing, especially high-technology industries related to electronics and aerospace, is a significant driver of the economy. Tourism (including seasonal residents and in-migrating retirees) also is important. Wholesale trade and transportation and warehousing makes a smaller contribution, as does business services (particularly call centers and back-office operations in finance and insurance).
- Mining: Mining (primarily copper) is the dominant driver of the economy. A small amount of tourism contributes, with the casino on the San Carlos reservation the main draw. Agriculture also helps.
- Mountain: Tourism (and seasonal residents) is the most important driver of the economy. Northern Arizona University and manufacturing (particularly surgical supplies) also are key economic drivers. The federal government contributes, primarily through the National Park Service, the National Forest Service, and the Bureau of Indian Affairs. Wholesale trade and transportation and warehousing have a smaller role.

- Navajo/Hopi: The federal government is the main economic driver, primarily through the Bureau of Indian Affairs and the Indian Health Service. Coal mining is the next most important economic activity. Tourism has a smaller role.
- North River: Manufacturing in multiple industries (particularly kitchen cabinets, motor vehicle body, copper wire drawing, boat building, and plastics) is a major driver of the economy. Tourism, seasonal residents, and in-migrating retirees also are important economic activities, but the region is partially dependent on gambling in Nevada.
- Plateau: Tourism (and seasonal residents) is the most important driver of the economy. Manufacturing also is important, particularly the newsprint mill. Power generation also contributes.
- South River: Agriculture is a huge part of the economy. The military also is a key driver of the economy. Manufacturing, some of which is related to agriculture, is a strong contributor. Seasonal residents and in-migrating retirees (and tourists) also provide a significant economic boost. Federal civilian government, other than that related to the military bases, makes a more modest contribution.
- Southeast: Fort Huachuca is the major driving force in the economy, employing large numbers of military and civilian personnel. International trade is another significant economic driver, the source of most of the wholesale trade and transportation and warehousing activities. In addition, Mexican residents cross the border to shop. Further, the border is responsible for most of the nonmilitary federal jobs, at the Border Patrol and at ports of entry. Of lesser importance are nonmanufacturing high-technology services (serving Fort Huachuca), tourism, and the manufacturing of various products.
- Southern: Manufacturing, mostly related to aerospace, is the largest force driving the economy. Tourism (and seasonal residents and in-migrating retirees), the University of Arizona, and Davis-Monthan Air Force Base are the other major contributors.
- Yavapai: Tourism is the key economic activity, supplemented by seasonal residents and in-migrating retirees. Manufacturing (in various industries) and mining (mostly copper) are other driving economic activities.

**TABLE 2  
LEADING ECONOMIC ACTIVITIES BY REGION**

	Canyon	Central	Mining	Moun- tain	Navajo/ Hopi	North River	Plateau	South River	South- east	South- ern	Yavapai
Agriculture			3					1			
Power Generation	1						3				
Mining			1		2						2
Manufacturing	2	2		2		2	2	2	3	1	2
Wholesale Trade*	3	3		3					2		
High Technology**									3		
Business Services***		3									
Tourism****	1	2	3	1	3	2	2	2	3	2	1
Military								2	1	2	
Federal Government	1			2	1			3	3		
Universities				2						2	

\* And transportation and warehousing

\*\* Excluding manufacturing

\*\*\* Including call centers and other back-office operations in various sectors

\*\*\*\* Including seasonal residents and in-migrating retirees

Note: This table was created using excess basic employment as a percentage of population. It is not a comprehensive listing of basic activities with excess employment. 1 = most significant, 2 = significant, 3 = less significant.

## **INCORPORATED CITIES AND TOWNS**

Because of the use of zip code data, the geographical boundaries of the incorporated cities and towns used in this project generally are considerably different from the actual boundaries. In particular, the zip code area of many cities and towns includes considerable unincorporated area. Arizona has 90 incorporated cities and towns, but an economic base study was completed for 83 incorporated areas. In seven cases, two adjacent incorporated cities were combined because the zip code boundaries were considerably different from city boundaries.

In general, employment per 1,000 residents was highest in the most populous cities (population of more than 100,000) of the Phoenix and Tucson urbanized areas and in the largest cities (population of more than 20,000) outside these two major urbanized areas. The lowest employment per 1,000 residents was in the smallest cities of less than 5,000 residents (and in unincorporated areas). Employment per 1,000 residents also was below average in cities of less than 100,000 residents in the two major urbanized areas. In each of the population categories, however, the figures ranged widely by city.

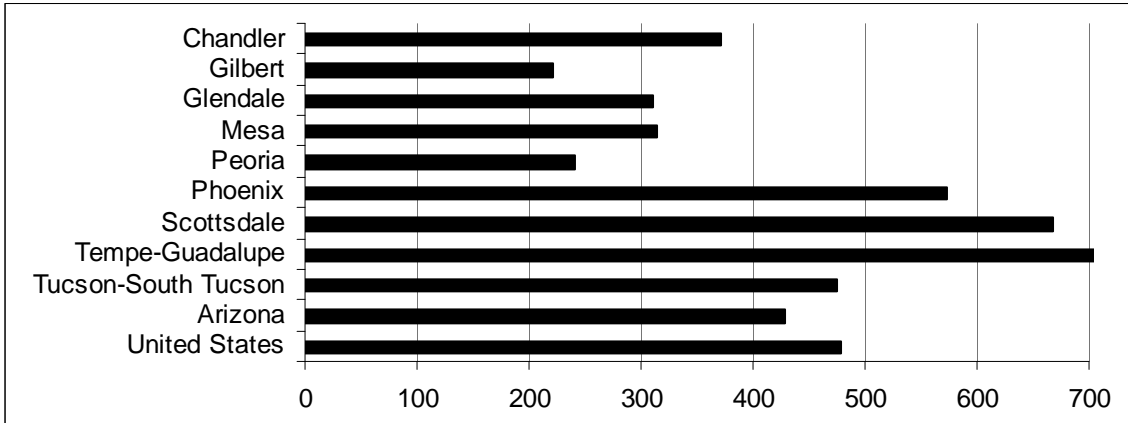
In only 11 of the 83 incorporated cities and towns was employment per 1,000 residents greater than the national average (see Chart 3). However, three of these — Phoenix, Scottsdale, and Tempe-Guadalupe — were highly populous cities with per capita employment well above the national average. An additional 10 cities and towns had a figure greater than the state average.

Average payroll per nonfarm private-sector employee generally was greatest in the two major urbanized areas. Outside the urbanized areas, payroll per employee decreased with population size. However, unincorporated areas generally had somewhat higher averages than most of the smaller cities.

In only six of the 83 incorporated cities and towns was average payroll per nonfarm private-sector employee greater than the national average (see Chart 4). Three others had a figure greater than the state average. Four of these nine, however, are highly populous cities: Chandler, Phoenix, Scottsdale, and Tempe-Guadalupe. Six of the nine cities are in the Phoenix urbanized area.

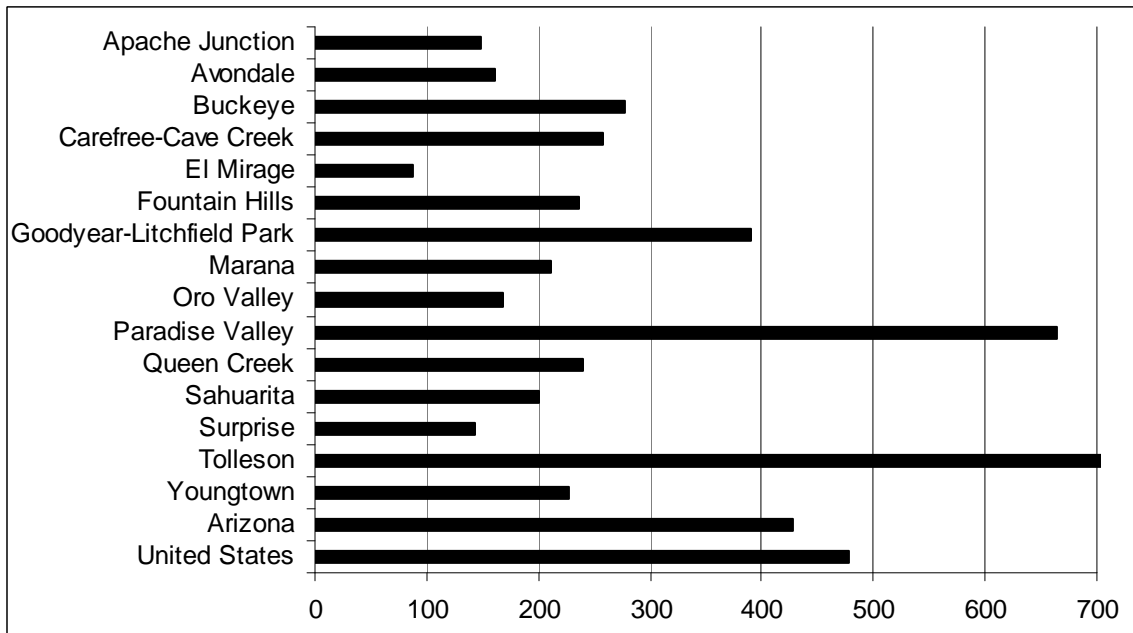
**CHART 3  
TOTAL EMPLOYMENT PER 1,000 RESIDENTS IN 2004**

**Cities and Towns of More Than 100,000 Residents  
in the Phoenix and Tucson Urbanized Areas**



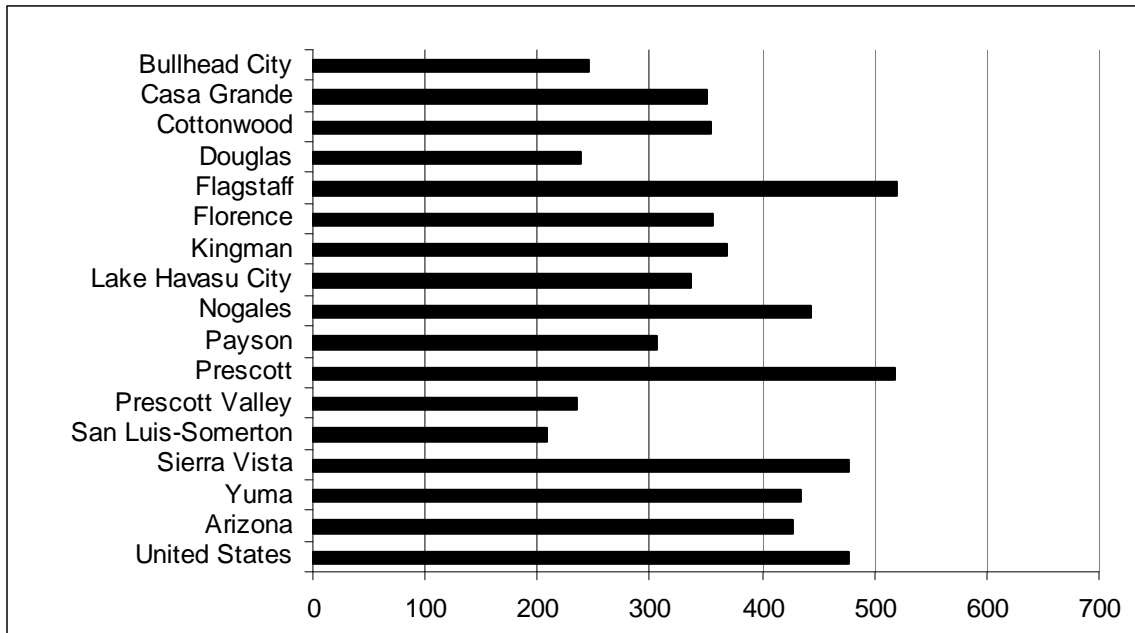
Note: The figure for Tempe-Guadalupe was 1,004.

**Cities and Towns of Less Than 100,000 Residents  
in the Phoenix and Tucson Urbanized Areas**

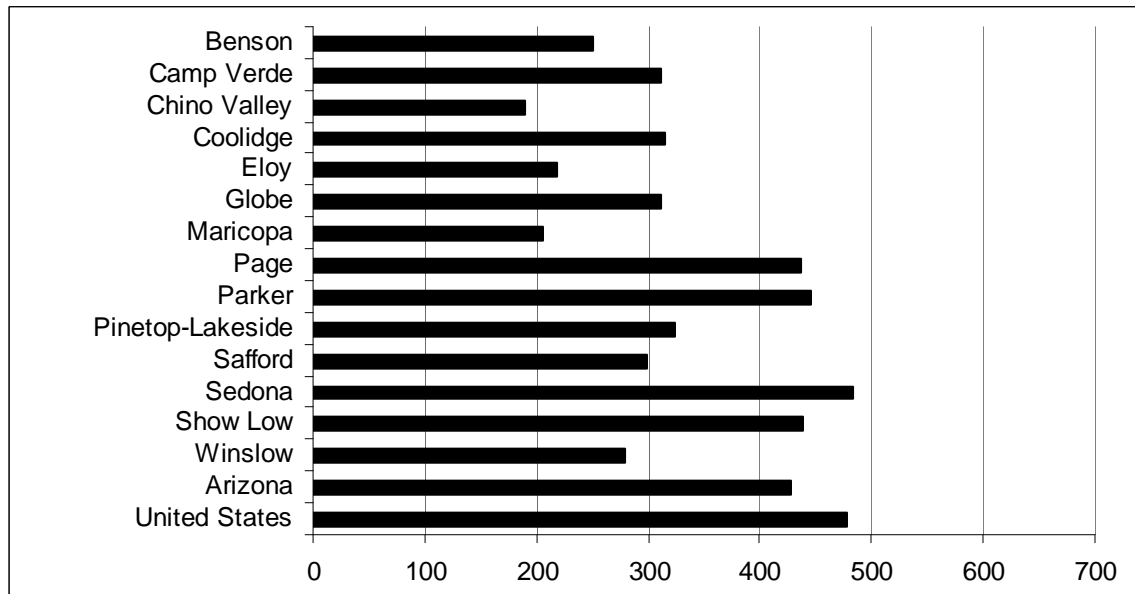


Note: The figure for Tolleson was 1,385.

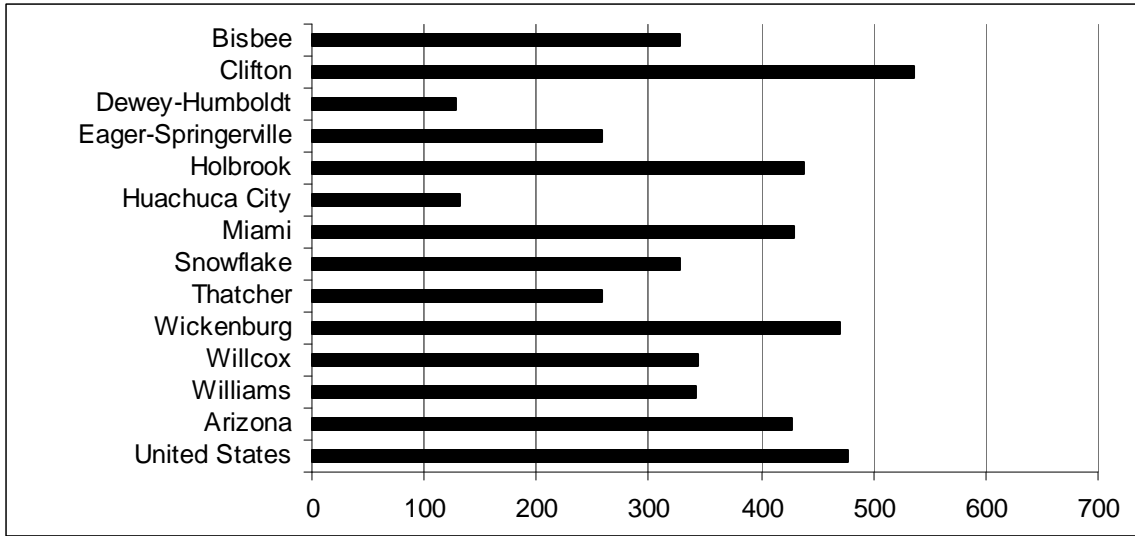
**CHART 3 (continued)**  
**Cities and Towns of More Than 20,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



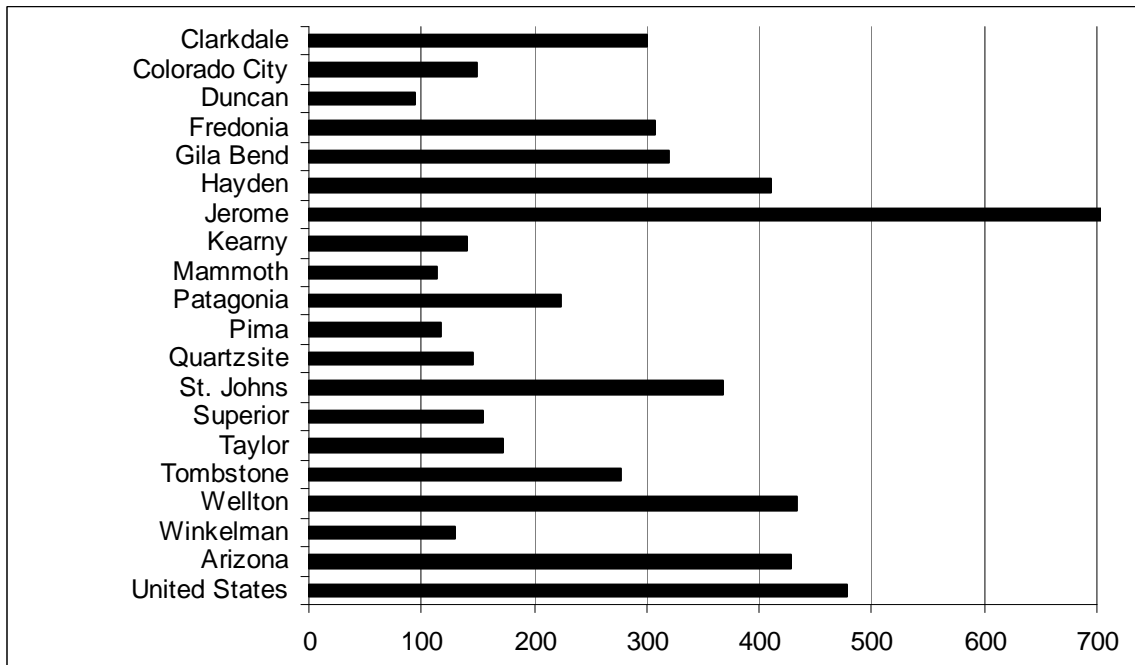
**Cities and Towns of Between 10,000 and 20,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



**CHART 3 (continued)**  
**Cities and Towns of Between 5,000 and 10,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



**Cities and Towns of Less Than 5,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**

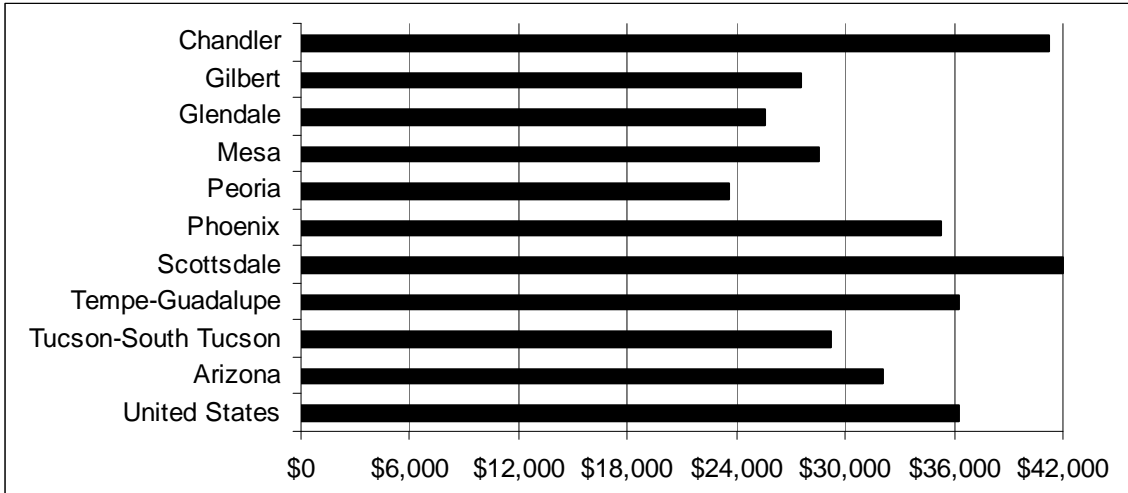


Note: The figure for Jerome was 962.

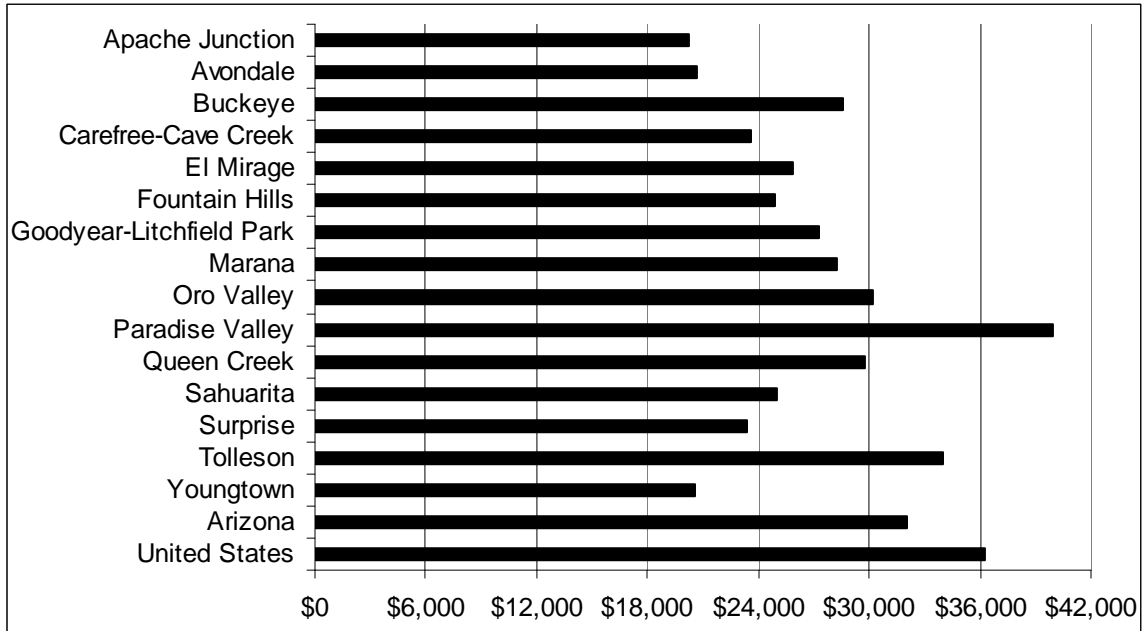
Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004* and estimates of agriculture and government employment — see Chapter I for details.

**CHART 4  
NONFARM PRIVATE-SECTOR PAYROLL PER EMPLOYEE IN 2004**

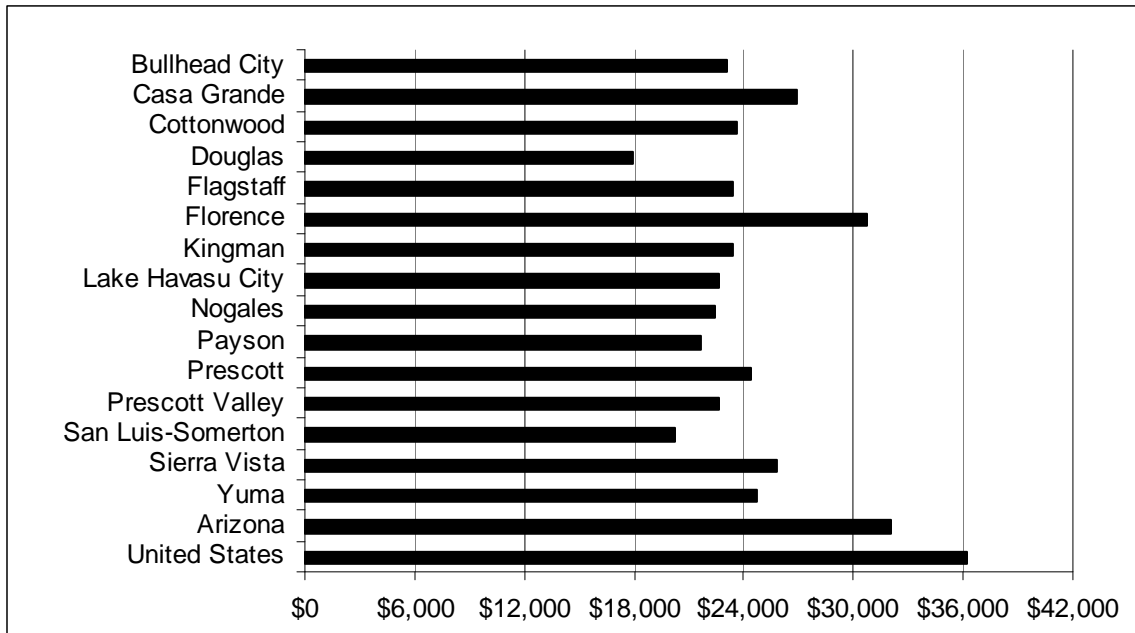
**Cities and Towns of More Than 100,000 Residents  
in the Phoenix and Tucson Urbanized Areas**



**Cities and Towns of Less Than 100,000 Residents  
in the Phoenix and Tucson Urbanized Areas**



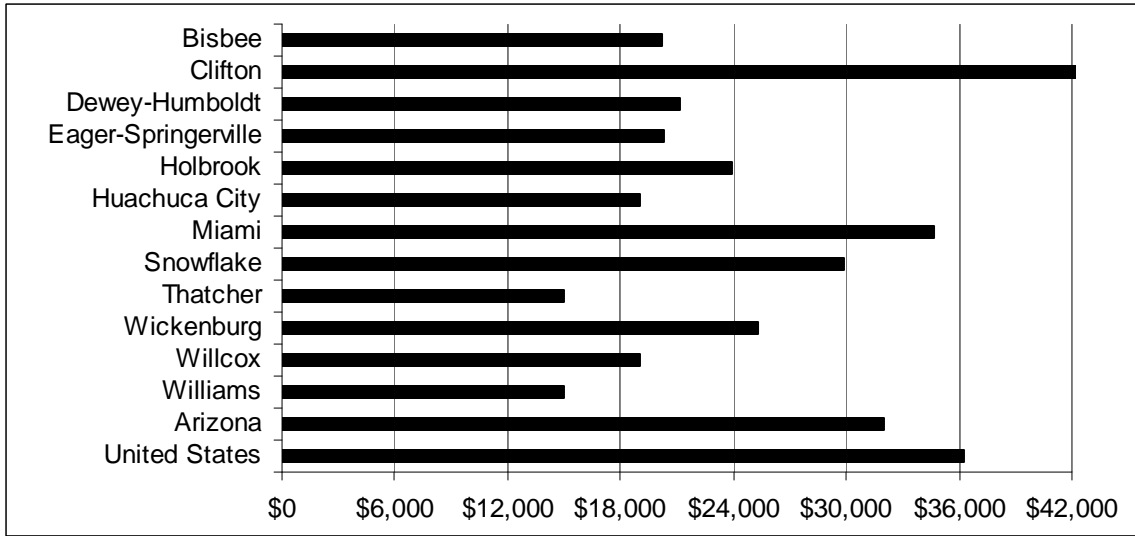
**CHART 4 (continued)**  
**Cities and Towns of More Than 20,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



**Cities and Towns of Between 10,000 and 20,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**

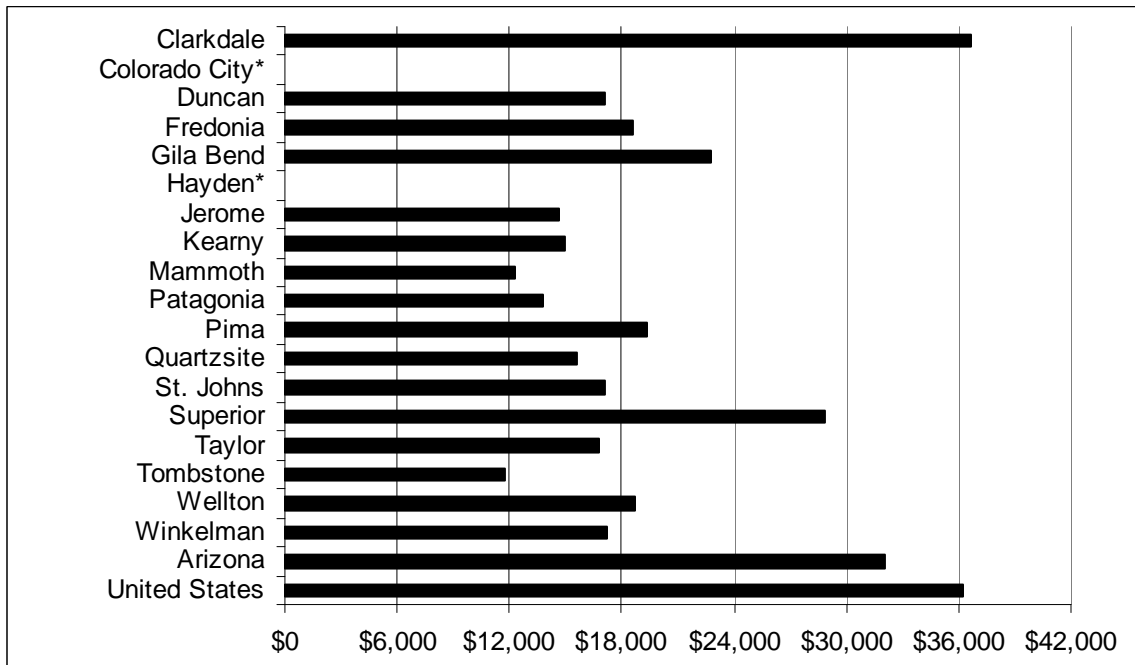


**CHART 4 (continued)**  
**Cities and Towns of Between 5,000 and 10,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



Note: The figure for Clifton was \$48,489.

**Cities and Towns of Less Than 5,000 Residents**  
**Outside the Phoenix and Tucson Urbanized Areas**



\* The payroll for some zip codes was withheld by the Census Bureau to meet disclosure restrictions. Payroll per employee was not available for Colorado City, Hayden or Globe.

Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004*. Calculated as first quarter 2004 payroll times four divided by employment (expressed as of the week of March 12).

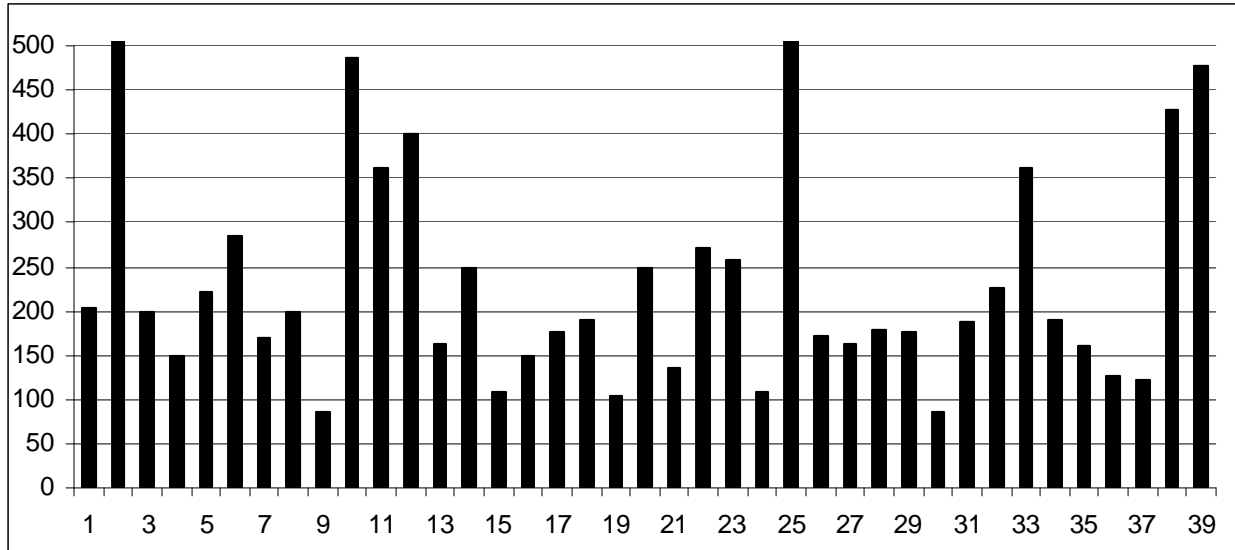
## UNINCORPORATED AREAS

Across the state, considerable unincorporated area was not included in zip codes assigned to incorporated cities and towns. This unincorporated territory was divided into 37 areas for this project. In just three of the 37 unincorporated areas was employment per 1,000 residents greater than the state and national averages (see Chart 5). In only four was average payroll per nonfarm private-sector employee greater than the national average (see Chart 6). One additional area had a figure greater than the state average.

### Legend for Charts 5 and 6

Canyon	1	Littlefield-Marble Canyon-North Rim Area
Central	2	Salt River Pima-Maricopa Indian Community and Fort McDowell Yavapai Nation
	3	Sun City Area
	4	Sun City West Area
	5	Aguila-Rio Verde-Tonopah Area (Balance of Maricopa County)
	6	Gila River Reservation
	7	Arizona City-Picacho-Stanfield Area (Balance of Western Pinal County)
Mining	8	San Carlos Apache Reservation
	9	Oracle-San Manuel Area
Mountain	10	Grand Canyon-Munds Park-Parks Area
Navajo-Hopi	11	Chinle Area
	12	Fort Defiance-St. Michaels-Window Rock Area
	13	Balance of Navajo Nation in Apache County
	14	Kayenta Area
	15	Balance of Navajo Nation in Navajo County
	16	Hopi Reservation
	17	Navajo Nation in Coconino County
North River	18	Fort Mojave-Mohave Valley Area
	19	Dolan Springs-Golden Valley-Peach Springs Area (Balance of Southern Mohave Co)
	20	Bouse-Ehrenberg-Salome Area (La Paz County)
Plateau	21	Alpine-Concho-Greer Area (Balance of Southern Apache County)
	22	White Mountain Apache Reservation
	23	Clay Springs-Heber-Joseph City Area (Balance of Southern Navajo County)
	24	Pine-Tonto Basin-Young Area (Northern Gila County)
South River	25	Dateland-Gadsden-Tacna Area
Southeast	26	Elfrida-Pearce-San Simon Area (Cochise County)
	27	Rio Rico Area
	28	Amado-Sonoita-Tubac Area (Balance of Santa Cruz County)
Southern	29	Ajo-Lukeville Area
	30	Arivaca-Sasabe-Three Points Area
	31	Catalina-Mount Lemmon Area
	32	Green Valley Area
	33	Tohono O'odham Reservation
Yavapai	34	Ash Fork-Paulden-Seligman Area
	35	Bagdad-Congress-Yarnell Area
	36	Black Canyon City-Mayer Area
	37	Cornville-Lake Montezuma-Rimrock Area
	38	Arizona
	39	United States

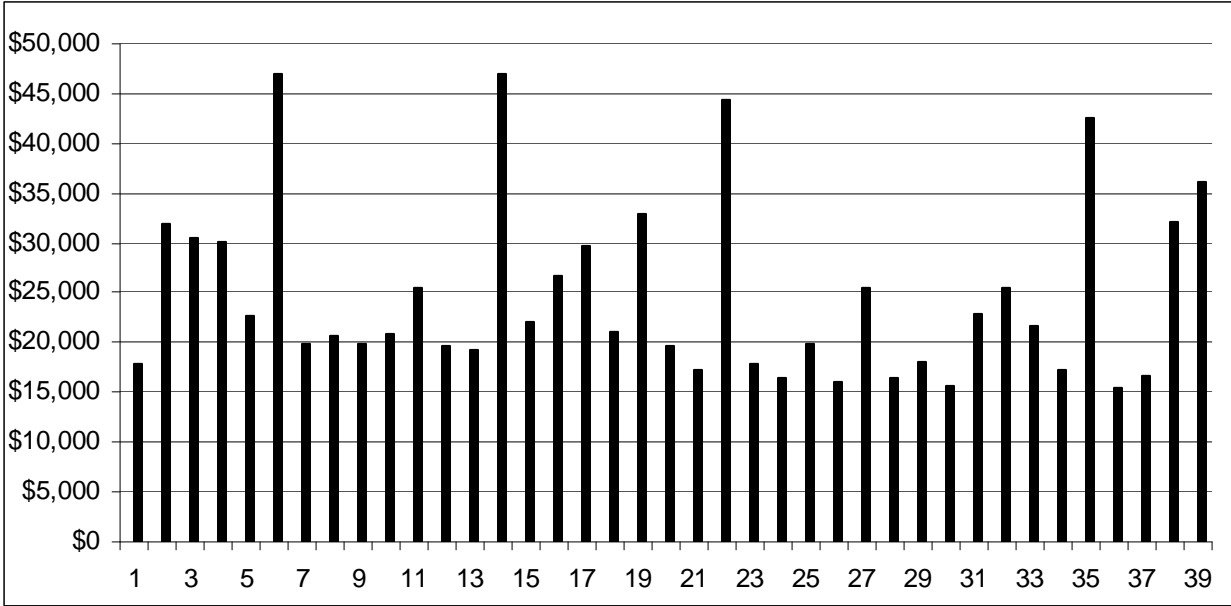
**CHART 5**  
**WAGE AND SALARY EMPLOYMENT PER 1,000 RESIDENTS**  
**Unincorporated Areas in Arizona**



Note: The numbers at the bottom of the graph correspond to the legend on the preceding page. The value for #2 (the Fort McDowell and Salt River Reservations) was 1,112. The value for #25 (the Dateland-Gadsden-Tacna area) was 822.

Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004* and estimates of agriculture and government employment — see Chapter I for details.

**CHART 6**  
**NONFARM PRIVATE-SECTOR PAYROLL PER EMPLOYEE IN 2004**  
**Unincorporated Areas in Arizona**



Note: The numbers at the bottom of the graph correspond to the legend preceding Chart 5. In several areas, data for some zip codes were unavailable due to figures being withheld by the Census Bureau to meet disclosure restrictions.

Source: Estimated from U.S. Department of Commerce, Census Bureau, *Zip Business Patterns 2004*.