

# ARIZONA

OFFICE OF ECONOMIC OPPORTUNITY

January 8, 2023

# ECONOMIC CONDITIONS REPORT

City of Phoenix

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**FOR FURTHER INFORMATION:**

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## ABOUT THIS REPORT

This report was created to assist Arizona Local Workforce Development Areas in completing their 2024-2027 Local Workforce Development Plans; the information provided in this report is intended to be used as a resource in the planning process. The report summarizes key demographic, labor market, and workforce trends occurring within the state and local economy.

## ABOUT THE ARIZONA OFFICE OF ECONOMIC OPPORTUNITY (OEO)

The Office of Economic Opportunity (OEO) is the State of Arizona's statistics agency. Arizona's economic potential is revealed through evidence-based statistics compiled by OEO. The OEO improves analytic capacity and tracks Arizona's key economic indicators, such as the state's labor market, population, and regulatory and taxation.

### Labor Market

OEO serves as Arizona's workforce planning coordinator, and provides operational, strategic, and research support to the Workforce Arizona Council and other key workforce partners in this role.

### Population

OEO produces the official population estimates and projections for the State of Arizona including demographics.

### Regulatory and Tax

OEO monitors Arizona's tax and regulatory competitiveness by collecting and quantifying tax and regulatory activities. This work provides baseline information that can be used to make informed decisions about the state of regulation and taxation in Arizona.

## POPULATION

### Population Growth by County, 2016-2021

Area	Population Estimate (2016)	Population Estimate (2021)	Numeric Change (2016-2021)	Annualized Percent Change (2016-2021)
United States	318,558,162	329,725,481	11,167,319	0.7%
Arizona	6,728,577	7,079,203	350,626	1.0%
Apache County	72,346	66,473	-5,873	-1.6%
Cochise County	128,177	125,092	-3,085	-0.5%
Coconino County	138,064	144,942	6,878	1.0%
Gila County	53,179	53,211	32	0.0%
Graham County	37,529	38,145	616	0.3%
Greenlee County	9,224	9,542	318	0.7%
La Paz County	20,304	16,845	-3,459	-3.4%
Maricopa County	4,088,549	4,367,186	278,637	1.4%
Mohave County	203,629	211,274	7,645	0.8%
Navajo County	108,209	106,609	-1,600	-0.3%
Pima County	1,003,338	1,035,063	31,725	0.6%
Pinal County	397,604	420,625	23,021	1.2%
<b>City of Phoenix</b>	<b>1,555,324</b>	<b>1,591,119</b>	<b>35,795</b>	<b>0.5%</b>
Santa Cruz County	46,547	47,463	916	0.4%
Yavapai County	218,586	233,789	15,203	1.4%
Yuma County	203,292	202,944	-348	0.0%

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates, Table B01003  
Office of Economic Opportunity

Changes in population can have a large impact on a local economy. An area experiencing population growth, particularly growth in working-age populations, may experience an increase in economic activity<sup>1</sup> and workforce diversity.

- Arizona had one of the fastest growing populations in the United States from 2020-2021, ranking 3<sup>rd</sup> among all U.S. states in numeric growth and 4<sup>th</sup> in percent growth.<sup>2</sup>
- The City of Phoenix accounted for 22.5 percent of Arizona's population in 2021, accounting for 10.2 percent of the state's growth from 2016-2021.

<sup>1</sup> Headey, D., & Hodge, A. (2009). The Effect of Population Growth on Economic Growth: A Meta-Regression Analysis of the Macroeconomic Literature. *Population and Development Review*, 35(2), 221-248. Retrieved from [www.jstor.org/stable/25487661](http://www.jstor.org/stable/25487661)

<sup>2</sup> U.S. Census Bureau. (2021). *New Vintage 2021 Population Estimates Available for the Nation, States and Puerto Rico* [press release]. Available from [census.gov](https://www.census.gov)

## Population Characteristics, 2021

Indicator	Phoenix	Arizona	United States
Population 16 Years and Over	1,233,774	5,650,624	264,087,642
Civilian Labor Force Participation Rate 16 and Over	68%	60%	63%
Median Household Income	\$64,927	\$65,913	\$69,021
Families in Poverty	12%	10%	9%
Median Age	34	38	38
Individuals with a Disability	11%	13%	13%
Veterans	6%	9%	7%
Uninsured	15%	11%	9%

Source: U.S. Census Bureau, American Community Survey, 2021, 5-Year Estimates, Table DP03  
Office of Economic Opportunity

It is important to understand the employment barriers faced by those served when developing workforce strategies. Population characteristics can help illuminate vulnerable segments of an area's population. An area with population characteristics that differ significantly from state or national averages may need to consider what best meets the needs of their unique population.

- Labor force participation was higher in the City of Phoenix than in Arizona or the United States.
- The median age of a Phoenix resident is younger than the median age in the state and nation.
- Both the percentage of uninsured individuals and the percentage of families in poverty were higher in Phoenix than in the state.

## Highest Education Achieved, 2021, Population Over 25 years of Age

Indicator	Phoenix	Arizona	United States
Less than High School	8.2%	4.9%	4.8%
High School Graduate (includes equivalency)	22.9%	23.5%	26.5%
Some College, no degree	22.1%	24.6%	20.0%
Associate's Degree	8.0%	9.0%	8.7%
Bachelor's Degree	19.1%	19.3%	20.6%
Graduate or Professional Degree	11.5%	11.9%	13.1%

Source: U.S. Census Bureau, American Community Survey, 2021 5-Year Estimates, Table S1501  
Office of Economic Opportunity

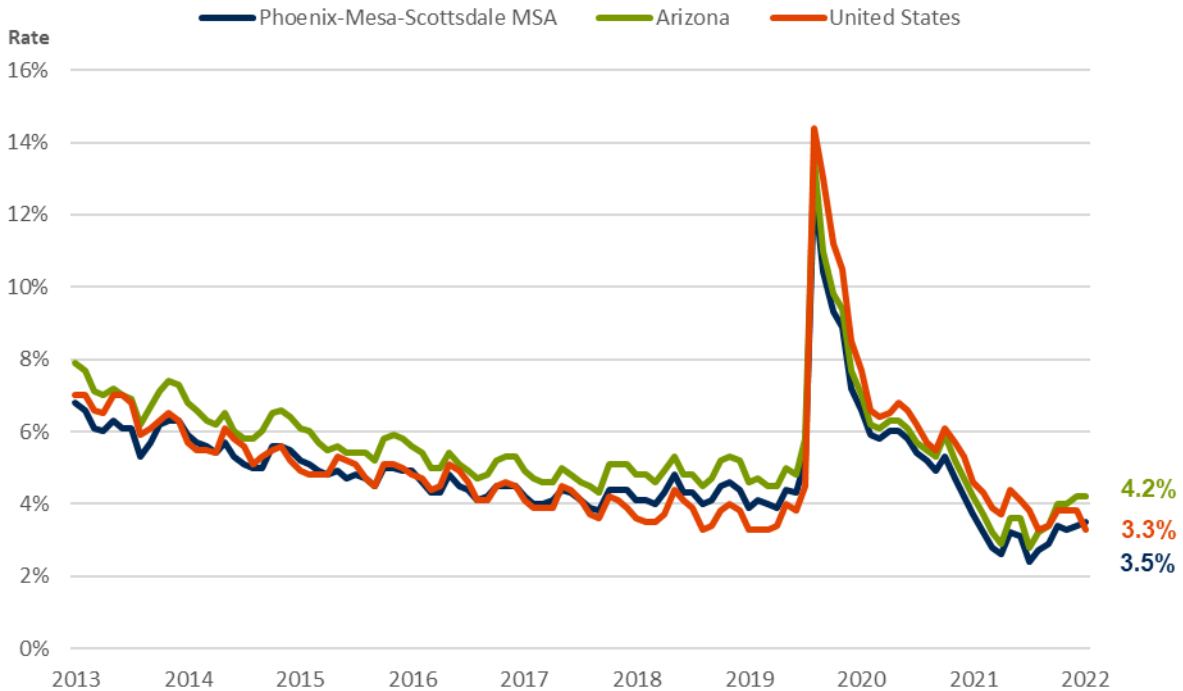
Understanding the current educational attainment of your local area's available workforce is a crucial step in identifying job seeker and business needs. Education is an important element in determining job success, and, oftentimes, can lead directly to higher-paying jobs and lower rates of unemployment.<sup>3</sup>

- Eighty-seven percent of Phoenix city residents aged 25 and over have graduated from high school, less than the statewide rate of 88 percent.
- Comparatively, the percentage of Phoenix city's population with a bachelor's degree or higher is 16 percent less than the state's.

<sup>3</sup> U.S. Bureau of Labor Statistics. (2019) "Unemployment Rates and Earnings by Educational Attainment." Retrieved from <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

# WORKFORCE

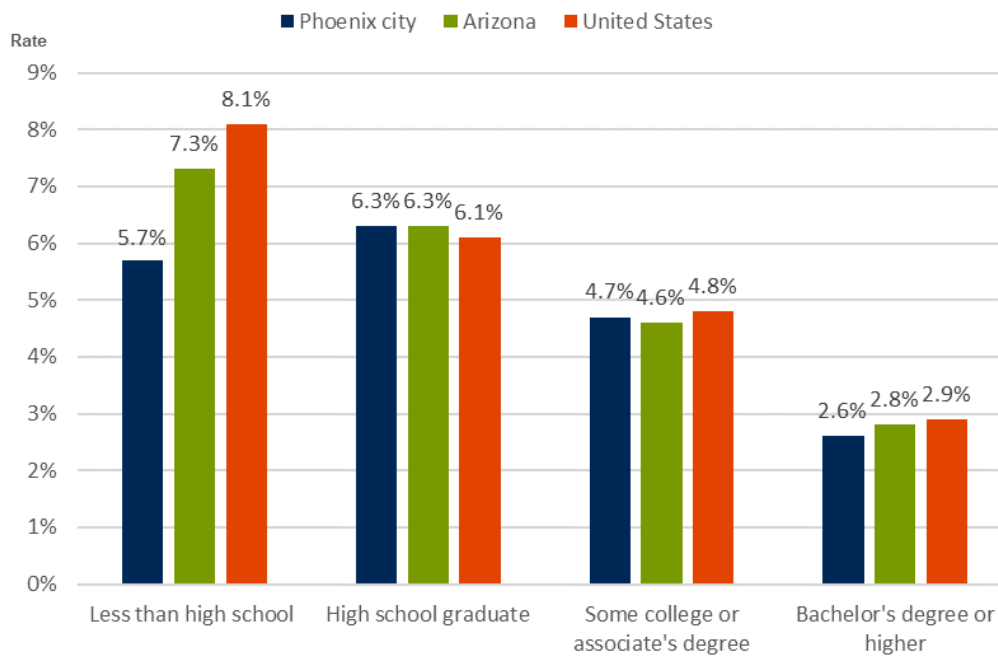
## Unemployment Rate Comparisons, Sep 2012-Sep 2022, Not-Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics  
Office of Economic Opportunity

- The City of Phoenix's unemployment rate for the past 10 years has trended closely with the statewide rate.
- Phoenix's labor force level increased from an annual average of 854,361 in 2020 to an annual average of 863,731 in 2021.
- In 2021, there was an annual average of 41,990 unemployed people in the City of Phoenix, compared to 53,844 unemployed people in 2020.
- The average unemployment rate in Phoenix city during 2021 was 4.9 percent, a little over half of a percent lower than the average from the previous nine years.

## Unemployment Rate by Educational Attainment, 2021, Ages 25-64



Source: U.S. Census American Community Survey, 2021 5-Year Estimates, Table S2301  
Office of Economic Opportunity

Historically, higher educational attainment levels have been associated with lower levels of unemployment<sup>4</sup>. Understanding the relationship between unemployment and education can help determine which education levels are most in need of targeted workforce efforts.

- The unemployment rates across all levels of educational attainment were equal to or lower than the statewide rate.
- The unemployment rate for individuals with less than a high school diploma was lower in the City of Phoenix (5.7 percent) when compared with Arizona (7.3 percent) and the United States (8.1 percent).

<sup>4</sup> National Center for Educational Statistics. (2019). "Employment and Unemployment Rates by Educational Attainment." Retrieved from [https://nces.ed.gov/programs/coe/indicator\\_cbc.asp](https://nces.ed.gov/programs/coe/indicator_cbc.asp)

## Projected Industry Employment, 2021-2023

Area	Projected Employment (2021)	Projected Employment (2023)	Projected Numeric Growth (2021-2023)	Annualized Percentage Growth (2021-2023)
Arizona	3,109,190	3,375,515	266,325	4.2%
Balance of Maricopa	1,219,259	1,337,167	117,908	4.7%
<b>City of Phoenix</b>	1,013,840	1,095,437	81,597	3.9%
Coconino County	64,430	70,044	5,614	4.3%
Mohave and La Paz Counties	65,909	71,189	5,280	3.9%
Northeastern Arizona	64,496	68,182	3,686	2.8%
Pima County	397,174	427,695	30,521	3.8%
Pinal County	71,978	78,038	6,060	4.1%
Santa Cruz County	14,735	15,461	726	2.4%
Southeastern Arizona	54,206	57,926	3,720	3.4%
Yavapai County	71,559	77,411	5,852	4.0%
Yuma County	71,560	76,512	4,952	3.4%

*NOTE: Maricopa Workforce Area includes Maricopa County excluding the City of Phoenix.*

*Source: Office of Economic Opportunity, Quarterly Census of Employment and Wages*

- All Arizona local workforce areas are expected to record employment growth from 2021 to 2023.
- The City of Phoenix is projected to grow at a rate of 3.9 percent, less than the statewide growth rate of 4.2 percent.

## City of Phoenix Workforce Area Projected Industry Employment, 2022-2024

Industry	Projected Employment (2021)	Projected Employment (2023)	Projected Numeric Growth (2021-2023)	Annualized Percentage Growth (2021-2023)
Leisure and Hospitality	71,383	79,369	7,986	5.4%
Natural Resources and Mining	4,665	5,131	466	4.9%
Construction	60,694	66,320	5,626	4.5%
Education and Health Services	180,098	195,273	15,175	4.1%
Professional and Business Services	193,240	209,037	15,797	4.0%
Trade Transportation and Utilities	195,044	210,158	15,114	3.8%
Manufacturing	50,295	53,966	3,671	3.6%
Information	15,940	17,060	1,120	3.5%
Financial Activities	94,166	99,468	5,302	2.8%
Other Services	33,707	34,938	1,231	1.8%

Source: Office of Economic Opportunity, Quarterly Census of Employment and Wages

Job skills are constantly evolving with the emergence of new technologies and changing consumer habits. Job seekers can better prepare themselves by gaining skills within industries projected to have large employment needs.

- All 10 private sector industries in the City of Phoenix are projected to experience growth through 2023.
- Leisure and Hospitality is projected to lead growth (5.4 percent), followed by Natural Resources and Mining (4.9 percent).
- Trade Transportation and Utilities is projected to remain the industry that employs the most people in the City of Phoenix.



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