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Economic Conditions Report

City of Phoenix

FOR FURTHER INFORMATION:

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ABOUT THIS REPORT

This report was created to assist Arizona Local Workforce Development Areas in completing their PY2020-PY2023 Local Workforce Development Plan Modifications. The report summarizes key demographic, labor market, and workforce trends in the state and local economy. The information provided in this report is intended to be a resource for local workforce information board members and workforce practitioners during the local workforce planning process.

ABOUT THE ARIZONA OFFICE OF ECONOMIC OPPORTUNITY

The Office of Economic Opportunity (OEO) was created to strengthen the analytical capabilities of the state's workforce and economic development initiatives. OEO serves as Arizona's workforce planning coordinator, and in this role, provides operational, strategic and research support to the Workforce Arizona Council and other key workforce partners. OEO produces official statewide data for population, employment, and wage estimates including the official Arizona employment and population projections. OEO also functions in an advisory capacity by providing economic expertise to state and local government agencies and officials.

OVERVIEW

The City of Phoenix economy includes a wide range of industries offering opportunities for individuals seeking employment of all types.

Several positive economic and workforce trends were recorded in the City of Phoenix including:

- Within the City of Phoenix, total employment is projected to increase by 5.4 percent from 2020 through 2022.
- The City of Phoenix has a substantially higher labor force participation rate when compared with Arizona and the United States.
- The City of Phoenix had lower unemployment across all educational level when compared with Arizona.
- The City of Phoenix had an overall lower unemployment rate when compared with the state.

Other less favorable economic and workforce challenges were recorded in the City of Phoenix include:

- The City of Phoenix's median household income is lower than the statewide median household income.
- The City of Phoenix had a higher rate of families in poverty (12 percent), when compared with the state's rate (10 percent).

Population Characteristics, 2019

Indicator	City of Phoenix	Arizona	United States
Population over 16	1,307,644	5,820,607	263,534,161
Civilian Labor Force Participation Rate 16 and Over	68%	60%	64%
Median Household Income	\$60,931	\$62,055	\$65,712
Poverty Rate	16%	14%	12%
Median Age	34.4	38.3	38.5
Individuals with a Disability	11%	13%	13%

Source: U.S. Census Bureau, American Community Survey, 2019 1-Year Estimates
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 are significantly different than state or national averages, may need to consider specific approaches on how to best meet the needs of their unique population.

- Phoenix's median household income was lower when compared to Arizona and the United States. However, median household income increased from \$57,957 in 2018 to \$60,931 in 2019.
- Individuals with disabilities represented a lower share of total population in the City of Phoenix compared to Arizona and the United States.
- The labor force participation rate in the City of Phoenix is substantially higher than Arizona's rate. Phoenix's lower median age likely contributed to the higher labor participation rate.

Highest Educational Achieved, 2019, Population 25 and Older

Indicator	City of Phoenix	Arizona	United States
Less than High School	9%	5%	5%
High School Graduate (includes equivalency)	24%	24%	27%
Some College, no degree	22%	25%	20%
Associate's Degree	8%	9%	9%
Bachelor's Degree	18%	19%	20%
Graduate or Professional Degree	10%	11%	13%

Source: U.S. Census Bureau, American Community Survey, 2019 1-Year Estimates
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 to higher-paying jobs and lower rates of unemployment.¹

- The percentage of City of Phoenix residents with a Bachelor's degree or higher (28 percent) is slightly below the statewide rate (30 percent).
- Individuals who have attended some college represent a larger share of the population in Phoenix

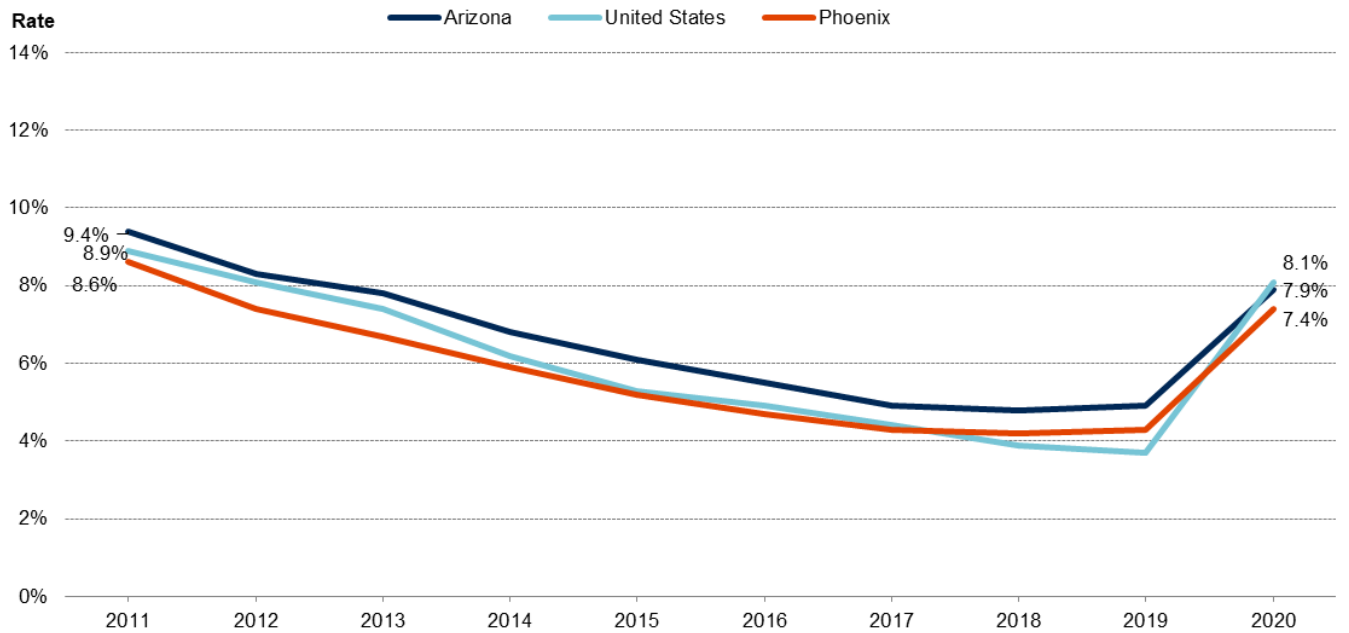
¹ U.S. Bureau of Labor Statistics. (2019) "Unemployment Rates and Earnings by Educational Attainment." Retrieved from <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

when compared with the United States.

- The percentage of individuals achieving a high school diploma or equivalent increased from 23 percent in 2018 to 24 percent in 2019.

WORKFORCE

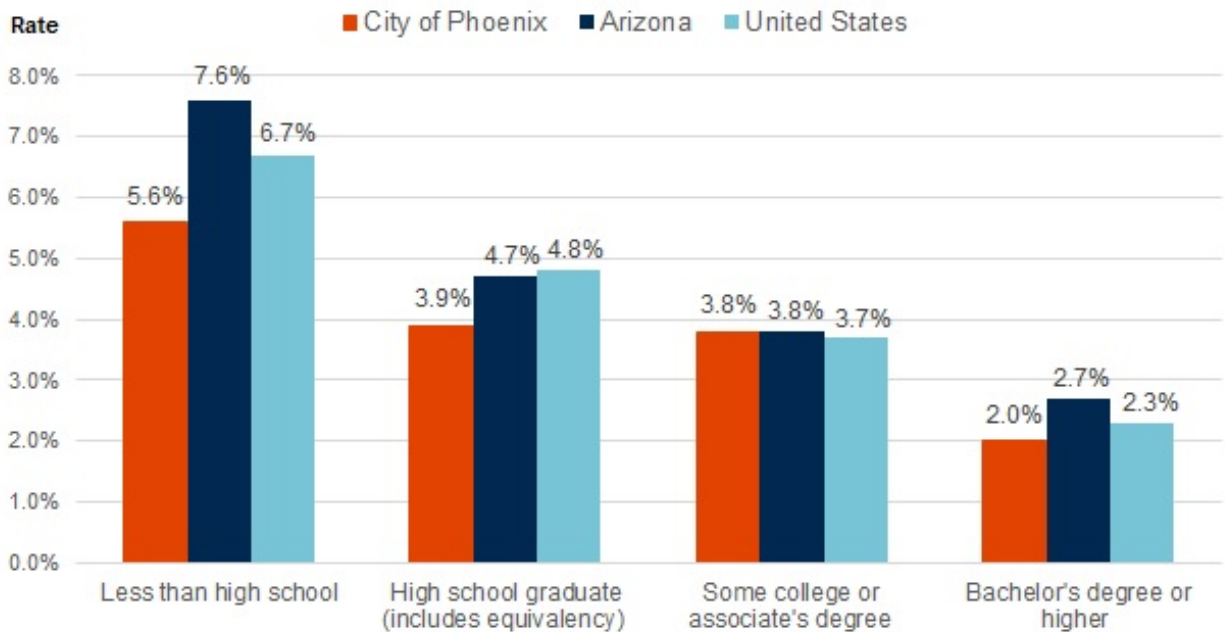
Unemployment Rate Comparisons, 2009-2020, Not-Seasonally Adjusted



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

- The City of Phoenix unemployment rate tends to trend below Arizona's unemployment rate.
- In 2019, the average unemployment rate was 4.3 percent. Because of the pandemic, the 2020 average unemployment rate increased substantially to 7.4 percent.

Unemployment Rate by Educational Attainment, 2019, Ages 25-64



Source: U.S. Census American Community Survey, 2019 1-Year Estimates
Office of Economic Opportunity

Historically, higher educational attainment levels lead to lower levels of unemployment.² Understanding the relationship between unemployment and education can help determine which education levels are most in need of targeted workforce efforts.

- Across all educational attainment levels, the unemployment rate in the City of Phoenix is lower or equal to the statewide unemployment rate.
- The unemployment rate for individuals without a high school diploma was substantially lower in the City of Phoenix (5.6 percent) compared to Arizona's rate.
- For individuals with a high school diploma or equivalent, the unemployment rate dropped substantially from 6.2 percent in 2018 to 3.9 percent in 2019.

² National Center for Educational Statistics. (2019). "Employment and Unemployment Rates by Educational Attainment." Retrieved from https://nces.ed.gov/programs/coe/indicator_cbc.asp

Projected Area Employment, 2020-2022

Area	Projected Employment (2020)	Projected Employment (2022)	Projected Numeric Growth (2020-2022)	Annualized Percentage Growth (2020-2022)
Arizona	2,853,646	3,178,686	325,040	5.5%
Maricopa Workforce Area*	1,110,847	1,257,779	146,932	6.4%
City of Phoenix	922,090	1,023,480	101,390	5.4%
Coconino County	59,174	65,996	6,822	5.6%
Mohave and La Paz	57,939	62,658	4,719	4.0%
Northeastern Arizona	68,763	71,660	2,897	2.1%
Pima County	374,342	414,375	40,033	5.2%
Pinal County	65,394	70,725	5,331	4.0%
Santa Cruz County	13,931	15,412	1,481	5.2%
Southeastern County	52,546	55,897	3,351	3.1%
Yavapai County	65,139	71,909	6,770	5.1%
Yuma County	63,409	68,794	5,385	4.2%

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 projected to record positive employment growth from 2020 to 2022.
- The City of Phoenix is projected to have an annualized growth rate of 5.4% through 2022, similar to the statewide growth rate of 5.5%.

City of Phoenix Projected Industry Employment, 2020-2022

Area	Projected Employment (2020)	Projected Employment (2022)	Projected Numeric Growth (2020-2022)	Annualized Percentage Growth (2020-2022)
Construction	60,046	63,305	3,259	2.7%
Education and Health Services	170,750	187,005	16,255	4.7%
Financial Activities	96,136	102,089	5,953	3.0%
Government	57,596	55,704	-1,892	-1.7%
Information	15,205	16,268	1,063	3.4%
Leisure and Hospitality	57,672	78,162	20,490	16.4%
Manufacturing	48,424	51,747	3,323	3.4%
Natural Resources and Mining	2,644	2,780	136	2.5%
Other Services	27,405	30,893	3,488	6.2%
Professional and Business Services	171,457	187,065	15,608	4.5%
Trade, Transportation and Utilities	175,183	202,991	27,808	7.6%

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.

- In the City of Phoenix, Leisure and Hospitality is projected to record the largest annual growth rates, increasing by 16.4 percent through 2022.
- Trade, Transportation and Utilities is expected to have the highest numeric growth, growing 27,808 jobs through 2022.
- All of the private sector industries in City of Phoenix are projected to have positive growth through 2022.

COVID-19 Impact on Total Nonfarm Employment – February 2020 to August 2021



- The impact of COVID-19 in Phoenix MSA was consistent with the statewide impact. This can be attributed to Phoenix MSA comprising the vast majority of employment in Arizona.
- In November 2020, the recovery in Phoenix MSA began to outpace the statewide recovery. This has continued, with Phoenix MSA August 2021 employment levels closer to full recovery than Arizona.

ARIZONA

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