



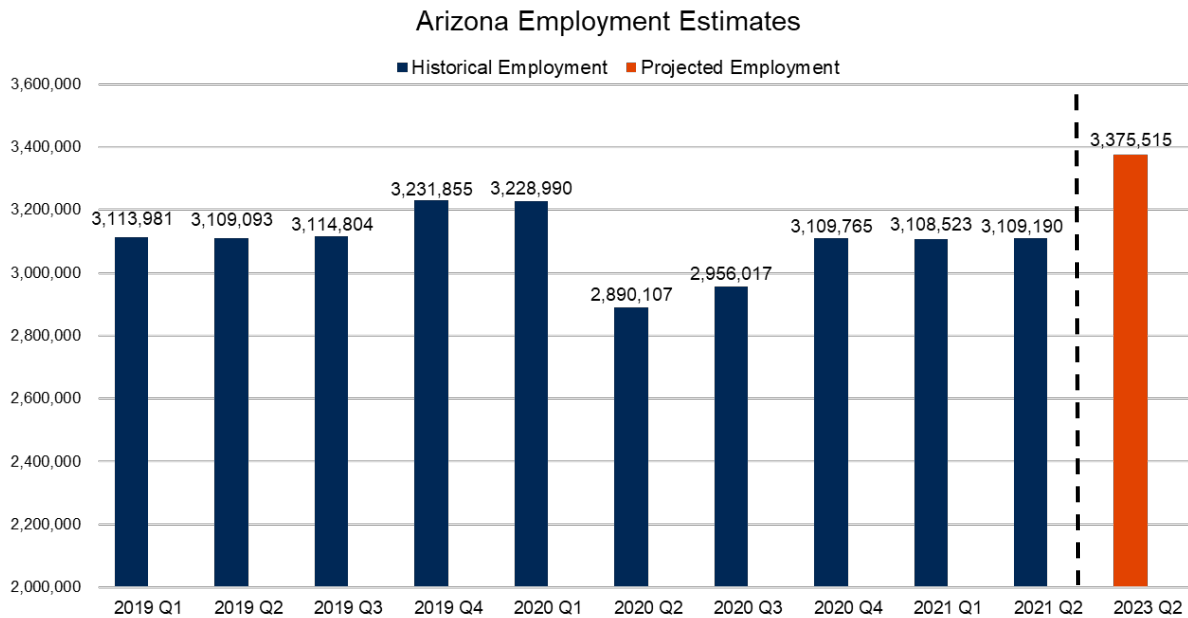
February 24, 2021

Arizona 2021-2023 Projected Employment Report; Total Employment Projected to Grow 4.2% Annually

Summary

The Office of Economic Opportunity (OEO) is projecting Arizona employment to increase from 3,109,190 jobs in Q2 2021 to 3,375,515 jobs in Q2 2023. This represents an increase of 266,325 jobs or 4.2% annualized growth. Job growth from Q2 2021 to Q2 2023 is projected to be faster than the job growth recorded over the previous two years (Q2 2019 to Q2 2021). From Q2 2019 to Q2 2021, employment increased by 97 jobs (0.002%), from 3,109,093 jobs to 3,109,190 jobs. The 2020 economic recession triggered by the COVID-19 pandemic was the main cause of the minimal job growth recorded from Q2 2019 to Q2 2021. Arizona employment declined by 338,883 jobs (-10.5%) in a single quarter from Q1 2020 to Q2 2020. However, Arizona regained 65% of the total COVID-19 pandemic jobs lost, growing by 219,083 jobs from Q2 2020 through Q2 2021.

Figure 1



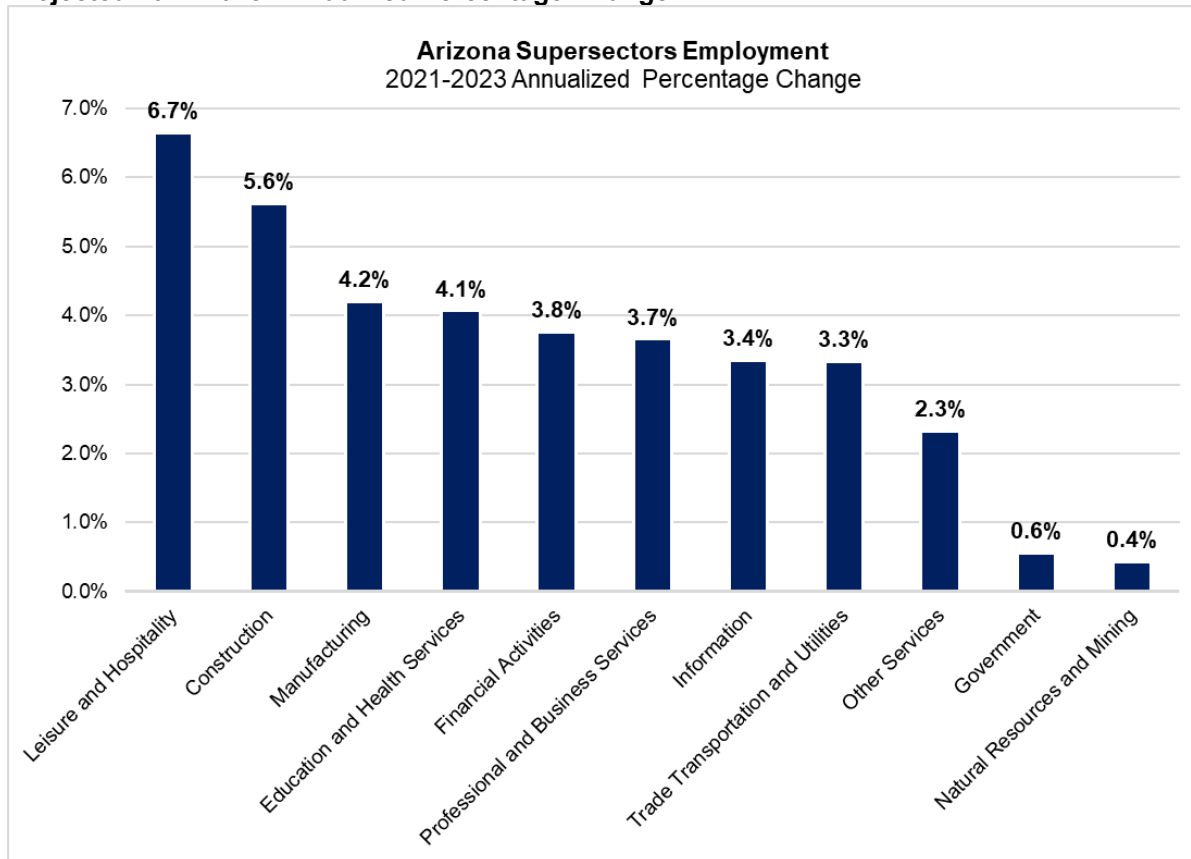
Source: Arizona Office of Economic Opportunity

Supersector Employment Growth

Job gains are projected for all eleven Arizona supersectors, with Leisure and Hospitality (6.7% annualized growth) and Construction (5.6% annualized growth) projected to record the fastest job growth rates. Education and Health Services (52,422 jobs) and Leisure and Hospitality (44,296 jobs) are projected to record the largest job gains.

Supersectors projected to record the lowest rates of growth include Natural Resources and Mining (0.4% annualized growth) and Government (0.6% annualized growth). Natural Resources and Mining (421 jobs) and Government (1,790 jobs) are also projected to record the fewest job gains over the two-year period.

## Projected 2021-2023 Annualized Percentage Change



## Historic and Projected Supersector Employment

Industry Sector	Historical							Projected
	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2023 Q2
Construction	177,604	177,370	175,327	175,735	178,991	177,043	179,658	200,434
<i>Annual % Chg.</i>	7.2%	7.2%	5.0%	3.9%	3.9%	2.8%	2.0%	5.6%
Education and Health Services	669,279	669,217	604,994	608,819	649,991	644,263	631,589	684,011
<i>Annual % Chg.</i>	2.8%	3.1%	-1.1%	0.4%	0.0%	-0.4%	-0.4%	4.1%
Financial Activities	228,514	227,601	223,751	225,259	229,804	233,176	233,503	251,417
<i>Annual % Chg.</i>	3.4%	3.4%	2.3%	2.2%	2.5%	3.3%	2.8%	3.8%
Government	161,508	161,153	161,663	164,307	161,637	159,449	160,287	162,077
<i>Annual % Chg.</i>	1.0%	1.3%	0.8%	1.5%	0.7%	0.5%	0.1%	0.6%
Information	51,970	51,592	45,282	45,570	46,803	47,238	48,164	51,450
<i>Annual % Chg.</i>	2.1%	1.5%	-5.2%	-4.2%	-3.9%	-3.5%	-2.8%	3.4%
Leisure and Hospitality	356,541	359,668	254,655	272,192	298,537	301,031	322,214	366,510
<i>Annual % Chg.</i>	1.8%	1.5%	-14.8%	-10.9%	-7.7%	-7.8%	-5.1%	6.7%
Manufacturing	181,002	181,175	174,775	175,329	178,487	179,372	179,630	195,051
<i>Annual % Chg.</i>	3.2%	2.8%	0.8%	0.2%	0.7%	0.8%	0.6%	4.2%
Natural Resources and Mining	57,927	59,874	49,738	47,428	54,585	56,860	48,522	48,943
<i>Annual % Chg.</i>	-1.0%	-1.0%	-1.9%	-2.2%	-4.8%	-2.8%	-2.2%	0.4%
Other Services	100,994	101,069	86,690	94,469	96,937	96,546	99,788	104,472
<i>Annual % Chg.</i>	2.3%	2.1%	-6.3%	-2.0%	-1.1%	-1.5%	-0.3%	2.3%
Professional and Business Services	459,184	455,025	422,458	422,311	441,887	442,749	443,652	476,688
<i>Annual % Chg.</i>	3.2%	3.1%	-0.8%	-1.3%	-0.8%	0.0%	0.4%	3.7%
Trade Transportation and Utilities	575,515	563,347	530,281	556,030	595,141	584,078	582,754	622,249
<i>Annual % Chg.</i>	2.5%	2.3%	-0.8%	1.2%	2.6%	3.0%	3.1%	3.3%
<b>Total</b>	<b>3,231,855</b>	<b>3,228,990</b>	<b>2,890,107</b>	<b>2,956,017</b>	<b>3,109,765</b>	<b>3,108,523</b>	<b>3,109,190</b>	<b>3,375,515</b>
<i>Annual % Chg.</i>	3.1%	3.1%	-2.3%	-1.1%	-0.3%	-0.1%	0.0%	4.2%

Source: Office of Economic Opportunity

## Supersector Highlights

Five of 11 Arizona supersectors recorded year over year employment declines in Q2 2021. A majority of the Q2 2021 employment losses occurred because of the COVID-19 pandemic, with many sectors still recovering over the two-year forecast period.

- Leisure and Hospitality employment is projected to grow by 44,296 jobs (6.7% annually) from 322,214 in Q2 2021 to 366,510 in Q2 2023. Job growth is projected to be driven by an increase in tourism activity as domestic travel begins to increase.<sup>1</sup> Job growth is also projected to increase as consumers increase their spending on services.<sup>2</sup>
- Health Care and Social Assistance employment is projected to grow by 41,979 jobs (4.9% annually) from 418,731 in Q2 2021 to 460,710 in Q2 2023. Job growth will be driven, in part, by continued demand for health care services as a large share of the Arizona population reaches Medicare eligibility<sup>3</sup>.
- Construction employment is projected to grow by 20,776 jobs (5.6%) annually from 179,658 in Q2 2021 to 200,434 in Q2 2023. Job growth is expected to be driven by continued demand for residential housing<sup>4</sup>, though planned interest rate increases<sup>5,6</sup> may limit individuals from purchasing a home in the short term.<sup>7,8</sup>
- Transportation and Warehousing within the Trade, Transportation and Utilities supersector is projected to grow by 21,855 jobs (8.3% annually) from 126,813 in Q2 2021 to 148,668 in Q2 2023. Job growth in Warehousing and Storage is projected to increase because of the long-term shift in consumer purchasing habits. Over the past two decades, online retail has grown in popularity,<sup>9</sup> and it is likely this trend will continue over the next two years.
- Information is projected to increase by 3,286 (3.4% annually) from 48,164 jobs in Q2 2021 to 51,450 jobs in Q2 2023. Within the Information supersector, Motion Picture and Sound Recording (1,598 jobs) and Publishing Industries, Except Internet (1,187 jobs) are projected to record the largest job gains. The Motion Picture and Sound Recording industry is projected to grow as the domestic box office grosses recovers over the forecasted period. From 2020 to 2021, domestic box office gross doubled<sup>10</sup>.

## County Employment Growth

Each of the fifteen Arizona counties is projected to gain jobs over the two-year projected period. Maricopa County (4.4% annualized growth), Coconino County (4.3% annualized growth), and Pinal County (4.1% annualized growth) are projected to record the largest job growth rates. Maricopa County (199,513 jobs), Pima County (30,521 jobs), and Pinal County (6,060 jobs) are projected to record the largest job gains. Maricopa County is projected to account for 74.9% of the jobs gained in the state over the two-year projected period, while Pima County is projected to account for 11.5%.

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<sup>1</sup> Arizona Office of Tourism (2022), *Airport Passenger Traffic*, <https://tourism.az.gov/data-trends/airport-passenger-traffic/>

<sup>2</sup> U.S. Bureau of Economic Analysis, Real Personal Consumption Expenditures by Major Type of Product and by Major Function [Table 2.3.6U.] U.S. BEA <https://apps.bea.gov/iTable/iTable.cfm?ReqID=19&step=2#reqid=19&step=2&isuri=1&1921=underlying>

<sup>3</sup> Vadenbroucke, Guillaume. (2020 January 13). *How many people will be retiring in the years to come?* Federal Reserve Bank of St. Louis. <https://www.stlouisfed.org/on-the-economy/2020/january/staff-pick-people-retiring-years-come>. Retrieved February 16, 2021.

<sup>4</sup> U.S. Census Bureau, Homeownership Rate for the United States [RHORUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/RHORUSQ156N>, February 16, 2022.

<sup>5</sup> Board of Governors of the Federal Reserve System (US), Net Percentage of Domestic Banks Tightening Standards for Commercial and Industrial Loans to Large and Middle-Market Firms [DRTSCILM], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DRTSCILM>, February 16, 2022.

<sup>6</sup> Board of Governors of the Federal Reserve System (US), (2022 January 26). *Federal Reserve Issues FOMC Statement*; <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220126a.html>. Retrieved February 16, 2022.

<sup>7</sup> CNBC. (2022, February 9). *Homebuyer demand for mortgages drops 10%, as higher interest rates price some people out*. <https://www.cnbc.com/2022/02/09/homebuyer-demand-for-mortgages-drops-10percent.html>.

<sup>8</sup> Bloomberg. Gopal, Prashant. (2021 September 29). *First-Time Homebuyers Are Getting Crushed in a Cutthroat U.S. Market*. <https://www.bloomberg.com/news/articles/2021-09-29/home-prices-jump-american-dream-of-buying-a-house-is-getting-crushed>.

<sup>9</sup> U.S. Census Bureau, E-Commerce Retail Sales as a Percent of Total Sales [ECOMPCTSA], retrieved from FRED, Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/ECOMPCTSA>, February 16, 2022.

<sup>10</sup> Box Office Mojo, Domestic Yearly Box Office, [https://www.boxofficemojo.com/year/yt/?interval=cumulative\\_december](https://www.boxofficemojo.com/year/yt/?interval=cumulative_december). Retrieved February 16, 2022.

## Historic and Projected County Employment

County	Historical							Projected
	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2023 Q2
Apache County	19,676	19,659	17,956	18,136	18,510	18,136	18,501	19,568
<i>Annual % Chg.</i>	-0.7%	-0.7%	-5.0%	-4.4%	-3.6%	-3.8%	-2.9%	2.8%
Cochise County	39,190	39,578	37,373	38,353	39,344	38,417	37,776	40,449
<i>Annual % Chg.</i>	2.7%	2.9%	-0.8%	1.5%	2.4%	1.2%	0.0%	3.5%
Coconino County	69,306	67,564	57,670	62,275	62,287	61,238	64,430	70,044
<i>Annual % Chg.</i>	0.3%	0.6%	-8.6%	-5.1%	-5.3%	-3.7%	-3.9%	4.3%
Gila County	16,201	15,898	15,225	15,471	15,621	15,567	15,970	16,971
<i>Annual % Chg.</i>	-0.3%	-0.7%	-3.6%	-2.7%	-2.6%	-2.4%	-2.1%	3.1%
Graham County	10,930	10,968	10,425	10,514	10,918	10,986	10,980	11,730
<i>Annual % Chg.</i>	3.2%	3.6%	0.3%	1.7%	1.7%	2.4%	1.7%	3.4%
Greenlee County	5,656	5,741	5,485	5,239	5,323	5,354	5,443	5,747
<i>Annual % Chg.</i>	6.2%	6.5%	1.0%	-1.9%	-1.5%	-1.4%	-1.4%	2.8%
La Paz County	6,970	7,162	6,729	6,654	6,758	6,882	6,850	7,412
<i>Annual % Chg.</i>	4.1%	3.8%	-1.0%	-1.0%	0.2%	0.1%	-1.9%	4.0%
Maricopa County	2,313,013	2,304,105	2,066,189	2,116,967	2,229,245	2,226,847	2,233,091	2,432,604
<i>Annual % Chg.</i>	3.7%	3.6%	-1.9%	-0.8%	0.1%	0.3%	0.4%	4.4%
Mohave County	57,133	57,437	53,056	54,918	56,234	58,023	59,061	63,777
<i>Annual % Chg.</i>	2.2%	2.5%	-2.3%	-0.4%	-0.1%	1.6%	1.9%	3.9%
Navajo County	30,312	30,032	27,991	29,041	29,800	29,334	30,024	31,643
<i>Annual % Chg.</i>	-1.6%	1.2%	-4.2%	-1.8%	-0.7%	-0.4%	-0.8%	2.7%
Pima County	417,405	419,405	376,014	381,148	398,142	396,818	397,174	427,695
<i>Annual % Chg.</i>	1.7%	2.3%	-3.2%	-2.1%	-1.3%	-1.6%	-1.4%	3.8%
Pinal County	71,495	73,755	68,572	68,625	71,157	71,572	71,978	78,038
<i>Annual % Chg.</i>	1.9%	2.5%	-1.2%	-0.5%	0.5%	0.2%	0.7%	4.1%
Santa Cruz County	15,735	15,975	14,400	13,750	14,821	14,807	14,735	15,461
<i>Annual % Chg.</i>	3.4%	2.5%	-2.5%	-0.7%	-1.1%	-2.6%	-2.2%	2.4%
Yavapai County	72,930	72,977	65,496	68,371	70,748	70,628	71,559	77,411
<i>Annual % Chg.</i>	1.9%	2.1%	-4.4%	-1.9%	-0.6%	0.0%	-0.2%	4.0%
Yuma County	85,876	88,678	67,472	66,477	80,812	83,871	71,560	76,512
<i>Annual % Chg.</i>	0.8%	1.2%	-2.4%	-1.4%	-3.4%	-1.4%	-0.4%	3.4%

Source: Office of Economic Opportunity

### Projections Assumptions and Considerations

The Office of Economic Opportunity made the following economic assumptions when creating the projected employment estimates.

- No major economic or political disruptions will occur during the projected period.
- COVID-19 is not likely to cause additional major economic disruptions.
- Government agencies will operate within their budgets.
- The distribution of Arizona's population will not differ significantly from the distribution in the base year.
- The U.S. economic framework will not differ significantly from the framework in the base year.
- Long-term employment patterns will continue in most industries during the projected period
- Arizona's population growth will continue to be among the fastest (top five) in the nation.
- Demand for healthcare services will increase as population demographics shift.