



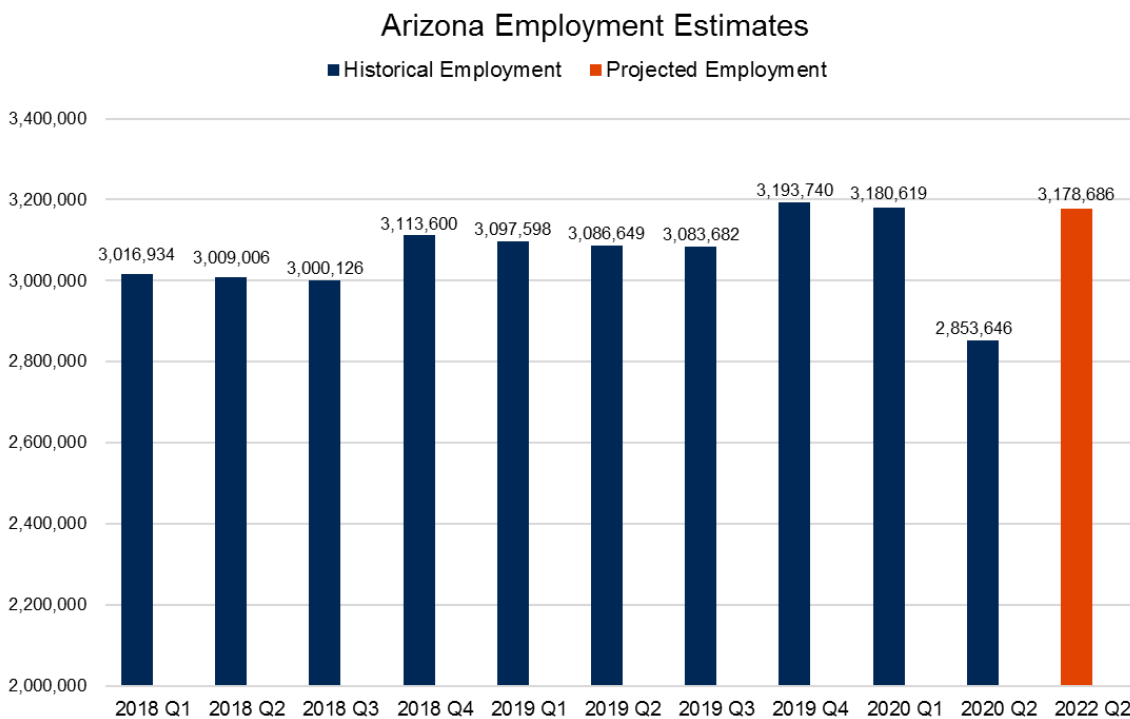
February 18, 2021

Arizona 2020-2022 Projected Employment Report; Total Employment Projected to Grow 5.5% Annually

Summary

The Office of Economic Opportunity (OEO) is projecting Arizona employment to increase from 2,853,646 jobs in Q2 2020 to 3,178,686 jobs in Q2 2022. This represents growth of 325,040 jobs or 5.5% annualized growth. Over the previous two years (Q2 2018 to Q2 2020), employment declined by 155,360 jobs (-2.6% annual change), from 3,009,006 jobs to 2,853,646 jobs. Nearly all of the job declines recorded from Q2 2018 to Q2 2020 were lost in Q2 2020, because of the economic impacts of the COVID-19 Pandemic. For comparison, U.S. employment declined by 5.4% annually from Q2 2018 to Q2 2020.

Figure 1



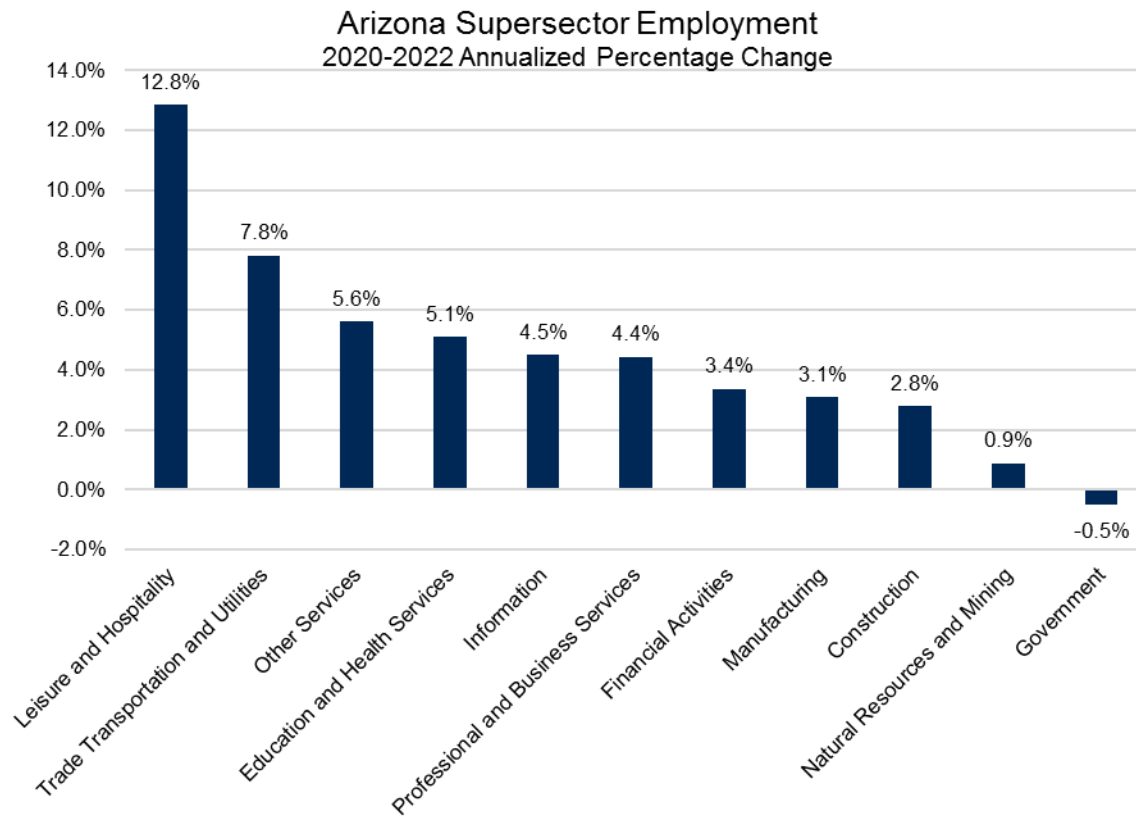
Source: Arizona Office of Economic Opportunity

Supersector Employment Growth

Job gains are projected for ten of the eleven Arizona supersectors with Leisure and Hospitality (12.8% annualized growth) and Trade Transportation and Utilities (7.8% annualized growth) projected to record the fastest job growth rates. Trade Transportation and Utilities (86,473 jobs) and Leisure and Hospitality (69,901 jobs) are projected to record the largest job gains. Government is projected to lose jobs over the forecast period, declining by -0.5% annually. The completion of temporary employment within the Federal Government sector is primarily responsible for the majority of losses recorded in the Government sector.

Supersectors projected to record the lowest rates of growth include Government (-0.5% annualized growth) and Natural Resources and Mining (0.9% annualized growth). Government (-1,649 jobs) is projected to record a job loss, while Natural Resources and Mining (861 jobs) and Information (4,139 jobs) are projected to record the fewest job gains over the two-year period.

Figure 2



**Figure 3
Supersector Employment**

Industry Sector	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q2 2022
Education and Health Services	653,466	652,756	640,264	627,420	673,283	673,293	606,430	669,963
<i>Annual % Chg.</i>	2.7%	3.1%	3.0%	3.4%	3.0%	3.1%	-5.3%	5.1%
Trade Transportation and Utilities	566,074	551,600	549,127	550,008	576,857	564,747	532,242	618,715
<i>Annual % Chg.</i>	3.3%	2.2%	1.7%	1.2%	1.9%	2.4%	-3.1%	7.8%
Professional and Business Services	445,909	439,707	438,070	445,411	456,353	451,008	421,533	459,728
<i>Annual % Chg.</i>	4.1%	3.5%	2.6%	3.2%	2.3%	2.6%	-3.8%	4.4%
Leisure and Hospitality	350,179	353,764	356,952	350,540	356,057	359,894	255,734	325,635
<i>Annual % Chg.</i>	1.8%	1.5%	1.8%	2.4%	1.7%	1.7%	-28.4%	12.8%
Financial Activities	218,730	218,286	220,826	223,182	228,170	227,841	223,935	239,295
<i>Annual % Chg.</i>	2.4%	2.7%	3.4%	3.5%	4.3%	4.4%	1.4%	3.4%
Manufacturing	176,019	176,334	177,543	179,831	180,853	180,469	174,008	184,899
<i>Annual % Chg.</i>	3.6%	2.9%	3.2%	3.0%	2.7%	2.3%	-2.0%	3.1%
Construction	165,223	166,633	171,958	174,790	176,834	176,816	174,655	184,499
<i>Annual % Chg.</i>	7.7%	8.3%	8.6%	7.9%	7.0%	6.1%	1.6%	2.8%
Government	159,253	157,914	159,951	161,311	161,502	161,201	161,662	160,013
<i>Annual % Chg.</i>	0.6%	0.5%	0.6%	1.2%	1.4%	2.1%	1.1%	-0.5%
Other Services	96,894	97,778	98,237	98,320	98,575	98,527	88,833	99,090
<i>Annual % Chg.</i>	1.0%	2.0%	1.7%	1.9%	1.7%	0.8%	-9.6%	5.6%
Natural Resources and Mining	60,689	60,812	50,632	48,422	59,431	60,231	48,670	49,531
<i>Annual % Chg.</i>	0.1%	-1.0%	-1.1%	0.1%	-2.1%	-1.0%	-3.9%	0.9%
Information	50,418	50,475	50,692	51,181	51,685	51,365	45,008	49,147
<i>Annual % Chg.</i>	1.6%	1.1%	1.1%	3.3%	2.5%	1.8%	-11.2%	4.5%
Total All Industries	3,113,600	3,097,598	3,086,649	3,083,682	3,193,740	3,180,619	2,853,646	3,178,686
<i>Annual % Chg.</i>	2.9%	2.7%	2.6%	2.8%	2.6%	2.7%	-7.5%	5.5%

Source: Office of Economic Opportunity

Supersector Highlights

Eight of 11 Arizona supersectors recorded annual employment declines in Q2 2020. A majority of the Q2 2020 employment losses occurred because of the COVID-19 pandemic. OEO projects that the supersectors most negatively impacted by the COVID-19 pandemic will be among the fastest growing supersectors over the two-year forecast period.

- Leisure and Hospitality employment declined by 28.4% from Q2 2019 to Q2 2020 because of the COVID-19 pandemic. Leisure and Hospitality employment is projected to grow by 69,901 jobs (12.8% annually) from 255,734 in Q2 2020 to 325,636 in Q2 2022.
- Health Care and Social Assistance employment is projected to increase by 6.1% over the forecasted period. Job growth will be driven, in part, by continued demand for health care services as a large share of the Arizona population reaches Medicare eligibility¹.
- Construction employment is projected to grow by 9,844 jobs (2.8%) annually from 174,655 in Q2 2020 to 184,499 in Q2 2022. Job growth will be driven by strong demand for residential housing², though a tightening in commercial lending standards³ may limit commercial construction opportunities in the short term.
- Transportation and Warehousing within the Trade, Transportation and Utilities supersector is projected to grow by 36,079 jobs (14.9% annually) from 112,658 in Q2 2020 to 148,737 in Q2 2022. Job growth in Warehousing and Storage is projected to increase because of the continued shift in consumer preferences to purchase goods from online retailers⁴. Job growth will also be driven by the increase in consumer spending on goods instead of services⁵. This shift occurred after the COVID-19 pandemic started and is projected to continue through the short term.
- Information is projected to increase by 4,139 jobs (4.5% annually) from 45,008 jobs in Q2 2020 to 49,147 jobs in Q2 2022. Within the Information supersector, Motion Picture and Sound Recording (2,302 jobs) and Data Processing, Hosting and Related Services (1,187 jobs) are projected to record the largest job gains.

County Employment Growth

Each of the fifteen Arizona counties is projected to gain jobs over the two-year projected period. Maricopa County (5.9% annualized growth) and Coconino County (5.6% annualized growth) are projected to record the largest job growth rates. Maricopa County (248,322 jobs) and Pima County (40,033 jobs) are projected to record the largest job gains. Maricopa County is projected to account for 76.4% of the jobs gained in the state over the two-year projected period, while Pima County is projected to account for 12.3%.

¹ 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>, February 16, 2021.

² 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, 2021.

³ 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, 2021.

⁴ 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, 2021.

⁵ U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Durable Goods [PCEDG], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCEDG>, February 16, 2021.

Figure 4
County Employment

County	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q2 2022
Apache County	22,301	22,014	22,008	21,824	21,990	22,195	20,416	21,264
<i>Annual % Chg.</i>	0.1%	-1.2%	-1.0%	-1.6%	-1.4%	0.8%	-7.2%	2.1%
Cochise County	37,645	37,610	37,743	37,246	38,989	39,137	36,855	39,257
<i>Annual % Chg.</i>	1.0%	0.6%	-0.4%	0.4%	3.6%	4.1%	-2.4%	3.2%
Coconino County	71,062	67,814	71,241	71,068	70,601	68,695	59,174	65,996
<i>Annual % Chg.</i>	1.0%	-0.8%	1.2%	0.7%	-0.6%	1.3%	-16.9%	5.6%
Gila County	18,396	18,282	18,577	18,295	18,090	17,768	17,135	18,100
<i>Annual % Chg.</i>	1.0%	1.2%	1.6%	0.3%	-1.7%	-2.8%	-7.8%	2.8%
Graham County	10,420	10,352	10,402	10,128	10,781	10,752	10,160	10,644
<i>Annual % Chg.</i>	3.2%	3.2%	2.5%	2.0%	3.5%	3.9%	-2.3%	2.4%
Greenlee County	5,588	5,610	5,675	5,744	5,732	5,775	5,538	5,998
<i>Annual % Chg.</i>	8.8%	8.5%	4.0%	4.0%	2.6%	2.9%	-2.4%	4.1%
La Paz County	6,336	6,466	6,565	6,564	6,520	6,668	6,139	6,512
<i>Annual % Chg.</i>	4.1%	3.3%	3.3%	5.1%	2.9%	3.1%	-6.5%	3.0%
Maricopa County	2,207,205	2,194,189	2,168,879	2,201,386	2,278,345	2,262,471	2,032,937	2,281,259
<i>Annual % Chg.</i>	3.5%	3.1%	1.9%	3.4%	3.2%	3.1%	-6.3%	5.9%
Mohave County	55,560	55,489	55,946	55,333	56,139	56,302	51,796	56,146
<i>Annual % Chg.</i>	2.9%	2.9%	2.3%	1.6%	1.0%	1.5%	-7.4%	4.1%
Navajo County	33,631	33,035	33,783	33,487	33,600	33,035	31,215	32,296
<i>Annual % Chg.</i>	-2.7%	1.0%	0.2%	0.3%	-0.1%	0.0%	-7.6%	1.7%
Pima County	409,167	410,017	408,376	404,732	415,368	415,589	374,342	414,375
<i>Annual % Chg.</i>	1.3%	2.3%	1.9%	1.9%	1.5%	1.4%	-8.3%	5.2%
Pinal County	68,505	69,266	68,404	67,574	69,383	71,031	65,394	70,725
<i>Annual % Chg.</i>	2.3%	1.8%	1.2%	1.4%	1.3%	2.5%	-4.4%	4.0%
Santa Cruz County	14,998	15,380	15,108	13,962	15,397	15,522	13,931	15,412
<i>Annual % Chg.</i>	3.0%	2.4%	1.4%	1.7%	2.7%	0.9%	-7.8%	5.2%
Yavapai County	71,875	71,005	71,958	71,449	72,819	72,546	65,139	71,909
<i>Annual % Chg.</i>	1.8%	0.8%	0.5%	0.6%	1.3%	2.2%	-9.5%	5.1%
Yuma County	80,810	81,055	68,581	65,066	80,281	83,056	63,409	68,794
<i>Annual % Chg.</i>	2.5%	0.1%	2.5%	1.2%	-0.7%	2.5%	-7.5%	4.2%

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.
- 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.