



The Phoenix MSA Navigates High Seas

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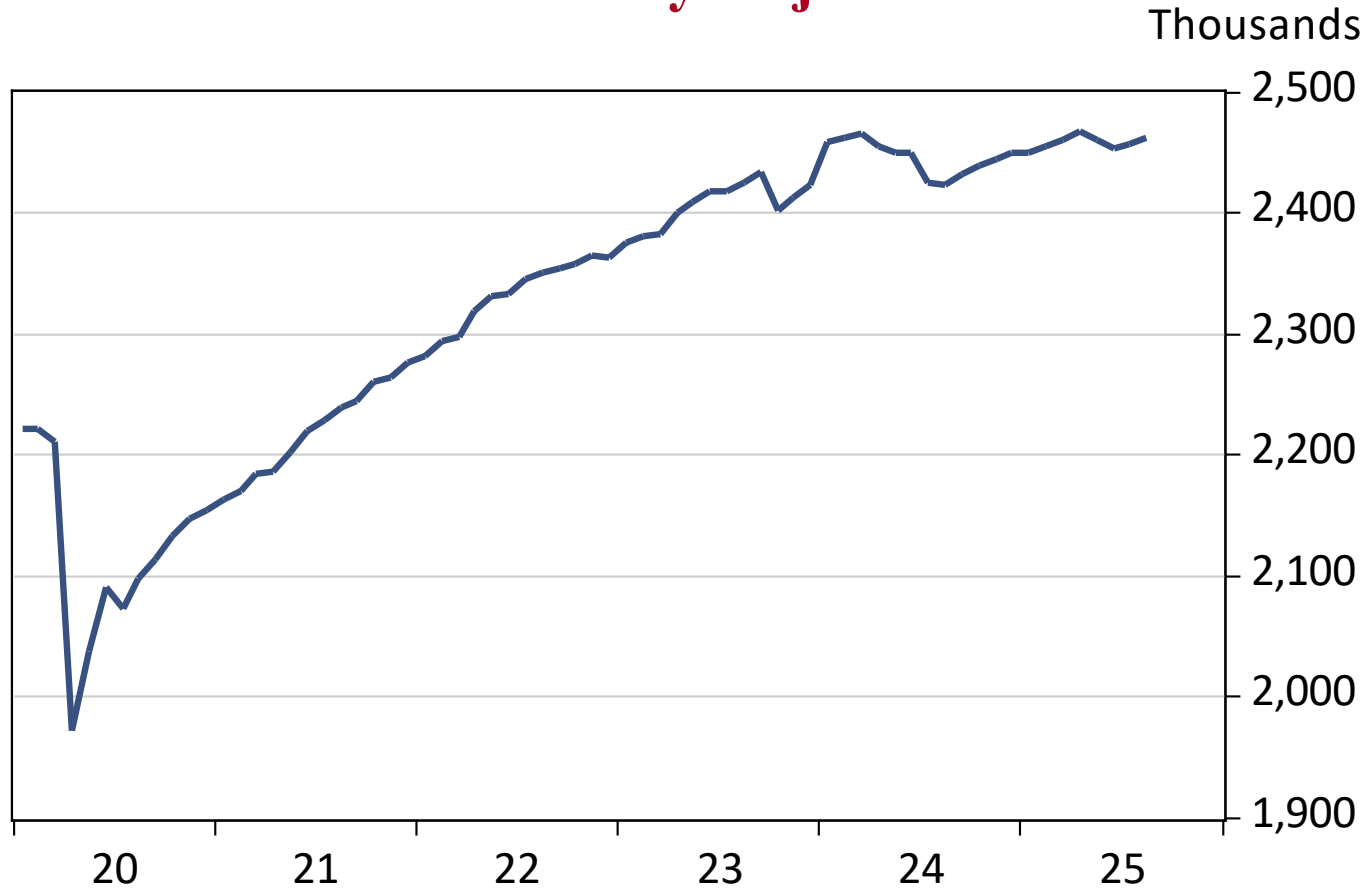
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Key Topics

- ▶ **Phoenix MSA job growth remains sluggish**
 - ▶ Jobs up 0.4% over the year through August, well below the U.S. pace of 1.1%
 - ▶ Hire rate has fallen dramatically
- ▶ **House prices have stabilized, as has overall inflation**
 - ▶ But housing cost burden remains significantly elevated
- ▶ **Risks to short-run economic growth are significantly elevated**
 - ▶ Macroeconomic policy uncertainty, tariffs, mass deportations, cuts to federal spending and jobs
- ▶ **Long run, growth in Arizona, Phoenix, and Tucson is forecast to slow**
 - ▶ But match or outpace the nation

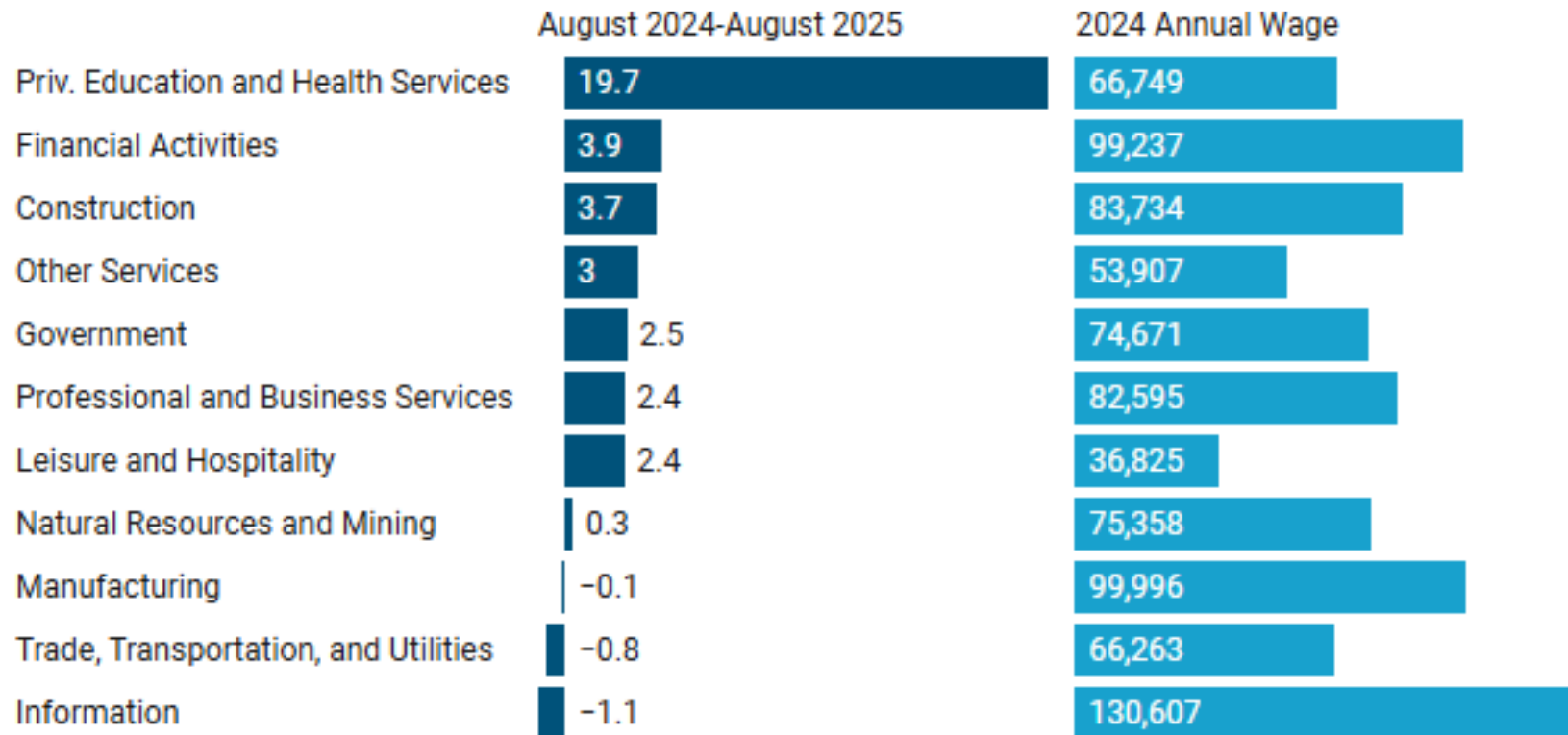
Phoenix MSA Nonfarm Jobs and Employment

Seasonally Adjusted



Phoenix MSA Nonfarm Job Growth by Industry

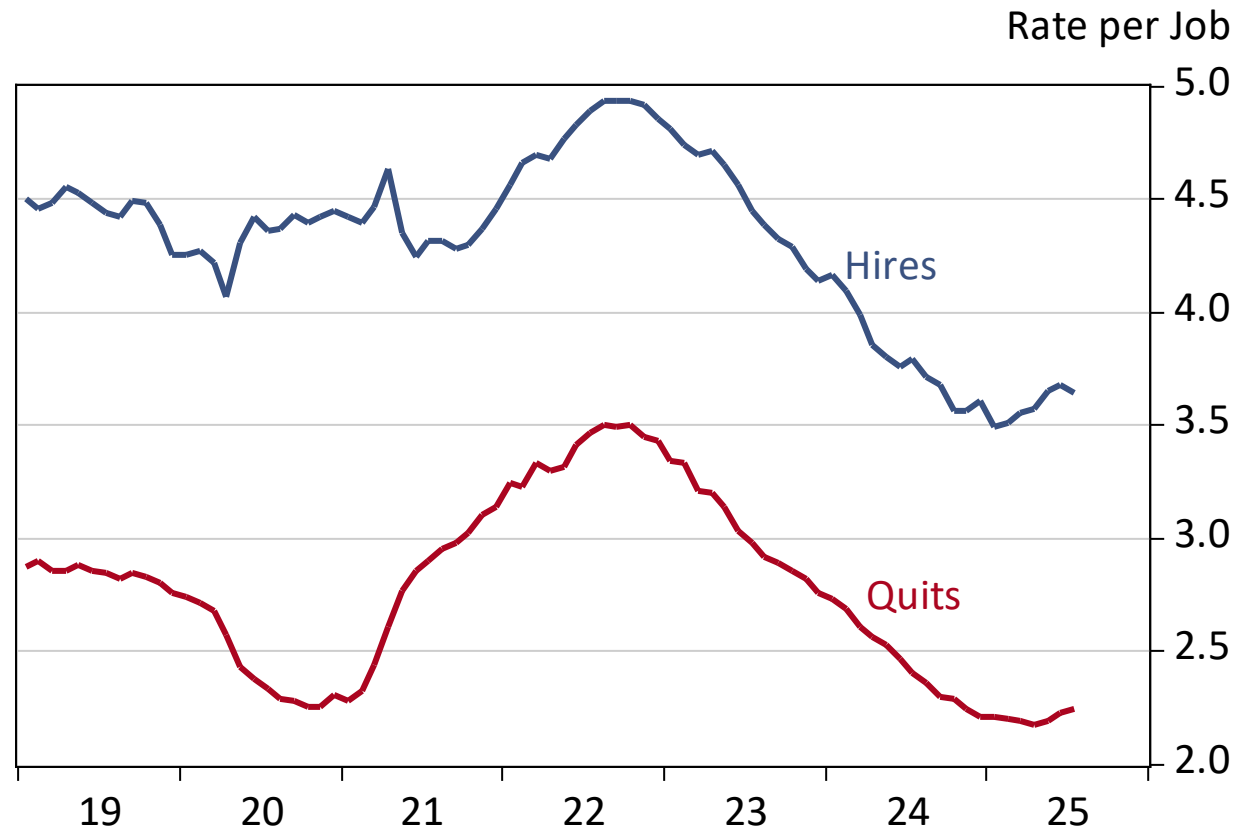
Thousands of Jobs and 2024 Annual Wage



Total Nonfarm Jobs	Percent Change
Over the Year (August 2025)	
Phoenix MSA	1.5%
U.S.	0.8%
Year to Date (Jan-August 2025)	
Phoenix MSA	0.4%
U.S.	1.1%

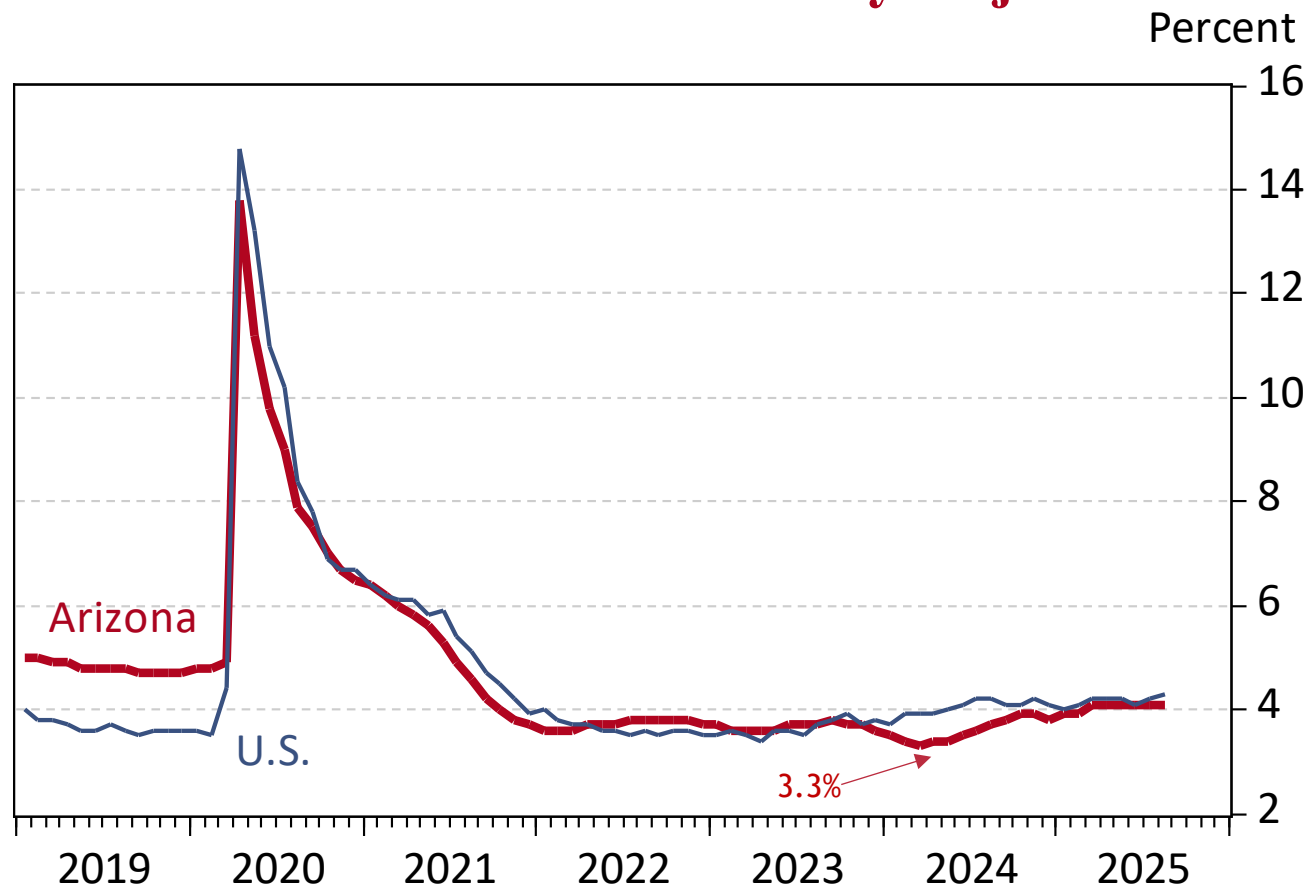
Arizona Quit and Hire Rates

Seasonally Adjusted, Twelve-Month Moving Average



Arizona and U.S. Unemployment Rates

Seasonally Adjusted

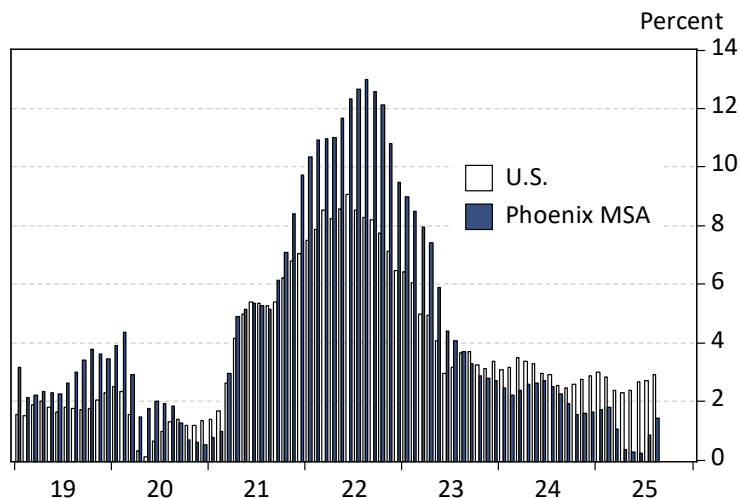


	August 2025
Arizona	4.1%
U.S.	4.3%

Phoenix MSA Inflation Is Below the U.S.

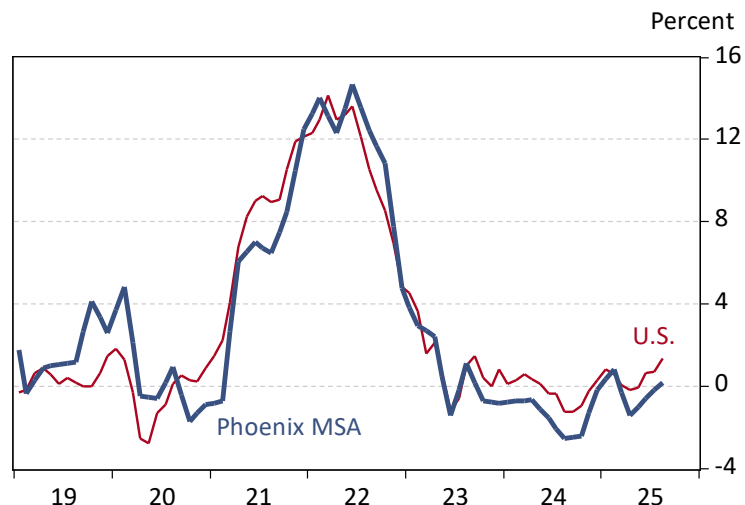
All-Items CPIU, Over the Year

All Items



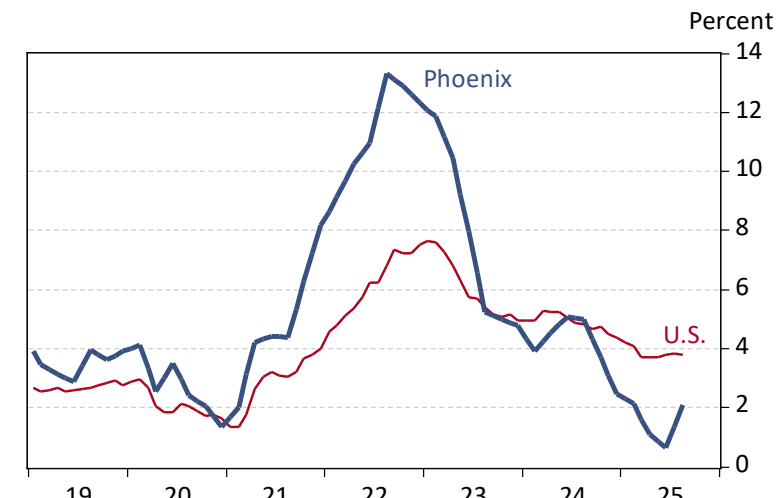
	August 2025
Phoenix MSA	1.4%
U.S.	2.9%

Commodities



	August 2025
Phoenix MSA	0.2%
U.S.	1.3%

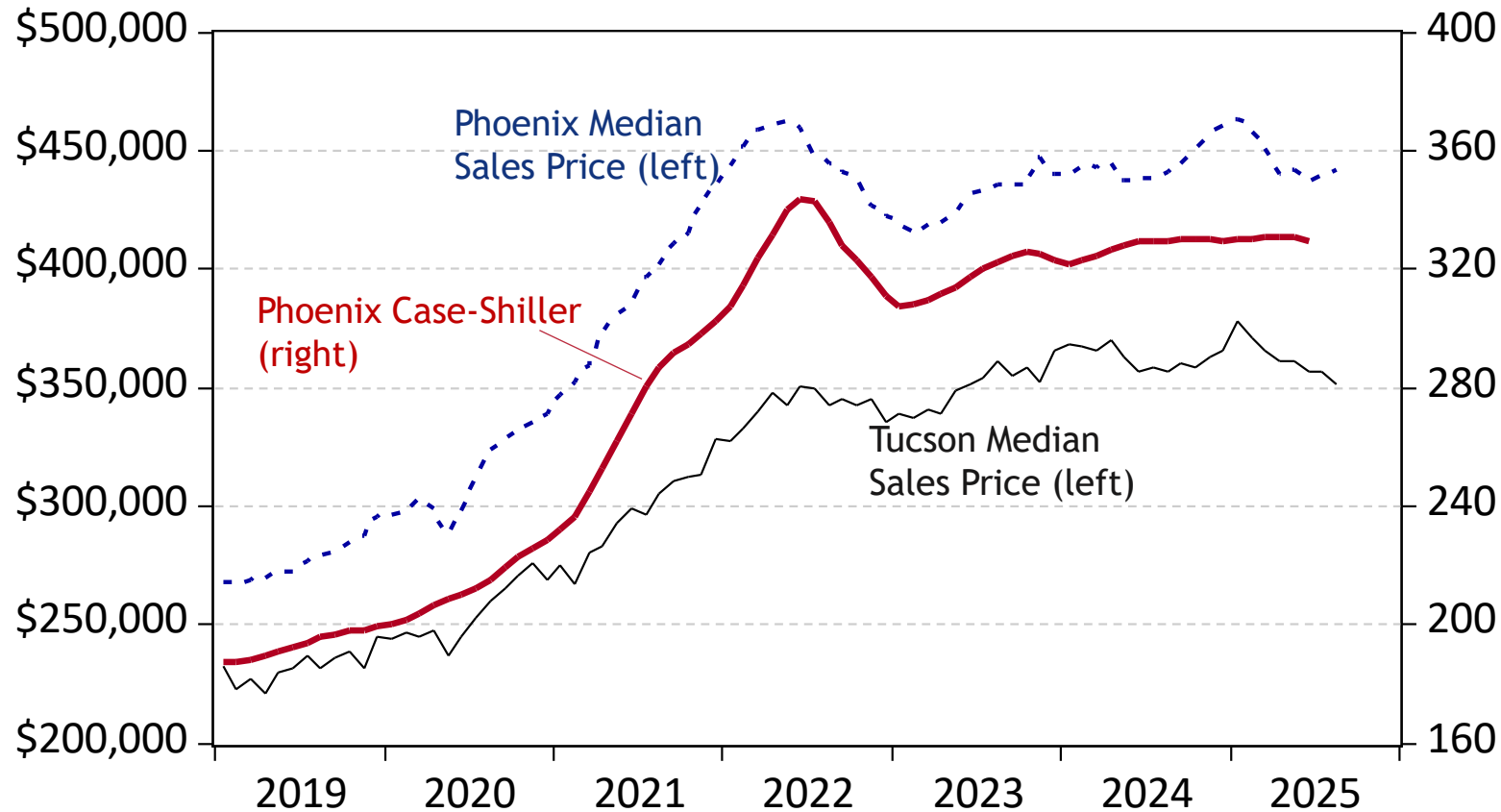
Services



	August 2025
Phoenix MSA	2.1%
U.S.	3.8%

House Prices Have Stabilized

Phoenix and Tucson



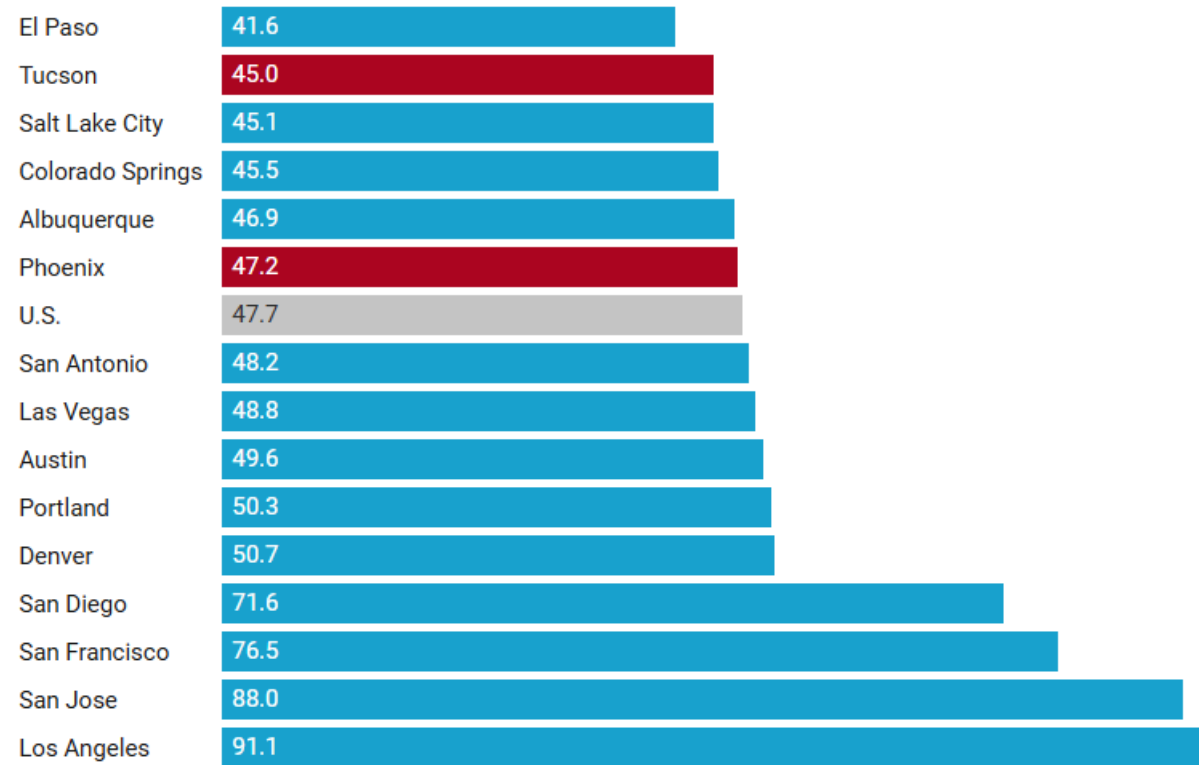
Median House Price

	Tucson	Phoenix
Aug. 2024	\$354,990	\$440,000
Aug. 2025	\$350,000	\$441,000
%change	-1.4%	0.2%



Housing Cost Burden

Federal Reserve Bank of Atlanta, May 2025



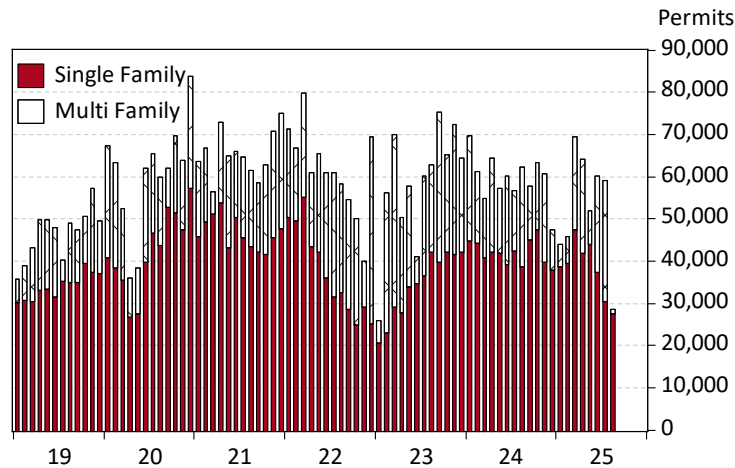
Share of local median household income needed for a mortgage, based on median sale price.

Arizona Housing Permits

Seasonally Adjusted Annual Rates

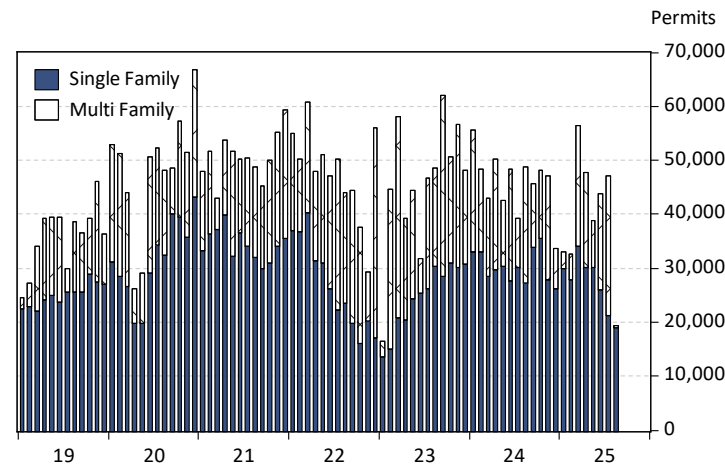
Monthly Census data benchmarked to sum to revised annual data through 2024.

Arizona



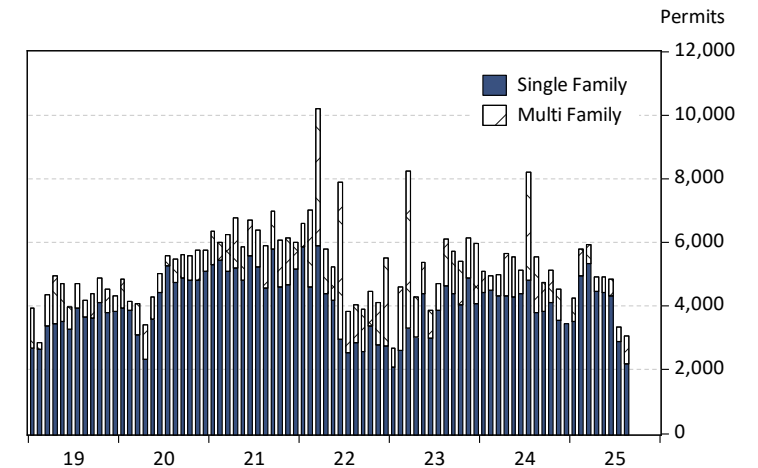
	YTD Aug. 2025
Total	-13.1%
Single-Family	-8.1%
Multi-Family	-23.9%

Phoenix MSA



	YTD Aug. 2025
Total	-15.2%
Single-Family	-8.9%
Multi-Family	-26.6%

Tucson MSA



	YTD Aug. 2025
Total	-17.9%
Single-Family	-7.9%
Multi-Family	-51.8%

Phoenix MSA Short-Run Outlook Summary

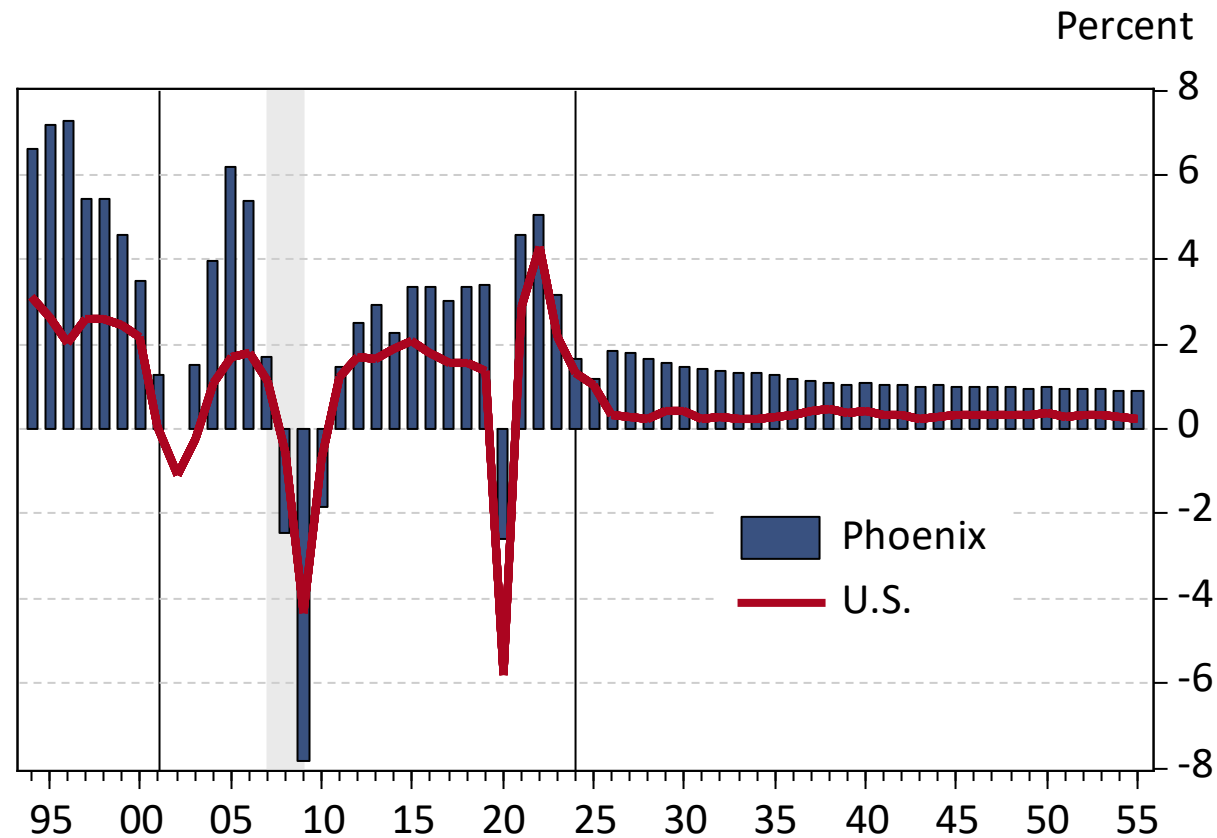
Annual Growth Rates

	Actual 2024	Forecast		
		2025	2026	2027
Growth Rate				
Nonfarm Jobs	1.6	1.2	1.8	1.8
Personal Income	6.3	5.9	6.2	6.4
Retail Plus Remote Sales	1.1	3.5	4.1	4.6
Population	1.5	1.5	1.5	1.5
Level				
Housing Permits	45,884	43,410	41,867	40,299

Personal income is forecast in 2024.

Phoenix MSA and U.S. Job Growth

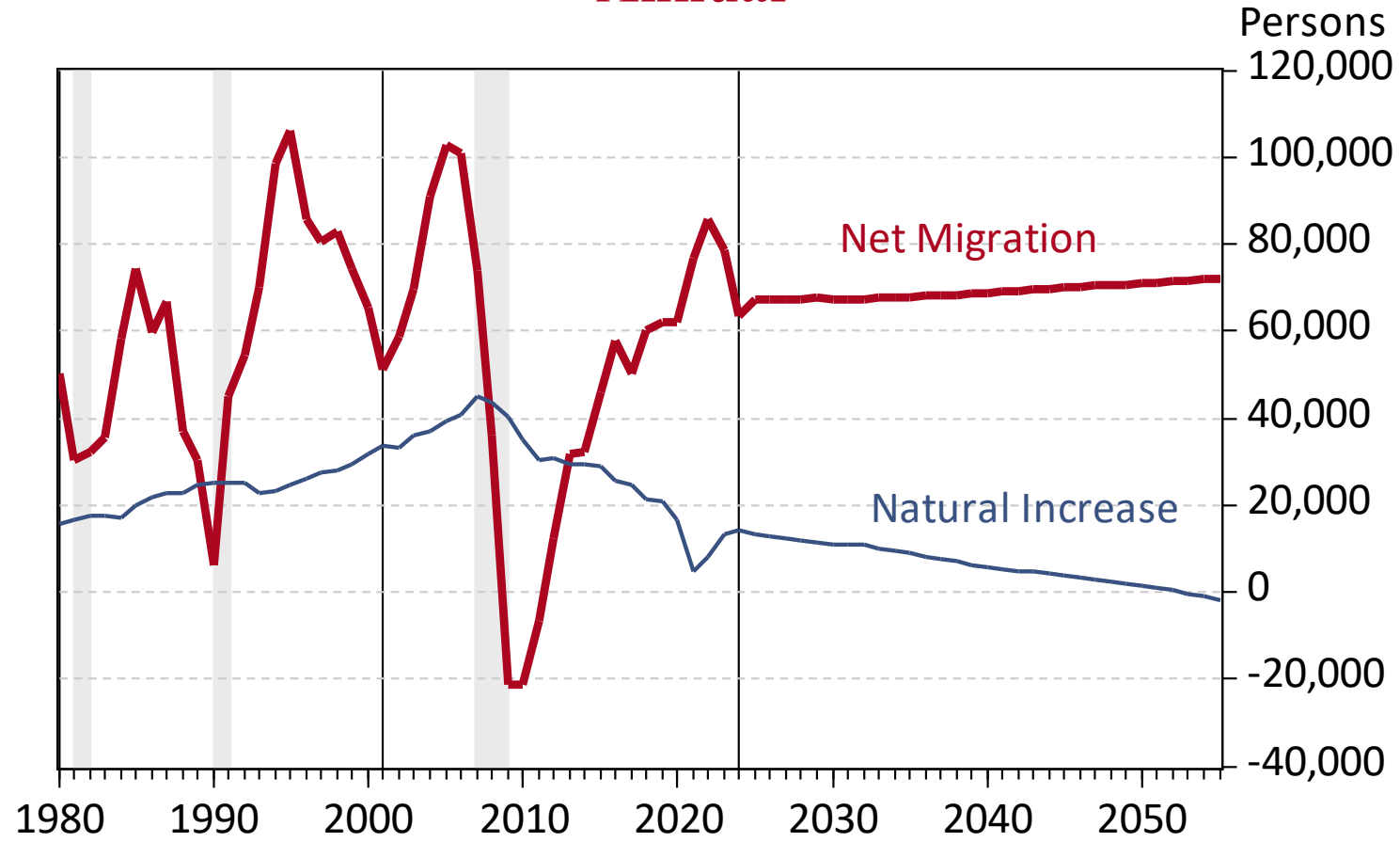
Annual Growth Rates



	1994-2024	2025-2055
Phoenix MSA	2.6%	1.2%
U.S.	1.1%	0.3%

Phoenix MSA Net Migration and Natural Increase

Annual



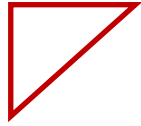
Arizona Gross In-Migration Flows

PUMS ACS 2019-2023 from IPUMS USA

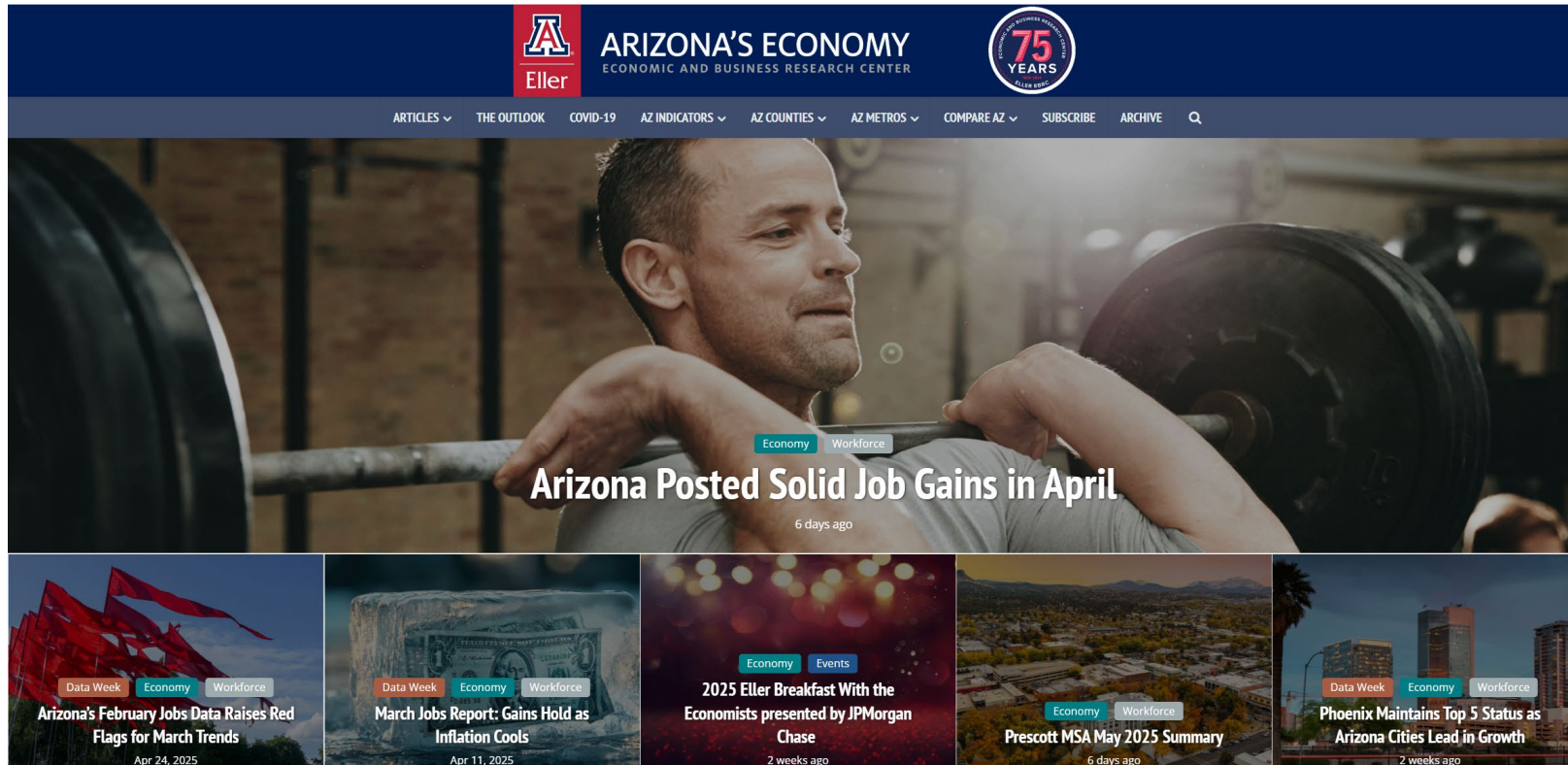
	Arizona	Phoenix MSA	Tucson MSA	Prescott MSA
California	63,220	California 37,468	California 8,207	California 3,425
Washington	18,724	Washington 13,473	Texas 3,214	Texas 861
Texas	15,870	Texas 9,885	Colorado 2,252	Nevada 599
Colorado	12,052	Illinois 8,617	Washington 2,226	Washington 570
Illinois	10,949	Colorado 7,575	Illinois 1,706	Oregon 504
Oregon	8,784	Florida 5,922	Oregon 1,353	Florida 484
Florida	8,541	Oregon 5,854	Florida 1,230	Colorado 483
Utah	7,465	New York 5,529	Utah 1,095	North Dakota 416
New York	7,202	Utah 5,268	New Mexico 1,079	New Mexico 400
Minnesota	6,925	Minnesota 5,018	Georgia 965	North Carolina 370
Northeast	20,359	15,153	3,158	716
Midwest	54,479	38,588	7,491	1,703
South	50,647	31,735	9,264	2,157
West	137,813	83,706	19,837	6,881
Total	263,298	169,182	39,750	11,457

Main Takeaways

- ▶ **Phoenix is adding jobs at a modest pace**
 - ▶ With the unemployment rate up modestly
 - ▶ Hire rates are down significantly
- ▶ **Phoenix inflation is far below the U.S.**
 - ▶ But tariffs and mass deportations seem poised to drive prices up
- ▶ **Housing cost burdens are a problem**
 - ▶ Housing permits are down so far this year
- ▶ **Short-run policy risks remain an important consideration**
 - ▶ Policy uncertainty, tariffs, mass deportations, federal job/spending cuts
- ▶ **The outlook is positive for Arizona, Phoenix, and Tucson in the long run**
 - ▶ But growth is forecast to slow significantly compared to the prior 30-years



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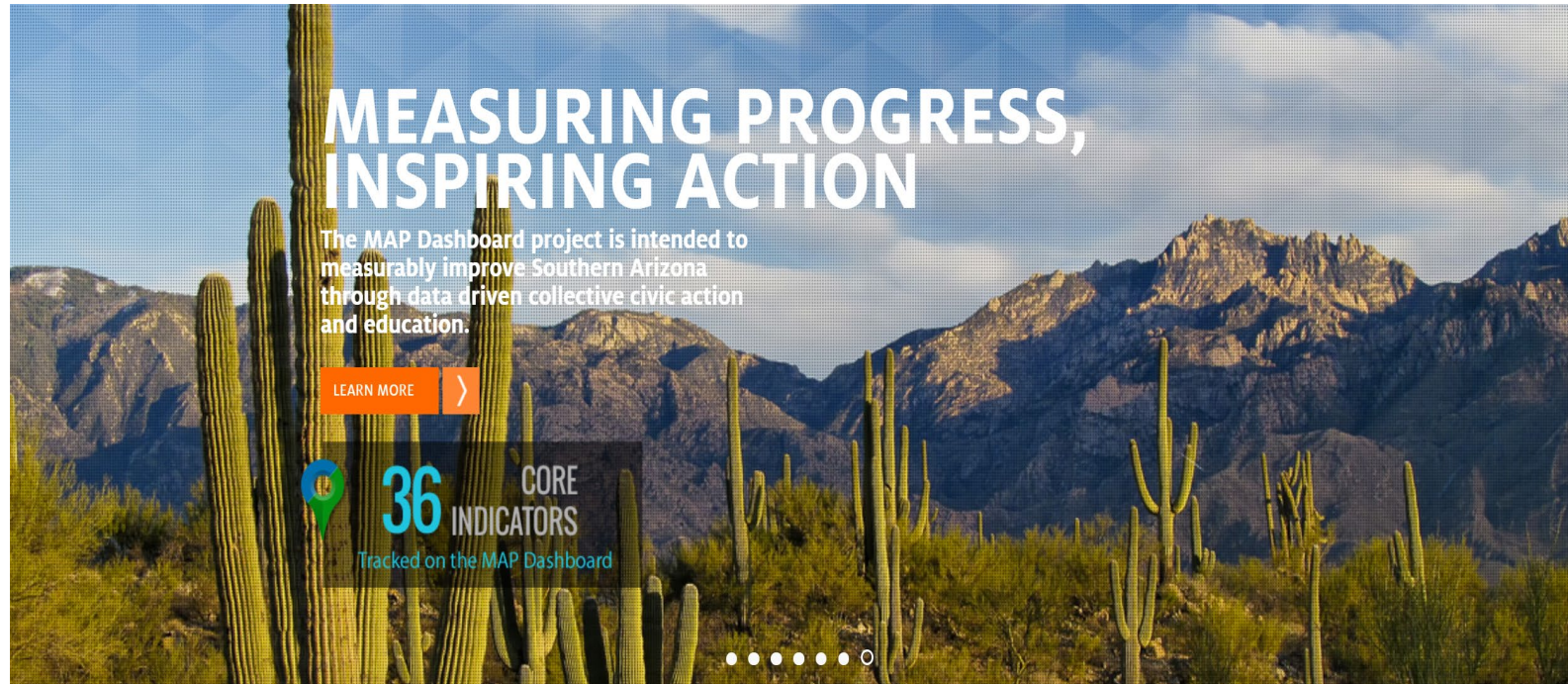


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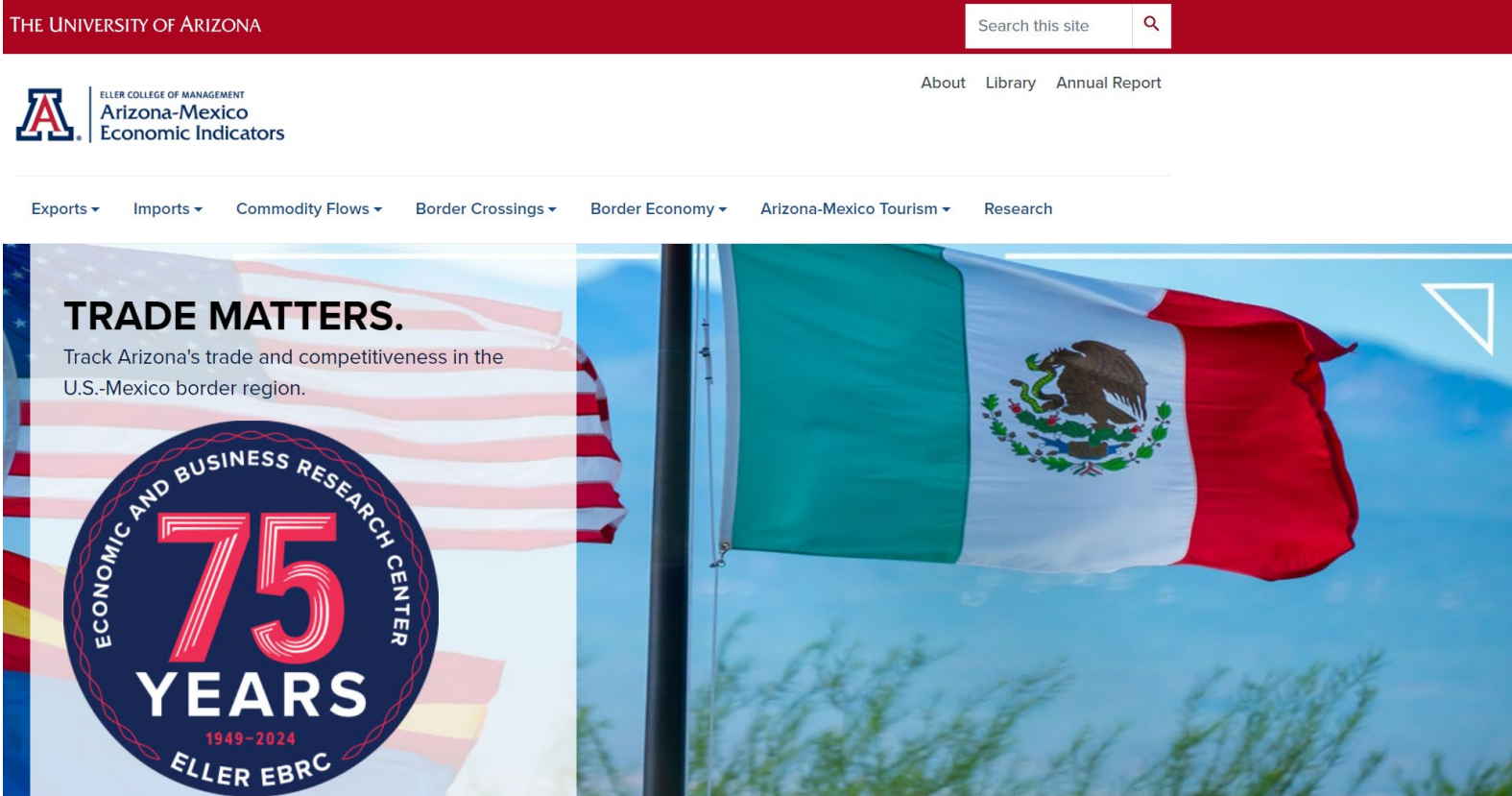
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