



# The Phoenix MSA Navigates High Seas

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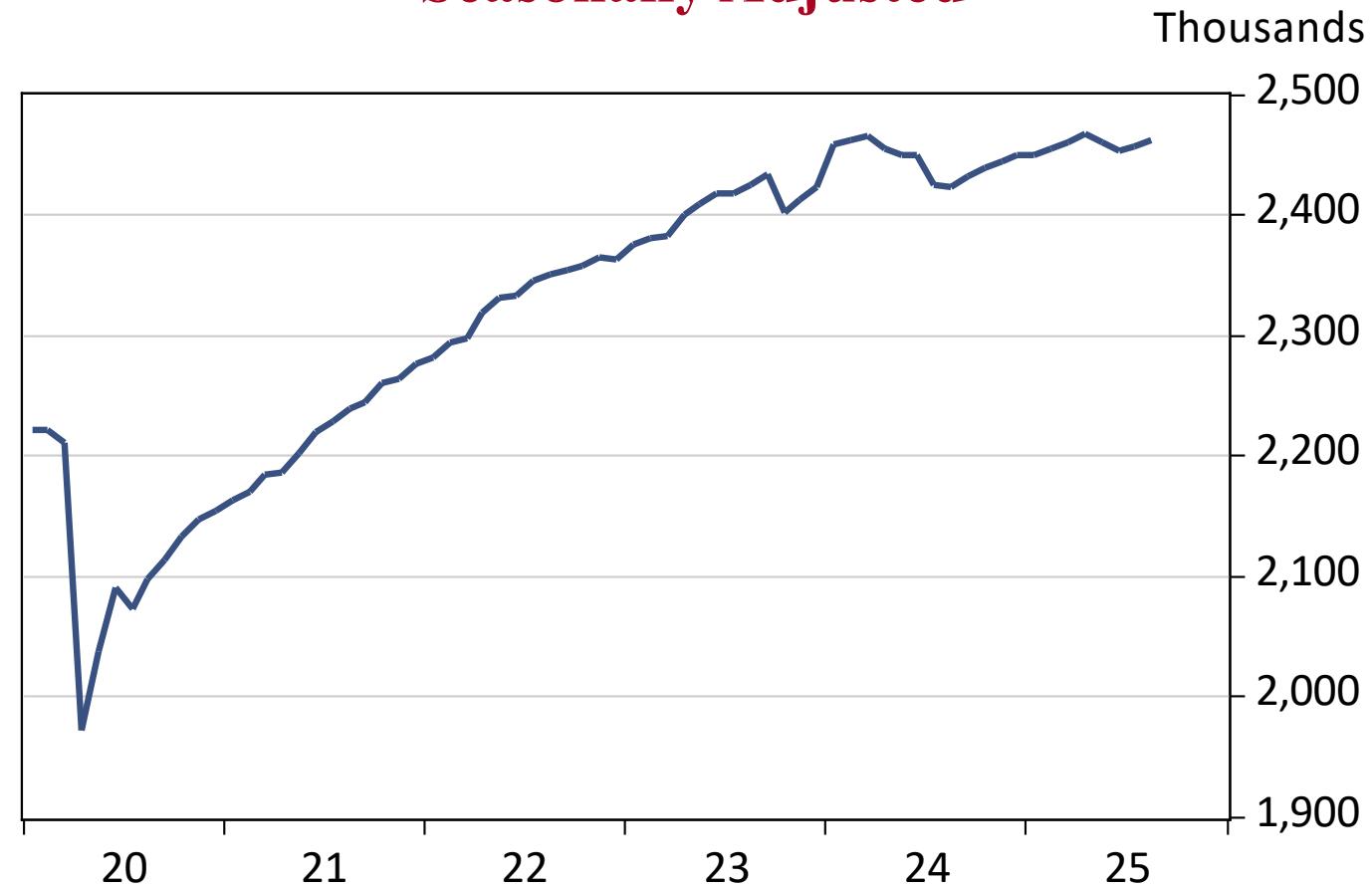
# Key Topics

- ▶ **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

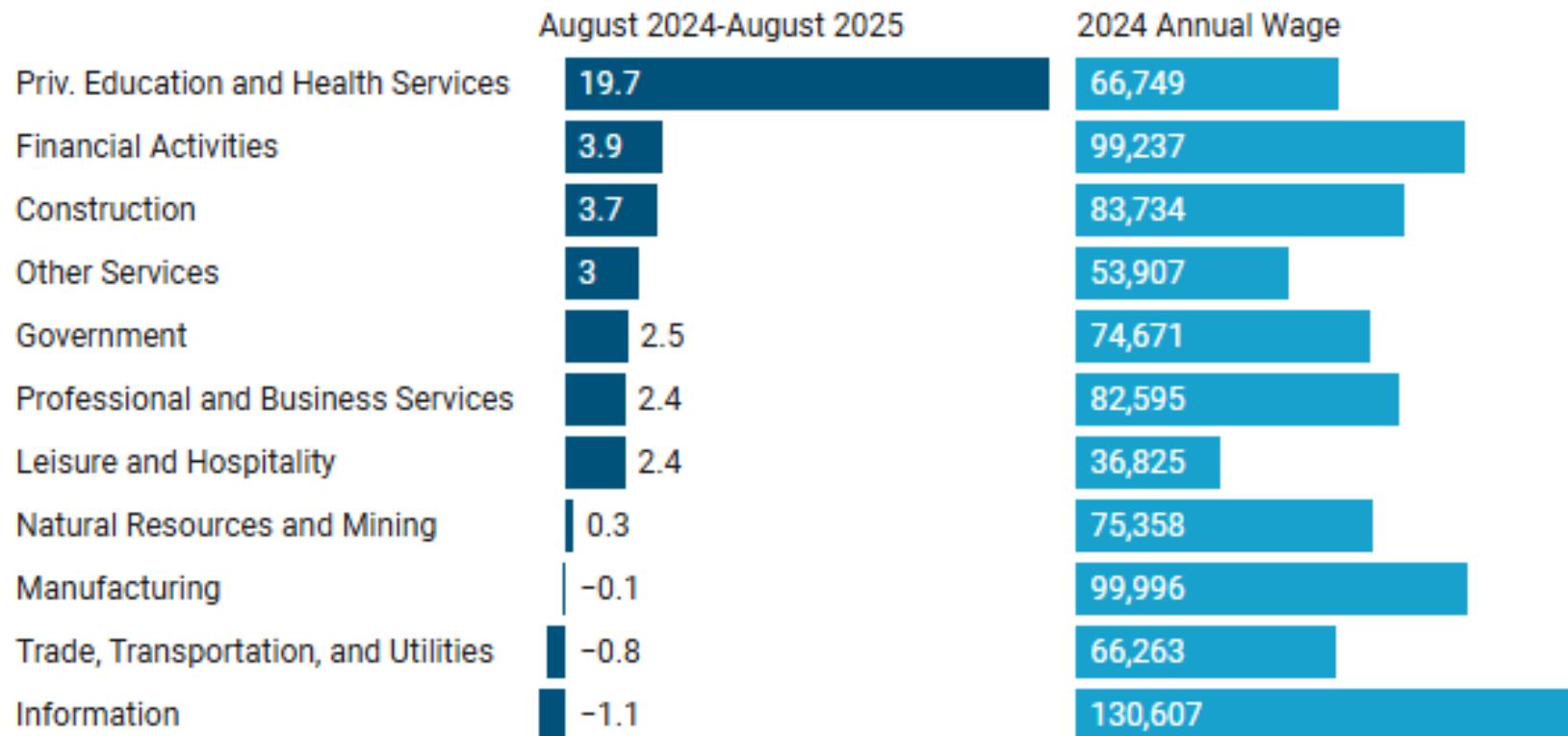
Seasonally Adjusted



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# Phoenix MSA Nonfarm Job Growth by Industry

## Thousands of Jobs and 2024 Annual Wage

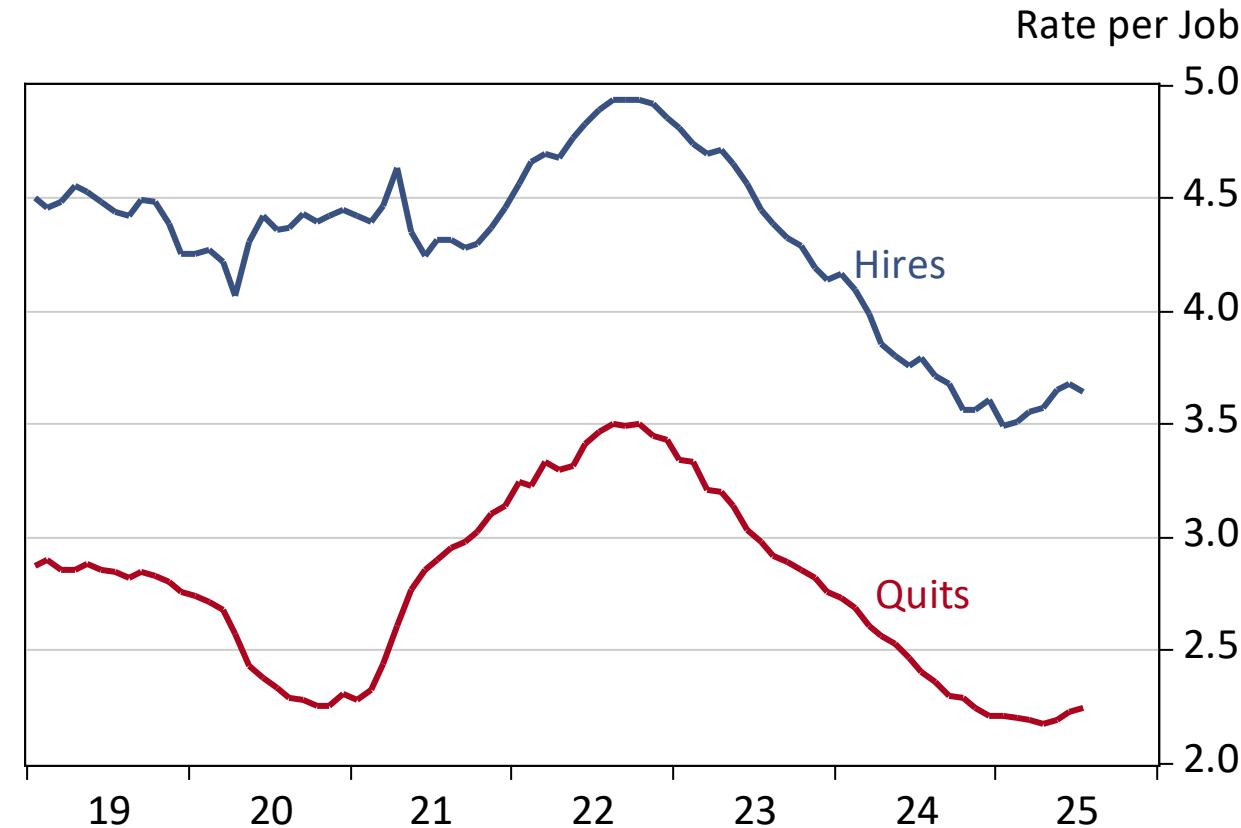


Total Nonfarm Jobs	Percent Change
Over the Year (August 2025)	
Phoenix MSA	1.5%
U.S.	0.8%
Year to Date (Jan-August 2025)	
Phoenix MSA	0.4%
U.S.	1.1%



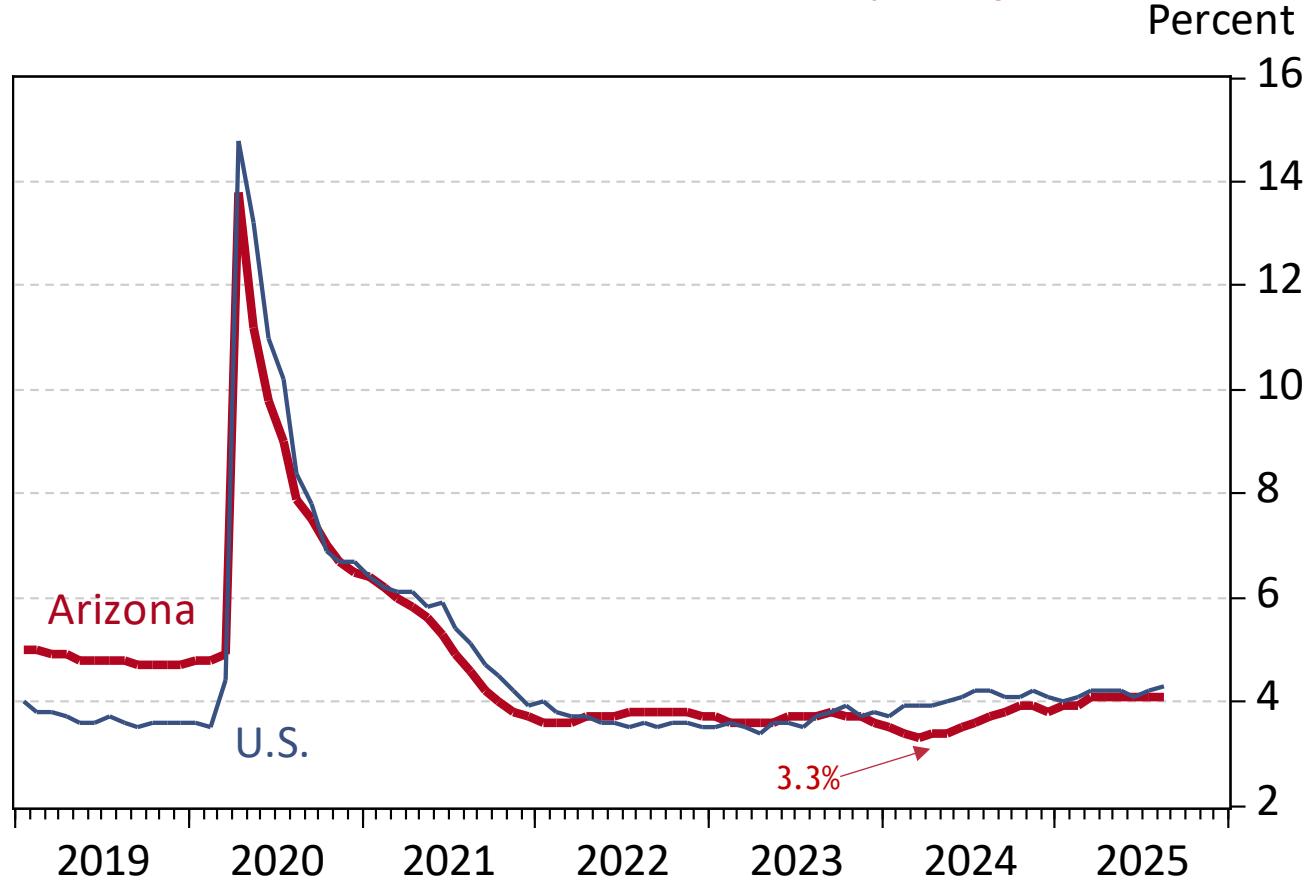
# Arizona Quit and Hire Rates

Seasonally Adjusted, Twelve-Month Moving Average



# Arizona and U.S. Unemployment Rates

Seasonally Adjusted



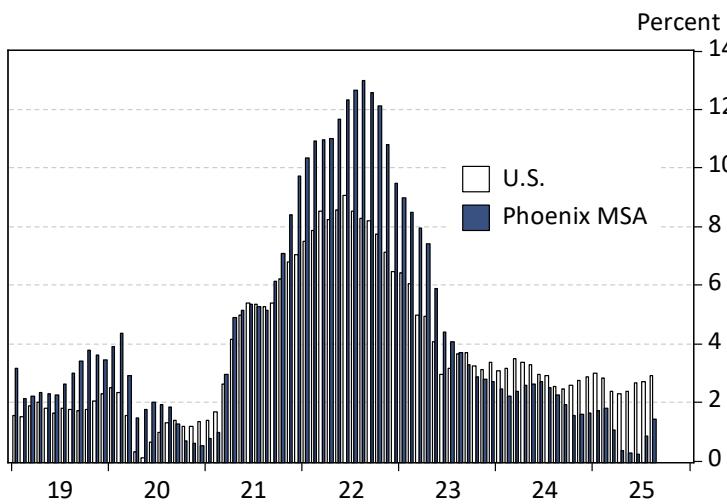
August 2025	
Arizona	4.1%
U.S.	4.3%



# Phoenix MSA Inflation Is Below the U.S.

## All-Items CPIU, Over the Year

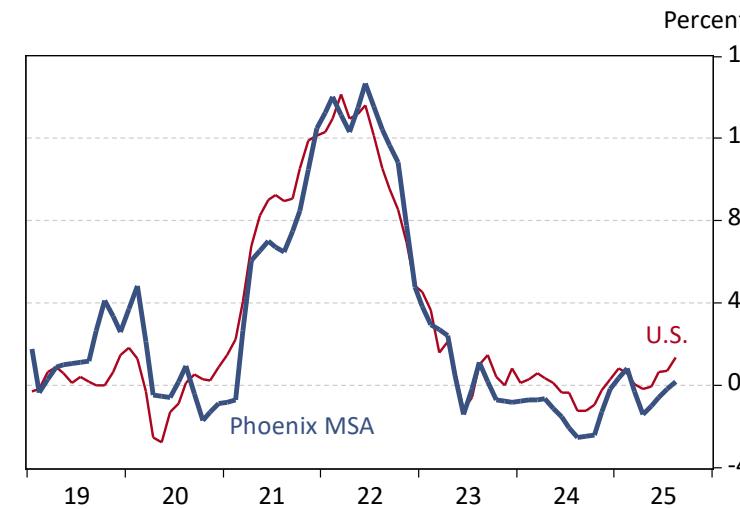
### All Items



August  
2025

Phoenix MSA	1.4%
U.S.	2.9%

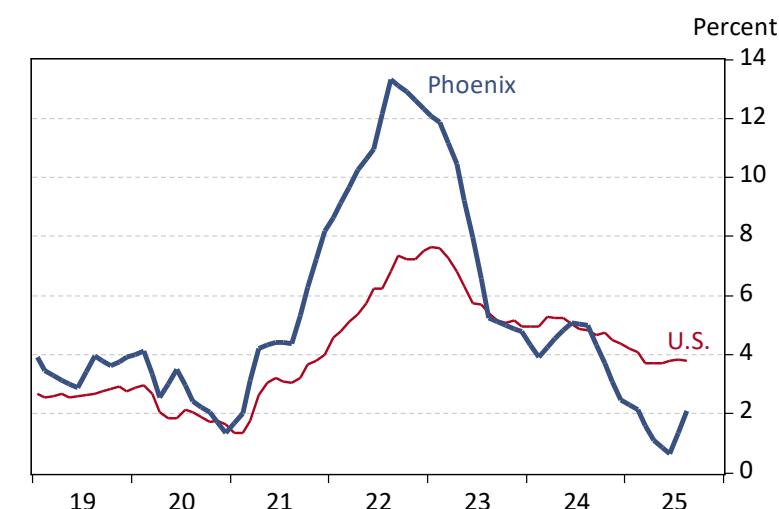
### Commodities



August  
2025

Phoenix MSA	0.2%
U.S.	1.3%

### Services



August  
2025

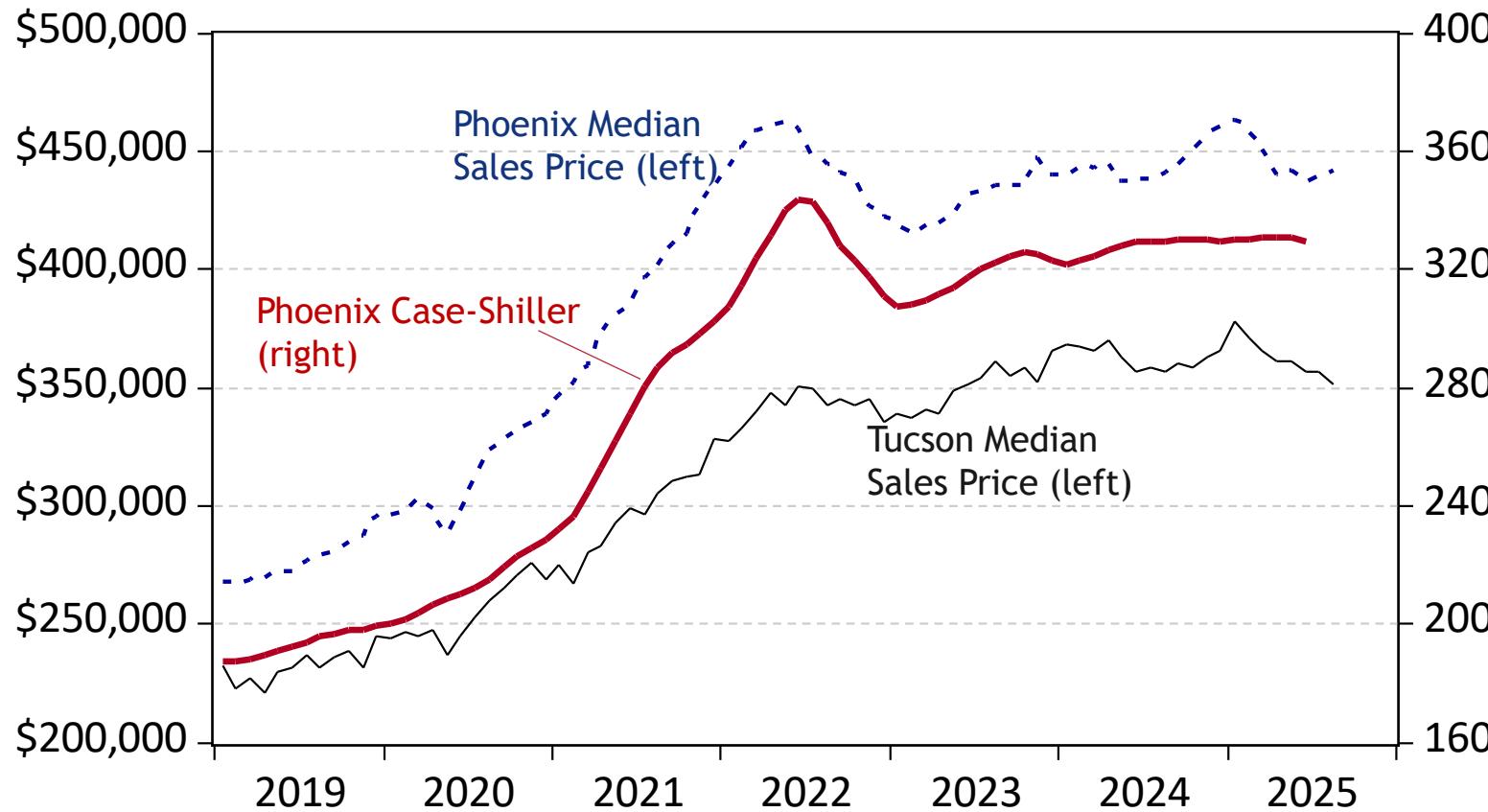
Phoenix MSA	2.1%
U.S.	3.8%



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# House Prices Have Stabilized

## Phoenix and Tucson

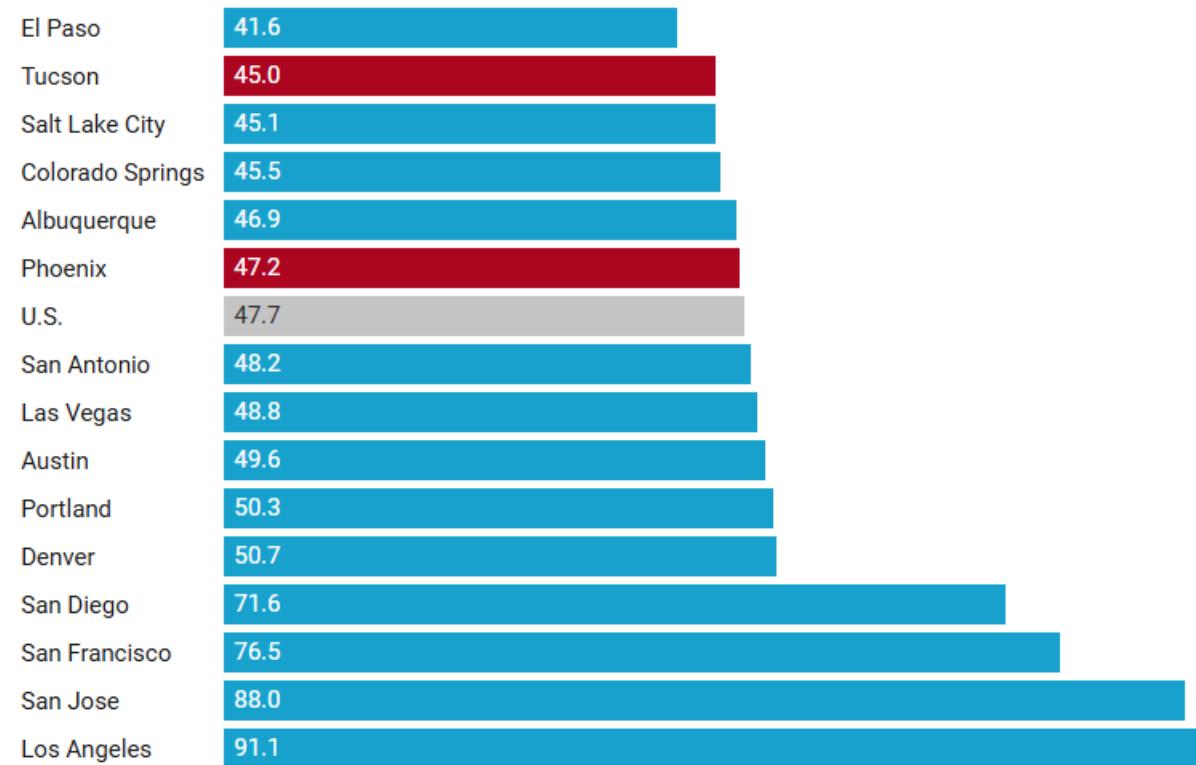


Median House Price		
	Tucson	Phoenix
Aug. 2024	\$354,990	\$440,000
Aug. 2025	\$350,000	\$441,000
%change	-1.4%	0.2%



# 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.



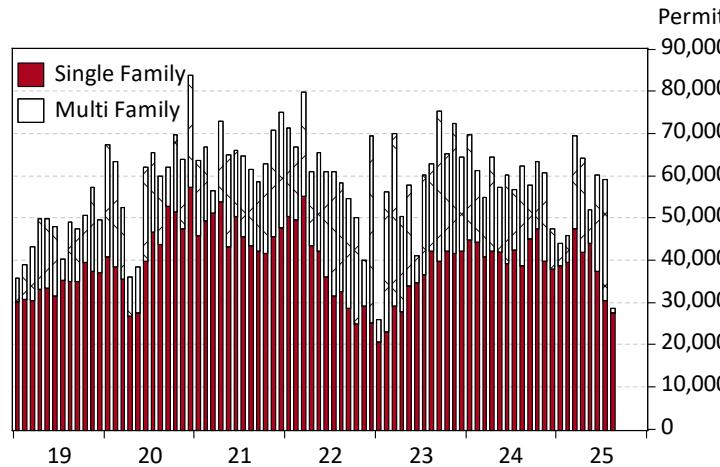
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# Arizona Housing Permits

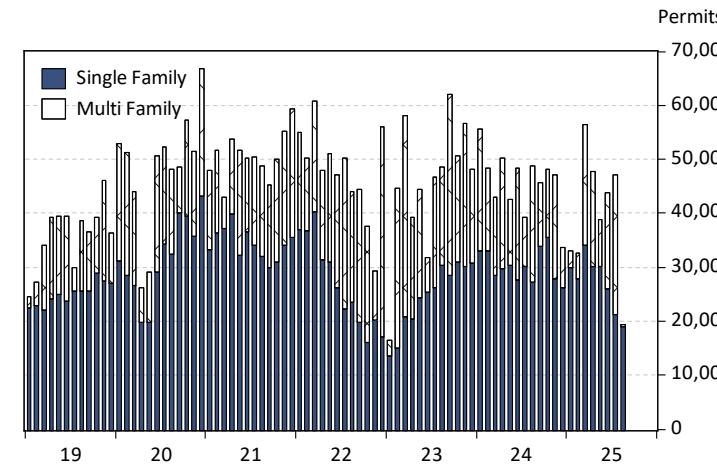
## Seasonally Adjusted Annual Rates

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

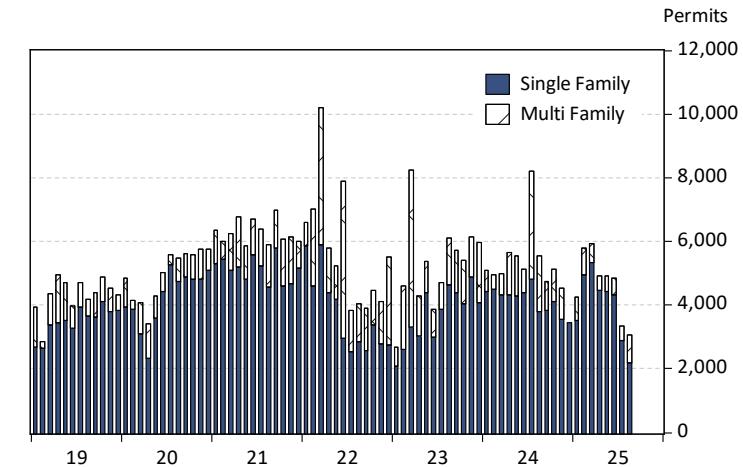
### Arizona



### Phoenix MSA



### Tucson MSA



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

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

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



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# Phoenix MSA Short-Run Outlook Summary

## Annual Growth Rates

	Actual	Forecast		
	2024	2025	2026	2027
<b>Growth Rate</b>				
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
<b>Level</b>				
Housing Permits	45,884	43,410	41,867	40,299

Personal income is forecast in 2024.

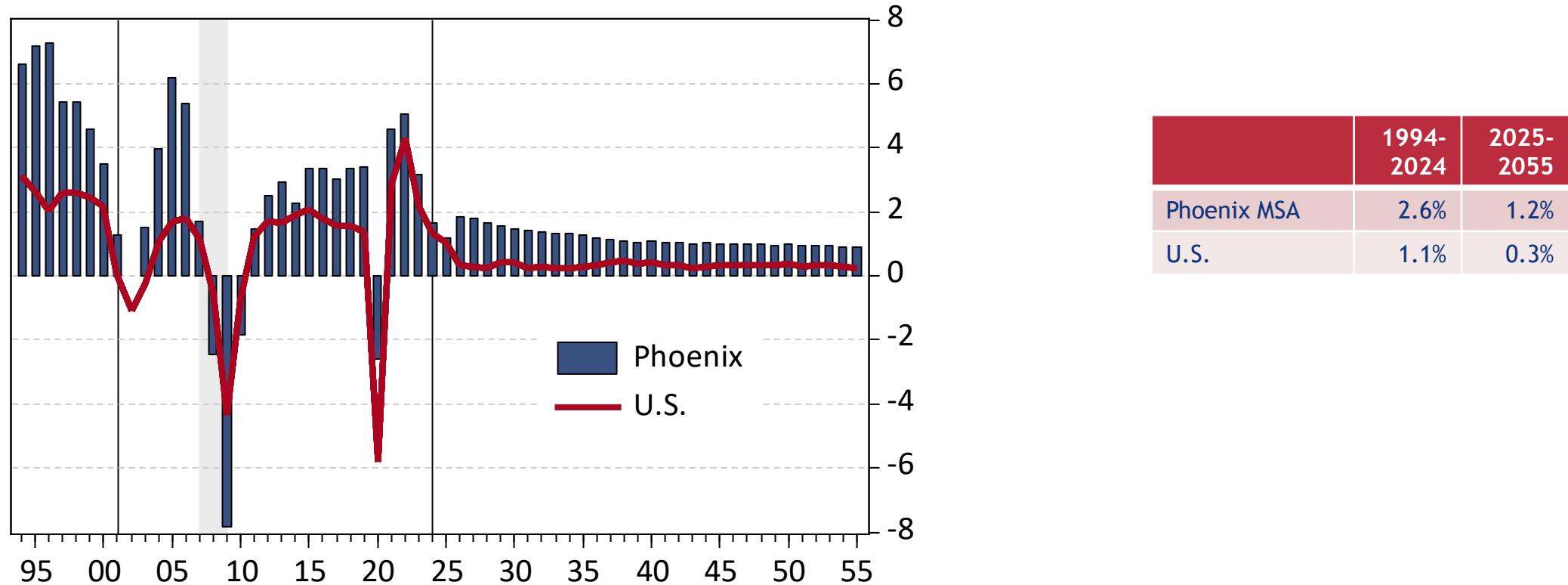


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# Phoenix MSA and U.S. Job Growth

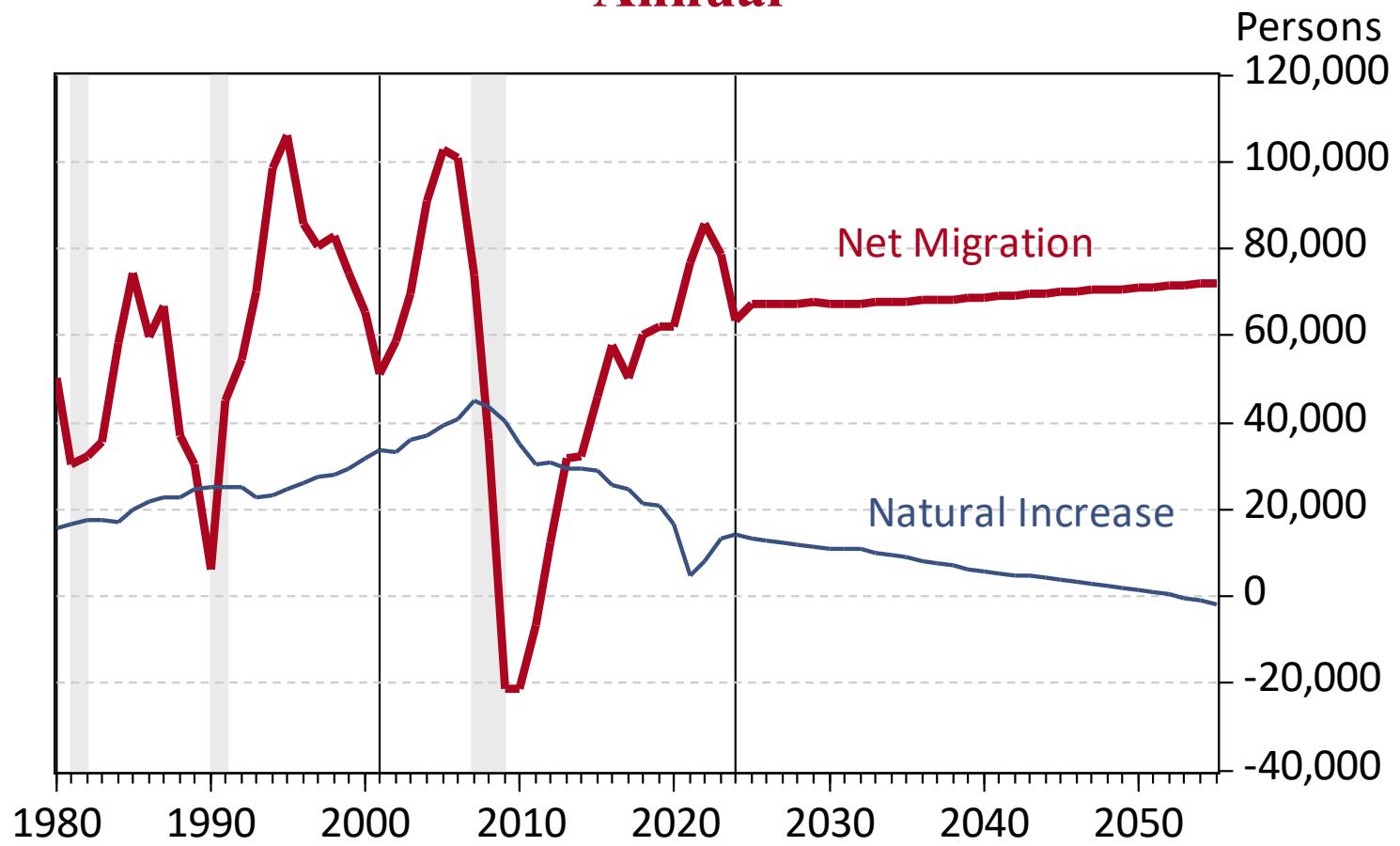
## Annual Growth Rates

Percent



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# Phoenix MSA Net Migration and Natural Increase



# 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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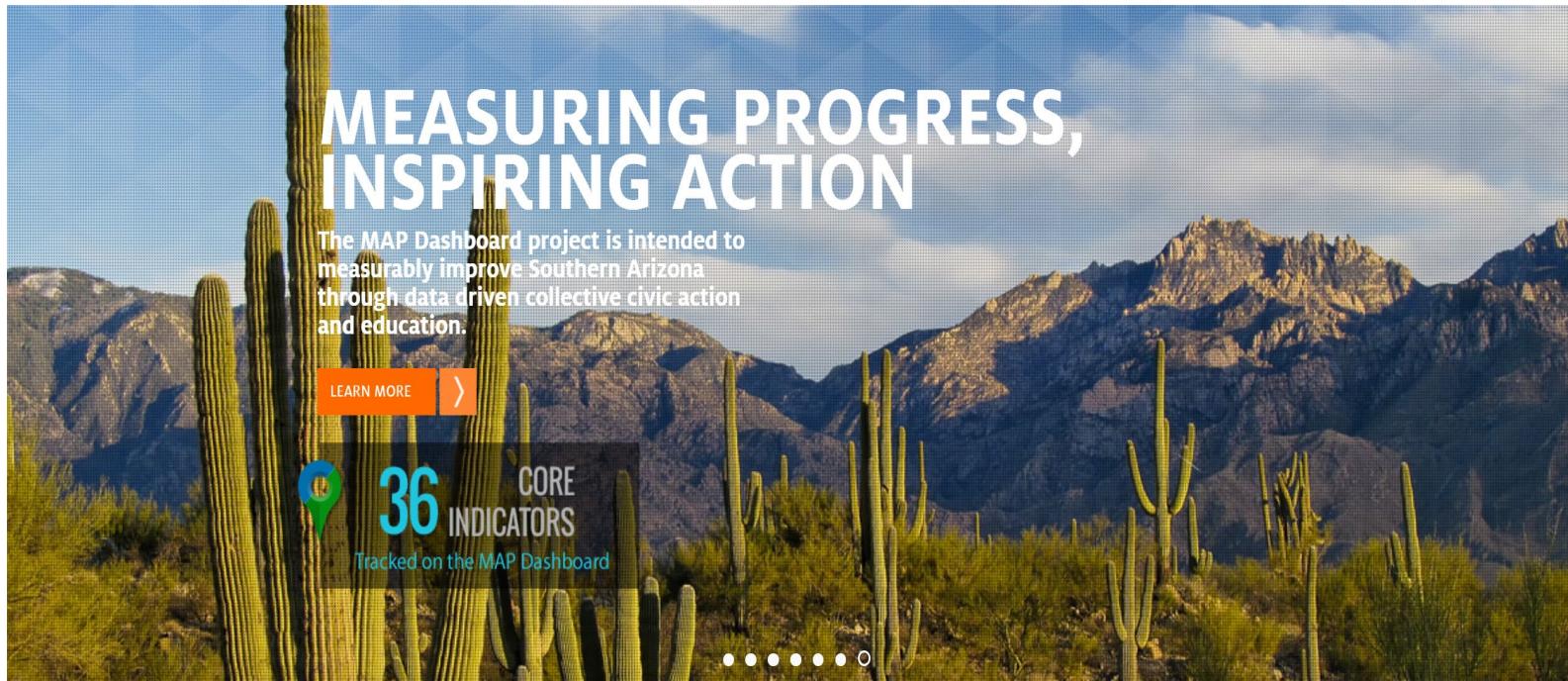


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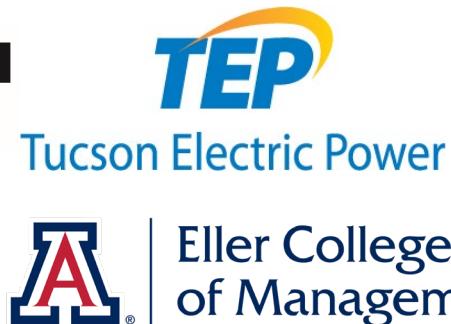


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