



Key Phoenix Economic Indicators Quarterly Report

This report transmits the first quarter report of the Key Phoenix Economic Indicators for Fiscal Year (FY) 2024-25 to the City Council and community.

Summary

As part of efforts to continuously improve budget forecasting and reporting, the Budget and Research Department compiles 18 key Phoenix economic indicators into the attached quarterly report. The data is collected with the assistance of the Aviation, Budget and Research, Planning and Development, Public Works, and Water Services departments. The attached report provides insightful data that, when reviewed collectively, can reveal a helpful overall picture of recent economic activity trends specifically within Phoenix. Although outside sources of economic data are also available, most of that information covers the entire Greater Phoenix region or the State of Arizona. However, with the exception of two statewide measures, the indicators in the attached report relate to data specifically within City of Phoenix boundaries, which may differ from the region or state. The indicators attached to this report (**Attachment A**) are for review by the City Council and community.

The 18 Phoenix data measures include:

Sky Harbor International Airport Passengers

This measure indicates regional tourism and business activity.

Phoenix Water Service Accounts

This measure may indicate changes in Phoenix population and commercial and residential property development.

New Phoenix Single Family Home Construction Permits Issued

This measure may indicate Phoenix population growth and shifts in housing preferences or demographics, as well as spill-over benefits to other economic sectors such as construction, retail, manufacturing and utilities.

New Phoenix Multi-Family Units Permitted

Like single family permits, this measure may indicate Phoenix population growth and

shifts in housing preferences or demographics, as well as spill-over benefits to other economic sectors such as construction, retail, manufacturing and utilities.

Total Value of Permitted Phoenix Activity

Along with other factors, this measure may provide an indication of Phoenix property market values and development, as well as overall strength for commercial and residential markets.

Phoenix Solid Waste Residential Customer Growth

This measure may indicate changes in Phoenix population and revenue generated through solid waste services provided by the Public Works Department.

City of Phoenix Overall Sales Tax

This measure indicates overall economic activity related to all categories of taxable sales within Phoenix.

City of Phoenix Retail Sales Tax

This measure indicates economic activity related to taxable retail sales and consumer spending levels within Phoenix.

City of Phoenix Hotel/Motel Sales Tax

This measure indicates economic activity related to hospitality, leisure and tourism within Phoenix.

City of Phoenix Restaurants/Bars Sales Tax

This measure indicates economic activity related to hospitality, leisure and tourism within Phoenix.

City of Phoenix Contracting Sales Tax

This measure indicates economic activity related to taxable commercial and residential construction in Phoenix.

State Overall Sales Tax

This measure indicates economic activity related to all categories of taxable sales within the State of Arizona.

State Vehicle License Tax

This measure indicates vehicle sales activity within the State of Arizona.

Phoenix Assessed Property Valuation

This measure is based on the Primary Net Assessed Valuation, which provides the

basis for City of Phoenix property tax revenue.

Phoenix Full Cash Property Value

This measure indicates the market value of residential and commercial property within Phoenix and is an important economic indicator relating to the overall commercial and residential property markets.

Phoenix Median Household Income

This annually updated measure provides the mid-level household income within Phoenix, an important indicator of job and wage activity levels.

Phoenix Unemployment Rate

This measure shows the percentage of the active labor force currently unemployed within Phoenix, an important indicator of overall economic health.

Phoenix Labor Force Participation

Another measure of employment levels, this annually updated measure shows the percentage of the population aged 16 and older currently in the Phoenix labor force, which can help account for "discouraged workers" not captured in the unemployment rate.

Each measure provides the year-to-date totals and year-to-date growth rates compared to the prior year, prior three-year average, and peak year.

Responsible Department

This item is submitted by City Manager Jeffrey Barton and the Budget and Research Department.



City of Phoenix

Phoenix Economic Indicators Report

First Quarter FY 2024-25

Executive Summary

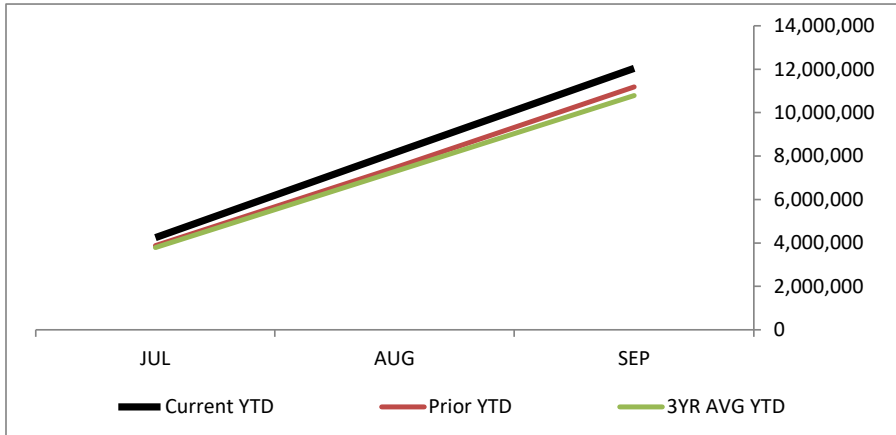
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle sales, property values, and employment statistics. Each statistic is shown through a graph presenting current year-to-date data (for data available on a monthly basis), prior year-to-date, prior three year average of year-to-date data, and peak year data for the first quarter of the current fiscal year (July 1 - June 30). Each indicator has its own peak year where performance was at its highest since 2000. Each graph is accompanied by a description of the significance of the measure as an economic indicator, and a statement about the current year data in relation to prior years. Many of the statistics are measured on a monthly basis, but a few are only available quarterly or annually.

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Phoenix Sky Harbor Airport Total Passengers

Significance: The number of passengers utilizing the Phoenix Sky Harbor airport can be an indicator for regional tourism and business activity.



Current YTD Compared to:

Prior Year	7.6%
3 Year Avg.	11.7%
Peak Year	
(FY 2023-24)	7.6%

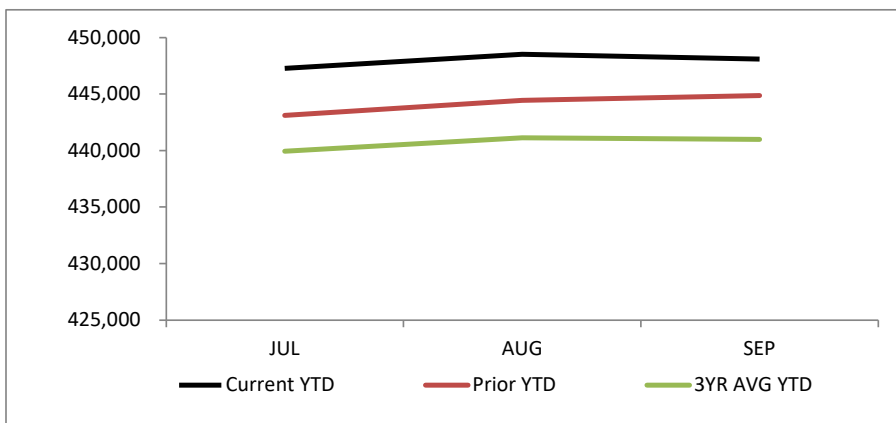
Totals

CYTD	12,048,391
PYTD	11,197,324
3YRAVG	10,789,775
Peak Year	
(FY 2023-24)	11,197,324

Current Year: Passenger traffic increased 7.6% compared to the same period last fiscal year and is 11.7% higher than the three year average. Industry data lags two months.

Total Water Service Accounts

Significance: Total water service account growth is a measurement indicating revenue generated through services provided by the Water Services Department. The number of water service accounts can be an indicator of changes in population and development.



Current YTD Compared to:

Prior Year	0.7%
3 Year Avg.	1.6%
Peak Year	
(FY 2023-24)	0.7%

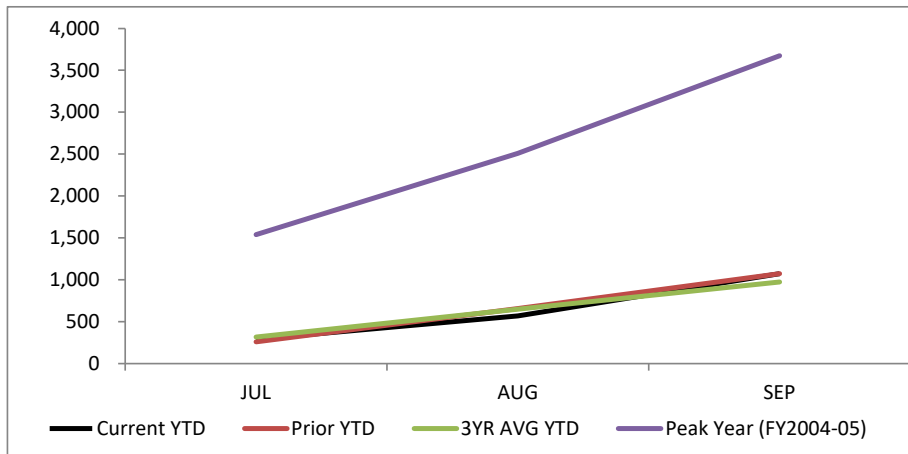
Totals

CYTD	448,101
PYTD	444,878
3YRAVG	440,971
Peak Year	
(FY 2023-24)	444,878

Current Year: Water service accounts continue to reflect an upward trend in residential customers. Both residential single-family and multi-family growth increased during the first quarter as compared to the previous year. This confirms growth trends for residential single-family and multi-family units permitted which lag behind water account growth by a few years.

Total New Home Construction Permits Issued

Significance: New single-family homes are a key economic indicator, reflecting local population growth as well as spill over benefits to other sectors of the economy such as demand for construction labor/materials, retail, manufacturing and utilities.

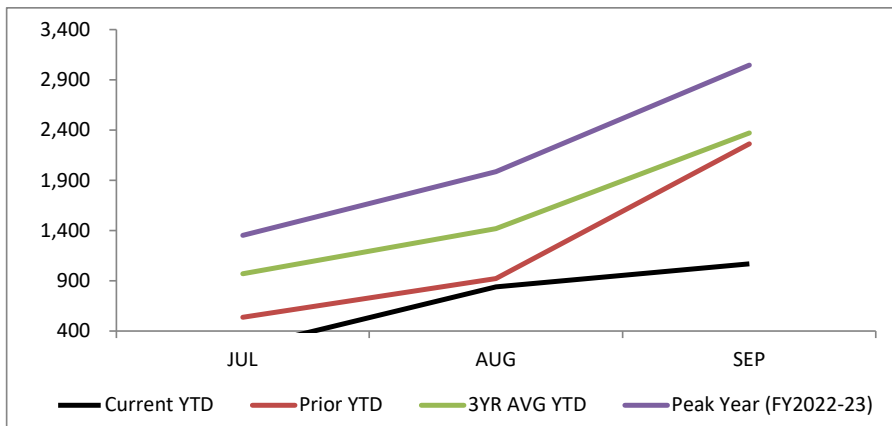


Current YTD Compared to:	
Prior Year	-0.1%
3 Year Avg.	10.3%
Peak Year (FY 2004-05)	-70.8%
Totals	
CYTD	1,073
PYTD	1,074
3YRAVG	973
Peak Year (FY 2004-05)	3,672

Current Year: National trends point to flat home sales and there has been a slight decline of 0.1% in the first three months compared to the same period last fiscal year of new home construction permits issued. Influences such as interest rate changes, employment rates, inflation and overall economic conditions will play a role in the residential single-family new home market for FY 2024-25.

New Multi-Family Units Permitted

Significance: New multi-family construction is a key economic indicator of local population growth or shifts in housing preferences and its spill over benefits to other sectors of the economy such as demand for construction labor/materials, retail, manufacturing, and utilities.

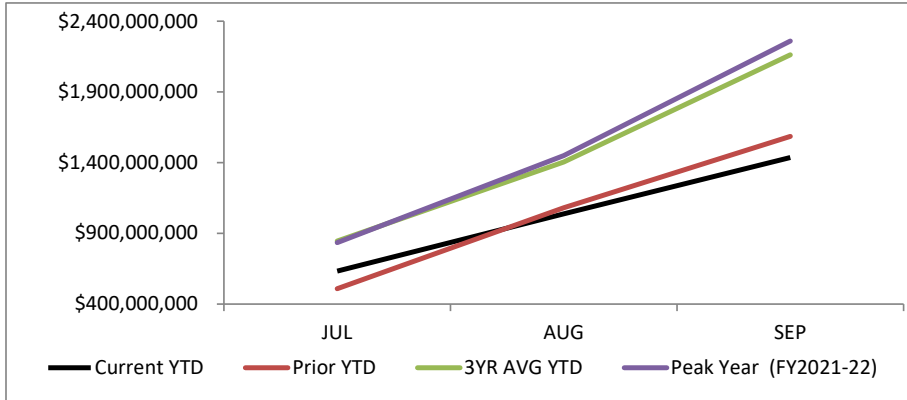


Current YTD Compared to:	
Prior Year	-52.8%
3 Year Avg.	-55.0%
Peak Year (FY 2022-23)	-65.0%
Totals	
CYTD	1,068
PYTD	2,265
3YRAVG	2,371
Peak Year (FY 2022-23)	3,048

Current Year: The Planning & Development Department is expecting to see a decrease in the overall number of multi-family units permitted this fiscal year due to considerable permitting in past years and estimates from the Arizona Multi-Housing Association.

Total Value of Permitted Activity

Significance: The valuation of new construction can be an indicator of economic strength because it reflects the permit value of new construction projects.



Current YTD Compared to:

Prior Year	-9.4%
3 Year Avg.	-33.6%
Peak Year (FY 2021-22)	-36.5%

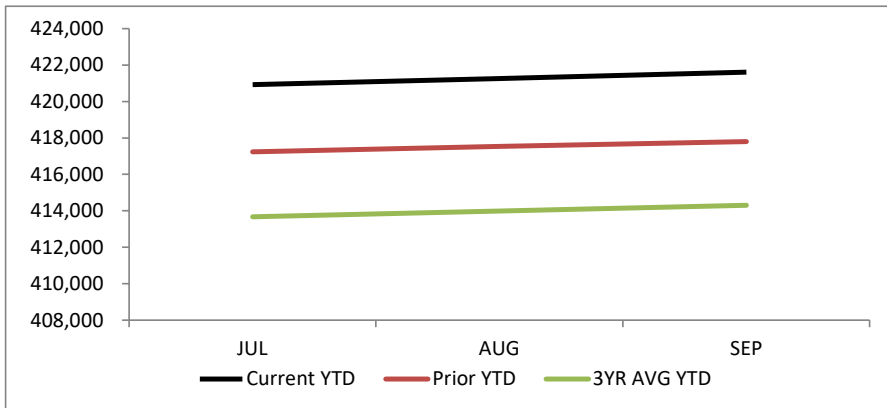
Totals

CYTD	\$1,436,296,238
PYTD	\$1,585,568,761
3YRAVG	\$2,162,448,052
Peak Year (FY 2021-22)	\$2,260,148,648

Current Year: While the value of permitted activity decreased in the first quarter compared to the same time last fiscal year, the second fab of the TSMC semi-conductor plant is expected to be permitted in FY 2024-25, which should assist with overall valuation figures.

Solid Waste - Residential Customer Growth

Significance: Residential customer growth is an indicator of one facet of Phoenix's economic strength because it reflects the growth in households. The graph shows a consistent upward trend in the count of Solid Waste residential customers.



Current YTD Compared to:

Prior Year	0.9%
3 Year Avg.	1.8%
Peak Year (FY 2023-24)	0.9%

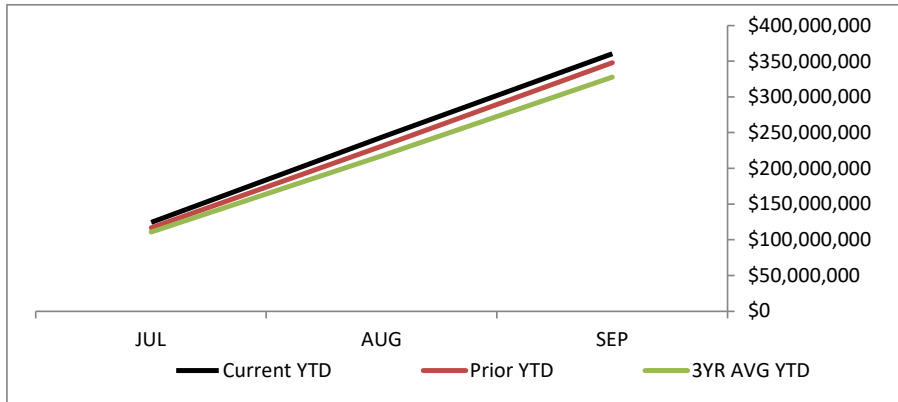
Totals

CYTD	421,606
PYTD	417,807
3YRAVG	414,312
Peak Year (FY 2023-24)	417,807

Current Year: The number of residential living units being serviced by the Public Works Department Solid Waste Division is consistently trending upwards.

City Sales Tax - Total

Significance: City sales tax (all funds including: General Fund, T2050, Public Safety, 3PI, Convention Center, Sports Facilities, and Capital Construction) represents overall local economic activity related to taxable sales.



Current YTD Compared to:

Prior Year	3.6%
3 Year Avg.	10.0%
Peak Year	
(FY 2023-24)	3.6%

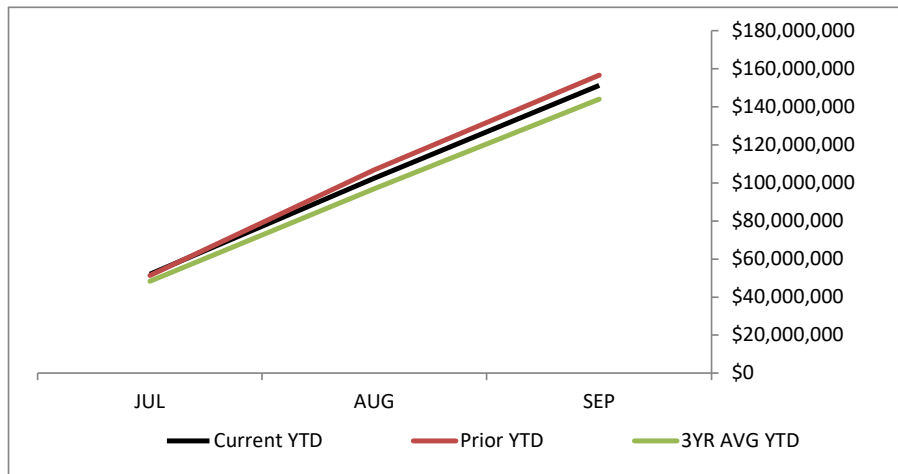
Totals

CYTD	\$360,574,000
PYTD	\$347,902,000
3YRAVG	\$327,741,000
Peak Year	
(FY 2023-24)	\$347,902,000

Current Year: Total City sales tax collections continued to experience positive growth in the first quarter compared to the same time period last fiscal year, albeit at a slower pace. Notably, Retail, Contracting, and Hotel/Motel categories have decreased compared to the prior year. Prior year values have not been adjusted for inflation.

City Sales Tax - Retail

Significance: Retail sales tax represents retail sales, not including the sales tax on food.



Current YTD Compared to:

Prior Year	-3.4%
3 Year Avg.	5.1%
Peak Year	
(FY 2023-24)	-3.4%

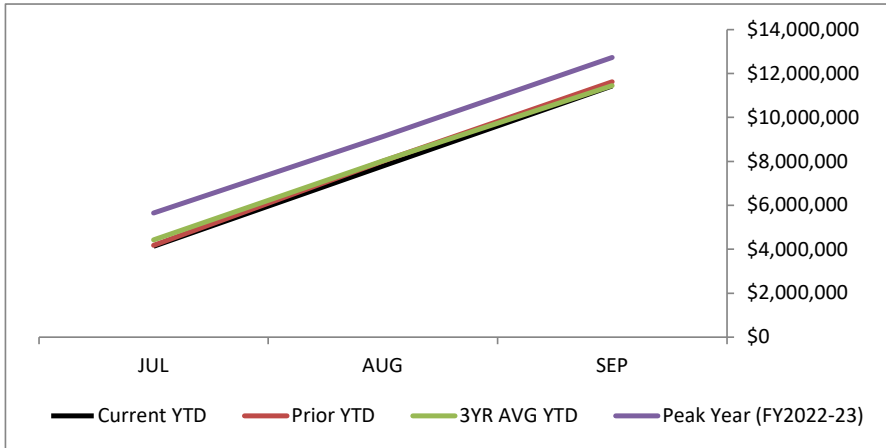
Totals

CYTD	\$151,333,000
PYTD	\$156,730,000
3YRAVG	\$144,056,667
Peak Year	
(FY 2023-24)	\$156,730,000

Current Year: Retail sales tax collections decreased by 3.4% in collections for the current fiscal year first quarter compared with the prior year. In August 2023, the Arizona Department of Revenue made technical adjustments to shift monies from the Use Tax category to the Retail category, artificially increasing the Retail collections and decreasing the Use Tax collections. Absent this technical adjustment, the YTD growth rate would have been -0.1%. Retail sales tax collected from online retailers which became effective October 2019 is included in this category. Prior year values have not been adjusted for inflation.

City Sales Tax - Hotel/Motel

Significance: Hotel/Motel sales tax revenue represents taxable sales for these businesses and is an indicator of tourism activity.



Current YTD Compared to:

Prior Year	-1.6%
3 Year Avg.	-0.1%
Peak Year (FY 2022-23)	-10.2%

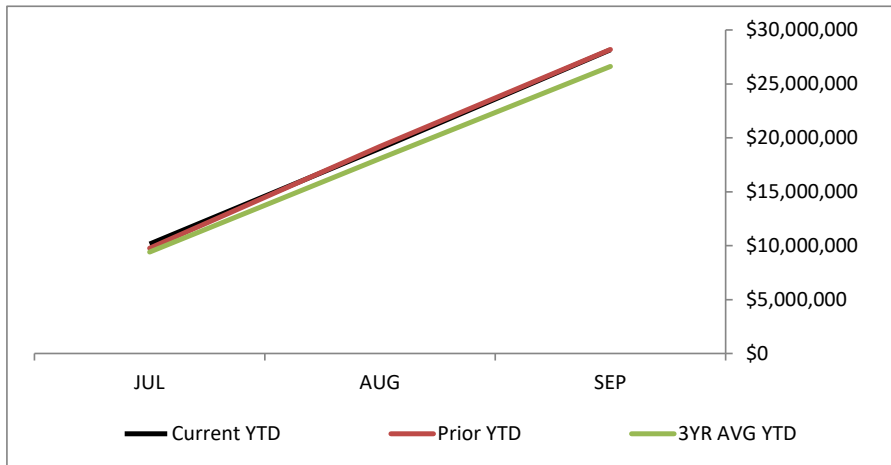
Totals

CYTD	\$11,432,000
PYTD	\$11,619,000
3YRAVG	\$11,444,000
Peak Year (FY 2022-23)	\$12,731,000

Current Year: Hotel/motel sales tax collections decreased by 1.6% in collections for the current fiscal year first quarter compared with the prior year. Prior year values have not been adjusted for inflation.

City Sales Tax - Restaurants/Bars

Significance: Restaurants/Bars sales tax revenue represents taxable sales for these businesses and is an indicator of economic strength, population growth, and tourism.



Current YTD Compared to:

Prior Year	-0.1%
3 Year Avg.	5.9%
Peak Year (FY 2023-24)	-0.1%

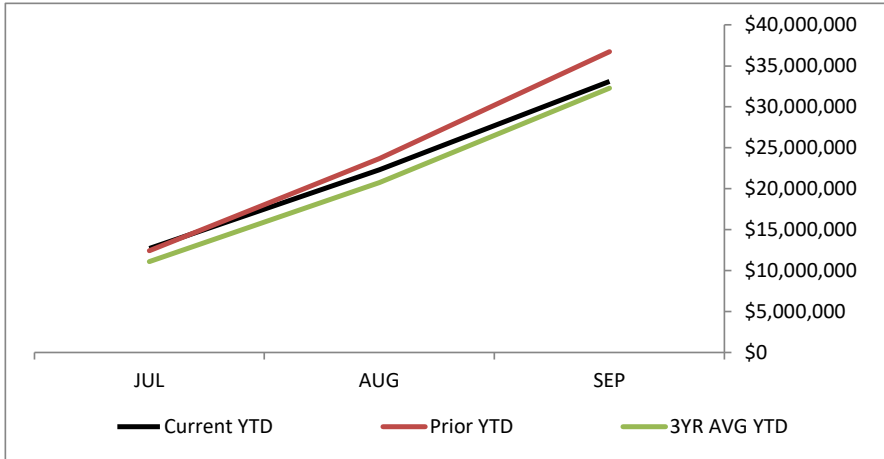
Totals

CYTD	\$28,184,000
PYTD	\$28,202,000
3YRAVG	\$26,611,333
Peak Year (FY 2023-24)	\$28,202,000

Current Year: Restaurants/bars sales tax collections had minor negative growth compared to the prior year first quarter. Prior year values have not been adjusted for inflation.

City Sales Tax - Contracting

Significance: Contracting sales tax revenue presents activity in the commercial, retail and residential construction markets.



Current YTD Compared to:

Prior Year	-9.9%
3 Year Avg.	2.6%
Peak Year (FY 2023-24)	-9.9%

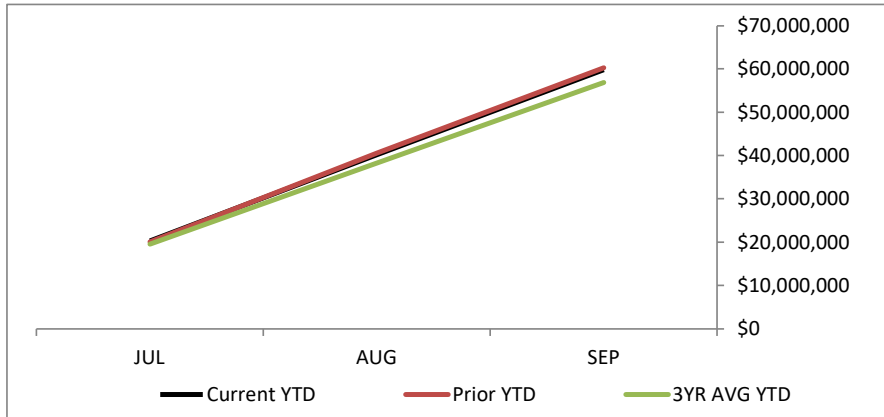
Totals

CYTD	\$33,103,000
PYTD	\$36,737,000
3YRAVG	\$32,262,667
Peak Year (FY 2023-24)	\$36,737,000

Current Year: Contracting sales tax collections had negative growth. Current year-to-date first quarter actuals are 9.9% lower than same period of the prior year. Prior year values have not been adjusted for inflation.

State Sales Tax - Total

Significance: State shared sales tax revenues are distributed to cities and towns based on relative population share in Arizona. The population share in FY 2000-01 was 33.72% and the current relative population share was reduced to 27.71% in June 2024 based on Census data.



Current YTD Compared to:

Prior Year	-0.8%
3 Year Avg.	5.2%
Peak Year (FY 2023-24)	-0.8%

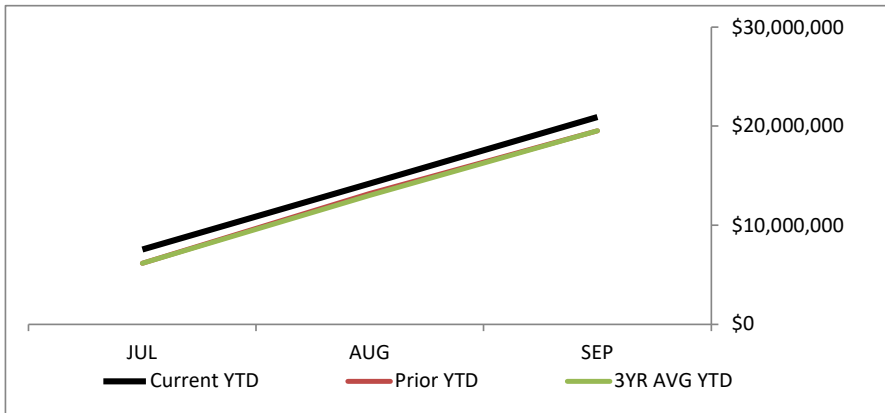
Totals

CYTD	\$59,809,000
PYTD	\$60,273,000
3YRAVG	\$56,852,667
Peak Year (FY 2023-24)	\$60,273,000

Current Year: State sales tax collections had negative growth in the first quarter compared to the same time period last fiscal year. In August 2023 (FY 2023-24), ADOR made technical adjustments to shift revenue from the Use Tax category to the Retail category. Absent this technical adjustment, the adjusted YTD growth rate would have been 1.2%, which is still significantly less than recent years' growth. Prior year values have not been adjusted for inflation.

State Vehicle License Tax

Significance: State shared vehicle license tax revenues are distributed to cities and towns in Maricopa County based on their relative population share of Maricopa County. The City of Phoenix's population share in FY 2000-01 was 48.51%, and the population share has been reduced to 39.19% starting from FY 2023-24.



Current YTD Compared to:

Prior Year	7.1%
3 Year Avg.	7.2%
Peak Year (FY 2023-24)	7.1%

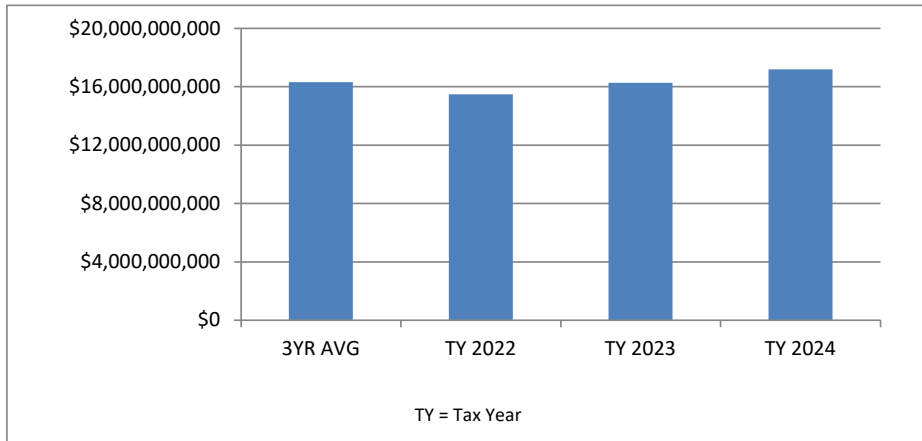
Totals

CYTD	\$20,929,000
PYTD	\$19,537,787
3YRAVG	\$19,525,277
Peak Year (FY 2023-24)	\$19,537,787

Current Year: State shared vehicle license tax (VLT) collections for the first quarter are moderately higher than prior year collections for the same period. Prior year values have not been adjusted for inflation.

Phoenix Primary Net Assessed Valuation

Significance: Phoenix assessed valuation is based on the Primary Net Assessed Value (Primary NAV), which beginning in FY 2015-16, is the single value used for calculating both Primary Property Taxes and Secondary Property Taxes. The assessed valuation provides an indicator of the basis for the City property tax revenue. Primary NAV growth year-over-year is limited under the State Constitution and does not match growth in market values. The statistic is updated once per year in February.



Calendar Year Compared to:

Prior Year	5.7%
3 Year Avg.	5.4%
Peak Year (TY 2024)	N/A

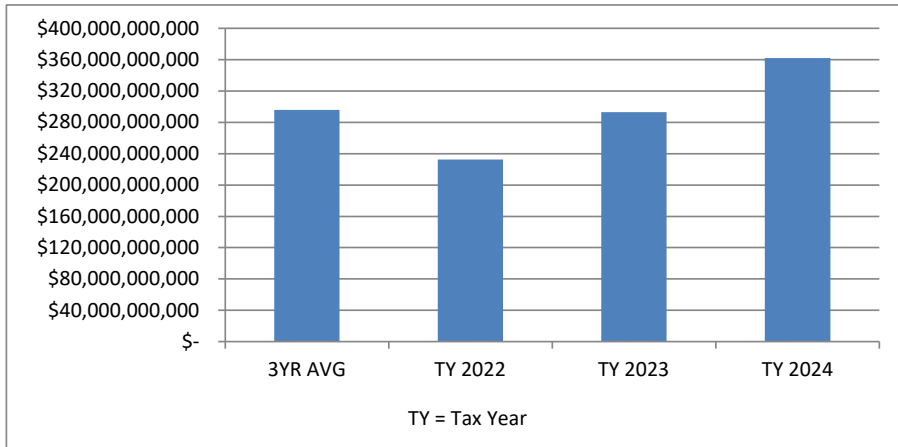
Totals

TY 2024	\$17,190,475,852
TY 2023	\$16,265,332,852
3YRAVG	\$16,315,446,879
Peak Year (TY 2024)	N/A

Current Year: Tax year 2024 (FY 2024-25) Primary NAV grew by 5.7% over the prior year; 2.1% is attributable to new property and 3.6% is attributable to appreciation in previously-taxed property. Prior-year values have not been adjusted for inflation.

Phoenix Full Cash Value

Significance: Full cash value is an indicator of both commercial and residential property values, an important indicator of one facet of economic health. This statistic is updated once per year, in February, and lags market conditions by approximately one year. Due to assessed valuation growth limits and statutory changes in assessment ratios, however, trends in full cash value do not correlate to trends in the tax base for property taxes.



Calendar Year Compared to:

Prior Year	23.6%
3 Year Avg.	22.4%
Peak Year (TY 2024)	N/A

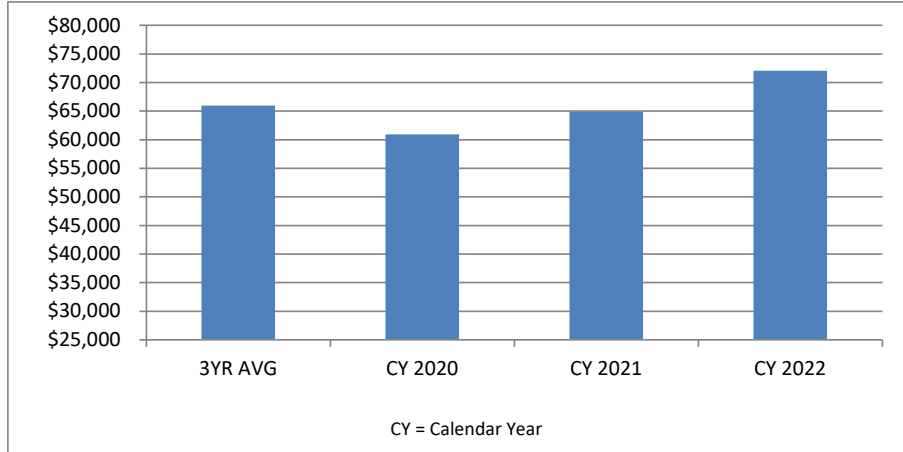
Totals

TY 2024	\$362,082,341,677
TY 2023	\$292,923,548,766
3YR AVG	\$295,809,821,531
Peak Year (TY 2024)	N/A

Current Year: Tax year 2024 (FY 2024-25) full cash value grew by 23.6% over the prior year. Growth was most impacted by 25.7% appreciation in single- and multi-family residential properties. Prior year values have not been adjusted for inflation.

Phoenix Median Household Income

Significance: This measure includes the income of the householder and all other individuals 16 years of age and older in the household. Median income is the amount that divides the income distribution into two equal groups, half at income levels above that amount, and half at income levels below that amount.



Calendar Year Compared to:

Prior Year	11.0%
3 Year Avg.	9.3%
Peak Year (CY 2022)	N/A

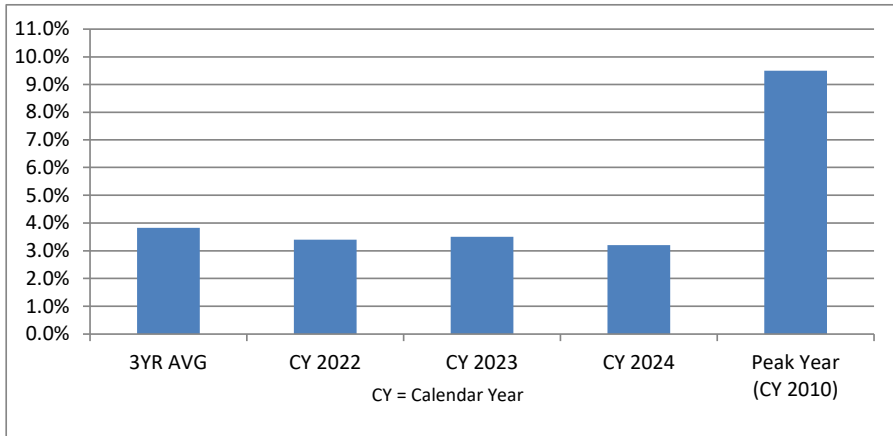
Totals

CY 2022	\$72,092
CY 2021	\$64,927
3YR AVG	\$65,978
Peak Year (CY 2022)	N/A

Current Year: Phoenix Median Household Income in 2022 increased significantly from the prior year. Data is from the U.S. Census Bureau 2022 American Community Survey Five-Year Estimates released in December 2023. Peak year reflects the highest since 2005 (the oldest readily available data set).

Phoenix Unemployment Rate

Significance: This measures the percentage of the labor force that are unemployed. Those individuals (16 years of age and older) who do not have a job but are available for work, except in the case of temporary illness, and actively seeking work in the prior 4 weeks. The only exceptions to these criteria are individuals who are waiting to be recalled from a layoff and individuals waiting to report to a new job within 30 days—these, too, are considered unemployed.



Calendar Year Compared to:

Prior Year	-8.6%
3 Year Avg.	-16.3%
Peak Year (CY 2010)	-66.3%

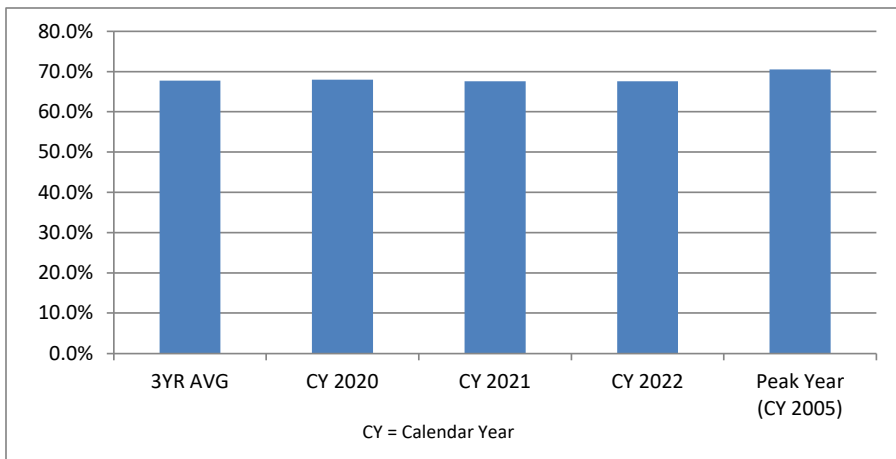
Totals

CY 2024	3.2%
CY 2023	3.5%
3YR AVG	3.8%
Peak Year (CY 2010)	9.5%

Current Year: The preliminary average monthly unemployment rate in calendar year 2024 through September is slightly lower than the prior year. Data is from the United States Department of Labor, Bureau of Labor Statistics. Peak year reflects the highest since 1990 (the oldest readily available data set). Data from 2011 through 2023 were revised by the federal government in April 2024.

Phoenix Labor Force Participation

Significance: This measures the percentage of the population (16 years of age and older) that is in the labor force. The labor force is defined as the total population of employed and unemployed people (16 years of age and older). People are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work.



Calendar Year Compared to:

Prior Year	0.0%
3 Year Avg.	-0.2%
Peak Year (CY 2005)	-4.1%

Totals

CY 2022	67.6%
CY 2021	67.6%
3YR AVG	67.7%
Peak Year (CY 2005)	70.5%

Current Year: The labor force participation rate remained the same from 2021 to 2022 at 67.6%, indicating no change in the percentage of the population that is either employed or unemployed and actively looking for work. Data is from the U.S. Census Bureau 2022 American Community Survey Five-Year Estimates released in December 2023. Peak year reflects the highest since 2005 (the oldest readily available data set).