



**City of Phoenix**

## *Phoenix Economic Indicators Report*

*Fourth Quarter FY 2022-23*

### **Executive Summary**

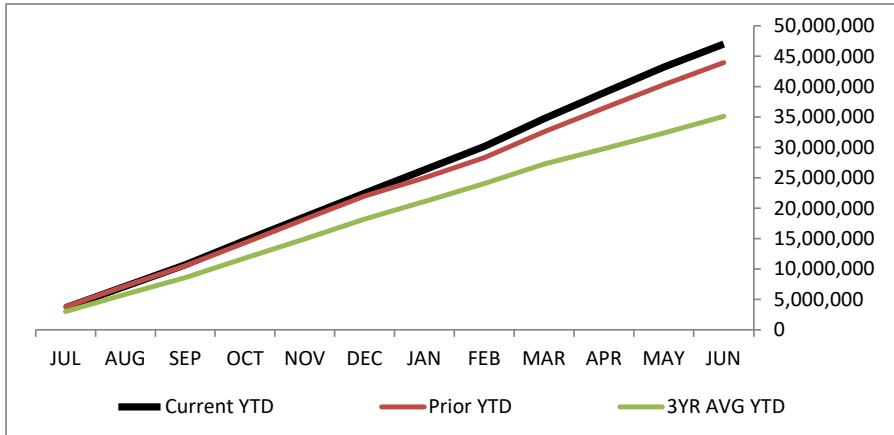
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle 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 four quarters 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	7.0%
3 Year Avg.	33.8%
Peak Year	
(FY 2022-23)	N/A

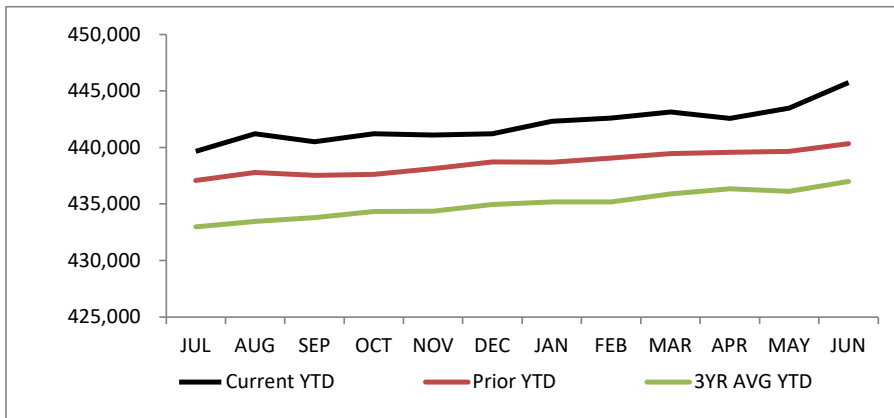
### Totals

CYTD	47,029,885
PYTD	43,939,000
3YRAVG	35,148,333
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Passenger traffic increased 7.0% compared to the same time period last fiscal year and is 33.8% 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	1.2%
3 Year Avg.	2.0%
Peak Year	
(FY 2022-23)	N/A

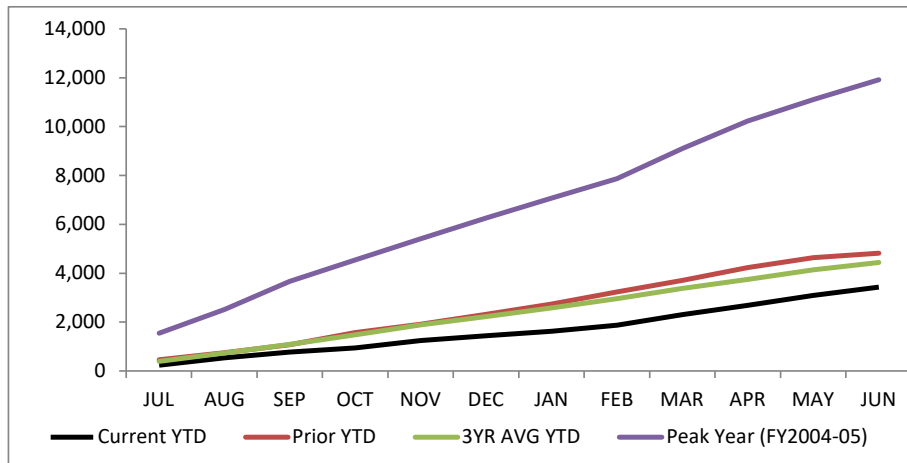
### Totals

CYTD	445,731
PYTD	440,352
3YRAVG	436,991
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Water service accounts continue to reflect an upward trend in residential customers. While most growth has occurred in the single family residential sector, multifamily residential also grew at an increased rate as compared to previous 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	-28.8%
3 Year Avg.	-22.8%
Peak Year (FY 2004-05)	-71.2%

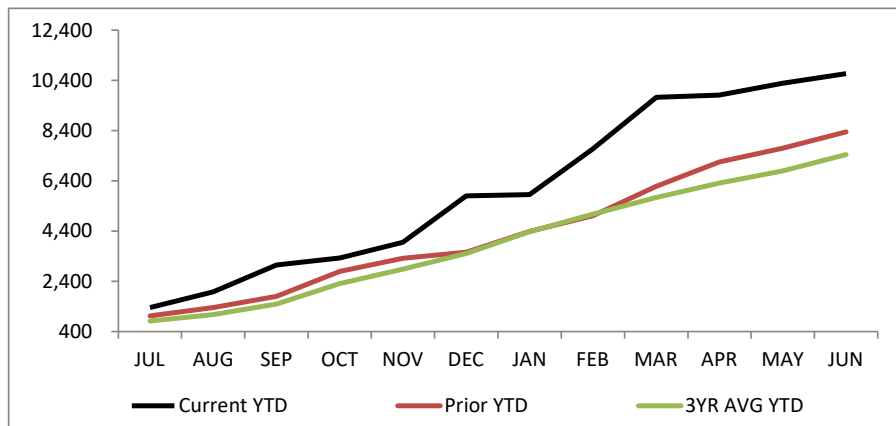
### Totals

CYTD	3,434
PYTD	4,822
3YRAVG	4,447
Peak Year (FY 2004-05)	11,924

Current Year: Planning and Development experienced a year over year decrease in single family permits issued in FY 2022-23. This decrease was expected as there has been a decline in the number of residential lots submitted for preliminary approval.

## New Multifamily 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	27.8%
3 Year Avg.	43.4%
Peak Year (FY 2022-23)	N/A

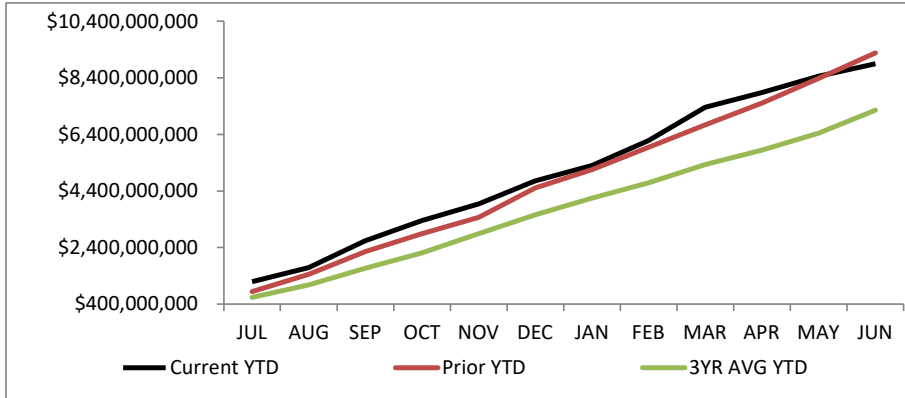
### Totals

CYTD	10,668
PYTD	8,345
3YRAVG	7,441
Peak Year (FY 2022-23)	N/A

Current Year: Planning and Development experienced an increase in growth in multifamily housing compared to last fiscal year. As the demand for housing continues, growth in this sector is anticipated to continue, although there was a decline in the fourth quarter compared with the third quarter.

## 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	-4.1%
3 Year Avg.	22.6%
Peak Year	
(FY 2021-22)	-4.1%

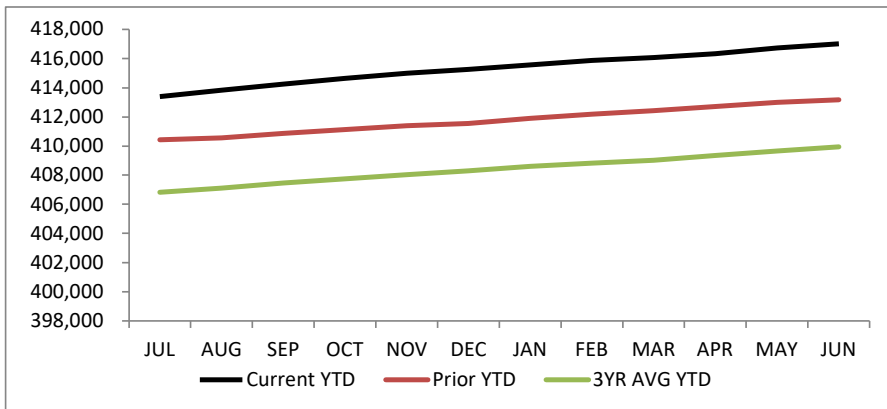
### Totals

CYTD	\$8,899,236,096
PYTD	\$9,277,267,626
3YRAVG	\$7,256,844,218
Peak Year	
(FY 2021-22)	\$9,277,267,626

Current Year: Planning and Development experienced a 4.1% decrease in permit valuation compared to last fiscal year, which was the peak year. Fourth quarter FY 2022-23 Value of Permitted Activity decreased by 39.3% compared with the same quarter of the previous year. This is mainly attributable to a decrease in new multifamily units permitted in the fourth quarter.

## 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.	1.7%
Peak Year	
(FY 2022-23)	N/A

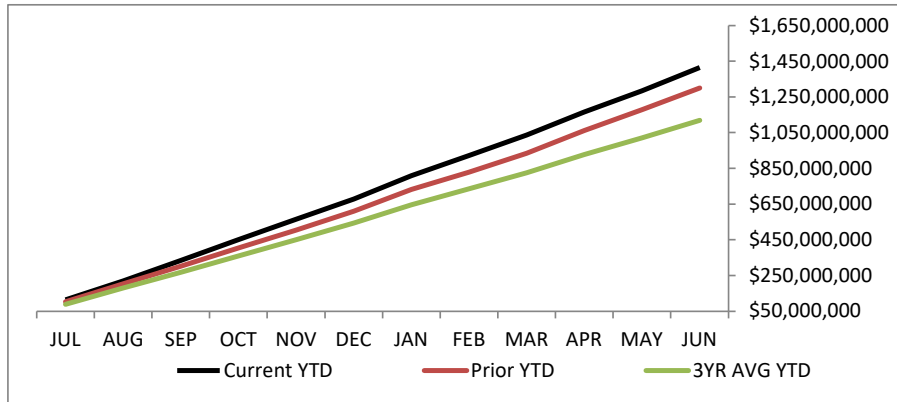
### Totals

CYTD	417,000
PYTD	413,177
3YRAVG	409,940
Peak Year	
(FY 2022-23)	N/A

**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	8.8%
3 Year Avg.	26.5%
Peak Year	
(FY 2022-23)	N/A

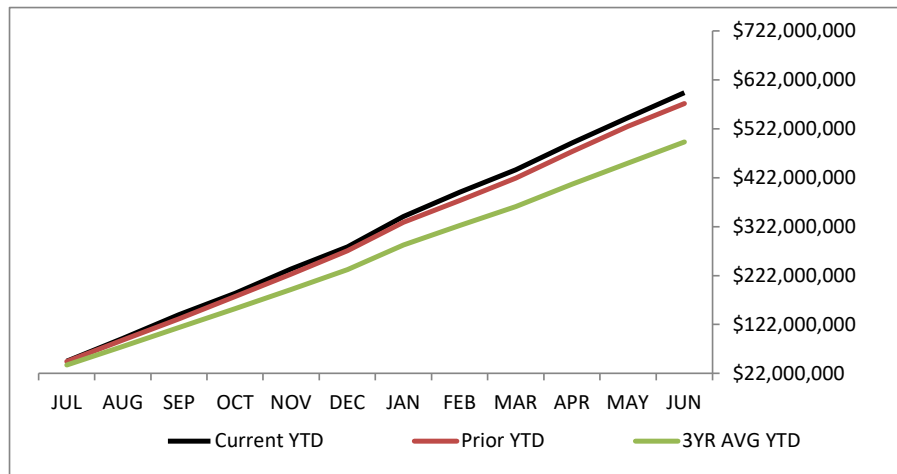
### Totals

CYTD	\$1,414,388,000
PYTD	\$1,299,977,000
3YRAVG	\$1,118,357,333
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Total City sales tax collections continued to experience positive growth in the fourth quarter compared to the same time period last fiscal year. The retail category grew at a slower pace, although the contracting, hospitality and leisure categories still have shown substantial increases. 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	3.9%
3 Year Avg.	20.4%
Peak Year	
(FY 2022-23)	N/A

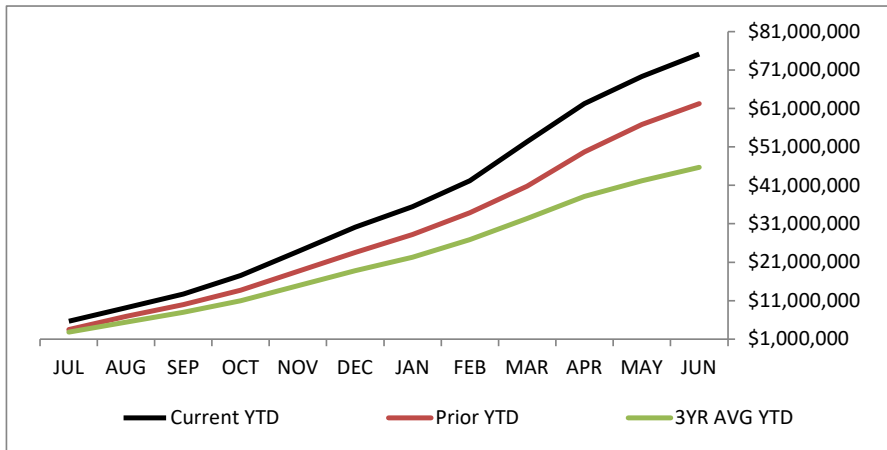
### Totals

CYTD	\$596,045,000
PYTD	\$573,660,000
3YRAVG	\$495,097,333
Peak Year	
(FY 2022-23)	N/A

**Current Year:** City retail sales tax continues to experience positive growth, albeit at a slower pace. Current year growth also accounts for additional retail sales tax collected from online retailers which became effective October 2019. 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	20.8%
3 Year Avg.	64.4%
Peak Year	
(FY 2022-23)	N/A

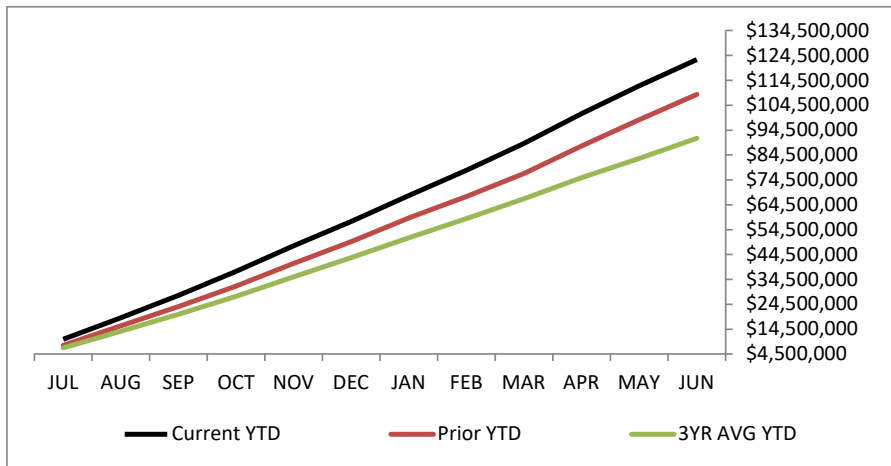
### Totals

CYTD	\$75,155,000
PYTD	\$62,238,000
3YRAVG	\$45,703,667
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Hotel/motel sales tax collections have shown recovery. FY 2022-23 actuals continued this trend and grew significantly compared to the prior fiscal year. This growth may be attributed to several factors, such as the Super Bowl and related events, as well as the impact of inflation leading to an increase in the tax base. 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	12.8%
3 Year Avg.	34.6%
Peak Year	
(FY 2022-23)	N/A

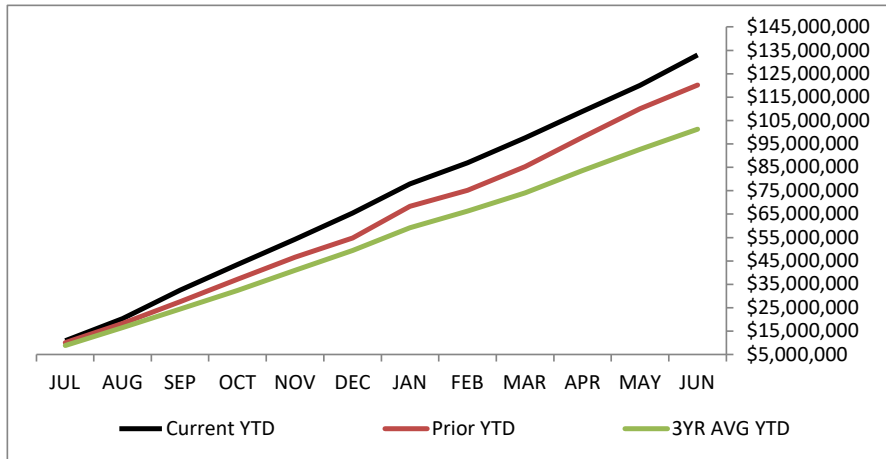
### Totals

CYTD	\$122,779,000
PYTD	\$108,867,000
3YRAVG	\$91,250,333
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Restaurants/bars sales tax collections have shown recovery. FY 2022-23 actuals continued this trend and grew significantly compared to the prior fiscal year. This growth may be attributed to several factors, such as the Super Bowl and related events, as well as the impact of inflation leading to an increase in the tax base. 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	10.6%
3 Year Avg.	31.3%
Peak Year	
(FY 2022-23)	N/A

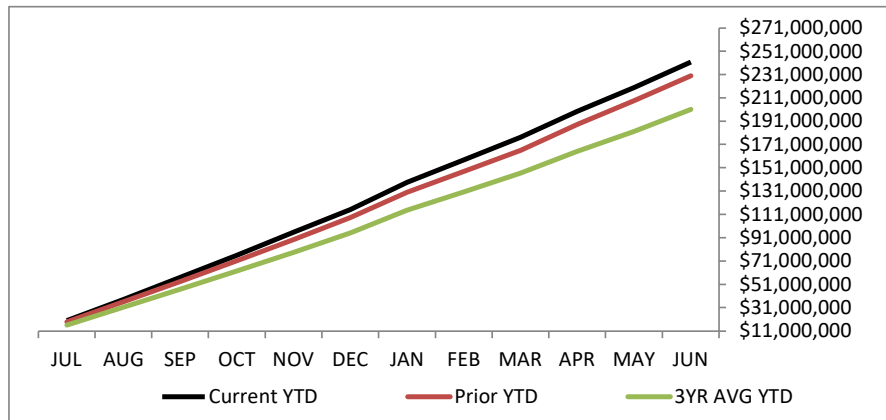
### Totals

CYTD	\$132,952,000
PYTD	\$120,170,000
3YRAVG	\$101,231,667
Peak Year	
(FY 2022-23)	N/A

**Current Year:** Contracting sales tax collections continued to experience solid growth. Current year-to-date fourth quarter actuals are positive and growing compared to the prior fiscal year. The increase might be due to growth in the multi-family housing market and new largescale commercial projects including the TSMC project. 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 27.87% in July 2022 based on Census 2021 data.



### Current YTD Compared to:

Prior Year	5.2%
3 Year Avg.	20.3%
Peak Year	
(FY 2022-23)	N/A

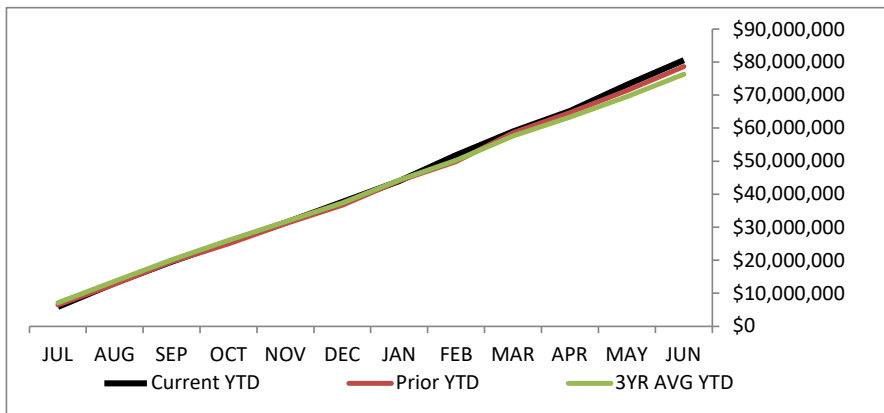
### Totals

CYTD	\$241,813,000
PYTD	\$229,901,000
3YRAVG	\$201,039,667
Peak Year	
(FY 2022-23)	N/A

**Current Year:** State sales tax collections continued to experience positive growth in the fourth quarter compared to the same time period last fiscal year. The retail category grew at a slower pace, although the contracting, hospitality and leisure categories still have shown strong increases. 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 38.93% starting from FY 2022-23.



### Current YTD Compared to:

Prior Year	2.4%
3 Year Avg.	5.6%
Peak Year (FY 2022-23)	N/A

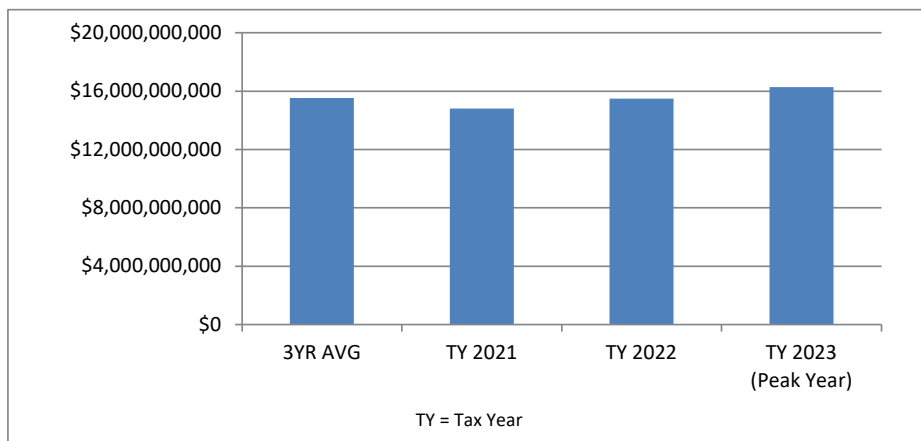
### Totals

CYTD	\$80,593,187
PYTD	\$78,694,876
3YRAVG	\$76,315,746
Peak Year (FY 2022-23)	N/A

**Current Year:** State shared vehicle license tax (VLT) collections started to experience positive growth, which might be attributable to the elimination of the alternative fuel vehicle license tax discount after December 31, 2022. 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	5.0%
3 Year Avg.	4.8%
Peak Year (TY 2023)	0.0%

### Totals

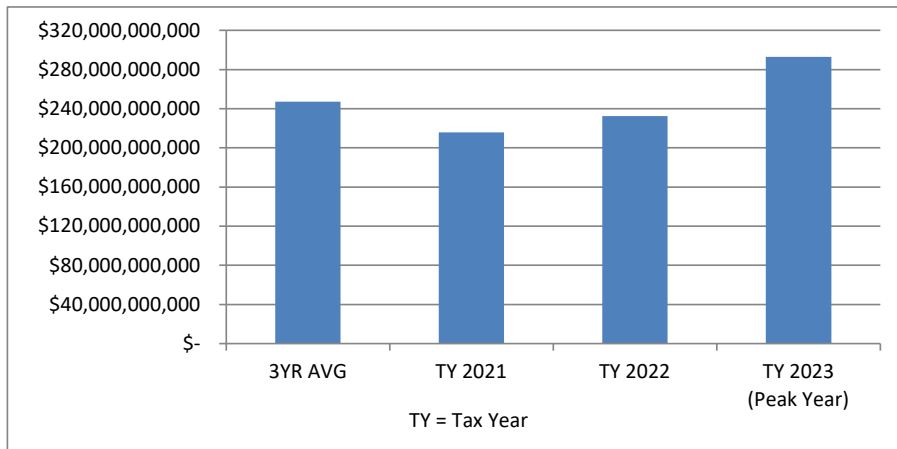
TY 2022	\$15,490,531,934
TY 2021	\$14,800,877,416
3YRAVG	\$15,518,914,067
Peak Year (TY 2023)	\$16,265,332,852

**Current Year:** Tax year 2023 (FY 2023-24) Primary NAV grew by 5.0% over the prior year; 1.9% is attributable to new property and 3.1% 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	26.0%
3 Year Avg.	18.6%
Peak Year (TY 2023)	0.0%

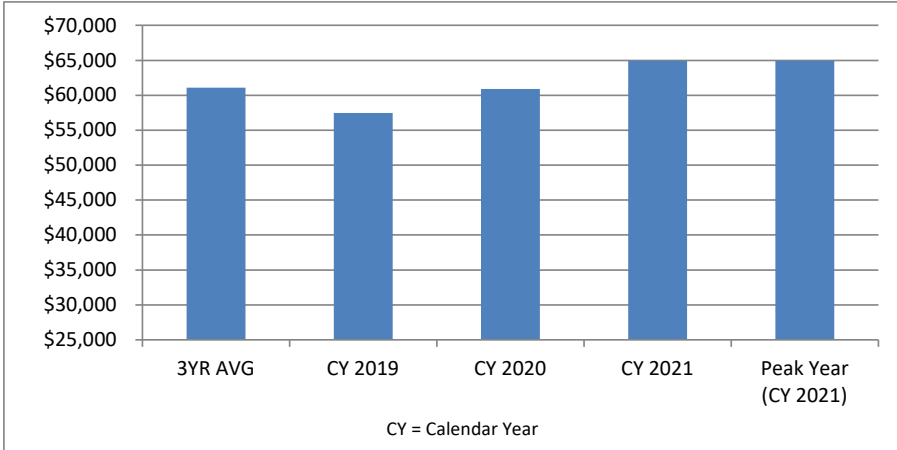
### Totals

2022	\$232,423,574,149
2021	\$215,741,892,809
3YRAVG	\$247,029,671,908
Peak Year (TY 2023)	\$292,923,548,766

**Current Year:** Tax year 2023 (FY 2023-24) full cash value grew by 26.0% over the prior year. Growth was most impacted by 30.0% 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	6.6%
3 Year Avg.	6.3%
Peak Year (CY 2021)	0.0%

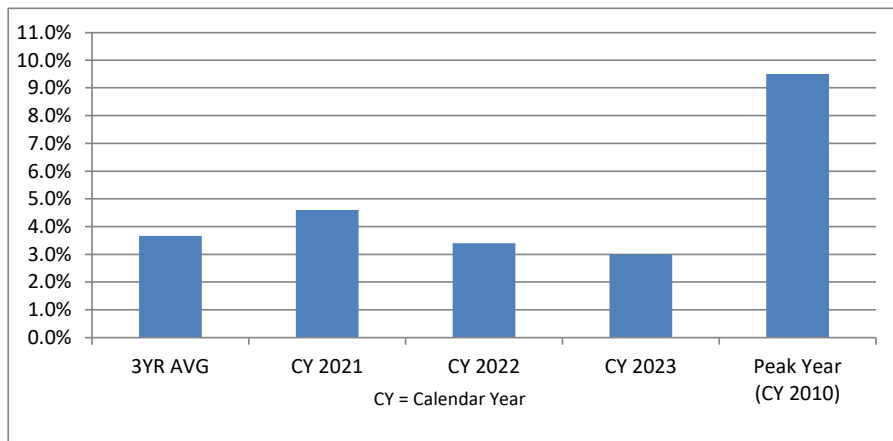
### Totals

2021	\$64,927
2020	\$60,914
3YRAVG	\$61,100
Peak Year (CY 2021)	\$64,927

**Current Year:** Phoenix Median Household Income in 2021 exceeded the previous peak year of 2008 (\$57,507). Data is from the U.S. Census Bureau 2021 American Community Survey One-Year Estimates released in September 2022. 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. This statistic is updated once per year, in April.



### Calendar Year Compared to:

Prior Year	-11.8%
3 Year Avg.	-18.2%
Peak Year	
(CY 2010)	-68.4%

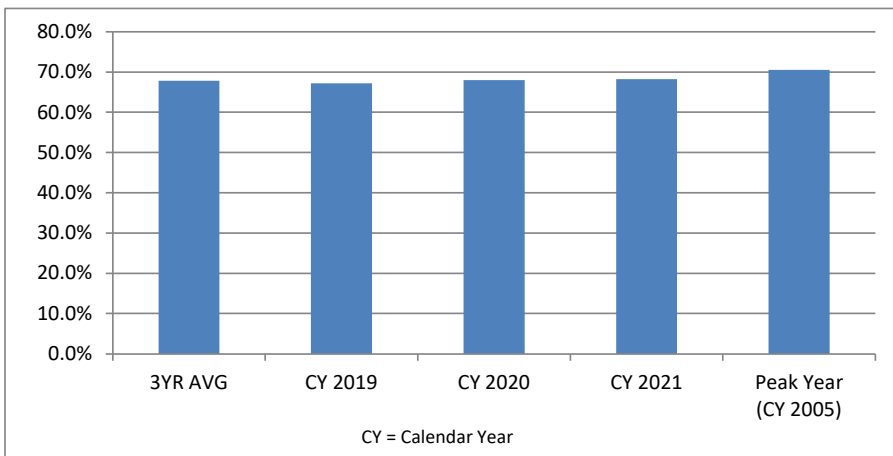
### Totals

2022	3.0%
2021	3.4%
3YR AVG	3.7%
Peak Year	
(CY 2010)	9.5%

**Current Year:** The unemployment rate in 2022 decreased from the prior year which reflected the continued recovery from the pandemic. 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 2022 were revised by the federal government in April 2023.

## 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	0.3%
3 Year Avg.	0.6%
Peak Year	
(CY 2005)	-3.3%

### Totals

2021	68.2%
2020	68.0%
3YR AVG	67.8%
Peak Year	
(CY 2005)	70.5%

**Current Year:** The labor force participation rate decreased slightly from 2020 to 2021, indicating a decrease 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 2021 American Community Survey One-Year Estimates released in September 2022. Peak year reflects the highest since 2005 (the oldest readily available data set).