



**City of Phoenix**

# *Phoenix Economic Indicators Report*

*First Quarter FY2017-18*

## **Executive Summary**

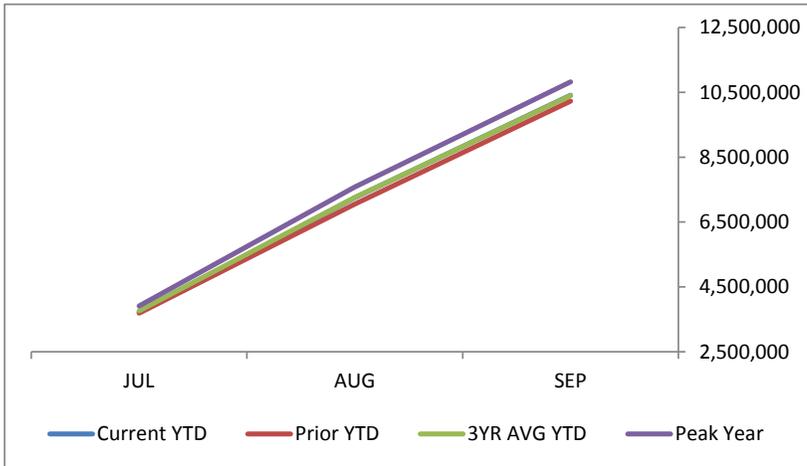
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle 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 (if current year is not the peak year) for a 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 measures 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	- 1.8%
3 Year Avg.	+ 0.1%
Peak Year	- 3.8%
FY2015-16	

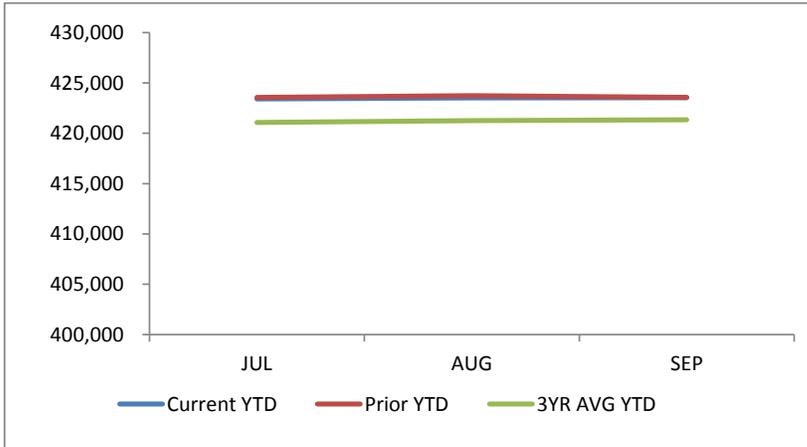
### Totals

CYTD	10,410,000
PYTD	10,228,000
3YRAVG	10,397,000
Peak Year	
FY2015-16	10,822,000

**Current Year:** Passenger Traffic for the month of September decreased 1.8% as compared with September of the previous year, but is 0.1% higher than the three year average. Industry data lags two months.

## Water Service Accounts

**Significance:** The number of water service accounts can be an indicator of changes in population and development.



### Current YTD Compared to:

Prior Year	+ 0.4%
3 Year Avg.	+ 1.0%
Peak Year	0.0%
FY2017-18	

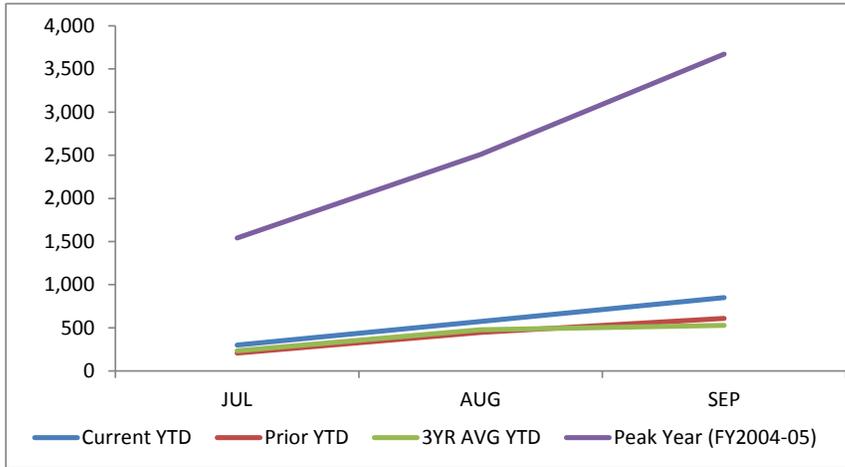
### Totals

CYTD	423,530
PYTD	422,011
3YRAVG	419,406
Peak Year	N/A
FY2017-18	

**Current Year:** Although the trend continues upward, this month's increase was slight. Peak year is N/A because the current fiscal year is the peak year for September data.

## 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	+ 39.6%
3 Year Avg.	+ 60.9%
Peak Year	- 76.9%
(FY2004-05)	

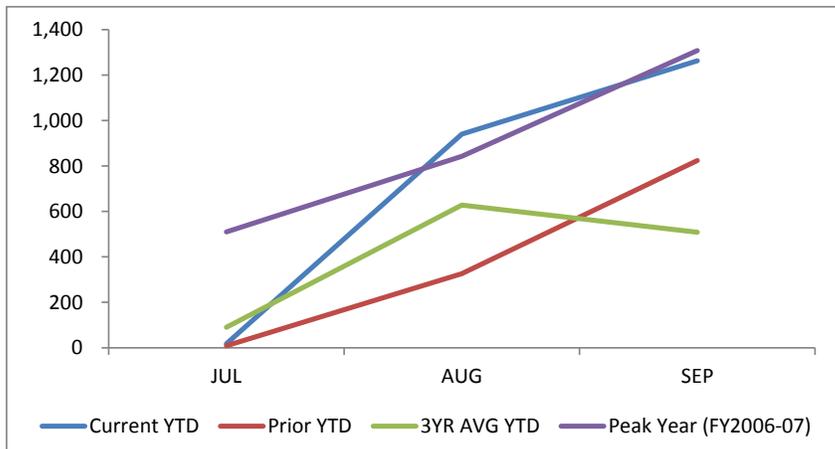
### Totals

CYTD	850
PYTD	609
3YRAVG	528
Peak Year	3,672
(FY2004-05)	

**Current Year:** Planning and Development is projecting continued strength in residential construction permits in 2017-18, based on projections of 2% population growth for Maricopa County and increased single family lots in the planning stage.

## 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	+ 53.3%
3 Year Avg.	+ 148.6%
Peak Year	- 3.4%
FY2006-07	

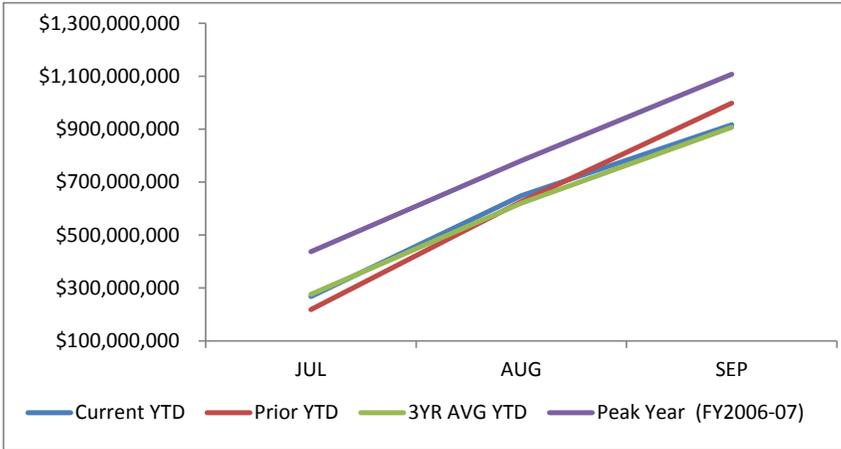
### Totals

CYTD	1,263
PYTD	824
3YRAVG	508
Peak Year	1,308
FY2006-07	

**Current Year:** Planning and Development is projecting continued strength in multi-family residential permits in 2017-18, based on state projections of 2% population growth for Maricopa County and interest in urban and infill residential development.

**Total Value of Permitted Activity**

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



**Current YTD Compared to:**

Prior Year	- 8.2%
3 Year Avg.	+ 1.0%
Peak Year	- 17.3%
(FY2006-07)	

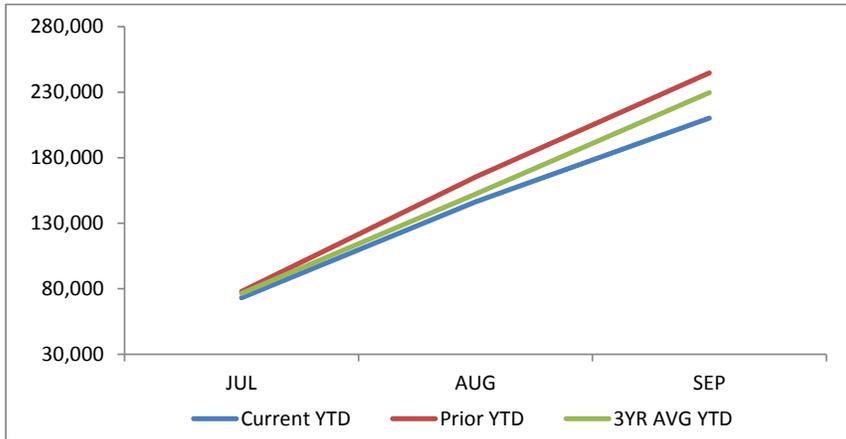
**Totals**

CYTD	\$916,438,295
PYTD	\$998,321,424
3YRAVG	\$907,039,217
Peak Year	\$1,107,527,633
(FY2006-07)	

Current Year: Planning and Development is projecting a slight decrease in overall construction permit valuation for 2017-18 versus the prior year due to the large number of major projects started in 2016-17. Valuations are predicted to remain above the three year average based on state projections of 2% population growth in Maricopa County and continued recovery of the residential market.

**Solid Waste - Total Tonnage Collected**

Significance: Tonnage is an indicator of growth within the City of Phoenix or environmental factors such as storms. Total tonnage includes landfill materials and green waste material that is not landfilled. Recyclable material is not included in this measure.



**Current YTD Compared to:**

Prior Year	- 14.1%
3 Year Avg.	- 8.5%
Peak Year	- 14.1%
FY2015-16	

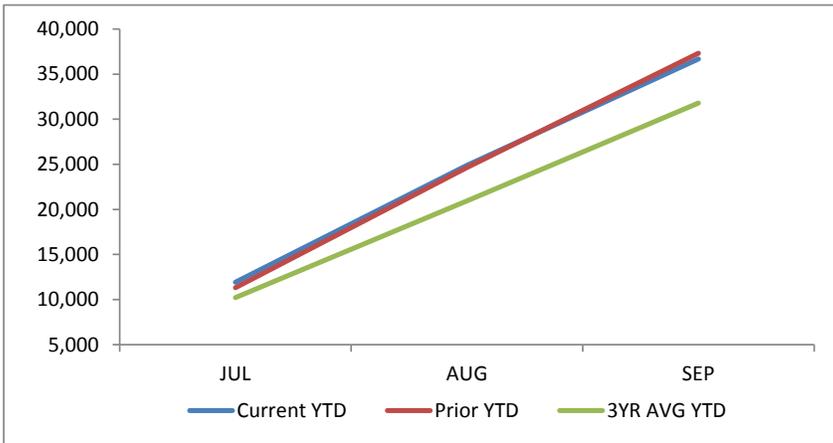
**Totals**

CYTD	210,197
PYTD	244,675
3YRAVG	229,624
Peak Year	244,675
FY2015-16	

Current Year: The tonnage for trash and green waste is decreasing compared to prior year data. Recent focus has been to increase waste diversion by incentivizing residents to participate in the Green Organics and Recycling programs. Peak year is 2015-16 due to more residents participating in diversion programs in 2017-18.

**Solid Waste - Recycling Tonnage Collected**

**Significance:** Recycling tonnage is one measurement of Solid Waste revenue generated through diversion and increased understanding by residents about how or what to recycle. Recycling tonnage includes materials processed at the materials recycling facility (MRF).



**Current YTD Compared to:**

Prior Year	- 1.7%
3 Year Avg.	+ 15.4%
Peak Year	- 1.7%
FY2016-17	

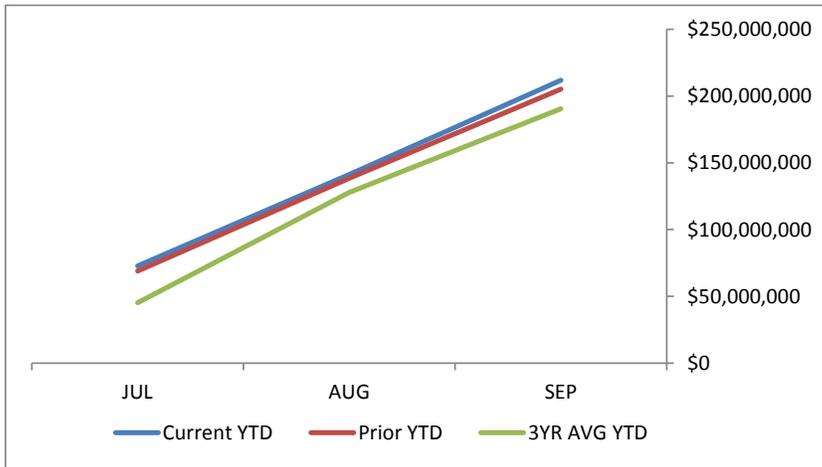
**Totals**

CYTD	36,680
PYTD	37,317
3YRAVG	31,795
Peak Year	37,317
FY2016-17	

**Current Year:** Recycling tonnage for the month of September decreased 1.7% as compared with September of the previous year due to a recent vendor merger, but is 15.4% higher than the three year average due to adding new partners who previously were not providing recycling material to the City in prior years as well as the filling of vacant homes resulting from the recovery of the economy.

**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	+ 3.2%
3 Year Avg.	+ 11.2%
Peak Year	0.0%
FY2017-18	

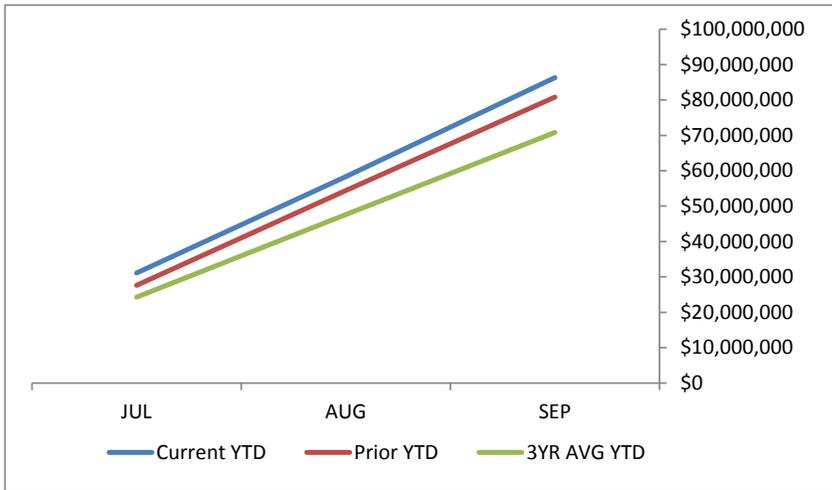
**Totals**

CYTD	\$211,854,000
PYTD	\$205,197,000
3YRAVG	\$190,500,000
Peak Year	N/A
FY2017-18	

**Current Year:** The three year average includes revenue from the sales tax on food. The sales tax on food was reduced from 2% to 1% effective January 2014, which began impacting reported revenue in February 2014. The sales tax on food was eliminated effective April 2015, which began impacting reported revenue in May 2015. Peak year is N/A because the current fiscal year is the peak year for September data which represents the highest total without sales tax on food. 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	+ 6.8%
3 Year Avg.	+ 21.9%
Peak Year	0.0%
FY2017-18	

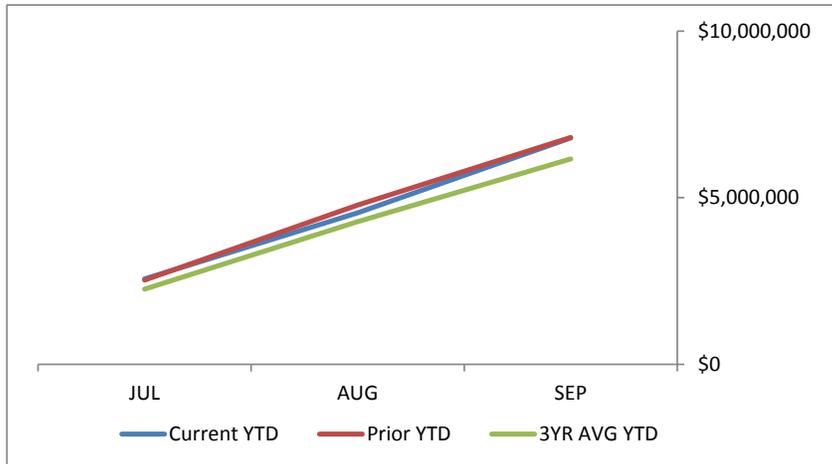
**Totals**

CYTD	\$86,311,000
PYTD	\$80,813,000
3YRAVG	\$70,830,333
Peak Year	N/A
FY2017-18	

Current Year: Peak year is N/A because the current fiscal year is the peak year for September data. 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	- 0.2%
3 Year Avg.	+ 10.2%
Peak Year	- 0.2%
FY2016-17	

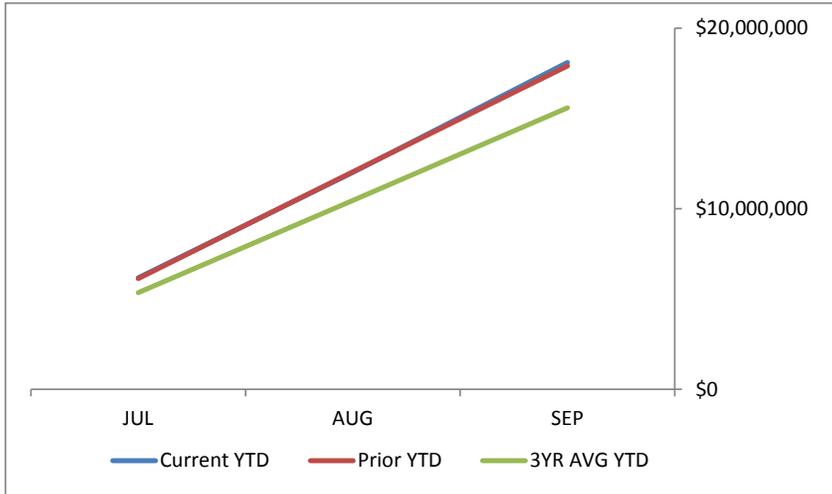
**Totals**

CYTD	\$6,794,000
PYTD	\$6,809,000
3YRAVG	\$6,164,333
Peak Year	\$6,809,000
FY2016-17	

Current Year: There is a slight current YTD decrease (-.2%) compared to previous year, but 10.2% higher than three year average. 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	+ 1.1%
3 Year Avg.	+ 16.1%
Peak Year	0.0%
FY2017-18	

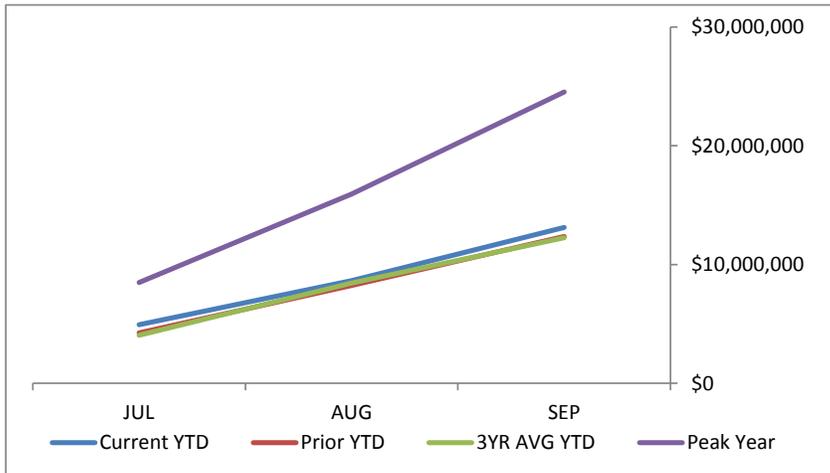
**Totals**

CYTD	\$18,101,000
PYTD	\$17,908,000
3YRAVG	\$15,589,667
Peak Year	N/A
FY2017-18	

**Current Year:** Peak year is N/A because the current fiscal year is the peak year for September data. 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	+ 6.1%
3 Year Avg.	+ 7.0%
Peak Year	- 46.5%
(FY2006-07)	

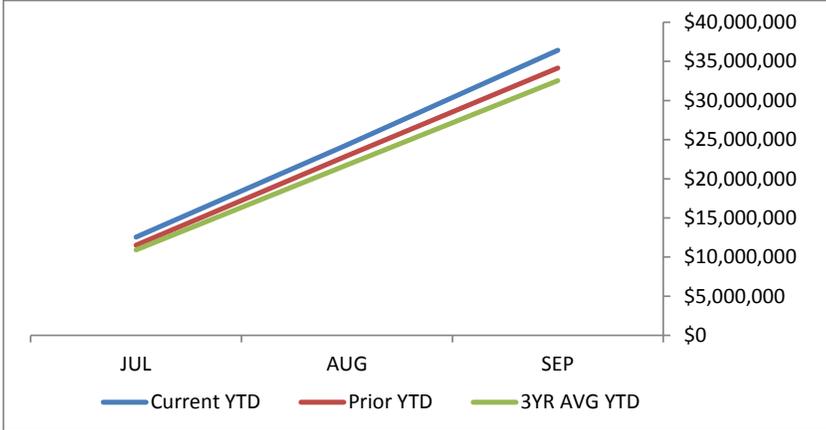
**Totals**

CYTD	\$13,120,000
PYTD	\$12,362,000
3YRAVG	\$12,256,333
Peak Year	\$24,532,000
(FY2006-07)	

**Current Year:** Prior year values have not been adjusted for inflation.

**State Sales Tax - Total**

Significance: State Sales Tax accounts for approximately 36.5% of Total State Shared Revenues based on the FY 2017-18 Budget. Total State Shared revenue is approximately 35.8% of total General Fund Revenue. 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 33.7% and the current population share in FY 2017-18 is 29.4%.



**Current YTD Compared to:**

Prior Year	+ 6.6%
3 Year Avg.	+ 11.9%
Peak Year	0.0%
FY2017-18	

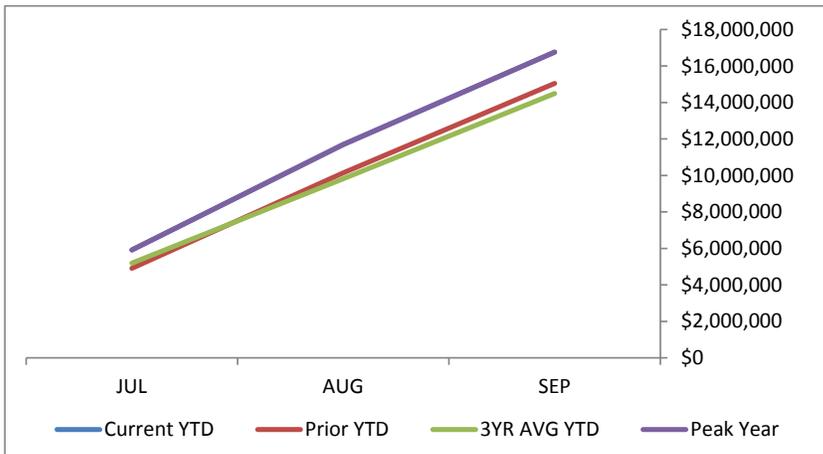
**Totals**

CYTD	\$36,417,000
PYTD	\$34,150,000
3YRAVG	\$32,536,333
Peak Year	N/A
FY2017-18	

Current Year: September year-to-date 2017-18 State sales tax was \$36.4 million, representing 6.6% growth over 2016-17. Peak year is N/A because the current fiscal year is the peak year for September data. Prior year values have not been adjusted for inflation.

**State Vehicle License Tax**

Significance: State Vehicle License tax accounts for approximately 15.4% of Total State Shared Revenues based on the FY 2017-18 Budget. Total State Shared revenue is approximately 35.8% of total General Fund Revenue. The Peak Year (2005-06) reflects a time when the City received a higher percentage share (46.1%) of state-shared revenues. 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 48.5%, and the current population share in FY 2017-18 is 41.0%.



**Current YTD Compared to:**

Prior Year	+ 11.4%
3 Year Avg.	+ 15.7%
Peak Year	0.0%
FY2017-18	

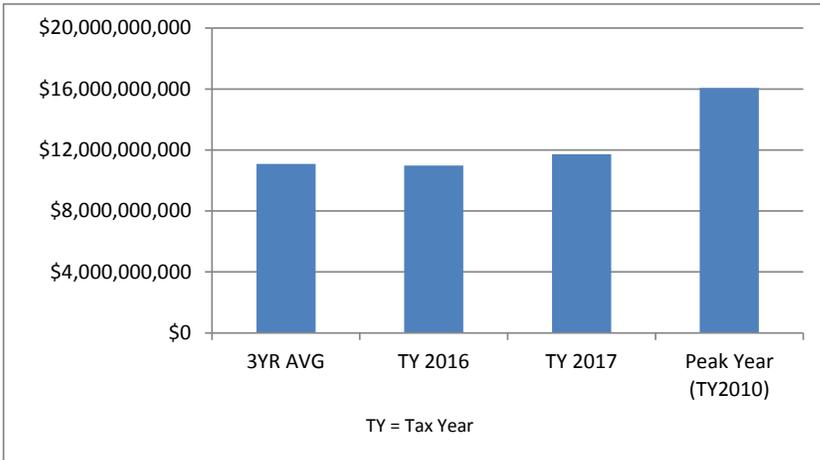
**Totals**

CYTD	\$16,762,000
PYTD	\$15,045,182
3YRAVG	\$14,490,715
Peak Year	N/A
FY2017-18	

Current Year: Peak year is N/A because the current fiscal year is the peak year for September data. Prior year values have not been adjusted for inflation.

**Phoenix Assessed Valuation**

**Significance:** Phoenix's assessed valuation is based on the Primary Net Assessed Value (PNAV) which beginning in FY2015-16 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 City property tax revenue.



**Calendar Year Compared to:**

Prior Year	+ 6.7%
3 Year Avg.	+ 5.7%
Peak Year (TY2010)	- 27.0%

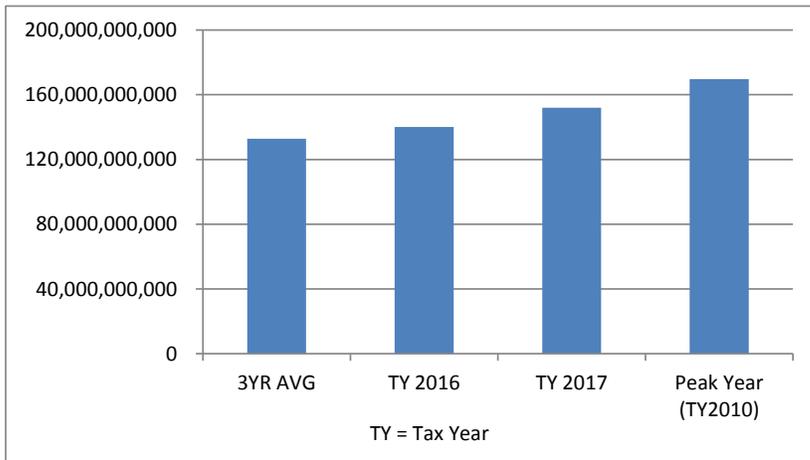
**Totals**

2017	\$11,721,385,399
2016	\$10,982,150,871
3YRAVG	\$11,093,522,665
Peak Year (TY2010)	16,063,200,689

**Current Year:** Tax Year 2017 (FY 2017-18) Primary NAV grew by 6.7% over the prior year; 2.6% is attributable to new property, and 4.1% 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 lag 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	+ 8.5%
3 Year Avg.	+ 14.4%
Peak Year (TY2010)	- 10.4%

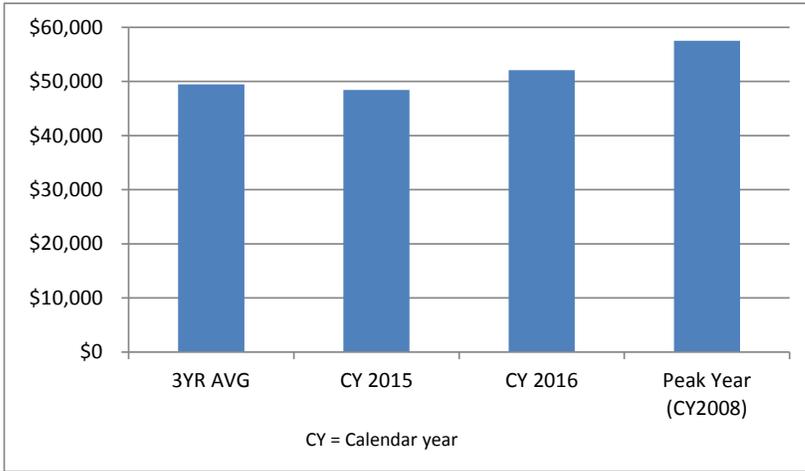
**Totals**

2017	\$152,048,146,858
2016	\$140,141,257,980
3YRAVG	\$132,892,217,712
Peak Year (TY2010)	169,661,389,554

**Current Year:** Tax Year 2017 (FY 2017-18) Full Cash Value grew by 8.5% over the prior year. Single and multi-family residential property values grew by 8.5%, commercial property values by 10.5%, and other property values by 6.0%. 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 15 years old and over 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. This statistic is updated once per year in November.



**Calendar Year Compared to:**

Prior Year	+ 7.5%
3 Year Avg.	+ 5.2%
Peak Year (CY2008)	- 9.5%

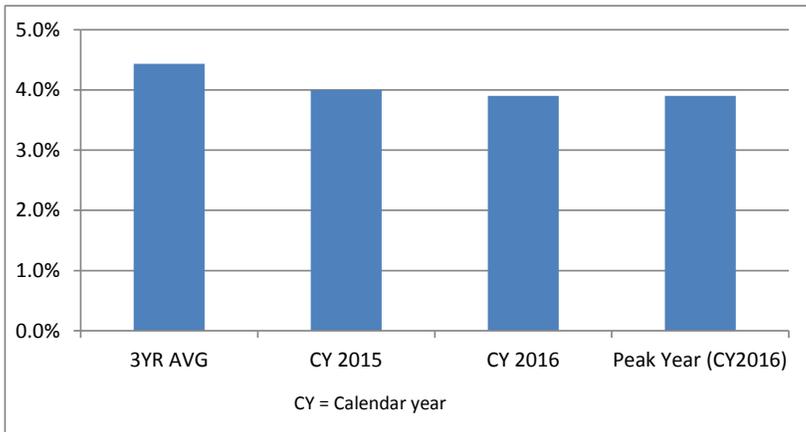
**Totals**

2016	\$52,062
2015	\$48,452
3YRAVG	\$49,481
Peak Year (CY2008)	\$57,507

**Current Year:** The increase in 2015 over prior years is an indication of the slow to moderate recovery from the 2008 recession. Data is from the American Community Survey (U.S. Census Bureau) and 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. 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. This statistic is updated once per year in November.



**Calendar Year Compared to:**

Prior Year	- 2.5%
3 Year Avg.	- 12.0%
Peak Year (CY2016)	0.0%

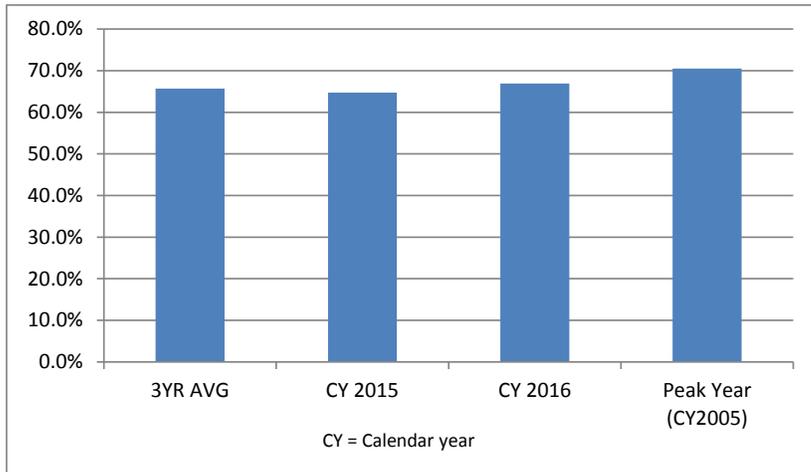
**Totals**

2016	3.9%
2015	4.0%
3YRAVG	4.4%
Peak Year (CY2016)	3.9%

**Current Year:** The decrease in the unemployment rate over prior years may indicate growth in jobs and/or that fewer people who are available to work have been actively looking for work in the prior 4 weeks of the survey. Data is from the American Community Survey (U.S. Census Bureau) and reflects the highest since 2005 (the oldest readily available data set).

## Phoenix Labor Force Participation

**Significance:** This measures the percentage of the population (16 and older) that is in the labor force. The labor force is defined as the total population of employed and unemployed people (16 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. This statistic is updated once per year in November.



### Calendar Year Compared to:

Prior Year	- 3.4%
3 Year Avg.	- 1.8%
Peak Year (CY2005)	- 5.1%

### Totals

2016	66.9%
2015	64.7%
3YRAVG	65.7%
Peak Year (CY2005)	70.5%

**Current Year:** The labor force participation rate slightly decreased from 2014 indicating an decrease in the percentage of the population that is either employed or unemployed and actively looking for work. Data is from the American Community Survey (U.S. Census Bureau) and reflects the highest since 2005 (the oldest readily available data set).