



City of Phoenix

Phoenix Economic Indicators Report

Second Quarter FY2017-18

Executive Summary

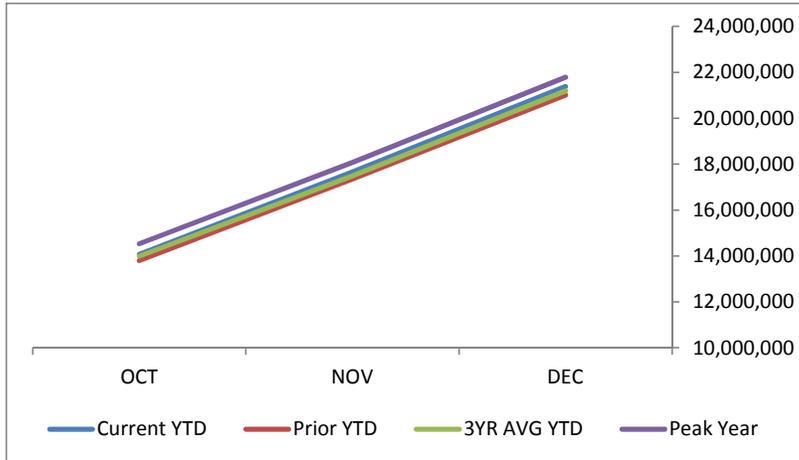
Economic indicators, such as those included in this report, provide measurements for evaluating the health of our economy, the latest business cycles, and how consumers are spending and generally faring. Included in this report are aviation, utility, new development, state and local sales tax, vehicle 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. | + 0.9% |
| Peak Year | - 1.8% |
| FY2015-16 | |

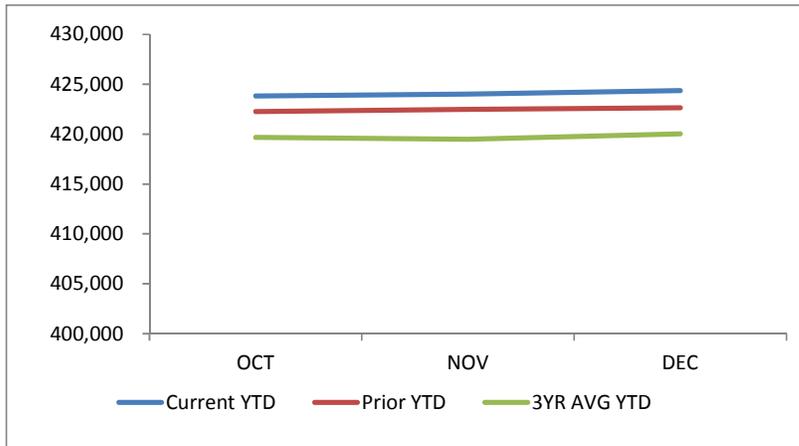
Totals

| | |
|-----------|------------|
| CYTD | 21,380,000 |
| PYTD | 21,007,000 |
| 3YRAVG | 21,192,000 |
| Peak Year | |
| FY2015-16 | 21,782,000 |

Current Year: Passenger Traffic for the month of December increased 1.8% as compared with December of the previous year and is 0.9% 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 | |

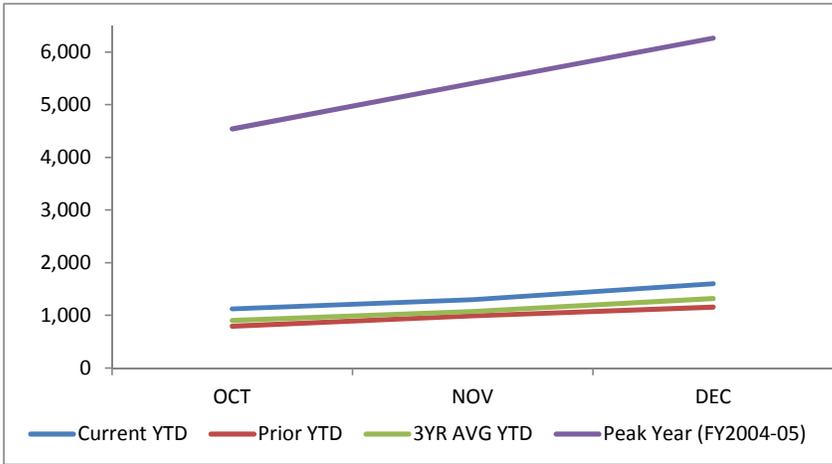
Totals

| | |
|-----------|---------|
| CYTD | 424,354 |
| PYTD | 422,642 |
| 3YRAVG | 420,026 |
| 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 December 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 | + 38.2% |
| 3 Year Avg. | + 21.4% |
| Peak Year (FY2004-05) | - 74.5% |

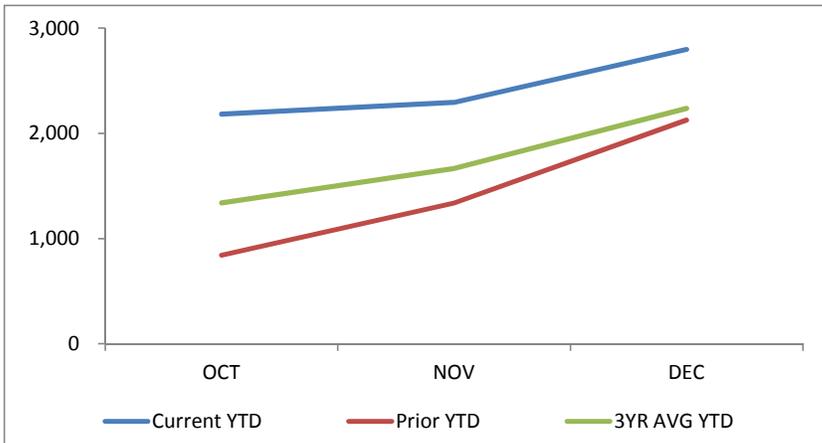
Totals

| | |
|-----------------------|-------|
| CYTD | 1,599 |
| PYTD | 1,157 |
| 3YRAVG | 1,317 |
| Peak Year (FY2004-05) | 6,264 |

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 | + 31.5% |
| 3 Year Avg. | + 25.1% |
| Peak Year FY2017-18 | 0.0% |

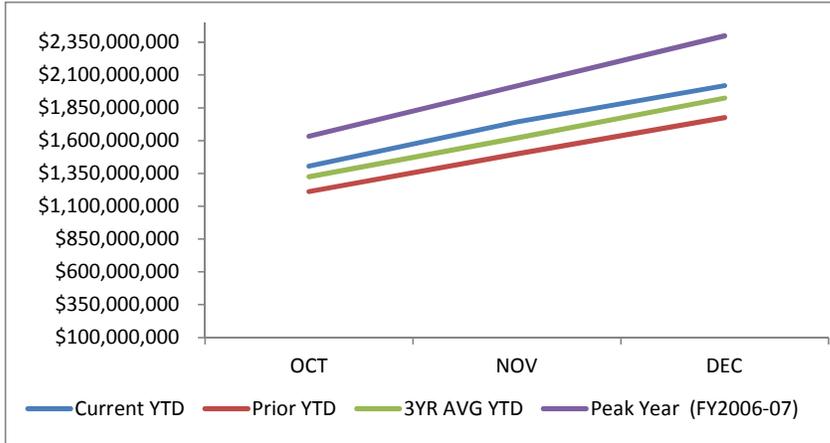
Totals

| | |
|---------------------|-------|
| CYTD | 2,798 |
| PYTD | 2,127 |
| 3YRAVG | 2,237 |
| Peak Year FY2017-18 | N/A |

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. Peak year is N/A because the current fiscal year is the peak year for December data.

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 | + 13.7% |
| 3 Year Avg. | + 4.9% |
| Peak Year (FY2006-07) | - 15.8% |

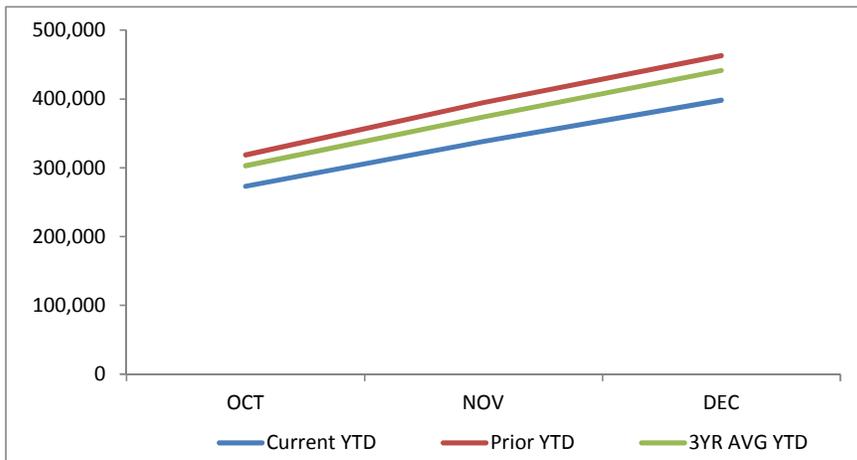
Totals

| | |
|--------------------------|-----------------|
| CYTD | \$2,019,291,662 |
| PYTD | \$1,775,941,686 |
| 3YRAVG | \$1,925,053,591 |
| Peak Year (FY2006-07) | \$2,398,772,491 |

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.



Current YTD Compared to:

| | |
|------------------------|---------|
| Prior Year | - 14.0% |
| 3 Year Avg. | - 9.8% |
| Peak Year FY2016-17 | - 14.0% |

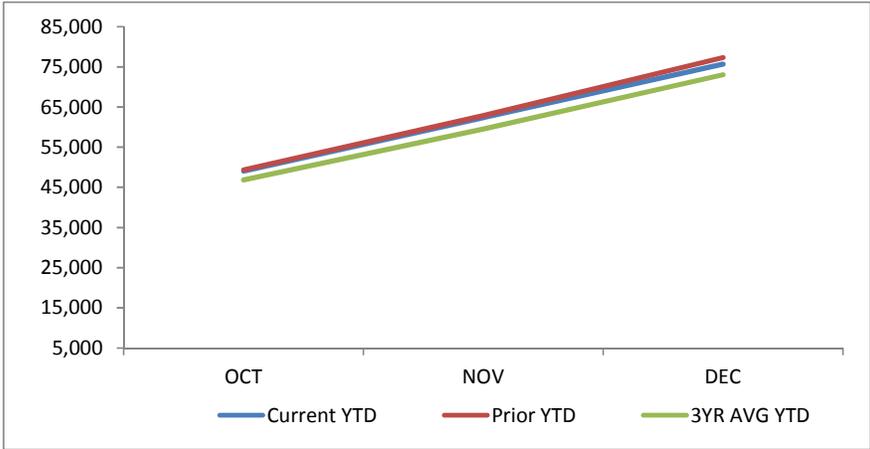
Totals

| | |
|------------------------|---------|
| CYTD | 398,247 |
| PYTD | 462,877 |
| 3YRAVG | 441,342 |
| Peak Year FY2016-17 | 462,877 |

Current Year: The current year total tonnage is trending down from the prior year due to a vendor who was purchased by one of the City's competitors. This caused a decrease in total Refuse Tonnage brought to the City's Transfer Stations.

Solid Waste - Recycling Tonnage Collected

Significance: Recycle tonnage is one measurement of revenue generated through diversion and increased understanding by residents about how or what to recycle.



Current YTD Compared to:

| | |
|-------------|--------|
| Prior Year | - 2.1% |
| 3 Year Avg. | + 3.6% |
| Peak Year | - 2.1% |
| FY2016-17 | |

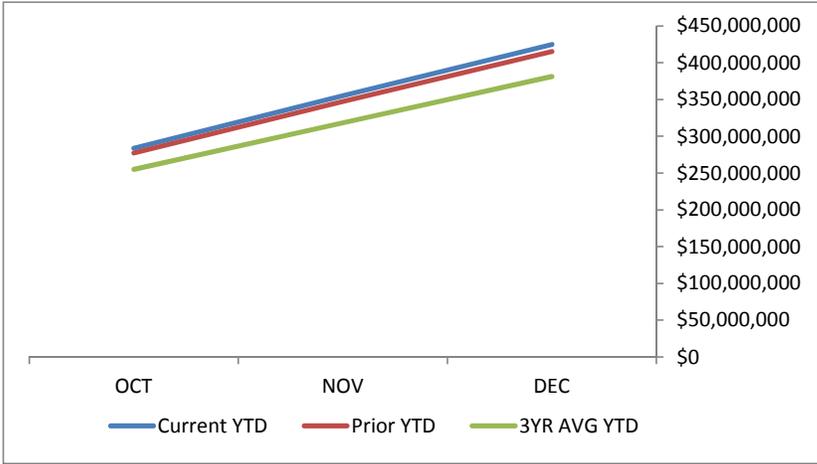
Totals

| | |
|-----------|--------|
| CYTD | 75,669 |
| PYTD | 77,317 |
| 3YRAVG | 73,025 |
| Peak Year | 77,317 |
| FY2016-17 | |

Current Year: Recycling tonnage is slightly lower than the prior year and but above the three year average. Stronger enforcement is in demand to keep contaminants down in order to provide a consistent resale value from prior years.

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 | + 2.3% |
| 3 Year Avg. | + 11.5% |
| Peak Year | 0.0% |
| FY2017-18 | |

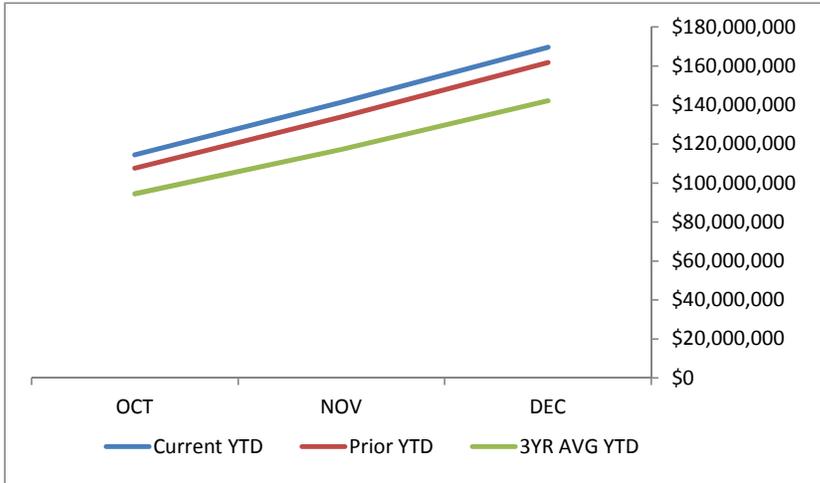
Totals

| | |
|-----------|---------------|
| CYTD | \$424,944,000 |
| PYTD | \$415,321,000 |
| 3YRAVG | \$381,255,000 |
| 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 December 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 | + 4.9% |
| 3 Year Avg. | + 19.4% |
| Peak Year | 0.0% |
| FY2017-18 | |

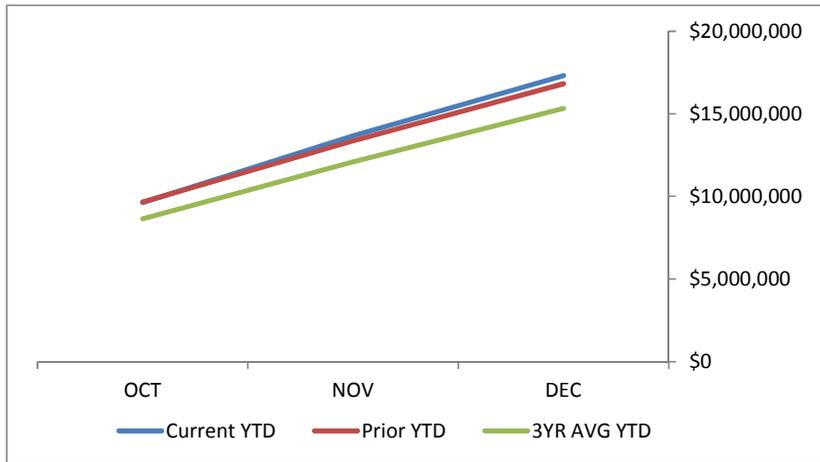
Totals

| | |
|-----------|---------------|
| CYTD | \$169,654,000 |
| PYTD | \$161,773,000 |
| 3YRAVG | \$142,113,667 |
| Peak Year | N/A |
| FY2017-18 | |

Current Year: Peak year is N/A because the current fiscal year is the peak year for December 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 | + 2.9% |
| 3 Year Avg. | + 13.0% |
| Peak Year | - 0.0% |
| FY2016-17 | |

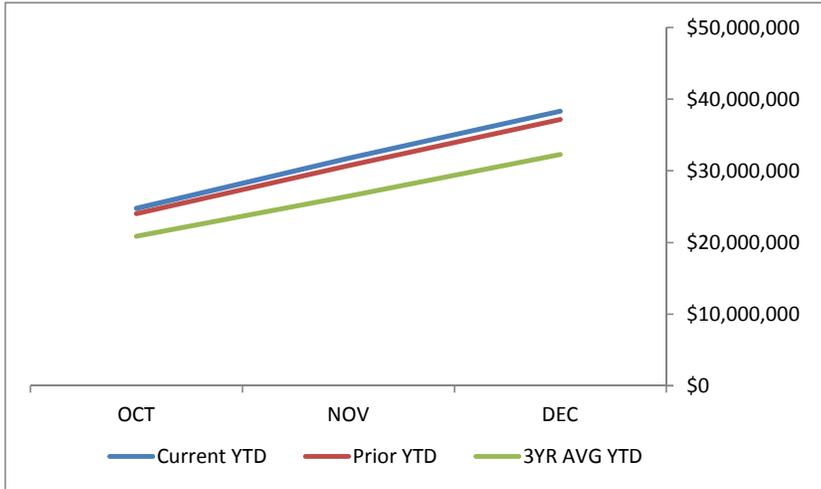
Totals

| | |
|-----------|--------------|
| CYTD | \$17,318,000 |
| PYTD | \$16,822,000 |
| 3YRAVG | \$15,322,333 |
| Peak Year | N/A |
| FY2017-18 | |

Current Year: There is a slight current YTD increase (2.9%) compared to previous year, and 13% higher than three year average. Prior year values have not been adjusted for inflation. Peak year is N/A because the current fiscal year is the peak year for December data.

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 | + 3.1% |
| 3 Year Avg. | + 18.7% |
| Peak Year | 0.0% |
| FY2017-18 | |

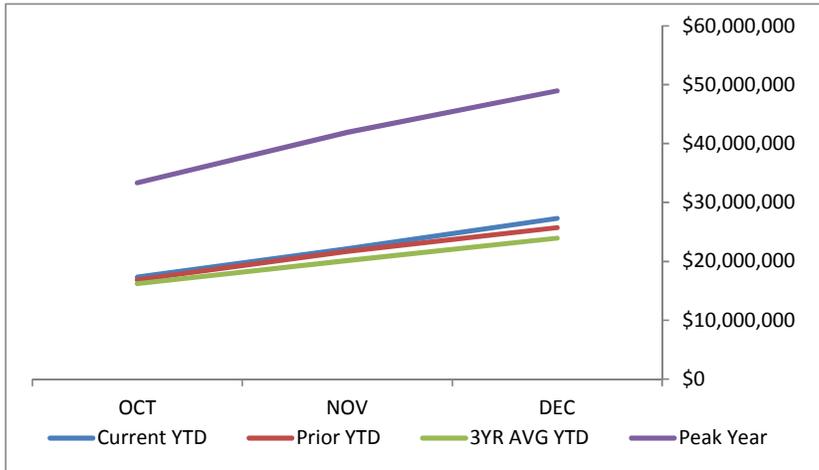
Totals

| | |
|-----------|--------------|
| CYTD | \$38,317,000 |
| PYTD | \$37,163,000 |
| 3YRAVG | \$32,281,333 |
| Peak Year | N/A |
| FY2017-18 | |

Current Year: Peak year is N/A because the current fiscal year is the peak year for December 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. | + 14.0% |
| Peak Year | - 44.2% |
| (FY2006-07) | |

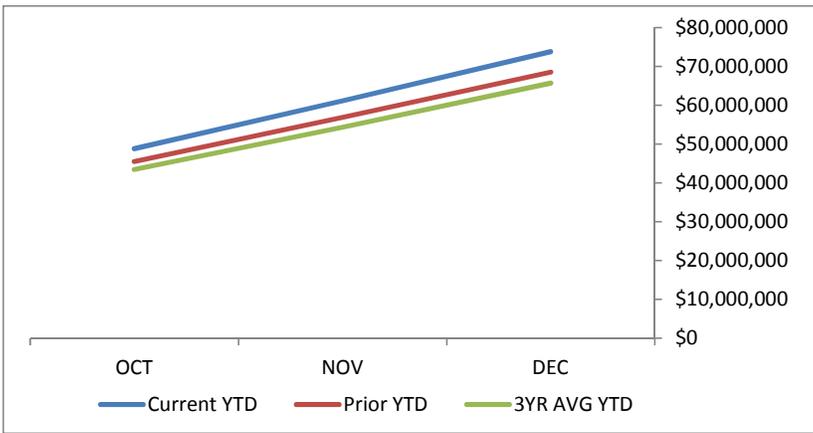
Totals

| | |
|-------------|--------------|
| CYTD | \$27,301,000 |
| PYTD | \$25,724,000 |
| 3YRAVG | \$23,946,667 |
| Peak Year | \$48,954,000 |
| (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 | + 7.7% |
| 3 Year Avg. | + 12.3% |
| Peak Year | 0.0% |
| FY2017-18 | |

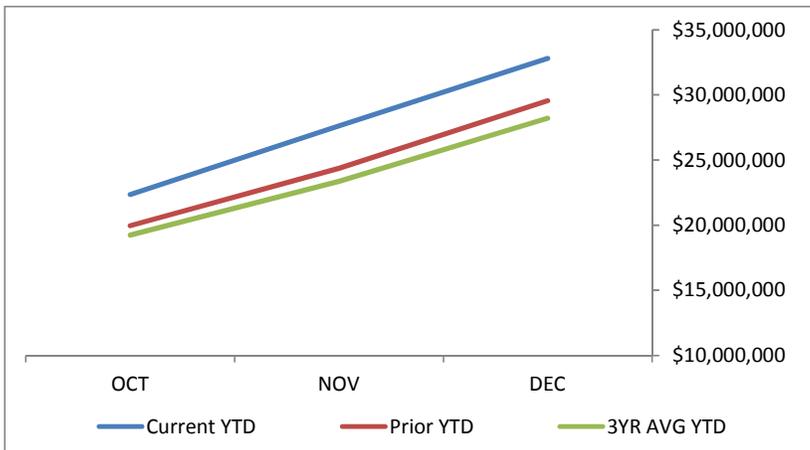
Totals

| | |
|-----------|--------------|
| CYTD | \$73,814,000 |
| PYTD | \$68,549,000 |
| 3YRAVG | \$65,705,000 |
| Peak Year | N/A |
| FY2017-18 | |

Current Year: December year-to-date 2017-18 State sales tax was \$73.8 million, representing 7.7% growth over 2016-17. Peak year is N/A because the current fiscal year is the peak year for December 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. 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 | + 11.0% |
| 3 Year Avg. | + 16.3% |
| Peak Year | 0.0% |
| FY2017-18 | |

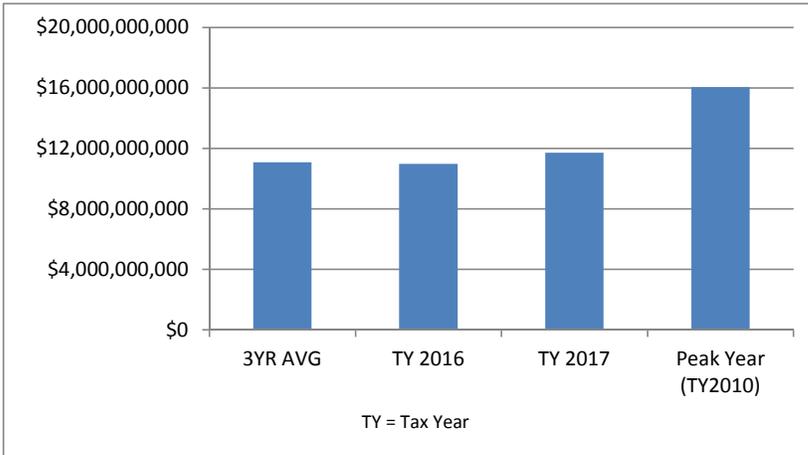
Totals

| | |
|-----------|--------------|
| CYTD | \$32,806,764 |
| PYTD | \$29,553,151 |
| 3YRAVG | \$28,210,371 |
| Peak Year | N/A |
| FY2017-18 | |

Current Year: Peak year is N/A because the current fiscal year is the peak year for December 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% |

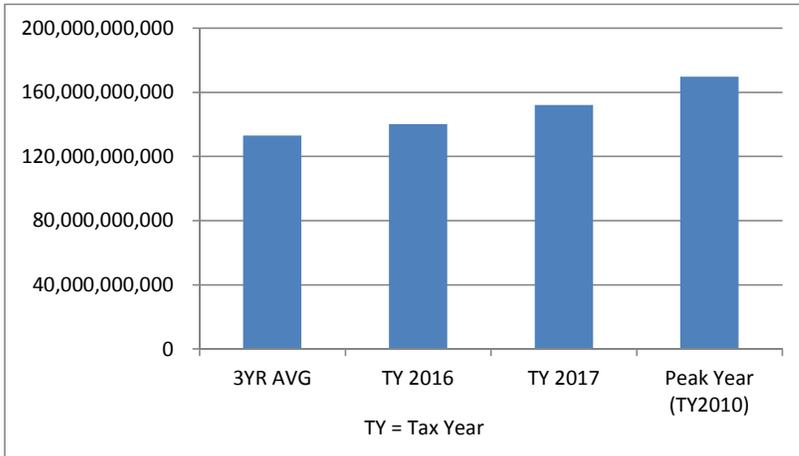
Totals

| | |
|--------------------|------------------|
| 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% |

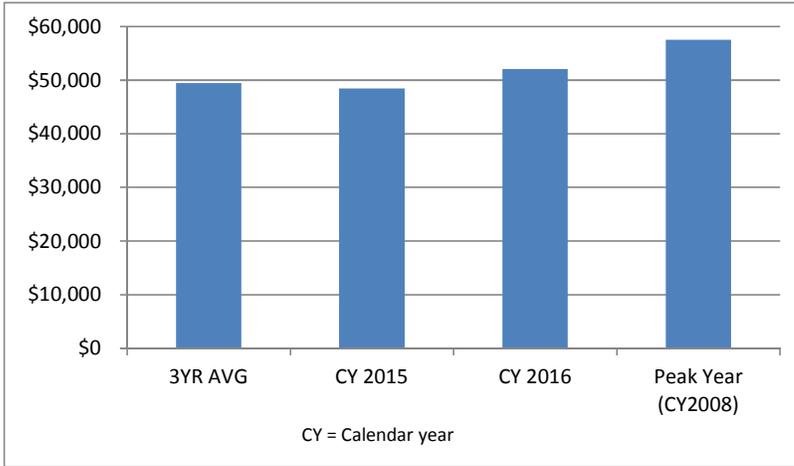
Totals

| | |
|--------------------|-------------------|
| 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% |

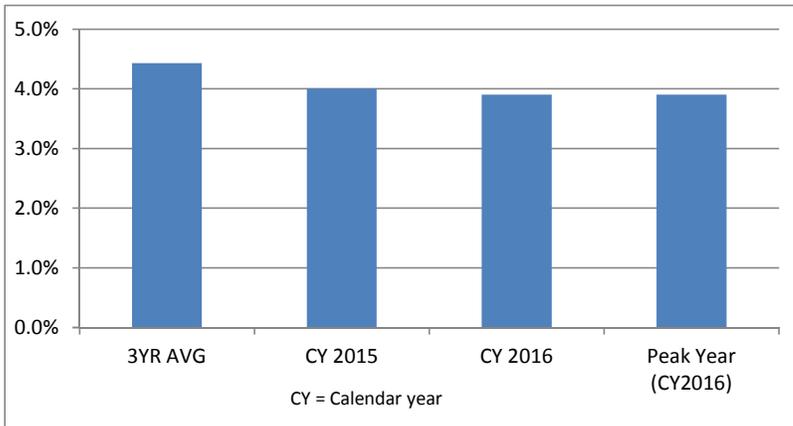
Totals

| | |
|-----------------------|----------|
| 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 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. 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% |

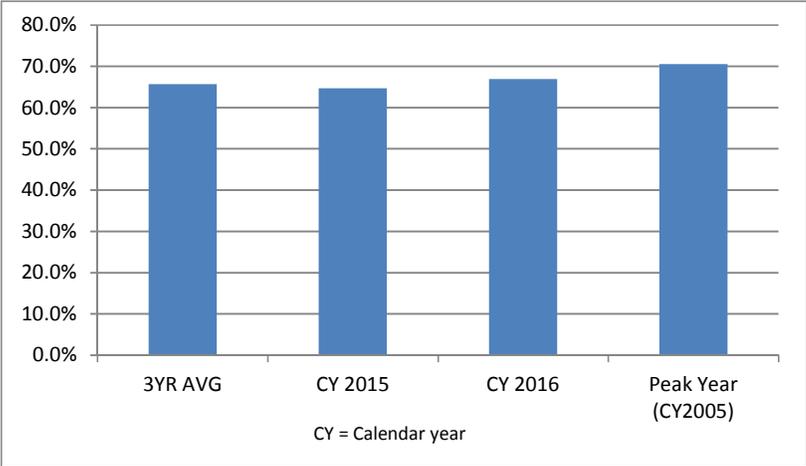
Totals

| | |
|-----------------------|------|
| 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 Peak Year 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 Peak Year reflects the highest since 2005 (the oldest readily available data set).