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State projects slower job growth this year and next

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According to projections by Arizona Office of Economic Opportunity, the state will gain 138,553 jobs over the next two years for average annual job growth of 2.4 percent (compared to 2.7 percent annually over the past two years). The report, released in March, projects growth in 11 of 12 supersectors in 2017 and 2018. Natural resources and mining is the only supersector projected to see a decline in employment, losing 737 jobs (-1.1 percent annually) over the two-year period.

Educational and health services is expected to add the most jobs statewide at 38,757 (3.3 percent annually). Construction is expected to see the highest rate of annualized job growth at 3.9 percent with the addition of 10,943 new jobs.

Other sectors projected to see considerable job gains are: professional and business services, expected to add 27,582 jobs over two years (3.3 percent annually), leisure and hospitality, which will add 19,018 jobs (2.8 percent), trade, transportation and utilities, projected to grow by 15,925 jobs (1.5 percent), and financial activities with the addition of 10,879 jobs (2.7 percent) according to the report.

Growing slower than the statewide average for all sectors, the information industry is projected to see 0.7 percent average annual job growth this year and next (630 new jobs over the two-year period), manufacturing at 0.5 percent (1,593 jobs), government at 0.3 percent (940 jobs), and other services at 1 percent (1,943 jobs). The number of self-employed workers in all jobs is projected to grow by 2.4 percent annually (8,129 jobs)—the same level as overall job growth in all industries.

Several subsectors are projected to see job growth rates that are much stronger than the overall rate of growth for all sectors. Most notable is non-store retailers, projected to see annual job growth of 11.3 percent. This subsector includes electronic shopping, mail-order houses, and direct selling establishments.

The social assistance subsector is also projected to see much faster job growth than that expected of all industries as a whole. OEO projects statewide social assistance jobs will increase by 8.6 percent annually this year and next. Included in this subsector is a wide variety of services including vocational rehabilitation and child day care.

More than 83 percent of the projected statewide job gains this year and next will occur in the Phoenix metro area, expected to see average annual job growth of 2.8 percent. The Phoenix metro area is the only area of the state expected to see job growth outpace that of the state as a whole. More than 90 percent of new jobs statewide over the next two years will occur in either the Phoenix or Tucson metro area. The Tucson area, however, is projected to see average annual job growth of just 1.3 percent—considerably slower than statewide and the Phoenix area.

The combined balance of the state (areas outside the Phoenix and Tucson metro areas) is expected to see average annual job growth of 1.5 percent (12,813 new jobs total, this year and next)—slower than statewide and the Phoenix metro area, but ahead of anticipated growth for the Tucson metro area. The balance of state area includes all Arizona counties except Maricopa, Pinal, and Pima.

The fastest growing sectors in areas of the state outside the Phoenix and Tucson metro areas are administrative and support and waste management and remediation services, expected to see average annual job growth of 3.4 percent, health care and social assistance (3 percent), manufacturing (2.9 percent), accommodation and food services (2.7 percent), finance and insurance (1.9 percent), real estate and rental and leasing (1.9 percent), and wholesale trade (1.6 percent).

Sectors projected to see job growth slower than the overall rate for all sectors combined in areas outside Phoenix and Tucson metro areas include transportation and warehousing, with anticipated average annual job growth of 1.5 percent, retail trade (0.9 percent), arts, entertainment, and recreation (0.7 percent), educational services (0.7 percent), professional, scientific, and technical services (0.5 percent), management of companies and enterprises (0.3 percent), other services (0.2 percent), and government (0.1 percent).

Sectors outside the Phoenix and Tucson metro areas projected to see a decline in employment are construction (-0.1 percent annually), utilities (-0.3 percent), information (-0.7 percent), agriculture, forestry, fishing and hunting (-0.9 percent), and mining (-1.8 percent).

The OEO report cites several assumptions supporting its projections, including a relatively stable institutional framework of the U.S. economy; continuation of recent technological and scientific trends; persistence of long-term employment patterns in most industries; budgetary constraints on federal, state, and local government agencies; no major events that will “significantly alter the industrial structure of the economy, the occupational staffing patterns, or the rate of long-term growth;” and

population growth rates and age distributions in line with the most recent data available from the U.S. Census Bureau. Projections also assume “attitudes toward work, education, income, and leisure will not change significantly.” Projections exclude farm employment.

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