

Industry Employment Projections

2016-2017

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How Projections are Organized:

- Two-year employment projection period: (2015-Q3 to 2017-Q2)
- Projections are created from Quarterly Census of Employment and Wages (QCEW) data produced by the US Bureau of Labor Statistics
 - QCEW uses NAICS codes
 - North American Industry Classification System (NAICS)
 - Industry (describes what the business does)
 - Six digit industry code
 - The more digits, the more detail (hierarchical)

How Projections are Organized (cont.):

- QCEW program is a near census of all employers and jobs covered by Unemployment Insurance Program (97% of total nonagricultural employment)
 - Remaining 3% of employment is obtained from the County Business Patterns program
- QCEW program categorizes government employees differently than the CES program
 - QCEW organizes Government employees within the NAICS industry they work (Government includes Government Public Admin. workers only)
 - CES organizes Government employees within the government NAICS code regardless of industry (Government includes all Government workers)

Economic Trends:

- Growth in real GDP, real personal income, employment, retail sales
- Continued drop in U.S. and Arizona's unemployment rate
 - Labor force participation rates increased while unemployment levels have declined
- Residential and commercial real estate markets in Arizona and Phoenix metropolitan area have shown improvement
- Arizona outpaced US in population, nonfarm employment and real personal income growth in 2015

Economic Trends (cont.):

- Aerospace and defense sector represents a large share of Arizona's manufacturing sector
- Arizona's mining sector has seen sharp declines due to a slow down in world commodities markets
- Arizona export markets slow down as the US dollar strengthens vs foreign currencies
- Arizona economy historically dependent on population growth

Highlights

- Arizona is projected to gain 156,535 jobs over the two-year (2015 Quarter 3 to 2017 Quarter 2) period (2.84% annual growth)
- Eleven of the twelve sectors are forecast to add jobs over the two-year period
- Professional and Business Services (PBS) sector is expected to add the largest number of jobs (34,902) over the two-year period or 4.36%
- Construction is expected to have the largest annualized percentage gain at 6.6% (17,732 jobs)
- Sectors with the largest expected gains are: Professional and Business Services (34,902 jobs), Educational and Health Services (31,428 jobs), Trade, Transportation and Utilities (23,414 jobs), Leisure and Hospitality (22,594 jobs), and Construction (17,732 jobs)

Total Employment by Substate Area Annual Growth Rate (Compound)

	2013 Q3-2015 Q2(a)	2015 Q3- 2017Q2(b)
Arizona	2.41%	2.84%
Phoenix MSA ¹	2.90%	3.15%
Tucson MSA ²	0.56%	1.92%
Balance of State ³	1.84%	2.12%

1) Maricopa and Pinal Counties

2) Pima County

3) Arizona less Maricopa, Pinal and Pima counties

a) Historical

b) Forecast

Total Employment by Substate Area Employment Change

	2015 Q2(a)	2017Q2(b)	Employment Change
Arizona	2,718,515	2,875,050	156,535
Phoenix MSA ¹	1,952,031	2,077,030	124,999
Tucson MSA ²	370,866	385,259	14,393
Balance of State ³	395,848	412,781	16,933

1) Maricopa and Pinal Counties

2) Pima County

3) Arizona less Maricopa, Pinal and Pima counties

a) Historical

b) Forecast

Total Employment by Substate Area Annual Growth (Compound)

	2013 Q3-2015 Q2(a)	2015 Q3- 2017Q2(b)
Arizona	126,582	156,535
Phoenix MSA ₁	108,475	124,999
Tucson MSA ₂	4,120	14,393
Balance of State ₃	14,182	16,933

1) Maricopa and Pinal Counties

2) Pima County

3) Arizona less Maricopa, Pinal and Pima counties

a) Historical

b) Forecast

Arizona Sector Employment

Annual Growth Rate (Compound)

	2013 Q3-2015 Q2(a)	2015 Q3- 2017Q2(b)
Total All Industries	2.41%	2.84%
Natural Resources and Mining	0.19%	-2.74%
Construction	1.25%	6.66%
Manufacturing	0.53%	0.66%
Trade, Transportation, and Utilities	2.20%	2.24%
Information	3.72%	3.27%
Financial Activities	3.19%	3.74%
Professional and Business Services	2.34%	4.36%
Education and Health Services	1.91%	2.74%
Leisure and Hospitality	4.04%	3.47%
Other Services (Except Government)	1.62%	1.21%
Government	-0.45%	0.18%
Unclassified	8.08%	2.18%

a) Historical

b) Forecast

Arizona Sector Employment Annual Growth Rate (Compound)

	2015 Q2(a)	2017Q2(b)	Employment Change
Total All Industries	2,718,515	2,875,050	156,535
Natural Resources and Mining	33,673	31,852	-1,821
Construction	128,777	146,509	17,732
Manufacturing	156,776	158,842	2,066
Trade, Transportation, and Utilities	517,566	540,980	23,414
Information	46,617	49,716	3,099
Financial Activities	189,261	203,668	14,407
Professional and Business Services	391,482	426,384	34,902
Education and Health Services	565,750	597,178	31,428
Leisure and Hospitality	320,397	342,991	22,594
Other Services (Except Government)	72,295	74,060	1,765
Government	150,867	151,421	554
Unclassified	145,056	151,446	6,390

a) Historical

b) Forecast

Arizona Major Industry Shares

	Base Employment 2015 Q2	Projected Employment 2017 Q2
Education and Health Services	20.8%	20.8%
Trade, Transportation, and Utilities	19.0%	18.8%
Professional and Business Services	14.4%	14.8%
Leisure and Hospitality	11.8%	11.9%
Financial Activities	7.0%	7.1%
Manufacturing	5.8%	5.5%
Unclassified	5.3%	5.3%
Government	5.5%	5.3%
Construction	4.7%	5.1%
Other Services (Except Government)	2.7%	2.6%
Information	1.7%	1.7%
Natural Resources and Mining	1.2%	1.1%

a) Historical

b) Forecast

Thank You!

Any Questions?

Upcoming Release Schedule:

- **March Employment Report on April 14**
- **April Employment Report on May 19**