

## Arizona's Economy to Grow In Line With the U.S. Economy

Arizona's economy is forecasted to grow by 1.6% in 2024, slower than last year, and roughly in line with Comerica's forecast for 1.4% national economic growth. Arizona's employment growth is expected to moderate from 2023's pace, while the unemployment rate is anticipated to tick higher as slowing national and global economies weigh on the critical tourism sector. A higher unemployment rate is projected to limit total personal income growth to around 4%, modestly outpacing inflation.

The Grand Canyon State's population growth is anticipated to slow in 2024, as a result of fewer job openings that make moving to the state less appealing. Nonetheless, the traditional lures of the state, such as milder winters, housing that's more affordable than big West-coast metros, and 300 days of sunshine each year, will help Arizona's population grow faster than the rest of the U.S.

The least affordable housing market in decades weighed heavily on Arizona's housing sales and construction in 2023. A higher unemployment rate and moderate personal income growth in 2024 are projected to weigh on the housing market again next year. While residential construction is expected to contract for a third consecutive year, the decline is anticipated to be much milder than in the prior two years. As mortgage rates decline from elevated levels, housing starts will gain steam as 2024 progresses, led by single-family construction. Lower housing construction in 2022 and 2023 and continued solid population growth augur for higher house prices next year. Nonetheless, Arizona's average house price increase of 1.2% in 2024 is forecast to be a full percentage point below the national housing market's increase of 2.2%.

<b>Arizona Economic Outlook</b>											
	1Q'23a	2Q'23a	3Q'23p	4Q'23f	1Q'24f	2Q'24f	3Q'24f	4Q'24f	2022a	2023p	2024f
<b>State Output</b>											
Real GDP (Chained 2012 Billions \$)	362.2	364.2	368.8	369.7	370.6	371.7	372.9	373.8	356.4	366.2	372.2
<b>Percent Change Annualized</b>	<b>2.7</b>	<b>2.2</b>	<b>5.2</b>	<b>0.9</b>	<b>0.9</b>	<b>1.2</b>	<b>1.4</b>	<b>1.0</b>	<b>2.5</b>	<b>2.8</b>	<b>1.6</b>
<b>Labor and Demographics</b>											
Payroll Jobs (Millions)	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.2	3.2
<b>Percent Change Annualized</b>	<b>3.2</b>	<b>1.4</b>	<b>1.2</b>	<b>0.9</b>	<b>0.5</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>4.2</b>	<b>2.0</b>	<b>0.8</b>
Unemployment Rate (Percent)	3.7	3.4	3.8	3.8	4.0	4.1	4.2	4.3	3.8	3.7	4.1
Population (Millions)	7.5	7.5	7.6	7.6	7.6	7.6	7.7	7.7	7.4	7.5	7.7
<b>Percent Change Annualized</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>2.1</b>	<b>1.6</b>
<b>Personal Income</b>											
Total Personal Income (Nominal Billions \$)	449.1	454.3	460.4	464.8	468.9	473.9	479.3	484.7	430.1	457.1	476.7
<b>Percent Change Annualized</b>	<b>7.3</b>	<b>4.7</b>	<b>5.5</b>	<b>3.9</b>	<b>3.5</b>	<b>4.3</b>	<b>4.6</b>	<b>4.6</b>	<b>4.9</b>	<b>6.3</b>	<b>4.3</b>
<b>Housing</b>											
Housing Starts (Thousands, Annual Rate)	43.7	51.8	54.9	50.5	48.6	49.0	50.1	50.7	58.4	50.2	49.6
<b>Percent Change Annualized</b>	<b>-40.2</b>	<b>97.4</b>	<b>26.0</b>	<b>-28.7</b>	<b>-14.3</b>	<b>3.5</b>	<b>9.6</b>	<b>4.9</b>	<b>-9.1</b>	<b>-13.9</b>	<b>-1.3</b>
Single-Family Housing Starts (1,000s Units, Annual Rate)	22.1	32.3	38.9	34.4	31.9	31.7	32.5	33.0	40.9	31.9	32.3
Multi-Family Housing Starts (1,000s Units, Annual Rate)	21.7	19.6	16.0	16.0	16.7	17.2	17.6	17.7	17.5	18.3	17.3
House Price Index, FHFA (1991 Q1=100, SA)	536.0	541.9	542.9	538.6	539.0	546.9	549.8	548.9	542.3	539.9	546.2
<b>Year/Year Percent Change</b>	<b>0.8</b>	<b>-2.5</b>	<b>-0.4</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>1.3</b>	<b>1.9</b>	<b>17.6</b>	<b>-0.5</b>	<b>1.2</b>

a = actual p=preliminary f = forecast

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