GREATER PHOENIX
ECONOMY TRACKER

Volume 8, Issue 1 JANUARY 2012

IMAGE management team has over 25 years experience in the facility maintenance and services industry. Our core business is building maintenance and providing our customers with customized services to fit their specific requirements, smoothly and effectively. IMAGE provides services in all aspects of the commercial environment, including corporate office, manufacturing, hospitality, retail, educational environments and convention/airport facilities. We have a trained technical staff to review all areas of your building needs, and we will work to develop the most comprehensive program for your facility. IMAGE has been created to be the preferred maintenance services provider for the commercial real estate professional.

Thank you,

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Greater Phoenix Home Permits
Single-Family Homes—NSA

	Total	Y-Y Change
Oct-10	604	
Oct-11	667	+10.4%
Nov-10	494	
Nov-11	909	+84.1%

Source: U.S. Census Bureau NSA = not seasonally adjusted

Maricopa County Home Sales
Existing Single-Family Homes

	Nov-10	Nov-11
Inventory	31,764	18,337
Under contract	7,308	7,999
Sales	4,929	5,321
Sales volume (000s)	$986,368	$1,060,515

Source: Arizona Regional Multiple Listing Service

Greater Phoenix Employment
National Unemployment Average 8.5%–December 2011–NSA

	Employment Change*	Unemployment Rate
Oct-10	+280	8.9%
Oct-11 (r)	+8,098	8.1%
Nov-10	+1,087	8.8%
Nov-11	+5,930	7.7%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted
*Change from prior month (r) = revised data

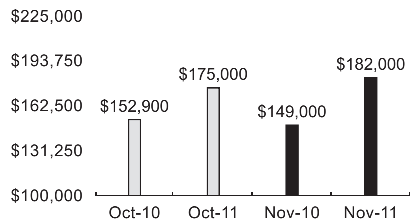
Carlon Index

In the month of November, each job in the Greater Phoenix area generated an average of $475 in retail sales expenditures. This represents a 4% increase from November 2010.

Source: The Carlon Group

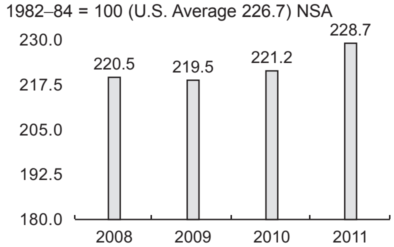
Greater Phoenix Economic Benchmarks

Maricopa County Median Home Price*
U.S. Median: $164,200 in November



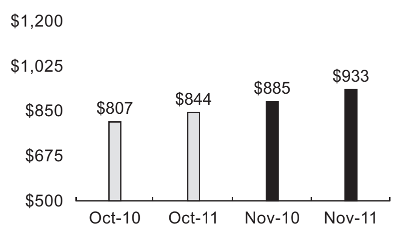
Source: Arizona Regional Multiple Listing Service
Median sale price for existing single-family homes

Phoenix* Consumer Price Index
1982–84 = 100 (U.S. Average 226.7) NSA



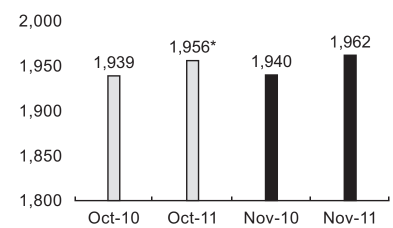
Source: Bureau of Labor Statistics
*West Urban Region NSA = not seasonally adjusted

Greater Phoenix Retail Sales
In Millions (000,000s) NSA



Source: Arizona Department of Revenue
NSA = not seasonally adjusted
Greater Phoenix consists of Phoenix-Mesa-Scottsdale MSA

Greater Phoenix Employment
In Thousands (000s) NSA



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted *Revised data*

U.S. Employment By The Numbers
Nonfarm payroll employment: +200,000 ▲ Civilian labor force participation rate: 64.0% N/C
Source: Bureau of Labor Statistics, January 2012

Inside The Economy

At Least Someone's Catching On

In my last article here, I observed there was very little good news on the horizon that would justify a more optimistic outlook for the economy. Well, as I chew on a tasty bite of crow, the past month has yielded a plethora of good news—but the question remains, will it be enough to generate the momentum for a decent recovery this year? On the positive side, unemployment is down (with the caution that a substantial portion of that fall is due to people simply dropping out of the workforce); weekly new unemployment claims are falling; manufacturing orders are up; and consumer confidence is up. The best news is the Federal Reserve's announcement that it will announce its interest rate policy sooner than it has in the past, so that economic participants can have more certainty about the cost of borrowing. Hooray for the Fed! I have stated many times that the main constraint on economic recovery is uncertainty about the federal government and Federal Reserve policies. The Fed has taken a positive step toward reducing that uncertainty. Okay, now back to reality before we get too carried away. The federal government, the congress, and the administration will resume fussing about the payroll tax and, by extension, everything else starting this month. The real black cloud is the November elections. Between now and November (and, realistically, until well into 2013), political posturing and the congressional and presidential elections will likely add more murkiness to the economic swamp. On top of that, Europe is still hanging out in the breeze. I really believe that the eurozone will be unable to solve its systemic problems in 2012. The economic chickens will come home to roost when substantial amounts of individual countries' debt come due in 2012. Other than the economic powerhouses of Germany and France, everyone appears to be looking at high unemployment and bleak prospects for growth. The best outcome for our economy is for congress and the administration to cut all their deals for the upcoming year in February and provide certainty in that time frame for recovery. Likelihood? About the same as winning the Powerball (maybe even not that good!).

Author: Ken Maxey

Local Trends

Cost of Living Index
Phoenix (Nat'l Avg = 100)

All items	98.3
Grocery	106.9
Housing	88.6
Utilities	100.5
Transportation	104.8
Health care	105.3
Miscellaneous	99.8

Source: ACCRA 3rd Qtr. 2011

Regional Tax Burden
2010 State and Local Taxes*

	Rate	Rank
Arizona	**4.7%**	**42**
California	6.7%	15
Colorado	4.1%	49
Nevada	5.9%	29
New Mexico	6.6%	17
Utah	5.8%	30
U.S. average	5.8%	--

Source: Tax Foundation **Compared to U.S. tax average. Includes local sales and property taxes.*

Arizona Bankruptcy
Total Cases Filed

Q1-10	9,652
Q2-10	11,859
Q3-10	11,282
Q4-10	10,025
Q1-11	9,225
Q2-11	10,835
Q3-11	9,056

Source: American Bankruptcy Institute

Arizona Employment Growth Rates
Change from Prior Year

	Q3-11	Q2-11	Q3-10	2010	2009
Total nonfarm	1.3%	0.3%	-1.5%	-2.1%	-7.3%
Manufacturing (6%)	2.6%	1.6%	-2.7%	-3.9%	-11.2%
Other (nonmanufacturing) goods-producing (5%)	2.2%	-1.5%	-9.8%	-12.8%	-29.9%
Private service-producing (71%)	2.0%	1.2%	-0.8%	-1.3%	-5.6%
Government (17%)	-0.7%	-3.0%	-1.6%	-1.5%	-2.1%
Unemployment rate (percent of labor force)	9.3%	9.2%	9.9%	9.9%	9.7%

Source: FDIC

Quick **Fact**

+61.3%

The estimated population gain between 2010 and 2030 for the state of Arizona. Nationally, the population is projected to increase by 17.6%.

Source: U.S. Census Bureau

National Trends

CEO Survey—Fourth Quarter 2011

	Increase	No Change	Decrease
How do you expect your company's sales to change in the next six months?	68%	20%	12%
How do you expect your company's U.S. capital spending to change in the next six months?	32%	52%	16%
How do you expect your company's U.S. employment to change in the next six months?	35%	42%	24%

Source: Business Roundtable Q4 2011. Survey is a forecast of economic conditions in the next six months. Percentages may not equal 100 due to rounding.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
October 2011	3,370
September 2011 (r)	3,454
August 2011	3,129
July 2011	3,228
June 2011	3,169
May 2011	3,034
April 2011	2,953
March 2011	3,123

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate
(r) = revised data

Employment Cost Index, NSA

	Index Number	12-Month Change
Q4-2010	113.2	2.0%
Q1-2011	114.0	1.0%
Q2-2011	114.8	2.2%
Q3-2011	115.2	2.8%

Source: Bureau of Labor Statistics 2005 = 100.0 NSA = not seasonally adjusted

Personal Income
In Billions of Dollars, SAAR

	June-11	July-11	Aug-11	Sept-11 (r)	Oct-11 (r)	Nov-11
Personal income	**13,018** ▲	**13,035** ▲	**13,028** ▼	**12,990** ▼	**13,037** ▲	**13,045** ▲
Disposable personal income	**11,609** ▲	**11,624** ▲	**11,619** ▼	**11,576** ▼	**11,603** ▲	**11,598** ▼
Personal consumption expenditures	**10,668** ▼	**10,745** ▲	**10,767** ▲	**10,840** ▲	**10,851** ▲	**10,865** ▲

Source: Bureau of Economic Analysis SAAR = seasonally adjusted annual rate (r) = revised

Consumer Price Index Medical, NSA

	Nov-10	Nov-11	Y-Y Change
Medical care	391.6	404.8	+3.4%
Medical care services	414.8	429.1	+3.5%
Hospital services*	232.2	246.5	+6.2%
U.S. all items	218.3	226.3	+3.4%

Source: Bureau of Labor Statistics 1982–84 = 100.0 NSA = not seasonally adjusted *1996 = 100.0

Gross Domestic Product

Q3-10	2.5%
Q4-10	2.3%
Q1-11	0.4%
Q2-11	1.3%
Q3-11 (r)	1.8%

Source: Bureau of Economic Analysis
Percent change from prior qtr. (r) = revised

Consumer Confidence Index

Aug-11	45.2
Sept-11	46.4
Oct-11	40.9
Nov-11 (r)	55.2
Dec-11 (p)	64.5

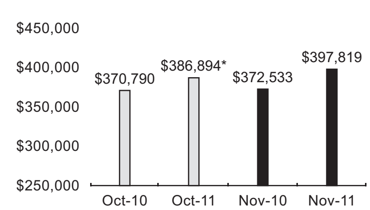
Source: The Conference Board
1985 = 100 (p) = preliminary (r) = revised

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
Oct-10	222.3	319.3	767.2
Oct-11	282.9	370.6	692.6
Nov-10	228.6	327.3	820.8
Nov-11	263.8	379.6	743.9

Source: Bureau of Economic Analysis

Total U.S. Retail Sales
In Millions (000,000s) NSA



Source: U.S. Department of Commerce
NSA = not seasonally adjusted **revised data*
Most recent data available