

AVANT

by AVISON YOUNG

Phoenix employment overview

August 2021



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Key observations



Phoenix employment trends

- Employers added **16,300** jobs in June. Phoenix ranks second nationally in small company job growth.
- The June unemployment rate rose slightly to **6.6 percent**, up 40 bps compared to the prior month.
- Phoenix job losses have declined by **10.6 percent** since the start of the pandemic in March 2020. The Phoenix metro ranked second in hiring gains, only behind Dallas, Texas.



Industry sector trends

- Leisure & Hospitality led job growth in June growing **15.8 percent** from a year ago.
- Manufacturing, Trade, Transportation and Utilities sectors are posting the next highest growth with **12.7 percent** increase from a year ago.
- The Financial and Professional & Business Services sectors are recovering with **7.4 percent** increase in jobs from a year ago.

- The sharp rebound in consumer demand has continued to strain logistics networks. Both local and long-distance trucking have seen steep rises in weekly hours worked and average hourly wages.



Key observations



Regional trends

- Varying approaches to reopening and concerns over COVID variants in addition to the early retirement of supplemental federal unemployment assistance have increasingly emerged in employment and claims data.
- West region unemployment at **6.7 percent** is slightly higher than Phoenix's 6.6 percent.
- West region wages and salaries second quarter were up **4.1 percent** from a year ago.



Looking forward

- Declining continuing unemployment claims and re-entrants into the labor market suggest **continuing positive trends** for employment growth. COVID variants and ensuing impacts on return to office and public policy, however, present potential headwinds heading into the fall.

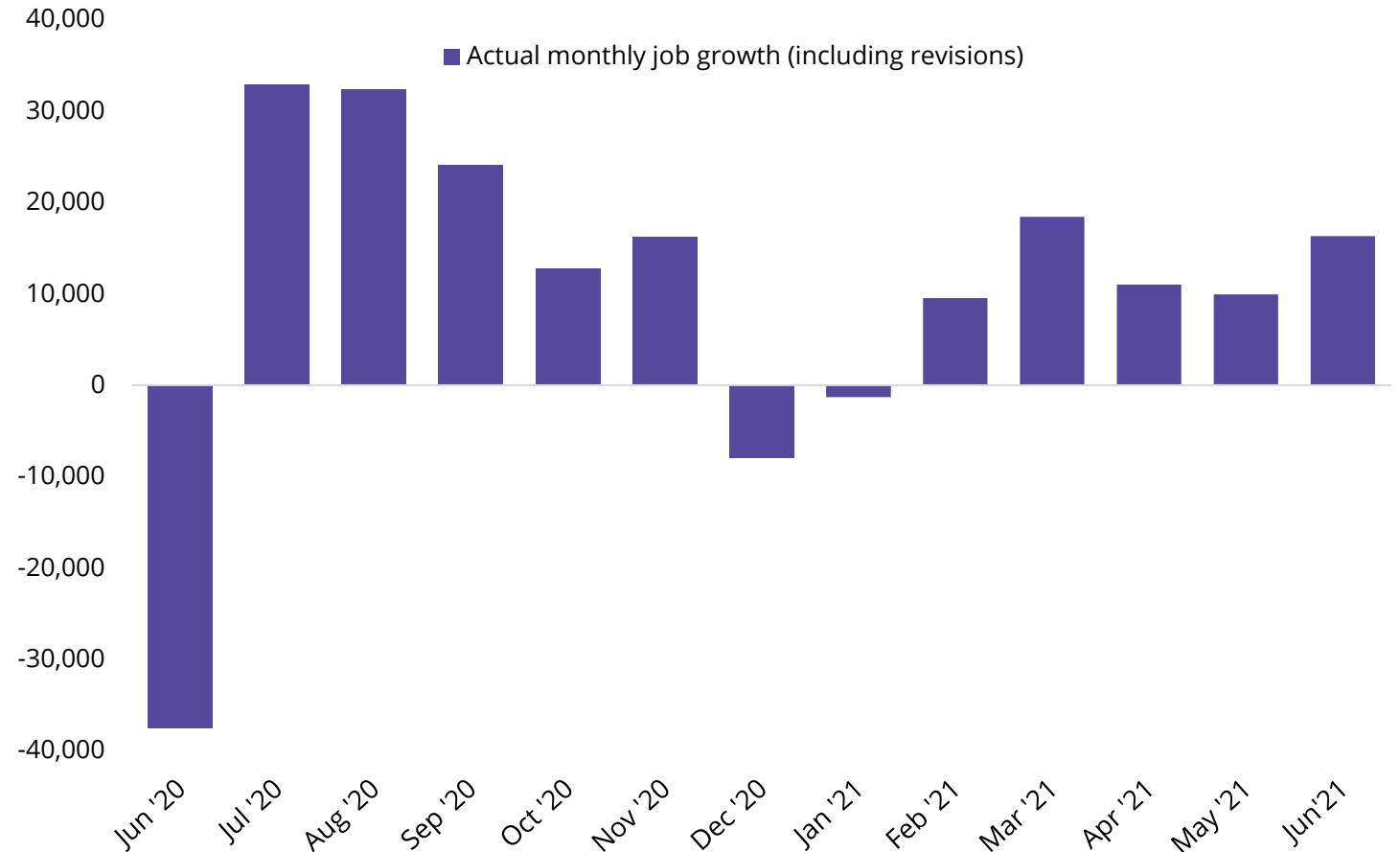


Phoenix monthly job growth

16K

Jobs added in June

Job market rebound; Phoenix ranks second nationally in small company job growth.

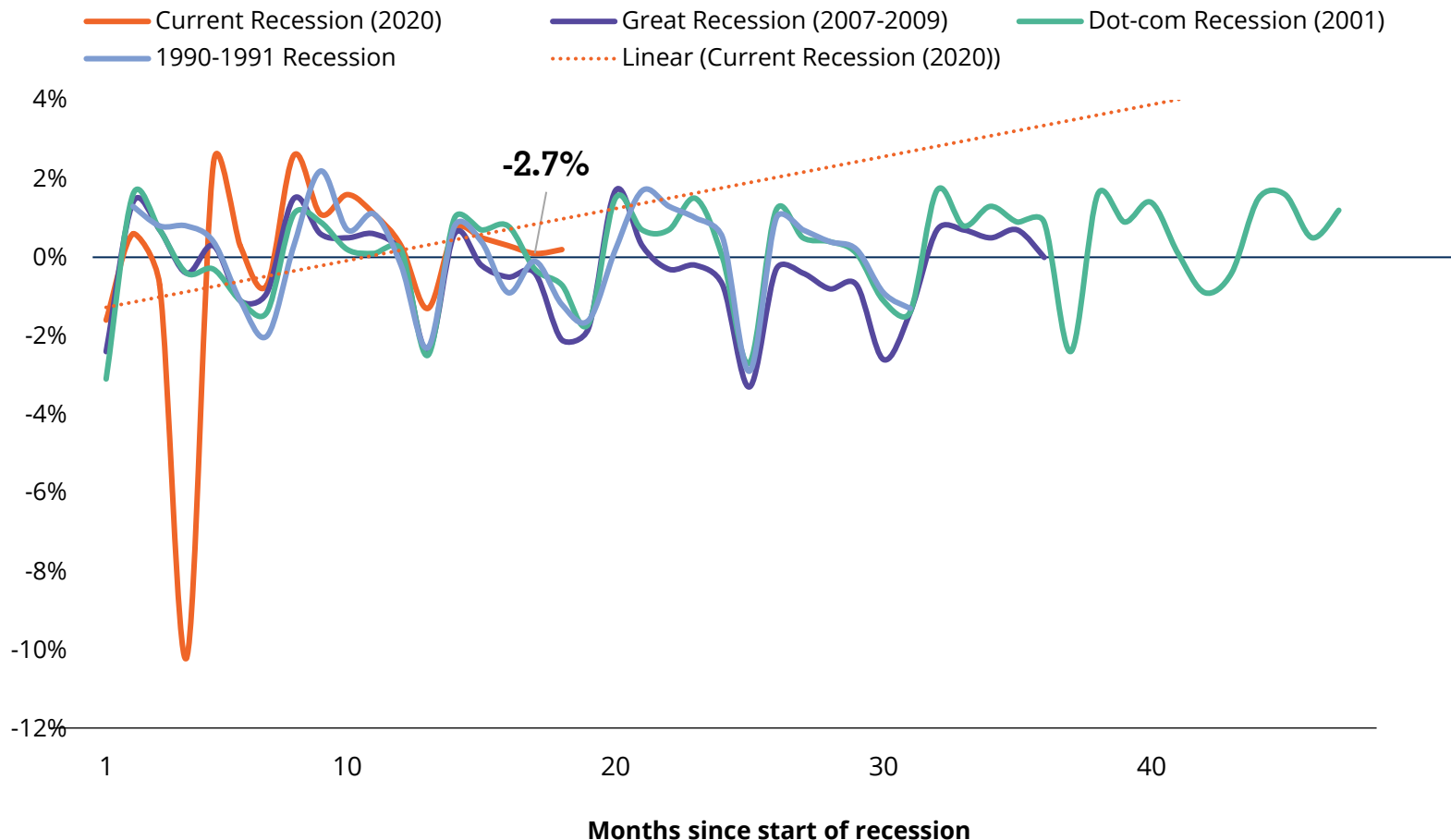


Pace of recovery for employment

-2.7%

Cumulative loss of jobs since the onset of the pandemic.

Phoenix's accelerating payroll growth over the summer months is putting the current recovery on track to trend closer to the Dot-com Recession rather than the Great Recession.

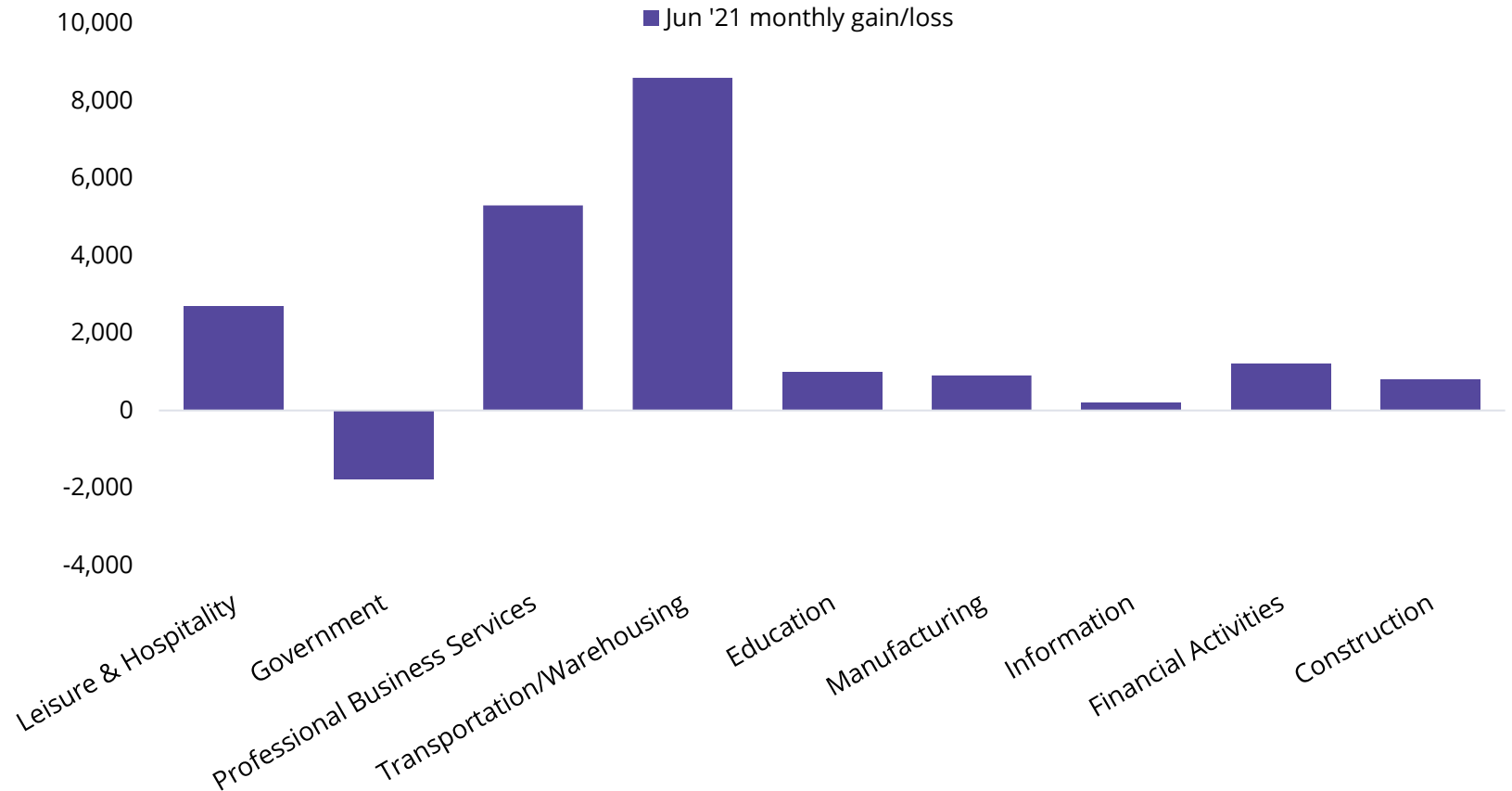


Monthly job growth by industry sector

73.5%

Phoenix's share of net monthly job growth generated by Transportation/Warehousing and Professional Business Services

Transportation/Warehousing followed by Professional Business Services hiring dominated employment trends as most sectors saw payrolls climb.

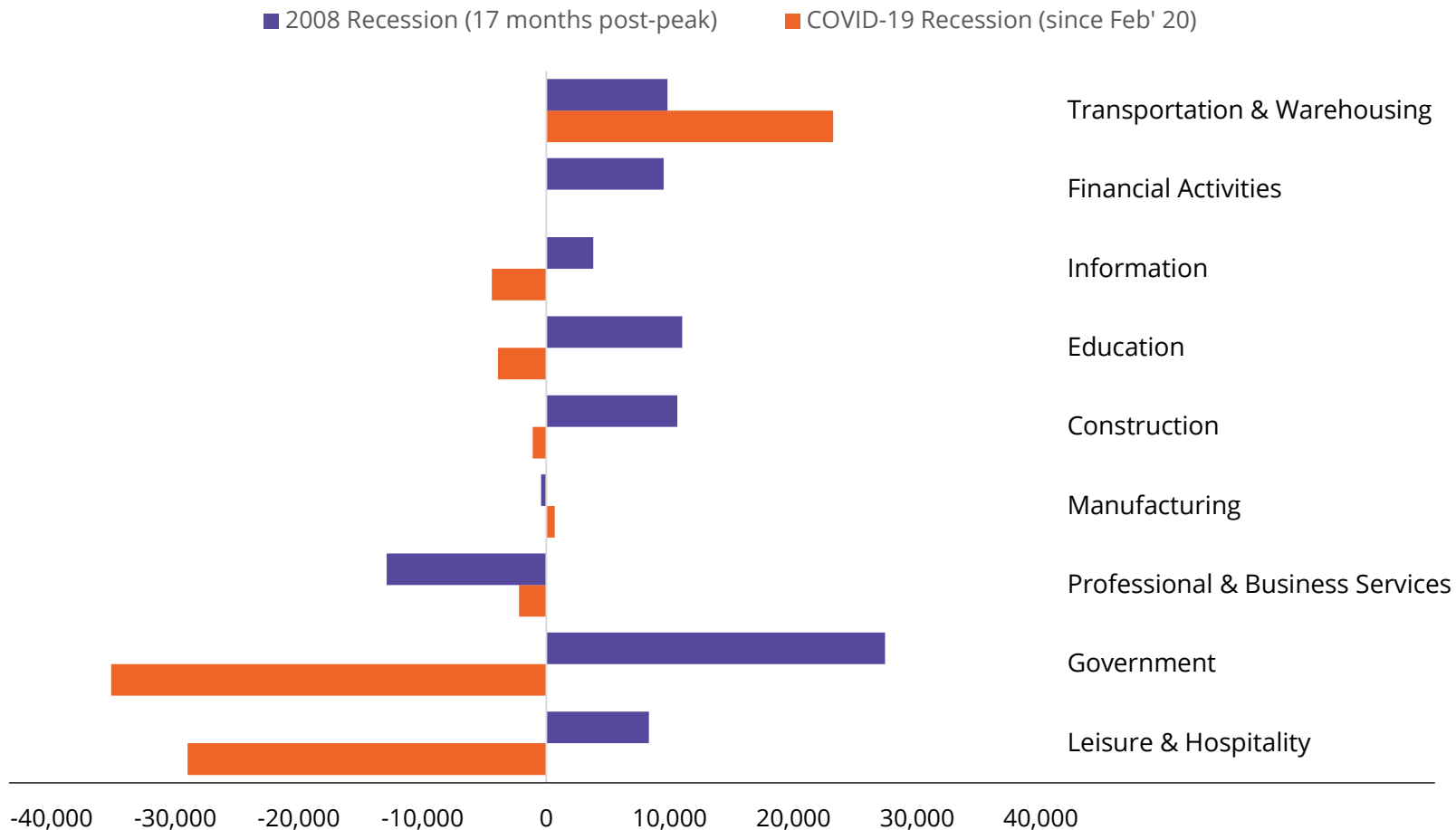


Cyclical change in employment by industry

52K

Jobs lost since the onset of COVID-19 in February 2020

Phoenix has witnessed a wide divergence in the composition of job loss compared to the Great Recession: Transportation & Warehousing and Manufacturing have fared much better during COVID-19. Government employment which had been a boon in the Great Recession, has been among the top sectors in terms of job losses.

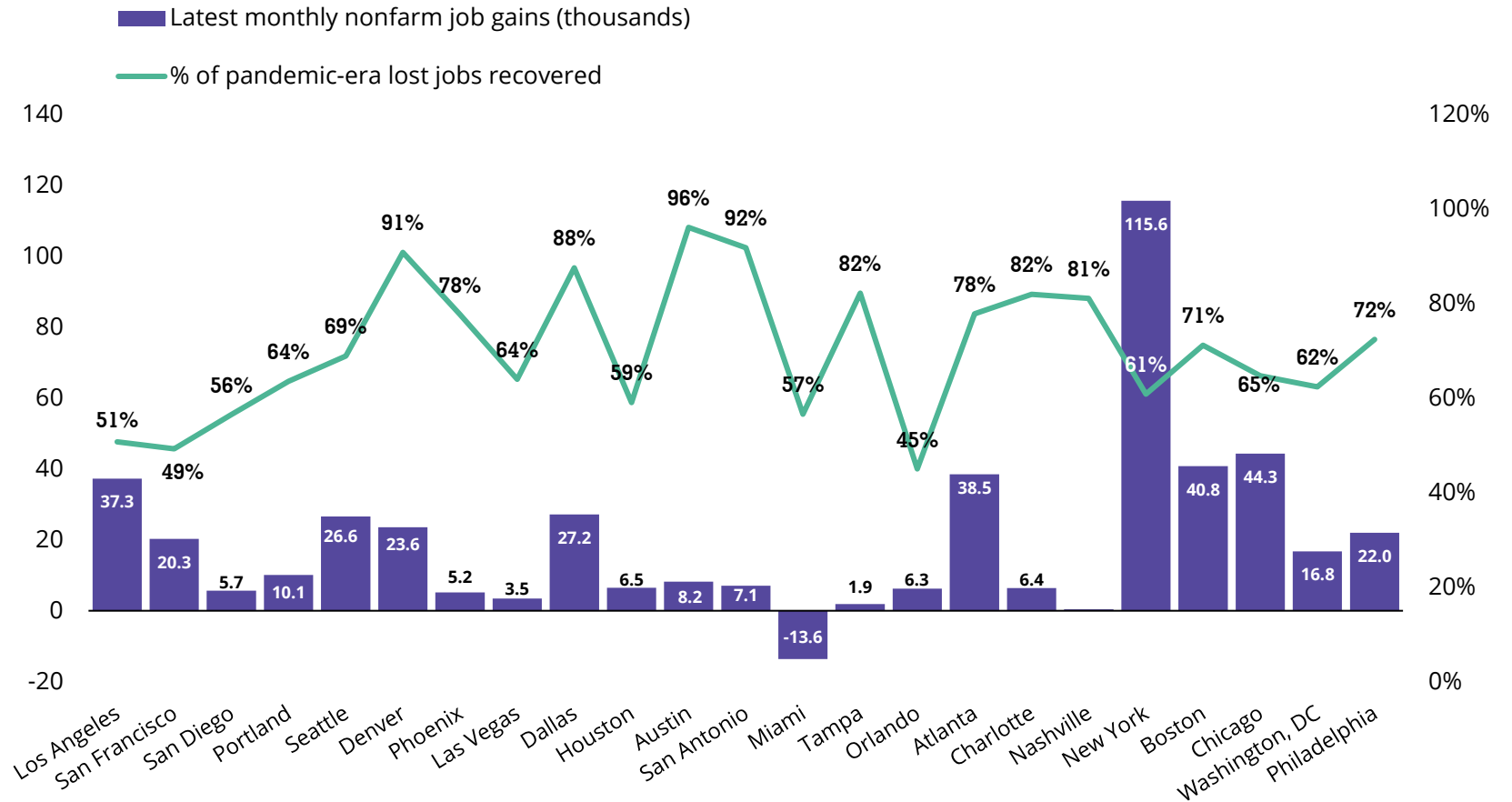


Monthly job change and pandemic recovery

70.1%

Average pandemic-era lost jobs recovered for major metropolitan statistical areas

Monthly job growth remained subdued in several gateway markets, including Los Angeles and Washington, DC, which are still far below pre-pandemic employment levels. New York, however, stood out as employment growth accelerated.

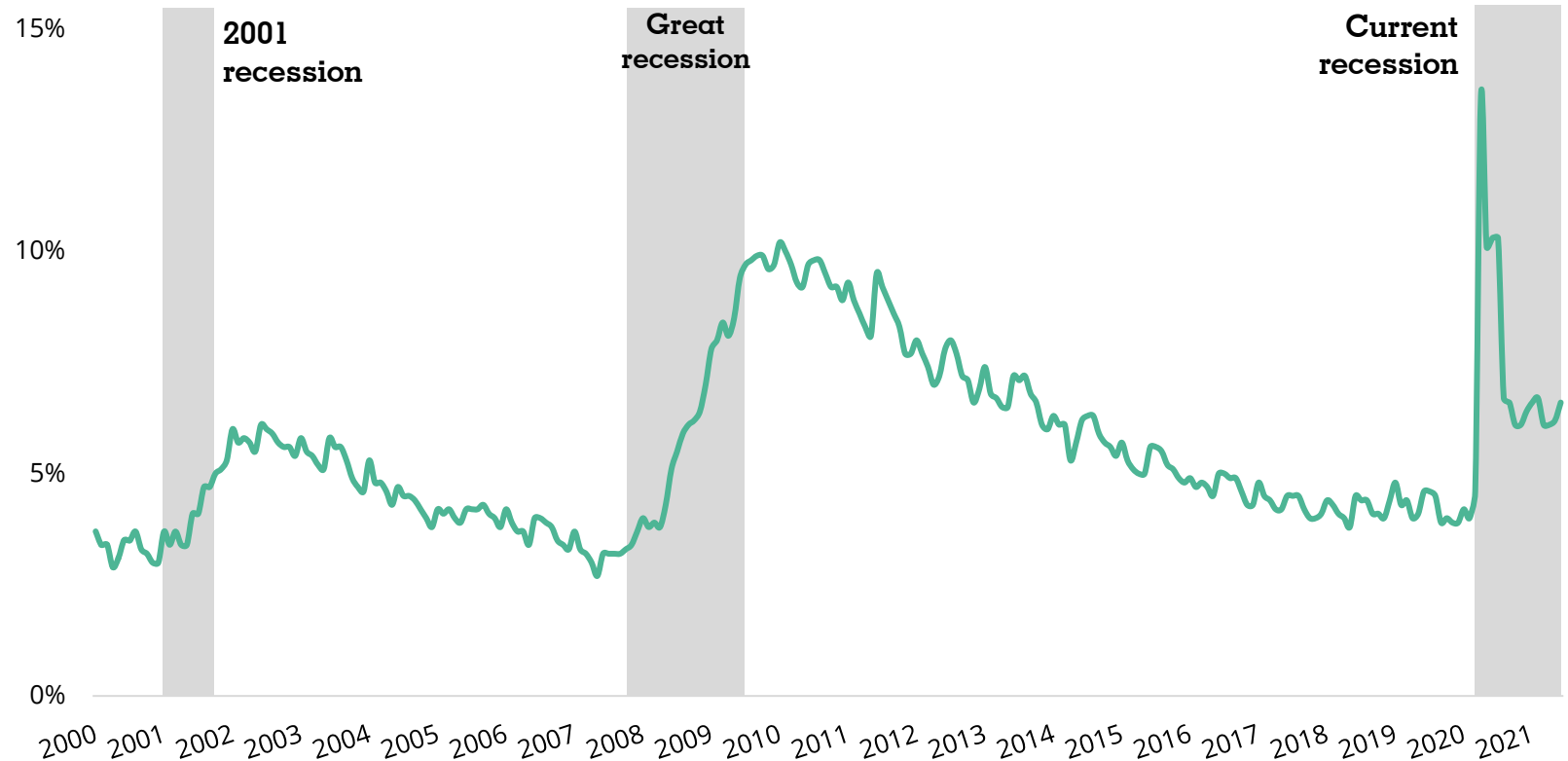


Phoenix unemployment rate

6.6%

Overall unemployment rate

Driven by robust job growth and incremental gains in workforce participation.

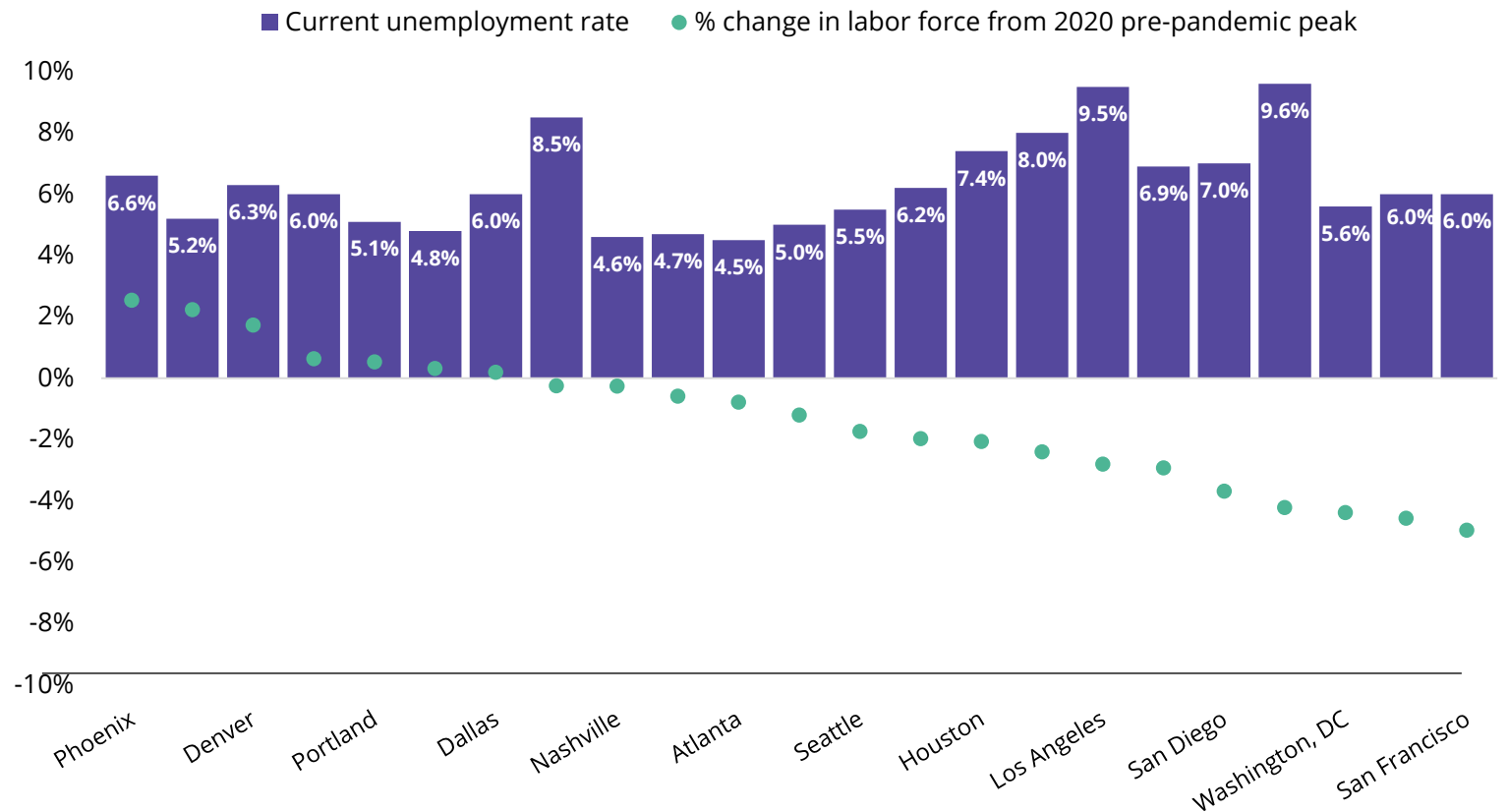


Unemployment trends by metro area

-1.3%

Average decline in labor force for major metropolitan statistical areas

Headline unemployment rates across major metro areas have underlying fundamental differences as growth in the labor force has varied drastically. A shrinking labor force in several gateway markets, most notably Washington, DC and San Francisco, has kept unemployment rates in check.

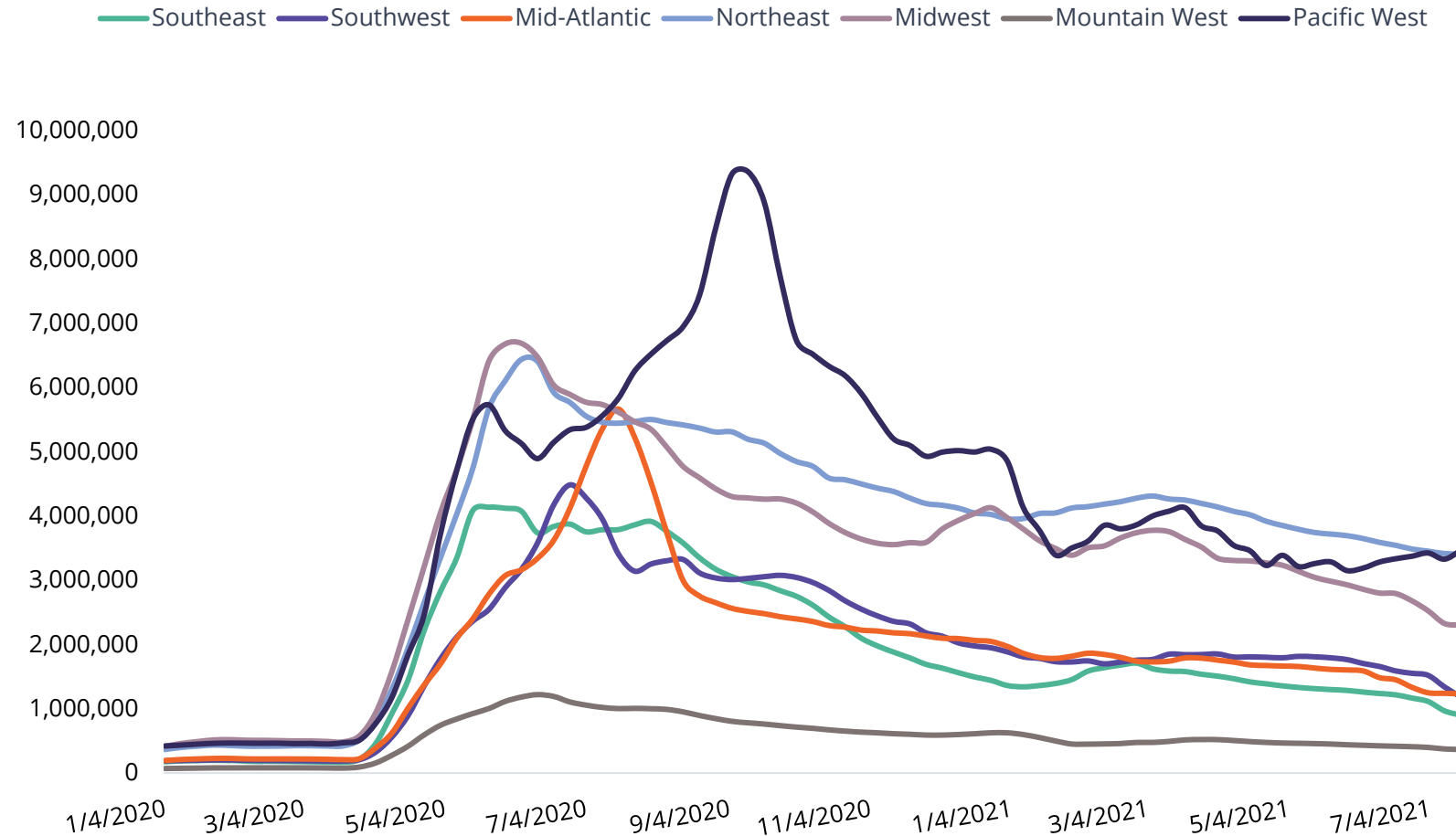


Continuing unemployment insurance by region

-10.4%

Month-over-month continuing state and pandemic unemployment assistance claims

Continuing claims have dropped sharply in recent weeks, particularly in the Midwest and Southwest. The Pacific West where continuing claims have risen recently, however, has broken ranks with national trendlines.

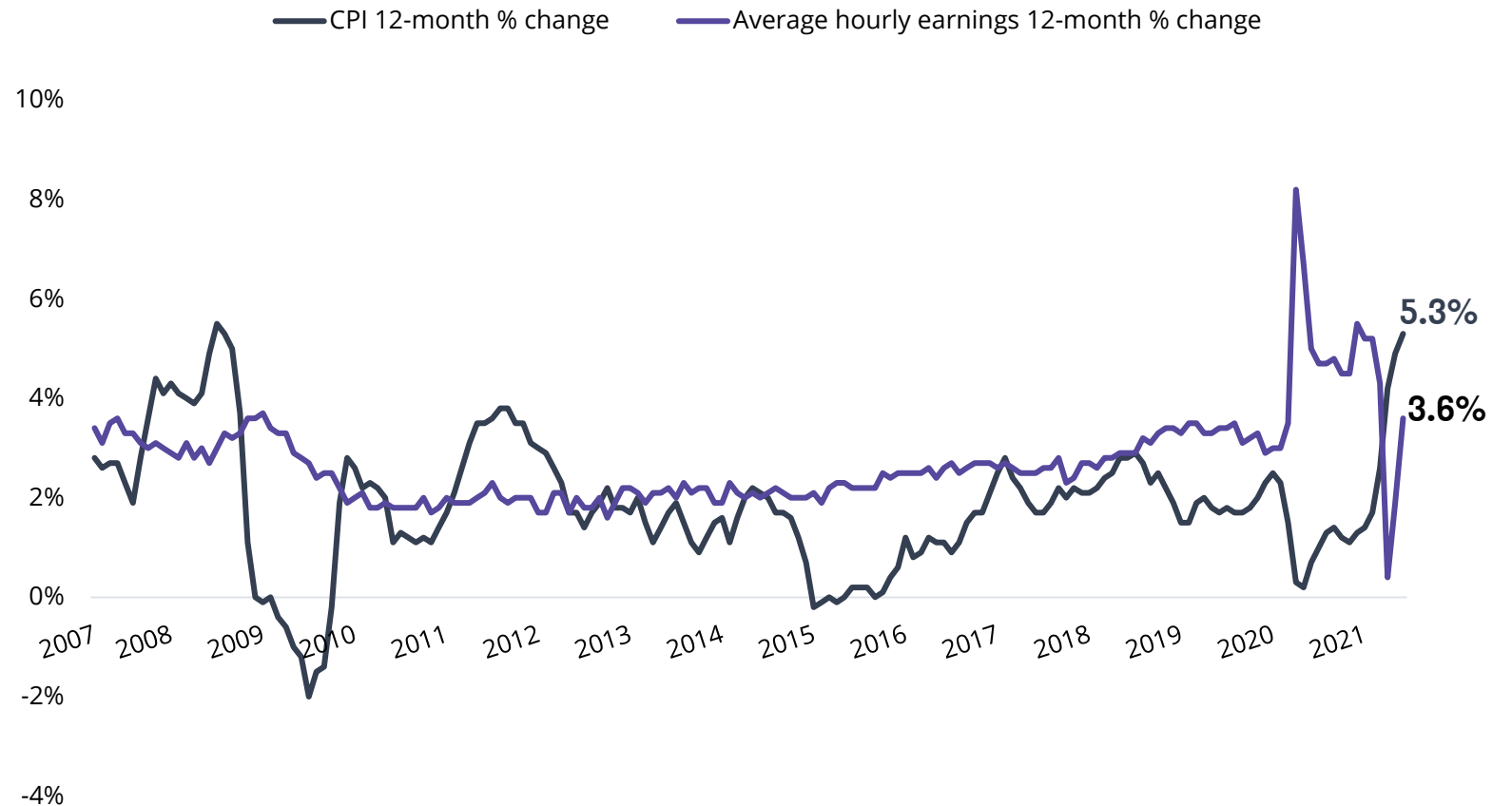


Inflation and wages

5.3%

National Inflation spiked to the highest level since 1991 as hourly earnings resume an upward climb

Inflationary concerns persisted as hourly earnings climbed higher, driven by wage growth spreading increasingly towards lower-paying industries.

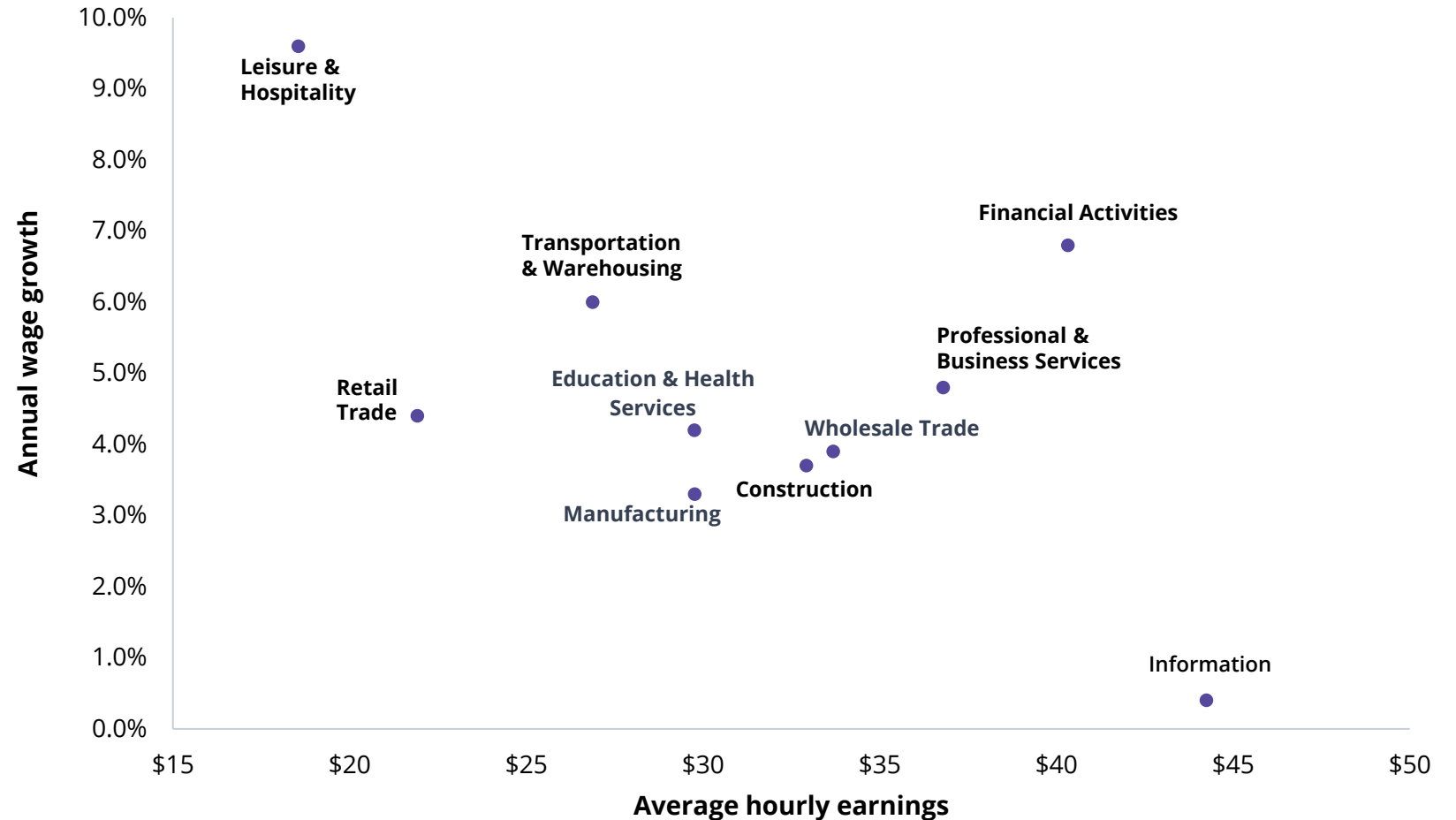


National wage growth by industry

9.6%

Annual change in average wages for Leisure & Hospitality employees

Rebounding consumer demand as employers struggle to fill vacant positions has led Leisure & Hospitality wages to spike by 9.6%. Nearly every sector has seen 3% of higher annual wage growth.



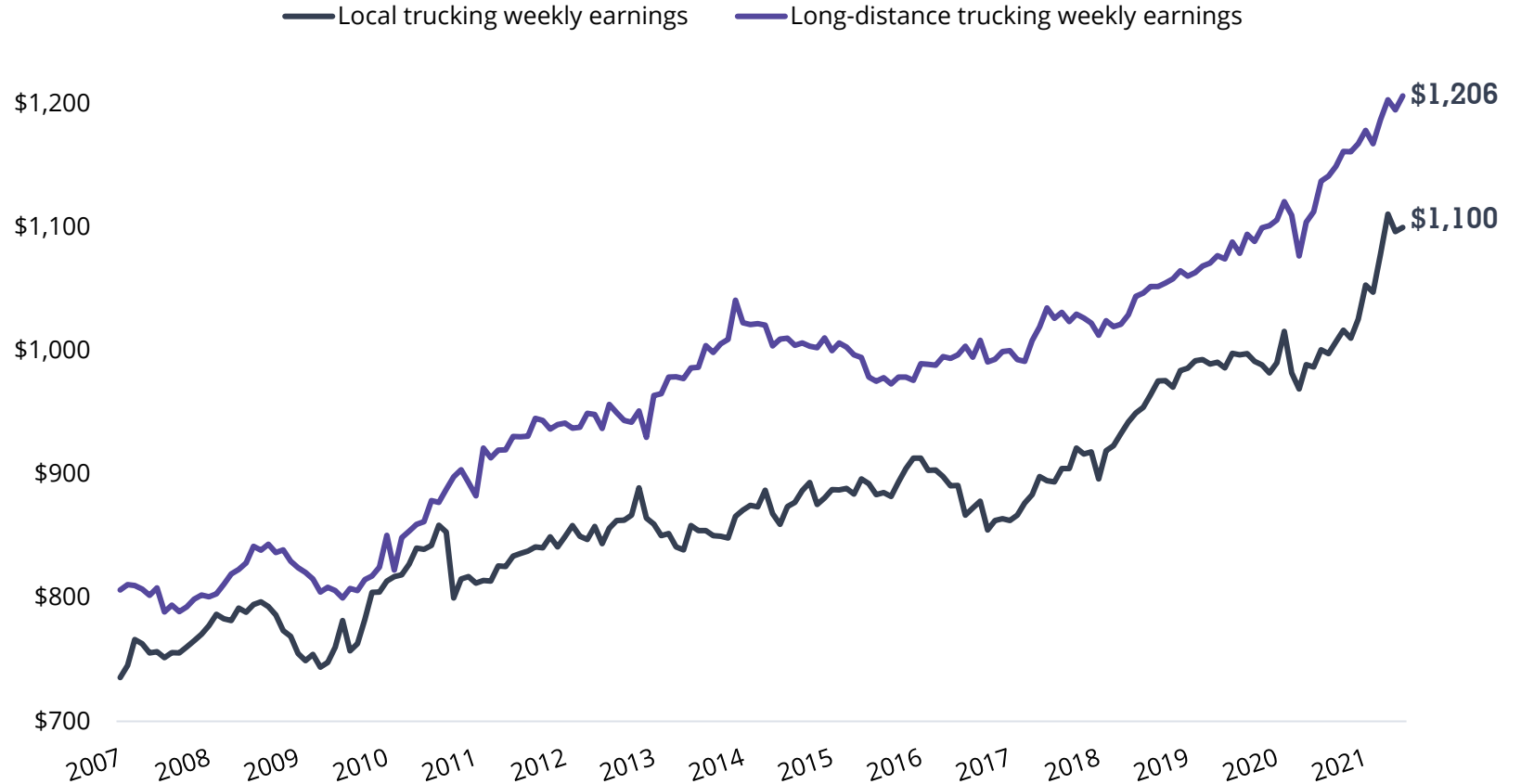
Weekly earnings for trucking employees

6.1%

Annual change in long-distance trucking weekly earnings

Wage pressure for trucking jobs has accelerated sharply over the past 15 months as employers compete to fill vacant positions. Initially focused on long-distance truckers in the early stages of the pandemic, the trend has increasingly spread to local trucking.

Product of average hourly earnings and average weekly hours worked



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