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UA report says Arizona growth machine will be back in business by 2010

Phoenix Business Journal - by [Cathy Luebke](#)

The economic recovery in Arizona is expected to be subdued over the next few years, but the state's growth machine should be accelerating again by mid-2010.

That's according to the latest issue of Arizona's Economy, published quarterly by the University of Arizona Eller College of Management.

"All considered, the recovery is expected to be subdued and similar to the 'jobless recovery' following the last recession, when it felt as though the malaise would never end," the report concludes.

The report also offers some specific predictions that back up that view.

Personal income in the Phoenix area is expected to make only a 2.9 percent gain this year to hit \$152 billion, followed by 2.5 and 5.2 percent gains in the next two years. More significant jumps are forecast for 2011 at 8.7 percent and 2012 at 10.6 percent.

Retail sales look to regain speed on a similar schedule. Sales are expected to remain flat in the next two years inching up 1 percent to \$58 billion this year and another 0.4 percent in 2009. The year 2010, however, is expected to see a 5.2 percent boost, followed by 8.1 percent and 9.5 percent leaps in 2011 and 2012, respectively. That would land Phoenix-area retail sales at \$72.5 billion in 2012.

Forecasters say residential building permits will end 2008 down 43 percent at 21,856, then squeak ahead by 2 percent in 2009. An upward climb is expected again in 2010 with a 49 percent jump to 32,663. Significant jumps are forecast for 2011 and 2012, 52 percent and 30 percent, before growth softens in 2013 with a predicted 12 percent growth to 71,732 permits.

Nonfarm jobs are expected to decline by about 1 percent this year and next to 1.88 million, then start a climb hitting 2.25 million by 2013, the report says.

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