



## THE ARIZONA ADVANTAGE

### Business is Booming!

- 1<sup>st</sup> on Hotwire list of affordable vacation destinations:  
Phoenix (March 2008)
- 1<sup>st</sup> on Expansion Management Magazine's list of Top States for Recruitment & Attraction: Arizona (May/June 2007)
- 1<sup>st</sup> on Expansion Management Magazine's list of Top Large Metros for Recruitment & Attraction: Phoenix-Mesa (May/June 2007)
- 1<sup>st</sup> on Expansion Management Magazine's list of Top Mid-Size Counties for Recruitment & Attraction: Pima (May/June 2007)
- 1<sup>st</sup> in Entrepreneur Magazine's list of the Hot Cities for Entrepreneurs - Phoenix (September 2006)
- 3<sup>rd</sup> ranked in % of High-Impact firms in large MSAs, Phoenix-Mesa \*\*
- 2<sup>nd</sup> ranked in % of High-Impact firms in medium MSAs, Tucson \*\*
- 1<sup>st</sup> on the Federal Funds Information for States (FFIS) index of state economic momentum (State Policy Reports, July 2006)
- 2<sup>nd</sup> on Inc. Magazine's list of the Hottest Large Cities for Doing Business: Phoenix (Boomtowns 07, May 2007)
- 2<sup>nd</sup> on Inc. Magazine's list of the Hottest Small Cities for Doing Business: Yuma (Boomtowns 07, May 2007)
- 2<sup>nd</sup> on Forbes List for top 25 Best Spots for Job Opportunities – Phoenix (February 2007)
- 2<sup>nd</sup> fastest growth rate for majority women-owned firms in US (Center for Women's Business Research 2006)

\*\* Corporate Research Board, American Corporate Statistical Library (2007)

Arizona is one of the fastest-growing, most dynamic economies in the nation, and Phoenix is now the fifth most populated city in the country. Both Fortune 500 and start-up technology companies call Arizona home, reaping the advantages of a competitive business climate and tax structure; a skilled, knowledge-based workforce; and world-class innovation, cultural and scenic resources.

### GROWTH INDICATORS

	2000	2007	% CHANGE 2000 – 2007
State Population	5,130,632	6,500,194	26.7%
Gross State Product (\$billion) -2007	158.5	247.0	55.8%
Personal Income (\$billion)-2007	132.6	209.4	57.9%
Per Capita (\$) -2007	25,653	33,029	28.8%
Retail Sales (\$billion)	37.6	54.6	45.1%
Value of All Building Permits (\$billion)*	11.7	16.5	40.5%
Total Net Assessed Valuation* (\$billion)	31.8	54.4	71.1%
Department of Defense Contracts (\$billion)	4.6	9.3**	102%
National Institutes of Health Funding (\$million)	\$109.4	\$170.9	56.2%

Sources: [Arizona Department of Commerce](#), [U.S. Census](#), [Arizona Department of Revenue](#), [Arizona Real Estate Center - Arizona State University](#), [Bureau of Economic Analysis](#).

\*ASU Real Estate Center \*\* Still 2006 number

### PRINCIPAL ECONOMIC ACTIVITIES

The major employment sectors in Arizona include aerospace, electronics and semi conductor manufacturing. Tourism, business services and back-office operations are also important sectors. Arizona's original export activities - agriculture and mining - remain significant in many rural parts of the state. Based on sheer size, the real estate and rental industries, the diverse tourism sector, and government are the largest economic sectors in Arizona. Relative to the national average, the construction sector is also unusually large because of the state's rapid growth.

### ARIZONA EMPLOYMENT BY SECTOR

#### Quarterly Census of Employment and Wages [QCEW or ES-202] 2007 Q3 Employment & Wages

Industry	Employment	Emp. % Change 06-07	Wages
Agriculture & Forestry	18,656	-4.7	\$25,479
Mining	11,884	17.9	\$57,131
Utilities	23,323	3.0	\$74,740
Construction	226,441	-7.3	\$41,091
Manufacturing	181,737	-3.5	\$57,164
Wholesale Trade	108,508	2.6	\$58,867
Retail Trade	329,072	3.0	\$28,085
Transportation & Warehousing	70,384	-1.2	\$43,844
Information	42,017	-3.5	\$42,918
Finance & Insurance	130,488	-0.1	\$55,327
Real Estate, Rental & Leasing	52,232	1.5	\$40,483
Professional, Scientific & Technical	131,793	3.8	\$60,187
Management of Companies	27,292	9.7	\$68,626
Administrative & Support	245,060	-0.8	\$29,670
Educational Services	36,871	3.7	\$35,361
Health Care & Social Assistance	260,677	4.9	\$44,387
Arts, Entertainment & Recreation	34,994	5.6	\$30,502
Accommodation & Food Services	230,681	0.4	\$16,798
Other (except Public Administration)	71,798	2.7	\$28,442
Public Administration	157,402	4.0	\$51,719
Unclassified	2,743	-61.7	\$39,889
<b>Total</b>	<b>2,607,182</b>	<b>0.8</b>	<b>\$40,708</b>

Source: [Prepared by Arizona Department Commerce, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics](#)

### LABOR FORCE DATA

	2000	2007
Civilian Labor Force	2,505,306	3,029,090
Employed	2,404,916	2,913,695
Unemployed	100,390	115,395
Unemployment Rate	4.0%	3.8%

Source: [Special Unemployment Report, Arizona Department of Economic Security, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics](#)

## TAXES AND COSTS

Arizona's vibrant and growing economy is facilitated by a tax structure that has become increasingly competitive over the last decade:

- Arizona had the highest rate of population growth in both 2005 and 2006, 3.6% in each year, among the 50 states.
- In 2006 Arizona ranked 3<sup>rd</sup> among all states in the growth (6.8%) of State Gross Domestic Product, behind only Idaho and Wyoming. In 2005, Arizona tied with North Dakota for 3<sup>rd</sup> fastest growth (6.6%) of State GDP, behind Nevada and Florida.
- Preliminary 2006 BEA data for aggregate state personal income has Arizona ranked 5<sup>th</sup> in growth (8.5%), behind Louisiana, Wyoming, Utah and Oklahoma, smaller states in terms of population and state incomes. Arizona ranked 1<sup>st</sup> in 2005
- The 2006 Compensation Insurance Rates report released by the State of Oregon ranks Arizona with the 4<sup>th</sup> lowest workers compensation rates in the nation.
- Overall, Arizona's comparative business costs savings versus California and the U.S. at large are generated by lower wages, lower tax burdens, and lower infrastructure costs (*Economy.com*)

Significant business tax reductions have been adopted since 2005 and are expected to further improve Arizona's competitive tax position:

- A 20% reduction in real property tax assessment ratios is being phased in and will be fully implemented by 2011. Additionally, an accelerated depreciation schedule is available for personal property placed in service after 2008.
- A "weighted sales factor" corporate income tax formula is being phased in over three years effective January 2007.
- New tax credit incentives are now in effect:
  - Investment in early stage companies <http://www.azcommerce.com/BusAsst/Incentives>
  - Commercial solar equipment <http://www.azcommerce.com/BusAsst/Incentives>
  - Health insurance premium tax credit <http://www.azdor.gov/Refunds%20and%20Credits/healthinsurancechoicesmenu.htm>
  - Forest products <http://www.azcommerce.com/BusAsst/Incentives>

### DEMOGRAPHICS

Arizona's fast growing population is younger than the national average. The state's median age is 34.2, compared to the US at 35.3 years. The proportion of those younger than 25, as well as those over 65, is roughly the same as the nation as a whole.

#### Age Distribution

Age	Arizona
0-14	22.1%
15-19	6.9%
20-24	6.7%
25-54	41.1%
55-64	10.3%
65+	12.9%

#### Population Composition

Race	Arizona
White	87.0%
Black	4.0%
American Indian	4.7%
Asian	2.5%
Hispanic Origin*	29.6%

\* Persons of Hispanic Origin may be of any race. Source: U.S. Census Bureau Estimates 2007.

### POPULATION BY COUNTY

	2000*		% Change 2007** 2000-07
	2000*	2007**	
Apache	69,423	75,496	8.8%
Cochise	117,755	137,200	16.5%
Coconino	116,320	134,898	16.0%
Gila	51,335	56,885	10.8%
Graham	33,489	37,338	11.49%
Greenlee	8,547	8,394	-1.8%
La Paz	19,715	21,529	9.20%
Maricopa	3,072,149	3,907,492	27.2%
Mohave	155,032	204,122	31.7%
Navajo	97,470	113,796	16.8%
Pima	843,746	1,003,235	18.9%
Pinal	179,727	327,670	82.3%
Santa Cruz	38,381	46,907	22.2%
Yavapai	167,517	223,934	33.7%
Yuma	160,026	201,298	25.8%
Statewide	5,130,632	6,500,194	26.7%

Population Density for Arizona, 2000: 45.2 persons per square mile.

\* US Census, April 1, 2000 □□

\*\* Arizona Dept. of Commerce, July 1, 2007

### POPULATION – LEADING COMMUNITIES\*

	2007		% Change 2007 2000-07
	2007	2000-07	
Phoenix (Maricopa)	1,538,568	16.5%	
Tucson (Pima)	541,132	11.2%	
Mesa (Maricopa)	456,344	15.1%	
Glendale (Maricopa)	246,076	12.5%	
Chandler (Maricopa)	241,205	36.6%	
Scottsdale (Maricopa)	240,126	18.5%	
Gilbert (Maricopa)	203,656	85.7%	
Tempe (Maricopa)	167,871	5.8%	
Peoria (Maricopa)	151,541	39.8%	
Surprise (Maricopa)	104,895	240.0%	
Yuma (Yuma)	93,212	20.3%	
Avondale (Maricopa)	75,256	109.7%	
Flagstaff (Coconino)	64,200	21.4%	
Lake Havasu City (Mohave)	55,263	31.8%	
Sierra Vista (Cochise)	44,736	18.4%	

\* Ranked by 2007 population, counties in parentheses. Sources: [Arizona Department of Commerce](http://www.azcommerce.com) and [U.S. Census Bureau](http://www.census.gov).

### INTERCITY COST OF LIVING INDEX FOR SELECTED CITIES –3rd QUARTER, 2007 (U.S. Average = 100)

City	All Items	Groceries	Housing	Utilities	Trans.	Health Care	Misc.
Albuquerque	97.8	101.5	100.1	87.0	99.6	98.0	97.2
Atlanta	98.0	98.1	93.5	91.5	105.3	101.4	100.9
Boston	136.8	120.5	167.8	141.4	103.6	139.9	125.9
Dallas	90.9	100.2	69.0	98.3	102.6	106.0	97.9
Denver	105.0	104.7	109.3	101.8	96.6	107.9	104.6
Los Angeles	154.9	118.2	265.3	103.0	102.3	114.2	114.5
Oakland	147.0	135.4	217.3	88.1	114.3	123.9	124.1
<b>Phoenix</b>	<b>100.9</b>	<b>104.6</b>	<b>100.7</b>	<b>94.5</b>	<b>94.1</b>	<b>101.0</b>	<b>103.4</b>
Philadelphia	123.2	120.4	147.1	115.7	102.6	111.6	114.6
<b>Tucson</b>	<b>100.5</b>	<b>108.2</b>	<b>96.8</b>	<b>96.8</b>	<b>95.6</b>	<b>102.1</b>	<b>102.8</b>
Washington, D.C.	137.0	108.5	214.6	111.1	107.9	110.2	104.3

Source: C2ER published in September 2007

### For more information:

#### Marketing and Business Attraction

Arizona Department of Commerce  
(602) 771-1100

<http://www.azcommerce.com>

#### Tourism and Recreation

Arizona Office of Tourism  
(602) 364-3700 or 866-275-5816

<http://www.azot.gov/>

#### Arizona State Website

<http://www.az.gov>



**ARIZONA DEPARTMENT OF COMMERCE**