



THE ARIZONA ADVANTAGE

Business is Booming!

- 1st on Expansion Management Magazine's list of Top States for Recruitment & Attraction: Arizona (*May/June 2007*)
- 1st on Expansion Management Magazine's list of Top Large Metros for Recruitment & Attraction: Phoenix-Mesa (*May/June 2007*)
- 1st on Expansion Management Magazine's list of Top Mid-Size Counties for Recruitment & Attraction: Pima (*May/June 2007*)
- 1st in Entrepreneur Magazine's list of the Hot Cities for Entrepreneurs - Phoenix (*September 2006*)
- 1st with the highest job-growth rates: Surprise (*Money Magazine, August 2006*)
- 1st on the Federal Funds Information for States (FFIS) index of state economic momentum (*State Policy Reports, July 2006*)
- 2nd among the ten largest metropolitan areas nationwide (*Milken Institute, 2007*)
- 2nd on *Inc.* Magazine's list of the Hottest Large Cities for Doing Business: Phoenix (*Boomtowns 07, May 2007*)
- 2nd on *Inc.* Magazine's list of the Hottest Small Cities for Doing Business: Yuma (*Boomtowns 07, May 2007*)
- 2nd on Forbes List for top 25 Best Spots for Job Opportunities – Phoenix (*February 2007*)
- 2nd fastest growth rate for majority women-owned firms in US (*Center for Women's Business Research 2006*)
- 2nd city in top 15 for Jobs Created and Sustained: Tucson (*Best Performing Cities 2005: Where America's Jobs are Created and Sustained, Milken Institute 2006*)

Arizona is one of the fastest-growing, most dynamic economies in the nation, with Phoenix becoming the fifth most populated city. 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	2006	% CHANGE 2000 – 2006
State Population	5,130,632	6,305,210	23.0%
Gross State Product (\$billion)	158.5	216.5	36.6%
Personal Income (\$billion)	132.6	181.9	37.2%
Per Capita (\$)	25,660	31,458	22.6%
Retail Sales (\$billion)	36.4	53.9	48.1%
Value of All Building Permits (\$billion)	11.7	21.4**	82.7%
Total Net Assessed Valuation* (\$billion)	31.8	54.4	71.1%
Department of Defense Contracts (\$billion)	4.6	5.6**	21.7%
National Institutes of Health Funding (\$million)	\$110.5	\$175.9**	59.2%

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

* 2006 Secondary net assessed values per Arizona Tax Research Foundation **Still 2005 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] 2006 Q4 Employment & Wages

Industry	Employment	Emp. % Change 05-06	Wages
Agriculture & Forestry	33,830	-2.5%	\$21,543.45
Mining	10,633	18.7%	\$66,051.44
Utilities	22,753	3.1%	\$68,338.03
Construction	239,286	2.1%	\$44,899.83
Manufacturing	185,656	0.9%	\$61,003.38
Wholesale Trade	107,450	5.0%	\$61,135.97
Retail Trade	337,232	4.4%	\$28,578.19
Transportation & Warehousing	84,703	3.1%	\$45,043.97
Information	46,429	-2.1%	\$52,081.19
Finance & Insurance	131,374	1.8%	\$58,270.18
Real Estate, Rental & Leasing	53,137	3.7%	\$48,559.57
Professional, Scientific & Technical	130,795	9.1%	\$66,787.01
Management of Companies	25,167	5.5%	\$69,299.66
Administrative & Support	251,207	6.0%	\$30,246.86
Educational Services	222,762	3.0%	\$34,625.76
Health Care & Social Assistance	269,024	5.7%	\$47,647.25
Arts, Entertainment & Recreation	51,289	5.7%	\$36,477.93
Accommodation & Food Services	235,927	4.6%	\$16,433.92
Other (except Public Administration)	74,006	6.0%	\$29,153.09
Public Administration	152,144	3.6%	\$48,152.41
Unclassified	5,717	-34.2%	\$52,101.58
Total	2,670,521	3.9%	\$46,972.89

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

LABOR FORCE DATA

	2000	2006
Civilian Labor Force	2,505,306	2,953,249
Employed	2,404,916	2,829,276
Unemployed	100,390	123,973
Unemployment Rate	4.0%	4.2%

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

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	23.55%
15-19	7.33%
20-24	6.67%
25-54	40.87%
55-64	8.42%
65+	13.16%

Population Composition

Race	Arizona
White	88.72%
Black	3.67%
American Indian	5.47%
Asian	2.15%
Hispanic Origin*	28.6%

* Persons of Hispanic Origin may be of any race. Source: U.S. Census Bureau, Census 2000.

POPULATION BY COUNTY

	2000	2006	% Change 2000-06
Apache	69,423	74,515	7.3%
Cochise	117,755	135,150	14.8%
Coconino	116,320	132,270	13.7%
Gila	51,335	56,800	10.6%
Graham	33,489	36,380	8.6%
Greenlee	8,547	8,590	0.5%
La Paz	19,715	21,255	7.8%
Maricopa	3,072,149	3,792,675	23.5%
Mohave	155,032	198,320	27.9%
Navajo	97,470	113,470	16.4%
Pima	843,746	981,280	16.3%
Pinal	179,727	299,875	66.8%
Santa Cruz	38,381	45,245	17.9%
Yavapai	167,517	213,285	27.3%
Yuma	160,026	196,390	22.7%
Statewide	5,130,632	6,305,210	22.9%

Population Density for Arizona, 2000: 45.2 persons per square mile. Land area in Arizona: 72,730,880 acres or 113,635 square miles.

POPULATION – LEADING COMMUNITIES*

	2006	% Change 2000-06
Phoenix (Maricopa)	1,505,265	11.9%
Tucson (Pima)	534,685	8.4%
Mesa (Maricopa)	451,360	11.1%
Glendale (Maricopa)	243,540	10.0%
Chandler (Maricopa)	235,450	24.1%
Scottsdale (Maricopa)	237,120	13.9%
Gilbert (Maricopa)	185,030	39.7%
Tempe (Maricopa)	165,890	4.3%
Peoria (Maricopa)	145,135	24.2%
Yuma (Yuma)	92,160	13.7%
Surprise (Maricopa)	98,140	67.0%
Avondale (Maricopa)	72,210	49.2%
Flagstaff (Coconino)	62,030	13.6%
Lake Havasu City (Mohave)	54,610	19.1%
Sierra Vista (Cochise)	44,870	15.3%

* Ranked by 2006 population, counties in parentheses. Sources: [Arizona Department of Economic Security](#) and [U.S. Census Bureau](#).

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 3rd 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 3rd fastest growth (6.6%) of State GDP, behind Nevada and Florida.
- Preliminary 2006 BEA data for aggregate state personal income has Arizona ranked 5th in growth (8.5%), behind Louisiana, Wyoming, Utah and Oklahoma, smaller states in terms of population and state incomes. Arizona ranked 1st in 2005
- The 2006 Compensation Insurance Rates report released by the State of Oregon ranks Arizona with the 4th 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>

INTERCITY COST OF LIVING INDEX FOR SELECTED CITIES –2nd QUARTER, 2007 (U.S. Average = 100)

City	All Items	Groceries	Housing	Utilities	Trans.	Health Care	Misc.
Albuquerque	100.2	99.6	107.3	86.2	100.6	99.6	98.7
Atlanta	95.7	101.5	89.3	84.8	105.7	103.4	98.1
Boston	135.9	120.7	159.7	135.4	106.4	136.1	131.1
Dallas	90.9	100.4	71.0	98.5	103.8	100.5	96.3
Denver	103.7	105.1	110.9	95.7	98.9	108.5	100.5
Los Angeles	156.6	124.4	265.6	103.2	111.1	115.6	114.2
Oakland	147.7	139.7	210.8	87.3	119.1	120.7	128.6
Phoenix	100.3	99.1	100.9	92.4	104.2	101.6	101.3
Philadelphia	124.0	125.7	145.8	116.1	104.2	112.5	115.1
Tucson	100.8	102.0	99.1	96.3	101.5	103.2	102.6
Washington, D.C.	137.0	105.1	212.0	111.4	110.3	108.4	107.0

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