



Greater Phoenix
ECONOMIC COUNCIL

ARIZONA'S ECONOMIC HISTORY

October 12, 2011

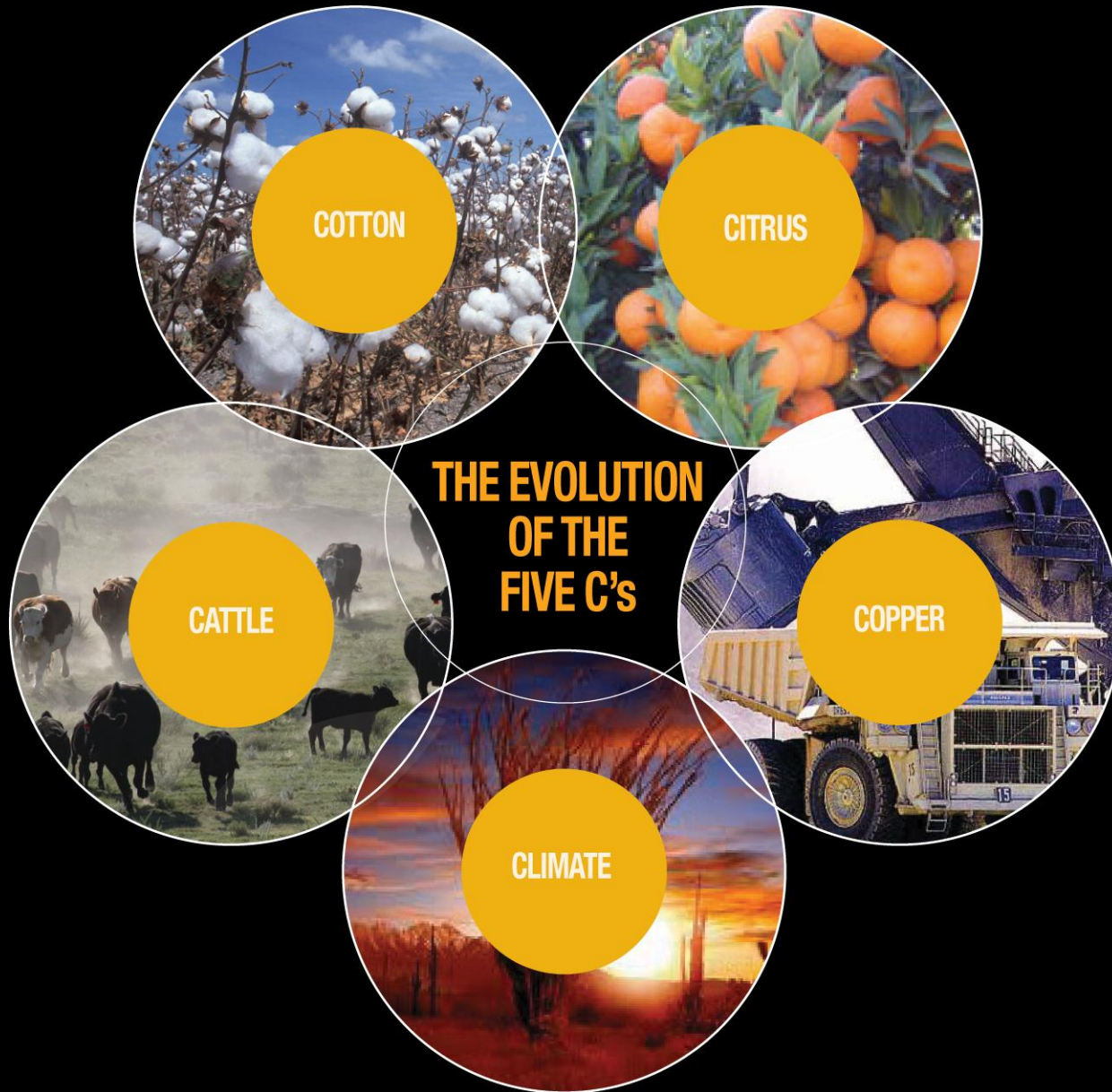
Barry Broome, President & CEO, GPEC

GREATER PHOENIX ECONOMIC COUNCIL

Region's Economic Development Organization

- Founded in 1989 as a regional, public-private partnership
- Supported by Maricopa County, 20 cities and towns, and more than 150 private-sector businesses
- Provides site-selection services as well as supporting data and analysis
- Fosters partnerships between companies entering the market and key leaders/businesses in the region

PHOENIX THE EARLY YEARS

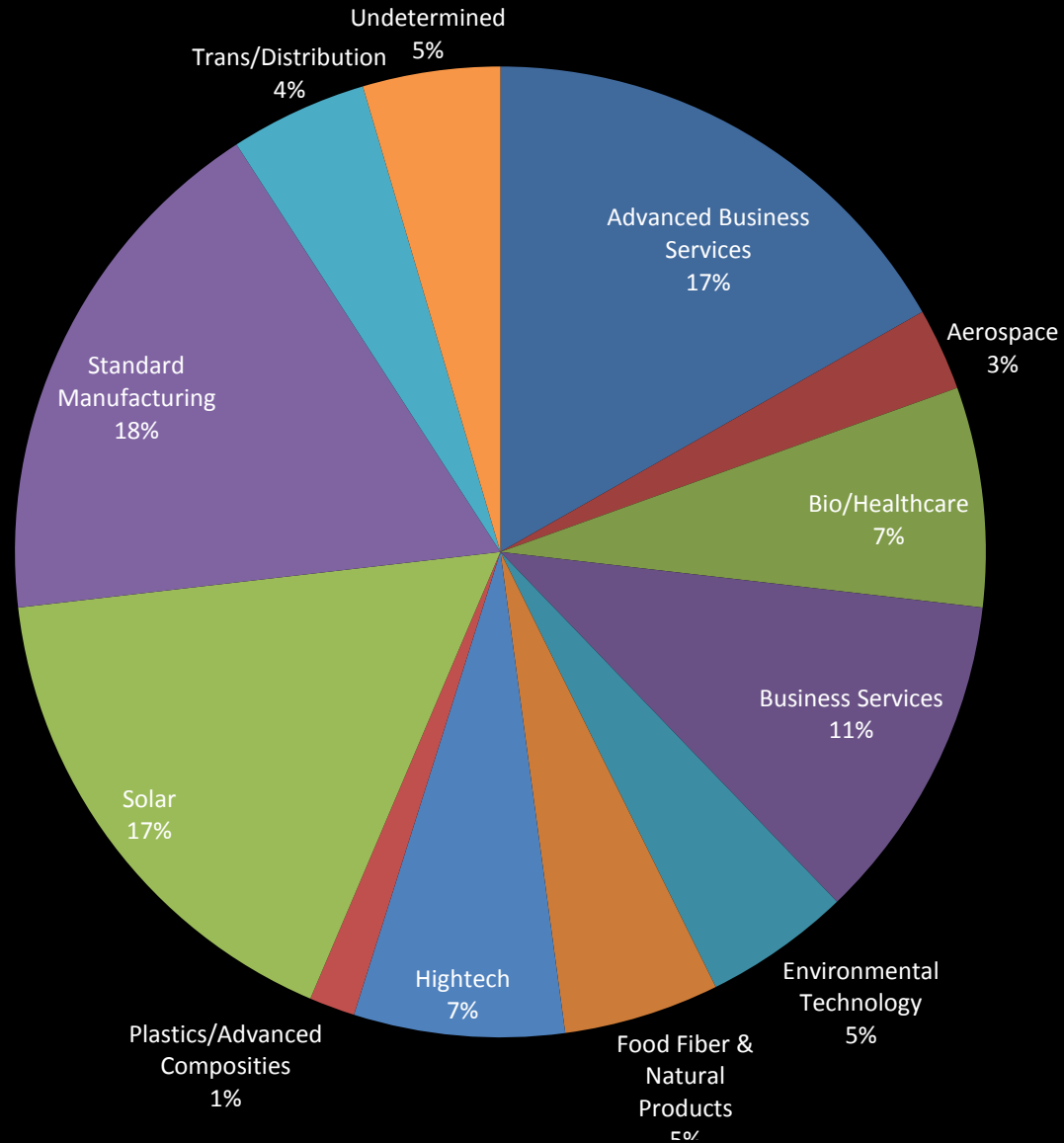


THE NEW FIVE C's



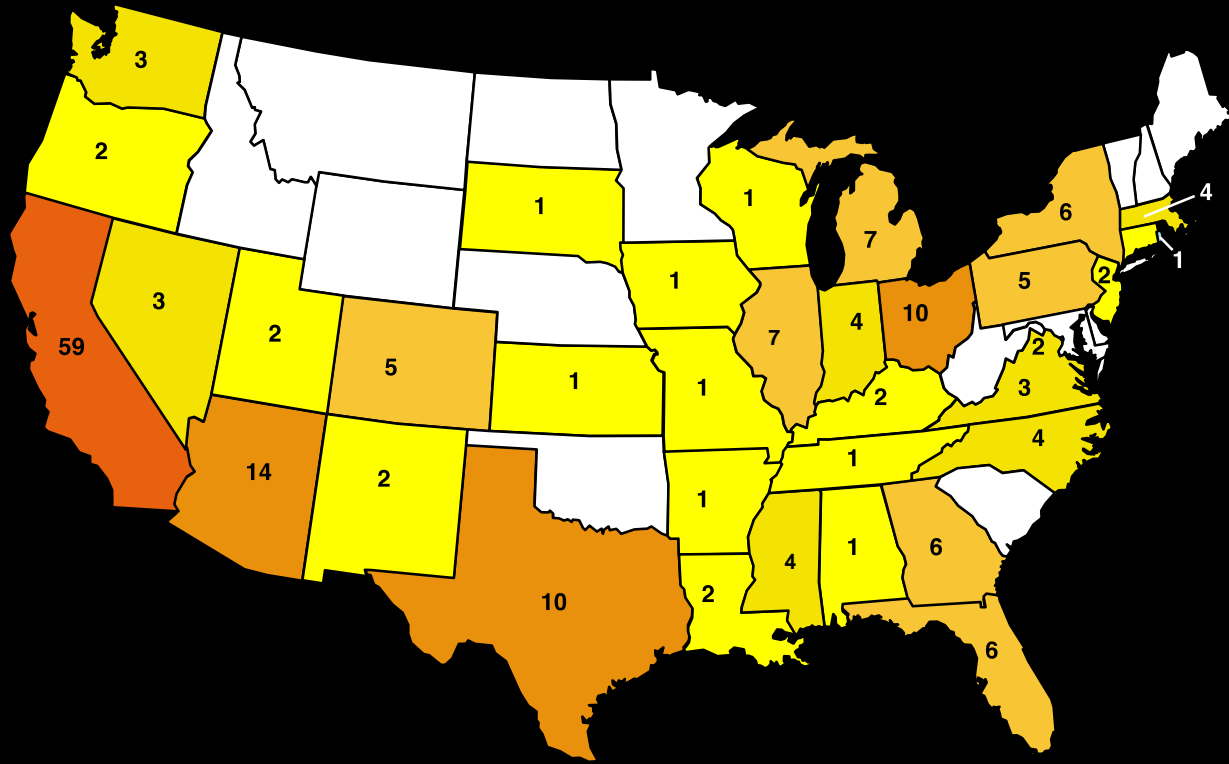
WHERE THE ECONOMY IS HEADED

Prospects by Industry



WHERE THE ECONOMY IS HEADED

Prospects by Region



Alaska: 1

Hawaii: 1

International: 52

WHAT CAUSED THE DOWNTURN

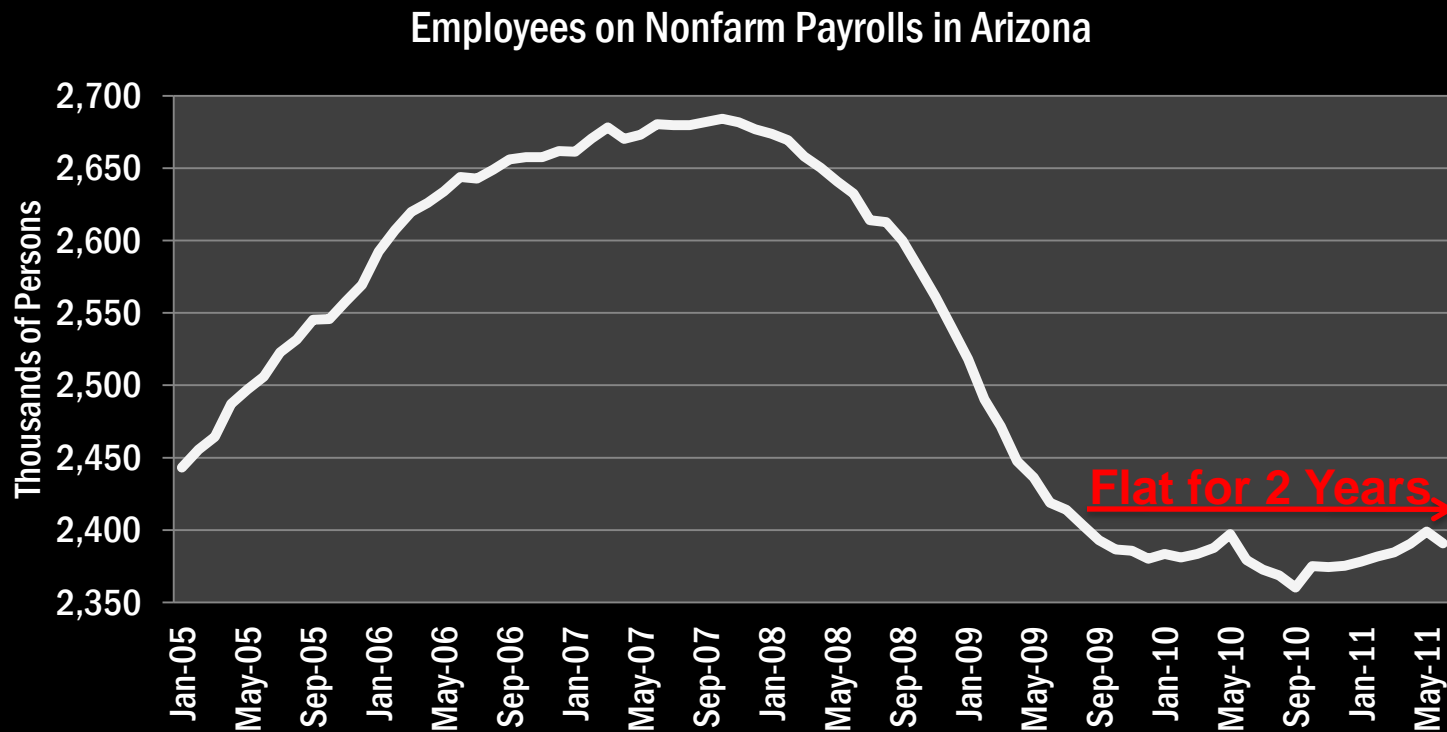
- Over-leveraged household debt
- Regulatory model
- Market growth fueled by consumer spending

RECOVERY HAS STALLED

No real growth in jobs over the past two years

300,000 jobs lost in the recession

- Recession began October 2007
- Bottom reached in September 2010
- Recovery has stalled — we've been effectively flat in job growth for 2 years



Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

Recession Job Losses by Sector

Almost 11% of all jobs lost in the recession

	Change Since Peak of October 2007	% Change
Education & Health Services	43,400	13.83%
Construction	-107,200	-48.88%
Professional and Business Services	-68,300	-16.85%
Manufacturing	-29,600	-16.43%
Other Services	-12,500	-12.55%
Information	-5,100	-12.29%
Mining and Logging	-1,300	-10.66%
Trade, Transportation, and Utilities	-55,500	-10.48%
Financial Activities	-16,900	-9.36%
Leisure & Hospitality	-18,700	-6.78%
Government	-21,800	-5.11%
Total Nonfarm Employment	-293,500	-10.93%

Source: Bureau of Labor Statistics, 2011. June numbers are preliminary estimates.

OUTLOOK HAS BEEN DOWNGRADED

Recovery forecasts have been significantly revised downward

Devastating Job Recovery Forecast Released by University of Arizona.

- In Spring 2010, the UA forecasted recovery with 228,400 new jobs by 2013.
- 60 percent fewer jobs in 2013 than originally forecast in Spring 2010.
- The unemployment rate will remain near 8.0% through 2013.

University of Arizona Forecast: Spring 2010 vs Spring 2011

**Net new jobs created from 2011 to 2013*

INDICATOR	SPRING 2010 FORECAST	SPRING 2011 FORECAST
Net New Jobs Created by 2013*	228,400	91,100
Unemployment Rate by 2013	6.3%	7.9%

UNEMPLOYMENT RATE

Rural Communities Experiencing High Unemployment

A total of 83 Arizona communities have 15% or higher unemployment rate.

- 12 communities have a rate 40% or over
- 12 communities have a rate between 30% and 39.9%
- 29 communities have a rate between 20% and 29.9%
- 30 communities have a rate between 15% and 19.9%

REAL ESTATE GLUT

Impeding Economic Recovery

Arizona currently has 87M SF of empty industrial, office, and retail space in the state.

Residential and commercial property valuation is falling in Maricopa County.

- 30% drop since 2008 or by \$157B
- Revenue will fall without increasing tax rates

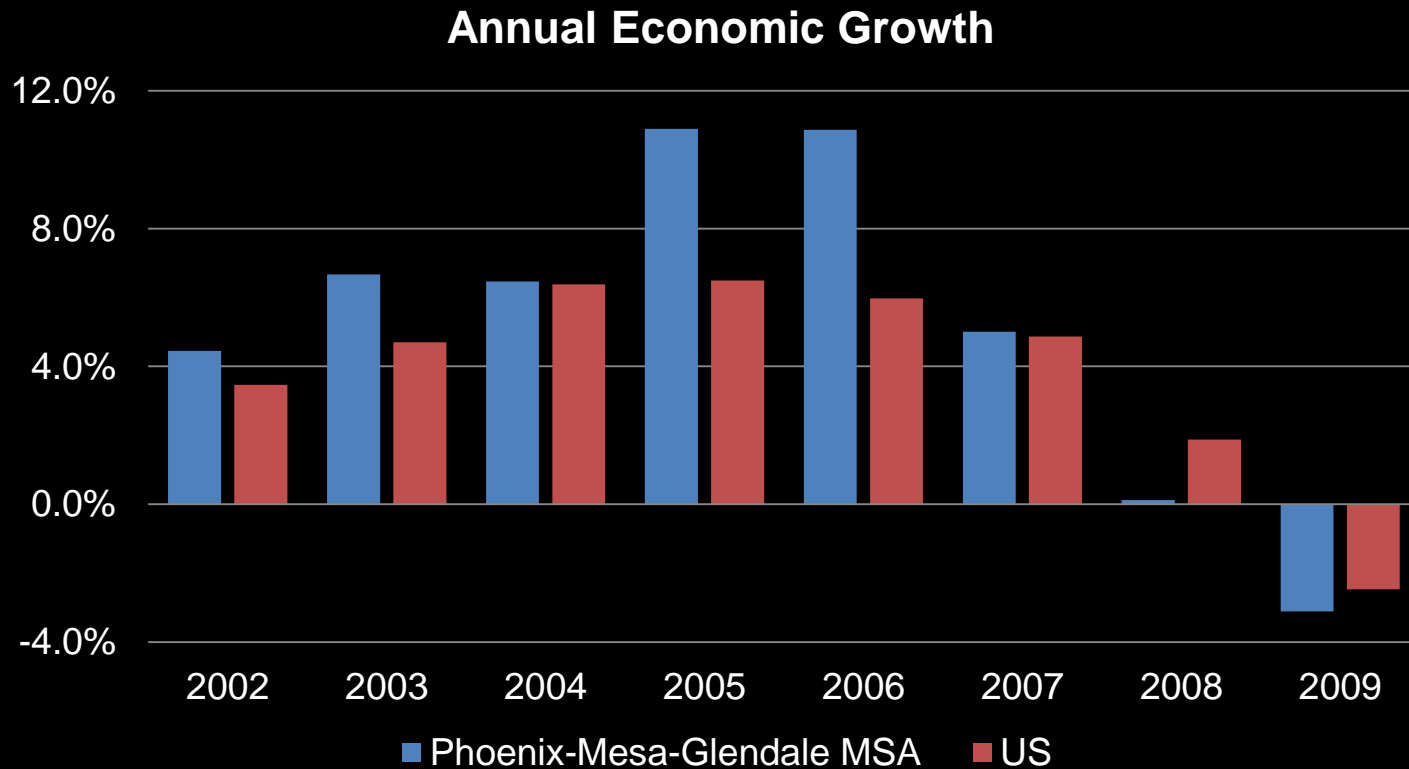
Commercial property valuation is projected to fall 36.8% from 2010-2012.

Without economic recovery, real estate will continue to lose value.

REGIONAL ECONOMY

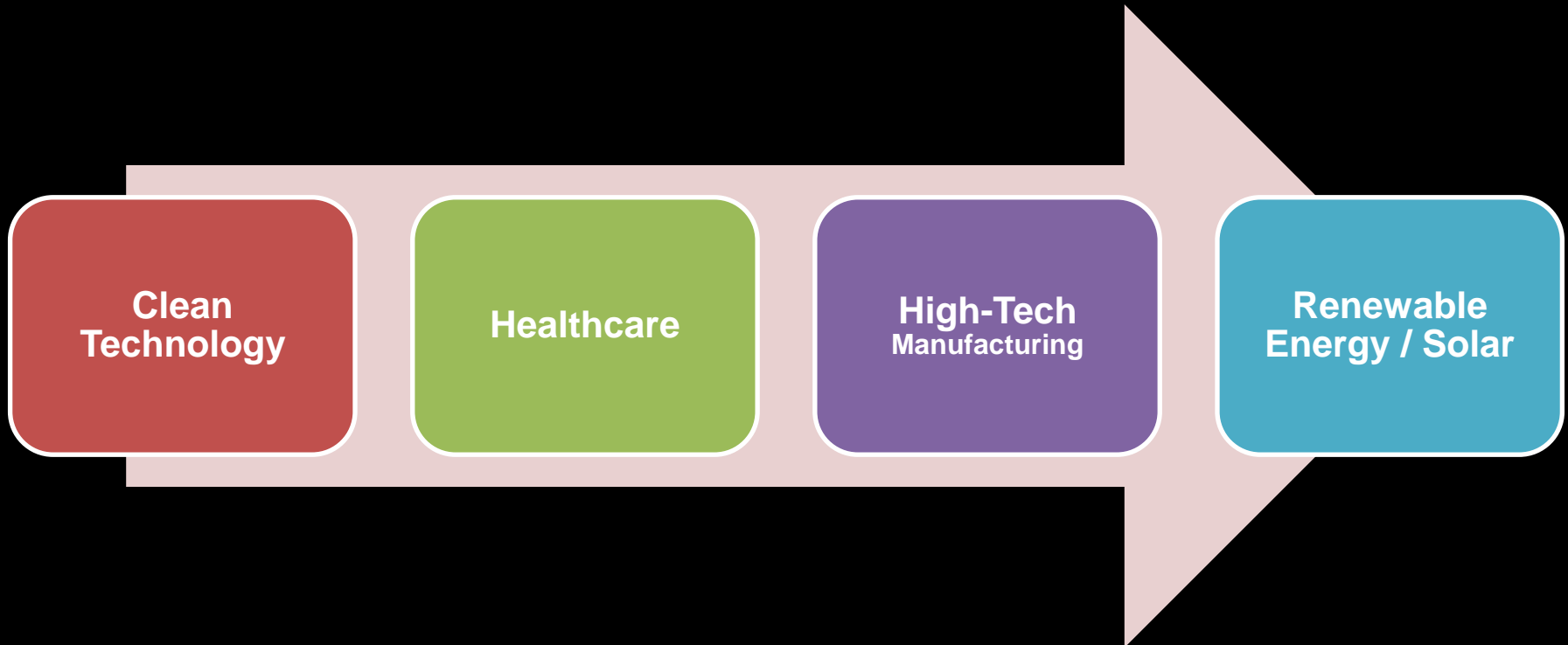
Greater Phoenix In The Driver Seat

- Greater Phoenix economy represents 76% of the state's economy (GDP)
- Region's economy grew faster than the national economy before the recession.



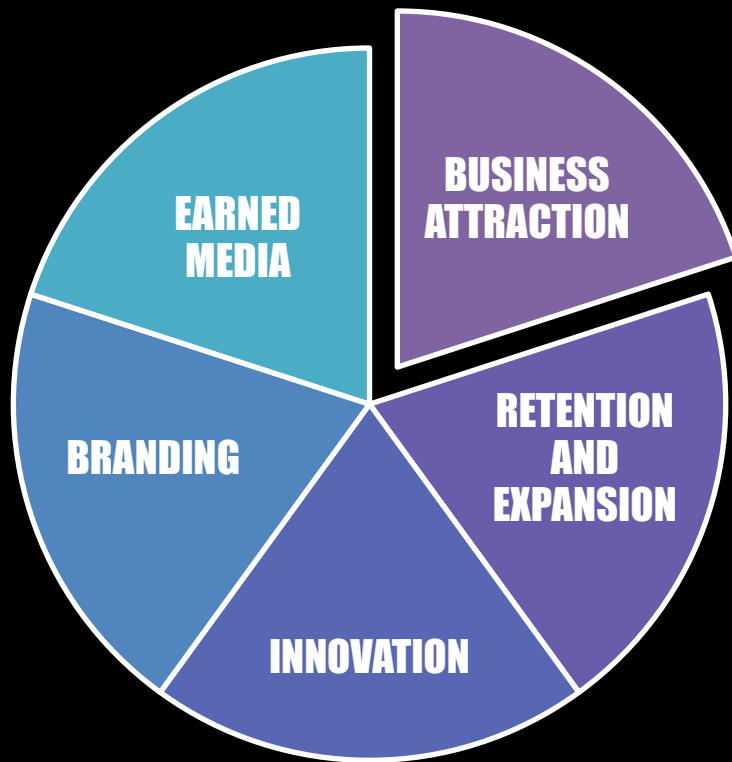
REGIONAL STRATEGY

TARGET: Current and Future Industries with Upside



REGIONAL STRATEGY

Business Development: Applying Our Selling Approach



Leverage Opportunity in California

- Continue partnering in Sun Corridor Initiative with Tucson, Yuma, and Flagstaff to build a pipeline of leads and prospects from CA

Replicate CA Model to Chicago

- Leverage changes in IL tax policy to strengthen Greater Phoenix's value proposition

Broaden Site-Selector Approach

- Continue engaging the top 100 site selectors
- Convene Broker Roundtable to deepen local broker engagement

Expand Transactional Capabilities

- Address inventory development with Community Building Consortium
- FTZ marketing

Bolster International and Go Forth in China

- Develop international region strategy with markets like Jiangsu Province

Questions

Thank You for Your Time!

Greater Phoenix Economic Council

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Greater Phoenix Economic Council (Groups)



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