



MEMORANDUM

Date: March 12, 2018

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Corrected 2017 Tucson Job Growth Report**

Attached is a recent article from the *Tucson Sentinel* that accurately restates significantly underreported job growth in Pima County based on known expansions and relocations.

This job growth will accelerate in 2018.

CHH/anc

Attachment

c: Dr. John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office
Joseph Snell, President and CEO, Sun Corridor, Inc.

News from TucsonSentinel.com:
http://www.tucsonsentinel.com/local/report/030818_jobs_report/tucson-2017-job-growth-thousands-more-than-previously-reported/

Tucson's 2017 job growth thousands more than previously reported

Posted Mar 8, 2018, 3:31 pm

Betty Beard TucsonSentinel.com

Metro Tucson has gained thousands more non-farm jobs over the past few years than previously reported, according to the latest federal revision of employment data.

The Arizona Office of Employment Opportunity (<http://https://laborstats.az.gov>) said Thursday that the Tucson region ended 2017 with 377,200 people employed in non-farm jobs – an increase of 3,600 workers. The office previously estimated Tucson's 2017 growth at about 1,900 jobs.

That included 2,500 more positions in professional and business services; 1,600 more jobs in trade, transportation and utilities, and 1,000 more in construction than previously reported.

Other sectors came out worse, including "other services," which ended up with 2,300 fewer jobs, and leisure and hospitality, with 900 fewer.

Doug Walls, a state research administrator, made a special point during a news conference of focusing on the Tucson numbers because monthly surveys last year showed that Tucson was losing or barely gaining jobs through much of 2017.

The annual revision, known as benchmarking, relies on more accurate federal data than is gathered monthly by the state— mainly quarterly censuses of how many people were actually working through September.

The revision gave Tucson a 1 percent job growth measurement for 2017, slightly better than the state's .8 percent growth for the year. Tucson's job 2017 job growth was previously estimated at .5 percent, and Arizona's as 1.5 percent.

But even after the revisions, in January 2018, Tucson still ranked third from the bottom among Arizona's major metro areas for its over-the-year job growth of 1.1 percent. The Phoenix metro registered a 2.7 percent growth and the state 2.2 percent. Yuma and the Sierra Vista-Douglas region came in worse than Tucson.

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Statewide, the 2017 revisions added 21,600 jobs last year, boosting Arizona's total to 2.8 million jobs, a .8 percent gain over 2016.

But Arizona's unemployment rate was revised up from 4.5 percent at the end of 2017 to 4.7 percent. The jobless rate rose again in January 2018 to 4.8 percent, higher than the U.S. rate of 4.1 percent. Tucson's rate in January was also 4.7 percent.

The fact that both the numbers of jobs and the unemployment rate grew indicates that the number of people looking for jobs is growing faster than the number of jobs.

Stronger and weaker sectors

The revisions showed that some sectors, especially construction, and trade, have been stronger than previously reported at the state level. But leisure and hospitality ended up weaker.

Construction

The construction sector underwent the largest revision at the state level, with an addition of 6,800 jobs in 2017, bringing the total to 145,400. Tucson jobs grew 1,000 to 15,900.

Construction positions have been steadily growing over the past decade, Walls said. They include specialty jobs like electricians and plumbers, building construction and heavy projects like roadwork. The Phoenix area has the South Mountain Freeway under construction, and the Tucson area has major freeway work at Ina and Ajo roads.

The Tucson area had 243 housing permits -- mostly for single-family homes -- issued in January, a 45.5 percent increase from a year earlier, according to the Eller College of Management (<http://https://ebr.eller.arizona.edu/current-indicators/tucson-msa>) at the University of Arizona.

Trade, transportation and utilities

This sector was revised upwards by 5,000 workers to end up 524,200 statewide. At least half the employees in this sector work in retail trade.

Financial activities

The third largest revision went to financial activities, which includes real estate, rental and leasing, insurance and financial investments. Changes gave it 4,500 more workers statewide, for a total of 213,900 at the end of the year.

Education and health services

This sector includes hospitals, nursing homes and non-public schools and private educational companies, in the fourth largest revision. It added 4,100 positions, to end at 426,600.

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Manufacturing

Manufacturing tied with financial activities, with the addition of 700 more positions in 2017. Arizona continues to outpace the country in the growth of manufacturing jobs, Walls said. Its 2017 growth was 4.9 percent, compared with 1.5 percent for the U.S.

The manufacture of computers and electronics parts in Arizona had its largest gain in 18 years, Walls said. The increase of 2,200 jobs in 2017 increased the total to 33,100, according to January numbers.

Leisure and hospitality

For many months last year, it appeared that the hottest place to land a job was at restaurants, bars and hotels. But the revisions gave the leisure and hospitality sector 4,500 fewer jobs than previously estimated. It ended the year with 319,200 in that sector.

Tucson's professionals

The one sector that had the largest revision in Tucson was professional and business services, which added 2,500 jobs. That includes scientific and technical services, employment services, real estate and other business support.

Tucson Association of Realtors just reported that the Tucson area had the highest total sales volume in the past ten years or almost \$3.8 billion. The average sales price reached \$236,838, the highest since \$242,066 in 2008.

"All of these factors are indicative of the high demand and low inventory, and point to an economic recovery in Tucson," said Judith Grammond, TAR president.

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