

AZB ARIZONA BUSINESS

ARIZONA STATE UNIVERSITY'S MONTHLY NEWSLETTER ON THE ARIZONA ECONOMY

Numbers indicate Arizona's outlook mirrors that of U.S.

The economic outlook presents a mixed picture, with some good and bad elements — but on average, little has changed since the last quarter. Both locally and nationally, the economy appears likely to avert a recession as long as consumers continue spending. The worst news recently involves the deteriorating prospects for most of the U.S. trading partners.

The primary impetus behind the economic slowdown is the decline in business spending. Profits for most firms are under pressure, with productivity increases and the rising stock market acting as the major safety valves. The profit pressure comes from the inability to raise prices as costs increase. The drop in the stock market and the resulting difficulty of obtaining new funds means that firms had to cut back on spending.

Until the recent economic slowdown, business spending was unusually strong for eight consecutive years. Competitive pressures, the rising stock market, concerns over the Y2K bug and investment in the telecommunications infrastructure all played a part in the spending spree. These days, budget-conscious companies are deciding to make do with their existing computer and networking hardware. The cutbacks also have extended to spending in areas as diverse as furniture and travel. Matters were made even worse for manufacturers as the result of the failures of dot-com companies and related problems. The used market was flooded by all manner of equipment from routers to chairs.

The drop in business spending leaves the fate of the economy in consumers' hands.

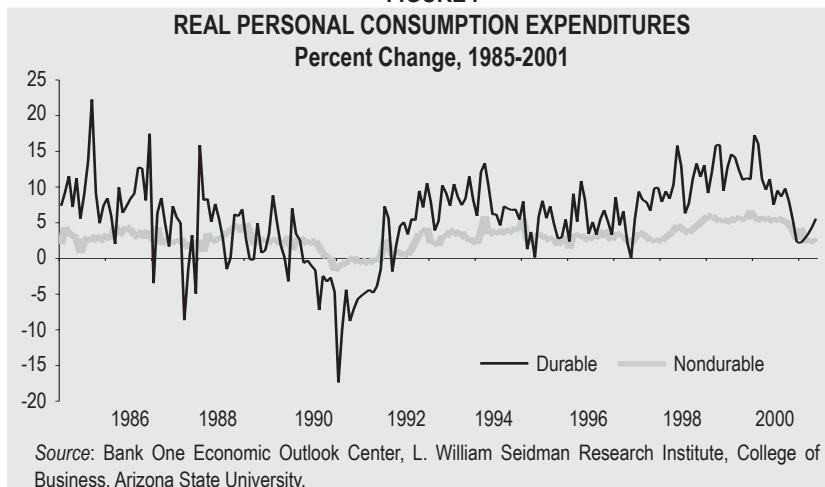
Figure I shows the change in consumer expenditures on durable and nondurable goods since 1985. Durable goods spending is mentioned most often by analysts because big-ticket durables purchases are the most sensitive to consumer confidence. Durable goods spending declines in a recession, tending to drop sharply just before the recession begins. However, durable goods spending cannot be the sole predictor of recession — otherwise the U.S. would have seen five recessions rather than two over the last 15 years. Even though durable goods spending has slowed in recent months, the current economy remains well out of recession territory. Spending on cars and light trucks, while down from the record heights of 2000, continue to defy expectations and remain above the level needed for a good year. In fact, the latest number for June 2001 represented a significant boost to the already strong numbers of the two prior months.

In previous expansions, durables spending has risen to a peak and then slowly moderated until the next recession. The behavior of durables spending has been different in one major respect during the current expansion: There were two peaks in consumer durables spending — one in early 1994 and another, higher spike in late 1999 and early 2000. If, as expected, the economy avoids a recession, the possibility exists that we could see a third peak.

Quarterly Economic Forecast

FIGURE I

REAL PERSONAL CONSUMPTION EXPENDITURES
Percent Change, 1985-2001



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Consumers also continue their buying spree on housing, with better-than-expected numbers so far this year. It may be that they have been plowing money into housing that previously would have gone into the stock market, and continued low interest rates may also be a factor. However, the strength of housing seems to run counter to the consumer confidence shown in spending patterns so far in 2001.

The growth in consumer spending on nondurable goods has moderated as well, although here too the current rate remains far above recession levels. It is possible for nondurable spending to continue to grow during a recession, but a decline definitely would signal a recession. Spending on nondurables has not bounced back like durable spending, but it is continuing to increase.

The third major component of consumer expenditures is services. Spending on services is not on the graph primarily because it does not vary nearly as much as the other two; it has not declined even during the worst recessions of the last 30 years. The growth rate in this category has moderated recently.

The forecast for Gross Domestic Product has slipped because of data revisions

TABLE 1
2001 AND 2002 ECONOMIC FORECASTS: UNITED STATES

	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Forecast 2001	Forecast 2002
Gross Domestic Product						
Billions of Current Dollars	8,159.5	8,515.7	8,875.8	9,318.5	9,467.6	9,694.8
Percent Change	4.4	4.4	4.2	5.0	1.6	2.4
Industrial Production (Percent Change)	6.7	4.8	4.1	5.6	(1.5)	2.5
Net Exports (Billions of Current Dollars)	(113.3)	(221.0)	(322.4)	(412.4)	(440.0)	(450.0)
Housing Starts						
Number in Thousands	1,474.0	1,616.9	1,663.0	1,593.1	1,601.1	1,588.3
Percent Change*	(0.2)	9.7	2.9	(4.4)	0.5	(0.8)
Unemployment Rate (Percent)	5.0	4.5	4.2	4.0	4.6	4.5
Consumer Price Index (Percent Change)	2.3	1.6	2.2	3.4	3.2	2.6
Three-Month Treasury Bill Rate (Percent)	5.1	4.8	4.6	5.8	3.9	4.1
10-Year Treasury Note Rate (Percent)	6.4	5.3	5.6	6.0	5.3	5.7

*Calculated prior to rounding

TABLE 2
2001 AND 2002 ECONOMIC FORECASTS: ARIZONA

	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Forecast 2001	Forecast 2002
Personal Income						
Millions of Current Dollars	103,968	112,974	120,923	131,230	139,760	148,145
Percent Change	8.5	8.7	7.0	9.1	6.5	6.0
Retail Sales						
Millions of Current Dollars	34,584	37,094	40,794	43,957	46,137	48,582
Percent Change	7.0	7.3	10.0	7.8	5.0	5.3
Unemployment Rate (Percent)	4.7	4.1	4.4	3.9	4.5	4.2
Wage and Salary Employment						
Number in Thousands	1,984.7	2,074.7	2,160.2	2,248.0	2,310.1	2,379.1
Percent Change	4.9	4.5	4.1	4.1	2.8	3.0
Population *						
Number in Thousands	4,570	4,703	4,837	4,963	5,082	5,199
Percent Change	3.0	2.9	2.8	2.6	2.4	2.3
Single-Family Units Permitted						
Number	42,993	50,997	51,764	48,846	43,961	41,763
Percent Change	6.5	18.6	1.5	(5.6)	(10.0)	(5.0)
Multifamily Units Permitted **						
Number	13,043	13,218	12,067	10,920	9,282	8,818
Percent Change	11.6	1.3	(8.7)	(9.5)	(15.0)	(5.0)

* Population figures do not reflect 2000 census data

** Apartment complexes of three or more units

Source (Tables 1 and 2): Bank One Economic Outlook Center, L. William Seidman Research Institute, College of Business, Arizona State University.

and the likelihood that any substantial turnaround will be delayed until the fourth quarter. Industrial production continues to be very weak, contributing to the downward revision of GDP. The Consumer Price Index is expected to end the year above previous projections, but not by much. Interest rates are lower thanks to the recent aggressive moves by the Federal Reserve Board, and the Fed has indicated it may lower the federal funds rate one more time. Once it seemed unlikely that the Fed would pursue such an aggressive course on interest rates, out of fear that pushing interest rates too low could cause capital outflows from the United States.

The general deterioration of the economies of our major trading partners has made this very unlikely. The forecast of net exports remains very pessimistic, but if the economies of our trading partners deteriorate further, net exports could end the year even lower.

ARIZONA

The Arizona economy continues to fare better than the nation as a whole, and there are no apparent trends that would harm Arizona more than the rest of the nation. The forecast of retail sales for Arizona and Maricopa County were revised downward, and may still be optimistic, but it is

impossible to tell until later in the year. The permits for single-family housing are better than expected, while multifamily has suffered a downward revision.

The forecast for overall employment growth was revised downward primarily because of unanticipated weakness in services employment. Health services picked up steam while the projected growth rate for the rest of services has dropped from 4.0 percent in January to 2.9 percent in May. Since the first of the year, employment in the hotel/lodging subsector has been shrinking. Business services slowed dramatically and actually contracted in May. Business services represent about 31

TABLE 3
2001 AND 2002 ECONOMIC FORECASTS: MARICOPA COUNTY

	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Forecast 2001	Forecast 2002
Retail Sales						
Millions of Current Dollars.....	23,360	25,207	27,825	30,302	31,877	33,599
Percent Change.....	7.8	7.9	10.4	8.9	5.2	5.4
Unemployment Rate (Percent).....	3.0	2.6	3.0	2.6	3.3	3.0
Wage and Salary Employment						
Number in Thousands.....	1,344.2	1,418.8	1,487.2	1,544.6	1,590.9	1,643.4
Percent Change.....	5.6	5.5	4.8	3.9	3.0	3.3
Population *						
Number in Thousands.....	2,706	2,794	2,882	2,966	3,046	3,125
Percent Change.....	3.2	3.3	3.1	2.9	2.7	2.6
Single-Family Units Permitted						
Number in Thousands.....	30,466	35,603	35,430	33,107	30,127	28,922
Percent Change.....	7.6	16.9	(0.5)	(6.6)	(9.0)	(4.0)
Multifamily Units Permitted **						
Number in Thousands.....	10,787	10,529	9,524	9,490	8,067	7,744
Percent Change.....	10.9	(2.4)	(9.5)	(0.4)	(15.0)	4.0)

* Population figures do not reflect 2000 census data ** Apartment complexes of three or more units

TABLE 4
ARIZONA EMPLOYMENT FORECASTS: 2001 and 2002
(In Thousands)

	Actual 1997	Percent Change	Actual 1998	Percent Change	Actual 1999	Percent Change	Actual 2000	Percent Change	Forecast 2001	Percent Change	Forecast 2002	Percent Change
Manufacturing.....	207.4	3.8	216.0	4.1	211.4	(2.1)	214.9	1.5	215.9	0.5	218.5	1.2
Mining.....	13.8	(1.4)	13.0	(5.8)	11.5	(11.5)	9.8	(14.0)	9.0	(8.0)	9.0	0.0
Construction.....	131.8	4.4	143.8	9.1	154.6	7.5	162.0	4.7	165.9	2.4	157.6	(5.0)
TCPU*.....	96.6	5.2	100.9	4.5	103.7	2.8	108.7	4.3	111.5	2.6	114.9	3.0
Trade.....	482.4	3.9	498.0	3.2	511.3	2.7	525.6	3.1	537.7	2.3	554.9	3.2
FIRE**.....	127.7	9.1	135.6	6.2	139.7	3.0	143.6	2.9	146.9	2.3	151.3	3.0
Services.....	596.7	6.4	626.1	4.9	679.5	8.5	716.9	5.8	745.5	4.0	782.8	5.2
Government.....	328.3	3.3	341.5	4.0	348.7	2.1	366.6	3.5	377.6	3.0	390.1	3.3
Total Wage and Salary Employment.....	1,984.7	4.9	2,074.7	4.5	2,160.2	4.1	2,248.0	4.1	2,310.1	2.8	2,379.1	3.0
Unemployment Rate.....	4.7%		4.1%		4.4%		3.9%		4.5%		4.2%	

*Transportation, Communications and Public Utilities **Finance, Insurance and Real Estate
Source (Tables 3 and 4): Bank One Economic Outlook Center, L. William Seidman Research Institute, College of Business, Arizona State University.

percent of total services employment, so outright declines in this area are a cause for concern. Business services include consulting, temporary staffing and outsourcing firms. (Outsourcing firms specialize in particular operations such as mail services, accounting, or public relations and may be engaged by a company to provide the services at a lower cost.) Anecdotal evidence suggests that the workers contracted to business services firms often are the first to go when a company decides to cut staff — and if the services company has nowhere else to place these workers, they are let go. The

profits squeeze that has prompted so many layoff announcements apparently has hit business services firms the hardest.

There is little to differentiate the Arizona economic forecast from the national forecast. In general, the outlook is for a resumption of growth by the end of the year. It is reassuring to note that as this article was going to press, the Behavioral Research Center reported that the Arizona Consumer Confidence Index was on the upswing.

Consumer spending cannot be measured as accurately at the state level as it can at the national level. However, retail sales can be tracked in total and for motor vehicle

dealers. Retail sales (the sum of taxable sales) classified by the Arizona Department of Revenue as retail and restaurant/bar sales, are up 3.5 percent year to date through May. Motor vehicle sales are up 5.7 percent, which is consistent with national trends. Arizonans' spending patterns are comparable to the rest of the nation's, with a preference for durable goods — especially motor vehicles.

— Tracy Clark
Senior Economist

Bank One Economic Outlook Center

Arizona Leading Index reverses course, rises in May

The Bank One Arizona Index of Leading Economic Indicators rose in May to 111.0. The number was 0.7 percent above the revised 110.2 for April 2001, and 0.5 percent above the 110.4 reading for May 2000 (1987 = 100).

The inflation-adjusted value of Maricopa County residential building permits, hours worked in manufacturing, employment from the Purchasing Managers Survey, the inflation-adjusted value of the money supply M2 and new orders were positive. Delivery times, sensitive materials prices and inventories were negative. Production was neutral.

ANALYSIS

The Arizona Leading Index reversed a two-month slide, but the economic news continues to be mixed. Consumer spending in general, and spending on durable goods and housing in particular, remain positive. Business spending on high-tech goods, which impacts Arizona, continues to deteriorate. Gas and energy prices have eased, which should boost the economy locally and nationally.

The United States, having expected its major trading partners to help pull it out of the current economic slump, may avoid a recession in spite of rather than because of its partners. Canada and Mexico are expected to be weaker in 2001 and 2002 than they were in 2000. The situation is similar for Europe, where the improvement in 2002 is expected to be marginal.

— Tracy Clark
Senior Economist

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TABLE 1

NET CONTRIBUTION OF INDIVIDUAL COMPONENTS TO THE ARIZONA INDEX OF LEADING ECONOMIC INDICATORS

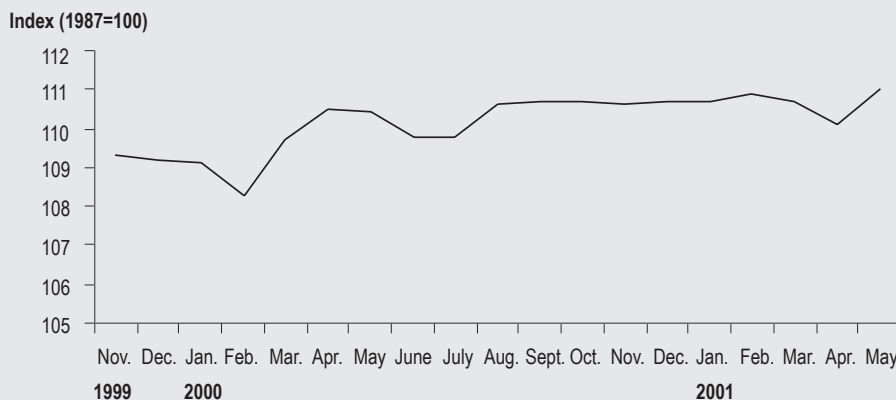
	Net Contribution*			
	Feb.	Mar.	Apr.	May
Delivery Time*	-0.08	0.16	-0.11	-0.09
Inventory Levels*	-0.06	0.10	-0.12	-0.01
New Orders*	0.03	-0.25	0.04	0.03
Production*	0.14	-0.31	0.04	0.00
Employment*	0.00	-0.17	-0.37	0.22
Residential Building Permits	-0.25	-0.15	-0.02	0.27
Average Workweek, Manufacturing	0.07	-0.11	-0.25	0.25
Money Supply	0.37	0.59	0.31	0.15
Change in Sensitive Materials Prices	-0.02	0.00	-0.02	-0.04
OVERALL INDEX	0.20	-0.14	-0.50	0.78

* The net contribution of each component is calculated by multiplying the monthly percent change in its index by its relative importance.

* Based on indicators from the Purchasing Management Association of Arizona, Purchasing Management Association of Southern Arizona and the Northern Arizona Group.

FIGURE I

ARIZONA INDEX OF LEADING ECONOMIC INDICATORS



Source: Bank One Economic Outlook Center, L. William Seidman Research Institute, College of Business, Arizona State University.

Survey finds little change in winter resident population

Approximately 155,000 winter residents — popularly known as “snowbirds” — were living in mobile homes and RV/travel trailer parks throughout Arizona at the height of the 2000-01 winter season, according to a survey conducted by the Center for Business Research. The statewide park population was virtually the same compared with last year’s figure*, but the downward trend that began in the late 1990s continues in Phoenix metropolitan area parks. Unfortunately, no equivalent estimate exists for the number of snowbirds staying in other types of accommodations. However, the size of the snowbird population in the state’s RV/travel trailer/mobile home parks implies that Arizona may have been the temporary home to a total winter resident population of approximately 300,000 during the past season.

THE SURVEY

The Center of Business Research has conducted an annual census of mobile home/RV/travel trailer parks in the Phoenix area for the past 17 years. In 1990 the study was expanded to include areas outside the Phoenix/Apache Junction area. Since the 1991-92 season, the survey has included parks in an 11-county region (previous research indicated few winter residents in the four Northern/Eastern rural counties of Apache, Coconino, Navajo, and Greenlee).

Starting in the 1997-98 season the size of the snowbird park population in the Phoenix and Tucson areas began to decline even though the total number of occupied spaces has remained relatively constant. To obtain a greater understanding of who has been replacing the winter resident households in the parks, last year’s questionnaire was changed to ask what proportion of park residents fall into each of the following four groups: (1) permanent residents; (2) winter residents (snowbirds — defined as retired or semi-retired individuals who reside in the park during the winter season); (3) other long-term temporary residents; and (4) short-term temporary residents. Prior to 2000, the

*An error in the number of mobile home spaces in Pinal County in the 1999-2000 study led to an overestimate of the number of snowbird households in Pinal County and in the total count. The corrected estimate of snowbird households in Pinal was 5,500, and the corrected estimate for the total number of snowbird households in parks outside the Phoenix/Apache Junction area was 35,600. These corrected figures imply a total park snowbird population of approximately 155,000 rather than the 160,000 originally reported.

survey asked only for the proportion of park residents who were snowbirds.

The questionnaire was mailed to mobile home and RV parks in the 11-county study area in February. Owners/managers of the parks were asked about numbers of mobile home and travel trailer/RV spaces, occupancy rates, and the resident composition, as of the first week of February 2001. Parks that did not respond to the mail survey, or for which no mailing address was available, were contacted by telephone. The Center ultimately obtained information from 666 parks, representing approximately two-thirds of total spaces.

The data provided by the responding parks were tabulated and used to produce the estimates of the winter resident population during the first week of February 2001 and the other statistics reported in this article. For non-responding parks, counts of the number of mobile home and travel trailer/RV spaces from the ASU database were combined with the survey information to estimate the numbers of occupied spaces and of spaces occupied by winter residents.

SURVEY RESULTS

The Phoenix/Apache Junction Area

The 671 Phoenix/Apache Junction area parks included in the study’s database had 71,800 mobile home spaces and 26,600 RV/travel trailer spaces (Table 1). Valleywide occupancy rates during February 2001 were 93 percent for mobile home spaces and 92 percent for RV/travel trailer spaces — slightly below the occupancy rates reported for 2000.

An estimated 40,400 winter resident households were living in area parks in February 2001. Assuming two persons on average in each winter resident household (as indicated by previous research), more than 80,000 winter residents lived in area RV/ travel trailer/mobile home parks at the height of the 2000-01 winter season.

Outside Phoenix/Apache Junction

The 586 parks in the survey area outside of the Phoenix/Apache Junction area contained 33,900 mobile homes spaces and 41,700 RV/travel trailer spaces (Table 2). Occupancy rates in February 2001 averaged 89 percent for RV/travel trailer spaces and 91 percent for mobile home spaces — slightly lower than reported last year for both the RV/trailer spaces and mobile home spaces. Occupancy

rates varied significantly across the state, with the highest for RV spaces in the Tucson and Yuma areas and the highest for mobile home spaces in the Tucson and Western Arizona regions.

The percentage of spaces occupied by winter residents was reported to be much larger compared to last year: 54 percent vs. 44 percent. The highest proportion was found in the Yuma area and the lowest in Tucson and the Southeast Region. Based on the survey results, an estimated 36,800 snowbird households were living in parks outside of the Phoenix/Apache Junction area in February 2001.

Again assuming approximately two persons per household, about 74,000 winter residents were living in RV/travel trailer/mobile home parks outside the Phoenix/Apache Junction area at the height of the 2000-01 winter session.

Overall Park Population

Statewide, the 1,257 parks included in the analysis contained some 174,000 total spaces — nearly 106,000 mobile home spaces and more than 68,000 RV/travel trailer spaces. Occupancy rates during February 2001 were 92 percent for mobile home spaces and 90 percent for RV/travel trailer spaces. Even though the greatest concentration of snowbirds was in the Phoenix/Apache Junction area, large numbers of park winter residents also stayed in several other communities in southern Arizona. The Yuma area had the second largest snowbird population, with approximately 30,000 park winter residents. The winter resident population in Pima County parks was estimated to be about 14,000 during the 2000-01 season. La Paz, Mohave, central Pinal and Cochise counties also served as winter homes for thousands of seasonal residents.

Contribution of Park Snowbirds

Spending by seasonal households provides a major stimulus to the economies of many Arizona communities. The results of a 1995 *Arizona Republic* survey of Phoenix area winter residents indicated the typical seasonal household stayed four months and spent an estimated \$1,600 per month in Arizona during their stay. Based upon these figures (adjusted for inflation), seasonal residents staying in area RV/travel trailer/mobile home parks in the Phoenix/Apache Junction area spent approximately \$300 million

during the 2000-01 winter season.

Continuing the same assumptions, the snowbird households in parks outside of the Phoenix/Apache Junction area would have injected about \$280 million into local economies. Overall, park snowbirds throughout the state spent more than a half billion dollars for local goods and services.

JANUARY PRE-SURVEY

Beginning in the fall and continuing through the winter season, the Center receives numerous inquiries regarding the snowbird population. To provide some information about the current winter season prior to the release of this report, for the first time ASU conducted a separate telephone survey in January of a representative sample of 30 parks in the Phoenix/Apache Junction area and 30 parks in the rest of the state to gather preliminary data about the 2000-01 season.

Four questions were asked of each park manager: (1) Do you expect to be full by the first week of February? (2) Are you filling up quicker/slower/the same as last year? (3) Of your occupied spaces, do you think you will have more/fewer/the same number of snowbirds as last year? (4) If fewer, why?

In the Phoenix/Apache Junction area, 50 percent of the sampled park managers expected to be full by the first week of February, but only 10 percent expected to fill up quicker than last year and nearly 60 percent expected to fill up slower. In the same vein, 36 percent of the parks indicated that they would have fewer snowbird households, while only 16 percent expected more. Reasons given for the slowdown included: fewer Canadians coming due to their depreciated dollar; higher fuel costs; and the transition between the "Bob Hope" generation and younger retirees who are buying condos and houses.

For the rest of the state, 87 percent of the responding parks expected to be full by the first week of February, but nearly 60 percent expected to fill up slower and only 15 percent expected to fill up quicker. In contrast to the Phoenix/Apache Junction area, only 16 percent expected fewer snowbirds, while nearly 25 percent expected more. Here too, high gas prices were given as a prime deterrent.

In addition to providing some interesting information at an earlier date than the annual winter resident study, the responses from the pre-survey collaborated the results of the full-scale survey — 2000-01 was another

down season for Phoenix area parks, while the rest of the state continues to attract new snowbird households.

CHANGES IN 'SNOWBIRD INDUSTRY'

Rents and leases for mobile home and RV spaces have risen sharply in the Phoenix/Apache Junction area over the past several years as permanent population growth has converged on the parks and made land more valuable. In addition, crime and congestion are far more visible in the vicinity of the

parks than a decade ago.

These dynamics have led to major shift in the households living in Phoenix area parks. This year's survey indicated that permanent residents occupied about 60 percent of mobile home spaces and about one-fifth of RV/travel trailer spaces in the Phoenix/Apache Junction area. The figures relating to the different categories of non-permanent residents revealed that during the February 2001 survey period, winter resident households occupied approximately two-thirds of the RV/travel trailer spaces

TABLE 1
WINTER RESIDENTS IN MOBILE HOME AND RV/TRAVEL TRAILER PARKS
Phoenix/Apache Junction Area, 2000-2001 Season

	East Valley	City of Phoenix	West Valley	Total
Number of Mobile Home Spaces.....	44,200	14,400	13,200	71,800
Occupancy Rate.....	93%	95%	91%	93%
Percent Occupied by Winter Residents.....	49%	10%	25%	37%
Number of RV/Travel Trailer Spaces.....	19,800	1,400	5,400	26,600
Occupancy Rate.....	90%	93%	98%	92%
Percent Occupied by Winter Residents.....	69%	17%	64%	65%
Number of Occupied Spaces.....	59,100	14,900	17,200	91,200
Percent of All Occupied Spaces				
Occupied by Winter Residents.....	55%	10%	36%	44%
Number of Spaces Occupied				
By Winter Residents.....	32,600	1,600	6,200	40,400

TABLE 2
WINTER RESIDENTS IN MOBILE HOME AND RV/TRAVEL TRAILER PARKS
Outside the Phoenix/Apache Junction Area, 2000-2001 Season

	Yuma Area	Tucson Area	Western Region	Central Region	Southern Region	Total
Number of Mobile Home Spaces.....	6,100	16,700	3,000	4,700	3,400	33,900
Occupancy Rate.....	89%	94%	92%	90%	85%	91%
Percent Occupied by Winter Residents.....	65%	23%	20%	48%	16%	33%
Number of RV/Travel Trailer Spaces.....	15,400	7,400	9,300	7,000	2,600	41,700
Occupancy Rate.....	92%	93%	86%	85%	84%	89%
Percent Occupied by Winter Residents.....	80%	51%	73%	78%	57%	71%
Number of Occupied Spaces.....	19,600	22,600	10,800	10,000	5,100	68,100
Percent of All Occupied Spaces						
Occupied by Winter Residents.....	76%	32%	59%	68%	30%	54%
Number of Spaces Occupied						
By Winter Residents.....	14,900	7,200	6,400	6,800	1,500	36,800

Notes:

Tables 1 and 2: Following what appears to be a growing industry practice, spaces occupied by "park models" have been classified as mobile home spaces in the survey database. This increased the reported number of mobile home spaces and decreased the number of RV/travel trailer spaces relative to previous years.

Tables 1 and 2: Columns and/or rows may not add up due to rounding.

Table 2: Western Region: La Paz and Mohave counties. Central Region: Gila, Pinal (not including Apache Junction) and Yavapai counties. Southeast Region: Cochise, Graham and Santa Cruz counties.

Source (Tables 1 and 2): Center for Business Research, L. William Seidman Research Institute, College of Business, Arizona State University.

and almost all of the remaining mobile home spaces in the parks. While other temporary residents occupied only 3 percent of mobile home spaces, short-term temporary residents made up approximately 7 percent of the RV/travel trailer park population, and “non-snowbird” long-term temporary residents occupied 6 percent of RV/travel trailer spaces in Phoenix/Apache Junction parks.

A look at the trends over the past decade clearly demonstrates the decline in the winter resident population in the Phoenix/Apache Junction area parks. While the total number of spaces enumerated by the survey has remained relatively constant since the 1990-91 season, there has been a substantial shift in area parks from RV/travel trailer spaces to mobile homes, which historically have been occupied by more permanent residents and fewer snowbirds. With changes in methodology in 2000, the estimates of the proportion of spaces occupied by winter residents and of the number of winter resident households prior to the 1999-2000 season are not directly comparable with those for the 2000-01 season, but the proportion of snowbirds in Phoenix/Apache Junction area parks had been in decline for several years before the change — from 58 percent in the 1995-96 season to 52 percent by the 1998-99 season. This downward trend was also evident in the estimates of the number of winter resident households in the parks: down to 49,900 for the 1998-99 season compared with 56,700 for 1995-96.

Such shifts do not seem to have affected parks outside of the metro Phoenix area. Permanent residents made up smaller proportion of RV/travel trailer park residents, while snowbirds and short-term temporary residents were more numerous. Thus, the snowbird population makes up a much larger share of the total park population outside the Phoenix/Apache Junction area. Again, the estimates of the proportion of spaces occupied by winter residents and of the number of winter resident households prior to the 1999-2000 season are not directly comparable with those for the 2000-2001 season, but the estimates of the proportion of winter resident households in the parks in the rest of the study area apparently have not fallen as they have in the Phoenix/Apache Junction area — remaining around 65 percent over the 1995 through 1999 period.

TOTAL WINTER RESIDENT POPULATION

The annual ASU survey attempts to enumerate winter resident households in the

state’s mobile home/travel trailer/RV parks, the single largest group of winter residents. However, snowbirds also stay in a variety of other accommodations — single-family homes, townhouses, condominiums, apartments, hotels and motels, with friends and relatives, and on public lands. Surveys of winter residents conducted several years ago by the Center for Business Research indicated that approximately 50 percent of the respondents were staying in mobile home/travel trailer/RV parks. Based on this ratio and extrapolating from this year’s estimate of 40,400 park households in the Phoenix/Apache Junction area implies a total of more than 80,000 households at the peak of the 2000-2001 season.

Information is even more limited for the winter resident population outside of the Phoenix area. However, surveys of Yuma seasonal households by Norton Consulting have found about three-quarters of winter residents living in mobile homes/travel trailers/RVs. Using the proportion from the Phoenix area household surveys for Tucson and the proportion found in the Yuma area for the other communities, this year’s estimate of approximately 37,000 winter resident households outside the Phoenix area implies a total population of approximately 54,000 households at the peak of the season. The statewide household figure of 134,000 implies a total population of approximately 270,000 winter residents at the height of the 2000-01 season.

But this approach may no longer be providing even a good guess at the total snowbird population — particularly for the Phoenix area. As indicated above, since the early 1990s the assumption has been that approximately 50 percent of the Phoenix/Apache Junction area snowbirds live in the parks. But given the differences in lifestyles of the those currently retiring compared with previous age cohorts and sharply rising wealth during the decade, combined with the less attractive nature of the parks due to increased population density and less open desert, there is now every reason to believe that a far greater number of snowbirds in the Phoenix/Apache Junction area are staying in other accommodations — in particular in their own condos or second homes. Recent articles in the *Arizona Republic* have pointed to this phenomenon, and discussions with a variety of individuals throughout the state strongly confirm these impressions. Without a survey of

all dwelling units across the state, an accurate count of the total number of winter residents is impossible, but taking this anecdotal information into account, a rounded figure of 300,000 might be a more reasonable but speculative estimate of the overall snowbird population.

—**Timothy D. Hogan**

Director, Center for Business Research

—**Stephen K. Happel**

Professor of Economics

2001 SURVEY NOTES

The combined effects of changes in the local mobile home/RV park industry and the lack of information about the growing segment of the snowbird population that live in other types of housing make the information collected by the annual park survey less relevant and its estimates of the size and impact of the annual snowbird migration subject to more doubt. Given the current environment, a statewide household survey that includes seasonal residents is needed to produce valid information about Arizona’s winter resident population. Conducting such a survey is a much bigger undertaking than the current park census and is beyond the current resources available within the Center to support winter resident research. In fact, it has become much more expensive and time consuming to conduct even the current winter resident study. Fewer parks respond to the annual mail survey, and it is increasingly difficult to make contact with park owners/managers by phone to gather the necessary information.

For these reasons, plus the fact that the number of winter resident households staying in the state’s parks has been relatively unchanged for the past two seasons, the Center is seriously considering discontinuing the winter resident study as an annual survey. The Center for Business Research remains convinced of the value of research on this issue and will be evaluating alternative approaches. The Center welcomes suggestions concerning possible future directions for research on Arizona’s snowbird population.

Net in-migration to Arizona was steady during late 1990s

The net number of people moving to Arizona from other U.S. states was stable in the late 1990s, but down considerably from the mid-1990s peak. Neighboring California continued to be Arizona's prime source of interstate migrants, but net migration from California to Arizona in the late 1990s was substantially less than in the early-to-mid-1990s.

This article is the latest in a series that examines migration data from the Internal Revenue Service (IRS). It analyzes four additional years of data, running through the 1999-2000 tax-filing year, than that included in the previous article in the February 1998 issue of *AZB/Arizona Business*. The IRS has produced annual migration data for 20 years, with scattered data available for the 1970s.

The IRS compares the address provided by a tax filer on the federal income tax form over consecutive years. If the county of the address is the same, the tax filer is termed a non-migrant. If the county differs, the tax filer is assumed to have migrated, though changes in address between adjoining counties may only reflect a short-distance move within the same job market. The IRS reports the number of returns, number of exemptions, and median and aggregated income of migrating tax filers.

For a variety of reasons, some tax returns cannot be matched from year to year, meaning that the IRS data undercount the number of non-migrants and migrants. The proportion counted is variable by county and over time. In most Arizona counties, the IRS count of non-migrants and in-migrants for 1999-2000 was between 70 and 77 percent of the residents counted in the 2000 census, though the percentage was as low as 56 in La Paz County and as high as 89 in Santa Cruz County. The percentage in all counties was lower than that in 1990.

During the 1980s, the IRS interstate migration data accounted for approximately two-thirds of the total net migration to Arizona, as calculated from the 1980 and 1990 decennial censuses and birth and death data. Adding in "foreign" migration counted by the IRS (legal U.S. residents, such as military personnel, moving between a U.S. state and another country) puts the proportion around 70 percent. In the 1990s, however, the proportion (including "foreign") counted by the IRS fell to just less than one-half. While various

reasons may account for this decline in share, the largest cause likely is an increase in immigration to Arizona during the 1990s. According to Immigration and Naturalization Service data, legal immigration to Arizona in the 1990s was modest. Thus, it appears that the much higher population growth in the 1990s resulted from undocumented immigration during the 1990s that was much higher than during the 1980s. The IRS data do not include immigrants from other countries. Moreover, undocumented residents may be missed on a continuing basis.

Because the IRS data are not complete, actual IRS counts are not provided in this article. However, the general patterns of interstate migration shown by the IRS data likely are accurate.

ARIZONA

Net migration to Arizona is highly cyclical, going up and down with the economic cycle (lagging slightly behind the economy). The IRS net interstate migration data clearly show this cyclicity. The most recent peak net inflow was during 1994-95. After lowering for three years, the number remained nearly the same in the last two years of the decade at a level about a third lower than the peak. Net migration at the end of the decade was equal to the median annual value of the last 20 years. The cyclicity of net migration results from ups and downs in both inflows and outflows. In-migration last peaked in 1994-95, but the decline from this peak was modest during the next five years. Out-migration reached a low point in 1993-94, then rose moderately through the end of the decade.

While demonstrating considerable cyclicity, the IRS net interstate migration flows exhibit only a modest upward trend. Net interstate migration to Arizona during the 1990s was only 14 percent higher than during the 1980s. In contrast, decennial census counts in combination with birth and death data suggest that total net migration to the state during the 1990s was 60 percent higher than in the 1980s. An increase in immigration likely is the explanation.

In-Migration

In-migration to Arizona is highest from neighboring states and from populous states, as seen in Table 1. The in-migration rate (the number of in-migrants divided by the resident population of each state) is

highly correlated with distance from Arizona. All of the top 10 states in 1999-2000 are in the West, though neighboring California is not on the list while Alaska placed fourth. While the in-migration rate declines with distance, the rate of the drop is greater for Southern than Northern states. In particular, the in-migration rate from Illinois is high while rates from Southern states are low.

Compared to long-term medians, overall in-migration to Arizona was relatively high in the late 1990s, particularly from Atlantic Coast and Western states. In-migration to Arizona in 1999-2000 was the highest ever from Washington, Oregon, Nevada and Texas and the highest since the late 1980s among the other Western states, except California. In-migration from California peaked in 1993-94 and was substantially lower by 1999-2000, though the level still was higher than that of any year during the 1980s.

Out-Migration

Out-migration rates from Arizona also decline with distance. Neighboring states had the four highest out-migration rates in 1999-2000. Rates are particularly low to the Deep South and Mid-Atlantic regions.

While not as high as the peak in the late 1980s, overall out-migration from Arizona in the late 1990s was higher than the 20-year median, especially to the Atlantic Coast states, Colorado and Texas (and in 1999-2000 to the Great Lakes states). Out-migration flows to other states were close to the long-term median. Out-migration to California was up from the lows of the early-to-mid-1990s, but was comparable to outflows during the 1980s.

Net Migration

California accounted for one-fourth of domestic net in-migration to Arizona in 1999-2000, comparable to its share during the three prior years. In the 1980s, California's share ranged from only 4 to 15 percent, but it exceeded 40 percent for seven consecutive years from 1989-90 through 1995-96. Illinois accounted for 11 percent of net migrants in 1999-2000, while Washington, Texas and New York each accounted for between 5 and 10 percent. Net migration was above the long-term median from California, Texas, Utah, and Washington (from which it was the highest



on record). Net inflows were a little below average from many of the Eastern states.

The highest net migration rates in 1999-2000 were with some Western states and with the Northern Plains states, extending east to Wisconsin and Illinois. Net migration rates were low with all of the Southern states and with Colorado, Nevada and Idaho. Arizona experienced net out-migration to Tennessee, Virginia and the District of Columbia. Net migration was near zero with Kentucky, South Carolina and Georgia.

Efficiency

“Efficiency” refers to the ratio of in- to out-migration. In 1999-2000, Arizona’s overall ratio of domestic in- to out-migration was 1.35. That is, for every four people who moved to Arizona, nearly three moved out. Efficiencies vary with the economic cycle, with IRS migration efficiencies ranging from barely more than one from 1988-89 through 1990-91 to about 1.6 in 1985-86 and 1994-95. (Efficiencies are higher when immigration and emigration are included, with a ratio of about 1.5 — three in, two out — the norm.)

Efficiencies in 1999-2000 were highest with states scattered across the northern part of the country. The largest cluster was in the Northeast, but the highest efficiencies were 2.22 with Illinois and 2.16 with North Dakota. Efficiencies were low across all of the Southeast and South-Central states and with some Western states.

ARIZONA COUNTIES

Every Arizona county except Apache received a net inflow from other states in 1999-2000, though the magnitude of the net inflow was small for some counties. Only a few counties, however, received net in-migration from other Arizona counties. Considering both intrastate and interstate migration, only eight of 15 Arizona counties received a net inflow. In some Arizona counties, intrastate in- and out-migration exceeds interstate migration and migration flows with just a few other counties are responsible for most of the total.

Maricopa County

Migration flows to and from the Phoenix area are highly cyclical. Following very low net inflows in the late 1980s and early 1990s, net domestic migration jumped, reaching a peak in 1994-95. Net inflows have fallen moderately since then as out-

migration has increased. In-migration was about the same in each year from 1994-95 through 1999-2000. Net domestic migration during the 1990s was only slightly higher than during the 1980s, though the decennial census counts and vital records indicate that total net migration was much higher from 1990 to 2000.

Among Arizona counties, Maricopa County has the lowest proportion of in-migrants moving from within the state (an average of 14 percent of total domestic migration over the last four years of the decade). Compared to other Arizona counties, migration flows to Maricopa County are highly dispersed, coming from many places across the country. Out-migration from the Phoenix area also is highly dispersed, with a low share of out-migrants moving to other Arizona counties.

Compared to the size of its population,

migration flows to and from Maricopa County are slightly less than the state average. The net in-migration rate (the number of in-migrants divided by the county’s population) is about average, the product of a higher than average net in-migration rate from other states and a slight net outflow to other Arizona counties.

Maricopa County experiences a sizable net inflow from Pima County (the Tucson area) and lesser net in-migration from Yuma and Coconino (the Flagstaff area) counties. However, a substantial net outflow to Yavapai County (Prescott and the Verde Valley), and a smaller net outflow to Gila County (the Payson and Globe areas), exists. These net outflows represent Phoenix area residents, probably disproportionately of retirement age, moving to cooler climates. In addition, net out-migration to Pinal County is increasing,

TABLE 1
MIGRATION TO AND FROM ARIZONA
Top 10 States, 1999-2000

	Number			Rate*			Efficiency
	In	Out	Net	In	Out	Net	
1.	California	California	California	New Mexico	New Mexico	Alaska	Illinois
2.	Texas	Texas	Illinois	Nevada	Nevada	Wyoming	North Dakota
3.	New Mexico	New Mexico	Washington	Utah	Colorado	Utah	New York
4.	Illinois	Colorado	Texas	Alaska	Utah	Washington	Nebraska
5.	Washington	Nevada	New York	Wyoming	Wyoming	North Dakota	New Jersey
6.	Colorado	Washington	Michigan	Colorado	Idaho	Nebraska	Alaska
7.	Nevada	Florida	Utah	Washington	Alaska	Illinois	Washington
8.	Utah	Illinois	Ohio	Montana	Montana	California	Connecticut
9.	Florida	Utah	Pennsylvania	Idaho	Oregon	South Dakota	Pennsylvania
10.	New York	Oregon	New Jersey	Oregon	Washington	Hawaii	New Hampshire

* Migration divided by population of state.

Source: Center for Business Research, L. William Seidman Research Institute, College of Business, Arizona State University, from Internal Revenue Service data and U.S. Bureau of the Census decennial census count.

TABLE 2
MIGRATION TO AND FROM MARICOPA COUNTY
Top 10 Counties*, 1999-2000

	Number			Efficiency**
	In	Out	Net	
1.	Los Angeles CA	Los Angeles CA	Los Angeles CA	Suffolk NY
2.	Cook IL	San Diego CA	Cook IL	Cook IL
3.	San Diego CA	Clark NV	King WA	DuPage IL
4.	Orange CA	Orange CA	Salt Lake UT	Douglas NE
5.	King WA	Cook IL	Santa Clara CA	El Paso TX
6.	Clark NV	King WA	Orange CA	Salt Lake UT
7.	Salt Lake UT	Riverside CA	El Paso TX	Lake IL
8.	Santa Clara CA	Bernalillo NM	Bernalillo NM	Hennepin MN
9.	San Bernardino CA	El Paso CO	DuPage IL	Wayne MI
10.	El Paso TX	Santa Clara CA	San Bernardino CA	Santa Clara CA

* Excluding other Arizona counties.

** Among counties with a substantial migration flow.

Source: Center for Business Research, L. William Seidman Research Institute, College of Business, Arizona State University, from Internal Revenue Service data.

but this largely represents the expansion of the Phoenix urbanized area into Pinal County in the vicinity of Apache Junction and Queen Creek, as well as some Phoenix area workers commuting from more distant towns such as Casa Grande.

Migration flows to and from Maricopa County from outside Arizona are summarized in Table 2. Generally, the greatest flows are with populous metropolitan areas in neighboring states, though the Chicago area (Cook and DuPage counties) also appears in the top 10 lists for 1999-2000. Compared to the top 10 list of net migration from four years earlier published in *AZB*, King (in the Seattle area), Salt Lake and El Paso (Texas) counties are new. The highest efficiencies tend to be with areas in the Eastern and Central parts of the country. The Chicago area stands out with Cook, DuPage and Lake counties all among the top 10. These three counties are the only ones that also were among the top 10 in the list from four years earlier.

Pima County

Migration flows to and from the Tucson area also are cyclical, but are more erratic from year-to-year than those in Maricopa County. While below the 1993-94 peak, the 1999-2000 net inflow was higher than that of the four prior years. Net domestic migration was somewhat higher during the 1990s than during the 1980s.

Intrastate migration is more important to Pima County than to Maricopa County, with higher intrastate in- and out-migration rates. Interstate migration rates are about the same as in Maricopa County. Net intrastate flows range by year from about zero to moderately negative. While experiencing a large net outflow to Maricopa County, Pima County generally receives net in-migration from most other Arizona counties, especially neighboring Cochise, Santa Cruz and Yuma. In- and out-migration flows with Maricopa County are much higher than those with any other county, but Pima County's migration flows are much more dispersed than those of any of the less populous counties.

Because of its proximity and size, Los Angeles County has been high on the list of both in-migration and out-migration. Net inflows from Los Angeles have been less than those from Cochise and Santa Cruz counties. Because of Davis-Monthan Air Force Base, "foreign" in- and out-migration flows are among the largest, but do not produce much net in-migration. The Tucson

area experiences net out-migration to the San Diego and Las Vegas areas.

Other Counties

Pinal County. Net in-migration increased during the mid-1990s then rose further in the last two years of the decade. Both in- and out-migration increased at the end of the decade. The intrastate in-migration rate in 1999-2000 was the greatest in the state, while the intrastate out-migration rate was about average for the less populous counties. Interstate in- and out-migration rates were among the lowest in the state, though the net in-migration rate was about average.

More than 40 percent of Pinal County's in- and out-migration flows are with Maricopa County, which accounts for 60 percent of the net inflows. In-migration from Maricopa County rose substantially in the late 1990s as new housing developments spread from Maricopa County to Pinal County. Migration flows with Pima County also are significant, though far less than those with Maricopa County. In the last three years of the decade, out-migration to Pima County slightly exceeded in-migration. Pinal County did not have a significant net migration flow with any other county.

Gila County. Net migration to Gila County was significant in the early-to-mid-1990s, but dropped to only a trickle at the end of the decade. Intrastate migration makes up a high share of the county's migration, especially that with Maricopa County, which presumably is to the county's pine-forested communities along the Mogollon Rim. Net inflows from the Phoenix area shrunk in the late 1990s while net flows with other Arizona counties went from zero to negative. Net interstate migration did not drop as much.

Yavapai County. Though peaking in the mid-1990s, net migration to Yavapai County was strong throughout the 1990s. Yavapai County's net in-migration rate in 1999-2000 was the highest in the state, the result of high in-migration and average out-migration. Net migration was more balanced between intrastate and interstate sources than in any other county. Maricopa County is the most important source and destination of migrants and provides the greatest number of net in-migrants, about one-third of the total. Yavapai also receives a significant net inflow from neighboring Coconino County and from California, especially Los Angeles and Orange counties.

Mohave County. Mohave County ranked second to neighboring Yavapai County in net migration rate in 1999-2000. Mohave's primary migration flows are with populous areas in neighboring California and Nevada rather than with Arizona, with no area dominating. Net inflows are highest from Los Angeles and San Bernardino counties; the county experiences a net outflow to Las Vegas. The county's net inflows slumped from 1996 to 1998 but then rebounded. Peak net inflows were in the late 1980s.

La Paz County. Net in-migration shifted from slightly positive in the mid-1990s to slightly negative at the end of the decade. In 1999-2000, a net outflow to other Arizona counties, especially Maricopa and Mohave, was not offset by a net inflow from other states, particularly from Southern California. Two-thirds of the county's inflows come from other states while more than half of the outflows go to other Arizona counties.

Yuma County. Significant net in-migration in the early 1990s gave way to a mix of small net outflows and inflows during the rest of the decade. In 1999-2000, net in-migration from other states, especially from neighboring Imperial County in California, was canceled by a net outflow to other Arizona counties, particularly Maricopa and Pima. The in-migration rate from elsewhere in Arizona was the lowest among the less populous counties. Because of its military installations, the county has relatively high migration flows with other counties around the country that also have military bases.

Santa Cruz County. For the last six years of the decade, this border county experienced net domestic out-migration, usually of small magnitude. In 1999-2000, in- and out-migration rates with other states were low, though the net in-migration rate was average. However, the intrastate net out-migration rate was the second highest among Arizona counties. Most of this net out-migration is to the Tucson area, with a little to the Phoenix area.

Cochise County. The importance of Fort Huachuca is apparent in the county's migration flows, with overseas military bases being the largest net source of in-migration. Migration rates of all types — foreign, intrastate and interstate — are high. Net migration fluctuated during the 1990s from positive to negative, with strong net inflows from 1992-93 to 1994-95 accounting for the positive number for the decade. The county consistently experiences net

out-migration to other Arizona counties, particularly Pima and Maricopa.

Graham County. This county has the state's lowest interstate migration rates, with net interstate migration typically near zero. Intrastate migration rates are average, with small net inflows during most of the 1990s swinging negative in 1999-2000. The strongest net inflows were in the mid-1990s. Most of its net intrastate migration is from neighboring Greenlee County.

Greenlee County. After experiencing substantial net outflows during most of the 1980s, Greenlee County received small net inflows from 1990 to 1996. Small net outflows over the last four years of the decade mostly went to neighboring Graham County.

Apache County. This county largely consists of the Navajo Indian Reservation that extends into Utah and New Mexico, with population centers near the Arizona-New Mexico border. Apache County's migration flows are highly unusual, with migration rates the highest in the state. Some of the "migration" counted by the IRS may consist

of non-moving tax filers who provide the address of their tax preparer and who change tax preparers from year to year. The migration flows are highly concentrated in neighboring reservation counties in Arizona and New Mexico, particularly with McKinley and San Juan counties in New Mexico. Migration flows with these two counties fluctuate widely over time. Overall, except for two years in the mid-1990s, the IRS reports net out-migration from Apache County, of a large magnitude during the last three years of the decade and mostly to McKinley and San Juan counties.

Navajo County. After experiencing net outflows in 10 of 11 years from 1980-81 through 1990-91, Navajo County experienced small-to-moderate net inflows in each of the next nine years. Intrastate migration is disproportionately important. Net inflows from Maricopa and neighboring Apache County account for much of the total. Migration with Maricopa County probably is centered on the southern part of the county, which includes such towns as Heber, Show

Low and Pinetop-Lakeside. Net interstate migration fluctuates around zero.

Coconino County. After consistently receiving net in-migration for many years, net flows turned negative in 1997-98 and were significant in that and the following year. This helps explain why the county's 2000 census count was lower than expected (though it also appears that some of the Northern Arizona University dormitory population was missed or misallocated). Migration rates in 1999-2000 were high, especially intrastate rates. The county experiences net out-migration to other Arizona counties, especially Maricopa and Yavapai; the net outflows were unusually large in 1997-98 and 1998-99. In these same two years, net interstate migration was negative, while it otherwise has been positive. The interstate swing cannot be traced to one or a few counties.

— Tom R. Rex
Research Manager

Purchasing Managers Index slips further in June

The seasonally adjusted Arizona Purchasing Managers Index fell slightly to 41.3 in June from 41.7 the previous month. An index reading of over 50 indicates that the local economy is growing, while a reading below 50 suggests a slowdown in the overall level of economic activity in the near term.

ANALYSIS

The index shows a bottoming trend in June. Further significant deterioration of the overall index has not been noted for three months. Historically, the Purchasing Managers Index has been slower to indicate a recovery in the economy than a downturn.

The Production and Employment sub-indexes rose slightly in June. Delivery Times also improved. Offsetting these improvements were declines in the sub-indexes of New Orders, Purchases and Purchased Materials Inventory Levels.

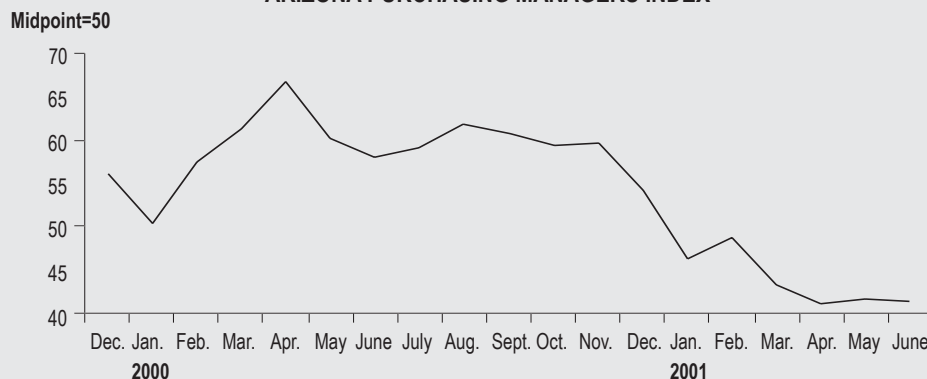
The Price Index, which is independent of the overall index, fell from 54.5 in May to 53.3 in June. This indicates less upward pressure on prices in the near term. One year ago, the Price Index recorded a level of 65.6.

— Dawn McLaren
Research Economist
Bank One Economic Outlook Center

TABLE 1
ARIZONA PURCHASING MANAGERS INDEX AND PRICE INDEX

	Jan.	Feb.	Mar.	Apr.	May	June
Overall Index	46.3	48.8	43.2	41.2	41.7	41.3
Delivery Times	52.5	48.5	56.1	52.1	48.4	50.4
Purchased Materials						
Inventory Level	45.0	43.8	49.3	44.2	43.4	33.2
Purchases	48.3	52.3	38.7	35.5	43.2	41.0
New Orders	43.8	48.2	37.9	39.3	40.0	38.3
Production	47.3	55.6	41.7	43.2	43.0	43.9
Employment	44.8	44.1	40.4	31.7	36.9	39.6
Price Index	61.8	59.8	53.8	53.8	54.5	53.3

FIGURE I
ARIZONA PURCHASING MANAGERS INDEX*



*Excludes Price Index

Source (Table 1 and Figure I): Bank One Economic Outlook Center, L. William Seidman Research Institute, College of Business, Arizona State University.



College of Business

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ARIZONA ECONOMIC INDICATORS

	Month or Quarter	Current Value	Previous Value	Percent Change Previous Period	Percent Change from Year Ago	Year-to-Date Value	Percent Change from Year Ago
LEADING ECONOMIC INDEX (1987 = 100)							
Arizona	May	111.0	110.2 r	0.7	0.5	NA	NA
PURCHASING MANAGERS INDEX							
Arizona	June	41.3	41.7	-1.1	-28.8	NA	NA
BUILDING PERMITS (Thousands of \$)							
Maricopa County	May	874,671	700,316	25	-10	4,213,518	9
Pima County	May	129,020	108,631	19	20	571,661	2
Balance of State	May	173,797	157,181 r	11	-2	760,035	5
Arizona	May	1,177,488	966,128 r	22	-6	5,545,214	7
TOTAL HOUSING UNITS AUTHORIZED							
Maricopa County	May	3,876	3,768	3	-17	20,541	-2
Pima County	May	645	653	-1	-5	3,488	-8
Balance of State	May	1,464	1,250 r	17	-11	6,484	-2
Arizona	May	5,985	5,671 r	6	-14	30,513	-3
HOME SALES							
Maricopa County - Number	May	8,890	10,030	-11.4	-11.4	40,520	-0.3
Maricopa County - Median Price(\$)	May	135,700	135,000	0.5	4.2	135,000	4.5
HOUSING AFFORDABILITY INDEXES							
Metropolitan Phoenix - New Homes	1st Quarter	98	96	2.1	7.7	NA	NA
Metropolitan Phoenix - Resale Homes	1st Quarter	117	114	2.6	7.3	NA	NA
MORTGAGE RATES (30-year Fixed)							
Maricopa County	June	6.8	6.8	0	-12.8	NA	NA
POPULATION ESTIMATES (Thousands)							
Maricopa County	3rd Quarter	2,978	2,960	0.6	2.6	NA	NA
Arizona	3rd Quarter	4,986	4,957	0.6	2.4	NA	NA
RETAIL SALES (Millions of \$)							
Maricopa County	May	2,647	2,653	-0.2	0.6	12,774	3.3
Arizona	May	3,856	3,871	-0.4	1.8	18,611	3.5

Note: The above figures reflect the latest data available as of date of publication and are subject to revision. Population figures do not reflect 2000 census data.

NA = Not Applicable r = Revised

Source: Center for Business Research, Arizona Real Estate Center, and Bank One Economic Outlook Center, affiliates of the L. William Seidman Research Institute, College of Business, Arizona State University. Retail sales data are from the Arizona Department of Revenue.