



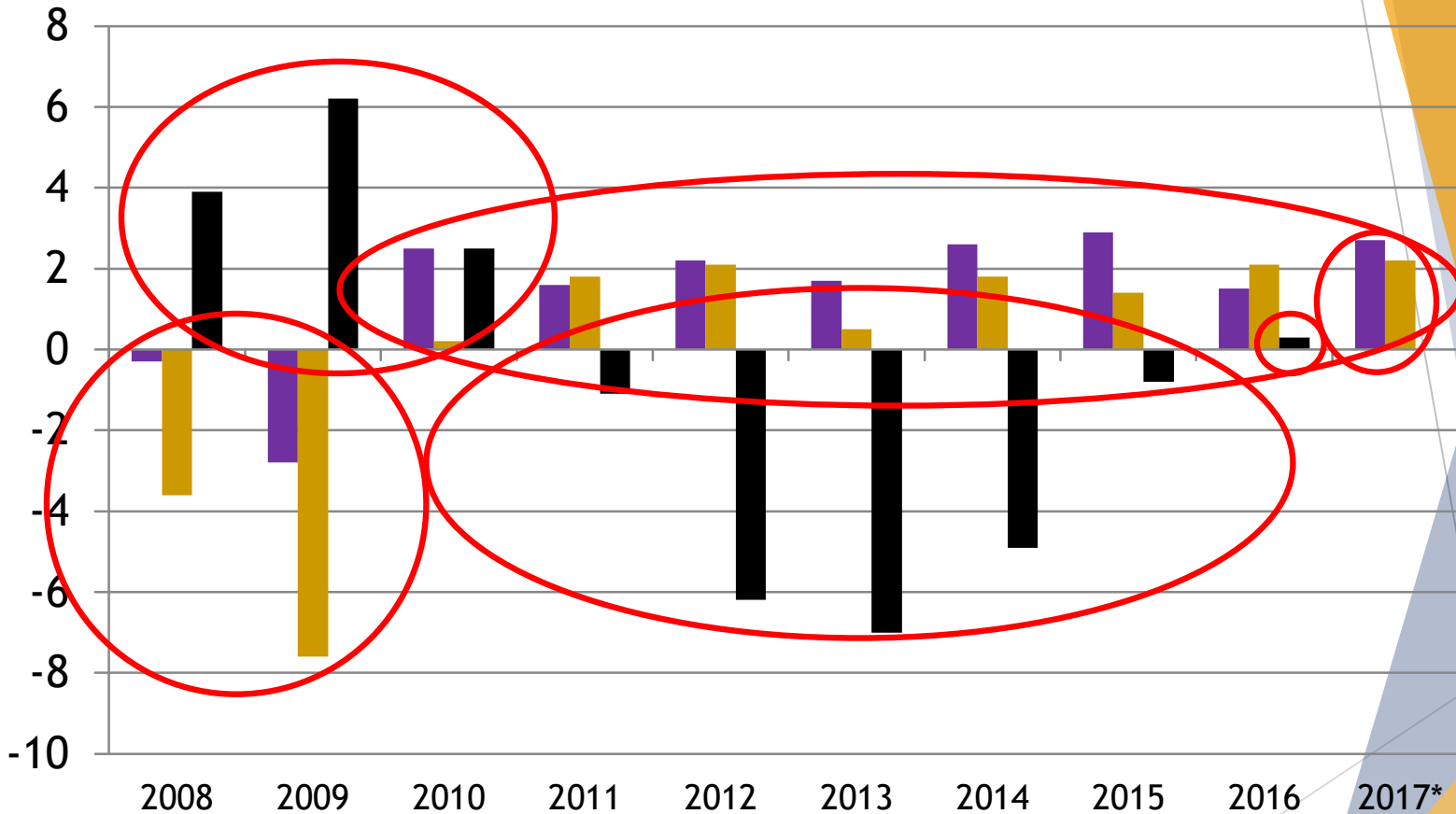
CENTER FOR ECONOMIC RESEARCH

BISBEE

Economic Outlook 2017

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Real GDP Growth (%)



■ United States ■ Arizona ■ Cochise County

* US: Q1-Q3 only;
AZ: Q1-Q2 only

Job Growth

	United States	Arizona	Cochise County
2016	1.6%	2.6%	-0.9%
2017*	1.4%	1.2%	2.6%

* October year-over-year comparison

Cochise County Jobs by Industry

	Peak	Current (OCT 2017)	Change from Peak	Change from Peak (%)
Construction and Mining	2,900 (Jun 2006)	1,300	-1,600	-55.2%
Manufacturing	900 (Oct 2008)	700	-200	-22.2%
Trade, Transportation, and Utilities	7,100 (Dec 2007)	6,000	-1,100	-15.5%
Information	700 (Mar 2011)	400	-300	-42.9%
Financial Activities	1,200 (Oct 2017)	1,200	0	0.0%
Professional and Business Services	6,200 (Jan 2010)	3,700	-2,500	-40.3%
Educational and Health Services	5,500 (Oct 2017)	5,500	0	0.0%
Leisure and Hospitality	4,300 (Apr 2008)	3,700	-600	-14.0%
Other Services	1,100 (Mar 2006)	900	-200	-18.2%
Federal Government	6,000 (Aug 2011)	4,800	-1,200	-20.0%
State and Local Government	7,700 (Jun 2008)	7,000	-700	-9.1%

Unemployment

	October 2017	October 2016
United States	4.1%	4.8%
Arizona	4.5%	5.0%
Cochise County	5.0%	5.9%
Bisbee	3.3%	4.0%

* Note: US, AZ, and Cochise County seasonally adjusted; Bisbee not seasonally adjusted

Local Labor Market Outlook

- ▶ Some stabilization & modest year-over-year job gains; private sector job growth
- ▶ Improving state & national economy = tourism
- ▶ Defense and border security spending
- ▶ The Villages at Vigneto

Retail Sales Growth (%)

	Bisbee	Cochise County	Arizona
2017*	-1.8	-0.8	1.8
2016	-8.2	-4.7	1.7
2015	-1.1	2.4	8.8
2014	-3.6	-1.0	1.9
2013	-2.3	1.5	7.3
2012	-4.5	4.5	2.5

* Jan-Aug only. Note: Inflation-adjusted to CPI-U.

Restaurant & Bar Sales Growth (%)

	Bisbee	Cochise County	Arizona
2017*	13.3	-3.4	2.8
2016	-8.9	2.3	6.3
2015	8.3	3.9	5.1
2014	4.1	1.4	7.3
2013	8.3	-0.5	2.2
2012	13.6	-4.4	5.0

* Jan-Aug only. Note: Inflation-adjusted to CPI-U.

Hotel/Motel Receipts Growth (%)

	Bisbee	Cochise County	Arizona
2017*	9.8	13.7	7.2
2016	28.6	-0.1	3.8
2015	-0.7	8.2	12.2
2014	11.9	-0.6	9.9
2013	-10.8	-12.2	0.4
2012	5.6	-17.2	1.7

* Jan-Aug only. Note: Inflation-adjusted to CPI-U.

Sales Outlook

- Retail

- ▶ Population declines, internet shopping, consumer preferences (experiences vs. things), defense spending, weak peso

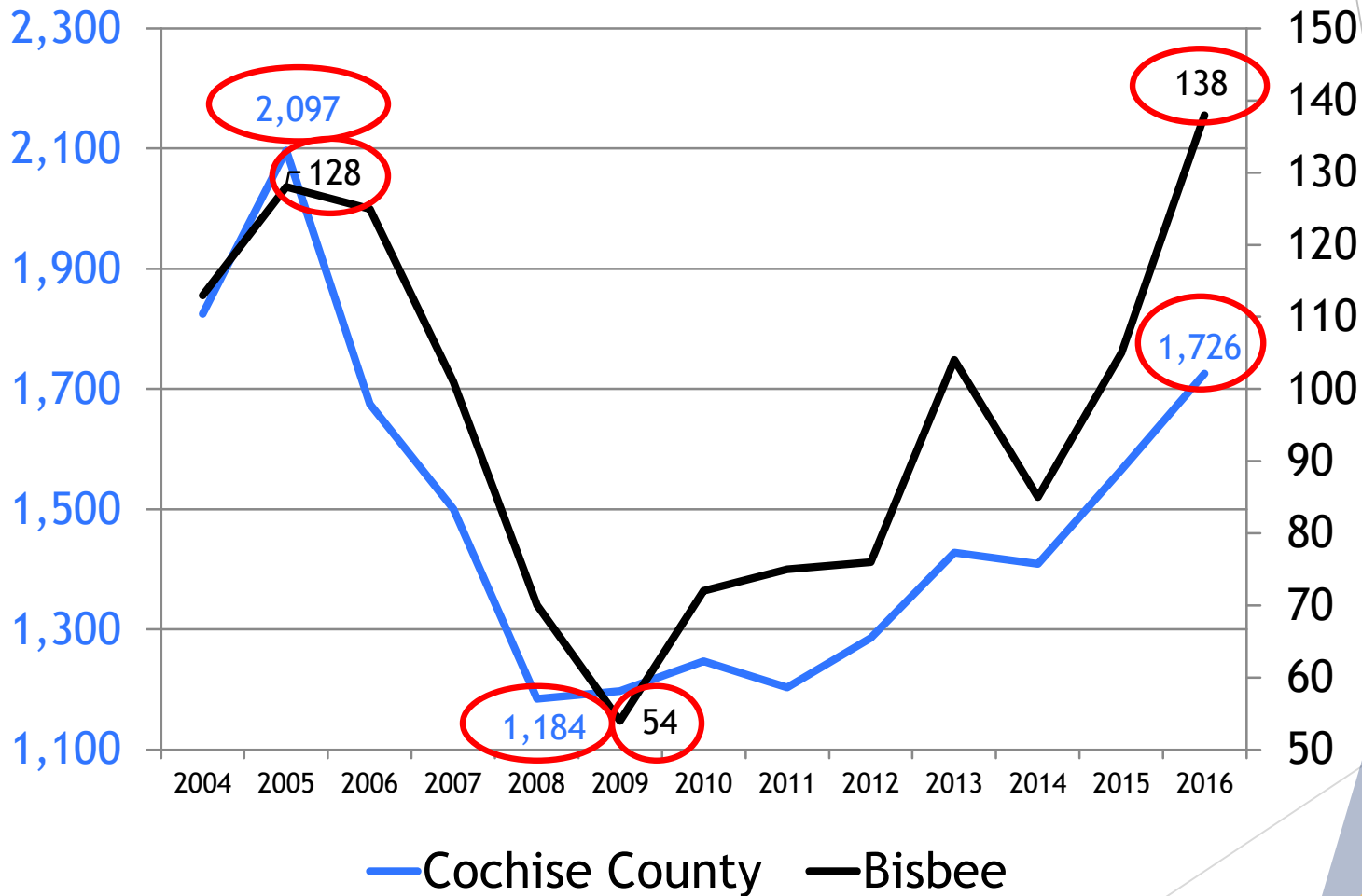
- Restaurant & Bar

- ▶ Bisbee: Continued strength
- ▶ Cochise County: Sierra Vista novelty effect wearing off; increased defense spending?

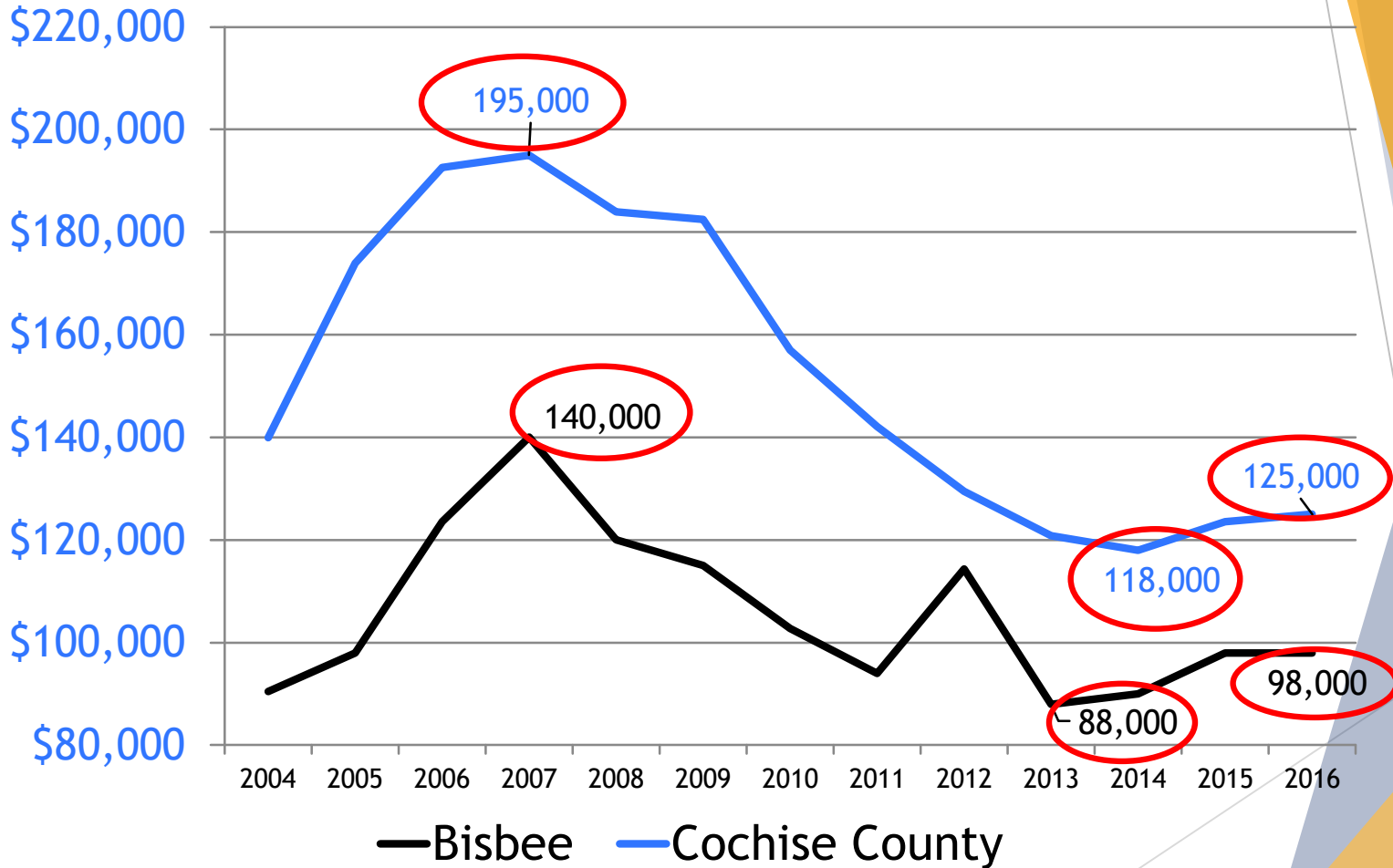
- Hotel/Motel

- ▶ Bisbee: Strong tourism
- ▶ Cochise County: Increased defense spending, tourism, and interstate traffic

Home Sales

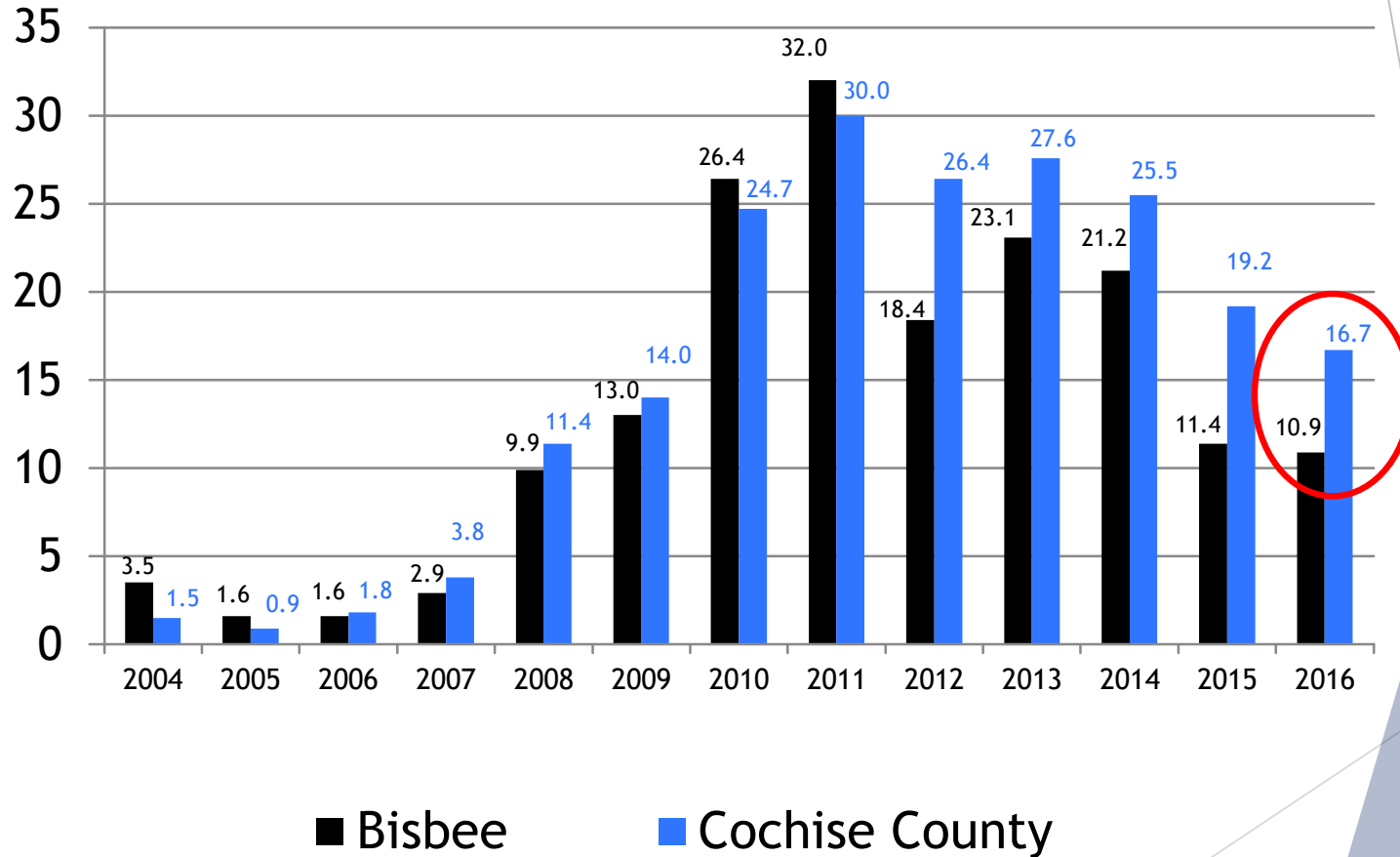


Median Home Price



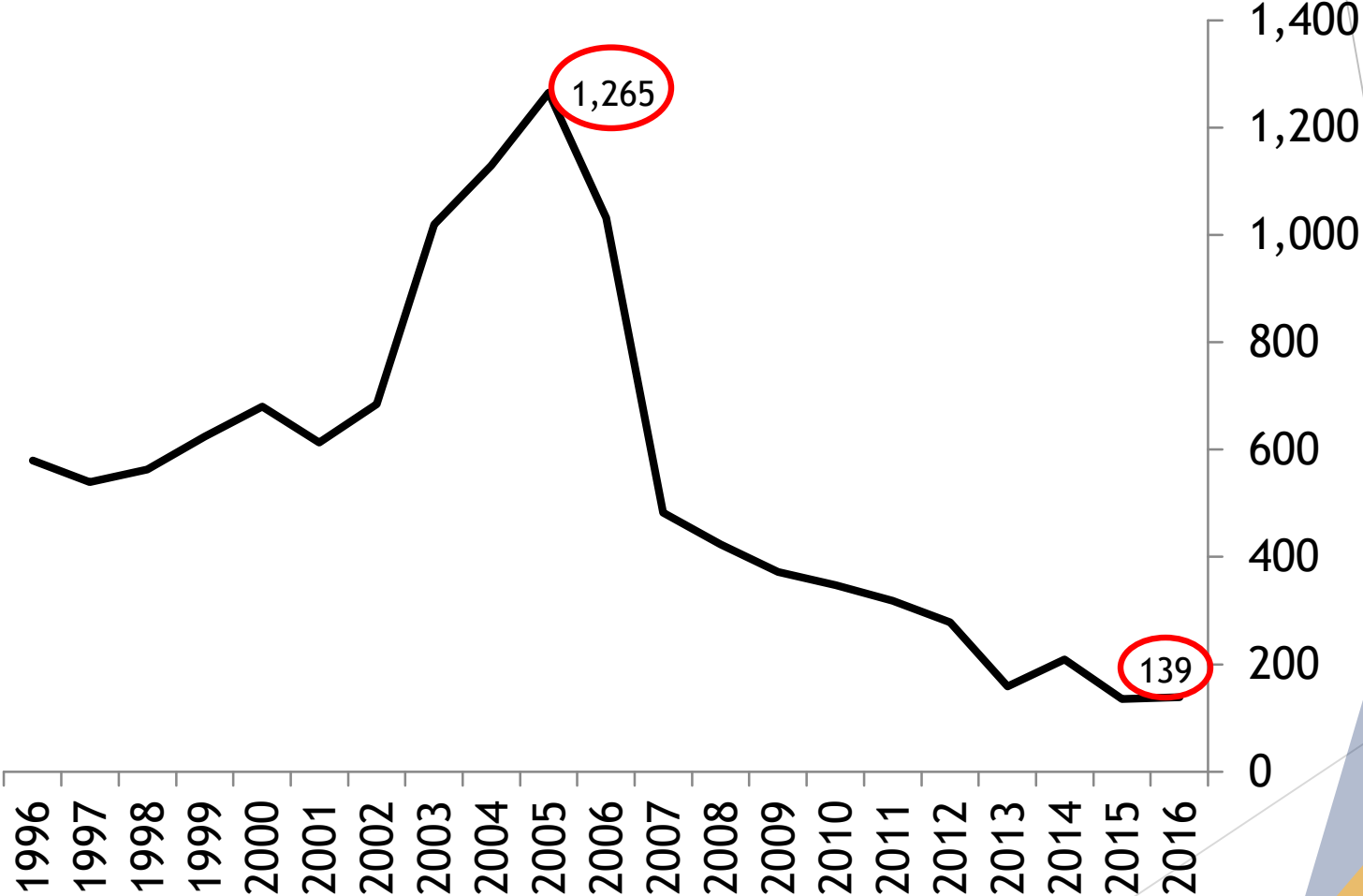
Foreclosures

(% of sales)



New Home Construction

COCHISE COUNTY



Real Estate & Construction Outlook

- Foreclosures
 - ▶ Upward pressure on sales
 - ▶ Downward pressure on prices
 - ▶ Dampened demand for new construction
- Population declines = downward pressure on new construction
- Bisbee: Several small projects
- The Villages at Vigneto

Conclusion

➤ Downside

- Population losses
- Lack of job growth
- Weak peso

➤ Upside

- Increase in defense/border-security spending?
- Improving state and national economies will continue to help tourism and travel
- Foreclosures and home values improving
- The Villages at Vigneto

THE END



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