



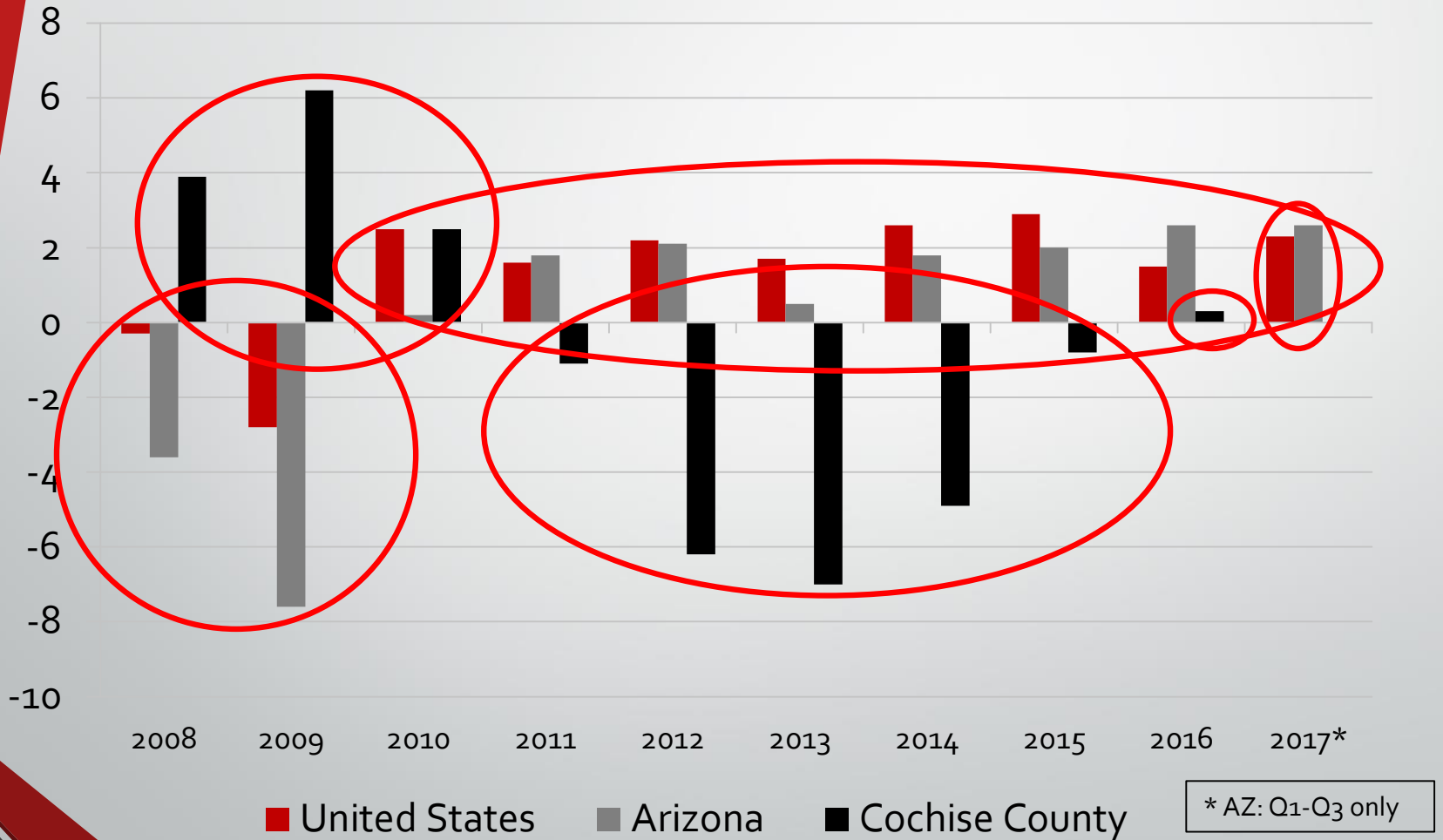
CENTER FOR ECONOMIC RESEARCH

SIERRA VISTA

Economic Outlook 2018

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Real GDP Growth (%)



Job Growth

	United States	Arizona	Cochise County
2016	1.8%	2.8%	-1.7%
2017	1.6%	2.4%	-1.2%
2018*	1.5%	2.3%	-1.8%

* February year-over-year comparison

Cochise County Jobs

	Feb 2018	Feb 2017	Change	Change (%)
Mining & Construction	1,500	1,300	200	15.4%
Manufacturing	500	600	-100	-16.7%
Trade, Transportation & Utilities	5,700	5,900	-200	-3.4%
Information	400	400	0	0.0%
Financial Activities	1,200	1,100	100	9.1%
Professional & Business Services	3,600	4,000	-400	-10.0%
Educational & Health Services	4,700	4,900	-200	-4.1%
Leisure & Hospitality	3,500	3,600	-100	-2.8%
Other Services	800	700	100	14.3%
Federal Government	4,700	4,800	-100	-2.1%
State & Local Government	6,700	6,600	100	1.5%

Unemployment

	Feb 2018	Feb 2017
United States	4.1%	4.7%
Arizona	4.9%	5.1%
Cochise County	6.0%	5.8%
Sierra Vista	5.4%	4.6%

Note: Cochise County and Sierra Vista not seasonally adjusted

Local Labor Market Outlook

- Upside
 - Some stabilization & job gains
 - Improving state & national economy
 - Defense & border security spending
 - Commercial development
 - The Villages at Vigneto in Benson
- Downside
 - Still at bottom—long way up

Retail Sales Growth (%)

	Sierra Vista	Cochise County	Arizona
2017	-0.4	0.3	1.9
2016	-2.8	-4.7	1.7
2015	4.9	2.4	8.8
2014	-1.6	-1.0	1.9
2013	3.5	1.5	7.3
Inflation-adjusted to CPI-U			

Restaurant & Bar Sales Growth (%)

	Sierra Vista	Cochise County	Arizona
2017	0.9	-1.4	3.9
2016	2.1	2.3	6.3
2015	7.3	3.9	5.1
2014	0.1	1.4	7.3
2013	-5.3	-0.5	2.2
Inflation-adjusted to CPI-U			

Hotel/Motel Receipts Growth (%)

	Sierra Vista	Cochise County	Arizona
2017	6.7	10.7	7.2
2016	5.3	-0.1	3.8
2015	20.4	8.2	12.2
2014	17.4	-0.6	9.9
2013	-28.3	-12.2	0.4
Inflation-adjusted to CPI-U			

Sales Outlook

- Retail

- Continued challenges

- Restaurant & Bar

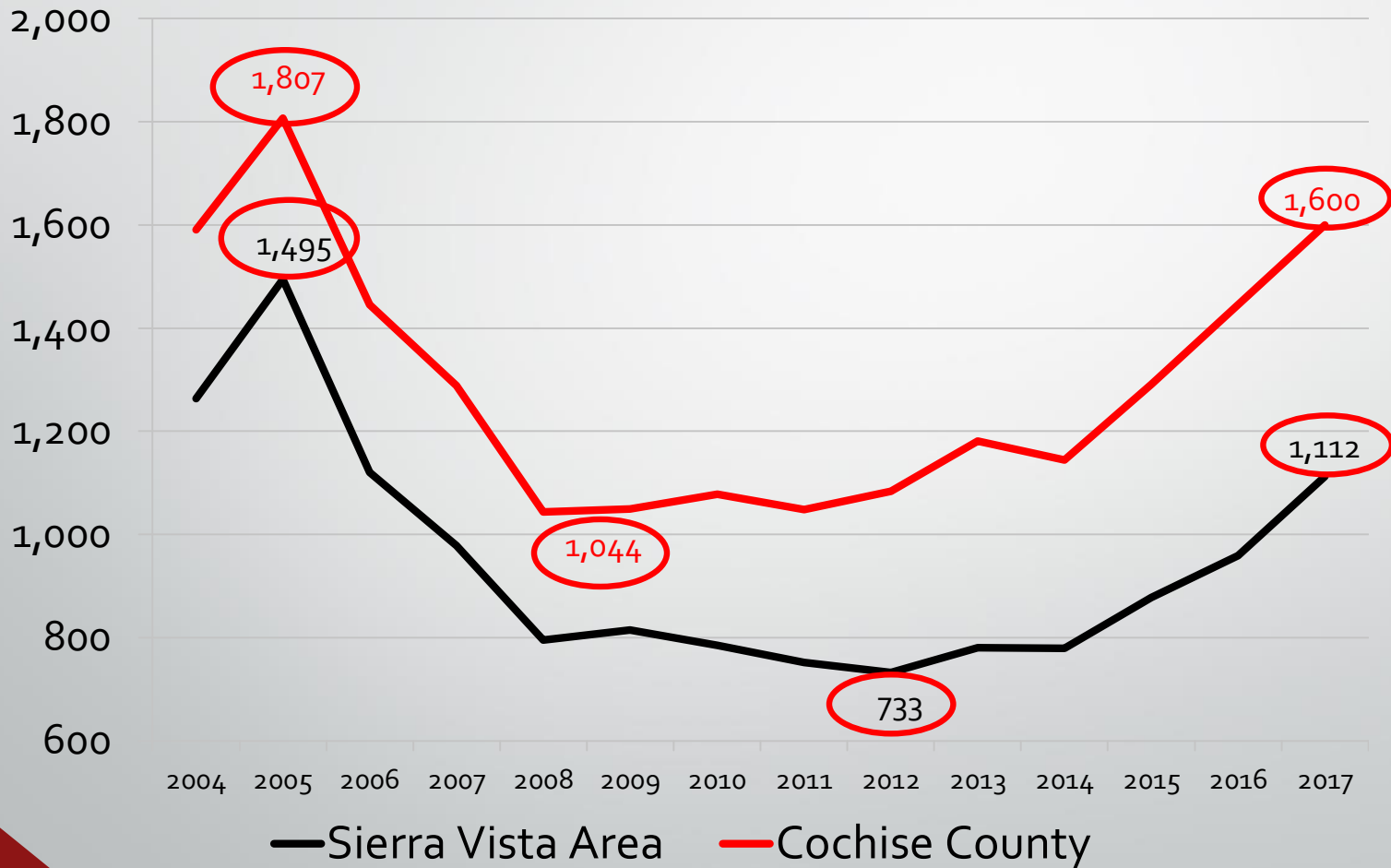
- Novelty effect
- Increased defense spending

- Hotel/Motel

- Continued strong performance likely to be helped by increased defense spending

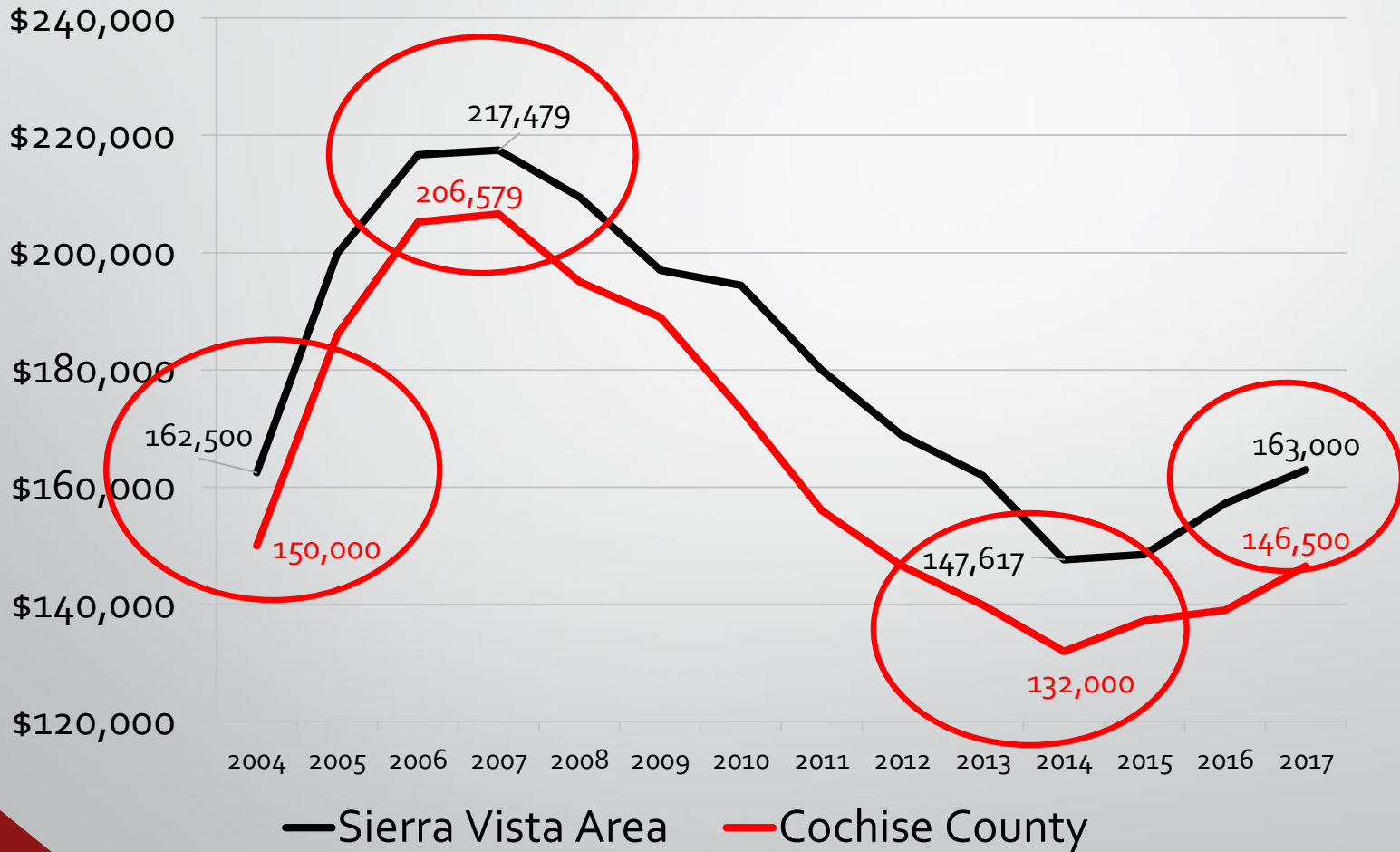
Home Sales

(site-built only)



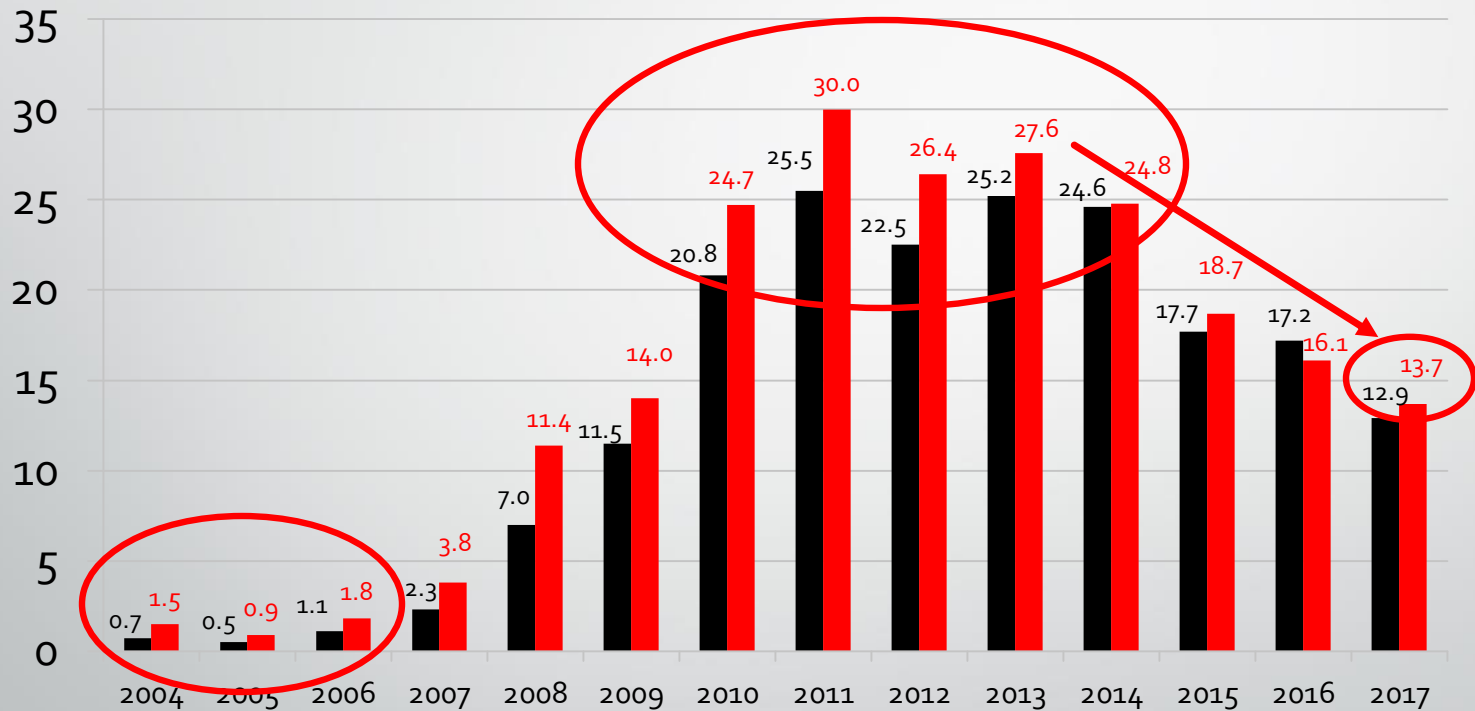
Median Home Price

(site-built only)



Foreclosures

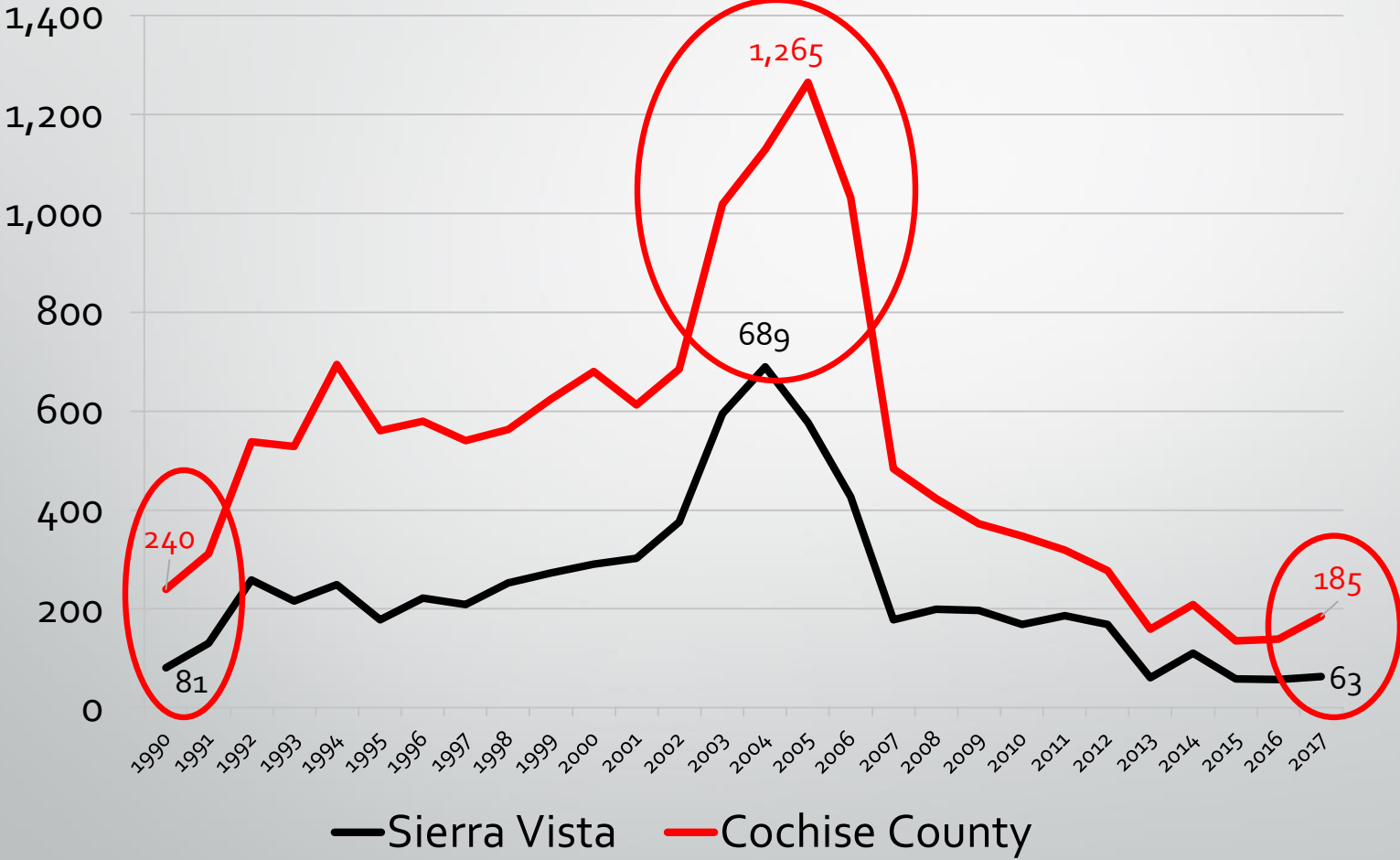
(% of sales; site-built)



■ Sierra Vista Area

■ Cochise County

New Home Construction



Real Estate & Construction Outlook

- Foreclosures clearing
- Population declines
- Tribute
- The Villages at Vigneto

Conclusion

- Still very much at the bottom, but digging out
- Job growth remains problematic
- Retail still struggling, hospitality doing well
- Homes sales doing well, new construction lagging
- Foreclosures clearing from the market = rebound in home prices & eventual rebound in construction
- Defense spending
- Benefits from strong state & national economies

THE END



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