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## SPEAKERS

NPR promo, Christopher Conover, Danny Seiden, Christina Ramirez, Natalie Para, Nicole Cox, Rebekah Streeter, Bianca Schroeder, George Hammond, Samantha Callicutt

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### C Christopher Conover 00:03

Welcome to The Buzz. I'm Christopher Conover. This week, Arizona's record labor market, Arizona's unemployment rate ticked up a tenth of a percentage point last month to 3.4%, marking three consecutive months below three and a half percent. And if that number sounds low, you're right. Arizona has never before experienced unemployment under three and a half percent, and the state set a record in June when unemployment reached 3.3%. So how is the fact that almost every Arizonan who wants a job has one affecting our economy? We begin today's show with a frequent guest, Dr George Hammond. He's the head of the Economic and Business Research Center at the University of Arizona. I started by asking him, if record low unemployment is as good a situation as it sounds.

### G George Hammond 01:05

Arizona's labor market is really tight these days. You know, the unemployment rate is, you know, down significantly, massively, from where it was during the pandemic. In July, it was actually statistically significantly below the national average, which was at 4.3% compared to 3.4 for Arizona. So the labor market is tight, but that's a double edged sword. So for workers, that's that's usually a good thing there means lots of job opportunities, means rising wages, but the other side of the coin is the employer perspective. And from the perspective of employers, it's not always such a great thing, because it means that we have to work a lot harder to attract and retain the workers that we need. So you know, Arizona's labor market is in very good shape. We're generating jobs well above the national average, and the unemployment rate's low. But you know that comes with, you know, pluses and minuses, depending on who we're looking at.

### C Christopher Conover 02:15

So what are some of those pluses and minuses?

G

George Hammond 02:19

Well, overall, we're seeing wage growth at a, you know, a solid pace. It's not as fast as we saw, you know, coming out of the pandemic when labor markets were, you know, really struggling. But overall, you know, wage growth is solid around Arizona, particularly has been strong for lower wage occupations like leisure and hospitality, so the travel and tourism sector, that's the good news. Also good news is there are plenty of job opportunities out there for people who want to switch jobs or are looking for a job for the first time. So college graduates, this is a good time to be finishing up and then hopefully hit the labor market next May, when things will still be looking pretty good, which I think it will, You know, where it's not so good, as when you're an employer. And you know, the flip side of that that pay coin is that employers are having to pay more for workers, that can translate into rising prices, which you know, has been a concern for all of us. So even though inflation is really moderated nicely. But you know, it's there are, there are things to deal with.

C

Christopher Conover 03:27

So what put Arizona into this situation of low unemployment? This is, as you said, statistically significant at one point in comparison with the rest of the country.

G

George Hammond 03:39

Yeah, overall, Arizona's has been in pretty good shape since we started recovering from the pandemic. We recovered from the pandemic well before the national economy did, particularly up in Phoenix. Tucson took a little bit longer to get back to that pre pandemic peak. But overall, you know, job growth even in Tucson has been pretty solid. Coming out Phoenix has been, you know, strong, and on average for the state, it's been, it's been good. And you know, what's been driving that is a national economy that's in pretty good shape. You know, the construction sector has been rebounding, even though housing affordability is down significantly. Overall, we've dealt pretty well with the increase in interest rates that we've seen over the past couple of years. We have seen impacts. Manufacturing jobs are actually down over the year, not so much in the computer and electronic product sector, which you know, will eventually reflect those semiconductor jobs that are coming online and will come online as we look forward over the next couple of years. But other sectors are interest rate sensitive in manufacturing, and they have, they have lost some jobs. The leisure and hospitality sector actually is down over the year, and that's been kind of struggling to rebound after the initial bounce back from the pandemic. And then information jobs are also down over the year, and those are includes your local cell phone store. That would include, you know, the private sector media jobs in television, radio, newspapers, but where we've seen the weakness is in kind of the web publishing or the higher tech end of that sector, and that sort of reflects what we're seeing nationally, with job layoffs at some of the big tech firms that we're seeing some of that in Arizona as well.

C

Christopher Conover 05:38

Right, and the reason it is the number one state and not the number one state all over the country is that of course

Right, we've seen it in the public sector and public media, also all over the country, lots of folks getting laid off so far. Knock on wood, not here at AZPM. So in 2016, Arizona passed a minimum wage referendum. Proponents of that said, it's always great, you know, rising tide helps all all employees, but opponents say, no, no, that kills jobs. We've seen inflation helping to raise that minimum wage. Then we had the pandemic, unemployment keeps going down. Can we tie the minimum wage change and unemployment going down or are these two separate things that we've been seeing? I don't

**G** George Hammond 06:34

think there's any connection between between those two things. You know, we have seen minimum wages come up pretty significantly. For the most part that's that's been surpassed by market wages. So the, you know, coming out of the pandemic, labor markets are so tight that that wages have have, you know, in many cases, risen above what the what the minimum is. So I don't see the minimum wage as restricting job growth at all at this point and at the current level that minimum wages are at.

**C** Christopher Conover 07:08

As you said, the post pandemic years, Arizona came out pretty well, where a lot of other states were struggling for a while. Does this keep going for Arizona, or is there another hurdle out there that we're going to have to go over at some point in the relatively near future?

**G** George Hammond 07:29

There will be a hurdle at some point.

**C** Christopher Conover 07:31

There always is.

**G** George Hammond 07:31

Yes, we don't know when that's going to happen. And you know, the most likely hurdle would be a national downturn driven by per you know, perhaps the Federal Reserve keeps interest rates for too long and tips the national economy into a into a downturn. Now I don't think that would cause, and if it's a moderate or, you know, a modest, US recession, I don't see that that tipping Arizona into a recession at all. Arizona is in much better shape now, much more balanced than it was, say, in 2005-2006 right before the great financial crisis, which put, you know, Arizona in a very, very severe downturn. I think we're in better shape to weather, you know, a modest national downturn this time. But, you know, it would kind of take the wind out of our sails a little bit. And overall, Arizona's growth would would slow.

**C** Christopher Conover 08:27

The Great Recession, as it was called. One of the things that hit Arizona was the the housing bubble burst. How does Arizona look on the economic side when it comes to housing? We see rents going up pretty astronomically. We also see that all over the country. So how is Arizona looking economically when it comes to housing, be it ownership, building, renting?

**G** George Hammond 08:53

Overall. You know, we saw huge house price increases and rent increases in in 2021 going into 2022. That, those increases have slowed. But you know, the level of house prices and the level of rents are are far above where they were before the pandemic began. So housing affordability remains, tou know, a big issue, and housing affordability was was reduced significantly because house prices rose so fast and and because interest rates increased. So, you know, the the overall at the same time, we've seen significant increases in housing permit activity. Weakened a little bit last year, but it looks like it's going to be strong in 2024. So builders are busy, and they are building houses. The issue from the housing affordability perspective is that those houses are coming online at higher prices than they were before the pandemic, partly because materials prices are up and labor costs are up tight labor markets. So the you know, I don't think we're going to see relief very soon for housing affordability, I think it will take time for incomes to catch back up to where house prices and rents are now.

**C** Christopher Conover 10:08

Could that make it down the road? Or maybe we're seeing starting to see it now more difficult for employers to attract people in, because employers budgets are what they are, and housing prices are going up. So does that make potentially make their lives more difficult?

**G** George Hammond 10:25

I think we will see some of that. Arizona's cost of living advantage, particularly its housing affordability advantage, has deteriorated significantly against some of the other Western metropolitan areas, like Denver, Salt Lake City, metros in Texas, but we still have a huge housing affordability advantage over where we draw most of our migrants, or at least the state that contributes the most migrants to Arizona each year is California, especially southern California. And housing affordability is much, much better in Arizona than it is there. So I think we're going to continue to attract people and employers from across the country, from around the West, and particularly from Southern California and California more generally.

**C** Christopher Conover 11:14

All right. Dr. George Hammond, thanks for swinging by before classes get going at the university.

**G** George Hammond 11:19

Yeah, my pleasure,

**C** Christopher Conover 11:20

That was University of Arizona economist Dr George Hammond. This week, we sent azpm student journalist Samantha Calicutt to a job fair in Tucson to talk with participants. Here's a job seeker she spoke with while there.

**R** Rebekah Streeter 11:37

Yes, my name is Rebekah Streeter, S T, R, E, E, T, E, R, and Rebekah is also weird as R, E, B, E, K, a, H,

**S** Samantha Callicutt 11:46

awesome. Okay, thank you.

**R** Rebekah Streeter 11:47

Not awesome. I mean, thanks a lot, mom. Really annoying. But here we are. I've been a teacher for seven years and just doesn't pay enough. And you know, it's like 80 hours a week. Teaching is just so hard. You know, you deal with a lot of behavior. You deal with, like, classroom sizes of 35 kids, all that stuff. So I just knew I needed to make a change. I'm open. I like working with people. I'm also creative. I studied art in college, so it'd be nice to use those skills, but I'm really open to lots of things. I just, you know, need an income. I've applied to so many jobs. It's been like four months. I probably apply to five jobs a week or something. Usually it's online, that's what most of it is. And I rarely hear back. It's really rare. If I do hear back, it's usually a while later, and it's usually and it's always been a no so far. So it's extremely difficult to find a job right now. I, you know, learned about some new possibilities today and never really thought about like becoming a truck driver, but there were some things I heard today that was like, hey, maybe I'll think about it. You know,

**C** Christopher Conover 12:53

you're listening to The Buzz. After the break, we switch to the employer's perspective. Stay with us.

**N** NPR promo 13:01

New from the embedded podcast, female athletes have always needed grit and talent, but for decades, they've also needed a certificate. There was chit chat about, is that really a woman? And even now, they're still being checked and questioned. Their story is the newest series from CBC and NPRs embedded. It's called tested. Listen wherever you get your podcasts.

**C** Christopher Conover 13:28

Welcome back to The Buzz. I'm Christopher Conover. We're examining what Arizona's record low unemployment means for the economy. Before the break, we brought you the voice of a job seeker at a recent Tucson area job fair. Now we hear from people looking to hire at that event.

**B** Bianca Schroeder 13:48

My name is Bianca Schroeder, and I'm with the Vail School District.

**C** Christina Ramirez 13:52

Christina Ramirez, HR specialist for Vail School District.

**B** Bianca Schroeder 13:55

We're just here to just see what's out there, see what kind of people we have coming in, we have a lot of positions open, so we like to just get the vibe of people and see if they'll fit for the school district.

**C** Christina Ramirez 14:09

I feel like we are constantly and I was just actually explaining that to applicants, is that we get so inundated with so many applications that if they see a position or something that they're interested in on our website, to definitely reach out to the individual sites and the schools. And a lot of times, because they're so inundated with applications, the best thing to do is to get on that phone and call, introduce yourself and just say, hey, I'm interested in this position. I just applied for it. A lot of times. It's the first time that they're pulling that application, so you have a higher chance of getting seen and getting heard.

**N** Natalie Para 14:48

My name is Natalie Para I am a recruiter for Cirocom International. We're a language interpretation company, so we do a lot of interpretation over the phone for different companies such as medical, 911, financial institutions and many more. So right now, we are looking to hire entry level interpreters. You don't require to have the experience for it. We'll train you for it. You would just have to be fluent in English and the another language we have high demands on different languages. Suggest Spanish, Korean, Mandarin. So right now, we're trying to do the best that we can to put our name out there and get people to know our company and hopefully apply for the position. We try to support as much as we can. We try to come to events like this and let people know what we're hiring for. Also, we don't want people to feel discouraged like thinking, Oh, I may have to have the experience for it, but we're here to kind of show you more confidence and say, if you know the language, we will train you for it. Since there's a lot of people that do need your help when it comes to the language,

**C** Christopher Conover 15:52

We wrap up this week's show with Danny Seiden. He's the President and CEO of the Arizona Chamber of Commerce and Industry. I started our conversation by asking him why he thinks Arizona is at record low unemployment.

**D** Danny Seiden 16:07

It's really exciting to see us hit a record low. You know, I think we're at 3.4% in June, and, you know, then even lower in the next month. So we've been on the steady decline in our unemployment. It's directly correlated to the growth of our economy. You know, we have the fastest advanced tech manufacturing, you know, growth in terms of jobs in the entire country right now. We have the largest foreign direct investment, with TSMC coming in with \$65 billion and that those kind of capital investments are just, you know, bringing our ecosystem, you know, making it grow and get exponentially larger. And with that, of course, comes more and more jobs, and so again, we have diverse, growing economy, and that's been reflected now in unemployment, which is great. It's great to see.

**C** Christopher Conover 16:48

So the statistics, as you were mentioning, saying low unemployment, very few Arizonans lack a job. But you know, there's that old Ben Franklin quote about lies and statistics. What are you hearing from your organization's members about their efforts to hire? Are they finding the people they need?

**D** Danny Seiden 17:07

So you've hit the nail on the head. Workforce is has been the number one issue for all of our employers, almost to a T. If I start a meeting off at the chamber, and we represent, you know, the the largest conglomerate statewide employers, and, you know, in Arizona, and they all say workforce, they've been saying it for a long time. They're they were having a hard time finding the talent that they needed. Our universities and community colleges have stepped up. I mean, ASU, which now has the largest engineering class in the country, you know, they're gonna graduate over 3000 engineers. That's a huge win for them. You know, U of A is producing the right folks for quantum and AI, and they're finding talent they need there. Same with NAU in terms of hospitality and tourism, and also GCU, being the fastest growing private university in the country right now. And they become very entrepreneurial with within pipeline. And then at the community college level, I'll use not too far away from you guys in southern Arizona, we have Central Arizona College, which is in Pinal County. They formed a partnership with this state. We invested a few million dollars in them, and they created Drive 48, right? So now Arizona has pretty much a model assembly line sitting in Arizona college where people go through get a certificate, and then they're ready to get hired by Lucid and all the other electric vehicle manufacturers that have been coming through Arizona as well. So yeah, it's been tough to find the employees, but we've done a really good job of trying to line up the pipeline where it was needed. So it's gotten better.

C Christopher Conover 18:31

A lot of those jobs you were just talking about were high tech engineering jobs and things like that. Are you hearing anything about other areas of other sectors that are having trouble hiring, or is everybody seemingly moving right along, like the higher tech industries are?

D Danny Seiden 18:51

You know, it's it's gotten it's gotten better, which, of course, you know, hints to, as you noted, maybe we're feeling a little bit of a slowdown. We're a little bit concerned. A lot of that ties to what's going on with the election and other things. So, for instance, you know, it's just at a this is perfect. I was at an event today at Wilming, and they are, you know, commercial and industrial manufacturing company. And they they're building for these companies. As they move in, they're building the infrastructure, infrastructure and the ecosystem out. And they were saying that some of the people they used to do concrete and cement were for a while, bringing on 50 new people a month, and that slowed way down now. So that does hint that there's a little bit of a slowdown, but yes, I mean across all industries, right? So I just referenced construction. We could talk about, you know, not just advanced tech manufacturing, but also healthcare. Healthcare remains a total third of our economy, so we need to continue to hire and train the professionals we need in that area to match our aging population as well.

C Christopher Conover 19:45

When you talk to the folks in the construction industry which are not hiring the way they were in that one example you just mentioned, or even healthcare, do they give any hints to why they think they might be having trouble finding people?

D Danny Seiden 20:00

There was, I think, for a long period of time, if you look at the the generations go, go to the boomers, we had a lot of folks in that generation who did the trades, who put the, you know, put the time into to learn a skill, like, whether it be welding or any trade, you know, electrician, all these things. There was, for a long time, a big push on that. And then, you know, we had generations who were again, more focused on higher education, going, going the traditional four year route. And I think we realized we're really lacking for some skilled workers. So I think you look at the community colleges, you look at our certificate, you know, the programs are coming out of there, as well as the JTED. So you know, people learning crafts and trades as early as high school and finding very profitable, very entrepreneurial, successful careers. Again, we're rising to meet the demands of the market, which is kind of the way it should go, but it's just again, it's a shift. We have to recognize the need for these highly skilled workers. I mean, we've had to import a lot of them for a long time.

C Christopher Conover 20:53

I would think making sure that we've got those highly skilled workers, that's not just a today



problem. That's some company calls you as the chamber and says, I'm thinking about moving to pick your place in Arizona. Will I have the workforce? And I would think that's an important part of the discussion. Yes, we have a pipeline.

D

Danny Seiden 21:14

Oh, absolutely, absolutely. You know one, we want our homegrown pipeline here in Arizona, and we've done a very good job of that. Again, I'll even go all the way up to GCU. They've, they'll, they meet the needs of the community very well. They did this with electricians, and we've referenced what high schools and community colleges have done. But you know, something that Arizona has done that's unique, and the Chamber has worked on them with is this universal licensing recognition. So if you are a licensed trade in another state, you can move to Arizona and be, be a highly skilled worker here without having to do all of the hours requirement. We we remove those barriers of entry to our economy that was done under the prior governor. It's been continued under Governor Hobbs. And so we are welcoming these workers in. You know, if you're skilled and you can, you can contribute to our economy. Hey, we want you. We want all the talent we can get. Come to Arizona. There's space for you, and there's jobs for you.

C

Christopher Conover 22:02

You and I have just spent a good amount of time talking about the quantity of jobs. What about job quality in Arizona? How are we doing on that?

D

Danny Seiden 22:12

So again, great question, something you always want to look at. I'll jump back to the very first sector we talked about, which was advanced tech manufacturing. You know, on average, those jobs pay twice the mean of what you would find in other private sector, non farm jobs. So those are very well high paying jobs, not just at the engineering level, but also at the votech level, so the assembly line level. So these are really, really good jobs, enviable jobs. And again, there's jobs and there's careers. And when you learn one of these skills and one of these trades, you have a career. You have a whole life set out for you where you've learned such a valuable skill, even if something were to happen with your company, you can go to a different one, because those skills stay with you for life. And so these are, these are high quality jobs, and it's reflected, I will point out that, you know, we talk about those great statistics. You know, you use the Ben Franklin quote, very true. You know, you can find a statistic to say anything you want sometimes, but these are objective numbers. They don't lie. Our personal income is up six and a half percent in 2023 over the previous year. That's a good number. That's an important number, especially when inflation is now down to 3% so our personal income is beating inflation for the first time in a long time. So it's really important, and it points to the high quality of those jobs.

C

Christopher Conover 23:19

You know, the other side, it seems, and it ties to inflation, is housing. If you have great workers, they've got to live somewhere. Do you ever talk to folks in the housing industry about, hey,

what can we do to get housing that's affordable for all these workers who are in the pipeline, coming to these companies that want to work here?

D

Danny Seiden 23:41

All states that are growing have a challenge with how they accommodate the people who are moving to their state. And Arizona has been in the top five, if not top 10, for almost a full decade of net migration, meaning people are choosing to leave, say, California or New York, Chicago, Illinois, come to Arizona and start life here. So we need the housing for them. You know, we haven't built the supply that we need, so we have an overflow of demand, and that does push prices up. And you know, this is the argument that I wish people would realize we just need to build more. It's not that the builders don't want to build more. They're encountering different regulatory issues at the city level, at the state level, level, and we were the only state in the only state in the country that requires 100 year water assurance, so we have all these hurdles to get through, and it's really slowed the building that we need. And a state that did it faster than us was Texas. You know, if you look at Austin, they've had tremendous economic growth, but their housing market is down. It's down double digits because there was an overbuild, which, again, kind of proves what we always say, this is a supply and demand issue. If we could build more, prices would come down, and people would have more access to different options. We also need to see interest rates come down a little bit too to help lower the cost of capital. So there's a lot going into housing right now. But again, the number one thing is we just need to build more. It's not complicated.

C

Christopher Conover 23:42

It seems like a lot of the things work. Talking about are tied to the state, be it the state universities, things the governor or the previous governor have done, interest rates, which are partially controlled by the federal government., you know, through the Fed, what can business do to help business?

D

Danny Seiden 25:17

That's what we do at the Chamber. So I love that you asked that question. You know, we do bring our business leaders together. We do bring the various, you know, departments within some of the largest employees together, and they share what's happening with their their companies, with the problems, what the challenges are, and they share best practices. So what businesses could do is again, continue to communicate what their needs are. They they know better than the government does, what the smoke of the distant fire is, right? What problems are on the horizon, and when they share that with us, we try and solve those in a proactive way, rather than a reactive way. So if we know that \$65 billion of foreign direct investment, largest in US history, is happening in Arizona, we need to make sure we have the ecosystem built out. We need to make sure that the schools will be the they need, that we have the right policies in place, that the legislature is, you know, clearing any skilled, you know, licensing needs that that's the kind of stuff we need. We need to hear what's keeping them up at night so that we can help them sleep at night.

**C** Christopher Conover 26:08  
All right, well, thanks for spending some time with us.

**D** Danny Seiden 26:11  
No, this was great. Can I just give one, one warning to, you know,

**C** Christopher Conover 26:14  
of course,

**D** Danny Seiden 26:15  
Everyone who's listening, you know, all the great momentum that we're having, you know, seeing good record unemployment right now. That's fantastic, but we've seen this in our in our other states. I've mentioned a couple. I mentioned California and New York. Bad policy is all you need to kill this momentum. The wrong you know legislation that passes the wrong idea that takes hold and this growth and economic success Arizona's having can come to a screeching halt. So that's why the chamber exists to fight for good ideas and fight against bad ideas, and there's plenty of them out there, so thanks for the time to talk about that.

**C** Christopher Conover 26:45  
That was Danny Sidon with the Arizona Chamber of Commerce and Industry, and that's The Buzz for this week. You can find all our episodes online at [azpm.org](http://azpm.org) and subscribe to our show. wherever you get your podcast, just search for The Buzz. Arizona. We're also on the NPR app. Zac Ziegler is our producer, with production help this week from Samantha Calicutt. Our music is by Enter the Haggis. I'm Christopher Conover. Thanks for listening.

**N** Nicole Cox 27:27  
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