

Phoenix named No. 1 market for job growth

The Business Journal of Phoenix - September 14, 2007 by [G. Scott Thomas](#) The Business Journal

It's easy to forget that just a half-decade ago, America was reeling from an economic double whammy: the dot-com bust and the 9/11 terrorist attacks.

But despite the national housing slowdown, there's no other city in the U.S. where the recovery has been stronger than Phoenix, which is the nation's hottest employment market, according to a new Bizjournals study.

"Phoenix has seen a real boom, and it has been broad-based," said Austin Litvak, an associate economist with Moody's **Economy.com**, an international research firm. "The economy (in Phoenix) really took off in 2004 and '05, largely due to the housing market and the large number of people moving into the area."

Despite a recent softening in those job gains, Phoenix is still well out in front.

The area has expanded its employment base by 23.4 percent since 2002, almost quadrupling the national rate, according to the study. Its five-year influx of 325,100 private-sector jobs topped the nation, with Washington's gain of 245,400 a distant second.

To analyze employment trends in the 100 largest U.S. labor markets, Bizjournals used a nine-part formula fueled by midyear data compiled annually since 2002 by the U.S. Bureau of Labor Statistics. The 100 markets, taken collectively, accounted for roughly two-thirds of the nation's 116.9 million private-sector jobs as of June 2007.

Phoenix Mayor Phil Gordon attributed the area's top ranking to a focus on expansion.

"We're a business-friendly city that realizes as businesses prosper, the city of Phoenix will prosper," Gordon said. "Phoenix is a city that is progressing and moving forward compared to older cities that have lost their momentum, lost their opportunities and are deteriorating."

While Phoenix added an average of 68,000 private-sector jobs each year from 2002 to 2006, the number of jobs added in 2006-07 dropped to 52,900. The slowdown has been attributed in part to the slumping housing market.

"The housing market is going through a correction now," Litvak said. "But when it stabilizes, we believe Phoenix will begin accelerating again."

There's a strong Western flavor to the resulting list of America's hottest employment markets:

- Right behind Phoenix is No. 2 Salt Lake City, where the number of private-sector jobs has soared 11.3 percent since 2005, the nation's fastest growth rate during the past two years.
- Boise, Idaho, occupies third place. It has the lowest unemployment rate among the 100 markets in the study: 2.1 percent.
- Riverside/San Bernardino, Calif., is fourth. The area commonly known as Inland Empire has added 233,200 jobs since 2002, outperforming all markets except Phoenix and Washington in that category.

Rounding out the top 10 are Houston; Dallas/Fort Worth; Las Vegas; Austin, Texas; Cape Coral/Fort Myers, Fla.; and Tucson.

Las Vegas was prominent in Bizjournals' previous lists of hot labor markets, ranking No. 1 in 2005 and No. 2 in 2006. But a recent slowdown pushed it to seventh place this time. The city has added an impressive total of 191,000 private-sector jobs since 2002, but only 13,100 arrived during the 2006-07 span. The latter count was 39,800 below Phoenix's one-year increase.

"The difference is that Las Vegas is a one-trick pony," said Elliott Pollack, president of Elliott D. Pollack & Co., an economic-consulting firm in Scottsdale. "Las Vegas is driven by the gaming industry. If gaming cools off, the whole area cools off. Phoenix has a much more diversified economy."

At the bottom of Bizjournals' rankings is Detroit, the coldest job market in America. Domestic automakers have struggled under the weight of inventory backlogs, high gas prices and foreign competition. Detroit, which remains heavily dependent on the auto industry, has lost 104,000 private-sector jobs since 2002.

The runners-up on the list of coldest markets are New Orleans, which was devastated by Hurricanes Katrina and Rita in 2005; and Youngstown, Ohio, which is saddled with an aging

manufacturing sector.

All contents of this site © American City Business Journals Inc. All rights reserved.

Because Phoenix is so economically diverse, Gordon said, the city need not worry about falling from grace.

"Not only will existing businesses continue to prosper, but we will see new, emerging businesses start to branch out and make jobs available as well," he said. "So, we haven't seen anything yet."

The Business Journal's W.J. Hennigan contributed to this story.

[Contact the Editor](#)

[Need Assistance?](#)

[More Latest News →](#)
