



Greater Phoenix Chamber  
Arizona Business Index  
Quarter 3 report

Powered by OH Predictive Insights



Presented by



**GREATER PHOENIX  
CHAMBER**

Platinum Sponsor:



Gold Sponsor:



Delivering water and power®

# What Is the Arizona Business Index™?



## *Information. Interpretation. Illumination.*

The Greater Phoenix Chamber Arizona Business Index™ (ABI™), powered by OH Predictive Insights (OHPI), measures and interprets the health of the Arizona economy from the perspective of the Arizona consumer. The Index reflects consumers' perceptions of both current economic conditions and future expectations. In addition to consumer sentiment, the ABI™ provides insight into current public opinion regarding housing and automobile sales, the job market, the economy, and the personal credit card debt of Arizonans. ABI™ is the first statewide index to focus on consumer indicators.

ABI™ uses the same questions and formula created by the University of Michigan for its Consumer Sentiment Index (MCSI). The baseline of ABI™ was conducted in March 2020 and is updated quarterly.

## Quarterly Key Takeaways



### Consumer Sentiment Remains the Same

While the Q3 Consumer Sentiment trends up monthly during Q3, overall it remains the same from Q2 to Q3

### Housing Confidence Rose Sharply

Arizonans feel very optimistic about the housing market throughout Q3

### Job Satisfaction Increase

Arizonans are enjoying their work as job satisfaction levels rose six points back to pre-pandemic levels

# Consumer Sentiment Index

# AZ Consumers Are More Confident About the Current Situation

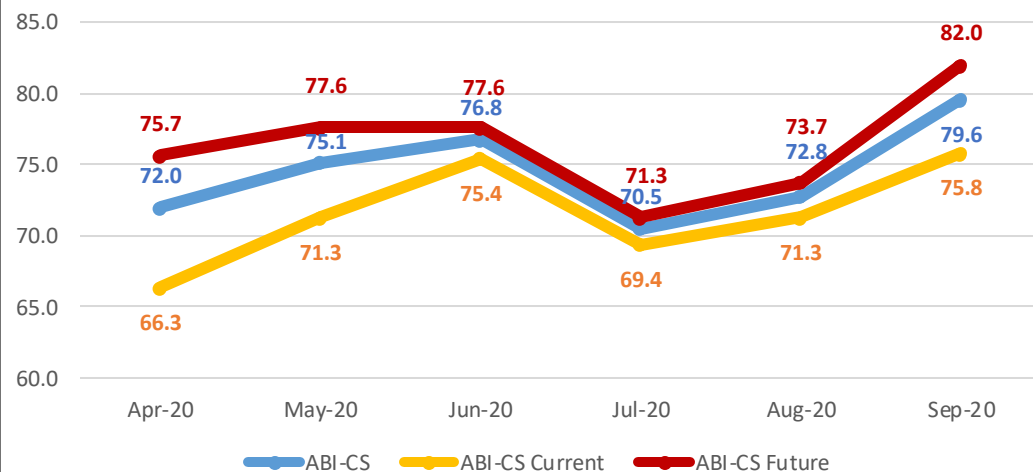


	ABI-CS™	ABI-CS™ Current	ABI-CS™ Future
Q2 2020	74.5	70.9	76.9
Q3 2020	74.4	72.4	75.7
Quarterly Change	▼0.15	▲1.51	▼1.22

## The consumer confidence level remains the same in Q3

The Arizona Business Index of Consumer Sentiment™ (ABI-CS™) slightly dipped 0.15 points to 74.4 in consumer confidence since Q2. The ABI-CS™ dropped in July, when AZ had a notable increase in COVID-19 cases, and rebounded in August and September, leaving the quarterly index unchanged.

## ABI Monthly Trend Q2-Q3 2020



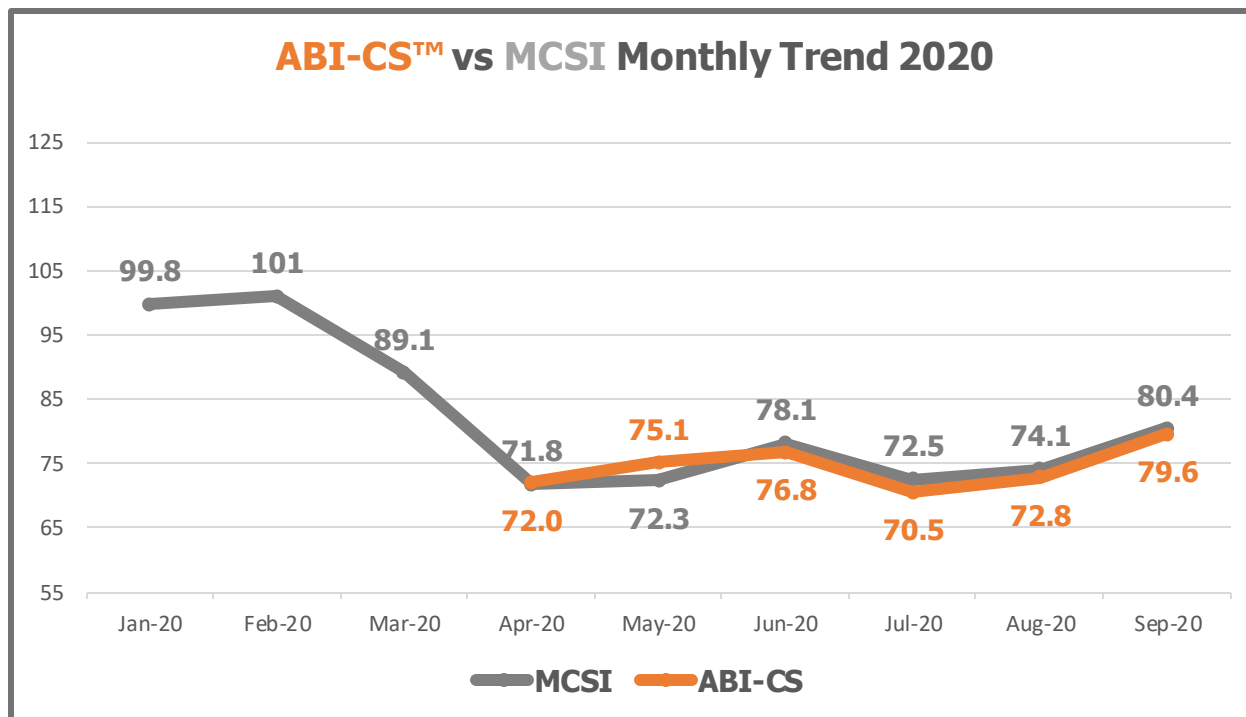
## Current confidence rose while future confidence dropped in Q3

Overall confidence for the Future Index dropped from Q2 to Q3 due to a drop in July but trended upward through September, well above Q2.

# ABI-CS™ and the National Consumer Sentiment Index Reflect Similar Trends



- During Q3 both the University of Michigan Consumer Sentiment Index (MCSI) and the ABI-CS™ reflect a drop in July and a rise in the following months.
- However, once that was addressed Arizona became almost even with the national average as both the ABI-CS™ and the MCSI trend upward throughout Q3, showing consistent growth in consumer confidence in Arizona and the nation.



# As National Current Consumer Sentiment Rebounds, Arizonans Believe the Future Looks Bright



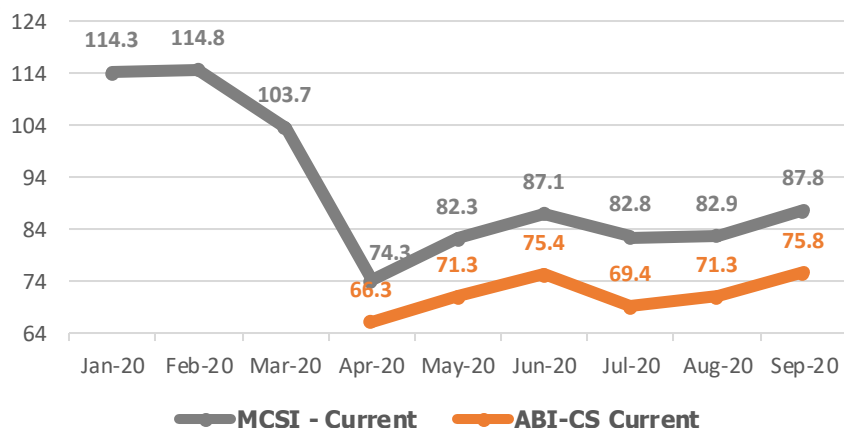
## Current consumer sentiment Q2 trends are similar for Arizona and the U.S.

- The ABI-CS™ Current Index dropped six points to 69.4 in July but rebounded to 75.8 in September, reflecting an uptick during the pandemic.
- The MCSI Current Index decreased 4.3 points to 82.8 and rebounded to 87.8 in September. National sentiment has a similar trend but is more positive than the ABI-CS™ Current Index.

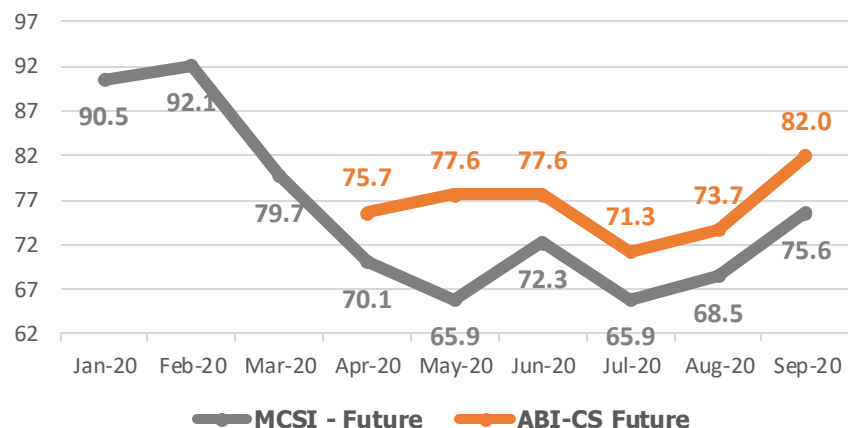
## Arizonan's future expectation is much more positive than the national future expectation

- The MCSI Future Index decreased 6.4 points to 65.9 and rebounded to 75.6 in September.
- The ABI-CS™ Future Index coincided with the MCSI Index, dropping 6.3 points to 71.3 in July. However, in September, Arizona rebounded stronger than the national index, rising to 82 - the highest point since April.

**ABI-CS™ vs MCSI Current Monthly Trend 2020**



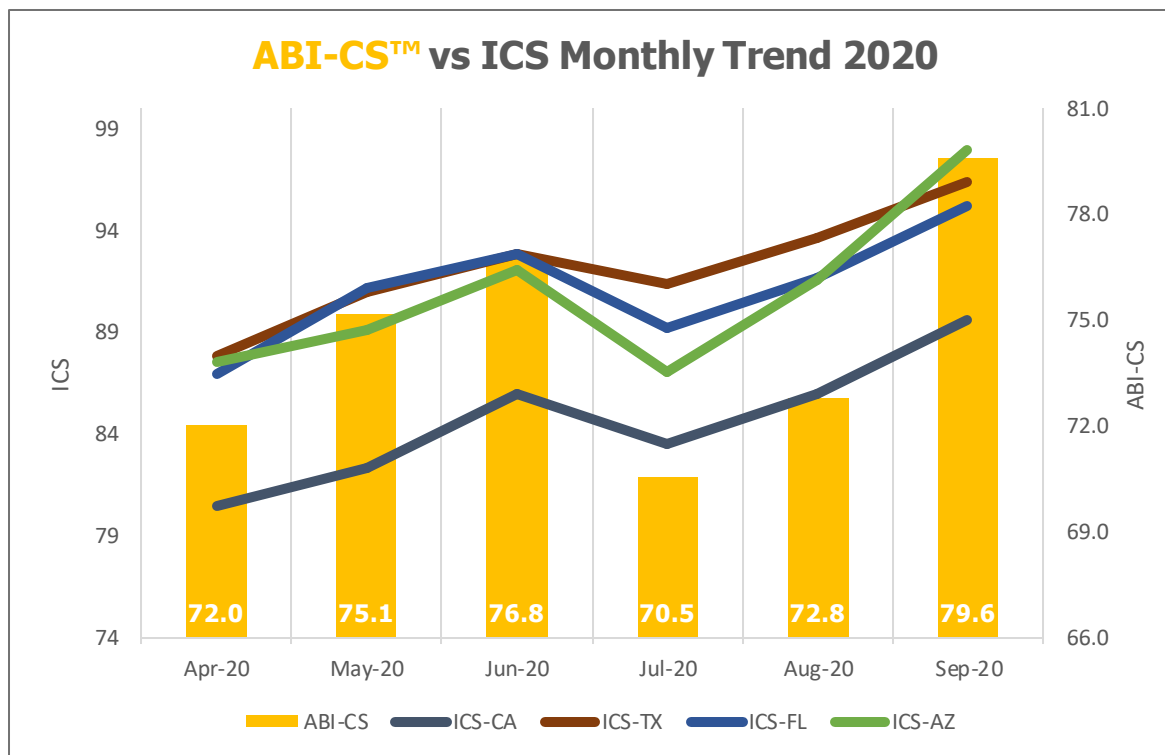
**ABI-CS™ vs MCSI Future Monthly Trend 2020**






# Arizona Trends Similarly to Other Core States, but Rebounded Stronger and Faster

- Comparing the ABI-CS™ bar chart and the Morning Consult (ICS) line chart, Arizona dropped more than other core states in July.
- However, Arizona rebounded stronger, growing over 12% from July to September, while California grew 7.3%, Florida grew 6.7% and Texas grew 5.47%.



\* ABI-CS™ and Morning Consult's U.S. Index of Consumer Sentiment (ICS) both use the same questions that University of Michigan Consumer Sentiment Index use to create the Consumer Sentiment Index. The main reason that ABI-CS™ and ICS use the different axis is because the Morning Consult does not use 1966 as their baseline as Michigan does, this explains the large difference between the Morning Consult's ICS number and the ABI-CS™ number.

# Maricopa, Rural Counties And Higher Household Income Groups Are More Optimistic Than Others



	Q2	Q3	Quarterly Change
<b>ABI-CS™</b>	<b>74.5</b>	<b>74.4</b>	<b>▼ 0.15</b>
<b>County</b>			
Maricopa	75.0	75.6	▲ 0.60
Pima	72.3	66.4	▼ 5.92
Rural	75.3	76.0	▲ 0.74
<b>Ethnicity</b>			
White/Anglo	74.7	74.5	▼ 0.15
Hispanic/Latino	73.8	70.8	▼ 2.96
Addl. Ethnicities	75.3	79.4	▲ 4.14
<b>Household Income</b>			
Under \$50k	73.1	70.5	▼ 2.52
\$50k - \$100k	74.8	74.2	▼ 0.6
Over \$100k	77.3	82.4	▲ 5.04

# Arizonans Grow Slightly More Pessimistic About Personal Finances But Are More Optimistic About Purchasing A Major Household Item Than During Q2, 2020



	Q2	Q3	Quarterly Change	6-month High (Monthly)	6-month Low (Monthly)
<b>Personal Finance</b>					
Good	25%	24%	▼ 1.5%	29%	20%
Normal	47%	46%	▼ 1.4%	49%	41%
Bad	28%	31%	▲ 2.8%	32%	25%
<b>Major Household item</b>					
Good time to buy	24%	27%	▲ 2.4%	29%	23%
About the Same	36%	39%	▲ 2.7%	43%	29%
Bad time to buy	39%	34%	▼ 5.2%	46%	33%

\*Percentage may not add up to 100 due to rounding.

# Arizonans Are More Optimistic About the Long-Term Future

	Q2	Q3	Quarterly Change	6-month High (Monthly)	6-month Low (Monthly)
<b>Personal Finance - 1Y</b>					
Good	34%	33%	▼ 1.0%	36%	30%
Normal	51%	51%	▲ 0.3%	53%	47%
Bad	15%	16%	▲ 0.6%	18%	13%
<b>Business Condition - 1Y</b>					
Good	26%	25%	▼ 1.2%	31%	20%
Normal	31%	30%	▼ 0.6%	33%	27%
Bad	44%	46%	▲ 1.8%	49%	41%
<b>Business Condition - 5Y</b>					
Good	37%	37%	▲ 0.1%	43%	32%
Normal	29%	33%	▲ 3.8%	35%	31%
Bad	34%	30%	▼ 4.0%	34%	26%

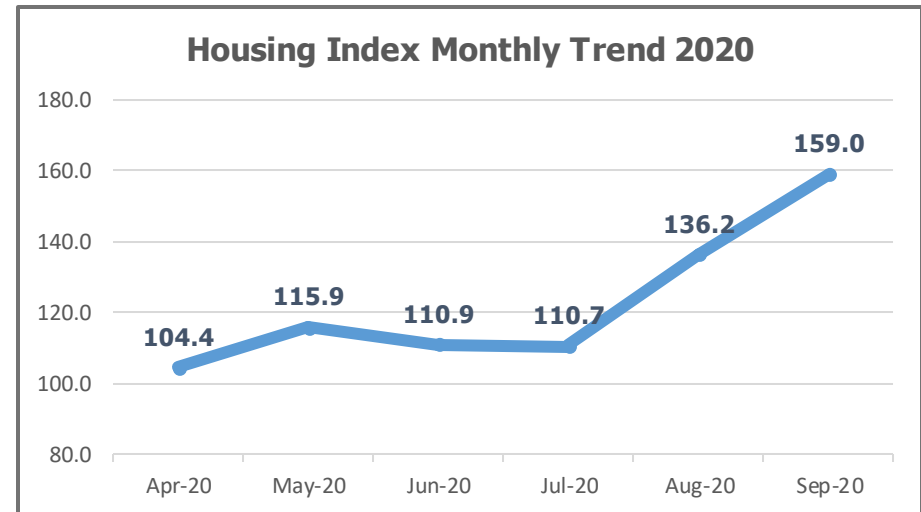
\*Percentage may not add up to 100 due to rounding.

# Housing Index

# Arizonans Feeling Positive About Current Housing Market as Index Rises Sharply in Q3 2020

	Q2	Q3	Quarterly Change
<b>Arizona Housing Index</b>	110.4	135.3	▲ 24.86
<b>Household Income</b>			
Under \$50k	109.5	154.2	▲ 44.69
\$50k - \$100k	105.7	118.9	▲ 13.28
Over \$100k	116.8	133.3	▲ 16.53
<b>County</b>			
Maricopa	112.7	132.3	▲ 19.60
Pima	115.6	139.9	▲ 24.32
Rural	100.7	140.5	▲ 39.74
<b>Timing to Buy a New Home</b>			
Good time	32%	40%	▲ 7.3%
Bad time	34%	28%	▼ 5.4%
<b>Plan to Buy a New Home in the Next 12 Months</b>			
Yes	9%	12%	▲ 2.1%
No	73%	67%	▼ 5.8%

- The Housing Index rose 48.3 points from July to September.
- More people believe now is a good time for a house purchase (+7.3%) and more people have a plan to buy a new home in the next 12-months (+2.1%).
- The lower household income groups feel the most positive (+44.7 points) among the different household income groups.
- Compared to Maricopa and Pima county, Rural counties increased the most by +39.8 points.
- For additional housing information, check the current real estate data in the [Arizona Economic Dashboard – Real Estate](#).



\*Percentage may not add up to 100 due to rounding.

# Seniors and Higher Income Groups Are the Most Positive About Home Purchase Timing

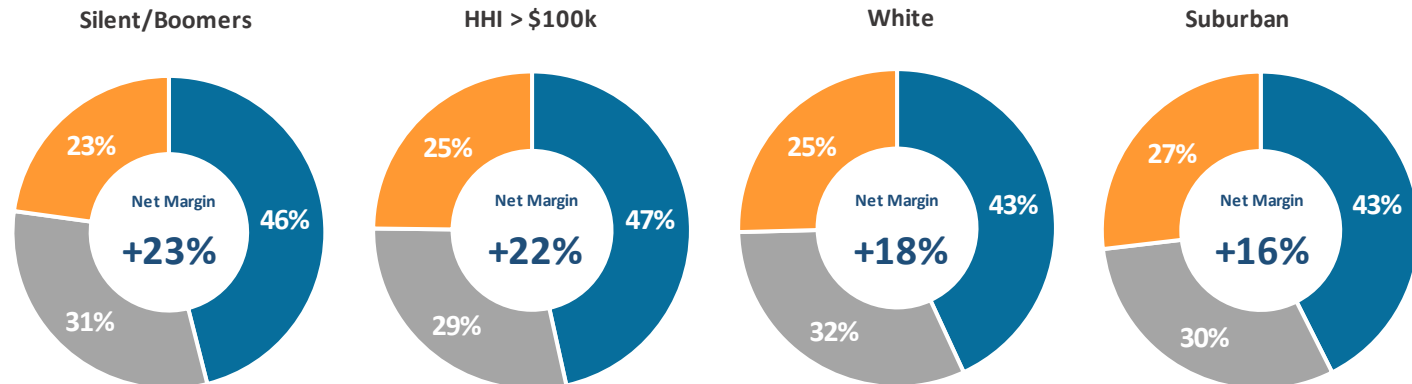


The margin of timing to buy a house flipped from negative (-2%) to positive (+12%) during Q3.

- **The Silent/Boomers generation** and the **higher income group (household income over \$100k)** are the most positive groups about buying a home, with the margin of "good time to purchase a home" up +23% and +22% correspondingly.
- **White respondents (+18%)** and the **suburban region (+16%)** are also positive about current timing for a house purchase.

## Do you think now is a **GOOD** or **BAD** time for people to buy a new home?

Good / Bad / Unsure



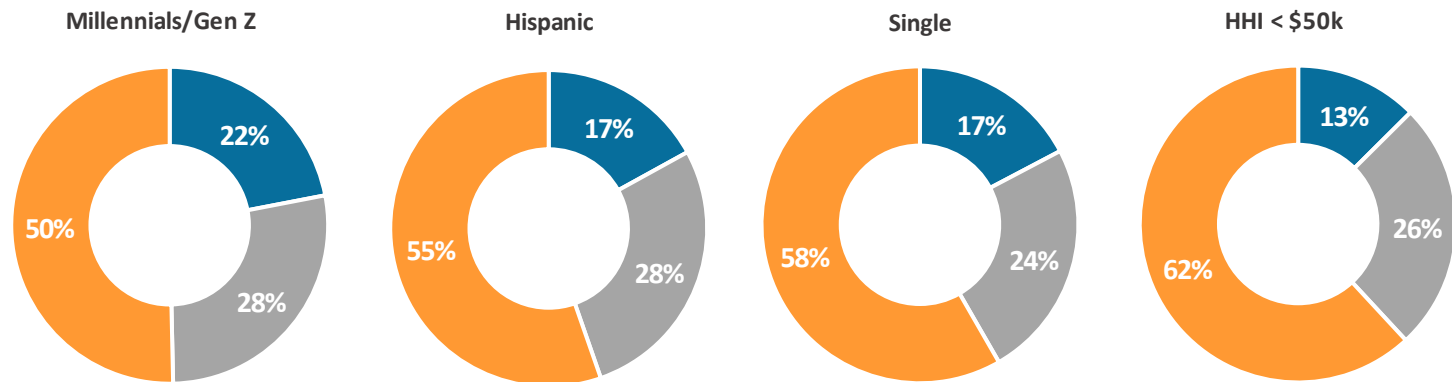
\*Percentage may not add up to 100 due to rounding.

# The Younger Generation Is Currently Most Likely to Buy a Home



- The younger generation shows a higher confidence about purchasing a home than the general public. **More than 1 in 5 of Millennials/Gen Z plans** to buy a new home in the next twelve months. 28% of this younger generation is unsure whether or not they will buy a new home in the next twelve months.
- **Hispanic (17%) and single persons (17%)** are also high in their home purchase intention, compared with others.
- The **lower income** group (HHI under \$50k) plans to buy a home, more than other higher income groups.

Are you planning to purchase a home in the next twelve months? YES / NO / Unsure



\*Percentage may not add up to 100 due to rounding.



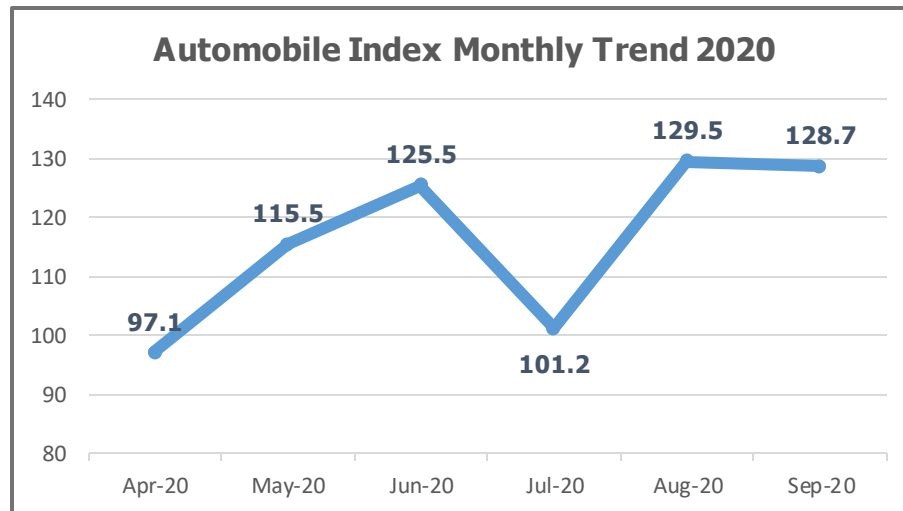
# Automobile Index

# The Arizona Automobile Index Remains High in Q3 2020, Rising 7.2 Points



	Q2	Q3	Quarterly Change
<b>Arizona Automobile Index</b>	<b>112.6</b>	<b>119.8</b>	<b>▲ 7.16</b>
<b>Generation</b>			
Millennial/Gen Z	106.6	104.8	▼ 1.81
Gen X	103.1	116.2	▲ 13.13
Silent/Boomers	127.2	141.7	▲ 14.50
<b>Timing to Purchase a Vehicle</b>			
Good time	34%	36%	▲ 2.3
Bad time	30%	26%	▼ 4.8
<b>Plan to Buy a New Vehicle in the Next 12 Months</b>			
Yes (New)	10%	10%	▲ 0.7
Yes (Used)	8%	9%	▲ 0.3
No	62%	58%	▼ 4.6
Unsure	20%	23%	▲ 3.6

- The Automobile Index dropped to 101 in July but quickly rebounded back to 129 in August, remaining high for the rest of Q3.
- More Arizonans believe now is a good time to buy an automobile (+2.3%) and less believe now is a bad time (-4.8%). The margin of the "good time to purchase" drop in July caused quarterly decrease of the Index.
- Younger generations are not as positive as the older generations. The Index rose 13-14 points among the Gen X and Silent/Boomers while dropping 1.8 points among the Millennial/Gen Z generation.



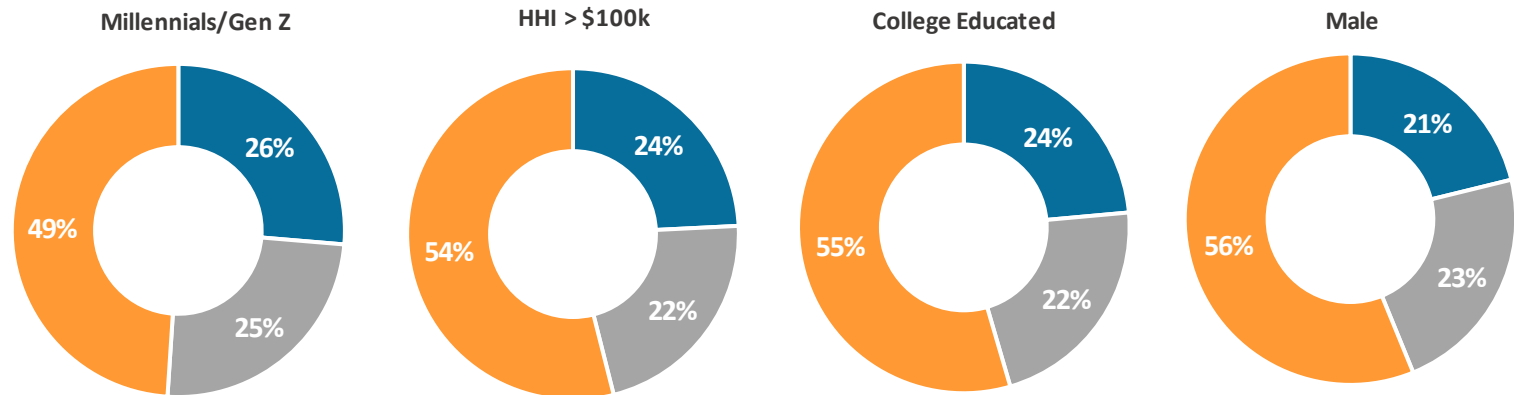
\*Percentage may not add up to 100 due to rounding.

# More Than 25% of the Younger Generation Plans to Buy an Automobile in the Next Twelve Months



- More than one in four **Millennials/Gen Z** plan to purchase a vehicle in the next twelve months, and one in four **Millennials/Gen Z** are unsure whether they are going to buy one or not.
- Purchase intention is high among **higher Income** (24%), **College Educated** (24%) and **Male** (21%) respondents.

Are you planning to purchase an automobile in the next twelve months? YES / NO / Unsure

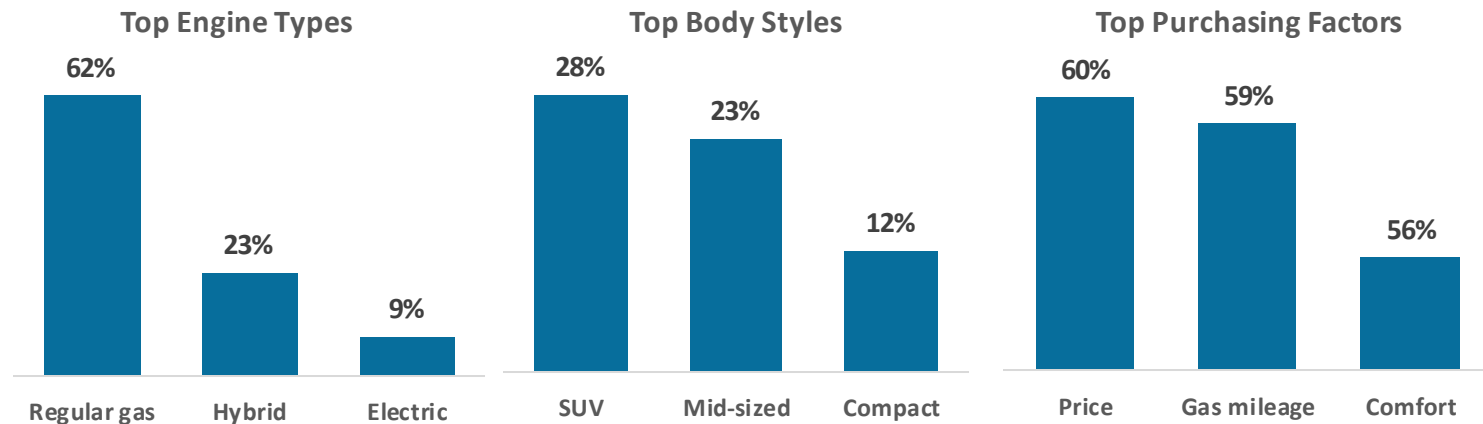


\*Percentage may not add up to 100 due to rounding.

# The Vehicle Preference of Arizonans Split by Generations



- A **regular gas** vehicle is still the top type of car that Arizonans prefer. Rural counties chose a regular gas vehicle as their next car more than other counties. Pima chooses hybrid (29%) or electric (13%) more than all the other counties.
- **The SUV** is, again, the most popular category (28%) when asked what kind of vehicle Arizonans plan to purchase, followed by mid-sized (23%) and compact (12%). Maricopa prefers a SUV (30%) and mid-sized (27%), Pima prefers a SUV (23%) and sports (21%), while rural counties prefer a truck (27%) the most.
- **Price** ranks #1 for the most important factor (60%) when Arizonans consider purchasing a vehicle. Gas mileage (59%) surpasses comfort (56%) and ranks #2 in Q3. However, comfort ranks #1 and durability ranks #2 in Pima.



\*Percentage may not add up to 100 due to rounding.

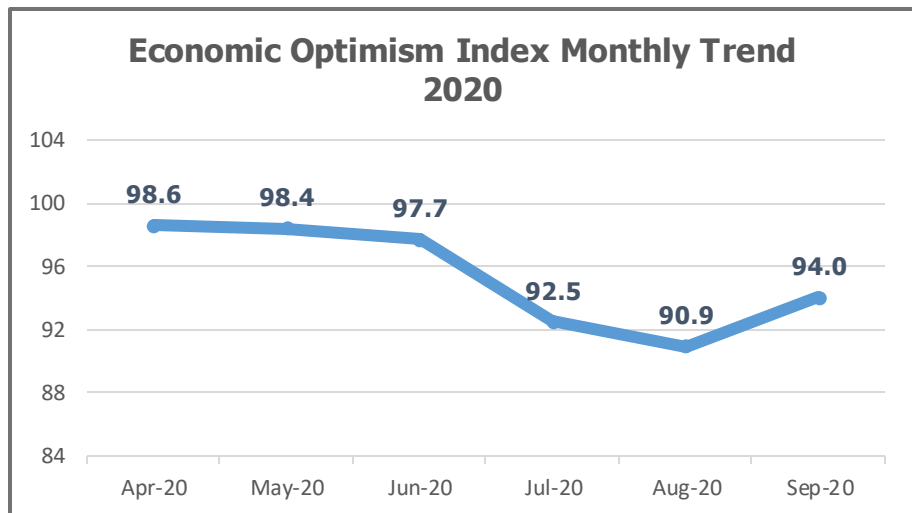
# Economic Optimism Index

# Arizonans Economic Optimism About the Economy Declined in Q3 2020



	Q2	Q3	Quarterly Change
<b>Arizona Economic Optimism Index</b>	<b>98.2</b>	<b>92.5</b>	<b>▼ 5.76</b>
<b>Ethnicity</b>			
White	95.9	88.0	▼ 7.94
Hispanic	105.5	102.9	▼ 2.58
Addl. Ethnicities	97.8	101.5	▲ 3.63
<b>Expect Prices to...</b>			
Rise	63%	67%	▲ 3.6
Drop	9%	6%	▼ 3
<b>Expect Stock Market to...</b>			
Rise	33%	31%	▼ 1.8
Drop	38%	35%	▼ 3.1
<b>Expect Interest Rates to...</b>			
Rise	37%	42%	▲ 5.3
Drop	22%	14%	▼ 8.1

- The Arizona Economic Optimism Index dropped 5.72 points from 98.2 to 92.5 in Q3. There are ethnicity differences among the Economic Optimism Index, Whites (88) are more pessimistic than Hispanics (102.9).
- Two out of three Arizonans believe the price of standardized goods and services will rise in the future (+3.6%).
- Meanwhile, more Arizonans expect interest rates to increase, and expect the stock market to decrease.
- For additional economy information, check the economy data in the [Arizona Economic Dashboard – Economy](#).



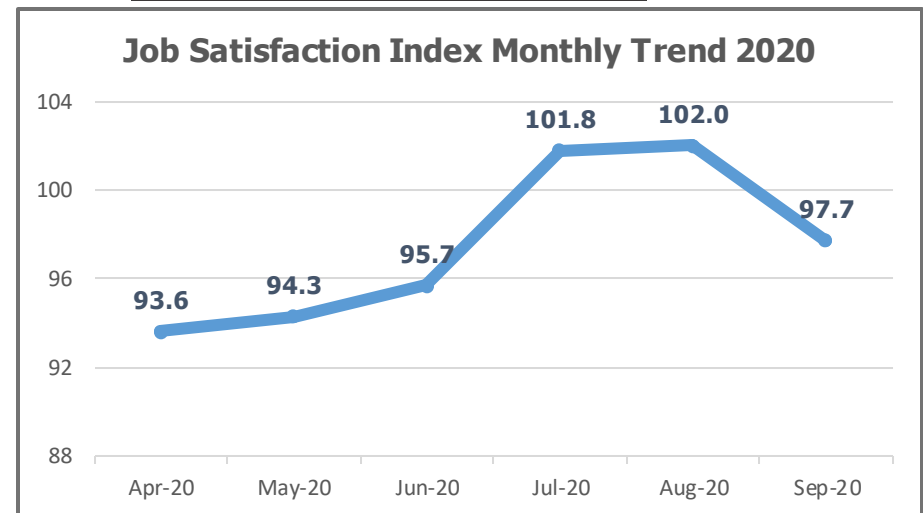
\*Percentage may not add up to 100 due to rounding.

# Job Satisfaction Index

# Arizonans More Optimistic About Their Jobs in Q3 2020

	Q2	Q3	Quarterly Change
<b>Arizona Job Satisfaction Index</b>	94.6	100.6	▲ 5.95
<b>Generation</b>			
Millennial/Gen Z	89.9	97.6	▲ 7.72
Gen X	97.6	106.7	▲ 9.08
Silent/Boomers	99.8	97.2	▼ 2.6
<b>Population Density</b>			
Urban	92.1	105.7	▲ 13.58
Suburban	95.0	95.7	▲ 0.64
Rural	99.9	106.5	▲ 6.61
<b>Job Satisfaction</b>			
Satisfied	71%	73%	▲ 1.5
Dissatisfied	15%	13%	▼ 1.3
<b>Job Security</b>			
Secure	60%	67%	▲ 6.8
Insecure	25%	17%	▼ 8.4

- Arizonans feel more satisfied (+1.5%) and much more secure (+6.8%) about their jobs in Q3. However, there was a sharp decline in September.
- The Job Satisfaction Index rose 6 points from 94.6 in Q2 to 100.6 in Q3, especially for Gen X, which rose 9.08 points in the Job Satisfaction index, showing a higher confidence than other generations.
- Urban and Rural both have higher job confidence while Suburban remains the same as Q2.
- For additional workforce information, check the workforce data in the [Arizona Economic Dashboard – Workforce](#).



\*Percentage may not add up to 100 due to rounding.



# Information Technology Is the Most Optimistic Industry in Regard to Future Business Conditions



The regression analysis\* that is used here compares how positive the respondent feels about business conditions in the next 12-months and the industry in which that same respondent works.

The results show that **Information Technology** is the industry with the strongest statistically significant optimism looking towards the next 12-months. **Construction** and **Manufacturing** are the second most positive industries with a relative percentage of 30%.

Meanwhile, Education, Social Services or Health Services and Financial, Real Estate or Insurance Services have a lower relative percentage of business condition optimism.

## Future Business Conditions for Next 12 Months

Industry	Relative Percentage of Optimism
Information Technology	35%
Construction or Manufacturing	30%
Education, Social Service or Health Service	19%
Financial, Real Estate or Insurance Service	15%

\* a statistical method that examines the relationship between different factors

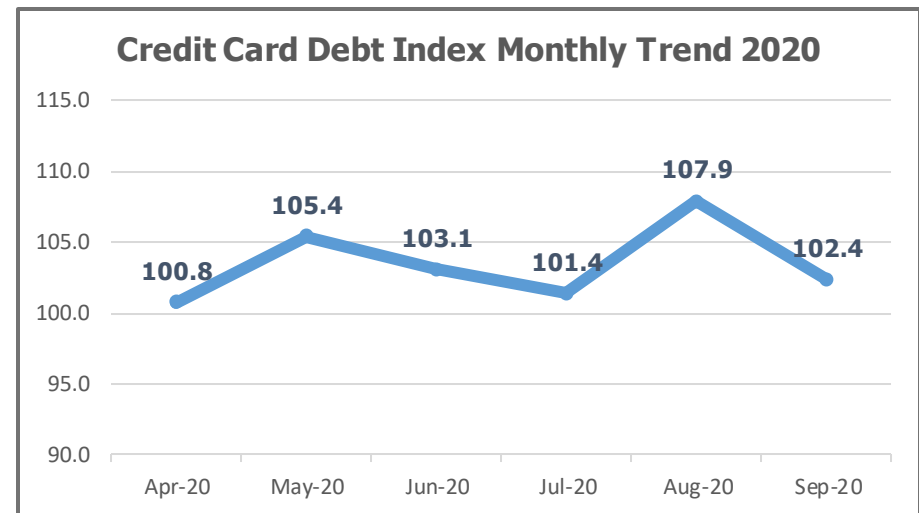
# Credit Card Debt Index

# Arizonans Are Slightly More Positive About Their Credit Card Debt as the Index Rose 0.8 Points in Q3



	Q2	Q3	Quarterly Change
<b>Arizona Credit Card Debt Index</b>	103.1	103.9	▲ 0.81
<b>Generation</b>			
Millennial/Gen Z	109.1	115.7	▲ 6.22
Gen X	103.4	103.2	▼ 0.22
Silent/Boomers	97.8	94.4	▼ 3.35
<b>Credit Card Debt Change in Last 12 Months</b>			
Increased	14%	12%	▼ 1.9%
Decreased	20%	20%	▼ 0.4%
<b>Expect Credit Card Debt ... in Next 12 Months</b>			
Increase	5%	7%	▲ 1.1%
Decrease	28%	29%	▲ 1.3%

- Arizonans have similar confidence about their credit card debt in Q2 and Q3.
- Millennials are the most positive about their credit card debt with a 6.22 points increase, while Silent and Boomers are not as confident as the younger generations (-3.35 points).



# Methodology

# Research Methodology



This survey was conducted via online survey.

The survey was completed by OH Predictive Insights from July 6 to September 20, 2020 from an Arizona general population. The data applied post-stratification on age, gender, region, ethnicity and education level that reflects the latest Census data.

The sample size was 1,800 completed surveys, with a MoE of  $\pm 2.31\%$ .

*\*Percentages may not total 100%, due to rounding*

*For the purposes of this survey which was based on the proportion of a race within the overall population of Arizona, people who identify as African American (4%), Asian (3.2%), Native or American Indian (4%) Pacific Islander (0.2%) were grouped as Additional Ethnicities. For context, persons who identify as White (54%) and Hispanic or Latino (32%) together make up 86% of Arizona's population (Based on latest Census data). ABI plans to expand the survey collection, in the future, to have a statistically significant size for all ethnicities.*

## Gender (n=1800)

Male 49%

Female 51%

## Generation (n=1800)

Silent/Boomers 39%

Gen X 24%

Millennial/Gen Z 37%

## Region (n=1800)

Maricopa 61%

Pima 15%

Rural 24%

## Hispanic Origin (n=1800)

Yes 32%

No 68%

## Ethnicity (n=1800)

White 64%

Hispanic 23%

Addl. Ethnicities 12%

## Education (n=1800)

HS or less 36%

Some College 34%

College Grad 19%

Post-Grad 11%

# Arizonan Consumer Sentiment Index Methodology



OH Predictive Insights asked Arizonans how they feel about their personal current situation, their personal future expectation, their expectation for the future business conditions and their current buying confidence to track consumer sentiment in the State of Arizona, with the exact same question verbiage as the MCSI. The ABI-CS™ applies the same calculation formula as MCSI.

## Current Situation Questions

### ■ Personal Current Situation

We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?

### ■ Current Buying Situation

About the big things people buy for their homes—such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or bad time for people to buy major household items?

## Future Expectation Questions

### ■ Personal Future Expectation

Now looking ahead—do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?

### ■ Future Business Expectation – 1 Year

Now turning to business conditions in the state of Arizona as a whole—do you think that during the next twelve months we'll have good times financially, or bad times, or what?

### ■ Future Business Expectation – 5 Years

Looking ahead, which would you say is more likely—that in the state of Arizona as a whole, we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?

# Glossary of Terms

# Glossary of Terms



University of Michigan Consumer Sentiment Index (MCSI)	The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in December 1966.
Morning Consult's U.S. Index of Consumer Sentiment (ICS)	The Morning Consult's U.S. Index of Consumer Sentiment has released their national and state-level numbers since 2018, using the same questions as MCSI but a different baseline, which causes a higher number in ICS.
Generation: Silent	Silent Generation was born between 1928 to 1945.
Generation: Boomers	Baby Boomers were born between 1946 to 1964.
Generation: Gen X	Generation Z was born between 1965 to 1980.
Generation: Millennial	Millennials were born between 1981 to 1996.
Generation: Gen Z	Generation Z was born between 1997 to 2012.



# Glossary of Terms



Ethnicity: Addl. Ethnicities	Addl. Ethnicities include African American, Asian, Native American, Pacific Islander and the additional ethnicities not listed.
Net Margin	The difference between the positive percentage and negative percentage, showing the overall attitude on the question.
Margin of Error (MOE)	The margin of error shows the amount of random sampling error in the results of a survey.
Post-Stratification	Weighting the sample to reflect the population distribution.
Regression Analysis	A statistical method that examines the relationship between different factors.
Relative Percentage	The higher a relative percentage is, the stronger the relation between the variables.

# THANK YOU

Learn about the [Greater Phoenix Chamber ABI™](#) here

Contact us

**Janelle Tassart**

Vice President of Program Development & Marketing  
Greater Phoenix Chamber  
(602) 495-6480 / [jtassart@phoenixchamber.com](mailto:jtassart@phoenixchamber.com)

**Mike Noble**

Chief of Research  
OH Predictive Insights  
(480) 313-1837 / [m.noble@ohpredictive.com](mailto:m.noble@ohpredictive.com)

