



2025 STATE OF ARIZONA ECONOMIC DEVELOPMENT



KEY TAKEAWAYS

- Economic developers are most concerned about the availability of buildings and housing, as well as housing affordability.
- Providers are concerned about complicated permit processes, city/county budget cuts, and electric capacity, with housing affordability as a secondary concern.
- NIMBYism (Not in My Backyard) is a growing challenge for both groups.

3 BIGGEST CHALLENGES & YOY CHANGES

PRACTITIONERS (2025)

1. Lack of access to capital
2. NIMBYism
- Housing affordability
- Housing availability

VS. PRACTITIONERS (2024)

1. Lack of available buildings
2. Lack of skilled labor & talent
3. Housing affordability & electrical capacity

PROVIDERS (2025)

1. Complicated permit process
2. Budget cuts or lack of funding
3. Electrical capacity

VS. PROVIDERS (2024)

1. Housing affordability
2. Lack of skilled talent & access to capital
3. Complicated permit process, inadequate education & budget cuts



46%

of respondents indicated that politics or policy interfered with a project or initiative, a **9% decrease** from 2024.

HOW ARE STRATEGIES CHANGING?



Investing in regional collaborations replaced strategic partnerships as the #1 strategy for practitioners



Practitioners are increasingly focusing on business retention & housing vs quality of life

IN-DEMAND SKILLS

TOP 3 SKILLS PRACTITIONERS

1. Relationship development
2. Business retention & expansion
3. Critical thinking
- Workforce development

TOP 3 SKILLS PROVIDERS

1. Policy & advocacy
2. Workforce development
- Infrastructure knowledge
3. Support economic development, Networking, Understands industry trends



SURVEY OF AAED MEMBERSHIP

83 Practitioners

Government, tribal, nonprofits, utilities, regional EDOs, educational institutions

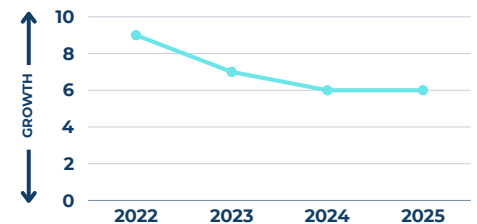
36 Providers

Includes Construction/contractors, consultants, engineering, architecture, finance, environmental, education, tech companies, real estate

119 Total*

*Response pool mirrors membership of AAED

12-MONTH ECONOMIC OUTLOOK



\$ PRACTITIONER BUDGETS (PREVIOUS YEAR)

- Majority of practitioner budgets stayed the same **BUT...**
- 5% increase in respondents indicating a decrease in funding of **more than 25%**

DECREASE IN STRATEGIC PLANS



17% fewer practitioner respondents who have or are developing/ updating a plan



PROGRESS METRICS

1. Net new jobs (defined as physically located & remote, first year/phase 1)
2. Capital investment
- Number of new companies



2025

BREAKING DOWN THE DATA

TOP 3 ISSUES BY COMMUNITY SIZE



SMALL (<50K)

1. Housing availability
2. Housing affordability
3. Lack of available buildings



MEDIUM (50-250K)

1. Lack of available buildings
 2. NIMBYism
 3. Incentive policy
- Water resources
Electrical capacity
Housing affordability



LARGE (>250K)

1. Access to capital
 2. Lack of available buildings
- Lack of political support
Electrical capacity



Skilled labor has been replaced as a top issue in all community sizes, replaced by differing resource constraints (i.e. buildings, housing, infrastructure, support, and capital)

ALTERED STRATEGY BY COMMUNITY SIZE



SMALL (<50K)

Increased focus on...

1. Housing
 2. Business attraction
- Enhancing quality of life
Tourism
Branding/rebranding



MEDIUM (50-250K)

Increased focus on...

1. Business retention
 2. Strategic partnerships
 3. Regional collaboration
- Stimulating emerging industries
Entrepreneurship & small business development



LARGE (>250K)

Increased focus on...

1. Working training & education
 2. Strategic partnerships
- Regional collaboration
Stimulating emerging industries

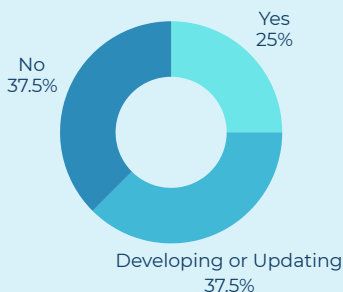


Smaller communities are focused on strategies that increase visibility and desirability, whereas larger communities are laying the groundwork for future industries.

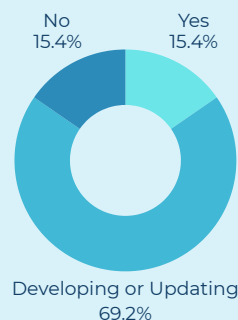
STRATEGIC PLAN USE BY COMMUNITY SIZE



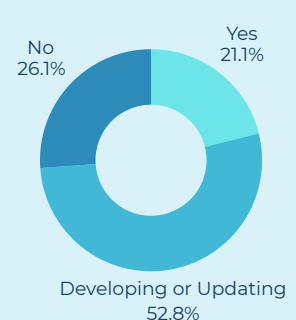
SMALL (<50K)



MEDIUM (50-250K)



LARGE (>250K)



Smaller communities are less likely to have a strategic plan while many medium-sized communities are developing or updating their plans due to growth.