

STATE OF ECONOMIC DEVELOPMENT REPORT 2026

Annual findings from Arizona's economic development Practitioners
and the Service Providers who support them.



94

PRACTITIONERS

21

PROVIDERS

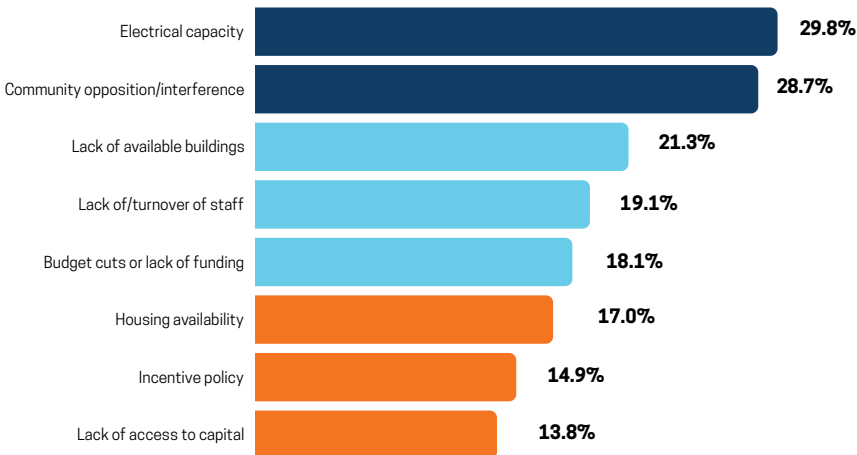
115

TOTAL RESPONDENTS

KEY TAKEAWAYS

Electrical capacity is now Arizona's **#1 economic development challenge** with community opposition close behind. And while providers' continue to cite complicated permit process/regulations as their top issue, they echo concerns about the grid and project pushback.

TOP PRACTITIONER CHALLENGES 2026



HOW ARE STRATEGIES CHANGING?



Strategic partnerships and regional collaboration remain the top priorities for Practitioners across the state.



Business retention has become a permanent fixture among Practitioners, a shift from the attraction-dominant thinking of past years.



Workforce training & education returns as a top three strategy, indicating Practitioners are proactively building workforce capacity.

POLITICAL INTERFERENCE

66% of respondents indicated that politics or policy interfered with a project or initiative, **a 20% increase** from 2025. Survey results show most interference occurs at city level with community opposition or general public pushback on the rise.

PRACTITIONER BUDGETS

- **53%** of Practitioner budgets stayed the same **BUT...**
- **21%** of respondents indicated a decrease in funding, with 4% experiencing cuts of **more than 25%**

TOP 3 IN-DEMAND SKILLS

- Relationship-building
- AI literacy & data fluency (**more than 50%** of respondents said they are **using AI tools** in their work)
- Water & infrastructure knowledge

2026 BREAKING DOWN THE DATA

TOP 3 ISSUES BY COMMUNITY SIZE

SMALL (<50K)

1. Housing availability **48%**
2. Community opposition **39%**
3. Electrical capacity **39%**

MEDIUM (50-250K)

1. Electrical capacity **41%**
2. Lack of or turnover of staff **30%**
3. Lack of workforce **22%**

LARGE (>250K)

1. Electrical capacity **45%**
2. Community opposition **39%**
3. Budget cuts/lack of funding **26%**

Electrical capacity is primarily a medium and large-community issue (13.0% in small communities vs. 40–45% in medium/large) — the widest gap in the community size data. Housing availability, by contrast, is almost exclusively a smaller community concern (47.8% vs. 0% in large communities).

STRATEGIC FOCUS BY COMMUNITY SIZE

SMALL (<50K)

1. Business retention **78%**
2. Business attraction **61%**
3. Entrepreneurship **61%**

MEDIUM (50-250K)

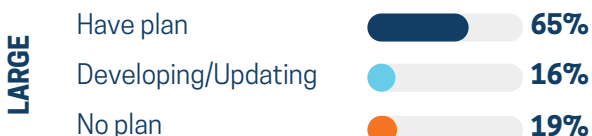
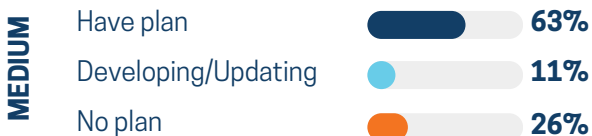
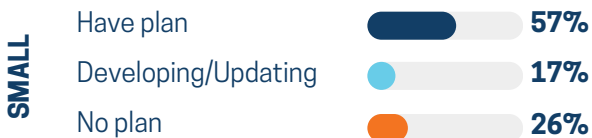
1. Workforce/education **67%**
2. Business retention **67%**
3. Branding/rebranding **52%**

LARGE (>250K)

1. Strategic partnerships **77%**
2. Regional collaboration **68%**
3. Workforce/education **68%**

Small communities remain in growth-seeking mode whereas large communities have pivoted to supporting growth and system-level strategies as they seek to sustain their communities.

STRATEGIC PLAN USE BY COMMUNITY SIZE



LOOKING FOR MORE INSIGHTS?

Download the full 2026 State of Arizona Economic Development Report for five-year trend data and in-depth analysis — including the challenges Arizona's economic development professionals are facing and where they're focusing in the year ahead.



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