

2023  
Metro Latino GDP Report  
Phoenix - Mesa - Scottsdale MSA



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California  
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**UCLA** Health

Center for the Study of  
Latino Health and Culture

## Dr. David Hayes-Bautista, PhD

Dr. Hayes-Bautista is a Distinguished Professor of Medicine and the Director of the Center for the Study of Latino Health and Culture at the David Geffen School of Medicine at UCLA. He has spent over 40 years working to improve public understanding of Latinos and their health, history, culture, and contributions to California and the nation



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## Dr. Matthew Fienup, PhD

Dr. Fienup is Associate Professor of Economics and Executive Director of the Center for Economic Research & Forecasting (CERF) at California Lutheran University. CERF is a nationally-recognized forecasting center and a member of the Wall Street Journal Economic Forecasting Survey. He is an applied economist who specializes in econometrics and policy analysis.



# Latino Gross Domestic Product (GDP)

## Why GDP?

- Broad Measure of Economic Activity
- Nearly-universal *summary statistic* for the performance of an economy

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## Why GDP?

- Broad Measure of Economic Activity
- Nearly-universal *summary statistic* for the performance of an economy

## **As a summary statistic for the performance of Latinos in the U.S., the Latino GDP is impressive**

- Total economic output of U.S. Latinos is very large - \$2.6 Trillion in 2018
- U.S. Latino GDP is growing rapidly – 74% faster than Non-Latino GDP (2010-18)
- *Latinos are drivers of economic growth and an important source of economic strength and resiliency for the nation*

# Estimating the Latino GDP - Methodology

**We conduct a detailed, bottom-up construction of Latino economic activity leveraging publicly available data from major U.S. agencies**

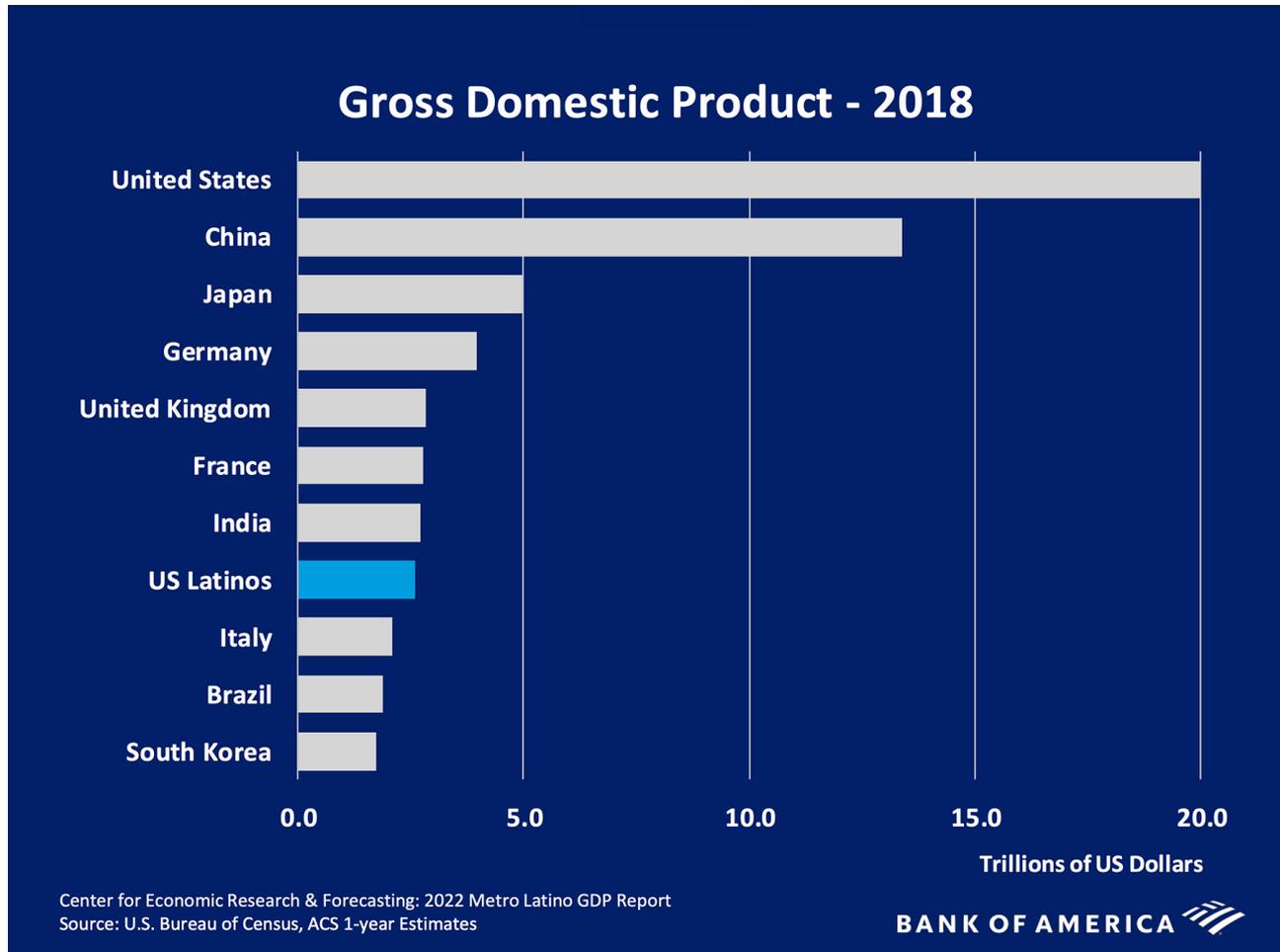
**Bureau of Economic Analysis (BEA) provides detailed input-output (I-O) tables**

- Broad and deep measure of economic activity across 71 industrial sectors
- The most recent year for which this core building block is available is 2018

**We combine the BEA I-O tables with data from the Census Bureau (BOC) & Bureau of Labor Statistics (BLS) to produce Latino I-O tables, which yield Latino-specific calculations of the major GDP components**

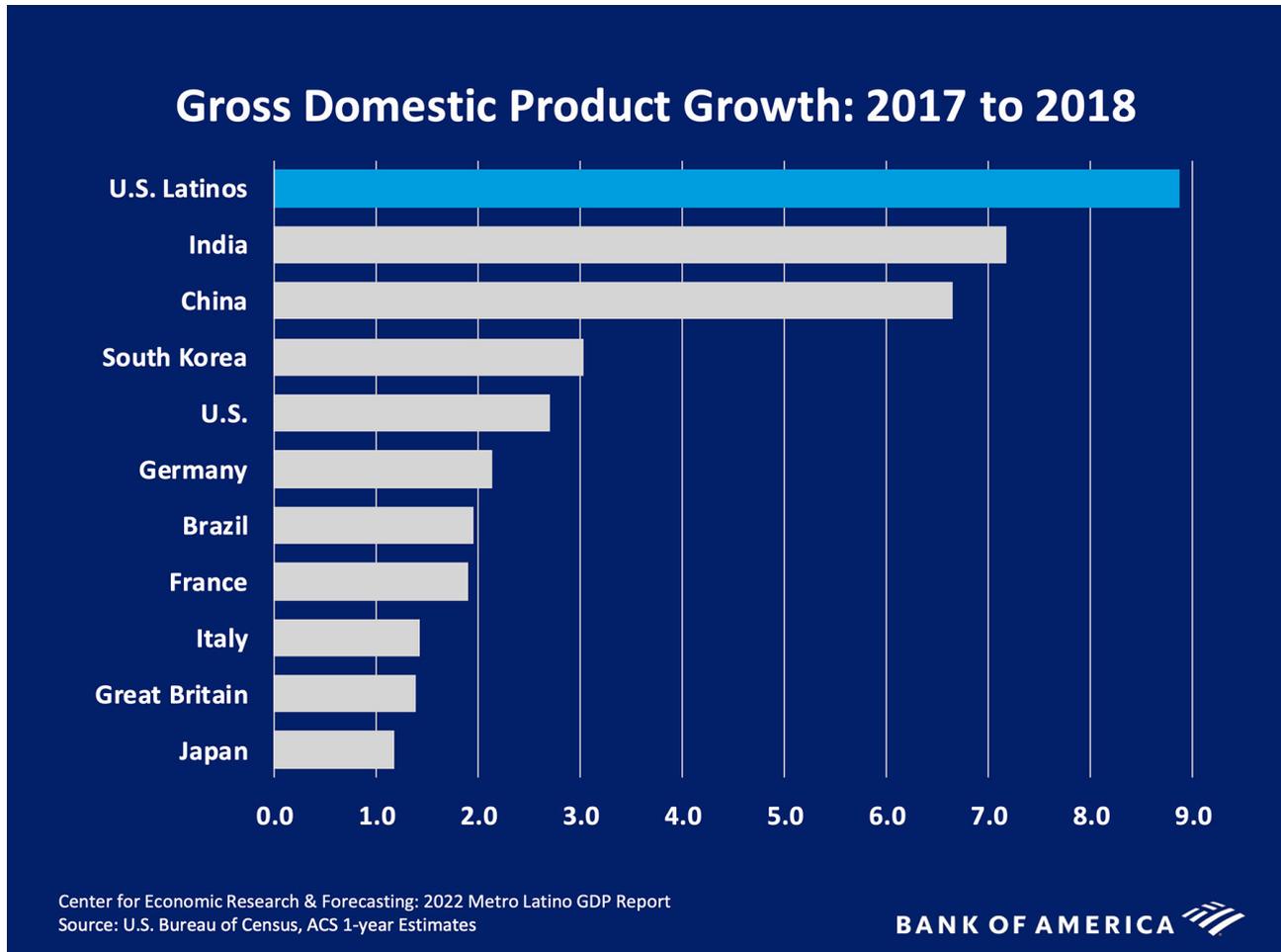
- BOC and BLS provide breakouts of differences in income, spending, home ownership, educational attainment, labor market patterns and demographics

# U.S. Latino Gross Domestic Product (GDP)



**If it were an independent country, Latino GDP would be 8<sup>th</sup> largest in the world**

# U.S. Latino Gross Domestic Product (GDP)



**Among the ten largest GDPs, Latino GDP is *single* fastest growing**

# U.S. Latino Gross Domestic Product (GDP)

## The single largest driver of rapid Latino GDP growth is personal Consumption growth

- From 2010-2018, Latino real consumption grew 135% faster than Non-Latino
- This dramatic increase is driven by **large gains in personal income**, which naturally flow from Latinos' **rapid gains in educational attainment** and **strong labor force participation**.

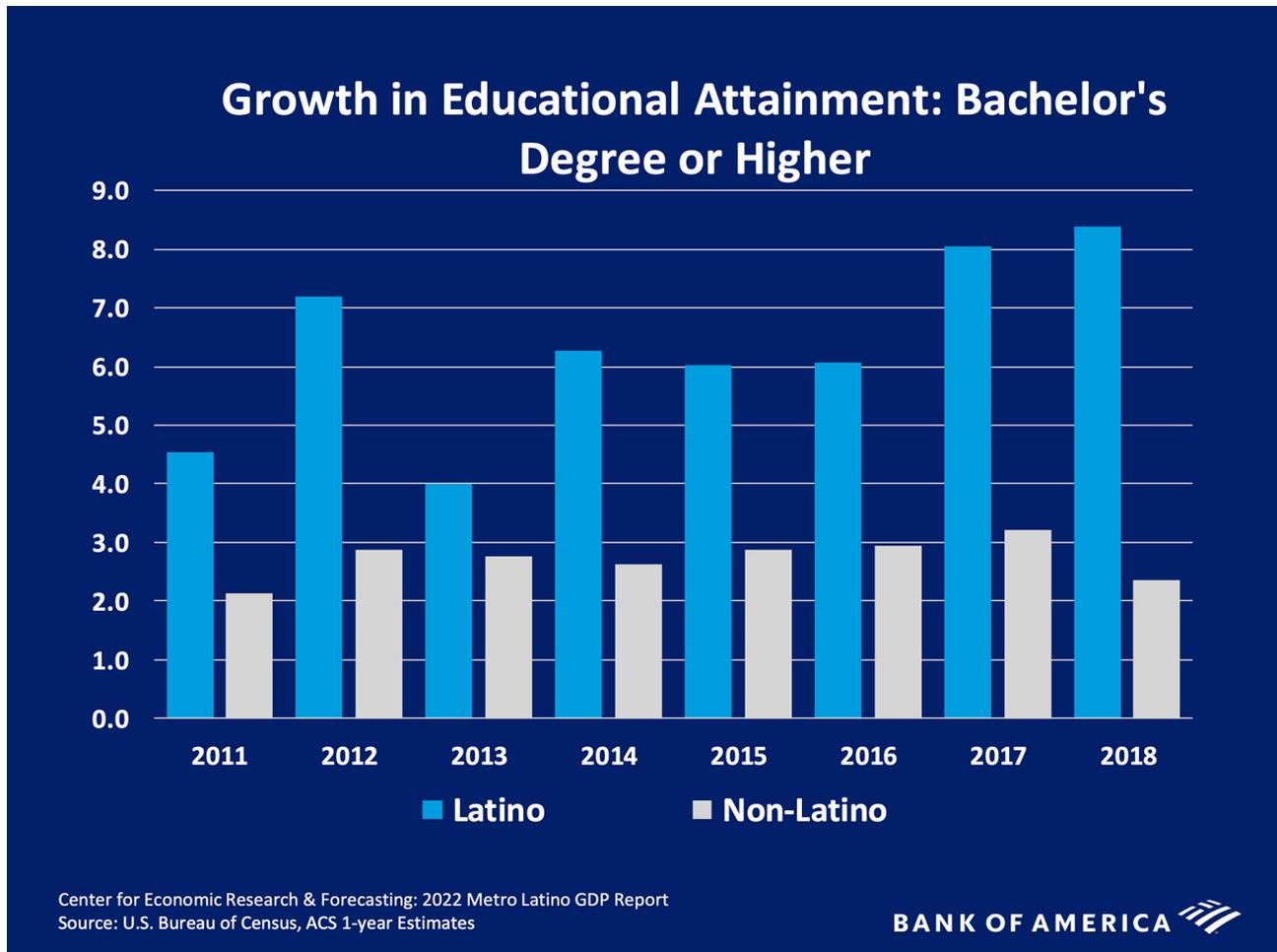
# U.S. Latino Gross Domestic Product (GDP)

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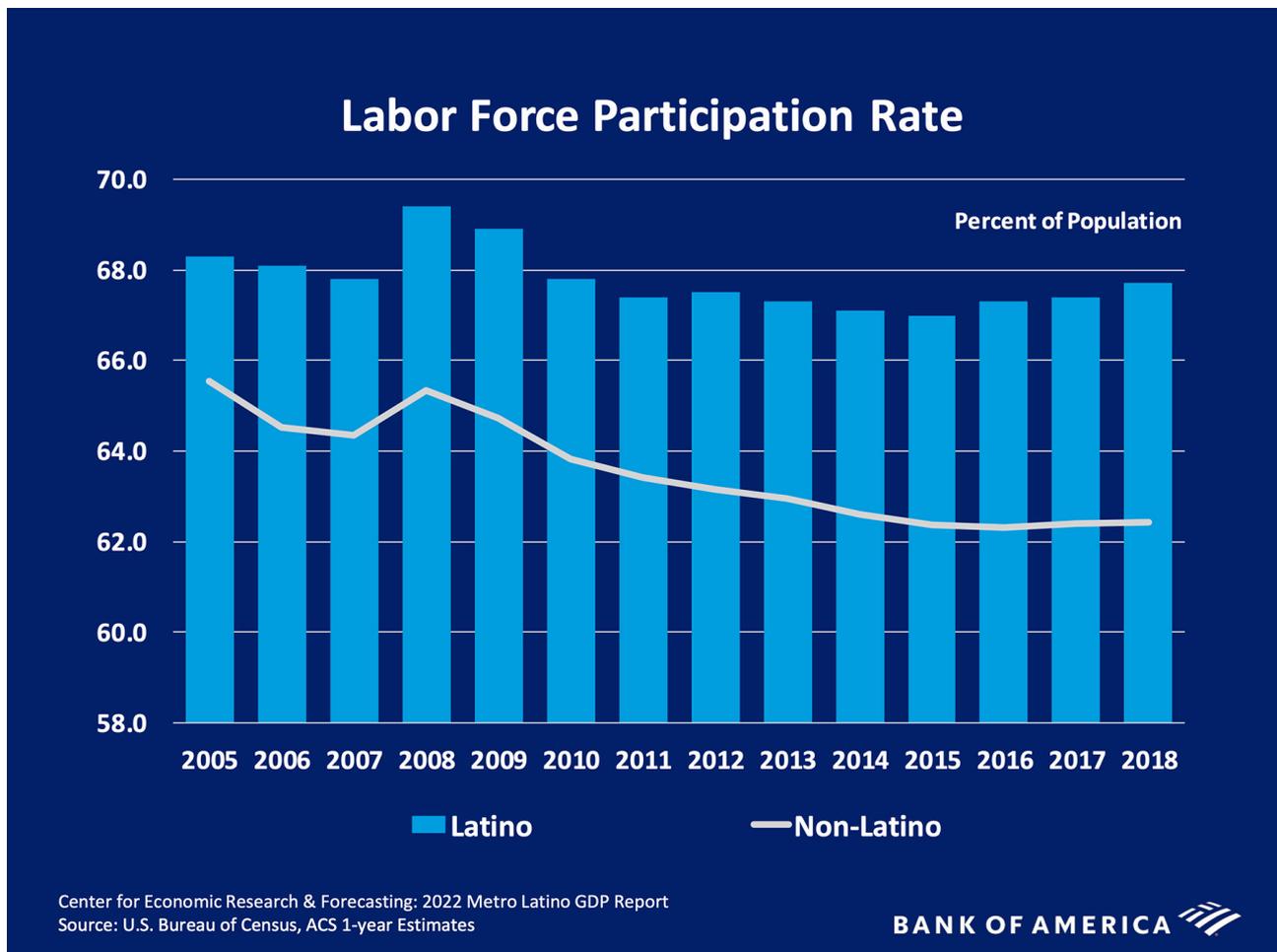
**Growth of the Latino GDP is the result of rapid human capital accumulation**

# Drivers of the Latino GDP



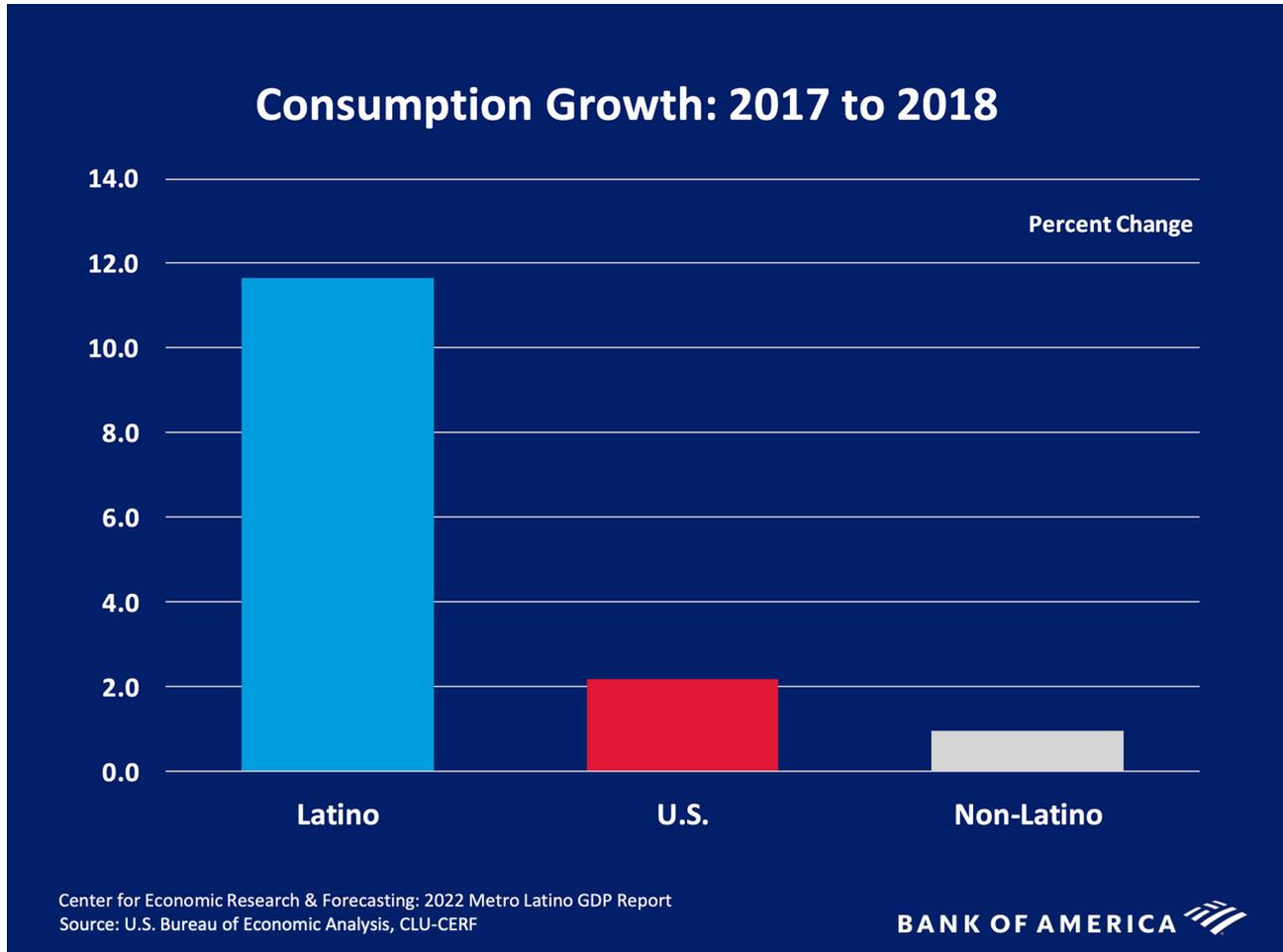
**Educational attainment growth is 2.6x faster among Latinos than non-Latinos**

# Drivers of the Latino GDP



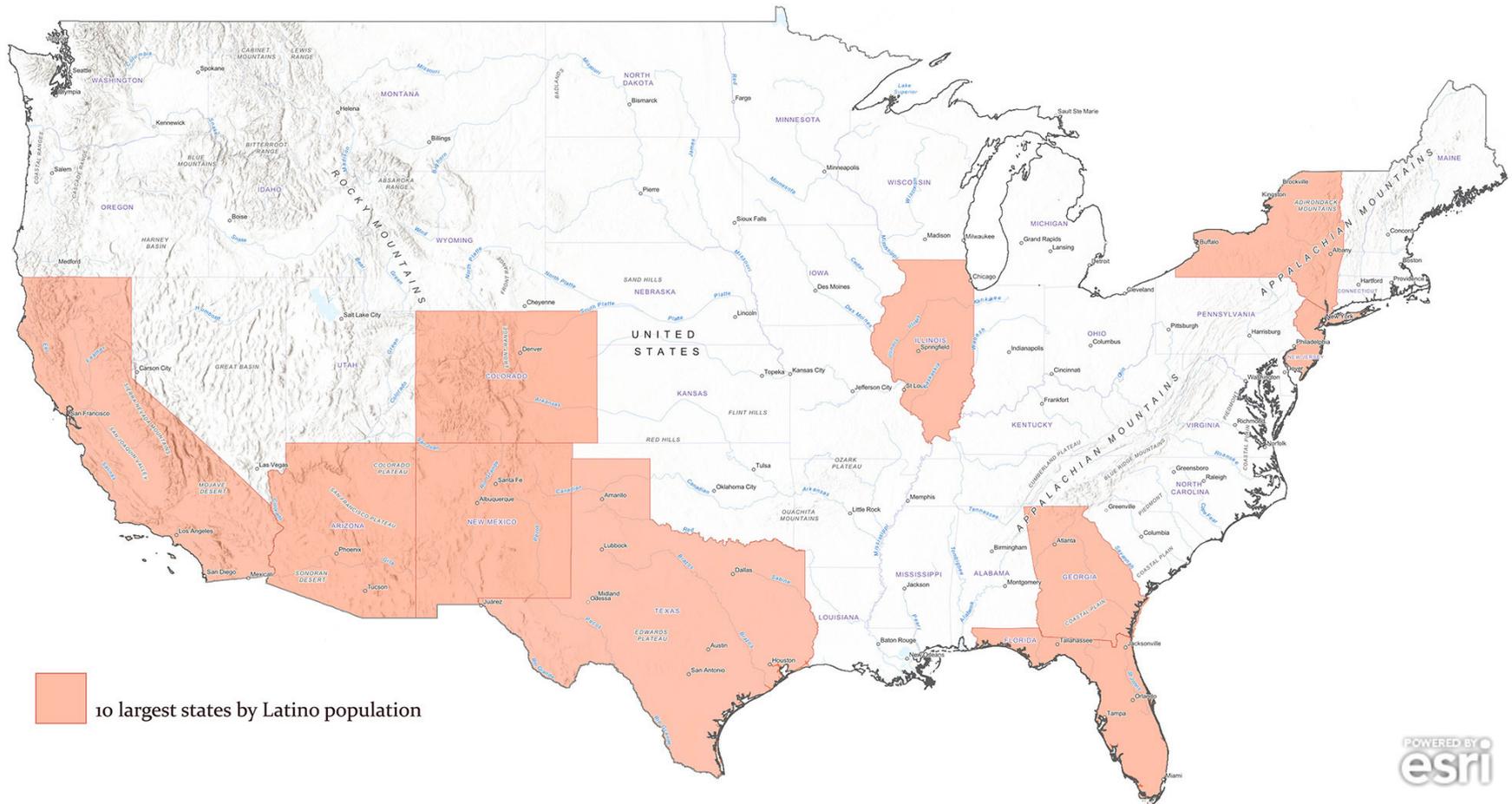
**Latinos are significantly more likely than Non-Latinos to be actively working**

# Drivers of the Latino GDP



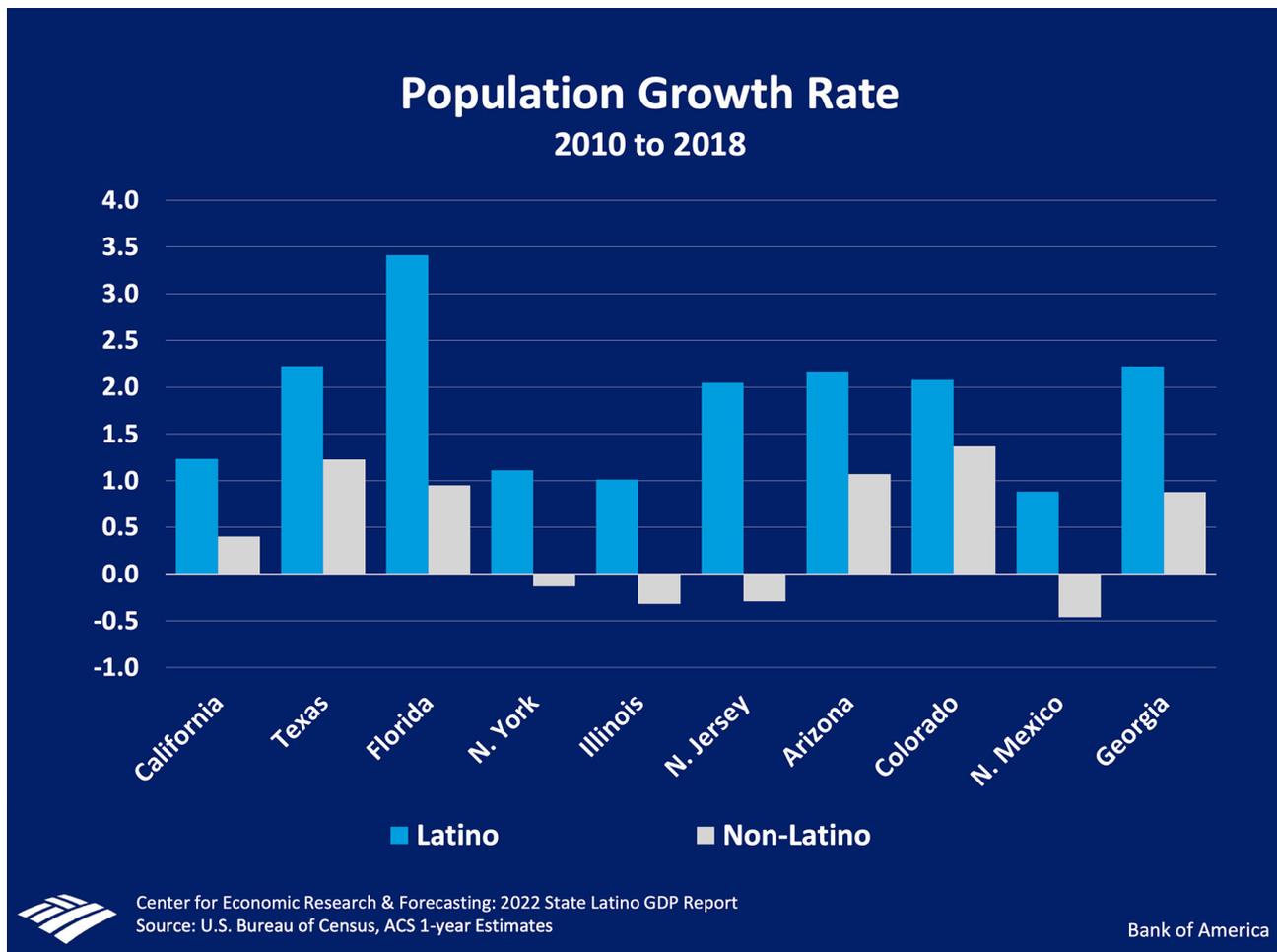
**2017-18 Latino real consumption grew 12.2 times faster than Non-Latino**

# Latino Gross Domestic Product (GDP) by State



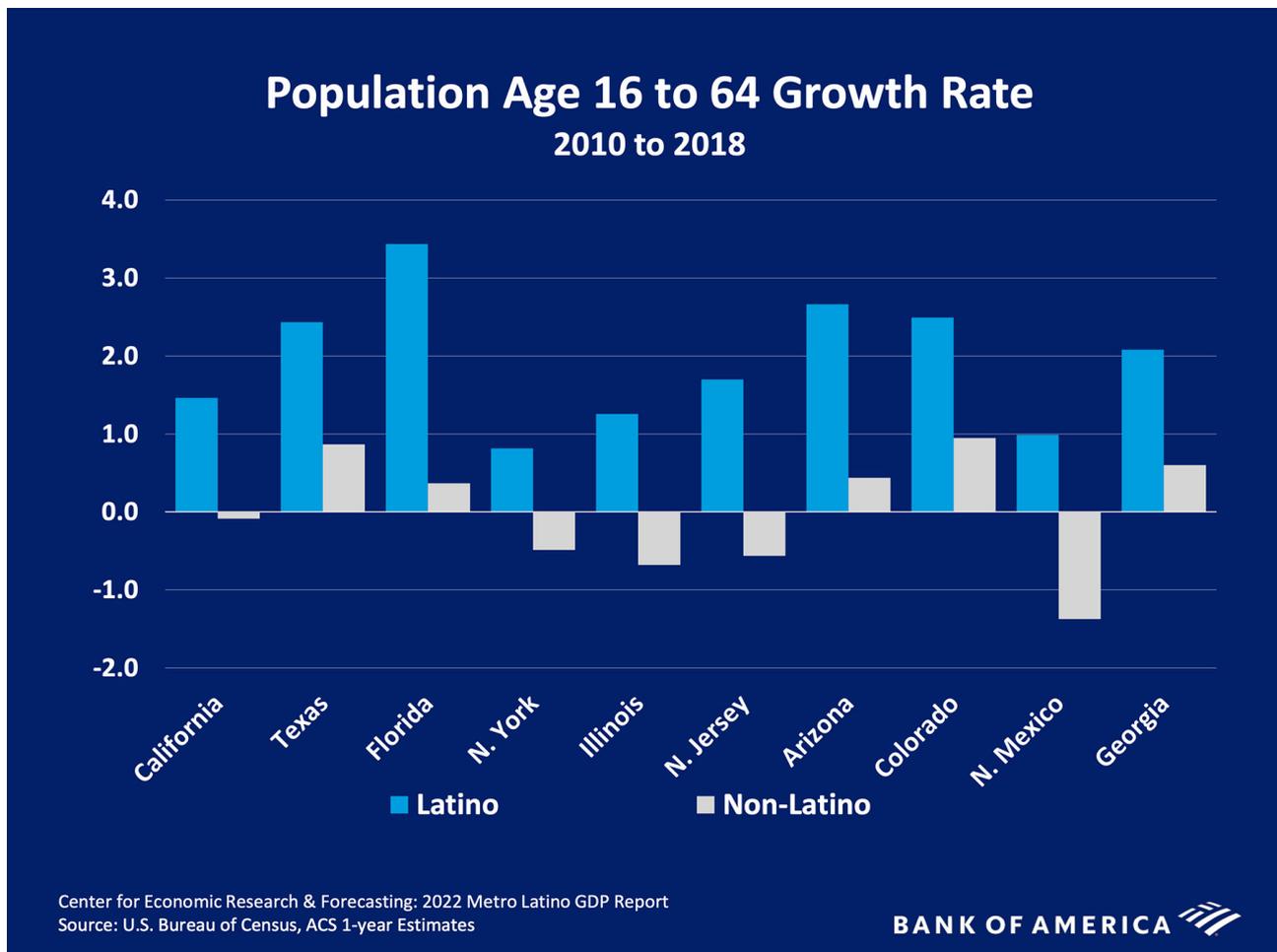
**Latinos in 10 U.S. states account for more than  $\frac{3}{4}$  of the U.S. Latino GDP. These 10 states have a combined Latino GDP of \$2.1 trillion.**

# Drivers of the Latino GDP



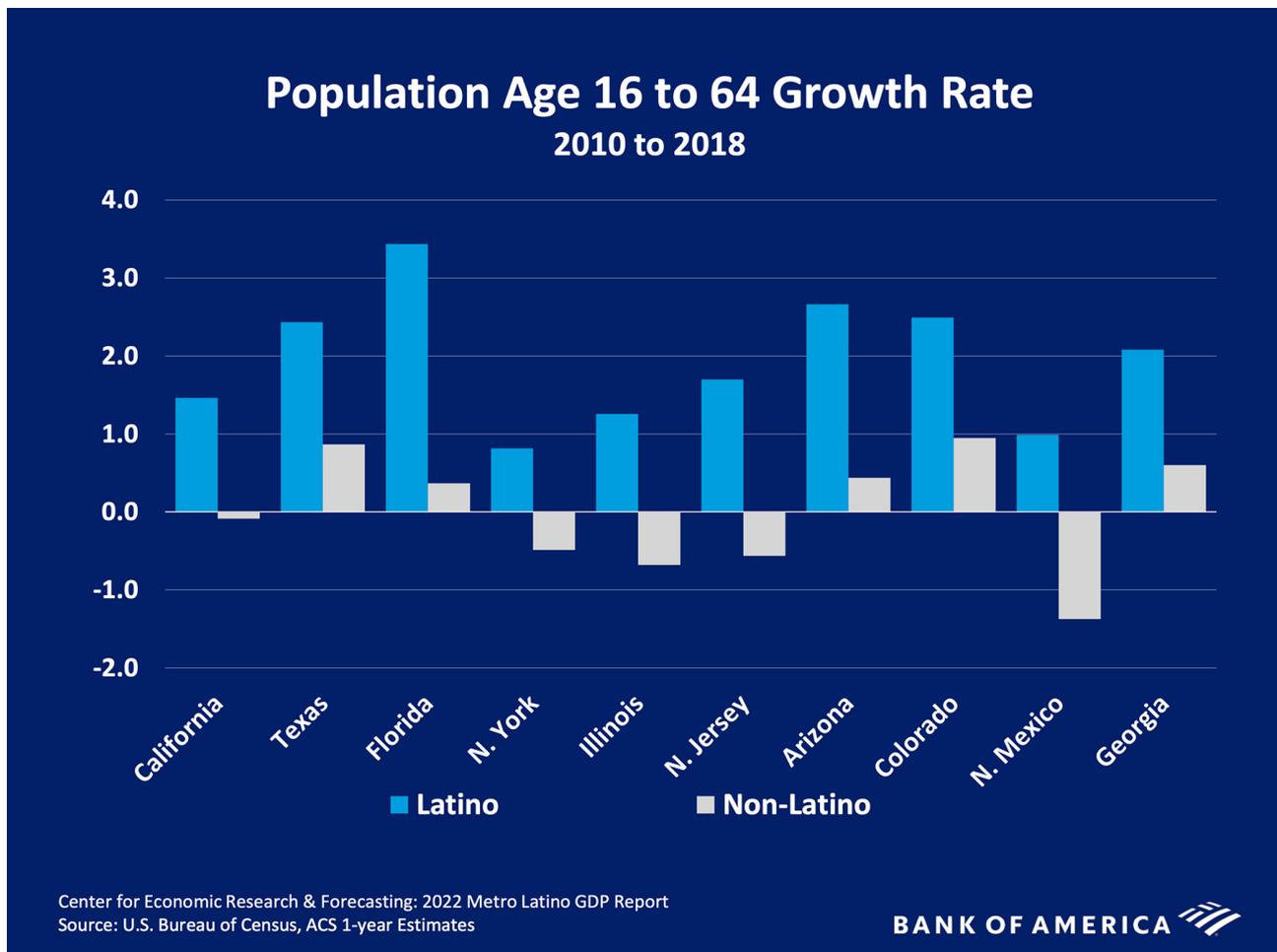
**Across all 10 states, Latino population growth is 3.8 times that of Non-Latinos**

# Drivers of the Latino GDP



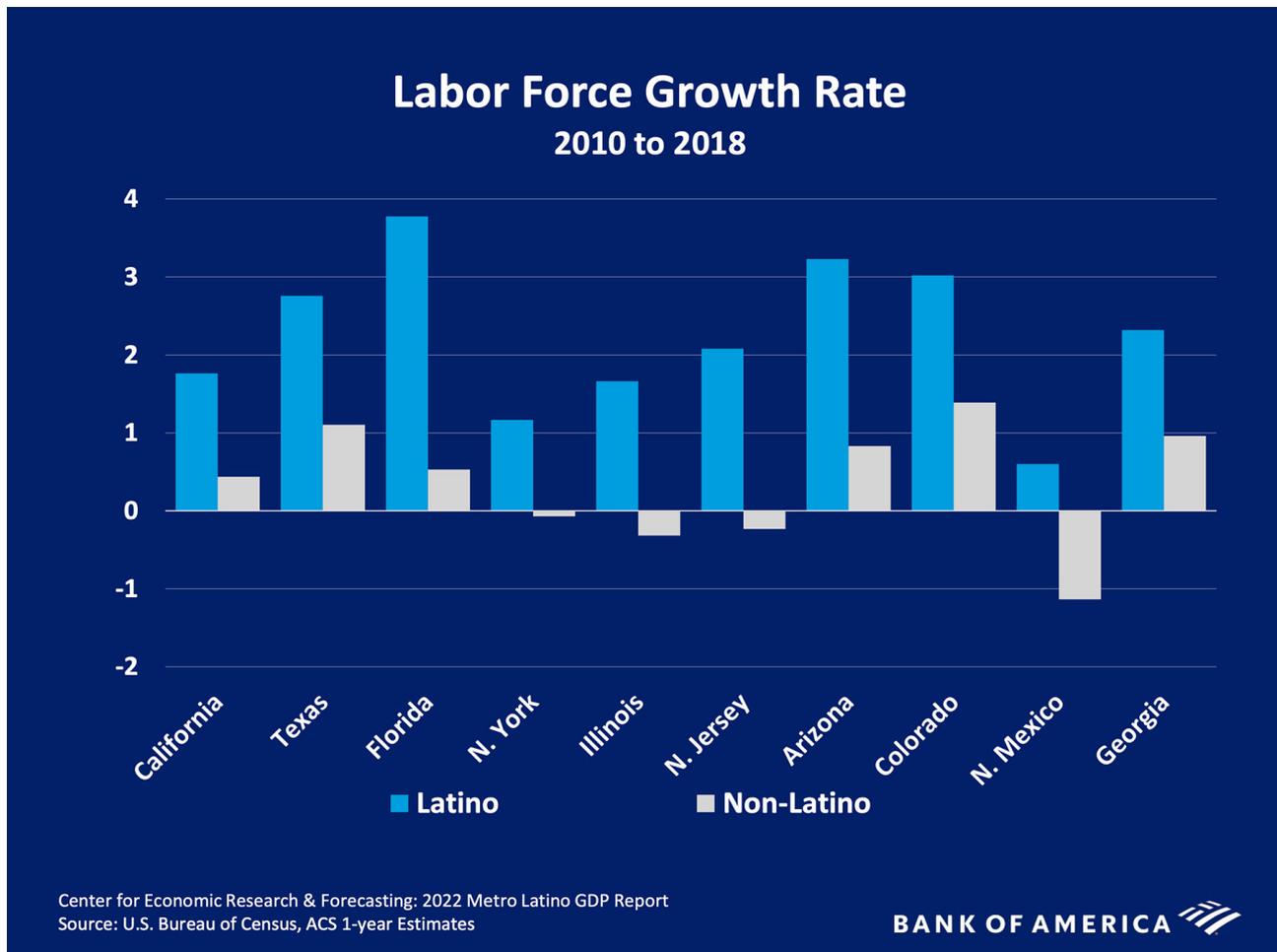
**Median age of U.S. Latinos is 29.5, compared to 40.6 for Non-Latinos**

# Drivers of the Latino GDP



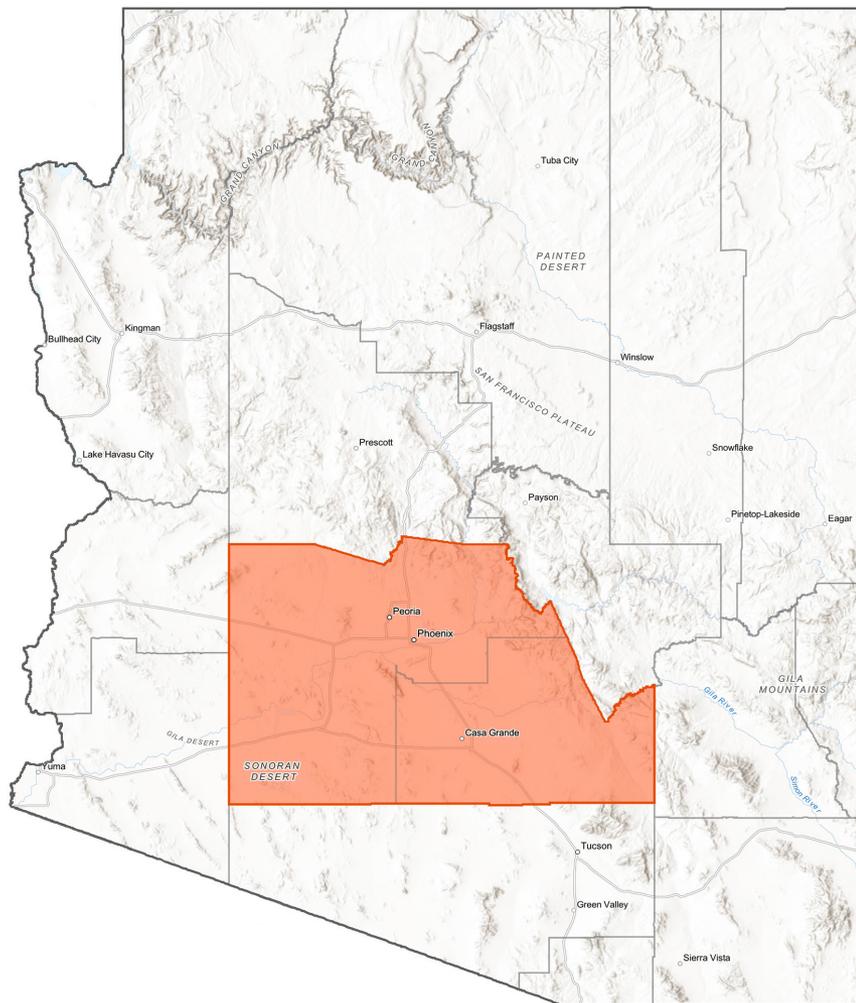
**2060: Latinos projected to contribute 30 million additional working age adults**

# Drivers of the Latino GDP



**Latinos are responsible for 78% of U.S. labor force growth since Great Recession**

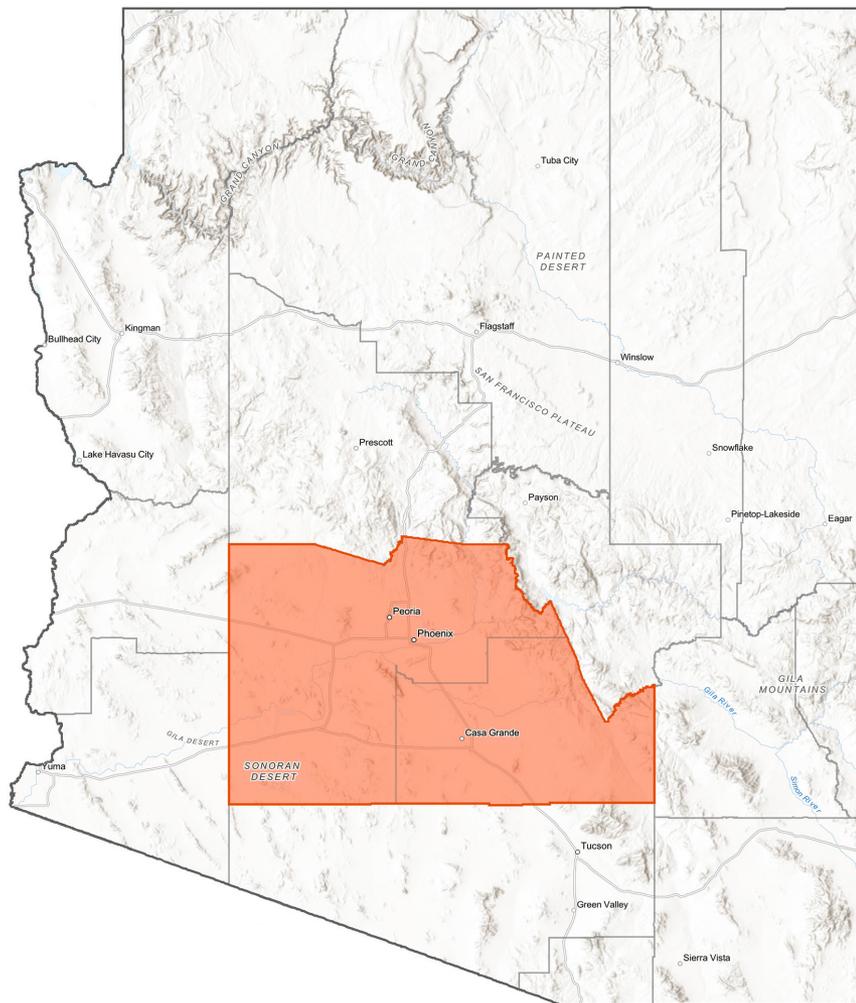
# Latino GDP: Phoenix – Mesa – Scottsdale MSA



## Phoenix Metro Area (2018)

- 4.9 million people of all ethnicities
  - Nation's ninth largest MSA
- Latino population: 1.5 million
  - Eighth largest MSA by Latino population
  - Latinos are 31% of total metro area population

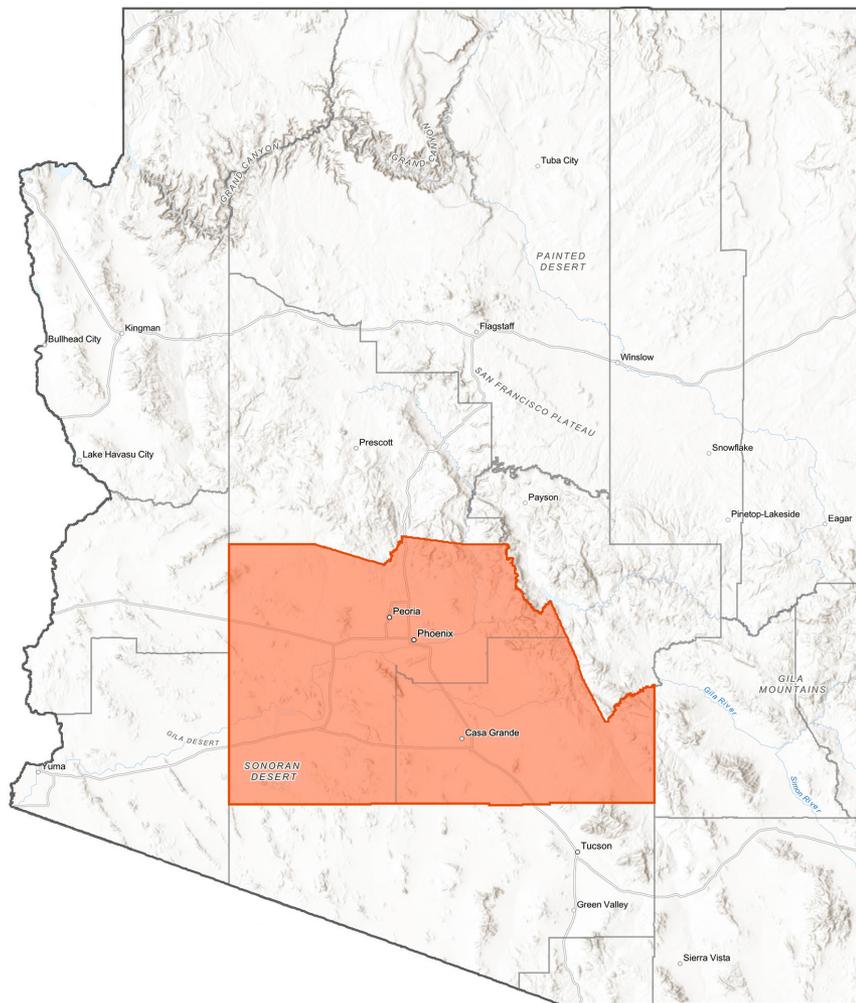
# Latino GDP: Phoenix – Mesa – Scottsdale MSA



## 2018 Phoenix Metro Latino GDP

- Latino population growth is 2x that of Non-Latinos
- Latino labor force growth is 4x that of Non-Latinos

# Latino GDP: Phoenix – Mesa – Scottsdale MSA



## Phoenix Metro Area (2010-18)

- **\$65.1 billion of economic activity**
  - Larger than the entire economy of the state of Maine or North Dakota
  - Largest component is personal consumption, which equals \$44.5 billion (larger than the GDP of Wyoming)

# Latino GDP: Phoenix Metro Area

<b>Phoenix Metro: Gross Domestic Product</b>		
	<b>Metro Latino GDP</b> by Industry <i>billions of dollars</i>	<b>Metrowide GDP</b> by Industry <i>billions of dollars</i>
Agricultural/Natural Resources	0.4	0.8
Mining/Quarrying	0.1	1.4
Construction	6.1	13.4
Durables Manufacturing	4.9	19.2
Non-Durables Manufacturing	0.9	3.7
Wholesale Trade	2.8	17.1
Retail Trade	5.4	18.2
Transportation/Warehousing/Utilities	4.6	13.2
Information/Technology	2.0	9.7
Finance/Insurance/Real Estate	12.9	61.3
Professional/Business Services	7.4	33.3
Education/Healthcare/Social Assistance	6.1	25.4
Leisure/Hospitality	4.0	12.6
Personal/Repair/Maintenance Svcs	1.6	5.1
Government Services	5.8	25.0
<b>Total All Industries</b>	<b>65.1</b>	<b>259.3</b>

*Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF*

**The Phoenix Metro's top 4 Latino GDP sectors are Finance & Real Estate, Professional & Business Services, Construction, and Education & Healthcare**

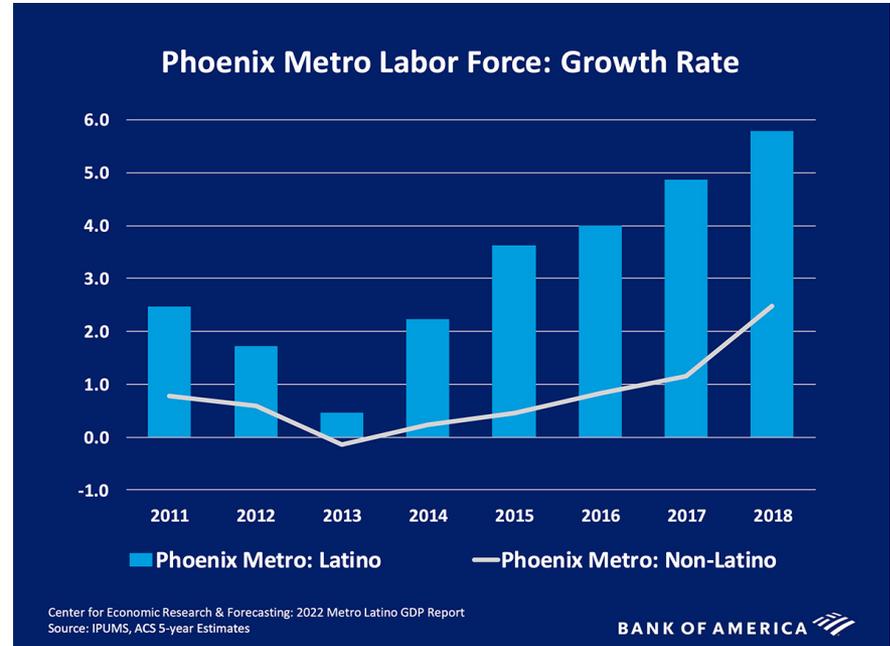
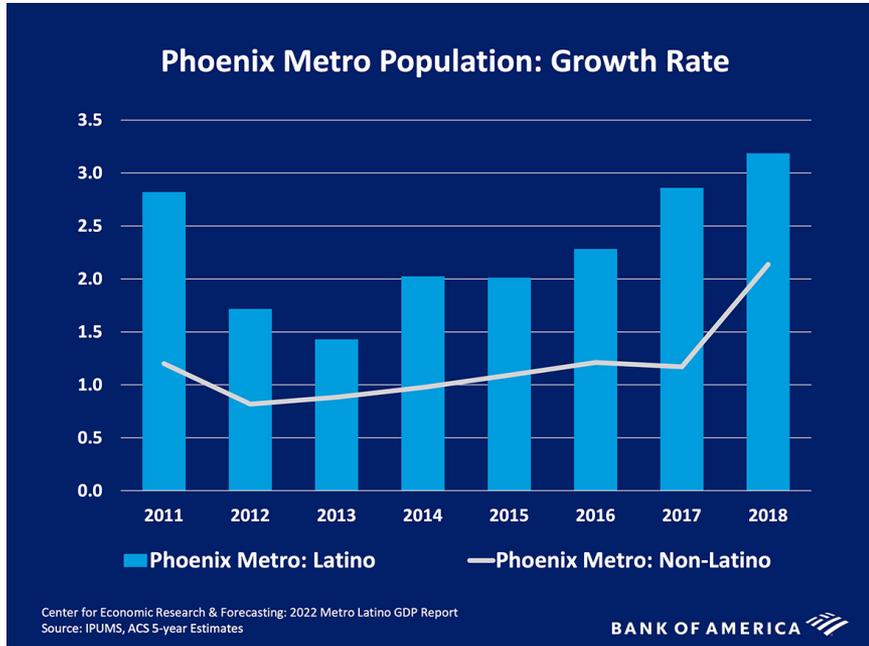
# Latino GDP: Phoenix Metro Area

<b>Phoenix Metro: Gross Domestic Product</b>		
	<b>Metro Latino GDP</b> Industry Share <i>percent</i>	<b>Metrowide GDP</b> Industry Share <i>percent</i>
Agricultural/Natural Resources	0.6	0.3
Mining/Quarrying	0.2	0.5
Construction	9.4	5.2
Durables Manufacturing	7.5	7.4
Non-Durables Manufacturing	1.3	1.4
Wholesale Trade	4.2	6.6
Retail Trade	8.3	7.0
Transportation/Warehousing/Utilities	7.0	5.1
Information/Technology	3.1	3.8
Finance/Insurance/Real Estate	19.9	23.6
Professional/Business Services	11.4	12.9
Education/Healthcare/Social Assistance	9.4	9.8
Leisure/Hospitality	6.2	4.8
Personal/Repair/Maintenance Svcs	2.4	2.0
Government Services	8.9	9.6
<b>Total All Industries</b>	<b>100</b>	<b>100</b>

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

**The Phoenix Metro's Latino economy is highly diversified. Four different sectors account for out-sized shares of the Phoenix Metro Latino GDP.**

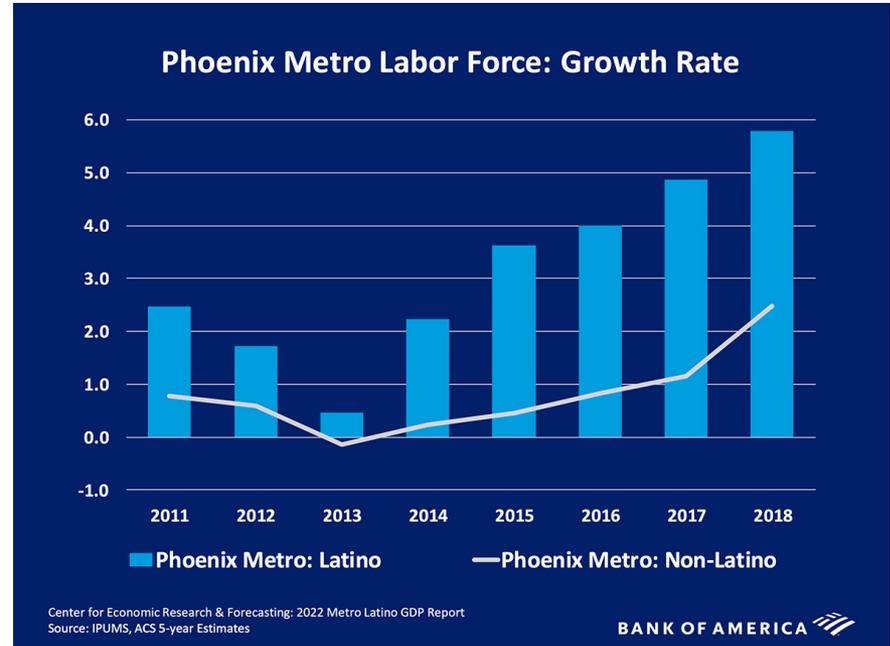
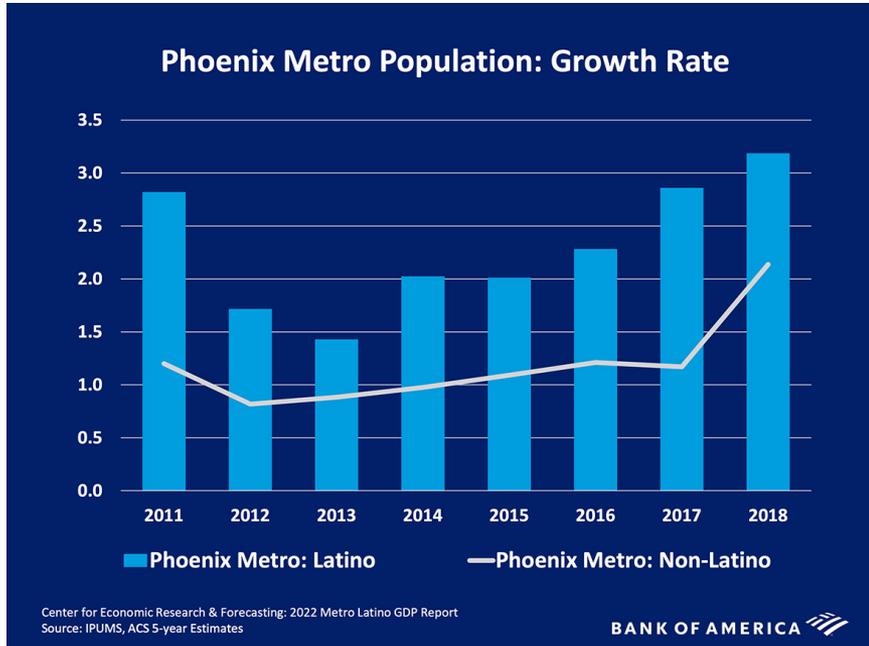
# Phoenix Metro Latino GDP - Population & Labor Force



## Latinos are making strong and consistent contributions to the Phoenix Metro Area's population and labor force

- Non-Latino population grew consistently from 2010 to 2018 (growing by 9.9 percent over those years)
- Latino population grew 2 times the rate of Non-Latinos from 2010 to 2018 (growing by 19.9 percent)

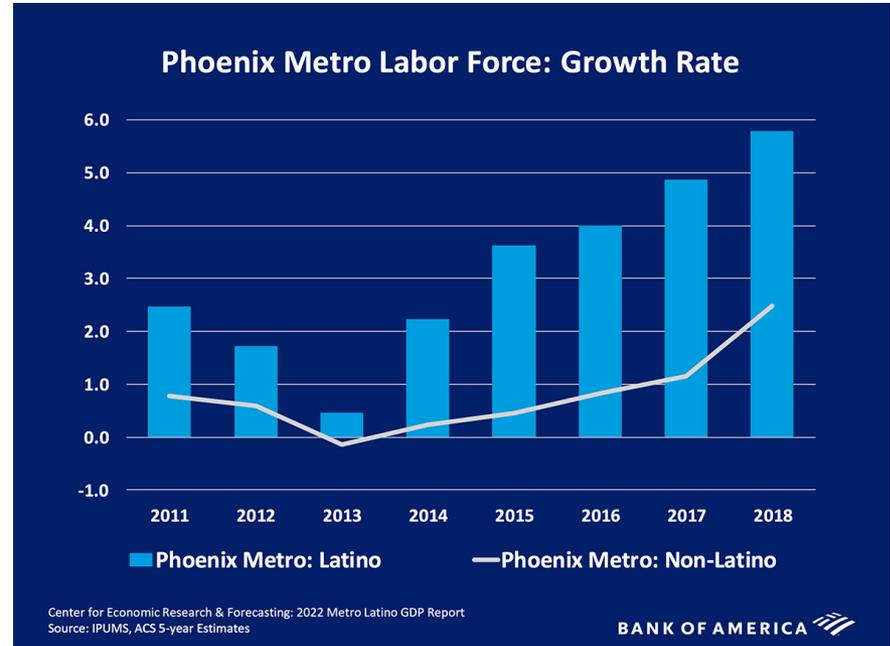
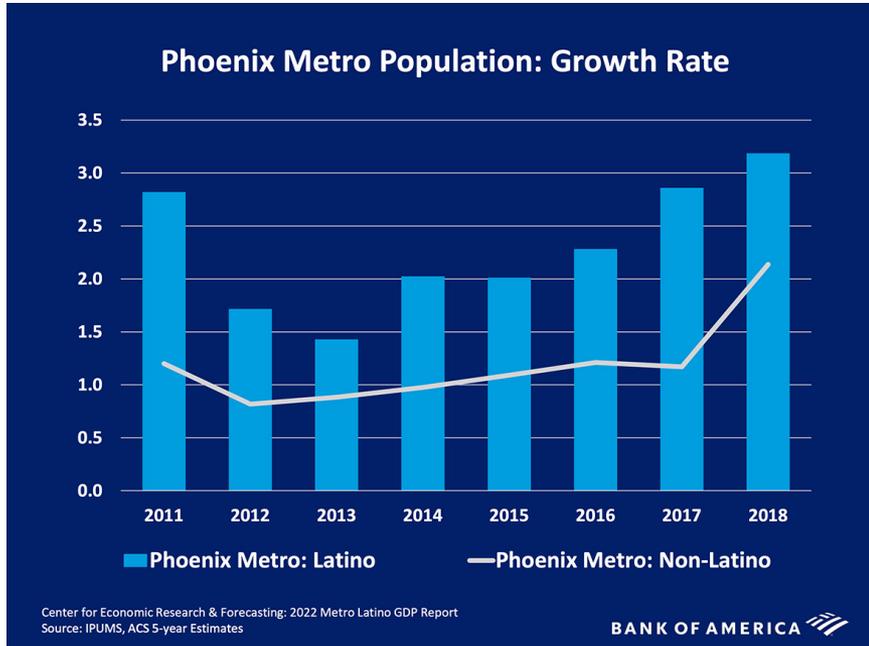
# Phoenix Metro Latino GDP - Population & Labor Force



## Latinos are making strong and consistent contributions to the Phoenix Metro Area's population and labor force

- Number of Non-Latino workers grew weakly from 2010 to 2018 (growing by just 6.5 percent over those years)
- Number of Latino workers grew robustly from 2010 to 2018 (growing by 28 percent)

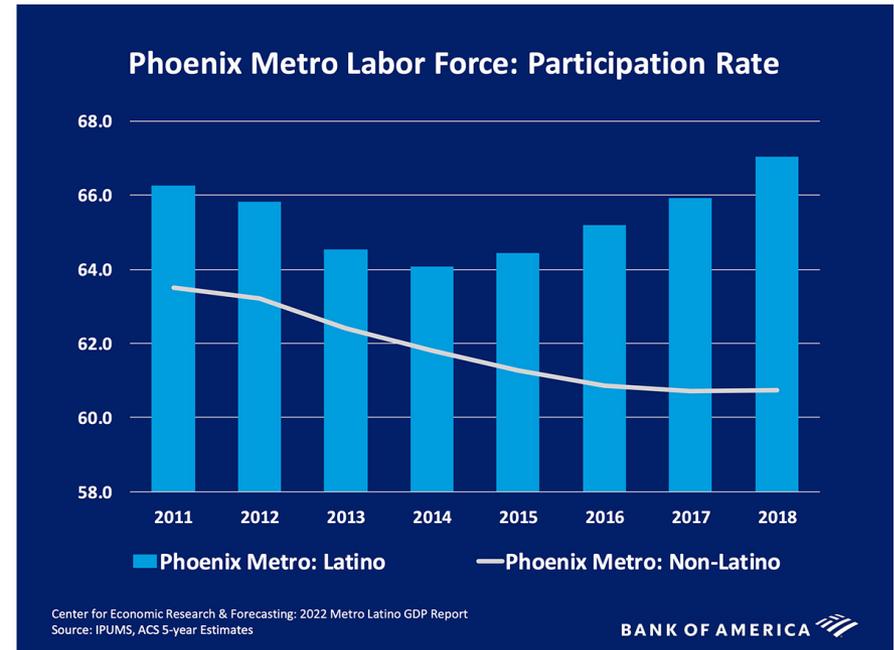
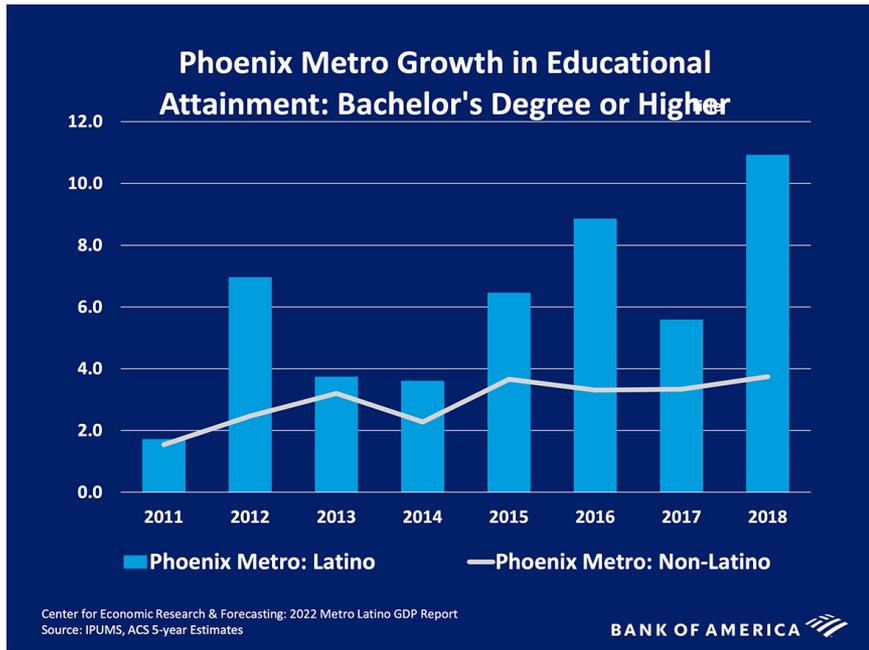
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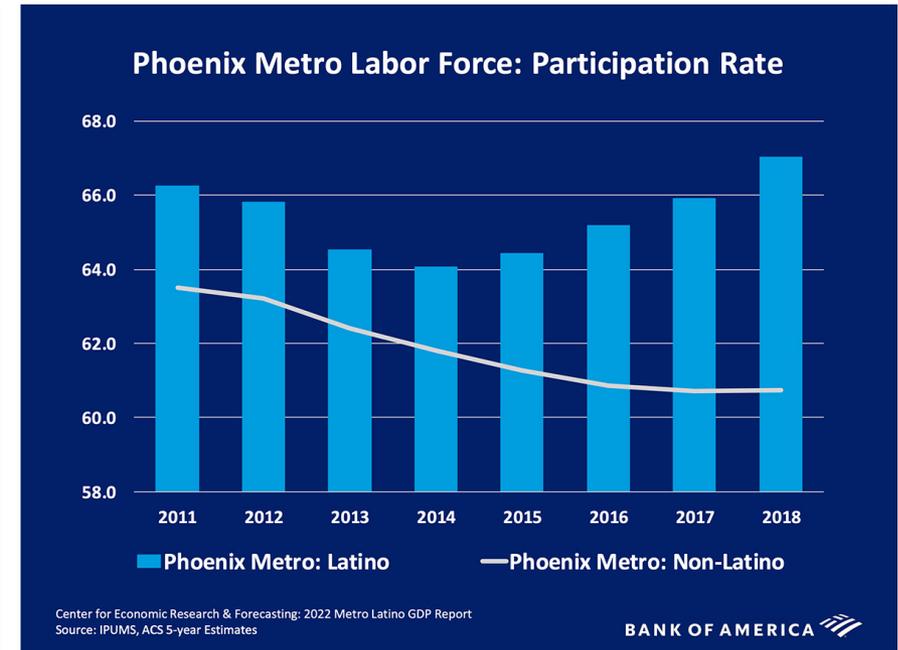
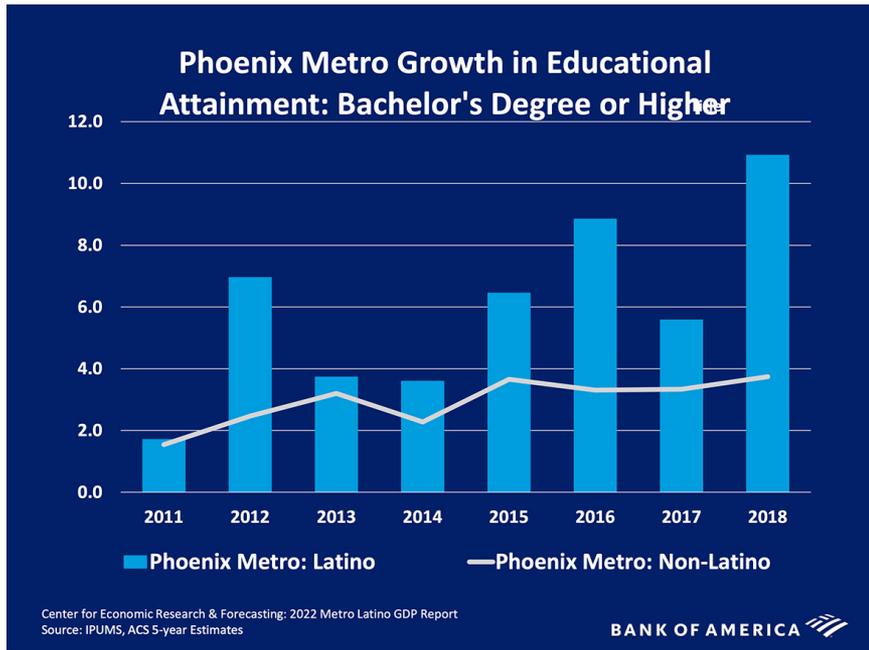
- Despite being just 31 percent of the Metro Area's population, Latinos are responsible for 60 percent of the growth of the labor force from 2010-18

# Phoenix Metro Latino GDP - Education & LFP



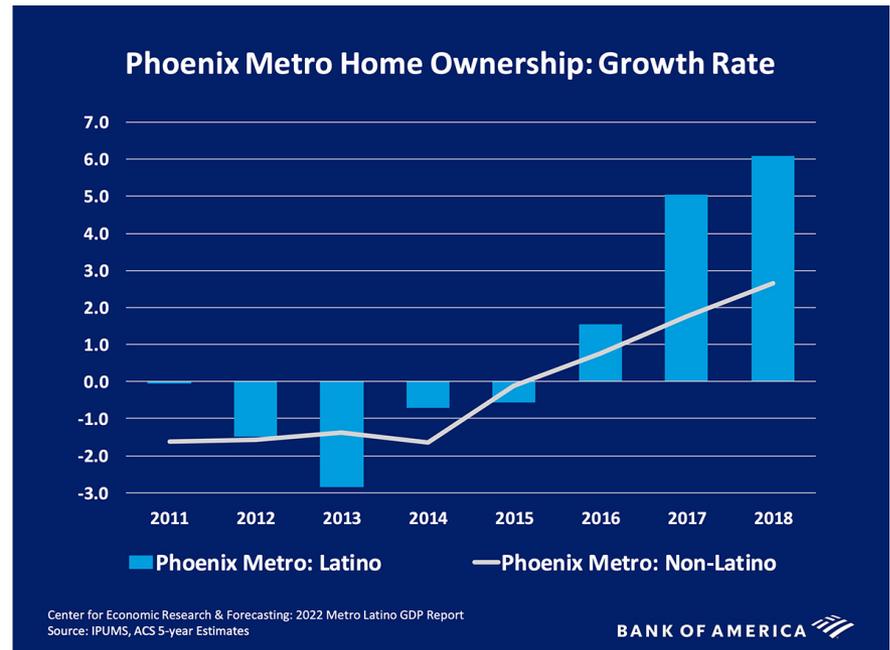
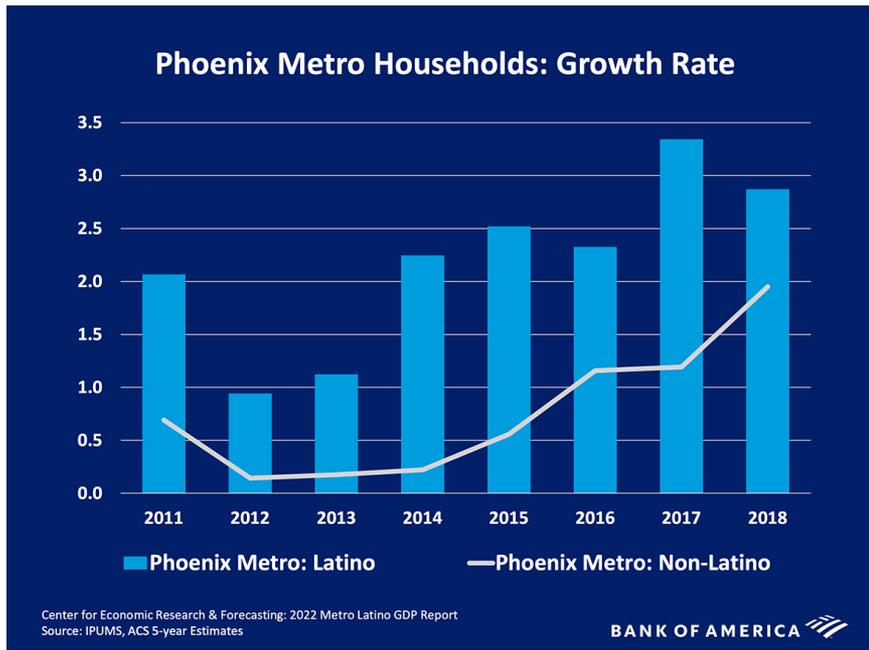
**Educational attainment of Phoenix Metro Latinos is growing 2.3 times as fast as that of Non-Latinos**

# Phoenix Metro Latino GDP - Education & LFP



**From 2010-2018, Latino's labor force participation rate was an average of 3.5 percentage points higher than Non-Latino. In 2018, it was a remarkable 6.3 percentage points higher.**

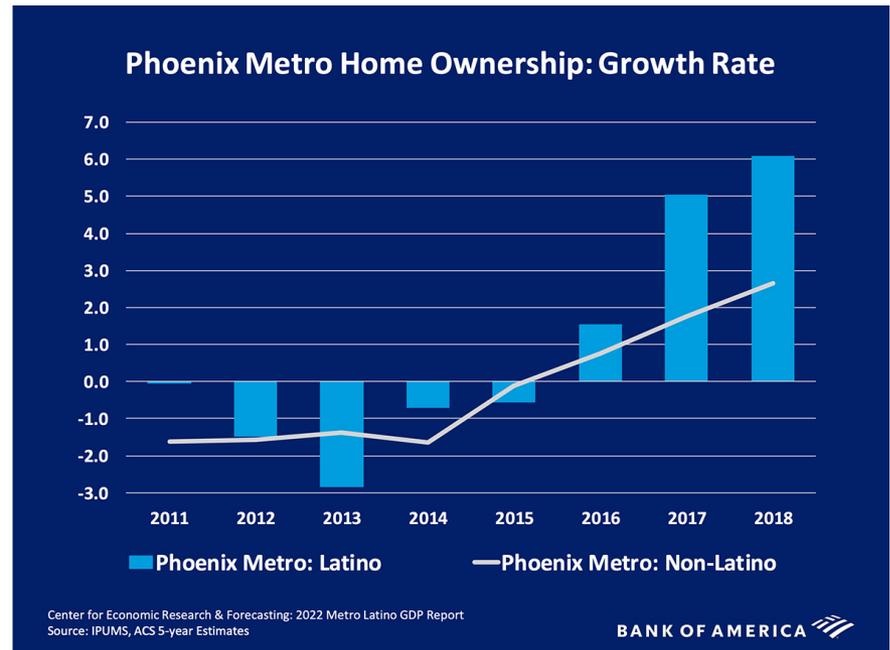
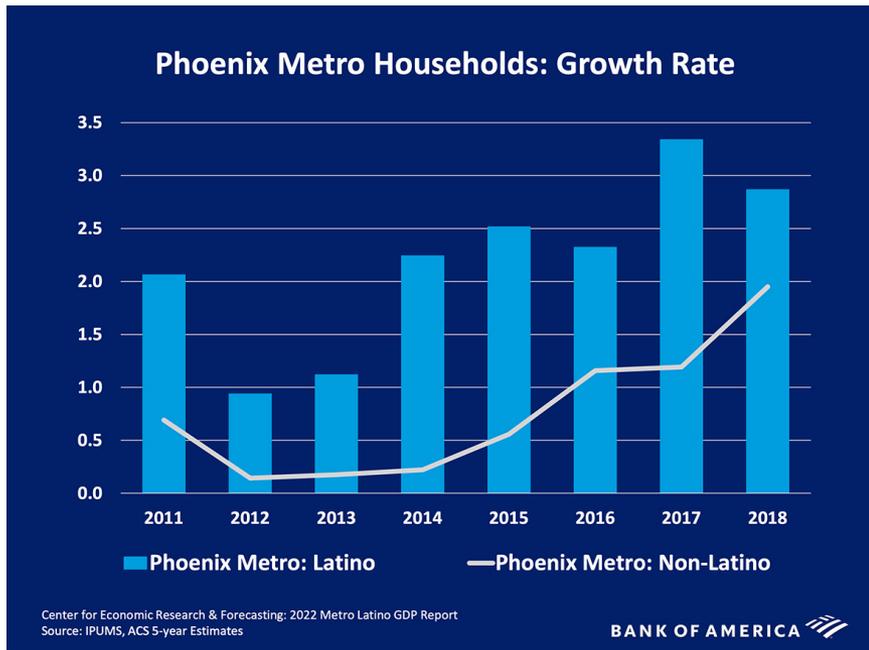
# Phoenix Metro Latino GDP – Households & Ownership



**Latinos provide a very large and positive demographic punch through both the addition of workers and the formation of households**

- From 2010 to 2018, the number of Latino households increased 18.8 percent
- During the same time, the number of Non-Latino households grew by only 6.2 percent

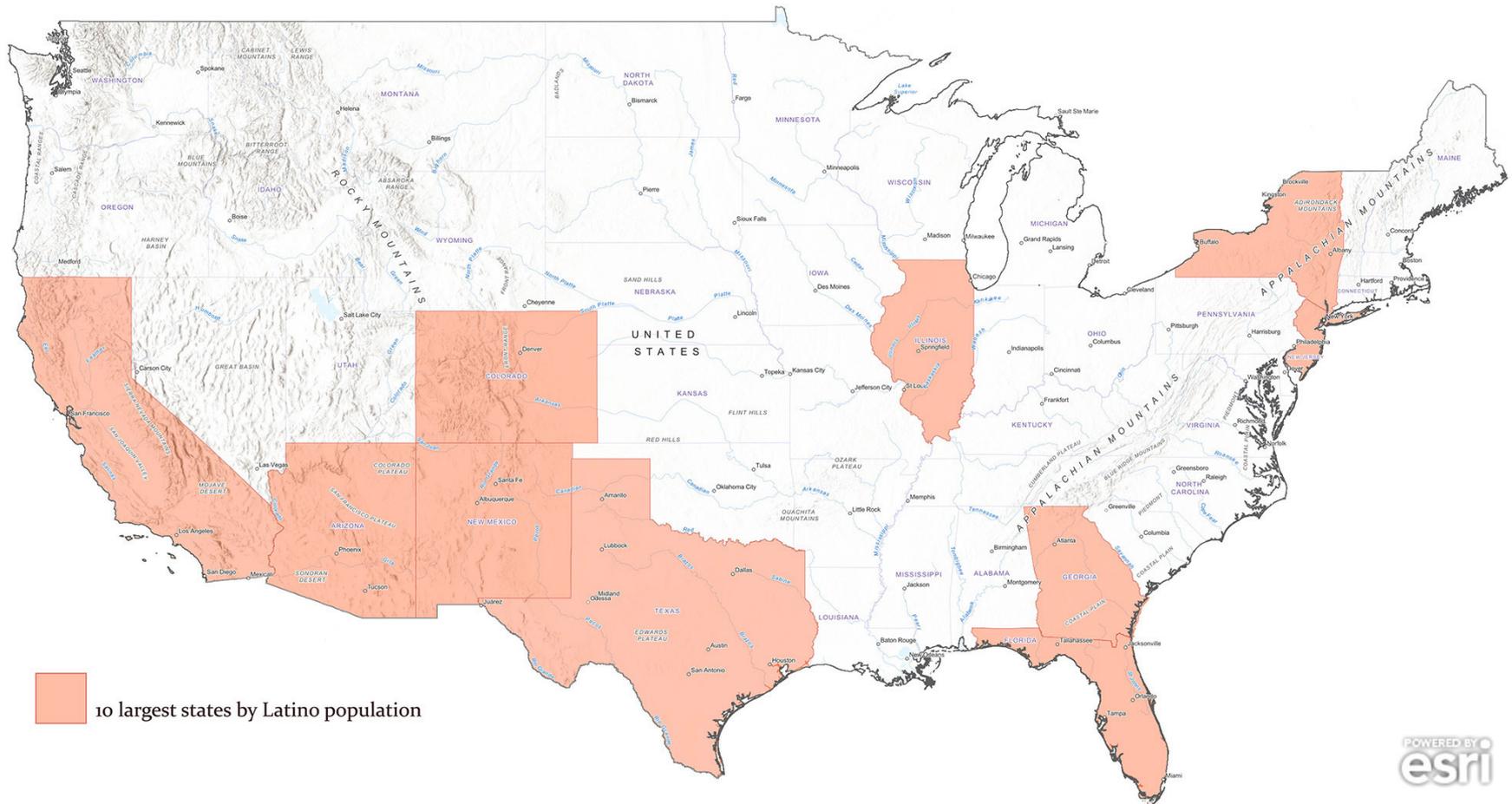
# Phoenix Metro Latino GDP – Households & Ownership



## The growth of Latino households is accompanied by strong growth of Latino home ownership

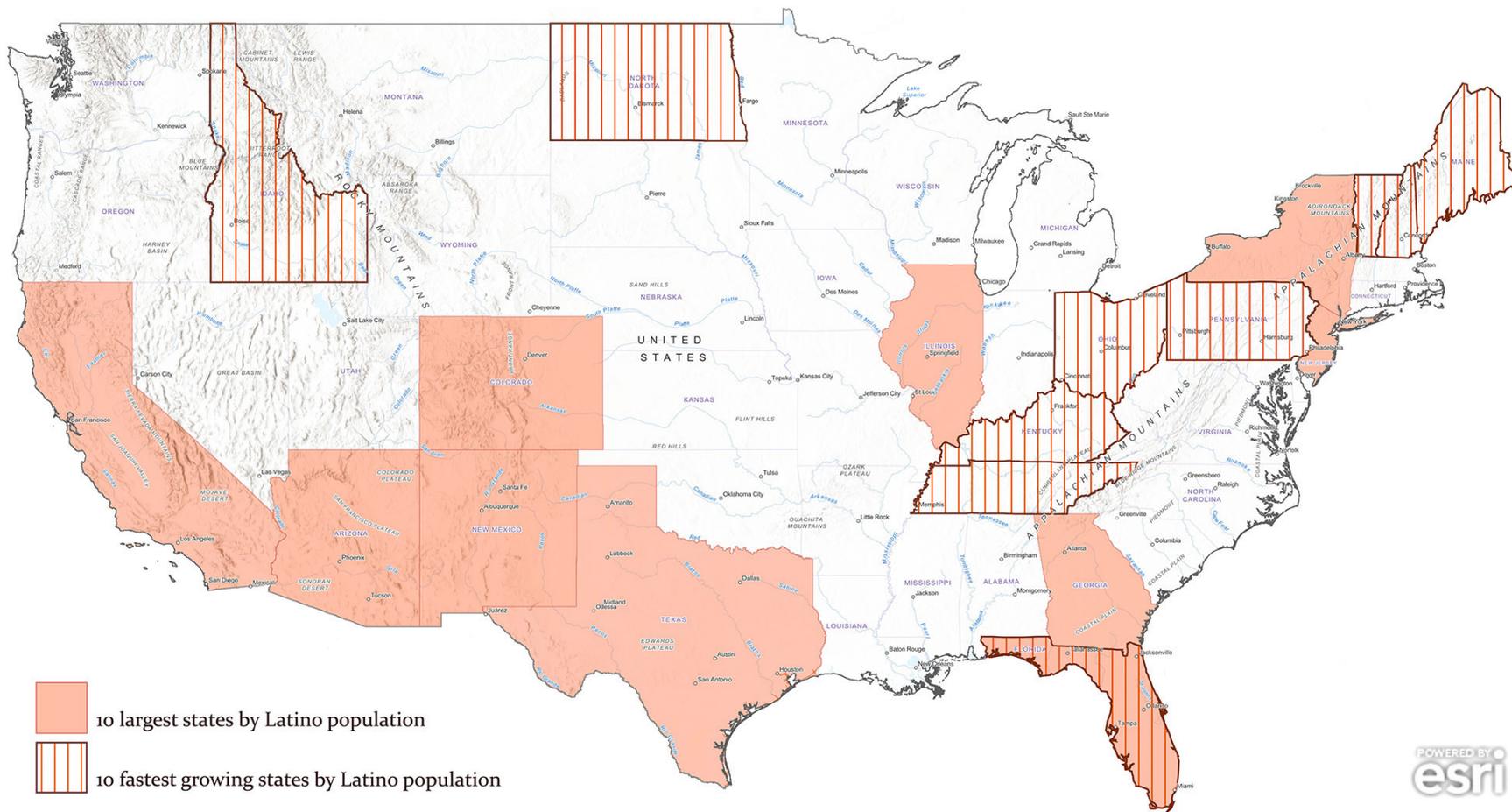
- From 2016-18, the number of Latino homeowners increased by more over 13 percent
- During those same years, the number of Non-Latino homeowners increased by only 5 percent

# Latino Gross Domestic Product (GDP)



**The story of the extraordinary economic contribution of Latinos is not unique to a handful of states...**

# Latino Gross Domestic Product (GDP)



**This is a story that touches every corner of the nation**

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