Arizona's job growth continued to slow in recent quarters, but remained among the highest in the nation. Strength in healthcare and other sectors made up for weaknesses in finance and information technology. Job growth also helped push down the unemployment rate, although it was still ranked ninth highest nationally. With strong in-migration and limited supply of new and existing homes for sale, home prices grew at the nation's tenth highest pace, yet single family permits continued to increase.

Arizona banks' average return on average assets ratio inched closer to the nation on solid year-over-year loan growth and strong net interest margins that were among the best in the nation. Yet, high noninterest expenses held back returns, with an average efficiency ratio of 75% compared to 66% for the nation. Commercial and industrial loans had the highest growth rate at 12.0%, while real estate loans grew at 7.8%. Commercial real estate loan concentrations saw a commensurate increase in recent quarters, yet capital ratios remained healthy.

**Key Economic Metrics** (ranking #1 = highest in the nation)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Rank</th>
<th>Data as of 12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-over-Year Job Growth: 2.2%</td>
<td>#6</td>
<td></td>
</tr>
<tr>
<td>Unemployment: 4.7%</td>
<td>#9</td>
<td></td>
</tr>
<tr>
<td>Year-over-Year Home Price Growth: 8.6%</td>
<td>#10</td>
<td></td>
</tr>
<tr>
<td>Single Family Permits / 1,000 Residents: 3.9</td>
<td>#11</td>
<td></td>
</tr>
</tbody>
</table>

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Banks at a Glance: Arizona

Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

**Year to Date Return on Average Assets: 0.79%**
Rank: #32

![Graph showing Year to Date Return on Average Assets](#)

**Year-over-Year Net Loan Growth: 8.8%**
Rank: #11

![Graph showing Year-over-Year Net Loan Growth](#)

**Nonperforming Assets / Total Assets: 0.66%**
Rank: #21

![Graph showing Nonperforming Assets / Total Assets](#)

**Total Risk-Based Capital Ratio: 16.4%**
Rank: #21

![Graph showing Total Risk-Based Capital Ratio](#)

**CRE Concentration: 179%**
Rank: #15

![Graph showing CRE Concentration](#)

**Securities and Liquid Invest. / Total Assets: 26.9%**
Rank: #30

![Graph showing Securities and Liquid Invest. / Total Assets](#)

Source: Call Report data for commercial banks based upon headquarters location. Averages are calculated on a "trimmed" basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude "De Novo" banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were 15 for the state and 4,882 for the nation.

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