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Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 2,200 non-farm jobs on a seasonally adjusted basis in September (+0.07%), the 21st highest monthly gain among all states and D.C. The U.S. overall gained 119,000 jobs (+0.08%) in September; twenty states reported job losses month-over-month.

On a year-over-year (YOY) basis, Arizona gained 32,600 (+1.01%) – faster than the U.S.+0.83% YOY growth. Arizona ranked 19th among all 50 states and D.C. in year-over-year job growth for the month.

Following an increase in August, employment gains in Arizona’s manufacturing sector were short-lived, with the sector losing 200 payroll jobs in September. Compared to all other states, these job losses put Arizona 33rd in manufacturing employment performance for the month; relative to September 2024, Arizona shed 1,400 manufacturing jobs (-0.7%). Twenty-five states posted monthly job losses in this sector, and twenty-nine joined Arizona in posting year-over-year losses in September.

Unemployment in the state ticked up slightly to 4.2% from 4.1% – the first increase in the unemployment rate since March. Additionally, Arizona’s labor force participation rate increased 0.2 percentage points to 61.6%. This was the largest month-over-month gain in labor force participation among all states and D.C. On a national level, the unemployment rate increased for the third consecutive month, reaching 4.4% in September. The labor force participation rate increased from 62.3% to 62.4%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.



Arizona’s Labor Market

Total Jobs
3,256,800

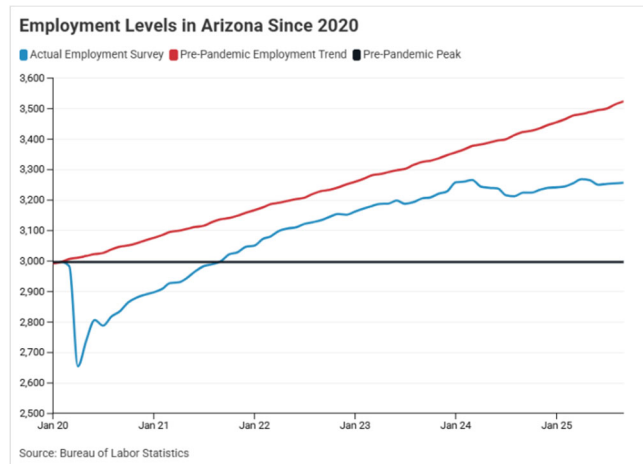
Jobs Added in September:
+2,200
(+0.07%)

Year-Over-Year Growth:
+32,600
(+1.01%)

Key Findings – Arizona September 2025 Employment Data (BLS CES Survey)ⁱ

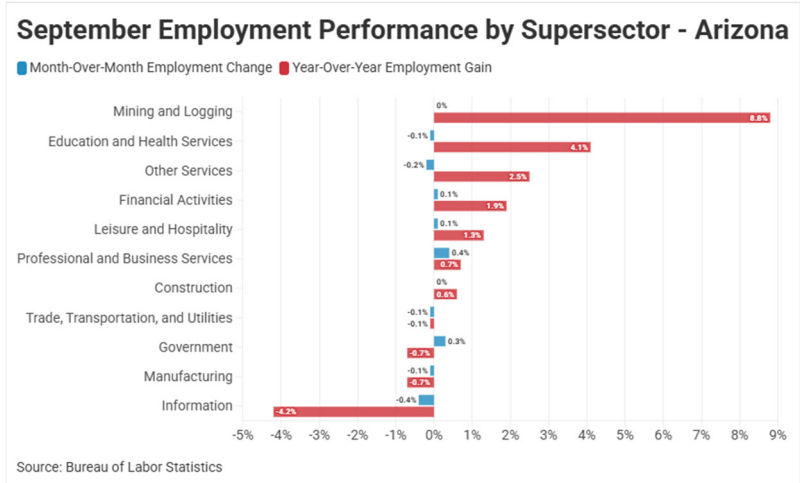
The Arizona economy gained jobs for the third straight month in a row, bringing the total year-to-date job gains through September to 16,600 (15th in the country). As noted in previous reports, Arizona has lost jobs since April (-12,000) and has been one of the worst performing labor markets since then (48th). Job growth for the twelve-month period ending in September was +1.01% (19th).

Job growth has clearly slowed in the state as it has across the country. However, since July the monthly revisions to the state’s job numbers have been positive compared to generally negative revisions at the national level. Preliminary job growth in August was 0.02%, but as of this latest release that figure was revised upwards by 900 jobs (+0.05% vs +0.02%).



As of the preliminary August figures, Arizona gained 13,500 jobs year-to-date in 2025 – equating to a monthly average of 1,700. With the newly revised figures for August that growth climbed to +14,400 jobs, or +1,800 jobs per month on average. This rate is still well below the 5,340 per-month average between 2022 and 2024 but represents a continued improvement from the low growth figures cited in earlier months.

Arizona’s fastest growing sector in September was the Professional and Business Services sector, which added 2,000 jobs over August (+0.4%). On an annual basis the state’s Mining and Logging sector remains the best performing sector with a total annual growth of 8.8%. The state’s Education and Health Services sector – which accounts for just over 17% of all employment in the state – was the second fastest growing sector in terms of annual job growth and accounted for over 68% of the state’s total job growth since September of 2024.



The Information sector saw the worst performance in both monthly and annual job growth (-0.4% month-over-month, -4.2% year-over-year) The state’s manufacturing sector shed -0.7% of its workforce over the past twelve months, continuing its status as the second slowest sector for annual job growth in the state.

Wages

Average hourly wages (not seasonally adjusted) in Arizona increased \$0.23 in September (+0.66%) – ranking Arizona 29th in the U.S. for monthly wage growth. The average hourly wage for August was also revised upwards from \$34.91 to \$34.94 (+0.26% to +0.34%). Seven states in total experienced wage declines in September. The U.S. hourly wage (seasonally adjusted) increased +\$0.09 in September (+0.25% MOM). Wages in the state are up 3.6% over the last twelve months, ranking Arizona 19th among all states and D.C.

- Arizona private sector workers are now earning an average of \$35.17/hour, compared to \$33.96 a year ago (+3.6%).
- Nationally, the average hourly wage (seasonally adjusted) increased +0.25% over August and +3.8% since last year.

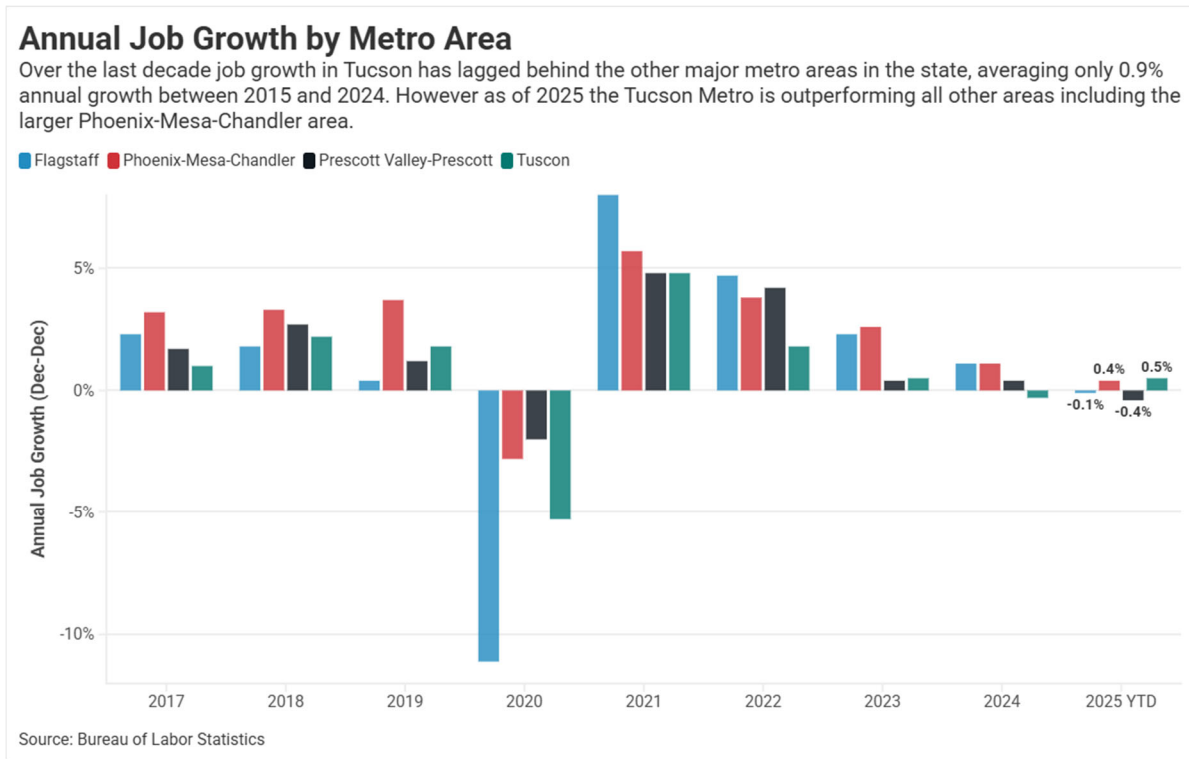
As of the latest inflation and wage data for August¹, real wages are up 2.8% in the state compared to just +0.9% for the nation. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -4.2%.

Local Employment Growth

In addition to tracking employment figures for the entire state, the Bureau of Labor Statistics publishes employment figures for seven Metropolitan Statistical Areas (MSA) in the state (Flagstaff, Lake Havasu City-Kingman, Phoenix-Mesa-Chandler, Prescott Valley-Prescott, Sierra Vista-Douglas, Tucson, and Yuma), which together account for about 97% of the state’s overall employment.

According to the September data, monthly job growth was fastest in the Yuma MSA, with that area growing 0.49% over August. The Phoenix-Mesa-Chandler area saw employment rise by 0.11% in September, which was the 3rd slowest growth out of all seven areas tracked.

Interestingly, the Tucson MSA – a region which has historically lagged in overall economic and employment growth – has grown faster than its peers in 2025. The Tucson MSA exhibited the second fastest month-over-month growth (+0.48%), and the fastest year-over-year and year-to-date growth (+1.19% and +0.50%) as of the September data – a promising trend given the region’s historical performance. Between 2015 and 2024 Job growth in Tucson averaged 0.9% - the 2nd slowest growth out of all seven regions – despite representing the second largest metro area in the state behind the Phoenix-Mesa-Chandler MSA.



¹ Given the recent shutdown of the federal government inflation data is only available through August.

ⁱ [“Employment, Hours, and Earnings – State and Metro Area,”](#) U.S. Bureau of Labor Statistics, 2025.