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Arizona Jobs and Labor Force Update

Author: Zachary Milne

Introduction

Arizona gained 6,400 non-farm jobs on a seasonally adjusted basis in December (+0.20%), the 6th highest monthly gain among all states and D.C. The U.S. overall gained 50,000 jobs (+0.03%) in December; twenty-seven states reported job losses month-over-month.

On a year-over-year (YOY) basis, Arizona gained 24,400 jobs (+0.75%) – faster than national gain of +0.37%. Arizona ranked 20th among all 50 states and D.C. in year-over-year job growth in December. This month represents the 21st consecutive month of annual job growth under 2.0%.

Arizona was one of 27 states to see a decline in manufacturing employment in December (-0.5%), and one of 33 states to lose jobs on a YOY basis (-1.3%). Although manufacturing briefly increased in the fall, employment in this sector has now fallen back to July levels – the lowest level recorded in 2025. Since December of 2024 Arizona has shed 2,600 manufacturing jobs.

Unemployment in the state remained unchanged from November's rate of 4.3%, although this represents a slight increase from the rate posted in September and cited in the last CSI jobs and labor force update (+0.1 percentage point). Arizona's labor force participation rate (LFPR) remained steady as well over November (61.9%), but increased 0.3 percentage points since the September reading of 61.6%, and matches the highest LFPR recorded for the state since October of 2023. On a national level, the unemployment rate fell slightly from 4.5% in November to 4.4%. The national LFPR fell from 62.5% 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
3,264,600

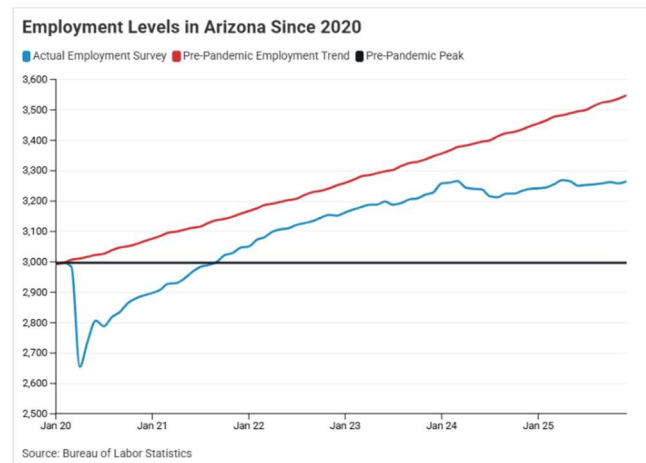
Jobs Added in December:
+6,400
(+0.20%)

Year-Over-Year Growth:
+24,400
(+0.75%)

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

Arizona's job growth in December was strong on a month-over-month basis, with the state posting the 6th fastest job growth in the month. On a YOY basis Arizona ranked 20th.

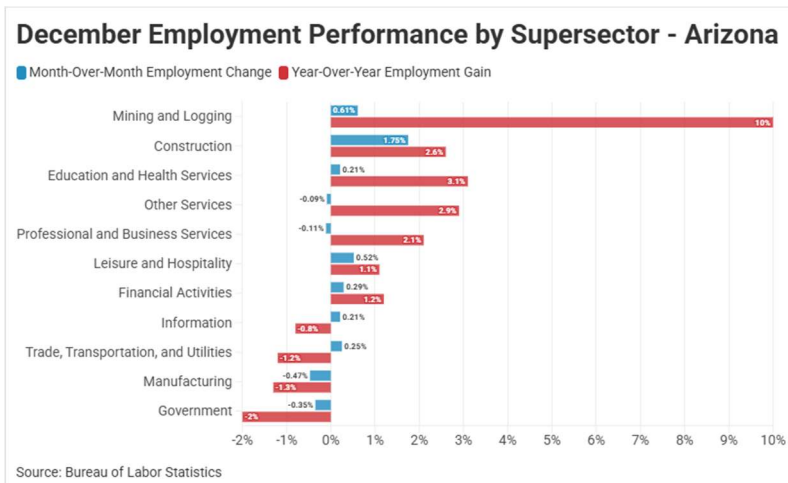
CSI's previous jobs and labor force update covered data through September of 2025, but since that report the Bureau of Labor Statistics has released data for October and November as well. Since September, Arizona has gained 6,500 jobs in total (+0.20%), the 13th highest rate of growth over this time span among all states and D.C.



Although revisions to the monthly job numbers are part of the normal BLS process, they continue affect the employment picture across the country and in Arizona, where recent monthly revisions have been large and positive. The Common Sense Institute continues to suggest caution in interpreting the headline monthly numbers, given the size and consistency of the recent upward revisions to initial monthly jobs numbers.

As reported in CSI's previous jobs and labor force update, Arizona gained 2,200 jobs in September according to the preliminary figures. However, the adjusted figures for September show that the state gained 3,500 jobs that month – a pace nearly 60% faster than what was initially released. Arizona's revision in percentage point terms for September was the 3rd largest revision out of all states and D.C. and is part of a pattern that has persisted at least since July, where Arizona's revisions have ranked 2nd, 19th, and 3rd in July, August, and September, respectively.

Arizona's fastest growing sector in December was Construction, which added 3,900 jobs over November (+1.75 %). However, this strong growth comes on the back of a 1.46% decline in November. Since September, the Construction sector has added 1,400 jobs. On an annual basis the state's Mining and Logging sector continues to outperform, growing 10.00% since December of 2024. The state's Education and Health Services sector – which accounts for just over 17% of all employment in the state - was again the second fastest growing sector in annual terms and today accounts for for over 68% of the state's total job growth since December of 2024.



Manufacturing saw the worst performance in both monthly and annual job growth (-0.47% month-over-month, -1.3% year-over-year), and a total of four sectors including Trade, Transportation and Utilities, Information, and Government lost jobs on a YOY basis.

Wages

Average hourly wages (not seasonally adjusted) in Arizona fell \$0.25 in December (-0.71%) – ranking Arizona 39th in the U.S. for monthly wage growth. Since September the average wage in the state has fallen \$0.20 and represents the second worst wage performance out of all states and D.C. over this time period. As a reminder state-level wage data is not seasonally adjusted by the BLS, and so seasonal variation can lead to significant volatility in the monthly figures. Wages in the state are up 3.5% over the last twelve months, ranking Arizona 23rd among all states and D.C. The U.S. hourly wage (seasonally adjusted) increased +\$0.12 in December (+0.33% MOM), and since September have grown \$0.37 (+1.01%). 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 \$35.10/hour, compared to \$33.90 a year ago (+3.5%).
- Nationally, the average hourly wage (seasonally adjusted) increased +0.33% over November and +3.8% since last year.

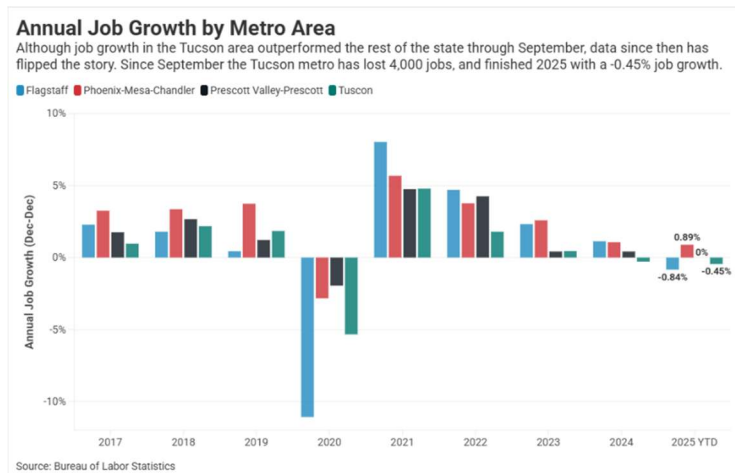
As of the latest inflation and wage data for December, real wages are up 1.3% in the state compared to 1.1% for the nation. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -3.6%.

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 December data, monthly job growth was fastest in the Prescott Valley MSA, with that area growing 0.28% over November. This was also the fastest growing area since September. The Phoenix-Mesa-Chandler area saw employment rise by 0.10% in December, which was the 2nd fastest growth out of all seven areas tracked in both MOM terms, and since September.

In our last report we noted that the Tucson metro – an area with historically sluggish job growth – was growing faster than its peers in 2025. However, data since September has flipped that story. Since September the Tucson MSA has been the worst performing metro area in the state, losing 4,000 jobs (-1.00%) in that time. For 2025 as a whole, the Tucson area's employment level has contracted -0.45%, while the Phoenix-Mesa-Chandler area has grown 0.43%. Year-to-date, the Phoenix MSA has been the fastest growing area in the state, with job growth of +0.89% over December 2024.



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