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Arizona Jobs and Labor Force Update

Author: Kamryn Brunner

Introduction

Arizona gained 14,200 nonfarm jobs in April (+0.44%, +0.76% year-over-year) – putting Arizona 1st among all states in monthly job growth. For perspective, the total U.S. job growth rate in April was 0.11%; eleven states reported job losses.

On a year-over-year basis, Arizona gained jobs at a +0.76% rate compared to April 2024 (up from -0.3% in March); the national year-over-year growth rate remained unchanged at +1.2%. This is the first month of year-over-year job gains for Arizona in 2025, putting the Grand Canyon state 34th among 51 states in terms of annual job growth. This is a significant improvement from being 50th in March.

Arizona's manufacturing employment – once a standout enjoying its fastest growth in decades – continued its decline in April (-0.3% month-over-month); over the past twelve months Arizona has shed 3,200 manufacturing jobs (-1.6%). These changing fortunes reflect an ongoing national slowdown in this sector that began in 2023 - thirty-two states experienced job losses in their manufacturing sectors in April and twenty-four experienced losses in the last year.

Arizona's unemployment rate and labor force participation rate both remained steady at 4.1% and 61.5%, respectively. On a national level, the unemployment rate also remained steady at 4.2%, and the labor force participation rate increased 0.1 percentage point to 62.6%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.

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

Job growth was faster than the U.S. average month-over-month, with the Grand Canyon state gaining 14,200 jobs (+0.44%) in April. Year-over-year growth was +0.76% (up from -0.35% in March) – much slower than the average U.S. state over the same time period, but improving. Given current trends, Arizona is likely to sustain positive year-over-year job growth in the next 2-3 months after annual declines in the first quarter of 2025.

This year-over-year growth is significantly slower than the pace experienced in 2022 and 2023. Arizona's year-over-year job growth rates peaked at 10.3% in April 2021, and has been slowing since. Although month-to-month jobs figures can be volatile, the monthly growth of +0.44%



Arizona's Labor Market

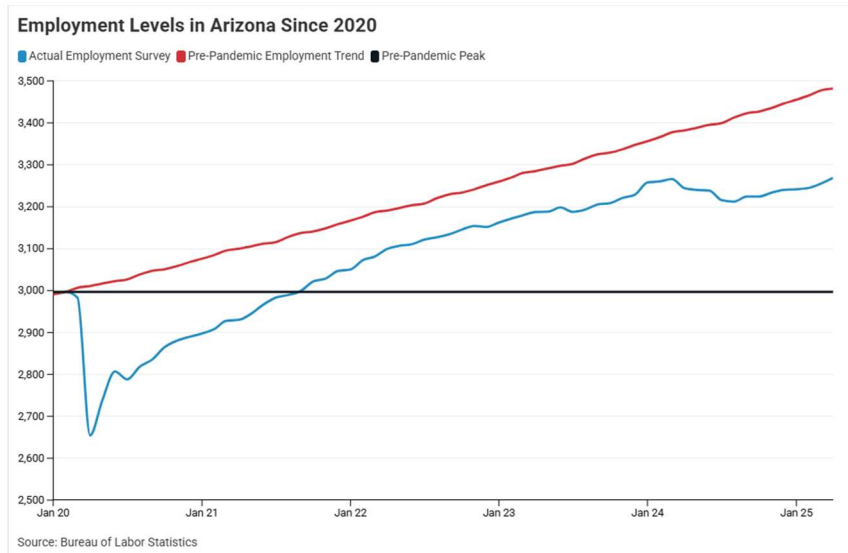
Total Jobs
3,268,900

Jobs Added in April:
14,200
(+0.44%)

Year-Over-Year Growth:
24,600
(+0.76%)

would translate to a +5.36% annualized growth rate – indicating much faster real-time job growth compared to the states performance over the past year.

The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in July 2022 and has been increasing since. Today the state has 212,000 fewer workers than it would have had on its 2017-2019 growth trend (down from 222,000 in March). Given its average job growth rate since 2020, the state will never return to this pre-pandemic trend.



The state's fastest growing sector over the past twelve months was Education and Health Services, adding 22,600 jobs (+4.2%). Its slowest growing sector was Professional and Business Services, which lost -4,400 jobs (-0.9%). The Education and Health Services sector has steadily grown since 2020 (losing only 48,000 jobs during the pandemic) and is now at its all-time highest level of employment. Professional and Business Services on the other hand peaked in January 2024 but has been declining since.

Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona decreased -\$0.13 in April (-0.37%) – making Arizona 34th in the U.S. for wage growth. Thirty states experienced wage declines in April. The U.S. hourly wage (seasonally adjusted) increased +\$0.06 in April (+0.17% average month-over-month growth). On a year-over-year basis, Arizona is outperforming the average U.S. State, and wages have grown \$1.49 (+4.5%).

- Arizona private sector workers are now earning an average of \$34.59/hour, compared to \$33.10 a year ago (+4.5%). This growth ranks Arizona 18th in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased +0.17% in April (month-over-month) and +3.8% since last year (year-over-year)

As of the latest inflation report released in May, real wages were up +4.2% (year-over-year and after CPI inflation, compared to the April nominal increase of 4.4%). However, since April 2020, real, inflation-adjusted wages in Arizona have declined -4.2%.

ⁱ ["Employment, Hours, and Earnings – State and Metro Area," U.S. Bureau of Labor Statistics, 2024.](#)