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Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 5,400 nonfarm jobs in October (+0.16%, +2.1% year-over-year) – putting Arizona near the top (12th) among all states in monthly job growth. For perspective, the total U.S. job growth rate in October was 0.01%; thirty states reported job losses. National year-over-year job growth declined from 1.6% to 1.4% in October. Arizona’s strong relative performance was due more to the ongoing national labor market slowdown than strength of Arizona’s job market itself.

Arizona’s manufacturing employment – once a standout enjoying its fastest growth in decades - fell by -500 jobs (-0.3%) between September and October; over the past twelve months Arizona has shed 2,300 manufacturing jobs. Twenty-three states experienced job losses in their manufacturing sectors in the last year, and twenty-six experienced monthly losses in October. Manufacturing employment in Arizona peaked in November 2022.

Arizona’s unemployment rate increased to 3.6% (+0.1 percentage point) and its labor force participation decreased a tenth of a percentage point (to 62.1%). On a national level, the unemployment rate remained steady at 4.1%, and the labor force participation rate decreased a tenth of a 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.

On a year-over-year basis, Arizona’s job growth rate was the 8th fastest out of all U.S. states and Washington DC. Arizona has added 67,800 jobs since October 2023.

Key Findings – Arizona October 2024 Employment Data (BLS CES Survey)ⁱ

Job growth was quicker than the U.S. average, with the Grand Canyon state gaining 5,400 jobs (+0.16%) in October. Year-over-year growth was 2.1% (up one-tenth of a percentage point from September to October).

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 3.2% twenty months ago, and has been slowing since. Although month-to-month jobs figures can be volatile, the monthly growth of +0.16% would translate to a +2.0%

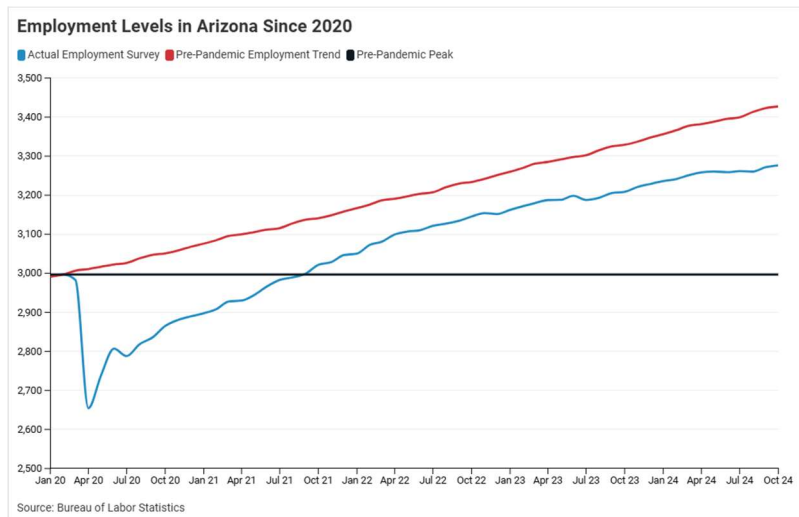


**Arizona’s
Labor Market**

Total Jobs
3,276,500

**Jobs Added in
August:**
+5,400

**Year-Over-Year
Growth:**
+2.1%



annualized growth rate – indicating steady job growth similar to what we have seen 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 150,000 fewer workers than it would have had on its 2017-2019 growth trend (down from 151,000 in September). However, 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 28,100 jobs (+5.3%). Its slowest growing sector was manufacturing, which lost -2,300 jobs (-1.2%). 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 high employment. Manufacturing on the other hand has been steadily decreasing since November 2022.

Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona decreased -42 cents in October (-1.2%) – making Arizona 47th in the U.S. for wage growth. Thirty-six states experienced wage declines in October. The U.S. hourly wages (not seasonally adjusted) decreased -6 cents (-0.2% average month-over-month growth). On a year-over-year basis, Arizona is outperforming the average U.S. State, and wages have grown \$1.54 (+4.8%).

- Arizona private sector workers are now earning an average of \$33.52/hour, compared to \$31.98 a year ago (+4.8%). This growth ranks Arizona 9th in year-over-year wage growth.
- Nationally, the average hourly wage (not seasonally adjusted) decreased -0.2% in October (month-over-month) and +3.3% since last year (year-over-year)

As of the latest inflation report last month, real wages were up +3.2% in October (year-over-year and after CPI inflation, compared to the October nominal increase of 4.8%). Since August 2020, real, inflation-adjusted wages in Arizona have declined 3.3%.

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