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# Arizona Jobs and Labor Force Update

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# Introduction


Arizona gained 11,000 non-farm jobs on a seasonally adjusted basis in February (+0.34%), the 2<sup>nd</sup> highest monthly gain in percentage terms among all states and D.C. The U.S. on the other hand *lost* 133,000 jobs (-0.08%) in February according to the latest release – marking a downward revision from the previously estimated loss of 92,000 jobs. The U.S. rebounded slightly in March, posting a gain of 178,000 jobs (+0.11%) for a year-to-date gain of 205,000 jobs (+0.13% over December). Only fourteen states reported job gains month-over-month in February.

While data for March is already available at the national level, recent interruptions at the Bureau of Labor Statistics due to federal government shutdowns have delayed the release of state-level data. CSI’s state employment update for March is forthcoming.

On a year-over-year (YOY) basis however, Arizona *lost* 300 jobs (-0.01%) – much slower than national *gain* of +0.09%. Arizona ranked 24<sup>th</sup> among all 50 states and D.C. in year-over-year job growth in February.

Arizona’s manufacturing sector continued its slow growth in February – adding just 300 jobs (+0.16%). Arizona was one of 18 states to add manufacturing jobs in February, with the state’s growth ranking it 14<sup>th</sup> among all areas covered. Year-over-year however, the state remains a net-loser of manufacturing jobs (-0.46% since February 2025); 44 states including Arizona lost manufacturing jobs on a year-over-year basis in February.

Unemployment in the state increased for the second consecutive month from 4.5% in January to 4.6%, and today Arizona has the 35<sup>th</sup> *highest* unemployment rate among the 50 states and D.C. Arizona’s labor force participation rate (LFPR) declined 0.3 percentage points to 61.7% in February. On a national level, the unemployment rate increased slightly from 4.3% in January to 4.4%. For additional context, the national unemployment rate fell back to 4.3% in March (again, noting national data is a month ahead of state data).



**Arizona’s Labor Market**

**Total Jobs**  
3,273,300

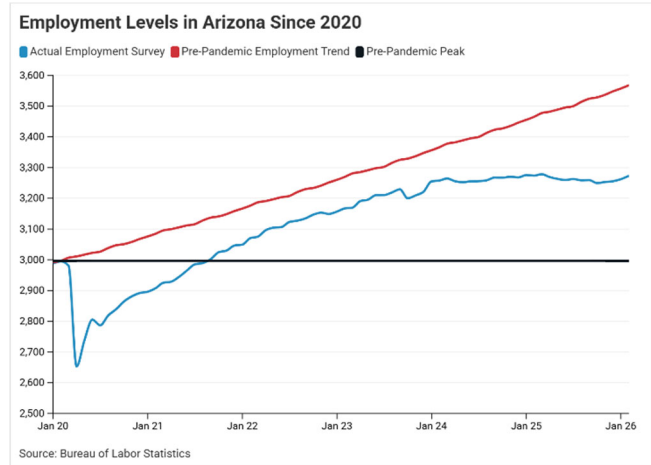
**Jobs Added in February:**  
+11,000  
(+0.34%)

**Year-Over-Year Growth:**  
-300  
(-0.01%)

## Key Findings – Arizona February 2026 Employment Data (BLS CES Survey)<sup>i</sup>

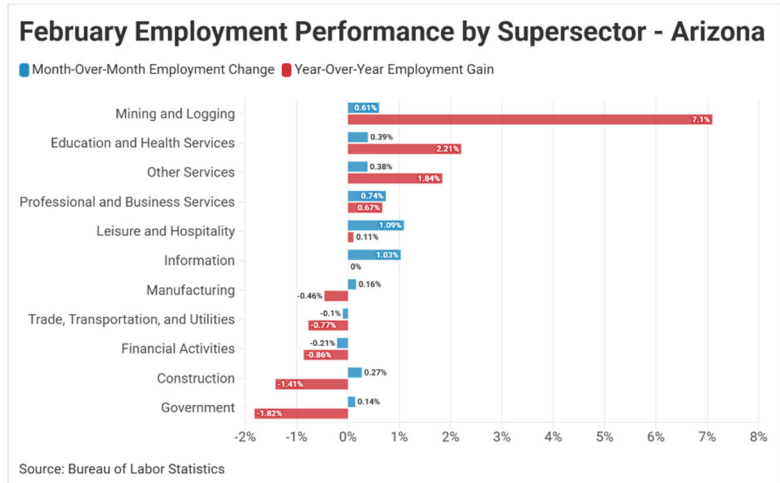
Although monthly growth in February was strong, on a year over year basis the state appears to be continuing a trend of slowing year-over-year job growth. After the Quarterly Census of Employment and Wages (QCEW) benchmark revisions, February marks the 6<sup>th</sup> straight month of year-over-year employment *declines* for Arizona.

The preliminary data for January, released earlier this month, showed employment increasing +0.16% month-over-month and -0.46% growth year over year. However, that growth was revised upwards according to this most recent release to +0.21% and -0.41%, respectively. Although this positive revision to last month’s data was insufficient to turn the year-over-year growth positive, it does continue the trend of monthly revisions showing stronger employment growth for the state of Arizona. The +0.05-percentage-point revision was the 6<sup>th</sup> largest monthly revision out of all states and D.C.



Again, revisions to historical employment data is normal, but the scale of the revisions makes drawing conclusions based on the monthly numbers more difficult, though it seems clear Arizona’s labor market is stalling. While prior releases often presented mixed signals with some negative or otherwise disappointing results combined with other stronger data points, the present combination of negative year-over-year growth, rising unemployment, declining labor force participation, and slowing wage growth spells trouble for Arizona’s labor market.

Arizona’s fastest growing sector in February was Leisure and Hospitality, which added 4,000 jobs over January (+1.09%). The Information sector also posted strong growth in February, a reversal from this sector’s poor performance in January. On an annual basis the state’s Mining and Logging sector continues to outperform, growing 7.10% since February of 2025. The state’s largest super sector (Trade, Transportation, and Utilities) lost 600 jobs in February (-0.10%), and over the last 12 months has shed 4,800 jobs.



The state’s manufacturing sector added 300 jobs in February, but over the last 12 months has seen its overall employment fall by 900 jobs.

## Wages

Unfortunately, the relatively strong monthly wage growth cited in CSI's previous jobs and labor force update did not persist through February. Average hourly wages (not seasonally adjusted) in Arizona fell \$0.07 in February (44<sup>th</sup> out of all states and D.C.). Annually, wages increased \$0.80 in February (+2.32%), ranking the state 34<sup>th</sup> in annual wage growth.

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. The U.S. hourly wage (seasonally adjusted) increased +\$0.14 in February (+0.38% MOM) and has continued growing through March, adding another 9 cents to the average American's hourly wage. On a year-over-year basis, American wages are growing at a 3.52% rate as of March (+3.76% in February).

- Arizona private sector workers are now earning an average of \$35.25/hour, compared to \$34.45/hour a year ago (+2.32%).
- Nationally, the average worker earned \$37.29/hour in February (+3.76% year-over-year) and \$37.38/hour in March (+3.52%)

As of the latest inflation and wage data for February, real wages are up 0.6% year-over-year in the state, compared to 1.3% at the national level. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -3.6%.

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<sup>i</sup> "[Employment, Hours, and Earnings – State and Metro Area](#)," U.S. Bureau of Labor Statistics, 2026.