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Arizona Jobs and Labor Force Update

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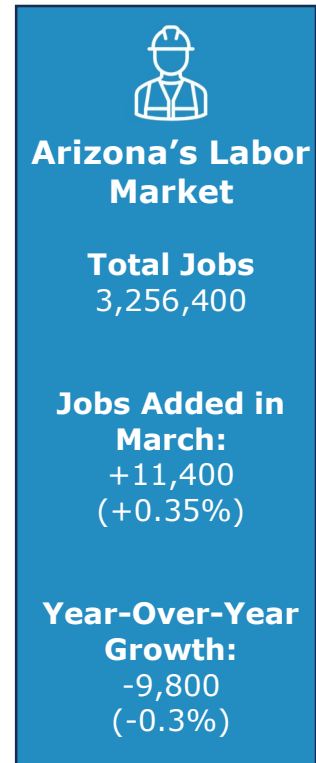
Introduction

Arizona gained 11,400 nonfarm jobs in March (+0.35%, -0.3% year-over-year) – putting Arizona 6th among all states in monthly job growth. For perspective, the total U.S. job growth rate in March was 0.14%; fifteen states reported job losses. This is a significant improvement over recent months; the state added just 3,100 jobs in February, and the last time monthly growth was over 10,000 jobs was January 2024.

On a year-over-year basis, Arizona lost jobs at a -0.3% rate compared to March 2024 (up from -0.4% in February); the national year-over-year growth rate remained unchanged at +1.2%. This is the third consecutive month of year-over-year job losses for Arizona since March 2021, once again putting the Grand Canyon state 50th among 51 states in terms of annual job growth.

Arizona’s manufacturing employment – once a standout enjoying its fastest growth in decades – grew in March (+0.1% month-over-month) for the first time since November 2024; over the past twelve months Arizona has shed 3,500 manufacturing jobs (-1.8%). These changing fortunes reflect an ongoing national slowdown in this sector that began in 2023 – thirty-three states experienced job losses in their manufacturing sectors in March and twenty-four experienced losses in the last year.

Arizona’s unemployment rate increased to 4.1% (+0.2 percentage points) and its labor force participation remained steady at 61.5%. On a national level, the unemployment rate increased from 4.1% to 4.2%, and the labor force participation rate increased 0.1 percentage point to 62.5%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.



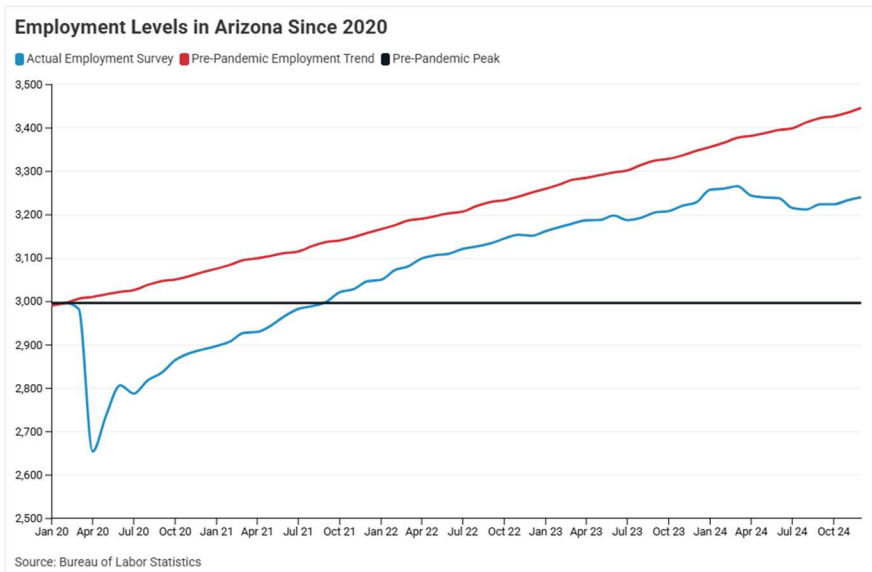
Key Findings – Arizona March 2025 Employment Data (BLS CES Survey)ⁱ

Job growth was faster than the U.S. average month-over-month, with the Grand Canyon state gaining 11,400 jobs (+0.35%) in March. Year-over-year growth was -0.3% (up one-tenth of a percentage point from February) – much slower than the average U.S. state over the same time period, but improving. Given current trends, Arizona is likely to return to positive year-over-year job growth in the next 2-3 months.

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 +0.31%

would translate to a +3.8% annualized growth rate – indicating 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 220,000 fewer workers than it would have had on its 2017-2019 growth trend (up from 219,000 in February). 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 16,700 jobs (+3.1%). Its slowest growing sector was trade, transportation, and utilities, which lost -9,600 jobs (-1.5%). 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. Trade, transportation, and utilities on the other hand peaked in November 2023 but has been declining in 2024.

Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona increased \$0.23 in March (+0.67%) – making Arizona 4th in the U.S. for wage growth. Thirty-four states experienced wage declines in March. The U.S. hourly wage (seasonally adjusted) increased +\$0.08 in March (+0.25% average month-over-month growth). On a year-over-year basis, Arizona is outperforming the average U.S. State, and wages have grown \$2.24 (+6.9%).

- Arizona private sector workers are now earning an average of \$34.68/hour, compared to \$32.44 a year ago (+6.9%). This growth ranks Arizona 7th in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased +0.25% in February (month-over-month) and +3.8% since last year (year-over-year)

As of the latest inflation report released in March, real wages were up +6.0% (year-over-year and after CPI inflation, compared to the March nominal increase of 6.9%). However, since April 2020, real, inflation-adjusted wages in Arizona have declined -3.5%.

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

4/24/2025 2:45 PM: *Following publication, CSI identified an error in its original report. The published report reflected preliminary March 2025 numbers relative to preliminary February 2025 numbers; the revised report reflects preliminary March 2025 relative to revised February 2025 numbers.*