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Arizona Jobs and Labor Force Update

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Introduction

Arizona lost 4,900 nonfarm jobs on a seasonally adjusted basis in July (-0.15%) – putting Arizona 46th among all states in monthly job growth for the second consecutive month. The U.S. overall saw employment decline -0.12% in July; twenty-one states including Arizona reported job losses.

On a year-over-year (YOY) basis, Arizona gained 29,600 (+0.9%) – on pace with the national +1.0% YOY growth. Arizona ranks 25 among all 50 states and D.C.

Employment in Arizona's manufacturing sector continued to contract last month, losing 1,100 jobs over June (-0.6% month-over-month); over the past twelve months Arizona has shed 3,100 manufacturing jobs (-1.6%). Arizona is not alone - manufacturing continues to contract for the nation and twenty-nine states experienced manufacturing job losses both in the month of July and over the past year.

Unemployment in the state remained unchanged from June at 4.1% - the fifth consecutive month of no change in Arizona's unemployment rate. Arizona's labor force participation rate remains unchanged from June (61.4%) – the third consecutive month. On a national level, the unemployment rate deteriorated 0.1 percentage points to 4.2%, and the labor force participation rate fell for the third consecutive month to 62.2% (-0.1 percentage points). 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 July 2025 Employment Data (BLS CES Survey)ⁱ

The Arizona economy shed jobs on a seasonally adjusted basis for the third month in a row, losing 4,900 jobs in July (-0.15%; 6th worst out of all 51 states and D.C.) and bringing the total job losses since April to -23,400. Cumulatively since April, Arizona has had the worst performing labor market, ranking 51st in both total jobs lost and percentage change in total non-farm employment since April. Year-over-year growth in July was +0.9%.

As highlighted in previous reports, the current pace of job growth is significantly slower than the pace experienced in the last several years. So far in 2025 Arizona has added only 5,200 non-farm jobs for an average of 743 per month – less than 1/7th the pace of monthly job gains between 2022 and 2024 (+5,340 jobs per month).

As of July, the state has 254,400 fewer workers than it would have had on its 2017-2019 growth trend (a further deterioration from June's shortfall of 238,200). Given its average job growth rate since 2020, the state will never return to this pre-pandemic trend.



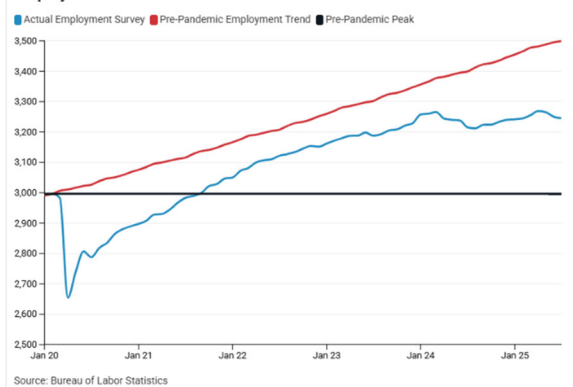
Arizona's Labor Market

Total Jobs
3,245,400

Jobs Added in July:
-4,900
(-0.15%)

Year-Over-Year Growth:
+29,600
(+0.92%)

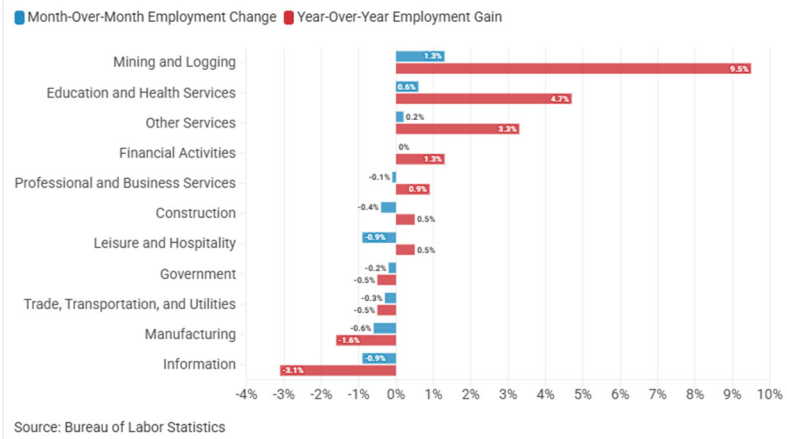
Employment Levels in Arizona Since 2020



The state's fastest growing sector both month-over-month (MOM) and over the past twelve months was Mining and Logging, adding 1,400 jobs (+9.5%) over the year. This represents a continuance of the strong growth the sector has experienced since 2022. Federal policy changes and growing demand for American-sourced raw materials (copper, uranium, etc.) may continue to boost this sector moving forward.

Leisure and Hospitality saw the worst performance over June (-0.9% MOM) while the Information sector remained the state's slowest sector YOY (-3.1%). The state's manufacturing sector shed -1.6% of its workforce over the past twelve months, making it the second slowest sector for job growth in the state.

Employment Performance by Supersector - Arizona



Wages

Average hourly wages (not seasonally adjusted) in Arizona increased \$0.10 in July (+0.29%) – ranking Arizona 18th in the U.S. for monthly wage growth. Although June's preliminary figures showed a -0.06% decline, revised figures for the month show positive wage growth last month (+0.12% in June over May). Twenty-six states in total experienced wage declines in June. The U.S. hourly wage (seasonally adjusted) increased +\$0.12 in July (+0.03% MOM). Wages in the state are up 4.9% over the last 12-months, ranking Arizona 14th among all states and D.C.

- Arizona private sector workers are now earning an average of \$34.79/hour, compared to \$33.17 a year ago (+4.9%).
- Nationally, the average hourly wage (seasonally adjusted) increased +0.3% over June and +3.9% since last year.

As of the latest inflation and wage data for June¹, real wages are up 4.0% in the state compared to just +1.1% for the nation as a whole. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -4.1%.

Employment Data Revisions Reduce Monthly Report Reliability

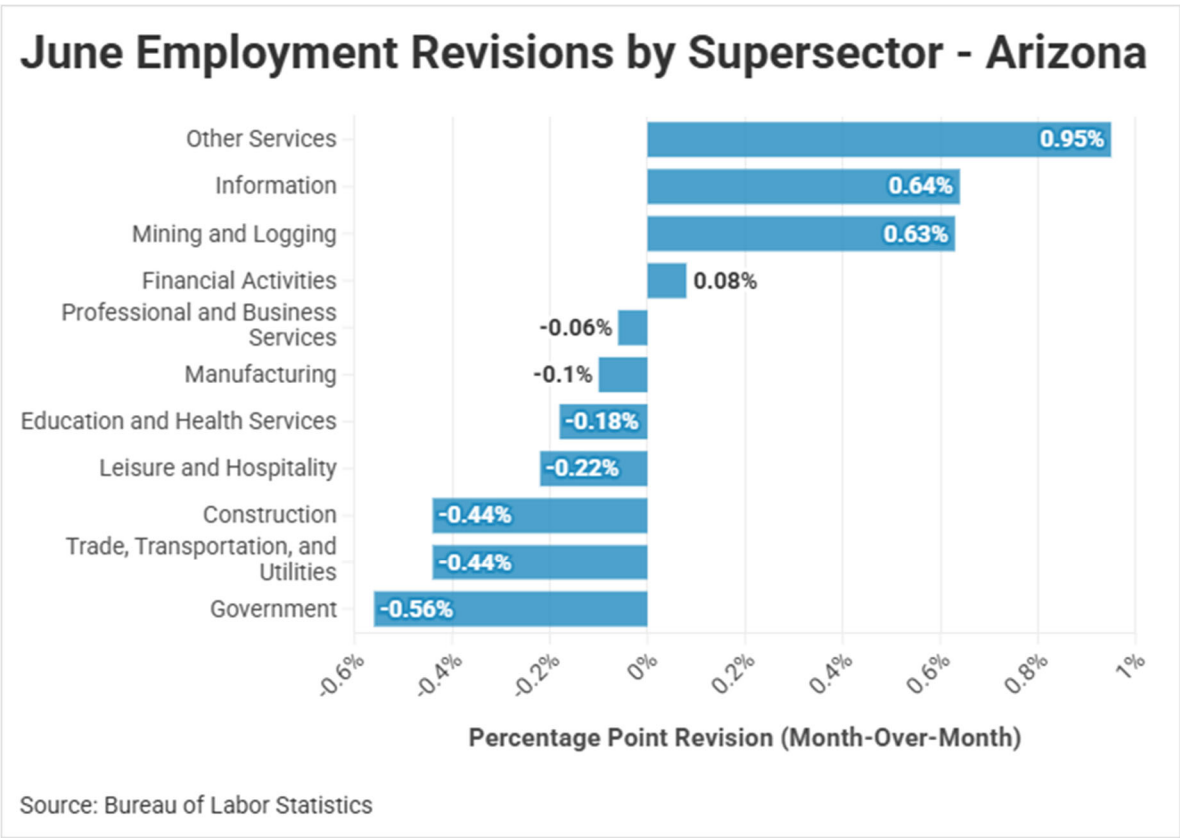
Each month the Bureau of Labor Statistics provides revisions for the previous month's employment figures, and those revisions have become significantly more volatile since 2020. While that increased volatility may be due in part to the pandemic, disruptions to survey data captured during it, and the subsequent decline in response rates to the relevant surveys, the scale of the revisions has not diminished. If anything, the problem of survey unreliability has gotten worse. This makes interpreting the monthly numbers less reliable than it has been

¹ Local inflation statistics are released bi-monthly. Updated calculations will be included in CSI's August Jobs and Labor Force Update.

historically. To better assess the impact of this trend, CSI reports the scale and impact of recent revisions here.

The July employment update, which included revisions to June’s figures, shows further slowing in Arizona’s job growth relative to our June reporting. In last month’s Jobs and Labor Force update, CSI reported that the state shed 8,400 jobs (-0.26%) month-over-month and added 16,900 year-to-date (+0.5% since December 2024). With the recent revisions, job losses for June nearly doubled to -15,200 over May (-0.47%) and year-to-date (through June) job growth fell to 10,100.

Arizona’s downward revision for June was the 7th largest downward revision out of all states and D.C.



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