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Arizona Jobs and Labor Force Update

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Introduction

Arizona lost 8,400 nonfarm jobs on a seasonally adjusted basis in June (-0.26%) – ranking Arizona 46th among all states in monthly job growth. For perspective, the total U.S. job growth rate in June was +0.09%; twenty-four states including Arizona reported job losses.

On a year-over-year basis, Arizona gained 18,600 (+0.6%), roughly half the 1.1% growth at the national level and ranking the state 36th among all 50 states and D.C. This is the second consecutive month of Arizona ranking below-average for state job growth.

Arizona's manufacturing employment – once a standout enjoying its fastest growth in decades – continued its decline in June (-0.1% month-over-month); over the past twelve months Arizona has shed 4,600 manufacturing jobs (-2.3%). These changing fortunes reflect an ongoing national slowdown in this sector that began in 2023 – thirty states experienced job losses in their manufacturing sectors both in the month of June and over the past year.

Arizona's unemployment rate remained steady at 4.1% for the fourth consecutive month, while Arizona's labor force participation rate remains unchanged from May (61.4%). On a national level, the unemployment rate fell -0.1 percentage points in June to 4.1%, and the labor force participation rate fell for the second consecutive month to 62.3% (-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 June 2025 Employment Data (BLS CES Survey)ⁱ

The Arizona economy shed jobs on a seasonally adjusted basis for the second month in a row in June, losing 8,400 jobs (-0.26%; 5th worst out of all 51 states and D.C.) and continuing to trail the national average. Year-over-year growth was +0.6% (down from +0.8% in May) – much slower than the 1.1% growth for the U.S.

Recent job growth is significantly slower than the pace experienced in the last several years. So far in 2025 Arizona has added 16,900 non-farm jobs for an average of 2,820 per month. This is 47% slower than the average monthly job gains between 2022 and 2024 (+5,340 jobs per month). While job figures can be volatile month to month, June's monthly decline of -0.26% would translate to -3.0% annualized rate.



Arizona's Labor Market

Total Jobs
3,257,100

Jobs Added in June:
-8,400
(-0.26%)

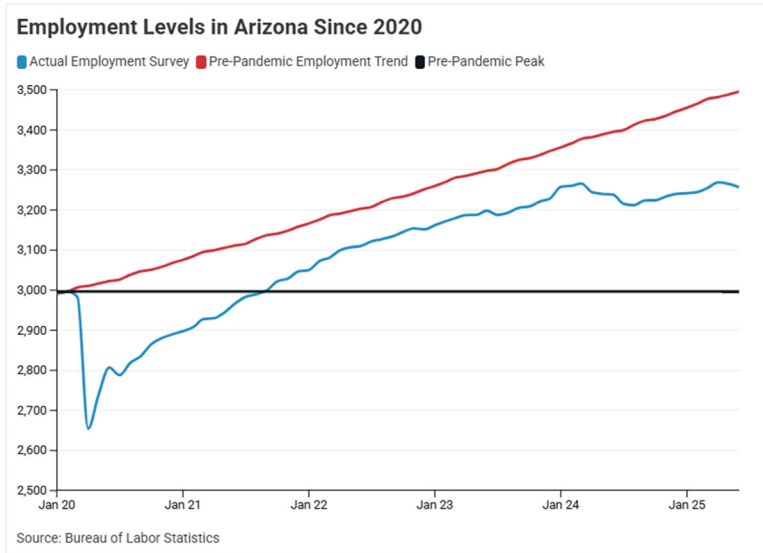
Year-Over-Year Growth:
18,600
(+0.57%)

As of June, the state has 238,200 fewer workers than it would have had on its 2017-2019 growth trend (a further deterioration from May's shortfall of 222,900). 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 Mining and Logging, adding 1,100 jobs (+7.5%) 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. On a monthly basis, the Trade, Transportation and Utilities sector experienced the most growth (+0.2%; +1,500 jobs).

The slowest growing sector was the information sector (-1.3% month-over-month; -5.9% year-over-year). The state's manufacturing sector shed -2.3% of its workforce over the past twelve months, making it the second slowest sector for job growth in the state. June represents the fourth consecutive month of flat or declining manufacturing employment. With large employers like Intel announcing upcoming layoffs, manufacturing employment in the state is likely to continue this negative growth trend.



Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona decreased -\$0.02 in June (-0.06%) – making Arizona 33rd in the U.S. for monthly wage growth. June was the third month of nominal wage declines for the state. Twenty states in total experienced wage declines in June. The U.S. hourly wage (seasonally adjusted) increased +\$0.08 in June (+0.02% month-over-month). Despite the consecutive monthly declines, year-over-year wage growth in the state remains strong relative to the rest of the nation. Nominal wages in the state are up +4.3% year-over-year in June (18th among all states and D.C.)

- Arizona private sector workers are now earning an average of \$34.63/hour, compared to \$33.21 a year ago (+4.3%).
- Nationally, the average hourly wage (seasonally adjusted) increased +0.2% in June (month-over-month) and +3.7% since last year (year-over-year)

As of the latest inflation data for June, real wages are up 4.0% in the state compared to just +1.0% for the nation as a whole. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -4.3%.

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