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Arizona Jobs and Labor Force Update

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Introduction

Arizona added 2,000 non-farm jobs on a seasonally adjusted basis in May (+0.06%), ranking 30th among all states and Washington D.C. The U.S. gained 172,000 jobs in May (+0.11%). While job growth at the U.S. level is still slow from a historical perspective, the last three months represent the fastest month-over-month (MOM) employment growth since 2024, likely reflecting increased economic activity surrounding the World Cup. In total, 13 states reported job losses month-over-month in May.

On a year-over-year (YOY) basis, Arizona added 21,200 jobs (+0.65%) and ranked 10th best out of all states and Washington D.C. This statewide growth exceeded the national gain of +0.32% YOY in May. In total, 20 states reported job losses year-over-year in May.

Arizona’s manufacturing sector continued its general upward trend in employment, gaining an estimated 600 jobs in May (+0.31%) and ranking 8th out of all states and Washington D.C. On a YOY basis the state gained 500 manufacturing jobs (+0.26%) – one of 12 states reporting gains to this sector since May 2025 and ranking 11th overall. The U.S., however, saw only a slight increase in manufacturing employment in May (+7,000 jobs, +0.06%). Compared to May 2025, the country has 46,000 less manufacturing jobs today (-0.36%).

Unemployment in the state continued its steady climb, reaching a new post-pandemic high of 4.8%. This follows several months of steady increases in that rate, and today Arizona has the 12th highest unemployment rate among the 50 states and D.C. Arizona’s labor force participation rate (60.7%) saw its fourth consecutive month of decline, now 1.4 percentage points below where it was at this time last year. The unemployment rate for the United States overall, however, remains unchanged from the previous two months, at 4.3%.

Key Findings – Arizona May 2026 Employment Data (BLS CES Survey)ⁱ

Although employment growth in Arizona was positive in May, other indicators continue to suggest that the state’s labor market is cooling. Unemployment continues to rise, and the labor force participation rate (LFPR) fell to its lowest point since 2020. Over the last year alone, the state’s LFPR fell 1.4%, which tied for the 7th largest decline in the nation.

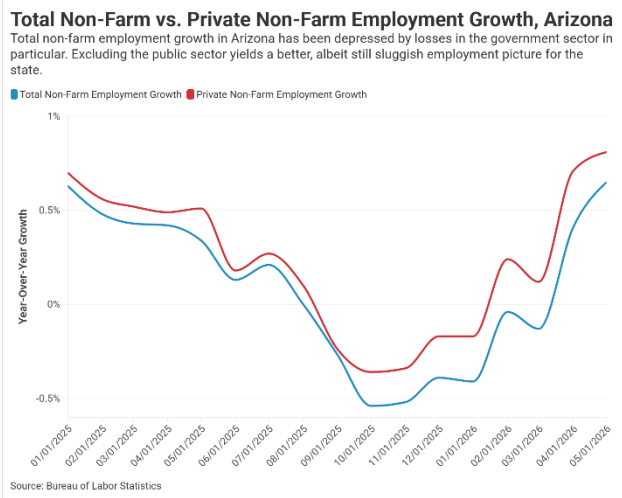


**Arizona’s Labor Market
April 2026**

Total Jobs
3,284,400

Jobs Added in April:
2,000
(+0.06%)

Year-Over-Year Growth:
21,200
(+0.65%)

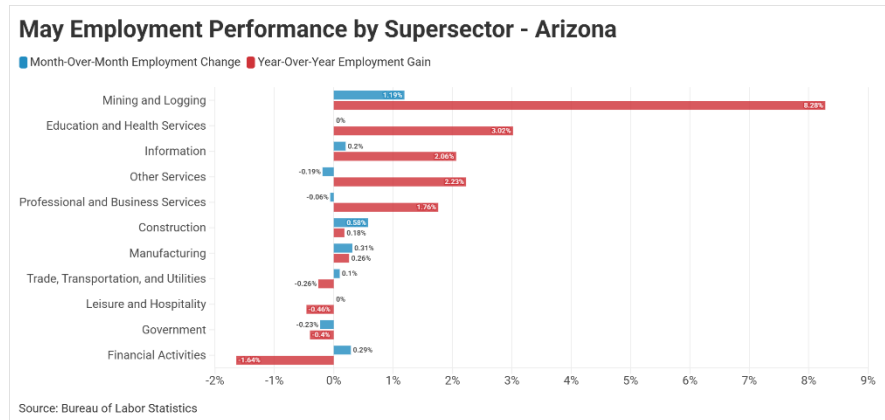


The cooling labor market over the last 18-24 months in Arizona marks a stark reversal from the period immediately following 2020 when Arizona hosted one of the strongest labor markets in the nation. Since the beginning of 2025 Arizona’s YOY non-farm employment growth has averaged only 0.08%, compared to 0.39% for the U.S. more broadly. However, the state’s relatively poor performance has been exacerbated by the decline in the government sector, which peaked in March of 2024 and has largely remained on a steady decline since then. Excluding government jobs, Arizona saw an average growth of 0.23% since January 2025, compared to 0.43% at the U.S. level, and the

state’s ranking in employment growth excluding government employment has averaged 5 places better over that time. This phenomenon is not uniform across the country. A total of 24 states saw employment in the private sector boost their overall employment performance.

Arizona’s mining sector continued to post strong employment growth in May, adding 200 jobs over April (+1.19%) and 1,300 over May 2025 (+8.28%). This is a comparatively small sector that has shown consistent growth over the last several years as demand from EV production, AI, and data centers have driven up demand for copper. Today, the state’s mining sector employs 47% more workers than it did in December 2020 when employment in the sector

bottomed out at 11,700 jobs. Education and Health services – one of the state’s largest employers – continued its relatively strong performance YOY, mirroring national trends, but showed no gains on a monthly basis. The state’s largest super sector by job count (Trade, Transportation, and Utilities) added 600 jobs in May (+0.10%), but has lost 1,600 jobs over the last 12 months (-0.26%).



Wages

Arizona wages fell slightly in May, as average hourly earnings (not seasonally adjusted) dropped by \$0.09 (-0.28%, 29th out of all states and D.C.). Despite that minor monthly dip, wages increased \$1.13 YOY (+3.3%), also ranking 29th out of all states and Washington D.C.

Because state-level wage data is not seasonally adjusted by the BLS, seasonal variation can lead to significant volatility in the monthly figures. For context, the seasonally adjusted U.S.

hourly wage increased +\$0.12 in May (+0.32% MOM). On a year-over-year basis, American wages are growing at a rate of 3.45%.

- Arizona private sector workers are now earning an average of \$35.78/hour, compared to \$34.65/hour a year ago (+3.26%).
- Nationally, the average worker earned \$37.53/hour in May (+3.45% year-over-year)

As of the latest inflation and wage data for April, real wages are up approximately 0.3% year-over-year in the state (April 2025 to April 2026), while real wage growth has turned negative at the national level. Still, on an inflation-adjusted basis the state remains below the all-time-high hourly wage rates achieved in April 2020, during the pandemic disruptions.

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