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# Arizona Jobs and Labor Force Update

**Author:** Zachary Milne

# Introduction

Arizona gained 700 non-farm jobs on a seasonally adjusted basis in August (+0.02%) – putting Arizona 31<sup>st</sup> among all states in monthly job growth. The U.S. overall gained 22,000 jobs (+0.1%) in August; eighteen states reported job losses.

On a year-over-year (YOY) basis, Arizona gained 41,400 (+1.29%) – faster than the national +0.93% YOY growth. Arizona ranks 15 among all 50 states and D.C. in year-over-year job growth for August. This rapid change in fortunes is a product of large recent revisions.

Bucking the recent trends, employment in Arizona’s manufacturing sector increased last month. The state gained 1,100 manufacturing jobs in August (+0.6% month-over-month) and ranks 3<sup>rd</sup> among all states and D.C. in monthly manufacturing job growth; relative to August 2024, however, Arizona shed 1,100 manufacturing jobs (-0.6%). Twenty-seven states posted monthly job losses in this sector, and thirty-one joined Arizona in posting year-over-year losses in August.

Unemployment in the state remained unchanged at 4.1% for the sixth consecutive month. Arizona’s labor force participation rate remained unchanged as well at 61.4% – the fourth consecutive month. On a national level, the unemployment rate continued to rise, reaching 4.3% in August – 0.1 percentage points above the rate in July. The labor force participation rate however increased from 62.2% to 62.3%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.



## Arizona’s Labor Market

**Total Jobs**  
3,253,700

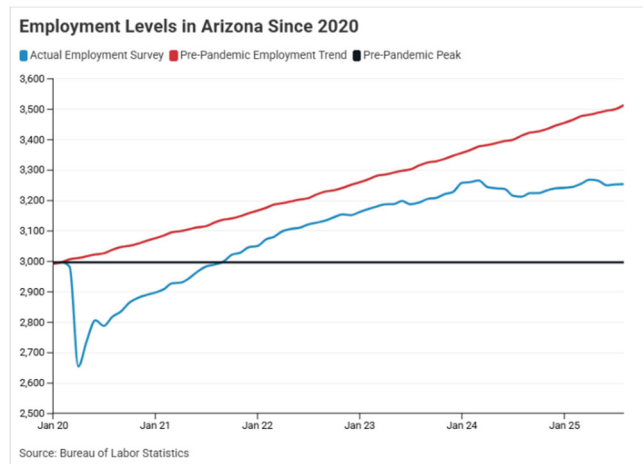
**Jobs Added in August:**  
+700  
(+0.22%)

**Year-Over-Year Growth:**  
+41,400  
(+1.29%)

## Key Findings – Arizona August 2025 Employment Data (BLS CES Survey)<sup>i</sup>

The Arizona economy gained jobs on a seasonally adjusted basis in August,, bringing the total job losses since April to -15,100. With the August job numbers, Arizona has experienced the second worst performing labor market in terms of nominal job losses (50<sup>th</sup>), and the 5<sup>th</sup> worst in terms of relative job losses (-0.46% over April; 47<sup>th</sup>). Year-over-year growth in August was +1.29% (15<sup>th</sup>).

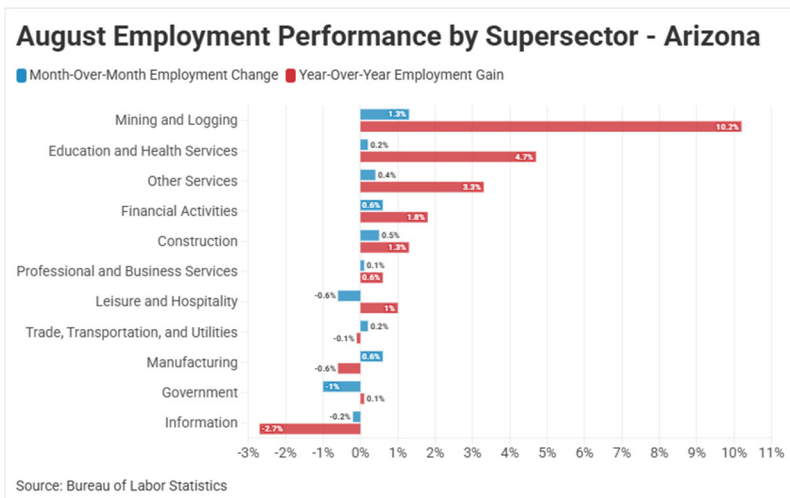
While the current pace of job growth is significantly slower than the pace experienced in the last several years, monthly revisions continue to change the employment picture in the state. As of the preliminary August figures, Arizona gained 13,500 jobs year-to-date in 2025 – equating to a monthly average of 1,700. This rate is still well below the 5,340 per-month average between 2022 and 2024 but represents a significant improvement above the 743 monthly average cited in last month’s report thanks to large revisions (discussed in more



detail below). However, it's clear that the labor market has slowed in Arizona and the U.S. more broadly, which has contributed to the Federal Reserve's calculus to implement a 25-basis point reduction in the target federal funds rate this month.

As of July, the state has 259,900 fewer workers than it would have had on its 2017-2019 growth trend (a further deterioration from July's shortfall of 254,400). Given its average job growth rate since 2020, the state will never return to this pre-pandemic trend.

Mining and Logging remained the state's fastest growing sector both month-over-month (MOM) and year-over-year (YOY), adding 1,500 jobs (+10.2%) 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 July (-0.6% MOM) while the Information sector remained the state's slowest sector YOY (-2.7%). The state's manufacturing sector shed -0.6% of its workforce over the past twelve months, continuing its status as the second slowest sector for job growth in the state.

## Wages

Average hourly wages (not seasonally adjusted) in Arizona increased \$0.09 in August (+0.26%) – ranking Arizona 29<sup>th</sup> in the U.S. for monthly wage growth. The average hourly wage for July was also revised upwards from \$34.79 to \$34.82 (+0.29% to +0.37%). Eighteen states in total experienced wage declines in August. The U.S. hourly wage (seasonally adjusted) increased +\$0.10 in August (+0.27% MOM). Wages in the state are up 4.1% over the last 12-months, ranking Arizona 15<sup>th</sup> among all states and D.C.

- Arizona private sector workers are now earning an average of \$34.91/hour, compared to \$33.52 a year ago (+4.1%).
- Nationally, the average hourly wage (seasonally adjusted) increased +0.27% over July and +3.7% since last year.

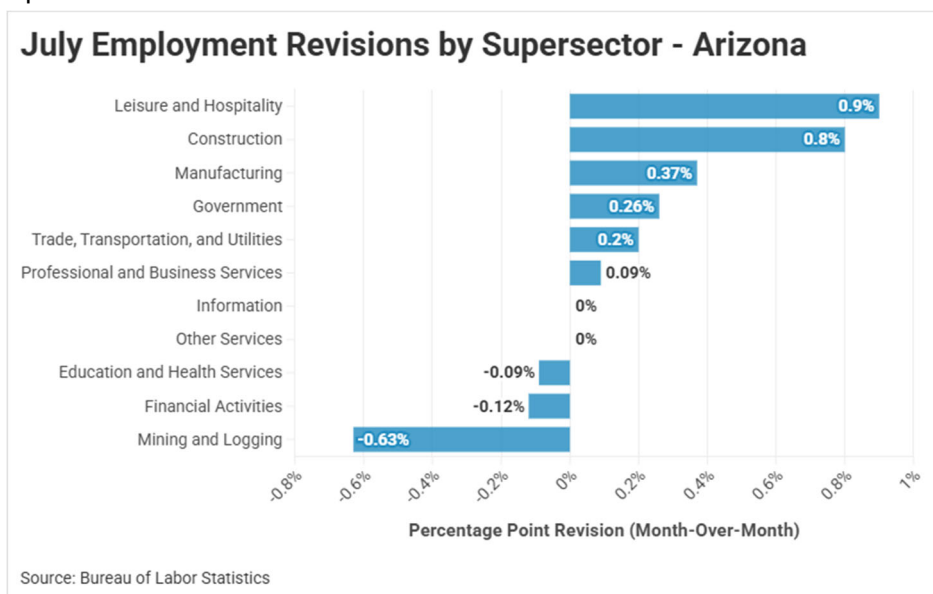
As of the latest inflation and wage data for August<sup>1</sup>, real wages are up 2.7% in the state compared to just +0.7% for the nation. Since April 2020 though, real, inflation-adjusted wages in Arizona have declined -4.3%.

## Large Revisions Continue to Cloud the Employment Outlook

Each month the Bureau of Labor Statistics provides revisions for the previous month's employment figures, and those revisions have become significantly more volatile in recent years. 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 over time. This makes interpreting the monthly numbers more difficult.

The August employment update, which included revisions to July's figures, shows a significant improvement in Arizona's job growth relative to our July reporting – in stark contrast to last month when the June revisions painted a more negative picture of the state's labor market. In last month's Jobs and Labor Force update, CSI reported that the state shed 4,900 jobs (-0.15%) month-over-month and added 5,200 year-to-date (+0.2% since December 2024). With the most recent revisions, the July situation changed from a loss of -4,900 jobs to a *gain* of 2,700. **This 0.23 percentage point revision represented the second largest upward revision out of all states and D.C.**, and more than doubled the state's year-to-date performance through July (+5,200 jobs YTD to +12,800 YTD).

Notably, the BLS recently published preliminary benchmark revisions to total nonfarm employment figures for the period of March 2024 through March 2025. These revisions, which attempt to align CES employment survey data with more comprehensive data sources, suggest employment growth in the U.S. through March of this year was -0.6% less than previously thought. Interestingly, the preliminary revision suggests that Arizona's job gains were 1.1% *higher* over this period.



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

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