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# **Arizona Jobs and Labor Force Update**

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# Introduction

Arizona gained 2,200 nonfarm jobs in February (+0.07%) – the 16th-slowest month-over-month employment growth rate among all states. For perspective, the total U.S. job growth rate in February was 0.17%; 6 states reported job losses. Despite overall job growth figures, Arizona’s manufacturing employment declined by 300 jobs (-0.2%) between January and February (the 3<sup>rd</sup> consecutive month of manufacturing employment declines). On a year-over-year basis, manufacturing employment decline (0.4%) since February 2023. Twenty-six states including Arizona experienced job losses in their manufacturing sectors in the last year, suggesting the manufacturing renaissance the nation has enjoyed since 2017 may be ending.

Arizona’s unemployment decreased to 4.1% while its labor force participation rates remained unchanged from its January level of 62.2%. On a national level, the unemployment rate increased to 3.9% from 3.7%, and the labor force participation rate was unchanged (62.5%).

Though the month-over-month number for February was quite slow, on a year-over-year basis job growth was +2.1% (February 2023 to February 2024) - making Arizona the 9<sup>th</sup> fastest growing labor market in the country on this basis.

Arizona has added 66,100 jobs since February 2023; for context just to keep pace with population growth the state needs to add about 75,000 jobs annually. At the current rate of job growth in February, it would take 32 months to return to Arizona’s pre-pandemic trend.



**Arizona’s  
Labor Market**

**Total Jobs**  
3,238,100

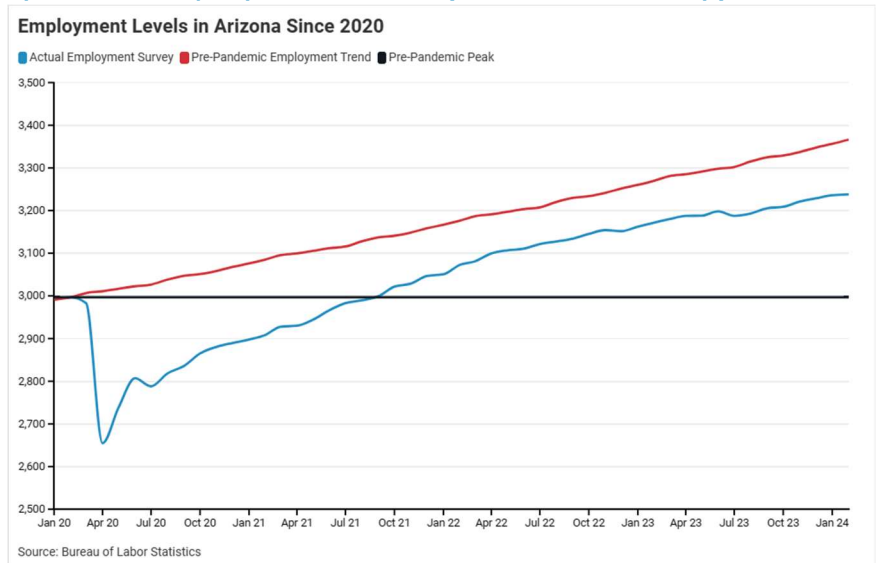
**Jobs Added in  
February:**  
+2,200

**Year-Over-  
Year Growth:**  
+2.1%

## Key Findings – Arizona February 2023 Employment Data (BLS CES Survey)<sup>i</sup>

Job growth was slow in February, with the Grand Canyon state posting a gain of just 2,200 jobs (+0.07%), but on a lagging year-over-year basis, growth remains stronger at 2.1%.

This growth is much slower than the year-over-year growth experienced in 2022 and 2023 of 3.45%. While January signaled a strong start for Arizona job growth in 2024, February has been more subdued and more in line with recent experience.



The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in July 2022 and has been largely increasing since. Today the state has 128,000 fewer workers than it would have had on its 2017-2019 growth trend (up from 120,000 in January). Given its average growth trend since 2020, the state would return to this trend in 2026; however, if job growth continues slowing, it may never achieve that benchmark this cycle.

## Wages & Time Worked

Average hourly wages in Arizona increased 14 cents in February (+0.4%) - the 16<sup>th</sup>-fastest rate of wage growth in the country. The average among all states was a decrease of 7 cents (-0.2% month-over-month growth).

- Arizona private sector workers are now earning an average of \$32.59/hour, compared to \$31.46 a year ago (+3.6%).
- On a year-over-year basis, Arizona's average hourly wage increased 3.6% in February. Nationally, the average hourly wage decreased 0.2% in January (month-over-month) and +4.2% since last year (year-over-year).

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<sup>i</sup> <https://data.bls.gov/cgi-bin/dsrv?sm>