



November 2023

Arizona Jobs and Labor Force Update

Author: Kamryn Brunner

Introduction

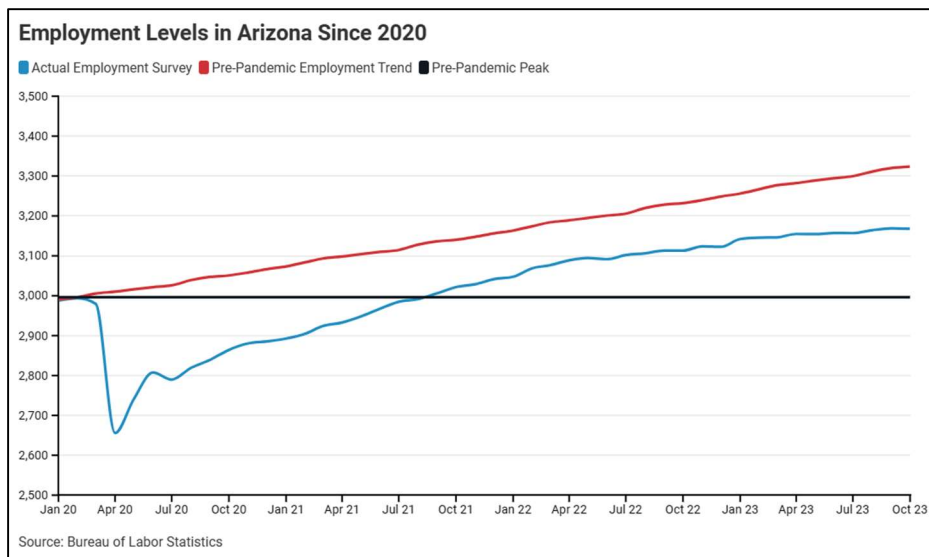
Arizona lost 1,200 nonfarm jobs in October (-0.04%) – the 15th-slowest month-over-month employment growth rate among all states. For perspective, the total U.S. job growth rate was 0.10%; 22 states reported job losses. The state’s manufacturing sector lost 300 jobs in October - the 29th-highest relative growth rate among all states. Manufacturing employment growth has been mostly flat through 2023, after two years of robust growth.

Arizona’s unemployment rate increased to 4.2% (+0.2 percentage points). The labor force participation rate increased to 62.0% (+0.1 percentage points). On a national level, the unemployment rate increased to 3.9% (+0.1 percentage points) and the labor force participation rate *decreased* to 62.7% (-0.1 percentage points).

On a year-over-year basis, job growth was +1.8% through October (down from +3.02% at this time last year), and Arizona now ranks 23rd in the country in year-over-year job growth rates.

Since April 2020, the state has added 511,900 jobs and regained 105.8% of its pandemic-related job losses. Arizona has added 45,100 jobs since December 2022; just to keep pace with population growth the state needs to add about 75,000 jobs annually. At current rates this 2023 is on pace to be its slowest for job growth since 2020.

Key Findings – Arizona October 2023 Employment Data (BLS CES Survey)ⁱ



Arizona lost 1,200 nonfarm jobs in October (a monthly decrease of -0.038% and a total year-on-year gain of +1.8%). Job growth in 2023 remains slower than 2022, which in turn was slower than 2021. In December 2021, year-over-year employment growth rates were 5.4%; in 2022 the rate was 2.6%. The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in April 2022 and has been increasing since; today the state has 156,200 fewer workers than it would have had on its 2017-2019 growth trend.

Given that the pace of Arizona’s recovery is now slowing, it may never return to its pre-pandemic growth trend. Additionally, Arizona’s bright spot – its manufacturing sector –

continues its slowdown that began in early 2023. Total (seasonally adjusted) employment by Arizona manufacturers peaked in December 2022 at 196,600 workers; today the sector has 194,100 workers.

Arizona outpaced just 16 other states in terms of relative job growth in October – a reversal from recent history. Arizona’s labor market outperformed the United States throughout the pandemic years, losing fewer jobs than all but 10 other states during the 2020 recession and regaining lost jobs faster than all but 4 other states. Growth in recent months has slowed dramatically.

On the other hand, wage growth has improved recently. Average hourly wages in Arizona increased 29 cents in September (+0.9%) - the 18th-fastest rate of wage growth in the country.

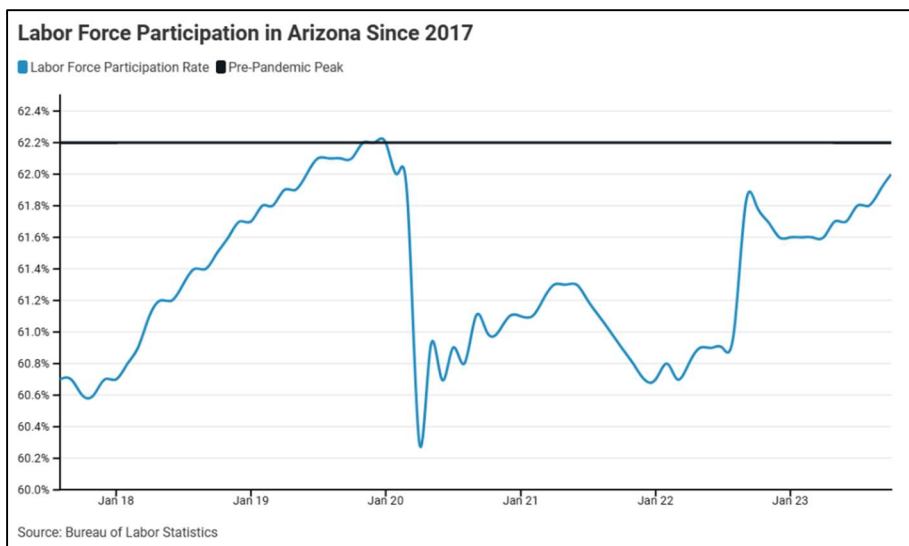
- Arizona private sector workers are now earning an average of \$32.09/hour, compared to \$30.79 a year ago (+4.2%).
- On a year-over-year basis, Arizona’s average hourly wage increased 4.2% in October -the 22nd-fastest growth rate in the country. Nationally, the average hourly wage increased +0.9% in October (month-over-month) and +4.0% since last year (year-over-year).
Hourly wages in Arizona grew at the same pace as the national average on a month-over-month basis and faster than the national average on a year-over-year basis.
- Still, substantial above-trend [inflation](#) over the last three years continues to depress household buying power - the real average hourly wage has declined more than 6% since February 2020.

Arizona Labor Force Update

Arizona’s labor force participation rate (LFPR) increased to 62.0% in September. The measure has still never recovered to its pre-pandemic peak of 62.2%.

There are now 3.7 million people in the state’s labor force. Were the participation rate at its pre-pandemic level, there would be 17,975 more willing workers in Arizona’s labor force today.

The unemployment rate was 4.2% in October. This is a +0.2% increase from September.



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