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Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 11,200 nonfarm jobs in September (+0.34%, +2.1% year-over-year) – putting Arizona near the top (8th) among all states in monthly job growth. For perspective, the total U.S. job growth rate in September was 0.16%; eight states reported job losses. National year-over-year job growth was unchanged at 1.6%.

Arizona’s manufacturing employment fell by -300 jobs (-0.2%) between August and September; over the past twelve months Arizona has shed 3,100 manufacturing jobs. Twenty-eight states experienced job losses in their manufacturing sectors in the last year, and twenty-five experienced monthly losses in September.

Arizona’s unemployment rate increased to 3.5% (+0.1 percentage point) and its labor force participation decreased a tenth of a percentage point (to 62.2%). On a national level, the unemployment rate decreased one-tenth of a percentage point to 4.1%, and the labor force participation rate remained at 62.7%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.

On a year-over-year basis, Arizona’s job growth rate was the 12th fastest out of all U.S. states and Washington DC. Arizona has added 66,800 jobs since September 2023.



**Arizona’s
Labor Market**

Total Jobs
3,271,500

**Jobs Added in
August:**
+11,200

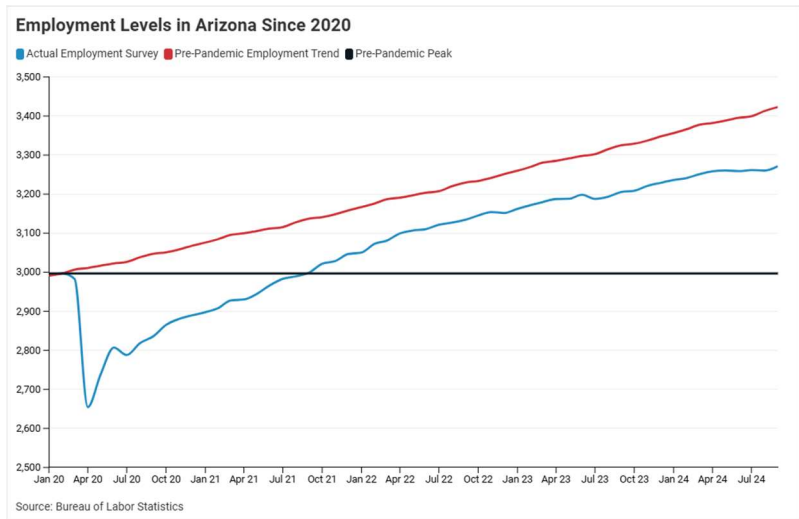
**Year-Over-
Year Growth:**
+2.1%

Key Findings – Arizona September 2024 Employment Data (BLS CES Survey)ⁱ

Job growth was quicker than the U.S. average, with the Grand Canyon state gaining 11,200 jobs (+0.34%) in September. Year-over-year growth was 2.1% (steady from August to September).

This year-over-year growth is significantly slower than the pace experienced in 2022 and 2023. Arizona’s year-over-year job growth rates peaked at 3.2% nineteen months ago, and has been slowing since. Although month-to-month jobs figures can

be volatile, the monthly growth of +0.34% would translate to a +4.2% annualized growth rate – indicating faster current job growth relative to the past year. This is the largest month-over-month job growth since November 2023.



The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in July 2022 and has been increasing since. Today the state has 151,000 fewer workers than it would have had on its 2017-2019 growth trend (down from 152,000 in August). However, given its average job growth rate since 2020, the state will never return to this pre-pandemic trend.

Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona increased +38 cents in September (+1.1%) – making Arizona 36th in the U.S. for wage growth. One state experienced wage declines in September. The U.S. hourly wages (not seasonally adjusted) increased +\$0.49 (+1.4% average month-over-month growth). On a year-over-year basis, Arizona is outperforming the average U.S. State.

- Arizona private sector workers are now earning an average of \$33.89/hour, compared to \$31.81 a year ago (+6.5%). This growth ranks Arizona 3rd in year-over-year wage growth.
- Nationally, the average hourly wage (not seasonally adjusted) increased 1.4% in September (month-over-month) and +4.6% since last year (year-over-year)
- As of the latest inflation report last month, real wages were up +2.8% in August (year-over-year and after CPI inflation, compared to the August nominal increase of 5.1%). Since August 2020, real, inflation-adjusted wages in Arizona are down 3.9%.

Jobless Claims are Rising

Jobless claims – i.e. the number of people filing to receive unemployment insurance benefits – at both the national and state level have been rising. As of the latest data available, there were 3,465 new unemployment claims made in Arizona for the week of October 12th, and a total of 27,666 continued claims issued, representing a 6.48% and 8.58% gain over the levels from a year ago.

Despite these recent increases, the level of initial claims in Arizona are significantly below the average levels from 2019, while the continued claims are up from 2019 (-11.5% and +24.1 respectively). For comparison, initial and continued claims for the entire nation are +11.45% and +16.5% above 2019 levels, respectively. Jobless claims at the national level increased by 23.2% for initial claims and 3.48% for continued claims over last year.

It remains to be seen whether the rapid job growth in September will persist, and what effect (if any) that will have on the more recent trend of rising unemployment claims.

ⁱ ["Employment, Hours, and Earnings – State and Metro Area," U.S. Bureau of Labor Statistics, 2024.](#)