



Katie Hobbs
Governor

OFFICE OF ECONOMIC OPPORTUNITY

1400 WEST WASHINGTON STREET SUITE 3300
PHOENIX, ARIZONA 85007

Carlos Contreras
Director

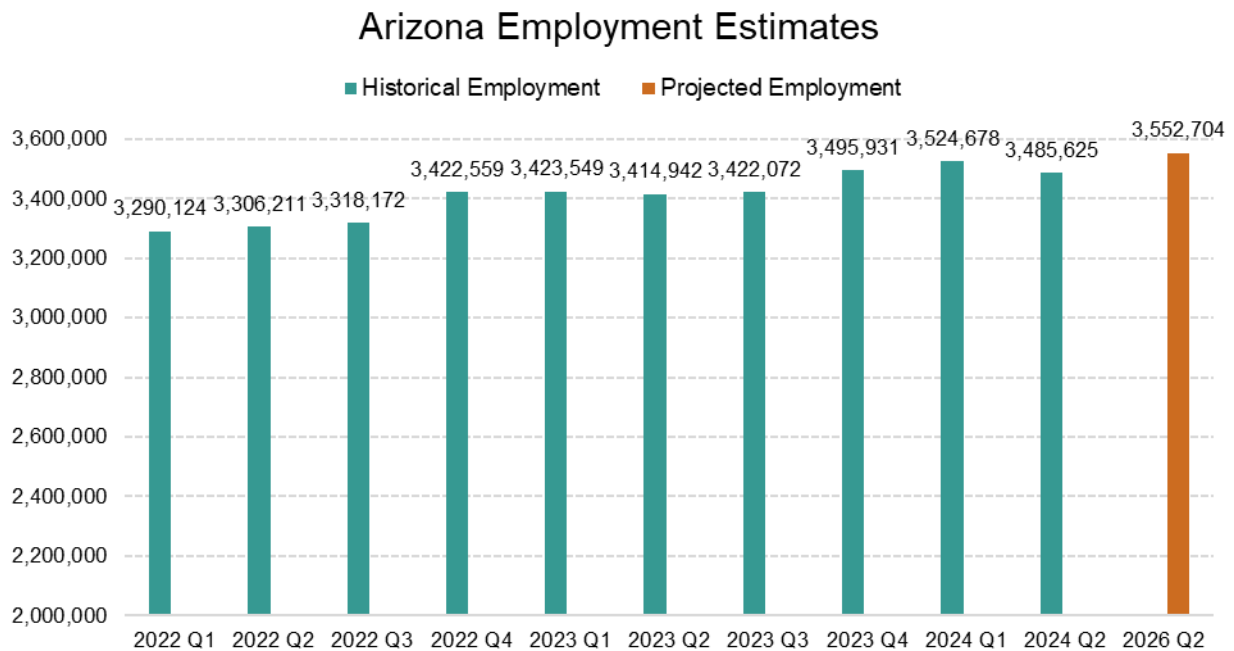
February 20, 2025

Arizona 2024-2026 Projected Employment Report Total Employment Projected to Grow 1.0% Annually, led by Health Care and Social Assistance

Summary

The Office of Economic Opportunity (OEO) is projecting Arizona employment to increase to 3,552,704 jobs in Q2 2026 from 3,485,625 jobs in Q2 2024. This represents an increase of 67,079 jobs, or 1.0% annualized growth.

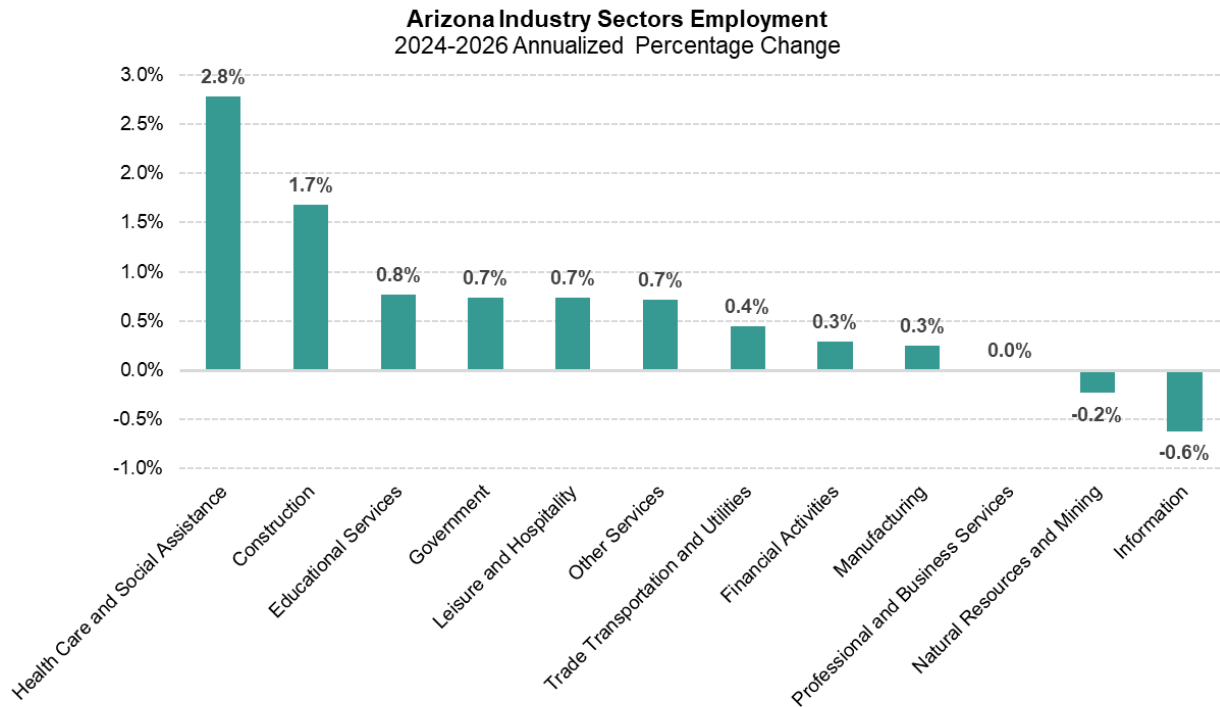
Figure 1



Supersector Employment Growth

Job gains are projected for 10 of the 12 Arizona industry sectors, with Health Care and Social Assistance (2.8% annualized growth) and Construction (1.7% annualized growth) projected to record the fastest job growth rates. Health Care and Social Assistance (27,123 jobs) and Construction (7,710 jobs) are also projected to record the largest job gains. Information (-630 jobs, or -0.6% annually) and Natural Resources and Mining (-222 jobs, or -0.2% annually) are projected to record losses.

Figure 2



Source: Office of Economic Opportunity

Industry Sector Highlights

Despite some signs of moderation in the labor market, Arizona's economy is projected to expand over the next two years, with ten of the twelve industries projected to add jobs. However, the overall pace of expansion is expected to be more measured than in previous years. Several factors, including evolving market conditions and increased uncertainty, are expected to factor into a more cautious approach to hiring for employers.

- Health Care and Social Assistance is expected to add 27,123 jobs (2.8% annually), growing from 481,612 in Q2 2024 to 508,735 in Q2 2026. This sector remains one of Arizona's fastest-growing sectors, supported by ongoing population growth and the steady demand for healthcare services.
- Construction is projected to grow by 7,710 jobs (1.7% annually) from 227,376 in Q2 2024 to 235,086 in Q2 2026. Continued in-migration and infrastructure development will support job growth, though recent shifts in the housing market may temper expansion somewhat. The state still benefits from a growing population and associated commercial and residential needs, but the recent slowdown in building permit activity could influence overall growth in this sector.
- Leisure and Hospitality is expected to contribute to Arizona's employment gains, building on the state's appeal as a travel and entertainment destination. Ongoing consumer demand for dining, accommodation, and recreational activities should support job growth across restaurants, hotels, and entertainment venues.
- Professional and Business Services employment is projected to remain approximately the same from Q2 2024 to Q2 2026 at 464,277. The projected slowdown in job growth is driven by a recent

stagnation in Professional, Scientific, and Technical Services and Administrative and Support and Waste Management and Remediation Services, reflecting softened demand for specialized expertise and business support operations.

- Transportation and Warehousing is projected to grow by 2,400 jobs (0.8% annually) from 144,583 in Q2 2024 to 146,983 in Q2 2026. The slowdown in Transportation and Warehousing is driven by recent declines in Truck Transportation, and Transit and Ground Passenger Transportation, as the industry reaches maturity and supply chain normalization reduces the surge-driven demand seen in previous years.

Table 1: Historical and Projected Employment by Industry Sector

Industry Sector	Historical Employment				Projected
	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2026 Q2
Construction	218,765	217,317	230,748	227,376	235,086
Annual % Chg.	8.7%	7.1%	9.6%	7.1%	1.7%
Educational Services	217,280	252,633	254,387	228,887	232,432
Annual % Chg.	3.2%	2.9%	3.6%	2.7%	0.8%
Financial Activities	236,256	232,156	230,081	229,068	230,391
Annual % Chg.	0.2%	-1.5%	-1.5%	-1.6%	0.3%
Government	165,511	166,323	164,090	166,892	169,368
Annual % Chg.	1.6%	2.3%	2.0%	2.3%	0.7%
Health Care and Social Assistance	469,101	468,880	475,298	481,612	508,735
Annual % Chg.	4.6%	3.9%	4.8%	5.2%	2.8%
Information	52,936	52,631	51,434	50,910	50,280
Annual % Chg.	3.1%	1.1%	-1.0%	-2.5%	-0.6%
Leisure and Hospitality	379,494	381,752	390,769	392,525	398,321
Annual % Chg.	6.3%	4.7%	5.0%	3.5%	0.7%
Manufacturing	195,933	193,516	197,026	195,501	196,480
Annual % Chg.	3.7%	2.3%	2.9%	1.5%	0.3%
Natural Resources and Mining	46,824	53,824	54,499	48,471	48,249
Annual % Chg.	0.3%	-1.0%	-0.8%	0.8%	-0.2%
Other Services	108,147	109,319	110,492	110,211	111,793
Annual % Chg.	4.7%	3.7%	4.3%	2.7%	0.7%
Professional and Business Services	462,541	472,200	476,272	464,254	464,277
Annual % Chg.	2.9%	1.9%	2.8%	1.0%	0.0%
Trade Transportation and Utilities	623,607	645,081	634,526	629,986	635,658
Annual % Chg.	2.3%	1.5%	1.7%	1.0%	0.4%
Total	3,422,072	3,495,931	3,524,678	3,485,625	3,552,704
Annual % Chg.	4.0%	3.0%	3.5%	2.7%	1.0%

Source: Office of Economic Opportunity

County Employment Growth

Thirteen of the fifteen Arizona counties are projected to gain jobs over the two-year projected period. Greenlee County (2.2% annualized growth) and Pinal County (1.2% annualized growth) are projected to record the largest job growth rates. Maricopa County (55,897 jobs) and Pima County (3,946 jobs) are projected to record the largest job gains. Maricopa County is projected to account for 83.3% of the jobs gained in the state over the two-year projected period, while Pima County is projected to account for 5.9%.

Table 2: Historical and Projected Employment by Area

Area	Historical Employment				Projected
	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2026 Q2
Apache County	18,836	18,976	18,584	18,249	17,936
<i>Annual % Chg.</i>	0.6%	-0.3%	0.5%	-1.1%	-0.9%
Cochise County	39,703	40,526	40,866	40,360	40,260
<i>Annual % Chg.</i>	2.2%	2.7%	3.8%	2.3%	-0.1%
Coconino County	71,831	72,652	73,322	74,120	75,012
<i>Annual % Chg.</i>	3.8%	3.2%	4.8%	3.5%	0.6%
Gila County	16,980	16,967	16,791	16,972	17,194
<i>Annual % Chg.</i>	3.1%	2.8%	2.8%	2.3%	0.7%
Graham County	11,590	11,870	11,816	12,033	12,295
<i>Annual % Chg.</i>	4.5%	4.0%	4.3%	3.8%	1.1%
Greenlee County	6,244	6,125	6,596	6,497	6,789
<i>Annual % Chg.</i>	6.1%	3.7%	6.4%	3.6%	2.2%
La Paz County	6,967	7,454	7,534	7,695	7,763
<i>Annual % Chg.</i>	0.1%	3.7%	4.2%	3.7%	0.4%
Maricopa County	2,474,921	2,518,233	2,547,435	2,526,787	2,582,684
<i>Annual % Chg.</i>	4.3%	3.2%	3.9%	3.0%	1.1%
Mohave County	62,193	63,057	64,670	63,229	64,225
<i>Annual % Chg.</i>	1.2%	1.2%	2.0%	1.8%	0.8%
Navajo County	31,715	31,989	32,682	32,315	32,688
<i>Annual % Chg.</i>	2.0%	1.2%	3.5%	1.9%	0.6%
Pima County	429,411	438,725	434,231	428,692	432,638
<i>Annual % Chg.</i>	3.2%	2.5%	2.1%	1.3%	0.5%
Pinal County	82,227	84,177	83,633	83,274	85,222
<i>Annual % Chg.</i>	5.9%	5.4%	4.7%	3.7%	1.2%
Santa Cruz County	15,106	15,892	15,641	15,417	15,451
<i>Annual % Chg.</i>	4.0%	2.7%	0.9%	-0.2%	0.1%
Yavapai County	78,288	80,058	80,775	80,490	81,810
<i>Annual % Chg.</i>	3.7%	3.2%	2.2%	0.6%	0.8%
Yuma County	74,913	88,611	89,637	79,076	80,188
<i>Annual % Chg.</i>	2.6%	1.4%	0.6%	1.5%	0.7%

Source: Office of Economic Opportunity

Projection Assumptions and Considerations

The Office of Economic Opportunity made the following economic assumptions when creating the projected employment estimates:

- No major economic or political disruptions will occur during the projected period.
- COVID-19 is not likely to cause additional major economic disruptions.
- Government agencies will operate within their budgets.
- The distribution of Arizona's population will not differ significantly from the distribution in the base year.
- The U.S. economic framework will not differ significantly from the framework in the base year.
- Long-term employment patterns will continue in most industries during the projected period.
- Arizona's population growth will continue to be among the fastest in the nation.
- Demand for healthcare services will increase as population demographics shift.