



OFFICE OF
ECONOMIC
OPPORTUNITY

2024-2026 Employment Projections

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INDUSTRY PROJECTION METHODOLOGY: ESTIMATION PROCESS

The short-term employment projections are calculated for a period eight quarters, or two years from a specified base period

- Historic Q2 2024 employment data are used as the base period
- Employment was estimated for the Q2 2026 projected period

Projected employment estimates rely on historical employment trends, which are then refined through a review of current U.S. and Arizona economic trends

INDUSTRY PROJECTION METHODOLOGY: DATA SOURCE

The principal data source used to create the employment projections is the Quarterly Census of Employment and Wages (QCEW) data program

- Near census of all employment subject to unemployment insurance tax law (92%-95% of total Arizona employment)
- QCEW is more accurate than other data sources, though data are released less often and with a larger lag time (6-7 months after reference period ends)

INDUSTRY PROJECTION METHODOLOGY: DATA SOURCE

Additional employment data are included from a number of different sources to capture employment not included in the QCEW data series

Projection Estimates **Include**:

- Nonfarm employment
- Self-employed workers
- Private household workers
- Railway workers
- Religious organization workers
- Farm workers

Projection Estimates **Exclude**:

- Unpaid family workers
- Active duty military service personnel

INDUSTRY PROJECTION METHODOLOGY: EMPLOYMENT CLASSIFICATION

In the QCEW data series, government employment is categorized in the industry that best describes the business activity

- Ex. Surgeons working at a public hospital are classified in the health care industry

This differs slightly from the Current Employment Statistics (CES) monthly data series which categorizes government employment in the government industry sector, regardless of business activity

- Ex. Surgeons working at a public hospital are classified in the government industry

INDUSTRY PROJECTION METHODOLOGY: SUBSTATE REGIONS

Projected employment was estimated for 20 substate regions including:

- Fifteen Arizona counties
- Three multi-county areas
 - > Northeast Arizona: Apache, Navajo, and Gila Counties
 - > Southeast Arizona: Greenlee, Graham, and Cochise Counties
 - > Mohave and La Paz Counties
- Two sub-county areas
 - > City of Phoenix and Balance of Maricopa County

INDUSTRY PROJECTION METHODOLOGY: ECONOMIC ASSUMPTIONS

- No major economic or political disruptions will occur
- Government agencies will operate within their budgets
- Population distribution will not differ significantly from the base-year distribution
- The U.S. economic framework will not differ significantly from its current state
- Long-term employment patterns will continue in most industries

The projections methodology in its entirety can be found at

https://oeo.az.gov/sites/default/files/data/emp/lt_proj_method.pdf

INDUSTRY PROJECTIONS HIGHLIGHTS

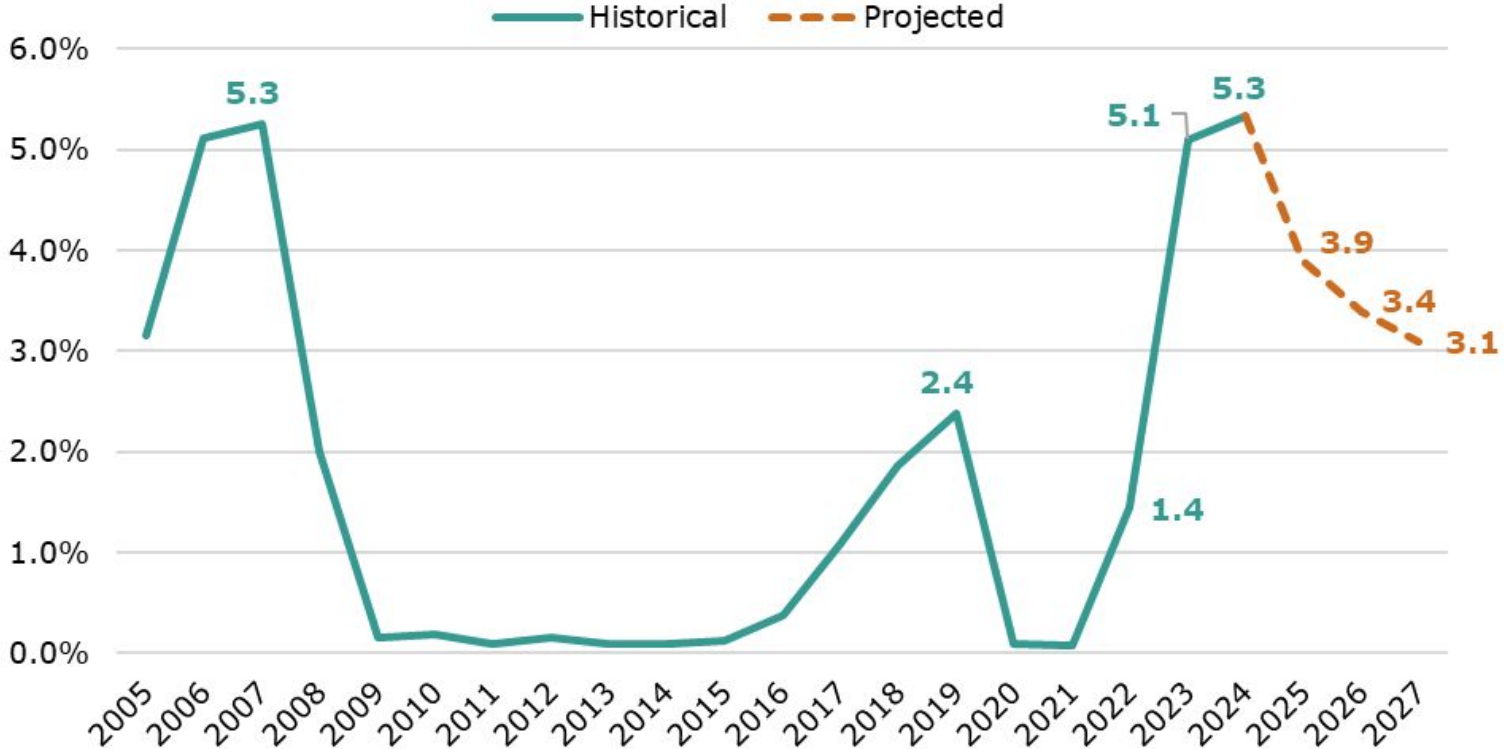
- Arizona employment is projected to grow by 67,079 jobs, or 1.0% annually, to 3,552,704 jobs in Q2 2026 from 3,485,625 jobs in Q2 2024
- Ten of the 12 industry sectors are projected to add jobs
 - > Health Care and Social Assistance (27,123 jobs, 2.8% annualized growth) and Construction (7,710 jobs, 1.7% annualized growth) are projected to record the largest job gains and fastest growth rates
 - > Information (-630 jobs) and Natural Resources and Mining are projected to record losses (-222 jobs).



Economic Trends

PROJECTED MEDIAN FEDERAL FUNDS EFFECTIVE RATE (FFER)

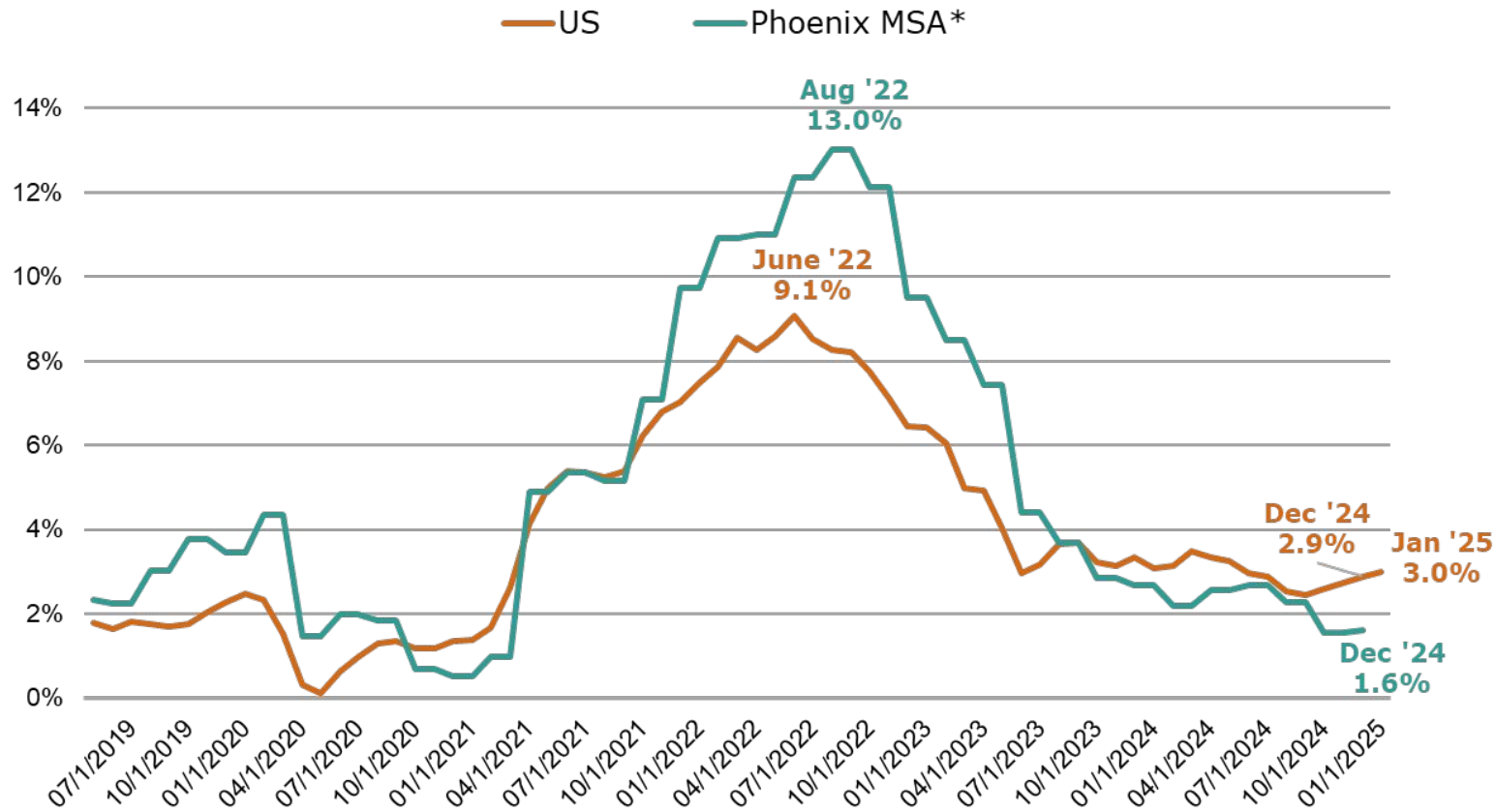
Not Seasonally Adjusted



- The Federal Open Market Committee (FOMC) increased the FFER in the last three years with the intent to curb rising inflation
- The median effective FFER increased to 5.33% in 2024 from 5.10% in 2023
 - > This was the highest median FFER in 24 years (6.45 in 2000)
- The FOMC projects the effective FFER will decrease to 3.90% in 2025

CONSUMER PRICE INDEX YEAR-OVER-YEAR PERCENT CHANGE

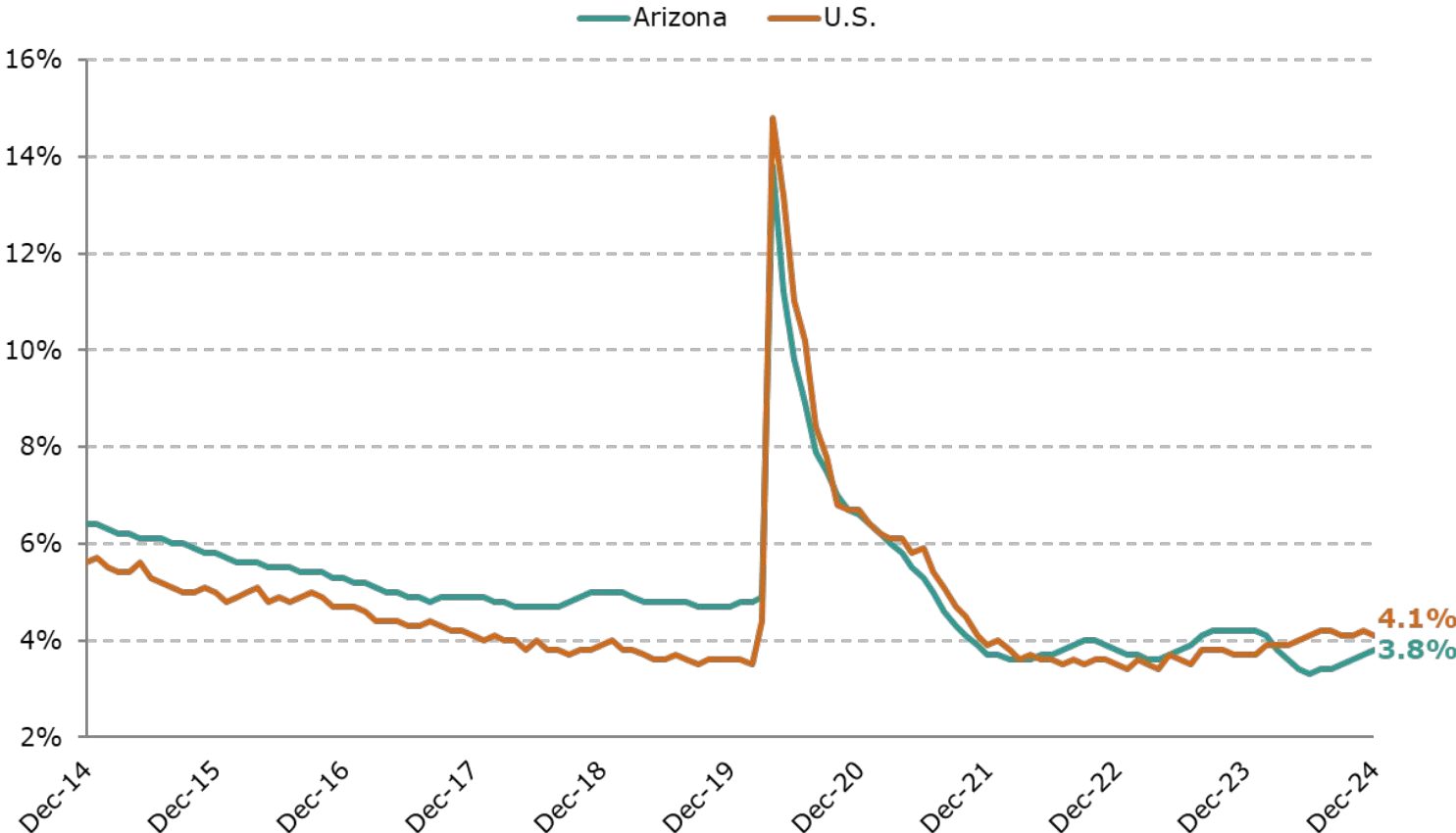
Not Seasonally Adjusted



- The Phoenix MSA CPI growth most recently peaked in August 2022
- The US CPI growth most recently peaked in June 2022
- On average, CPI growth slowed throughout 2024, largely due to lower transportation and energy expenses

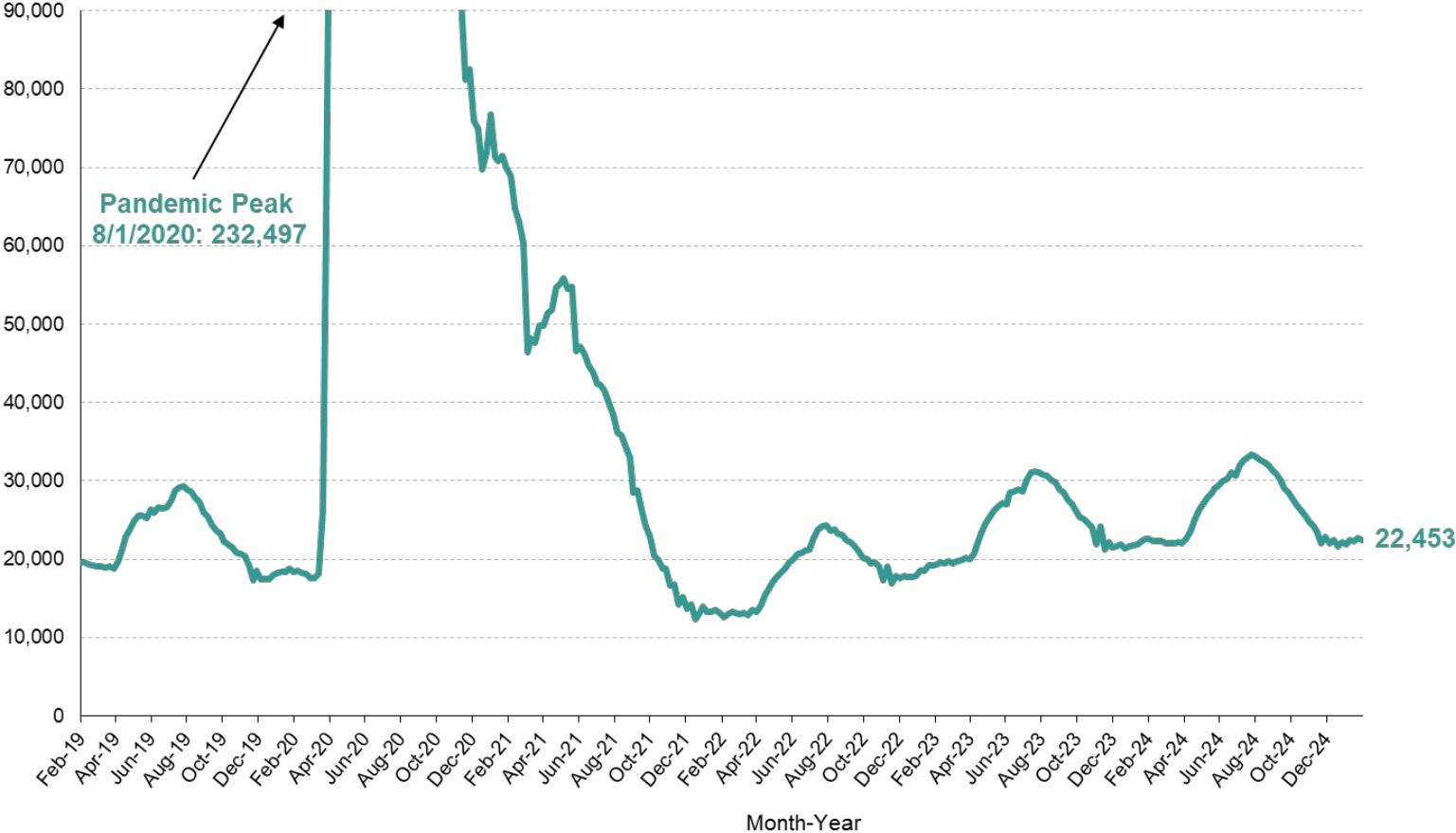
U.S. AND ARIZONA UNEMPLOYMENT RATES

Seasonally Adjusted



- In June 2024, the Arizona unemployment rate reached 3.3%, the lowest rate on record (since Jan. '76)
- Recently, since March 2024, Arizona has recorded a lower unemployment rate than the nation

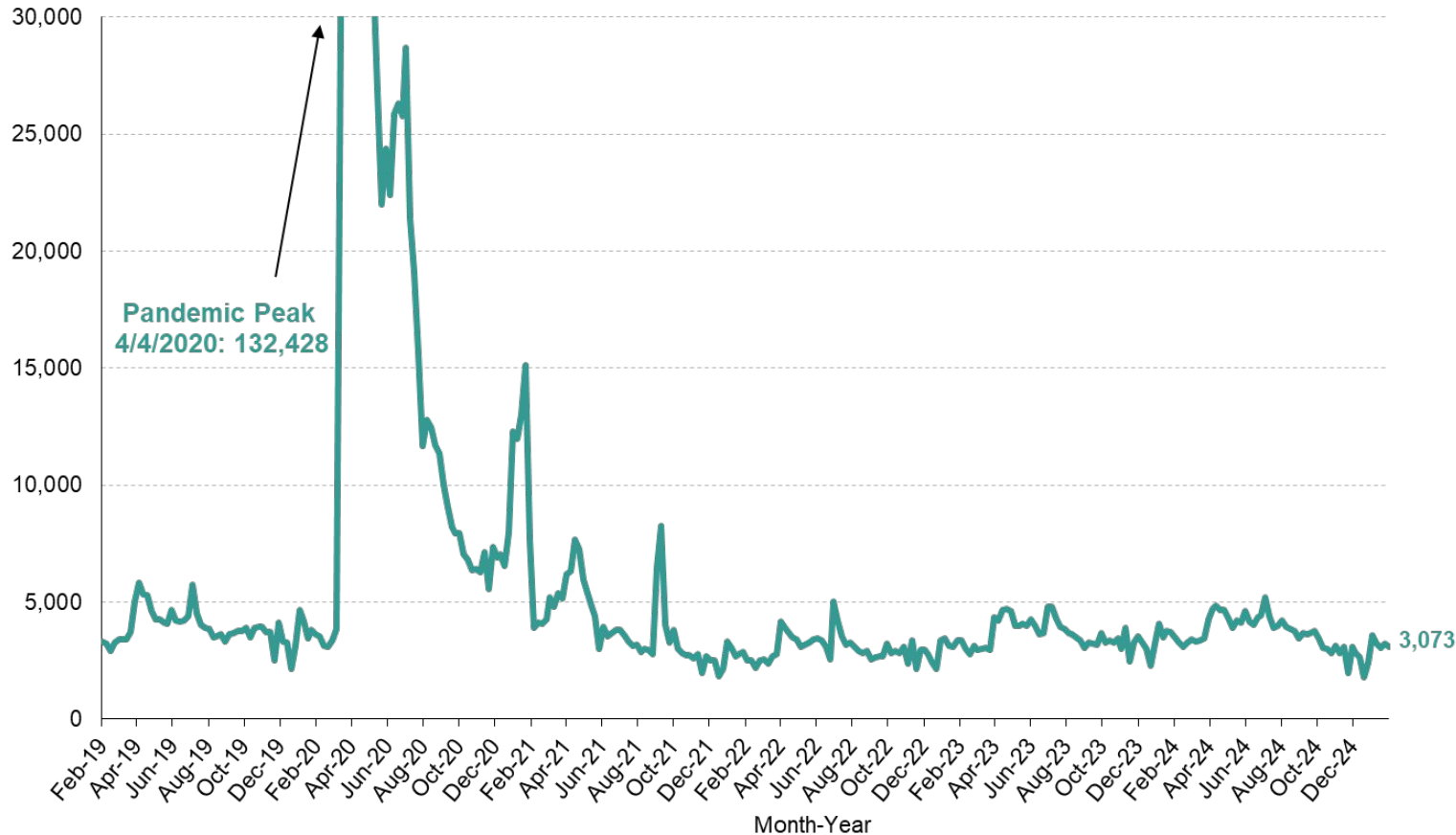
REGULAR WEEKLY UNEMPLOYMENT INSURANCE (UI) CLAIMS



During the week ending 02/08/2025, 22,553 unemployment insurance (UI) claims were filed in Arizona

- UI claims were down 0.4% from a similar week in 2024
- UI claims were up 21.6% from a similar week in 2020

INITIAL WEEKLY UNEMPLOYMENT INSURANCE (UI) CLAIMS

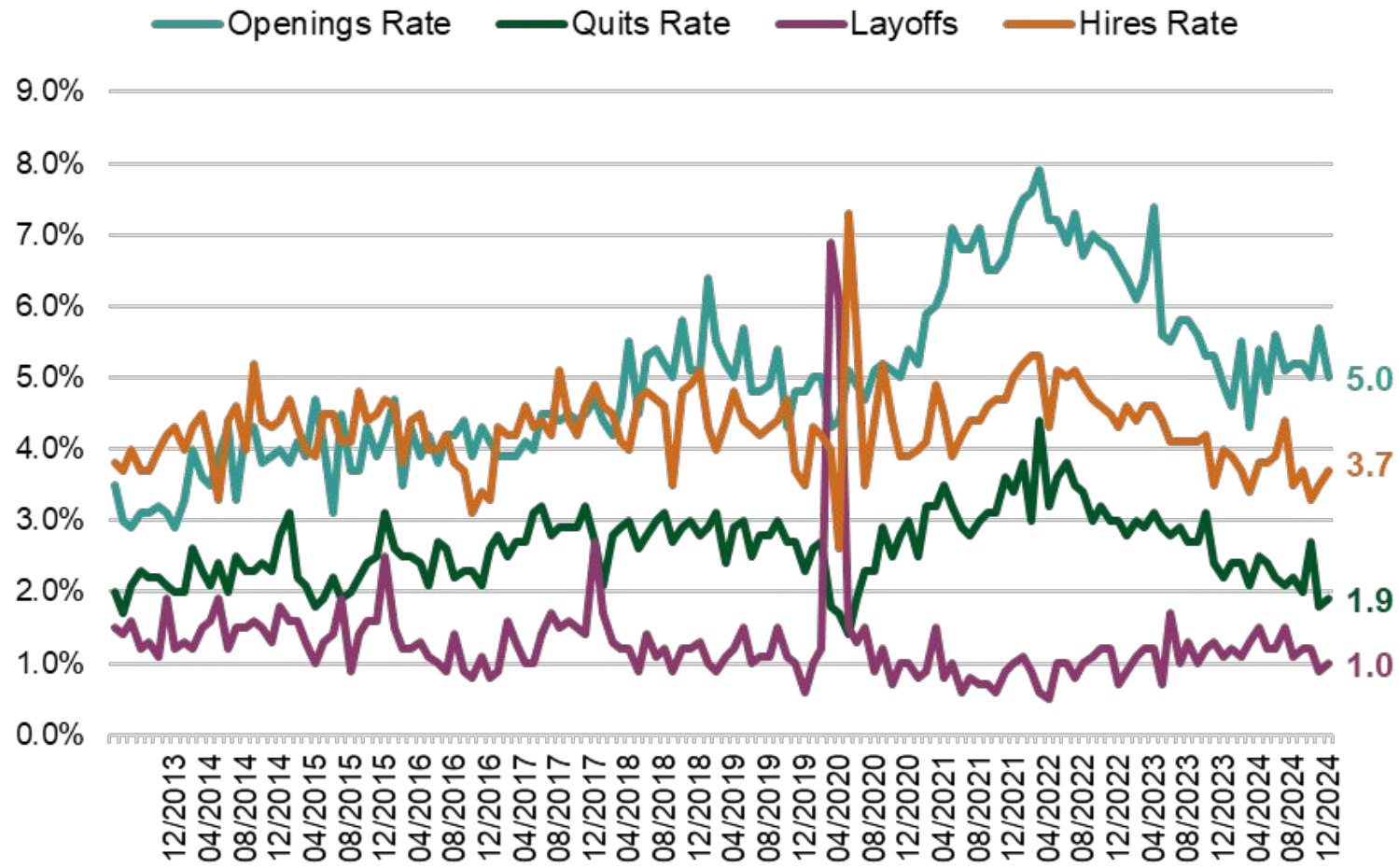


During the week ending 02/08/2025, 3,073 initial unemployment insurance (UI) claims were filed in Arizona

- Initial UI claims were down 11.7% from a similar week in 2024
- UI claims were down 15.5% from a similar week in 2020

ARIZONA OPENINGS, QUILTS, AND HIRES RATES

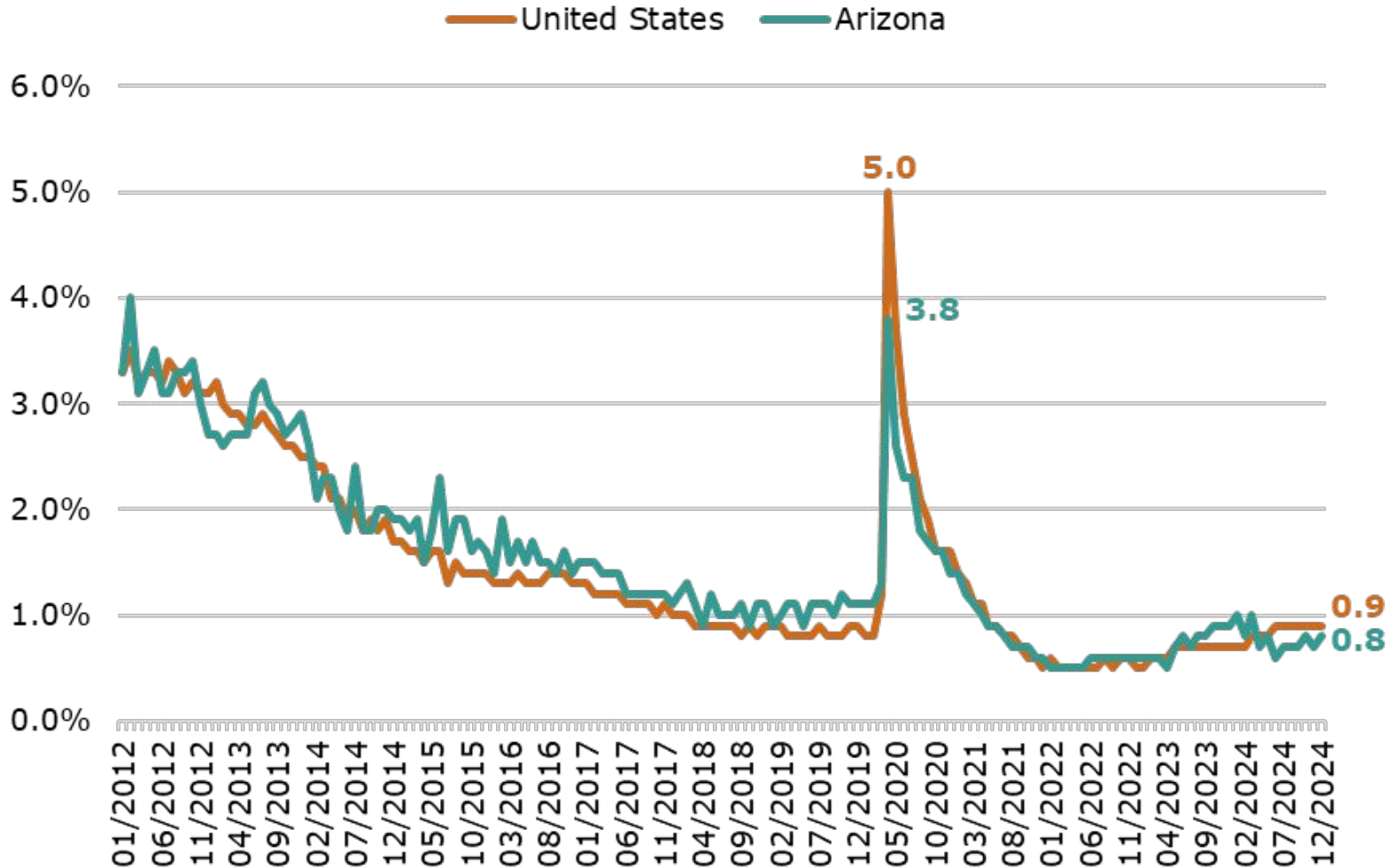
December 2013 – December 2024



In Arizona, in December 2024 from November 2024:

- The openings rate decreased to 5.0% from 5.7%
- The quits rate increased to 1.9% from 1.8%
- The hires rate increased to 3.7% from 3.5%
- The layoffs and discharges rate increased to 1.0% from 0.9%

UNEMPLOYED PERSONS PER JOB OPENING RATIO

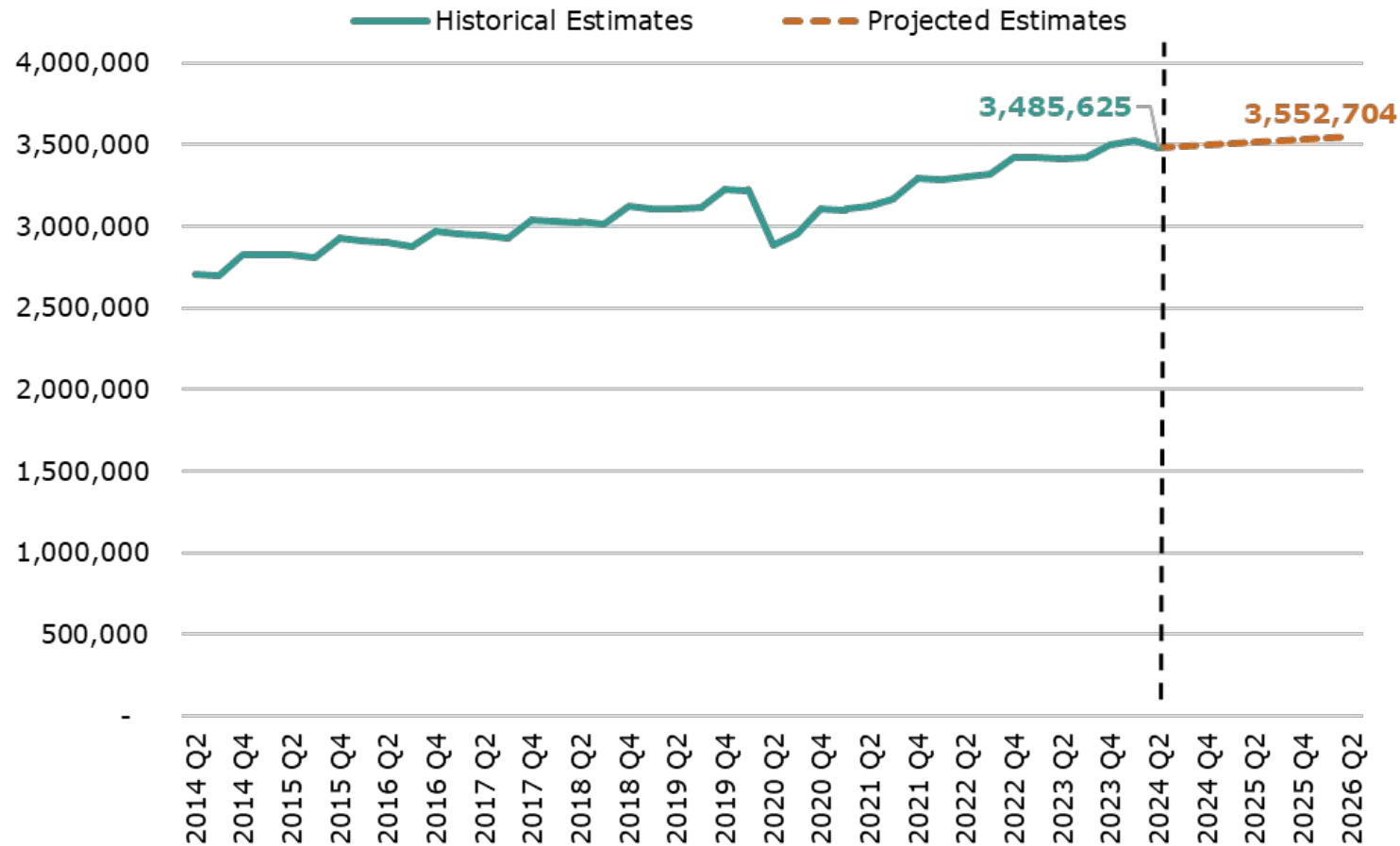


- In December 2024, Arizona's unemployed persons per job opening ratio remained below the national level, highlighting the state's relatively tight labor market.



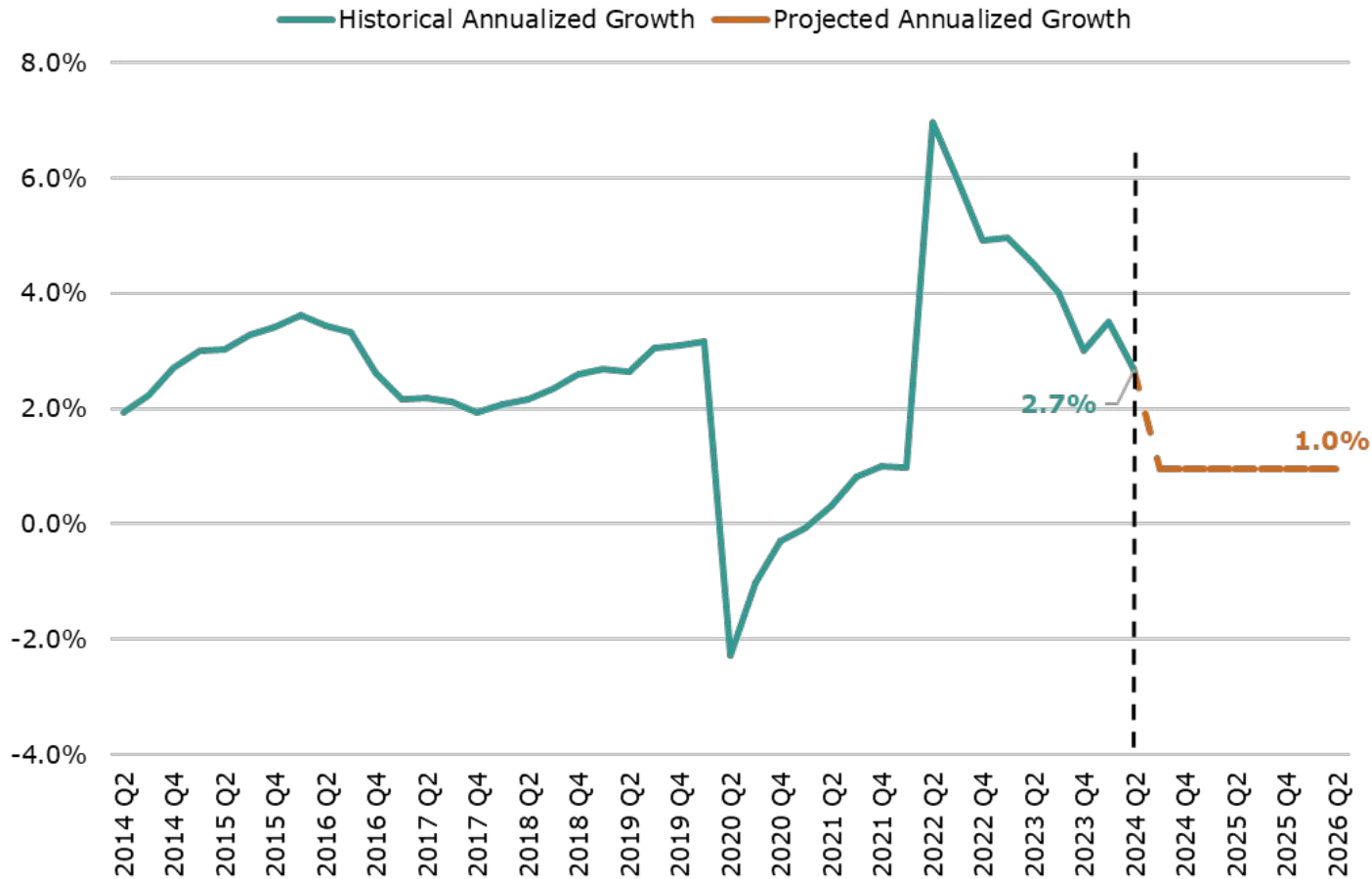
Projected Employment Highlights

HISTORIC AND PROJECTED EMPLOYMENT: ARIZONA TOTAL EMPLOYMENT



- Arizona is projected to gain 67,079 jobs (1.0% annually) from 2024 Q2 - 2026 Q2

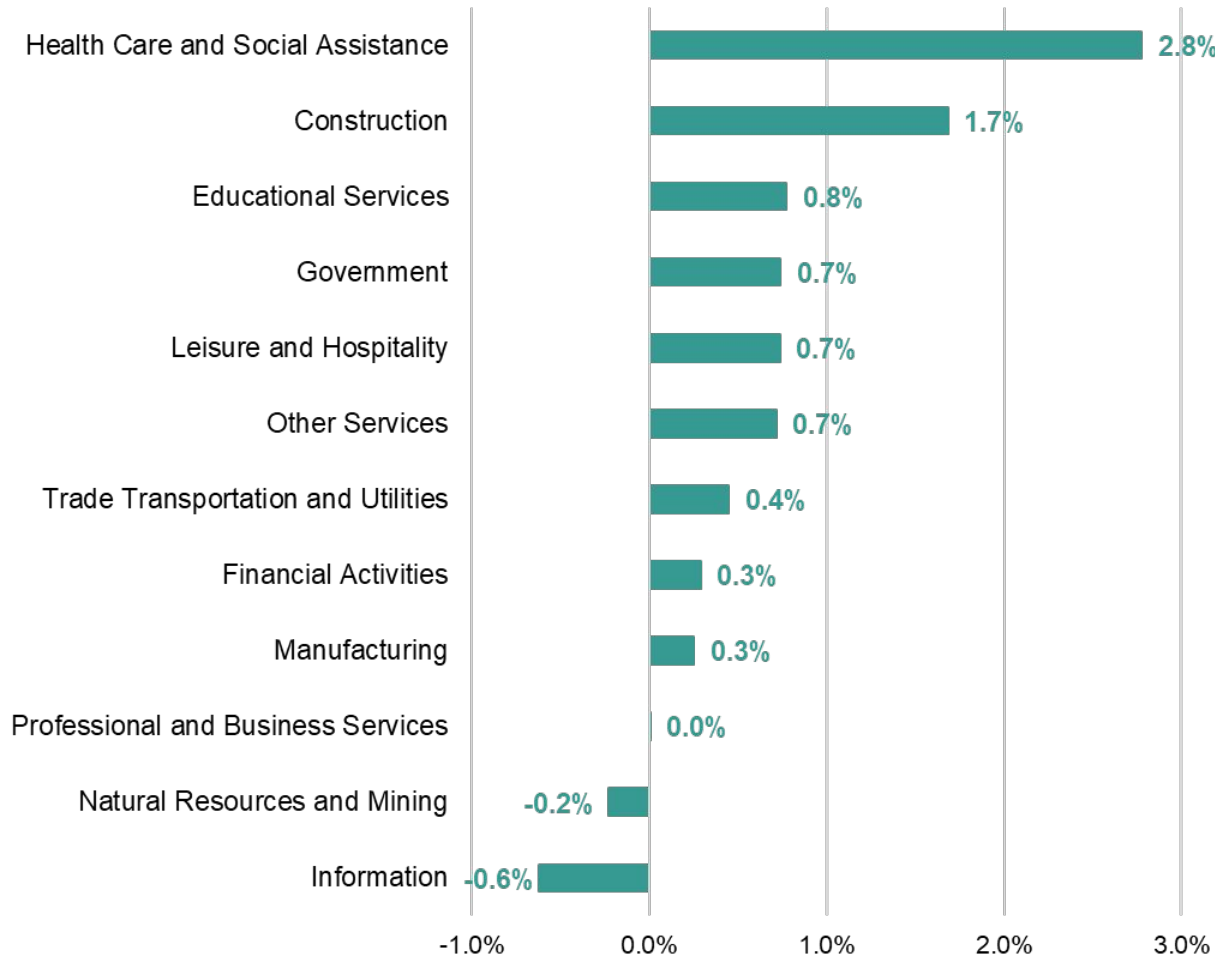
HISTORIC AND PROJECTED PERCENT CHANGE: ARIZONA TOTAL EMPLOYMENT



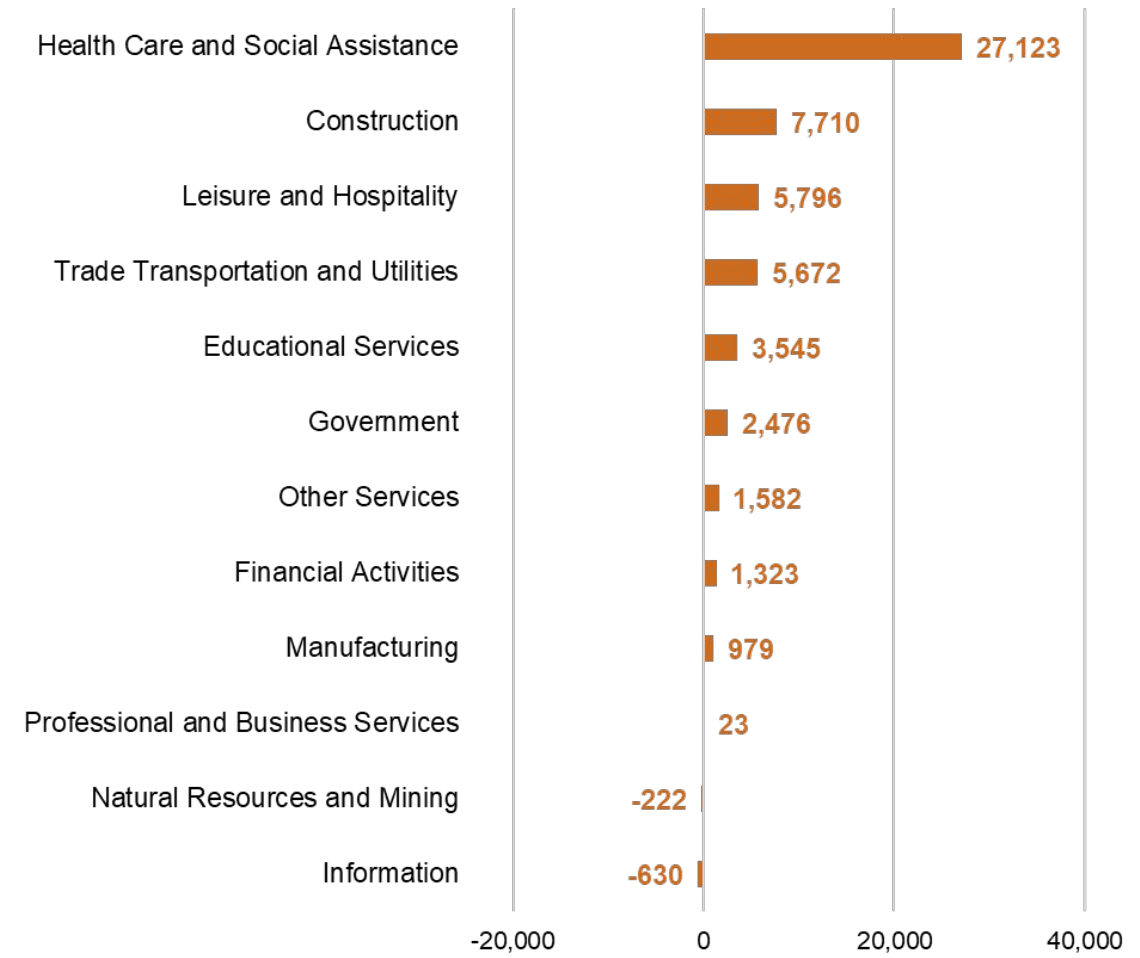
- Arizona is projected to gain 67,079 jobs (1.0% annually) from 2024 Q2 - 2026 Q2

PROJECTED INDUSTRY EMPLOYMENT CHANGE

Arizona Supersector Employment
2024-2026 Annualized Percentage Change



Arizona Supersector Employment
2024-2026 Total Numeric Change

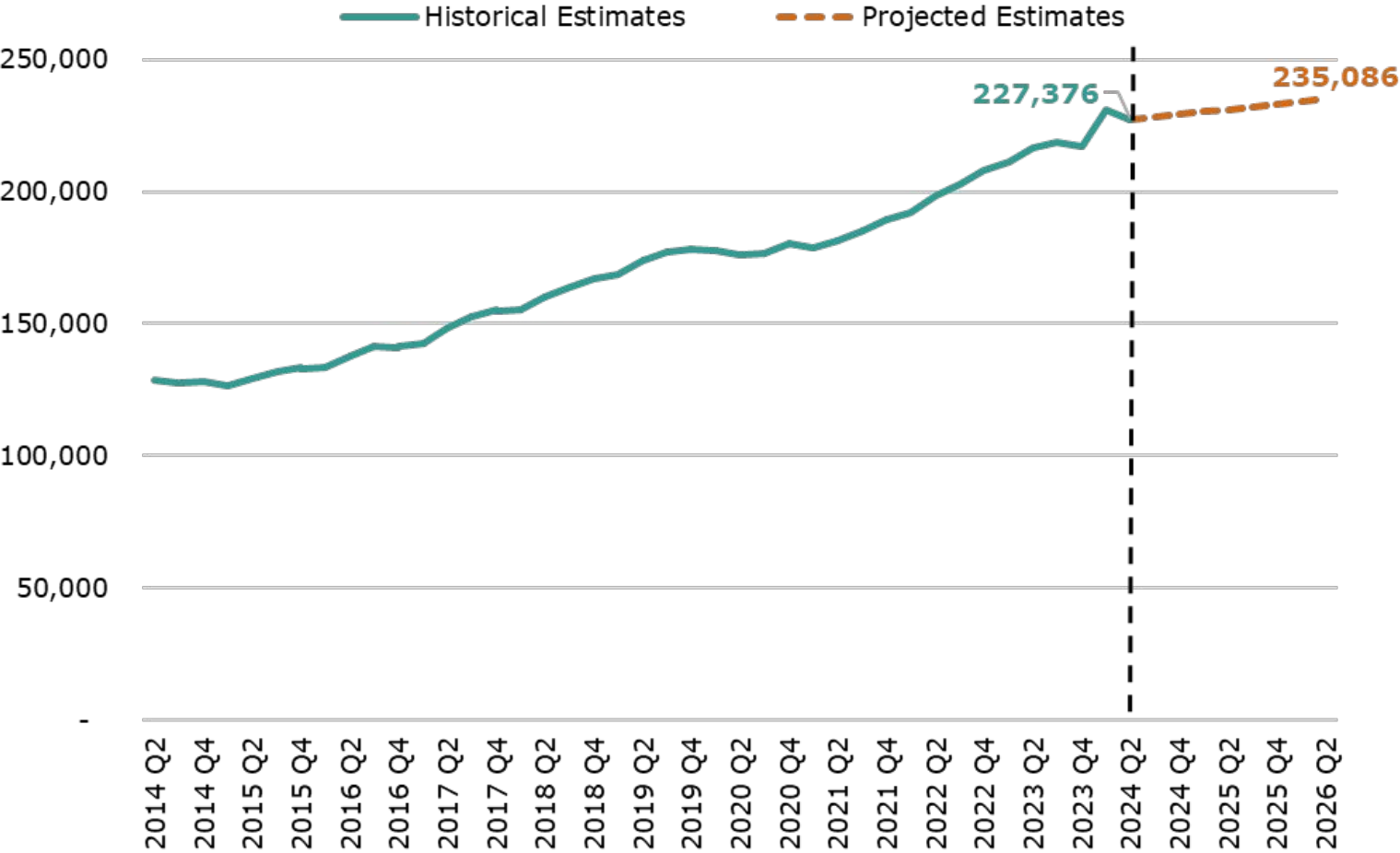


HISTORIC AND PROJECTED TOTAL EMPLOYMENT BY AREA

Region	Historic Change (2022 Q2-2024 Q2)		Projected Change (2024 Q2 -2026 Q2)	
	Numeric Change	% Change (Annual)	Numeric Change	% Change (Annual)
Arizona	179,414	2.7%	67,079	1.0%
Apache County	-411	-1.1%	-313	-0.9%
Cochise County	1,824	2.3%	-100	-0.1%
Coconino County	4,943	3.5%	892	0.6%
Gila County	762	2.3%	222	0.7%
Graham County	863	3.8%	262	1.1%
Greenlee County	442	3.6%	292	2.2%
La Paz County	540	3.7%	68	0.4%
Maricopa County	146,403	3.0%	55,897	1.1%
Mohave County	2,205	1.8%	996	0.8%
Navajo County	1,206	1.9%	373	0.6%
Pima County	11,142	1.3%	3,946	0.5%
Pinal County	5,827	3.7%	1,948	1.2%
Santa Cruz County	-65	-0.2%	34	0.1%
Yavapai County	1,000	0.6%	1,320	0.8%
Yuma County	2,291	1.5%	1,112	0.7%

- Thirteen of the 15 Arizona counties are projected to record job gains during the projected period
- The largest job gains are projected in Maricopa County (55,897 jobs, 83.5% of total) and Pima County (3,946 jobs, 5.9% of total)
- The largest percentage growth rates are projected in Greenlee County (2.2% annually) and Pinal County (1.2% annually)

HISTORIC AND PROJECTED EMPLOYMENT: CONSTRUCTION



- Construction employment is projected to increase by 7,710 jobs (1.7% annually)
- Construction employment had an average annual growth of 5.8% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

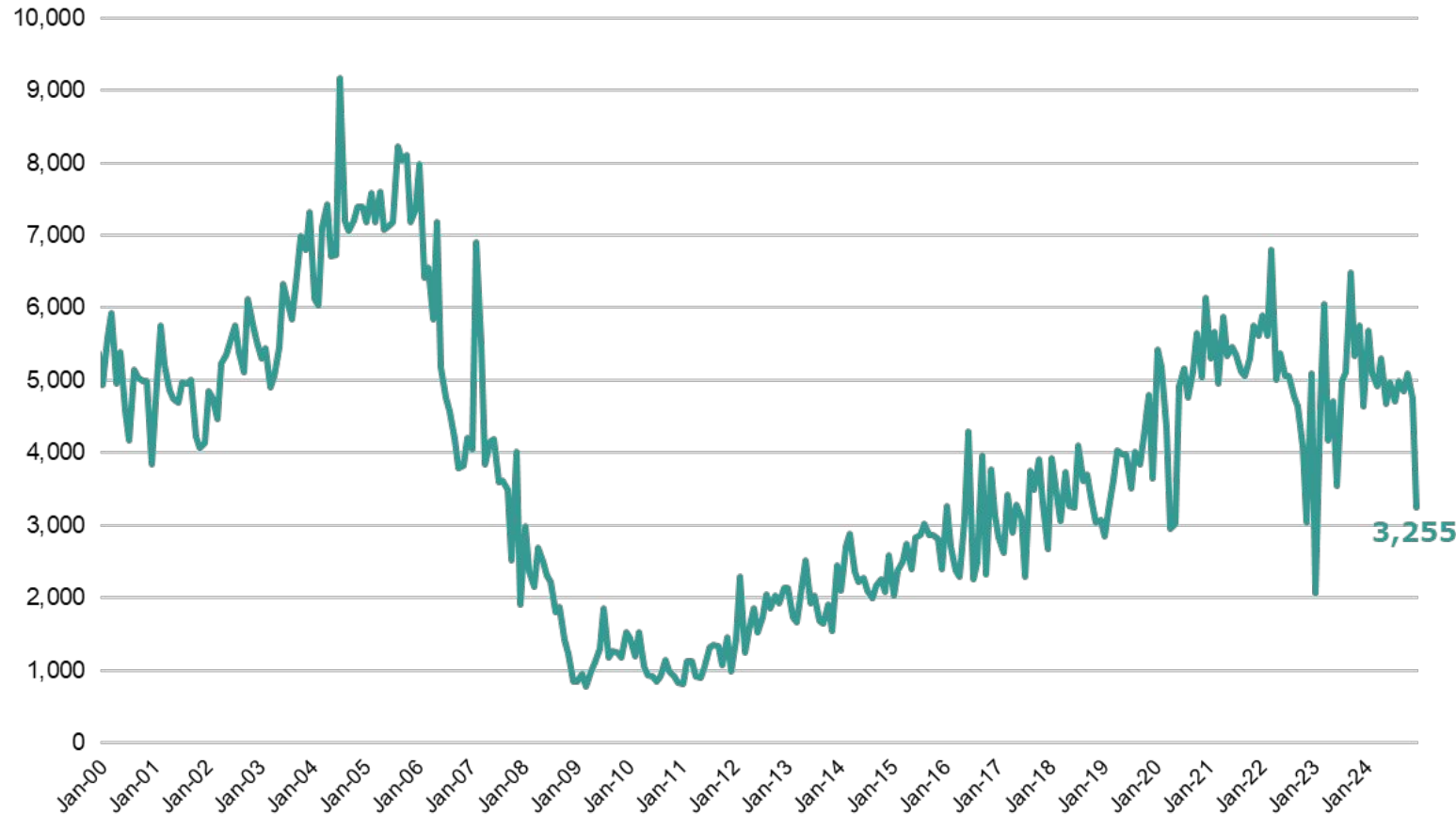
HISTORIC AND PROJECTED JOB CHANGE: CONSTRUCTION

Sector	Historic Change (2022 Q2 - 2024 Q2)		Projected Change (2024 Q2 - 2026 Q2)	
	Numeric Change	Annual Percent Change	Numeric Change	Annual Percent Change
Construction	28,964	7.1%	7,710	1.7%
Specialty Trade Contractors	17,721	6.5%	3,987	1.3%
Construction of Buildings	7,376	8.5%	2,862	2.9%
Heavy and Civil Engineering Construction	3,867	7.6%	861	1.5%

- Growth is projected to continue in all three construction subsectors through 2026 Q2.

ARIZONA NEW PRIVATE HOUSING UNITS AUTHORIZED BY BUILDING PERMITS

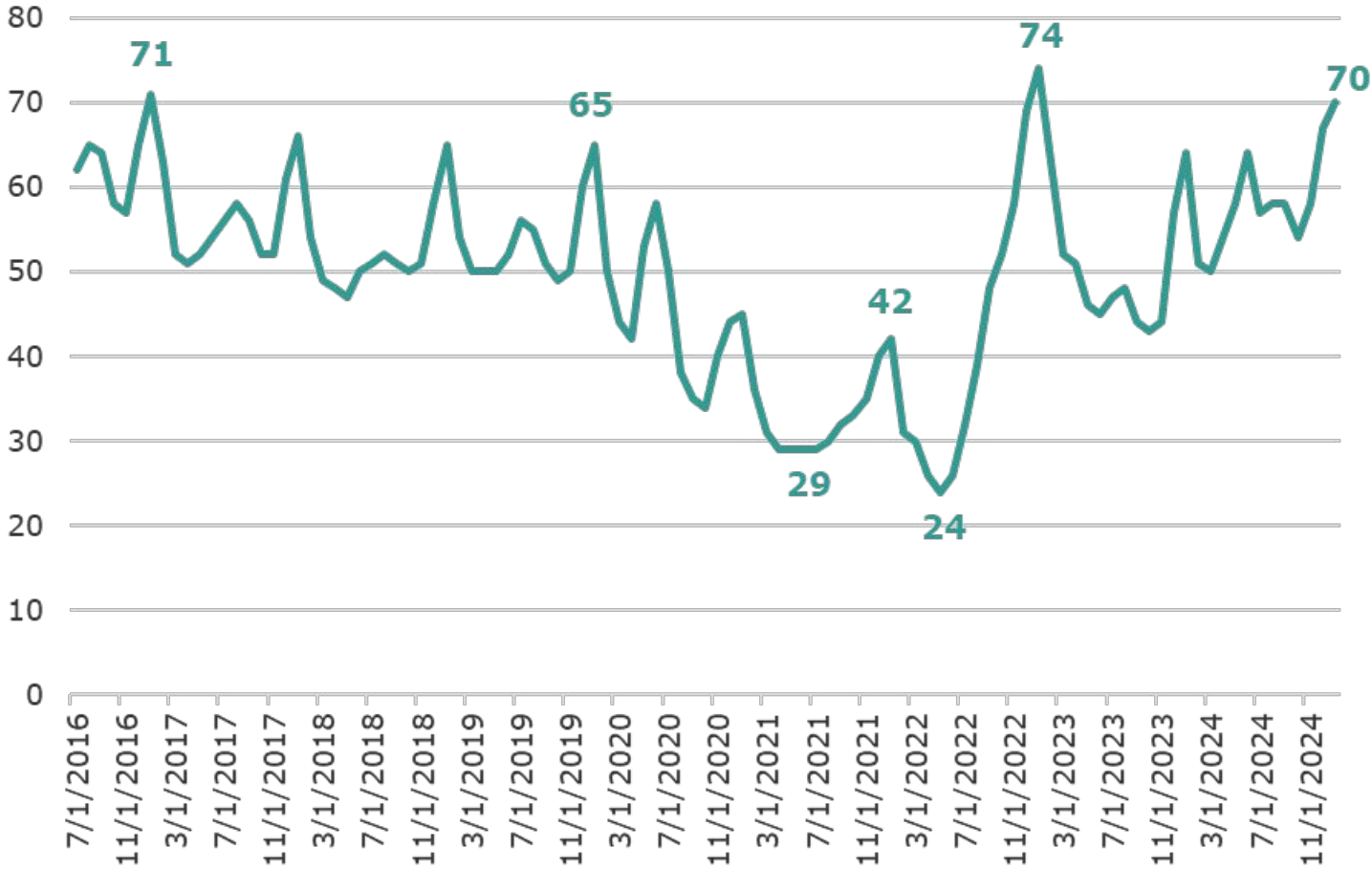
Seasonally Adjusted



- Building permit authorizations reached a relative peak in 2004/2005 before declining during the 2007 economic recession
- Between 2010 through 2022, building permit authorizations have steadily increased
- From 2022 through the start of 2023, building permit authorizations dropped sharply.
- 3,255 building permits were authorized in December 2024, a decrease of 1,383 permits (-29.8%) from December 2023

RESIDENTIAL HOUSING INVENTORY: MEDIAN DAYS ON MARKET IN ARIZONA

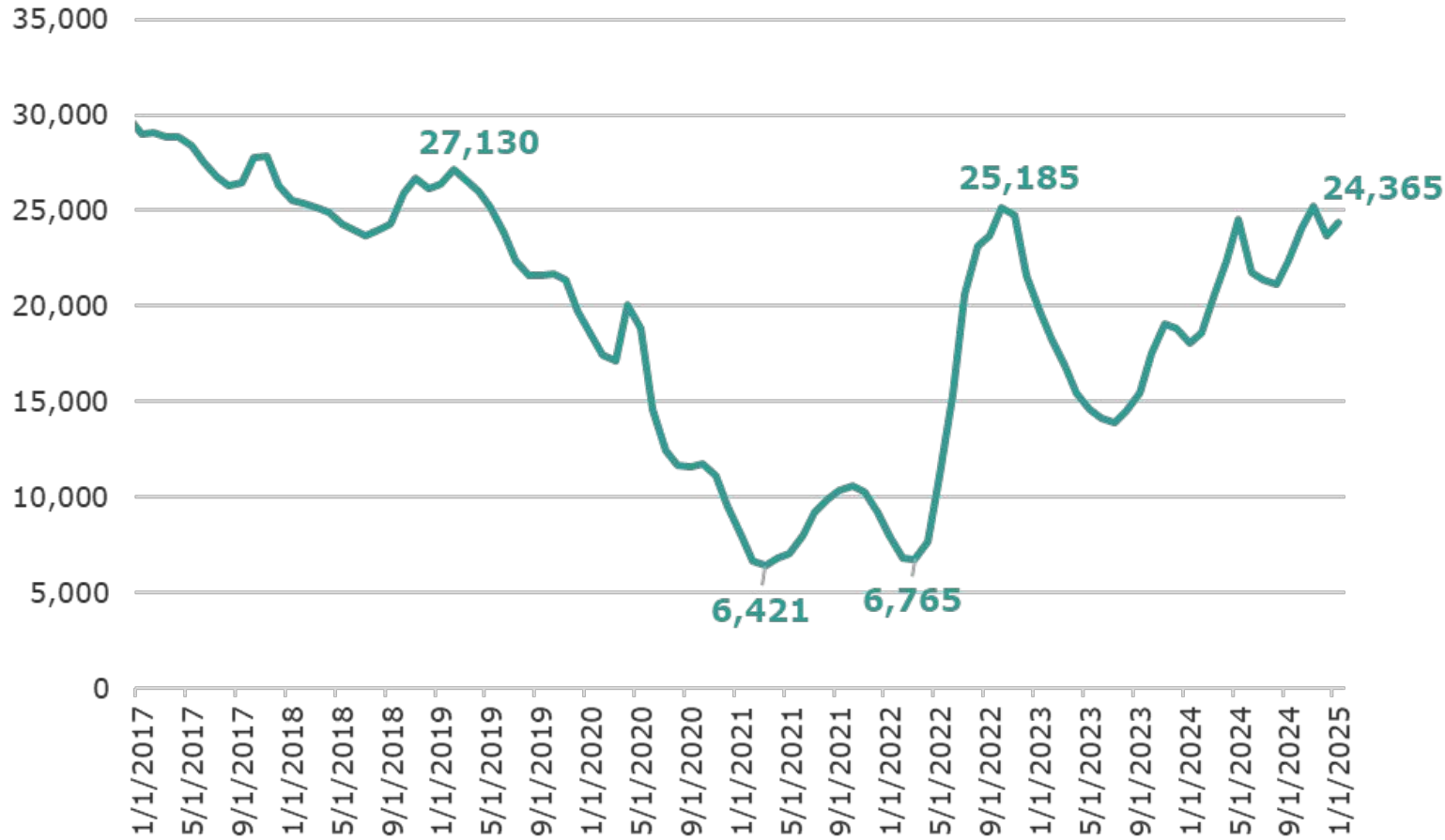
Not Seasonally Adjusted



- The median days property listings were active increased to 70 days in January 2025 from 67 in December 2024
- Year-over-year, the median days property listings were active increased by 6 days (9.4%)

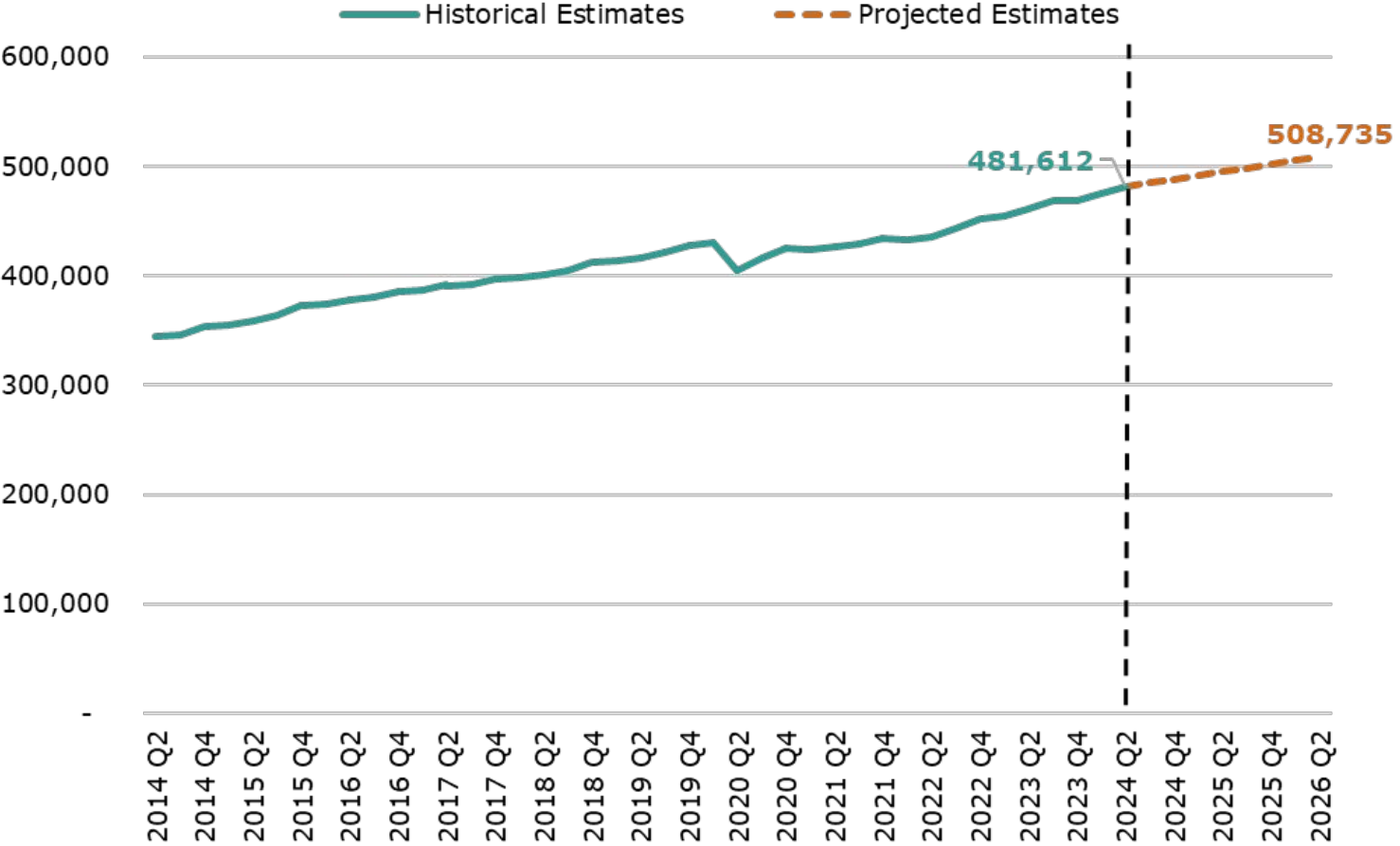
RESIDENTIAL HOUSING INVENTORY: ACTIVE LISTING COUNT IN ARIZONA

Not Seasonally Adjusted



- The count of active home listings increased by 662 (2.8%) in January 2025 from December 2024
- Active home listings were up 6,281 (34.7%) in January 2025 from January 2024
- March 2021 saw the lowest active listing count on record (since July 2016)

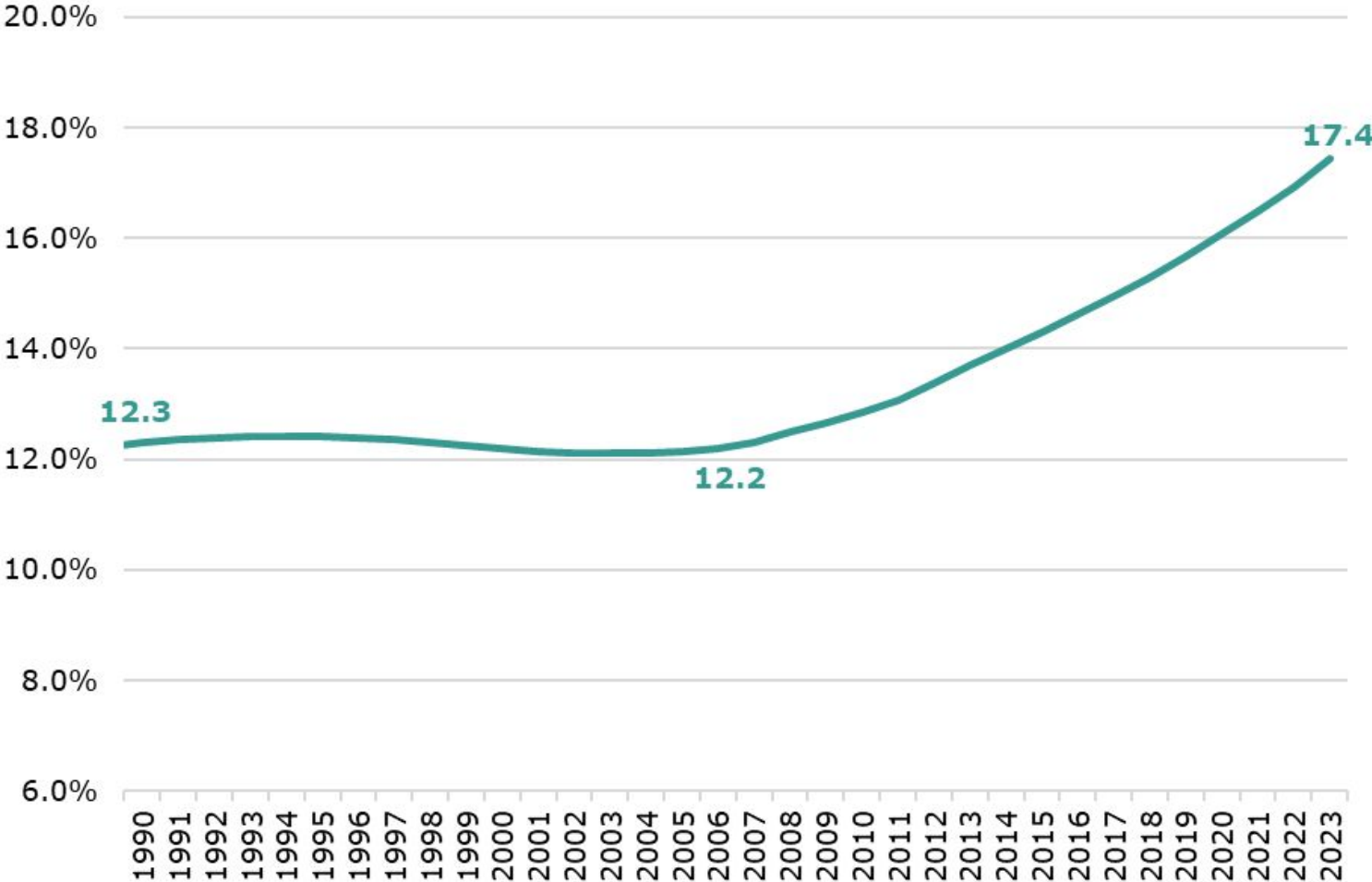
HISTORIC AND PROJECTED EMPLOYMENT: HEALTH CARE AND SOCIAL ASSISTANCE



- Health Care and Social Assistance employment is projected to increase by 27,123 jobs (2.8% annually)
- Health Care and Social Assistance had an average annual growth of 3.8% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

PERCENTAGE OF U.S. POPULATION 65+

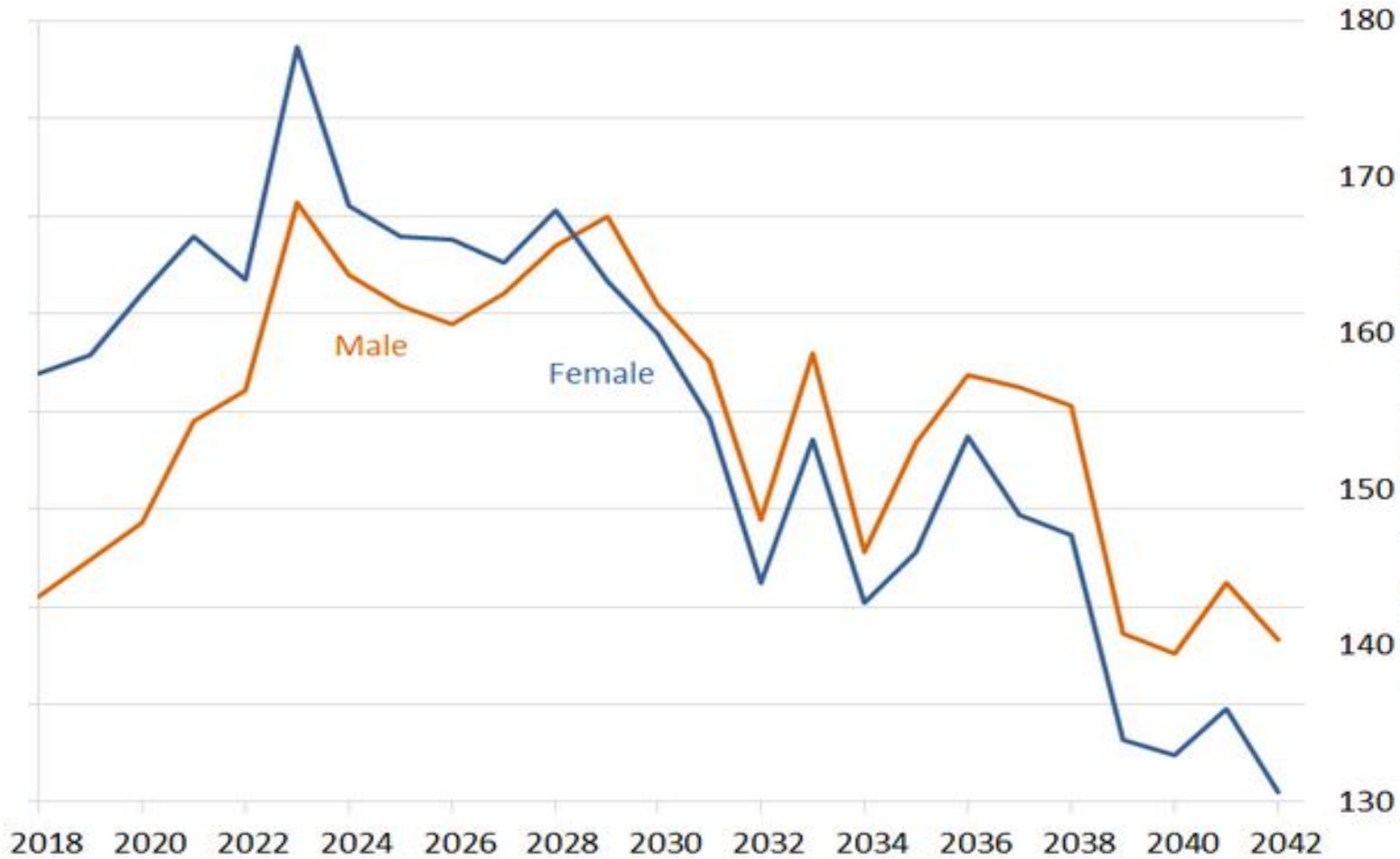
Not Seasonally Adjusted



- From 1990 to 2023, the share of individuals 65+ in the United States has increased from 12.3% to 17.4%
- The share of the population 65+ has increased each year since 2004

THE AGING U.S. POPULATION

People Turning 65 Each Month (in Thousands)



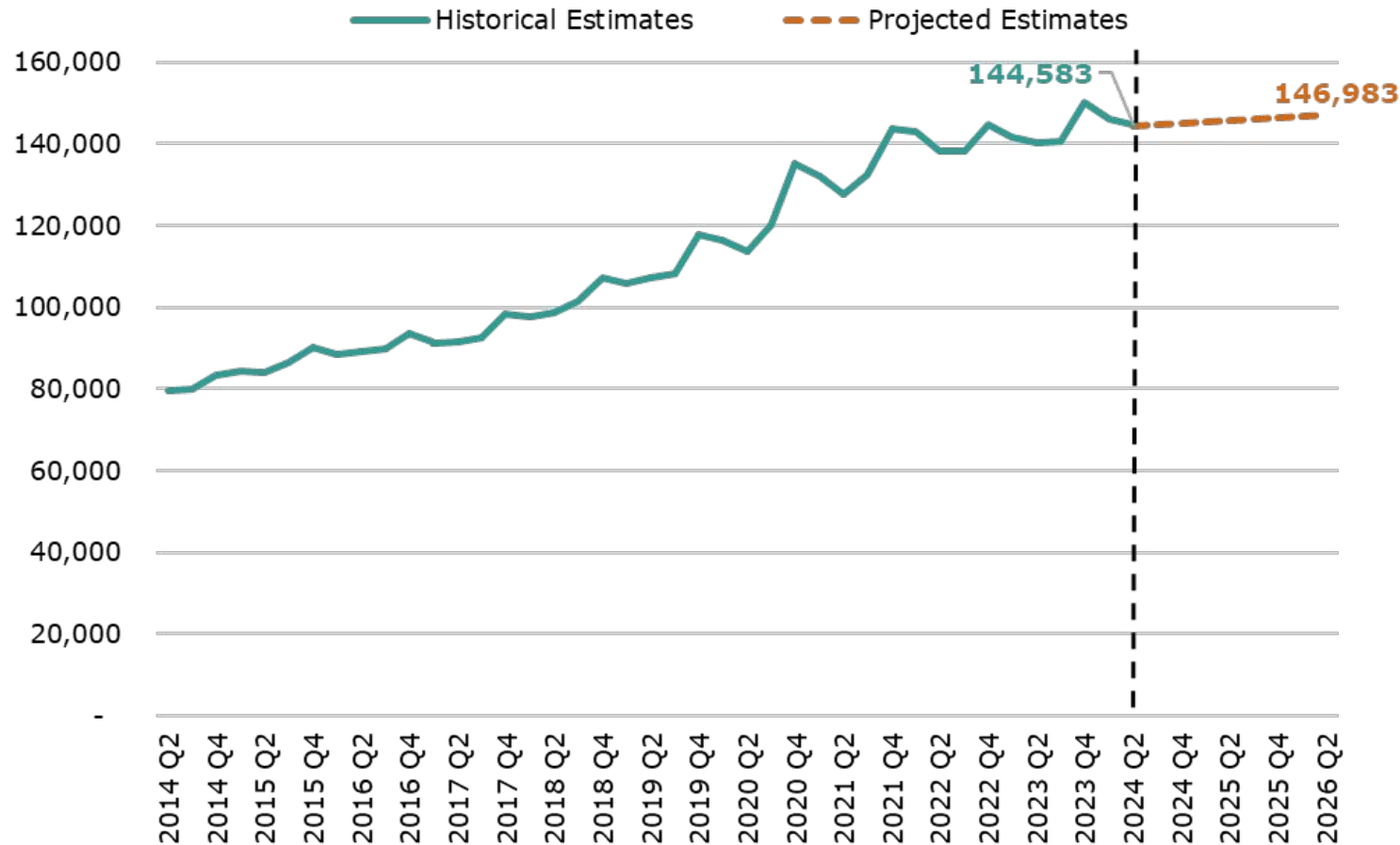
- The number of people reaching retirement age will peak in 2023
- Research has shown that nearly half of lifetime medical expenditures is incurred during the senior years (age 65+)
- Health care job growth will be driven, in part, by increasing demand for health care services from older adults

HISTORIC AND PROJECTED JOB CHANGE: HEALTH CARE AND SOCIAL ASSISTANCE

Sector	Historic Change (2022 Q2 - 2024 Q2)		Projected Change (2024 Q2 - 2026 Q2)	
	Numeric Change	Annual Percent Change	Numeric Change	Annual Percent Change
Health Care and Social Assistance	46,149	5.2%	27,123	2.8%
Ambulatory Health Care Services	15,746	3.9%	10,239	2.4%
Hospitals	12,123	5.2%	9,308	3.6%
Social Assistance	10,705	7.5%	3,925	2.4%
Nursing and Residential Care Facilities	7,575	6.6%	3,651	2.9%

- All the subsectors within Health Care and Social Assistance are projected to record job gains through 2026 Q2

HISTORIC AND PROJECTED EMPLOYMENT: TRANSPORTATION AND WAREHOUSING



- Transportation and Warehousing employment is projected to increase by 2,400 jobs (0.8% annually)
- Transportation and Warehousing had an average annual growth of 6.0% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

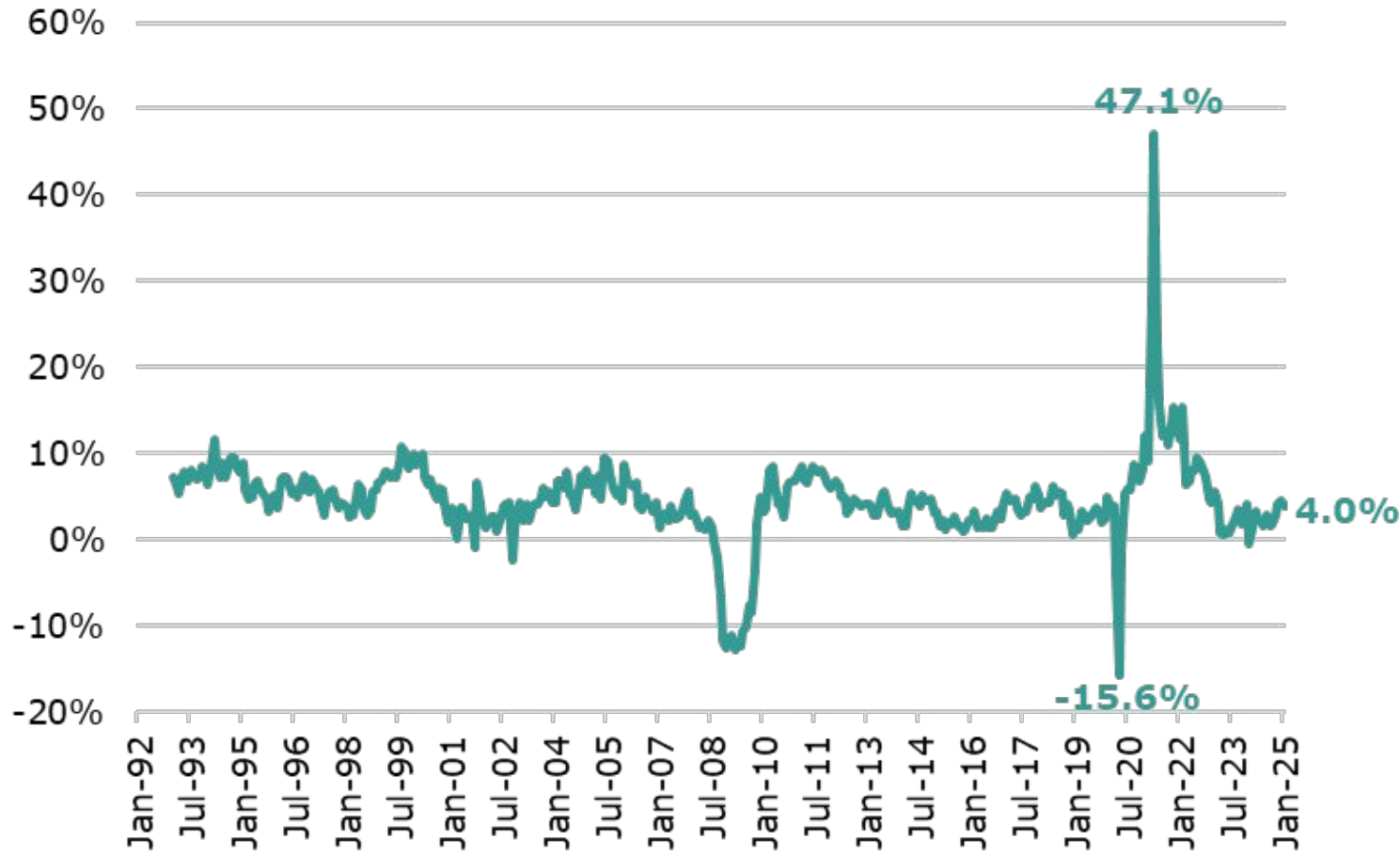
HISTORIC AND PROJECTED JOB CHANGE: TRANSPORTATION AND WAREHOUSING

Sector	Historic Change (2022 Q2 - 2024 Q2)		Projected Change (2024 Q2 - 2026 Q2)	
	Numeric Change	Annual Percent Change	Numeric Change	Annual Percent Change
Transportation and Warehousing	6,447	2.3%	2,400	0.8%
Support Activities for Transportation	2,491	7.2%	1,350	3.5%
Warehousing and Storage	514	0.5%	1,302	1.3%
Couriers and Messengers	2,266	5.8%	638	1.5%
Postal Service	404	2.0%	305	1.5%
Air Transportation	1,905	6.9%	276	0.9%
Transit and Ground Passenger Transportation	970	5.6%	94	0.5%
Scenic and Sightseeing Transportation	81	6.7%	31	2.3%
Pipeline Transportation	39	3.8%	-7	-0.7%
Rail Transportation	87	1.5%	-66	-1.1%
Truck Transportation	-1,908	-3.7%	-1,218	-2.5%

- Warehousing and Storage is projected to record some of the largest job gains within the sector
- The Warehousing and Storage industry has grown dramatically as more consumers purchase goods through online retailers

U.S. ADVANCED RETAIL SALES YEAR-OVER-YEAR PERCENTAGE CHANGE

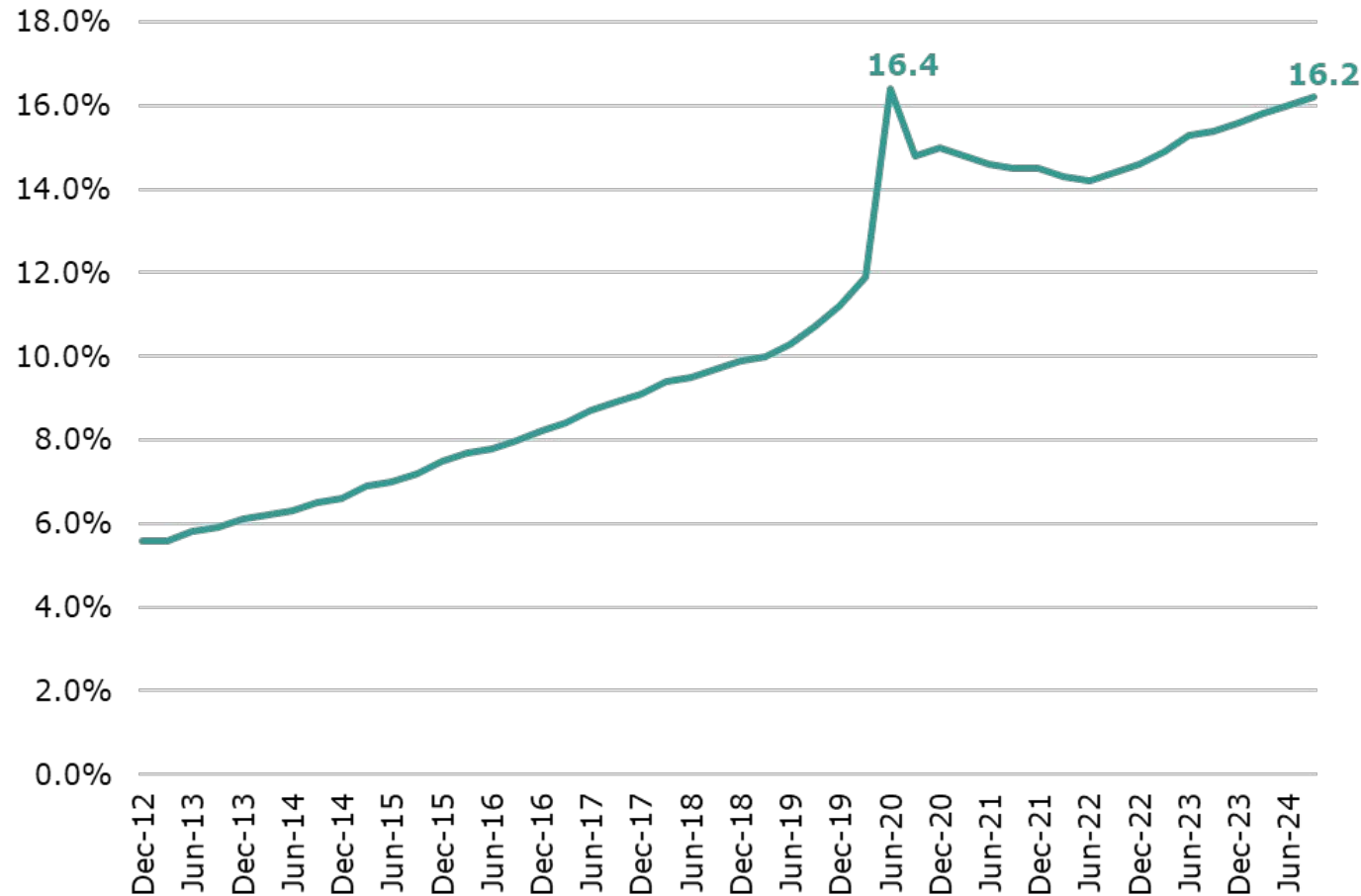
Seasonally Adjusted



- U.S. Advanced Retail Sales increased to \$625,280 million in January 2025 from 601,193 million in January 2024 (4.0%)

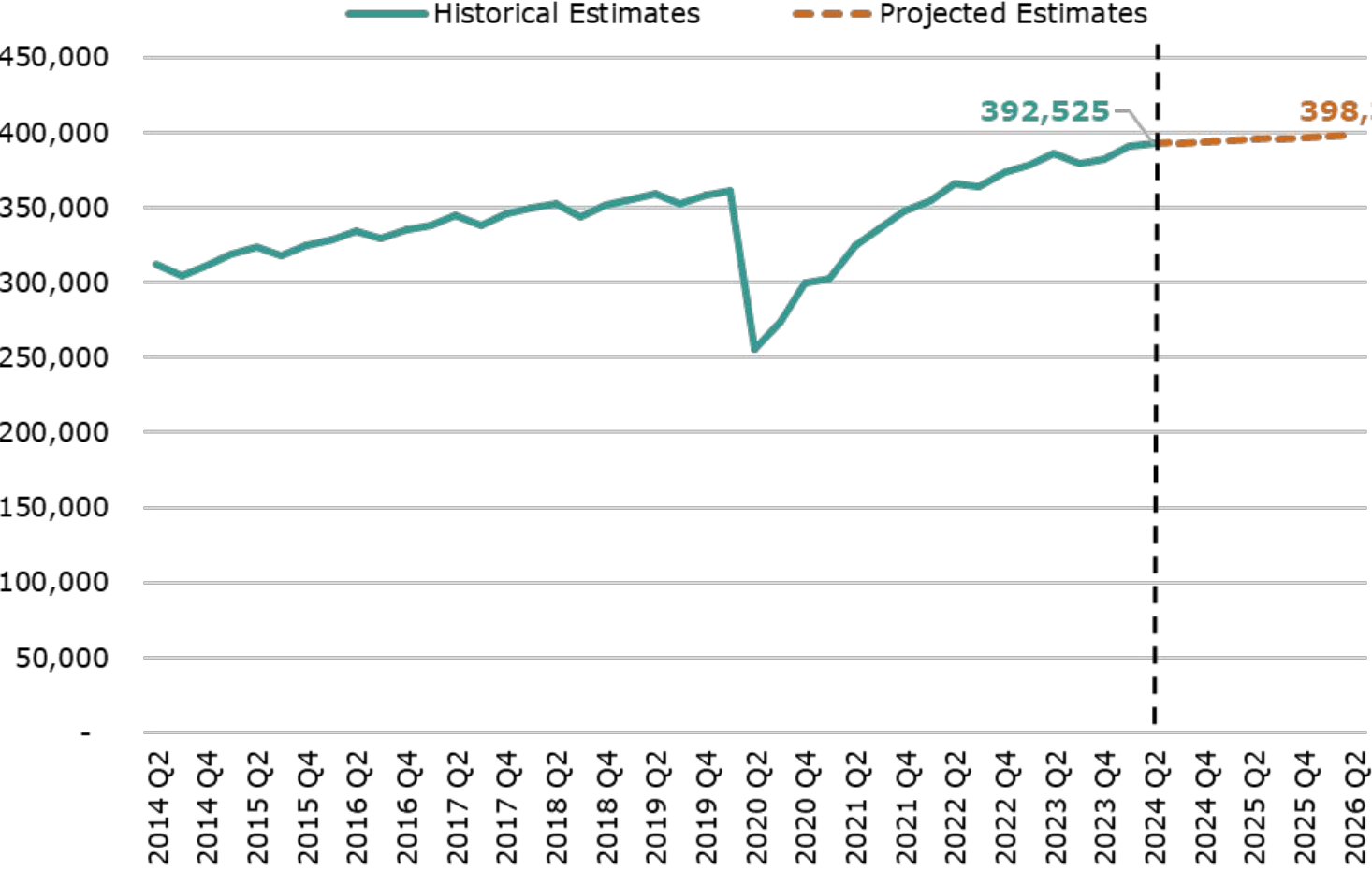
U.S. RETAIL E-COMMERCE SALES AS PERCENT OF TOTAL QUARTERLY RETAIL SALES

Seasonally Adjusted, 2012 Q4 - 2024 Q3



- E-commerce sales have accounted for an increasing percentage of total retail sales
- While total E-commerce sales has increased year over year since 2010, its percent of total retail sales decreased year over year from 2021 Q2 - 2022 Q2
- Since it's peak in 2020 Q2, the percent of E-commerce sales has fallen 0.2 percentage points into 2024 Q3

HISTORIC AND PROJECTED EMPLOYMENT: LEISURE AND HOSPITALITY



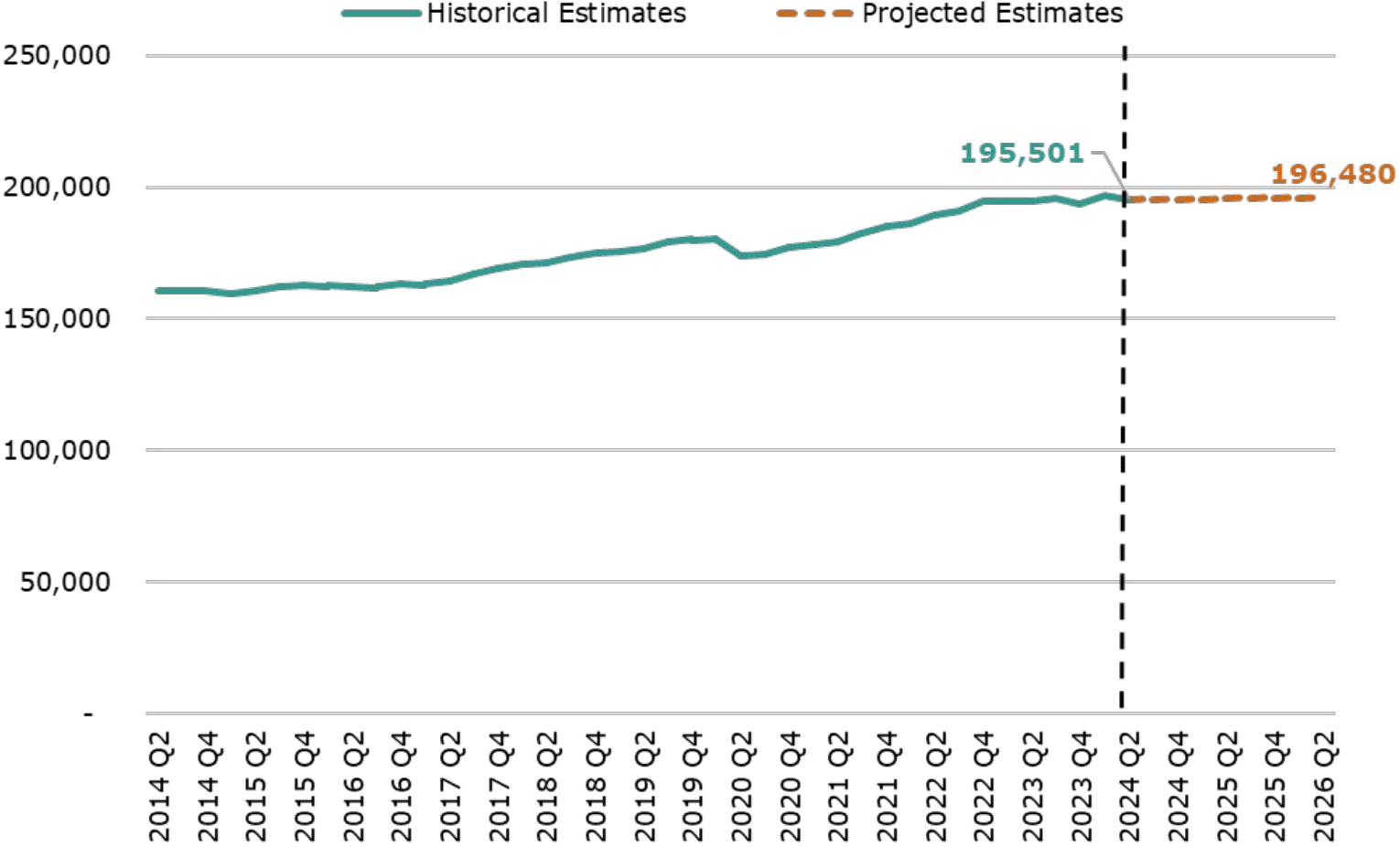
- Leisure and Hospitality employment is projected to increase by 5,796 jobs (0.7% annually)
- Leisure and Hospitality had an average annual growth of 3.0% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

HISTORIC AND PROJECTED JOB CHANGE: LEISURE AND HOSPITALITY

Sector	Historic Change (2022 Q2 - 2024 Q2)		Projected Change (2024 Q2 - 2026 Q2)	
	Numeric Change	Annual Percent Change	Numeric Change	Annual Percent Change
Leisure and Hospitality	26,311	3.5%	5,796	0.7%
Accommodation and Food Services	17,368	2.9%	3,825	0.6%
Food Services and Drinking Places	11,937	2.3%	2,579	0.5%
Accommodation, including Hotels and Motels	5,431	5.7%	1,246	1.2%
Arts, Entertainment, and Recreation	8,943	6.6%	1,971	1.3%
Amusement, Gambling, and Recreation Industries	6,195	5.9%	1,637	1.4%
Performing Arts, Spectator Sports, and Related Industries	2,238	9.6%	130	0.5%
Museums, Historical Sites, and Similar Institutions	510	6.2%	204	2.3%

- Most of the projected gains within Leisure and Hospitality are expected to occur within Accommodation and Food Service

HISTORIC AND PROJECTED EMPLOYMENT: MANUFACTURING



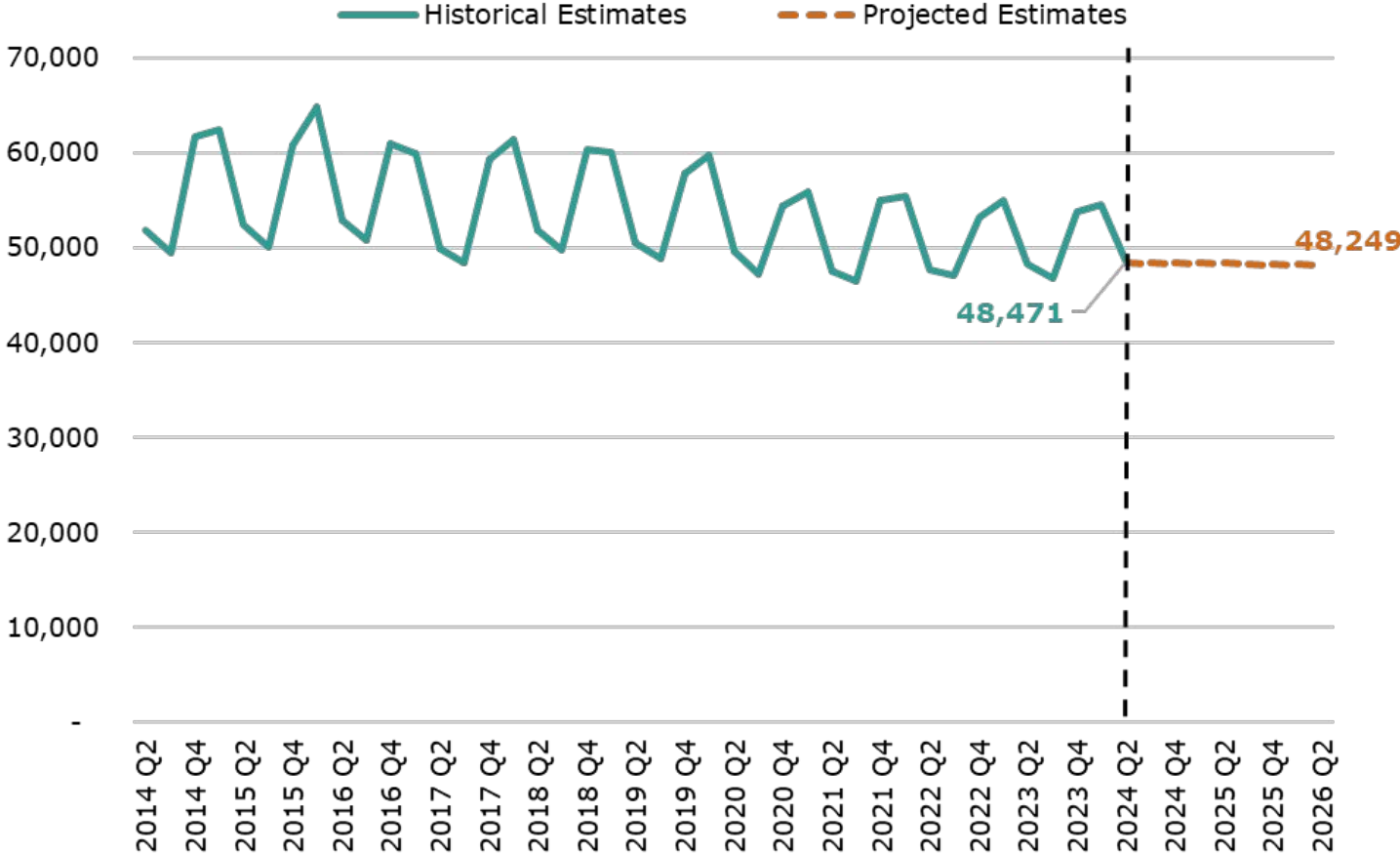
- Manufacturing employment is projected to increase by 976 jobs (0.3% annually)
- Manufacturing had an average annual growth of 1.9% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

HISTORIC AND PROJECTED JOB CHANGE: MANUFACTURING

Sector	Historic Change (2022 Q2 - 2024 Q2)		Projected Change (2024 Q2 - 2026 Q2)	
	Numeric Change	Annual Percent Change	Numeric Change	Annual Percent Change
Manufacturing	5,840	1.5%	979	0.3%
Transportation Equipment Manufacturing	3,289	4.3%	427	0.5%
Computer and Electronic Product Manufacturing	2,056	3.1%	147	0.2%
Fabricated Metal Product Manufacturing	104	0.2%	85	0.2%
Food Manufacturing	473	1.5%	457	1.4%
Miscellaneous Manufacturing	484	1.8%	-70	-0.3%
Machinery Manufacturing	1,504	9.3%	313	1.7%
Chemical Manufacturing	40	0.2%	-146	-0.8%
Nonmetallic Mineral Product Manufacturing	-383	-2.2%	-196	-1.2%
Plastics and Rubber Products Manufacturing	-257	-2.1%	140	1.2%

- Most of the projected gains within Manufacturing are projected to occur within Food Manufacturing and Transportation Equipment Manufacturing

HISTORIC AND PROJECTED EMPLOYMENT: NATURAL RESOURCES AND MINING



- Natural Resources and Mining employment is projected to decrease by 222 jobs (-0.2% annually)
- Natural Resources and Mining employment had an average annual loss of 0.5% in the five years prior to the pandemic (Q1 2015 - Q1 2020)

REPORT SUMMARY

- Total employment is projected to grow by 1.0% annually from Q2 2024 to Q2 2026
- Ten of the 12 industry sectors are projected to add jobs
 - > Information and Natural Resources and Mining are projected to lose jobs
- Thirteen of the 15 Arizona counties are projected to add jobs
- Growth is projected to be led by Health Care and Social Assistance (2.8% annually) and Construction (1.7% annually)



UPCOMING RELEASES

- March 13, 2025:
January 2025 Press Release
- March 27, 2025:
February 2025 Press Release

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THANK YOU