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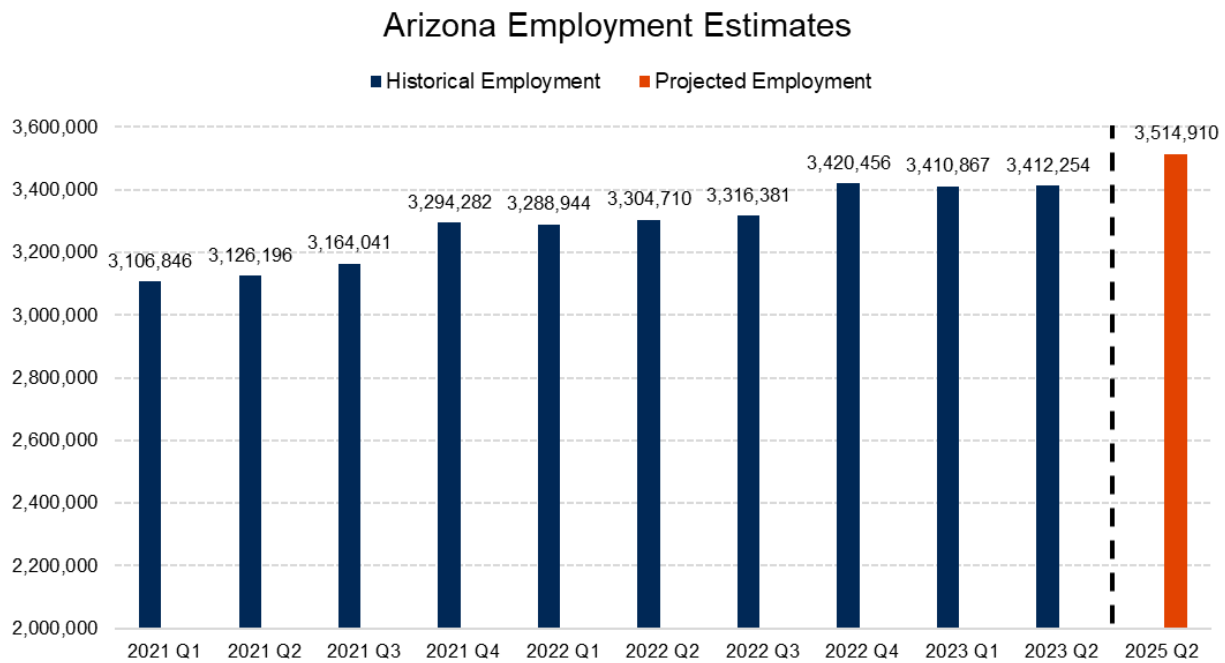
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Arizona 2023-2025 Projected Employment Report Total Employment Projected to Grow 1.5% Annually, led by Education and Health Services

Summary

The Office of Economic Opportunity (OEO) is projecting Arizona employment to increase to 3,514,910 jobs in Q2 2025 from 3,412,254 jobs in Q2 2023. This represents an increase of 102,656 jobs, or 1.5% annualized growth.

Figure 1



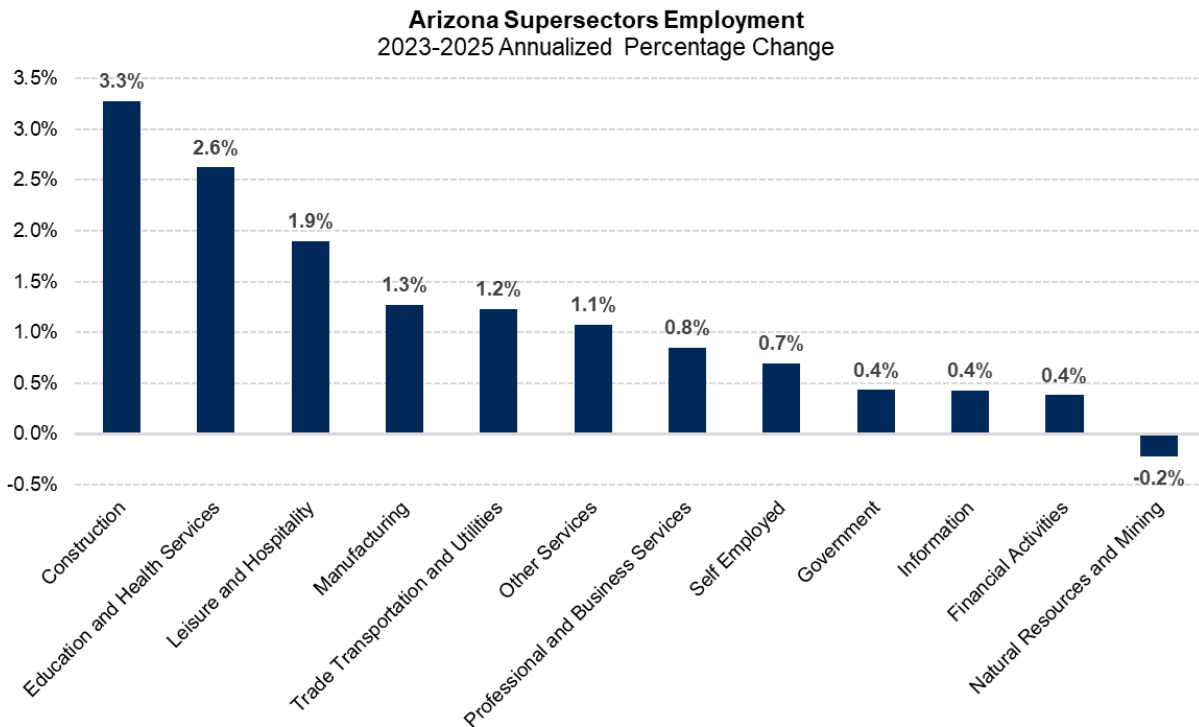
Source: Office of Economic Opportunity

Supersector Employment Growth

Job gains are projected for 10 of the 11 Arizona supersectors, with Construction (3.3% annualized growth) and Education and Health Services (2.6% annualized growth) projected to record the fastest job growth rates. Education and Health Services (36,443 jobs) and Trade, Transportation, and Utilities (15,414 jobs) are projected to record the largest job gains.

Supersectors projected to record the lowest rates of growth include Financial Activities (0.4% annualized growth), Information (0.4% annualized growth), and Government (0.4% annualized growth). Government (1,423 jobs) and Financial Activities (1,748 jobs) also are projected to record the fewest job gains over the two-year period. Natural Resources and Mining is the only supersector projected to record a loss (-217 jobs, or -0.2% annually).

Figure 2



Source: Office of Economic Opportunity

Supersector Highlights

The employment outlook for Arizona's supersectors is positive, but moderated, with job growth anticipated across 10 of the 11 supersectors. The primary factor behind this anticipated slowdown is the increased cost of financing, a consequence of federal funds rate increases that occurred in 2022 and 2023.

- **Manufacturing** is projected to increase by 4,985 jobs (1.3% annually) from 194,646 jobs in Q2 2023 to 199,631 jobs in Q2 2025. From Q2 2022 to Q2 2023, non-durable goods manufacturing lost 325 jobs, while durable goods manufacturing gained 5,566 jobs in the same period. Within the Manufacturing supersector, Computer and Electronic Product Manufacturing (2,238 jobs) and Transportation Equipment Manufacturing (1,454 jobs) are projected to record the largest job gains.
- **Health Care and Social Assistance** employment grew by 3.9% annually from Q2 2021 to Q2 2023, adding 33,885 jobs, more than in any previous two-year projections period. It is projected to increase by 2.9% over the forecasted period. Projected job growth will be driven, in part, by continued demand for healthcare services as a large share of the Arizona population reaches Medicare eligibility¹.

¹ Ansberry, Clare. (2024 February 4). *America Has Never Had So Many 65-Year-Olds* The Wall Street Journal. <https://www.wsj.com/health/america-has-never-had-so-many-65-year-olds-theyre-redefining-the-milestone-4383e769>

- Construction employment is projected to grow by 14,288 jobs (3.3%) annually from 214,433 in Q2 2023 to 228,721 in Q2 2025. The projected slowdown in job growth is primarily attributed to the heightened federal funds rate, which has increased financing costs. The number of private housing building permits in Arizona decreased by 2,088 (-32.0%) in December 2023 compared to March 2022 — the period when the Federal Reserve began raising the federal funds rate.²
- Transportation and Warehousing within the Trade, Transportation and Utilities supersector is projected to grow by 6,260 jobs (2.2% annually) from 139,579 in Q2 2023 to 145,839 in Q2 2025. Job growth in the Warehousing and Storage sector is anticipated to decelerate as the industry approaches maturity. Additionally, the 2022 and 2023 increases in the federal funds rate have increased the cost of financing and are expected to influence decisions regarding expansion within this sector.
- Leisure and Hospitality employment surged by 48.6% from Q2 2020 to Q2 2023, fully recovering the jobs lost during the COVID-19 pandemic. Leisure and Hospitality employment is projected to grow by 14,538 jobs (1.9% annually) from 379,821 in Q2 2023 to 394,359 in Q2 2025. This growth trajectory aligns with the sector's long-term trend prior to the pandemic.

Table 1: Historical and Projected Employment by Supersector

Supersector	Historical Employment				Projected
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2025 Q2
Construction	201,839	207,195	208,397	214,433	228,721
<i>Annual % Chg.</i>	7.0%	7.4%	8.2%	8.9%	3.3%
Education and Health Services	652,584	695,372	698,341	685,543	721,986
<i>Annual % Chg.</i>	3.1%	3.0%	3.4%	3.7%	2.6%
Financial Activities	235,615	236,288	232,792	230,700	232,448
<i>Annual % Chg.</i>	2.1%	1.3%	0.0%	-0.6%	0.4%
Government	161,333	163,046	161,614	165,278	166,701
<i>Annual % Chg.</i>	-0.9%	0.4%	0.8%	1.5%	0.4%
Information	54,047	53,881	53,595	53,127	53,574
<i>Annual % Chg.</i>	8.2%	6.7%	6.1%	4.5%	0.4%
Leisure and Hospitality	359,718	369,375	372,048	379,821	394,359
<i>Annual % Chg.</i>	14.8%	11.1%	11.0%	8.3%	1.9%
Manufacturing	190,506	194,682	194,004	194,646	199,631
<i>Annual % Chg.</i>	4.6%	4.8%	4.4%	4.3%	1.3%
Natural Resources and Mining	47,052	53,164	54,897	48,127	47,910
<i>Annual % Chg.</i>	-0.2%	-1.2%	-0.8%	0.7%	-0.2%
Other Services	103,235	105,418	104,835	105,821	108,102
<i>Annual % Chg.</i>	4.7%	4.5%	5.6%	4.4%	1.1%
Professional and Business Services	464,969	472,786	471,190	469,701	477,653
<i>Annual % Chg.</i>	5.9%	4.4%	4.1%	3.6%	0.8%
Trade, Transportation and Utilities	616,841	636,507	622,374	622,881	638,295
<i>Annual % Chg.</i>	5.3%	3.4%	3.1%	3.3%	1.2%
Total	3,316,381	3,420,456	3,410,867	3,412,254	3,514,910
<i>Annual % Chg.</i>	5.9%	4.9%	4.8%	4.5%	1.5%

Source: Office of Economic Opportunity

County Employment Growth

Fourteen 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 (1.9% annualized growth) are projected to record the largest job growth rates. Maricopa County (81,541 jobs) and Pima County (9,722 jobs) are

² *New Private Housing Units Authorized by Building Permits for Arizona* The Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/AZBPPRIV#0>

projected to record the largest job gains. Maricopa County is projected to account for 79.4% of the jobs gained in the state over the two-year projected period, while Pima County is projected to account for 9.5%.

Table 2: Historical and Projected Employment by Area

Area	Historical Employment				Projected
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2025 Q2
Apache County	18,597	18,809	18,370	18,702	18,627
<i>Annual % Chg.</i>	1.6%	1.1%	0.8%	0.5%	-0.2%
Cochise County	38,517	39,249	39,303	39,706	40,359
<i>Annual % Chg.</i>	0.1%	-0.1%	1.3%	2.5%	0.8%
Coconino County	69,226	71,175	69,261	72,130	73,289
<i>Annual % Chg.</i>	5.5%	7.0%	6.5%	5.4%	0.8%
Gila County	16,413	16,513	16,167	16,738	16,880
<i>Annual % Chg.</i>	3.4%	3.2%	2.3%	2.3%	0.4%
Graham County	11,057	11,625	11,482	11,621	12,016
<i>Annual % Chg.</i>	2.5%	3.2%	2.6%	2.9%	1.7%
Greenlee County	6,197	6,290	6,306	6,274	6,548
<i>Annual % Chg.</i>	9.0%	8.8%	8.6%	7.3%	2.2%
La Paz County	7,217	7,206	7,333	7,557	7,641
<i>Annual % Chg.</i>	4.1%	3.2%	3.4%	5.0%	0.6%
Maricopa County	2,391,662	2,461,927	2,459,690	2,463,967	2,545,508
<i>Annual % Chg.</i>	6.3%	5.1%	5.1%	4.7%	1.6%
Mohave County	61,571	62,479	61,825	61,973	62,534
<i>Annual % Chg.</i>	5.7%	5.3%	2.9%	1.8%	0.5%
Navajo County	31,288	31,765	31,414	31,348	31,889
<i>Annual % Chg.</i>	4.0%	3.4%	3.6%	2.0%	0.9%
Pima County	416,235	428,341	425,922	427,822	437,544
<i>Annual % Chg.</i>	4.5%	3.7%	3.7%	3.5%	1.1%
Pinal County	78,235	81,359	82,375	83,068	86,338
<i>Annual % Chg.</i>	6.7%	6.9%	7.3%	7.1%	1.9%
Santa Cruz County	14,454	15,245	15,612	15,661	15,970
<i>Annual % Chg.</i>	2.6%	1.5%	2.8%	3.1%	1.0%
Yavapai County	80,149	81,441	77,200	78,032	80,330
<i>Annual % Chg.</i>	8.2%	7.3%	4.6%	4.1%	1.5%
Yuma County	75,512	86,992	88,571	77,616	79,106
<i>Annual % Chg.</i>	6.5%	3.8%	2.9%	4.0%	1.0%

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.