

MARCH 2025



Workforce Optics.

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE.

Let us be your resource as you plan budgets, set pay rates, and build and retain an engaged workforce. The enclosed employment trends, hiring challenges, and compensation tips are designed to help you better understand today's employment environment to make informed staffing decisions.

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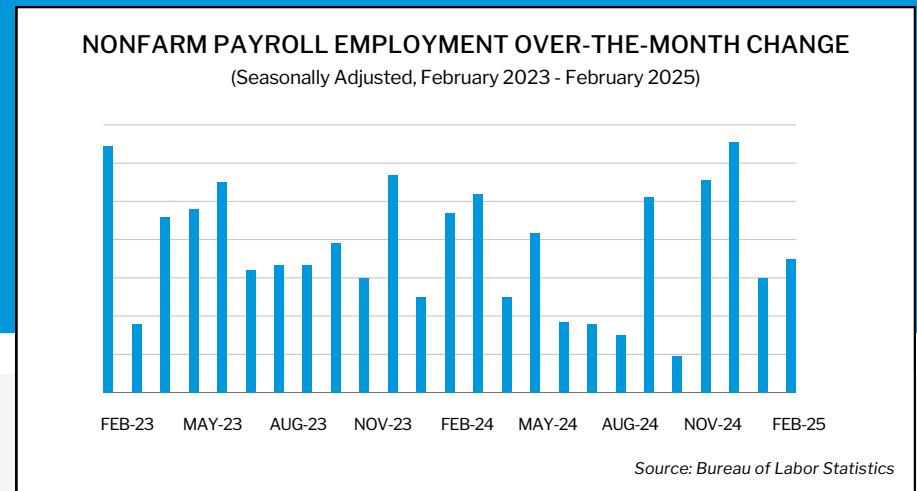
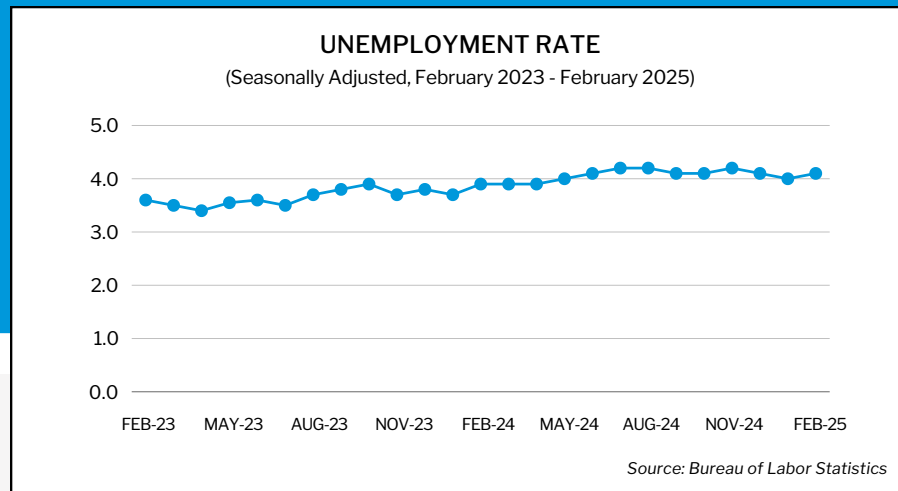
Jobs Update

The unemployment rate remained unchanged at 4.1% in February, a figure that has fluctuated within the narrow range of 4.0% to 4.2% since May 2024.

Job growth cooled this past month, with nonfarm payrolls adding 151,000 jobs—down from January's 186,000 and below the 12-month average. Private sector hiring decelerated significantly, adding just 77,000 new jobs. Small businesses reduced their workforce by 12,000 positions, while large firms accounted for the majority of new hires.

Despite the slowdown, healthcare remained a bright spot, leading job growth with 52,000 new positions. Financial activities experienced an unexpected surge, adding 21,000 jobs, with real estate and insurance sectors driving gains. Transportation and warehousing continued steady growth, adding 18,000 jobs, while social assistance contributed 11,000 new positions.

While hiring remains positive, February's slowdown raises questions about the future trajectory of the labor market.



4.1%

National Unemployment Rate

FEBRUARY 2025

0.1% MoM Change



7.1 MILLION

Unemployed Persons

FEBRUARY 2025

300k MoM Change



EMPLOYMENT TRENDS

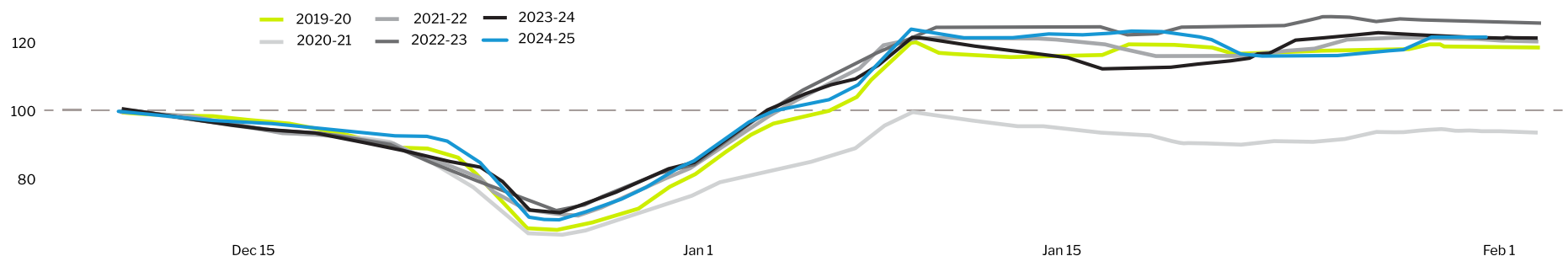
Job seekers remain optimistic despite flat job postings

Job seekers are entering 2025 with optimism, even though the overall job market is slowing. While the quits rate remains below pre-pandemic levels at around 2%, **job searches surged after the holiday season**, a trend that's become consistent over the past few years. Searches dipped by 32% in December as job seekers took a break for the holidays, but by January, job search activity rebounded 22% above December levels, signaling that the desire for new opportunities remains strong.

However, the number of job postings has been largely unchanged since October. While this represents a stable job market, the post-holiday rebound in job postings was notably more modest this year, indicating that opportunities for job seekers haven't increased significantly.

On a positive note, high-remote job postings have shown signs of recovery. While overall job postings in this sector remain down year-over-year, they've started trending upward, reflecting a stronger rebound compared to the past two years. This **uptick in high-remote job postings** offers a glimmer of hope for job seekers in professional and remote sectors.

SEARCHES HAVE STAYED CONSISTENT, DESPITE A CHANGING ECONOMY



Source: Indeed

AI talent gap continues to widen

As companies continue to race ahead with AI, the pressure to find skilled professionals is growing. According to Bain & Co., **AI-related job postings have been increasing by 21% every year since 2019**. While compensation for these roles is also climbing, up 11% annually, the talent pool isn't keeping up, creating a widening gap that's slowing down AI adoption.

This talent shortage is causing challenges for businesses looking to implement AI, with nearly half of executives (44%) seeing it as a major roadblock. In fact, Bain & Co. projects that **AI job demand in the US could exceed 1.3 million in 2025**, while the available talent pool is set to fill fewer than 645,000 positions. This means companies may need to reskill up to 700,000 workers to meet the demand. And it's not just an issue in the US—Germany, the UK, and India are all facing significant AI talent gaps too.

AI in the workplace is still a fairly new concept for many. A study by Pew Research found that 63% of American workers don't use AI much or at all in their jobs. Of those who do use AI, a lot are younger, with 73% under age 50, and more likely to have a higher level of education. While AI's potential in the workplace is clear, workers are split on its long-term impact. In fact, 32% believe AI will reduce job opportunities in the future, and 33% say they already feel overwhelmed by it.

So, what does all this mean for companies looking to get ahead in the AI race? It's clear that the gap between the growing demand for skilled AI workers and the number of qualified candidates is something that will need to be tackled head-on. Upskilling existing employees, broadening hiring efforts, and rethinking talent strategies will be key if businesses want to scale and stay competitive in this fast-evolving market.



**WORKERS ARE MORE WORRIED THAN HOPEFUL
ABOUT FUTURE AI USE IN THE WORKPLACE**

52%
WORRIED

36%
HOPEFUL

33%
OVERWHELMED

29%
EXCITED

Source: PEW Research Center

Manufacturing slows amid rising costs and weaker demand

US factory activity showed signs of slowing in February, with new orders and employment dropping, while material costs surged to their highest point in nearly two years. The latest data from the Institute for Supply Management (ISM) revealed that its [manufacturing index fell to 50.3](#), just barely above the line indicating growth.

The February dip in the index signals that the manufacturing sector is edging closer to stagnation. Prices paid for materials shot up 7.5 points to 62.4, which marks the highest increase since June 2022. This rise in input costs could become a bigger issue for manufacturers as orders shrink, making it harder to pass those higher prices onto consumers.

The drop in new orders, which fell to 48.6, marks the first contraction since October 2024. After months of growth, the slowdown in orders signals a shift, with companies facing headwinds such as tariffs and geopolitical risks. Tariffs are adding pressure, leading to backlogs in orders, delivery delays, and inventory disruptions.

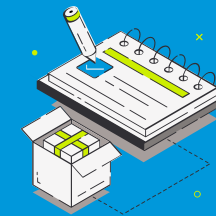
While production levels stabilized in February, employment in the sector continued to contract. The factory employment index dropped to 47.6, showing that manufacturers have been cutting staff for most of the past year. As demand slows and prices rise, companies are feeling the pinch. Manufacturers are dealing with the “first operational shock” of the tariff policies, making it harder to stay competitive.

There were bright spots, though. Ten industries reported growth, including petroleum, primary metals, and wood products. On the flip side, furniture and textile mills saw significant contractions in February.

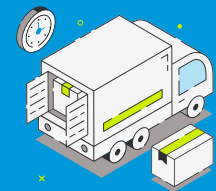
Overall, US manufacturers are navigating a tricky landscape. With input costs climbing and demand slowing, the road ahead is uncertain. However, despite these challenges, the sector remains resilient, adjusting to changes and preparing for potential shifts in the global trade environment.



Prices paid for **materials** hit highest level since June 2022



New **orders** fall for the first time since September 2023



Supplier **delivery delays** hit biggest jump since September 2021

About Staffmark Group

STAFFMARKGROUP.COM

Staffmark Group is one of the largest staffing companies in the United States and is a portfolio company of RGF Staffing and Recruit Group, renowned for pioneering brands like Indeed and Glassdoor. Harnessing our global strength and innovation, we power your business with the people, flexibility, and data insights you need to succeed in your market.

From the bustling floors of manufacturing facilities to the dynamic environments of technical and professional firms, we offer the widest range of specialized workforce solutions. The expertise of our specialty brands, Advantage Resourcing, Advantage Technical, Advantage xPO, Digital People, Hunter Hamilton, Staffmark, and Pro Staff, ensures the talent and customized solutions to propel your business forward.

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