

# 2025 Labor Market Year in Review *+2026 Outlook*

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Featured in Bloomberg, Fortune, SHRM, The Dallas Morning News



Monthly labor market newsletter!



NEWS

## Will the US Labor Market Rebound in 2025?

Experts forecast a holding pattern before a possible rally

March 10, 2025 | Roy Maurer

*"With a shrinking talent pool, wages will be pressured," she said. "Going forward, employers should consider 3% as the wage growth floor, especially if they want to stay competitive."*

# U.S. Labor Market Overview

## Hiring Concentrated to a Few Industries

# Immovable Factors Shaping the U.S. Labor Market

Regardless of specific policy shifts, there are three labor market trends that will continue to impact hiring and compensation strategies for U.S. businesses throughout 2026.

## Cooling Labor Market

- Hiring has normalized to more sustainable levels
- Unemployment has risen but remains near historic lows
- Voluntary turnover has slowed

## Some Industries Dominate

- Majority of jobs added in 2023–2024 concentrated in a few industries
- Most industries are adding jobs, but the pace has slowed
- Many industries are lagging or treading water

## Lack of Available Talent

- Lack of labor force growth hinders ability to create new jobs
- Layoffs still low, active talent pool not growing
- Competition for talent puts pressure on wage growth

# Labor Market Catches Up to U.S. HR Reality

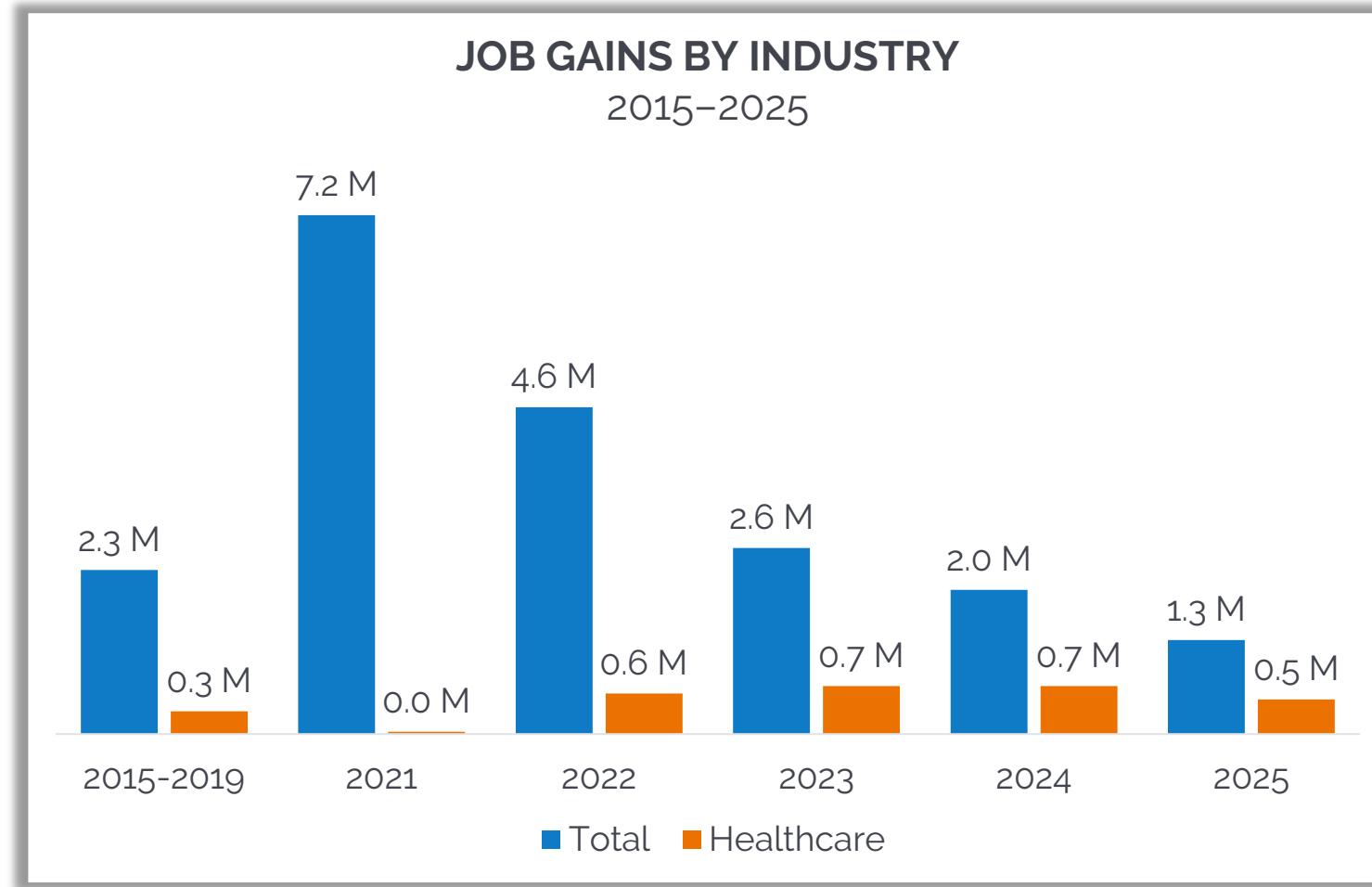
## Hiring Today Looks Very Different from 2021 and 2022



**Hiring has slowed significantly since 2022, with further weakening in 2025.** New hires are barely keeping pace with modest layoffs, preventing the unemployment rate from rising substantially. For 2025 and 2026, LaborIQ forecasts annual job creation totals of barely 1 million each year.

# Labor Market Catches Up to U.S. HR Reality

Healthcare is Driving Job Growth, Everyone Else is Treading Water

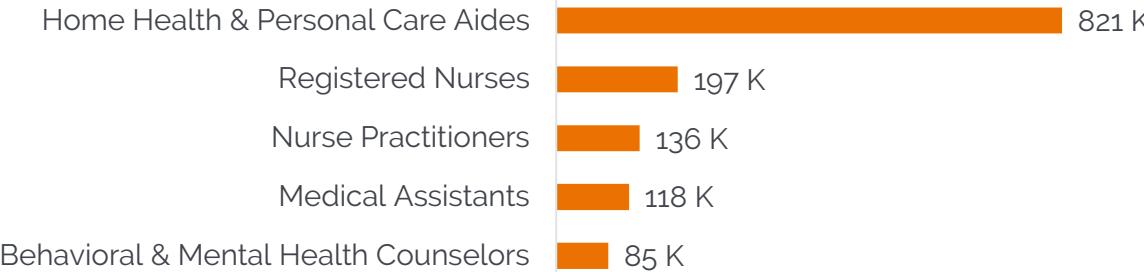


# What jobs dominate in the next decade?

Regardless of specific policy shifts, there are three labor market trends that will continue to impact hiring and compensation strategies for U.S. businesses throughout 2026.



## HEALTHCARE



## TECH, MANAGEMENT & BUSINESS



## TRANSPORTATION & CONSTRUCTION



## FOOD PREP & SERVING



# U.S. Economic Trends to Watch

## Factors Shaping Business Challenges and Opportunities

### Short Term

Tariffs Spur  
Inflation &  
Uncertainty



THE WALL STREET JOURNAL

**Growth to Slow as Tariffs Bite, but AI Investments May Cushion the Blow**

Interest Rate  
Impacts



Bloomberg

Markets

**Traders Are Betting on Fewer Interest-Rate Cuts Across the Globe**

Declining  
Migration Limits  
Job Growth



Federal Reserve Bank of Kansas City

DENVER / OKLAHOMA CITY / OMAHA

Declining Immigration and an Aging Population Are Reducing Breakeven Employment Growth

Data Center  
Construction  
Drives Hiring



FORTUNE

AI • U.S. ECONOMY

Construction workers are earning up to 30% more and some are nabbing six-figure salaries in the data center boom

### Long Term



Healthcare dominates job growth – an aging population increases demand.



Labor shortages lead to wage growth and elevated turnover.



AI and automation alleviate talent shortages, upend industries and jobs.

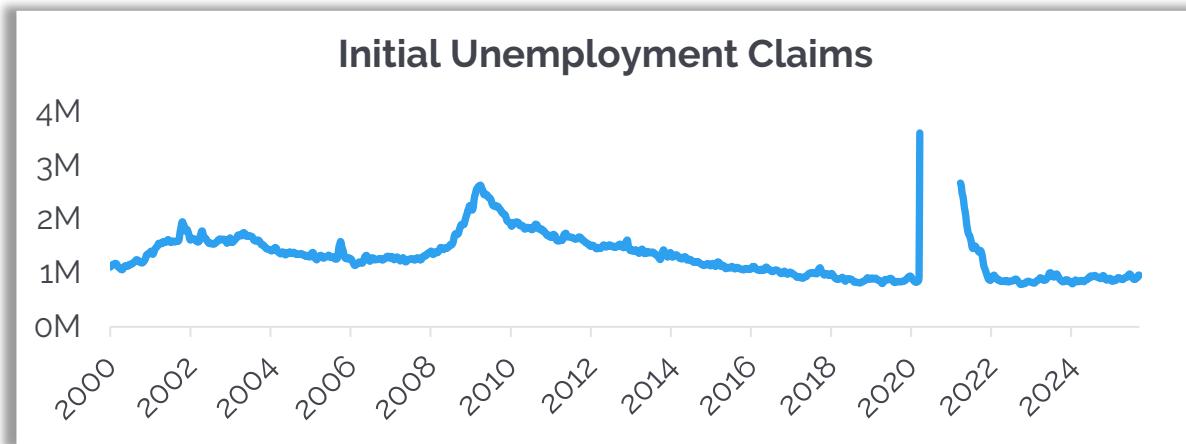
# Talent Shortage

Wage Pressures Continue Despite Slow Hiring

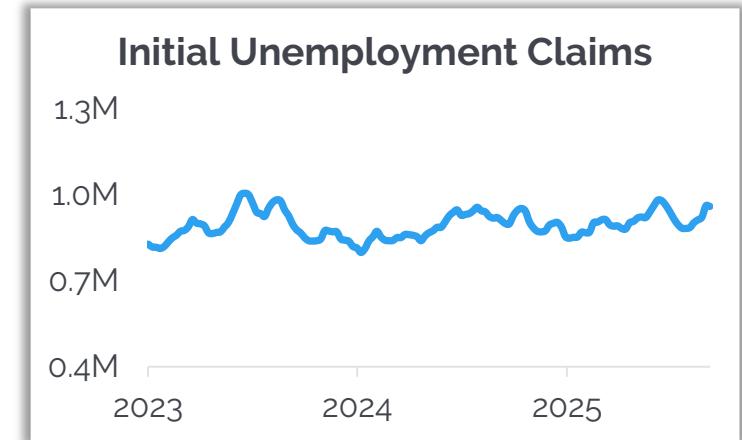
# Unemployment & Layoffs Remain Low

## Despite Labor Market Cooling

### Historical 2000–2025



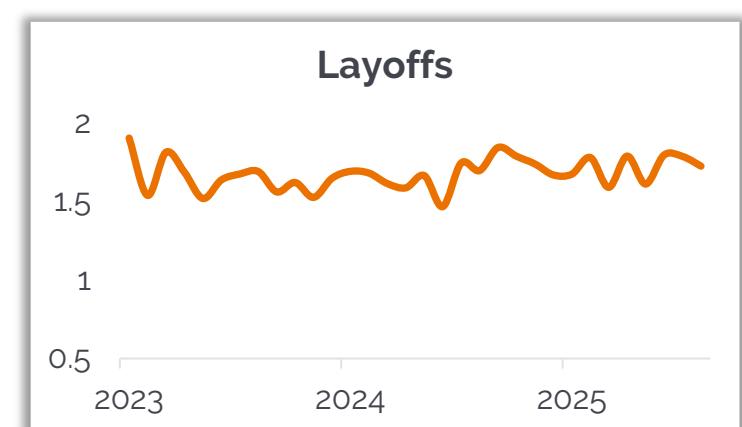
### Last Two Years



### Layoffs

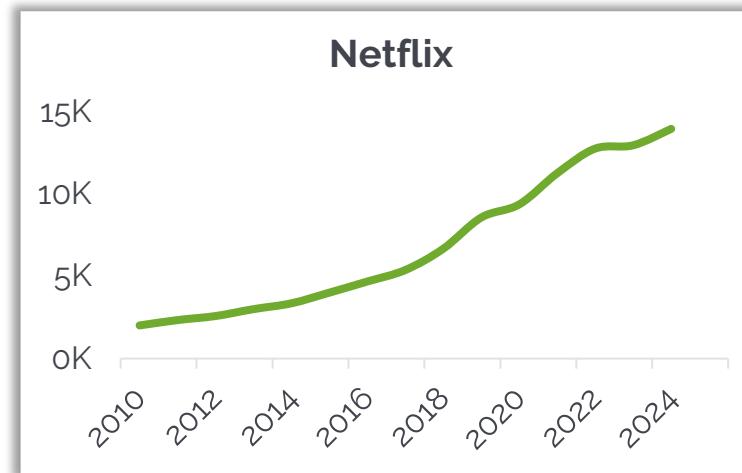
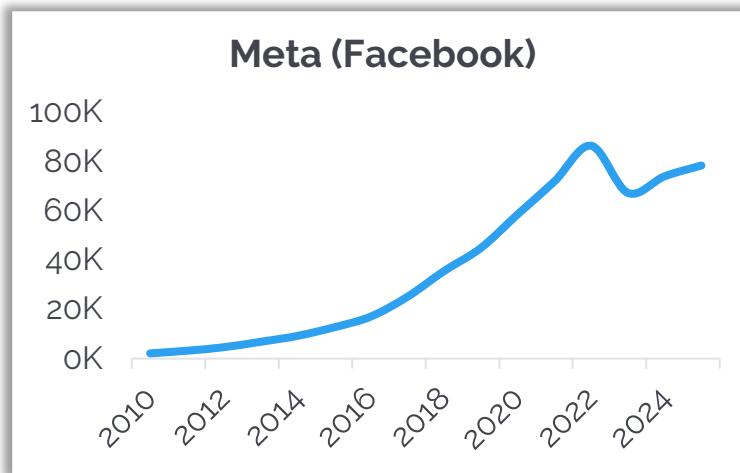
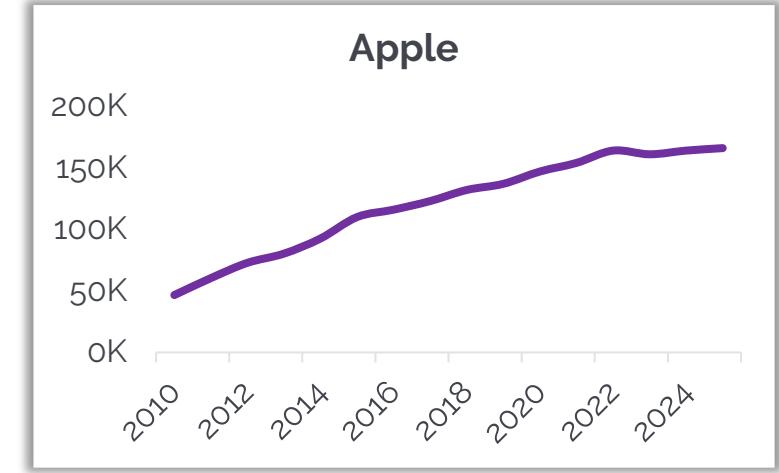
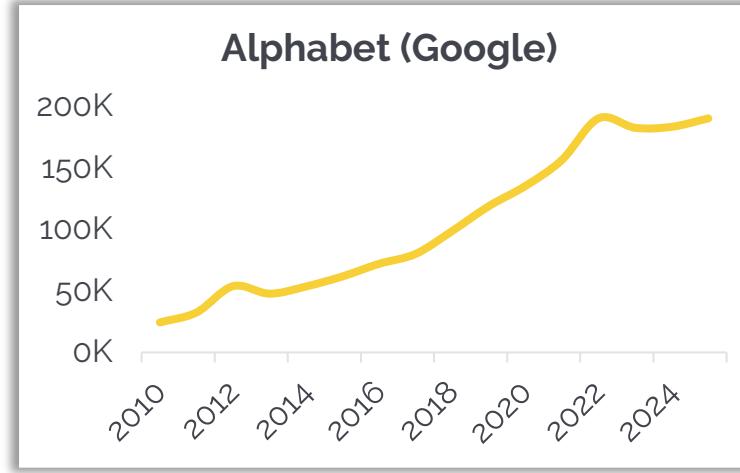
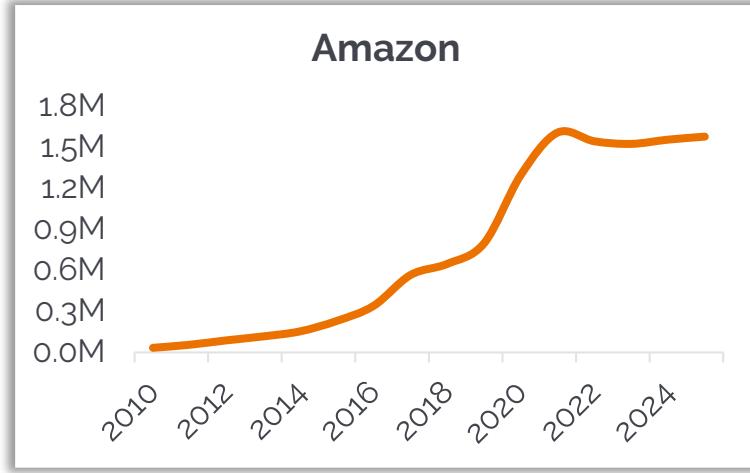


### Layoffs



# Headlines v. Reality

## Big Tech Headcount (Total Employees) 2010–2025



Note: 2025 figures are estimates based on available mid-year data. Amazon's figures include warehouse and logistics workers.  
Source: StockAnalysis.com

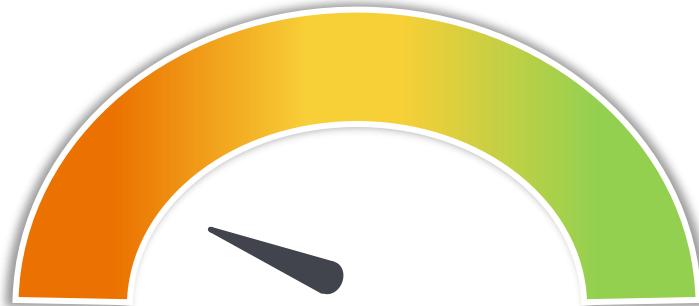
# Labor Market Remains Tight

Unemployment is Low Even Slower Hiring

# 4.4%

National Unemployment Rate  
September 2025

Market Supply



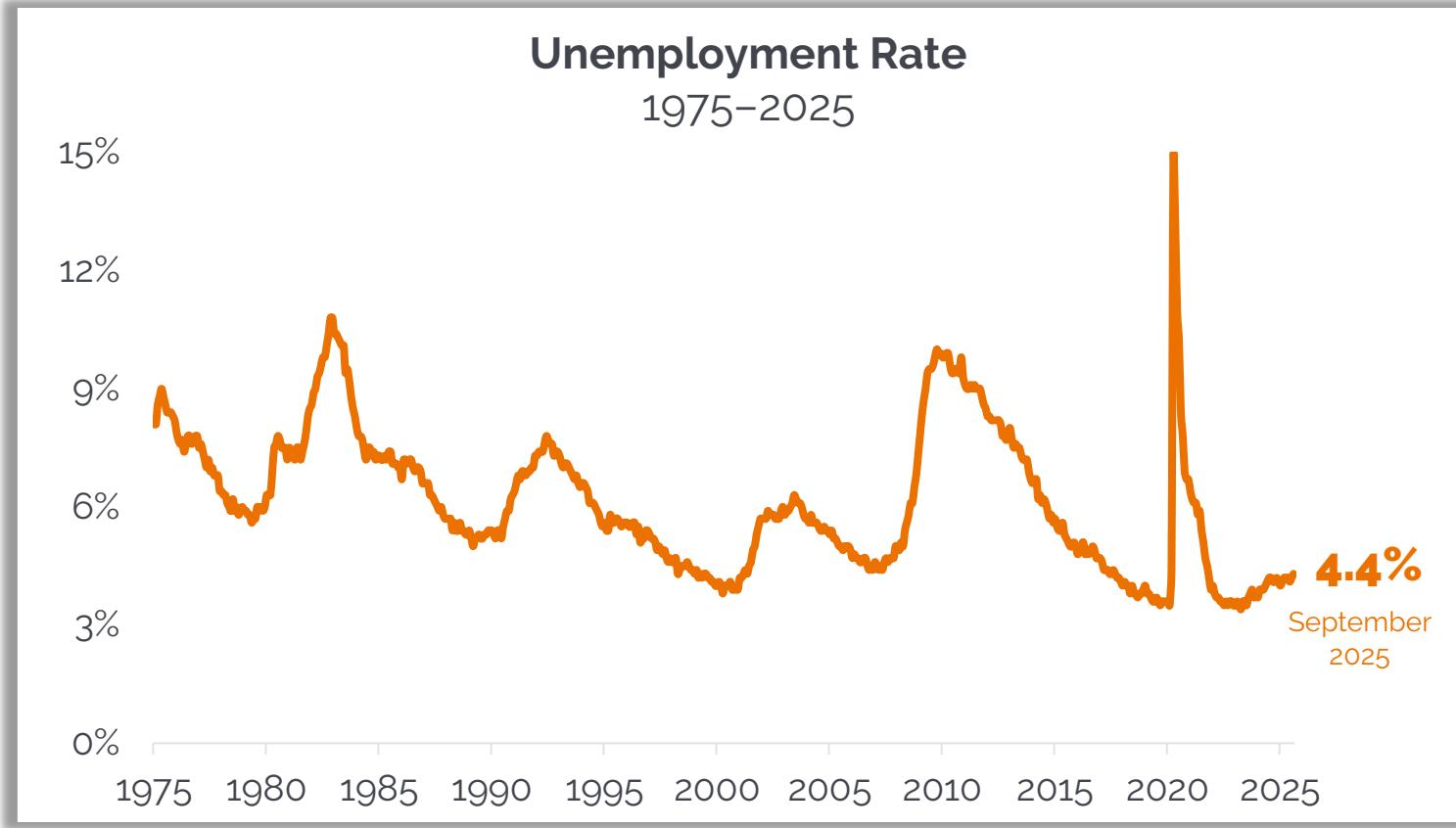
Significant  
Shortage

Significant  
Surplus

	Architecture & Engineering	2.9%
	Business & Financial	2.5%
	Healthcare Practitioners	1.5%
	Legal	1.2%
	Management	2.0%
	Scientific	3.3%
	Tech	3.9%

# U.S. Unemployment Rate

## Historical Context 1975–2005



### Why it Matters

- Unemployment remains low by historical standards
- Active talent supply is low, but so are hiring volumes
- Tight labor market exacerbated by demographic trends and lower migration

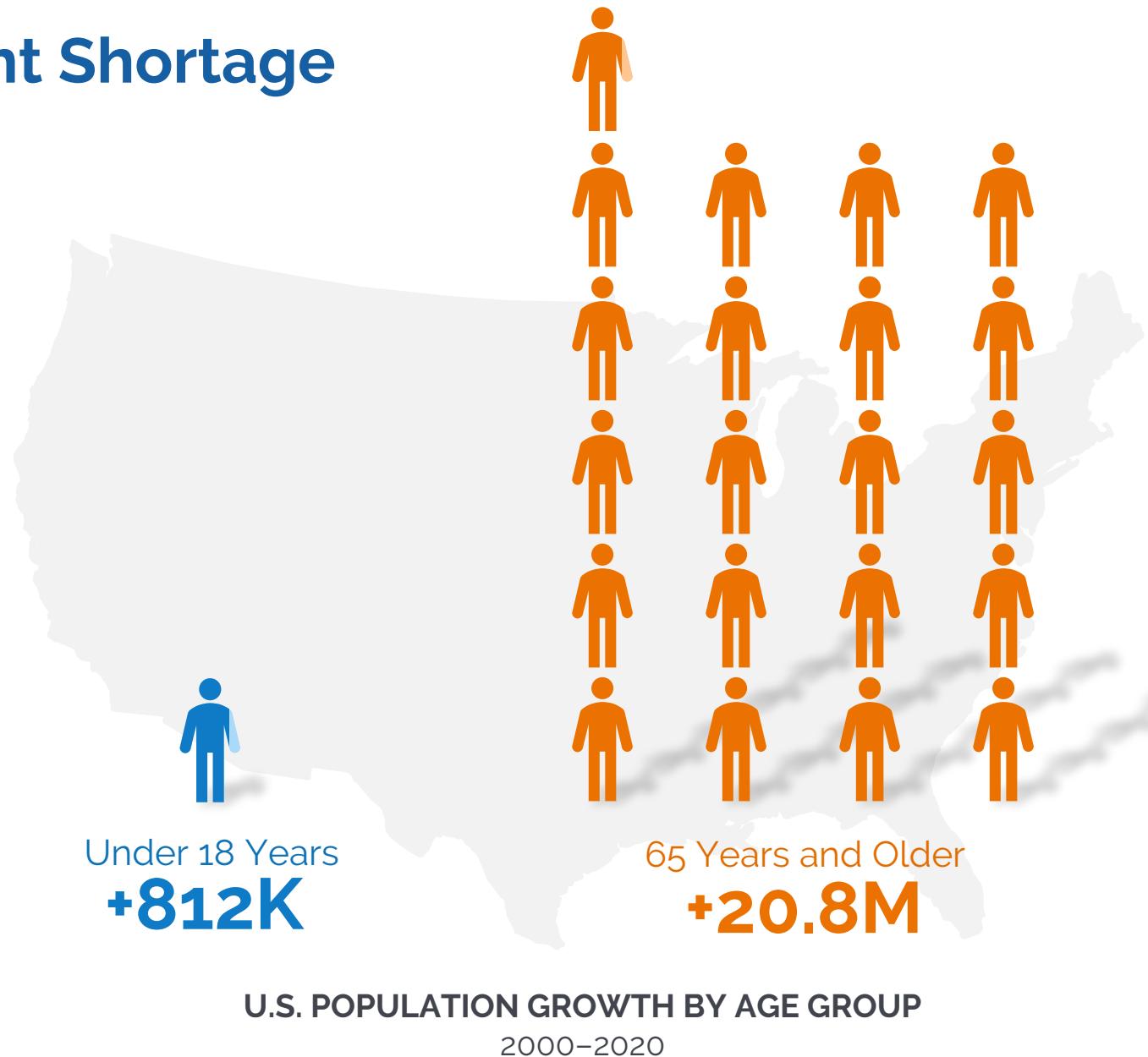
# Aging Population Drives Talent Shortage

The 65-plus population has grown, with 1 in 6 people in the country 65+

Pipeline of talent of people under 18 is not big enough to replace

This will influence industry growth going forward, increasing demand for healthcare

Demographic shifts will cause businesses to change how they retain and attract talent



# Challenges with Hiring New Roles

## Despite Labor Market Slowdown

Hiring an accounting management role in DFW

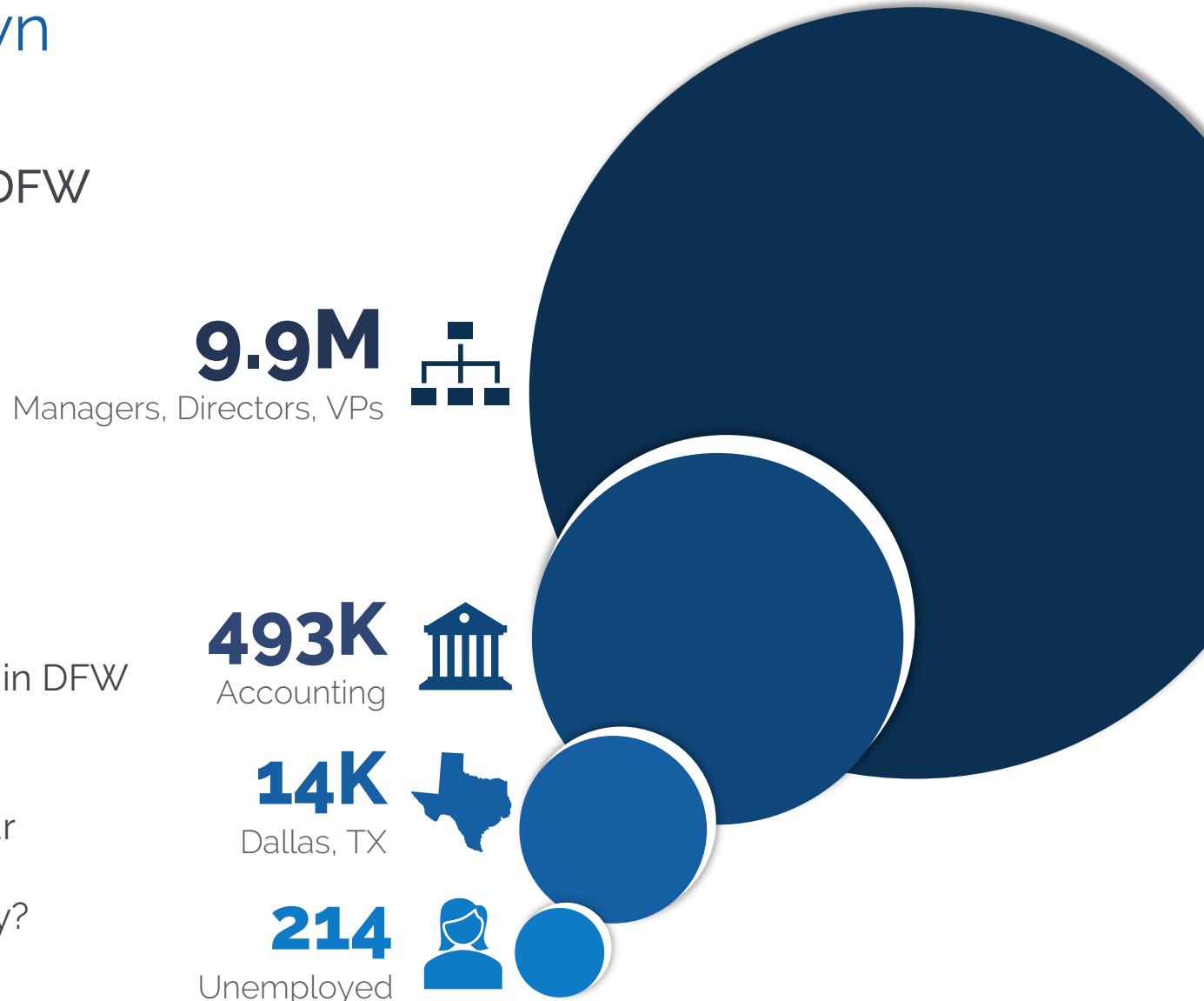
**9.9M** U.S. workers in management roles

**493K** of those managers work in accounting

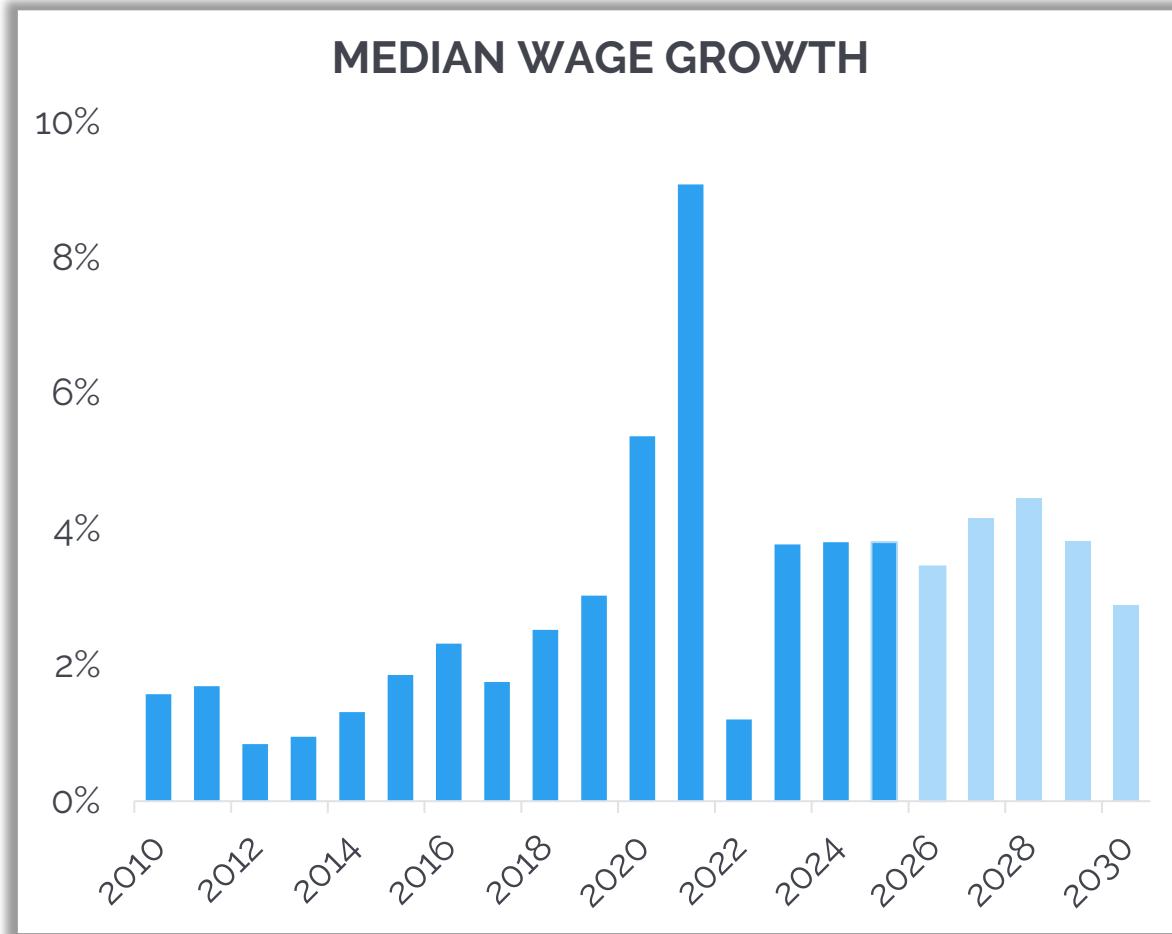
**14K** accounting managers in the DFW metro

**214** unemployed, job-seeking accounting managers in DFW

But do they meet your experience and education requirements? Or have subject matter expertise in your industry? Or have a preferred work arrangement (remote/hybrid) that aligns with your company's policy?



# Talent Shortage Fuels Wage Growth



## Why it Matters

- A return to sub-3% wage growth is unlikely
- Adjust headcount planning and compensation strategies accordingly
- Retention will continue to be a challenge for businesses not focused on pay

# 2026 Forecast

Hiring Stays Slow, Uncertainty Subsides

# New Jobs Added in 2026

## Modest Job Gains Continue

**LaborIQ forecasts U.S. businesses will add 1–1.4 million new jobs in 2026.** This forecast is driven by expectations that uncertainty will subside, tariffs will largely be reversed, and immigration should normalize somewhat. That said, there are more downside risks facing the U.S. economy next year that could lead to a more negative outlook



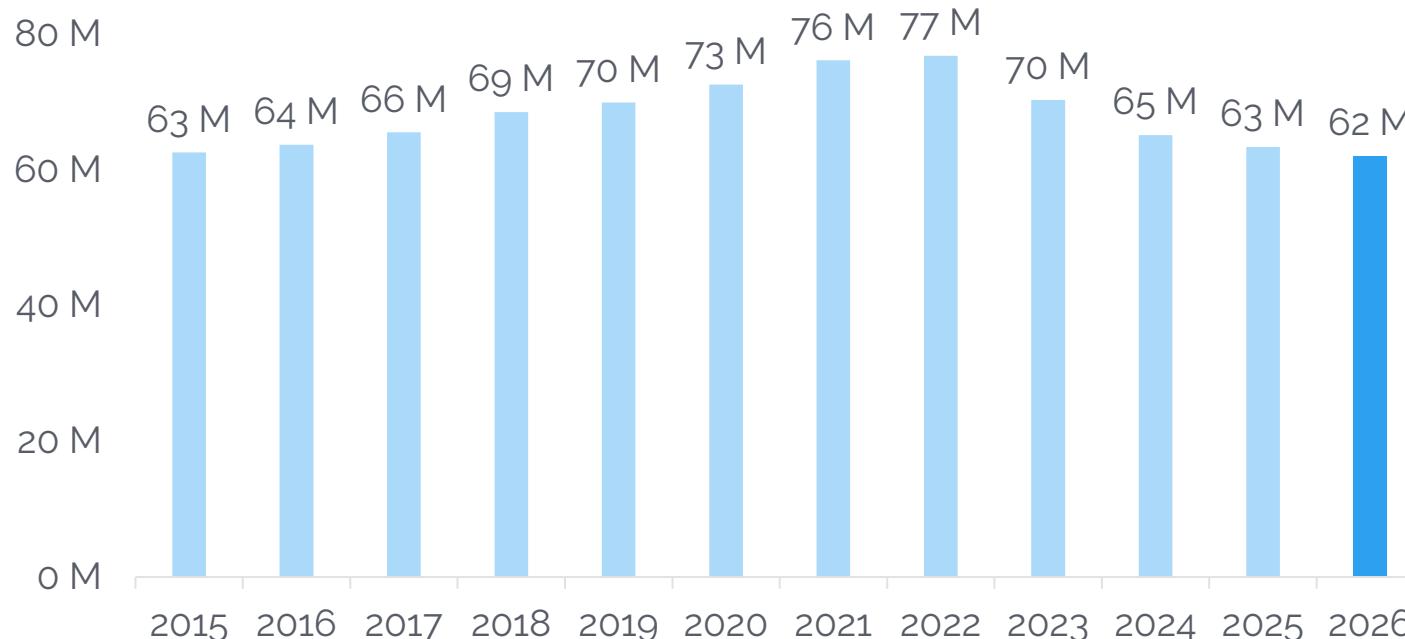
**1M**  
New Jobs  
in 2026

*Note: Graph above represents U.S. annual net new job creation, with the LaborIQ forecast value (as of December 2025) for 2026.  
Sources: LaborIQ®, Bureau of Labor Statistics*

# Hiring Volumes in 2026

## Backfilling Open Roles Over Adding New Jobs

**Total hires by U.S. businesses will top 62 million in 2026.** This figure includes new job creation as well as labor market churn through backfilling open roles. While net job creation will remain at more modest levels, businesses will continue to backfill positions open because of layoffs or voluntary turnover.



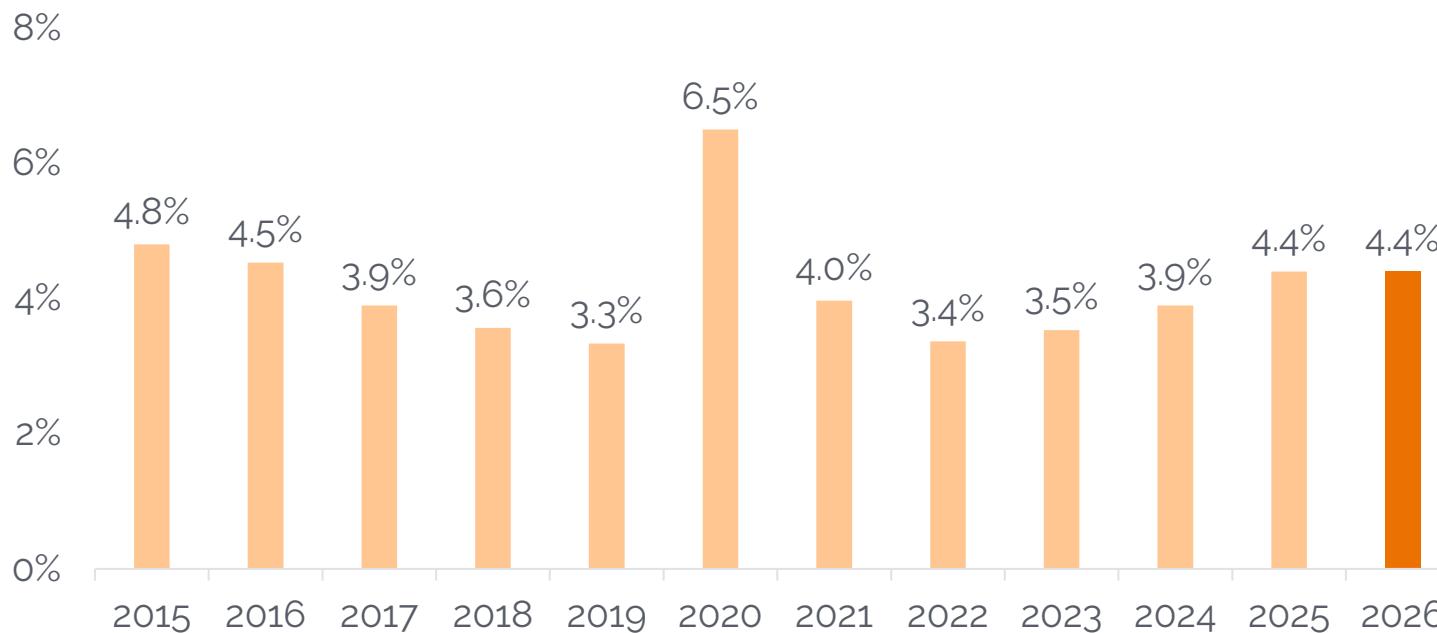
Note: Graph above represents U.S. annual hiring totals, with the LaborIQ forecast value (as of December 2025) for 2026.

Sources: LaborIQ®, Bureau of Labor Statistics

# Unemployment Rate in 2026

## Layoffs (and Hiring) Stay Low

**The unemployment rate is likely to reach 4.4–4.5% at the end of 2026.** Unemployment may increase through the first half of 2026 but end the year with little change from the current rate of 4.4%.



*Note: Graph above represents U.S. unemployment rates for December each year, with the LaborIQ forecast value (as of December 2025) for 2026.*

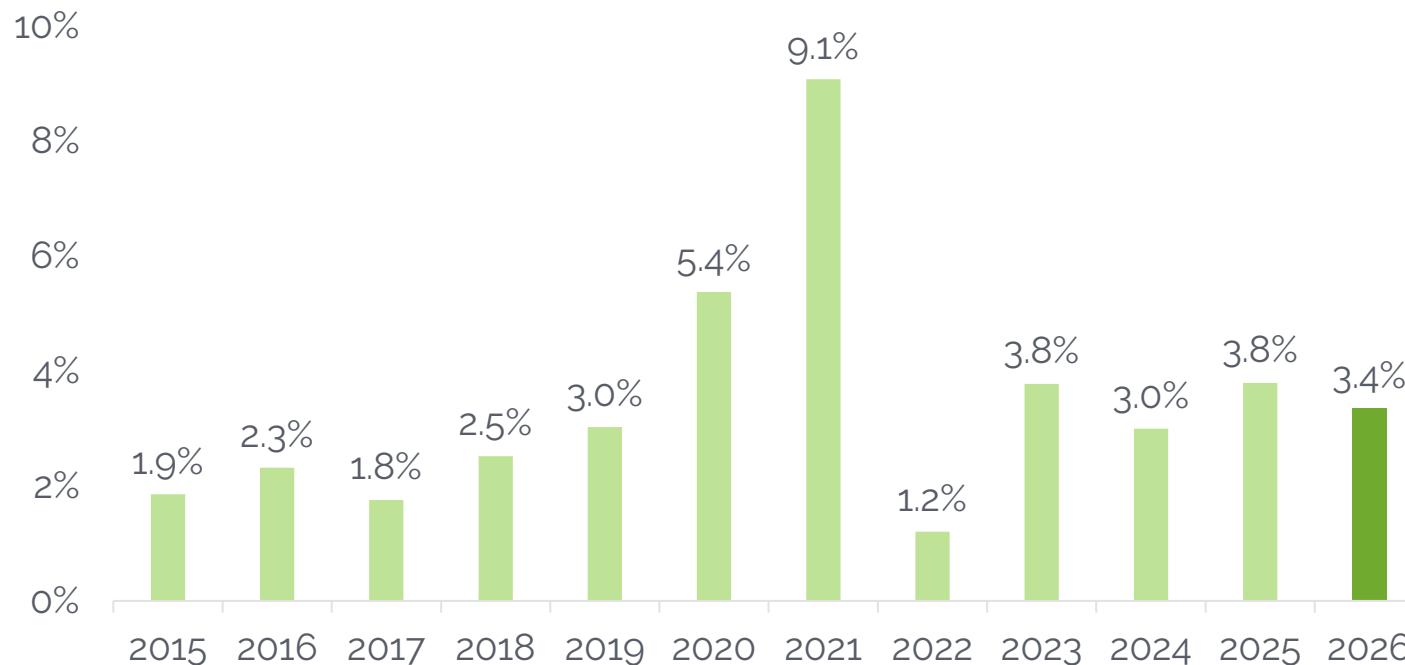
*Sources: LaborIQ®, Bureau of Labor Statistics*

**LaborIQ**

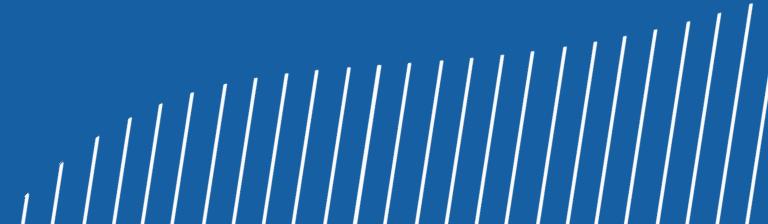
# Wage Growth in 2026

## Talent Retention Strategy in Focus

**Median and average wages are forecasted to grow by 3.4% and 3.8%, respectively.** Wage growth is likely to be driven by a relatively small number of workers receiving pay bumps over 4%. With only a small increase in layoffs forecasted, talent retention and compensation strategies will continue to be a key focus for most organizations.



Note: Graph above represents U.S. annual median wage growth, with the LaborIQ forecast value (as of December 2025) for 2026.  
Sources: LaborIQ®, Bureau of Labor Statistics



# Wrapping Up

## U.S. Market Review & Trends to Watch

# U.S. Labor Market Overview



Policy uncertainty slowing US business decisions, budget impacts



Hiring has slowed due to uncertainty, reduced migration, but layoffs still low



Labor market and activity vary by industry and location



Talent shortage and low unemployment keep wages rising despite slower hiring

Hiring has slowed, but many key roles remain in demand.

Despite labor market cooling, compensation remains critical for talent attraction and retention.