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KPMG and REC, UK Report on Jobs: London

Hiring downturn across London shows signs of cooling

46.9

PERMANENT PLACEMENTS INDEX AUG '25

48.5

TEMPORARY BILLINGS INDEX AUG '25

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Softer rates of reduction for permanent placements and temp billings

Redundancies drive substantial expansion in the supply of workers

Steepest decline in permanent vacancies since October 2020

Commenting on the latest survey results, Jon Holt, Group Chief Executive and UK Senior Partner KPMG, said:

"London's jobs market remains under pressure, with both permanent and temporary hiring down in August. The positive news is that the pace of decline has slowed, which suggests conditions may be starting to stabilise.

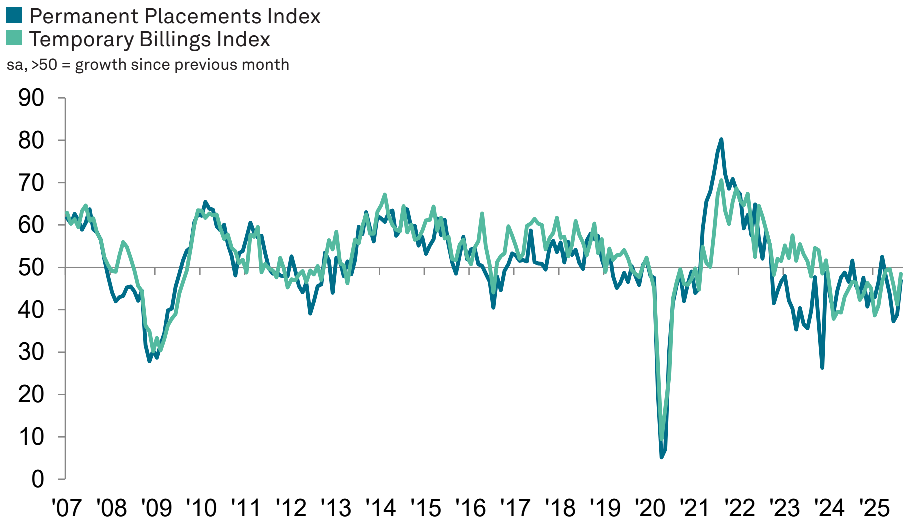
"At the same time, more people are looking for work, and in August the rise in candidate availability was the fastest we've seen in over two years and higher than the national average. That makes it a tough market for jobseekers, but it gives employers a real chance to tap into a wide pool of experienced talent. With pay pressures relatively subdued, those businesses that are ready to invest now will be in a strong position to secure the skills they need for the future."

Neil Carberry, REC Chief Executive, said:

"Employers need a shot of confidence along with their seasonal flu jabs this autumn. August saw recent declines in the market moderating, and a few positive signs – such as the hiring downturn across London shows signs of cooling.

"There is certainly potential out there - but with fewer vacancies and more candidates looking for work in London and across the UK, the overall picture is still subdued. While we have seen a summer slowdown, we will hopefully see more positive signs when the September data come through next month.

"All eyes are now on the Autumn Budget, in hope now that the Chancellor won't do any further damage to the labour market with costs on hiring. For the economy to thrive, the Budget must recognise the need for investment in people. Long-term investment in skills, workforce stability, a more practical approach to the Employment Right Bill and meaningful partnerships with employers will yield far more enduring returns than short-term fixes."

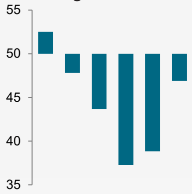


1 Staff appointments

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

Permanent Placements Index

Mar - Aug '25
sa, >50 = growth

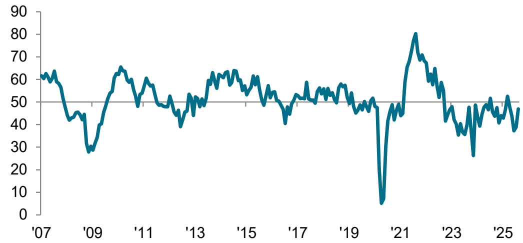


Downturn in new permanent joiners weakest in four months

Permanent placements across London fell solidly in August, thereby stretching the current run of reduction to five months. Recruiters reported a weak demand climate and tightened budgets. That said, the respective seasonally adjusted index ticked up further from June's recent low, printing a four-month high that exceeded the national average.

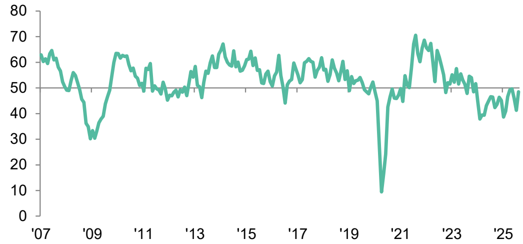
Permanent Placements Index

sa, >50 = growth since previous month



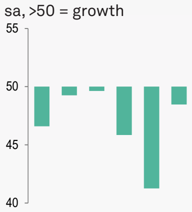
Temporary Billings Index

sa, >50 = growth since previous month



Temporary Billings Index

Mar - Aug '25
sa, >50 = growth



Temp billings fall at softest pace in three months

Billings received from the employment of temporary workers across the capital fell for a twentieth straight month in August. Completion of contracts and non-renewals were reasons cited for the latest downtick. That said, the pace of decrease eased noticeably from that seen in July, to indicate only a modest decline which was the weakest in three months.

sa, >50 = growth since previous month

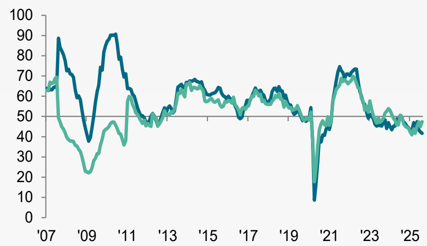
	Permanent		Temporary	
	UK	London	UK	London
Mar-25	43.4	52.5	46.0	46.6
Apr-25	44.7	47.8	46.3	49.3
May-25	44.2	43.7	47.1	49.6
Jun-25	39.1	37.3	45.5	45.8
Jul-25	40.0	38.8	44.6	41.3
Aug-25	44.2	46.9	46.8	48.5

Job vacancies

Demand for permanent workers across London deteriorated for a thirteenth straight month in August. Moreover, the rate of decline quickened for a third month running to the fastest since October 2020.

Meanwhile, temp vacancies fell solidly in London, but at a pace that was weaker than seen in July. Contractions have been noted in each of the past 12 months.

Vacancies Index
Permanent
Temporary
sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Mar-25	44.1	46.9	45.2	43.8
Apr-25	43.1	44.6	43.2	41.6
May-25	46.6	47.4	46.8	45.1
Jun-25	44.8	43.2	48.6	47.4
Jul-25	43.0	42.4	45.7	45.0
Aug-25	42.7	41.7	46.0	47.4

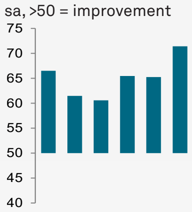
2 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.

Permanent Staff Availability Index

Mar - Aug '25

sa, >50 = improvement



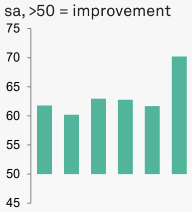
Marked rise in permanent staff availability

August data signalled a marked rise in the supply of permanent staff available across the capital, thereby extending the current sequence of increase to 33 months. Moreover, the pace of expansion was the fastest in over two years and outpaced that seen at the UK level. Recruiters observed that this latest uptick was driven by redundancies and a growing number of senior workers seeking new roles.

Temporary Staff Availability Index

Mar - Aug '25

sa, >50 = improvement



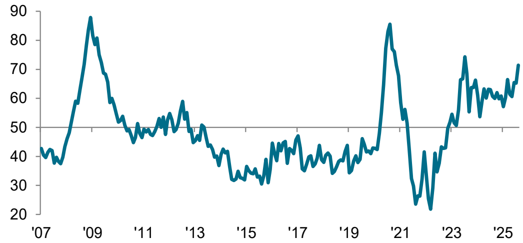
Sharpest rise in temp staff supply since December 2020

The supply of short-term workers expanded substantially in London in August. Growth has now been recorded in each of the past 32 months. The rate of increase accelerated notably from July to signal the sharpest expansion since December 2020. Redundancies and the increased desirability of temp roles, especially for work from home, were reasons cited for the latest rise.

Of the four monitored English regions, London recorded the sharpest rate of temp staff supply expansion.

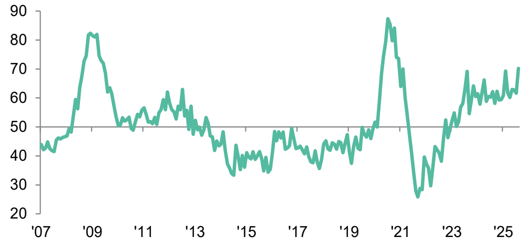
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Mar-25	63.2	66.5	60.2	61.8
Apr-25	62.8	61.5	59.6	60.2
May-25	63.5	60.6	61.3	63.0
Jun-25	66.3	65.5	63.2	62.8
Jul-25	64.9	65.3	61.3	61.7
Aug-25	70.2	71.4	67.9	70.2

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
Accountants Paraplanners
Blue Collar
Drivers
Construction
Building Surveyors Quantity Surveyors Site Foreman
Hotel & Catering
Chefs
Nursing/Medical/Care
Social Workers

Skills in short supply: Temporary staff

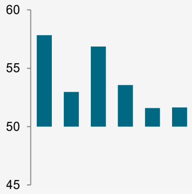
Accounting.Financial
Investment Specialists
Blue Collar
Carpenters
Construction
Building Surveyors Decorators Labourers
Hotel & Catering
Chefs
Nursing/Medical/Care
Social Workers

4 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

Mar - Aug '25
sa, >50 = inflation

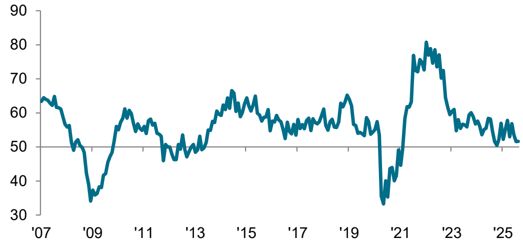


Permanent salary inflation unchanged in August

The seasonally adjusted Permanent Salaries Index was unchanged on the month in August, and signalled only a mild increase in starting salaries awarded to new permanent joiners across the capital. Moreover, the pace of inflation was one of the weakest since the COVID-19 pandemic and historically subdued.

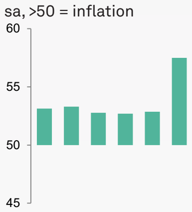
That said, London and the Midlands were the only two monitored English areas where permanent salaries rose.

Permanent Salaries Index
sa, >50 = inflation since previous month



Temporary Wages Index

Mar - Aug '25
sa, >50 = inflation

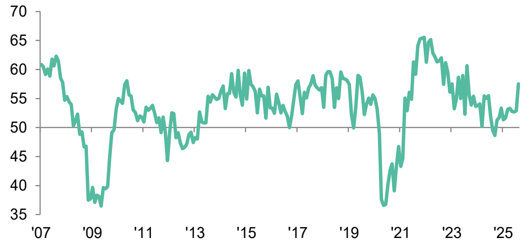


Temp wage inflation quickens in August

Temp pay rates in London increased for an eleventh straight month in August. Moreover, after accelerating notably since July, the pace of temp wage inflation was the fastest in two years.

Additionally, of the four monitored English regions, temp wage inflation was the strongest across the capital. Temp

Temporary Wages Index
sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

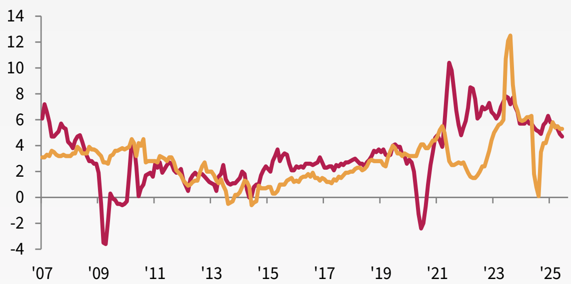
	Permanent		Temporary	
	UK	London	UK	London
Mar-25	53.3	57.8	51.6	53.1
Apr-25	53.3	53.0	53.9	53.3
May-25	54.1	56.9	54.4	52.8
Jun-25	52.7	53.6	52.3	52.7
Jul-25	52.0	51.6	51.1	52.9
Aug-25	50.6	51.6	51.5	57.5

Official data: UK average weekly earnings

Official data from the ONS showed that average weekly earnings (including bonuses) increased by 4.6 % on an annual basis in the three months to June. This marked the fourth successive period that pay growth has slowed, and pointed to the softest rise in earnings since the three months to September 2024.

This reflected a slower rise in private sector earnings (4.7%), which expanded at the softest pace since the three months to March 2021. Meanwhile, public sector pay growth held steady at 5.3%.

UK average weekly earnings ■private ■public
%yr/yr, 3mma



Source: Office for National Statistics via S&P Global Market Intelligence.

5 Regional comparison

The KPMG and REC, UK Report on Jobs: London is one of four regional reports tracking labour market trends across England. Reports are also available for the South of England, the Midlands and the North of England.

Staff appointments

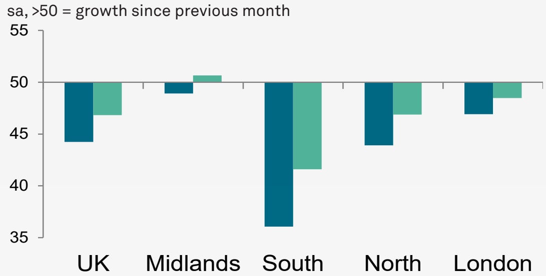
Permanent placements continued to decrease across the UK midway through the third quarter, thereby extending the current sequence of decline that began in October 2022. While the pace of contraction eased to the slowest in three months, it remained steep overall. All four monitored English regions noted a fall in permanent staff appointments, with the strongest downturn seen in the South of England and the softest in the Midlands.

Meanwhile, temp billings fell for the fourteenth consecutive month across the UK in August, and at a solid pace. Reductions were reported in three of the four monitored English regions, with the steepest fall seen in the South of England. The Midlands bucked the wider trend to record an increase for the third time in four months.

August 2025

Permanent
Temporary

Staff Appointments
sa, >50 = growth since previous month

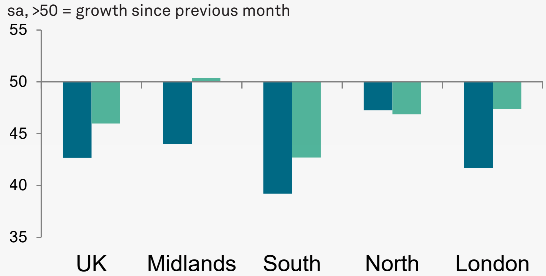


Candidate availability

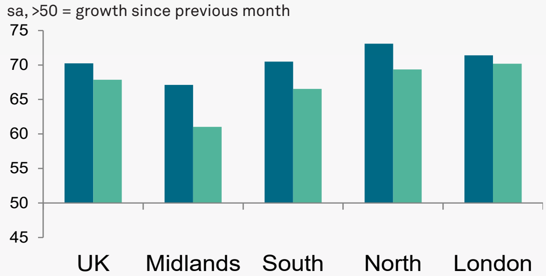
Permanent staff availability increased at a substantial pace across the UK in August, with the rate of growth the steepest since November 2020. The upturn was led by the North of England, though sharper rates of expansion were seen across all four monitored English regions.

Temporary staff availability likewise rose markedly at the UK level during August. Notably, the rate of increase was the most pronounced since late-2020. All four monitored English areas saw a stronger rise in temp candidate numbers in the latest survey period. The fastest upturn was seen in London, while the slowest was in the Midlands.

Vacancies
sa, >50 = growth since previous month



Staff Availability
sa, >50 = growth since previous month

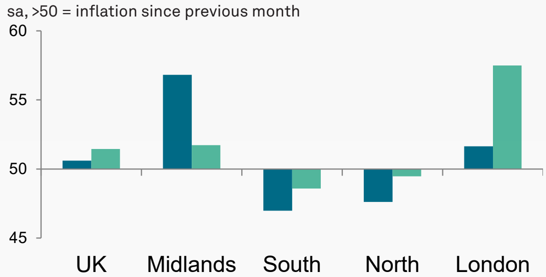


Pay Pressures

Permanent starting salaries increased only marginally at the UK level during August, with the pace of inflation easing to the slowest since the current sequence began in March 2021. The Midlands and London saw an increase in permanent starting salaries, while the North and South of England saw fresh declines.

At the same time, hourly pay rates for temporary staff across the UK rose only modestly in the latest survey period. While there were faster increases in wages in London and the Midlands, there was a renewed fall in the North of England and a second successive monthly decrease in the South of England.

Pay Pressures
sa, >50 = inflation since previous month



Produced in association with REC.

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Methodology

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@spglobal.com.

Survey Dates

Data were collected 12-22 August 2025.

About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About KPMG UK

KPMG LLP, a UK limited liability partnership, operates across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.99 billion in the year ended 30 September 2024.

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