



Actalent®

Labor Market & Economy Report

December 2025

Sharp insights for well-rounded people.

Actalent's monthly Labor Market and Economy Report connects important dots between data and trends in engineering and sciences. The report corresponds with the monthly release of the U.S. Bureau of Labor Statistics Employment Situation, though lends further insight into specific employment trends in engineering and sciences. Specifically, readers can expect to learn about:

- + Job growth in engineering and sciences by industry
- + Unemployment trends in engineering and sciences labor categories and industries
- + Labor force participation
- + Job quits and layoffs
- + Engineering and sciences employment trends by industry
- + Wages
- + Other important news stories impacting the labor market overall and engineering and sciences specifically



50K

Jobs Gained in December

U.S. employment increased by 50,000 jobs in December. 2025 was a year of significant cooling in the labor market: total employment was just 0.4% higher in December 2025 compared to December 2024.



62.4%

Labor Force Participation Rate

The labor force participation rate slightly declined from 62.5% to 62.4% in December. In other words, the share of the population that was working or actively looking for work fell slightly.



4.4%

Unemployment Rate

The unemployment rate slightly declined from a revised 4.5% in November to 4.4% in December. Unemployment rates close to 4.0% indicate a small pool of unemployed talent actively seeking work.



1.7M

November Layoffs

Layoffs declined from 1.9 million in October to 1.7 million in November. Quits increased from 3.0 million to 3.2 million but remained below pre-pandemic levels of 3.5 million, indicating hesitation among workers to change jobs in an uncertain labor market. Note that quits and layoffs data lag one month behind other employment data.

December 2025 Market Trends

A closer look at
unemployment by industry
and labor category



4.4%

Overall unemployment rate



2.8%

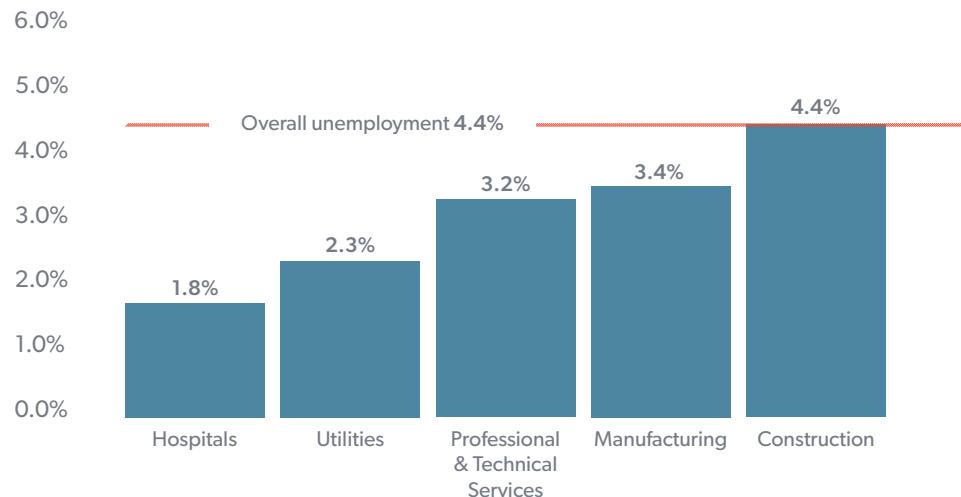
Unemployment rate for
degreed workers



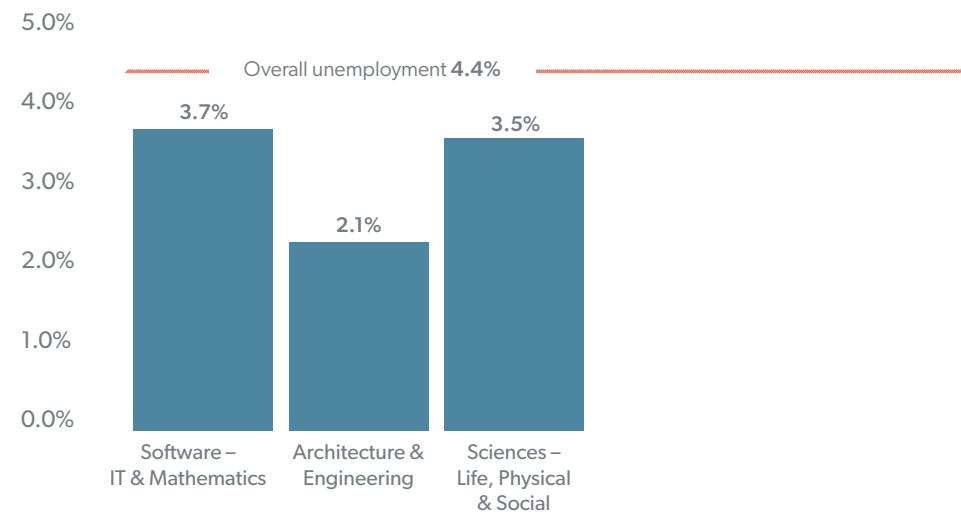
0.6

Ratio of unemployed workers
(Software-IT-& Mathematics,
Architecture & Engineering, Sciences)
available per job opening

Unemployment rates by industry



Unemployment rates by labor category



Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

Industry Trends

OVERALL ECONOMY

U.S. employment increased by a net 50,000 jobs in December. The labor market slowed significantly in 2025: according to the BLS, payroll employment rose by 584,000 in 2025, compared to the 2.0 million jobs added in 2024. Employment changes were also highly disproportionate among industries last year. The healthcare sector accounted for 69% of total employment growth, adding 404,600 jobs, while the federal government ended the year with 274,000 fewer jobs. Meanwhile, employment in other large sectors like Construction, Manufacturing, and Professional and Business Services changed by less than 1.0% year-over-year. Nevertheless, unemployment rates for engineering and science occupation groups ended 2025 below the national average, indicating that competition for many STEM skill sets remains tight.



UTILITIES

The utilities sector added 8,000 jobs in 2025, down slightly from 8,400 in 2024. The workforce reached 601,100 in December, the highest level since 2000. In 2026, utilities will face surging demand, policy shifts and financial pressures. Forecasted power demand from large loads such as data centers continues to rise, but some utilities are becoming more cautious as early signs of overestimation emerge. To manage this, utilities and regulators are increasingly requiring hyperscalers to share costs, provide telemetry and demonstrate flexibility for faster interconnection, according to Deloitte. Renewables are still expected to grow in 2026, although the OBBBA's phaseout of certain incentives and the late-December stop-work order on five offshore wind projects have added uncertainty for developers.



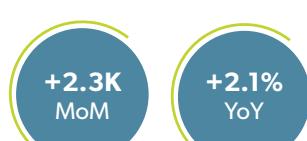
CONSTRUCTION

2026 construction forecasts vary as firms grapple with concerns over the economy, financing conditions, tariff uncertainty, policy volatility and ongoing labor shortages. While the overall spending outlook remains uncertain, construction for data centers, power and utilities, healthcare and infrastructure is expected to continue growing. Construction is also set to begin or advance on several manufacturing projects, including semiconductor and life sciences investments. According to an AGC-Sage survey, 63% of firms plan to add headcount in 2026, yet more than half cite insufficient worker supply, rising labor costs and worker quality as top challenges. ABC noted that despite hiring optimism going into 2026, recent backlog declines, slower construction spending and December's job losses suggest a slow start to the year.



ARCHITECTURE & ENGINEERING

In a recent AIA survey, 56% of architectural firms identified "increasing firm profitability" as a major 2026 concern, with 31% ranking it among their top three. Talent challenges persist, with more than 45% citing staff retention, competitive compensation and leadership development as major concerns. Industry outlooks expect 2026 growth in the broader AEC sector to be driven by projects related to public infrastructure, energy, data centers, renewables and sustainable buildings. PWC notes that engineering and construction M&A in the current economic climate "is becoming less about broad expansion and more about repositioning for policy certainty, supply chain resilience, and productivity gains." AEC companies are increasingly turning to digital tools and workforce development to position themselves for success amid the evolving market.

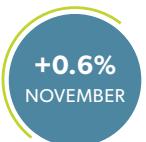
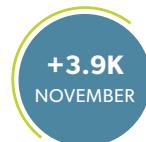


MoM = Month over month
YoY = Year over year

Industry Trends, continued

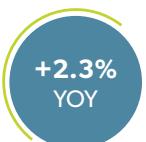
AEROSPACE & DEFENSE

Two key A&D manufacturing segments— aerospace products and parts (reported on a one-month lag) and navigational, measuring, electromedical and control instruments—added 5,900 jobs over the 12 months ending November 2025 (+0.6% YoY). In 2026, Airbus and Boeing are expected to increase commercial aircraft output, while delayed fleet deliveries will sustain demand for MRO providers. Defense contractors should see high demand across aircraft, autonomy, cyber, drones, missile defense, munitions, shipbuilding and space, driven by modernization and rising geopolitical threats. Supply chain constraints and competition for talent will remain barriers to productivity in 2026, and defense contractors may experience funding constraints due to shifting defense priorities.



HEALTHCARE

The healthcare sector added 404,600 jobs in 2025, representing 69% of total U.S. job growth. Monthly job gains slowed, reflecting weaker job growth across the broader economy. A mix of opportunities and threats will impact the sector in 2026 as it adapts to new technology and care delivery transformation. Health systems will prioritize cost control amid ongoing financial pressures, elevated operating costs and anticipated impacts from H.R.1 Medicaid cuts. Payers and providers will expand the use of technologies such as AI to reduce administrative burden. McKinsey projects Health Services and Technology (HST) and specialty pharmacy to be among the highest-growth segments through 2029.



SCIENTIFIC R&D

After a year marked by political and regulatory uncertainty, federal grant cuts, tariff concerns, drug pricing policies, patent expirations and financial headwinds, the scientific R&D services industry ended 2025 with 19,600 fewer jobs (-2.1% YoY). In contrast, pharmaceutical and medicine manufacturing added 5,800 jobs YoY as of November (+1.7%), suggesting that hiring managed to offset layoffs and hiring freezes in the industry. Biopharma companies announced major U.S. investments that are expected to create jobs over the next decade. While outlooks vary across medtech, biopharma and clinical research, general life sciences priorities in 2026 will include digital transformation, cost discipline and productivity gains. Success will require adaptability to new technologies, evolving regulations and increasingly complex therapies.



AUTOMOTIVE

The automotive sector lost 27,600 jobs in 2025 (-2.7% YoY) amid tariff uncertainty, regulatory shifts, weak electric vehicle (EV) demand, the discontinuation of federal EV tax credits, intensified competition from China and company-specific financial challenges. In December, Ford announced a shift away from larger EVs in favor of hybrids, gas models and “smaller, affordable” EVs, reflecting the broader 2025 trend of automakers pivoting from EVs to hybrids. In 2026, automakers and suppliers are expected to invest in hybrid models, advanced manufacturing, AI integration, autonomous driving technology and software-defined vehicles (SDVs). One of the biggest barriers will be cost: automakers must manage ongoing tariff concerns and the cost of new technology at the same time analysts expect weaker vehicle sales in 2026.



C&IP Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.

The manufacturing sector lost 68,000 jobs in 2025 (-0.5% YoY), fewer than the 105,000 lost in 2024 but more than in 2023. 2026 outlooks are mixed: headwinds such as tariff and policy volatility, high costs and economic uncertainty are expected to carry into 2026, but some analysts expect stabilization of rates, regulations and trade policy, which could lift confidence. Several major investments announced in 2025 have begun construction, and some manufacturers such as GE and Whirlpool have already reshored some production to existing U.S. factories. New factories from companies like First Solar and LG Energy Solution are expected to come online in 2026. Meanwhile, the U.S. DOL has awarded \$98 million through YouthBuild to support workforce training for industries including advanced manufacturing.



Wages in the United States

How they've changed



Consumer Price Index

The consumer price index (CPI), a measure of inflation, increased by 2.7% for the 12 months ending December, unchanged from November's CPI. As mentioned in Actalent's November report, the Federal Reserve cut interest rates by 25 basis points in December, marking a total of three rate cuts in 2025.

Wage Increases

Average hourly earnings increased by 3.8% for the 12 months ending December. This was slightly higher than November's year-over-year increase of 3.6% (revised upward from 3.5%).

"Real" Earnings

Real average hourly earnings increased by 1.1% between December 2024 and December 2025. In other words, despite average hourly earnings increasing by 3.8% year-over-year, workers may only feel as if they're making about 1.1% more, on average, due to inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [All Employees, Utilities; Utilities under pressure: 6 power sector trends to watch in 2026; 2026 Power and Utilities Industry Outlook; US Deals 2026 Outlook – Power and Utilities; The Trump Administration Protects U.S. National Security by Pausing Offshore Wind Leases](#)

CONSTRUCTION: [AGC, Sage: The 2026 Construction Hiring and Business Outlook; JLL 2026 U.S. Construction Perspective; 10 U.S. Megaprojects Set to Break Ground in 2026; DPR Q4 2025 Market Conditions Report; ABC: Construction Lost 11,000 Jobs in December, Added Just 14,000 Jobs in 2025](#)

ARCHITECTURE & ENGINEERING: [ABI November 2025; PWC US Deals 2026 Outlook – Engineering and construction; Here's Where the AEC Industry is Headed in 2026; Deloitte 2026 Engineering and Construction Industry Outlook](#)

AEROSPACE & DEFENSE: [Industry Credit Outlook 2026: Aerospace and Defense; Global Aerospace & Defense Outlook Improving for 2026; 2026 Aerospace and Defense Industry Outlook; US Deals 2026 outlook: Aerospace and defense](#)

HEALTHCARE: [2026 US Health Care Outlook; Healthcare sector outlook: growing amid headwinds in 2026; US Deals 2026 outlook: Health services; Hospitals' make-or-break year; U.S. NFP Hospitals' Outlook Neutral...; What to expect in US healthcare in 2026...](#)

SCIENTIFIC R&D: [See the alarming extent of NIH and NSF funding cuts in 2025; 2026 Life Sciences Outlook; Historic biopharmaceutical investments...; WCG 2026 Clinical Research Trends & Insights Report](#)

AUTOMOTIVE: [Western automakers retreat from EV ambitions as China moves ahead; Ford Follows Customers to Drive Profitable Growth...; Suppliers to push ahead on advanced technology...; 5 auto industry trends to watch in 2026; Cost pressures will dog auto industry exhibitors at CES 2026; New-vehicle sales likely to slide in 2026 after rising slightly this year](#)

C&IP: [2026 Manufacturing Industry Outlook; NAM Manufacturers' Outlook Survey Q4 2025; US Deals 2026 Outlook: Industrial manufacturing; Five Factory Trends to Watch in 2026; 5 American Companies Reshoring...; First Solar, Inc. grows South Carolina footprint...; LG Energy Solution's Queen Creek battery plant nears completion, hiring ramps up; US Department of Labor Announces \\$98M...](#)

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