



Labor Market & Economy Report

January 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

 **143K**

Jobs Gained in January

U.S. employment increased by 143,000 jobs in January. Once again, job growth was driven by healthcare, retail trade, social assistance and government, while other major sectors experienced little change.

 **62.6%**

Labor Force Participation Rate

The labor force participation rate (LFPR) increased by 0.1% in January. The LFPR, or the percentage of the population who is working or looking for work, has yet to recover to its pre-pandemic rate of 63.3%.

 **4.0%**

Unemployment Rate

The unemployment rate declined by 0.1% in January. The percentage of the labor force who is unemployed and actively seeking work is low compared to the median rate of 5.0% observed over the past 20 years.

 **1.8M**

December Layoffs

Layoffs were unchanged at 1.8 million between November and December. Quits increased very slightly from 3.1 million to 3.2 million. Note that quits and layoffs data lag one month behind other employment data.

January 2025 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

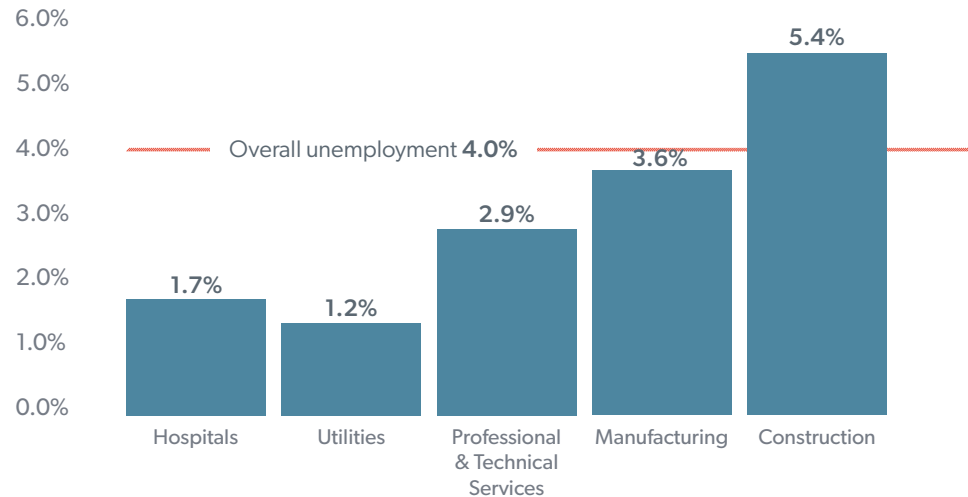


Unemployment Rate for
Degreed Workers

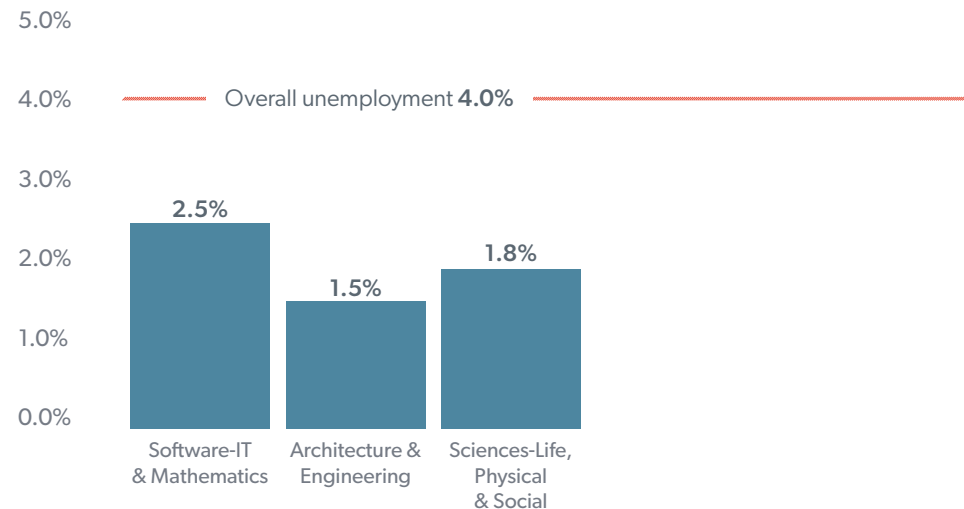


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

Unemployment rates by industry



Unemployment rates by labor category

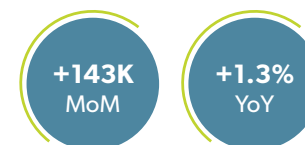


Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

Industry Trends

OVERALL ECONOMY

The U.S. economy added 143,000 jobs in January, falling below expectations. Still, the unemployment rate declined to 4.0%, and the last two months' employment gains were revised upward by a total of 100,000, indicating that the labor market remains relatively stable. It is worth noting that job growth was once again concentrated in healthcare, retail trade, social assistance and government, while other major sectors experienced little change. Macroeconomic uncertainty continues to restrict companies' investment and hiring intentions.



UTILITIES

Investments from utilities, power grids and private companies are growing to meet surging power demand from data centers, and Bank of America expects Pacific Gas & Electric, NorthWestern Energy Group and Constellation Energy Group to benefit from these investments in the near-term. Multiple executive orders issued in January have created uncertainty about the future of offshore wind development and federal support of clean energy, but further clarification is needed to determine the full scope of impact. Despite the nation's near-record production of oil and gas (O&G), O&G jobs in the United States have significantly declined over the past decade due to technological advancements, industry consolidation and offshoring of engineering and other professional roles to lower-cost countries, according to the *New York Times*.



CONSTRUCTION

Total nonresidential construction spending increased by 3.0% for the year ending December (latest data available). While the Associated Builders and Contractors (ABC) pointed out that 94.0% of the nonresidential increase came from data centers and manufacturing, the data indicates that opportunities still exist in other segments, such as infrastructure. Construction job openings were down by 50.0% year-over-year in December (latest data available), which ABC says may have been a result of "cold weather and slowing activity during the transition between presidential administrations." Damage from the California wildfires will require reconstruction of homes and critical infrastructure. Lightcast data shows the supply of construction workers in Los Angeles is lower than the national average, which may complicate hiring for the rebuild.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index sharply declined to 44.1 in December (latest data available). Despite the decline in architecture billings, steady backlogs (as reported by AIA) and infrastructure investments are still driving demand for architecture and engineering firms. The industry added 7,100 jobs in January, suggesting that there is currently still enough work in the industry to necessitate hiring additional workers. In January, STV was chosen to lead the design for the Long Bridge Project's South Package in Virginia and to provide delivery partner services for Austin Light Rail Phase 1 as a subconsultant to AECOM.



MoM = Month over month
YoY = Year over year

Industry Trends, continued

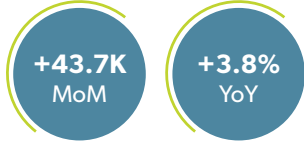
AEROSPACE & DEFENSE

Aerospace and defense companies including GE Aerospace, General Dynamics, L3Harris Technologies, Northrop Grumman and RTX reported strong Q4 and full-year 2024 financial results, citing strong demand for their products and services. Despite continued demand for commercial aircraft and high defense spending, industry job growth was insignificant in December (latest data available). A few major players in the industry are still facing financial challenges caused by company-specific losses and supply chain disruptions that have resulted in slower hiring activity or layoffs. In its 2024 annual report, Northrop Grumman noted that global competition for talent is increasing. The company stressed that its success is dependent upon its ability to attract and retain qualified personnel, including those with security clearances.



HEALTHCARE

According to Lightcast data, job postings have increased for most healthcare occupations in the last three months (November 2024 to January 2025). During this time, industry job postings increased by 10.0% for medical assistants, 9.0% for phlebotomists and 5.0% for pharmacy technicians. Silicon Valley Bank claims that nearly 30.0% of venture capital investment in healthcare startups in 2024 went to companies leveraging artificial intelligence (AI). While AI has the potential to assist healthcare workers with administrative tasks and decision making, it does not have the ability to fully replace the essential workers that will be in high demand as the population ages and requires increased care.



SCIENTIFIC R&D

Metsera and Pfizer are currently testing their own treatments to enter the weight-loss and diabetes treatment market, which has been a source of revenue growth and job creation for Eli Lilly and Novo Nordisk. On their Q4 2024 earnings call, Eli Lilly mentioned further expansions of its manufacturing capacity and intentions to increase production of Mounjaro and Zepbound. Novo Nordisk’s Ozempic and Wegovy were among the 15 Part D drugs selected for the second cycle of price negotiations under the Inflation Reduction Act, but Novo Nordisk stated on its Q4 2024 earnings call that it is too early to determine the impact. Several gene editing companies have faced funding constraints and challenging market conditions. CRISPR gene editing company Intellia announced a reorganization that will result in a 27.0% workforce reduction.



AUTOMOTIVE

Potential changes to trade policies or federal support of EVs have caused uncertainty for OEMs and suppliers. Ford is forecasting weaker earnings in 2025 due to “headwinds related to market factors” such as lower industry pricing and mentioned policy uncertainty could pose additional industry challenges. GM has “multiple playbooks” to be able to respond to a range of potential policy changes. Nissan is cutting production and offering buyouts to over 1,500 employees due to slumping Rogue and Altima sales, but the automaker is not planning involuntary layoffs if fewer employees than expected accept the buyouts. Companies like Brunswick, John Deere, Oshkosh and Volvo Group are developing autonomous driving technology for uses beyond the auto industry, such as autonomous boat docking and robotic tractors.



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

U.S. manufacturing indexes reported signs of strengthening industry conditions in January, and S&P Global reported respondents’ “optimism in the year-ahead outlook for production hit a 34-month high.” Meta is reportedly preparing for an “intense year” and is expected to cut roughly 5% of its staff (about 3,600 jobs) based on performance. To reduce costs, Microsoft plans to freeze hiring and back-filling in part of its U.S. consulting business. Meta and Microsoft continue to invest in other parts of their businesses, such as AI. The surge in data center construction is anticipated to benefit manufacturers of specialized cooling, electrical, power generation and water treatment equipment. Manufacturers like Vertiv Holdings Co. and GE Vernova are forecasting high sales growth from data center customers over the next few years.



MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+3.0%



Consumer Price Index

The consumer price index, a measure of inflation, increased by 3.0% for the 12 months ending January, slightly above December's reading of 2.9%. This was the fourth consecutive increase, suggesting that inflation is moving further away from the Federal Reserve's 2.0% target.

+4.1%



Wage Increases

Average hourly earnings increased by 4.1% for the 12 months ending January, essentially unchanged from the last three months.

+1.0%



"Real" Earnings

Real average hourly earnings increased by 1.0% between January 2024 and January 2025. In other words, despite average hourly earnings increasing by 4.1% year-over-year, workers may only feel as if they're making about 1.0% more, on average, due to the effects of inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [US grid investments take off as power demand hikes; Data centers drive growth, risk for PG&E, Constellation, NorthWestern: BofA; Executive orders cause hesitation, confusion for clean energy developers; Why Oil Industry Jobs Are Down, Even With Production Up](#)

CONSTRUCTION: [Monthly Construction Spending, December 2024; ABC: Nonresidential Construction Spending Down 0.2% in December; Data Centers and Manufacturing Make up 94%...; ABC: Construction Hiring Historically Slow in December, Lowest Since April 2020; The California Wildfires – Another Disruption to the Construction Industry?](#)

ARCHITECTURE & ENGINEERING: [ABI December 2024: Business conditions end the year on a weak note; JV picked for \\$2.3B Long Bridge overhaul in Virginia; Team selected to build \\$7B Austin light rail](#)

AEROSPACE & DEFENSE: Q4 AND FULL YEAR 2024 RESULTS: [GE Aerospace , General Dynamics, L3Harris, Northrop Grumman, RTX; Chart Pack: Defense Spending; Airbus Restructuring; Boeing Layoffs; Northrop Grumman 10-K](#)

HEALTHCARE: [Healthcare venture capital investment amplified by AI in 2024: report; Can Artificial Intelligence Replace the Unique Nursing Role?](#)

SCIENTIFIC R&D: [Metsera reveals data supporting long-acting obesity shot; Pfizer going ‘all in’ on obesity drug development, CEO Bourla says; Eli Lilly \(LLY\) Q4 2024 Earnings Call Transcript; HHS Announces 15 Additional Drugs...; Novo Nordisk \(NVO\) Q4 2024 Earnings Call Transcript; Intellia, citing ‘challenging market environment,’ lays off 27% of staff as it takes ax to pipeline; Intellia Therapeutics Announces Anticipated 2025 Milestones and Strategic Reorganization](#)

AUTOMOTIVE: [Tariffs would lead to high costs, layoffs and supplier bankruptcies, parts executive says; EV executive order revoked, but regulations will take time to reverse; Ford Motor Company \(F\) Q4 2024 Earnings Call Transcript; GM says it has ‘multiple playbooks’ to adapt to federal policy changes...; Nissan to cut output, jobs at U.S. factories in ‘challenging’ market; Self-driving tech flourishes today in niche applications such as construction and farming](#)

C&IP: [January 2025 Manufacturing ISM® Report On Business®; S&P Global US Manufacturing PMI®; Meta to Cut Roughly 5% of Staff, Targeting Lowest Performers; Microsoft’s Consulting Hiring Freeze and Its Strategic Implications; Data Centers Give Manufacturers a Growth Story They Can Actually Sell](#)

About Actalent

Actalent is a global leader in engineering and sciences services and talent solutions. We help visionary companies advance their engineering and science initiatives through access to specialized experts who drive scale, innovation and speed to market. With a network of almost 30,000 consultants and more than 4,500 clients across the U.S., Canada, Asia and Europe, Actalent serves many of the Fortune 500.

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