



Labor Market & Economy Report

May 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

 **139K**

Jobs Gained in May

U.S. employment increased by 139,000 jobs in May, with significant gains in healthcare, leisure and hospitality, and social assistance.

 **62.4%**

Labor Force Participation Rate

The labor force participation rate (LFPR) decreased by 0.2% to 62.4% between April and May. The LFPR has yet to recover to its pre-pandemic rate of 63.3%.

 **4.2%**

Unemployment Rate

The unemployment rate was unchanged at 4.2% for the third consecutive month. Although the unemployment rate is higher than in recent years, it remains below the median rate of 5.0% observed over the past 20 years.

 **1.8M**

April Layoffs

Layoffs increased to 1.8 million in April from 1.6 million in March. Quits declined slightly to 3.2 million from 3.3 million. Note that quits and layoffs data lag one month behind other employment data.

May 2025 Market Trends

A closer look at
unemployment by industry
and labor category



Overall unemployment rate

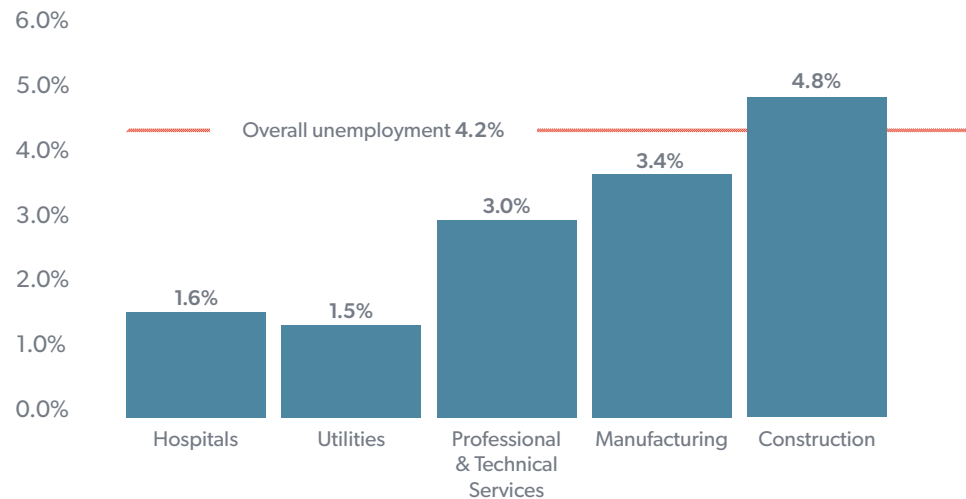


Unemployment rate for
degreed workers

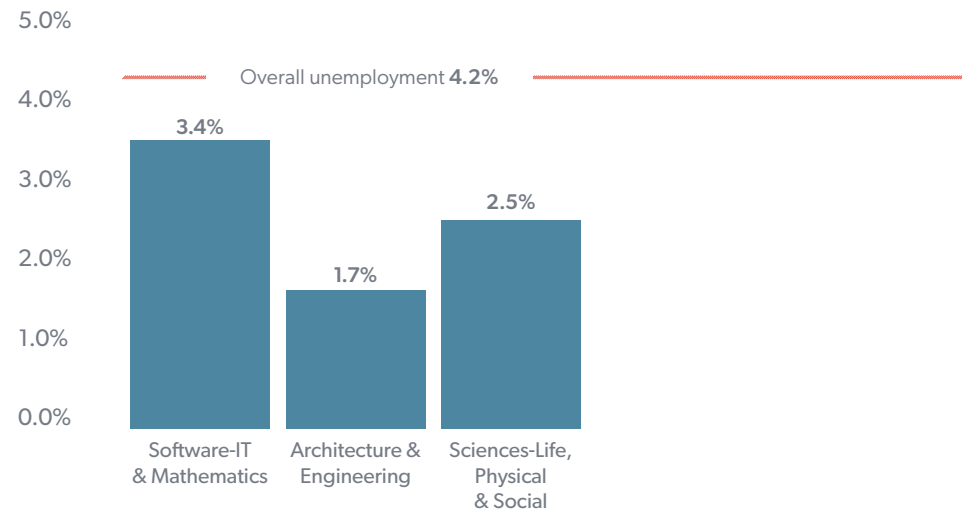


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering, Sciences)
available per job opening

■ 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 139,000 jobs in May, with job growth led by healthcare, leisure and hospitality, and social assistance. Federal government employment continued to decline. Other key industries experienced minimal changes to employment levels as many companies maintained cautious approaches to hiring in response to ongoing financial, economic and political uncertainty. After revisions, employment in March and April combined is 95,000 lower than previously reported.

+139K
MoM

+1.1%
YoY

UTILITIES

Labor demand within the utilities sector increased in May, with companies like AEP, Constellation, Entergy and GE Vernova adding new job postings. U.S. utilities have signed over \$60 billion in deals so far in 2025, according to LSEG data. The dealmaking spree appears to be a move to expand power generation capacity in response to projected increases in energy demand. The U.S. Department of Energy (DOE) terminated \$3.7 billion in awards for 24 projects primarily related to carbon capture and sequestration (CCS) and decarbonization initiatives, affecting companies like Calpine, PPL Corp., Ørsted and Exxon Mobil. The DOE determined the 24 projects failed to meet national energy needs, were not economically viable and would not generate a positive return for taxpayers.

+2.2K
MoM

+1.1%
YoY

CONSTRUCTION

Construction sector job openings fell by 3,000 month-over-month and by 78,000 year-over-year in April (latest data available). The Associated Builders and Contractors (ABC) noted that “churn” in the construction labor market remained low in April, citing low rates of hires, layoffs and quits. Total U.S. construction spending declined by 0.5% between April 2024 and April 2025, marking the first year-over-year decrease since 2019. According to the Associated General Contractors of America, the spending decrease was driven by reduced investment in private nonresidential projects and a sharp decline in homebuilding. ABC’s Construction Backlog Indicator rose to 8.7 months in April, the highest level in 20 months, suggesting that many contractors remain busy despite macroeconomic headwinds.

+4K
MoM

+1.5%
YoY

ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index declined to 43.2 in April (latest data available), as declines in billings, inquiries into new work and the value of new design contracts pointed to persistently slow business conditions among most architecture firms. In May, ABB launched its Battery Energy Storage Systems-as-a-Service (BESS-as-a-Service), a flexible, zero-CapEx solution aimed at accelerating the transition to clean, resilient and affordable energy. The BESS market is experiencing significant growth, and engineering services firms such as AECOM, Black & Veatch, Burns & McDonnell and WSP are actively supporting the development and deployment of these energy storage projects.

-1K
MoM

+2.5%
YoY

MoM = Month over month
YoY = Year over year

Industry Trends, continued

AEROSPACE & DEFENSE

Between March and May 2025, job postings in aerospace product and parts manufacturing increased by 17%. Approximately 3,000 employees at Pratt & Whitney in Connecticut returned to work at the end of May after ratifying a new four-year collective bargaining agreement, officially ending a three-week strike that began on May 5. The contract guarantees continued operations at the East Hartford and Middletown facilities through 2029 and includes wage increases, higher pension contributions and more flexible work options. Booz Allen Hamilton, which makes 98% of its revenue from government-related work, plans to cut roughly 2,500 jobs due to a slowdown in government spending.

-1.3K
APRIL

-1.7%
APRIL

HEALTHCARE

After declining in February and March, job openings in the health care and social assistance sector increased by 102,000 to 1,470,000 in April (latest data available). Job openings declined by 71,000 year-over-year, suggesting a slight easing in labor shortages. However, quits remain above pre-pandemic levels, indicating ongoing labor demand as employers work to backfill positions. A McKinsey Health Institute report estimates a global shortage of at least ten million healthcare workers by 2030. McKinsey emphasizes the need to enhance training programs to expand the talent pipeline, noting that U.S. medical schools received over twice as many applications as they had available spots in 2024.

+62.2K
MoM

+3.0%
YoY

SCIENTIFIC R&D

In May, Gilead announced an additional \$11 billion investment in the U.S., projected to create approximately 800 new direct jobs and support over 2,200 indirect jobs by 2028. Roche Diagnostics plans to expand its Indianapolis manufacturing hub with a \$550 million investment, expected to generate hundreds of manufacturing jobs and thousands of construction jobs. Genentech, a member of the Roche Group, will invest more than \$700 million in a new facility in Holly Springs, North Carolina, creating over 1,500 construction jobs and more than 400 permanent manufacturing positions. The FDA approved a record number of biosimilars in 2024, and 2025 may surpass that milestone, with 18 biologics set to lose patent protection this year. Rising biosimilar volumes may benefit contract manufacturing organizations.

-3.9K
MoM

-0.3%
YoY

AUTOMOTIVE

Weak electric vehicle (EV) demand and uncertainties regarding trade policies and emissions regulations have led automakers, including GM, Honda, Stellantis and Subaru, to reconsider their EV production timelines and goals. GM is investing \$888 million to support engine production at its Tonawanda Propulsion plant in New York, supporting 870 jobs at the facility. Mercedes-Benz confirmed that it will begin building its GLC crossover at its Alabama assembly plant in late 2027. As tariff uncertainty threatens automakers' profits, Mitsubishi has said it is weighing U.S. vehicle production, and Nissan is reportedly considering moving some production from Mexico to a Mississippi factory. Nissan plans to cut another 11,000 jobs and close seven plants as part of a \$2 billion cost-reduction effort following a significant annual loss.

+400
MoM

-2.2%
YoY

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

Manufacturers continue to reevaluate global supply chains amid trade policy uncertainty. So far, multiple sources expect that small and medium-sized manufacturers, particularly in consumer-facing industries, are the most vulnerable to tariff-related cost pressures. A National Association of Manufacturers' survey found that 33.7% of respondents have paused hiring, reduced their workforce or decreased workers' hours or pay in response to tariffs, yet 47.5% of respondents still identify "attracting and retaining a quality workforce" as a primary business challenge. Despite its recent strong earnings report, Microsoft is cutting 3% of its workforce to reduce management layers. Among the roughly 2,000 Microsoft jobs cut in Washington, software engineering and product management positions were most affected, *Bloomberg* reported.

-8K
MoM

-0.7%
YoY

MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+2.4%



Consumer Price Index

The consumer price index, a measure of inflation, increased by 2.4% for the 12 months ending May, slightly up from 2.3% in April. As mentioned in last month's report, the Federal Reserve has maintained interest rates at current levels so far this year, citing heightened economic uncertainty despite progress toward the 2.0% inflation target.

+3.9%



Wage Increases

Average hourly earnings increased by 3.9% for the 12 months ending May, relatively unchanged from the last few months.

+1.4%



"Real" Earnings

Real average hourly earnings increased by 1.4% between May 2024 and May 2025. In other words, despite average hourly earnings increasing by 3.9% year-over-year, workers may only feel as if they're making about 1.4% more, on average, due to the effects of inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [Job posting insights from Lightcast](#); [US Utilities on Dealmaking Spree to Blockbuster 2025](#); [DOE cancels \\$3.7B in carbon capture, decarbonization awards](#); [Secretary Wright Announces Termination of 24 Projects...](#)

CONSTRUCTION: [ABC: Construction Job Openings Decreased by 3,000 in April, Down 45% Since December 2023](#); [Construction Spending Decreases By 0.4 Percent From March To April And 0.5 Percent Over 12 Months...](#); [Despite Tariff Impacts, ABC Contractors' Backlog and Profit Margin Expectations Improve in April](#)

ARCHITECTURE & ENGINEERING: [ABI April 2025: Billings continue to decline at architecture firms](#); [ABB introduces Battery Energy Storage Systems-as-a-Service...](#); [AECOM Microgrids and energy storage](#); [Black & Veatch Energy Storage Systems](#); [Burns & McDonnell Battery Energy Storage Systems \(BESS\)](#); [WSP Battery Storage](#)

AEROSPACE & DEFENSE: [IAM Union Members at Pratt & Whitney in Connecticut Achieve Contract Victory, Ending Three-Week Strike](#); [Booz Allen Cuts 2,500 Consulting Jobs as Trump Cracks Down on Federal Spending](#)

HEALTHCARE: [Job Openings: Health Care and Social Assistance](#); [Quits: Health Care and Social Assistance](#); [Heartbeat of health: Reimagining the healthcare workforce of the future](#)

SCIENTIFIC R&D: [Gilead U.S. Investment to Create \\$43 Billion in Value to U.S. Economy](#); [Roche announces \\$550 million investment...](#); [Genentech to onshore US manufacturing...](#); [FDA biosimilar approvals set for record-breaking year amid US pricing reforms](#)

AUTOMOTIVE: [In EV reality check, Honda CEO Toshihiro Mibe cuts sales, investment targets](#); [GM's retooled Orion plant won't launch as all-EV factory amid changing plans](#); [Stellantis delays electrified pickups at Sterling Heights Assembly](#); [Subaru rethinks electrification, braces for \\$2.5 billion tariff impact](#); [GM to Invest \\$888 Million to Upgrade Engine Factory in Western New York](#); [Mercedes confirms it will assemble GLC at U.S. plant](#); [Tariffs could force Mitsubishi to revive U.S. output through Nissan deal](#); [Nissan weighs moving Sentra production from Mexico to U.S. to avoid tariffs](#); [Nissan cut plants and workers as new CEO Espinosa takes axe to costs](#)

C&IP: [May 2025 Manufacturing ISM® Report On Business®](#); [S&P Global US Manufacturing PMI®](#); [Manufacturers Can't Buck the Consumer Slowdown for Long](#); [NAM 2025 Second Quarter Manufacturers' Outlook Survey](#); [Microsoft laying off about 6,000 people, or 3% of its workforce](#); [Microsoft Layoffs Hit Coders Hardest With AI Costs on the Rise](#)

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 6,100 clients across the U.S., Canada, Asia and Europe, Actalent serves many of the Fortune 500. We are proud to be an Engineering News-Record (ENR) Top 500 Design Firm for our engineering design services and a ClearlyRated Best of Staffing® winner for both client and talent service.

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