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KPMG and REC, UK Report on Jobs: London

Permanent placements record fresh rise in March

Key findings

Renewed growth in permanent new joiners

Downturn in temp billings steepest in eight months

Substantial expansions in candidate availability

Data collected March 12-25.

Summary

The latest KPMG and REC, UK Report on Jobs: London survey data signalled a fresh rise in new permanent joiners, thereby marking the first month of growth for a year. However, the upturn here was accompanied by a steeper downturn in temp billings, the sharpest in eight months. While demand for workers worsened to a lesser extent in March, as both permanent and temp vacancies fell at softer rates than seen in February, the availability of candidates rose at notably stronger and substantial rates. Redundancies remained the key reason for increases in the supply of candidates for both permanent and short-term roles.

Turning to pay, starting salaries rose only modestly and at a moderated pace. Additionally, temp wages fell for the first time in three months, and at a pace which was the most marked in just over five years.

Fresh rise in permanent staff placements

The opening quarter ended with a renewed rise in permanent new joiners across the capital, thereby marking the first month of growth for a year. The rate of increase was modest, and also the fastest of the four monitored English regions. According to anecdotal evidence, increased hiring within certain sectors and the availability of suitable candidates allowed firms to add to their payrolls.

The North of England was the only other area to record a rise in permanent staff placements. Meanwhile, stronger reductions were seen across

the Midlands and the South of England.

A fourth straight monthly drop in temp billings was recorded across the capital in March. Moreover, the pace of decrease quickened further to the fastest in eight months and was rapid overall. Fewer contracts and reduced hours were reasons cited by panellists for the latest downturn.

Moreover, of the four tracked English regions, London recorded the steepest fall in billings received from short-term workers. On the other hand, the Midlands remained the only area to record a rise.

March data indicated a drop in permanent vacancies across the capital, stretching the current trend of contraction to 20 months. The rate of decline eased further and was the slowest since August 2024.

Similarly, demand for temp staff also worsened to a lesser extent, as evidenced by a moderated drop in temp vacancies, one which was the softest in seven months. Nonetheless, the rate of decrease remained solid and stretched the current run of contraction to 19 months.

Of the four tracked English regions, only the North of England recorded a rise in both permanent and temp vacancies.

Marked and notably stronger rise in permanent staff availability

The seasonally adjusted Permanent Staff Availability Index moved higher in March, and signalled a marked rise in permanent staff supply in London. The rate of expansion quickened notably from February's recent low to a three-month high. Recruiters linked the increase to a rise in redundancies.

All four monitored English regions recorded growth in permanent staff supply, with London recording by far the largest increase. Growth was

weakest across the South of England.

In line with the trend in permanent staff availability, temporary candidate numbers also rose at a notably faster and marked pace across London in March. The upturn was the fastest in seven months. As per qualitative data, a combination of layoffs and fewer job openings were factors cited for higher temp staff availability.

Moreover, the expansion across London was the strongest of the four monitored English regions. Growth was slowest across the Midlands.

Starting salary inflation eases to marginal pace

March survey data indicated another monthly rise in starting salaries awarded to permanent staff in London. Efforts to secure skilled staff was a reason driving the latest increase. However, the rate of starting salary inflation moderated notably on the month and was among the weakest in the current sequence of rising salaries which stretches just over five years.

Of the four monitored English regions, the Midlands and London recorded the joint-softest inflation rates. Rates of increase also moderated across the North and South of England.

Following back-to-back months of increases, temp wages fell across the capital in March. Moreover, the respective seasonally adjusted index dipped to a 61-month low and indicated a strong decrease.

London and the North of England were the only two English areas to record a drop in hourly pay rates, albeit the pace of decrease in the latter was minimal. Stronger increases were seen in the Midlands and South of England.

Comments

Commenting on the latest survey results, Anna Purchas, London Office Senior Partner at KPMG UK, said:

“London’s jobs market is starting to find its feet again, with a return to growth in permanent hiring offering a welcome boost after a long period of slowdown. The impact of the current geopolitical situation means businesses are showing some caution - there’s a clear sense that employers are waiting to see how things unfold globally before making bigger hiring decisions.

“At the same time, with investment in areas like AI gathering pace, it’s important that people have the right skills to take advantage of these opportunities. Closing that gap and building confidence in digital and AI skills will be key to supporting long-term growth and keeping London competitive.”

Neil Carberry, REC Chief Executive, said:

“The Gulf Conflict provided a headwind to hiring in March, but this did not stop the trend of stabilisation in the UK job market that has defined 2026 so far. The effects of a longer-run crisis are unclear, but the resilience of the job market last month was heartening. We had the first growth in permanent placements for a year in London – and this was the fastest increase in England.

“Business prospects for 2026 remain finely balanced, and confidence will be key. Households and businesses are still sitting on cash that might be put to work in the economy if the climate is right, boosting growth and particularly helping struggling consumer-facing sectors like retail and hospitality. The key way government can help is to tackle the root cause of the cost-of-living squeeze – the rising cost of doing business. Greater pragmatism on key policies, including the unworkable approach that has been taken on guaranteed hours, is needed now.”

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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.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@spglobal.com.

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