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## KPMG and REC, UK Report on Jobs: London

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### Marked fall in number of permanent placements in December

#### Key findings

New permanent joiners fall at steepest pace in five months

Renewed drop in temp billings

Marked rise in candidate availability

Data collected December 4-17.

#### Summary

The latest KPMG and REC, UK Report on Jobs: London survey signalled a marked decline in permanent placements in December. The downturn was the most pronounced since last July. Temp billings recorded a renewed and sharp contraction, more than reversing the slight expansion seen in the prior month. Moreover, both permanent and temp vacancies across the capital fell markedly in the latest survey period. In fact, of the four monitored English regions, demand for workers deteriorated to the greatest extent across London.

Turning to pay, salaries awarded to new permanent joiners rose only slightly. The pace of inflation was the weakest in the current 58-month sequence of increasing salaries. Additionally, temp wages fell for the first time in 15 months during December.

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.

#### Drop in permanent placements strongest in five months

A ninth consecutive monthly decline in new permanent joiners was recorded across the capital in December. The pace of decrease was marked and the fastest in five months. Market uncertainty and fewer job openings were reasons cited by

surveyed recruiters for the latest drop in permanent placements.

The rate at which new permanent joiners fell across London outpaced the UK average. The Midlands, meanwhile, was the only tracked area where permanent placements rose.

Following a modest uptick in the previous survey period, temporary billings fell across London in the closing month of 2025. Contractions have now been noted in 23 of the last 24 survey periods. The latest downturn was sharp and the most pronounced since September 2025. Anecdotal evidence attributed the fresh drop to budget constraints and weak demand for temp workers.

Of the four monitored English regions, the Midlands was the only area to record a rise in temp billings.

A marked fall in permanent vacancies was recorded in London during December, thereby stretching the current run of decrease to 17 months. The pace of reduction was substantial and the strongest since August 2020.

Demand for temp workers also deteriorated in December. While the respective seasonally adjusted index rose to a three-month high, it continued to signal a steep contraction in temp vacancies.

Moreover, of the four tracked English regions, London recorded the strongest decreases in both permanent and temp vacancies.

#### Permanent staff supply expands at fastest pace in four months

As has been the case since December 2022, candidates available for permanent roles rose across London in the latest survey period. The rate of increase was the fastest since last August and substantial overall. Qualitative data

highlighted that the increase in candidate numbers was mainly due to redundancies.

The pace at which permanent candidate availability rose across London was only slightly outpaced by the upturn recorded across the South of England. Though marked, the Midlands signalled the weakest expansion.

The number of candidates available for temp roles expanded in December, stretching the current run of growth to three years. The pace of increase was marked, albeit weaker than seen in November 2025. The increase in temporary candidate numbers reportedly reflected redundancies.

The upturn in temp staff supply across the capital was the strongest of the four monitored English regions. The softest pace of expansion was recorded across the Midlands.

## **Starting salary inflation weakest in current 58-month sequence of increases**

Average starting salaries awarded to permanent new joiners rose only slightly across London in December. In fact, the pace of inflation was the weakest in the current run of rising pay which began in March 2021. While recruitment for senior positions and candidate shortages in certain sectors were reported to have driven up starting salaries in some cases, this was partially offset by increased candidate availability and cost-cutting measures in other areas.

Moreover, the pace of permanent starting salary inflation across London was the slowest of the four monitored English regions. The North of England recorded the strongest increase. However, all regions recorded rates of inflation that were weaker than their respective long-run averages.

Recruiters based in London recorded a fresh drop in temp wages during December. The respective seasonally adjusted index fell below the neutral mark of 50.0 for the first time in 15 months but indicated only a fractional decrease.

London was the only area of the four monitored English regions to record a fall in temp wages.

## **Comments**

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

*“December’s figures show London’s jobs market ended the year on a subdued note, with employers continuing to hold back on both permanent and temporary hiring.”*

*“Looking ahead to 2026, the growing pool of available talent across the capital creates a real opportunity for businesses with the confidence to invest. Those that take a longer-term view and secure key skills now will be well placed to attract top talent ahead of confidence returning and hiring in London starting to pick up again.”*

Neil Carberry, REC Chief Executive, said:

*“It’s always difficult to draw conclusions from jobs data in December, but the fact that the market in the UK slipped back a little on November is a reminder of the pressure employers are under.”*

*“Nevertheless, the second half of 2025 showed some signs of a long run of negative data softening in the UK, and with placements falling at a slower pace than the 2025 average in December, there is some hope that we are seeing a December dip, rather than a change in the trend. For example, following a modest uptick in the previous survey period, temporary billings fell across London. Activity kicked off this month is what will really tell us if the tide is turning.”*

*“Making this a better year for hiring will require a focus on building business confidence to invest. With the Budget behind us, the government needs to set out a clear path that firms can believe in, from the industrial strategy to pragmatic approaches on the Employment Rights Act, which is worrying many firms.”*

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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](mailto: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](mailto:economics@spglobal.com).

## 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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