

United Kingdom

Recruiters report fastest salary growth for six years as job market surges

- **Deteriorating candidate availability and rising demand for staff pushes up wage growth to near six-year peak**
- **Staff placements continues to rise sharply**

Recruitment agencies reported that demand for staff is growing at one of the fastest rates seen in the past 13 years at the start of the fourth quarter, driving salaries higher at a rate not seen for almost six years.

The KPMG/REC Report on Jobs, a UK survey of the recruitment industry conducted by Markit, follows Markit / CIPS UK PMI™ data which likewise showed employment growing at the steepest rate seen since the late-1990s in October.

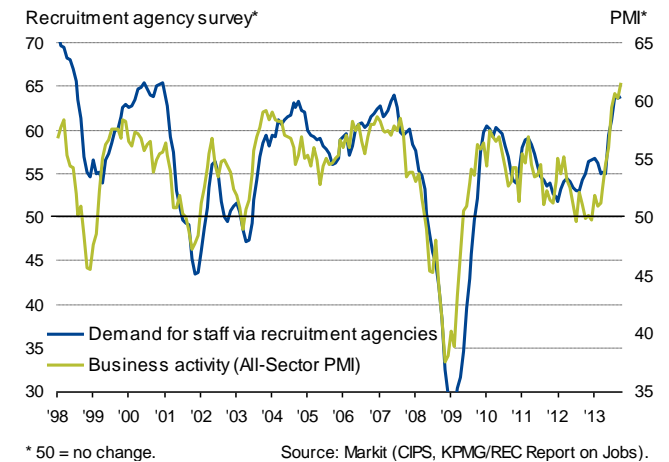
Recruitment firms reported that demand for staff from employers showed the largest monthly rise since June 2007, signalling a rate of increase that has rarely been exceeded since the survey began in October 1997.

Although revenues from the provision of temporary staff to client companies grew at the slowest rate for four months, the October increase was only slightly below the average seen in the third quarter, which had itself been the largest quarterly increase for 15 years.

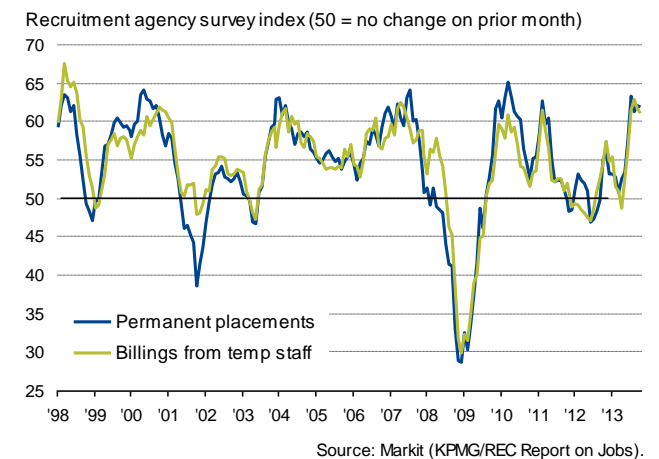
Moreover, this slower growth of temporary staff employment looks to be in part due to companies taking on more staff on a permanent basis. The number of people placed in permanent jobs rose at a rate only slightly below the average seen in the third quarter, which had been the highest since the start of 2010.

Measured overall, the demand for permanent staff grew at the steepest pace since June 2007 while, alongside growing shortages in the supply of candidates, pushed up salaries. Agencies reported that the availability of suitable candidates to take up permanent positions deteriorated to the greatest extent since November 2007, indicating the resurgence of skill shortages. Salaries having to be offered to people to take up permanent positions rose to the greatest degree since December 2007 as a result.

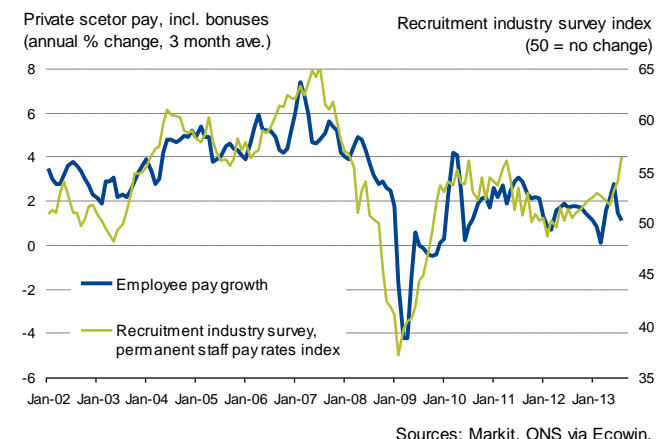
Demand for staff



Permanent placements and temp staff revenues

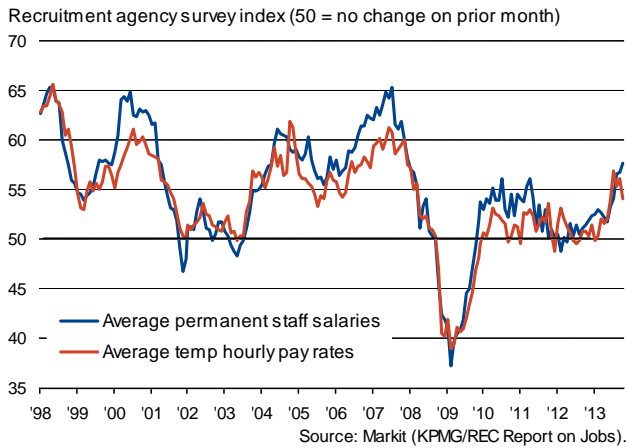


Pay growth

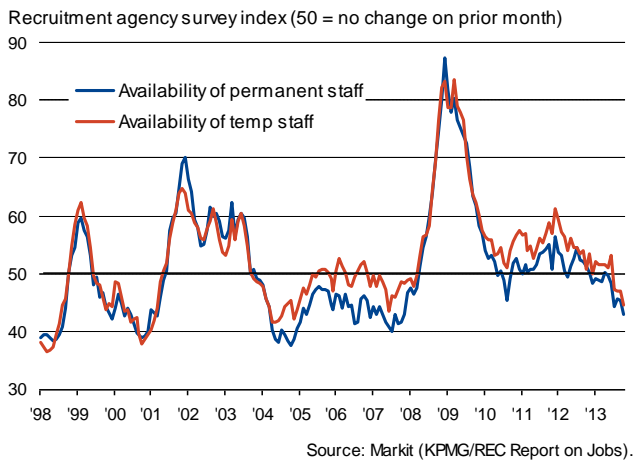


The recruitment survey data have provided a reliable guide to official labour market data in the past, and the increase in earnings suggest that pay growth will rise from the 0.7% annual rate seen in August (led by the private sector) to perhaps 3.0-4.0% if the labour market improvements persist in coming months.

Recruitment survey pay rates



Recruitment survey staff availability



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