

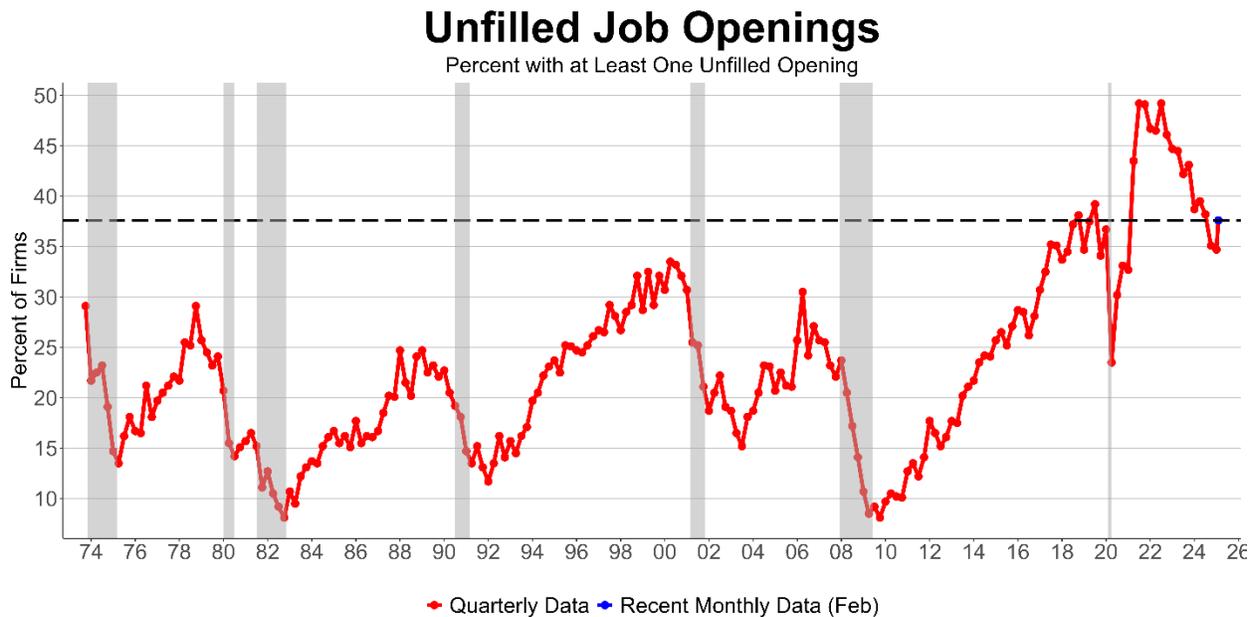
# Job Creation Weakens On Main Street

Based on 509 respondents to the February survey of a random sample of NFIB's member firms, surveyed through 2/28/2025.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that in January, 143,000 jobs were created in the U.S. economy. Revisions to estimates for November and December totaled 100,000 higher. The unemployment rate fell slightly to 4.0 percent. Employment grew in health care, retail trade, and social assistance, while it declined in the mining, quarrying, and oil and gas extraction industry.

Specifically looking at small businesses, NFIB's February Small Business Economic Trends survey found 38 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 3 points from January and the highest reading since August 2024. Thirty-one percent have openings for skilled workers (up 2 points) and 13 percent have openings for unskilled labor (up 3 points).

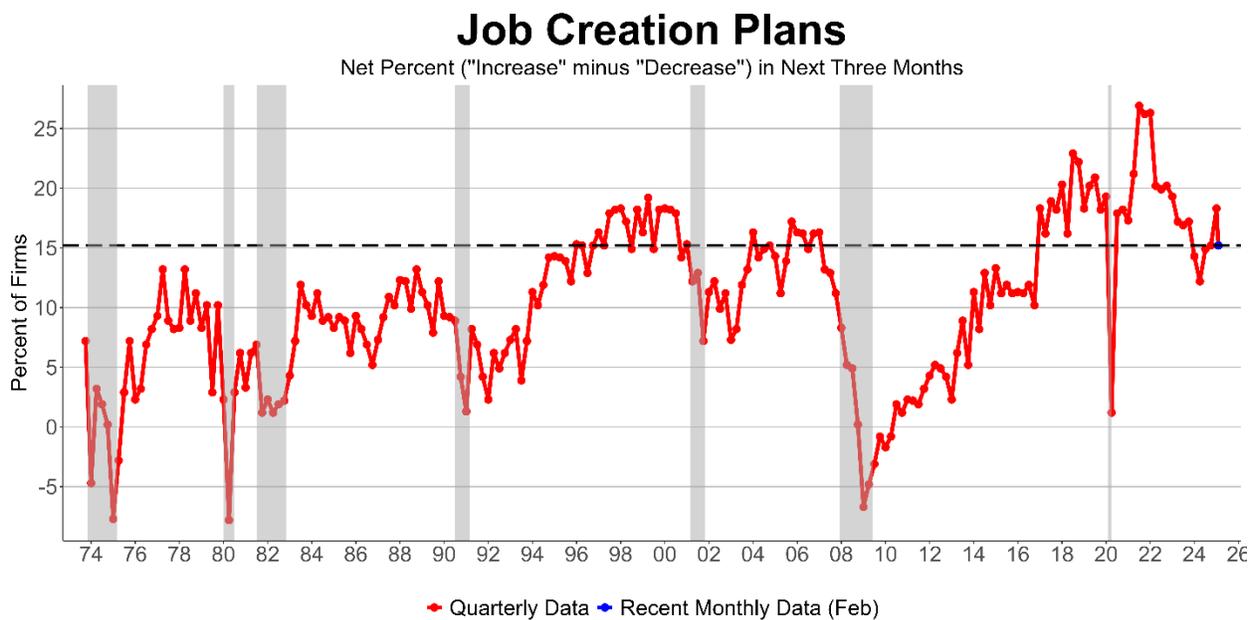


Job openings were the highest in the retail, construction, and manufacturing sectors, and the lowest in the agriculture and finance sectors. Job openings in construction were up 1 point from last month, but down 7 points from the prior year.

## Industry- Percent with Job Openings

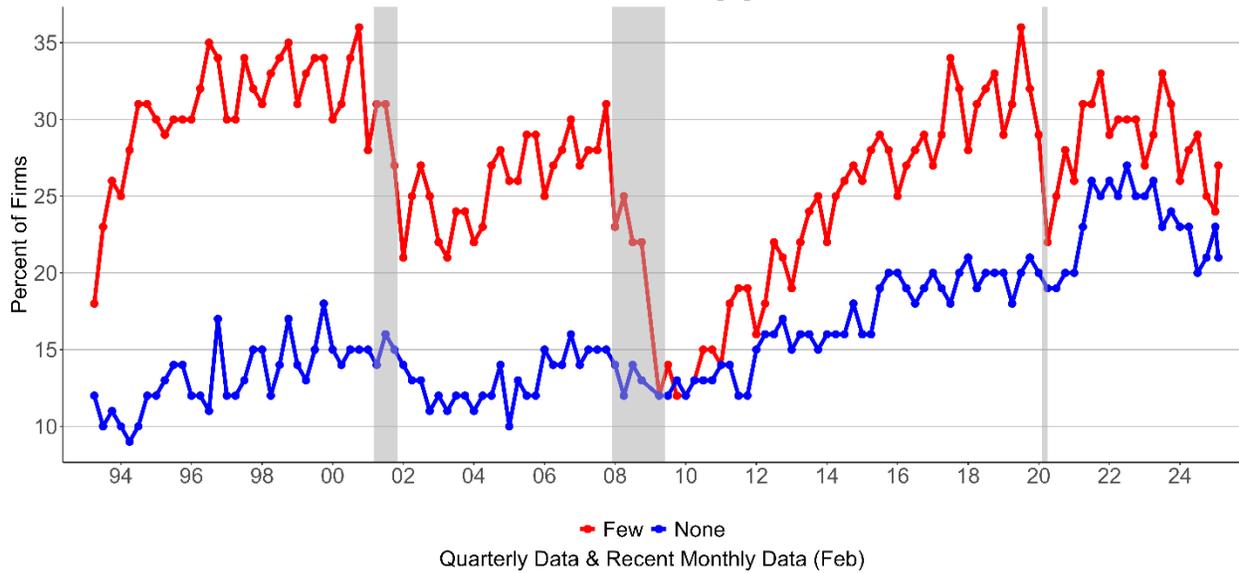
Industry	Feb. 2025	Feb. 2024
Retail	47%	32%
Construction	46%	53%
Manufacturing	39%	36%
Services	39%	36%
Wholesale	33%	46%
Transportation	30%	49%
Professional services	27%	36%
Finance	20%	16%
Agriculture	16%	12%

A seasonally adjusted net 15 percent of owners plan to create new jobs in the next three months, down 3 points from January. Job creation plans are below the levels seen the last time the economy experienced solid growth but are still in firm territory historically.



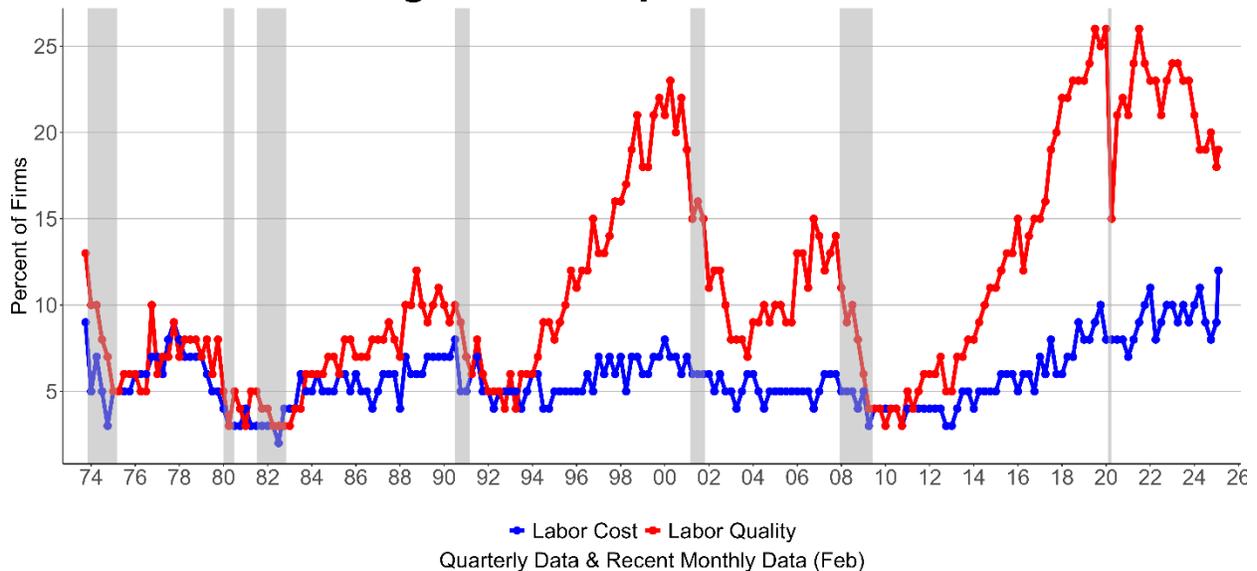
Overall, 53 percent of owners reported hiring or trying to hire in February, up 1 point from January. Forty-eight percent (89 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 1 point). Twenty-seven percent of owners reported few qualified applicants for their open positions (up 3 points) and 21 percent reported none (down 2 points).

## Qualified Job Applicants



The percent of small business owners reporting labor quality as their top small business operating problem rose 1 point from January to 19 percent. Labor costs reported as the single most important problem for business owners rose 3 points from January to 12 percent, only 1 point below the highest reading of 13 percent reached in December 2021. The last time labor costs ranked this high was February 2023.

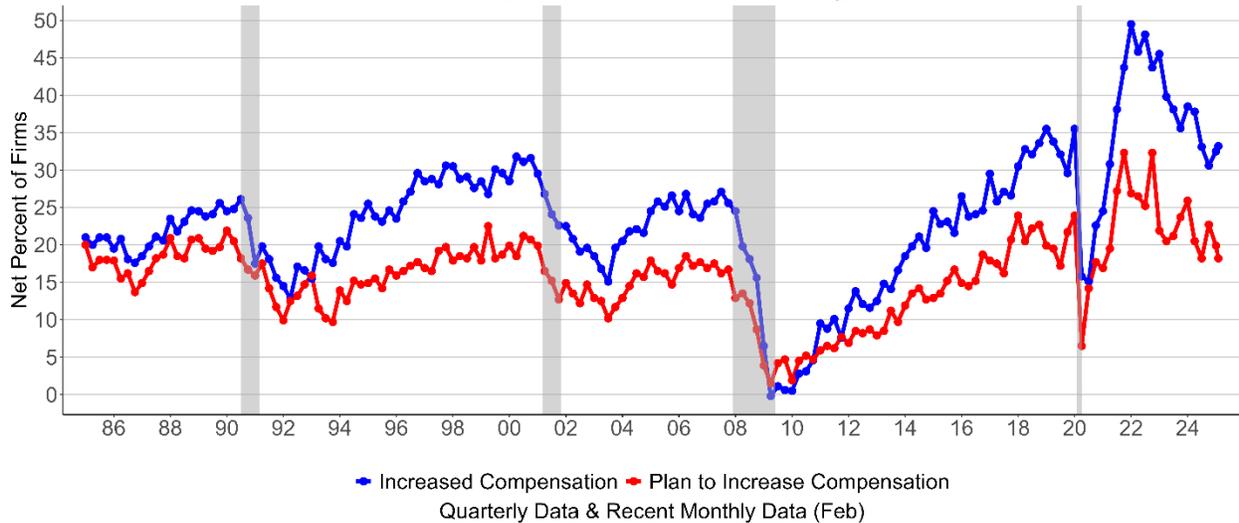
## Single Most Important Problem



Seasonally adjusted, a net 33 percent reported raising compensation, unchanged from January. A net 18 percent (seasonally adjusted) plan to raise compensation in

the next three months, down 2 points from January. Overall, there is still a lot of wage cost pressure for owners.

## Planned and Actual Labor Compensation Changes



Over half of Main Street firms reported hiring or trying to hire in February but failed, as qualified workers were in short supply. Public sector (government, social services, education, and healthcare) job growth remained solid pre-DOGE. The private sector has taken the back seat on job creation. Finding qualified workers remains the major headwind for stronger job growth on Main Street. The new administration is aggressively addressing the rapid growth of government employees, muddying the employment picture (many workers released will be paid through September). Overall, economic growth appears to be slowing, but at a slow pace. While large firms are shrinking their employment, small businesses are still trying to fill job openings. Wage increases have remained strong, putting pressure on prices. The bottom line for all of this will become clearer over the next few months.