

# MARGIN INDEX | Q1 2024

## An insight into the UK's Recruitment Margins

### POSITIVE START TO THE YEAR FOR RECRUITMENT MARGINS

This quarter, while the **Commercial** sector saw growth, with supermarkets reporting increased sales, the **Hospitality** and **Construction** industries faced declines due to adverse weather and subdued activity. Meanwhile, **Education** exhibited significant growth amidst ongoing hiring efforts and persistent skills shortages, highlighting increased demand for recruiters.

This quarter, the **Commercial** sector grew by 1.49% to **25.52%**. Supermarkets report increasing sales volumes. Customers are less inclined to look for deals and more inclined to pamper themselves, indicating that confidence is rising. The amount of people visiting shopping centres is rising. As the need for workers has grown, so have recruiters' profit margins.

With a 0.99% decrease in **Hospitality**, the margin percentage has dropped to **19.42%**. The demand at bars and restaurants has been dwindling due to the wet weather, particularly in rural regions, contributing to the already-expected post-Christmas slowdown. Nightclubs and other venues serving students are struggling, which is hardly surprising given that their patrons' rent and living expenses have increased. Wedding reservations are still high compared to the previous year, but more clients select less expensive midweek dates. While food and product sales are poor, theatres and other entertainment facilities report fairly consistent attendance figures. This indicates that the sector's margin just slightly declined.

The **Construction** industry fell 0.57% this quarter to **13.44%**. Weak construction activity implies lower demand for building materials, steel, timber, yellow goods, and chemicals. As projects conclude, the amount of new orders remains low. Concerns regarding insolvency risks remain significant, delaying existing and future development timelines. House building has decreased significantly over the last year, albeit the reduction rate is reducing. Housing associations continue to restrict new developments, hampered by increased costs and the need to focus cash towards repairs and upgrades; for example, dampness has become a larger concern as residents use less heating.

The **Driving** sector rose by 0.55% this quarter, reaching **19.48%**. Transport and logistics companies are increasing their investment in vehicles, shipping, warehouses, and infrastructure. Production contacts are increasing their investment plans, focusing on automation, robotics, energy, and other efficiency measures to overcome manpower restrictions and cost challenges. Therefore, demand for driving talent has increased along with recruiters' margins.

The **Oil and Gas** industry grew by 3.68%, reaching **24.80%**. Anticipated improvements in oil, gas, and low-carbon output throughout its operations for the first quarter of 2024 outperformed those reported at the end of the previous year despite estimates of a rise mainly in oil production for the full year. As a result, the need for talent in this area will likely increase.

**Education** has seen an increase of 3% to **26.97%**. With schools returning following the Christmas break, hiring efforts are anticipated to continue. Persistent skills shortages in the education industry have increased demand from recruiters in this profession. To address the skills gap, educational institutions are increasingly turning to recruiters. Because of the high demand and difficulty in locating teachers, recruiters might increase their profit margins even higher to accommodate the demand.

#### COMMERCIAL

+1.49%

25.52%

#### HOSPITALITY

-0.99%

19.42%

#### CONSTRUCTION

-0.57%

13.44%

#### DRIVING

+0.55%

19.48%

#### OIL AND GAS

+3.68%

24.80%

#### EDUCATION

+3%

26.97%