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2025 STAFFING INDUSTRY INSIGHTS

2025 OVERVIEW

2025 marked a modest rebound in staffing M&A activity from 2024, with a slight uptick in overall transaction volume. However, beneath the surface, the market remained fragile. Deal sizes continued to trend smaller, buyer appetite was selective, and transformative transactions were rare. While the headline numbers appear encouraging, especially in historical context, industry sentiment suggests a very different reality. The staffing industry continued to face pressure across most segments, limiting both seller confidence and buyer enthusiasm. Deal activity was largely driven by opportunistic acquisitions of subscale businesses, many of which were un-"banked" (no investment banking, M&A advisor/broker involvement – typical of smaller deals). Until industry fundamentals improve, the staffing M&A market is likely to remain soft.

KEY HIGHLIGHTS OF 2025

1. Transaction Volumes:

- North American staffing M&A activity totaled 111 announced transactions in 2025, a slight increase from the 102 deals recorded in 2024.
- Quarterly activity was uneven, with Q2 remaining the high watermark for the year with 38 transactions. Q3 and Q4 each recorded just 16 and 25 transactions, respectively.
- Despite the year-over-year increase, the majority of deals in 2025 were smaller, non-competitive transactions, suggesting a "buyers" market.

2. Market Sentiment:

- The broader staffing market remained under pressure, with industry revenue contracting in 2025.
- Many continue to postpone plans for a sale, citing suboptimal financial performance, limited buyer interest, or a belief that stronger results would yield better valuations in the future.

3. Sector Activity:

- **IT Staffing and/or Consulting** continued to represent a significant share of total volume, accounting for 32 of the 111 total transactions.
- **Healthcare Staffing** was the second most active segment with 22 transactions, up slightly from 19 in 2024.
- **Light Industrial and Commercial Staffing** was the worst performing segment with just 13 transactions in the year, reflecting ongoing challenges in the segment.

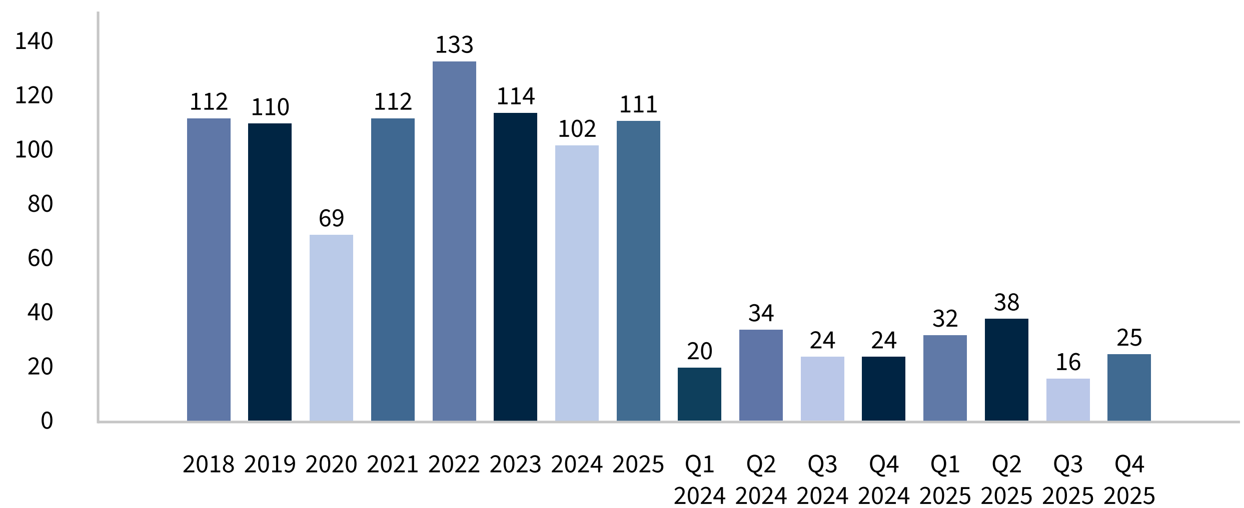
4. Private Equity Activity:

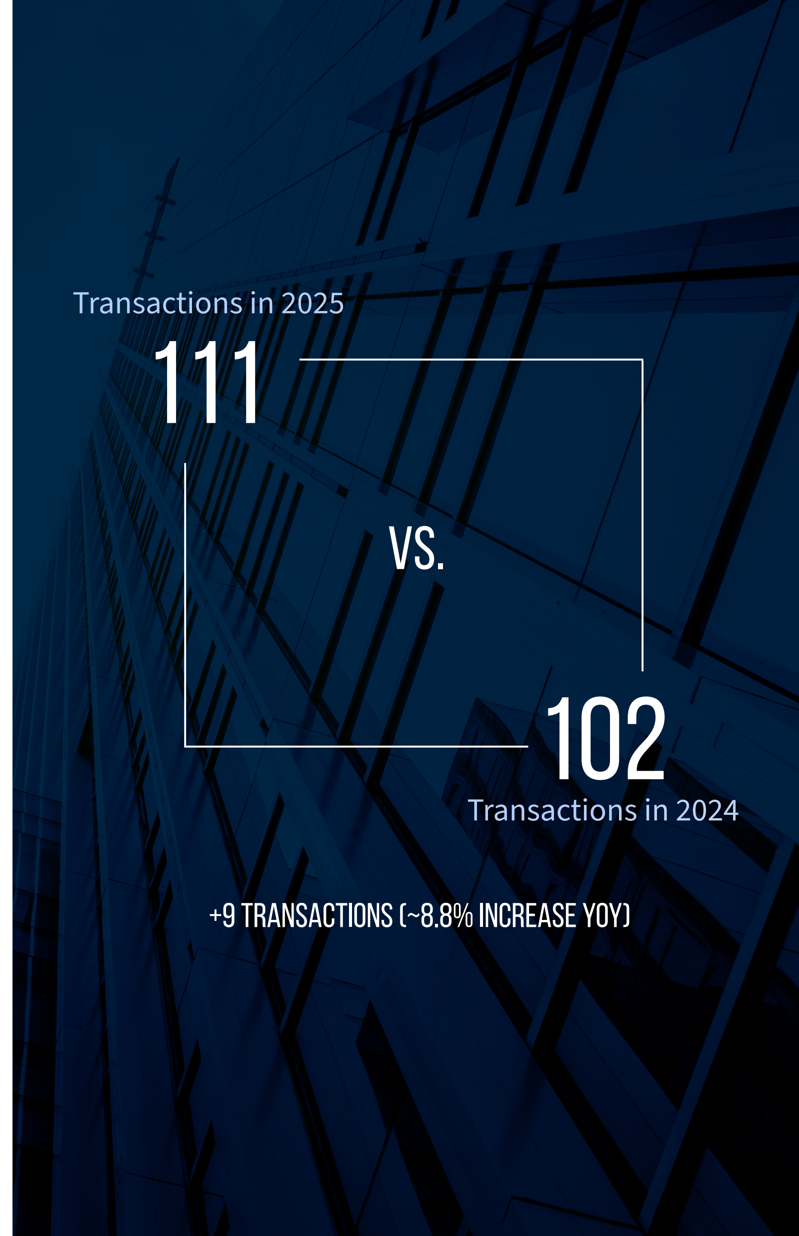
- Financial sponsor involvement remained muted, with relatively few deals showing direct PE backing.

COMPARISON TO 2024

While headline volume showed modest growth, the quality and size of transactions continued to reflect a weak M&A environment:

- **2024** included more available assets for sale with select PE involvement and larger transactions.
- **2025** volume ticked up to 111 transactions, but activity was dominated by small, discounted, and largely unrepresented deals.
- Buyers reported a continued lack of quality inventory, with many founders unwilling to sell in a down market.





While volume appeared healthy on paper, the M&A market in 2025 remained challenged. Most transactions were smaller, unrepresented, and discounted. Until there is meaningful improvement in broader staffing industry performance, M&A activity is expected to remain subdued.

Q4 2025 OVERVIEW

In Q4 2025, North American staffing M&A activity totaled 25 announced transactions, up from 16 in Q3. Deal activity remained consistent with broader 2025 trends: subdued, fragmented, and largely composed of smaller strategic acquisitions.

KEY HIGHLIGHTS

Heidrick & Struggles Take-Private Transaction:

In October 2025, Heidrick & Struggles entered into a definitive agreement to go private in an all-cash transaction led by an investor consortium headed by **Advent International** and **Corvex Private Equity**, with shareholders to receive **$59.00 per share**. The transaction valued Heidrick & Struggles' equity at approximately **$1.3 billion** and closed on **December 10, 2025**, making it one of the few large-scale, sponsor-led transactions to complete during the year.

Lack of Available Deals:

Q4 reinforced how constrained the sell-side remains. Buyers reported limited exposure to marketed, competitive processes, with many transactions occurring quietly and at the smaller end of the market. In this environment, buyers are increasingly selective, and high-quality opportunities stand out quickly when they do surface.

Ongoing Decline in Private Equity Activity:

While Heidrick's buyer was a financial sponsor, the broader quarter reflected sustained caution from the private equity community. Q4 2025 once again saw limited participation from PE firms, with most activity driven by strategic buyers pursuing add-on acquisitions rather than platform investments.

We are now entering a third consecutive year of what I expect will be a cautious environment for M&A in the North American staffing industry. The reality is there is a lack of available "attractive" assets in the market. It is no coincidence that many of the most active strategic acquirers of the past several years have been largely on the sidelines. Buyers remain disciplined and hesitant to overextend on valuation, particularly in a market where performance has been exceptionally difficult to predict. Sellers, on the other hand, are reluctant to come to market until their businesses have stabilized or recovered to 2021/2022 levels. Many are simply choosing to wait it out.

PREDICTIONS FOR 2026

- I believe 2026 will be the year more would-be sellers "throw in the towel" and decide they are unwilling to wait out another year.
- The total number of transactions completed will marginally exceed 2025. However, consolidation will continue to be driven among smaller staffing firms.
- Buyer selectivity will remain high. Buyers will continue to prioritize assets that are clearly differentiated, resilient, and strategically aligned, rather than taking chances on "maybe" fits.

That said, for staffing companies that are outperforming the broader industry and considering a sale, there is still a strong market. Buyer deal flow remains light, and many of the opportunities they are seeing are not compelling. That is a favorable setup for high-quality firms to stand out and command strong interest. Buyers will be aggressive with valuations and deal structure with this cohort.

A broader resurgence in M&A activity still hinges on the overall performance of the staffing industry. Most industry forecasts point to only modest growth in 2026, and it is worth noting that these same forecasters have revised their estimates downwards in each of the past two years. Until we see a steadier flow of more meaningful transactions, it will be hard to say the staffing M&A market is truly "back."

Q4 2025 ANNOUNCED TRANSACTIONS

DATE	BUYER	ACQUIRED COMPANY	HIGHLIGHTS	SEGMENT
Oct. 1st	StaffDNA	Ethos Medical Staffing	Travel nursing and allied health staffing firm acquired by StaffDNA to expand its healthcare staffing platform and clinician reach.	Healthcare
Oct. 9th	24 Seven	MTP	Creative agency talent solutions firm acquired by 24 Seven to deepen its marketing, creative, and digital agency staffing capabilities.	Other Professional
Oct. 9th	ProMed Staffing	Rock Medical Group	Omaha-based travel nurse and allied health staffing agency acquired by ProMed Staffing Resources to expand national clinician coverage.	Healthcare
Oct. 29th	Arthur J. Gallagher & Co.	Safe T Professionals	Environmental health and safety staffing and consulting provider acquired by Arthur J. Gallagher & Co. to broaden EHS talent and risk solutions.	Light Industrial/ Commercial
Oct. 27th	QPS Employment Group	American Staffing	Missouri-based industrial and direct-hire staffing firm acquired by QPS Employment Group to expand its regional light industrial footprint.	Light Industrial/ Commercial
Oct. 31st	Care Career	Source Medical Staffing	Healthcare staffing and workforce solutions provider acquired by Care Career to broaden its national healthcare staffing portfolio.	Healthcare
Oct. 28th	Hawaiian Council	Superior Staffing Services	Hawaii-based staffing services provider acquired by Hawaiian Council to expand local workforce solutions and staffing capabilities.	Light Industrial/ Commercial
Nov. 19th	Levi, Ray, Shoup (LRS)	Codeworks	IT staffing and consulting firm acquired by LRS to strengthen its IT and engineering staffing division and expand client delivery.	IT Staffing and/or Consulting
Dec. 1st	Openwork	Alternative Resources Co.	Life sciences recruiting and staffing firm acquired by Openwork to deepen specialization in pharmaceutical, biotech, and related life sciences talent.	Other Professional

*Sources: Momentum Advisory Partners' proprietary research, Staffing Industry Analysts, and American Staffing Association.

DATE	BUYER	ACQUIRED COMPANY	HIGHLIGHTS	SEGMENT
Dec. 2nd	Provana	Neostella	IT and legal staffing business acquired by Provana to expand global delivery and nearshore staffing capabilities, including teams in the US and Colombia.	IT Staffing and/or Consulting
Dec. 3rd	hyrUp	Evolve Partners	Boutique executive search firm acquired by hyrUP to expand finance, technology, and leadership search capabilities nationwide.	Search
Dec. 10th	Advent International/Corvex Private Equity	Heidrick & Struggles	Global executive search and eadership advisory firm acquired in an all-cash take-private transaction led by Advent International and Corvex Private Equity at $59.00 per share.	Search
Dec. 10th	Tata Consultancy Services	Coastal Cloud	Salesforce consulting firm acquired by Tata Consultancy Services to strengthen Salesforce advisory and delivery capabilities at global scale.	IT Staffing and/or Consulting
Dec. 11th	Lindauer	Pearl Street Collective	Boston-based executive search firm acquired by Lindauer to expand nonprofit and mission-driven executive search capabilities.	Search
Dec. 1st	Digital Prospectors	Albin Engineering Services (AESI)	Engineering recruiting and staffing firm acquired by Digital Prospectors to expand engineering and government services talent solutions, including cleared staffing.	Other Professional
Dec. 17th	WittKieffer	Ross & Co.	Healthcare and life sciences executive search firm acquired by WittKieffer to deepen leadership solutions for investor-backed healthcare and life sciences organizations.	Search
Dec. 15th	Revolution Technologies	Solerity	Provider of advanced IT and engineering services to the US Federal Government acquired by Revolution Technologies to expand government contracting capabilities.	IT Staffing and/or Consulting

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DATE	BUYER	ACQUIRED COMPANY	HIGHLIGHTS	SEGMENT
Oct. 23rd	Jobplex	Healthcare Management Group	Healthcare executive search and recruiting firm acquired by Jobplex (DHR Global) to strengthen its healthcare practice and Midwest presence.	Search
Nov. 5th	Radnet Inc.	AlphaRT	Remote MRI scanning solutions and services provider acquired by RadNet to expand its remote scanning and digital health capabilities.	Healthcare
Nov. 10th	K2 Services	Forrest Solutions	Provider of staffing and managed workplace services acquired by K2 Services to broaden solutions for professional services and legal clients.	Other Professional
Nov. 13th	Cursor	Growth by Design	Tech recruiting and strategy firm acquired by Cursor to augment in-house recruiting capabilities amid intense competition for AI and software talent.	IT Staffing and/or Consulting
Dec. 2nd	Hirewell	CS Recruiting	Supply chain, logistics, and transportation recruiting firm acquired by Hirewell to expand specialized talent solutions in the logistics sector.	Search
Dec. 11th	Built for Leaders (B4L)	Equis	Talent solutions provider acquired by Built for Leaders to combine leadership advisory with talent acquisition and flexible staffing services.	Other Professional
Dec. 15th	Flexicrew Technical Services	Holi Services, Inc	Louisiana-based staffing firm acquired by Flexicrew Technical Services Flexblue Staffing to strengthen New Orleans presence and expand Baton Rouge operations.	Light Industrial/ Commercial
Dec. 28th	Innovative Staff Solutions	Inter-Connect Employment Services	Illinois-based staffing firm acquired by Innovative Staff Solutions to expand regional footprint and broaden workforce solutions offerings.	Light Industrial/ Commercial

*Sources: Momentum Advisory Partners' proprietary research, Staffing Industry Analysts, and American Staffing Association.

ABOUT MOMENTUM ADVISORY PARTNERS

Momentum Advisory Partners is a leading M&A broker specializing in advising and representing founders of North American staffing companies in a sale. Founded in July of 2020 by Akash Taneja—who brings over 16 years of staffing M&A experience, including 12 years at a leading advisory firm—Momentum has quickly become a trusted partner for staffing founders considering an exit.

OUR TEAM

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Donna Gibb
Industry Advisor

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