



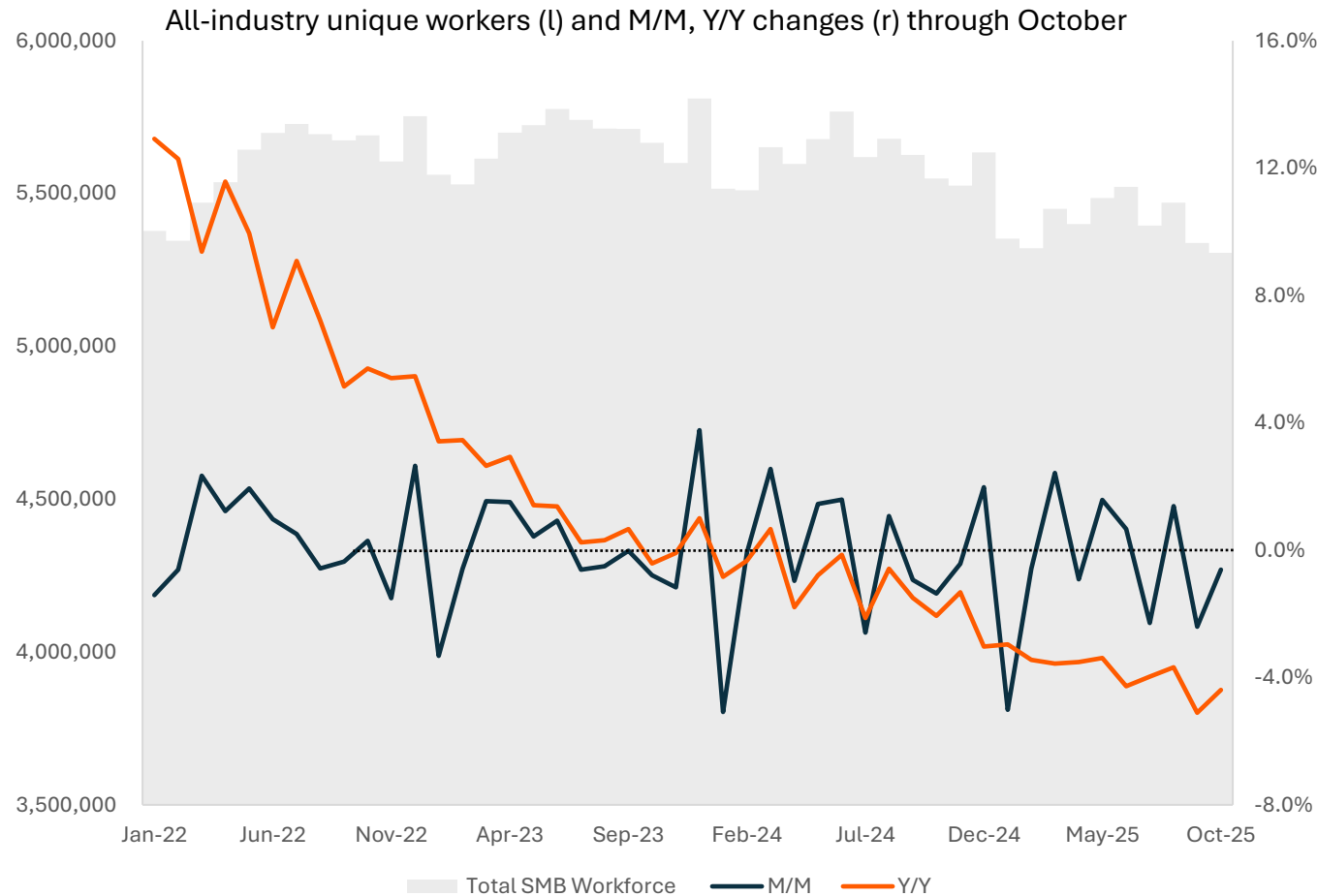
Insights exchange for the model-driven economy

October SMB Payrolls Show Workforce Contraction, Slowing Job Starts, and Stagnant Wage Growth

1. SMB data showed month-over-month workforce stabilization in October, but year-over-year declines continued, pulling overall SMB employment back to where it stood in 2021.
2. Every census region showed year-over-year workforce declines in October, led by the Pacific and New England regions. West South Central has been the most stable, while a resilient workforce in East South Central flipped to a decline in October.
3. Job starts fell in October to 4.7% of the prior month's workforce, the lowest rate of job growth in any October in at least six years.
4. Full-time year-over-year wage growth fell below September's 12-month core CPI rate of 3.0%, while part-time wage growth ticked up slightly.

Workforce Declines Slowed in October, Downward Trend Continued

October SMB data shows workforce stabilization in October, but Y/Y declines continued, pulling overall SMB employment back to where it stood in 2021.

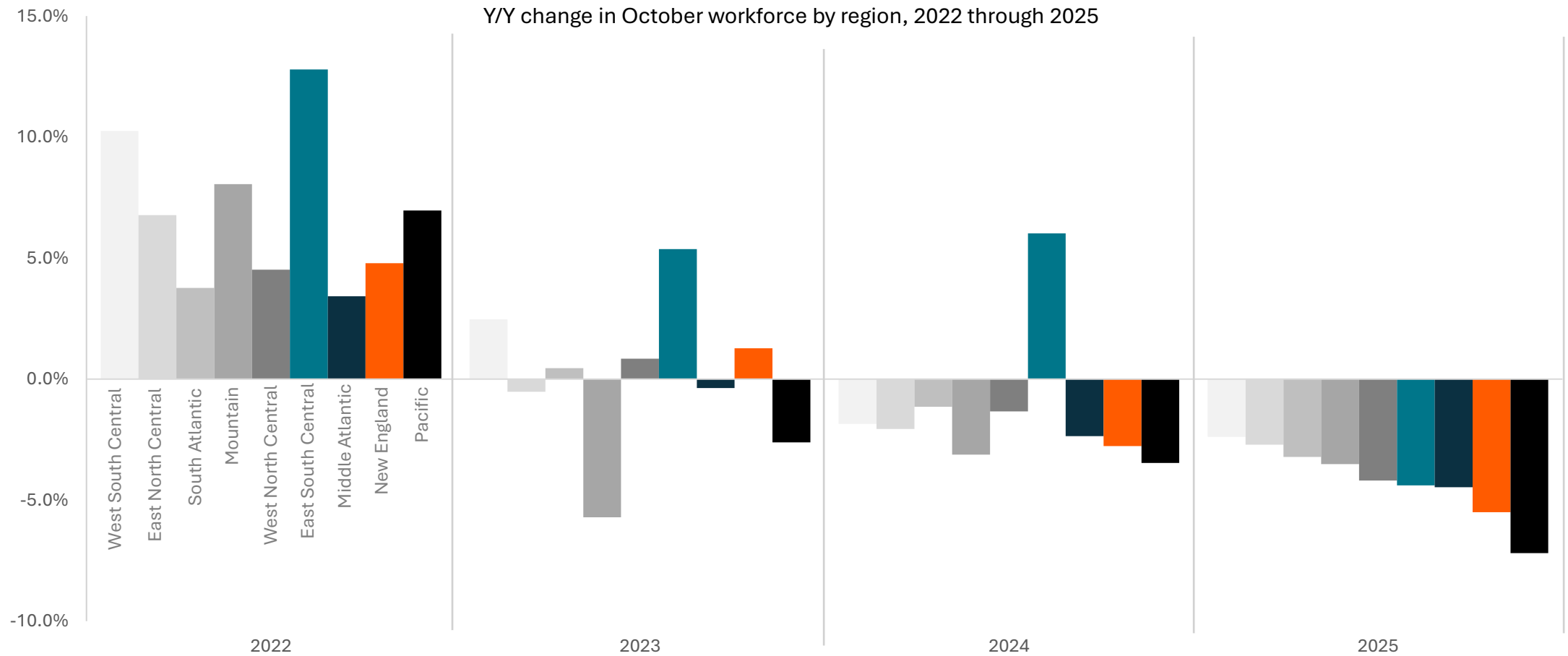


Key Takeaways:

- In October 2025, the SMB workforce reached the lowest level since July 2021.
- M/M decline of -0.62%, or 32,986 unique employees, was an improvement from September’s M/M decline of -2.40%.
- M/M decline was the largest for any October since 2022 (+0.29%).
- Y/Y decline of -4.4%, or 243,665 unique employees, was the third consecutive October Y/Y contraction, and the largest October workforce decline since pre-COVID..
- Y/Y change in October have been in decline for four consecutive years.

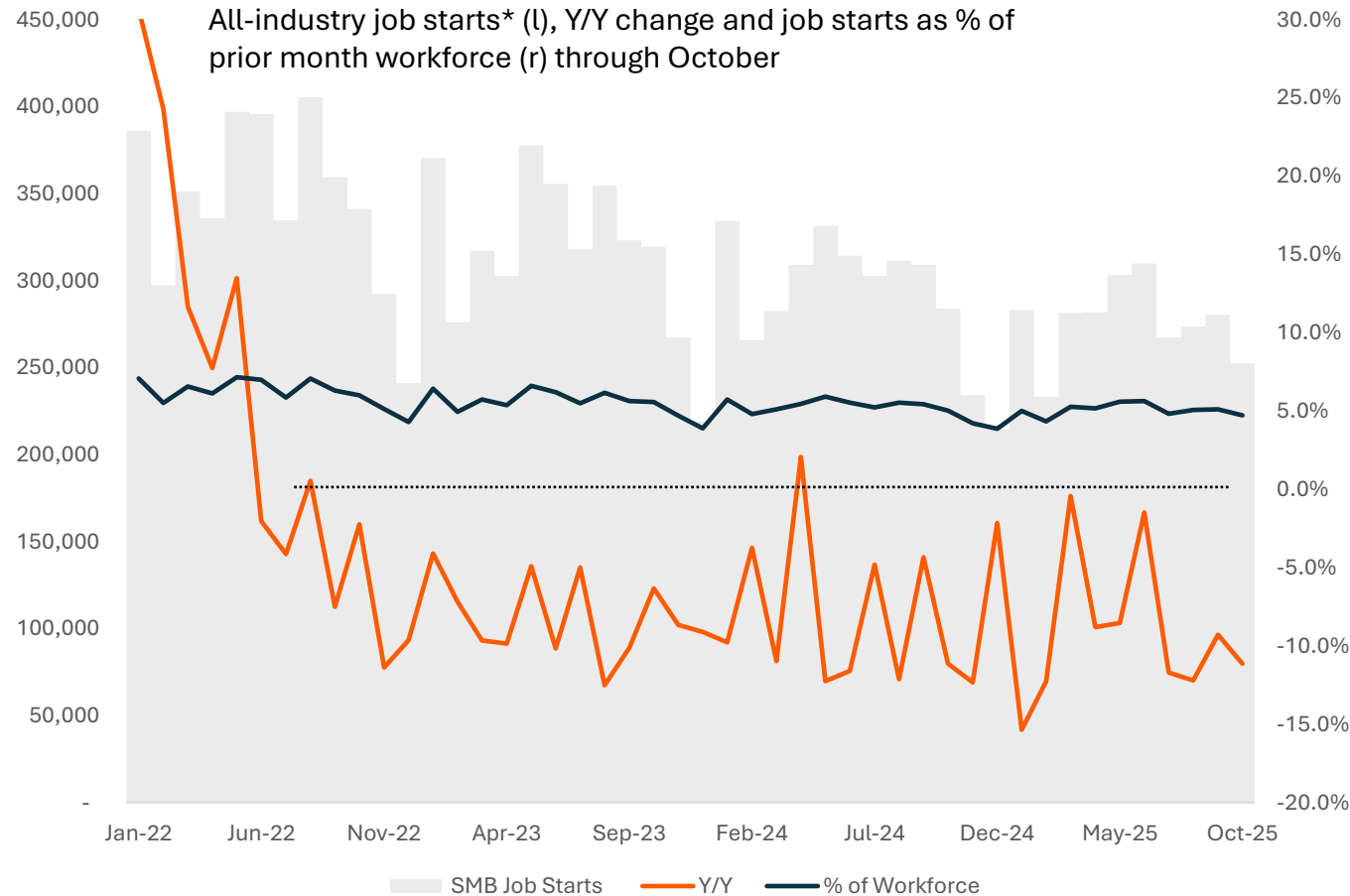
The Pacific Drove October's Workforce Drop; East South Central Turned Negative

Every census region showed Y/Y workforce declines in October, led by the Pacific and New England regions. West South Central has been the most stable, while a resilient workforce in East South Central flipped to a Y/Y decline in October.



Job Starts Fell in October, Year-Over-Year Downtrend Continues

October SMB data shows a month-over-month decline in job starts* for a third month in 2025 (February & July). Year-over-year, job starts declined -11.1%, marking the eighteenth consecutive Y/Y drop.

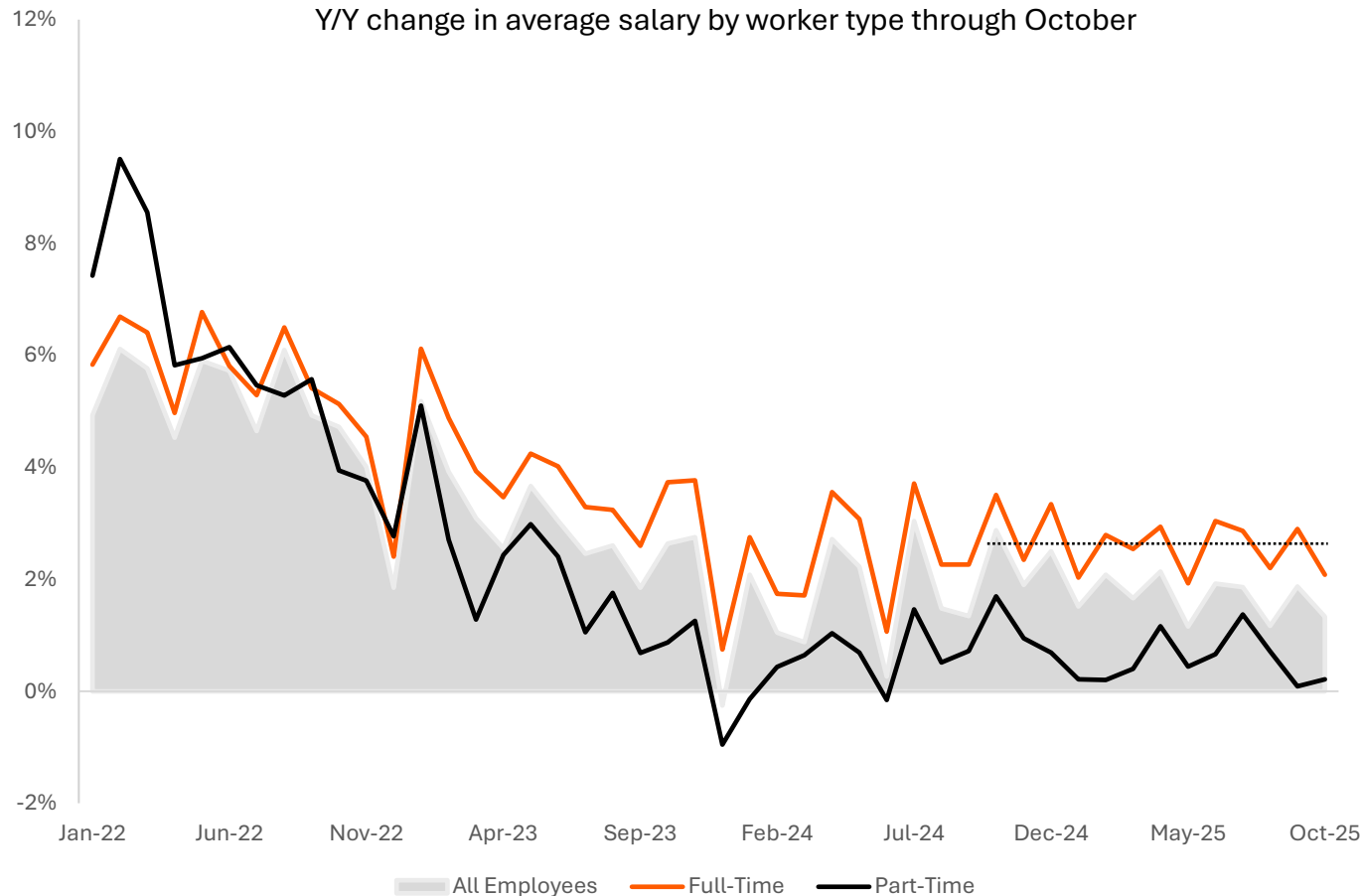


Key Takeaways:

- October job starts were 252,470, 10.0% fewer than September, and the third M/M decline of 2025.
- At 4.7% of the prior month’s workforce, October job starts hit their lowest proportion since December 2024 – and third lowest since December 2023.
- The Y/Y change in job starts has been negative for 18 consecutive months.
- Y/Y job starts declined -11.1%, the 4th consecutive October Y/Y decline, and matches October 2024 Y/Y decline as its largest since pre-COVID
- October job starts as a percent of prior month workforce of 4.7% was the lowest for an October in at least six years.

Wage Growth Dipped Below Inflation in October

Full-time year-over-year wage growth fell below September's 12-month core CPI rate of 3.0%, while part-time wage growth ticked up slightly.



Key Takeaways:

- Y/Y full-time employee wage growth was +2.1% in October, the lowest Y/Y growth for an October since at least 2022.