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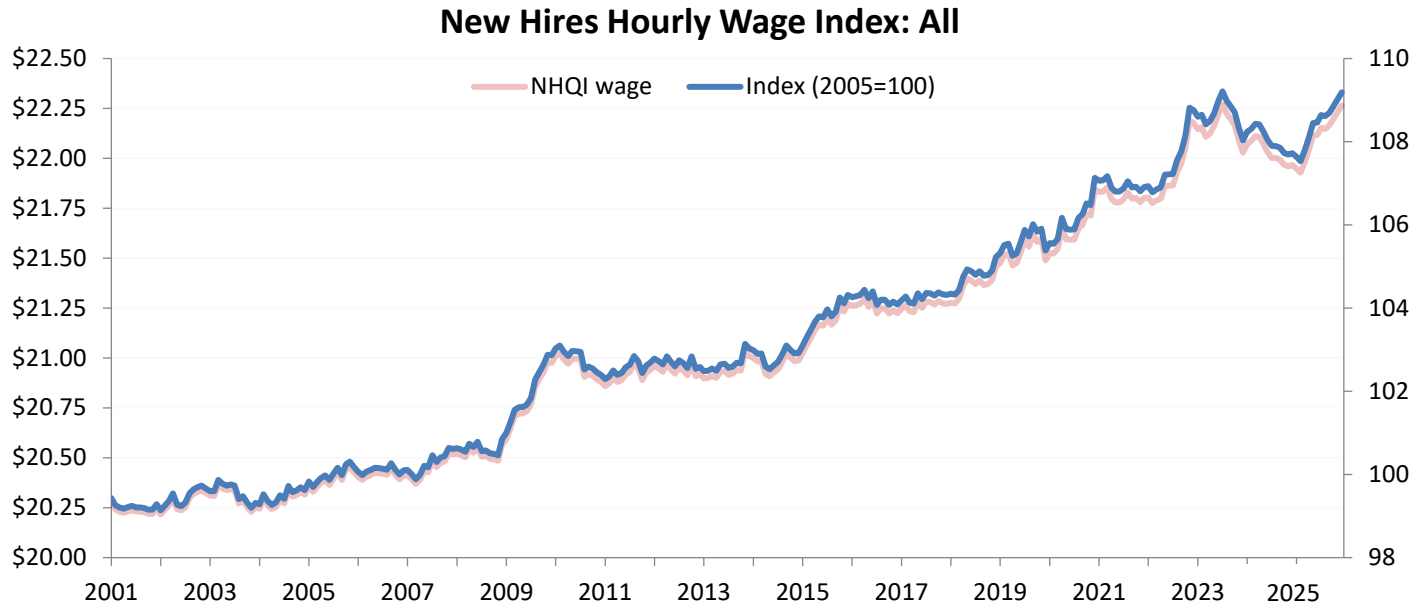
Upjohn Institute New Hires Quality Index rose 0.5 percent in December 2025 and volume rebounded by 2.3 percent, with metros continuing ahead of rural areas

NOTE: This month's release was delayed due to the federal government shutdown in October, which led to no data collection that month, making construction of the NHQI infeasible for both the October and November data months. This release marks a return to the normal cycle, but some caution should be used in interpreting the estimates, as they are based on moving averages that exclude Oct and Nov 2025.

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job rose in December 2025, to $22.26—a high for the year and just behind the record from July 2023. Hiring volume jumped 2.3 percent since September and 1.8 percent from December 2024, although it is still down 3.7 percent from before COVID. Adjusting for population growth, hiring *rates* have been flat over the year and are down 8.7 percent from the pre-COVID baseline. Thus, despite the recent uptick, which should be treated with some caution given the lack of data in October and November, the hiring market remains fairly sclerotic, especially for many middle-wage positions.

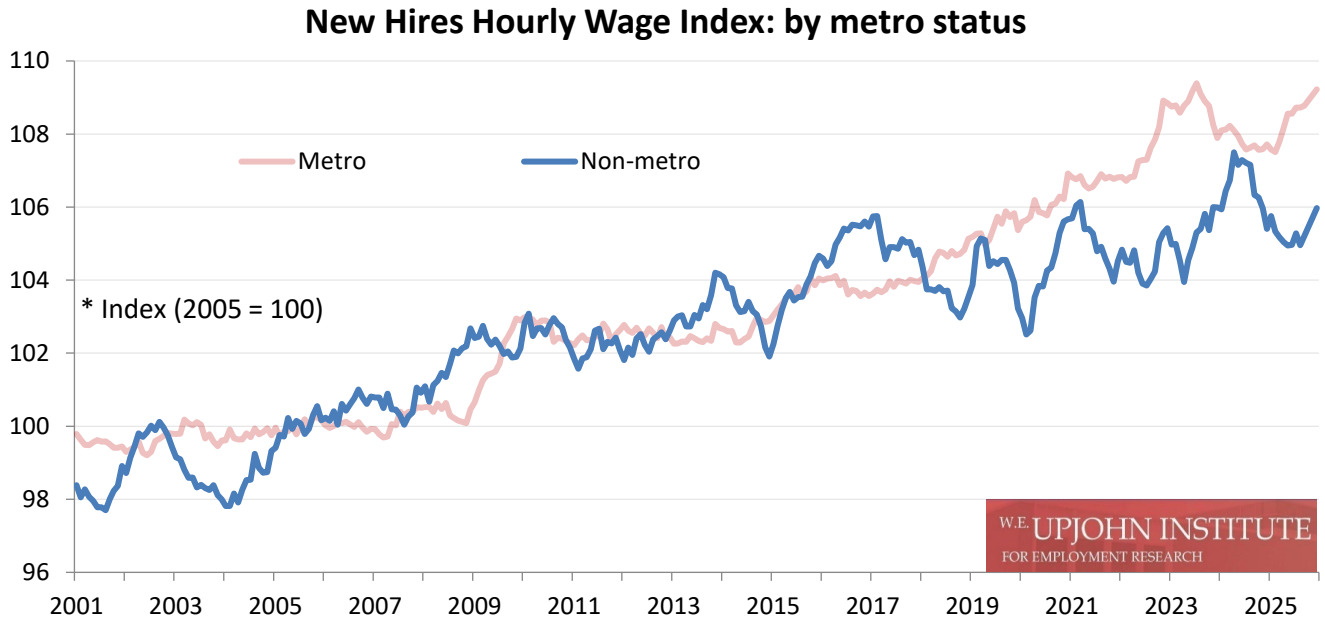
The index and accompanying interactive database and report, developed by Upjohn Institute economist Brad Hershbein, fill a key gap in the measurement of hiring activity. The NHQI provides monthly updates on the volume and occupation-based wages of newly hired workers, and is available for different groups based on sex, age, education, and other characteristics.



SOURCE: Upjohn Institute New Hires Quality Index
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

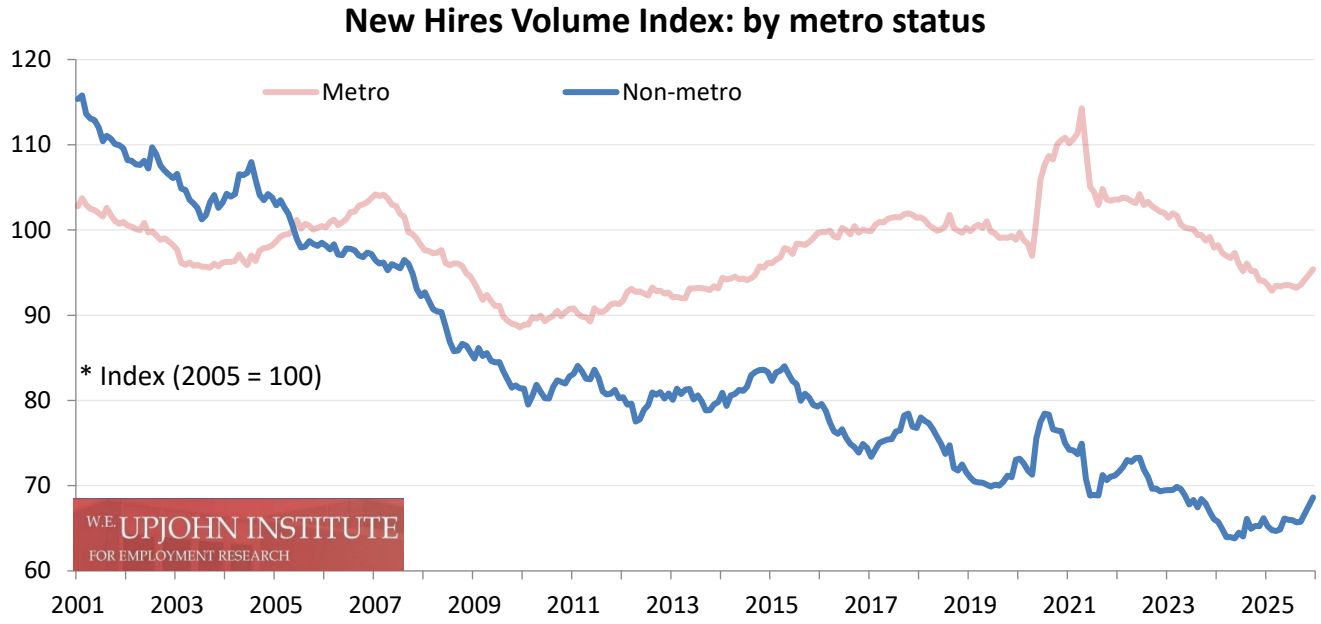
In this month's release, the first since the (delayed) September data month, we return to the hiring dynamics of metropolitan and non-metropolitan areas. Many metros, especially large ones, have been reliant on international immigration for the their population growth in recent years (or decades, in some cases), with considerable evidence that such immigration boosts local economic activity and can raise earnings and employment even for existing domestic residents. With national policy changes that have led to sharp declines in international immigration, and likely slower population growth in many metros, what has happened with the quality and quantity of newly hired workers in these and relatively rural places? For an answer, we turn to the NHQI.

The graph below shows the hourly wage index separately for newly hired workers in metro (salmon) and non-metro (blue) areas. Each index is normalized to the respective group's own level in 2005 to better show relative changes. Although both indices grew at roughly similar rates after the Great Recession until close to the pandemic, there has been greater divergence since, with metro areas' seeing faster wage index growth particularly in 2022 and the first half of 2023 while the index remained stagnant for non-metro areas. This pattern changed over the following 12 months, as the earnings power of newly hired workers in non-metros surged, even as their metro counterparts gave up some of their earlier gains, with near convergence in long-term trends between the groups by the middle of 2024. Over the past year, however, the metro wage index has jumped again, up 1.3 percent, and is just below its all-time high from July 2023. Non-metros, in contrast saw modest declines for most of 2025 before beginning a very recent reversal in the last few months of the year, rounding out 2025 with a 0.5 percent gain. However, this level is barely above the one reached nine years ago, whereas the wage index for newly hired metro workers now exceeds that earlier benchmark by 5.4 percent.

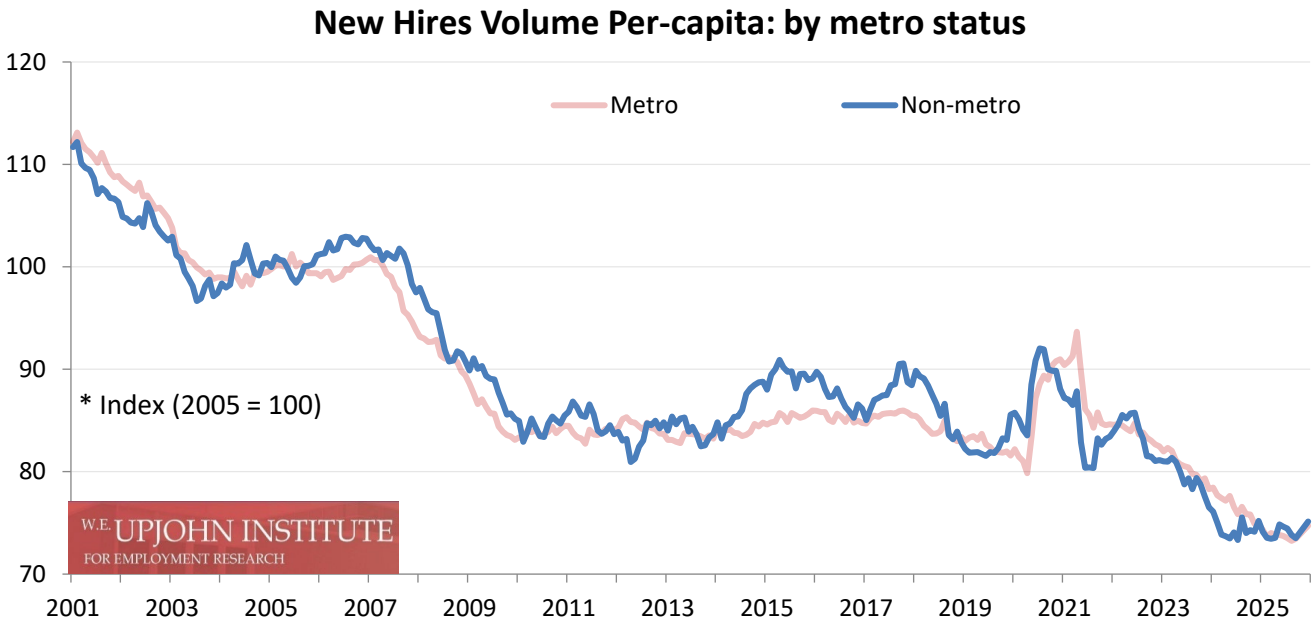


The relative strength of the respective areas' hiring markets becomes even clearer when we examine the *quantity* of hires for each. The next graph shows hiring volume for each type of area, again with values indexed to 2005. Although both area types showed a small uptick in hiring in December 2025, this optimistic reading should be treated cautiously because no readings were available in October or November, and these are usually used to create a smoothed 12-month moving average. Prior to December's bump, hiring volume in metro areas had declined 1.7 percent over the year, while non-metros

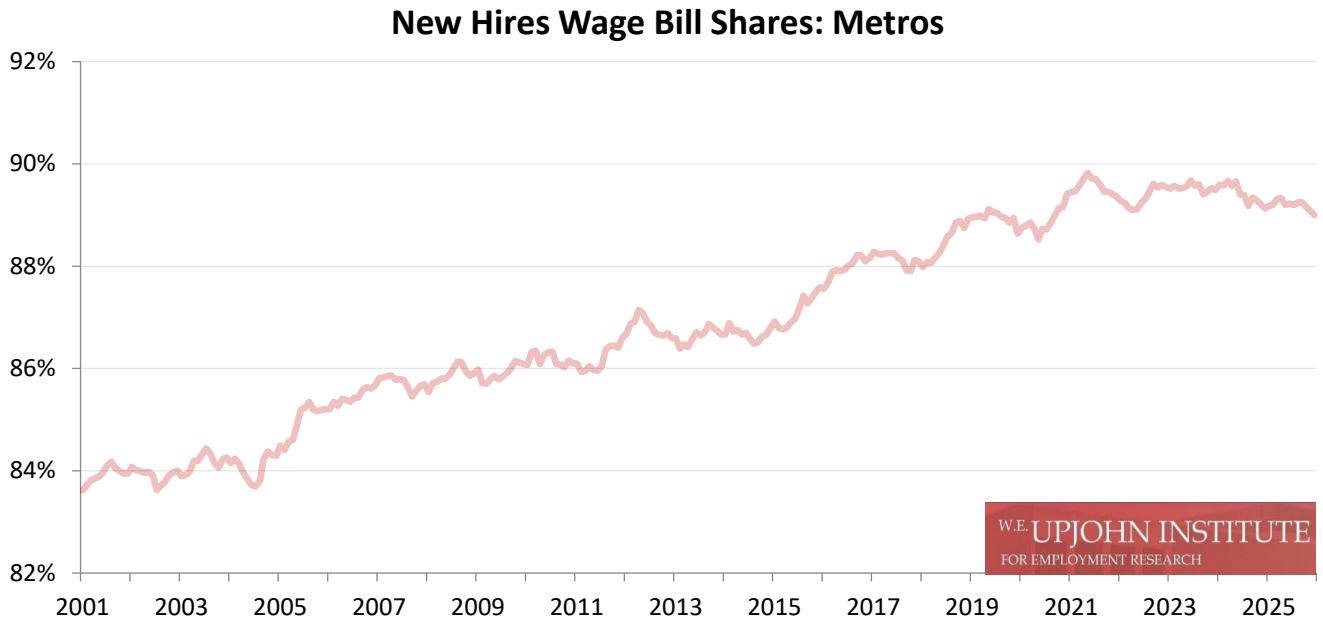
had seen a 1.3 percent increase. Nonetheless, longer-term trends show stark differences, with hiring volume over the past decade down 4.2 percent in metro areas, but down more than three times as much, 13.5 percent, in non-metros.



Most of these differences in hiring volume, however, are due to changes in the underlying populations of each type of area, with non-metros accounting for smaller fraction of the total population over the years. If we calculate normalized hiring rates—the volume of new hires divided by the working-age population in each type of area, standardized to 100 for year 2005—the trends are much more similar. Hiring rates have been stagnant over the past 12 months for both metros and non-metros, down 13–16 percent over the decade, and down about one-quarter since 2005. In this context, it is perhaps a silver lining that hiring rates did not decline further in 2025. Still, the wage index and hiring volume and rate trends suggest that middle-paying occupations are becoming particularly scarce in metro areas, perhaps accounting for growing concerns about affordability of a middle-class lifestyle.



These mixed patterns have led to little recent change in metros' share of the new hires wage bill—the aggregate earnings power of all newly hired workers accruing to those in metro areas. As of December 2025, this share held at 89 percent, down just 0.1 percentage point from a year earlier. After gradually but steadily increasing from 84 percent in the early 2000s to about 89 percent right before the COVID pandemic, this share has fluctuated between 89 and 90 percent since. Metro areas' hiring markets may not be pulling further ahead of non-metros' but they are not ceding much of their gains, either.



These statistics and many more, as well as interactive charts and data downloads, can be found at the website for the Upjohn Institute New Hires Quality Index: www.upjohn.org/nhqi.

The full report, including methodology, can be found here: https://www.upjohn.org/sites/default/files/2021-05/NHQI_report_0.pdf.

All data will be regularly updated during approximately the first week of the second month following the reference of the data release month. For example, data for January 2025 is scheduled to be released during the first week of March 2026. (Due to the federal government shutdown, no data were collected for the month of October 2025, so there will be no release for this month or the following month, as NHQI construction requires data from adjacent months.) To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: www.upjohn.org/nhqi/signup.

FAQ

1. What is the New Hires Quality Index?

The New Hires Quality Index (NHQI) is a consistent way of measuring the earnings power of people taking new jobs each month, allowing comparisons over time.

2. How is the Index constructed?

The Index is based on the occupations of newly hired workers as documented in the Current Population Survey, the same source used to produce the national unemployment rate each month. Separate data on the hourly wages for each occupation from another government survey, Occupational Employment Statistics, are connected to the newly hired workers in the Current Population Survey. These hourly wages are then statistically adjusted to account for differences in the demographic composition of new hires (sex, race and ethnicity, education, and age) before being averaged.

3. Does the Index measure actual, reported wages of newly hired workers?

No. Although the data used to create the Index do have some information on self-reported wages (or those reported by another household member), many economists consider these self-reported wages increasingly unreliable, as a growing fraction of workers refuse to answer the wage questions, and the government's attempts to impute (make an "educated guess") for these workers are problematic. Moreover, because relatively few workers are even asked the wage questions, and only a small subset of these are newly hired, use of the self-reported wage data would lead to very small samples.

The Index captures changes in the wages of new hires due to both changes in the mix of occupations hired and the demographic characteristics of individuals taking new jobs. It will not capture change in the wages of new hires due to other factors, such as individual aptitude, geography, or employer characteristics.

A comparison of the Index with a series derived from the actual self-reported wages in the Current Population Survey can be found in the technical report. An analysis of self-reported wages can also be found in press releases for July 2018, July 2019, July 2020, July 2021, July 2022, July 2023, July 2024, and July 2025.

4. Does the NHQI count self-employed workers?

No, the NHQI excludes the self-employed (including those who report bring independent contractors).

5. How often is the NHQI updated?

Every month, with the release by the Census Bureau of the Current Population Survey microdata. Updates will be posted on the NHQI website during the first week of the month, covering data from two months ago. Data are currently available from January 2001 through December 2025, excepting October and November 2025, for which there are no data. To receive updates through email or social media, visit the signup page.

6. What data are available on the NHQI website?

The NHQI website contains monthly data for all components of the NHQI. The four main components are: the hourly wage index, the hiring volume index, the wage bill index (the product of hourly wages and hiring volume), and the hires per capita index. Each component is available at its actual level or normalized to the base year 2005. In addition to providing data for all new workers, the NHQI exists for men, women, different age groups, different education groups, different races/ethnicities, different industry sectors, different regions, native and foreign-born, full- and part-time workers, and different types of new hires (the newly employed and employer changers). All data can be charted interactively or downloaded for separate analysis.