Staffing Market Update: Q1 2026

The U.S. staffing industry is projected to experience modest recovery in 2026

The U.S. staffing industry is entering 2026 in a state of cautious optimism, projected to undergo a modest recovery with a 2% overall growth rate that will bring the total market size to approximately $183.3 billion. This follows a challenging period in 2024, where merger and acquisition (M&A) activity dipped to a four-year low of just 93 deals. However, the sector is currently rebounding, evidenced by a significant 25% year-over-year increase in deal volume during Q1 2025—the highest activity level seen since late 2022. Analysts now forecast between 85 and 100 deals for the full year, driven largely by strategic consolidations and private equity "add-on" acquisitions. While the market is not yet back to its 2022 peak, valuations have remained remarkably stable. Middle-market firms with an EBITDA between $3 million and $4 million are typically trading at multiples of 4.0x–4.5x for light industrial segments, 5.0x–6.0x for professional staffing, and 5.5x–7.0x for high-growth IT niches.

The underlying dynamics of this recovery are fueled by tight labor markets and rising employment costs, which persist even as inflation begins to cool. These pressures are driving increased demand for sophisticated background screening and talent acquisition technologies. Integration of artificial intelligence and automation has become a primary value driver, with firms now widely utilizing these tools to reduce time-to-hire by an estimated 20% to 30%. Furthermore, the industry is witnessing a fundamental shift toward skills-based hiring, where competencies are prioritized over traditional degrees, leading to a 25% increase in reskilling investments. This technological and strategic evolution is particularly visible in the HR segment, which is expected to dominate M&A activity as buyers target innovative, AI-enabled platforms.

Sector-specific performance varies significantly across the landscape. In contrast, the health care staffing segment is still normalizing after a post-pandemic decline that saw travel nurse volumes drop by 40%. While nurse staffing appears to have bottomed out, the health care sector's brightest spot is "locum tenens," which remains highly active and commands premium valuations in the 10x–15x EBITDA range. Meanwhile, light industrial staffing continues to lag as sellers remain hesitant, awaiting clearer macroeconomic signals regarding potential shifts in tariffs and immigration policies.

Despite the upward trend, challenges such as valuation gaps between optimistic sellers and cautious buyers remain. Current deal structures reflect this caution, often favoring deferred payments with cash at close typically ranging between 70% and 80% for marketed processes. However, as post-election clarity emerges and the potential for interest rate cuts increases, these frictions are expected to ease by year-end. For staffing firms currently eyeing an exit, the primary recommendation is to streamline operations and emphasize "defensible niches" to attract buyers who are increasingly prioritizing strong client relationships and long-term growth potential.

Key Takeaways

- AI and Automation: widespread use in sourcing, screening and analytics to cut time-to-hire by 20–30%
- We expect high-value transactions emphasizing technology integration and specialized talent pools to continue in 2026
- There is a considerable buyer interest in locums, skilled trades and IT staffing firms

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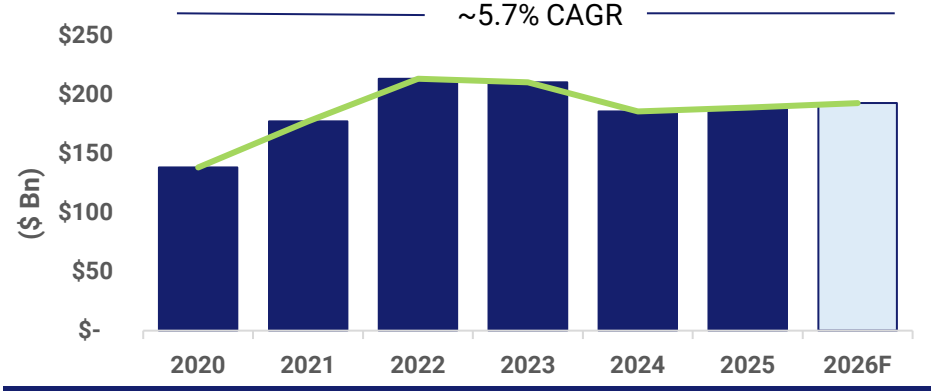
Sources: S&P Capital IQ, IbisWorld, Pitchbook, Griffin Financial Group Research

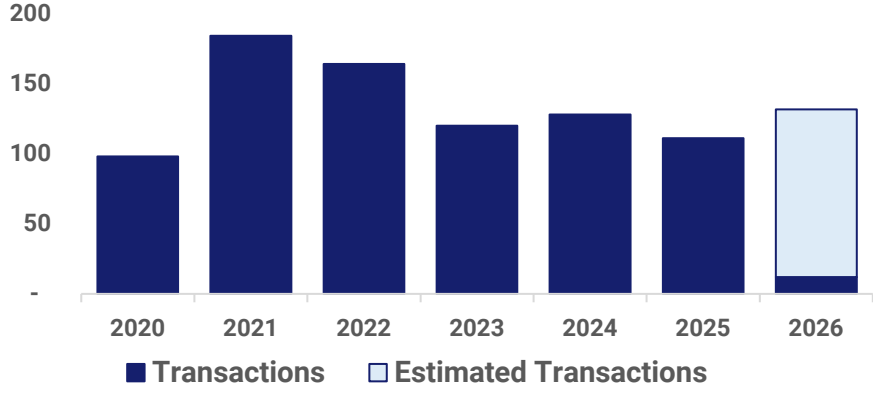
U.S. Overall Staffing Market

A Q1 Perspective

U.S. Staffing Market Size and Growth Rate



U.S. Staffing M&A Volume



Key Takeaways:

- The staffing sector is navigating a period of recalibration, characterized by a transition from pandemic-era volatility to a more sustainable, technology-driven growth phase
- While overall industry expansion is projected at a modest 2% for 2026, the underlying M&A environment reveals a significant appetite for high-margin, specialized firms. After hitting a cyclical trough in 2024 with only 93 transactions, the market has seen a resurgence in volume, particularly among strategic buyers and private equity firms looking for "add-on" acquisitions to bolster their existing platforms.

Recent US Staffing M&A Transactions

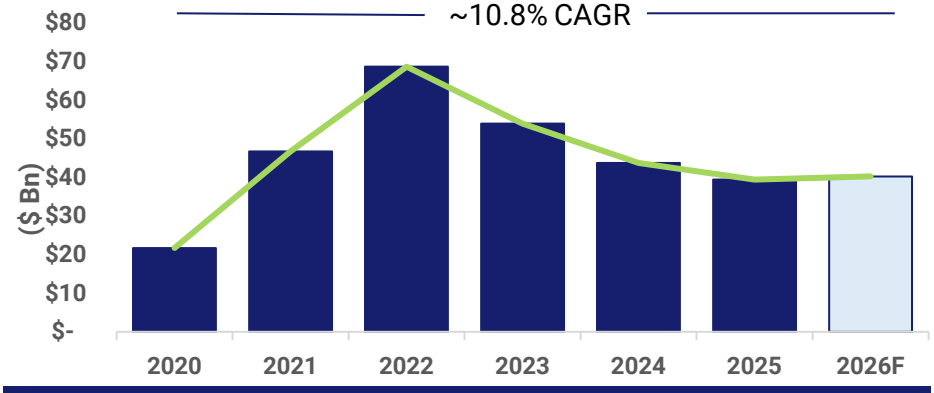
Date	Target	Buyer / Investor	Description	Value
Mar-26	Pitisci & Associates	NextPath Career Partners	Provider of IT staffing and consulting services intended to serve the Tampa Bay area	Undisclosed
Feb-26	Focus Staff	Cunningham Elite Staffing	Provider of health care staffing services intended to serve delivery networks, acute care hospitals and other health care facilities	Undisclosed
Feb-26	Next Level Technician	QPS Employment Group	Provider of low-voltage cabling staffing services designed to connect skilled technicians with residential and commercial clients	Undisclosed
Jan-26	Agilus Work Solutions	Synergie (PAR: SDG)	Provider of recruitment and staffing services intended to connect Canadian job seekers with employers nationwide	Undisclosed
Nov-25	Codeworks	Levi, Ray & Shoup	Provider of IT consulting and staffing services intended to serve businesses.	Undisclosed

Sources: IBIS World Reports, Source: Capital IQ, FactSet, PitchBook, Staffing Industry Analysts, Griffin Research

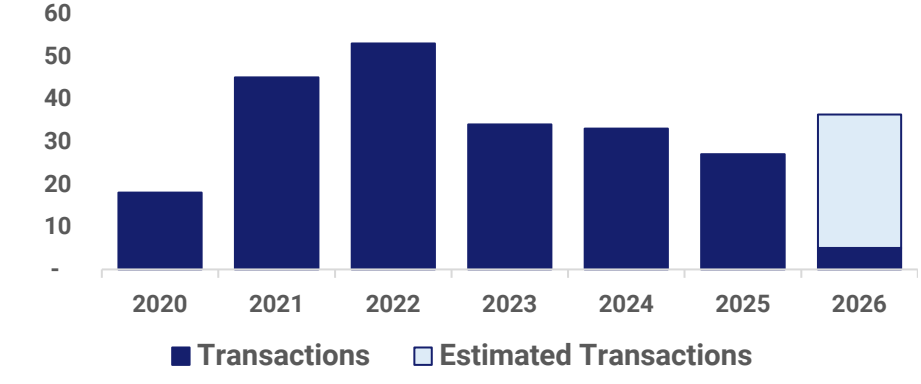
U.S. Health Care Staffing Market

A Q1 Perspective

U.S. Health Care Staffing Market Size and Growth Rate



U.S. Health Care Staffing M&A Volume



Key Takeaways:

- The health care staffing market has largely moved past the extreme volatility of the pandemic years. While Travel Nursing volumes experienced a significant correction—dropping roughly 40% from peak levels—the segment has finally found its floor. The current focus has shifted toward high-margin specialties. Locum Tenens (temporary physician staffing) has emerged as the most resilient sub-sector, consistently attracting premium valuations in the 10x–15x EBITDA range. Investors are increasingly targeting firms that can alleviate the chronic shortage of specialized clinicians and advanced practice providers.

Recent U.S. Health Care Staffing M&A Transactions

Date	Target	Buyer / Investor	Description	Value
Feb-26	Focus Staff	Cunningham Elite Staffing	Provider of health care staffing services intended to serve delivery networks, acute care hospitals and other health care facilities	Undisclosed
Jan-26	Advantis Medical Staffing	Adecco Group (SWX: ADEN)	Provider of travel health care staffing and recruitment services intended to serve hospitals and medical facilities	Undisclosed
Nov-25	Carenational Healthcare Services	360 Industrial Services	Provider of specialized health care staffing, recruitment and managed service serving health care providers, managed care organizations and health plans	Undisclosed
Nov-25	Lucid Staffing Solutions	AdeptID	Provider of staffing services intended for the health care industry	Undisclosed
Oct-25	Safe T Professionals	Gallagher Bassett Services	Provider of environmental, safety and health staffing augmentation services catering to renewable energy, health care and the oil and gas industries	Undisclosed

Griffin Financial Group
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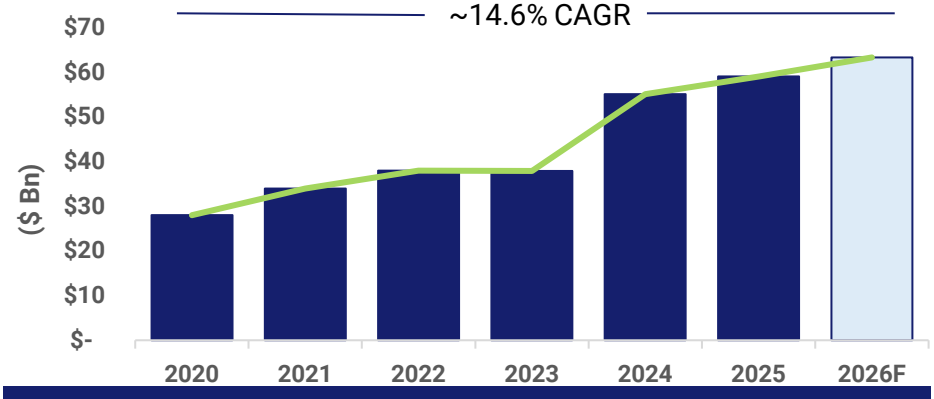
Sources: IBIS World Reports, Source: Capital IQ, FactSet, PitchBook, Staffing Industry Analysts, Griffin Research

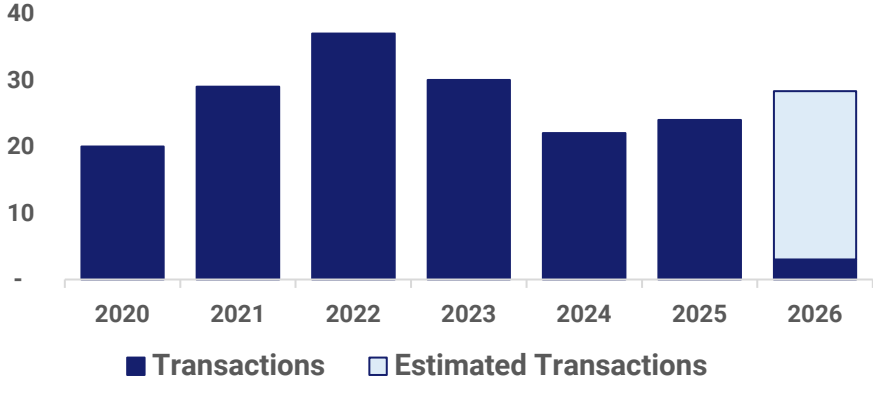
U.S. IT Staffing Market

A Q4 Perspective

U.S. IT Staffing Market Size and Growth Rate



U.S. IT Staffing M&A Volume



Key Takeaways:

- Information Technology staffing is poised for a major breakout in 2026. Following a period of corporate belt-tightening, deal volume in the IT segment rose by 28% year-over-year in the first half of 2025. This resurgence is fueled by an insatiable enterprise demand for talent capable of implementing Artificial Intelligence, Cybersecurity, and Cloud Infrastructures. Strategic buyers are aggressively pursuing IT firms that possess deep benches of "hard-to-find" technical talent, as these firms offer the highest scalability and defensibility against economic cycles.

Recent U.S. IT Staffing M&A Transactions

Date	Target	Buyer / Investor	Description	Value
Mar-26	Pitisci & Associates	NextPath Career Partners	Provider of IT staffing and consulting services intended to serve the Tampa Bay area	Undisclosed
Feb-26	Sew-Tech	MethodHub Software	Provider of staffing and technology services intended to serve BFSI, health care, energy, and telecom markets	Undisclosed
Nov-25	Codeworks	Levi, Ray & Shoup	Provider of IT consulting and staffing services intended to serve businesses.	Undisclosed
Sep-25	Inteli Platforms	Virtuosic Technologie	Provider of full-service managed IT solutions intended to serve businesses seeking efficient and cost-effective technology adoption	Undisclosed
Sep-25	BGSF Professional Division	INSPYR Solutions	Acquired IT consulting, software engineering, and data practices in Plano, TX, expanding INSPYR's AI/cloud expertise.	$99M

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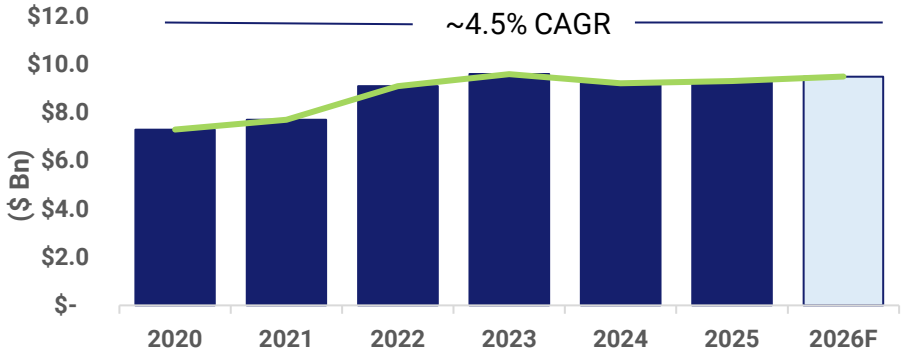
Sources: IBIS World Reports, Source: Capital IQ, FactSet, PitchBook, Staffing Industry Analysts, Griffin Research

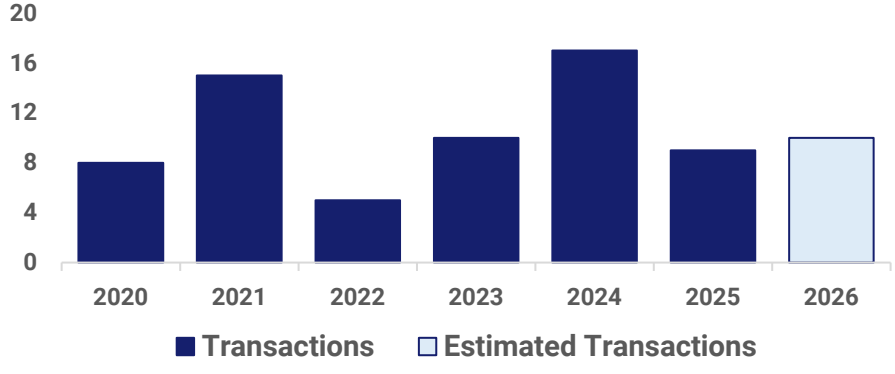
U.S. Engineering Staffing Market

A Q4 Perspective

U.S. Engineering Staffing Market Size and Growth Rate



U.S. Engineering Staffing M&A Volume



Key Takeaways:

- The engineering staffing sector is currently navigating a period of strategic transition, marked by a shift away from generalist placements toward highly specialized, project-based technical roles. While the broader staffing market is seeing a 2% recovery, engineering staffing is outpacing this average due to massive capital investments in domestic manufacturing, renewable energy infrastructure, and the integration of automation within traditional industrial environments. This high demand is particularly evident in the civil, electrical, and mechanical disciplines, where the "silver tsunami" of retiring veteran engineers is creating a critical talent gap that firms are scrambling to fill.

Recent U.S. Engineering Staffing M&A Transactions

Date	Target	Buyer / Investor	Description	Value
Feb-26	Next Level Technician	QPS Employment Group	Provider of low-voltage cabling staffing services designed to connect skilled technicians with residential and commercial clients	Undisclosed
Jan-26	Agilus Work Solutions	Synergie (PAR: SDG)	Provider of recruitment and staffing services intended to connect Canadian job seekers with employers nationwide	Undisclosed
Dec-25	Equis	Built for Leaders	Provider of staffing and recruiting services for engineering, IT, technology, accounting, and finance industries	Undisclosed

Sources: IBIS World Reports, Source: Capital IQ, FactSet, PitchBook, Staffing Industry Analysts, Griffin Research

Trading Insights

Q3 2025 – Public Benchmarking

($ in millions, except per share data)

TTM March 2026

Public Comparables – Professional and Commercial Staffing

Company	Business Description	Market Cap ($M)	Enterprise Value ("TEV") ($M)	TTM Q1 FY26 Revenue ($M)	TTM Q1 FY26 EBITDA ($M)	TTM EBITDA Margin (%)	TTM TEV / Revenue (x)	TTM TEV / EBITDA (x)
Adecco Group	Provider of recruitment and staffing services intended to deliver a wide range of multi-disciplinary solutions across all sectors and areas of employment	$3,456	$6,063	$23,082	$752	3.3%	0.3x	8.1x
ASGN	Provider of information technology services and solutions intended for the commercial and government sectors	$1,666	$2,745	$3,980	$364	9.1%	0.7x	7.5x
Kelly Services	Provider of staffing and consulting services based in Troy, MI	$325	$451	$4,251	$97	2.3%	0.1x	4.6x
Kforce	Operator of a staffing agency intended to build and manage expert teams in technology, finance and accounting	$452	$532	$1,329	$53	4.0%	0.4x	10.1x
ManpowerGroup	Provider of human resource outsourcing and outplacement services involved in employment services industry.	$1,319	$2,537	$17,957	$374	2.1%	0.1x	6.8x
Randstad	Randstad is a $22.0 billion global provider of HR services and the second largest staffing organization in the world	$4,572	$6,389	$23,077	$644	2.8%	0.3x	9.9x
Resources Connection	Provider of consulting and business support services designed to help needs of companies	$122	$56	$507	$7	1.4%	0.1x	8.1x
Robert Half	Provider of staffing and employee placement and consulting services based in Menlo Park, U.S.	$2,399	$2,180	$5,379	$128	2.4%	0.4x	17.0x

Public Comparables – Health Care Staffing

Company	Business Description	Market Cap ($M)	Enterprise Value ("TEV") ($M)	FY25 Revenue ($M)	FY25 EBITDA ($M)	EBITDA Margin (%)	TEV / Revenue (x)	TEV / EBITDA (x)
AMN Healthcare Services	Provider of health care staffing services intended to build and efficiently manage its clients' health care workforce needs	$797	$1,566	$2,730	$190	7.0%	0.6x	8.3x
Cross Country Healthcare	Provider of health care staffing services intended to help clients tackle complex labor-related challenges and achieve quality outcomes while reducing complexity and improving visibility through data-driven insights	$325	$219	$1,054	$19	1.8%	0.2x	11.8x

Public Comparables – Executive & Retained Search

Company	Business Description	Market Cap ($M)	Enterprise Value ("TEV") ($M)	FY25 Revenue ($M)	FY25 EBITDA ($M)	EBITDA Margin (%)	TEV / Revenue (x)	TEV / EBITDA (x)
Korn Ferry	Provider of search, organizational consulting and recruitment services based in Atlanta, U.S.	3,223	$2,571	$2,860	$438	15.3%	0.9x	5.9x

Trading Insights

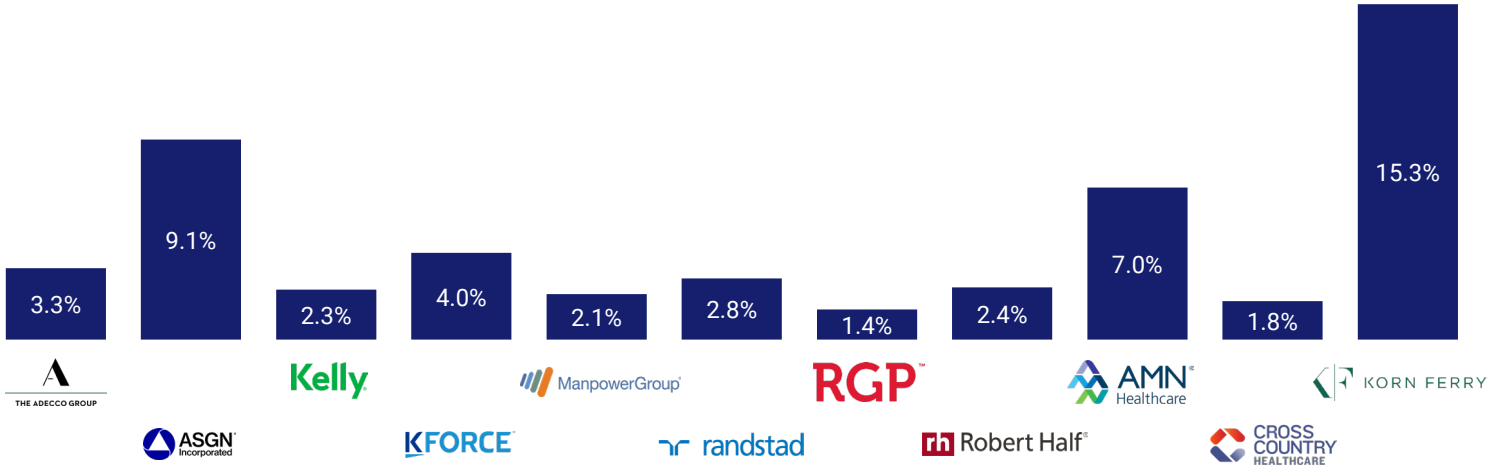
Q3 2025 – Public Benchmarking

($ in millions, except per share data)

TTM March 2026

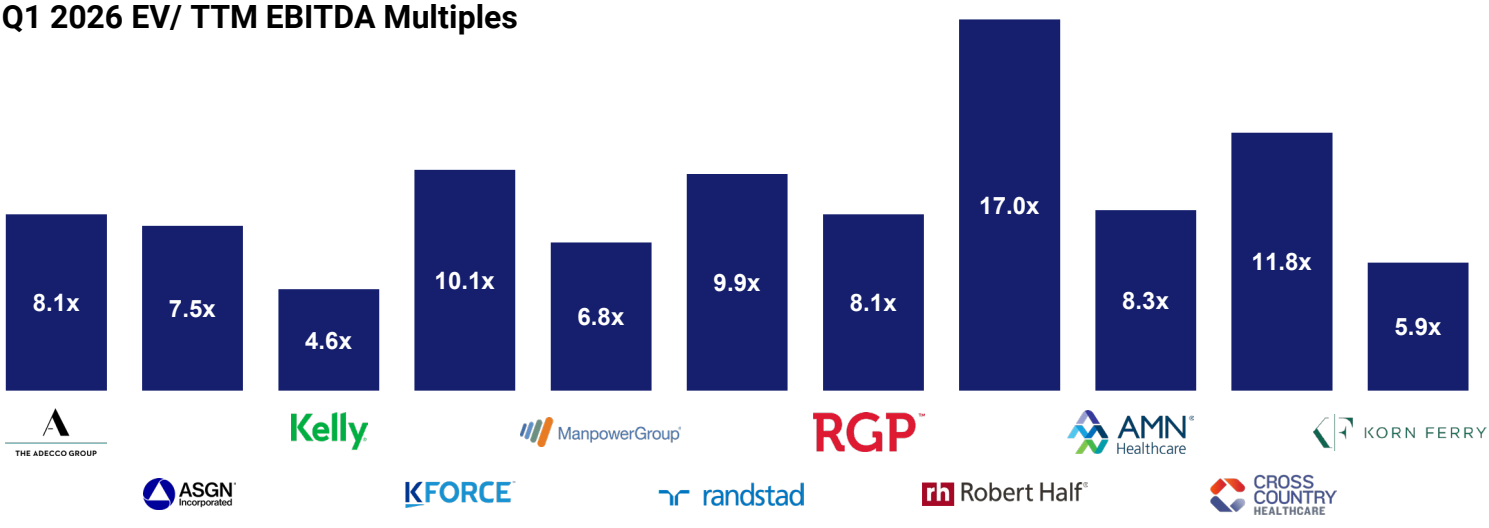
Public Comparables – Operating Metrics

Q1 2026 TTM EBITDA Margin



Public Comparables – Valuation Metrics

Q1 2026 EV/ TTM EBITDA Multiples



M&A Insights

Q2/3 2025 – M&A Comps

($ in millions, except per share data)

Date	Target	Buyer / Investor	Target Business Description
07-Mar-26	TechPower (Human Capital Services)	Not Disclosed	Provider of recruiting and staffing services based in Mountain View, CA
05-Mar-26	Perfusion Life	1315 Capital, Integration Health	Provider of flexible perfusion staffing services serving hospitals and clinics
03-Mar-26	Pitisci & Associates	NextPath Career Partners	Provider of IT staffing and consulting services intended to serve the Tampa Bay area
25-Feb-26	A Place At Home	Ardian, Capital Transmission, Dovida, Verium	Provider of home care services intended to serve the elderly and seniors
23-Feb-26	Consilium Partners360	Zemantics Ventures	Provider of human resources consulting and executive recruitment services designed for workforce planning and talent acquisition purposes
11-Feb-26	CLM Enterprises	Not Disclosed	Operator of a home health care franchise designed to provide a patient-centered continuum of care across West Michigan
06-Feb-26	Sew-Tech	MethodHub Software	Provider of staffing and technology services intended to serve BFSI, health care, energy and telecom markets
02-Feb-26	Next Level Technician	QPS Employment Group	Provider of low-voltage cabling staffing services designed to connect skilled technicians with residential and commercial clients for temporary, temp-to-hire or direct-hire positions
01-Feb-26	Focus Staff	Cunningham Elite Staffing	Provider of health care staffing services intended to serve delivery networks, acute care hospitals and other health care facilities
28-Jan-26	O2 Employment Services	Ironbark Capital	Provider of employment, staffing and HR administration services serving small and mid sized businesses
27-Jan-26	Advantis Medical Staffing	Adecco Group (SWX: ADEN)	Provider of travel health care staffing and recruitment services intended to serve hospitals and medical facilities
26-Jan-26	Agilus Work Solutions	Synergie (PAR: SDG)	Provider of recruitment and staffing services intended to connect Canadian job seekers with employers nationwide
12-Jan-26	LIFE Event Staffing	Arreva(David Blyer)	Provider of specialized event staffing service intended for fundraising and corporate events
15-Dec-25	Holi Services	Flexicrew Technical Services	Provider of staffing and personnel placement services intended to connect job seekers with employers
11-Dec-25	Equis (Human Capital Services)	Built for Leaders	Provider of staffing and recruiting services for IT, technology, accounting and finance industries
28-Nov-25	Alaant Workforce Solutions	LevelUP HCS	Provider of professional workforce services intended to offer full-cycle staffing and recruitment consulting solutions
18-Nov-25	Codeworks	Levi, Ray & Shoup	Provider of IT consulting and staffing services intended to serve businesses.
16-Nov-25	Carenational Healthcare Services	360 Industrial Services	Provider of specialized health care staffing, recruitment and managed service serving health care providers, managed care organizations and health plans
10-Nov-25	Forrest Solutions (New York)	K2 Services	Provider of outsourcing and staffing services intended for businesses
10-Nov-25	Neostella (Staffing and Talent Business)	Long Ridge Equity Partners, Provana	Provider of staffing and talent management services intended for businesses across Colombia and the U.S.
03-Nov-25	Anchor Healthcare Consultants	Canopii Collaborative	Provider of consulting and staffing services specializing in custom projects
03-Nov-25	Lucid Staffing Solutions	AdeptID	Provider of staffing services intended for the health care industry

About Griffin Financial Group

M&A Advisory

Private Placement

Board Advisory

About Griffin

- Griffin Financial Group is a leading investment bank focused on the needs of lower middle market companies
- We provide M&A advisory, capital advisory and strategic board advisory services to the consumer and retail, commercial and industrial, services, technology, financial institutions and private equity sectors
- We specialize in working with closely held private and small-cap public companies, with particular expertise regarding family-owned and owner-operated businesses
- Part of The Stevens & Lee Companies, a multidisciplinary professional services platform of 300 professionals providing financial, legal, tax and consulting services

Case Study: Staffing Sell-Side Advisory

Transaction Overview

ICS

has been acquired by

KORN FERRY

Principals of Griffin served as financial advisor

July 2022

Overview of Infinity Consulting Solutions ("ICS")

- Headquartered in New York City, is a full-service recruiting and staffing agency that focuses on providing clients with expert temporary and permanent placement of IT, compliance and legal, accounting and finance, as well as HR and administrative personnel

Overview of Korn Ferry

- Korn Ferry is widely recognized as a global leader in organizational consulting and human capital management. CEO Doug Klares and the rest of the ICS team will continue in their roles at Korn Ferry helping to drive ICS to new heights.

Process Overview and Transaction Rationale

- ICS sought to find a partner that would allow the Company to continue its dynamic growth while simultaneously providing liquidity and diversification for ICS shareholders. The shareholders of ICS were less concerned with whether the partner was strategic or financial in nature, and instead focused on who might be the best fit for their employees, customers and overall organization.
- ICS engaged in a dialogue with principals of Griffin years before the transaction consummated to help them explore options and develop a go-to-market strategy and positioning that would serve to maximize not only the value of ICS, but also create numerous options for the company regarding its partnership strategy. After a very robust marketing process that included both strategic and financial parties, Korn Ferry emerged as the partner of choice.