

2025

The state of *warehouse labor*

Balancing flexibility, cost, and reliability
in a changing labor market

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Table of *contents*

Introduction 01

A shifting outlook in staffing challenges02

A snapshot of U.S. warehousing..... 03

Staffing under pressure with tariffs, turnover, and labor gaps..... 04

The reliability question: full-time vs. temp labor 05

Balancing pay expectations and profit margins..... 06

Smarter staffing with AI and flexibility..... 07

Planning for the future.....08

Top 5 staffing tips for 2025.....10

Recommendations.....11

About Instawork.....12

Introduction

While 2024 marked a shift in the warehouse and logistics industry toward stability after several years of disruption, 2025 brings new dynamics: the increase of peak demand pressures, the uncertainty of trade tariffs, and ongoing challenges in workforce planning. This year's data shows that while some staffing struggles have eased, warehouse operators are now navigating a more complex terrain that demands both consistency and agility in equal measure.

In 2025, staffing remains a pain point due to turnover, reliability concerns, and ongoing difficulties finding qualified workers, despite more operators reporting that hiring is somewhat easier than in 2024. With tighter margins and shifting trade policies affecting inventory and staffing needs, workforce strategy has never been more essential.

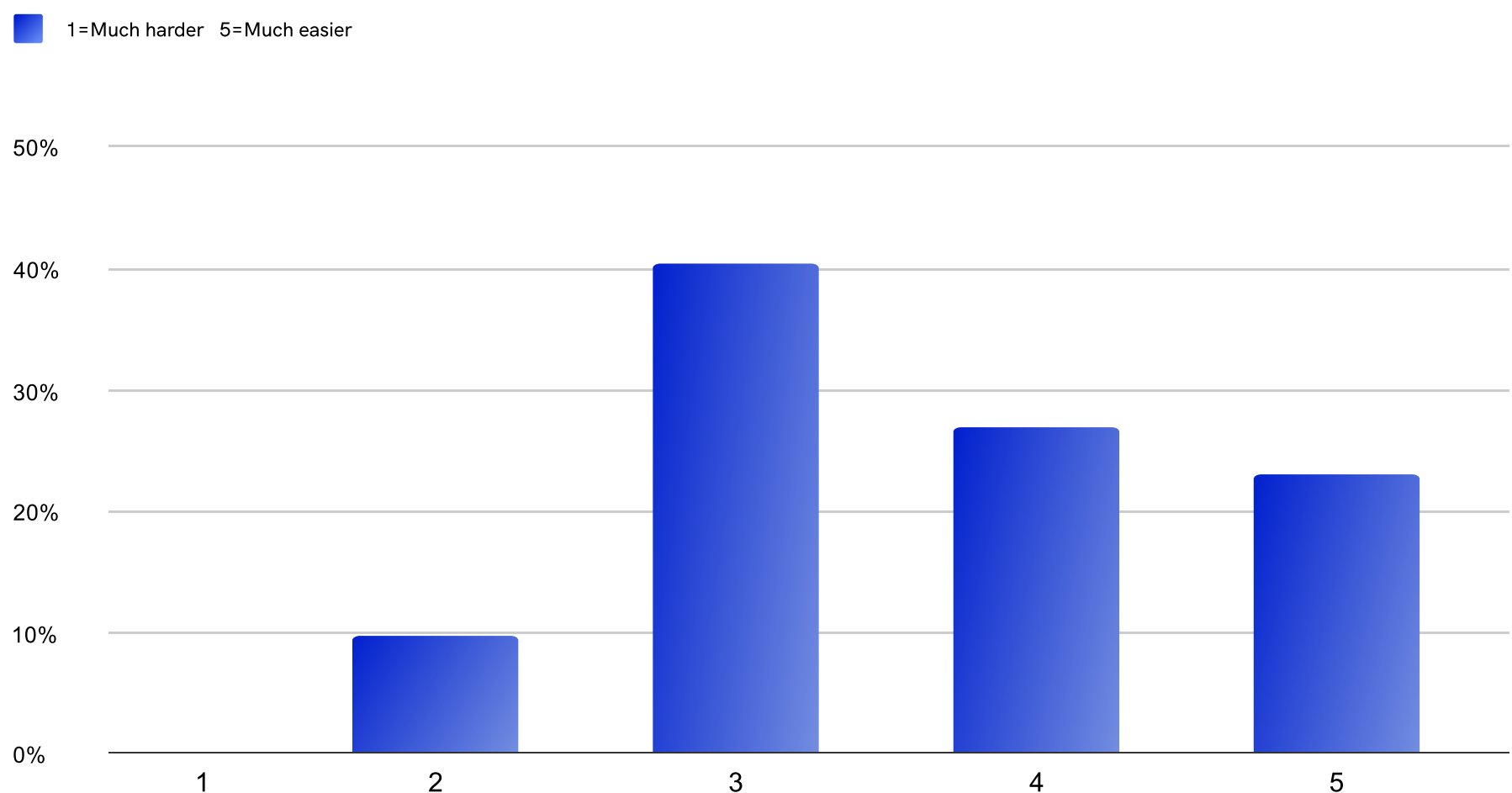


A shifting outlook *in staffing challenges*

Warehouse staffing remains challenging but shows signs of steady improvement. [Compared to last year](#) when 13% of respondents said staffing was harder, only 10% of this year's respondents said staffing was more difficult in 2025. 38% reported it was easier in 2024, compared to 50% reported it was easier in 2025.

Most warehouse operators are still struggling to maintain a full team, especially as peak season demand spikes and tariffs impact inventory flow. While this is a modest improvement from 2024, it underscores how fragile the labor market still is for many facilities. Staffing strategies must now account for sudden shifts in demand driven by global economic factors.

How challenging is warehouse staffing so far in 2025 vs. 2024?



Source: Instawork survey data

Tariffs and global trade tensions are forcing many operators to adjust inventory management, placing additional strain on labor planning and flexibility. This also creates uncertainty over long-term planning.

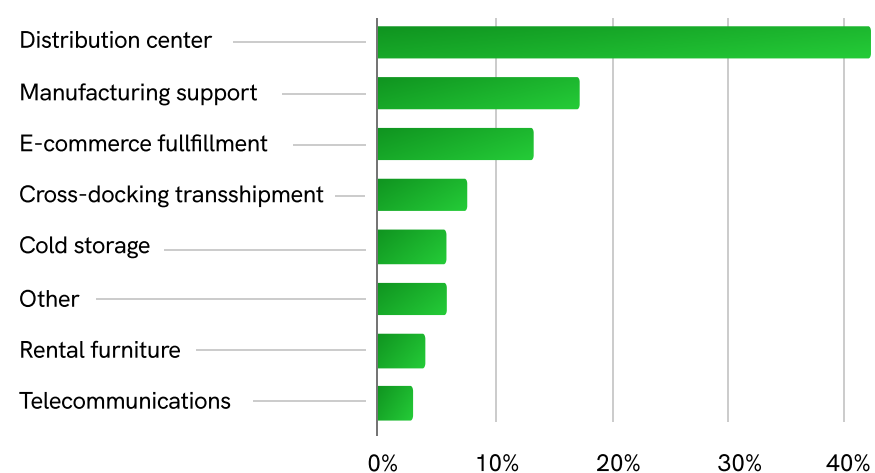
This uncertainty manifests through inventory pull-forwards, capex delays, and hiring freezes. In all of these scenarios, a reliable temporary workforce can help bridge gaps until more long-term certainty is available. Operators that fail to adapt quickly may risk fulfillment delays and increased costs.

A snapshot of *U.S. warehousing*

This year's respondents represent a broad range of warehouse operations that closely mirror the national warehousing and logistics landscape. The majority of respondents reported employing between 1 and 50 hourly workers, reflecting the high prevalence of small to mid-sized warehouse facilities that make up the backbone of the industry. Most surveyed facilities are engaged in e-commerce fulfillment and distribution, functions that continue to dominate the warehousing space as online shopping drives rapid shipping expectations. Day shifts, operating during more traditional working hours, remain the most common operating pattern; however, an increasing number of facilities are now running 24/7, indicating a push toward continuous operations to meet around-the-clock consumer demand.

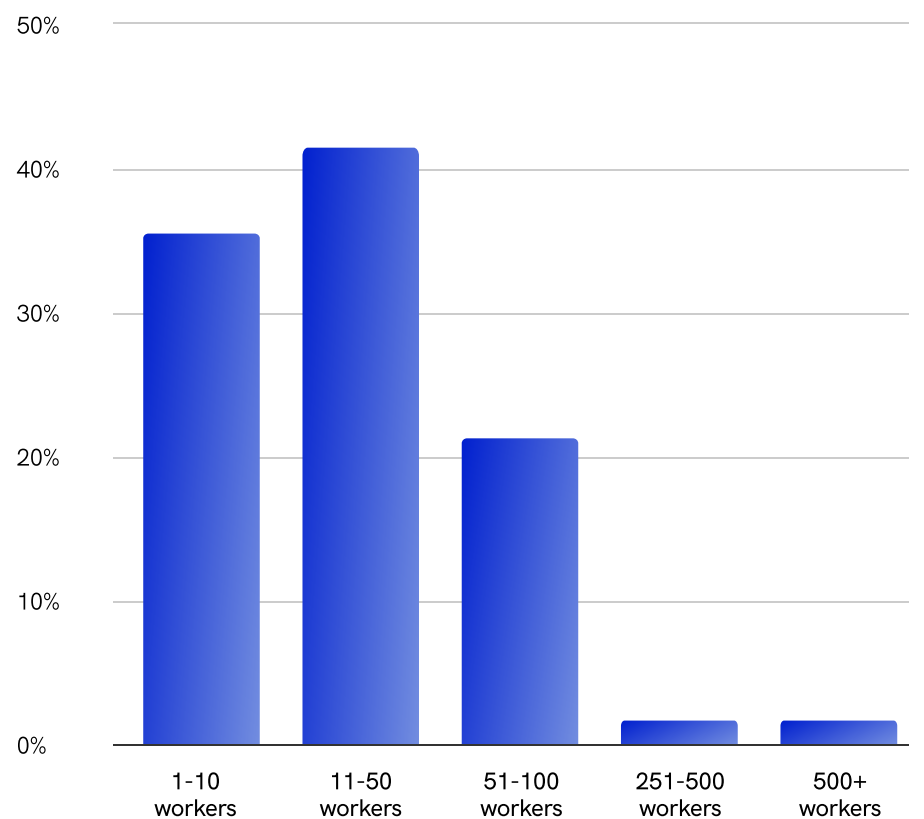
This profile indicates a heavy concentration of facilities involved in direct-to-consumer logistics, a sector especially vulnerable to shipping volatility and seasonal surges. The increase in 24/7 operations also signals a need for more agile labor models that can accommodate variable shift coverage.

What is the primary function of your warehouse?



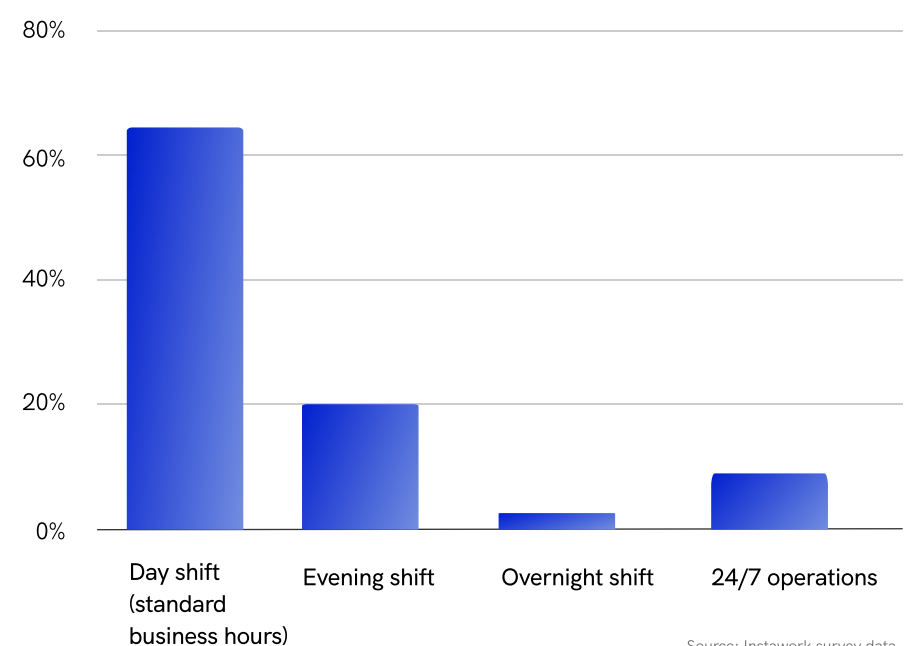
Source: Instawork survey data

How large is your current hourly workforce?



Source: Instawork survey data

What shifts does your warehouse operate?

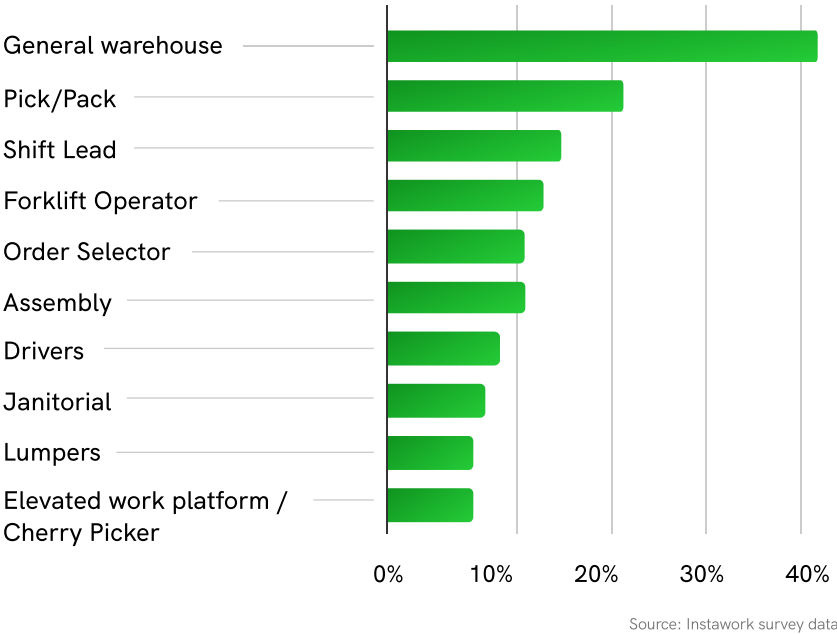


Source: Instawork survey data

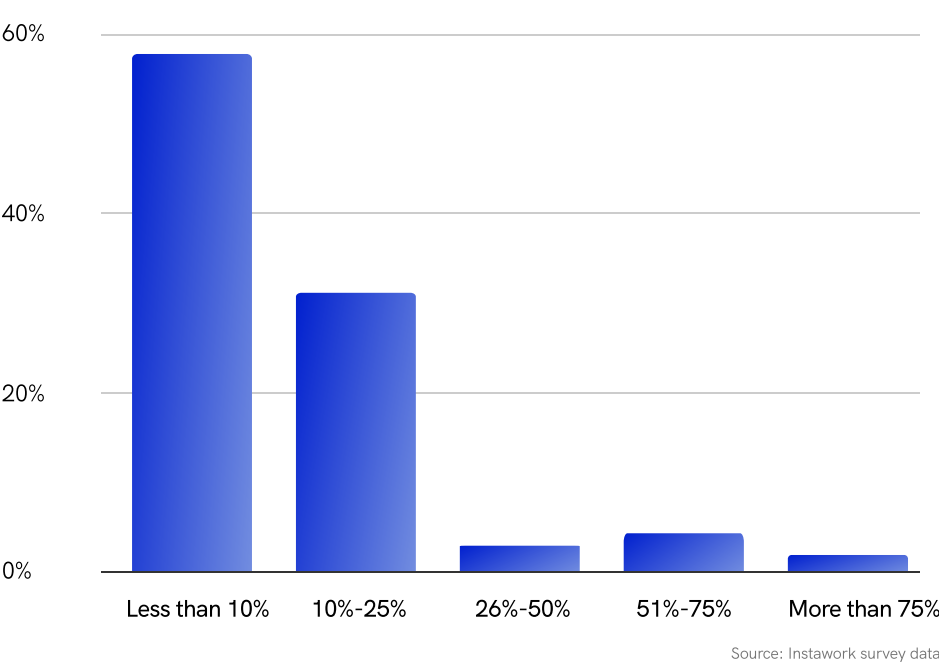
Staffing under pressure with *tariffs, turnover, and labor gaps*

Warehouse operators continue to highlight that finding and retaining hourly workers is a top concern. Among the most difficult roles to staff are Pick/Pack workers, Forklift Operators, and Shift Leads. Most respondents reported turnover rates less than 10%, however a notable portion of survey respondents cited turnover rates between 10-25%, further underscoring the instability many facilities face in maintaining a reliable labor pool.

For what roles do you have staffing challenges?



What is the average worker turnover rate at your facility?



Staffing pressure has grown in part due to tariff-related import shifts, which are pushing facilities to operate with less predictability. According to a [recent article](#) from Supply Chain Dive, new tariffs on imported goods have led to significant rerouting and rescheduling of shipments, requiring warehouses to adapt on the fly with fluctuating labor needs. Similarly, The Wall Street Journal [reported](#) that logistics operators are accelerating efforts to diversify sourcing and inventory management due to ongoing trade uncertainty, which puts further strain on workforce planning. Capex investment for new warehouses and warehouse productivity is uncertain as future returns on investment are less clear. The ability to invest in full-time staffing levels also is less clear.

Labor planning now requires faster ramp-up capabilities and greater cross-training to maintain service levels. For warehouses, this means investing in retention and speed-to-productivity programs will be crucial in 2025.

“With shifting trade routes and unpredictable volumes driven by tariffs, labor planning has become more complex than ever. Warehouses that used to rely on fixed schedules now need flexible staffing models that can respond in real-time. *The ability to scale up or down quickly and confidently is critical to maintaining throughput and service levels.*”

-Maggie Barnett
CEO of LVK and COO of Shiphero

The reliability question: *full-time vs. temp labor*

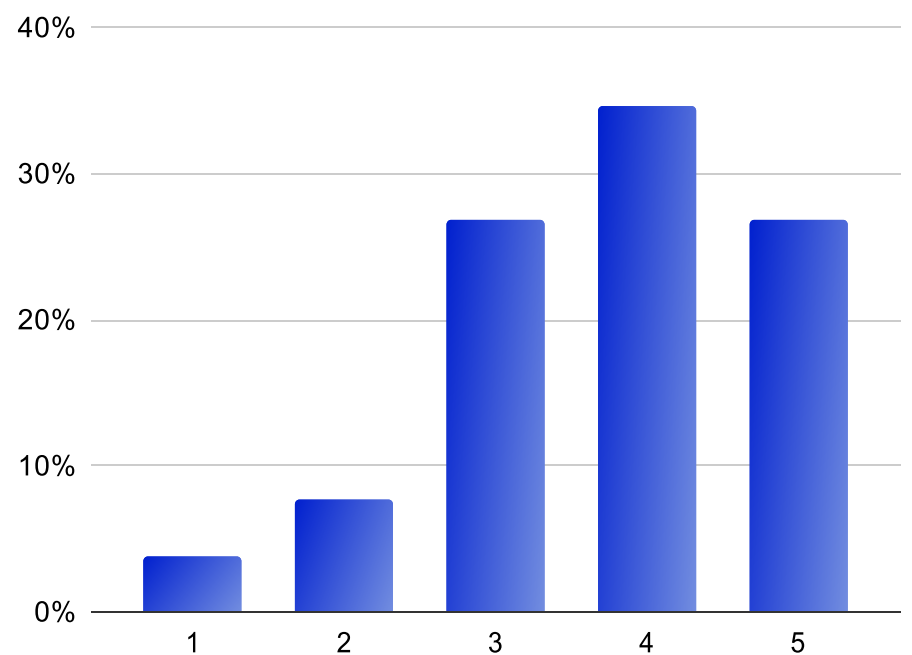
There is a growing divide in perceptions of full-time versus temporary staff. Most warehouse operators rated their workforce quality positively, indicating a general satisfaction with the capabilities of their teams. However, a significant portion of respondents still believe that temporary workers are less reliable, which highlights ongoing concerns about consistency and accountability among contingent staff.

This insight presents both a challenge and an opportunity. While flexible labor is essential to scale operations and manage demand fluctuations, operators must address concerns around reliability and performance. One promising solution is the use of artificial intelligence (AI). [Platforms powered by AI](#) have the capability to easily match warehouses with skilled and vetted workers, helping ensure that the right talent is assigned to the right shift. These technologies also support operational efficiency by streamlining administrative tasks like scheduling, credential verification, and workforce analytics, allowing warehouse teams to focus more on productivity and less on back-office coordination.

Strategies such as better onboarding, performance tracking, and AI-driven labor planning can help improve trust, quality, and reliability across both permanent and temporary staff categories.

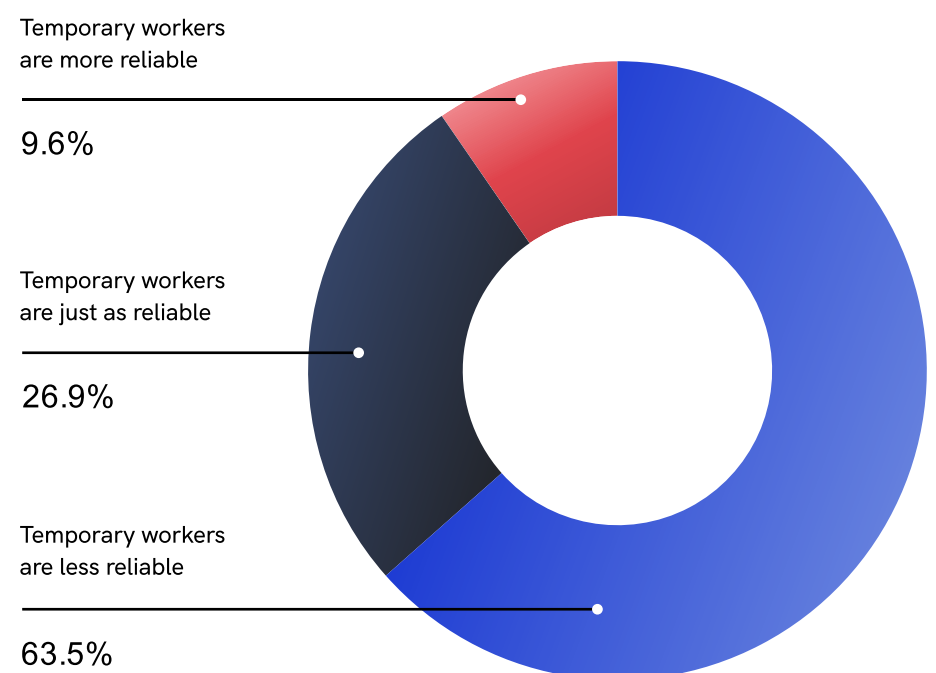
How would you rate the overall quality of the warehouse workers you have hired in the past year?

1=Very poor 5=Excellent



Source: Instawork survey data

How do temporary workers compare to full-time workers in terms of reliability in your warehouse?

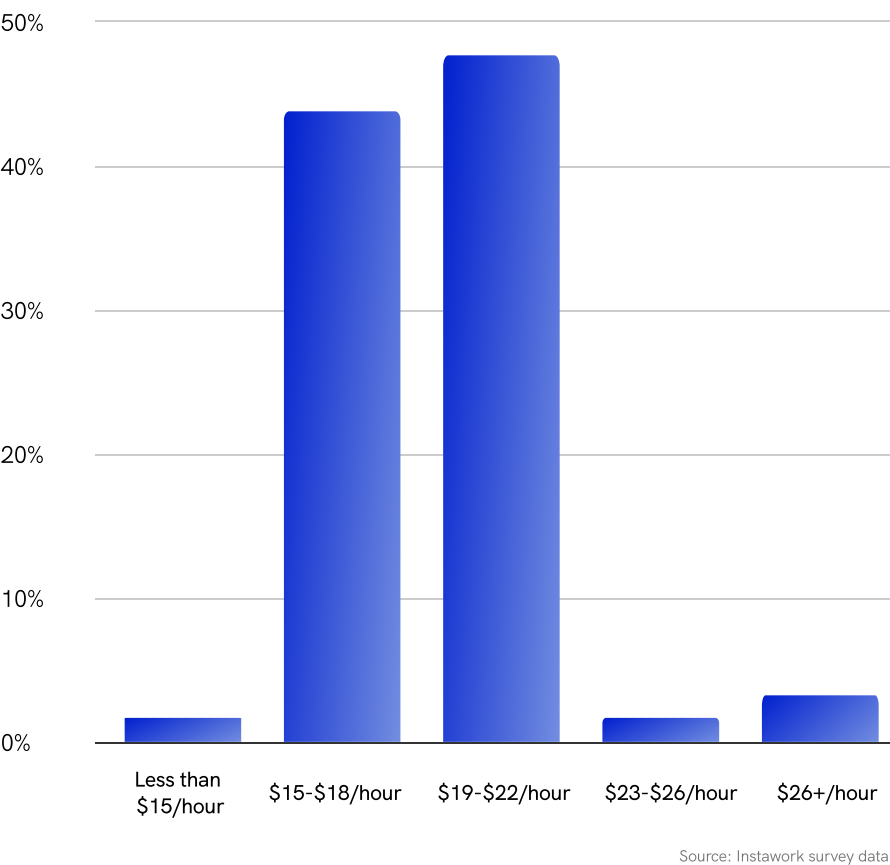


Source: Instawork survey data

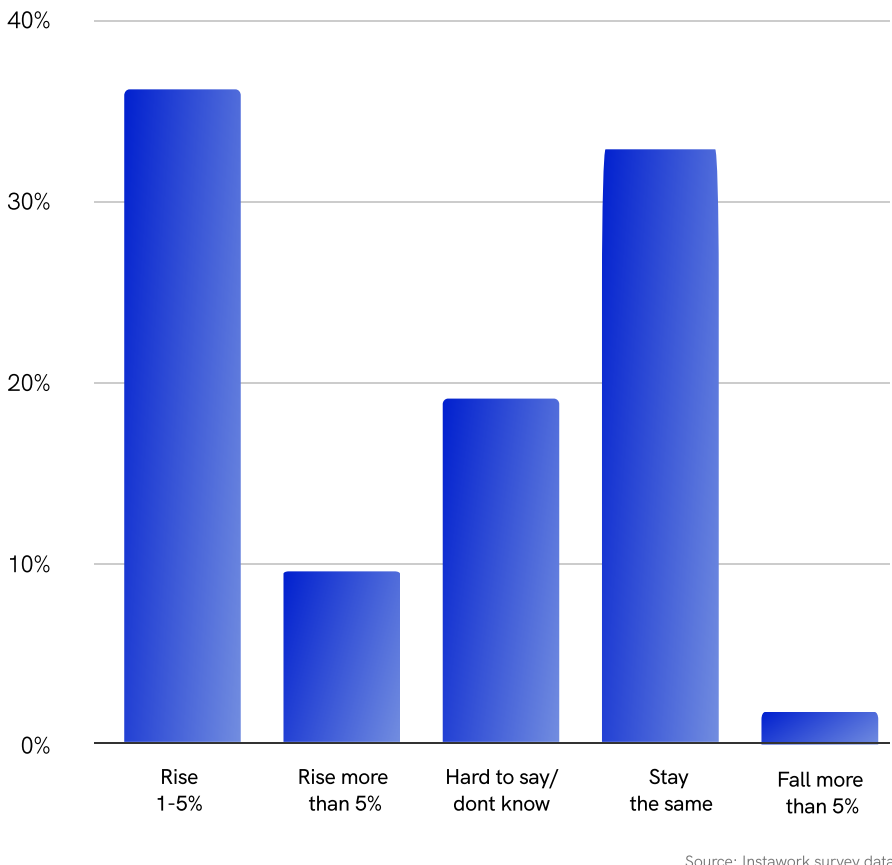
Balancing *pay expectations and profit margins*

Warehouses are feeling the squeeze between rising pay expectations and mounting cost constraints. Entry-level pay for warehouse workers is most commonly reported between \$15 and \$22 per hour. A majority of operators expect pay to rise by 1-5% in 2025, though many also indicated they have reached a wage ceiling that they cannot exceed without compromising their already thin operating margins.

What pay range do you typically offer to entry-level warehouse workers?



How do you expect hourly pay to change this year?



Warehouses are at a crossroads. Competitive compensation remains key to attracting and retaining top talent, especially as inflation continues to drive up the cost of everyday goods. Many [hourly workers](#) live paycheck to paycheck and have less than \$500 in savings, making predictable and sufficient income a non-negotiable need. This economic reality is prompting more workers to seek out additional shifts or higher-paying roles to make ends meet.

Warehouses that acknowledge and respond to this pressure are more likely to fill shifts quickly with high-performing workers. However, this must be balanced against the financial realities faced by warehouses, which are dealing with increased costs for goods, transportation, and operations. Operators must therefore explore creative and cost-effective strategies to attract and retain talent. These may include flexible scheduling, shift bonuses, or long-term career development opportunities. Balancing the needs of the workforce with the financial sustainability of the business will be essential for long-term success.

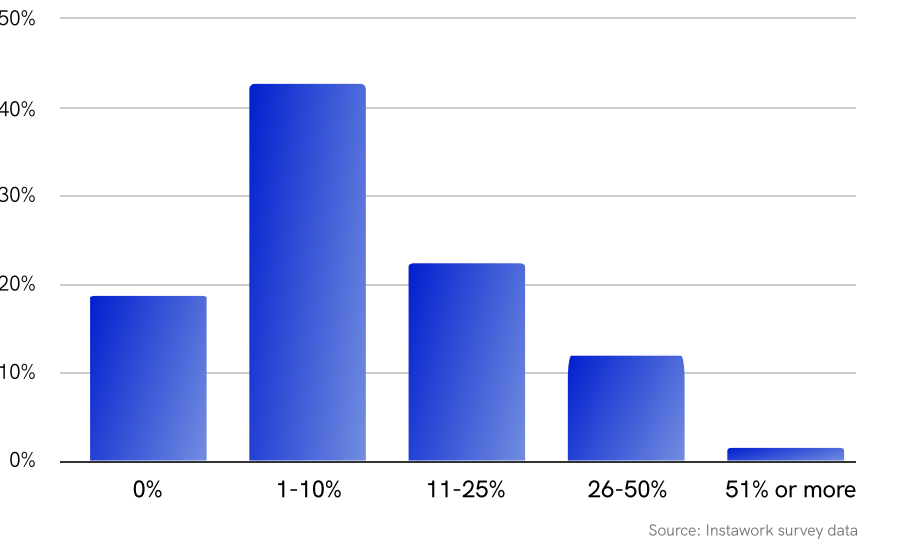
Smarter staffing *with AI and flexibility*

Flexible labor has become foundational to warehouse staffing strategies. Nearly half of warehouse operators rely on flexible or temporary labor on a regular basis to support their operations. The top reasons cited include managing sudden demand spikes, covering for absentee workers, and using temp-to-hire trials to evaluate long-term fit. These approaches offer businesses the adaptability they need to maintain productivity.

However, this flexibility comes with administrative challenges, especially for businesses working with multiple staffing vendors. That’s where AI-driven platforms like Instawork are making a measurable difference. Since Instawork uses AI to match business needs with workers’ specific skills and experience, this significantly improves the quality of each match and sets both the worker and the business up for success. In fact, Instawork maintains shift fill rates of over 90%, a rate far above industry averages.

What makes this model uniquely effective is that workers also choose the shifts they want to work. Before committing, they can see the hourly rate, their expected take-home pay, and shift details such as timing and responsibilities. This transparency ensures that when a worker accepts a shift, they are well-informed and confident it aligns with their schedule and goals. As a result, workers arrive motivated and prepared, significantly reducing no-show rates.

What percentage of your warehouse is made up of temporary or flexible workers?



“The layered staffing model is transforming how warehouses think about labor. By combining a dependable core team with a flexible bench of experienced workers, operators can build stability into their workforce while staying agile. *It’s a smarter, more resilient way to scale, especially during times of uncertainty.*”

- Alex Vinden
General Manager of Light Industrial, Instawork

A critical evolution in this space is the growing use of the [layered approach to staffing](#). In this model, permanent employees handle core operational responsibilities, while a reliable layer of experienced temporary workers fill recurring shifts to support flexibility and coverage for absences. This middle layer becomes more productive over time, reducing onboarding and retraining costs. Then, during high-demand periods, businesses can layer in additional short-term workers to manage surges. This structure gives warehouses a ready-made pool of familiar, vetted workers to draw from, while also providing a talent pipeline for permanent hiring.

Implementing this layered strategy allows businesses to respond swiftly to changing needs without burning out their full-time team or inflating labor costs with excessive overtime. It improves operational efficiency, mitigates risk, and ultimately positions warehouses to be more resilient in a dynamic, on-demand economy.

What are the primary reasons for using flexible or temporary workers?

Seasonal or peak demand	38%
Try out workers on a temp-to-hire basis	18%
Speed and ease of filling roles	18%
To cover for employees who take time off	13%
Cost management	6%
Difficulty hiring full-time staff	6%

Planning for *the future*

Looking ahead, warehouse operators are taking a more proactive and strategic approach to workforce management. Many plan to expand their use of flexible and temporary workers, recognizing the value of agility and scale during peak seasons. Others are investing in improved training and upskilling programs to boost retention and elevate worker productivity. There is also a growing commitment to long-term workforce planning, shifting away from reactive hiring toward more deliberate talent strategies.

Additionally, more operators are adopting AI-powered technology to help streamline staffing workflows. These tools are being used to automate shift matching, forecast labor needs, and manage administrative tasks like onboarding and compliance. By optimizing these processes, warehouses are not only saving time but also improving fill rates and lowering no-show rates. This is a crucial step toward boosting operational efficiency in a high-pressure, cost-sensitive environment.

What strategies do you plan to implement to address staffing challenges in the next year?

Improved training and onboarding	19%
Expanding use of temporary or flexible	15%
Career growth opportunities	15%
Flexible schedules	15%
Improved workplace culture	15%
No major changes planned	13%
Higher pay or bonuses	8%

Source: Instawork survey data

These strategies suggest a maturing view of labor management. Instead of reacting to shortages, operators are increasingly thinking ahead. Those who integrate demand forecasting, workforce analytics, and performance management will be best positioned to thrive in a dynamic landscape.

Planning for *the future*

Top 5 staffing tips for 2025

01 Embrace the *Layered Approach*

Use a blend of full-time, flexible, and temp-to-hire workers to maintain consistent coverage while adapting to peak periods.

02 Use AI to *match workers to shifts*

Leverage AI-powered platforms to improve shift fill rates, reduce no-shows, and ensure the right workers are matched with the right roles.

03 Prioritize *transparent compensation*

Clearly communicate hourly pay, take-home earnings, and shift details to attract motivated workers and reduce turnover.

04 Invest in *speed-to-productivity*

Streamline onboarding and cross-training to reduce ramp-up time for both new and temporary workers.

05 Forecast demand *with data*

Use operational data and historical trends to plan your workforce needs in advance and avoid costly last-minute staffing gaps.

Recommendations

Based on this year's findings, it's recommended that warehouse operators focus on a mix of workforce-centric practices and technology-enabled strategies to remain competitive in 2025:

- **Offer competitive and transparent compensation.** With inflation putting pressure on hourly workers, ensuring they understand shift pay, take-home earnings, and expectations upfront can boost motivation and reduce no-show rates.
- **Invest in training, onboarding, and upskilling.** Cross-training workers increases flexibility, while onboarding tools can improve performance and retention.
- **Adopt AI-powered platforms.** Leveraging technology to match workers based on skills and availability improves shift fill rates and minimizes administrative overhead.
- **Implement a layered staffing model.** Combining a core team of permanent staff with a reliable middle layer of experienced temporary workers and a flexible surge layer allows for agility without sacrificing productivity.
- **Plan ahead with data-driven workforce forecasting.** Using demand insights and labor analytics helps align staffing with operational needs, avoiding over- or under-staffing.

These recommendations are particularly timely as warehouses navigate cost pressures, peak demand, and global trade uncertainty. Balancing the needs of the business with the realities of the hourly workforce will be key to sustainable growth.

About *Instawork*

Founded in 2016, Instawork is the leading flexible work platform. Its digital marketplace connects thousands of businesses and more than seven million workers, filling a critical role in local economies. In 2022 and 2023, Instawork was ranked as one of the top 10% of the country's fastest-growing companies by Inc. 5000 and was included in the Forbes Next Billion Dollar Startup list. Instawork was also named the 2022 ACE Award recipient for "Best Innovation," and one of the "Best Business Apps" by Business Insider. Instawork helps businesses in the food & beverage, hospitality, retail, and warehouse/logistic industries fill temporary and permanent job opportunities in more than 50 markets across the U.S. and Canada. Follow us on [Twitter](#), [Instagram](#), [LinkedIn](#), and [Facebook](#).



