EMEA Labour Market Outlook

November 2025

NOVEMBER 2025

SUMMARY

October hiring in EMEA showed only a partial recovery from September's sharp decline, and the overall labour market outlook remains subdued. Despite a return to economic growth in 2025 - Eurozone at 1.4%, UK at 1.5%, and Spain leading Southern Europe at 2.5%, with the Middle East continuing to outperform at nearly 5% growth - this momentum has not translated into a strong rebound in hiring. Ongoing geopolitical uncertainties, questions about the impact of AI, and the offshoring of back-office roles have all contributed to muted labour demand, and the anticipated recovery now appears to be a period of "muddling through".

Labour markets across EMEA are now much tighter for job seekers. There are now about half as many job openings per applicant as two years ago, and job search intensity has surged by over 50%, making it especially challenging for new entrants to secure roles. While the UK and Ireland remain more dynamic, the only region where hiring continues at a robust pace is the Middle East, largely due to sustained government investment.

This environment is driving more people towards entrepreneurial activity, as reflected by our count of members adding CEO or founder as their job title since the Covid crisis. European labour markets are thus evolving to be slower to hire but more competitive and quicker to encourage self-employment. With AI poised to reshape the landscape further, the focus is shifting from traditional unemployment metrics to the broader transformation of work and labour market dynamics.

OCTOBER HIRING RECOVERS ONLY ABOUT A THIRD OF SEPTEMBER HIRING LOSES IN EMEA MARKETS

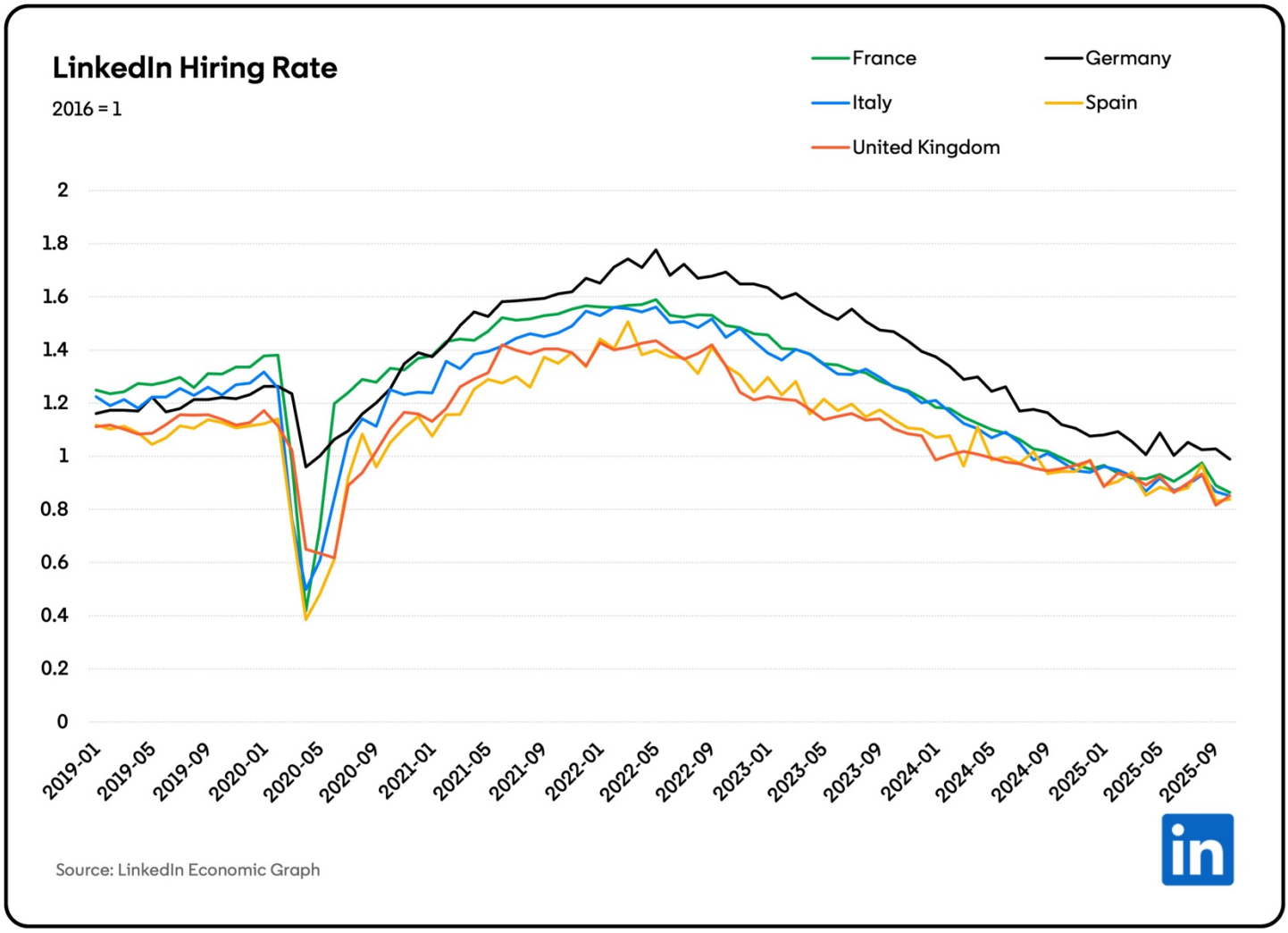
October hiring data fails to inspire optimism about European labour markets. Our proprietary LinkedIn Hiring Index for October showed some recovery from the very weak September readings but still paints a bleak overall picture. Hiring picked up significantly across Europe over the summer, offering some reassurance that the worst for the labour market was behind us and that a recovery was taking hold. However, September dashed those hopes, and October has unfortunately only partially reversed that weakness.

Job openings suggest some improvement in the fourth quarter, but it is now clear that the shallow recovery we anticipated for 2025 looks more like a period of "muddling through."

2025 marked a year of recovery for Europe, though the pace was uneven across the region. The Eurozone is on track to achieve 1.4% growth for the year, with the UK expected to grow by 1.5%. While both France and Germany continue to underperform, Southern Europe (especially Spain with an expected 2.5% growth this year) is outperforming and the Nordics, Central and Eastern Europe are also showing solid results. The Middle East stands out for its continued strong performance (close to 5% growth expected in both United Arab Emirates and Saudi Arabia).

However, outside the Middle East, this improved economic performance has not translated into a significant uptick in hiring. Several factors have contributed to this disconnect: geopolitical uncertainties, notably those stemming from the April tariff announcements; ongoing ambiguity about how employers will respond to the challenges posed by AI; and the offshoring of back-office roles, especially to India, all of which have weighed on hiring momentum.

Looking ahead to 2026, European economies will shift gears. The UK is set to implement a new budget, and even if uncertainties around it are still high, a degree of fiscal tightening is inevitable, likely moderating growth.



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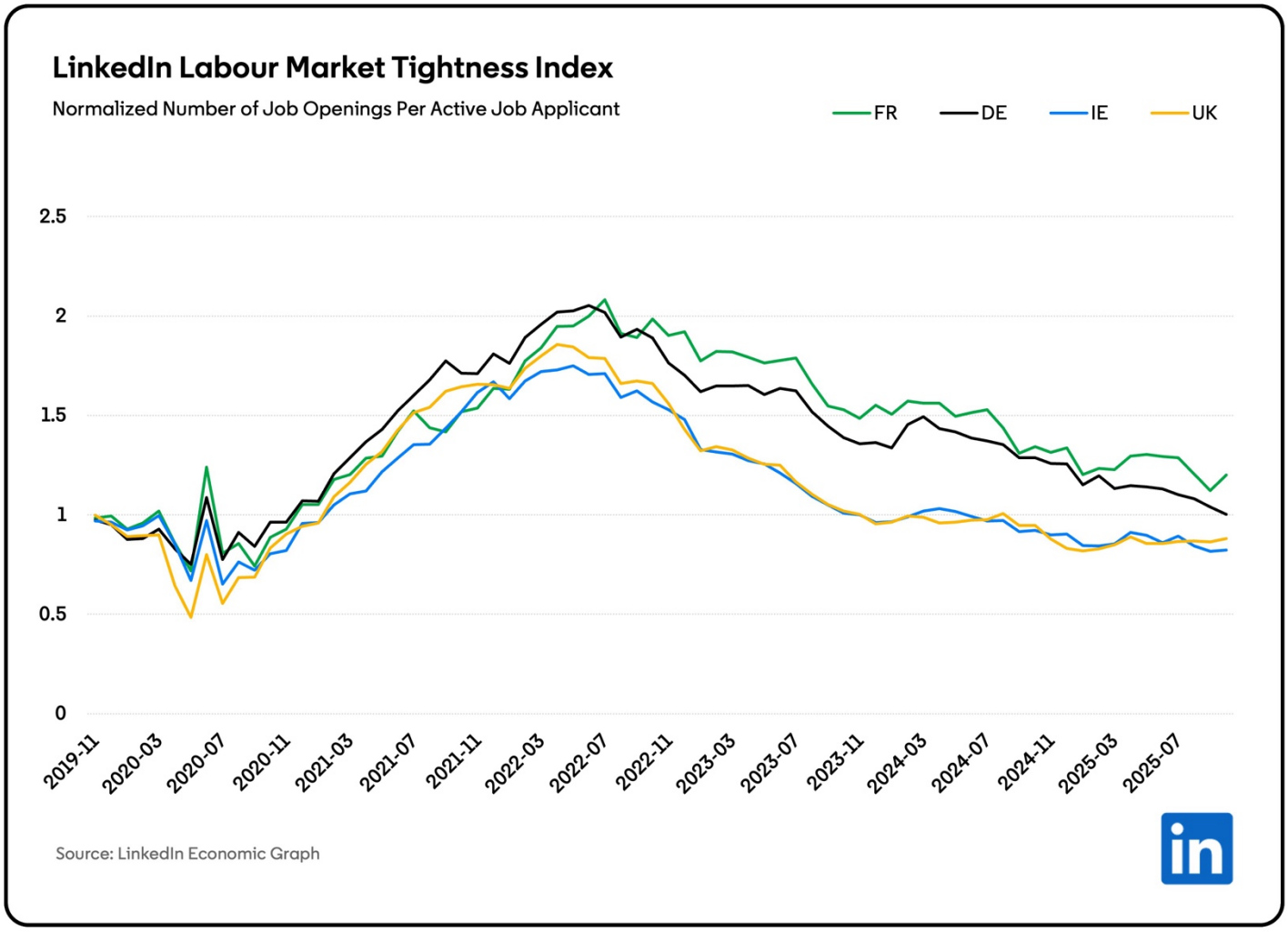
Historically, unemployment and hiring tend to lag economic activity by 6 to 24 months. If you look at a typical business cycle, it can take up to 6 months from when the economy breaks out of recession and returns to positive growth for the unemployment rate to start falling again. However, if you look at the time it takes for the economy to move from the bottom of the recession to positive hiring again, that can take up to 24 months.

The recent slowdown in hiring has been atypical: the Covid-induced recessions were sharper but quicker to recover from, with substantial government support fuelling a pronounced boom in economic activity, profitability, and hiring. The subsequent slowdown did not become a full recession. Now, two years into recovery, hiring has yet to pick up, and the notion of a "jobless recovery" is resurfacing - this time, amplified by concerns around AI.

While a recovery in hiring remains a realistic expectation, it is likely to be gradual and modest.



RECOVERS ONLY ABOUT A THIRD OF SEPTEMBER HIRING LOSES IN EMEA

The subsequent slowdown did not become a full recession. Now, two years into recovery, hiring has yet to pick up The puzzle of EMEA labour markets - with its low unemployment but sluggish hiring and still relatively dynamic wage growth - can be viewed through the lens of a job applicant. For the average job applicant in Europe, market conditions now are about twice as tight as they were two years ago: there are about half as many job openings for every active job applicant in a typical European job market.

The UK and Ireland tend to be somewhat more dynamic job markets and conditions are even tighter for applicants in these countries than in the continental Europe. The only place where this dynamic does not hold is the Middle East – hiring there continues to chug along with the job openings coming down only slightly from the 2022 post-pandemic highs. But this in the region is largely fuelled by government investment.

It is however important to note that the markets are not necessarily getting tighter only because of the falling number of job openings. Another factor is a (technology-enabled) sharp rise in what we call job search intensity - the number of job applications per applicant. This number has risen by more than 50% in the last few years across major European (and global) markets, making it appear much harder to get a job, especially for those who do not already have one - the new entrants.

How should we interpret the rise in job market competitiveness and slow hiring in Europe (and, for that matter, the United States)? One way is to look at the number of “self-starters” - people who leave corporate jobs to start their own companies.

We track this through the count of our member that add CEO or founder as a job title. This number has been rising extremely rapidly since the Covid crisis, perhaps reflecting both slower hiring and fewer opportunities in the labour market, but also the role of technology in enabling small business owners to achieve self-sufficiency more easily.

European labour markets are thus shaping up to be slower to hire but more competitive and quicker to lead into self-starting. With AI likely to start making its mark on the labour markets in the next few years it might no longer be just about the dynamics in terms of unemployment but a finer nuance of how work and the labour market with it will change.