EMEA Labour Market Outlook

September 2026

SEPTEMBER 2026

SUMMARY

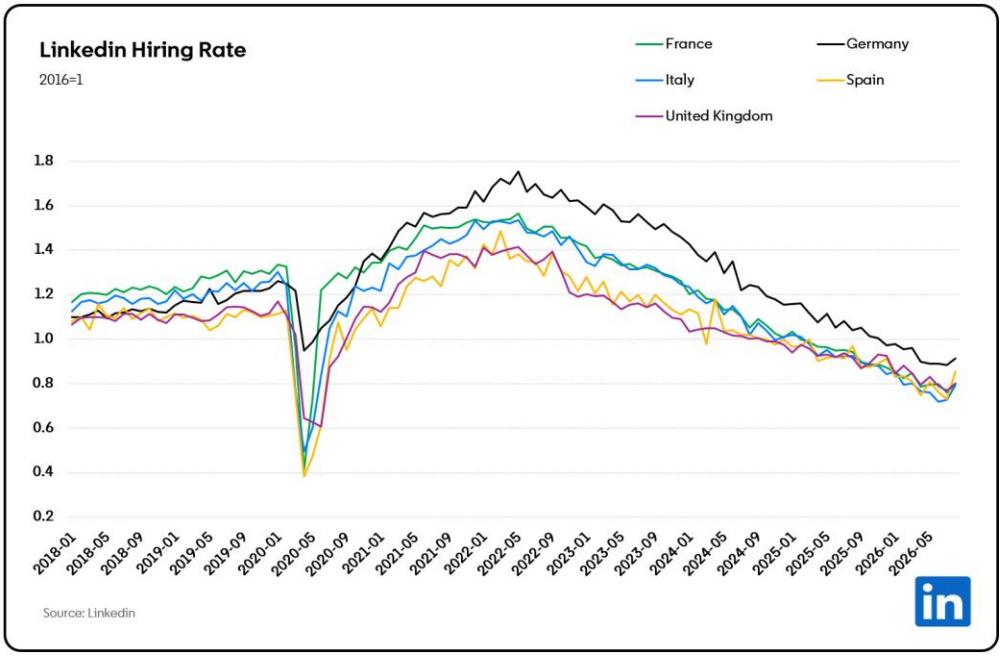
August brought a welcome respite for hiring across Europe's largest economies. Germany, the UK, France, Spain, and Italy all recorded month-on-month increases, with Spain seeing a particularly strong rebound. However, the recovery remains uneven: hiring in Spain was still below its level a year earlier, while the Nordic countries and Poland continued to experience significant weakness. Most Central European markets saw modest improvement.

In the Middle East, hiring remained subdued in August, with no major deterioration despite renewed conflict-related escalations. Regional employment appears to have stabilized at a lower level than before the outbreak of the Iran war. However, a sustained recovery will likely depend on greater stability and a return of positive business sentiment.

Despite the broad slowdown in hiring, a small number of sectors continue to outperform, with healthcare, education and energy showing the strongest and most consistent hiring growth globally. AI-related work is becoming an important source of employment, with nearly two million jobs worldwide now including AI in their title.

European markets are performing relatively well in this area, with the UK generating a particularly strong volume of AI-related roles and Germany and France also keeping pace. At the same time, European economies are developing the talent needed to support this growth, with Germany standing out for its high number of qualified AI engineers relative to its population.

Transferring this potential into lasting productivity gains will be the next European challenge.

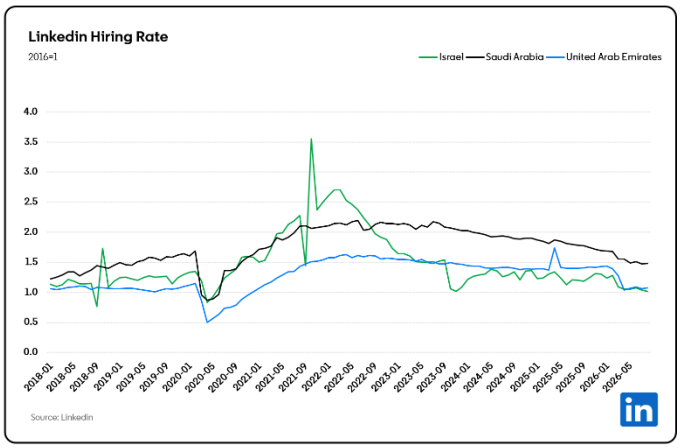


EMEA HIRING REBOUNDS IN AUGUST BUT A SUSTAINED RECOVERY REMAINS ELUSIVE

Hiring strengthened across several major EMEA markets in August (3.4% month-on-month in Germany, 4.2% in the UK, 5.3% in France and 9.1% in Italy), with Spain recording a particularly strong month-on-month increase of 16.6%. Despite this rebound, hiring in Spain remained 11.9% below its level a year earlier.

It is still too early to call this a sustained turnaround. Growth remains concentrated in sectors such as healthcare and education, which have performed relatively well throughout the four-year hiring slowdown. Nevertheless, some encouraging signs are emerging. Germany's construction sector is one example: hiring increased by 3.2% month on month, outperforming the overall German market by approximately 90%.

The improvement remains concentrated in Europe's largest economies, while conditions elsewhere are considerably weaker. Among the Nordic countries, only Denmark recorded a modest improvement, with hiring rising 3% month on month. Sweden, Norway, and Finland saw no comparable recovery, while Poland experienced renewed weakness in August.



Middle Eastern labour markets showed little change in hiring dynamics during the month. Against a backdrop of renewed conflict escalation, this relative stability is encouraging. However, a meaningful recovery is likely to remain out of reach until there is a more lasting improvement in regional stability.

LOOKING FOR BRIGHT SPOTS IN A CHALLENGING LABOUR MARKET

As we have highlighted in previous reports, certain sectors continue to outperform despite the widespread slowdown in hiring.

Healthcare remains the strongest global performer, with hiring consistently increasing across almost all major markets. Ageing populations are likely to provide a continued structural tailwind for the sector, as demand for healthcare services tends to increase as societies age.

Education is also showing positive momentum, but its longer-term outlook is less straightforward. While the share of the population with tertiary qualifications continues to rise, demographic shifts mean many countries have fewer young people entering education in the first place. The OECD projects declines[1] in the young-adult population across almost half of its member countries over the next 15 years. As tertiary attainment rates rise, there is also less scope to offset these demographic declines simply by increasing participation. Developed economies' share of population with tertiary degrees is already close (and in some cases above) 60%. It will be increasingly difficult to push it further up.

Energy is another sector experiencing healthy hiring growth, with the rapid expansion of AI and data centres adding to already rising demand for energy. Despite this growth, the sector still employs relatively few people as it requires fewer workers than many other industries.

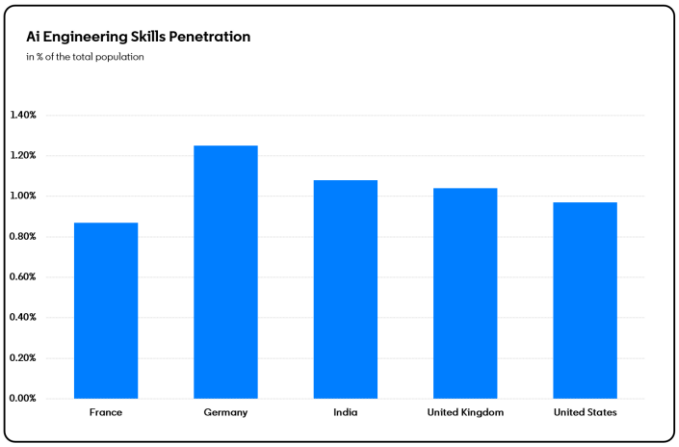
[1] OECD Report on Financial Sustainability of Higher Education.

Beyond these sectors, it is still uncommon to find industries hiring more people than they did before the pandemic.

One category of jobs, however, continues to expand: AI-related roles. Globally, nearly two million jobs now include an AI-related designation in their title.

European countries are performing relatively well in this area. While they remain behind the US in the number of AI-related jobs created, the gap is not dramatic. The UK, in particular, is generating a substantial number of these roles and appears well positioned to continue doing so. Germany and France are also maintaining strong momentum.

Previous LinkedIn research has also shown that several European markets have strong AI talent bases. For example, Germany ranks among the global leaders in the concentration of AI engineering talent, reflecting the country's broader engineering strengths.[2]



Germany has a strong industrial base, with around 20% of GDP stemming from industrial production, compared with around 10% in the US, UK and France. It also has one of the world's highest shares of engineers relative to its population and workforce, at roughly 13 engineers per 1,000 inhabitants, compared with around 5 in the US. This provides a strong foundation for developing an AI engineering workforce. As the chart shows, the UK and France are also relatively well positioned when it comes to producing and attracting AI engineers.

While AI-related hiring continues to expand, the broader labour market remains considerably more mixed. Recent hiring improvements have been concentrated in a small number of countries and sectors, and it remains too early to tell whether August's rebound represents the start of a sustained recovery.

To read more about global labour market trends as well as AI and the labour markets go to:

State of the Labor Market
AI Labour Market Update

[2] Our metrics have been developed to measure AI technology adoption and AI talent characteristics based on LinkedIn data. We defined the following: AI jobs or occupation: LinkedIn member titles are standardized and grouped into over 16,000 occupations. These are not sector or country specific. An AI job is an occupation that requires AI skills to perform the job. Examples of such occupations include, but are not limited to, machine learning engineer, artificial intelligence specialist, data scientist, computer vision engineer, etc. AI skills: LinkedIn categorizes AI skills into two mutually exclusive groups: AI engineering and AI literacy skills. Very broadly, AI engineering skills refer to the technical expertise and practical competencies required to design, develop, deploy, and maintain artificial intelligence systems, and AI literacy skills refer to the knowledge, abilities, and critical thinking competencies needed to understand, evaluate, and effectively interact with artificial intelligence technologies. As skills are ever evolving, we maintain and refresh these classifications on a periodical basis. AI talent: a LinkedIn member is considered AI talent if they have explicitly added at least two AI skills to their profile and/or they are or have been employed in an AI job.