EMEA Labour Market Outlook

May 2026

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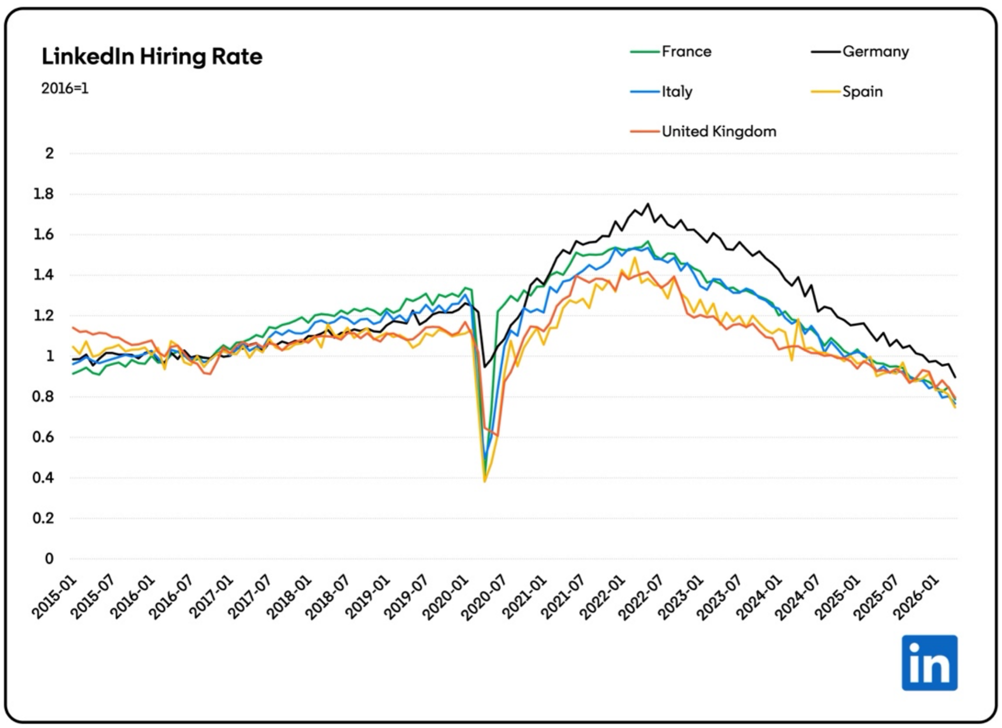
SUMMARY

Hiring continued to contract in April, not just in the EMEA region, but globally. A multi-year pattern of modest gains followed by persistent declines remains in place. In the EMEA region, it's the Middle Eastern countries that predictably suffered the sharpest contraction although the picture there is also uneven. In Europe a decline in hiring is broad-based, from core eurozone countries to the UK, and from the Nordics to the Southern European economies. Hiring has slowed significantly across the region since the beginning of the Middle East conflict, and this is true even in economies that are still recording healthy growth.

Hiring in the Middle East remains the weakest globally, but trends vary significantly by country. The UAE stands out as the main weak spot, with broad-based declines across sectors and a further sharp drop in April. Israel shows more contained weakness, concentrated in tech and financial services, while Saudi Arabia shows early signs of recovery, led by hospitality and transport.

This month we revisit hiring for new labour market entrants – whether recent graduates, apprenticeship degree holders, or those coming through STAR (skilled through alternative routes). While hiring continues to slow across the board, we find no evidence that hiring is disproportionately slowing new entrants. On the contrary, entry level workers continue to be hired somewhat more than senior staff, as is typically the case.

However, when overall hiring is weak, new entrants face greater difficulty entering the workforce because they do not already have jobs, unlike senior workers. Youth unemployment is therefore rising across Europe and is likely to continue until labour markets become more dynamic again. There is still some way to go before youth unemployment reaches unusually high levels.



APRIL HIRING IN EUROPEAN MARKETS PREDICTABLY DISAPPOINTS

April saw one of the sharpest contractions in hiring across Europe since the Covid crisis. With economic momentum weakening due to higher energy prices and geopolitical uncertainty, this is not surprising. Hiring is now weaker in all major European markets, even those that still enjoy relatively strong economic momentum, such as Spain and Poland.

Sector-wise, the picture has not changed: healthcare, education and energy remain the sectors still growing, while tech, professional services and administration remain the laggards.

This deterioration was largely expected given that the Middle East fallout remains unresolved for a third consecutive month. However, some glimmers of hope come from the fact that the oil price is back below $100 (hovering around $90 at the time of writing), and even if resolution is not imminent, some form of commercial settlement may be possible, easing energy prices and thus pressure on global economies.

Growth forecasts for key European economies this year remain significantly lower than at the beginning of the year, but it now looks increasingly likely that the damage may be less severe than currently expected. This is similar to how 2025 growth outcomes ultimately exceeded expectations following the tariff announcements in April 2025.

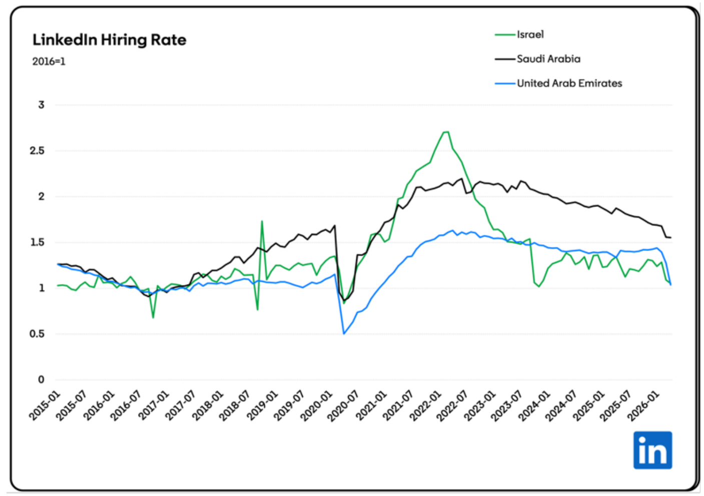
Still, in the same way that hiring recovery typically lags positive economic surprises, even if energy prices fully normalise as we head into the second half of the year, it is still likely that we will see at least a few more months of weakness in European labour markets. Unemployment is thus likely to keep creeping up but remain relatively low compared to historical records.

MIDDLE EAST EXPECTEDLY PAYS THE HIGHEST PRICE TO THE IRAN CONFLICT

Hiring in the Middle East is predictably weakest but the picture is far from uniform. Some sectors in Saudi Arabia are beginning to recover, while Israel is seeing only limited further deterioration. The UAE, by contrast, remains the clearest weak spot, with hiring falling another -19% month-on-month in April after a -9% drop in March.

In the UAE, losses are broad-based, spanning healthcare, tech, retail, hospitality and financial and professional services.

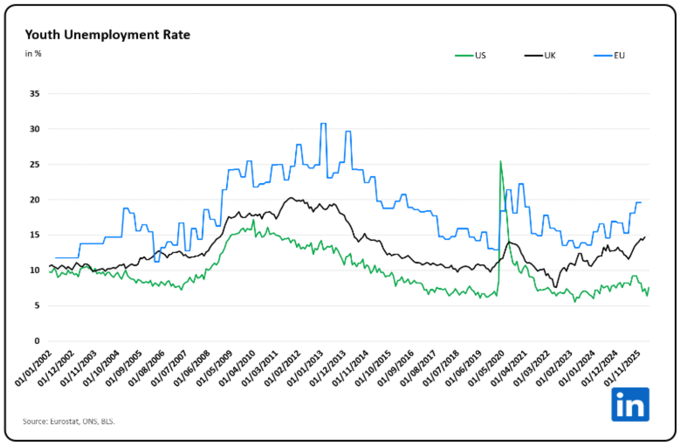
In Israel, the weakness is narrower, concentrated in tech and financial services. In Saudi Arabia, parts of the market are starting to recover, with hospitality and transport leading the way.

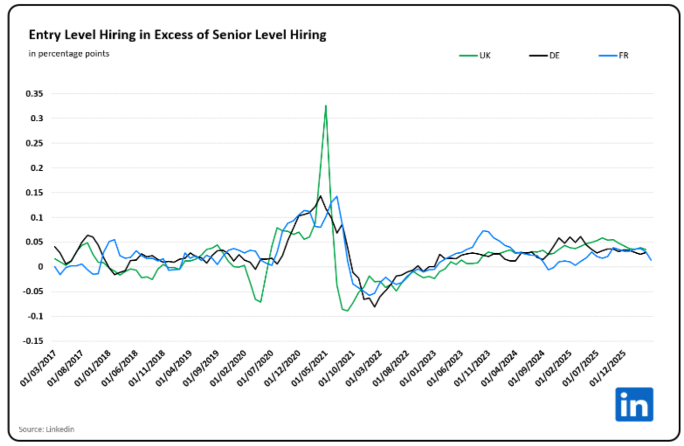


ENTRY LEVEL WORKERS IN A SLOW HIRING ENVIRONMENT

This month we revisit the hiring trends for the new entrants – be it recent graduates or people entering workforce with apprenticeship degrees or along the STAR (skilled through alternative routes).

Youth unemployment, measured as unemployment for people aged 18-to-24-year-old in the UK or 15-to-24-year-old in the EU, continues to rise in Europe even as it is slowing down in the US. Youth unemployment is typically both higher and more volatile than overall unemployment, and while current levels remain broadly in line with historical averages, the trend is concerning.





Youth unemployment stood at 19.6% at the end of 2025 in the eurozone and 14.7% in the UK in April. While both figures remain below the recent historical peaks - when eurozone youth unemployment rose above 30% after the global financial crisis and again following the Covid outbreak - the current trend is nonetheless concerning. A similar pattern is visible in the UK: although youth unemployment was either higher (after the financial crisis) or comparable (after the Covid outbreak) in the recent past, the latest increase still raises concerns.

One of the proposed explanations in the media is the argument that AI is displacing young workers in entry level jobs and that the widespread difficulty in finding entry-level positions is due to this trend.

To assess whether this claim has merit, we examine hiring trends for entry-level workers relative to hiring for more senior staff. Our data shows no evidence of a disproportionate deterioration in hiring trends for entry-level workers compared with senior staff, and this pattern holds across all major European markets.

Since the beginning of 2025, hiring for senior staff in the UK has declined around 3 percentage points faster than hiring for entry-level workers. By contrast, in Germany and France, hiring for senior staff has fallen around 2 and 4 percentage points more slowly, respectively. In other words, as the following chart suggests, hiring trends for entry-level workers and senior staff have generally moved in parallel.

Hiring for new entrants tends to be somewhat more dynamic as hiring rates for entry-level workers are usually slightly higher than for the overall workforce. This differential has changed very little in recent years; hiring has weakened across all groups to a broadly similar extent.

When hiring is equally weak across groups, this leads to higher unemployment among new entrants, who enter the labour market without a job, compared with the broader workforce, much of which is already employed and not actively changing jobs.

We also look at sectoral patterns to ensure that hiring has not become especially weak for new entrants in specific industries, which could signal sector-specific pressures. This too does not appear to be the case. Aside from idiosyncratic cases such as healthcare in the UK (–19.6% year-on-year in April), where hiring for new entrants has been weaker over the past year due to budget constraints, new entrant hiring broadly follows overall trends and is weaker in tech, manufacturing, professional services and administration, just as it is for the broader workforce.

For now, labour markets are tougher for jobseekers, particularly those entering from outside employment such as new entrants. However, unemployment remains historically low, pointing to weak hiring conditions rather than elevated joblessness.

To read more about the global labour markets and the AI read:

State of the Labor Market
AI Labour Market Update