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Labour Market Report H2 2026

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Global Talent Solutions

Germany

Market Summary

H2 2026 Labour Market Intelligence

- **Automotive industry under sustained pressure: Volkswagen cutting up to 100,000 jobs, Bosch 22,000, sector-wide losses of 225,000 forecast by 2035**
- **A rare EU economy where unemployment is rising, up in 42 of the last 48 months even as the Eurozone hit a record low**
- **Demographic decline means labour supply now depends on immigration, with non-German passport holders in work up 3.4m since 2014**

Germany's labour market is defined by structural contraction in its industrial heartland colliding with acute demographic decline, a combination that reshapes both the volume and shape of hiring demand.

Volkswagen's plan to cut up to 100,000 jobs and Bosch's 22,000 reduction sit alongside a sector wide forecast of 225,000 automotive job losses by 2035, as high energy costs, elevated labour costs and competition from Asia add pressure to manufacturing, an industry where output remains 9% below its 2017 peak.

Unemployment has climbed in 42 of the last 48 months even as the wider Eurozone rate hit a record low, and entry-level hiring has been hit hardest, with 2025 postings 42% below their five-year average and youth unemployment rising sharply, a warning sign for graduate and early career pipelines. Longer term, demographics are the dominant force. The population is projected to shrink nearly 5% within 25 years, the 20 to 66 cohort is set to fall roughly 12%, and pensioners will rise more than 20%, according to Ifo.

Germany's working age labour supply already depends on immigration to avoid outright decline, with non-German passport holders in the workforce up 3.4 million since 2014 against a 3.9 million fall in German passport holders.

Coalition backed reforms, including easier fixed term contracts and loosened termination protections for high earners, aim to inject flexibility, but for recruiters the near-term picture is one of contraction in legacy manufacturing and automotive, tightening entry-level pipelines, and a structural, long-run dependency on international talent to fill the gap domestic demographics cannot.

Employment Insights

H2 2026 Labour Market Intelligence

Unemployment has risen in 42 of the last 48 months, with entry-level postings 42% below their five-year average

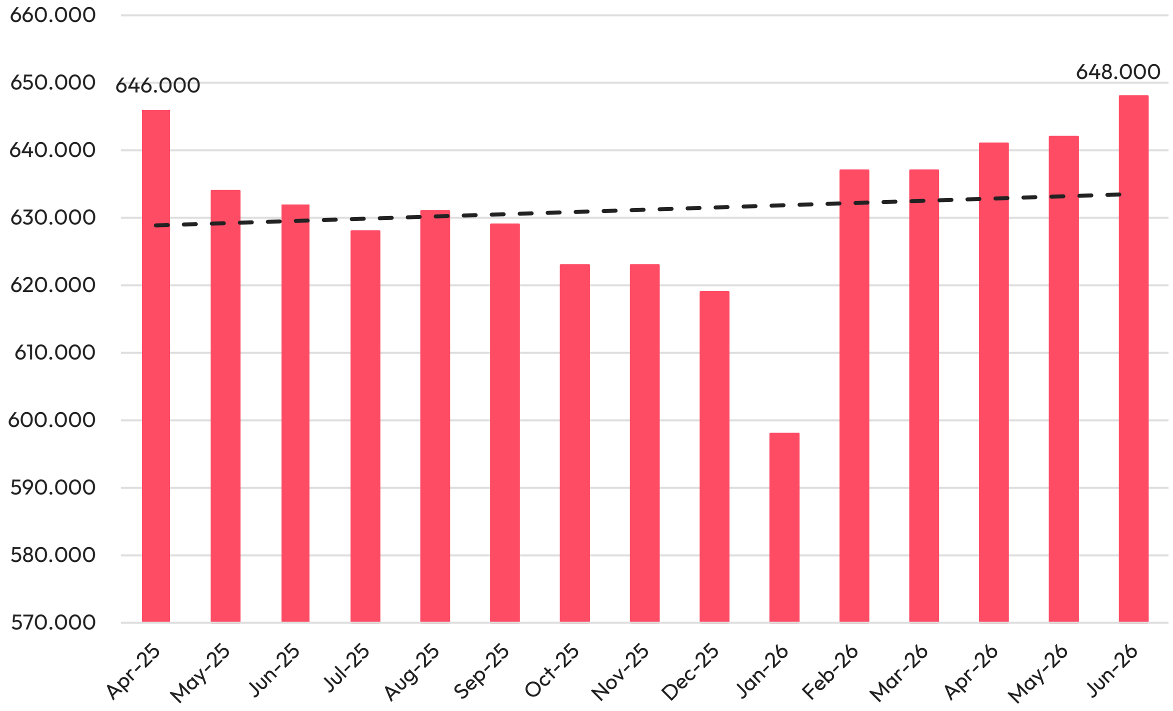
Germany is a rare EU economy where unemployment has risen, increasing in 42 of the past 48 months, even as unemployment across the wider Eurozone fell to an all time low of 6.1%. Entry-level hiring has been hit hardest, with postings in 2025 running 42% below the five-year average according to jobs portal Stepstone.de, driving a sharp rise in youth unemployment over the past four years.

Demographic pressure compounds this. Germany's population is projected to shrink by nearly 5% within 25 years, a steeper decline than previously forecast, according to an Ifo study, with the number of people aged 20 to 66 projected to fall by about 12% while pensioners rise by more than 20%.

Without immigration, Germany's working population would already have decreased considerably. The number of working age people holding a German passport declined by 3.9 million between 2014 and 2024, while the number of working age people without a German passport rose by 3.4 million over the same period, underscoring how dependent the labour supply now is on immigration.

"Germany is a rare EU economy where unemployment has risen, increasing in 42 of the past 48 months."

Job Vacancies (Statistisches Bundesamt)



648,000
Job Vacancies

6.3%
Unemployment Rate

7.0%
Youth Unemployment

23.8
Candidates per Vacancy

8.3%
1y Talent Pool Growth

7.2%
Average Attrition Rate

15.5%
Job Mobility Rate

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GDP Growth

H2 2026 Labour Market Intelligence

Stagnation continues despite a €10bn tax-cut package, with industrial production still 9% below its 2017 peak

Germany's stagnation continues despite Chancellor Merz's €10bn tax cut package, which chief executives fear is insufficient to reignite growth. Industrial production, the traditional core of the economy, peaked in late 2017 and now sits 9% lower than a decade ago, according to Bundesbank data.

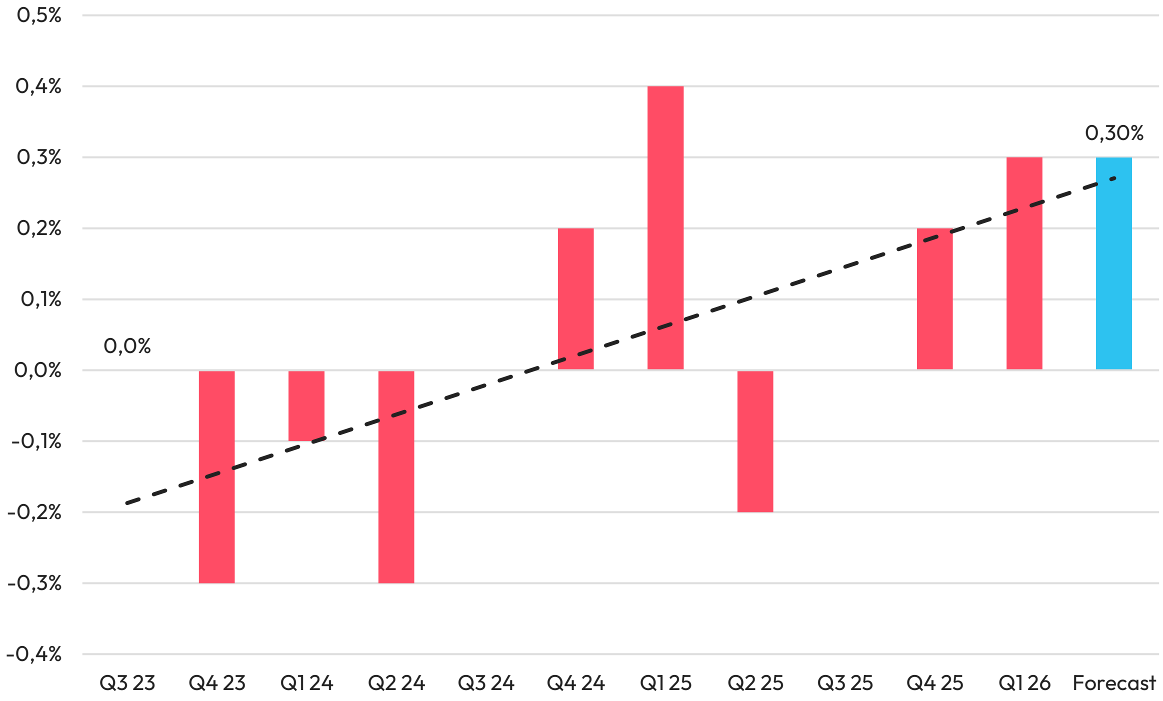
Recent news has added to the gloomy mood in German boardrooms. Volkswagen plans to cut up to 100,000 jobs, one of the largest layoff programmes in global corporate history, while Bosch is cutting 22,000 roles by the same date.

The German Association of the Automotive Industry warned that a total of 225,000 jobs are likely to disappear by 2035, some 35,000 more than previously expected.

High energy and labour costs, combined with growing competition from Asian rivals, continue to erode the industrial base, even as the government pushes labour market reform, sick leave tightening and deregulation to restore competitiveness.

Volkswagen plans to cut up to 100,000 jobs, one of the largest lay off programmes in global corporate history.

GDP Growth (Statistisches Bundesamt)



0.4%
GDP Annual Growth

0.3%
GDP Quarterly Growth

$62,555
GDP per Capita PPP

2.3%
Inflation Rate

1.8%
Wage Inflation Rate

85.6
Business Confidence

2.4%
Interest Rate

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Markets Matrix

Country	GDP Annual Growth	GDP Quarterly Growth	GDPper Capita PPP	Inflation Rate	Interest Rate	Business Confidence	Wage Inflation	Job Vacancies	Unemployment	Youth Unemployment	Candidates per Vacancy	Headcount Growth	Average Attrition	Job Mobility
United Kingdom	0.90%	0.40%	52,621	3.10%	3.75%	-65	4.10%	702,000	4.90%	14.50%	87.5	5.80%	8.60%	9.10%
Ireland	-13.00%	-7.00%	119,038	3.40%	2.40%	-0.38	4.40%	24,000	5.00%	10.80%	79.3	4.70%	9.10%	2.50%
France	0.90%	-0.10%	54,799	1.80%	2.40%	100	1.70%	233,000	8.10%	21.30%	66.3	6.50%	6.80%	26.60%
Germany	0.40%	0.30%	62,555	2.30%	2.40%	85.6	1.80%	648,000	6.30%	7.00%	23.8	8.30%	7.20%	15.50%
Switzerland	0.30%	0.40%	82,286	0.50%	0.00%	101	1.80%	47,000	2.90%	2.70%	50.5	3.50%	8.90%	3.70%
The Netherlands	1.40%	0.20%	70,499	2.90%	2.40%	1.3	4.20%	380,000	3.90%	8.70%	34	3.30%	9.60%	9.60%
Belgium	0.80%	0.20%	63,348	3.40%	2.40%	-12.4	0.90%	146,000	6.30%	18.70%	51.2	3.90%	5.60%	4.30%
Spain	2.70%	0.60%	48,460	3.20%	2.40%	-2.4	4.95%	89,000	10.83%	23.70%	140	6.80%	7.30%	16.70%
Portugal	2.30%	0.00%	42,197	3.20%	2.40%	2.8	7.00%	11,000	5.50%	19.70%	98	4.90%	7.20%	4.10%
Italy	0.80%	0.30%	53,265	3.00%	2.40%	88.4	2.50%	108,000	5.00%	15.10%	117.5	6.40%	4.00%	16.90%
South Africa	1.10%	0.50%	13,598	4.50%	7.00%	39	N/A	24,000	32.70%	60.90%	461.8	10.70%	3.60%	6.40%
United Arab Emirates	5.60%	N/A	69,702	2.04%	3.65%	N/A	N/A	23,000	2.17%	N/A	320.6	9.50%	5.70%	9.60%
Saudi Arabia	4.50%	-1.50%	62,793	1.80%	4.25%	N/A	7.60%	16,000	3.10%	11.00%	487.8	12.20%	6.30%	8.90%
India	7.70%	1.90%	10,039	4.45%	5.25%	119	N/A	291,000	5.50%	N/A	368.9	9.60%	7.00%	7.30%
Singapore	5.00%	1.00%	132,570	1.80%	0.88%	12	4.90%	40,000	2.00%	N/A	78.6	2.90%	8.00%	7.00%
Malaysia	5.20%	0.00%	34,116	2.00%	2.75%	-1.8	N/A	32,000	3.00%	N/A	202.9	8.70%	5.90%	6.00%
Thailand	2.40%	0.70%	21,741	2.42%	1.00%	46.1	N/A	15,000	0.94%	4.60%	220.2	7.70%	5.20%	4.80%
Vietnam	8.39%	N/A	14,415	4.69%	4.50%	79.7	N/A	20,000	2.21%	8.86%	219.6	14.80%	6.80%	6.00%
Indonesia	5.11%	-0.77%	14,470	3.34%	5.75%	12.97	N/A	21,000	4.68%	N/A	1,156.3	15.70%	3.90%	6.30%
Philippines	4.40%	0.90%	10,376	6.40%	4.75%	-25.2	N/A	74,000	4.80%	N/A	179.7	18.90%	7.30%	7.40%
Japan	1.10%	0.30%	48,283	1.70%	1.00%	22	3.20%	62,000	2.25%	4.30%	50.9	10.20%	4.70%	6.30%
South Korea	1.00%	0.60%	55,071	2.80%	2.75%	82	N/A	8,000	2.70%	6.80%	376.8	12.10%	4.00%	4.50%
Mainland China	5.00%	1.30%	25,067	0.50%	3.00%	49.2	N/A	1,094,000	5.20%	15.60%	36.5	0.50%	0.40%	0.30%
Hong Kong	3.50%	-0.60%	68,725	2.00%	4.00%	-5	N/A	15,000	3.70%	7.00%	158	6.70%	6.30%	6.00%
Taiwan	8.68%	1.39%	N/A	2.54%	2.00%	N/A	N/A	13,000	3.32%	11.14%	189.5	6.00%	4.50%	3.90%
Australia	2.60%	0.30%	60,304	4.00%	4.35%	-14	3.30%	330,000	4.40%	10.40%	149.4	2.60%	8.30%	8.00%
New Zealand	0.20%	0.80%	49,316	3.10%	2.50%	36.6	2.00%	8,000	5.30%	17.30%	269.7	3.70%	7.30%	7.00%
United States	1.50%	2.10%	76,931	3.40%	3.75%	55.6	4.25%	7,508,000	4.10%	9.20%	38.5	4.60%	8.90%	8.50%
Mexico	0.60%	1.50%	21,912	3.12%	6.50%	48	N/A	51,000	2.90%	N/A	385.2	11.30%	4.30%	6.30%
Chile	2.50%	-0.30%	30,863	3.50%	4.50%	43.62	N/A	20,000	9.40%	N/A	319.6	6.20%	7.90%	7.00%

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Definitions

GDP Annual Growth
The percentage change in a country's gross domestic product from one year to the next

GDP Quarterly Growth
The percentage change in a country's gross domestic product from one quarter to the next

GDP Per Capita PPP
A country's average output and standard of living by dividing total economic production by population, adjusted for local living costs using Purchasing Power Parity rather than regular market exchange rates

Inflation Rate
The inflation rate is the speed at which the general prices for goods and services rise over time, reducing the purchasing power of money.

Interest Rate
The core percentage set by a nation's central bank. It dictates the cost of borrowing money for commercial banks, which in turn controls consumer loan costs, savings returns, and overall economic inflation

Wage Inflation Rate
Changes in average weekly earnings, before tax and other deductions and including bonuses. The series measures the three-month average growth rate.

Business Confidence
Indicator measuring corporate sentiment regarding future business conditions. Derived from executive surveys tracking production, orders, and employment, readings typically use a baseline of 100 (above = optimism, below = pessimism) or a zero-balance scale

Job Vacancies
Paid position for which an employer is actively seeking recruits from outside their organisation on a specific date. Data is sourced by business surveys.

Unemployment Rate
The percentage of the labour force that does not have a job, is actively looking for work, and is available to work

Youth Unemployment Rate
The percentage of unemployed people within a specific young age group (16 to 24) who are actively looking for work and available to start, measured against the active youth labour force rather than the total population of that age

Candidates per Vacancy
The talent pool size divided by the number of live vacancies.

1-Year Growth
The percentage change in the total number of professionals in this talent pool compared to one year ago.

Attrition
The number of employee departures from a company divided by the average employee headcount over the past 12 months. Attrition is only displayed if the average headcount over this period is at least 15.

Job Mobility
Percentage of the talent pool that has changed jobs in the past 12-months.

Data Collection
All macroeconomic data collected on 31st August, any statistical data releases beyond this date will not be reflected in the report.

Africa | Australia | Belgium | Canada | Chile | Mainland China | France | Germany | Hong Kong | India | Indonesia | Ireland | Italy | Japan | Malaysia | Mexico | Netherlands | New Zealand | Philippines | Portugal | Singapore | South Korea | Spain | Switzerland | Taiwan | Thailand | United Arab Emirates | United Kingdom | United States | Vietnam.