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PART 2/4

COMMISSION STAFF WORKING DOCUMENT
EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE

Chapter 1

Main employment and social developments

1. INTRODUCTION⁽¹⁾

In 2024, the EU economy expanded by 1.1%, amidst robust economic growth and easing inflation in the rest of the world.⁽²⁾ The global economy expanded by 3.3% in 2024, boosted by stronger than expected growth in China and a robust performance in the US. Global inflation eased to 5.7% in 2024,⁽³⁾ notably due to the continued decline in goods price inflation and some moderation in energy prices in the second part of the year. However, ongoing geopolitical tensions, notably in the Middle East and Ukraine, still weighed on investor sentiment and global supply chains.

Albeit at a slowing pace, employment continued to rise in nearly all EU countries in 2024, resulting in an EU employment growth of 0.8%. This allowed the employment rate (people aged 20-64) to reach 75.8%, placing the EU on track to meet its 2030 target of 78%. During the last year, labour force and employment improvements have largely benefitted from an increased participation of migrants, women and older individuals, who however still have below average employment rates. In parallel, the unemployment rate (people aged 15-74) in the EU reached its lowest level since 2009, at 5.9%, but worsened for young people (aged 15-24).

Labour shortages showed signs of easing, with the job vacancy rate declining to 2.4% in 2024 compared to 2.8% in 2023. However certain sectors continued to experience elevated labour shortages. Despite record-high tertiary attainment levels, the significant overqualification rate (21.5%) points towards inefficiencies regarding the allocation of the labour force and skills underutilisation, in particular for non-EU born individuals. At the same time, latest figures from the EU-Labour Force Survey (LFS) show that participation in education and training over the last 12 months rose by 3.4 pp between 2022 and 2024.

Easing inflationary pressures on real wages improved households' real disposable income, whose growth was mainly driven by stronger increases in the compensation of employees compared to 2023, but also supported by a sustained, albeit slower, employment growth. Increasing real incomes allowed

⁽¹⁾ This chapter was written by Gaelle Debree, Marieke Delanghe, Lorise Moreau and Aleksander Rutkowski, with contributions by Eva Schoenwald, Argyrios Pisiotis and Alina-Mihaela Sandor and Shaun-Mark Da Costa from Eurofound. The cut-off date on data updates is 18 August 2025.

⁽²⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

⁽³⁾ (International Monetary Fund, 2025)

easing financial pressures on households. However, the lowest income quintile still faces elevated levels of financial distress as prices of some essential items remain high.

As people at-risk of poverty or social exclusion (AROPE) declined by 2.2 million from 2019 to 2024, and children AROPE increased by 446 000, further effort is needed to achieve the 2030 target.

Young people, children, women, migrants, persons with disabilities and those with a low educational attainment are particularly vulnerable to poverty and social exclusion. In 2024, material and social deprivation declined in the EU, reflecting the recovery in purchasing power among households.

Housing costs eased in 2024 amid electricity and gas disinflation, lower interest rates and rising real incomes. Recovery in households' purchasing power allowed them to allocate a lower share of their disposable income into housing costs, leading to a declining housing costs overburden rate. Additionally, energy poverty declined for the first time since 2021 in the EU. Despite positive improvements, ensuring housing affordability and adequacy for all groups remains a challenge as housing and rental prices continue to increase and the overcrowding rate persists over time.

This chapter explores latest employment and social developments in the EU. The next section discusses the macroeconomic context, preceding a section on labour market developments and trends in participation in adult learning, and the final section explores income and living conditions.

2. MACROECONOMIC DEVELOPMENTS

Supported by a strong labour market and easing inflation, the EU real GDP growth increased to 1.1% in 2024, up from 0.6% in 2023.⁽⁴⁾ Growth performance varied significantly across the Member States, ranging from -1% in Austria, -0.4% in Latvia to 3.9% in Croatia, 3.7% in Denmark and 5.9% in Malta. Compared to its main trading partners, the EU economy fared worse than China whose growth surprised on the upside in late 2024, reaching 5% for the whole year, with net exports providing a boost and domestic demand held back by a struggling property sector and weak consumer confidence. At 2.9%, the US also registered higher growth than the EU, while Japan faced stagnation (0.1%) and the UK exhibited the same rate as the EU (1.1%).

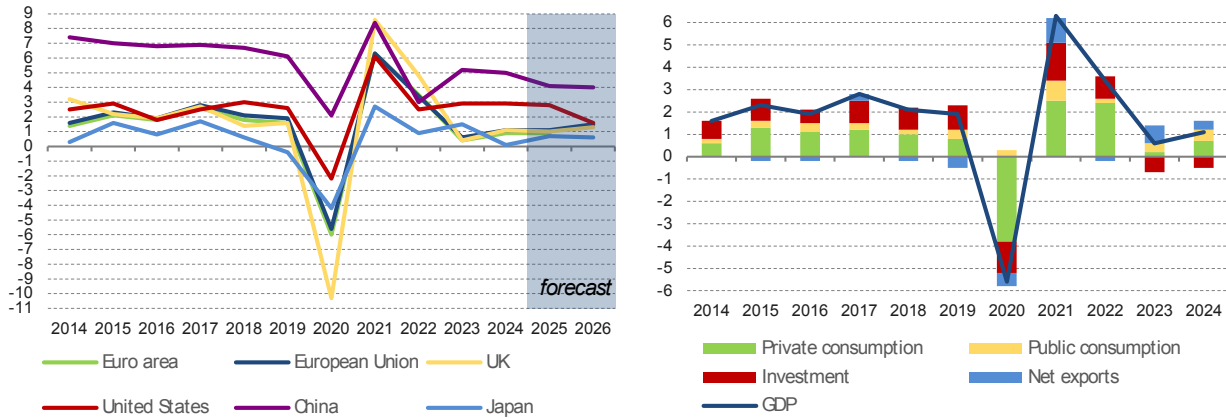
Real GDP growth in the EU was mainly driven by private consumption (contributing 0.7 pp compared to 0.2 pp in 2023), while investment continued to weigh negatively on growth (albeit less than in 2023). Private consumption growth was driven by solid increases in disposable income as the economy added over 1.7 million jobs, and nominal wages recovered the purchasing power lost to previously surging inflation. Increased public consumption was the second positive GDP growth component (contributing 0.5 pp, up from 0.4 in 2023), mainly through employment growth in the government sector, whereas the role of net trade has declined (to 0.4 pp, from 0.8 in 2023) (Chart 1.1).

⁽⁴⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

Chart 1.1

Real GDP growth was lower in the EU than in other economies in 2024, with private consumption as main contributor

Left chart: GDP, volume (% change on previous year), global; Right chart: Contribution to real GDP growth, % change on previous year, EU



Note: Note: European Commission (DG ECFIN) Economic Forecast in the shaded area. Left chart: the 2024 figure for China is DG ECFIN's estimate.

Source: Eurostat [nama_10_gdp, naida_10_gdp], Ameco, UK Office of National Statistics (for UK)

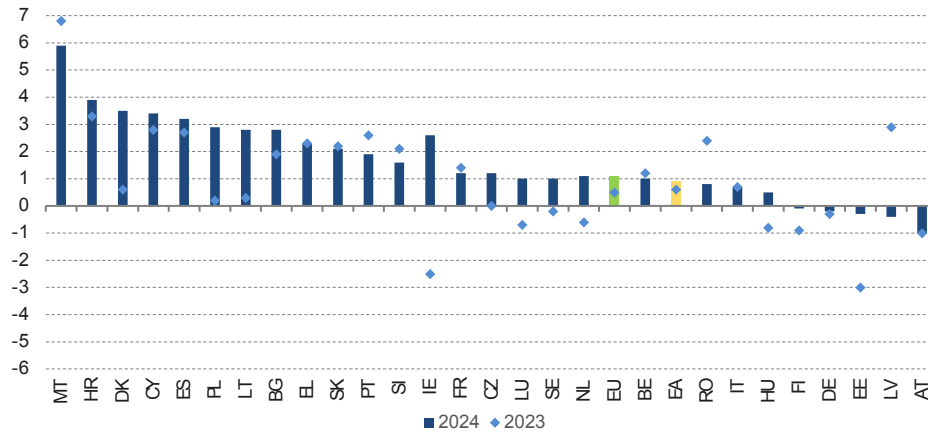
[Click here to download chart.](#)

Going forward, GDP growth is expected to stabilise at 1.1% in 2025 and slightly accelerate to 1.5% in 2026.⁽⁵⁾ In 2025, the EU economy is expected to grow modestly due to weak investment, subdued external demand, and heightened uncertainty from US trade tariffs. In 2026, growth is forecast to improve as investment and consumption rebound amid easing uncertainty and better financing conditions. In 2025, despite a worsening economic outlook, every country but one is projected to steer clear of a recession, with the lowest growth rates in Austria (-0.3%) and Germany (0%), and the highest ones in Malta (4.1%) and Denmark (3.6%). In 2026, the situation is expected to improve with the lowest growth forecast in Italy and Belgium (0.9% each) and the highest in Malta (4%), followed by Lithuania (3.1%) and Poland (3%).

Chart 1.2

Real GDP growth improved in most Member States in 2024 compared to 2023

Real GDP growth, EU, 2023 (dots) and 2024 (bars) (% change on previous year)



Note: Note: 2023: data provisional for Belgium, Germany, Greece, Spain, France, Croatia, Portugal and Romania. 2024: data provisional for Belgium, Bulgaria, Germany, Greece, Spain, France, Croatia, Hungary, Luxembourg, Portugal and Romania

Source: Eurostat [nama_10_gdp]

[Click here to download chart.](#)

The EU remained on a disinflationary path in 2024, with inflation declining in all Member States except in Belgium.⁽⁶⁾ The annual inflation rate fell from 6.4% in 2023 to 2.6% in 2024, mostly driven by price deflation of electricity, gas and other fuels. The disinflation process eased pressure on households, as reflected in declining financial distress, housing difficulties and energy poverty levels (Section 4.). Nonetheless, in 2024, annual inflation remained elevated for insurance (+8.5%), water supply (+7.3%),

⁽⁵⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

⁽⁶⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

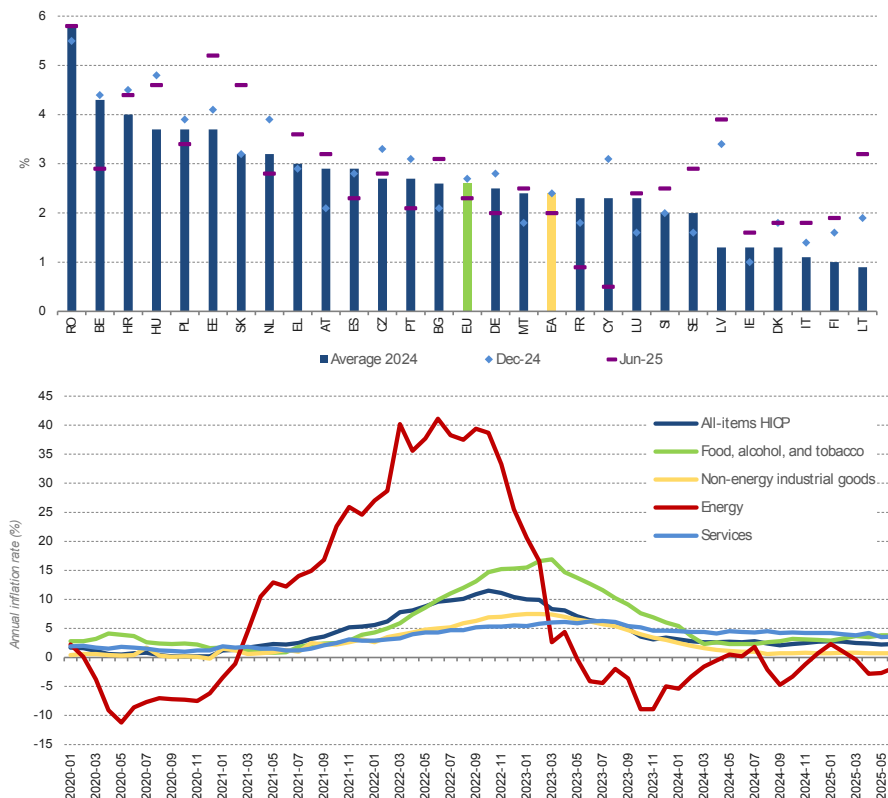
services for the elderly and disabled (+6.2%), education (+4.9%), and health (+4.0%).⁽⁷⁾ This reflects the relatively strong impact of a high growth in wages – representing a larger share of costs in these sectors – and the delayed reaction to past inflationary shocks on goods used in the provision of these services.⁽⁸⁾ Inflation was most elevated in Romania (5.8%) and Belgium (4.3%) and lowest in Lithuania (0.9%), Finland (1.0%), and Italy (1.1%) (Chart 1.3).

In the first half of 2025, the EU inflation was on a downward path, shaped mainly by decreases in services (from 4.2% to 3.6%), stability for non-energy industrial goods (around 0.7-0.8%), and deflation for energy goods. After moderating in late 2024, food inflation rebounded as of February 2025, fuelled by strong momentum in unprocessed food (Chart 1.3).

Chart 1.3

Inflation decreased in almost all Member States in 2024 compared to 2023

Top chart: All-items annual average rate of change of the Harmonised Index of Consumer Prices (HICP), 2024; Bottom chart: Annual inflation rates for selected items, EU



Source: Eurostat [prc_hicp_aind; prc_hicp_manr]

[Click here to download chart.](#)

For the whole EU, inflation is set for a gradual decline from 2.6% in 2024 to 2.3% in 2025 and 1.9% in 2026, with a similar profile and slightly lower rates in the euro area.⁽⁹⁾ The forecast is influenced by the downward correction of energy prices, competitive pressures from diversion of Chinese goods away from the US market and appreciation of the euro and other EU currencies. These factors are assessed as stronger than the opposite pressures from higher-than-previously-expected food inflation and higher price growth in services with higher wages and tighter labour market compared to previous forecasts.

⁽⁷⁾ Eurostat [prc_hicp_aind]

⁽⁸⁾ (European Central Bank, 2025a)

⁽⁹⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

3. LABOUR MARKET DEVELOPMENTS

3.1. Context

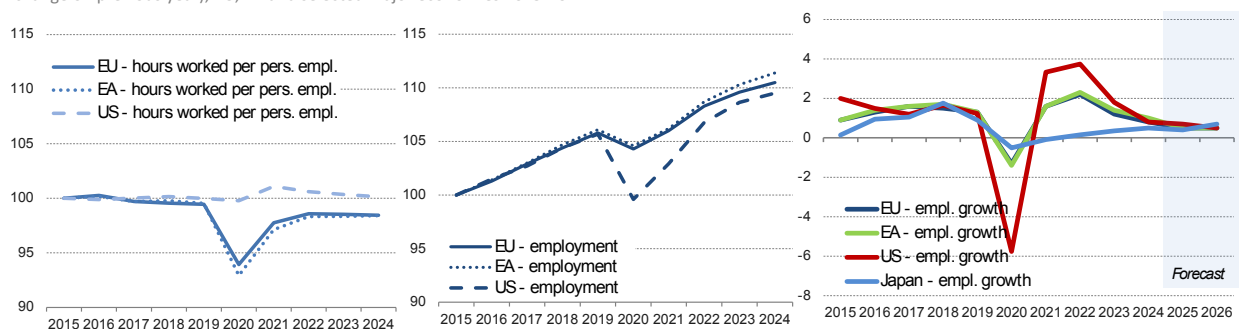
Employment rose in the EU in 2024, albeit more moderately than in 2023, contributing to GDP growth by boosting household disposable income and consumption. The growth of employment was concentrated in the euro area, with rates at 0.8% in the EU and at 1.0% in the euro area, leading to 219.2 million (+1.8 million) employed people in the EU, of which 170.8 million (+1.7 million) in the euro area. Employment was stable or increased in all but five EU countries. A growth exceeding 2.0% was recorded in Cyprus (+2.0%), Spain (+2.2%), Ireland (+2.7%), Malta (+5.3%) and Croatia (+6.1%) while employment declined in Finland (-1.1%), Latvia (-0.9%), Poland (-0.7%), Sweden (-0.3%) and Slovakia (-0.2%). Employees were the main drivers of employment growth (+0.9% to 187.8 million) followed by the self-employed (+0.2% at 31.4 million).⁽¹⁰⁾ In 2025 and 2026, employment growth is expected to expand by about 0.5% each year in the EU due to a decline in the job intensity of growth,⁽¹¹⁾ which reflects a normalisation of the trend. While most countries are forecasted to experience employment creation, losses are expected this year in Latvia (-0.4%), Germany, France (-0.2% in both countries), Estonia and Slovakia (both -0.1%), with a return to employment creation in 2026 in three of them (+0.2% in both Germany and Estonia, and +0.5% in France).⁽¹²⁾

Despite the economic slowdown, employment still grew at the same pace than in the US (0.8%) and more than in Japan (0.5%) in 2024. For 2025, the employment growth is expected to moderate further in these countries, reaching 0.4% in Japan and 0.7% in the US.⁽¹³⁾ Overall, since the pandemic, cumulative employment growth in the US did not get back to the previous trend and remained below EU levels (Chart 1.4).

Chart 1.4

Continuous employment growth, while number of hours worked per person decreased

Left chart: Number of hours worked per person employed (2015=100); Middle chart: Headcount employment (2015=100); Right chart: Headcount employment (% change on previous year); EU, EA and selected major economies 2015-2027



Note: EA = euro area. European Commission (DG ECFIN) Economic Forecast in the shaded area

Source: Eurostat [nama_10_a10_e, nama_10_pe, naida_10_pe, nama_10_lp_ulc], Ameco, European Commission (DG ECFIN) Economic Forecast in the shaded area

[Click here to download chart.](#)

The number of hours worked per employed person remained relatively stable in 2024, underpinned by a slight decrease in actual weekly hours of work in the main job over the last years (36 hours per employed person aged 20-64 in 2024; -0.1 hour).⁽¹⁴⁾ This was driven by a continued downward trend of working time of full-time workers (38.8 hours; -0.2 hour compared to 2023), while part-time workers reported a slight increase in actual hours (21.8 hours per week; +0.1 hour).⁽¹⁵⁾ Fewer employed persons

⁽¹⁰⁾ [nama_10_pe]

⁽¹¹⁾ Ratio of employment growth to economic activity growth. It measures the extent of the conversion of economic growth into employment growth.

⁽¹²⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

⁽¹³⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

⁽¹⁴⁾ The number of hours worked per employed person is based on national accounts, while the average number of weekly hours of work in the main job is collected through the labour force survey.

⁽¹⁵⁾ In 2024, the share of part-time work for employed persons aged 20-64 was 17.1% (stable compared to 2023), with levels at 7.7% for men (stable) and 27.8% for women (-0.1 pp). This share has been decreasing over the long run for both men and women.

(6.6%; -0.5 pp) also performed long working hours (more than 49 hours per week), reflecting structural shifts in the labour market, such as the increased participation of women in the labour market, who tend to have more limited possibilities for overtime due to care responsibilities. At the same time, growing concerns about psychosocial risks, well-being and work-life balance, as well as digitalisation and the intensification of work are also a factor.⁽¹⁶⁾

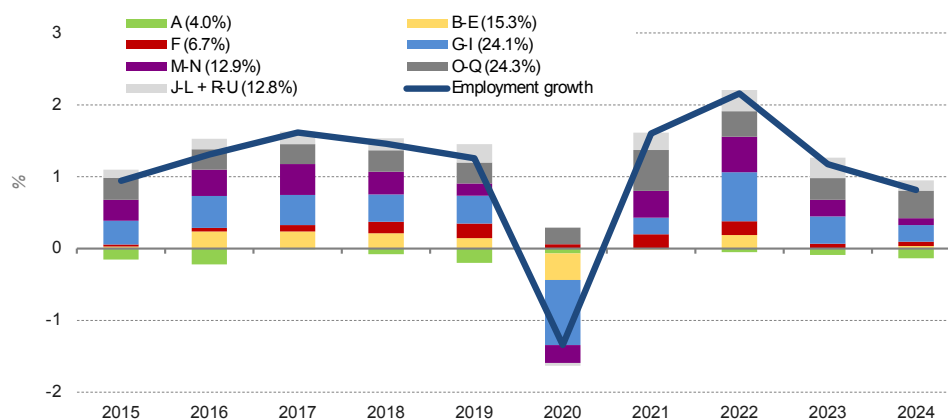
While declining in 2023, real labour productivity⁽¹⁷⁾ rebounded in 2024, although at a modest pace.

In the EU, it increased by 0.3% per employed person and 0.4% per hour. Cyclical factors behind increased labour hoarding, weak real wages and robust labour force growth are expected to subside,⁽¹⁸⁾ leading to a moderate rise in labour productivity in 2025 before accelerating in 2026, while the job-intensity of growth is set to return to lower levels.⁽¹⁹⁾

Chart 1.5

Public and social security sectors are significant contributors to employment growth

Employment growth (%) and contribution of main sectors, EU 2015-2024



Note: Figures in brackets in the legend indicate the sector's share of employment in the EU economy

A: Agriculture, forestry and fishing; B-E: Industry (except construction); F: Construction; G-I: Wholesale and retail trade, transport, accommodation and food service activities; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M-N: Professional, scientific and technical activities; administrative and support service activities; O-Q: Public administration, defence, education, human health and social work activities; R-U: Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organizations and bodies

Source: Eurostat, National Accounts [nama_10_a10_e]

[Click here to download chart.](#)

The public and social security sectors (O-Q) have been a consistent source of additional employment and the main provider in 2024, adding 833 000 jobs in 2024 as opposed to 647 000 in 2023. By contrast, other sectors, such as trade, transport, accommodation and food service activities (G-I) only added 503 000 new jobs against 813 000 in 2023. At the same time, the agriculture, forestry and fishing sector (A) continued to lose employment (-293 000 employed people; -3.3%), while the information and communication sector (J) grew by 2.4% (+176 000 employed people), highlighting the elevated demand for specialised skills (Chart 1.5). In addition, around 6.4% of EU employment⁽²⁰⁾ is in extra-EU-controlled enterprises (2022 data), although these companies only account for 0.5% of total EU companies. Employment in foreign-controlled enterprises ranges from 21.6% in Ireland to 1.5% in Cyprus (Chart 1.6).⁽²¹⁾

⁽¹⁶⁾ (Eurofound, 2024c)

⁽¹⁷⁾ GDP in chain-linked volumes divided by the number of employed persons (domestic concept) or by the hours worked. At sectoral level, GDP is replaced by Gross Value Added (GVA).

⁽¹⁸⁾ (European Central Bank, 2025b)

⁽¹⁹⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

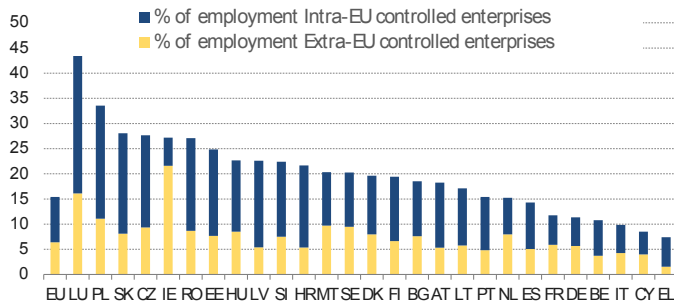
⁽²⁰⁾ In industry, construction and market services (except public administration and defence; compulsory social security; activities of membership organisations).

⁽²¹⁾ Figures from February-March 2025 confirms the exposure to foreign market of a large share of EU firms, with only 40.5% of all enterprises identifying themselves as fully domestic businesses (11.3% in manufacturing, 47.2% in retail, 56.6% in services, and 60.5% in construction) (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

Chart 1.6

EU employment in foreign controlled enterprises

Share of employment (%) in foreign controlled enterprises, 2022



Note: Employment in industry, construction and market services (except public administration and defence; compulsory social security; activities of membership organisations). Intra-EU controlled enterprises stand for enterprises over which an ultimate controlling institutional unit resident in another EU country has control.

Source: Eurostat [fats_activ]

[Click here to download chart.](#)

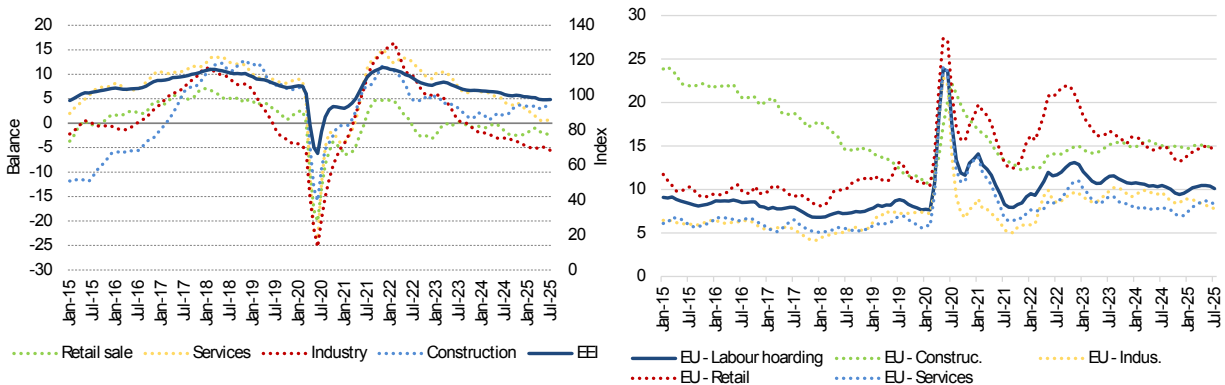
where it hit a 27-month high in April. At the same time, consumers' uncertainty about their future financial situation also rose strongly, but declined between May and July.⁽²²⁾

Amidst heightened global uncertainties, particularly concerning international trade policies and geopolitical risks, the Employment Expectations Indicator (EEI) continued to decline in 2025. From January to July, the EEI decreased by 2.1 points to 97.4, which signals growing concerns about jobs prospects. Retail trade, services and industry exhibit lower levels of employment expectations than the construction sector (Chart 1.7). At the same time, since January 2025, the Economic Uncertainty Indicator (EUI) peaked to 20.4 in April before declining until June, but rebounding in July to 17.3 (+1 points compared to the previous month). Uncertainty is particularly high in industry

Chart 1.7

Despite declining employment expectations, companies continue to retain their workforce

Employment expectations (left chart) and labour hoarding by sector (right chart)



Note: Both charts: Data seasonally adjusted, moving average over the last 3 months.

Chart on employment expectations: retail sale, services, industry and construction indicators are on the left-hand scale (balance between the share of respondents who expect higher unemployment and those who expect a lower one). The EEI is a composite measure (right-hand scale, average=100)

Source: Chart on labour hoarding: European Commission, Business and Consumer Surveys

[Click here to download chart.](#)

Despite rising uncertainties, companies continue to retain their workforce, especially in the first months of 2025. The EU Labour Hoarding Indicator climbed to 10.7% in April 2025, indicating that about one in ten companies aim to retain or increase employment despite slowing expected activity (Chart 1.7), before declining to reach its long-term average of 9.7 in July. Labour hoarding could be due to the costs associated with rehiring, or the shortage of skilled labour, which incentivizes businesses to keep their employees.⁽²³⁾ Previously observed labour hoarding is one of the reasons why employment is not expected to pick up despite the forecast expansion of GDP in 2025-2026.⁽²⁴⁾

Potential trade disruptions might have an impact on employment. As European economies are highly integrated into the global marketplace, shifts in trade policies have effects on exports and imports, ultimately influencing business investment decisions and impacting employment levels. Sectors that are particularly reliant on international trade, such as manufacturing and technology, might face heightened challenges.

⁽²²⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025a)

⁽²³⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025a)

⁽²⁴⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

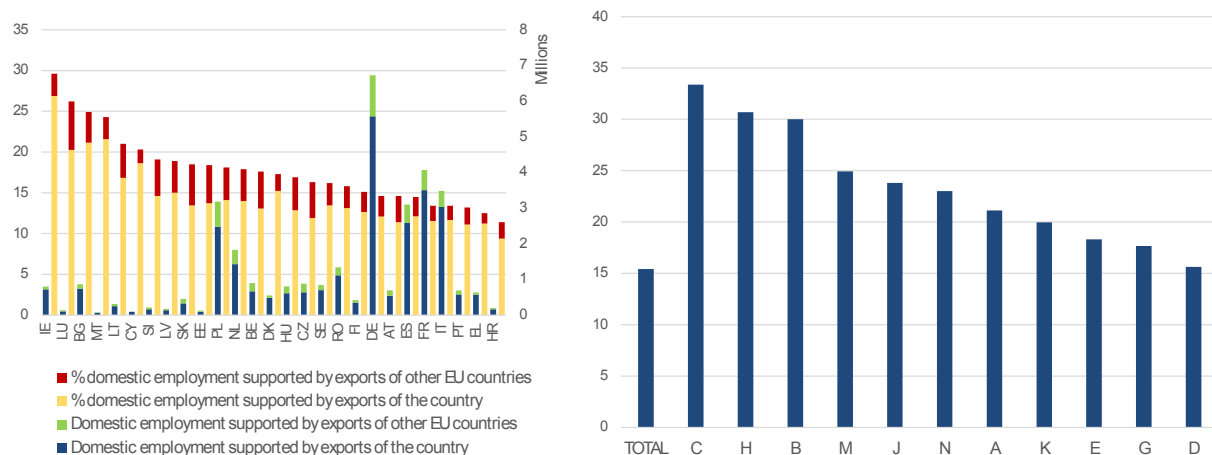
Around 33.6 million jobs in the EU are supported by extra-EU exports in 2023. Exporting enterprises play a significant role in job creation across Europe. As illustrated in Chart 1.8, the share of jobs supported by exports to countries outside the EU⁽²⁵⁾ ranges from about 11% in Croatia to nearly 30% in Ireland,⁽²⁶⁾ with an EU average of 15.4%.⁽²⁷⁾ Moreover, data confirm the interconnection of EU countries as employment in a given EU country, is supported by exports outside the EU, not only from this country, but is also bolstered by exports originating from other EU Member States. This is particularly evident in Luxembourg, where the reliance for employment on extra-EU exports from other EU countries is high.

Employment in the manufacturing sector is more heavily dependent on exports to countries outside the EU than other sectors. In 2023, the share of employment in manufacturing supported by extra-EU exports amounted to more than 40% in six Member States,⁽²⁸⁾ with the highest level in Ireland and the lowest in Croatia, and an EU average of about one third. At the regional level, employment is particularly dependent on jobs in the manufacturing sector supported by extra-EU exports in some EU countries, such as Ireland, Germany, Italy, Slovakia, Czechia, Austria, Slovenia and Hungary (Figure 1.1). This reliance underscores the pivotal role that non-EU markets play in sustaining manufacturing jobs within EU economies. In addition to manufacturing, other sectors like transportation and storage, mining and quarrying, professional, scientific and technical activities, information and communication, or administrative and support service activities also exhibit a significant portion of employment supported by extra-EU exports (more than 20%). The high share of employment in manufacturing supported by exports raises concerns about the vulnerability of this sector to recent changes in trade agreements. Similarly, employment in countries and regions that highly rely on extra-EU exports is also largely exposed to such changes.

Chart 1.8

Employment is largely supported by exports to non-EU countries

Domestic employment supported exports to non-EU countries (share and absolute figures) (left chart) and share of EU employment in selected sectors supported by all exports from EU countries to non-EU countries, 2023



Note: On the right, A: Agriculture, forestry and fishing; B: Mining and quarrying; C: Manufacturing; D: Electricity, gas, steam and air conditioning supply; E: Water supply; sewerage, waste management and remediation activities; G: Wholesale and retail trade; repair of motor vehicles and motorcycles; H: Transportation and storage; J: Information and communication; K: Financial and insurance activities; M: Professional, scientific and technical activities; N: Administrative and support service activities.

Source: Eurostat, Figaro [naio_10_fgdee and parquet files] and National accounts [nama_10_a10_e], own calculations

[Click here to download chart.](#)

⁽²⁵⁾ For an analysis of the sectoral and regional exposure of EU employment to trade with the US, see (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025f).

⁽²⁶⁾ Ireland is a headquarter location for many multinational companies, which may affect the figures, if a substantial share of employment, accounted as domestic, is not physically located in this country.

⁽²⁷⁾ This reflects the number of jobs in a specific country employed in the production of products that are exported.

⁽²⁸⁾ Ireland, Malta, Sweden, Finland, Slovenia, Denmark, Germany, Austria, Slovakia.

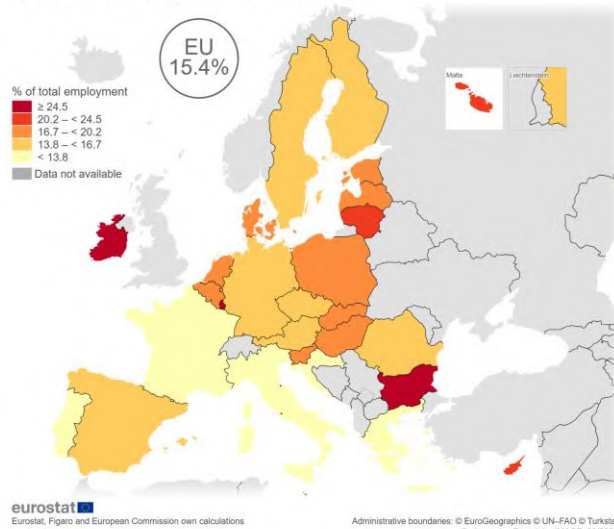
Figure 1.1

Industrial regions in countries highly dependent on extra-EU exports

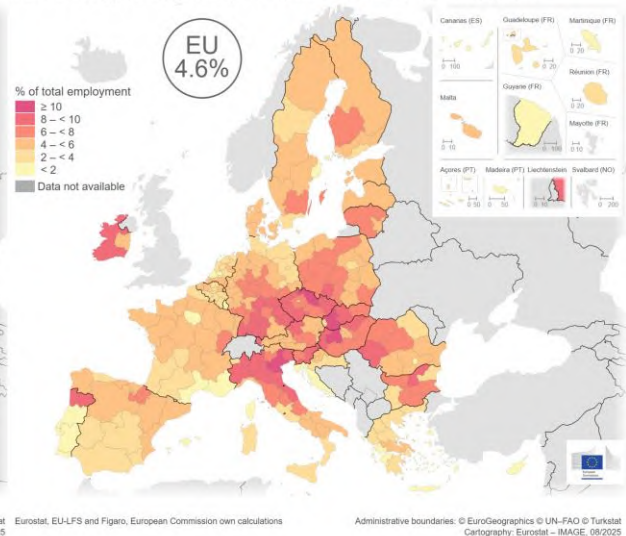
Share of employment supported by extra-EU exports (left map) and employment in manufacturing supported by extra-EU exports as a share of total employment (NUTS2 regions) (right map)

Total economy

Share of employment supported by EU exports

**Manufacturing**

Manufacturing jobs supported by EU exports as a share of total employment



Note: The share of employment supported by all extra-EU exports at national level in 2022 was applied to all regions of the same country to estimate the exposure of manufacturing jobs as a share of total employment at regional level in 2024

Source: Eurostat, Figaro parquet files (2023) and EU-LFS ad-hoc extraction (2024), own calculations

[Click here to download figure.](#)

3.2. The labour force

Over the last decade, the composition of the EU labour force has undergone significant structural changes, marked by an increased participation of women, older individuals, and people born outside the EU (Chart 1.9). Unemployment and non-participation in the labour market have decreased across most age groups and demographic categories (Chart 1.9). In 2024, labour market participation remained higher in cities than in rural areas; yet, cities faced higher unemployment.⁽²⁹⁾ While demographic change and positive labour market developments have led to an increase in the labour force for prime-age individuals (25-54), higher education and population ageing have increased the number of younger individuals (15-24) and older people (65+) outside the labour force.⁽³⁰⁾ At the same time, over the period 2014-2024, both the EU old-age and total dependency ratios⁽³¹⁾ increased by 5.6 pp (from 28.3% to 33.9%) and 5.2 pp (from 51.6% to 56.8%), respectively.

⁽²⁹⁾ In 2024, the labour market participation rate in cities was 76.2% against 74.6% in rural areas. On the other hand, cities exhibited an unemployment rate of 6.7% vs 5.1% in rural areas. Eurostat [lfst_r_aredcobu] and [lfst_r_lfur2gacu]

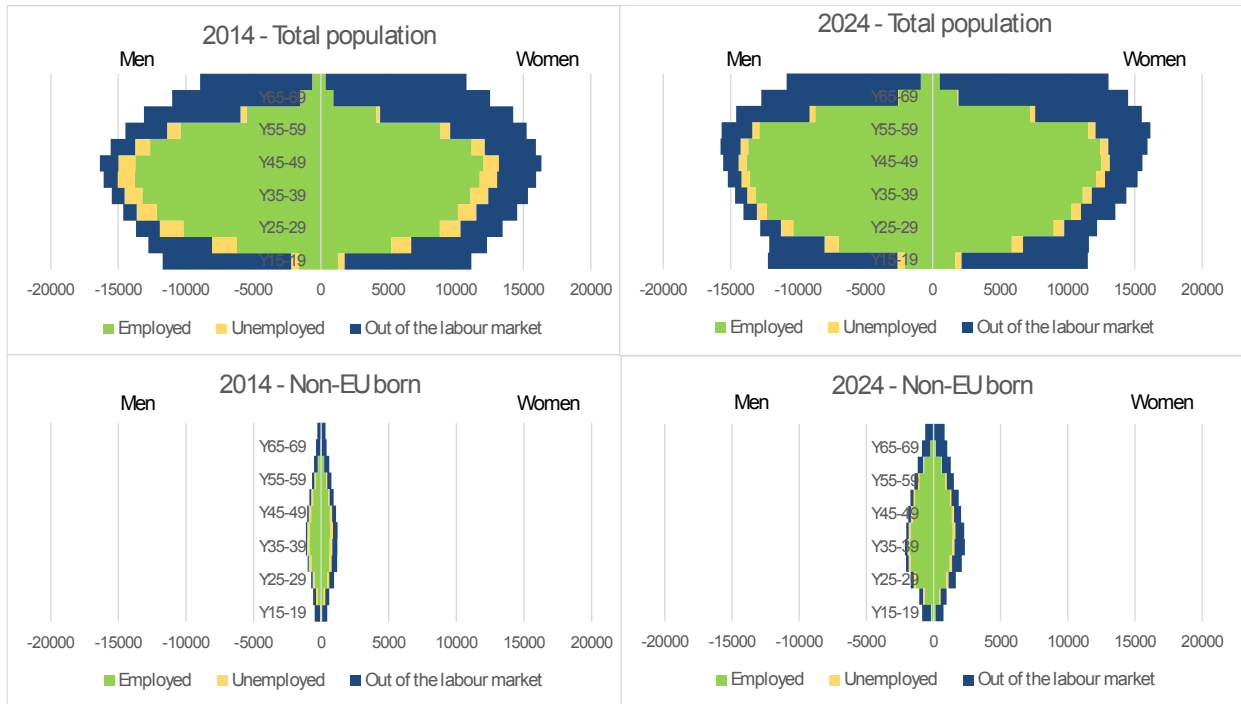
⁽³⁰⁾ More young people study longer and complete tertiary education.

⁽³¹⁾ The total-age-dependency ratio is the ratio of the number of persons under 15 years or aged 65+, who are generally outside the labour market and likely economically dependent of their family or the society, to the number of persons of working age (i.e. aged 15-64). The old-age-dependency compares the number of persons aged 65 and over to the number of people of working age.

Chart 1.9

Structural changes in population and labour force, with increase participation of women, older people and migrants

Composition of the population (in thousands) by characteristics (sex, age, country of birth) and status on the labour market, EU 2014 and 2024



Note: Break in series in 2021

Source: Eurostat [lfsa_pgacws]

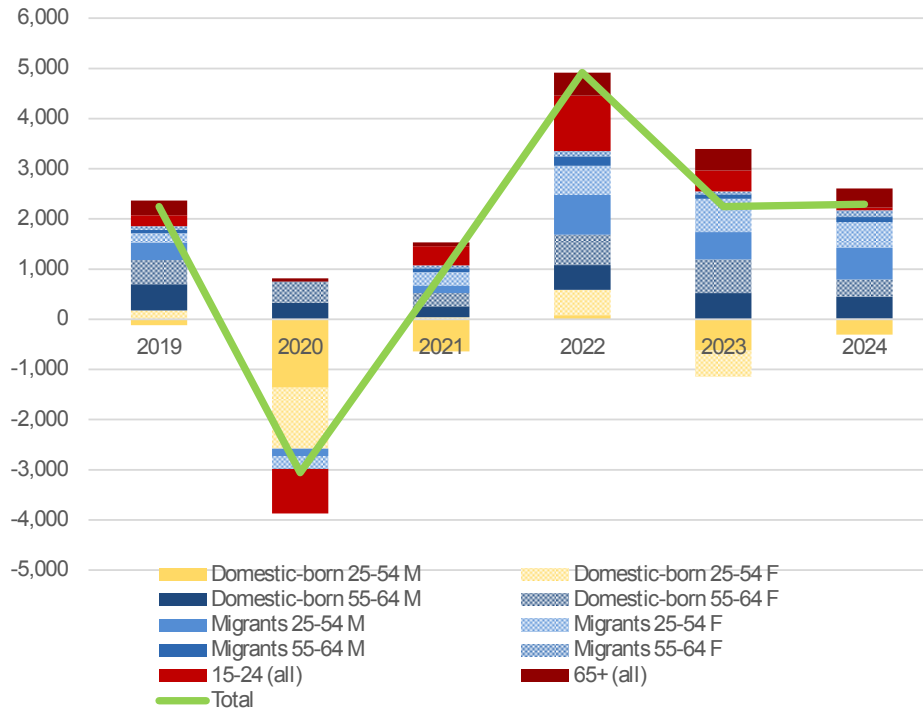
[Click here to download chart.](#)

In 2024, increases in the labour force (20-64) have been driven primarily by higher employment of migrants (1.45 million), people aged 55-64 (1 million), and women (around 0.9 million). Despite significant increases in the migrant population, their relative share in the population aged 20-64 remains small compared to the non-migrant population, at around 12% (31 million) in 2024. The factors influencing changes in the labour force and employment are diverse and complex and are explored in depth in Chapter 2, which provides an overview of the participation of underrepresented groups in the labour market and analyses the barriers they face.

Chart 1.10

Older people, women and migrants contributed the most to the increase in the number of employed persons in 2024

Change in the number of employed persons and contribution of selected groups based on sex, age and country of birth, 2019-2024



Note: Break in series in 2021. Migrants are non-EU born.

Source: Eurostat [lfsa_pgacws]

[Click here to download chart.](#)

3.3. Employment

The EU is on track to meet its 2030 target of having 78% of people aged 20-64 in employment. In 2024, the employment rate continued its upward trend in both the EU and the euro area, reaching 75.8% (+0.5 pp) and 75.3% (+0.6 pp), respectively (Chart 1.11). This reflects the steady recovery from the pandemic, as well as the resilience and robustness of the labour market in recent years, despite increasing uncertainties. It also shows the positive impact of supportive and adaptative policies, structural changes aimed at enhancing labour market participation, measures and initiatives promoting skills development and training. At national level, seven countries have already reached or surpassed their 2030 national targets:⁽³²⁾ the Netherlands (83.5%), Czechia (82.3%), Estonia (81.8%), Denmark (80.2%), Ireland (79.8%), Poland (78.4%), and Slovakia (78.1%). In contrast, Belgium (72.3%), Italy (67.1%), and Romania (69.5%) still fall short of their targets by more than five percentage points. Furthermore, eight countries have achieved an employment rate above 80%, while three countries have rates below 70%.⁽³³⁾

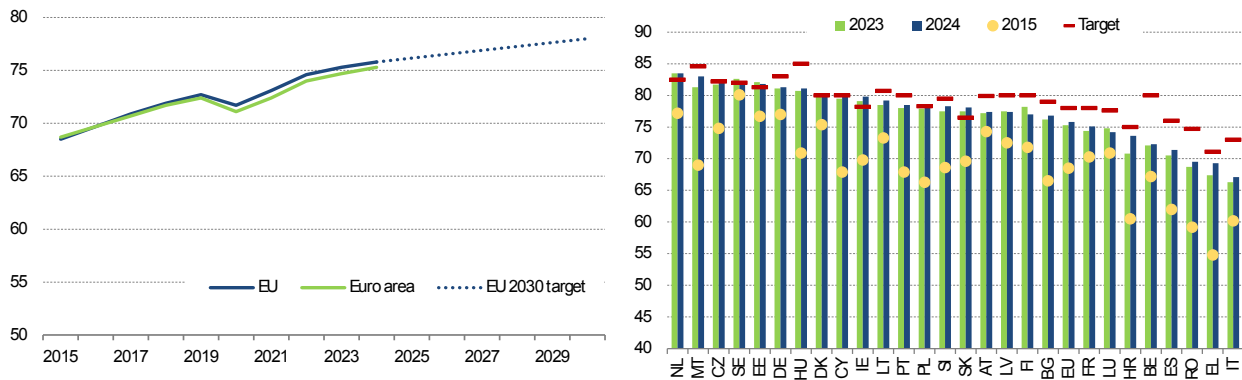
⁽³²⁾ 2030 national targets vary between 71.1% (Greece) and 85.0% (Hungary).

⁽³³⁾ The Netherlands, Malta, Czechia, Sweden, Estonia, Germany, Hungary and Denmark are above 80%. Romania, Greece and Italy are below 70%.

Chart 1.11

Employment rates reached historic high levels in 2024, more countries surpassed their national target

Employment rate (% of people aged 20-64)



Note: Break in series in Bulgaria

Source: Eurostat [lfsi_emp_a]

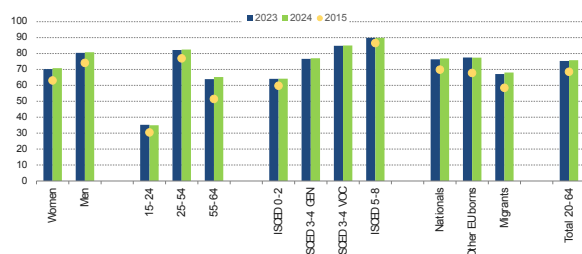
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The employment rate exhibited broadly positive trends across all population groups, with the notable exceptions of young people aged 15-24 experiencing a slight decline of 0.3 pp to 34.9% (Chart 1.12). Both cities and rural areas saw their employment rate increase to 76% from 2023 to 2024, while it slightly declined to 75.4% for towns and suburbs.⁽³⁴⁾ In terms of gender equality, the employment gap between men and women continued to narrow slowly, decreasing by 0.2 pp to 10 pp, due to a faster employment growth for women (+0.6 pp to 70.8%) than for men (+0.4 pp to 80.8%), indicating only modest progress towards greater parity in the labour market and to the EU target to halve this gap by 2030, and highlighting the need for further improvement and supporting policies.

Chart 1.12

Employment rates rose in almost all population groups

Employment rate by sex, age group, educational attainment level and citizenship (% of population of respective group), EU



Note: % of population aged 20-64 for all groups, except by educational attainment (% of population aged 25-54). No data for International Standard Classification of Education (ISCED) 3-4 GEN and VOC before 2021. ISCED (0-2) less than primary, primary and lower secondary education; ISCED (3-4 GEN) general upper secondary and post-secondary non-tertiary education; ISCED (3-4 VOC) upper secondary and post-secondary non-tertiary education; ISCED (5-8) tertiary education. Break in series in 2021 Eurostat [lfsa_ergaedn]

Source: Eurostat [lfsi_emp_a, lfsa_ergaedn]

[Click here to download chart.](#)**Despite registering positive developments, certain demographic groups continue to face challenges in the labour market.**

Specifically, people aged 55-64, individuals aged 25-54 with low levels of education (ISCED 0-2) and migrants still lag behind other groups in terms of employment rate. For these specific groups, the rate stood at 65.2%, 64.2%, and 64.3%, respectively. In addition, the disability employment gap continued to exhibit high levels (24%, +2.5 pp), notably for men (27.2%, +4 pp) and for those with severe limitations (45.5%, +3.1 pp). In contrast, other groups have high levels of employment, above 80.0%: men (80.8%), individuals aged 25-54 (82.5%), those aged 25-54 with vocational education (85%) or with higher educational attainment (89.8%).⁽³⁵⁾

3.4. Unemployment

In 2024, the EU achieved a record low unemployment rate of 5.9%.⁽³⁶⁾ This represents a 0.2 pp decrease from the previous year and marks the first time the unemployment rate has fallen below 6%

⁽³⁴⁾ Eurostat [lfst_r_eredcobu]; Applying the Degree of Urbanisation — A methodological manual to define cities, towns and rural areas for international comparisons — 2021 edition - Products Manuals and Guidelines - Eurostat

⁽³⁵⁾ Among individuals with an educational attainment equivalent to ISCED 3-4, those with vocational education exhibit higher employment rates (78.5%) compared to those holding a general diploma (65.0%).

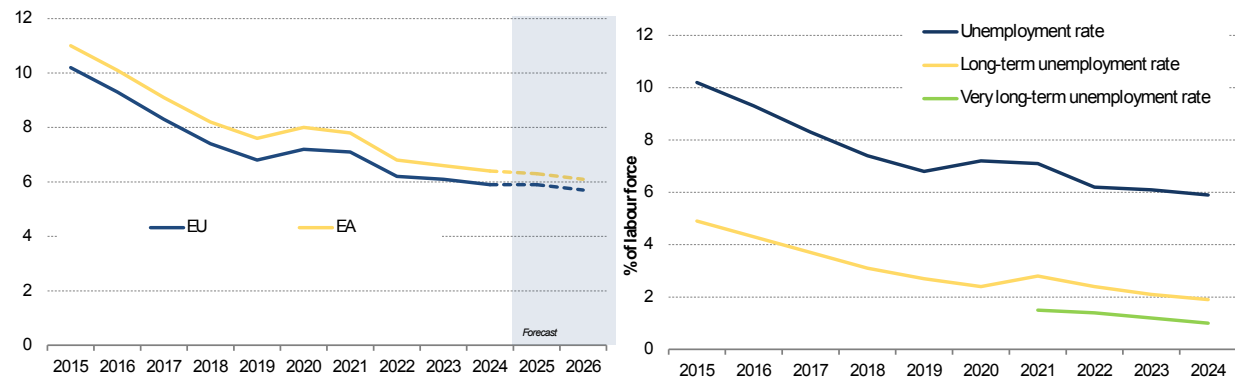
⁽³⁶⁾ Individuals aged 15-74.

since the series began in 2009 (5.7% for men and 6.2% for women). At national level, the values ranged from 2.6% (stable) in Czechia to 11.4% in Spain (-0.8 pp). At the same time, long-term unemployment (over one year) and very long-term unemployment (over two years) experienced declines of 0.2 pp, reaching respectively 1.9% and 1% (Chart 1.13). In 2025, unemployment is forecasted to stabilise to 5.9% in the EU and to experience an additional slight decrease in the euro area to 6.3% (-0.1 pp).⁽³⁷⁾ However, despite these favourable developments, unemployment persists as a socioeconomic challenge with consequences for individuals such as financial instability and social exclusion but also for society and the economy more broadly.

Chart 1.13

Unemployment rates reached record lows in 2024 and declined for all durations

Left chart: Unemployment rate (% of population aged 15-74), EU and euro area; Right chart: Unemployment rate, by duration (% of population aged 15-74), EU, 2015-2024



Note: European Commission (DG ECFIN) Economic Forecast in the shaded area

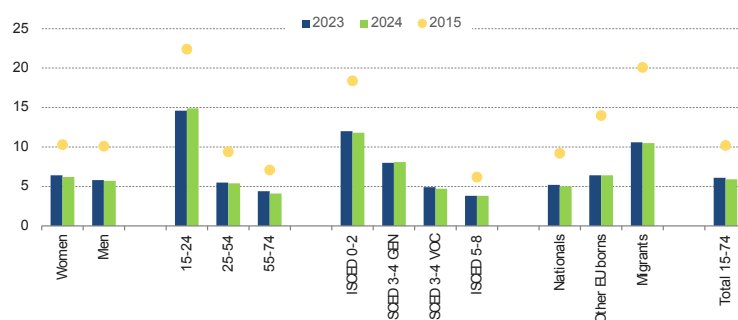
Source: Eurostat [une_rt_a, lfsa_ugadra], Ameco

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Chart 1.14

Unemployment rates declined in most population groups, but remained high for certain disadvantaged groups

Unemployment rate, by specific groups of population (% of population participating to the labour market aged 15-74), 2015, 2023, 2024 EU



Note: No data for ISCED 3-4 GEN and VOC before 2021. Break in series in 2021 Eurostat [lfsa_urgaed, lfsa_urgan]

Source: Eurostat [une_rt_a, lfsa_urgaed, lfsa_urgan]

[Click here to download chart.](#)

than men (0.1 pp). In contrast, the rate of early leavers from education and training decreased slightly, dropping by 0.2 pp to 9.3%, as did the rate of 15-29 years old neither in employment nor in education and training (NEETs), which also fell by 0.2 pp to 11%.

The broader measure of labour market slack, capturing the unemployed and those with an attachment to the labour market, was at its lowest in 2024, amounting to 26.7 million people. The unemployed comprised almost half of the EU labour market slack, while the rest consisted in individuals aged 15-74 available to work but not seeking employment, part-time workers wishing to work more hours, and those seeking work but not immediately available.

⁽³⁷⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

⁽³⁸⁾ Unemployment rates for young people (15-24) are above 20% in Spain (26.5%), Sweden (24.3%), Romania (23.9%), Greece (22.5%), Luxembourg (21.6%), Portugal (21.6%) and Italy (20.3%).

In 2024, more than one quarter of the unemployed exited the labour force, while only 36.9% managed to find a job. At the same time, 8.1% of those who were out of the labour market returned to work, and 3.7% became unemployed, meaning they were available to work and actively seeking a job (Chart XXX in annex). The likelihood of transitioning from unemployment to employment is at its highest during the first year of unemployment, significantly declining thereafter in all EU countries. This highlights the critical need for sustained support for job seekers during their first year of unemployment, as well as the necessity to enhance measures targeting the long-term and very long-term unemployed.

Financial incentives to work remained broadly unchanged for single low wage earners⁽³⁹⁾ in 2024, with large disparities across countries. The tax wedge,⁽⁴⁰⁾ which affects incentives to work, as well as incentives to hire, was at 38.8% at the EU level (+0.2 pp), with the lowest level found in Cyprus at 23.3% and the highest in Belgium at 45.8%. At the same time, the unemployment trap⁽⁴¹⁾ (the part of the additional gross wage that is lost due to taxation when a person returns to work from unemployment) remained substantial with an average of 74.4% (+0.3 pp), ranging from 44.1% in Greece to 102.2% in Lithuania, signalling that in this country the entire additional gross wage further to entry into work, compared to previous income from unemployment and other social transfers, would be taxed away. The inactivity trap (additional gross wage lost due to taxation if a person out of the labour market finds a job) was on average at 57.1% (-0.2 pp), varying from 13% in Estonia to 86.9% in the Netherlands. Last, the low wage trap (share of gross earnings lost due to taxation when an individual increases their income from work from 33% to 67% of the national average wage for single persons without children) was on average at 38.5% in the EU with rates starting from 11.4% in Cyprus and reaching 59.2% in Belgium. High levels point to disincentives to work, especially for very low earners that would have reduced social transfers combined with higher income taxes and social contributions if increasing their income from work.

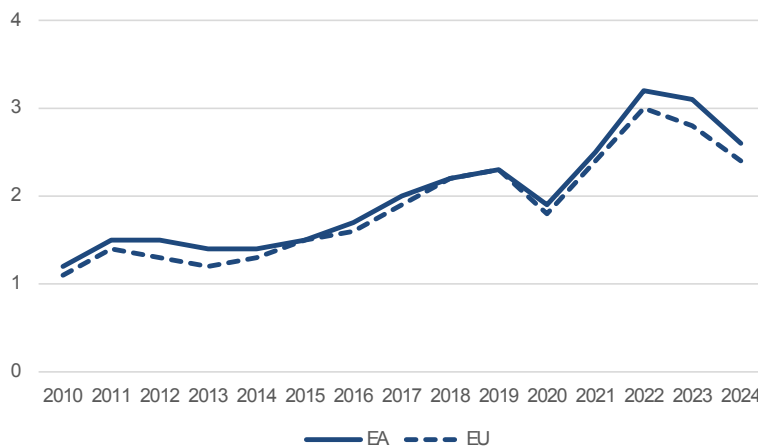
⁽³⁹⁾ Single persons without children earning 67% of the average wage (gross earnings). All figures presented here focus only on this type of household. These indicators are influenced by many factors related to taxation and social transfers, limiting direct cross-country comparison without a deeper understanding of the national systems. For instance, the unemployment trap can be affected by unemployment benefits and wage levels, taxes on income, social contributions, and the availability and design of any potential additional benefits. In addition, households with similar characteristics must be compared, which adds another layer of complexity to the analysis

⁽⁴⁰⁾ The tax wedge is the difference between the total costs of a worker (gross wage plus social security contributions paid by the employer) and their net earnings (wages net of personal income tax and social security contributions paid by the employee, plus any family benefits). The cited figures reflect the situation of a worker earning 67% of the average wage and living alone. For further analysis, see (OECD, 2025b)

⁽⁴¹⁾ For a production worker in manufacturing when in work. Regarding unemployment benefits, the person is previously assumed to have had earnings equal to 67% of the average wage level and an uninterrupted (full-time) employment record of 22 years. The computed benefit is the amount received immediately after becoming unemployed but after any "waiting period". See https://ec.europa.eu/eurostat/cache/metadata/Annexes/earn_net_esms_an_3.pdf Eurostat illustrative calculation of the unemployment trap for more details. The level of the unemployment trap also depends on the duration of the benefits and evolves over time. In many EU countries, the reciprocity of unemployment benefits is limited in time. For more information on each national system, see the Mutual Information System on Social Protection (MISSOC).

3.5. Labour demand and skills

Chart 1.15
Job vacancies continued to decline in 2024
Job vacancy rate (% of vacancies and occupied posts)



Note: NACE rev2 B-S Industry, construction, and services (except activities of households as employers and extra-territorial organisations and bodies)

Source: Eurostat, Job Vacancy Statistics [jvs_a_rate_r2]

[Click here to download chart.](#)

(2.9%). At the same time, according to managers labour is less than before a factor limiting their production; with 16.4% of managers in industry reporting labour as a challenge in Q3 of 2025 (-3.2 pp compared to the same quarter of the previous year), 23.9% of managers in services (-1.9 pp) and, in July 2025, 27.7% of managers in construction (-1.2 pp compared to July 2024). -Regarding skills shortages, according to the Eurobarometer, 78% of small and medium enterprises in the EU faced difficulties recruiting workers with the adequate skills.

Tertiary education attainment has reached record levels in the EU, but a substantial proportion of the population still lacks basic skills, including digital literacy. In 2024, 44.1% individuals aged 25-34⁽⁴⁶⁾ (+1 pp compared to 2023) had a tertiary education diploma. However, despite these positive developments, 13.9% of individuals of the same age group have not reached more than lower secondary education and the EU recently experienced a decline in the basic skills of young people.⁽⁴⁷⁾ Furthermore, the lack of digital skills remains a significant issue, with only 55.6% of the EU population aged 16-74 possessing at least a basic level in 2023.

Overqualification remains at significant levels suggesting an inefficient allocation of labour and underutilisation of skills. Skills mismatch, as measured by the overqualification rate,⁽⁴⁸⁾ has barely decreased in 2024 (-0.5 pp to 21.5%) and is particularly high in administrative and support services (45.8%), transportation and storage (50.5%), accommodation and food (66.5%) and agriculture (71.2%), while low in health and social work activities (12.1%), professional, scientific and technical activities (7.4%), information and communication (5.7%) and education (5.4%). The overqualification rate is also particularly high among migrants.⁽⁴⁹⁾ In 2024, 35.1% of non-EU born individuals aged 20-64 were overqualified for their job, compared to 19.8% among the domestic-born.

⁽⁴²⁾ The job vacancy rate measures the gap between the number of job vacancies and the sum of the vacancies and occupied posts.

⁽⁴³⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025c)

⁽⁴⁴⁾ In sections B to N of the NACE Rev. 2 classification, for which data are available for all EU countries.

⁽⁴⁵⁾ Includes temporary employment agencies.

⁽⁴⁶⁾ And reaching 49.9% for women.

⁽⁴⁷⁾ This was highlighted by results of the 2022 PISA, see (European Commission: Directorate General for Employment, Social Affairs and Inclusion., 2024)

⁽⁴⁸⁾ Share of persons with a tertiary level of educational attainment (ISCED levels 5–8) that are employed in occupations for which a tertiary level of education is not required (ISCO groups 4–9).

⁽⁴⁹⁾ See (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025e) for in-depth analysis of the situation of migrants.

To mitigate skills shortages and mismatches and empower workers to update and reinforce their skill sets further efforts are needed. In 2024, the participation in education and training of people aged 25-64 in the EU over the last 12 months was 28.5%, 3.4 pp higher than in 2022, as reported in data from the Labour Force Survey.

3.6. Contractual and working arrangements

Around one third of the employed had atypical working arrangements, working during evenings, nights, weekends or in shifts (Chart 1.17). In the EU, 4.6% of employed people usually work during the night and 12.7% during the evening, while 22% work over the weekend and 18% in shifts.⁽⁵⁰⁾ At the same time, 6.6% of employed people performed long-working hours.⁽⁵¹⁾ These non-standard working hours can have a profound impact on work-life balance and overall well-being, as they can affect the ability to rest and maintain a healthy life. On the other hand, more than one worker out of five (23%) has the possibility to work from home at least sometimes,⁽⁵²⁾ a share that has increased since 2019 (14.7%), reflecting a structural change and the broader accessibility to telework, but also highlighting the risk of blurring boundaries between professional and private life.

A substantial share of the workforce was engaged in atypical or precarious work in 2024. Notably, 17.1% of individuals were working part-time, with a significant disparity between men (7.7%) and women (27.8%).⁽⁵³⁾ Among these part-time workers, 18.9% were in an involuntary situation, as they were seeking but were unable to find full-time employment opportunities, a situation that affected more men (24.3%) than women (17.2%). Furthermore, 4% hold at least two jobs, which may indicate a lack of sufficient hours or stable income from a single job. Moreover, 11.7% of the employed persons were in a temporary contract (10.8% of men and 12.7% of women)⁽⁵⁴⁾ and a small, but still significant, share of the workforce was in very short-term arrangements, with 2.2% being temporary employment agency workers and 1.3% having a contract of a duration of maximum 3 months. In 2021, dependent self-employed⁽⁵⁵⁾ were estimated to be 3.7% of the self-employed.⁽⁵⁶⁾

Chart 1.16

Substantial proportion of the workforce is in non-standard working-time or contractual arrangements

Selected indicators related to working-time arrangements (left) and to precarious work (right)



Note: Latest year available is 2024 unless indicated otherwise into parenthesis
Involuntary part-time is expressed as a share of part-time workers

Source: Eurostat [lfsa_qoe_3a2, lfsa_ewpnig, lfsa_ewpeve, lfsa_qoe_3b3, lfst_hhwahchi, lfsa_esegatyp, tqoe3a5, lfsa_epgar, lfsa_qoe_4a6r2, lfsa_qoe_4ax1r2]

[Click here to download chart.](#)

⁽⁵⁰⁾ Figures for those working during the night, the evening, and over the weekend refer to 2023 values. All other figures relate to 2024.

⁽⁵¹⁾ 49 hours or more per week.

⁽⁵²⁾ Working at home encompasses telework, but not only. It also covers situations such as self-employed working at home or teachers preparing their work, etc.

⁽⁵³⁾ Eurostat [lfsi_pt_a]

⁽⁵⁴⁾ Fixed-term contracts, in relative terms, involve disproportionately elementary occupations and service and sales workers.

⁽⁵⁵⁾ Self-employed who rely on single or dominant client.

⁽⁵⁶⁾ (European Labour Authority, 2023)

3.7. Public expenditure on labour market and social policies

EU labour markets are shaped to a large extent by labour market policies (LMP), such as training, job subsidies, and income support. These policies are systematically recorded in the EU LMP database,⁽⁵⁷⁾ which provides harmonised data on public spending, participant numbers, and policy types across Member States. It serves as a key resource for understanding how governments invest in active and passive labour market strategies within the EU.

Total spending recorded in the LMP database fluctuated around 2% of GDP in the EU since 2014,⁽⁵⁸⁾ dropping to about 1.7% of GDP just before the Covid pandemic and jumping up temporarily to around 3% of GDP during the pandemic and decreasing to approximately 1.5% of GDP afterwards. As regards the components, starting from **LMP measures**, expenditure on *employment incentives* was the largest in Sweden (nearly 0.5% of GDP in annual average), followed by Luxembourg and the Netherlands (0.35% of GDP in each). *Training* was a significant spending item in Austria (0.45% of GDP), Finland (0.39% of GDP), and France (0.31% of GDP), while *direct job creation* was particularly important for Hungary (almost 0.46% of GDP) and *supported employment and rehabilitation*, while low in many countries, was prominent in Denmark (almost 0.88% of GDP), followed by the Netherlands (less than 0.33% of GDP). Expenditure on *start-up incentives* was generally negligible, with a notable exception for Spain (more than 0.12% of GDP). **LMP services** were quite large in Denmark (more than 0.4% of GDP), Germany (0.35% of GDP), and then Sweden (0.26% of GDP), while, moving to **LMP support**, *out-of-work income maintenance and support* generally dominated across all the subcategories and was particularly high in France and Spain (reaching, respectively, almost 2.2% of GDP and almost 2% of GDP). Finally, spending on *early retirement* was significant in Portugal (0.31% of GDP) and Belgium (over 0.28% of GDP).

Participation in LMP measures in the latest available year has increased in 19 Member States since 2014,⁽⁵⁹⁾ whereby participation captures the number of LMP participants per 100 persons wanting to work. On the high side, this ratio reached 73.7 in Spain, followed by the Netherlands (72.7) and Ireland (70.9); on the low side, it was only 3.7 in Romania and 6.7 in Lithuania. The LMP median participation ratio across countries in the latest available years was 33.5.

In real terms, expenditure on social protection benefits declined by 5.76% in 2022, and slightly decreased by 0.24% in 2023, though rising in nominal terms by 6.1%. Following the considerable fall in 2022, mainly due to inflation-induced real declines in a variety of benefits, the real value of social protection benefits stabilised in 2023 (Chart 1.18), due to a series of measures implemented between January 2022 and January 2023 to support the income of pensioners against inflation.⁽⁶⁰⁾ As a consequence in 2023, old age and survivors' benefits showed the only year-on-year positive growth. Old age and survivors' benefits represented the highest proportion of social benefit expenditure (46.7%), followed by sickness, healthcare and disability (37%), family and children (8.6%), unemployment (3.9%), housing and social exclusion (3.8%).⁽⁶¹⁾ At national level, estimated total expenditure on social protection benefits ranged between 12% of GDP in Ireland and 31.3% of GDP in France in 2023.⁽⁶²⁾

⁽⁵⁷⁾ <https://webgate.ec.europa.eu/empl/redisstat/databrowser/explore/all/lmp>.

⁽⁵⁸⁾ These are approximate estimates due to incomplete data for some years. See Annex 1.2 for more details.

⁽⁵⁹⁾ See Annex 1.2 for more details.

⁽⁶⁰⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion., 2024)

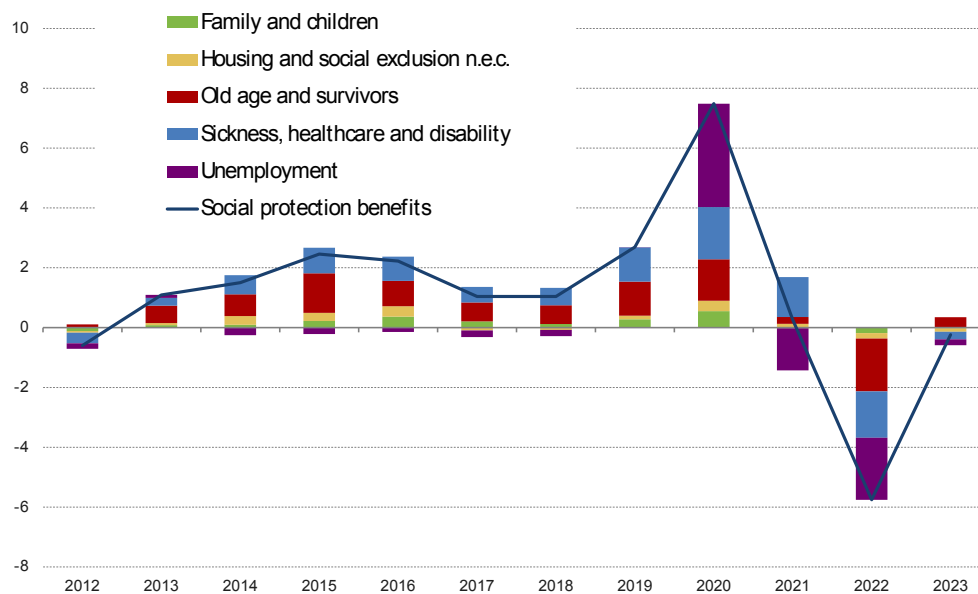
⁽⁶¹⁾ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Social_protection_statistics_-_early_estimates

⁽⁶²⁾ 2023 figures are preliminary results based on Eurostat early estimates for expenditure on social protection.

Chart 1.17

Real social protection expenditure almost stable year-on-year

Growth in social protection expenditure (% change on previous year, in real terms) and contribution, by function, to the yearly increase (purchasing power standards, PPS), both on the left axis, EU



Note: Nominal expenditure converted into real expenditure by deflating with HICP. The 2023 figures are early estimates from 29 April.

Source: Eurostat ESSPROS [spr_exp_func] and prices statistics [prc_hicp_aind]; DG EMPL calculations

[Click here to download chart.](#)

4. LIVING CONDITIONS, POVERTY AND INCOME DEVELOPMENTS

4.1. Income and consumptions trends

After picking up in 2023, real gross disposable household income (GDHI) expanded considerably in 2024. It rose by 2.5% in Q4 2024 (percentage change compared to the same quarter of previous year) accelerating from 1.8% in Q4 2023. With easing inflationary pressures on real wages, real GDHI grew faster than real GDP (1.5%). Its growth was mainly driven by a stronger increase in the real compensation of employees, which accounted for 2.5% out of the 2.5% increase in real GDHI in Q4 2024. Increase in real compensation of self-employed also contributed positively but to a lesser extent, while real net social benefits contributed more than in 2023 after negative changes in 2021 and 2022 due to the phase-out of the extraordinary measures of the COVID-19 pandemic. Taxes on income and wealth, on the other hand, had a slightly negative contribution (Chart 1.18).

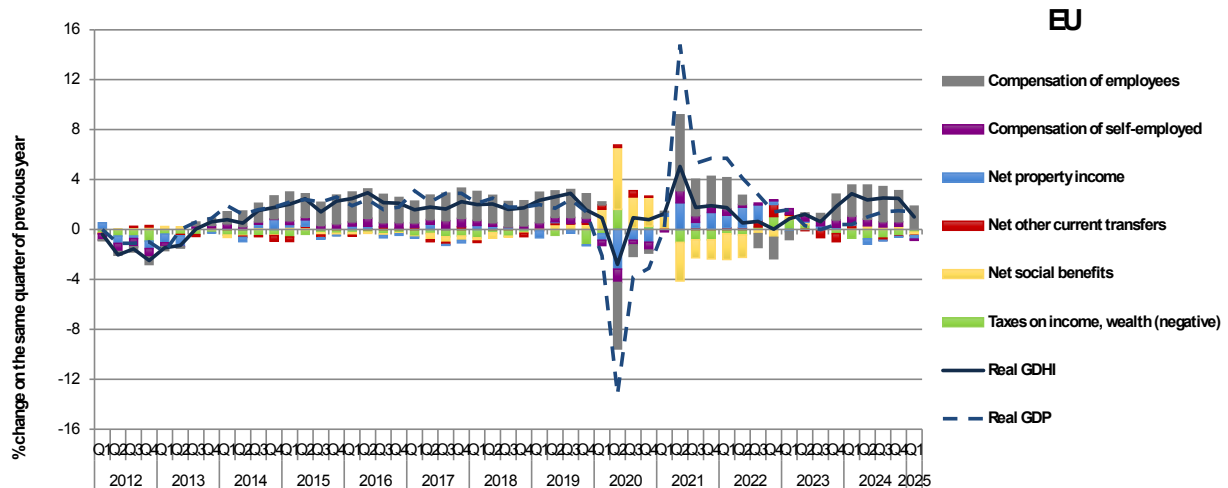
In Q1 2025, real GDHI growth slowed down to 1.0%. Such growth was slower than real GDP (1.4%) and was supported by compensation of employees (accounting for 1.9% out of the 1.0% increase) counterbalanced mainly by net social benefits and net property income (both contributing -0.3% out of the 1.0% increase). In comparison with the real GDHI before the strong inflationary period, real GDHI increased by 4.8% (percentage change between Q1 2025 and Q1 2022).⁽⁶³⁾

⁽⁶³⁾ Annex 1.1 provides more information on the calculation of GDHI.

Chart 1.18

Real GDP growth, real GDHI growth and its main components

Real GDHI and real GDP (% change on previous year), and contribution of GDHI components, 2012-2024, EU



Note: Nominal GDHI converted into real GDHI by deflating it with the price index of household and NPISH final consumption expenditure Eurostat [namq_10_gdp]

Source: DG EMPL calculations based on Eurostat data, national accounts [nasq_10_nf_tr] and [namq_10_gdp], data non-seasonally adjusted

[Click here to download chart.](#)

The share of people reporting financial distress⁽⁶⁴⁾ continued to decline across all income quartiles in the beginning of 2025, although levels remain high for the poorest households. In July 2025, 15.6% of people reported financial distress in the EU, 0.9 pp less than in July 2024 (16.5%) and 1.9 pp lower than its peak in July 2023 (17.5%) (Chart 1.19). Among those reporting financial distress, 4.2% needed to run into debt, and 11.4% had to draw on savings, down from 4.4% and 12.1%, respectively, in July 2024. Despite these improvements, financial distress remains significantly more prevalent among individuals in the lowest income quartile (26.2%, -1.2 pp yoy) compared to 17% (-1.1 pp yoy), 12.5% (-0.4 pp yoy), and 7.8% (-0.3 pp yoy) for the second, third, and top quartiles, respectively. Over the same period, the average level of financial distress reported by the lowest income quartile increased in eleven Member States and decreased in ten.⁽⁶⁵⁾

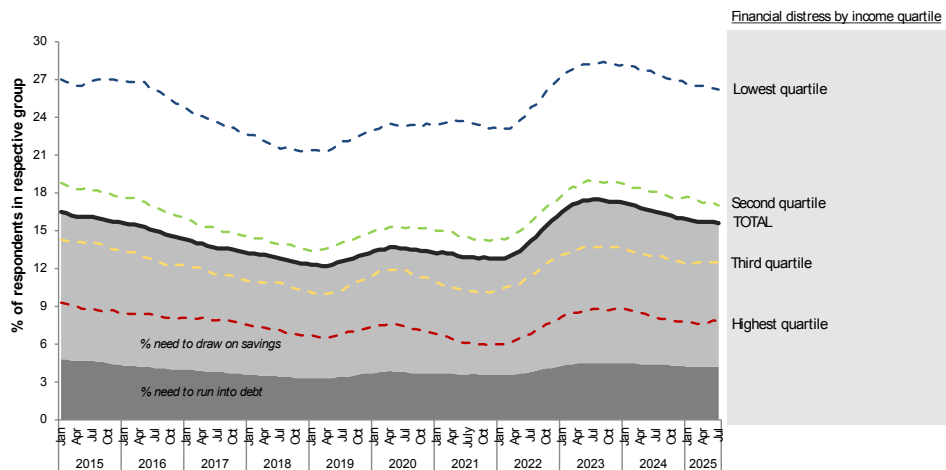
⁽⁶⁴⁾ Financial distress is defined as the perceived need to draw on savings or to run into debt to cover current expenditures, calculated as a moving average over 12 months. For more information on the Business and Consumer Surveys, see (European Commission: Directorate General for Economic and Financial Affairs, 2025a)

⁽⁶⁵⁾ The level of financial distress reported by the lowest income quartile for a given year is calculated as the average of its values from May to July.

Chart 1.19

Reported financial distress continues declining but remains high for the lowest income quartile

Reported financial distress by income quartile, EU



Note: Reported financial distress by income quartile and its components (share of adults reporting necessity to draw on savings and share of adults reporting need to run into debt)

Source: DG EMPL calculations based on Business and Consumer Surveys, 12-months moving average

[Click here to download chart.](#)

After increasing significantly from 2015 to 2020, real income growth slowed down considerably since 2020, amid high inflation, particularly of some essential items. Annual real median disposable income grew by 1.4% in 2024 as a result of rising nominal wages, employment growth and easing inflation.⁽⁶⁶⁾ Compared to pre-pandemic levels, the overall yearly growth has been slower (+1% on average from 2020 to 2024 against +3.6% from 2015 to 2020), resulting in moderate improvements in living standards for a median household. Overall, between 2015 and 2024, the real median income increase (+24%) was mostly driven by significant growth in Eastern European Member States, more than doubling in Romania (+167.2%).⁽⁶⁷⁾

During the same period, inflation of essential items particularly impacted lower-income households. Between 2015 and 2024, overall prices increased by 29.7%, especially for electricity, gas and other fuels (+60.4%) as well as housing prices (+53%). As those items represent a particularly large share of the poorest households' consumption, this surge disproportionately impacted this group, affecting their ability to accumulate savings and wealth, and limiting their capacity to buffer against sudden economic shocks. As a result, among people at-risk-of poverty, 59.8% were still unable to face unexpected financial expenses in 2024, despite a declining share since 2015.⁽⁶⁸⁾

In 2024, income is expected to have grown in both nominal and real terms.⁽⁶⁹⁾ According to Eurostat flash estimates based on 2024 incomes, the EU median equivalised disposable income is expected to increase by 5% in nominal, and by 2.5% in real terms. Among EU Member States and compared to 2023 incomes, 2024 nominal income is projected to rise in all countries, whereas 2024 real income is expected to increase in 22 out of 25 countries, and to stagnate in Belgium, Estonia, and Luxembourg.

4.2. Income and wealth inequality

Income inequality remained stable in 2024, with the top 10% earners accounting for 23.3% of national disposable income against 23.4% in 2023.⁽⁷⁰⁾ The income quintile share ratio (S80/S20), i.e. the total

⁽⁶⁶⁾ (European Central Bank, 2025a)

⁽⁶⁷⁾ Eurostat [ilc_di18]

⁽⁶⁸⁾ Eurostat [ilc_mdes04]

⁽⁶⁹⁾ In June 2025, Eurostat published early estimates for 2024 incomes (2025 EU-SILC survey year). These estimates provide more timely information compared to standard information from the National Statistical Institutes, which are generally available with more delay – e.g. EU-SILC 2024 data were released in May 2025 and refer to 2023 incomes. For more information on flash estimates, see Eurostat - Statistics Explained.

⁽⁷⁰⁾ Eurostat [ilc_di01]

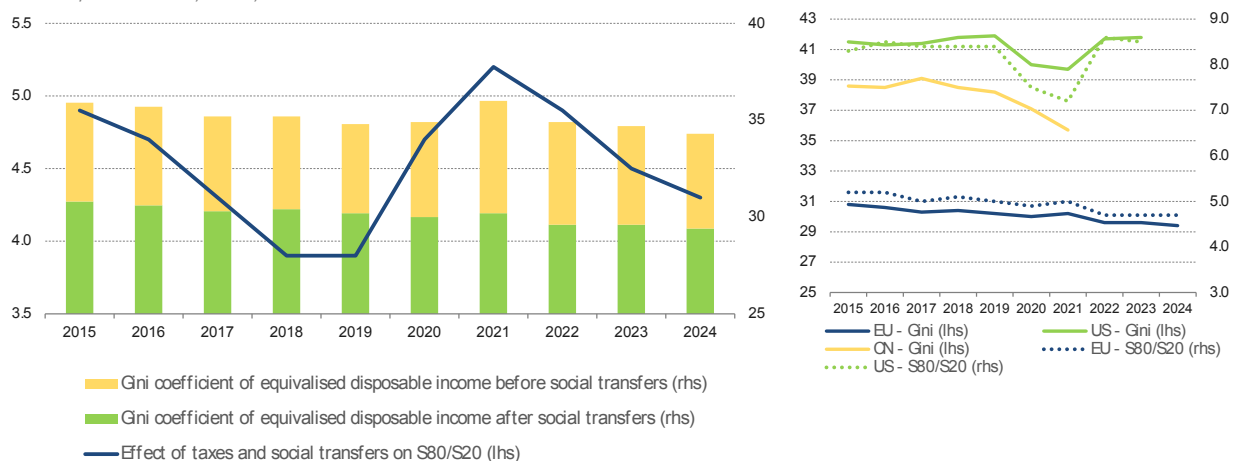
income received by the top 20% relative to the bottom 20%, remained around 4.7 over the last years, ranging from 3.4 in Slovenia to 7.0 in Bulgaria.⁽⁷¹⁾ At the same time, the size of the middle-income class shrank in almost two-thirds of the Member States between 2007 and 2022, and some groups were less likely to belong to the middle class, and much more likely to be part of the lower class.⁽⁷²⁾ Tax-benefit systems, and especially non-means tested benefits continued to play a significant role in complementing households' income in 2024.⁽⁷³⁾ As a result, social transfers (excluding pensions) reduced income inequality, allowing the Gini coefficient to diminish from 34.3 before social transfers to 29.4 after their implementation in 2024 (Chart 1.20). Yet, this impact seems to have weakened since 2021 as the effect of taxes and social transfers on the S80/S20 declined continuously from a peak of 5.2 in 2021 to 4.3 in 2024, although remaining above pre-Covid levels.

Income inequality in the EU stood well below levels in the US and China, based on latest available data. Unlike the EU, where income disparities slightly decreased over the last decade, the US experienced significant fluctuations in its Gini coefficient. After diminishing from 41.5 in 2019 to 39.7 in 2021, the Gini coefficient rebounded and returned to its pre-pandemic level, reaching 41.8 and surpassing the highest level of inequality within the EU (37.2 in Bulgaria) in 2023. In parallel, income inequality in China has been declining since 2017 to 35.7 in 2021, standing above the EU but below the US (Chart 1.20).

Chart 1.20

Income inequality remained relatively stable in the EU and lower than in other major economies

Left-chart: GINI coefficient before and after social transfers and effects of taxes and social transfers on income quintile share ratio, EU; Right-chart: Gini coefficient and S80/S20 for the EU, the US, and China



Note: GINI coefficients and S80/S20 are computed from equivalised disposable incomes. Data is not available starting from 2023 for the US, and from 2022 for China

Source: Eurostat [ilc_di11i] [ilc_di12] [ilc_di12c], World Bank [World Development Indicators]

[Click here to download chart.](#)

In the EU, wealth inequalities were more pronounced than income inequalities, yet they remained comparatively lower than those observed in the US and China. According to the European Central Bank 2023 data for the Euro area, the wealthiest 10% owned around 57% of total net wealth of households, whilst the bottom 50% owned around 5%. This is confirmed by estimates from other data sources covering most EU Member States.⁽⁷⁴⁾ While such low proportions of wealth owned by the bottom 50% is common across non-EU countries as well, for example in the US and China, wealth concentration at the top tends to be more pronounced, particularly in the US and China, where the wealthiest 10% account for close to 70% of total net wealth (Chart 1.21).

⁽⁷¹⁾ Eurostat [ilc_di11]

⁽⁷²⁾ (Vacas-Soriano, 2024). This report defines the middle class as households that have more than 75% but less than 200% of the median national income. Groups identified as less likely to belong to the middle-income class and more likely to be part of the lower class are young people, unemployed, women, those with lower education, and those living in single-adult households.

⁽⁷³⁾ According to The European Commission Joint Research Centre's calculations based on Euromod, in 2023 households' income was higher after benefits than before, representing 80.5% and 73.9%, respectively, of the pre-tax income in 2024 (pensions are not considered as benefits).

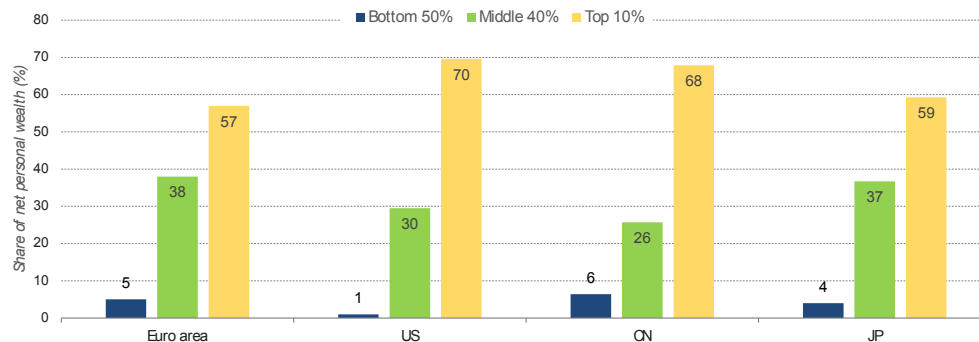
⁽⁷⁴⁾ The World Inequality Database and the OECD database on income and wealth distribution.

A recent publication by the Commission and the OECD⁽⁷⁵⁾ shows that the share of wealth held by the top 10% declined somewhat (by about 3 pp) in the EU during the 2010s. Over the past 15 years, total net household wealth in OECD countries increased significantly, and in several countries, wealth inequalities declined due to increases in housing prices. These led to growth in wealth particularly among low- and middle-wealth homeowners, for whom real estate usually constitutes most assets. At the same time, the least wealthy households who do not own properties now find themselves falling further behind homeowners. Another factor that helped reduce wealth inequalities were low interest rates, which allowed many vulnerable households to reduce their debt levels. Finally, increased savings among low-wealth households during the 2010s also improved their wealth accumulation.

Chart 1.21

Albeit lower than in some other major economies, wealth inequalities are pronounced in the EU

Distribution of net personal wealth among groups of income, 2024



Note: Net wealth is the total value of non-financial assets (housing, land, deposits, bonds, equities, etc.) held by households, minus their debts, it includes all households and private individuals (including those living in institutions), as well as unincorporated enterprises whose accounts are not separated from those of the households who own them

Source: European Central Bank for the average of Euro area quarterly figures (2024 values); World Inequality database for international comparisons (2023 values) [shweal]992]

[Click here to download chart.](#)

4.3. Risk of poverty and social exclusion

The share of persons at-risk-of-poverty and social exclusion (AROPE) slightly improved from 21.3% in 2023 to 21.0% in 2024, with minor declines in very-low work intensity households (from 8% in 2023 to 7.9% in 2024) and in severe material deprivation (from 6.8% to 6.4%).⁽⁷⁶⁾ Significant disparities persist across and within Member States (Figure 1.2), with AROPE rates ranging from 11.3% in Czechia (followed by 14.4% in Slovenia and 15.4% in the Netherlands) to 30.3% in Bulgaria (followed by 27.9% in Romania and 26.9% in Greece). Regional AROPE rates declined mildly and showed a slow convergence since 2015, as regional differences in the indicator declined or remained stable in most Member States for which data is available.⁽⁷⁷⁾ Within the EU, AROPE rates remain slightly higher in cities and rural areas (21.3% for both) than in towns and suburbs (20.3%).⁽⁷⁸⁾ Migrants are particularly vulnerable to poverty or social exclusion (38.2%), especially young migrants aged 18-29 (40.6%).⁽⁷⁹⁾ AROPE is also high for persons with low educational attainment (33.9%), those with disabilities (28.7%), young people aged 18-24 (26.3%) and children aged less than 18 (24.2%) (Chart 1.23).

⁽⁷⁵⁾ (Balestra, Caisl and Hermida, 2025)

⁽⁷⁶⁾ The at-risk-of-poverty or social exclusion rate is made of three components: the at-risk-of-poverty (AROP) rate, the severe material and social deprivation (SMSD) rate, and the share of persons living in a household with very low work intensity (VLWI). Values of AROP and VLWI refer to the previous year, whereas it refers to the current year for SMSD.

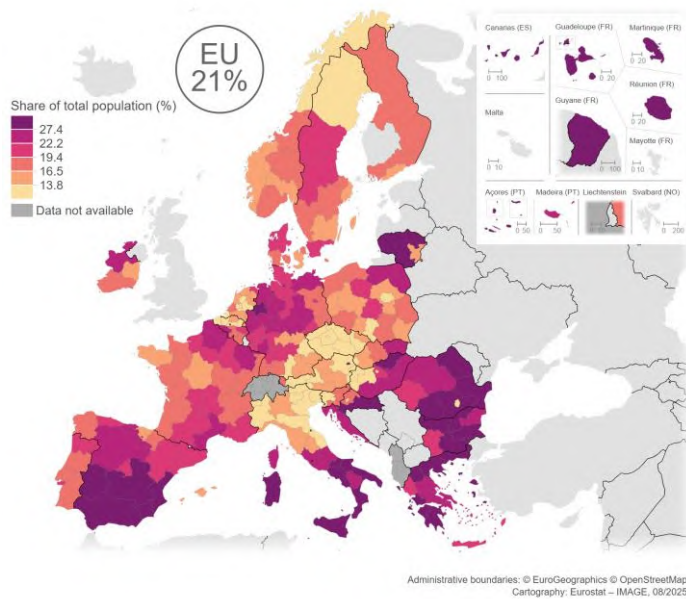
⁽⁷⁷⁾ Due to data limitations and changes in the AROPE definition over time, the analysis was conducted in just 10 EU Member States between 2015 and 2022 (Czechia, Denmark, Finland, Hungary, Italy, Romania, Spain, Sweden). (European Commission: Directorate General for Employment, Social Affairs and Inclusion., 2024)

⁽⁷⁸⁾ Eurostat [ilc_peps13n]

⁽⁷⁹⁾ Eurostat [ilc_peps06n]

Figure 1.2
Significant disparities in AROPE persist across and within Member States

At risk of poverty or social exclusion rate, by NUTS2 region, 2024



Note: AROPE refers to 2024 EU-SILC year, i.e. that values refer to 2023 for AROP and VLWI, and to 2024 for SMSD

Source: Eurostat [ilc_peps11n]

[Click here to download figure.](#)

The unemployed and people outside the labour market display significantly higher AROPE rates. In 2024, 43% of the EU population outside the labour market and 66.6% of the unemployed were living in a household at-risk-of-poverty or social exclusion, compared to 10.9% for employed people (Chart 1.22). The significantly lower AROPE rate for people in employment highlights the protective role that employment can play against poverty or social exclusion. For the unemployed and people outside the labour market, entering employment is found to increase their chances of exiting poverty by 33 pp among men, and 30 pp among women. However, not all types of employment protect against poverty to the same extent, with full-time jobs and a longer duration of employment maximising the chances of exiting poverty compared to shorter-term or part-time employment.⁽⁸⁰⁾ This allows increasing the work intensity of the household and leads to a declining number of (quasi-)jobless households,⁽⁸¹⁾ directly impacting AROPE.

While poverty levels remained broadly stable over the last year, further efforts are needed to achieve the 2030 target of lifting at least 15 million people out of poverty, including at least 5 million children. In 2024, a total of 93.3 million people, including 19.5 million children (under 18 years old), were at-risk-of-poverty or social exclusion (AROPE). This represents a reduction of 2.2 million people (-1.2 million compared to 2023) but also an increase of 446 000 children (-423 000 compared to 2023) compared to 2019.⁽⁸²⁾ Across the Member States, progress towards national targets varied significantly, with only two countries – Sweden and Ireland – achieving their target. Conversely, in 11 countries the number of persons at-risk-of-poverty or social exclusion increased since 2019.⁽⁸³⁾

⁽⁸⁰⁾ (Vaalavuo and Sirniö, 2022)

⁽⁸¹⁾ (Quasi-)jobless households are those with a very-low work intensity.

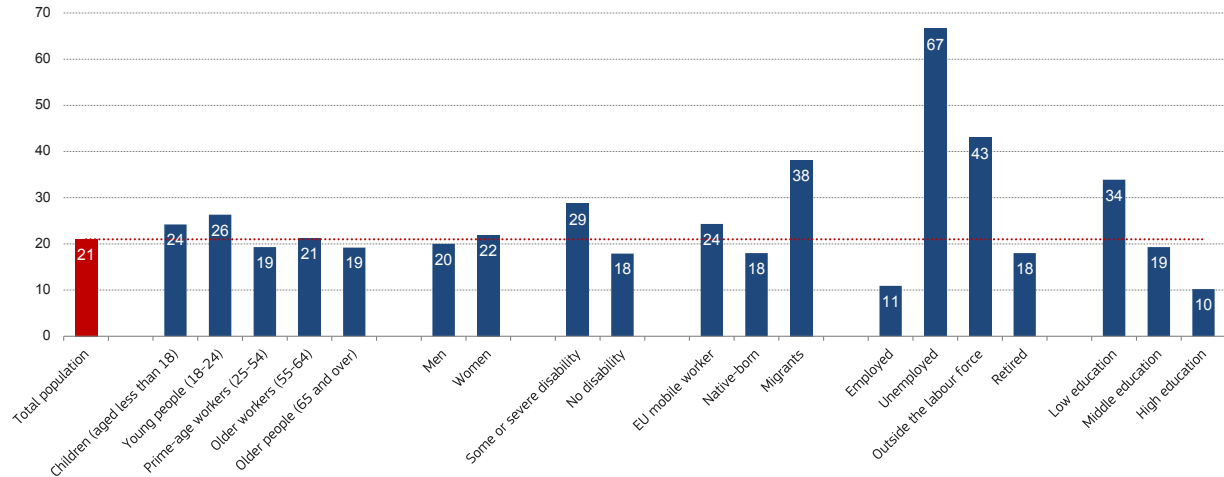
⁽⁸²⁾ Figures based on the break-free series [ilc_pecs01] for comparisons with 2019, and based on [ilc_peps01n] for comparisons with 2023. For more information on AROPE break in series, see Eurostat information note.

⁽⁸³⁾ The number of persons AROPE increased in France, Germany, Spain, Slovakia, Finland, Austria, Denmark, Lithuania, Slovenia, Luxembourg, and Malta. Germany's reference year is 2020 and not 2019 as for all other EU Member States.

Chart 1.22

AROPE highest for unemployed, persons outside the labour market, migrants, low educated and persons with disabilities

At-risk-of-poverty or social exclusion (AROPE) rates by socio-demographic characteristic, EU, 2024



Note: AROPE refers to 2024 EU-SILC year, i.e. that values refer to 2023 for AROP and VLWI, and to 2024 for SMSD

Source: Eurostat [ilc_peps01n] [ilc_peps06n] [ilc_peps02n] [ilc_peps04n] [ilc_peps03n] [hlth_dpe010]

[Click here to download chart.](#)

Although the share of people at-risk-of-poverty (AROP) stagnated, the depth of poverty slightly decreased from 2023 to 2024.⁽⁸⁴⁾ In 2024, 16.2% of the EU population was below the risk-of-poverty threshold, defined as 60% of the national median equivalised income, as in 2023 and continued to be supported by effective social transfers, with an AROP rate before transfers at 24.6%. Moreover, the depth of poverty – measured as the relative at-risk-of-poverty gap to the AROP threshold – slightly diminished to 22.7% (-0.3 pp yoy). In the EU, the gap was larger for working-age adults (25.4%), compared to children (23.2%) and older people aged 65 or over (17.7%). Nevertheless, some vulnerable groups face higher risks of chronic poverty (Box 1.1). According to Eurostat flash estimates for 2024 incomes, the EU AROP rate is expected to remain broadly stable compared to 2023 incomes (2024 EU-SILC survey), stagnating in 20 Member States, decreasing in Estonia and rising in Greece, Portugal, Slovenia, and Finland.⁽⁸⁵⁾

The EU continues to outperform its major economic partners in addressing monetary poverty. The share of population at-risk-of-poverty in the EU was standing well below that of the US and Japan with 25.1%, and 21.3% of their respective populations being at-risk-of-poverty, compared to 16.2% in the EU.⁽⁸⁶⁾ Similarly, the relative at-risk-of-poverty gap in the US (37.2%) and in Japan (36.5%) exceeded the EU's gap by 14.5 pp and 13.8 pp, respectively.⁽⁸⁷⁾

⁽⁸⁴⁾ Data on poverty for 2023 and 2024 are based on incomes from 2022 and 2023, respectively.

⁽⁸⁵⁾ In June 2025, Eurostat published early estimates for 2024 incomes (2025 EU-SILC survey year). These estimates provide more timely information compared to standard information from the National Statistical Institutes, which are generally available with more delay – e.g. EU-SILC 2024 data were released in May 2025 and refer to 2023 incomes. For more information on flash estimates, see Eurostat - Statistics Explained.

⁽⁸⁶⁾ Values have been extracted from the OECD [Income Distribution Database] and represent the share of the population below 60% of the national median disposable income. Due to data availability limitations, values refer to 2023 for the US (provisional data), and 2021 for Japan.

⁽⁸⁷⁾ The relative at-risk-of-poverty gap measures how far below the poverty threshold (60% of the national median disposable income) the disposable income of people AROP is. Data for the EU has been extracted from Eurostat [ilc_li11] and measures the relative median at-risk-of-poverty gap. In contrast, OECD data are used for the US, and Japan [Income Distribution Database], measuring the mean at-risk-of-poverty gap, which is more likely to be influenced by extreme values compared to the median measurement. Therefore, caution is needed when comparing the two datasets. As for the AROP rates, data refers to 2023 for the US (provisional data), and 2021 for Japan.

Box 1.1: How persistent is poverty in the EU? Longitudinal profiles of relative monetary poverty (AROP)

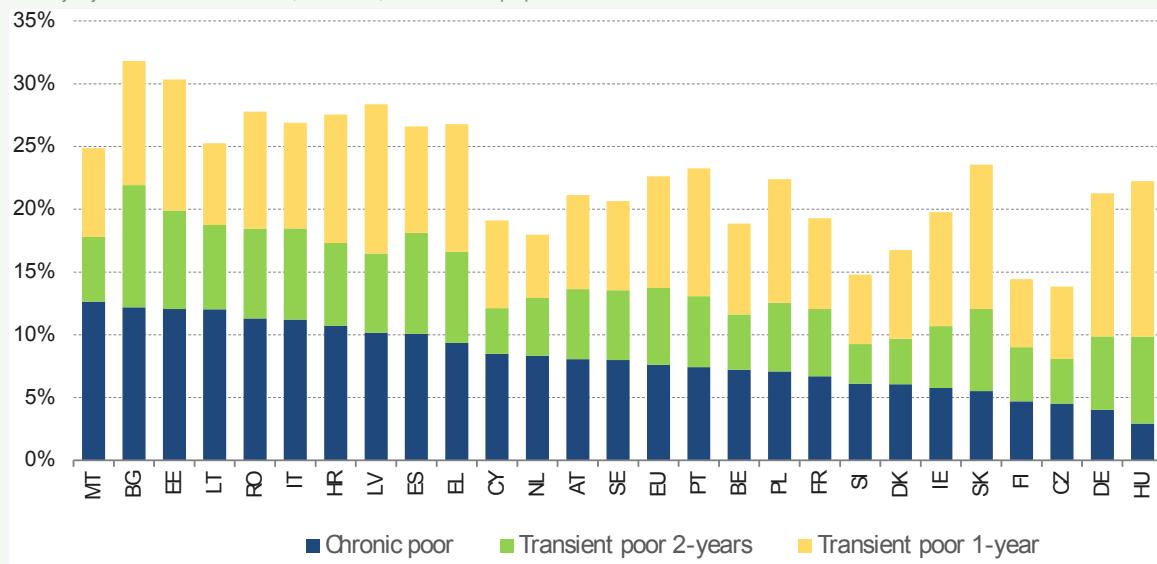
Considering recent trends in monetary poverty (AROP), using the EU-SILC longitudinal survey, can shed light on the diverse experiences of poverty. Over a three-year period, the following trends can be captured: transient 1-year poor: individuals who are poor for only one of the three years; transient 2-year poor: individuals who are poor for two years out of a three-year period; and chronic poor: individuals who are poor over three consecutive years.

For 2020-2022, these trends reveal that among Europeans at-risk-of-poverty almost 40% experienced poverty for only one of the three years, 27% experienced it for two years and 33% for all three years, with sizeable differences across countries.⁽¹⁾ While the percentage of people experiencing poverty in two out of three years is quite similar across countries, the incidence of one-year only poor and three-year poor is much more diverse. Regardless of poverty levels, in some countries (Malta, Lithuania, the Netherlands) around half of all poor people were in the 'chronic poor' category, while in others (Hungary, Germany, Slovakia) over half of all the poor experienced single poverty episode (transient poor-1 year) (Chart 1).

Chart 1

The share of people who are poor year after year vary considerably across Member States

Poverty trajectories in EU Member States, 2020-2022, shares out of all people



Note: Years refer to Eurostat EU-SILC survey years, i.e. to income from previous years

Source: JRC calculations based on Eurostat EU-SILC

At the EU level, the number of people in the most persistent ('chronic') poverty category decreased only slightly from 2017-2019 to 2020-2022. While this reduction seems modest, it is significant that it occurred between the 2017-2019 period of stability and the 2020-2022 period of uncertainty and successive or partly overlapping crises due to the pandemic, the cost-of-living crisis triggered by Russia's war of aggression against Ukraine as well as by broader geopolitical challenges. Countries such as Romania, Latvia and Spain saw the greatest decrease of chronic poverty, whereas Malta, Sweden, and Cyprus experienced an increase.

People with low education are the most vulnerable in terms of how persistently they experience poverty. People with low educational attainment (ISCED 0-2) are three times more likely than the highly educated (ISCED 5-8) and more than twice as likely as those with medium educational attainment (ISCED 3-4) to have experienced poverty. They are five times more likely than the highly educated to be chronically poor (Chart 2).

The unemployed and those outside the labour force are most exposed to poverty and particularly to chronic poverty, while children and retired people seem to experience more transient 1-

⁽¹⁾ In the context of this box, EU refers to EU-26 as data for Luxembourg are not available for EU-SILC longitudinal wave 2023.

(Continued on the next page)

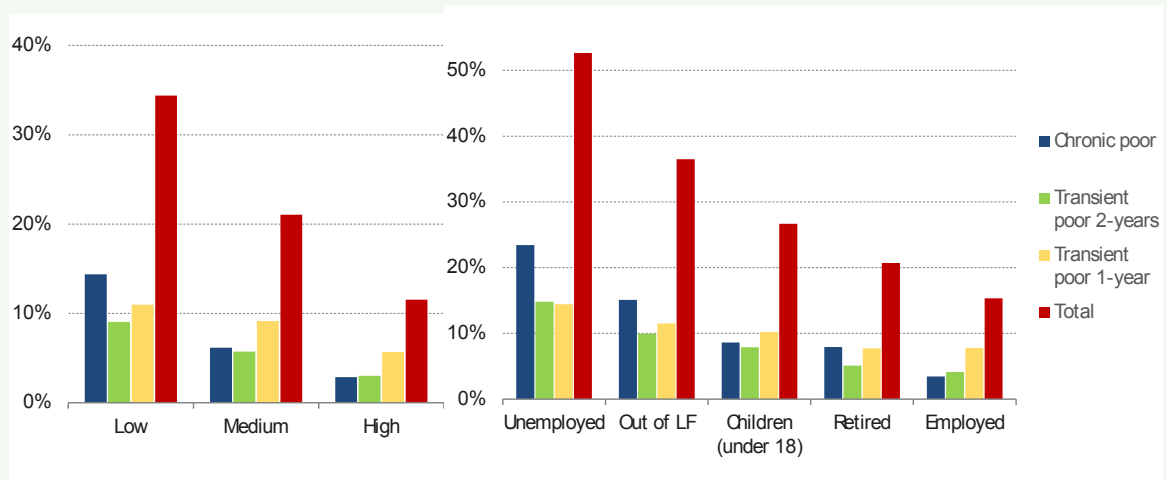
Box (continued)

year poverty trajectories. In contrast, employed people have the lowest incidence in all of the three poverty trajectories compared to people in other statuses in the labour market (Chart 2).

Chart 2

Education attainment and labour market status are the most significant influences on the variance in the persistence of poverty between socio-demographic groups

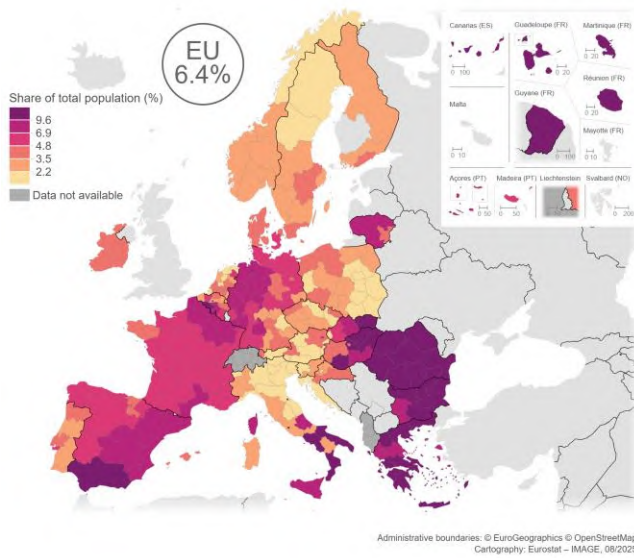
Left chart: Poverty persistence in the EU, by educational attainment, 2020-2022; Right chart: Poverty persistence in the EU, by labour-market status, 2020-2022



Note: Years refer to Eurostat EU-SILC survey years, i.e. to income from previous years. Low education attainment stands for ISCED 0-2, medium for ISCED 3-4, and high for ISCED 5-8. 'Out of LF' stands for 'Outside of the labour force'

Source: JRC calculations based on Eurostat EU-SILC

Figure 1.3
Severe material and social deprivation is the highest in Romania, Bulgaria and Greece
Severe material and social deprivation rate, by NUTS2 region, 2024



Source: Eurostat [ilc_mdtd18]
[Click here to download figure.](#)

Material and social deprivation in the EU decreased from 2023 to 2024 but remains high for certain groups. It reached 12.1% in 2024 down from 13.1% in 2023, while 6.4% of the population was severely materially and socially deprived, down from 6.8% in 2023.⁽⁸⁸⁾ Important disparities remain within and across countries (Figure 1.3) but also across different population subgroups. The unemployed are the most likely to experience severe material and social deprivation (23.7%), followed by those in the lowest income quintile (18.3%), single parents (13.8%), migrants (12.9%), people with low educational attainment (11.9%), and those outside the labour force (10.7%). At the same time, the situation worsened for children (aged less than 16), with child specific material deprivation increasing from 12.6% in 2021 to 13.6% 2024. It is the highest among children living in households composed of a single adult (24.2%) and those with low educated parents (39.1%).⁽⁸⁹⁾

In 2023, easing inflation for electricity and gas prices, alongside lower interest rates and rising real incomes, helped alleviate the financial burden of housing costs. In 2024, housing costs⁽⁹⁰⁾ as a share of households' disposable income decreased to 19.2% reversing a steady increase since 2020 that peaked at 19.7% in 2023 (Chart 1.23). This led to a 0.6 pp reduction in the housing cost overburden rate compared to 2023, which reached 8.2% in 2024.⁽⁹¹⁾ Despite this decline across all socio-demographic groups, the overburden rate remains higher for women (8.6% vs. 7.8% for men), migrants (16.3% vs. 7.3% for domestic-born), persons with disabilities (10.4% vs. 7.8% for those without disabilities), and those living in cities (9.8% vs. 6.3% in rural areas). Additionally, 31.1% of those at-risk-of-poverty and 27.8% in the lowest income quintile continue to experience housing cost overburden (Chart 1.23).⁽⁹²⁾ Housing affordability across the EU is expected to have decreased in 2024 due to rising housing and rental prices, coupled with tightened financing conditions, in a context of protracted challenges particularly for renters (Box 1.2).⁽⁹³⁾

⁽⁸⁸⁾ The material and social deprivation rate is defined as the share of the population unable to afford five or more of a set of 13 specific goods, services or social activities that are considered by most people as essential for an adequate quality of life. The severe material and social deprivation rate refers to those unable to afford seven or more of these set of items. For more information, see Eurostat - Statistics explained.

⁽⁸⁹⁾ Eurostat [ilc_chmd02] and [ilc_chmd03]

⁽⁹⁰⁾ Housing costs refer to monthly costs connected with the household's right to live in the accommodation as well as the costs of utilities, gross of housing benefits. Only housing costs that are actually paid are considered. They are measured based on income from the previous year. For more information, see EU-SILC - Housing conditions (methodology)

⁽⁹¹⁾ Housing cost overburden rate refers to the share of population living in a household where the total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).

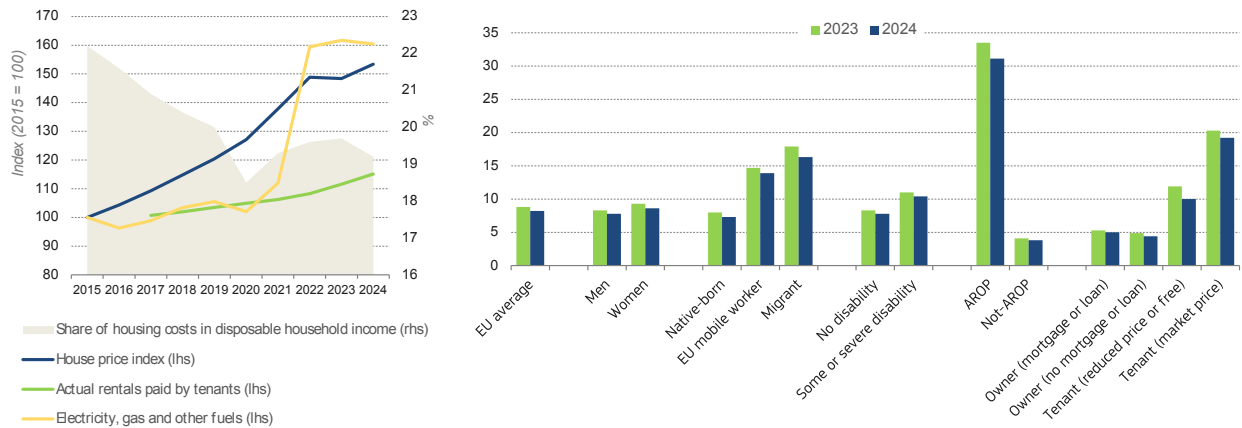
⁽⁹²⁾ Housing cost overburden rate by degree of urbanisation has been extracted from Eurostat [ilc_lvho07d]

⁽⁹³⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2025b)

Chart 1.23

Housing cost overburden has been declining in the last year but remains elevated for certain groups

Left-chart: Share of housing costs in disposable household income and prices of selected items, EU; Right-chart: Housing cost overburden rate by socio-demographic characteristic, EU



Note: On the left chart, yearly average of monthly values has been computed for actual rents paid by the tenants and energy prices

Source: Eurostat [ilc_mdmed01] [prc_hicp_midx] [prc_hpi_a] [ilc_lvho07a] [ilc_lvho07c] [ilc_lvho26] [hlth_dhc060]

[Click here to download chart.](#)

Box 1.2: Housing difficulties in the EU

Over the past decade, a large majority of EU households were homeowners whereas less than a third were renting their dwelling.⁽¹⁾ In 2023, 69.2% of EU households were homeowners, with 44.2% owning their homes outright and 24.9% having outstanding mortgages or housing loans. In parallel, about 30.8% of households rented their accommodations, 10.2% renting at a reduced price or for free and 20.6% renting at market prices.⁽²⁾ Homeownership has become less egalitarian across generations as the share of homeowners among young cohorts is declining compared to older generations at the same age. Furthermore, children who are growing up in homeownership households are more likely to become homeowners themselves. Housing inheritance may limit the ability of children living in vulnerable households – which have lower homeownership rates – to benefit from equal opportunities later in life.⁽³⁾

Renters are vulnerable to housing insecurity. Housing costs increased dramatically between 2010 and 2019 for tenants.⁽⁴⁾ In the past 12 months, renting difficulties affected 13% of the EU population aged 16 or over in 2023.⁽⁵⁾ In particular, the poorest populations were the most affected, with 20.1% of the lowest income quintile who experienced renting difficulties (compared to 14.4% in the second quintile and 4.1% in the highest), and 23.3% of people AROPE (vs. 8.0% for those not AROPE). Single adults with dependent children (24.6%), migrants (18.8%) and persons with disabilities (16.5%) also faced significant difficulties. In addition, 4.9% of the EU population aged 16 or over reported having experienced housing difficulties at some point in their lives.⁽⁶⁾

Lacking energy efficiency remains a key concern in the EU, with 17.9% of households reporting that their housing unit's insulation or heating did not allow them to live comfortably warm in winter in 2023. Escalating energy prices in 2021-2022⁽⁷⁾ considerably increased financial pressure on homeowners, especially for households living in energy inefficient dwellings, as energy costs represented a disproportionately larger share of their disposable income.⁽⁸⁾ The EU supports Member States to address these challenges through initiatives such as the European Regional Development Fund, the forthcoming European Affordable Housing Plan and the Social Climate Fund, to support energy-efficient renovation of buildings across the EU.

⁽¹⁾ Figures in this box are based on two EU-SILC2023 ad hoc modules: Intergenerational transmission of advantages and disadvantages and housing difficulties; and Households' energy efficiency.

⁽²⁾ Eurostat [ilc_lvho02]

⁽³⁾ (Balestra, Caisl and Hermida, 2025)

⁽⁴⁾ (Eurofound, 2025)

⁽⁵⁾ Renting difficulties are considered when the respondent (and the other household members) was unable to pay their rent using their own resources or was unable to pay on time (as scheduled) due to financial reasons, and is therefore forced to borrow money, sell assets or take out overdrafts to pay the rent.

⁽⁶⁾ Housing difficulties refer to periods when the respondent had no place of their own (either owned or rented) where they could live and therefore was forced to stay with friends/family, stay in emergency or other temporary accommodation, stay in a place not intended as a permanent home or had to sleep in a public space. It does not include temporary homelessness due to a natural disaster, fire or similar incidents.

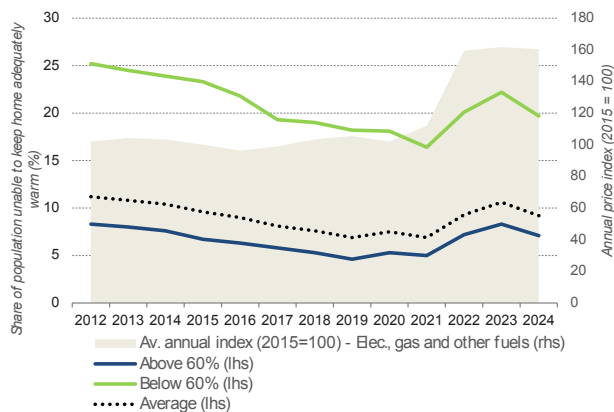
⁽⁷⁾ (European Commission, 2025)

⁽⁸⁾ (Eurofound, 2025)

Chart 1.24

Accompanied by a slowdown in energy inflation, energy poverty declined in the EU in 2024

Share of population below/above the at-risk-of-poverty threshold (60%) unable to keep home adequately warm (lhs), and average annual index (2015=100) for electricity, gas and other fuels (rhs), 2015-2024, EU



Source: Eurostat [ilc_mdcs01] [prc_hicp_aind]

[Click here to download chart.](#)

After increasing steadily since 2021, energy poverty in the EU saw its first decline in 2024, reflecting the impact of decreasing energy prices. Energy poverty – measured as the share of individuals unable to keep their homes adequately warm due to financial reasons – diminished from 10.6% in 2023 to 9.2% in 2024, supported by deflation of electricity, gas, and other fuels (Chart 1.7). Despite this improvement, nearly one-fifth of those at-risk-of-poverty (AROP) still faced energy poverty in 2024 (19.7%), a significantly higher share than the population not AROP (7.1%), although the gap narrowed between 2023 and 2024. Albeit most EU countries experienced a decline in energy poverty, significant disparities persist, with rates exceeding 15% in Portugal, Spain, Lithuania, Greece, and Bulgaria. In parallel, the proportion of individuals encountering utility

bill arrears remained stagnant at 6.9%.⁽⁹⁴⁾ Additionally, persistent monetary poverty and heavy financial burden due to housing costs have been found to significantly increase the risk of chronic energy poverty.⁽⁹⁵⁾

5. CONCLUSIONS

In 2024 the EU economy demonstrated resilience, benefiting from robust private consumption, strong employment growth, and easing inflationary pressures despite ongoing geopolitical tensions and uncertainties. While global growth remained stable, the EU's performance was mixed compared to its major trading partners – stronger than Japan, comparable to the UK, but lagging behind the dynamic recoveries in China and the US. Looking ahead, growth in the EU is forecast to gradually strengthen, reflecting improved investment conditions and moderating inflation. Going forward, the economy is expected to remain resilient, expanding by 1.1% in 2025, but considerable risks persist, notably from potential escalations in trade tensions, financial market vulnerabilities, and increasing climate-related disruptions, underscoring the need for continued vigilance and proactive policy responses to maintain sustainable economic stability.

Albeit at a slower pace, EU employment continued to expand, with the EU being on track to meet its 2030 target of having 78% of people aged 20-64 in employment and more countries surpassing their national targets. Positive developments have been recorded for women, older individuals, and migrants, nonetheless these groups continue to face challenges, as well as other underrepresented groups such as young people, persons with disabilities, or those with low levels of education. The rising global uncertainties negatively affected employment expectations. However, companies continued to retain their employees. Sectors highly reliant on extra-EU exports or on extra-EU foreign controlled enterprises are particularly vulnerable to recent changes in trade policy.

Unemployment reached a record low in the EU, at 5.9% in 2024 while labour shortages are easing. However, the significant overqualification rate highlights the need to improve the matching of skills and jobs and to contain the underutilisation of skills. The limited probabilities to successfully transition from unemployment to employment, especially after the first year, underline the critical need for early and sustained support to job seekers.

The EU labour market is also characterised by a significant share of non-standard or precarious working arrangements, including atypical hours, involuntary part-time work, and very-short term contracts. Non-standard working time arrangements can have a profound impact on work-life balance

⁽⁹⁴⁾ Eurostat [ilc_mdcs07]

⁽⁹⁵⁾ (Ozdemir and Koukoufikis, 2024)

and overall well-being, and precarious contracts can indicate a lack of stability in the labour market and of income security. This highlights the importance of policies fostering the creation of stable jobs, and promoting overall well-being for all persons on the labour market.

Labour market policies play an important role in shaping employment outcomes through diverse strategies such as training, employment incentives, direct job creation, and income support measures. Despite fluctuations in overall expenditure, particularly during the Covid pandemic, substantial differences persist across Member States both in spending levels and policy priorities. Countries like Denmark, Sweden, and Ireland show strong commitments to active labour market measures, while France and Spain allocate significant resources to passive support mechanisms such as income maintenance. Income support in the EU, including social transfers notably allows to significantly reduce income inequality.

Easing inflationary pressures led to improved real disposable incomes and a continued rise in real gross disposable household income, alleviating financial pressures on households despite persistent elevated financial distress level for the lowest income quintile. In parallel, housing costs eased in 2024, leading to a decline in housing cost overburden, while housing affordability, including for tenants, as well as energy efficiency continue to remain a challenge. Significant disparities persist, particularly among disadvantaged groups, requiring ongoing policy attention to ensure equitable improvements in living conditions across the EU.

Wealth inequalities were more pronounced than income inequalities in the EU, while both remain well below levels in the US and in China. With robust tax-benefits systems and social transfers that allow reducing income inequality in the EU, the income quintile share ratio after social transfers remained rather stable at 4.7. In the last 15 years, total net wealth of households in the OECD countries increased and the wealth inequality decreased in several countries. Still the top 10% wealthiest people in the Euro area hold more than half of total net wealth compared to 5% of wealth for the bottom 50%.

With a reduction of 2.2 million people AROPE, and an increase of 446 000 children compared to 2019, further efforts are needed to meet the 2030 target of lifting 15 million people out of poverty. The reduction in material and social deprivation and in households with very-low work intensity have been slightly driving down the AROPE rate to 21%. Young people, women, migrants, persons with disabilities and those with low educational attainment remain particularly vulnerable to poverty and social exclusion. The at-risk-of-poverty (AROP) rate remained below that of the US and Japan, and stable at 16.2%, with a small decrease in poverty depth. People with low education, the unemployed and those outside of the labour force are the most vulnerable to chronic monetary poverty.