



Irish employment growth accelerates to 2% in Q4 2025

This morning's Irish Labour Force Survey (LFS) revealed that employment rose by 0.5% in Q4 2025, the annual pace of job creation accelerating to 2% (up from 1.1% in Q3). The unemployment rate was revised down again, to 4.6% in Q4 2025, from the 5% initially estimated and declining from 4.9% in Q3 2025. These out-turns bear out our view the labour market data during the summer was temporarily weak, due to a range of seasonal factors the CSO struggles to adjust for (e.g. youth unemployment), but would bounce-back in Q4.

Construction (9%), industry (6.6%) and the public sector led jobs growth in 2025, albeit offset by small declines in consumer facing sectors such as wholesale/retail (-0.9%) and hotels/restaurants (-0.7%). In summary, the Q4 2025 out-turn gives us confidence in our view that employment growth is gradually slowing, from exceptional rates above 3%, towards our forecast for 1.5% growth in 2026 and 2027 - a robust expansion but a more sustainable pace.

Irish employment growth picks-up in Q4 2025: This morning's Labour Force Survey (LFS) indicates that employment grew by 0.5% in Q4 2025 on the quarter, up 2.0% on the year to a fresh high of 2.83 million. This is a marked pick-up from the 1.1% annual growth in employment recorded in Q3 2025 which we had interpreted as being temporarily weak, due to seasonal factors and volatility in the data.

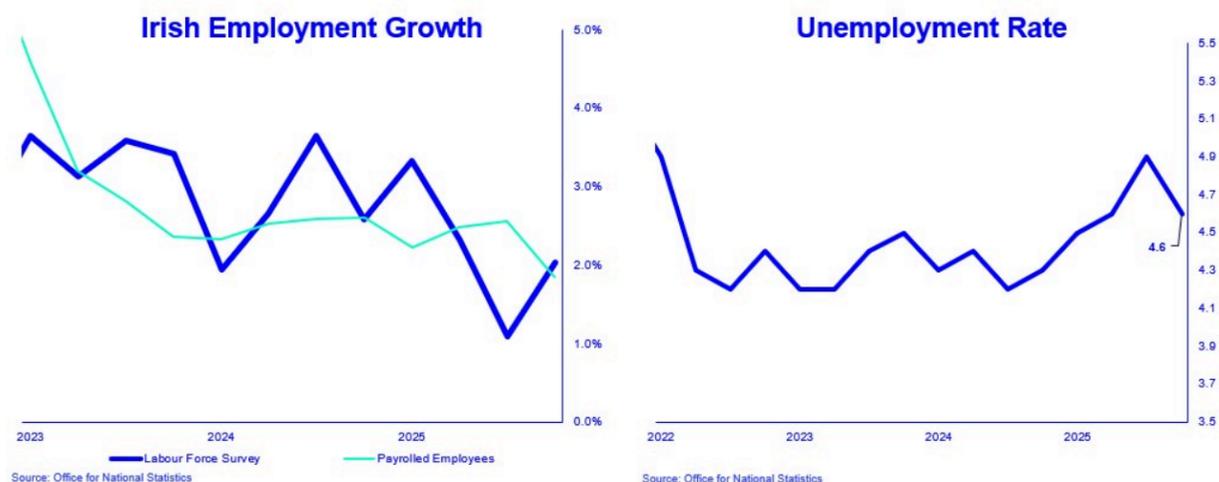
The LFS out-turn for employment growth at 2% in Q4 2025, is now consistent with the alternative 'payrolled-employees' measure, based off income tax returns (see chart below). In summary, it is satisfying to see today's out-turn for Q4 2025 indicate there is more momentum in job creation than initially indicated by the Q3 data.

Construction, manufacturing and public sectors lead job creation: Amongst the fastest growing sectors for employment through 2025 were; construction (+9% to 192,000), industry (+6.6% to 354,000) and also public sector dominated areas such as education (+7.7% to 258,000) and health (+2.8% to 393,000). However, consumer facing sectors remain weak; wholesale/retail (-0.9% to 324,000) and also hotels/restaurants (-0.7% to 183,000). Information and Communications Technology (ICT) sector employment was down 6.9% to 170,000. However, this doesn't tally with the alternative pay-rolled employees measure which suggest ICT employees rose 1.1% to 122,000 in December - so the LFS reading may reflect volatility in the data and overstate the contraction in ICT sector employment.

Labour Force Survey (LFS) revises unemployment rate down to 4.6%: We already knew from January's data that the unemployment rate in Q4 2025 had been revised down from 5% initially estimated, to 4.7%. Today's LFS survey has revealed a further small downward revision to the unemployment rate to 4.6%, declining from 4.9% in Q3 2025. Once more, seasonal factors that the CSO struggles to adjust for have been at play. Specifically, students temporarily counted as unemployed during the summer months, but who have now returned to education.

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