

Development of the Czech labour market in the Q1 2026

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The development on the labour market is affected by an increasing imbalance between the supply and demand for labour force. The employment rate for persons aged 15–64 years stagnated; it only increased as for persons aged 65+ years. The unemployment increased, year-on-year (y-o-y), including its long-term component. The average wage increased in nominal terms by 8.1%, y-o-y, and in real terms by 6.4%.

Despite economic recovery, the unemployment was moderately increasing last year, which means that there is an increasing disharmony on the Czech labour market. Enterprises are seeking employees with other skills than those offered by the free labour force and this long-term discrepancy is deepening with the emergence of new technologies requiring special skills. Efforts of both the state and employers for retraining or upskilling of their employees is not proportional to current demands. Insufficient interconnection of education with the needs of the economy is also worsening the situation as for young people among whom a high unemployment rate is persisting, including fresh school-leavers.

Structural changes in the economy result in a higher interest in the qualified labour force in the sector of services and, more importantly, lately also in construction. In terms of Regions, the situation widely differs; Czech labour force has limited opportunities to move for work due to unaffordable housing. The lack of labour force is thus often compensated from sources from abroad which, however, entails society-wide consequences.

Employment, unemployment, and economic inactivity

Results of the Labour Force Sample Survey (LFSS) did not show for the Q1 2026 noticeable changes in trends. However, it does not mean that the structure of the labour market has not been changing. The employment (the number of working persons) increased, y-o-y, in accordance with demographic movements, by 1.1%, i.e. by 58.6 thousand, to the total of 5 283.9 thousand. While in the primary and the secondary sector the number of working persons decreased (by 30.7 thousand in total), in the tertiary sector it further increased by 89.3 thousand. In the sector of services and care, already 63.3% of working persons thus currently worked, while females were considerably dominating.

The employment rate (the share of the number of working persons) increased in total in the group of the 15+ years old by 0.3 p. p.; on the other hand, in the observed group of the 15–64 years old it remained at the same value of 75.5%, year-on-year. That held true for both sexes, the male employment rate remained at 80.1% and the female one at 70.9%.

What is also remarkable from the results of the LFSS is a change of proportions between the group of entrepreneurs and employees. The number of entrepreneurs without employees (own-account workers) increased, y-o-y, by 35.9 thousand (by 5.3%), whereas the number of entrepreneurs with employees (employers) was lower by 8.1 thousand, y-o-y (i.e. a decrement by 7.0%). The number of the largest group of employees only increased by 29.9 thousand (i.e. by 0.7%). The share of entrepreneurs in the total employment thus increased, year-on-year, by 0.5 p. p. to 15.8%.

A trend of expansion of part-time jobs among females further continued. Currently, the number of part-time jobs in the main job reached 524.4 thousand in total. In the year-on-year comparison, it increased by 24.6 thousand, i.e. by 4.9%. Already 15.4% of working females had reduced working hours. Only 5.2% of males worked part-time, most often the elderly.

The unemployment increased, year-on-year, when the number of persons seeking a job increased by 31.4 thousand to 170.8 thousand. The unemployment rate increased by 0.6 p. p. to 3.2%. When looking at the unemployment in terms of cohesion regions, the situation was the worst in the *Severozápad* cohesion region (6.3%) and in the *Moravskoslezsko* cohesion region (5.1%). On the other hand, the lowest rates remained in the *Střední Čechy* cohesion region (1.8%) and in the *Praha* cohesion region (2.1%). The number of persons unemployed for one year and longer amounted to 54.7 thousand, i.e. almost a third (32.1%) of all the unemployed. The number of the long-term unemployed increased by 19.6 thousand, y-o-y. This trend is also in compliance with the data from the Labour Office of the Czech Republic.

The surplus labour (persons who do not work, however, at the same time are not actively seeking a job, by which they do not comply with the LFSS requirements for the unemployed, who nevertheless state that they would like to work) decreased by 6.1 thousand to 73.3 thousand.

Therefore, it can be summarised that the Czech labour market is rather emptied. The economic activity of the population is increasing, however, thanks to extension of career to a higher age and as a result of growth of unemployment.

Note: The LFSS only covers persons living in dwellings (flats), not those living in hostels and similar collective households. It has a negative influence on the capture of some groups of foreigners who often use such ways of housing. Since 2023, the methodology of weighting and grossing up in the LFSS has been adapted to this type of survey, which has had an impact on the long-term time series of data on employment, especially in the breakdown by age group. Each quarter, the LFSS weights are adjusted according to the results of demographic statistics.

Registered number of employees converted to full-time equivalent employees

Preliminary data of the CZSO's business statistics show a moderate turnabout in the trend. The registered number of employees in full-time equivalent increased, y-o-y, in the Q1 2026, by 22.8 thousand; in relative terms, it was by 0.6%. (The registered number of employees (headcount) increased by 18.8 thousand or by 0.4%.)

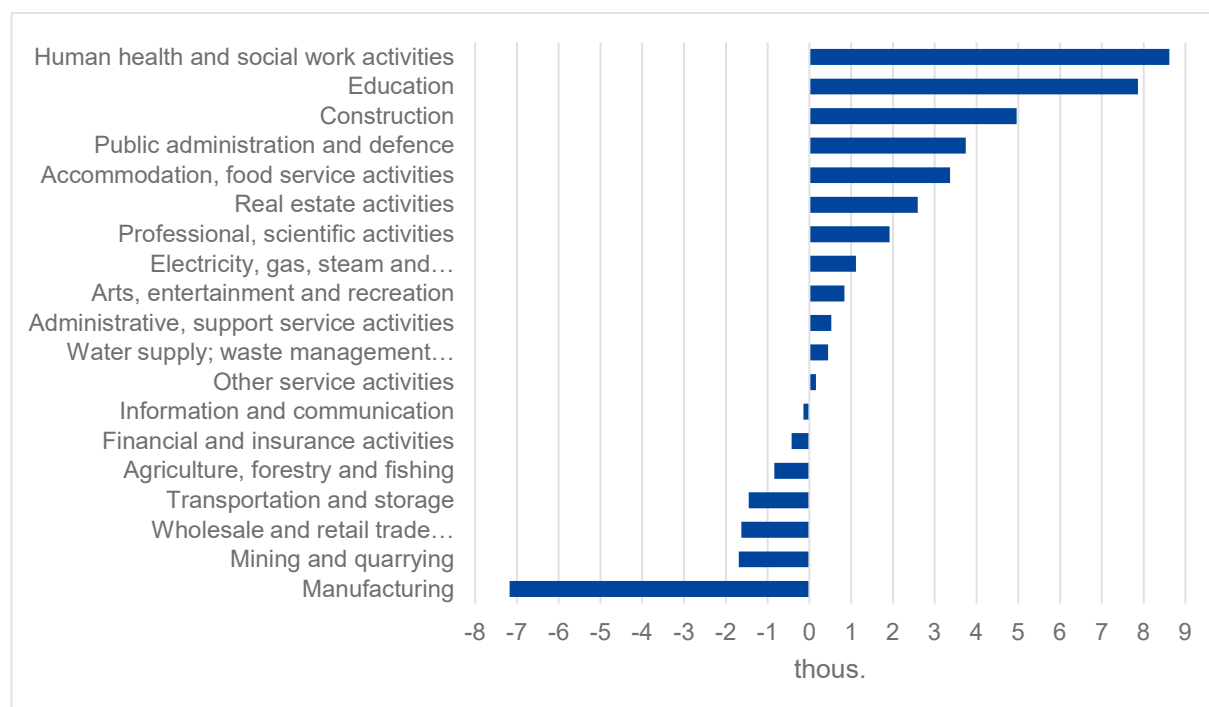
While the overall figures for the last two years 2024 and 2025 show rather a stagnation or a decrease in the registered number of employees, in the Q1 2026 there is a more marked increase. However, it was not everywhere, in the breakdown by CZ-NACE section we can currently find some significant increases and decreases, which indicates that the labour market is changing its internal structure and employees are fluctuating.

The increase in the number of employees again concentrated in the area of services and care, newly also in construction, whereas a decrease can be found predominantly in industry. In seven CZ-NACE sections, the number of employees decreased, year-on-year, by 13.3 thousand in total. In the remaining twelve sections, it increased by 36.1 thousand. As for individual sections, relative increments or decrements were ranging in a wide scope from -10.6% to 6.1%. However, those extremes were in economic activities that were numerically insignificant.

A large part of the decrease is due to 'manufacturing', in which there were by 7.2 thousand less employees. In relative terms, it was an insignificant decrease by 0.7%; however, that decrease follows

a long row of those from the previous years. In the Q1 2018, 'manufacturing' still had 1 152.2 thousand employees, now it has 1 032.5 thousand, i.e. it decreased by 119.7 thousand (or by 10.4%). Anyway, 'manufacturing' is still the biggest CZ-NACE section in Czechia and it employed, as the only one, over one million employees. Tab. 1 in the news release on average wages therefore provides CZ-NACE divisions of this section, which were the biggest as for the number of employees. In five of those divisions, we can find decreases in the number of employees. The deepest one numerically expressed as well as in relative terms was in 'manufacture of motor vehicles, trailers and semi-trailers' (by 2.0%; 3.3 thousand). An increase in the number of employees only occurred in two selected divisions as follows: 'manufacture of food products' (by 1.6%; 1.4 thousand) and 'manufacture of fabricated metal products, except machinery and equipment' (by 1.4%; 1.9 thousand).

Chart: Year-on-year changes in the FTE numbers of employees by CZ-NACE section



Source: wage statistics of the CZSO

The biggest relative decrease in the number of employees was in the section of 'mining and quarrying,' an utterly marginal industry already, in which the number currently decreased by 10.6%, which was a decrease by 1.7 thousand to 14.3 thousand. What can be surprising are negative values as for 'wholesale and retail trade; repair of motor vehicles and motorcycles,' where a decrease by 0.3% was a decrement by 1.6 thousand jobs to 495.0 thousand. However, full-time equivalent employees in trade already significantly decreased, year-on-year, in the Q4 2025, whereas in the preceding three quarters they were increasing. The decrease in the number of employees further continued in 'transportation and storage' (0.6%; 1.5 thousand) and in 'financial and insurance activities' (0.6%; 0.4 thousand), where we could observe year-on-year decreases also during the entire last year. Also in 'agriculture, forestry and fishing,' where 88.0 thousand employees were currently employed, there was another decrease (by 0.9%; 0.8 thousand). The last section with a negative value (0.1%; 0.1 thousand) was 'information and communication'. Although the current decreases as well as those in the previous year are rather

marginal, they signify a disturbance to the long-term trend of increasing of the registered numbers and indicate a change of the situation in the given economic activity.

The number of employees increased mainly thanks to two economic activities with a dominant public share: in 'human health and social work activities' there was a year-on-year growth by 8.6 thousand (or by 2.4%) and in 'education' by 7.9 thousand (or by 2.2%). A more moderate increase was also in 'public administration and defence; compulsory social security' (by 3.7 thousand; 1.3%). Therefore, in total, over one million employees currently work in those three economic activities.

'Construction' started to be successful; the number of employees increased there by 5.0 thousand (2.4%), year-on-year. The recovery persisted in 'accommodation and food service activities' connected with tourism, in which there were by 3.4 thousand more employees, y-o-y, i.e. there was an increase by 2.8%. Other changes are not that noticeable. In 'real estate activities', there was the highest relative increase by 6.1%, which in this small economic activity was an absolute increase by 2.6 thousand. However, that value was also affected by administrative shifts. A significant increase was also in 'professional, scientific and technical activities', in which there were by 1.9 thousand more employees (by 1.1%). Two smaller industrial economic activities were growing, too: in the power industry ('electricity, gas, steam and air conditioning supply'), the number of employees increased by 1.1 thousand (by 3.1%) and in 'water supply; sewerage, waste management and remediation activities' by 0.4 thousand (by 0.8%).

Quarterly average gross monthly wages

According to preliminary data, the average wage (CZK 50 282) increased nominally, compared to the corresponding period of the previous year, by CZK 3 789 in the Q1 2026, i.e. by 8.1%. It is an average of a very diverse development on the level of individual economic activities, enterprises, or organisations. The nominal wage growth was thus in the beginning of the year 2026 the highest since the Q1 2023.

What was even more important from the point of view of employees, however, was the real development that compares the increase of earnings with the consumer price increase (inflation) and thus it shows how many goods and services an employee could purchase for his/her wage. The consumer price index increased in the Q1 2026 just by 1.6%; the average wage thus increased in real terms by 6.4%, year-on-year. It is one of the highest values for the entire century. Let's remind that in the Q2 2021 a y-o-y real increase by 8.1% was registered; however, it was caused by a low comparison basis from the Covid year of 2020; in the remaining periods of the year 2021, the values were very low. In 2022 and 2023, there were slumps in real wages in all quarters due to the high inflation. Since the Q1 2024, there has been a recovery with an increase in real wages that still lasts. In 2024 and 2025, real wages increased approximately with a 4% growth rate.

Although average wages increased in real terms in all economic activities, their dynamics varied widely and not all employees saw the purchasing power of their earnings markedly increase. The highest nominal year-on-year increase (22.1%) can be currently found in the 'real estate activities' section, which is, however very small as for the number of employees and the y-o-y index was also affected by an administrative shift of some enterprises (businesses) between economic activities. With a smaller gap, it is followed by 'administrative and support service activities' with a year-on-year nominal increase by 18.8%; in that economic activity, various agencies including employment agencies are dominating.

Economic boom in construction was reflected in a marked increase of earnings by 12.6%. Values above the eleven percent level can be found in three more sections as follows: 'accommodation and food

service activities' (11.9%), 'professional, scientific and technical activities' (11.8%), and 'agriculture, forestry and fishing' (11.2%). All the other economic activities had nominal increments below the nine-percent threshold. 'Transportation and storage' with 8.7% and 'information and communication' with 8.5% got close to it.

On the other hand, in some sections we can find much weaker wage increases. In the energy sector ('electricity, gas, steam and air conditioning supply'), the level only increased by 2.1%, y-o-y; in that economic activity, bonuses are paid in the beginning of the year, which then significantly influence the average wage.

In 'human health and social work activities,' salaries increased by 4.8%, in 'public administration and defence; compulsory social security' by 5.6%, and in 'financial and insurance activities' by 5.8%. What these three economic activities have in common is that there are huge requirements for qualification of the labour force. 'Manufacturing' also recorded a below-average increase by 6.9%. In the remaining CZ-NACE sections, the values ranged from 7.5% to 8.1%. Salary level of employees in 'education' increased by 8.0%, year-on-year, which was much more than in the past four years; despite that, it is still a value below the level of an increase of the total average wage.

The highest level of wages in the Q1 2026 can be found, as usual, in 'information and communication', in which the average wage reached CZK 98 776. 'Financial and insurance activities' with the level of CZK 89 091 ranked second, with a gap. 'Electricity, gas, steam and air conditioning supply' was the third with CZK 87 404. Those three economic activities have been on the top for a long time.

From the opposite side, the ranking was only slightly innovated. In 'accommodation and food service activities,' the average wage despite a rather marked relative increase (by 11.9%) was still the lowest (CZK 30 688). The second lowest average wage was in 'other service activities', where it increased by 7.6% to CZK 37 025 and right behind, ranking third, was 'agriculture, forestry and fishing' with CZK 37 059.

Development in Regions

In terms of the number of employees, there was a year-on-year increase in most of the Regions of Czechia in the Q1 2026. A partial decrease was recorded by three Regions only. The more noticeable one, by 0.2%, was in the *Moravskoslezský* Region; in the *Královéhradecký* Region and in the *Karlovarský* Region, the numbers decreased by 0.1%; in total, it was by 1 thousand. On the other hand, a massive increase can be found in Prague by 10.6 thousand, which was a relative increase by 1.4%. The *Pardubický* Region with 1.3% was close to that value; however, with regards to the small size of the Region, it was only by 2.4 thousand when expressed numerically. A more significant increment (4.1 thousand) was in the *Jihomoravský* Region (0.9%) and also in the *Středočeský* Region (0.8%; 3.4 thousand). In the *Zlínský* Region, the numbers stagnated.

As for the development of average wages, the dispersion was substantially smaller among Regions than in the breakdown by economic activity (industry) in the Q1 2026. Wages were increasing nominally in the range from 6.3% to 9.8%. This time, the highest wage growth was by far not in Prague (8.2%); with a large gap, the *Moravskoslezský* Region was leading (9.8%), followed by the *Plzeňský* Region (8.8%), the *Pardubický* Region (8.7%), the *Jihočeský* Region (8.5%), and the *Jihomoravský* Region (8.2%). In the *Olomoucký* Region, the average wage increased the same as nationwide, i.e. by 8.1%. In other Regions, the increases were below-average and the *Ústecký* Region came off worst with 6.3%.

According to the absolute level of earnings, however, Prague still remained to be the richest (in terms of earnings) among the Regions of Czechia, with a large margin; the average wage there was CZK 67 945. The *Jihomoravský* Region won the second place with CZK 49 510, closely followed by the

Středočeský Region with CZK 49 145 ranking third. The threshold of 47 thousand was only overcome by the *Plzeňský* Region (CZK 47 076). Other Regions remained well below that threshold. In the *Ústecký* Region, the average wage reached CZK 45 482, in the *Jihočeský* Region CZK 45 071, and in the *Moravskoslezský* Region it was CZK 45 013. On the other hand, the *Karlovarský* Region still remained to be the Region with the lowest wage level (CZK 42 391); in the *Zlínský* Region, the average wage reached CZK 43 072 and in the *Olomoucký* Region CZK 43 819. The remaining four Regions had the values in the range of CZK 44–45 thousand.

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