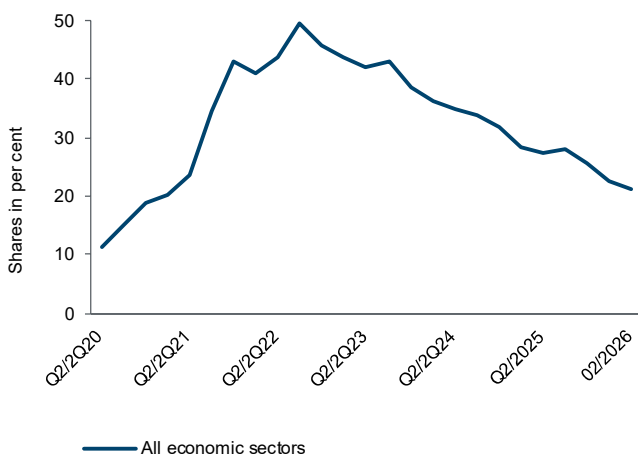


Shortage of skilled labour continues to ease – but many firms are still affected

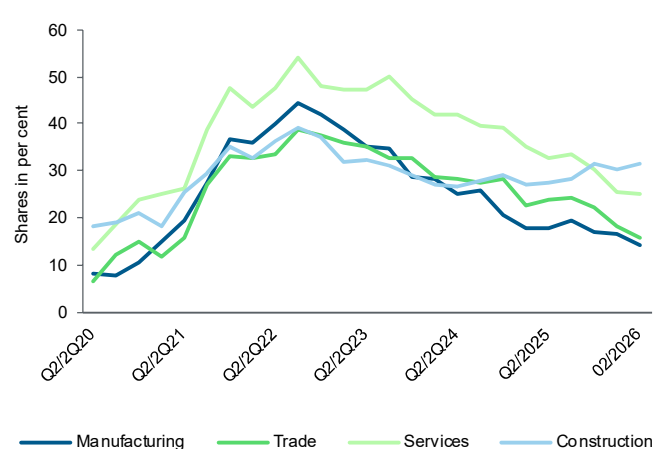
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- At the start of the second quarter, shortages of skilled labour impeded the business activities of 21% of companies. The shortage of skilled labour has thus continued to ease.
- The shortage of skilled labour decreased most sharply in industry, where declines in production and sales are the greatest. Here, only 14% of companies still report impediments due to a shortage of skilled labour.
- In the services sector, a significantly larger proportion of enterprises – 25% – complain of a lack of skilled labour. However, the shortage of skilled labour has also continued to recede there, most recently particularly in the hospitality industry.
- In the main construction industry, however, the share of companies affected by a shortage of skilled labour remains at 32%. Public investment in civil engineering is a key factor in this.

KfW-ifo Skilled Labour Barometer



KfW-ifo Skilled Labour Barometer – Economic Sectors



Shares of companies whose business activities are being negatively affected by a shortage of skilled labour. Q2/2026 means second quarter of 2026, with the survey conducted in the first month of each quarter, meaning April for the current quarter.

Sources: KfW Research, ifo Institute

Weak demand and competitive problems in industry are continuing to reduce the shortage of skilled labour

In April 2026, 21.1% of enterprises in the KfW-ifo Skilled Labour Barometer reported that their business activity was impaired by a shortage of skilled labour. The proportion of enterprises affected by a shortage of skilled labour has thus more than halved in the past three years. This is normal during economic crises and recessions. During the financial crisis and the coronavirus crisis, enterprises' shortages of skilled labour also decreased sharply.

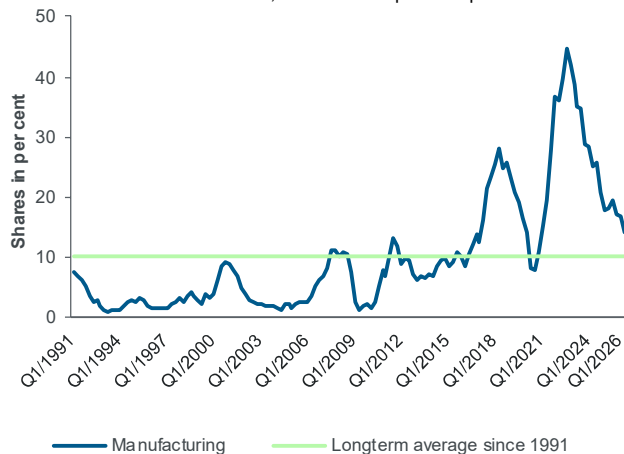
The decline in the shortage of skilled labour therefore sends a mixed message. The German economy continues to suffer from demand-side problems. These are partly a consequence of the resurgence of protectionism, global conflicts and the loss of competitiveness among German industrial enterprises. Added to this are higher energy costs and structural disruptions, for example in the automotive industry. The redundancies and hiring freezes to which industrial enterprises in particular, and their suppliers, continue to be forced are also clearly reflected in the statistics.

In May, 643,000 vacancies were registered with the Federal Employment Agency. That was 8,000 more than in May 2025 but still around 200,000 fewer than in 2022. The increase in vacancies compared with the same month of the previous year is attributable to a small extent to manufacturing (+800) and the construction industry (+1,800) but mainly to job advertisements in the armed forces (+26,000). In the services sector and in trade, by contrast, the number of vacancies continued to fall.

In **manufacturing**, 14.2% of enterprises are affected by a shortage of skilled labour in the current reporting quarter – significantly fewer than at the peak of 44.5% in the third quarter of 2022. In various branches of industry, the shortage of skilled labour has eased markedly as a result of declines in sales and orders. In motor vehicle manufacturing (11.3%), mechanical engineering (14.7%), the chemical industry (11.5%) and the manufacture and processing of metals (8.3%), the proportion of enterprises affected has fallen substantially. By contrast, manufacturers of wooden, plaited and wicker products (30.9%) and manufacturers of paper, cardboard and related products (30.3%) more frequently reported impediments to production caused by a shortage of skilled labour.

The shortage of skilled labour in industry has declined significantly as a result of the prolonged economic slump

KfW-ifo Skilled Labour Barometer, affected enterprises in per cent



Sources: KfW Research, ifo Institute

In **trade**, a shortage of skilled labour is currently hampering 16.0% of enterprises. The proportion is 18.0% in retail trade and 14.0% in wholesale trade.

In the **main construction industry**, the proportion of affected enterprises rose again in the second quarter. In April, 31.7% of enterprises reported production constraints due to a shortage of skilled labour. The skilled labour shortage analysis of the Federal Employment Agency shows that various construction occupations still count among the top shortage occupations despite the substantial decline in private construction investment in recent years. These include above all occupations in civil engineering but also in electrical installation in construction, plumbing and sanitary, heating and air-conditioning engineering. Stable public investment in civil engineering contributes to the pronounced shortages of skilled labour in the construction industry. While commercial construction investment and residential construction have each declined by around 20% since 2020, public civil engineering has remained at the same

level. Public civil engineering includes, among other things, investment in road and rail transport infrastructure, sewers and wastewater disposal, pipelines and cable networks.

Overall, small and medium-sized enterprises (SMEs) were slightly more frequently impeded by a shortage of skilled labour in April, at 22.0%, than large-scale enterprises (LSEs), at 19.3%. In manufacturing, however, the proportion of SMEs affected, at 18.3%, was significantly higher than that of large-scale enterprises (8.0%).

The impact on service industries remains particularly pronounced

Currently, 25.0% of service-sector enterprises report that they are affected by a shortage of skilled labour. Despite the prolonged economic slump, the shortage of skilled labour remains very pronounced for many enterprises in most **service industries**. Among legal and tax advisors and auditors, 52.4% currently report that they are impeded by a shortage of skilled labour. The proportion is more than 30% among enterprises in road and rail transport, in the hospitality industry, in architecture and engineering firms, as well as in building and garden maintenance.

The impact on customers and citizens extends beyond that on enterprises

Other surveys likewise show that the impact of the shortage of skilled labour on the economy remains substantial and poses major challenges for many enterprises. In a survey conducted in the KfW SME Panel (*KfW-Mittelstandspanel*), almost 60% of SMEs stated in 2024 that they expected difficulties filling vacancies in the next five years. One third of enterprises considered it possible that the shortage of skilled labour could threaten their existence. And among enterprises that expected problems filling vacancies, around 40% planned to respond by turning down orders, 30% by reducing output or opening hours and one quarter by adjusting product or service quality.¹ Moreover, one quarter of SMEs reported in the context of the KfW SME succession monitoring survey (*KfW-Nachfolgemonitoring*) that they intended to close down their business by the end of the decade because of a lack of successors in senior management.²

For the end of 2025, the Federal Employment Agency classified 157 of the 519 occupations examined in its skilled labour shortage analysis as shortage occupations (30%), almost as many as a year earlier. A further 161 skilled occupations are currently classified by the Federal Employment Agency as “under observation” because of signs of shortages of skilled labour. Indicators examined include, among others, the vacancy duration for open positions, the ratio of unemployed persons to vacancies, the occupation-specific unemployment rate and the trend in average earnings. In addition to construction occupations, current shortage occupations include care occupations, physicians, dental occupations, physiotherapists, hearing aid acousticians and professional drivers.³

Conclusion: The shortage of skilled labour has continued to ease as a result of the ongoing economic weakness. However, it remains high compared with the long-term average. Other surveys and analyses also point to a pronounced shortage of

skilled labour that hampers enterprises in their business activity and leads to constraints in the supply of goods and services. All major sectors of the economy are affected. Shortages of skilled labour are particularly frequent in the construction industry and

the services sector. Over the coming years, the shortage of skilled labour will intensify again if the overall economic situation improves as expected. How this will affect the economy will depend on how successful the countermeasures are.

Detailed figures on the extent to which the different branches of the economy are affected by shortages of skilled labour are available [here](#).

Construction and interpretation of the KfW-ifo Skilled Labour Barometer

The KfW-ifo Skilled Labour Barometer is based on evaluations of the Ifo economic surveys which are used to calculate, among other things, the well-known Ifo Business Climate Index. The Skilled Labour Barometer reports on the share of enterprises in Germany that report adverse impacts on business operations from a shortage of skilled workers. Each quarter about 9,000 enterprises from trade and industry, construction, wholesale, retail and services (without the banking and insurance sectors or the state) are polled on their business situation, among them some 7,500 SMEs. In addition to providing an overall indicator for the skills shortage in the German economy and indicators for various sectors and regions, the barometer also enables a company size-specific data evaluation separated into SMEs and large enterprises. Enterprises are generally classed as small to medium-sized if they employ a workforce of not more than 500 and record an annual turnover not exceeding EUR 50 million. For a more accurate analysis, however, these quantitative distinctions have to be drawn more narrowly for retail trade (maximum annual turnover of EUR 12.5 million), the building and the construction industry (up to 200 employees) and services (maximum annual turnover of EUR 25 million). All enterprises that exceed at least one of these thresholds are classed as large-scale enterprises. The main construction industry was first surveyed on the impacts of skills shortages on business activity in the third quarter of 2018. That was the reason the sector was not integrated into the overall indicator before that quarter. The value of the indicator for the overall economy changes minimally as a result.

¹ Grewenig, E. (2025): Mittelstand stellt sich auf Herausforderungen durch demografischen Wandel ein (SMEs preparing for the challenges of demographic change, in German only), KfW Research Focus on Economics No. 489.

² See Schwartz, M. (2026): Nachfolge-Monitoring Mittelstand 2025: Pläne für Geschäftsaufgaben wachsen erneut – Kaufpreisvorstellungen deutlich gestiegen (SME succession monitoring 2025: Plans to wind up businesses are rising again – price expectations for businesses up sharply, in German only), KfW Research Focus on Economics No. 526.

³ See the shortage analysis of the Federal Employment Agency: Engpassanalyse der Bundesagentur für Arbeit (in German only).