



Research

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LABOR MARKET OVERVIEW GEORGIA

Economic Outlook and Indicators in Georgia

Issue #151



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EXECUTIVE SUMMARY

Pre- vs Post-Pandemic Comparison (2019 vs 2025)

- **Labor Market Developments:** The labor market in Georgia showed notable improvements in Q1 of 2025 compared to Q1 of 2019. The employment rate (+4.6 percentage points (pp)) and labor force participation rate (+2.2 pp) increased, while the unemployment rate dropped (-5.0 pp). However, the unemployment rate remains more than double the EU average.
- **Labor Force Dynamics:** In Q1 of 2025, the number of people in the labor force grew by 2.5% compared to Q1 of 2019, primarily due to an 8.9% increase in employment, while unemployment decreased by 23.6%. Simultaneously, the population outside the labor force declined by 6.1%, likely driven by increased labor force participation and, to some extent, by emigration from the working-age population.
- **Salary Dynamics:** From Q1 of 2019 to Q1 of 2025, nominal salaries nearly doubled, rising from 1,093 GEL to 2,170 GEL. However, when adjusted for inflation, real salaries showed a more modest increase—from around 900 GEL to 1,300 GEL.
- **Gender and Urban-Rural Gaps:** From Q1 of 2019 to Q1 of 2025, a persistent gender gap remains, with female labor force participation averaging 21.5 percentage points lower than that of men. Similarly, urban areas continue to exhibit higher labor force participation than rural areas, though the gap narrowed post-pandemic.

Recent developments

- **Salary Distribution:** From 2021 to Q1 of 2025, the number of people earning up to 600 GEL fell significantly, while the number of those earning over 2,400 GEL nearly doubled. The salary growth was concentrated in number of people earning between 1,200 and 2,399 GEL and those earning 2,400 GEL or more.

- **Labor Demand and Vacancies:** Job vacancies increased post-pandemic but began to decline in late 2024 and early 2025, likely due to political developments in Georgia.
- **Beveridge Curve:** In Q1 of 2025, compared to Q1 2024, labor market efficiency slightly increased as both the unemployment rate and the job openings rate declined slightly.
- **Business Expectations:** In Q1 of 2025, surveyed businesses maintained a generally positive outlook. However, expectations declined compared to previous periods.
- **Salaries and Employment Outlook:** In Q1 of 2025, 40% of surveyed companies reported salary increases, primarily within the 0–20% range. However, only 18% indicated expectations for further increases in Q2. Additionally, 23% of businesses reported workforce growth in Q1, while 29% anticipate employment growth in Q2.

2024 Overview

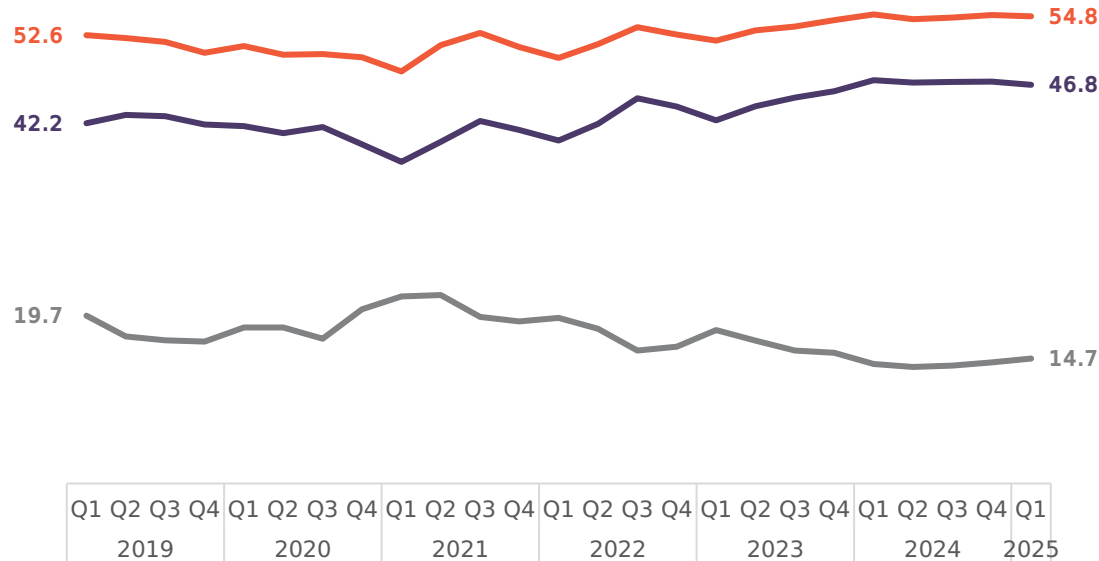
- **Labor Underutilization:** The labor underutilization rate, which includes unemployment, underemployment, and the potential labor force, more than twice as high as the unemployment rate in 2024, highlighting persistent inefficiencies.
- **Sectoral Employment Trends:** In 2024, the largest shares of employed individuals were in trade, agriculture, industry, and education. All of these sectors experienced employment growth compared to 2019, except for agriculture, which saw a decline of 9.1%.
- **Employment of Foreign Nationals:** As of September 1, 2024, 7% of enterprises in Georgia employed 18,935 foreign nationals (2% of the total workforce)*. The majority of them were employed in the Information and Communication sector (38%), followed by Construction (14%) and Accommodation and Food Services (7%).

*The data is from the business demand survey by the LMIS of the Ministry of Economy and Sustainable Development. In total, 10,100 enterprises were selected for interviews nationwide.



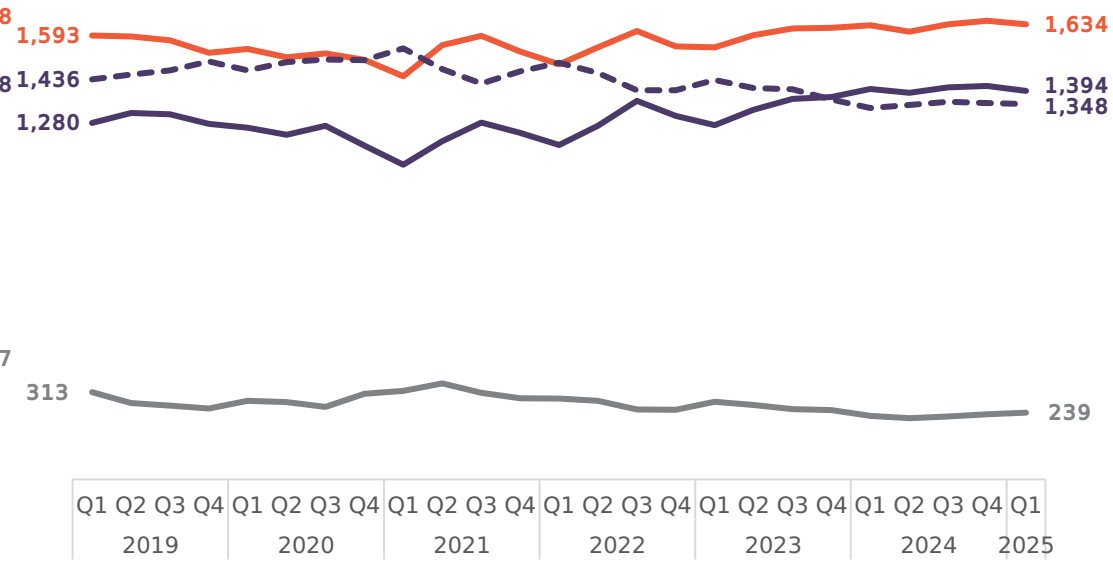
LABOR MARKET INDICATORS

Labor Market Indicators in Georgia (%)



— Unemployment rate, percentage — Labour force participation rate
— Employment rate

Labor Market Indicators in Georgia (Thousand Persons)



— Labour force — Employed
— Unemployed - - - Population outside the labour force

- The efficiency of the Georgian labor market improved in Q1 of 2025 compared to Q1 of 2019,* as the employment rate (+4.6 pp) and labor force participation rate (+2.2 pp) increased, while the unemployment rate decreased by 5.0 pp. Despite this progress, Georgia's unemployment rate remains more than twice as high as the EU unemployment rate (5.8% in Q1 of 2025).¹
- In absolute terms, the number of people in labor force in Q1 of

2025 was 2.5% higher compared to Q1 of 2019, mainly driven by an 8.9% increase in the number of employed people, while the number of unemployed people decreased by 23.6%.

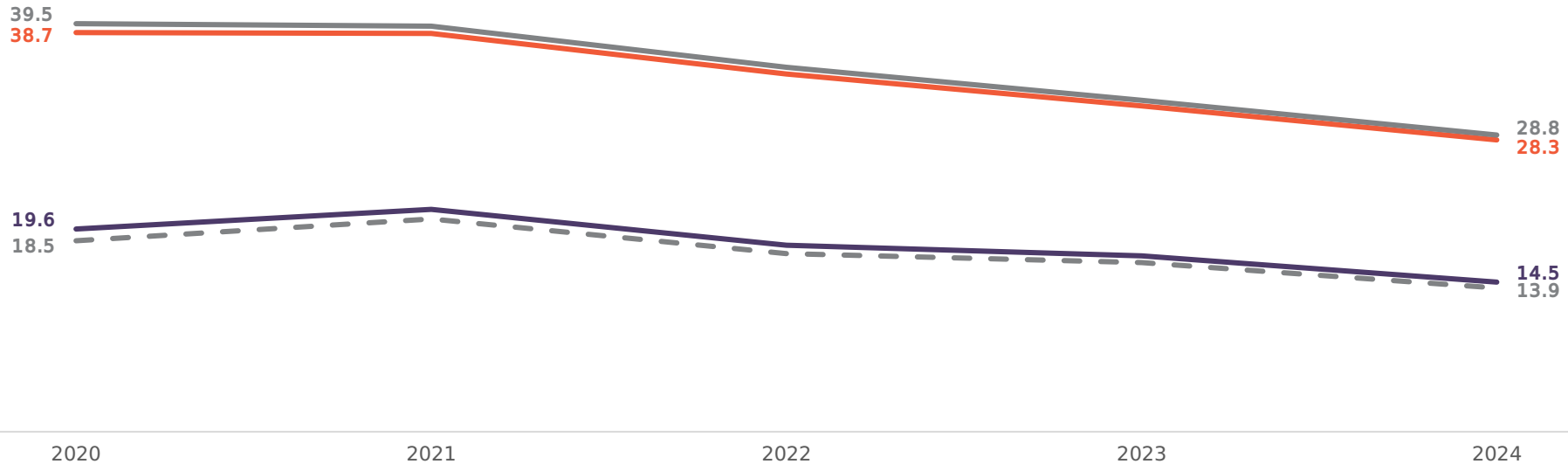
- Meanwhile, the population outside the labor force declined by 6.1% (nearly 88 thousand people). At most, 45.8% of them may have shifted into the labor force, while others likely exited the working-age population, possibly due to emigration.

* In 2020 and 2021, the COVID-19 pandemic and associated lockdowns caused temporary disruptions in the labor market.



LABOR UNDERUTILIZATION

Labor Underutilization in Georgia (%)



— Unemployment Rate — Unemployment and time-related underemployment rate* — Unemployment and potential labour force rate** — Labour underutilization rate***

- Alongside the unemployment rate, it is important to consider broader indicators to capture the full picture of labor market inefficiencies. In this context, the labor underutilization rate, which includes unemployment, underemployment, and the potential labor force, was more than twice as high as the unemployment rate in 2024, though following a similar downward trend since 2020.
- This substantial gap underscores, on the one hand, the presence of a relatively small segment of underemployed individuals seeking additional working hours, and on the other, a considerable number of discouraged and marginally attached persons who are excluded from the standard unemployment metric.

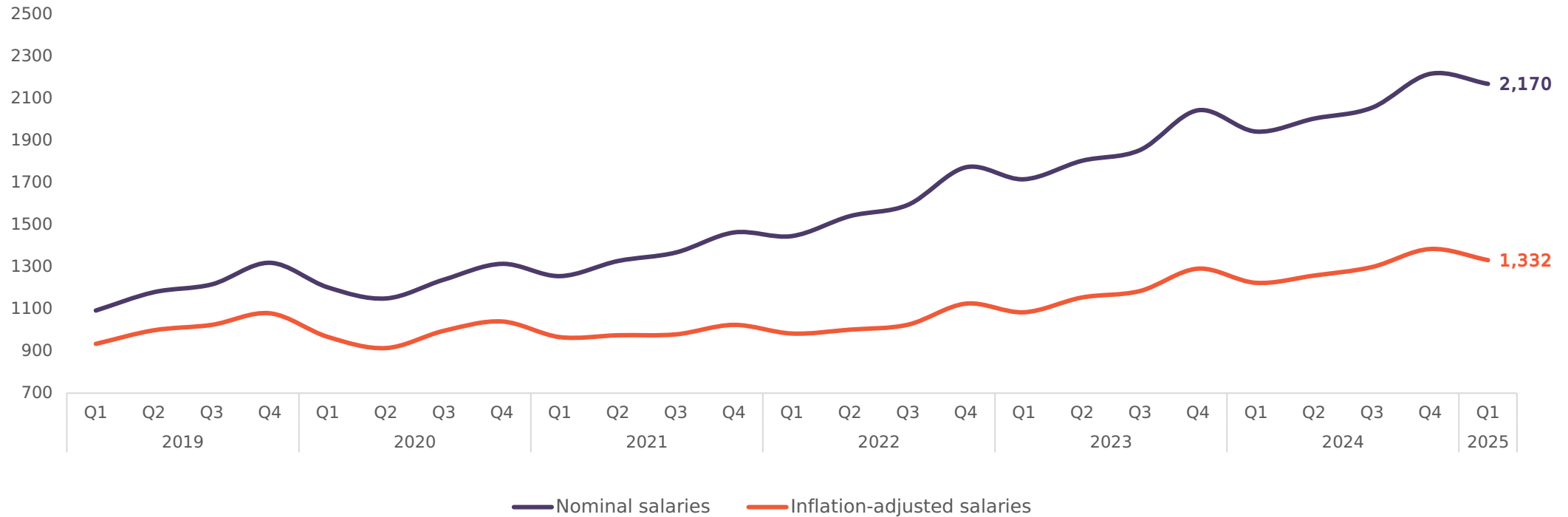
* Time-related underemployment refers to employed individuals who meet all three of the following criteria: (1) they worked part-time, (2) they actively looked for additional or alternative paid work or tried to start their own business in the past four weeks, and (3) they were available to work more hours within the next two weeks.

** Potential labor force refers to individuals who are not classified as part of the labor force, i.e., neither employed nor unemployed, but who are either looking for a job but are not currently available to work, or are available to work but not actively looking for a job.²

*** Labour underutilization refers to the share of the extended labour force that is in unemployment, time-related underemployment, or the potential labour force.²



Nominal and Inflation-Adjusted* Salaries of Employees in Georgia



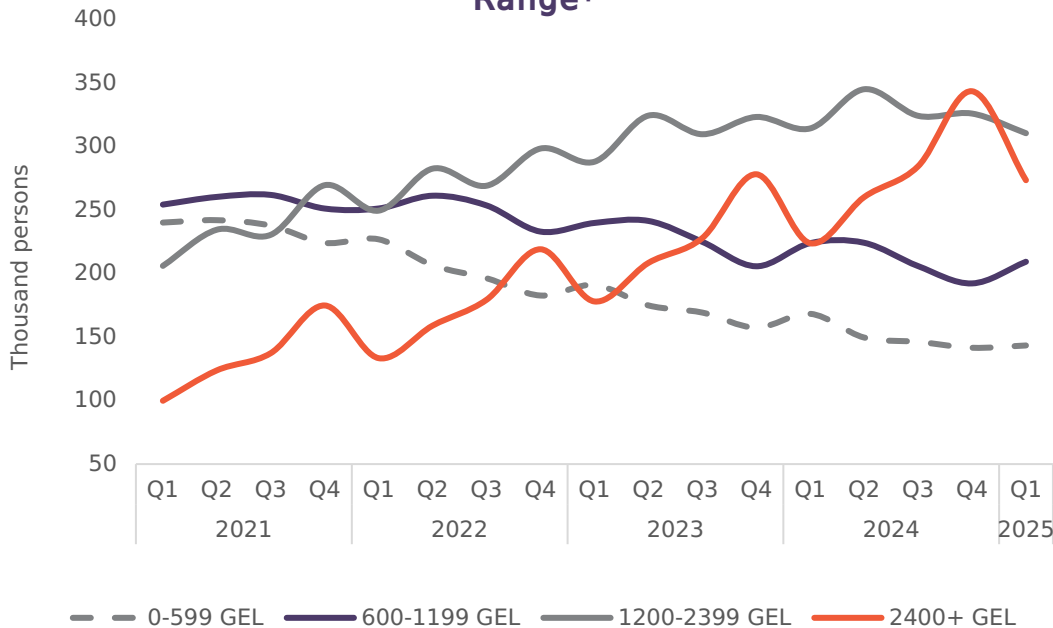
- Between Q1 of 2019 and Q1 of 2025, Georgia's nominal salaries for paid employees grew steadily, rising from approximately 1,093 GEL in Q1 of 2019 to 2,170 GEL in Q1 of 2025, nearly doubling over the analyzed period. However,

when adjusted for inflation, the increase in real salaries was more modest, rising from 934 GEL in Q1 of 2019 to 1,332 GEL in Q1 of 2025.

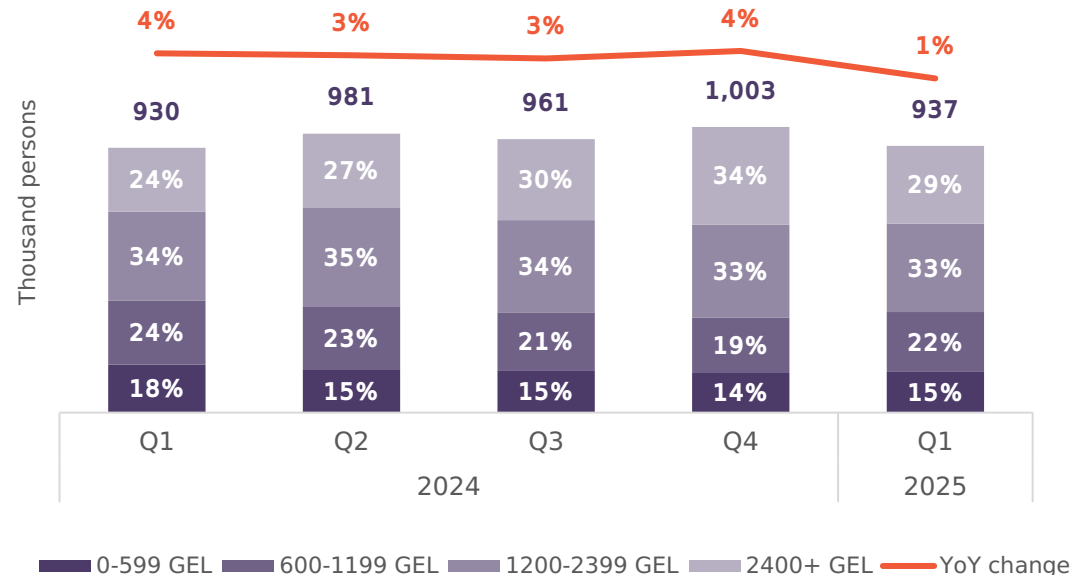
* Inflation-adjusted salaries are calculated using Q1 of 2015 as the base period for price adjustment.



Number of People Receiving a Salary by Salary Range*



Distribution, Growth Rate, and Number of Salary Recipients by Salary Range in 2024



- To better understand salary distribution, it is important to examine the number of people receiving a salary by salary range. It is notable that the number of people earning up to 600 GEL steadily declined each year since 2021, resulting in a decrease of 40.3% in Q1 of 2025 relative to the same period in 2021. Similarly, the number of people earning between 600 and 1199 GEL also decreased over time (-17.7%).

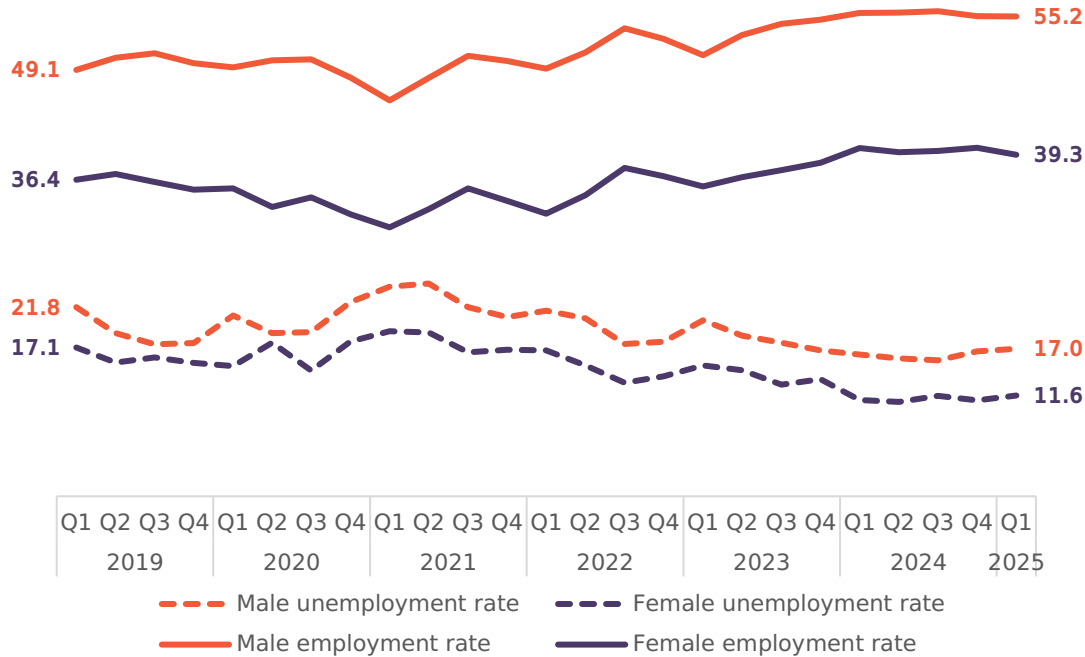
- In contrast, the number of people earning between 1,200 and 2,399 GEL increased in Q1 of 2025 compared to Q1 of 2021, despite a downward trend that began in Q2 of 2024. The most substantial growth was recorded among individuals earning 2,400 GEL or more, with this group more than doubling by Q1 of 2025 compared to Q1 of 2021.

* The data reflects only formal sector employment and does not cover individuals employed in the informal sector.



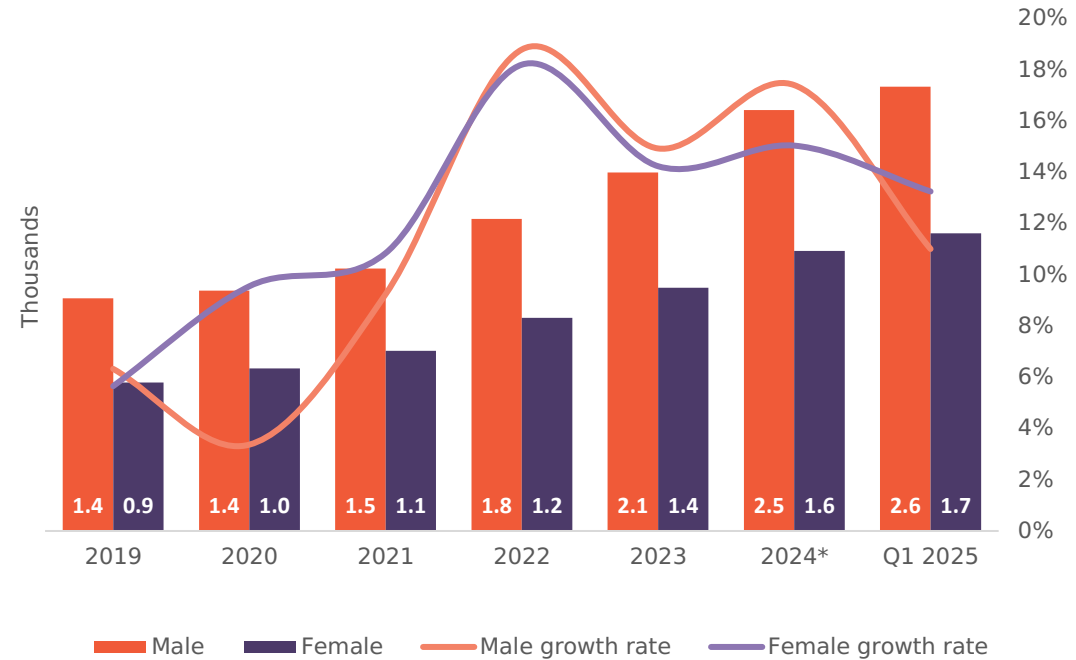
LABOR MARKET INDICATORS BY GENDER

Labor Market Indicators by Gender (%)



- Between Q1 of 2019 and Q1 of 2025, Georgia’s labor market indicators reveal a persistent gender gap, with no clear trend toward narrowing. During this period, the female labor force participation rate was on average 21.5 pp lower than that of men. This contributed to lower employment levels among women and a lower reported unemployment rate, primarily due to fewer women actively participating in the labor market.
- In Q1 of 2025, the unemployment rate declined for both males

Average Monthly Nominal Salary and YoY Growth Rate by Gender (GEL)



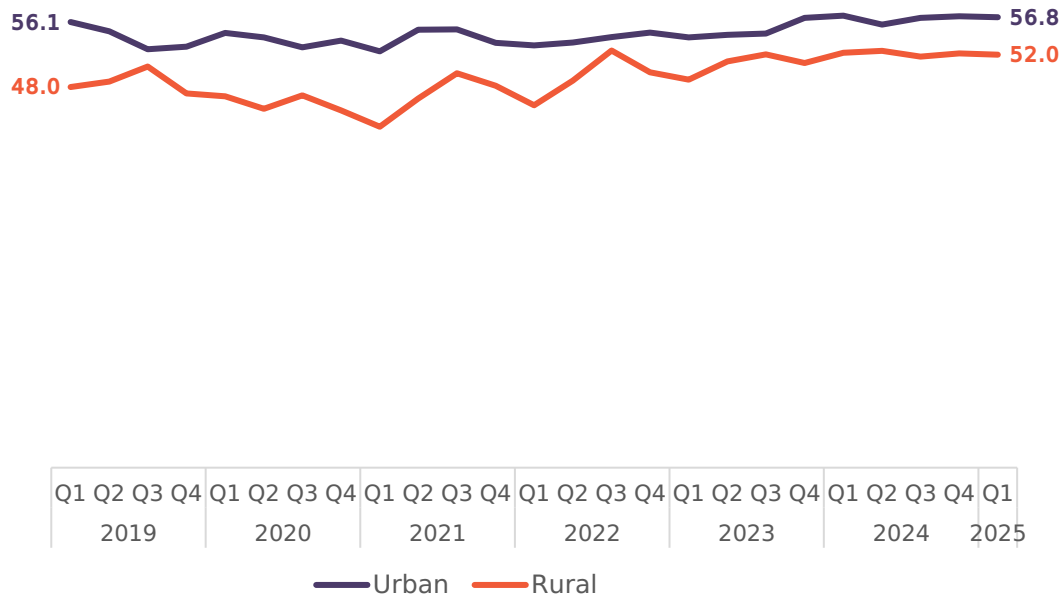
- (by 4.8 pp) and females (by 5.5 pp) compared to Q1 of 2019. In terms of employment, the male employment rate increased more rapidly (by 6.1 pp) than the female employment rate (2.9 pp).
- Between Q1 of 2019 and Q1 of 2025, a significant gender wage gap persisted, with a woman earning, on average, 1.5 times less than a man.

* The data are based on the average of quarterly figures for the reference year and may not fully reflect the final annual values.

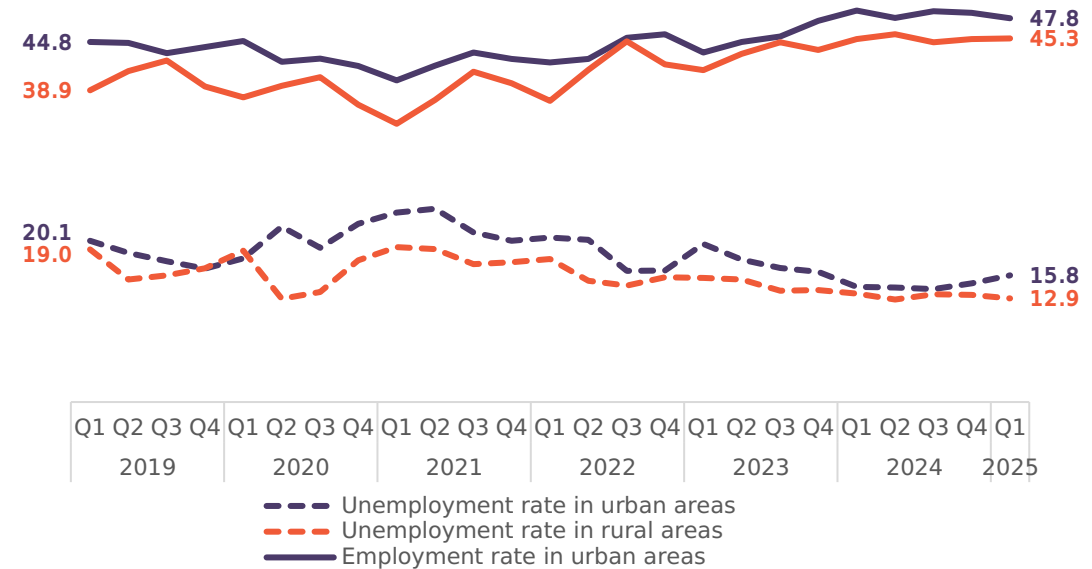


LABOR MARKET INDICATORS BY URBAN AND RURAL AREAS

Labor Force Participation Rate in Urban and Rural Areas (%)



Labor Market Indicators in Urban and Rural Areas (%)



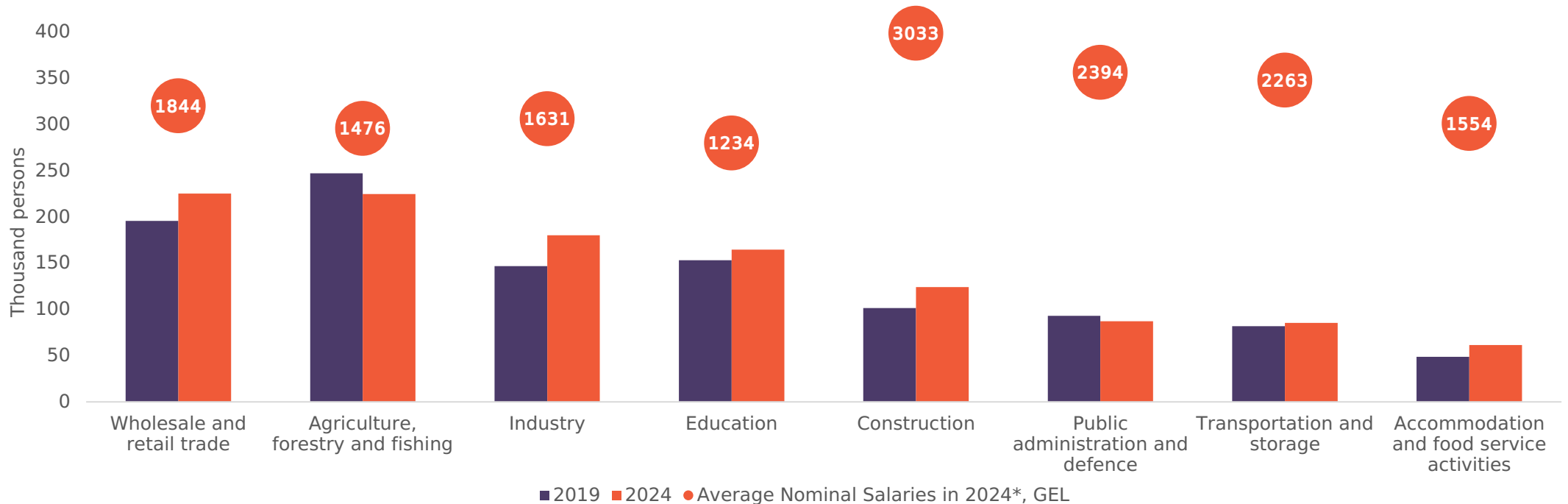
- Between Q1 of 2019 and Q1 of 2025, urban areas consistently recorded higher labor force participation rates than rural areas. This gap widened notably in 2020 and 2021, likely due to the uneven impact of the COVID-19 pandemic, and then began to narrow in subsequent years. In Q1 of 2025, the urban participation rate increased by 0.6 pp compared to Q1 of 2019, while the rural participation rate rose by 4.1 pp.

- Between Q1 of 2019 and Q1 of 2025, both urban and rural areas experienced declining unemployment and rising employment rates. The widened gap between urban and rural unemployment rates in 2020 and 2021 gradually narrowed in subsequent years and nearly disappeared in 2024 before slightly increasing in Q1 of 2025. In contrast, the employment rate gap slightly narrowed in Q1 2025 after widening in 2024.



DISTRIBUTION OF EMPLOYMENT BY ECONOMIC ACTIVITY

Number Of Employees By Economic Activity



- In 2024, the largest shares of employed individuals were observed in wholesale and retail trade (16.1%), agriculture, forestry and fishing (16.0%), industry (12.9%), and education (11.7%). Moreover, the number of employed persons increased in all of these sectors compared to 2019, except for agriculture, forestry and fishing, which experienced a decline of 9.1%.

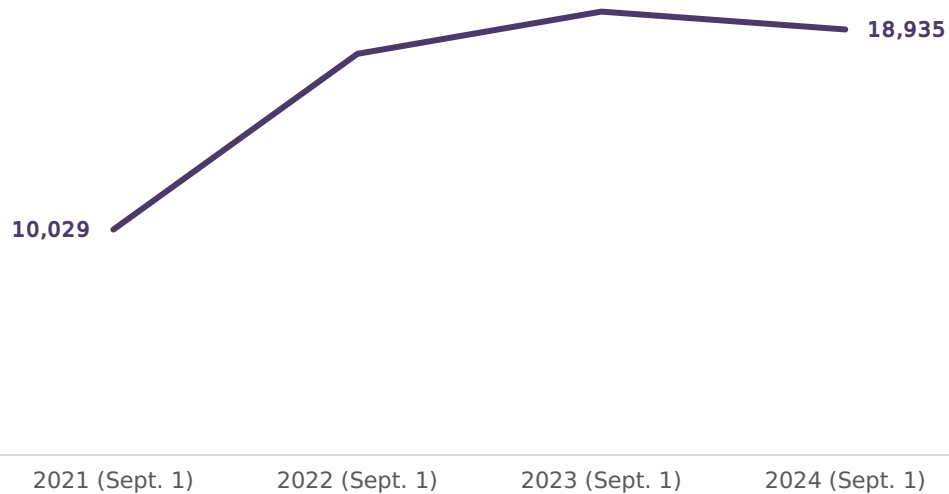
- In both 2019 and 2024, the average nominal monthly salary was the lowest in the education sector. Conversely, in 2024, the highest average salaries were recorded in the information and communication sector (GEL 3,976), financial and insurance activities (GEL 3,680), and construction (GEL 3,032).

* The data are preliminary and will be revised later.

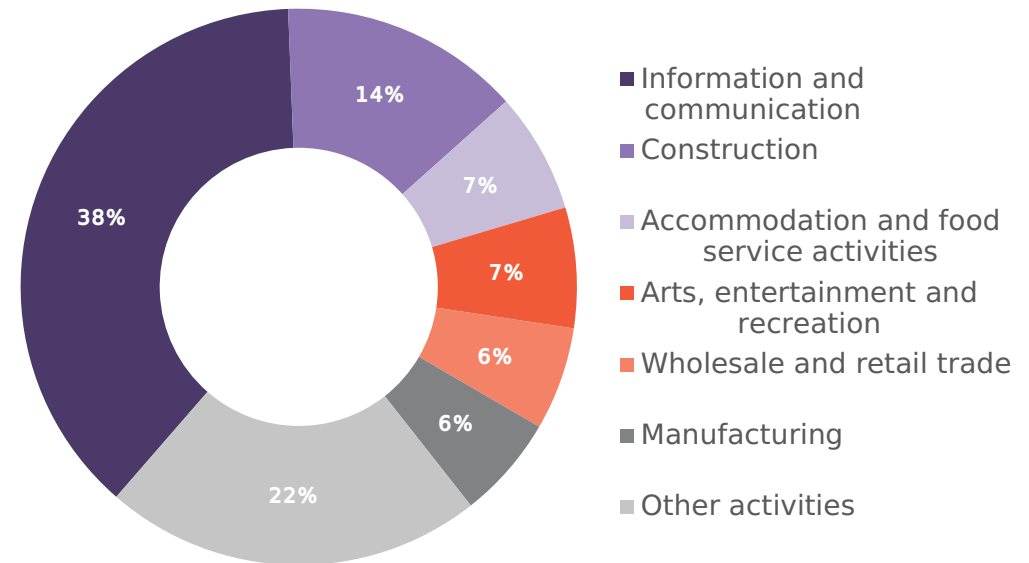


EMPLOYED FOREIGN NATIONALS

Number of Foreign Nationals



Distribution of Employed Foreign Nationals by Economic Activity in 2024



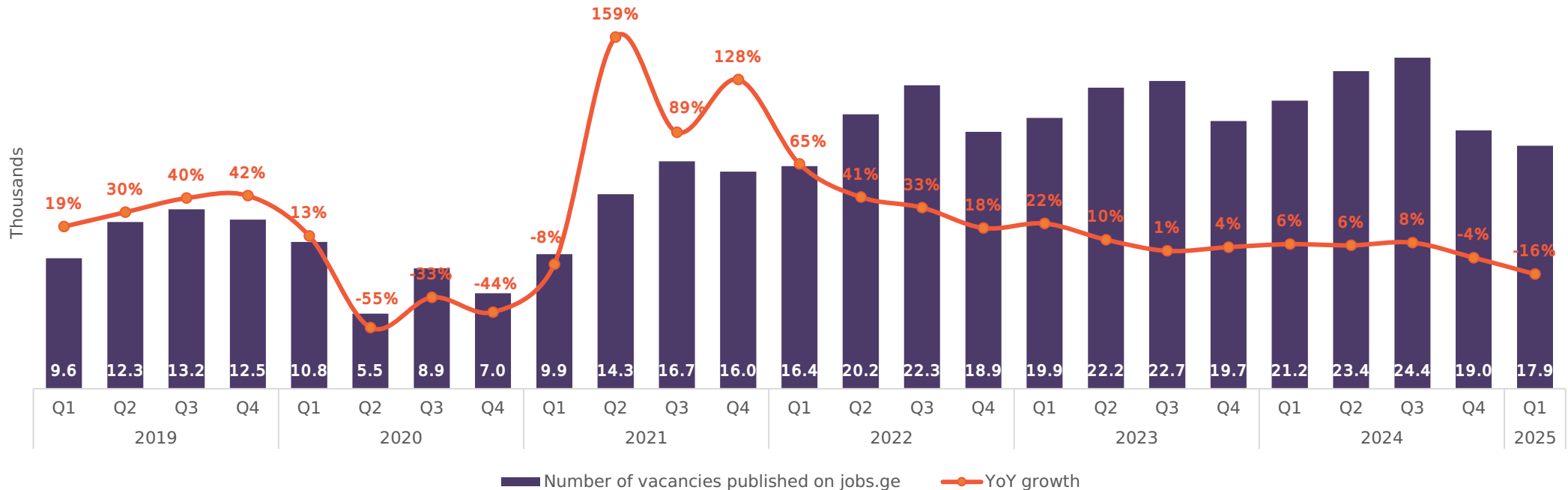
- As of September 1, 2024, 7% of all enterprises in Georgia (3,332) employed a total of 18,935 foreign nationals (2% of the total workforce). This figure marks a 4% decrease compared to 2023 and an 89% increase compared to 2021.
- The majority of employed foreign nationals work in large enterprises (39%), followed by small enterprises (37%) and medium-sized enterprises (24%). Furthermore, a significant

share (66%) of all employed foreigners is based in Tbilisi.

- In terms of sectors, most foreign nationals are employed in the Information and Communication sector (38%), followed by Construction (14%) and Accommodation and Food Service Activities (7%).



Number of Vacancies Published on jobs.ge

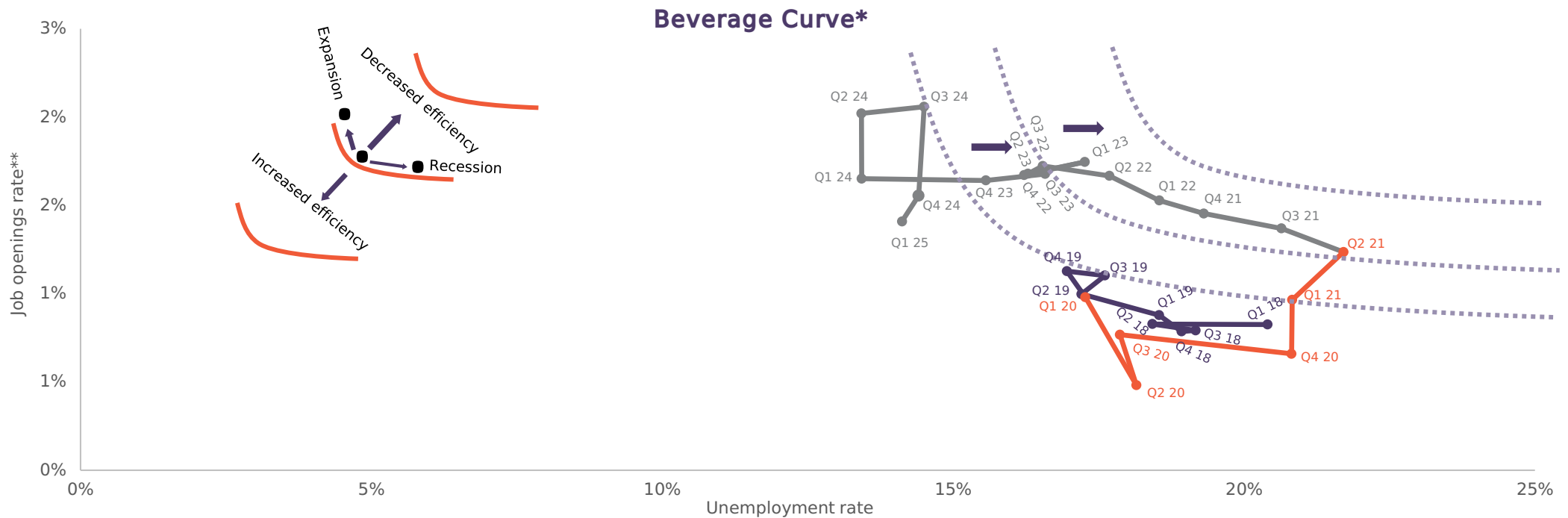


- To complement the analysis of the labor market, it is also essential to examine labor demand, as reflected in the number of job vacancies posted on Georgia's largest job-posting platform, jobs.ge. The number of vacancies increased significantly in 2019, followed by a sharp decline in 2020 due to the COVID-19 pandemic. The market rebounded quickly in 2021, and from 2022 onward, growth in vacancies remained positive, though gradually stabilized. However, in late 2024 and early 2025, vacancies began to decline, likely driven by political developments in Georgia.

- Additionally, a seasonal pattern is evident, with vacancy numbers typically peaking in Q2 and Q3 of each year and declining in Q1 and Q4.
- In 2024, the highest number of vacancies were recorded in Sales and Procurement (20%), Administration and Management (19%), and Finance and Statistics (15%).



BEVERAGE CURVE



- The Beveridge Curve offers further insight into labor market dynamics by illustrating the relationship between job openings and unemployment. According to the seasonally adjusted Beveridge Curve, labor market efficiency slightly improved in Q1 of 2025 compared to Q4 of 2024, as both the unemployment rate and the job openings rate declined slightly.
- During the pandemic (Q1 of 2020 – Q2 of 2021), the economy entered a recession, with the unemployment rate rising and job openings declining. As COVID-19 restrictions eased in Q1 of 2021, the Beveridge Curve shifted outward, indicating a decline in labor market efficiency.
- In the post-pandemic period (Q3 of 2021 – Q2 of 2024), the economy began to recover, with the unemployment rate decreasing and the job openings rate increasing, although efficiency remained below pre-pandemic levels. Notable improvements in labor market efficiency were observed in Q3 of 2022 and Q2 of 2024.

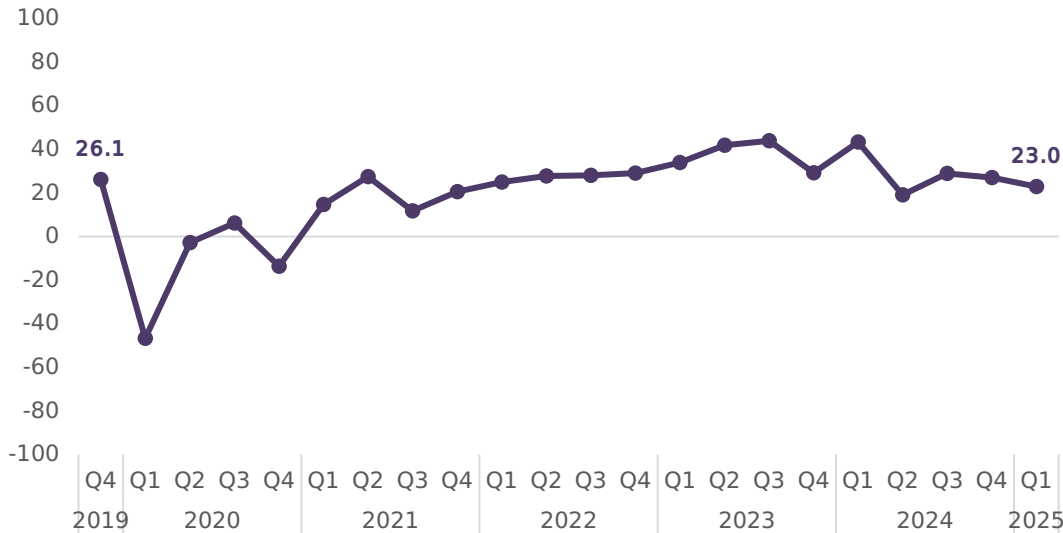
* Developed by PMCG Research with the support of the National Bank of Georgia, the Beveridge Curve illustrates the relationship between the unemployment rate (X-axis) and the job openings rate (Y-axis), both seasonally adjusted. Key features include: (A) an inward shift toward the origin signals improved labor market efficiency; (B) an outward shift indicates reduced efficiency; and (C) a vertical shift to the left reflects economic expansion, while a shift to the right indicates recession.

** The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings and multiplying that quotient by 100.

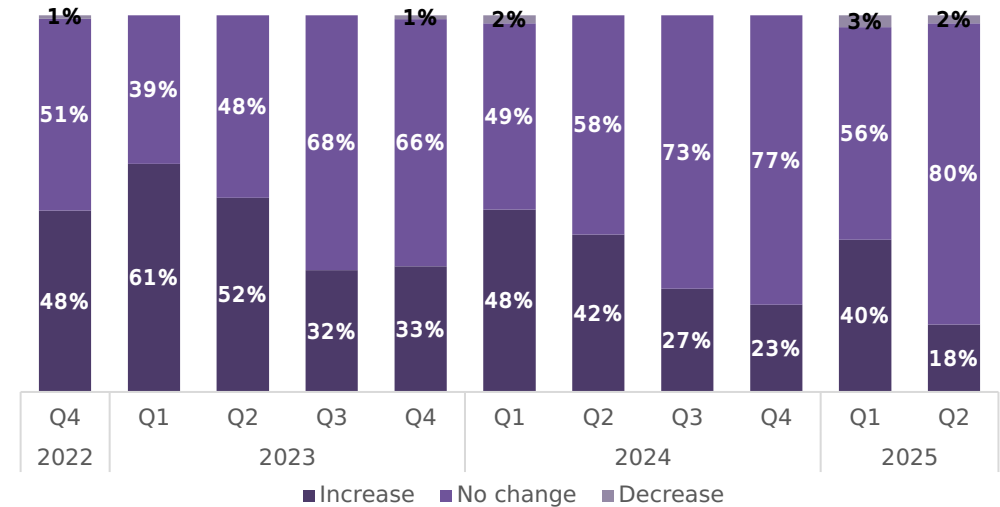


BUSINESS EXPECTATIONS ON EMPLOYMENT

BAG Employment Barometer*



Salary of Employees



- To gain a more comprehensive understanding of labor market dynamics, it is equally important to assess business expectations regarding employment trends. In Q1 of 2025, surveyed businesses generally had a positive outlook for the next three months, although the BAG Employment Barometer decreased by 4.0 points compared to the previous quarter and by 20.3 points compared to Q1 of 2024.
- The BAG Employment Barometer indicator remained positive across all sectors in Q1 of 2025. However, compared to the previous quarter, the indicator declined in construction (by

14.1 points), manufacturing (by 6.5 points), and trade (by 5.5 points), while showing a slight increase in the service sector (by 1.3 points).

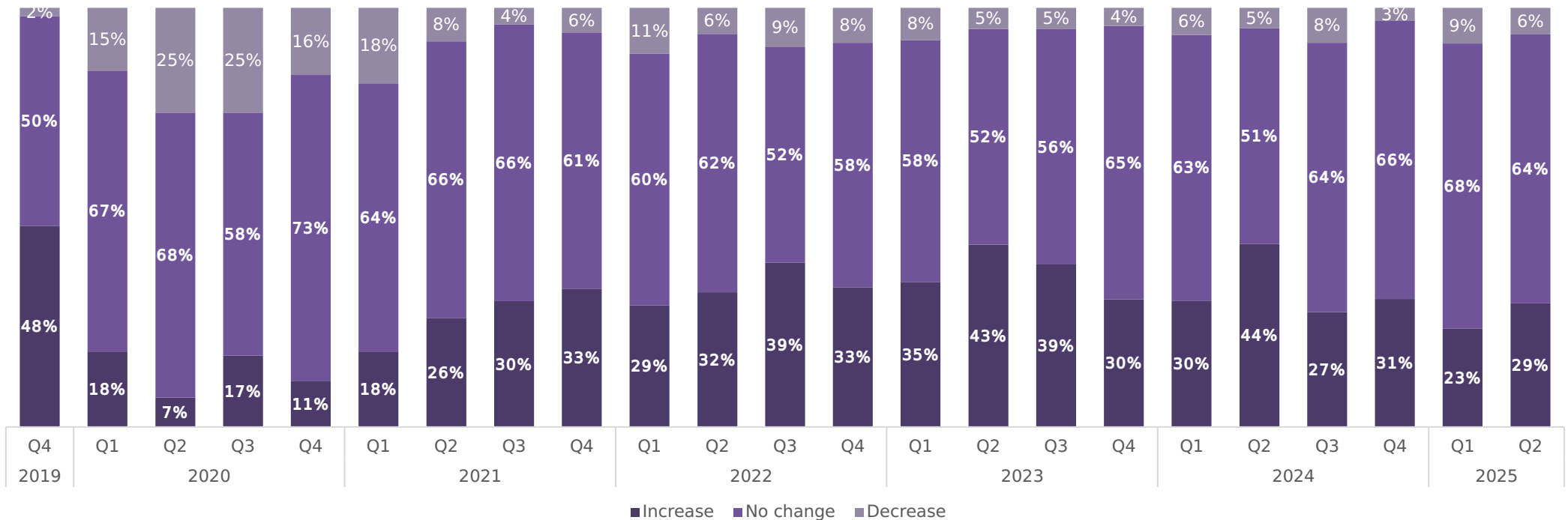
- According to the survey, 40% of companies raised employee salaries in Q1 of 2025 (92% of them increased salaries by 0–20%, and 8% by 20–40%), marking a significant rise compared to the previous quarter but a decline relative to Q1 of 2024. Looking ahead to Q2 of 2025, 18% of companies plan to raise employee salaries.

* The BAG Employment Barometer is based on responses from surveyed BAG member businesses and companies within their corporate group. It reflects companies' expectations regarding employment changes over the next three months. Respondents indicate whether they expect the number of employees to "increase," remain "stable," or "decrease." The balance value is calculated as the difference between the percentages of "increasing" and "decreasing" responses and is weighted across sectors. The indicator ranges from -100 to +100, where -100 means all surveyed businesses expect employment to decrease, and +100 means all expect it to increase.



BUSINESS EXPECTATIONS ON EMPLOYMENT

Number of Employees



- Shifting focus to employment levels, in Q1 of 2025, 23% of surveyed companies reported an increase in the number of employees. Looking ahead to Q2 of 2025, 29% of businesses expect to expand their workforce, while 64% do not plan any changes.

- Among the surveyed sectors, the construction sector reported the most positive employment trends in Q1 of 2025, with a higher share of companies increasing their staff. Meanwhile, expectations for employment growth in Q2 of 2025 are most optimistic in trade.

* For a comprehensive overview of the results, please refer to [the full publication](#).



BASIC ECONOMIC INDICATORS

Basic Economic Indicators	2019	2020	2021	2022	2023	2024
Nominal GDP (mIn USD)	17,638.7	16,010.7	18,853.0	24,989.5	30,779.1	33,773.9*
GDP per Capita (USD)	4,741.4	4,300.8	5,083.6	6,731.2	8,284.0	9,141.4*
GDP Real Growth (%)	5.4%	-6.3%	10.6%	11.0%	7.8%	9.4%*
Annual Average Inflation (%)	4.9%	5.2%	9.6%	11.9%	2.5%	1.1%
FDI (mIn USD)	1,367.8	583.1	1,245.9	2,253.4	1,902.2	1,333.8*
Unemployment Rate (%)	17.6%	18.5%	20.6%	17.3%	16.4%	13.9%
External Debt (mIn USD)	5,741.0	7,535.1	8,205.3	8,345.6	8,907.8	8,589.1
Poverty Rate (relative)	19.5%	21.3%	17.5%	15.6%	11.8%	9.4%

* The data are preliminary and will be revised later.



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Additional sources:

1. <https://ec.europa.eu/eurostat/web/products-euro-indicators/w/3-02052025-bp#:~:text=The%20EU%20unemployment%20rate%20was,office%20of%20the%20European%20Union.>
2. [https://ilostat ilo.org/methods/concepts-and-definitions/description-work-statistics-icls19/.](https://ilostat ilo.org/methods/concepts-and-definitions/description-work-statistics-icls19/)

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