

# Labour cost index - recent trends

Statistics Explained

*Data extracted March 2025  
Planned article update: 16 June 2025.*

## Highlights

**" In Q4 2024, hourly labour costs rose by 3.7% in the euro area and by 4.3% in the EU, compared with the same quarter of the previous year."**

The [labour cost index \(LCI\)](#) shows the short-term development of the [labour cost](#) , the total cost on an hourly basis of employing labour. In other words, the LCI measures the cost pressure arising from the production factor "labour". This article takes a look at the most recent evolutions of the LCI, both at the level of the [European Union \(EU\)](#) and the [EU countries](#) . In addition, [Eurostat](#) estimates of the annual labour cost per hour in euros are provided for EU countries as well as the whole EU. These were obtained by combining the four-yearly [Labour cost survey \(LCS\)](#) with the quarterly labour cost index. Since the release in April 2013, these figures have been moved to a [separate article on hourly labour costs](#) .

## Overview

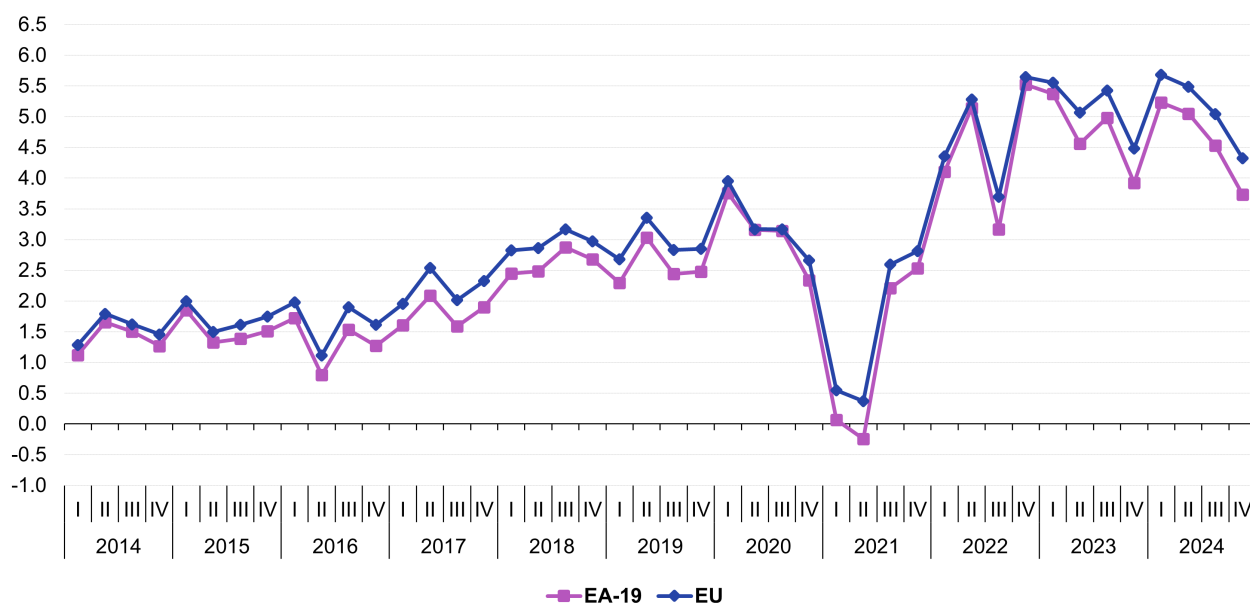
Eurostat publishes labour cost index data broken down by economic activities defined in sections B to S of the Statistical classification of economic activities in the European Communities ( [NACE Rev 2](#) ). The aggregate B to S is referred to as the "whole economy" for the sake of simplification. For the EU and EA aggregates, these series are available from 2008 onwards.

## EU and euro area

In Q4 2024 the hourly labour costs rose by 3.7% in the [euro area](#) and by 4.3% in the [EU](#) , compared with the same quarter of the previous year.

## Total nominal hourly labour costs, whole economy, Q4 2024

(% change compared with same quarter of previous year, calendar adjusted)



Source: Eurostat (online data code: lc\_lci\_r2\_q)

**Figure 1: Total nominal hourly labour costs, whole economy, Q4 2024 (% change compared with same quarter of previous year, calendar adjusted) Source: Eurostat (lc\_lci\_r2\_q)**

The 2 main components of labour costs are wages and salaries and non-wage costs. In the euro area, wages and salaries per hour worked increased by 4.1%, while the non-wage component rose by 2.6% in Q4 2024, compared with the same quarter of the previous year. In the EU, hourly wages and salaries increased by 4.7% and the non-wage component by 3.0% in Q4 2024.

## Breakdown by economic activity

In Q4 2024 compared with the same quarter of the previous year, hourly labour costs in the euro area rose by 3.3% in the (mainly) non-business economy and by 3.9% in the business economy: +4.3% in industry, +4.0% in construction and +3.7% in services. In the EU, hourly labour cost grew by 4.1% in the (mainly) non-business economy and by 4.4% in the business economy: +4.9% in industry, +4.5% in construction and +4.2% in services.

### Wage costs

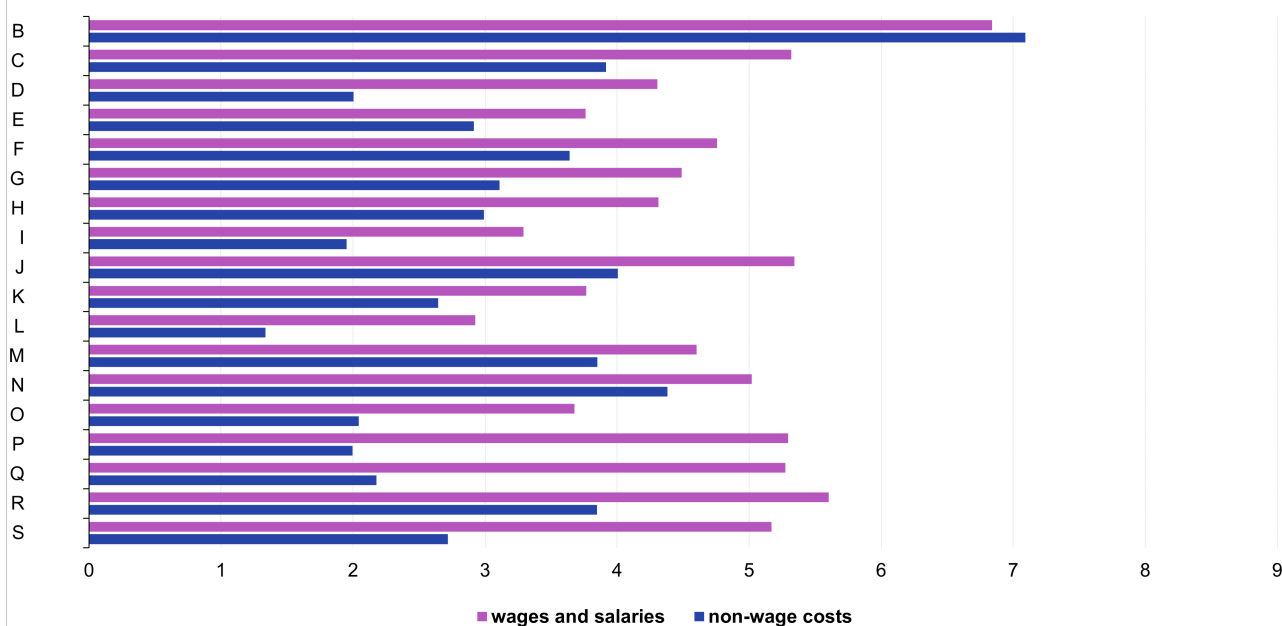
In the EU, the economic activities that recorded the highest annual increase in hourly wage costs in Q4 2024 compared with the same quarter of the previous year are NACE Rev. 2 section B – 'Mining and quarrying' (+6.8%) and R – 'Arts, entertainment and recreation' (+5.6%). The lowest annual increase was recorded in NACE Rev. 2 sections L – 'Real estate activities' (+2.9%).

### Non-wage costs

The economic activities that recorded the highest annual increase in the non-wage component were NACE Rev. 2 section B – 'Mining and quarrying' (+7.1%) and N – 'Administrative and support service activities' (+4.4%). The lowest annual increase was recorded in NACE Rev. 2 sections L – 'Real estate activities' (+1.3%).

## Nominal hourly labour costs, wage and non-wage component by NACE sections, EU, Q4 2024

(% change compared with the same quarter of the previous year, calendar adjusted)



Source: Eurostat (online data code: lc\_lci\_r2\_q)

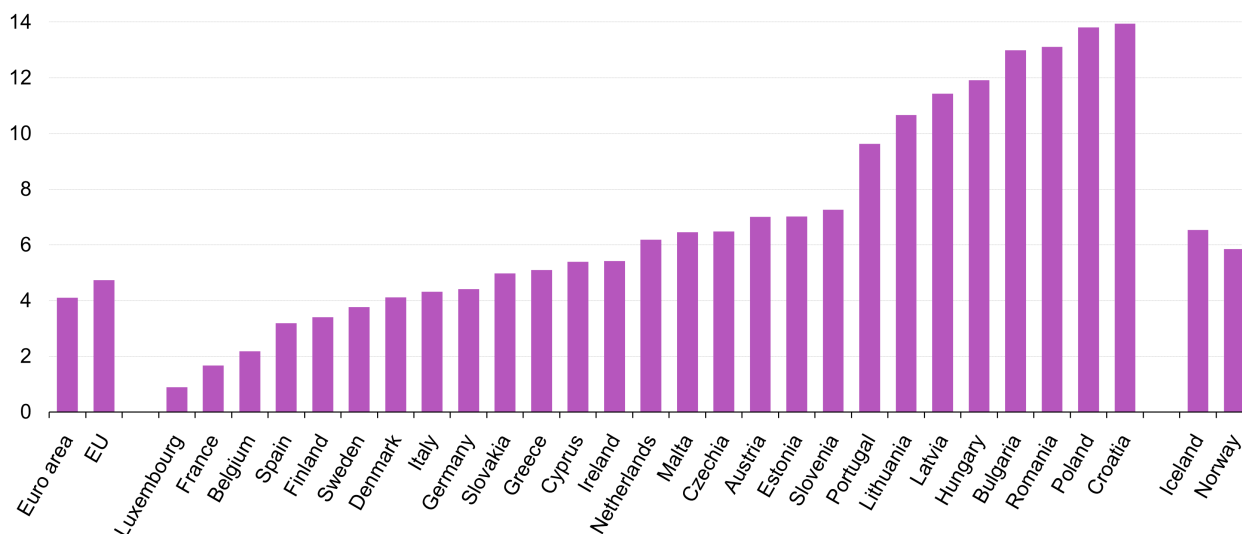
**Figure 2: Nominal hourly labour costs, wage and non-wage component by NACE sections, EU Q4 2024** (% change compared with the same quarter of the previous year and calendar adjusted) Source: Eurostat (lc\_lci\_r2\_q) For full details of NACE Rev. 2 sections see NACE

## Hourly wage costs across countries

In Q4 2024 compared with the same quarter of the previous year, the highest increases in hourly wage costs for the whole economy were recorded in **Croatia** (+13.9%), **Poland** (+13.8%), **Romania** (+13.1%) and **Bulgaria** (+13.0%). Three more EU countries recorded an increase of 10% or more, namely: **Hungary** (+11.9%), **Latvia** (+11.4%) and **Lithuania** (+10.7%).

## Nominal hourly wage costs, whole economy, Q4 2024

(% change compared with the same quarter of the previous year, calendar adjusted)



Source: Eurostat (online data code: lc\_lci\_r2\_q)

**Figure 3: Nominal hourly wage costs, whole economy, Q4 2024 (% change compared with the same quarter of the previous year, calendar adjusted) Source: Eurostat (lc\_lci\_r2\_q) For full details of NACE Rev. 2 sections see NACE**

## Hourly labour costs in euro

Since the release in April 2013, these figures have been moved to a [separate article on hourly labour costs](#) .

## Data sources

### Labour cost index

The labour cost index is defined as the [Laspeyres](#) index of labour costs per hour worked, chain-linked annually and based upon a fixed structure of economic activity at [NACE Rev.2](#) section level. The current reference year of the index is 2020. In addition to the index numbers, annual and quarterly growth rates of labour cost are also calculated.

EU Member States produce the necessary estimates by using surveys, other appropriate sources such as administrative data and statistical [estimation](#) procedures.

Also, different estimation methods are used, for example, for estimations of separate growth rates for labour costs and hours worked, or the application of growth rates of some labour cost components to all labour cost components.

Since annual or even 4-yearly benchmark surveys, as well as estimation methods, play an important role in the production of quarterly LCI figures in most EU Member States, revisions are frequent and can go back several years.

EU aggregates are obtained as [weighted](#) aggregates of the national data. The weights reflect the share of labour costs that each Member State has in the total EU aggregate. While the LCI itself is compiled in national currency and thus not influenced by exchange rate movements, the share of the Member State for the EU aggregates is measured in euro and can therefore vary according to the value of the national currency against the euro. In practice, these variations are however very small and have no influence on the comparability of the LCI series over

time.

Eurostat has labour cost index data available for all EU Member States, the euro area and the EU on a quarterly basis from the year 2000 onwards. Up to 31 December 2022, the euro area (EA19) included Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland. From 1 January 2023 the euro area (EA20) also includes Croatia. The aggregate data series commented on in this release refers to EA20. The European Union includes Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

Data are broken down by cost items (Total cost, Wages and salaries, Other labour costs) and by economic activity (NACE Rev. 2 sections). Index numbers and growth rates are made available by economic activity, for the total cost index as well as for the two main components: wages and salaries and non-wage labour cost.

In the news release, the following NACE aggregations are published:

- The whole economy (NACE Rev. 2 sections B to S, i.e. excluding agriculture, forestry and fishing, as well as activities of households as employers and activities of extraterritorial organisations and bodies). This is broken down into:
  - The business economy (NACE Rev. 2 sections B to N); for the EU/EA aggregates this accounts for about 70% of the labour costs of the whole economy and is further broken down into:
    - \* Industry (NACE Rev. 2 sections B to E): B - 'Mining and quarrying', C - 'Manufacturing', D - 'Electricity, gas, steam and air conditioning supply', E - 'Water supply; sewerage, waste management and remediation activities'.
    - \* Construction (NACE Rev. 2 section F).
    - \* Services (NACE Rev. 2 sections G to N): section G - 'Wholesale and retail trade, repair of motor vehicles and motorcycles', H - 'Transportation and storage', I - 'Accommodation and food service activities', J - 'Information and communication', K - 'Financial and insurance activities', L - 'Real estate activities', M - 'Professional, scientific and technical activities' and N - 'Administrative and support service activities'.
  - The mainly non-business economy (NACE Rev. 2 sections O to S); for the EU/EA aggregates this accounts for about 30% of the labour costs of the whole economy. It contains sections O - 'Public administration and defence; compulsory social security', P - 'Education', Q - 'Human health and social work activities', R - 'Arts, entertainment and recreation' and S - 'Other service activities'.

In the database, all series are available in [calendar adjusted](#) form; this means that differences in hourly labour cost which arise due to a varying number of working days are corrected for. Also, all series are available on a [seasonally adjusted](#) basis. Seasonal adjustment corrects for infra-annual variations in the labour cost index which can arise due to recurring events, such as new school and university graduates entering the labour market in the autumn. Seasonally adjusted data may be commented quarter-on-quarter whereas calendar adjusted figures should be analysed year-on-year due to possible seasonal effects.

New data are released every quarter, about 75 days after the end of the reference quarter.

**Recording of COVID-19 support schemes** : in the first half of 2020, the governments of EU countries introduced the main schemes to alleviate the impact of the COVID-19 pandemic on enterprises and employees that consisted in short-term work arrangements and temporary lay-offs. In most cases, schemes were recorded as subsidies (or tax allowances) with a negative sign in the non-wage component of the labour cost index. This means that a decrease in subsidies, in particular following the phasing out of COVID-19 support schemes, translates on the opposite into an increase in the non-wage component of labour costs. This phasing out is generally visible in the first half of 2022. See [detailed guidance on the recording of government schemes related to the COVID-19 crisis in labour cost statistics](#) .

## Country notes

In the case of Germany, data have been revised due to benchmarking on the Labour Cost Survey 2020 (see [national publication](#) ). In addition, wage data for the 4 quarters of 2022 are impacted by a change in data sources (see [further explanation, in German](#) ). Due to this change in data sources, data for Germany show a break in series for the total economy, business economy and construction, starting from Q1 2022.

In the case of Cyprus, Labour cost indices for NACE Rev. 2 section E “Water supply; sewerage, waste management and remediation activities” cannot be interpreted for the quarter Q3 2024, due to the transfer of Sewerage Boards and Water Boards to Local Government Organisations classified as NACE Rev. 2 section O: “Public Administration and Defence; Compulsory Social Security”.

## Context

The labour cost index is an essential part of the range of statistics that are relevant for an understanding of the [inflationary](#) process and the cost dynamics in the economy.

Information on labour costs is required for economic and monetary policies, wage bargaining and economic analyses. Labour costs are an important potential source of [inflation](#) since they account for a large proportion of the total costs borne by private businesses, which may pass higher labour costs, in particular if not reflected in higher [productivity](#), on to consumers via higher end prices, thus fuelling inflation. Symmetrically, low or negative growth in the hourly labour costs may signal [deflation](#) risks. A timely labour cost index is therefore important for the institutions in charge of monetary policy, in particular the [European Central Bank \(ECB\)](#).

## Explore further

### Other articles

- [Hourly labour costs](#)
- [Labour cost structural statistics - levels](#)
- [Wages and labour costs](#)

## Database

- [Labour market](#), see:

### Labour costs (lc)

Labour cost index (lci)

Labour cost index - Quarterly data (Nace R2) (lc\_lci\_r2\_q)

Labour cost index - Annual data (Nace R2) (lc\_lci\_r2\_a)

Labour cost index - Country weights - NACE rev.2 (lc\_lci\_r2\_cow)

Labour cost index - Item weights - NACE rev.2 (lc\_lci\_r2\_itw)

Labour cost levels (lc\_lci\_lev)

Historical data - NACE rev. 1.1 (lci\_hist)

Labour cost index - Quarterly data (lc\_lci\_r1\_q)

Labour cost index - Annual data (lc\_lci\_r1\_a)

Labour cost index - Country weights (lc\_lci\_r1\_cow)

Labour cost index - Item weights (lc\_lci\_r1\_itw)

## Thematic section

- [Labour market \(including Labour Force Survey\)](#)

## Publications

- **News releases**
- [Latest news release, 16 September 2024](#)
  - [Hourly labour costs news item 28 March 2022](#)
- [Labour market statistics](#) - 2011 edition
- [Principal European Economic Indicators - A statistical guide](#) - 2009 edition

## Selected datasets

- [Labour market](#) , see:

Labour costs (t\_lc)

Labour cost index (teilm100)

## Methodology

- [Labour cost index](#) (ESMS metadata file — lci\_esms)

## External links

- [Employment Cost Index \(U.S. Bureau of Labour\)](#) - An alternative measure of changes in labour costs

## Legislation

- [Regulation \(EC\) No 450/2003](#) of 27 February 2003 concerning the labour cost index
- [Summaries of EU Legislation: Comparable EU-wide labour cost statistics](#)
- [Regulation \(EC\) No 1216/2003](#) of 7 July 2003 implementing Regulation (EC) No 450/2003 concerning the labour cost index
- [Corrigendum to Regulation \(EC\) No 1216/2003](#) of 7 July 2003
- [Regulation \(EC\) No 224/2007](#) of 1 March 2007 amending Regulation (EC) No 1216/2003 as regards the economic activities covered by the labour cost index
- [Revision File](#) containing information on revisions of the EU-27 and EA-19 aggregates