

Trends in the Cypriot Labour Market & Evolving Candidate Expectations

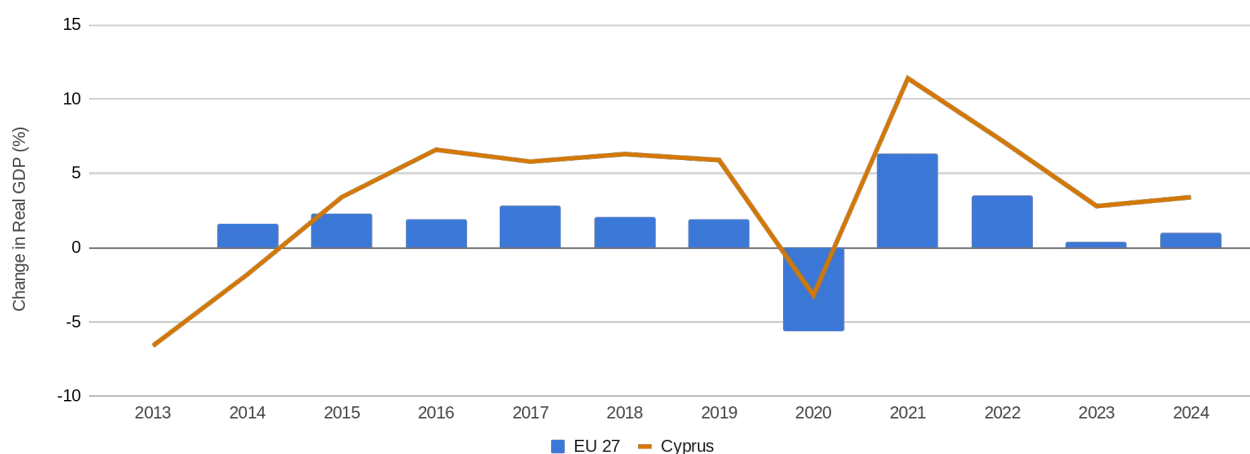
May 2025

Key forces shaping the labour market

The labour market is being shaped by two primary forces: sustained economic growth and demographic decline. While other factors - such as technological change, education, government policy, and globalisation - play a role, their effects are typically manifested through these two fundamentals: the size & quality of the workforce and the overall pace of economic activity.

Economic performance in a European context

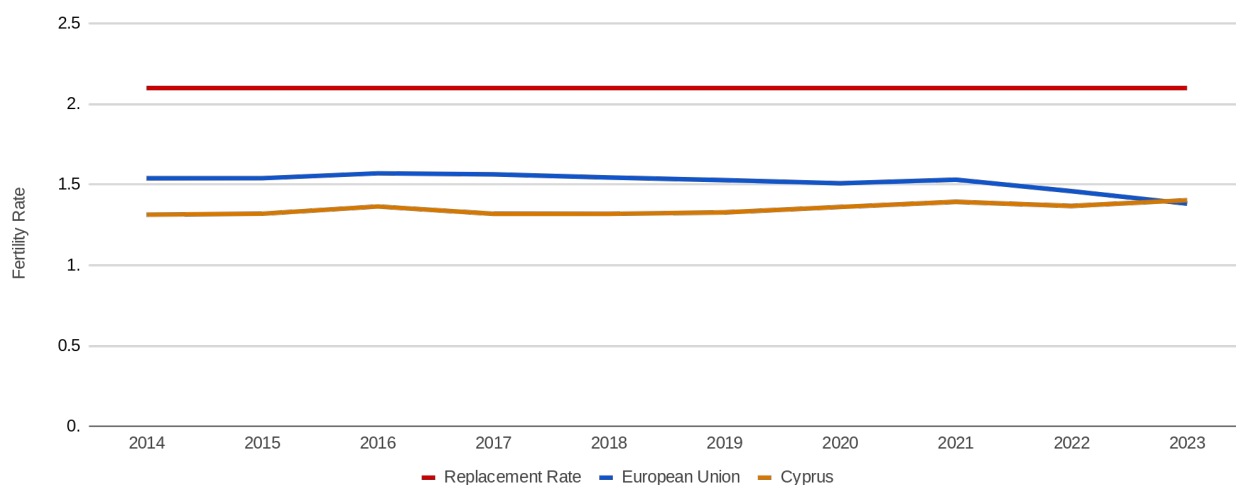
Since recovering from the 2012-2013 financial crisis, Cyprus has experienced robust economic growth. From 2015 to 2024, Cyprus achieved an average annual growth in real GDP of 4.96%, compared to just 1.66% across the European Union. This is illustrated in the graph below.



At this rate, Cyprus would double its GDP in just over 14 years; three times faster than the EU average of over 42 years.

Demographic trends and workforce implications

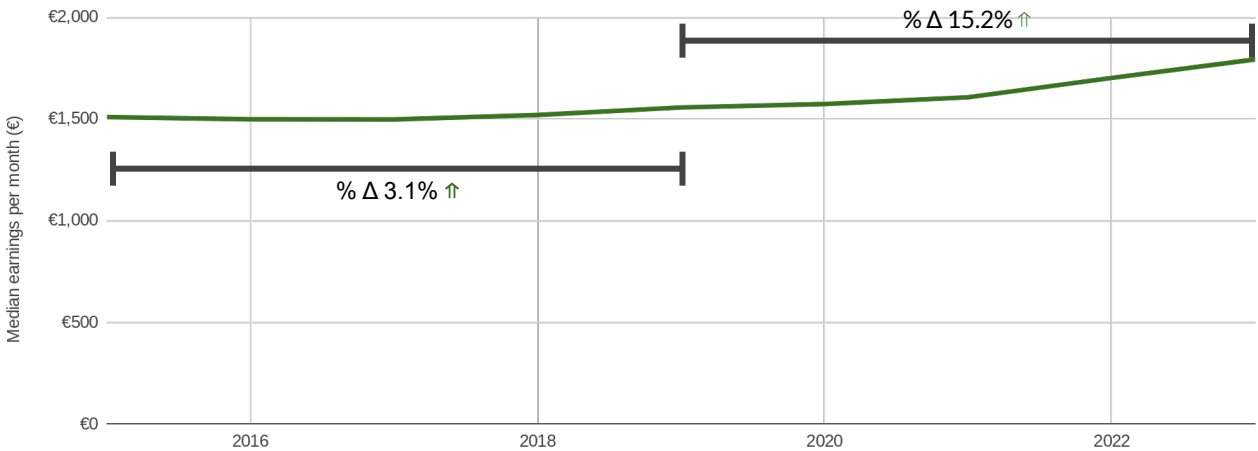
Despite strong economic performance, Cyprus faces serious demographic challenges. The national fertility rate has remained below the population replacement threshold of 2.1 and consistently below the EU average. Between 2014 and 2024, Cyprus recorded an average fertility rate of 1.35, compared to 1.52 for the EU. The graph below illustrates the replacement rate as well as the fertility rate in the EU & Cyprus.



If the current trends persist, the country's working-age population will continue to decline, putting further strain on the labour market.

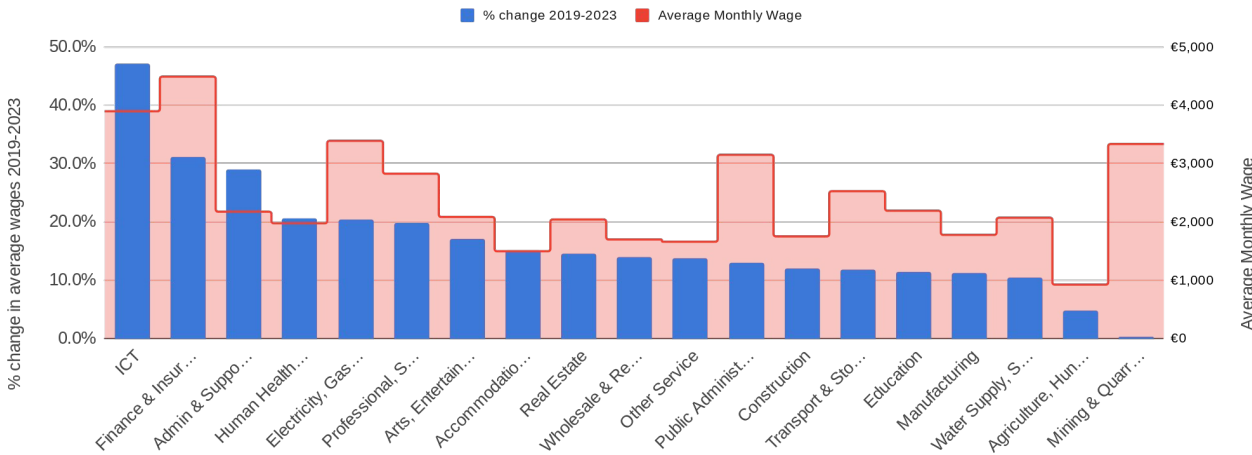
Wage developments and sectoral differences

These demographic constraints are already contributing to wage inflation. Between 2015 and 2019, median monthly earnings in Cyprus increased by 3.1%. However, between 2019 and 2023, the pace of wage growth accelerated sharply to 15.2%, signalling heightened competition for talent amid a tightening labour market. The graph below shows the change in monthly median increases in earnings between 2015-2023.



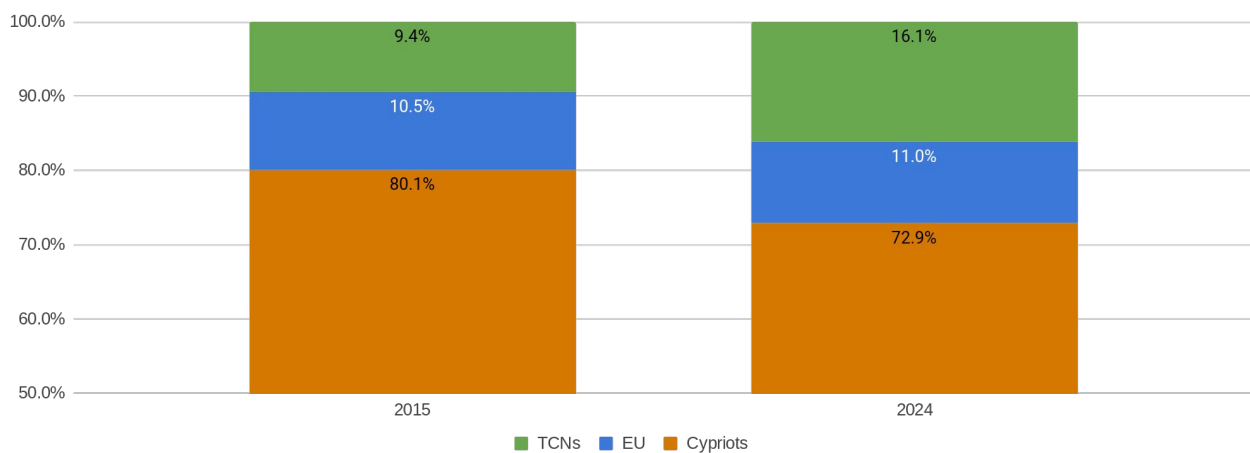
Wage growth between 2019 and 2023 has been uneven, highlighting growing disparities between high-skill sectors and more traditional industries. ICT recorded the largest increase, with wages rising by 47.1% to an average of €3,899 per month. Yet, despite this steep growth, Finance and Insurance remains the best-paid sector overall, with average wages at €4,493, following a 31.2% increase.

At the other extreme, Agriculture, hunting and forestry continues to have the lowest average wage, just €924 per month, and recorded only a 4.8% increase over the period. Sectors such as Accommodation & Food Service (€1,496) and Retail (€1,699) also remain moderately paid despite modest wage gains. Vital services such as Education and Health experienced below-average increases. The graph below gives an overview of all sectors. Gaming is classified under the Arts and Entertainment Sector.



Shifts in workforce composition

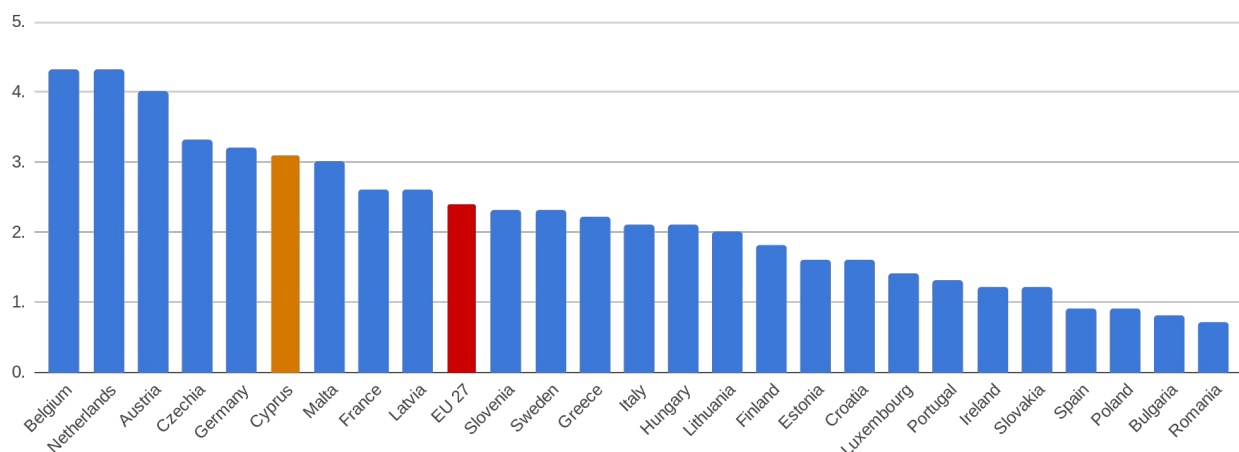
Between 2015 and 2024, the size of the labour force grew from 350,000 to 470,600 individuals. This growth was not solely driven by the local population. Of the 120,600 additional workers, 52% came from the domestic population. The remainder consisted of EU nationals (12.4%) and third-country nationals (35.6%). The proportion of Cypriot nationals in the workforce declined from 80.1% to 72.9% over the same period as illustrated below. This marks a growing reliance on economic migration to sustain employment and output levels.



Labour demand indicators and vacancy rates

Another indicator of labour market strength is the job vacancy rate. The job vacancy rate measures the proportion of unfilled roles relative to the total number of positions employers wish to fill. It's a way to measure how many positions are currently available in the labour market. In simple terms - imagine a company wants 100 people working for it, but only 98 jobs are filled - 2 are open and waiting for someone to be hired. That would mean there's a job vacancy rate of 2%.

In 2024, Cyprus had the sixth-highest job vacancy rate (at 3.1) among European countries. This suggests that businesses are struggling to find the talent they need and underscores the tightness of the labour market. The job vacancy rate across the EU (excluding Denmark) is illustrated in the graph below.





Translating national trends into HR priorities

The trends shaping Cyprus's labour market - rapid economic growth and demographic decline, are not abstract statistics. They have immediate, practical implications for how companies attract, retain, and support talent. For CEOs & HR leaders, the challenge is to translate these national patterns into actionable priorities that align with business goals while meeting the evolving needs of the workforce. The following areas highlight where focus is most urgently needed.

Embrace workforce diversity to sustain growth

The growing reliance on EU and third-country nationals is not a short-term solution - it reflects a structural & permanent shift in the labour market. With a limited pool of local talent, employers must evolve their recruitment, onboarding, and workplace practices to effectively engage a more diverse and multicultural workforce.

While international talent is increasingly essential to sustaining economic growth, this shift brings with it complex challenges - from integration and housing to public sentiment and workplace cohesion. These dynamics must be acknowledged and thoughtfully managed to ensure inclusive and sustainable workforce development. Organisations that do so will be better equipped to respond to market opportunities and sustain long-term growth.

Act fast to secure talent in a tight market

With Cyprus posting one of the highest job vacancy rates in Europe, talent is scarce. Slow or bureaucratic hiring processes will cost companies top candidates. Having agile, candidate-centric recruitment processes will give companies a competitive advantage.

Align compensation with market dynamics

Wage growth is uneven across sectors. Employers who track sector-specific trends and benchmark their salary structures accordingly are more likely to attract and retain critical talent, especially in high-demand areas like ICT and Financial Services.

Prepare for workforce segmentation by sector

If you're a CEO or HR Manager operating in a low-paying sector, prepare to rely more heavily on foreign nationals. Experience from other labour markets, with high job vacancy rates, shows a consistent trend - local talent gravitates toward higher-paying, higher-status roles, leaving a growing share of vacancies in lower-wage sectors to be filled by foreign workers. This shift is not a short-term phenomenon but a structural response to wage expectations and demographic realities. Strategic workforce planning, targeted onboarding, and inclusive management practices will be essential to remain operational and competitive.

Plan for long-term talent gaps

Low fertility rates and a shrinking domestic workforce are structural issues. Companies should invest in workforce planning, internal upskilling, and succession strategies to future proof operations.

Balance wage increases with productivity gains

While salary increases may be necessary to remain competitive, HR leaders have a critical role to play in ensuring these are balanced with productivity gains. This means championing initiatives such as process automation, smarter workflows, and stronger leadership development. HR should actively engage CEOs and senior leadership in recognising that long-term margin protection requires investment not just in people, but in the systems that support them.



Understanding candidate mindsets in a tight labour market

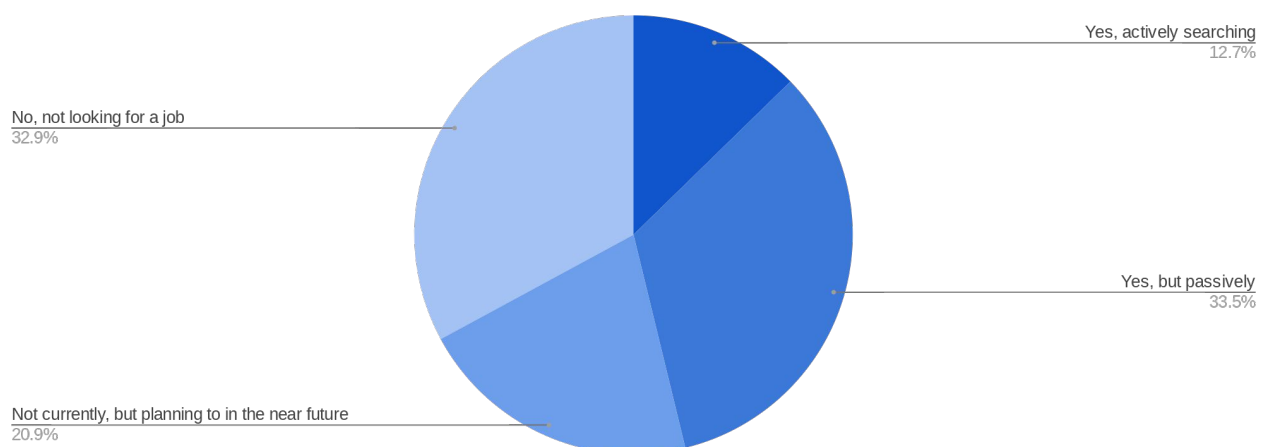
Earlier this year, we commissioned CYMAR to run a survey amongst 500 individuals within a nationally representative sample. The findings offer valuable context to the economic and labour market trends discussed above. It is important to reiterate that this data reflects the independent views of candidates across the Cypriot labour market, collected independently by CYMAR using a nationally representative sample.

Openness to change and job search behaviours

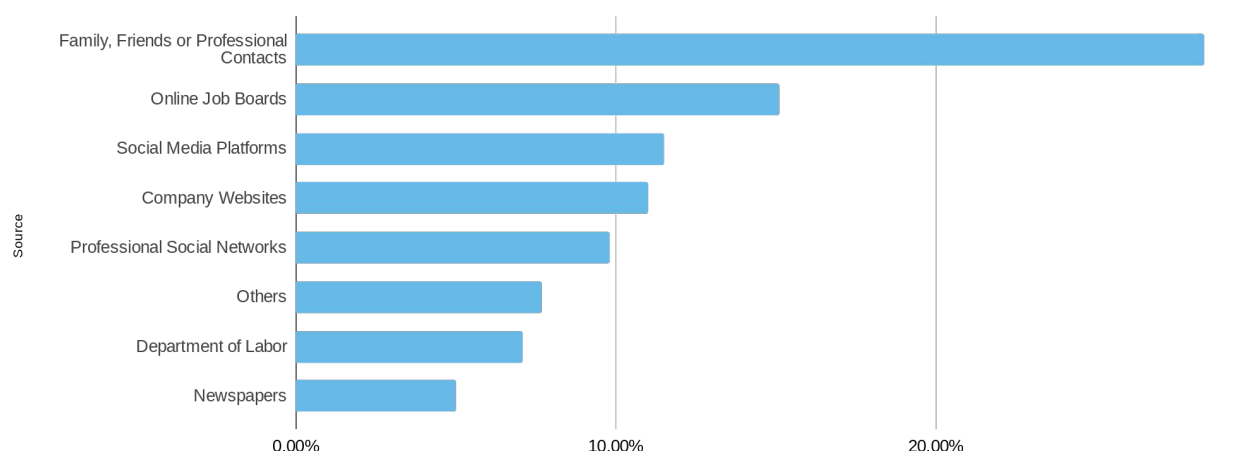
Despite being employed, a significant portion of the workforce is open to change. While 32.9% of respondents reported no intention to seek a new role, the remaining 67.1% expressed varying degrees of job mobility

- 20.9% are not currently looking but intend to do so in the future.
- 33.5% are passively open to new opportunities.
- 12.7% are actively seeking a new role.

The chart below illustrates the jobsearch outlook across the respondent base.



We also explored candidates' preferred job search methods. The most cited source was word of mouth, including referrals from family, friends, and professional contacts (28.5%). This was followed by Online job boards (15.1%) and Social media platforms (11.5%). The full breakdown of job search preferences is provided in the chart below.





Motivations behind job change decisions

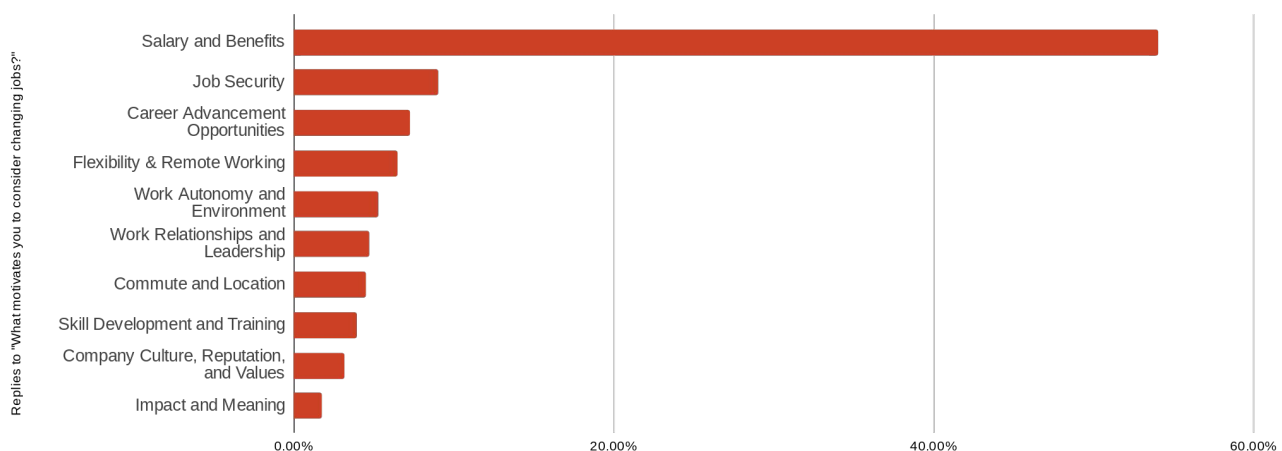
To better understand the underlying drivers behind job mobility, respondents were asked to rank the factors that would motivate them to consider changing jobs. The results were clear: compensation is the dominant motivator by a wide margin.

Salary and benefits were ranked as the most important factor by 54.0% of respondents - underscoring the centrality of financial reward in a competitive labour market.

Following this, job security (9.0%) and career advancement opportunities (7.2%) were the next most cited motivations. These findings suggest that beyond immediate financial incentives, candidates value stability and the potential for long-term growth within an organisation.

Interestingly, aspects often associated with workplace culture - such as flexibility and remote working (6.5%), work environment (5.3%), and relationships with leaders and colleagues (4.7%) - were given lower priority.

Meanwhile, intrinsic motivators like impact and meaning (1.8%) and company culture and values (3.1%) ranked at the bottom of the list. The chart below illustrates the factors influencing job change decisions.



Candidate preferences on non-monetary benefits

When asked to imagine receiving a job offer with personalised perks, candidates expressed clear preferences for flexibility and long-term value over short-term conveniences.

Flexible working hours emerged as the most valued benefit, selected by 29.8% of respondents. This was followed by remote work options (18.0%), reinforcing the continued appeal of autonomy and work-life balance in post-pandemic workplace expectations.

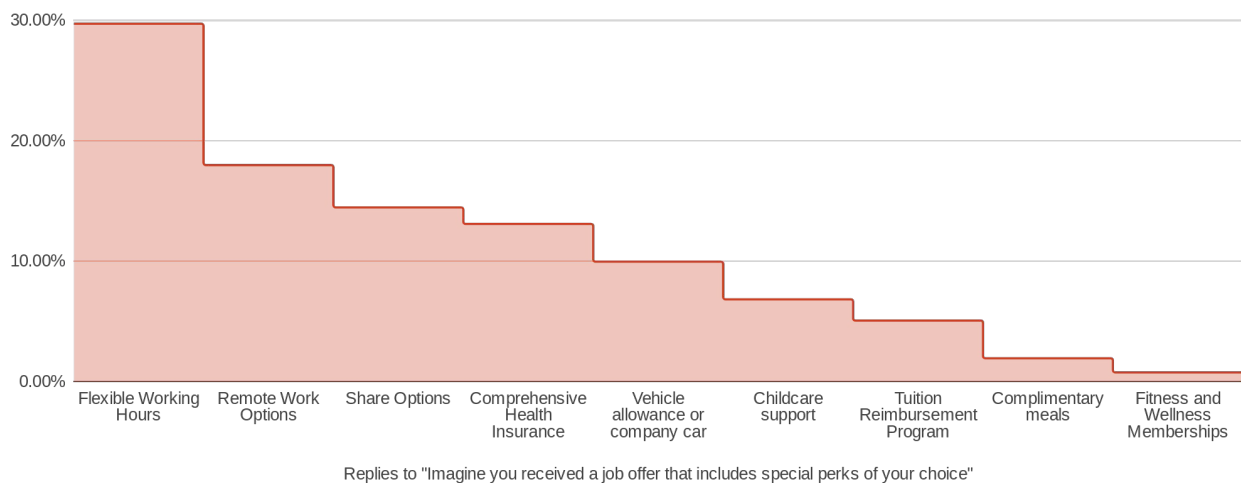
Equity and security-related benefits also featured strongly, with share options (14.5%) and comprehensive health insurance (13.1%) ranked among the top choices. These preferences reflect a growing interest in long-term financial wellbeing and employer-backed stability.

Other lifestyle and support perks - such as vehicle allowances or company cars (10.0%), childcare support (6.9%), and tuition reimbursement programmes (5.1%) - suggest that while valued, these benefits appeal to more specific segments of the workforce.



Perks like complimentary meals (2.0%) and fitness and wellness memberships (0.8%) ranked lowest, indicating that convenience and lifestyle extras are not seen as key differentiators when candidates consider a job offer.

The chart below shows which perks candidates value most in a personalised job offer, with a clear preference for flexible working and long-term financial benefits over short-term lifestyle extras.



What drives candidates to apply to job adverts

When deciding whether to apply for a role, candidates are primarily motivated by clarity and competitiveness in compensation. Over half (56.3%) cited salary and benefits as the most influential factor, significantly outweighing all other considerations.

Qualifications ranked second at 12.4%, suggesting that while candidates do evaluate their suitability, they are more inclined to apply if the financial offer is strong.

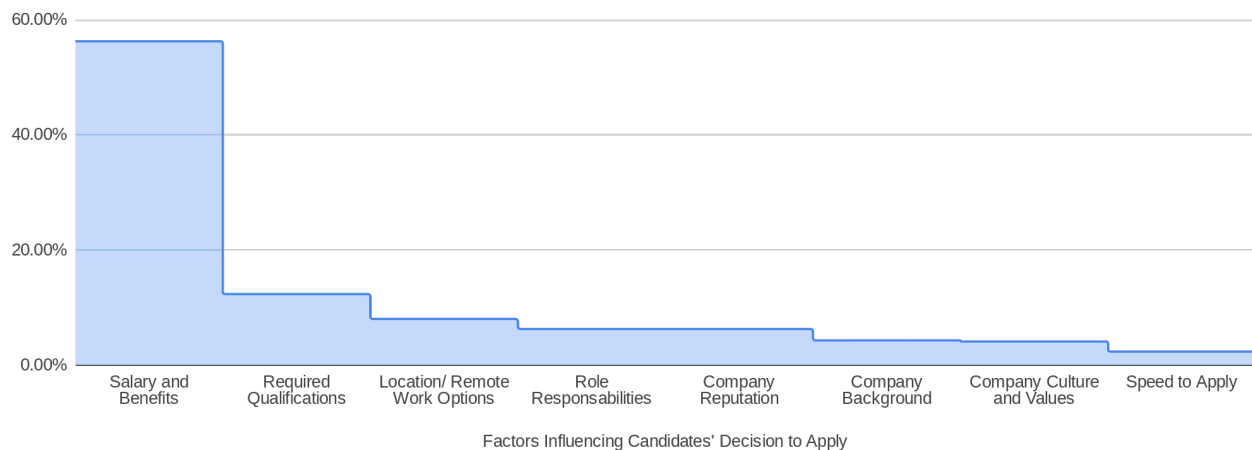
Location and remote work options (8.0%) remain important, highlighting that flexibility is important - even at the earliest stage of the recruitment process (ie advertising the role).

Role responsibilities and company reputation (both at 6.3%) carry less influence when candidates first assess a job advert.

Factors commonly prioritised in employer branding - such as company background (4.3%) and culture and values (4.1%) - ranked lower, implying these elements may matter more after initial interest has been established.

Interestingly, speed or ease of application (2.4%) was the least cited factor, reinforcing that while candidate experience matters, it does not outweigh core job content and offer strength, at the decision point to apply.

The chart on the next page outlines the top factors influencing a candidate's decision to apply for a role.



The role of salary in candidate decision-making

We understand that highlighting salary as a top candidate priority might seem self-serving coming from a recruitment agency. Our aim, however, isn't to push for higher pay - we're simply reflecting what the data shows, so employers can respond to real labour market trends with clear, evidence-based strategies.

Salary is a retention tool, not a recruitment cost

The data reinforces what many HR leaders already experience firsthand - candidates are more mobile, and compensation plays a major role. Rather than treating salary concerns as a call to raise pay across the board, employers should use this insight to guide targeted investment - particularly in roles where replacement costs are high, skills are scarce, industries are expanding, and the impact of disruption is significant.

A multi-dimensional approach remains essential

While salary tops the list of surveyed motivators, it is far from the only factor keeping people in their roles. Factors such as leadership effectiveness, team cohesion, communication quality, and long-term career support play a critical role in retention. Employers who invest in both the tangible and intangible aspects of the employee experience are more likely to build resilient, high-performing teams.

Understanding the data supports a smarter HR strategy

The findings are not about short-term gain; they are a lens through which employers can better align their people strategies with evolving workforce expectations. Retention, engagement, and workforce stability all improve when organisations act on what truly matters to employees.



Translating candidate expectations into HR priorities

The data from the CYMAR-commissioned survey reveals a workforce that is increasingly open to change, financially motivated, and deeply influenced by flexibility. These expectations signal where CEOs & HR leaders must focus to attract and retain talent in a competitive labour market. The following areas highlight where focus is most urgently needed.

Prioritise transparent and competitive compensation structures

With salary and benefits cited as the top motivator for both job changes and initial application decisions, employers must ensure their compensation strategies are aligned with market expectations. HR teams should regularly benchmark roles, communicate salary ranges transparently in job adverts, and advocate internally for budget alignment where needed.

Invest in flexibility beyond remote work

Flexible working hours and remote work were the top-ranked non-monetary perks. HR strategies should expand beyond remote work policies to include flexible scheduling, compressed workweeks, and role-based autonomy. Flexibility should be embedded into job design, not just offered as a perk. Flexibility is not just a recruitment tool; it's a strategic advantage for both attracting and retaining talent.

Align job adverts with candidate priorities

Job ads should lead with what candidates care about most - salary, benefits, and remote/flexible arrangements.

Elements such as company culture and background, while still relevant, should support rather than headline the message. Given a choice between an advert that includes a salary and one that doesn't, candidates are significantly more likely to apply to the one that does. Employers who omit this information risk missing out on strong applicants. Leading with clear, competitive compensation, alongside benefits and flexible arrangements, ensures that job adverts resonate with what candidates value most.

Design benefits programmes that serve real needs

Perks like health insurance, childcare support and share options, rank far higher than lifestyle add-ons like free meals or gym memberships. HR should tailor benefit offerings to reflect the practical and long-term priorities of the current workforce, particularly in a cost-conscious environment.



About Konnekt

Since 2007, Konnekt has grown from a small team into a recruitment partner across Malta, Greece, and Poland. Yet, each country we serve teaches us something new, and Cyprus is no exception.

While we are still in the process of setting up our local entity and securing our employment licence, we are not yet in a position to take on recruitment projects. At this stage, we're focused on listening, learning, and understanding the nuances of the Cypriot labour market.

Our approach in Cyprus will not be a carbon copy of what we've done elsewhere. It will be grounded in local dialogue and adapted to local needs. If you'd like to share your thoughts on this report or explore how we might support your work, we'd love to hear from you: info@konnekt.cy

It is not for everyone - but it might be just right for you

We're not your typical recruitment agency. We believe that the right actions, done consistently and with integrity, will always lead to the right outcomes. That means we prioritise quality over speed, long-term relationships over quick wins, and depth over surface-level success.

Working at Konnekt is demanding. We set high standards - not just for performance, but for how we treat candidates, clients, and each other. We don't leave our people to figure it out alone. We invest heavily in both systems and people, providing proprietary, world-class tech tools, robust data, and structured training and coaching. Our infrastructure is designed to free recruiters from admin overload so they can focus on what matters most - building meaningful client and candidate relationships.

Our leadership team is forward-thinking and genuinely supportive. We don't claim to have all the answers, but we are committed to learning, evolving, and leading with curiosity and integrity. What sets us apart is that we back bold ideas, own up to our mistakes, and stay committed to helping our teams grow. We believe in open, constructive feedback, even when it's direct, because clarity fuels progress. If you're someone who values doing things properly, even when it's harder, we'd love to hear from you. Email us on team@konnekt.cy

Data sources

This report draws on publicly available datasets from Eurostat and the Cyprus Statistical Office. We are indebted to their work. These include official figures on - [Earnings](#), [Earnings by Industry](#), [Employment by Citizenship](#), [Fertility Rates](#), [Job Vacancy Rate](#), & [Real GDP](#). The PDF version of this report includes direct links to the corresponding data sources for full transparency and traceability.

Candidate-related insights are based on proprietary research conducted by CYMAR in January 2025. A total of 500 interviews were carried out with a representative sample of Cyprus's general population, aged 16 to 62. The results carry a margin of error of $\pm 4.4\%$ at a 95% confidence level.

www.konnekt.cy