



April 2025

Saudi Labor Market Update

Robust employment growth

- The General Authority for Statistics' (GaStat) latest labor market release shows that Saudi unemployment dropped to 7 percent at the end of 2024, reaching Vision 2030's target six years ahead of schedule (Figure 1).
- The decline was a result of drops in both male and female unemployment, which were down to 4.3 percent and 11.9 percent in 2024 versus 4.6 percent and 13.9 percent in the previous year.
- Total labor force participation edged up to 51.1 percent in 2024, with both genders witnessing higher rates.
- Positively, the number of Saudi workers in the private sector continued to increase, by 5 percent in 2024.
- Most sectors saw an increase in net hiring during 2024, with growth driven by both Saudis and expatriate new hires.
- The sectors with the largest annual gains in employment in 2024 were construction, transport and manufacturing.
- The improvement of the labor market in 2024 reflected strong growth in Saudi Arabia's non-oil economy. The global economic environment has become more challenging in 2025. Nonetheless, we expect non-oil growth and labor market policies to remain supportive of further job creation for Saudis.

Saudi Unemployment Rate (percent – end of year)

	2024	2023
Male	4.3	4.6
Female	11.9	13.9
Youth (15-24)	14.8	16.8
Total	7	7.8

Saudi Labor Force Participation Rate (percent – end of year)

	2024	2023
Male	66.2	65.4
Female	36.0	35.0
Youth (15-24)	25.6	24.9
Total	51.1	50.4

For comments and queries please contact:

Toby Iles
Chief Economist
tiles@jadwa.com

Nouf N. Alsharif
Managing Director, Research
nalsharif@jadwa.com

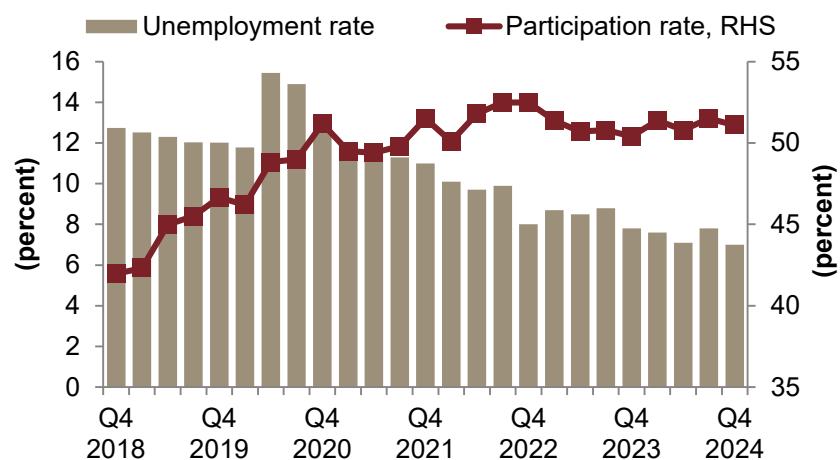
Head office:

Phone +966 11 279-1111
Fax +966 11 279-1571
P.O. Box 60677, Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com

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Figure 1: Saudi Unemployment and Participation Rates





Main Developments in 2024

Saudi unemployment dropped to 7 percent at the end of 2024, reaching Vision 2030's target six years ahead of schedule.

The number of Saudi workers in the private sector continued to increase...

...which highlights the positive momentum in the labor market, linked to strong non-oil GDP growth.

Labor force participation increased over the year, with higher participation observed among both genders.

GaStat's latest labor market release shows that Saudi unemployment dropped to 7 percent at the end of 2024, down from 7.8 percent a year earlier, and reaching Vision 2030's target six years ahead of schedule (Figure 1). The decline was a result of drops in both male and female unemployment, which were down to 4.3 percent and 11.9 percent in 2024 versus 4.6 percent and 13.9 percent in the previous year (Figure 2). Youth unemployment (15-24 years) also fell to 14.8 percent in 2024, from 16.8 percent in 2023.

Positively, the number of Saudi workers in the private sector continued to increase, up by 5 percent to 2.4 million in 2024 from 2.3 million in 2023 (Figure 3). This significant structural trend has been underway for some years now, with Saudi employment in the private sector up from less than 2 million in 2021 and 1.7 million in 2019.

At the same time there was a substantial rise in expatriate employment (up by 1.4 million), continuing the trend seen in 2022-2023 as investment activity intensified. The rise was mainly within 'construction', 'manufacturing' and 'transport' sectors. This will have contributed to domestic demand, but also explains the increase in outbound remittances in 2024.

The latest data highlights the positive momentum in the labor market through the end of 2024, linked to strong non-oil GDP growth. High frequency indicators point to good economic performance and new hiring in Q1-25.

Labor force participation

Labor force participation increased over the year, from 50.4 percent to 51.1 percent, with higher participation observed among both genders and the youth. Notably, female labor force participation rose from 35 percent to 36 percent, reflecting improvements in labor policies - such as the expansion of childcare and transportation services - as well as the creation of new job opportunities in emerging sectors such as manufacturing and tourism.

These developments have encouraged more women to enter the workforce. Looking ahead, we expect the female participation rate to continue rising, as a result of these ongoing efforts.

Figure 2: Unemployment Rate, by Gender

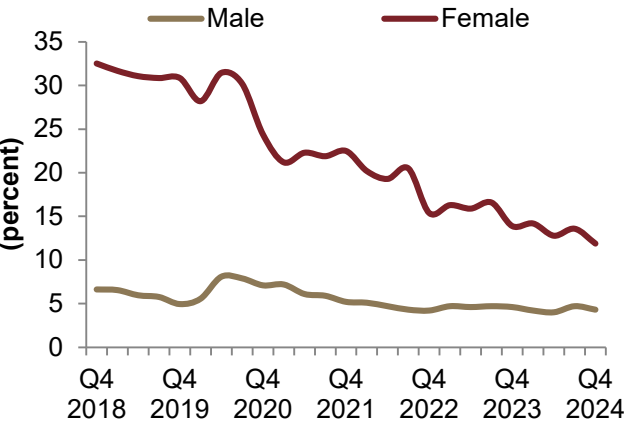
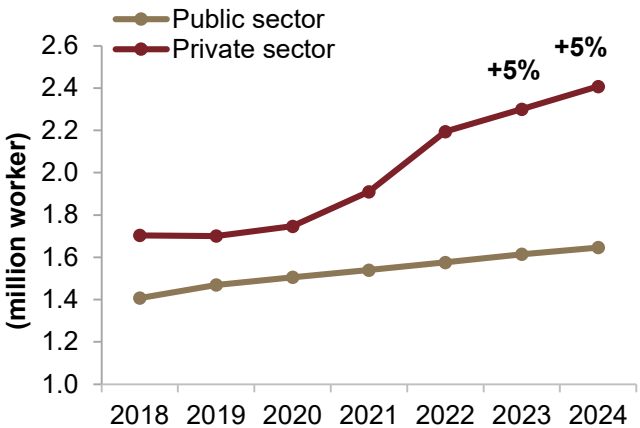


Figure 3: The Number of Saudi Workers, by Sector



* The public sector excludes workers in the military and the national security sectors.



Construction, transport and manufacturing saw simultaneous increases from both Saudis and expatriates...

...the three sectors saw robust expansions in 2024, driven by various Vision 2030 initiatives.

There was a rise in the number of new Saudi female hires across most age groups.

Survey data showed that unemployed females tend to be more sensitive to commuting time.

The significant progress in the labor market is closely associated with the overall healthy non-oil GDP growth in the Kingdom.

Sectoral Employment

GaStat data revealed that most sectors saw an increase in net hiring during 2024, with growth driven by both Saudis and expatriate new hires. The sectors with the largest annual gains in employment - construction, transport and manufacturing— saw simultaneous increases from both groups: Saudis and expatriates. Together, these three sectors accounted for 76 percent of total net new Saudi hires and 74 percent of total net new expatriate hires in 2024.

The three sectors experienced robust GDP growth in 2024, expanding by 4.2 percent, 4.5 percent and 2.6 percent respectively. This growth was primarily driven by ongoing construction activities related to the giga-projects and various Vision 2030 initiatives. As these sectors continue to expand, we expect further hiring to support operational needs.

Another notable trend is the increasing number of Saudi female new hires - not only from the youth, but across most age groups (Figure 4). According to data from new subscriptions in GOSI (the General Organization for Social Insurance), the number of new female subscribers has surpassed that of male subscribers in age groups above 30. This trend likely reflects the broader range of opportunities emerging in expanding sectors such as tourism, sports and manufacturing. In addition, supportive policies— particularly those aimed at improving access to transportation and childcare— have helped facilitate greater labor market participation among women who have been out of the workforce in earlier years, and women in general.

At the same time, unemployed Saudi females tend to be more sensitive to commuting time. According to the GaStat survey, 78 percent of unemployed women in the labor market prefer jobs with a maximum travel time of one hour or within their area of residence (Figure 5), compared to 53 percent of men. Looking ahead, the expansion of public transportation —such as the recent launch of the metro in Riyadh— could influence these preferences, make longer journey times more tolerable, and improve accessibility to various employment opportunities.

Outlook

The significant improvement in the labor market over the past few years has been closely linked to the overall healthy growth of the Saudi economy, with non-oil sector GDP in 2024 rising by 4.3 percent year-on-year.

Figure 4: New Saudi workers subscribed to GOSI in Q4 2024 (by age group and gender)

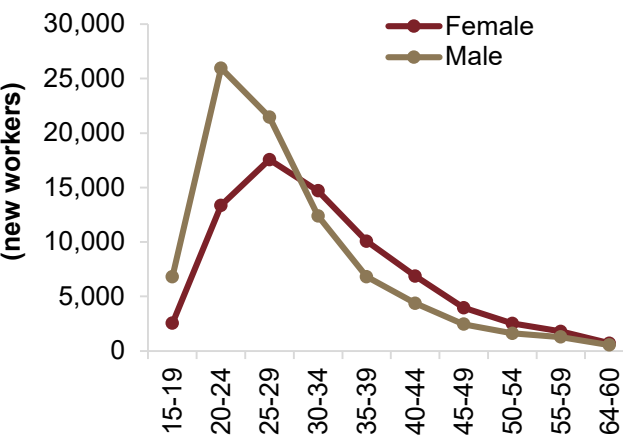
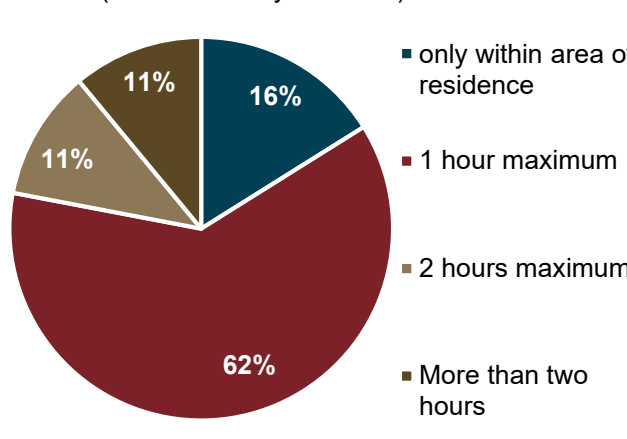


Figure 5: Travel time preferences for unemployed women (GaStat survey Q4 2024)





The global economic environment has become more challenging...

...but we expect the strong local position to cushion the growth of the non-oil economy.

Over the medium term, we anticipate more job opportunities for Saudis across multiple sectors.

The growing tourism sector will benefit from a recent localization resolution, which should provide more various jobs for citizens...

...added to many other sectors that would provide more jobs through intensified localization efforts.

High frequency indicators point to good economic performance and new hiring in Q1-25 (Figure 6). The global economic environment has become more challenging in 2025, with trade uncertainties and lower oil prices. This represents a downside risk to the Saudi economy, for example through weaker trade and investment flows and if lower oil prices lead to a sharp pull back in public sector spending. This could lead to some softening in the data later in the year.

Nonetheless, we expect that the strong sovereign balance sheet, ongoing investment spending, sectoral developments and structural reforms will cushion the performance of the non-oil economy. The global situation remains highly uncertain, but overall we expect that growth in the Kingdom's non-oil economy and labor market policies will likely remain supportive of further job creation for Saudis. At the same time, we would not expect expatriate employment to increase to the same degree as last year.

Over the medium term, we anticipate more job opportunities for Saudis across multiple sectors due to growth in those sectors and gradually higher penetration of local employment. For instance, the sustained growth of tourism activities throughout the Kingdom has attracted many Saudi job seekers to roles in hotels, restaurants, entertainment companies, museums and other venues (Figure 7).

The Ministry of Human Resources and Social Development (MHRSD) has recently issued a resolution to localize 41 professions in tourism, which should be implemented in three phases up to 2028. In recent years, the tourism sector's contribution in GDP grew robustly with positive spillovers to other sectors. The World Travel and Tourism Council (WTTC) estimates the sector's direct and indirect contribution in GDP to grow from 11.5 percent in 2023 up to 16 percent by 2034, which offers significant opportunities for job creation and investments.

In general, intensified localization efforts are expected to further support Saudi employment in many other key sectors such as 'healthcare' and 'technical and professional services' such as accounting and technical engineering.

Figure 6: Employment data from the PMI survey showed a robust rise in new hiring in Q1 2025

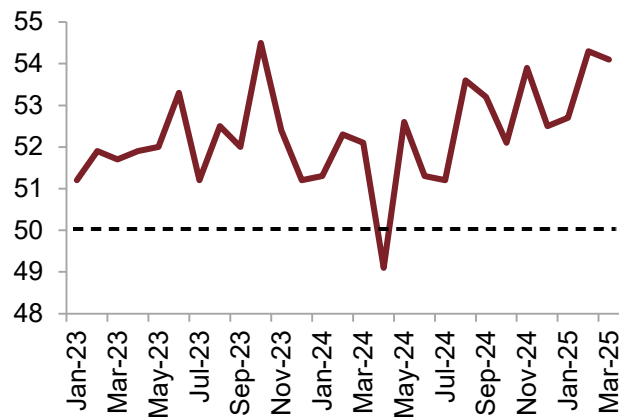
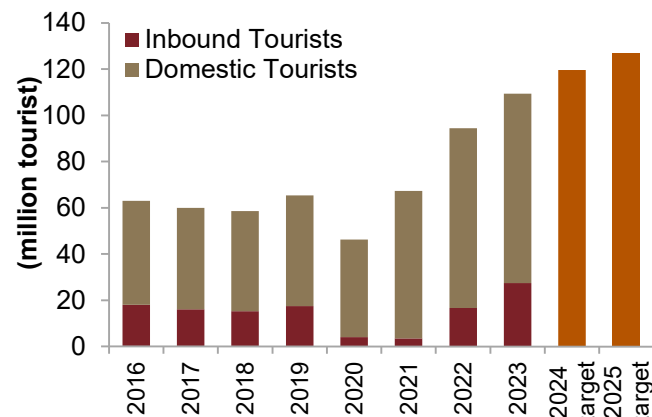


Figure 7: Growing number of visitors indicate a sizable expansion in Saudi Arabia's tourism sector





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