


The logo for the City of Edmonton, featuring the word "Edmonton" in white text on a blue rectangular background.A vertical photograph on the left side of the page showing the Edmonton skyline at night. The Peace Bridge is illuminated with blue lights, and the city lights are visible in the background.

City of Edmonton

## Q2 2025 Economic Update

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## *Q2 2025 Economic Overview*

In Q2 2025, the performance of key indicators suggest that the Edmonton and census metropolitan area (CMA) economies were relatively resilient against a backdrop of heightened uncertainty stemming from geopolitical trade disruptions. The Edmonton CMA labour market posted modest employment growth, though slightly outpaced by labour supply expansion. Consumer price inflation<sup>1</sup> saw a significant moderation during Q2, averaging annualized 1.6-per-cent growth compared to 2.9-per-cent average growth in Q1. The value of Edmonton building intentions in Q2 saw a significant jump compared to Q1, with strong annualized growth in both residential and non-residential building permit values. Housing starts in Edmonton and the CMA also performed strongly during Q2, though with a greater emphasis on multi-family dwellings (i.e., semi-detached, row and apartments), and with rental apartments continuing to dominate apartment construction overall.

Details of Q2 2025 developments in the Edmonton CMA labour market, CMA price inflation, and building construction and housing market trends are provided below.

### *Labour Market*

While the seasonally adjusted unemployment rate in the Edmonton CMA rose to 7.5 per cent in Q2 2025 from 7.2 per cent in the first quarter, it came from more people engaging with the labour market, outpacing the net increase in employment. The labour force in the Edmonton CMA rose 0.9 per cent between Q1 and Q2 2025 on a seasonally adjusted basis, outpacing the 0.6 per cent rise in employment, which led to the increase in the unemployment rate. While the Edmonton CMA labour force (918,900) and employment (849,900) hit high water marks compared to data going back to 2011, a surge in the working age population continued the trend of falling participation rates. The Q2 2025 working age population was 1.3 per cent higher than Q1 on a seasonally adjusted basis, marking the strongest quarter-over-quarter growth rate since Q1 2024. With this growth outpacing labour force growth, the participation rate slipped from 68.0 per cent in Q1 to 67.8 per cent in Q2 2025. Absent the quarter with the deepest labour market effects from the COVID-19 pandemic (Q2 2020), this marked the lowest participation rate in the Edmonton CMA in data available going back to 2011.

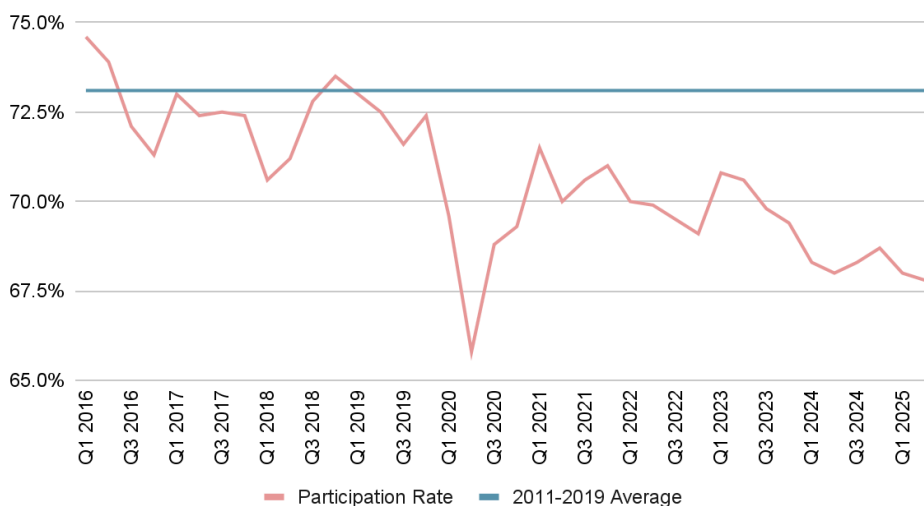
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<sup>1</sup> As measured by the year-over-year per cent change in Statistics Canada's Consumer Price Index.

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Participation rate - Edmonton CMA

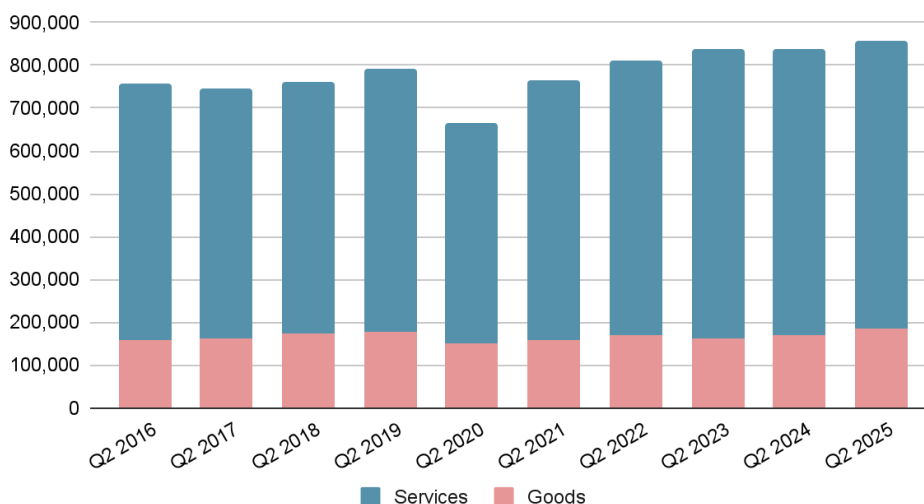


Source: Statistics Canada, seasonally adjusted

The uptick in employment in Q2 2025 drove a 2.2 per cent year-over-year increase in employment, not adjusted for seasonality. This growth was strongest among men (+3.8 per cent) and in full-time employment (+3.4 per cent). Across age groups, the year-over-year employment growth was primarily confined to those 25-54 (+4.8 per cent) and 55-64 (+3.1 per cent) years of age. Men 15-24 years of age also saw a year-over-year increase of just under 14 per cent, dominated by full-time employment growth. However, this was more than offset by a 14 per cent year-over-year decline in female employment for the same age group. Despite this employment growth for younger men, stronger year-over-year growth in their labour force (+19 per cent) led to a rise in their unemployment rate to 19 per cent, highest among all age groups and sexes.

On a sectoral basis, for the fourth time in the last five quarters year-over-year employment growth was driven by gains in the goods sector, which saw an 8.4 per cent increase in employment, with double-digit growth in agriculture, utilities and construction. Employment in the services sector also expanded, but at a more modest 0.6 per cent clip. Services sector gains were strongest in accommodation and food services (+23 per cent) and finance, insurance, real estate, rental and leasing (+22 per cent). While employment in the Edmonton CMA hit a high point since 2011 in Q2 2025, individually neither goods or services employment have surpassed previous peaks for Q2. There are almost 9,000 fewer people employed in the goods sector than in 2015 and just over 2,500 fewer employed in the services sector than in 2023.

## Employment by sector - Edmonton CMA



Source: Statistics Canada, not seasonally adjusted

Wage growth in the Edmonton CMA remained sluggish in the second quarter, with the average weekly wage rate growing 0.5 per cent compared to Q2 2024, which was unchanged from the annualized growth observed in Q1 2025. This was the fifth consecutive quarter where annualized average weekly wage growth trailed the annualized growth in consumer inflation. This is consistent with the trend in real wages over a longer time horizon. The average weekly wage rate in the Edmonton CMA has grown almost 10 per cent since Q2 2019 (i.e., pre-COVID-19 pandemic), while consumer prices have grown almost 19 per cent, resulting in an almost nine per cent decline in real wages. Adjusting for inflation, the average weekly wage rate in the Edmonton CMA in Q2 2025 was the lowest for the second quarter in the last 15 years.

### Consumer Inflation

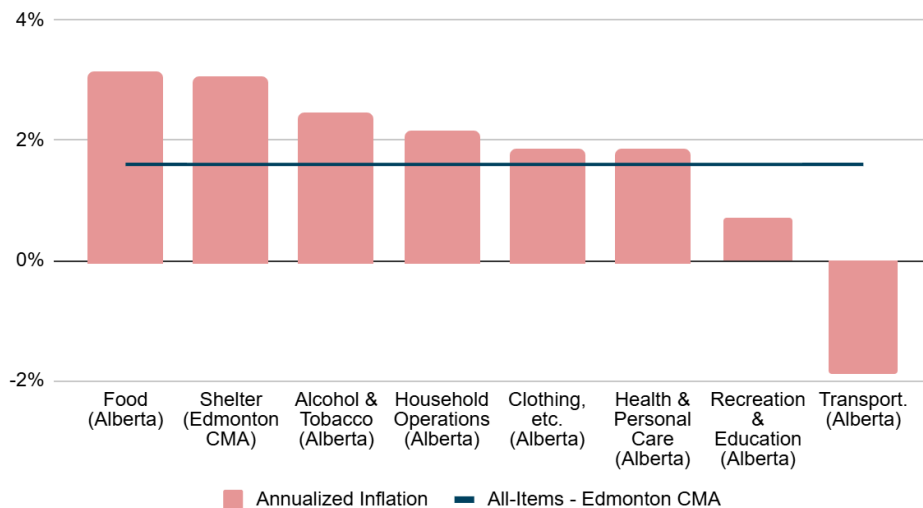
Annualized consumer inflation in the Edmonton CMA moderated significantly in Q2 2025, sliding from 2.9 per cent in the opening quarter of the year to 1.6 per cent in the second quarter. While annualized food inflation, as measured at the provincial level, rose from 1.9 per cent in Q1 to 3.1 per cent in Q2 2025, and shelter inflation (+3.0 per cent) remained above the overall inflation rate, a significant annualized decline in transportation prices spearheaded the slowdown in consumer price inflation. At the Alberta level, annualized transportation inflation declined 1.9 per cent in Q2 2025, assisted by the removal of the federal government's consumer carbon tax. This was a marked change from Q1 2025, when annualized transportation inflation was 3.7 per cent, the highest rate in Alberta in nine quarters to that point. This was consistent with changes in average retail gasoline prices in the Edmonton CMA, which fell 16 per cent year-over-year in Q2 2025 after an 11 per cent

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annualized increase in Q1. Over the first six months of 2025, annualized consumer inflation averaged 2.2 per cent in the Edmonton CMA, down from 3.2 per cent observed over the first two quarters of 2024.

Annualized consumer price inflation - Q2 2025



Source: Statistics Canada

Of the 16 CMAs Statistics Canada produces CPI estimates for, only St. John's (0.5 per cent), Charlottetown (0.8 per cent), Saint John (1.1 per cent) and Thunder Bay (1.5 per cent) recorded annualized inflation rates lower than Edmonton's in Q2 2025. The highest rates were observed in Quebec, where both Quebec City and Montreal saw annualized inflation of 2.3 per cent. Relative to other CMAs, the slowing of price growth in the Edmonton CMA was especially noticeable in rented accommodation. After ranking first or second over the previous four quarters, and within the top five CMAs over the last six quarters, the Edmonton CMA's 5.1 per cent annualized rented accommodation inflation ranked eighth in Q2 2025. Three CMAs saw rented accommodation prices grow in excess of eight per cent on an annual basis in Q2, topped by Saint John (8.3 per cent).

Despite annualized price growth slowing in Q2 2025 in the Edmonton CMA, inflationary risks remain. Six of the eight major expenditure categories saw annualized inflation rates above the overall inflation rate or an increase in price growth in Q2. Additionally, the prospect of inflationary pressures arising from trade or economic disruptions going forward remains elevated, suggesting more uncertainty to the inflation outlook over the near term.

### *Housing Market and Building Construction Trends*

Rapid population expansion in recent years, driven by net migration, has kept upward pressure on housing demand. This has been met with a rise in new home construction, with

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total housing starts in 2024 reaching a record-setting level since at least 1990. Momentum in the pace of new housing construction has continued over the first half of 2025, as indicated by continued strength in annualized housing starts in Q2 in Edmonton and the CMA. The value of issued building permits in Q2 2025 for both residential and non-residential structures within the city of Edmonton also posted significant annualized gains, reflecting the ongoing positive trend in intentions for construction activity.

According to the Canadian Real Estate Association, there was a 6.3 per cent annualized reduction in Edmonton region residential sales activity in Q2 2025, with fewer single-detached (-6.4 per cent) and apartment (-9.2 per cent) sales. In Q2, the number of new listings available in the existing home market supply was almost 10 per cent higher compared to Q2 2024. Fewer residential sales combined with increased supply brought the sales-to-new listings ratio from a quarterly average of 74 per cent in Q2 2024 to 63 per cent in Q2 2025, moving closer to balanced market territory.<sup>2</sup> Despite this development, benchmark prices still saw substantial annualized growth. The MLS Home Price Index composite benchmark price in the Greater Edmonton Area was \$432,200 in Q2 2025, an almost 10 per cent increase over Q2 2024, while the benchmark price for a single-family home, the highest priced housing type, grew 11 per cent to \$503,400.

The total value of building permits issued by the City of Edmonton over Q2 was \$1.5 billion, a 54 per cent increase over Q2 2024. This brought building permit values to \$2.8 billion over the first half (H1) of 2025, a 39 per cent increase over H1 2024. Building permit values for residential and non-residential structures posted double-digit annualized growth in Q2 2025, though growth in non-residential building permit values was more substantial at 80 per cent. This was reflective of Q2 2025 commercial and institutional building permit values more than doubling Q2 2024 values. On the non-residential side, these increases more than offset an almost 54-per-cent reduction in industrial permit values. Despite permit values for non-residential structures posting stronger growth, its share of total permit values declined to 34 per cent in Q2 2025 compared to 53 per cent in Q1. This was the consequence of Q2 building intentions for residential structures rebounding from a much weaker performance in Q1. From negative annualized growth in Q1, the value of building intentions for new residential dwellings saw annualized growth of almost 44 per cent in Q2. Excluding single-family dwellings, all dwelling types saw positive annualized growth in permit values, with the strongest growth rates for row (121 per cent) and apartment dwellings (110 per cent). Permit values for alterations and repairs registered a 48 per cent year-over-year gain in Q2 2025.

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<sup>2</sup> A ratio between 40 and 60 per cent tends to indicate balanced market conditions (i.e., balanced negotiating power between sellers and buyers).

Value of building permits issued - Edmonton

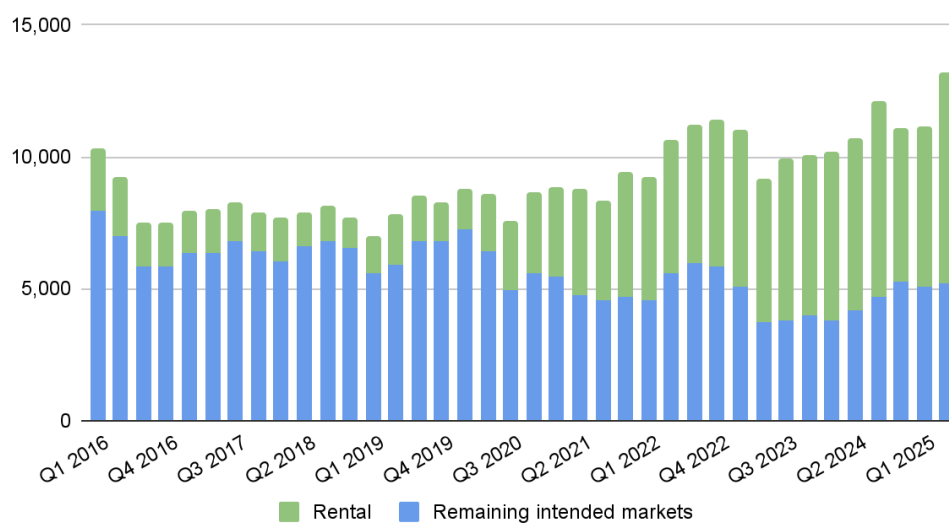


Source: City of Edmonton

Notes: residential includes single, semi-detached, row, and apartment structures, as well as miscellaneous residential building activity; and non-residential includes commercial, industrial, and institutional structures.

In Q2, there were 5,133 housing starts in Edmonton, an almost 53 per cent gain over Q2 2024. Housing starts in the CMA also posted strong annualized growth (+37 per cent) in Q2 to reach 6,773 units. Growth in Edmonton CMA housing starts was largely concentrated in semi-detached, row and apartment starts. In Edmonton, growth was driven entirely by those three dwelling types as single detached starts saw a 4.7 per cent reduction in Q2 compared to the prior year. The strong performance in housing starts added to an already elevated level of units under construction in both Edmonton and the CMA. In Edmonton, the number of units under construction was 13,212 in Q2, which represents its highest quarterly level since at least 1990. Rentals accounted for close to 61 per cent of units under construction. Similarly, under construction levels in the Edmonton CMA reached a record high (since at least 1990) in Q2 with 17,445 units, though with rentals accounting for a slightly lower share (55 per cent) compared to Edmonton.

## Under construction inventory - Edmonton (all dwelling types)



Source: CMHC

Rapid population expansion in recent years, combined with policies intended to encourage more housing supply, is having an effect on new home construction in Edmonton. However, pressures on housing demand are expected to ease from reduced migration in-flows, while still-elevated borrowing rates, persistently strong price growth and continued softness in the CMA labour market will likely dampen home purchasing activity. This, combined with high levels of units under construction, may make it economically challenging for the residential construction sector to sustain the pace of building observed over Q2.

In recent years, there has been a greater focus on rental construction, which has translated to increased rental market supply as those units reach completion. These additions to supply are likely already having an impact on the pace of rental price growth. This impact is expected to continue as rental demand pressures ease from reduced migration in-flows. The CMHC's 2025 mid-year rental market update provided insights on trends in average advertised rents across Canada's seven largest CMAs. Based on the CMHC's analysis, there was positive annualized growth in Q1 2025 average advertised rents in the Edmonton CMA for two-bedroom purpose built apartments and rental condominiums, though this growth was more subdued compared to annualized growth in Q1 2024. For two-bedroom rental apartments, the year-over-year increase in average asking rents came down from almost 14 per cent in Q1 2024 to 3.9 per cent in Q1 2025. Similarly, annualized growth in average asking rents for two-bedroom condominiums was 2.9 per cent in Q1 2025, a significant reduction from 10 per cent in Q1 2024.

## *Information Sources by Concept*

### Long-Term Economic Outlook

- City of Edmonton. [Spring 2025 Outlook Summary Table](#).

### Demography

- Statistics Canada. [Table 17-10-0009-01 Population estimates, quarterly](#).

### Housing and Residential Building Construction

- City of Edmonton [Monthly Building Permit Summary](#).
- CMHC [2025 Mid-Year Rental Market Update](#).
- CMHC Starts and Completions and Market Absorption Surveys via the [Housing Market Information Portal](#).
- [Canadian Real Estate Association](#) via Macrobond.

### Labour and Employment

- Statistics Canada. Labour Force Survey average weekly wages, Edmonton CMA, custom order.
- Statistics Canada. [Table 14-10-0458-01 Labour force characteristics by census metropolitan area, three-month moving average, unadjusted for seasonality](#).
- Statistics Canada. [Table 14-10-0459-01 Labour force characteristics by census metropolitan area, three-month moving average, seasonally adjusted](#).
- Statistics Canada. [Table 14-10-0467-01 Employment characteristics by census metropolitan area, three-month moving average, unadjusted for seasonality](#).

### Prices

- Statistics Canada. [Table 18-10-0001-01 Monthly average retail prices for gasoline and fuel oil, by geography](#).
- Statistics Canada. [Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted](#).