

City of Edmonton

Q3 2025 Economic Update

City of Edmonton Corporate Economics

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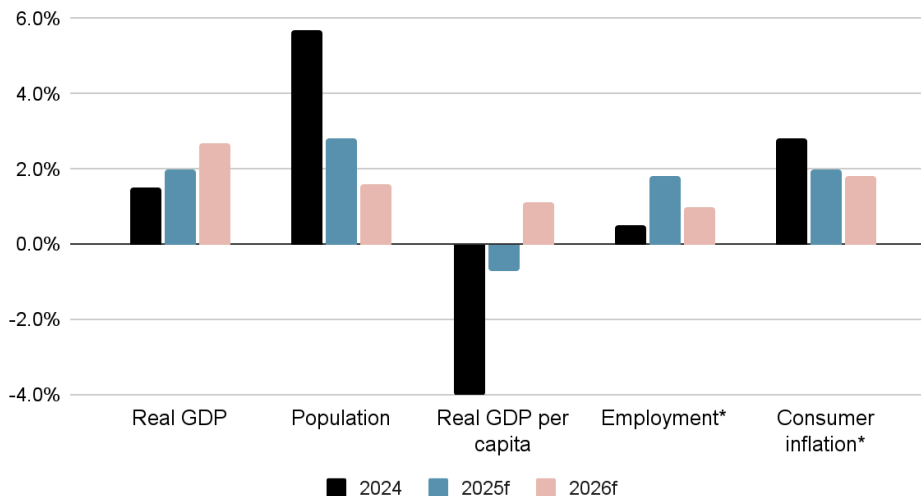
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Summer 2025 Economic Outlook Highlights

In the City's summer 2025 outlook, Edmonton's forecast real gross domestic product (GDP) growth for both 2025 and 2026 was slightly upgraded from the spring outlook. This upward revision was primarily driven by a stronger investment outlook, and a projected acceleration in real consumer expenditure growth in 2026. In the spring 2025 outlook, the potential negative impacts of a trade conflict between the United States (US) and Canada were considered, including weaker consumer and business confidence leading to restrained spending and investment, and reduced export growth. However, since the spring outlook, the performance of key economic indicators suggests the Edmonton and Census Metropolitan Area (CMA) economies have been relatively resilient. Developments in the Canada-US trade conflict since the spring outlook may have helped, with a significantly reduced scope of goods affected by US and Canadian tariffs. When the summer outlook was in development, more than 85 per cent of Canada-US trade was estimated to be tariff-free.¹ These developments in trade negotiations are considered positive, and should help to rebuild consumer and business confidence. This is expected to reduce the drag on economic activity related to the trade conflict in Edmonton and the CMA over the balance of 2025 and into 2026. Highlights from the summer outlook for 2025 and 2026 are provided below.

Growth forecast, select indicators - Edmonton



Sources: Statistics Canada, City of Edmonton and Stokes Economics.

Notes: "f" = forecast; and * signifies an Edmonton CMA-level indicator

- After growing an estimated 1.5 per cent in 2024, real GDP in Edmonton is now forecast to grow 2.0 per cent in 2025 and 2.7 per cent in 2026.
- Across the 16 industry sectors, real GDP growth in only four sectors in Edmonton are forecast to be above aggregate growth in 2025. Real GDP growth is forecast to be strongest in the construction sector (+8.2 per cent), followed by the educational

¹ [Statement by the Prime Minister on CAN-U.S. trade](#) (August 22, 2025)

services (+2.7 per cent), public administration (+2.2 per cent) and transportation and warehousing (+2.1 per cent) sectors. In 2026, growth across industry sectors is expected to be more even with real GDP growth in 11 of the 16 industry sectors anticipated to outpace aggregate growth (+2.7 per cent).

- Between 2021 and 2024, Edmonton population growth accelerated on an annual basis, reaching 5.7 per cent growth between 2023 and 2024, its fastest annual rate since at least 2002. Edmonton's population is forecast to have grown 2.8 per cent between 2024 and 2025, and is expected to see 1.6 per cent growth between 2025 and 2026. Net in-migration will remain a key driver of Edmonton population growth, though the outlook assumes reduced support from international migration.
- The summer outlook for the Edmonton CMA labour market in 2025 and 2026 is for modest improvements for job seekers by the end of 2026, primarily from easing population growth and slowing labour force expansion. Employment in 2025 is expected to grow 1.8 per cent, followed by 1.0 per cent growth in 2026. The CMA unemployment rate is forecast to average 7.4 per cent in 2025 and 7.3 per cent in 2026.
- Edmonton CMA consumer price inflation² is forecast to average 2.0 per cent in 2025, with support from softer shelter price inflation and weaker than average transportation inflation. In 2026, consumer price inflation is forecast to average 1.8 per cent.
- In 2025, housing starts are forecast to reach 16,426 units, a 22 per cent gain over 2024, and largely driven by increased apartment starts. This is forecast to be followed by an 11 per cent reduction to 14,547 starts in 2026, dominated by lower apartment starts.

Q3 2025 Economic Overview

Despite economic uncertainty and trade disruptions, which remain unresolved but narrower in scope, changes in key indicators between Q2 2025 and Q3 2025 suggest the Edmonton and CMA economies remain resilient. CMA quarter-over-quarter employment growth accelerated in Q3 2025, although labour force growth surpassed employment, leading to a rise in the unemployment rate. At the same time, average weekly wages reached a high mark in quarterly data going back to 2011 and consumer price inflation moderated to its slowest pace in nearly five years. The improvement in consumer inflation was driven by an easing in price growth in the shelter component. This easing coincided with continued strength in new housing construction in both Edmonton and the CMA, especially for

² Consumer price inflation is measured by annualized per cent changes in Statistics Canada's Consumer Price Index.

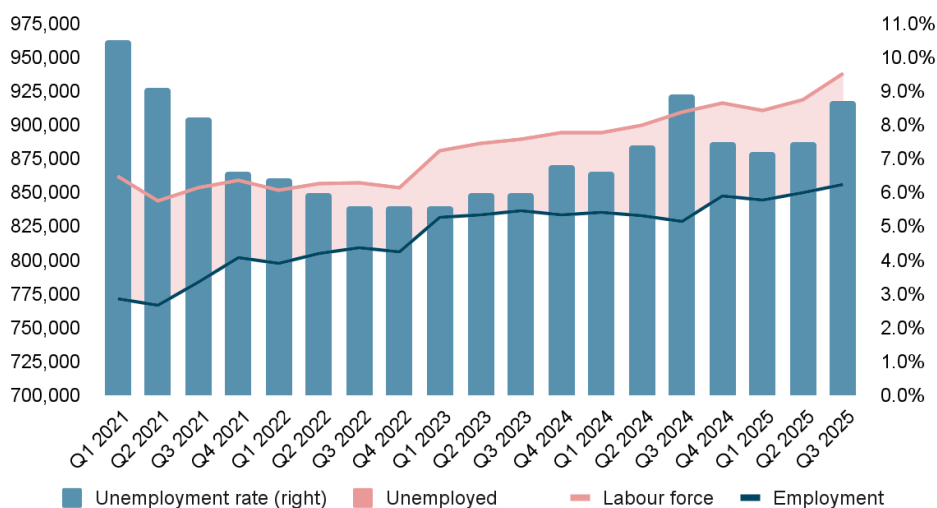
multi-family dwellings (i.e., semi-detached, row and apartments) and, within those, specifically for rental units.

Details of Q3 2025 developments in the Edmonton CMA labour market, CMA price inflation and building construction and housing market trends are provided below.

Labour Market

For the second consecutive quarter, the seasonally adjusted unemployment rate in the Edmonton CMA rose, climbing from 7.5 per cent in Q2 2025 to 8.7 per cent in Q3. This marked the second highest quarterly unemployment rate since Q2 2021, trailing only the 8.9 per cent observed in Q3 2024. The unemployment rate rose at the same time that employment (+0.7 per cent) continued to grow, with CMA employment expanding by 6,300 from the previous quarter. Strong labour force gains were the primary driver behind the increase in the unemployment rate, as quarter-over-quarter labour force growth (+2.1 per cent) significantly outpaced employment growth. Labour force expansion also exceeded growth in the working age population (+0.1 per cent). The gap between labour force and working age population growth was the largest since Q1 2023, leading the participation rate (69 per cent) to a seven-quarter high.

Labour market indicators - Edmonton CMA



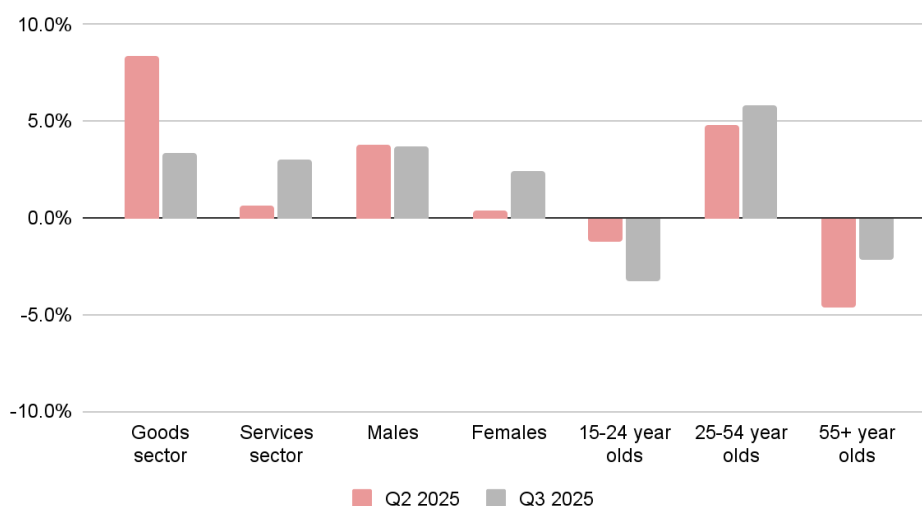
Source: Statistics Canada, seasonally adjusted

Based on year-over-year changes in data not adjusted for seasonality, the increase in the participation rate is likely being driven by core working age individuals, aged 25-54, who saw their participation rate increase from 86.9 per cent in Q3 2024 to 87.5 per cent in Q3 2025. Younger workers, aged 15-24, saw their participation rate fall four percentage points to 65.3 per cent, while workers 55 years of age and over saw an increase of 0.7 percentage points to

38.7 per cent. Gains in the participation rate suggest people are being pulled into the labour market due to improving economic prospects, with employment expansion for four consecutive quarters and the average weekly wage rate growing at its highest rate in six quarters (+4.6 per cent) to \$1,406³ in Q3. However, the elevated unemployment rate and focus on participation increases within the core working age group could reflect an increased need for labour income to address a variety of emerging or mounting financial pressures. Developments over the coming quarters should provide more clarity.

The Q3 2025 quarterly employment expansion contributed to a 3.1 per cent annualized increase in employment, not adjusted for seasonality, extending the streak of year-over-year growth to four quarters. Both men (+3.7 per cent) and women (+2.4 per cent) shared in the employment gains, with more growth coming in full-time employment (+3.4 per cent) than part-time employment (+1.5 per cent). The bulk of gains were confined to those in the core working age group, who saw employment climb 5.8 per cent in Q3 2025 compared to Q3 2024. Those in the 15-24 (-3.3 per cent) and 55+ (-2.2 per cent) age groups saw annualized employment losses in Q3 2025. Those losses were not evenly distributed. Men 15-24 years of age saw employment rise 7.0 per cent from Q3 2024 and women 55 years of age and older saw a 1.4 per cent increase. Employment for men 15-24 years of age has now increased on an annualized basis for five straight quarters. Both goods (+3.4 per cent) and services (+3.0 per cent) sectors benefited from the year-over-year gains in employment. Among sectors with complete data from Statistics Canada, the strongest growth came in utilities (+50 per cent), accommodation and foods services (+32 per cent) and health care and social assistance (+18 per cent). All told, 10 of 16 sectors saw employment growth.

Annualized employment growth - Edmonton CMA



Source: Statistics Canada, not seasonally adjusted

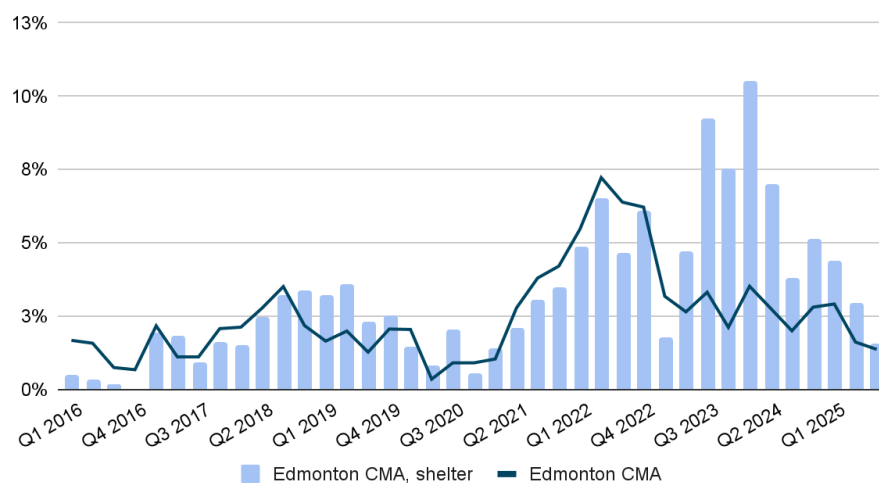
³ Available data extend back to 2011.

On a year-to-date basis, Edmonton CMA employment growth (+2.1 per cent) is trending slightly higher than anticipated for 2025 annual growth (+1.8 per cent) in the summer outlook. With year-to-date labour force growth (+2.4 per cent) exceeding that of employment, the unemployment rate has averaged 8.0 per cent over the first three quarters of the year, 0.6 percentage points above the 2025 annual forecast from the summer outlook. For 2026, with population growth continuing to ease, and amid economic headwinds, the summer outlook anticipates both labour force (+0.9 per cent) and employment (+1.0 per cent) growth slowing. Employment growth slightly outpacing the labour force expansion in 2026 is forecast to result in a modest improvement in the unemployment rate.

Consumer Inflation

Annualized consumer inflation in the Edmonton CMA fell to 1.4 per cent in Q3 2025, its slowest pace for annualized consumer price growth since Q1 2021. The moderation was driven by deflation in core utilities, which saw an annualized 5.8 per cent decline in prices in Q3, and transportation, where the removal of the federal consumer carbon tax earlier in the year continued to alleviate retail fuel prices. Easing in accommodation prices was also a significant contributor to slowing consumer inflation. The interaction from continued expansions to housing supply with slower population growth likely contributed to this easing. Rented accommodation annualized consumer inflation in Q3 2025 was 1.9 per cent, the lowest rate since Q1 2023. Owned accommodation annualized inflation slowed to 2.6 per cent, the slowest pace since Q1 2022. The improvements in core utilities and accommodation prices resulted in annualized shelter inflation in the Edmonton CMA falling from 3.0 per cent in Q2 2025 to 1.6 per cent in Q3, the lowest rate since Q1 2021.

Annualized consumer inflation - Edmonton CMA



Source: Statistics Canada

Edmonton CMA consumer price pressures are weaker than elsewhere in Canada. Of the 16 CMAs that Statistics Canada produces CPI estimates for, only Thunder Bay (+1.1 per cent) recorded an annualized inflation rate lower than Edmonton's in Q3 2025. The highest rates continue to be observed in Quebec, with Quebec City (+3.1 per cent) and Montreal (+2.9 per cent) leading all CMAs.

Through September, annualized consumer inflation in the Edmonton CMA is averaging 2.0 per cent. This is the expectation for 2025 annual inflation in the summer outlook. Softening shelter prices and weaker than average transportation price inflation continue to provide a counterweight to inflationary pressures that appear to be emerging elsewhere in expenditures, specifically for food, household operations and personal and health care. Price pressures in these categories at the provincial level accelerated in Q3 2025, and price inflation from January to September 2025 has been among the highest since 1990. Continued pressure in these categories combined presents an upside risk to the path of Edmonton CMA consumer inflation over the balance of 2025, potentially bringing the annual average above the summer outlook for 2025. Beyond 2025, the summer outlook sees inflation contained at an upper bound of 2.0 per cent annually in the Edmonton CMA.

Housing Market and Building Construction Trends

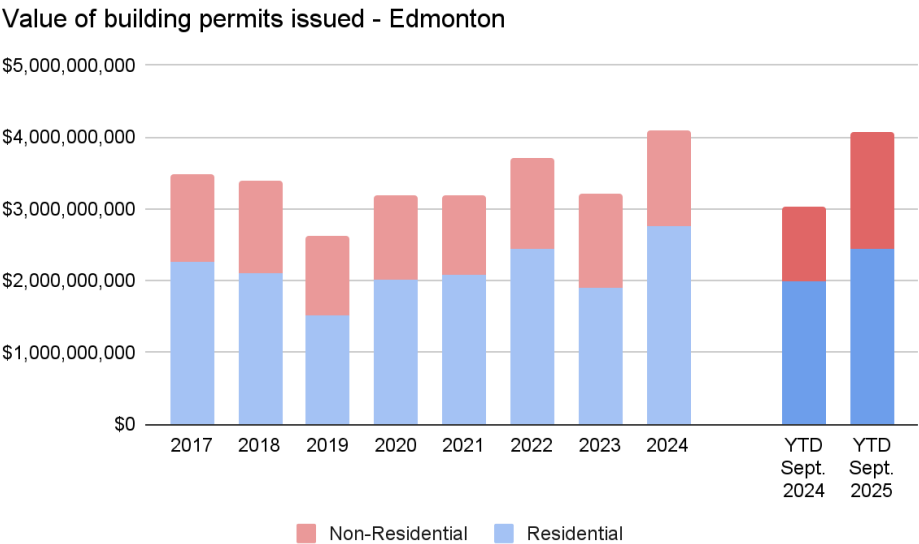
According to the Canadian Real Estate Association, there was a 4.0 per cent annualized decline in Edmonton region residential sales activity in Q3 2025. Reductions were recorded across all dwelling types, with the largest proportional annualized decline in sales for townhouse and row units (-12.6 per cent). New listings in Q3 rose 14 per cent year-over-year, which was the strongest annualized growth since Q2 2021. With fewer sales and a boost in existing home supply, the sales-to-new listings ratio averaged 62 per cent in Q3, a significant decline from 73 per cent in Q3 2024. This move suggests balanced conditions in the Edmonton region's existing home market.⁴ The MLS Home Price Index composite benchmark price in the Greater Edmonton Area was \$419,600 in Q3 2025, up 5.0 per cent over Q3 2024, its lowest annualized gain since Q1 2024. Meanwhile, the benchmark price for a single-family home, the highest priced housing type, grew 8.1 per cent to \$499,700.

The value of residential and non-residential building permits issued by the City of Edmonton in Q3 2025 was a combined \$1.3 billion, a 19 per cent increase over Q3 2024.⁵ For

⁴ A ratio between 40 and 60 per cent tends to indicate balanced market conditions (i.e., balanced negotiating power between sellers and buyers). A ratio above 60 per cent tends to indicate seller's market conditions, and buyer's market conditions when the ratio is below 40 per cent.

⁵ City of Edmonton building permit analysis in prior reports was based on data from City of Edmonton Monthly Building Permit Summary reports, which provide a point-in-time snapshot of building permit data. The figures in those reports are static and not updated to

non-residential structures, issued building permits in Q3 were valued at \$453 million, translating to a 27 per cent gain over the prior year. This gain was solely attributed to permits for institutional structures, the value of which more than offset annualized declines in commercial and industrial building permits. Residential building permits issued in Q3 were valued at \$808 million, a 15 per cent gain over Q3 2024, of which building permits issued for new residential dwelling construction contributed \$709 million (+16 per cent). Across dwelling types, building permits issued in Q3 2025 signalled increased building intentions for row housing and apartments relative to Q3 2024.



Source: City of Edmonton

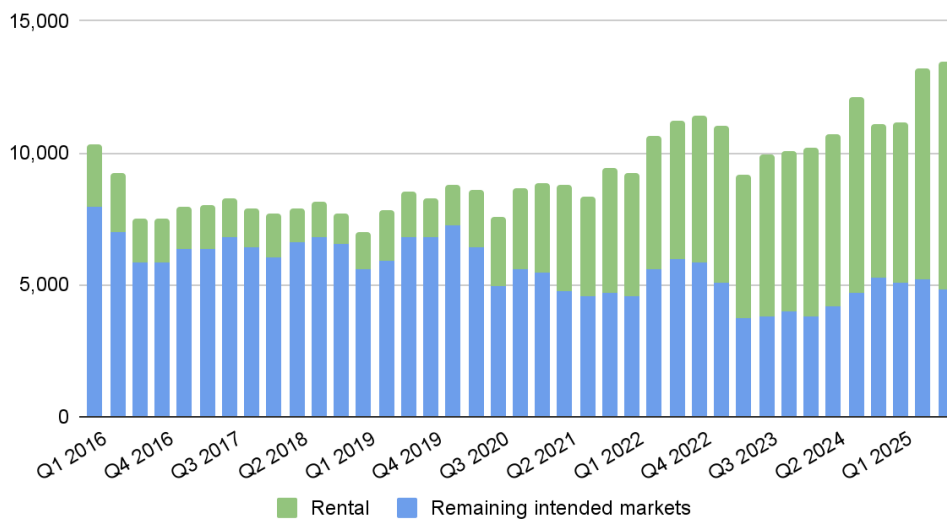
Notes: residential includes single, semi-detached, row and apartment structures, as well as miscellaneous residential building activity; and non-residential includes commercial, industrial and institutional structures.

In Q3, there were 3,973 housing starts in Edmonton, a 3.8 per cent increase over Q3 2024. Apartment dwellings in Q3 accounted for 53 per cent of total housing starts in Edmonton, marking the second consecutive quarter in which the apartment share of total housing starts was at least 50 per cent. Across dwelling types, apartment starts posted the strongest annualized growth in Q3 (+23 per cent), followed by row starts (+12 per cent). In contrast, single starts declined 23 per cent in Q3 2025 compared to Q3 2024. CMA housing starts also performed strongly in Q3 with a 14 per cent gain over Q3 2024, to 5,616 units. Similar to Edmonton, growth was strongest in apartment starts (+40 per cent), while single starts decreased 10 per cent year-over-year. Continued strength in housing starts has put upward pressure on Edmonton's inventory of units under construction. In Q3 2025, there were

reflect subsequent changes or revisions to building permit records, including permit revisions, cancellations, or other administrative changes. The analysis in this report draws from an internal master dataset that is periodically updated to capture all historical and ongoing changes made to City of Edmonton building permit records. As a result, there may be differences in data references contained in this report and prior versions.

13,464 units under construction in Edmonton, the highest quarterly inventory level since at least 1990. Of these units, purpose-built rentals accounted for 64 per cent, primarily apartments. Similarly, Q3 under construction levels in the Edmonton CMA reached a new high since at least 1990 with 17,781 units, of which 55 per cent were intended for the purpose-built rental market.

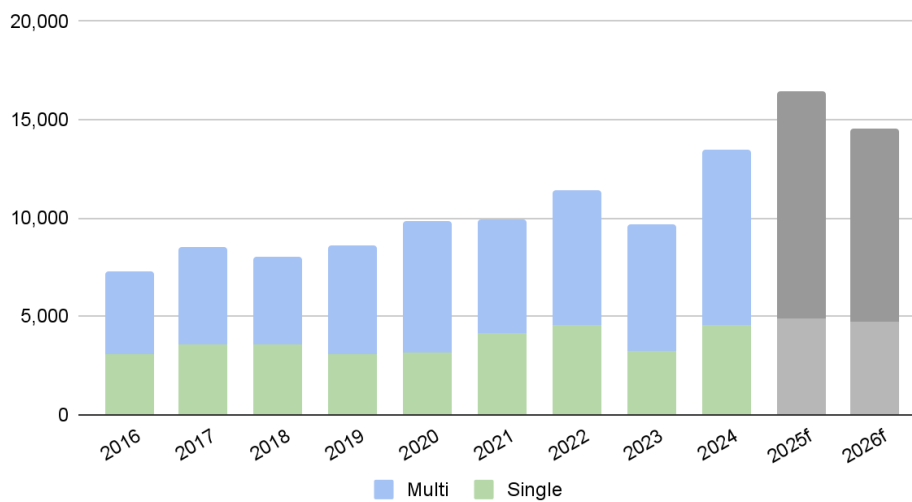
Under construction inventory - Edmonton (all dwelling types)



Source: CMHC

In 2025, Edmonton housing starts are forecast to reach 16,426 units, a 22 per cent gain over 2024, with most of the increase expected to come from apartments. Following this performance, annual housing starts are forecast to decline 11 per cent to 14,547 in 2026, mostly driven by an anticipated pullback in apartment starts. The performance of housing starts in 2025 has been impressive. There were 12,105 housing starts in Edmonton over the first three quarters of 2025, a 21 per cent gain over the same period in 2024. This is particularly notable as annual housing starts in 2024 hit a record high level since at least 1990. With housing demand tempering from reduced net in-migration and new home supply expanding as an historically high level of units under construction reach completion, it will be challenging to sustain the current pace of residential construction beyond 2025.

Housing starts - Edmonton



Sources: CMHC, City of Edmonton and Stokes Economics

Notes: "f" = forecast; multi includes semi-detached, row and apartment dwellings.

Risks to the Summer 2025 Outlook

There are two key risks that could impact the City's outlook, both in the near term (i.e., balance of 2025 and continuing into 2026) and over the longer term:

1. Uncertainty surrounding trade policy of Canada and international partners

The volume of announcements from the US government on trade policy since the start of the year has increased trade policy uncertainty and shaken confidence in both consumers and businesses. Revisions in recent months on the scope and breadth of tariff action, including narrowing the scope of goods affected by tariffs, could lend support to economic growth as consumer and business confidence builds back up. However, even with revisions, uncertainty will remain elevated until a permanent and reliable resolution to the Canada-US trade dispute is reached. It will also likely take some time and significant reassurances before consumer and business confidence is fully restored. This could negatively impact economic growth relative to the summer outlook.

2. Policy choices distorting residential construction activity

The summer outlook for housing starts in 2026 has incorporated assumptions about reduced housing demand from slower population growth. In 2026, housing starts are forecast to decline 11 per cent to 14,547, with the largest proportional reduction in apartment starts. Federal policy choices intended to expand housing supply in recent years through new home construction have been effective in Edmonton, particularly in the apartment segment. This presents an upside risk to the City's housing starts forecast should strength in apartment construction persist.

Information Sources by Concept

Long-Term Economic Outlook

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

Housing and Residential Building Construction

- City of Edmonton Master Building Permit Dataset, custom request.
- CMHC Starts and Completions and Market Absorption Surveys via the [Housing Market Information Portal](#).
- [Canadian Real Estate Association](#), including time series 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](#).