

Rural Ontario Economic Monitor

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Summary

- As of 2025 year-to-date, business activity in both rural and urban Ontario is being affected by the delayed impacts of higher interest rates and recent trade tensions. These impacts appear more pronounced in rural areas. (pp. 3-4).
 - Rural Ontario's labour force has softened in 2025, declining by 0.8% year-to-date—a notable shift following previous growth—while urban Ontario continues to show strength, with a 3.2% increase.
 - Employment in rural Ontario is declining (-1.7% year-to-date 2025), highlighting emerging challenges in the region's labour market. In contrast, urban employment continues to grow (+2.0%), though at a slower pace compared to the labour force, suggesting potential softening in job matching or participation dynamics.
 - With employment trailing labour force growth, unemployment rates have been rising, averaging 5.9% in rural and 7.9% in urban so far this year.
- Rural Ontario is seeing mixed employment trends across industries, with notable gains in service sectors and signs of strain in trade-sensitive and interest rate-sensitive sectors (pp. 3, 5-9).
 - Utilities: Up 30.6% year-to-date, supported by a strong rural base and public infrastructure investments.
 - Accommodation & Food Services: Up 28.3%, driven by a delayed post-COVID recovery and spillover from trade tensions boosting domestic tourism.
 - Manufacturing: Down 12.1%, likely due to tariff impacts, especially near rural auto plants.
 - Further weakness is evident in other services (down 15.6%) wholesale and retail trade (down 8.9%), finance and real estate employment (down 8.5%) and in educational services (down 10.5%). Agriculture and construction also been affected, with employment down 8.6% and 3.7, respectively.
- Rural housing starts in Q2 2025 rebounded from the previous quarter's low, aligning with recent seasonal patterns (p. 12).

Labour force characteristics and industry employment

Annual labour force characteristics and industry employment in rural and urban Ontario

Labour force characteristics	2021	2022	2023	2024	2025 (YTD)	Growth rate		(%)
						2023	2024	2025 (YTD)
Rural Ontario								
Labour force	1,238,200	1,264,500	1,271,900	1,321,100	1,294,429	0.6	3.9	-0.8
Employment	1,155,400	1,208,400	1,211,600	1,253,600	1,217,600	0.3	3.5	-1.7
Participation rate	59.0	59.3	58.8	59.5	57.5	-0.5	0.8	-1.8
Unemployment rate	6.7	4.5	4.7	5.1	5.9	0.3	0.4	0.8
Rural industry employment								
Goods sector	341,800	357,200	366,200	368,900	349,871	2.5	0.7	-4.6
Agriculture	42,700	46,400	46,800	45,500	41,029	0.9	-2.8	-8.6
Construction	119,600	134,700	132,100	132,400	126,229	-1.9	0.2	-3.7
Forestry, fishing, mining, quarrying, oil and gas	24,200	23,700	26,200	25,300	29,600	10.5	-3.4	13.0
Manufacturing	144,800	141,500	149,300	155,000	137,071	5.5	3.8	-12.1
Utilities	29,200	30,200	28,300	28,000	34,414	-6.3	-1.1	30.6
Rural services sector	813,000	850,700	845,800	884,400	867,757	-0.6	4.6	-0.4
Accommodation and food services	62,300	64,400	62,900	57,400	68,429	-2.3	-8.7	28.3
Business, building and other support services	44,700	37,700	47,900	42,100	47,414	27.1	-12.1	15.9
Educational services	86,200	84,400	77,000	84,800	79,286	-8.8	10.1	-10.5
Finance, insurance, real estate, rental and leasing	52,500	49,700	47,000	49,000	46,243	-5.4	4.3	-8.5
Health care and social assistance	160,400	165,900	177,100	181,800	171,614	6.8	2.7	-2.6
Information, culture and recreation	36,400	36,600	37,300	39,600	41,029	1.9	6.2	12.7
Other services (except public administration)	42,300	43,500	45,500	57,400	48,414	4.6	26.2	-15.6
Professional, scientific and technical services	62,200	72,100	69,100	74,600	73,986	-4.2	8.0	3.1
Public administration	51,100	60,200	67,600	66,200	69,857	12.3	-2.1	6.7
Transportation and warehousing	57,400	54,000	54,300	51,800	57,686	0.6	-4.6	14.7
Wholesale and retail trade	159,900	183,000	162,300	183,800	168,257	-11.3	13.2	-8.9
Urban Ontario								
Labour force	6,821,900	6,957,000	7,211,900	7,433,600	7,586,000	3.7	3.1	3.2
Employment	6,249,400	6,555,700	6,794,500	6,892,500	6,985,857	3.6	1.4	2.0
Goods sector employment	1,139,100	1,201,700	1,252,800	1,214,600	1,213,529	4.3	-3.0	-0.1
Services sector employment	5,110,900	5,354,500	5,541,400	5,678,200	5,772,286	3.5	2.5	2.5
Participation rate	66.5	66.7	67.0	66.4	66.5	0.4	-0.6	0.1
Unemployment rate	8.4	5.8	5.8	7.3	7.9	0.0	1.5	1.1

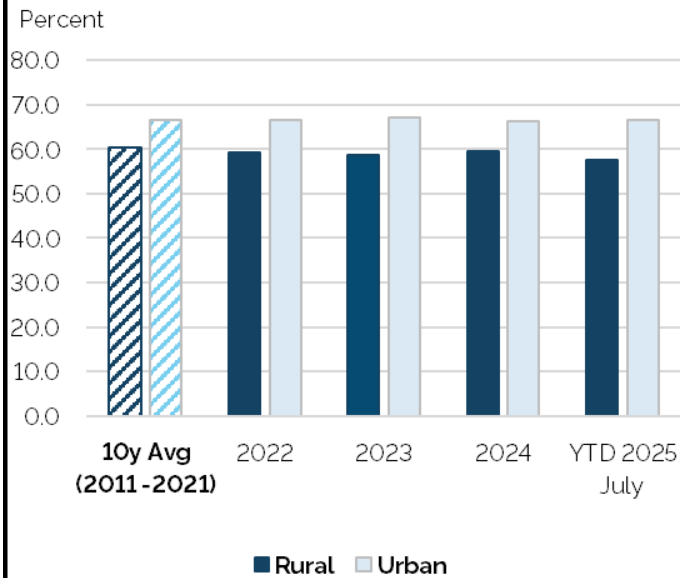
*Percentage points; **YTD: year to date as of July 2025

Note: The growth rates for 2023 and 2024 reflect the annual change in employment compared to the previous year. The 2025 YTD rate is based on the difference in average employment from January to July between 2025 and 2024.

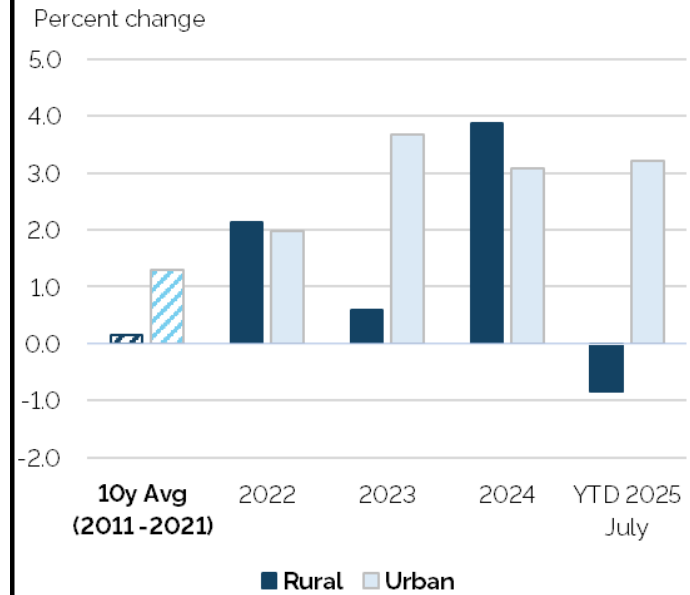
Highlighted industries have statistically significant year-to-date 2025 changes

Rural and urban labour force characteristics

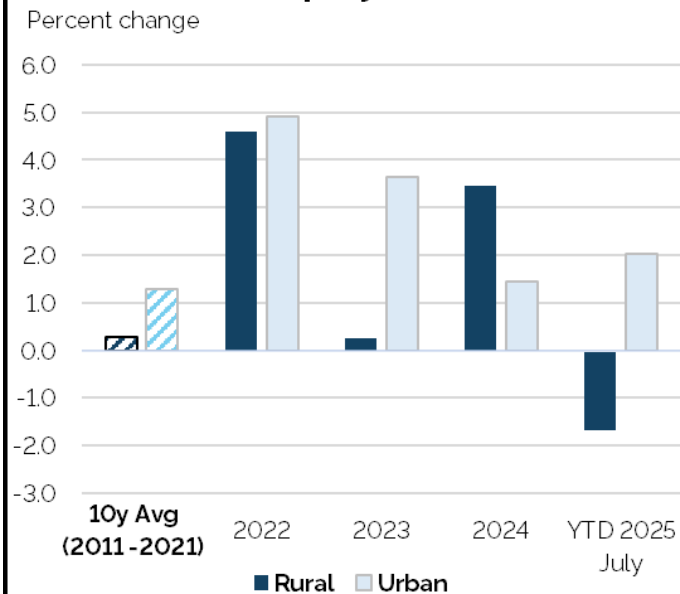
Participation rate



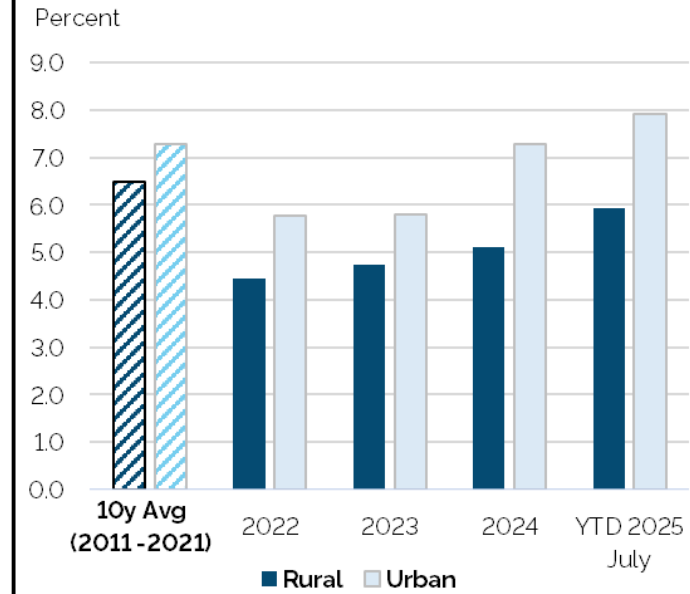
Labour force



Employment

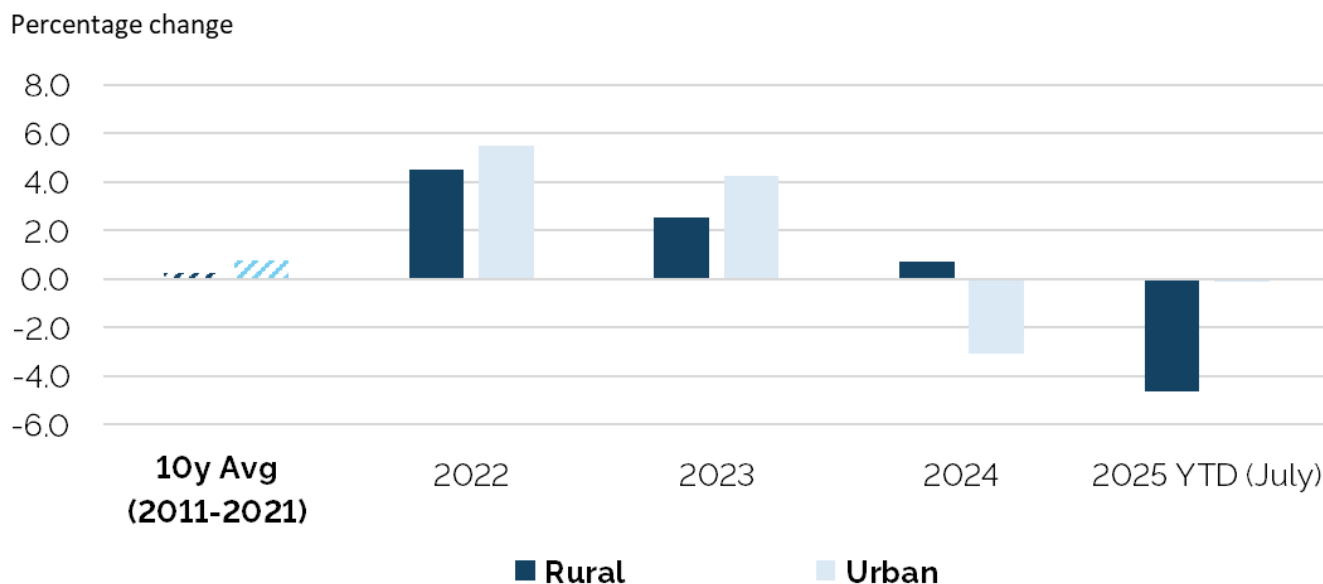


Unemployment rate

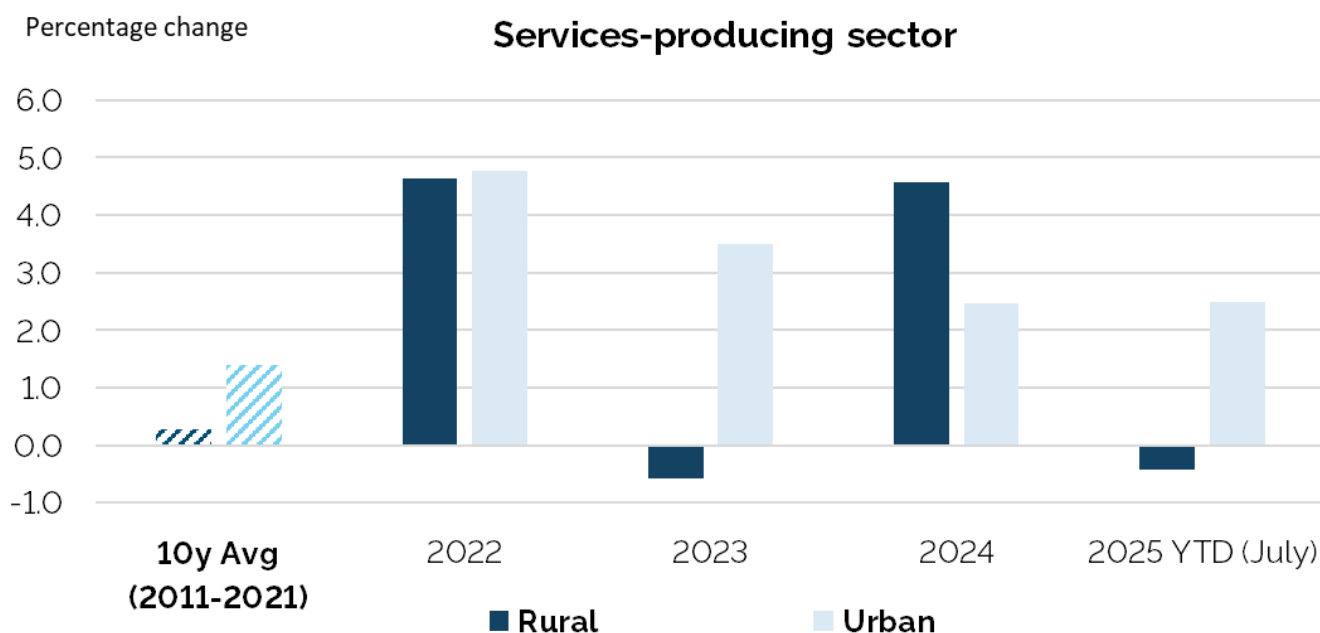


Changes in rural employment in the goods and services producing sectors

Goods-producing sector

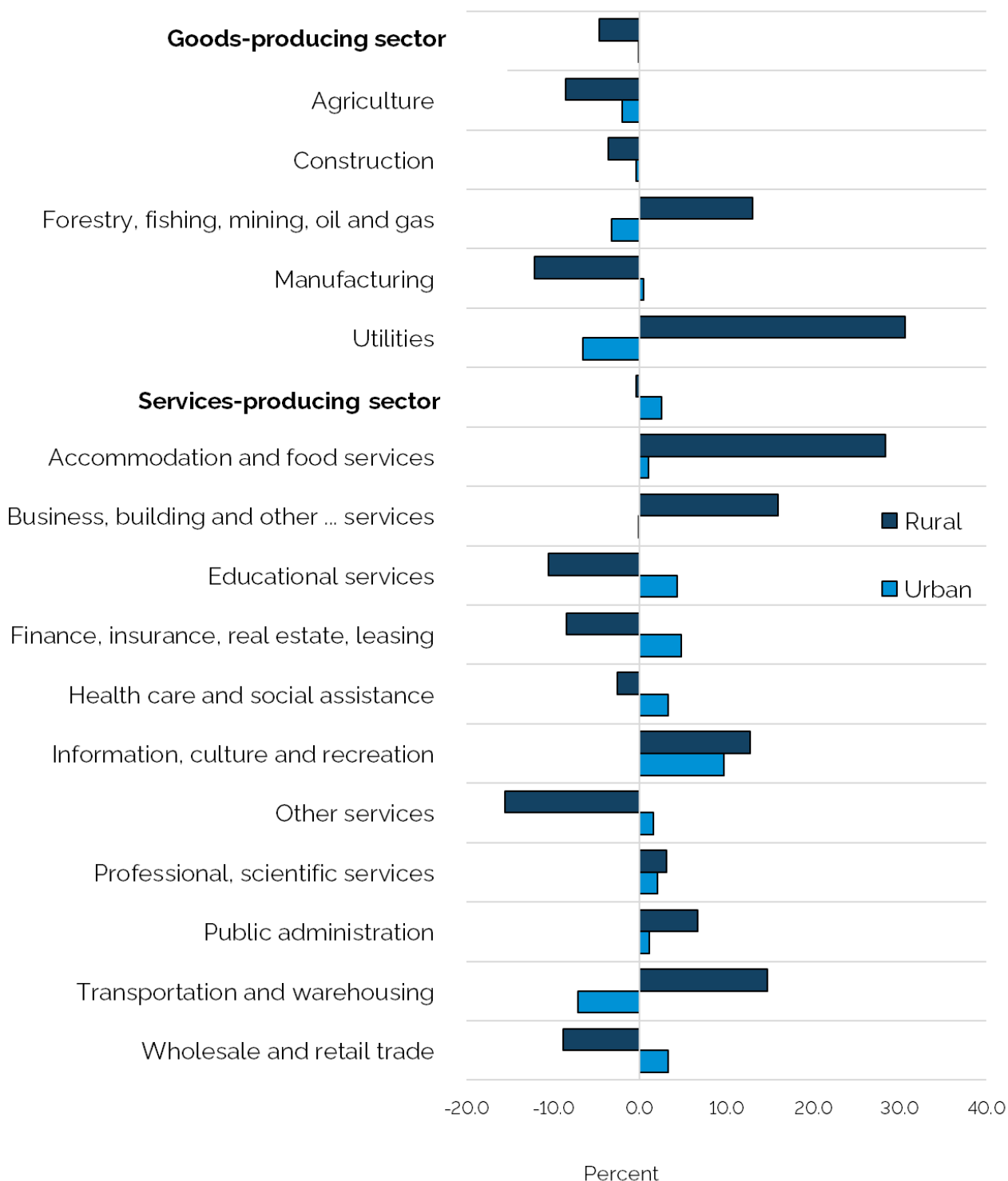


Services-producing sector



Changes in employment by industry in rural and urban areas

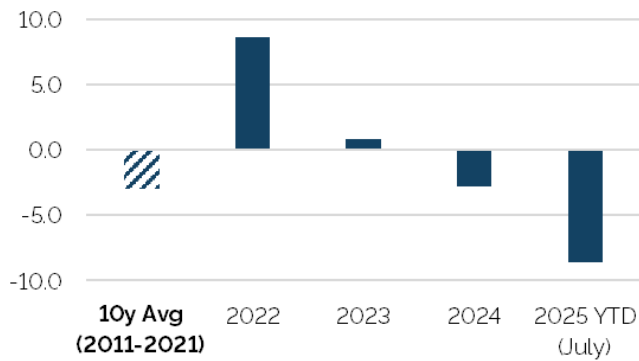
Change in employment 2025 YTD (July)



Annual changes in rural employment in the goods sector

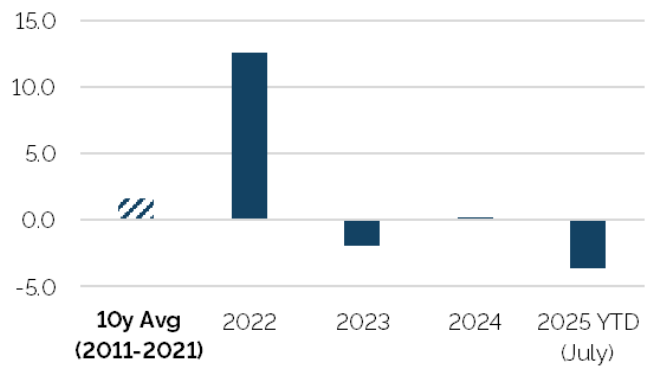
Agriculture

Percentage change



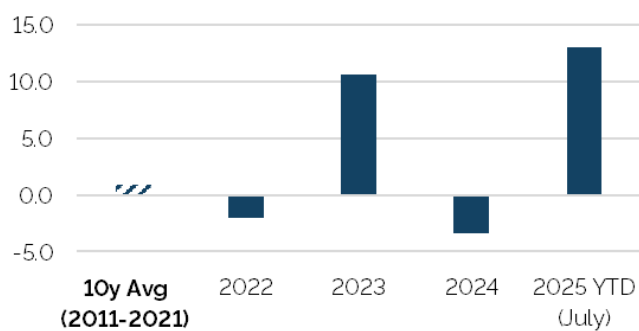
Construction

Percentage change



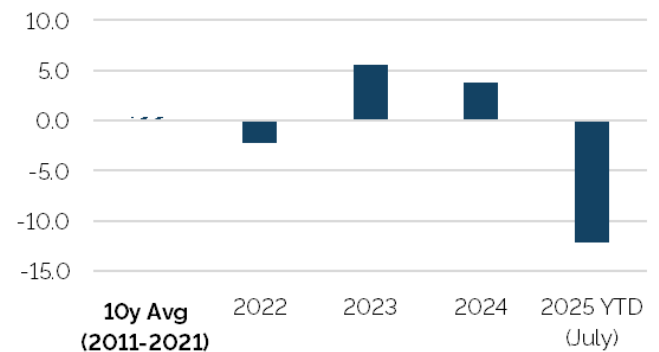
Forestry, fishing, mining, quarrying, oil and gas

Percentage change



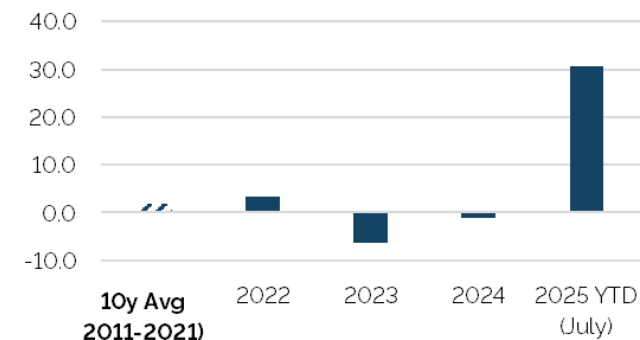
Manufacturing

Percentage change



Utilities

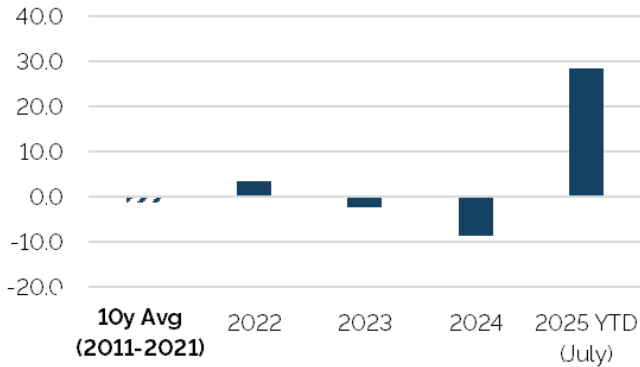
Percentage change



Annual changes in rural employment in the services sector (continues on the next page)

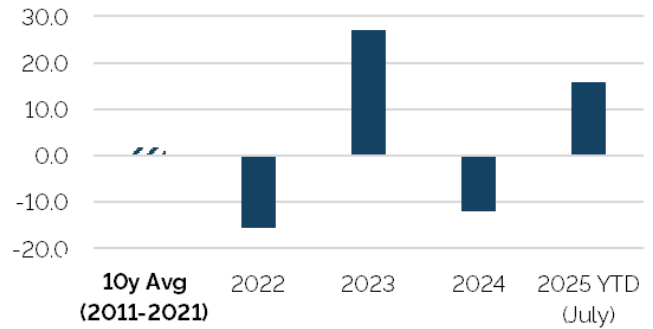
Accommodation and food services

Percentage change



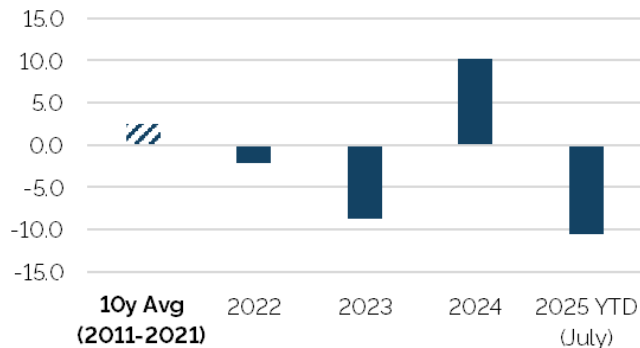
Business, building and other support services

Percentage change



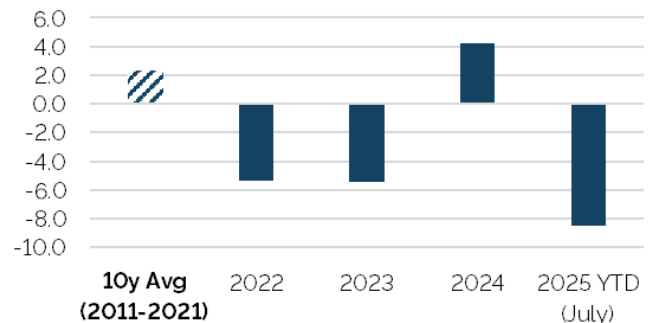
Educational services

Percentage change



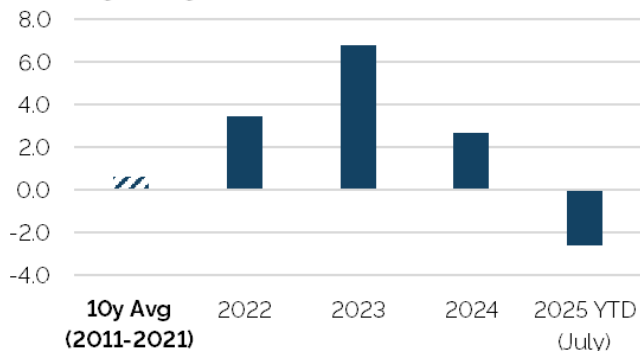
Finance, insurance, real estate, rental and leasing

Percentage change



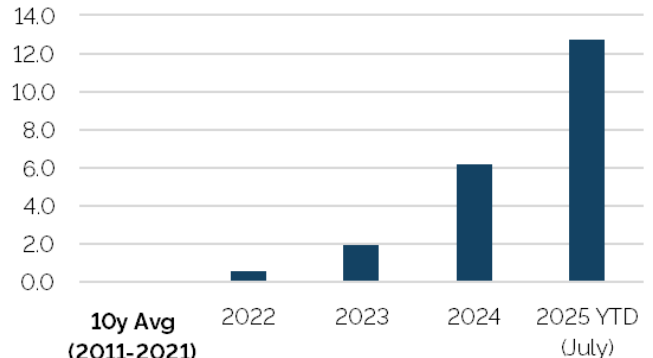
Health care and social assistance

Percentage change



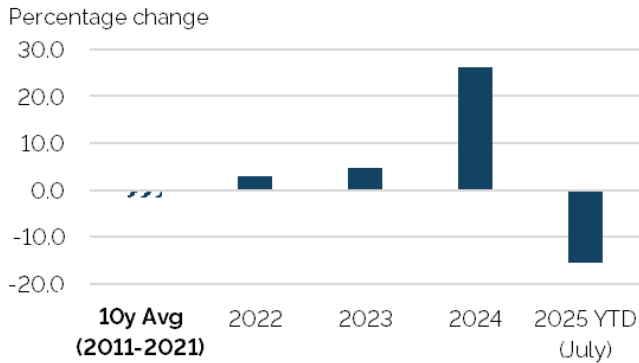
Information, culture and recreation

Percentage change

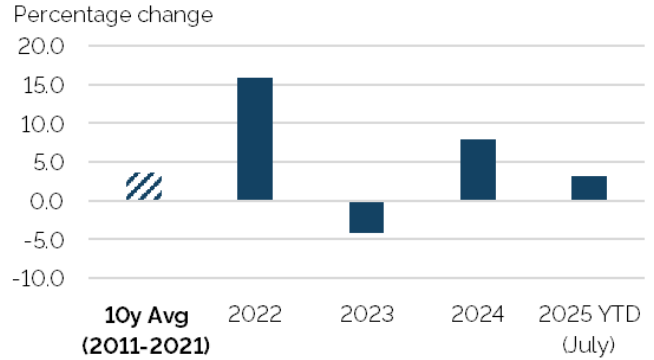


Annual changes in rural employment in the services sector

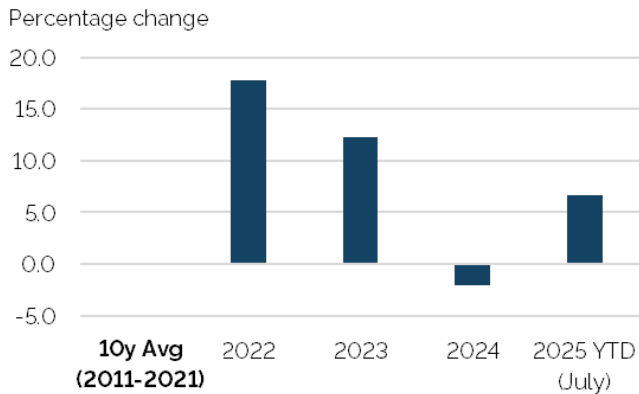
Other services (except public administration)



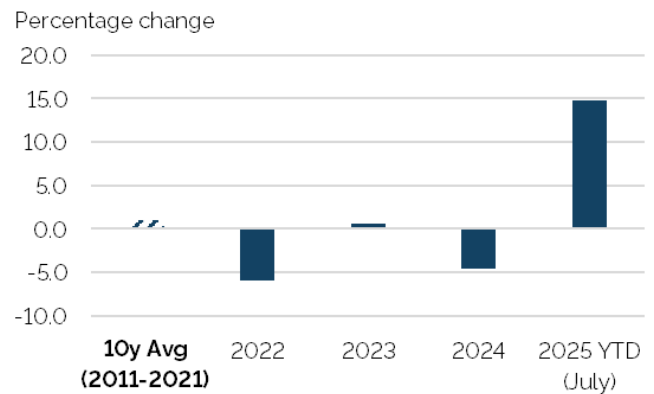
Professional, scientific and technical services



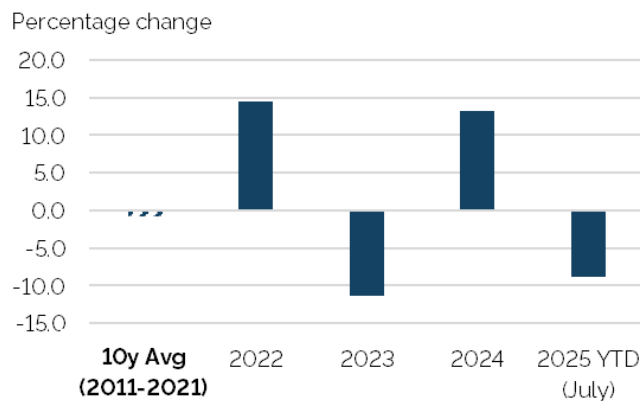
Public administration



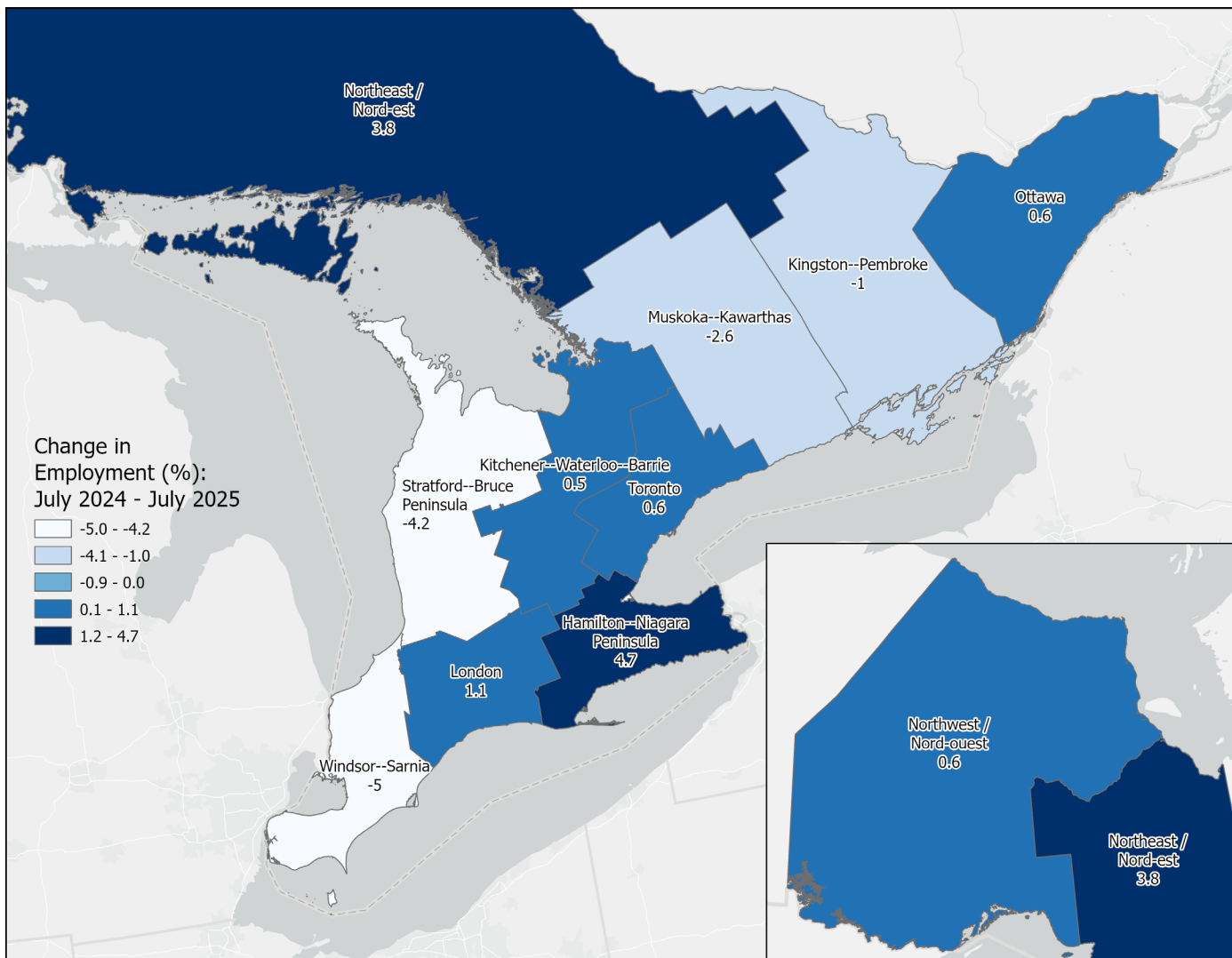
Transportation and warehousing



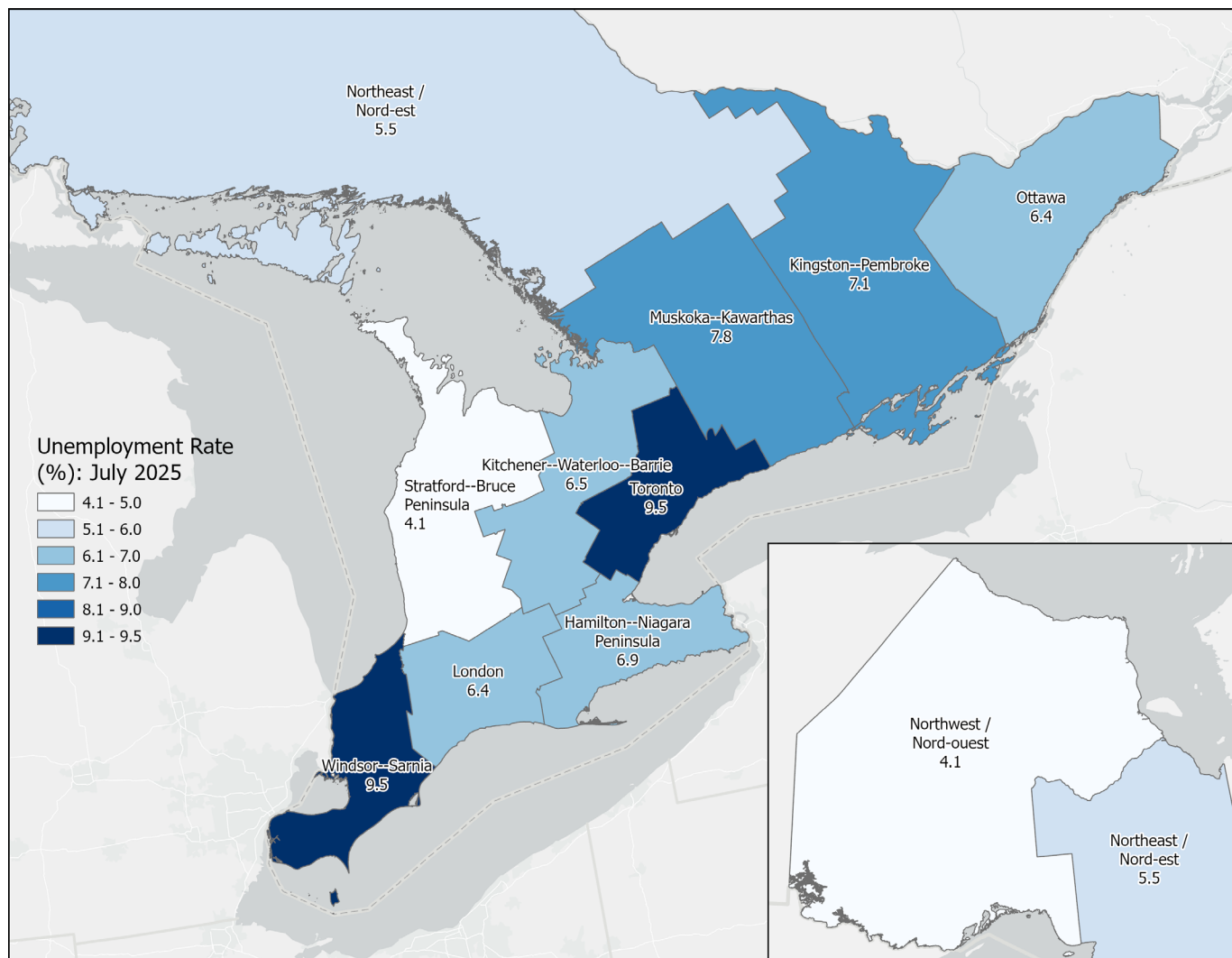
Wholesale and retail trade



Change in employment (%) by economic region July 2024-July 2025



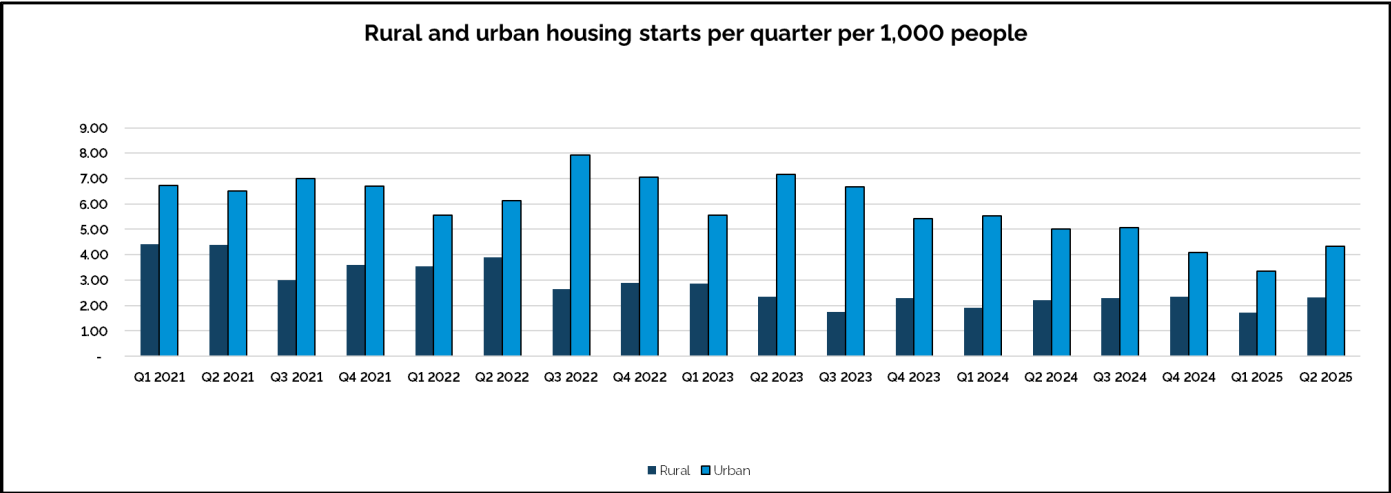
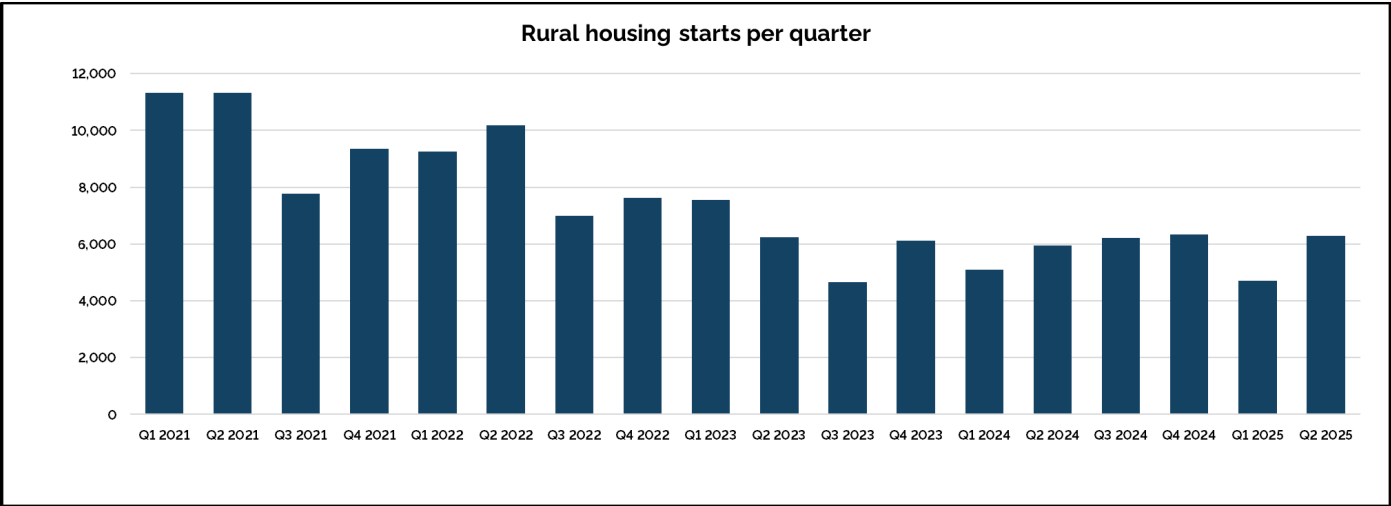
Unemployment rate by Ontario economic region (July 2025)



Rural housing starts

Quarterly housing starts summary

Rural Ontario	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	Change from (%):	
						Last quarter	1 year ago
Number of housing starts	5,943	6,208	6,332	4,697	6,296	34.0	5.9



About the Economic Analysis Unit

Policy Division's Economic Analysis Unit (EAU) role is to provide a corporate economic analysis and statistical function for the Ministry and the Ministry's stakeholders and promote excellence in agri-food and rural data collection, analytics and economic research to enhance the capacity for evidence-based decision making at OMAFA.



Economic Analysis Unit Staff	Job Title
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John Molenhuis	Business Analysis and Cost of Production Specialist
Julio Mendoza	Economic Policy Analyst
Katie Dunn	Economic Policy Analyst
Siva Mailvaganam	Statistician
Cassidy Judd	Statistician
Noah Berry	Economist
Scott Strickland	Policy Advisor

References

- Statistics Canada. Table 14-10-0327-01 Labour force characteristics by gender and detailed age group, annual.
- Statistics Canada. Table 14-10-0468-01 Employment characteristics by census metropolitan area, annual
- Statistics Canada. Table 14-10-0466-01 Employment characteristics by economic region, annual
- Statistics Canada. Table 14-10-0468-01 Employment characteristics by census metropolitan area, annual
- Statistics Canada. Table 14-10-0465-01 Employment characteristics by economic region, three-month moving average, unadjusted for seasonality
- Statistics Canada. Table 14-10-0467-01 Employment 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 34-10-0140-01 Canada Mortgage and Housing Corporation, housing starts in all centres 10,000 and over, Canada, provinces, and census metropolitan areas, seasonally adjusted at annual rates, quarterly (x 1,000)