

Rural Ontario Economic Monitor

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Summary

- Business conditions in both rural and urban Ontario in 2025 and the first half of 2026 continued to reflect the effects of elevated borrowing costs, weaker business investment, and ongoing trade-related uncertainty.
- Recent tariff measures and uncertainty surrounding Canada–United States trade relations have added pressure to export-oriented industries, particularly manufacturing and other goods-producing sectors that are important to many rural communities (pp. 3–4).
- Rural Ontario’s labour force declined by 1.7% in 2025 and continued to contract in 2026 year-to-date as of June (-1.2%). By comparison, urban labour force growth slowed from 2.4% in 2025 to 0.1% in 2026 year-to-date.
- Employment declined in rural Ontario in 2025 (-2.4%) and remained weak in 2026 year-to-date (-1.4%). Urban employment continued to grow, increasing by 1.6% in 2025 and 0.5% in 2026 year-to-date.
- Labour market conditions weakened in rural Ontario, with the unemployment rate rising from 5.8% in 2025 to 6.2% in 2026 year-to-date. In urban Ontario, unemployment eased slightly from 8.0% to 7.5%.
- Employment trends across rural industries were mixed in 2026 year-to-date. Notable gains were recorded in wholesale and retail trade (+12.6%), finance, insurance, real estate, rental and leasing (+11.0%), and agriculture (+7.4%). At the same time, substantial declines were observed in business, building and other support services (-19.3%), accommodation and food services (-16.6%), educational services (-12.0%), and manufacturing (-5.9%) (pp. 3, 5–9).
- Rural housing construction showed signs of recovery in early 2026. Rural housing starts increased by 47.9% from the previous quarter and were 94.0% higher than a year earlier, reaching nearly 9,000 units in Q1 2026 (p. 12).

Labour force characteristics and industry employment

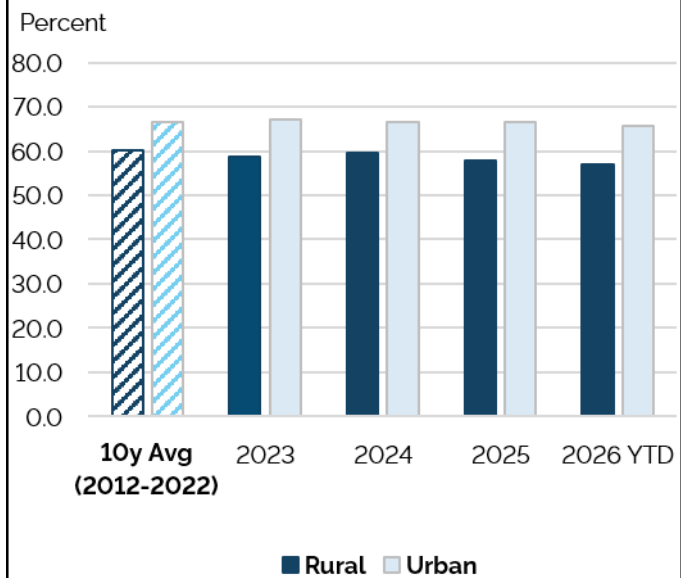
Annual labour force characteristics and industry employment in rural and urban Ontario

Labour force characteristics	2022	2023	2024	2025	2026 YTD	Growth rate		(%)
						2024	2025	2026 YTD
Rural Ontario								
Labour force	1,264,500	1,271,900	1,321,100	1,298,500	1,277,167	3.9	-1.7	-1.2
Employment	1,208,400	1,211,600	1,253,600	1,223,500	1,198,350	3.5	-2.4	-1.4
Participation rate	59.3	58.8	59.5	57.8	57.0	0.8	-1.7	-0.4
Unemployment rate	4.5	4.7	5.1	5.8	6.2	0.4	0.7	0.2
Rural industry employment								
Goods sector	357,200	366,200	368,900	351,700	333,983	0.7	-4.7	-4.7
Agriculture	46,400	46,800	45,500	41,300	43,783	-2.8	-3.2	7.4
Construction	134,700	132,100	132,400	132,800	123,000	0.2	0.3	-2.1
Forestry, fishing, mining, quarrying, oil and gas	23,700	26,200	25,300	30,100	25,083	-3.4	19.0	-16.3
Manufacturing	141,500	143,300	155,000	134,400	129,650	3.8	-13.3	-5.9
Utilities	30,200	28,300	28,000	34,700	28,917	-1.1	23.9	-15.2
Services sector	850,700	845,800	884,400	871,800	864,433	4.6	-1.4	-0.1
Accommodation and food services	64,400	62,900	57,400	64,300	56,467	-8.7	12.0	-16.6
Business, building and other support services	37,700	47,900	42,100	44,800	38,667	-12.1	6.4	-19.3
Educational services	84,400	77,000	84,800	77,500	70,383	10.1	-8.6	-12.0
Finance, insurance, real estate, rental and leasing	49,700	47,000	49,000	46,600	50,100	4.3	-4.9	11.0
Health care and social assistance	165,900	177,100	181,800	174,500	177,267	2.7	-4.0	3.1
Information, culture and recreation	36,600	37,300	39,600	41,500	35,617	6.2	4.8	-11.0
Other services (except public administration)	43,500	45,500	57,400	48,300	47,217	26.2	-15.9	-4.5
Professional, scientific and technical services	72,100	69,100	74,600	74,500	72,683	8.0	-0.1	-0.3
Public administration	60,200	67,600	66,200	72,500	74,750	-2.1	9.5	7.2
Transportation and warehousing	54,000	54,300	51,800	54,700	55,600	-4.6	5.6	-4.2
Wholesale and retail trade	183,000	162,300	183,800	178,400	187,650	13.2	-2.9	12.6
Urban Ontario								
Labour force	6,957,000	7,211,900	7,433,600	7,612,500	7,571,217	3.1	2.4	0.1
Employment	6,555,700	6,794,500	6,892,500	7,003,500	7,003,450	1.4	1.6	0.5
Goods sector employment	1,201,700	1,252,800	1,214,600	1,223,800	1,204,517	-3.0	0.8	-0.3
Services sector employment	5,354,500	5,541,400	5,678,200	5,779,600	5,798,867	2.5	1.8	0.6
Participation rate	66.7	67.0	66.4	66.4	65.7	-0.6	0.1	-0.6
Unemployment rate	5.8	5.8	7.3	8.0	7.5	1.5	0.7	-0.3

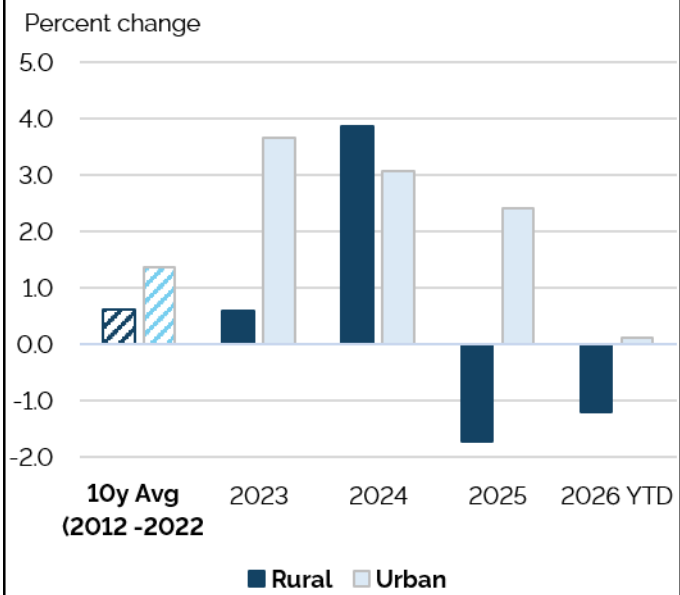
*Percentage points; **YTD: year to date as of June 2026

Rural and urban labour force characteristics

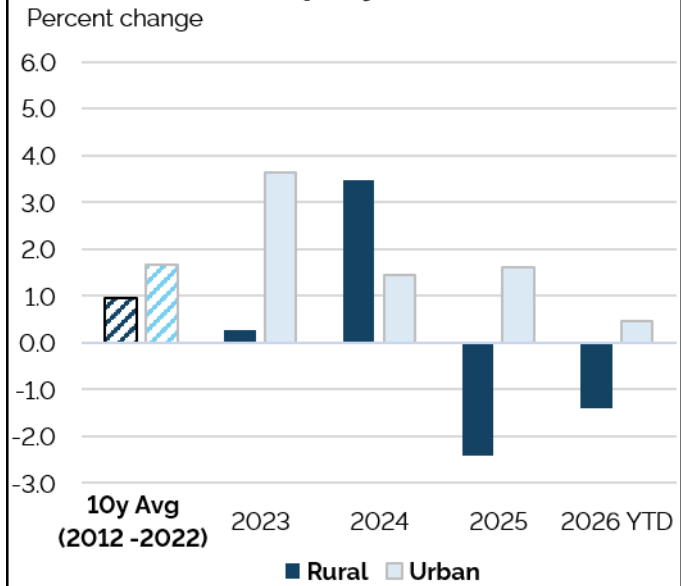
Participation rate



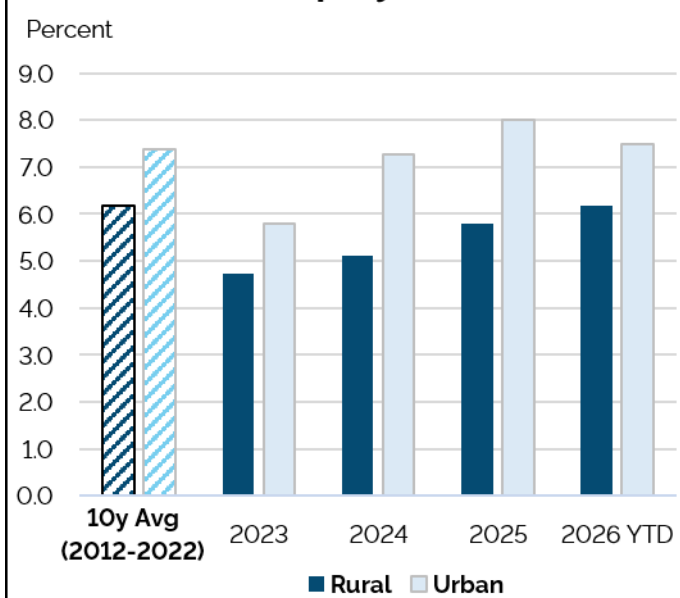
Labour force



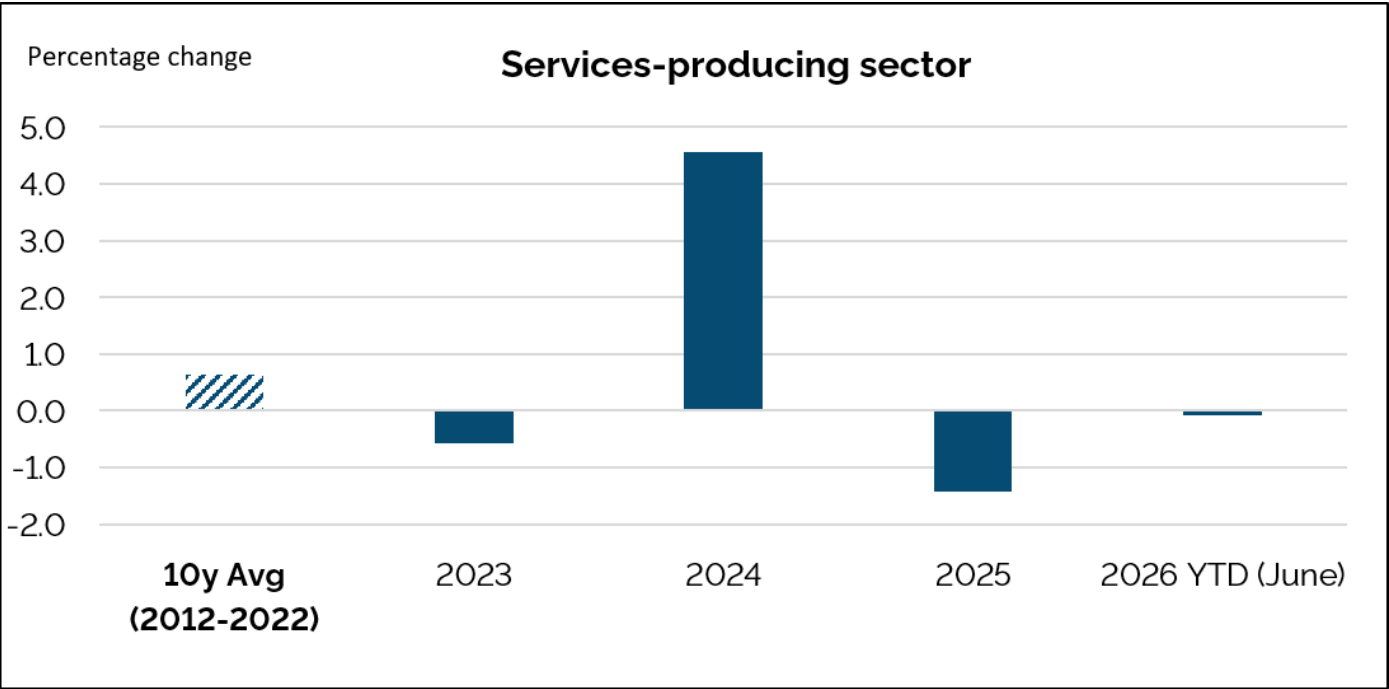
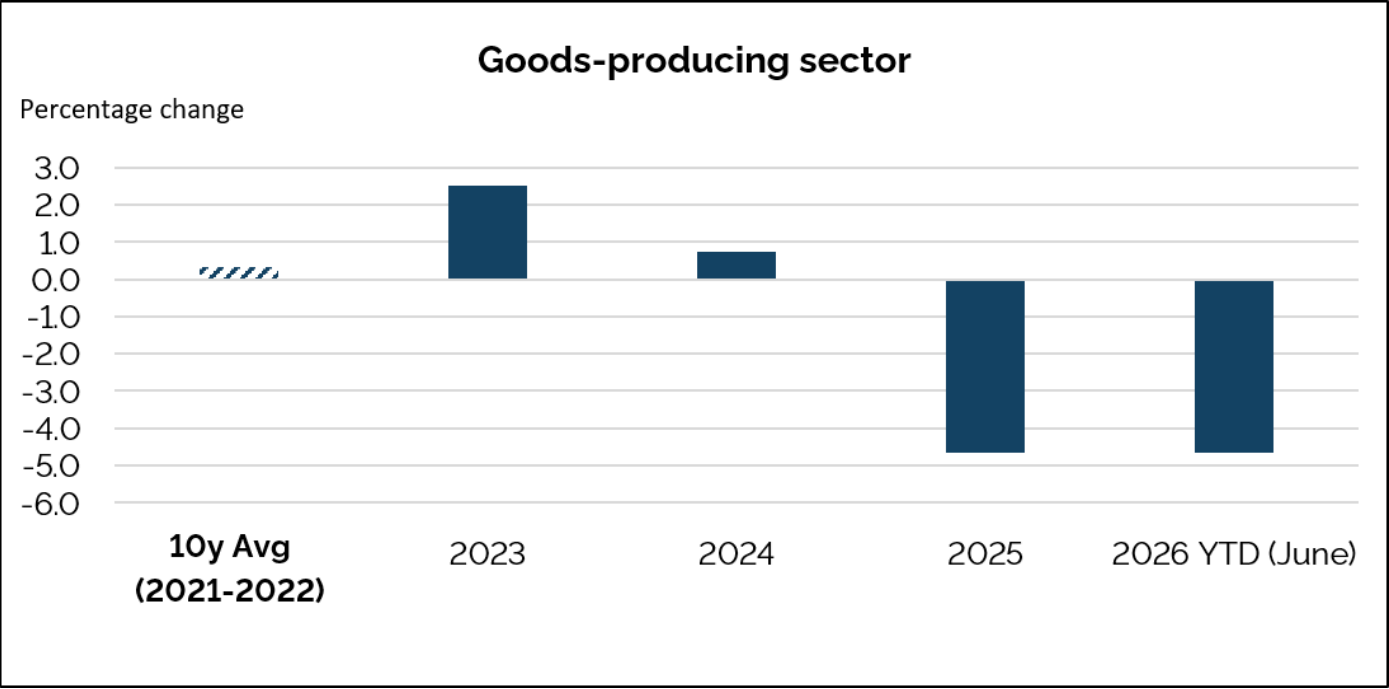
Employment



Unemployment rate

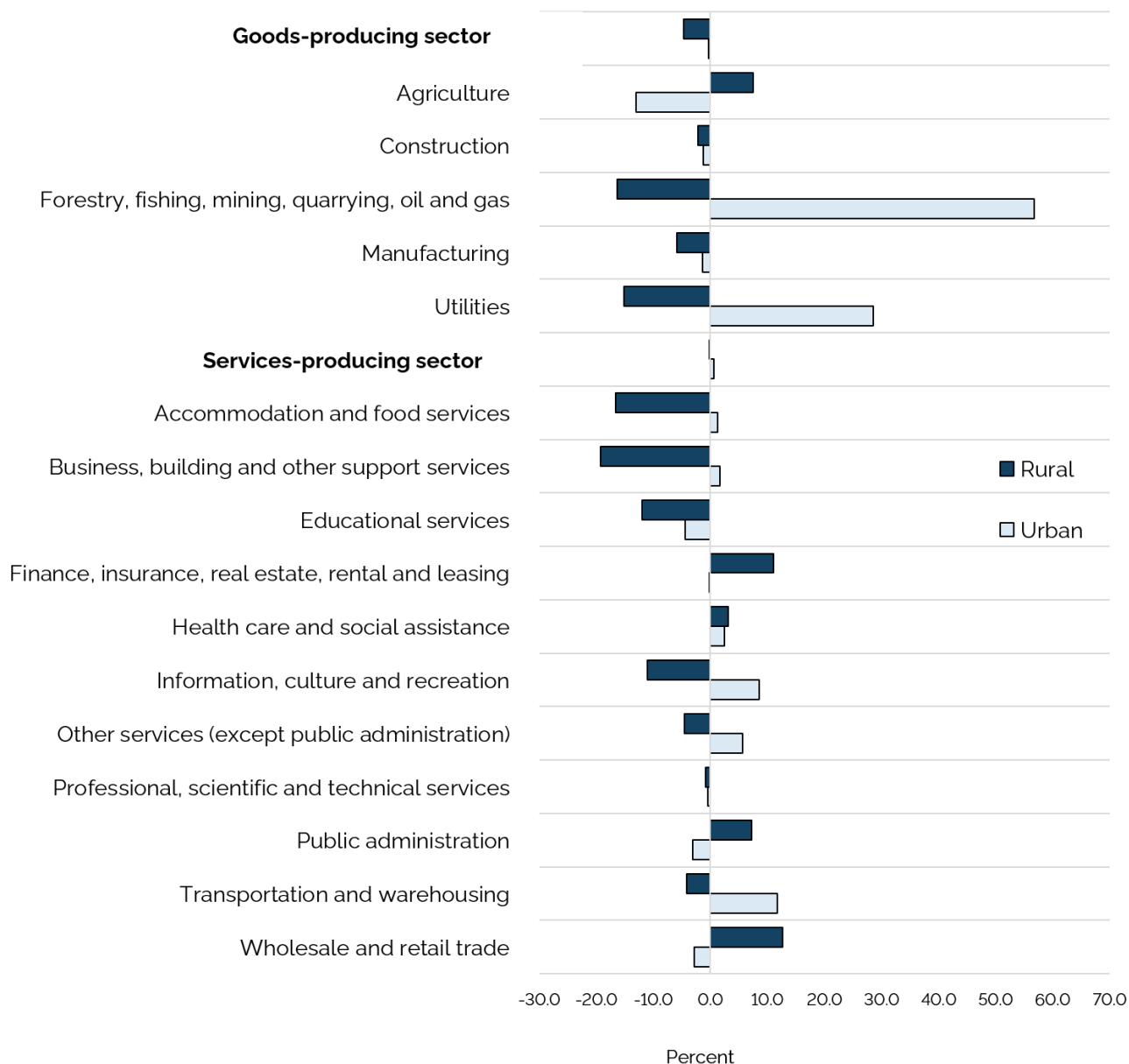


Changes in rural employment in the goods and services producing sectors



Changes in employment by industry in rural and urban areas (year to date)

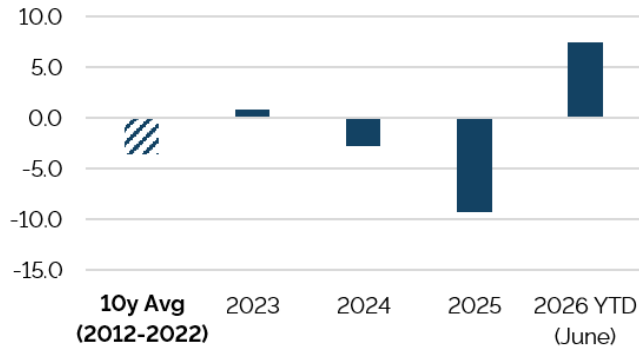
Change in employment 2026 YTD as of June



Annual changes in rural employment in the goods sector

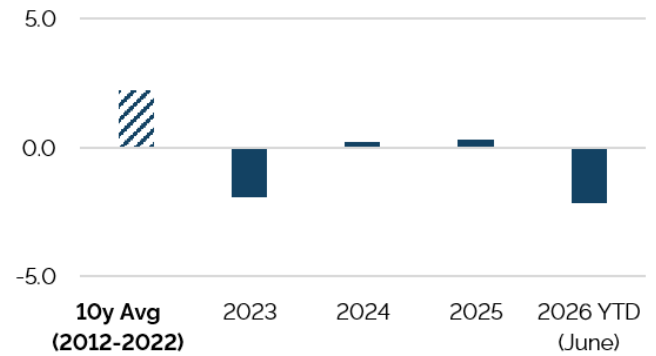
Agriculture

Percentage change



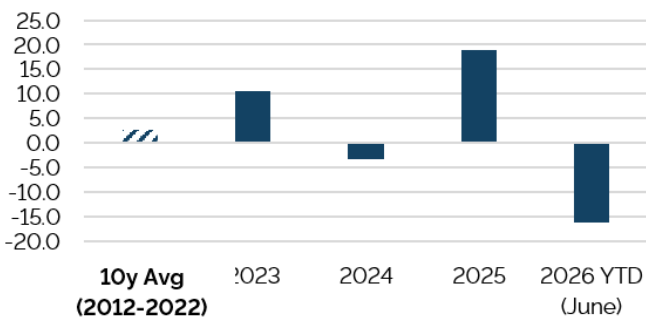
Construction

Percentage change



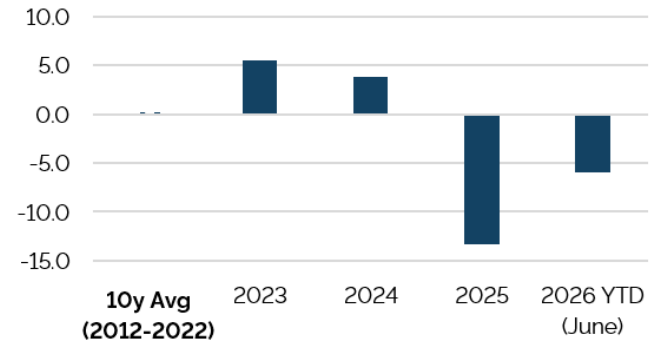
Forestry, fishing, mining, quarrying, oil and gas

Percentage change



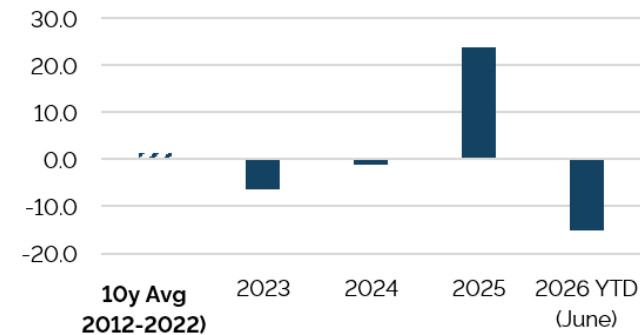
Manufacturing

Percentage change



Utilities

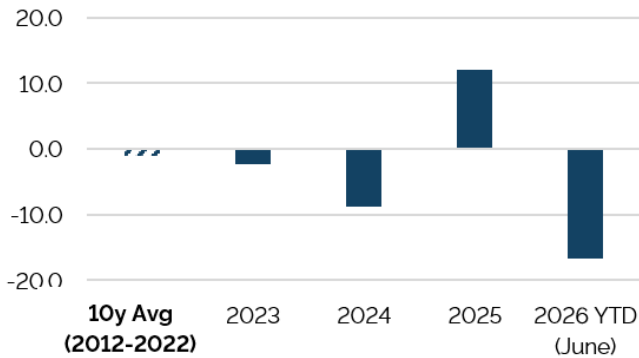
Percentage change



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

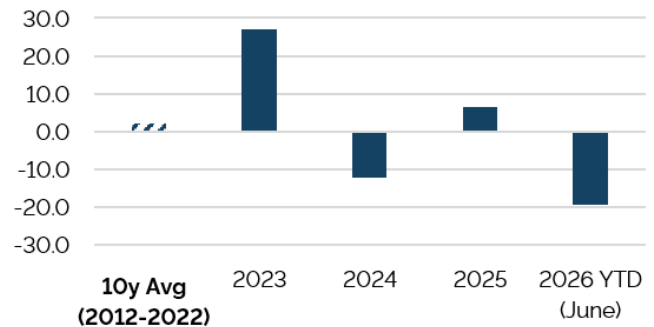
Accommodation and food services

Percentage change



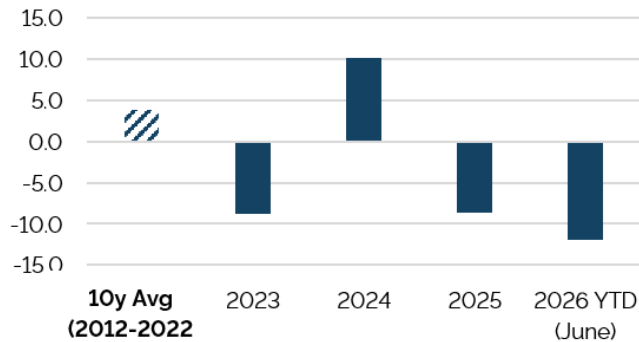
Business, building and other support services

Percentage change



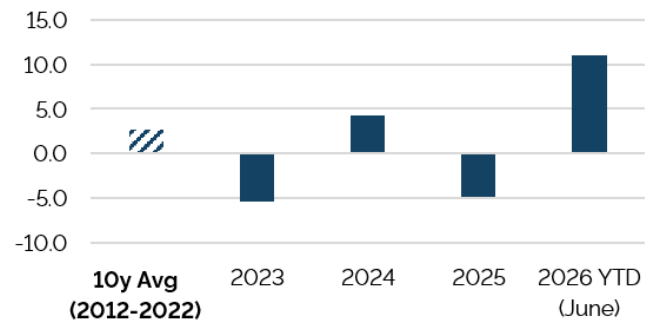
Educational services

Percentage change



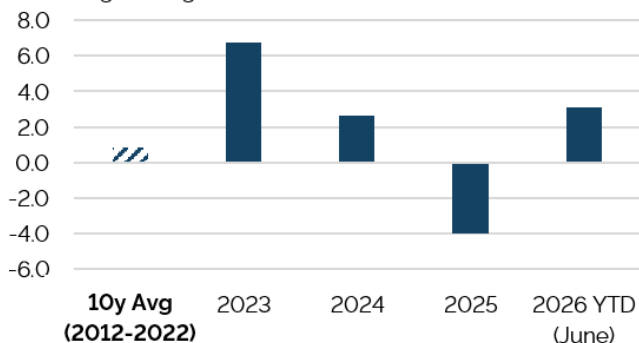
Finance, insurance, real estate, rental and leasing

Percentage change



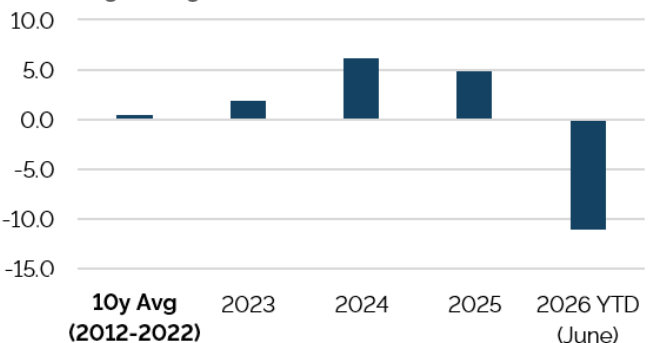
Health care and social assistance

Percentage change



Information, culture and recreation

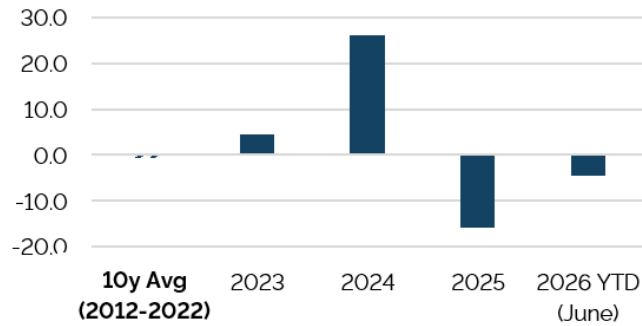
Percentage change



Annual changes in rural employment in the services sector

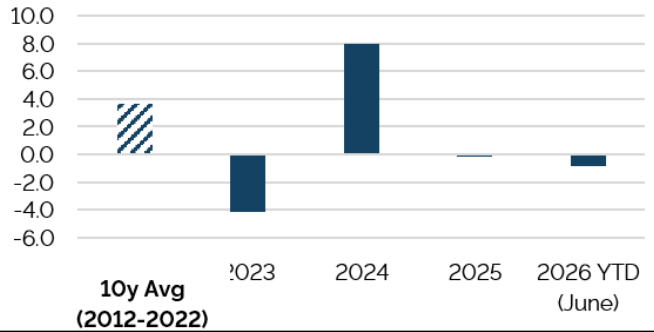
Other services (except public administration)

Percentage change



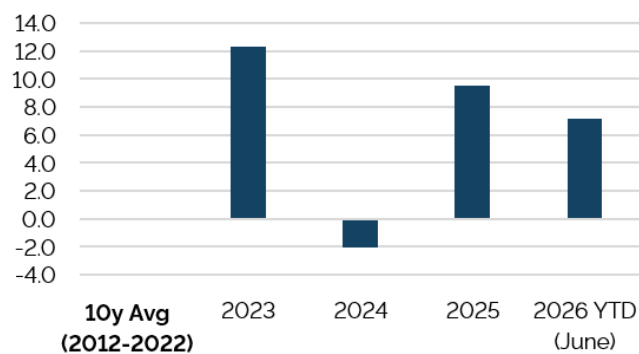
Professional, scientific and technical services

Percentage change



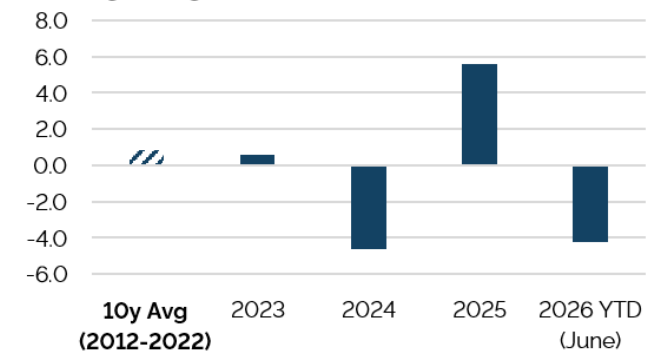
Public administration

Percentage change



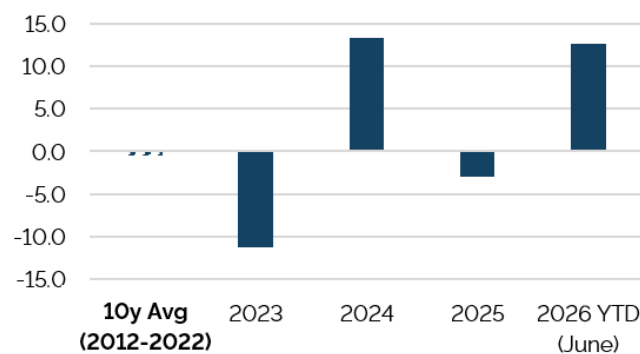
Transportation and warehousing

Percentage change



Wholesale and retail trade

Percentage change

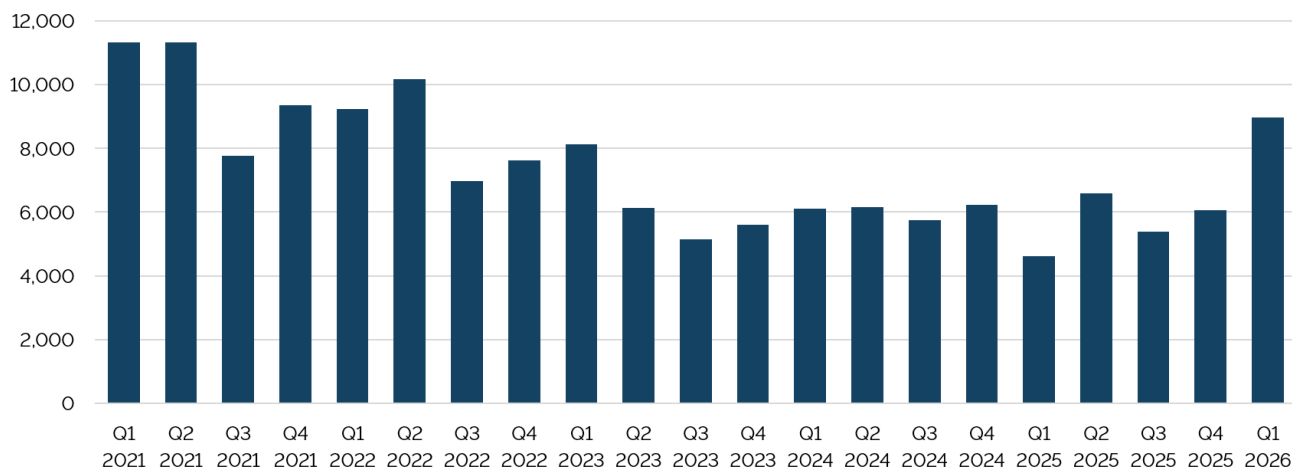


Rural housing starts

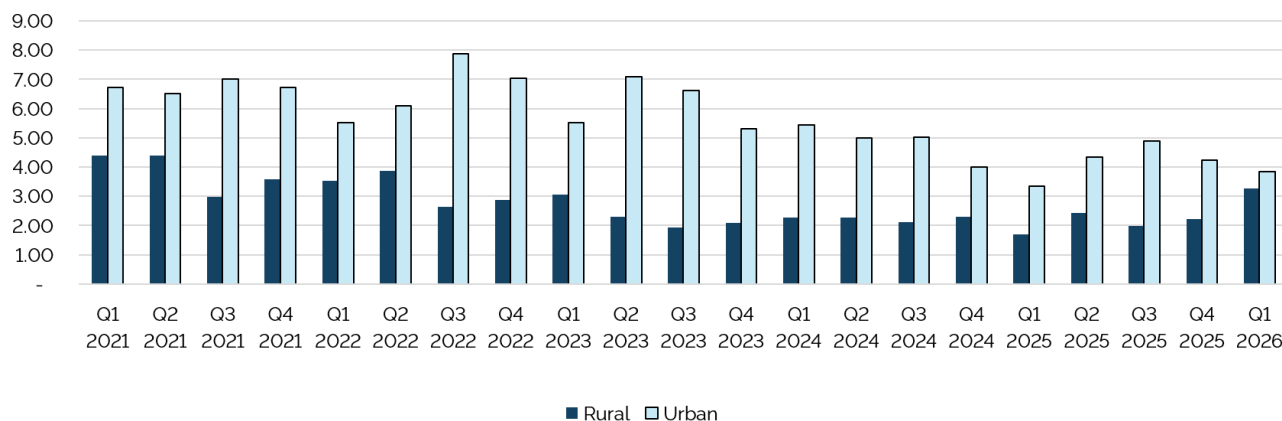
Quarterly housing starts summary

Rural Ontario	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	Change from (%):	
						Last quarter	1 year ago
Number of housing starts	4,621	6,599	5,397	6,062	8,965	47.9	94.0

Rural housing starts per quarter



Rural and urban housing starts per quarter per 1,000 people



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
John Anania	Manager
Steve Duff	Chief Economist
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)