

Rural Ontario Economic Monitor

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Summary

- In 2025 and early 2026 (as of March), business activity in both rural and urban Ontario continued to reflect the delayed impacts of higher interest rates and recent trade tensions, with the impacts appearing more pronounced in rural areas (pp. 3-4).
 - Rural Ontario's labour force softened in 2025, declining by 1.7%, and continued to decrease in 2026 YTD (-2.1%), marking a notable shift from previous growth. Urban Ontario experienced strong growth in 2025 (+2.4%) and continued to grow in 2026 YTD (+0.3%), but at a slower pace.
 - Employment declined in rural Ontario in 2025 (-2.4%) and remained weak in 2026 YTD (-2.4%), pointing to ongoing challenges in the rural labour market. In contrast, urban employment rose in 2025 (1.6%) and continued to edge up in 2026 YTD (0.4%), but at a much slower pace than in 2025.
 - With labour force and employment trends diverging, unemployment rates increases in both regions. In 2025, unemployment averaged 5.8% in rural Ontario and 8.0% in urban Ontario. In 2026 YTD unemployment remains elevated at 6.1% in rural and 7.5% in urban.
- Rural Ontario is seeing mixed employment trends across industries. In 2025, gains were concentrated in a few service and resource-related industries, while several other sectors posted notable declines,; 2026 YTD indicates renewed weakness in many of the sectors that grew in 2025, alongside a few areas of improvement (pp. 3, 5-9).
 - Utilities: +23.9% (2025), then -9.9% (2026 YTD).
 - Accommodation and Food Services: +12% (2025), then -16.2% (2026 YTD).
 - Manufacturing: -13.3% (2025) and still contracting at -9.1% (2026 YTD).
 - Further weakness in 2026 YTD is evident in other services (-9.2%), and educational services (-10.6%). Agriculture has rebounded up so far in 2026 at 3.7%.
- Rural housing starts fell in Q3 2025 from the Q2 rebound, and then rose in Q4 2025 (+7.8%), while remaining below Q4 2024 (-6.6%) (p. 12).

Labour force characteristics and industry employment

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

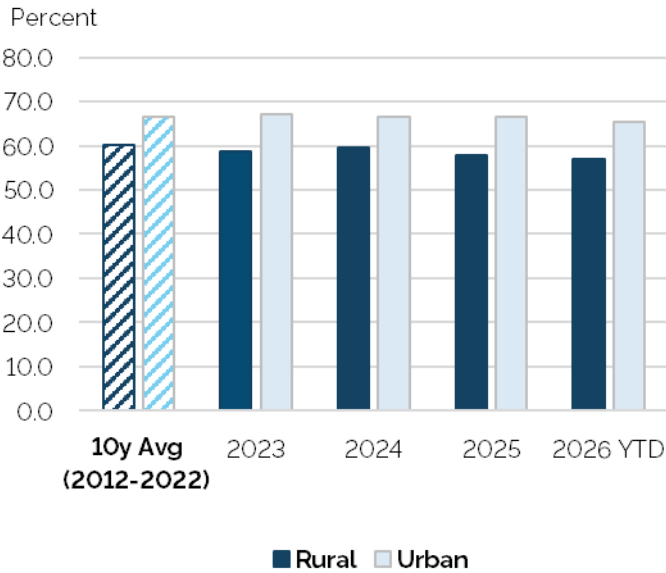
Labour force characteristics	2022	2023	2024	2025	2026 YTD	Growth rate (%)		
						2024	2025	2026 YTD
Rural Ontario								
Labour force	1,264,500	1,271,900	1,321,100	1,298,500	1,277,500	3.9	-1.7	-2.1
Employment	1,208,400	1,211,600	1,253,600	1,223,500	1,199,800	3.5	-2.4	-2.4
Participation rate	59.3	58.8	59.5	57.8	57.1	0.8	-1.7	-0.6
Unemployment rate	4.5	4.7	5.1	5.8	6.1	0.4	0.7	0.3
Rural industry employment								
Goods sector	357,200	366,200	368,900	351,700	330,967	0.7	-4.7	-6.8
Agriculture	46,400	46,800	45,500	41,300	43,367	-2.8	-9.2	3.7
Construction	134,700	132,100	132,400	132,800	122,733	0.2	0.3	-4.1
Forestry, fishing, mining, quarrying, oil and gas	23,700	26,200	25,300	30,100	24,333	-3.4	19.0	-18.8
Manufacturing	141,500	149,300	155,000	134,400	127,400	3.8	-13.3	-9.1
Utilities	30,200	28,300	28,000	34,700	29,233	-1.1	23.9	-9.9
Services sector	850,700	845,800	884,400	871,800	868,933	4.6	-1.4	-0.6
Accommodation and food services	64,400	62,900	57,400	64,300	54,100	-8.7	12.0	-16.2
Business, building and other support services	37,700	47,900	42,100	44,800	41,867	-12.1	6.4	-13.5
Educational services	84,400	77,000	84,800	77,500	73,333	10.1	-8.6	-10.6
Finance, insurance, real estate, rental and leasing	49,700	47,000	49,000	46,600	48,733	4.3	-4.9	13.9
Health care and social assistance	165,900	177,100	181,800	174,500	180,267	2.7	-4.0	1.8
Information, culture and recreation	36,600	37,300	39,600	41,500	34,067	6.2	4.8	-15.0
Other services (except public administration)	43,500	45,500	57,400	48,300	47,867	26.2	-15.9	-9.2
Professional, scientific and technical services	72,100	69,100	74,600	74,500	68,933	8.0	-0.1	-6.7
Public administration	60,200	67,600	66,200	72,500	78,500	-2.1	9.5	11.1
Transportation and warehousing	54,000	54,300	51,800	54,700	53,533	-4.6	5.6	-8.5
Wholesale and retail trade	183,000	162,300	183,800	178,400	190,300	13.2	-2.9	12.8
Urban Ontario								
Labour force	6,957,000	7,211,900	7,433,600	7,612,500	7,523,667	3.1	2.4	0.3
Employment	6,555,700	6,794,500	6,892,500	7,003,500	6,958,800	1.4	1.6	0.4
Goods sector employment	1,201,700	1,252,800	1,214,600	1,223,800	1,196,833	-3.0	0.8	-0.1
Services sector employment	5,354,500	5,541,400	5,678,200	5,779,600	5,761,867	2.5	1.8	0.5
Participation rate	66.7	67.0	66.4	66.4	65.3	-0.6	0.1	-0.7
Unemployment rate	5.8	5.8	7.3	8.0	7.5	1.5	0.7	-0.1

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

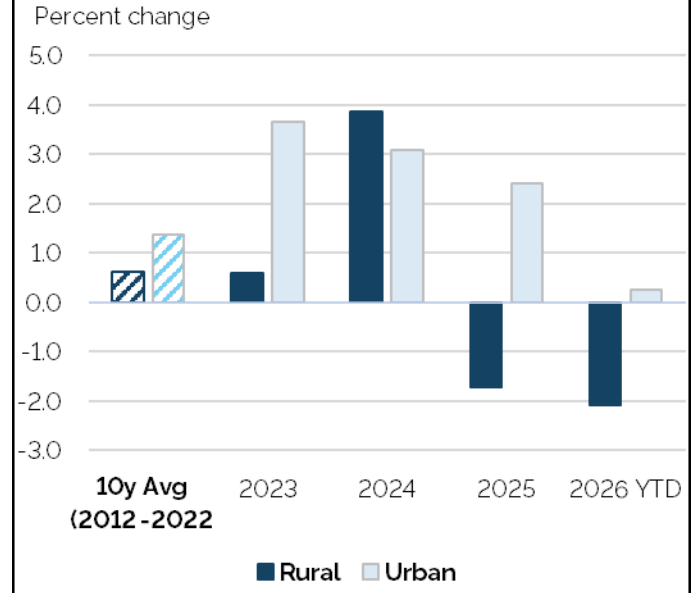
Note: The growth rates for 2024 and 2025 reflect the annual change in employment compared to the previous year. The 2026 YTD rate is based on the difference in average employment from January to March between 2025 and 2026.

Rural and urban labour force characteristics

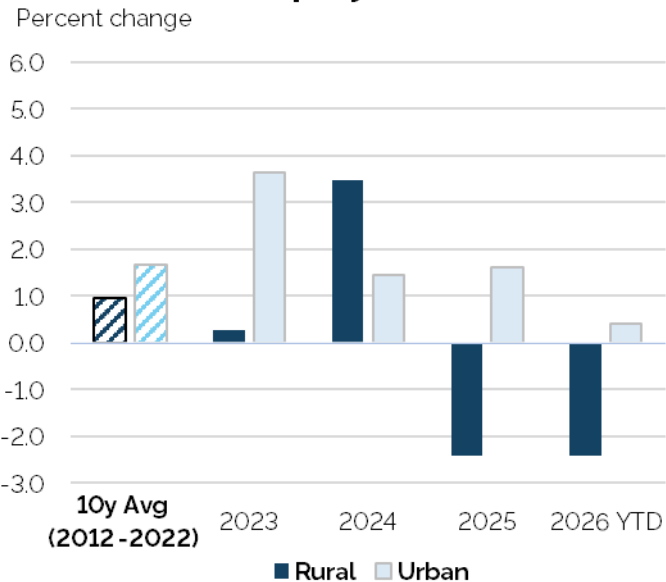
Participation rate



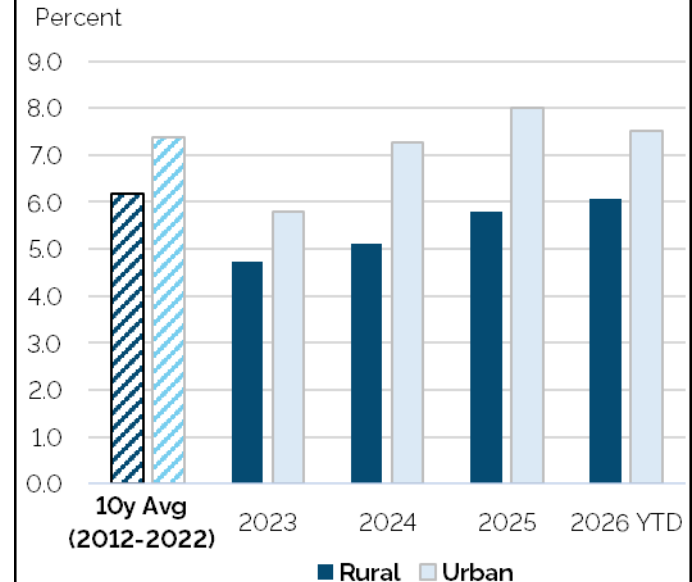
Labour force



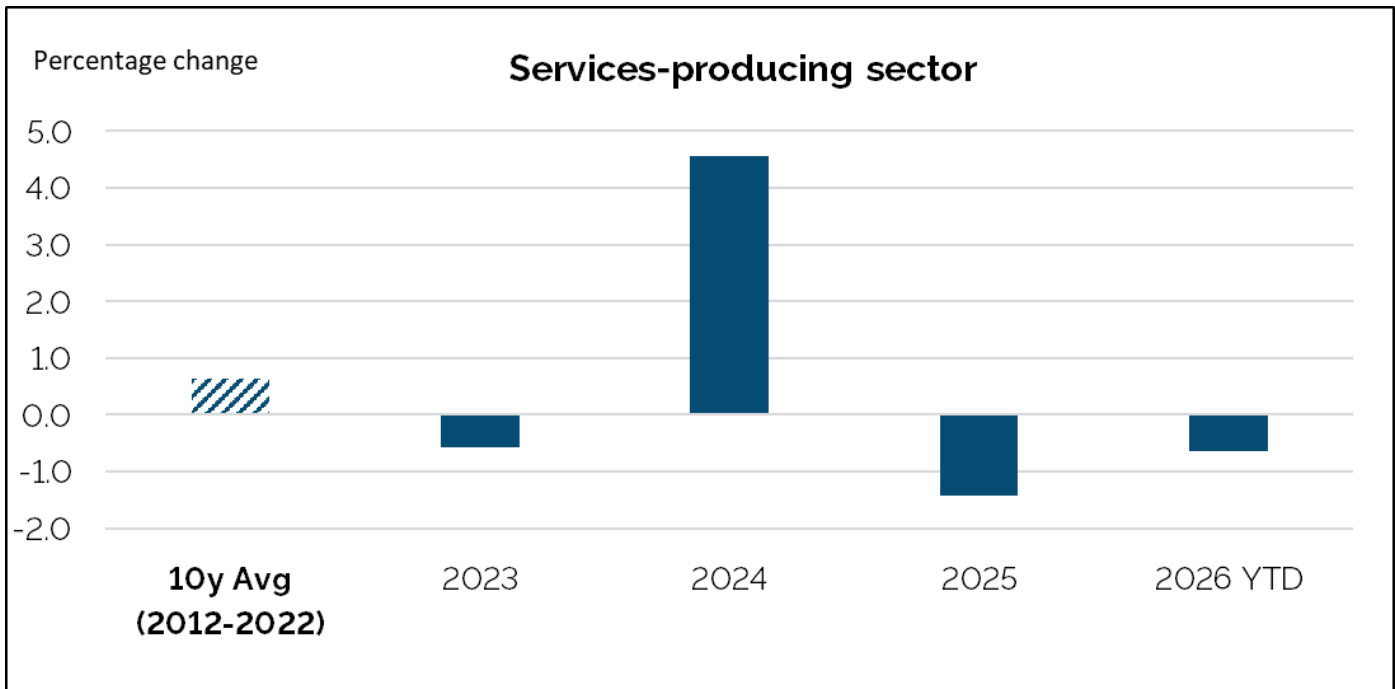
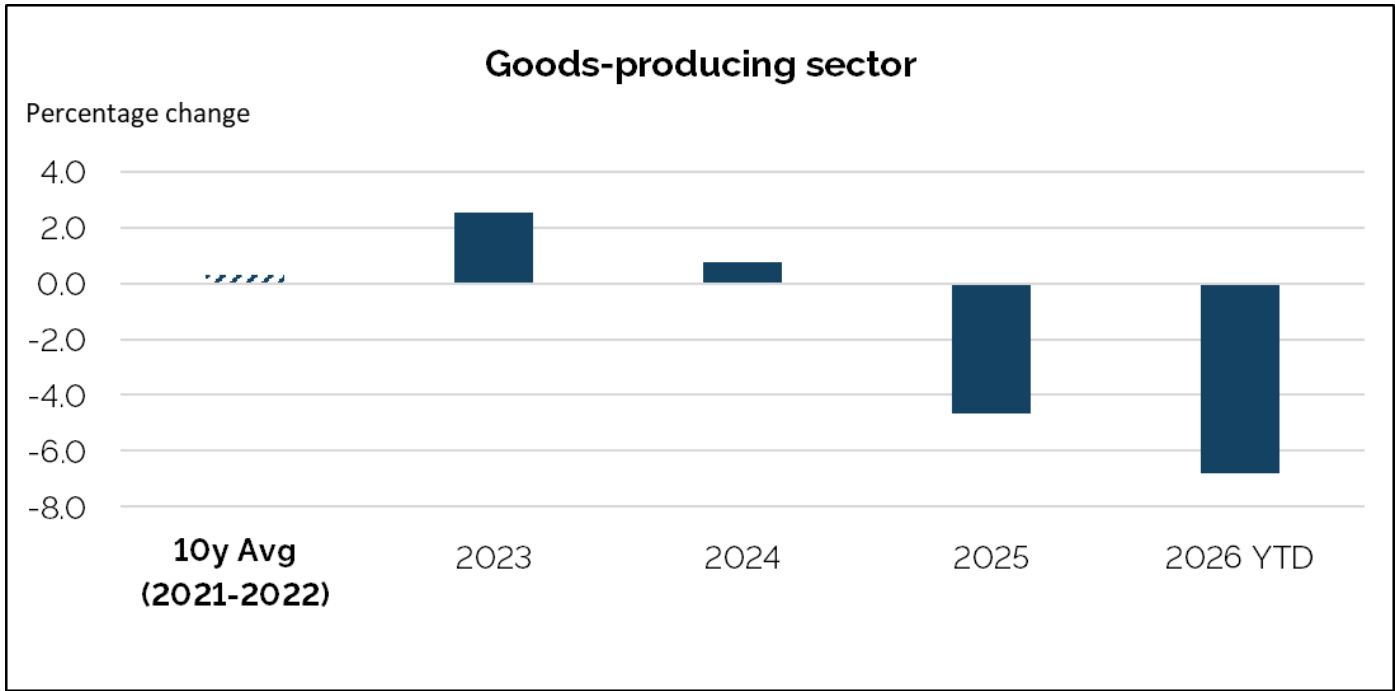
Employment



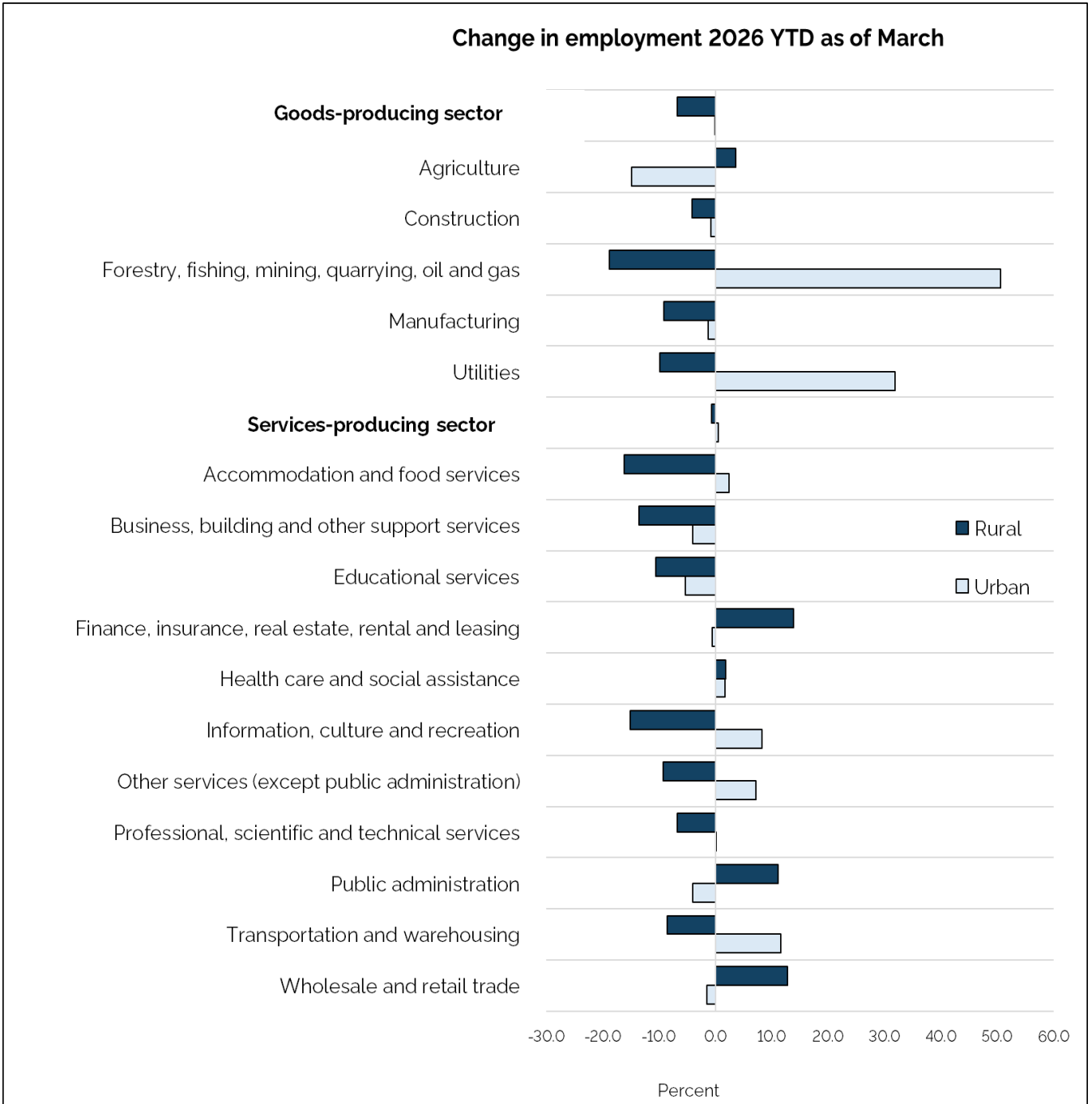
Unemployment rate



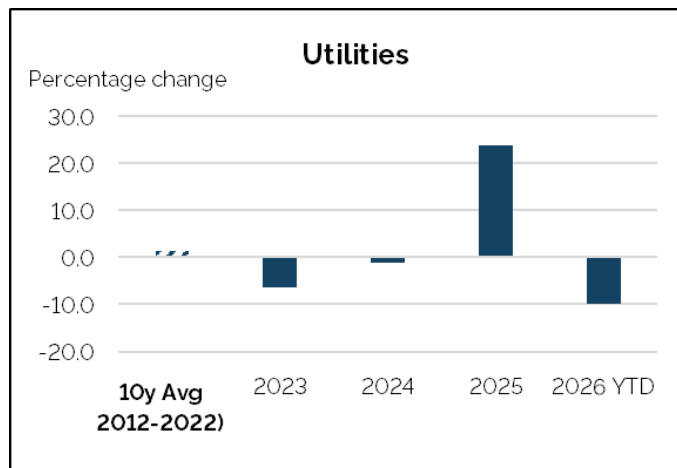
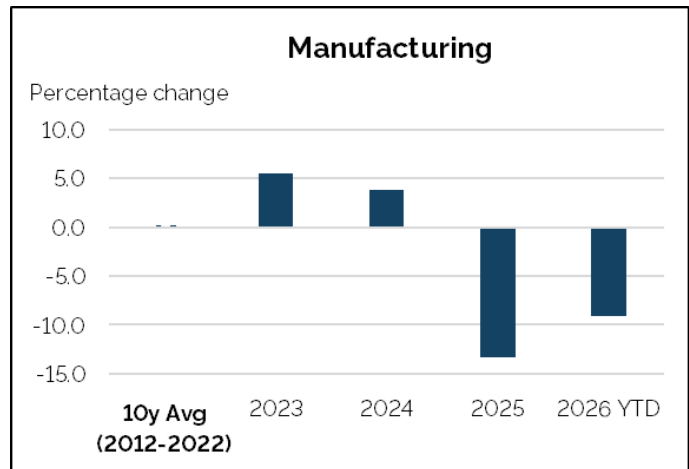
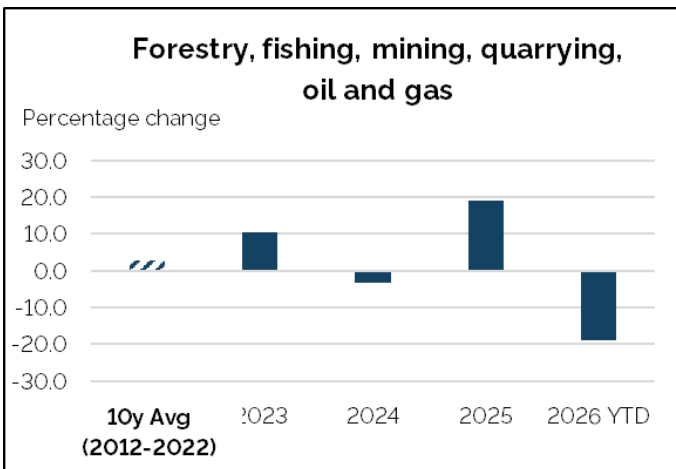
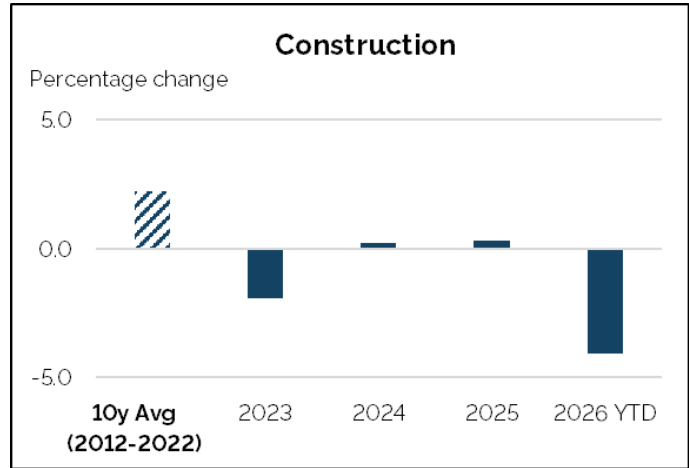
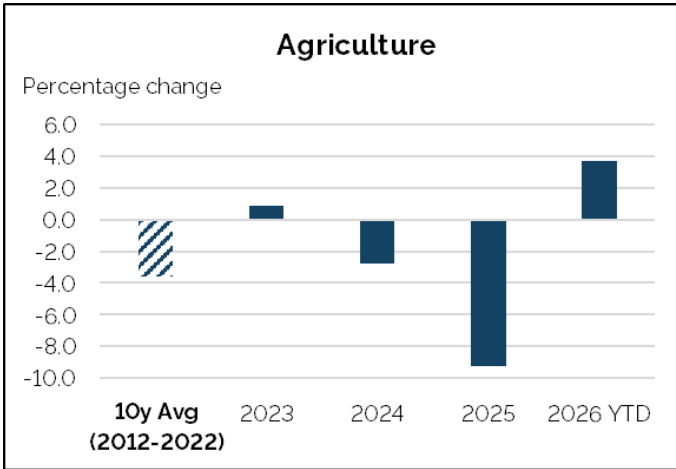
Changes in rural employment in the goods and services producing sectors



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

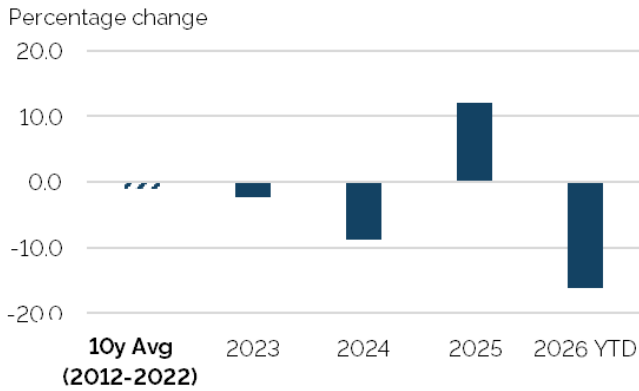


Annual changes in rural employment in the goods sector

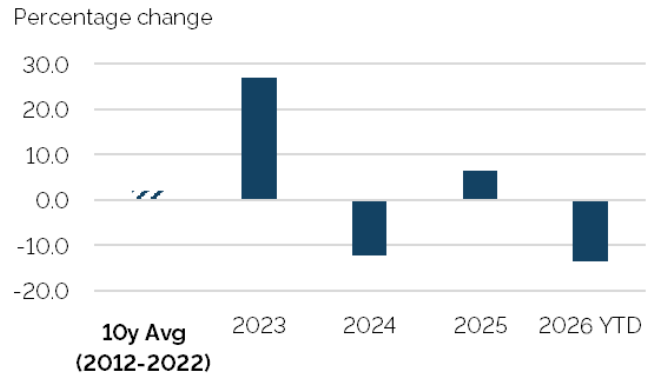


Annual changes in rural employment in the services sector (continues on the next page)

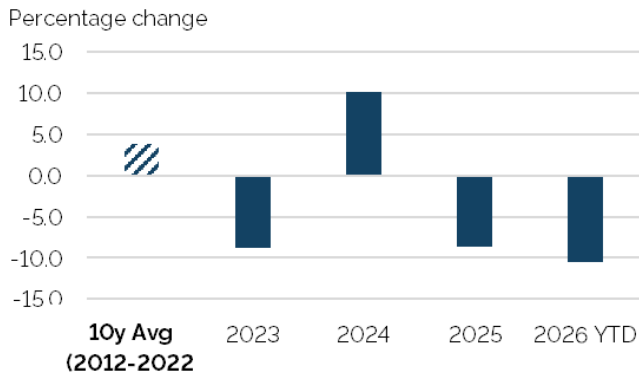
Accommodation and food services



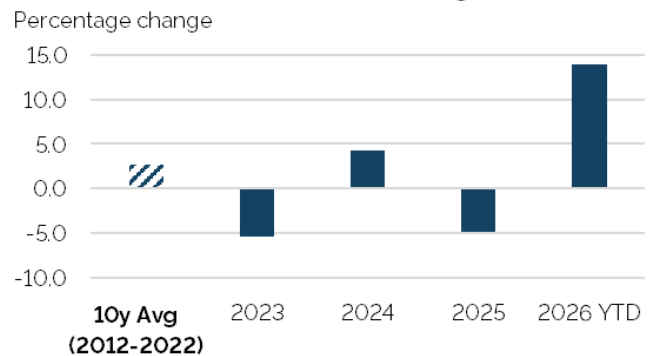
Business, building and other support services



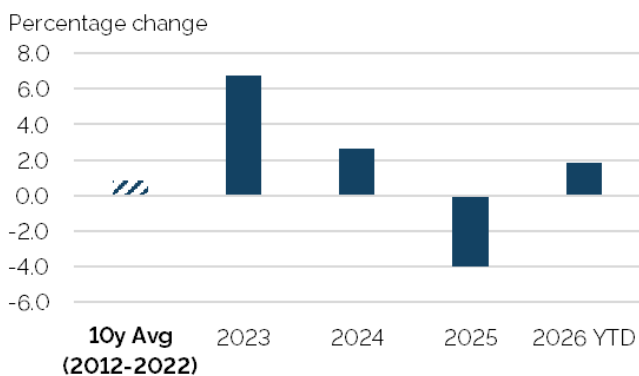
Educational services



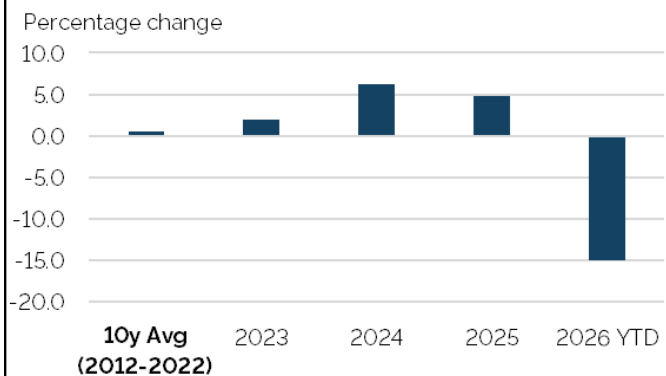
Finance, insurance, real estate, rental and leasing



Health care and social assistance

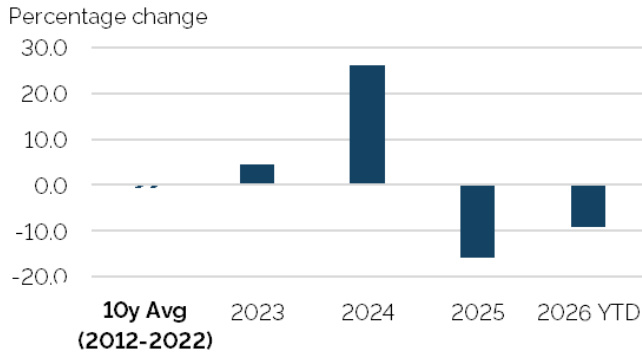


Information, culture and recreation

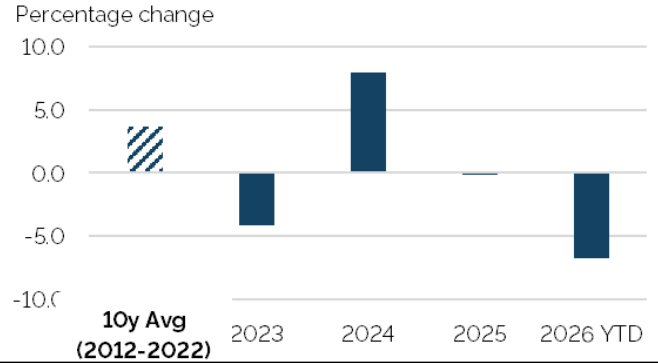


Annual changes in rural employment in the services sector

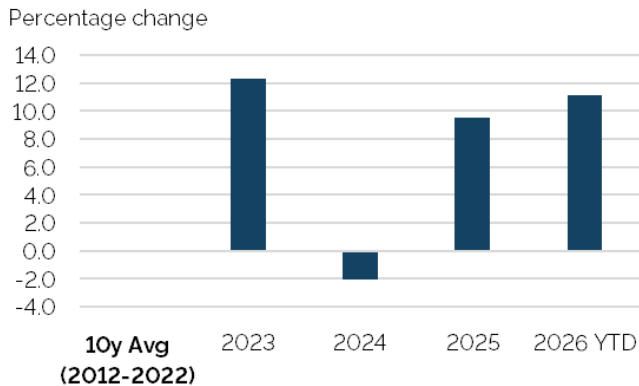
Other services (except public administration)



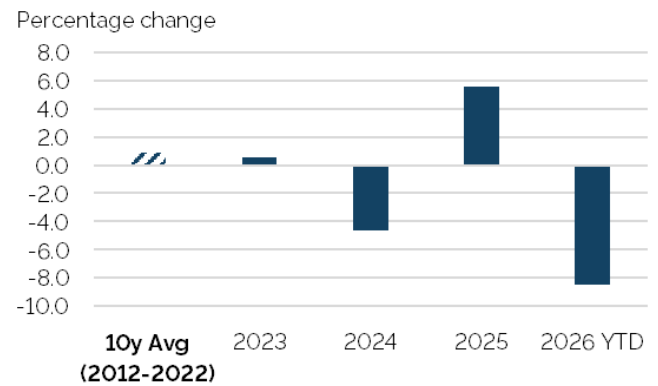
Professional, scientific and technical services



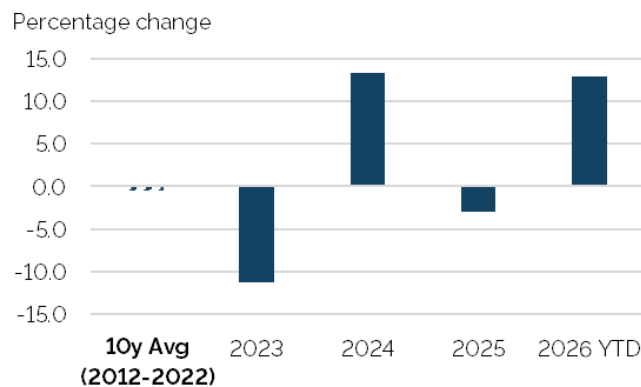
Public administration



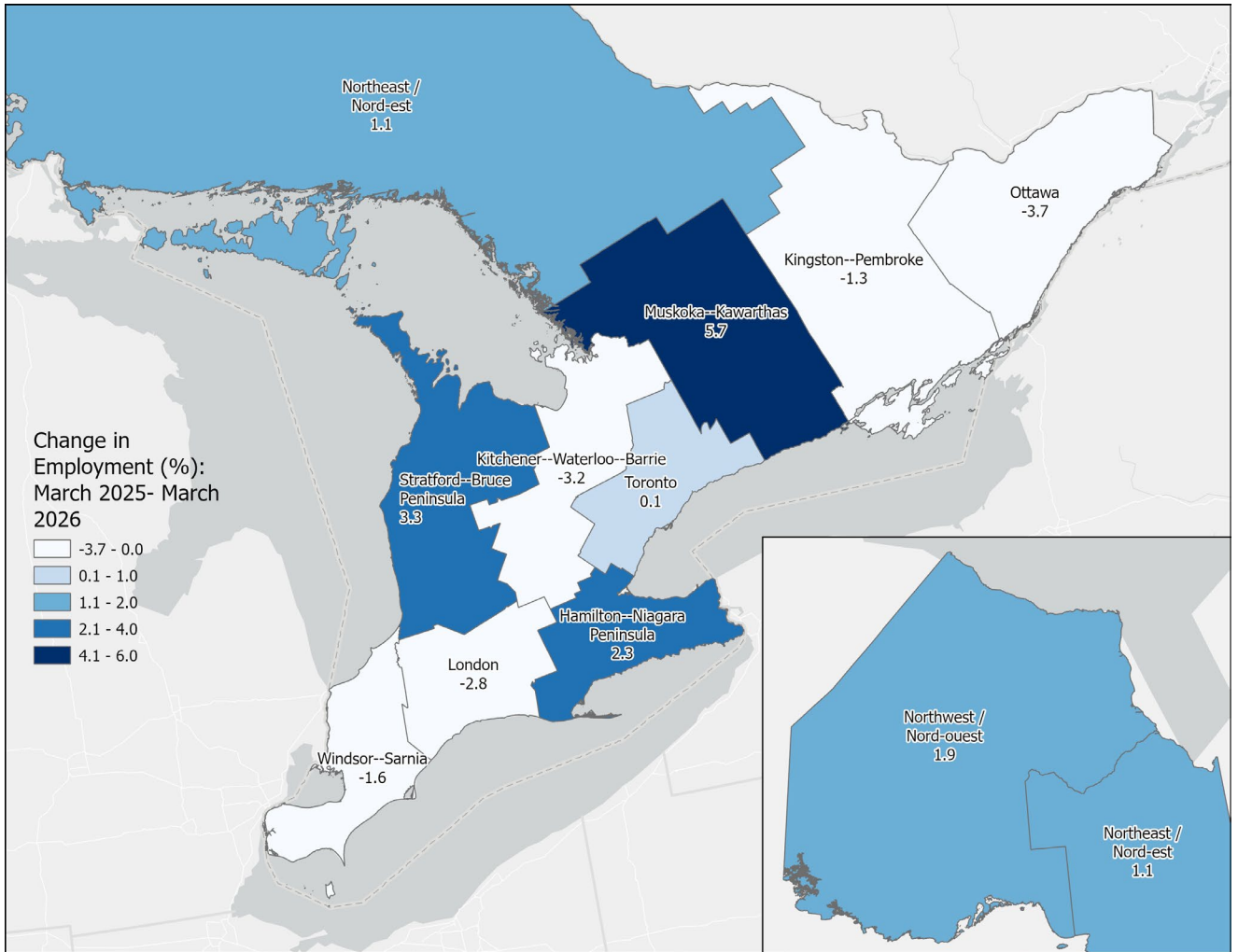
Transportation and warehousing



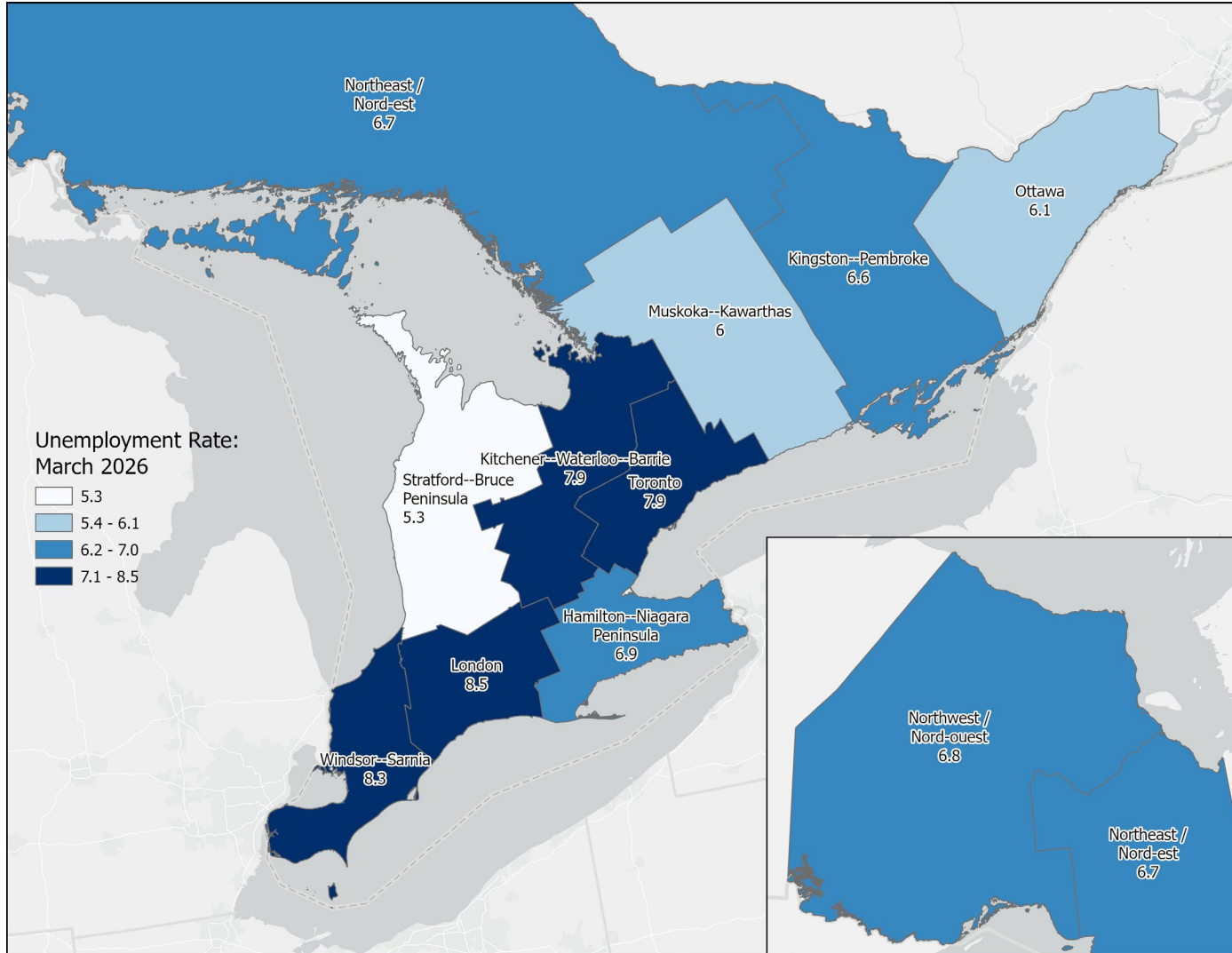
Wholesale and retail trade



Change in employment (%) by economic region March 2025-March 2026



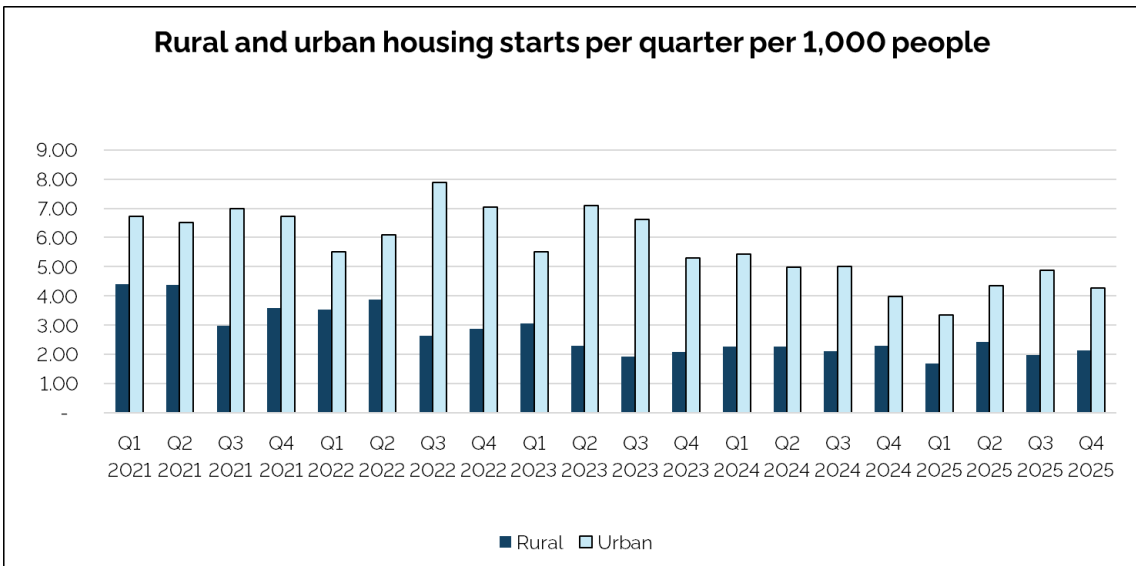
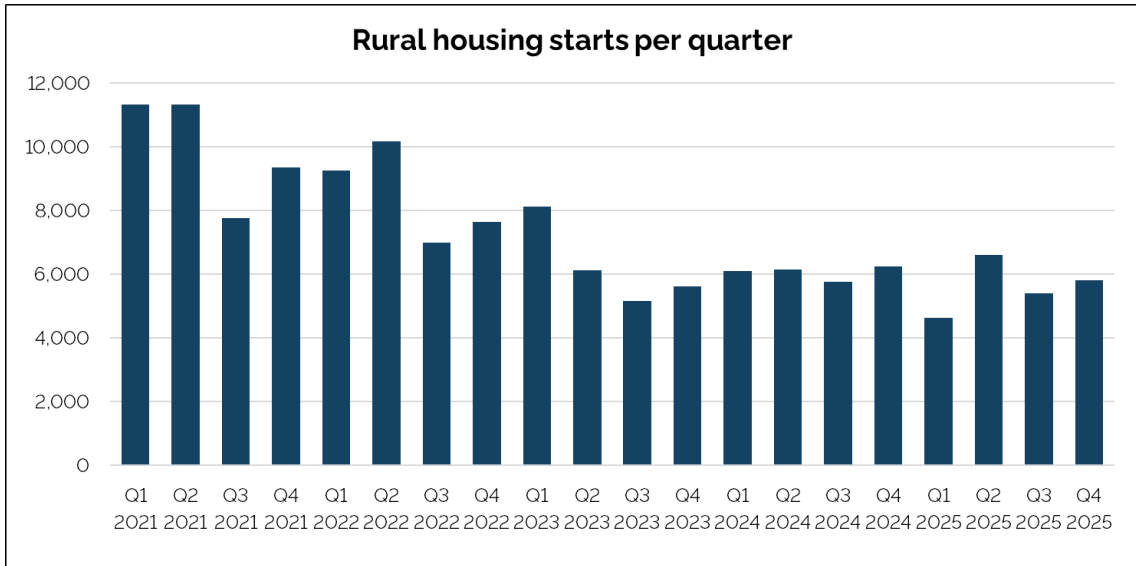
Unemployment rate by Ontario economic region (March 2025)



Rural housing starts

Quarterly housing starts summary

Rural Ontario	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	Change from (%):	
						Last quarter	1 year ago
Number of housing starts	6,234	4,621	6,599	5,397	5,820	7.8	-6.6



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)