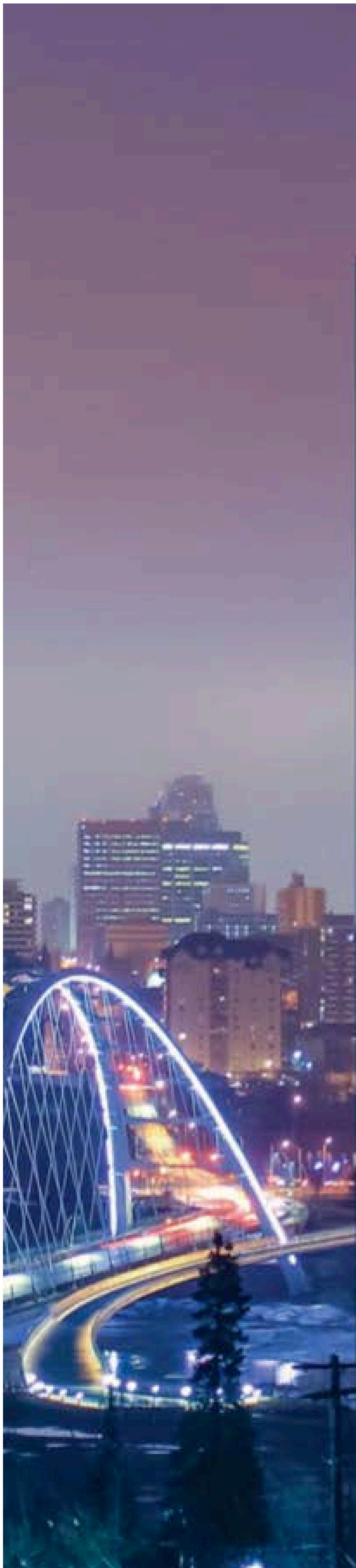

Edmonton

City of Edmonton

# Q2 2026 Economic Update

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## Shortcuts:


- Q2 2026 Economic Overview
- Labour Market
- Consumer Inflation
- Housing Market and Building Construction Trends
- Special Report: Housing Construction


## Q2 2026 Economic Overview

Economic trends from the first quarter of 2026 continued into the second quarter of 2026 in the Edmonton census metropolitan area (CMA). The labour market, despite a marginal quarter-over-quarter decline in employment, showed signs of strength with annualized employment growth of 4.0 per cent. The strength was concentrated in a narrowing base but nevertheless reflected economic resilience even as businesses and households continued to manage elevated inflation pressures and soft housing market prospects.

The Middle East conflict continued, to varying degrees of intensity, through Q2 2026 and remains unresolved moving into the second half of the year. The resulting impact on commodity prices translated, most notably, into higher transportation costs, keeping Q2 2026 Edmonton CMA consumer price inflation above 3.0 per cent.[1]

Based on housing starts and building permits, Edmonton residential construction prospects continued to decline on an annualized basis in Q2 2026. Residential construction activity continued to be historically elevated due to ongoing construction of apartment projects that started over the past few years.

Details of Q2 2026 developments in the Edmonton CMA labour market, CMA price inflation and building construction and housing market trends are provided below.

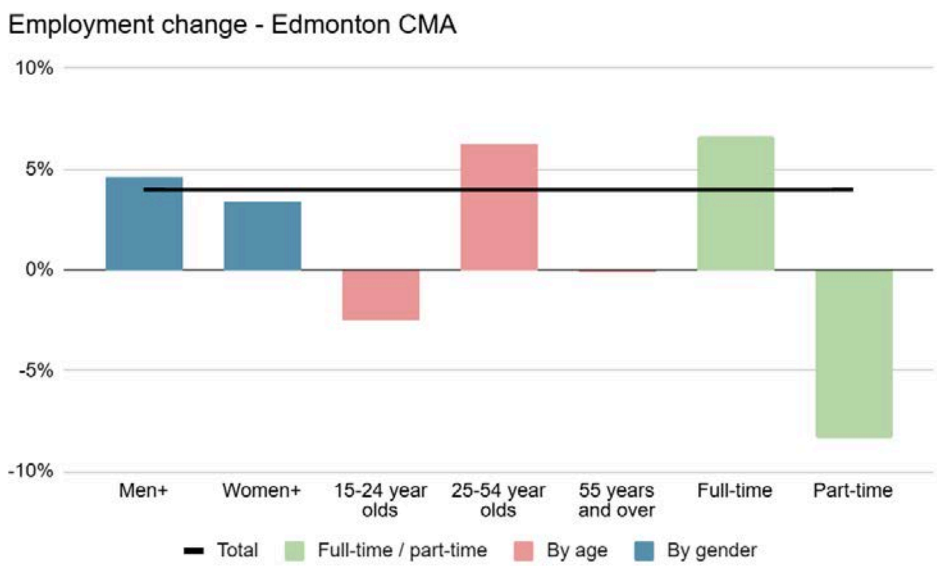
Return to Shortcuts

## Labour Market

- *Although seasonally adjusted employment declined slightly from Q1, the Edmonton CMA labour market experienced robust year-over-year employment growth in Q2 2026.*
- *Recent employment gains were exclusively driven by the core working age demographic (25-54 year olds), who hit a record participation rate.*
- *Employment growth narrowed to fewer industries and continues to be overwhelmingly dominated by the health care and social assistance sector.*

[1] Consumer price inflation is measured by annualized per cent changes in Statistics Canada's Consumer Price Index (CPI).

The second quarter of 2026 saw seasonally adjusted employment in the Edmonton CMA decline for the first time in a year and half. Employment fell by almost 2,000 people between Q1 and Q2, and the labour force expanded by over 4,500 participants, resulting in the unemployment rate rising from 6.5 per cent in Q1 to 7.2 per cent in Q2. The quarter-over-quarter decline in employment masks a generally strong labour market. Year-to-date through June, employment not adjusted for seasonality was 4.3 per cent higher than the same period in 2025, the strongest growth on record for the first half of the year outside of the two post-COVID-19 pandemic years of 2021 and 2022.[2] Over the same period, the unemployment rate eased from 7.5 per cent to 7.1 per cent and the participation rate climbed almost a full percentage point.

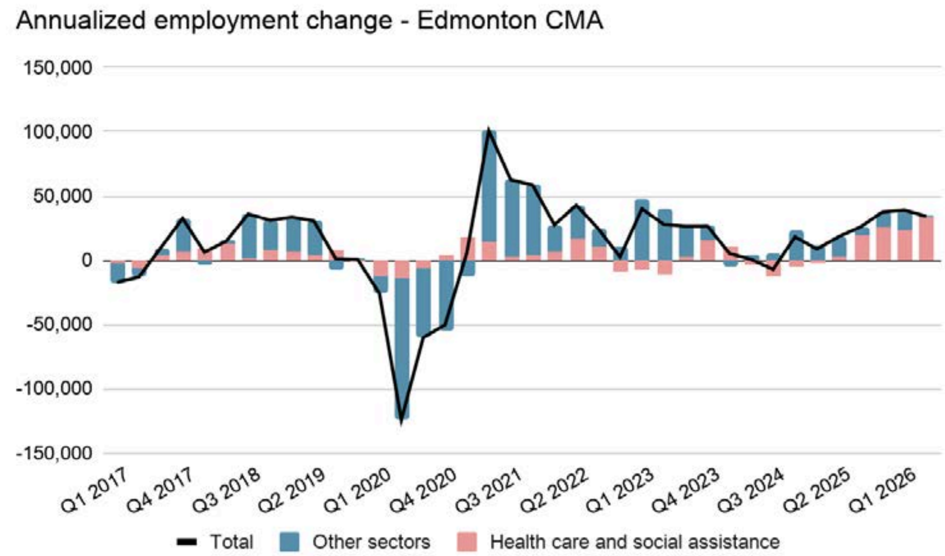



Source: Statistics Canada, not adjusted for seasonality

The strength in the Edmonton CMA labour market had a narrow range. Looking at data unadjusted for seasonality, employment gains in Q2 remained limited to those of core working age (25-54 years of age) and to a shrinking number of sectors.

For the second consecutive quarter, only those in the core working age saw year-over-year employment gains (+6.2 per cent). Meanwhile, youth (15-24 years of age) employment shrunk for the fifth straight quarter, even as full-time youth employment grew 19.0 per cent. The youth participation rate rose year-over-year for the first time since Q4 2024, but at 62.3 per cent it is the second lowest participation rate for the quarter in data back to 2011, excluding the pandemic year of 2020. In contrast, the core working age participation rate hit an historical high in Q2 2026 of 90.1 per cent, not just for the quarter but across the data series for the Edmonton CMA back to 2011.

[2] Data from Statistics Canada (Table 14-10-0458-01) starts in March 2011.




Source: Statistics Canada, not adjusted for seasonality

On a sectoral basis, the strength in employment growth also appears to be across a narrowing base, as the number of sectors exhibiting annualized growth in Q2 2026 declined for the first time in two years. The number of expanding sectors slid from 11, representing 63.5 per cent of employment, to nine, accounting for 56.7 per cent of employment. Among the sectors that expanded, most didn't experience true expansion, with only transportation and warehousing, public administration and health care and social assistance hitting Q2 all-time employment highs. Health care and social assistance added the most employment on a year-over-year basis for the fourth consecutive quarter. No other sector has led employment expansion for more than three consecutive quarters in data going back to 2011. Health care and social assistance added 32,800 employees, accounting for almost 50 per cent of the increase in employment across sectors that grew. It also almost singlehandedly accounted for the total year-over-year employment increase of 34,100 observed in Q2 2026. Professional, scientific and technical services added the second most employees at 7,600, less than a quarter of the health care and social assistance increase.

**Select Edmonton CMA Labour Market Indicators**

| | Q2 2025 | Q1 2026 | Q2 2026 | Y/Y % Change | Q/Q % Change |
|---|---|---|---|---|---|
| Labour Force | 922,200 | 951,400 | 956,000 | 3.7 | 0.5 |
| Employment | 851,300 | 889,300 | 887,500 | 4.3 | -0.2 |
| Unemployment Rate (%) | 7.7 | 6.5 | 7.2 | #N/A | #N/A |
| Participation Rate (%) | 68.0 | 69.1 | 68.8 | #N/A | #N/A |

Source: Statistics Canada, seasonally adjusted

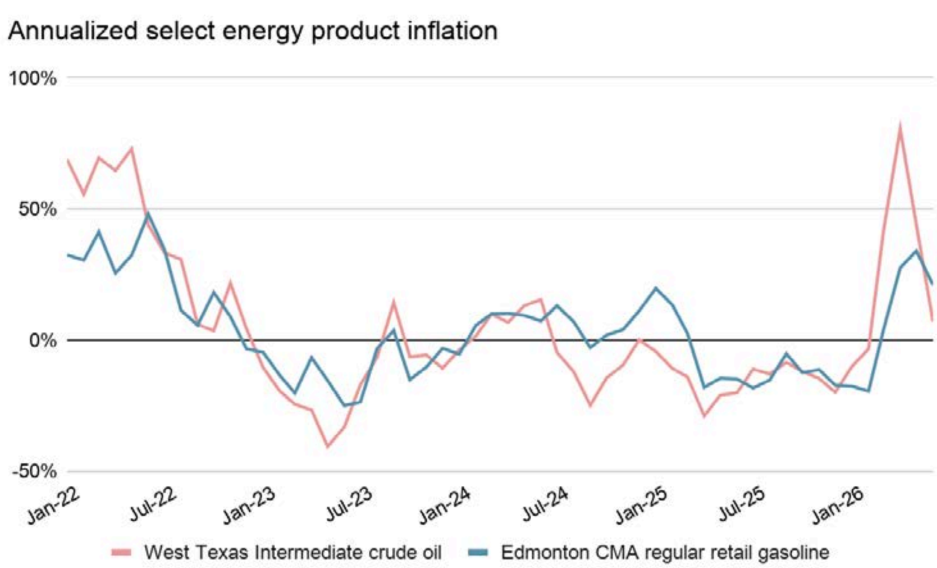
Return to Shortcuts

## Consumer Inflation

- *The conflict in the Middle East continues to drive a global energy price shock, pushing headline consumer inflation higher through the spring.*
- *The intense acceleration in transportation and energy prices masked a moderation in shelter and core utility inflation.*
- *While a monthly decline in June's headline index offered temporary relief, the resurgence of fuel prices following the annulment of the Middle East ceasefire keeps upside risks to the annual inflation forecast elevated.*

The global energy price shock triggered by geopolitical developments in the Middle East — which first disrupted consumer prices at the end of the previous quarter — intensified throughout Q2 2026. A brief ceasefire in June provided a small window of relief, allowing retail gasoline and crude oil prices to temporarily soften. This was reflected in the 0.1 per cent dip in Edmonton CMA consumer prices between May and June.

Overall, Q2 consumer prices climbed on an annualized basis, with the Edmonton CMA headline CPI rising 3.2 per cent. This volatility was most pronounced in transportation costs, as Alberta consumer transportation prices were 10.7 per cent higher than Q2 2025. Compared to the same quarter last year, prices for energy goods and services at the provincial level were 17.3 per cent higher than Q2 2025, underscoring the scale of the current energy shock.




Sources: Bloomberg and Statistics Canada

The unprecedented rise in transportation prices overshadowed softening in shelter prices. In Q2 2026, Edmonton CMA shelter prices rose a modest 0.8 per cent year-over-year, though the underlying dynamics shifted from the previous quarter. In Q1, annualized owned accommodation eased and annualized rented accommodation rose, but in Q2, rented accommodation inflation eased while owned accommodation inflation rose slightly. Core utilities (i.e. water, fuel and electricity) rose on an annualized basis for the first time since Q1 2024.

The dominant role of energy in driving the headline inflation was highly visible at the provincial level, as all-items CPI excluding gasoline for Alberta as a whole rose 2.7 per cent at an annualized rate, while consumer inflation including gasoline was 3.5 per cent. Because the full impacts of the Middle East conflict will take time to filter through global supply chains, local households may not have yet experienced the full scale of impacts on prices outside of fuel products.

**Select Edmonton CMA Consumer Price Indexes (2002=100)**

| | Q2 2025 | Q1 2026 | Q2 2026 | Y/Y % Change | Q/Q % Change |
|---|---|---|---|---|---|
| All-Items | 170.2 | 172.7 | 175.7 | 3.2 | 1.7 |
| Shelter | 219.2 | 221.2 | 221.0 | 0.8 | -0.1 |
| Owned Accommodation | 211.4 | 210.9 | 212.1 | 0.3 | 0.6 |
| Rented Accommodation | 181.8 | 189.4 | 185.0 | 1.8 | -2.3 |
| Core Utilities | 270.0 | 276.9 | 276.6 | 2.4 | -0.1 |

Source: Statistics Canada

Return to Shortcuts

## *Housing Market and Building Construction Trends*

- *The regional housing market softened in Q2 2026, marked by an annualized 8.5 per cent drop in existing home sales, a 1.7 per cent decline in the composite benchmark price and a 22.0 per cent fall in housing starts.*
- *Despite fewer starts and an annualized drop in Edmonton residential building permits, units under construction in Q2 hit an all-time record high since 1990.*
- *Non-residential building permits in Edmonton grew 4.8 per cent year-over-year, with a 200.6 per cent surge in industrial permits.*

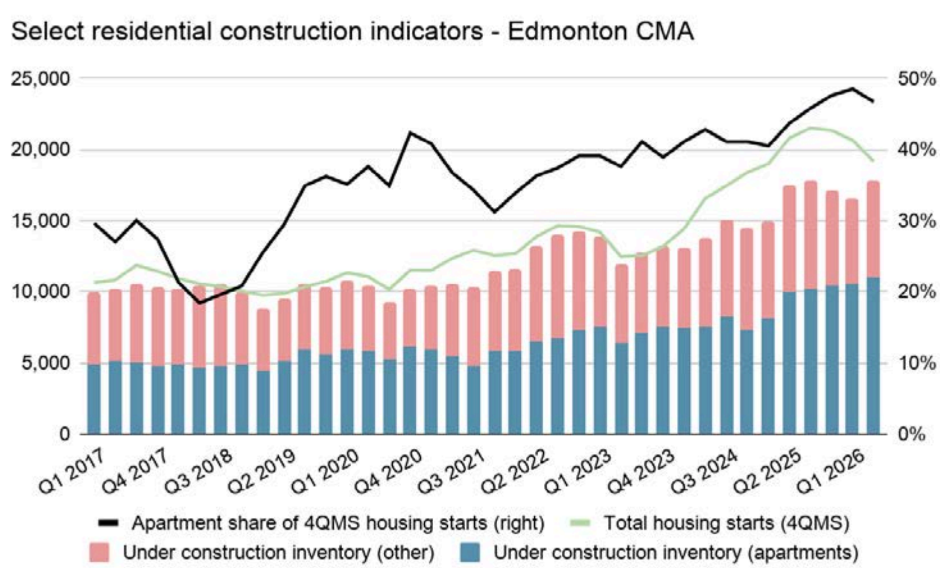
The Edmonton region housing market continued to show signs of softening in Q2 2026. Based on Canadian Real Estate Association data, sales of existing homes fell 8.5 per cent on an annualized basis, with declines across all housing types. New listings continued to rise year-over-year and kept the sales-to-new listing ratio in balanced market territory at 56.1 per cent.[3] The softening market was reflected in a 1.7 per cent annualized decline in the Greater

[3] A ratio between 40.0 and 60.0 per cent tends to indicate balanced market conditions (i.e. balanced negotiating power between sellers and buyers). A ratio above 60.0 per cent tends to indicate seller's market conditions, and buyer's market conditions when the ratio is below 40.0 per cent.

Edmonton Area MLS Home Price Index composite benchmark price in Q2 2026 to $424,600. Benchmark prices declined across all housing types year-over-year, with the exception of two-story single family homes, which saw a modest increase.

The new housing market also continued to show signs of softening. Housing starts in the Edmonton CMA declined in Q2 2026 on an annualized basis, bringing housing starts 20.1 per cent lower through the first six months of the year compared to the same period in 2025. Starts fell in Q2 year-over-year across all housing types. At the same time, the inventory of completed and unabsorbed units for ownership in the CMA was up 11.5 per cent over Q2 2025. Building permits for residential construction in Edmonton, which are an indication of building intentions, provide an additional sign the housing market is softening. In Q2 2026, the value of permits for new residential structures was down 35.7 per cent year-over-year, with rowhousing being the only type of housing to rise relative to Q2 2025.

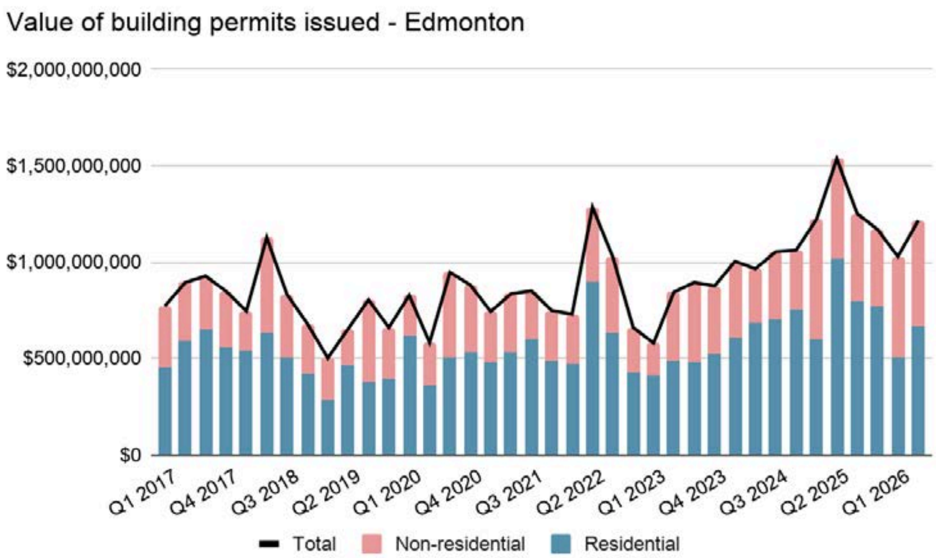
Despite the declining starts and permits, ongoing residential construction activity remained robust. Almost 45 per cent of housing starts in the Edmonton CMA since Q1 2024 were apartment units, which typically have longer construction timelines. Units under construction in Q2 2026 hit an all-time record high in data back to 1990, in both the CMA and Edmonton. In the CMA, 61.6 per cent of those units under construction were for apartments, and 68.4 per cent in Edmonton.




Source: Canada Mortgage and Housing Corporation
Note: “4QMS” = four-quarter moving sum

While residential housing construction showed signs of slowing, non-residential construction building permits in Edmonton suggest strong intentions for activity. In Q2 2026, non-residential building permits in Edmonton were up 4.8 per cent year-over-year in value, driven by a 200.6 per cent increase in industrial building permits that totalled $107.8 million.

This increase, along with a more modest rise in institutional building permits, offset a 14.0 per cent annualized decline in commercial permits. The combined value of residential and non-residential building permits in Q2 2026 was $1.2 billion, down an annualized 20.9 per cent due to the decline in residential permits.[4]




Source: City of Edmonton

**Select Housing Market and Building Construction Indicators**

| | Q2 2025 | Q1 2026 | Q2 2026 | Y/Y % Change |
|---|---|---|---|---|
| Existing Home Market (Edmonton region) | | | | |
| MLS Benchmark Prices | | | | |
| Composite | $432,000 | $414,300 | $424,600 | -1.7% |
| Single-Detached | $511,500 | $497,600 | $511,900 | 0.1% |
| Apartment | $222,000 | $199,700 | $201,800 | -9.1% |
| Total Sales-to-New Listings Ratio | 63.1% | 51.5% | 56.1% | -7.0 ppt |
| New Housing Starts | | | | |
| Edmonton | 5,133 | 2,436 | 3,858 | -24.8% |
| Edmonton CMA | 6,773 | 3,401 | 5,283 | -22.0% |

Sources: Canada Housing and Mortgage Corporation, Canadian Real Estate Association, City of Edmonton and Statistics Canada

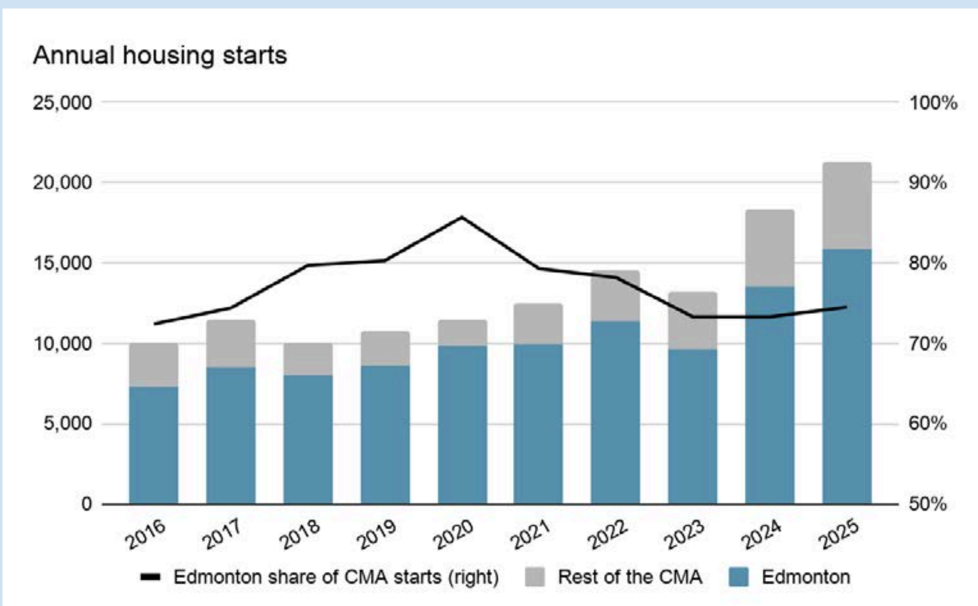
Return to Shortcuts

[4] City of Edmonton building permit 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 data available from City of Edmonton Monthly Building Permit Summary reports, which provide a point-in-time snapshot of building permit data. Those reports are static and would not reflect subsequent changes or revisions to building permit records, including permit revisions, cancellations, or other administrative changes.

## **SPECIAL REPORT:** *Housing Construction*

The Edmonton CMA experienced robust population growth between 2022 and 2025, highlighted by annualized growth reaching its highest pace since at least 2002 between 2023 and 2024. This rapid expansion generated strong demand across the housing spectrum. Builders across the Edmonton CMA responded effectively by expanding new home construction, with total housing starts in 2024 reaching levels not seen since at least 1990. This milestone was promptly surpassed by even higher activity in 2025.

Edmonton has consistently accounted for over 70 per cent of the total CMA population since at least 2001. Its share of the CMA population has trended upward since 2022, suggesting Edmonton has absorbed a larger proportion of newcomers moving into the CMA, experienced stronger growth from natural increase, or a combination of both. New home construction activity within Edmonton has closely mirrored broader CMA trends, with total housing starts in 2024 and 2025 setting new highs since at least 1990. Examining Edmonton's share of CMA housing starts over the past 10 years provides key context on how the city's construction activity has evolved relative to CMA trends, including whether Edmonton has captured an increasing or decreasing share of CMA housing starts.

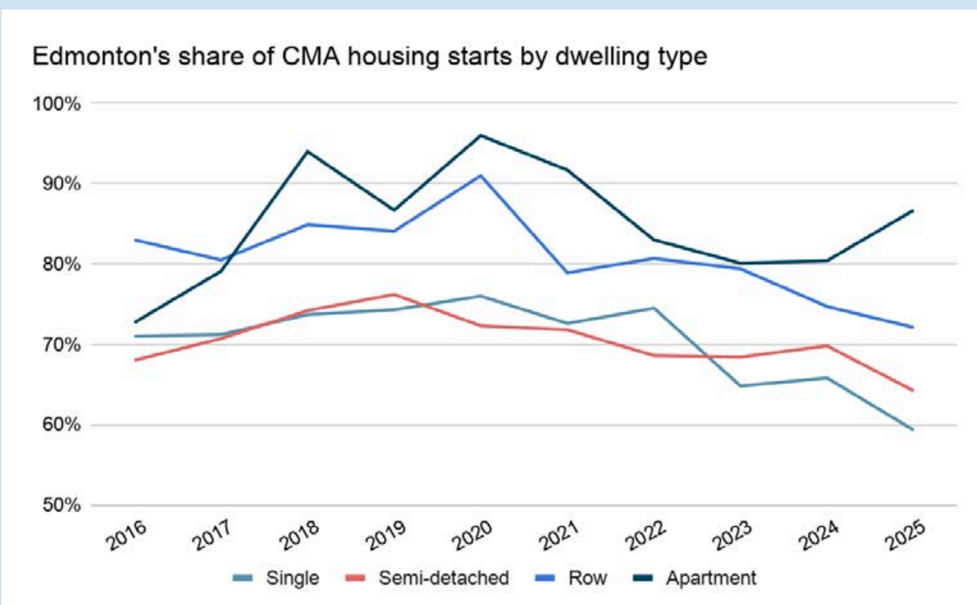



Source: Canada Mortgage and Housing Corporation

Between 2016 and 2025, new home construction in Edmonton was the primary driver of activity in the broader CMA. Over that time frame, Edmonton's starts accounted for 76.7 per cent of cumulative CMA housing starts, ranging from 72.4 per cent (2016) to 85.7 per cent (2020). The 2020 share not only represented a decade high, but its highest share of annual CMA housing starts since at least 1990. This peak was heavily driven by a surge in multi-family construction, specifically apartments, with the city capturing 96.0 per cent of all CMA apartment starts that year. Although Edmonton's overall share of CMA housing starts has eased since reaching that peak, it has held remarkably steady in subsequent years, remaining consistently above 73.0 per cent annually through 2025.

With the exception of apartment starts, Edmonton's shares of CMA housing starts in 2025 for all dwelling types were lower than both shares in 2016 and average shares over the 2016-2025 period. Over the 2016-2025 period, Edmonton's share of CMA apartment starts ranged between 72.7 per cent (2016) and 86.7 per cent (2020). For apartments, while Edmonton's share of the CMA annual starts has moved lower since 2020, it has remained above its 2016 share. Since 2021, apartment starts have accounted for a growing proportion of total housing starts in Edmonton, rising from 36.0 per cent in 2021 to 55.3 per cent in 2025. Conversely, the proportion of Edmonton total housing starts for single dwellings, which hold the second largest share among dwelling types, has been on a declining trend over that same time frame.

In 2016, Edmonton accounted for 71.0 per cent of the CMA's single starts. By 2025, this share dropped to 59.3 per cent, indicating that a larger proportion of single development is occurring in surrounding suburban municipalities. It is worth noting that single starts as a share of total starts has been on a general downward trend over the past decade across Edmonton and the CMA. In 2025, a record-setting year for starts in both the CMA and Edmonton, single starts fell to their lowest proportion of total housing starts on record, accounting for 31.0 per cent of CMA starts and 24.7 per cent of Edmonton starts. Overall, while surrounding municipalities are absorbing a larger share of single-detached home building, Edmonton remains the CMA's hub for high-density residential development and the main engine of overall housing growth in the CMA.




Source: Canada Mortgage and Housing Corporation

Return to Shortcuts

## *Information Sources by Concept*

Housing and Residential Building Construction, including Special Report

- 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. 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

- Bloomberg L.P. (2026). WTI Crude Oil Spot Index (USCRWTIC Index), end of period. Bloomberg Terminal. Accessed 2 July 2026.
- 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.