



2025 SPRING

Economic Update

Spring Economic Update

At the start of the year, the global economy seemed headed for stability and optimism, interest rates were falling, and confidence was rising.

Now, uncertainty dominates. Should businesses invest or wait? Should consumers spend or save? Explore our Spring Economic Update for insights, trends, and opportunities to guide today's key decisions.

Key takeaways from this report:

Uncertainty in Trade and the Economy: Rising tariffs, geopolitical tensions, and the Ukraine-Russia war are disrupting markets, fracturing supply chains, and driving up prices, dampening confidence and slowing economic momentum.

GDP & Population Growth: Growth is slowing due to protectionist policies and new immigration plans. While this may seem negative, a slower pace allows resources to be reallocated and infrastructure to catch up. It also underscores the need for greater economic resilience beyond reliance on the U.S.

Labour Market Stability & Tightening: The labour market is seeing a new wave of tightening as population slows and businesses remain hesitant. However, the Region's labour market stability has remained a consistent bright spot for the economy, outperforming most major cities in Canada in growth and active participation.

State of the Housing Market: Market constraints continue to be a challenge. Inventory is at a record low, while median home prices have hit a record high. Although demand has slowed slightly from previous years, it remains strong. Supply is beginning to recover, but continues to highlight the ongoing need for more construction.

Investments & Developments Drive Forward: Building construction investment is on track to hit record highs for both residential and non-residential projects. Despite economic uncertainty, growth and confidence continue to drive development.

TOTAL REAL GDP

\$25.223B

+ 2.5% change from Q1 2024

EMPLOYMENT

202,867

+ 3.6% change from Q1 2024

UNEMPLOYMENT RATE

4.8%

+ 0.4 PP change from Q1 2024

MEDIAN SALES PRICE

\$404,500

+ 8.2% change from Q1 2024

HOME INVENTORY

740

- 22.0% change from Q1 2024

INTEREST RATE

2.75%

+ 225 BP change from Q1 2024

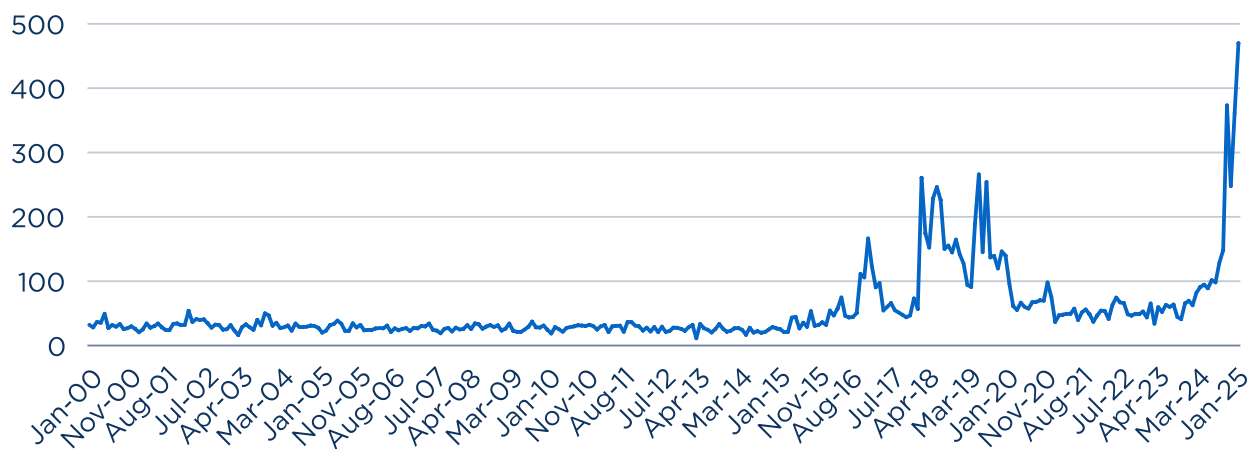
Uncertainty in Trade and the Economy: Rising tariffs, geopolitical tensions, and the Ukraine-Russia war are disrupting markets, straining supply chains, and driving up prices, dampening confidence and slowing economic momentum.

According Trade Policy Uncertainty Index Trade, trade and economic uncertainty has never been higher in history than now. Since President Trump's threats to impose universal tariffs on Canadian and global exports, uncertainty has increased sharply and continues to rise. The intensifying trade war between China and the U.S. continues to disrupt world trade and supply chains, with additional tariffs reaching as high as 145%. Meanwhile, uncertainty continues to compound from the ongoing Ukraine-Russia War and the war in the Middle East, adding to the volatility of international markets.

Short-term inflation expectations are rising due to trade tensions and supply disruptions. The Bank of Canada paused rate cuts for the first time after seven reductions, holding at 2.75% as it monitors the impact of tariffs. Inflation in Saskatoon rose to 2.9% this quarter, up from 2.1% last year, but tariff effects have yet to fully appear.

Trade uncertainty between Canada, the U.S., and China's tariffs on key products have led to a sharp decline in consumer and business confidence, according to the Bank of Canada's Q1 surveys. Businesses are delaying investments and planning for price increases, while consumers are worried about job security and financial health, planning to spend more cautiously due to expected higher living costs. The economy remains under pressure due to growing uncertainty, increasing trade conflicts and eroding business and consumer confidence. Although the potential impacts of the tariffs remain seen, this instability will be a significant factor in long-term growth.

Bank of Canada: Trade Policy Uncertainty Index



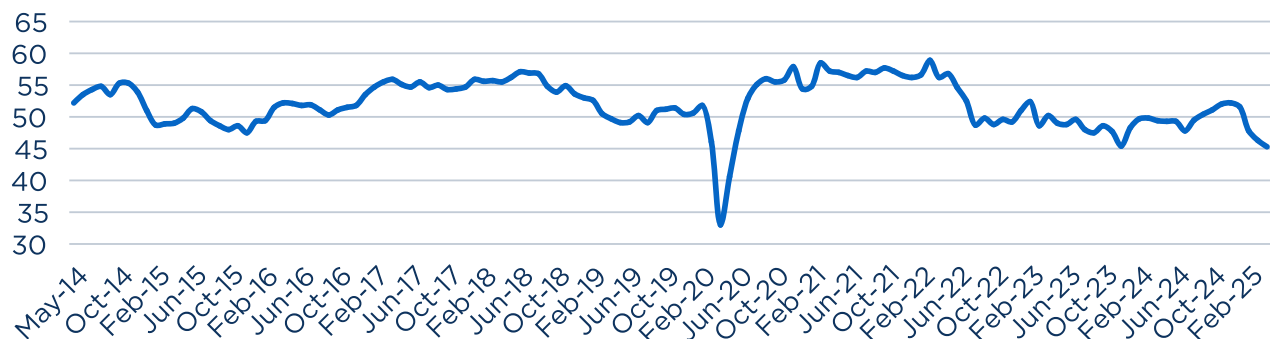
GDP & Population Growth: Growth is slowing due to protectionist policies and new immigration plans. While this may seem negative, a slower pace allows resources to be reallocated and infrastructure to catch up. It also underscores the need for greater economic resilience beyond reliance on the U.S.

Global protectionist policies are leading to a dramatic drop in growth across industries. In an analysis of the impact of tariffs on individual cities, the Conference Board of Canada is projecting GDP for the Saskatoon Region to fall 0.4% below baseline projections for the year. This fall is primarily due to 36% of Saskatoon's economic activity being in the goods-producing sector, including agriculture, construction, manufacturing, and mining. These industries will face challenges from reduced trade, increased input costs, and weaker global demand.

Since the start of the year, Canada's manufacturing sector has weakened, with the S&P Global Index falling to a five-year low of 45.3 in March 2025. New orders, production, and hiring are down, signaling an economic slowdown. March also saw broad tariffs take effect, adding pressure and uncertainty for trade-dependent industries.

S&P Global Canada Manufacturing PMI

>50 = growth since previous month



Saskatoon's population growth is expected to slow sharply due to Canada's 2025-2027 Immigration Plan, which cuts Saskatchewan's Immigrant Nominee Program by 50%, the lowest it has been since 2009. With 75% of nominees now required to be temporary residents, the impact on future immigration levels will be significant. In 2024, Saskatoon had 5,624 non-permanent residents; Saskatchewan had 46,025. These economic shifts are forcing businesses and economies to rethink investments, market diversification, and spending, potentially slowing growth and innovation at a time when the market is already volatile and uncertain.

Labour Market Stability & Tightening: The labour market is seeing a new wave of tightening as population slows and businesses remain hesitant. However, the Region's labour market stability has remained a consistent bright spot for the economy, outperforming most major cities in Canada in growth and active participation.

Slower population growth and immigration cuts are tightening the Saskatoon Region's labour market. The Immigrant Nominee Program now prioritizes healthcare, agriculture, and skilled trades, while hospitality, retail, and trucking face nomination caps. This shift is already impacting post-secondary institutions, with declining international student enrollment affecting revenues.

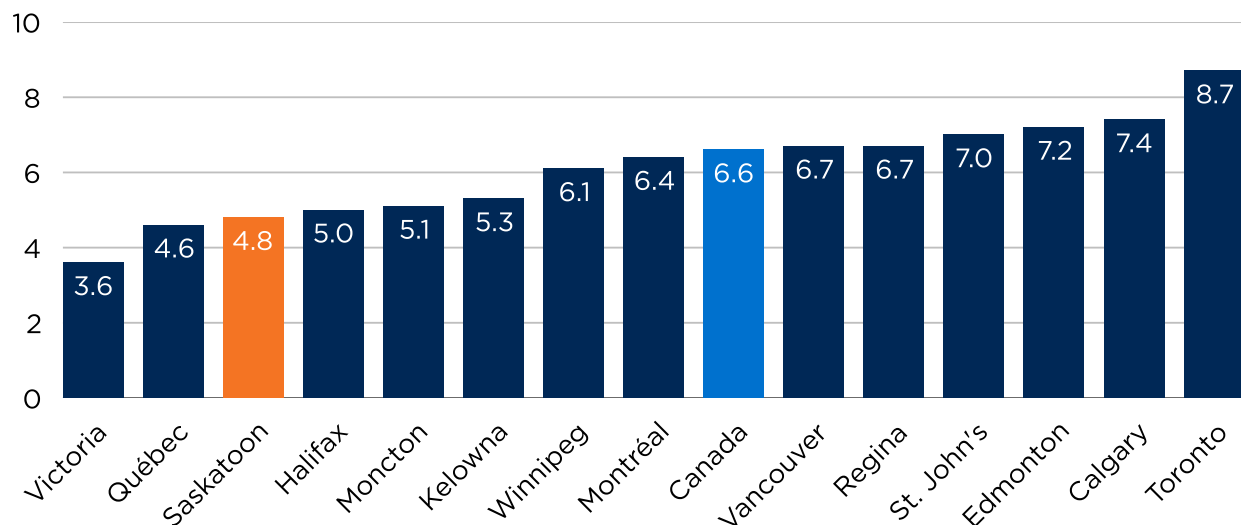
Despite these shifts, the Saskatoon Region remains in a strong economic position as it prepares to weather several global trade conflicts. As one of the few economies that has consistently outperformed most of Canada, the Region has one of the lowest unemployment rates, at 4.8%, and one of the highest participation rates, at 70.6%, demonstrating significant stability and productivity as uncertainty looms over the heads of businesses and consumers.

A significant aspect of the Region's ability to emerge above other economies in Canada is a result of the long-term growth prospect of its natural resource sector, with major companies like Cameco, Nutrien, and BHP Potash maintaining their 2025 outlooks with little to no change, despite the evolving trade scenarios and global tensions. Commodity prices are staying strong due to ongoing global demand for food and energy, along with efforts to diversify markets.

Overall, the Saskatoon Region's consistent labour market remains a bright spot for the economy, being in a strong position as the impact of tariffs and economic uncertainty make its way through consumers, businesses and supply chains.

Unemployment Rate

Annual % Change



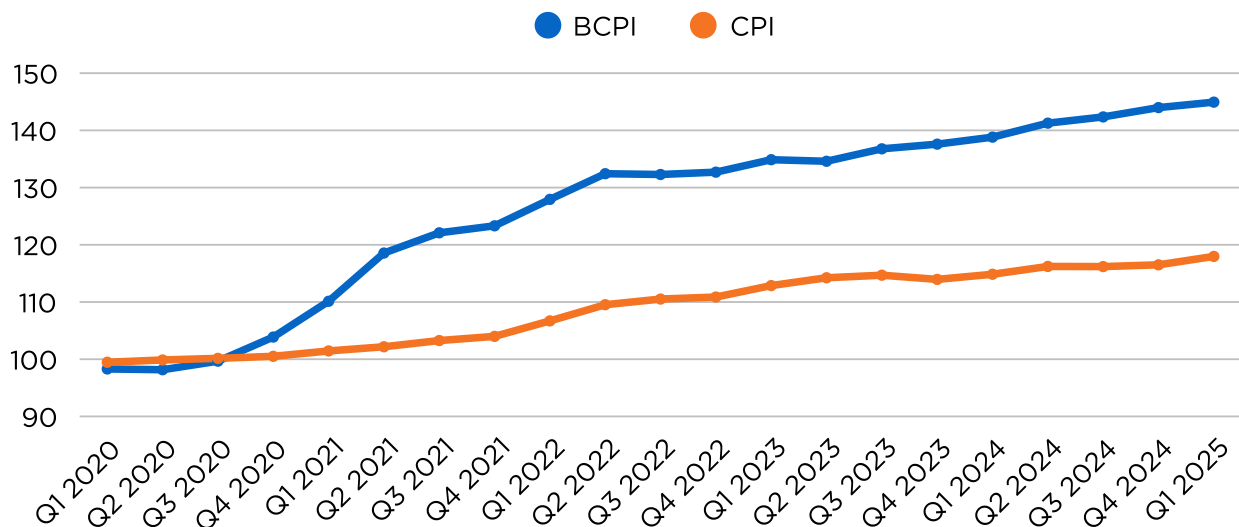
State of the Housing Market: Market constraints continue to be a challenge. Inventory is at a record low, while median home prices have hit a record high. Although demand has slowed slightly from previous years, it remains strong. Supply is beginning to recover, but continues to highlight the ongoing need for more construction.

The state of the housing market in the Saskatoon Region has been shaped by rising building costs and a rapidly growing immigrant population. The gap between current and constant dollars for residential construction investment has widened significantly, increasing from 4.6% at the start of 2020 to 53.8% in Q1 2025, highlighting the rapid impact of construction cost inflation over time.

The working-age population grew by 4.5% in Q1, but the growth has slowed slightly due to new immigration policies. While federal immigration targets have dropped, the full impact will likely be seen in the second half of 2025. The Region remains a seller's market, with demand outpacing supply. Inventory dropped 22% to a historic low of 740 homes, while sales grew 7.8% to 1,146 homes. Despite Q4 and Q1 typically being slower, 2025 could see a hot housing market. The median home price reached a record high of \$404,500, up 8.2% from last year.

Economic pressures continue to impact the residential housing market. The combination of lower interest rates, rising rental costs, and record-low inventory levels are driving increased multi-dwelling construction and a growing shift towards homeownership, further intensifying the state of the housing market.

Residential Building Construction vs. Consumer Goods Prices Annual % Change



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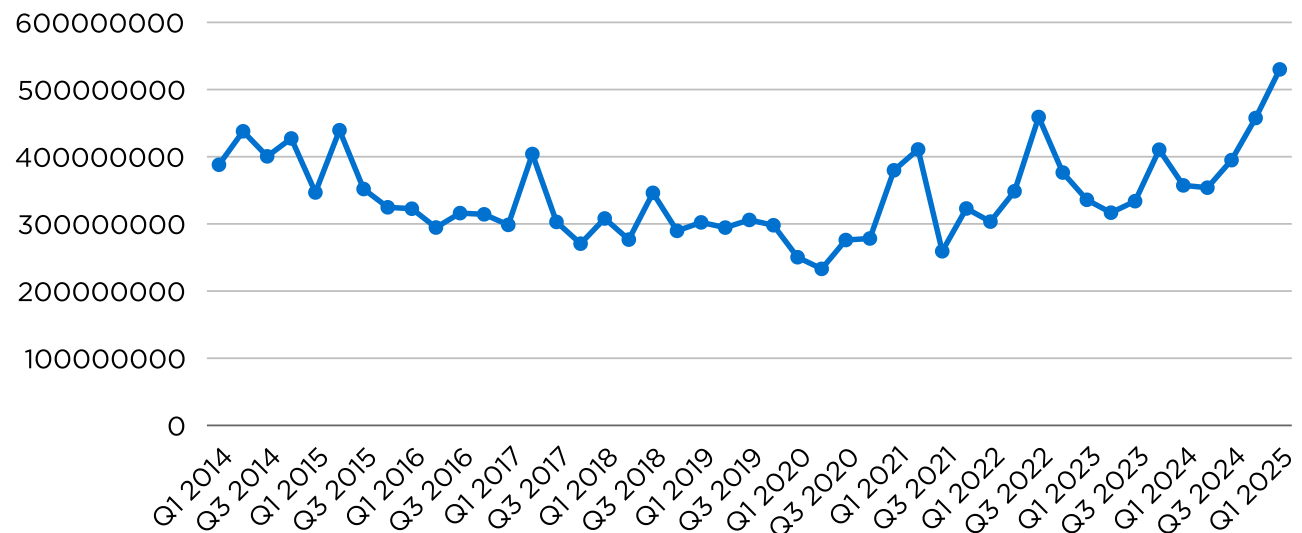
With two months of the quarter reported, total construction investments are on track to reach record levels, or come close. Investments currently stand at \$530.0 million, already surpassing last year’s full-quarter total of \$510.5 million, and marking a 48.3% increase from the \$357.3 million recorded at the same point last year.

Residential investments increased by 54.5% from last year, with single-dwelling construction up 65.1% and multi-dwelling construction up 40%. Non-residential investments grew by 28.4%, driven by a 64.5% rise in the commercial sector. However, the industrial and government sectors saw declines of 8.5% and 11.2%, respectively.

Despite economic and trade uncertainty, construction is booming in the Saskatoon Region. Key projects include the \$250M Bus Rapid Transit system, \$134M Downtown Library, The Hadley (160-unit apartment), and the \$500M Saskatchewan Polytechnic Campus, with many more approved or proposed. Although the Saskatoon Region faces several economic challenges, growth and expansion continue across the local economy. Residential and institutional investments are expected to be key drivers in 2025.

Investment in Residential Construction – Inflation Gap

Annual % Change, Two Months per Quarter



Conclusion

This Spring Economic Update highlights that, despite moments of levity, the Saskatoon Region's economic outlook faces increasing challenges. A mix of emerging and familiar trends, including slowing growth, trade and inflation uncertainty, and tightening labour and housing markets, are shaping a complex year ahead. As population growth slows, priorities are shifting, opening opportunities to build resilience through market diversification and renewed focus on domestic investment. Despite ongoing trade tensions and uncertainty, investment and development continue to support growth and confidence. The labour market remains a source of stability, even as it tightens, and the housing market continues to reflect strong demand and limited supply. Uncertainty continues to influence economic decisions, creating challenges for stakeholders, businesses, and consumers. However, this unpredictability also presents opportunities for growth, adaptation, and strategic resilience.

Methodology

Our analysis is based on a combination of Statistics Canada data, the Conference Board of Canada data, national bank forecasts, industry reports, surveys, and expert commentary. We strive to present an objective and informative snapshot of the Saskatoon Region economy.

Glossary

Real GDP measures the value of the goods and services produced by an economy in a specific period, adjusted for inflation.

Population measures all the inhabitants of a particular town, area, or country.

Unemployment Rate is the number of unemployed persons expressed as a percentage of the labour force.

Employment is the number of persons who, worked for pay or profit, or performed unpaid family work or had a job but were not at work due to own illness or disability, personal or family responsibilities, labour dispute, vacation, or other reason.

Labour Force is the number of persons 15 years of age and over who were employed or unemployed.

Participation Rate is the the number of labour force participants expressed as a percentage of the population 15 years of age and over.

Housing Starts reflects the number of privately owned new houses (technically housing units) on which construction has been started in a given period.

Existing Home Sales reflects the number of housing units on the market and the number of housing units sold in a given period.

Median Sales Price reflects the middle value of homes sold within a specified area or dataset.

Inflation Rate is the rate of increase or decrease in prices for goods and services, in a given period of time.

Inventory is the total number of active listings available for sale in a particular market at a given time. This includes all types of properties listed for sale through the Multiple Listing Service (MLS) system.

Investment in Building Construction is the investment in residential and non-residential building construction, representing the spending value of building construction by households, enterprises and governments for buildings, excluding the value of land. The value of construction investment for a given month will be a function of the work done on units started in that month, in addition to the work done on all the other units from preceding months for which the construction would not yet be completed.

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