



2025 FALL

Economic Update

Fall Economic Update

Reflecting on the Spring Economic Update, uncertainty dominated the outlook. Business owners, policymakers, and consumers were weighing risk against opportunity and responding to a constantly shifting global landscape, with developments in Russia, China, and the United States reshaping expectations.

As we move into the fall, uncertainty remains, but the Region is showing resilience. A strong labour market, steady economic growth, and an easing housing market signal stability even as global trade challenges and shifting sentiment continue to test the balance. This update highlights the trends and opportunities shaping the Saskatoon Region's evolving outlook.

Key takeaways from this report:

Growth Holding Steady: GDP is projected to grow 1.7% in Q3 2025, an upgrade from earlier forecasts, supported by gains in construction and natural resources. Manufacturing continues to fall at a slower pace, along with slower population growth, signaling a moderate outlook ahead.

Labour Market Strengths Threatened: The Saskatoon Region's labour market remains strong, below provincial and national averages, with unemployment at 4.7%. However, slower population growth and immigration cuts are expected to tighten supply.

Housing Market Pressure Eases: The housing market is showing early signs of easing as inventory levels have increased year-over-year for the first time in five years. Demand still outpaces supply, keeping prices approximately 10% higher than last year. With borrowing costs now lower, the balance between new supply and renewed demand will be critical to watch.

Navigating Trade Challenges: Saskatchewan's exports fell nearly 9% in Q2 2025, largely due to reduced shipments to the U.S. and China; however, this decline is being offset by stronger growth in European, African, and Asian markets. Upward trending commodity prices and trade diversification are continuing to support growth across the natural resources sector.

Sentiments and Adaptations: Businesses are focusing on fewer, higher-value projects amid cost pressures. Consumers remain selective in daily spending but confident in major purchases. High savings and strong big-ticket spending are helping sustain Saskatchewan's economy.

TOTAL REAL GDP

\$25.973B

+ 1.7% change from Q3 2024

EMPLOYMENT

202,867

+ 2.2% change from Q3 2024

UNEMPLOYMENT RATE

4.7%

+ 0.4 PP change from Q1 2024

MEDIAN SALES PRICE

\$428,317

+ 9.7% change from Q3 2024

HOME INVENTORY

740

- 0.18% change from Q3 2024

INTEREST RATE

2.75%

+ 125 BP change from Q3 2024

**Adjusted Q3 Data (June-August)*

Growth Holding Steady: GDP is projected to grow 1.7% in Q3 2025, an upgrade from earlier forecasts, supported by gains in construction and natural resources. Manufacturing continues to fall at a slower pace, along with slower population growth signals a moderating outlook ahead.

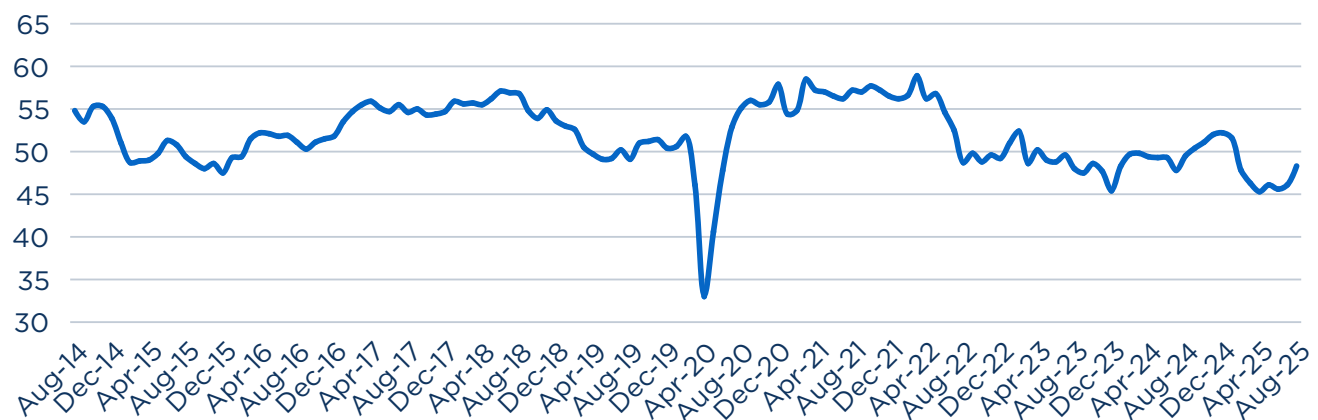
The uncertainty in the global economy and rising geopolitical tensions since the start of the year weighed heavily on the goods-producing and export-oriented sectors, the backbone of the Saskatoon Region's economy. Despite these headwinds, the Conference Board of Canada now forecasts the Region's GDP to grow 1.7% to \$26.0 billion in Q3 2025, an upward revision from the 1.2% projected earlier in the year. The improvement is being driven by stronger-than-expected performance in Construction (2.7%), Primary Industries and Utilities (4.2%), supported by increased residential and institutional building activity, continued strength in mineral development and production, and strengthening commodity prices.

Signs of resilience are also emerging in the manufacturing sector. The S&P Global Canada Manufacturing Purchasing Managers' Index (PMI), a leading indicator of GDP, industrial production, employment, and inflation, climbed to 48.3 in August from 46.1 in July. Although the index remains below the neutral 50.0 threshold, this is the highest reading this year, indicating contraction for the seventh consecutive month. The pace of decline is slowing, shown by output falling at its weakest rate since February, while new orders also contracted at a milder pace. Even so, the Saskatoon Region's manufacturing sector shrank by 1.3% in Q3.

At the same time, one of the Saskatoon Region's traditional growth engines, population growth, is beginning to moderate. Saskatchewan's immigration nominations were initially capped at 3,625 for 2025, later revised upward to 4,761, but still well below the 8,000 allocated in 2024. Resulting in the Conference Board of Canada projecting the Saskatoon Region's population growth to slow to 2.1% in 2025, down from 3.9% in 2024, its weakest pace since border closures in 2020–2021. Looking ahead, with the current federal immigration plan in place, growth is expected to gradually ease through 2027.

S&P Global Canada Manufacturing PMI

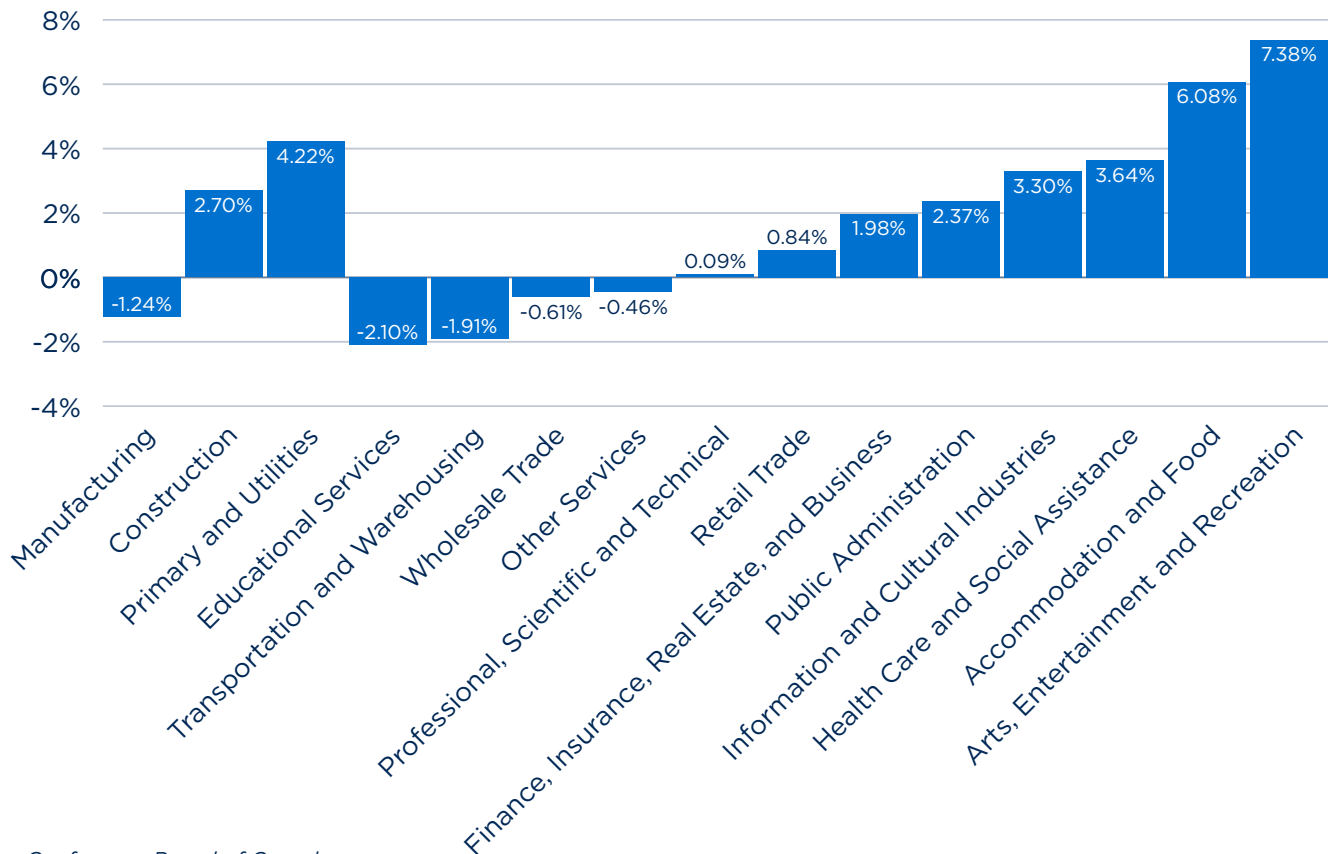
>50 = growth since the previous month



Source: S&P Global PMI

Industry GDP Performance (Q3 2024 to Q3 2025)

Annual % Change



Conference Board of Canada

Labour Market Strengths Threatened: The Saskatoon Region's labour market remains strong, below provincial and national averages, with unemployment at 4.7%. However, slower population growth and immigration cuts are expected to tighten supply.

Against a strong natural resources backdrop, the Saskatoon Region's labour market remains one of the brightest spots in Saskatchewan and Canada, with an unemployment rate of 4.7%, below Saskatchewan's 4.9% and well under Canada's 6.9%. However, with immigration cuts and slower population growth projected through 2027, labour market tightness is expected to increase, potentially rivaling the intense competition for talent seen in 2022 and early 2023.

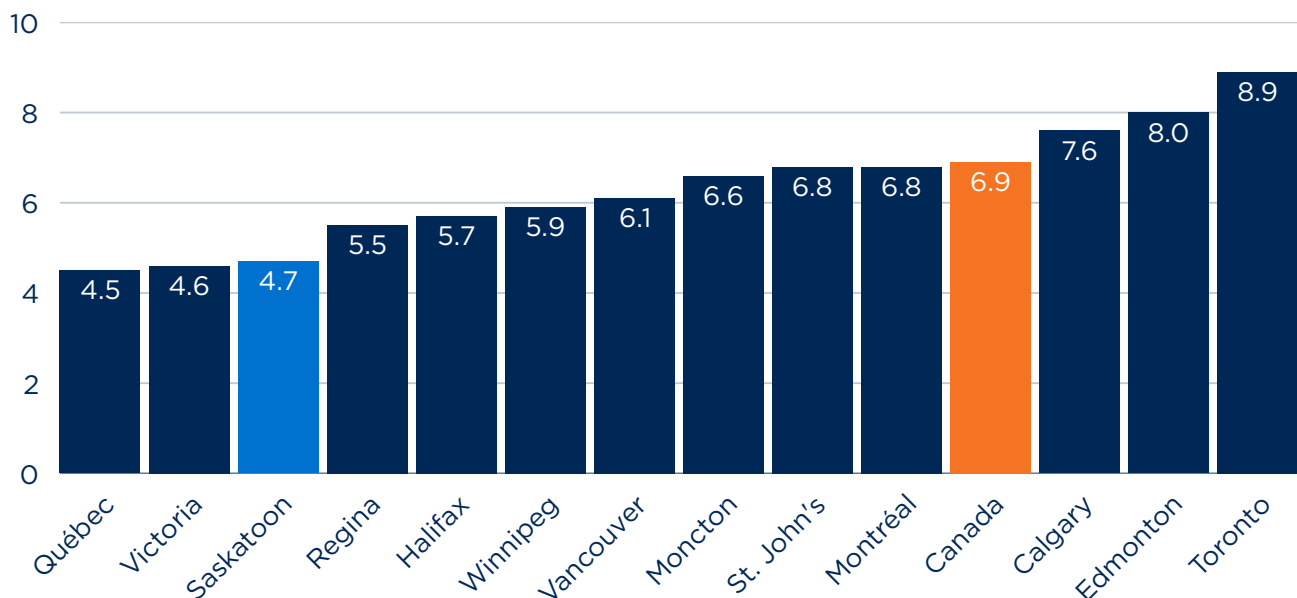
This is reinforced by the Saskatchewan Immigrant Nominee Program (SINP), where 75% of nominees must already reside in Canada, and which accounts for over 90% of economic immigration to the province. Priority processing targets healthcare, agriculture, and skilled trades, while 25% of new nominations support trucking, accommodation, food services, and retail. At the same time, international student enrollment has declined by up to 50%, further limiting the future workforce supply.

Labour supply pressures are compounded by Saskatchewan's minimum wage increase to \$15.35 (October 1), positioning the province just above Alberta, the second lowest in Canada, adding another challenge for attracting workers. Employment trends across industries show growth in the goods-producing sector: Construction (5.0%), Mining and Quarrying (11.8%), Agriculture (15.1%), and Utilities (58.5%), while Manufacturing declined by 3.4%. Within services, Accommodation and Food (9.6%), Transportation and Warehousing (14.4%), and Business and Building services (18.1%) expanded, whereas Professional, Scientific, and Technical Services (-14.3%), Wholesale and Retail Trade (-8.0%), and Information, Culture, and Recreation (-4.8%) contracted.

With commodity prices relatively stable and a positive outlook for potash, uranium, and most crops, key industries, including agriculture, mining, and support services, are expected to continue performing strongly in the short to medium term. Long-term labour market tightness, however, remains a persistent challenge.

Unemployment Rate: Q3 2025 (June - August)

Annual % Change



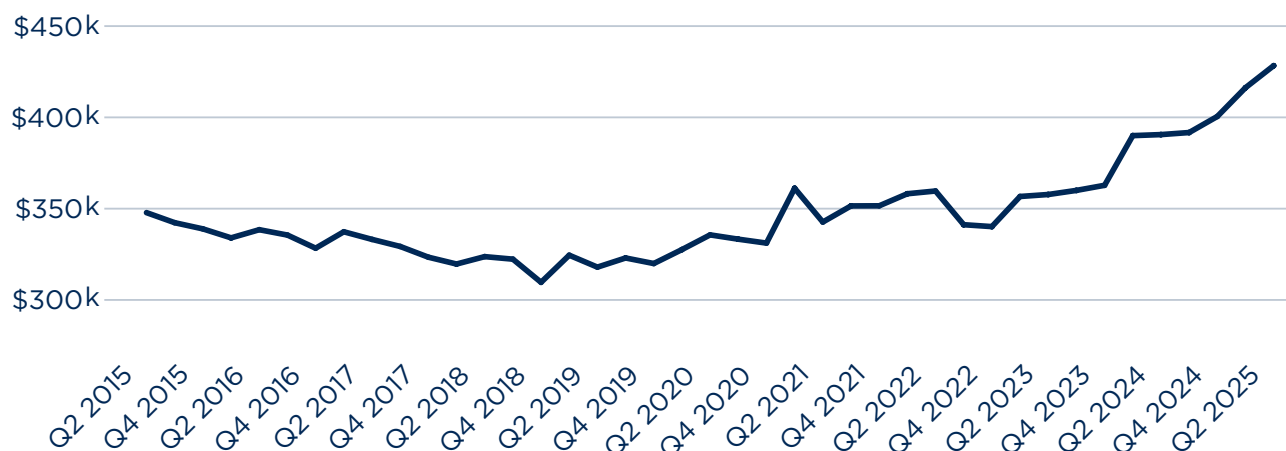
Housing Market Pressure Eases: The housing market is showing early signs of easing as inventory levels have increased year-over-year for the first time in five years. Demand still outpaces supply, keeping prices approximately 10% higher than last year. With borrowing costs now lower, the balance between new supply and renewed demand will be critical to watch.

In September, the Bank of Canada cut its policy interest rate by another 25 basis points, lowering it to 2.5% after a seven-month hold. Citing weakness in the broader economy and labour market, the Bank has left open the possibility of one more cut before year-end. Whether this easing will spur housing demand in the Saskatoon Region remains uncertain, as the market continues to struggle with limited supply and affordability challenges driven by rising home and rental prices.

Demand (1,897 units) continues to outpace supply (1,104 units). Yet, for the first time since the downward trend began, inventory levels are higher than a year ago on a quarterly basis, signaling more homes being brought to market despite sustained demand. Over the past five years, inventory has declined by an average of 14% annually, but in Q3 2025, inventory fell only 0.2%. Even so, median home sale prices remain under pressure, climbing 9.7% year-over-year.

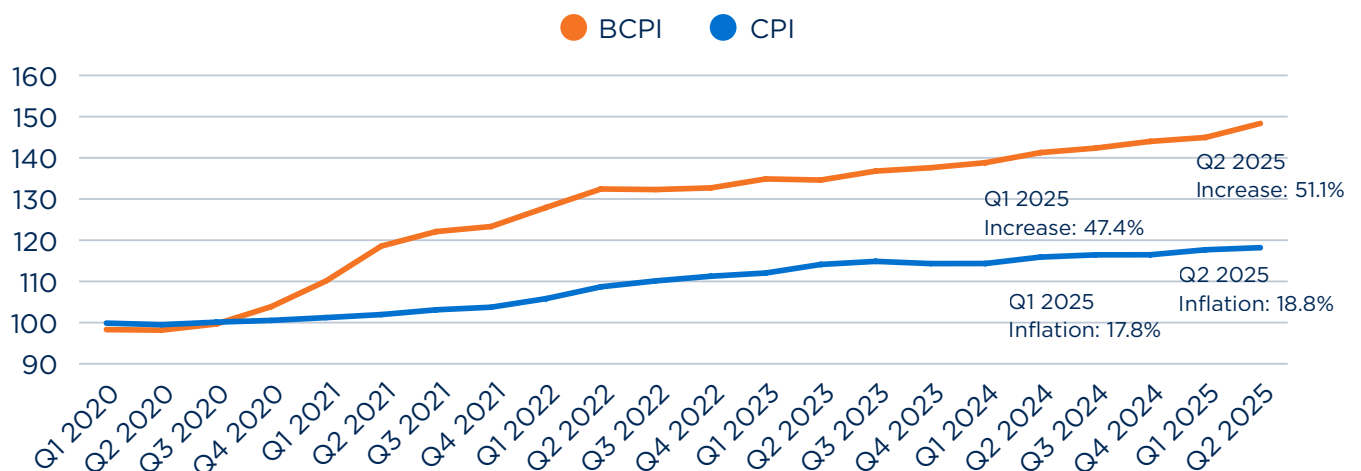
As noted in the Spring Economic Update, the housing market is further constrained by rising building costs, which have far outpaced inflation. In Q2, the Building Construction Price Index (BCPI) rose 51.1%, compared to an 18.8% increase in consumer prices. While lower interest rates could reduce borrowing costs for builders and encourage new supply, they may also stoke demand, leaving it unclear whether affordability pressures will truly ease.

Median Sales Price



Price Index - Residential Building Construction and Consumer

Annual % Change



Navigating Trade Challenges: Saskatchewan's exports fell nearly 9% in Q2 2025, largely due to reduced shipments to the U.S. and China; however, this decline is being offset by stronger growth in European, African, and Asian markets. Commodity prices trending upward and trade diversifying are continuing to support growth across the natural resources sector.

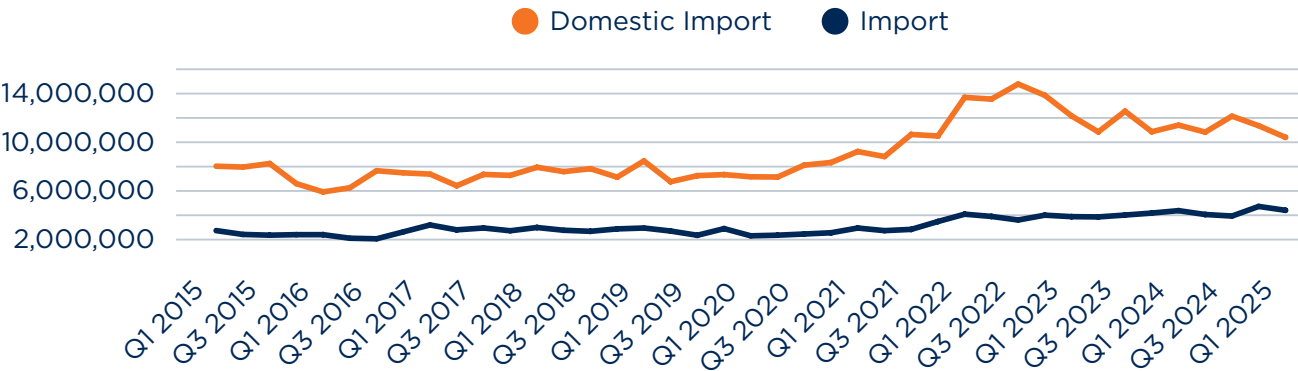
Trump's Liberation Day in April initially sparked fears among businesses and stakeholders, but much of the tariff shock has since eased. The Trade Policy Uncertainty Index, while still elevated, has fallen sharply to 575.8 in August 2025 from 1,151.4 in April. This trend is likely supported by the fact that 95% of Saskatchewan's export products benefit from tariff-free access under CUSMA compliance.

Saskatchewan exports declined 8.8% in Q2 from a year ago, driven by reduced shipments to the U.S. and China, particularly in farm and intermediate products, industrial machinery and equipment, and motor vehicles and parts. Still, this weakness was partially offset by stronger exports to the U.S. in chemicals, plastics, energy, and transportation equipment, as well as surging demand from other markets including France (+1,333.9%), Spain (+246.5%), Brazil (+79.7%), Algeria (+135.1%), the Netherlands (+148.3%), and Indonesia (+20.4%).

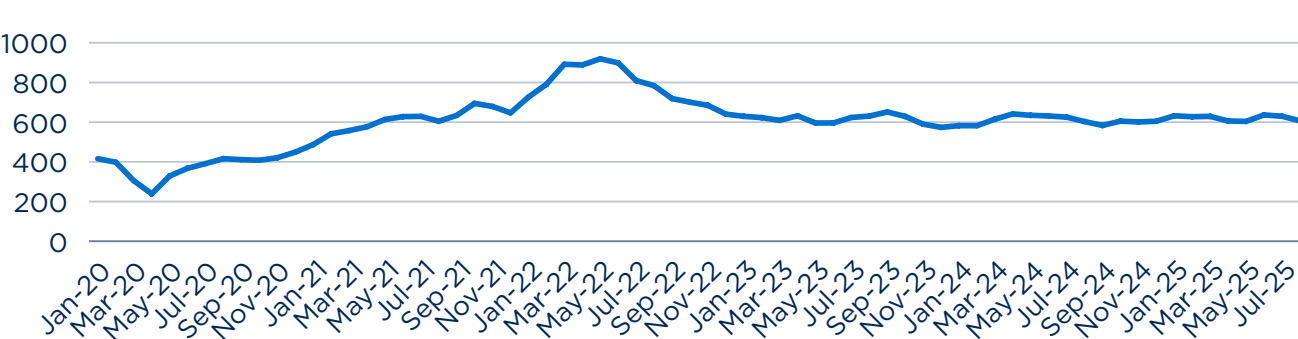
At the same time, the Bank of Canada's Commodity Price Index is trending upward again after steady declines in 2024 and remains well above levels from five years ago. Potash prices rose 16.9% in Q2, offsetting declines in WCS crude, uranium, durum wheat, and canola.

For the Saskatoon Region, an export-oriented economy, this shift underscores the benefits of market diversification. While overall trade remains down; higher commodity prices, stable demand for Saskatchewan products, and growing opportunities tied to the global energy transition are helping to cushion the impact of tariffs and trade uncertainty.

Saskatchewan Imports & Exports to the World



Commodity Price Index



Sentiments and Adaptations: Businesses are focusing on fewer, higher-value projects amid cost pressures. Consumers remain selective in daily spending but confident in major purchases. High savings and strong big-ticket spending help sustain Saskatchewan's economy.

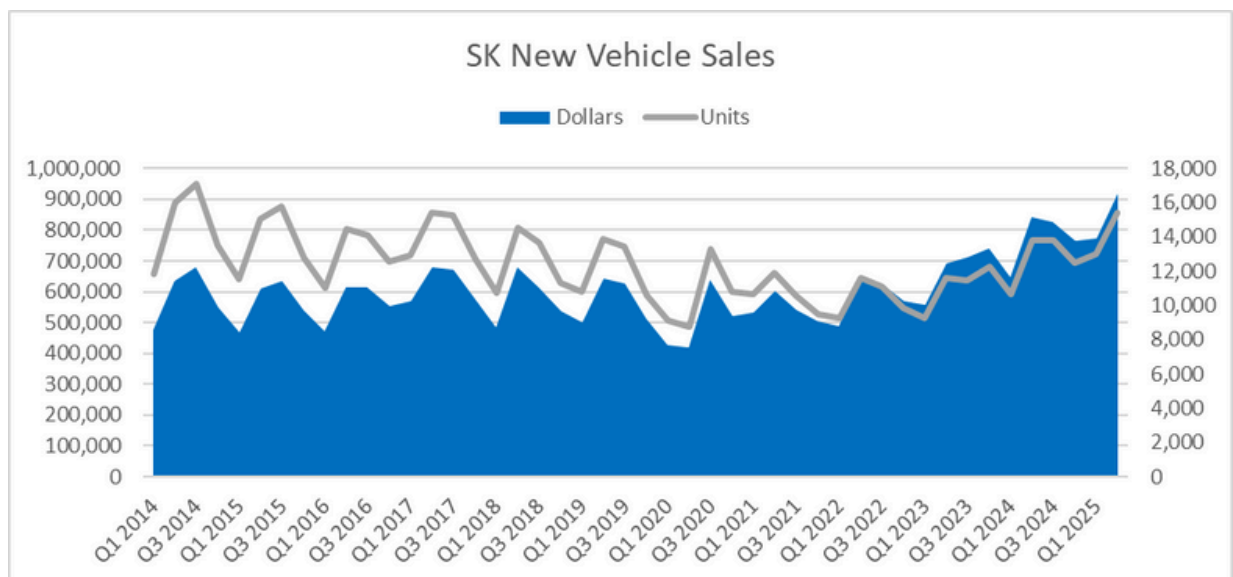
Despite cautious optimism among Canadian businesses in Q3, confidence remains steady but fragile. Most firms believe they can weather tariff pressures and maintain staffing levels, yet inflation, labour constraints, and broader economic uncertainty continue to weigh on sentiment. Against this backdrop, building permit activity in the Saskatoon CMA surged in Q2 2025, with total values rising 44.7% to \$441.1 million.

Residential permit values increased 15.0%, driven by a 24.4% rise in single-detached dwellings and a 17.6% jump in multi-unit volumes. Non-residential permit values more than doubled (+109%), led by commercial projects (+41.3%) and institutional/governmental developments (+330%), even as overall non-residential volumes declined 10.5%. These patterns suggest that, amid cost pressures and cautious business sentiment; investors are pursuing fewer but larger, higher-value projects, highlighting how elevated construction costs are shaping development trends and project scale.

Consumer spending shows a cautious tone in everyday purchases. RBC cardholder data indicate that retail growth has slowed for three consecutive months, with moderation in essentials like groceries and fuel, and subdued discretionary spending in travel and dining. Saskatchewan saw some of the steepest pullbacks, with August retail activity down 1.3% month-over-month on a three-month average, reflecting regional sensitivity to inflation and fuel costs.

However, resilience is clear in major purchases. New vehicle sales in Saskatchewan rose 8.8% in value and 12.1% in units sold in Q2 2025, signaling households remain willing and able to make significant investments. Strong Canadian household savings, 226% above 2019 levels, provide a substantial buffer against economic uncertainty.

Overall, the economic picture is nuanced. Business investment trends show fewer yet higher-value projects amid cost pressures, while consumers remain selective in daily spending but continue investing in big-ticket items. Elevated savings and sustained major purchases suggest Saskatchewan households retain considerable purchasing power, supporting the local economy even as day-to-day sentiment softens.



Conclusion

The Saskatoon Region's economy in Q3 2025 is navigating a landscape of both pressure and resilience. GDP growth is being supported by construction and natural resources, while manufacturing shows signs of a slowing decline. Population growth is moderating, and labour market tightness is expected to intensify as immigration and international student flows remain constrained, even as employment expands in key sectors. Housing pressures persist amid rising costs and limited inventory, though lower interest rates and incremental supply growth offer partial relief. Trade conditions are stabilizing, with higher commodity prices and diversified markets helping to cushion the Region against global uncertainty.

Business and consumer sentiment remains under pressure, yet underlying resilience is evident. Firms are focusing on fewer, higher-value projects amid elevated construction costs, while households are selective in daily spending but continue investing in major purchases, supported by historically high savings. Taken together, these trends illustrate a nuanced economic picture. Pressures from costs, labour, and global uncertainty persist, yet strong sectoral performance, sustained investment, and resilient household purchasing power continue to anchor growth and stability in the Region. Looking ahead, the federal government's Fall Budget release in October will be a critical development, with resulting policy choices setting the direction for growth, investment, and economic priorities over the next four years.

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

Building Construction Price Index (BCPI): A measure of changes in the costs of materials, labour, and overhead for building construction projects, used to track construction cost inflation.

Consumer Price Index (CPI): A measure of the average change over time in the prices paid by consumers for a basket of goods and services, used to track inflation.

Gross Domestic Product (GDP): The total value of goods and services produced within a region or country, indicating the size and growth of the economy.

Immigration Nominations (Saskatchewan Immigrant Nominee Program – SINP): A provincial program that nominates individuals for permanent residence in Canada, with priorities for certain sectors and skills.

Inventory (Housing Market): The number of homes available for sale at a given time, used as a measure of housing supply relative to demand.

Non-Residential Building Permits: Permits issued for construction projects other than residential dwellings, such as commercial, institutional, or industrial buildings.

Purchasing Managers' Index (PMI): A survey-based leading indicator of economic activity in the manufacturing sector, measuring output, new orders, employment, and supplier delivery times; a reading above 50 indicates expansion, below 50 indicates contraction.

Residential Building Permits: Permits issued for the construction of homes, including single-detached and multi-unit dwellings.

Trade Policy Uncertainty Index: A measure of uncertainty in trade policies, such as tariffs and trade restrictions, which can influence business decisions and economic performance.

Tariff Pressures: Costs imposed on imported goods through taxes or duties, which can impact business costs, supply chains, and pricing.

Household Savings Rate: The proportion of household income that is saved rather than spent on consumption.

Big-Ticket Purchases: High-value consumer goods, such as vehicles or major appliances, that are less frequent and often financed over time.

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