SREDA

2026 SPRING

Economic Update

Key Takeaways

Stabilized Yet Resilient Growth: GDP is projected to grow 2.0% by the end of Q1 2026, a slight deceleration from previous quarters. This deceleration is not a result of significant contractions in any sector, but rather a stabilization following the intense growth of the post-pandemic recovery period.

Labour Dynamics and Market Normalization: The Saskatoon Region's labour market remains fundamentally strong and well-supplied, but is showing early signs of loosening. Unemployment shot up to 5.9%, with participation remaining high. Immigration policy changes are helping shield key sectors from softening, however skilled labour access remains a concern.

Housing Market Trends and Affordability: Housing supply is increasing modestly, with months of supply rising to 2.62 and days on market extending to 44. Sales have slowed, but prices remain high due to construction cost pressures. The market is showing early signs of loosening, yet affordability challenges persist for buyers and builders alike.

Export Challenges and Shifts: Saskatchewan exports faced significant declines in key sectors such as transportation equipment, metals, and energy products, largely due to U.S. and China trade pressures. However, strong gains in minerals and consumer goods, and key commodity prices are cushioning overall economic impact, emphasizing the Region's diversified trade.

Investment Momentum Amid Cautious Spending: Consumer spending remains restrained, reflecting cautious sentiment, however, construction and development activity continues to grow. Industrial, commercial, and residential permits all indicate strong forward-looking investment, supporting long-term growth despite short-term softness in spending.

TOTAL REAL GDP

$26.462B

+ 2.0% change from Q1 2025

EMPLOYMENT

206,900

+ 3.6% change from Q1 2024

UNEMPLOYMENT RATE

5.9%

+ 1.1 PP change from Q1 2024

MEDIAN SALES PRICE

$407,725

+ 0.7% change from Q1 2024

AVERAGE MONTHLY HOME INVENTORY

761

- 2.5% change from Q1 2025

INTEREST RATE

2.25%

- 75 BP change from Q1 2024

Stabilized Yet Resilient Growth

The global economy continues to face uncertainty and rising geopolitical tensions into 2026. As an export-oriented economy, the Saskatoon Region is consistently threatened by these global economic pressures. Despite these challenges, Signal49 Research projects the Region's GDP to grow 2.0% to $26.462 billion in Q1 2026. This is a deceleration of growth, following five consecutive quarters of slowing – however, forecasts predict a modest re-acceleration up to 2.5% by the end of Q4 2026. This, paired with minimal losses in specific sectors, points to a stabilization of the Region's economy across all sectors, and a steadier growth phase following the intense growth seen in the post-pandemic recovery period.

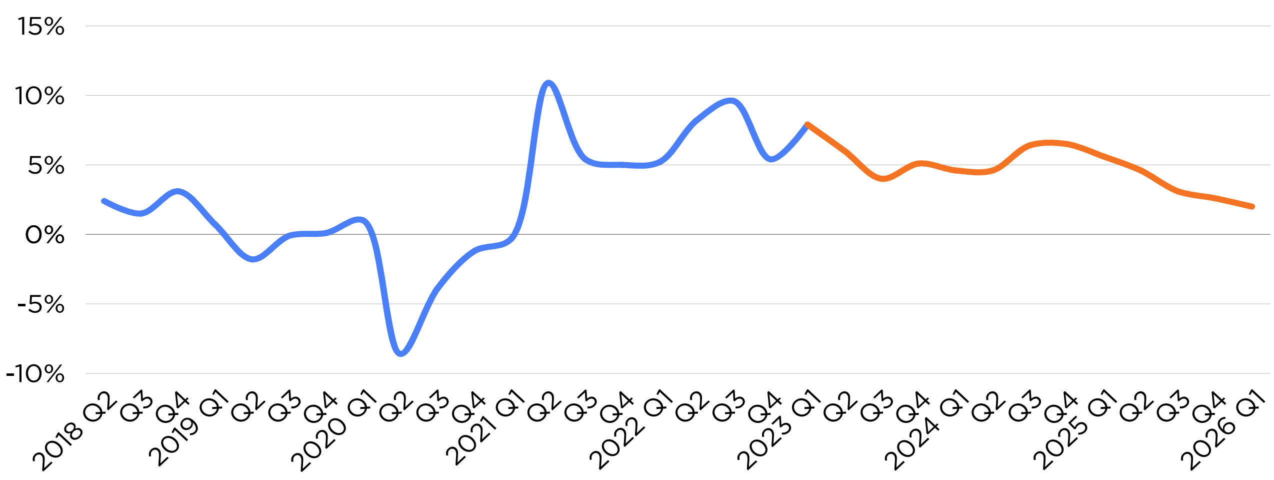
Marginal declines were seen in manufacturing (-1.1%) and wholesale trade (-1.23%), likely as a result of ongoing international trade pressures and tariff threats. These sectors are both forecasted to bounce back into a growth phase through the remaining quarters of 2026, highlighting the resilience of the Saskatoon Region's economy despite trade uncertainty.

Expected growth in manufacturing is also supported by the S&P Global Canada Manufacturing Purchasing Managers' Index (PMI), a leading indicator of GDP, industrial production, employment, and inflation. The PMI climbed to 50.4 in January, and again to 51 in February, the first growth values seen since January 2025. This signals that Canadian manufacturing as a whole is already experiencing growth in the first quarter of 2026.

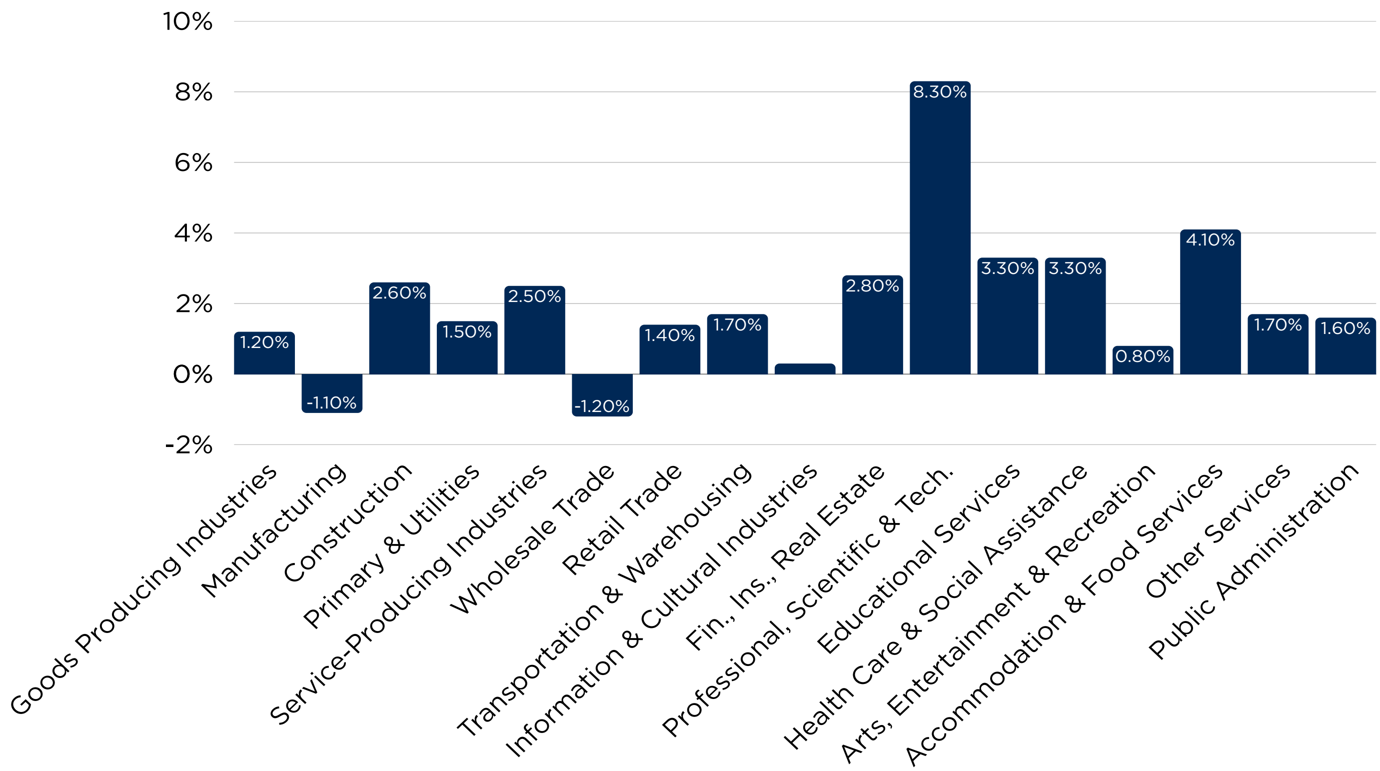
Population growth continues to moderate. The SINP's initial nomination allocation for 2026 is 4,761, the same number as 2025. Unlike 2025, there are no federal requirements specifying that a certain percentage of nominees must come from temporary residents. This reduction continues to constrain population growth. As a result, Signal49 Research projects the Saskatoon Region's population growth to slow to 1.3% in Q1 2026, down from 2.7% in Q1 2025.

GDP Growth

YoY % Change



GDP Growth by Industry
YoY % Change



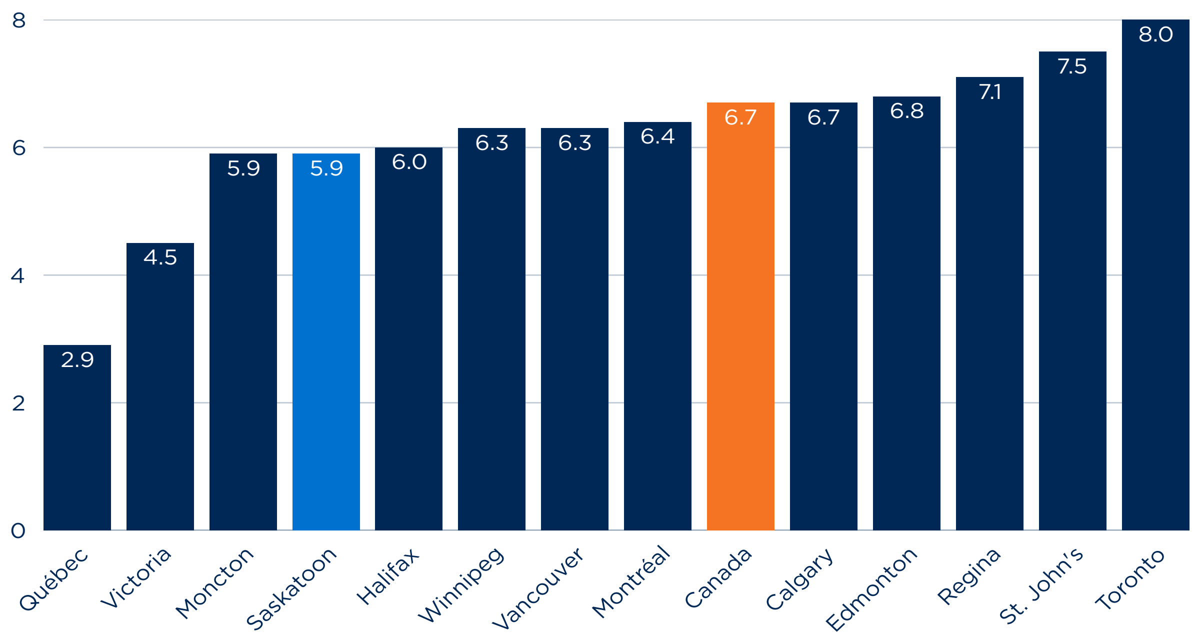
Labour Dynamics and Market Normalization

The Saskatoon Region's labour market remains one of the brightest spots in Saskatchewan and Canada. The Region saw the highest participation rate among all major Canadian CMAs of 70.5%. Although, despite strong labour market participation, the Saskatoon Region saw an unemployment rate of 5.9%, the highest seen in the post-pandemic period; still below Canada's 6.7%. This indicates that while the Region's labour market remains highly engaged, it is experiencing a notable loosening heading into 2026. A looser market suggests that labour supply is beginning to outpace demand. This gap could be a result of slower hiring, reduced economic activity, or lack of skilled labour, but is likely not due to mass influx in supply, as population growth (2.0%) and labour force growth (3.22%) remain steady.

Easing pressures on labour supply is also leading to decreased wage pressures. There was minimal wage growth in both Q4 2025 (1.0%) and Q1 2026 (1.0%), significantly reduced from 3.7% and 3.4% respectively in the previous year, with some industries seeing wage contractions.

While forecasts from Signal49 Research predicted the unemployment spike to occur earlier, in Q3 2025, it is forecasted to return back to a lower, stable unemployment rate in the following quarters, indicating that labour market tightness may return in the medium-term.

Unemployment Rate
Q1 2026



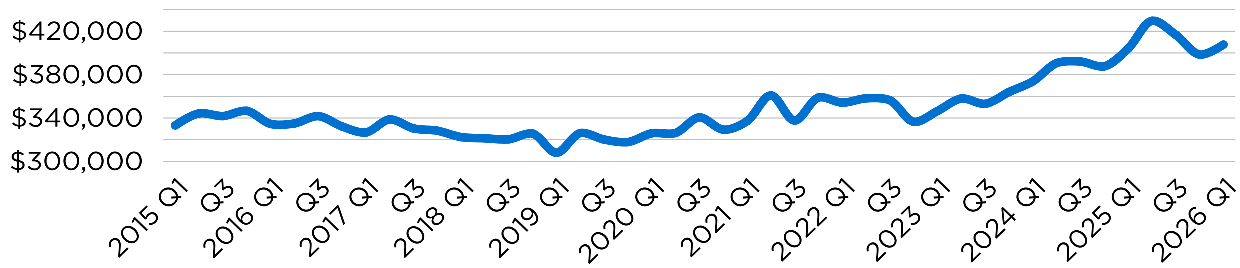
Housing Market Trends and Affordability

In October, the Bank of Canada cut its policy interest rate by another 25 basis points, lowering it to 2.25% after only one month at 2.5%. Canadian inflation fell to 1.8% in February 2026; well below target, and down from 2.3% in January. This marks 25 consecutive months within inflation target range, indicating a low likelihood of rate hikes, and even a slim chance of another cut this year.

Months of supply continues to rise in Q1 at 2.62, the highest seen since Q1 2024. This is driven by a 2.3% increase in average monthly inventory (761 units) and a 23.5% decrease in average monthly sales. Q4 2025 was the first quarter to see an increase in inventory since Q1 2018, with Q1 2026 also seeing a modest increase. Q1 2026 sales saw the largest decrease since Q4 2022. This decrease indicates a sharp pullback in demand from buyers. With months of supply rising slightly from 2.24 in Q3 2025 to 2.62 in Q1 2026, and average days on market rising from 29 to 44 over the same period, the market appears to be loosening. The sales to new listings ratio supports this, seeing a decrease to 0.65, the lowest seen since Q1 2023, however it remains a sellers' market.

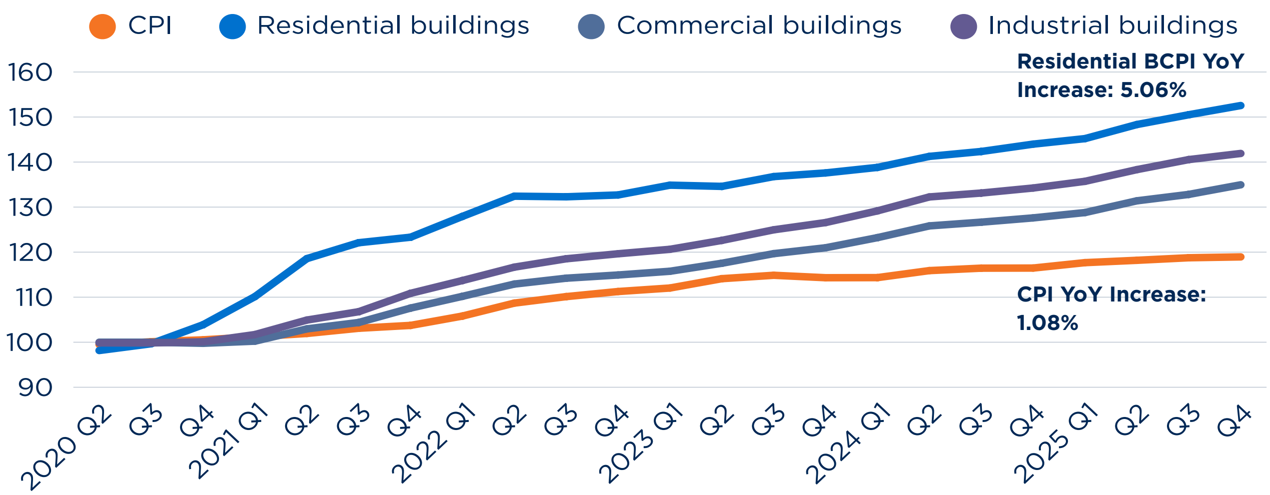
The housing market continues to be constrained by rising building costs, which have far outpaced inflation. In Q1, the Building Construction Price Index (BCPI) for residential buildings rose 5.06% in the last year, compared to a 1.08% increase in consumer prices. As a result, median sale price rose to $407,725 in Q1, and affordability pressures remain an ever-present challenge for builders and home-buyers alike.

Median Sales Price



Price Indices - Consumer and Building Construction

2020 = 100



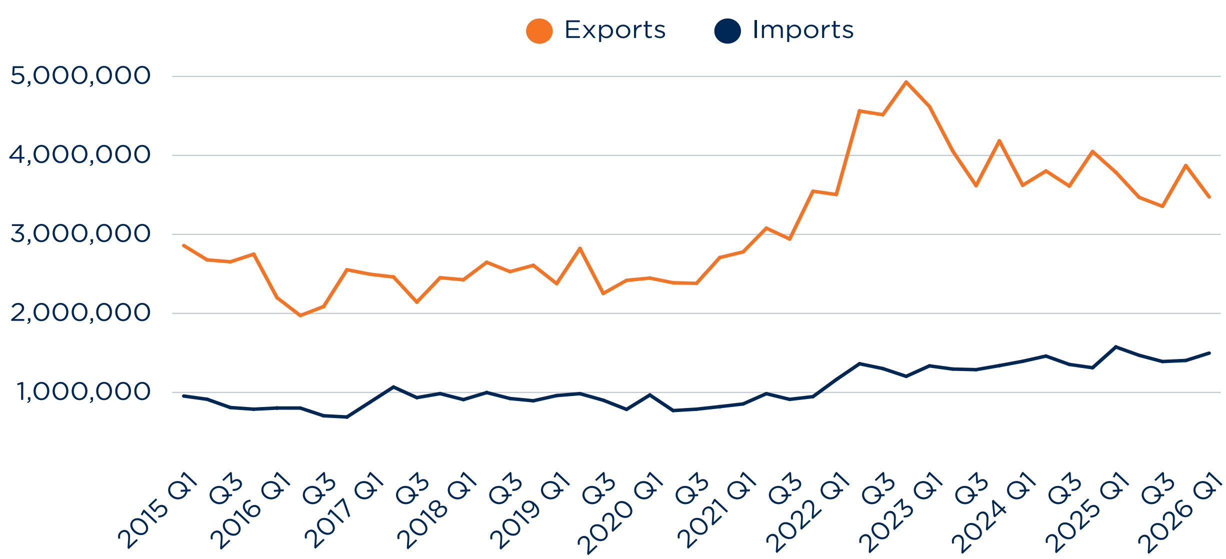
Export Challenges and Shifts

Saskatchewan exports saw major declines across almost every product category in Q1. Average monthly exports from Saskatchewan to the world saw the greatest declines in aircraft and other transportation equipment and parts (-94.3%), metal and non-metallic mineral products (-73.6%) and motor vehicles and parts (-53.09%), all of which are subject to the most U.S. tariff pressures. Saskatchewan's largest export sectors: farm, fishing and intermediate food products (-6.6%) and Energy products (-15.1%) also saw losses. These losses were offset slightly by increases in metal ores and non-metallic minerals (+15.84%) and consumer goods (+27.00%). However, despite strong gains in these sectors, total exports across all merchandise saw a decline of -8.19%.

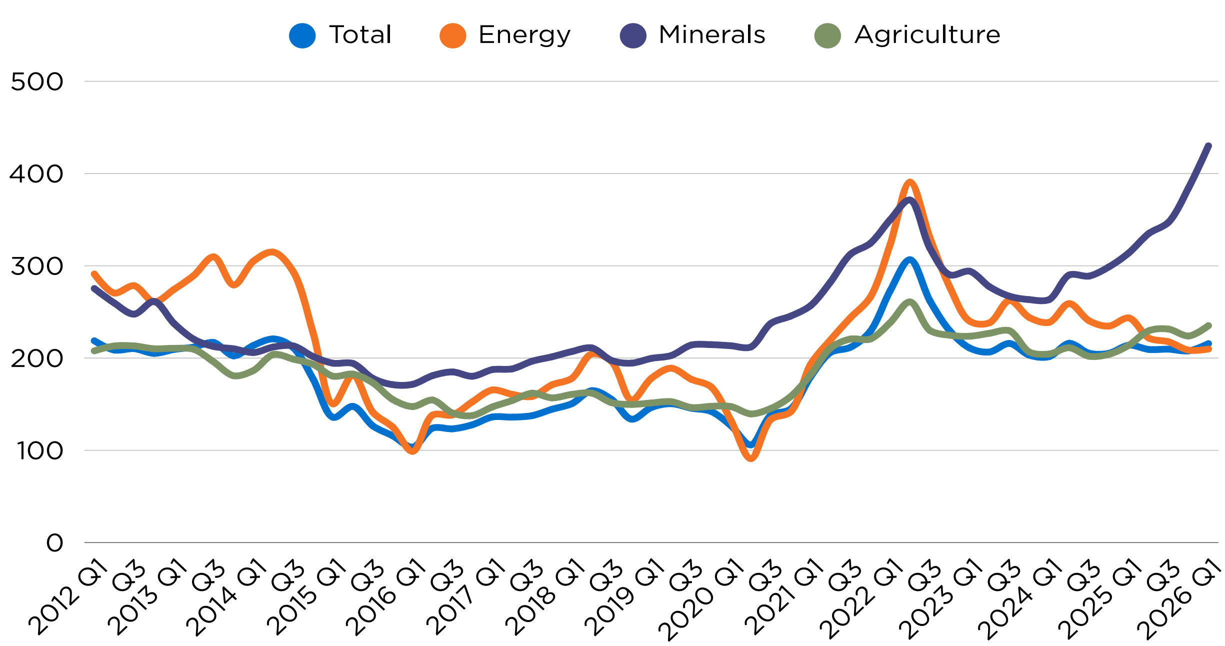
The losses in exports were seen mostly in trade with the U.S. (-15.1%) and China (-62.9%), Saskatchewan's largest trading partners. While total export decreases are substantial (-8.19%), they were partially offset by decreases in total imports (-4.95%), cushioning the effects on GDP. According to The Canadian Survey on Business Conditions, nearly one-third of businesses report a negative impact from tariffs imposed by the U.S. on imports from Canada.

The Bank of Canada's Commodity Price Index has flattened, with commodities seeing no major year over year increases or decreases over the past 8 quarters. This flattening was not seen across all commodity types. Major increases were seen in minerals (+22%) with consistent increases since Q3 2024, and in total excluding energy (+11%). A sharp decline in energy prices (-14%) maintained the flat commodity index, despite sharp mineral price gains. These shifts exemplify the benefits of market diversification in the Saskatoon Region.

Saskatchewan Exports & Imports



Commodity Price Indices



Investment Momentum Amid Cautious Spending

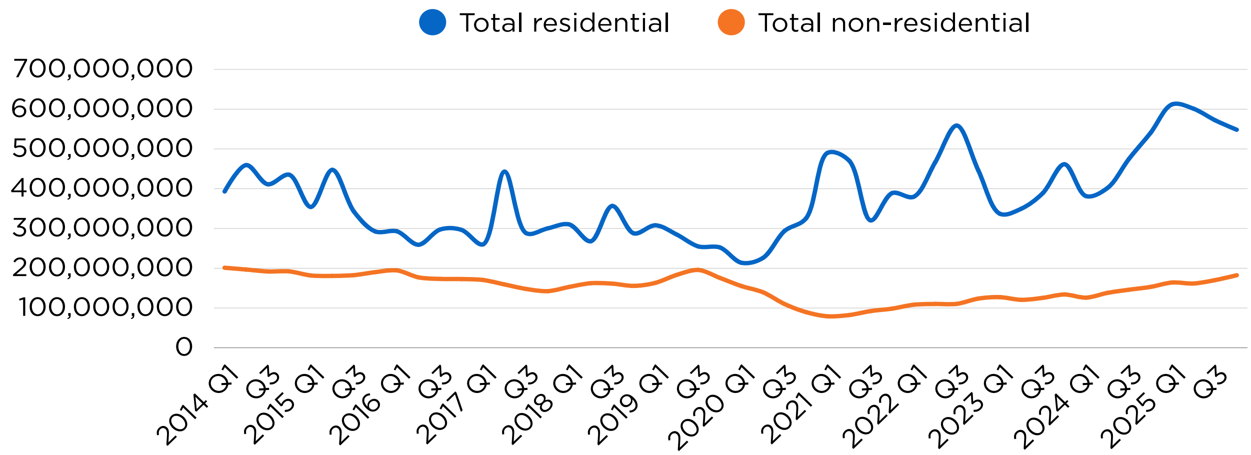
On a backdrop of ongoing uncertainty and economic pressures, Saskatchewan consumer spending remains cautious. Q1 2026 YTD saw an average monthly retail trade increase of only 0.09% year over year. RBC cardholder data suggests that spending growth is being primarily stalled by reductions in spending on discretionary goods, such as furniture, luxury clothing and accessories, consistent with softer consumer sentiment. This reduction could be a result of tariff pressures on pricing. In Q1, over one-quarter of businesses indicated that they passed cost increases due to tariffs onto customers. Sustained low interest rates (2.25%) without significant borrowing, and reduced savings (-16.98%) further indicates a more cautious sentiment.

Building permit values suggest a different forward-looking story. Permit values were up 22% year over year in Q1 YTD. The growth is stable across all building types, led by industrial (+125.6%) and commercial (+54.9%). Residential permits also saw significant gains, led by multiple dwelling buildings (+47.59%). This suggests that despite low consumer sentiment, future investment is expected to rise significantly, and sentiment among developers and investors remains healthy.

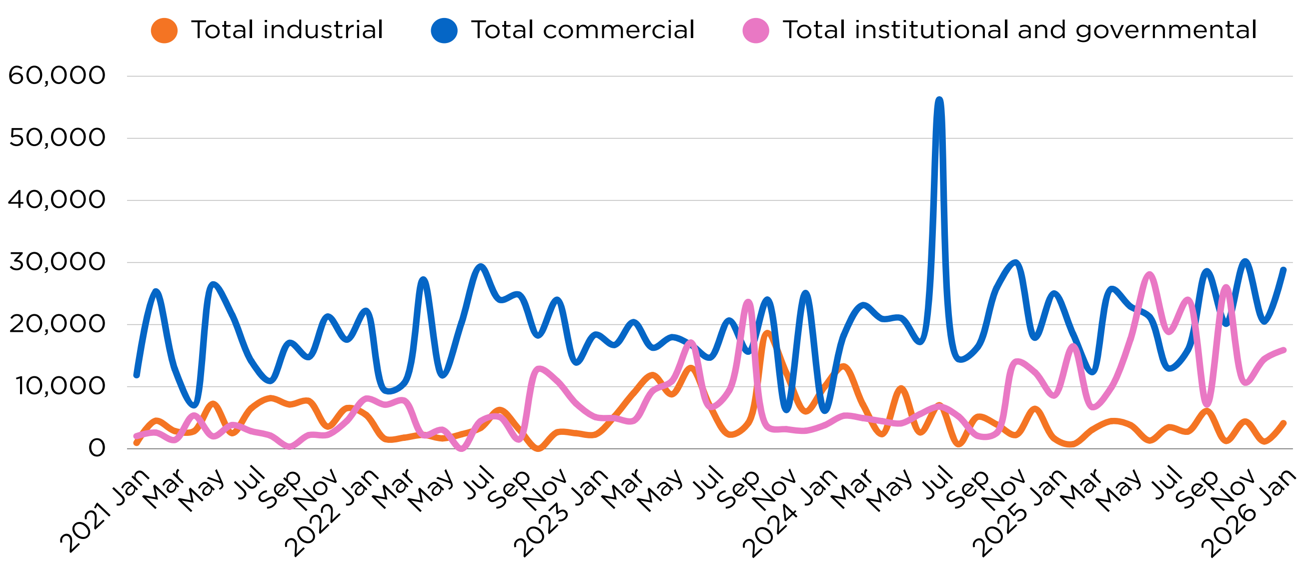
Despite softness and cautious trends in spending and consumer metrics, construction investment continues to rise, continuing its upward trend since Q1 2023 and rising 10.49% in Q1 2026. Both residential (+9.15%) and non-residential (+15.48) saw significant growth. Industrial and commercial both saw a modest decrease following significant investment through 2024 to early 2025. Institutional investment (+100.83) remains high with consistent upward growth. Non-residential construction investment has nearly recovered to pre-pandemic levels, and with permit values continuing to rise, could exceed $200M in a single quarter for the first time since 2014.

Overall, the sentiment of the Saskatoon Region remains mixed, but continues to point to the resilience of the Region's economy. Despite temporary dips in consumer confidence, the Region's businesses, developers and government continue to invest in and grow the economy with no signs of slowing. These strengths also align with the looser labour market and tighter housing market, affecting short-term spending and saving, while long-term growth remains robust.

Investment in Building Construction



Building Permits - Non-Residential



Conclusion

The Saskatoon Region enters 2026 in a position of stabilized but resilient growth, supported by steady GDP expansion, a fundamentally strong labour market, and targeted immigration strategies to maintain key labour performance. While early signs of a loosening labour market and a modest slowdown in housing demand highlight some short-term pressures, these are balanced by rising construction investment and continued government and developer activity. Export challenges underscore the Region's exposure to global economic shifts, but diversification across minerals, energy, agriculture, and consumer goods has mitigated broader impacts. Overall, these dynamics suggest that the Region is navigating uncertainty with resilience, and maintaining a balanced outlook for sustainable growth.

Methodology

Our analysis is based on a combination of Statistics Canada data, Signal49 Research 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. Unemployed persons excludes individuals who are not seeking work, such as retirees, full-time students, stay-at-home caregivers, and discouraged workers.

Discouraged Workers are persons of legal employment age who are not actively seeking employment or who have not found employment after long-term unemployment, but who would prefer to be working.

Employment is the number of persons who, during the reference week, worked for pay or profit (full-time or part-time), or had a job but were not at work due to own illness or disability, personal or family responsibilities, labour disputes, vacation, or other reasons. Includes persons who performed unpaid family work, such as farm or business, so long as economic contributions are being made.

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

Participation Rate is 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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