Urban Resilience Under Pressure: Toronto's Labour Market Amid Trade, Traffic, Immigration and Construction Headwinds

February 2025

Toronto Workforce Innovation Group

Canada

EMPLOYMENT ONTARIO

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ACKNOWLEDGEMENTS

The 2025 Local Labour Market Plan is intended to be a guiding map for workforce strategic actions needed in Toronto. The annual review is a process that starts with a review of the latest labour market trends observed internationally, nationally, provincially, and regionally. It continues with a set of community conversations in which stakeholders are invited to express their opinions about the progress of the regional labour market and the needed initiatives for correcting the challenges or taking advantage of opportunities. TWIG thanks all individuals and regional organizations involved in the community consultations for their insightful contributions and recommendations. In particular, we would like to thank the Province of Ontario for their continued support of Local Workforce Planning Boards and the City of Toronto staff for their ongoing guidance, insights and data.

> *TWIG acknowledges that it operates on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Metis.*

The material presented in this report has been prepared by TWIG staff and it draws on information from a variety of sources including Statistics Canada, City of Toronto economic data, TWIG Job Posting Data and is supplements the 2021 Census.

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About the Toronto Workforce Innovation Group

Toronto Workforce Innovation Group (TWIG) is a non-profit and independent research organization devoted to finding and promoting solutions to employment-related problems in the Toronto Region. Our Board of Directors is comprised of passionate leaders from Toronto's business, industry, and non-profit communities. Our staff are committed to action-based research and data analysis that can be used by the workforce development system to support Toronto's vibrant and diverse economy. Toronto Workforce Innovation Group (TWIG) is a leading-edge research and partnership organization responding to the diverse needs of local communities and businesses in the area of workforce development. It is one of the 26 similar planning groups tasked by the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) of Ontario to work closely with our local economies.

As Toronto's Workforce Planning Board, we conduct dynamic labour market research, disseminate information and convene stakeholders to address workforce development trends, gaps and opportunities. Among similar organizations in Toronto, our multi-stakeholder approach is unique, we work on issues across many sectors and engage stakeholders from a wide range of perspectives including federal government departments, provincial government departments, industry, training institutes, labour groups, and special interest groups to address skills and labour market information needs.

Our research is an on-going and continuous process that includes our numerous consultations and focus groups with employment/training service providers and job seekers in addition to the deep data dive that informs our publications. We work to ensure that Toronto's workforce has the skills and talent it needs to meet the demands of a changing economy.

Executive Summary

Toronto's economic outlook over the past year has been marked by growing uncertainty and a series of mixed signals that suggest the city's long-held status as Ontario's economic engine may be under pressure. Potential US tariffs—looming as a real possibility in an era of escalating trade tensions—have cast a long shadow over Toronto's export-reliant sectors, creating massive uncertainty for business leaders and policymakers alike. At the same time, a recent tightening of government immigration policy, particularly the curtailment of temporary foreign students, has dampened one of the city's traditional sources of fresh talent, further complicating an already complex economic landscape.

Adding to the cautious sentiment, Toronto's construction sector—which until recently, was booming — now shows worrying signs of strain. Once buoyed by robust sales and a high volume of new construction work, the sector is now witnessing a decline in both metrics. This slowdown has reverberated across the downtown core, where falling office occupancy and reduced retail footfall have underscored broader challenges in the real estate market. Despite the decline in construction activity, property prices remain stubbornly high, a reminder of the city's enduring allure even in times of economic headwinds.

In stark contrast, sectors such as financial and technical services continue to thrive. These industries have not only weathered the storm of international trade volatility and domestic policy shifts but have also expanded in both business activity and employment. With the rapid emergence of artificial intelligence and digital technologies, firms in these sectors are reaping productivity gains and increasing their market share. Hybrid work arrangements have become increasingly common, altering traditional workplace dynamics and pushing many companies to adopt flexible models that have, in turn, supported sustained growth in these high-skill industries.

The transformation of the urban landscape is palpable. As more companies embrace hybrid work, downtown office occupancy has declined, leaving a ripple effect on local businesses that once flourished on a daily influx of commuters. Even as the real estate market shows signs of a slowdown in sales and construction, Toronto's overall economic vitality is being supported by resilient sectors—though not without challenges. Tariffs on key imports and the resultant supply-chain disruptions have forced many traditional industries to reallocate resources, while increased regulatory scrutiny has complicated the business environment further.

Meanwhile, government policies have played a dual role in shaping these trends. Restrictive measures on temporary immigration have slowed the inflow of international talent, putting pressure on domestic labour supply just as some sectors face skill shortages. At the same time, support initiatives aimed at upskilling local workers have been launched in an attempt to bridge the gap. However, these efforts have yet to fully counterbalance the broader economic uncertainties created by trade tensions and a shifting global marketplace.

Toronto's economic narrative is therefore one of contrasts. On one side, there is a construction sector in retreat, and a tightening of immigration that threatens to undercut the city's future growth potential. On the other, financial and technical services continue to chart a course of steady expansion, buoyed by technological innovation and a workforce that remains among the best educated in the world. Even as uncertainty mounts, Toronto's strength lies in its resilient human capital and its unmatched cultural diversity—a combination that has long enabled the city to adapt to changing global conditions. In the face of these challenges, the city's ability to harness its talent and leverage its diversity will be crucial in steering Toronto toward a more stable and prosperous future.

Toronto's post-secondary education system has long been one of the city's most significant assets, serving as a cornerstone for its educational attainment and fostering a highly skilled workforce. With three world-class universities and four prominent community colleges, the city has positioned itself as an educational hub that draws students from both domestic and international markets. These institutions continue to push the city's capacity for innovation, providing a steady stream of graduates ready to lead industries in technology, finance, healthcare, and beyond. Additionally, Employment Ontario's network of programs and services further enhances Toronto's labour force, providing tailored support for job seekers, workforce development, and skills training. However, as the economic landscape continues to shift with the rise of AI, hybrid work models, and evolving market demands, there is a growing need for these educational and training services to adapt more swiftly.

While Toronto's post-secondary system remains a key strength, the rapid changes in industry call for a more agile approach to program development, ensuring that both students and workers are equipped with the skills necessary to thrive in an increasingly dynamic economy. However, there is a growing imperative for these institutions—and for the broader network of service providers—to pivot more quickly in response to an increasingly volatile economic environment. As emerging technologies and shifting global trade dynamics redefine the nature of work, rapid adaptation in curricula, retraining initiatives, and industry partnerships will be essential to ensure that Toronto's workforce remains competitive on the global stage.

Toronto's economic and employment outlook is also being hindered by a problem closer to home: traffic congestion that ranks among the worst in the world. This gridlock not only wastes valuable time for workers but also imposes significant costs on businesses, potentially discouraging new ventures from starting in or relocating to the city. The inefficiencies caused by relentless traffic further compound the challenges posed by trade uncertainties and regulatory shifts, underscoring the urgent need for improved urban mobility solutions.

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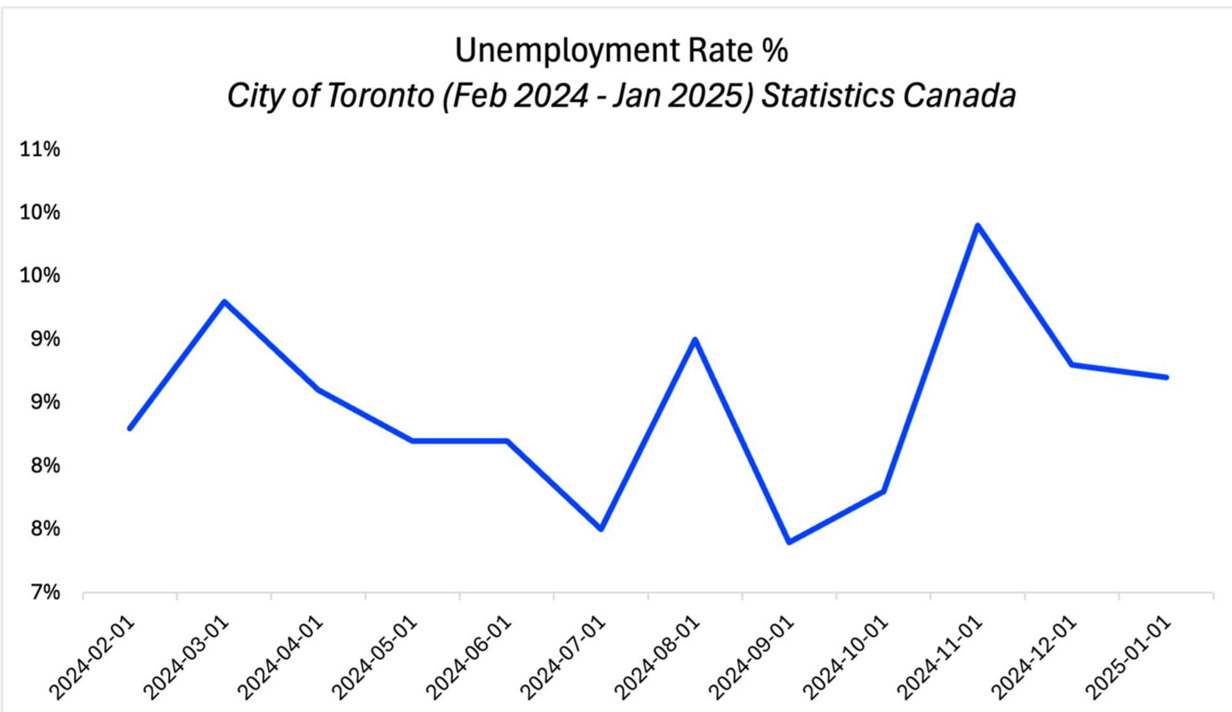
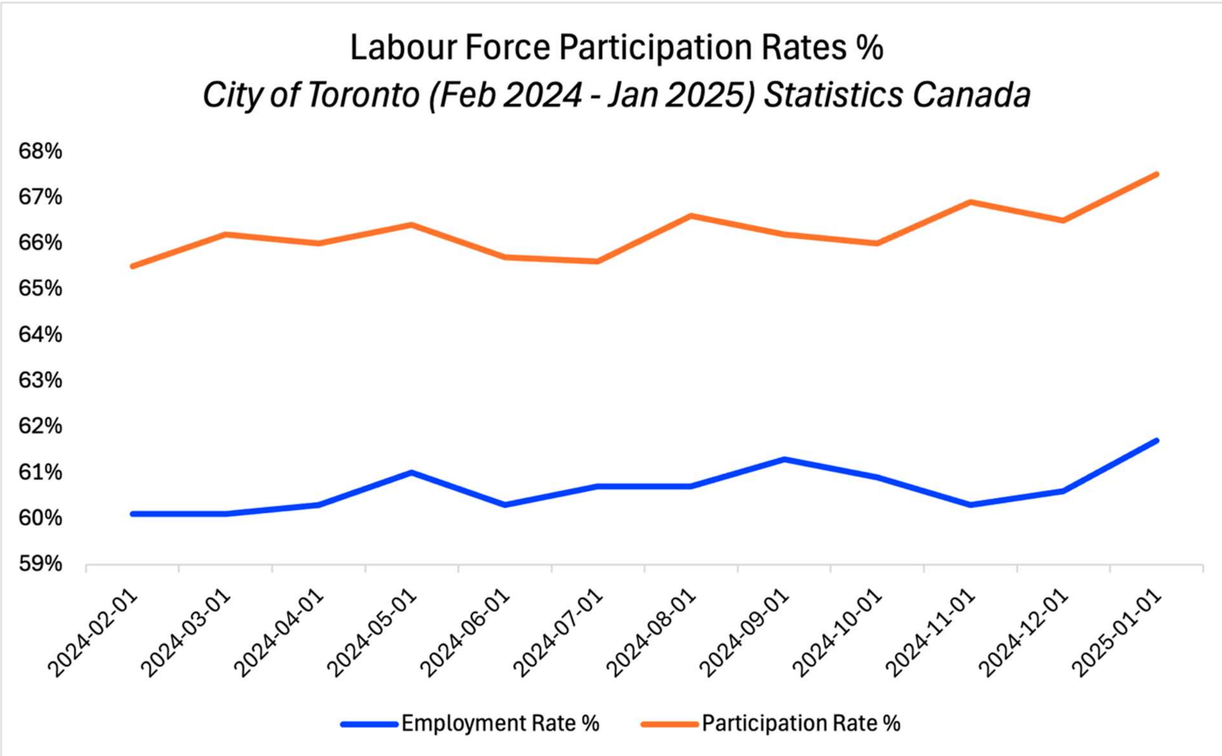
Analysis of Toronto's Labour Market Data (February 2024 – January 2025)

Over the past year, Toronto's unemployment rate has shown considerable fluctuation, ranging from 7% (September 2024) to a high of 10% (November 2024). After beginning at 8% in February 2024, it briefly climbed to 9% in March and April, dipped back to 8% over the summer, then spiked to 10% in November before settling at 9% in January 2025. A key driver behind these swings is the pace at which Toronto's working-age population has been expanding—fueled by both international immigration and interprovincial migration—outstripping the rate of job creation. As more newcomers entered the labour force, the unemployment rate was pushed upward even when new positions were being added, because overall labour supply outpaced demand.



Meanwhile, the employment rate rose from 60% to 62% over the same period, and the participation rate increased from 66% to 68%, indicating that more people are actively seeking work or employed. This gradual climb suggests some positive momentum in job creation. However, the city's exceptionally high population growth has tempered these gains by consistently enlarging the pool of job seekers. In other words, even as employment opportunities expanded, the influx of new workers—including recent immigrants and individuals relocating from other parts of Canada—kept the unemployment rate from stabilizing at a lower level.

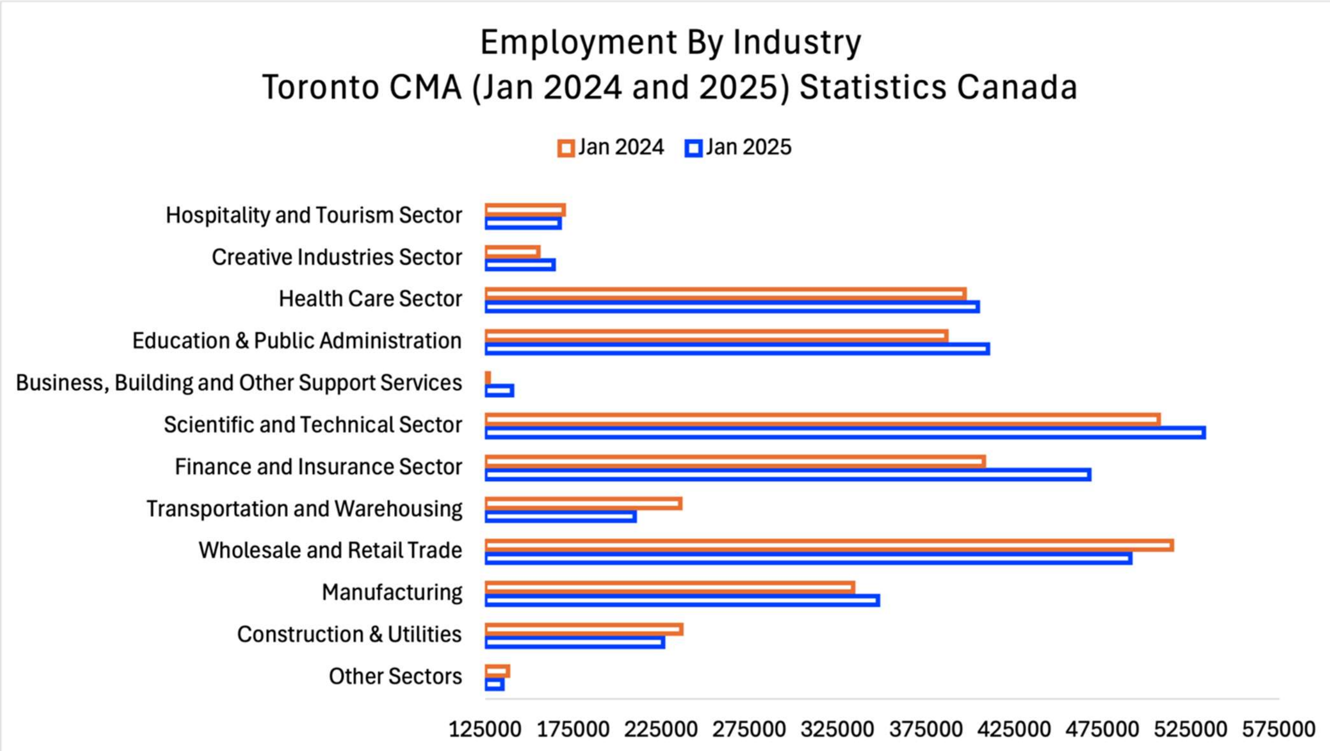
Labour Force Rates



Taken together, the data underscores the challenges of balancing rapid labour force growth with job availability. While more people are finding work, the supply of new entrants into the labour market continues to grow at an even faster pace. Going forward, addressing this mismatch will likely involve coordinated efforts among policymakers, employers, and educational institutions to boost job creation, foster skills development, and ensure that Toronto's burgeoning population can fully participate in—and benefit from—an evolving urban economy.

The year ahead for Toronto's labour market is set to be marked by heightened uncertainty. Policy changes at both the provincial and federal levels may limit immigration, curtailing one of the city's key sources of population and economic growth. Meanwhile, renewed discussions of tariffs and trade barriers pose a risk to export-oriented industries and threaten to disrupt supply chains. Combined with the possibility of shifting monetary policy or global economic slowdowns, these factors could dampen job creation and exacerbate existing mismatches between a fast-growing workforce and available opportunities. Although Toronto's diverse economy and robust service sectors offer some resilience, the balance between labour supply and demand may remain precarious as employers and policymakers navigate the evolving policy landscape in the coming year.

Employment Trends by Industry



Below is a concise overview of Toronto CMA's year-over-year employment changes by sector (January 2024 vs. January 2025). Overall employment grew by **2.4%**, though some industries expanded significantly while others contracted. The following analysis is organized by each sector's size in January 2024 and includes explanations derived from observed economic trends and publicly available market information.

1. **Wholesale and Retail Trade**
   - **Jan 2024:** 514,200 → **Jan 2025:** 490,700 (**–4.6%**)

     Consumer spending patterns shifted toward e-commerce, reducing in-person retail employment. Retailers also faced higher operating costs and cautious household budgets, contributing to a decline in payrolls despite ongoing demand in certain essential retail segments.

2. **Professional, Scientific, and Technical Services**
   - **Jan 2024:** 506,800 → **Jan 2025:** 532,300 (**+5.0%**)

     Demand for tech, engineering, and consulting roles remained strong, supported by Toronto's position as a leading hub for digital transformation projects. Companies continued to invest in specialized expertise to enhance productivity and drive innovation.

3. **Finance, Insurance, Real Estate, Rental and Leasing**
    - **Jan 2024:** 407,500 → **Jan 2025:** 467,400 (**+14.7%**)

    The sector recorded one of the largest gains, driven by robust banking and insurance services, sustained fintech investment, and steady real estate and leasing activities. Firms accelerated hiring to capitalize on global demand and local market expansion.

4. **Health Care and Social Assistance**
    - **Jan 2024:** 396,700 → **Jan 2025:** 404,100 (**+1.9%**)

    Medical and community care facilities continued to expand staffing to meet the needs of an aging population and heightened demand for health services. Ongoing demographic shifts sustained incremental job growth across hospitals, clinics, and social service agencies.

5. **Education & Public Administration**
    - **Jan 2024:** 386,500 → **Jan 2025:** 409,900 (**+6.1%**)

    Government hiring increased to address public service requirements and manage higher enrolments in post-secondary institutions. Public agencies strengthened their workforce to improve service delivery and support various community programs.

6. **Manufacturing**
    - **Jan 2024:** 333,600 → **Jan 2025:** 347,500 (**+4.2%**)

    Firms benefited from more stable supply chains and steady demand for locally manufactured goods. Reshoring efforts and the adoption of advanced manufacturing technologies supported job creation, offsetting any potential downward pressure from automation.

7. **Construction & Utilities**
    - **Jan 2024:** 236,300 → **Jan 2025:** 225,800 (**–4.4%**)

    Higher interest rates and a slowdown in large building projects reduced the need for construction labour. Developers postponed or scaled back new starts, and utilities faced fewer expansion projects, leading to fewer employment opportunities compared to last year.

8. **Transportation and Warehousing**
    - **Jan 2024:** 235,700 → **Jan 2025:** 209,900 (**–10.9%**)

    Shifts in consumer demand and moderated e-commerce growth impacted freight and logistics operations. Rising fuel costs and cautious global trade conditions also contributed to reduced hiring, causing the steepest decline among all sectors.

9. **Accommodation and Food Services**
    - **Jan 2024:** 169,600 → **Jan 2025:** 167,400 (**–1.3%**)

      Following a post-pandemic surge, hospitality employment stabilised at a slightly lower level. Inflationary pressures and ongoing cost concerns influenced staffing decisions in restaurants, hotels, and event venues, despite continued demand for dining and tourism.

10. **Information, Culture and Recreation**

    - **Jan 2024: 155,300 → Jan 2025: 163,700** (**+5.4%**)

      Media, entertainment, and cultural institutions expanded their workforces as digital content production and live events rebounded. Consumer interest in leisure activities and cultural experiences supported steady job creation throughout the year.

11. **Other Sectors**

- **Jan 2024:** 138,000 → **Jan 2025:** 134,700 (**–2.4%**)

  These smaller or mixed industries faced pressures from evolving consumer preferences and rising operational costs. Businesses in this category often lack the scale to absorb market disruptions, resulting in a modest drop in total employment.

12. **Business, Building and Other Support Services**

    Jan 2024: 127,000 → **Jan 2025:** 140,300 (**+10.5%**)

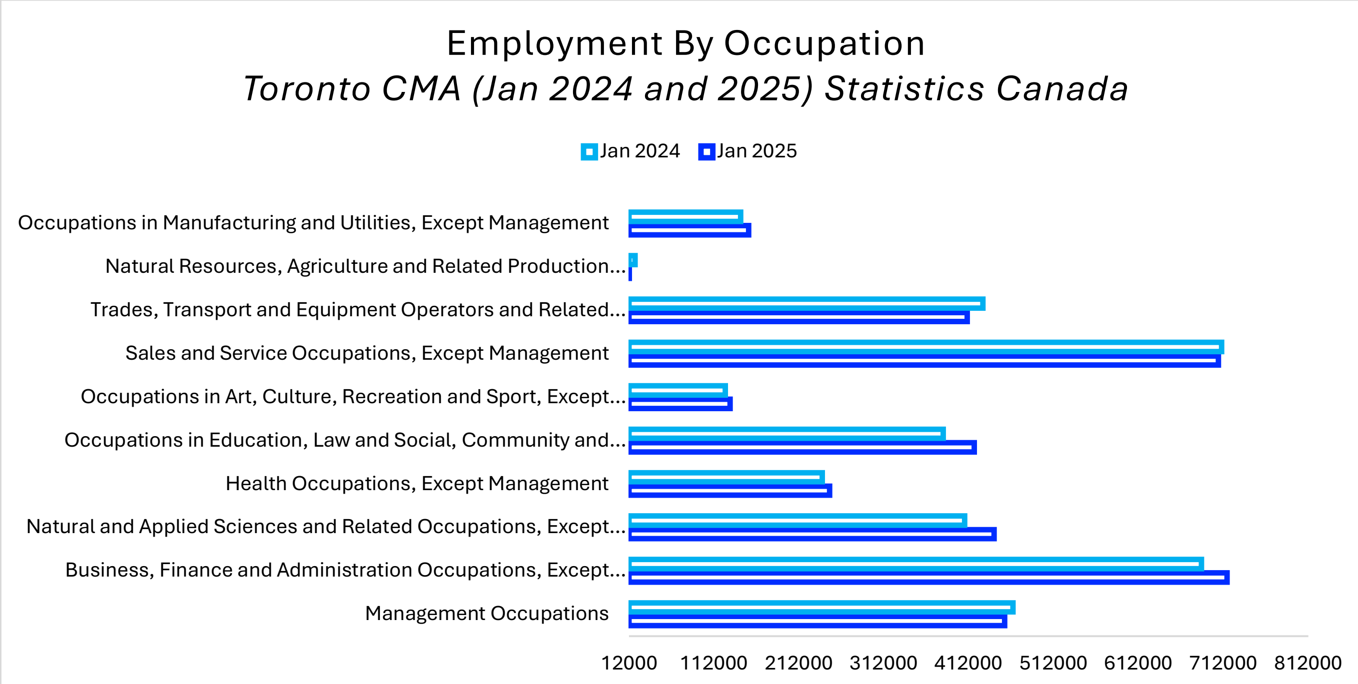
    Outsourced services such as janitorial, security, and administrative support grew as companies pursued cost efficiency and flexible staffing models. This shift boosted hiring among third-party providers that cater to a range of commercial and institutional clients.

Overall Total

- **January 2024:** 3,607,100 → **January 2025:** 3,693,700 (**+2.4%**)

  While Finance, Professional Services, and Business Support posted robust gains, Construction, Retail, and Transportation declined, reflecting higher interest rates, changing consumer habits, and global economic headwinds. Despite these sectoral differences, the net outcome was a modest yet positive overall employment increase for the Toronto CMA.

Employment Trends by Occupation



Below is a concise overview of Toronto CMA's year-over-year employment changes by sector. The data compare January 2024 to January 2025, showing a total employment growth of **2.4%**. While several industries posted robust gains, others experienced notable declines. Explanations are derived from observed economic trends and publicly available market information.

1. Sales and Service Occupations, Except Management

January 2024: 710,200 → January 2025: 706,300 (–0.5%)

Although demand persisted in essential services, inflationary pressures and shifting consumer spending patterns reduced hiring in discretionary segments such as hospitality and retail. As a result, overall staffing levels in sales and service declined marginally over the year.

2. Business, Finance and Administration Occupations, Except Management

January 2024: 686,500 → January 2025: 716,600 (+4.4%)

Toronto's status as a financial and administrative hub supported robust hiring in accounting, payroll, and clerical roles. Firms also added staff in back-office functions, spurred by sustained growth in fintech and heightened regulatory requirements.

3. Management Occupations

January 2024: 464,400 → January 2025: 454,700 (–2.1%)

Companies focused on operational efficiency and cost containment, streamlining management layers in some industries. While management roles in expanding sectors (e.g., finance, tech) offset part of the decline, overall employment in this category dipped slightly.

4. Trades, Transport and Equipment Operators and Related Occupations, Except Management

January 2024: 428,800 → January 2025: 410,300 (–4.3%)

A slowdown in construction projects and moderated e-commerce growth led to reduced demand for skilled trades and logistics personnel. Rising interest rates and higher fuel costs also curbed hiring in transportation-related roles.

5. Natural and Applied Sciences and Related Occupations, Except Management

January 2024: 407,400 → January 2025: 442,100 (+8.5%)

Tech, engineering, and scientific expertise remained in high demand as companies invested in digital transformation and advanced research. Toronto's reputation as an innovation hub contributed to one of the largest gains among all occupational categories.

6. Occupations in Education, Law and Social, Community and Government Services, Except Management

January 2024: 382,000 → January 2025: 418,800 (+9.6%)

Government agencies, school boards, and social service providers expanded their workforces to address population growth and community needs. This increase in public sector hiring was evident across education, legal support, and social programs.

7. Health Occupations, Except Management

January 2024: 239,800 → January 2025: 248,200 (+3.5%)

Hospitals, clinics, and long-term care facilities added staff to manage an aging population and sustained patient volumes. Despite ongoing labour shortages in certain specialties, the sector achieved moderate growth in health-related roles.

8. Occupations in Manufacturing and Utilities, Except Management

January 2024: 143,500 → January 2025: 153,100 (+6.7%)

Stable supply chains and reshoring trends supported job creation in manufacturing. Employers hired specialized technicians to operate advanced equipment, and utilities expanded staffing to meet infrastructure demands and service upgrades.

9. Occupations in Art, Culture, Recreation and Sport, Except Management

January 2024: 125,600 → January 2025: 131,300 **(+4.5%)**

The rebound of live events, recreational activities, and digital content production bolstered employment in cultural and creative fields. Pent-up demand for in-person experiences led to hiring increases in venues, arts organizations, and entertainment media.

10. Natural Resources, Agriculture and Related Production Occupations, Except Management

January 2024: 19,100 → January 2025: 12,300 **(–35.6%)**

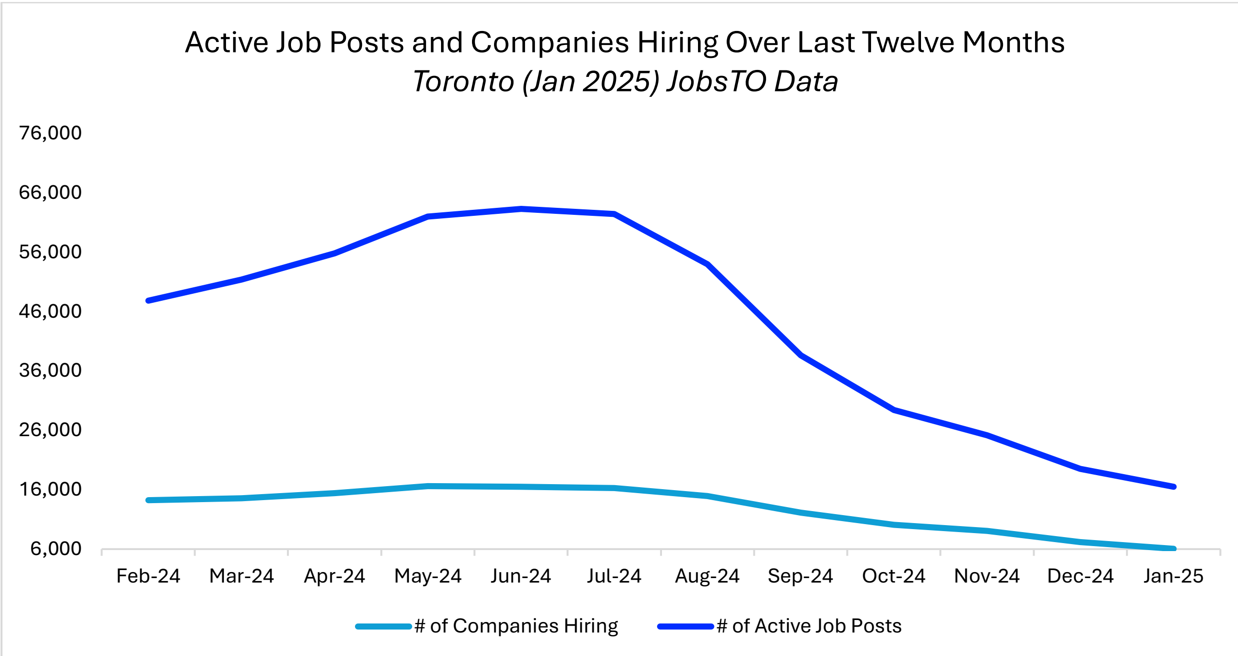
Although a smaller occupational group, it experienced the steepest percentage decline. Urban expansion, high operating costs, and limited agricultural land around the Toronto CMA drove job losses in farming and related roles. Fluctuating commodity prices also contributed to the downturn.

Overall Total

January 2024: 3,607,100 → January 2025: 3,693,700 **(+2.4%)**

Growth in Professional Services, Education/Law/Social Services, and Business/Finance occupations offset declines in Trades/Transport and Management roles. Higher interest rates, evolving consumer habits, and global economic factors influenced these varied outcomes. Despite sectoral differences, Toronto CMA's overall employment posted a modest yet positive increase over the year.

Job Posting Data



During the early summer, the number of companies hiring rose from 14,219 in February to a peak of 16,615 in May, reflecting a surge in employer demand. Active job posts climbed from 47,846 in February to 63,324 in June, and new job posts reached their highest point in July at 32,032. This mid-year rise aligns with typical seasonal hiring patterns, as businesses often prepare for increased consumer activity in spring and summer. The data also suggest that employers were generally optimistic about market conditions and willing to expand their workforce.

A pronounced downturn began in late summer. The number of companies hiring fell from 16,277 in July to 6,030 by January 2025, indicating a substantial contraction in active employers. Active job posts dropped from 62,444 in July to 16,473 in January, and new job posts declined from 32,032 to 9,814 over the same period. While some seasonal slowdown is normal heading into fall and winter, the abruptness of this decline points to a combination of additional factors—such as rising interest rates, changing labour policies, and economic uncertainty—that likely prompted employers to adopt a more cautious approach to staffing.

By January 2025, the number of companies hiring had contracted by over 60% from its spring peak, and both active and new job postings declined on a similar scale. Although seasonality accounts for part of the fluctuation, the magnitude and speed of the downturn suggest that employers encountered multiple challenges, ranging from cost pressures to broader market concerns. In summary, JobsTO's data capture a buoyant labour market in early to mid-2024, followed by a pronounced pullback from late summer onward, culminating in notably lower posting levels by the start of 2025.

Another factor worth considering is the potential impact of reduced job churn. The significant decline in new job posts may not solely reflect a downturn in hiring demand; it might also indicate that workers are choosing to remain in their current roles rather than seeking new opportunities. In other words, lower turnover can lead to fewer openings being posted—even as overall employment remains stable or grows. This reduced churn may be a sign of increasing job stability or a shift in worker sentiment, where employees are less inclined to leave positions in a climate of economic uncertainty. As such, the drop in job postings should be interpreted with caution, as it may not necessarily signal a weakening labour market, but rather a transition towards lower turnover and enhanced employee retention

The latest data on job postings across Toronto's top sectors show a noticeable decline from December 2024 to January 2025. While certain industries remain more resilient, most have scaled back active postings, possibly reflecting seasonal patterns, broader economic conditions, or both.

- Retail Trade: –40.1%
- Accommodation and Food Services: –19.0%
- Professional, Scientific, and Technical Services: –16.1%
- Educational Services: –25.0%
- Health Care and Social Assistance: –13.1%
- Finance and Insurance: –12.3%
- Administrative and Support Services: –16.8%
- Information and Cultural Industries: –16.3%
- Other Services (Except Public Administration): –5.9%

JobsTO

Wages in Toronto

Over the six-year period from January 2019 to January 2025, Toronto's mean hourly wages have shown a clear upward trend. In January 2019, the average wage stood at $27.53, and by January 2025 it had risen to $38.20—a nominal increase of approximately 38%. Notably, there was a sharp surge during the early months of the COVID-19 pandemic, with wages peaking at $33.18 in May 2020, before stabilizing at lower levels later in 2020 and 2021. Since 2022, wages have generally climbed steadily, reaching mid-30s in 2023 and even peaking near $40 in late 2024, before settling at $38.20 in January 2025.

However, when comparing these nominal wage gains to inflation, the picture becomes more complex. While wages have increased by about 38% over the period, inflation—especially during the post-pandemic recovery and heightened inflationary pressures of 2022—has significantly eroded real purchasing power. The surge in consumer prices over these years means that the real wage growth, which is what matters for workers' standard of living, has been much more modest. In essence, although Toronto's economy has seen impressive nominal wage increases, the high rate of inflation suggests that workers' actual improvements in earnings and purchasing power are likely to be far less pronounced than the raw numbers indicate.

Other Economic Indicators in Toronto

Housing Starts: Over the period from January 2019 to December 2024, housing starts in Toronto have exhibited considerable volatility with pronounced seasonal fluctuations and occasional dramatic spikes. Early in 2019, housing starts reached 2,482 units in January but dropped to 806 by May before rebounding to over 2,100 in June and October. The COVID-19 period in 2020 saw an unusual surge in April, when housing starts spiked to 3,296, followed by fluctuating levels throughout the year. The following years continued to display similar irregularities, with notable peaks such as 3,075 in September 2021, 4,635 in December 2022, and 4,607 in June 2023, contrasted by several months with very low activity—for instance, 231 in March 2022 and just 285 in October 2024.

These wide swings in housing starts are indicative of underlying market uncertainties and the inherently cyclical nature of the construction industry. Fluctuations in housing demand, shifting interest rate environments, changes in building permits and regulatory processes, as well as seasonal factors, all play significant roles in driving these numbers. The variability also underscores the sensitivity of Toronto's housing market to broader economic forces, as periods of robust activity are often quickly followed by marked slowdowns. As housing starts remain a key indicator of economic health and construction sector momentum, these data highlight both the potential for rapid growth and the vulnerability of the market to external shocks and seasonal pressures.

Office Vacancy Rates: Office vacancy rates in Toronto have steadily increased over the past several years, a trend that is particularly troubling for the city's commercial real estate market. In early 2019, vacancy rates hovered around 4.2%, but by 2020 they began to climb sharply, reaching 5.9% in July and peaking at 7.4% in October. This upward trajectory continued post-pandemic, with rates hitting 9.4% by January 2021 and gradually rising to 18.5% by October 2024. The consistent increase indicates not only a surplus of available office space but also a structural shift in how work is conducted, with many companies reducing their physical footprints as hybrid and remote work arrangements become the norm.

This growing office vacancy trend is worrisome because it reflects a broader rethinking of the traditional workspace and its role in Toronto's urban economy. High vacancy rates can lead to decreased property values, reduced municipal revenues from taxes and fees, and a negative impact on downtown vitality as fewer employees frequent local businesses. Moreover, persistent vacancies may force landlords to offer steep rent concessions to attract tenants, potentially triggering a cycle of declining asset values. As the market adjusts to evolving work practices, the challenge for policymakers and investors will be to repurpose or revitalize these underutilized spaces to support a more resilient and adaptive urban environment.

Active Businesses: Toronto's active business count demonstrates remarkable resilience and a steady upward trend that underscores the vibrancy of the city's entrepreneurial ecosystem. Despite a temporary dip during the initial months of the COVID-19 pandemic—with numbers falling from approximately 184,000 in early 2020 to a low of around 155,000 in May 2020—the market recovered quickly. By the end of 2020, the count had rebounded to nearly 174,000, and since then, it has grown steadily year-over-year, reaching over 190,000 by late 2023 and continuing to hold steady into 2024. This consistency reflects not only strong business fundamentals in Toronto but also the robust spirit of entrepreneurship that drives innovation, creates jobs, and fuels economic growth throughout the region.

The sustained growth in active businesses is a key indicator of Toronto's capacity to generate employment and adapt to changing economic conditions. Entrepreneurs in the city are continuously launching new ventures and scaling existing ones, contributing to a dynamic and diverse local economy. This thriving entrepreneurial landscape is critical for job creation and ensures that the city remains competitive on a global scale. The stability and gradual increase in active business numbers affirm that Toronto is well-positioned to leverage its innovative spirit and supportive business environment to drive future growth and prosperity.

Public Transit: TTC ridership data for Toronto from January 2019 through December 2024 reveal dramatic shifts that closely mirror employment trends and broader economic disruptions. In early 2019, TTC ridership consistently hovered in the range of 1,600–1,800 (units, likely representing thousands of rides), reflecting a robust economy and steady commuting patterns. However, with the onset of the COVID-19 pandemic, ridership plummeted sharply—from approximately 1,700 in February 2020 to a historic low of just 204 in April 2020. This collapse was a clear indicator of the sudden drop in employment activity and the widespread shift to remote work, as public health restrictions and economic shutdowns disrupted daily commuting.

As the economy began to recover and hybrid work models emerged, TTC ridership gradually rebounded. By mid-2021, ridership figures had risen to around 800–900, and by late 2022, they exceeded 1,200, reflecting a steady re-engagement with the urban workplace as more individuals returned to physical offices. Although ridership has yet to return to pre-pandemic levels, the progressive increase is strongly linked to the gradual recovery in employment across Toronto. The slight fluctuations and occasional declines in late 2024 further suggest that while employment gains are driving transit demand, evolving work arrangements—such as flexible and hybrid schedules—continue to shape commuting behavior.

Workforce Development Themes

Traffic Congestion: A Heavy Toll on Toronto Businesses and Workers

Toronto's traffic congestion has long been a defining challenge for the city, exacting a heavy toll on both workers and businesses. Every day, commuters in Toronto lose valuable time stuck in gridlock, with studies estimating that congestion costs workers hundreds of hours per year in lost productivity. For many, the average commute can extend well beyond the optimal duration, meaning that employees are spending significantly more time on the road than in productive or leisure activities. This inefficiency not only undermines personal quality of life but also imposes substantial economic costs, with estimates suggesting that congestion can cost the local economy billions annually in wasted fuel, lost output, and increased stress-related healthcare expenses.

The impact of congestion extends far beyond individual delays. For businesses, traffic gridlock translates into reduced operational efficiency and increased overhead costs. Time-sensitive industries, such as logistics and delivery services, suffer from unreliable transit times, while companies with large numbers of employees face difficulties with punctuality and coordination. Long-term, persistent congestion can deter investment, as firms may choose to locate operations in regions with more efficient transportation networks. Moreover, the environmental implications—elevated greenhouse gas emissions, increased air pollution, and higher energy consumption—compound the societal costs, ultimately affecting public health and sustainability. In a city that strives to remain a competitive global hub, the long-term impacts of severe traffic congestion are profound, reducing productivity, elevating business costs, and eroding the overall quality of urban life.

Addressing this issue requires not only short-term fixes but also a strategic, long-term vision for improving Toronto's transportation infrastructure. Investments in public transit, smart traffic management systems, and policies encouraging flexible work arrangements can help alleviate some of the pressure on road networks. By reducing congestion, Toronto stands to reclaim valuable time for its workers and create a more attractive environment for businesses, thus fostering greater economic resilience and enhancing the city's overall competitiveness in the global marketplace.

Toronto's chronic traffic congestion not only exacts a heavy toll on daily commuters and local productivity, but it also poses a significant barrier for businesses considering starting up or relocating in the region. Persistent gridlock increases operating costs and reduces efficiency by adding unpredictable delays to both employee commutes and logistics operations. In fact, research from various industry analyses and business surveys has consistently found that heavy traffic congestion is a major factor deterring new investments in the Toronto region. For instance, several relocation studies have highlighted that companies—particularly those reliant on timely deliveries or extensive employee commuting—often factor in high transportation costs and time losses when evaluating potential sites. As a result, some businesses opt for locations with more efficient transportation networks, seeking to minimize the economic and operational burdens imposed by Toronto's congested roadways.

This dynamic not only affects immediate business operations but also has long-term ramifications. Over time, persistent congestion can diminish the overall attractiveness of the Toronto region as a hub for innovation and commerce. Elevated costs, reduced reliability, and the associated negative environmental impacts can erode competitiveness, making it harder for the city to lure high-quality firms and talent. As the region strives to maintain its status as a global economic centre, addressing these congestion issues is essential—not only to improve daily commutes but also to ensure that the economic climate remains conducive to attracting and retaining new businesses.

Self Employment in Toronto: The Power of Entrepreneurship

Over the past six years, the self-employment rate in Toronto has shown notable fluctuations. In early 2019, the rate climbed steadily—peaking at around 18.7% in August—before declining to 14.5% by December 2019. The onset of the COVID-19 pandemic in early 2020 led to a temporary spike in self-employment, with April 2020 reaching 18.4%, as many workers turned to freelance and entrepreneurial pursuits amid uncertainty. However, subsequent months saw a gradual decline, and by 2022 the rate had dropped further, reaching a low of 13.3% in December. In 2023 and into early 2024, while there were occasional rebounds, the overall trend continued downward, culminating in a rate of 14.3% in January 2025.

This gradual decline in self-employment as a percentage of the workforce may reflect a broader transition in Toronto's labour market as conditions stabilize post-pandemic, with more individuals finding employment in traditional roles. Nonetheless, self-employment remains a vital component of Toronto's economy. It not only provides flexibility and fosters innovation but also serves as a critical engine for job creation and economic diversification. In a city renowned for its entrepreneurial spirit and cultural diversity, self-employment continues to empower individuals, drive economic resilience, and support the development of niche industries that contribute to Toronto's dynamic and competitive economic landscape.

Impact of AI

Over the past 12 months, the rise of artificial intelligence has emerged as one of the most transformative forces reshaping Toronto's workforce. From financial services to tech startups, companies across the city are rapidly integrating AI into their operations, driving productivity gains and fostering innovation. This technological shift is not only redefining business models but is also prompting a re-evaluation of skills and talent. As firms adopt AI-driven tools to optimize decision-making and streamline processes, the demand for data analytics, machine learning expertise, and digital fluency is skyrocketing, positioning Toronto as a hub for technological advancement.

However, the swift adoption of AI also brings significant challenges, particularly in workforce development and job security. Many roles traditionally held by workers in sectors like manufacturing and administrative services are being reshaped—or even displaced—by automation. The rapid pace of change has left some employees struggling to keep pace, underscoring an urgent need for comprehensive retraining and upskilling initiatives. For policymakers and educators, the challenge is twofold: to mitigate the risk of job displacement while ensuring that workers are equipped with the skills required to thrive in an AI-enhanced economy. In this dynamic environment, the ability to pivot quickly in training and curriculum development has become essential.

On the opportunity side, AI is also creating entirely new roles and industries that were unimaginable just a few years ago. Toronto's post-secondary institutions, community colleges, and workforce development programs are beginning to retool their offerings to meet these emerging demands. By forging new industry partnerships and investing in cutting-edge research, the city is laying the groundwork for a more resilient and future-ready workforce. In this rapidly evolving landscape, the collaboration between government, academia, and industry is crucial, ensuring that Toronto not only adapts to the challenges posed by AI but also capitalizes on its vast potential to drive sustainable economic growth.

One notable Toronto example is the transformation taking place at Royal Bank of Canada (RBC), headquartered in the city. Over the past year, RBC has accelerated its deployment of AI-driven solutions for risk management and fraud detection. This shift has required the bank to invest heavily in retraining programs—partnering with local community colleges and universities—to equip its traditional roles with the advanced digital skills needed for data analytics and machine learning. In doing so, RBC is not only improving operational efficiency but also serving as a model for how legacy institutions can successfully pivot in the era of AI.

This transformation at RBC mirrors broader trends across Toronto's diverse economy. As AI becomes increasingly integral to business processes, traditional roles in industries such as finance, retail, and even public administration are evolving. Companies are shifting resources toward technology-driven functions, prompting a significant reorientation of skillsets. While this transition creates exciting new opportunities in high-tech sectors, it also underscores the need for comprehensive retraining initiatives to support workers whose jobs are most at risk of automation.

Hybrid and Work from Home

Over the past year, hybrid work arrangements have solidified their place in Ontario's employment landscape. Data from the recent Canadian Labour Force Survey indicates that nearly 30% of Toronto's workers now operate under a hybrid model, blending in-office and remote work. This shift reflects not only the lasting impact of the COVID-19 pandemic but also a broader reassessment of work-life balance and productivity. Companies across sectors—from finance and technology to professional services—have embraced flexible work arrangements as a means to reduce overhead costs, access a wider talent pool, and respond nimbly to evolving market conditions.

However, the transition to hybrid work is not without its challenges. While employees enjoy benefits such as reduced commute times and improved work-life integration, employers and managers face a host of coordination and communication hurdles. Recent survey findings highlight that, despite the productivity gains reported by many firms, there are concerns over maintaining corporate culture and effective collaboration when teams are split between virtual and physical environments. In many cases, organizations have had to invest in new digital tools and revise management practices to keep pace with these changing expectations—a process that is still evolving as businesses seek the right balance between flexibility and cohesion.

The implications of this shift extend beyond individual companies to the broader urban landscape. With a growing share of the workforce operating remotely at least part of the week, downtown Toronto has witnessed a marked decline in office occupancy, impacting local businesses that once depended on a steady flow of commuters. Yet, the trend also signals a more resilient labour market that is adapting to technological advancements and changing worker preferences. As hybrid work continues to reshape the way we think about where and how work gets done, its long-term effects on productivity, employee satisfaction, and urban development will remain a critical focus for policymakers and business leaders alike.

Building Permits: Warning Signs

The building permits data for Toronto from 2019 to 2024 paint a troubling picture, particularly for residential and commercial construction. For example, in January 2019, permits were strong at 2,482 units; however, by May 2019, that figure plummeted to just 806—representing a 67% drop in a single month. Although there were intermittent rebounds, such as 2,210 permits in June 2019, the overall trend since 2017 has been marked by significant volatility and a worrying decline. This inconsistency is especially concerning for sectors that drive urban growth, as fewer permits signal a slowdown in the development of new housing and commercial spaces.

More recently, the decline has become even starker. In early 2024, permits reached 1,483 in January and 2,637 in February, but by the second half of the year, the numbers fell dramatically: only 804 permits in August, 726 in September, a meager 285 in October, and just 412 in December. These persistently low figures for residential and commercial construction are alarming. With fewer new projects, Toronto risks exacerbating its housing shortage, stifling job creation in construction, and limiting overall economic dynamism. The long-term implications are significant—if this trend continues, the city may face rising property costs, limited commercial growth, and a reduced capacity to attract investment and talent, ultimately undermining its competitiveness as a global urban centre.

A Final Thought on Labour Market Forecasts: Why does Toronto Still Need Truck Drivers?

Ten years ago we were told that occupations like truck driving would no longer exist. Long-term forecasts—like those famously produced by the Oxford study by Frey and Osborne and later echoed by the Brookfield Institute—have repeatedly proven to be overly deterministic. Frey and Osborne predicted that by 2025 the occupation of truck driving would no longer exist; yet, according to JobsTO data, it remains among the most in-demand occupations in Toronto. This glaring discrepancy highlights a key weakness in these long-term models: they assume a static progression of technology without accounting for the adaptability of the labour market and the complexities of real-world operations.

Critics, notably David Autor, argue that jobs do not simply vanish when technology advances—they transform. While automation may eliminate certain routine tasks, it simultaneously creates new roles and demands that complement technological innovation. In the case of truck driving, the intricate challenges of navigating unpredictable road conditions and meeting rigorous regulatory requirements mean that human drivers continue to be indispensable. Autor's research underscores that historical evidence consistently shows that technological revolutions reshape jobs rather than obliterate them outright.

Other predictions, such as the decline of most finance occupations, telemarketing and retail cashier roles, also have proven to be more nuanced than originally forecast. While self-service kiosks and automated calling systems have reduced the need for human operators in some contexts, these roles still exist in hybrid forms that blend technology with human oversight. The broader lesson is that the labour market is remarkably adaptive; as tasks become automated, new responsibilities and roles emerge, ensuring that workers remain an essential component of the economic ecosystem even as technology advances.

Ultimately, the folly of long-term forecasts lies in their inability to capture the dynamic interplay between innovation, regulatory frameworks, and labour market adaptation. Overly deterministic predictions fail to consider the continuous cycle of upskilling and job transformation that drives economic resilience. As Toronto's experience demonstrates, despite bold predictions to the contrary, the human element remains crucial—even in sectors where technology is advancing rapidly. This reality calls for a more flexible, evidence-based approach to workforce planning that prioritises ongoing learning and adaptation over static forecasts.

Next Year

As we plan for the year ahead, our research will focus on several key areas that are critical to understanding Toronto's evolving economic landscape. One priority is to examine labourer occupations and the ability of these workers to transition seamlessly between industries. With rapid changes across traditional sectors and the emergence of new ones, understanding the factors that facilitate or hinder worker mobility is essential. This work will identify the structural challenges and opportunities that can help labourers adapt to shifting job markets, ultimately fostering greater economic resilience and job security for Toronto's workforce.

We will also explore the dynamics of the grey market—the underground economy that, while often unrecorded, plays a significant role in supporting livelihoods throughout the city. By analyzing the scope, scale, and economic impact of these informal activities, we aim to provide insights into how the grey market contributes to local employment and economic vitality. This understanding is vital for designing policies that can integrate and support workers operating outside the formal sector, ensuring they have access to protections and growth opportunities.

Among our areas of focus is also an analysis of occupations within the real estate, rental, and leasing sector. This sector, a key component of Toronto's economic fabric, offers a wide range of job opportunities from property management and brokerage to maintenance and development services. Our research will assess how these occupations are evolving amid market fluctuations, regulatory changes, and shifting consumer expectations. Understanding trends in this area will add depth to our broader analysis of Toronto's labour market and help stakeholders better appreciate the diverse opportunities and challenges within the city.

Additionally, we will leverage early economic indicators to enhance the utility of the JobsTO dashboard. By incorporating real-time data on job postings, sector performance, and labour market dynamics, we plan to create a more responsive tool that provides timely insights into Toronto's economic conditions. These early indicators will enable policymakers, businesses, and job seekers to better anticipate shifts in the labour market, allowing for proactive strategies that can mitigate downturns and capitalize on emerging opportunities.

Together, these interconnected areas of research will provide a comprehensive and forward-looking perspective on Toronto's labour market. By examining worker mobility, the grey market, real estate occupations, and real-time economic indicators, we aim to offer valuable insights that support strategic decision-making and drive sustainable economic growth across the region.

Employment Ontario

Employment Services in Ontario serve a broad range of job seekers through diverse programs—such as general job assistance, apprenticeship training, literacy and basic skills development, and specialized initiatives like the Ontario Job Grant. Recent data from Toronto shows that these services continue to grow in reach and impact, with increasing client volumes and improving program outcomes despite persistent challenges like high unemployment rates among clients.

To further enhance service delivery, Ontario is introducing a new structure involving Service System Managers in Toronto. These managers will coordinate across multiple service streams, streamline resource allocation, and work closely with partner organizations to create a more integrated and responsive support network for job seekers. The goal is to ensure that clients receive timely, efficient, and tailored support that better meets the evolving demands of the local labour market.

Overall Client Volume and Reach

1. Employment Service Programs

In 2022/23, the Employment Service recorded about 33,338 assisted clients plus 122,978 unassisted R&I clients (total 156,300). In 2023/24, assisted clients rose to 36,680 and unassisted clients to 133,216 (total 169,900), indicating roughly a 9–10% growth overall.

2. Ontario Employment Assistance Service

Increased from approximately 1,448 clients in 2022/23 to 1,990 in 2023/24—a substantial increase (~37%), suggesting either expanded capacity or heightened demand among more vulnerable groups.

3. Youth and Integrated Services

Youth Job Connection saw a modest rise (from 2,631 to 2,819 clients), while Youth Job Connection Summer remained nearly steady.

4. Apprenticeship Program.

New Registrations dropped slightly from 4,239 (2022/23) to 4,213 (2023/24), a very minor decline. In contrast, Active Apprentices increased from 14,278 to 15,578—an increase of nearly 9%—implying better retention or longer program duration. Certifications (CofAs Issued) rose from 1,367 to 1,523 (approx. an 11% increase), reinforcing the trend of improved program outcomes despite stable new registration numbers.

Age groups remain similar overall, with a modest shift: the 25–44 segment increased (from 2,176 to 2,237) while the 15–24 and 45–64 groups declined slightly. Gender figures show a shift: the number of female participants increased from 466 to 533, while male figures declined a bit from 3,749 to 3,648.

Although some education-category counts (e.g., “Less than Grade 12” and “Completion of Secondary”) changed only modestly, the number of clients recorded as “Unknown” in education appears to have risen in some fields.

Among designated groups, for example, the count for “Racialized” clients increased from 305 to 350, while “Indigenous” numbers decreased slightly (from 90 to 79) and “Person with Disability” increased from 40 to 47.

5. Canada Ontario Job Grant

Employer and Participants: Employer figures show a slight decrease in overall client numbers (e.g., from 292 to 283), while the breakdown by company size shows small shifts (a modest increase in “Less than 50” and decreases in other brackets).

Participant numbers rose modestly (from 1,585 to 1,650). Outcome percentages (e.g., “Increase in trainee productivity” and “Training met workforce needs”) have improved slightly (from 92%/97% to 96%/99%), suggesting enhanced program quality or alignment with workforce needs.

6. Employment Services

Client Composition and Demographics: Both assisted and unassisted client numbers have increased (assisted from ~33K to ~36.7K and unassisted from ~123K to ~133.2K). Age group numbers have grown across all categories—with the 25–44 group (the largest) increasing from 18,973 to 21,552.

Gender breakdown shows a marked rise in male clients (from 14,522 to 17,044) while female numbers increase modestly (from 18,534 to 19,306).

Education, Income Source, and Labour Force Attachment: Clients’ educational attainment shows increases across nearly all categories (for example, “Completion of Secondary” rises from 7,478 to 8,532, and “Applied/Associate/Bachelor’s degree” from 9,122 to 10,447).

Source-of-income data remain broadly similar, although "No Source of Income" and "Ontario Works" figures have risen, while "Employment Insurance" appears to have decreased. Labour force attachment reveals that the "Unemployed" category has grown (from 28,850 to 32,223), consistent with continued high demand for services even as overall client numbers grow.Summary outcomes (e.g., "Employed" outcomes) have increased modestly from 22,907 to 24,408. Detailed exit outcome splits (full time, part time, self-employment, etc.) remain in a similar proportion, indicating consistent performance year over year.

7. Literacy and Basic Skills

Learner Participation and Sector Distribution. Total in-person learners (new + carry-over) increased from 7,175 to 7,660. Numbers by sector (Community Agency, Community College, School Board) have all risen, suggesting broader outreach.

Demographic and Educational Characteristics. Gender figures and age breakdowns remain relatively steady with modest increases. Educational attainment for learners shows slight upward shifts (e.g., "Completion of Secondary" rising from 1,934 to 2,198 and "Applied/Associate/Bachelor Degree" from 922 to 1,058).

Labour Force and Outcome Trends Among Literacy and Basic Skills clients, the "Unemployed" category increased from 3,839 to 4,484, while "Employed Full Time" slightly decreased from 1,282 to 1,150. Outcome at exit summaries show increases in both "In Education/Training" and "Unknown" outcomes, with "Employed" outcomes remaining nearly flat.

Learners' Goal Path Percentages. The distribution of goal paths (apprenticeship, employment, independence, postsecondary, etc.) remains largely consistent, with only small percentage shifts that might reflect evolving client priorities.

8. Ontario Employment Assistance Service

Client Numbers and Demographics. Client count increased from approximately 1,448 to 1,990.
The 15–24 and 25–44 groups have grown noticeably, while the 45–64 group and the 65+ category appear to have decreased, perhaps reflecting a shift in target population. Both female and male client numbers have increased (from 643/786 to 831/1,126).

Educational and Economic Profile. There are clear increases across education levels (e.g., "Completion of Secondary" from 328 to 502; "Applied/Associate/Bachelor Degree" from not reported/blank to 494). Source-of-income figures show a substantial increase in "No Source of Income" cases, which, along with a rise in the "Unemployed" category, underscores the economic vulnerability of this group.

9. Better Jobs Ontario

Client Volume and Demographic Consistency. Client numbers remain essentially unchanged (450 in 2022/23 vs. 447 in 2023/24). Age and gender breakdowns are very similar between the two periods.
However, the exit outcomes indicate a potential challenge: the “Employed” outcome drops sharply (from 88 to 45), and the “Unknown” outcome increases (from 100 to 459), suggesting a possible deterioration in recorded outcomes or data completeness issues for this stream.

10. Youth-Focused Programs

Youth Job Connection. Total client numbers rose modestly from 2,631 to 2,819. Age and gender distributions remain consistent, with a slight uptick in the 25–44 age group and in both female and male counts. Educational profiles show minor shifts (e.g., a modest increase in “Completion of Secondary” and in the “Applied/Associate/Bachelor Degree” category).

Youth Job Connection Summer. Client numbers remain very stable (1,241 vs. 1,230). Demographic and education breakdowns are largely unchanged, with only slight variations (e.g., a small decline in the “Racialized” subgroup from 666 to 599).

Overall Summary and Implications

Growth Across the Board in 2023 - 24: Many service streams (especially in the broader Employment Service, Apprenticeship, and Ontario Employment Assistance Service programmes) show increased client numbers year over year. This suggests growing demand or expanded service capacity.

Improved Apprenticeship Outcomes:

Although new registrations in Apprenticeship are roughly stable, active participation and certification issuance have risen—an encouraging sign of programme effectiveness.

Shifting Demographics:

The data indicate modest shifts in age and gender profiles (for example, an increased share of male clients in the Employment Service and a shift in the Apprenticeship age breakdown toward the 25–44 group). Such trends may inform service tailoring.

Economic and Outcome Challenges:

While overall employment outcomes in the general Employment Service appear to have improved modestly, the sharp drop in “Employed” outcomes (and rise in “Unknown”) for

Better Jobs Ontario is notable and may warrant further investigation. Similarly, increased unemployment figures in both Employment Service and Literacy and Basic Skills streams signal persistent economic challenges.

Moving Forward

Between the 2022/23 and 2023/24 reporting periods, Employment Services in Toronto have generally expanded in reach and, in many cases, improved programme metrics—particularly in apprenticeship certifications and overall client engagement. At the same time, some programmes (such as Better Jobs Ontario) show mixed or even negative trends in exit outcomes. The shifts in demographic profiles and persistent high unemployment among service users underscore the continuing challenges facing job seekers in Toronto.

With the onset of a Regional Service System Manager for Toronto we see an opportunity to use better data for continuous improvement of employment services as it provides insights into program effectiveness, operational performance, and the evolving needs of the client base. Collecting detailed, multidimensional data allows organizations like TWIG to identify gaps, track trends, and make data-driven decisions. By analyzing different facets of client data, such as demographic characteristics, employment outcomes, and educational attainment, service providers can fine-tune their offerings, personalize support, and ensure accessibility for diverse groups. Furthermore, a robust data system enables real-time feedback loops, allowing for the swift adaptation of programs to address challenges and enhance service delivery, ultimately leading to better outcomes for job seekers.

Lessons from elsewhere tell us that robust, multidimensional client data is essential for continuous improvement. When data is one-dimensional, it limits our ability to interrogate key trends, understand the full spectrum of client needs, and identify areas for innovation. Comprehensive data enables us to analyze outcomes from multiple perspectives—such as demographics, service engagement, and labour force attachment—which in turn allows us to tailor interventions more effectively, allocate resources efficiently, and measure performance accurately. In this way, enhanced client data drives evidence-based decision-making and fosters a culture of ongoing improvement that ultimately strengthens our service delivery and outcomes for job seekers.