

# Economic spotlight

## 2023: Labour market year-in-review

Alberta's labour market had another strong performance in 2023. Despite a lagging participation rate, staggering population growth boosted Alberta's labour force, filling vacancies and driving employment higher. While the unemployment rate was largely unchanged at 5.9%, labour market conditions eased with the surging labour force. Meanwhile, wage growth accelerated after years of muted gains. This spotlight reviews the major developments and trends in Alberta's labour market in 2023.

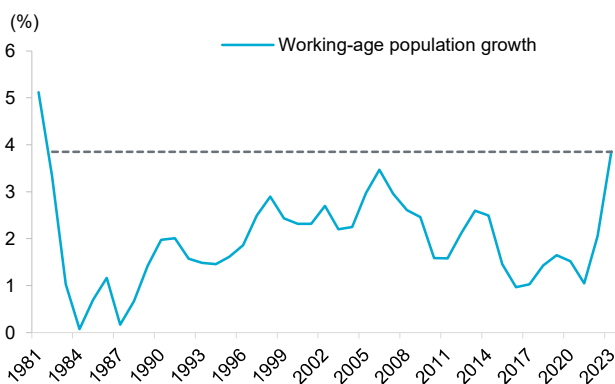
### Surge in population felt in labour force

#### Population growth hits 42-year high

Alberta's working-age population expanded rapidly in 2023, supported by record levels of net migration. Alberta's population aged 15+ grew by over 139,000 people (+3.9%), the highest annual growth since 1981 (Chart 1). The growth reflects the acceleration in net migration that started in the second half of 2022. Over the first three quarters of 2023, net international migration reached a record high of nearly 100,000, with unprecedented levels of immigrant landings and inflows of non-permanent residents (which include temporary foreign workers, international students, and refugee claimants). Over the same period, interprovincial flows also picked up and Alberta welcomed over 45,000 people from other provinces, the highest level ever.

#### CHART 1: POPULATION GROWTH ACCELERATES

Year-over-year growth in Alberta's working-age population



Sources: Statistics Canada, Haver Analytics

### Population growth buoys labour market despite lagging participation

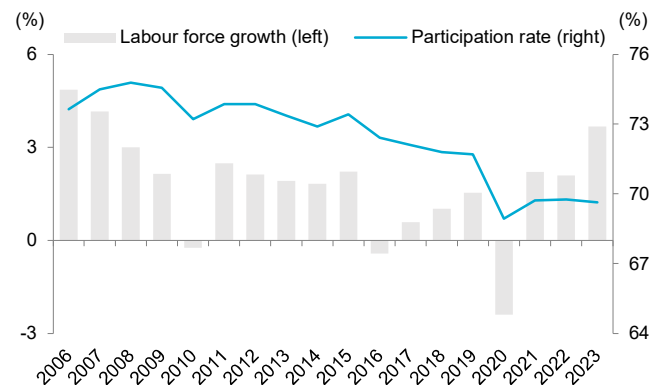
Despite strong labour market conditions, the labour force participation rate (part-rate) eased. The part-rate averaged 69.6% in 2023, down from 69.8% in 2022. The part-rate failed to recover to pre-COVID levels, dragged down by population aging and renewed weakness amongst youth (aged 15-24). The youth part-rate plunged 1.5 percentage points in 2023. There were large declines among males and females, particularly in the 20-24-year cohort, reflecting higher levels of post-secondary school attendance.

For more on Alberta's labour force participation rate, please refer to [Alberta's participation rate remains subdued](#).

However, these areas of weakness should not obscure the notable strength in Alberta's core-aged cohort part-rate. This averaged 88.7% in 2023, just shy of 2022's all-time high. This was supported by female participation, which accelerated to record levels following the implementation of the Canada-Alberta child care agreement in early 2022. Overall, despite the subdued part-rate, Alberta's labour force expanded significantly. It grew by 93,000 (+3.7%), the highest rate since 2007 (Chart 2).

#### CHART 2: LABOUR FORCE SURGES DESPITE LAGGING PART-RATE

Growth in labour force and participation rate



Sources: Statistics Canada, Haver Analytics

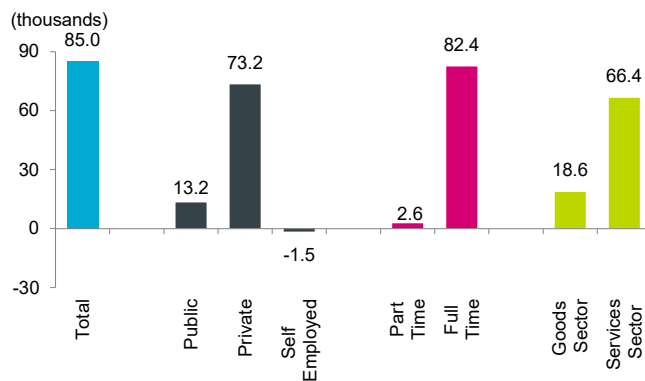
## Strong employment gains match expanding labour force

### Employment maintains momentum

Alberta's employment continued to expand at a robust pace in 2023. On an annual basis, employment grew by 85,000 (+3.6%). While not as strong as employment growth in the post-COVID recovery in 2021 and 2022, it was the highest annual growth since 2011. Aside from a large and unexpected correction in September, the gains were evenly spread throughout the year. The strength was broad-based, with solid gains in the private and public sectors, in full-time employment, and in both the goods and services sectors (Chart 3).

### CHART 3: ANNUAL GAINS BROAD-BASED

Annual change in employment



Sources: Statistics Canada, Haver Analytics

### Private sector leads employment growth

The private sector continued to lead the way in 2023. Private sector employment grew by 73,200 (+4.6%) on an annual basis. While this was lower than the impressive growth in 2022, it was the fastest growth rate since 2011. Public sector employment recovered from the pullback in 2022 and grew by over 13,000 (+3.0%) in 2023. Meanwhile, self-employment was subdued and declined by 1,500 (-0.4%). With the outsized gains, the private sector's share of total employment increased to 67.5%, a share last seen in 2014 (Chart 4).

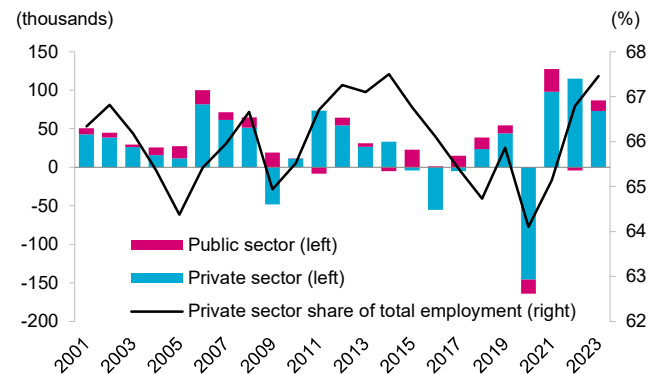
### Goods sector employment turns a corner

Employment in the goods sector pressed on in 2023 to finally surpass 2019 levels. Goods sector employment grew by 18,600 (+3.3%) after growing by a similar amount in 2022. The gains were led by the manufacturing sector (+14,200 or +11%) after years of sluggish growth. Construction saw modest job gains, led by residential construction employment, which responded to the stronger homebuilding activity in the second half of the year. Employment in mining, quarrying, and oil & gas extraction inched up in the year but remained 3.2% lower than 2019. Both the construction and oil & gas industries grappled with elevated job vacancies

and limited labour supply, weighing on job gains. Meanwhile, employment in agriculture moved higher in 2023 but remained well below 2019 levels, and forestry & logging gave back its post-COVID gains.

### CHART 4: STRONG GROWTH IN PRIVATE SECTOR ACCOMPANIED BY A REBOUND IN PUBLIC SECTOR

Annual change in Alberta's employment and share of private sector



Sources: Statistics Canada, Haver Analytics

### Strength in services continues and widens

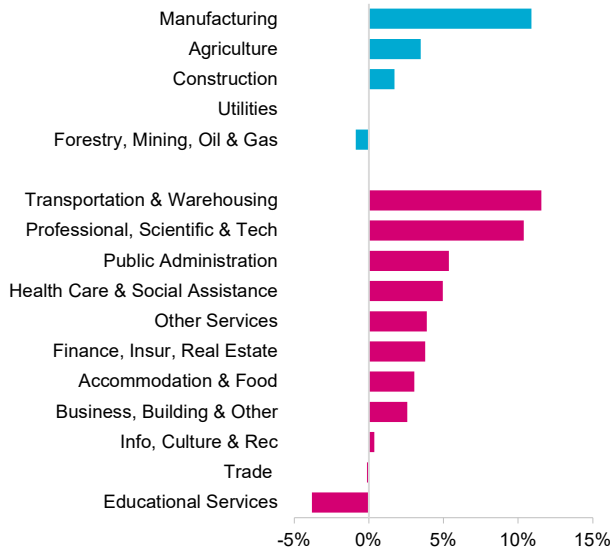
The services sector continued to be the source of strength in 2023. On an annual basis, employment in the services sector grew by over 66,000 (+3.7%). Professional, scientific, & technical services was the standout performer in 2022 and this momentum carried into 2023. The sector added 22,700 jobs on an annual basis, led by architectural & engineering services and computer systems design services employment. The strength in services became more dispersed throughout the year led by gains in transportation & warehousing and health care & social assistance, both adding over 15,000 jobs on an annual basis. In the industries most impacted by the pandemic, accommodation & food services and other services, employment continued to advance but the gains were tempered by elevated vacancies and a lack of interest from the labour force. Meanwhile, employment in finance & insurance and retail trade eased after two strong years of growth (Chart 5).

### Edmonton leads the regional gains

While aggregate annual employment gains were spread across the province, Edmonton led the pack. Edmonton added almost 40,000 jobs in 2023 (+4.8%), accounting for almost half of Alberta's job gains. Alberta's non-CMA regions also saw healthy growth, particularly in Lethbridge & Medicine Hat, Wood Buffalo, and Alberta's western regions. Although Calgary's employment also moved higher (+23,800, +2.5%), it paled in comparison to 2022 (+63,800) when it was the major source of strength. Along with Calgary, annual employment growth was less than 3% in Camrose-Drumheller and Red Deer.

**CHART 5: BROAD-BASED GAINS ACROSS THE INDUSTRIES**

Alberta employment change from 2022-2023



Sources: Statistics Canada, Haver Analytics

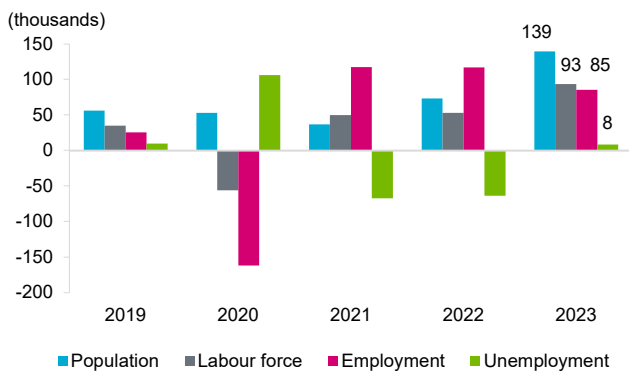
**Labour market eases but still tight**

**Some sectors are still tight**

With employment growing roughly in line with the labour force, Alberta's unemployment held fairly steady in 2023. The unemployment rate inched up from 5.8% in 2022 to 5.9% in 2023. The total number of unemployed people increased by 7,600 to 154,100 but remained lower than the 2016-2021 levels (Chart 6).

**CHART 6: HUGE POPULATION GROWTH UNDERPINS LABOUR FORCE GAINS**

Annual change in Alberta's labour market indicators



Sources: Statistics Canada, Haver Analytics

While staggering population growth boosted the labour force and helped to fill job vacancies, there were pockets where labour supply failed to meet labour demand. Total vacancies in the third quarter of 2023 were 89,830, 13,550 lower than Q3 2022 but still significantly elevated. On an industry basis, job vacancies were the highest in accommodation & food services (15,140) and construction (14,035). Industries impacted by higher retirements, weaker youth participation, and a skills mismatch among newcomers continued to struggle to find qualified employees. Overall, the job vacancy rate – the number of vacant positions as a proportion of labour demand – peaked at 5.3% in the second quarter of 2022 before easing to 4.2% in the third quarter of 2023. Even so, the job vacancy rate remained above pre-pandemic levels.

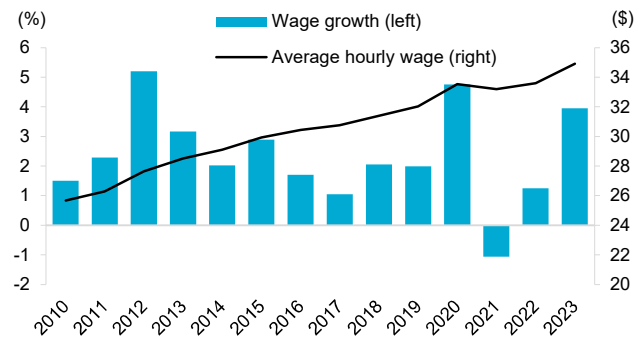
For more on Alberta's construction sector, please refer to [Strength in the construction sector](#).

**Wages finally stir**

The long-standing tightness in the labour market finally translated to wage gains. Average hourly wages rose 4.0% to \$34.93 in 2023, after two years of muted growth (Chart 7). Apart from the pandemic-induced spike in 2020, this was the strongest annual growth in eleven years. Gains were widespread, with 12 of 16 industries posting growth of more than 3%. Wage growth was propped up by strong employment and wage gains in higher-paying service industries, including professional, scientific & technical services, transportation & warehousing, and health care. Additionally, wages in natural resource extraction, the highest-earning sector, jumped by 6.8%.

**CHART 7: WAGE GROWTH PICKS UP**

Average hourly wage and y/y growth, Alberta



Sources: Statistics Canada, Haver Analytics

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