Alberta leads Canada in creating jobs but not for the expected reason

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Alberta has added the most jobs in Canada this year, but the province's traditional growth driver—the energy sector—has not been behind the increase.

Instead, job gains have been concentrated in health care and social assistance, along with public administration, in part reflecting increased demand for essential services following years of exceptionally rapid population growth.

The energy sector continues to benefit from strong production and robust demand for exports, but hiring in the sector remains largely unchanged.

Alberta's unemployment rate is also high despite strong job creation, partly reflecting the labour force growing faster than employment gains. This imbalance, however, has been easing as demographic pressures continue to moderate.

Employment in Alberta was up by about 79,000 positions in June from a year ago with job growth rising 3% year-over-year—outpacing all provinces except Prince Edward Island.

In comparison, job growth has been largely unchanged across most provinces, and declined outright in the likes of Quebec and British Columbia. Ontario is the only other province to record notable job gains over the same period (65,000), though the percentage increase (0.8%) was a fraction of Alberta's.

Nearly three-quarters of Alberta's jobs came from full-time positions (58,500) over part-time (20,100) with the majority in the private sector.

Stronger activity and prices in the energy sector haven't translated into employment growth.

Jobs in the forestry, fishing, mining, quarrying, and oil and gas extraction sector (mostly oil and gas employment in Alberta) have changed little over the past year.

Advances in technology, automation and operational efficiency have enabled energy producers to expand and improve output without having to add jobs as in the past.

Instead, Alberta had 55,000 more jobs in health care and social services in June compared to a year ago, marking one of the largest annual increases in the sector on record.

It's a contrast to Ontario where job gains have been more broadly distributed across the services sector, mostly in transportation and warehousing, health care and social assistance, and information, culture and recreation industries.

Alberta's significant demographic growth in recent years has contributed to increased demand for health care and public services.

Its population grew by more than 570,000 between Q2 2022 and Q2 2026—a more than 13% gain and the largest among provinces (in percentage terms).

That rapid expansion placed substantial pressure on health care and other public services. Growth in Alberta's health care workforce didn't keep up with population growth between 2022 and 2025. There was a decline in health care and social assistance workers per capita compared to early 2022. Most other major provinces saw relatively stable or improving per-capita staffing levels over the same period.

More recently, however, slower population growth combined with stronger hiring have contributed to a recovery in per-capita health care workers, reversing the decline that extended through part of 2025.

Still, Alberta's unemployment rate remains elevated despite leading the country in employment growth, hovering between 6.5%-7% in recent months.

We've argued before that part of the higher unemployment rate in Alberta has likely more to do with an imbalance between labour force growth and job creation rather than underlying economic weakness. Put simply, employment has not grown quickly enough to absorb rapid population growth.

But, that imbalance has been easing. Demographic growth has slowed sharply from more than 4% in 2024 to 0.9% in Q1 2026 from a year ago, and the unemployment rate has declined from above 8% in August 2025. Even so, Alberta continues to record the fastest population growth among provinces.

Demographic pressures are expected to continue to moderate over the rest of this year and next as federal immigration targets reduce international migration. Net international migration turned negative in Alberta in Q1 2026 for the first time since Q3 2020 during the pandemic.

At the same time, we've seen a moderation in net inflows of interprovincial migrants compared to 2022–2024. There are less migrants coming from provinces like B.C. and Ontario.

As population growth continues to normalize, the labour market should gradually return to a better balance, easing pressure on the unemployment rate and public services. We expect Alberta's unemployment rate to trend lower from 7% to 6.5% by the end of 2026, and 6% by end-2027.

That said, an aging population is expected to keep demand for health care and public service workers high, suggesting employment growth in these sectors could remain resilient even as broader demographic pressures moderate.

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