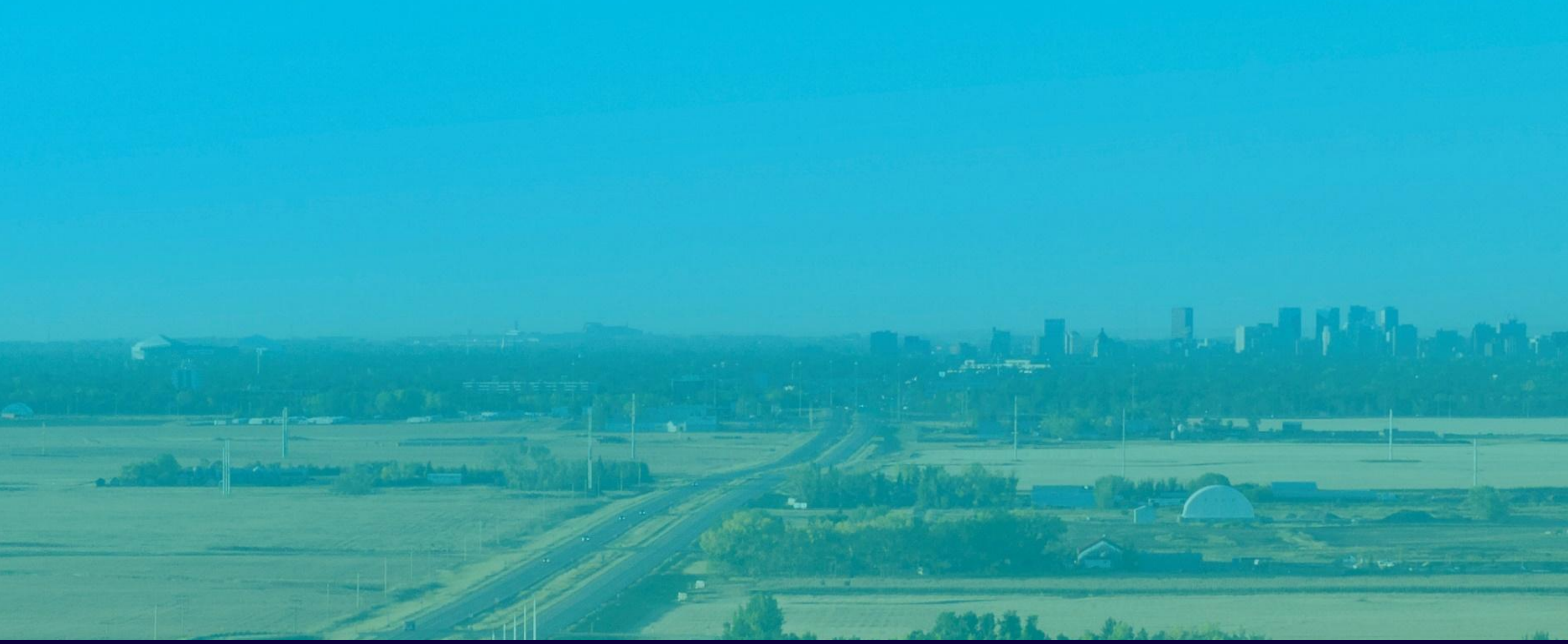


LOOKING BACK, PREDICTING AHEAD

Navigating Economic Dynamics in the Greater Regina Area (GRA)

Economic Development Regina Inc.
January 2026

A YEAR IN REVIEW, A GLANCE AHEAD

Navigating Economic Dynamics in the Greater Regina Area (GRA)

Resilience defined the Greater Regina Area's (GRA) economy in 2025. After a year shaped by tariff headlines from Washington to Beijing and New Delhi – ranging from U.S. protectionism to Chinese canola and pea duties – the focus now shifts to Canada's capacity to deliver on large-scale projects. Across the country, high policy rates, softer consumer spending, tempered business investment, lagging productivity, and slipping manufacturing sales weighed on momentum. Yet the GRA carved out a distinct narrative: a steady roll of job gains, easing rental pressures, and a revival in housing activity, setting it apart from broader national headwinds while still contending with the same macro forces restraining growth elsewhere.

Looking ahead to 2026, signs point to a cautiously optimistic year for the GRA. The Bank of Canada is expected to hold its policy rate at 2.25%, maintaining a stable monetary backdrop as the economy absorbs both headwinds and tailwinds. Consumer spending is poised to strengthen alongside modest gains in housing prices, even as immigration slows. At the same time, improved productivity may emerge as private sector investment accelerates in response to earlier rate cuts and shifting global trade dynamics under renewed U.S. tariff policies.

Beneath these fluctuations, the GRA's economic foundation remains anchored in its core industries – agriculture, energy, food processing, and advanced manufacturing – sectors that continue to drive regional resilience. Growing opportunities in artificial intelligence, agtech, and renewable energy, particularly biofuels, nuclear, and biomass, suggest a broader diversification is underway. The prospective renewal of the Canada-United States-Mexico Agreement (CUSMA), coupled with the removal of key sector-specific tariffs, could further stimulate local business confidence and attract new investment into the region.

Supported by key economic indicators, EDR benchmarks the GRA's economic status, identifies trends, and works to address challenges to support our economy. Our findings and predictions are found below.

Key Economic Indicators

Economic Growth	
2025 The Canadian economy has proven more resilient than many expected at the start of the year. In 2025, U.S. protectionism remained a dominant theme, with tariffs repeatedly shaping Canada's economic performance. Much of the divergence from earlier forecasts can be traced back to trade dynamics. A weak second quarter was driven largely by declining exports, which dragged down overall GDP, while a stronger third quarter reflected a rebound in imports that, conversely, lifted GDP. Canada's GDP is estimated to have grown by 1.5% in 2025[1], slower than the 1.6% recorded	**2026** Canada's economy is expected to continue expanding in 2026, though at a pace below its long-term potential, reflecting ongoing trade restrictions with the United States and China as well as slower population growth. U.S. trade policy remains the dominant risk. While Supreme Court hearings could overturn existing tariffs, the upcoming CUSMA renewal may provide another channel for the U.S. administration to pursue trade terms consistent with current tariff levels. The broader economic implications should come into clearer focus in 2026.

[1] Conference Board of Canada

for 2024 and attributed to mainly to U.S. tariff impacts. Luckily, the negative impacts of the U.S. tariffs were not as detrimental as feared earlier in 2025 when the U.S. announced a 35% blanket tariff on all Canadian goods. In sum, the tariffs didn't trigger a national recession or a major global downturn. Real GDP in Regina is projected to have reached $19B in 2025, a 1.9% increase. While Regina was relatively less exposed to tariff destruction compared to other Canadian cities, economic conditions were still mixed across several economic indicators, notably unemployment, employment, retail sales, housing activity and manufacturing sales.	While forecasts suggest a flatter fourth quarter, renewed trade disruptions remain a plausible risk that could once again reshape the outlook. Saskatchewan is expected to remain a national leader in economic growth, driven largely by rising activity in the natural resource sector. Real GDP growth is forecast to exceed 2% in 2026, outpacing the national average of about 1.5%. The GRA is projected to perform even more strongly, with real GDP growth accelerating to 2.3% in 2026, up from an estimated 1.9% in 2025 and above the provincial pace.

Population Growth

2025	2026
Saskatchewan's population reached 1,254,000 in 2025 (up 1.4% YoY compared to 1% for Canada). The province's annual population growth has significantly declined from a recent peak of 34,800 in 2023/24 to 9,300 in 2024/25. Population growth in the province is slowing due to reduced net international migration, ongoing net outflows to other provinces, and only minimal gains from natural increase. The GRA is now home to an estimated 292,000 residents, a 1.8% increase from 2024, with growth reflecting an easing of net interprovincial losses amid slower international inflows following federal immigration reductions.	Saskatchewan's population is projected to increase by 0.4%, reaching nearly 1.3M by the end of 2026. In contrast, Canada's population is expected to decline by 0.4% in 2026, largely reflecting a net outflow of non-permanent residents following federal policy changes aimed at reducing their share of the total population. Similarly, the GRA's population is projected to reach 294,000 by the end of 2026, reflecting an average annual growth rate of 0.9%. This outlook is shaped by recent federal immigration policy changes, particularly reductions in projected immigration levels, which are expected to moderate the pace of population growth in the region.

Interest Rates

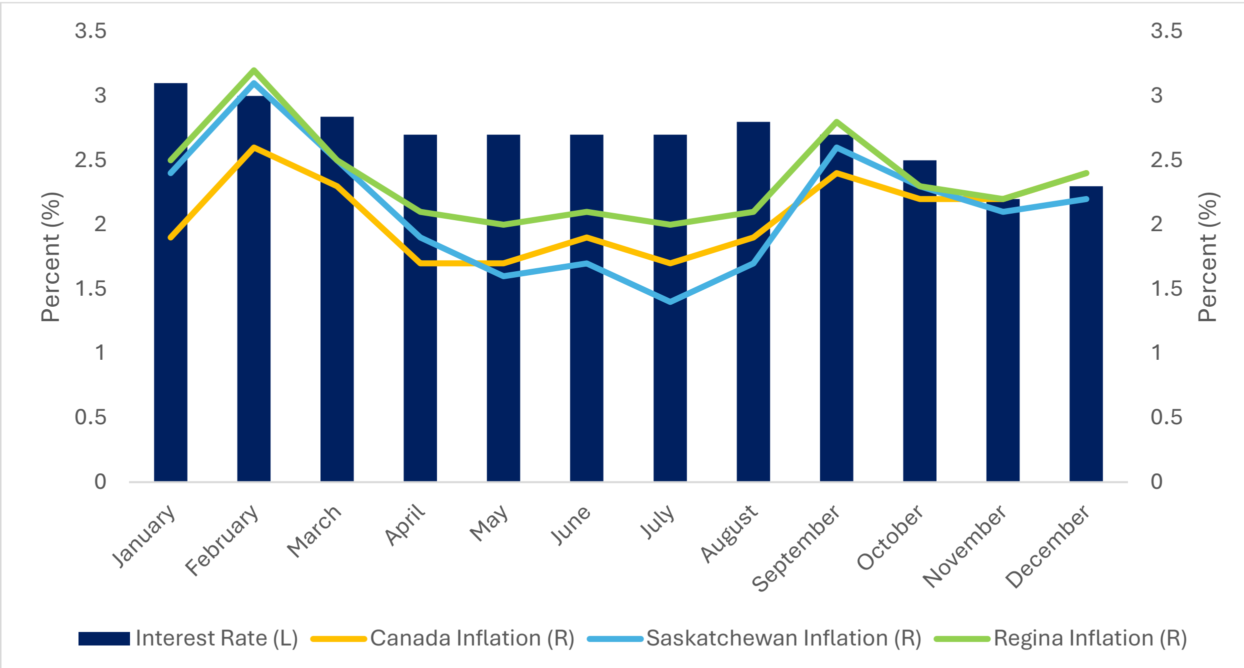
2025	2026
High borrowing costs have been a major drag on Canada's economic growth. By the end of 2025, the Bank of Canada had lowered its policy rate from 5.0% to 2.25% and appears close to	With interest rates at 2.25%, borrowing costs are now low enough to encourage economic activity, supported by a strengthening labour market and steady consumer spending. The

the end of its easing cycle unless the economy deteriorates further. While lower rates should help revive consumer spending and business investment, they cannot fully counter the impact of tariffs. Broader fiscal policy actions will be essential to limiting recession risks. The Bank has reiterated its commitment to balancing price stability with lower unemployment, emphasizing that interest rate decisions will continue to be driven strictly by incoming economic data.	Bank of Canada is expected to hold rates steady through next year, with any changes likely to be cautious and anticipated. Moving forward, maintaining price stability is projected to remain the central priority for the Bank. Tighter immigration policies and continued trade uncertainties pose risks that could lead to further rate cuts. Should this happen, businesses would see reduced borrowing costs, easing pressures on investment, hiring, and growth. At the same time, consumers - especially homeowners renewing mortgages after locking in ultra-low pandemic rates -would benefit from lower financing expenses, providing additional relief in a challenging economic environment.

Inflation

2025	2026
Core inflation for Canada was 2.4% in December 2024 – a significant drop from its recent peak of 8.1% in June 2023. Saskatchewan, now at 2.2%, and the GRA, at 2.4%, saw similar, significant declines. Inflation dynamics in the country have changed considerably, with shelter inflation no longer driving core and service inflation. If anything, retracting shelter from services shows an even higher service inflation that increased throughout the year. For Saskatchewan, food inflation remains the biggest determinant of overall price levels. With the Government of Saskatchewan's decision not to collect carbon tax on natural gas and electric home heating for residential consumers since 2024, energy inflation has seen a consistent and significant decline.	With core inflation now close to the Bank of Canada's target (2.1% 2025 average) – though still just above the preferred level (2%) – and broadly aligned with wage growth, policy risks are skewed toward easing rather than tightening. The Bank is likely to prioritize maintaining the 2% inflation target to limit recession risks stemming from trade pressures. At the same time, the lingering effects of past price increases continue to weigh on household budgets and overall economic sentiment. Inflation is expected to average 2% across the country in 2026, with the immediate impacts of recent price spikes gradually fading. While additional rate cuts may be needed to support the economy against potential shocks, they are becoming less likely, as such moves could further weaken the Canadian dollar – a risk the Bank of Canada is actively preparing to manage.

Figure 1: National Interest Rate and Inflation Rates for Regina, Saskatchewan and Canada (January to December 2025).



Source: Statistics Canada, Economic Development Regina.

Labour Market

2025	2026
In 2025, both employment and unemployment increased simultaneously (see Figure 2), reflecting population growth that is expanding the city's labour force and bringing more people into the job market. Job creation has begun to outpace labour force growth, driving the unemployment rate down to 6.3% by year-end. A concerning trend is the high unemployment among 15-24 year-olds, which is, however, showing signs of cooling, as it fell from over 15% in the summer to 13% currently. Following job losses during the summer months, the labour market has rebounded with renewed vigor. Canada added 298,200 jobs in 2025, driven largely by the private sector. However, much of this growth came from part-time	In 2026, Canada's labour market is expected to face a more uncertain environment as the country contends with slower job creation, reduced immigration, trade-related risks, and elevated borrowing costs. At the local level, however, demand for workers is projected to remain resilient, supported by continued economic expansion and targeted investments, particularly in emerging industries, advanced manufacturing, and renewable energy. The local unemployment rate is on course to slow down to 4.8% in 2026 – a marked improvement from 5.3% in 2025. Interestingly, Regina's rate will remain among the lowest in Canada – below an ideal of 5% (a level suggesting full employment). Governments at

positions, highlighting ongoing low business confidence among Canadian employers.

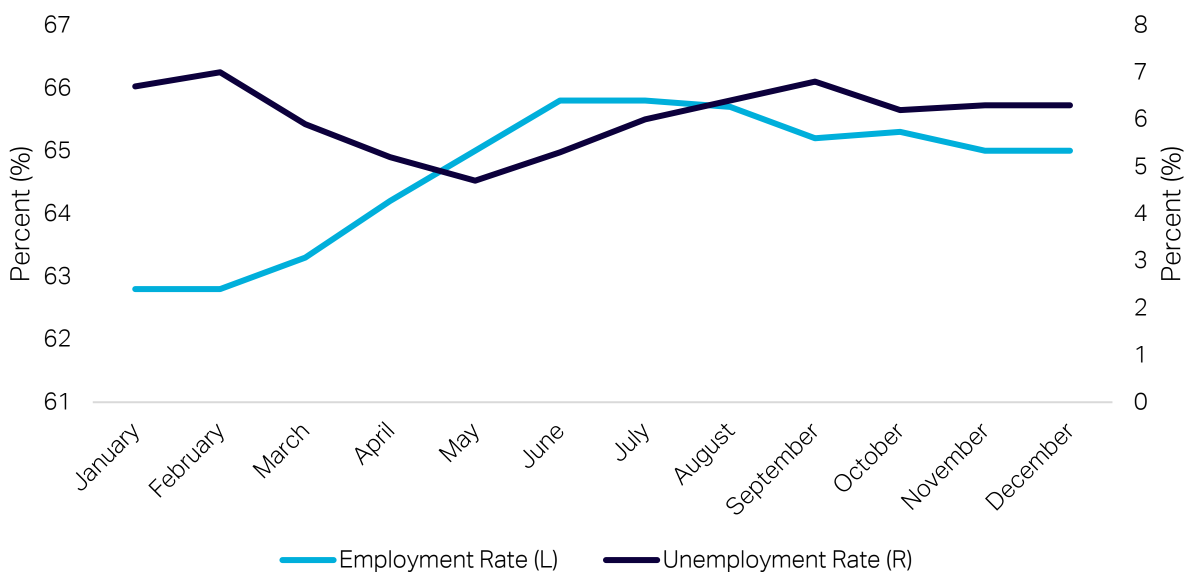
Despite a cooling growth rate, the GRA's economy remains resilient, supporting ongoing business expansion and steady job demand. Employment in the GRA reached 150,900 in 2025, representing a 4.5% rise (+6,500 new jobs). Meanwhile, Saskatchewan added over 15,200 jobs and increased employment across the province to 617,400 over the same period.

For more on the labour market dynamics in the GRA, see EDR's [State of the Labour Market in the GRA.]

various levels across the country have flagged the size of the public workforce as a concern, suggesting that labour market growth in 2026 will likely depend more heavily on the private sector.

The slowdown in immigration is expected to slow labour force growth, posing challenges for local businesses already struggling with skills gaps and persistent vacancies. Meanwhile, with many governments across the country raising concerns about the size of the public workforce, labour market expansion in 2026 is likely to depend more on the private sector.

Figure 2: The Employment Unemployment Paradox Continues



Source: Statistics Canada, Economic Development Regina.

Housing Market

2025

Across Canada, the housing market showed signs of relief through 2025, easing from the intense pressures of previous years. Slower immigration growth, rising household debt, persistent inflation, and tighter family budgets all

2026

In 2026, food costs are expected to remain the leading driver of changes in Canada's Consumer Price Index (CPI), continuing to pressure household budgets across the country. Public-sector investments at all levels contributed to the cooling. Elevated borrowing costs continued to weigh on both new construction and resale activity, effects that were also evident in the Greater Regina Area. Last year, interest rate cuts began to filter through the market, offering early support to demand and some optimism for homeowners facing mortgage renewals in 2026.

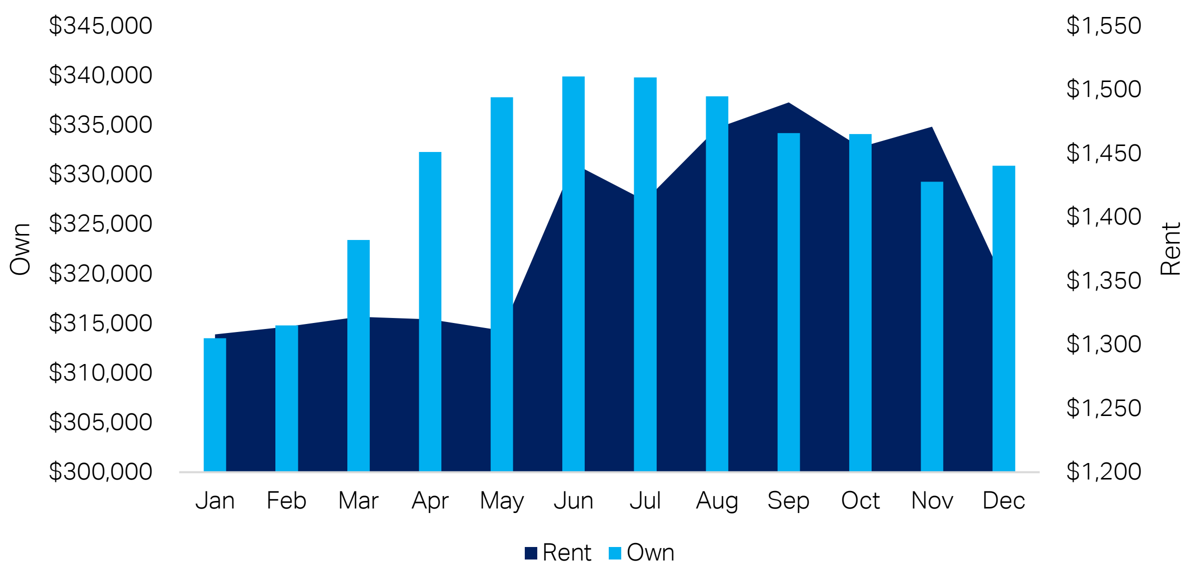
Saskatchewan's housing market closed 2025 on a historic high note, posting the second-strongest annual home sales on record. A surge in December transactions capped a year marked by resilient demand, limited inventory, and steady buyer confidence province-wide.

Taken together, Regina's housing market remains among the most affordable in Canada, even as average resale prices continued to climb. The city's Housing Price Index benchmark value (average $330,658) rose over the past year, underscoring a steady appreciation in property values without eroding the relative affordability that distinguishes Regina from most other major urban markets.

– federal, provincial, and municipal – aimed at expanding housing supply may help stabilize the market over time. Yet, the wave of mortgage renewals scheduled for the year ahead could intensify financial strain for many households, tempering broader economic optimism.

Building on trends from 2025, the Greater Regina Area's housing market is expected to remain among the most affordable in Canada (see Figure 3) and a key driver within Saskatchewan's economy. Lower interest rates should spur renewed housing activity, providing a lift to both buyers and builders. However, moderating immigration may temper some of this growth, though increased interprovincial migration could help sustain overall market momentum.

Figure 3: Cost of Housing in the GRA (January to December 2025)



Sources: Canadian Real Estate Association (December 2025), Rentals.ca (December 2025), Economic Development Regina.

Challenges

Looking ahead in 2026, GRA's economic growth will be shaped by current trade restrictions, slowing population growth and a challenging investment environment. While there are no clear signs of economic slowdown within the region, growth is forecast to fall below full potential. Solid headline growth conceals significant underlying challenges. Momentum from lower interest rates and easing inflation may be tempered by persistent trade uncertainties.

Unemployment is expected to fall further this year, reaching 4.8%, well below full employment[2] levels. Inflation will average 1.8%, while employment growth slows to 1.8%, and population growth drops to 0.9%, reflecting ongoing uncertainties similar to those seen in 2025. Regina's economy stands to gain from planned investments in the advanced manufacturing sector, providing a boost amid these broader challenges.

This section explores some key challenges and risks that could impact growth and stability within the region to better understand how they could affect Regina's economic performance in the coming year.

Challenging Investment Environment	Immigration Cuts
Canada's investment climate has been overshadowed by uncertainty since the onset of trade disputes, limiting significant growth contributions, particularly from the private sector. While increased federal spending – especially in defence – has provided some support, it cannot fully offset weak private investment. High interest rates, coupled with high and growing regulatory burden, remain a major obstacle in attracting new capital. The impact of U.S. tariffs extends across North America, prompting Canadian foreign direct investment to shift focus toward Europe and Asia. Economic Development Regina (EDR) has actively engaged with European countries and U.S. states to draw investment, particularly in advanced manufacturing. In 2025, EDR also launched the Upscale Business Growth Program to safeguard existing regional investments. Federal ambitions to stimulate growth face hurdles amid ongoing uncertainty, with clearer progress expected post-CUSMA renegotiations. Looking ahead, key indicators to watch include tangible project starts,	Canada's decision to cut immigration targets by reducing permanent resident admissions from around 500,000 to about 395,000 in 2025 and lower in the following years could create significant challenges for the country's economy, especially in regions like Saskatchewan and Regina. International migration is a major driver of population growth, which fuels consumer spending, supports local businesses, and sustains demand in the housing market. Reducing the number of newcomers risks slowing this growth, potentially leading to weaker consumer activity as fewer people mean less spending on goods and services – signs already seen in 2025. In Saskatchewan, where industries like agriculture, manufacturing, and technology increasingly rely on immigrant workers to fill labour shortages, these cuts could exacerbate workforce gaps, limiting productivity and economic expansion. Regina, as a growing urban centre, depends heavily on immigration to support its labour market and housing demand. Lower immigration may stall housing development, slowing new construction and dampening the real estate market.

[2] Full employment is generally considered to occur when the unemployment rate is below 5%

diversification of export markets, red tape reduction and continued efforts to eliminate barriers to interprovincial trade, labor, and capital flows	To reduce the impact of this on Regina's economy, EDR is actively working to attract people from within Canada to help fill the gaps left by reduced international migration. Ultimately, these immigration cuts threaten to slow economic momentum, making it harder for businesses and communities to thrive in an already competitive environment.

U.S. Trade Policy Uncertainty	**Inter-Provincial Barriers to Trade**
Protectionist U.S. trade policies and its associated uncertainties are holding back global output. The International Monetary Fund forecasts global growth to slow from 3.3% in 2024 and 3.2% in 2025 to 3.1% in 2026. Although tariffs stabilized toward the end of 2025, Canada still faces challenges from reduced access to the U.S. market and limited alternatives. Export activity to the U.S. peaked in the fall, resulting in a positive trade balance as Canadian businesses rushed to comply with CUSMA. Now, 87% of exports trade tariff-free - a share that more than doubled in six months. Encouragingly, trade outside the U.S. surged in the third quarter, significantly higher than 2024's average, hinting at new growth opportunities to explore in the coming years. The U.S. continues to be Canada's key trading partner, with our economy deeply tied to the flow of goods and services across the border. In the low case, worsening trade relations cause CUSMA exemption suspension and slower growth, while the high case sees swift CUSMA renegotiation, tariff reductions, stronger global trade, and increased investment in natural resources driving economic improvement.	Inter-provincial trade barriers remain a persistent drag on Canada's economic potential despite repeated federal promises to eliminate them. Although Ottawa introduced the Free Trade and Labour Mobility in Canada Act and has been working with provinces to remove regulatory red tape and harmonize standards, progress has been uneven. Barriers such as differing product regulations, certification rules, and licensing requirements continue to impede the free flow of goods, services, and labour across provincial borders, limiting economies of scale and productivity growth. Eliminating these obstacles could boost GDP significantly, with some estimates suggesting up to a $200B[3] gain annually. Efforts have stalled in part because many restrictions are rooted in provincial jurisdiction, and meaningful reform requires cooperation that has proven politically difficult. As a result, the federal government's early commitments – central to discussions on how to counteract external tariff pressures – have lost momentum, underscoring the challenge of turning rhetoric into tangible integration.

[3] Financial Post

About EDR

Economic Development Regina Inc. (EDR) is the lead agency for economic development for the Greater Regina Area (GRA).

General Disclosure

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