



Building Canada Strong: Youth in the Labour Market – Discussion Paper

PURPOSE

This document provides a brief overview of the current context for youth in the Canadian labour market.

CURRENT STATE OF YOUTH UNEMPLOYMENT IN CANADA

Young people are vital to Canada's economic strength, yet they are facing growing challenges and have experienced notable shifts in the labour market in recent years.

- Youth unemployment has been on an upward trend since early 2023.
- In October 2025, youth (15-24) had an unemployment rate of 14.1%, above the pre-pandemic average of 10.8% recorded from 2017 to 2019.¹
- In contrast, the unemployment rate for adults aged 25-54 was 6.9% in October 2025, only slightly higher than the pre-pandemic average of 5% recorded from 2017 to 2019.²
- A recent report by Desjardins noted that teenagers (15-19) have faced difficulty, with nearly 1 in 5 teens who would like to work unable to find a job.³
- Youth from historically underrepresented groups – such as Black youth, racialized youth, Indigenous youth, and youth with disabilities – continue to face significantly higher rates of unemployment than their peers.
- Since 2023, there has been a notable increase in youth that are not in education, employment or training (NEET). There has been an increase of 201,800 NEET youth to approximately 914,000 youth (aged 15 to 29) in 2025. This represents 11.5% of the total youth population.⁴

CHALLENGES YOUTH ARE FACING

- As noted in reports from Deloitte Canada and Desjardins on youth employment published in November 2024⁵ and September 2025⁶ respectively, there are several factors contributing to high

¹ Statistics Canada. [Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle](#)

² Statistics Canada. [Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle](#)

³ Desjardins, [Why Has the Youth Unemployment Rate Increased by so Much, so Fast?](#) (September 4, 2025)

⁴ Statistics Canada. [Table 14-10-0021-01 Unemployment rate, participation rate, and employment rate by type of student during school months, monthly, unadjusted for seasonality](#)

⁵ Deloitte Canada, [Failure to Launch: The Economic and Social Costs of Youth Unemployment their Long-term Impacts](#) (November 2024)

⁶ Desjardins [Why Has the Youth Unemployment Rate Increased By So Much, So Fast?](#) (September 2025)

youth unemployment including population growth, softening hiring demand, and a changing labour market context.

- Canada experienced high population growth in recent years with the youth population growing the fastest. Between 2022 and 2024, the youth population (aged 15-24) increased by 9.9% (+457,000), compared to an overall population growth of 6.0% (+2,353,000).⁷
- Hiring demand in key sectors that primarily employ youth has also softened in the past two years due in part to global economic uncertainty – such as wholesale and retail trade and accommodation and foodservices.⁸
- There is preliminary evidence that AI adoption is significantly changing the job market.
 - A 2025 study conducted in the U.S found experienced workers in AI-exposed occupations maintained or increased their employment levels, while those aged 22-25 have experienced notable job losses.⁹

LONGER TERM IMPACTS

- The share of unemployed people, including youth, searching for work for 27 weeks or more has been rising since July 2023.
- A DEVLab survey conducted between November 2023 and May 2024 of more than 1600 youth aged 16-30 found that gaps in education and career skills caused by the COVID-19 pandemic continue to persist. While 72% of respondents experienced such gaps, only 1 in 5 felt that they had fully recovered.¹⁰
- Young people, and especially recent graduates, experience distinct challenges during and after economic downturns that can stay with them over the long term. Over time, short-term consequences of unemployment compound, leaving a lasting negative impact on career earnings (known as “wage scarring”), job opportunities, labour market attachment, and career progression.¹¹ Such effects can take several years to recover from, as seen following the 2008-2009 recession and in a variety of studies.¹²
- Deloitte highlights that prolonged youth unemployment can also have compounding social consequences in the long-term, including poor mental health and quality of life.
- Currently, around 20% of the labour force (1 in 5) is made up of individuals aged 55 and over—an age group nearing retirement. Youth are the largest source of new labour market entrants, making it imperative that they are prepared for and able to get good jobs that contribute to a strong economy.

⁷ Statistics Canada. [Table 17-10-0005-01 Population estimates on July 1, by age and gender](#)

⁸ Statistics Canada. [Table 14-10-0022-01 Labour force characteristics by industry, monthly, unadjusted for seasonality \(x 1,000\)](#)

⁹ Brynjolfsson, Chandar and Chen, [Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence](#) (August 26, 2025)

¹⁰ DEVLab, [Building Bridges: Connecting Youth Skills to the Future of Work](#) (May 2025)

¹¹ Future Skills Centre, [Long-Term Labour Market Scarring on Youth from Economic Shocks](#) (October 2024)

¹² Deloitte Canada, [Failure to Launch: The Economic and Social Costs of Youth Unemployment and their Long-term Impacts](#) (November 2024)



UNLOCKING SOLUTIONS

- The nature of work is evolving, and the labour market is undergoing significant transformation with new challenges and opportunities for new entrants in the labour market. Young Canadians are among the most educated in the world. They seek to develop the skills, experiences and capacities to successfully enter the labour market and launch their careers. A variety of supports are in place to help youth gain the skills and work opportunities they need through their school to work journey. However, there are gaps to close and opportunities to further explore.
- There are many players in the youth employment ecosystem, including youth and student groups, industry and business associations, labour groups, training providers, youth employment services practitioners, Indigenous communities, in addition to all levels of government. Insights will help provide a better understanding of the issue from various perspectives, including regional realities, to inform collaborative action.
- Feedback received through this engagement process will contribute to charting a path forward, ensuring young Canadians have the support, opportunities, and skills they need to thrive in a rapidly changing economy.

