

# Labour productivity, hourly compensation and unit labour cost, fourth quarter 2025

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, March 4, 2026

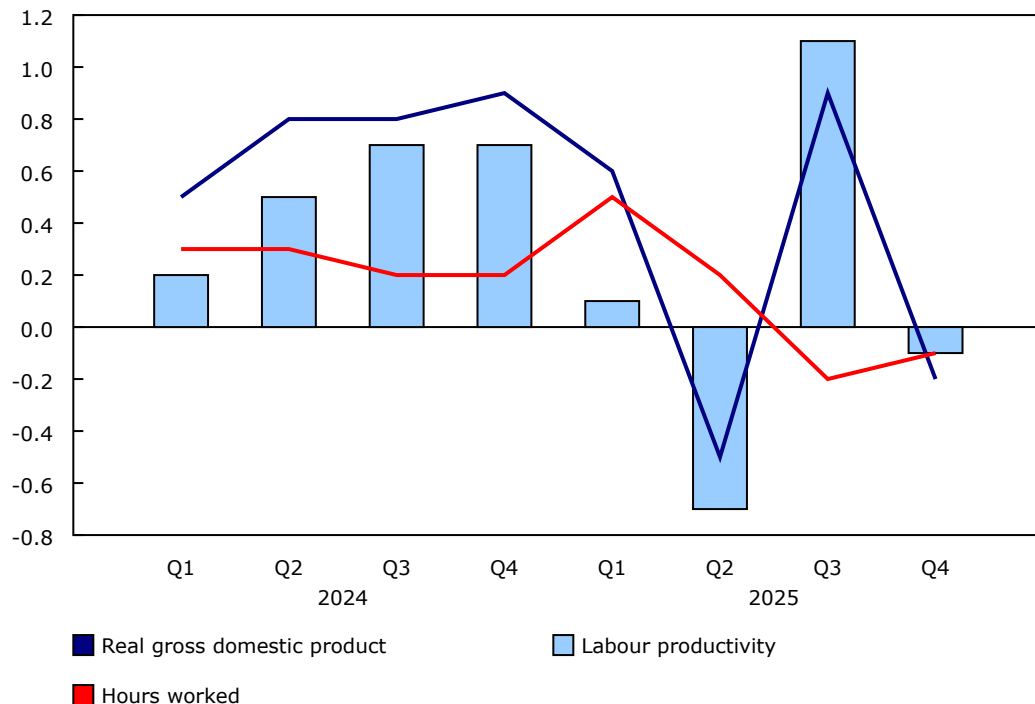
## Productivity edges down in the fourth quarter

The labour productivity of Canadian businesses edged down 0.1% in the fourth quarter as hours worked declined at a slower pace than real gross domestic product (-0.2%). This contrasts with the previous quarter in which labour productivity rose 1.1% as output increased with fewer hours worked.

The fourth quarter decrease in business labour productivity was the second quarterly decline in the last nine quarters.

**Chart 1**  
**Business output declines as hours worked edge down**

quarterly % change



Source(s): Table 36-10-0206-01.

## Goods-producing businesses contribute to overall decline in productivity

In the fourth quarter, the productivity decline in goods-producing businesses (down 0.9% after an increase of 1.8% in the previous quarter) was partially offset by productivity growth in services-producing businesses (up 0.4% following an increase of 0.6% in the previous quarter).

Overall, manufacturing and construction were the main contributors to the decrease in business sector productivity in the fourth quarter. Meanwhile, services-producing businesses, led by information and cultural industries, contributed the most to labour productivity growth in the quarter.



## **Hours worked record a slight decline**

Hours worked in the business sector edged down 0.1% in the fourth quarter following a decline in the third quarter. The third quarter decrease was the first decline in hours worked (-0.2%) since the second quarter of 2020 (-19.7%) at the onset of the COVID-19 pandemic.

Hours worked in goods-producing businesses grew 0.2% in the fourth quarter of 2025, with all industry sectors registering an increase in hours worked, except for manufacturing (-0.4%). This was offset by a 0.2% decline in hours worked in the services-producing businesses. Decreases were seen in 8 of the 11 industry sectors, led by administrative and support, waste management and remediation services (-2.4%).

## **Growth in unit labour costs accelerates in the fourth quarter**

As labour productivity edged down in the fourth quarter, the 0.5% rise in hourly compensation resulted in a 0.7% growth in unit labour costs to businesses. This was the fastest pace of quarterly growth since the first quarter of 2024.

Unit labour costs represent the labour costs required to produce one unit of output.

## **Labour productivity in 2025**

While labour productivity of businesses fluctuated throughout the year, amid trade uncertainties and a weakening labour market, it was up 1.1% overall in 2025, due to strong growth in the third quarter. The 2025 increase was the second consecutive annual rise in labour productivity following three years of weak growth.

In 2025, growth in real gross domestic product of businesses (+1.9%) maintained a similar pace to that of the previous year (+1.8%). Meanwhile, growth in hours worked further decelerated from 1.1% in 2024 to 0.8% in 2025, contributing to the annual increase in labour productivity.

With productivity up in 2025, the 2.3% increase in hourly compensation during the year resulted in growth of 1.2% in unit labour costs to businesses.

This was the lowest annual growth rate for unit labour costs since 2017.

## Sustainable Development Goals

On January 1, 2016, the world officially began implementing the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the following 15 years. The plan is based on 17 specific Sustainable Development Goals (SDGs).

The release "Labour productivity, hourly compensation and unit labour cost" is an example of how Statistics Canada supports the reporting on the global SDGs. This release will be used to help measure the following goal:



## Learn more about labour productivity

To learn more about productivity, the factors that influence it and why it matters for Canadians, listen to the *Eh Sayers* podcast episode, "[Why economists are sounding the alarm on productivity.](#)"

## Note to readers

### Revisions

With this release, the data were revised back to the first quarter of 1997 at the aggregate and industry levels for consistency. These data further incorporate the latest quarterly gross domestic product (GDP) by income and expenditure and monthly GDP by industry, released on February 27, 2026.

In addition, all index series at the aggregate level were subject to revision going back to 1981, as a result of methodological improvements to the coherence between the aggregate and industry level data.

Finally, the data in this release do not reflect the recent revisions to the Labour Force Survey (LFS) data released on January 26, 2026. These historical revisions of the LFS data will be incorporated in the next release on June 3, 2026.

### Productivity measures

The term **productivity** in this release refers to labour productivity. For the purposes of this analysis, labour productivity and related variables cover the business sector only.

**Labour productivity** is a measure of real GDP per hour worked.

**Unit labour cost** is defined as the cost of workers' wages and benefits per unit of real GDP.

The approach to measuring real output in the business sector differs from the one that is used in the estimates by industry. For the business sector, output is measured using the expenditure-based GDP approach at market prices, while the measure of output by industry is based on the value-added approach at basic prices.

All the growth rates reported in this release are rounded to one decimal place. They are calculated with index numbers rounded to three decimal places, which are now available in data tables.

All necessary basic variables for productivity analyses (such as hours worked, employment, output and compensation) are seasonally adjusted. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

### Next release of quarterly data

Labour productivity, hourly compensation and unit labour cost data for the first quarter of 2026 will be released on June 3, 2026.

### Next release of annual data

The release of revised data on hours worked and labour productivity in the provinces and territories, which was initially scheduled for February 9, 2026, has been postponed to May 20, 2026. Revised data will incorporate new benchmark data from the Supply and Use Tables for the reference year 2022, as well as the adoption of the North American Industry Classification System 2022.

**Table 1**  
**Business sector: Labour productivity and related variables for Canada<sup>1</sup> – Seasonally adjusted**

	Fourth quarter 2023	First quarter 2024	Second quarter 2024	Third quarter 2024	Fourth quarter 2024	First quarter 2025	Second quarter 2025	Third quarter 2025	Fourth quarter 2025
	% change from the previous quarter								
<b>Canada</b>									
Labour productivity	0.1	0.2	0.5	0.7	0.7	0.1	-0.7	1.1	-0.1
Real gross domestic product (GDP)	0.2	0.5	0.8	0.8	0.9	0.6	-0.5	0.9	-0.2
Hours worked	0.1	0.3	0.3	0.2	0.2	0.5	0.2	-0.2	-0.1
Hourly compensation	0.4	1.0	0.7	0.8	1.1	0.2	-0.2	1.3	0.5
Unit labour cost	0.3	0.8	0.2	0.1	0.4	0.1	0.5	0.3	0.7
Unit labour cost in US dollars	-1.2	1.8	-1.2	0.4	-2.1	-2.4	4.2	0.7	-0.6
	2021	2022	2023	2024	2025	First quarter 2025	Second quarter 2025	Third quarter 2025	Fourth quarter 2025
	% change from the previous year					% change from the same quarter of the previous year			
<b>Canada</b>									
Labour productivity	-4.6	0.1	-1.4	0.7	1.1	2.0	0.8	1.2	0.3
Real GDP	6.7	5.5	1.8	1.8	1.9	3.1	1.8	1.9	0.7
Hours worked	11.6	5.4	3.3	1.1	0.8	1.1	1.0	0.7	0.4
Hourly compensation	-1.0	4.7	4.9	3.3	2.3	2.8	1.9	2.5	1.9
Unit labour cost	3.9	4.6	6.4	2.6	1.2	0.8	1.1	1.3	1.6
Unit labour cost in US dollars	11.1	0.8	2.6	1.1	-0.8	-5.2	-0.0	0.3	1.8

1. Calculations of growth rates are based on index numbers rounded to three decimal places.

Source(s): Table 36-10-0206-01.

**Table 2**  
**Labour productivity and related measures, by business sector industry, seasonally adjusted, fourth quarter 2025**

	Real gross domestic product	Hours worked	Labour productivity	Total compensation per hour worked
	% change from the previous quarter			
<b>Business sector, goods</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.9</b>	<b>-0.2</b>
Agriculture, forestry, fishing and hunting	0.3	1.4	-1.0	0.1
Mining and oil and gas extraction	-0.5	0.6	-1.1	-0.4
Utilities	0.7	0.5	0.2	2.7
Construction	-0.6	0.5	-1.0	-1.0
Manufacturing	-1.5	-0.4	-1.1	0.4
<b>Business sector, services</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.9</b>
Wholesale trade	-1.4	-0.5	-0.9	-0.1
Retail trade	-0.2	-0.3	0.1	0.9
Transportation and warehousing	0.6	0.7	-0.1	1.6
Information and cultural industries	1.1	-0.8	1.8	2.1
Finance and insurance, and holding companies	0.5	-0.3	0.8	1.0
Real estate and rental and leasing	-0.2	-0.4	0.2	-0.9
Professional, scientific and technical services	0.1	-0.6	0.7	1.1
Administrative and support, waste management and remediation services	-0.2	-2.4	2.3	2.0
Arts, entertainment and recreation	0.4	0.6	-0.2	-0.1
Accommodation and food services	1.0	-0.1	1.0	0.3
Other business services	0.8	1.0	-0.1	0.5

Source(s): Table [36-10-0207-01](#).

**Available tables:** [36-10-0206-01](#) and [36-10-0207-01](#).

**Definitions, data sources and methods:** survey number [5042](#).

The document "[Labour productivity measurement at Statistics Canada](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is available.

The study, "[Canadian regional labour statistics and inter-regional movements of paid workers, 2001 to 2021](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is available.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structures.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).