



Rural Economic Rebound: Changes in employment during the COVID-19 pandemic

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Highlights

- Employment levels across all industries recovered to 3.5% above pre-pandemic levels by December 2021 in both urban and rural areas.
- During the COVID-19 pandemic, employment levels were more stable in rural areas.
- The first provincial shutdown had the largest immediate impact on the construction, manufacturing, retail and hospitality industries in both rural and urban areas.
- The lowest employment across all industries was observed in April 2020, with a 14.5% decrease for urban areas and an 8.9% decrease for rural areas.
- Females and younger people had higher unemployment rates during the COVID-19 pandemic.

Why look at changes in employment since February 2020?

The first COVID-19 state of emergency and provincial shutdown orders were announced in March 2020. By comparing statistics to a pre-pandemic baseline of February 2020, we can assess the impacts of the COVID-19 pandemic on employment patterns in Ontario.

We examine employment trends from March 2020 until December 2021. We identified three provincial shutdown periods within this timeframe. Each shutdown period began with an emergency declaration or stay-at-home order and ended when such orders were lifted.

Why look at changes in employment by region, industry, sex and age?

COVID-19 had different effects on employment in Ontario's rural and urban regions and may have impacted certain industries or demographics more than others.

By analyzing and comparing regional employment data by industry, sex, and age, we can be better informed about the pandemic's economic effects on rural Ontario.

Definitions

Urban: Includes Census Metropolitan Areas and Census Agglomerations, as defined by [Statistics Canada](#).

Rural: Includes areas outside of Census Metropolitan Areas and Census Agglomerations.

Data sources and methods

Data were collected from the Statistics Canada [Labour Force Survey](#), which was released on February 4, 2022.

Employment data were collected from Statistics Canada Table [14-10-0376-01](#). Statistics Canada did not adjust the data for seasonal changes.

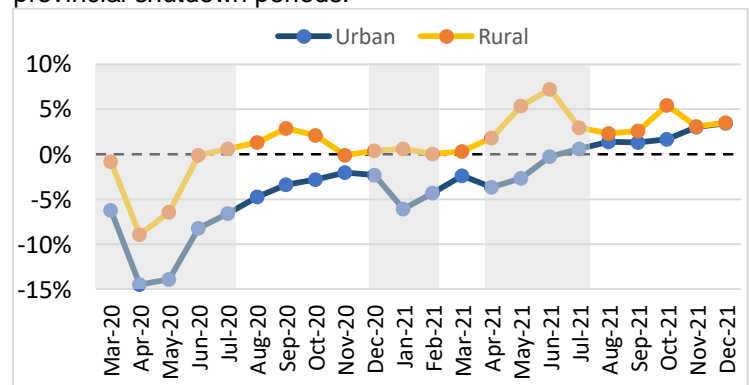
Employment refers to the number of people aged 15 and over who are employed in an industry. For details about industry classifications, see the [North American Industry Classification System](#). The employment analysis in this factsheet did not adjust for population changes.

Unemployment data were collected from Statistics Canada Table [14-10-0374-01](#). The unemployment rate is seasonally adjusted, but does not include data for the 45-54 year age group.

Employment changes across all industries [Figure 1]

Overall changes in employment followed a similar pattern in urban and rural areas. Both regions had much lower employment levels during the first COVID-19 shutdown period. Employment recovered earlier and more consistently in rural areas.

Figure 1. Change in employment across all industries since February 2020 (dotted line). Grey shading indicates provincial shutdown periods.



Urban areas had lower levels of employment across all industries, while rural areas showed more resilience. Employment was lowest in April 2020, with a 14.5% decrease for urban areas and an 8.9% decrease for rural areas.

By June 2020, rural employment recovered to pre-pandemic levels. Employment in urban areas did not reach pre-pandemic levels until June 2021. At that point, employment in rural areas peaked at 7.2% above February 2020 levels.

Employment across all industries recovered to approximately 3.5% above pre-pandemic levels by December 2021.

Employment changes by industry [Table 1, Figures 2-14]

The first COVID-19 shutdown had the largest immediate impact on the following industries in both urban and rural areas:

- Construction
- Manufacturing
- Wholesale and retail trade
- Education
- Accommodations and food services

Between March 2020 and April 2020, these industries saw a sudden and dramatic decrease in employment, which is consistent with the overall pattern of decline observed in Figure 1. Notably, the manufacturing and retail industries were two of the largest employers in urban and rural areas in February 2020.

The education, retail, and accommodation industries performed poorly in both regions. Employment in the education industry remained consistently below pre-pandemic levels, probably due to school closures and remote learning. Employment increased in September 2021, coinciding with the return to in-person classes.

Despite a brief rural recovery between August and October 2020, employment in the retail, accommodation and food services industries remained below February 2020 levels during the pandemic. The periodic shutdowns had a severe and sustained impact on employment in these industries throughout the pandemic.

The manufacturing industry recovered to pre-pandemic levels and remained relatively stable in both urban and rural areas. Rural manufacturing recovered in July 2020, with an urban recovery in August 2020.

In urban areas, the following industries did not recover to pre-pandemic employment levels at any point during the pandemic:

- Utilities
- Transportation and warehousing
- Business, building, and other support services
- Accommodation and food services
- Other

Industries with notable differences in employment patterns between urban and rural areas include:

- Utilities
- Forestry, fishing, mining, quarrying, oil and gas
- Construction
- Transportation and warehousing
- Finance, insurance, real estate and leasing
- Business, building and other support services
- Healthcare
- Information, culture and recreation
- Public administration

Utilities

While employment levels for utilities in urban areas showed a general decrease since February 2020, there was a notable increase in rural areas. Rural employment started to increase in August 2020, peaking at 126% above February 2020 levels by April 2021 and remaining high through December 2021. The rural peak in April 2021 coincided with an urban decrease of 33%.

Forestry, fishing, mining, quarrying, oil and gas

Urban and rural patterns were most divergent for the natural resources industry. The first divergence occurred in July 2020, when a 35% increase in urban areas coincided with a 13% decrease in rural areas. This trend reversed in January 2021, with employment levels increasing in rural areas while decreasing in urban areas. A third pattern reversal started in July 2021. The divergence persisted into December 2021, with a 26% increase in urban areas and a 20% decrease in rural areas.

Construction

Following the first wave shutdown period, urban employment in the construction industry remained low. Rural employment fluctuated above pre-pandemic levels between June 2020 and January 2021. Both regions saw a decline in early 2021, but urban employment recovered sooner, reaching pre-pandemic levels by May 2021 and remaining stable through December. The recovery for rural areas was slower, occurring in October 2021.

Transportation and warehousing

While urban employment in the transportation industry did not recover to pre-pandemic levels, rural employment had periods of recovery. The first rebound occurred between October 2020 and March 2021. After a brief decline, employment bounced back in July 2021, increasing to a peak of 42.6% above February 2020 levels.

Finance, insurance, real estate and leasing

Employment levels in the finance industry were relatively stable in urban areas throughout the pandemic, culminating in a 6% increase in December 2021. However, rural levels fluctuated widely, with peak lows in April 2020 (-15%), November 2020 (-15.8%), and June 2021 (-10%). Peak highs occurred in June 2020 (13.8%), January 2021 (18.8%), and April 2021 (21.2%).

Some of these trends may be explained by the increased activity in the real estate sector as people sought housing with more space to accommodate work from home arrangements, along with more interest in seasonal dwellings like summer camps and cottages.

Business, building and other support services

Urban employment remained consistently low following the first wave shutdown period. Rural employment increased during the shutdown, but a sudden decline occurred between August 2020 (23%) and September 2020 (-22.5%). Rural employment recovered by December 2020, reaching a high of 60% above pre-pandemic levels in June 2021. This was followed by a gradual decline in rural employment that persisted through December 2021.

Healthcare

Employment in healthcare fluctuated for both urban and rural areas, however, rural areas showed a greater increase between January 2021 and July 2021.

Information, culture and recreation

Urban employment levels recovered gradually and reached pre-pandemic levels by June 2021. Employment in rural areas experienced two periods of dramatic growth. In July 2020, rural employment reached a peak of 86.3% above pre-pandemic levels. Employment increased again between May 2021 and December 2021.

While this may be attributed to seasonal hiring practices, it may also be the result of increased demand for outdoor recreation opportunities during the pandemic. It is possible that more people visited parks and campsites in rural areas because of travel bans, so employers hired more staff.

Public administration

Employment in public administration recovered gradually in urban areas, reaching pre-pandemic levels by April 2021 and increasing through December 2021. Rural employment levels fluctuated above pre-pandemic levels between May 2020 and August 2021, followed by a large decrease of 17.4% by September 2021. This coincided with an urban peak of 10.9% above pre-pandemic levels.

Unemployment by sex [Figures 18-19]

Males and females had similar rates of unemployment in urban areas, however, males experienced slightly lower levels of unemployment between May and August of 2020.

In rural areas, males generally experienced higher and more stable levels of employment than females since February 2020. Both males and females had similarly higher rates of unemployment between February 2020 and June 2020,

coinciding with the timing of the first COVID-19 shutdown that resulted in temporary and permanent business closures. However, female unemployment rose again during the second shutdown period, reaching 10%.

Male employment started to increase in June 2020, while female employment continued to decrease until February 2021. By March 2021, female employment increased to the same level as males, and remained steady.

In rural areas, the higher unemployment rate for females may be explained by a lack of childcare, which may have required some mothers to stay at home. It is also possible that more females were employed in the industries that were most affected by business closures.

Unemployment by age group (Table 2, Figures 20-21)

Overall, average unemployment was higher in urban areas than rural areas. Unemployment levels for both regions were highest during the first COVID-19 shutdown period, which lasted from March 2020 until July 2020.

Young people had higher rates of unemployment in both urban and rural areas. This is probably due to business closures and capacity restrictions in the retail, food services, and hospitality industries, which are more often staffed by people in younger age groups. People in the 15-24 age group had the highest level of unemployment in May 2020, with an urban peak of 34% and a rural peak of 25%.

In urban areas, unemployment levels for young people recovered gradually following May 2020, but remained higher than other age groups through January 2022.

The recovery for young people in rural areas was more sudden, improving from 25% to 13% between May 2020 and June 2020. Unemployment levels fluctuated between 10-15% from June 2020 to May 2021.

In both urban and rural areas, unemployment levels for most age groups were lowest during the fall and early winter of 2021, likely due to hiring related to the holiday season, along with more relaxed COVID-19 restrictions on businesses. During this period, unemployment numbers approximated pre-pandemic levels. However, unemployment increased again in January 2022, which can partly be attributed to the temporary nature of seasonal holiday jobs, and partly to more severe COVID-19 restrictions that forced some business to close once again.

Table 1. Average change in employment by industry and region since February 2020.

Industry	Pre-pandemic baseline (Thousands of people employed in February 2020)		Average change in employment compared to February 2020							
			March 2020 - December 2021 (Overall)		March 2020 - July 2020 (First wave shutdown)		December 2020 - February 2021 (Second wave shutdown)		April 2021 - July 2021 (Third wave shutdown)	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
All industries	6805.0	589.7	-3.3%	1.2%	-9.9%	-3.2%	-4.3%	0.3%	-1.5%	4.3%
Agriculture	45.5	28.5	-10.9%	0.6%	0.1%	-4.5%	-17.7%	-7.0%	-14.3%	18.9%
Forestry, fishing, mining, quarrying, oil and gas	24.3	10.3	8.4%	-4.3%	4.0%	-0.4%	-0.1%	-0.3%	1.3%	11.9%
Utilities	46.6	8.4	-17.0%	52.9%	-11.9%	-6.4%	-26.6%	84.9%	-24.6%	103.0%
Construction	455.0	74.9	-1.4%	0.7%	-8.7%	3.4%	-3.8%	-0.8%	1.8%	-5.4%
Manufacturing	682.5	69.2	0.3%	5.4%	-8.6%	-1.2%	4.1%	3.5%	2.6%	14.9%
Wholesale and retail trade	1007.2	82.2	-4.4%	-3.1%	-12.0%	-7.0%	-7.0%	-1.0%	-3.9%	-6.0%
Transportation and warehousing	368.0	27.0	-8.9%	1.6%	-9.5%	-24.6%	-12.3%	21.2%	-5.7%	0.0%
Finance, insurance, real estate, rental and leasing	578.9	26.0	2.0%	3.0%	-0.7%	0.5%	4.2%	9.0%	2.8%	3.0%
Professional, scientific and technical services	634.1	29.5	6.3%	1.9%	-2.0%	-7.4%	5.5%	-2.3%	11.1%	15.9%
Business, building and other support services	293.8	17.3	-8.1%	13.2%	-5.8%	20.8%	-16.0%	0.6%	-7.9%	42.5%
Educational services	528.3	42.1	-7.6%	-5.9%	-15.7%	-16.0%	-0.6%	-10.9%	-9.7%	-8.4%
Health care and social assistance	834.6	78.7	-2.6%	1.6%	-8.8%	1.0%	-2.9%	3.5%	0.1%	9.7%
Information, culture and recreation	272.7	12.2	-0.1%	28.7%	-12.5%	25.4%	-7.5%	-20.2%	1.4%	30.3%
Accommodation and food services	396.9	31.7	-21.8%	-9.0%	-36.3%	-18.2%	-27.6%	-26.4%	-21.0%	-9.6%
Public administration	271.9	29.3	-6.7%	-14.6%	-13.6%	-1.0%	-4.7%	-3.9%	-0.7%	-39.3%
Other services (except public administration)	364.6	22.4	1.6%	7.9%	-2.0%	5.8%	-1.7%	9.4%	5.2%	13.2%

Figures 2-7. Employment changes by industry in urban and rural areas in Ontario.



Figure 2. Agriculture

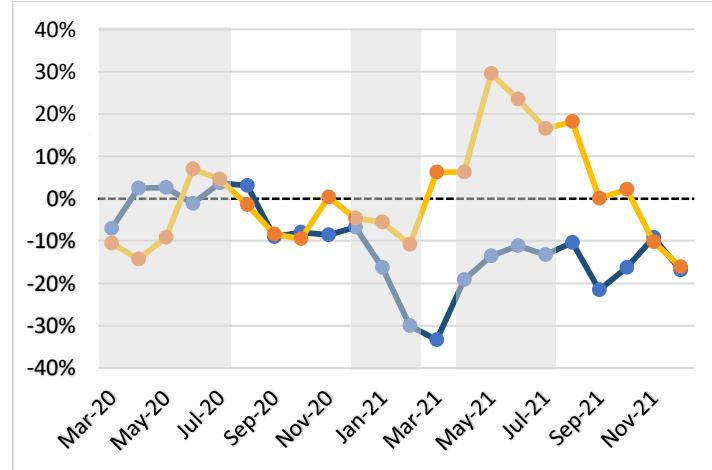


Figure 3. Utilities

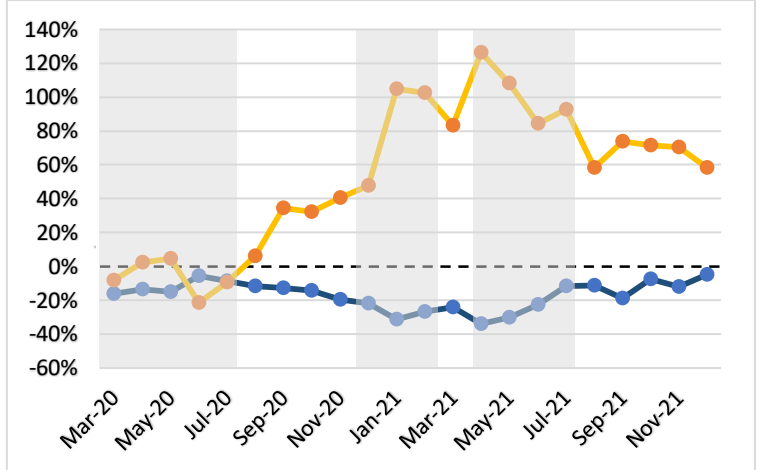


Figure 4. Forestry, fishing, mining, quarrying, oil and gas

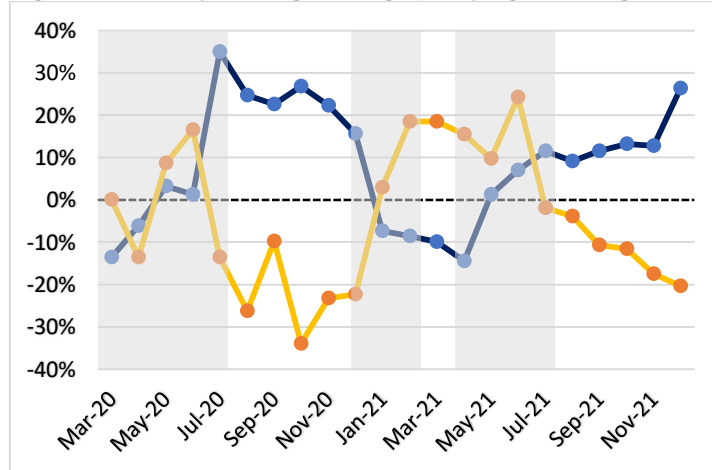


Figure 5. Construction

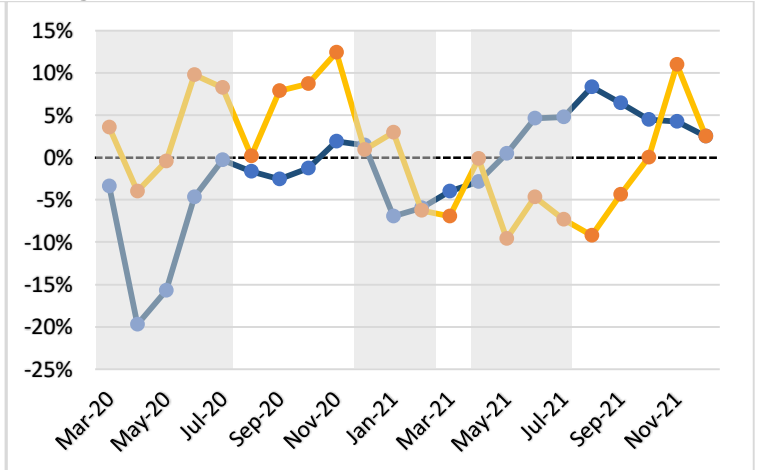


Figure 6. Manufacturing

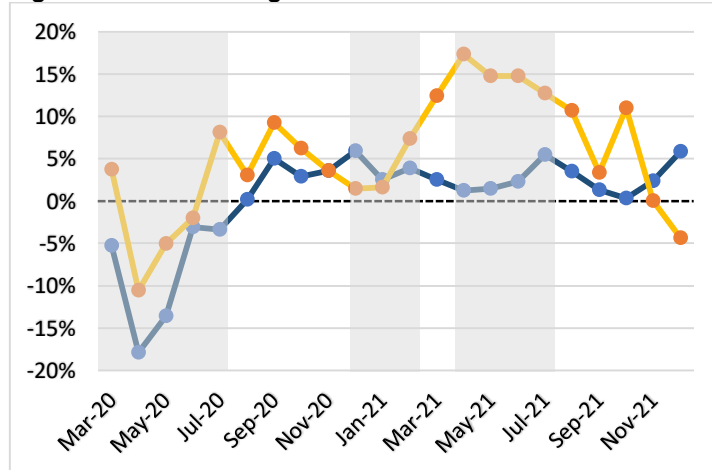
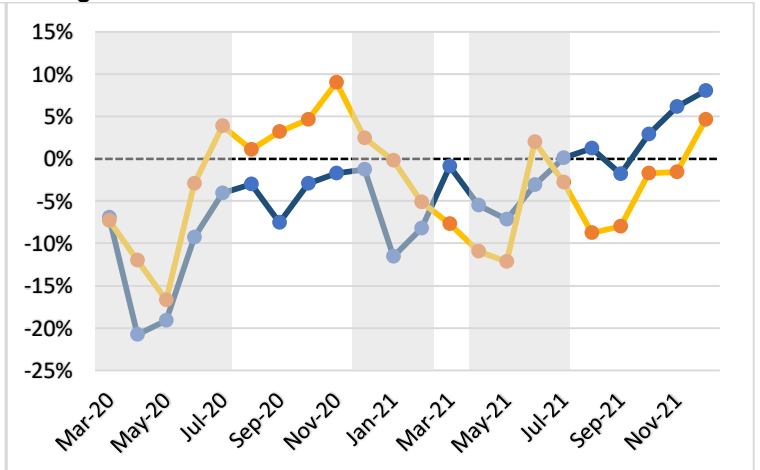


Figure 7. Wholesale and Retail trade



Figures 8-13. Employment changes by industry in urban and rural areas in Ontario.



Figure 8. Transportation and warehousing

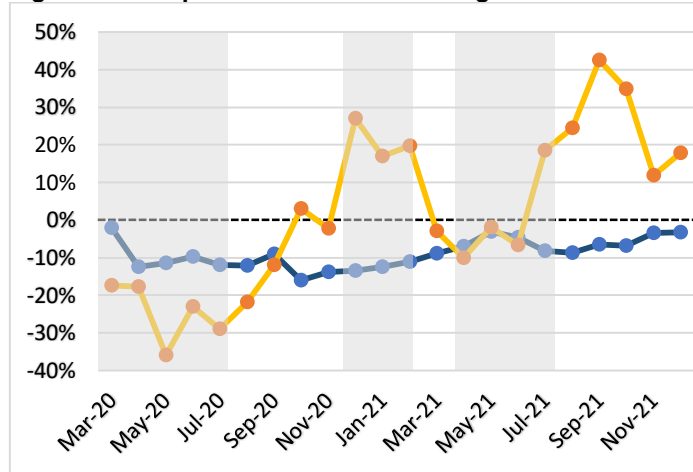


Figure 9. Finance, insurance, real estate and leasing

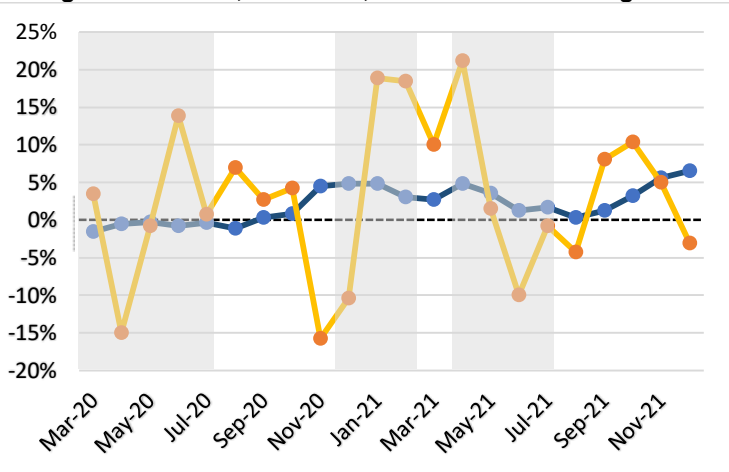


Figure 10. Professional, scientific, and technical services

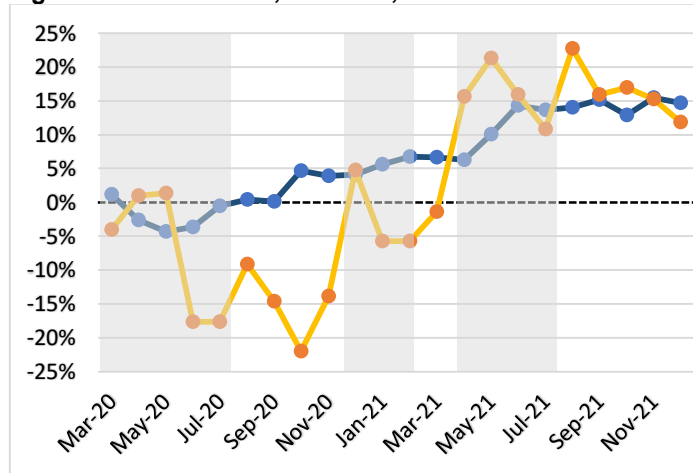


Figure 11. Business, building and other support services

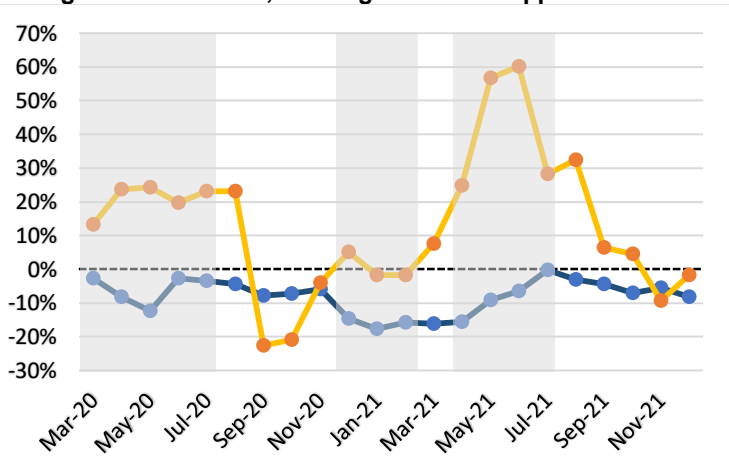


Figure 12. Educational services

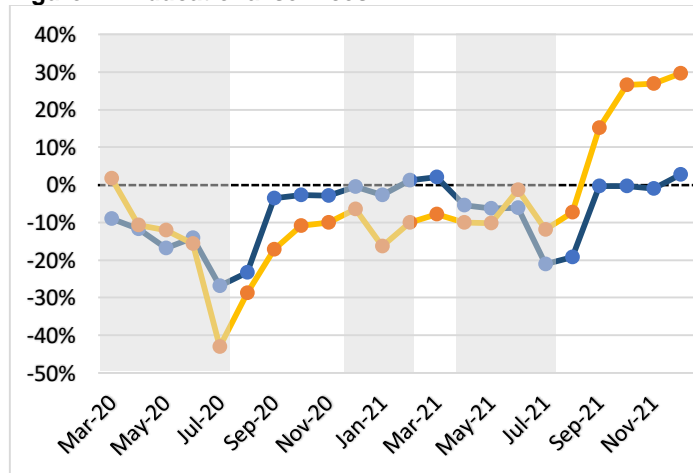
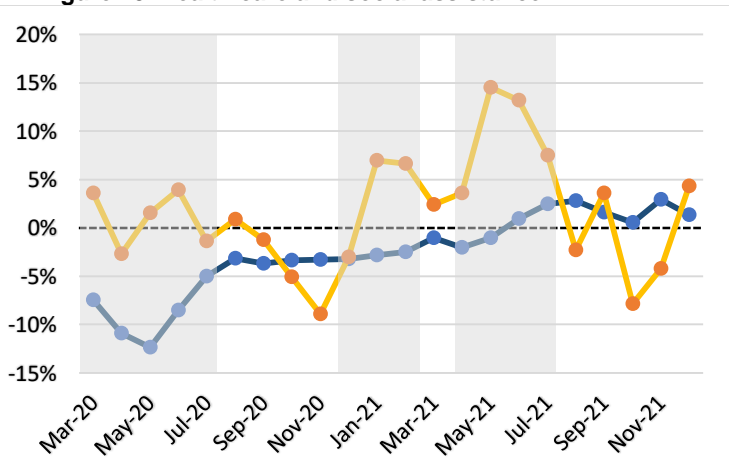


Figure 13. Health care and social assistance



Figures 14-17. Employment changes by industry in urban and rural areas in Ontario.



Figure 14. Information, culture, and recreation

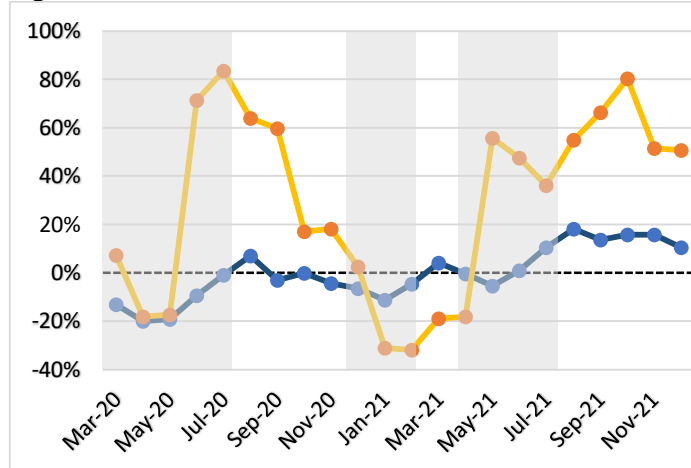


Figure 15. Accommodation and food services

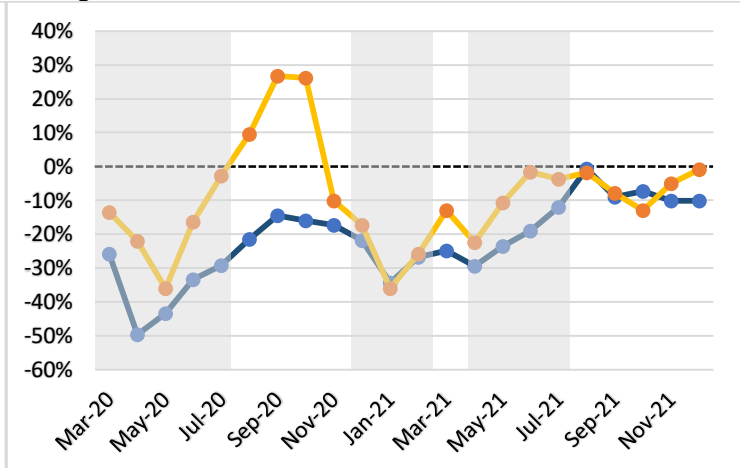


Figure 16. Other services (except public admin.)

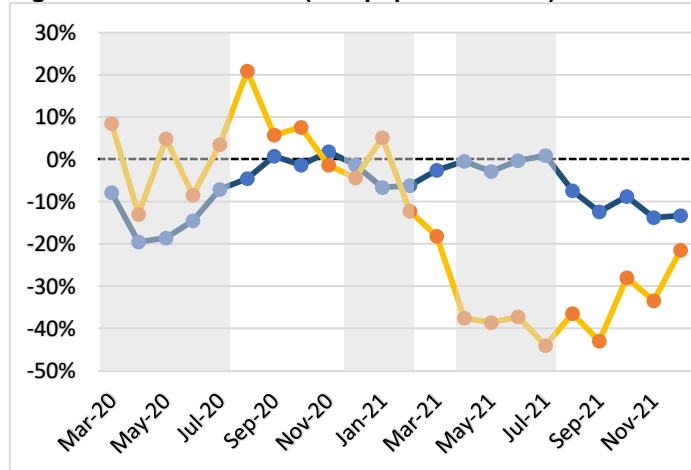


Figure 17. Public Administration

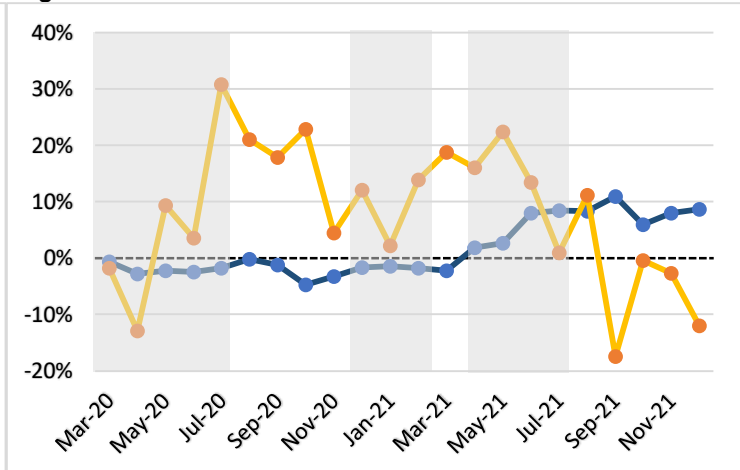


Figure 18. Unemployment rate (%) by sex in urban areas. Grey shading indicates provincial shutdown periods.

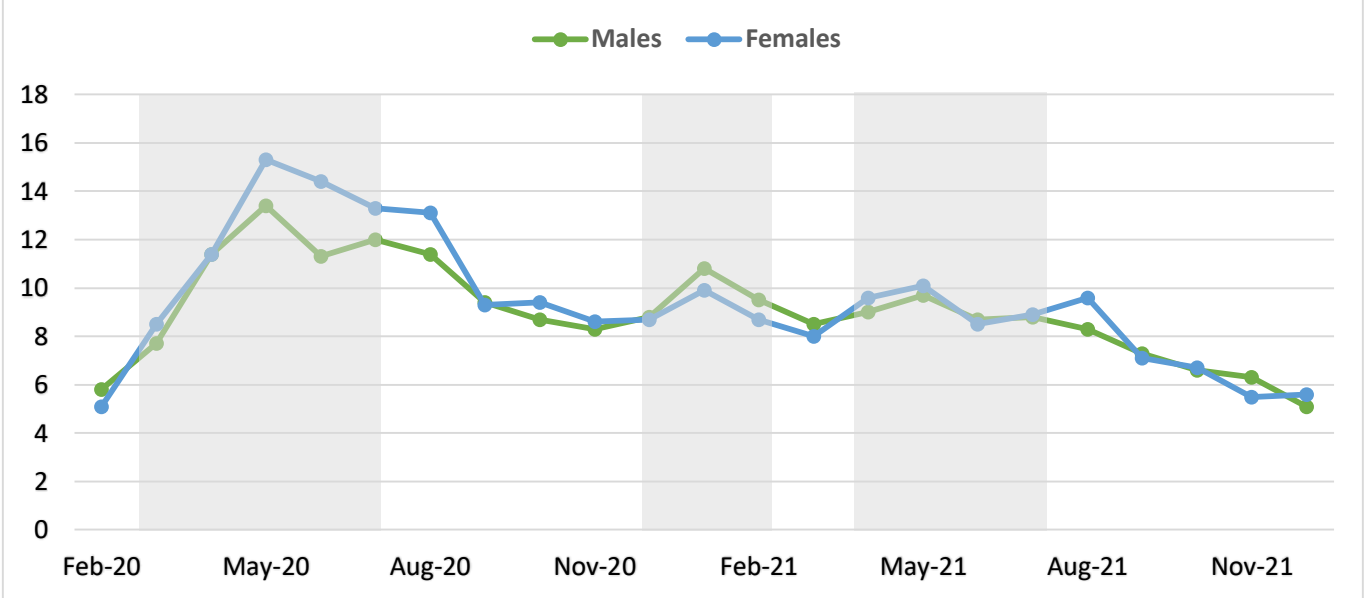


Figure 19. Unemployment rate (%) by sex in rural areas. Grey shading indicates provincial shutdown periods.

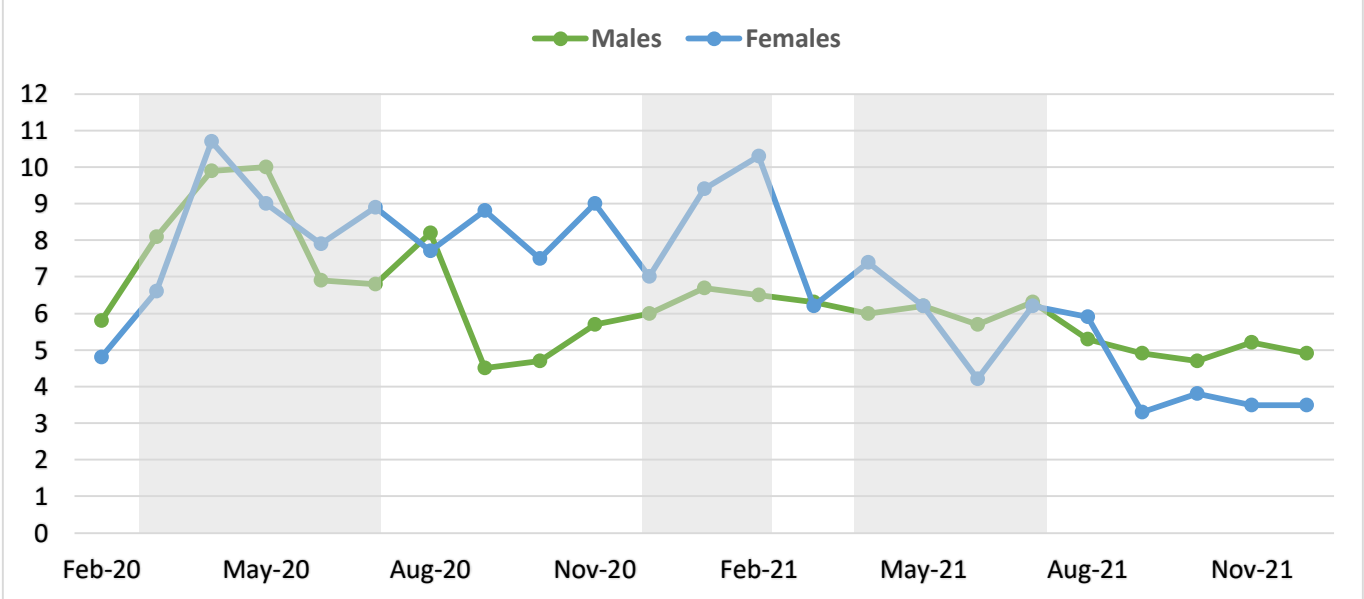


Table 2. Average unemployment rate by age group and region.

Age Groups	Average Unemployment Rate (%)							
	February 2020 - January 2022 (Overall)		March 2020 - July 2020 (First wave shutdown)		December 2020 - February 2021 (Second wave shutdown)		April 2021 - July 2021 (Third wave shutdown)	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
15 to 24 years	19.7	11.6	27.5	16.2	20.6	12.8	20.1	10.7
25 to 44 years	7.9	5.8	10.5	7.2	8.1	8.0	7.4	5.5
55 to 64 years	7.3	6.8	8.8	8.9	7.9	6.5	8.0	7.1
65 years and over	7.3	6.3	6.6	6.1	7.6	5.0	8.0	4.5

Figure 20. Unemployment rate (%) by age group in urban areas. Grey shading indicates provincial shutdown periods.

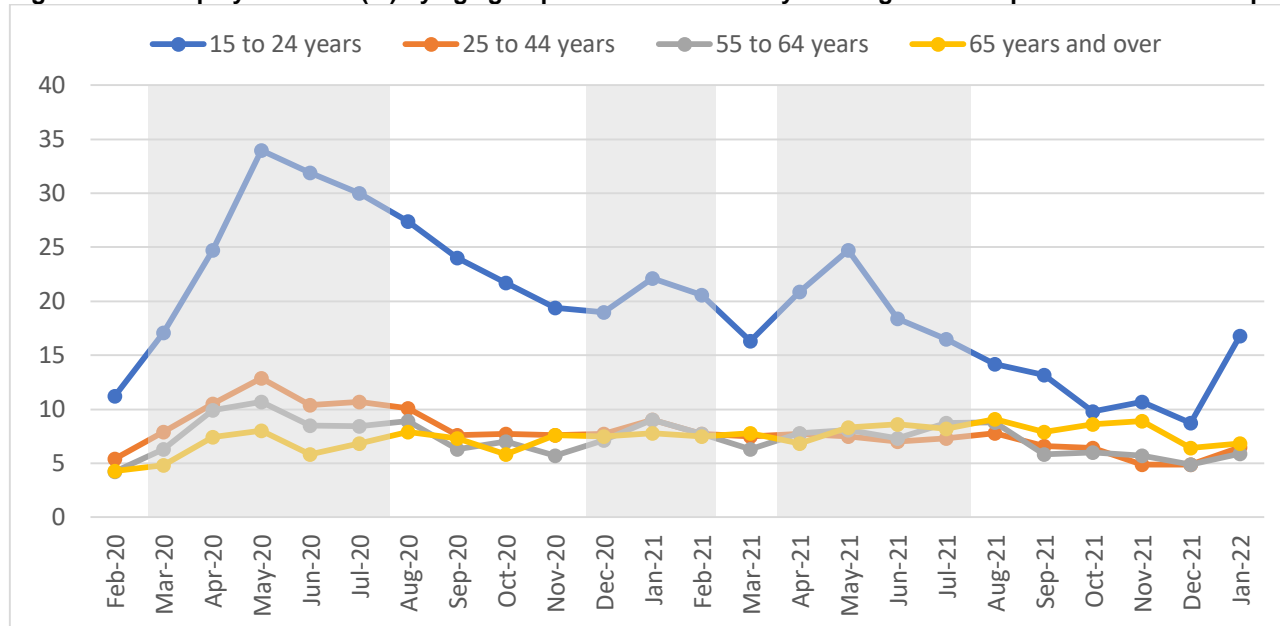
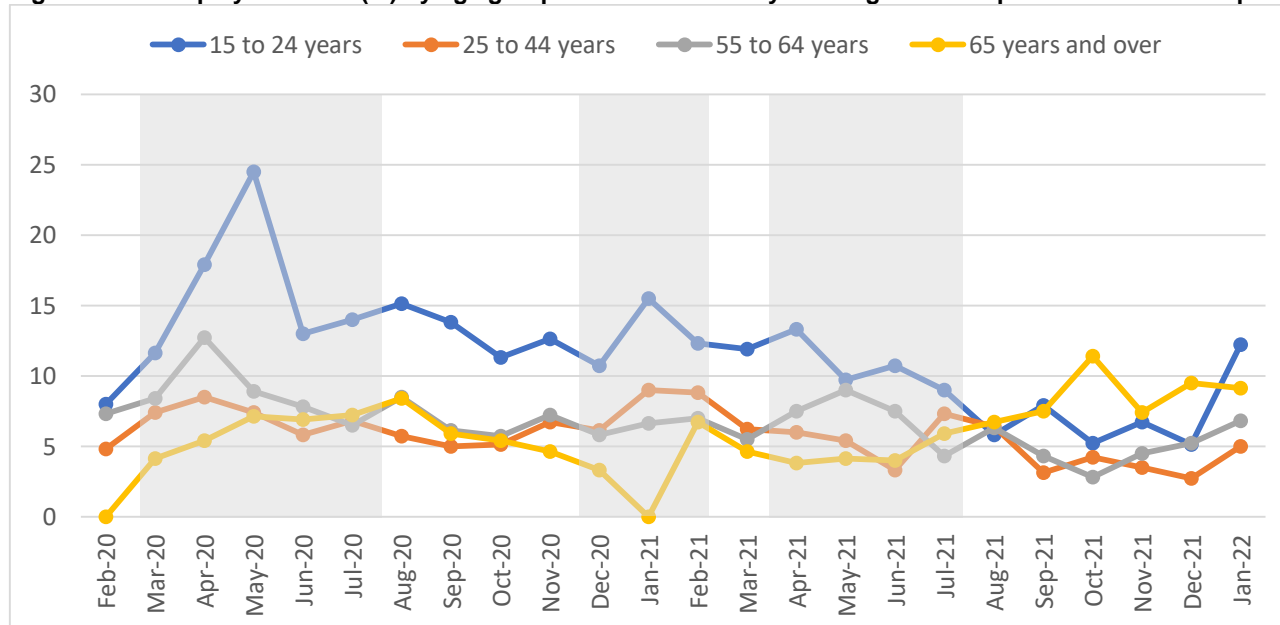


Figure 21. Unemployment rate (%) by age group in rural areas. Grey shading indicates provincial shutdown periods.



This edition of [Focus on Rural Ontario](#) was prepared by Jason Robinson, Danielle Letang and Sampoorna Bhattacharya, Rural Data Analysts for the Rural Ontario Institute. Questions on data sources and any comments or discussions can be directed to info@ruralontarioinstitute.ca.

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