



June 22, 2026

From: Parisa Mahboubi and Tingting Zhang
To: Labour Force Observers
Re: A DIFFICULT START: YOUTH UNEMPLOYMENT AND THE COST OF DOING NOTHING

The June jobs report appeared to offer welcome news for young Canadians: Youth unemployment fell nearly a full percentage point in a single month.

Unfortunately, a closer look reveals a more troubling reality.

The decline was driven not by young adults finding work, but by tens of thousands of teenagers giving up their job search altogether.

The picture is even bleaker for those aged 20 to 24. At the critical stage of launching their careers, labour market conditions have worsened. Policymakers shouldn't dismiss this as a temporary downturn. Without a structural change, a difficult start risks becoming a permanent setback for the next generation.

The numbers are staggering.

Youth unemployment climbed from 10 percent in 2022 to 13.8 percent in 2025 – reversing post-pandemic gains and returning to levels not seen in a decade. Teens between the ages of 15 and 19 also faced unemployment rates near 20 percent, reflecting challenges in part-time and student employment. Among young adults aged 20 to 24, unemployment rose to 10.9 percent in 2025. This May, even as the headline youth rate fell, unemployment among young adults rose to 10.4 percent from 10.1 percent the month before.

Monthly fluctuations are expected, but beneath this volatility lies a steady deterioration in job market conditions for young Canadians. Notably, the transition from school to a first career job is taking longer.

Among youth aged 15 to 24, the average duration of unemployment grew from 10.1 weeks in 2022 to 15.9 weeks in 2025, reaching 17.3 weeks in May 2026. Even more concerning is that one in five unemployed young Canadians has been out of work for at least six months. This is more than double the share recorded two years earlier.

Research shows that prolonged joblessness reduces callback rates, erodes skills, and depresses lifetime earnings – turning a rough patch into lasting career damage.

The structural mismatch is also widening the gap. In the last quarter of 2025, there were more than five unemployed workers for every vacancy requiring a bachelor's degree or higher, compared with just three per vacancy in technical roles requiring non-university credentials. Entry-level openings – vacancies requiring less than one year of experience – also fell across all occupational groups between Q4 2024 and Q4 2025, with sharp drops in arts and recreation, education and social services, and healthcare.

Artificial intelligence is not yet the primary driver of declining demand, but as automation absorbs routine tasks, entry-level roles increasingly demand higher baseline skills. Training, therefore, will need to keep pace.

The challenges facing younger Canadians are not evenly distributed across the country. Our recent C.D. Howe Institute report finds that Ontario and New Brunswick show large gaps between youth and prime-age unemployment, pointing to youth-specific barriers to labour market entry. Quebec and Saskatchewan, meanwhile, have smoother school-to-work transitions.

Employers and young job seekers are also looking for each other in the wrong places. Six in 10 small businesses recruit through personal networks, while three in four young Canadians search online job boards.

There is evidence of what works.

Research has consistently found that work-integrated learning programs ease graduates' transition into the labour market and lead to better outcomes, with stronger returns for visible minorities, immigrants, and those in STEM fields. The University of Waterloo similarly found substantial benefits for employers that hire co-op students. But an evaluation of Ottawa's Student Work Placement Program found that effectiveness was constrained by employer onboarding burdens, administrative complexity, and limited program awareness, suggesting that expansion must be paired with design improvements.

Governments should focus more on repairing the pathways that connect education to work.

First, strengthen school-to-work transitions through better-targeted work-integrated learning opportunities, stronger apprenticeship pathways, fewer administrative barriers, and stronger links between employers and educational institutions.

Second, expand and improve labour market programs. These include career counselling and job search assistance, along with greater occupational and geographic mobility to help youth find jobs that match their qualifications.

Third, programs need rigorous evaluation. Federal and provincial governments have invested significantly in co-op placements, apprenticeships, and employer incentive programs, but success should be measured based on long-term employment outcomes rather than participation rates alone. Resources also need to be reallocated to those with a proven track record.

Youth unemployment is not simply a cyclical problem that will resolve itself when the economy recovers. The mismatches are structural, and they are deepening. Act now, or pay later in lost talent, lower productivity, and a generation that might never quite catch up.

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