

ECONOMIC REVIEW 2023

St. John's Census Metropolitan Area



The St. John's Census Metropolitan Area (CMA) economy, excluding oil and gas, experienced modest growth in 2023. Real gross domestic product (GDP), excluding oil and gas extraction, increased by 0.8%, driven by increased employment in the public sector and construction activities related to the Terra Nova floating production, storage, and offloading vessel (FPSO) refit and the West White Rose project.

GDP 
\$12.7 Billion
(excluding oil & gas)

Overall, real GDP in the St. John's CMA declined by 1.3% in 2023, mainly due to lower oil production. A large share of the provincial oil and gas industry is allocated to the St. John's CMA, meaning that fluctuations in oil production have a significant effect on the CMA's real GDP. Oil production in the province's offshore totaled 73.1 million barrels in 2023, down 13.3% from 2022, as output was lower at Hibernia, Hebron, and White Rose. The Terra Nova FPSO vessel, which interrupted its operations in late 2019 to undergo a refit, safely returned to production in November 2023.



Labour Market

Employment remained steady in the St. John's CMA at 116,300 persons in 2023, down 0.1% from 2022. Employment in the 'Construction' industry fell by 900 persons as higher interest rates dampened housing starts and lowered employment in residential construction. This was partially offset by higher oil and gas-related construction employment from the ongoing development of the West White Rose project and activities associated with the Terra Nova Asset Life Extension (ALE) project at Bull Arm. Notable employment losses were recorded in 'Wholesale and retail trade' (-1,500 persons), 'Other Services' (-800 persons), and 'Educational services' (-600 persons). This was partially offset by gains in 'Public administration' (+1,000 persons) as employment in the federal public service continued to rise. The labour force fell by 0.8% to 123,700 persons in 2023, while the participation rate fell by 2.4 percentage points to 65.1%. The unemployment rate fell by 0.7 percentage points to a seven-year low of 6.0%, as the labour market continued to tighten throughout the year.



Household Income, Retail Sales, Housing Starts, and Population

Household income in the St. John's CMA totaled \$12,304 million in 2023, up 5.0% from 2022, due to significantly higher wages and increased government transfers, including the newly added Climate Action Incentive Payment. Retail sales totaled \$4,809 million in 2023, up 4.1%, mainly due to higher consumer prices. Housing starts equaled 488 units in 2023, down 33.4%, as higher interest rates and elevated construction costs lowered the demand for new residential investment. Sales of single detached homes in St. John's decreased 9.5% to 802 units, while sales of multi-family units totaled 406 units, down 16.3% from 2022. The MLS® HPI composite benchmark price for homes in St. John's averaged \$327,942 in 2023, up 3.1% compared with 2022. The population of the St. John's CMA was estimated at 223,667 persons in 2023, up 2.1% from 2022, driven by record-high immigration levels.

🇺🇸 Consumer Price Index

Inflation, measured by the Consumer Price Index, averaged 3.7% in the St. John's CMA in 2023, down from a 32-year high of 5.9% in 2022. Inflation moderated throughout the year in the CMA, falling from 5.5% in January to 2.8% in November, before ticking back up to 3.8% in December. Within the province, inflation increases were driven primarily by rising prices for food (+7.8%) and shelter (+4.9%) in 2023. This was mitigated by lower transportation costs as gasoline prices in the province fell by 6.8% compared to 2022.

🔍 Outlook for 2024

The St. John's CMA economy is expected to return to growth in 2024. Oil production is expected to rebound in 2024 as the Terra Nova FPSO experiences its first full year of production since the completion of the ALE program last year. Construction activities associated with the West White Rose project are anticipated to ramp up further in 2024 as construction of the project's concrete gravity structure is expected to be completed by the end of the year. Spinoff effects from increased oil production are anticipated to increase economic activity in many service sector industries in 2024. Nonetheless, persistent inflation may force the Bank of Canada to delay interest rate cuts which has the potential to diminish the outlook for the St. John's CMA by restraining consumer spending, investment, housing starts, and residential construction activity.

Economic Indicators, St. John's Census Metropolitan Area, 2022-2023

	2022	2023e
Real GDP (\$2017, \$M)	16,052	15,843
% Change	0.0%	-1.3%
Real GDP (\$2017, \$M) excluding oil and gas	12,563	12,666
% Change	2.6%	0.8%
Employment (000s)	116.4	116.3
% Change	9.0%	-0.1%
Labour Force (000s)	124.7	123.7
% Change	7.3%	-0.8%
Unemployment Rate (%)	6.7	6.0
Change	-1.4	-0.7
Participation Rate (%)	67.5	65.1
Change	3.7	-2.4
Household Income (\$M)	11,715	12,304
% Change	6.5%	5.0%
Retail Trade (\$M)	4,618	4,809
% Change	10.9%	4.1%
Housing Starts (#)	733	488
% Change	34.7%	-33.4%
CPI (2002=100)	152.3	157.9
% Change	5.9%	3.7%
Population (000s)	219.1	223.7
% Change	2.3%	2.1%

Source: Statistics Canada; Economics Division, Dept. of Finance
e: estimate

