# ECONOMIC OUTLOOK 2014
## ST. JOHN'S METROPOLITAN AREA

### Outlook for 2014

Economic growth – as measured by real GDP – is expected to increase again in 2014 but at a much slower rate than seen in 2013. Gains in exports stemming from higher oil production are expected to be the primary driver of growth. Real GDP in the St. John's Census Metropolitan Area (CMA) is expected to increase by 1.4 per cent in 2014 to $14.8 billion, in comparison to an increase of 0.5 per cent for the province as a whole. Oil production is expected to total 85.1 million barrels in 2014, an increase of 1.8 per cent (or 1.5 million barrels) from 2013. Investment associated with major project development will continue to generate economic activity in the region.

### Economic Indicators
### St. John's Metropolitan Area, 2013-2014

| | 2013e | 2014f | % Change |
|---|---|---|---|
| Real GDP (2007$M) | 14,588 | 14,786 | 1.4% |
| Employment (000s) | 108.0 | 109.7 | 1.6% |
| Labour Force (000s) | 115.0 | 116.2 | 1.1% |
| Unemployment Rate (%) | 6.1% | 5.6% | -0.5 ppts |
| Participation Rate (%) | 69.2% | 69.3% | 0.1 ppts |
| Household Income ($M) | 9,639 | 10,026 | 4.0% |
| Retail Trade ($M) | 3,874 | 4,033 | 4.1% |
| Housing Starts | 1,734 | 1,483 | -14.5% |
| CPI (2002=100) | 125.8 | 128.5 | 2.1% |
| Population (000s) | 208.4 | 209.7 | 0.6% |

*Source: Statistics Canada; Economic Research and Analysis Division, Government of Newfoundland and Labrador Department of Finance e: estimate; f: forecast*

Employment in the St. John's CMA is forecasted to grow by 1.6 per cent as increased activity at the Hebron, Hibernia and Muskrat Falls developments more than offset the negative spinoffs associated with the winding down of construction activities at Vale's nickel processing plant in Long Harbour. Service sector employment is expected to see modest growth, with the public sector forecasted to stay at levels similar to those experienced in 2013. Household income is expected to continue to show strong growth driven by both employment and wage gains. This in turn is expected to bolster consumer spending with retail sales expected to rise by 4.1 per cent to $4.0 billion in 2014. Housing starts are expected to decrease by 14.5 per cent to 1,483 units.

The population of the St. John's CMA is expected to continue to grow reaching 209,700, an increase of 0.6 per cent compared to 2013.

### 2013 Performance

The St. John's CMA recorded a solid economic performance in 2013. Real GDP grew by 8.6 per cent largely due to production increases at all three offshore oil producing projects. Total real GDP excluding oil production grew at 3.6 per cent. In comparison, total real GDP increased by 7.9 per cent for the province as a whole. In addition to the oil industry, the construction and professional scientific and technical services sectors posted strong gains and significantly contributed to the overall growth. A decline was registered in the public sector.

Despite the strong gains in GDP, labour markets were weakened by uncertainty created by public sector restraint, lower spinoff spending due to the winding down of construction at Long Harbour and the slowing housing market. Employment in the St. John's CMA decreased by 1.1 per cent (or 1,200) to 108,000 in 2013 and the labour force fell by 2.3 per cent to 115,000. Since the decline in the labour force was greater than that in employment, the unemployment rate decreased by 1.1 percentage points to 6.1 per cent. Household income increased 4.2 per cent to $9.6 billion, driven by wage increases. Growth in household income and population resulted in solid growth in the retail sector with retail sales increasing by 3.9 per cent to $3.9 billion. Housing starts fell by 19.5 per cent to 1,734 units.

ST. JOHN'S

*Prepared by the Government of Newfoundland and Labrador Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Office of Strategy & Engagement)* *June 2014*

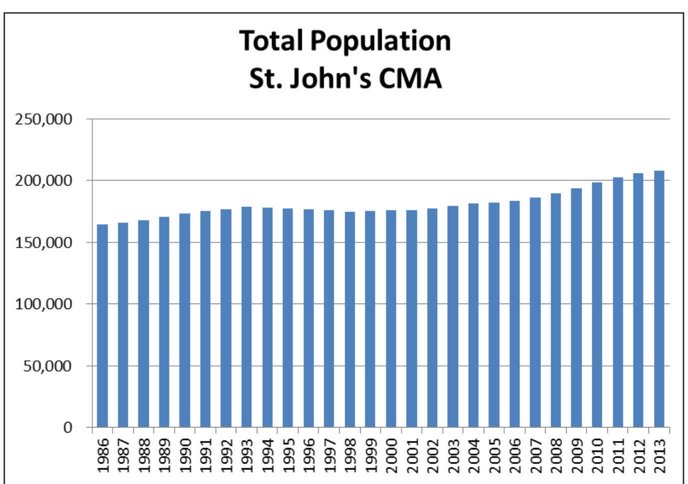
## 2013 Performance

In 2013, the St. John's CMA recorded an annual population increase for the 15th consecutive year. Gains resulted from natural growth (more births than deaths) and net in-migration to the region. As of July 1, 2013 the population of the St. John's CMA is estimated to have been 208,400.

## SPECIAL FEATURE: Demographics

## Total Population

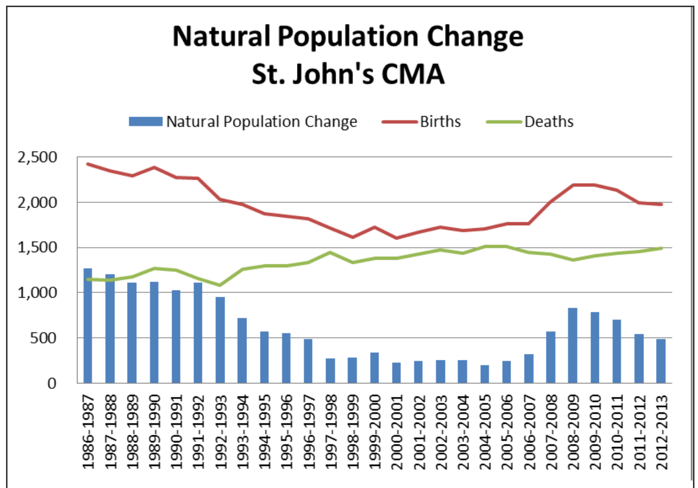
From 1986 to 1993 the St. John's CMA experienced an 8.5 per cent increase in population as natural population gains were bolstered by strong total net in-migration*. From 1993 to 1998 the population declined by 2.1 per cent from 178,767 in 1993 to 175,009 in 1998. The St. John's CMA then saw limited growth until more recently where rising birth rates and total net in-migration have resulted in strong population growth. In 2012 the population grew by 1.7 per cent to 205,891 and in 2013 it climbed another 1.2 per cent to 208,372. Provincially 2012 saw 0.3 per cent population growth, while 2013 saw 0.0 per cent growth. Further population growth is expected in 2014 and beyond.




Source: Statistics Canada

## Natural Population Change

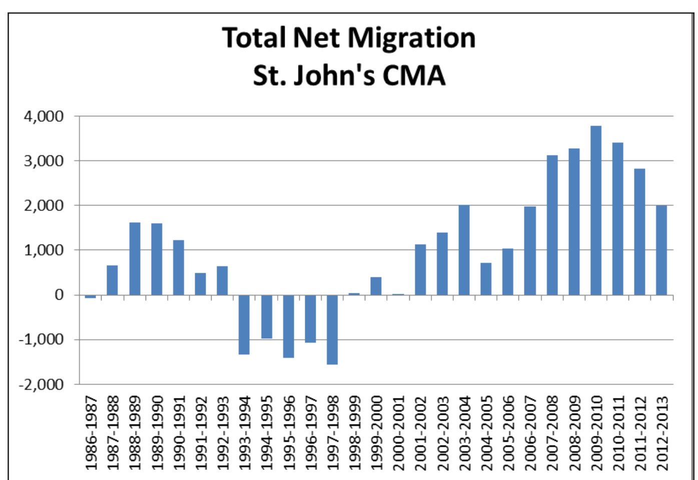
Between 1986 and 2013, the number of births in the St. John's CMA displayed three distinct periods of trend (see chart below) From 1986 to 2001, births fell roughly 34 per cent from around 2,400 in 1986-1987 to about 1,600 in 2000-2001, as fertility rates declined. This was followed by a period of relative stability from 2001 to 2006. From 2007 onwards net in-migration and a modest rebound in fertility rates caused the number of births to increase considerably, averaging over 2,000 during the time period. Over the last 27 years the number of deaths in the St. John's CMA has trended upwards as the population increased in size and aged. From 1986 to 2013, deaths in the region increased by roughly 30 per cent, reaching 1,492 in 2012-2013.




Source: Statistics Canada

## Migration

The St. John's CMA experienced strong total net in-migration from 1987 to 1993, but starting in 1993-1994 this turned sharply negative with annual net migration from 1993 to 1998 averaging almost -1,300 as the province and CMA adjusted to the collapse of the groundfish fishery. From 1998 to 2001 total net migration was marginally positive, but at levels on average much lower than those seen prior to 1993. From 2001 on, total net migration began to increase, peaking at almost 3,800 in 2009-2010. Between 2012 and 2013 total net in-migration reached around 2,000.




Source: Statistics Canada

* This includes international net migration, interprovincial net migration, and intraprovincial net migration as well as the residual deviation.

ST. JOHN'S

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***Note:*** *The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities*