

Economic Outlook, 2019

St. John's Census Metropolitan Area



The economy in the St. John's Census Metropolitan Area (CMA) is expected to improve in 2019 as the economic gains from rising oil production and increased capital investment in the West White Rose and Voisey's Bay underground mine projects more than offset losses due to declining investment activity in Muskrat Falls.

GDP 
\$18.7 billion

Real gross domestic product (GDP) in the St. John's CMA is forecast to grow by 7.1% in 2019 to \$18.7 billion (in 2012\$), in comparison to an expected increase of 4.1% for the province as a whole. Oil production is expected to total 94.2 million barrels in 2019, an increase of 12.1% (or 10.2 million barrels) from 2018. Excluding the oil and gas sector, the CMA's real GDP is expected to increase by 3.9%, as private sector industries such as construction and professional, scientific and technical services are expected to show strong growth in 2019.

Labour Market

Employment is expected to increase by 3.4% in line with increasing major project investment. The labour force is also expected to increase by 2.5% as people enter the labour market. Since the increase in employment is expected to be larger than the increase in labour force, the unemployment rate is expected to decrease by 0.7 percentage points to 7.7% in 2019.

Population

The population of the St. John's CMA is expected to continue to grow in 2019 to 213,500 persons, an increase of 0.5% compared to 2018.

Household Income, Retail Sales, Housing Starts

Household income is expected to grow by 3.7% to \$11.4 billion due to both wage gains and an increase in employment. As a result, retail trade is expected to increase, growing by 1.1%. Housing starts are expected to remain flat compared to 2018, increasing by 0.9% to 638.

2018 Performance

Economy

Real GDP is estimated to have increased by 1.6% to \$17.5 billion (in 2012\$) in 2018. The increase in GDP is primarily due to an increase in oil production as most activity in the province's oil and gas industry is allocated to the St. John's CMA. Offshore oil production increased by 5.1% to 84.7 million barrels in 2018 as a full year of Hebron production offset declines at Hibernia and White Rose. Excluding the oil and gas industry, the CMA's real GDP is estimated to have declined by 2.9% led by a decline in the construction industry.

Economic Indicators, St. John's CMA

	2018e	2019f
Real GDP (2012\$M)	17,508	18,749
% Change	1.6	7.1
Employment (000s)	110.7	114.5
% Change	0.7	3.4
Labour Force (000s)	121.0	124.1
% Change	0.8	2.5
Unemployment Rate (%)	8.4	7.7
Change	0 ppts	-0.7 ppts
Participation Rate (%)	65.2	66.9
Change	0.1 ppts	1.7 ppts
Household Income (\$M)	10,992	11,396
% Change	0.3	3.7
Retail Trade (\$M)	3,929	3,970
% Change	-2.4	1.1
Housing Starts	632	638
% Change	-17.2	0.9
Consumer Price Index (2002=100)	137.4	139.3
% Change	1.6	1.4
Population (000s)	212.5	213.5
% Change	0.0	0.5

(e: estimate) (f: forecast)

Source: Statistics Canada; Economic and Project Analysis Division, Dept. of Finance

2018 Performance, continued



Labour Market

Employment in the St. John's CMA increased by 0.7% to 110,700 in 2018 in line with the overall increase experienced by the province as a whole. Goods sector employment increased by 2.8% while services sector employment increased by 0.3%.

The labour force increased by 0.8% to 121,000, while the unemployment rate remained unchanged at 8.4%.



Population

The population of the St. John's CMA was estimated to be 212,501 as of July 1, 2018, essentially unchanged from the previous year as gains in natural population growth (more births than deaths) were offset by net out-migration from the region.

The population figure for the St. John's CMA is from updated demographic estimates based on the 2016 Census population counts that were released by Statistics Canada on March 28, 2019 and may differ from previous estimates.



Household Income, Retail Sales, Housing Starts

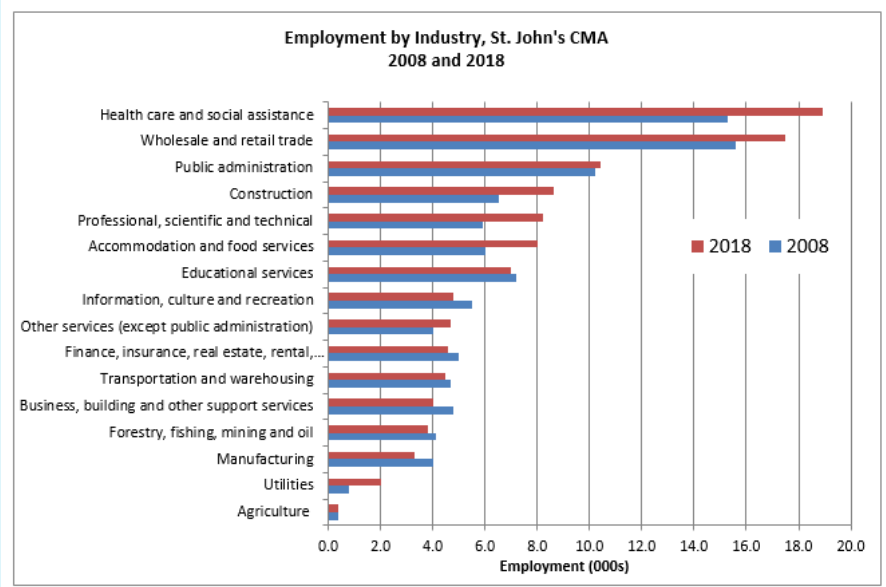
Household income increased by a modest 0.3% in 2018 to \$11.0 billion. The slow growth in household income was reflected in retail sales which decreased by 2.4% to \$3.9 billion. Housing starts fell by 17.2% to 632 units as both single and multiple starts declined significantly. Canadian Real Estate Association MLS® data indicates that housing sales and average sales prices in the CMA fell by 5.0% and 2.7% respectively in 2018.



Employment by Industry, St. John's CMA

In the St. John's CMA in 2018, full-year equivalent employment was 110,700, an increase of 10.7% from 2008. Comparing employment by industry in 2008 with 2018, we note that of the 16 industries shown, eight had growth in employment: health care and social assistance; wholesale and retail trade; public administration; construction; professional, scientific and technical services; accommodation and food services; other services (except public administration); and utilities. Seven industries experienced declines: educational services; information, culture and recreation; finance, insurance, real estate, rental and leasing; transportation and warehousing; business, building and other support services; forestry, fishing, mining, quarrying, oil and gas; and manufacturing. Agriculture remained unchanged from 2008 to 2018.

The **health care and social assistance** sector had the highest employment in the St. John's CMA in 2018. From 2008 to 2018, employment in this sector increased 23.5% from 15,300 to 18,900. **Wholesale and retail trade** had the second highest employment at 17,500, up by 12.2% from 2008 but significantly lower than the recent peak of 21,500 in that sector reached in 2016.



Employment in the **construction** and **professional, scientific and technical services** sectors saw significant increases between 2008 and 2018. Construction employment increased by 32.3% from 6,500 to 8,600, while professional, scientific and technical services employment increased by 39.0% from 5,900 to 8,200. Major project activity has been a key driving force behind employment gains in these industries.

Accommodation and food services also saw a sizable increase of 33.3% from 6,000 in 2008 to 8,000 in 2018. Employment in **other services** (except public administration) sectors increased 17.5% over the 2008 to 2018 period, while public administration increased by 2.0%. After declining from a high of 11,900 in 2011 to 9,100 in 2016, public administration employment has increased in the past couple of years to 10,400 in 2018. In the **manufacturing** sector employment was 3,300 in 2018, 17.5% lower than the 4,000 observed in 2008 and 35.3% less than the recent peak of 5,100 in 2013. **Business, building and other support services** declined by 16.7%, from 4,800 in 2008 to 4,000 in 2018.