

Economic Outlook, 2021

St. John's Census Metropolitan Area



In 2020, the economy in the St. John's Census Metropolitan Area (CMA) was affected by measures to contain the spread of COVID-19 which resulted in many businesses suspending or scaling back operations for a period of time. Activity has, for the most part, rebounded in recent months. In addition, the re-opening of the province to vaccinated visitors from the rest of Canada as of August 1, 2021 is expected to generate additional gains in tourism activity in the second half of 2021.

GDP 
\$17.2 billion

As a result, on an annual basis, most economic indicators are expected to post increases this year. Real gross domestic product (GDP) in the St. John's CMA is forecast to rise by 0.8% to \$17.2 billion (in 2012\$), in comparison to an expected increase of 5.6% for the province as a whole. Total GDP growth in the CMA is being held back by declining oil production, which is expected to total 98.8 million barrels in 2021, a decrease of 5.0% (or 5.2 million barrels) from 2020. Excluding the oil and gas production industry, the CMA's real GDP is expected to rise by approximately 4.8%, as private sector industries such as Accommodation and food services; Transportation and warehousing; Construction (excluding oil & gas construction); Finance, insurance, real estate, rental and leasing; and Information, culture and recreation are expected to show increases in 2021.



Labour Market

Employment in the St. John's CMA is expected to see a small increase in 2021 (up by about 100 persons or 0.1%), as employment data for the first seven months of the year has been weaker than expected. Employment decreases experienced in the winter months due to a second pandemic shutdown in February and March are expected to be offset by growth generated by increased tourist activity in the second half of the year. The labour force is expected to decrease by 1.7% as the participation rate continues to remain well below pre-pandemic levels. The unemployment rate is expected to decrease by 1.6 percentage points to 8.1% in 2021 due almost entirely to the decrease in the labour force.



Household Income, Retail Sales, Housing Starts

In the St. John's CMA, household income is expected to grow by 2.2% to \$11.9 billion as less federal COVID-19 related transfers to persons are anticipated to be offset by higher wages and salaries. Retail trade is also expected to increase by 6.9% due to pent-up demand from 2020 and increased tourist activity in the second half of the year. The number of housing starts is expected to increase by about 19.5% to just under 500 units in 2021, this would be a 4.0% increase compared to pre-COVID levels in 2019.



Population

The population of the St. John's CMA is expected to increase slightly to 214,897 persons in 2021, up 0.4% compared to 2020.

2020 Performance



Economy

In the St. John's CMA, real GDP is estimated to have decreased by 2.6% to \$17.0 billion (in 2012\$) in 2020, the result of negative impacts due to the COVID-19 pandemic. Offshore oil production in the province increased by 8.9% to 104.0 million barrels in 2020 as higher output from Hebron, Hibernia and White Rose offset production declines from Terra Nova. As most of the activity in the province's oil and gas industry is allocated to the St. John's CMA, this increase in production helped to partly offset declines in other sectors of the economy. Excluding the oil and gas production industry, the CMA's real GDP decreased by an estimated 5.6% in 2020, as economic output was reduced sharply in many service related industries (in particular, accommodation and food services) and the oil and gas construction industry by measures to prevent the spread of COVID-19.

Labour Market

Similar to the province as a whole, employment in the St. John's CMA decreased by 4.9% to 105,800 in 2020 due to pandemic related shutdowns. Employment in the goods and services sectors decreased by 8.1% and 4.2%, respectively. The labour force decreased by 2.7% to 117,200 and the unemployment rate rose by 2.0 percentage points to 9.7%.

Household Income, Retail Sales, Housing Starts

Household income in the St. John's CMA increased by 3.1% in 2020 to \$11.6 billion as federal COVID-19 related transfers to persons offset lost wages resulting from lower employment levels. The growth in household income reduced the impact of the pandemic on retail sales which decreased by just 1.0% to \$3.9 billion in 2020, compared to 2019. Housing starts fell by 12.9% to 418 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 St. John's CMA rose by 3.1% and 3.5% respectively in 2020 as low interest rates and a pandemic induced jump in demand caused sales to rise sharply in the second half of the year.

Population

The population of the St. John's CMA was 214,014 as of July 1, 2020, up 0.4% from the previous year as interprovincial net out-migration from the region was more than offset by gains from intraprovincial and international migration.

Economic Indicators, St. John's Census Metropolitan Area

	2020	2021f
Real GDP (2012\$M)	17,047	17,188
% Change	-2.6	0.8
Employment (000s)	105.8	105.9
% Change	-4.9	0.1
Labour Force (000s)	117.2	115.2
% Change	-2.7	-1.7
Unemployment Rate (%)	9.7	8.1
Change	2.0 ppts	-1.6 ppts
Participation Rate (%)	64.8	63.4
Change	-2.3 ppts	-1.4 ppts
Household Income (\$M)	11,615	11,873
% Change	3.1	2.2
Retail Trade (\$M)	3,918	4,188
% Change	-1.0	6.9
Housing Starts	418	499
% Change	-12.9	19.5
Consumer Price Index (2002=100)	139.2	143.1
% Change	0.4	2.8
Population	214,014	214,897
% Change	0.4	0.4

(f: forecast) Source: Statistics Canada; Economics Division, Dept. of Finance

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