

Economic Outlook 2025

St. John's Census Metropolitan Area

ST. JOHN'S

Outlook for 2025

The St. John's Census Metropolitan Area (CMA) economy is forecast to grow as oil production in the province's offshore is expected to rise for a second consecutive year. However, economic growth is expected to decelerate in the service sector due to less major project activity and increased economic uncertainty due to erratic tariff policies enacted by the United States. Employment in the CMA is projected to fall by 0.4% as construction activities associated with the West White Rose project end at the Port of Argentia. Housing starts are projected to increase in response to lower interest rates, pent-up demand and continued population growth.

GDP 
\$17.3 Billion

It should be noted that this outlook assumes a somewhat pessimistic tariff scenario (no deal is reached and Canada implements all previously announced potential retaliatory measures). Should the tariffs be resolved, there would likely be a corresponding positive impact on many economic indicators.

Economy

In 2025, real GDP in the St. John's CMA is projected to increase by 5.3% to \$17.3 billion (\$2017) due to higher oil production as the SeaRose FPSO resumes production activities in the province's offshore following a refit in Northern Ireland. Excluding the oil and gas sector, economic growth is expected to be significantly weaker, at 0.5%, partially due to the end of construction activities associated with the West White Rose project. Economic growth in the CMA's service sector is expected to slow from 5.5% in 2024 to 1.1% in 2025 as weakness in the Canadian economy and potential job losses in tariff-exposed industries throughout the province dampen growth for service-producing businesses.

Labour Market

Employment in the St. John's CMA is expected to total 122,200 persons in 2025, down 500 persons (or 0.4%) from the previous year. Employment in the goods sector is expected to fall by 5% with losses concentrated in 'Construction' as the completion of the West White Rose construction project more than offset employment gains from increased residential construction. Employment is expected to grow by 0.4% in the service sector, compared with 3.6% in 2024, as weakness in the national economy and lower output in tariff-exposed provincial industries spill over into the CMA's service sector industries. Many industries which experienced employment growth in 2024 are expected to experience mild job losses in 2025, including 'Professional, scientific and technical services', 'Finance, insurance, real estate, rental and leasing', and 'Transportation and warehousing'. The participation rate in the St. John's CMA is expected to fall by 0.5 percentage points to 64.9%. The unemployment rate is expected to rise by 1.0 percentage points to 7.9% as labour force growth outpaces job creation.

Population, Household Income, Retail Sales, and Housing Starts

The population of the St. John's CMA is expected to grow by 0.4% to 237,365 persons in 2025.

Inflation in the St. John's CMA is forecast to fall from 2.2% in 2024 to 1.8% in 2025 as the elimination of the federal consumer carbon tax lowers the price of gasoline and home heating fuels. While transfers from the federal carbon rebate end in 2025, this is more than offset by greater transfers from employment insurance, as unemployment rises, and from Old Age Security and the Canada Pension Plan, due to an aging population.

Housing starts are projected to total 1,058 units in 2025, up 21.5%, supported by population growth, pent-up demand, and lower interest rates. The overall MLS® Housing Price Index (HPI) composite benchmark price for homes in St. John's averaged \$369,700 during the first four months of 2025, up 10.9% from the same period in 2024.

Household income is forecast to grow by 2.1% to \$12,117 million in 2025, down from 6.9% in 2024, due to weaker growth in labour income. Retail sales growth is expected to slow to 3.0%, in line with slower growth in household income and inflation.



2024 Performance

Economy

Real GDP in the St. John's CMA increased by 5.6% in 2024, mainly due to greater oil production, higher retail sales and rising housing starts. Excluding the oil and gas sector, real GDP in the St. John's CMA increased by 5.7% in 2024. The West White Rose project and rising housing starts boosted activity in the construction industry and, along with greater oil production, generated spinoff effects which boosted economic activity in many service sector industries. Service sector real GDP grew by 5.5% in 2024.

Labour Market

Employment in the St. John's CMA totaled 122,700 persons in 2024, up 3.6% from 2023 levels. Employment in 'Construction' increased by 1,000 persons due to rising housing starts. Notable employment gains were recorded in 'Educational services' (+2,100 persons), 'Health care and social assistance' (+1,300 persons), 'Professional, scientific and technical services' (+800 persons), and 'Wholesale and retail trade' (+600 persons). The labour force increased by 4.7% to 131,900 persons and the unemployment rate increased by 0.9 percentage points to 6.9%.



2024 Performance Continued

Population, Household Income, Retail Sales, Housing Starts

The population of the St. John's CMA totaled 236,361 persons in 2024, up 2.8%, driven by high immigration levels. Household income in the St. John's CMA totaled \$11,872 million in 2024, up 6.9% compared with 2023, boosted by increased wage rates, higher employment levels and the first full year where residents of the CMA received the federal carbon rebate. Retail sales totaled \$5,871 million in 2024, up 7.9%, due to both stronger sales and higher prices.

In 2024, housing starts increased by 78.5% to 871 units, as lower interest rates and strong population growth increased the demand for new housing. The overall MLS® HPI composite benchmark price for homes in St. John's averaged \$348,658 in 2024, up 7.1%.

Consumer Price Index

The CPI for the St. John's CMA increased by 2.2% in 2024, down from 3.7% in 2023 and a 32-year high of 5.9% in 2022. The price of 'Food' increased by 3.3%, down significantly from 7.8% and 9.2% in 2023 and 2022, respectively. 'Shelter' inflation remained high at 4.6% in 2024 due to excess demand created by population growth. However, 'Shelter' inflation did fall from 4.9% in 2023 and 6.4% in 2022. 'Transportation' inflation turned positive again in 2024 and 'Gasoline' prices rose by 0.3% in 2024, compared with a fall of 6.8% in 2023.

Economic Indicators, St. John's Census Metropolitan Area, 2024-2025

	2024	2025f
Real GDP (\$2017, \$M)	16,478	17,346
% Change	5.6%	5.3%
Real GDP (\$2017, \$M) excluding oil and gas	12,176	12,242
% Change	5.7%	0.5%
Employment (000s)	122.7	122.2
% Change	3.6%	-0.4%
Labour Force (000s)	131.9	132.7
% Change	4.7%	0.6%
Unemployment Rate (%)	6.9	7.9
Change (ppt)	0.9	1.0
Participation Rate (%)	65.4	64.9
Change (ppt)	0.8	-0.5
CPI (2017=1.00)	161.3	164.1
% Change	2.2%	1.8%
Housing Starts (#)	871	1,058
% Change	78.5%	21.5%
Household Income (\$M)	11,872	12,117
% Change	6.9%	2.1%
Retail Trade (\$M)	5,871	6,047
% Change	7.9%	3.0%
Population (000s)	236.4	237.4
% Change	2.8%	0.4%

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



Tariffs

Tariffs enacted by United States President Donald Trump have called into question the vulnerability of Canada's economy to changes in American trade policy. However, the degree of reliance on American trade policy varies across Canada based on regional industries and their ability to diversify to other markets.

For example, approximately 50 to 60 percent of oil produced in the province's offshore is exported to the United States, but Newfoundland and Labrador's oil industry has the ability to export to other markets and is well-positioned to adapt to trade barriers with the United States. However, the NL seafood processing industry is highly dependent on the specific combination of seafood preferences and high incomes found exclusively in the US market. Eighty-seven percent of crab exports in 2024 were shipped to the United States. Other notable industries that have historically relied on access to the United States market include 'nickel processing', 'newsprint manufacturing', and 'aquaculture'.

In total, there are about 5,800 jobs in the St. John's CMA (or 5 percent of total employment) linked to the export of goods to the United States. Of these, about 2,500 jobs are directly linked, mostly in the oil and gas industry. Another 2,000 jobs further down the supply chain could be indirectly impacted by American trade policy. These include jobs which provide support activities to the oil and gas industry and provide financial, transportation, and engineering services to the industries directly exposed to potential tariffs. Workers whose employment is either directly or indirectly dependent on exports to the United States spend their incomes in other parts of the St. John's CMA economy. This generates another 1,300 induced jobs in a large swath of industries including retail trade, restaurants, hotels, tourism, and residential construction.

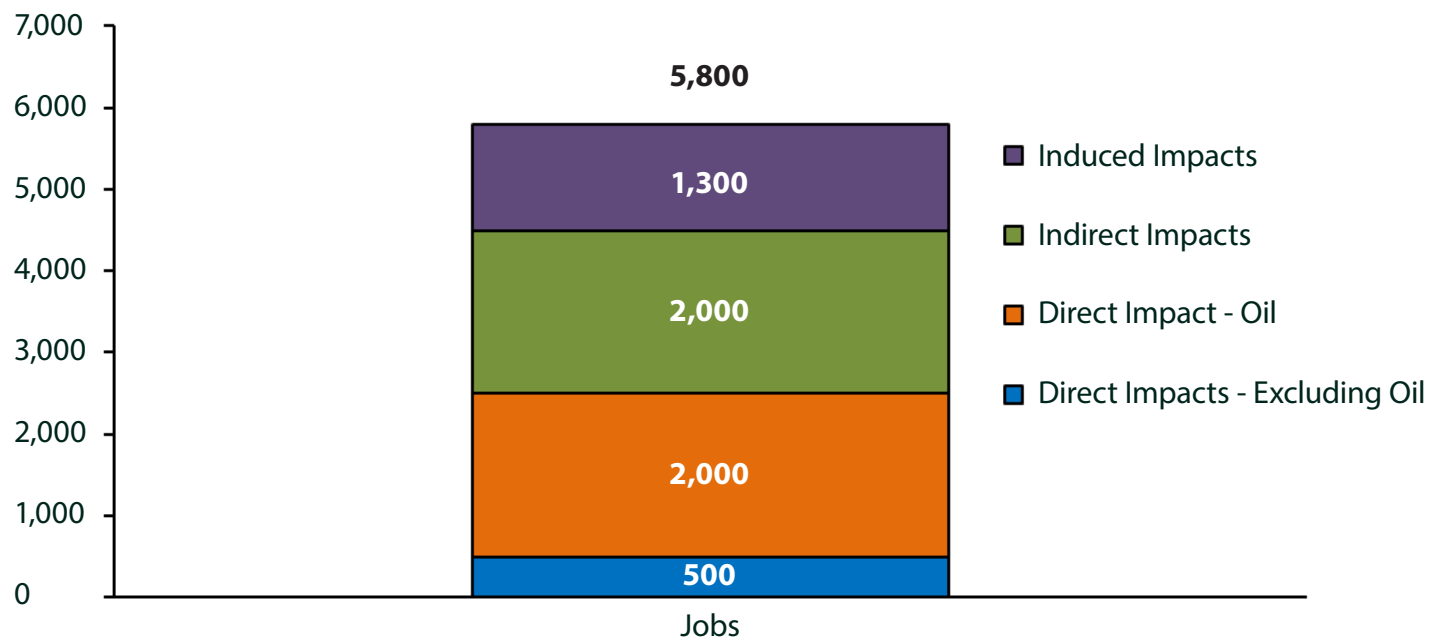
The St. John's CMA has less direct exposure to the tariffs imposed by the United States than many other regions of both the province and Canada. Estimates indicate that up to 20,000 jobs in the province are linked to US exports, representing 8% of total employment. Provincial industries most vulnerable to American trade policy, such as aquaculture, fish harvesting and seafood processing, are mostly located outside of the St. John's CMA.

Urbanization trends and immigration will offset some of the negative spinoff effects from U.S. tariffs on the CMA's service sector. However, slowing population growth and potential outmigration will work to compound the negative effects of U.S. tariffs on service-producing businesses in the rural NL economy. It is anticipated that most of the potential negative economic impacts of tariffs on the St. John's CMA will result from lower purchasing power due to spinoff effects from both general weakness in the Canadian economy and employment losses in industries directly exposed to U.S. tariffs in other parts of the province.

(Figure and Table on next page)



Employment Related to the Exports of Goods to the United States
Persons, St. John's CMA, 2024



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

	NL Gross Output Tied to U.S. Exports (%)	Business Count	
		NL	CMA
Oil and Gas Extraction	60%	11	10
Seafood Processing	50%	86	4
Nickel Processing	30%	1	0
Newsprint Manufacturing	25%	1	0
Sawmills and Wood Preservation	20%	23	3
Aerospace Product and Parts Manufacturing	55%	3	2
Aquaculture	30%	23	6

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