


Economic Outlook 2024

St. John's Census Metropolitan Area



The St. John's Census Metropolitan Area (CMA) economy is expected to grow by 3.2% in 2024 as stronger oil production and continued construction activity induce greater economic activity in the CMA's service sector industries. Employment in the CMA is projected to grow by 1.7%, highlighted by the ramping up of construction activities associated with the West White Rose project as construction of the project's concrete gravity structure is expected to be completed by the end of the year. Housing starts are projected to rebound this year as higher incomes, strong population growth, and potentially lower interest rates uplift activity in residential construction.

GDP 
\$16.1 Billion

Economy - In 2024, real GDP in the St. John's CMA is projected to increase by 3.2% to \$16.1 billion (\$2017) due to higher oil production as the Terra Nova floating production, storage, and offloading vessel (FPSO) experiences its first full year of production since the completion of the Terra Nova Asset Life Extension (ALE) program. Excluding the oil and gas sector, real GDP in the St. John's CMA is forecast to grow by 1.0% in 2024. Rising population levels and spinoff effects from both increased oil production and rising construction activities will increase economic activity in the CMA's service sector.



Household Income, Retail Sales, Housing Starts, and Population

The population of the St. John's CMA is expected to grow by 1.4% to 235,359 persons in 2024. Inflation in the St. John's CMA is forecast to fall from 3.7% in 2023 to 2.7% in 2024 as moderating prices for food and services more than offset higher prices for fuels. However, year-to-date Consumer Price Index (CPI) data indicates that inflation remains sticky; year-over-year inflation increased from 2.5% in January to 3.1% in March, driven by accelerating inflation in 'Shelter' and 'Transportation'. The overall MLS® Housing Price Index (HPI) composite benchmark price for homes in St. John's averaged \$331,933 during the first three months of 2024, up 5.1% from the same period in 2023. Household income is forecast to grow by 5.6% to \$12,952 million in 2024, due to higher employment levels and greater federal government transfers from the Canada Carbon Rebate and the Canada Pension Plan, stemming from an aging population. Retail sales growth, at 3.1%, is expected to exceed growth in 2023, boosted by a growing population and rising incomes. Housing starts are projected

to total 681 units in 2024, up 39.6%, as strong population growth, higher incomes, the potential for lower interest rates, and government incentives, such as the Housing Accelerator Fund, encourage new housing construction.



Labour Market

Employment in the St. John's CMA is expected to total 118,300 persons in 2024, up 2,000 persons (or 1.7%) from the previous year. Employment is expected to grow across a wide range of private sector industries. In the goods sector, employment is forecast to grow by 5.1% with growth concentrated in 'Forestry, fishing, mining, quarrying, oil and gas' and 'Construction'. Employment is anticipated to rise by 1.0% in the service sector, driven by 'Professional, scientific and technical services', 'Finance, insurance, real estate, rental and leasing' and 'Educational services'. The participation rate in the St. John's CMA is expected to rise by 0.6 percentage points to 65.7%. The unemployment rate is expected to rise by 0.9 percentage points to 6.9% as greater population and labour force participation more than offsets higher employment levels.

 **Economy**

Real GDP in the St. John’s CMA fell by 2.1% in 2023, mainly due to a 13.3% drop in oil production, as output fell at all operating fields and the Terra Nova FPSO remained out of production for most of the year. Excluding the oil and gas sector, real GDP in the St. John’s CMA increased by 0.1% in 2023. Increased construction activity associated with the West White Rose project and the Terra Nova ALE project at Bull Arm were offset by weaker investment in residential construction and reduced economic activity across the CMA’s service sector.

 **Labour Market**

Employment in the St. John’s CMA totaled 116,300 persons in 2023, on par with 2022 levels. Employment in ‘Construction’ fell by 900 persons (down 11.5%) as lower employment levels in residential construction more than offset greater construction activities associated with the West White Rose project and the Terra Nova ALE project. Notable employment losses were recorded in ‘Wholesale and retail trade’ (-1,500 persons), ‘Other Services’ (-800 persons), and ‘Educational services’ (-600 persons). The labour force fell by 0.8% to 123,700 persons and the unemployment rate fell by 0.7 percentage points to a seven-year low of 6.0%.

 **Consumer Price Index**

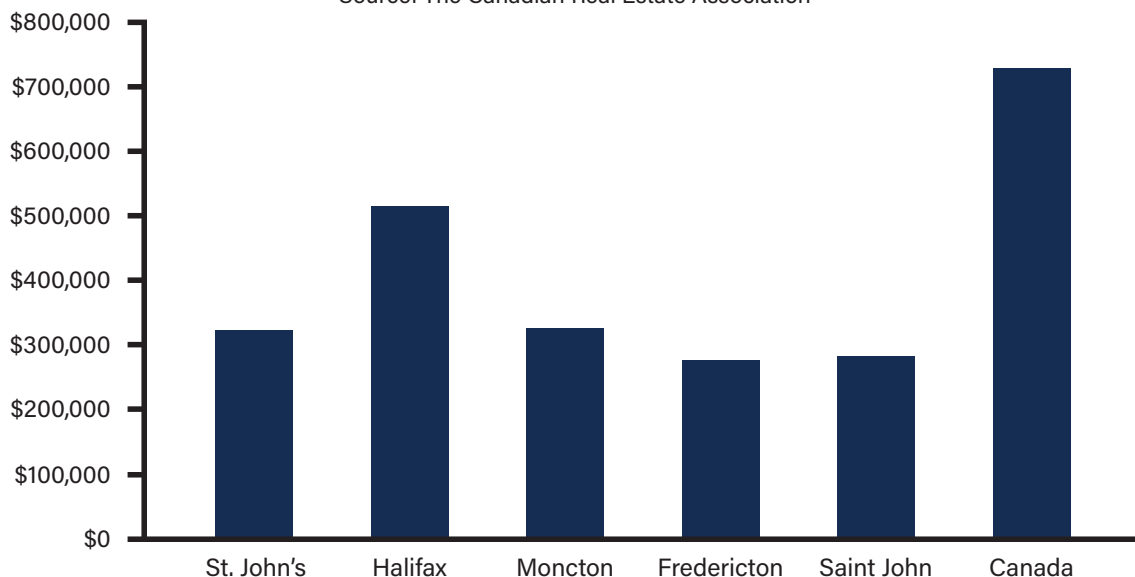
The CPI for the St. John’s CMA increased by 3.7% in 2023, down from a 32-year high of 5.9% in 2022. Within the province, rising inflation was driven by rising prices for ‘Food’ (up 7.8%) and ‘Shelter’ (up 4.9%) in 2023. This was mitigated by lower transportation costs as ‘Gasoline’ prices in the province fell by 6.8% in 2023.

 **Population, Household Income, Retail Sales, Housing Starts**

The population of the St. John’s CMA totaled 232,039 persons in 2023, up 3.2%, driven by record-high immigration levels. Household income in the St. John’s CMA totaled \$12,263 million in 2023, up 5.4% compared with 2022, reflecting higher wages and increased government transfers, including the Canada Carbon Rebate. Retail sales totaled \$4,695 million in 2023, up 2.4%, almost exclusively due to higher consumer prices. In 2023, housing starts fell by 33.4% to 488 units, as higher interest rates and elevated construction costs lowered the demand for new residential investment. The overall MLS® HPI composite benchmark price for homes in St. John’s averaged \$327,942 in 2023, up 3.1%. Nonetheless, housing prices in St. John’s remained comparable to other Atlantic Canadian cities (see Figure 1), well below the national average of \$734,317.

Figure 1: MLS® HPI composite benchmark price, 2023

Source: The Canadian Real Estate Association



Economic Indicators, St. John's Census Metropolitan Area, 2023-2024

	2023	2024f
Real GDP (\$2017, \$M)	15,648	16,144
% Change	-2.1%	3.2%
Real GDP (\$2017, \$M) excluding oil and gas	12,530	12,652
% Change	0.1%	1.0%
Employment (000s)	116.3	118.3
% Change	-0.1%	1.7%
Labour Force (000s)	123.7	127.0
% Change	-0.8%	2.7%
Unemployment Rate (%)	6.0	6.9
Change	-0.7	0.9
Participation Rate (%)	65.1	65.7
Change	-2.4	0.6
Household Income (\$M)	12,263	12,952
% Change	5.4%	5.6%
Retail Trade (\$M)	4,695	4,841
% Change	2.4%	3.1%
Housing Starts (units)	488	681
% Change	-33.4%	39.6%
CPI (2002=100)	157.9	162.2
% Change	3.7%	2.7%
Population (000s)	232.0	235.4
% Change	3.2%	1.4%

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

f: forecast

