

It has been just over two years since the World Health Organization officially declared COVID-19 a pandemic on March 11, 2020. In the early stages of the pandemic, economies were severely challenged as most major economic indicators declined due to mandated shutdowns of large portions of the economy put in place to slow the spread of COVID-19. There were encouraging signs of economic recovery in 2021, but setbacks were encountered with the introduction of new variants and spikes in case numbers. On March 14, 2022, business restrictions were lifted in the province, including capacity limits, physical distancing, proof of vaccination requirements and mandatory masks. While real Gross Domestic Product (GDP) is expected to decrease, most other economic indicators are expected to show growth in 2022 as the economic recovery continues.

GDP

\$15.6 billion

In 2022, real GDP in the St. John's Census Metropolitan Area (CMA) is forecast to decrease by 3.2% to \$15.6 billion (in \$2012), in comparison to an expected increase of 0.5% for the province as a whole. GDP growth in the CMA is being held back by declining oil production, which is expected to total 82.3 million barrels in 2022, a decrease of 12.4% from 2021. Excluding the oil and gas production industry, the CMA's real GDP is expected to rise by approximately 1.5%, as private sector industries such as Accommodation and food services; Transportation and warehousing; Finance, insurance, real estate, rental and leasing; and Information, culture and recreation grow in 2022.

Labour Market

Employment in the St. John's CMA is expected to increase by 2.5% in 2022 (+2,700), as employment data for the first three months of the year indicate higher levels of employment in the service sector, particularly Educational services and Health care and social assistance. The labour force is expected to increase by 1.7% as the participation rate continues to remain well below pre-pandemic levels. The unemployment rate is expected to decrease by 0.8 percentage points to 7.0% in 2022.

Population

The population of the St. John's CMA is expected to increase slightly to 216,833 persons in 2022.

Household Income, Retail Sales, Housing Starts

Household income is expected to grow by 3.0% to \$12.1 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 4.2% due to pent-up demand, inflationary pressures and an expected increase in tourist activity as 2022 has been designated as "Come Home 2022" in Newfoundland and Labrador. Inflation is expected to remain high in the first half of the year before moderating in the second half. The number of housing starts is expected to increase by about 6.7% to 580 units in 2022. This would be a 20.9% increase compared to pre-pandemic levels in 2019.

2021 Performance

Economy

In the St. John's CMA, real GDP is estimated to have decreased by 2.4% to \$16.1 billion (in \$2012) in 2021, mainly due to a 9.6% decrease in offshore oil production, offsetting growth in other sectors of the economy. Excluding the oil and gas production industry, real GDP in the St. John's CMA increased by an estimated 4.7%. Growth was driven by increases in consumer spending and real estate activity, both of which surpassed pre-pandemic levels.



Labour Market

The province's labour market rebounded in 2021 and employment in the St. John's CMA increased by 0.5% to 106,300. Employment growth in the services sector (+0.7%) was partially offset by declines in the goods sector (-0.6%). The labour force decreased by 1.6% to 115,300 and the unemployment rate fell by 1.9 percentage points to 7.8%.



Household Income, Retail Sales, Housing Starts

Household income in the St. John's CMA increased by 2.5% in 2021 to \$11.7 billion as gains in labour compensation were partly offset by fewer pandemic related federal transfers to individuals. Retail sales increased 11.3% to \$4.4 billion, surpassing pre-pandemic levels. The growth in retail sales was driven by both household income growth as well as inflationary pressures. Housing starts increased by 30.1% in 2021 to 544 units mostly due to historically low mortgage rates and pent up demand. The sale of single detached units in St. John's^[1] increased 31.3% to 985 in 2021. The sale of multiple-family units also increased during the year, up 88.3% to 482. The overall MLS® HPI composite benchmark price for homes in St. John's was \$289,900 in March 2022, up by 9.2% compared to March 2021 (\$265,500).

[1] The sale of single detached and multiple-family homes refers to the City of St. John's. Data is unavailable for the CMA.



Population

The population of the St. John's CMA was 214,674 as of July 1, 2021, up 0.3% from the previous year as interprovincial net out-migration from the region was more than offset by gains from intraprovincial and international migration. There were 1,722 births and 1,738 deaths in the St. John's CMA in 2020/2021.



Consumer Price Index

The consumer price index (CPI) increased 3.3% in 2021. The high inflation was mainly due to higher energy prices, particularly gasoline and fuel oil.

Economic Indicators, St. John's Census Metropolitan Area, 2021-2022

	2021	2022f
Real GDP (2012\$M)	16,143	15,629
% Change	-2.4	-3.2
Employment (000s)	106.3	109.0
% Change	0.5	2.5
Labour Force (000s)	115.3	117.2
% Change	-1.6	1.7
Unemployment Rate (%)	7.8	7.0
Change	-1.9 ppts	-0.8 ppts
Participation Rate (%)	63.4	64.3
Change	-1.4 ppts	0.9 ppts
Household Income (\$M)	11,745	12,096
% Change	2.5	3.0
Retail Trade (\$M)	4,376	4,560
% Change	11.3	4.2
Housing Starts	544	580
% Change	30.1	6.7
Consumer Price Index (2002=100)	143.8	150.4
% Change	3.3	4.6
Population	214,674	216,833
% Change	0.3	1.0

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