

Outlook for 2026

Real gross domestic product (GDP) in the St. John's Census Metropolitan Area (CMA) is expected to expand in 2026, supported by a third consecutive year of higher offshore oil production. Real GDP is projected to rise by 4.8 per cent, with growth led by the goods-producing sector, particularly in the oil and gas industry. The services-producing sector is also forecast to grow, though at a slower pace (+0.5 per cent), as weaker national economic conditions and potential job losses in tariff-exposed industries constrain demand for service-based businesses. Excluding the oil and gas sector, economic growth is expected to be much slower at 0.3 per cent, which would be the lowest rate observed since 2020.

Population and Labour Market

The population of the St. John's CMA is projected to increase by 0.9 per cent to 245,617 persons in 2026, reflecting continued in-migration, although moderated by recent changes to federal immigration levels. Similarly, the working-age population is expected to increase by 1.1 per cent to 208,600 persons.

Employment in the St. John's CMA is projected to reach 126,500 persons in 2026, remaining essentially unchanged from 2025. Employment in the goods-producing sector is expected to decline by 3.0 per cent, with job losses spread across various sectors, while employment in the services-producing sector is forecast to grow by 0.5 per cent, down from 3.3 per cent in 2025, with gains concentrated in health care and educational services.

The participation rate is projected to decrease slightly to 65.6 per cent from 66.1 per cent in 2025, while the unemployment rate is expected to rise to 7.6 per cent from 7.2 per cent, as labour force growth outpaces employment.

Household Income, Retail Sales, and Housing Starts

Household incomes are forecast to grow by 2.9 per cent, supported by increases in wages and salaries, self-employment income, and transfer income. While federal carbon rebate payments ended in 2025, higher transfers from other programs, particularly those linked to an aging population, are expected to more than offset this decline.

Retail sales growth is projected to rise to 4.1 per cent in 2026, up from 3.4 per cent in 2025, partly due to price increases linked to higher oil prices.

Housing starts are expected to rise by 11.3 per cent to 1,155 units, supported by pent-up demand, lower interest rates, and federal housing initiatives. Home prices are forecast to remain elevated for the year, with preliminary data supporting this outlook. The overall MLS® Home Price Index (HPI) composite benchmark for the region averaged \$394,625 in the January to April 2026 period, an increase of 8.4 per cent compared with the same period in 2025.

Inflation

The region's Consumer Price Index (CPI) is expected to rise from 1.3 per cent in 2025 to 2.7 per cent in 2026, as the conflict in the Middle East puts upward pressure on energy prices, with spillover effects contributing to higher food prices and increased transportation and production costs across many industries. There is a risk that inflation could rise further if the conflict persists and continues to constrain global energy supplies.

Risks to the Outlook

There are several risks to the St. John's CMA outlook, particularly related to evolving issues affecting global trade. The forecast assumes that current U.S. tariffs on Canadian exports will remain in place throughout the projection period. However, evolving trade conditions, including the review of Canada–United States–Mexico Agreement (CUSMA) and new or renewed trade relationships, could materially alter the outlook. In addition, shifts in major project timelines, fluctuations in oil prices, and the broader effects of global conflicts on demand may all have significant implications for the region's economic performance.



2025 Performance

Real GDP in the St. John's CMA increased by 4.4 per cent in 2025, mainly due to higher oil production. Real GDP in the goods-producing sector increased by 8.6 per cent, while the services-producing sector grew by 2.0 per cent. Construction activity associated with the West White Rose oil project, along with rising housing starts boosted activity in the construction sector. Consumer spending and spillover effects from growth in the goods-producing sector also boosted economic activity in the services-producing sector. Excluding the oil and gas industry, real GDP in the St. John's CMA increased by 1.0 per cent in 2025.

Population and Labour Market

In 2025, the population in the CMA totaled 243,478, up 1.3 per cent from 2024. Growth was primarily supported by continued international immigration, partly offset by negative net interprovincial migration and natural population loss (more deaths than births). While population gains persisted, the pace of growth slowed somewhat following adjustments to federal immigration levels in 2025. Similarly, the working-age population increased by 2.3 per cent to 206,300 persons.

Employment in the St. John's CMA totaled 126,500 persons in 2025, up 3.1 per cent from 2024. In 2025, service-sector employment increased by 3,400 persons, and employment in the goods-producing sector rose by 600 persons. The labour force increased by 3.3 per cent to 136,300 persons, while the unemployment rate increased by 0.3 percentage points to 7.2 per cent, as labour force growth outpaced employment gains.

Household Income, Retail Sales, and Housing Starts

Household income in the St. John's CMA totaled approximately \$12.0 billion in 2025, an increase of 3.2 per cent compared with 2024, as higher wage rates and employment were partially offset by lower transfer income.

Retail sales totaled \$6.1 billion in 2025, up 3.4 per cent, due to increased volumes and prices.

Housing starts increased by 19.1 per cent to 1,037 units, as lower interest rates and strong population growth boosted demand for new housing. The MLS® HPI composite benchmark price for homes in St. John's averaged \$382,800 in 2025, up 11.1 per cent.¹



Inflation

In 2025, inflation in the St. John's CMA continued to moderate. The region's CPI increased by 1.3 per cent, down from 2.2 per cent in 2024 and well below the 32-year peak of 5.9 per cent recorded in 2022.

While detailed CPI data are not available at the CMA level, price trends in the St. John's area generally align with those observed across the province. Throughout Newfoundland and Labrador, inflation eased for most major CPI components in 2025; however, several essential categories continued to record above-average increases. 'Shelter' posted the largest annual gain, rising 3.6 per cent. Within this category, 'Water, fuel, and electricity' increased by 6.8 per cent, reflecting higher electricity and fuel oil costs. 'Food' inflation also remained elevated, with overall growth of 3.0 per cent. This was driven primarily by 'Food purchased from stores', which rose 3.6 per cent, with notable increases in meat (particularly fresh or frozen beef), as well as sugar, confectionery, coffee, and tea. By comparison, prices for food purchased from restaurants increased by 1.7 per cent, a slower pace than the 4.5 per cent increase recorded in 2024.

Declining energy prices continued to temper overall inflation in the region. On an annual basis, 'Energy' prices decreased by 2.2 per cent in 2025, following a 0.7 per cent increase in the previous year. The most notable contributor to this decline was a 9.9 per cent reduction in 'Gasoline' prices, largely reflecting the April 2025 removal of the federal consumer carbon price and supported by lower global crude oil prices. This substantial decrease in gasoline prices more than offset increases observed in other energy components, including electricity and home heating fuels.

¹ MLS® HPI is a measure developed by the Canadian Real Estate Association that tracks changes in the price of typical residential properties over time. The composite benchmark price reflects the value of a "typical" home, adjusting for differences in property types and features to provide a more accurate measure of underlying market trends than average or median sale prices.



Economic Indicators, St. John's Census Metropolitan Area, 2025-2026f

	2025	2026f
Real GDP (\$2017, \$M)	17,141	17,957
% Change	4.4%	4.8%
Real GDP (\$2017, \$M) excluding oil and gas	12,309	12,350
% Change	1.0%	0.3%
Employment (000s)	126.5	126.5
% Change	3.1%	0.0%
Labour Force (000s)	136.3	136.9
% Change	3.3%	0.4%
Unemployment Rate (%)	7.2	7.6
Change (ppt)	0.3	0.4
Participation Rate (%)	66.1	65.6
Change (ppt)	0.7	-0.5
Household Income (\$M)	12,012	12,363
% Change	3.2%	2.9%
Retail Trade (\$M)	6,141	6,396
% Change	3.4%	4.1%
Housing Starts (units)	1,037	1,155
% Change	19.1%	11.3%
Consumer Price Index (2002=100)	163.4	167.9
% Change	1.3%	2.7%
Population (000s)	243.5	245.6
% Change	1.3%	0.9%

Source: Statistics Canada; NL Department of Finance
f: forecast; \$M: millions; ppt: percentage points

