

# Economic Overview 2005

## St. John's Metropolitan Area

### 2005 Performance

The St. John's CMA accounts for about 47% of total provincial GDP. Economic growth in the St. John's Census Metropolitan Area (CMA) is expected to be 1.1% in 2005, slightly slower than anticipated provincial growth of 1.7%. Real GDP in the CMA is expected to reach \$7.5 billion, led by advances in industries such as wholesale and retail trade, transportation and warehousing, and construction. However, growth will be somewhat constrained by a reduction in housing starts and a slight decline in provincial offshore oil production. A substantial portion of oil industry workers live and/or work in the CMA and as a result a large portion of oil-related GDP is allocated to the CMA.

Employment is expected to increase by 1.4% to 91,400 as a result of job gains in goods sector industries such as construction, utilities and manufacturing. Service sector employment is expected to remain on par with 2004 levels. The CMA labour force is also expected to increase by 1.4%, mainly due to an increase in the population of labour force age (15+). Consequently, the unemployment rate is expected to remain unchanged at 8.9%.

The construction industry continued to perform well in 2005 due to the combination of strong non-residential investment and booming renovation activity.

Investment in non-residential building construction was up 28% in nominal terms (21% real) in the first three quarters of 2005 to a record level of \$164.4 million, due in large part to expansion of the retail sector.

Despite an anticipated 16% decline in CMA housing starts, residential construction activity also remains high. Housing starts are expected to total 1,540 units in 2005—well above the previous ten-year average of approximately 1,100 starts per year. In the first three quarters of 2005, the value of residential building permits issued in the CMA totalled \$160.2 million, which even

### Economic Indicators

#### St. John's Metropolitan Area, 2004-2005f

Indicator	2004	2005f	% Change 2004-05
Real GDP (1997\$M)	7,379	7,458	1.1
Employment	90,100	91,400	1.4
Labour Force	98,900	100,300	1.4
Unemployment rate	8.9%	8.9%	0.0 pts
Participation Rate	66.1%	66.2%	0.1 pts
Personal income (\$M)	5,412	5,538	2.3
Retail trade (\$M)	2,286	2,343	2.5
Housing starts	1,834	1,540	-16.0
CPI (1997=100)	113.6	116.7	2.8
Population	179,932	180,405	0.3

Source: Statistics Canada; CMHC; Department of Finance  
Note: The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities.

after accounting for inflation, still represents the second highest level ever recorded, behind only 2004.

The population of the St. John's CMA is estimated to have increased (0.3%) for the seventh consecutive year in 2005 to a record level of 180,405. Growth continued to be led by net immigration from other areas of the province.

### Outlook for 2006

Real GDP growth will improve significantly as private sector services continue to expand and oil production gets a substantial boost from the first full-year of production from the White Rose field. As a result, St. John's should be among the top CMAs in the country in terms of economic growth in 2006.

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