The Conference Board of Canada

Mid-Sized Cities Outlook

Economic Insights Into Select Canadian Cities

Outlook 2019

Preface

Given the valuable role that Canada's mid-sized cities play as regional hubs and economic engines in their respective areas, it is important to have a sound understanding of their economic situation and performance. The *Mid-Sized Cities Outlook* features a review of the recent economic history of 31 mid-sized Canadian cities for which comprehensive data are available from Statistics Canada.

The *Mid-Sized Cities Outlook* provides more detailed information about recent economic history, as well as a two-year economic forecast, for seven featured cities: Sault Ste. Marie, Brandon, Moose Jaw, Lethbridge, Red Deer, Chilliwack, and Prince George. This report also includes a summary of the Conference Board's economic forecasts for Canada and for each of the provinces that is home to the seven featured cities. This report is published annually, to enable public and private decision-makers to benefit from up-to-date, comprehensive insight into the economies of Canada's mid-sized cities.

The publication can be accessed online at www.e-library.ca. For more information about the forecast, please contact our information specialists in the Conference Board's Centre for Municipal Studies at 613-526-3090 ext. 435 or e-mail metro@conferenceboard.ca.

Acknowledgements

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Canada

Key findings

- The Canadian economy will disappoint this year with a 1.4 per cent expansion. But a somewhat brighter 1.8 per cent advance is our call for 2020.
- Still, the economy is on track to create a record 389,000 jobs this year, followed by a still solid 202,000 net new jobs next year.
- Labour market conditions will remain tight. The unemployment rate is forecast to fall from 5.8 per cent last year to 5.6 per cent in 2019 and 5.5 per cent in 2020.

Canada

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
1.9	1.4	1.7	1.8

Shaded area represents forecast data.

Credit quality

AAA

Source: Standard & Poor's.

Current state

Tight labour markets are fuelling growth in wages. ↑

Despite bouncing back in the first quarter, business investment remains weak. ↓

Forecast risk

Rising geopolitical risks, including the ongoing uncertainty around Brexit and the trade tensions between the United States and China, threaten to further weaken an already-slowing global economy. ↓

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at market prices (2012 $ millions)	1,958,124 *1.1*	2,016,448 *3.0*	2,054,328 *1.9*	2,082,438 *1.4*	2,119,612 *1.8*	2,158,780 *1.8*	2,192,369 *1.6*	2,229,456 *1.7*
Total employment (000s)	18,083 *0.7*	18,419 *1.9*	18,658 *1.3*	19,047 *2.1*	19,249 *1.1*	19,442 *1.0*	19,635 *1.0*	19,829 *1.0*
Unemployment rate (per cent)	7.0	6.3	5.8	5.6	5.5	5.5	5.4	5.4
Household income per capita ($)	45,688 *−0.2*	47,133 *3.2*	48,378 *2.6*	49,803 *2.9*	51,226 *2.9*	52,699 *2.9*	54,258 *3.0*	55,864 *3.0*
Population (000s)	36,052 *1.0*	36,489 *1.2*	36,994 *1.4*	37,467 *1.3*	37,877 *1.1*	38,289 *1.1*	38,700 *1.1*	39,110 *1.1*
Single-family housing starts (000s)	74.1	76.8	65.9	60.5	60.6	59.3	56.6	53.6
Multi-family housing starts (000s)	123.8	142.9	146.9	137.9	137.1	142.0	143.5	143.7
Retail sales ($ millions)	549,711 *5.2*	588,828 *7.1*	605,934 *2.9*	617,327 *1.9*	639,719 *3.6*	662,593 *3.6*	686,224 *3.6*	710,654 *3.6*
CPI (2002 = 1.000)	1.284 *1.4*	1.304 *1.6*	1.334 *2.2*	1.359 *1.6*	1.387 *1.9*	1.415 *2.0*	1.444 *2.0*	1.473 *2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Trade wars threaten Canada's economic performance

The economy got off to a poor start in 2019 as the trade sector took a toll on economic growth. While growth bounced back in the second quarter and is expected to remain decent over the rest of the year, the weak start means that Canada's overall economic performance this year will be subpar.

On the positive side, labour markets continue to do well. Job growth is running at record levels and wage growth is solid. This is allowing households to continue to increase their spending despite record levels of household debt. However, the housing sector has softened, with both home construction and prices expected to decline this year. Export growth is also soft and business investment remains weak. Overall, the Canadian economy is set to grow by just 1.4 per cent this year. The outlook for 2020 is somewhat brighter, as a pickup in investment spending and trade should help the economy post growth of 1.8 per cent.

Booming labour markets support household spending

One surprising aspect of the Canadian economy is how strong the labour market has been, given that economic growth was sluggish at the end of 2018 and beginning of 2019. In fact, the economy is on track to generate a whopping 389,000 net new jobs this year, the biggest gain on record. While we expect labour markets to remain healthy, the recent strength in job growth will not be maintained. A low unemployment rate means that almost all the employment gains over the forecast period will need to be matched by an increase in the labour force, but an aging population will limit such increases. Next year, job creation is projected to slow to a still solid 200,000.

Tight labour market conditions are fuelling growth in wages and, when combined with the strong employment gains, are creating significant income growth. This has allowed households to increase spending despite high levels of household debt and ongoing economic uncertainty. All in all, these opposing trends will keep household spending on a moderate growth path. Real household expenditure growth is forecast to slow from 2.1 per cent in 2018 to 2.0 per cent this year and 1.8 per cent in 2020.

Housing markets continue to cool

The strength in Canada's labour markets is good news for the housing sector. Still, it won't be enough to reverse the ongoing slump in housing, as government policy initiatives—including the federal government's mortgage stress test—continue to weigh on housing markets. We expect real residential investment spending to decline by 4.2 per cent this year in the wake of a 1.5 per cent drop in 2018. Growth should resume next year, albeit at only about 1.0 per cent. Housing starts are expected to remain below 200,000 units this year and next.

Investment struggles continue

Troubles in Canada's energy patch will also restrain overall growth in the Canadian economy. Rising U.S. oil production has kept global oil prices in check. At the same time, transportation bottlenecks and rising inventories have caused significant price discounts for Alberta crude oil. In an effort to reduce the differential between the West Texas and Alberta prices, Alberta's government mandated production cuts across the province at the beginning of this year. Although the production cuts have proved successful in reducing the price differential, we think they will remain in place in one form or another until new pipeline capacity becomes available. A major negative side effect of these cuts has been the undermining of investor confidence. Therefore, oil and gas investment is expected to decline in 2019 for the fifth consecutive year. Looking to 2020 and beyond, investment in Canada's energy sector will finally start to grow again, thanks to major development projects, particularly in the LNG sector.

While improved investment in Canada's non-energy sector won't completely offset the weak performance in the energy patch, the overall outlook is at least more positive. In particular, strength continues to be driven by the services side of the economy in Canada's major urban centres. Overall, we expect non-resource investment spending to rise 3.7 per cent in 2019, before averaging 2.6 per cent per year between 2020 and 2023.

Trade uncertainty on the rise again

Trade will also detract from economic growth over the near term. While the combination of a low Canadian dollar and a U.S. economy expanding at a 2.6 per cent pace would normally provide a solid foundation for Canada's export sector, several restrictive forces are restraining overall export growth in 2019. Some notable challenges include Alberta's mandated oil production curtailments, as well as weaker U.S. demand for motor vehicles and the end of auto production at a major assembly plant in Oshawa at the end of 2019, both of which will weigh heavily on automotive exports next year. Although stronger performances next year in the energy and some non-energy sectors will help the export sector to rebound in 2020, one of the biggest challenges Canada's trade sector faces over the short term is the threat of greater protectionism and the uncertainty it creates. Overall, total export volume growth is forecast to reach a meagre 0.5 per cent this year, before improving to 1.8 per cent in 2020.

Canada

Conclusions principales

- Avec une croissance de 1,4 %, l'économie canadienne décevra cette année, mais fera mieux en 2020 d'après nos prévisions, soit 1,8 %.

- Cependant, l'économie devrait créer un nombre record d'emplois cette année, soit 389 000, puis 202 000 autres l'an prochain, ce qui n'est pas négligeable non plus.

- Le marché du travail restera serré. Le taux de chômage devrait passer de 5,8 % en 2018 à 5,6 % en 2019, puis 5,5 % en 2020.

Canada

Croissance du PIB réel

(%)

2018	2019	2020-2023	2014-2023
1,9	1,4	1,7	1,8

Les prévisions sont indiquées en ombré.

Qualité du crédit

AAA

Source : Standard & Poor's.

Situation actuelle

Un marché du travail serré favorise l'augmentation des salaires. ↑

Malgré un redressement au premier trimestre, l'investissement des entreprises demeure faible. ↓

Risque conjoncturel

Des risques géopolitiques en hausse, y compris l'incertitude continue entourant le Brexit et les tensions commerciales entre les États-Unis et la Chine, menacent d'affaiblir encore une économie mondiale qui marque déjà le pas. ↓

Indicateurs économiques

	2016	2017	2018	2019	2020	2021	2022	2023
PIB réel au prix du marché (millions $ 2012)	1 958 124	2 016 448	2 054 328	2 082 438	2 119 612	2 158 780	2 192 369	2 229 456
	1,1	*3,0*	*1,9*	*1,4*	*1,8*	*1,8*	*1,6*	*1,7*
Nombre total d'emplois (milliers)	18 083	18 419	18 658	19 047	19 249	19 442	19 635	19 829
	0,7	*1,9*	*1,3*	*2,1*	*1,1*	*1,0*	*1,0*	*1,0*
Taux de chômage (pourcentage)	7,0	6,3	5,8	5,6	5,5	5,5	5,4	5,4
Revenu personnel par habitant ($)	45 688	47 133	48 378	49 803	51 226	52 699	54 258	55 864
	−0,2	*3,2*	*2,6*	*2,9*	*2,9*	*2,9*	*3,0*	*3,0*
Population (milliers)	36 052	36 489	36 994	37 467	37 877	38 289	38 700	39 110
	1,0	*1,2*	*1,4*	*1,3*	*1,1*	*1,1*	*1,1*	*1,1*
Mises en chantier – habitations individuelles (milliers)	74,1	76,8	65,9	60,5	60,6	59,3	56,6	53,6
Mises en chantier – habitations collectives (milliers)	123,8	142,9	146,9	137,9	137,1	142,0	143,5	143,7
Ventes au détail ($ millions)	549 711	588 828	605 934	617 327	639 719	662 593	686 224	710 654
	5,2	*7,1*	*2,9*	*1,9*	*3,6*	*3,6*	*3,6*	*3,6*
IPC (2002 = 1,000)	1,284	1,304	1,334	1,359	1,387	1,415	1,444	1,473
	1 4	*1 6*	*2 2*	*1 6*	*1 9*	*2 0*	*2 0*	*2 0*

Les prévisions sont indiquées en ombré.
Pour chaque indicateur, la première ligne indique le niveau et la deuxième, la variation en pourcentage par rapport à la période précédente; *la variation en pourcentage est indiquée en italique.*
Sources : Le Conference Board du Canada; Statistique Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

Des guerres commerciales qui menacent la performance économique du Canada

L'année économique a mal démarré en 2019, le secteur du commerce freinant la croissance. Celle-ci a repris au deuxième trimestre et devrait rester convenable sur le reste de l'année, mais ce faible démarrage vaudra au Canada une performance économique inférieure aux attentes.

En revanche, le marché du travail continue de bien se porter. On bat des records de création d'emplois et les salaires sont en forte croissance, ce qui permet aux Canadiens de continuer de dépenser plus, malgré des niveaux d'endettement record des ménages. Cependant, on note un fléchissement dans le secteur du logement. En effet, la construction résidentielle et le prix des logements devraient baisser cette année. Les exportations enregistrent aussi une faible croissance et l'investissement des entreprises demeure faible. Globalement, la croissance économique canadienne devrait s'établir à tout juste 1,4 % cette année. Les perspectives pour 2020 sont meilleures, car une augmentation des dépenses d'investissement et des échanges commerciaux devraient contribuer à porter la croissance économique à 1,8 %.

Des dépenses des ménages portées par un marché du travail en plein essor

La vigueur du marché du travail est un des aspects surprenants de l'économie canadienne, étant donné la croissance anémique de la fin de 2018 et du début de 2019. En fait, il devrait se créer cette année 389 000 emplois nets, soit la plus forte progression jamais enregistrée. Le marché du travail devrait continuer de bien se porter, mais sans créer autant d'emplois toutefois. Un faible taux de chômage signifie que presque toutes les créations d'emplois au cours de la période prévisionnelle devront s'accompagner d'une augmentation de la population active, mais le vieillissement de la population limitera cette augmentation. L'an prochain, il devrait quand même se créer 200 000 emplois.

Un marché du travail serré favorise l'augmentation des salaires et, si on ajoute les nombreuses créations d'emplois, les conditions sont réunies pour une croissance sensible des revenus. Les Canadiens peuvent ainsi dépenser plus, malgré le niveau d'endettement élevé des ménages et une incertitude économique continue. Au total, ces tendances contraires maintiendront les dépenses des ménages sur une trajectoire de croissance modérée. L'augmentation des dépenses réelles des ménages devrait ralentir pour passer de 2,1 % en 2018 à 2 % cette année et 1,8 % en 2020.

Fléchissement persistant du marché du logement

La vigueur du marché du travail canadien est une bonne nouvelle pour le secteur du logement. Elle ne suffira pas, cependant, à inverser le marasme actuel, car des mesures gouvernementales – dont la « simulation de crise » hypothécaire imposée par le gouvernement fédéral – continuent de peser sur le marché du logement. Après avoir reculé de 1,5 % en 2018, les dépenses en investissement résidentiel devraient baisser de 4,2 % cette année. La croissance devrait reprendre l'an prochain, mais elle ne sera que de 1 % environ. Les mises en chantier de logements devraient rester inférieures à 200 000 unités cette année et l'an prochain.

Des investissements toujours hésitants

Les problèmes du secteur de l'énergie freineront également la croissance générale de l'économie canadienne. L'augmentation de la production pétrolière américaine empêche les cours mondiaux du pétrole de monter. Parallèlement, les goulets d'étranglement dans les transports et les stocks croissants entraînent une baisse dans le prix du pétrole brut albertain. Afin de réduire l'écart entre les prix du West Texas et du pétrole albertain, le gouvernement de l'Alberta a ordonné au début de l'année des baisses de production dans toute la province. Bien que la mesure ait permis de réduire l'écart de prix, nous pensons qu'elle sera maintenue sous une forme ou une autre tant que la capacité pipelinière n'aura pas augmenté. Cette baisse de production a notamment pour répercussion négative de saper la confiance des investisseurs. Par conséquent, l'investissement dans le secteur pétrolier et gazier devrait baisser en 2019 pour la cinquième année consécutive. En 2020 et au-delà, l'investissement dans le secteur canadien de l'énergie recommencera enfin à augmenter, grâce à de grands projets d'exploitation, en particulier dans le secteur du GNL.

L'amélioration de l'investissement en dehors du secteur de l'énergie ne compensera pas totalement la faible performance du secteur de l'énergie, mais au moins, les perspectives générales sont plus positives. En particulier, le secteur des services continue d'être le moteur du dynamisme économique dans les grands centres urbains canadiens. Dans l'ensemble, nous nous attendons à une augmentation de 3,7 % des dépenses d'investissement non liées aux ressources naturelles en 2019, puis de 2,6 % en moyenne par année de 2020 à 2023.

Nouveau regain d'incertitude commerciale

Le commerce freinera aussi la croissance économique à court terme. Normalement, la faiblesse du dollar canadien ajoutée à une croissance économique américaine de 2,6 % serait favorable au secteur canadien des exportations, mais plusieurs contraintes limitent la croissance globale des exportations en 2019. Parmi les difficultés notables, mentionnons la baisse de production pétrolière imposée en Alberta, ainsi que le fléchissement de la demande américaine de véhicules automobiles et la fin de la production automobile dans une grande usine de montage à Oshawa à la fin de 2019. Ces deux derniers éléments pèseront fortement sur les exportations du secteur de l'automobile l'an prochain. Même si de meilleurs résultats en 2020 dans le secteur de l'énergie et dans certains secteurs hors énergie contribueront à un redressement des exportations sur l'année, le secteur canadien du commerce restera notamment confronté à court terme à la menace d'un renforcement du protectionnisme et à l'incertitude qui en découle. De manière générale, la croissance du volume total des exportations devrait s'établir à 0,5 % cette année, puis à 1,8 % en 2020.

Ontario

Key findings

- Ontario’s real GDP at basic prices is forecast to rise 1.4 per cent in 2019 and 1.7 per cent in 2020.
- We expect employment to increase 2.6 per cent this year and 1.4 per cent in 2020. The unemployment rate will fall to 5.5 per cent in 2019 and then to 5.3 per cent in 2020.
- The province’s population is expected to grow by 1.6 per cent this year and 1.4 per cent in 2020.

Ontario

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
2.2	1.4	1.7	2.1

Shaded area represents forecast data.

Credit quality

A+

Source: Standard & Poor's.

Current state

Falling U.S. demand for vehicles will crimp Ontario's exports. ↓

Wage growth has been strengthening. ↑

Forecast risk

Further program spending cuts by the provincial government could further slow Ontario's real GDP growth. ↓

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	693,900	712,984	728,385	738,668	751,221	763,711	776,859	790,297
	2.4	*2.8*	*2.2*	*1.4*	*1.7*	*1.7*	*1.7*	*1.7*
Total employment (000s)	7,000	7,127	7,240	7,429	7,534	7,621	7,709	7,800
	1.1	*1.8*	*1.6*	*2.6*	*1.4*	*1.2*	*1.1*	*1.2*
Unemployment rate (per cent)	6.6	6.0	5.6	5.5	5.3	5.2	5.2	5.2
Household income per capita ($)	45,792	47,252	48,725	50,028	51,368	52,734	54,181	55,713
	1.1	*3.2*	*3.1*	*2.7*	*2.7*	*2.7*	*2.7*	*2.8*
Population (000s)	13,853	14,051	14,293	14,518	14,717	14,917	15,115	15,311
	1.1	*1.4*	*1.7*	*1.6*	*1.4*	*1.4*	*1.3*	*1.3*
Single-family housing starts (000s)	30.1	29.7	23.8	21.7	21.2	22.9	22.0	21.0
Multi-family housing starts (000s)	44.9	49.4	55.0	49.3	53.0	55.3	57.2	57.3
Retail sales ($ millions)	200,886	216,318	225,847	231,325	240,785	249,633	258,786	268,535
	6.9	*7.7*	*4.4*	*2.4*	*4.1*	*3.7*	*3.7*	*3.8*
CPI (2002 = 1.000)	1.297	1.319	1.350	1.377	1.405	1.435	1.465	1.495
	1.8	*1.7*	*2.4*	*2.0*	*2.0*	*2.1*	*2.1*	*2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Drop in public spending weakens growth

We expect growth in Ontario's GDP at basic prices to decelerate to 1.4 per cent in 2019 and 1.7 per cent in 2020. Factors underpinning the slowdown include a decrease in provincial government spending on high-growth service-producing industries—notably education, health, and social services—as the province seeks to reduce its deficit.

Investment prospects are also weak this year but should improve in 2020. Residential construction has been hampered by a weak resale market, the result of demand-limiting policies put in place by the federal and provincial governments at the start of 2018. Total housing starts are on track to drop 10 per cent to 71,000 units this year, with the drop spread almost equally among single-detached and multi-family construction. For 2020, we expect a 4 per cent increase in starts to 74,000 units, with a decent gain in multiple starts offsetting a small easing in singles activity. Residential investment will be cut by 6.3 per cent this year, but next year rising starts will lift investment by 4.3 per cent. Through the medium term, solid population growth, pent-up demand, and low inventories of unsold units should fuel new construction. Rising multiple activity will nudge starts to over 78,000 units each year between 2021 and 2023.

Non-residential investment looks weak for 2019. The winding down of large projects, such as BCE's and Telus's fibre-optic infrastructure upgrades, will shave non-residential investment by 3.5 per cent this year. Next year, however, looks better. A record-low rate of available office space, coupled with strong demand from the tech sector, is driving developments in both office and industrial space in downtown Toronto and its vicinity. Major office projects include construction of the $2-billion CIBC Square and the $1.2-billion "The Well" project, along with over $1 billion in current office projects by Cadillac Fairview. Elsewhere, construction of the Gordie Howe International Bridge between Detroit and Windsor will contribute to non-residential investment growth.

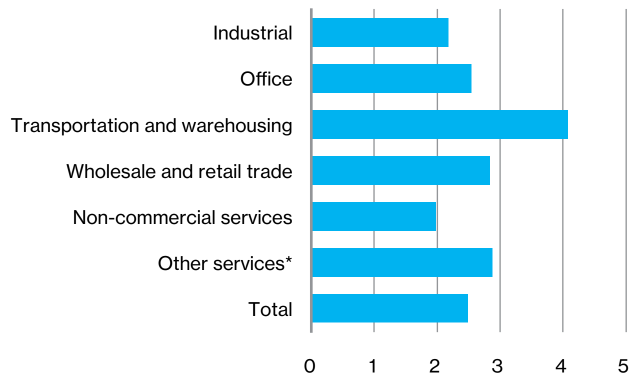
The outlook for machinery and equipment (M&E) investment is positive. M&E spending should rise by 2.6 per cent in 2019, partly thanks to Toyota's $1.4-billion upgrade to its Woodstock and Cambridge facilities. But the completion of these upgrades in 2019 will cap growth in M&E spending at 0.2 per cent in 2020. Thereafter, large capital projects, including construction of a $2-billion petrochemical plant in Sarnia and refurbishments at the Darlington and Bruce nuclear plants, should support average annual growth in M&E investment of 6.4 per cent in 2021–23.

Ontario's all-important automotive sector is facing more setbacks in 2019 as General Motors ends vehicle manufacturing in Oshawa and Fiat Chrysler Automobiles' minivan plant in Windsor shifts from a three-line to a two-line operation (although this latter move has at least been delayed to until the end of the year). These developments underpin the near-term weakness in the province's manufacturing and trade outlooks. Still, a low Canadian dollar and a slowing but still healthy U.S. economy are good news for Ontario exporters and should boost provincial exports by 2.4 per cent this year. This could be growth's high-water mark though.

The projection of slowing growth in trade is largely a result of the mixed prospects for the auto sector in Ontario over the medium term. Still, although U.S. demand for passenger cars is easing, demand for sport-utility vehicles is stronger, and Ontario automakers are repositioning their product lineups accordingly. Toyota began production of its next-generation RAV4 this year at both its Cambridge and Woodstock plants and has announced plans to produce the Lexus NX in Cambridge, starting in 2022. This will not be enough to offset the weakness in passenger car production though, and Ontario exports will grow only 2.2 per cent in 2022.

There is also the downside risk that an escalating trade war between the U.S. and China could lead to slower growth in the U.S., Ontario's largest export market.

Chart 1
Industry outlook, 2019–23
(average annual compound growth rate, per cent)



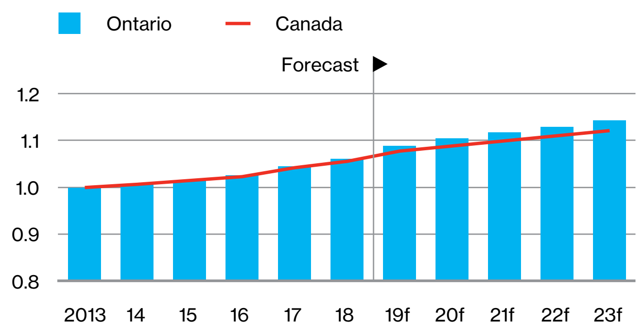
*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Source: The Conference Board of Canada.

Employment gains persist

Job growth is expected to maintain its momentum through 2019. However, a high rate of job vacancies, rapid wage acceleration, and a low unemployment rate signal tightening in the province's labour markets. The province added nearly 145,000 jobs in the first two quarters of 2019 and we think the province's unemployment rate will average 5.5 per cent for 2019 as a whole, down from 5.6 per cent in 2018. For 2020, we expect 1.4 per cent job growth and a further drop in the unemployment rate to 5.3 per cent. Subsequent years will feature annual job growth just above 1 per cent and an unemployment rate falling to 5.2 per cent by 2023.

Ontario's recent job gains and wage growth acceleration will support advances in disposable income of 4.1 per cent this year. Thereafter, disposable income growth will moderate to a still solid average annual pace of 3.6 per cent, as provincial job and wage growth slackens. The slower income growth, plus high household debt, will limit consumer spending growth, which will fall from 2.1 per cent this year to 1.9 per cent next year.

Chart 2
Employment in perspective
(index, 2013 = 1.0)



f = forecast
Source: The Conference Board of Canada.

Sault Ste. Marie

Key findings

- Growth in Sault Ste. Marie's economy is expected to remain modest, at 0.9 per cent annually this year and next.
- Following several years of strong growth, employment is forecast to ease in 2019, before rising again next year.
- Sault Ste. Marie's population is expected to receive a boost next year from a federal pilot program aimed at increasing immigration.

Sault Ste. Marie

Current state

Unemployment is below 5 per cent, low by historical standards. ↑

Consumers are expected to keep spending thanks to the low unemployment rate and ongoing income growth. ↑

Forecast risk

Earlier-than-expected construction of a new smelter for the Ring of Fire would boost the Sault Ste. Marie economy. ↑

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices (2012 $ millions)	2,920	2,931	2,943	2,960	2,995	3,018	3,045	3,073
	–0.7	*0.4*	*0.4*	*0.6*	*1.2*	*0.8*	*0.9*	*0.9*
Total employment (000s)	37	40	33	34	35	38	37	37
	8.1	*7.3*	*–18.0*	*3.4*	*2.4*	*10.4*	*–3.7*	*0.6*
Unemployment rate (per cent)	8.4	6.6	8.9	8.2	5.7	4.5	4.8	4.6
Personal income per capita ($)	40,540	41,624	42,403	43,018	44,095	45,174	46,202	47,968
	0.6	*2.7*	*1.9*	*1.5*	*2.5*	*2.4*	*2.3*	*3.8*
Population (000s)	79	79	79	78	78	78	78	78
	–0.3	*–0.4*	*–0.5*	*–0.7*	*–0.6*	*–0.1*	*–0.1*	*0.2*
Housing starts (units)								
Single-family	69	92	58	50	50	30	45	41
Multiple-family	87	53	100	49	12	23	35	37
Total	156	145	158	99	62	53	80	78
Retail sales ($ millions)	951	996	1,010	1,065	1,116	1,141	1,148	1,179
	–0.4	*4.7*	*1.5*	*5.4*	*4.8*	*2.2*	*0.6*	*2.7*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

All in moderation

The Sault Ste. Marie economy is expected to expand by 0.9 per cent in each of 2019 and 2020, continuing the region's five-year trend of modest growth.

Despite further declines in the transportation and warehousing sector, growth in the overall services sector will continue to outpace growth in the goods sector this year. Indeed, output in the goods sector is forecast to increase just 0.1 per cent in 2019 as the manufacturing industry contracts for the eighth year in a row. For next year, we expect broadly similar advances in the goods and services sectors.

While output growth has been modest, employment gains have been strong over the past three years. A net total of 5,500 jobs were created in the area in 2016–18, cutting the unemployment rate nearly in half from 8.9 per cent in 2015 to 4.5 per cent last year. But this pace of growth is unsustainable, so we expect employment to fall this year and recover only fractionally in 2020. This will lift Sault Ste. Marie's unemployment rate to an average of 4.8 per cent in 2019. A drop to 4.6 per cent is in the cards for next year.

These are historically low unemployment rates for this region and partially result from slower growth in the labour force than in employment. This, in turn, is due to an aging and declining regional population. Sault Ste. Marie's population peaked at just over 80,000 people in 2008 and has since fallen steadily, hitting an estimated 77,600 last year. We expect another slight decline in 2019. But Sault Ste. Marie's selection as one of 11 cities (five in Northern Ontario) to take part in the federal Rural and Northern Immigration Pilot program could help. The plan will attempt to increase immigration in rural and northern areas to fill the labour gaps created by population aging. Finding people to fit the requirements should start this fall, and people could be moving to the area starting next year. Accordingly, we expect the Sault Ste. Marie population will rise fractionally in 2020.

Manufacturing to turn around next year

Sault Ste. Marie's manufacturing sector has been in long-term decline, with output rising in only two years since 2005. Indeed, by 2018 the manufacturing sector's share of the total economy had slipped to 12.7 per cent, down from 20 per cent in the late 1990s. The share of manufacturing employment fell as well, dropping from an average of just over 14 per cent in the first half of the 2000s to 9.6 per cent last year. The manufacturing industry has suffered a number of blows over the past 15 years, including the 2008–09 recession, followed by an increase in the Canadian dollar, then low commodity prices, and a labour shortage caused by population aging.

There is some good news for the industry. Algoma Steel is in the middle of a $300-million capital improvement project that includes the construction of a second ladle metallurgy furnace that will produce a further 100,000 tons a year of advanced-grade steel, an upgrade to its direct strip production complex (DSPC), which will increase capacity from 2.1 million tons per year to 2.4 million tons, and a modernization of its plate mill. Indeed, Algoma has added more than 360 full-time jobs since January of last year. Algoma Steel was also chosen by Seaspan Shipyards to provide the plates used to build part of the hulls for the new support ships being constructed for the Canadian navy.

In other manufacturing news, with the help of a $16-million contribution from the federal government, Tenaris Algoma Tubes Inc. is upgrading its local seamless pipe mill operations. Not only will this upgrade allow the company to maintain its current workforce, it will also spur it to create as many as 90 full-time jobs. In addition, the provincial government recently announced it will give China Steel Inc. $741,000 to buy equipment that will help diversify its operations and produce a higher-quality product. This is expected to create eight jobs. There is also the potential for increased local employment as Weston Wood Solutions recently purchased Fiberstick Manufacturing, which makes primed medium-density fibreboard (MDF) mouldings, flat jambs, and MDF components. In sum, we expect that Sault Ste. Marie's manufacturing sector will post one more year of declining output, slipping 1.5 per cent in 2019, before stabilizing with 0.1 per cent growth in 2020.

Longer-term manufacturing prospects could be boosted by Noront Resources' decision to locate its Ring of Fire ferrochrome production facility in Sault Ste. Marie. Economic and environmental assessments are expected over the next couple of years, with a goal to start construction by 2025.

Construction set to advance at a modest pace

Sault Ste. Marie's construction growth has been volatile over the past few years, with output alternately shrinking and growing. Construction output fell 1.2 per cent in 2018, partly due to a pullback in residential construction. Housing starts slipped from 62 units in 2017 to 53 units last year, the fewest since at least 1996, as a result of a decline in singles activity. This more than offset a near doubling of multiple starts to 23 units, with the majority being row or apartment units. Starts have been on an upward trend so far in 2019, and we see them hitting 80 units this year. Unsold inventory levels have remained around three or four units for the past two years—a level that does not threaten new construction. Recently healthy employment levels and prospects for a small jump in net in-migration should encourage builders to keep starts near their 2019 level.

Non-residential activity starts with ongoing capital projects at Algoma Steel this year and next. It continues with a number of roadwork projects planed for 2019 including the reconstruction (road, sewers, and watermain) of the Fort Creek Aqueduct, Leo Avenue, and McNabb Street. Finally, the provincial government announced in May that it would help fund redevelopment of the downtown core. Overall, we expect total construction output in Sault Ste. Marie to expand by 1.5 per cent this year and again next year. There is some upside risk to this outlook as the airport recently received $1.8 million in funding from FedNor to upgrade its water, sewer and electrical infrastructure to help aid growth in the airport's industrial and commercial park.

Services growth still outweighs goods sector growth

The services sector's recent outperformance of the goods sector will continue this year and next, with services output expanding just over 1 per cent annually on average, compared with a 0.4 per cent goods sector advance.

The transportation and warehousing sector will remain the only drag on services sector growth through the forecast. Output in this sector is expected to fall an average of 0.6 per cent annually this year and next, the fifth and sixth consecutive years of decline. This mirrors the weakness in the region's manufacturing sector. But the transportation contractions are getting smaller as the manufacturing sector begins to turn around. As well, National Supply Group, a construction and industrial supplier, recently signed supply agreements with three European companies, increasing its number of products and its ability to serve the North American steel industry.

The business services sector will be one of the services sector's growth leaders this year and next. Our call is for this industry to grow by 2.1 per cent in 2019 and 1.3 per cent in 2020, thanks in part to the recent openings of a new software testing studio and a new post-production film studio. This will be closely followed by the personal services sector (which includes accommodation and food services) and by wholesale and retail trade, forecast to expand by an annual average of 1.6 per cent and 1.4 per cent per year, respectively, over 2019–20. Consumers are being encouraged by the region's low unemployment rates and decent income growth. Per capita income is forecast to increase by 2.3 per cent in 2019, the third year in a row that growth will be above 2 per cent. Spending has also been boosted this year by visitors to the 2019 Ontario Special Olympics Winter Games, hosted by the region in January and February, as well as a significant increase in the number of students at both Algoma University and Sault College.

Sault Ste. Marie

Table 1

Sectoral gross domestic product

(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	2,920	2,931	2,943	2,960	2,995	3,018	3,045	3,073
	–0.7	*0.4*	*0.4*	*0.6*	*1.2*	*0.8*	*0.9*	*0.9*
Goods sector	720	720	728	723	726	723	723	729
	–2.3	*0.0*	*1.0*	*–0.6*	*0.4*	*–0.5*	*0.1*	*0.8*
Manufacturing	418	416	408	400	392	382	377	377
	–4.2	*–0.7*	*–1.9*	*–1.9*	*–2.0*	*–2.4*	*–1.5*	*0.1*
Construction	202	201	212	210	216	213	217	220
	–2.4	*–0.7*	*5.5*	*–0.8*	*3.0*	*–1.2*	*1.5*	*1.5*
Primary and utilities	100	104	109	113	118	127	130	132
	6.7	*4.5*	*4.0*	*4.5*	*4.4*	*7.2*	*2.3*	*1.6*
Services sector	2,199	2,211	2,215	2,237	2,269	2,295	2,321	2,344
	–0.1	*0.5*	*0.2*	*1.0*	*1.4*	*1.2*	*1.1*	*1.0*
Transportation and warehousing	88	91	90	89	87	86	86	85
	–1.4	*2.7*	*–0.6*	*–1.5*	*–1.4*	*–1.1*	*–0.9*	*–0.3*
Information and cultural industries	30	32	35	37	41	44	45	46
	–0.5	*7.6*	*6.5*	*8.3*	*10.2*	*7.1*	*2.2*	*1.7*
Wholesale and retail trade	463	464	457	465	484	485	491	498
	3.9	*0.2*	*–1.5*	*1.7*	*4.1*	*0.2*	*1.3*	*1.5*
Finance, insurance, and real estate	248	245	250	253	252	248	251	253
	0.2	*–1.2*	*2.0*	*1.3*	*–0.4*	*–1.6*	*1.1*	*0.8*
Business services	296	305	311	313	318	328	335	339
	–0.9	*3.2*	*1.9*	*0.8*	*1.4*	*3.3*	*2.1*	*1.3*
Personal services	202	211	216	219	223	226	230	233
	3.0	*4.7*	*2.5*	*1.4*	*1.6*	*1.2*	*1.9*	*1.2*
Non-commercial services	549	543	535	536	533	539	540	541
	–3.0	*–1.2*	*–1.5*	*0.2*	*–0.5*	*1.0*	*0.2*	*0.2*
Public administration	323	320	322	324	331	340	344	349
	–1.4	*–1.1*	*0.7*	*0.7*	*2.0*	*2.7*	*1.3*	*1.3*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Sault Ste. Marie

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	37.2	39.9	32.7	33.8	34.6	38.2	36.8	37.0
	8.1	*7.3*	*−18.0*	*3.4*	*2.4*	*10.4*	*−3.7*	*0.6*
Goods sector	6.1	6.3	6.0	5.9	6.5	7.1	6.7	6.7
	12.1	*3.8*	*−4.5*	*−2.6*	*10.1*	*10.8*	*−6.3*	*0.1*
Manufacturing	3.5	3.6	3.2	3.0	3.3	3.7	3.4	3.4
	12.2	*2.5*	*−9.9*	*−7.1*	*9.6*	*12.0*	*−7.2*	*−1.1*
Construction	2.1	2.1	1.6	2.0	2.3	2.5	2.3	2.4
	16.6	*0.2*	*−24.1*	*23.4*	*17.5*	*8.4*	*−6.9*	*1.9*
Primary and utilities	0.5	0.6	1.2	0.9	0.9	1.0	0.9	0.9
	−4.5	*29.7*	*92.8*	*−25.2*	*−4.6*	*12.3*	*−1.6*	*0.1*
Services sector	31.1	33.6	26.7	27.9	28.1	31.1	30.1	30.3
	7.4	*7.9*	*−20.6*	*4.7*	*0.8*	*10.3*	*−3.1*	*0.7*
Transportation and warehousing	1.4	1.4	0.9	1.4	1.2	1.1	1.1	1.1
	7.8	*1.4*	*−33.6*	*49.9*	*−14.6*	*−4.4*	*0.3*	*−0.6*
Information and cultural industries	0.2	0.2	0.1	0.1	0.4	0.3	0.2	0.2
	−29.8	*−10.1*	*−26.8*	*14.7*	*205.8*	*−20.3*	*−30.1*	*−2.8*
Wholesale and retail trade	6.8	6.4	5.7	5.3	5.1	5.5	5.5	5.5
	5.6	*−5.2*	*−11.4*	*−7.5*	*−3.9*	*8.7*	*−0.4*	*0.2*
Finance, insurance, and real estate	1.5	1.1	1.0	1.1	1.2	1.3	1.2	1.2
	18.0	*−22.5*	*−14.3*	*15.9*	*8.4*	*6.2*	*−7.2*	*0.4*
Business services	4.2	4.8	4.0	3.8	3.7	4.8	4.5	4.6
	15.8	*14.4*	*−16.2*	*−4.1*	*−4.0*	*30.6*	*−6.5*	*1.6*
Personal services	6.6	7.1	5.2	5.5	6.0	5.9	6.1	6.1
	14.8	*7.3*	*−26.7*	*6.6*	*9.2*	*−2.2*	*2.7*	*1.3*
Non-commercial services	8.1	9.8	7.5	8.0	8.2	9.4	8.9	8.9
	4.9	*21.1*	*−23.5*	*6.7*	*2.0*	*15.0*	*−5.6*	*0.3*
Public administration	2.4	2.8	2.3	2.6	2.3	2.7	2.6	2.6
	−9.5	*14.5*	*−19.3*	*16.6*	*−11.0*	*13.0*	*−2.5*	*0.6*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Manitoba

Key findings

- Following real GDP growth of 1.3 per cent in 2018, economic activity in Manitoba will be weaker this year and next, with real GDP expanding by 0.5 per cent in 2019 and 0.8 per cent in 2020.

- Job growth will remain subdued in the near term, coming in at 0.9 per cent this year and 0.8 per cent in 2020, following a 0.6 per cent gain last year.

- Exports will grow more slowly, as some of Manitoba's key merchandise exports are being hurt by weaker global growth and trade tensions between Canada and China.

Manitoba

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
1.3	0.5	1.4	1.5

Shaded area represents forecast data.

Credit quality

A+

Source: Standard & Poor's.

Current state

Growth in consumer spending will be subdued this year. ↓

Large construction projects in the province are reaching completion this year and next, leading to lower levels of investment spending over the forecast. ↓

Forecast risk

China's trade ban on Canadian shipments of canola, soybeans, peas, and meat could increase in severity, which would spell even more trouble for Manitoban farmers. ↓

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices	60,066	61,941	62,740	63,083	63,630	64,603	65,543	66,630
(2012 $ millions)	*1.7*	*3.1*	*1.3*	*0.5*	*0.9*	*1.5*	*1.5*	*1.7*
Total employment (000s)	633	644	648	654	659	666	673	681
	–0.5	*1.6*	*0.6*	*0.9*	*0.8*	*1.1*	*1.0*	*1.2*
Unemployment rate (per cent)	6.2	5.4	6.0	5.4	5.4	5.3	5.4	5.4
Household income per capita ($)	41,695	42,991	43,507	44,405	45,367	46,544	47,811	49,201
	–0.2	*3.1*	*1.2*	*2.1*	*2.2*	*2.6*	*2.7*	*2.9*
Population (000s)	1,311	1,332	1,350	1,365	1,381	1,398	1,414	1,431
	1.6	*1.6*	*1.3*	*1.1*	*1.2*	*1.2*	*1.2*	*1.2*
Single-family housing starts (000s)	2.7	3.4	3.0	2.8	3.0	3.0	3.0	2.9
Multi-family housing starts (000s)	2.6	4.1	4.4	4.6	4.5	4.9	5.3	5.5
Retail sales ($ millions)	18,891	20,362	20,952	21,187	21,798	22,453	23,137	23,892
	3.7	*7.8*	*2.9*	*1.1*	*2.9*	*3.0*	*3.0*	*3.3*
CPI (2002 = 1.000)	1.284	1.305	1.338	1.367	1.392	1.420	1.449	1.478
	1.3	*1.6*	*2.5*	*2.2*	*1.8*	*2.0*	*2.0*	*2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Another tepid year

The economic outlook for Manitoba is modest. With construction of Bipole III and Enbridge 3 now complete and the construction of Manitoba Hydro's Keeyask generating station slated to be finished in 2020, capital expenditures in the province will drop this year and next.

However, work on large commercial and residential complexes in Winnipeg, as well as the expansion of food processing plants in Portage la Prairie, will continue through to 2021, offsetting some of the anticipated decline in capital spending. Overall, muted growth in consumer spending, combined with lower investment, will result in slow real GDP growth of 0.5 per cent in 2019 and 0.8 per cent in 2020.

Manitoba's rich reserves of base and precious metals will not prevent the mining sector from posting a decline in output this year. Existing operations at major mines are winding down without any replacements planned. In addition, oil production is expected to continue to fall after output peaked in 2012.

The long-term outlook for Manitoba's manufacturing and agriculture sectors, on the other hand, is much more positive, thanks to federally backed investment initiatives and new free trade agreements with the Asia-Pacific region and Europe. However, the potential of both sectors is being constrained by trade tensions and transportation limitations. The agriculture sector is particularly vulnerable this year due to the trade disputes with China (sparked by the detention of a top Huawei executive in Vancouver) and to subpar crop development.

Consumers to remain cautious this year

Manitoba's labour market indicators have been mixed so far in 2019. Although employment only grew by 0.9 per cent on a year-over-year basis in the fist eight months of the year, all of the gains were in full-time work. We expect job growth to remain muted in Manitoba this year and next, continuing the trend that began last year. Weak economic activity and slower labour force growth are poised to limit job gains to only 0.9 per cent this year and 0.8 per cent in 2020, only modestly better than last year's 0.6 per cent increase. Labour force growth will be similarly constrained. Thus, the unemployment rate is expected to fall from 6.0 per cent in 2018 to 5.4 per cent in 2019 and remain at that level through the forecast.

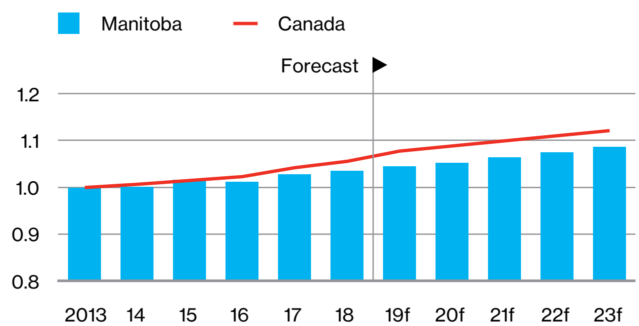
Despite a tightening labour market, wage growth in the province has been sluggish. Last year, the uptick in nominal wages failed to bring real wage growth to Manitobans. This is not anticipated to improve significantly over the medium term, with real wage growth being kept in check throughout the forecast by nominal wage increases in the 2.4-to-2.5 per cent range. With modest growth in both wages and jobs, real disposable income is expected to increase by 1 per cent in 2019 and by 1.3 per cent in 2020.

Consumption growth is forecast to remain weak in 2019, at 0.7 per cent (in real terms). Higher borrowing costs—stemming from past interest rate hikes by the Bank of Canada—will further reduce consumption of durable goods, which often require financing. Consumption growth should pick up again in 2020 and continue through the medium term, coming in at 1.1 per cent in 2020 and then averaging 1.6 per cent per year between 2021 and 2023.

Business investment to decline sharply this year and next

Business investment will turn from being a boost to Manitoba's economy to being a drag this year and next. The completion of large construction projects in 2018, such as the Bipole III transmission line project and Enbridge's Line 3 replacement, will lead to a drop in non-residential investment spending over the near term. With construction of Manitoba Hydro's Keeyask hydroelectric dam also winding down, non-residential investment in the province is expected

Chart 1
Employment in perspective
(index, 2013 = 1.0)



f = forecast
Source: The Conference Board of Canada.

to decline by 6.0 per cent in 2019 and by 14.8 per cent in 2020. Although construction spending on industrial space in Portage la Prairie is expected to ramp up this year—including on Roquette's pea processing plant and the expansion of J.R. Simplot's potato processing plant—this will not be sufficient to offset the reduction in spending resulting from the wrapping up of other large projects in the province.

Residential investment spending will also not perform well this year, with a decline of 18.2 per cent forecast. Manitoba ended 2018 with a record number of residential units under construction, a situation driven by a rise in multiple-unit construction. That will slow new housing construction this year. However, the pullback is expected to be short-lived. Strong population gains will boost housing demand over the medium term, allowing residential investment to grow by an average of 4.0 per cent per year between 2020 and 2023.

Balanced budget in sight

After almost a decade of budget deficits, Manitoba appears to be on the path to balancing its budget ahead of its 2024 target. The provincial government aims to reduce the deficit primarily through fiscal restraint. A deficit of $360 million is slated for 2019–20.

Based on our forecast, general government consumption expenditures will increase by 1.2 per cent this year and 0.1 per cent in 2020. Meanwhile, government investment will decline by 1.4 per cent this year before improving to 3.5 per cent growth in 2020.

Chart 2

Industry outlook, 2019–23

(average annual compound growth rate, per cent)

*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Source: The Conference Board of Canada.

Brandon

Key findings

- Brandon's real GDP is expected to rise by 1.5 per cent in both 2019 and 2020, a similar performance to last year's 1.6 per cent gain.
- After generating a total of 3,900 net new jobs over the past two years, the job market will take a step back this year and shed about 800 jobs. Job growth is expected to resume in 2020.
- Brandon's unemployment rate will average 4.7 per cent this year, up slightly from 2018's 4.5 per cent rate.

Brandon

Current state

Brandon's economic gains will be widespread this year. We expect 10 out of 11 industries to post output gains. ↑

Housing starts will decline to 226 units this year, below the previous five-year average of 275 units. ↓

Forecast risk

Brandon is now part of the federal Rural and Northern Immigration Pilot. This could result in stronger population and employment gains in the area, presenting upside risk to our economic outlook. ↑

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices (2012 $ millions)	2,310	2,369	2,382	2,423	2,504	2,543	2,581	2,619
	2.3	*2.5*	*0.6*	*1.7*	*3.3*	*1.6*	*1.5*	*1.5*
Total employment (000s)	32	29	29	28	31	32	31	31
	18.3	*−8.5*	*−1.0*	*−1.7*	*9.6*	*3.9*	*−2.6*	*0.5*
Unemployment rate (per cent)	4.2	4.6	4.7	7.2	5.8	4.5	4.7	4.5
Personal income per capita ($)	42,299	43,406	45,184	45,407	46,524	47,558	48,001	49,400
	3.8	*2.6*	*4.1*	*0.5*	*2.5*	*2.2*	*0.9*	*2.9*
Population (000s)	56	56	57	58	59	60	60	61
	0.8	*1.0*	*0.9*	*1.9*	*1.7*	*1.1*	*1.2*	*1.2*
Housing starts (units)								
Single-family	137	112	70	81	91	94	68	86
Multiple-family	329	161	218	129	182	237	158	181
Total	466	273	288	210	273	331	226	267
Retail sales ($ millions)	823	862	868	910	976	1,015	1,027	1,066
	4.0	*4.8*	*0.7*	*4.9*	*7.2*	*4.0*	*1.2*	*3.7*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

On track for moderate growth

Brandon's economy is on a moderate growth path. The area's real GDP is forecast to advance by 1.5 per cent this year and next, a marginally slower pace than last year's 1.6 per cent gain. We expect growth in the services-producing industries to outpace that of the goods-producing industries in both 2019 and 2020.

The labour market outlook is also soft, but this follows exceptional gains over the past two years. In fact, the economy added a total of 3,900 net new jobs in 2017–18, the strongest two-year gain in over a decade. Therefore, it is not surprising to see the economy give back some of these gains over the forecast. We expect Brandon to lose some 800 jobs this year but then add just under 200 jobs in 2020.

The good news is that Brandon's labour market remains tight, thanks in part to population aging. In fact, 19.6 per cent of Brandon's population is at least 60 years old (up from 18.4 per cent in 2006). Accordingly, labour force growth will also be weak as the population continues to age out of the workforce. This in turn will keep a lid on the jobless rate, which will inch up to 4.7 per cent this year before coming back down to 4.5 per cent in 2020. This bodes well for those looking for work but also raises the spectre of labour shortages.

Population growth – an important driver of economic potential – will be solid, especially when compared against other mid-sized cities in Canada. Brandon's population will expand by 1.2 per cent both this year and next, a slight improvement over last year's 1.1 per cent expansion and on par with the national average rate. A milestone will be reached this year: we expect the Brandon census agglomeration population to reach 60,000 in 2019.

Looking ahead, the City of Brandon was selected to be part of the Government of Canada's Rural and Northern Immigration Pilot. This program, which will establish best practices that can be applied more broadly in the future, should help Brandon attract and retain more immigrants, limit labour shortages, and thus boost its potential economic growth.

Tough but hopeful outlook for Brandon's manufacturing industry

Despite tougher macroeconomic conditions, Brandon's manufacturing output expanded by 2.0 per cent in 2018 – its fastest growth in six years. Since then, the sector's outlook has improved, thanks to the United States lifting its import tariffs on Canadian steel and aluminum and to Canada, the United States, and Mexico signing a new trade agreement to replace NAFTA.

However, the industry is not out of the woods yet. Closer to home, labour shortages are hurting businesses in Brandon and elsewhere. As an example, Maple Leaf, one of Canada's largest manufacturing companies, is operating its Brandon food-processing plant at 80 per cent of its capacity due to a lack of workers. A shortage of hogs, directly resulting from the company's inability to find skilled workers to operate its commercial farms, is also affecting the utilization rate of the Brandon facility. Federated Co-operatives also announced plans to consolidate its feed production in Canada. Part of this plan includes ceasing operations at its Brandon facility.

In more bad news, China, an important destination for Manitoba-produced pork, has temporarily banned Canadian pork imports after Chinese customs found falsified veterinary health certificates on Canadian pork. The move comes as political tensions between Canada and China have intensified in recent months following the arrest of a Huawei executive in Vancouver last December. The effect on Brandon's economy is still uncertain and will depend on the length of the ban.

On a positive note, other subsectors of the industry, such as agricultural equipment manufacturing, will fare well this year, as imports of machinery and equipment should become more affordable now that tariffs on steel and aluminum have been eliminated on both sides of the border. Prices are not likely to revert to pre-tariffs levels, but manufacturers will still gain some room to breathe. Higher investment in machinery and equipment should drive stronger productivity growth, and this could translate into stronger wage growth for the industry's workers.

All in all, we expect output growth in the manufacturing industry to come in at 1.6 per cent this year and 1.9 per cent in 2020, with next year's outlook hinging on an improved international trade environment. Brandon's manufacturing employment is forecast to bounce back this year after shedding some 500 jobs in 2018. We expect 240 net new jobs to be created this year, followed by a mostly flat reading in 2020.

Construction to remain healthy

Brandon's construction industry remains on a roll. Output has now expanded for seven straight years, including last year's 5.2 per cent gain. Although this streak will continue over the near term, the pace of growth is expected to cool. In fact, output is forecast to advance by 2.2 per cent this year and by an even slower 1.7 per cent next year.

Growth this year will be largely fuelled by non-residential construction. Brandon's incentive program to support investment in its downtown area has spurred a handful of construction projects, such as restaurants, cafes, and day spas. Another ongoing project is Behlen Industries' contract to build a 75,000-square-foot aircraft hangar for KF Aerospace at Hamilton's John C. Munro International airport. Finally, not only is Koch Fertilizer Canada building a new $33-million headquarters in Brandon, it also expects to invest some $130 million over the next five years in additional improvements to its local operations.

On the residential front, things are less rosy. Residential demand has cooled in Brandon, with housing starts averaging 275 units per year over the past five years, down from an average annual pace of 355 units during the five years prior. Unfortunately, housing starts weakened further through the first six months of 2019. For 2019 as a whole, therefore, builders are expected to break ground on only 226 new homes, the second lowest number of units in the past 12 years. However, we are optimistic that residential investment will show signs of life next year, as housing starts are projected to climb to 267 units in 2020.

Services to moderately improve

Output in Brandon's services-producing industries advanced by an uninspiring 1.4 per cent last year, on the back of poor performances by the finance, insurance, and real estate industry and the personal services industry. This year, we expect output growth in the collective services-producing industries to improve somewhat to 1.6 per cent. The advance will be spearheaded by the transportation and warehousing industry and the business services industry, which will help to offset more modest growth in public administration and non-commercial services. A similar 1.5 per cent output gain is our call for the aggregate services sector in 2020.

Construction and manufacturing are typically important drivers of transportation and warehousing demand. As such, it is not surprising to see activity in Brandon's transportation and warehousing industry picking up this year. We expect this industry to post output growth of 2.0 per cent and 1.6 per cent, respectively, in 2019 and 2020, thanks in part to burgeoning activity in non-residential construction and steady growth in manufacturing.

Another bright spot in Brandon's economy is the business services industry, which is forecast to advance by 2.1 per cent this year and 2.0 per cent next year. This industry, which provides professional, scientific, and technical services (such as engineering, legal, and computer design services), is benefitting from diversification and investment efforts in Brandon's goods-producing industries. A new food processing centre for animal proteins at Brandon's Assiniboine Community College will contribute to this industry by adding new cohorts of much needed skilled workers to the labour force.

On a less positive note, non-commercial services and public administration will keep a lid on growth in the services-producing industries this year. This is concerning, as these two industries together account for over one-quarter of Brandon's total GDP. Non-commercial services, which includes educational services and health care and social assistance, is set to post growth of 1.5 per cent this year, while public administration will advance by 1.3 per cent. That said, investment in these industries depends largely on provincial budgets. That means our outlook could change based on the result of Manitoba's general election in September and the priorities of the winning party. For now, we expect output growth in non-commercial services and public administration to slow to 1.3 per cent and 1.0 per cent, respectively, next year.

Brandon

Table 1
Sectoral gross domestic product
(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	2,310	2,369	2,382	2,423	2,504	2,543	2,581	2,619
	2.3	*2.5*	*0.6*	*1.7*	*3.3*	*1.6*	*1.5*	*1.5*
Goods sector	733	739	730	730	760	775	784	795
	3.3	*0.8*	*-1.2*	*0.1*	*4.0*	*2.0*	*1.2*	*1.4*
Manufacturing	372	378	353	353	358	366	371	378
	1.9	*1.7*	*-6.6*	*0.0*	*1.5*	*2.0*	*1.6*	*1.9*
Construction	171	189	199	199	214	226	230	234
	1.7	*10.3*	*5.4*	*0.2*	*7.7*	*5.2*	*2.2*	*1.7*
Primary and utilities	190	172	178	178	187	184	182	182
	7.5	*-9.3*	*3.3*	*0.1*	*4.9*	*-1.8*	*-0.8*	*-0.2*
Services sector	1,578	1,630	1,652	1,692	1,744	1,769	1,797	1,824
	1.8	*3.3*	*1.4*	*2.4*	*3.0*	*1.4*	*1.6*	*1.5*
Transportation and warehousing	79	83	89	90	95	96	98	100
	-0.1	*5.9*	*6.2*	*2.2*	*4.9*	*1.6*	*2.0*	*1.6*
Information and cultural industries	105	108	115	118	122	129	131	133
	-1.3	*2.6*	*6.5*	*3.2*	*3.6*	*5.4*	*1.5*	*1.6*
Wholesale and retail trade	347	376	373	392	424	438	445	453
	6.5	*8.4*	*-0.9*	*5.0*	*8.2*	*3.4*	*1.6*	*1.7*
Finance, insurance, and real estate	244	242	244	242	234	222	226	229
	1.6	*-0.7*	*0.8*	*-0.7*	*-3.3*	*-5.3*	*1.7*	*1.4*
Business services	74	76	75	78	79	82	84	85
	2.5	*2.1*	*-0.3*	*3.5*	*2.0*	*3.2*	*2.1*	*2.0*
Personal services	129	137	137	139	142	142	145	148
	-0.7	*5.7*	*0.3*	*1.4*	*1.7*	*0.6*	*2.0*	*1.9*
Non-commercial services	452	463	474	487	500	510	518	525
	1.2	*2.4*	*2.3*	*2.7*	*2.8*	*2.0*	*1.5*	*1.3*
Public administration	147	145	145	146	147	148	150	152
	-1.2	*-1.6*	*0.3*	*0.4*	*0.7*	*0.8*	*1.3*	*1.0*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Brandon

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	31.7	29.0	28.7	28.2	30.9	32.1	31.3	31.4
	18.3	*−8.5*	*−1.0*	*−1.7*	*9.6*	*3.9*	*−2.6*	*0.5*
Goods sector	7.6	6.6	6.5	5.9	7.0	6.7	6.8	6.9
	19.0	*−12.6*	*−1.5*	*−9.4*	*17.9*	*−3.6*	*1.5*	*0.6*
Manufacturing	4.4	3.3	3.8	3.0	3.6	3.1	3.3	3.3
	17.9	*−23.6*	*13.2*	*−21.6*	*21.9*	*−14.8*	*7.9*	*0.8*
Construction	2.4	2.2	2.1	2.0	2.2	2.3	2.4	2.4
	31.8	*−9.6*	*−6.4*	*−5.0*	*13.2*	*5.9*	*1.5*	*1.2*
Primary and utilities	0.8	1.1	0.7	1.0	1.2	1.3	1.1	1.1
	−4.8	*39.4*	*−36.2*	*43.6*	*15.3*	*12.9*	*−13.4*	*−1.6*
Services sector	24.1	22.4	22.2	22.3	23.9	25.4	24.4	24.6
	18.1	*−7.2*	*−0.9*	*0.5*	*7.4*	*6.1*	*−3.7*	*0.5*
Transportation and warehousing	0.8	0.6	0.8	0.9	1.3	1.3	1.0	1.0
	3.0	*−26.9*	*25.6*	*14.6*	*48.2*	*−3.7*	*−18.1*	*−0.7*
Information and cultural industries	0.5	0.6	0.7	0.7	0.9	0.6	0.7	0.7
	1.4	*10.4*	*29.2*	*0.7*	*18.9*	*−31.4*	*15.9*	*−1.4*
Wholesale and retail trade	5.1	5.0	4.5	4.7	5.5	6.3	5.6	5.6
	12.0	*−0.7*	*−11.1*	*5.5*	*17.4*	*14.4*	*−11.0*	*−0.5*
Finance, insurance, and real estate	1.3	1.7	1.4	1.6	1.0	0.8	1.3	1.2
	−18.4	*28.7*	*−21.1*	*21.1*	*−38.4*	*−21.3*	*56.6*	*−0.4*
Business services	1.4	1.4	0.9	0.9	1.6	2.0	1.4	1.4
	1.4	*6.0*	*−34.8*	*−5.7*	*85.1*	*24.3*	*−30.3*	*−0.5*
Personal services	4.2	3.3	3.9	3.7	4.0	4.0	3.9	4.0
	42.0	*−21.6*	*17.6*	*−3.8*	*6.0*	*0.8*	*−1.0*	*1.9*
Non-commercial services	8.7	7.9	8.5	7.9	8.2	8.8	8.9	9.0
	21.5	*−9.1*	*6.7*	*−7.1*	*4.1*	*7.1*	*1.5*	*1.4*
Public administration	2.0	1.7	1.5	1.8	1.4	1.6	1.5	1.5
	42.1	*−14.7*	*−12.5*	*17.4*	*−23.3*	*13.4*	*−2.1*	*−0.9*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Saskatchewan

Key findings

- Saskatchewan's real GDP is forecast to remain unchanged in 2019, but expand by 1.2 per cent in 2020.
- We expect employment to increase 1.6 per cent this year and a further 1.1 per cent in 2020. The unemployment rate will fall to an average of 5.4 per cent in 2019 and 5.3 per cent in 2020.
- The province's population is expected to grow by 0.9 per cent this year and 1.3 per cent in 2020.

Saskatchewan

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
1.6	0.0	1.8	1.2

Shaded area represents forecast data.

Credit quality

A+

Source: Standard & Poor's.

Current state

Saskatchewan's government will face challenges trying to remain in the black as weaker economic growth constrains revenue growth. ↓

Difficulties in the uranium and oil sectors are limiting economic growth. ↓

Forecast risk

The trade dispute between Canada and China over agriculture exports shows no signs of de-escalating. Saskatchewan farm incomes could be further squeezed if relations are not normalized. ↓

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	79,364	81,179	82,510	82,479	83,452	84,896	86,320	88,428
	–0.3	*2.3*	*1.6*	*0.0*	*1.2*	*1.7*	*1.7*	*2.4*
Total employment (000s)	569	568	571	580	587	595	604	613
	–0.9	*–0.1*	*0.5*	*1.6*	*1.1*	*1.4*	*1.5*	*1.5*
Unemployment rate (per cent)	6.4	6.3	6.1	5.4	5.3	5.3	5.2	5.2
Household income per capita ($)	47,428	47,796	48,046	49,538	51,145	52,663	54,248	55,928
	–2.8	*0.8*	*0.5*	*3.1*	*3.2*	*3.0*	*3.0*	*3.1*
Population (000s)	1,134	1,149	1,161	1,172	1,186	1,203	1,220	1,237
	1.2	*1.3*	*1.0*	*0.9*	*1.3*	*1.4*	*1.4*	*1.3*
Single-family housing starts (000s)	2.8	2.6	1.8	1.3	1.1	1.9	2.2	2.2
Multi-family housing starts (000s)	2.0	2.3	1.8	1.4	1.9	2.3	2.7	3.0
Retail sales ($ millions)	18,804	19,577	19,509	19,914	20,831	21,691	22,551	23,442
	1.5	*4.1*	*–0.3*	*2.1*	*4.6*	*4.1*	*4.0*	*3.9*
CPI (2002 = 1.000)	1.322	1.344	1.375	1.403	1.432	1.461	1.491	1.521
	1.1	*1.7*	*2.3*	*2.0*	*2.1*	*2.0*	*2.0*	*2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Sustained economic recovery remains elusive

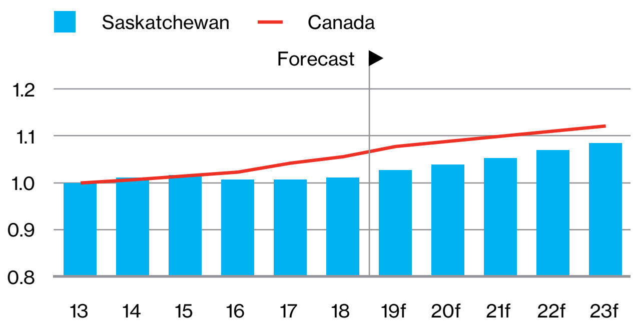
Saskatchewan's economy remains weak, due mainly to softness in the province's primary sector. We expect Saskatchewan's real GDP to post no growth this year and expand by a moderate 1.2 per cent in 2020.

Many of Saskatchewan's resources face significant market headwinds. Uneven uranium prices contributed to the decision to shut down the McArthur River uranium mine last year, paving the way for a 13 per cent drop in metal mining production this year. The outlook for oil production in the province has also deteriorated. Husky Energy plans to reduce capital spending in the Lloydminster region, while the Petroleum Services Association of Canada has downgraded its drilling forecast for Saskatchewan this year from 2,422 wells to 1,960. By comparison, 2,530 oil wells were drilled in the province last year. Potash production is also projected to be lower than last year. On top of it all, the agriculture outlook is being hurt by subpar crop conditions and the trade dispute with China that was sparked by the detention of a top Huawei executive in Vancouver.

Prospects for capital spending and exports are mixed. Both will contract this year, reflecting the difficulties in Saskatchewan's mining sector. But the province's long-term export prospects are generally bright, thanks to new free trade agreements with the European Union and the Asia-Pacific region, federally backed investment initiatives that will support the agriculture sector and its adjacent industries, the 2018 signing of the Canada–U.S.–Mexico Agreement (CUSMA), and the rising global demand for potash.

Saskatchewan consumers are nervous, which is not surprising given the weak employment and income backdrop. Their spending has been slow to recover from the 2015–16 recession. Only 2,600 jobs were created last year, and that followed the loss of more than 5,000 positions over the two previous years. Between 2015 and the end of 2018, wages and salaries per employee fell 0.2 per cent. At the same time, consumer prices increased by 2.5 per cent. These issues resulted in weak consumption growth of just 1 per cent in 2018. Spending on both durables and semi-durables fell. Improvement is in store, though. Employment growth picked up toward the end of 2018, and by the end of 2019 we expect employment to have risen by 9,000 jobs and annual wage growth to have hit 2.4 per cent, up from last year's increase of just 0.6 per cent. Over the rest of the forecast period, we foresee annual employment gains near 1.4 per cent, in line with the province's population growth. Combined with ongoing low interest rates, this should boost consumer spending by 2.4 per cent in 2019 and 2.2 per cent in 2020. We think spending on services will lead the way, clocking in near 2.4 per cent, compared with 1.9 per cent for goods.

Chart 1
Employment in perspective
(index, 2013 = 1.0)



f = forecast
Source: The Conference Board of Canada.

Investment prospects poor

Unfortunately, the negative investment outlook remains a key ingredient in Saskatchewan's generally modest near-term economic picture. Capital spending by businesses on non-residential structures is forecast to fall by 9.4 per cent this year after expanding by that same rate in 2018. Meanwhile, government investment is set to contract by 8 per cent after decreasing by 11.6 per cent in 2018. This is largely the result of three major construction projects—the Enbridge Line 3 replacement, the Regina Bypass, and the Chinook Power Station—winding down. Non-residential investment is expected to decline by 5.2 per cent annually through the rest of the forecast, while government investment is set to shrink by 0.9 per cent per year. The investment prospects for the energy sector are also bleak. The combination of an abundant supply of Canadian heavy crude oil and inadequate resources for transporting the oil to market will continue to force producers to sell their crude at a significantly steeper-than-normal discount to the WTI price. That, in turn, will limit drilling and other investment. For instance, Husky Energy plans to reduce capital spending on Western Canadian projects, particularly near Lloydminster, due in part to pipeline constraints. Potash investment prospects are also mixed. It is unclear whether BHP Billiton will proceed with its Jansen project, even though it has already spent US$3.9 billion there. On a positive note, Mosaic is expanding its K3 mine this year.

Provincial housing markets remain weak and thus a drag on residential investment. In both Regina and Saskatoon, resale markets are in buyers' conditions and inventories of unsold new homes are elevated. Neither market appears set to rebound soon, despite low mortgage interest rates. We thus expect provincial housing starts to fall to roughly 2,700 units this year and recover only slightly to near 3,000 units this year. Both figures are modest by historical standards.

Chart 2
Industry outlook, 2019–23
(average annual compound growth rate, per cent)

*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Source: The Conference Board of Canada.

Moose Jaw

Key findings

- Moose Jaw's real gross domestic product is forecast to expand by 1.7 per cent this year, a decent performance for the $2.1-billion economy. Real GDP growth will accelerate slightly to 1.8 per cent next year.

- Moose Jaw's economy generated a total of 1,600 jobs over the past three years, but it is expected to shed 500 jobs this year before recovering with the addition of 200 net new jobs in 2020.

- Like employment, the labour force has grown solidly over the past three years, but it is expected to fall this year before rising again in 2020. As a result, we expect the unemployment rate to average 5.8 per cent this year, down from last year's 6.1 per cent average rate. The jobless rate will fall further to 5.6 per cent next year.

Moose Jaw

Current state

Population growth remains modest in Moose Jaw. The area's population is forecast to edge up by 0.3 per cent this year, well below the provincial rate of 1.1 per cent. ↓

Moose Jaw's primary sector is on a roll, good news given that it is the census agglomeration's largest industry. ↑

Forecast risk

Weather conditions for Saskatchewan crops were not ideal at the beginning of the growing season. The late start that ensued could mean lower yields for crops such as canola. ↓

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices (2012 $ millions)	2,161	2,182	2,120	2,083	2,103	2,114	2,151	2,191
	3.9	*1.0*	*–2.8*	*–1.8*	*1.0*	*0.5*	*1.7*	*1.8*
Total employment (000s)	22	20	18	19	19	20	19	20
	7.7	*–10.3*	*–8.5*	*1.1*	*3.8*	*3.6*	*–2.5*	*0.8*
Unemployment rate (per cent)	3.9	4.3	5.7	5.1	5.0	6.1	5.8	5.6
Personal income per capita ($)	49,221	49,296	52,515	51,860	52,832	53,825	54,567	56,846
	6.6	*0.2*	*6.5*	*–1.2*	*1.9*	*1.9*	*1.4*	*4.2*
Population (000s)	35	35	35	35	35	35	35	35
	0.3	*0.3*	*0.2*	*0.4*	*0.3*	*0.1*	*0.3*	*0.4*
Housing starts (units)								
Single-family	70	70	33	63	42	24	38	39
Multiple-family	123	167	24	80	34	7	21	30
Total	193	237	57	143	76	31	59	69
Retail sales ($ millions)	612	634	621	636	662	665	668	700
	5.1	*3.6*	*–2.1*	*2.3*	*4.2*	*0.4*	*0.4*	*4.9*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Healthy growth ahead despite challenging climate

Moose Jaw's economy posted disappointing results over 2017–18, advancing by less than 1 per cent in both years. In comparison, the Canadian economy posted stronger back-to-back real GDP expansions of 3.2 per cent and 2.0 per cent.

Fortunately, things are improving. Strong performances by Moose Jaw's goods-producing industries will help drive better real GDP gains of 1.7 per cent this year and 1.8 per cent in 2020.

Last year's slow GDP growth transpired even though two key industries—the primary and utilities industry and manufacturing—posted rebounds. Fortunately, both sectors are expected to keep expanding over the near term, underpinning the expected economic improvement in Moose Jaw. The agriculture and food processing industry, one of the area's most important clusters, is seeing rising investment. In particular, farming operations are turning to risk-reducing and capacity-augmenting innovation, while food-processing operations continue to expand in the area. On a negative note, weather conditions in Saskatchewan were not ideal at the beginning of the growing season, presenting downside risk to our forecast.

At the same time, services sector activity is on track to rebound this year, posting output growth of 1.3 per cent this year and 1.6 per cent in 2020. This is a notable improvement over the 2013–18 period, when Moose Jaw's services-producing industries contracted by an average of 0.4 per cent annually. Transportation and warehousing; finance, insurance, and real estate; and business services will lead the turnaround in Moose Jaw's services sector this year.

On a less positive note, Moose Jaw's job market is forecast to struggle this year and next, although this follows three consecutive annual gains over 2016–18 that resulted in the creation of a cumulative 1,600 jobs. The economy is expected to shed about 345 jobs over 2019–20. Some of the challenges include a decrease in the number of provincial government and other public sector jobs in Moose Jaw and the gradual shutdown of the Valley View Centre, an institution for people with intellectual and physical disabilities, which will cost some 200 jobs this year.

After expanding solidly over the past three years, Moose Jaw's labour force growth will be soft over the next few years, courtesy of an aging population (almost 40 per cent of Moose Jaw's population is 50 years or older). A steady wave of retirements will push the unemployment rate down from 6.1 per cent in 2018 to 5.8 per cent this year and 5.6 per cent in 2020. However, Moose Jaw has been selected to be part of Canada's Rural and Northern Immigration Pilot, a program aimed at filling in labour gaps in 11 communities by attracting and retaining immigrants. This could limit potential labour shortages and drive economic growth higher than currently expected.

Agriculture and manufacturing growing hand in hand

Moose Jaw's primary and utilities industry has been on a roll. The sector posted output growth of 3.6 per cent in 2017 and 2.6 per cent in 2018, thanks in part to the area's position as a dominant international player in pulse crop production. We expect more of the same as appetite for plant protein continues to increase worldwide. We forecast the industry will post output growth of 2.4 per cent this year.

The positive agricultural outlook will support Moose Jaw's crop-processing operations, which are central to the local manufacturing industry. Firms like Simpson Seeds and Agrocorp Processing are expected to remain key industry players and big exporters. Both firms have expanded their Moose Jaw operations in recent years. Less positively, the planned construction of a $100-million wet pea processing plant by Canadian Protein Innovation has stalled, and its prospects remain uncertain.

Local farm equipment manufacturers are also set to fare well this year, thanks to growing demand for capacity-augmenting farm technology. These manufacturers will also benefit from the removal of steel and aluminum tariffs on both sides of the Canada–United States border.

Outside of the agricultural value chain, potash extraction and processing are also contributing to Moose Jaw's economy. Even though most mines and processing facilities are not in Moose Jaw, they employ Moose Jaw residents.

Overall, local manufacturing industry output will expand by 2.6 per cent this year and by 2.4 per cent in 2020.

Improving outlook for construction

Moose Jaw's construction industry disappointed last year, mainly because of weak residential activity. Housing starts came in at a 16-year low of 31 units, leading the way to a measly overall construction output advance of 0.1 per cent.

Residential construction is set to improve only slightly in the near term due to the persistence of last year's limiting factors. These include population aging, soft employment, and tougher mortgage qualification rules. Housing starts are forecast to rise to 59 units this year, still below the historical annual average of 91 units over 1996–2018.

Fortunately, things are looking better on the non-residential front. Projects fuelling the sector include construction of a Tesla Supercharger station at the Civic Centre Plaza, a new spray park, and the expansion of the Hillcrest Golf Club. Looking ahead, Carpere Canada recently bought industrial land from the City of Moose Jaw and plans to develop value-added agriculture processing capacity there. Future endeavours could include a SaskPower power plant, the proposed wet fractionation plant for peas, and

Gensource's Vanguard One potash development in Eyebrow, but all need to clear significant hurdles. Their uncertain future presents upside risk to our forecast.

All told, Moose Jaw's construction industry is set to post output growth of 1.9 per cent this year and 1.6 per cent in 2020.

Decent growth for Moose Jaw's services

The strength of the goods-producing industries will prompt renewed growth in the services sector. We expect services to grow 1.3 per cent in 2019 and 1.6 per cent in 2020 following four consecutive annual contractions. Transportation and warehousing; finance, insurance, and real estate; and businesses services will be this year's growth leaders. On the other hand, we expect a contraction in personal services and tepid growth for wholesale and retail trade.

The transportation and warehousing industry will benefit from strength in manufacturing and construction activity. Indeed, transportation and warehousing demand is usually driven by these two industries, as materials and finished products need to be routed to distribution and shipping facilities and to their final destinations. Moreover, Moose Jaw sits on important agricultural product transportation routes that position it to benefit from agriculture's strong outlook. We expect output in this industry to advance by 2.1 per cent this year.

The finance, insurance, and real estate industry and the business services industry will also benefit from a healthy goods sector this year. The positive outlook in finance, insurance, and real estate partly results from the improvement in the construction industry, as construction projects spur demand for real estate and financial services. Growth in business services (which includes engineering, legal, industrial design, and accounting services) will stem from investments in manufacturing facilities and farm equipment. Accordingly, output in the finance, insurance, and real estate industry will advance by 2.5 per cent this year, and growth in business services will come in at 1.8 per cent.

Unfortunately, disappointing performances in the personal services sector (which includes accommodation and food services) and in wholesale and retail trade will offset some of these gains. These two industries rely heavily on consumer spending, so it is unsurprising to see them struggle as consumers tighten their purse strings in response to a tepid labour market and recent interest rate increases. On the bright side, the personal services industry will post a smaller contraction next year thanks in part to Moose Jaw's efforts to invigorate tourism, a big industry locally. This effort includes rolling out a new brand: "Moose Jaw, Canada's Most Notorious City," a nod to its colourful history and connection to Chicago via the Soo Line.

Moose Jaw

Table 1
Sectoral gross domestic product
(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	2,161	2,182	2,120	2,083	2,103	2,114	2,151	2,191
	3.9	*1.0*	*–2.8*	*–1.8*	*1.0*	*0.5*	*1.7*	*1.8*
Goods sector	896	912	868	845	868	887	908	927
	8.6	*1.8*	*–4.7*	*–2.7*	*2.7*	*2.2*	*2.3*	*2.1*
Manufacturing	238	244	231	227	241	250	256	262
	6.4	*2.6*	*–5.1*	*–1.7*	*6.2*	*3.4*	*2.6*	*2.4*
Construction	253	264	235	216	210	210	214	217
	6.4	*4.3*	*–11.2*	*–8.1*	*–2.6*	*0.1*	*1.9*	*1.6*
Primary and utilities	405	404	403	402	417	427	437	447
	11.3	*–0.3*	*–0.3*	*–0.2*	*3.6*	*2.6*	*2.4*	*2.2*
Services sector	1,265	1,270	1,252	1,238	1,235	1,228	1,244	1,264
	0.8	*0.4*	*–1.4*	*–1.1*	*–0.2*	*–0.6*	*1.3*	*1.6*
Transportation and warehousing	184	191	192	192	196	200	204	208
	–2.3	*3.7*	*0.9*	*–0.3*	*2.4*	*1.9*	*2.1*	*1.8*
Information and cultural industries	41	44	49	52	55	58	60	61
	2.8	*7.5*	*12.1*	*6.8*	*5.8*	*4.4*	*3.2*	*2.6*
Wholesale and retail trade	273	270	251	245	245	238	240	245
	3.8	*–0.9*	*–6.9*	*–2.4*	*–0.2*	*–2.8*	*0.7*	*2.2*
Finance, insurance, and real estate	128	130	135	140	145	148	152	156
	3.7	*1.6*	*3.7*	*4.1*	*3.4*	*2.5*	*2.5*	*2.4*
Business services	85	86	79	70	68	65	66	68
	1.6	*0.8*	*–7.6*	*–11.2*	*–3.1*	*–4.2*	*1.8*	*2.3*
Personal services	133	128	122	117	111	105	104	103
	0.7	*–3.4*	*–4.7*	*–4.8*	*–4.7*	*–5.1*	*–1.4*	*–0.7*
Non-commercial services	327	329	334	336	332	334	338	342
	1.0	*0.8*	*1.4*	*0.6*	*–1.1*	*0.4*	*1.2*	*1.3*
Public administration	96	92	89	86	82	79	80	81
	–6.0	*–3.4*	*–3.6*	*–3.8*	*–4.3*	*–4.0*	*1.2*	*1.2*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Moose Jaw

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	22.3	20.0	18.3	18.5	19.2	19.9	19.4	19.6
	7.7	*–10.3*	*–8.5*	*1.1*	*3.8*	*3.6*	*–2.5*	*0.8*
Goods sector	5.2	4.6	4.1	3.6	4.1	4.8	4.4	4.5
	12.8	*–12.8*	*–10.6*	*–12.2*	*15.1*	*16.7*	*–8.0*	*1.1*
Manufacturing	1.4	1.2	1.0	1.0	1.3	1.3	1.2	1.2
	–4.9	*–12.0*	*–16.4*	*–1.8*	*25.3*	*4.1*	*–5.4*	*–1.0*
Construction	2.0	2.1	1.8	1.4	1.6	1.9	1.8	1.8
	15.1	*7.4*	*–15.1*	*–23.8*	*19.6*	*17.5*	*–8.7*	*2.3*
Primary and utilities	1.9	1.2	1.3	1.2	1.2	1.6	1.4	1.5
	27.8	*–34.8*	*3.2*	*–3.8*	*1.5*	*28.4*	*–9.1*	*1.5*
Services sector	17.1	15.4	14.2	14.9	15.1	15.1	15.0	15.1
	6.3	*–9.6*	*–7.9*	*4.9*	*1.1*	*0.1*	*–0.8*	*0.8*
Transportation and warehousing	1.7	1.6	1.4	1.6	1.6	1.7	1.7	1.7
	–5.9	*–11.1*	*–8.0*	*10.0*	*1.0*	*10.0*	*–3.1*	*1.9*
Information and cultural industries	0.5	0.3	0.2	0.5	0.4	0.6	0.5	0.5
	55.9	*–38.9*	*–22.8*	*121.8*	*–18.2*	*49.4*	*–16.8*	*–0.2*
Wholesale and retail trade	3.5	2.8	2.3	2.6	3.3	2.7	2.6	2.5
	3.5	*–19.9*	*–18.7*	*14.3*	*24.8*	*–17.9*	*–4.8*	*–1.1*
Finance, insurance, and real estate	0.6	0.8	0.7	0.9	1.1	0.9	1.0	1.0
	–32.1	*29.2*	*–1.6*	*17.4*	*29.1*	*–20.0*	*6.2*	*0.1*
Business services	1.2	1.2	1.0	1.1	1.2	1.0	1.1	1.1
	27.4	*2.1*	*–12.8*	*8.8*	*6.9*	*–18.5*	*14.0*	*2.2*
Personal services	3.4	2.9	2.8	3.0	2.5	2.7	2.6	2.6
	17.1	*–13.6*	*–5.1*	*7.0*	*–14.8*	*7.8*	*–3.0*	*–0.7*
Non-commercial services	5.3	5.2	5.1	4.7	4.4	4.7	4.8	4.9
	7.1	*–1.3*	*–1.6*	*–8.8*	*–6.3*	*8.4*	*2.3*	*2.0*
Public administration	0.9	0.7	0.6	0.6	0.6	0.7	0.7	0.7
	1.7	*–23.3*	*–13.9*	*–1.3*	*–3.2*	*21.7*	*–8.6*	*0.9*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Alberta

Key findings

- Alberta will suffer a mild economic contraction in 2019 as the energy sector reacts negatively to mandated production cuts.

- Output in the drilling sector will decline by about one-third in 2019 compared with 2018.

- Although business investment in the province is expected to fall this year, it will finally increase in 2020 after five straight years of decline.

Alberta

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
2.3	−0.8	2.4	1.3

Shaded area represents forecast data.

Credit quality

A+

Source: Standard & Poor's.

Current state

Employment continues to rise despite the downturn in real GDP ↑

The restart of construction on the Trans Mountain oil pipeline is good news for producers. ↑

Forecast risk

Further delays to the completion of the Enbridge Line 3 pipeline could postpone investment in Alberta's energy sector, weighing down the economic outlook. ↓

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	313,242	327,596	335,106	332,444	339,237	350,391	357,792	365,329
	−4.1	*4.6*	*2.3*	*−0.8*	*2.0*	*3.3*	*2.1*	*2.1*
Total employment (000s)	2,265	2,289	2,331	2,351	2,378	2,425	2,475	2,520
	−1.6	*1.0*	*1.9*	*0.8*	*1.1*	*2.0*	*2.1*	*1.8*
Unemployment rate (per cent)	8.1	7.8	6.6	6.7	7.1	6.7	6.3	6.2
Household income per capita ($)	53,440	54,459	55,061	56,020	57,587	59,478	61,576	63,437
	−9.2	*1.9*	*1.1*	*1.7*	*2.8*	*3.3*	*3.5*	*3.0*
Population (000s)	4,189	4,239	4,300	4,372	4,443	4,516	4,590	4,666
	1.3	*1.2*	*1.4*	*1.7*	*1.6*	*1.6*	*1.7*	*1.6*
Single-family housing starts (000s)	11.4	14.0	11.7	9.8	11.7	13.0	12.4	11.8
Multi-family housing starts (000s)	13.1	15.5	14.4	14.0	17.0	19.9	20.6	21.4
Retail sales ($ millions)	74,997	80,318	81,911	82,886	86,732	91,105	95,782	100,020
	−1.1	*7.1*	*2.0*	*1.2*	*4.6*	*5.0*	*5.1*	*4.4*
CPI (2002 = 1.000)	1.352	1.373	1.406	1.434	1.460	1.488	1.518	1.549
	1.1	*1.5*	*2.5*	*1.9*	*1.9*	*1.9*	*2.0*	*2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Mild recession in the cards this year

Alberta's economy is enduring a small recession in 2019, with overall GDP expected to contract by 0.8 per cent.

Oil and gas production volumes fell significantly in the first quarter of this year as the provincial government mandated production cuts. And while the oil production constraints have eased throughout the year, the Alberta government recently announced that some production cuts will extend through next year.

The industries expected to suffer the largest output declines in 2019 are construction (down 10.4 per cent) and drilling (down 30.3 per cent). These declines are mainly due to the oil and gas sector's response to the uncertainty over pipelines. Although construction on the Trans Mountain pipeline expansion has restarted, the industry is still waiting for the Enbridge Line 3 oil pipeline replacement project to clear environmental impact assessment hurdles in Minnesota. For now, one of the only chances of additional capacity depends on whether the $3.7-billion government oil-by-rail contract is successfully picked up by the private sector.

Looking beyond 2019, the construction of petrochemical plants in the province will add to Alberta's economy despite energy sector uncertainty. Their construction, along with work on the rebooting of Imperial Oil's Aspen project, will lead to the first year of real business investment growth since 2014 and help drive overall economic growth of 2.0 per cent in 2020. The restarting of construction on the Trans Mountain pipeline lends some upside risk to this outlook.

Chart 1

Industry outlook, 2019–23

(average annual compound growth rate, per cent)

*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Source: The Conference Board of Canada.

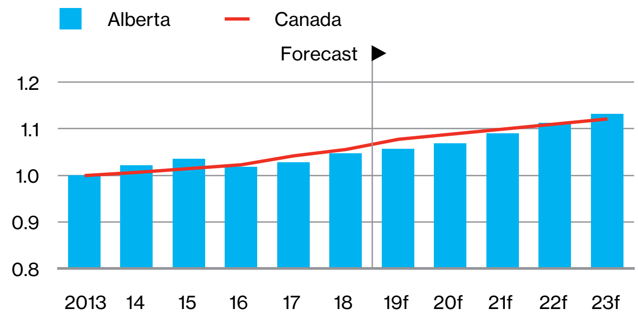
Employment continues to grow

Labour markets will feel the impact of the contraction in real GDP growth, but employment is still expected to rise this year. With much of the turmoil concentrated in the energy sector, where output per worker sky-rocketed in recent years and much of the industry's restructuring occurred in the deeper 2015–16 recession, the number of layoffs in the energy sector will not be significant.

Still, many of the job losses in the drilling sector will not be recovered over the next few years, given the volatility and uncertainty seen in recent years. Indeed, employment gains will be concentrated in the services sector. In all, steady population growth and improving labour demand will result in average annual employment growth of 1.6 per cent from 2019 to 2023.

The unemployment rate in Alberta is set for two year-over-year increases in 2019–20 as the labour force increases at a faster pace than employment. However, the unemployment rate will then drop from 7.1 per cent in 2020 to 6.2 per cent in 2023 as disruptive factors impeding economic growth dissipate. Wage gains are forecast to be robust in the coming years. Growth in salaries will exceed inflation, which has been weakened by declining prices for gasoline. This improvement in household purchasing power will lead to solid growth in real household consumption.

Chart 2
Employment in perspective
(index, 2013 = 1.0)



f = forecast
Source: The Conference Board of Canada.

Uncertain investment

Overall business investment is expected to fall once more in 2019 as the fallout from the mandatory oil production cuts ripples through the energy sector. Many in the energy sector have delayed investment plans. Imperial Oil put its Aspen oil sands project on hold this spring, delaying the project by a year. In addition, drilling completions will fall by about one-third in 2019 compared with the previous year. Drilling activity in the province has a significant economic footprint, given the supply-chain links between oil and gas producers and other sectors in the province.

The future of energy investment depends in large part on new pipeline projects. The restart of construction on the Trans Mountain pipeline expansion project will help boost investment, although this decision came after the forecast was complete and is not included in the numbers. This pipeline is expected to add transport capacity of about 590,000 barrels per day, a significant boost for the oil sands. Further gains from this pipeline may come in the form of an uptick in upstream investment as producers look to expand current operations or even see a new megaproject take off.

The Enbridge Line 3 pipeline is still on the horizon as well. After a year-long delay last year, the company is now addressing a court ruling in Minnesota. If Enbridge is unable to address concerns in Minnesota about oil spills in Lake Superior by the end of the year, the project could take an additional year to complete. Another delay would have significant implications for the energy sector, as the previous government's $3.7-billion oil-by-rail contract has yet to find a suitor in the private sector.

The two petrochemical megaprojects being developed in Alberta (Pembina's polypropylene plant and the Heartland Petrochemical Complex) will stir the economy over the next few years. After five straight years of decline, real business investment will grow by 6.2 per cent in 2020 and 3.2 per cent 2021.

Lethbridge

Key findings

- Lethbridge's economy has fired on all cylinders over the past two years, expanding by 5.8 per cent in 2017 and by 5.1 per cent in 2018, but economic growth will moderate to a still healthy 2.6 per cent in 2019 and 2.7 per cent in 2020.

- Strong employment growth will continue, with 2,700 new jobs created this year and next, following an 1,800-job leap last year.

- Population growth will remain solid at 1.9 per cent in both 2019 and 2020, matching the average annual gains of the past decade.

Lethbridge

Current state

Lethbridge's non-commercial services sector – which includes education and health care and makes up the area's second largest industry group – is expected to post output gains approaching 5 per cent both this year and next. ↑

The population of the Lethbridge census metropolitan area will reach 126,573 in 2020. ↑

Forecast risk

Weaker-than-anticipated cattle prices would hurt local livestock producers. ↓

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices (2012 $ millions)	5,498	5,823	6,020	6,268	6,628	6,965	7,148	7,341
	5.3	*5.9*	*3.4*	*4.1*	*5.8*	*5.1*	*2.6*	*2.7*
Total employment (000s)	40	41	66	68	62	64	65	66
	–15.9	*4.0*	*59.0*	*4.1*	*–9.4*	*2.9*	*2.1*	*2.1*
Unemployment rate (per cent)	5.0	6.2	4.0	5.9	5.9	5.4	5.4	5.4
Personal income per capita ($)	45,189	45,278	47,159	46,062	48,646	50,995	52,911	53,628
	4.3	*0.2*	*4.2*	*–2.3*	*5.6*	*4.8*	*3.8*	*1.4*
Population (000s)	109	113	115	117	120	122	124	127
	1.6	*3.0*	*2.0*	*2.2*	*2.1*	*1.7*	*1.9*	*1.9*
Housing starts (units)								
Single-family	539	511	567	486	487	385	367	376
Multiple-family	109	165	266	191	282	175	238	202
Total	648	676	833	677	769	560	604	577
Retail sales ($ millions)	1,645	1,725	1,687	1,811	2,029	2,155	2,234	2,333
	6.2	*4.8*	*–2.2*	*7.4*	*12.0*	*6.3*	*3.6*	*4.5*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

More moderate but still healthy growth

Unlike other cities in Alberta, Lethbridge's diverse economy emerged unscathed from the fall in oil prices in 2015 and 2016. Indeed, while Alberta's real GDP declined by an annual average of 3.8 per cent over those two years, Lethbridge's expanded by an average of 3.8 per cent.

The following two years were even better, with real GDP growth surpassing 5 per cent in both 2017 and 2018. Although a slowdown looms this year and next, Lethbridge's economy will continue to grow at a healthy pace of 2.6 per cent in 2019 and 2.7 per cent in 2020.

Lethbridge's strong economic performance can be partly be attributed to its having a diversified economy, which provides stability. Although primary and utilities is the region's largest industry, accounting for 20 per cent of total economic output in 2018, this is underpinned by agriculture, not oil and gas extraction. Education and health care are two other major sectors—in 2018, they together accounted for just under 20 per cent of GDP. Lethbridge is home to two post-secondary institutions—Lethbridge College and the University of Lethbridge—and to several health care facilities, including the Lethbridge Health Unit, the Chinook Regional Hospital, and the St. Michael's Health Centre.

Lethbridge's labour market has fared well over the past few years. The metro area's job market was red-hot in 2015, creating a record 24,300 jobs, and added 2,700 more in 2016. Not surprisingly, the labour market gave back some of these unsustainable gains in 2017. However, the pullback was short-lived, as payrolls rose by 1,800 last year.

Lethbridge's strong employment growth should persist as the labour market pumps out over 2,700 jobs this year and next. Our forecast suggests employment in the metro area of 66,310 in 2020, up from 49,200 in 2010—equivalent to 3.0 per cent annual growth over the 10-year period. Despite this healthy job creation, we expect the unemployment rate to remain stable at 5.4 per cent both this year and next, unchanged from 2018, as labour force growth keeps pace with job creation.

Lethbridge's good economy has acted as a magnet for newcomers—the region's population growth averaged 2.3 per cent per year between 2014 and 2017 and came in at 1.7 per cent last year. We expect continued healthy population gains of 1.9 per cent both this year and next.

Moderating growth in manufacturing and in primary and utilities

The last five years were good for Lethbridge's manufacturing sector, as output expanded by an average of 4.2 per cent per year. Although manufacturing output growth is expected to slow this year and next, it will remain healthy, coming in at 2.6 per cent in 2019 and 2.3 per cent in 2020.

We expect a similar performance from the primary and utilities sector, which includes agriculture. It is Lethbridge's largest industry grouping. After having fired on all cylinders between 2013 and 2018, when output rose by an average of 9.3 per cent per year, the sector is expected to expand by a sharply lower but still decent 1.7 per cent this year and 1.9 per cent in 2020.

Cavendish Farms' $360-million frozen potato processing plant is opening this year. The plant, in the Sherring Business Industrial Park, will replace Cavendish Farms' existing plant in the region and will almost triple the firm's potato production capacity.

Relatively stable hog prices point to a decent outlook for Maple Leaf Foods, which has food processing operations in Lethbridge. Prospects are also bright for the cattle industry, with feeder and slaughter cattle prices little changed from a year earlier in May. The cattle and hog industries should benefit from increased demand from the Asia-Pacific region thanks to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). On a negative note, Canadian cattle and pork producers have yet to capitalize on the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada, as exports have been hampered by stringent European health and quality standards.

Employment in the primary and utilities sector rose a whopping 38 per cent in 2017; the 5,779 individuals working in the sector were the most since 2002. Unfortunately, this pace of growth was not sustainable, so primary and utilities employment fell last year by 1,300 jobs, or 22.5 per cent. Fortunately, over 800 of these lost jobs will be recouped by 2020.

The year 2017 was also a good one for manufacturing workers, as nearly 300 net new jobs were created. While the sector's employment eased by 1.4 per cent last year, we expect the creation of 170 jobs this year and next to lift manufacturing employment to a five-year high.

Healthy construction sector activity

Lethbridge's construction sector also boomed in 2017, with output rising by a remarkable 9.4 per cent. Expansion remained solid at 4.0 per cent last year, and we expect healthy 3.2 per cent and 2.2 per cent advances this year and next respectively. These gains nonetheless trail the 4.5 per cent average annual output advance recorded over the past 10 years.

The local housing market has been volatile in recent years. In 2017, a 48 per cent surge in multiple-unit construction boosted total housing starts by 14 per cent to 769 units. Unfortunately, rising interest rates and tighter mortgage rules dampened the demand for new homes last year, causing builders to break ground on only 560 units, the fewest since 1999. We expect the housing market to strengthen this year, with starts clocking in near 600 units, but another pullback to 577 units looms in 2020. This is well below the past decade's annual average of 727 starts.

Several projects will keep the non-residential construction sector busy this year and next. Construction began in April on the $10.9-million twinning of University Drive from the University of Lethbridge's sports stadium to the Sunridge roundabout. Work also began this year on the phase two development of Legacy Park on Blackwolf Boulevard; this involves construction of a community pavilion, a spray park, a picnic shelter, and a discovery play structure. The project is expected to be completed next year. Meanwhile, a new 1,200-square-metre fire station in the Watermark neighbourhood on the west side of Lethbridge is expected to open in November of next year. Also, the city approved $700,000 earlier this year for renovations at the Lethbridge Airport, including upgrades to the washrooms and parking, enhancements to the water services, and expansion of the secure hold room.

Services sector activity to moderate but remain vibrant

Lethbridge's services sector has performed very well over the past two years, with output rising by an annual average of 4.4 per cent. Although output growth in the aggregate services sector is expected to ease this year and next, it will remain healthy, coming in at 2.9 per cent in 2019 and 3.1 per cent in 2020.

The transportation and warehousing sector has posted solid growth over the past few years, but we expect advances to moderate. The sector's outlook remains decent, but it will be difficult to sustain the annual average 7.4 per cent growth of the past two years. The sector's output is forecast to expand by 2.7 per cent in 2019 and by 2.8 per cent in 2020. Activity was healthy at the Lethbridge Airport last year. WestJet began offering flights from the airport last June, contributing to a year-over-year doubling of air traffic in the following two months. In other news, the $19-million regional Park'n'Ride Transit Terminal, featuring loading bays for 10 buses, ticket stations, and a structure with nearly 300 parking spaces, opened on August 28th. The terminal is conveniently located downtown, on 5th Avenue South between 7th and 8th streets. In more good news, the provincial government announced earlier this year that it would fund a network of 20 electric vehicle fast-charging stations to be installed throughout southern Alberta, including in Lethbridge.

The local wholesale and retail industry had a banner year in 2017, with output increasing by a record 6.4 per cent. But growth began trending lower last year, as consumers cut back their spending in the face of rising interest rates. Unfortunately, we anticipate growth in the wholesale and retail trade sector to remain on this more moderate growth path this year and next, with output rising by 1.6 per cent in 2019 and by 2.1 per cent in 2020, following a 2.3 per cent gain last year. The Crossings development in west Lethbridge now includes several retail options, including a Tim Hortons, a McDonald's, a Boston Pizza, and an M&M food market. Outside of retail, the Crossings hub also features a 55-acre sports park, a public library, two high schools, and the ATB centre (which has a 10-sheet curling facility, two NHL-sized arenas, and the Cor Van Raay YMCA).

The non-commercial services sector, which includes education and health care, has grown at a rapid clip in recent years, with output rising by an average of 6.3 per cent per year between 2011 and 2018. The sector's near-term outlook is bright, with output forecast to expand by 4.8 per cent this year and by 4.7 per cent in 2020. This is good news, because the non-commercial services sector is Lethbridge's second largest industry, accounting for about one-fifth of local GDP. Lethbridge College is launching two new technology programs this fall: a two-year diploma in architectural animation technology and a one-year certificate in virtual and augmented reality. The college is also receiving nearly $1.15 million from the federal government, $1 million of which will go toward its Centre for Sustainable Food Production. News from the University of Lethbridge includes completion of work on a new $280-million, 38,500-square-metre science and academic building. The building, which features state-of-the-art lab facilities and lecture halls, is part of the university's Destination project. The project also includes the revitalization of an existing lecture hall and construction of a new energy and utility centre.

Activity in Lethbridge's finance, insurance, and real estate industry was healthy between 2013 and 2017, as output rose by an annual average of 3.2 per cent. But growth in the sector cooled sharply to 1.7 per cent last year, as rising interest rates and tighter mortgage rules dampened housing activity. Finance, insurance, and real estate activity is expected to improve this year and next, with output gains of 2.6 per cent and 2.7 per cent respectively.

Good news also awaits the business services sector and the personal services sector this year and next. Both suffered output declines in 2015 and 2016, but a recovery began in 2017, with output rising by 1.6 per cent in the business services sector and by 1.7 per cent in the personal services sector. Output growth strengthened further last year, and the good days are poised to continue this year and next, with output gains averaging 2.8 per cent per year in the business services sector and 2.3 per cent in the personal services sector.

Lethbridge

Table 1
Sectoral gross domestic product
(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	5,498	5,823	6,020	6,268	6,628	6,965	7,148	7,341
	5.3	*5.9*	*3.4*	*4.1*	*5.8*	*5.1*	*2.6*	*2.7*
Goods sector	1,873	1,993	2,116	2,255	2,432	2,593	2,651	2,705
	6.6	*6.4*	*6.2*	*6.6*	*7.8*	*6.6*	*2.2*	*2.1*
Manufacturing	606	637	659	682	717	746	765	783
	1.1	*5.0*	*3.5*	*3.4*	*5.2*	*4.0*	*2.6*	*2.3*
Construction	336	352	372	383	419	435	449	459
	2.1	*4.7*	*5.8*	*2.8*	*9.4*	*4.0*	*3.2*	*2.2*
Primary and utilities	930	1,004	1,085	1,191	1,296	1,412	1,436	1,463
	12.3	*7.9*	*8.0*	*9.8*	*8.8*	*8.9*	*1.7*	*1.9*
Services sector	3,626	3,830	3,904	4,012	4,196	4,371	4,498	4,635
	4.7	*5.6*	*1.9*	*2.8*	*4.6*	*4.2*	*2.9*	*3.1*
Transportation and warehousing	223	246	252	261	281	301	309	318
	2.4	*10.4*	*2.3*	*3.6*	*7.5*	*7.3*	*2.7*	*2.8*
Information and cultural industries	115	128	139	148	159	170	175	179
	7.0	*11.7*	*8.4*	*6.3*	*7.2*	*7.3*	*2.9*	*2.4*
Wholesale and retail trade	842	861	851	872	928	949	964	985
	5.1	*2.2*	*–1.2*	*2.5*	*6.4*	*2.3*	*1.6*	*2.1*
Finance, insurance, and real estate	418	437	447	463	476	484	496	510
	3.0	*4.6*	*2.2*	*3.8*	*2.6*	*1.7*	*2.6*	*2.7*
Business services	428	476	469	445	452	465	478	492
	6.8	*11.3*	*–1.6*	*–5.1*	*1.6*	*3.0*	*2.8*	*2.9*
Personal services	326	344	344	339	345	354	363	371
	6.5	*5.7*	*0.0*	*–1.6*	*1.7*	*2.8*	*2.4*	*2.2*
Non-commercial services	974	1,039	1,110	1,188	1,267	1,363	1,428	1,495
	5.4	*6.7*	*6.8*	*7.1*	*6.6*	*7.6*	*4.8*	*4.7*
Public administration	300	298	293	296	290	285	283	285
	–0.4	*–0.7*	*–1.7*	*1.0*	*–2.0*	*–1.8*	*–0.5*	*0.8*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Lethbridge

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	39.6	41.2	65.5	68.2	61.8	63.6	64.9	66.3
	–15.9	*4.0*	*59.0*	*4.1*	*–9.4*	*2.9*	*2.1*	*2.1*
Goods sector	11.1	11.1	17.9	15.7	16.8	16.9	17.5	17.8
	0.9	*–0.4*	*61.5*	*–12.5*	*7.3*	*0.2*	*3.8*	*1.6*
Manufacturing	4.0	3.0	6.6	4.8	5.1	5.1	5.2	5.2
	–3.4	*–25.6*	*119.5*	*–26.1*	*5.9*	*–1.4*	*2.2*	*1.1*
Construction	4.1	3.8	7.4	6.6	5.9	7.3	7.1	7.3
	–20.8	*–7.6*	*96.3*	*–10.5*	*–11.0*	*23.9*	*–2.6*	*1.9*
Primary and utilities	3.0	4.3	3.9	4.2	5.8	4.5	5.2	5.3
	76.4	*42.6*	*–8.9*	*6.4*	*37.7*	*–22.5*	*16.1*	*1.7*
Services sector	28.5	30.1	47.6	52.5	45.0	46.7	47.5	48.5
	–21.1	*5.8*	*58.1*	*10.4*	*–14.4*	*3.9*	*1.5*	*2.3*
Transportation and warehousing	1.2	2.0	2.6	3.0	2.5	2.9	2.9	3.0
	–51.6	*60.8*	*34.1*	*14.7*	*–18.9*	*19.2*	*0.4*	*2.4*
Information and cultural industries	0.6	0.7	0.2	0.7	0.2	1.0	0.4	0.4
	96.6	*23.0*	*–72.8*	*235.9*	*–70.0*	*379.7*	*–59.8*	*–2.9*
Wholesale and retail trade	6.4	7.0	8.7	9.2	8.8	8.3	8.7	8.7
	–30.3	*10.5*	*23.4*	*6.1*	*–3.8*	*–6.3*	*4.7*	*0.7*
Finance, insurance, and real estate	1.0	1.1	1.9	2.9	1.5	2.3	2.0	2.0
	–43.8	*16.2*	*70.7*	*50.8*	*–50.4*	*58.9*	*–14.6*	*–0.3*
Business services	3.2	3.0	6.4	6.4	6.0	5.5	5.6	5.7
	–3.0	*–6.7*	*116.0*	*–0.8*	*–6.2*	*–8.7*	*2.0*	*1.8*
Personal services	4.6	5.2	7.0	8.4	6.2	7.6	7.3	7.5
	–18.6	*12.7*	*34.5*	*19.2*	*–26.5*	*23.9*	*–4.3*	*2.3*
Non-commercial services	10.0	9.2	18.3	19.9	17.3	17.0	18.4	19.1
	–15.3	*–8.7*	*100.0*	*8.6*	*–13.0*	*–1.6*	*8.2*	*3.8*
Public administration	1.4	1.9	2.3	2.0	2.6	2.1	2.1	2.2
	–5.5	*30.2*	*25.5*	*–13.3*	*26.0*	*–17.7*	*1.8*	*0.3*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Red Deer

Key findings

- Following two tough years in 2015 and 2016, Red Deer's economy has been in recovery mode. This is expected to continue this year and next, with real GDP expanding by a moderate 1.7 per cent in 2019 and 2.0 per cent in 2020.

- Red Deer's labour market disappointed last year, as employment increased by a meagre 0.2 per cent. But better days are already here this year and poised to continue, with the anticipated creation of over 1,500 net new jobs in 2019–20.

- Population growth in Red Deer is projected to come in at 0.3 per cent in 2019 and 1.0 per cent in 2020, following a 0.2 per cent gain last year—rates of growth that are well below the 1.6 per cent average annual advances recorded between 2008 and 2017.

Red Deer

Current state

Housing starts are forecast to increase this year, following four consecutive annual declines. ↑

The Canada Winter Games, which were held in Red Deer earlier this year, boosted activity in the wholesale and retail trade sector and the personal services sector. ↑

Forecast risk

A lifting of the Chinese ban on Canadian canola imports would boost manufacturing activity. ↑

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices (2012 $ millions)	7,034	7,397	7,172	6,959	7,238	7,376	7,505	7,657
	4.8	*5.2*	*–3.0*	*–3.0*	*4.0*	*1.9*	*1.7*	*2.0*
Total employment (000s)	51	57	58	54	56	56	57	58
	–2.3	*11.4*	*3.2*	*–8.4*	*5.0*	*0.2*	*1.5*	*1.2*
Unemployment rate (per cent)	5.9	4.7	5.8	9.3	8.0	5.7	5.6	5.7
Personal income per capita ($)	55,110	56,242	56,427	49,558	51,732	53,460	54,955	55,928
	3.5	*2.1*	*0.3*	*–12.2*	*4.4*	*3.3*	*2.8*	*1.8*
Population (000s)	96	98	99	100	100	101	101	102
	2.8	*2.2*	*1.5*	*1.2*	*0.1*	*0.2*	*0.3*	*1.0*
Housing starts (units)								
Single-family	389	393	253	163	203	116	135	157
Multiple-family	395	474	439	212	128	156	220	203
Total	784	867	692	375	331	272	355	360
Retail sales ($ millions)	1,755	1,859	1,743	1,667	1,808	1,866	1,918	1,990
	6.7	*5.9*	*–6.3*	*–4.4*	*8.5*	*3.2*	*2.7*	*3.8*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Continuing to move forward

Red Deer's economy has been in recovery mode over the past two years, with real GDP expanding by 4.0 per cent in 2017 and 1.9 per cent in 2018. The local economy will keep climbing out of the 2015–16 slump, but growth will be more moderate this year.

We expect GDP expansion to come in at 1.7 per cent in 2019 and 2.0 per cent in 2020. These rates of growth are well below the pre-recession levels—between 2010 and 2014, GDP expanded by an annual average of 4.8 per cent.

A decent outlook for the cattle industry will allow the manufacturing sector to post healthy output growth this year, despite weak energy activity and falling Chinese demand for Canadian canola. Red Deer's access to primary resources such as hogs and cattle is key to the success of agri-food manufacturing companies such as Olymel and Nossack Food Group. Meanwhile, following four difficult years, things will turn around in the construction sector beginning this year. At the same time, the Canada Winter Games, which were held in Red Deer earlier this year, provided a boost to many services industries, including wholesale and retail trade and personal services. Good news also awaits the information and culture sector and the business services sector, both of which are expected to return to positive territory following four tough years. On the other hand, the mandatory oil production cuts imposed by the Alberta government at the beginning of this year have put a dent in oil and gas industry activity and, indirectly, the transportation and warehousing sector.

Red Deer's labour market had a good year in 2017, as employment increased by 5.0 per cent, or 2,700 net new jobs, recouping some of the 4,900 jobs that were lost in 2016. Unfortunately, the pace of job creation slowed sharply last year, with employment increasing by only 0.2 per cent. Red Deer's job market is expected to strengthen this year and next, with the generation of a total of over 1,500 net new jobs. Still, the unemployment rate is expected to remain stable, coming at 5.6 per cent in 2019 and 5.7 per cent in 2020, similar to last year, as labour force growth keeps pace with job creation.

Healthy manufacturing sector, but mixed outlook for primary and utilities

Red Deer's manufacturing sector has performed well over the past two years, with output expanding by 7.2 per cent in 2017 and 2.1 per cent in 2018. The good days for the manufacturing sector are poised to continue this year and next, as output is forecast to expand by 2.8 per cent in 2019 and a still decent 1.6 per cent in 2020. Meanwhile, output growth in the primary and utilities sector, which includes agriculture and oil and gas extraction and is Red Deer's biggest industry grouping, is on track to come in at just 0.4 per cent this year, before improving to 2.3 per cent next year.

One factor behind the positive manufacturing outlook is steady cattle prices. The price of slaughter cattle in Alberta stood at $142.98 per hundredweight in May, little changed from the $142.90 per hundredweight price tag of May 2018. At the same time, the price of feeder cattle had decreased slightly from $157.36 per hundredweight in May 2018 to $156.68 per hundredweight in May of this year.

Alberta cattle producers are also benefitting from several trade agreements. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which came into force at the end of last year, provides Canadian cattle producers with an advantage over their U.S. counterparts, as it gives them preferential access to several markets, including Japan and Vietnam. The U.S. government opted not to take part in the agreement. Meanwhile, the Comprehensive Economic and Trade Agreement (CETA), which has been provisionally applied since September 2017 between the European Union and Canada, has boosted the amount of Canadian beef that can enter Europe duty-free. Still, some challenges remain with this agreement. For example, European health and quality standards still apply to Canadian products, hampering Canadian exports. Europe still refuses to recognize the safety of Canadian carcass washes and will not allow the entry of hormone-treated beef. Worse news for cattle producers comes from China, which has banned exports of Canadian beef.

Weak energy activity is hampering growth in the primary and utilities sector this year. While oil prices are recovering, we expect the Western Texas Intermediate (WTI) price to average just US$54.70 in 2019, down from US$65.10 in 2018. Meanwhile, the mandatory production cuts imposed by the Alberta provincial government at the beginning of this year are taking their toll on output: oil sands production is forecast to expand by only 1.6 per cent this year.

At the same time, the local agriculture industry is being stung by China's decision to ban all Canadian canola imports as trade and political tensions between the two countries linger. The resulting drop in Chinese demand for Canadian canola is a major hit for canola farmers in central Alberta, as over a third of Alberta's canola sales are typically to China.

Manufacturing employment did not fare well last year, declining by 22.2 per cent, translating into the loss of 945 jobs. Although manufacturing workers are poised to have a better year this year, with the creation of 320 net new jobs—a 9.7 per cent increase over 2018—employment in the manufacturing sector is slated for a slight pullback in 2020, declining by 0.8 per cent. All in all, manufacturing employment in 2020 will be about 30 per cent below its 2007 peak. Primary and utilities employment is poised to remain fairly stable over the near term.

Construction activity to bounce back

Following five consecutive annual expansions between 2010 and 2014, activity in Red Deer's construction sector took a nosedive in 2015 at the onset of the recession. Output plummeted by 16.5 per cent, and the sector has remained on a weak footing since then, with output declining by 18.5 per cent in 2016 and by an annual average of 2.5 per cent in 2017–18. Fortunately, the local construction sector is poised for a turnaround this year, with output forecast to expand by 2.9 per cent. Next year also looks decent—output growth should come in at 1.5 per cent.

Still, there are downside risks to our outlook. In April, Albertans elected a new United Conservative Party (UCP) government, handing it 63 of 87 legislative seats, following four years of NDP rule. The new government has appointed a panel to review the state of the province's finances and is expected to table its first budget in the fall. This inaugural budget could cut or scale back some of the province's planned construction projects, including those in and around Red Deer.

The local residential housing market has struggled over the past four years, with housing starts tumbling by an average of 25.2 per cent per year. Builders broke ground on only 272 new homes in 2018—the lowest volume since 1995. Fortunately, the demand for new homes has picked up so far this year, and this trend is expected to continue over the near term. Builders broke ground on a total of 166 units in the first six months of 2019, about double the pace from the same period a year ago. Overall, we expect housing starts to reach 355 units this year, an increase of 30.5 per cent over 2018. We think activity will stabilize at this level next year as builders break ground on 360 units in 2020. Still, these volumes remain far below Red Deer's annual average of 869 housing starts in the 10 years to 2014.

A steep decline in energy-related investment has been the main drag on the non-residential construction sector over the past few years. Thankfully, non-energy non-residential investment has held its own. This good news story starts with construction for the Canada Winter Games. Construction was completed last year on several projects, including the Gary W. Harris Canada Games Centre at Red Deer College, enhancements to the Canyon Ski Resort, the Canada Winter Games Plaza, and a speed skating oval and an artificial turf football field.

Although the Canada Winter Games and its associated investments have come and gone, a number of other projects will keep the non-energy non-residential construction sector busy this year and next. The Government of Alberta is investing $49.2 million through its Water for Life program to expand Red Deer's wastewater treatment plant. The expansion will allow the plant to accommodate water flows from the north Red Deer regional wastewater system and the Sylvan Lake regional wastewater system. Meanwhile, work began earlier this year on a $23-million particulates treatment plant, which is expected to be operational next year. The facility is being built next to Red Deer's current water treatment plant.

Construction could also begin this year on a new $97-million justice centre. The refurbished facility will feature 12 courtrooms, with the capacity to be increased to up to 16 in the future. In addition, the provincial government announced earlier this year that it would provide Red Deer with $7 million to build a 120-bed homeless shelter. Work on the shelter is scheduled to wrap up by 2020. Activity in the retail trade sector includes two projects at the Bower Place shopping mall: construction of the east-side entrance of the mall, which is now complete, and work to transform the former Sears department store into multiple stores, which is expected to begin next year.

On the health care front, renovations and upgrades to the Red Deer hospice passed the halfway mark in June. The expansion will allow the hospice to serve an extra 100 residents per year and includes six new beds, enhanced family lounges, and multi-purpose rooms. As well, the provincial government is investing $28 million to build a new home for Piper Creek Lodge—a senior's housing residence. The residence will feature 65 rooms and 35 stand-alone apartments.

Decent services sector activity this year and next

The oil price swoon put Red Deer's services sector in negative territory in both 2015 and 2016, but output began climbing back up in 2017 and increased again last year. Still, the respective advances of 1.7 per cent and 1.5 per cent of the past two years pale in comparison with the 5.1 per cent average annual advances recorded between 2011 and 2014. Red Deer's services sector is expected to remain on a moderate growth path this year and next, with output expanding by 1.9 per cent in 2019 and 2.1 per cent in 2020.

The wholesale and retail trade sector has had a bumpy ride over the past few years. After falling by an average of 8.0 per cent per year in 2015 and 2016, output increased by a solid 3.8 per cent in 2017, but the good days did not last long. Output remained essentially flat last year, increasing by only 0.1 per cent, as rising interest rates and a weak labour market prompted consumers to scale back their spending.

Fortunately, activity in the wholesale and retail trade sector is poised to recover this year and next, with output expanding by 2.0 per cent and 2.1 per cent, respectively. The sector got a boost this year from the Canada Winter Games, which were held in Red Deer between February 15 and March 3 and attracted about 20,000 visitors to Red Deer and more than 3,600 athletes, coaches, and support staff. In other positive news, the Bower Place shopping centre will celebrate the grand opening of two stores this year and next: a Marshall's this October and a Sunterra market in early 2020. Meanwhile, the shopping centre's Shoppers Drug Mart will relocate to a larger space this fall.

The Canada Winter Games also lifted activity in the personal services sector, which includes two tourism-oriented industries—the accommodation and food sector and the arts, entertainment and recreation sector. Output is on track to expand by 3.3 per cent, making it Red Deer's fastest growing industry this year. Next year also looks good, with output growth forecast to come in at 2.8 per cent. These rates of growth represent a welcome comeback for this industry grouping, as it experienced an average annual output decline of 0.6 per cent between 2015 and 2018.

Output in Red Deer's finance, insurance, and real estate industry grew at a remarkable pace between 2010 and 2014, rising by an annual average of 9.0 per cent. Although activity in the sector moderated beginning in 2015, it remained vibrant, with output expanding by an average of 5.1 per cent per year between 2015 and 2017 and by another 3.2 per cent last year. Activity in the sector will edge down this year and next but remain decent, with output growth coming in at 2.1 per cent and 2.3 per cent respectively.

Another sector that has fared well in recent years is transportation and warehousing. Output grew by 6.1 per cent in both 2017 and 2018, but a slowdown is looming this year, with output forecast to expand by a meagre 0.5 per cent. The industry is being hurt by the mandatory raw crude oil and bitumen production cuts imposed by the Alberta government at the beginning of the year. The energy industry is a big user of transportation services.

Red Deer

Table 1

Sectoral gross domestic product

(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	7,034	7,397	7,172	6,959	7,238	7,376	7,505	7,657
	4.8	*5.2*	*–3.0*	*–3.0*	*4.0*	*1.9*	*1.7*	*2.0*
Goods sector	2,628	2,771	2,599	2,399	2,598	2,667	2,706	2,760
	5.4	*5.4*	*–6.2*	*–7.7*	*8.3*	*2.6*	*1.5*	*2.0*
Manufacturing	821	854	826	799	856	874	899	913
	3.6	*4.0*	*–3.2*	*–3.3*	*7.2*	*2.1*	*2.8*	*1.6*
Construction	454	467	390	318	309	302	311	316
	15.5	*2.9*	*–16.5*	*–18.5*	*–2.9*	*–2.1*	*2.9*	*1.5*
Primary and utilities	1,353	1,450	1,383	1,282	1,434	1,491	1,497	1,531
	3.5	*7.2*	*–4.7*	*–7.3*	*11.8*	*4.0*	*0.4*	*2.3*
Services sector	4,406	4,626	4,573	4,560	4,639	4,709	4,799	4,897
	4.5	*5.0*	*–1.2*	*–0.3*	*1.7*	*1.5*	*1.9*	*2.1*
Transportation and warehousing	225	243	244	249	264	280	282	288
	0.6	*8.3*	*0.4*	*1.9*	*6.1*	*6.1*	*0.5*	*2.2*
Information and cultural industries	160	163	161	154	146	137	139	141
	–1.7	*2.2*	*–1.1*	*–4.3*	*–5.2*	*–6.4*	*1.5*	*1.4*
Wholesale and retail trade	913	935	843	792	821	822	839	857
	5.0	*2.4*	*–9.8*	*–6.1*	*3.8*	*0.1*	*2.0*	*2.1*
Finance, insurance, and real estate	967	1,056	1,109	1,172	1,224	1,264	1,290	1,320
	9.2	*9.2*	*5.0*	*5.7*	*4.4*	*3.2*	*2.1*	*2.3*
Business services	509	548	519	475	467	466	479	491
	3.8	*7.6*	*–5.2*	*–8.5*	*–1.7*	*–0.1*	*2.8*	*2.4*
Personal services	401	424	420	408	409	414	428	440
	7.0	*5.5*	*–1.0*	*–2.8*	*0.3*	*1.3*	*3.3*	*2.8*
Non-commercial services	846	868	888	913	914	934	945	958
	1.4	*2.6*	*2.2*	*2.9*	*0.1*	*2.2*	*1.2*	*1.4*
Public administration	384	389	388	397	394	392	397	403
	2.2	*1.2*	*–0.2*	*2.3*	*–0.8*	*–0.6*	*1.3*	*1.6*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Red Deer

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	50.8	56.6	58.4	53.5	56.2	56.3	57.2	57.8
	–2.3	*11.4*	*3.2*	*–8.4*	*5.0*	*0.2*	*1.5*	*1.2*
Goods sector	14.0	15.3	15.3	13.0	14.1	13.4	13.8	13.9
	–9.9	*9.1*	*0.5*	*–15.1*	*8.3*	*–5.0*	*3.3*	*0.4*
Manufacturing	3.4	4.5	4.5	3.6	4.3	3.3	3.6	3.6
	–11.0	*30.9*	*1.5*	*–19.6*	*17.0*	*–22.2*	*9.7*	*–0.8*
Construction	5.1	6.4	6.4	5.7	5.7	4.9	5.3	5.3
	–15.6	*27.1*	*–0.4*	*–11.7*	*0.3*	*–13.0*	*6.7*	*0.9*
Primary and utilities	5.5	4.4	4.4	3.7	4.2	5.2	4.9	5.0
	–3.1	*–20.8*	*0.7*	*–15.5*	*12.1*	*23.5*	*–4.1*	*0.8*
Services sector	36.8	41.3	43.1	40.5	42.1	42.9	43.3	43.9
	0.9	*12.3*	*4.2*	*–6.0*	*4.0*	*1.9*	*1.0*	*1.4*
Transportation and warehousing	1.6	1.9	2.5	2.0	2.5	2.8	2.7	2.7
	–31.3	*17.1*	*29.8*	*–19.3*	*23.2*	*14.4*	*–3.3*	*1.3*
Information and cultural industries	0.4	0.2	0.5	1.0	0.4	0.1	0.2	0.2
	–29.8	*–49.9*	*161.2*	*104.4*	*–56.0*	*–69.7*	*67.9*	*–0.2*
Wholesale and retail trade	9.3	9.4	9.4	8.7	7.5	9.7	9.3	9.4
	4.6	*2.1*	*–0.2*	*–7.4*	*–14.5*	*30.6*	*–4.7*	*1.2*
Finance, insurance, and real estate	4.3	4.5	4.0	2.6	4.4	4.0	4.0	4.1
	37.6	*3.6*	*–10.9*	*–35.2*	*71.2*	*–10.2*	*0.9*	*1.4*
Business services	3.8	4.5	5.2	4.3	5.1	5.0	4.8	4.9
	–11.4	*19.2*	*16.6*	*–17.8*	*18.3*	*–2.3*	*–2.7*	*1.5*
Personal services	6.6	9.3	7.5	8.1	8.1	7.3	7.8	8.0
	6.8	*41.3*	*–19.4*	*8.2*	*0.5*	*–10.7*	*8.0*	*2.3*
Non-commercial services	8.3	10.0	11.3	11.9	11.6	11.3	11.9	12.0
	–11.6	*20.6*	*13.5*	*5.0*	*–1.9*	*–2.7*	*5.3*	*1.0*
Public administration	2.7	1.6	2.7	2.0	2.5	2.7	2.5	2.5
	42.6	*–40.1*	*68.7*	*–27.1*	*26.2*	*8.7*	*–7.2*	*1.2*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

British Columbia

Key findings

- After expanding by 2.4 per cent in 2018, real GDP in B.C. is expected to rise by another 2.4 per cent in 2019 and 2.6 per cent in 2020.
- Following a gain of 1.1 per cent in 2018, employment is anticipated to rise by 3.1 per cent this year before easing to 1.3 per cent growth in 2020.
- The unemployment rate will remain low, falling from 4.7 per cent last year to average 4.5 per cent between 2019 and 2023.

British Columbia

Real GDP growth

(per cent)

2018	2019	2020–23	2014–23
2.4	2.4	1.7	2.5

Shaded area represents forecast data.

Credit quality

A+

Source: Standard & Poor's.

Current state

Non-residential construction will play a key role in B.C.'s economy.

Housing starts will decline over the forecast.

Forecast risk

Construction of two Burnaby, B.C., terminals linked to the Trans Mountain pipeline expansion was recently approved, making the project more likely to proceed.

Economic indicators

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	231,510	240,658	246,494	252,361	258,853	263,494	266,400	270,329
	3.3	*4.0*	*2.4*	*2.4*	*2.6*	*1.8*	*1.1*	*1.5*
Total employment (000s)	2,380	2,467	2,494	2,571	2,604	2,625	2,646	2,667
	3.1	*3.7*	*1.1*	*3.1*	*1.3*	*0.8*	*0.8*	*0.8*
Unemployment rate (per cent)	6.0	5.1	4.7	4.5	4.4	4.5	4.6	4.7
Household income per capita ($)	45,851	48,133	49,679	51,438	53,194	54,799	56,396	58,047
	2.0	*5.0*	*3.2*	*3.5*	*3.4*	*3.0*	*2.9*	*2.9*
Population (000s)	4,846	4,913	4,982	5,040	5,091	5,142	5,195	5,250
	1.6	*1.4*	*1.4*	*1.2*	*1.0*	*1.0*	*1.0*	*1.1*
Single-family housing starts (000s)	12.3	12.3	11.2	8.9	9.3	7.2	6.5	6.0
Multi-family housing starts (000s)	29.6	31.3	29.7	31.4	23.5	23.1	22.1	21.8
Retail sales ($ millions)	77,109	84,291	85,954	86,947	89,752	92,797	95,790	98,897
	7.7	*9.3*	*2.0*	*1.2*	*3.2*	*3.4*	*3.2*	*3.2*
CPI (2002 = 1.000)	1.224	1.250	1.284	1.314	1.340	1.367	1.394	1.423
	1.9	*2.1*	*2.7*	*2.4*	*2.0*	*2.0*	*2.0*	*2.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.

Healthy growth despite weakness in the housing sector

After expanding at an average annual pace of 3.2 per cent over 2014–17, real GDP in B.C. rose 2.4 per cent in 2018. The province's economy is projected to grow another 2.4 per cent this year and 2.6 per cent in 2020.

While this represents a marked slowdown from a few years ago, B.C. will still rank among the top three provinces in terms of growth in 2019 and 2020, thanks largely to its strong labour markets.

Slowing residential investment and weaker export growth will weigh on the province's overall performance. Fortunately, the construction of several non-residential projects, particularly LNG Canada's $40-billion natural gas project, will help to pick up the slack.

Solid labour markets support consumer spending

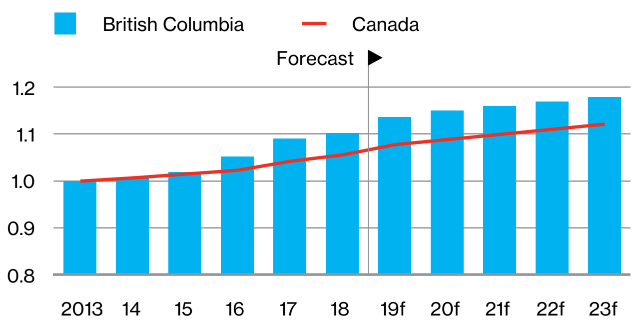
The outlook for B.C.'s consumers remains positive, thanks largely to the province's strong labour markets. Employment is anticipated to rise by 3.1 per cent this year and 1.3 per cent in 2020. Meanwhile, B.C.'s job vacancy rate was 4.6 per cent in 2018—well above the level in any other province. The province's high job vacancy rate, combined with its low unemployment rate, signals a tight labour market, which in turn has put upward pressure on wages. After growing by a robust 4.8 per cent in 2018, wages are expected to rise by 2.0 per cent this year before advancing by 2.7 per cent in 2020 as demand for workers in the construction sector heats up. In particular, projects such as the LNG Canada terminal, the Site C Dam development, and the Pattullo Bridge replacement will support the province's labour market into the next decade.

Strong labour markets are favourable for consumer spending. After rising 1.9 per cent in 2018, real household consumption will grow 2.2 per cent this year and 2.5 per cent in 2020. While this is above the average for all provinces, the gains are a marked slowdown from the 3.5 per cent annual average for the five previous years. Past interest rate hikes and the negative impact of a cooler housing market on wealth will weigh on consumer spending despite solid gains in disposable income.

Chart 1

Employment in perspective

(index, 2013 = 1.0)



f = forecast
Source: The Conference Board of Canada.

Housing slowdown offset by non-residential projects

After being a key driver of B.C.'s growth over the past few years, residential investment began to cool in 2018. Higher interest rates, decelerating employment gains, and federal and provincial measures to address the unaffordability of homes weighed on housing activity. As a result, housing starts in B.C. declined by 6.4 per cent—their first annual contraction since 2013.

Although residential investment is slowing, the investment outlook for B.C. is positive thanks to the construction of several non-residential projects. Chief among these is LNG Canada's $40-billion natural gas project. While construction has begun, it is expected to ramp up in 2020 and 2021, followed by completion in late 2023. Other projects supporting B.C.'s investment picture include construction of the $1.8-billion Woodfibre LNG project and ongoing construction at the Site C Dam development and at Vancouver International Airport.

Overall, real business investment is expected to grow by a subdued 2.1 per cent this year before climbing to 9.1 per cent growth in 2020.

Enviable fiscal outlook

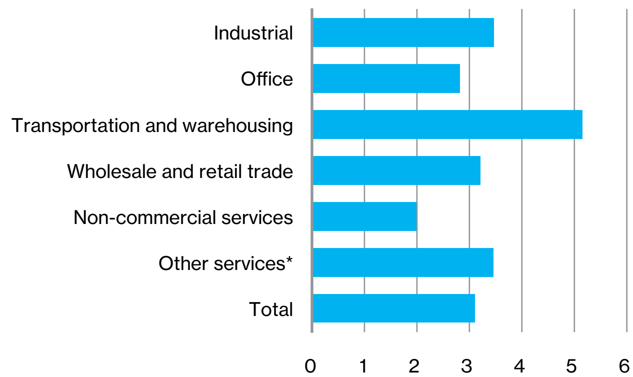
B.C.'s fiscal position remains positive. The province has balanced six consecutive budgets and eliminated its operating debt, and strong economic growth allowed the government to increase spending in its most recent budget without having to introduce any new tax increases. The province's overall surplus in fiscal year 2019 was $1.5 billion—$1.3 billion higher than it had anticipated a year ago—thanks largely to increased revenue from personal and corporate taxes. The provincial government is also projecting fiscal surpluses throughout the next two years.

Slower export gains ahead

Real international exports rose 6.4 per cent last year. The gains were driven by services exports, which grew 9.2 per cent, thanks largely to B.C.'s thriving tourism sector. Last year, the province welcomed over 300,000 tourists from China, thanks in part to the B.C. government's deal with WeChat (China's largest social networking app) to promote tourism in the province, as well as to the continued weakness in the Canadian dollar compared with the Chinese yuan.

Looking ahead, real international exports are projected to fall by 0.9 per cent in 2019 and then average 1.6 per cent growth thereafter. Slowing global growth will weigh on the province's export-oriented sectors, such as manufacturing. Forestry will also play a major role in B.C.'s trade weakness, as softwood lumber duties on U.S. imports will likely remain in place over the short term and prices for the commodity have only partially recovered from last year's steep declines. Canada's shaky relations with China also represent a major downside risk to the province's trade forecast, particularly in the short term, as nearly one-tenth of B.C.'s exports normally go to the Asian country.

Chart 2
Industry outlook, 2019–23
(average annual compound growth rate, per cent)



*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Source: The Conference Board of Canada.

Chilliwack

Key findings

- Chilliwack's economy is anticipated to expand by a steady 2.2 per cent this year and next, after a gain of 3.1 per cent in 2018.
- Employment is set to grow by 1.5 per cent in 2019 and 2.4 per cent in 2020 following average annual job gains of 1.7 per cent between 2009 and 2018.
- The jobless rate will edge up from 4.2 per cent in 2018 to 4.5 per cent this year, then ease to 4.4 per cent in 2020.

Chilliwack

Current state

Housing starts will sit comfortably above the 10-year annual average. ↑

The new Molson Coors brewery will boost the manufacturing sector. ↑

Forecast risk

A stronger-than-expected real estate market in the latter half of 2019 would lead to greater output growth in the finance, insurance, and real estate industry. ↑

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices	3,591	3,759	3,872	4,008	4,162	4,291	4,384	4,482
(2012 $ millions)	*4.5*	*4.7*	*3.0*	*3.5*	*3.9*	*3.1*	*2.2*	*2.2*
Total employment (000s)	51	53	41	48	49	46	46	47
	12.5	*3.5*	*–22.1*	*15.7*	*2.3*	*–7.0*	*1.5*	*2.4*
Unemployment rate (per cent)	7.4	5.7	8.2	6.1	5.2	4.2	4.5	4.4
Personal income per capita ($)	37,572	39,207	40,945	42,640	43,625	44,264	44,301	45,974
	3.3	*4.4*	*4.4*	*4.1*	*2.3*	*1.5*	*0.1*	*3.8*
Population (000s)	97	98	100	102	103	105	107	108
	1.5	*1.5*	*1.6*	*1.7*	*1.9*	*1.5*	*1.5*	*1.4*
Housing starts (units)								
Single-family	216	280	298	404	644	423	432	449
Multiple-family	227	279	333	365	389	452	515	458
Total	443	559	631	769	1,033	875	947	907
Retail sales ($ millions)	1,172	1,269	1,364	1,502	1,608	1,613	1,652	1,709
	2.8	*8.3*	*7.5*	*10.1*	*7.1*	*0.3*	*2.4*	*3.4*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Chilliwack's economy to make steady advances

Between 2014 and 2018, Chilliwack's economy posted strong average annual GDP gains of 3.6 per cent. Although we expect output growth to ease over the forecast, it will still expand at a steady pace of 2.2 per cent in each of 2019 and 2020 following last year's advance of 3.1 per cent.

Strong growth among Chilliwack's goods-producing industries has been key to the economy's robust performance in recent years. Over the next two years, primary and utilities—Chilliwack's largest industry—will also be its top performer. It will be closely followed by the construction industry, whose growth will be supported by a mix of strong residential construction activity and an active non-residential construction sector. Manufacturing will continue to log healthy gains thanks in part to new business investment. Finally, the region's aggregate services sector will expand at a steady pace thanks to solid performances in the public administration and the finance, insurance, and real estate industries.

In line with these healthy economic gains, Chilliwack's job market has been on a steady upward trend, with firms adding a cumulative 7,100 net new jobs to payrolls between 2008 and 2018—an average annual increase in employment of 1.7 per cent. We expect this trend to continue over the forecast, with total employment rising 1.5 per cent this year and 2.4 per cent in 2020, representing a further 1,800 jobs. Although labour force growth is slowing as an aging population exits the workforce, it will nonetheless outpace employment gains this year, lifting the unemployment rate to 4.5 per cent (from 4.2 per cent in 2018), before a slight dip to 4.4 per cent in 2020. Both figures remain well below the five-year annual average of 5.9 per cent.

Primary and utilities to lead goods sector

Over the last five years, Chilliwack's goods sector expanded at a strong average annual pace of 4.4 per cent. Following last year's robust advance of 5.4 per cent, output is anticipated to rise at a steady but more moderate pace of 2.7 per cent in 2019 and 2.6 per cent in 2020.

Primary and utilities is the region's largest industry. It generates more than a fifth of Chilliwack's real GDP, making the sector essential to the overall economy's strong performance in recent years. The industry, which includes agriculture and forestry, expanded at robust average annual pace of 4.4 per cent over the last five years, including an exceptional output gain of 7.7 per cent in 2018. Agriculture is particularly important. About two-thirds of Chilliwack's land is dedicated to agriculture, with dairy, poultry, and greenhouse farming being the region's key products and crops. Although we see more modest primary and utilities output gains ahead, the industry will still expand a healthy 2.7 per cent this year and 2.8 per cent in 2020.

Chilliwack's manufacturing industry will also continue to make solid advances. The region's robust agriculture sector supports an active food and beverage manufacturing industry featuring more than 20 food processing companies. The sector's outlook is bright, thanks in part to Molson Coors' new brewery, which is creating 100 jobs. At the same time, a depreciated Canadian dollar and healthy U.S. economy will support solid international demand for a variety of Chilliwack's manufacturing output. Overall, the manufacturing industry will see gains ease from 3.4 per cent last year to a still solid 2.4 per cent this year and 2.0 per cent in 2020.

Construction expands at a solid pace

Despite back-to-back contractions over 2015–16, Chilliwack's construction sector expanded at a solid overall average annual pace of 2.7 per cent between 2014 and 2018. A mix of healthy new home construction and an active non-residential construction sector will support construction sector output growth of 2.8 per cent this year and 2.6 per cent in 2020 following a modest advance of 0.7 per cent in 2018.

In 2017, workers broke ground on 1,033 new housing units—a 10-year high. Thanks to steady population growth and a healthy economy, the pace of new home construction is set to remain strong over the forecast. Housing starts are anticipated to edge up from 875 units in 2018 to 950 units this year and 910 units in 2020—well above the 10-year annual average of 620 units. One key project is the mixed-use Five Corners development. With 25,000 square feet of retail space and 20 housing units to be completed in 2019, this downtown project will eventually include 50,000 square feet of retail space and up to 130 homes. Construction also started this year on Van Maren Group's Base10 townhome project. Expected to keep workers busy beyond the forecast period, this development will consist of about 300 new homes.

On the non-residential side, construction is wrapping up on the new $200-million, 400,000-square-foot Molson Coors brewery. Fortunately, other projects will take its place. In tandem with PCI Developments' purchase of Cottonwood Mall earlier this year, it was announced that Save-On-Foods will be opening a new location at the mall. With construction now under way and slated to wrap up in 2020, it is part of a larger investment of around $30 million. Meanwhile, work continues on the $6.5-million Lickman Road interchange, which is expected to be completed this fall.

Looking beyond the forecast, the outlook remains bright. If approved, work could begin toward the end of 2020 on a $63-million redevelopment of Chilliwack Mall, which would include the demolition of the existing mall and the construction of new stand-alone retail buildings and three residential towers containing more than 200 units. Finally, the Chilliwack school district has included 13 proposed capital projects in its five-year-plan; these consist of a mix of new schools and additions to existing buildings. With the region's schools already operating above capacity, some of these projects could move ahead quickly.

Consistent growth in store for services sector

Between 2014 and 2018, Chilliwack's aggregate services sector expanded at a robust average annual pace of 3.2 per cent. Although we anticipate cooler overall gains, growth will nonetheless edge up from 1.8 per cent in 2018 to a solid 1.9 per cent this year and 2.0 per cent in 2020 thanks to widespread advances across services industries.

The region's publicly funded services industries will be key to the overall services sector's performance in the near term. Public administration, Chilliwack's largest services industry, is expected to advance by a healthy 2.3 per cent this year and next, following an output gain of 4.1 per cent in 2018. At the same time, non-commercial services, which includes health care and education, is on track to expand by a steady 1.9 per cent this year and 1.7 per cent in 2020, just above the five-year average annual rate of 1.6 per cent. Health care should see steady growth over the forecast and beyond as the province continues to invest in the industry to support an aging population. Thanks in part to the University of the Fraser Valley's Chilliwack campus, the education sector is also anticipated to advance at a steady pace.

Chilliwack's commercial services are also set to log solid performances over the near term. The finance, insurance, and real estate industry is expected to advance by 2.3 per cent this year and 2.1 per cent in 2020 following a modest output gain of 1.4 per cent in 2018. With sales down nearly 30 per cent in the first six months of 2019 compared with the same period in 2018, the real estate market's weak performance will constrain overall growth in the industry. A combination of higher interest rates and of federal and provincial housing cooling measures are partly to blame for this slowdown. Indeed, the federal government now requires a stress test on all insured mortgages, while the B.C. government has implemented a "speculation tax" on vacant properties and expanded its tax on foreign buyers to areas beyond Greater Vancouver, including the Fraser Valley. Fortunately, rising listings, strong housing starts, and Chilliwack's relative affordability compared with Metro Vancouver should help attract buyers to the region. Finally, the wholesale and retail trade industry is anticipated to advance by a modest 1.4 per cent this year before stronger job and wage growth support a greater 2.3 per cent output gain next year.

Chilliwack

Table 1
Sectoral gross domestic product
(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	3,591	3,759	3,872	4,008	4,162	4,291	4,384	4,482
	4.5	*4.7*	*3.0*	*3.5*	*3.9*	*3.1*	*2.2*	*2.2*
Goods sector	1,243	1,329	1,365	1,400	1,462	1,542	1,583	1,624
	4.2	*6.9*	*2.7*	*2.5*	*4.5*	*5.4*	*2.7*	*2.6*
Manufacturing	254	275	289	306	328	339	347	354
	3.3	*8.6*	*5.1*	*5.6*	*7.3*	*3.4*	*2.4*	*2.0*
Construction	239	256	250	250	271	273	280	287
	-1.8	*7.0*	*-2.3*	*-0.1*	*8.4*	*0.7*	*2.8*	*2.6*
Primary and utilities	750	798	826	844	864	930	955	982
	6.6	*6.4*	*3.5*	*2.3*	*2.3*	*7.7*	*2.7*	*2.8*
Services sector	2,348	2,430	2,507	2,608	2,700	2,749	2,802	2,858
	4.7	*3.5*	*3.2*	*4.0*	*3.5*	*1.8*	*1.9*	*2.0*
Transportation and warehousing	114	116	116	117	120	119	122	124
	1.7	*1.5*	*-0.2*	*1.0*	*2.9*	*-0.9*	*2.3*	*1.8*
Information and cultural industries	28	32	36	41	45	48	49	51
	9.0	*14.7*	*10.5*	*13.5*	*11.1*	*5.6*	*3.5*	*3.6*
Wholesale and retail trade	414	425	430	453	479	484	490	502
	6.6	*2.8*	*1.0*	*5.5*	*5.8*	*0.9*	*1.4*	*2.3*
Finance, insurance, and real estate	402	428	458	488	509	516	528	539
	7.9	*6.5*	*7.0*	*6.6*	*4.4*	*1.4*	*2.3*	*2.1*
Business services	259	272	279	285	288	289	292	296
	3.9	*4.9*	*2.4*	*2.3*	*0.9*	*0.4*	*1.2*	*1.4*
Personal services	222	230	229	231	235	237	240	244
	1.1	*3.6*	*-0.3*	*0.7*	*1.7*	*0.9*	*1.5*	*1.7*
Non-commercial services	459	461	471	480	486	498	507	516
	1.9	*0.4*	*2.3*	*1.9*	*1.2*	*2.4*	*1.9*	*1.7*
Public administration	451	466	490	514	538	560	573	586
	5.7	*3.4*	*5.1*	*4.9*	*4.7*	*4.1*	*2.3*	*2.3*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Chilliwack

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	51.2	53.0	41.3	47.8	48.9	45.5	46.2	47.3
	12.5	*3.5*	*-22.1*	*15.7*	*2.3*	*-7.0*	*1.5*	*2.4*
Goods sector	11.8	12.5	9.8	11.0	11.4	11.2	11.3	11.6
	5.3	*5.7*	*-21.4*	*11.6*	*3.9*	*-2.0*	*1.3*	*2.8*
Manufacturing	4.4	4.8	3.9	4.3	4.4	4.2	4.4	4.4
	-1.6	*8.0*	*-18.1*	*10.3*	*2.1*	*-3.9*	*2.7*	*1.0*
Construction	4.1	4.3	3.2	3.7	4.0	4.1	4.1	4.2
	9.0	*4.4*	*-24.1*	*15.7*	*7.1*	*1.4*	*0.6*	*3.3*
Primary and utilities	3.3	3.4	2.7	2.9	3.0	2.9	2.9	3.0
	11.1	*4.1*	*-22.4*	*8.7*	*2.4*	*-3.8*	*0.4*	*4.8*
Services sector	39.4	40.5	31.5	36.8	37.5	34.3	34.9	35.7
	14.9	*2.9*	*-22.3*	*17.0*	*1.8*	*-8.5*	*1.5*	*2.3*
Transportation and warehousing	1.9	2.2	1.7	1.9	1.8	1.7	1.7	1.7
	1.5	*13.0*	*-21.7*	*7.9*	*-2.5*	*-8.4*	*3.2*	*1.2*
Information and cultural industries	0.2	0.2	0.2	0.6	0.7	0.5	0.5	0.5
	-30.3	*-22.4*	*55.6*	*135.1*	*28.2*	*-32.0*	*-4.4*	*1.3*
Wholesale and retail trade	8.8	8.7	6.4	8.2	7.7	6.2	6.8	6.9
	22.9	*-0.7*	*-26.2*	*27.4*	*-6.1*	*-18.6*	*9.1*	*1.1*
Finance, insurance, and real estate	3.0	3.0	1.7	2.4	3.1	2.5	2.7	2.7
	38.3	*0.4*	*-43.2*	*37.7*	*28.9*	*-19.0*	*9.4*	*1.3*
Business services	4.1	4.1	3.6	4.0	3.9	4.1	4.0	4.0
	40.1	*1.4*	*-12.4*	*9.0*	*-2.4*	*7.0*	*-3.3*	*0.6*
Personal services	6.2	6.6	5.1	5.9	6.3	6.1	6.3	6.4
	1.9	*5.1*	*-21.4*	*14.6*	*7.6*	*-3.7*	*2.6*	*2.8*
Non-commercial services	10.0	10.3	8.4	9.3	9.3	8.8	8.8	9.1
	8.3	*3.0*	*-18.0*	*10.0*	*0.6*	*-5.4*	*-0.4*	*3.5*
Public administration	5.2	5.5	4.2	4.7	4.7	4.4	4.1	4.2
	14.3	*5.8*	*-23.5*	*13.5*	*-0.9*	*-6.4*	*-7.0*	*4.0*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Prince George

Key findings

- After growing by a modest 1.3 per cent in 2018, Prince George's economy is expected to pick up the pace and expand by 1.5 per cent this year and 1.7 per cent in 2020.

- Job growth will slow from 1.2 per cent last year to 0.5 per cent in 2019 before edging up to 0.9 per cent next year.

- The region's unemployment rate is anticipated to edge down from an average of 5.2 per cent last year to 4.9 per cent this year and 5.1 per cent in 2020.

Prince George

Current state

The region saw near-record housing starts in 2018.

A struggling forestry sector will weigh on the primary and utilities industry.

Forecast risk

A resolution to the U.S.–Canada softwood lumber dispute would provide some welcome relief to the region's struggling forestry sector.

Economic indicators

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP at market prices	4,075	4,183	4,225	4,301	4,408	4,467	4,536	4,615
(2012 $ millions)	*1.6*	*2.6*	*1.0*	*1.8*	*2.5*	*1.3*	*1.5*	*1.7*
Total employment (000s)	48	51	47	47	49	49	49	50
	–3.8	*6.2*	*–8.2*	*0.2*	*3.0*	*1.2*	*0.5*	*0.9*
Unemployment rate (per cent)	5.3	5.2	6.4	6.5	6.2	5.2	4.9	5.1
Personal income per capita ($)	45,152	46,462	47,919	47,456	48,889	49,566	50,399	52,191
	2.1	*2.9*	*3.1*	*–1.0*	*3.0*	*1.4*	*1.7*	*3.6*
Population (000s)	85	85	86	87	87	87	88	88
	0.6	*0.3*	*0.8*	*0.9*	*0.2*	*0.8*	*0.6*	*0.5*
Housing starts (units)								
Single-family	126	133	169	182	190	194	176	178
Multiple-family	69	25	100	131	82	233	125	128
Total	195	158	269	313	272	427	301	306
Retail sales ($ millions)	1,235	1,304	1,373	1,427	1,512	1,516	1,543	1,589
	0.8	*5.5*	*5.3*	*3.9*	*6.0*	*0.2*	*1.8*	*3.0*

Shaded area represents forecast data.
For each indicator, the first line is the level and the second line is the percentage change from the previous period; *italics indicate percentage change.*
Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Prince George's economy to expand at steady pace

Over the last five years, Prince George's economy has expanded at a steady average annual pace of 1.9 per cent. Following a modest gain of 1.3 per cent in 2018, real GDP growth is anticipated to rise gradually over the forecast, to 1.5 per cent this year and 1.7 per cent in 2020.

The economy's solid performance in recent years has been thanks to robust growth among the region's goods-producing industries, particularly the construction industry and the primary and utilities industry. The construction industry will continue to make healthy gains over the forecast thanks to last year's near-record housing starts and an active non-residential construction sector. Although primary and utilities—Prince George's largest industry—is expected to keep growing over the forecast, gains will be more modest as a result of weak performances in the forestry and mining sectors. Meanwhile, healthy performances in the finance, insurance, and real estate industry and in business services will help drive solid gains in the region's aggregate services sector.

Prince George's job market saw modest average annual employment growth of 0.4 per cent between 2014 and 2018—a total gain of only 900 jobs. After expanding by 1.2 per cent in 2018, employment is anticipated to advance by a more modest 0.5 per cent this year before rising by 0.9 per cent in 2020, maintaining a pace of growth comfortably above the 10-year average annual rate of 0.1 per cent. These positive job gains, combined with population aging, will help ease the region's jobless rate down from 5.2 per cent in 2018 to sit at 4.9 per cent in 2019 and 5.1 per cent in 2020.

Goods sector growth eases

Between 2014 and 2018, Prince George's overall goods sector expanded at a healthy average annual pace of 3.0 per cent. Unfortunately, output growth is anticipated to cool from 3.7 per cent last year to 1.2 per cent this year and 1.7 per cent in 2020 as a result of a slow commodities sector.

The primary and utilities industry, which includes agriculture, forestry, and mining, is the region's largest industry, making up nearly one-fifth of the economy's real GDP. After advancing at an average annual pace of 2.7 per cent over the last five years, including a gain of 6.4 per cent in 2018, primary and utilities output is anticipated to slow to growth of 1.2 per cent this year and 1.7 per cent in 2020. While the mining sector will see modest gains over the near term, B.C.'s forestry sector will continue to struggle. The imposition of duties averaging 20.2 per cent on U.S. imports of Canadian softwood lumber in 2017 has hurt forestry product exports, and timber prices have been slow to recover since their collapse in 2018. In addition, falling annual allowable cuts and low log inventories driven by the mountain pine beetle infestation and two of the province's worst wildfires in history in 2017 and 2018 will continue to hurt lumber producers in the near term.

Prince George's manufacturing sector will benefit from the low Canadian dollar, but slowing U.S. housing starts and the province's struggling forestry sector will weigh heavily on the region's wood product manufacturing industry. Indeed, Canfor Pulp announced it would temporarily suspend operations at its Northwood and Intercontinental pulp mills this summer, leaving around 760 employees without work for up to a month. All told, after declining by 0.3 per cent in 2018, total manufacturing output will eke out a gain of just 0.2 per cent this year, Fortunately, next year looks better: output growth is projected to reach 1.3 per cent in 2020.

Steady advances in store for construction

Over the last five years, Prince George's construction industry expanded at a strong average annual pace of 4.8 per cent. Although growth is anticipated to ease over the forecast, a mix of healthy residential and non-residential construction activity will support construction output growth of 2.2 per cent in 2019 and 2.1 per cent in 2020, after a gain of 2.7 per cent in 2018.

Last year, workers broke ground on 427 new homes—the highest level of housing starts since 1996. Although housing starts are anticipated to ease to 300 units this year and 310 units next year, they will remain comfortably above the 10-year annual average of 236 units.

On the non-residential side, work is expected to wrap up this year on the last of the 27 projects associated with the $440-million improvement of Highway 97. The outlook remains bright, however, as a few key projects will keep builders busy over the forecast. Construction is proceeding on the $44-million replacement of Kelly Road secondary school. Set to accommodate 900 students, the new school is supposed to be open by September 2020. Meanwhile, construction of the $40-million Highway 97 Parsnip River Bridge replacement could wrap up by the end of next summer. Finally, northern B.C. will benefit from construction of the 670-kilometre Coastal GasLink pipeline that will deliver natural gas from Dawson Creek to LNG Canada's under-construction liquefied natural gas terminal in Kitimat. The project serves as an upside risk to our forecast, as although the pipeline does not run through Prince George, the region could benefit indirectly. With construction beginning this year and slated to end by 2023, the project will employ up to 2,500 workers, with priority given to local and Indigenous businesses.

Services sector on the rebound

After posting modest average annual output gains of 1.2 per cent between 2014 and 2018, Prince George's services sector is anticipated to bounce back over the forecast. Growth is expected to average 1.8 per cent this year and next, a welcome change following no growth in 2018.

Thanks in part to a healthy real estate market, the finance, insurance, and real estate industry will be the region's fastest-growing industry over this year and next. Following no growth in 2018, the industry is forecast to expand by 2.6 per cent this year and 2.7 per cent in 2020. Meanwhile, the business services industry, which includes legal, accounting, and computer systems design services, will expand by a healthy 2.4 per cent this year and 2.1 next year after advancing by a moderate 0.6 per cent in 2018. Finally, despite solid income growth, consumer spending will be constrained in the near term by a combination of modest job gains and higher interest rates. As a result, following a contraction of 2.7 per cent in 2018, the wholesale and retail trade industry will see its output growth edge up to 0.3 per cent this year and 2.2 per cent in 2020.

Generating 14 per cent of the region's GDP and employing 22 per cent of workers, the non-commercial services industry, which includes education and health care, is essential to Prince George's economy. The region is home to the University of Northern British Columbia, which recently received $3.3 million from the B.C. government to work in partnership with the University of British Columbia to establish occupational and physical therapy programs. The master's in physiotherapy program will welcome its first 20 students in 2020, while the 16-student master's in occupational therapy program will launch in 2022. Meanwhile, the health care sector is anticipated to see consistent investment over the forecast period and beyond to care for the region's aging population. In total, output in the non-commercial services industry is expected to expand by a solid 1.8 per cent this year and 1.3 per cent in 2020 following a gain of 2.2 per cent in 2018. Finally, output growth in the public administration industry is anticipated to slow from a strong 3.8 per cent last year to 1.7 per cent this year and 1.0 per cent in 2020.

Prince George

Table 1

Sectoral gross domestic product

(2012 $ millions)

	2013	2014	2015	2016	2017	2018	2019	2020
Total gross domestic product	4,075	4,183	4,225	4,301	4,408	4,467	4,536	4,615
	1.6	*2.6*	*1.0*	*1.8*	*2.5*	*1.3*	*1.5*	*1.7*
Goods sector	1,467	1,541	1,556	1,576	1,636	1,696	1,716	1,745
	1.3	*5.1*	*1.0*	*1.3*	*3.8*	*3.7*	*1.2*	*1.7*
Manufacturing	411	427	430	437	452	451	452	457
	–1.6	*3.8*	*0.9*	*1.6*	*3.4*	*–0.3*	*0.2*	*1.3*
Construction	324	353	353	359	397	408	417	426
	0.3	*9.2*	*–0.2*	*1.9*	*10.6*	*2.7*	*2.2*	*2.1*
Primary and utilities	732	761	773	779	787	837	847	862
	3.6	*3.9*	*1.6*	*0.8*	*1.0*	*6.4*	*1.2*	*1.7*
Services sector	2,608	2,642	2,669	2,725	2,772	2,771	2,820	2,870
	1.8	*1.3*	*1.0*	*2.1*	*1.7*	*0.0*	*1.8*	*1.8*
Transportation and warehousing	224	222	216	214	215	208	213	216
	–0.7	*–0.9*	*–2.4*	*–1.1*	*0.6*	*–3.3*	*2.3*	*1.7*
Information and cultural industries	115	120	118	118	117	111	113	114
	0.1	*3.7*	*–1.5*	*0.6*	*–1.1*	*–5.2*	*2.2*	*0.7*
Wholesale and retail trade	490	494	488	500	512	498	499	510
	4.4	*0.8*	*–1.3*	*2.5*	*2.4*	*–2.7*	*0.3*	*2.2*
Finance, insurance, and real estate	422	439	461	483	496	496	509	522
	4.9	*4.1*	*5.1*	*4.7*	*2.7*	*0.0*	*2.6*	*2.7*
Business services	238	250	257	264	267	268	275	281
	3.7	*5.0*	*2.6*	*2.7*	*1.2*	*0.6*	*2.4*	*2.1*
Personal services	229	235	232	231	232	230	234	238
	0.1	*2.7*	*–1.4*	*–0.6*	*0.4*	*–0.5*	*1.7*	*1.6*
Non-commercial services	598	589	594	601	607	620	631	639
	–0.7	*–1.5*	*1.0*	*1.2*	*0.9*	*2.2*	*1.8*	*1.3*
Public administration	292	293	303	314	327	339	345	349
	1.2	*0.4*	*3.1*	*3.8*	*4.1*	*3.8*	*1.7*	*1.0*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Prince George

Table 2
Sectoral employment
(000s)

	2013	2014	2015	2016	2017	2018	2019	2020
Total employment	48.2	51.2	47.0	47.1	48.5	49.1	49.3	49.8
	–3.8	*6.2*	*–8.2*	*0.2*	*3.0*	*1.2*	*0.5*	*0.9*
Goods sector	13.2	12.5	11.7	13.3	11.8	13.6	13.4	13.5
	–8.0	*–5.1*	*–6.1*	*13.3*	*–11.3*	*15.4*	*–1.7*	*0.7*
Manufacturing	4.8	4.6	4.6	4.9	4.7	5.6	5.1	5.1
	–13.6	*–3.4*	*–1.1*	*6.4*	*–3.5*	*17.8*	*–7.6*	*–0.1*
Construction	4.8	3.9	3.8	4.3	3.9	4.8	4.8	4.8
	1.8	*–18.9*	*–1.2*	*13.9*	*–10.5*	*22.7*	*0.4*	*1.0*
Primary and utilities	3.6	4.0	3.3	4.1	3.2	3.3	3.4	3.5
	–11.7	*10.9*	*–16.7*	*22.1*	*–21.7*	*2.9*	*5.3*	*1.3*
Services sector	35.0	38.7	35.3	33.8	36.7	35.5	36.0	36.3
	–2.1	*10.5*	*–8.9*	*–4.1*	*8.6*	*–3.3*	*1.3*	*1.0*
Transportation and warehousing	2.6	2.1	1.8	2.7	2.5	1.9	2.2	2.2
	–19.1	*–19.7*	*–11.9*	*48.4*	*–7.7*	*–24.7*	*16.5*	*0.2*
Information and cultural industries	0.5	1.1	1.1	0.5	1.0	0.6	0.7	0.7
	–35.0	*109.8*	*2.0*	*–59.0*	*128.0*	*–39.6*	*5.8*	*–1.2*
Wholesale and retail trade	8.0	8.6	9.0	7.5	8.2	6.5	7.2	7.3
	–4.3	*7.7*	*4.3*	*–16.7*	*9.4*	*–20.4*	*11.0*	*0.5*
Finance, insurance, and real estate	2.2	2.5	2.8	2.1	2.1	2.7	2.5	2.5
	21.4	*14.2*	*9.6*	*–23.5*	*–1.3*	*26.9*	*–7.0*	*1.3*
Business services	3.3	4.4	3.4	4.7	4.5	4.2	4.4	4.4
	–14.7	*32.5*	*–22.0*	*38.3*	*–6.1*	*–5.4*	*4.2*	*0.9*
Personal services	6.0	7.3	6.5	4.4	5.5	5.7	5.6	5.7
	5.6	*20.6*	*–10.7*	*–32.1*	*24.3*	*4.2*	*–1.4*	*1.4*
Non-commercial services	9.5	10.2	8.1	9.6	10.3	11.0	10.6	10.8
	–6.9	*7.4*	*–20.5*	*17.8*	*7.7*	*6.3*	*–3.3*	*1.7*
Public administration	2.9	2.5	2.5	2.3	2.7	2.9	2.8	2.8
	59.4	*–12.1*	*0.9*	*–8.2*	*14.5*	*10.4*	*–4.6*	*0.2*

Shaded area represents forecast data; *italics indicate percentage change.*
Sources: Statistics Canada; The Conference Board of Canada.

Appendix A

Recent economic history of Canada's mid-sized cities

GDP highlights

- For the second year in a row, Wood Buffalo, Alta., posted the strongest economic growth among this report's 31 cities in 2018, thanks largely to robust gains in the region's oil and gas sector.
- With real GDP of $17.2 billion in 2018, Wood Buffalo—which includes Fort McMurray—is by far the largest mid-sized economy in our report. The second largest economy, Medicine Hat, Alta., produced goods and services totalling $5.6 billion last year.
- Eight of the 31 cities saw their economies shrink in 2018, with Edmundston, N.B., and Cornwall, Ont., experiencing the worst losses, contracting by 3.0 per cent and 2.6 per cent, respectively.
- The smallest economy in our report is Summerside, P.E.I., with real GDP of $792 million in 2018.
- Between 2014 and 2018, average annual economic growth ranged from 5.0 per cent in Lethbridge, Alta., to –2.3 per cent in Cornwall.

Employment highlights

- As one of four mid-sized economies posting double-digit employment growth in 2018, Sarnia, Ont., led the way with robust job gains of 17.7 per cent.
- Employment fell in 11 of 31 cities last year, with New Glasgow, N.S., suffering the steepest decline, at 15.9 per cent.
- Between 2014 and 2018, average annual job growth was the strongest in Lethbridge, Alta., (9.9 per cent) and weakest in Timmins, Ont., (–4.5 per cent).
- Lethbridge boasts the report's largest job market; nearly 64,000 people were employed in the region last year.
- In contrast, with fewer than 10,000 people employed, Summerside, P.E.I., and Edmundston, N.B., had the smallest job markets among the 31 mid-sized cities.

Annexe B
Histoire économique récente des villes canadiennes de taille moyenne

Faits saillants sur le PIB

- En 2018, et pour une deuxième année consécutive, Wood Buffalo, en Alberta, a affiché la plus forte croissance économique des 31 villes examinées dans ce rapport. Elle doit ce succès en grande partie aux gains réalisés par le secteur pétrolier et gazier de la région.
- Avec un PIB réel de 17,2 milliards de dollars en 2018, Wood Buffalo, qui inclut Fort McMurray, a de loin la plus grosse économie des villes de taille moyenne de notre rapport. La deuxième en importance est celle de Medicine Hat, en Alberta, dont la production a totalisé 5,6 milliards de dollars l'an dernier.
- Huit des 31 villes examinées ont enregistré une contraction économique en 2018. Les économies de Edmunston, au Nouveau-Brunswick, et de Cornwall, en Ontario, ont été durement touchées, reculant respectivement de 3,0 % et 2,6%.
- Summerside, à l'Île-du-Prince-Édouard, a la plus petite économie de notre rapport. Son PIB réel a été de 792 millions de dollars en 2018.
- Entre 2014 et 2018, la croissance économique annuelle moyenne des villes de ce rapport a varié de 5,0 % à Lethbridge, en Alberta, à –2,3 % à Cornwall.

Faits saillants sur l'emploi

- En 2018, avec des gains très appréciables de 17,7 % au chapitre de l'emploi, Sarnia, en Ontario, est arrivée en tête du peloton des quatre villes de taille moyenne où la croissance de l'emploi a dépassé les 10 %.
- La même année, l'emploi a chuté dans 11 des 31 villes du rapport. Avec une baisse de 15,9 %, New Glasgow, en NouvelleÉcosse, est la ville qui a accusé le plus fort déclin.
- Entre 2014 et 2018, c'est Lethbridge, en Alberta, qui a enregistré la croissance annuelle moyenne de l'emploi la plus forte (9,9 %), tandis que Timmins, en Ontario, arrive en queue avec –4,5 %.
- Lethbridge a le plus important marché de l'emploi des 31 villes du rapport. Près de 64 000 personnes étaient employées dans la région l'an dernier.
- À l'autre extrémité, Summerside, à l'Île-du-Prince-Édouard, et Edmundston, au Nouveau-Brunswick, ont les plus petits marchés de l'emploi du rapport avec moins de 10 000 personnes employées.

Appendix C
Historical data

Total gross domestic product

(2012 $ millions)

	2010	2011	2012	2013	2014	2015	2016	2017
Newfoundland and Labrador								
Corner Brook	1,090	1,116	1,160	1,191	1,225	1,228	1,254	1,241
	3.4	*2.4*	*4.0*	*2.7*	*2.8*	*0.2*	*2.1*	*−1.0*
Prince Edward Island								
Charlottetown	2,562	2,599	2,665	2,691	2,744	2,820	2,940	3,044
	2.7	*1.4*	*2.5*	*1.0*	*1.9*	*2.8*	*4.2*	*3.5*
Summerside	726	731	742	744	751	759	778	792
	1.8	*0.6*	*1.6*	*0.2*	*1.0*	*1.0*	*2.5*	*1.8*
Nova Scotia								
Truro	1,559	1,517	1,496	1,500	1,490	1,491	1,497	1,499
	−0.4	*−2.7*	*−1.4*	*0.3*	*−0.7*	*0.1*	*0.4*	*0.1*
New Glasgow	958	921	898	895	899	920	938	946
	−3.0	*−3.9*	*−2.5*	*−0.3*	*0.5*	*2.3*	*2.0*	*0.8*
Cape Breton	2,567	2,522	2,490	2,497	2,476	2,472	2,471	2,464
	0.0	*−1.8*	*−1.3*	*0.3*	*−0.8*	*−0.2*	*−0.1*	*−0.3*
New Brunswick								
Fredericton	4,293	4,236	4,193	4,185	4,190	4,226	4,291	4,300
	0.1	*−1.3*	*−1.0*	*−0.2*	*0.1*	*0.9*	*1.5*	*0.2*
Bathurst	1,212	1,183	1,164	1,148	1,137	1,132	1,137	1,125
	−1.1	*−2.4*	*−1.6*	*−1.4*	*−1.0*	*−0.4*	*0.4*	*−1.1*
Miramichi	1,066	1,027	1,007	1,001	1,003	1,022	1,046	1,060
	−3.3	*−3.7*	*−1.9*	*−0.6*	*0.2*	*1.9*	*2.4*	*1.3*
Edmundston	791	771	763	744	731	723	719	697
	−0.8	*−2.5*	*−1.0*	*−2.6*	*−1.8*	*−1.0*	*−0.7*	*−3.0*
Quebec								
Granby	3,544	3,556	3,535	3,548	3,505	3,465	3,481	3,472
	1.9	*0.4*	*−0.6*	*0.4*	*−1.2*	*−1.1*	*0.4*	*−0.2*
Saint-Jean-sur-Richelieu	2,842	2,867	2,888	2,920	2,917	2,928	2,980	3,018
	1.8	*0.9*	*0.7*	*1.1*	*−0.1*	*0.4*	*1.8*	*1.3*
Rouyan-Noranda/Val-d'Or	2,892	2,955	3,067	3,182	3,287	3,394	3,559	3,731
	3.2	*2.2*	*3.8*	*3.7*	*3.3*	*3.3*	*4.8*	*4.8*

(continued ...)

Total gross domestic product (cont'd)

(2012 $ millions)

	2010	2011	2012	2013	2014	2015	2016	2017
Ontario								
Cornwall	2,337	2,268	2,189	2,139	2,090	2,038	1,999	1,947
	-1.3	*-3.0*	*-3.5*	*-2.3*	*-2.3*	*-2.5*	*-1.9*	*-2.6*
Norfolk	2,215	2,192	2,208	2,222	2,229	2,244	2,273	2,305
	2.3	*-1.0*	*0.7*	*0.6*	*0.3*	*0.7*	*1.3*	*1.4*
Chatham–Kent	4,256	4,214	4,203	4,219	4,231	4,249	4,284	4,311
	1.2	*-1.0*	*-0.3*	*0.4*	*0.3*	*0.4*	*0.8*	*0.6*
Leamington	2,064	2,119	2,181	2,253	2,308	2,350	2,395	2,439
	5.4	*2.6*	*2.9*	*3.3*	*2.4*	*1.8*	*1.9*	*1.8*
Sarnia	3,048	3,035	3,028	3,034	3,029	3,018	3,016	3,001
	1.5	*-0.4*	*-0.2*	*0.2*	*-0.2*	*-0.4*	*-0.1*	*-0.5*
North Bay	2,684	2,667	2,653	2,660	2,654	2,663	2,685	2,697
	1.0	*-0.6*	*-0.5*	*0.3*	*-0.2*	*0.3*	*0.8*	*0.5*
Timmins	2,360	2,359	2,384	2,394	2,393	2,378	2,363	2,364
	3.3	*0.0*	*1.1*	*0.4*	*0.0*	*-0.6*	*-0.6*	*0.1*
Sault Ste. Marie	2,954	2,939	2,920	2,931	2,943	2,960	2,995	3,018
	0.7	*-0.5*	*-0.7*	*0.4*	*0.4*	*0.6*	*1.2*	*0.8*
Manitoba								
Brandon	2,201	2,259	2,310	2,369	2,382	2,423	2,504	2,543
	2.5	*2.6*	*2.3*	*2.5*	*0.6*	*1.7*	*3.3*	*1.6*
Saskatchewan								
Moose Jaw	2,030	2,080	2,161	2,182	2,120	2,083	2,103	2,114
	5.1	*2.5*	*3.9*	*1.0*	*-2.8*	*-1.8*	*1.0*	*0.5*
Prince Albert	2,156	2,192	2,259	2,269	2,220	2,188	2,192	2,187
	4.1	*1.6*	*3.1*	*0.5*	*-2.2*	*-1.4*	*0.2*	*-0.2*
Alberta								
Medicine Hat	5,251	5,352	5,582	5,868	5,591	5,271	5,543	5,627
	5.0	*1.9*	*4.3*	*5.1*	*-4.7*	*-5.7*	*5.2*	*1.5*
Lethbridge	5,050	5,230	5,513	5,847	6,050	6,305	6,677	7,028
	4.7	*3.6*	*5.4*	*6.1*	*3.5*	*4.2*	*5.9*	*5.2*
Red Deer	6,490	6,710	7,034	7,397	7,172	6,959	7,238	7,376
	6.5	*3.4*	*4.8*	*5.2*	*-3.0*	*-3.0*	*4.0*	*1.9*
Wood Buffalo	11,992	12,736	13,972	15,392	15,039	14,435	16,135	17,185
	9.9	*6.2*	*9.7*	*10.2*	*-2.3*	*-4.0*	*11.8*	*6.5*
British Columbia								
Chilliwack	3,285	3,436	3,591	3,759	3,872	4,008	4,162	4,291
	6.6	*4.6*	*4.5*	*4.7*	*3.0*	*3.5*	*3.9*	*3.1*
Nanaimo	3,428	3,497	3,579	3,689	3,771	3,905	4,067	4,166
	2.2	*2.0*	*2.3*	*3.1*	*2.2*	*3.6*	*4.1*	*2.4*
Prince George	3,938	4,009	4,075	4,183	4,225	4,301	4,408	4,467
	3.1	*1.8*	*1.6*	*2.6*	*1.0*	*1.8*	*2.5*	*1.3*

First line is in 2012 $ millions; *italics indicate percentage change.*
Sources: The Conference Board of Canada; Statistics Canada.

Total employment

(000s of jobs)

	2010	2011	2012	2013	2014	2015	2016	2017
Newfoundland and Labrador								
Corner Brook	11.4	10.9	12.8	12.1	12.9	13.1	13.4	12.8
	5.6	*-4.4*	*17.4*	*-5.5*	*6.6*	*1.6*	*2.3*	*-4.5*
Prince Edward Island								
Charlottetown	34.8	35.5	36.9	36.7	36.7	36.9	38.3	38.8
	3.6	*2.0*	*3.9*	*-0.5*	*0.0*	*0.5*	*3.8*	*1.3*
Summerside	8.2	8.0	7.9	8.5	8.3	7.6	8.0	7.9
	0.0	*-2.4*	*-1.3*	*7.6*	*-2.4*	*-8.4*	*5.3*	*-1.3*
Nova Scotia								
Truro	23.8	24.0	23.1	21.5	23.8	22.0	21.5	21.3
	1.7	*0.8*	*-3.8*	*-6.9*	*10.7*	*-7.6*	*-2.3*	*-0.9*
New Glasgow	15.6	12.0	10.5	8.9	15.1	15.7	17.0	14.3
	-7.1	*-23.1*	*-12.5*	*-15.2*	*69.7*	*4.0*	*8.3*	*-15.9*
Cape Breton	41.2	41.8	41.0	39.9	38.7	37.9	37.5	37.1
	-0.5	*1.5*	*-1.9*	*-2.7*	*-3.0*	*-2.1*	*-1.1*	*-1.1*
New Brunswick								
Fredericton	51.3	49.8	50.4	49.3	50.7	52.8	50.3	51.4
	-4.5	*-2.9*	*1.2*	*-2.2*	*2.8*	*4.1*	*-4.7*	*2.2*
Bathurst	15.8	15.2	15.6	14.4	15.2	13.6	14.2	14.5
	11.3	*-3.8*	*2.6*	*-7.7*	*5.6*	*-10.5*	*4.4*	*2.1*
Miramichi	8.6	9.4	9.8	13.1	11.9	11.5	12.4	11.4
	-19.6	*9.3*	*4.3*	*33.7*	*-9.2*	*-3.4*	*7.8*	*-8.1*
Edmundston	9.6	10.3	10.9	10.9	8.6	9.4	8.6	8.9
	-22.0	*7.3*	*5.8*	*0.0*	*-21.1*	*9.3*	*-8.5*	*3.5*
Quebec								
Granby	49.2	42.6	41.3	44.5	41.0	42.5	39.3	38.6
	1.9	*-13.4*	*-3.1*	*7.7*	*-7.9*	*3.7*	*-7.5*	*-1.8*
Saint-Jean-sur-Richelieu	41.9	48.3	46.4	47.3	47.2	46.5	40.7	45.8
	-4.8	*15.3*	*-3.9*	*1.9*	*-0.2*	*-1.5*	*-12.5*	*12.5*
Rouyan-Noranda/Val-d'Or	33.0	32.7	35.7	37.5	36.7	40.3	40.1	40.4
	12.6	*-0.9*	*9.2*	*5.0*	*-2.1*	*9.8*	*-0.5*	*0.7*
Ontario								
Cornwall	27.5	24.3	23.6	26.2	23.4	23.8	23.0	26.4
	-15.9	*-11.6*	*-2.9*	*11.0*	*-10.7*	*1.7*	*-3.4*	*14.8*
Norfolk	32.7	30.5	30.8	30.7	30.1	30.3	31.3	31.5
	5.1	*-6.7*	*1.0*	*-0.3*	*-2.0*	*0.7*	*3.3*	*0.6*
Chatham-Kent	48.1	49.1	46.6	49.5	45.5	48.5	47.4	49.5
	-3.2	*2.1*	*-5.1*	*6.2*	*-8.1*	*6.6*	*-2.3*	*4.4*
Leamington	20.4	27.9	26.0	25.0	24.8	24.2	19.8	23.3
	13.3	*36.8*	*-6.8*	*-3.8*	*-0.8*	*-2.4*	*-18.2*	*17.7*
Sarnia	45.9	42.9	43.5	43.2	42.3	37.9	42.6	38.8
	2.7	*-6.5*	*1.4*	*-0.7*	*-2.1*	*-10.4*	*12.4*	*-8.9*

(continued ...)

Total employment (cont'd)

(000s of jobs)

	2010	2011	2012	2013	2014	2015	2016	2017
North Bay	31.8	33.6	29.0	35.0	29.4	30.5	30.9	31.2
	6.0	*5.7*	*–13.7*	*20.7*	*–16.0*	*3.7*	*1.3*	*1.0*
Timmins	23.5	27.1	28.0	28.2	26.1	23.9	20.8	22.3
	–3.3	*15.3*	*3.3*	*0.7*	*–7.4*	*–8.4*	*–13.0*	*7.2*
Sault Ste. Marie	36.3	34.4	37.2	39.9	32.7	33.8	34.6	38.2
	–4.2	*–5.2*	*8.1*	*7.3*	*–18.0*	*3.4*	*2.4*	*10.4*
Manitoba								
Brandon	28.1	26.8	31.7	29.0	28.7	28.2	30.9	32.1
	6.0	*–4.6*	*18.3*	*–8.5*	*–1.0*	*–1.7*	*9.6*	*3.9*
Saskatchewan								
Moose Jaw	21.3	20.7	22.3	20.0	18.3	18.5	19.2	19.9
	–7.4	*–2.8*	*7.7*	*–10.3*	*–8.5*	*1.1*	*3.8*	*3.6*
Prince Albert	22.1	22.1	21.9	21.1	22.0	20.6	20.0	20.8
	1.8	*0.0*	*–0.9*	*–3.7*	*4.3*	*–6.4*	*–2.9*	*4.0*
Alberta								
Medicine Hat	33.6	33.5	41.4	41.9	38.5	38.2	40.0	35.7
	–15.6	*–0.3*	*23.6*	*1.2*	*–8.1*	*–0.8*	*4.7*	*–10.8*
Lethbridge	50.9	47.1	39.6	41.2	65.5	68.2	61.8	63.6
	3.5	*–7.5*	*–15.9*	*4.0*	*59.0*	*4.1*	*–9.4*	*2.9*
Red Deer	53.1	52.0	50.8	56.6	58.4	53.5	56.2	56.3
	1.5	*–2.1*	*–2.3*	*11.4*	*3.2*	*–8.4*	*5.0*	*0.2*
Wood Buffalo	46.7	48.6	50.6	52.5	53.1	51.4	53.3	52.6
	5.9	*4.1*	*4.1*	*3.8*	*1.1*	*–3.2*	*3.7*	*–1.3*
British Columbia								
Chilliwack	46.4	45.5	51.2	53.0	41.3	47.8	48.9	45.5
	–4.5	*–1.9*	*12.5*	*3.5*	*–22.1*	*15.7*	*2.3*	*–7.0*
Nanaimo	38.3	39.1	45.1	47.5	40.5	49.3	60.8	61.0
	–16.7	*2.1*	*15.3*	*5.3*	*–14.7*	*21.7*	*23.3*	*0.3*
Prince George	48.5	50.1	48.2	51.2	47.0	47.1	48.5	49.1
	–0.2	*3.3*	*–3.8*	*6.2*	*–8.2*	*0.2*	*3.0*	*1.2*

First line is in thousands of jobs and *second line is percentage change*.
Sources: The Conference Board of Canada; Statistics Canada.

Annexe D

Données historisées

Produit intérieur brut total

(M$ de 2012)

	2010	2011	2012	2013	2014	2015	2016	2017
Terre-Neuve-et-Labrador								
Corner Brook	1 090	1 116	1 160	1 191	1 225	1 228	1 254	1 241
	3,4	*2,4*	*4,0*	*2,7*	*2,8*	*0,2*	*2,1*	*−1,0*
Île-du-Prince-Édouard								
Charlottetown	2 562	2 599	2 665	2 691	2 744	2 820	2 940	3 044
	2,7	*1,4*	*2,5*	*1,0*	*1,9*	*2,8*	*4,2*	*3,5*
Summerside	726	731	742	744	751	759	778	792
	1,8	*0,6*	*1,6*	*0,2*	*1,0*	*1,0*	*2,5*	*1,8*
Nouvelle-Écosse								
Truro	1 559	1 517	1 496	1 500	1 490	1 491	1 497	1 499
	−0,4	*−2,7*	*−1,4*	*0,3*	*−0,7*	*0,1*	*0,4*	*0,1*
New Glasgow	958	921	898	895	899	920	938	946
	−3,0	*−3,9*	*−2,5*	*−0,3*	*0,5*	*2,3*	*2,0*	*0,8*
Cap-Breton	2 567	2 522	2 490	2 497	2 476	2 472	2 471	2 464
	0,0	*−1,8*	*−1,3*	*0,3*	*−0,8*	*−0,2*	*−0,1*	*−0,3*
Nouveau-Brunswick								
Fredericton	4 293	4 236	4 193	4 185	4 190	4 226	4 291	4 300
	0,1	*−1,3*	*−1,0*	*−0,2*	*0,1*	*0,9*	*1,5*	*0,2*
Bathurst	1 212	1 183	1 164	1 148	1 137	1 132	1 137	1 125
	−1,1	*−2,4*	*−1,6*	*−1,4*	*−1,0*	*−0,4*	*0,4*	*−1,1*
Miramichi	1 066	1 027	1 007	1 001	1 003	1 022	1 046	1 060
	−3,3	*−3,7*	*−1,9*	*−0,6*	*0,2*	*1,9*	*2,4*	*1,3*
Edmundston	791	771	763	744	731	723	719	697
	−0,8	*−2,5*	*−1,0*	*−2,6*	*−1,8*	*−1,0*	*−0,7*	*−3,0*
Québec								
Granby	3 544	3 556	3 535	3 548	3 505	3 465	3 481	3 472
	1,9	*0,4*	*−0,6*	*0,4*	*−1,2*	*−1,1*	*0,4*	*−0,2*
Saint-Jean-sur-Richelieu	2 842	2 867	2 888	2 920	2 917	2 928	2 980	3 018
	1,8	*0,9*	*0,7*	*1,1*	*−0,1*	*0,4*	*1,8*	*1,3*
Rouyn-Noranda/Val-d’Or	2 892	2 955	3 067	3 182	3 287	3 394	3 559	3 731
	3,2	*2,2*	*3,8*	*3,7*	*3,3*	*3,3*	*4,8*	*4,8*

(à suivre...)

Produit intérieur brut total (suite)

(M$ de 2012)

	2010	2011	2012	2013	2014	2015	2016	2017
Ontario								
Cornwall	2 337	2 268	2 189	2 139	2 090	2 038	1 999	1 947
	-1,3	*-3,0*	*-3,5*	*-2,3*	*-2,3*	*-2,5*	*-1,9*	*-2,6*
Norfolk	2 215	2 192	2 208	2 222	2 229	2 244	2 273	2 305
	2,3	*-1,0*	*0,7*	*0,6*	*0,3*	*0,7*	*1,3*	*1,4*
Chatham–Kent	4 256	4 214	4 203	4 219	4 231	4 249	4 284	4 311
	1,2	*-1,0*	*-0,3*	*0,4*	*0,3*	*0,4*	*0,8*	*0,6*
Leamington	2 064	2 119	2 181	2 253	2 308	2 350	2 395	2 439
	5,4	*2,6*	*2,9*	*3,3*	*2,4*	*1,8*	*1,9*	*1,8*
Sarnia	3 048	3 035	3 028	3 034	3 029	3 018	3 016	3 001
	1,5	*-0,4*	*-0,2*	*0,2*	*-0,2*	*-0,4*	*-0,1*	*-0,5*
North Bay	2 684	2 667	2 653	2 660	2 654	2 663	2 685	2 697
	1,0	*-0,6*	*-0,5*	*0,3*	*-0,2*	*0,3*	*0,8*	*0,5*
Timmins	2 360	2 359	2 384	2 394	2 393	2 378	2 363	2 364
	3,3	*0,0*	*1,1*	*0,4*	*0,0*	*-0,6*	*-0,6*	*0,1*
Sault–Sainte–Marie	2 954	2 939	2 920	2 931	2 943	2 960	2 995	3 018
	0,7	*-0,5*	*-0,7*	*0,4*	*0,4*	*0,6*	*1,2*	*0,8*
Manitoba								
Brandon	2 201	2 259	2 310	2 369	2 382	2 423	2 504	2 543
	2,5	*2,6*	*2,3*	*2,5*	*0,6*	*1,7*	*3,3*	*1,6*
Saskatchewan								
Moose Jaw	2 030	2 080	2 161	2 182	2 120	2 083	2 103	2 114
	5,1	*2,5*	*3,9*	*1,0*	*-2,8*	*-1,8*	*1,0*	*0,5*
Prince Albert	2 156	2 192	2 259	2 269	2 220	2 188	2 192	2 187
	4,1	*1,6*	*3,1*	*0,5*	*-2,2*	*-1,4*	*0,2*	*-0,2*
Alberta								
Medicine Hat	5 251	5 352	5 582	5 868	5 591	5 271	5 543	5 627
	5,0	*1,9*	*4,3*	*5,1*	*-4,7*	*-5,7*	*5,2*	*1,5*
Lethbridge	5 050	5 230	5 513	5 847	6 050	6 305	6 677	7 028
	4,7	*3,6*	*5,4*	*6,1*	*3,5*	*4,2*	*5,9*	*5,2*
Red Deer	6 490	6 710	7 034	7 397	7 172	6 959	7 238	7 376
	6,5	*3,4*	*4,8*	*5,2*	*-3,0*	*-3,0*	*4,0*	*1,9*
Wood Buffalo	11 992	12 736	13 972	15 392	15 039	14 435	16 135	17 185
	9,9	*6,2*	*9,7*	*10,2*	*-2,3*	*-4,0*	*11,8*	*6,5*
Colombie–Britannique								
Chilliwack	3 285	3 436	3 591	3 759	3 872	4 008	4 162	4 291
	6,6	*4,6*	*4,5*	*4,7*	*3,0*	*3,5*	*3,9*	*3,1*
Nanaimo	3 428	3 497	3 579	3 689	3 771	3 905	4 067	4 166
	2,2	*2,0*	*2,3*	*3,1*	*2,2*	*3,6*	*4,1*	*2,4*
Prince George	3 938	4 009	4 075	4 183	4 225	4 301	4 408	4 467
	3,1	*1,8*	*1,6*	*2,6*	*1,0*	*1,8*	*2,5*	*1,3*

La première ligne est exprimée en milliers $; *la variation en pourcentage est indiquée en italique.*
Sources : Le Conference Board du Canada; Statistique Canada.

Emploi total

(milliers d'emplois)

	2010	2011	2012	2013	2014	2015	2016	2017
Terre-Neuve-et-Labrador								
Corner Brook	11,4	10,9	12,8	12,1	12,9	13,1	13,4	12,8
	5,6	*–4,4*	*17,4*	*–5,5*	*6,6*	*1,6*	*2,3*	*–4,5*
Île-du-Prince-Édouard								
Charlottetown	34,8	35,5	36,9	36,7	36,7	36,9	38,3	38,8
	3,6	*2,0*	*3,9*	*–0,5*	*0,0*	*0,5*	*3,8*	*1,3*
Summerside	8,2	8,0	7,9	8,5	8,3	7,6	8,0	7,9
	0,0	*–2,4*	*–1,3*	*7,6*	*–2,4*	*–8,4*	*5,3*	*–1,3*
Nouvelle-Écosse								
Truro	23,8	24,0	23,1	21,5	23,8	22,0	21,5	21,3
	1,7	*0,8*	*–3,8*	*–6,9*	*10,7*	*–7,6*	*–2,3*	*–0,9*
New Glasgow	15,6	12,0	10,5	8,9	15,1	15,7	17,0	14,3
	–7,1	*–23,1*	*–12,5*	*–15,2*	*69,7*	*4,0*	*8,3*	*–15,9*
Cap-Breton	41,2	41,8	41,0	39,9	38,7	37,9	37,5	37,1
	–0,5	*1,5*	*–1,9*	*–2,7*	*–3,0*	*–2,1*	*–1,1*	*–1,1*
Nouveau-Brunswick								
Fredericton	51,3	49,8	50,4	49,3	50,7	52,8	50,3	51,4
	–4,5	*–2,9*	*1,2*	*–2,2*	*2,8*	*4,1*	*–4,7*	*2,2*
Bathurst	15,8	15,2	15,6	14,4	15,2	13,6	14,2	14,5
	11,3	*–3,8*	*2,6*	*–7,7*	*5,6*	*–10,5*	*4,4*	*2,1*
Miramichi	8,6	9,4	9,8	13,1	11,9	11,5	12,4	11,4
	–19,6	*9,3*	*4,3*	*33,7*	*–9,2*	*–3,4*	*7,8*	*–8,1*
Edmundston	9,6	10,3	10,9	10,9	8,6	9,4	8,6	8,9
	–22,0	*7,3*	*5,8*	*0,0*	*–21,1*	*9,3*	*–8,5*	*3,5*
Québec								
Granby	49,2	42,6	41,3	44,5	41,0	42,5	39,3	38,6
	1,9	*–13,4*	*–3,1*	*7,7*	*–7,9*	*3,7*	*–7,5*	*–1,8*
Saint-Jean-sur-Richelieu	41,9	48,3	46,4	47,3	47,2	46,5	40,7	45,8
	–4,8	*15,3*	*–3,9*	*1,9*	*–0,2*	*–1,5*	*–12,5*	*12,5*
Rouyn-Noranda/Val-d'Or	33,0	32,7	35,7	37,5	36,7	40,3	40,1	40,4
	12,6	*–0,9*	*9,2*	*5,0*	*–2,1*	*9,8*	*–0,5*	*0,7*
Ontario								
Cornwall	27,5	24,3	23,6	26,2	23,4	23,8	23,0	26,4
	–15,9	*–11,6*	*–2,9*	*11,0*	*–10,7*	*1,7*	*–3,4*	*14,8*
Norfolk	32,7	30,5	30,8	30,7	30,1	30,3	31,3	31,5
	5,1	*–6,7*	*1,0*	*–0,3*	*–2,0*	*0,7*	*3,3*	*0,6*
Chatham-Kent	48,1	49,1	46,6	49,5	45,5	48,5	47,4	49,5
	–3,2	*2,1*	*–5,1*	*6,2*	*–8,1*	*6,6*	*–2,3*	*4,4*
Leamington	20,4	27,9	26,0	25,0	24,8	24,2	19,8	23,3
	13,3	*36,8*	*–6,8*	*–3,8*	*–0,8*	*–2,4*	*–18,2*	*17,7*
Sarnia	45,9	42,9	43,5	43,2	42,3	37,9	42,6	38,8
	2,7	*–6,5*	*1,4*	*–0,7*	*–2,1*	*–10,4*	*12,4*	*–8,9*

(à suivre...)

Emploi total (suite)

(milliers d'emplois)

	2010	2011	2012	2013	2014	2015	2016	2017
North Bay	31,8	33,6	29,0	35,0	29,4	30,5	30,9	31,2
	6,0	*5,7*	*-13,7*	*20,7*	*-16,0*	*3,7*	*1,3*	*1,0*
Timmins	23,5	27,1	28,0	28,2	26,1	23,9	20,8	22,3
	-3,3	*15,3*	*3,3*	*0,7*	*-7,4*	*-8,4*	*-13,0*	*7,2*
Sault-Sainte-Marie	36,3	34,4	37,2	39,9	32,7	33,8	34,6	38,2
	-4,2	*-5,2*	*8,1*	*7,3*	*-18,0*	*3,4*	*2,4*	*10,4*
Manitoba								
Brandon	28,1	26,8	31,7	29,0	28,7	28,2	30,9	32,1
	6,0	*-4,6*	*18,3*	*-8,5*	*-1,0*	*-1,7*	*9,6*	*3,9*
Saskatchewan								
Moose Jaw	21,3	20,7	22,3	20,0	18,3	18,5	19,2	19,9
	-7,4	*-2,8*	*7,7*	*-10,3*	*-8,5*	*1,1*	*3,8*	*3,6*
Prince Albert	22,1	22,1	21,9	21,1	22,0	20,6	20,0	20,8
	1,8	*0,0*	*-0,9*	*-3,7*	*4,3*	*-6,4*	*-2,9*	*4,0*
Alberta								
Medicine Hat	33,6	33,5	41,4	41,9	38,5	38,2	40,0	35,7
	-15,6	*-0,3*	*23,6*	*1,2*	*-8,1*	*-0,8*	*4,7*	*-10,8*
Lethbridge	50,9	47,1	39,6	41,2	65,5	68,2	61,8	63,6
	3,5	*-7,5*	*-15,9*	*4,0*	*59,0*	*4,1*	*-9,4*	*2,9*
Red Deer	53,1	52,0	50,8	56,6	58,4	53,5	56,2	56,3
	1,5	*-2,1*	*-2,3*	*11,4*	*3,2*	*-8,4*	*5,0*	*0,2*
Wood Buffalo	46,7	48,6	50,6	52,5	53,1	51,4	53,3	52,6
	5,9	*4,1*	*4,1*	*3,8*	*1,1*	*-3,2*	*3,7*	*-1,3*
Colombie-Britannique								
Chilliwack	46,4	45,5	51,2	53,0	41,3	47,8	48,9	45,5
	-4,5	*-1,9*	*12,5*	*3,5*	*-22,1*	*15,7*	*2,3*	*-7,0*
Nanaimo	38,3	39,1	45,1	47,5	40,5	49,3	60,8	61,0
	-16,7	*2,1*	*15,3*	*5,3*	*-14,7*	*21,7*	*23,3*	*0,3*
Prince George	48,5	50,1	48,2	51,2	47,0	47,1	48,5	49,1
	-0,2	*3,3*	*-3,8*	*6,2*	*-8,2*	*0,2*	*3,0*	*1,2*

La première ligne est en milliers d'emplois; *la variation en pourcentage est indiquée en italique.*
Sources : Le Conference Board du Canada; Statistique Canada.

Where insights meet impact

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