

Demographics

Intra-Provincial Migration

Inter-Provincial Migration

International Migration

Births

Fertility Rates

Household Size

Mortality Rate

Labour Market Skills

Affordable Housing

Mid-Seniors

Pre-Retirement Age

Ageing Occupations

Housing Availability

Population Projections

Discretionary Spending

Opportunities for Youth

Senior Seniors

Young-Seniors

Consumer Spending

Accessibility

Family Income

Recreation

Demand for Services

Retirement Income

Age Structure

Employment

Youth Income Sources

Youth Retention

Planning Policies

Volunteerism

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## **Overview of the Report**

### **Notice to Reader**

All of the data used throughout this analysis have been sourced from either Statistics Canada or the Newfoundland and Labrador Statistics Agency, supplemented by observed localized employment data where possible. All models and projections have been created by the Harris Centre's Regional Analytics Lab. Every effort has been made for accuracy but these are projections and subject to change.

Please note that the bulk of the analysis and projection modelling was completed prior to the onset of the COVID-19 pandemic; extreme impacts on such factors as the business registry and employment listings may not be reflected at the time of publication. However, the models and projections developed in this study should have a fundamental role to play in contextualizing the various demographic and economic impacts that the COVID-19 pandemic has had on the NE Avalon area as data is released into the future.

### **Background**

This report on the municipalities of St. John's, Conception Bay South, Mount Pearl, Paradise, Portugal Cove-St. Philip's, and Torbay (the 'North East Avalon Urban Core') contains a discussion on its demography and social economic characteristics within the context of an ageing population. As such there is a summary of demographic models used in the study and a discussion of the population, age structure, migration, and population model outcomes. Using the population characteristics and projections the study examined the following:

- demography (age structure, migration patterns and projections)
- regional connections (commuting and regional trade flows),
- the economy
- comparative advantage (local demand versus exports)
- occupation trends and the ageing factor
- income sources
- housing types and demands
- consumer spending

This report is intended to provide an overview of 'region-wide' outcomes. For the trends and implications specific to individual municipalities, please refer to the accompanying municipal reports.

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## 1.0 Introduction

The role of urban municipalities in the economic development of the province is changing. The concentration of services and businesses in these regional clusters is a well-established element of the provincial economy. Also, these clusters represent population growth areas and destinations for both younger and older migrants. However, in some cases the growth in some clusters are mostly due to intra-provincial migration of older migrants seeking proximity to services that are not necessarily available in smaller communities.

For larger clusters, like the North East Avalon urban core, where there are universities, tertiary health care services, a high concentration of provincial and government employment, and more diverse economies the migrants tend to be on average younger but there is also an element of older migrants that move to be near services and extended families. However, because of low birth rates and the cyclic nature of the labour force these urban populations are also ageing.

The purpose of the working paper is to examine the demography of the NE Avalon urban core within a regional urban context while providing a reference to a selection of regional economic indicators that will provide some insight to how demography plays a role in its future economy. As such, the demographic analysis examines the projected future age structure of the population and the potential consequence of having an increasing number of the population classed as senior citizens.

In this case the six participating municipalities Conception Bay South, Mount Pearl, Paradise, Portugal Cove-St. Philip's, St. John's and Torbay are referred to as the North East Avalon Urban Core while recognizing that the non-participating communities of Bauline, Flatrock, Logy Bay-Middle Cove and Pouch Cove are a part of the region (Figure 1). To illustrate a municipality's role within a regional economy connectedness/linkage for labour and economy as well as demographic, economic and households and spending patterns are presented.

The geographies in this study are presented as the North East Avalon urban core of the 6 participating municipalities of Conception Bay South, Mount Pearl, Paradise, Portugal Cove-St. Philips, Torbay and St. John's. In some cases, the St. John's CMA data are used and this geography includes the 6 participating municipalities along with Bauline, Flatrock, Logy Bay-Middle Cove-Outer Cove, Pouch Cove, Petty Harbour-Maddox Cove, Witless Bay, and Bay Bulls. Where possible the municipal boundaries or census sub-divisions (CSDs) are used. The logic for the various geographies is based on Statistics Canada data collection protocols for the different social-economic indicators and whenever the geography changes it is duly noted in the text and table or figure title. Given that the whole of North East Avalon is in a single labour market or functional economic region the aggregated data, while not the ideal option, provides insight on overall household characteristics and consumer spending behaviour.

Note that a future web application being developed by RAnLab will enable municipalities to upload local data, run their own analysis and generate reports with the most recent data available from various federal/provincial government agencies.

The main sources for the data are the Statistics Canada Business Registry (2001 to 2018), 2016 Canada Census and the “unsuppressed 2015” provincial input-output tables. For the analysis, exact employment data are used where possible. However, when this data was absent the interval or classified employment data from the business register are used to fill the gaps. ***The numerical results (e.g. employment, economic/job multipliers etc.) presented in the working paper must be interpreted as “weighted averages (WA)” for the municipal and the regional comparisons.*** Thus, counts may not add up to the exact provincial values from the input-output tables but the proportions for comparative purposes will be correct.

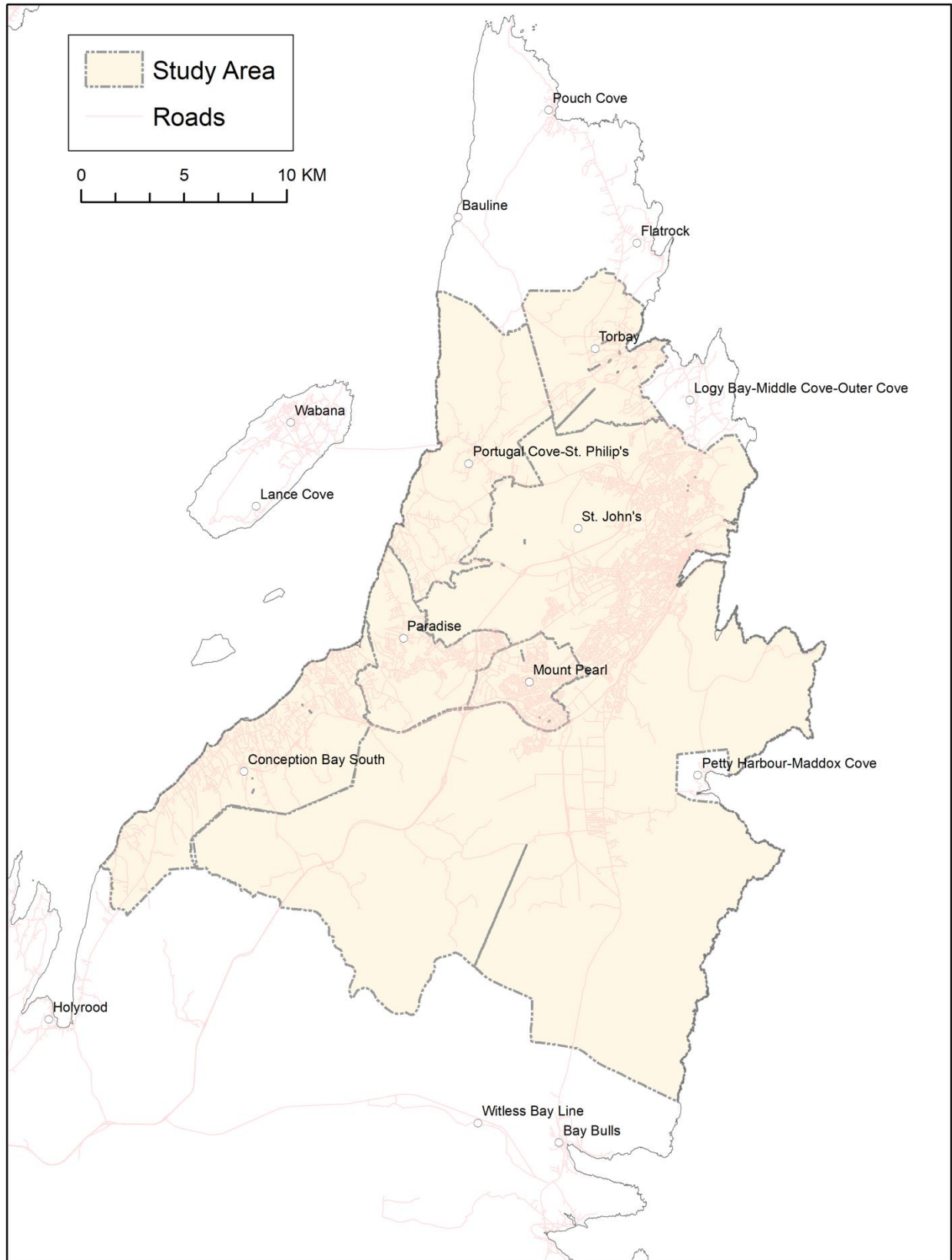


Figure 1: North East Avalon Urban Core

## 2.0 Demography

Population forecast models are used to predict the population count and age structure of a place at points in time from a known population. Predictions are based on assumptions about the existing number of births and deaths that will occur during each period as well as the effects of in and out migration.

The standard model for population analysis is the “cohort survival model”. It is based on the idea of the cohort that represents a group of people in the same age category (e.g. 0-4, 5-9, 10-14 etc.). When individual age data are available, the model is referred to as an “age specific survival model” whereby individual ages (e.g. 1, 2, 3, 4, 5.... 100) are used. Thus, the future population of a specific age is based on how many in that year are expected to survive to reach another age. For example, what are the odds of an individual who is 65 now reaching the age of 66 in a year? This is estimated by multiplying the initial population of the specific age by the survival rates for each successive individual age. The “survival rate” includes quantitative information on births, deaths as well as in and out migration. Note that age specific birth and death rates are generally held constant over time unless there are factors or evidence that may increase or decrease these rates.

For this study, the “age specific survival” model is used to assess the future trends in age structure and population change. The outcomes from this analysis will provide baseline information that can be integrated with other models to assess impacts and structure policies for regional planning and development.

However, to develop population growth scenarios that are based on variations of model assumptions the basic population survival model is re-formulated to a hybrid adaptive model that permits the computation of various scenarios. This re-formulation of the age specific model will permit the assessment of how changing the inputs to the model will affect the long-term growth of a population. For example, can existing municipal age structures, fertility, mortality and migration rates provide the required growth to meet future labour demands in the economy. Within this model one can vary birth and death rates by age, in/out migration patterns and estimate various growth scenarios for each municipality.

Three survival models are used to forecast outcomes that are used for analyzing the future population trends in the IGA regions and they are:

[1] The **No Migration Model** where the in- and out-migration rates are set to zero whereby population change is dependent on age specific births and deaths only. Outcomes from this analysis provide information on a municipality’s ability to sustain or increase future population levels given the combination of the municipality’s age structure and expected fertility and mortality rates. If a municipality cannot sustain or grow its existing population through this natural replacement model it reflects underlying issues associated with fertility and death rates, and possibly youth retention as well as the impact of ageing populations.

[2] The **Historical (Cyclic) Survival Model** where the migration rates are set to cycle through periods of high and low growth, continuing the cyclic pattern of population changes as seen during the last 10-15 years. The migration component of population change is decomposed into intra-provincial, interprovincial, international in-migration, and total out-migration. In addition, the migration calculation utilizes a “migration propensity” for each specific age combination based on geography and historical trends, which ensures that migration volumes remain sensitive to shifts in population levels over time. Thus, if the existing fertility and mortality rates as well as the historic cyclic nature of migration repeats itself in the 10 to 15 year cycles in the future what is the impact on future population characteristics.

[3] The **Target Migration Model** where net migration levels are calculated based on forecast replacement demands due to workforce aging. Firstly, retirements, worker deaths, and young workforce entrants over time are estimated using historical rates. Secondly, these values are combined to estimate the net in-migrants required to sustain the workforce population for each municipality, given historical trends of out-migration. Low, medium, and high growth scenarios are benchmarked by integrating different attrition rates with the requisite migration. For this model, values of 50% for low, 70% for medium, and 100% for high are assigned as constants for the attrition factor. It important to note that a decrease in the number of required workers may be linked to a combination of increasing productivity through automation and/or the hiring of currently unemployed people and this scenario can be implemented within the structure of the model.

## 2.1 Demography of the NE Avalon Urban Core

The 2016 population of the NE Avalon urban core, based on individual age counts, was 194,975. Figure 2 displays the 2016 age structure for the NE Avalon urban core and it represents several trends:

- There is a low fertility rate as denoted by the narrow base especially in the 0-4 to the 10-14 age cohorts.
- There is a high concentration of younger adults in 20-24 to 30-39 age cohorts
- The concentration of younger cohorts can be partly accounted for the post-secondary institutions and their student population who declared St. John’s as a home during the 2016 Census. In addition, opportunities for younger workers in the city also plays a role.
- There is also a bulge at the 50 to 64 age cohorts which is commonly associated with an ageing workforce.

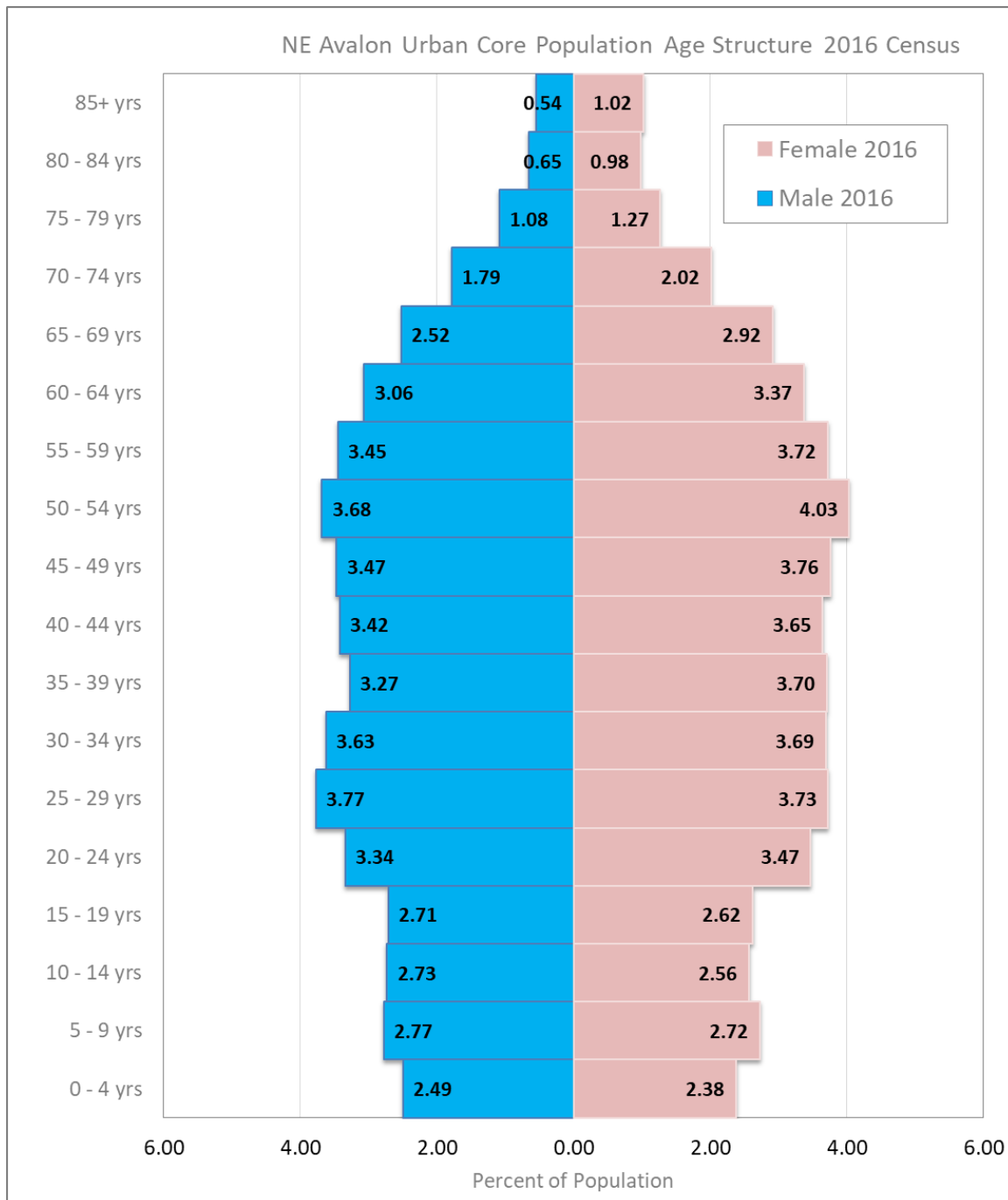


Figure 2: The NE Avalon Urban Core 2016 Population Age Structure

When comparing sections of the age structure for the NE Avalon urban core (Figure 2):

- The 0 to 19 age cohort accounts for 21.0% of the population, 20 to 39 cohort 28.6%, 40 to 64 cohort 35.6% and the 65+ cohort 14.8%. For example, this age distribution has long term consequences where if a chained process is assumed along with no in-migration and the 0-19 cohort replaces the 20-39 cohort there would be a 7.6% shortfall.

Preliminary results from the no migration population models suggests that there are potential population sustainability issues in terms of fertility rates, which averaged 1.44 between 2011 and 2016 (e.g. model includes both birth and death rates).

**The no migration scenario, which only utilizes the potential for births and deaths or the ability of an existing population to naturally sustain its numbers without any in or out migration estimated that from 2016 to 2035 the population would decrease by 11,120.**

The no migration scenario above highlights the issue with low fertility rates and a somewhat ageing population. When comparing the 2016 age structure of the NE Avalon urban core with an idealized low growth population model (Figure 3) the shortfalls in population growth become more apparent. The following trends are evident when comparing the 2016 observed census with an ideal low growth population model:

- For the population to sustain itself the existing age structure in the 0-4 to the 15-19 age cohorts must equal the ideal population growth model. In this case there is a 4.7% shortfall in the 2016 age cohorts.
- While St. John's is a centre for post-secondary institutions as well as a place that provides above average opportunities for young workers this is balanced by shortfalls in more suburban areas. The result is that there are 0.46% fewer people in the 20-29 age cohort than expected.
- In the 30-34 to the 45-49 age cohorts the concentration in this group is near what is expected for a region with an ageing workforce (e.g. 3.4% more).
- The somewhat higher concentrations in the 50-54 to the 60-64 age cohorts with 3.8% more than expected and is typical of an ageing workforce

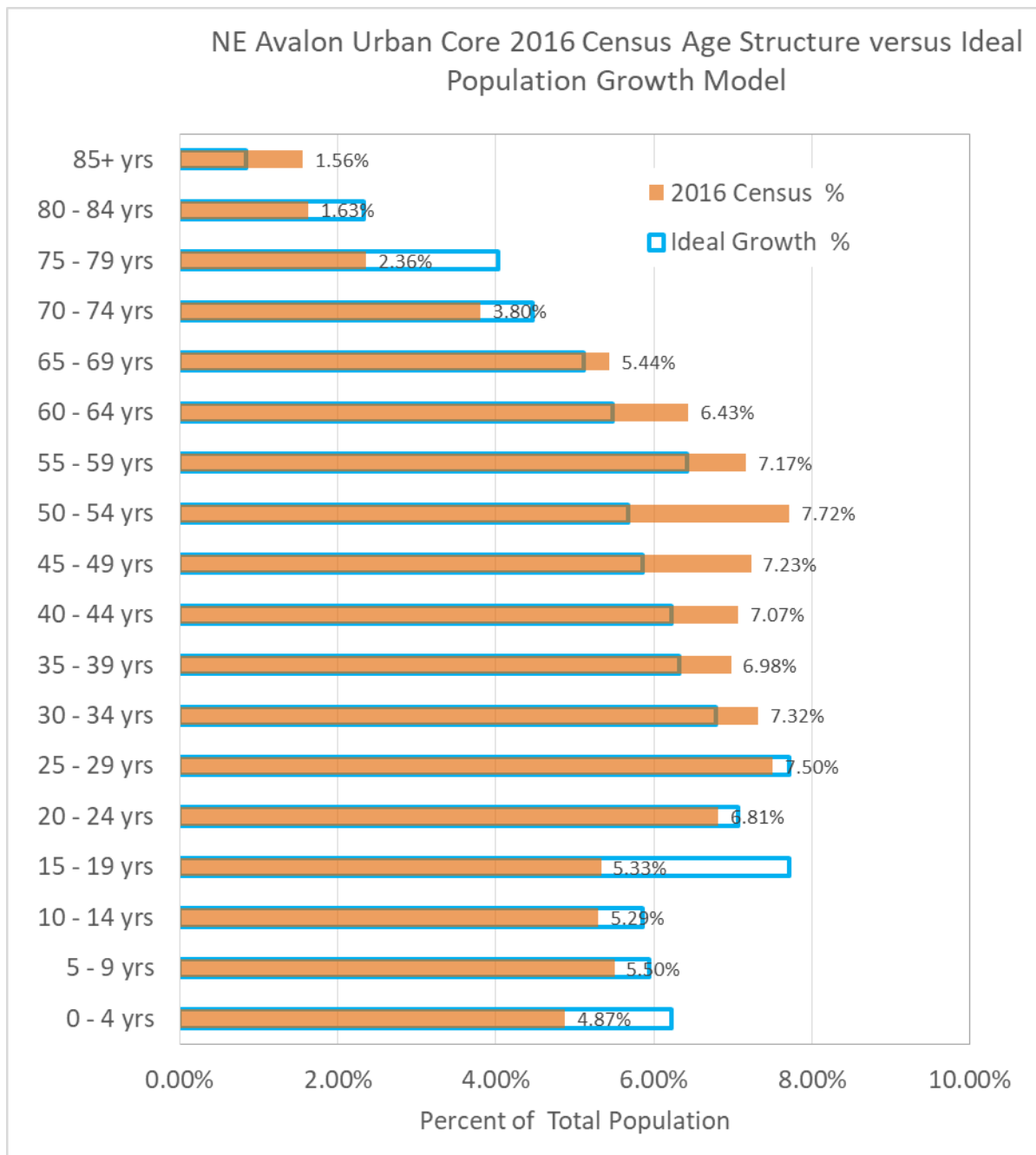


Figure 3: NE Avalon Urban Core 2016 Statistics Canada Census versus Ideal Low Growth Population Model Age Structure

## 2.2 Population Models<sup>1</sup> and Migration Factor

**When historical fertility and mortality trends are included in the population model along with migration that reflects the “boom and bust” years in the economy the population, FROM 2016 TO 2035 would increase by 27,175.** This scenario becomes somewhat problematic because if an economy expanded during the boom cycle and the population and workforce remained somewhat stable or slightly declined during a downturn or no growth period there may be excess capacity in the workforce and the number of new jobs created in a future boom period may not be at the same level as past events of growth.

Another factor that contributes to this trend is that in some instances automation in some sectors of the economy reduces the labour requirements but requires higher skilled workers. A more pragmatic approach would be to use a targeted migration model where, for example, 70% of the retirees are replaced along with a youth retention strategy. The estimates produced by this model would realize a net population increase of 29,468. This strategy is viable for areas like the NE Avalon, because of the amenities and opportunities that are generally associated with urban regions but is more challenging for rural remote communities. The consequences associated with population age structures as related to occupations and industries are discussed later in the report.

**The results of the 3 different population models, using their assumptions about births, deaths, and migration, estimate that by 2035 the population of the NE Avalon urban core could vary from a low of 183,855 for the no migration model (represents a decrease in population) to a high of 224,443 for the targeted migration model. The historical model estimates the population to increase to 225,150.**

The no migration model result is not a realistic outcome but rather reinforces the fact that the city is comparable to many modern urban areas, because of low fertility rates, depend on in-migration to sustain and grow its population.

**For the population to grow in the NE Avalon urban core as well as the CMA overall region in-migration is the only option for growth.** The best available migration data is at the St. John’s CMA geography and the data contains the components of population growth and are presented in Table 1 and Figure 4.

**The most prominent feature in the net migration data is that intra-provincial migration has been the major driver of growth in the St. John’s CMA and this growth is distributed over the municipalities within the CMA. However, immigration was higher in 2015/2016 with 1056 migrants while the total for intra-provincial migration accounted for 795 migrants. For 2016/2017 intra-provincial migration (1279) was almost twice that of immigration (693). During this period there were net negative inter-provincial migration events starting in**

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<sup>1</sup> The population model outcomes are presented in section 2.3.

**2014/2015 where the net loss was -106 this increased to -1277 in 2016/2017 and by 2018/2019 this increased to -2600 (see Table 1 and Figure 4).**

From a migration perspective these inter-provincial losses were offset by gains in immigration and intra-provincial migration. Note that from 2016/2017 to 2018/2019 intra provincial migration decline from 1279 to 871, respectively. Historically, intra-provincial migration has been a significant contributor to population growth in the CMA municipalities and with the continued decline in rural populations in Newfoundland and Labrador this source of migrants is expected to decline in the future thus population growth through migration will have to dependency more of immigrants and inter-provincial migration.

Table 1: St. John's CMA Components of Population Growth 2006/2007 to 2018/2019<sup>23</sup>

| Reference Year | Births | Deaths | Immigrants | Net interprovincial migration | Net intraprovincial migration | Net non-permanent residents | Net temporary emigration | Net Emigration | Total Growth |
|----------------|--------|--------|------------|-------------------------------|-------------------------------|-----------------------------|--------------------------|----------------|--------------|
| 2006           | 1904   | -1437  | 396        | -774                          | 1264                          | 99                          | 89                       | -34            | 1507         |
| 2007           | 1998   | -1422  | 465        | 64                            | 1412                          | 44                          | 101                      | -84            | 2578         |
| 2008           | 2184   | -1348  | 442        | 570                           | 1273                          | 302                         | 93                       | -83            | 3433         |
| 2009           | 2183   | -1392  | 513        | 775                           | 1208                          | 433                         | 88                       | -11            | 3797         |
| 2010           | 2132   | -1435  | 534        | 284                           | 1207                          | 330                         | 87                       | -44            | 3095         |
| 2011           | 2000   | -1421  | 498        | 338                           | 988                           | 607                         | 99                       | -33            | 3076         |
| 2012           | 2012   | -1477  | 478        | 404                           | 1004                          | 335                         | 113                      | -204           | 2665         |
| 2013           | 2181   | -1473  | 627        | 125                           | 985                           | 421                         | 113                      | -65            | 2914         |
| 2014           | 2095   | -1631  | 508        | -106                          | 802                           | 186                         | 96                       | -74            | 1876         |
| 2015           | 2114   | -1567  | 1056       | -347                          | 795                           | 704                         | 103                      | -153           | 2705         |
| 2016           | 2066   | -1604  | 693        | -1277                         | 1279                          | 342                         | 108                      | -153           | 1454         |
| 2017           | 1916   | -1624  | 876        | -1771                         | 910                           | 211                         | 96                       | -115           | 499          |
| 2018           | 1870   | -1670  | 1135       | -2600                         | 871                           | 490                         | 97                       | -114           | 79           |

<sup>2</sup> Source: Statistics Canada Table: 17-10-0136-01

<sup>3</sup> Net emigration = Returning Emigrants - Emigrants

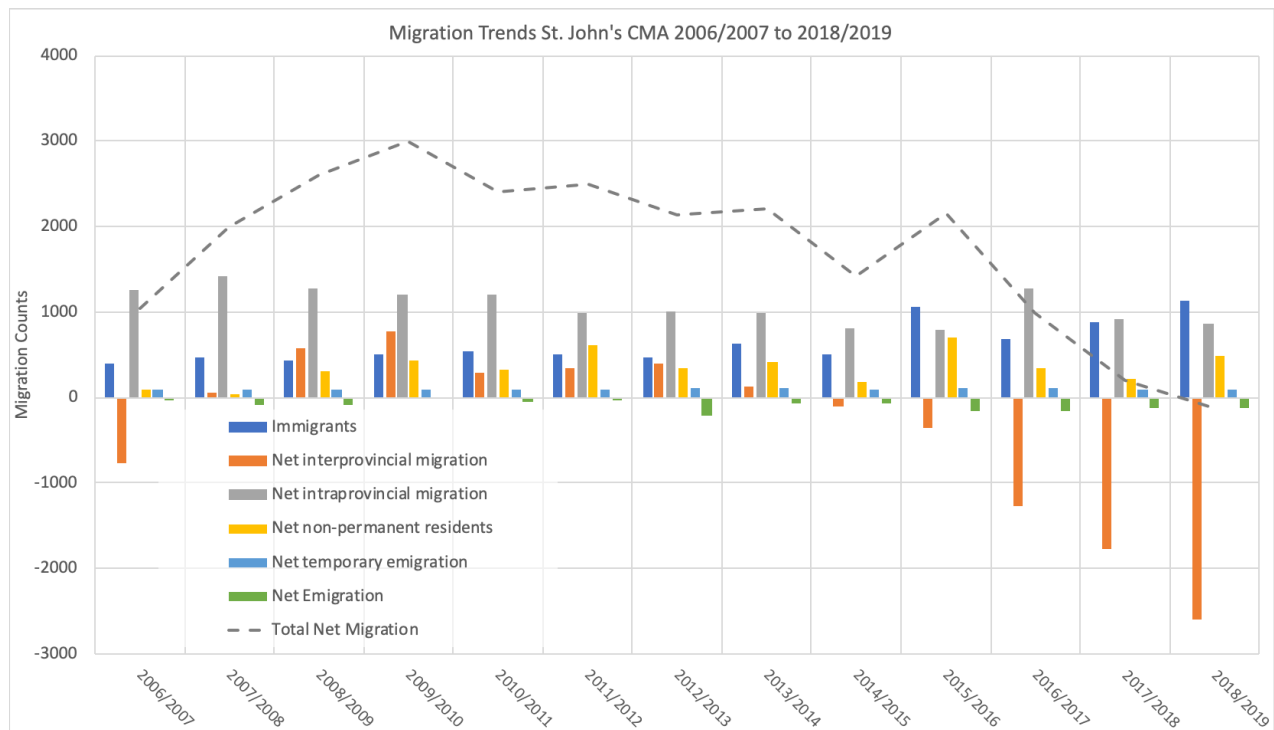


Figure 4: St. John's CMA Migration Trends 2006/2007 to 2018/2019

When examining the total net migration trend in Figure 4 there are 3 visible trends of population growth linked to migration:

- (1) Significant growth from 2007/2008 to 2009/2010
  - Immigrant gains ranged from a low of 413 to a high of 513
  - Net Inter-provincial migration gains ranged from a low of 64 to a high of 775
  - Net Intra-provincial migration gains ranged from a low of 1207 to a high of 1412
- (2) A slight decline from 2009/2010 to 2015/2016
  - Immigrants gains ranged from low of 478 to a high of 1056
  - Inter-provincial migration loss ranged from a low of -375 to a high of 775
  - Intra-Provincial migration gains ranged from low of 795 to a high of 1208
- (3) A rapid decline from 2015/2016 to 2018/2019
  - Immigrants gains ranged from a low of 693 to a high of 1135
  - Inter-provincial migrations losses from a low of -2600 to a high of -347
  - Intra-Provincial Migration gains ranged from a low of 795 to a high of 1279

The preceding trends and range of values in each sub-trend highlights the high degree of volatility in migration trends that is driven by out-migration from rural areas of the province as well as growth and decline in the largely influential resource sector in the region. Down turns in the economy are evident in the relatively high number of net negative inter-provincial migration. Of concern here is the volatility in both the inter and intra-provincial migration patterns while there are sporadic increases in immigration it is also somewhat volatile. To ensure stable population growth a population growth or development strategy is required.

**Given the number of births versus deaths within the CMA natural population growth through births alone will not be a factor in sustaining future population growth. For example, in 2016/2017 there were 2,066 births and 1,604 deaths thus the net growth from these two components was 462 and by 2018/2019 this was reduced to a net growth of 200 (Table 1). Thus, births are remaining relatively stable or declining while deaths are increasing because of the ageing factor within the population.**

**If historic trends continue until 2035 the estimated average age of the NE Avalon urban core will be 42.8 years, an increase of 3 years from 2016 (39.8 years). According to the model if historic trends for the NE Avalon urban core continue then deaths (2,586) will exceed births (1,976) by 2035. The targeted migration model offers quite different scenarios where the average age is estimated to be 41.7 an increase of only 1.9 years over the forecast time. Furthermore, births (2,559) only slightly trail deaths (2,582).**

A review of the data in Table 1 indicates that immigration, inter-provincial and intra-migration are the important migration factors that influence population growth within the St. John's CMA<sup>4</sup>. A review of the age cohorts associated with these three migration components will provide insight to the age structure of the migrants. Figure 4 displays the three important migration components that contribute to potential growth in the St. John's CMA for 2016/2017. Net non-permanent residents are also included because in many cases they represent students that attend post-secondary institutions in the region especially in the 15-19 and the 20-24 age cohorts. The age cohort migration trends can be summarized as follows:

- For immigrants youth and young adults dominate with 485 of the total 693 immigrants arriving during this period and range in age from 0-4 to 30-34 years
- In the case of net interprovincial migration 785 of 1277 people who left the province were between the ages of 20 to 24 and 40-44. Out of this group 559 were in the 20-24 and 30-34 age cohort.

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<sup>4</sup> The authors recognize that net non-permanent residents and net temporary residents do add to the population and contribute to the economy but their temporary status may not contribute significantly to future population growth unless they become permanent residents.

- For intra provincial migration 1117 of 1279 migrants were aged between 15-19 to 40-44. However, 734 were in the 15-19 to 20-24 cohorts.
- Net non-permanent residents migration is dominated by the 15-19 and 20-24 age cohorts with 509 came to the region in the 2016/2017 period. For the most part this is potentially related to the post-secondary institutions in the region.
- For retirees the migration factor is not significant but during the period only 65 aged 65+ moved from other regions of the province to the CMA while 105 left for other provinces.

For the 20-24 to the 40-44 age cohorts the inter- and intra-provincial migration patterns can be attributed to both upturns and downturns in the region's economy but also linked to opportunities for both education and employment within the CMA. **However, the pattern of migration by age cohort displayed in Figure 5 represents a period of uncertainty as well as a downturn in the CMA's economy. In situations of economic growth, the inter-provincial migration patterns are reversed as evident in the positive net migration in 2008/2009 and 2009/2010 (Figure 4). These temporal trends produce uncertainty in the population model (e.g. historical migration model) whereby estimates for the future will vary by age cohort. For example, in the current historical model the 0-4 to 60-64 age cohorts have on average a  $\pm 7\%$  uncertainty while the 65+ cohort has a  $\pm 2\%$  uncertainty.**

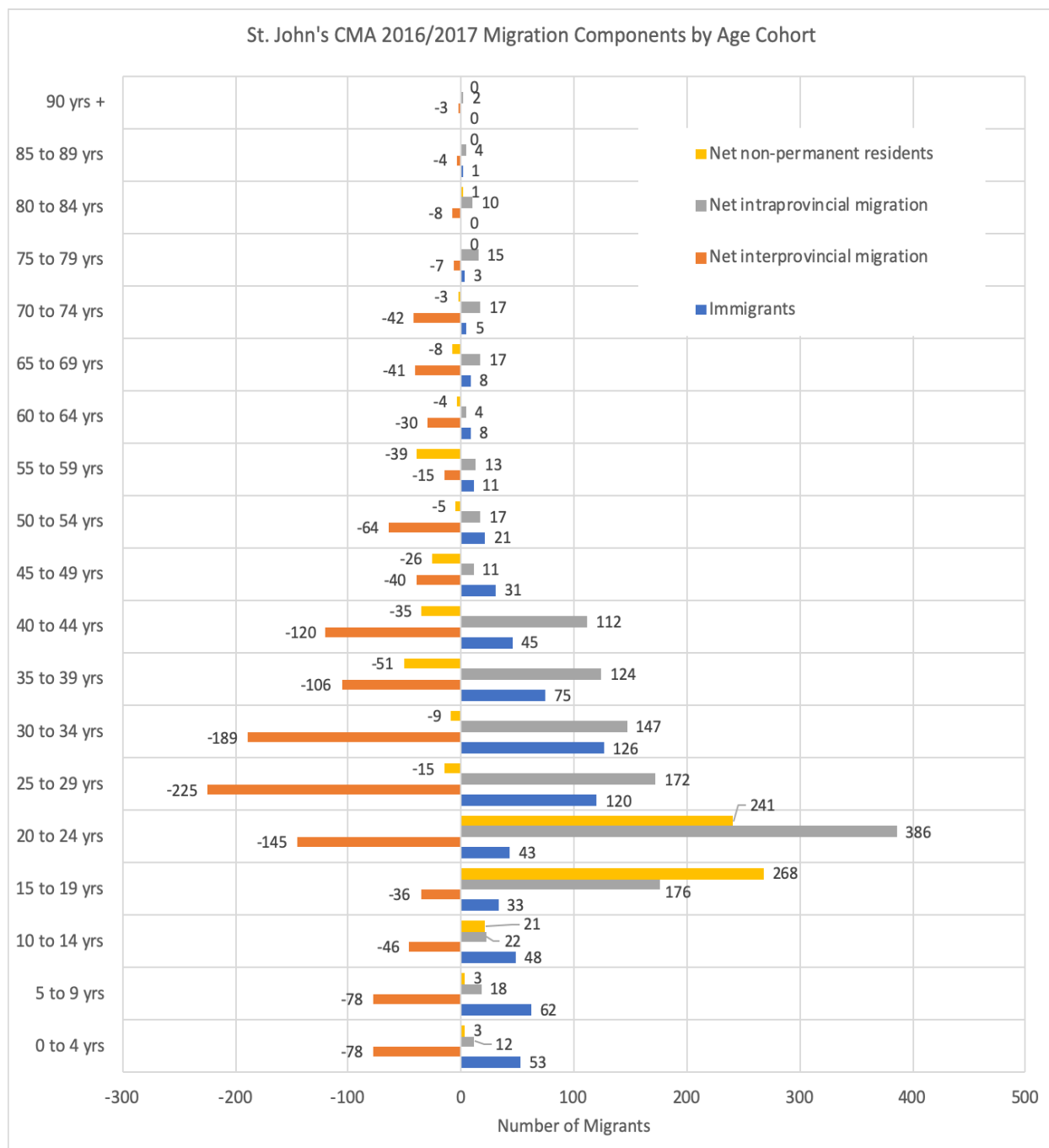


Figure 5: St. John's CMA 2016/2017 Migration Trends by Age Cohort

## 2.3 Historic and Targeted Population Model Results

The historic model estimates the total population for the NE Avalon urban core will increase from 194,975 in 2016 to 222,150 in 2035 or an increase of an increase of 27,175. This projection is constrained by the assumptions that fertility, mortality rates, and migration patterns will continue over the forecast period. The age distribution in projected 2035 population indicates that there will be more seniors than in 2016 (Figure 6). The age structure of the 2035 population pyramid displayed in Figure 6 is one that represents an ageing population with an increasing proportion of the population in the 65+ age cohort. The most notable changes in the 2035 age structure is:

- As a proportion of the population there is a 1.6% decrease in the 20-24, 25-29, and 30-34 age cohorts. This slight decline is associated the migration volatility in this cohort and is directly related to youth retention and attraction of younger workers in the city.
- Attracting younger workers or retaining them does not guarantee long term sustainability or growth of the population because of low fertility rates amongst younger adults and in-migration will be the main driver for population growth.
- The 35-39 to 40-44 cohort is forecast to increase by 12.1% and represents the beginning of another cycle of an ageing workforce.
- The historic model 2035 projected increase for the 70+ age cohort is 5.3%.
- It is projected that by 2035 the 0-19 and 65+ age cohorts will represent 19.3% and 20.5% of the population respectively and supports the ageing factor in the population.

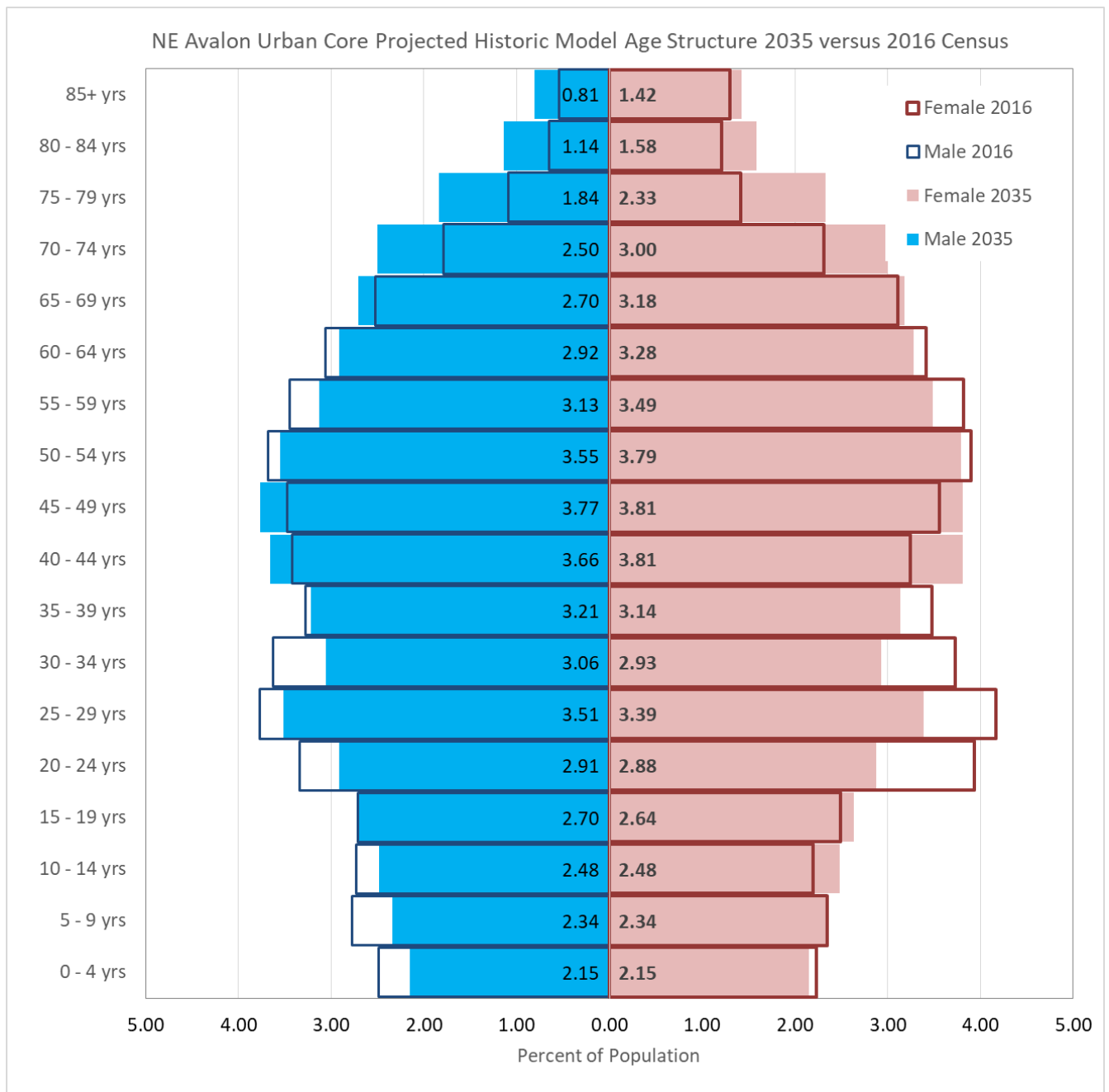


Figure 6: NE Avalon Urban Core Historic Model Predicted 2035 Age Structure versus 2016 Census

The discussion on the age structure focused on what proportion of the population is within a specified age cohort and the overall distribution of age with a population. To under the potential magnitude of change and impacts posed by an ageing and growing population one must examine the absolute or percentage change in the population.

Table 2 presents a comparison between the observed population in 2016 and the projected 2035 changes by age cohort estimated by the historic and targeted migration models. The historic model integrates 20 years of migration trends by age and reflects the impacts of cyclic upturns and downturns in the economy while the targeted migration model is based on a scenario where 70% of the retirees are replace by younger workers. The outcomes presented in Table 2 can be summarized as follows:

- The historic model estimates that the population will increase from 194,975 in 2016 to 222,150 by 2035 or an increase of 13.9%
- The targeted migration model indicates that the population will increase from 194,975 in 2016 to 224,443 or a 15.1% increase.
- From 2016 to 2035 the historic model estimates that young adults aged 20-24 to 30-34 will decrease by 695. These cohorts are highly mobile and historically they move to places where there are opportunities for employment when local economies are under stress or in decline. In the past, trends in this age cohort have differed by municipality as people move out of the city to more suburban areas.
- According to the target migration model and if 70% of the retirees are replaced by younger workers there would be an estimated net loss of 3,710 in the 20-24 cohort but a net gain of 11,317 in the 25-29 and 30-34 age cohorts. The net loss in the 20-24 cohort can be linked to diminishing intra-provincial migration as well as decreases cause by low fertility rates provincially and in the city.
- For age cohort 65+ both the historic and targeted migration model produced similar estimates where the historic model estimated an increase from 28,840 in 2016 to 45,113 in 2035 or a 13.9% increase while the target model estimated the 65+ population to be 45,347 or a 15.1% increase.
- Because of temporal migration variations on average there is a  $\pm 7\%$  uncertainty in estimates associated with cohorts less than 65 years and only  $\pm 2\%$  for cohorts 65+. Thus, the estimates for retirees are stable across all population models.

Table 2: NE Avalon Urban Core Projected Population and Changes by Age Cohort From 2016 to 2035

| Age Cohort   | Census 2016    | Historic Model 2035 Projection | Target Model 2035 Projection | Historic Change 2016-2035 | Target Change 2016-2035 |
|--------------|----------------|--------------------------------|------------------------------|---------------------------|-------------------------|
| 0 - 4 yrs    | 9,495          | 9,548                          | 12,038                       | 53                        | 2,543                   |
| 5 - 9 yrs    | 10,720         | 10,387                         | 11,093                       | -333                      | 373                     |
| 10 - 14 yrs  | 10,320         | 11,032                         | 10,397                       | 712                       | 77                      |
| 15 - 19 yrs  | 10,395         | 11,851                         | 9,989                        | 1,456                     | -406                    |
| 20 - 24 yrs  | 13,285         | 12,849                         | 9,575                        | -436                      | -3,710                  |
| 25 - 29 yrs  | 14,620         | 15,321                         | 21,864                       | 701                       | 7,244                   |
| 30 - 34 yrs  | 14,270         | 13,310                         | 18,343                       | -960                      | 4,073                   |
| 35 - 39 yrs  | 13,600         | 14,108                         | 16,675                       | 508                       | 3,075                   |
| 40 - 44 yrs  | 13,775         | 16,582                         | 15,337                       | 2,807                     | 1,562                   |
| 45 - 49 yrs  | 14,095         | 16,829                         | 14,199                       | 2,734                     | 104                     |
| 50 - 54 yrs  | 15,045         | 16,291                         | 13,740                       | 1,246                     | -1,305                  |
| 55 - 59 yrs  | 13,975         | 14,707                         | 13,000                       | 732                       | -975                    |
| 60 - 64 yrs  | 12,540         | 13,771                         | 12,846                       | 1,231                     | 306                     |
| 65 - 69 yrs  | 10,605         | 13,082                         | 12,593                       | 2,477                     | 1,988                   |
| 70 - 74 yrs  | 7,415          | 12,217                         | 12,061                       | 4,802                     | 4,646                   |
| 75 - 79 yrs  | 4,595          | 9,269                          | 9,463                        | 4,674                     | 4,868                   |
| 80 - 84 yrs  | 3,180          | 6,040                          | 6,209                        | 2,860                     | 3,029                   |
| 85+ yrs      | 3,045          | 4,956                          | 5,020                        | 1,911                     | 1,975                   |
| <b>Total</b> | <b>194,975</b> | <b>222,150</b>                 | <b>224,443</b>               | <b>27,175</b>             | <b>29,468</b>           |

Note: The colour scale in the table is column specific such that it visually permits comparison between outcomes where dark blue represent lower values, white intermediate and dark red the highest values.

Given that the total individual age population for 2016 was 194,975 the population for 2035 could range from 222,150 to an upper value of 224,443.

If the economy remains stable or grows then one could expect a corresponding population growth. However, the projections produced by the historical and targeted migration models are somewhat volatile especially in the younger age cohorts (e.g. 20-24 to 35 to 39 cohorts) and in-migration is required to grow or sustain the current population level. This volatility associated is associated with economic growth as well as any retiree replacement policies.

**Employment opportunities related to future economic growth will also depend on productivity gains through automation factors in specific industries as well as efficiencies gained through other downsizing strategies and out-sourcing some aspects related to operations.** These factors may result in fewer newer jobs as well as lower replacements for retiring workers.

However, technology changes in some sectors of the economy may reduce the replacement requirements (e.g. from 100% to 70% or lower)

It is important to remember the population models are estimates and that assumptions about a population's behaviour will hold for the forecasted time-period. It is recommended that the models be re-calibrated and run after each new census period. Overall the outcomes are also dependent on:

- an economy that continues to grow or at least remain stable,
- the ability of the city to attract and retain workers younger than 40 years of age,
- the impact of automation in various sectors of the economy and the potential for fewer workers to maintain or increase productivity.

**One common theme throughout the population model outcomes is that regardless of the models used to predict the population of the NE Avalon urban core will age and deaths will increase because of the number of older cohorts in the current population.**

**The outcome from the demographic analysis where the results from the historic and targeted migration models are similar whereby the estimated population of seniors aged 65+ will increase by 58.0% and 57.2% respectively. These results would suggest that regardless of the uncertainty that is associated with the younger cohorts the ageing factor in the region's population between 2016 and 2035 must be monitored in terms of demands for services as well as consumers.** For example, young seniors (e.g. age 65-69 to 70-74) who have private pension plans are generally economically influential, tend to have higher levels of income, savings, expenditures, and are more active politically. Previous, Statistics Canada studies have indicated that retirees' consumption is on average 95% of their spending patterns in their 40's while their incomes level to about 84%<sup>5</sup>. This will be discussed further in the following sections.

## **2.4 Dependency Ratio**

***Statistics Canada defines the demographic dependency ratio as a measure of the size of the dependent population in relation to the working age population who theoretically provide social and economic support. The dependent age groups are: [i] youth 0 to 19 years and [ii] retirees 65+ years. The ratio is expressed as the "number of youth or retirees" for every 100 workers aged 20 to 64 years.***

***Changes in the ratios highlight changes in the age composition of the population. In cases where the senior ratio is greater than the youth ratio the population is ageing.***

The dependency ratio is based on age rather than employment status. It does not account for young people or seniors who are working nor for working age people (aged 19 to 64 years) who are unemployed or not in the labour force. The ratio only reflects the population age structure and is not meant to diminish people classified as dependents.

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<sup>5</sup> Statistics Canada Catalogue no. 75-001-X: Consumption patterns among ageing Canadians, 2011

A sizeable ratio is an important indicator because the number of seniors 65 or older as well as children and youth younger than 20 are likely to be economically dependent on working age people and will put additional demands on public services such as schools and health care.

**In 2016 the total dependency ratio for the NE Avalon urban core is 56 (youth + seniors) indicates that for every 100 workers there are 56 dependents (Table 3). The value for Canada in 2016 was 48.24. When this value exceeds 60+ it is considered high and there will be increased demand as well pressure on resources to provide services for the dependents.** The problem arises when there are relatively high numbers for both youth and senior dependents whereby services and resources are required for both cohorts. When the value for seniors exceed youth values there will be more demand for those services and the current workforce will be expected to contribute through taxes etc. to support these services. For example, in 2016 there were more youth dependents (31) than seniors (25) (Table 3). This is a marginal difference that depends on youth retention and the margin needs to be higher for a more stable workforce in the future.

**The best strategy for population growth/sustainability is to develop policies to retain younger workers and attract migrants to fill the shortfalls attributed to low fertility in the population.**

By 2035 the historic model estimates that the total dependency value is 66 or 66 dependents for every 100 workers. In this scenario seniors with a value of 36 is higher than youth with a score of 30. In this case the system has increasing pressure because of nearly equal demands for both cohorts. For the targeted model scenario outcomes are the same, as seniors have a value of 36 and youth have a value of 31 for a total score of 67 (Table 3).

**Both population models estimate that the dependency ratio will be 60+ and this is considered high and is symptomatic of an ageing population and given that in both scenarios there is very little difference between youth and senior dependency ratios indicates increasing pressure on resources to provide services for both age groups.**

Table 3: NE Avalon Urban Core Observed versus Predicted Demographic Changes (2016 to 2035)

| Population Model            | Est. Population | Average Age | Births | Deaths | Youth (<20) Dependency Ratio | Seniors (65+) Dependency Ratio | Total Dependency Ratio |
|-----------------------------|-----------------|-------------|--------|--------|------------------------------|--------------------------------|------------------------|
| 2016 Census Year (Observed) | 194,975         | 39.8        | 2,036  | 1,616  | 31                           | 25                             | 56                     |
| Historic Cycles (2035)      | 222,150         | 42.8        | 1,976  | 2,586  | 30                           | 36                             | 66                     |
| No Migration (2035)         | 183,855         | 45.8        | 1,469  | 2,527  | 26                           | 44                             | 70                     |
| Targeted Migration (2035)   | 224,443         | 41.7        | 2,559  | 2,582  | 31                           | 36                             | 67                     |

Note: The colour scheme in the table represents the low and high value range for each column where dark blue represents the lowest values, white intermediate and dark red represents the highest values.

### 3.0 Regional Connectedness

Connectivity between places refers to the degree to which places are connected in terms of people (e.g. commuters), goods/commodities and services. A municipality's role in a regional economy is generally revealed by examining worker commuting patterns as well as supply chain flows or value transactions/ linkages of commodity flows amongst industries. This includes goods and services associated with retail and public sector industries.

Statistics Canada 2016 journey to work data provides information on commuting patterns while RAnLab's geo-spatial supply chain model generates the local value linkages between industries.

***The supply chain represents the value linkages (network) between industries and their suppliers required to produce and distribute products to another industry or consumer. Participants in a supply chain include producers, vendors, warehouses (transshipment), transportation, distribution centres and retailers.***

Table 4 (A&B) contain the counts and percent flows for commuters between the six participating municipalities. Note the "External" class includes all other municipalities, other places in the provinces as well as inter provincial commuters (e.g. Alberta, Ontario, Quebec). Of the approximately 89,000 commuters associated with the region, most either originate (50.9%) or end (77.2%) in St. John's. Conception Bay South, Paradise, Portugal Cove-St. Philip's and Torbay are net sources of commuters (with more flows originating than ending), and St. John's and Mount Pearl are destinations (with more flows terminating than originating).

Flows less than 1% are associated with commutes to Conception Bay South, Portugal Cove-St. Philip's and Torbay. Of note is the high percentage values associated with St. John's as a destination from other municipalities. For example, of the 10,540 commuters associated with Conception Bay South 54.46% commute to St. John's for work, 65.88% of Paradise's 9,745 commuters go to St. John's and 64.92% of Mount Pearl's 10,035 commuters travel to St. John's for work. **Portugal Cove-St. Philip's and Torbay has a somewhat higher dependency on St. John's with 76.31% and 81.39% respectively, of its commuters travelling to the city for work. St. John's is a core destination for journey to work flows and reflects its Statistics Canada status as an urban centre and proximity to these types of centres generates growth within the region.**

An outcome of workers commuting to another community to work is an increase in the daytime population in the destination and a decrease in the origin. Net daytime population is defined as the ***population of a place plus the in-commuters minus the out-commuters***. Table 2 presents the daytime population of the six participating municipalities along with the percent change from the actual total population of a place.

Due to high inbound commuting and low outbound commuting, St. John's has a daytime population of 132,230 and this represents an increase of 21.88% (Table 5). This increase

represents significant opportunities for businesses focused on consumer services (e.g. restaurants, retail etc.). Mount Pearl's daytime population increases by 3.09%.

The population of Conception Bay South, Paradise, Portugal Cove-St. Philip's and Torbay decrease from a minimum of 28.68% to a maximum of 34.60%. These declines represent a significant daily reduction in population and may impact some businesses. However, the return commute offers intervening opportunities and generally businesses are located to take advantage of these commuters.

Table 4 A & B: Regional Commuting Count and Percent Flows

| (A)<br>From                | Count of Commute Flows To |          |             |          |                            |            |        |             |
|----------------------------|---------------------------|----------|-------------|----------|----------------------------|------------|--------|-------------|
|                            | Conception Bay South      | External | Mount Pearl | Paradise | Portugal Cove-St. Philip's | St. John's | Torbay | Grand Total |
| Conception Bay South       | 2250                      | 540      | 1455        | 535      | 20                         | 5740       | 0      | 10540       |
| External                   | 110                       |          | 600         | 45       | 0                          | 6020       | 95     | 6870        |
| Mount Pearl                | 60                        | 180      | 2900        | 360      | 20                         | 6515       | 0      | 10035       |
| Paradise                   | 285                       | 465      | 1375        | 1130     | 45                         | 6420       | 25     | 9745        |
| Portugal Cove-St. Philip's | 30                        | 55       | 335         | 55       | 245                        | 2400       | 25     | 3145        |
| St. John's                 | 345                       | 1235     | 3720        | 830      | 115                        | 38860      | 170    | 45275       |
| Torbay                     | 0                         | 100      | 240         | 35       | 0                          | 2690       | 240    | 3305        |
| Grand Total                | 3080                      | 2575     | 10625       | 2990     | 445                        | 68645      | 555    | 88915       |

| (B)<br>From                | % of Commute Flows To |          |             |          |                            |            |        |             |
|----------------------------|-----------------------|----------|-------------|----------|----------------------------|------------|--------|-------------|
|                            | Conception Bay South  | External | Mount Pearl | Paradise | Portugal Cove-St. Philip's | St. John's | Torbay | Grand Total |
| Conception Bay South       | 21.35%                | 5.12%    | 13.80%      | 5.08%    | 0.19%                      | 54.46%     | 0.00%  | 100.00%     |
| External                   | 1.60%                 | 0.00%    | 8.73%       | 0.66%    | 0.00%                      | 87.63%     | 1.38%  | 100.00%     |
| Mount Pearl                | 0.60%                 | 1.79%    | 28.90%      | 3.59%    | 0.20%                      | 64.92%     | 0.00%  | 100.00%     |
| Paradise                   | 2.92%                 | 4.77%    | 14.11%      | 11.60%   | 0.46%                      | 65.88%     | 0.26%  | 100.00%     |
| Portugal Cove-St. Philip's | 0.95%                 | 1.75%    | 10.65%      | 1.75%    | 7.79%                      | 76.31%     | 0.79%  | 100.00%     |
| St. John's                 | 0.76%                 | 2.73%    | 8.22%       | 1.83%    | 0.25%                      | 85.83%     | 0.38%  | 100.00%     |
| Torbay                     | 0.00%                 | 3.03%    | 7.26%       | 1.06%    | 0.00%                      | 81.39%     | 7.26%  | 100.00%     |
| Grand Total                | 3.46%                 | 2.90%    | 11.95%      | 3.36%    | 0.50%                      | 77.20%     | 0.62%  | 100.00%     |

Note: The colour scheme in the tables are used to highlight trends in data whereby dark blue would represent the lowest values, white intermediate and dark red the highest value

Table 5: Daytime Population Counts and Percent Change from Actual Population

| Municipality               | Day Time Population (Count) | % Difference Daytime vs. Total Population |
|----------------------------|-----------------------------|-------------------------------------------|
| St. John's                 | 132230                      | 21.88%                                    |
| Mount Pearl                | 23545                       | 3.09%                                     |
| Conception Bay South       | 18740                       | -28.68%                                   |
| Paradise                   | 14635                       | -31.34%                                   |
| Portugal Cove-St. Philip's | 5445                        | -33.39%                                   |
| Torbay                     | 5150                        | -34.60%                                   |

The percent supply chain values presented in Table 6 represents to what degree do businesses located in one municipality buy/sell their products locally and to other communities in or outside the region. For the six municipalities the highest supply chain business to business transactions are within their own boundaries (57.31% to 75.19%) followed by linkages to St. John's and the External class. **In the case of St. John's 75.19% of supply chain value transactions occur between businesses within the city's boundaries. Value based transactions from St. John's businesses to other businesses in the 5 other municipalities is less than 1% while there is a 23.46% supply chain flow from St. John's to places External to the region. However, the supply chain transactions from the other 5 municipalities to businesses in St. John's Range from a low of 12.76% for Conception Bay South to a high of 23.7% for Paradise.**

For businesses External to the study area 80.29% of their transactions are with businesses in St. John's. Note that these percentages are based on totals and there can be a high degree of variability between businesses. For example, there may be instances where a business outside a city/region will only have 2% of its sales linked to another city/region while another may have 90% of its sales dependent on a business located in another region.

Table 6: Supply Chain Percent Total Commodity Value Flows

| From                       | % Supply Chain Flows To |          |             |          |                            |            |        |           |
|----------------------------|-------------------------|----------|-------------|----------|----------------------------|------------|--------|-----------|
|                            | Conception Bay South    | External | Mount Pearl | Paradise | Portugal Cove-St. Philip's | St. John's | Torbay | Row Total |
| Conception Bay South       | 69.75%                  | 16.65%   | 0.36%       | 0.37%    | 0.11%                      | 12.76%     | 0.00%  | 100.00%   |
| External                   | 3.71%                   | 0.00%    | 8.99%       | 4.51%    | 1.36%                      | 80.29%     | 1.13%  | 100.00%   |
| Mount Pearl                | 0.66%                   | 19.99%   | 60.37%      | 1.77%    | 0.16%                      | 16.99%     | 0.06%  | 100.00%   |
| Paradise                   | 0.00%                   | 9.44%    | 1.08%       | 65.67%   | 0.10%                      | 23.70%     | 0.00%  | 100.00%   |
| Portugal Cove-St. Philip's | 0.90%                   | 21.37%   | 0.00%       | 0.00%    | 57.31%                     | 19.37%     | 1.04%  | 100.00%   |
| St. John's                 | 0.26%                   | 23.46%   | 0.30%       | 0.44%    | 0.18%                      | 75.19%     | 0.17%  | 100.00%   |
| Torbay                     | 0.00%                   | 12.63%   | 0.00%       | 0.00%    | 1.49%                      | 20.72%     | 65.16% | 100.00%   |
| Column Total               | 3.00%                   | 10.87%   | 7.91%       | 3.82%    | 1.07%                      | 72.43%     | 0.90%  | 100.00%   |

## 4.0 Economy of the NE Avalon Urban Core

This section reviews the region's economy and the impact of its industries along with the explanation of the metrics used to indicate the impacts. Specifically, dollar value and employment related direct and indirect multipliers, the number of businesses in each sector as percent of small-medium size industries. These metrics are augmented by location quotients (LQ) that measure the concentration (e.g. comparative advantage, export versus local demand etc.) of industries within the city. To add context to the state of the economy industry growth trends and volatility are presented. The overview of the economy is followed by a discussion on the labour market and occupation trends within the area. This will include:

- [1] Projections by skill level
- [2] Occupation average age
- [3] Occupation replacement needs versus suitability of existing and migrant workers
- [4] Unemployment rate by age and education
- [5] Participation rate by age and education

Regional economic impact analyses provide a quantitative assessment through various metrics that can identify the benefits/importance that an industry has to the overall socio-economic well-being of a place and its neighbours. The total regional economic impact of an industry is linked to metrics associated with direct, indirect and induced impacts.

**Direct** spinoffs or 1<sup>st</sup> round effects are based on the initial impacts of operating (e.g. expenditures for labour, materials, supplies and capital) a specified industry or expanding production of an industry to meet demands.

**Indirect** spinoffs or 2<sup>nd</sup> round effects are associated with intermediate industries that provide goods and services as well as hiring workers to meet this demand to an industry.<sup>6</sup> These indirect effects cascade down the supply chain and create additional spinoffs where there are 3<sup>rd</sup> to n<sup>th</sup> round indirect effects whereby industries supply other industries in the supply chain to meet a demand at the top of the hierarchy.

The further an industry is down the indirect portion of supply chain the less impact it has on the local economy. In this case the top of the economic impact hierarchy is the industry that is identified in the supply chain as having a direct impact and the transactions between this industry and its required suppliers/services industries are indirect.

The final impacts to be considered are **induced** whereby employees associated with the supply chain for an industry use their income to purchase goods and services at the household level. In

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<sup>6</sup> Indirect effects are related to industries that provide goods and services to industries that are identified as direct industries. For example, if offshore oil extraction is considered the direct industry businesses that supply services and equipment for oil extraction would be considered indirect industries.

this study induced impacts are not directly calculated<sup>7</sup> but will be addressed in the section on consumer spending. In many cases if the wages are high in the direct and indirect impact industries the induced impact on the local economy may be significantly higher than the direct or indirect impacts.

Table 7 presents a list of the top 25 industries by total employment, direct and indirect employment, number of establishments and percent small and medium size enterprises (SMEs). For this information the number of direct and indirect jobs and the percent of employment in SMEs. In the top 10 employment industries 4 can be classed as government services or directly linked to government funding and they are provincial public administration and hospitals (19,998), ambulatory health care services (5,381), other federal government services (5,346) and universities (4,933). From the private sector construction (19,962), food services and drinking places (11,147), oil and gas extraction (9,502), lessors of real estate and financial investment services (6,741), food and beverage stores (5,450), and architectural, engineering related services (4,751) top the list. To understand the impact of industries on a regional economy direct and indirect employment provides insight to the spinoffs associated with a sector of the economy.

For example, for oil and gas extraction there are on average there are 9,502 employees associated with this sector. However, 4,173 are directly employed with oil companies while 5,329 (56.08%) are classed as indirect employment and linked to the spinoffs associated with the oil extraction industries. **Out of the top 25 industries this is the highest relative indirect job spinoff and signifies the importance of this sector to the city's economy. For this sector, only 3.9% are employed in SME's and 96.1% are employed in business with more than 200 employees (Table 7).**

Construction with an estimated total employment of 19,962 has 12,728 jobs associated with direct employment and 7,234 (36.24%) jobs linked to indirect employment. For construction 89.4% of the enterprises are SMEs. SMEs enterprises are somewhat volatile because they tend to be more sensitive to downturns in the economy. Proportionally, construction has a lower indirect job spinoff factor than oil and gas extraction and this is related to the fact that these industries in many cases are final demand products whereby after a project is completed there is no further value added, by the construction sector, to the regional economy.

This is like other sectors that produce final demand products such as food services and drinking places that directly employs 9,868 workers but the indirect spinoff jobs are 1,280 or 11.48% of the total jobs linked to these industries. The direct versus indirect spinoff employment are the actual job multipliers. For example, if an industry has job multiplier of 2 and that industry employs 200 workers it will support an additional 100 jobs in the economy (Table 7).

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<sup>7</sup> RAnLab is developing a web application that will calculate the total impacts of an industry using direct, indirect and induced metrics

Table 7: NE Avalon Urban Core Top 25 Total (Direct + Indirect) Industry Employers

| Industry                                                                                                   | Est. Total (Direct + Indirect) Employment | Est. Direct Employment | Est. Indirect Employment | Number of Establishments | % Employment in Small & Medium Enterprises |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------|--------------------------|--------------------------|--------------------------------------------|
| Provincial public administration plus hospitals                                                            | 19,998                                    | 11,574                 | 8,425                    | N/A                      | N/A                                        |
| Construction                                                                                               | 19,962                                    | 12,728                 | 7,234                    | 1,556                    | 89.4%                                      |
| Food services and drinking places                                                                          | 11,147                                    | 9,868                  | 1,280                    | 465                      | 96.2%                                      |
| Oil and gas extraction                                                                                     | 9,502                                     | 4,173                  | 5,329                    | 13                       | 3.9%                                       |
| Lessors of real estate and financial investment services, funds and other financial vehicles               | 6,741                                     | 5,042                  | 1,699                    | 3,118                    | 92.2%                                      |
| Food and beverage stores                                                                                   | 5,450                                     | 4,821                  | 630                      | 199                      | 74.7%                                      |
| Ambulatory health care services                                                                            | 5,381                                     | 5,072                  | 310                      | 1,148                    | 85.9%                                      |
| Other federal government services (except defence)                                                         | 5,346                                     | 3,623                  | 1,724                    | N/A                      | N/A                                        |
| Universities                                                                                               | 4,933                                     | 4,343                  | 590                      | N/A                      | N/A                                        |
| Architectural, engineering and related services                                                            | 4,758                                     | 3,472                  | 1,286                    | 390                      | 75.8%                                      |
| Social assistance                                                                                          | 3,913                                     | 3,783                  | 130                      | 309                      | 77.6%                                      |
| Management of companies and enterprises                                                                    | 3,491                                     | 3,136                  | 355                      | 171                      | 50.6%                                      |
| Amusement, recreation, performing arts, spectator sports and related industries, and heritage institutions | 3,415                                     | 3,110                  | 306                      | 301                      | 76.4%                                      |
| Support activities for mining, and oil and gas extraction                                                  | 3,114                                     | 2,173                  | 942                      | 55                       | 50.9%                                      |
| Motor vehicle and parts dealers                                                                            | 3,065                                     | 2,427                  | 639                      | 122                      | 79.7%                                      |
| Elementary and secondary schools plus other educational services                                           | 3,041                                     | 2,200                  | 841                      | 180                      | 56.7%                                      |
| Grant-making, civic, and professional and similar organizations                                            | 3,025                                     | 2,496                  | 529                      | 381                      | 100.0%                                     |
| Employment services and management, scientific and technical consulting services                           | 2,895                                     | 2,497                  | 398                      | 401                      | 84.6%                                      |
| General merchandise stores                                                                                 | 2,780                                     | 2,323                  | 457                      | 51                       | 52.3%                                      |
| Nursing and residential care facilities                                                                    | 2,577                                     | 2,097                  | 480                      | 89                       | 42.0%                                      |
| Telecommunications                                                                                         | 2,574                                     | 1,252                  | 1,322                    | 35                       | 100.0%                                     |
| Clothing and clothing accessories stores                                                                   | 2,524                                     | 2,130                  | 394                      | 159                      | 86.4%                                      |
| Support activities for transportation                                                                      | 2,354                                     | 1,867                  | 487                      | 110                      | 62.4%                                      |
| Services to buildings and dwellings                                                                        | 2,147                                     | 1,862                  | 286                      | 187                      | 80.6%                                      |
| Local, municipal and regional public administration                                                        | 2,013                                     | 1,566                  | 447                      | N/A                      | N/A                                        |

Local multipliers are generally used to estimate the value of the spinoffs, in terms of \$ or jobs, for both direct and indirect parts of the regional economy. Multipliers essentially measure the spinoffs that an industry, through direct, indirect and induced impacts, has on a regional economy. From a dollar value perspective for every dollar spent by an industry it generates/spinoffs additional \$ in the local and regional economy.

For example, for an industry every dollar spent in direct and indirect industries associated with a supply chain generates \$2.5 in the local economy (or an additional value of \$1.5). If the industries spend \$5 million locally it will generate an additional \$7.5 million for that economy for a total value of \$12.5 million.

Dollar multipliers are impacted by the level of production of intermediate goods and services in a region versus the amount purchased through imports. If imports of commodities (intermediate goods) required for production are high in a region the full potential multiplier is not realized. For example, if a potential multiplier for an industry is \$2.60 but 50% of the value of the inputs/goods required for production are imported then the local multiplier would be the total multiplier minus the value of imports in the supply chain and the local multiplier would only be \$1.30 because of expenditures on imports.

Figure 7 presents the multipliers for the top 25<sup>8</sup> total employment industries in the city. The total dollar multiplier includes the local and external spinoffs. The external spinoffs are those goods and services (indirect) required by a specific industry (direct) to operate or produce goods for final demand or as an intermediate product for resale to another industry. These types of spinoffs provide no economic impact locally unless there are transportation, warehousing and assembly provided by local enterprises. For example, the total multiplier for the oil and gas extraction sector is \$1.47 but the local multiplier is \$1.21.

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<sup>8</sup> The database will include multipliers for sectors in the region's economy.

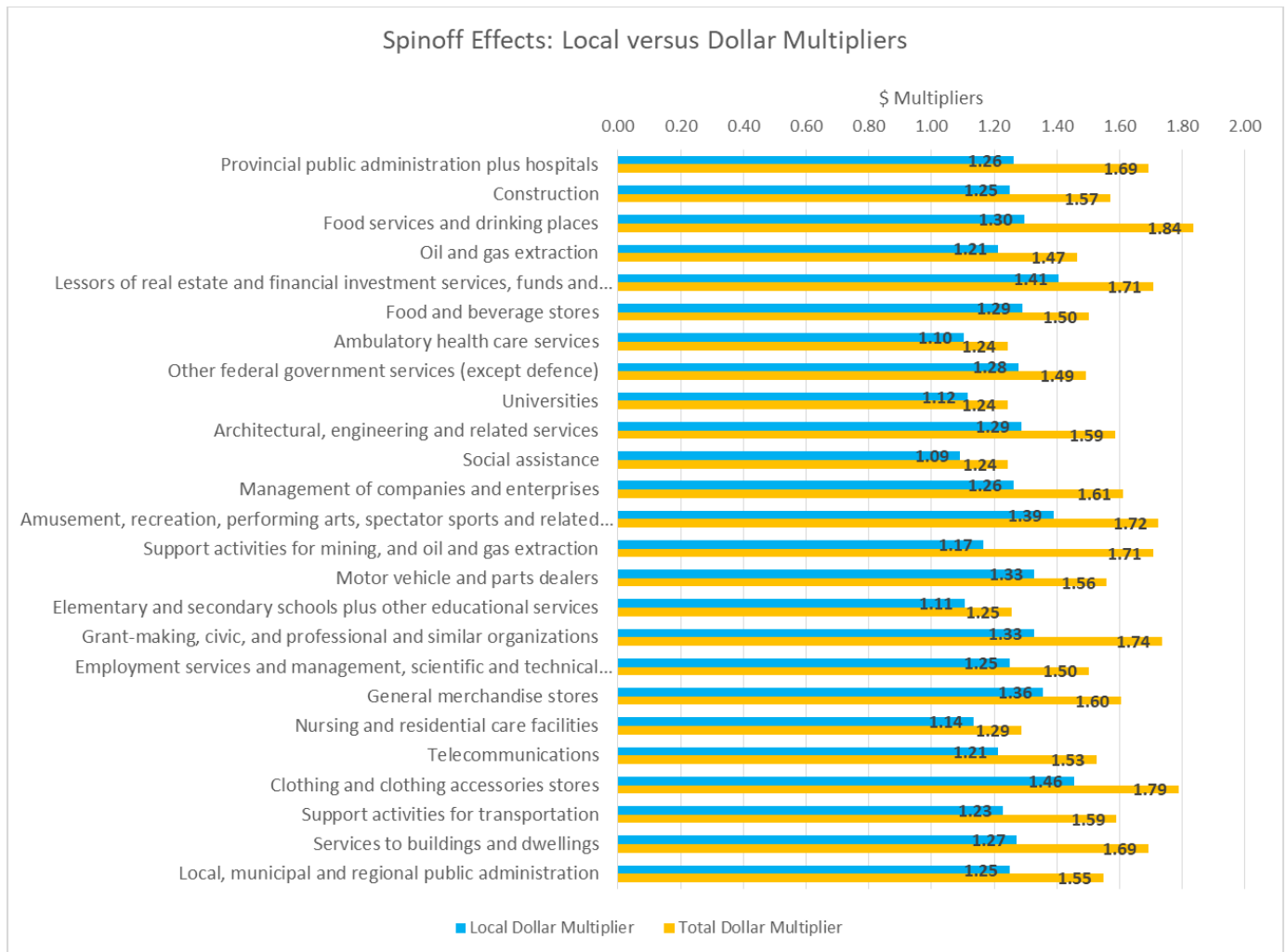


Figure 7: NE Avalon Urban Core Spinoff Effects - Local versus Total Dollar Multipliers

For extraction type industries where the raw material is directly exported (e.g. oil and gas extraction exports 90% of its output) produces a high GDP per worker but the real impact is in the direct employment of workers as well as the associated spinoffs of additional jobs in businesses that supply this sector.

In this case approximately 44.7% of the total multiplier<sup>9</sup> is realized locally and \$0.26 is lost to the region's economy for every \$ spent in purchased externally/outside the area by this sector.

<sup>9</sup> To calculate % of total multiplier realized locally use the following formula:

$$((\text{Local multiplier} - 1) \div (\text{Total multiplier} - 1)) * 100$$

These economic leakages are generally the result of two factors:

- Locally, industries in the supply chain (indirect) do not have the capacity to meet the intermediate goods and service requirements for an industry's operations (direct) and the shortfalls are imported,
- Some of the goods/services required for operations/production are not produced locally and are imported

Both scenarios produce the same economic effect whereby the total \$ economic multiplier is not realized within the city. Furthermore, there may be economies of scale related to the production of a good or service and it is not feasible to produce it locally and financially it is cheaper to import. In the case of oil and gas extraction it is probably maximizing the local supply chain in terms of intermediate purchases of goods and services and given factors related to both capacity and economies of scale achieving 80% of the total \$1.47 multiplier is the optimal.

## 5.0 Comparative Advantage

**Comparative advantage** is based on the location quotient (LQ). The LQ is a ratio that compares employment for an industry in a city with that of the same industry in a larger region. In this case, it is a comparison of employment by industry in the NE Avalon urban core area with the same industries at the provincial level. ***This is a ratio where: employment in a city industry/ total employment in the city are divided by employment provincially in an industry/ total employment for the province.***

If the **LQ ratio is less than 1** employment in that industry is less than expected and there may be opportunities in this sector and it is currently serving a local demand. When **LQ = 1** the industry has average employment levels and is probably supplying a local demand for services or products, but when **LQ is greater than 1.25<sup>10</sup>** the region's industry has more employment than expected compared to the province. Thus, industries with high LQ values are typically export based and generally bring new money into the region. Note that there are some non-export based industries that will have a high LQ but will not be classed as export based but actually meets a high local demand. Those industries, within the area, that have a LQ value of 1.25 or greater indicates that the region has a comparative advantage, provincially, in those sectors.

Industries with high LQ (i.e. greater than 1.0) along with relatively high employment numbers are important to the regional economy, whereas industries with a high LQ and small employment numbers may be export based but not vital to the area's overall economy. In the case of regional economic development, tracking industries, over time, that have high

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<sup>10</sup> Generally, when an industry has a calculated LQ value of greater than 1.0 and less than 1.25 it usually indicates that on average is meeting a local demand or potentially exporting. If LQ is greater than or equal to 1.25 it ranks higher in terms of local demands or exports.

employment factors as well as high LQ values provides insight to the well-being of a regional economy.

For example, if one of these industries' LQ values is decreasing overtime it will be an indicator of important industries declining which may have an adverse effect on the regional economy and should be monitored. Generally, if a region has industries with high LQ values they have a comparative advantage in those industries. In the context of this report industries with values of 1 or less are said to be supplying a local demand and those with higher values are deemed to be supplying a high local demand or is an export-based sector.

In Table 8 industries with LQs of 1.25 or higher are classed as "External Demand" depending on the industry it can be either export based or meeting a high local demand. For example, oil and gas extraction with an LQ value of 1.94 indicates that it is export based (External Demand) and for the city there is approximately twice as many workers employed in this sector than for the entire province.

For provincial public administration including hospitals the calculated LQ value is 1.41 and according to the threshold of 1.25 it is classed as having an external demand. This is where context is important, technically public services are not export based but the government services and tertiary care facilities in the city services more than the local population thus its higher LQ value. In the case of many services if they service a larger population than that of the industry's location (e.g. St. John's) the LQ values will be higher. In many instances where public services or the service sector are located in a regional centre the LQ values will exceed one indicating the centralization of some services. Examples of this trend are Universities (1.88) and other federal government services (1.86), etc.

**Generally, where LQ is greater than 1 and the associated employment is high indicates that that those sectors are important to the region's economy and should be tracked.** However, if employment is relatively high and the location quotient is low, as indicated for the construction industry where it employs over 12,700 workers with a LQ value of 0.80, the sectors should be tracked because of their high employment and how they fit within the local supply chain. Any employment changes in these sectors may be a result of stressors in other parts of the economy.

Table 8: Industry Location Quotients for Top 25 Direct Employment Industries

| Industry                                                                                                   | Est. Direct Employment | Location Quotient | Comparative Advantage (LQ) |
|------------------------------------------------------------------------------------------------------------|------------------------|-------------------|----------------------------|
| Construction                                                                                               | 12,728                 | 0.80              | Local Demand               |
| Provincial public administration plus hospitals                                                            | 11,574                 | 1.41              | External Demand            |
| Food services and drinking places                                                                          | 9,868                  | 1.08              | Local Demand               |
| Ambulatory health care services                                                                            | 5,072                  | 0.86              | Local Demand               |
| Lessors of real estate and financial investment services, funds and other financial vehicles               | 5,042                  | 1.16              | Local Demand               |
| Food and beverage stores                                                                                   | 4,821                  | 0.81              | Local Demand               |
| Universities                                                                                               | 4,343                  | 1.88              | External Demand            |
| Oil and gas extraction                                                                                     | 4,173                  | 1.94              | External Demand            |
| Social assistance                                                                                          | 3,783                  | 1.02              | Local Demand               |
| Other federal government services (except defence)                                                         | 3,623                  | 1.86              | External Demand            |
| Architectural, engineering and related services                                                            | 3,472                  | 1.57              | External Demand            |
| Management of companies and enterprises                                                                    | 3,136                  | 1.36              | External Demand            |
| Amusement, recreation, performing arts, spectator sports and related industries, and heritage institutions | 3,110                  | 1.23              | Local Demand               |
| Employment services and management, scientific and technical consulting services                           | 2,497                  | 1.49              | External Demand            |
| Grant-making, civic, and professional and similar organizations                                            | 2,496                  | 1.12              | Local Demand               |
| Motor vehicle and parts dealers                                                                            | 2,427                  | 0.89              | Local Demand               |
| General merchandise stores                                                                                 | 2,323                  | 0.81              | Local Demand               |
| Elementary and secondary schools plus other educational services                                           | 2,200                  | 1.46              | External Demand            |
| Support activities for mining, and oil and gas extraction                                                  | 2,173                  | 1.31              | External Demand            |
| Clothing and clothing accessories stores                                                                   | 2,130                  | 1.23              | Local Demand               |
| Nursing and residential care facilities                                                                    | 2,097                  | 0.77              | Local Demand               |
| Support activities for transportation                                                                      | 1,867                  | 0.93              | Local Demand               |
| Services to buildings and dwellings                                                                        | 1,862                  | 1.26              | External Demand            |
| Local, municipal and regional public administration                                                        | 1,566                  | 0.56              | Local Demand               |
| Telecommunications                                                                                         | 1,252                  | 1.50              | External Demand            |

**Note:** The colours in the Location Quotient column highlight the low and high values in the column where dark blue represents the lowest value, white intermediate values and dark red the highest values

In this study **shift-share analysis** is used to determine what portion of the area's economic growth or decline can be attributed to provincial, specific industry trends, and local factors. The analysis helps identify industries where the region's economy has competitive advantages over the larger economy. In this case shift-share analysis takes the change over time of an industry's employment variable, within industries of the local economy, and divides that change into various components. Shift Share provides general information on competition and growth factors.

The outcomes for the working paper are classed as:

- [1] Growth or net growth in employment from 2001 to 2018,
- [2] Stable or zero growth for the period and
- [3] Stressed or net negative employment whereby employment through gains and losses resulted net job losses over the specified period.

Included in the shift-share analysis is an **employment volatility index** for 2013 to 2018 which coincides with downturn in the oil sector. The purpose of this time frame is to measure the sensitivity of employment by industry to upturns and downturns in the economy. **The volatility**

index is a value that measures the variation in employment for an industry over a period. For example, employment in one industry can vary greatly in an employment cycle while another industry may exhibit a steady growth over the same period but may have the same net positive growth in employment at the end of the cycle. In this case for a selected industry if the variation is less than the mean trend the volatility is considered low, if values are greater than the mean and less than or equal to 2 standard deviations above the mean the volatility is considered moderate, variation in employment trends that are greater than 2 standard deviations above the mean trend volatility is considered high.

The shift-share results for 2001 to 2018 are presented in Tables 9, 10, 11 where results for each table focus on growth, stable and stressed outcomes respectively. In this case the three outcomes are related to the top 25 employment industries within the NE Avalon urban core. **The provincial growth trend refers to the industry growth trends across entire province while the local growth trend is linked to industry growth in the region.** When the local industry trend indicates growth and the provincial trend is stable or stressed local growth in an industry is due to the economic conditions/factors within the region related to some local comparative advantage. If the “local trend is stressed or stable” and the “provincial trend is growth”, locally there are economic factors that are preventing local industries from benefitting from provincial trends.

These discrepancies in growth may be related to the type of industries that are growing. For example, if the region has an oil centric economy and over time there are major projects not related to the oil sector occurring outside the area, industries such as construction in other parts of the province may benefit. However, this trend may produce growth provincially for construction while a downturn in the oil and gas sector will result in a decline for oil centric construction industries unless they can adapt to take advantage of opportunities in other locations throughout the province. This pattern is evident in Table 10 whereby the construction industry exhibited growth provincially but remained stable (zero growth) in the region over the 18 year period. The net growth provincially is likely related to major projects such as Long-Harbour nickel plant, Bull Arm platform construction and the Muskrat Falls hydro project while in the oil sector much of the construction growth was related to the initial oil boom but the recent downturn in the oil sector may have offset any gains whereby the long outcome on average is stable which no net gain in employment.

Table 9 includes 14 of the top 25 employment industries that displayed growth locally (in the region) from 2001 to 2018. Food services, food and beverage stores, social assistance, engineering consulting, management consulting, recreation/performing arts, other consulting services, and services to buildings exhibited growth at the provincial and local level over the period. Many of these are supply services related to expansion in the provincial government and mining/oil and gas sectors in the time period. Note that while oil and gas extraction is listed as ‘stable’ locally, all of the province’s direct employment in the industry is located in the NE Avalon, so the local growth trend is indistinguishable from the provincial trend.

Table 9: NE Avalon Urban Core Shift-Share Analysis Outcomes by Industries Showing Local Growth from 2001 to 2018

| Industry (Numbers in brackets = employment rank)                         | 2018 Est.<br>Employment | Prov. Growth Trend<br>(2001 - 2018) | Local Growth Trend<br>(2001 - 2018) | Employment<br>Volatility (2013-2018) |
|--------------------------------------------------------------------------|-------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| Provincial public administration plus hospitals (2)                      | 11,574                  | Stressed                            | Growing                             | Low                                  |
| Food services and drinking places (3)                                    | 9,868                   | Growing                             | Growing                             | Low                                  |
| Food and beverage stores (6)                                             | 4,821                   | Growing                             | Growing                             | Low                                  |
| Oil and gas extraction (8)                                               | 4,173                   | Growing                             | Stable                              | Moderate                             |
| Social assistance (9)                                                    | 3,783                   | Growing                             | Growing                             | Low                                  |
| Other federal government services (except defence) (10)                  | 3,623                   | Stressed                            | Growing                             | Low                                  |
| Architectural, engineering and related services (11)                     | 3,472                   | Growing                             | Growing                             | Low                                  |
| Management of companies and enterprises (12)                             | 3,136                   | Growing                             | Growing                             | Low                                  |
| Amusement, recreation, performing arts, spectator sports and related ind | 3,110                   | Growing                             | Growing                             | Low                                  |
| Employment services and management, scientific and technical consultin   | 2,497                   | Growing                             | Growing                             | Low                                  |
| Grant-making, civic, and professional and similar organizations (15)     | 2,496                   | Stressed                            | Growing                             | Low                                  |
| General merchandise stores (17)                                          | 2,323                   | Stressed                            | Growing                             | Low                                  |
| Elementary and secondary schools plus other educational services (18)    | 2,200                   | Stressed                            | Growing                             | Low                                  |
| Services to buildings and dwellings (23)                                 | 1,862                   | Growing                             | Growing                             | Low                                  |

Note: Average employment number in Table 8, 9 and 10 are for the NE Avalon Urban Core.

However, provincial and other federal government services, grant making/non-profits, general merchandise stores, and k-12 schools were stressed provincially but grew within the city of the same time period. Local growth in government services may be related to regional growth or centralization of services. For example, the employment stress associated with elementary and secondary schools is likely related to declining and ageing populations in many of the rural areas in the province while the city has a higher demand for those services.

Note that for all industries that exhibited growth in the NE Avalon urban core from 2001 to 2018 the estimated average employment volatility was considered low. **Note that all growing and stable industries have specialized high skilled workers.**

Table 10 includes 9 of the top 25 employment industries that were classed as stable or net zero growth locally (in the city) from 2001 to 2018. Again, this does not mean that there was no growth during the specified period but rather the job gains and losses over the period resulted on average zero employment growth. For example, the construction sector grew provincially but was stable in the city (locally) from 2001 to 2018. This is likely due to major construction projects such as Muskrat Falls outside the city contributed to the growth factor provincially while the downturn in the oil dominated economy of St. John's impacted the construction industry in the NE Avalon urban core.

This trend of growth provincially and stable scores locally is evident for all sectors other than universities, which remained stable both provincially and locally. Note that volatility was low for all of the city's stable businesses other than support activities for mining and oil and gas, and telecommunications. The volatility could have been higher but given the size of the population, diversity of the economy and the associated labour demand for government- and oil extraction-dependent industries the impact was not as severe as it would be in a smaller less diverse economy.

Of note is the support activities for mining, and oil and gas extraction where it is growing provincially but stable locally. In this case iron ore in Labrador West, nickel in Voisey's Bay and processing in Long Harbour and gold mining on the Baie Verte Peninsula probably contribute to the provincial growth in this industry while locally the stable score is related to the oil extraction sector that dominates the city's economy. Also, this sector's volatility is moderate indicating that employment shifts were fairly variable (low to high employment) from 2013-2018.

Table 11 presents those industries and businesses that were stressed or experienced a net job loss from 2001 to 2018. The dynamics for the 2 industries listed may be related to changes in consumer behaviour and increasing scale economies. For example, nursing homes are stressed both provincially and locally. In addition to the effect of constructing less numerous, larger facilities, part of this decline may be related to changing attitudes around long term and seniors' care. Motor vehicle and parts dealers are stable provincially and stressed locally where purchases are impacted by upturns and downturns that may be related to the oil sector as well as the Alberta factor where the fly-in and fly-out workers were subject to massive layoffs.

Table 10: NE Avalon Urban Core Shift-Share Analysis Outcomes by Local Industries that are Stable from 2001 to 2018

| Industry (Numbers in brackets = employment rank)                          | 2018 Est. Employment | Prov. Growth Trend (2001 - 2018) | Local Growth Trend (2001 - 2018) | Employment Volatility (2013-2018) |
|---------------------------------------------------------------------------|----------------------|----------------------------------|----------------------------------|-----------------------------------|
| Construction (1)                                                          | 12,728               | Growing                          | Stable                           | Low                               |
| Ambulatory health care services (4)                                       | 5,072                | Growing                          | Stable                           | Low                               |
| Lessors of real estate and financial investment services, funds and other | 5,042                | Growing                          | Stable                           | Low                               |
| Universities (7)                                                          | 4,343                | Stable                           | Stable                           | Low                               |
| Support activities for mining, and oil and gas extraction (19)            | 2,173                | Growing                          | Stable                           | Moderate                          |
| Clothing and clothing accessories stores (20)                             | 2,130                | Growing                          | Stable                           | Low                               |
| Support activities for transportation (22)                                | 1,867                | Growing                          | Stable                           | Low                               |
| Local, municipal and regional public administration (24)                  | 1,566                | Growing                          | Stable                           | Low                               |
| Telecommunications (25)                                                   | 1,252                | Growing                          | Stable                           | Moderate                          |

Table 11: NE Avalon Urban Core Shift-Share Analysis Outcomes by Local Industries that are Stressed from 2001 to 2018

| Industry (Numbers in brackets = employment rank) | 2018 Est. Employment | Prov. Growth Trend (2001 - 2018) | Local Growth Trend (2001 - 2018) | Employment Volatility (2013-2018) |
|--------------------------------------------------|----------------------|----------------------------------|----------------------------------|-----------------------------------|
| Motor vehicle and parts dealers (16)             | 2,427                | Stable                           | Stressed                         | Low                               |
| Nursing and residential care facilities (21)     | 2,097                | Stressed                         | Stressed                         | Low                               |

In Table 10 the shift share analysis outcomes indicated that **support services for mining and oil and gas extraction were stable and moderately volatile**. An examination of the oil and gas extraction geo-spatial supply chain outcomes will provide context for the shift share outcomes. On average the oil and gas extraction sector in St. John's annually purchases \$1.7 billion worth of inputs from 278 unique suppliers<sup>11</sup>. Proportionally, 67.8% of the inputs are purchased locally, 1.3% from other parts of the province and 33.9% from trade (other provinces or countries) (Figure 8).

Examining the origins of specific inputs (Table 12) supply services for oil and gas extraction accounts for 31.12% of the \$ transactions between these industries and the oil and gas extraction sector and 100% is sourced locally. Note that the indirect wages and salaries accounts for 14.07% of the transactions. Overall the selected inputs listed in Table 12 accounts for 86% of all \$ value transactions linked to the oil and gas extraction industry. The direct and indirect job and dollar multipliers for the oil and gas extraction are \$2.28 and \$1.21 respectively. Thus, it is estimated that every local oil and gas extraction job indirectly supports 2.3 jobs in the province of which 2.28 are local. For every \$1 in local oil extraction expenditure on average indirectly generates overall another \$1.47 in the economy of which \$1.21 is local. Note these estimates are based on averages and do not include induced effects (e.g. impact on consumer spending through wages and salaries) which has a significant impact on the local economy. Any downturn in this sector will have a significant impact on its supply chain and the overall economy.

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<sup>11</sup> In this case unique suppliers refers to the North American Industry Codes (NAIC) used in the Stats Canada Business Registry databases.

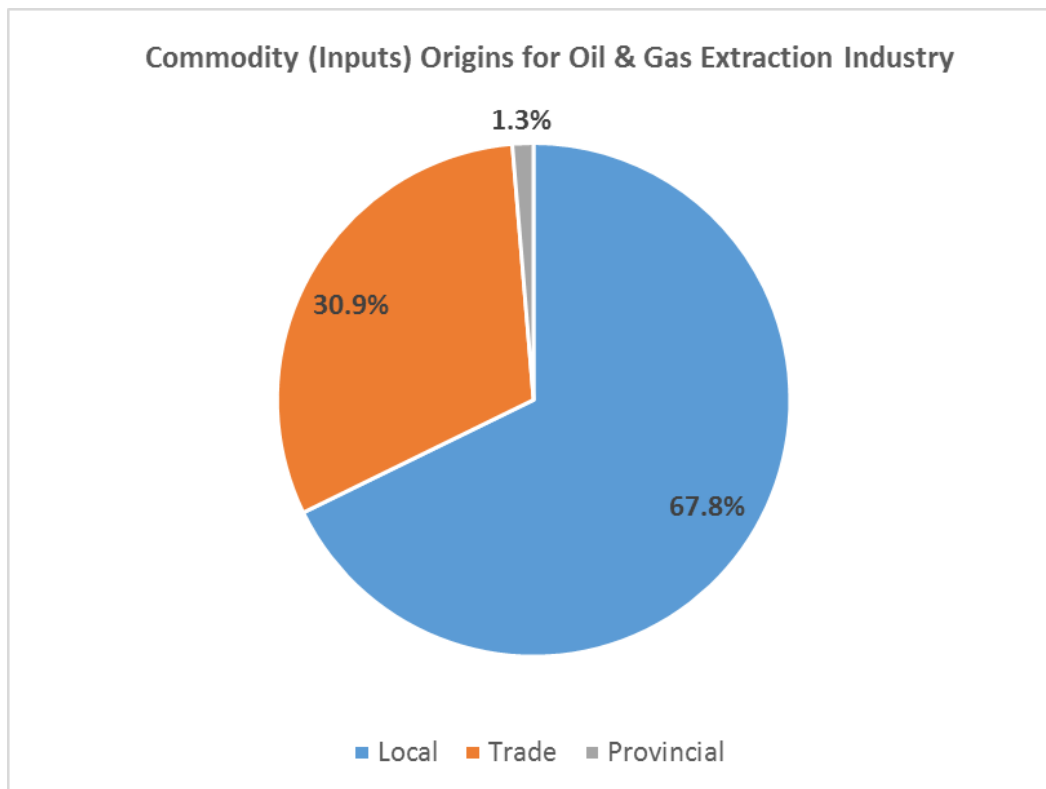


Figure 8: Commodity (Inputs) Origins for Oil and Gas Extraction Industry

Table 12: Oil and Gas Partial Supply Chain: Percent of Indirect Total Value Transactions

| Oil and Gas Extraction Inputs                                                  | Source |            |       |
|--------------------------------------------------------------------------------|--------|------------|-------|
|                                                                                | Local  | Provincial | Trade |
| Support services for oil and gas extraction (except exploration)               | 31.12% | x          | x     |
| Wages and salaries                                                             | 14.07% | x          | x     |
| Employers' social contributions                                                | 3.45%  | x          | x     |
| Wholesale margins - machinery, equipment and supplies                          | 2.31%  | x          | x     |
| Head office services (imputed)                                                 | 2.22%  | x          | x     |
| Holding company services and other financial investment and related activities | 1.68%  | x          | 0.65% |
| Computer systems design and related services (except software development)     | 1.34%  | x          | x     |
| Management, scientific and technical consulting services                       | 1.33%  | x          | x     |
| Water freight transportation services                                          | 1.23%  | x          | x     |
| Holding company services (imputed)                                             | 1.19%  | x          | 0.96% |
| Repair and maintenance services (except for buildings and motor vehicles)      | 1.07%  | x          | x     |
| Security brokerage and securities dealing services                             | 0.79%  | x          | 0.70% |
| Other professional, scientific and technical services                          | 0.79%  | x          | x     |
| Deposit intermediation services indirectly measured (FISIM)                    | 0.53%  | x          | 0.98% |
| Automotive insurance services                                                  | 0.53%  | x          | x     |
| Architectural, engineering and related services                                | x      | x          | 1.40% |
| Chemical products, n.e.c.                                                      | x      | x          | 1.43% |
| Other basic inorganic chemicals                                                | x      | x          | 1.55% |
| Wholesale margins - miscellaneous products                                     | x      | x          | 0.70% |
| Other engine and power transmission equipment                                  | x      | x          | 0.90% |
| Truck transportation services for specialized freight                          | x      | x          | 0.95% |
| Iron and steel pipes and tubes (except castings)                               | x      | x          | 5.14% |
| Measuring, control and scientific instruments                                  | x      | x          | 1.25% |
| Logging, mining and construction machinery and equipment                       | x      | x          | 2.87% |
| Lubricants and other petroleum refinery products                               | x      | x          | 1.90% |
| Other miscellaneous general-purpose machinery                                  | x      | 0.98%      | x     |

As mentioned above any downturn in the oil and gas sector will have a significant impact on the local economy. This is further supported by the number of indirect jobs created via its \$ transactions with other industries. For example, support activities for mining and oil and gas extraction has 2,890 indirect jobs linked to oil and gas or mining of which a majority are linked to the oil and gas sector and there are a further 1,948 jobs associated with management of companies and enterprises (Figure 9). Therefore, the shift-share outcome for the support activities for mining and oil and gas is stressed with moderate volatility it is important to assess how this sector impacted any downturns or conversely examine impacts when there is growth.

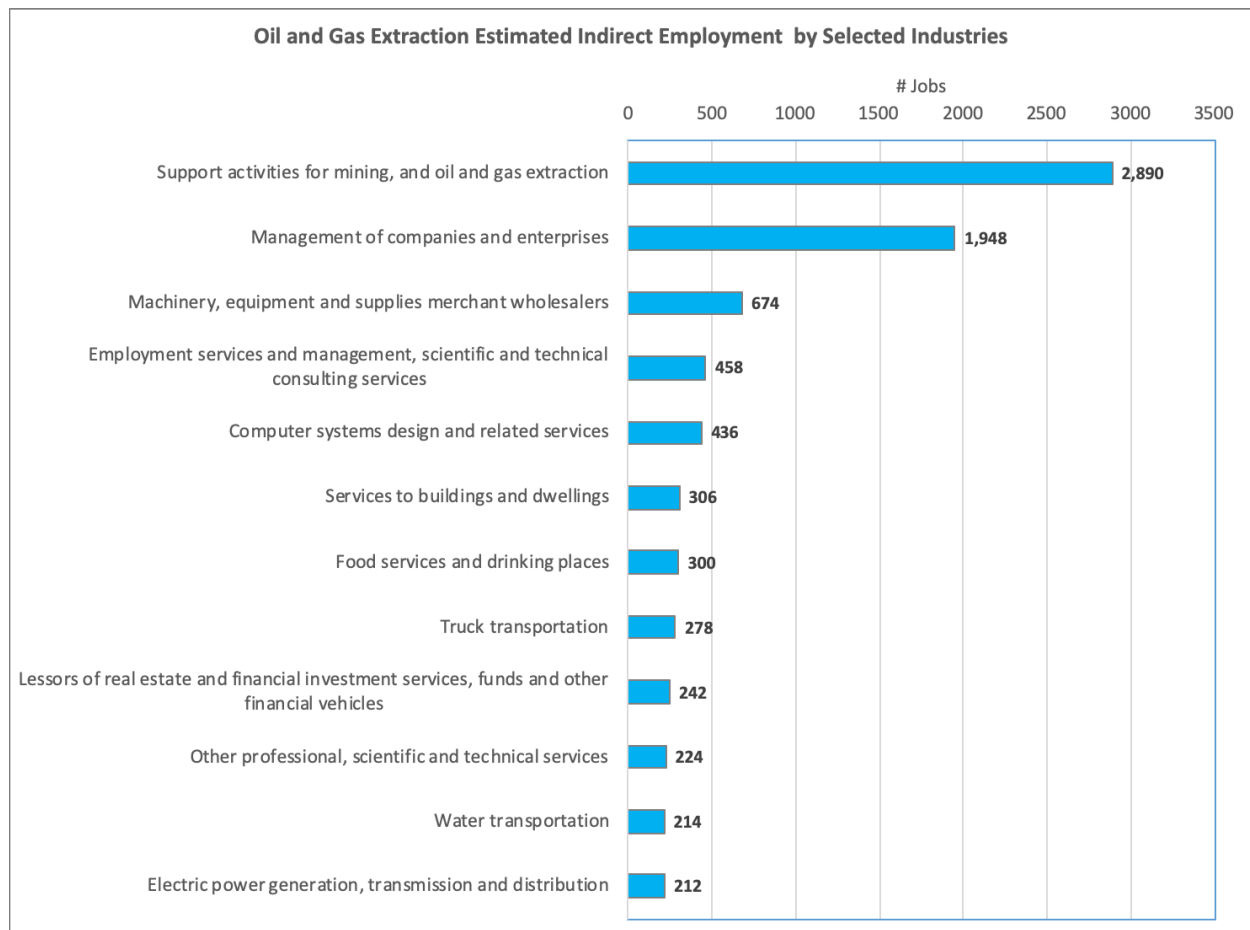


Figure 9: Oil and Gas Extraction Estimated Indirect Employment by Selected Industries

## 6.0 Occupational Trends

An examination of workforce skills and projections along with occupation trends required the integration of occupation, education and skills databases produced by Statistics Canada. This information provides an overview of the labour market for the North East Avalon urban core and provides some context for future labour challenges presented by an ageing workforce and a shift in skills.

**In this case skills are based on Statistics Canada definitions where:**

**[1] Skill A refers to a class of workers and related occupations that have a university education,**

**[2] Skill B refers to those workers whose education and training is primarily obtained through colleges and apprenticeships,**

**[3] Skill C includes workers who have a high school education that is associated with some occupation specific training and**

**[4] D level skills are related to on the job training whereby the workers may or may not have completed high school.**

Given that most of the labour market for the region is contained primarily within St. John's and the other 5 participating municipalities the skill predictions presented in Table 13 includes the working age population between 15 and 64 years of age for the North East Avalon urban core. The numbers represent the "potential pool" of workers for each skill group. Note that only a portion of this potential pool of workers participate in the workforce (e.g. reflected in the participation rate for a city or region). Note that the predictions are based on the historical migration demographic model and the 2016 skills data for the North East Avalon urban core.

In Table 13 skills A, B, and C continually increase at varying rates from 2016 to 2035 if historical migration trends continue for the North East Avalon urban core where skill level A increases from 39,025 in 2016 to 50,596 by 2035. Likewise, skill level B increases from 58,105 to 65,989 and skill level C increases from 39,300 to 45,083 for the same period (Table 13). However, skill level D only increases from 22,138 in 2016 to 23,105 by 2025. There is a decline from 23,105 in 2025 to 22,619 by 2030 with further decline to 22,603 by 2035. This trend is especially evident in Figure 10 where from 2016 to 2020 there is a 4.8% increase of the potential skill D workforce. Although there is an overall net increase from 2016 to 2035 (e.g. 22,138 to 22,603) the 5-year interval predictions indicate a year to year decline. For example, from 2020 to 2025 there is a decline of 0.4%, -2.1% decline from 2025 to 2030 and a 0.1% decline from 2030 to 2035 (Figure 10).

Table 13: Historical Migration Model Prediction of Potential Labour Force Skills

| Year | A     | B     | C     | D     | Row Total |
|------|-------|-------|-------|-------|-----------|
| 2016 | 39025 | 58105 | 39300 | 22138 | 158570    |
| 2020 | 39232 | 57711 | 41275 | 23209 | 161426    |
| 2025 | 43767 | 61471 | 43112 | 23105 | 171455    |
| 2030 | 46801 | 63251 | 43758 | 22619 | 176430    |
| 2035 | 50596 | 65989 | 45083 | 22603 | 184271    |

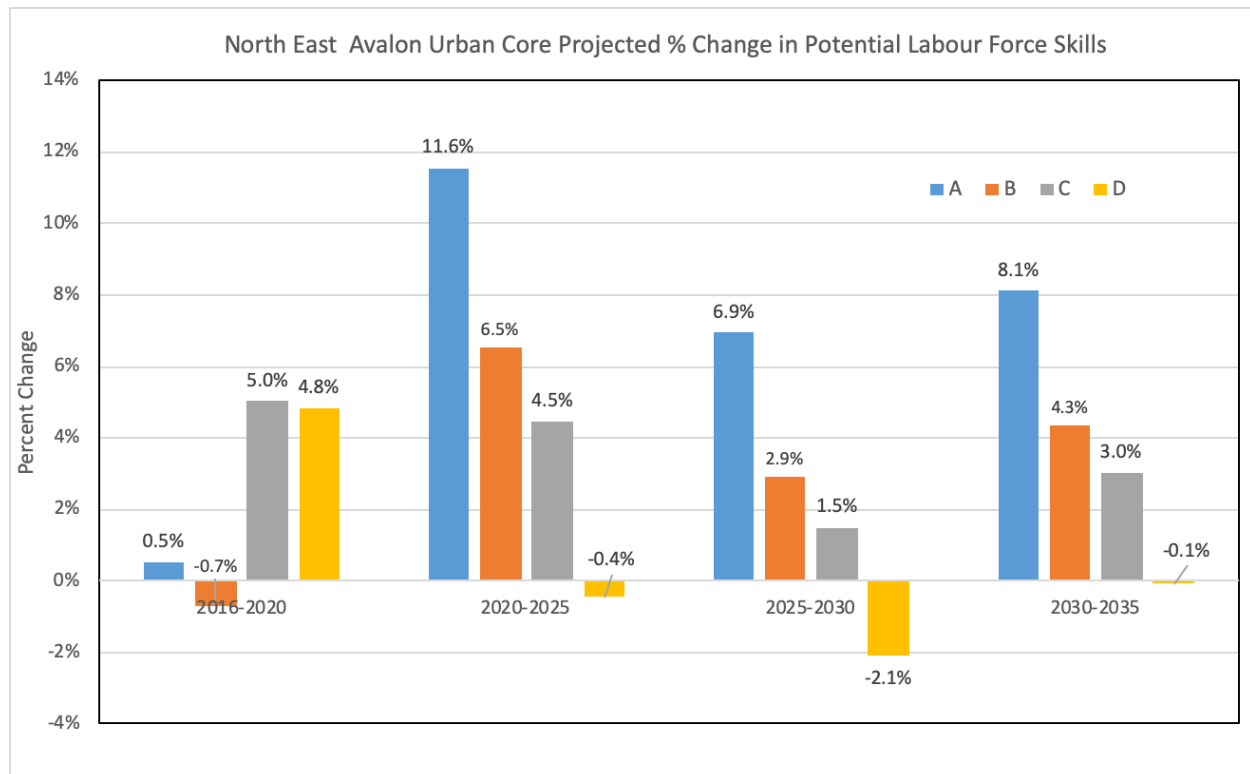


Figure 10: North East Avalon Urban Core Predicted % Change in Potential Labour Force Skills

An examination of the overall net growth from 2016 to 2035 skill level A increases by 29.6%, B by 13.6%, C 14.7% and D 2.1%. Although those increases represent “potential” and the numbers are reduced by actual participation rates and, the question becomes, do the differences between the “potential” and “actual” participation rates provide enough replacement workers for those retiring?

To examine this issue Table 14 presents a list of the top ten employment industries for the North East Avalon urban core. The oldest occupation, professional occupations in education services the skill level is A, the average age is 55.1 and 62% of the occupations is 45 years of age or older.

Industrial, electrical and construction workers is the second oldest and is classed as skill level B, average age of 54.2 with 60% of the workers aged 45 or older. For C skill level transport and

heavy equipment is the oldest with an average age of 53.4 and there are 60% of its workers 45 years of age or older. Office support workers is the oldest in skill class D with an average age of 53.3 and 61% of the work force aged 45 or older. In the top 10 employers all occupations and skill levels has more than 50% (58% to 62%) of its workers at 45 years of age or older (Table 14). The question becomes in situations where there are not enough younger workers is there a willingness for workers in the different skill levels, where possible, take jobs with lower skill requirements. For example, level A workers taking B level skill jobs or skill level C taking D level jobs) or moving from a lower skill job to a higher skill job (e.g. skill D to C) that will require additional training?

Table 14: Top Ten Employment Industries Skill Level, Avg. Age and % Employment Aged 45+

| Top 10 Occupations<br>North East Avalon Urban Core                              | Skill Level | Mean Age | Employment (All Ages), 2016 | Employment (45+), 2016 | % of Employment 45+, 2016 |
|---------------------------------------------------------------------------------|-------------|----------|-----------------------------|------------------------|---------------------------|
| Service support and other service occupations, n.e.c.                           | D           | 53       | 3187                        | 2238                   | 59%                       |
| Industrial, electrical and construction trades                                  | B           | 54.2     | 2908                        | 2130                   | 60%                       |
| Professional occupations in education services                                  | A           | 55.1     | 2513                        | 1874                   | 62%                       |
| Care providers and educational, legal and public protection support occupations | C           | 53       | 2400                        | 1690                   | 60%                       |
| Office support occupations                                                      | C           | 53.3     | 2332                        | 1688                   | 61%                       |
| Sales representatives and salespersons - Wholesale and retail trade             | C           | 52.3     | 2327                        | 1610                   | 58%                       |
| Administrative and financial supervisors and administrative occupations         | B           | 52.8     | 2296                        | 1657                   | 60%                       |
| Service representatives and other customer and personal services occupations    | C           | 52.2     | 2206                        | 1522                   | 58%                       |
| Sales support occupations                                                       | D           | 52.8     | 2151                        | 1641                   | 59%                       |
| Transport and heavy equipment operation and related maintenance occupations     | C           | 53.4     | 1637                        | 1574                   | 60%                       |

In the region 29.6% of the workforce are employed in occupations that require skill level A, 39.5% skill level B and 23.8% skill level C. Only 7.0% of the workforce are employed in occupations classed as skill level D (Figure 11). In context of the area's economy it requires fewer skill level D workers and primarily skill level C workers are in higher demand. Within the region occupations requiring skill level A are more concentrated in St. John's, while skill level B tends to be more spread across the other municipalities.

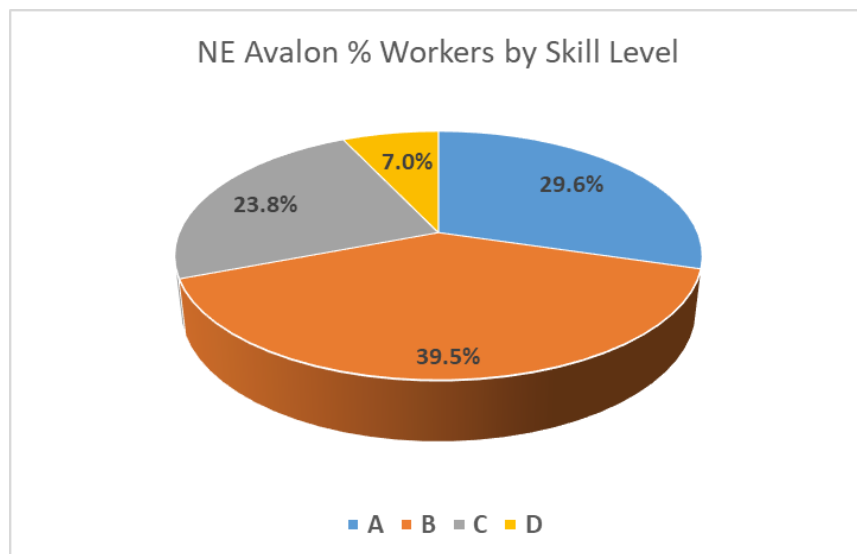


Figure 11: St. John's Percent Workers by Skill Level

Occupations with skill levels A, B, C and D has 58% to 62% of workers 45 years of age or older. The demographics of the region suggest there will shortfalls in future requirements for those skills including the potential for skill mismatches. These mismatches (e.g. D skill workers retrained to work in skill level C jobs) can be addressed by either targeted immigration for workers with the requisite skill levels or encourage non-participants in the workforce to participate.

For example, for the NE Avalon urban core there is a low participation in skill level D workers (32.6%) as well as a high unemployment rate (14.9%). Conceptually, D skill workers (non-participating) can be trained to do skill level C jobs with retraining. Likewise, shortfalls in many B skill level jobs can be partially filled by retraining C skill level workers. However, further investigation is required to determine why specific skill levels have low participation rates (see Tables 15 and Table 16). Note the low unemployment rates for skill level A (5.5%) is only slightly higher than the level for Canada (5.4%).

Table 15: NE Avalon Urban Core 2016 Employment Participation Rate by Skill Level

| Geography (Participation Rate 2016)                      | A     | B     | C     | D     |
|----------------------------------------------------------|-------|-------|-------|-------|
| Canada                                                   | 78.1% | 72.5% | 63.6% | 38.3% |
| NE Avalon Urban Core                                     | 79.2% | 72.7% | 61.9% | 32.6% |
| Newfoundland and Labrador excluding NE Avalon Urban Core | 72.1% | 68.5% | 54.7% | 30.3% |

Table 16: NE Avalon Urban Core 2016 Unemployment Rate by Skill Level

| Geography (Unemployment Rate 2016)                       | A    | B     | C     | D     |
|----------------------------------------------------------|------|-------|-------|-------|
| Canada                                                   | 5.4% | 6.6%  | 9.5%  | 13.5% |
| NE Avalon Urban Core                                     | 5.5% | 7.9%  | 11.3% | 14.9% |
| Newfoundland and Labrador excluding NE Avalon Urban Core | 6.7% | 18.1% | 23.9% | 33.7% |

Tables 17 and 18 present Participation and Unemployment Rate by Age Cohort. For age cohorts 25-34 to 45-54 is consistent with values ranging between 85% and 87%. The lower values for 15-24 (63.3%), 55-64 (58.5%) and 65-74 (17.9%) would suggest that there are opportunities to increase the participation rates for the younger cohorts unless there are underlying factors that prevent their participation in the workforce (Table 16).

The unemployment rates in (Table 18) would also suggest there are under-utilized workers in the labour market and future supply and demand issues need to examine how to increase participation to replace retiring workers.

Table 17: NE Avalon Urban Core 2016 Employment Participation Rate by Age Cohort

| Geography (Participation Rate 2016)                      | 15 to 24 years | 25 to 34 years | 35 to 44 years | 45 to 54 years | 55 to 64 years | 65 to 74 years | 75 years and over |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Canada                                                   | 61.4%          | 85.5%          | 87.0%          | 85.3%          | 65.0%          | 21.6%          | 4.7%              |
| NE Avalon Urban Core                                     | 63.3%          | 85.4%          | 87.0%          | 85.3%          | 58.5%          | 17.9%          | 3.3%              |
| Newfoundland and Labrador excluding NE Avalon Urban Core | 49.5%          | 80.5%          | 82.4%          | 79.1%          | 56.4%          | 13.5%          | 2.0%              |

Table 18: NE Avalon Urban Core 2016 Unemployment Rate by Age Cohort

| Geography (Unemployment Rate 2016)                       | 15 to 24 years | 25 to 34 years | 35 to 44 years | 45 to 54 years | 55 to 64 years | 65 to 74 years | 75 years and over |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Canada                                                   | 15.5%          | 7.8%           | 5.8%           | 5.5%           | 6.6%           | 6.9%           | 8.8%              |
| NE Avalon Urban Core                                     | 17.1%          | 8.9%           | 6.7%           | 5.3%           | 7.5%           | 7.3%           | 16.1%             |
| Newfoundland and Labrador excluding NE Avalon Urban Core | 28.6%          | 19.6%          | 15.5%          | 18.0%          | 24.5%          | 28.8%          | 24.2%             |

## 6.1 Ageing Occupations

There are occupations in the study area that have a concentration of older workers versus younger workers. **According to Statistics Canada younger workers range in age from 25 to 34 while older workers are those that are aged 55 years or older<sup>12</sup>. In addition, it has been suggested that workers that reach the current retirement age of 65 will in some cases continue to work but in 2016 young seniors aged 65 to 74 had a participation rate of 17.9% in the NE Avalon urban core.**

An examination of the 2016 St. John's CMA<sup>13</sup> data on age and occupations<sup>14</sup> (Figure 12) indicates that:

- Out of 103,005 workers 3,105 or 3.01% were aged 65-74 years and only 275 or 0.27% were aged 75+ years (Figure 12).
- In 2016 there were 19,125 people in the CMA aged 65-74 and according to the occupation data 16.2% were working while 275 out of 5560 aged 75+ years or 4.9% were employed.
- Generally, the 65-74 age group or young seniors are the most active and the challenge will be to increase their participation in the labour market when there are worker

<sup>12</sup> Ouellet-Léveillé, B. and Mialn, A. Occupations with older workers, July 25, 2019  
<https://www150.statcan.gc.ca/n1/pub/75-006-x/2019001/article/00011-eng.htm>

<sup>13</sup> The 2016 Statistics Canada St. John's CMA occupation data table is used for this review because it represents most of the regional labour market and trends are relevant because of the high degree of commuting between the municipalities in the CMA.

<sup>14</sup> Statistics Canada table 98-X2016295 Employed workers by age category

shortages either by extending their careers, if appropriate, or where possible take a new career path post current retirement age.

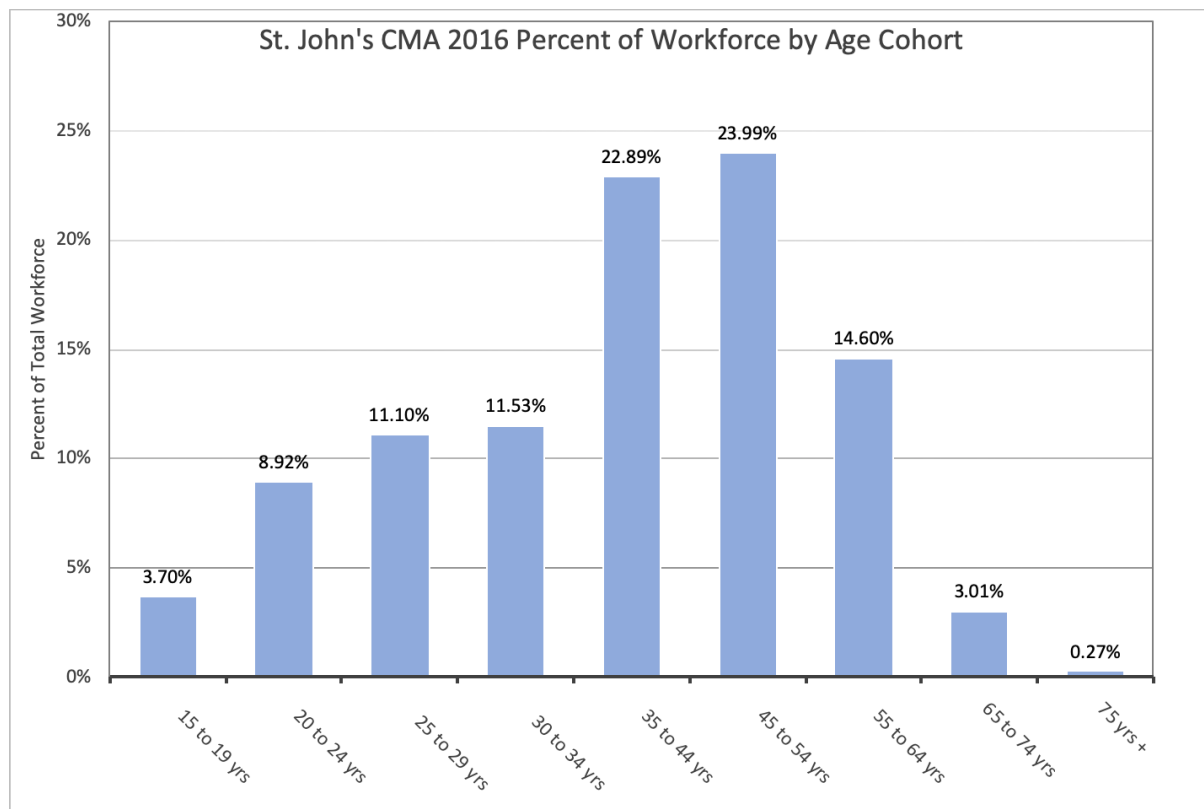


Figure 12: St. John's CMA 2016 Percent of Workforce by Age Cohort

The purpose of this section is twofold:

- Firstly, identify occupations where there are more older workers (aged 55+) than younger workers (aged 24-34)
- Secondly, identify occupations where young seniors (aged 65-74) are employed

The ratio between younger and older workers<sup>15</sup> is:

- the number of younger workers (aged 24-34) ÷ number of older workers (aged 55+)
- when the ratio equals 1 there are equal numbers of younger and older workers
- when the ratio is greater than 1.0 there are more younger workers than older workers
- when the ratio is less than 1.0 there are more older workers than younger workers

<sup>15</sup> Ouellet-Léveillé, B. and Mialn, A. Occupations with older workers, July 25, 2019  
<https://www150.statcan.gc.ca/n1/pub/75-006-x/2019001/article/00011-eng.htm>

Tables 19 to 24<sup>16</sup> contain information on occupations where the number of older workers is greater than younger workers (ratio < 1.0).

Table 19 lists management occupations that employ at least 100 workers and there is evidence of an ageing workforce. Occupations where young workers make up less than quarter of the workers in an ageing occupation (ratio  $\leq 0.25$ )<sup>17</sup> are:

- Senior managers - financial, communications and other business services (ratio 0.19): 290 workers with an average age of 49.3 and 36.21% of workers are aged 55+ years
- Senior managers - health, education, social and community services (ratio 0.13): 260 workers with an average age of 51.7 and 30.77% of workers are aged 55+ years
- Senior government managers and officials (ratio 0.18): 205 workers with an average age of 50.8 and 26.83% of workers are aged 55+ years
- Other business services managers (ratio 0.22): 135 workers with an average age of 50.4 and 33.33% of workers are aged 55+ years

In the above summary only, occupations that have a very low ratio ( $\leq 0.25$ )<sup>17</sup> of young workers were highlighted. This generally indicates that very few younger workers are present and a strategy would be to start planning for training, attracting, or retaining young workers to correct the imbalance and potential future labour shortages. However, any ratio < 1.0 should be an indicator of fewer younger workers in an occupation especially where the average age is somewhat high. When there is parity between younger and older workers, ratio = 1 it may be an indicator that the age distribution is probably ideal. For ratios > 1.0 it generally indicates an increasing dominance of younger workers employed in an occupation.

From Table 19 there are several occupations where the number of older workers (ratio < 0.50) are more than twice the number of younger workers and they are:

- Corporate sales managers (average age 47.4)
- Manufacturing managers (average age 47.4)
- Administrators - post-secondary education and vocational training (average age 47.1)
- Senior managers - trade, broadcasting and other services, n.e.c. (average age 49.6)
- Home building and renovation managers (average age 47.6)

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<sup>16</sup> For Tables 19 to 22 only occupations with at least 100 workers are displayed. The “% workers aged 55+ yrs” is the percent of workers in that age class. For example, if 40% of the workers are in older worker age class then 60% of the workers are in a younger age class.

<sup>17</sup> The ratio of 0.25 or less is used to identify those occupations that are rapidly ageing and very few young workers are employed in an occupation. Note that there are occupations where there are fewer young workers because of the education requirements and years of training. In those cases, it is important to examine the average age of the occupation to make an assessment.

Table 19: St. John's CMA 2016 Management Occupations - Younger (Aged 24-34) versus Older Workers (Aged 55+)

| National Occupation Codes                                                                            | Average Age | Number of workers | Ratio of younger workers to older workers | % workers aged 55+ yrs |
|------------------------------------------------------------------------------------------------------|-------------|-------------------|-------------------------------------------|------------------------|
| 0621 Retail and wholesale trade managers                                                             | 44.8        | 2435              | 0.78                                      | 21.97%                 |
| 0714 Facility operation and maintenance managers                                                     | 45.3        | 445               | 0.55                                      | 24.72%                 |
| 0111 Financial managers                                                                              | 45.1        | 435               | 0.93                                      | 17.24%                 |
| 0124 Advertising, marketing and public relations managers                                            | 44.1        | 400               | 0.86                                      | 17.50%                 |
| 0213 Computer and information systems managers                                                       | 45.3        | 295               | 0.90                                      | 16.95%                 |
| 0013 Senior managers - financial, communications and other business services                         | 49.3        | 290               | 0.19                                      | 36.21%                 |
| 0014 Senior managers - health, education, social and community services and membership organizations | 51.7        | 260               | 0.13                                      | 30.77%                 |
| 0601 Corporate sales managers                                                                        | 47.4        | 245               | 0.44                                      | 32.65%                 |
| 0911 Manufacturing managers                                                                          | 47.4        | 240               | 0.42                                      | 25.00%                 |
| 0114 Other administrative services managers                                                          | 45.4        | 235               | 0.88                                      | 17.02%                 |
| 0311 Managers in health care                                                                         | 47.4        | 230               | 0.55                                      | 23.91%                 |
| 0421 Administrators - post-secondary education and vocational training                               | 47.1        | 225               | 0.36                                      | 24.44%                 |
| 0012 Senior government managers and officials                                                        | 50.8        | 205               | 0.18                                      | 26.83%                 |
| 0423 Managers in social, community and correctional services                                         | 45.9        | 205               | 0.78                                      | 21.95%                 |
| 0015 Senior managers - trade, broadcasting and other services, n.e.c.                                | 49.6        | 180               | 0.38                                      | 36.11%                 |
| 0731 Managers in transportation                                                                      | 45.5        | 180               | 0.70                                      | 27.78%                 |
| 0113 Purchasing managers                                                                             | 45.9        | 155               | 0.75                                      | 12.90%                 |
| 0712 Home building and renovation managers                                                           | 47.6        | 140               | 0.43                                      | 25.00%                 |
| 0125 Other business services managers                                                                | 50.4        | 135               | 0.22                                      | 33.33%                 |
| 0121 Insurance, real estate and financial brokerage managers                                         | 45.2        | 110               | 0.50                                      | 18.18%                 |
| 0632 Accommodation service managers                                                                  | 50.8        | 110               | 0.50                                      | 45.45%                 |
| 0821 Managers in agriculture                                                                         | 46.1        | 100               | 0.71                                      | 35.00%                 |

Table 20 contains those occupations that generally require a university education. These are occupations where older workers are more likely to extend their careers rather than change a career path in retirement.

Occupations where ratios indicate that young workers make up less than quarter of the of the workers in an ageing occupation (ratio  $\leq 0.25$ )<sup>18</sup> are:

- University professor and lectures (ratio 0.13): 1040 workers with an average age of 50 and 35.10% of workers are aged 55+ years
- Professional occupations in religion (ratio 0.18): 120 workers with an average age of 53.3 and 45.83% of the workers are aged 55+ years

<sup>18</sup> The ratio of 0.25 or less is used to identify those occupations that are rapidly ageing and very few young workers are employed in an occupation. Note that there are occupations where there are fewer young workers because of the education requirements and years of training. In those cases, it is important to examine the average age of the occupation to make an assessment.

Table 20: St. John's CMA 2016 Occupations Requiring a University Education<sup>19</sup> - Younger (Aged 24-34) versus Older Workers (Aged 55+)

| National Occupation Codes                                           | Average Age | Number of workers | Ratio of younger workers to older workers | % workers aged 55+ yrs |
|---------------------------------------------------------------------|-------------|-------------------|-------------------------------------------|------------------------|
| 4011 University professors and lecturers                            | 50.0        | 1040              | 0.14                                      | 35.10%                 |
| 1114 Other financial officers                                       | 45.6        | 605               | 0.74                                      | 25.62%                 |
| 4112 Lawyers and Quebec notaries                                    | 46.2        | 560               | 0.71                                      | 25.00%                 |
| 4021 College and other vocational instructors                       | 46.8        | 545               | 0.62                                      | 23.85%                 |
| 3111 Specialist physicians                                          | 45.7        | 455               | 0.92                                      | 26.37%                 |
| 1122 Professional occupations in business management consulting     | 46.1        | 355               | 0.63                                      | 22.54%                 |
| 4166 Education policy researchers, consultants and program officers | 46.6        | 200               | 0.75                                      | 20.00%                 |
| 4151 Psychologists                                                  | 45.8        | 165               | 0.63                                      | 24.24%                 |
| 4033 Educational counsellors                                        | 44.1        | 160               | 0.83                                      | 18.75%                 |
| 3011 Nursing co-ordinators and supervisors                          | 47.5        | 135               | 0.75                                      | 29.63%                 |
| 4154 Professional occupations in religion                           | 53.3        | 120               | 0.18                                      | 45.83%                 |
| 2154 Land surveyors                                                 | 46.8        | 100               | 0.75                                      | 40.00%                 |

Table 21 presents those occupations where college or apprenticeships are required. There is only one occupation considered to be ageing rapidly (ratio = 0.20) with two others approaching the high ageing factor with ratios of 0.30 and 0.33. The three occupations within these categories are:

- Contractors and supervisors, mechanic trades (ratio 0.20): 155 workers with an average age of 47.2 and 32.26% of the workers are age 55+ years
- Drafting technologists and technicians (ratio 0.30): 155 workers with an average age of 49.4 and 32.26% of the workers are age 55+ years
- Other service supervisors (ratio 0.33): 105 workers with an average age of 46.2 and 28.57% of the workers age 55+.

Examples of other occupations (Table 21) that are exhibiting an imbalance between young and older workers are:

- Real estate agents and salespersons
- Medical administrative assistants
- Executive assistants
- Contractors and supervisors, heavy equipment operator crews
- Heavy-duty equipment mechanics
- Drafting technologists and technicians
- Contractors and supervisors, mechanic trades

<sup>19</sup> Note that for some management positions a university education is not required but are based on work experience

Table 21: St. John's CMA 2016 Occupations Requiring College or Apprenticeships - Younger (Aged 24-34) versus Older Workers (Aged 55+)

| National Occupation Codes                                                                                       | Average Age | Number of workers | Ratio of younger workers to older workers | % workers aged 55+ yrs |
|-----------------------------------------------------------------------------------------------------------------|-------------|-------------------|-------------------------------------------|------------------------|
| 7271 Carpenters                                                                                                 | 43.3        | 895               | 0.90                                      | 22.35%                 |
| 1228 Employment insurance, immigration, border services and revenue officers                                    | 44.4        | 545               | 0.88                                      | 22.02%                 |
| 6232 Real estate agents and salespersons                                                                        | 49.5        | 440               | 0.42                                      | 37.50%                 |
| 1311 Accounting technicians and bookkeepers                                                                     | 45.3        | 415               | 0.70                                      | 27.71%                 |
| 1243 Medical administrative assistants                                                                          | 46.9        | 350               | 0.53                                      | 27.14%                 |
| 8262 Fishermen/women                                                                                            | 45.3        | 285               | 0.93                                      | 26.32%                 |
| 1222 Executive assistants                                                                                       | 45.5        | 255               | 0.55                                      | 21.57%                 |
| 1242 Legal administrative assistants                                                                            | 43.1        | 250               | 0.91                                      | 22.00%                 |
| 9241 Power engineers and power systems operators                                                                | 45.1        | 230               | 0.73                                      | 32.61%                 |
| 7294 Painters and decorators (except interior decorators)                                                       | 48.4        | 225               | 0.38                                      | 28.89%                 |
| 7302 Contractors and supervisors, heavy equipment operator crews                                                | 45.3        | 205               | 0.88                                      | 19.51%                 |
| 7312 Heavy-duty equipment mechanics                                                                             | 47.4        | 195               | 0.62                                      | 33.33%                 |
| 1224 Property administrators                                                                                    | 48.1        | 190               | 0.64                                      | 36.84%                 |
| 2253 Drafting technologists and technicians                                                                     | 49.4        | 155               | 0.30                                      | 32.26%                 |
| 7301 Contractors and supervisors, mechanic trades                                                               | 47.2        | 155               | 0.20                                      | 32.26%                 |
| 7204 Contractors and supervisors, carpentry trades                                                              | 47.6        | 135               | 0.44                                      | 33.33%                 |
| 4216 Other instructors                                                                                          | 44.5        | 125               | 0.43                                      | 28.00%                 |
| 6316 Other services supervisors                                                                                 | 46.2        | 105               | 0.33                                      | 28.57%                 |
| 7201 Contractors and supervisors, machining, metal forming, shaping and erecting trades and related occupations | 46.8        | 100               | 0.50                                      | 20.00%                 |

Table 22 contains a list of occupations that require at least a high school diploma and/or some post-secondary training along with on the job training. These occupations are experiencing, in various degrees, young versus older worker imbalances with ratios less than 1.0. There are three occupations with high disproportion between younger and older workers where the ratios are 0.25 or less and they are:

- Taxi and limousine drivers and chauffeurs (ratio 0.17): 265 workers with an average age of 53.2 and 54.72% age 55+
- Bus drivers, subway operators and other transit operators (ratio 0.08): 245 workers with an average age of 51.7 and 48.98% age 55+
- Survey interviewers and statistical clerks (0.25): 110 workers with an average age of 48.8 and 36.36% age 55+

Other occupations that are starting to transition where the number of older workers is becoming dominate are:

- Home support workers, housekeepers, and related occupations
- Transport truck drivers
- Security guards and related security service occupations
- Heavy equipment operators (except crane)
- Elementary and secondary school teacher assistants
- General farm workers
- Couriers, messengers and door-to-door distributors
- Letter carriers

Table 22 St. John's CMA 2016 Occupations Requiring at Least High School and/or some Post-Secondary or on the Job Training - Younger (Aged 24-34) versus Older Workers (Aged 55+)

| National Occupation Codes                                                | Average Age | Number of workers | Ratio of younger workers to older workers | % workers aged 55+ yrs |
|--------------------------------------------------------------------------|-------------|-------------------|-------------------------------------------|------------------------|
| 1411 General office support workers                                      | 43.9        | 1855              | 0.80                                      | 22.64%                 |
| 4412 Home support workers, housekeepers and related occupations          | 44.8        | 1340              | 0.55                                      | 31.34%                 |
| 1431 Accounting and related clerks                                       | 44.5        | 1030              | 0.82                                      | 21.84%                 |
| 7511 Transport truck drivers                                             | 47.2        | 860               | 0.37                                      | 30.23%                 |
| 6541 Security guards and related security service occupations            | 41.8        | 810               | 0.84                                      | 27.78%                 |
| 6411 Sales and account representatives - wholesale trade (non-technical) | 46.5        | 590               | 0.42                                      | 27.97%                 |
| 7521 Heavy equipment operators (except crane)                            | 44.5        | 575               | 0.96                                      | 24.35%                 |
| 4413 Elementary and secondary school teacher assistants                  | 45.5        | 330               | 0.31                                      | 19.70%                 |
| 1522 Storekeepers and partspersons                                       | 43.2        | 300               | 0.95                                      | 31.67%                 |
| 7513 Taxi and limousine drivers and chauffeurs                           | 53.2        | 265               | 0.17                                      | 54.72%                 |
| 1422 Data entry clerks                                                   | 43.8        | 255               | 0.73                                      | 21.57%                 |
| 7512 Bus drivers, subway operators and other transit operators           | 51.7        | 245               | 0.08                                      | 48.98%                 |
| 1511 Mail, postal and related workers                                    | 45.7        | 205               | 0.45                                      | 26.83%                 |
| 1513 Couriers, messengers and door-to-door distributors                  | 49.2        | 150               | 0.36                                      | 36.67%                 |
| 8431 General farm workers                                                | 36.5        | 150               | 0.33                                      | 20.00%                 |
| 7534 Air transport ramp attendants                                       | 40.9        | 135               | 0.71                                      | 25.93%                 |
| 1512 Letter carriers                                                     | 45.8        | 130               | 0.43                                      | 26.92%                 |
| 1454 Survey interviewers and statistical clerks                          | 48.8        | 110               | 0.25                                      | 36.36%                 |

Table 23 includes those occupations that are ageing and require on the job training. There are no occupations where the number of older workers is dominating an occupation (ratio  $\leq 0.25$ ) but there are six occupations where the older workers are more than twice the number of young workers (ratio  $< 0.50$ ) and they are:

- Janitors, caretakers and building superintendents (average age 46.9)
- Landscaping and grounds maintenance labourers (average age 47.7)
- Public works and maintenance labourers (average age 48.3)
- Other sales related occupations (average age 48.0)

Table 23: St. John's CMA 2016 Occupations Requiring on the Job Training - Younger (Aged 24-34) versus Older Workers (Aged 55+)

| National Occupation Codes                                       | Average Age | Number of workers | Ratio of younger workers to older workers | % workers aged 55+ yrs |
|-----------------------------------------------------------------|-------------|-------------------|-------------------------------------------|------------------------|
| 6733 Janitors, caretakers and building superintendents          | 46.9        | 1295              | 0.46                                      | 32.43%                 |
| 6731 Light duty cleaners                                        | 44.6        | 1245              | 0.57                                      | 25.30%                 |
| 8612 Landscaping and grounds maintenance labourers              | 47.7        | 260               | 0.32                                      | 42.31%                 |
| 6741 Dry cleaning, laundry and related occupations              | 43.1        | 210               | 0.67                                      | 21.43%                 |
| 6732 Specialized cleaners                                       | 32.0        | 190               | 0.75                                      | 10.53%                 |
| 7621 Public works and maintenance labourers                     | 48.3        | 175               | 0.42                                      | 34.29%                 |
| 9619 Other labourers in processing, manufacturing and utilities | 42.4        | 125               | 0.57                                      | 28.00%                 |
| 6623 Other sales related occupations                            | 48.0        | 115               | 0.40                                      | 43.48%                 |

Table 24 provides a list of occupations where employment for workers age 65-74 is at least 2 times above the CMA average for that cohort. There are 14 occupations where young seniors represent at least 10% of the employees and they are:

- Specialist physicians
- Real estate agents and salespersons
- Accounting technicians and bookkeepers
- Taxi and limousine drivers and chauffeurs
- Senior managers - construction, transportation, production, and utilities
- Corporate sales managers
- Bus drivers, subway operators and other transit operators
- Couriers, messengers and door-to-door distributors
- Sheet metal workers
- Other business services managers
- Professional occupations in religion
- Other sales related occupations
- Accommodation service managers
- Managers in agriculture
- Authors and writers

The top five employers with at least 5% of their workforce age 65-74 years are:

- Home support workers, housekeepers and related occupations
- Janitors, caretakers and building superintendents
- University professors and lecturers
- Transport truck drivers
- Security guards and related security service occupations

Table 24: St. John's CMA 2016 Occupations where Employment of Workers Age 65-74 are at Least Twice the CMA Average

| National Occupation Code                                                                             | Average Age | Number of Workers | % workers age 65 - 74 yrs |
|------------------------------------------------------------------------------------------------------|-------------|-------------------|---------------------------|
| 4412 Home support workers, housekeepers and related occupations                                      | 44.8        | 1340              | 6.34%                     |
| 6733 Janitors, caretakers and building superintendents                                               | 46.9        | 1295              | 6.56%                     |
| 4011 University professors and lecturers                                                             | 50.0        | 1040              | 9.62%                     |
| 7511 Transport truck drivers                                                                         | 47.2        | 860               | 6.98%                     |
| 6541 Security guards and related security service occupations                                        | 41.8        | 810               | 8.02%                     |
| 1114 Other financial officers                                                                        | 45.6        | 605               | 9.09%                     |
| 3111 Specialist physicians                                                                           | 45.7        | 455               | 10.99%                    |
| 6232 Real estate agents and salespersons                                                             | 49.5        | 440               | 17.05%                    |
| 1311 Accounting technicians and bookkeepers                                                          | 45.3        | 415               | 12.05%                    |
| 7513 Taxi and limousine drivers and chauffeurs                                                       | 53.2        | 265               | 18.87%                    |
| 0014 Senior managers - health, education, social and community services and membership organizations | 51.7        | 260               | 9.62%                     |
| 8612 Landscaping and grounds maintenance labourers                                                   | 47.7        | 260               | 7.69%                     |
| 0016 Senior managers - construction, transportation, production and utilities                        | 51.7        | 245               | 10.20%                    |
| 0601 Corporate sales managers                                                                        | 47.4        | 245               | 6.12%                     |
| 7512 Bus drivers, subway operators and other transit operators                                       | 51.7        | 245               | 10.20%                    |
| 0911 Manufacturing managers                                                                          | 47.4        | 240               | 8.33%                     |
| 0423 Managers in social, community and correctional services                                         | 45.9        | 205               | 7.32%                     |
| 1511 Mail, postal and related workers                                                                | 45.7        | 205               | 7.32%                     |
| 7312 Heavy-duty equipment mechanics                                                                  | 47.4        | 195               | 7.69%                     |
| 0015 Senior managers - trade, broadcasting and other services, n.e.c.                                | 49.6        | 180               | 8.33%                     |
| 6742 Other service support occupations, n.e.c.                                                       | 35.5        | 170               | 8.82%                     |
| 4151 Psychologists                                                                                   | 45.8        | 165               | 6.06%                     |
| 1452 Correspondence, publication and regulatory clerks                                               | 43.8        | 160               | 6.25%                     |
| 2234 Construction estimators                                                                         | 41.6        | 160               | 6.25%                     |
| 3215 Medical radiation technologists                                                                 | 40.4        | 160               | 6.25%                     |
| 4033 Educational counsellors                                                                         | 44.1        | 160               | 6.25%                     |
| 6722 Operators and attendants in amusement, recreation and sport                                     | 31.5        | 160               | 6.25%                     |
| 2253 Drafting technologists and technicians                                                          | 49.4        | 155               | 9.68%                     |
| 7301 Contractors and supervisors, mechanic trades                                                    | 47.2        | 155               | 6.45%                     |
| 1513 Couriers, messengers and door-to-door distributors                                              | 49.2        | 150               | 10.00%                    |
| 1523 Production logistics co-ordinators                                                              | 44.8        | 150               | 6.67%                     |
| 8431 General farm workers                                                                            | 36.5        | 150               | 6.67%                     |
| 1524 Purchasing and inventory control workers                                                        | 42.6        | 145               | 6.90%                     |
| 4153 Family, marriage and other related counsellors                                                  | 43.8        | 145               | 6.90%                     |
| 0712 Home building and renovation managers                                                           | 47.6        | 140               | 7.14%                     |
| 7233 Sheet metal workers                                                                             | 40.9        | 140               | 10.71%                    |
| 0125 Other business services managers                                                                | 50.4        | 135               | 14.81%                    |
| 0651 Managers in customer and personal services, n.e.c.                                              | 42.0        | 135               | 7.41%                     |
| 7204 Contractors and supervisors, carpentry trades                                                   | 47.6        | 135               | 7.41%                     |
| 7236 Ironworkers                                                                                     | 36.6        | 135               | 7.41%                     |
| 4216 Other instructors                                                                               | 44.5        | 125               | 8.00%                     |
| 2172 Database analysts and data administrators                                                       | 44.3        | 120               | 8.33%                     |
| 4154 Professional occupations in religion                                                            | 53.3        | 120               | 12.50%                    |
| 4211 Paralegal and related occupations                                                               | 40.4        | 120               | 8.33%                     |
| 6623 Other sales related occupations                                                                 | 48.0        | 115               | 17.39%                    |
| 0632 Accommodation service managers                                                                  | 50.8        | 110               | 22.73%                    |
| 1454 Survey interviewers and statistical clerks                                                      | 48.8        | 110               | 9.09%                     |
| 2147 Computer engineers (except software engineers and designers)                                    | 39.0        | 110               | 9.09%                     |
| 6316 Other services supervisors                                                                      | 46.2        | 105               | 9.52%                     |
| 0821 Managers in agriculture                                                                         | 46.1        | 100               | 10.00%                    |
| 2154 Land surveyors                                                                                  | 46.8        | 100               | 25.00%                    |
| 5121 Authors and writers                                                                             | 48.1        | 100               | 15.00%                    |

Table 25 provides a list of occupations where there are at least 100 younger workers employed and there are twice as many young workers as older workers. There are 11 occupations where the ratio of younger to older workers is 5 or higher and these occupations are:

- Food and beverage servers (ratio 11.0): 385 workers, average age 27.5 and 2.95% of total workforce is age 55+ years
- Early childhood educators and assistants (ratio 5.2): 260 workers, average age 35.8 and 5.68% of total workforce age 55+
- Post-secondary teaching and research assistants (ratio 8.0): 240 workers, average age 32.4 and 5.41% of total workforce age 55+
- Hairstylists and barbers (ratio 5.8): 230 workers, average age 35.8 and 6.11% of total workforce age 55+
- Mechanical engineers (ratio 6.1): 215 workers, average age 37 and 7.07% of total workforce age 55+
- Computer programmers and interactive media developers (ratio 6.4): 160 workers, average age 37.7 and 5.75% of total workforce age 55+
- Petroleum engineers (ratio 15): 150 workers, average age 36.1 and 2.94% of total workforce age 55+
- Industrial electricians (ratio 9.3): 140 workers, average age 35.3 and 5.36% of total workforce age 55+
- Professional occupations in advertising, marketing and public relations (ratio 5.2): 130 workers, average age 39.0 and 7.46% of total workforce age 55+
- Bartenders (ratio 6.0): 120 workers, average age 31.3 and 5.97% of total workforce age 55+
- Estheticians, electrologists and related occupations (ratio 7.0): 105 workers, average age 32.4 and 5.26% of total workforce age 55+

Table 25: St. John's CMA 2016 Occupations where Employment of Young Workers Age 25-34 is at Least 100 Workers and Twice the Number of Older Workers

| National Occupation Code                                                     | Number of young workers employed | Average Age | Total number of workers | Skill Level | % Workers age 24-34 | Ratio of younger workers to older workers | % Workers age 55+ |
|------------------------------------------------------------------------------|----------------------------------|-------------|-------------------------|-------------|---------------------|-------------------------------------------|-------------------|
| 4032 Elementary school and kindergarten teachers                             | 540                              | 40.3        | 1645                    | A           | 32.83%              | 4.2                                       | 7.90%             |
| 6513 Food and beverage servers                                               | 385                              | 27.8        | 1185                    | C           | 32.49%              | 11.0                                      | 2.95%             |
| 4212 Social and community service workers                                    | 295                              | 37.7        | 815                     | B           | 36.20%              | 4.9                                       | 7.36%             |
| 4214 Early childhood educators and assistants                                | 260                              | 35.8        | 880                     | B           | 29.55%              | 5.2                                       | 5.68%             |
| 7241 Electricians (except industrial and power system)                       | 245                              | 36.3        | 745                     | B           | 32.89%              | 3.3                                       | 10.07%            |
| 4012 Post-secondary teaching and research assistants                         | 240                              | 32.4        | 555                     | A           | 43.24%              | 8.0                                       | 5.41%             |
| 4031 Secondary school teachers                                               | 230                              | 41.8        | 895                     | A           | 25.70%              | 3.3                                       | 7.82%             |
| 6341 Hairstylists and barbers                                                | 230                              | 35.8        | 655                     | B           | 35.11%              | 5.8                                       | 6.11%             |
| 2132 Mechanical engineers                                                    | 215                              | 37.0        | 495                     | A           | 43.43%              | 6.1                                       | 7.07%             |
| 4152 Social workers                                                          | 190                              | 40.4        | 590                     | A           | 32.20%              | 2.9                                       | 11.02%            |
| 4311 Police officers (except commissioned)                                   | 175                              | 40.3        | 530                     | B           | 33.02%              | 3.2                                       | 10.38%            |
| 2174 Computer programmers and interactive media developers                   | 160                              | 37.7        | 435                     | A           | 36.78%              | 6.4                                       | 5.75%             |
| 2133 Electrical and electronics engineers                                    | 155                              | 40.1        | 380                     | A           | 40.79%              | 4.4                                       | 9.21%             |
| 2145 Petroleum engineers                                                     | 150                              | 36.2        | 340                     | A           | 44.12%              | 15.0                                      | 2.94%             |
| 7237 Welders and related machine operators                                   | 145                              | 36.3        | 415                     | B           | 34.94%              | 3.2                                       | 10.84%            |
| 7242 Industrial electricians                                                 | 140                              | 35.3        | 280                     | B           | 50.00%              | 9.3                                       | 5.36%             |
| 2281 Computer network technicians                                            | 135                              | 41.0        | 540                     | B           | 25.00%              | 3.4                                       | 7.41%             |
| 1123 Professional occupations in advertising, marketing and public relations | 130                              | 39.0        | 335                     | A           | 38.81%              | 5.2                                       | 7.46%             |
| 6311 Food service supervisors                                                | 120                              | 34.8        | 390                     | B           | 30.77%              | 3.4                                       | 8.97%             |
| 3219 Other medical technologists and technicians (except dental health)      | 120                              | 37.5        | 315                     | B           | 38.10%              | 4.8                                       | 7.94%             |
| 6512 Bartenders                                                              | 120                              | 31.3        | 335                     | C           | 35.82%              | 6.0                                       | 5.97%             |
| 5254 Program leaders and instructors in recreation, sport and fitness        | 115                              | 26.3        | 770                     | B           | 14.94%              | 2.6                                       | 5.84%             |
| 6562 Estheticians, electrologists and related occupations                    | 105                              | 32.4        | 285                     | C           | 36.84%              | 7.0                                       | 5.26%             |
| 3131 Pharmacists                                                             | 100                              | 40.1        | 310                     | A           | 32.26%              | 2.2                                       | 14.52%            |

For younger workers age 24-34 in the St. John's CMA (Figure 13):

- 68.05% are employed in occupations that require university (skill level A) or college/apprentice (skill level B) training.
- 23.65% are employed in occupations that require some post-secondary or on the job training (skill level C)
- 8.31% are employed in occupations that generally require on the job training (skill level D)
- Young workers employed in occupations requiring skill levels A and B are very mobile workforce that will migrate to other provinces or countries if there are declining opportunities locally. However, they are also occupations that, for the most part, will attract younger workers when opportunities for employment are available locally.

- Younger workers in skill levels C and D are somewhat less mobile but will leave a region if there are limited opportunities.<sup>20</sup>
- Another issue is that younger workers are predominantly more educated than a generation ago and the ageing factor in some occupations requiring C and D skills will potentially be a challenge in attracting younger workers because of skill mismatches. This potential labour shortage can be filled by immigration or automation where possible.

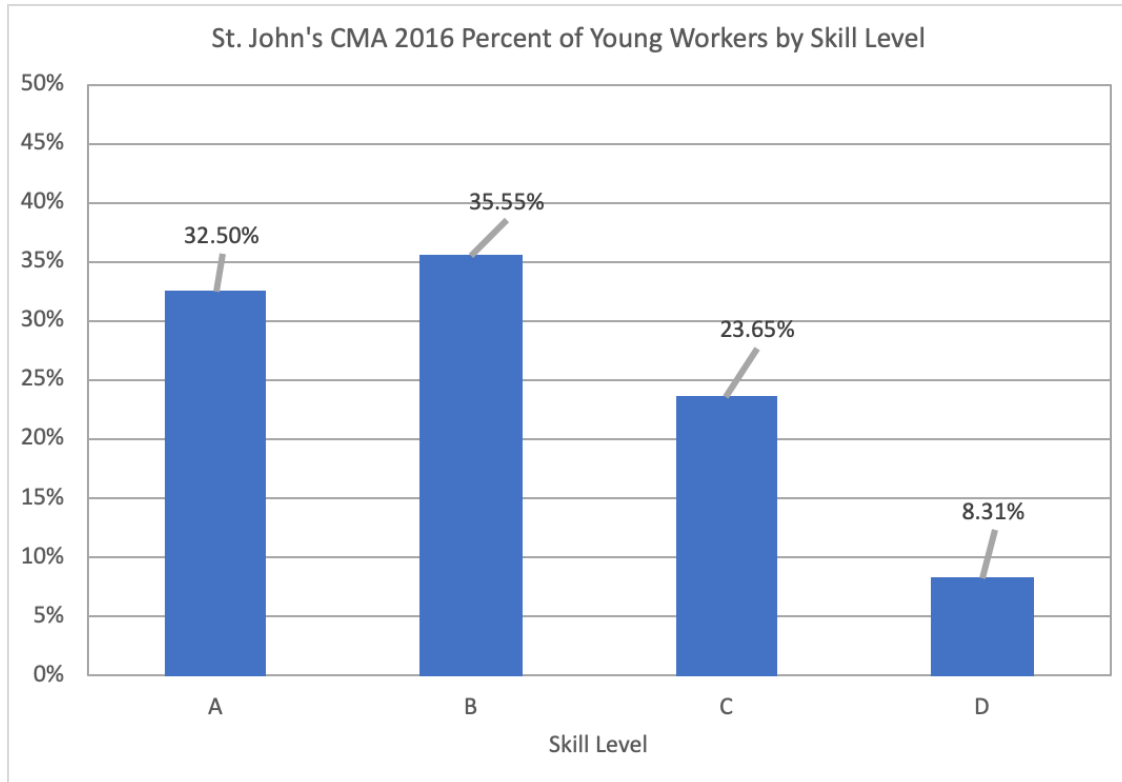


Figure 13: St. John's CMA 2016 Percent of Young Workers by Skill Level

## 7.0 Income Distribution and Sources

The average **recipient** income for the North East Avalon urban core is \$52,900 which is much higher than the rest of the province where the average income is \$40,700.

The distribution of household income classes in Figure 14 that for the rest of NL 51.80% earn less than \$60,000 while in the Urban Core only 31.73% of the Urban Core households earn less than \$60,000. However, 20% more of the households in the Urban core earn \$60,000 or more whereby 68.28% of the Urban Core and 48.2% of the rest of NL fall within this income category.

<sup>20</sup> Ward, Jamie Gary (2011) A spatial econometric investigation of urban proximity and labour market behaviour after the Newfoundland and Labrador cod moratorium. Masters thesis, Memorial University of Newfoundland.

This income distribution is reflective of what drives the economy in the Urban Core, oil and gas, construction, government services, professional consulting, and universities etc. where the higher skilled and educated workers are more concentrated than the rest of the province.

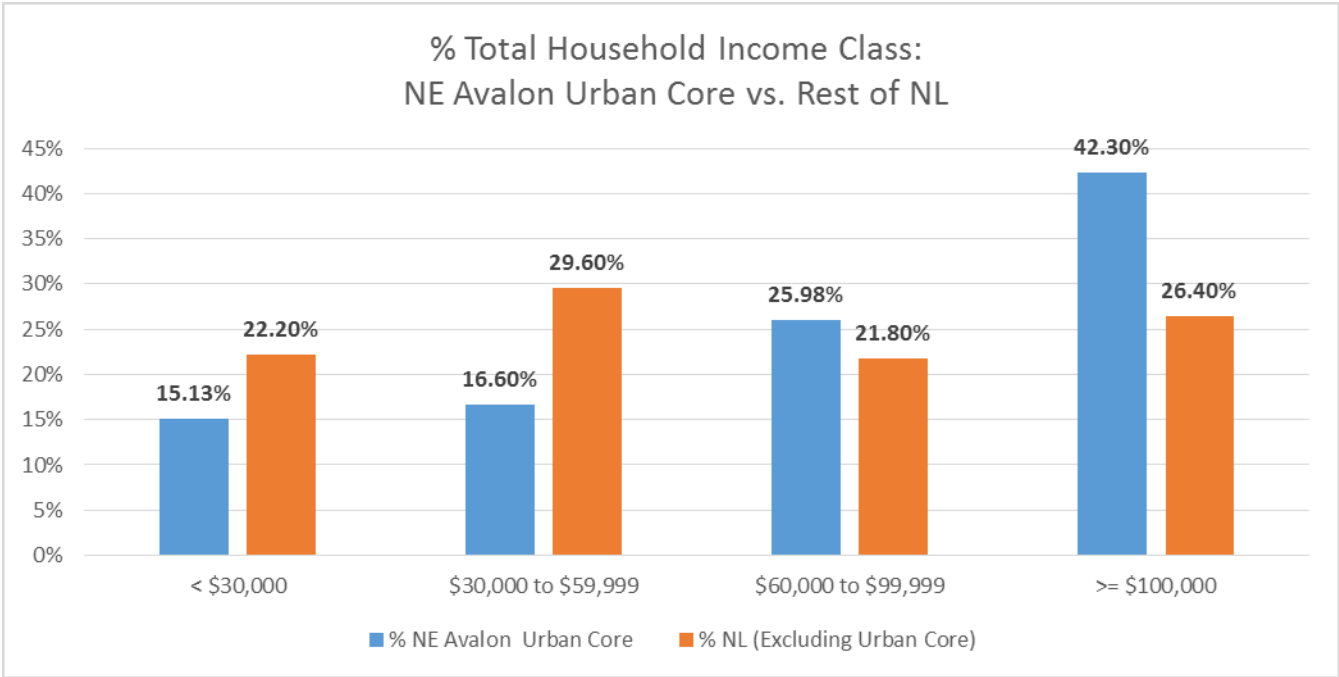


Figure 14: Percent Total Household Income: North East Avalon Urban Core vs. Rest of NL

The income source overview is intended to provide information on the well-being of a city’s economy and its dependency on government transfers. In this case it is market income versus income from government transfers. In this context market income refers to all income from wages, salaries, unincorporated businesses, investment income, private pensions etc. excluding taxes and all government transfers.

For 2016 the NE Avalon urban core generated a total household income of \$8.3 billion where 89.9% was market income and 10.1% in government transfers. For the market income of \$7.46 billion breakdown 85.9% come from employment income while 8.0%, 3.8%, 2.3% was sourced from private retirement, investment and other income respectively (Figure 15).

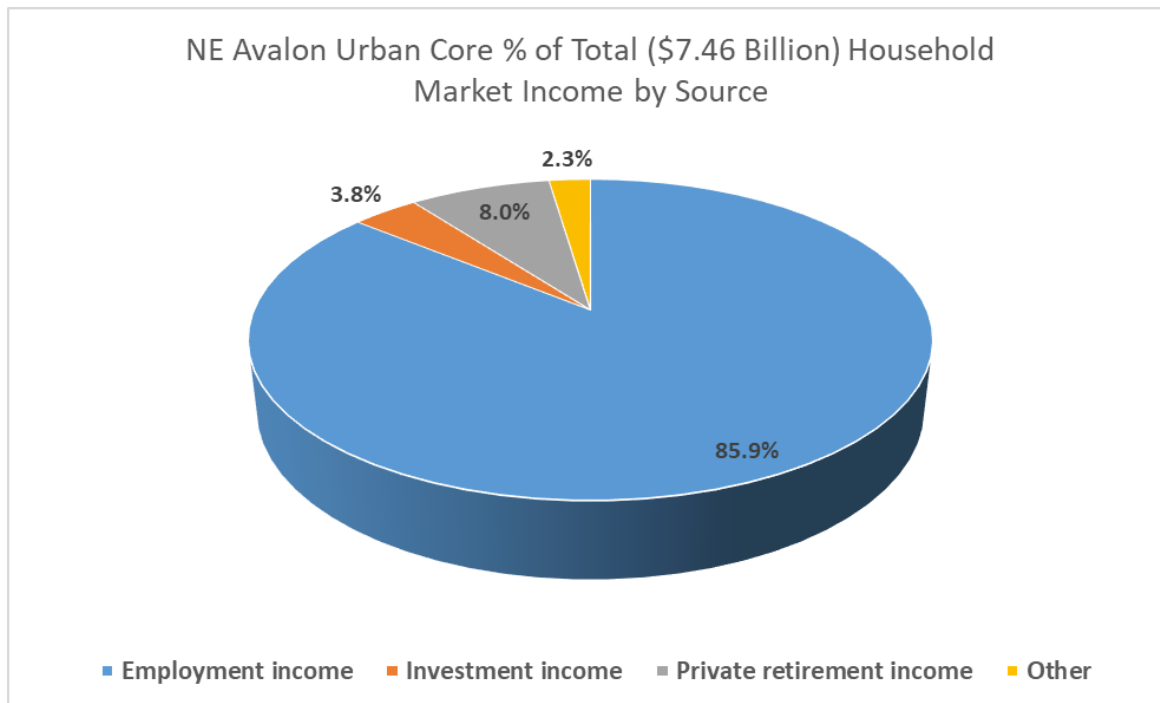


Figure 15: NE Avalon Urban Core % of Total Household Market Income by Source

Of the \$840 million household income attributed to government transfers 32.5% came from Canada Pension Plan (CPP) benefits, 23.8% from old age security and the guaranteed income supplement, 16.6% are classed as other government transfers, 17.2% is associated with employment insurance and 9.9% is child benefits (Figure 16). During 2016 retirees had a total income of \$999 million of which 60% was sourced from private retirement income, 20% from CPP retirement benefits and 20% came from OAS and GIS (Figure 17).

NE Avalon Urban Core % of Total (\$840 Million)  
Government Transfer Income by Source

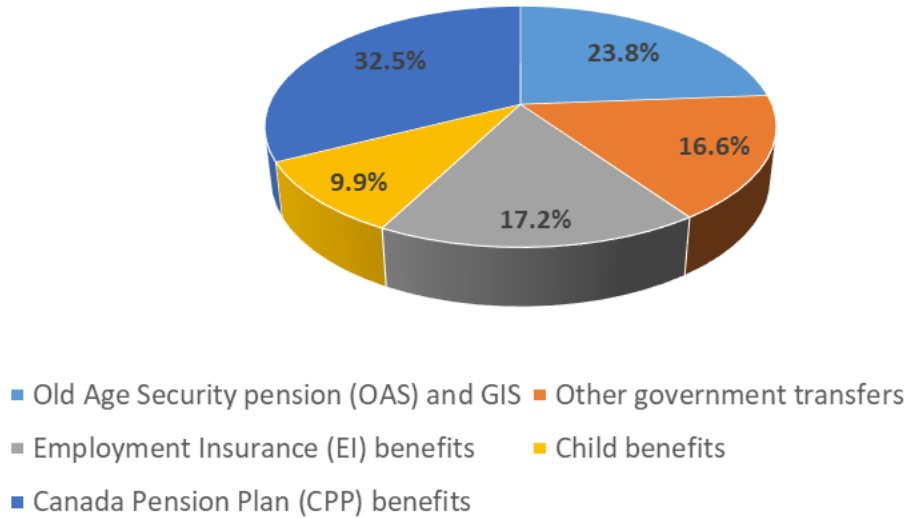


Figure 16: NE Avalon Urban Core % of Total Government Transfer Income by Source

NE Avalon Urban Core % of Total Retirement Income (\$999 Million) by Source

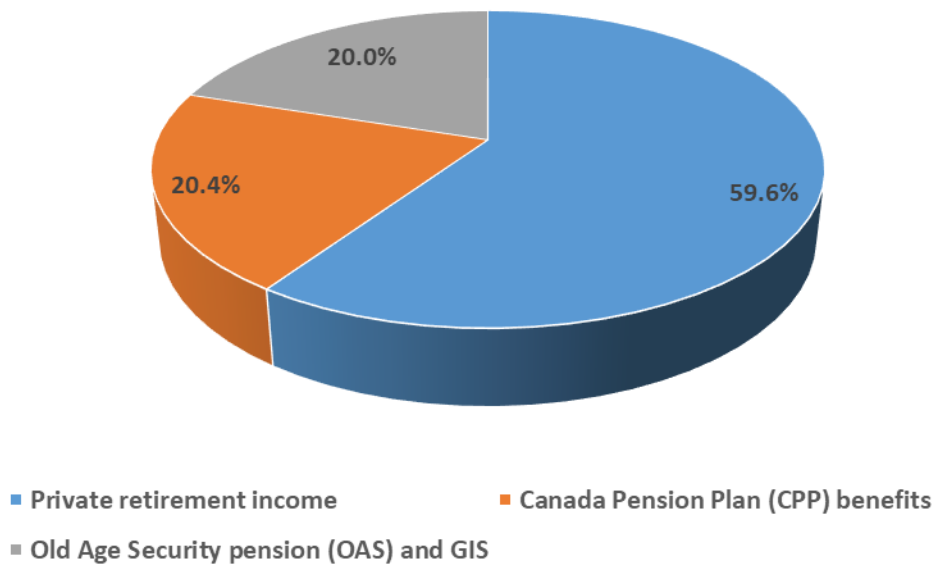


Figure 17: NE Avalon Urban Core % of Total Retirement Income by Source

## 8.0 Housing Demands and Types

Within the St. John's CMA income is correlated with home ownership and subsidized renters (Table 26). For example, home ownership proportionally increases with income where only 29.2% of households earning less than \$30,000 own their home whereas 92.60% of households earning \$100,000 are owners (3.17 times more). Households that are classed as subsidized renters versus income class produces some interesting trends. For example, 43.20% of households earning \$30,000 or less have their rent subsidized and 40.40% of households earning between \$30,000 and \$59,999 also have their rent subsidized. Given the lower income band on the \$30,000 to \$59,999 this value is in line with the \$30,000 or less income class.

**Of note here is that 53.20% of the \$30,000 to \$59,999 income class are owners while only 29.20% of the \$30,000 or less class are owners. There are 29.8% of the households earning \$60,000 or more living in subsidized rentals and 7.1% of these households earn \$100,000 or more.**

Table 26: St. John's CMA Income Class versus Household Size and Ownership Status

| Income Class         | Households Less Than or Equal to 2 people | Households Greater Than or Equal to 3 people | Owners | Non-Subsidized Renters | Subsidized Renters | Mean Monthly Housing Costs |
|----------------------|-------------------------------------------|----------------------------------------------|--------|------------------------|--------------------|----------------------------|
| < \$30,000           | 10,225                                    | 1,295                                        | 29.20% | 27.60%                 | 43.20%             | \$797                      |
| \$30,000 to \$59,999 | 10,595                                    | 2,130                                        | 53.20% | 6.40%                  | 40.40%             | \$968                      |
| \$60,000 to \$99,999 | 13,245                                    | 6,815                                        | 76.00% | 1.30%                  | 22.70%             | \$1,194                    |
| >= \$100,000         | 12,395                                    | 20,605                                       | 92.60% | 0.20%                  | 7.10%              | \$1,612                    |

Another factor that may impact housing requirements in the future is that 60% of the households (46,460 out of 77,305) have 2 or less occupants and is evenly distributed across all income classes (e.g. 13.2% earn less than \$30,000 and 16% earn \$100,000 or more) while most of the households (35.5% of total) with 3 or more occupants earn \$60,000 or more (Table 26).

An examination of housing types, size and ownership as well as the age of the home maintainer will provide insight on how these characteristics potentially impact future housing demands.

In 2016 52.8% of the houses in the NE Avalon urban core were single detached dwellings, 34.5% were apartments (including both apartment buildings and houses with basement apartments) and 12.7% were row houses/semi-detached dwellings (Figure 18). When considering age of the primary household maintainer 13.9% are aged 34 years or less, 64.4% are in the 35-64 age cohort and 21.8% are in the 65+ cohort (Figure 19). Note that in 2016 68.7% of the household size in the region was 2 persons or less, 16% had 3 persons, 11.1% had 4 persons and 4.2% had 5 persons or more (Figure 20).

Given the fertility and demographic characteristics of the city it is likely that the future dominant household sizes will be 3 persons or less and in 2016 this class of household size accounted for 84.7% of the households. **This raises a question of the suitability of existing housing stock for smaller households.**

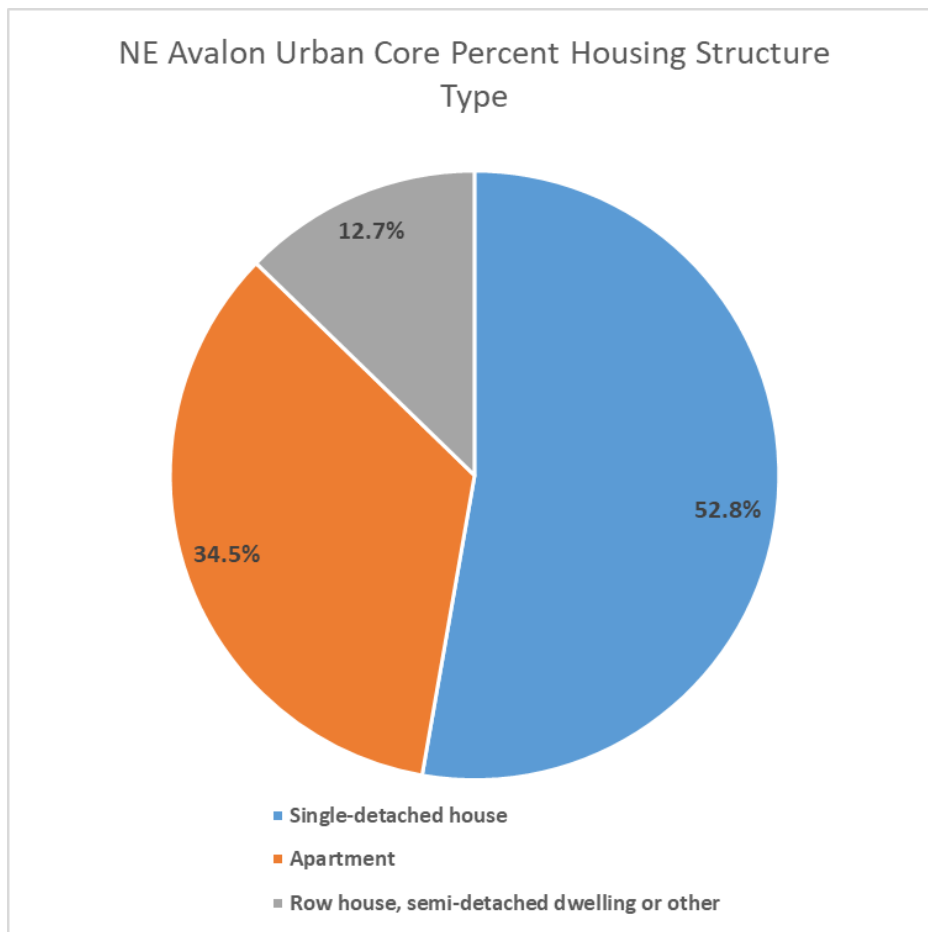


Figure 18: NE Avalon Urban Core 2016 Percent Housing Structure Type

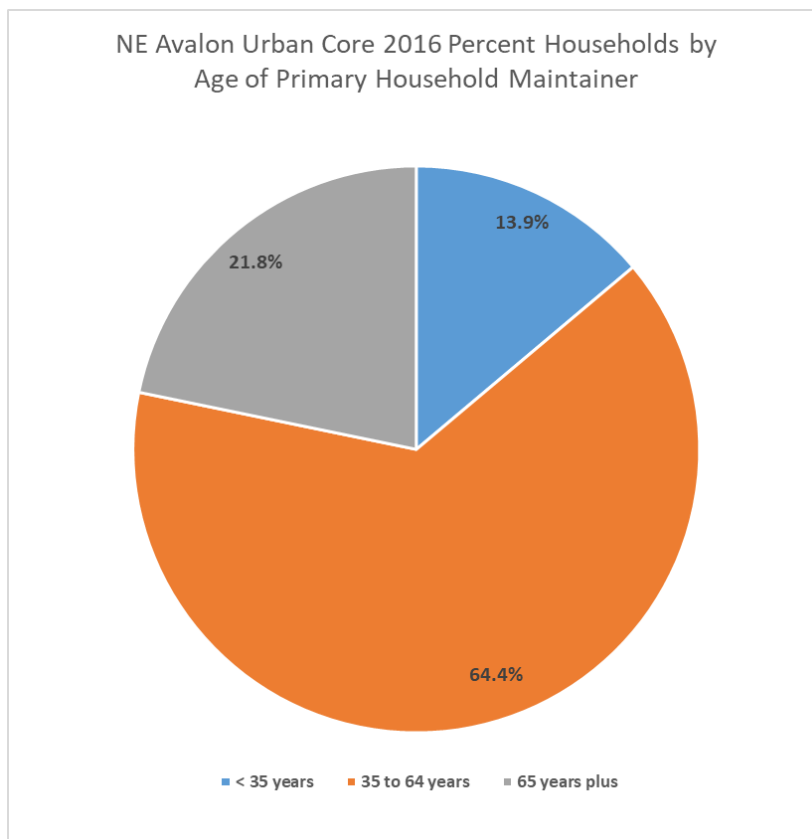


Figure 19: NE Avalon Urban Core 2016 Percent of Households by Age of Primary Household Maintainer

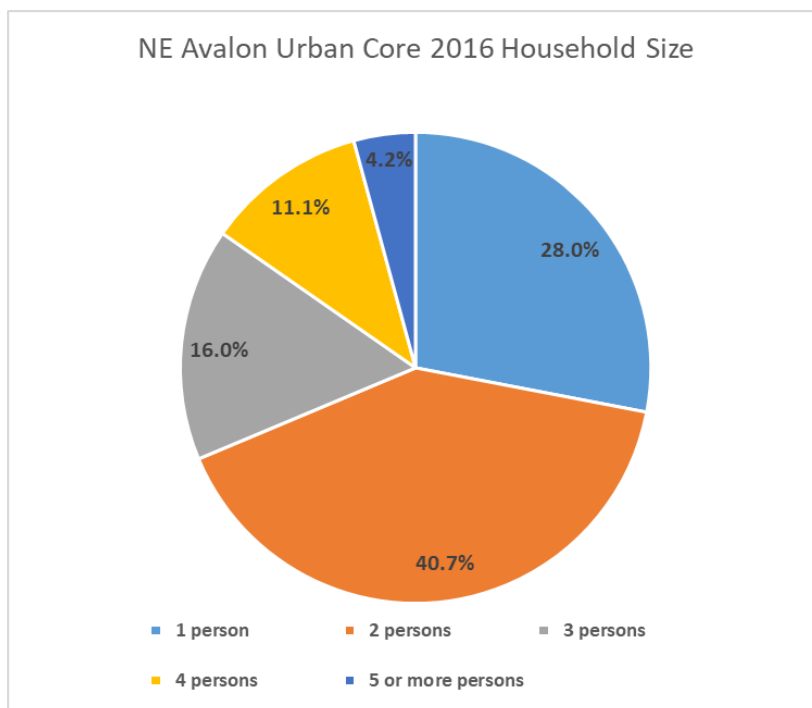


Figure 20: NE Avalon Urban Core 2016 Household Size

Another factor when considering future demand for housing is the age of the primary household maintainer (Figure 21). For example, in 2016 17,615 primary household maintainers were aged 65 or older and 6,565 of those were age 75 older.

**Given the demographic trends and potential downsizing of households any future demand for new home construction must consider existing housing stock and their potential for repurposing for smaller household sizes.**

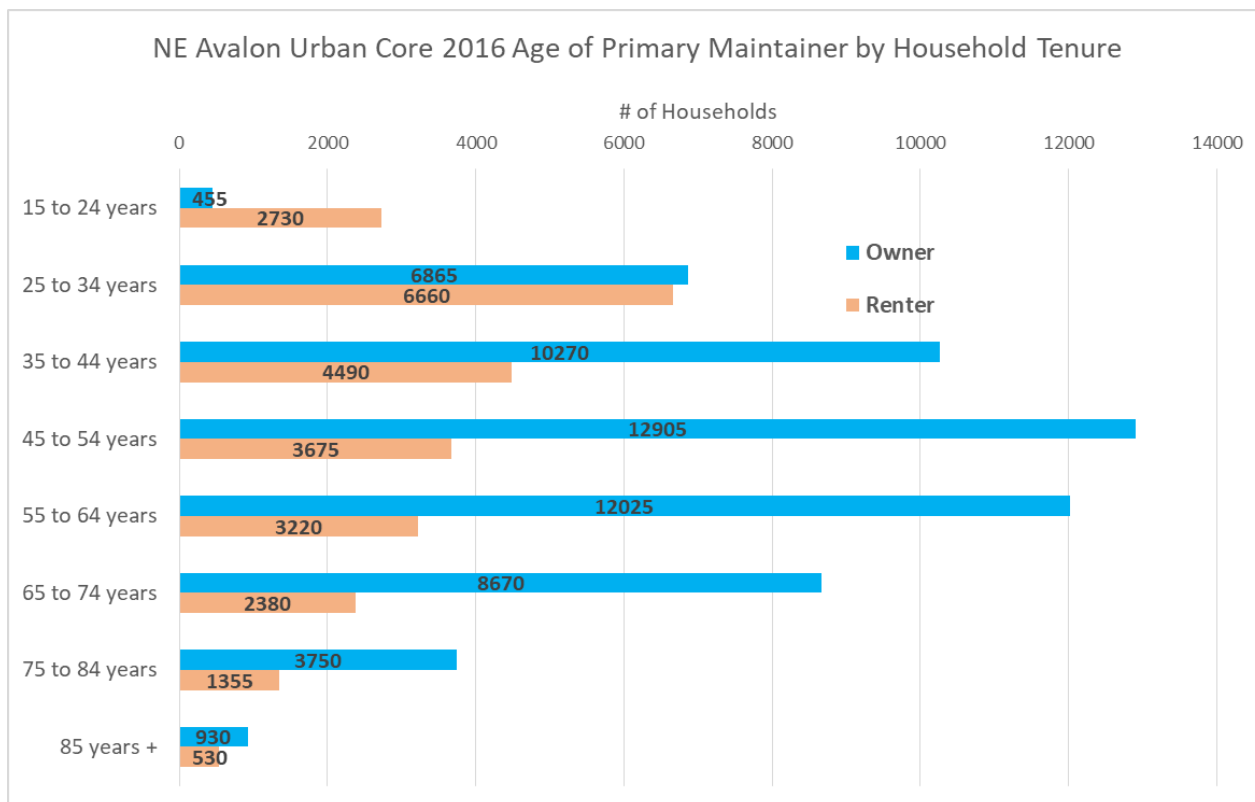


Figure 21: NE Avalon Urban Core 2016 Age of Primary Maintainer by Household Tenure

Predicting future demand for housing is based on the historical migration demographic model as well as trends for household type in the NE Avalon urban core. The predicted trends for household type presented in Figure 22 indicates that there will be more demand for single family dwellings if historical demands hold true for the forecast period. Apartments and row house demand also increase but less than single detached houses.

According to the projected demands the breakdown for housing types is:

[1] 459 single detached dwellings per year,

[2] 203 apartment units per year and

[3] 85 Row house/semi-detached dwellings per year. However, the future housing demands can be met with a combination of modifying existing housing stock and new construction.

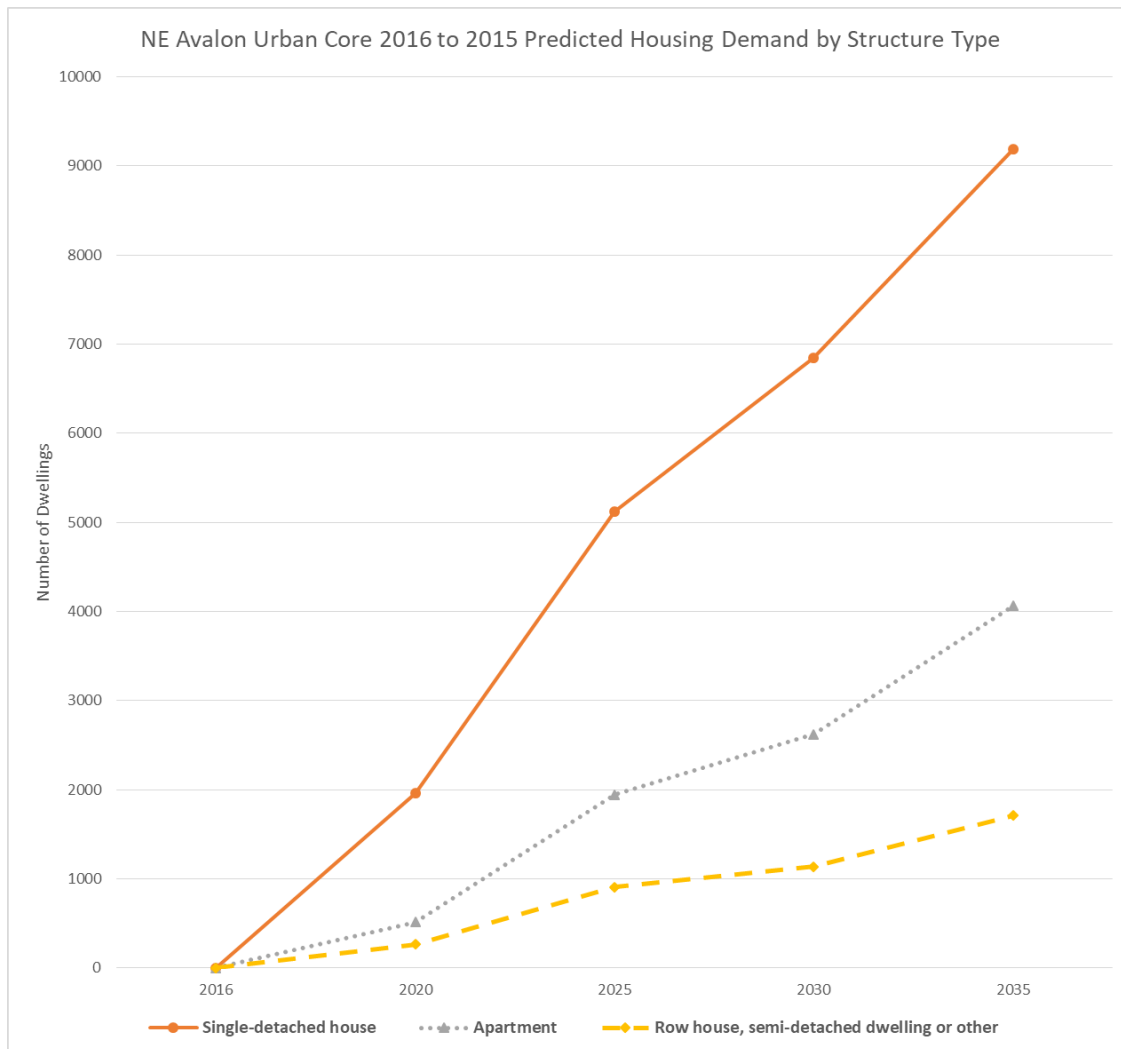


Figure 22: NE Avalon Urban Core 2016 to 2035 Predicted Housing Demand by Structure Type

Future housing demands will have to consider the suitability of existing housing stocks to meet the shift in household sizes and whether renovating unsuitable houses is a viable option. This issue of existing stock suitability is evident by the predicted trends for household size (Figure 23) where the largest future demand is for 1 to 2 person households. If the historic trends continue to 2035 there will be a demand for:

- [1] 578 dwellings for 1 or 2 persons per year, and
- [2] 209 dwellings per year for 3 or more person families.

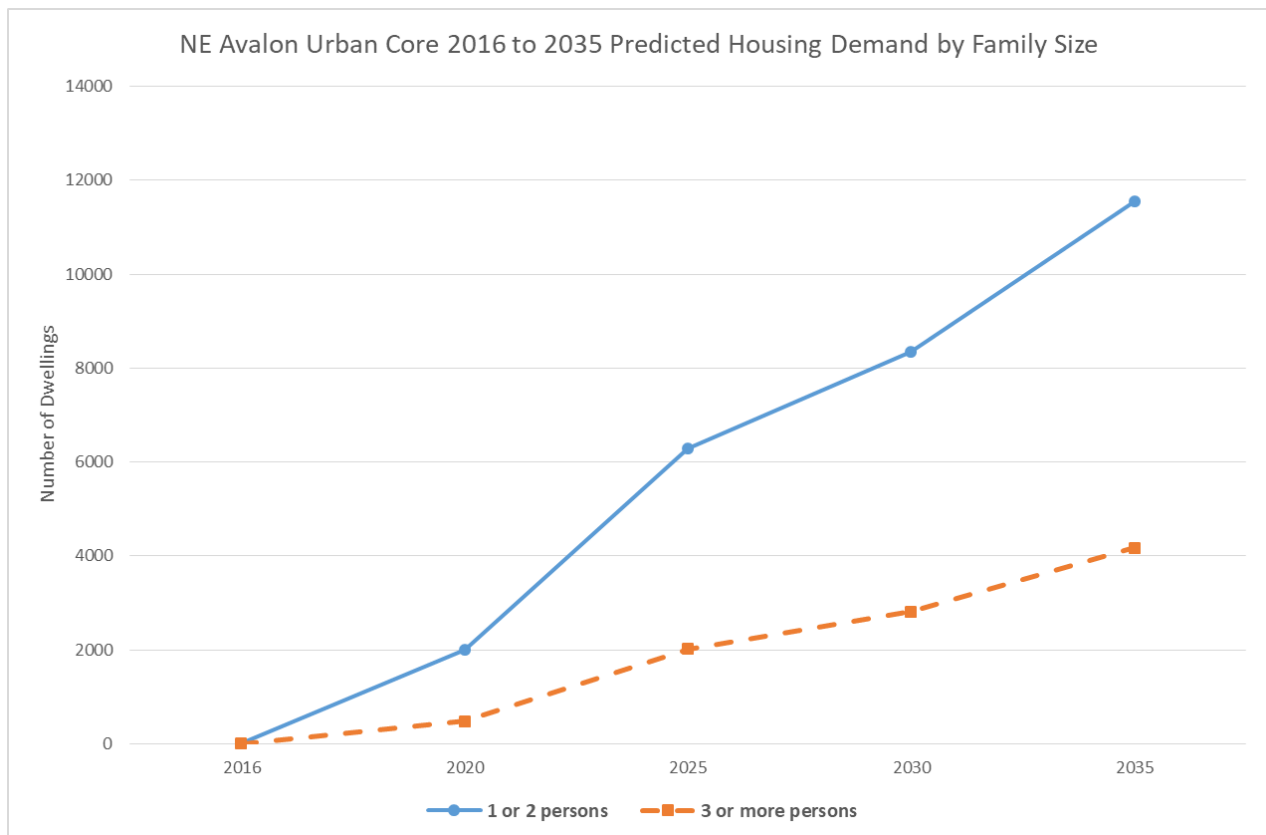


Figure 23: NE Avalon Urban Core 2016 to 2036 Predicted Housing demand by Family Size

## 9.0 Spending

Consumer spending is divided into:

- Discretionary or non-essential purchases or money one can spend on dining out or other non-necessary items because it's left over after you pay your essential bills
- Non-discretionary spending<sup>21</sup> includes items that must be paid as required by a budget, contract, or other commitment like house insurance, child care, etc.

Growth in consumer spending is dependent on population growth, the state of the economy and increases in incomes.

- **Using the historic demographic model and incomes by age cohort it is estimated that the total income for the NE Avalon urban core will increase from \$8.3 billion in 2016 to**

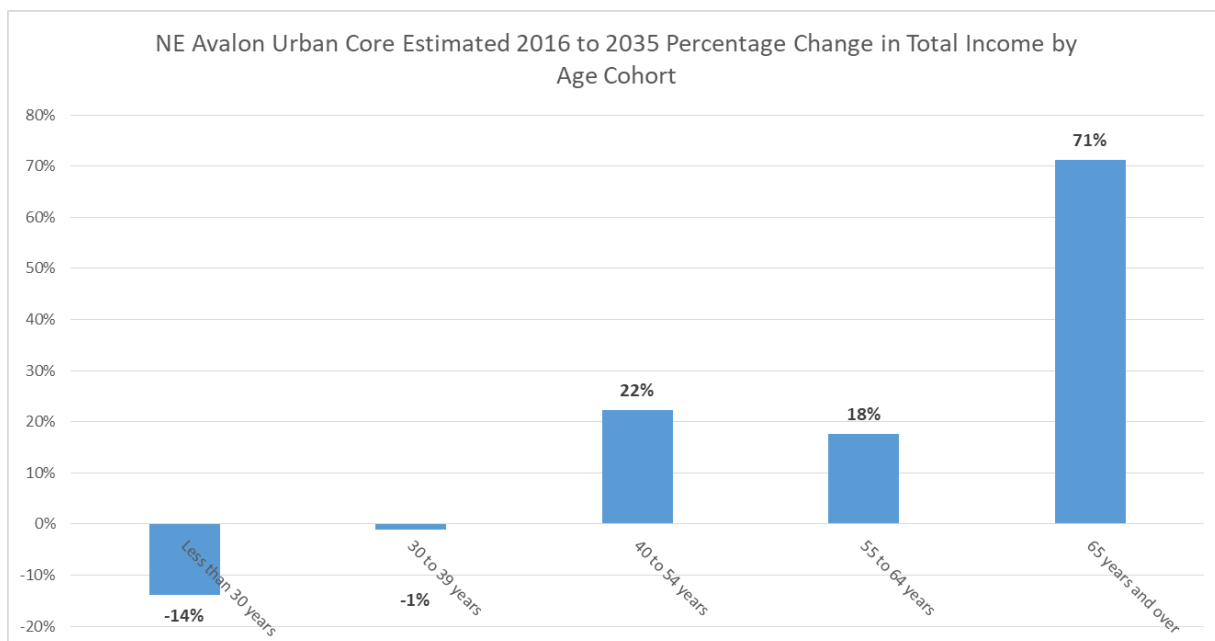
<sup>21</sup> <https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/fam030-eng.cfm>

**\$9.8 billion by 2035 or a 19.2% increase or on average an additional \$75 million per year.**

**Note that this estimate is based on historical trends whereby the population ages and there are fewer young people within the region. More opportunities for younger workers and a population growth strategy would change the results.**

If the demographic and migration trends hold where younger workers either leave the province or move to surrounding municipalities the total income for those workers aged 30 years or less and 30 to 39 years will decrease by 14% and 1% respectively. However, total income for the 40 to 54 age cohort will increase by 22%, 55 to 64 increases by 18% and the 65+ cohort total income increases by 71% (Figure 24).

Different demographic models indicate that there is a volatility associated with estimating population trends for the young worker age cohorts such as those less than 30 and the 30 to 39 years of age. Therefore, the declines must be interpreted in the context of this volatility. In other words, this is a forecast scenario based on historical trends and there is always a possibility that policies or an expanding economy in the future would change the projected outcomes. The result should be interpreted as if historical trends continue this is what may happen.



**Figure 24: NE Avalon Urban Core Estimated 2016 to 2035 Percentage Change in Total Income by Age Cohort**

**Note that all demographic models used in the study are consistent on the predicted increase for the 65+ age cohort and the 71% increase in total income is more likely to occur especially in St. John's where a high portion of retirement income is linked to private retirement. If the**

predicted growth in income holds for the 65+ age cohort there will be opportunities for businesses to provide services for this cohort.

In addition, an analysis is required to determine the overlap in services/businesses purchased or utilized by younger and older cohorts (e.g. swimming pools). This assessment of existing public services would examine capacity limits of existing facilities versus new services for the older cohorts. Similarity for businesses the response may be one of adding new items/services to their existing enterprises versus starting new ventures to meet demand.

The predicted consumer spending for 2035 is based on the historical migration demographic model and spending patterns for 2016. Overall consumer spending increases from \$8.3 billion in 2016 to \$9.8 billion by 2035. This increase in spending along with increasing incomes by 2035 results in an estimated consumer spending increase where discretionary spending and food purchases both increase by 20%, income taxes increase by 21%, non-discretionary spending increases by 16%, and shelter and transportation both increase by 18% (Figure 25).

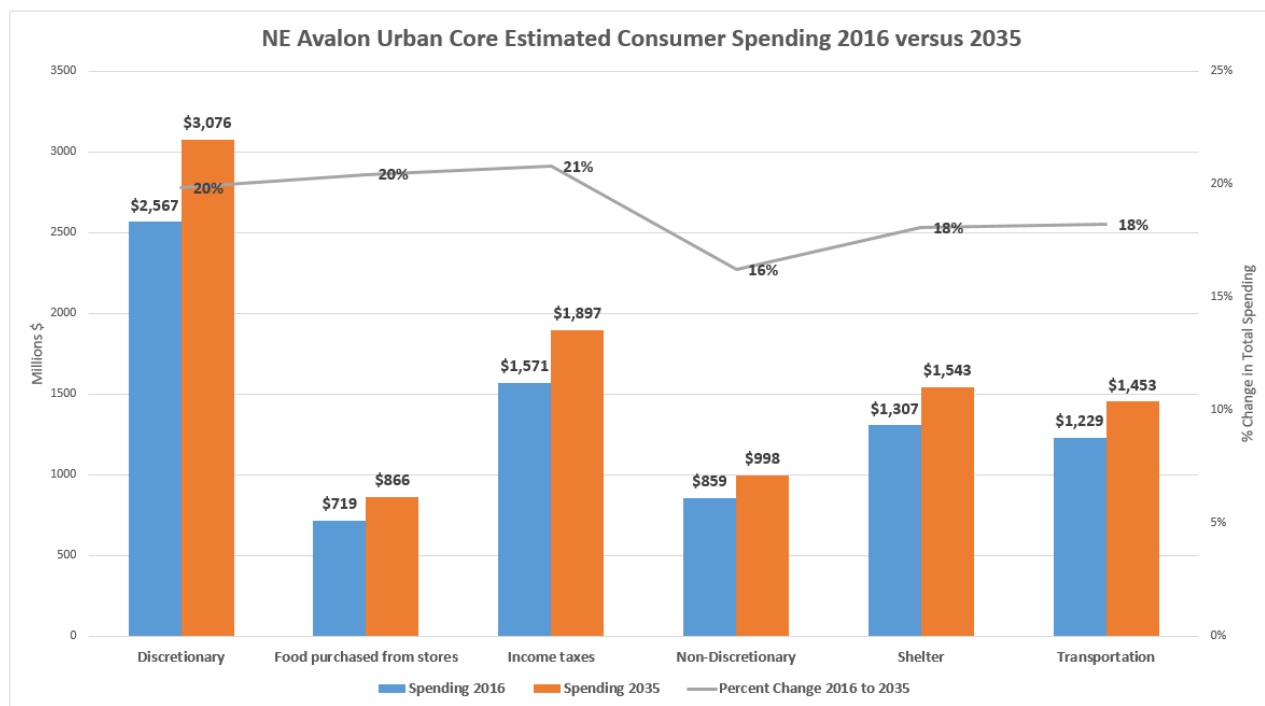


Figure 25: NE Avalon Urban Core Estimated Consumer Spending 2016 versus 2035 (million \$)

Given that the 30-39 age cohort spending will decrease by 1% and the 65+ cohort will increase by 71% a comparison of these cohorts spending in 2016 provides some insight how spending on select discretionary spending may be impacted. Note that when assessing selected discretionary spending for 2016 it is apparent that overall 30 to 39 age cohorts spend more than 65+ (Figure 26). For example, the 30 to 39 age cohort spends \$74 million on recreation while the 65+ cohort spends \$33 million. The 65+ spends more on games of chance \$6.7 million

versus \$2.5 million for the 30 to 39 cohort. The other category where the 65+ cohort spends more is on reading materials (\$2.5 million) versus \$1.7 million for the 30 to 39 cohort.

**For the selected discretionary spending presented in Figure 26 the 2016 total spending for the 30 to 39 cohort was approximately \$299.1 million while the total spending for the 65+ cohort was \$214.2 million. If 2016 spending for the 30 to 39 cohort was reduced by 1% the total spending would sum to approximately \$296.1 million or a net loss of \$3 million. However, if the 2016 spending for the 65+ cohort increased by 71% the spending would increase from \$214.2 million to \$366.3 million or a gain of \$152.1 million. It is important to measure gains and losses when examining changes over time and in this example, there would be an overall net gain of \$149.1 million in consumer spending when comparing the gains and losses associated with each age cohort.**

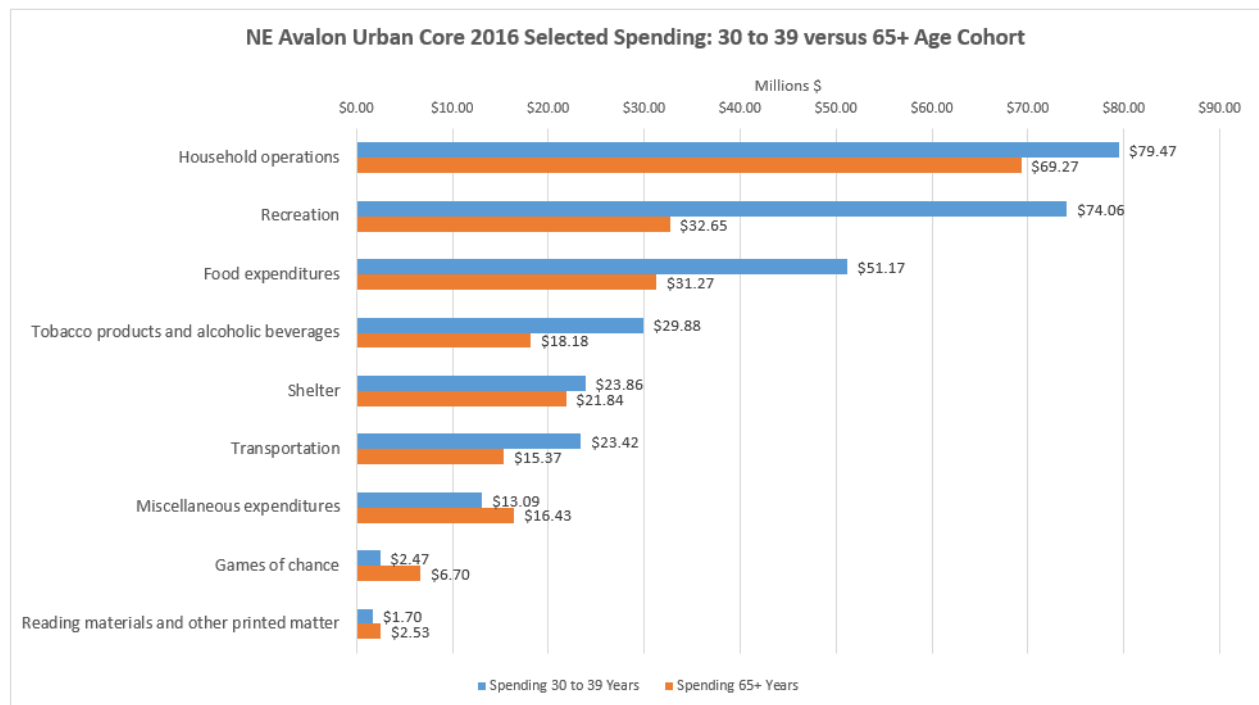


Figure 26: NE Avalon Urban Core Selected 2016 Discretionary Consumer Spending by Age Cohorts (million \$)

An analysis of discretionary spending for the study area indicates that on average 25% of discretionary spending is linked to leisure activities such as entertainment and travel. The challenge associated with discretionary spending is the uncertainty inherent in consumer behaviour and the task of influencing spending patterns is one of education of alternatives that benefit seniors while enhancing their lifestyle. Given that by 2035 the population of seniors in the NE Avalon urban core may increase by 58% it may be prudent to examine in more detail the consumer behaviour of seniors within the municipalities as well as the region.