

New Brunswick Environmental Scan 2022

DEMOGRAPHICS

In 2021, **789,000** people lived in New Brunswick, an increase of 0.8% from 2020 to 2021. New Brunswick represents 2.1% of Canada's total population.

Average age of the **non-Indigenous** population in New Brunswick is **43.4** versus **35.5** in the **Indigenous population** (Census 2016).

The proportion of seniors aged 65+ is projected to increase from 22.8% in 2021 to 28.6% in 2031.



In 2021, individuals aged 55 and over accounted for 45.2% of the working-age population. By 2031, that proportion could reach 48.1%.

The proportion of youth (15-24) is projected to remain relatively unchanged, growing from 10.6% in 2021 to 10.8% in 2031.



The majority of youth work in environments that prevent teleworking, such as frontline retail.

The **Indigenous** labour force is 12,200 people large, of which, 10,900 are employed. The unemployment rate is notably higher amongst Indigenous people compared to the general population.

Two-thirds (67.7%) of New Brunswickers identified English as their **first language** (2016 Census), while 31.6% identified the province's other official language, French. Only 0.3% identified a first language that was neither English nor French.

In 2020-21, 2,700 **newcomers** arrived to New Brunswick along with 2,400 international students. The size of the newcomer labour force in Atlantic Canada was 11,200 in 2021, and 10,100 were employed. The labour market participation rate and employment rate for recent immigrants is notably higher than the rates for population as a whole.



In 2017, there were 61,650 **persons with disabilities** aged 15 to 64 participating in the New Brunswick labour force. Persons with disabilities were less likely to participate in the labour market than at the national level (51.5% vs 55.5%, age standardized participation rate). Over one-third of survey participants with a long-term condition or disability reported experiencing temporary or permanent job loss, or reduced hours during the pandemic.

LABOUR MARKET CONDITIONS

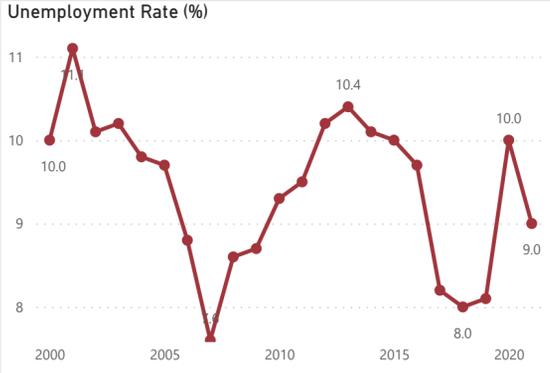
In 2021..

↑ Employment rebounded sharply (2.5%)

↓ Unemployment declined significantly (-8.7%)

↑ Participation Rate rose substantially (60.4% to 60.9%)

↑ Employment Rate recovered (54.4% to 55.4%)



- Following a tough 2020, in which the global COVID-19 pandemic weighed heavily on economic activity, the New Brunswick labour market was generally improved in 2021 and employment returned to pre-pandemic levels.

- The labour force expanded by 5,500, year-over-year, thanks mainly to population growth. At the same time, 8,900 jobs were added to the provincial economy, thanks to a rebound in both full-time and part-time positions.

- The province's unemployment rate fell 1.4 percentage points, to 8.4%, while the participation rate edged up from 59.9% to 61.6%.

ECONOMIC CONDITIONS

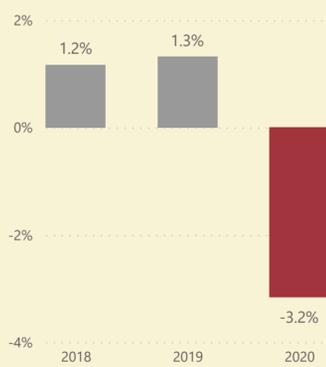
New Brunswick's Economic Drivers in 2021

📉 Pandemic-related disruptions were diminished in 2021.

💰 Consumer spending rebounded strongly.

🚶 People are moving to N.B. from other provinces.

GDP Growth Rate



Reviewing 2021...

- The New Brunswick economy appears to have achieved a full recovery in 2021, following a sharp contraction in 2020. While COVID-related disruptions were still present, growth in the number of cases wasn't as pronounced as in some other provinces and restrictions were generally lighter.

- Thanks to strong gains in interprovincial migration (which helped drive consumption), healthy consumer spending and a hot residential construction market, Conference Board of Canada projects real GDP growth of 4.3% in 2021.

- Soaring commodity and housing prices, supply chain snarls, and solid demand for goods and services have driven up inflation to the highest levels in decades.

Risks to the New Brunswick Economy in 2022

- A return to restrictions if COVID-19 case numbers continue to climb. Social distancing measures and capacity constraints would once again more severely impact high-contact industries and tourism.

- Inflationary pressures, particularly on necessities like shelter, food and fuel, could limit household discretionary spending, going forward. At 3.8%, inflation in New Brunswick was higher than the national average (3.4%).

- A reduction in demand for wood products could have significant implications for the province's forest products sector through a reduction in lumber prices. Historically high prices have thus far shielded New Brunswick softwood lumber producers from a recent increase in U.S. anti-dumping and countervailing duties on softwood lumber.

PROVINCIAL ISSUES



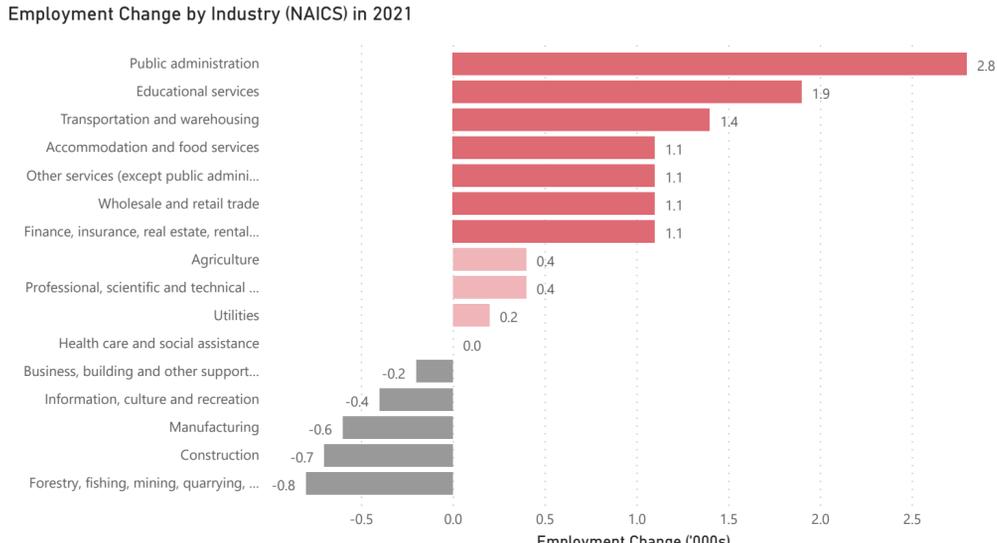
- Labour shortages and skills mismatches, which were already prevalent in the years leading up to the pandemic, have become even more pronounced. This has created a range of challenges to employers, including higher costs and reduced productivity. Immigration and access to temporary foreign workers have helped fill some of the gap, though employers will also have to look to automation and digitization to help offset the impact of labour shortages.

- An ageing population is a longer-term structural challenge that's impacting both New Brunswick's labour market and fiscal health. With seniors accounting for a growing share of the population (23.1% in 2021), there are fewer people replacing retiring workers, leading to downward pressure on the labour force and hiring challenges for employers. At the same time, a growing number of seniors is exerting upward pressure on health care costs.

- New Brunswick remains one of the most rural populations in Canada, with nearly half (48.4%) of the population dwelling outside its three largest urban centres (Moncton, Saint John and Fredericton) in 2021. Moreover, youth are far more inclined to leave these areas to pursue education and employment opportunities. With fewer young people and more people over the age of 55, the composition of the rural labour force is shifting dramatically and this is exerting pressures on the pool of available labour in these areas.

INDUSTRY TRENDS

Employment Change by Industry (NAICS) in 2021



- The recovery in 2021 was led by strong gains in the services-producing sector which, despite being impacted by social distancing restrictions, added 10,400 jobs on a year-over-year basis. Gains were spread broadly throughout the sector, with public services leading the pack, adding 2,800 jobs.

- The one area that continued to suffer broadly throughout 2021 was tourism and related industries. After shedding nearly a quarter of its workforce (22.1%) in the 2020, information, culture and recreation employment declined by a further 3.9% in 2021. The hospitality sector is unlikely to demonstrate any meaningful recovery until international travel restrictions are significantly reduced.

- The goods-producing sector stumbled for the second year in a row, shedding 1,500 jobs in 2021 on top of the 4,500 lost in 2020. The good news, though, is that some of this is likely resilient as operators continue to implement measures to safeguard against virus spread. Much of the weakness was in natural resources.

REGIONAL ECONOMIC CONDITIONS

- While New Brunswick's labour market was generally improved in 2021, not all Economic Regions (ERs) experienced this rebound equally.

- The province's three southernmost ERs were generally improved, and together added 11,100 jobs between 2021 and 2022. The Fredericton-Oromocto ER experienced the brightest labour market turnaround in 2021, adding 5,200 jobs, which more than offset the 2,700 positions lost the year before.

- Losses were contained to the province's two northernmost ERs. Together, Campbellton-Miramichi and Edmundston-Woodstock shed 2,200 jobs. These regions are less urbanised than the rest of the province and as such have been stagnant in terms of economic growth.

Employment Change by Economic Region in 2021

