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Sask. cities to lead growth

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Thanks to the strongest economic growth in over a decade, Saskatoon and Regina rank first and second among major Canadian cities this year, according to the Conference Board's metropolitan outlook for autumn.

"Both Saskatoon and Regina are on track to post their strongest rates of economic growth since 1997, and Saskatoon will lead Canadian CMAs (census metropolitan areas) in economic growth for the second consecutive year," said Mario Lefebvre, director of municipal studies for the Ottawa-based think tank.

Regina is expected to achieve 4.1-per-cent economic growth this year, the highest in 11 years, said the report released Monday.

Almost 3,000 people moved to the provincial capital in 2007, and net migration is expected to remain positive over the next few years, helping to fuel robust domestic demand.

The Conference Board cited the \$1.9-billion refinery expansion at Consumers' Co-operative Refineries Ltd. as the biggest infrastructure project in the city.

Other major projects include the first phase of the \$180-million upgrade at IPSCO Place, including six new ice surfaces, and a \$93-million intermodal road and rail facility west of the city.

Housing starts are expected to remain strong at more than 1,500 this year, while retail sales are expected to increase by 8.6 per cent in 2008.

Economic growth is expected to moderate to three per cent in 2009, then average 2.6 per cent in the 2010-2012 forecast period. Continued employment growth will help keep net migration and population growth positive during the forecast period, the report said.

John Hopkins, CEO of the Regina and District Chamber of Commerce, wasn't surprised by the Conference Board's forecast of 4.1-per-cent real gross domestic product (GDP) growth for Regina.

"There really wasn't any big surprises in (the report)," Hopkins said. "It's very positive news for Regina, no question."

The news was even better for Saskatoon, which retained its number one ranking for the second year in a row.

After growing by 4.1 per cent in 2007, Saskatoon's real GDP is projected to expand by an even faster rate of 5.2 per cent in 2008.

Saskatoon's flourishing economy can be attributed to its position as a key regional centre for the province's booming resource sector.

"Saskatoon and Regina are two of the major focal points for Saskatchewan's ongoing economic renaissance," Enterprise and Innovation Minister Lyle Stewart said in a press release.

"They are benefiting from the full force of our province's momentum, not just in one or two sectors or industries but across the entire spectrum."

Western Canadian cities occupy the top seven rankings in the latest edition of the metropolitan outlook. By contrast, Ontario CMAs are experiencing their weakest growth in more than a decade.

Winnipeg's economy, for example, is expected to expand 3.3 per cent, on the heels of a 3.7-per-cent expansion in 2007, bolstered by robust construction activity and vigorous wholesale and retail trade growth.

Victoria's economy is also on pace to grow by 3.3 per cent, thanks to robust non-residential construction activity and healthy levels of consumer spending.

Growth in Calgary is forecast to slow to 3.2 per cent and in Edmonton to 3.1 per cent, which is a modest pace by their standards, the board said. However, domestic demand remains strong in both and high oil and natural gas prices mean that energy-related investments will continue.

Between 2009 and 2012, Calgary and Edmonton are expected to regain first and second place in average annual growth.

Vancouver will post the weakest growth of the major western Canadian cities at a 2.7 per cent, but it will still be enough to outpace that of any city east of Manitoba. Strong Olympic and non-Olympic construction activity, and healthy retail sales, offset weakness in the primary and manufacturing sectors in Vancouver.

At 2.4 per cent, Halifax is forecast to post the strongest economic growth east of Manitoba, reflecting strength in manufacturing, non-residential construction and the services sector.

Quebec City's economy will slow to 2.3 per cent from 3.1 in 2007, as the boost to tourism from the 400th anniversary celebrations is offset by weakness in manufacturing and construction.

The projected economic sag deepens in the other major cities of central Canada with Ottawa-Gatineau on track to post growth of only 1.8 per cent.

That's the national capital region's weakest performance in more than a decade, despite strong public-sector employment as the high-tech sector expansion has stalled and construction activity has been weak.

Montreal is expected to suffer its weakest growth in half a decade at 1.7 per cent, as its manufacturing sector struggles despite strength in the aerospace sector, and in its construction and services industries.

Toronto's manufacturing sector is also expected to fall again this year, offsetting solid construction activity and domestic demand, and limiting growth in its giant diversified economy to an anemic 1.3 per cent

Hamilton will post the weakest growth of the cities covered in the latest outlook at 0.3 per cent, its worst performance since the early 1990s.

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