

GOAL 21: Real Non-Residential Private Sector Investment

By 2028, New Brunswick will reverse the negative trend in real non-residential private sector investment and will reach 2008 levels once more.

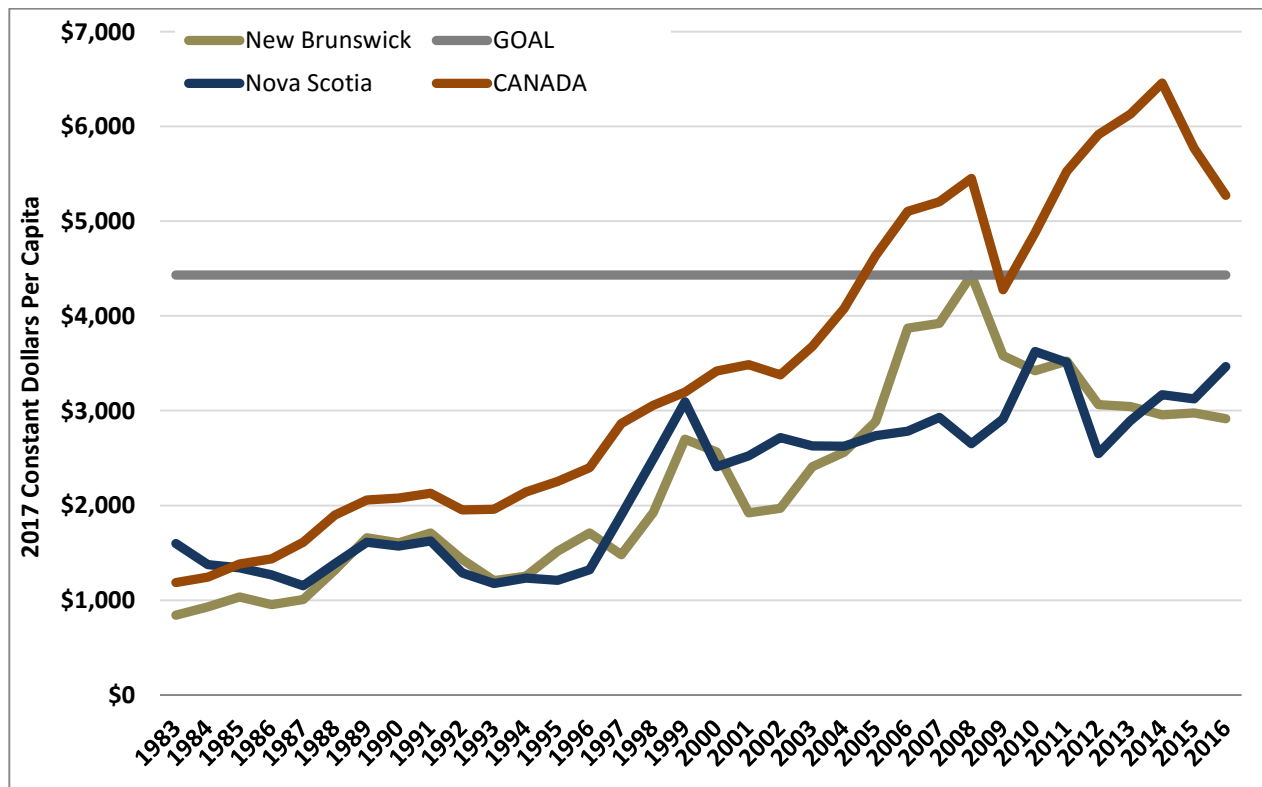
Status: NOT PROGRESSING

Current Situation

Non-residential investment from the private sector (also known as the commercial sector) refers to capital expenditures on plants, equipment, and other assets used in the production of goods and services—this does not include investments in the residential sector, such as expenditures on home renovations, or investments from the government and non-profit organizations. Private sector investment is an important economic driver because it determines levels of labour productivity and labour demand. If New Brunswick is to boost its economy through the increased production and exportation of goods and services, it should aim to reverse the current negative trend and reach higher levels, such as those it has not seen since 2008. If possible, the province should achieve this by the year 2028.

In 2008, non-residential private sector investment per capita in New Brunswick reached an all-time high of \$4,434, after which it began to decline. In 2016, investment was 30% lower than in 2008, and it is possible that this negative trend will continue if steps are not taken to promote change.

Figure 1: Real Non-Residential Private Investments (Dollar Per Capita)



| Data: Figure 1 | Canada | New Brunswick | Nova Scotia | Goal |
|----------------|---------|---------------|-------------|---------|
| 1983 | \$1,185 | \$842 | \$1,599 | \$4,434 |
| 1984 | \$1,245 | \$929 | \$1,374 | \$4,434 |

| | | | | |
|------|---------|---------|---------|---------|
| 1985 | \$1,382 | \$1,035 | \$1,340 | \$4,434 |
| 1986 | \$1,436 | \$954 | \$1,267 | \$4,434 |
| 1987 | \$1,613 | \$1,006 | \$1,153 | \$4,434 |
| 1988 | \$1,898 | \$1,318 | \$1,385 | \$4,434 |
| 1989 | \$2,059 | \$1,660 | \$1,611 | \$4,434 |
| 1990 | \$2,077 | \$1,605 | \$1,572 | \$4,434 |
| 1991 | \$2,129 | \$1,709 | \$1,624 | \$4,434 |
| 1992 | \$1,954 | \$1,430 | \$1,288 | \$4,434 |
| 1993 | \$1,958 | \$1,206 | \$1,176 | \$4,434 |
| 1994 | \$2,141 | \$1,253 | \$1,235 | \$4,434 |
| 1995 | \$2,254 | \$1,518 | \$1,209 | \$4,434 |
| 1996 | \$2,399 | \$1,709 | \$1,321 | \$4,434 |
| 1997 | \$2,863 | \$1,481 | \$1,899 | \$4,434 |
| 1998 | \$3,059 | \$1,925 | \$2,493 | \$4,434 |
| 1999 | \$3,196 | \$2,701 | \$3,095 | \$4,434 |
| 2000 | \$3,418 | \$2,563 | \$2,408 | \$4,434 |
| 2001 | \$3,485 | \$1,922 | \$2,525 | \$4,434 |
| 2002 | \$3,379 | \$1,970 | \$2,717 | \$4,434 |
| 2003 | \$3,680 | \$2,407 | \$2,629 | \$4,434 |
| 2004 | \$4,076 | \$2,562 | \$2,624 | \$4,434 |
| 2005 | \$4,640 | \$2,884 | \$2,736 | \$4,434 |
| 2006 | \$5,104 | \$3,872 | \$2,783 | \$4,434 |
| 2007 | \$5,207 | \$3,923 | \$2,929 | \$4,434 |
| 2008 | \$5,452 | \$4,434 | \$2,652 | \$4,434 |
| 2009 | \$4,278 | \$3,582 | \$2,913 | \$4,434 |
| 2010 | \$4,878 | \$3,421 | \$3,626 | \$4,434 |
| 2011 | \$5,528 | \$3,525 | \$3,511 | \$4,434 |
| 2012 | \$5,914 | \$3,063 | \$2,547 | \$4,434 |
| 2013 | \$6,133 | \$3,043 | \$2,897 | \$4,434 |
| 2014 | \$6,459 | \$2,956 | \$3,170 | \$4,434 |
| 2015 | \$5,772 | \$2,975 | \$3,126 | \$4,434 |
| 2016 | \$5,272 | \$2,916 | \$3,465 | \$4,434 |

Source: Statistics Canada, CANSIM Table 031-0005: Flows and stocks of fixed non-residential capital, by industry and asset, Canada, provinces and territories, annual (dollars x 1,000,000); Statistics Canada, CANSIM Table 326-0021: Consumer Price Index, annual average, not seasonally adjusted; Statistics Canada, CANSIM Table 051-0001: Estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons)

*All dollar amounts are in 2017 dollars

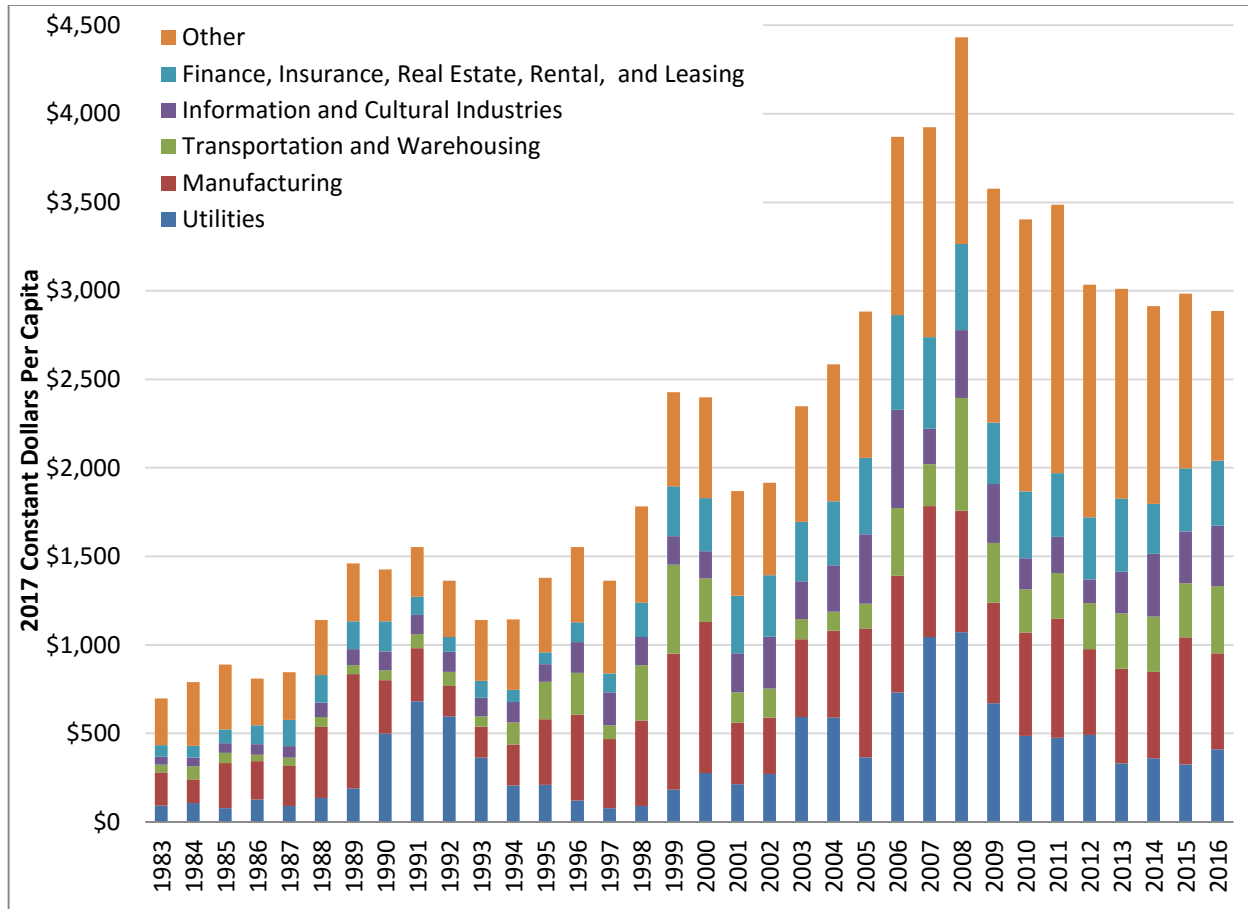
What This Means

In 2008, New Brunswick saw a steep decline in non-residential private sector investment, which mirrored the national decline. However, only one year after the 2008 economic crisis, Canada's real non-residential private investments began to increase again, whereas New Brunswick's negative trend continued. Nova Scotia, on the other hand, has recently seen an increase in private sector investment. The slow growth of GDP and employment levels that New Brunswick has been experiencing since 2008 are a result of falling private sector investment, and if the province is able to increase investment, it is likely that GDP and employment will increase as well.

DEEP DIVE

The financial crisis of 2008 had a large impact on investments in New Brunswick’s private industries. Individually, each industry shows a developmental trend mirroring that of the province’s total real non-residential private investment: a negative trend that has been ongoing since 2008.

Figure 2: Real Non-Residential Private Investments in New Brunswick, by Select Industry (Dollar Per Capita)



| Data: Figure 7 | Utilities | Manufacturing | Transportation and Warehousing | Information and Cultural Industries | Finance, Insurance, Real Estate, Rental, and Leasing | Other |
|-------------------|-----------|---------------|--------------------------------------|---|---|-------|
| 1983 | \$92 | \$188 | \$43 | \$44 | \$66 | \$263 |
| 1984 | \$106 | \$134 | \$74 | \$48 | \$68 | \$360 |
| 1985 | \$77 | \$255 | \$59 | \$53 | \$79 | \$366 |
| 1986 | \$126 | \$218 | \$35 | \$60 | \$107 | \$264 |
| 1987 | \$90 | \$227 | \$46 | \$65 | \$149 | \$268 |
| 1988 | \$136 | \$402 | \$55 | \$82 | \$156 | \$311 |
| 1989 | \$190 | \$645 | \$51 | \$90 | \$157 | \$327 |
| 1990 | \$499 | \$301 | \$57 | \$106 | \$169 | \$293 |
| 1991 | \$682 | \$300 | \$80 | \$108 | \$103 | \$280 |
| 1992 | \$597 | \$172 | \$78 | \$115 | \$82 | \$318 |
| 1993 | \$362 | \$176 | \$59 | \$104 | \$96 | \$342 |
| 1994 | \$206 | \$232 | \$124 | \$116 | \$69 | \$396 |
| 1995 | \$210 | \$371 | \$212 | \$99 | \$67 | \$420 |

| | | | | | | |
|-------------|---------|-------|-------|-------|-------|---------|
| 1996 | \$121 | \$485 | \$236 | \$173 | \$112 | \$426 |
| 1997 | \$78 | \$391 | \$78 | \$186 | \$105 | \$526 |
| 1998 | \$91 | \$481 | \$314 | \$158 | \$194 | \$543 |
| 1999 | \$183 | \$767 | \$503 | \$160 | \$283 | \$530 |
| 2000 | \$277 | \$852 | \$246 | \$155 | \$299 | \$569 |
| 2001 | \$214 | \$347 | \$171 | \$220 | \$326 | \$591 |
| 2002 | \$272 | \$317 | \$165 | \$292 | \$348 | \$522 |
| 2003 | \$593 | \$440 | \$113 | \$215 | \$335 | \$653 |
| 2004 | \$590 | \$491 | \$107 | \$261 | \$362 | \$775 |
| 2005 | \$366 | \$729 | \$139 | \$391 | \$433 | \$826 |
| 2006 | \$732 | \$659 | \$382 | \$555 | \$535 | \$1,008 |
| 2007 | \$1,045 | \$740 | \$236 | \$201 | \$517 | \$1,186 |
| 2008 | \$1,072 | \$687 | \$635 | \$382 | \$488 | \$1,168 |
| 2009 | \$671 | \$566 | \$338 | \$332 | \$347 | \$1,322 |
| 2010 | \$486 | \$584 | \$244 | \$175 | \$378 | \$1,537 |
| 2011 | \$476 | \$673 | \$258 | \$203 | \$361 | \$1,516 |
| 2012 | \$491 | \$485 | \$259 | \$134 | \$351 | \$1,314 |
| 2013 | \$330 | \$536 | \$313 | \$236 | \$413 | \$1,185 |
| 2014 | \$359 | \$489 | \$313 | \$354 | \$281 | \$1,117 |
| 2015 | \$326 | \$718 | \$304 | \$293 | \$357 | \$986 |
| 2016 | \$410 | \$542 | \$379 | \$342 | \$366 | \$848 |

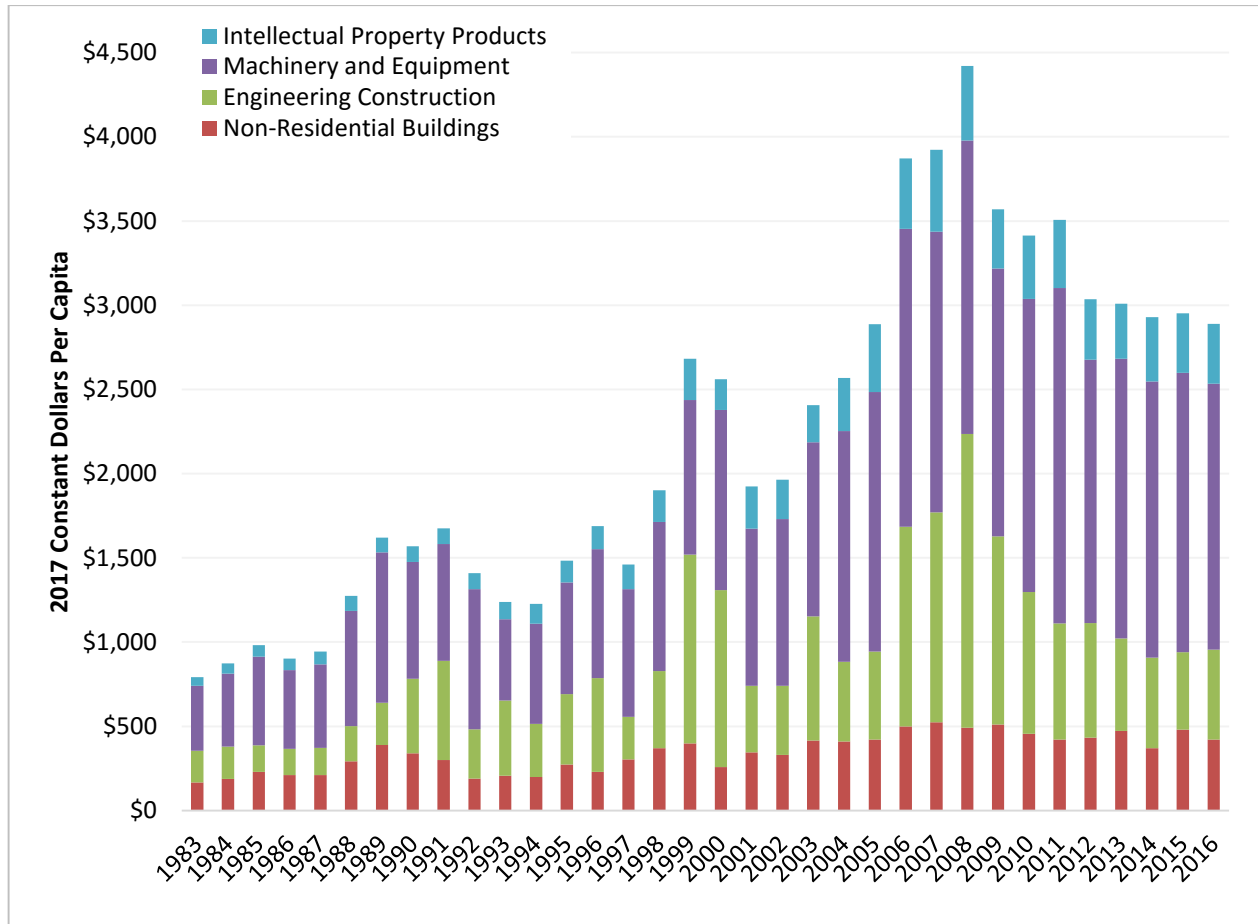
Source: Statistics Canada, CANSIM Table 031-0005: Flows and stocks of fixed non-residential capital, by industry and asset, Canada, provinces and territories, annual (dollars x 1,000,000); Statistics Canada, CANSIM Table 326-0021: Consumer Price Index, annual average, not seasonally adjusted

*All dollar amounts are in 2017 dollars

Non-residential private sector investments include expenditures on 4 different types of assets: 1) non-residential buildings, 2) engineering construction, 3) machinery and equipment, and 4) intellectual property products.

Investment in machinery and equipment is higher than in other assets, whereas investment in intellectual property products is the lowest.

Figure 3: Real Non-Residential Private Investments in New Brunswick, by Assets (Per Capita Dollar)



| Data: Figure 8 | Non-Residential Buildings | Engineering Construction | Machinery and Equipment | Intellectual Property Products |
|-------------------|---------------------------|--------------------------|-------------------------|--------------------------------|
| 1983 | \$167 | \$187 | \$386 | \$52 |
| 1984 | \$188 | \$192 | \$432 | \$61 |
| 1985 | \$230 | \$158 | \$526 | \$67 |
| 1986 | \$210 | \$156 | \$468 | \$68 |
| 1987 | \$212 | \$161 | \$496 | \$76 |
| 1988 | \$292 | \$210 | \$684 | \$88 |
| 1989 | \$389 | \$250 | \$894 | \$86 |
| 1990 | \$340 | \$443 | \$694 | \$93 |
| 1991 | \$300 | \$589 | \$694 | \$93 |
| 1992 | \$189 | \$293 | \$833 | \$94 |
| 1993 | \$208 | \$445 | \$483 | \$102 |
| 1994 | \$200 | \$315 | \$593 | \$120 |
| 1995 | \$273 | \$418 | \$664 | \$128 |
| 1996 | \$230 | \$555 | \$766 | \$137 |
| 1997 | \$304 | \$252 | \$759 | \$145 |
| 1998 | \$371 | \$458 | \$885 | \$188 |
| 1999 | \$399 | \$1,120 | \$917 | \$245 |

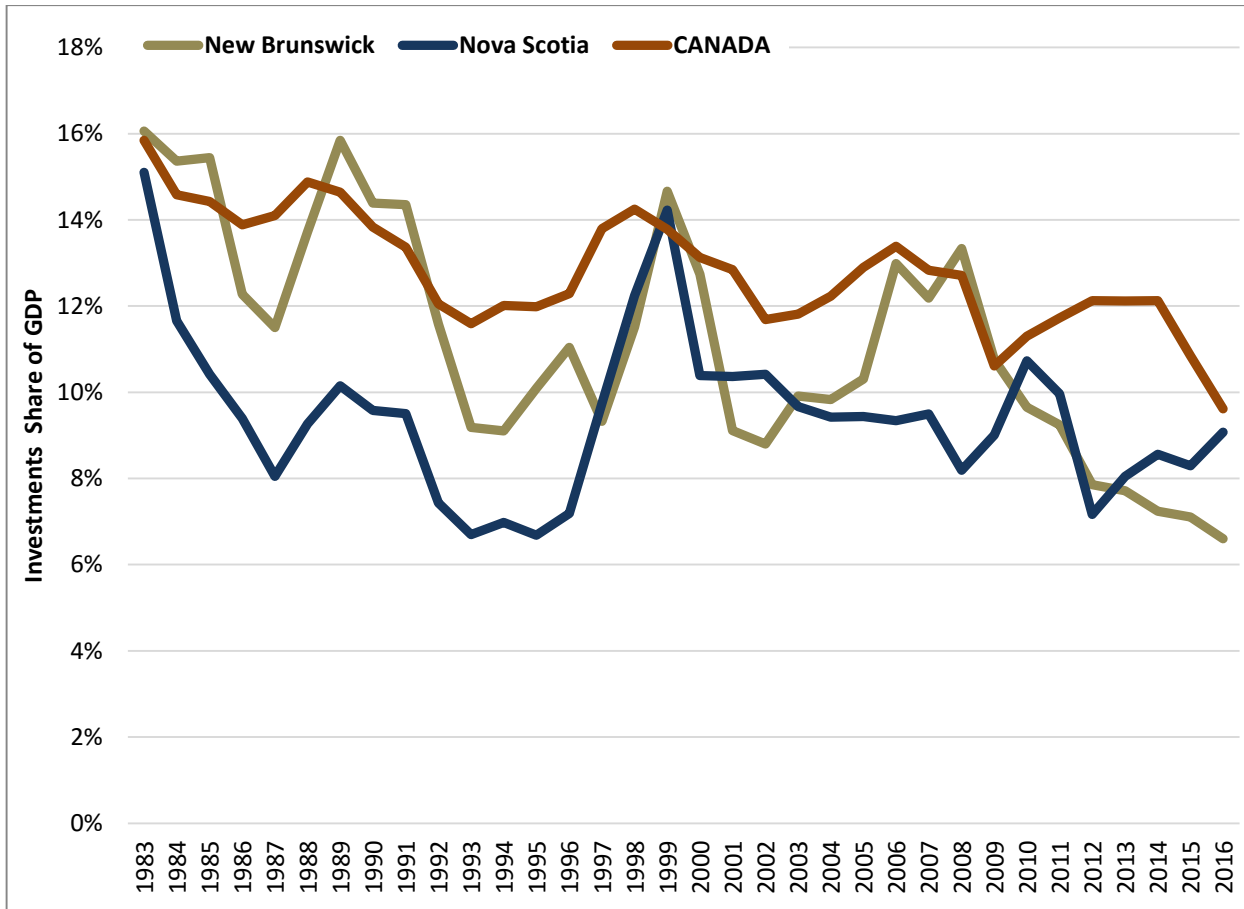
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|-------------|-------|---------|---------|-------|
| 2000 | \$259 | \$1,051 | \$1,068 | \$183 |
| 2001 | \$346 | \$394 | \$933 | \$252 |
| 2002 | \$330 | \$412 | \$990 | \$233 |
| 2003 | \$415 | \$738 | \$1,033 | \$220 |
| 2004 | \$411 | \$472 | \$1,370 | \$316 |
| 2005 | \$421 | \$523 | \$1,540 | \$404 |
| 2006 | \$500 | \$1,186 | \$1,767 | \$419 |
| 2007 | \$524 | \$1,247 | \$1,665 | \$487 |
| 2008 | \$491 | \$1,746 | \$1,742 | \$441 |
| 2009 | \$511 | \$1,117 | \$1,591 | \$352 |
| 2010 | \$455 | \$842 | \$1,740 | \$377 |
| 2011 | \$421 | \$690 | \$1,991 | \$404 |
| 2012 | \$433 | \$681 | \$1,563 | \$359 |
| 2013 | \$473 | \$550 | \$1,660 | \$328 |
| 2014 | \$371 | \$537 | \$1,640 | \$382 |
| 2015 | \$480 | \$459 | \$1,659 | \$352 |
| 2016 | \$421 | \$535 | \$1,578 | \$356 |

Source: Statistics Canada, CANSIM Table 031-0005: Flows and stocks of fixed non-residential capital, by industry and asset, Canada, provinces and territories, annual (dollars x 1,000,000); Statistics Canada, CANSIM Table 326-0021: Consumer Price Index, annual average, not seasonally adjusted

*All dollar amounts are in 2017 dollars

The percentage of GDP going toward non-residential private investments has continued to fluctuate for New Brunswick, Nova Scotia, and for Canada in general, all showing an overall downward slope from 1983 to 2016. Over this period, Nova Scotia showed the most volatility, followed by New Brunswick, whereas Canada had the smallest amount of fluctuation. In 1983, 16.1% of New Brunswick's GDP went toward non-residential private investments, and this amount had decreased to 6.6% by 2017.

Figure 4: Real Non-Residential Private Investments as a Share of GDP (%)



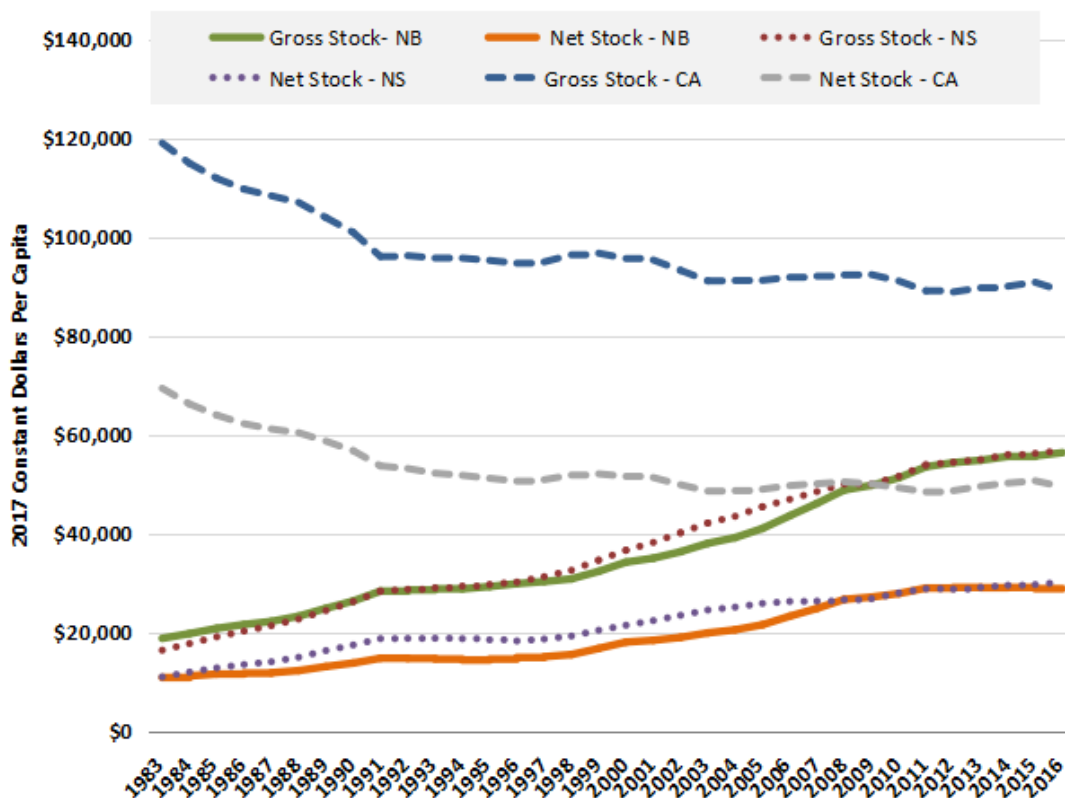
| Data: Figure 2 | Canada (%) | Nova Scotia (%) | New Brunswick (%) |
|----------------|------------|-----------------|-------------------|
| 1983 | 15.8% | 15.1% | 16.1% |
| 1984 | 14.6% | 11.7% | 15.4% |
| 1985 | 14.4% | 10.4% | 15.4% |
| 1986 | 13.9% | 9.4% | 12.3% |
| 1987 | 14.1% | 8.0% | 11.5% |
| 1988 | 14.9% | 9.3% | 13.7% |
| 1989 | 14.6% | 10.2% | 15.8% |
| 1990 | 13.8% | 9.6% | 14.4% |
| 1991 | 13.4% | 9.5% | 14.3% |
| 1992 | 12.0% | 7.4% | 11.6% |
| 1993 | 11.6% | 6.7% | 9.2% |
| 1994 | 12.0% | 7.0% | 9.1% |
| 1995 | 12.0% | 6.7% | 10.1% |
| 1996 | 12.3% | 7.2% | 11.0% |
| 1997 | 13.8% | 9.7% | 9.3% |
| 1998 | 14.3% | 12.2% | 11.5% |
| 1999 | 13.8% | 14.2% | 14.7% |
| 2000 | 13.1% | 10.4% | 12.7% |
| 2001 | 12.8% | 10.4% | 9.1% |
| 2002 | 11.7% | 10.4% | 8.8% |

| | | | |
|------|-------|-------|-------|
| 2003 | 11.8% | 9.7% | 9.9% |
| 2004 | 12.2% | 9.4% | 9.8% |
| 2005 | 12.9% | 9.4% | 10.3% |
| 2006 | 13.4% | 9.3% | 13.0% |
| 2007 | 12.8% | 9.5% | 12.2% |
| 2008 | 12.7% | 8.2% | 13.3% |
| 2009 | 10.6% | 9.0% | 10.8% |
| 2010 | 11.3% | 10.7% | 9.7% |
| 2011 | 11.7% | 10.0% | 9.2% |
| 2012 | 12.1% | 7.2% | 7.9% |
| 2013 | 12.1% | 8.1% | 7.7% |
| 2014 | 12.1% | 8.6% | 7.2% |
| 2015 | 10.8% | 8.3% | 7.1% |
| 2016 | 9.6% | 9.1% | 6.6% |

The term “end-year gross stock” refers to the value of the previous year’s capital stock plus the value of new investments, minus the yearly deductions (called retirements or discards) of the value of the stock. Net stock attempts to measure the productive capacity of the capital stock. The value of the net stock in any given year is meant to reflect the market value or economic value of the investments comprising the stock.

The trends for end-year gross stock and linear end-year net stock for Canada are significantly different from those of Nova Scotia and New Brunswick. While Canada is decreasing, the two provinces are increasing (overall). Moreover, the three net stock lines suggest that there has been no growth in net capital stock since 2008, and the investments being made are only enough to replace the portion of the capital stock lost to depreciation.

Figure 5: Non-Residential End-Year Gross Stock and Linear End-Year Net Stock (Dollar Per Capita)



| Data: Figure 5 | Canada | | New Brunswick | | Nova Scotia | |
|-------------------|-------------|-----------|---------------|-----------|-------------|-----------|
| | Gross Stock | Net Stock | Gross Stock | Net Stock | Gross Stock | Net Stock |
| 1983 | \$119,007 | \$69,356 | \$18,717 | \$10,796 | \$16,322 | \$10,916 |
| 1984 | \$114,916 | \$66,181 | \$19,685 | \$11,114 | \$17,664 | \$11,892 |
| 1985 | \$111,868 | \$63,920 | \$20,747 | \$11,499 | \$19,030 | \$12,746 |
| 1986 | \$109,679 | \$62,177 | \$21,527 | \$11,667 | \$20,191 | \$13,421 |
| 1987 | \$108,332 | \$61,115 | \$22,156 | \$11,757 | \$21,284 | \$13,982 |
| 1988 | \$106,992 | \$60,365 | \$23,211 | \$12,193 | \$22,631 | \$14,897 |
| 1989 | \$103,930 | \$58,649 | \$24,796 | \$13,017 | \$24,339 | \$16,245 |
| 1990 | \$100,924 | \$56,725 | \$26,281 | \$13,717 | \$26,147 | \$17,379 |
| 1991 | \$96,042 | \$53,632 | \$28,287 | \$14,703 | \$28,282 | \$18,665 |
| 1992 | \$96,210 | \$53,107 | \$28,533 | \$14,661 | \$28,647 | \$18,706 |
| 1993 | \$95,725 | \$52,170 | \$28,755 | \$14,528 | \$28,963 | \$18,742 |
| 1994 | \$95,712 | \$51,727 | \$28,742 | \$14,337 | \$29,310 | \$18,657 |
| 1995 | \$95,257 | \$51,129 | \$29,213 | \$14,526 | \$29,644 | \$18,435 |
| 1996 | \$94,686 | \$50,558 | \$29,793 | \$14,862 | \$30,120 | \$18,198 |
| 1997 | \$94,951 | \$50,851 | \$30,224 | \$15,011 | \$31,226 | \$18,582 |
| 1998 | \$96,384 | \$51,784 | \$30,769 | \$15,438 | \$32,508 | \$19,188 |
| 1999 | \$96,707 | \$52,031 | \$32,290 | \$16,686 | \$34,560 | \$20,371 |
| 2000 | \$95,631 | \$51,521 | \$34,155 | \$17,969 | \$36,561 | \$21,377 |
| 2001 | \$95,339 | \$51,285 | \$34,950 | \$18,335 | \$38,142 | \$22,321 |
| 2002 | \$93,237 | \$49,821 | \$36,262 | \$18,913 | \$40,104 | \$23,386 |
| 2003 | \$91,112 | \$48,543 | \$37,971 | \$19,832 | \$42,080 | \$24,466 |
| 2004 | \$91,184 | \$48,633 | \$39,119 | \$20,458 | \$43,435 | \$25,043 |
| 2005 | \$91,223 | \$48,918 | \$40,973 | \$21,480 | \$45,375 | \$25,794 |
| 2006 | \$91,830 | \$49,651 | \$43,542 | \$23,203 | \$46,862 | \$26,199 |
| 2007 | \$92,068 | \$50,032 | \$46,047 | \$24,785 | \$48,441 | \$26,263 |
| 2008 | \$92,316 | \$50,411 | \$48,761 | \$26,611 | \$49,937 | \$26,552 |
| 2009 | \$92,373 | \$49,984 | \$49,704 | \$27,081 | \$49,941 | \$26,752 |
| 2010 | \$91,084 | \$49,210 | \$51,226 | \$27,799 | \$51,559 | \$27,917 |
| 2011 | \$89,092 | \$48,378 | \$53,468 | \$28,910 | \$53,876 | \$28,772 |
| 2012 | \$88,866 | \$48,632 | \$54,311 | \$29,040 | \$54,373 | \$28,687 |
| 2013 | \$89,698 | \$49,502 | \$54,780 | \$28,984 | \$54,914 | \$29,043 |
| 2014 | \$90,029 | \$50,169 | \$55,561 | \$29,038 | \$55,930 | \$29,471 |

| | | | | | | |
|-------------|----------|----------|----------|----------|----------|----------|
| 2015 | \$90,815 | \$50,623 | \$55,661 | \$28,784 | \$56,177 | \$29,610 |
| 2016 | \$89,063 | \$49,396 | \$56,320 | \$28,797 | \$56,769 | \$30,099 |

Source: Statistics Canada, CANSIM Table 031-0005: Flows and stocks of fixed non-residential capital, by industry and asset, Canada, provinces and territories, annual (dollars x 1,000,000); Statistics Canada, CANSIM Table 326-0021: Consumer Price Index, annual average, not seasonally adjusted

**All dollar amounts are in 2017 dollars*

Notes:

- This goal assumes to measure the value of investments in real dollars per capita (as opposed to current prices), and therefore the chained 2002 dollar has been re-indexed to the chained 2017 dollar to reflect 2017 purchasing power.