

Gaspé Peninsula and the Magdalen Islands economy was prosperous in 2021, according to Mouvement Desjardins

Gilles Gagné

NEW RICHMOND - Like the Quebec economy, the economy of the Gaspé Peninsula and the Magdalen Islands rebounded in 2021, after the forced downturn in 2020 due to the pandemic. According to the Mouvement Desjardins, growth should once again characterize the region's economy in 2022, but at a more moderate pace.

In addition, while traditionally, the Gaspé Peninsula and Magdalen Islands economy lags behind the Quebec economy, even when things are going well, a new trend has been emerging in recent years, with the growth rate in the region remaining very close to that of Quebec, and some times even exceeding it, such as in 2019.

"The first highlight is that the economic recovery is very well underway in the Gaspé Peninsula and the Magdalen Islands. The data is very encouraging for this return of the economy in the post-slowdown context of 2020, a slowdown due to the pandemic," says Chantal Routhier, senior economist at Desjardins.

The data for the Peninsula and Magdalen Islands shows a pace similar to 2019.

The nominal gross domestic product, which had been marked by an increase of 8% in 2019, almost twice the 4.4% of Quebec, is expected to climb 10% in 2021, to \$3.7 billion, when the year is over. This is almost as much as the 10.6% in Quebec. This gross domestic product should increase by 5.6% in 2022, again quite close to 6.3% in Quebec.

In the 2019-2022 horizon, the per capita regional gross domestic product increases as quickly as that of Quebec during favourable years, and it declined less rapidly over the less favourable period in 2020. For example, it should increase by 9.9% in the Gaspé Peninsula and the Islands this year, almost as much as the 10.3% in Quebec. That trend takes into account Desjardins' projection for the last month of 2021 and year 2022.

The region is also performing quite well in terms of annual investments, having just registered three consecutive increases. Thus, between 2019 and 2021, the



Cranes and construction sites have been an integral part of the Gaspé and Madelinot landscape for several years.

Photos: G. Gagné

cumulative increase in the value of total starts reached 22.7%, \$632 million. During the same period, the Quebec increase was 5.5%, a number that reflects the decline in 2020.

The number of real estate transactions increased by 20.6% in the Gaspé Peninsula and the Magdalen Islands between 2019 and 2021, compared to 14.7% in Quebec. The average selling price jumped 17% in the region, this time between 2020 and 2021, compared to 15% in Quebec.

"The diversification efforts of recent years have come to fruition. It should be remembered that in 2019, the Gaspé Peninsula and the Islands experienced the strongest economic growth of all the regions of Quebec. Jobs are good and we are also seeing good investments. There was a decrease in the value of investments in 2018 after the end of construction of McInnis Cement (in 2017) in Port-Daniel-Gascons," notes Chantal Routhier.

She stresses the amounts earmarked for the refurbishment of the Matapédia-Gaspé railway as another important source of investment over the years to come. Of the \$280.8 million announced by both levels of government since 2017, about \$200 million remains to be invested.

She also remarks that "the turn taken by several companies to allow their employees to return to work safely has been well done. This is what makes this year a period where the level of employment is returning to the pre-pandemic threshold."

Several of the determining economic sectors of the Gaspé Peninsula and the Islands performed well in 2021

and are expected to maintain high and even higher activity thresholds for the foreseeable future.

"The fishing industry has performed very well. The medium to long term outlook in the wind energy sector means that the industry is very well positioned to take advantage of future developments. In construction, the hours worked are on the rise and in tourism, the region has had a very good year," says Chantal Routhier.

A few factors lead her to predict that the investments in construction will be maintained for a few years, notably the planned replacement of existing wind farms and the addition of new ones, whether they are located in the Gaspé Peninsula and the Magdalen Islands or elsewhere. The \$170 million expansion of the LM Windpower windmill blade manufacturing plant in Gaspé represents a major development in several aspects.

"The vigor of investments should go well in the medium term because the project to install an underwater electric cable between the Gaspé

Peninsula and the Magdalen Islands should result in an investment of \$1 billion, and because a sum of \$3 billion is planned for future wind farms. (...) The Alliance de l'Est, the collaboration between the Lower Saint Lawrence, the Gaspé Peninsula and the Magdalen Islands in the wind power sector, should land new wind farms, the large component factories will work and the construction workforce in the region will benefit from it, in several respects," Ms. Routhier says.

However, the region faces some challenges if it is to maintain the momentum of the past few years. There were 1,925 jobs available in the second quarter of 2021, a phenomenon unheard of in decades.

"The unemployment rate is decreasing but not only because there are more jobs. The number of retirees also explains that reality," she adds.

That unemployment rate is still much higher than Quebec's average but it is decreasing, as it went from 13.3% in 2019 to 13.2% in

2020 and 13% this year. It is expected to stand around 11.5% in 2022. Quebec's rate went from 8.9% in 2020 to 6.1% this year and it could reach 4.6% in 2022.

The region must also increase its interregional migratory balance, an already positive balance for years, which has led to a slight growth of its total population of 0.3% in 2020. This growth is expected to be 0.1% in 2021. The high representation of older people in the region's population pyramid adds pressure to interregional migration, she explains, nevertheless confident that the Gaspé Peninsula and the Magdalen Islands can succeed in attracting even more people than now.

"I'm not a demographer, and I won't be making a prediction in that regard. The region has a lot to offer. The city is less important than before in the choice of workers. The region has demonstrated its ability to bounce back from hard knocks. Yes, there is an aging demographic reality which is more important in Gaspé Peninsula and the Islands, but the forecasts are less and less negative. The downward figures are less and less strong," remarks Chantal Routhier.

The scarcity of affordable housing is also a major challenge in the peninsula and the archipelago, but the economist notes possible solutions suggested by regional socio-economic leaders, particularly in Gaspé, where a major real estate project of 144 units has been completed. It was announced in September. "In the Islands, they have revised the municipal development plan, among other measures, to stimulate new construction," she says.



The railroad is also another active area, despite the fact that calls for tender on the line's bridges are progressing slowly.