



## Measuring B.C.'s economic progress: A scan of GDP through the decades

The performance of B.C.'s economy has been a lightning rod for criticism in recent years. Election cycles and shifts in the political landscape, post-pandemic shifts in the structure of the economy, including a ballooning public sector and commencement of a trade war have all focused attention on the health of B.C.'s economy.

This note provides data driven interprovincial context related to recent and longer-term trends in gross domestic product for B.C., serving as the basis for future analysis of the province's industry structure. While B.C.'s economy has recently slowed, the medium- and long-term data point to an economy that has continued to expand at a steady pace, without exhibiting the boom-bust patterns of other resource-driven provinces. The gap in GDP per capita has narrowed in part from these gains and commodities led downturns in other provinces.

Concerns about economic well-being are valid, particularly as households grapple with the highest home prices in the country. At the same time, B.C. has fared relatively well, and growth concerns are a national issue that is not confined to the province.

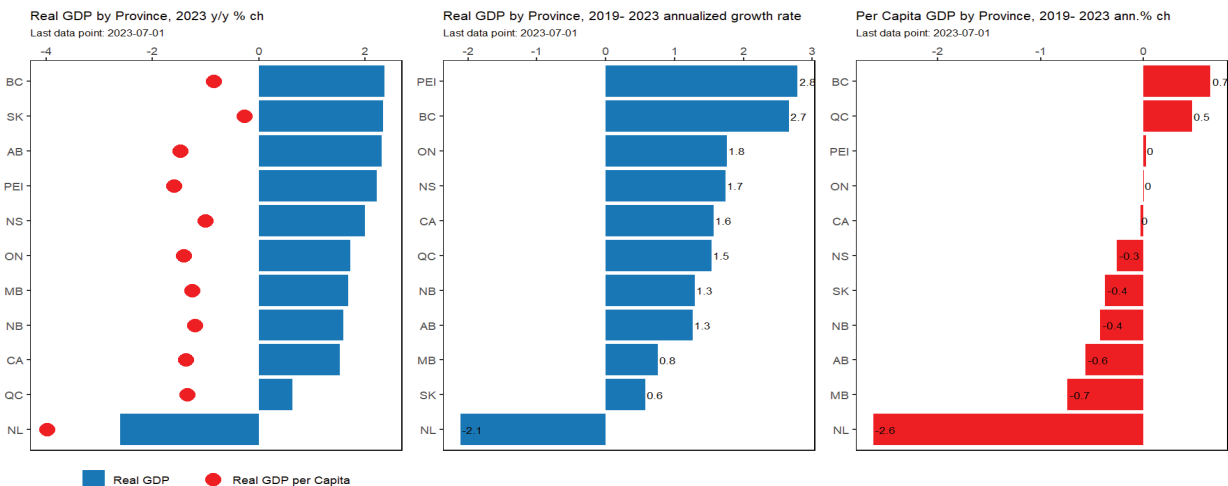
## King of the knoll

B.C.'s economy, like its peers, is decelerating. The current trade war threatens a recession this year and follows tempered activity last year. It may come as a surprise then that B.C.'s economy has outpaced its peers, and it is among kings of the knoll when it comes to growth in recent years. This of course compares to mediocre trends across the country.

Data through 2023 is the latest official estimates available for provinces, with national estimates available through 2024. B.C.'s economy expanded by 2.4 per cent in 2023, following post-pandemic rebounds of 4 per cent in 2022 and 7.7 per cent in 2021. We estimate growth of about 1.8 per cent in 2024, compared to national growth of 1.5 per cent.

Recent years data has been highly volatile given the swings caused by the pandemic, the pandemic response by government and inflation. That said, B.C. has outperformed. Comparing 2023 to 2019, GDP rose 11 per cent, which has outpaced nearly all other provinces. Nationally, GDP was 6.4 per cent higher. While there were large pandemic swings, this corresponded to an annualized increase of 2.7 per cent which was behind only Prince Edward Island and far above the national change (1.6 per cent). This was not far off the pre-pandemic pace.

## B.C. GDP growth among strongest in pandemic+ years



Source: Statistics Canada, Central 1

Varying growth patterns have contributed to differing growth conditions. B.C.'s economy rebounded earlier from earlier re-openings and a boost from domestic tourism, while the public-sector economy has certainly ballooned. Key to B.C.'s significant outperformance was multi-billion-dollar capital investment decisions made well before the pandemic including LNG Canada and BC Hydro's Site C LNG.

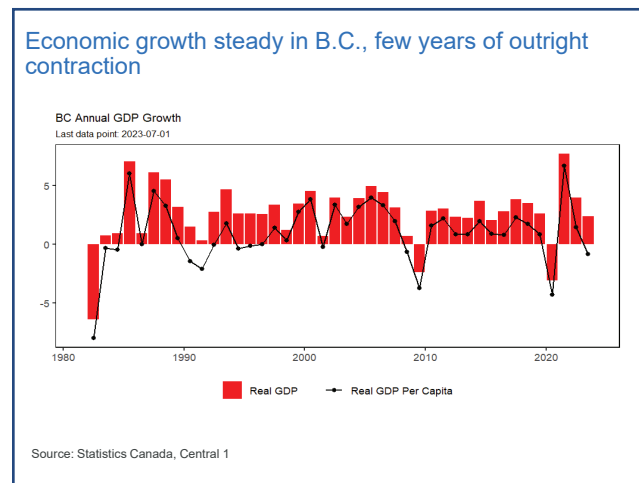
**Per capita GDP growth is weaker but similarly outpaces peers**

A fair critique of recent growth across the country has been the lift from rapid population growth, which has masked deteriorating wellbeing of Canadians. GDP per capita in Canada shrank 1.4 per cent in 2023 and a similar pace in 2024 and has been unchanged since 2019. That said, like headline growth, per capita measures in B.C. have been stronger and expanded 0.7 per cent over the four-year period, even with a 2023 contraction.

We also caution against reading too much into per capita declines over the past two years given uneven impacts of the pandemic and a period of unprecedented population growth which has made the per capita denominator balloon. The average productivity of newcomers is lower upon arrival, particularly as growth was led by temporary residents (including many students and less skilled workers). There is a normal lag in the economic integration of newcomers which we expect to ease over time.

Over a longer time span, it should be recognized that B.C. province has generally kept up if not outpaced other large provinces for more than a decade. B.C.

experienced a decade of uninterrupted growth prior to the pandemic, and following 2008/09 global financial crisis. Growth has been positive since 1981 outside of these instances, albeit with several periods of per capita declines. The 1990s downturn in per capita GDP was also associated with a boom in population growth and the inflow of newcomers from Hong Kong. This is not entirely different than that observed in 2023/24 and we do expect



**Consistency is key**

A cross-country assessment shows that B.C.'s economic growth profile has held steady relative to other provinces, particularly when compared to Newfoundland & Labrador, Alberta, and Saskatchewan, which are energy driven. With fewer and generally shallower downturns, B.C. has reported the third lowest variation (standard deviation) since 1990 amongst provinces and has not been prone to the boom-bust cycles besetting its peers.

**Other provinces tend to have more frequent downcycles**



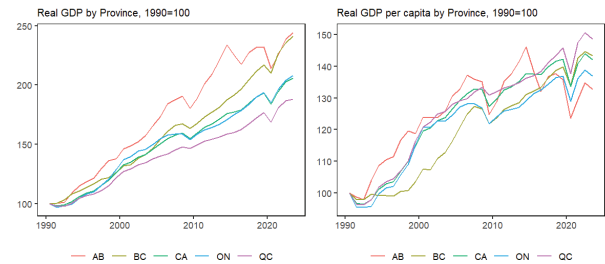
This consistency is important. While B.C. is not always the annual growth leader, the province has outpaced others over the past two decades on both a headline and per capita basis. Tracing the trajectory of the economy since 1990, it has roughly grown at the same rate as Alberta (although GDP per capita is still higher in Alberta on a level basis). Notably, this convergence of growth reflects the oil boom and subsequent bust in Alberta observed in 2014 which was followed by a near decade of stagnation in that province.

Recent trends have lifted per capita GDP in B.C. higher, and by our estimate, it was third highest among provinces in 2023, albeit driven both by provincial growth, and stagnation in other regions. At \$60,200, real GDP per capita was still well below Alberta and Saskatchewan, owing in large part to oil (and gas) production in those provinces and highly productive resource sectors contributing to the gap. This gap likely continues.

While economic progress has stalled over the past year, the general theme remains that B.C. has been

among the strongest performers over the past decade and continues to outpace the mediocre pack. Current trends are challenging, but in our view still hardly alarming given the pace and magnitude of shocks in recent years. Indeed, B.C. sees the fruits of major project construction (LNG exports, and electricity production) which adds to both headline GDP and per capita GDP growth.

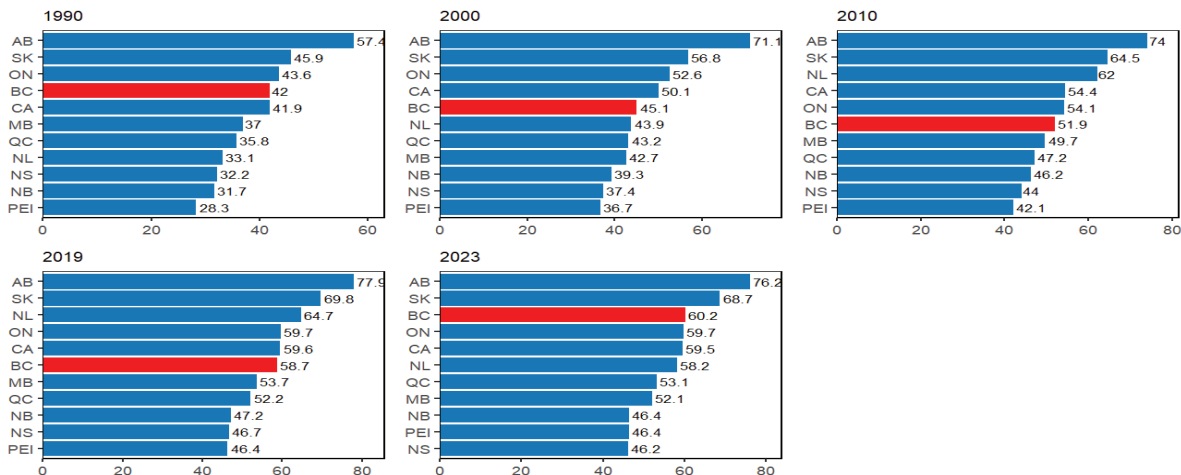
**B.C. has matched or exceeded most other provinces in growth since 1990**



Source: Statistics Canada, Central 1

**Real GDP historically highest in Alberta, B.C. moved up since the pandemic outpacing population growth**

**Real GDP per capita, \$000s**



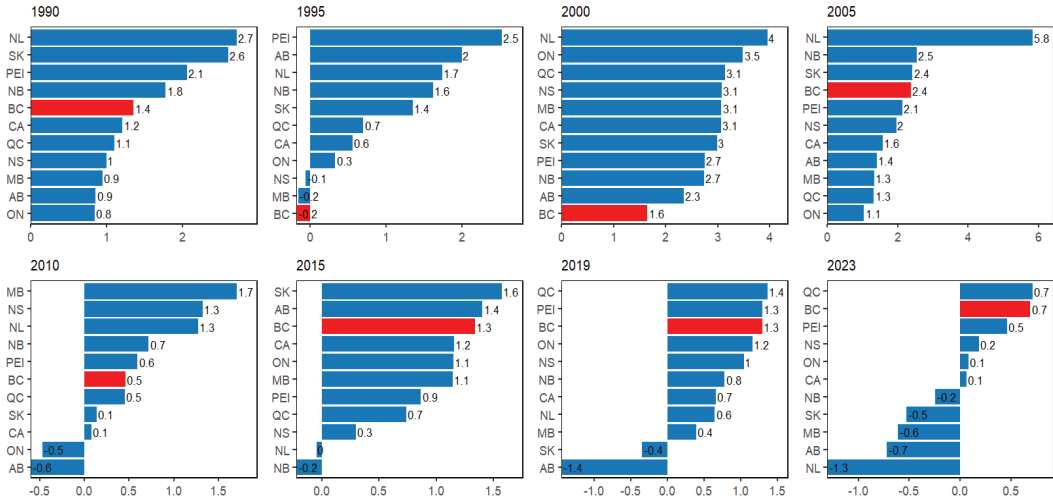
Source: Statistics Canada, Central 1

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Additional Charts

# Real GDP per capita, 5-year growth

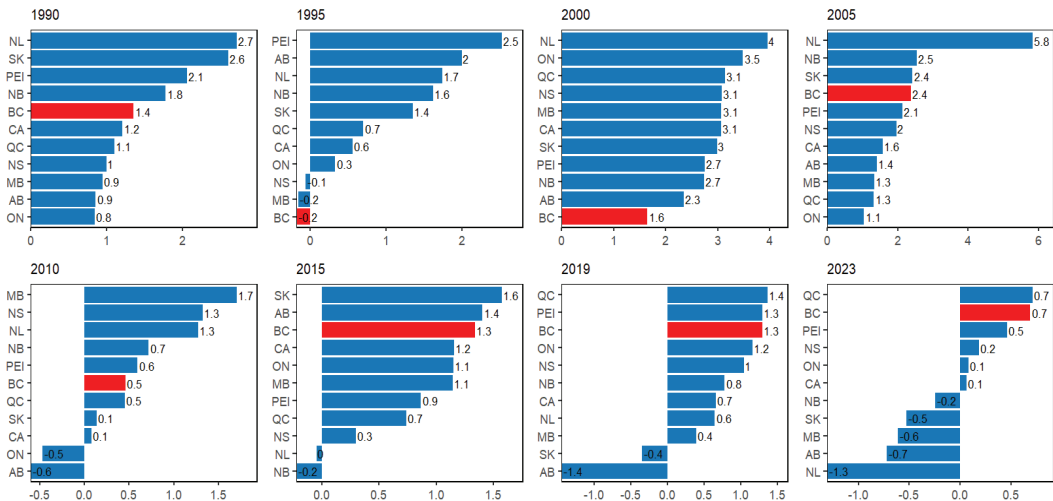
Real GDP growth per capita 5 year growth, ann. %



Source: Statistics Canada, Central 1

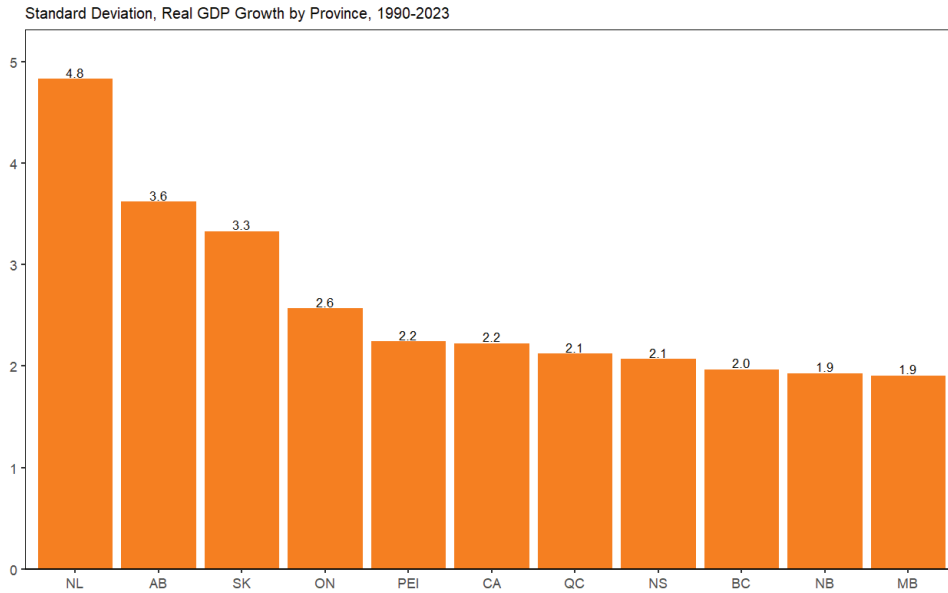
# Real GDP per capita, 5-year growth

Real GDP growth per capita 5 year growth, ann. %



Source: Statistics Canada, Central 1

## Provincial growth volatility



Source: Statistics Canada, Central 1

### Terms

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