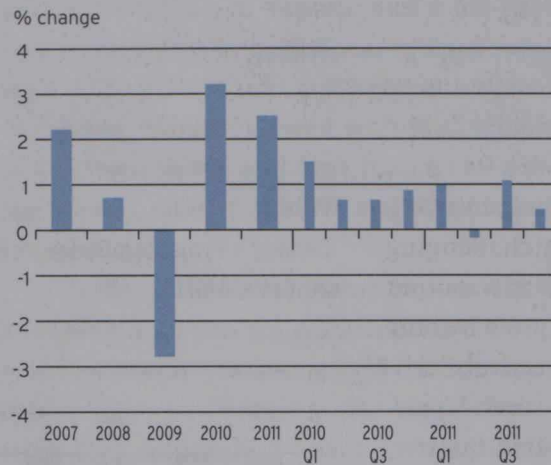


FIGURE 3-2
Canadian Real GDP Growth, 2007-2011



Source: Statistics Canada

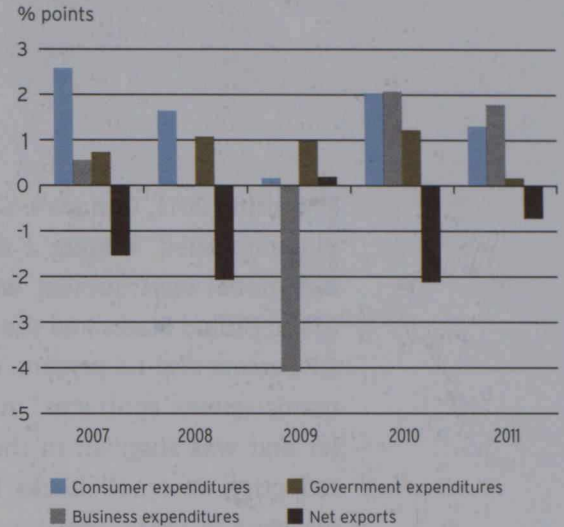
generated considerable uncertainty, but growth picked up again in the second half of the year as the outlook improved. Growth slowed again in the fourth quarter due to the resurgence of the eurozone crisis.

Contributions to Real GDP Growth

Analysis of the expenditure components of GDP (Figure 3-3) shows that most of the GDP growth in 2011 was due to increased business expenditures, which contributed 1.79 percentage points to the increase in real output (nearly three quarters of the whole). Business investment grew at a very brisk pace in 2011, at 10.2 percent for the year.

The bulk of the growth in business investment came from investment in machinery and equipment, which grew at 13.7 percent. Growth in investment in industrial machinery was particularly strong, at 23.4 percent. Rapid growth occurred in computers and other office equipment (up 19.6 percent); trucks (up 19.4 percent); and agricultural machinery (up 18.7 percent). In contrast,

FIGURE 3-3
Contribution to Real GDP Growth, 2007-2011



Source: Statistics Canada

investment in furniture (up 5.4 percent), software (up 3.5 percent) and automobiles (up 0.7 percent) grew more slowly.

Business investment in non-residential structures (manufacturing plants) grew at the same pace as investment in machinery and equipment (13.7 percent). Investment in engineering structures drove this growth with a 17.2-percent increase, while investment in buildings grew more slowly at 4.6 percent.

Investment in residential structures advanced only 2.3 percent in 2011, a sharp slowdown from 10.1 percent in 2010. Growth in the value of new housing construction (up 1.6 percent) and renovations (up 1.7 percent) lagged behind the increases in ownership transfer costs (up 5.5 percent). Sales of new dwellings (including land), were down 5.4 percent last year, with sales of single dwellings decreasing more sharply, at 7.3 percent; sales of multiple dwellings contracted 2.1 percent.