

Sector Profile

Accommodation and Food Services

Atlantic Region

2024



HIGHLIGHTS

- Accommodations and food services (AFS) is seasonal in nature with business coinciding heavily with the region's tourist season. As such, activity tends to peak during the summer months, when visitor spending is at its peak.
- AFS workers are younger-than-average, as 40.3% of all workers in the industry are aged 15 to 24 years, which is about triple the all-industry average of 13.4%. This industry also has higher-than-average part-time worker representation (37.9% vs. 16.1%).
- Employment rose in 2023 due to an increasing number of tourist visits and domestic population growth. With this elevated demand came more labour shortages throughout the region, as existing labour supply issues were amplified.
- AFS employment growth in Atlantic Canada is expected to be slightly higher than the all-industry average. Risks to this outlook include a higher-than-expected number of business insolvencies and increasing input costs.

ABOUT THE INDUSTRY

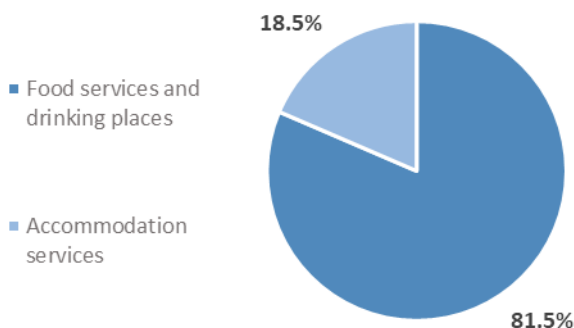
Composition and Importance of the Sector

AFS activity is seasonal in nature with business picking up during spring and peaking in the summer months. Major visitor markets (outside of those travelling from within the Atlantic region) include Ontario, Quebec and the U.S.

Food services and drinking places make up the majority of AFS employment, at roughly four-fifths (81.5%) of all jobs. Accommodation services comprises a much smaller share, at 18.5%. There are a vast number of AFS businesses that employ a small amount of people as many restaurants and accommodation services in the industry are small businesses and/or family owned.

Real GDP in AFS grew by 5.1%, from 2022 to 2023, compared to 0.4% for all industries. The average annual rate of real GDP growth from 2014 to 2023 was -0.1%, compared to 0.9% across all industries.

Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2023



Geographic Distribution of Employment

As can be seen in the table to the right, AFS employment is more prevalent in Prince Edward Island (P.E.I.), compared to the Atlantic share, at 6.4%. Meanwhile, New Brunswick (N.B.) is underrepresented, at 5.5%, while Newfoundland and Labrador (N.L.) and Nova Scotia (N.S.) are consistent with the Atlantic average.

Since tourism drives much of the activity in this industry, urban areas and tourist attractions typically have higher concentrations of employment. This includes areas such as St. John's, Halifax, and Saint John. Areas with ports and/or airports also have more employment due to the increased traffic.

	Employed 2023	Industry Share (%)
Atlantic Canada	71,300	5.9%
Newfoundland and Labrador	14,300	6.0%
Prince Edward Island	5,700	6.4%
Nova Scotia	30,100	6.0%
New Brunswick	21,200	5.5%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

AFS workers are younger-than-average, with 40.3% of all workers in the industry being within the range of 15 to 24 years old. This is about triple the all-industry average of 13.4%. Female workers have above-average representation as well, at 60.1% (compared to 49.3% across all industries).

The share of part-time AFS workers (37.9%) is more than double that of the all-industry average (16.1%). This is largely due to the fact that the industry relies heavily on high school and post-secondary students to fill positions. A natural outcome of this reliance on students is that average educational attainment is lower. Nearly one-fifth of the workforce (18.2%) have not graduated high school, and only 16.8% possess a university degree. This is in contrast to rates of 7.6% and 30.4% across all industries.

Due to labour shortages, the AFS industry relies heavily on immigrants to fill jobs. According to the 2021 census, 10.8% of all workers are immigrants, relative to 6.5% across all industries. Temporary workers (both foreign and domestic), with an end date, are also more common in AFS due to industry employment peaking in the summer. About one-fifth (18.7%) of all AFS workers are temporary compared to 13.4% for all industries.

Main Occupations

Food counter attendants, kitchen helpers and related support occupations make up nearly a quarter (24.6%) of all jobs in the region. Cooks make up the next largest share (13.0%), followed by food and beverage servers (10.8%), food service supervisors (9.0%), and restaurant and food service managers (7.9%).

Food counter attendants, kitchen helpers and related support occupations increased in importance, between 2013 and 2023, as its share of the total AFS workforce rose by 4.5 percentage points (p.p.). The share of food service supervisors also increased, by 3.1 p.p. Meanwhile, declines were observed for food and beverage servers (-4.8 p.p.); cooks (-1.9 p.p.), and restaurant and food service managers (-0.3 p.p.).

Top 5 largest occupations	Employed 2023	% Share of Industry
Food counter attendants, kitchen helpers and related support occupations	17,500	24.6%
Cooks	9,250	13.0%
Food and beverage servers	7,700	10.8%
Food service supervisors	6,375	9.0%
Restaurant and food service managers	5,625	7.9%

Source: ESDC/Service Canada



RECENT HISTORY

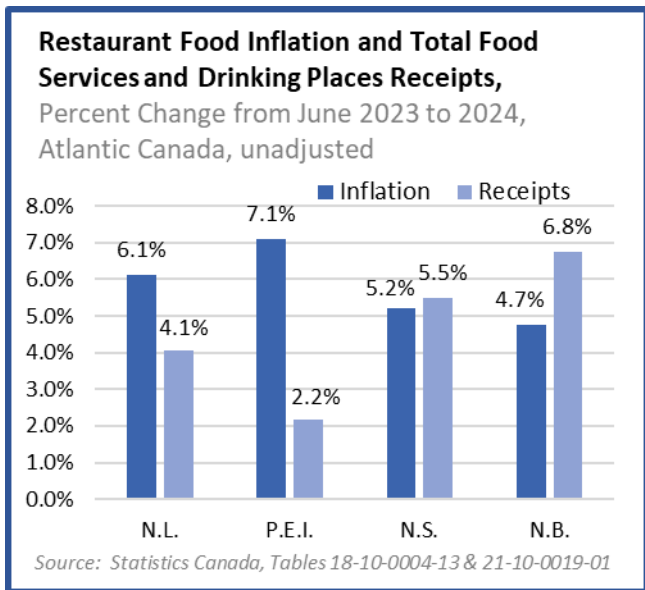
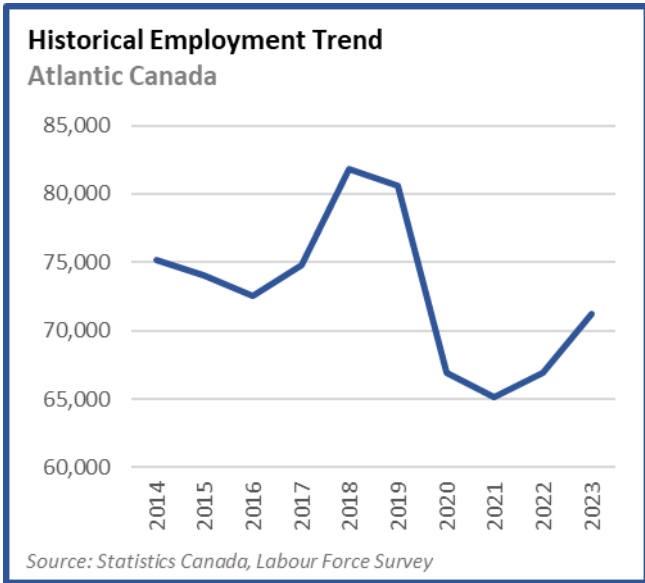
Employment rose in 2023 as the industry continues to recover from the economic effects of the COVID-19 pandemic restrictions. Industry stakeholders expect employment to approach pre-pandemic levels in 2024.

Increased demand due to a rebound in travel likely drove much of the increase as more people were taking trips, whether by automobile, cruise ships, and planes. Non-resident visitors to Atlantic Canada from the U.S. totalled roughly 915,000 in 2023, which is 83.4% of its 2019 (pre-pandemic) level but 51.6% higher than 2022. Meanwhile, non-American visitors totalled about 112,000 which is 77.3% of its 2019 level and 17.1% higher than 2022. Population growth also played a role, as there were more local inhabitants to consume these services.

Labour shortages have been a persistent issue within this industry for a number of years. Some factors impacting labour supply include unattractive wages, geographic barriers (some rural and coastal facilities are located far from potential workforces), lack of housing and transportation infrastructure, as well as the availability of less demanding and/or more secure work (a lot of AFS employment is seasonal and part-time). Certain industries and regions are also highly dependent on students and foreign workers, so recent (and future) changes to temporary foreign worker (TFW) and international student streams have the potential make these shortages more pronounced.

Companies have been employing a variety of recruitment efforts, including raising wages, offering financial incentives and paid vacation, and increasing schedule flexibility. Technological innovations, including online reservations and ordering, as well as food automation, are useful tools that businesses use to reduce their dependence on labour.

Both restaurant food inflation and food services and drinking places receipts have increased substantially from June 2023 to 2024, in Atlantic Canada. Restaurant food inflation rose significantly higher than receipts in Prince Edward Island and Newfoundland and Labrador, indicating that consumers were going out to eat less and/or ordering less food. Food service and drinking places receipts rose more than restaurant food inflation in N.B. and were similar in N.S.



Restaurant food prices have risen largely due to increasing commercial rent, ingredient, and insurance prices for operators. This is a major concern for businesses as it potentially lowers their profit margin and decreases the number of customers through rising prices. Reduced operating hours post-COVID and lower discretionary income stemming from high inflation are also challenges for the industry, but pressures have begun to ease in recent months.

High levels of debt and business closures from repayments of the Canada Emergency Business Account (CEBA) loans are extremely concerning for the industry. Operators can only sustain the debt for a short period of time, so more closures and insolvencies are likely in the short term.

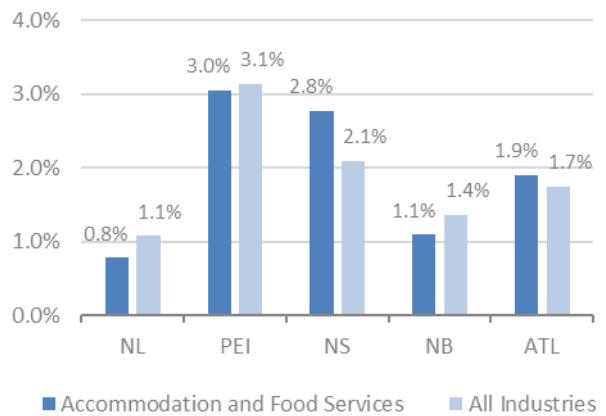
OUTLOOK

AFS Employment growth from 2024 is projected to be well above the all-industry average in N.S. and is expected to be similar to that of all industries in N.L., P.E.I., and N.B. Prince Edward Island is expected to lead all provinces, at 3.0%, followed by Nova Scotia (2.8%), New Brunswick (1.1%) and Newfoundland and Labrador (0.8%)

Positive growth expectations are largely due to rising business traffic via tourism and population growth. Further interest rate reductions represent an upside risk, as this could lead to expansionary investment. Lower inflationary pressures should free up more spending money for trips and restaurants for households.

Business insolvencies are expected to remain a major risk to employment growth in the near future. Closures have already been increasing and are largely a result of the CEBA loans becoming due for businesses who took out loans to stay open during the pandemic. Higher input prices, rents/mortgages, and insurance costs tightened budgets also have the potential to reduce employment growth. Restrictions of temporary workers and international students represent additional factors.

Projected Average Annual Employment Growth Rate (%), Atlantic Provinces, 2024-2026



Source: ESDC/Service Canada

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

The analysis in this report was finalized as of **September, 2024**.

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APPENDIX

Real GDP (2023) and Employment (2023) for Atlantic Canada						
	Accommodation and Food Services			All Industries		
	Number	Share of Total	AAGR*	Number	Share of Total	AAGR*
Real GDP (M\$)	\$2,428.9	100.0%	-0.1%	\$114,774.4	100.0%	0.9%
Newfoundland and Labrador	\$552.4	22.7%	-0.6%	\$28,950.2	25.2%	-0.5%
Prince Edward Island	\$243.9	10.0%	3.7%	\$7,267.1	6.3%	2.5%
Nova Scotia	\$962.4	39.6%	-0.3%	\$43,765.1	38.1%	1.5%
New Brunswick	\$670.2	27.6%	-0.5%	\$34,792.0	30.3%	1.1%
Employment (000s)	71.3	100.0%	-0.5%	1210.0	100.0%	0.8%
Male	28.4	39.9%	0.9%	613.0	50.7%	0.8%
Female	42.9	60.1%	-1.4%	597.0	49.3%	0.8%
15-24 years old	28.8	40.3%	-0.5%	161.8	13.4%	0.8%
25-54 years old	33.3	46.7%	-0.6%	765.4	63.3%	0.5%
55 years and older	9.3	13.0%	-0.2%	282.7	23.4%	1.6%
Worked full-time	44.3	62.1%	-0.8%	1015.6	83.9%	0.9%
Worked part-time	27.0	37.9%	-0.1%	194.4	16.1%	0.2%
Self-employed	4.2	5.8%	-2.7%	124.5	10.3%	-0.7%
Employees	67.1	94.2%	-0.4%	1085.4	89.7%	1.0%
Permanent job	53.8	75.4%	-0.3%	923.3	76.3%	1.4%
Temporary job	13.3	18.7%	-0.7%	162.1	13.4%	-1.1%
Less than high school	12.9	18.2%	-2.7%	92.1	7.6%	-2.6%
High school graduate	27.1	38.0%	-2.2%	284.9	23.5%	-0.4%
Postsecondary cert. or diploma	19.3	27.1%	1.5%	465.0	38.4%	0.6%
University degree	12.0	16.8%	4.3%	367.9	30.4%	3.3%
Newfoundland and Labrador	14.3	20.0%	-0.4%	236.8	19.6%	-0.1%
Prince Edward Island	5.7	8.0%	1.0%	89.0	7.4%	2.0%
Nova Scotia	30.1	42.2%	-0.5%	497.8	41.1%	1.1%
New Brunswick	21.2	29.7%	-1.0%	386.5	31.9%	0.8%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

*Average annual growth rate for last ten years of available data (GDP 2014-23 and Employment 2014-23)

