



# Sectoral Profile

## Accommodations and Food Services

### Atlantic Region

2018



#### KEY HIGHLIGHTS

- Growth in Atlantic Canada's Accommodation and Food Services (AFS) sector has been fairly steady over the last decade, benefitting from increases in consumer spending and tourism. Within the sector, growth has been concentrated on the food services side, while activity in accommodation services remained stable.
- The sector comprises a relatively small share of overall gross domestic product (GDP) in the region, ranging from 1.7% in Newfoundland and Labrador to 3.3% in Prince Edward Island.
- Employment has also grown over the past decade, though not to the same extent that GDP has. This partially reflects staffing challenges faced by employers.
- Overall employment in the region's accommodation and food services sector is expected to see a modest increase over the 2018-2020 forecast period, with some variation at the provincial level. Employment in NS and NB is expected to match the Atlantic projection, with stronger growth expected in PEI and a mild contraction in NL.

#### INDUSTRY PROFILE

The Accommodations and Food Services (AFS) sector encompasses traveller and recreational accommodations like hotels, bed and breakfasts (B&B's), campgrounds, recreational vehicle (RV) parks, and rooming and boarding houses as well as all restaurants and drinking establishments and other food services including catering. The AFS sector in Atlantic Canada amounted to \$2.2 billion in 2017 or 2.2% of the regional economy.<sup>1</sup>

Food services and drinking places accounted for the majority of economic activity in the sector (comprising 71.9% of regional AFS GDP) with the remainder made up by accommodation services. Within the food services and drinking places category, full-service restaurants (sit down restaurants with a wait staff) and limited service eating places (like fast food restaurants) accounted for the large majority of activity, with a small proportion owing to special food services (such as caterers) and drinking places (like bars). With respect to the accommodation services category, almost all of the economic activity was comprised of traveller accommodations (i.e. hotels and motels), with a small amount made up by RV parks and camps as well as rooming or boarding houses.<sup>2</sup>

Though tourism is an important driver for the sector, with many of its customers coming from out of province or out of country, a lot of the business is locally driven: around 71% of the dollar value of accommodations, prepared food and drinks produced in each province are consumed by customers from within the province. A further 21% is consumed by residents from other provinces and about 8% is consumed by international visitors. Prince Edward Island is a notable exception, where out-of-province customers account for a much larger share of consumer spending (about 40%) while Island residents account for less (51%). Perhaps unsurprisingly, tourism is more important for the accommodations subsector than it is for food services. At the Atlantic region level, customers from within province account for 76% of spending on food services compared to just 47% of spending on accommodations.<sup>3</sup>

The Accommodations and Food Services sector employed 80,800 workers in the Atlantic region in 2018, which amounts to 7.3% of total employment in the region. This compares to 6.6% nationally. The sector accounts for a much larger share of employment than it does of GDP for several reasons.<sup>4</sup> First, the prevalence of part-time work in the sector (35.0% of workers in 2018) is much higher than it is in the overall workforce (16.2%).<sup>5</sup> Second, seasonal work is also more prevalent in the sector (7.4% of workers were seasonal in 2018) compared to the total workforce (5.7%).<sup>6</sup> Finally, hourly labour productivity<sup>7</sup> in the sector is about one-third of what it is in the business sector overall (\$15.52 of added-value per hour compared to \$47.33 per hour overall).<sup>8</sup>

Looking at employment by sub-sector, full and limited service restaurants employed almost 75% of the workers in the sector, with another 15.4% employed by traveller accommodations and 7.0% employed by special food services. Alcoholic drinking places, RV parks and camp grounds and room and boarding houses made up the remaining 3.6% of employment.

Table One Employed Labour Force - Accommodations and Food Services Atlantic Canada and Canada		
	Atlantic	Canada
Accommodation and food services	100%	100%
Accommodation services	16.6%	13.9%
Traveller accommodation	15.4%	12.7%
Recreational vehicle (RV) parks and recreational camps	1.0%	1.1%
Rooming and boarding houses	0.1%	0.2%
Food services and drinking places	83.4%	86.1%
Special food services	7.0%	5.9%
Drinking places (alcoholic beverages)	2.5%	2.2%
Full-service restaurants and limited service eating places	73.9%	78.0%

Source: Statistics Canada, 2016 Census of Canada, Table 98-400-X2016290

Workers in the AFS sector are predominantly female – women account for 61.0% of the sector total. Though the largest share of workers (49.0%) are in the core-aged cohort (25 to 54 years of age), youths (persons 15-24 years of age) account for the next highest share, at 36.5%, which is significantly higher relative to the overall workforce (at 12.9%). The share of older workers (ages 55 and over) in the sector has grown steadily since 2000, from 5.2% to 14.2% in 2018.<sup>9</sup>

## RECENT HISTORY

The accommodations and food services sector has seen rapid growth over the past decade, with GDP increasing at an average annual rate of 1.5% from 2007 to 2017. This far exceeds the average growth rate in the overall Atlantic economy of 0.4% annually. All of the growth in the sector was in the food services and drinking places

sub-sector, which averaged annual growth of 2.3% over the same period, while accommodation services was unchanged.<sup>10</sup>

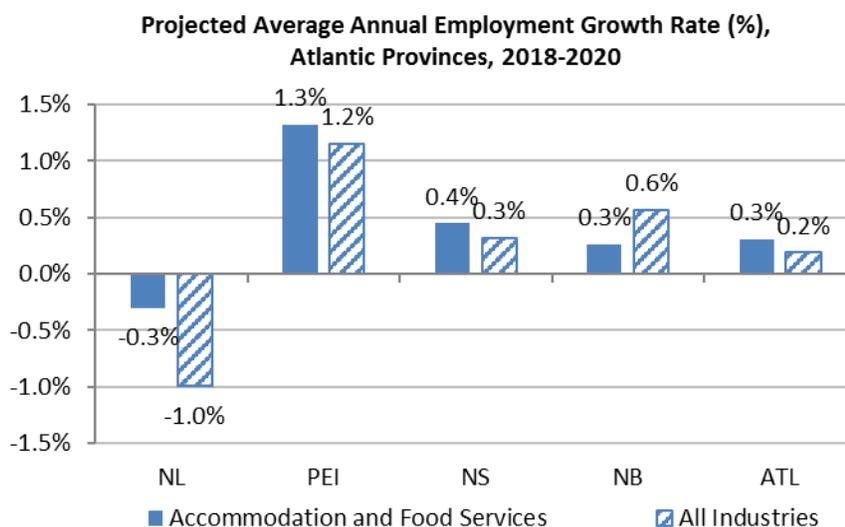
Growth in the sector has been driven by two trends. First, steady increases in population and wages have boosted local demand for restaurant and drinking establishments. Especially in the last three years, an influx in immigration in the region has pushed population growth to recent highs.<sup>11</sup> Second, the lower value of the Canadian dollar internationally since 2014 has made travel to the region relatively less expensive for international tourists.

AFS employment in the region has grown by an average annual rate of 0.8% over the past decade. Most of the growth occurred from 2017 to 2018, when sectoral employment in the region reached a historic high of 80,800.<sup>12</sup>

The sector's employment growth has lagged behind its GDP growth as employers have struggled to fill job vacancies. After health care and social assistance, the AFS industry has the largest number of job vacancies in the Atlantic region (with just under 4,200 vacancies reported in Q3 of 2018). Measured as a share of total employment in the sector, accommodations and food services had the highest job vacancy rate of any sector in the region, with the number of vacancies equal to 4.8% of the total number of employees.<sup>13</sup> A recent survey of New Brunswick tourism operators cited chefs, housekeeping, cleaning and front desk staff as the hardest positions to fill. Though many new restaurants have been opening across the region to meet growing demand, some have closed permanently or temporarily, citing staffing issues as the cause.<sup>14,15</sup>

## EXPECTED OUTLOOK

Employment in Atlantic Canada's accommodations and food services sector is expected to see modest growth over the 2018-2020 forecast period. On the positive side, improving economic conditions and population gains will contribute to local consumer spending while the low Canadian dollar and government support for tourism infrastructure projects will drive continued strength in tourism. However, employment growth is expected to be limited by persisting staffing issues.



Source: Employment and Social Development Canada / Service Canada, *Regional Occupational Outlooks in Canada, 2018-2020*

The outlook for this industry varies at the provincial level. In Newfoundland and Labrador, tourism-driven gains to accommodations is expected to be offset by reductions in food and beverage services as weaker economic

conditions locally slow consumer confidence and disposable income. In Prince Edward Island, where tourism contributes a larger share of the industry's economic activity, boosted tourism numbers are expected to result in a bigger impact on employment. In Nova Scotia and New Brunswick, expectations for sectoral employment growth are more in line with the regional average.

## SUB-REGIONAL DYNAMICS

### Newfoundland and Labrador

- The AFS sector in Newfoundland and Labrador produced \$521.6 million in direct economic activity in 2017, accounting for 1.7% of total GDP. The industry has averaged 2.7% growth in GDP over the past decade. While most of that growth was driven by gains in the food services and drinking places subsector, Newfoundland and Labrador was the only Atlantic province that also experienced increased accommodation services during that time.<sup>16</sup>
- Much of the growth in the past decade occurred between 2008 and 2014 (which marked the oil industry downturn). Since then, activity in the sector has been relatively flat.
- Employment growth in the industry averaged 1.3% per year since 2008, reaching a peak of 16,000 in 2018.<sup>17</sup>

### Prince Edward Island

- Prince Edward Island's AFS sector produced \$180.1 million in GDP in 2017. The sector accounted for 3.3% of total GDP, the highest of any province.<sup>18</sup>
- Growth in the sector has been especially rapid since 2012, following five years of stability.
- Average annual growth in sectoral GDP of 2.2% over the past decade was driven by food services and drinking places. GDP in the accommodation services side of the industry was virtually unchanged over the same time frame.
- Employment in the sector grew by an annual average of 1.4% from 2008 to 2018.<sup>19</sup>
- Consumer spending in PEI's AFS sector is largely driven by out of province visitors (which account for just over half of all spending) than it is in the other Atlantic provinces (where out of province spending accounts for around 30% or less of the total). Conversely, Islanders account for just a quarter of all spending in the sector, significantly less than in other Atlantic provinces, where own-province spending accounts for just under half of the total.<sup>20</sup>

### Nova Scotia

- The AFS sector in Nova Scotia produced \$891.9 million in GDP in 2017, equal to 2.5% of provincial GDP. The industry saw steady growth over the past decade, averaging 1.1% per year.<sup>21</sup>
- Gains have been driven by the food services and drinking places side of the industry, while activity in accommodation services declined.
- Employment in the sector spiked to a high of 35,500 in 2018, following a period of relative stability since 2002.<sup>22</sup>

### New Brunswick

- New Brunswick's AFS sector produced \$633.4 million in GDP in 2017, accounting for 2.1% of the provincial total. Since 2007, GDP growth in the sector has averaged 1.0% per year.<sup>23</sup>
- Employment in the sector has been relatively stable over the past decade, with 23,300 employees in 2018, just slightly below the level in 2008.<sup>24</sup>

## APPENDIX

**Table Two**  
**Real GDP (2017) and Employment (2018) for Atlantic Canada**

	Accommodation and Food Services			All Industries		
	Number	Share of		Number	Share of	
		Total	AAGR*		Total	AAGR*
Real GDP (M\$)	\$2,227.0	100.0%	1.5%	\$103,262.4	100.0%	0.4%
Newfoundland and Labrador	\$521.6	23.4%	2.7%	\$31,585.2	30.6%	-0.3%
Prince Edward Island	\$180.1	8.1%	2.2%	\$5,540.0	5.4%	1.5%
Nova Scotia	\$891.9	40.0%	1.1%	\$35,955.4	34.8%	0.8%
New Brunswick	\$633.4	28.4%	1.0%	\$30,181.8	29.2%	0.4%
Employment (000s)	80.8	100.0%	0.8%	1111.0	100.0%	0.1%
Male	31.4	38.9%	2.2%	562.8	50.7%	0.1%
Female	49.3	61.0%	0.0%	548.2	49.3%	0.1%
15-24 years old	29.6	36.6%	-0.8%	143.3	12.9%	-1.4%
25-54 years old	39.7	49.1%	1.0%	709.4	63.9%	-0.7%
55 years and older	11.6	14.4%	5.8%	258.3	23.2%	3.7%
Worked full-time	52.5	65.0%	1.1%	930.8	83.8%	0.1%
Worked part-time	28.3	35.0%	0.2%	180.2	16.2%	-0.2%
Self-employed	5.6	6.9%	-0.7%	131.1	11.8%	-0.2%
Employees	75.2	93.1%	0.9%	979.9	88.2%	0.1%
Permanent job	60.7	75.1%	1.2%	804.9	72.4%	0.3%
Temporary job	14.5	17.9%	-0.3%	175.0	15.8%	-0.5%
Less than high school	17.7	21.9%	-2.5%	106.6	9.6%	-4.4%
High school graduate	33.6	41.6%	0.7%	278.9	25.1%	-1.0%
Postsecondary cert. or diploma	19.3	23.9%	2.2%	435.8	39.2%	0.6%
University degree	10.2	12.6%	7.2%	289.6	26.1%	2.9%
Newfoundland and Labrador	16.0	19.8%	1.3%	225.3	20.3%	0.2%
Prince Edward Island	6.2	7.7%	1.4%	76.0	6.8%	1.0%
Nova Scotia	35.3	43.7%	1.2%	455.9	41.0%	0.1%
New Brunswick	23.3	28.8%	-0.2%	353.8	31.8%	-0.2%

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 2008-17 and Employment 2009-18)

**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.

**Prepared by:** Labour Market Analysis Directorate, Service Canada, Atlantic Region

**For further information,** please contact us at: [NC-LMI-IMT-GD@hrsdc-rhdcc.gc.ca](mailto:NC-LMI-IMT-GD@hrsdc-rhdcc.gc.ca)

© Her Majesty the Queen in Right of Canada as represented by Employment and Social Development Canada, 2019, all rights reserved

---

<sup>1</sup> Statistics Canada. Table 36-10-0402-01.

<sup>2</sup> Statistics Canada. Table 36-10-0402-01.

<sup>3</sup> Statistics Canada. Table 36-10-0478-01.

<sup>4</sup> Statistics Canada. Table 14-10-0023-01.

<sup>5</sup> Statistics Canada. Table 14-10-0023-01.

<sup>6</sup> Statistics Canada. Table 14-10-0072-01.

<sup>7</sup> Hourly labour productivity is defined as the dollar value of goods and/or services produced per hour worked.

<sup>8</sup> Statistics Canada. Table 36-10-0480-01.

<sup>9</sup> Statistics Canada. Table 14-10-0023-01.

<sup>10</sup> Statistics Canada. Table 36-10-0402-01.

<sup>11</sup> Statistics Canada. Table 17-10-0008-01.

<sup>12</sup> Statistics Canada. Table 14-10-0023-01.

<sup>13</sup> Statistics Canada. Table 14-10-0326-01.

<sup>14</sup> Huddle: <https://huddle.today/popular-vietnamese-restaurant-is-closing-in-downtown-fredericton/>

<sup>15</sup> Radio Canada: <https://ici.radio-canada.ca/nouvelle/1118987/penurie-cuisiniers-restaurants-nouveau-brunswick>

<sup>16</sup> Statistics Canada. Table 36-10-0402-01.

<sup>17</sup> Statistics Canada. Table 14-10-0023-01.

<sup>18</sup> Statistics Canada. Table 36-10-0402-01.

<sup>19</sup> Statistics Canada. Table 14-10-0023-01.

<sup>20</sup> Statistics Canada. Table 36-10-0478-01.

<sup>21</sup> Statistics Canada. Table 36-10-0402-01.

<sup>22</sup> Statistics Canada. Table 14-10-0023-01.

<sup>23</sup> Statistics Canada. Table 36-10-0402-01.

<sup>24</sup> Statistics Canada. Table 14-10-0023-01.