Sectoral Profile

Accommodation and Food Services

NAICS 72

Ontario

2022-2024

HIGHLIGHTS

- There were 356,300 people employed in the Ontario accommodation and food services industry, comprising 4.8% of Ontario's workforce in 2021.
- Employment in the Ontario accommodation and food services industry increased by 5.4% in 2021.
- Employment is expected to grow over the 2022-2024 forecast period in the Ontario accommodation and food services industry, supported by a continued recovery in spending on accommodation and food services.
- The accommodation and food service industry is grappling with labour shortages for staff, somewhat limiting this sector's employment growth.

ABOUT THE SECTOR

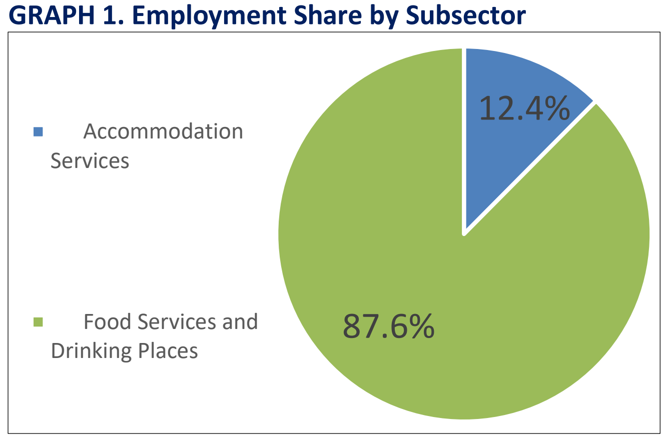
Composition and importance of the sector

The accommodation and food services industry is comprised of two key sub-industries,

a) Accommodation services
b) Food services and drinking places

In Ontario, the accommodation and food services industry comprised 4.8% of the provincial workforce in 2021, with 356,300 people employed. There was a similar proportion (5.1%) employed in the accommodation and food services industry in the Canadian workforce. Provincial employment in this industry increased by 5.4% over 2021, after a decrease of 24.7% in 2020, as this industry had the sharpest decrease in employment among all industries over the last two years due to the Covid-19 pandemic.

GRAPH 1. Employment Share by Subsector



Source: Statistics Canada, Labour Force Survey

The Ontario accommodation and food services industry contributed to 1.5% of the provincial economy's gross domestic product (GDP) in 2021, up from 1.4% in 2020. Economic output from Ontario's accommodation and food services industry increased by 13.8% over the course of 2021.

Accommodation services accounted for about 12% of employment within Ontario's accommodation and food services industry in 2021. Food services and drinking places accounted for the other 88%, with full-service restaurants comprising the majority of employment in the sub-industry.

Geographical distribution of employment

Employment in the Ontario accommodation and food services industry is over-represented in the Muskoka-Kawarthas economic region (ER), and in Northwest Ontario. Accommodation and food services accounted for 7.4% of the Muskoka-Kawarthas workforce, compared to 4.8% for Ontario as a whole, while it accounted for 7.3% of employment in Northwest Ontario.

A large share of employment in the Ontario accommodation and food services industry is found in the Toronto ER (40.9%), followed by Hamilton-Niagara Peninsula (12.7%) and Kitchener-Waterloo-Barrie (12.0%). (See Table A1 in the appendix for a more detailed breakdown of employment by ER). Ontario represents 37.2% of the Canadian employment in accommodation and food services, lower than its share of Canada's employment as a whole (39.0%).

TABLE 1. Employment by Economic Region

Economic Region	Employed 2021	Sector Share (%)
Ottawa	32,800	9.2%
Kingston-Pembroke	12,300	3.5%
Muskoka-Kawarthas	13,000	3.6%
Toronto	145,800	40.9%
Kitchener-Waterloo-Barrie	42,800	12.0%
Hamilton-Niagara Peninsula	45,200	12.7%
London	19,900	5.6%
Windsor-Sarnia	18,800	5.3%
Stratford-Bruce Peninsula	7,100	2.0%
Northeast	11,300	3.2%
Northwest	7,200	2.0%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce characteristics

- **Females** accounted for about 56% of Ontario's accommodation and food services workforce in 2021, compared to 47.3% for all industries.
- **Youth, aged 15 to 24,** comprised 42.1% of those working in Ontario's accommodation and food services industry, far greater than the 12.8% for the workforce as a whole for all industries.
- Ontario's accommodation and food services industry had a far greater share of its employees working **part-time** (47.9%) compared to the provincial workforce (17.6%). The industry also had a greater share working in **temporary** roles (15.3%) compared to Ontario as a whole (11.5%).
- The **average hourly wage rate** in Ontario's accommodation and food services was $16.92 in 2021, far below the provincial average of $27.30, and near Ontario's minimum wage in 2021, which was $14.35.

TABLE 2. Top Five Occupations

	Employed 2021	Sector Share (%)
6711 Food counter attendants, kitchen helpers and related support occupations	110,000	30.9%
6322 Cooks	43,500	12.2%
0631 Restaurant and food service managers	41,200	11.6%
6513 Food and beverage servers	34,500	9.7%
6311 Food service supervisors	19,100	5.4%

Source: Statistics Canada, Labour Force Survey

RECENT HISTORY

Employment in the accommodation and food services sector was 452,300 in June 2019, pre-pandemic. In June 2022, when all mask mandates, travel restrictions and capacity limits were lifted, employment was 404,200 (-10.6% from June 2019).

Accommodation services: Tourism spending in Canada fell to a historic low during the pandemic, as tourism expenditures were cut in half from 2019 to 2020. However, from 2020 to 2021, tourism spending in Canada recovered slightly by 4.6%.

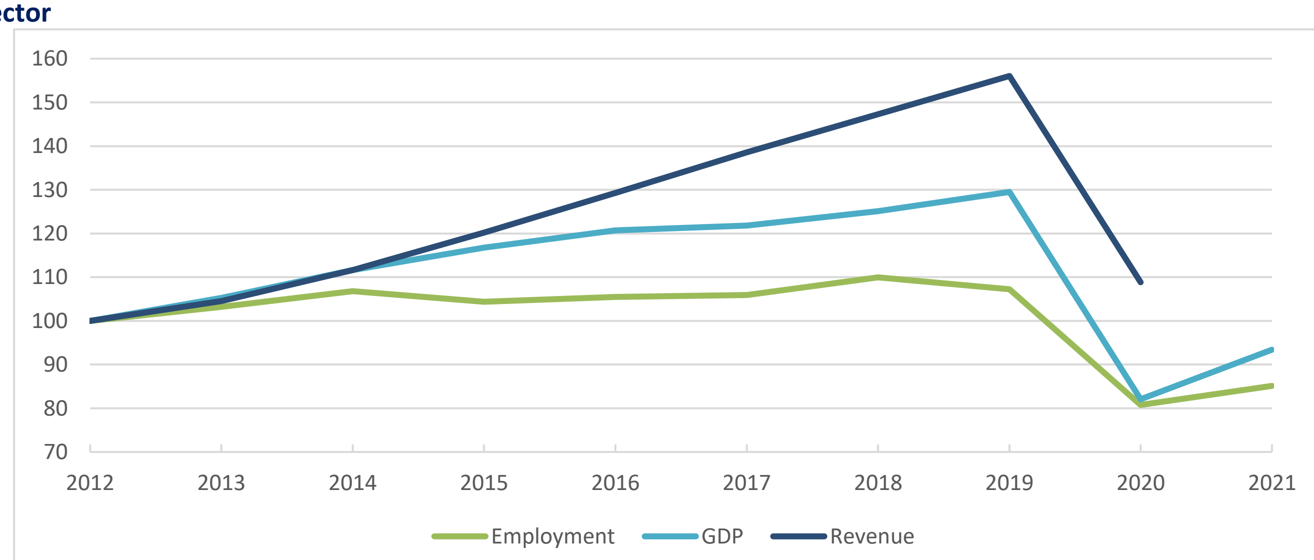
Hotels, motels, shared rental units and similar facilities, including student residences, were permitted to stay open as essential services throughout the pandemic. However, hotel occupancy rates in Ontario fell sharply from 2019 to 2020, going from 69% to 35%, a historical low. Hotel occupancy rates recovered in 2021 averaging 44% for the year, while it has averaged 55% from January to June 2022.

Food services and drinking places: Sales in food services and drinking places fell by over 30% from 2019 to 2020. Ontario was among the hardest-hit provinces, alongside Quebec and British Columbia. Sales have since recovered somewhat, growing by 13% between 2020 and 2021. However, sales in 2021 were still at only about 80% of its 2019 levels.

The provincial government enacted numerous temporary measures to help stem various waves of the pandemic in Ontario, which allowed restaurants and bars to open their indoor and/or patio dining capabilities to various capacity levels dependent on ever-evolving measures.

As such, usage of food delivery apps enjoyed significant growth through recent years due to the necessary physical distancing measures and mandated dining closures, bringing in both new customers and delivery persons.

GRAPH 2. Employment, Gross Domestic Product (GDP), revenue in Ontario's accommodation and food services sector



Sources: Statistics Canada, Labour Force Survey
** Data are expressed as index where year 2012 = 100%*

EMPLOYMENT OUTLOOKS

The outlook for Ontario's accommodation and food services industry is positive for the 2022-24 forecast period for workers, though growth may be limited by labour shortages.

Total economic activities in the Canadian tourism sector are projected to reach pre-pandemic levels in 2023, as the sector recovers from two years of border restrictions and weak demand. As of October 2022, all COVID-19 entry restrictions, as well as testing, quarantine, and isolation requirements for people entering Canada, were removed, boding well for the tourism components of the accommodation and food services industry.

Inflationary pressures on food input prices and labour costs are a major concern for both restaurants and customers in the short and medium-term, with menu prices rising accordingly. Potential patrons may be less likely to dine out due to more caution with their household spending, affecting demand for food services.

The accommodation and food service industry is grappling with labour shortages for staff amidst heightened wariness around physical, in-person work, unstable hours and working conditions, and low pay and poor benefits., All of these factors are pushing current and potential employees to other sectors as many staff recognize that other jobs with similar entry level requirements tend to have steadier hours, more upwards mobility and less reliance on tips., For example, workers might gravitate towards retail jobs instead of restaurant jobs because of the higher minimum wage and more stable hours. Worker attraction and retention will be a major challenge for this industry in the near-term future.

TABLE 3: Employment Change in Accommodation and Food Services: June 2019 vs. June 2022

ONTARIO	↓ (-48,100; -10.6%)
Ottawa	↓
Kingston-Pembroke	↓
Muskoka-Kawarthas	↓
Toronto	↓
Kitchener-Waterloo-Barrie	↓
Hamilton-Niagara Peninsula	↑
London	↓
Windsor-Sarnia	↓
Stratford-Bruce Peninsula	↓
Northeast	↓
Northwest	↓

Source: Service Canada

Key trends affecting the outlook of the accommodation and food services sector

- Removal of COVID-19 related restrictions, particularly for travellers entering Canada.
- Inflationary pressures both on restaurants and consumers.
- Labour shortages and workers leaving the industry for better working conditions elsewhere.

FOR FURTHER INFORMATION

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.*

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APPENDIX

TABLE A1. Geographical Distribution and Employment Outlooks of the Sector

	Share of Employment in Ontario (%)	Sector Share of Employment (%)
	Average 2019-2021	*Average 2019-2021*
Ontario	**100.0%**	**5.3%**
Ottawa	**9.4%**	**4.9%**
Kingston-Pembroke	**3.6%**	**6.4%**
Muskoka-Kawarthas	**3.2%**	**7.0%**
Toronto	**42.4%**	**4.6%**
Kitchener-Waterloo-Barrie	**11.3%**	**5.7%**
Hamilton-Niagara Peninsula	**12.7%**	**6.5%**
London	**5.0%**	**5.5%**
Windsor-Sarnia	**5.3%**	**6.8%**
Stratford-Bruce Peninsula	**2.1%**	**5.0%**
Northeast	**3.4%**	**5.2%**
Northwest	**1.8%**	**6.9%**

Sources: Statistics Canada, Labour Force Survey
Service Canada, Employment Outlooks

Canada

TABLE A2. Characteristics of Employed Persons

	Accommodation and Food Services			All Sectors	
	Employment, 2021	Share of Total (%)	AAGR (%)*	Share of Total (%)	AAGR (%)*
Employment (000s)	356,300	100.0%	-0.9%	100.0%	1.0%
Male	155,500	43.6%	-0.5%	52.7%	1.2%
Female	200,700	56.3%	-1.2%	47.3%	0.9%
15-24 years old	150,000	42.1%	-1.6%	12.8%	0.6%
25-54 years old	159,100	44.7%	-1.3%	64.8%	0.5%
55 years and older	47,200	13.2%	3.6%	22.3%	3.0%
Worked full-time	185,800	52.1%	-1.2%	82.4%	1.2%
Worked part-time	170,500	47.9%	-0.5%	17.6%	0.2%
Self-employed	36,100	10.1%	2.5%	15.0%	0.7%
Employees	320,100	89.8%	-1.2%	85.0%	1.1%
Permanent job	271,200	76.1%	-1.0%	75.3%	1.3%
Temporary job	48,900	13.7%	-2.3%	9.8%	0.1%
Less than high school	75,600	21.2%	-1.8%	6.1%	-2.8%
High school graduate	144,800	40.6%	-1.4%	23.1%	-0.6%
Postsecondary cert. or diploma	83,400	23.4%	-0.7%	31.8%	0.5%
University degree	52,500	14.7%	1.9%	38.9%	3.7%

Sources: Statistics Canada, Labour Force Survey
Service Canada, Employment Outlooks
** Average annual growth rate for last ten years available data*

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