

# QUARTERLY FORECAST



**Restaurants  
Canada**

The voice of foodservice | La voix des services alimentaires

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# Restaurants Canada Quarterly Forecast

## Highlights

Commercial foodservice sales in Canada are projected to have expanded by 5.2% in 2017. This is up slightly from the previous forecast for 4.9% growth.

In 2018, foodservice sales are forecast to moderate to 4.2% growth due to a slowdown in disposable income and high household debt.

After struggling in recent years, caterer revenues will rebound in 2018 with a 4.7% increase.

In 2019, slower economic activity and modest income gains will restrain foodservice sales with an expected 3.6% growth.

Higher labour costs will push up menu prices in many provinces in the coming years. In Ontario, menu prices are forecast to increase by 4% (or more) due to the impact of Bill 148.

Commercial foodservice sales in Canada are projected to advance by 5.2% in 2017. This represents a slight uptick compared to the previous forecast that called for sales to expand by 4.9%. The revised projection reflects stronger-than-expected gains in British Columbia and Quebec.

As a result, annual commercial foodservice spending is expected to surpass \$68 billion in 2017. Combined with non-commercial foodservice sales, total industry sales will reach a record \$84 billion.

In 2017, the restaurant industry benefitted from rising employment, improved consumer confidence, an increase in tourism and unit expansion.

Provincially, British Columbia and Quebec led the country due to healthy demand at full- and quick-service restaurants.

After leading the G7 countries in 2017, Canada's economy will face a number of headwinds in the coming years.

Canada's economy will slow to a more sustainable pace in 2018, as high household debt leads to a slowdown in consumer spending. Residential investment will contract in 2018 due to higher interest rates and new mortgage underwriting guidelines. A cloud of uncertainty surrounding the NAFTA negotiations could

have a detrimental impact on exports. As a result, Canada's economy is forecast to slow from 3% in 2017 to 2.1% in 2018 and 1.8% in 2019.

The slower pace of economic activity will restrain disposable income growth and retail sales over the forecast horizon.

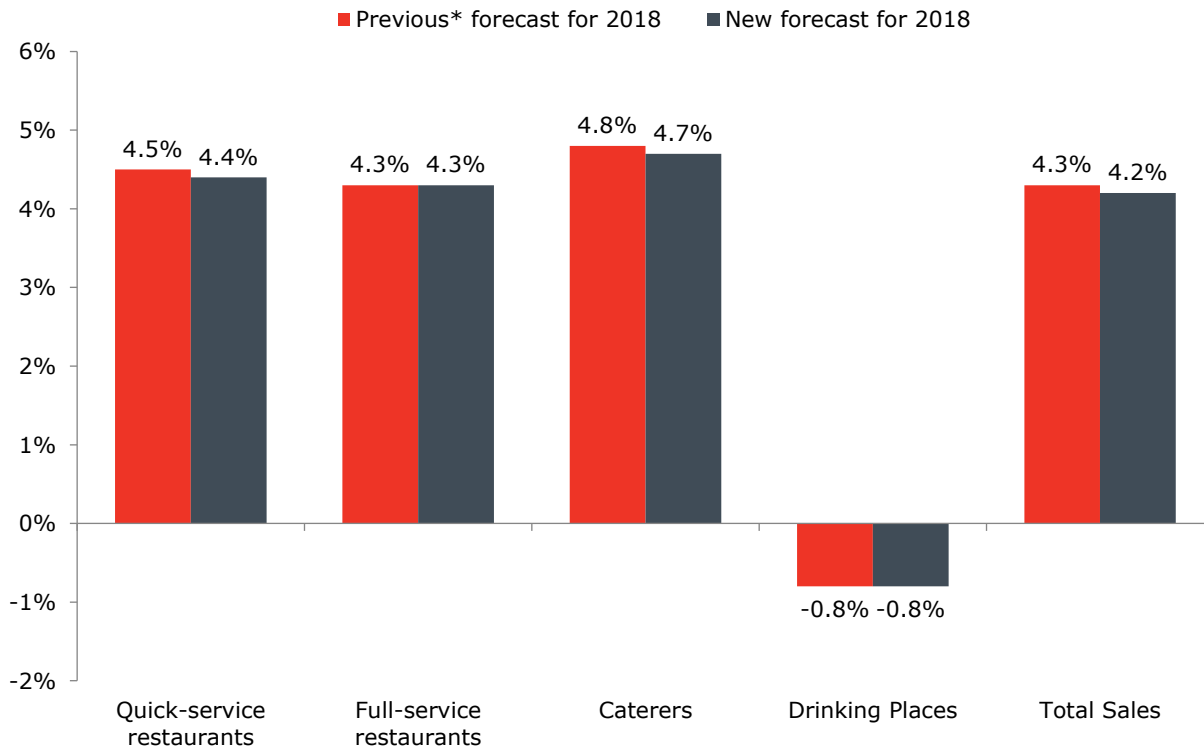
Following several years of strong gains, commercial foodservice sales are forecast to moderate to 4.2% growth in 2018. With household debt at record highs, consumers will watch their discretionary spending over the next few years. This will restrain sales growth at quick- and full-service restaurants.

However, improved commodity prices will lead to stronger growth in the natural resource industry. This should lead to a sustained rebound in caterer revenues.

Commercial foodservice sales are expected to grow by an additional 3.6% in 2019.

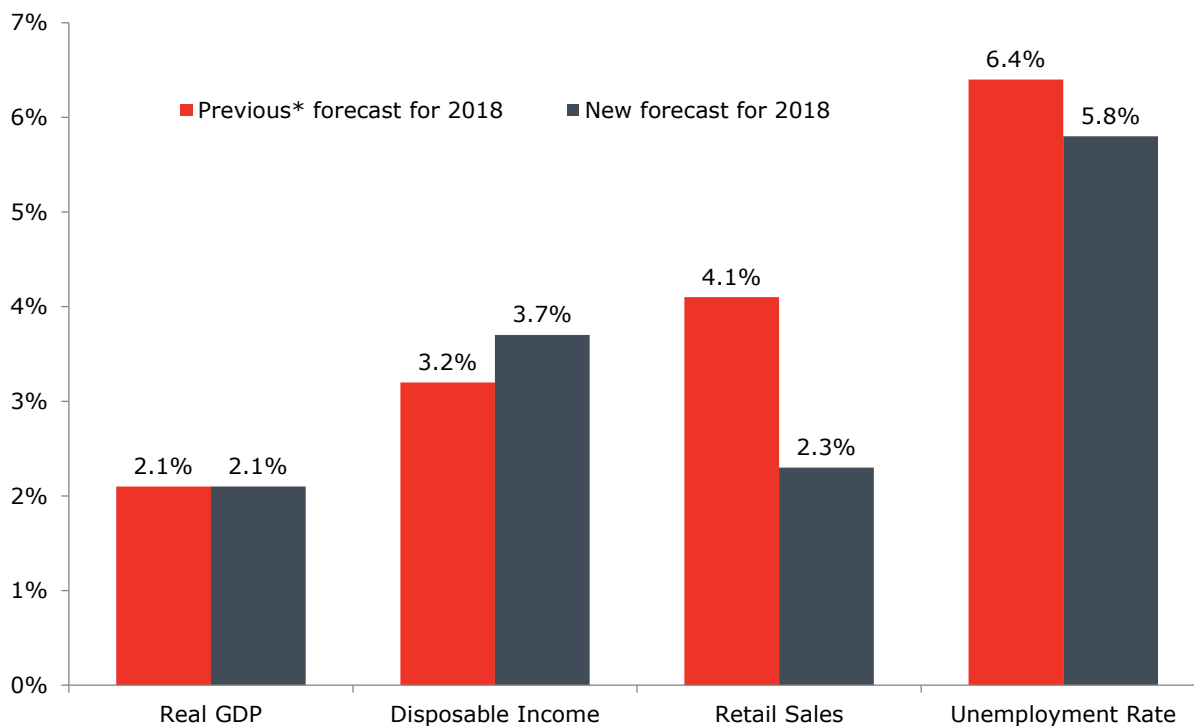
As operators grapple with higher labour costs, menu prices are forecast to climb in 2018 and 2019. In Ontario, menu prices are projected to increase by more than 4% due to the impact of Bill 148. This will push up overall menu inflation in Canada to 3.3% in 2018 compared to 2.6% in 2017.

## Comparison Between Previous and New Sales Forecast



\* Forecast from 2017-2021 Restaurant Industry Forecast, published in September 2017

## Comparison Between Previous and New Economic Indicators Forecast



Source: Conference Board of Canada

\* Forecast from 2017-2021 Restaurant Industry Forecast, published in September 2017

## Commercial Foodservice Sales Forecast

	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2	2018.3	2018.4	2019.1	2019.2	2019.3	2019.4	2017	2018	2019
Quick-service restaurant	\$6,760.7 5.0%	\$7,780.0 5.2%	\$8,206.3 6.0%	\$7,804.4 6.5%	\$7,112.3 5.2%	\$8,122.3 4.4%	\$8,559.2 4.3%	\$8,101.0 3.8%	\$7,368.3 3.6%	\$8,390.4 3.3%	\$8,833.0 3.2%	\$8,344.0 3.0%	\$30,551.4 5.7%	\$31,894.7 4.4%	\$32,935.7 3.3%
Full-service restaurants	\$6,624.0 5.5%	\$7,534.8 5.4%	\$8,134.6 6.0%	\$7,537.3 5.8%	\$6,902.2 4.2%	\$7,881.4 4.6%	\$8,484.3 4.3%	\$7,846.3 4.1%	\$7,178.3 4.0%	\$8,228.1 4.4%	\$8,849.2 4.3%	\$8,183.7 4.3%	\$29,830.6 5.7%	\$31,114.2 4.3%	\$32,439.3 4.3%
Caterers	\$1,232.7 0.9%	\$1,367.4 0.1%	\$1,446.5 5.5%	\$1,461.3 3.1%	\$1,296.8 5.2%	\$1,439.9 5.3%	\$1,510.2 4.4%	\$1,522.6 4.2%	\$1,348.7 4.0%	\$1,490.3 3.5%	\$1,575.1 4.3%	\$1,586.6 4.2%	\$5,507.9 2.5%	\$5,769.5 4.7%	\$6,000.6 4.0%
Drinking Places	\$555.9 -1.4%	\$613.8 -1.6%	\$631.7 0.6%	\$593.4 0.7%	\$552.6 -0.6%	\$608.9 -0.8%	\$626.6 -0.8%	\$588.6 -0.8%	\$546.5 -1.1%	\$601.6 -1.2%	\$619.1 -1.2%	\$581.6 -1.2%	\$2,394.8 -0.4%	\$2,376.7 -0.8%	\$2,348.8 -1.2%
Total Sales	\$15,173.3 4.6%	\$17,296.0 4.6%	\$18,419.1 5.8%	\$17,396.4 5.7%	\$15,863.8 4.6%	\$18,052.5 4.4%	\$19,180.3 4.1%	\$18,058.6 3.8%	\$16,441.7 3.6%	\$18,710.4 3.6%	\$19,876.5 3.6%	\$18,695.9 3.5%	\$68,284.7 5.2%	\$71,155.2 4.2%	\$73,724.4 3.6%
CPI-FAFH	1.446 2.3%	1.456 2.5%	1.466 2.6%	1.480 2.9%	1.494 3.3%	1.504 3.3%	1.514 3.3%	1.529 3.3%	1.539 3.0%	1.549 3.0%	1.560 3.0%	1.574 3.0%	1.462 2.6%	1.510 3.3%	1.555 3.0%
Real Sales	\$10,493.3 2.2%	\$11,879.1 2.1%	\$12,564.2 3.1%	\$11,756.7 2.7%	\$10,620.3 1.2%	\$12,002.6 1.0%	\$12,665.5 0.8%	\$11,814.3 0.5%	\$10,686.6 0.6%	\$12,077.7 0.6%	\$12,742.9 0.6%	\$11,875.0 0.5%	\$46,708.7 2.6%	47,117.356 0.9%	47,396.769 0.6%
Real GDP <sup>2</sup>	3.7%	4.3%	1.7%	2.6%	2.0%	2.0%	1.7%	1.6%	1.8%	1.8%	1.8%	1.8%	3.0%	2.1%	1.8%
Peris. Disp. Income	5.3%	4.9%	3.7%	3.7%	4.6%	3.7%	3.5%	2.9%	2.9%	3.1%	3.3%	3.4%	4.4%	3.7%	3.2%
Unemployment Rate <sup>3</sup>	6.7%	6.5%	6.2%	5.9%	5.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	6.3%	5.8%	5.8%
Inflation <sup>3</sup>	1.9%	1.4%	1.4%	1.5%	1.3%	1.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	1.5%	1.8%	2.1%

Source: Restaurants Canada, Statistics Canada and Conference Board of Canada

NOTE: 1. Shaded areas represent forecast periods. All percentage changes are period-over-period. CPI-FAFH refers to the consumer price index for food away from home, also known as menu inflation.  
2. Annualized quarter-over-quarter change.

3. Refers to actual value.