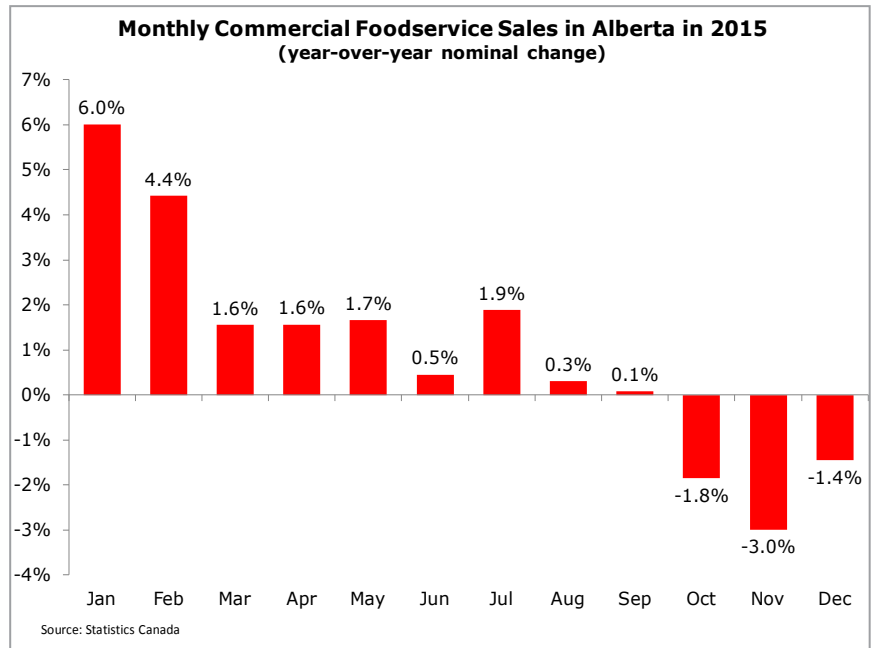




# CHALLENGING TIMES FOR ALBERTA'S RESTAURANT INDUSTRY

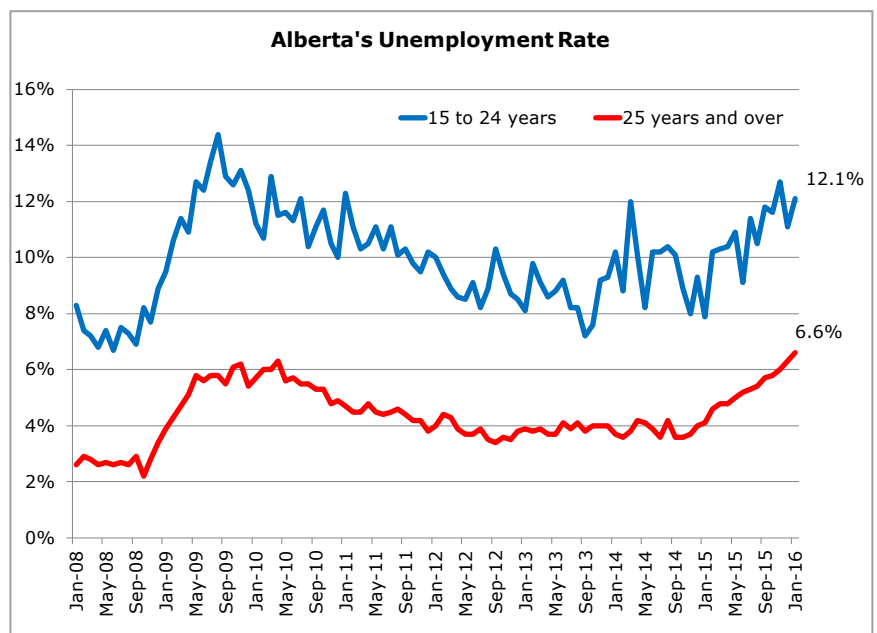
## FOODSERVICE SALES

- The recession in Alberta has steadily eroded commercial foodservice sales throughout 2015. Overall, annual foodservice sale in Alberta grew by just 0.9% in 2015, representing a 2.4% real decline once adjusted for menu inflation. In contrast, overall sales in Canada grew by a healthy 4.8% (2.0% real growth).
- The recession has led consumers to move from full-service restaurants to quick-service restaurants. Caterers have seen the biggest decline due to a pull-back in spending by contract caterers.
- Sales at full-service restaurants slipped by 5.3% in the fourth quarter of 2015 while quick-service restaurant sales slowed to just 3.0% growth. Caterer sales tumbled 9.5% while drinking place sales fell by 9.0%.

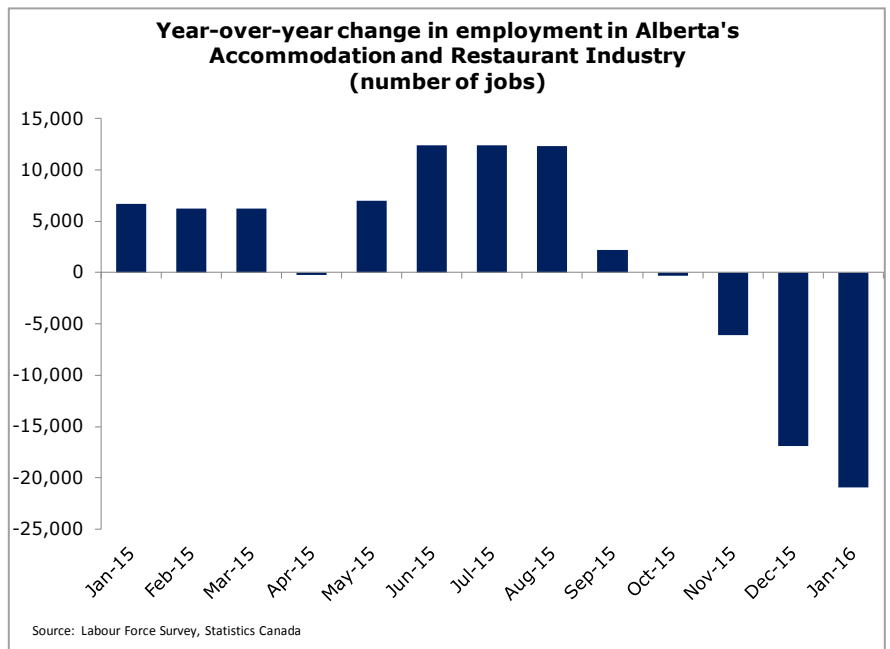


## ALBERTA'S LABOUR MARKET

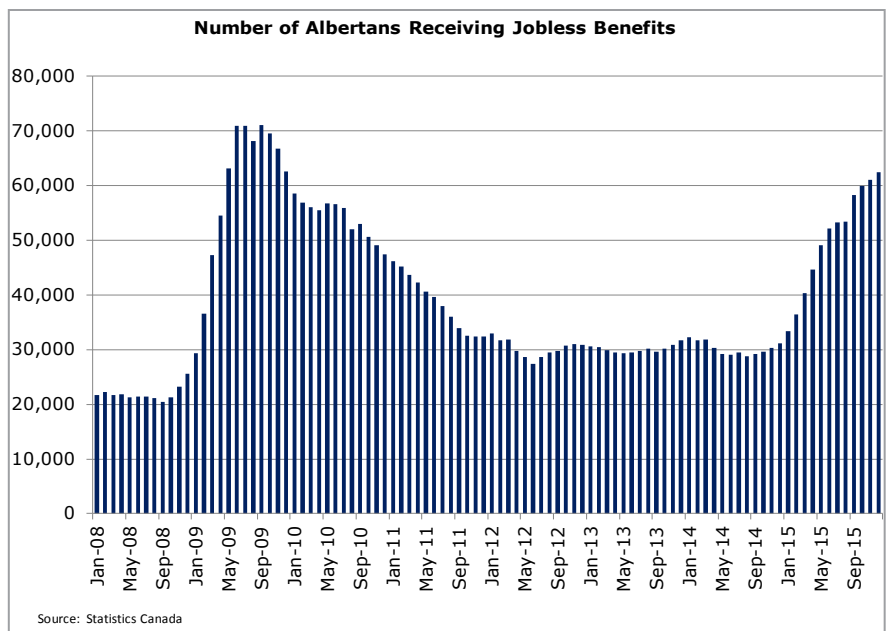
- The recession has also led to a rapid deterioration in Alberta's labour market. Alberta's unemployment rate has jumped from 4.6% in January 2015 to 7.4% in January 2016. The youth unemployment rate (15-24 year olds) increased from 7.9% to 12.1% while the adult unemployment rate has risen from 4.1% to 6.6%.



- On a year-over-year basis, there were 20,900 fewer employees in Alberta's accommodation and restaurant industry in January 2016 compared to January 2015.



- In December, 62,480 people received jobless benefits, which is double the number in December 2014.



## SUMMARY

- Alberta's economy slipped into a recession in the first half of 2015, but the most significant impacts of the economic downturn were felt in the labour market and on foodservice spending in the second half of 2015.
- BMO Economics is forecasting that the weakness in the labour market will carry over into 2016 with further job losses. Spending at restaurants and retail stores will remain weak over the near term as well.
- Alberta's economy is forecast to shrink by 2.3% in 2016 following a 2.8% contraction in 2015.