RCINTEL

Foodservice Industry Forecast 2021-2025

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A MESSAGE FROM OUR PRESIDENT & CHAIR

It's hard to believe it has been almost a year since the world was thrown into chaos and everything about the foodservice industry changed, potentially forever. Very few sectors were impacted as much as the restaurant industry which has experienced unprecedented sales declines despite ongoing government intervention. Looking back at this crisis, foodservice sales tumbled by a staggering 61% in March and April 2020 compared to February 2020, marking the lowest monthly foodservice sales in over two decades. Frontline health care workers and long-term care residents receiving the COVID-19 vaccination represent a light at the end of a long tunnel, but the reality for our industry is that we are still many months away from a 'post-COVID' world.

Regardless of what the past year has thrown at us, the restaurant industry has continued to do what it does best: face rapidly changing circumstances, evolving legislation amendments and forced closures with resilience and overwhelming creativeness even while navigating tremendous financial and mental health challenges. In spite of the unyielding upheaval, our industry has pivoted and adapted, looking for ways to embrace change and we heard many stories of resilience and hope emerge from 2020.

Through initiatives like the Bartenders Benevolent Fund, and many other local initiatives through communities across Canada we saw how our industry took it upon itself to help our own community. We have also seen restaurants and hospitality venues lending a hand to those in need. Many restaurants offered meals free of charge to frontline workers and others produced meals to be delivered to those in need or donated unused goods to food banks.

We know our customers are longing to get back to some sense of normal, to visit their local restaurant with family and friends and order their favorite dish. Our industry must be ready for their return and provide our customers with the experience they are longing for from the moment they walk back into our establishments, to remind them of the importance of our industry and what a massive role it plays in the community.

While you continue to create new ways of doing business, Restaurants Canada is committed to fight on your behalf, to be at the table, and represent the voice of the foodservice industry, working with all levels of government to ensure the concerns of the foodservice community are being addressed. We will continue to work with our partners and other key stakeholders to ensure our industry has access to relevant resources and lobby for policy changes to benefit our industry.

While they are clearly some significant short term challenges - managing through the final stages of the pandemic, and long term challenges with reopening and recovery, the key to survival is to stay focused on the future and ensure we are ready for that wonderful moment when our customers walk back through our doors. We must leverage our learnings from 2020 and continue to rebuild, reinvent and reconnect. Now is the time for us to encourage each other, raise each other up, and resurrect our thriving and prosperous community to be even stronger going forward.

Todd Barclay
President and CEO
Restaurants Canada

Guy Laframboise
Chair of the Board of Directors
Restaurants Canada

Executive Summary

Highlights:

-28.7%

Commercial foodservice sales in Canada are projected to decline by 28.7% in 2020, down to $54.9 billion. This represents a $22 billion reduction in sales compared to 2019, and the lowest annual sales since 2012.

Annual sales at commercial foodservice establishments in Canada will improve to $61.4 billion in 2021. This represents an 11.8% year-over-year increase, but still remains 20% below pre-COVID-19 levels.

In 2022, commercial foodservice sales in Canada are forecast to grow to $74.6 billion. This will represent a 21.6% increase over 2021, but will remain 3% below 2019 levels.

In 2023, the commercial foodservice industry is forecast to grow by 5.3% to $78.6 billion. This will be the first year that foodservice sales will be higher than 2019 levels, as we will see improved spending at restaurants, caterers and drinking places by households, businesses and tourists.

Sales at quick-service restaurants are projected to fall by 13.3% to $29.2 billion in 2020. In 2021, sales are forecast to rebound with an 8.7% increase to $31.8 billion, 5.8% below 2019 levels.

In 2020, sales at full-service restaurants plummeted by 38.4% to $21.1 billion -- the lowest annual sales since 2009. In 2021, sales are forecast to post a modest rebound of 15.4%. With an anticipated boost in the number of tourists and higher business dining, full-service restaurant sales are forecast to return to pre-COVID-19 levels in 2023.

The caterer segment is projected to see the largest decline, with revenues plummeting by 49.8% in 2020 to $3.2 billion. In 2021, sales will improve by a modest 12.2% to $3.6 billion.

Drinking place sales are projected to fall by 48.4% in 2020 to just under $1.4 billion. Annual sales at drinking places are forecast to remain below pre-COVID-19 levels until 2025 due to the continued impact of the pandemic and a sharp decline in the number of units.

In Atlantic Canada, foodservice sales are projected to decline by 21.7% in 2020. This is a smaller decline than the rest of the country due to fewer cases of COVID-19 on a per capita basis throughout most of 2020. Foodservice sales in the region are forecast to grow by 9.6% in 2021. Prince Edward Island will lead the region in growth over the long term due to a growing population.

Although commercial foodservice sales in Quebec are forecast to grow by 12.6% in 2021 to $11.4 billion, sales will remain 23.6% below 2019 levels.

COMMERCIAL FOODSERVICE SALES IN CANADA

YEAR-OVER-YEAR NOMINAL CHANGE

	2019	2020p	2021f	2022f	2023f	2024f	2025f
Quick-service Restaurants	4.4%	-13.3%	8.7%	8.6%	3.2%	3.2%	3.1%
Full-service Restaurants	4.8%	-38.4%	15.4%	32.6%	5.8%	5.3%	3.5%
Caterers	6.0%	-49.8%	12.2%	51.9%	14.2%	4.5%	3.3%
Drinking Places	-3.1%	-48.4%	19.9%	42.4%	8.1%	3.9%	1.9%
Total Sales	**4.4%**	**-28.7%**	**11.8%**	**21.6%**	**5.3%**	**4.2%**	**3.3%**

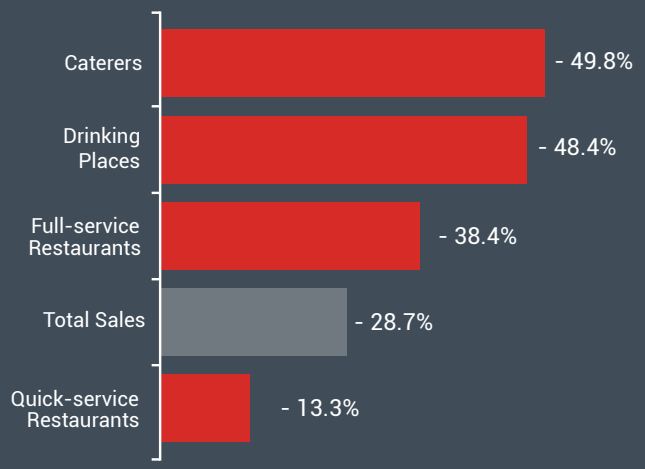
In Ontario, commercial foodservice sales are forecast to post a modest improvement, 13.3% growth in 2021, due to stringent stay-at-home measures in Q1.

Saskatchewan's foodservice industry is forecast to increase by 9.9% to $1.7 billion in 2021. Given the smaller decline in sales in 2020 and the recovery in 2021, Saskatchewan's foodservice industry is expected to be among the first to return to pre-COVID-19 levels.

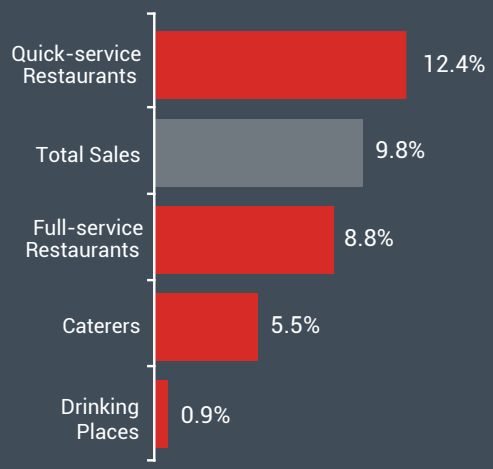
Alberta's foodservice sales are forecast to increase by 10% in 2021, up to $8.2 billion. In 2023, Alberta's foodservice industry is expected to surpass the $10 billion mark for the first time.

In 2021, commercial foodservice sales in British Columbia are forecast to grow by 12.0% to $10.9 billion – 16.7% below 2019 levels.

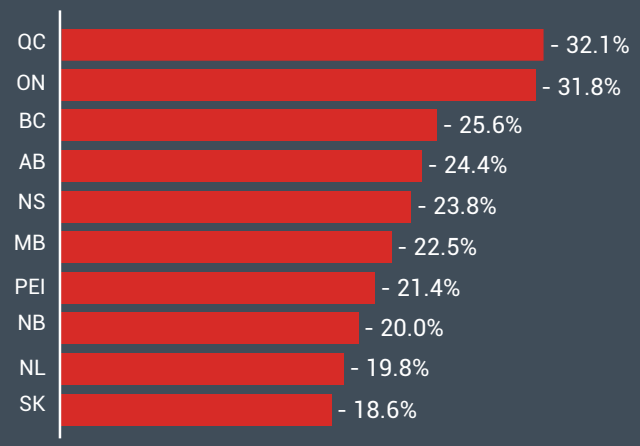
2020 Nominal Change in Annual Sales by Segment



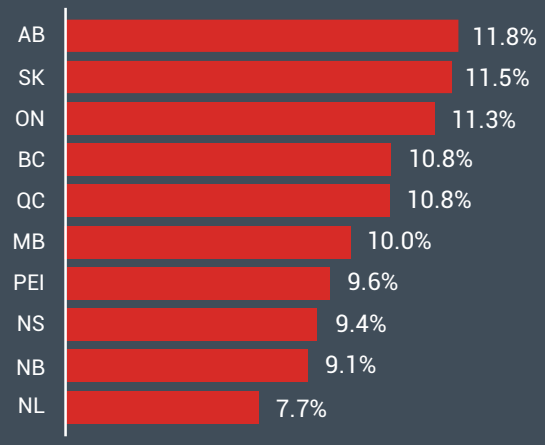
2025 over 2019 Annual Nominal Change in Sales by Segment



2020 Nominal Change in Annual Sales by Province



2025 over 2019 Annual Nominal Change in Sales by Province



Source: Restaurants Canada and Statistics Canada

The Economic Climate and COVID-19

When it comes to COVID-19, nothing is conventional. This includes the impact COVID-19 had on the Canadian economy, employment, household income and consumer spending. Although the 2020 recession will go down in history as the largest economic downturn since the Great Depression, there are a number of unique qualities to this recession that will impact not only the depth of the recession, but also the speed of the recovery.

Historically, most recessions are caused by the ebbs and flows of the business cycle. During the 1980s and the 1990s, rising demand caused the economy to overheat, resulting in higher inflation. This in turn forced central banks to raise interest rates in order to cool down economic activity. As a result, consumer demand and business spending/investment would dry up, resulting in a recession.

In the months just prior to the 2020 recession, consumer demand and business investment were still growing, although moderating compared to the solid gains of previous years. Unlike the recessions of the 1980s and 1990s, however, the 2020 recession was the result of the supply side of the economy being choked off due to containment measures across the country. The resulting loss in jobs and lost wages, combined with a sharp rise in economic uncertainty, curtailed consumer spending and investment.

In other words, the 2020 recession was not caused by a lack of consumer demand per se, but a lack of supply (i.e. lack of places to spend) due to widespread shutdowns of non-essential business, border closures and restricted travel which reduced consumer and business spending. The distinction between the two types of recessions are important for two reasons.

First, 2020 was a much more devastating recession than any recession before, especially for foodservice operators. The containment measures implemented during this recession led to record-shattering declines in foodservice sales; the permanent closure of more than 10,000 foodservice locations; and hundreds of thousands of lost foodservice jobs.

Second, despite the depth of the recession, this will also be a mercifully short economic contraction with just two consecutive quarters of declining real GDP in the first half of 2020. Since this was a supply-led recession rather than one caused by a lack of consumer demand, consumer spending held up "relatively" well, better than in past recessions.

Total retail sales in Canada, for instance, returned to pre-COVID-19 levels in June 2020 following a steep decline in March and April.

This recession would have been far worse, and would have resulted in a more dramatic decline in consumer spending if it weren't for the following Federal Government actions:

- Financial intervention in the form of the Canada Emergency Response Benefit (CERB) which provided much needed income support for households.

- Rock-bottom interest rates, the Canada Emergency Business Account (CEBA) and the Canada Emergency Wage Subsidy (CEWS) which were vital in spurring a rapid recovery in jobs in most industries and helped offset what would have been a much deeper and longer economic contraction.

- The approval of the Pfizer/BioNTech, Moderna and other vaccines will lead to a faster reopening of the economy. The approval of these vaccines has led to a steady improvement in the Conference Board of Canada's consumer confidence index. In January 2021, consumer confidence rose to its highest level since the crisis began. Improved consumer confidence is essential to consumers opening up their wallets and spending again.

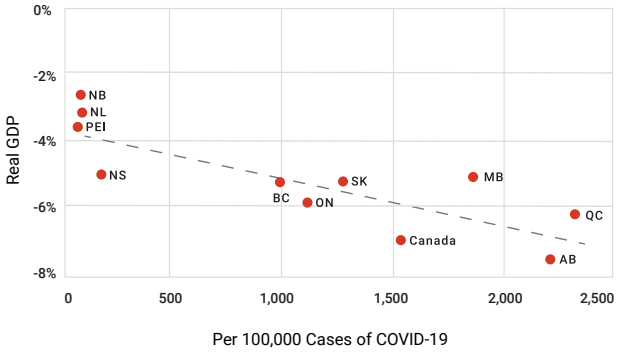
The question then turns to when will there be a full economic recovery? And what can we expect in the coming years?

Gross Domestic Product

In the second quarter of 2020, Canada's economy reported the largest quarterly contraction since Statistics Canada began reporting quarterly data in 1961. Overall, economic activity tumbled by an annualized 38% in the second quarter, following a 7% contraction in in the first quarter. The decline in economic activity was led by a 44% annualized decline in consumer spending and a 50% drop in business investment. In terms of trade, exports fell by an annualized 57% in the second quarter of 2020, but this was offset by a 68% decline in imports.

Overall, provinces with the highest number of confirmed COVID-19 cases generally saw the largest declines in economic activity.

Provincially, there was a strong negative relationship between COVID-19 and real GDP growth in 2020.



Source: Conference Board of Canada and Government of Canada

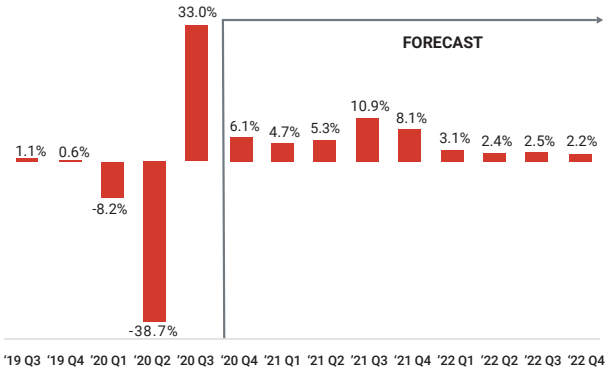
The economy rebounded sharply in the third quarter with annualized growth of 41%. As a result, Canada's real GDP was 5.3% below where it was in the fourth quarter of 2019. Consumer spending jumped 46% on an annualized basis, while business investment grew by a solid 82%.

Looking ahead, Canada's economy is projected to grow by 6.1% in Q4 2020 and by 4.7% in Q1 2021. However, if caseloads rise, new containment measures will again restrain economic activity in many parts of the economy, including foodservice. This could lead to a weaker-than-expected start to the year.

The Conference Board of Canada is forecasting that nominal GDP will return to pre-COVID-19 levels in Q3 2021.

Overall, Canada's economy is forecast to grow by 5.6% in 2021 and another 4.8% in 2022. After that, economic activity will resume a more "normal" pace of 1.6% average annual growth between 2023 and 2025. This pace of growth over the long term is not unlike the outlook we were seeing in last year's forecast report.

Annualized Quarterly Real GDP Growth - Canada



Source: Conference Board of Canada

Household Income

In a traditional recession, we would experience a decline in real disposable income. During COVID-19, however, this historical relationship between declining economic activity and income has been upended. As a result, personal disposable income jumped by a dramatic 15.3% in the second quarter as government income support offset the decline in wages.

The increase in disposable income is surprising given that COVID-19 led to a dramatic decline in employment -- more than 3 million Canadians were laid off or lost their jobs in March and April. As a result, compensation of employees plummeted by a record 8.7% in Q2 2020 compared to Q1 2020. However, this decline in employee compensation was more than offset by a five-fold increase in government benefits and 7.1% decline in personal income taxes collected.

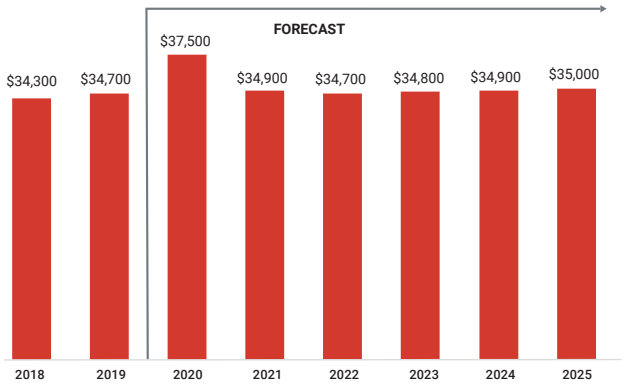
In the third quarter, employee compensation nearly recovered with a 7.9% increase over Q2 2020.

As a result, total wages are down 2.6% compared to pre-COVID-19 levels. Despite a moderation in government benefits, disposable income grew by a robust 10.6% in Q3 2020. Overall, disposable income in Canada is projected to grow by 10.3% in 2020.

Looking ahead, a pullback in government benefits will lead to a 4.0% decline in disposable income in 2021. Still, on a per capita basis, real disposable income will remain about $200 higher in 2021 than in 2019. The result will be higher consumer spending once Canadians are vaccinated.

Between 2022 and 2025, overall disposable income growth will stabilize with average annual growth of 3.2% growth. By comparison, last year's Long Term Forecast called for average annual disposable income growth of 3.2% per year.

Real Per Capita Disposable Income - Canada (in 2020 dollars)



Source: Conference Board of Canada and Restaurants Canada

Employment

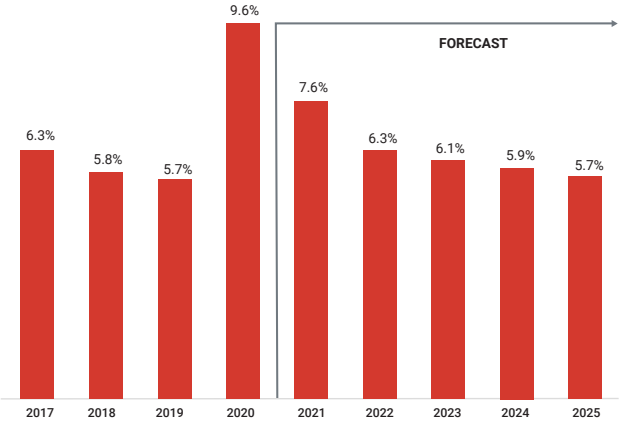
When employment in Canada fell by three million jobs in March and April, it was hard to imagine how long it would take for the job market to return to pre-COVID-19 levels. Remarkably by December 2020, employment levels in a number of industries have returned to, and even exceeded, that of February 2020. At the height of the crisis, Canada's unemployment rate peaked at 13.7% in May 2020. By December 2020, however, the unemployment rate had fallen 5.1 point to 8.6%.

While employment has steadily improved in many industries, the largest job loss gap remains in the foodservice industry. As of December 2020, overall employment across all industries is 636,400 jobs below February 2020 levels.

As of December 2020, overall employment across all industries is 636,400 jobs below February 2020 levels. Of these, the foodservice and accommodation industry account for half of those job losses (316,800).

In the coming years, Canada's unemployment rate is forecast to steadily improve, averaging 7.6% in 2021 and 6.3% in 2022. Over the longer term, an aging workforce will reduce the unemployment rate to 5.7% by 2025, which could lead to labour shortages in labor-intensive industries such as foodservice.

Unemployment Rate - Canada



Source: Conference Board of Canada

Consumer Spending

Total consumer spending in 2020 was negatively impacted by the containment measures and the economic downturn. In Q2 2020, total consumer spending on goods and services plummeted by 15.9% compared to Q4 2019. Put in perspective, at its lowest point during the 2009 recession, consumer spending fell by a mere 1.5% – the tenfold difference between the two recessions is stunning.

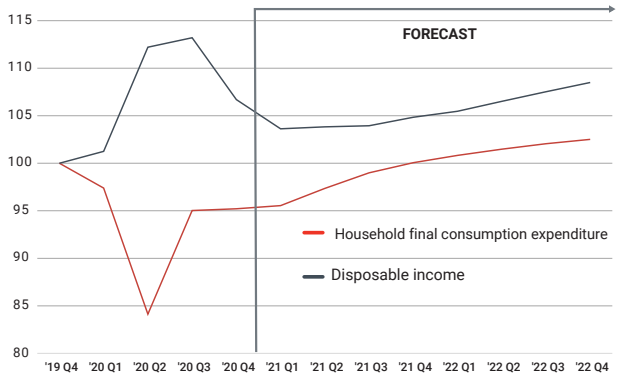
While consumer spending rebounded in Q3 2020 (to 5% below pre-COVID-19 levels), an increase in the number of cases of COVID-19 will decrease overall consumer spending in Q4 2020 and Q1 2021.

In the second half of 2021, we will begin to see a noticeable improvement in spending as the economy opens up and more people are vaccinated.

By Q4 2021, overall consumer spending is forecast to return to pre-COVID-19 levels. After that, consumer spending will steadily increase over the remainder of the forecast horizon.

Disposable Income and Household Expenditure

Index: 2019 Q4=100

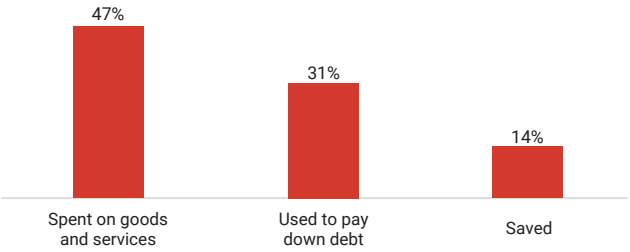


Source: Conference Board of Canada

Although there was an initial decline in consumer spending, CERB and other government income-support benefits encouraged consumer spending. According to the Bank of Canada's Canadian Survey of Consumer Expectations conducted in Q4 2020, a larger share of Canadians spent those benefits on goods and services than those who chose to pay down debt or wanted to create extra savings as a safeguard against a further contraction in the economy.

Canadians used the Canada Emergency Response Benefit to spend, pay down debt and save

Based on respondents that received CERB and other benefits



Source: Canadian Survey of Consumer Expectations, Bank of Canada

Spending at retail stores varied significantly, with some sectors showing strong gains, while a few others declined.

Debt

Before COVID-19, Canadian households were laden with a staggering debt-to-income ratio of 179%. This high level of debt was identified in previous Long Term Forecast reports as a major hurdle that would restrain the sales growth of the industry. Given COVID-19, the debt-to-income ratio has fallen to 170.9% as of the third quarter of 2020, the lowest level since the first quarter of 2016. Rising disposable income and lower spending have helped reduce the ratio of debt to income.

Still, household debt is a staggering $2.4 trillion. While most of this debt is tied up in mortgages (67%), another 27% is credit card debt and 5% is owed to other consumer loans.

Due to the economic uncertainty stemming from COVID-19, household savings soared as Canadians held off on spending, choosing to save instead. Overall, the savings rate jumped from 2.0% in Q4 2019 to 27.5% in Q2 2020.

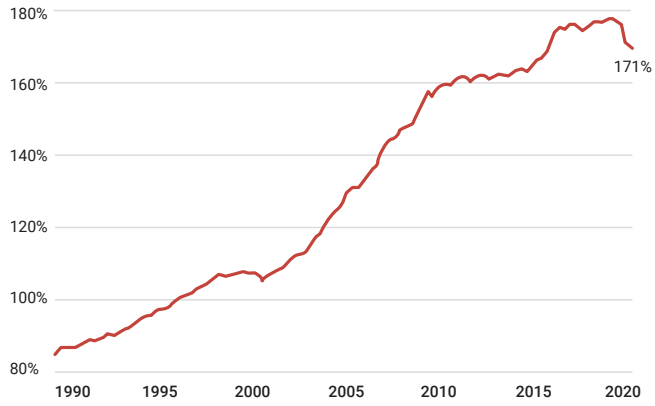
This represents the highest level since early 1980s when interest rates were at record levels. The decline in government benefits and increased consumer spending lowered the savings rate to 14.6% in Q3 2020 but it remains high on a historical basis.

As economic conditions improve, the savings rate will steadily return at/near pre-COVID-19 levels as consumer spending returns to normal.

Retail Sales by Segment - Canada
November 2020 compared to February 2020

Source: Statistics Canada

Household Debt as a Share of Disposable Income



Source: Statistics Canada

What changes do you expect to see in the foodservice industry due to COVID-19?

Take out / Delivery / Dine at home trends will continue. Post pandemic, successful operators will still have to be great at these to-go formats, and their digital presence and ordering tools for customers remain crucial. "Digital has become mission critical for many survivors".

Multi-Unit operators will outpace the independents in the post pandemic recovery. Independents who have survived the pandemic impact have done an awesome job of repositioning themselves and will continue to be successful, however, we see the deficit in this segment due to closures taking longer to return to pre-COVID levels.

QSR has led and will continue to lead growth in the near term. Through the pandemic, more people have sought the value offered through QSR: the right quality at the right price. QSR chains are seizing the opportunity to grow, leveraging their digital platforms and taking advantage of decreasing rent costs on prime real estate.

Full-service restaurants will look to refit/move to smaller footprints, and big city metro locations will see a slower recovery in their customer base. Virtual workplaces and work from home models will cause the migration of the workforce back into big downtown office buildings to take several years, and may potentially be a permanent shift away.

Large menus that require large labour to support them are in decline. Simpler menu offerings and a scaled-down workforce are on trend for operators.

Personal travel will come back strong post pandemic but business travel will come back very slowly. Hotel and tourism will see a strong recovery with personal travel but if your operation is reliant on business travel, it will remain muted due to economic conditions and businesses looking to curtail travel costs.

Operators have expressed concern about their ability to staff up again post pandemic and labour for restaurants may be hard to come by.

Buffets may be gone for awhile, and sanitation and hygiene will remain a major focus.

- Steve Kampstra
  President
  GFS

Foodservice Sales Forecasting

In order to forecast foodservices sales, Restaurants Canada relies on a series of econometric models. Based on historical and projected data from the Conference Board of Canada, these models include real GDP, total consumer spending, population growth and other economic indicators. In addition to economic factors, foodservice sales are strongly influenced by historical spending habits.

While economic conditions remain a vital influence on foodservice spending, Restaurants Canada's forecasting models have been updated to factor in the repercussions of COVID-19. Overall, the model explains 99% of the historical variation in foodservice sales.

While these models take into account the changes in consumer behaviour in Q2 and Q3 2020, the outlook for the foodservice industry hinges on two very big unknowns: current and/or future bans of on-premise dining across the country; and the timing of the vaccination rollout.

Shutdowns Devastate the Foodservice Industry

In order to quantify containment measures imposed on government, the Bank of Canada constructed a stringency index for each province based on the methodology developed by the University of Oxford's Blavatnik School of Government for the Oxford COVID-19 Government Response Tracker. The Bank adapted this methodology to better capture fine differences in policy settings across provinces. The Canadian index is a GDP-weighted average of the provincial indexes.

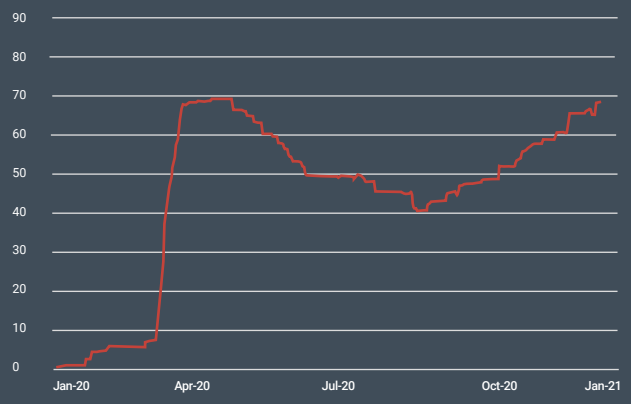
Restaurants Canada used this indicator in its econometric models to accurately capture the impact of government-mandated shutdowns on the industry.

Uneven Population Growth A Barrier for Some Provinces

Beyond the usual economic and COVID-19 related variables, the trajectory of future foodservice sales over the long term is population growth. Typically, provinces with the strongest population growth will experience above-average foodservice sales growth. Indeed, Prince Edward Island posted the strongest foodservice sales gains between 2016 and 2019, due in large part to having the fastest population growth during that time.

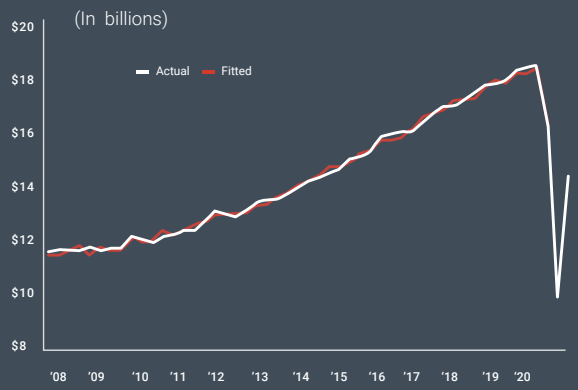
Statistics Canada publishes forecasts of future population growth based on recent historical trends. Between 2020 and 2025, Alberta is forecast to lead the country with population growing by nearly 10% over that time frame.

Stringency Index



Source: Bank of Canada

Commercial Foodservice Actual Sales and Econometric Model
(Data are quarterly and seasonally adjusted)



Source: Statistics Canada and Restaurants Canada

In terms of absolute increase, Ontario and Alberta are forecast to lead the country with the population increasing by 883,700 people and 435,700 people respectively.

In contrast, the population of Newfoundland & Labrador is forecast to decline by 8,900 people, a 1.7% decrease in the population.

Regional immigration initiatives in regions to counter aging demographics and support the local economy, such as the Atlantic Immigration Pilot program, will help encourage population growth.

Long Road to Recovery for the Tourism Industry

The global tourism industry has been utterly devastated by the pandemic.

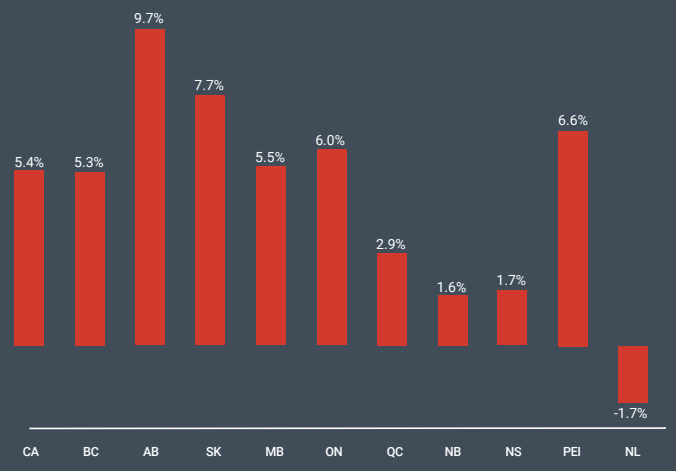
In Canada, the number of international visitors plummeted from an average of 2.7 million a month in 2019 down to an average of just 89,000 a month between April and August of 2020. This represents a staggering 97% decline. The number of Canadians travelling abroad fell by 95% during that same time.

In 2019, total foodservice spending by domestic and international visitors was a record $17.3 billion. Of that, domestic tourists spent $13 billion, while international visitors spent $4.3 billion.

In Q2 2020, domestic tourist spending on foodservice fell by 53% compared to Q2 2019, but partially rebounded in Q3, falling by only 25% compared to Q3 2019. In contrast, foodservice spending by international tourists plummeted by more than 97% during Q2 and Q3 2020.

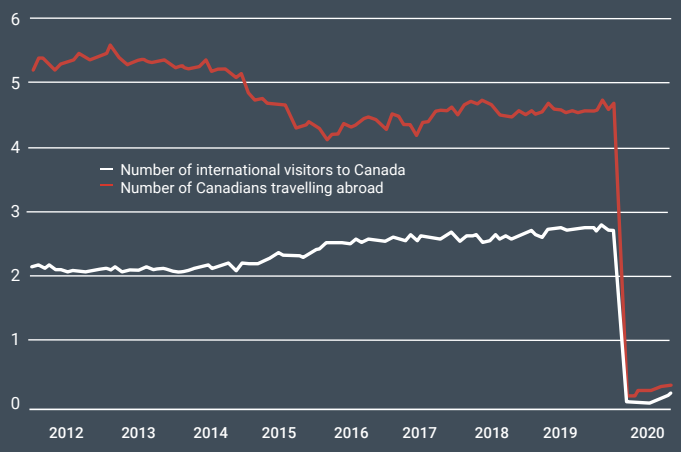
Currently, the best estimates are that global tourism won't return back to 2019 levels until 2023, but it could be as late as 2024 for some countries. A recovery in Canada's tourism industry will be vital for foodservice sales to fully recover.

Projected Population Growth between 2020 and 2025



Source: Statistics Canada

Number of Travelers To and From Canada
(in millions)



Source: Statistics Canada

National Foodservice Industry Forecast

Overall, commercial foodservice sales in Canada are projected to decline by 28.7% in 2020, down to $54.9 billion. This represents a $22 billion reduction in sales compared to 2019, and the lowest annual sales since 2012.

Looking ahead to 2021, the outlook for the foodservice industry hinges on two very big unknowns: current and/or future bans of on-premise dining across the country; and the timing of the vaccination rollout. With the approval of the Pfizer-BioNTech and Moderna vaccines, Canadian health authorities estimate that most Canadians will be vaccinated by the end of September 2021. This helps our forecasting timeline, as sales will steadily improve in the latter part of 2021 due to the reduced risk of being infected by COVID-19 and pent-up consumer demand.

In the first quarter of 2021, sales will remain weak due to containment measures across the country. On a seasonally-adjusted basis, sales are forecast to be $13.0 billion in Q1 2021, relatively unchanged from Q4 2020. In terms of percentage change, Q1 2021 sales would remain 31% lower than Q1 2019.

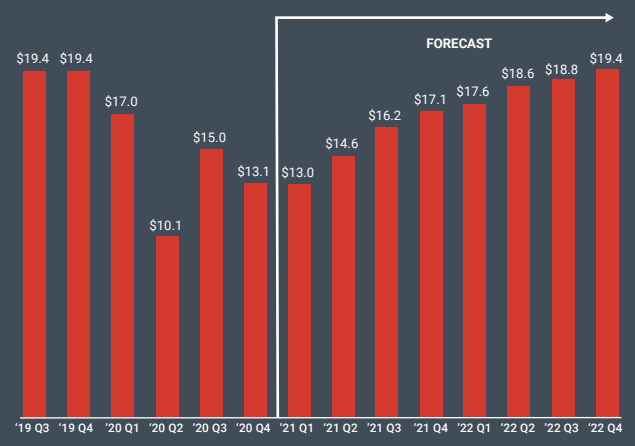
Commercial foodservice sales in Canada are forecast to improve modestly in Q2 2021, up to $14.6 billion. Although this represents a 45.2% increase over Q2 2020, sales will still be 23.8% below Q2 2019 levels. As more people are vaccinated and containment measures are lifted, foodservice sales are forecast to climb in Q3 2021 to $16.2 billion. With most Canadians vaccinated and as life slowly returns to normal, commercial foodservice sales are forecast to climb to $17.1 billion in Q4.

In general, annual sales at commercial foodservice establishments in Canada will improve to $61.4 billion in 2021. This represents an 11.8% year-over-year increase, but still remains 20% below pre-COVID-19 levels.

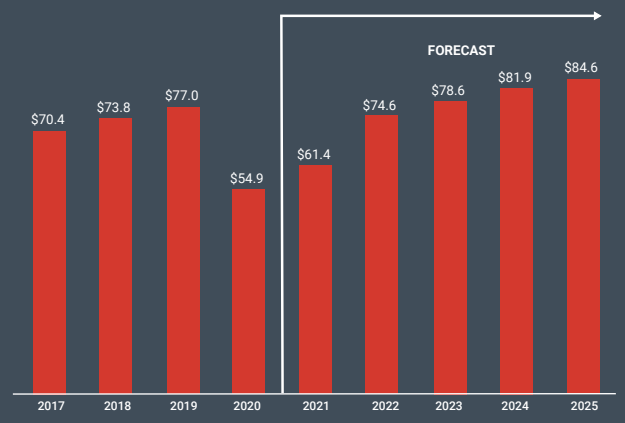
In the first three quarters of 2022, foodservice sales will remain below 2019 levels, restrained by: a job market that is still recovering; sluggish business spending on dining; and below pre-pandemic numbers of international tourists. The fourth quarter of 2022 will mark the first quarter when commercial foodservice sales return to pre-COVID-19 levels.

In 2022, commercial foodservice sales in Canada are forecast to grow to $74.6 billion. This will represent a 21.6% increase over 2021, but will remain 3% below 2019 levels.

Quarterly Commercial Foodservice Sales - Canada
(seasonally adjusted, in billions of dollars)



Commercial Foodservice Sales Forecast
(in billions)



Source: Statistics Canada and Restaurants Canada

In 2023, the commercial foodservice industry is forecast to grow by 5.3% to $78.6 billion. This will be the first year that foodservice sales will be higher than 2019 levels, as we will see improved spending at restaurants, caterers and drinking places by households, businesses and tourists.

By 2025, commercial foodservice sales are forecast to grow to $84.6 billion.

It's important to note that the outlook for the foodservice industry is subject to a number of upside and downside risks. While Restaurants Canada has done its best to balance those risks in the above forecast, there remains a high degree of uncertainty. In particular, a slower-than-expected vaccine rollout, a surge in the number of cases, more stringent containment measures and weaker consumer confidence would delay the recovery in foodservice sales.

In contrast, a faster-than-expected vaccination rollout and a rapid decline in the number of cases would result in a quicker lifting of containment measures and would lead to better-than-expected sales growth between Q2 and Q4 2021. Another area of uncertainty that would affect many foodservice operators is how rapidly and how many office tower workers will return to their desks. The President of Global Workplace Analytics predicts that 25% to 30% of the workforce will be working-from-home multiple days a week by the end of 2021.

Retail food sales

As a result of the pandemic, retail food store sales jumped 9.1% in 2020 to a record $158 billion. In the first three quarters of 2020, food sales (excluding beverages and alcohol) grew by 11.2% at traditional grocery stores and 8.5% at general merchandise stores (e.g. Walmart, Costco). In 2021, retail food sales are forecast to moderate to $153.8 billion (-2.9%) due to an outsized gain in 2020 and a partial recovery in spending at restaurants. Overall, the foodservice share of the total food dollar plummeted to 28.8% in 2020 compared to 39.7% in 2019. In 2021, the foodservice share is expected to steadily improve to 32.0% in 2021.

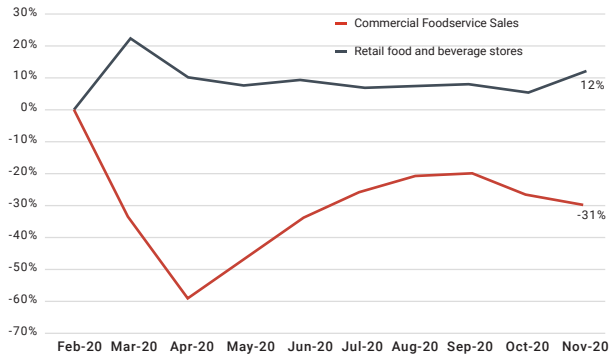
By the end of the forecast horizon, the foodservice share of the total food dollar is forecast to climb to 38.0%. This is on par with the levels seen in 2012.

Canada

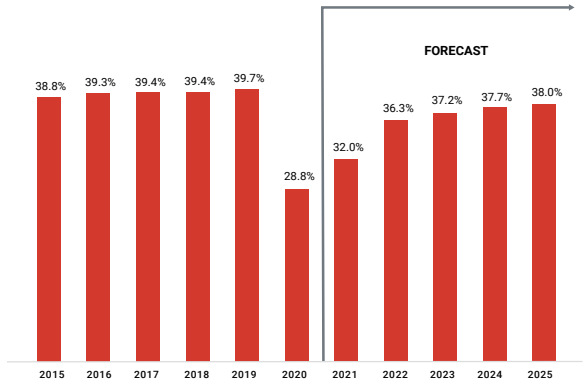
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	4.4%	--
2020p	-28.7%	-28.7%
2021f	11.8%	-20.3%
2022f	21.6%	-3.1%
2023f	5.3%	2.0%
2024f	4.2%	6.3%
2025f	3.3%	9.8%

K-Shaped Recovery As Retail Food Sales and Restaurant Sales Diverge in November

(percentage change in seasonally adjusted sales since February 2020)



Foodservice Share of the Total Food Dollar



Source: Statistics Canada and Restaurants Canada

Note: Total food dollar includes food and beverage sales at grocery, department, liquor and convenience stores. Includes commercial and non-commercial foodservice spending by consumers, tourists, businesses and government.

BUSINESS INSIGHTS

What are the lasting scars to the industry due to COVID-19, if any? Or will the industry return back to normal?

"I am terribly optimistic that we will be stronger than ever emerging from the pandemic. I believe the survivors will have learned so much just traversing the devastation we are going through. Plus there is, from where I am sitting, such an appreciation for the spirit of social interaction, a need for closer connections, a support and love for our 'loss of community' that when we reemerge we can thrive. I believe there will be a surplus of disposable money available, coupled with innovations and creativity to propel us into a very strong period starting in Q3 of 2021, with 2022 being very strong."

- Patrick Saurette
  Owner
  The Marc Restaurant Group

"The most immediate scars are empty storefronts, where once before there used to be a restaurant. COVID, has obviously been a great disruptor and has created a major wave that has impacted the metaphorical coastline of the industry. Naturally the need to have flexibility in service channels, call ahead seating, curbside and other forms are here to stay. With that said, I believe this will be a shining moment for dine-in, when people once again discover the joy of going to a great restaurant to be social and to break bread with friends and family. The big unknown is how the patterns of traffic will change – particularly in the urban cores. Will people be in a hurry to re-populate the large office towers or will flex work become the new perk that employers use to attract talent? Will people now working from home have different food and service needs? Maybe people will want to go out more for dinner to just get out of the house. My guess is that this move to flex work will have a larger impact on the behaviour of customers across many industries, including the restaurant sector. But I believe that the foundational fundamentals of the restaurant business itself - service, great food, ambience, and value will remain intact and will always serve as the core differentiator."

- Frank Hennessey
  Chief Executive Officer
  Recipe Unlimited

RCINTEL

Quick-service Restaurants

Sales at quick-service restaurants are projected to fall by 13.3% to $29.2 billion in 2020. Although the drop in sales represents a much smaller decline than the other foodservice segments, this still represents the lowest annual sales since 2016.

Unlike full-service restaurants, quick-service restaurants relied heavily on drive-thrus, take-out and delivery to help minimize the loss in sales from on-premise dining.

In fact, there were several months when sales at quick-service restaurants located in Saskatchewan, Prince Edward Island and Newfoundland & Labrador were higher in the second half of 2020 compared to the same month in 2019.

In 2021, sales are forecast to rebound with a 8.7% increase to $31.8 billion, 5.8% below 2019 levels.

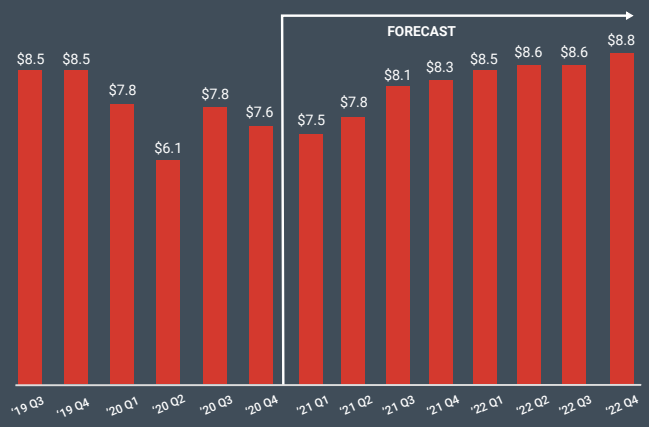
In Q1 2022, sales at quick-service restaurants are forecast to return to pre-COVID-19 levels. On the whole, annual sales in 2022 are forecast to grow to $34.5 billion representing a 2.3% increase over 2019.

By 2025, quick-service restaurants are forecast to grow to $37.9 billion.

Quick-service Restaurants

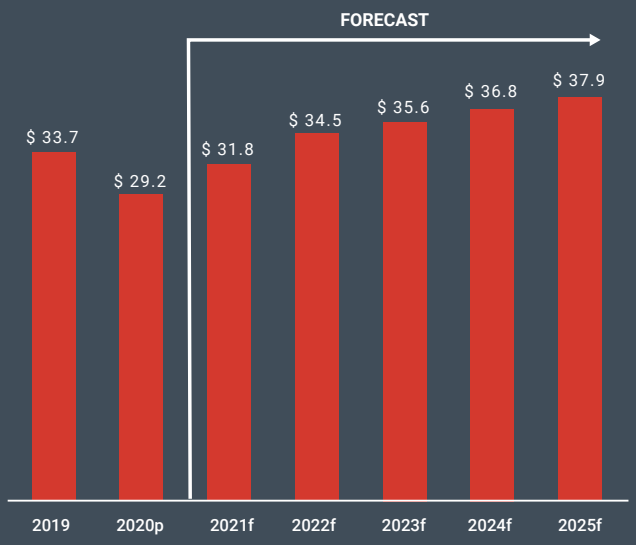
	Year-over-year nominal change in quick-service restaurant sales	Annual change compared to 2019
2019	4.4%	--
2020p	-13.3%	-13.3%
2021f	8.7%	-5.8%
2022f	8.6%	2.3%
2023f	3.2%	5.6%
2024f	3.2%	9.0%
2025f	3.1%	12.4%

Quarterly Quick-service Restaurant Sales - Canada
(seasonally adjusted, in billions of dollars)



Source: Statistics Canada and Restaurants Canada

Quick-service Restaurants Sales
(in billions)



Source: Statistics Canada and Restaurants Canada

Full-service Restaurants

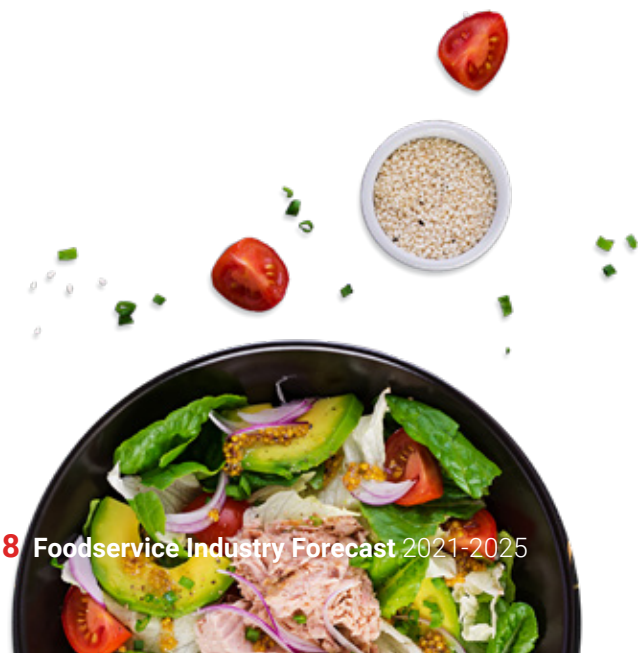
In 2019, full-service restaurants were the largest segment in the foodservice with annual sales of $34.3 billion. In 2020, however, sales plummeted by 38.4% down to $21.1 billion, the lowest annual sales since 2009.

Due to higher caseloads and continuing on-premise dining bans, total full-service restaurant sales in Quebec and Ontario are projected to fall by more than 40% in 2020. In 2021, sales are forecast to post a modest rebound of 15.4%, rising to $24.4 billion. Even with this double-digit increase, sales are forecast to be 28.9% below 2019 levels.

The recovery in full-service restaurant sales will be restrained by weak economic conditions, combined with the slow recovery in tourism and business dining. Still, sales are expected to pick up momentum in the second half of 2021 due to the reopening of patios in Q3, combined with an expected drop in the number of COVID-19 cases.

In 2022, full-service restaurant sales will continue on the road to recovery with sales rising to $32.3 billion. With an anticipated boost in the number of tourists and higher business dining, full-service restaurant sales are forecast to return to pre-COVID-19 levels in 2023.

By 2025, sales at full-service restaurants are forecast to rise to $37.3 billion.

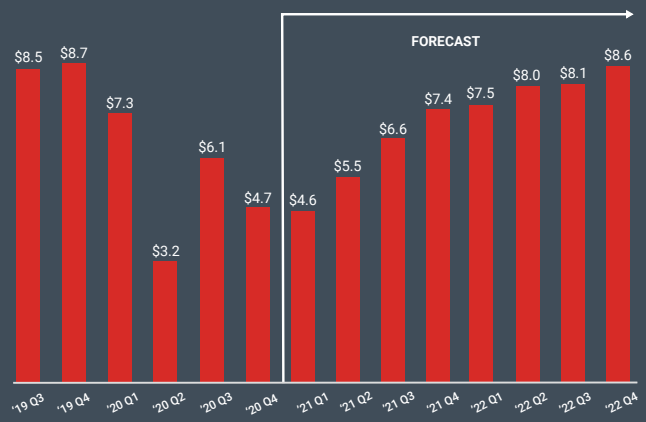


RCINTEL

Full-service Restaurants

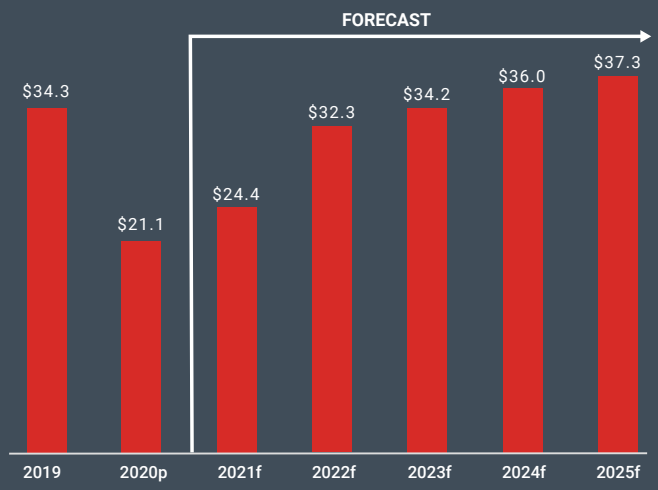
	Year-over-year nominal change in full-service restaurant sales	Annual change compared to 2019
2019	4.8%	--
2020p	-38.4%	-38.4%
2021f	15.4%	-28.9%
2022f	32.6%	-5.7%
2023f	5.8%	-0.2%
2024f	5.3%	5.1%
2025f	3.5%	8.8%

Quarterly Full-service Restaurant Sales - Canada
(seasonally adjusted, in billions of dollars)



Source: Statistics Canada and Restaurants Canada

Full-service Restaurants Sales
(in billions)



Source: Statistics Canada and Restaurants Canada

Caterers

The caterer segment is projected to see the largest decline, with revenues plummeting by 49.8% in 2020 to $3.2 billion. The segment has been devastated by lower revenues across a number of sub-segments. In education, normal foodservice sales in January and February fell to near zero-levels over the remainder of the spring semester. Fall semester sales in 2020 are anticipated to be 30% of normal levels.

Foodservice revenues at hospitals are down due to a decrease in employee counts (due to restricted day surgery/clinics), few visitors and a limited number of administrative employees working from home.

Remote foodservice revenues have declined as lower oil and gas prices have reduced oil and gas camp populations and spending. Overnight summer camps were either restricted or canceled in all provinces.

An increase in the number of employees working at home has dramatically reduced business dining revenue.

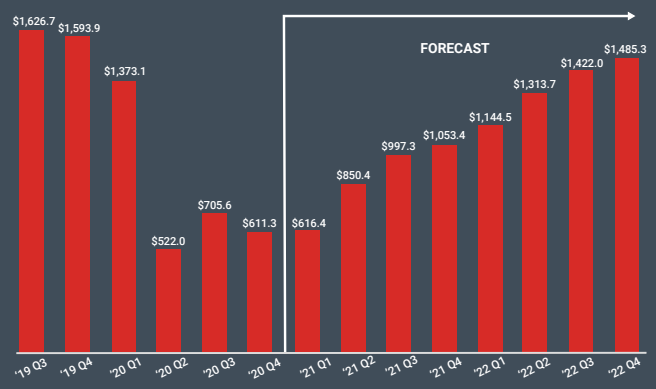
A steep decline in passengers on airlines, cruise ships, trains and ferries have led to a sharp reduction in transportation foodservice.

As these sub-segments will continue to be hard hit over the coming few years, overall caterer revenues are not forecast to return to pre-COVID-19 levels until the latter part of 2023.

Caterers

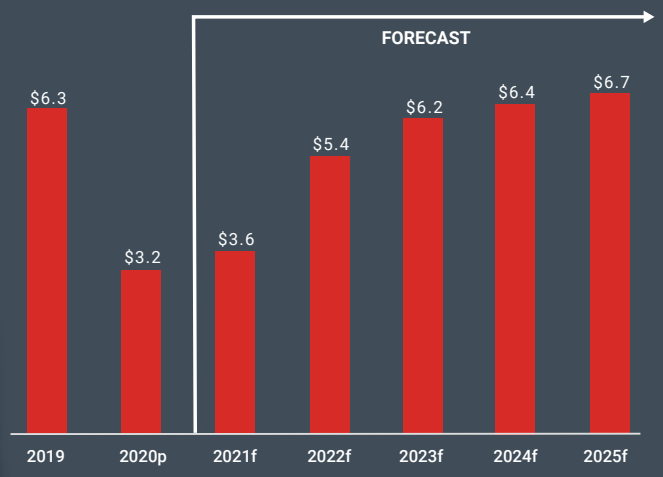
	Year-over-year nominal change in caterer revenues	Annual change compared to 2019
2019	6.0%	--
2020p	-49.8%	-49.8%
2021f	12.2%	-43.7%
2022f	51.9%	-14.4%
2023f	14.2%	-2.3%
2024f	4.5%	2.1%
2025f	3.3%	5.5%

Quarterly Caterer Revenues - Canada
(seasonally adjusted, in millions of dollars)



Source: Statistics Canada and Restaurants Canada

Caterer Revenues
(in billions)



Source: Statistics Canada and Restaurants Canada

Drinking Places

In April 2020, drinking places were the hardest-hit segment as sales in some provinces plummeted to basically zero for the month. In May, declines in sales ranged between -53% in British Columbia to -93% in Nova Scotia.

Although there was a modest improvement in Q3 2020, lockdown measures across the country are projected to lead to a 59.3% year-over-year decline in drinking place sales in Q4 2020. As a result, drinking place sales are projected to fall by 48.4% in 2020 to just under $1.4 billion.

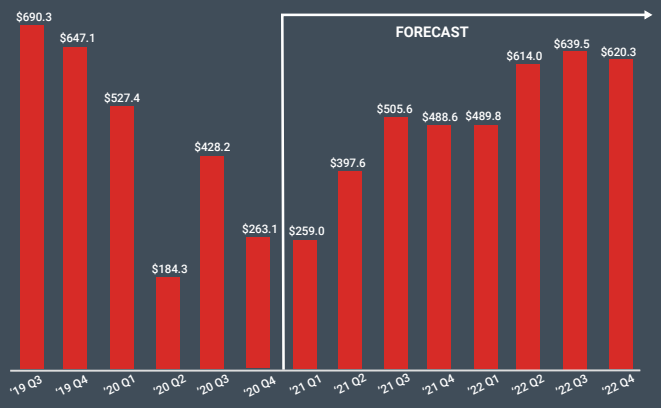
A survey of Canadians by Angus Reid in September 2020 found that 75% would avoid going out to a bar, compared to 24% who would avoid eating on a patio/outdoors at a traditional restaurant and 35% who would avoid eating indoors. With many avoiding bars during the pandemic, this segment will have a longer road to recovery.

Annual sales at drinking places are forecast to remain below pre-COVID-19 levels until 2025 due to the continued impact of the pandemic and a sharp decline in the number of units. In 2025, drinking place sales will be just 0.9% above 2019 levels, compared to an 8.8% increase at full-service restaurants and a 12.4% increase in quick-service restaurants.

Drinking Places

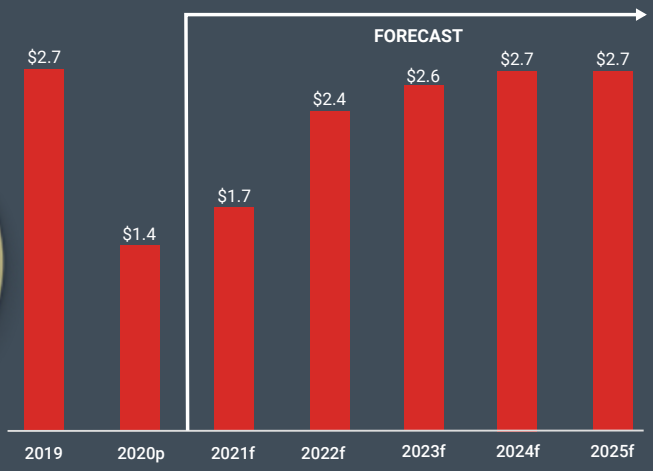
	Year-over-year nominal change in drinking place sales	Annual change compared to 2019
2019	-3.1%	--
2020p	-48.4%	-48.4%
2021f	19.9%	-38.1%
2022f	42.4%	-11.8%
2023f	8.1%	-4.7%
2024f	3.9%	-1.0%
2025f	1.9%	0.9%

Quarterly Drinking Place Sales - Canada
(seasonally adjusted, in millions of dollars)



Source: Statistics Canada and Restaurants Canada

Drinking Place Sales
(in billions)



Source: Statistics Canada and Restaurants Canada

Will delivery go back to pre-COVID-19 levels, remain elevated at current levels, or continue to expand?

Consumers have become accustomed to the convenience economy, in which they can obtain anything and everything in only a few clicks. This trend has only accelerated in a COVID world, but certainly existed before 2020. In the last year, many new consumers have tried third party delivery for the first time, and have had great, convenient experiences. While consumers will happily re-integrate in-store dining into their routines, the convenience of stay-at-home dining experiences will still exist.

For many, these occasions to order-in are something they've become accustomed to enjoying over the last year, and I expect we'll see consumers continue to turn to delivery in a way that they didn't pre-COVID.

From the restaurant perspective, connecting with customers off-premises is a practice and business line that's here to stay. This includes delivery, but also models like curbside pickup that have grown several-fold during the pandemic. Operators have spent a long time adapting and optimizing in-store operations to better, and more efficiently work with partners like DoorDash. Together, we have made shared investments – into things like POS integrations, operational improvements, white-label ecommerce, and more – that have enabled restaurants to offer delivery in a way that they couldn't pre-COVID. That know-how and comfort will remain in parallel with in-store dining as it resumes.

In the future, I think we'll see more consumers embracing delivery as a more frequent activity, and reflecting that habit, we can expect more consumers to become members of subscription delivery services that provide added benefits.

- Abby Homer
  Corporate Communications Manager
  DoorDash

Newfoundland & Labrador

Annual commercial foodservice sales in Newfoundland & Labrador are forecast to drop by 19.8% in 2020 to $678.8 million. Overall, Newfoundland's foodservice industry will fare better than most provinces due to fewer cases of COVID-19 per 100,000 people compared to the rest of Canada.

As a result, overall employment (but not foodservice) had fully recovered to pre-pandemic levels by November 2020 – a feat accomplished by no other province.

Looking ahead to 2021, foodservice sales are forecast to climb by 7.1% compared to 2020, but will remain 14.1% below pre-COVID-19 levels. While quick-service restaurants are likely to return to 2019 levels in 2021, full-service restaurants and drinking places were hit extremely hard, and will therefore take a longer time to rebound.

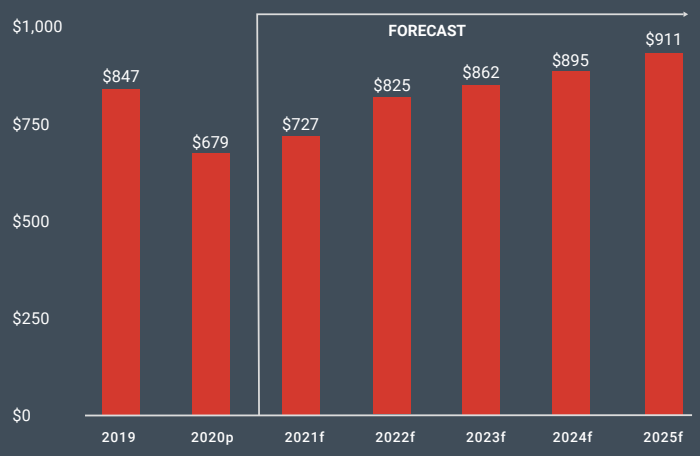
A recovery in the tourism industry will be critical for Newfoundland's foodservice sector to improve. By 2023, foodservice sales are forecast to return to pre-COVID-19 levels.

Over the long term, however, a decline in the overall population and lacklustre economic activity will restrain foodservice sales growth. As a result, annual foodservice sales in 2025 are forecast to grow 7.7% above 2019 levels – the weakest growth of any province. A larger-than-expected increase in immigration, however, would provide a much-needed boost to the foodservice industry.

Newfoundland & Labrador

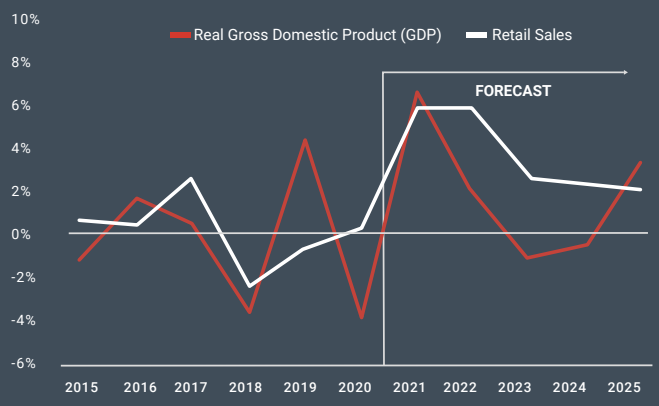
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	1.6%	--
2020p	-19.8%	-19.8%
2021f	7.1%	-14.1%
2022f	13.5%	-2.5%
2023f	4.4%	1.8%
2024f	3.9%	5.8%
2025f	1.8%	7.7%

Commercial Foodservice Sales - Newfoundland & Labrador (in millions)



Source: Statistics Canada and Restaurants Canada

Newfoundland & Labrador
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

RCINTEL

Prince Edward Island

With the number of confirmed cases of COVID-19 cases kept under control, Prince Edward Island's foodservice industry will see a smaller decline in sales in relation to the rest of Canada.

Commercial foodservice sales in 2020 are forecast to decline by 21.4% to $246.3 million. The decline in sales masks the disparity between segments: sales at quick-service restaurants were higher between September and November 2020 than in the same period in 2019. In contrast, full-service restaurant sales were down by more than 25% during this same time.

In 2021, commercial foodservice sales are forecast to grow by 10.8% to $272.9. This will be only 12.9% below 2019 levels compared to the national average of 20.3%. In 2022, foodservice spending will advance by an additional 11.8%.

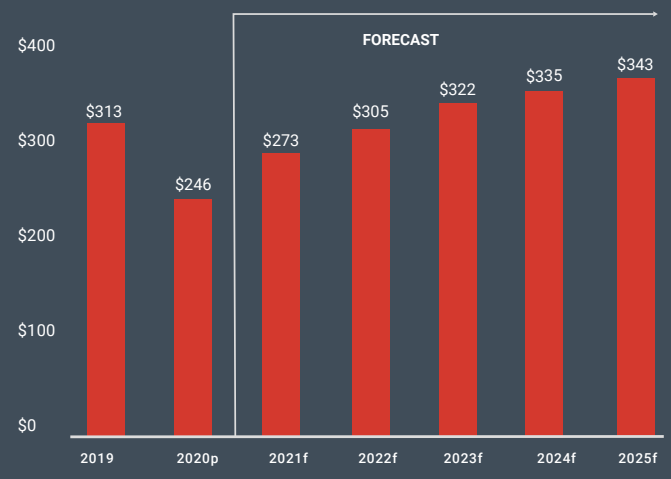
In 2023, foodservice sales will return to pre-pandemic levels thanks to a return in international tourists.

Over the long term, solid economic growth (due to infrastructure spending) and a growing population will help boost foodservice sales over the next four years.

P.E.I.

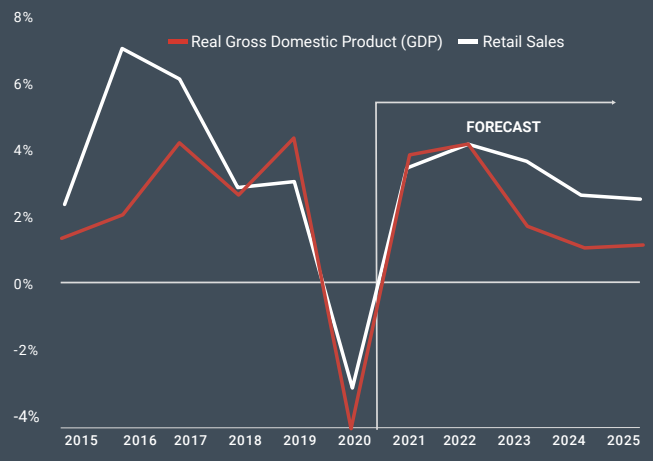
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	8.9%	--
2020p	-21.4%	-21.4%
2021f	10.8%	-12.9%
2022f	11.8%	-2.6%
2023f	5.6%	2.8%
2024f	4.1%	7.0%
2025f	2.4%	9.6%

Commercial Foodservice Sales - P.E.I.
(in millions)



Source: Statistics Canada and Restaurants Canada

Prince Edward Island
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

Nova Scotia

Nova Scotia's economy and foodservice industry will see the largest declines in Atlantic Canada, in large part due to having the worst COVID-19 outbreak in the region.

Overall, the economy is projected to contract by 4.8% in 2020 due to decreased consumer spending at retail stores and restaurants and a decline in the tire manufacturing sector due to shutdowns in the North American automotive industry in early 2020.

The commercial foodservice industry will be among the hardest hit sectors in Nova Scotia: sales are projected decline by 23.8% in 2020, down to $1.3 billion. While annual sales at quick-service restaurants will experience only an 11% decline, sales at full-service restaurants, caterers and drinking places are expected to decline by 40% or more. In 2021, sales are forecast to partially bounce back with an increase by 10.5%, up to $1.5 billion. Still, sales will remain 15.8% below 2019 levels.

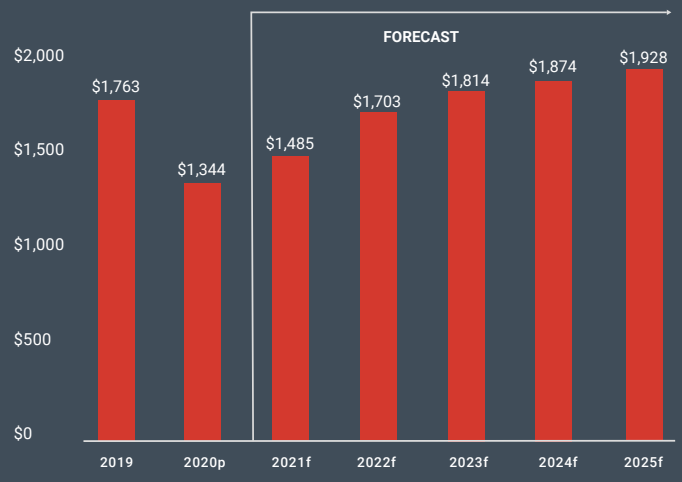
Foodservice sales will steadily improve over the forecast horizon as the economy improves and tourism slowly returns to pre-COVID-19 levels.

Compared to the national average, Nova Scotia's foodservice industry will be restrained by sluggish consumer spending and below-average growth in economic activity. On a positive note, the decision to make the Atlantic Immigration Pilot program permanent could potentially lead to better-than-expected foodservice sales.

Nova Scotia

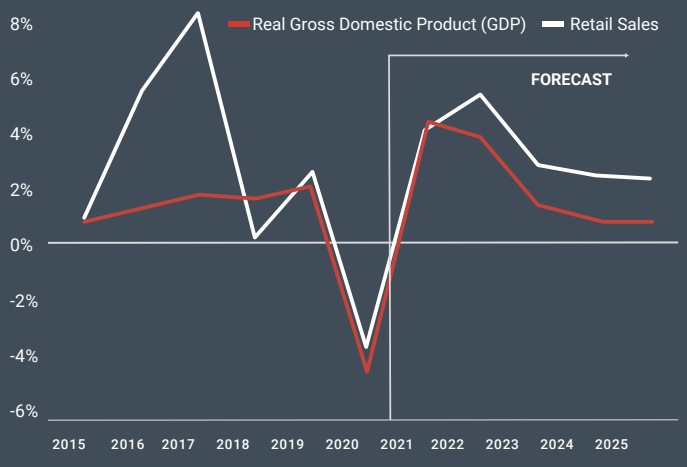
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	3.2%	--
2020p	-23.8%	-23.8%
2021f	10.5%	-15.8%
2022f	14.7%	-3.4%
2023f	6.5%	2.9%
2024f	3.3%	6.3%
2025f	2.9%	9.4%

Commercial Foodservice Sales - Nova Scotia
(in millions)



Source: Statistics Canada and Restaurants Canada

Nova Scotia
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

New Brunswick

Throughout most of 2020, New Brunswick has been relatively successful at containing the outbreak of COVID-19, although temporary spikes in cases in mid-October and late November restrained foodservice sales at the end of the year.

As a result, annual foodservice sales in New Brunswick are projected to fall by 20.0% in 2020, to just over $1 billion. Full-service restaurants and drinking places didn't experience as severe of a decline in sales as in most other provinces.

With fewer cases of COVID-19 per 100,000 people, New Brunswick experienced a shallow economic downturn in 2020 compared to the rest of Canada. In fact, annual retail sales are projected to dip by a mere 0.2% compared to the national average of -3.1%.

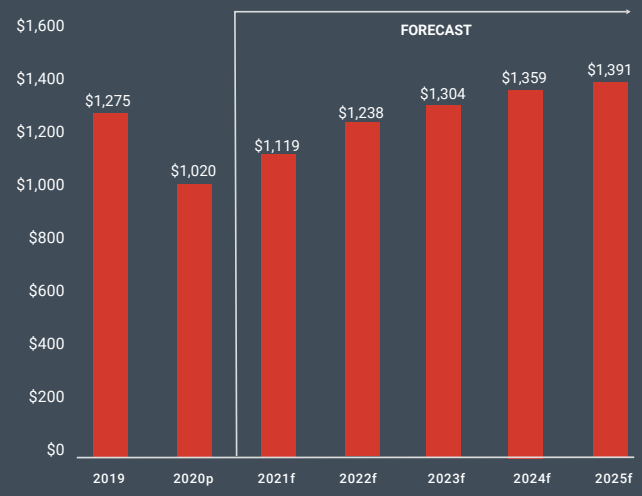
In 2021, commercial foodservice sales in New Brunswick are forecast to increase 9.7%. This increase is smaller than the national average because New Brunswick saw a smaller decline in annual sales in 2020. In addition, a significant outbreak in COVID-19 in January 2021 and into February will restrain foodservice spending in Q1. The trajectory in New Brunswick's foodservice sales over the long term will generally mirror the recovery in the overall economy and tourism industry.

However, because New Brunswick is forecast to experience below-average economic growth compared to the rest of Canada, foodservice sales are forecast to grow at a slower rate than the national average.

New Brunswick

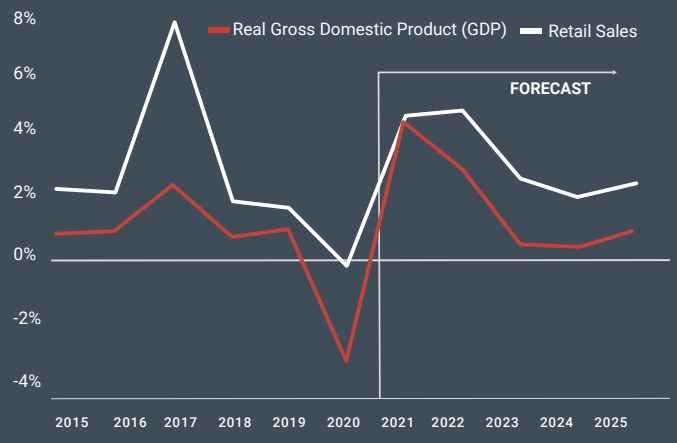
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	2.7%	--
2020p	-20.0%	-20.0%
2021f	9.7%	-12.3%
2022f	10.7%	-2.9%
2023f	5.3%	2.3%
2024f	4.2%	6.6%
2025f	2.4%	9.1%

Commercial Foodservice Sales - New Brunswick
(in millions)



Source: Statistics Canada and Restaurants Canada

New Brunswick
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

Quebec

Prior to COVID-19, Quebec's foodservice industry enjoyed some of the strongest gains in the country, averaging 6.6% annual sales growth per year between 2016 and 2019. In 2020, however, Quebec saw the largest sales decline in the country due to the highest COVID-19 caseload in the country and strict containment measures.

As a result, commercial foodservice sales are projected to plummet by 32.1% to $10.1 billion in 2020, compared to nearly $15 billion in 2019.

The beginning of 2021 will remain a difficult one. At the start of the year, 80% of the population was under "maximum alert" and a full lockdown was expected at the time of writing. Although commercial foodservice sales are forecast to grow by 12.6% in 2021 to $11.4 billion, sales will remain 23.6% below 2019 levels.

In 2022, Quebec's recovery will gain a solid foothold as sales rebound by 26.8%, compared to the national average of 21.6%.

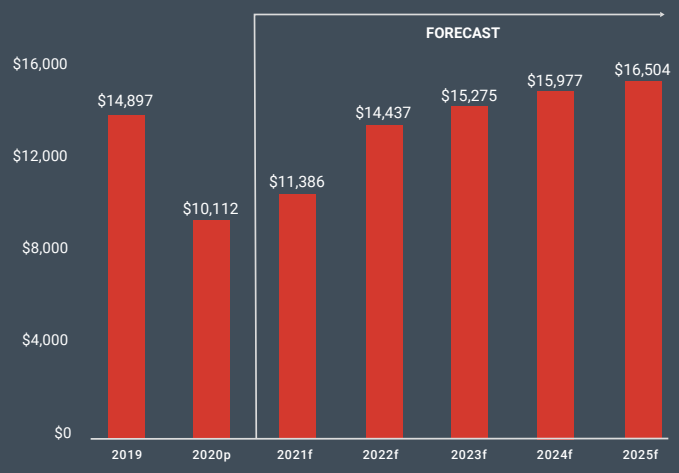
Overall, Quebec's households are carrying less debt than the rest of Canada, which will support a solid recovery in foodservice sales. The economy is also forecast to grow at a faster pace than the national average.

Despite many of the challenges experienced in Quebec in 2020 and 2021, commercial foodservice sales in Quebec are forecast to reach $16.5 billion in 2025 – representing a 10.8% increase over 2019.

Quebec

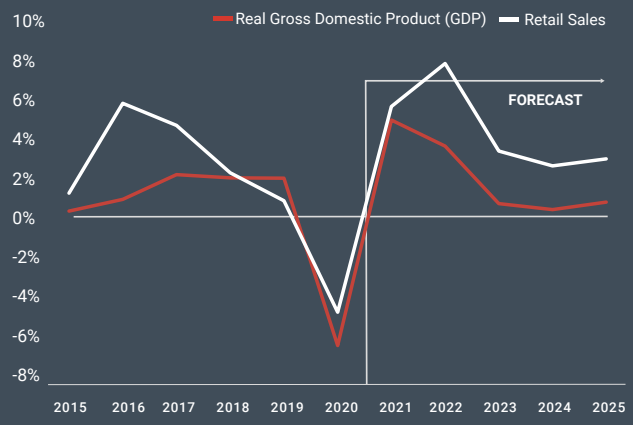
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	6.6%	--
2020p	-32.1%	-32.1%
2021f	12.6%	-23.6%
2022f	26.8%	-3.1%
2023f	5.8%	2.5%
2024f	4.6%	7.3%
2025f	3.3%	10.8%

Commercial Foodservice Sales - Quebec
(in millions)



Source: Statistics Canada and Restaurants Canada

Quebec
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

What are the permanent changes to the foodservice business model due to COVID-19?

The Good:
Talent. A better approach to our workforce, realized through new and best practices. Many changes that should have happened years ago can now take hold.
Efficiencies. Speak with any operator and chances are pretty good they'll tell you how they've discovered many operational efficiencies throughout this pandemic. P+Ls have never been so closely scrutinized. With money so tight or non-existent we've also been able to shine a spotlight on waste: food, packaging, water, hydro etc. I believe demonstrating our environmental commitment to reducing waste will be received with much applause from our customers.

The Bad: Not addressing or changing the things that for years haven't worked in our industry. Going back is not sustainable.

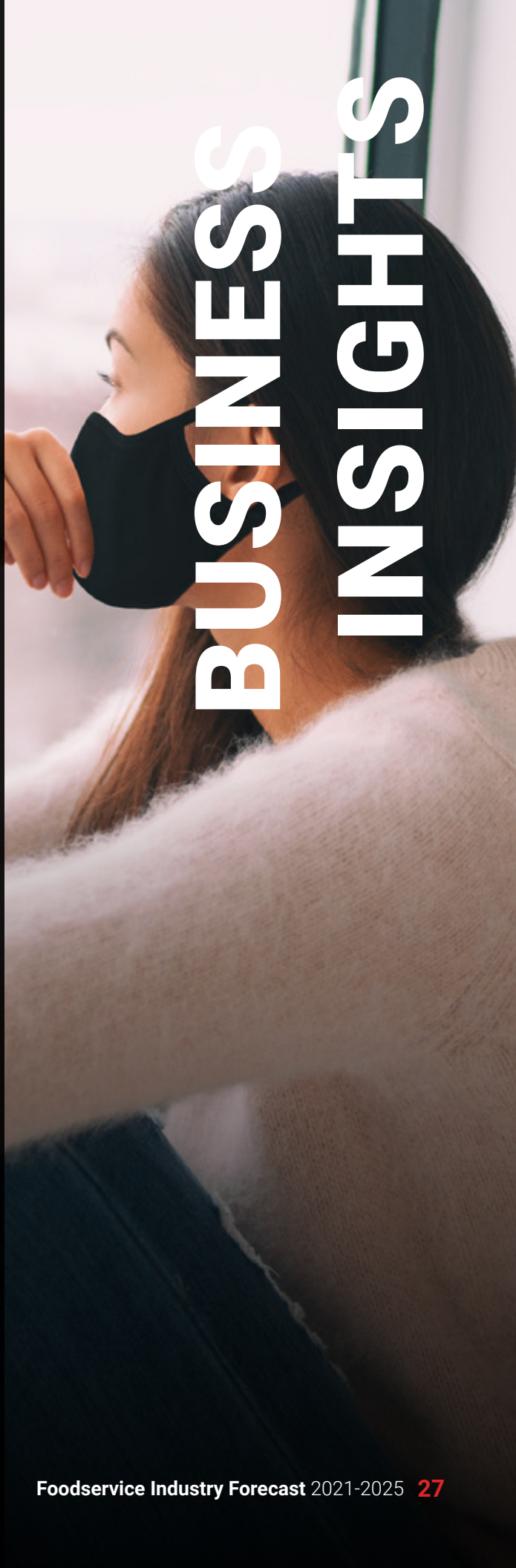
- **Donna Dooher,** Owner/Operator
Mildred's Temple Kitchen

"What stands out for me is the clear centrality of food service to Canadian life. Our guests want and need us. Through COVID, we have learned new ways to connect and interact, new ways to create convenience, new ways to eat. This spurt of innovation and openness will not be lost - it will, I believe, be just the start of a new evolution of eating out."

- **Susan Senecal,** CEO
A&W Food Services of Canada

"I think we will see a huge cull of restaurants (full service) and the pause in business will lead to a renaissance of sorts when we slowly return to operations in the fall. People will have taken that pause to regroup, rebrand or strengthen, and find new locations and equipment very inexpensively due to so many locations having trouble surviving (good deals out there already). Delivery and curbside is here to stay in an ever-changing way as behavior of both customer and restaurant has allowed everyone to expect the convenience, and in some cases very special takeout food kits and dinners. Technology should continue to evolve to the point where restaurants may get much better at doing their own delivery options, perhaps collectively to service a demographic and or geographic zone. There is much incentive to take control of this potential."

- **Patrick Saurette**, Owner
The Marc Restaurant Group



Ontario

Ontario's foodservice industry was dealt a severe blow by the pandemic. Weighed down by the second-highest number of COVID-19 cases in the country, the combination of travel restrictions and lockdowns is projected to reduce annual commercial foodservice sales in Ontario by 31.8% in 2020, down to $20.8 billion, nearly $10 billion in lost revenue.

Ontario's foodservice industry will see one of the largest declines caused in part by the lagged recovery after the slow reopening in the first wave.

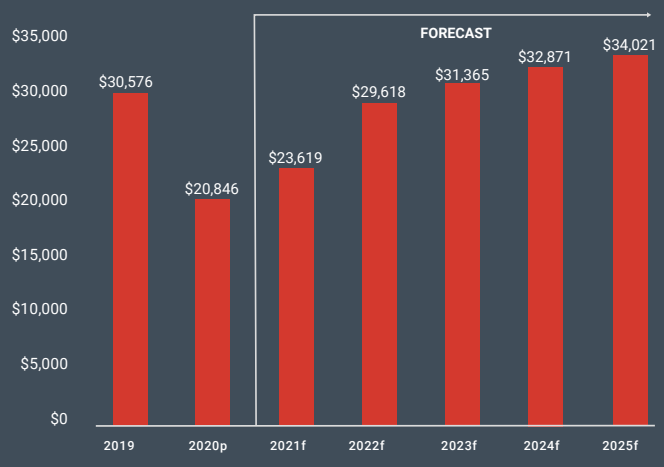
In 2021, commercial foodservice sales are forecast to post a modest improvement, 13.3% growth, due to stringent stay-at-home measures in Q1. In 2022, a rebound in consumer spending, a pick-up in the number of international visitors and greater business spending will boost commercial foodservice sales in Ontario by a robust 25.4%. In 2023, commercial foodservice sales are forecast to return to pre-COVID-19 levels as tourism and business spending resume more normal patterns.

Over the long term, Ontario's real GDP growth and retail sales growth will outpace the national average due to a growing population. As a result, foodservice sales in Ontario will see above-average sales growth once the pandemic is over.

Ontario

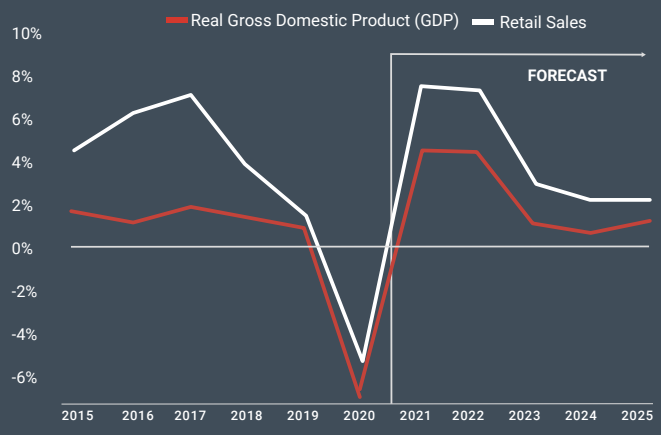
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	4.2%	--
2020p	-31.8%	-31.8%
2021f	13.3%	-22.8%
2022f	25.4%	-3.1%
2023f	5.9%	2.6%
2024f	4.8%	7.5%
2025f	3.5%	11.3%

Commercial Foodservice Sales - Ontario
(in millions)



Source: Statistics Canada and Restaurants Canada

Ontario
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

Manitoba

After Manitoba had successfully contained the pandemic throughout most of 2020, the number of cases unfortunately soared in the final three months of the year. This has led to a very uneven impact on foodservice sales in the province.

Whereas monthly foodservice sales in Manitoba fell by an average of only 13.9% between June and September 2020, sales tumbled by 38.2% in November. Full-service restaurants, caterers and drinking places were hardest hit in November with sales plummeting by 60% or more.

Given that Manitoba kept the virus under control for a longer duration, commercial foodservice sales were not impacted as badly as in other provinces. On the whole, foodservice sales in Manitoba are projected to fall by 22.5% in 2020, compared to the national average of 28.7%.

In 2021, foodservice sales in Manitoba are forecast to improve by 10.2% to nearly $1.9 billion. This will put Manitoba 14.6% below 2019 levels.

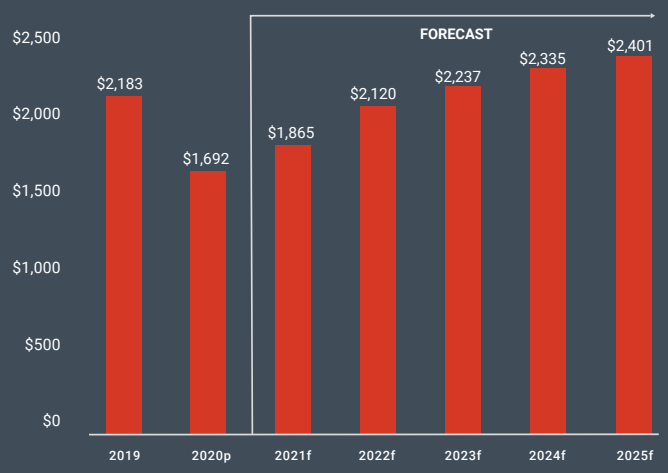
Part of the rebound will be driven by a healthy recovery in the economy. One area of strong growth is the food manufacturing sector, which will see another year of solid gains in 2021.

By 2025, commercial foodservice sales in Manitoba are forecast to climb to $2.4 billion, a 10% increase over 2019.

Manitoba

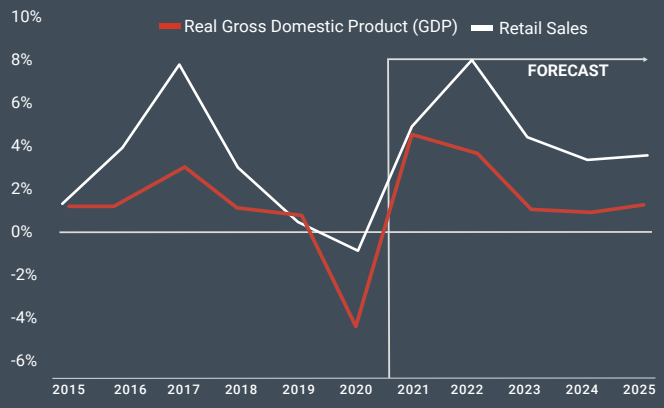
	Year-over-year nominal change in drinking place sales	Annual change compared to 2019
2019	3.3%	--
2020p	-22.5%	-22.5%
2021f	10.2%	-14.6%
2022f	13.7%	-2.9%
2023f	5.5%	2.5%
2024f	4.4%	7.0%
2025f	2.8%	10.0%

Commercial Foodservice Sales - Manitoba
(in millions)



Source: Statistics Canada and Restaurants Canada

Manitoba
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

Saskatchewan

Although Saskatchewan was able to contain the virus throughout most of 2020, there was a dramatic spike in cases in November and December. Nevertheless, Saskatchewan is forecast to see the smallest commercial foodservice sales decline in the country in 2020, slipping by 18.6%.

This is largely due to an average monthly sales decline of 9.5% between July and October, compared to the national average of 23.5% for all of Canada. In fact, quick-service restaurant sales were briefly above 2019 levels between July and October 2020.

Another spike in cases in January 2021 will restrain foodservice sales in Q1. Still, Saskatchewan's foodservice industry is forecast to increase by 9.9% to $1.7 billion in 2021. Given the smaller decline in sales in 2020 and the recovery in 2021, Saskatchewan's foodservice industry is expected to be among the first to return to pre-COVID-19 levels.

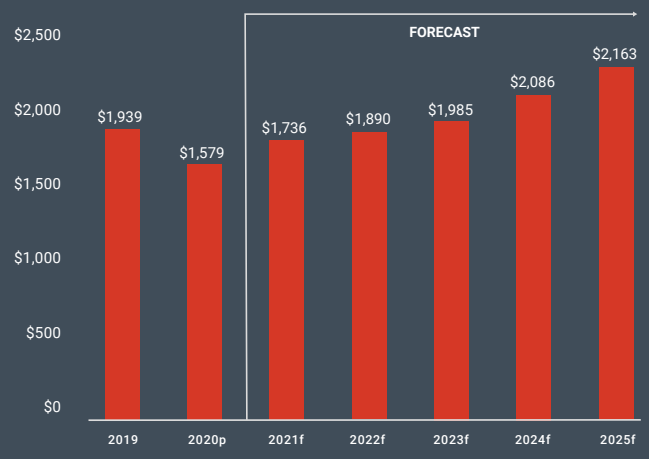
In 2021, annual sales will be 10.5% below 2019 levels, compared to a gap of 20.3% for all of Canada.

An increase in population and solid economic growth will boost commercial foodservice sales in Saskatchewan to more than $2.1 billion by 2025.

Saskatchewan

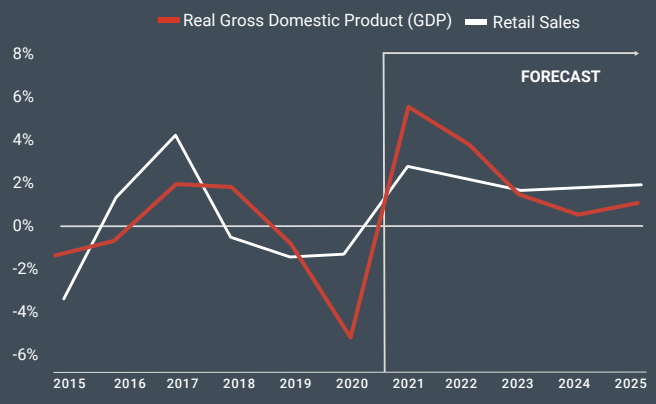
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	0.1%	--
2020p	-18.6%	-18.6%
2021f	9.9%	-10.5%
2022f	8.9%	-2.5%
2023f	5.0%	2.3%
2024f	5.1%	7.6%
2025f	3.7%	11.5%

Commercial Foodservice Sales - Saskatchewan
(in millions)



Source: Statistics Canada and Restaurants Canada

Saskatchewan
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

Alberta

In 2019, Alberta's commercial foodservice industry was on the precipice of surpassing $10 billion in sales. Unfortunately, the impact of COVID-19 set that goal back a number of years as sales are forecast to fall by 24.4% in 2020, down to $7.5 billion. This represents the lowest annual sales since 2011.

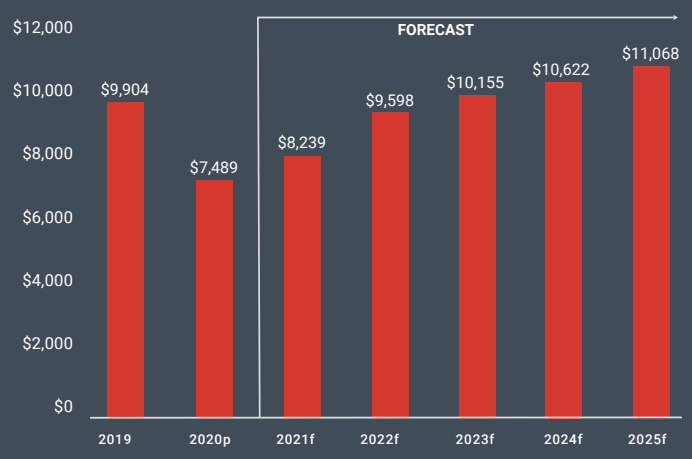
At the end of 2020, Alberta experienced a significant spike in COVID-19 cases. Although the number of cases is expected to steadily decline throughout January and February, this will act as a drag on the economic recovery. As a result, annual foodservice sales are forecast to increase by 10% in 2021, up to $8.2 billion. As the economy returns to "normal", improved spending by businesses and tourists is forecast to boost foodservice sales by a further 16.5% in 2022. In 2023, Alberta's foodservice industry is expected to surpass the $10 billion mark for the first time.

Over the long term, a growing population, high disposable income and a strong economy will lead to above-average foodservice sales growth to 2025.

Alberta

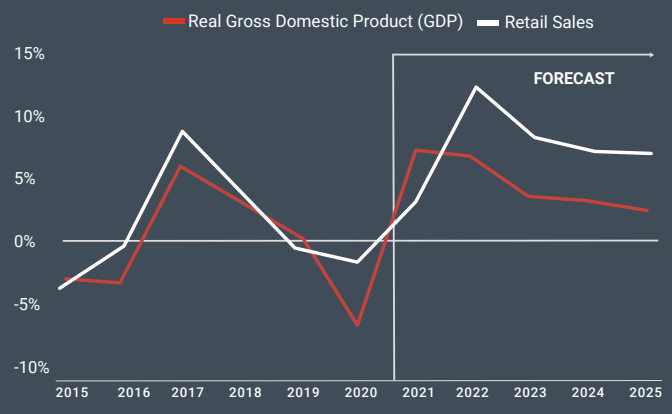
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	3.0%	--
2020p	-24.4%	-24.4%
2021f	10.0%	-16.8%
2022f	16.5%	-3.1%
2023f	5.8%	2.5%
2024f	4.6%	7.2%
2025f	4.2%	11.8%

Commercial Foodservice Sales - Alberta
(in millions)



Source: Statistics Canada and Restaurants Canada

Alberta
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

British Columbia

On a per capita basis, British Columbia saw half the number of COVID-19 cases compared to Alberta. As a result, British Columbia will see a smaller contraction in real GDP, while annual retail sales are forecast to be higher (by 0.4%) in 2020 than in 2019.

Despite this solid macroeconomic performance, commercial foodservice sales are projected to fall by 25.6% -- among the largest declines in the country. This is largely due to the outsized declines in sales in April, May and June 2020 compared to the other western provinces. As a result, annual sales in 2020 are projected to fall to $9.8 billion in 2020, down from more than $13 billion in 2019.

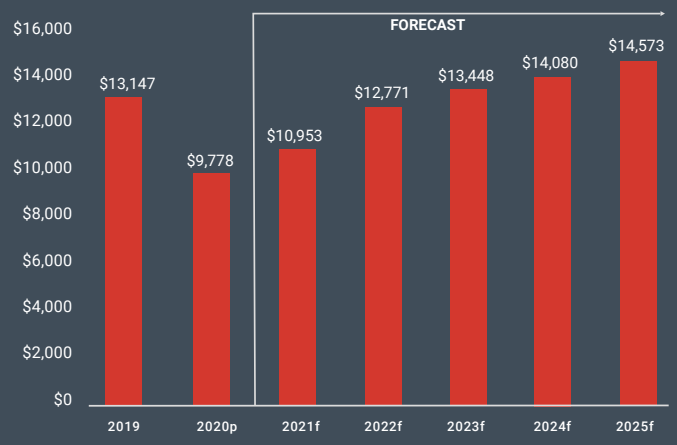
In 2021, commercial foodservice sales are forecast to grow by 12.0% to $10.9 billion – 16.7% below 2019 levels. As domestic and international travel improve, 2022 sales are forecast to grow by an additional 16.6%, up to $12.8 billion. Foodservice sales in British Columbia are expected to return to pre-COVID-19 levels in 2023.

After boasting among the strongest year-over-year sales growth rates in Canada between 2014 and 2019, the pandemic has led to a temporary setback. Looking ahead, however, a strong economy, growing population and increased tourism will lead to above-average foodservice sales gains between 2023 and 2025.

British Columbia

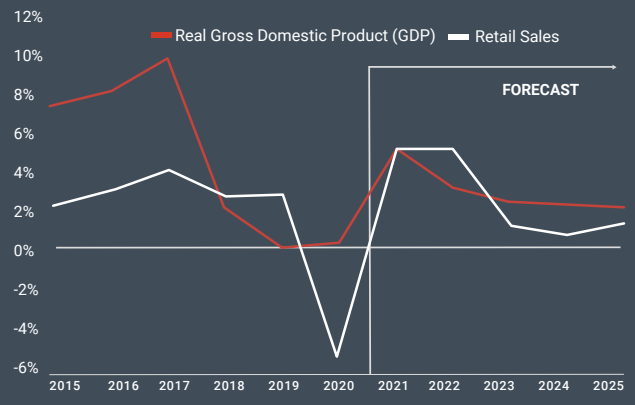
	Year-over-year nominal change in commercial foodservice sales	Annual change compared to 2019
2019	4.8%	--
2020p	-25.6%	-25.6%
2021f	12.0%	-16.7%
2022f	16.6%	-2.9%
2023f	5.3%	2.3%
2024f	4.7%	7.1%
2025f	3.5%	10.8%

Commercial Foodservice Sales - British Columbia
(in millions)



Source: Statistics Canada and Restaurants Canada

British Columbia
(year-over-year change)



Source: Statistics Canada and Conference Board of Canada

What is the number one thing foodservice operators need to do in order to adapt and thrive in 2021 and beyond?

"Service. Especially in dine-in restaurants. Don't get me wrong, there are a lot of things restaurant operators need to do. But if they do not focus on service, all of the other things will not matter. COVID has allowed everyone to try different formats of eating at home - we all know that. Some people are surprised by how good their cooking skills are, or how efficient an instant pot is or how much they perceive to be saving by not eating out. But the one thing they cannot duplicate at home, the one thing grocery stores cannot compete on, is service in a pleasant social atmosphere with great food. Just come in, sit down, relax and we will take care of the rest. The word restaurant literally means "revive" and coming out of COVID, so many people are looking to be revived. People are social beings and everyone loves to be taken care of. We have a unique opportunity to dramatically grow our business if we do it right and remind guests what they have missed. But if we cut corners to save some labour dollars or dumb down our menus too much or ignore the guest standing in front of us to focus on a third-party delivery order, than we risk accelerating the negative impact on our dining rooms that COVID started."

- Frank Hennessey
Chief Executive Officer
Recipe Unlimited

"Foodservice will need to relocate and retrofit to meet the market. In many cases this will mean retrofitting to introduce multiple concepts or downsizing to new models which are less focused on dine-in. The long-term behavioural change of the customer is yet to be determined, savvy well-capitalized restaurant groups should plan these initiatives, but be mindful of any indications that customer want to return to full dining service. If these indicators are not present, acting quickly will allow them to optimize space and efficiency.

Many people will be permanently reducing the number of days they spend in their office to save on travel time and costs. Downturns are where most successful hospitality businesses are made. Rents are likely to adjust downward, and landlords will provide more favorable terms to attract best-in-class operators and experiences. I would expect to see big city metro landlords investing capital to reinvigorate Triple AAA locations. This should fuel the recovery of the traditional urban core retail pockets."

- Lee Jackson
VP of Retail Business Development
JLL

Economic Summary

The economy is emerging from the unprecedented COVID-19 shock. The GDP is on track to end Q/4 2020 about 3½% below pre-shock (Q4/2019) levels on average. The year as a whole still almost certainly marked the largest annual output decline since the great depression, with GDP falling more than 5%. But that is still a better outcome than feared in the spring when activity plunged 18% over just the two months of March and April. And the economic backdrop is expected to continue to improve through 2021 as vaccine distribution picks up and virus containment measures ease.

'High-contact' hospitality sector has lagged in an exceptionally uneven recovery

The industrial sector has already been bouncing back significantly faster than in past downturns. Globally, demand for consumption goods recovered very quickly, global trade in goods has been rising, and the manufacturing sector has largely not been targeted by new restrictions in the second wave of virus spread either in Canada or abroad. Employment growth in service-sector jobs that are easier to perform remotely, like science, technology, and professional services industries, have surged to well-above pre-shock levels.

In contrast, the 'high-contact' service sector – disproportionately hospitality and travel services – and some retail stores have continued to bear the brunt of containment measures. Output in the accommodation & foodservice industries plunged almost a third in 2020. Arts, entertainment, and recreation output fell by 40%. Air transportation declined by more than two-thirds. As of December 2020, the accommodation & foodservice sector alone accounted for almost half of the almost 650k shortfall in jobs relative to pre-shock levels. Investment in the oil & gas sector has begun to rise higher but is still very low.

Vaccines and flush household bank accounts are the lights at the end of the tunnel

The early rollout of vaccines in 2021 has been frustratingly slow, but is still expected to ramp up later in the spring and over the summer, when warmer weather will also help contain virus spread. Virus containment measures are expected to ease gradually - and this time more sustainably - as vaccination rates rise, provided the vaccines remain effective against new and emerging variants of the virus. And households will have plenty of purchasing power when containment measures can be eased more meaningfully. Government support programs have put a floor under household incomes for those who lost work, so disposable incomes are on track to have risen 10% in 2020 despite elevated unemployment. But containment measures left households with fewer options to spend, particularly on travel and hospitality services. As a result, Canadian households have amassed an estimated $200 billion in unplanned savings over the course of 2020, a stockpile that continues to rise early in 2021. A large chunk of that savings has likely been directed to the resurgent residential resale market – but there are also likely billions of dollars in pent-up demand for tourism and hospitality services sitting on the sidelines waiting to be spent once the virus threat reduced.

All provincial economies are expected to bounce-back in 2021 although oil & gas producing regions lag

The double-hit from virus containment measures and sharply lower global oil prices left Alberta underperforming other provinces in 2020 – the GDP appears to have plunged a whopping 8% in the province last year. 2021 should look significantly better. Higher oil prices helped crude production bounce back late in 2020, and drilling activity has risen from exceptionally low levels in the summer. But investment in the energy sector is still running well-below already low pre-shock levels. That will limit the scope for a 2021 bounce-back.

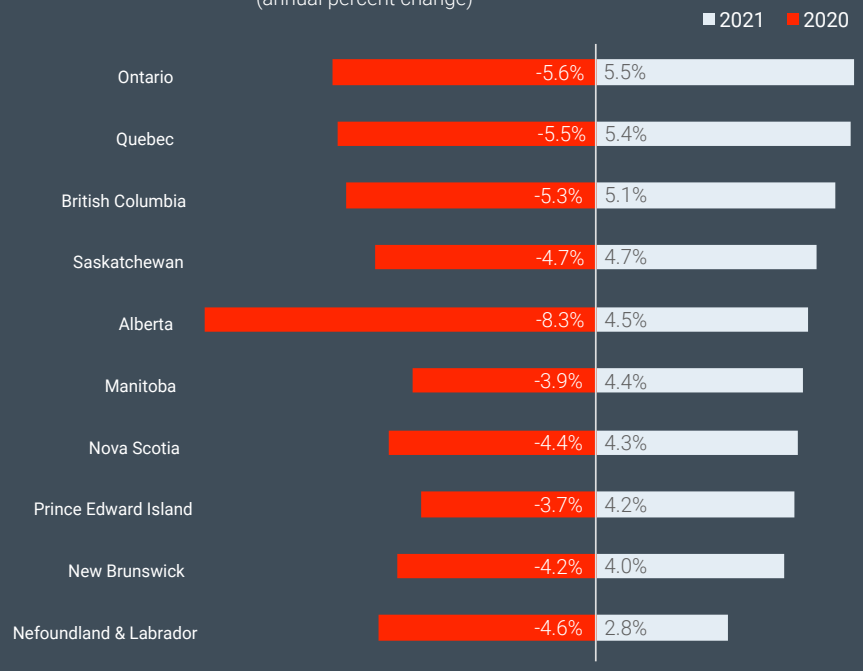
The 2021 rebound in British Columbia is expected to benefit from rising capital investment and the surge in North American residential building markets that has sharply increased demand for forestry products.

Ontario and Quebec should see activity strengthen as 2021 progresses as households begin to spend exceptionally large saving stockpiles.

The recovery in Newfoundland & Labrador is expected to be weaker in 2021 due to the winding down of major construction products and declining population. Other Atlantic provinces are also expected to see smaller increases in 2021 GDP growth because they were better able to contain virus spread, and thus saw smaller GDP declines in 2020.

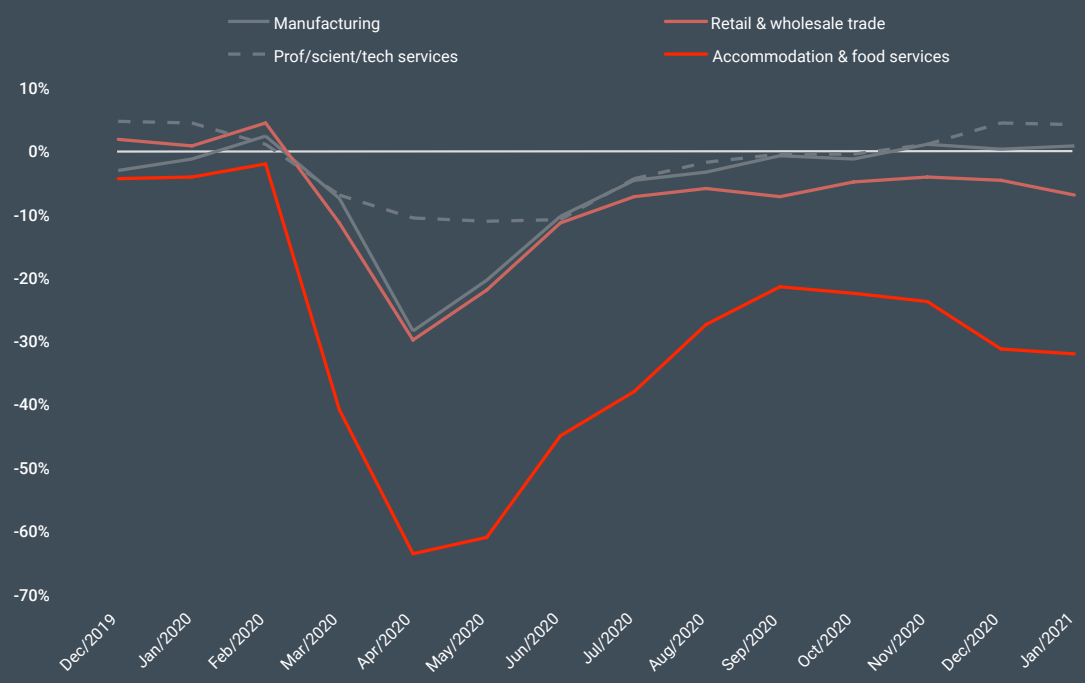
Provincial GDP Growth Forecasts

(annual percent change)



Source: Statistics Canada, RBC Economics Research

Canada Hours Worked by Industry (year-over-year percentage change)



Source: Statistics Canada, RBC Economics Research

Commercial Foodservice Sales Canada

Millions of dollars

	2018	2019	2020p	2021f	2022f	2023f	2024f	2025f	Average
Quick-service Restaurants % change	$32,310.3 5.0%	$33,734.8 4.4%	$29,248.9 -13.3%	$31,793.9 8.7%	$34,524.0 8.6%	$35,628.8 3.2%	$36,768.9 3.2%	$37,908.8 3.1%	5.4%
Full-service Restaurants	$32,716.3 5.0%	$34,289.7 4.8%	$21,132.9 -38.4%	$24,392.8 15.4%	$32,348.5 32.6%	$34,224.7 5.8%	$36,038.6 5.3%	$37,300.0 3.5%	12.5%
Caterers	$5,949.6 4.2%	$6,306.9 6.0%	$3,166.6 -49.8%	$3,552.7 12.2%	$5,397.3 51.9%	$6,163.8 14.2%	$6,441.1 4.5%	$6,653.7 3.3%	17.2%
Drinking Places	$2,780.6 0.7%	$2,694.3 -3.1%	$1,390.8 -48.4%	$1,667.3 19.9%	$2,375.1 42.4%	$2,567.5 8.1%	$2,667.6 3.9%	$2,718.3 1.9%	15.2%
Total Sales	$73,756.9 4.8%	$77,025.7 4.4%	$54,939.2 -28.7%	$61,406.8 11.8%	$74,645.0 21.6%	$78,584.7 5.3%	$81,916.3 4.2%	$84,580.7 3.3%	9.2%
CPI-FAFH	1.524 4.2%	1.565 2.7%	1.599 2.2%	1.652 3.3%	1.710 3.5%	1.754 2.6%	1.796 2.4%	1.838 2.3%	2.8%
Real Sales (in 2002$)	$48,402.2 0.5%	$49,207.2 1.7%	$34,353.1 -30.2%	$37,170.6 8.2%	$43,655.9 17.4%	$44,795.4 2.6%	$45,600.1 1.8%	$46,024.7 0.9%	6.2%
Retail Food Store Sales*	$140,647.3 4.6%	$145,248.5 3.3%	$158,466.1 9.1%	$153,796.4 -2.9%	$155,949.5 1.4%	$160,316.1 2.8%	$166,247.8 3.7%	$171,401.5 3.1%	1.6%
Foodservice Share of Food Dollar**	39.4%	39.7%	28.8%	32.0%	36.3%	37.2%	37.7%	38.0%	36.2%
Real Per Capita Foodservice Sales (in 2020 $)	$2,088	$2,093	$1,446	$1,549	$1,801	$1,830	$1,844	$1,843	$1,773

Source: Restaurants Canada, Statistics Canada and Conference Board of Canada
p - preliminary; f - forecast
* includes food and beverage sales at grocery, department, liquor and convenience stores.
** includes commercial and non-commercial foodservice sales.

RCINTEL

Commercial Foodservice Sales Canada

Growth relative to 2019

	2020p	2021f	2022f	2023f	2024f	2025f
Quick-service Restaurants % change	-13.3%	-5.8%	2.3%	5.6%	9.0%	12.4%
Full-service Restaurants	-38.4%	-28.9%	-5.7%	-0.2%	5.1%	8.8%
Caterers	-49.8%	-43.7%	-14.4%	-2.3%	2.1%	5.5%
Drinking Places	-48.4%	-38.1%	-11.8%	-4.7%	-1.0%	0.9%
Total Sales	-28.7%	-20.3%	-3.1%	2.0%	6.3%	9.8%

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

Commercial Foodservice Sales Forecast Canada

(sales in millions of dollars)

	2019.1	2019.2	2019.3	2019.4	2020.1	2020.2	2020.3	2020.4	2021.1	2021.2	2021.3	2021.4	2022.1	2022.2	2022.3	2022.4
Quick-service Restaurants	$7,487.0	$8,655.5	$9,054.6	$8,537.8	$7,056.7	$6,308.8	$8,266.0	$7,617.4	$6,829.0	$8,058.6	$8,616.9	$8,289.4	$7,669.0	$8,840.2	$9,211.5	$8,803.3
year-over-year change	4.6%	4.9%	4.0%	4.2%	-5.7%	-27.1%	-8.7%	-10.8%	-3.2%	27.7%	4.2%	8.8%	12.3%	9.7%	6.9%	6.2%
change in sales relative to 2019									-9%	-7%	-5%	-3%	2%	2%	2%	3%
Full-service Restaurants	$7,586.2	$8,718.9	$9,325.1	$8,659.5	$6,551.5	$3,291.7	$6,639.6	$4,650.1	$4,161.6	$5,660.0	$7,230.5	$7,340.7	$6,728.6	$8,217.7	$8,851.0	$8,551.1
year-over-year change	5.3%	5.3%	4.3%	4.5%	-13.6%	-62.2%	-28.8%	-46.3%	-36.5%	71.9%	8.9%	57.9%	61.7%	45.2%	22.4%	16.5%
change in sales relative to 2019									-45%	-35%	-22%	-15%	-11%	-6%	-5%	-1%
Caterers	$1,394.1	$1,577.8	$1,600.3	$1,734.8	$1,287.0	$520.2	$694.1	$665.3	$577.7	$847.4	$981.0	$1,146.5	$1,072.7	$1,309.1	$1,398.9	$1,616.6
year-over-year change	5.9%	6.1%	6.0%	6.1%	-7.7%	-67.0%	-56.6%	-61.6%	-55.1%	62.9%	41.3%	72.3%	85.7%	54.5%	42.6%	41.0%
change in sales relative to 2019									-59%	-46%	-39%	-34%	-23%	-17%	-13%	-7%
Drinking Places	$623.5	$695.2	$714.9	$660.7	$491.8	$187.0	$443.4	$268.7	$241.5	$403.3	$523.7	$498.9	$456.7	$622.8	$662.3	$633.3
year-over-year change	-1.0%	-1.7%	-4.3%	-5.2%	-21.1%	-73.1%	-38.0%	-59.3%	-50.9%	115.7%	18.1%	85.7%	89.1%	54.4%	26.5%	26.9%
change in sales relative to 2019									-61%	-42%	-27%	-24%	-27%	-10%	-7%	-4%
Total Sales	$17,090.8	$19,647.3	$20,694.8	$19,592.8	$15,386.9	$10,307.7	$16,043.1	$13,201.5	$11,809.8	$14,969.3	$17,352.1	$17,275.5	$15,927.0	$18,989.9	$20,123.8	$19,604.3
year-over-year change	4.8%	4.9%	4.0%	4.1%	-10.0%	-47.5%	-22.5%	-32.6%	-23.2%	45.2%	8.2%	30.9%	34.9%	26.9%	16.0%	13.5%
change in sales relative to 2019									-31%	-24%	-16%	-12%	-7%	-3%	-3%	0%

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

Commercial Foodservice Sales by Province

Millions of dollars

	2018	2019	2020p	2021f	2022f	2023f	2024f	2025f	Average
CANADA	$73,756.9	$77,025.7	$54,939.2	$61,406.8	$74,645.0	$78,584.7	$81,916.3	$84,580.7	
% change	4.8%	4.4%	-28.7%	11.8%	21.6%	5.3%	4.2%	3.3%	9.2%
Newfoundland & Labrador	$833.1	$846.6	$678.8	$727.3	$825.4	$861.7	$895.4	$911.5	
	0.0%	1.6%	-19.8%	7.1%	13.5%	4.4%	3.9%	1.8%	6.1%
P.E.I.	$287.6	$313.3	$246.3	$272.9	$305.1	$322.1	$335.4	$343.4	
	6.8%	8.9%	-21.4%	10.8%	11.8%	5.6%	4.1%	2.4%	6.9%
Nova Scotia	$1,707.5	$1,762.7	$1,343.9	$1,485.0	$1,703.3	$1,814.0	$1,873.0	$1,928.2	
	2.6%	3.2%	-23.8%	10.5%	14.7%	6.5%	3.3%	2.9%	7.6%
New Brunswick	$1,241.8	$1,274.9	$1,019.6	$1,118.7	$1,238.4	$1,304.0	$1,358.8	$1,391.4	
	1.9%	2.7%	-20.0%	9.7%	10.7%	5.3%	4.2%	2.4%	6.5%
Atlantic Region	$4,070.0	$4,197.5	$3,288.6	$3,603.8	$4,072.2	$4,301.9	$4,463.4	$4,574.5	
	2.1%	3.1%	-21.7%	9.6%	13.0%	5.6%	3.8%	2.5%	6.9%
Quebec	$13,975.4	$14,896.7	$10,111.7	$11,385.8	$14,437.2	$15,274.6	$15,977.2	$16,504.5	
	5.3%	6.6%	-32.1%	12.6%	26.8%	5.8%	4.6%	3.3%	10.6%
Ontario	$29,339.9	$30,576.2	$20,846.1	$23,618.6	$29,617.8	$31,365.2	$32,870.8	$34,021.2	
	6.2%	4.2%	-31.8%	13.3%	25.4%	5.9%	4.8%	3.5%	10.6%
Manitoba	$2,112.5	$2,183.3	$1,692.3	$1,864.9	$2,120.4	$2,237.0	$2,335.4	$2,400.8	
	3.0%	3.3%	-22.5%	10.2%	13.7%	5.5%	4.4%	2.8%	7.3%
Saskatchewan	$1,938.1	$1,939.1	$1,579.0	$1,735.7	$1,890.2	$1,984.7	$2,085.9	$2,163.1	
	-0.7%	0.1%	-18.6%	9.9%	8.9%	5.0%	5.1%	3.7%	6.5%
Alberta	$9,613.1	$9,904.5	$7,489.2	$8,239.0	$9,598.4	$10,155.1	$10,622.3	$11,068.4	
	1.8%	3.0%	-24.4%	10.0%	16.5%	5.8%	4.6%	4.2%	8.2%
British Columbia	$12,539.3	$13,147.2	$9,777.7	$10,953.2	$12,771.4	$13,448.3	$14,080.3	$14,573.1	
	5.5%	4.8%	-25.6%	12.0%	16.6%	5.3%	4.7%	3.5%	8.4%

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

Commercial Foodservice Sales by Province

Growth relative to 2019

	2020p	2021f	2022f	2023f	2024f	2025f
CANADA	-28.7%	-20.3%	-3.1%	2.0%	6.3%	9.8%
Newfoundland & Labrador	-19.8%	-14.1%	-2.5%	1.8%	5.8%	7.7%
P.E.I.	-21.4%	-12.9%	-2.6%	2.8%	7.0%	9.6%
Nova Scotia	-23.8%	-15.8%	-3.4%	2.9%	6.3%	9.4%
New Brunswick	-20.0%	-12.3%	-2.9%	2.3%	6.6%	9.1%
Atlantic Region	-21.7%	-14.1%	-2.9%	2.5%	6.3%	9.0%
Quebec	-32.1%	-23.6%	-3.1%	2.5%	7.3%	10.8%
Ontario	-31.8%	-22.8%	-3.1%	2.6%	7.5%	11.3%
Manitoba	-22.5%	-14.6%	-2.9%	2.5%	7.0%	10.0%
Saskatchewan	-18.6%	-10.5%	-2.5%	2.3%	7.6%	11.5%
Alberta	-24.4%	-16.8%	-3.1%	2.5%	7.2%	11.8%
British Columbia	-25.6%	-16.7%	-2.9%	2.3%	7.1%	10.8%

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

Inflation for Food Away from Home (or Menu Inflation) by Province

	2018	2019	2020p	2021f	2022f	2023f	2024f	2025f	Average
CANADA	1.524	1.565	1.599	1.652	1.710	1.754	1.796	1.838	
% change	4.2%	2.7%	2.2%	3.3%	3.5%	2.6%	2.4%	2.3%	2.8%
Newfoundland & Labrador	1.611	1.635	1.669	1.719	1.772	1.814	1.854	1.893	
	2.8%	1.5%	2.1%	3.0%	3.1%	2.4%	2.2%	2.1%	2.6%
P.E.I.	1.462	1.496	1.524	1.575	1.628	1.671	1.711	1.748	
	1.9%	2.3%	1.9%	3.3%	3.4%	2.6%	2.4%	2.2%	2.8%
Nova Scotia	1.569	1.592	1.631	1.683	1.735	1.777	1.816	1.860	
	2.1%	1.4%	2.5%	3.2%	3.1%	2.4%	2.2%	2.4%	2.7%
New Brunswick	1.536	1.563	1.597	1.645	1.696	1.733	1.773	1.813	
	2.6%	1.7%	2.2%	3.0%	3.1%	2.2%	2.3%	2.3%	2.6%
Atlantic Region	1.560	1.585	1.621	1.671	1.723	1.764	1.804	1.845	
	2.4%	1.6%	2.3%	3.1%	3.1%	2.4%	2.2%	2.3%	2.6%
Quebec	1.536	1.588	1.630	1.687	1.748	1.793	1.836	1.880	
	2.7%	3.4%	2.6%	3.5%	3.6%	2.6%	2.4%	2.4%	2.9%
Ontario	1.531	1.566	1.593	1.647	1.705	1.749	1.793	1.836	
	6.4%	2.3%	1.7%	3.4%	3.5%	2.6%	2.5%	2.4%	2.9%
Manitoba	1.532	1.556	1.585	1.636	1.690	1.730	1.770	1.811	
	1.7%	1.6%	1.9%	3.2%	3.3%	2.4%	2.3%	2.3%	2.7%
Saskatchewan	1.520	1.563	1.593	1.644	1.699	1.738	1.776	1.815	
	2.5%	2.8%	2.0%	3.2%	3.3%	2.3%	2.2%	2.2%	2.6%
Alberta	1.534	1.579	1.610	1.663	1.721	1.764	1.804	1.848	
	3.4%	3.0%	1.9%	3.3%	3.5%	2.5%	2.3%	2.4%	2.8%
British Columbia	1.461	1.484	1.524	1.574	1.626	1.665	1.705	1.746	
	3.4%	1.6%	2.7%	3.3%	3.3%	2.4%	2.4%	2.4%	2.8%

Source: Restaurants Canada, Statistics Canada and Conference Board of Canada
* Inflation rates exclude the impact of changes in the Harmonized Sales Tax

Real Commercial Foodservice Sales (Adjusted for Inflation) by Province

Millions of dollars

	2018	2019	2020p	2021f	2022f	2023f	2024f	2025f	Average
CANADA	$48,402.2	$49,207.2	$34,353.1	$37,170.6	$43,655.9	$44,795.4	$45,600.1	$46,024.7	
% change	0.5%	1.7%	-30.2%	8.2%	17.4%	2.6%	1.8%	0.9%	6.2%
Newfoundland & Labrador	$517.0	$517.8	$406.8	$423.2	$465.8	$474.9	$482.8	$481.4	
	-2.7%	0.2%	-21.4%	4.0%	10.1%	2.0%	1.7%	-0.3%	3.5%
P.E.I.	$196.7	$209.4	$161.6	$173.3	$187.4	$192.8	$196.0	$196.4	
	4.8%	6.5%	-22.8%	7.2%	8.1%	2.9%	1.7%	0.2%	4.0%
Nova Scotia	$1,088.3	$1,107.4	$824.1	$882.3	$981.6	$1,020.9	$1,031.9	$1,036.9	
	0.5%	1.8%	-25.6%	7.1%	11.3%	4.0%	1.1%	0.5%	4.8%
New Brunswick	$808.4	$815.8	$638.6	$680.2	$730.4	$752.5	$766.5	$767.3	
	-0.7%	0.9%	-21.7%	6.5%	7.4%	3.0%	1.9%	0.1%	3.8%
Atlantic Region	$2,608.6	$2,648.0	$2,028.9	$2,156.4	$2,362.9	$2,438.8	$2,474.8	$2,479.4	
	-0.2%	1.5%	-23.4%	6.3%	9.6%	3.2%	1.5%	0.2%	4.1%
Quebec	$9,096.6	$9,381.8	$6,204.5	$6,750.0	$8,261.6	$8,519.2	$8,702.3	$8,778.8	
	2.6%	3.1%	-33.9%	8.8%	22.4%	3.1%	2.1%	0.9%	7.5%
Ontario	$19,170.1	$19,528.1	$13,086.8	$14,339.7	$17,373.9	$17,932.8	$18,335.2	$18,532.1	
	-0.2%	1.9%	-33.0%	9.6%	21.2%	3.2%	2.2%	1.1%	7.5%
Manitoba	$1,378.9	$1,403.2	$1,067.6	$1,140.0	$1,254.8	$1,292.8	$1,319.3	$1,325.8	
	1.2%	1.8%	-23.9%	6.8%	10.1%	3.0%	2.1%	0.5%	4.5%
Saskatchewan	$1,275.1	$1,241.0	$991.0	$1,055.6	$1,112.8	$1,142.2	$1,174.6	$1,191.8	
	-3.1%	-2.7%	-20.1%	6.5%	5.4%	2.6%	2.8%	1.5%	3.8%
Alberta	$6,268.4	$6,272.3	$4,652.9	$4,955.2	$5,577.6	$5,757.1	$5,886.6	$5,990.1	
	-1.5%	0.1%	-25.8%	6.5%	12.6%	3.2%	2.2%	1.8%	5.3%
British Columbia	$8,580.9	$8,857.8	$6,415.8	$6,957.5	$7,853.3	$8,075.7	$8,257.1	$8,345.8	
	2.1%	3.2%	-27.6%	8.4%	12.9%	2.8%	2.2%	1.1%	5.5%

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

Economic Forecasts (Year-over-Year Growth)
Canada

	2018	2019	2020f	2021f	2022f	2023f	2024f	2025f	Average
Real GDP	2.0%	1.7%	-6.6%	5.6%	4.8%	1.8%	1.5%	1.7%	3.1%
Disposable Income	3.8%	4.5%	10.3%	-4.0%	2.8%	3.3%	3.4%	3.4%	1.8%
Unemployment Rate*	5.8%	5.7%	9.6%	7.6%	6.3%	6.1%	5.9%	5.7%	6.3%
Exchange Rate (USD per CAD)*	$0.77	$0.75	$0.74	$0.77	$0.78	$0.78	$0.78	$0.78	$0.78
Retail Sales	3.0%	1.1%	-3.1%	6.0%	7.3%	3.9%	3.2%	3.3%	4.8%
Consumer Price Index*	2.2%	2.0%	1.1%	2.1%	2.4%	2.0%	2.1%	2.0%	2.1%

Source: Conference Board of Canada
* refers to actual levels.

Restaurants Canada

The voice of foodservice | La voix des services alimentaires

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