



July 10, 2020

STATE OF OPERATIONS

Based on a survey conducted between June 25 and July 3 of foodservice operators across the country:

- **The majority of foodservice businesses are now offering on-premise dining:**
59% of foodservice businesses have at least one location open for on-premise dining;
40% of foodservice businesses have at least one location only offering takeout and/or delivery;
10% of foodservice businesses have at least one location still temporarily shut down completely.
- **The majority of foodservice businesses are still not profitable:**
38% of quick-service restaurants and 62% of full-service restaurants said they are operating at a loss;
17% of quick-service restaurants and 22% of full-service restaurants said they are just breaking even.
- **More than half of restaurants still operating at a loss expect to take at least a year to return to profitability:**
 - 19% of quick-service restaurants and 7% of full-service restaurants said 6 months or less.
 - 38% of quick-service restaurants and 31% of full-service restaurants said 7 months to a year.
 - 29% of quick-service restaurants and 40% of full-service restaurants said between a year and 18 months.
 - 14% of quick-service restaurants and 21% of full-service restaurants said more than 18 months.

Based on a survey conducted between May 1 and May 5:

- **7 out of 10 restaurant operators are either very or extremely worried that their business won't have enough cash flow** to pay vendors, rent and other expenses over the next few months.

Based on a survey conducted between April 15 and April 21:

- **Nearly 1 in 10 independent restaurants have already closed permanently** and 1 out of 2 remaining independent restaurants don't expect to survive if conditions don't improve.
- **Most multi-unit foodservice operations will permanently shut down at least one location** if conditions don't improve.
- **75% of restaurant operators said they are either very or extremely concerned about their current level of debt** and 3 out of 4 respondents identified rent as a main source of their debt.

CHALLENGES WITH RENT

Based on a survey conducted between June 1 and June 7 of foodservice operators across the country:

- **More than half of single-unit operators say they have not paid their rent in April, May and June.** Up to 20% did not have permission to defer payments for all those months. Among multi-unit operators, roughly 22% of respondents said their landlords agreed to let them defer their rent payments for all their locations in April and May. This fell to just 16% in June.
- **50% of single-unit operators are dealing with landlords who might not be willing to participate in the CECRA program or any other rent relief arrangement** (down from 70% in May): 28% said their landlords are not willing to participate in the CECRA program or any other arrangement (up from 20% who said so in response to our last survey at the start of May) and 22% said they are not sure if their landlord is willing to participate in any kind of arrangement (down from 48% who said so in May). And 35% now say their landlord will provide relief through CECRA vs. 18% who said so in our survey at the start of May.
- **54% of multi-unit restaurant operators are dealing with landlords who might not be willing to participate in the CECRA program or any other rent relief arrangement.** This compares to 60% in May. 37% are dealing with landlords who are not willing to provide rent relief and 17% said they are not sure if any of their landlords are willing to provide rent relief.

JOB LOSSES

- **Restaurants and other foodservice businesses are the fourth-largest source of private sector jobs in Canada.** Collectively, the industry typically employs 1.2 million people. At least this was the case before COVID-19 resulted in more than 800,000 foodservice workers losing their jobs or having their hours cut down to zero by April.
- As confirmed by the results of the latest Labour Force Survey released by Statistics Canada, 205,600 foodservice and accommodation jobs were recovered in May and June. But even with these gains, **at least 400,000 people from the foodservice sector were still out of work across Canada in June, representing a third of the foodservice workforce.**

SALES LOSSES

- Due to the impacts of COVID-19, total foodservice sales in Canada will not grow to a record \$97 billion in 2020 or pass the \$100-billion mark in 2021 as previously forecasted.
- In the worst-case scenario, total foodservice sales for 2020 could be as low as \$47.8 billion in Canada. This means **Canada's restaurant industry could miss out on as much as \$44.8 billion in sales in 2020 compared to 2019.**