

Monthly estimates of business openings and closures, July 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, October 28, 2020

The July estimates of business openings and closures show that, with the continued easing of COVID-19 restrictions, there was a large decrease in business closures. In July 2020, 36,513 business closures were observed in the Canadian business sector, 33.9% less than what was observed in June. This number of business closures in July is comparable with levels observed prior to the pandemic and 6.7% lower than the pre-COVID level observed in February 2020. By comparison, there was a slight decrease in the number of business openings of 3.3% from June to July. However, openings in July surpassed closures in the same month.

The July estimates for the experimental series on monthly openings and closings are now available. The series include monthly estimates of the number of business openings and closures, continuing businesses, and active businesses from January 2015 to July 2020.

With the exception of Yukon, which recorded a slight increase in business closures of 2.8% since June, the decrease in business closures was widespread across provinces and territories. The largest decreases in percentage terms since the previous month occurred in Quebec (-49.9%; -5,932), Ontario (-27.6%; -5,748), and Manitoba (-18.5%; -243). In all provinces and territories, the number of business closures is lower than or very close to the pre-COVID level of February 2020.

The number of business closures decreased in the top three census metropolitan areas. From June to July, business closures decreased by 4,159 (-56.4%) in Montréal, by 4,572 (-35.9%) in Toronto and by 855 (-18.7%) in Vancouver.

At the industry level, there were fewer business closures in July than in June in all industries. Declines of more than 50% were observed in arts, entertainment and recreation (-57.4%; -905), in other services (-56.3%; -2,646), which include personal services, and in accommodation and food services (-56.0%; -3,058). In all industries except manufacturing, the number of business closures is lower than the pre-pandemic level. For instance, in accommodation and food services, which was among the most impacted by the pandemic in terms of business closures, there were 3.9% fewer closures in July compared with February.

Business openings decreased slightly in July. There were 52,258 business openings in July, a decrease of 3.3% compared with June.

Half of businesses that closed in March and April re-opened by July 2020

With the exception of some regions in Ontario, all provinces and territories greatly eased public health restrictions by the end of July, and many businesses were able to re-open with extra safety precautions. The analysis of active businesses in February 2020 shows that, since June, 7.9% additional businesses re-opened, for a cumulative total of 49.5% businesses that re-opened by July 2020.

All industries recorded fewer business re-openings in July than in June, but in many industries, more than half of businesses that closed in March and April have re-opened. In other services (except public administration), accommodation and food services, and transportation and warehousing, the industries with the highest share of business closures, 60.0%, 57.7% and 44.1% of businesses re-opened by July, respectively.

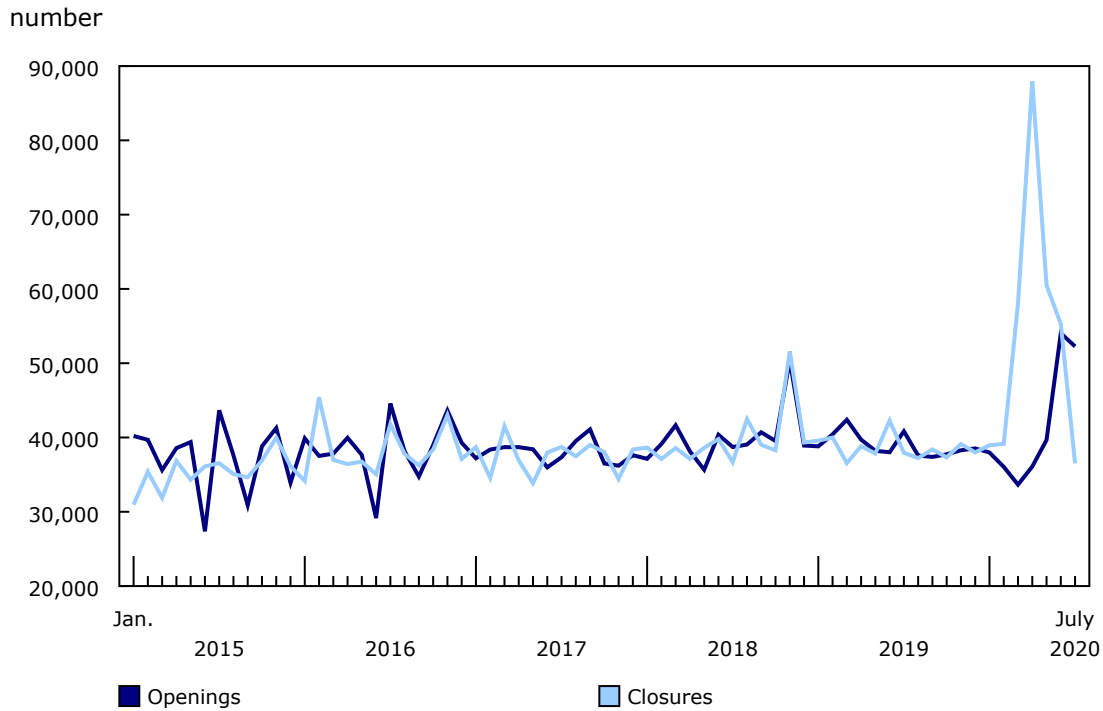
Among businesses that were active in February 2020, the largest share of business closures in March and April was observed in Ontario (18.7%), British Columbia (18.2%) and Prince Edward Island (17.3%). In comparison, lower shares were observed in Manitoba (12.8%) and in the territories, where lower shares of active businesses closed in the Northwest Territories (13.6%), Yukon (11.7%) and Nunavut (3.9%).



By June, at least one in three businesses had re-opened across the provinces; by July, this proportion increased to at least four in ten. In most provinces, at least half of businesses that had closed in March and April had re-opened by July. For instance, nearly 60% of businesses re-opened in New Brunswick (59.1%), Quebec (58.8%) and Prince Edward Island (57.2%).

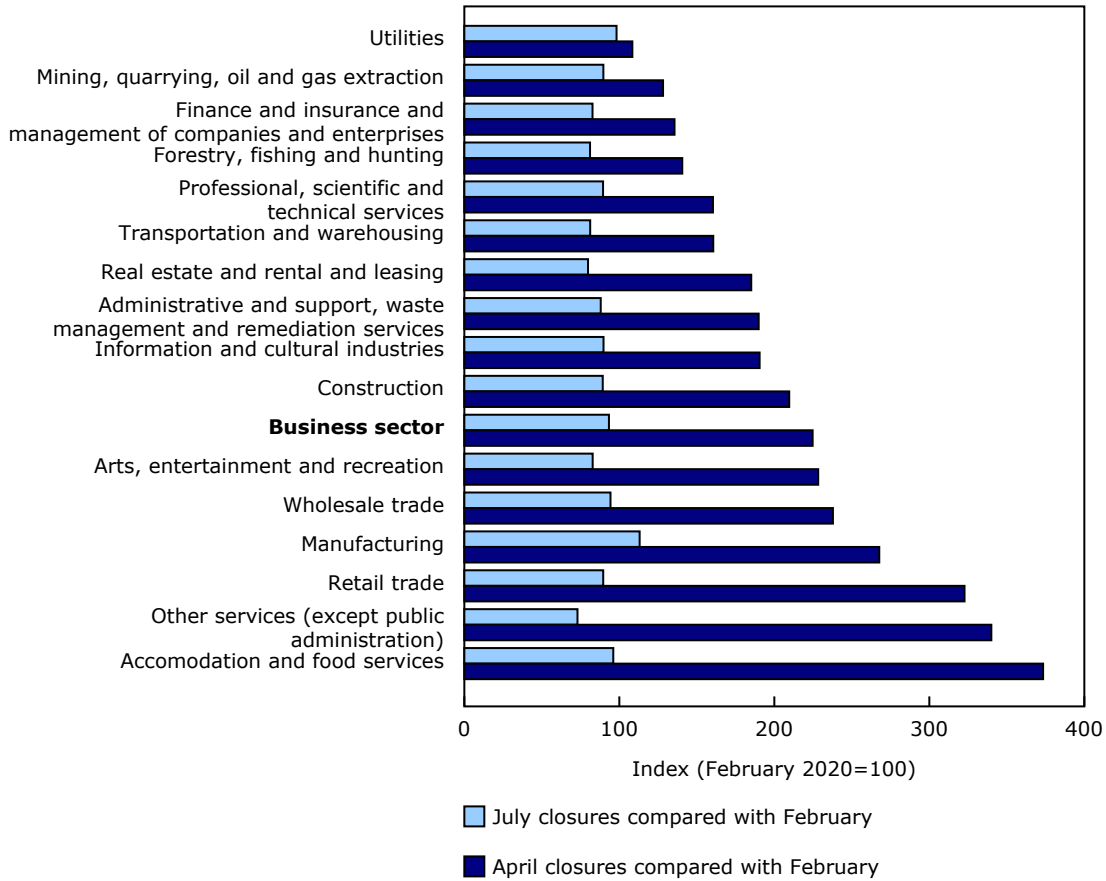
The lowest proportion of re-openings occurred in Ontario (43.3%), which may be related to restrictions on businesses still in place in July in some parts of the province.

Chart 1
Monthly business openings and closures in the business sector, Canada, January 2015 to July 2020, seasonally adjusted series



Source(s): Table 33-10-0270-01.

Chart 2
Business closures in April and July 2020 by industry, seasonally adjusted series



Source(s): Table 33-10-0270-01.

Table 1
Closures and re-openings of businesses that were active in February 2020, non-seasonally adjusted series

	Business closures in March and April 2020 as a share of active businesses	Share of closed businesses that re-opened by June 2020	Share of closed businesses that re-opened by July 2020
	%		
Business sector	17.4	41.6	49.5
Forestry, fishing and hunting	18.3	48.3	56.8
Mining, quarrying, oil and gas extraction	12.3	36.0	42.6
Utilities	8.2	56.4	58.2
Construction	18.4	51.9	59.9
Manufacturing	11.7	47.6	55.4
Wholesale trade	11.0	38.6	47.1
Retail trade	16.1	45.5	54.1
Transportation and warehousing	20.6	36.8	44.1
Information and cultural industries	15.0	33.2	40.4
Real estate and rental and leasing	17.1	33.9	40.9
Professional, scientific and technical services	14.0	35.5	41.5
Administrative and support, and waste management and remediation services	16.7	43.8	50.0
Finance and insurance, and management of companies and enterprises	12.0	34.0	39.5
Arts, entertainment and recreation	18.9	37.3	47.2
Accommodation and food services	22.8	47.6	57.7
Other services (except public administration)	19.5	48.5	60.0

Source(s): Statistics Canada, author's calculation.

Table 2
Closures and re-openings of businesses that were active in February 2020, by province or territory, non-seasonally adjusted series

	Business closures in March and April 2020 as a share of active businesses	Share of closed businesses that re-opened by June 2020	Share of closed businesses that re-opened by July 2020
	%		
Canada	17.4	41.6	49.5
Newfoundland and Labrador	15.4	47.1	55.7
Prince Edward Island	17.3	50.5	57.2
Nova Scotia	15.6	48.4	56.8
New Brunswick	14.9	52.7	59.1
Quebec	15.1	51.5	58.8
Ontario	18.7	34.8	43.3
Manitoba	12.8	46.1	54.1
Saskatchewan	15.4	42.0	49.1
Alberta	16.9	38.9	46.0
British Columbia	18.2	46.1	53.6
Northwest Territories	13.6	48.7	54.6
Yukon	11.7	40.8	49.5
Nunavut	x	x	x

x suppressed to meet the confidentiality requirements of the *Statistics Act*

Source(s): Statistics Canada, author's calculations.

Note to readers

Every new month of data leads to a revision of the released data due to such factors as the seasonal adjustment process and a new version of the Generic Statistical Universe File (or vintage of the Business Register). As such, the estimates may vary when compared to a previous release of the estimates.

Openings are defined as businesses with employment in the current month and no employment in the previous month, while closures are defined as businesses that had employment in the previous month, but no employment in the current month. Continuing businesses are those that have employees in both months, and the active population in any given month is the number of opening and continuing businesses in that month.

To determine the proportion of businesses that closed and re-opened since the beginning of the pandemic, the businesses that were active in February 2020 are "tracked" in the dataset until July 2020. That is, a flag is created to identify whether a business closed, specifically in March and April 2020, and whether it re-opened in April, May, June or July 2020.

A business is defined as an enterprise operating in a particular geography and industry.

The vast majority of businesses operate in one industry and one location or geography. For these businesses, in the monthly estimates of openings and closings, they will be counted once at the national/provincial level. For example, a retailer in Windsor, Ontario will be counted as an active business in the Ontario estimates and once in the national estimates.

Some businesses can have multiple operations, and these can be in different industries and geographies. For such businesses, in the monthly estimates of openings and closings, they can be counted more than once because they are active in multiple industries or geographies. For example, if a retailer has operations in both Alberta and Ontario, it will be counted as an active business in both provinces, but only once at the national level because it represents only one active firm. Similarly, a firm with retail and wholesale operations will be counted in both industries when individual industries are examined. However, when the business sector is examined, the firm counts only once because at that level it represents one firm active in the business sector.

Definitions, data sources and methods: survey number [8013](#).

Available tables: table [33-10-0270-01](#).

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300;
STATCAN.infostats-infostats.STATCAN@canada.ca).

To enquire about the concepts, methods or data quality of this release, contact Amélie Lafrance, 343-572-3221; (amelie.lafrance@canada.ca), Economic Analysis Division.