

Businesses in rural Canada, a profile from 2017 to 2019

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In 2019, rural Canada was the operating location for 312,500 small businesses and 7,500 medium businesses. These firms accounted for 15.4% and 14.5% of the country's small and medium businesses, respectively. In the same year, rural Canada was home to 16.3% of Canadians, or 6.1 million people, and the workplace for 13.7% of employed Canadians, or 2.6 million persons.

A new study, "[A profile of businesses in rural Canada, 2017 to 2019](#)", released today in the [Rural and Small Town Bulletin](#) series finds that over the three years from 2017 to 2019, rural small business counts grew 2.3% in rural areas and 7.5% in urban areas. For medium businesses, the corresponding increases were higher, at 7.9% in rural areas and 8.5% in urban areas. Rural areas were considered to be all communities outside census metropolitan areas and census agglomerations.

Rural small businesses earned 17.1% (\$139,300 million) and rural medium businesses 14.2% (\$69,300 million) of the nationwide revenues of businesses in their respective size classes in 2019.

In the same year, 36.6% of rural small businesses were unincorporated, while 63.4% were incorporated. These proportions were relatively similar for urban small businesses (37.9% unincorporated and 62.1% incorporated).

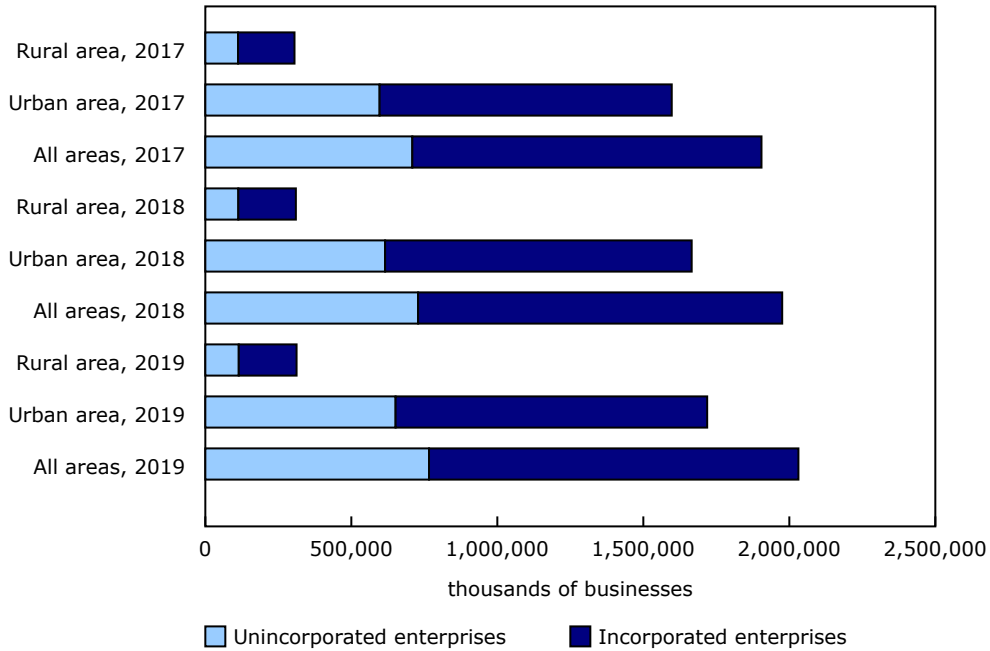
The study is based on a fresh Statistics Canada product, the Rural Canada Business Profiles (RCBP), released on March 11, 2022. The RCBP is a database built from business tax returns filed with the Canada Revenue Agency. The first version of the RCBP provides data for three years, starting 2017 and ending 2019. Annual releases of the RCBP are planned as new tax data become available.

The numbers of small and medium businesses grew slower in rural than in urban areas

Between 2017 and 2019, rural small business counts increased 2.3%, from 305,300 to 312,500, while rural medium size business counts increased 7.9% from 6,900 to 7,400 (chart 1). Still, the share of rural small businesses declined from 16.0% to 15.4% of small business, while the rural share of medium businesses remained relatively stable at 14.5% over these three years. This is because, during the same interval, the counts of urban small businesses increased 7.5% (1.6 to 1.7 million) and urban medium businesses, 8.5% (40,400 to 43,800).



Chart 1
Counts of small businesses across all industries in Canada, by rural and urban areas and incorporation status, 2017-2019



Note(s): All industries refers to all industries except finance and insurance, and public administration.
Source(s): Rural Canada Business Profiles, 2017-2019.

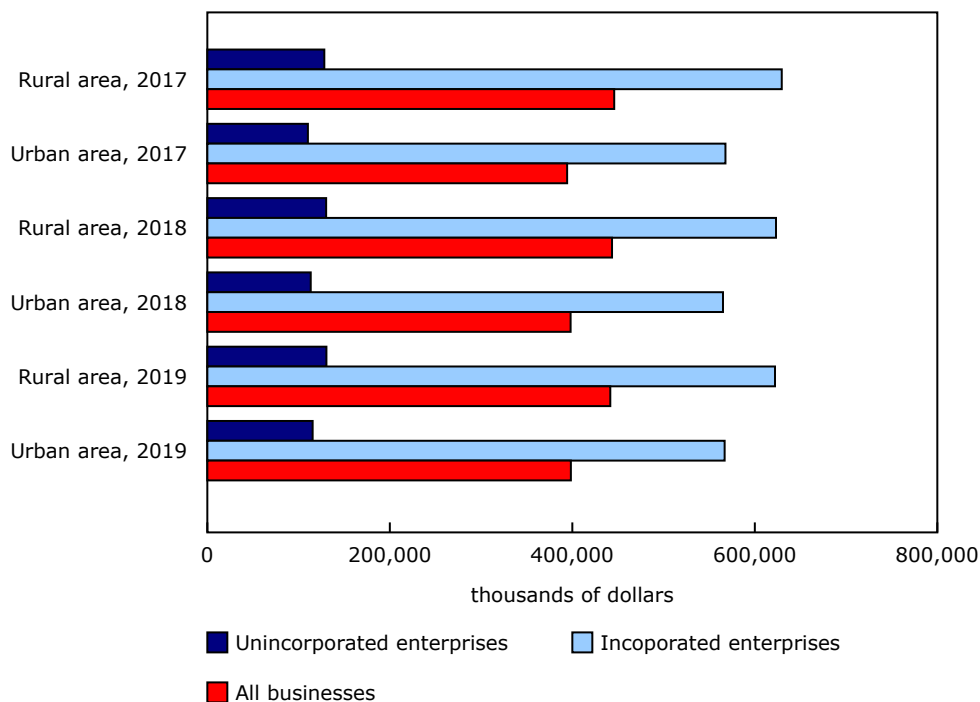
Average revenues higher for rural small businesses compared to urban counterparts, but similar for rural and urban medium businesses

Over the three years from 2017 to 2019, rural small businesses had higher average annual revenues (\$443,700) than their urban counterparts and (\$396,900) (chart 2). In contrast, for medium businesses, average annual revenues were lower in rural areas (\$9.3 million) as compared to urban areas (\$9.5 million).

For rural small businesses that were incorporated, average revenues were \$622,100 in 2019, while for unincorporated businesses, this figure was \$130,500. In urban areas, average small business revenue values were lower compared to rural counterparts, with annual averages of \$566,900 for incorporated, and \$115,400 for unincorporated businesses.

Chart 2

Average annual revenues of small businesses across all industries in Canada, by rural and urban areas, 2017-2019



Note(s): All industries refers to all industries except finance and insurance, and public administration.
Source(s): Rural Canada Business Profiles, 2017-2019

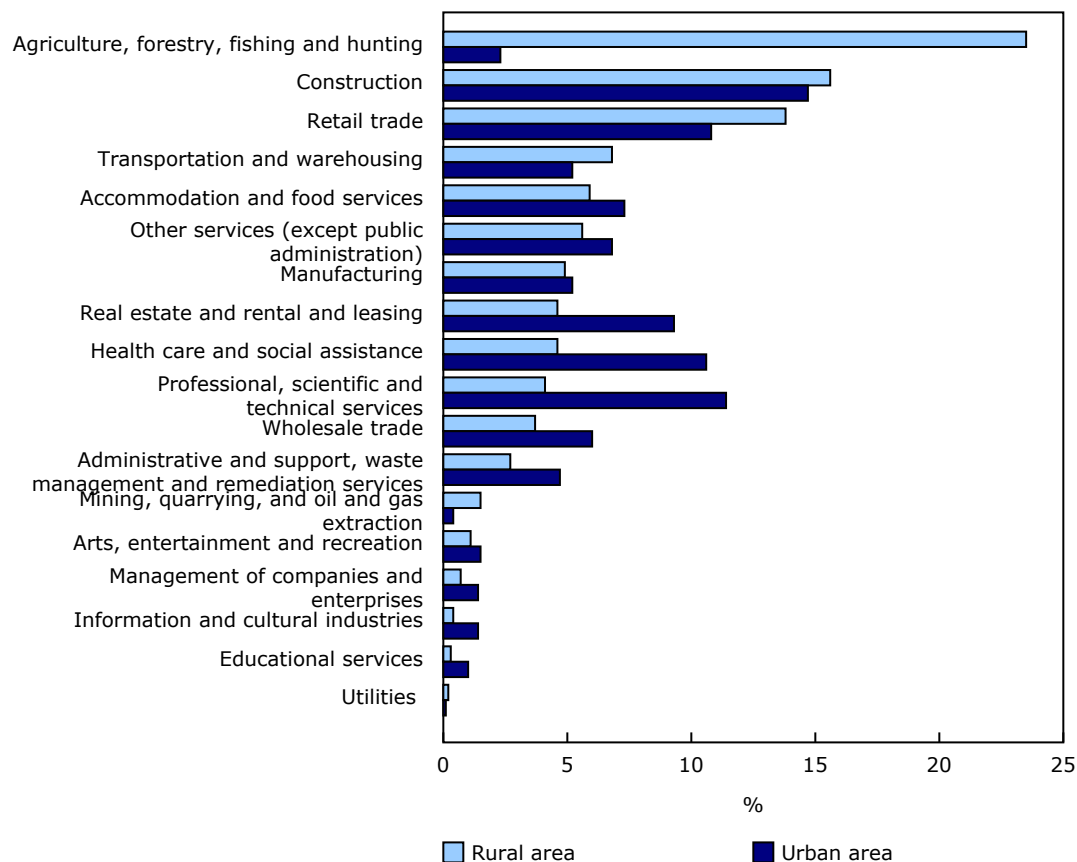
More than half of rural small business revenues were earned in three industries

Rural small businesses earned aggregate revenues of \$139,300 million in 2019 (17.1% of small business revenues). The three industries with the largest shares of these revenues, agriculture, forestry, fishing and hunting (23.5%), construction (15.6%), and retail trade (13.8%), together made up more than half (52.9%) of small business revenues in rural areas (chart 3).

Medium businesses in rural areas earned aggregate revenues of \$69.3 million in 2019 (14.2% of medium business revenues). Over one-quarter of these revenues were grossed in retail trade (28.6%). Agriculture, forestry, fishing and hunting (14.8%) and construction (12.5%), were the next largest industries. Somewhat more than half (55.9%) of the revenues of rural medium business were generated in these three industries in 2019.

In urban areas, construction (14.7%), retail trade (10.8%) and professional, scientific and technical services (11.4%) had the leading shares of small business revenues in 2019, while for medium businesses, construction (16.9%), retail trade (16.6%) and wholesale trade (15.6%) dominated, accounting for approximately half (49.1%) of urban medium business revenues.

Chart 3
Industry shares of total annual revenues for small businesses in Canada, by industry and rural and urban areas, 2019



Note(s): All industries are included except finance and insurance, and public administration.
Source(s): Rural Canada Business Profiles, 2017-2019.

Note to readers

The Rural Canada Business Profile (RCBP) database is a dataset based on business tax returns filed with the Canada Revenue Agency. The first version of the RCBP, released on March 11, 2022, includes data that profile small and medium businesses in rural and urban Canada for the three years from 2017 to 2019.

The RCBP defines rural areas as communities outside census metropolitan areas and census agglomerations according to [Statistics Canada's Standard Geographical Classification 2016](#). Small businesses are defined as those businesses that have annual revenues of \$30,000 to \$5,000,000; this group includes incorporated and unincorporated businesses. Medium businesses are defined as those having annual revenues of \$5,000,001 to \$20,000,000. All medium businesses are incorporated. Businesses with higher annual revenues are not included in the RCBP.

The main variables in the RCBP database are business counts, revenue and expense breakdowns, balance sheets items, and financial ratios. Data are organized by geography (Canada, provinces and territories), rural and urban areas, industry, incorporation status, and profitable and non-profitable businesses. All regions of Canada and all industries are included except for finance and insurance and public administration (based on the [North American Industry Classification System](#)). Data are provided at the Canada, region, and province/territory levels, as well as by rural and urban areas of these geographies for small businesses, and only at Canada-level including breakdowns by rural and urban areas for medium size businesses.

The [Rural Canada Business Profiles, 2017 to 2019](#) Database is now available.

The full article "[A profile of businesses in rural Canada, 2017 to 2019](#)" is now available as part of Rural and Small Town Canada Analysis Bulletin (**21-006-X**).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).