

Monthly estimates of business openings and closures, January 2022

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In January 2022, the number of active businesses increased by 0.7% (+6,291) compared with December 2021. This increase was mainly driven by a decrease in the business closure rate, from 4.7% in December 2021 to 3.8% in January 2022. The business opening rate (4.8%) was 0.1 percentage point higher in January 2022 than in December 2021.

With the spread of the Omicron variant of COVID-19, several jurisdictions tightened public health restrictions in high-contact settings from late 2021 to early 2022. It was in these high-contact industries where the impact of tighter restrictions were observed. In January 2022, the number of active businesses in accommodation and food services (-0.3%; -156) and tourism (-0.2%; -146) industries showed negative growth for the first time since May 2021. The decrease was driven by an increase in business closures and a decrease in openings in these industries. There were more active businesses in January 2022 than in December 2021 in all other industries except mining, quarrying, and oil and gas extraction (-0.2%; -12).

In January 2022, the reopening rate was 3.0%, up slightly from 2.9% in December 2021 while the entry rate remained at 1.8%. The opening and reopening rates have been within 0.2 percentage points of their respective historical average since April 2021 and since December 2020 for the entry rate.

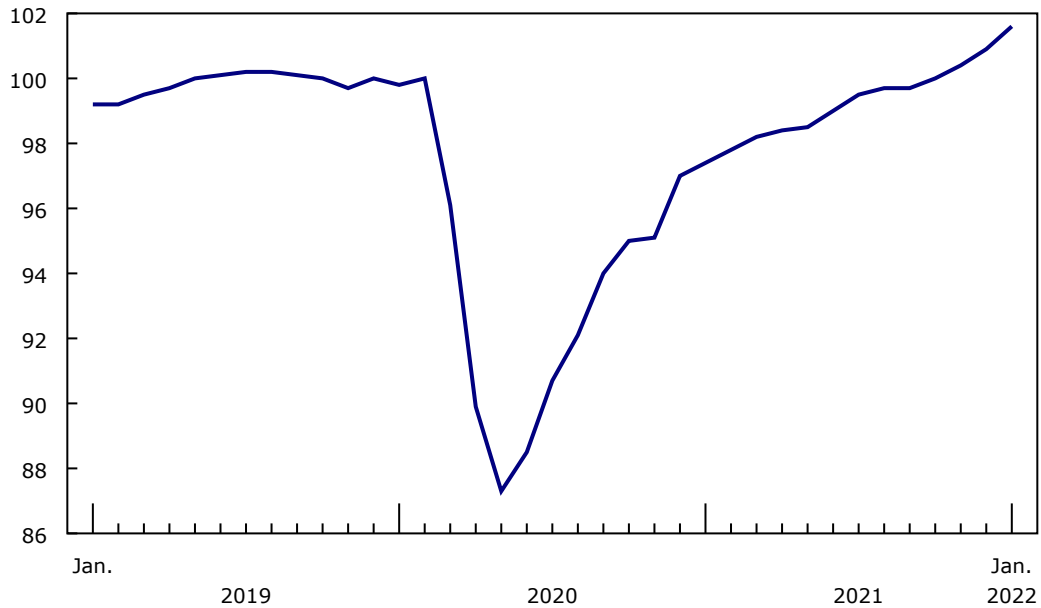
The series on temporary business closures and exits (or "permanent closures") is now updated to include data up to July 2021. The exit rate (1.5%) remained unchanged from June to July 2021, slightly below its historical average of 1.7%.

In July 2021, the steadiness of the exit rate was widespread across industries. Moreover, the exit rate was below its historical average in all industries except transportation and warehousing (2.1% vs 1.5%), real estate and rental and leasing (2.1% vs 1.9%) and information and cultural (1.8% vs 1.7%) industries.



Chart 1
Change in the number of active businesses, business sector, January 2019 to January 2022, seasonally adjusted series

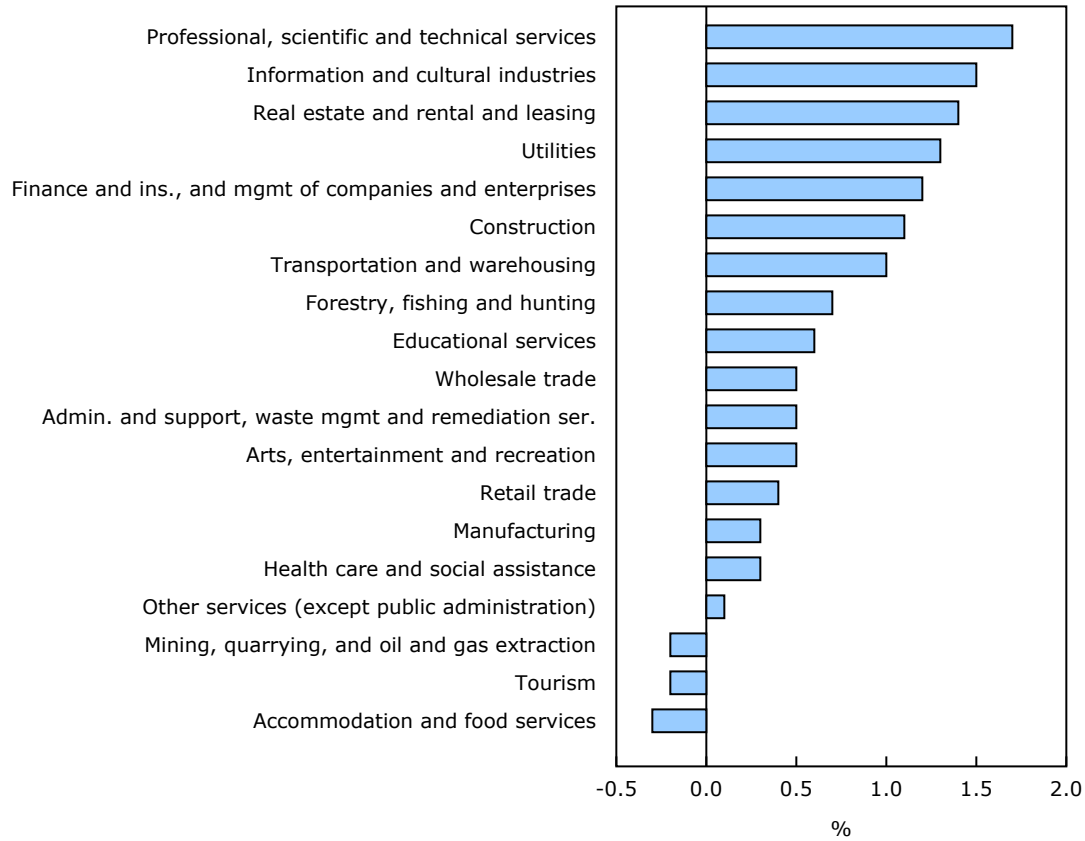
index (February 2020=100)



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

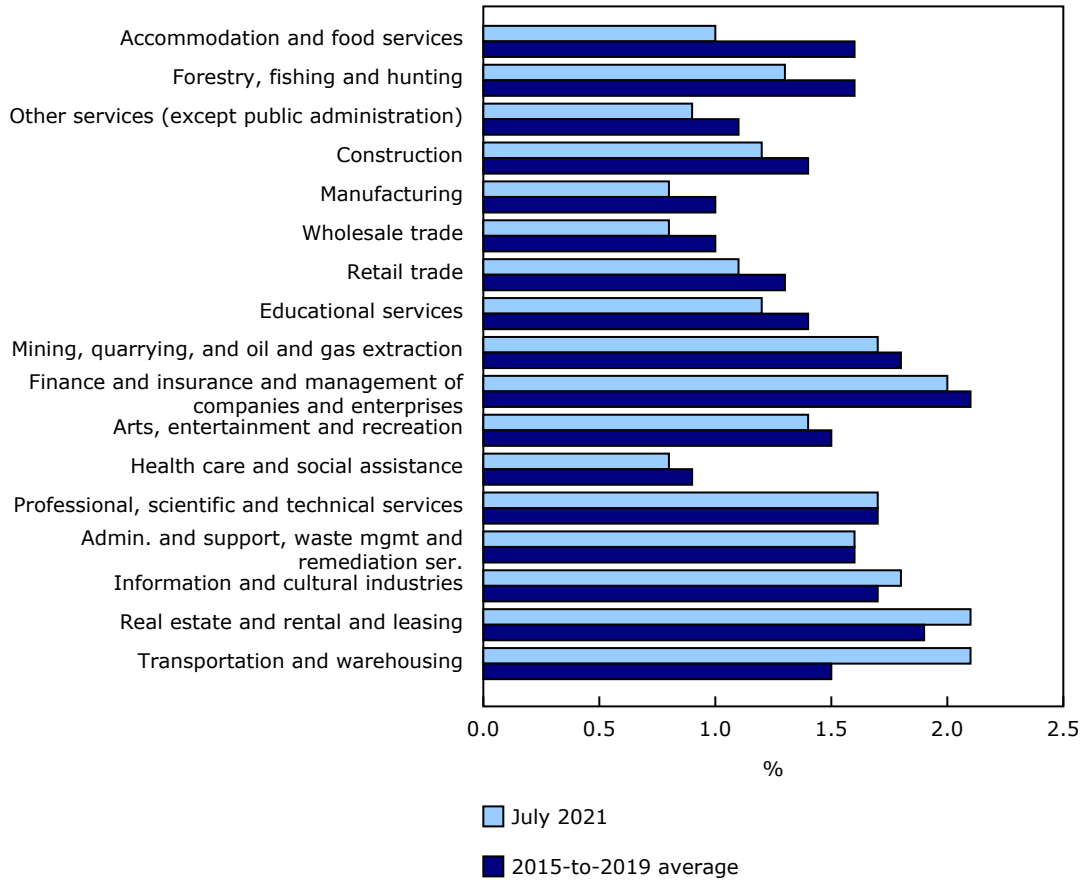
Chart 2

Percentage change in the number of active businesses from December 2021 to January 2022, by industry, Canada, seasonally adjusted series



Note(s): The tourism industry is comprised of parts of different North American Industry Classification System industries. The composition of the tourism industry reported here is based on Statistics Canada's Canadian Tourism Satellite Account.
Source(s): Table 33-10-0270-01.

Chart 3
Monthly exits as a percentage of active businesses, by industry, Canada, July 2021, seasonally adjusted series



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

Note to readers

Today's release includes a new process for seasonally adjustment in the presence of the outliers generated by the response to COVID-19. The new process has a greater number of outliers that are explicitly recognized at the outset of the seasonal adjustment process. This leads to a greater number of outliers being taken into account than was previously occurring. Examinations of seasonally adjusted data using the new process show results that are more stable over time and produce smaller revisions. The implementation of the new process led to data revisions compared to last month's release.

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

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. Reopening businesses are defined as opening businesses that were also active in a previous month (that is, they closed in a given month and had positive employment in a subsequent month). In contrast, entrants are opening businesses that were not active in a previous month.

The definition of exits is based on the Longitudinal Employment Analysis Program (LEAP) annual exits. Because the LEAP definition can require up to 24 months of data to be counted as an exit, projections of exits using predicted growth rates are implemented using a regression model of exits on closures of more than six months. As a result, there are no published exits in the last six months. A temporary business closure is the difference between closures and exits. For more information on temporary business closures and exits, see "[Defining and measuring business exits using monthly data series on business openings and closures.](#)"

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 closures, 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 closures, 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.

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

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

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).