

# Accommodation services, 2021

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## Accommodation services began to recover in 2021

Operating revenue for the accommodation services subsector rose to \$19.5 billion in 2021, a 14.7% increase from 2020. The reopening of provincial economies and the easing of travel restrictions spurred this growth.

However, while the worst of the COVID-19 pandemic occurred in 2020, the Delta and Omicron variant waves, lockdowns that remained in place into the summer months in some provinces and restrictions on international travel meant that a full-scale recovery did not occur in 2021.

In terms of provincial share, Ontario (27.2%) posted the largest share of revenue, followed by British Columbia (23.4%), Alberta (18.8%) and Quebec (16.6%).

Operating expenses increased to \$17.2 billion in 2021, a 6.4% rise from 2020. Salaries, wages, commissions and benefits (25.5%) contributed the most to expenses, followed by the cost of goods sold (13.2%), mainly food products and alcoholic beverages. While salaries, wages, commissions and benefits were the largest contributor to this increase, their share decreased notably compared with that from before the pandemic, in 2019 (29.2%). One factor behind this change was a labour shortage that impacted the hospitality sector much more than the rest of the economy. By the fourth quarter of 2021, 63.1% of accommodation and food services businesses were experiencing labour shortages, compared with 32.7% of businesses in general.

The great increase in revenue resulted in the operating profit margin rising to 11.5% in 2021, up from 4.6% in 2020. However, it remained below the pre-pandemic level of 14.2% observed in 2019.

The accommodation services subsector comprises two industry groupings: hotels, motor hotels and motels and other accommodation industries. In 2021, hotels, motor hotels and motels accounted for 76.3% of all operating revenue.

## Hotels, motor hotels and motels

Operating revenue for hotels, motor hotels and motels rose to \$14.9 billion in 2021, up 12.0% from 2020.

The pandemic affected the distribution of sales by client type in 2021 with the reduction in business travels and international travellers. The share of sales to individuals rose to 60.2%, up from 42.7% before the pandemic, in 2019. In contrast, the share of sales to clients outside Canada fell to 6.8% in 2021, from 20.2% in 2019. The share of sales to businesses also decreased, but more moderately, down to 24.0% in 2021, compared with 28.0% in 2019.

In 2021, the largest share of sales revenue was generated by room or unit accommodation for travellers (69.4%), followed by meals and non-alcoholic beverages (9.8%). Both types of service posted small declines in their shares from their 2019 pre-pandemic shares of 70.2% for room or unit accommodation and 12.2% for meals and non-alcoholic beverages.

Operating expenses rose 3.6% to \$13.3 billion in 2021, with 25.8% going to salaries, wages, commissions and benefits. The operating profit margin increased to 10.8% in 2021, up from 3.6% in 2020, although it remained below the margin of 14.7% attained in 2019.

In 2021, e-commerce sales accounted for 28.4% of total sales. Among hotels, motor hotels and motels that made e-commerce sales, 88.3% offered the option to reserve through a third-party website. A company's own website (81.3%) and mobile applications (32.3%) were the next most popular e-commerce methods.

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## Other accommodation industries

Operating revenue for other accommodation industries increased by 24.2%, reaching \$4.6 billion in 2021. Alberta (32.7%) accounted for the largest share of revenue, followed by Ontario (23.0%), British Columbia (17.7%) and Quebec (15.9%).

Alberta led all provinces in this industry group because a significant portion of businesses in this category are workforce lodging companies that provide accommodation at isolated work locations. This is common among industrial resource extraction operations, such as those found in northern Alberta. Overall, these workforce lodging companies have been among the best performers since the pandemic began, as they have been less affected by restrictions than other accommodation industries that rely more on travel and tourism.

The industries in this group, which also include bed and breakfasts, cottages, cabins, and campgrounds, performed better than the hotels, motor hotels and motels industry group for a second year in a row. This may indicate consumer travel preferences during the pandemic. These more rural or nature-oriented accommodation types seemed to draw a greater share of overall demand than they typically did before the pandemic.

In 2021, operating expenses rose 16.8% to \$4.0 billion, with 24.6% of total operating expenses going to salaries, wages, commissions and benefits. The profit margin was 13.6% in 2021, up from 8.1% in 2020.

### Note to readers

Data for 2019 and 2020 have been revised.

The hotels, motor hotels and motels grouping contains the following standard North American Industry Classification System (NAICS) 2017 codes: 721111 (hotels), 721112 (motor hotels), 721113 (resorts), 721114 (motels), 721120 (casino hotels) and 721198 (all other traveller accommodation).

Other accommodation industries contain the following standard NAICS 2017 codes: 721191 (bed and breakfast), 721192 (housekeeping cottages and cabins), 721211 (recreational vehicle parks and campgrounds), 721212 (hunting and fishing camps), 721213 (recreational [except hunting and fishing] and vacation camps) and 721310 (rooming and boarding houses).

Data on labour shortages in the fourth quarter of 2021 came from table [33-10-0400-01](#).

These and other data related to business and consumer services can be found at the [Business and consumer services and culture statistics portal](#).

**Available tables:** [21-10-0237-01](#), [21-10-0239-01](#), [21-10-0251-01](#), [21-10-0252-01](#), [33-10-0102-01](#) and [33-10-0103-01](#).

**Definitions, data sources and methods:** survey number [2418](#).

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](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).