

Monthly estimates of business openings and closures, November 2022

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The number of active businesses declined by 0.4% (-4,048) in November, the fourth decrease in five months. This was the highest drop in the number of active businesses since May 2020 (-2.8%; -25,517). The contraction of the number of active businesses in November 2022 was attributable to the 0.4 percentage point decrease in the business opening rate. The business closure rate edged down 0.1 percentage points to settle at 4.7%.

Data from the [Canadian Survey on Business Conditions](#) show that businesses continued to expect obstacles related to supply chains, inflation, cost of inputs, transportation costs, and hiring and retention over the fourth quarter. Furthermore, according to the Bank of Canada's [business outlook survey](#) (BOS), business sentiment continued to weaken in the last quarter. The BOS business confidence indicator was lower than its 10-year average.

In November, the decrease in the number of active businesses was widespread across industries. Transportation and warehousing (-1.7%; -860) drove the decline, followed by retail trade (-0.9%; -754), which posted a decrease for six straight months, and professional, scientific and technical services (-0.4%; -457). Accommodation and food services (-0.6%; -352) also showed a drop in active businesses, for the sixth consecutive month.

The decline in the business opening rate in November was due to a 0.2 percentage points decrease in both the reopening (2.5%) and the entry (1.6%) rates. The opening rate (4.1%), which dropped for a third month in a row, settled at its lowest level since March 2020 (4.0%) and since the onset of the COVID-19 pandemic. The reopening and the entry rates have not been lower than their November 2022 level since December 2015 (2.3%) and August 2020 (1.5%). The opening rate was below its 2015-to-2019 historical average of 4.7% for the third consecutive month in November 2022. The reopening rate and the entry rate were 0.4 percentage points and 0.2 percentage points below their respective historical averages.

In November, the decline in the overall business opening rate was led by transportation and warehousing (-1.9 percentage points change in opening rate; -1,004 change in business openings) followed by professional, scientific and technical services (-0.5 percentage points; -597), construction (-0.5 percentage points; -592) and health care and social assistance (-0.5 percentage points; -541). Accommodation and food services posted a decline in both the opening and the closure rates.

Following its slight decrease from 4.8% in October to 4.7% in November, the business closure rate settled 0.1 percentage points above its historical average. With the exception of retail trade (+0.6 percentage points change in closure rate; +447 change in business closures) and transportation and warehousing (+0.5; +174), the business closure rate decreased or changed little in most industries. The decline in the business closure rate was driven by accommodation and food services (-0.3 percentage points; -155) and construction (-0.1 percentage points; -125).

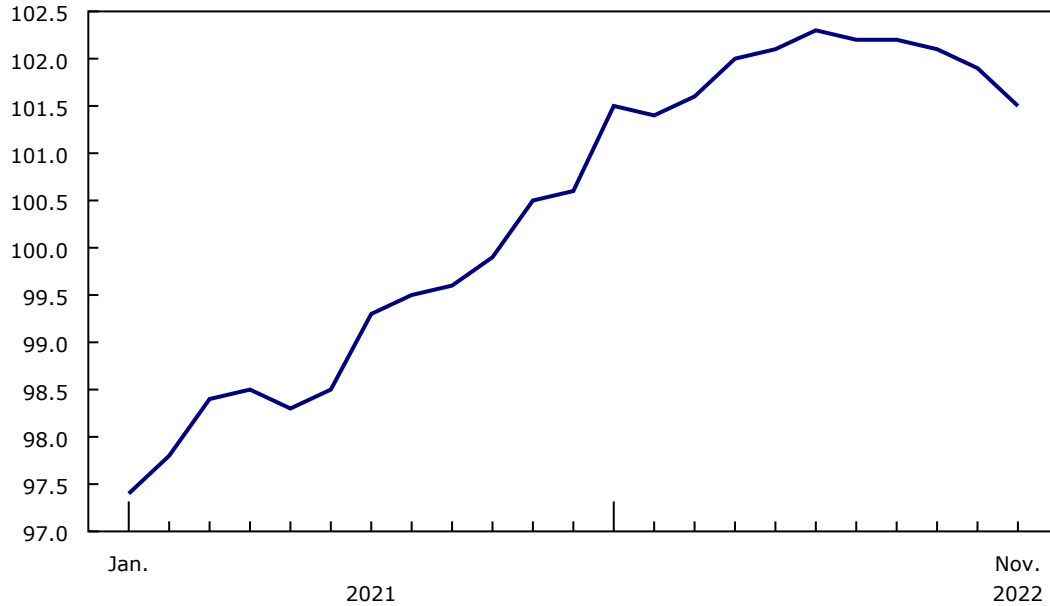
The series on temporary business closures and exits (or "permanent closures") is now updated to include data up to May 2022. The exit rate edged up 0.1 percentage points to settle at its historical average of 1.7%.

In May, the exit rate changed little in most industries and established within 0.1 percentage points of its respective level in April. Forestry, fishing and hunting (-0.5 percentage points) and mining, quarrying, and oil and gas extraction (+0.4 percentage points) were the only exceptions. In most industries, the exit rate was within 0.2 percentage points of its respective historical average. The industries in which the exit rate was furthest from and higher than its historical average were transportation and warehousing (2.8% exit rate vs. 1.5% historical average), real estate and rental and leasing (2.5% vs 2.0%) and professional, scientific and technical services (2.0%; 1.7%). The exit rate was below its historical average in forestry, fishing and hunting (1.1% exit rate; 1.6% historical average) and accommodation and food services (1.3% vs. 1.6%).



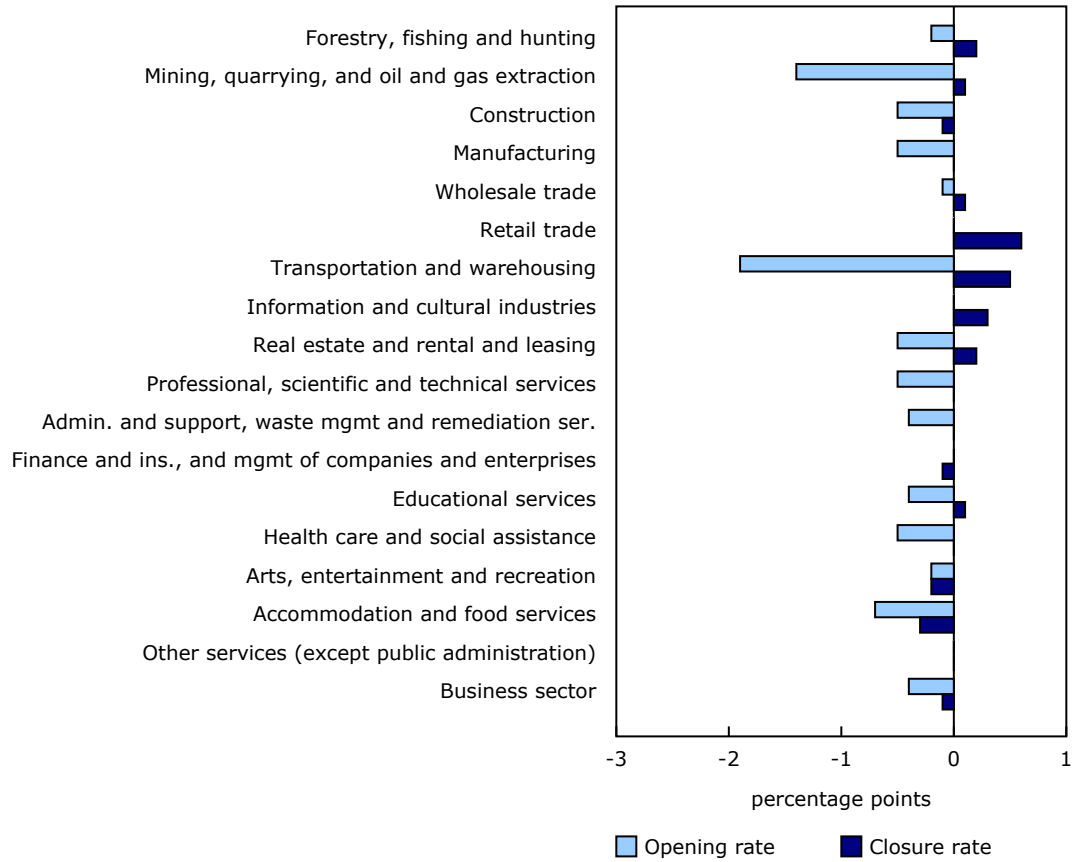
Chart 1
Number of active businesses, business sector, January 2021 to November 2022, seasonally adjusted series

index (February 2020=100)



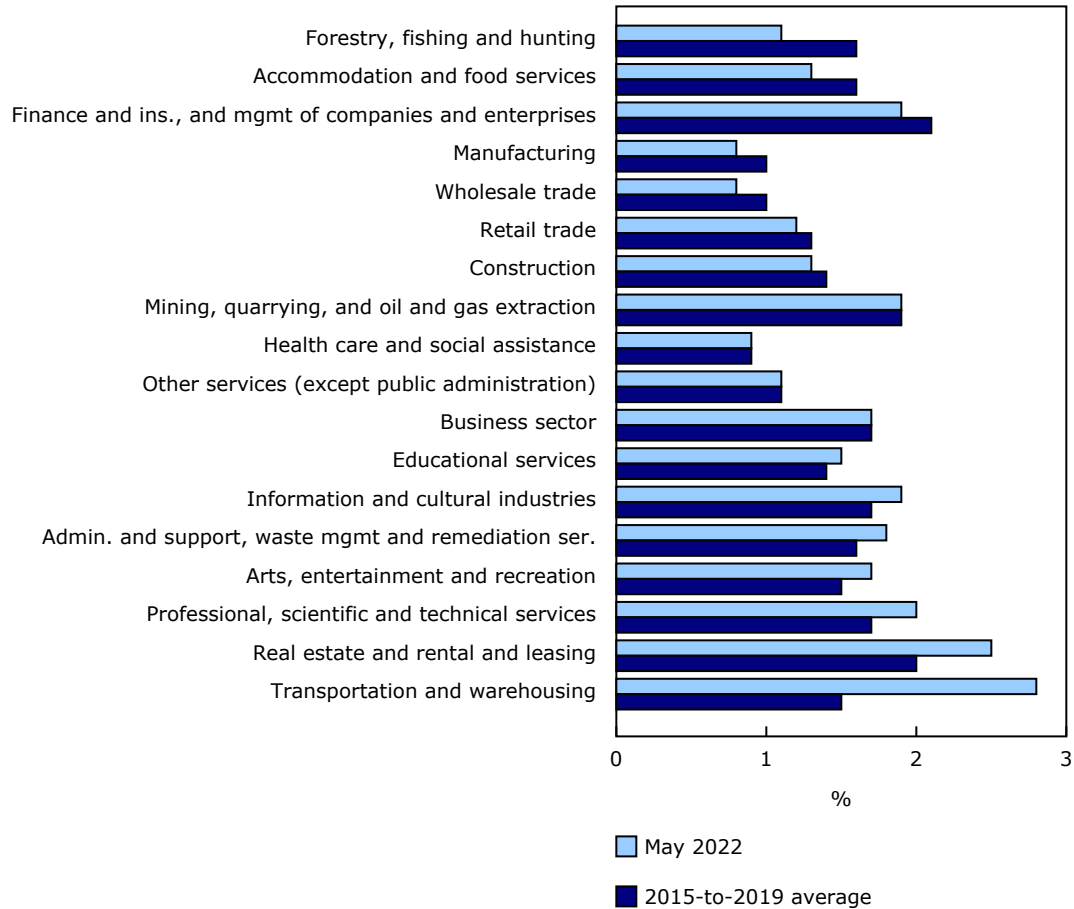
Source(s): Table [33-10-0270-01](#).

Chart 2
Percentage point difference in the business opening and closure rates from October to November 2022, by industry, seasonally adjusted series



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

Chart 3
Monthly exits as a percentage of active businesses, by industry, May 2022, seasonally adjusted series



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

Note to readers

The June 2022 and subsequent geographic locations are based on the 2021 Census of Population geography.

April 2022's release introduced a new process for seasonal adjustment in the presence of the outliers generated by the response to the COVID-19 pandemic. 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.

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 for a business 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. These businesses will be counted once at the national and provincial levels in the monthly estimates of openings and closures. 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 they can be in different industries and geographies. Such businesses can be counted more than once in the monthly estimates of openings and closures 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).