

Small and medium-sized businesses in rural and small town Canada, 2023

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Rural and small town Canada was home to 329,651 small businesses in 2023, accounting for 14.2% of all small businesses nationally. Nearly 2.0 million (85.8%) small businesses operated in functional urban areas. Among medium-sized businesses, 10,126 (13.3%) were based in rural and small town areas, compared with 66,174 (86.7%) in functional urban areas.

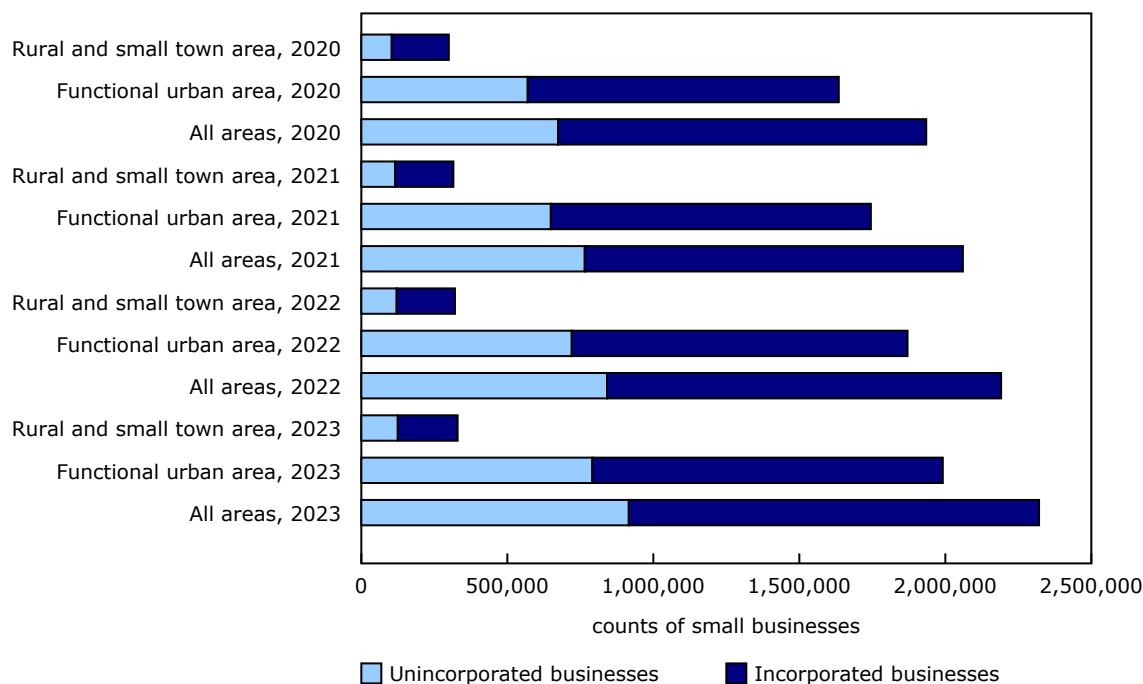
More small and medium-sized businesses in rural and small town Canada

There were 2.8% more small businesses in rural and small town areas in 2023 compared with one year earlier. A growth in small business counts was recorded in the real estate and rental and leasing (+8.1%) and educational services (+7.9%) industries, while counts in the mining, quarrying, and oil and gas extraction (-1.5%) and wholesale trade (-1.0%) industries edged downward.

By way of comparison, the number of small businesses in functional urban areas grew by 6.5% from 2022 to 2023. Small business counts in functional urban areas rose in the real estate and rental and leasing (+16.6%) and health care and social assistance (+6.8%) industries, while counts in wholesale trade (-2.6%) declined.

Chart 1

Counts of small businesses in Canada, all industries, by incorporation status and rural and small town area or functional urban area, 2020 to 2023



Note(s): "All industries" refers to all industries except finance and insurance, and public administration.

Source(s): Table 33-10-0577-01.

The number of medium-sized businesses in rural and small town areas rose 5.8% in 2023 compared with the previous year, led by growth in the administrative and support, waste management and remediation services industry (+22.8%). Medium-sized business counts in functional urban areas (+4.7%) also increased, primarily in the accommodation and food services industry (+20.6%).

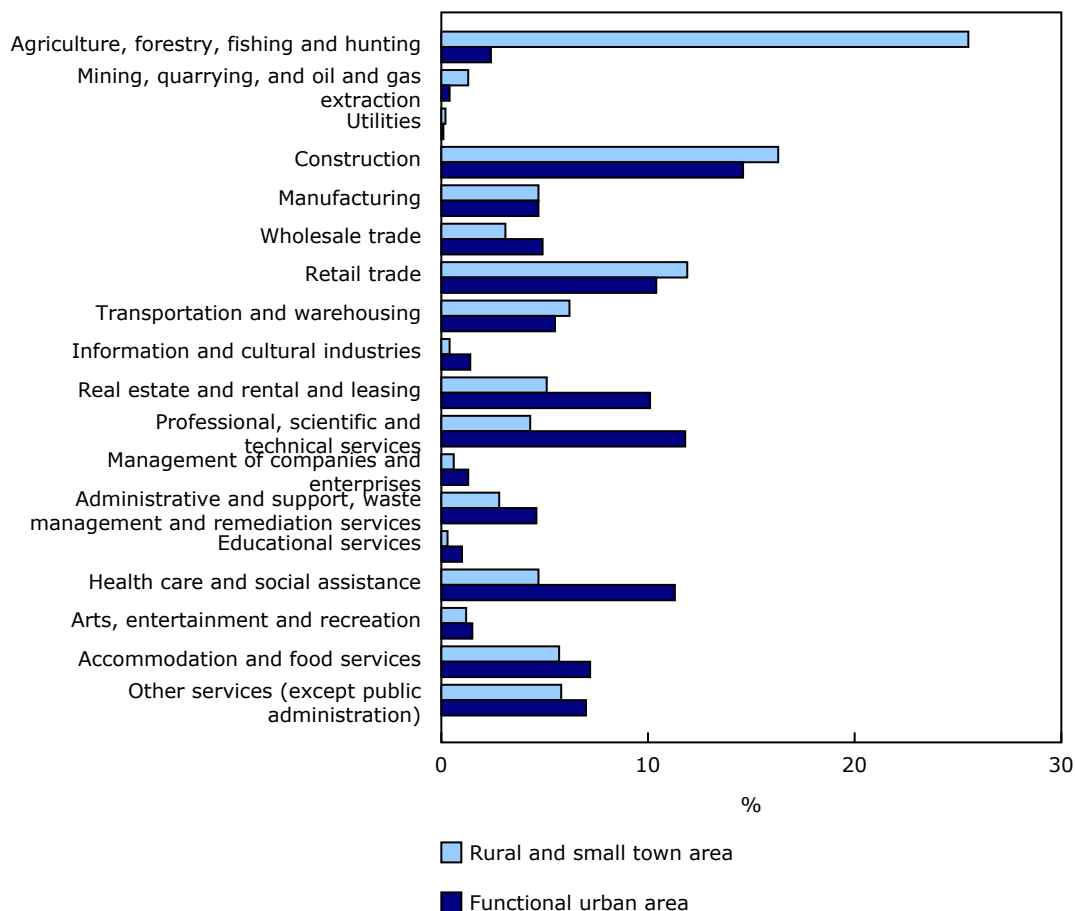
Small businesses in rural and small town Canada report having higher average annual revenue than their urban counterparts

The combined revenues of small businesses across Canada grew 4.5% year over year to \$965.6 billion in 2023. Small businesses in rural and small town areas accounted for 16.9% (\$163.1 billion) of this total, and over half (53.7%) of this revenue was generated by businesses operating in agriculture, forestry, fishing and hunting (25.5%), construction (16.3%) and retail trade (11.9%) industries.

By comparison, small businesses in functional urban areas earned \$802.5 billion in total revenue in 2023. Of this total, 14.6% of revenue was generated by businesses in construction, 11.8% by those in professional, scientific and technical services, and 11.3% by those in health care and social assistance.

Average annual revenue among small businesses operating in rural and small town areas (\$494,800) surpassed that of small businesses operating in functional urban areas (\$403,000) in 2023. Average annual revenue for small businesses in rural and small town areas (+0.2%) was relatively stable from 2022 to 2023, while that of small businesses operating in functional urban areas declined by 1.6%.

Chart 2
Industry shares of total annual revenues of small businesses in Canada, by industry and rural and small town area or functional urban area, 2023



Note(s): "Industries" refers to all industries except finance and insurance, and public administration.
Source(s): Table 33-10-0577-01.

In 2023, medium-sized businesses in rural and small town areas accounted for 12.9% (\$93.5 billion) of the total revenue of medium-sized businesses (\$726.1 billion). On average, medium-sized businesses in rural and small town areas earned \$9.2 million in annual revenue, compared with \$9.6 million for those in functional urban areas.

Net profits for small businesses in rural and small town areas decrease in 2023

Small businesses in rural and small town areas reported having average net profits of \$39,100, down 26.2% from 2022 (\$53,000). Their expenses averaged \$455,700 in 2023, exceeding those of small businesses in functional urban areas (\$343,200). Meanwhile, small businesses in functional urban areas saw average net profits decrease 4.8% year over year to \$59,800.

Although medium-sized businesses in rural and small town areas and functional urban areas both reported having lower average net profit from 2022 to 2023, net profits declined to a greater extent in rural and small town areas (-26.1% to \$386,000) than in functional urban areas (-1.6% to \$734,000).

Looking for statistics about rural and small town Canada?

Statistics Canada's Rural Data Lab brings together data, tools and analyses that showcase Canada's vibrant rural and small town communities and regions. View [Video - Rural Data Lab: Understanding Rural and Small Town Canada Through Data](#) to learn more about the Rural Data Lab.

Note to readers

The Rural Canada Business Profiles (RCBP) database is based on business tax returns filed with the Canada Revenue Agency. It is updated annually, since its first release on March 11, 2022. The current version includes data from the 2017 to 2023 reference years. A reference year for the RCBP database runs from January 1 to December 31.

The 2023 RCBP database defines rural and small town (RST) areas as communities outside census metropolitan areas (CMAs) and census agglomerations (CAs) according to Statistics Canada's [2021 Standard Geographical Classification](#). Communities inside CMAs and CAs are classified as "functional urban areas."

Small businesses are defined as those that have annual revenues of \$30,000 to \$5,000,000; this group includes incorporated and unincorporated businesses. Medium-sized businesses are defined as those with annual revenues of \$5,000,001 to \$20,000,000. All medium-sized businesses are incorporated. Businesses with annual revenues greater than \$20,000,000 are not included in the RCBP database.

The main variables in the RCBP database are business counts, revenues and expenses, balance sheet items, and financial ratios. Data are organized by geography (Canada, region, province or territory), location (RST area or functional urban area), industry, incorporation status and profitability. All industries are included, except for finance and insurance and public administration (based on the [North American Industry Classification System](#)). For small businesses, data are provided by geography (Canada, region, province or territory) and location (RST area or functional urban area). For medium-sized businesses, data are available only at the Canada level and by location (RST area or functional urban area).

Available tables: [33-10-0577-01](#) to [33-10-0600-01](#) .

Definitions, data sources and methods: survey number [5028](#).

The following items are now available on the [Rural Canada Statistics](#) portal:

The infographic, [Small businesses in rural and small town Canada, 2023](#), included in *Statistics Canada—Infographics* ([11-627-M](#)).

The [Rural Canada Business Profiles: Interactive Dashboard](#), included in *Statistics Canada – Data Visualization Products* ([71-607-X](#)).

The [Rural Canada Business Profiles Metadata and User Guide, 2023](#), included in *Statistics Canada – Rural Statistic in Canada* ([45200004](#))

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).