

Small and medium-sized businesses in rural and small town Canada, 2021

Released at 8:30 a.m. Eastern time in The Daily, Tuesday, January 16, 2024

In 2021, over 315,000 small businesses were operating in rural and small town (RST) areas, representing 15.3% of all small businesses in Canada. This compared with more than 1.7 million small businesses that were active in urban areas.

Small businesses are defined in this analysis as incorporated and unincorporated businesses that have annual revenues of \$30,000 to \$5,000,000. Medium-sized businesses are defined as those with annual revenues of \$5,000,001 to \$20,000,000.

Over 8,700 medium-sized businesses were active in RST areas in 2021, representing 15.6% of all medium-sized businesses in Canada. More than 47,000 medium-sized businesses were active in urban areas.

Number of small and medium-sized businesses increases in rural and small town Canada

From 2020 to 2021, there was a 5.2% increase in the overall number of small RST businesses, with notable growth in both the educational services (+17.4%) and health care and social assistance (+10.4%) industries. Conversely, the mining, quarrying, and oil and gas extraction industry faced a decline (-4.8%) over the same period.

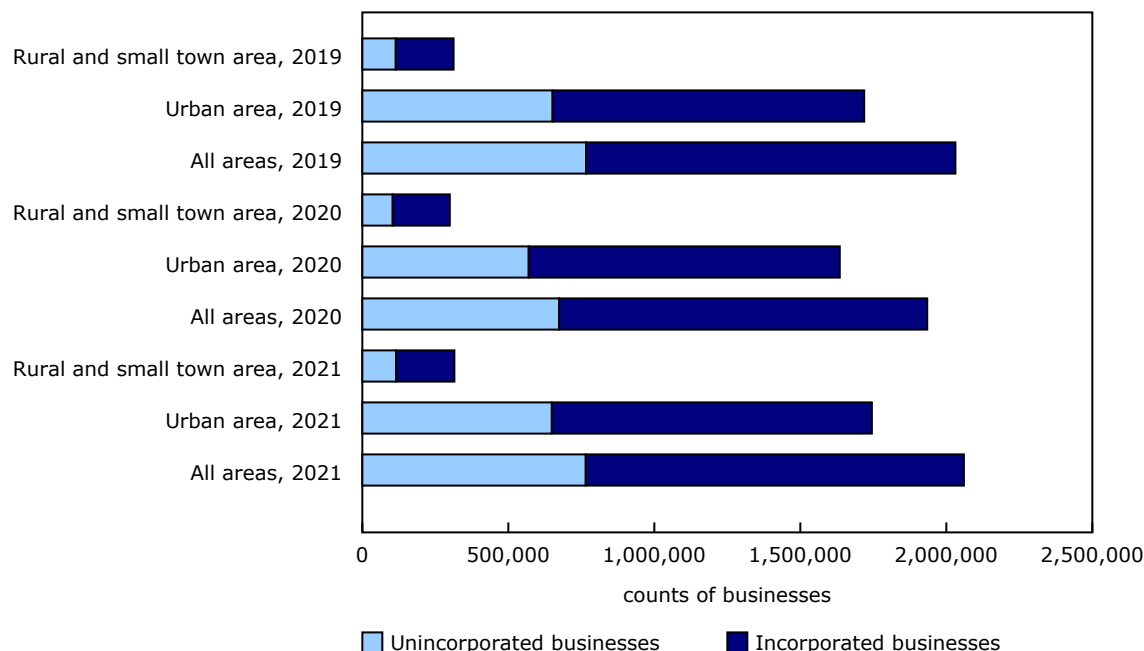
Among small RST businesses, 36.8% were unincorporated and 63.2% were incorporated in 2021. Most gains in the number of small businesses were observed in unincorporated businesses, as the number increased by 11.6%, particularly in the arts, entertainment and recreation industry (+34.4%).

The number of medium-sized RST businesses increased by 15.9%, from 7,515 in 2020 to 8,711 in 2021, with the greatest expansion observed in the management of companies and enterprises (+56.5%) and real estate and rental and leasing (+40.7%) industries. Meanwhile, medium-sized RST businesses in the arts, entertainment and recreation industry declined by 5.7% over the same period.



Chart 1

Counts of small businesses in Canada, all industries, by incorporation status and rural and small town area and urban area, 2019 to 2021



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

Small businesses in rural and small town Canada outperform urban counterparts in average annual revenue and revenue growth

Total revenues increased by 9.3% among small businesses in Canada, from \$792.0 billion in 2020 to \$866.0 billion in 2021. Those in RST areas contributed 17.6% (\$152.7 billion) of this total in 2021, with over half (54.6%) of these revenues attributable to those in agriculture, forestry, fishing, and hunting (25.2%); construction (16.1%); and retail trade (13.3%) industries.

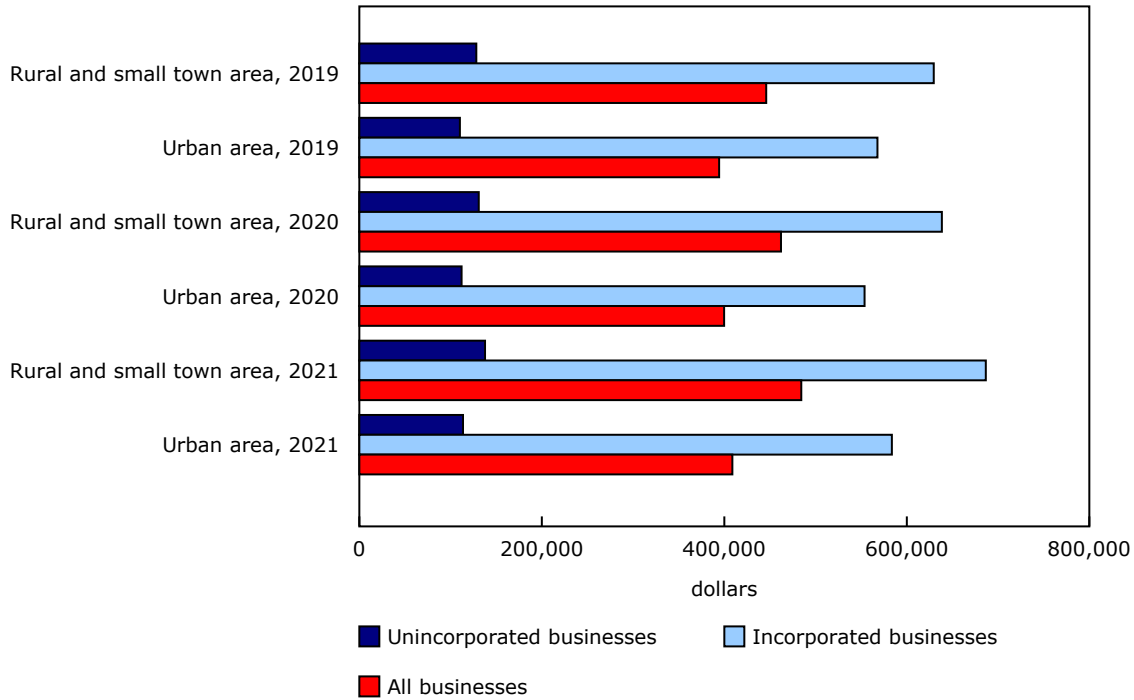
By comparison, of the \$713.3 billion revenue reported by small businesses in urban areas in 2021, 15.1% was attributable to businesses in construction; 11.9% to those in professional, scientific and technical services; 11.0% to those in retail trade; and 11.0% to those in health care and social assistance.

Average annual revenues for small RST businesses (\$484,327) surpassed those of urban ones (\$408,800) in 2021. From 2020 to 2021, average annual revenues increased by 4.8% for small RST businesses and by 2.3% for small urban businesses.

Among small RST businesses, unincorporated businesses experienced a 5.3% increase in average annual revenues, while their urban equivalents saw a 1.4% gain. A similar trend was observed for incorporated small RST businesses, with average annual revenues increasing by 7.5%, outperforming the gains in urban areas (+5.4%).

Chart 2

Average annual revenues of small businesses in Canada, all industries, by incorporation status and rural and small town area and urban area, 2019 to 2021



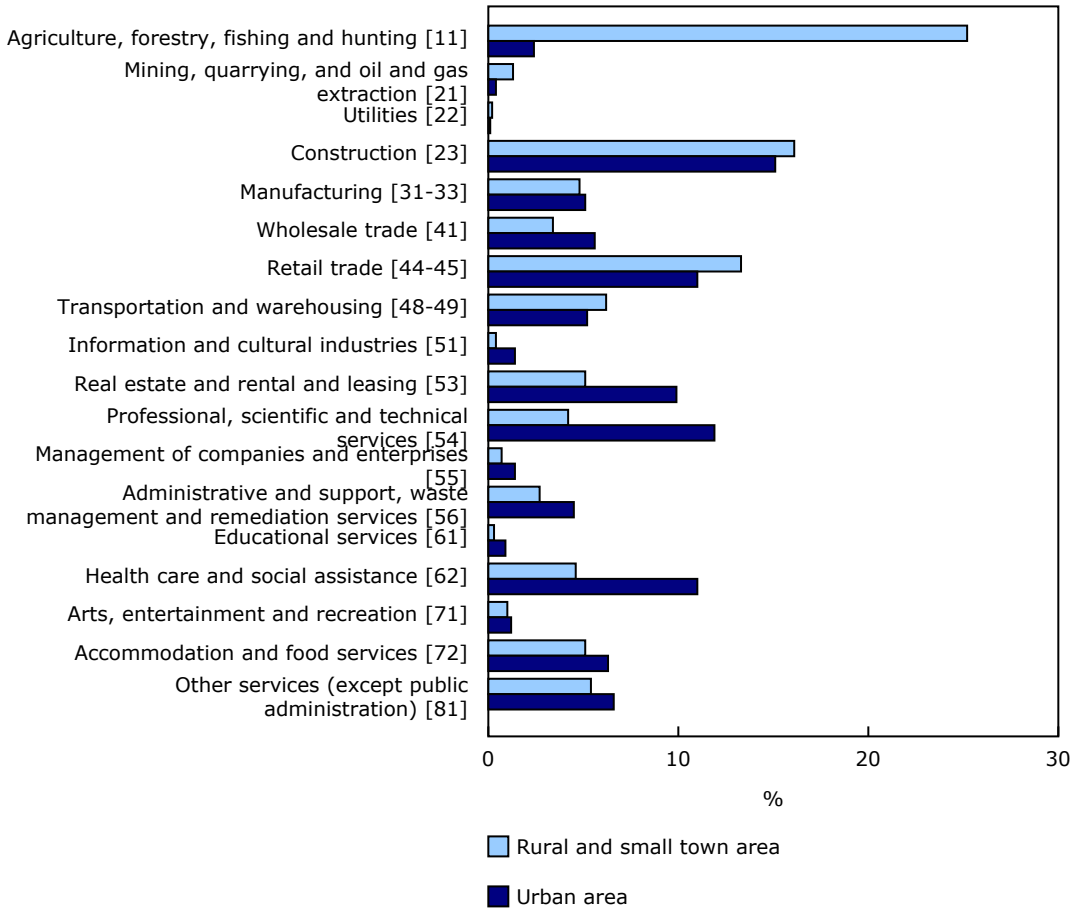
Note(s): "All industries" refers to all industries except finance and insurance, and public administration.
Source(s): Table 33-10-0577-01.

Medium-sized RST businesses represented 15.2%, or \$80.7 billion, of total medium-sized business revenues (\$533.0 billion) in 2021.

Average annual revenues of medium-sized businesses were stable. RST businesses in this category had average annual revenues of \$9.3 million in 2021, a 0.1% increase from 2020. Medium-sized urban businesses averaged revenues of \$9.6 million, reflecting a 0.1% decline from 2020. Overall, medium-sized urban businesses had average annual revenues \$329,000 higher than their RST counterparts in 2021.

Chart 3

Industry shares of total annual revenues of small businesses in Canada, by industry and rural and small town area and urban area, 2021



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

Small and medium-sized businesses in rural and small town Canada achieve net profit growth in 2021

In 2021, small RST businesses achieved average net profits of over \$56,000, up 43.6% from 2020 (\$39,000). Among small RST businesses, incorporated entities saw a profit increase of 66.0% from 2020 to 2021, while unincorporated businesses saw an increase of 6.6%. Small urban businesses experienced a 10.8% increase in net profits over the same period, with both incorporated (+15.9%) and unincorporated (+1.5%) businesses increasing their profits.

Medium-sized businesses in RST and urban areas also saw average net profits increase year over year in 2021. The net profits of RST businesses rose by 37.4% (from \$398,000 to \$547,000), while urban businesses saw a 13.2% increase (from \$786,000 to \$890,000).

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Note to readers

The Rural Canada Business Profiles (RCBP) database is based on business tax returns filed with the Canada Revenue Agency. The 2017 to 2019 RCBP database was first released on March 11, 2022, followed by an update on January 13, 2023, for the 2020 reference year. The current version, the 2021 RCBP database, is the latest update, with data from the 2021 reference year. A reference year for the RCBP database runs from January 1 to December 31.

The RCBP database defines rural and small town (RST) areas as communities outside census metropolitan areas and census agglomerations according to the [2016 Statistics Canada Standard Geographical Classification](#).

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 higher annual revenues 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, regions, provinces and territories), RST and urban area, industry, incorporation status, and profitable and non-profitable business. 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](#)). For small businesses, data are provided at the Canada, region, and province or territory levels, and by RST and urban area. For medium-sized businesses, data are available only at the Canada level and by RST and urban area.

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

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

The [Rural Canada Business Profiles, 2021](#) database is now available.

The [Rural Canada Business Profiles: Interactive Dashboard](#), which is part of *Statistics Canada – Data Visualization Products (71-607-X)*, is now available.

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).