

# SURVEY ON COST OF LIVING IMPACT: OCTOBER 2023





## Introduction



- › This report presents the results of our survey on how Canadian businesses have been impacted by inflation and the increasing cost of living, particularly in recruiting and retaining talent.
- › Results are based on a survey that ran from September 29 to October 15 2023.
- › Because the Panel is built using random probability telephone sampling, it is valid to cite the margin of error for this survey. Based on a representative sample of 604 Canadian managers and executives it has a margin of error of +/- 4.1% at a 95% confidence interval.
- › The survey data are weighted by size and region according to the latest Statistics Canada data to help ensure representativeness for Canadian enterprises..



## Key Findings



- › Very few businesses are not feeling the impact of employees struggling with the cost of living.
- › Employees are struggling and stressed, while young talent is hard to find.
- › Over half of organizations have experienced issues as a result of inflation and employees' costs of living.
- › Over half of organizations have provided greater flexibility with employees to work from home.
- › Just over 8 in 10 Canadian business leaders feel the cost of housing in Canada is out of control.
- › Almost 6 in 10 businesses think the current health of the Canadian economy is poor. About 6 in 10 Canadian businesses think that the outlook for the Canadian economy over the next 12 months would be about the same.
- › Fully half of Canadian businesses believe a recession is somewhat likely over the next 12 months.
- › Six out ten Canadian businesses think it is somewhat likely that the Bank of Canada would increase interest rates again this year.



## Canadian Business on the Impact of Cost of Living

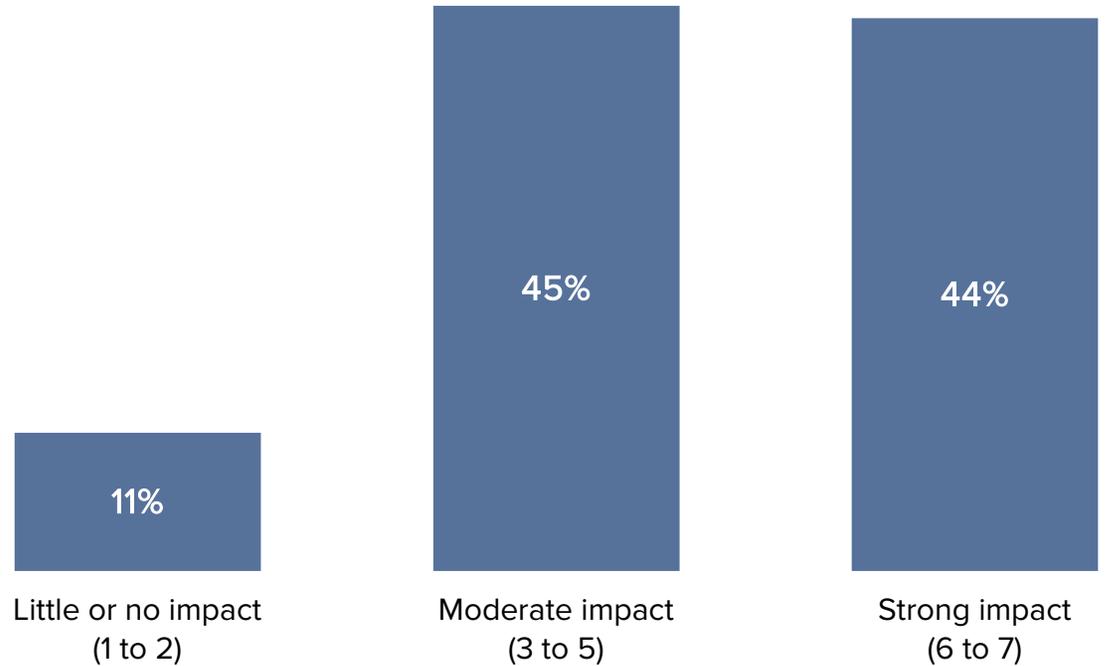
## Impact of employees struggling with the cost of living.

Very few businesses are not feeling the impact of employees struggling with the cost of living.

- › Almost 9 in 10 businesses say employees' struggles with the cost of living and housing affordability is affecting their business.
- › This result is consistent across business size, region and sector.



Many Canadians are struggling with cost-of-living increases and housing affordability. To what extent has this situation affected your business?



## Statements about Business Struggles

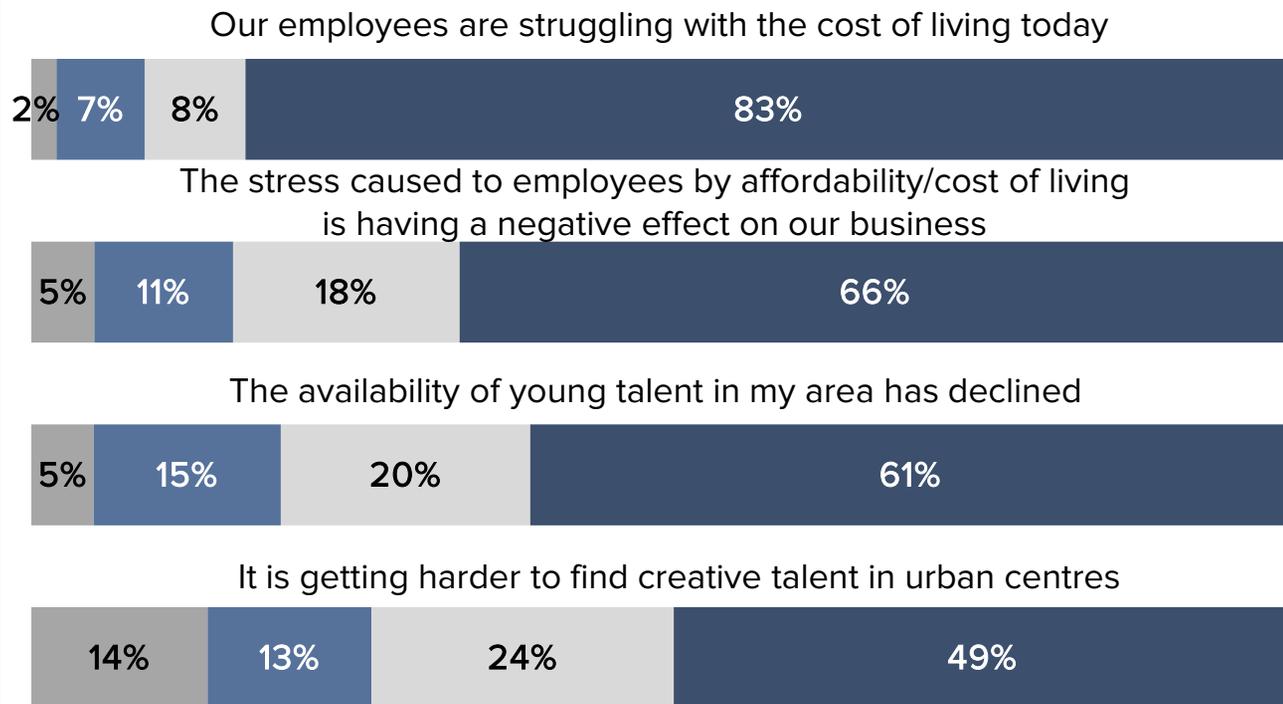
Employees are struggling and stressed, while young talent is hard to find. The majority of businesses across all regions report:

- › Employees are struggling with the cost of living and all regions strongly agree on this - with the low being 72% in Quebec and the high of 99% in the Prairies.
- › Employee stress from cost of living is having a negative impact on businesses according to two thirds of businesses.
- › Six in ten believe the availability of young talent has declined in their area.



How strongly do you agree or disagree with each of the following statements?

■ Unsure/no answer ■ Disagree (1-3) ■ Neither (4) ■ Agree (5-7)



Canadian enterprises with 1 or more employees (n=530)

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## Business considerations as a consequence of high costs of employee housing

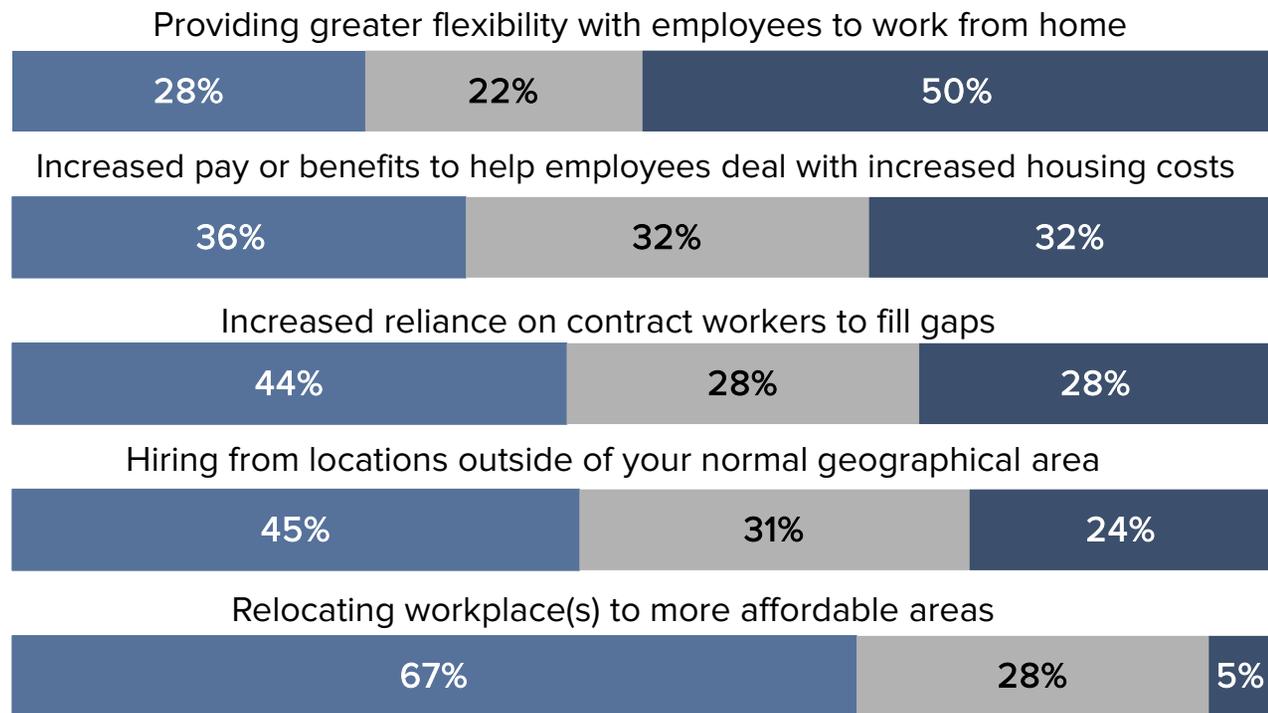
Over half of organizations have provided greater flexibility with employees being able to work from home. The other considerations range from 32% to 5% in having been carried out:

- > Providing the greatest flexibility to work from home is highest amongst wholesale businesses.
- > The highest consideration to relocate is in BC with 44%.
- > The public sector is least likely to have increased pay or benefits to help employees deal with increased housing costs with 55% saying no.
- > Hiring from other geographical locations is least likely with business of 10 or less employees with 50% saying no.



Has your organization done or considered any of the following as a consequence of the high cost of housing for your employees?

■ No ■ Considered ■ Yes



Canadian enterprises with 1 or more employees (n=530)

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## Impact of inflation and/or employees' costs of living

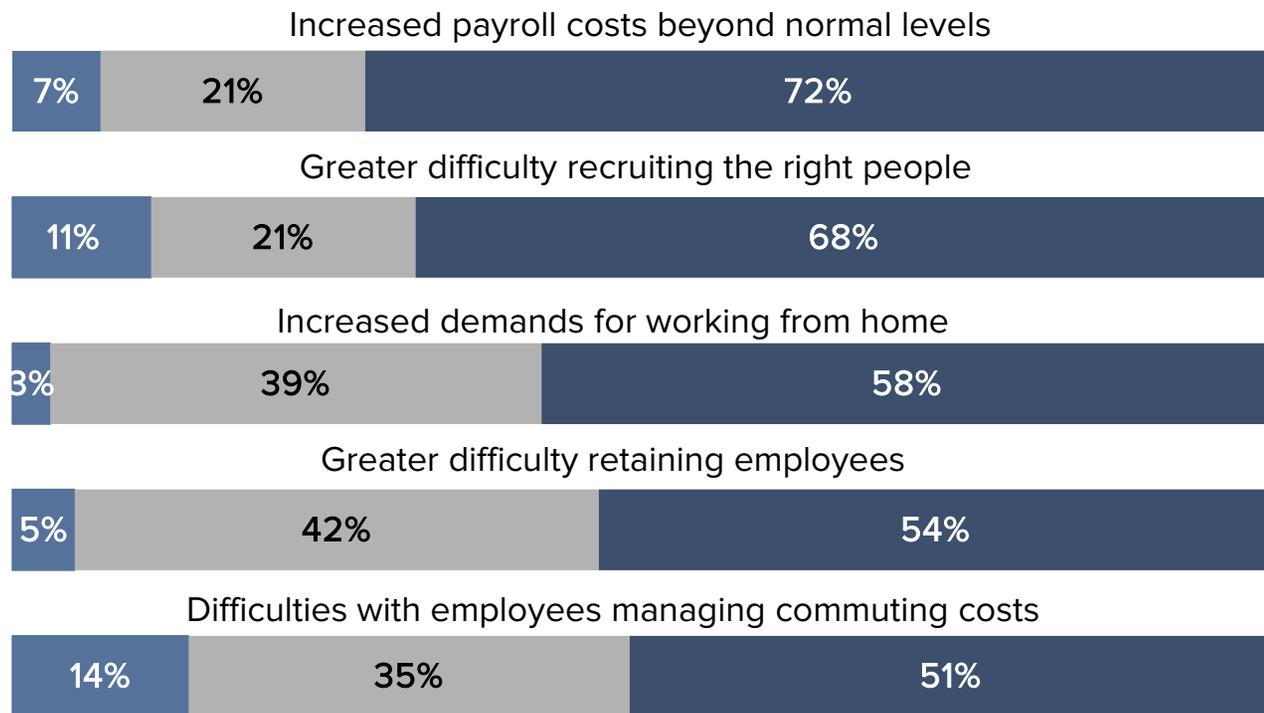
Over half of organizations have experienced issues as a result of inflation and employees' costs of living. The following are the most experienced issues:

- › Just over 7 in 10 have experienced increased payroll costs beyond normal levels.
- › Just under 7 in 10 have experienced greater difficulty recruiting the right people.
- › Almost 6 in 10 have experienced increased demands for working from home. Real estate businesses have experienced this the least with 61%.
- › Businesses of 10 or less have had the least increased difficulty in retaining employees at 48%.



Has your organization experienced any of the following as a result of the impact of inflation and/or employees' costs of living?

■ Unsure/no answer ■ No ■ Yes



Canadian enterprises with 1 or more employees (n=530)

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## Business considerations as a consequence of high costs of employee housing

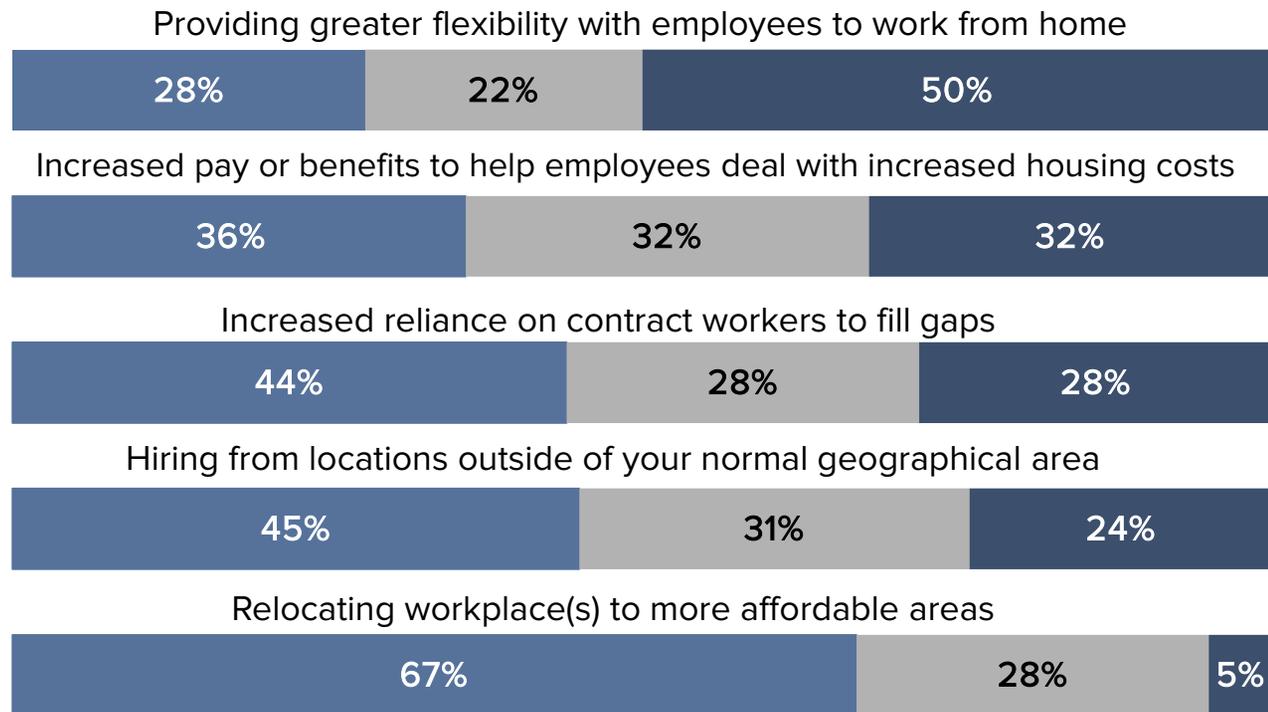
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## Housing statements

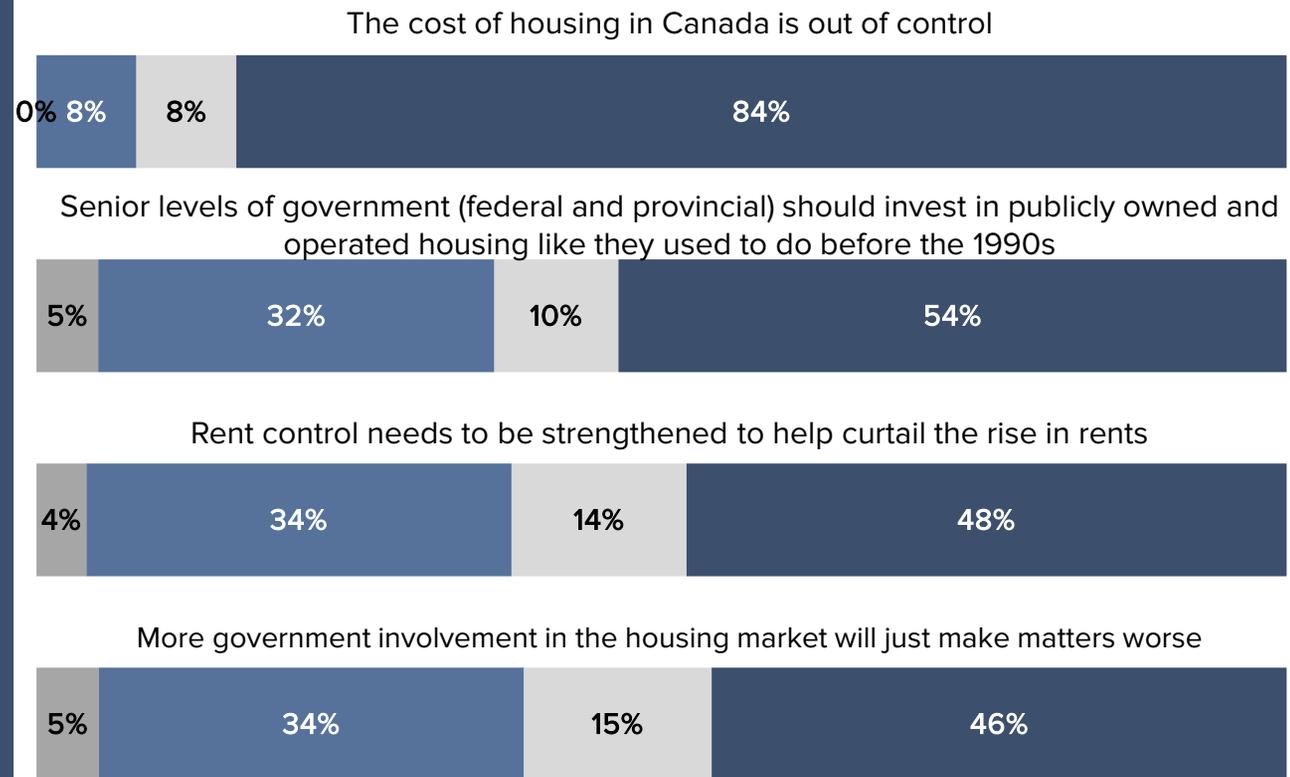
Just over 8 in 10 Canadian business leaders think the cost of housing in Canada is out of control.

- > All regions in Canada believe the cost of housing is out of control at a minimum of 84% agreeing - other than Quebec which is at 71%.
- > Government investment in public housing was seen most favourably by those in service businesses (62%) and least favourably by those in financial businesses (63%).



How strongly do you agree or disagree with each of the following statements?

■ Unsure/no answer ■ Disagree (1-3) ■ Neither (4) ■ Agree (5-7)





## Canadian Business on the Canadian Economy

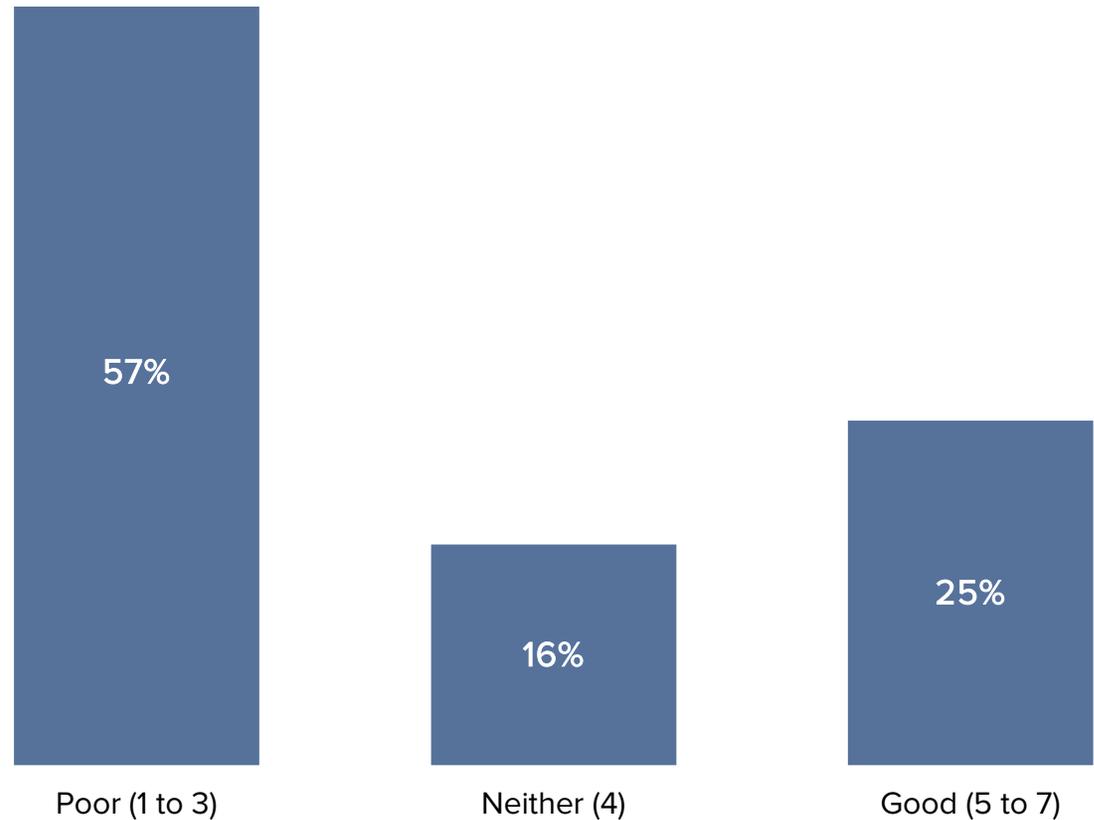
## Health of Canadian Economy

Almost 6 in 10 businesses think the current health of the Canadian economy is poor.

- › Only a quarter of businesses think the current health is good.
- › The Prairie region is the least positive about the Canadian economy with a only a 9% positive rating and a 71% negative rating.



How would you rate the current health of the Canadian economy?



Canadian enterprises (n=583)

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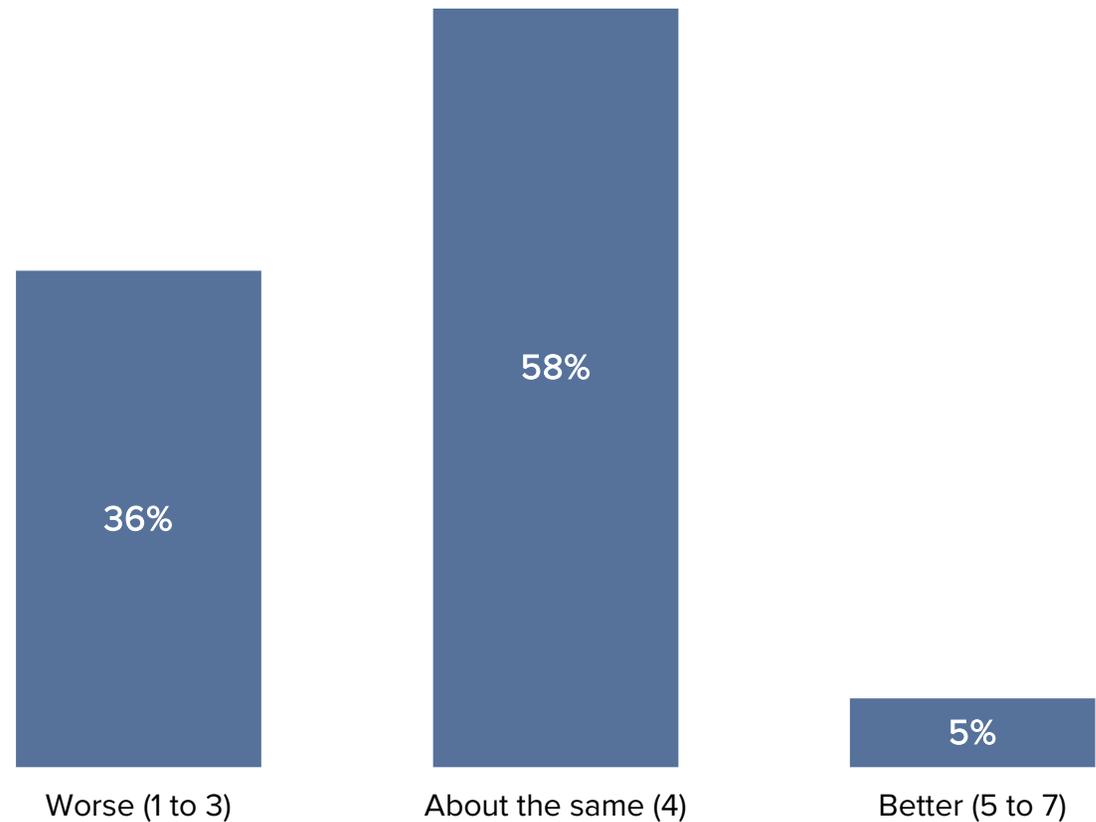
## Outlook for the Canadian Economy

About 6 in 10 Canadian businesses think that the outlook for the Canadian economy over the next 12 months would be about the same.

- > Just over a third expect it to be worse.
- > Only five percent believe it would improve.



What do you think will be the general outlook for the Canadian economy over the next 12 months?



Canadian enterprises (n=583)

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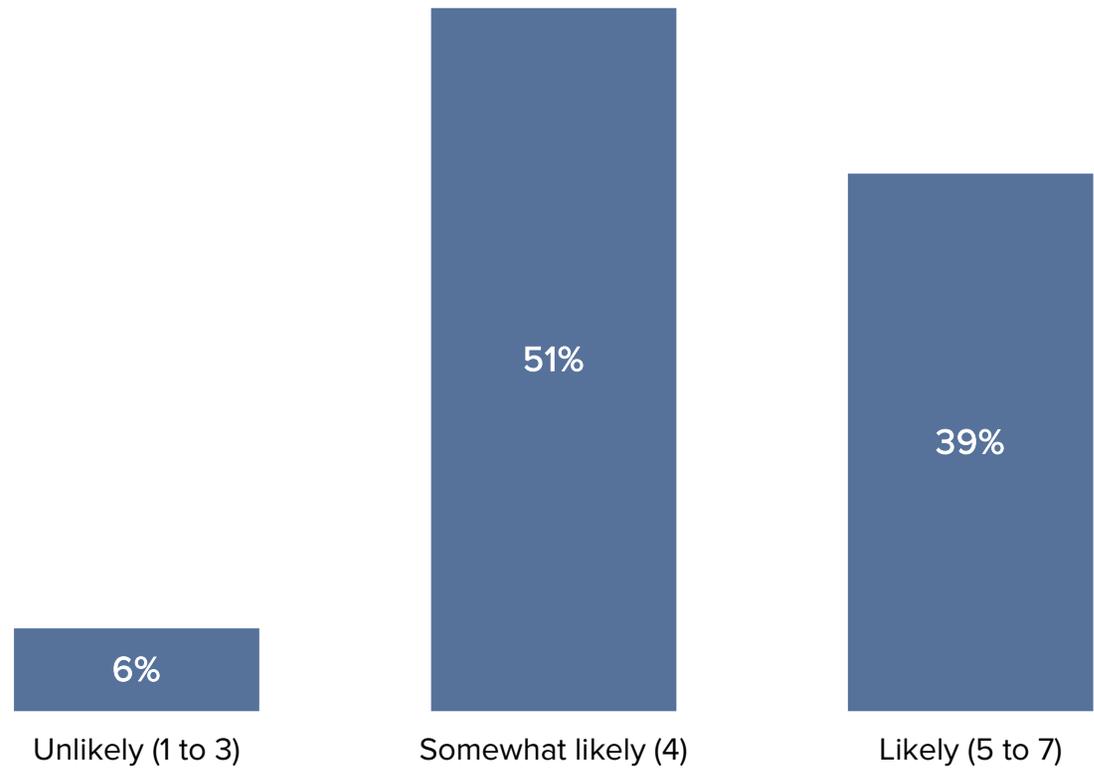
## Likelihood of Recession

Fully half of Canadian businesses believe a recession is somewhat likely over the next 12 months.

- > Four out of ten think that a recession is actually likely.
- > Only six percent think it is unlikely.



In your opinion, how likely is it that the Canadian economy will go into recession over the next 12 months?



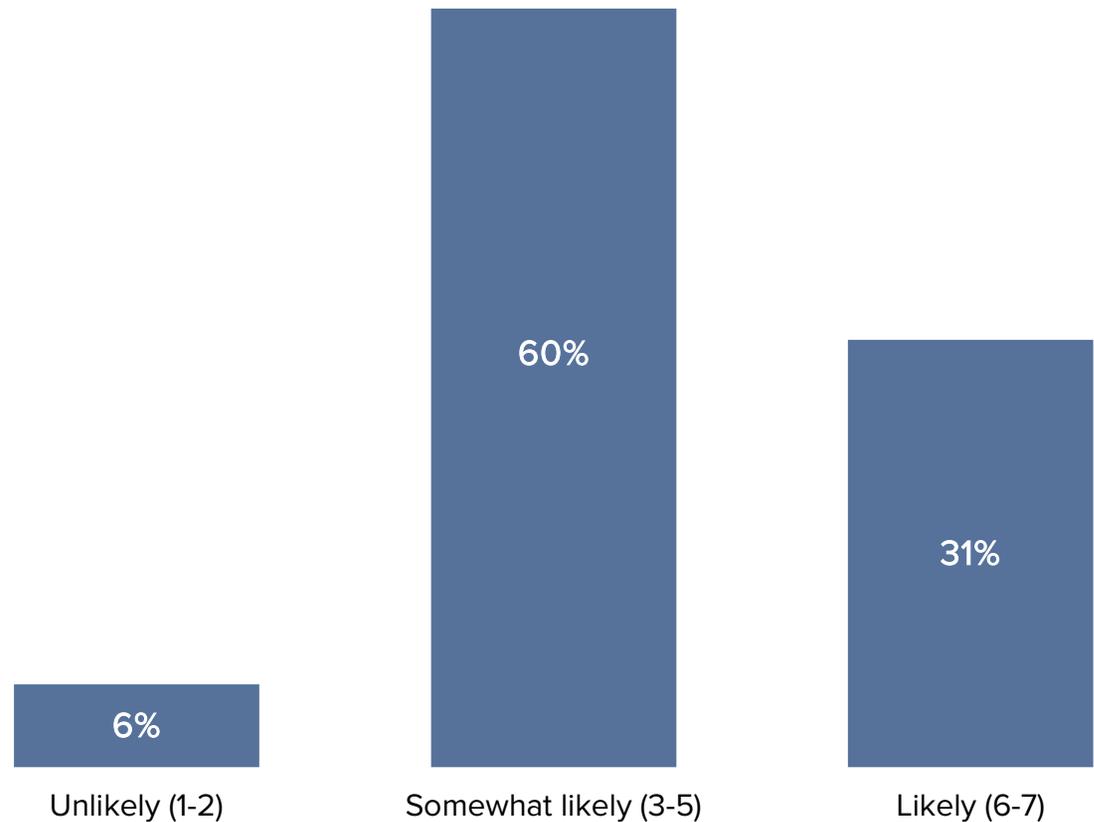
## Likelihood of Interest Rate Increase

Six out ten Canadian businesses thought it was somewhat likely that the Bank of Canada would increase interest rates again this year.

- › Just less than a third think it is likely.
- › Only six percent say it is unlikely. Of all the regions Quebec is least fearful of an interest rate increase. Only 15% of Quebec businesses think it is likely while the rest of Canada ranges from 23% (Prairies) to 44% (Maritimes).
- › Also, for unlikely to raise interest rates Quebec leads in most unlikely at 13% while the rest of Canada ranges from 0% (Prairies) to 7% (Maritimes).



In your view, how likely is it that the Bank of Canada will increase interest rates again this year?



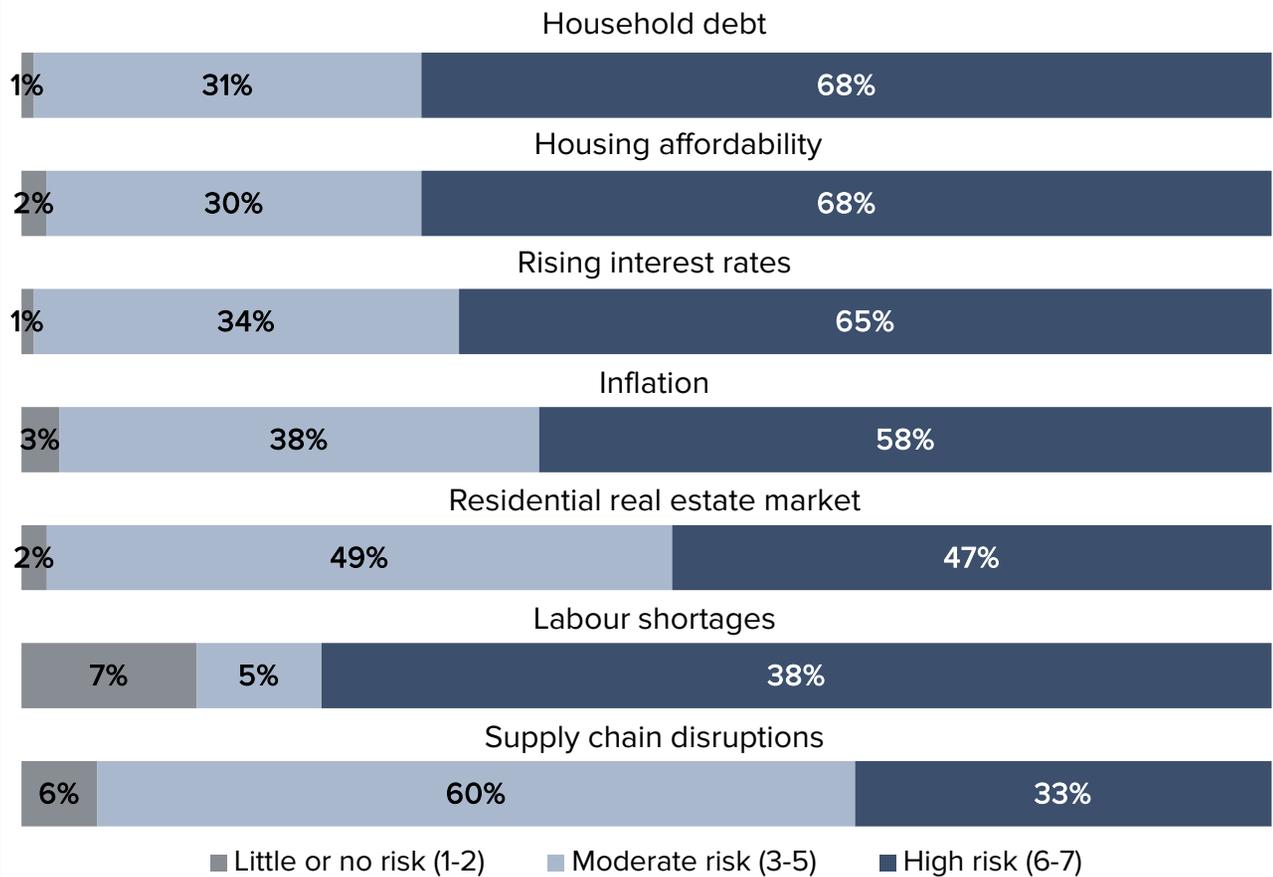
## Risks to the Canadian Economy

Almost 7 in 10 businesses see household debt and housing affordability as the two greatest risks to the Canadian economy.

- > Inflation is seen as a risk by about six in ten.
- > Almost half think the residential real estate market as a risk.
- > Labour shortages and supply chain disruptions are both under 40 percent.
- > The region where most businesses think that housing affordability is a high risk is the Maritimes at 96%, with Quebec the lowest at 53% thinking it is a high risk.



How would you rate each of the following in terms of risks to the Canadian economy?



Canadian enterprises (n=583)

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## Organizations that took the CEBA Loan

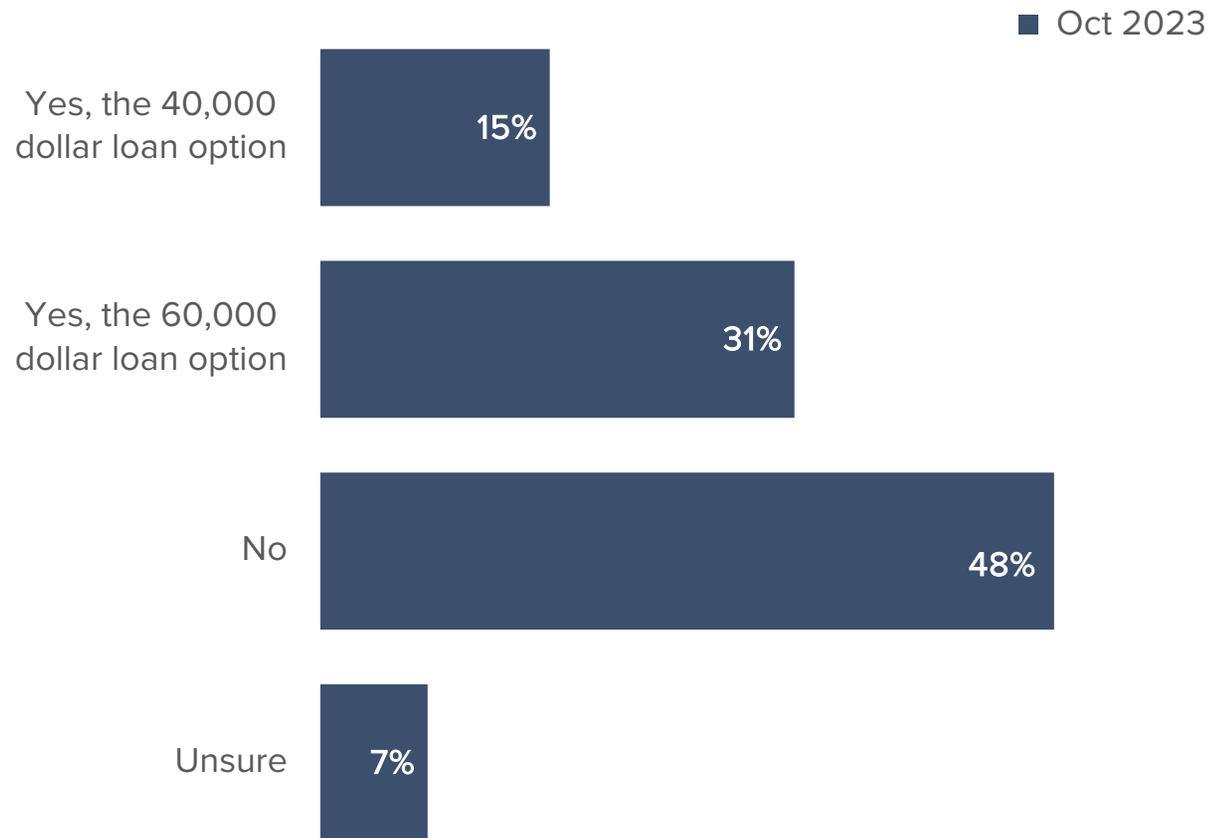
About half of organizations did not take a CEBA loan.

About a third took the 60,000 dollar loan option.

While about fifteen percent took the 40,000 dollar loan option.



During the pandemic, has your organization taken advantage of the Canada Emergency Benefit Account (CEBA)?

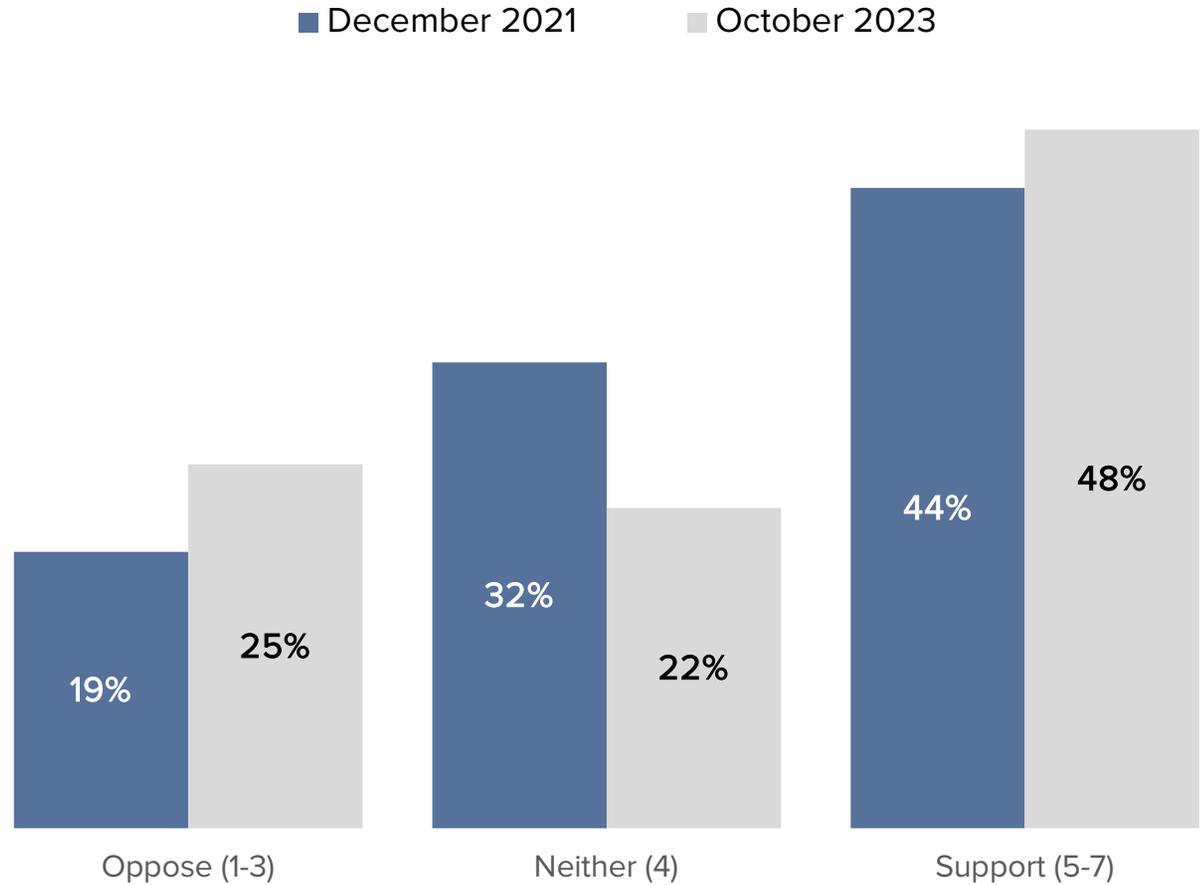


## Tracking: CEBA Extension for Canadian Businesses

Both opposition to extending the CEBA repayment deadline and support has gone up slightly from December 2021 to October 2023.



How strongly do you support or oppose extending the CEBA repayment deadline for Canadian businesses?



Canadian enterprises (December 2021 n=729; October 2023 n=595)

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*Real answers from real people*