



Q3 2023

# HALIFAX BUSINESS CONDITIONS

DATA RELEASE

**HALIFAX  
CHAMBER OF  
COMMERCE**

## MESSAGE FROM THE CHAMBER'S POLICY TEAM

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The overall goal of the Halifax Chamber of Commerce is to create value and prosperity for our 1,900+ members and their over 94,000 employees. Through our Strategic Plan, we are providing the services businesses need, hosting events that will help them learn, and advocating for the conditions in the economy that enhance their prosperity.

Our advocacy positions, which are obtained through Chamber task force meetings, discussions with our attendees and members at round tables and events, and countless hours of calls each month where we connect with our membership, is also supported by detailed analysis and empirical data. This data release is intended to enhance our overall advocacy role as the voice of business in HRM by sharing some of that data with our business members, key decision makers, and other relevant stakeholders.

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# BUSINESS OUTLOOK

*June - Aug 2023*

## KEY FINDINGS

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Overall business optimism throughout Canada's major CMA's declined over the last quarter. Despite a 3 point drop for Halifax business optimism, it remains higher than most other cities and the national average.

Inflationary pressures remain the top obstacle for Halifax businesses but have significantly improved over the last quarter. While labour related challenges have also improved, transportation and insurance costs have worsened.

**"INFLATIONARY PRESSURES REMAIN THE TOP OBSTACLE FOR HALIFAX BUSINESSES BUT HAVE SIGNIFICANTLY IMPROVED OVER THE LAST QUARTER. TRANSPORTATION AND INSURANCE COSTS HAVE WORSENERD."**

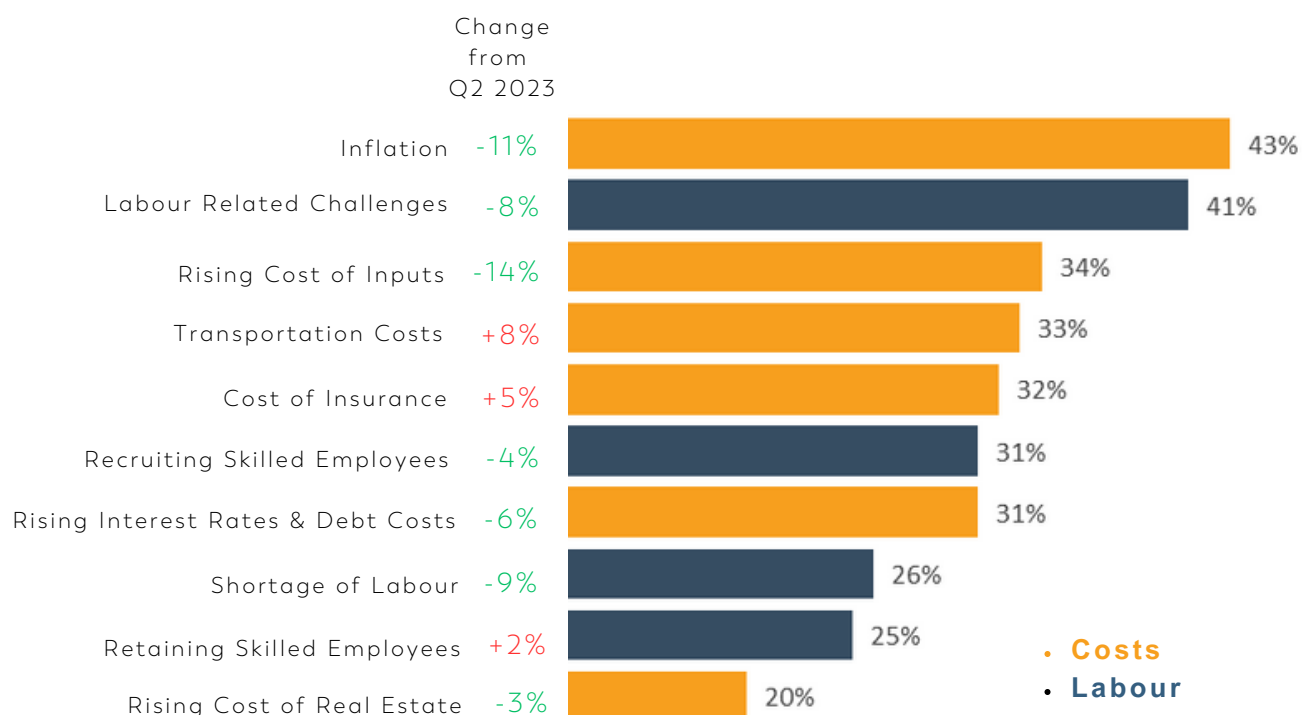
### **Businesses with an optimistic outlook for the next 12 months**

% of respondents, by major CMA, change from previous quarter in parentheses



### **Top 10 Halifax business obstacles expected, next three months.**

% of respondents





# COST PRESSURES



*June - Aug 2023*

## KEY FINDINGS

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Sales and selling prices are expected to slow over the next three months.

Potentially indicating the effects of rising interest rates.

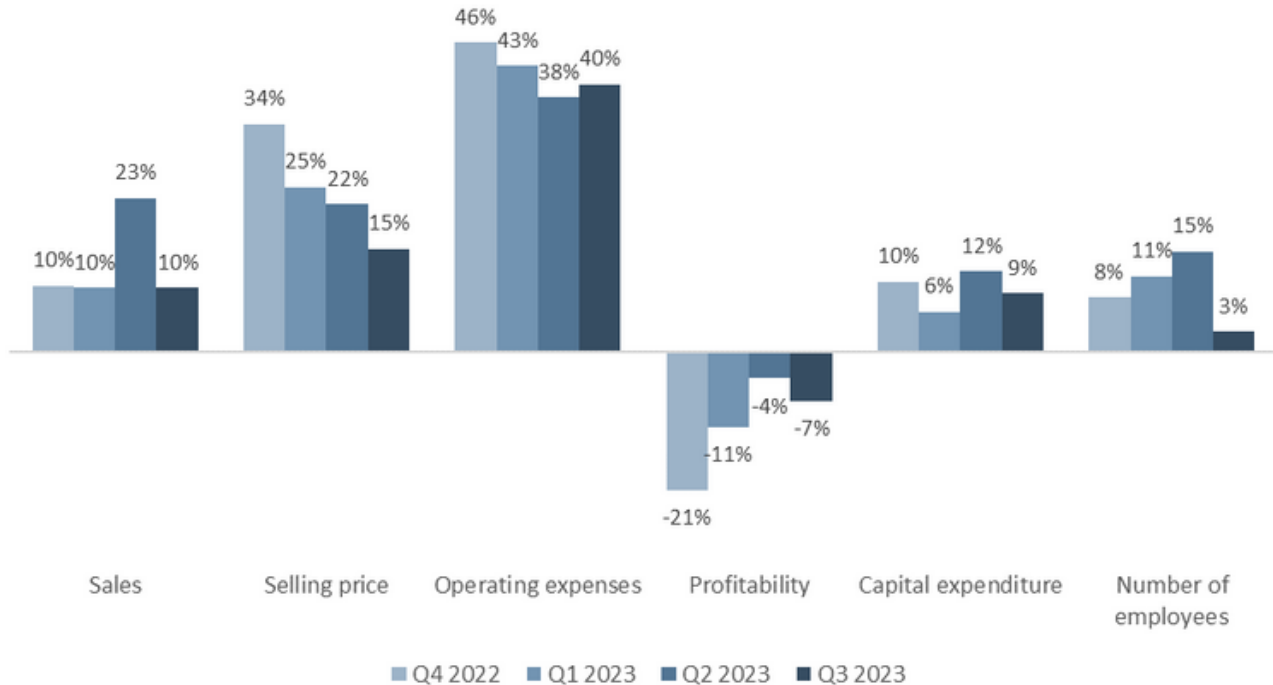
Operating expenses are expected to slightly increase for the Halifax Business community overall, due to the impact of rising transportation and insurance costs.

The combination of lower sales and prices, combined with higher operating expenses is impacting expectations of profitability for Halifax businesses next quarter.

**"THE COMBINATION OF LOWER SALES AND PRICES, COMBINED WITH HIGHER OPERATING EXPENSES IS IMPACTING EXPECTATIONS OF PROFITABILITY FOR HALIFAX BUSINESSES NEXT QUARTER."**

### Expected changes for your business, next three months

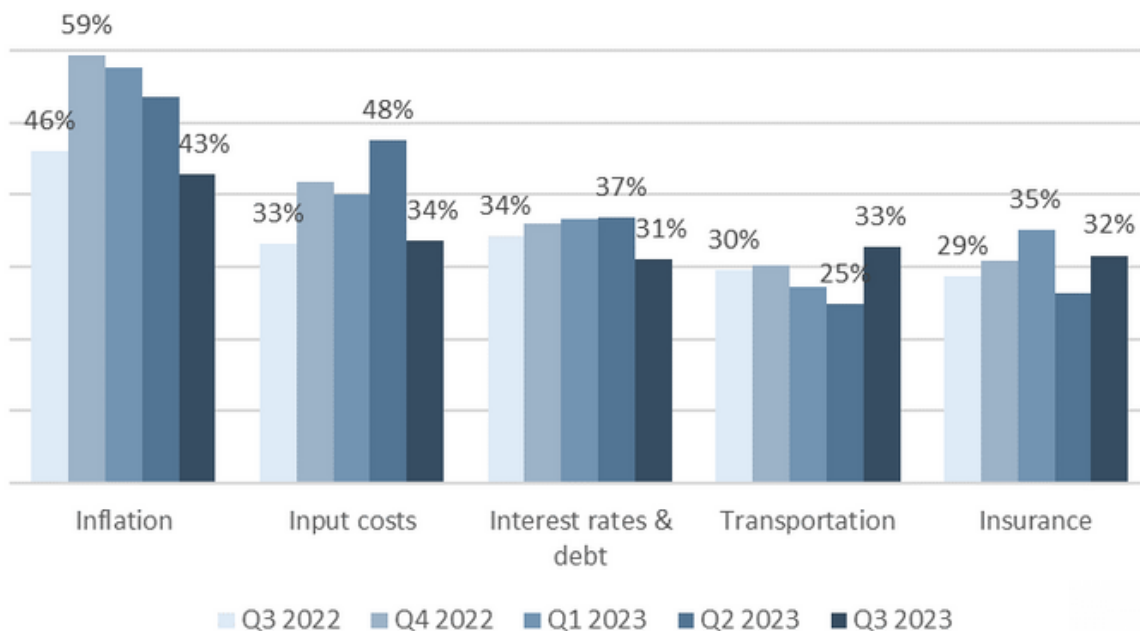
Balance of opinion\*



\* % of respondents that answered "increase" less % that answered "decrease" by metric

### Businesses expecting cost-related obstacles, next three months

% of respondents

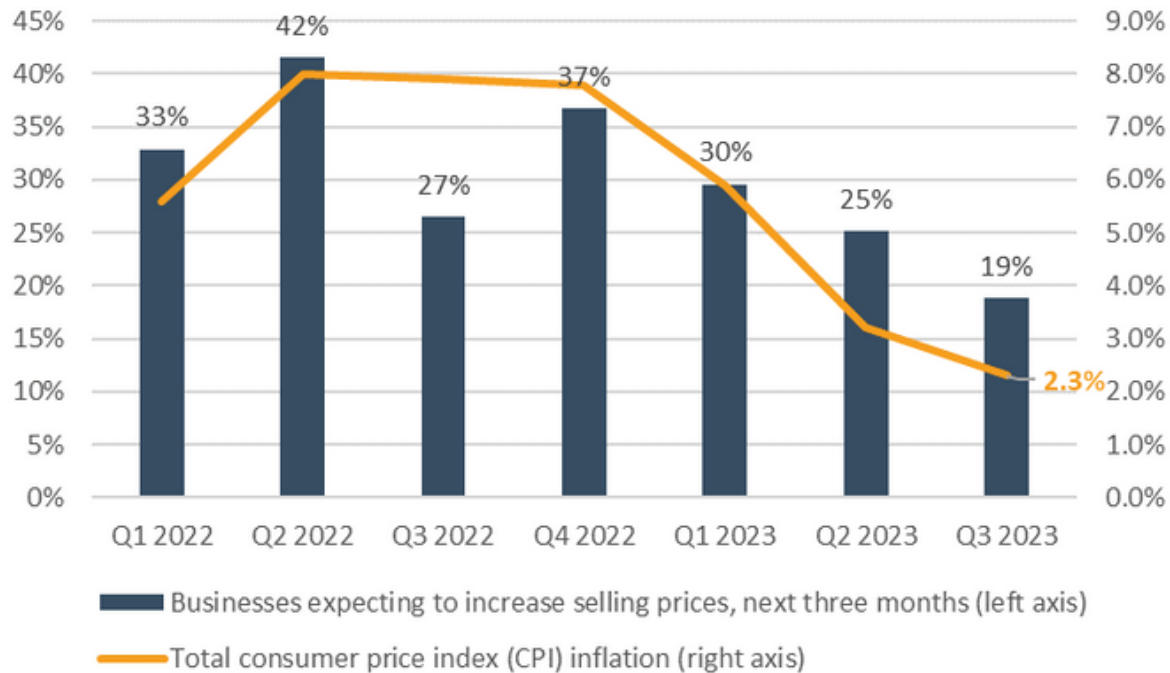




## "AS INFLATION CONTINUES TO SLOW, THE SHARE OF BUSINESSES EXPECTING TO RAISE PRICES TRENDS IN THE SAME DIRECTION"

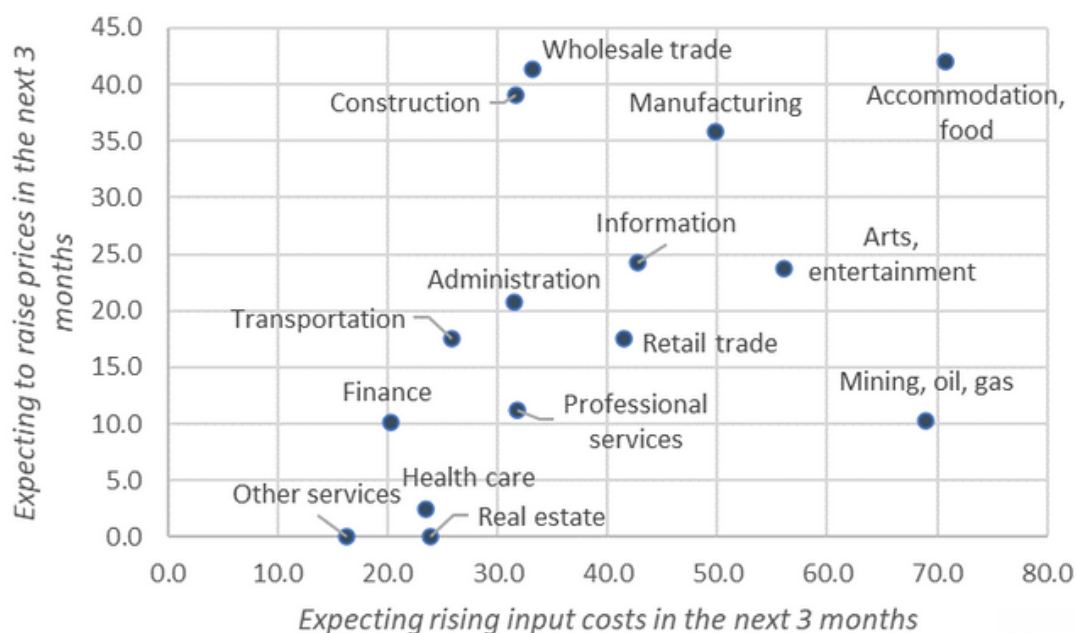
### BUSINESSES EXPECTING TO RAISE THE SELLING PRICE OF THEIR GOODS AND SERVICES, NEXT THREE MONTHS AND CPI INFLATION

LEFT AXIS % OF RESPONDENTS; RIGHT AXIS QUARTER-OVER-QUARTER % CHANGE



### COST PRESSURES IMPACTING PRICES OF GOODS AND SERVICES OFFERED, NEXT THREE MONTHS

% OF RESPONDENTS BY INDUSTRY IN Q2 2023



# LABOUR

*June - Aug 2023*

## KEY FINDINGS

Labour challenges are expected to improve with 41% of the businesses in Halifax still expecting to face obstacles related to recruitment and retention of skilled employees over the next three months, down from 48% in the previous quarter.

The Halifax Construction industry is facing the greatest obstacles related to labour shortages over the next three months.

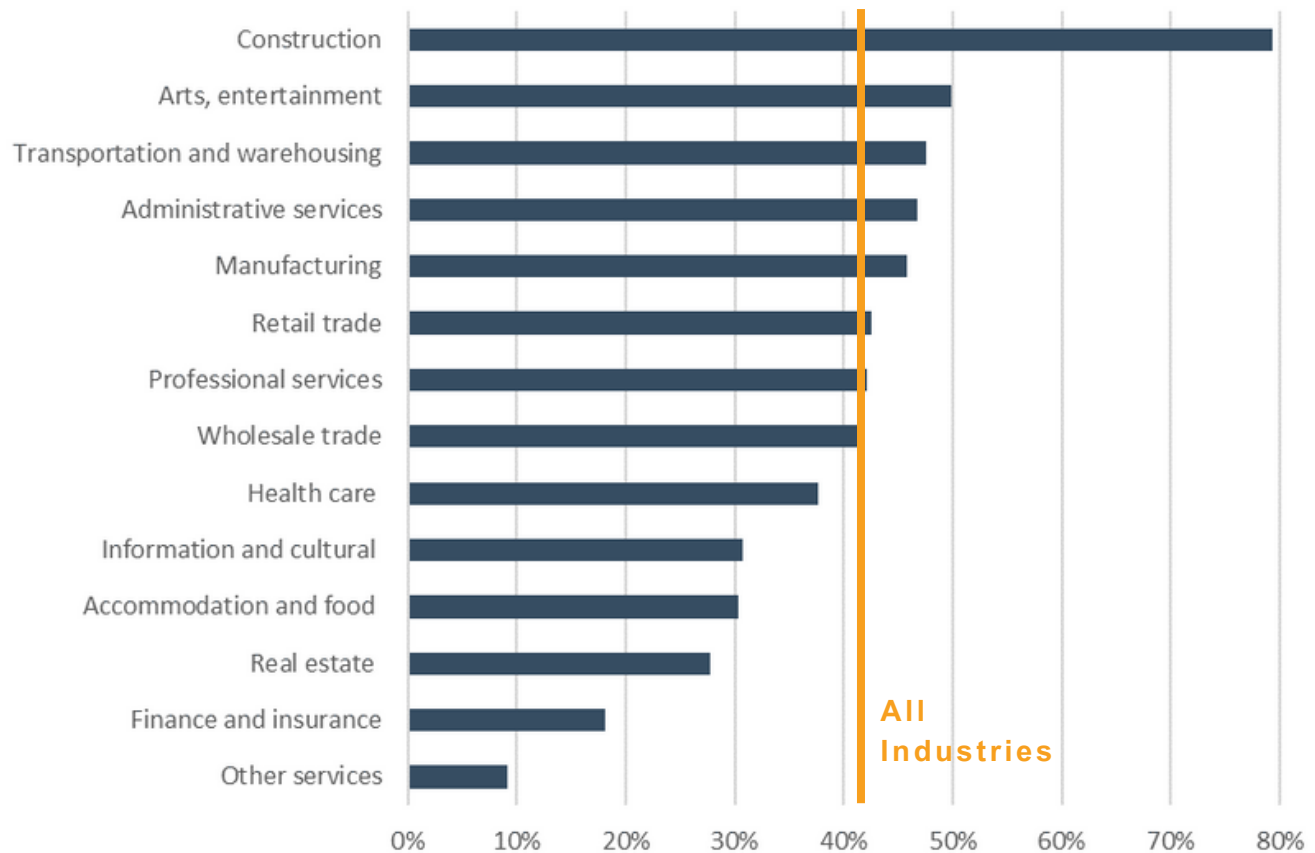
The share of employees anticipated to work remotely increased from 11% in Q2 2023 to 16% in Q3. Despite the increase, three quarters are all employees are expected to continue to work onsite.



## "THE HALIFAX CONSTRUCTION INDUSTRY IS FACING THE GREATEST OBSTACLES RELATED TO LABOUR SHORTAGES OVER THE NEXT THREE MONTHS."

### EXPECT OBSTACLES WITH RECRUITING AND RETAINING SKILLED EMPLOYEES, NEXT THREE MONTHS.

% OF RESPONDENTS BY INDUSTRY IN Q2 2023



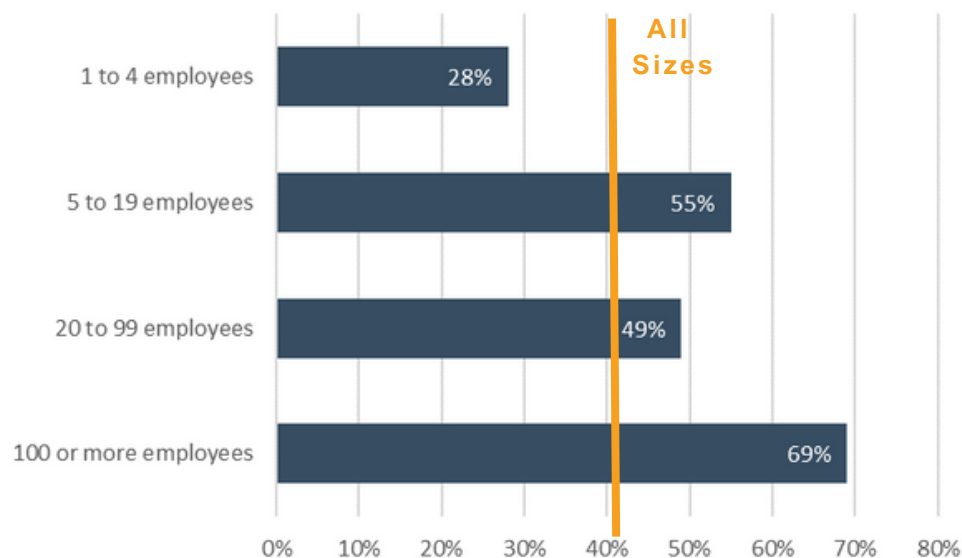
The industry facing the greatest obstacles related to recruitment and retention was the Construction industry with nearly 80% of businesses expecting to face obstacles over the next three months.

Expectations for labour related challenges within Small firms (1-4 and 5-19 employees) have slightly improved (-5%) since last quarter, however expectations for Medium (20-99 employees) and Large (100+ employees) has significantly improved, decreasing by 22% and 19% respectively since the previous quarter.

**"LABOUR RELATED CHALLENGES FOR MEDIUM (20-99 EMPLOYEES) AND LARGE (100+ EMPLOYEES) BUSINESSES ARE EXPECTED TO SIGNIFICANTLY IMPROVE NEXT QUARTER, WHILE SMALLER FIRMS EXPECTATIONS REMAIN THE SAME."**

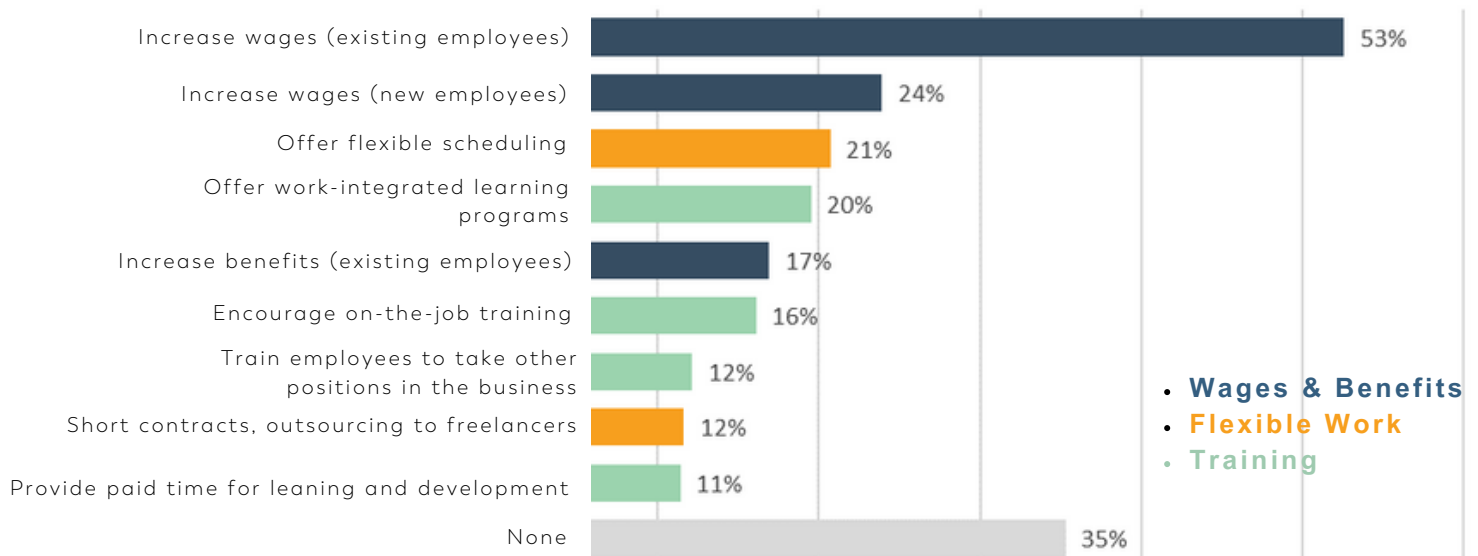
**Expect obstacles recruiting and retaining skilled employees, next three months.**

% of respondents by firm size in Q1 2023



**Top 10 plans to address recruitment and retention challenges over the next 12 months**

% of respondents

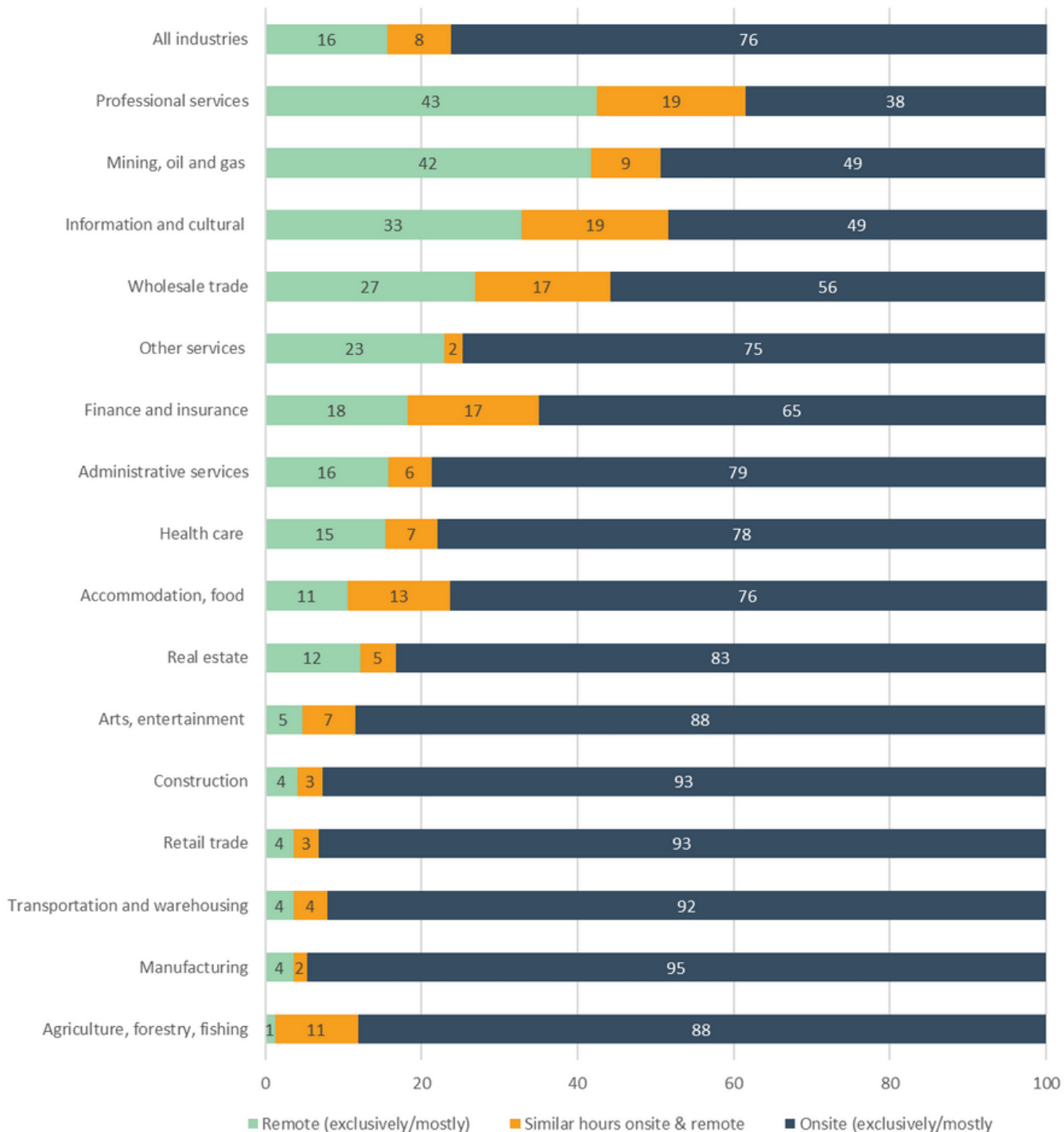




**"THE SHARE OF EMPLOYEES WORKING REMOTELY INCREASED FROM 11% IN Q2 2023 TO 16% IN Q3. DESPITE THE INCREASE, THREE QUARTERS ARE ALL EMPLOYEES ARE EXPECTED TO CONTINUE TO WORK ONSITE."**

### **Percentage of the employees anticipated working arrangements, next three months**

% of respondents by industry





# FINANCING

*June - Aug 2023*

## KEY FINDINGS

Business financing options in Halifax have improved in the last three months, with smaller firms (>5 employees) still struggling relative to larger organizations.

The share of businesses who indicated they cannot take on more debt decreased (-11%) from Q2 to Q3 of 2023.

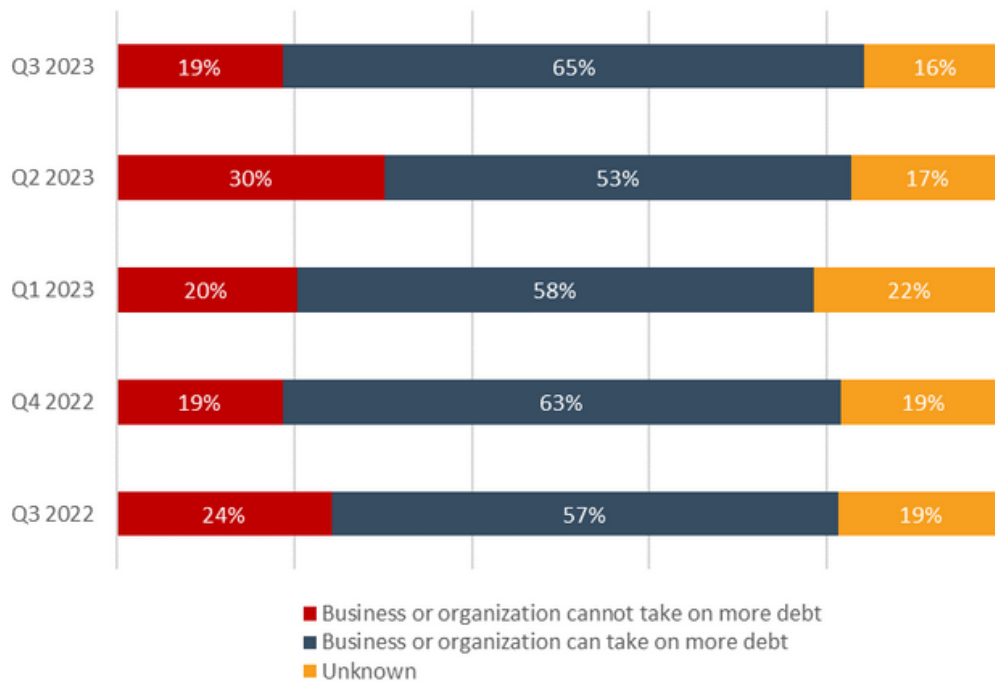
The financial health for smaller firms has significantly improved since last quarter with only 24% of small businesses indicating they cannot take on more debt down from 40% the previous quarter.



**"THE FINANCIAL HEALTH FOR SMALLER FIRMS HAS SIGNIFICANTLY IMPROVED SINCE LAST QUARTER WITH ONLY 24% OF SMALL BUSINESSES INDICATING THEY CANNOT TAKE ON MORE DEBT DOWN FROM 40% THE PREVIOUS QUARTER. "**

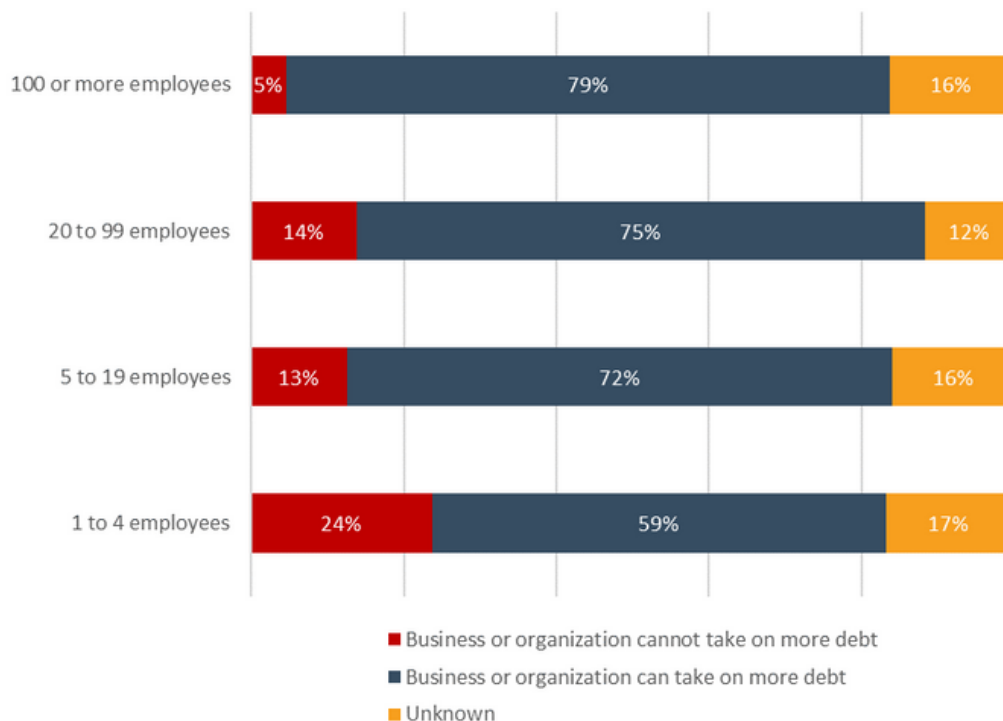
### **Ability for the business to take on more debt.**

% of respondents by quarter of survey



### **Ability for the business to take on more debt.**

% of respondents by firm size in Q2 2023





# GREEN PRACTICES

*June - Aug 2023*

## KEY FINDINGS

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Around half of Halifax businesses have environmental practices in place or plans to implement environmental practices over the next 12 months.

The percentage of businesses with practices or plans in place has slightly decreased year-over-year from 56% to 53% in Q3 2023.

Business barriers for adopting environmental practices increased between Q3 2022 and Q3 2023. Inflationary pressures and labour obstacles have likely increased barriers to adoption.

## Environmental practices in place or planned over next 12 months

% of respondents, year-over-year percentage change in parentheses

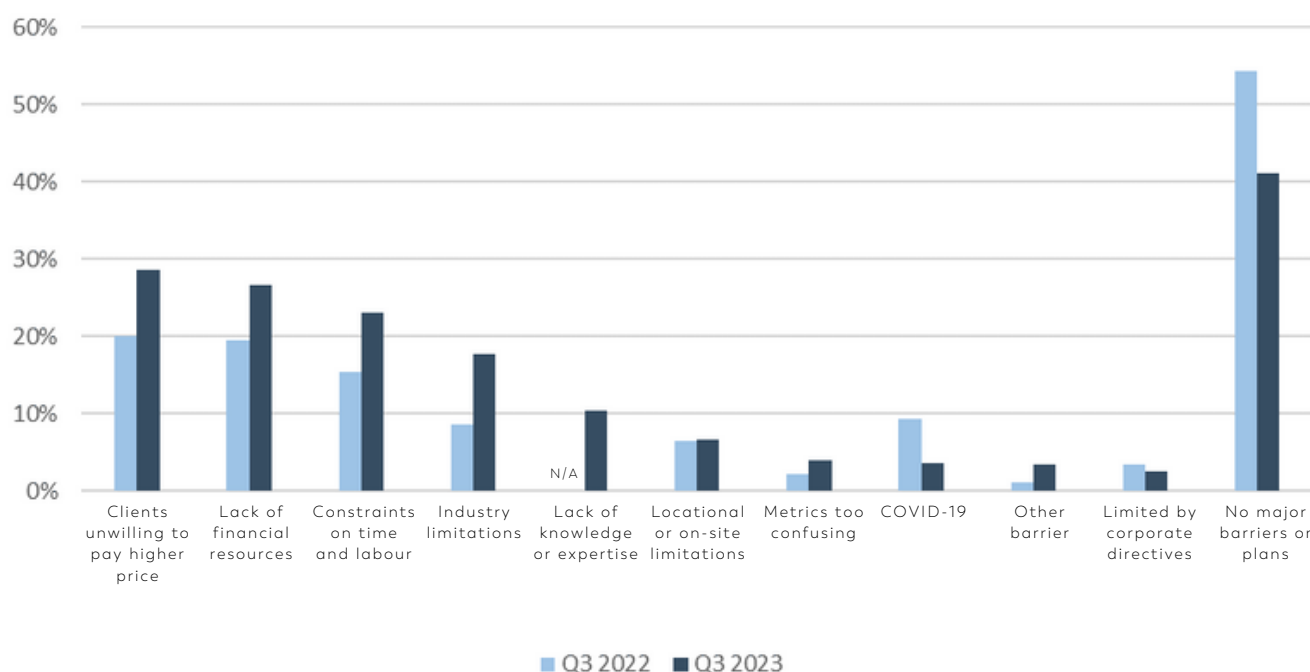
All industries: Yes=53% No=47%

Change vs.  
Q3 2022

Sustainable resource management	Reduce waste	28%	(-10%)
	Reduce energy or water consumption	21%	(-7%)
	Become zero waste	3%	(0%)
Green product development and procurement	Use recycled or waste materials as inputs	14%	(-2%)
	Choose suppliers based on their environmental practices	12%	(+2%)
	Design products or services to have a minimal impact	9%	(-1%)
Governance, organizational culture	Encourage employees to adopt environmental friendly practices	24%	(-5%)
	Implement green processes	10%	(-6%)
	Introduce other environmental practices	4%	(-1%)
	Have a written environmental policy	6%	(-3%)
Energy transition, decarbonization	Use one or more clean energy sources	7%	(+1%)
	Perform carbon sequestration	5%	(+3%)
Measurement, tracking and reporting	Measure the business' environmental footprint	5%	(+1%)
	Obtain or maintain one or more eco-responsible certifications	3%	(+2%)
	Hire an external auditor to evaluate the business' practices	1%	(-1%)

## Barriers in adopting environmental practices over next 12 months

% of respondents





# SUPPLY CHAINS

*June -Aug 2023*

## KEY FINDINGS

After consecutive quarters of improvements in Halifax, supply chain challenges trended in the opposite direction with 37% of respondents indicating their supply chain challenges have worsened (up 15% since Q2).

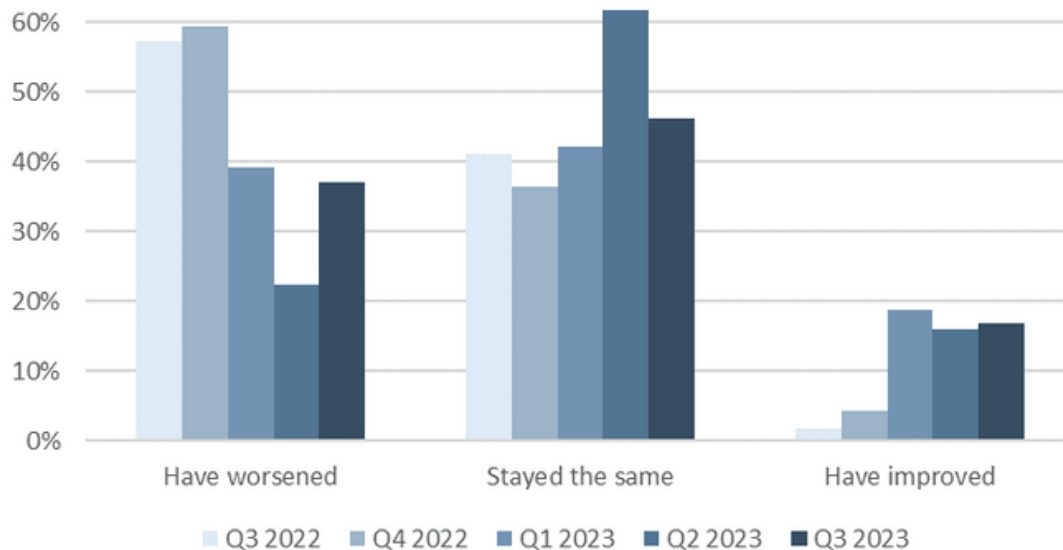
Expectations for the next quarter also indicated worsening trends, potentially due to rising transpiration costs.

The biggest factors that contributed to worsening supply chain challenges were: Increased delays in deliveries of inputs, products, or supplies; and Increased prices of inputs, products, or supplies.

**"AFTER CONSECUTIVE QUARTERS OF IMPROVEMENTS IN HALIFAX, SUPPLY CHAIN CHALLENGES TRENDED IN THE OPPOSITE DIRECTION WITH 37% OF RESPONDENTS INDICATING THEIR SUPPLY CHAIN CHALLENGES HAVE WORSENE (UP 15% SINCE Q3)"**

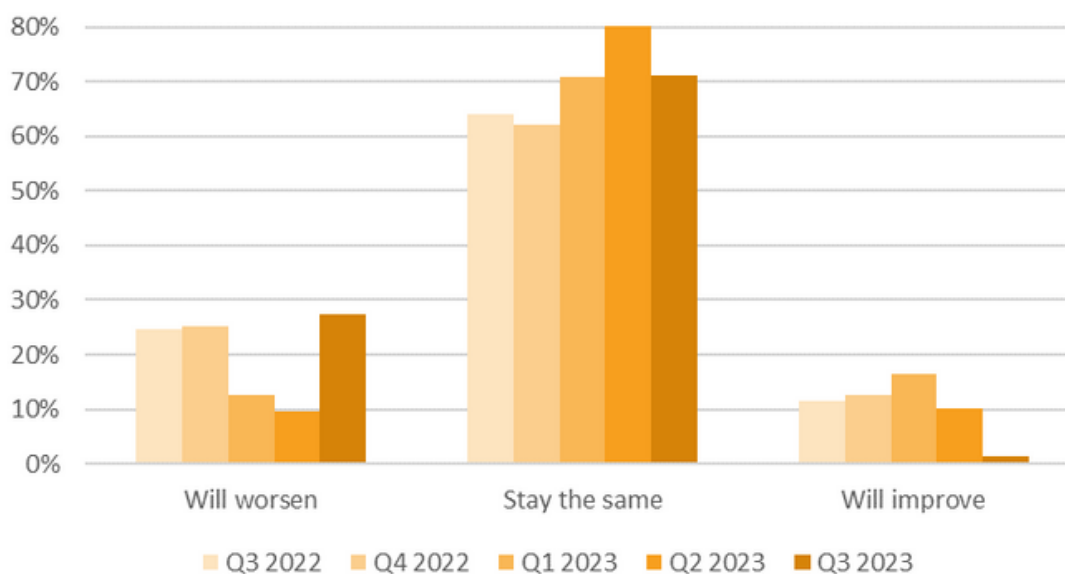
### **Supply-Chain obstacles experienced, last three months.**

% of respondents, of those that expect supply chain obstacles



### **Supply-chain obstacles expected, next three months.**

% of respondents, of those that expect supply chain obstacles



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## END NOTES

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**Survey objectives:** The Canadian Survey on Business Conditions (CSBC) was created in spring 2020 by Statistics Canada in partnership with the Canadian Chamber of Commerce to provide timely, relevant data on business conditions in Canada, as well as businesses' expectations and views on emerging issues. These surveys are used by governments, chambers of commerce, business associations and analysts to monitor evolving business conditions and devise policies to support Canadian business.

**Survey period:** The Q3 2023 CSBC data was collected from July 4 to Aug 8, 2023.

**Survey approach:** The survey was conducted by Statistics Canada via electronic questionnaire, using a stratified random sample of business establishments with employees, classified by geography, industry sector and size.

Population totals are estimated using calibration weights. The survey is based on responses from 448 businesses in Halifax.

Charts may not sum to 100% due to rounding.

## SPECIAL THANKS

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A special thank you to the Canadian Chamber of Commerce's Business Data Lab for providing the Halifax CMA level data set.

For an overview of the national Q3 2023 business conditions, see the CCC BDL's release [here](#)