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Canadian Restaurant Sales Mask Profit Declines at Most Operators

Restaurants Canada expects C$105.3 billion in 2026 sales, but 67% of companies say profitability fell, with 44% reporting fewer guests

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Canada’s restaurant industry is expected to post higher sales in 2026, but a new report says most operators are making less money and many are serving fewer customers.

On Friday, November 20, Restaurants Canada said commercial foodservice sales are on track to reach C$105.3 billion in 2026, up 5.1% from 2025. The trade group said the increase shows consumer spending on foodservice has been stronger than expected after two years of modest growth. But it said the national sales figure masks a weaker picture for many individual restaurants.

According to Restaurants Canada’s latest quarterly report and survey, 67% of restaurant companies said profitability was lower than a year earlier. Only 14% said profitability had improved. The group also said 44% of restaurant companies reported fewer guests than a year before, a sign that traffic remains under pressure even as total industry sales rise.

The report points to a widening gap between sector-level growth and the day-to-day finances of existing restaurants. Restaurants Canada said only 35% of restaurant companies reported higher sales than a year earlier, while the same share, 35%, reported lower sales. In other words, the headline market growth is not being felt evenly across the industry.

Restaurants Canada said part of the explanation is the pace of new restaurant openings. Industry sales include revenue from newly opened businesses, while same-store sales measure performance at existing locations. That means the sector can show aggregate growth even if established restaurants are losing customers or seeing weaker sales.

The group said that pattern is also visible in payment data. It cited Moneris Data Solutions, which found declining same-store sales at both full-service and quick-service restaurants during the first nine months of 2026 compared with the same period in 2025. The data suggests that sales growth at the national level has been supported in part by expansion in the number of locations rather than by stronger results at existing stores.

For restaurant operators, the larger problem is that costs continue to rise faster than their ability to charge more. Restaurants Canada said food, labor, rent and utility expenses remain under pressure. At the same time, many diners have become more sensitive to menu prices, leaving restaurants with limited room to pass higher costs on

to customers.

That cost squeeze matters for hospitality businesses because restaurants often operate on thin margins. Even when sales are rising across the market, higher operating expenses can erode profit at the store level. A restaurant that keeps revenue stable but faces higher wages, higher ingredient bills and more expensive leases can still end the year in worse financial shape.

The survey results suggest that is happening across a broad part of the Canadian restaurant market. A business may be selling more in dollar terms because of price increases, but that does not necessarily mean it is serving more guests or improving its bottom line. The report’s finding that nearly half of operators saw guest counts decline adds to that concern, because lower traffic can make it harder to spread fixed costs over enough sales.

The distinction is important for companies across the hospitality sector that rely on headline market data to judge demand conditions. A growing market total can point to resilience in consumer spending, but it does not automatically mean that existing operators are healthier. In this case, Restaurants Canada said the underlying figures show that many businesses are still under financial strain despite the expected increase in annual sales.

The report did not provide a regional breakdown in the material released Friday, November 20, and it did not identify differences by restaurant size. But the figures it published indicate that the pressure is broad enough to affect a large share of operators. With 67% reporting lower profitability and 44% reporting lower guest counts, the trade group’s data points to an industry where sales growth alone is not solving the operating challenges restaurants face.

Restaurants Canada said it is using the findings to argue for policies aimed at reducing operating costs, addressing affordability pressures and creating a more sustainable business environment for foodservice operators. The organization said those issues affect restaurants’ ability to invest, hire and expand, even in a year when the industry’s total sales are expected to increase.