

BEYOND THE BOOM

*Canada's Hospitality Labor Market
in 2025 and the Road to 2030*



THE **STAFFING** AGENCY



Executive Summary

Canada's hospitality sector ends 2025 with strong demand, a larger workforce than 2019, and projected spending of \$104 billion, yet staffing remains incomplete across front and back of house roles. The industry has rebuilt volume, not stability.

Recovery is uneven, driven by part time labor and reliance on newcomers, while rising wages, costs, and housing pressures continue to strain margins.

Immigration and housing now act as structural constraints, misaligning labor supply and demand across regions.

Bottom line: employment has rebounded, but workforce stability has not.

CONTENTS

**The Labor
Paradox**



01

**Wages Up,
Margins Down**



02

**A Workforce
Shaped by
Students,
Newcomers,
and Part-Time
Labor**



03

**Housing Costs as
the New Barrier
to Staffing**



04

**Union Power
Reshaping
Hospitality
Roles**

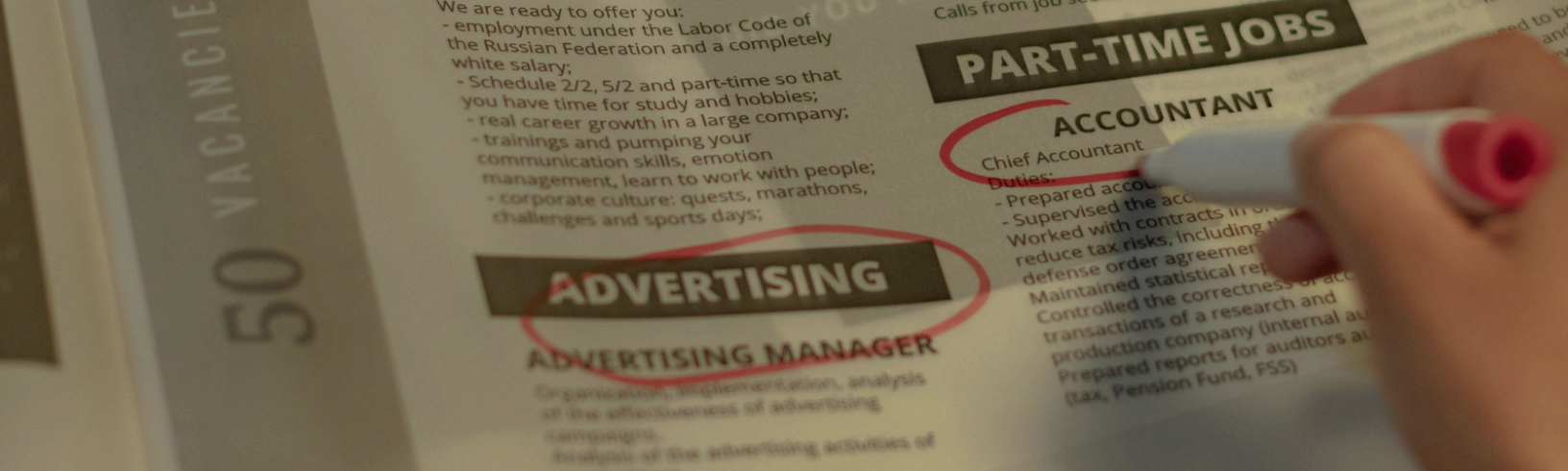


05

01



The Labor Paradox
More Workers, But More Fragility



Employment is rising, but fully staffed remains elusive. The tourism labor force grew about **3% year over year** and now exceeds 2019 levels, yet gaps persist across roles and sub sectors.

Key challenges:

- Part time roles dominate, limiting continuity
- Regional labor conditions vary widely
- Smaller operators lack staffing infrastructure

Bottom line: More workers, less stability.

Smaller firms dominate and face unique pressures.

According to analysis, “over 80% of accommodation and food providers employ fewer than 50 people.” These independent operators often lack the HR infrastructure and labor flexibility of large chains, which in turn makes staffing more precarious.

Regional labor markets diverge sharply.

Labor availability in major urban centers (**Toronto, Vancouver, Montreal**) remains constrained by housing and cost-of-living challenges; rural or seasonal destinations encounter limited pools of both local workers and international seasonal help.

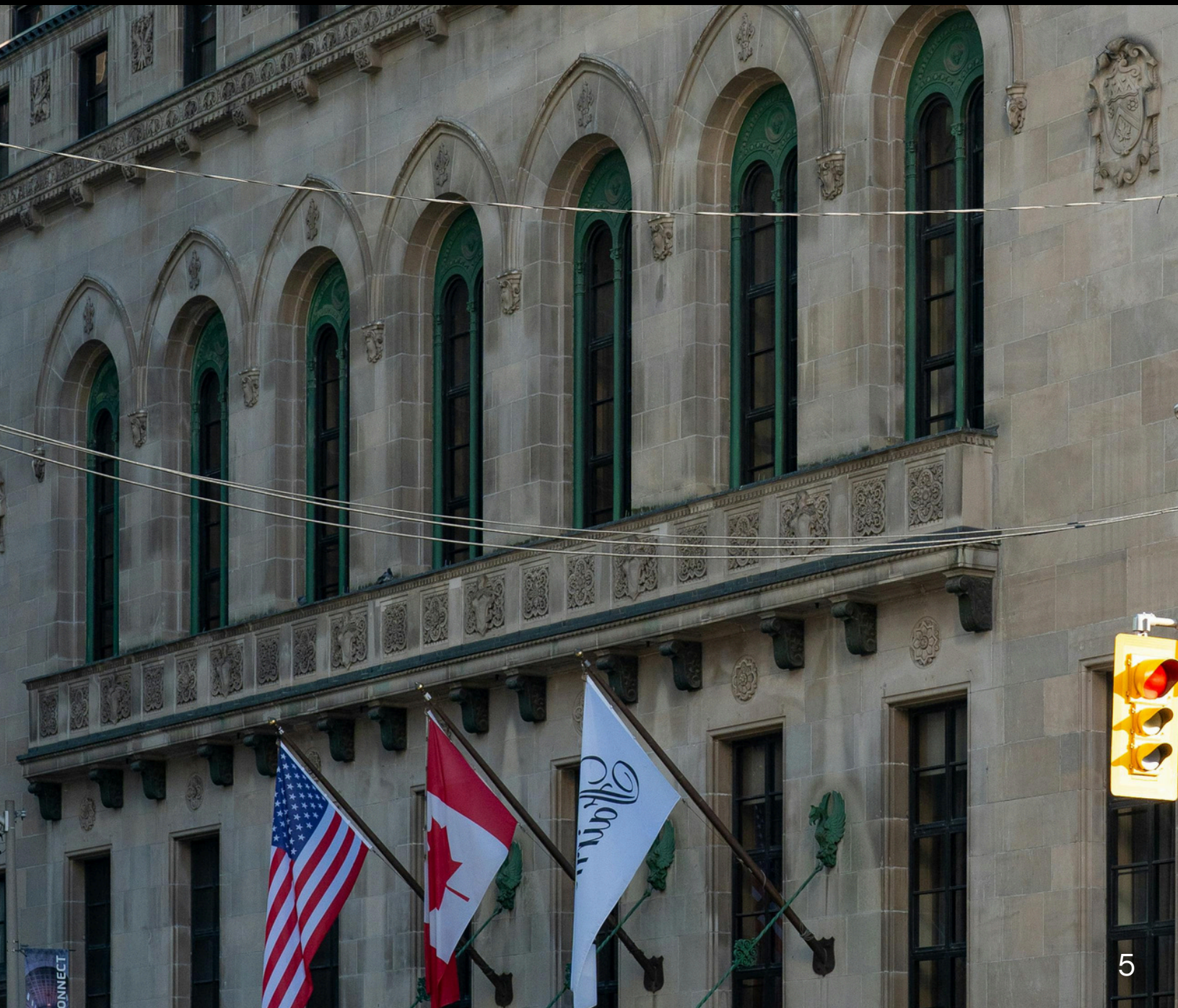
Workforce data is improving but still has gaps.

A key partnership between Tourism HR Canada and Destination Canada aims to strengthen workforce insights for policymakers and employers. Better data is critical for tracking not just employment counts, but job quality, career pathways and retention.

Why this matters

This is not a return to 2019. It is a redefinition of the workforce with more part time roles, greater reliance on newcomers, and wider regional variation.

Operators who focus on retention, workforce composition, and regional strategy will be better positioned.





02

Wages Up, Margins Down The New Cost Structure

Canada's hospitality sector has entered a new cost structure. Wages are rising structurally, while housing, benefits, and regulation continue to compress margins.

Labor cost increases: Provincial floors set the pace

Every major province increased its minimum wage in recent years:

- British Columbia reached **\$17.40/hr** (effective June 2024)
- Ontario raised the floor to **\$17.20/hr** (effective October 2024)
- Quebec's minimum reached **\$15.75/hr** (May 2024)

These increases ripple through the wage structure, lifting pay for front-line staff and compressing the spread between entry and mid-roles.



In resort and urban markets, entry-level hospitality wages exceed these minimums due to talent competition, meaning payroll costs are even higher than official floors suggest.

The upward pressure is not temporary; it reflects new norms for what entry-level hospitality labor must pay.



Margin pressure: Rising wages meet rising other costs

Operators face a dual cost squeeze:

- 1 Higher labor costs including wages, benefits, turnover, and training
- 2 Rising overhead including rent, utilities, supply chain, and regulation

Wage compression is narrowing the gap between entry level and supervisory roles.

Wage compression: Flattening the ladder

With entry wages rising, the pay difference between front-line and supervisor/manager roles is narrowing. This creates several challenges:

- Reduced motivation for staff to move up the ladder
- Difficulty in justifying higher pay for specialized roles
- Greater expectation of flexibility and multi-tasking from employees



Premium skills cost more, and are harder to find

The largest wage increases are in areas with short supply:

- Line cooks and banqueting cooks
- Sous chefs and pastry specialists
- Housekeeping supervisors and central-services maintenance
- Front-desk supervisors in hotels

These roles are increasingly **“hard to staff”** and therefore command higher pay. The wage floor may be rising for all, but the ceiling is rising for the skilled roles.

A recalibrated “cost of labor”

The cost of labor now includes:

- Policy driven wage floors
- Premiums required in high cost markets
- Benefits and union obligations
- Turnover and training costs
- Labor is now one of the largest and most predictable expenses.

“

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Consequences for operators

To maintain profitability, operators are forced to:

- Increase menu and room prices
- Simplify operations
- Reduce hours of service (especially lunch/weekends)
- Lean on part-time labor or automation

Growth strategies that rely solely on demand for recovery are now insufficient.

The new question: **How do you staff profitably?**

For premium boutiques and luxury operators (a strong focus for brand context), retaining premium service levels while absorbing higher labor costs becomes a competitive advantage.

“

In Canada, the wage increase isn't a threshold: it's the new baseline. The question now isn't if we can pay more, but if we can make the model work.”

Canada's hospitality sector is wrestling with a new normal: wages and labor costs are up, and unless productivity, pricing or staffing models change, margins will continue to shrink.



03

**A Workforce Shaped by
Students, Newcomers,
and Part-Time Labor**



WELCOME
TO CANADA

Immigration at the Core of Canada's Hospitality Engine

Immigration is the defining force behind Canada's hospitality labor market. Newcomers are foundational. Without them, the sector cannot operate at scale. Despite high immigration levels, staffing shortages persist due to fragmentation between temporary and permanent labor.



Immigrants drove nearly 50% of employment growth (2016–2021)



Hospitality has a higher share of immigrant and temporary workers



Hotels, restaurants, and tourism are among the most reliant on newcomer labor

The paradox: high immigration, but persistent shortages

Even as Canada records historically high immigration levels:

- Employers continue to report difficulty in filling roles in both urban and resort markets.
- Shortages are most acute in skilled roles (cooks, supervisors, maintenance).
- The labor pool is fragmented between temporary and permanent residents, each with different constraints and regulations.



Why does this paradox exist?

Because immigration increases population faster than it increases the number of people willing and able to work in hospitality conditions, especially given affordability issues, seasonal instability, and wage compression.

How Canada's unique hospitality workforce impacts operators

Canada's hospitality labor market is not simply about "hiring more people." It is increasingly defined by who is working, how they work, and under what conditions. In 2025, the workforce was shaped more than ever by three interlocking groups: **international students, newcomers/temporary workers, and part-time labor**. This composition has unique implications for stability, training, cost, and retention.

International Students: A Growing Front-Line Labor Pool

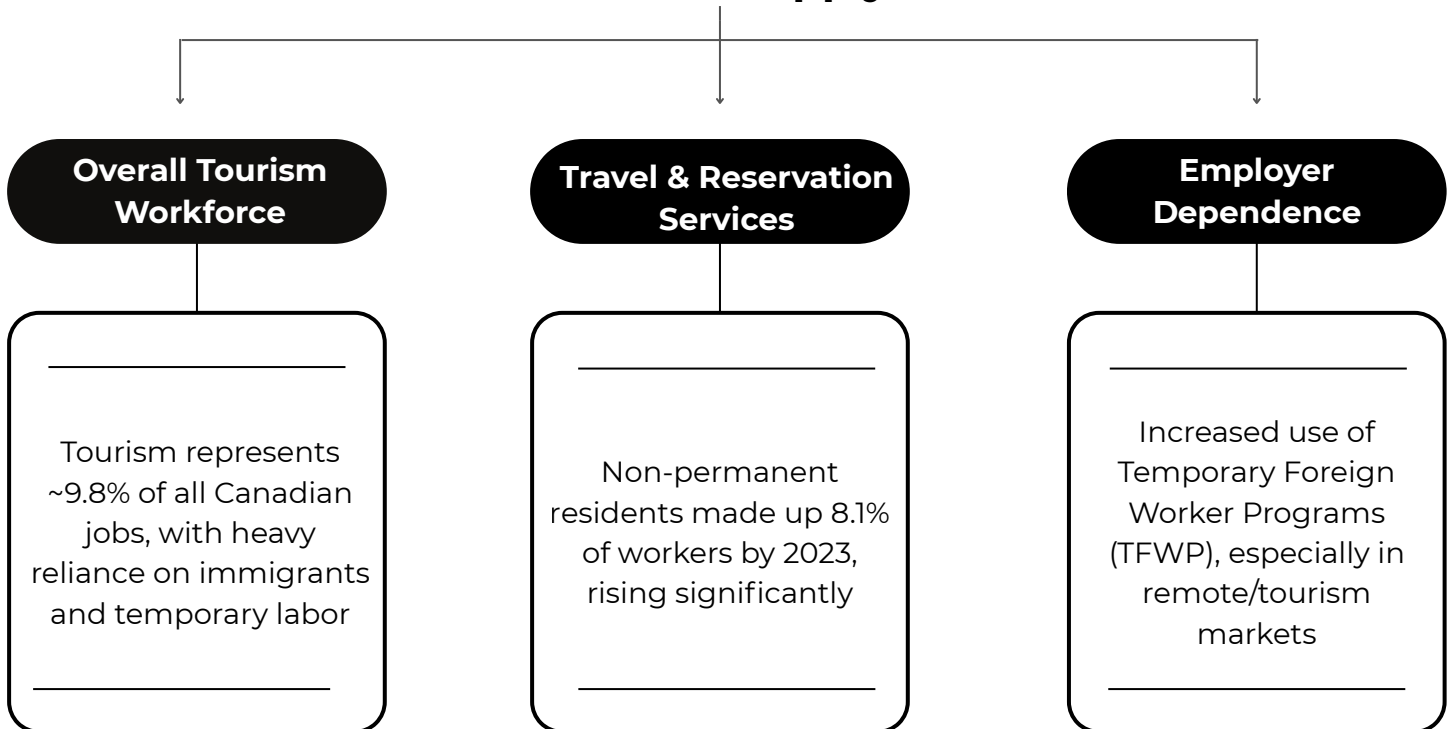
International students are a growing front line labor pool, but highly mobile and policy dependent. As permit rules shift, labor supply can contract quickly.

“**Immigration expands demand faster than it fills the realities of hospitality work.**”

Implications for hospitality operators:

- Student workers often seek flexible hours and may leave local markets for studies or visa changes, increasing turnover risk.
- Changes in policy (hour caps, permit eligibility) can quickly shrink the labor pool that studios and restaurants rely on.
- Training investment may yield limited tenure: if students graduate or move, the benefit may not accrue strongly.

Newcomers & Temporary Workers: The Backbone of Labor Supply



Workforce Impact

- Higher turnover due to mobility and visa changes
- Training investment with shorter tenure
- Increased reliance on flexible scheduling

Part-Time & Flexible Labor: The Default Mode

Part time work dominates hospitality, reducing continuity and limiting long term career development.

Bottom line: The workforce can fill roles, but struggles to sustain operations.



Operational Impact

- High prevalence of part-time work reduces continuity, institutional knowledge, and the ability to develop internal career pathways.
- Cross-training, scheduling, and engagement become greater operational burdens.
- Operators must think differently about workforce design: fewer full-time “lifers,” more flexible staffing, more layered scheduling.

Combined Effect: A Workforce of Opportunity and Instability

- The interplay of international students + newcomers + part-time labor creates a rich but fragile workforce ecosystem.
- Each group expands labor supply but also introduces turnover risks, mobility challenges, and segmentation (part-time vs full-time, temporary vs permanent, student vs career worker).
- This structural shift means hospitality no longer simply competes for warm bodies; it must compete for stable, accessible, and affordable labor.

Why It Matters Now

- For luxury-oriented brands, service consistency, talent development, and retention are critical differentiators. When a labor pool is composed of high-mobility segments, the path to service excellence becomes steeper.
- Operators must actively design their workforce strategy: embedding career pathways, housing support, visa-friendly recruitment, and full-time conversion programs.
- Policymakers must recognize that labor quantity is only half the story; labor quality, retention and career progression are increasingly vital.

“
Canada’s hospitality workforce is no longer just short, it’s structurally transient, composed of students, newcomers and part-timers who can fill seats but not yet anchor careers.”

A photograph of a multi-story brick building with red and blue accents, featuring balconies and arched windows. The building has a mix of red brick and light-colored brick sections. There are two balconies with ornate black metal railings. The ground floor has arched doorways and windows, some with red frames and others with blue frames. There are plants and bushes in the foreground.

04

Housing Costs as the New Barrier to Staffing



“

We aren't short workers. We're short workers who can afford to stay.”

— GM, Vancouver luxury hotel

Urban housing costs limit who can work in hospitality

Housing has become a primary constraint on labor availability.

In major cities, rising rents outpace wages. In tourism regions, there is not enough housing for workers.

Bottom line: Labor shortages are often housing shortages.

Tourism regions face acute shortages

Seasonal destinations like Whistler, Banff, Jasper, Tofino, Muskoka, and PEI cannot house the workers they need.

Many rely on:

- employer-provided housing
- converted staff dormitories
- seasonal international student workers
- TFWP housing guarantees

Where housing is insufficient, roles go unfilled, regardless of wage.

05

**Union Power Is Reshaping
Hospitality Roles and Cost
Structures**

Unionization is reshaping hospitality labor markets, driving higher wages, stronger protections, and more structured roles.

RISING WAGES & PROTECTIONS THROUGH COLLECTIVE AGREEMENTS

Major hotel unions, particularly UNITE HERE in Toronto, Vancouver, Victoria, and Montreal have negotiated:

- Higher base wages, often above provincial minimums
- Predictable scheduling
- Seniority rights
- Paid benefits and pensions
- Workload protections

STANDARDIZED ROLES LIMIT FLEXIBILITY IN LABOR SHORTAGES

Union contracts typically define job categories tightly.

This protects workers from duty expansion but reduces:

- Cross-training
- Scheduling fluidity
- Ability to combine roles in understaffed periods

RISING STRIKE ACTIVITY & COORDINATED BARGAINING

Since 2022, Canada has seen a surge in hotel and airport strikes with coordinated bargaining across:

- Vancouver & Victoria hotels
- Toronto convention-center and hotel clusters
- Quebec tourism operations

UNION STANDARDS ARE INFLUENCING THE NON-UNION WORKFORCE

Non-union hotels now report:

- Applicants expecting union-level wages
- Pressure to match benefits

What Unionization Means for Operators

For employers, unionization brings stability but at a cost:



Advantages

- Predictable wages
- Lower turnover
- Clearer job design
- Stronger retention in high-pressure roles



Constraints

- Higher labor cost per hour
- Limited task flexibility
- Rigid scheduling
- Difficulty staffing during shortages without violating roles

Bottom Line

Union power remains a defining feature of Canadian hospitality.

It provides stability for workers but locks employers into cost structures that require more deliberate workforce planning, stronger pipelines, and redesigned staffing models.

Why Canada's Hospitality Workforce Cannot Be Treated as One Market

Canada is not one labor market but four distinct systems: **Ontario, British Columbia, Quebec, and Alberta and Atlantic.**

Bottom line: Labor strategy must be localized.

These differences shape everything that matters for operators and recruiters:

- How deep the candidate pool is
- How stable staff are once hired
- What wages are required to compete
- How realistic it is to build long-term teams

A staffing strategy that works in downtown Toronto may fail in Whistler, Halifax, or Montreal if it is not adapted to local conditions.



A strategy that works in Toronto won't work everywhere, Canada's labor market isn't one-size-fits-all.

The Four Labor Realities

ONTARIO

Core Traits

Largest workforce, immigration-driven, major metros (Toronto, Ottawa)

Key Challenges

High cost of living, intense competition for talent

Workforce Reality

Large but transient workforce; heavy reliance on students, newcomers, and part-time roles

Summary

Abundant labor, low stability

BRITISH COLUMBIA

Core Traits

Tourism-heavy, severe housing crisis, high demand

Key Challenges

Wage-housing mismatch, worker displacement, persistent shortages

Workforce Reality

Employers rely on housing support; high turnover and seasonal volatility

Summary

High demand, structural shortages

QUEBEC

Core Traits

Language-driven market, strong labor laws, deep culinary culture

Key Challenges

Limited bilingual talent pool, aging workforce

Workforce Reality

Skilled but constrained labor; slower newcomer integration

Summary

Skilled but restricted by language

ALBERTA & ATLANTIC

Core Traits

Lower cost of living, growing/steady populations

Key Challenges

Seasonal fluctuations, smaller markets

Workforce Reality

Better retention, fewer chronic shortages, more stable workforce

Summary

More affordable, more stable labor

Closing Thoughts

Canada's hospitality industry has done something remarkable, it rebuilt volume in the face of a once-in-a-generation disruption. Demand is back, spending is projected to hit \$104 billion, and the workforce is larger than it was in 2019. That deserves recognition. But the data tells a more complicated story. Employment is back. Stability is not.



The structural pressures outlined in this paper, immigration policy misaligned with regional labor demand, housing costs pricing workers out of the markets where hotels need them most, wage inflation squeezing margins that haven't fully recovered, a workforce increasingly held together by part-time and transient labor, these aren't cyclical problems. They don't resolve themselves when the next busy season arrives.

What we're seeing across the industry is a gap between surface-level recovery and operational readiness. Hotels are running. But they're running lean, reactive, and exposed in ways that don't show up in the headline numbers.

The operators who will define the next decade of Canadian hospitality are the ones who recognize this gap and start building the infrastructure to close it, investing in consistent recruiting coverage, reducing dependence on last-minute hires, and treating talent acquisition as a core operational function rather than a break-glass solution.

That's the conversation we're trying to advance with this paper. And it's the work we're focused on every day at The Hotel Agency. We hope it's useful.

Steven Kamali

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The Staffing Agency

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The Staffing Agency is a portfolio of industry-specific staffing and recruitment firms built to solve complex hiring challenges across hospitality, private households, and hotels. Each division operates with deep vertical expertise, delivering qualified talent with speed, discretion, and long-term fit.



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