

Staycation rentals, buy local and online trends spell opportunities for startup

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Alison Kirkland, CEO of the Women's Enterprise Organizations of Canada (WEOC), in Winnipeg on June 7, 2021. WEOC is an association of organizations that work directly with women entrepreneurs.

JOHN WOODS/the Globe and Mail

Startup activity is buzzing as entrepreneurs prepare to take gambles on opportunities created by the pandemic. The accelerated shift online remains a strong driver, with others looking to benefit from local trends and a shifting real-estate market.

After business launches in Canada fell to a low of 9,500 in May, 2020, following the onset of COVID-19, recent data shows that confidence is on the upswing among entrepreneurs. [Statistics Canada reported](#) that nearly

17,000 new businesses were created in December – a number that represented a 13-per-cent jump from February, 2020, near the start of the pandemic in Canada.

Alison Kirkland, chief executive officer of the Women's Enterprise Organizations of Canada, says its members, which work directly with new entrepreneurs, have noticed an uptick in demand for services this year.

"Both B.C. and Manitoba said that there's been an increase in all of the programming that they deliver, so that would be the training and the advising, and they're also seeing [that] loan inquiries have gone up," Ms. Kirkland explains.

"Sometimes you have to pivot and take advantage of the opportunity immediately, but others are using this time to plan so that when COVID is behind [us], they're ready to go."

Anecdotally, she adds, business advisers are reporting increased activity in the food and beverage sector, as well as entrepreneurs looking to tap into demand for staycation-related travel, such as a bed-and-breakfasts (B&Bs) and niche hotels.

Tech-focused startups continue to increase, Ms. Kirkland says, including online service delivery, training, social media and digital support for other firms, as well as online mental-health service providers.

Claudio Rojas, CEO of the National Angel Capital Organization, says the shift to virtual has definitely powered the rise of certain sectors – but it has broader implications for entrepreneurs with respect to facilitating funding opportunities.

For some startups, this is an ideal opportunity to scale quickly. The move to online, he explains, has allowed for greater connectivity between investors and entrepreneurs in different regions, helping advance deal syndication and

allowing new businesses more rapid access to deep pools of capital.

“I think we’re going to see more of that, where different resources from different parts of the country corral around entrepreneurs,” Mr. Rojas adds.

With a view to addressing changes brought on by the pandemic – such as the rapid rise of online sales – Business Development Canada (BDC) found in its [2021 outlook on the investment intentions of Canadian entrepreneurs](#) that more than 50 per cent plan to boost investment in intangible assets this year, such as marketing, training and software. Slightly more than a third are planning to invest in buildings and renovations.

Some bullish new businesses are taking the opportunity created by vacancies and a smaller field to establish themselves in physical locations that may have been out of reach in recent years, says Steve Da Cruz, vice-president at Re/Max Commercial Advantage in Vancouver.

“You [can] get a high street location and we’re seeing some of that, where landlords may have lost a tenancy and now have ... a new tenant that’s an independent operator,” he says, adding he’s done this with a few of his clients. Mr. Da Cruz says he’s been able to “place them in premium locations [where] this was their dream location.”

This is happening across a number of sectors, including retail and restaurants, notably those geared toward experiences or ‘simple luxury’ purchases, he says.

On a larger scale, Alan MacKenzie, CEO of real-estate services firm Jones Lang LaSalle Inc. (JLL) Canada, notes that entrepreneurs have also been purchasing large commercial properties from institutional owners who have been de-risking their portfolios.

“Of the last 10 shopping centres we’ve sold, I think 90 per cent of them have been sold to independent, high-net-worth entrepreneurial buyers who are

taking advantage of the fact that there's a bit of a discount in value because there's a perceived increase in risk," he says. "That increased risk is where entrepreneurs sniff out opportunities."

For smaller businesses looking for physical space, Mr. Da Cruz points to areas such as downtown Vancouver's Gastown, which was hit hard by the loss of tourist traffic due to the pandemic. Entrepreneurs are currently able to take advantage of lower rents and they can build their businesses as activity begins to pick up again through 2022.

"I see huge opportunity for entrepreneurs who can come in and, if they are now more open to an omnichannel presence, and they're negotiating long-term positions, I think they'll really benefit," he says.

BDC noted in its [2021 economic outlook](#) that things will not return to normal for tourism-related sectors until at least 2022, but one potential growth opportunity for Canadian businesses is the 'buy local' mindset, which is gaining popularity.

Ms. Kirkland still sees entrepreneurs being cautious and evaluating retail bricks and mortar – the exception being rural locations, where new businesses are encouraged by that shop-local trend, and they are driven by the impact of consumer values on purchasing choices. "I think that has been a well-heard message for many, many people, that we need to support local businesses across the country."

Mr. Da Cruz sees the local trend playing out for entrepreneurs in the context of the '15-minute city' concept taking a foothold. Some clients, he says, are choosing not to return to downtown office life and are looking instead to start a business to service their community.

"You see that happening on some of the little microcosms in and around different cities," he says. "I think that's really exciting, because you're talking about mom-and-pop businesses primarily, and these are the backbone of

the Canadian economy. They got hit the hardest."