

Established Atlanta Restaurants Post Q2 2017 Sales Decline By Robert Wagner, CPA

Atlanta Q2 2017 restaurant sales volume shrank **0.5%** vs. Q2 2016. For the quarter ended June 2017 negative sales trends were reported at **62%** of the 113 independent Atlanta restaurants surveyed.



National Trends

In its survey of national restaurant sales TDn2K's Black Box Intelligence, a restaurant sales and traffic-tracking company, reported national restaurant Q2 2017 revenues declined by **1.0%**. This was the sixth consecutive quarter of negative sales results nationally. Restaurant traffic declined **3.1%** nationally in Q2.

Conclusion

Robert Wagner, NetFinancials president states that, "Established Atlanta restaurants have generally not grown their customer traffic and for many reasons were not able to increase pricing as much as they would like. Accordingly Q2 2017 sales were lackluster. The exception is the upscale-casual and fine-dining operators who experienced less resistance to raising prices and were able to achieve sales improvements through higher menu prices.

There were a couple of bright spots. Though the improvement was small, the Q2 sales trend was better than the Q1 2017 sales trend of **-0.7%**. Also in-town restaurants caught a break when the I-85 bridge collapse was repaired and traffic returned to normal half-way through Q2 on May 13, 2017. In addition, Q2 ended on a positive note with many stores reporting strong June comp sales.

The Atlanta economy continues its expansion. Metro Atlanta unemployment dipped in June 2017 to 4.9% from 5.3% in June 2016. Since June 2016 total Metro Atlanta jobs have grown by 113,711 according to the Georgia Department of Labor. As we saw in Q1 2017 the pressure on established Atlanta restaurant sales is more competitive than economic. Carl Muth of FoodService Resource Associates LLC who tracks restaurant activity in Atlanta estimates that 700+ new restaurants opened in Atlanta between July 1, 2016 and June 30, 2017. The substantial growth of new restaurants continues to siphon diners from established operators producing a negative impact on existing store sales."

	Q2 Atlanta	Q2 National	YTD Atlanta
2017 Comp Sales	-0.5%	-1.0%	-0.8%

The Sample: The 113 non-franchise restaurants were drawn from the metro Atlanta market. Total survey sales volume was \$163 million for YTD 2017. The survey includes restaurants in Atlanta's fast-casual, casual and fine-dining segments opened at least 18 months.

Robert Wagner, CPA is president of NetFinancials, Inc. which provides a full range of tax and accounting services for restaurant companies. Email: bob.wagner@netfinancials.com. www.netfinancials.com Direct: 404-874-7002 The NetFinancials quarterly Atlanta restaurant sales survey is provided as a public service to the restaurant industry. Copyright NetFinancials, Inc.