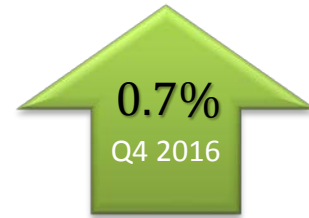


## Atlanta Restaurants Struggle in Q4 2016

By Robert Wagner, CPA

Atlanta Q4 2016 restaurant sales volume grew just **.7%** over Q4 2015. For the quarter ended December 2016 positive sales gains were reported at **49%** of the 108 independent Atlanta restaurants surveyed. Full year 2016 comp sales were up **1.7%** over 2015 sales.



### National Trends

In its survey of national restaurant sales TDn2K's Black Box Intelligence, a restaurant sales and traffic-tracking company, reported national restaurant Q4 revenues declined by **2.4%**. This was the fourth consecutive quarter of negative sales growth nationally. Restaurant traffic declined **4.6%** nationally in Q4; the worst quarter for traffic since 2009. TDn2K called 2016 the poorest industry performance since the recession.

### Conclusion

Robert Wagner, NetFinancials president states that, "Atlanta restaurants did better than the national average in Q4 but that's cold comfort to Atlanta's restaurant operators. For operators accustomed to healthy annual sales increases, barely positive sales growth is a new experience. In many instances loans were taken, facilities built and teams hired in the anticipation of robust sales growth which has not materialized. In six of the last seven quarters, Atlanta restaurant comp sales growth has been below **2%**. Atlanta's 2016 comp sales growth of **1.7%** is the lowest annual sales growth since our survey started in 2010. For the first time, in Q4 more than half (**51%**) of surveyed restaurants reported negative sales for the quarter. Quarter 4 was the most challenging quarter of the most challenging year that we have seen.

Asked about the unrelenting anemic sales growth, operators cite the hundreds of new restaurants and thousands of new seats that have come on-line recently in Atlanta. Customer growth has just not kept pace with the growth in new restaurant seats. Some thoughtful operators expect an Atlanta restaurant shake out unless sales pick up.

There were some 2016 bright spots in Atlanta. Generally restaurants with lower check averages including pizza, barbeque and Mexican-themed concepts reported better-than-average comp sales in 2016. Also, operators that focus on Atlanta visitors reported better than average results. Atlanta Convention and Visitors Bureau said demand for hotel rooms in Atlanta increased 2.3% in 2016 over 2015 with downtown demand showing a 4.6% increase."

	Q4 Atlanta	Q4 National	YTD Atlanta	YTD National
2016 Comp Sales	<b>0.7%</b>	<b>-2.4%</b>	<b>1.7%</b>	<b>-1.1%</b>

**The Sample:** The 108 non-franchise restaurants were drawn from the metro Atlanta market. Total survey sales volume was \$303 million for 2016. The survey includes restaurants in Atlanta's fast-casual, casual and fine-dining segments opened at least 24 months.

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