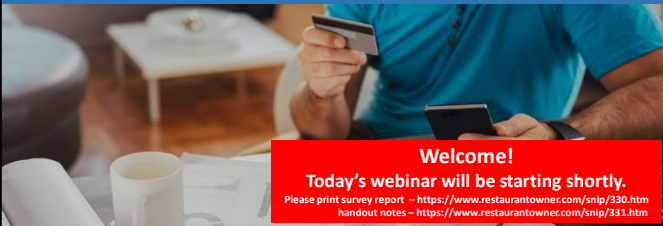


How Much Does it Cost to Open a Restaurant?

How Much Does it Cost to Open a Restaurant?



Welcome!

Today's webinar will be starting shortly.

Please print survey report – <https://www.restaurantowner.com/snip/330.htm>
handout notes – <https://www.restaurantowner.com/snip/331.htm>

Restaurant
OWNER.com

Independent Restaurant
Cost to Open Survey

1

Your Hosts



Jim Laube



Chris Tripoli

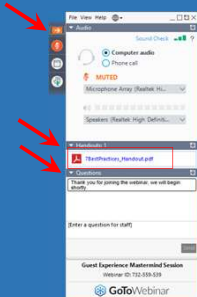


Joe Erickson

Restaurant**OWNER.com**

2

Questions & Comments



Restaurant**OWNER.com**

3

How Much Does it Cost to Open a Restaurant?

Q & A



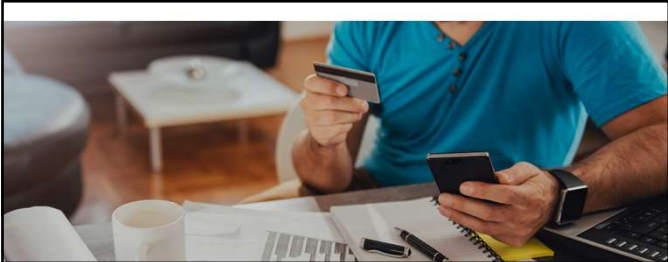
- Q&A on each topic discussion
- This webinar is being recorded
- Links to resources

4

Webinar Agenda

1. Discuss survey results
2. How to create a realistic opening budget
3. Why so many openings bust the budget

5



Restaurant OWNER.com

Independent Restaurant Cost to Open Survey
Facts and Figures From Over 350 Owners & Operators

6

How Much Does it Cost to Open a Restaurant?

Overview

Independent Restaurant Cost to Open Survey Report

As a service to its members, RestaurantOwner.com surveyed independent restaurant owners and operators regarding the startup costs involved in opening their restaurant. This report is intended to provide a summary of the costs associated with opening a restaurant, as well as the facts and figures helpful to planning to open a restaurant business. This report also provides a summary of costs associated with different projects, and for various types of restaurant service. Over 580 independent restaurant owners and operators responded to this survey, of which over 350 identified themselves as owner and operators who had opened a restaurant and provided useful data. We carefully screened the responses to provide the most reliable and valid results and summaries.

Contents

1

Overall Cost to Open Facts & Figures

2

New Construction vs. Remodel

3

Full Service Cost to Open Facts & Figures

4

Limited Service Cost to Open Facts & Figures

5

Bar & Tavern Cost to Open Facts & Figures

6

Catering, Take Out & Delivery Cost to Open Facts & Figures

7

About RestaurantOwner.com

RestaurantOWNER.com

7

Overall Cost to Open Facts & Figures

Summary	Spending	Size	Sales
Total Cost to Open \$375,500	Construction \$200,000	Total Restaurant Sq. Ft. 3,070	Annual Sales \$1,125,000
Cost per Sq. Ft. \$113	Kitchen & Bar Equip. \$95,000	Kitchen/Restaurant sq. ft. 31%	Sales to Investment Ratio 2.8:1
Cost per Seat \$3,586	Pre-Opening & Training \$20,000	Sq. Ft. per Seat 31	Net Profit 5.5%

All values presented above are medians.

RestaurantOWNER.com

8

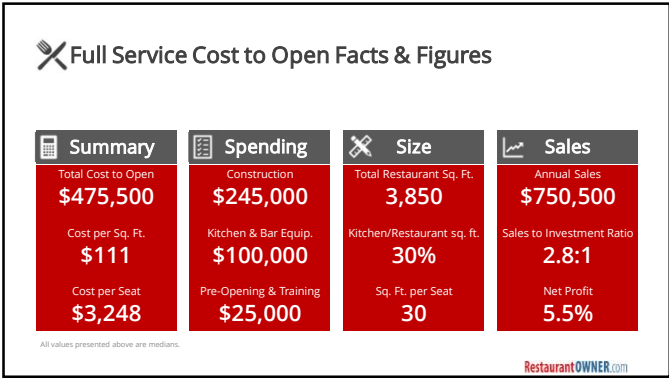
New Construction vs. Remodel

	Total Cost to Open	Cost per Sq. Ft.	Cost per Seat	Sales : Investment
New Construction	\$636,500	\$193	\$5,818	2.8:1
Non-Restaurant Remodel	\$425,500	\$146	\$1,879	2.1:1
Restaurant Remodel	\$275,500	\$73	\$2,265	4.2:1

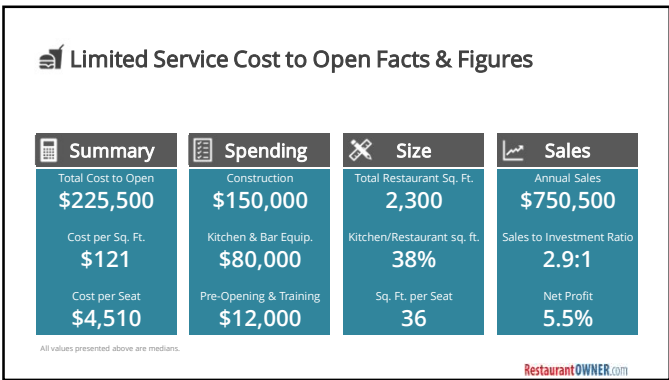
RestaurantOWNER.com

9

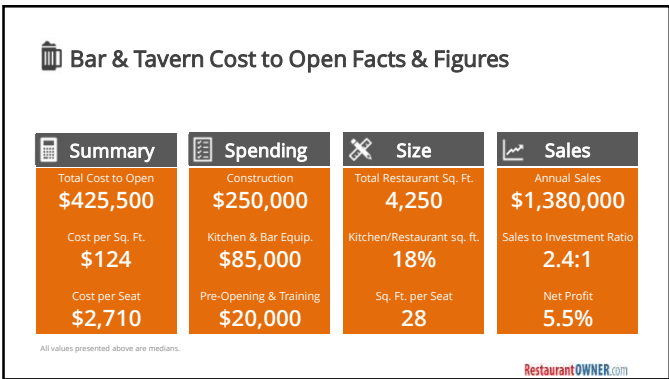
How Much Does it Cost to Open a Restaurant?



10



11



12

How Much Does it Cost to Open a Restaurant?

 **Catering, Take Out & Delivery Cost to Open Facts & Figures**

Summary	Spending	Size	Sales
Total Cost to Open \$150,500	Construction \$130,000	Total Restaurant Sq. Ft. 1,200	Annual Sales \$488,000
Cost per Sq. Ft. \$161	Kitchen & Bar Equip. \$70,000	Kitchen/Restaurant sq. ft. 71%	Sales to Investment Ratio 2.3:1
	Pre-Opening & Training \$10,000		Net Profit 5.5%

All values presented above are medians. Calculations regarding seats are left blank due to seats not being relevant to this service type.

RestaurantOWNER.com

13

RestaurantOWNER.com

Home My Bookmarks Resource Library Events Forum Learning System Hi Joe CP

Start typing to SEARCH over 1000+ resources

Resource Library

Quickly find the specific resources you want by using our state of the art content filters.
Filter by content type, skill, stage or topic.

Clear Filters Sort By: Most Relevant

Content Type

Articles Downloads Online Courses Success Stories Surveys Systems Training Videos Webinars Workshops

Skill

Stage

Topic

Survey

How Much Does it Cost to Open a Restaurant?

If you're planning on opening a restaurant you'll want to learn from the

Survey

2018 Independent Restaurant Outlook Survey Report

A new year brings new

HELP WANTED

2017 Recruiting Report: How Independent Restaurant Operators Find & Attract New Employees

Discover & Attracting the

Survey

2017 Independent Restaurant Outlook Survey Report

A lot of factors are at play that will impact the

Boom or Bust?

56% Increase in Restaurant Revenue

14

To help you, we have filtered the responses and prepared summary reports for the following areas:

Service type (full service, limited service, bar, takeout)

View Responses

Tenant space vs. Free-standing building

View Responses

New construction vs. Remodels

View Responses

15

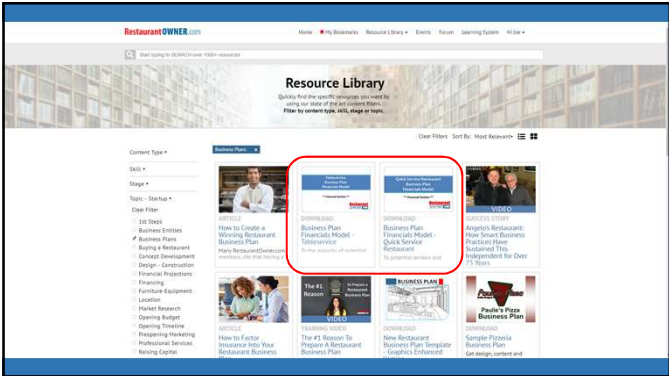
How Much Does it Cost to Open a Restaurant?

Survey Summary - All Respondents			
Survey Investment Results	Lower Quartile	Median	Upper Quartile
Annual sales	\$150,000	\$1,125,000	\$1,890,000
Sales per sq. ft.	\$209	\$221	\$331
Sales per seat	\$6,340	\$10,917	\$15,617
Annual profits \$	\$0	\$71,525	\$166,750
Profit %	0.0%	5.5%	15.0%
Sales to Investment Ratio	1.6 to 1	2.8 to 1	5.0 to 1
Annual return on investment (ROI)	0.0%	1.0%	45.2%
# of months it took to become profitable	2	9	12
Cost Estimates	Lower Quartile	Median	Upper Quartile
Total startup cost	\$171,500	\$379,200	\$750,200
Startup cost per sq. ft.	\$19	\$111	\$220
Startup cost per seat	\$1,820	\$3,586	\$6,808
Construction cost \$	\$70,000	\$300,000	\$472,000
Construction Cost % of Overall Startup	36.3%	75.9%	72.6%
Construction cost per sq. ft.	\$24	\$61	\$145
Construction cost per seat	\$724	\$2,000	\$4,526
Kitchen & bar equip. cost \$	\$40,000	\$95,000	\$196,250
Kitchen & bar equip. cost sq. ft.	\$50	\$100	\$127
Preopening expenses	\$10,000	\$20,000	\$50,000
Space Requirements	Lower Quartile	Median	Upper Quartile
Total sq. ft.	2,000	3,070	5,000
Kitchen sq. ft.	400	1,000	1,500
Kitchen % of overall sq. ft.	21.2%	31.0%	41.7%
Total # seats	65	120	176
Sq. ft. per seat	24	31	40

16

How to Create a Realistic Opening Budget

17



18

How Much Does it Cost to Open a Restaurant?

Sample Budget		
Blue Fish Grill LLC		
Capital Budget		
	TOTAL COST	Detail
LEASEHOLD IMPROVEMENTS	480,000	
Construction Contract		480,000
Landlord Contribution		(80,000)
BAR / KITCHEN EQUIPMENT	150,000	
BAR / DINING ROOM FURNITURE	35,000	
PROFESSIONAL SERVICES	78,500	
Architect & Engineering		24,000
Interior Design		30,000
Legal (Lease & Incorporation)		7,000
Accounting & Tax		2,000
Website Design		8,000
Name, Logo & Graphic Design		7,500
ORGANIZATIONAL & DEVELOPMENT	55,500	
Deposits (utilities, sales tax, etc.)		2,500
Insurance Binder (property, casualty, liability)		4,000
Workers Comp. Binder		1,000
Liquor License		10,500
Change, Operating Banks & Petty Cash		1,000
Menu / Menu Boards		3,000
Lease Deposit		33,500
INTERIOR FINISHES & EQUIPMENT	75,100	
Kitchen/POH Smallwares & Glassware		40,000
Artwork & Specialty Decor		5,000
Security System		5,000
Music/Sound/Audio-Visual Systems		12,000
Cash Register / Point of Sale		10,000
Office Equipment / Computer / Phone		2,500
Office Supplies		600
EXTERIOR FINISHES & EQUIPMENT	26,000	
Landscaping		1,000
Exterior Signs & Decorations		15,000
Miscellaneous		10,000
PRE-OPENING EXPENSES	91,656	
Uniforms		3,000
Opening Inventories -		
Food		15,000
Beer, Liquor & Wine		15,000
Paper & Other Supplies		5,000
Marketing -		
Opening Promotion & Public Relations		10,000
Personnel -		
General Manager (2 months)		11,667
Chef/Kitchen Manager (2 months)		10,000
Assistant Managers (1 month)		4,167
Hourly Employees Training (1 week)		14,000
Payroll Taxes & Employee Benefits		3,822
WORKING CAPITAL & CONTINGENCY	125,000	
Working Capital		50,000
Contingency		75,000
TOTAL PROJECT COST	\$ 1,116,756	
Project Cost Per Square Foot	\$279	
Project Cost Per Seat	\$6,493	

19

Blue Fish Grill LLC		
Capital Budget		
	TOTAL COST	Detail
LEASEHOLD IMPROVEMENTS	480,000	
Construction Contract		480,000
Landlord Contribution		(80,000)
BAR / KITCHEN EQUIPMENT	150,000	
BAR / DINING ROOM FURNITURE	35,000	
PROFESSIONAL SERVICES	78,500	
Architect & Engineering		24,000
Interior Design		30,000
Legal (Lease & Incorporation)		7,000
Accounting & Tax		2,000
Website Design		8,000
Name, Logo & Graphic Design		7,500
ORGANIZATIONAL & DEVELOPMENT	55,500	
Deposits (utilities, sales tax, etc.)		2,500
Insurance Binder (property, casualty, liability)		4,000
Workers Comp. Binder		1,000
Liquor License		10,500
Change, Operating Banks & Petty Cash		1,000
Menu / Menu Boards		3,000
Lease Deposit		33,500
INTERIOR FINISHES & EQUIPMENT	75,100	
Kitchen/POH Smallwares & Glassware		40,000
Artwork & Specialty Decor		5,000
Security System		5,000
Music/Sound/Audio-Visual Systems		12,000
Cash Register / Point of Sale		10,000
Office Equipment / Computer / Phone		2,500
Office Supplies		600
EXTERIOR FINISHES & EQUIPMENT	26,000	
Landscaping		1,000
Exterior Signs & Decorations		15,000
Miscellaneous		10,000
PRE-OPENING EXPENSES	91,656	
Uniforms		3,000
Opening Inventories -		
Food		15,000
Beer, Liquor & Wine		15,000
Paper & Other Supplies		5,000
Marketing -		
Opening Promotion & Public Relations		10,000
Personnel -		
General Manager (2 months)		11,667
Chef/Kitchen Manager (2 months)		10,000
Assistant Managers (1 month)		4,167
Hourly Employees Training (1 week)		14,000
Payroll Taxes & Employee Benefits		3,822
WORKING CAPITAL & CONTINGENCY	125,000	
Working Capital		50,000
Contingency		75,000
TOTAL PROJECT COST	\$ 1,116,756	
Project Cost Per Square Foot	\$279	
Project Cost Per Seat	\$6,493	

20

Blue Fish Grill LLC		
Capital Budget		
	TOTAL COST	Detail
LEASEHOLD IMPROVEMENTS	480,000	
Construction Contract		480,000
Landlord Contribution		(80,000)
BAR / KITCHEN EQUIPMENT	150,000	
BAR / DINING ROOM FURNITURE	35,000	
PROFESSIONAL SERVICES	78,500	
Architect & Engineering		24,000
Interior Design		30,000
Legal (Lease & Incorporation)		7,000
Accounting & Tax		2,000
Website Design		8,000
Name, Logo & Graphic Design		7,500
ORGANIZATIONAL & DEVELOPMENT	55,500	
Deposits (utilities, sales tax, etc.)		2,500
Insurance Binder (property, casualty, liability)		4,000
Workers Comp. Binder		1,000
Liquor License		10,500
Change, Operating Banks & Petty Cash		1,000
Menu / Menu Boards		3,000
Lease Deposit		33,500
INTERIOR FINISHES & EQUIPMENT	75,100	
Kitchen/POH Smallwares & Glassware		40,000
Artwork & Specialty Decor		5,000
Security System		5,000
Music/Sound/Audio-Visual Systems		12,000
Cash Register / Point of Sale		10,000
Office Equipment / Computer / Phone		2,500
Office Supplies		600
EXTERIOR FINISHES & EQUIPMENT	26,000	
Landscaping		1,000
Exterior Signs & Decorations		15,000
Miscellaneous		10,000
PRE-OPENING EXPENSES	91,656	
Uniforms		3,000
Opening Inventories -		
Food		15,000
Beer, Liquor & Wine		15,000
Paper & Other Supplies		5,000
Marketing -		
Opening Promotion & Public Relations		10,000
Personnel -		
General Manager (2 months)		11,667
Chef/Kitchen Manager (2 months)		10,000
Assistant Managers (1 month)		4,167
Hourly Employees Training (1 week)		14,000
Payroll Taxes & Employee Benefits		3,822
WORKING CAPITAL & CONTINGENCY	125,000	
Working Capital		50,000
Contingency		75,000
TOTAL PROJECT COST	\$ 1,116,756	
Project Cost Per Square Foot	\$279	
Project Cost Per Seat	\$6,493	

21

How to Create a Realistic Opening Budget

Questions?

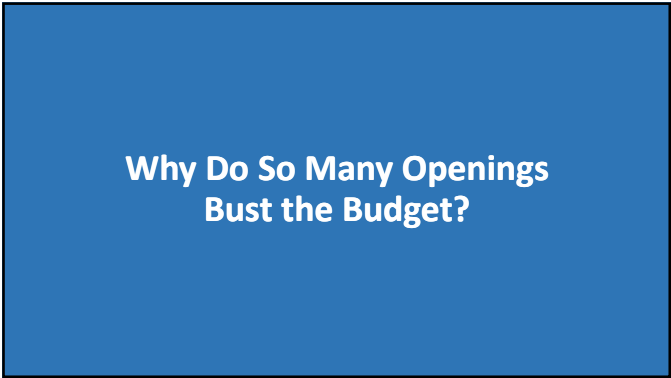
22

Why Do So Many Openings Bust the Budget?

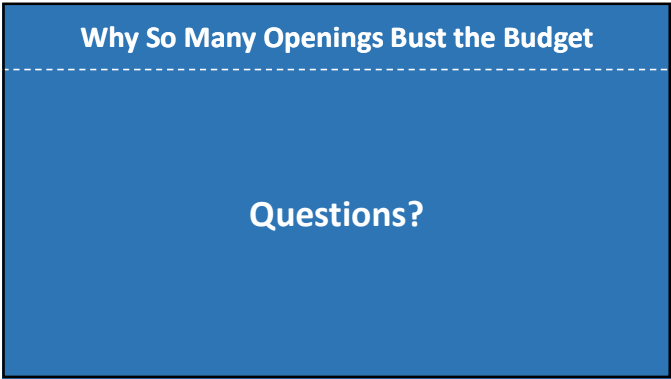
23

Poll

24



25



26



27
