

2025 Georgia AG FORECAST

STRATEGIC INSIGHTS FOR GEORGIA'S #1 INDUSTRY



UNIVERSITY OF GEORGIA
EXTENSION

Georgia's Food & Beverage Industry 2025 Outlook

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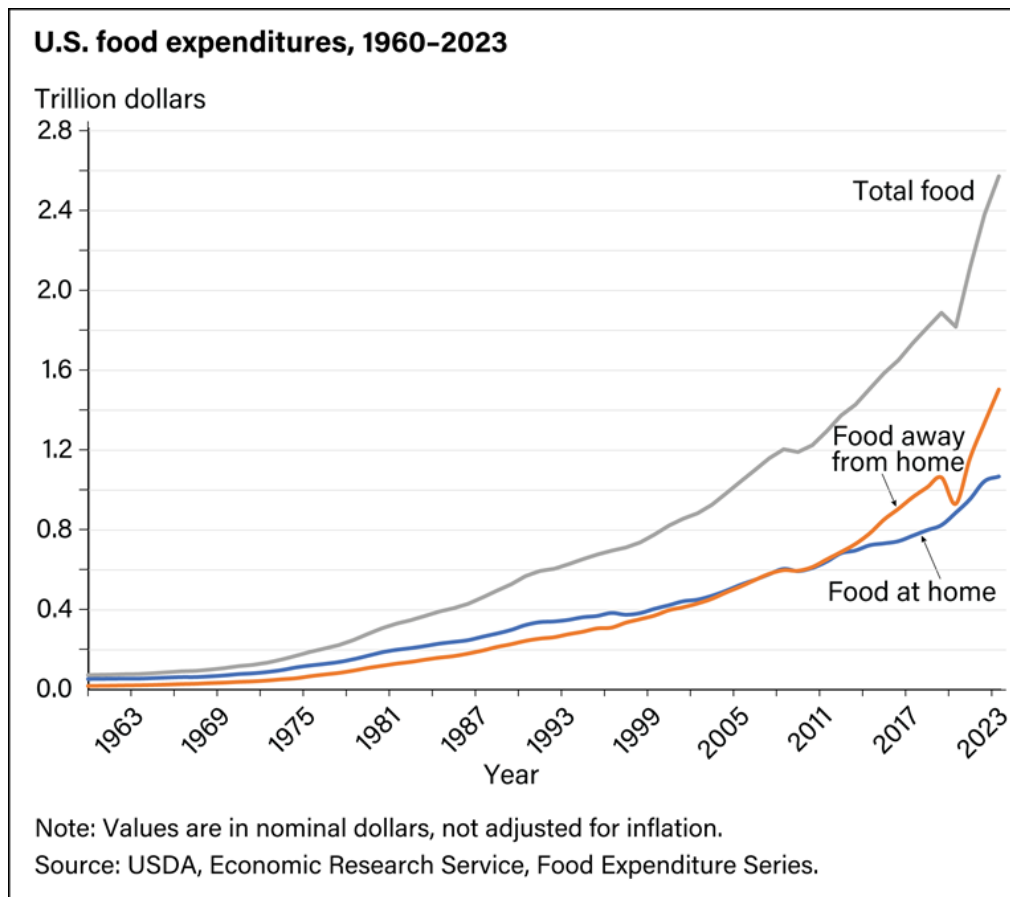
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Main Takeaways

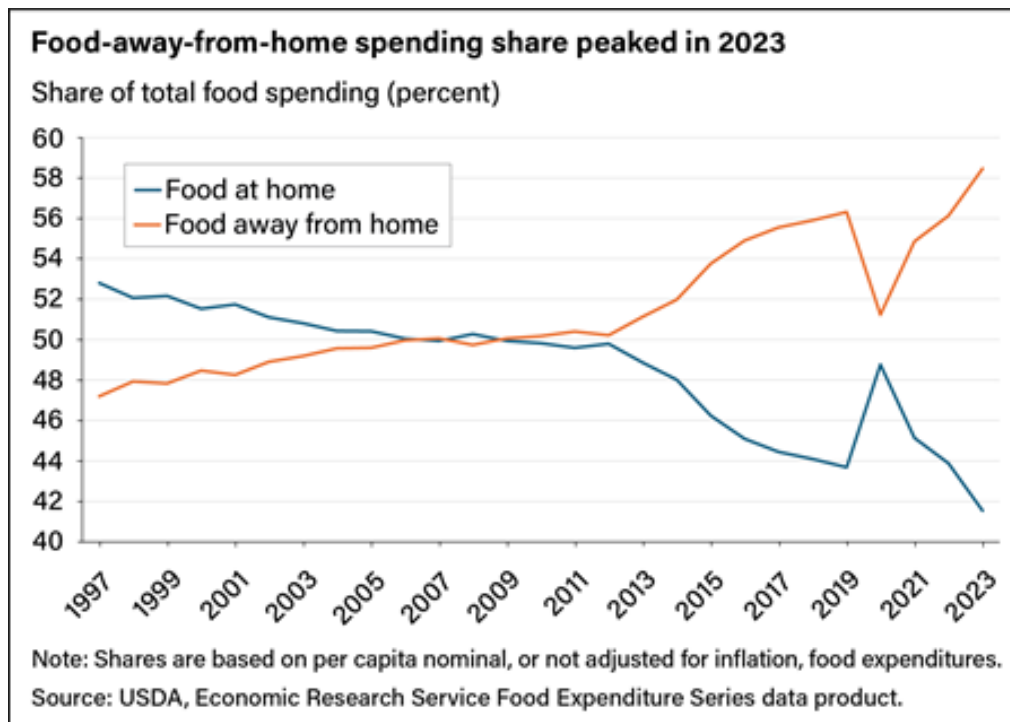
- Consumer spending on food away from home increased in 2023, both nationally and in Georgia, driving overall food spending growth and reflecting a national trend of continued consumer preference for dining away from home.
- Georgia's industry should continue to experience growth in full-service restaurants, limited-service restaurants, and all other food and drinking places.
- Because of their relatively lower labor and operating costs, limited-service restaurants have experienced the most significant growth both in year-over-year and 5-year periods and should continue to increase at a fast pace.

Food Spending

In 2023, consumer spending on food hit record highs (\$2.6 trillion in nominal expenditures, up from \$2.4 trillion in 2022), with the most significant increase seen in food away from home (FAFH) expenditures—which grew roughly 12% from 2022 (from \$1.3 trillion to \$1.5 trillion). Even though food at home (FAH) expenditures also grew in 2023 (a 1.8% increase from 2022), there continues to be a divergence between FAFH and FAH spending. In fact, FAFH expenditures accounted for 58.5% of total food expenditures in 2023—their highest share of total food spending since the beginning of the data series collected by the U.S. Department of Agriculture (USDA) Economic Research Service. This reflects a larger national trend where consumers are continuing to spend more of their disposable income on food and beverage establishments rather than on food to prepare and eat at home.



Georgia experienced a similar trend in 2023, both in terms of record-high total nominal food sales at \$74.7 billion (up from \$70.8 billion in 2022—roughly a 5% increase) and a continued increase in FAFH sales year over year from \$36.6 billion to \$39.6 billion. Moreover, while FAH sales also grew (from \$34.1 billion to \$35.1 billion), Georgia consumers continued a nearly 10-year trend (minus 2020) where the majority of their food dollars were spent away from home.



Food & Beverage Industry

When consumers decide to eat away from home, they are typically patronizing a food and beverage establishment. Therefore, the concept of FAFH can generally be thought of as consumer spending in the **food and beverage industry**, which, for economic and analytical purposes, is typically broken down into three industry classifications (as defined by the North American Industry Classification System [NAICS]):

1. full-service restaurants—establishments that have a dining room where patrons are seated and waited on by service staff and pay after eating;
2. limited-service restaurants—where patrons generally order or select items and pay before eating the food or drink, which then may be consumed on the premises, taken out, or delivered to the customer's location; and
3. all other food services or drinking places—establishments that do not fit specifically into other classifications and can include niche, specialty, or unconventional/hybrid food and beverage operations.

According to STATISTA, a statistics clearinghouse that aggregates data from thousands of sources, national sales in both full-service and limited-service restaurants grew in 2023—from \$310 billion in 2022 to \$334 billion for full-service restaurants (an increase of over 7%) and from \$442 billion in 2022 to roughly \$490 billion in 2023 for limited-service restaurants (a nearly 10.5% increase). Though both sectors have experienced growth over the last 5 years, limited-service restaurant sales have grown more rapidly—with increased sales by almost 36%

(from \$341 billion in 2019) compared to full-service restaurants which have seen roughly 16% growth over the same period (\$285 billion in 2019).

As it does nationally, the food and beverage industry plays a major role in Georgia's economy. According to the Georgia Restaurant Association, the industry is the second-largest employer in the state (around 500,000 individuals, or about 10% of total jobs) and Georgia had roughly 22,000 food and beverage establishments in 2023. A vast majority of these establishments (93%) were small businesses—or establishments with less than 50 employees.

IMPLAN economic analysis showed that Georgia experienced significant year-over-year growth in all three industry segments. For full-service restaurants in 2023, the **total value added** (TVA)—the total economic contribution of an industry, or a measure of its contribution to GDP—was \$9.86 billion, up from \$8.79 billion in 2022 (roughly an 11.5% increase). Limited-service restaurants saw even more substantial growth, going from a TVA of \$8.43 billion in 2022 to \$10.2 billion in 2023—a 19% increase. All other food and drinking places also saw growth, increasing roughly 7% from 2022 (from \$4.33 billion to \$4.66 billion in TVA).