Hibbs Brief

Hibbs Institute for Business & Economic Research

The Number of Restaurants is Growing in the Tyler MSA

Manuel Reyes, D.E.D.

Fall season is here! The month of October typically brings more comfortable temperatures, cooler than the hot months of June, July and August (and even September) but not yet as cold as late November or December. It is always nice to enjoy some delicious food and a glass of your favorite drink with your loved ones at one of the many restaurants in Tyler, particularly, when the temperature allows you to be outside on a nice patio or terrace.

Restaurants and bars are classified under the *Food services and drinking places* category in the North American Industry Classification System (NAICS),[1] which is used by the United States, Canada and Mexico to classify businesses by industry. Food services and drinking places is one of the industries that has grown the most in the Tyler Metropolitan Statistical Area (MSA) since 2010, up 26% in just eight years. Employment in this category went from 7,607 in 2010 to 9,582 employees in 2018, which represents about 8.5% of the total employment in Tyler; behind only of the healthcare and retail industries with 23.6% and 12.2%, respectively.[2]

The Tyler MSA has about 400 restaurants, with several of these being constructed during the last two years. And more are likely to be built in the near future. In fact, adjusting for population, Tyler has more restaurants than even the largest metropolitan areas in Texas, such as Dallas, Austin, San Antonio and Houston. In 2018, the Tyler MSA had 1.66 restaurants per 1,000 people, while Dallas had 1.64; Austin had 1.61; San Antonio had 1.46; and Houston had 1.45.[3]

Given the food industry's importance to the Tyler MSA, the **Hibbs Institute** has conducted an economic contribution analysis[4] on the

food services and drinking places industry. The resulting economic benefits are significant. Using 2018 data, we estimate that $895 million of output may be attributable to this industry. This number includes direct, indirect and induced multiplier effects in the Tyler MSA. We also calculate the total employment generated by the food services industry in our area to exceed 11,750 jobs. These numbers are substantial, confirming that this industry is relevant to Tyler's economy.

Finally, we would like to take the opportunity to thank all those food suppliers and preparation employees who, directly or indirectly, are responsible for providing a wonderful experience for us as we enjoy some special time with our loved ones, or during a business meeting.

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[1] The most common way of classifying employment by businesses is to use the North American Industry Classification System (NAICS), a system that starts with 20 main business categories or industry sectors, commonly known as 2-digit industries. Each of those 20 main industry categories are comprised of detailed subsector industry classifications going all the way to specific 6-digit lists of all kinds of business activities, such as finding under Sector 72 Accommodation and Food Services, to the 6-digit business category 722511 Full-Service Restaurants.

[2] Data gathered from JobsEQ; Chmura Economics.

[3] The Quarterly Census of Employment and Wages (QCEW); Bureau of Labor Statistics.

[4] Economic Contribution Analysis is a type of study, which allows an analyst to examine the gross changes in a region's existing economy that can be attributed to a given industry.