



Here's where America's billion-dollar franchising industry is growing fastest

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Buoyed by **optimism** about President Donald Trump's promise to **roll back labor regulations** as well as positive consumer spending trends, a new report finds the franchising industry is set to grow for the seventh consecutive year.

The International Franchise Association reports the industry is poised to expand by 1.6 percent in 2017, slightly behind last year's 1.7 percent growth, to a total of

744,437. That's an increase of some 11,500 establishments.

Employment is set to expand by 3.3 percent to 7.8 million workers, adding 250,000 new jobs, according to the group's annual Franchise Business Economic Outlook report. And the GDP of the industry is set to increase by 5.2 percent to an estimated \$426 billion from last year's \$405 billion.

Prior data sets from 2013 through 2015 were revised by IHS based on new data from the 2012 Census, among other sources, and past years' estimates have been adjusted from that baseline.

"We expect to post robust numbers this year, but these projections will depend on the overall legislative environment," says Robert Cresanti, president and CEO of the industry's largest trade group. "We have an incredible number of regulations that are just coming to roost in the industry, everything from overtime rules to the effects of Obamacare. "There's still a lot of digesting going on."



Marcus Lemonis: This is the worst way to run a franchise

Cresanti remains somewhat cautious for two reasons: The increased momentum of the Fight for \$15 movement, and potential changes in immigration policy. The report states that, "with the aging Baby Boom generation, the U.S. economy will be increasingly dependent on immigration of labor force growth.

Immigration policies that have been advocated by the new President could result in negative net international migration, which would significantly slow U.S. employment growth." Overall, Cresanti is pleased with the latest political developments.

"The industry generally has some amount of optimism that the next four years will not be like the last eight," Cresanti says. "Nobody really knows what the new President and administration will do, but with some of the appointments he has made, there is hope that we have a chance to sit at the table."

Here are the types of franchises by location, and states by employment, where the most growth is expected in 2017.

Top Five Franchises by Establishment Growth 2017

1. Personal Services: 2.3%
2. Quick Service Restaurants: 1.9%
3. Table/Full Service Restaurants: 1.9%
4. Retail Products and Services: 1.7%
5. Business Services: 1.5%

Source: IFA

Top Five States for Franchise Employment Growth 2017

1. Arizona: 4.7%
2. Utah: 4.6%
3. Nevada: 4.4%
4. Florida: 4.1%
5. Colorado: 4.1%

Source: IFA