

## The Cost Of Starting A Food Truck

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In recent years, consumers have increasingly turned to mobile food trucks for breakfast, lunch, dinner and snacks in between. A industry survey by IBISWorld placed annual revenue from food trucks around \$1.2 billion in 2009 and annual growth rates from 2007-2012 near 8.4% annually. "Street Vendors in the US: Market Research Report" estimated that there are over 15,500 individuals who serve food to diners in open-air locations. Due to the continued growth in popularity, starting a food truck is a viable business opportunity.

### Big Spenders

At this point, the majority of consumers are familiar with food trucks and have already purchased food from one. Food trucks represent the growth portion of eating out dollars in the U.S. A Gallup poll showed that consumers who eat out of their homes regularly spend more than \$100 on a weekly basis, with the average falling around \$150 each week. Roughly 10% of those surveyed spent more than \$300 each week, with another 8% spending less than \$50. Younger people, and men in particular, eat out more often.

In terms of cost, there is a wide range for starting up an outside dining establishment. Street kiosks can be started for only a few thousand dollars. Street kiosks generally cost \$3,000 to purchase a food cart, \$500 for the food ingredients, and around \$1,000 to get the necessary permits and rent a space on the street.

### Costs Vary

An actual food truck will likely run into the tens of thousands of dollars. As with any business venture, the costs can be quite low to get a bare bones operation off the ground or extremely high if all the bells and whistles are added immediately. In terms of dollars, the range could be anywhere from \$50,000 to \$200,000. The higher end of that range would be considered pretty outrageous for anything but a high-end establishment that might also want a food truck presence to cater to its customers. On the lower end, anything below the \$50,000 range could start to cause concerns about the reliability of the transportation or quality of the food and preparation equipment.

A very reasonable range for getting a food truck off the ground is likely between \$70,000 and \$80,000. A reasonably-priced food truck, such as one that is only a few years old and can reasonably be 'remodeled' to fit a new food focus, will make up the bulk of the cost at around roughly \$60,000. Going new would add considerable expense that might not be worth the risk of a new venture. The additional costs include fuel and maintenance, business permits, kitchen equipment purchases or rental expenses, food supplies, insurance, advertising dollars and any employee expenses.

## **The Bottom Line**

The growing popularity of food trucks means the costs of getting one going also continue to rise. A price tag that should easily run below six figures is well below that of a traditional brick and mortar restaurant. Opening a physical space in one location will run anywhere from \$100,000 to \$300,000 at the low end. The key benefit is that diners know where to find the establishment each day. In stark contrast, they need to be updated on where a food truck will be each day. A regular location would be ideal, but the flexibility to drive to where the customers are could be a key competitive advantage for a food truck operator.

by

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