



STATE of the RESTAURANT INDUSTRY 2024

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ECONOMIC OVERVIEW



STATE
of the
RESTAURANT
INDUSTRY
2024



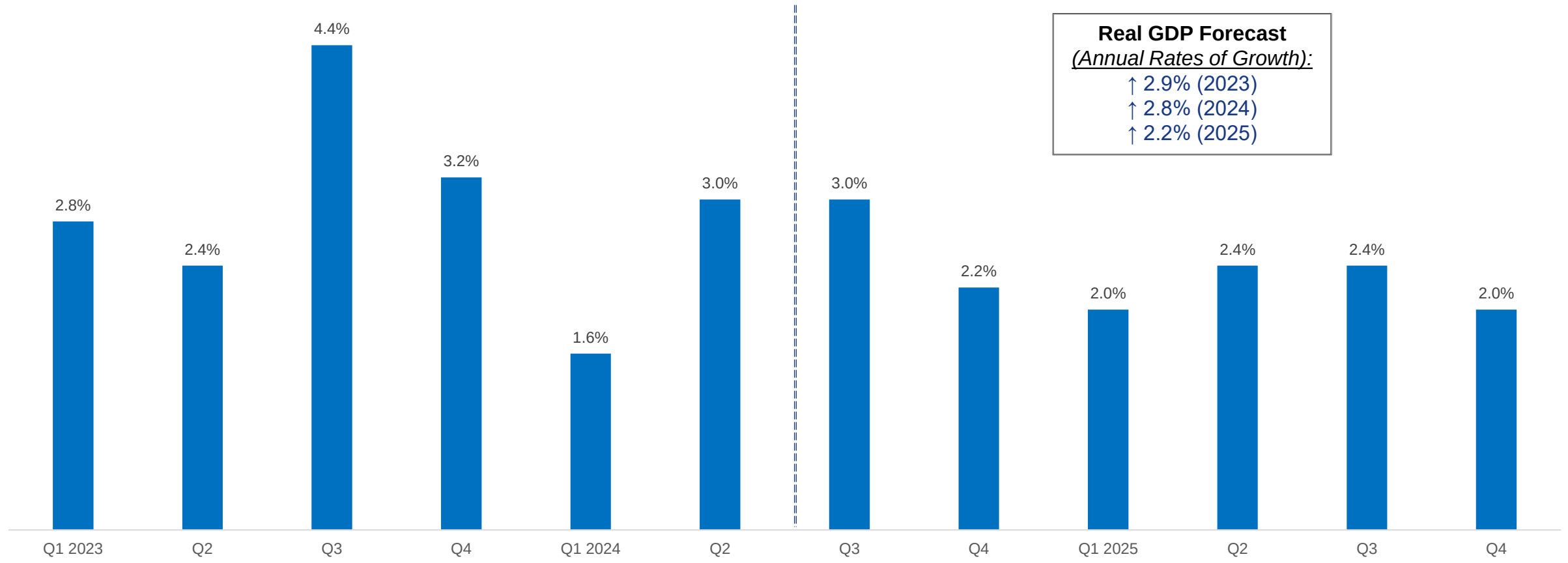
U.S. Economic Outlook

INDICATOR	2022	2023	2024	2025
Real Gross Domestic Product	2.5%	2.9%	2.8%	2.2%
Real Disposable Personal Income	-5.6%	5.1%	3.0%	1.7%
Consumer Price Index	8.0%	4.1%	2.9%	2.4%
Total U.S. Employment	4.3%	2.3%	1.6%	1.0%



Percentage Change in Real Gross Domestic Product

Chained 2017 Dollars, Annual Rate of Growth, Seasonally Adjusted





Upside Risks

Federal Reserve's monetary policy, which has shifted to lowering rates

Labor market continues to expand, albeit with signs of cooling

Some continued resilience in spending despite some slowing

Tailwinds from increased investments in the U.S., including infrastructure, capital spending and construction

Downside Risks

Geopolitical risks (Ukraine, Middle East, Taiwan, election uncertainty, etc.)

Global economic growth remains weaker than desired, particularly in Europe and China

Lingering cost pressures, including wage growth, despite some moderation

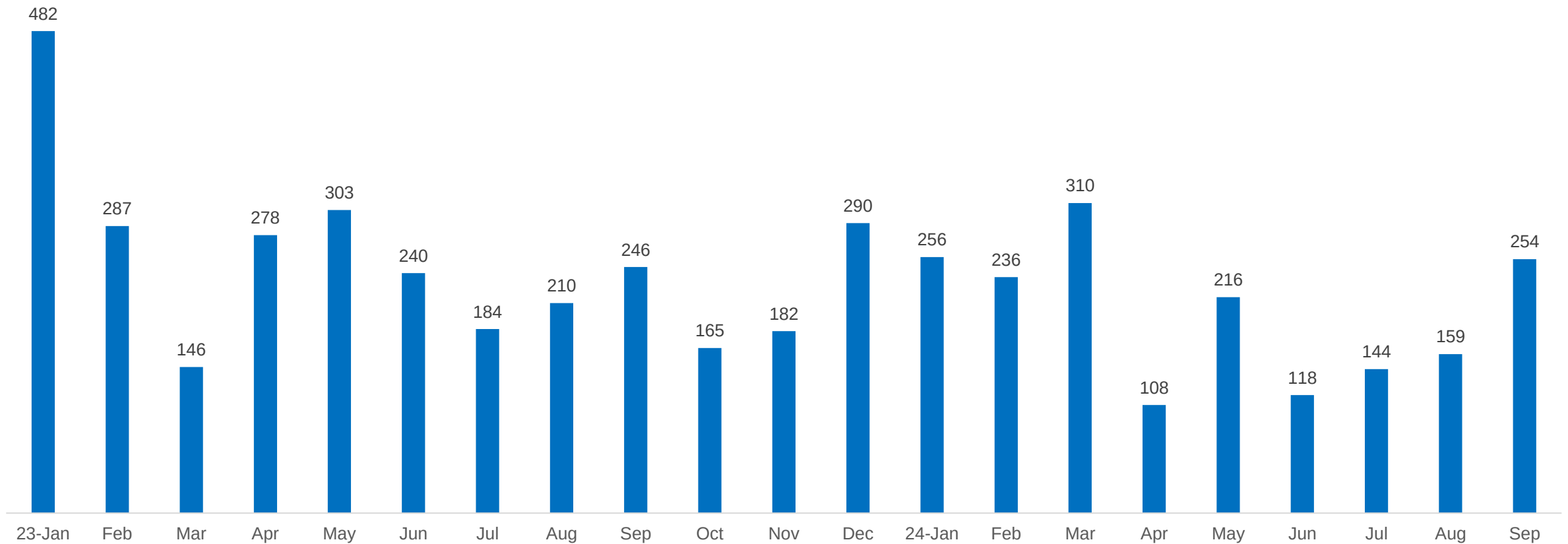
Continuing desire to "talk ourselves" into a recession, potentially dampening activity

Other red flags to watch (e.g., labor issues, increased fiscal indebtedness, regional restaurant laws and regulations)



Economy Continues to Add Jobs, but at a Slower Pace

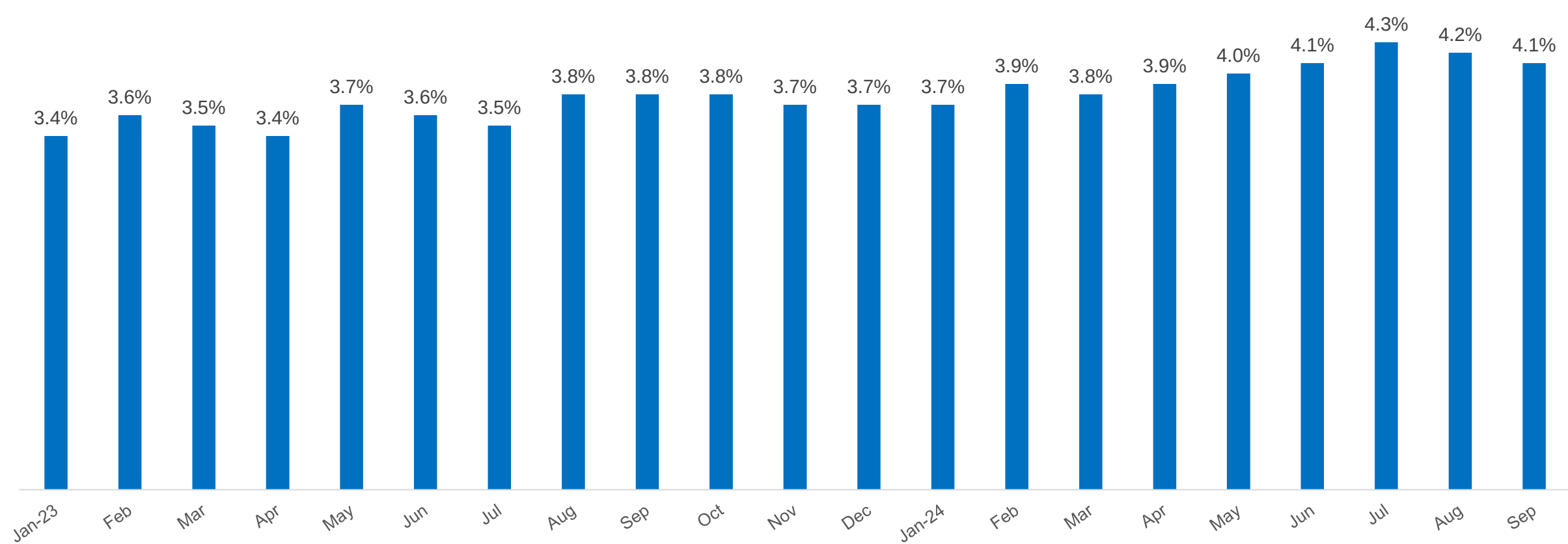
Total U.S. nonfarm employment, in thousands of workers – change from previous month





Jobless Rate Has Moved Higher in Recent Months, Near Three-Year Highs

U.S. Unemployment Rate

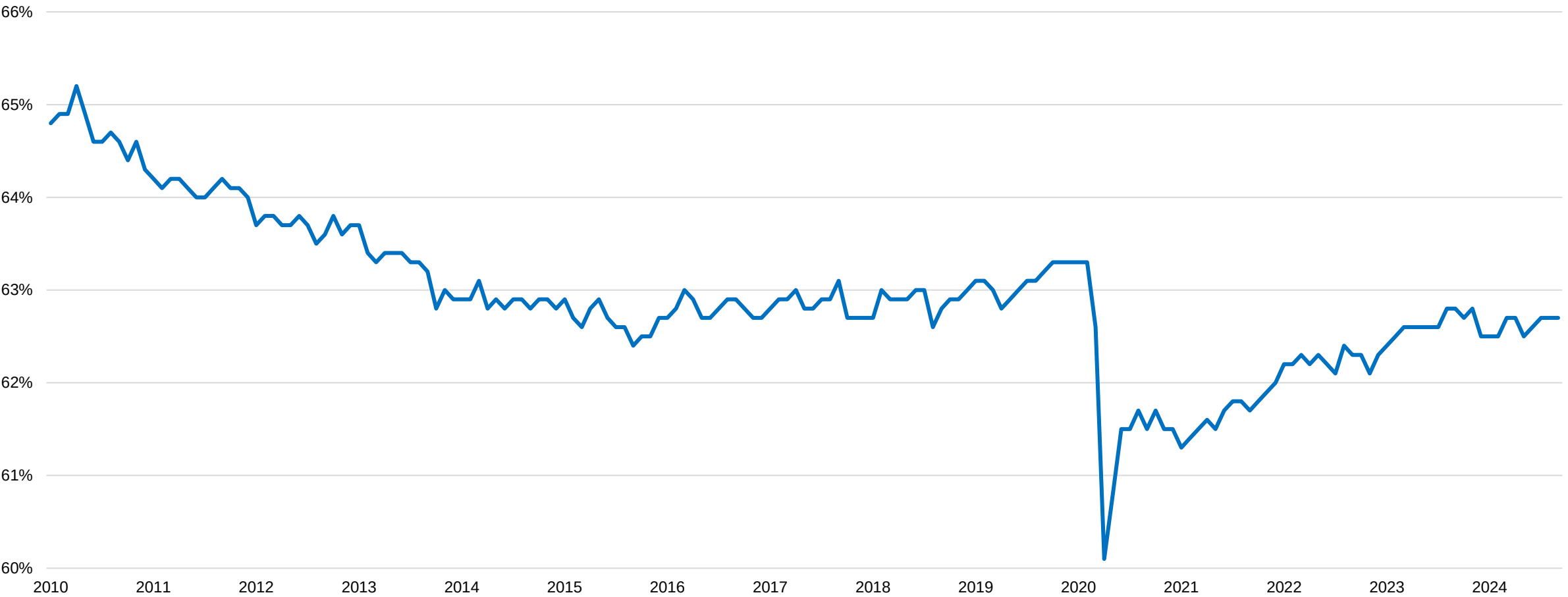


Source: Bureau of Labor Statistics; figures are seasonally adjusted



Labor Force Participation Rate Has Languished Lately

It Remains Below Pre-Pandemic Rates on Demographic Trends

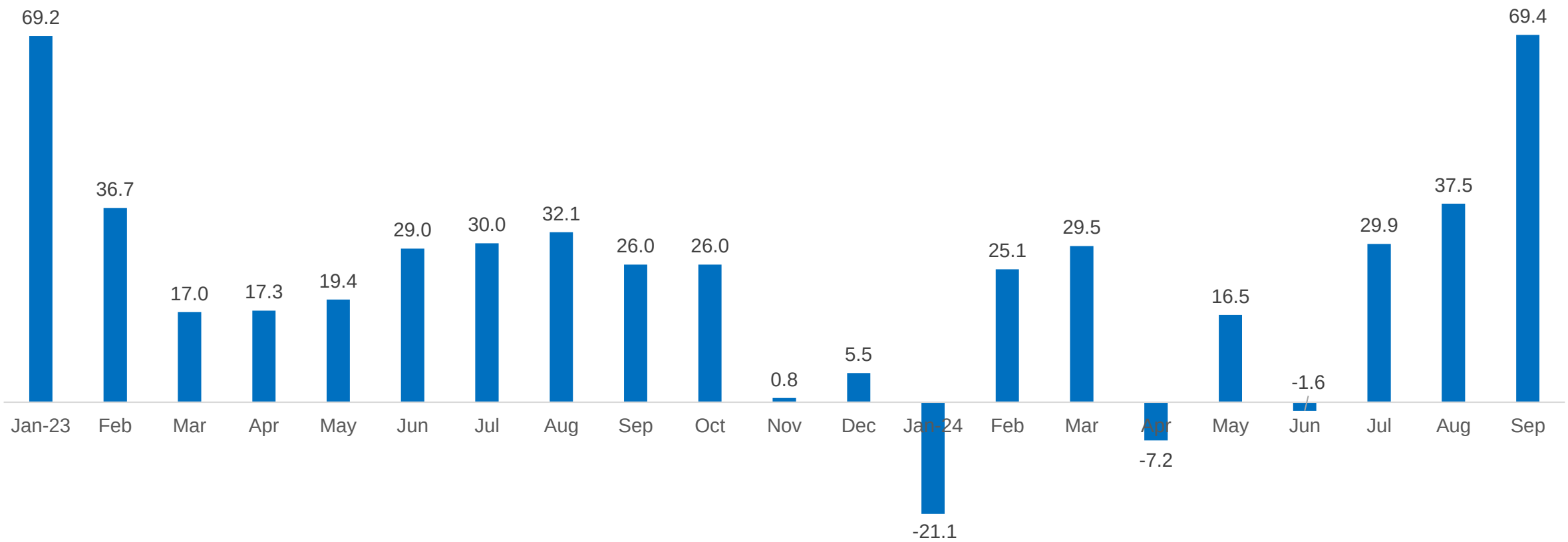


Source: Bureau of Labor Statistics; figures are seasonally adjusted



Restaurant Job Growth Has Been Choppy in Recent Months

Eating and drinking place employment, in thousands of workers – change from previous month

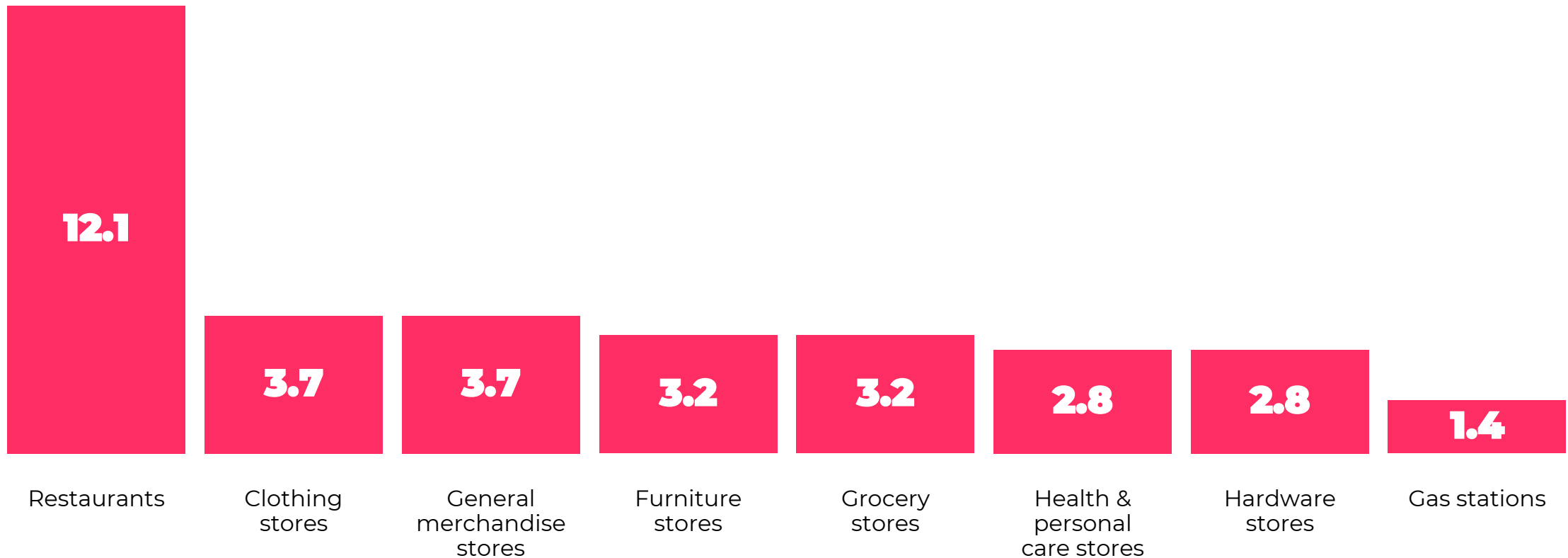


Source: Bureau of Labor Statistics; figures are seasonally adjusted



Restaurants are Extremely Labor Intensive

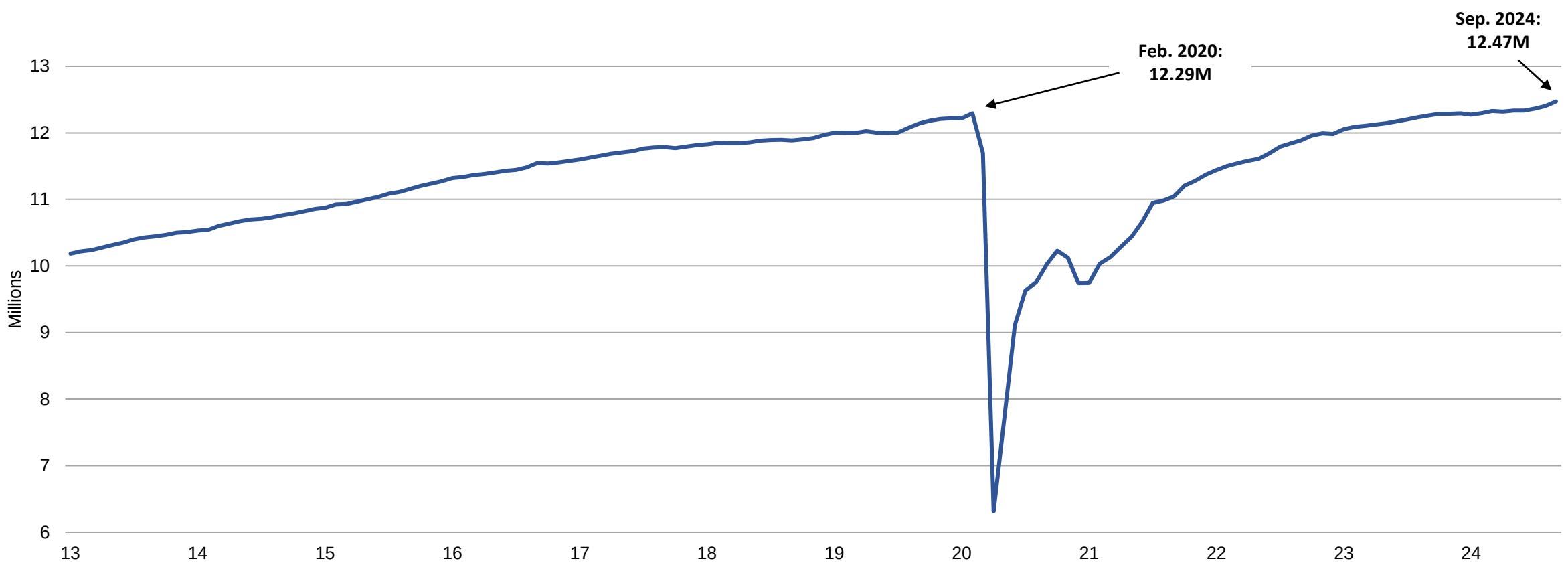
Number of employees required to generate \$1 million in sales





Restaurant Employment Surpassed Pre-Pandemic Levels

Eating and drinking place employment (millions)



Source: Bureau of Labor Statistics; figures are seasonally adjusted

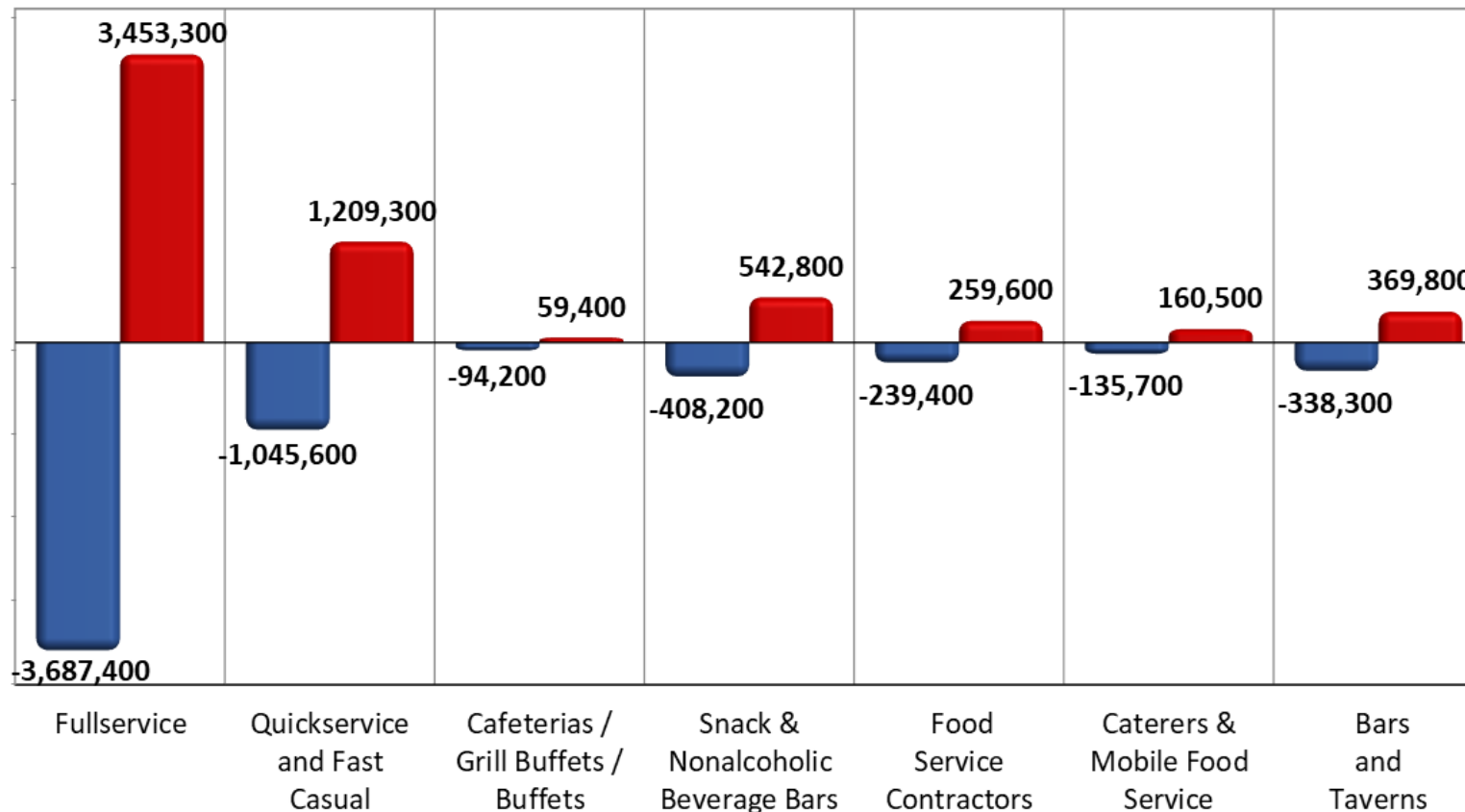


Restaurant Workforce Recovery Uneven Across Segments

Change in restaurant employment: Feb. 2020 – Apr. 2020 | Apr. 2020 – Aug. 2024

■ Employment change: February 2020 to April 2020

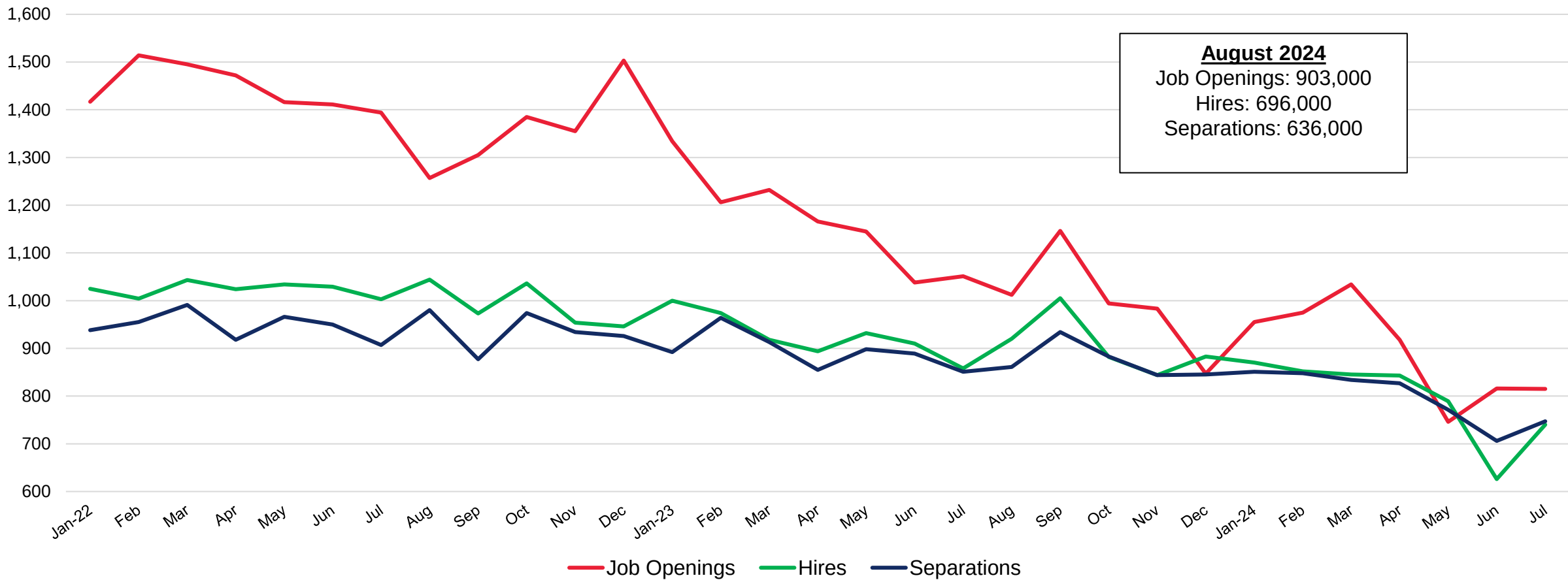
■ Employment change: April 2020 to August 2024





Job Openings for Restaurants & Accommodations Have Normalized

January 2022 – August 2024, in Thousands of Workers

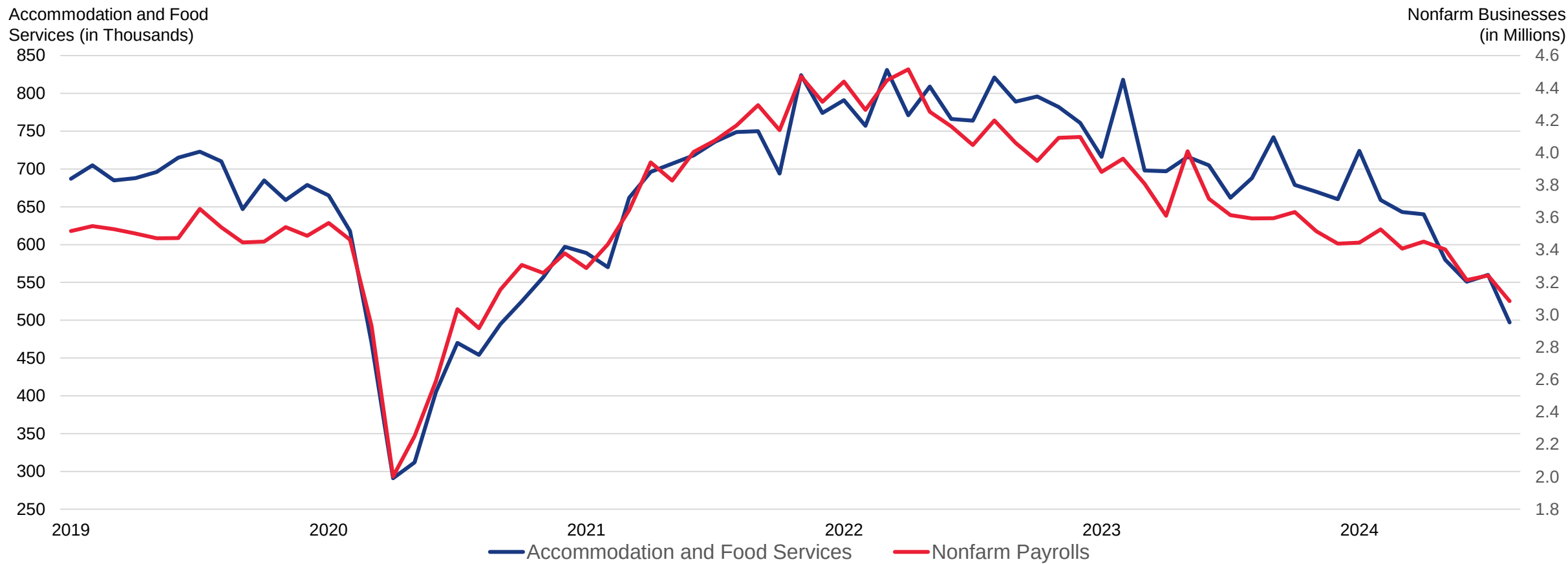


Source: Bureau of Labor Statistics; figures are seasonally adjusted and preliminary



Employee Quit Rate Down From Elevated Pandemic Levels

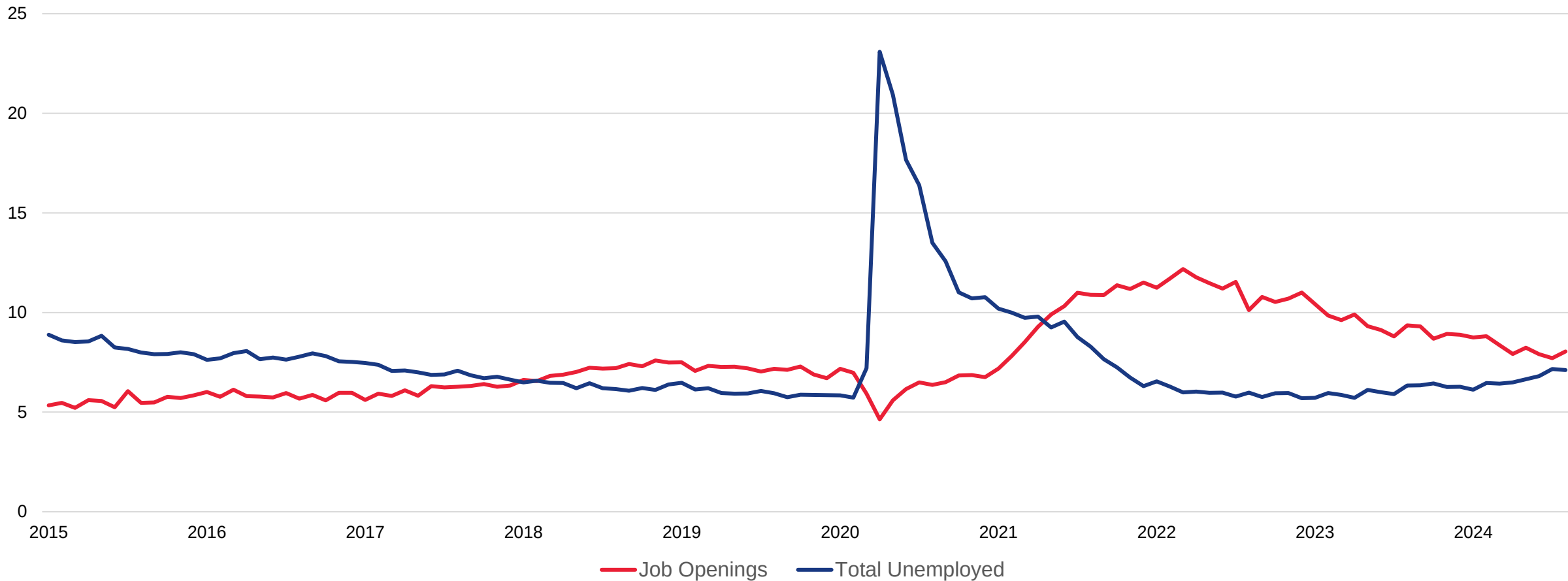
Quit Rate in the Restaurants & Accommodations Sector, January 2019 – August 2024





There Continues to be More Job Openings Than the Unemployed (For Now)

January 2015 – August 2024, in Thousands of Workers





Higher Growth in Labor Costs Pressures Profitability

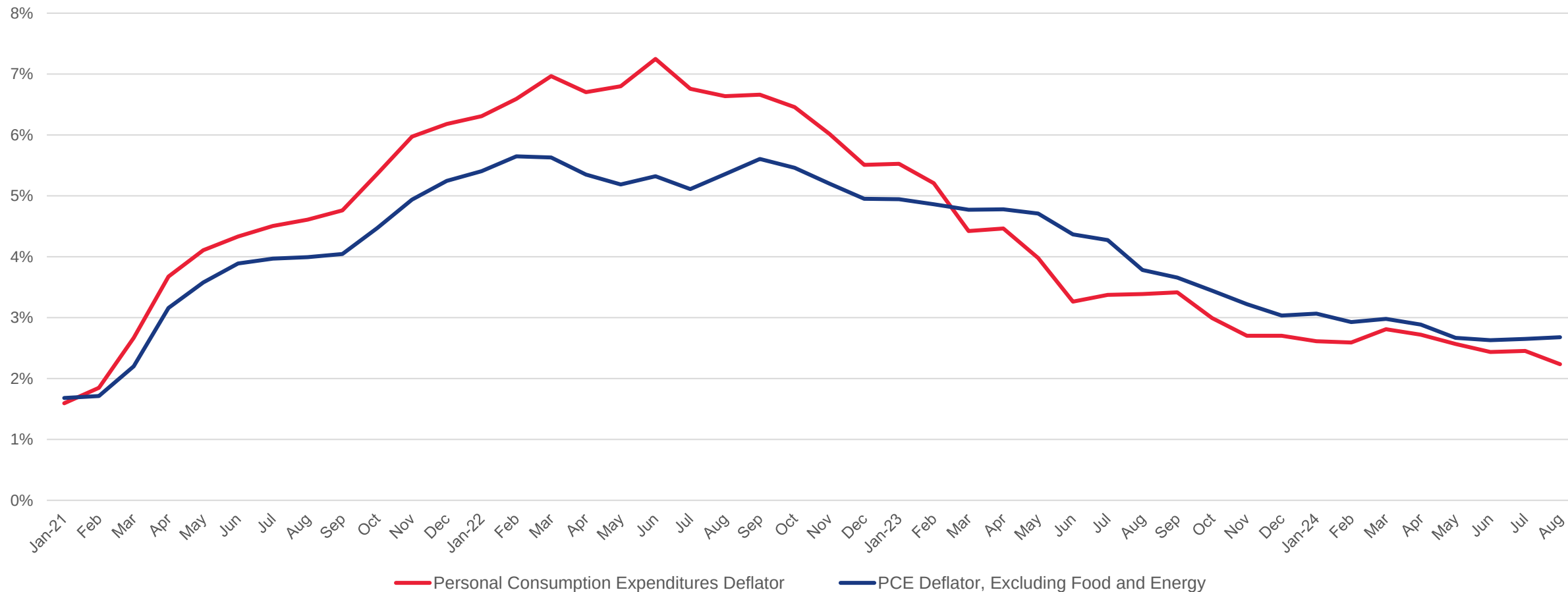
12-Month % Change in Average Hourly Earnings of Eating and Drinking Place Employees





Year-Over-Year Percentage Change in the PCE Deflator

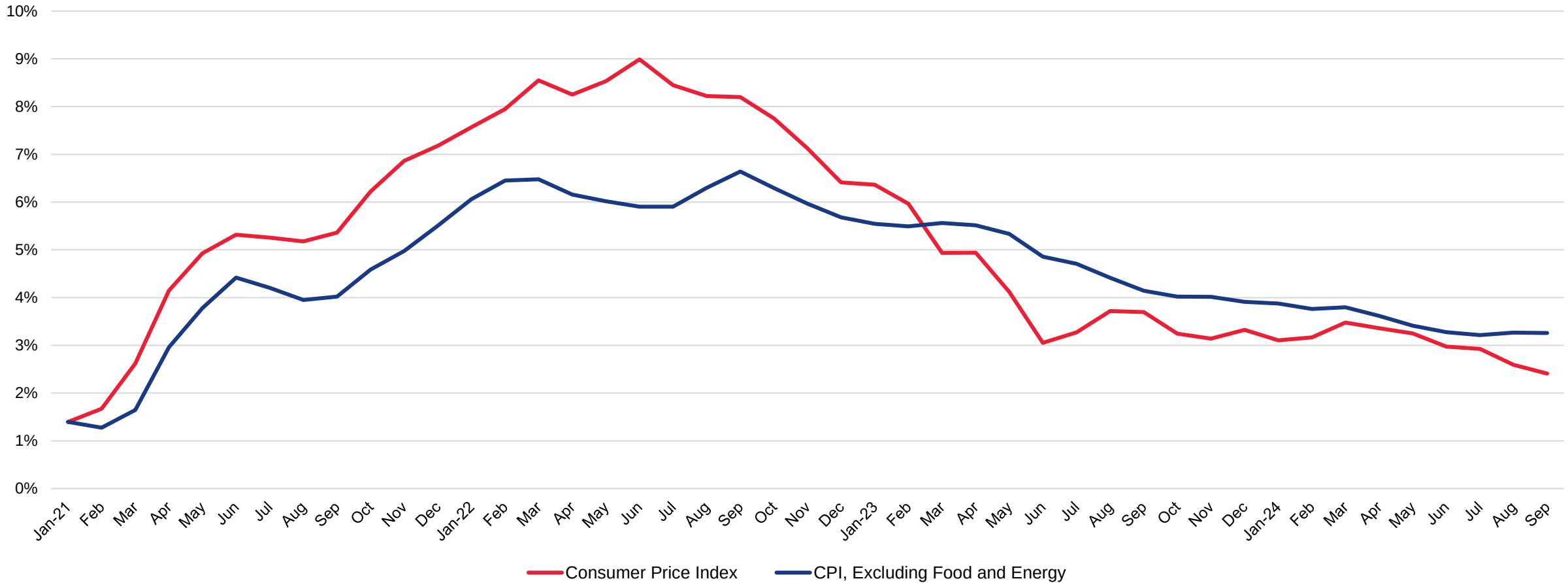
January 2021 to August 2024





Year-Over-Year Percentage Change in Consumer Prices

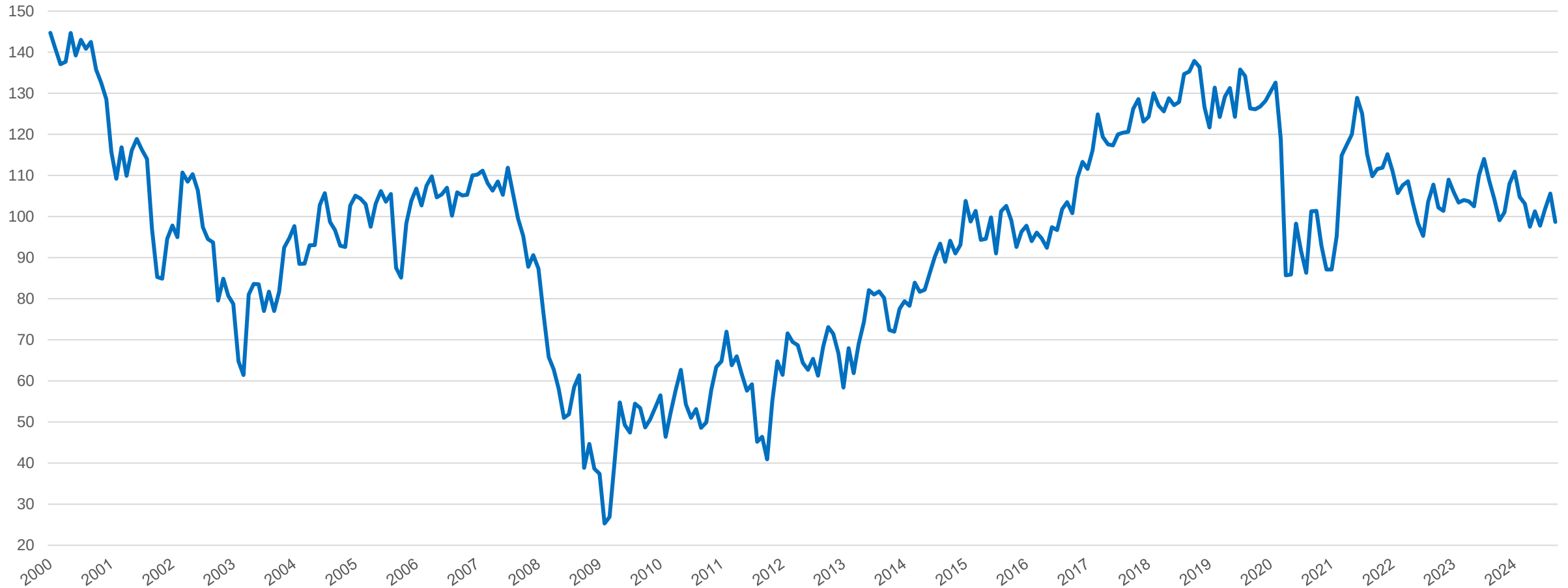
January 2021 to September 2024, 1982-1984=100





Consumers Remain Anxious About the Economy

U.S. Consumer Confidence Index





Gas Prices Trended Lower in Recent Weeks

Average price per gallon of regular gasoline





Metro Office Employee Occupancy Levels Remain Low

(October 14, 2024)

Metro Area	Percent Occupancy
Austin	75%
Houston	71%
Chicago	70%
Dallas	69%
New York	66%
Washington, DC	58%
Los Angeles	54%
San Francisco	51%
Philadelphia	51%
San Jose	50%



Importance of Travel & Tourism



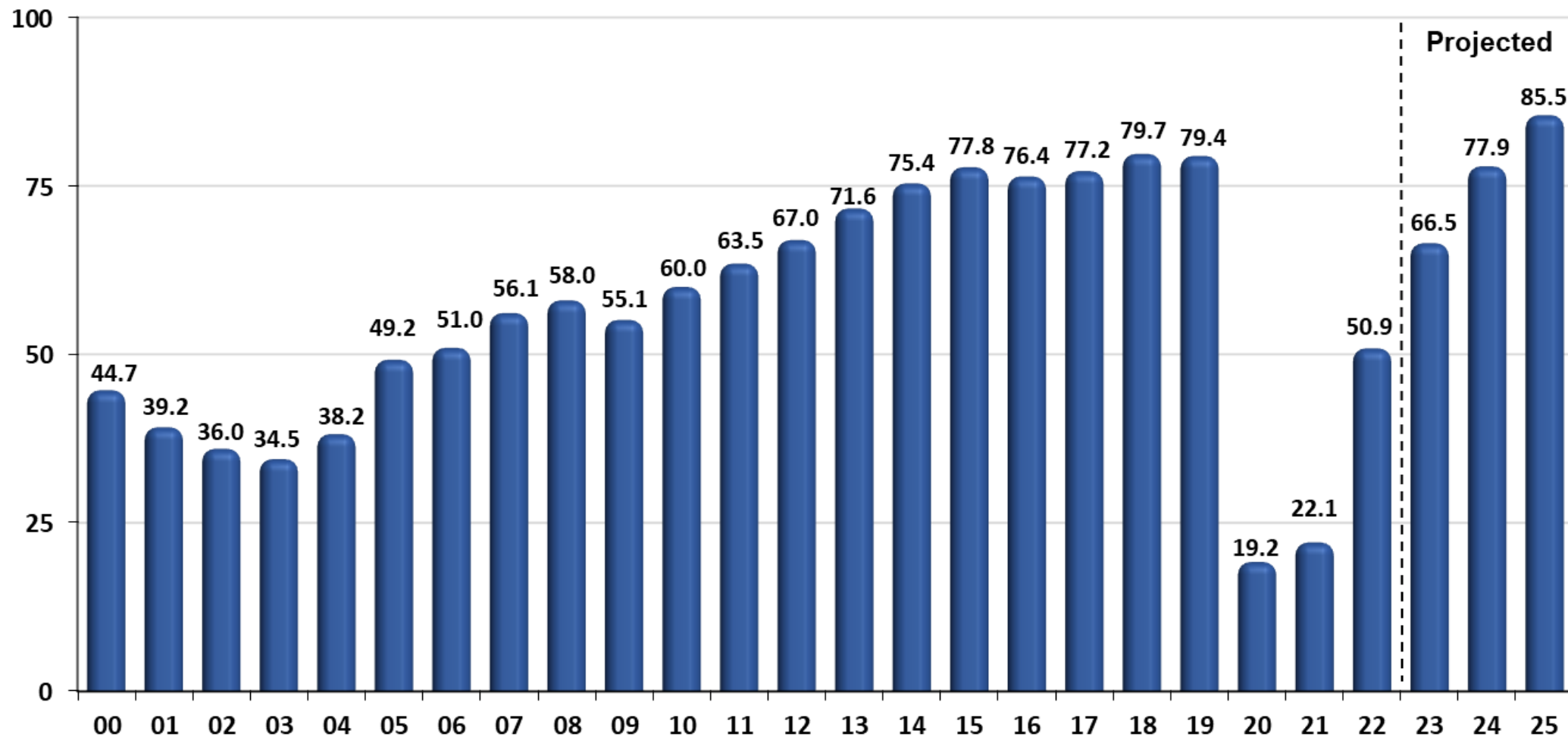
- In a typical year, about **\$3 in \$10** spent in restaurants comes from travelers and visitors.
- **Fine-dining restaurants are the most reliant**, with an average of **41%** of sales coming from travelers and visitors.
- For some fine-dining operations, it's a much larger proportion: **1 in 4** fine-dining operators say travelers and visitors accounted for **at least 60% of their sales** prior to COVID-19.

Source: National Restaurant Association



International Visitors Not Expected to Hit Pre-Pandemic Levels Until 2025

Number of International Arrivals to the United States (millions)





INDUSTRY OUTLOOK



STATE
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INDUSTRY
2024

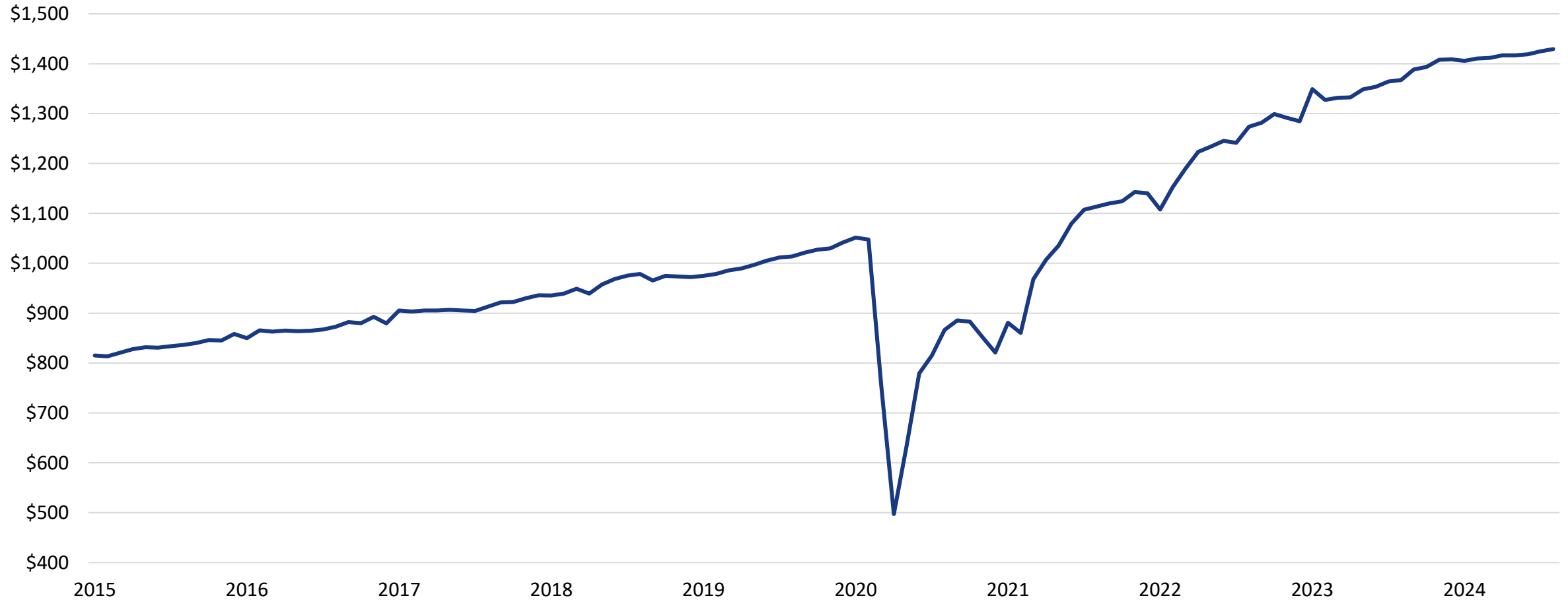
A photograph of a smiling male bartender with a beard and a black beanie, wearing a grey t-shirt and dark apron, standing behind a bar. The background shows a restaurant interior with a white brick wall, potted plants, and bar equipment.

Restaurant Industry Sales in 2024 \$1.1 Trillion



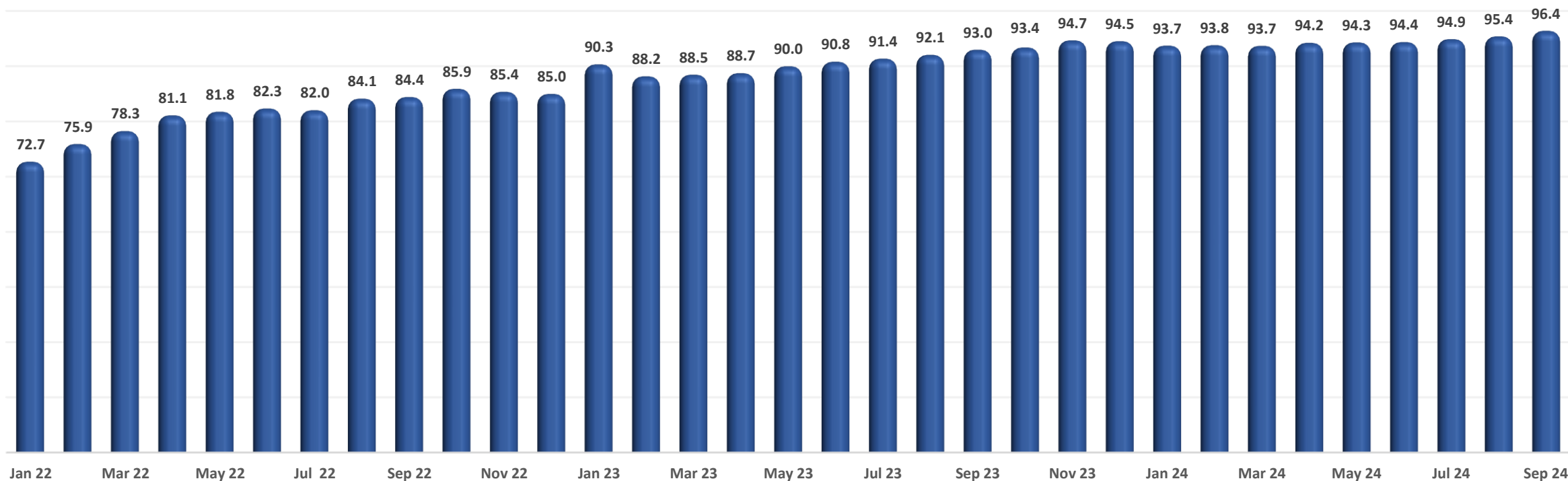
Personal Consumption Expenditures, Foodservices and Accommodations

January 2015 – August 2024, in Billions of Dollars, Seasonally Adjusted





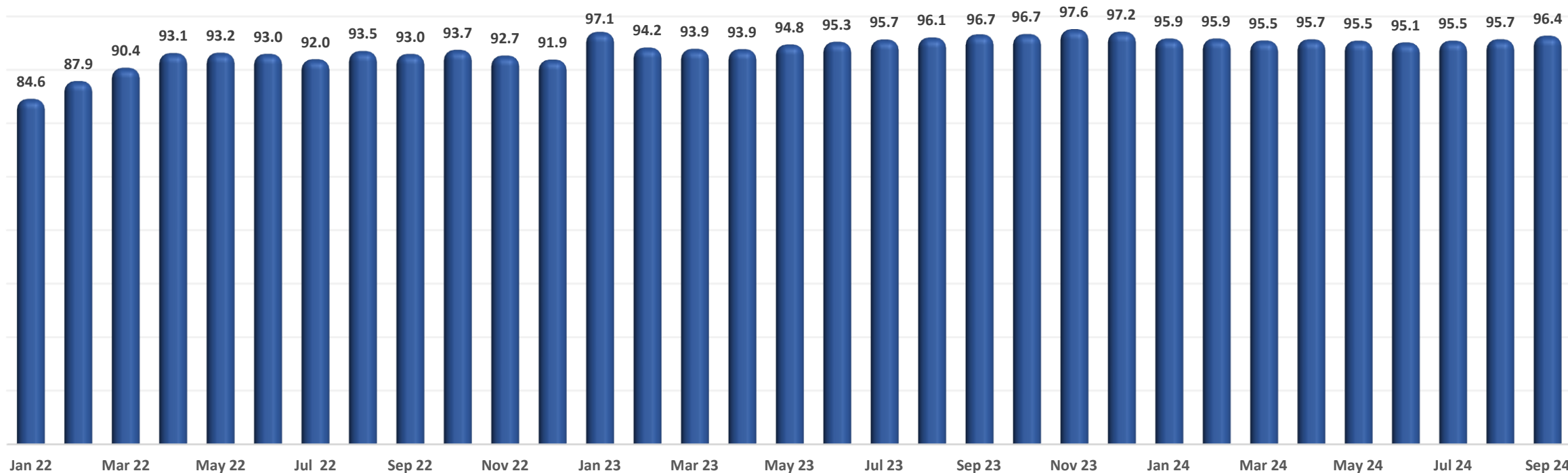
Restaurant Sales Rebounded in August & September





Real Restaurant Sales Have Been Relatively Flat, Down Slightly YOY

Inflation-adjusted Monthly Sales at Eating and Drinking Places (in billions of September 2024 dollars)





Restaurant Operators Said Sales and the Economy Were the Top Challenges Facing Their Business in September

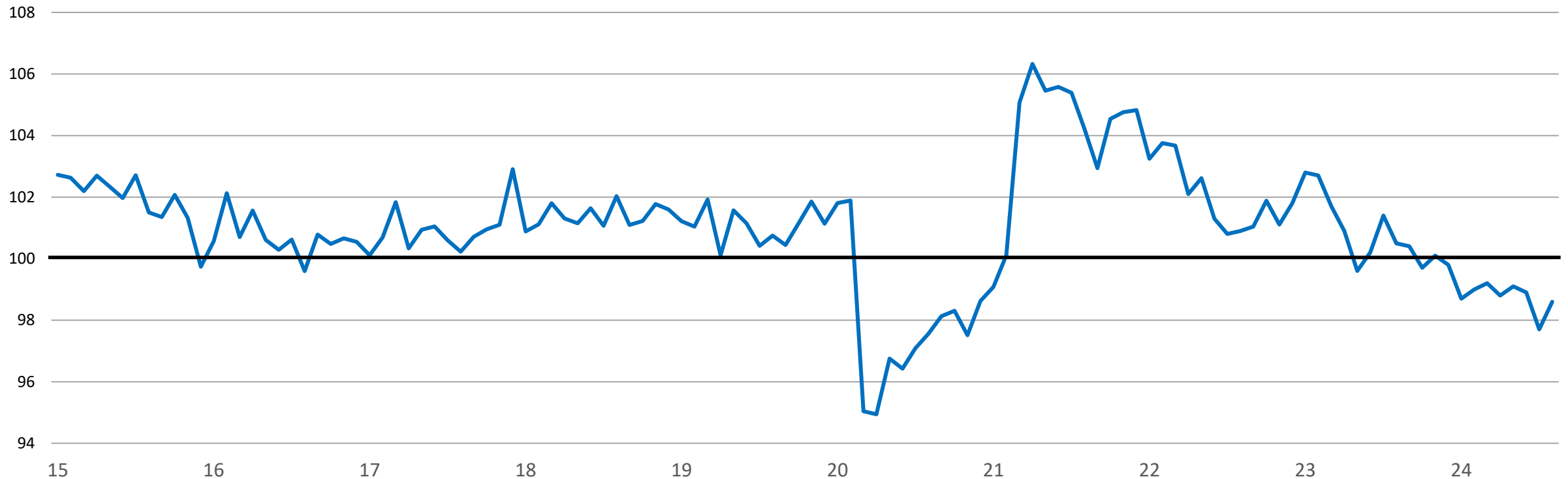
Top challenges facing restaurant operators

September 2022		September 2023		September 2024	
Recruiting Employees	54%	Recruiting Employees	30%	Sales Volume	27%
The Economy	17	Sales Volume	27	The Economy	24
Food Costs/Availability	9	The Economy	15	Recruiting Employees	17
Labor Costs	9	Labor Costs	12	Operating Costs	12
Sales Volume	6	Food Costs/Availability	6	Food Costs/Availability	10



Restaurant Performance Index

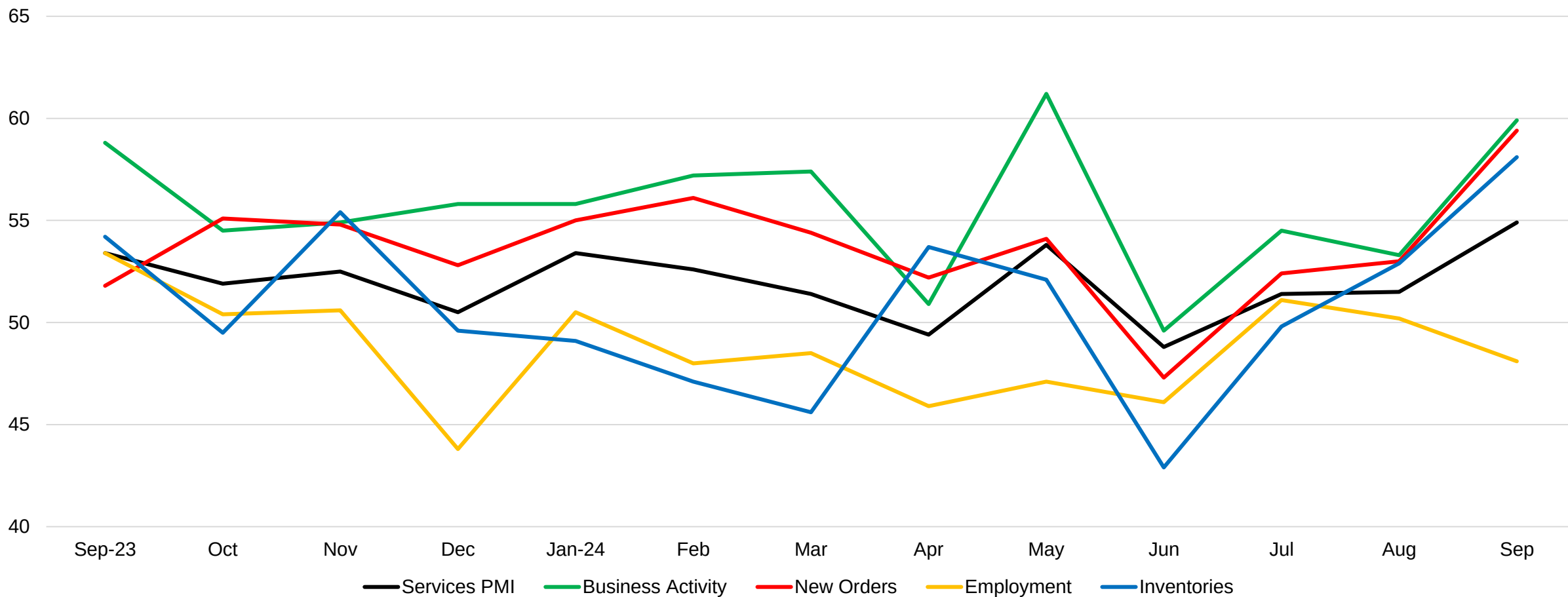
Values Above 100 = Expansion, Values Below 100 = Contraction





Services ISM® Purchasing Managers' Index®

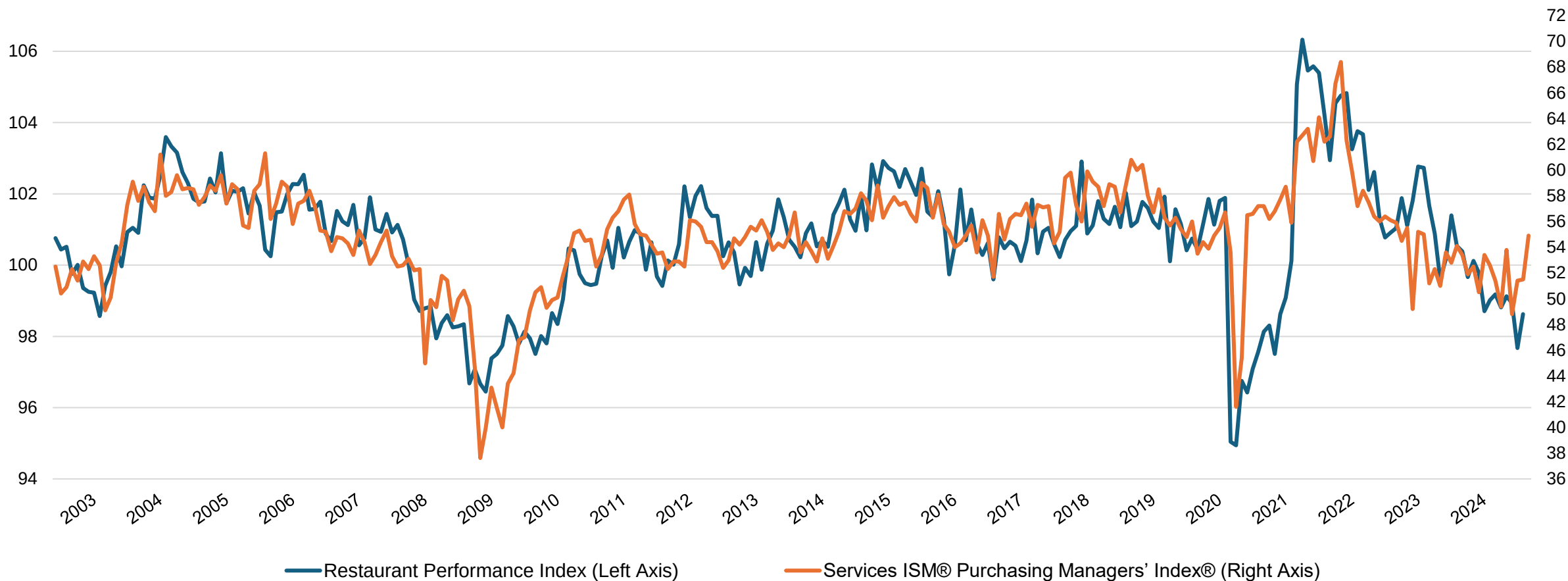
September 2023 – September 2024





Restaurant Performance Index and the Services ISM® Purchasing Managers' Index®

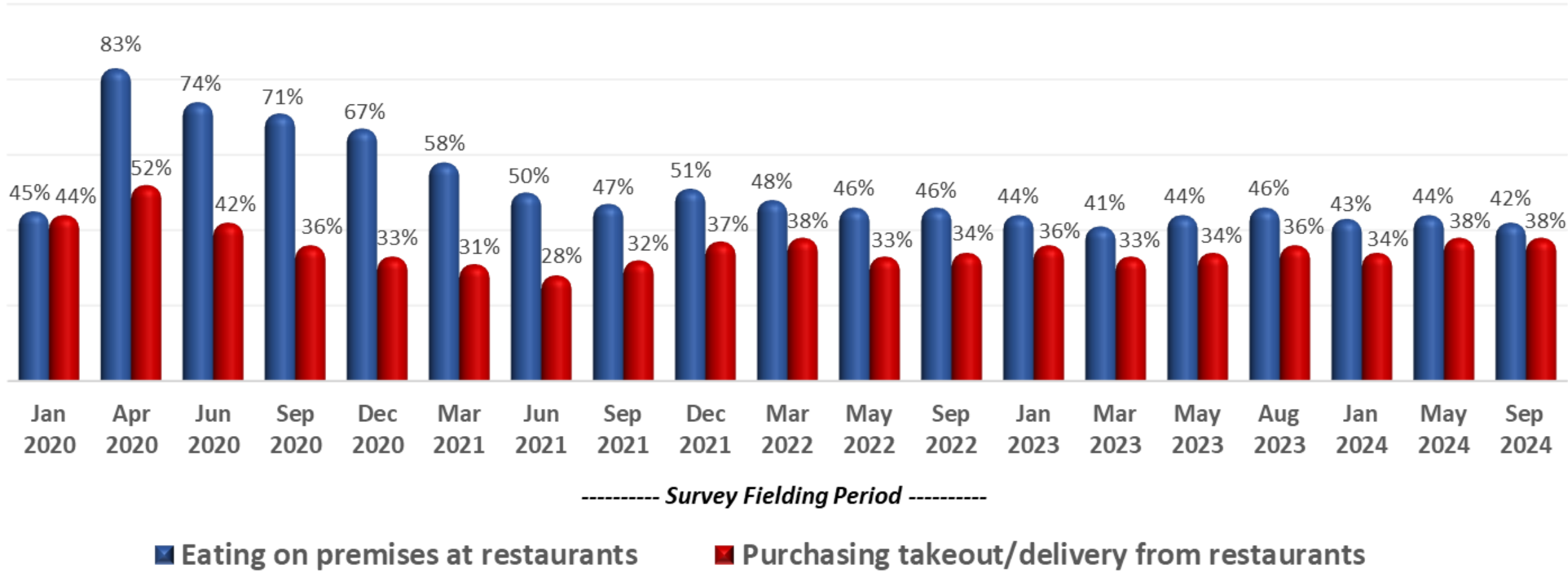
June 2002 – September 2024





Consumers' pent-up demand for restaurants holding relatively steady

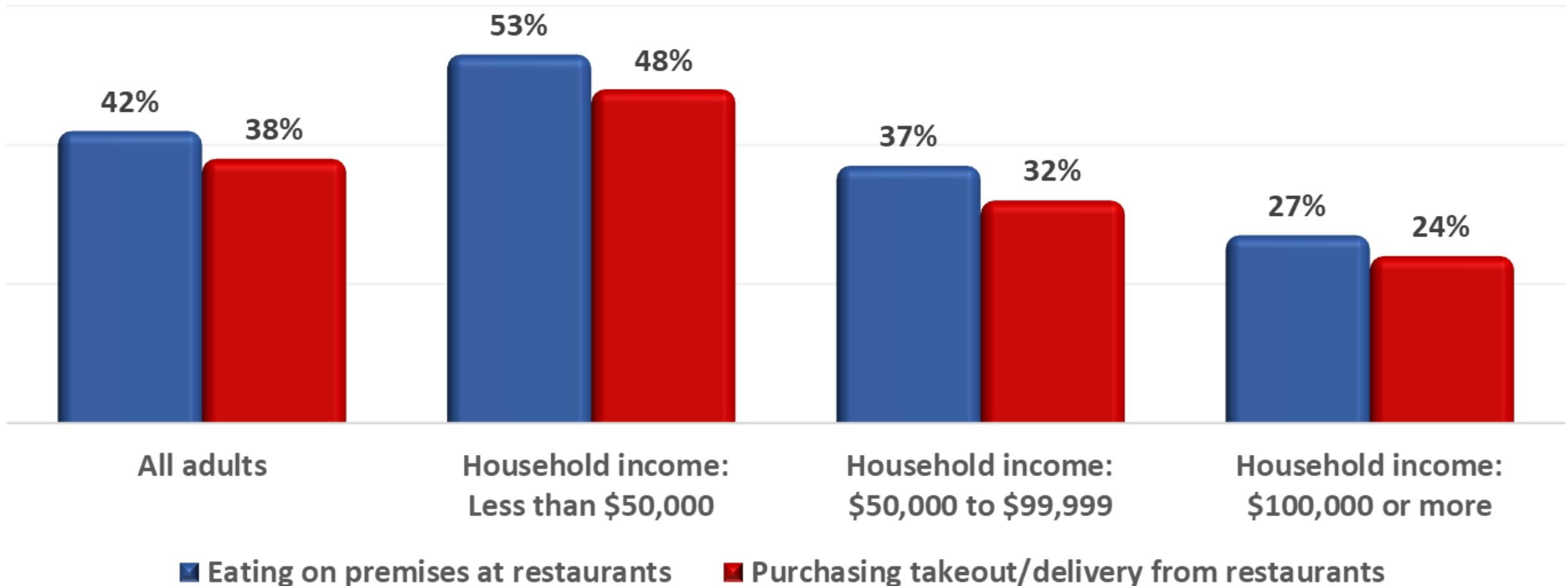
Percent of adults who say they are not using restaurants as often as they would like





Pent-up demand elevated among lower-income households

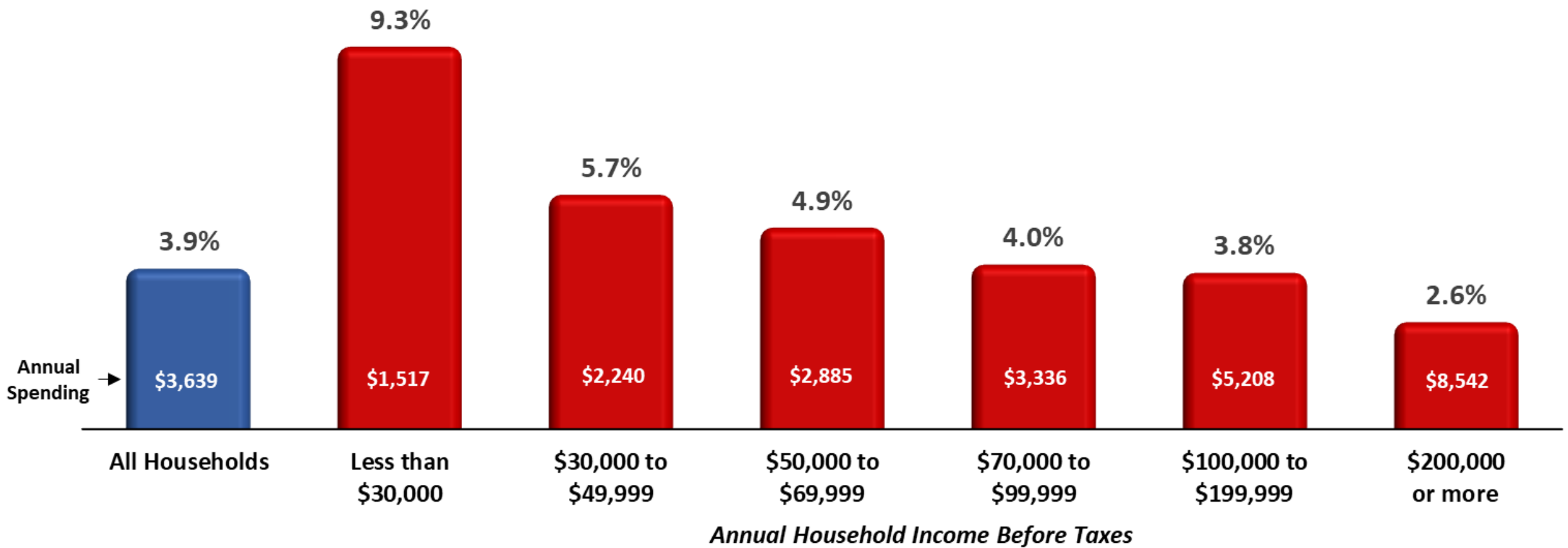
Percent of adults who say they are not using restaurants as often as they would like





Household spending at restaurants as a percent of annual income

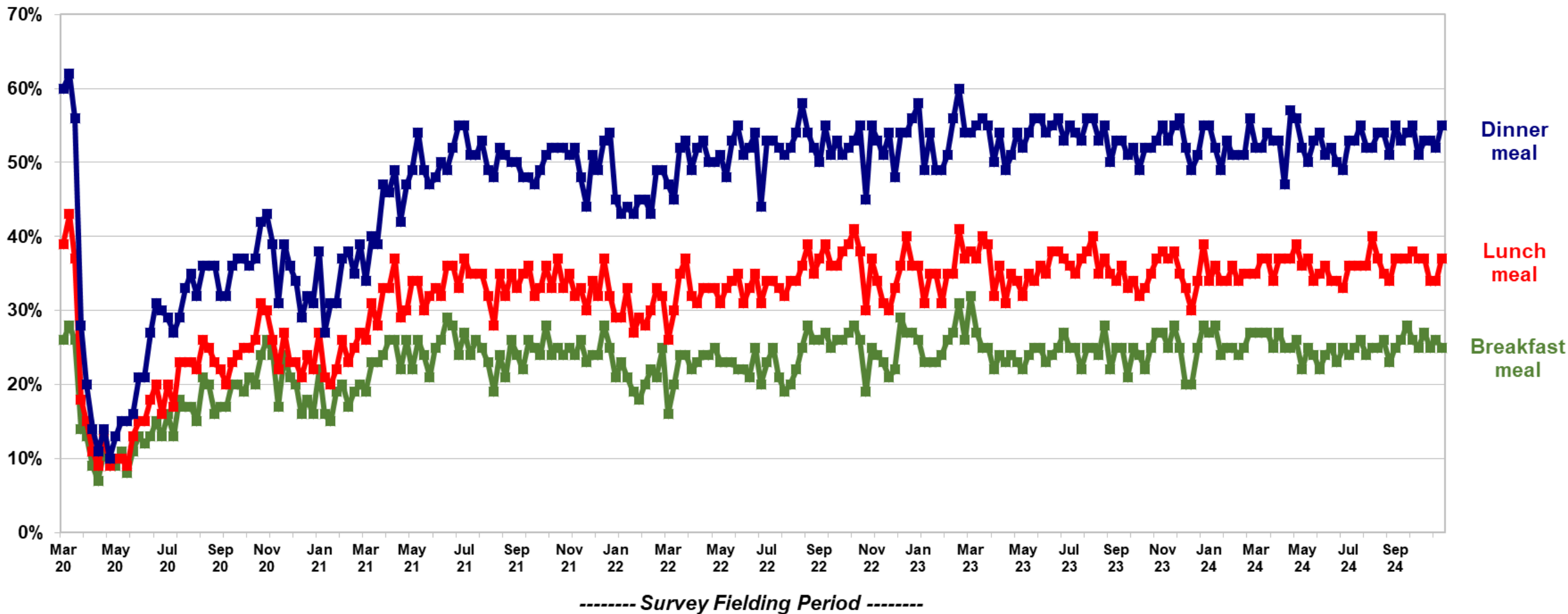
By household income level



Sources: Bureau of Labor Statistics, National Restaurant Association; 2022 data



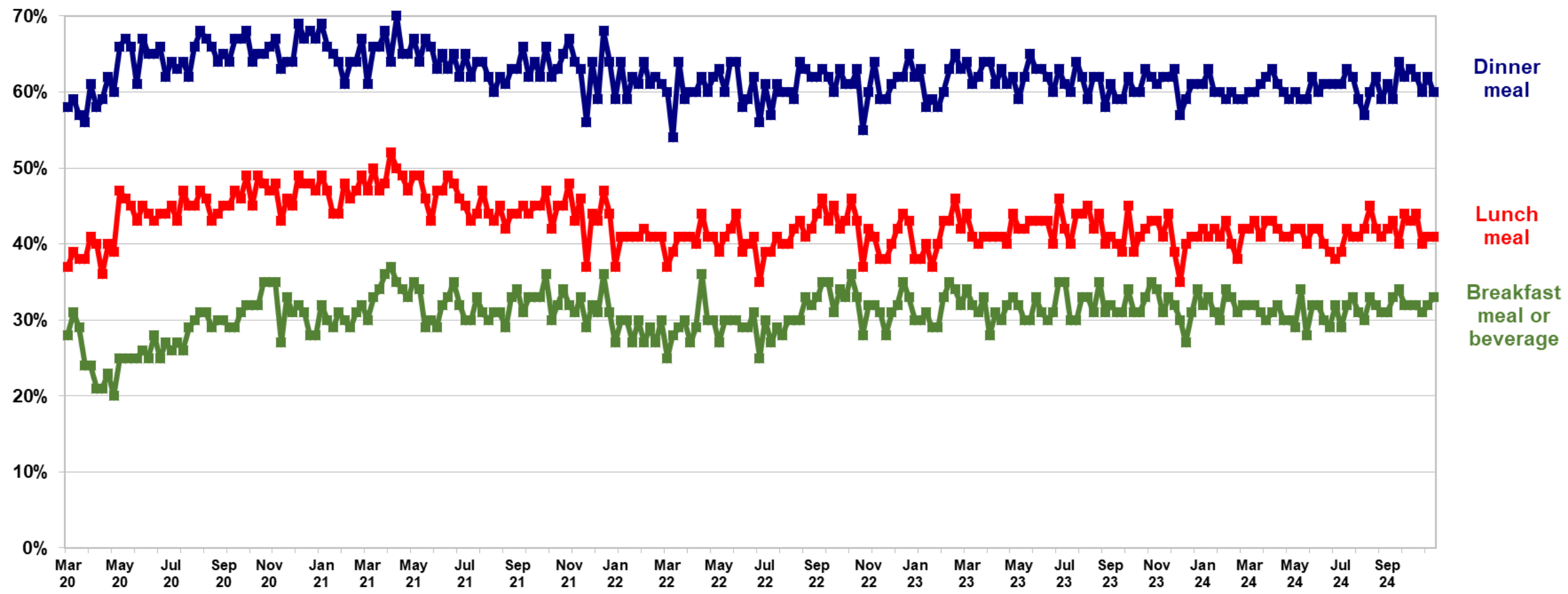
Percent of adults who used restaurants for these on-premises meal occasions during the previous week



Source: National Restaurant Association, weekly surveys of 1,000 adults



Percent of adults who used restaurants for these off-premises meal occasions during the previous week



----- Survey Fielding Period -----

Source: National Restaurant Association, weekly surveys of 1,000 adults



On and Off-Premises Traffic Shares

Restaurant Traffic	Feb 2020*	July 2024*	Percentage Point Change
On-Premises	39%	26%	-13
Off-Premises	61%	74%	+13
•Carry-Out	32%	29%	-3
•Drive-Thru	26%	36%	+10
•Delivery	3%	8%	+5



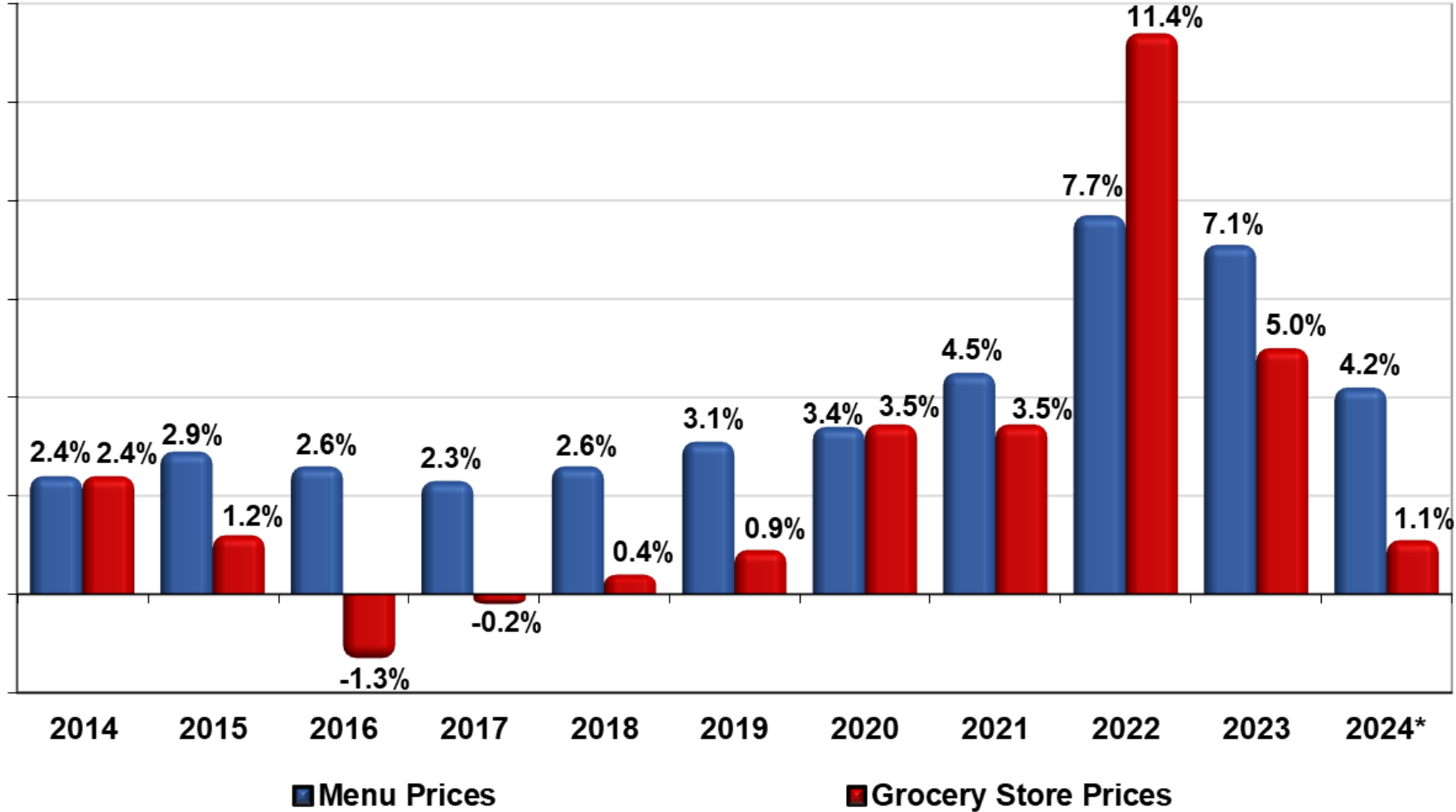
Restaurant Traffic Shares by Daypart

Daypart	Sept 2019*	July 2024*	Percentage Point Change
Morning	19.8%	21.0%	+1.2
Lunch	30.9%	29.0%	-1.9
Dinner	34.6%	33.8%	-0.8
PM Snacks	14.6%	16.3%	+1.7



Growth in Menu Versus Grocery Prices

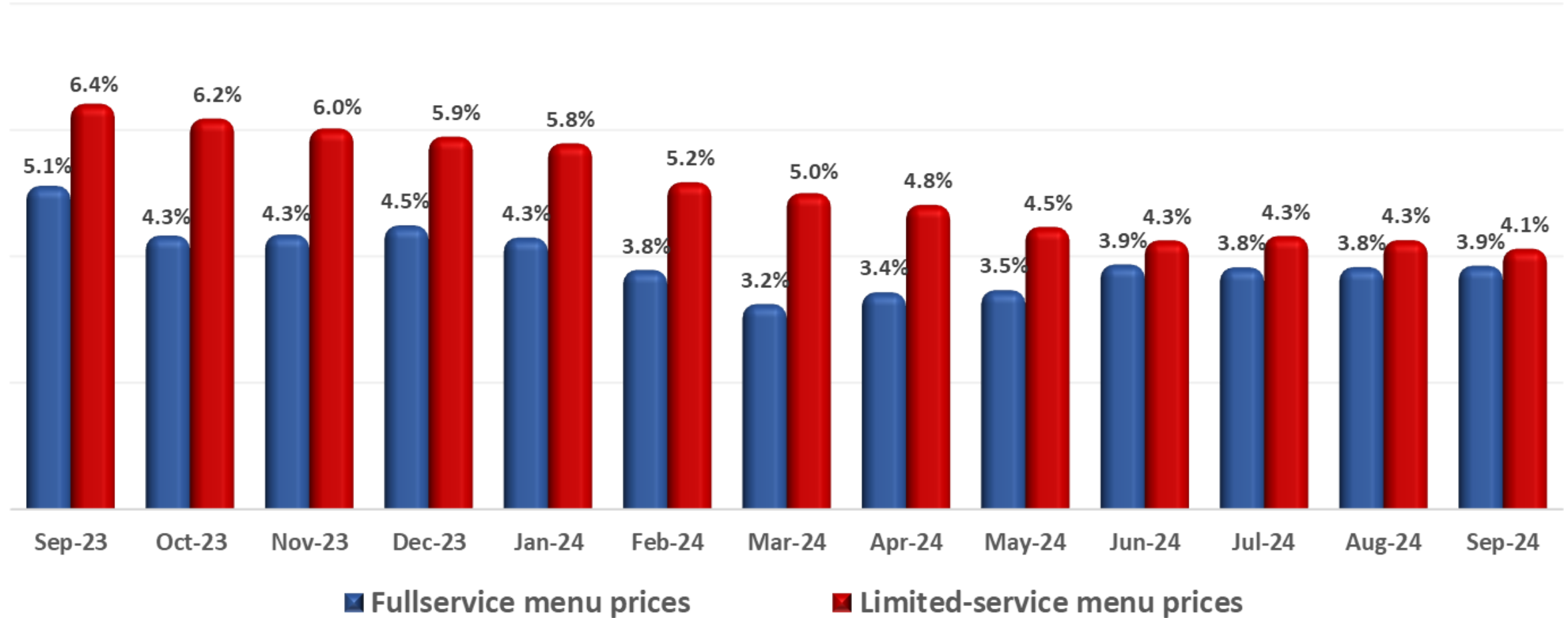
Annual Growth in Consumer Price Index – Food Away From Home vs. Food At Home





Fullservice and Limited-Service Menu Prices

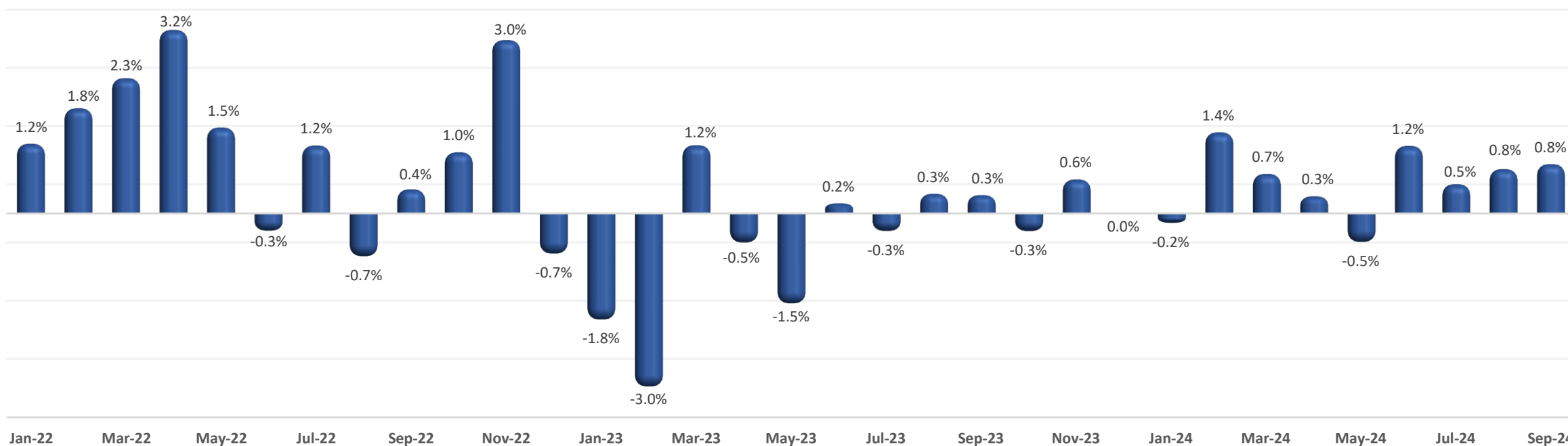
Percent change versus same month in previous year





Wholesale Food Prices Rose Solidly in Recent Months

Monthly Change in Producer Price Index – All Foods





Wholesale Food Prices Trending Higher Again

12-Month % Change in Producer Price Index – All Foods





Commodity Price Changes

COMMODITY	August 2024*
Butter	+20%
Fresh Vegetables	+18%
Pork	+13%
Beef	+12%
Chicken	+8%
Coffee	+7%
Potatoes	-52%
Flour	-8%
Cheese	-2%



Restaurant Economic Impacts



STATE
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2024

ECONOMIC CONTRIBUTIONS

OF THE RESTAURANT & FOODSERVICE INDUSTRY



UNITED STATES

SUMMARY

- The industry's eating and drinking place are expected to directly contribute roughly **\$1.4 T** in output to the U.S. economy in 2024 dollars, based on IMPLAN estimates of 2022 data.
- These contributions spur additional spending in the U.S. economy, including from employees, supplies and others in the surrounding area.
- Adding in indirect and induced impacts, eating and drinking places are expected to make a contribution of:
 - More than **\$3.5 T** in output to the U.S. economy in 2024, or **15.6%** of real GDP
 - Nearly **23 M** employees
 - Over **\$1.1 T** in total labor income
- In addition, the industry will directly pay nearly **\$217 B** in taxes to all levels of government.
 - With additional induced and indirect effects included, the sector will contribute more than **\$490 B** in taxes, including **\$120 B** in state taxes and almost **\$280 B** in federal taxes.

ECONOMIC CONTRIBUTIONS

OF THE RESTAURANT
& FOODSERVICE
INDUSTRY



UNITED STATES

U.S. – ECONOMIC CONTRIBUTIONS

BY TYPE OF FOODSERVICES AND DRINKING PLACES, 2024

	OUTPUT		EMPLOYMENT		LABOR INCOME		TAXES	
FULL-SERVICE RESTAURANTS	Direct	\$545.12B	Direct	5.65M	Direct	\$198.78B	Direct	\$86.92B
	Total	\$1.45T	Total	9.40M	Total	\$468.70B	Total	\$198.54B
LIMITED-SERVICE RESTAURANTS	Direct	\$568.27B	Direct	5.56M	Direct	\$160.79B	Direct	\$84.43B
	Total	\$1.60T	Total	9.76M	Total	\$458.92B	Total	\$208.48B
ALL OTHER FOOD AND DRINKING PLACES	Direct	\$254.86B	Direct	2.96M	Direct	\$112.83B	Direct	\$45.32B
	Total	\$657.29B	Total	4.76M	Total	\$244.00B	Total	\$97.56B

Source: National Restaurant Association calculations using 2022 IMPLAN data

ECONOMIC CONTRIBUTIONS

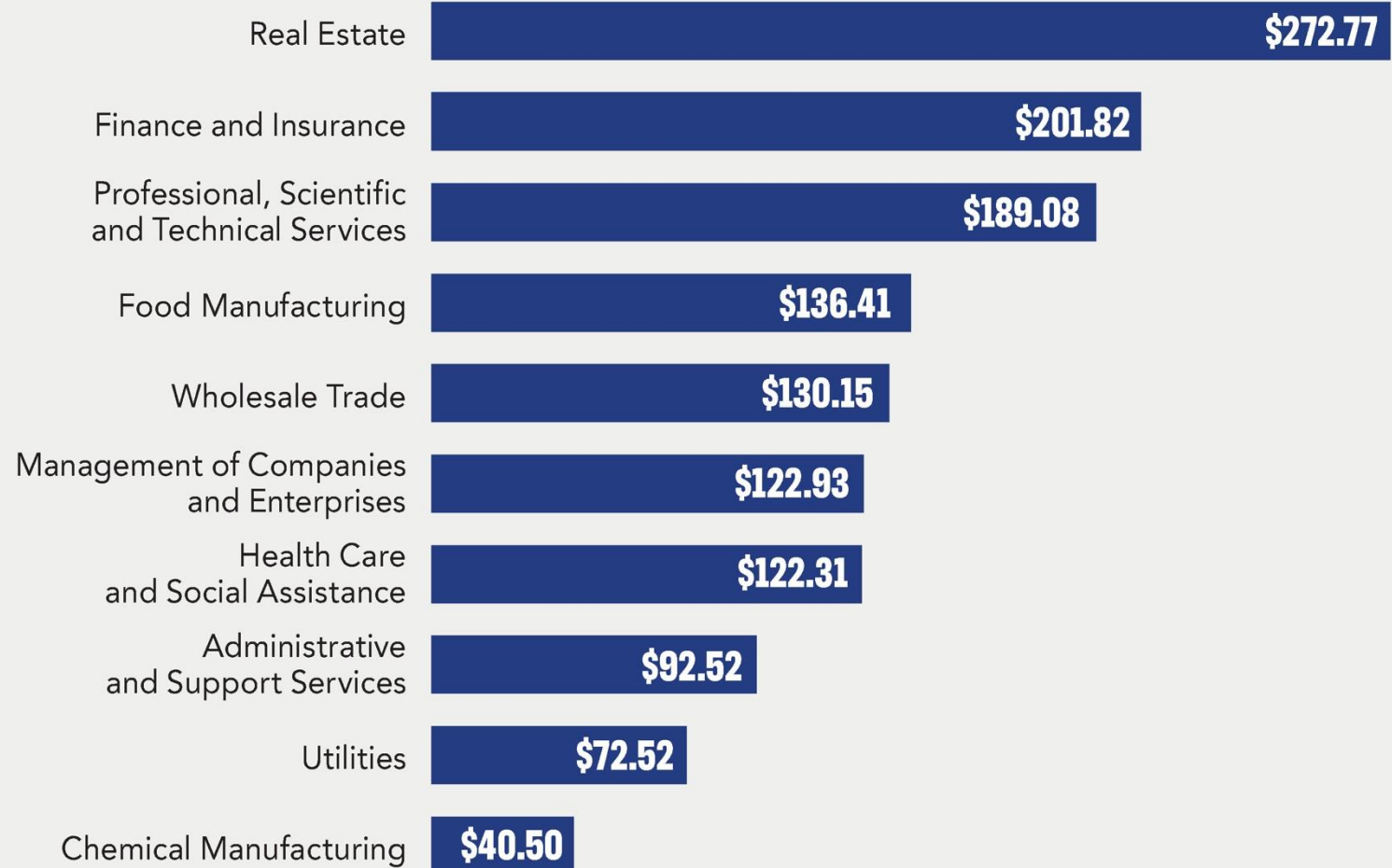
OF THE RESTAURANT
& FOODSERVICE
INDUSTRY



UNITED STATES

U.S. LARGEST INDIRECT AND INDUCED OUTPUT IMPACTS

FROM EATING AND DRINKING PLACES, 2024 (IN BILLIONS OF DOLLARS)



Source: National Restaurant Association calculations using 2022 IMPLAN data

ECONOMIC CONTRIBUTIONS

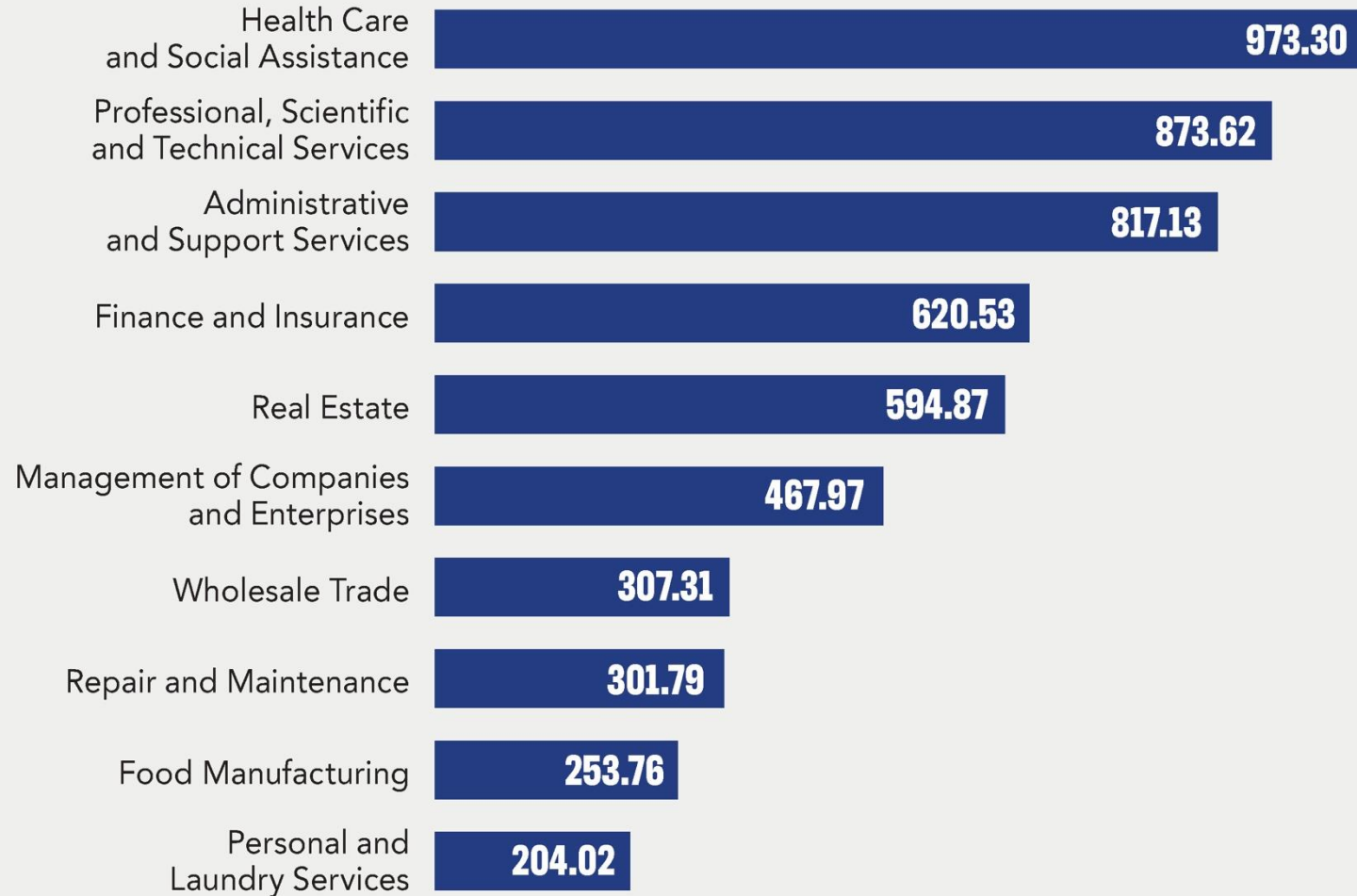
OF THE RESTAURANT
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INDUSTRY



UNITED STATES

U.S. LARGEST INDIRECT AND INDUCED EMPLOYMENT IMPACTS

FROM EATING AND DRINKING PLACES, 2024 (IN THOUSANDS OF WORKERS)



Source: National Restaurant Association calculations using 2022 IMPLAN data



STATE of the RESTAURANT INDUSTRY 2024

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