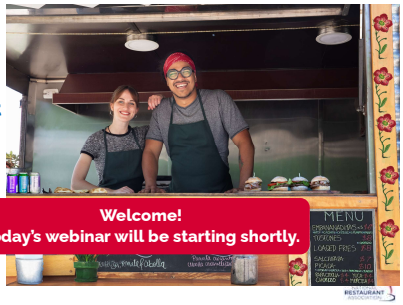
RO Webinar Series

State of the Restaurant Industry & Economic Outlook

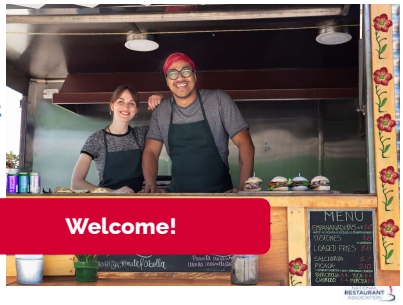


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RO Webinar Series

State of the Restaurant Industry & Economic Outlook



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Presenter:



Chad Moutray

Senior Vice President, Industry Research And Knowledge, and Chief Economist
National Restaurant Association

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STATE OF THE RESTAURANT INDUSTRY 2026

WHAT'S HOLDING THE INDUSTRY BACK

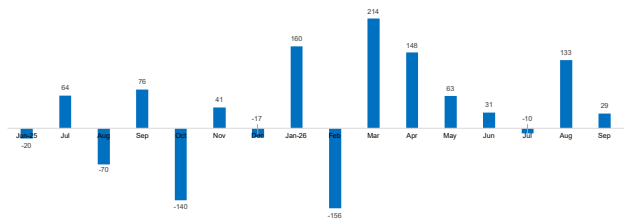
1. **Businesses and consumers confidence remains fragile.**
   - —Concerns about sales, costs, and the broader economy remain elevated.
   - —Higher gasoline prices and higher interest rates have further weakened consumer sentiment.
2. **Traffic growth remains a challenge.**
   - —Value-seeking behavior continues amid tighter household budgets.
   - —Sales and traffic weakened following the Iran conflict, with only partial recovery. May sales and traffic were the worst month post-war.
3. **The labor market momentum has slowed somewhat.**
   - — Labor force participation has fallen to near a five-year low.
   - — Restaurant employment has been resilient but has been weaker year to date than desired.
4. **Profit margins remain under pressure.**
   - — One-third of restaurant operators reported being unprofitable in the first half of 2026.
   - — Elevated labor and operating costs continue to squeeze margins.

7

STATE OF THE RESTAURANT INDUSTRY 2026

Monthly Change in Nonfarm Payroll Employment

June 2025 to September 2026, in Thousands of Workers, Seasonally Adjusted



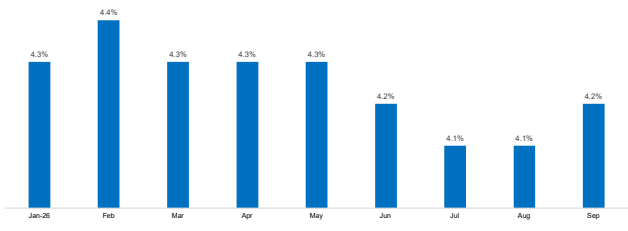
Sources: Bureau of Labor Statistics

8

STATE OF THE RESTAURANT INDUSTRY 2026

U.S. Employment Rate

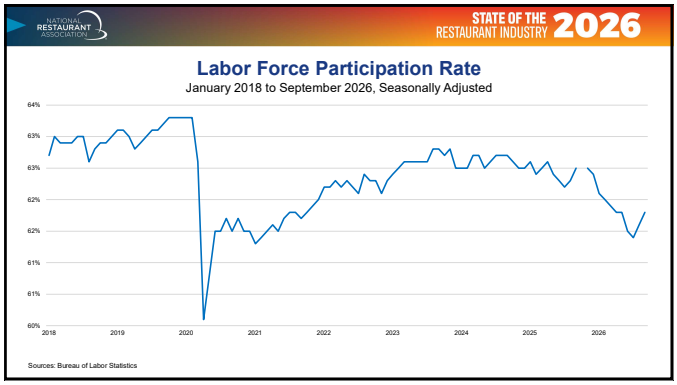
January 2026 to September 2026, Seasonally Adjusted



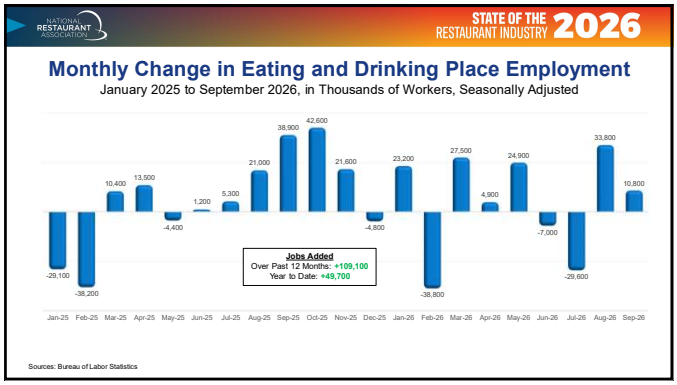
Sources: Bureau of Labor Statistics

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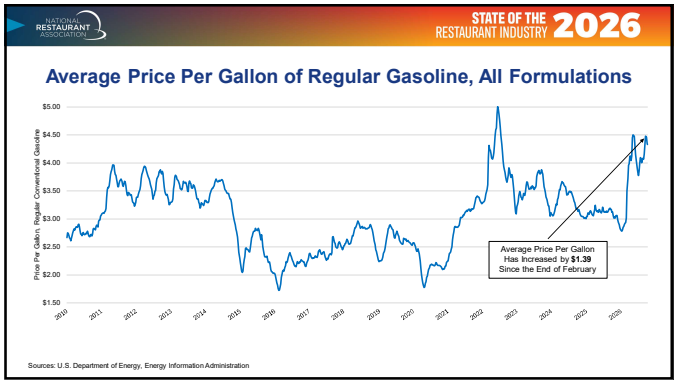
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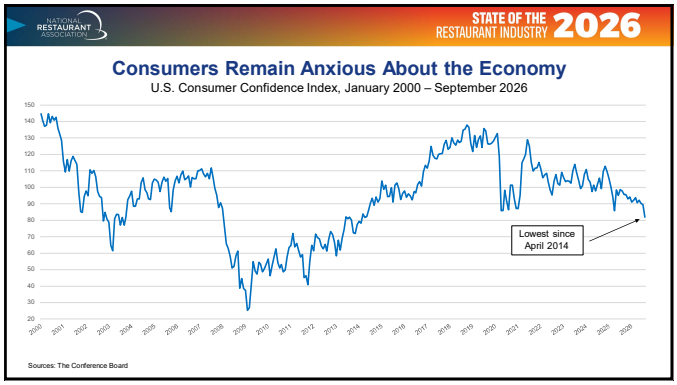


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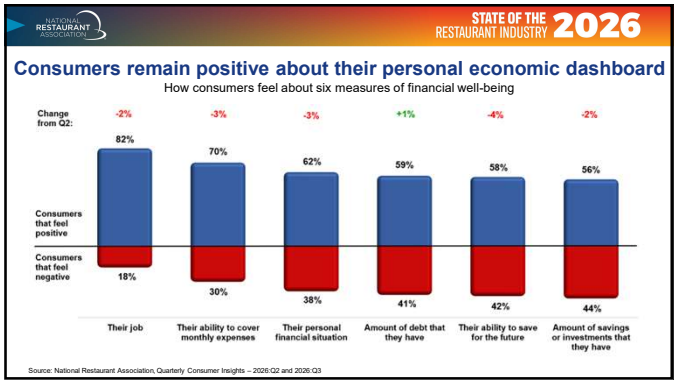
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NATIONAL RESTAURANT ASSOCIATION
STATE OF THE RESTAURANT INDUSTRY 2026
Consumers Remain Anxious About the Economy
U.S. Consumer Confidence Index, January 2000 – September 2026
Lowest since April 2014
Sources: The Conference Board

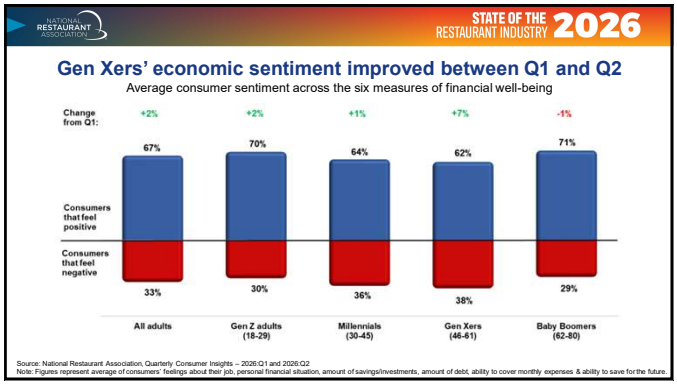
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STATE OF THE RESTAURANT INDUSTRY 2026
QUARTERLY CONSUMER INSIGHTS

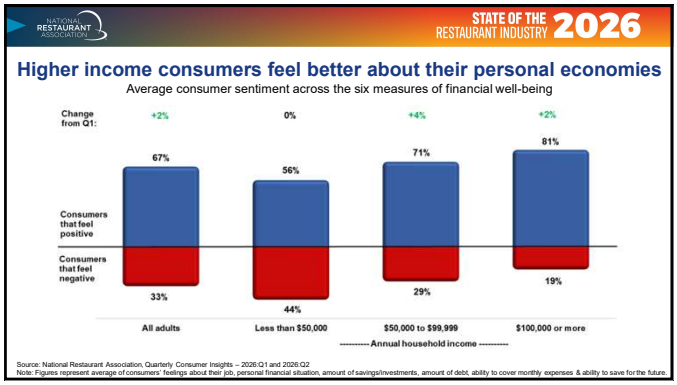
14


NATIONAL RESTAURANT ASSOCIATION
STATE OF THE RESTAURANT INDUSTRY 2026
Consumers remain positive about their personal economic dashboard
How consumers feel about six measures of financial well-being
Change from Q2:
-2%
-3%
-3%
+1%
-4%
-2%
Consumers that feel positive
Consumers that feel negative
82%
18%
70%
30%
62%
38%
59%
41%
58%
42%
56%
44%
Their job
Their ability to cover monthly expenses
Their personal financial situation
Amount of debt that they have
Their ability to save for the future
Amount of savings or investments that they have
Source: National Restaurant Association, Quarterly Consumer Insights – 2026:Q2 and 2026:Q3

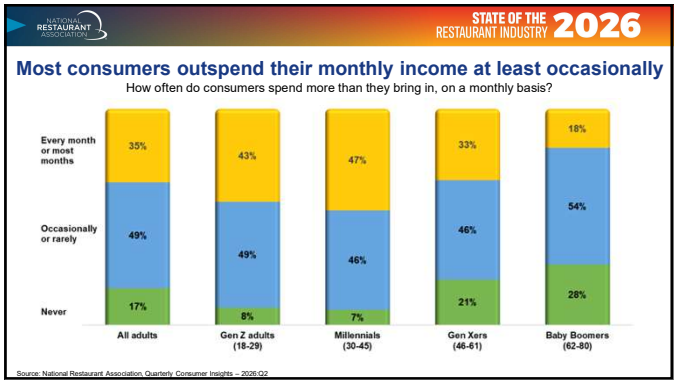
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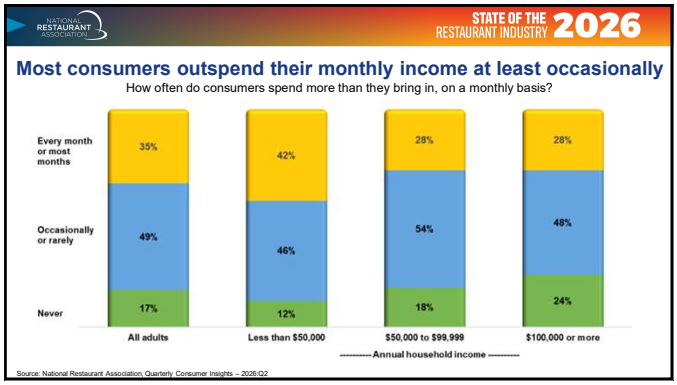


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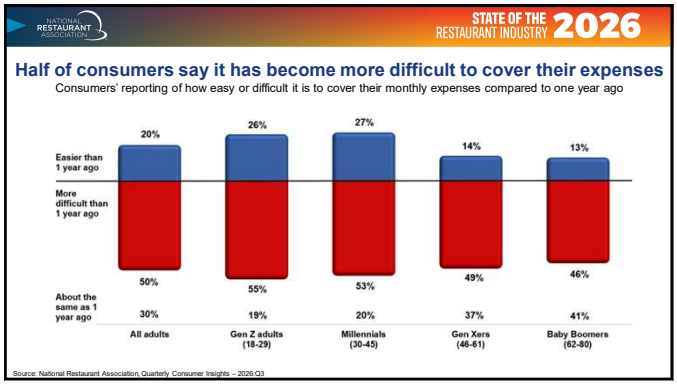


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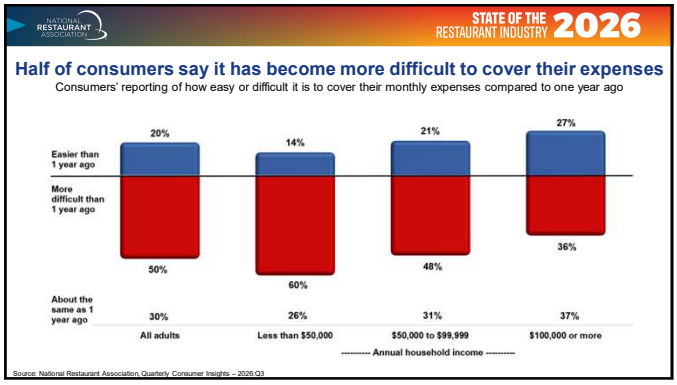
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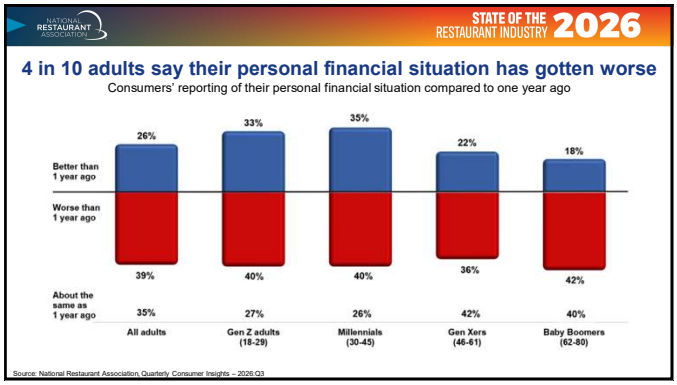


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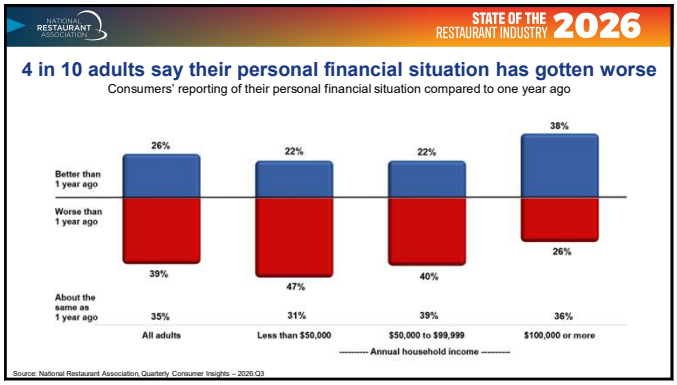


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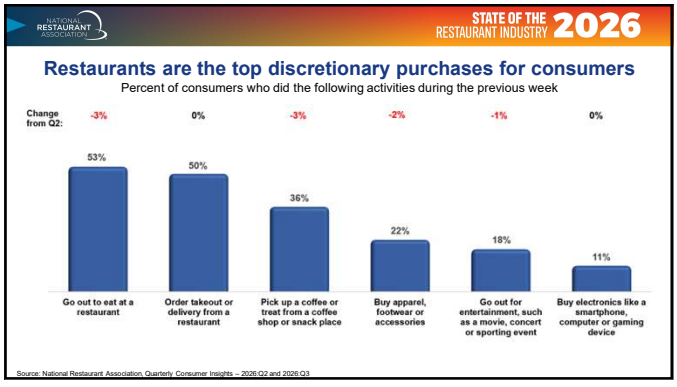
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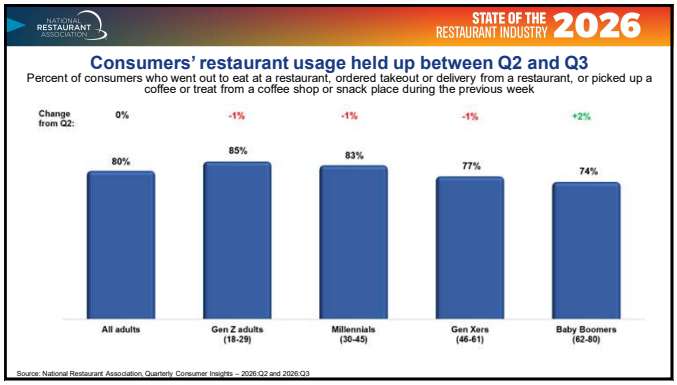


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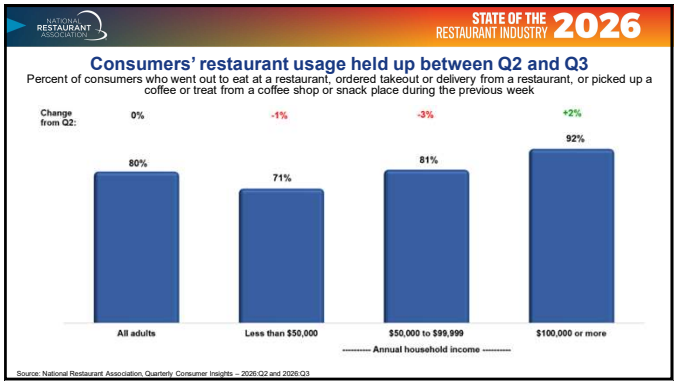


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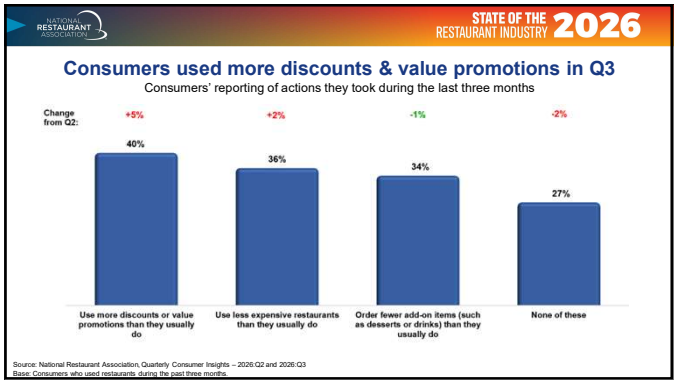
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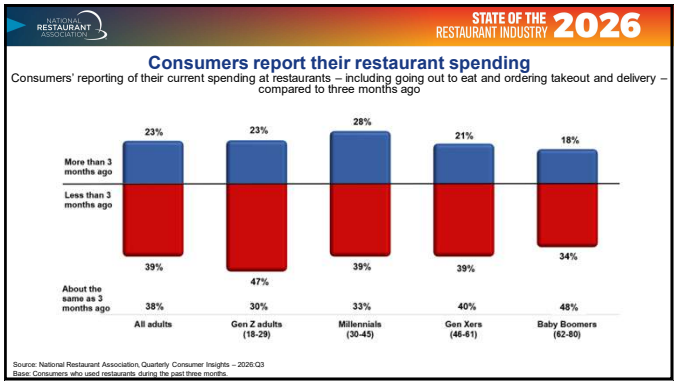


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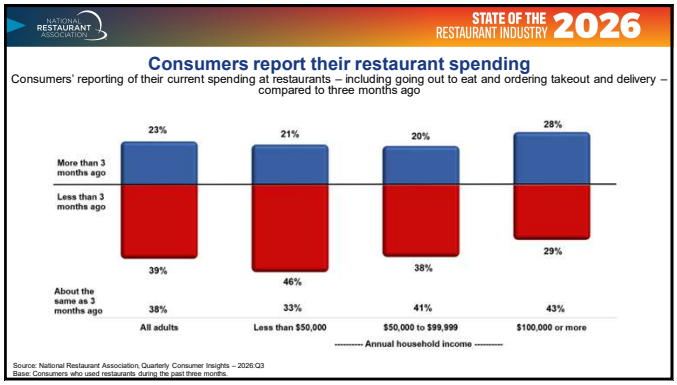


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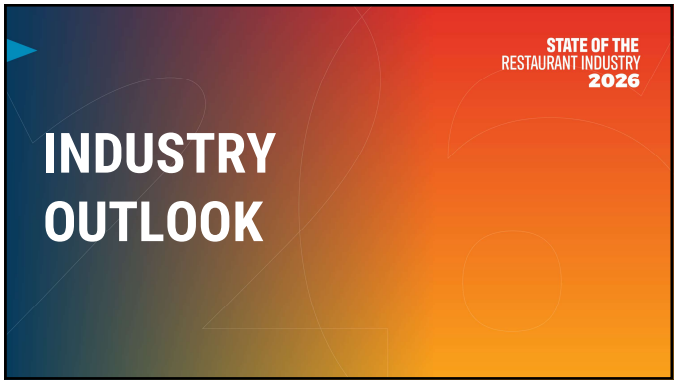
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STATE OF THE RESTAURANT INDUSTRY 2026
Consumers report their restaurant spending
Consumers' reporting of their current spending at restaurants – including going out to eat and ordering takeout and delivery – compared to three months ago
More than 3 months ago
Less than 3 months ago
About the same as 3 months ago
23%
23%
28%
21%
18%
39%
47%
39%
39%
34%
38%
30%
33%
40%
48%
All adults
Gen Z adults (18-29)
Millennials (30-45)
Gen Xers (46-61)
Baby Boomers (62-80)
Source: National Restaurant Association, Quarterly Consumer Insights – 2026 Q3
Base: Consumers who used restaurants during the past three months.

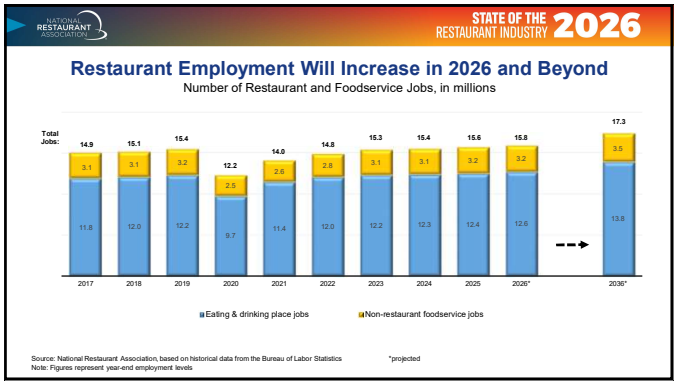
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STATE OF THE RESTAURANT INDUSTRY 2026
Consumers report their restaurant spending
Consumers' reporting of their current spending at restaurants – including going out to eat and ordering takeout and delivery – compared to three months ago
More than 3 months ago
Less than 3 months ago
About the same as 3 months ago
23%
21%
20%
28%
39%
46%
38%
29%
38%
33%
41%
43%
All adults
Less than $50,000
$50,000 to $99,999
$100,000 or more
---------- Annual household income ----------
Source: National Restaurant Association, Quarterly Consumer Insights – 2026 Q3
Base: Consumers who used restaurants during the past three months.

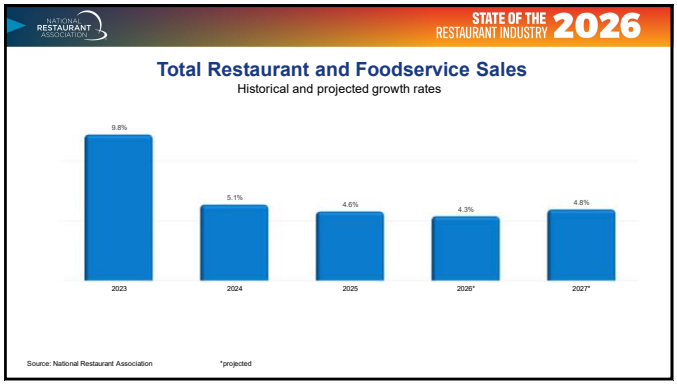
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STATE OF THE RESTAURANT INDUSTRY 2026
INDUSTRY OUTLOOK

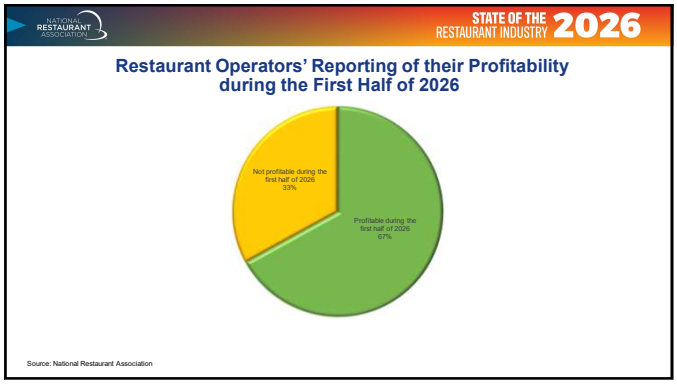
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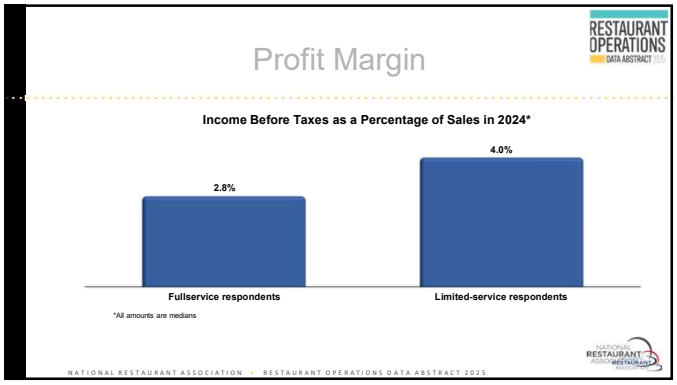


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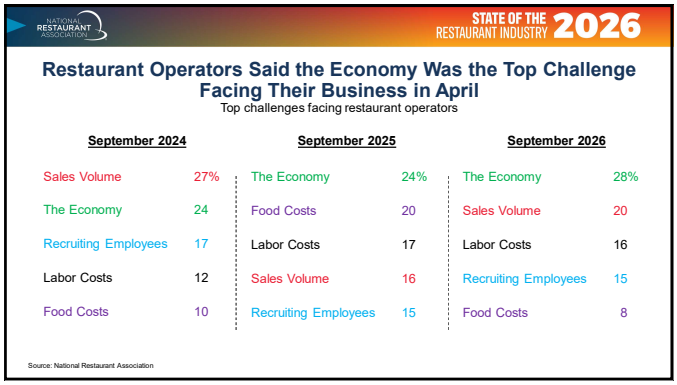


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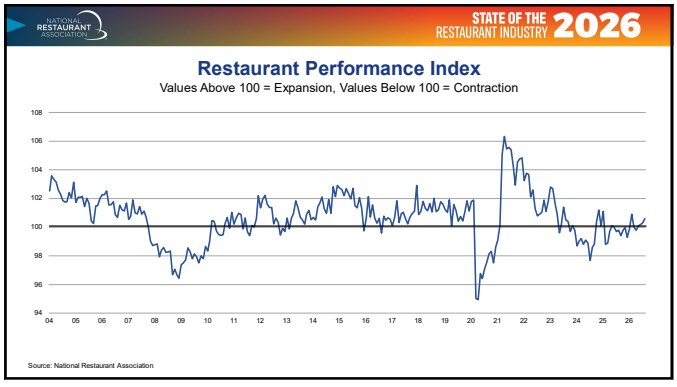
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Profit Margin
RESTAURANT OPERATIONS DATA ABSTRACT
Income Before Taxes as a Percentage of Sales in 2024*
2.8%
4.0%
Fullservice respondents
Limited-service respondents
*All amounts are medians
NATIONAL RESTAURANT ASSOCIATION • RESTAURANT OPERATIONS DATA ABSTRACT 2025

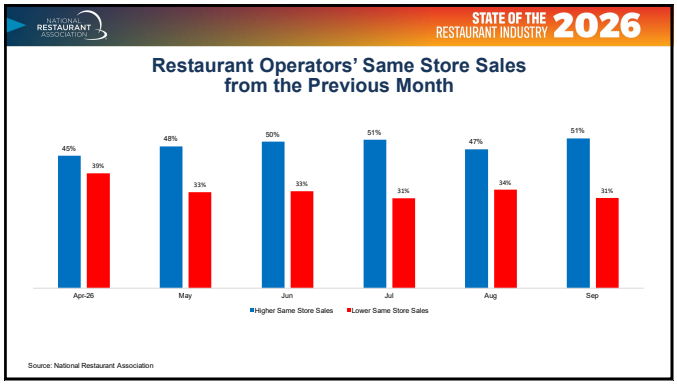
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STATE OF THE RESTAURANT INDUSTRY 2026
Restaurant Operators Said the Economy Was the Top Challenge Facing Their Business in April
Top challenges facing restaurant operators
September 2024
Sales Volume 27%
The Economy 24
Recruiting Employees 17
Labor Costs 12
Food Costs 10
September 2025
The Economy 24%
Food Costs 20
Labor Costs 17
Sales Volume 16
Recruiting Employees 15
September 2026
The Economy 28%
Sales Volume 20
Labor Costs 16
Recruiting Employees 15
Food Costs 8
Source: National Restaurant Association

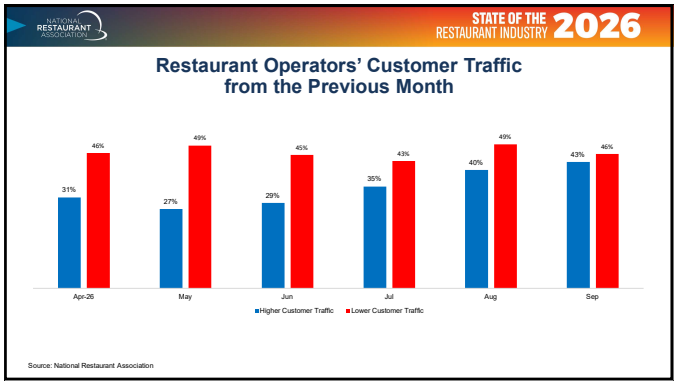
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STATE OF THE RESTAURANT INDUSTRY 2026
Restaurant Performance Index
Values Above 100 = Expansion, Values Below 100 = Contraction
108
106
104
102
100
98
96
94
04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26
Source: National Restaurant Association

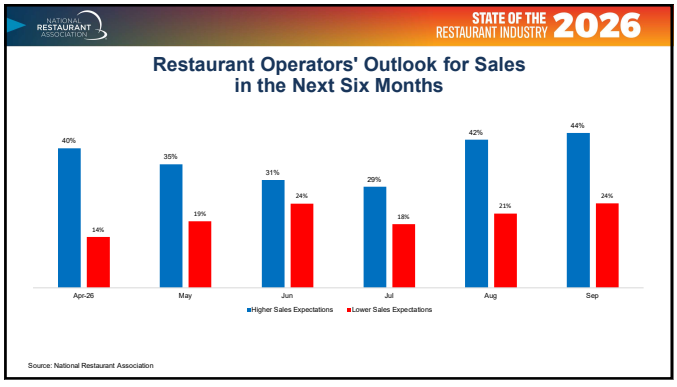
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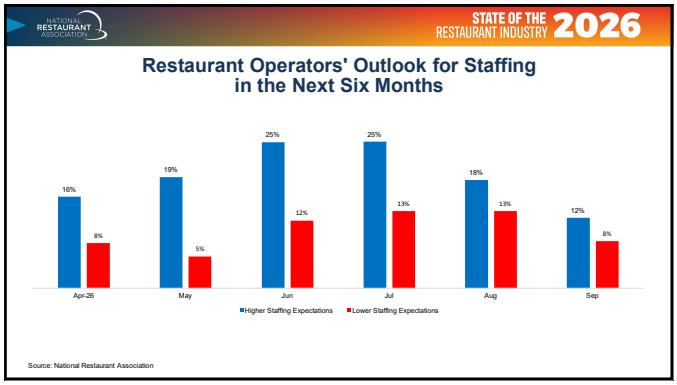


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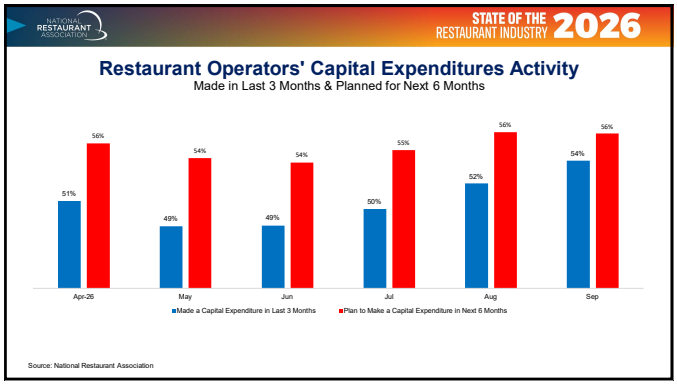


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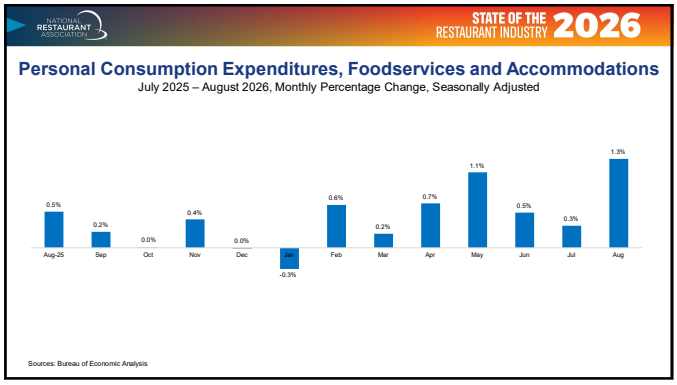
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NATIONAL RESTAURANT ASSOCIATION
STATE OF THE RESTAURANT INDUSTRY 2026
Restaurant Operators' Outlook for Staffing in the Next Six Months
16%
8%
19%
5%
25%
12%
25%
13%
18%
13%
12%
8%
Apr-26
May
Jun
Jul
Aug
Sep
Higher Staffing Expectations
Lower Staffing Expectations
Source: National Restaurant Association

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NATIONAL RESTAURANT ASSOCIATION
STATE OF THE RESTAURANT INDUSTRY 2026
Restaurant Operators' Capital Expenditures Activity
Made in Last 3 Months & Planned for Next 6 Months
51%
56%
49%
54%
49%
54%
50%
55%
52%
56%
54%
56%
Apr-26
May
Jun
Jul
Aug
Sep
Made a Capital Expenditure in Last 3 Months
Plan to Make a Capital Expenditure in Next 6 Months
Source: National Restaurant Association

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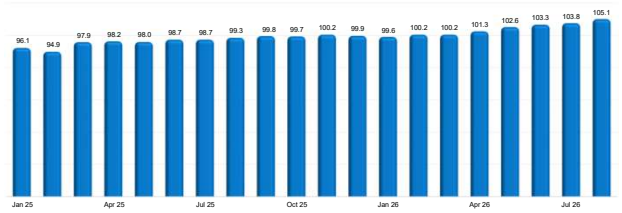

NATIONAL RESTAURANT ASSOCIATION
STATE OF THE RESTAURANT INDUSTRY 2026
Personal Consumption Expenditures, Foodservices and Accommodations
July 2025 – August 2026, Monthly Percentage Change, Seasonally Adjusted
0.5%
0.2%
0.0%
0.4%
0.0%
-0.3%
0.6%
0.2%
0.7%
1.1%
0.5%
0.3%
1.3%
Aug-25
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sources: Bureau of Economic Analysis

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STATE OF THE RESTAURANT INDUSTRY 2026

Restaurant Sales Have Risen for 5 Straight Months, up 1.2% in August

Seasonally-adjusted Monthly Sales at Eating and Drinking Places (in billions)



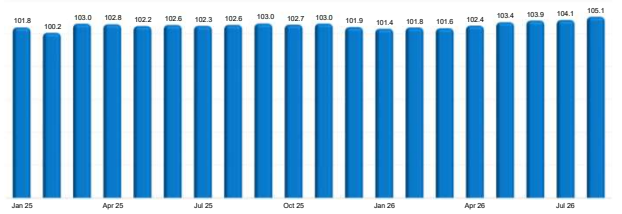
Sources: U.S. Census Bureau

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STATE OF THE RESTAURANT INDUSTRY 2026

Real Restaurant Sales Have Risen 2.4% Year-Over-Year in August

Inflation-adjusted Monthly Sales at Eating and Drinking Places (in billions of July 2026 dollars)



Source: U.S. Census Bureau

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STATE OF THE RESTAURANT INDUSTRY 2026

Traffic and Sales Growth by Restaurant Segment

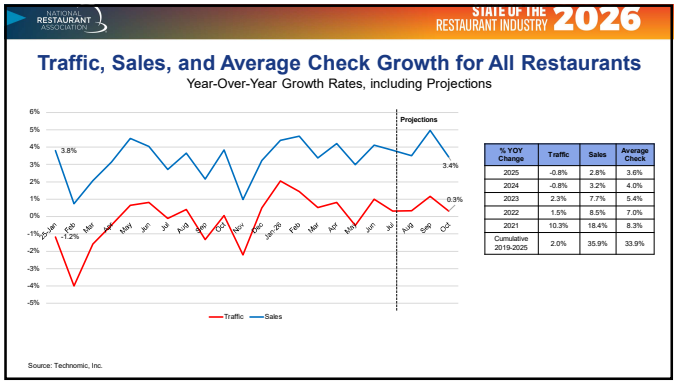
Year-Over-Year Growth Rates, including Projections

	Sales				Traffic			
Segment	July 2026	Aug 2026 (p)	Sept 2026 (p)	Oct 2026 (p)	July 2026	Aug 2026 (p)	Sept 2026 (p)	Oct 2026 (p)
Quick Service	3.5%	3.8%	4.6%	3.5%	0.0%	0.3%	0.9%	0.3%
Fast Casual	6.4%	4.9%	7.4%	4.5%	2.9%	2.0%	4.1%	1.9%
Casual Dining	3.2%	2.3%	4.3%	2.7%	-1.8%	-2.2%	-1.6%	-2.1%
Midscale	0.4%	-2.1%	3.2%	-0.4%	-3.0%	-5.1%	-2.2%	-4.7%
Fine Dining	2.1%	1.6%	1.7%	1.5%	1.4%	1.1%	1.0%	1.2%
Total	**3.8%**	**3.5%**	**5.0%**	**3.4%**	**0.3%**	**0.3%**	**1.2%**	**0.3%**

(p) Preliminary Estimates
Source: Technomic, Inc.

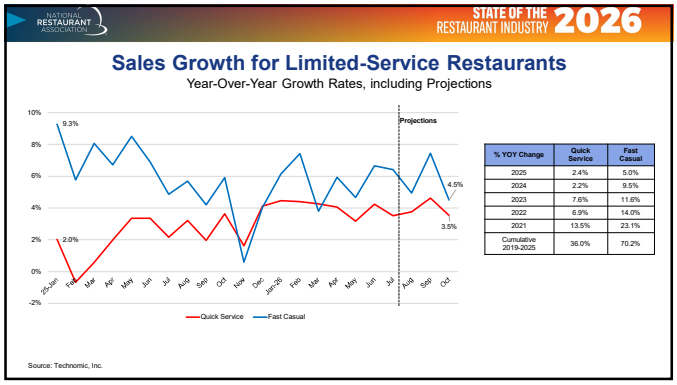
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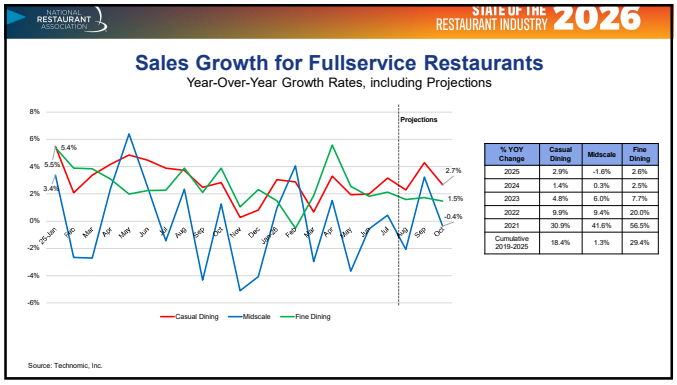
% YOY Change	Traffic	Sales	Average Check
2025	-0.8%	2.8%	3.6%
2024	-0.8%	3.2%	4.0%
2023	2.3%	7.7%	5.4%
2022	1.5%	8.5%	7.0%
2021	10.3%	18.4%	8.3%
Cumulative 2019-2025	2.0%	35.9%	33.9%

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% YOY Change	Quick Service	Fast Casual
2025	2.4%	5.0%
2024	2.2%	9.5%
2023	7.6%	11.6%
2022	6.9%	14.0%
2021	13.5%	23.1%
Cumulative 2019-2025	36.0%	70.2%

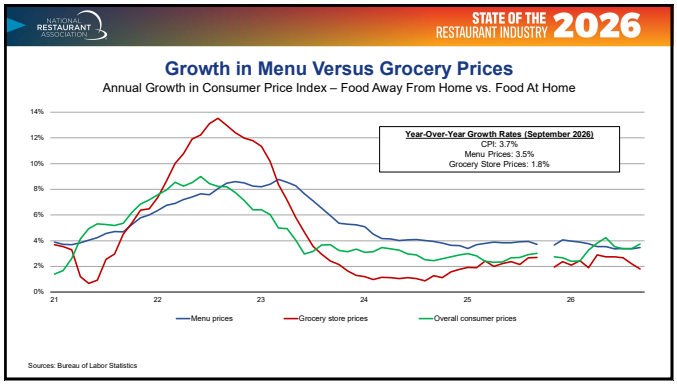
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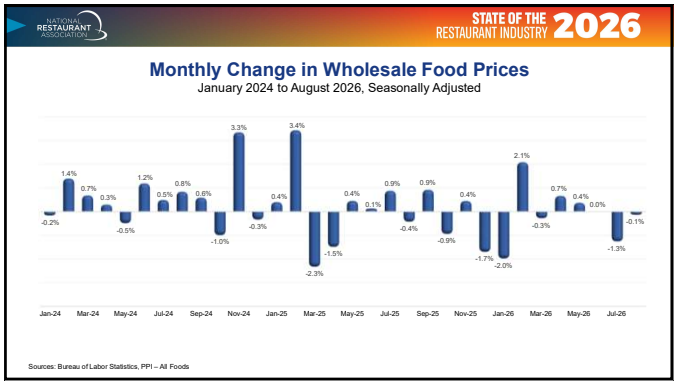
% YOY Change	Casual Dining	Midscale	Fine Dining
2025	2.9%	-1.6%	2.6%
2024	1.4%	0.3%	2.5%
2023	4.8%	6.0%	7.7%
2022	9.9%	9.4%	20.0%
2021	30.9%	41.6%	56.5%
Cumulative 2019-2025	18.4%	1.3%	29.4%

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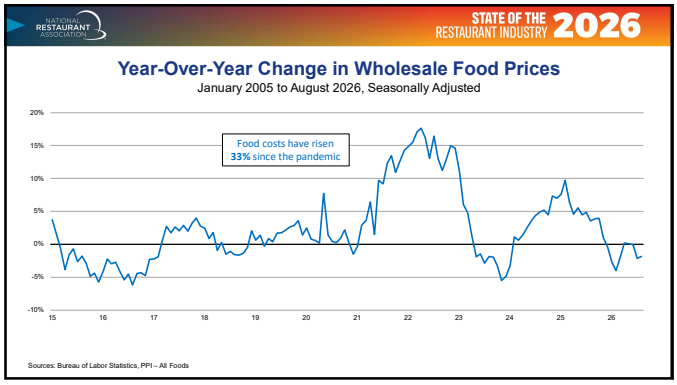
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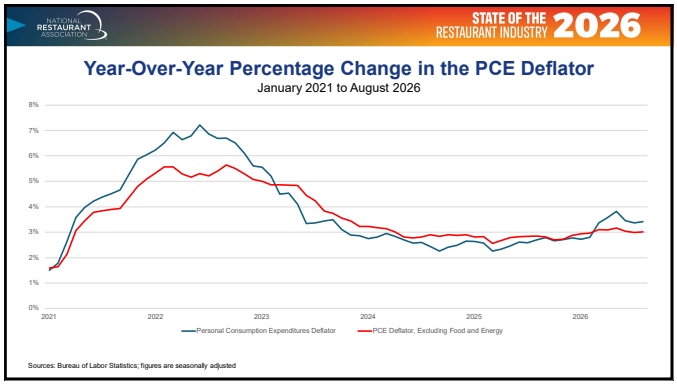


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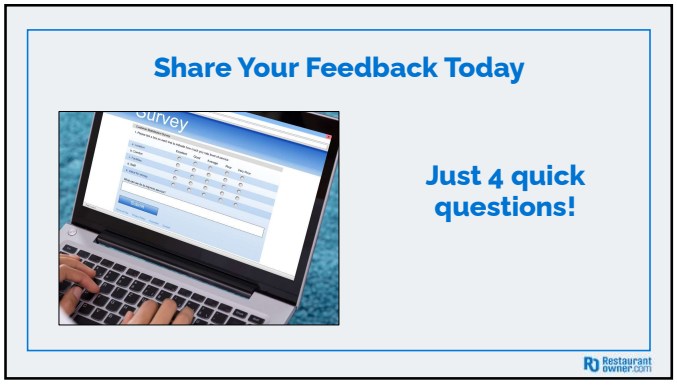
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October 22, 2026

RO Quick-fire Q&A:
Rapid-fire Answers, Fresh Features & New Content



Kelli Laube
Hospitality Trainer



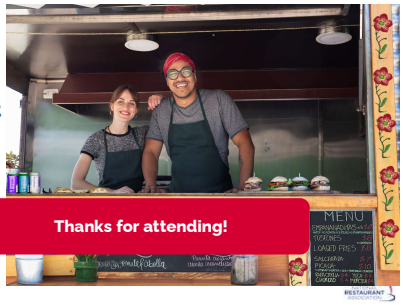
Patricia Estevez Luque
Client Success Manager



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