COMPASS™
RESTAURANT CONSULTING & RESEARCH

OCTOBER 2026 RESTAURANT INDUSTRY SUMMARY

			OCTOBER 2026	SEPTEMBER 2026	AUGUST 2026
I	**INDUSTRY SALES**				
	BLACK BOX	QSR	0.8%	N/A at Publication	N/A at Publication
		FAST CASUAL	1.1%	N/A at Publication	N/A at Publication
		CASUAL DINING	3.3%	N/A at Publication	N/A at Publication
	NRA	SALES	54.0%	51.0%	47.0%
		TRAFFIC	42.0%	43.0%	49.0%
	TOTAL REST IND	SALES	92.9 Billion	105.1 Billion	103.6 Billion
II	**RESTAURANT INDUSTRY ECONOMIC INDICATORS**				
	RESTAURANT PERFORMANCE INDEX		100.7	100.60	100.3
	OPERATOR CONFIDENCE (economy)		20.0%	44.0%	14.0%
	WHOLESALE FOOD PRICES FOOD COSTS		(0.6)	(1.3)	(1.2)
	AVG FOOD COSTS		36.75%	36.70%	36.50%
	AVG HRLY WAGE (Inc. Benefits)		$31.98	$ 31.95	$31.82
	REST IND EMPLOYMENT		98.0%	101.2%	96.0%
	PLANNED CAPITAL EXPENITURES		54.0%	54.0%	53.0%
	OPERATOR SALES OUTLOOK +/-		51.0%	54.0%	52.0%
	NFIB SURVEY INDEX		97.9	98.7	99.8
III	**LEAD Leading Economic Indicator**				
	LEI Index		99.6%	99.5%	99.5%
	CPI (Inflation Rate)		3.7%	3.4%	3.4%
	FOOD AWAY FROM HOME		3.5%	3.4%	3.4%
	FOOD AT HOME		1.8%	2.2%	2.7%
	GASOLINE PRICES		$4.17	$4.44	$4.41
	MORTGAGE RATE		7.47%	7.37%	6.71%
	PPI		1.3%	0.5%	0.3%
	PCE		3.6%	3.4%	3.4%
IV	**LABOR NEWS**				
	Unemployment Rate - U3		4.0%	4.1%	4.1%
	Unemployment Rate - U6		7.3%	7.7%	7.7%
	Restaurant. Staffing Level		96.0%	93.2%	92.0%
V	**CONSUMER**				
	SENTIMENT		48.0	48.1	51.7
	CONFIDENCE		91.7	81.9	89.4
	TOP 3 CONCERNS - OPERATORS		96% Economy	95% Inflation/Economy	96% Inflation/Economy
			88% Elections	95% Growing Traffic	93% Declining Traffic
			85% Margins	90% Labor Issues	90% Shrinking Margins

SHARING SOME SALES INFORMATION FROM KALINOWSKI EQUITY RESEARCH:

A. "Growth in Spending Rate in September 2026 7.0%, in August 5.8%, July 5.2%, with September being the best month thus far this year. That said, our channel checks suggest that SSS growth for many restaurant chains were fairly anemic during September, so perhaps the relatively overall growth was driven mostly by independants." We find this to be a most reliable source for September sales.

B. Kalinowski Restaurant Index QTR-3, 2026 by segment:

Casual Dining	4.2%	QSR Burger	(0.7%)
Family Dining	1.5%	QSR Other	(1.7%)
Fine Dining	1.4%	QSR Piizza	(1.8%)

Total Restaurant Industry Index 1.1% for QTR-3, 2026

BLACKBOX INTELLIGENCE SEPTEMBER SALES:

- **QSR = 0.8%** **FAST CASUAL = 1.1%** **CASUAL DINING = 3.3%**
  Overall, restaurant sales slowed down in September. The primary causes were weaker lower and middle income demand and lack of appealing value offerings. Looking forward, restaurants face easier comparisons in QTR-4.
- According to the most current consensus report, the majority of restaurant chains are forecast to be positive and ahead of QTR-3 estimates.
- National Restaurant Association recorded SSS growth softer than yearly average due to significant increase in gasoline prices.

OUR TAKE ON SEPTEMBER SALES:

- Sales were softer due to less discrimanatory income; especially the middle and lower income demographics plus the less appealing "value" offerings of most concepts. While the companies viewed their "value" offerings as attractive, consumers did not percieve the value offerings as not worth the money; thus no real value.

RESTAURANT INDUSTRY OPERATOR HEADLINES:

- **OPERATOR CONFIDENCE:** Dropped significantly, primarily driven by majority viewing negative about future business conditions.
- **NFIB SMALL BUSINESS SURVEY:** Optimism Index was 97.9; down 0.8 points. This was driven by percieved worsening business conditions.
- **SOME NOTABLE COMMENTS BY OPERATORS:**
  - "High fuel costs are hurting business, both in products we receive and our food delivery business."
  - "This is the worst business climate I've seen in 34 years as an operator."
  - "Tariffs were having a major impact on the economy; both on cost of goods and retail items as well."

RESTAURANT INDUSTRY ECONOMIC HEADLINES:

- **LEADING ECONOMIC INDEX** rose slightly in September. The LEI grew 0.6% in the last six months; a reversal from its decline of 1.1% over the previous six months. The slight growth suggests the economy is growing and will continue to grow, but it is becoming less dependant upon the consumer spending and more dependant on business investments.
- **BEIGE BOOK:** The Federal Reserves Monthly Beige Book Summary Report supported slight growth in the economy being driven by growth from manufacturing firms.
- **A DEEPER LOOK INTO THE BUREAU OF LABOR STATISTICS REPORT** shows inflation has been eating up wage gains for the last several months. This tends to help explain consumers' pain as their pay is not keeping up with inflation.
- **CPI:** Inflation rate rose in September to 3.7%.
- **PPI:** Final demand YOY rose 1.3% up 0.8% over August YOY.
- **PCE:** 3.6% up 0.2% over August.
- **MORTGAGE RATE** rose to 7.47%.

RESTAURANT INDUSTRY CONSUMER HEADLINES:

- **MICHIGAN SENTIMENT SURVEY** for October was down 0.1% to 48.0% driven primarily by consumers declining purchasing power (things less affordable).
- **CONSUMER CONFIDENCE SURVEY** rose 7.5 points in October to 91.7 driven primarily by improved perceptions of current and expected business conditions.
- **BANK OF AMERICA – CONSUMER CHECKPOINT (covering September data):**
  - Found consumer spending remained very solid in September.
  - Spending shows considerable strength across all income levels indicating a recovery of lower and middle income spending growth.

RESTAURANT INDUSTRY GENERAL NEWS HEADLINES:

- **SEVERAL QSR CHAINS ARE EXPANDING AI AT DRIVE THRU**.
- **RECENT TECHNOMICS STUDY** found Combo Meals are more popular than ever due to: consistant offerings, clear value, ease of ordering.
- **RECENT SURVEY BY E4-PARTHENON** shows 21% of US adults have tried GLP-1; up from 8% in 2024. GLP-1 users are changing how they eat (with 61% eating fewer sweets, 57% reducing salty snacks, also choosing more healthy foods.)
- **CONVENIENCE STORE NEWS** – Recent studies confirm C-Stores are among the Food Away From Home dollars. 39% of C-Stores gross profit comes from food service compared to 28% last year.

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