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Inflation pushed real U.S. restaurant sales down 0.3% in October

Nominal sales rose 0.2% to $92.9 billion, extending a nine-month streak fueled by higher menu prices

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U.S. restaurant and bar sales rose again in October, but the gain was fully tied to higher menu prices, leaving spending weaker after adjusting for inflation.

Eating and drinking places posted $92.9 billion in seasonally adjusted sales in October, according to preliminary U.S. Census Bureau data cited in a November 17 report from the National Restaurant Association. That was up 0.2% from September's downwardly revised $92.7 billion.

The October increase marked the ninth straight monthly gain for the sector, the association said. It was the longest run of monthly sales growth since the pandemic recovery began. On a year-over-year basis, sales were 7.0% higher than in October 2025, which the group said was the strongest 12-month increase since 2023.

But the headline increase did not translate into real growth for the month. The Consumer Price Index for food away from home rose 0.5% in October, more than the 0.2% increase in restaurant and bar sales. Based on that comparison, inflation-adjusted sales fell 0.3% from September.

Even with that monthly decline in real terms, the broader trend remained stronger than it was earlier in the recovery. After adjusting for menu-price inflation, sales at eating and drinking places were up 3.2% from October 2025 to October 2026. The association said that matched September as the strongest 12-month real sales gain in nearly four years.

The report pointed to the labor market as a central support for restaurant demand. More than 400,000 jobs were added across the U.S. economy over the previous three months, it said, giving households more capacity to spend on discretionary items such as restaurant meals. That strength has helped sustain traffic and sales even as consumers continue to face elevated prices.

At the same time, the industry group said the outlook for consumers remains mixed. It said stronger job growth could support additional spending in coming months, and lower gasoline prices could provide some relief if the decline continues. But it also warned that wages have recently failed to keep pace with prices, pushing many consumers to draw on savings to maintain spending. The recent drop in the stock market is another risk, especially for higher-income households that have continued to account for much of the growth in spending.

Restaurant and bar sales moved in line with broader retail activity in October. Overall U.S. retail sales also rose 0.2% during the month, according to the same Census Bureau data. Behind that flat headline comparison, spending patterns differed sharply across categories.

Gasoline stations posted one of the biggest gains, with sales up 1.5% as pump prices stayed elevated in October. Health and personal care stores also rose 1.5%, while non-store retailers increased 1.2%. In contrast, home furnishing stores recorded a 2.3% decline. Sales also fell 1.6% at motor vehicle and parts dealers, 0.7% at sporting goods and hobby stores, and 0.7% at clothing stores.

The data matter beyond restaurant operators because eating and drinking places are the main component of the broader restaurant and foodservice industry, accounting for about 72% of total sector sales, according to the association. For beverage companies and distributors, changes in real spending at bars and restaurants can offer a useful signal about potential demand in the on-premise channel, including purchases of beer, wine and spirits, even when nominal sales continue to rise.

The October figures suggest that consumers are still spending in restaurants and bars, but that some of the apparent strength reflects pricing rather than larger volumes. That distinction is likely to remain important for operators and suppliers as they gauge whether recent sales momentum can continue through the end of the year.