# Restaurants expect better days ahead in 2025

Article

**The reason for optimism:** Green shoots have begun to appear across the restaurant industry.

- Traffic to fast food restaurants grew 2.8% YoY in October, per Revenue Management Solutions data reported in CNBC.

- That data dovetails with anecdotal reports from companies like **Restaurant Brands International**, which noted during its Q3 earnings call that business accelerated in October thanks to low-single-digit consolidated comparable sales growth led by improvements at **Burger King** and **Popeyes**.
- Restaurant valuations are also rising, which could lead to a wave of IPOs from companies like **Panera** and **Dunkin**' parent **Inspire Brands**.

The industry also received a welcome bit of news in mid-November, when the US District Court in the Eastern District of Texas overturned the Labor Department's changes to overtime regulations. That rule would have eaten into restaurant owners' margins by increasing the overtime threshold to include all employees making up to $58,656 annually.

**A change of pace:** 2024 was a rough year for the restaurant industry—especially for mid-tier restaurants and fast food chains—as consumers across the income spectrum ate out less.

- The phenomenon was particularly pronounced among lower-income households. Roughly 2 in 5 (41%) households that earn less than $50,000 get dinner at fast-food restaurants less often, 43% have dinner at sit-down restaurants less often, and 35% order takeout or delivery less often, per Ipsos.
- The challenging landscape drove prominent chains like **Denny's** and **TGI Friday's** to close locations, and many others—including **World of Beer**, **Red Lobster**, and **Buca di Beppo**—filed for bankruptcy.

**Our take:** While restaurant chains see brighter skies ahead, they aren't out of the shadows just yet. The Trump administration's mass deportation policy could hurt their labor supply and increase the cost of their ingredients.

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