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Economy

Restaurants: What's cooking in consumer spending?

24 August 2026

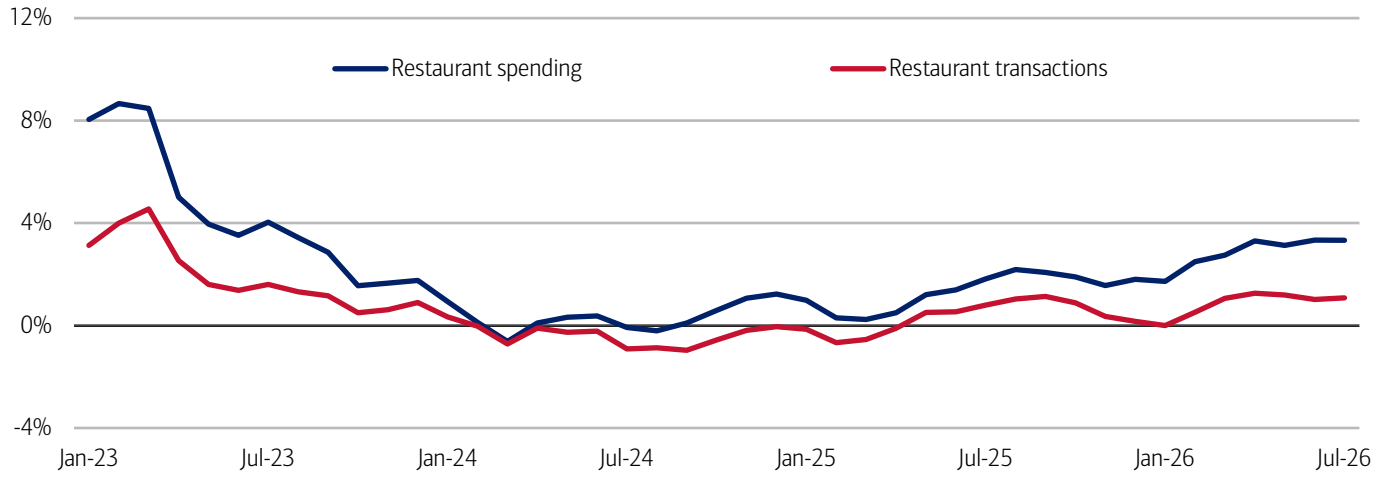
Key takeaways

- Americans are dining out again, according to Bank of America card data. Restaurant spending and transaction growth have both improved meaningfully in 2026. Some consumer food spend also appears to be shifting from grocery stores to restaurants, helped by easing restaurant inflation, trade-offs in the grocery space, and faster after-tax wage growth than a year ago.
- The restaurant recovery is being led by younger and lower-income consumers, supported by improving wage growth, according to Bank of America internal data. Lower-income households are now posting the fastest restaurant spending growth among income groups, while Gen Z leads all generations by a wide margin.
- Consumers are favoring local restaurants over large chains, according to Bank of America card data. Despite accelerating restaurant spending, some national chains are not fully participating in the rebound. Spending growth appears strongest at independent restaurants, regional operators and other non-chain establishments.

Restaurant spending is improving in 2026

Restaurant spending accelerated through July 2026, according to Bank of America aggregated credit and debit card data (Exhibit 1). Spending rose 3.3% year-over-year (YoY) in July, up from 1.8% in July 2025 and a -0.1% decline in July 2024. Transactions are also starting to grow again, up 1.1% YoY– an upgrade from the 0.8% a year ago and the -0.9% decline two years ago. Taken together, this implies that restaurant spending growth is not just a price story. Higher prices are part of the picture, but the return to positive transaction growth suggests consumer engagement is improving too, with more consumers dining out and some consumers possibly dining out more often.

Exhibit 1: Restaurant spending and transaction growth has improved in 2026 versus 2025
Restaurant spending and transactions (three-month moving average, YoY%, seasonally adjusted (SA))



Source: Bank of America internal data

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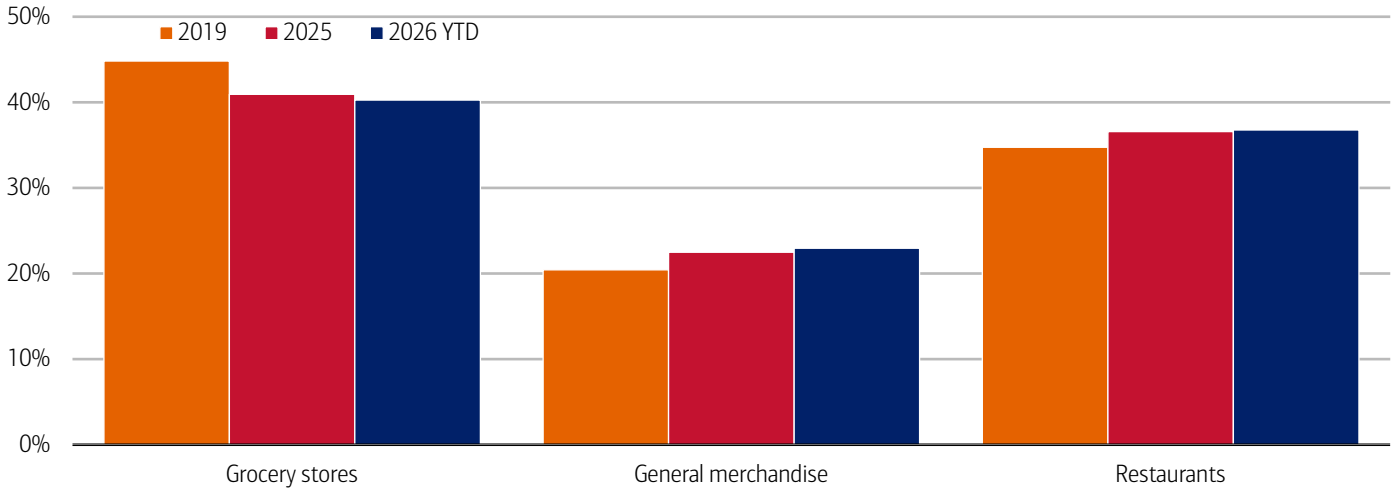
In our view, consumers are moving some of their food spending from grocery stores to restaurants. Using Bank of America card data for general merchandise (big box stores and wholesalers), grocery stores and restaurants, we find that the spending share has increased for general merchandise and restaurants both YoY and relative to pre-pandemic levels (Exhibit 2). Conversely, the spending share for grocery stores has declined across both periods.

Exhibit 2: Consumers seem to be shifting some of their grocery spending to restaurants
Share of food spending by type of retailer (yearly, %, SA)



Source: Bank of America internal data
Note: YTD = year to date

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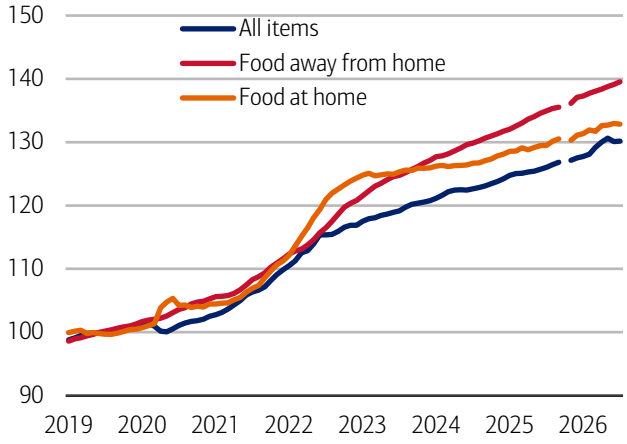
Easing restaurant inflation and stronger wage growth may be encouraging consumers to dine out

One reason for the shift in spending may be changing inflation dynamics. Consumer Price Index (CPI) inflation data from the Bureau of Labor Statistics (BLS) shows that restaurant prices (food away from home) have risen faster than grocery prices (food at home) and overall inflation (all items) compared to pre-pandemic levels (Exhibit 3). However, while restaurant price growth is still stronger than grocery and overall inflation, it has eased over the past year, while the latter continued to accelerate in July 2026 compared to the previous year (Exhibit 4).

While overall grocery prices continue to rise, some items, such as chicken and eggs, are falling in price. This gives consumers greater scope to substitute one item for another to save money. Bank of America internal data also suggests some consumers may also be trading down to discount/value grocers or store-brand items to offset price increases (read more in The rise of value).

Exhibit 3: Restaurant inflation has grown faster than overall inflation and grocery inflation compared to 2019
CPI inflation data overall and for select food categories (monthly, index 2019 = 100)



Source: BLS
Note: October 2025 data not available due to government shutdown.

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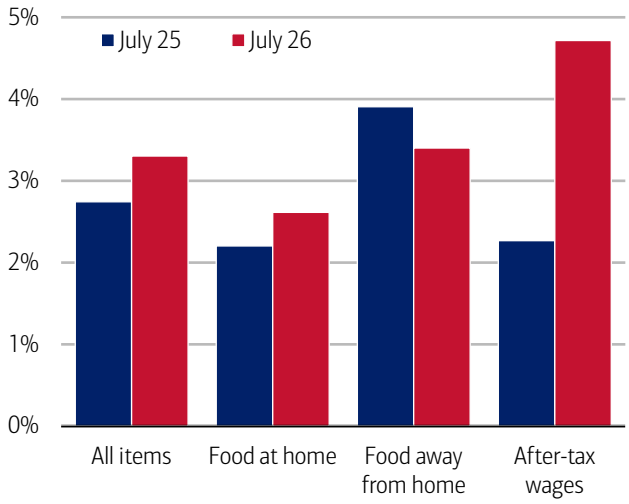
Exhibit 4: Restaurant price growth has cooled over the past year
CPI inflation data overall (all items) and for select food categories (monthly, YoY%) and after-tax wage growth (three-month moving average, YoY%)



Source: BLS, Bank of America internal data

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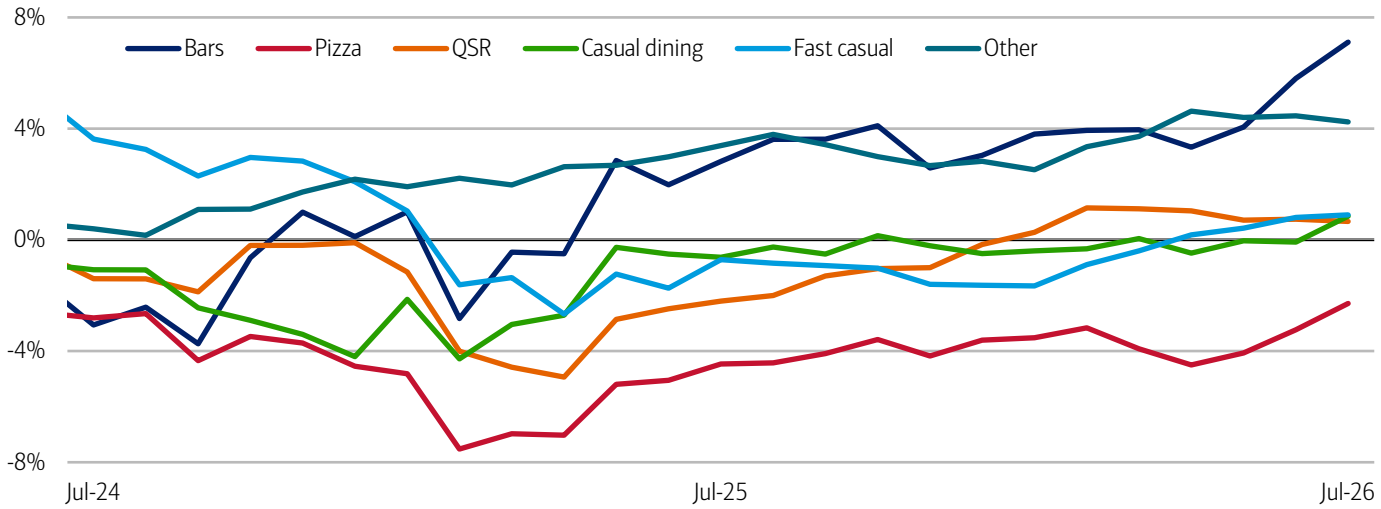
Another supportive factor in Bank of America deposit account data shows a sharp acceleration in after-tax wage growth. This suggests some consumers are also able to out-earn many cost increases, freeing up budgets for more discretionary purchases like dining out (read more in Regional roundup: Shifts in spending).

Independent restaurants appear to be outperforming large chains

Bank of America card data shows that not all restaurant types are benefiting equally. Overall restaurant spending growth is outpacing that of chains across multiple types of restaurant categories in July (e.g., pizza joints, quick service restaurants (QSR), casual dining and fast casual) (Exhibit 5). While bar spending is growing faster than all other categories, it accounts for only a small share of total restaurant spending and is therefore unlikely to be a major driver of overall growth.

This suggests to us that "other" restaurant spending – like spending at regional and/or local chains and independent mom-and-pop restaurants – which account for the majority of restaurant spending, is likely outperforming larger national chains. Also in this category is delivery services, which could also be experiencing stronger spending than some of the other categories.

Exhibit 5: Overall restaurant spending is outpacing many larger national chains
Spending by type of restaurant and overall (three-month moving average, YoY%, non-seasonally adjusted (NSA))



Source: Bank of America internal data

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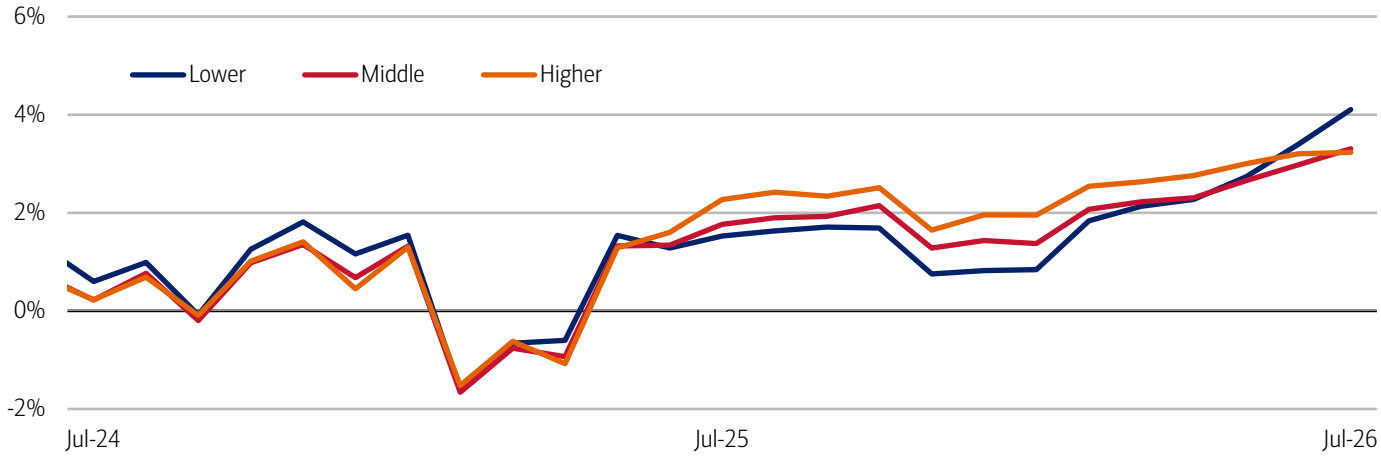
Lower earners lead restaurant spending growth in July 2026

In the past two months, lower-income households' spending at restaurants has overtaken that of other income cohorts, according to Bank of America card data (Exhibit 6). Lower earners' restaurant spending increased 4.1% YoY in July, the largest improvement over the past year compared to other income cohorts. Notably, middle and higher earners' spending also improved, up around 3.3% YoY, and all income groups are seeing the strongest restaurant spending growth in almost three years.

Exhibit 6: Lower-income households' spending at restaurants has grown faster than other income cohorts since June
Restaurant spending by household income tercile (three-month moving average, YoY%, NSA)



Source: Bank of America internal data

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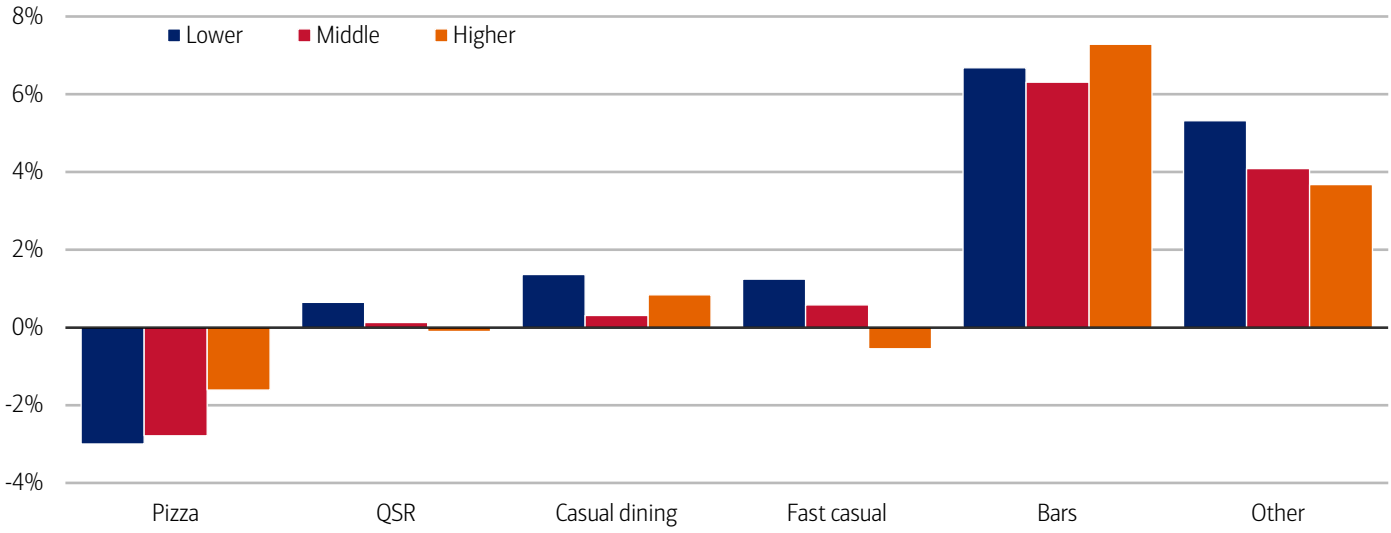
Looking across incomes and restaurant types, a few things stand out. First, spending at pizza chains declined across all income groups. Notably, lower-income households are increasing spending across all other restaurant types (Exhibit 7). For middle-income households, the pattern is mixed: up YoY for casual dining, fast casual and other, but more flat for QSR. Meanwhile, higher-income groups increased spending at casual dining and other types. However, their spending was flat at QSRs and down slightly at fast casual eateries.

Exhibit 7: Lower-income households' restaurant spending is growing faster than all other income cohorts for most chains and other types of restaurant spending

Spending by type of restaurant by household income tercile (84-day (three-month) moving average, YoY%, NSA)



Source: Bank of America internal data

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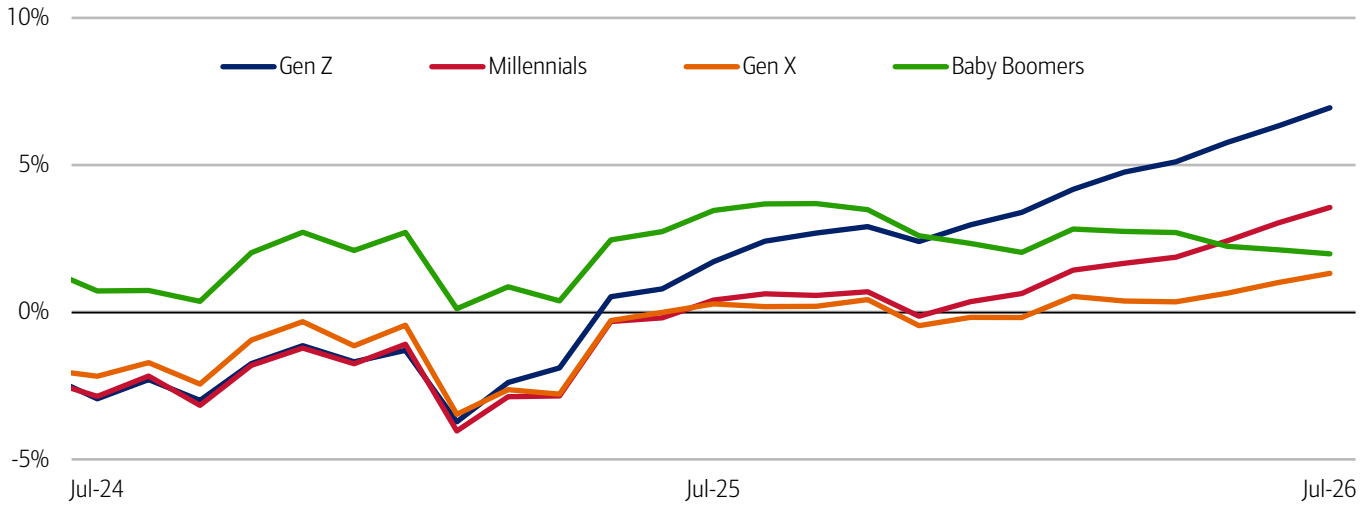
Gen Z leads restaurant spending growth, while Gen X trails

By age cohort, Gen Z recorded the fastest restaurant spending growth, up nearly 7% YoY in July, almost double the rate of Millennials, the next fastest-growing generation (Exhibit 8). Both younger generations registered considerably stronger growth than Gen X and Baby Boomers, of which the latter has experienced easing restaurant spending growth over much of the past year. In our view, the recent strength in restaurant spending across other generations may be due to faster growth in after-tax wages (read more in Consumer Checkpoint: The great convergence). By contrast, many Baby Boomers (the youngest of whom are 62 years old) are retired and therefore not benefiting from labor market improvements.

Exhibit 8: Gen Z's restaurant spending has outpaced all other generations since November 2025

Restaurant spending by age generation (three-month moving average, YoY%, NSA)



Source: Bank of America internal data

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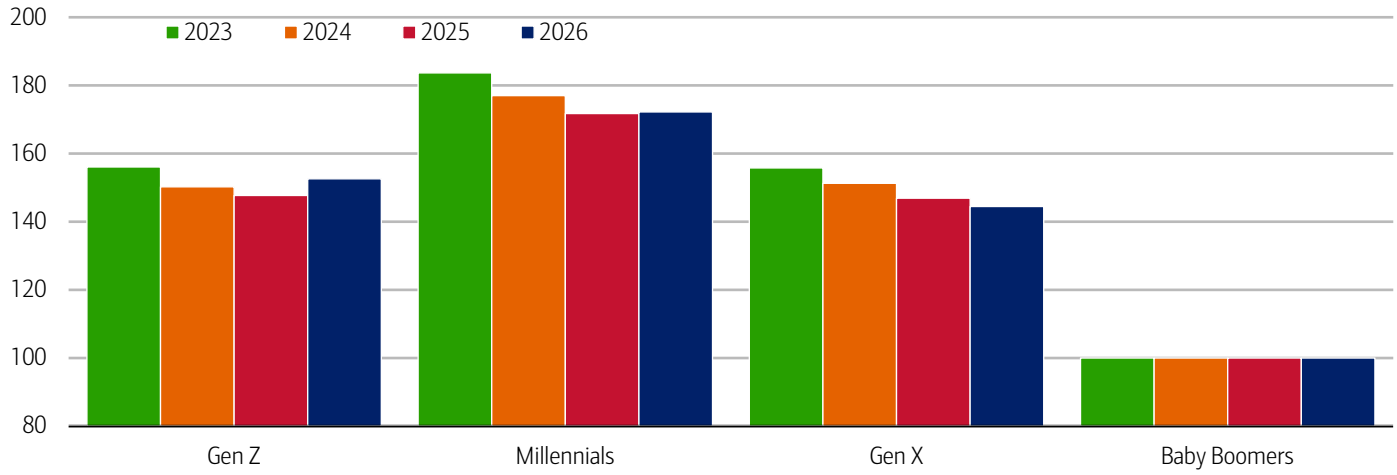
Additionally, Baby Boomers spend the least at restaurants on average, compared to younger generations (Exhibit 9). Millennials remain the highest spending generation, followed by Gen Z. However, Gen Z are closing the gap between the two generations.

Exhibit 9: Millennials spend the most per household on restaurants, followed by Gen Z then Gen X; Baby Boomers spend the least
Restaurant spending per household compared across age generations (six-month moving average to July, index Baby Boomers = 100 for each particular year)



Source: Bank of America internal data

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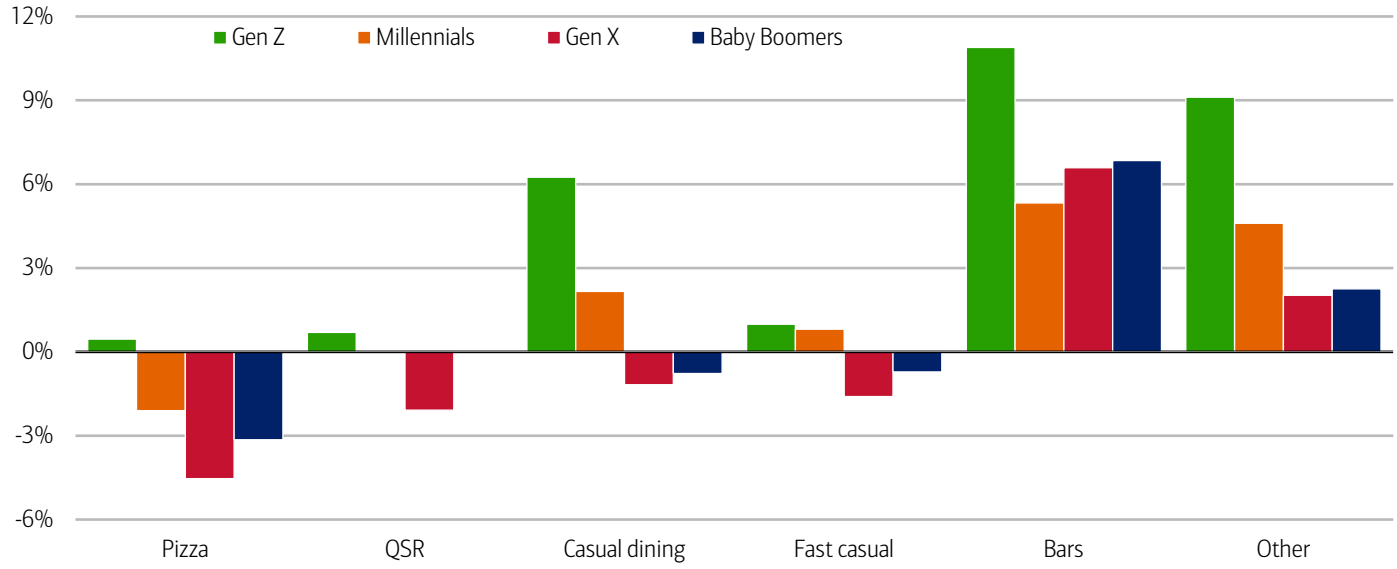
Also, Gen Z are the only generation to have increased spending across all restaurant types, according to Bank of America card data (Exhibit 10). Millennials increased spending in casual dining, fast casual restaurants and other types, but decreased spending at pizza chains. Meanwhile, Gen X and Baby Boomers have seen declines in spending at pizza, QSR, casual dining and fast casual restaurants.

Exhibit 10: Gen Z's restaurant spending is positive across all restaurant types
Spending by type of restaurant and by age generation (84-day (three-month) moving average, YoY%, NSA)



Source: Bank of America internal data

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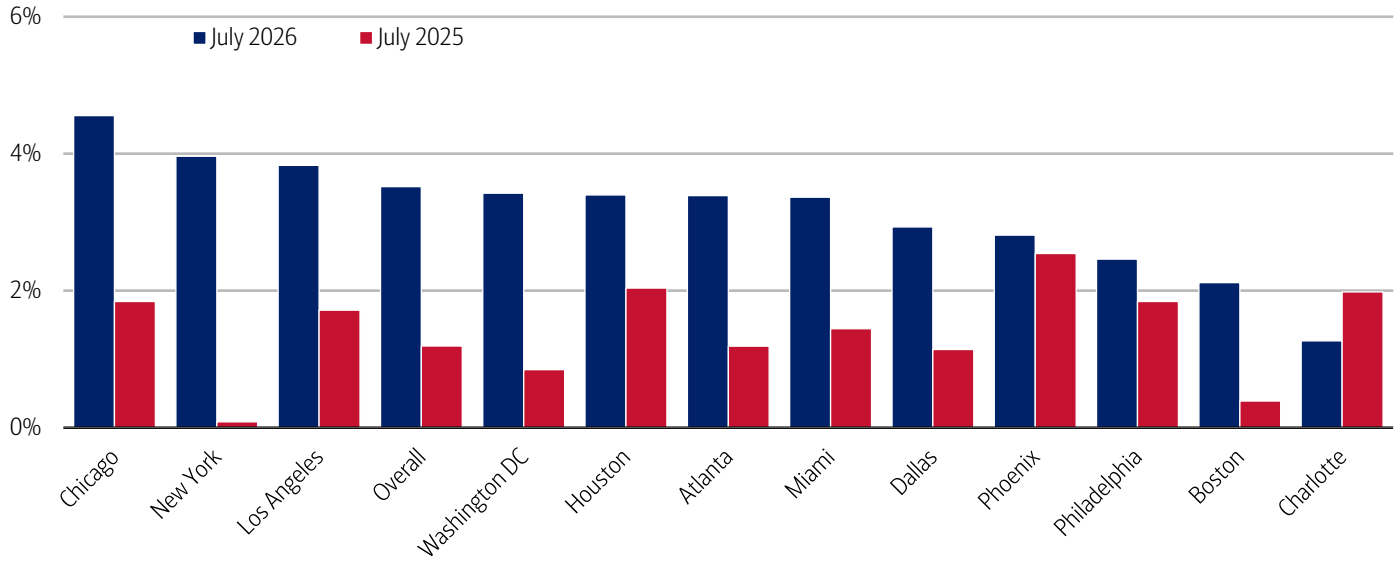
Chicago, New York City and Los Angeles are leading restaurant spending growth

Looking across major metropolitan statistical areas (MSAs), spending growth at restaurants has been strongest in Chicago, NYC and LA, all recording rates above the national average, according to Bank of America card data (Exhibit 11). Notably, spending growth accelerated in all of the major MSAs below except Charlotte, but has been more muted in Phoenix and Philadelphia, possibly owing to solid growth last year.

Exhibit 11: Most major MSAs are seeing restaurant spending accelerate in 2026
Restaurant spending growth by select MSAs and overall (84-day (three-month) moving average, YoY%)



Source: Bank of America internal data

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
3. Overall total card spending includes small business card spending while per household card spending does not.
4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to groceries, utilities, and gasoline. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Discretionary retail includes but is not limited to general merchandise, miscellaneous, clothing, electronics and furniture. It excludes categories like groceries and gasoline. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category. Value and premium grocers are determined judgmentally on a proprietary analysis of merchants by equity analysts.

Durables spending is defined as spending on electronics, building materials, auto-related spending and furniture. Premium durables spending is based on a selection of retailers who are judged to sell relatively higher value products. Conversely, value durables spending is based on a selection of retailers who are judged to sell relatively lower value products.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Generations, if discussed, are defined as follows: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; Traditionalists: pre-1946.

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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