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Texas Restaurant Association 'Sounds The Alarm' On State Of Foodservice Industry, Releases Q3 Economics Report

Amidst rising costs and tighter margins, the TRA highlights strategies to maximize efficiency and reinforce value

AUSTIN, TX (OCTOBER 31, 2025) - The Texas Restaurant Association has released its economics report for Q3, highlighting significant pain points for the state's largest private sector employer. The findings illustrate mounting pressure on an industry that continues to face higher costs, shrinking margins and softer consumer spending across different income levels and regions of the state. As restaurants prepare for a critical holiday season, the TRA is raising awareness of these challenges and sharing strategies that are helping restaurants defy the economic headwinds.

"Texas restaurants have spent months bracing for an economic slowdown, and last quarter's data confirms what many operators are feeling on the ground," Emily Williams Knight, Ed.D., president and CEO of the Texas Restaurant Association, said "We're sounding the alarm as rising food and labor costs continue to squeeze margins while consumer spending softens, especially among younger and middle-income diners. The result is an industry that remains resilient but under immense pressure as it works to protect jobs, keep prices fair and sustain local communities."

The Q3 report found that 88% of Texas restaurants reported higher food costs, and 66%

reported higher labor costs. At the same time, 52% saw traffic decrease.

The data also reflects the impact of tariffs and increased immigration enforcement activity. Only 10% of Texas restaurant operators reported that tariffs have not increased their costs on key purchases. And due to immigration enforcement activities this year, 19% of Texas restaurant operators indicated that they lost employees, while 23% reported fewer job applicants or acceptances and 19% saw customer traffic decrease. These disruptions compound ongoing workforce shortages and cost increases, further driving up prices for restaurants and consumers.

"Restaurants are battling an economic storm because the same cost pressures that are driving up their menu prices are also making it difficult for consumers to afford dining out," Kelsey Erickson Streufert, chief public affairs officer for the Texas Restaurant Association, said. "Public policy decisions around not only immigration and tariffs but also taxes and regulations all create new costs or relief for local businesses and the communities they serve. The TRA has delivered meaningful savings through legislative wins this year, and we will continue to advocate for the best possible business environment for every foodservice business."

Despite ongoing challenges, TRA members continue to see strength in private dining, catering, and high-income guest traffic. In addition to its advocacy work, the Association provides resources, education, and actionable information to help restaurateurs become more resilient, efficient operators. The Association is urging operators to reinforce value, build customer loyalty, and use TRA resources such as webinars and the annual Gift Experiences, Not Things campaign to drive year-end sales. With the holiday season approaching, now is the time to assess every part of the business for efficiency, ROI, and guest experience. For more information, please visit txrestaurant.org.

ABOUT THE TEXAS RESTAURANT ASSOCIATION

Formed in 1937, the Texas Restaurant Association serves as the advocate and indispensable resource for the foodservice industry in Texas. As a leading business association, the TRA represents the state's \$138 billion restaurant industry, which encompasses more than 57,000 locations and a workforce of over 1.4 million employees. Along with the Texas Restaurant Foundation, the workforce development arm of the TRA, the association proudly continues to protect, advance, and educate a growing industry as the TRA enters its 88th year. For more information, please visit www.txrestaurant.org.