



Vanishing Middle

The Decline of the Neighborhood Restaurant in the District of Columbia

Restaurant Association of Metropolitan Washington | April 2025

Rising Costs, Declining Traffic, Federal Actions Jeopardize Neighborhood Restaurants

Full-Service Casual Dining in Jeopardy

- 44% of District Full-Service Casual Restaurants Say Likely to Close in 2025

Customer Traffic and Sales Continue to Fall

- Nearly Half (47%) of DC Diners Are Eating Out Less Because of Higher Prices

Full-Service Job Cuts Deepen

- Entry-Level Positions Hit Hardest
- 50% of Workers Report Less Tips, Hours

Restaurants Under Pressure from Inflation, Federal Actions

- Mounting Concerns Over Diners' Price Fatigue (91%), Tariffs (82%), Credit Card Fees (77%), and End of Tip Credit (72%)

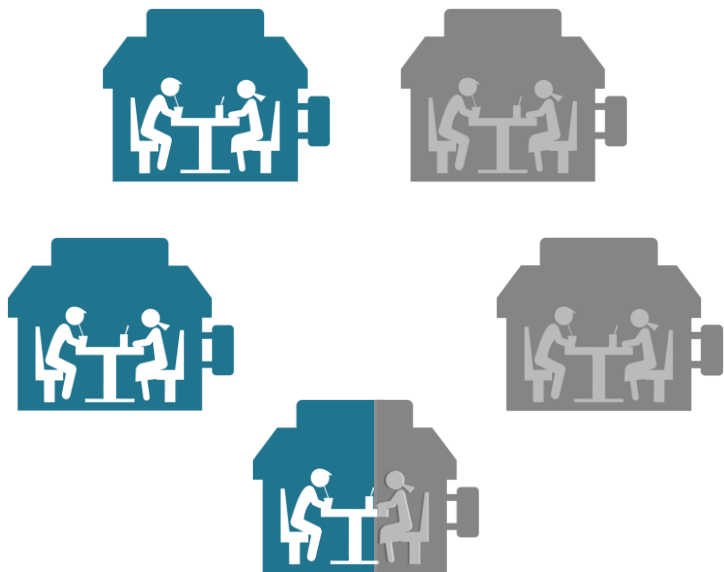
Forecasts Points to More Downturn

- DC CFO Projects Decline in Restaurant Sales from Federal Job Cuts
- Multiple Sources Point in Same Direction

More Than 2 in 5 DC Full-Service Casual Restaurants Say Likely to Close This Year

Full-Service Casual Dining in Jeopardy

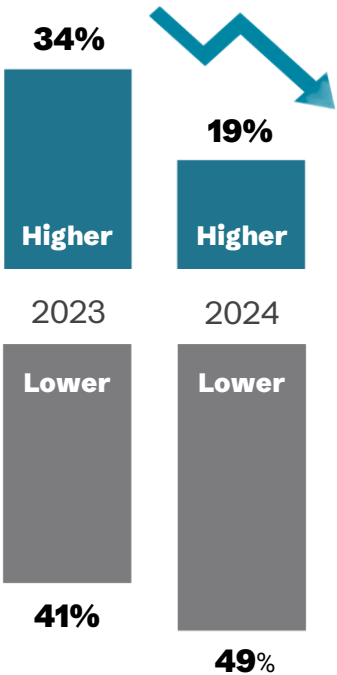
- 44% Say Likely to Close in 2025 (11% Very Likely, 33% Somewhat Likely)
 - Almost 3x Higher Than Fast Casual (15%) and 2x More Than Suburban Restaurants (23%)
 - Despite Raising Menu Prices, Costs Are Outpacing Revenue
 - Each Restaurant Closure Results in an Average of 27 Lost Jobs
- Vanishing Middle



Nearly Half of Restaurants Seeing Fewer Diners, Sales

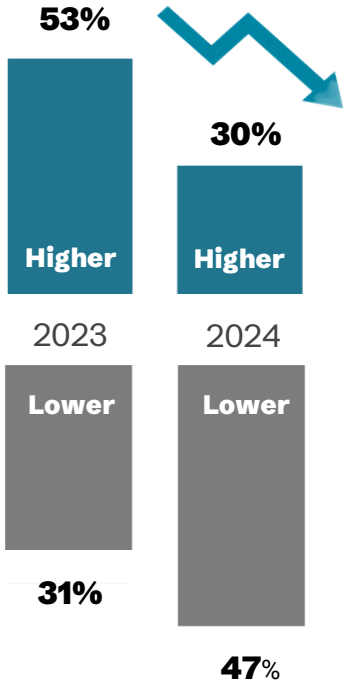
Traffic Slowdown

- 49% of Restaurants Saw Fewer Diners Than in Previous Year, up 20%



Declining Sales

- 47% of Restaurants Rang Up Fewer Sales Than in Previous Year, up 52%



Higher Prices Changing Diners' Behavior



47%

Of DC Residents Are Dining Out Less
Frequently Because of Higher Prices

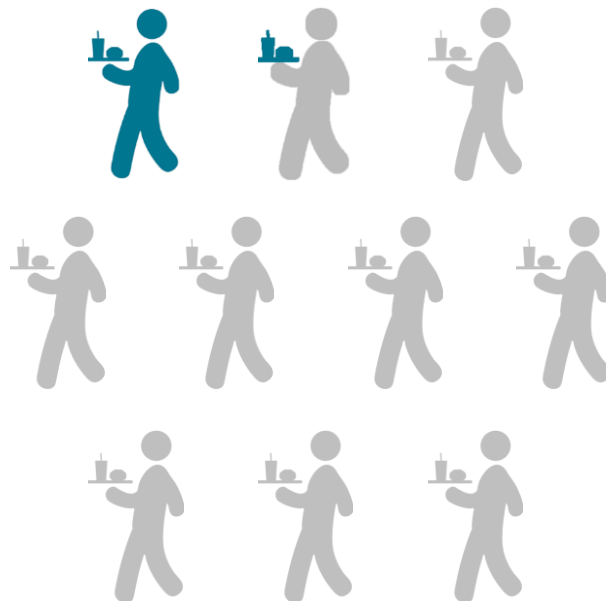
Rising Prices Are Leading District Residents to Cut Back On Restaurant Spending

- 46% Are More Likely to Choose Restaurants in Maryland and Virginia
- 32% Are Selecting Less Expensive Restaurants
- 31% Are Ordering Fewer Dishes per Visit
- 24% Are Skipping Alcoholic Drinks

85% of Full-Service Restaurants Expect More Staff Cuts

Job Cuts Deepen

- Nearly 9 in 10 DC Casual Full-Service Restaurants Expect Downsizing in 2025
- By Comparison, 5 in 10 DC Fast Casual and 6 in 10 outside DC Expect to Cut Hours)Full-Service Restaurant Job Cuts 3x Worse Than Fast Casual
- **Entry-Level Positions — Bussers, Hosts, and Runners — Hit Hardest:**
 - 82% of Restaurants Have Cut Their Hours
 - 43% Have Implemented Layoffs
 - 52% Have Stopped Hiring for These Jobs



Earnings from Tips Are Down



50%

Of Tipped Workers Saw a Decline in Tip
Earnings in 2024

Tipped Workers' Earnings Declining

- 56% Are Working Fewer Hours Than Previous Year
- 54% Say They or Someone They Know Has Been Laid Off
- 71% Report Reduced Customer Traffic Affect Tips
- 80% Do Not Support Elimination of Tip Credit

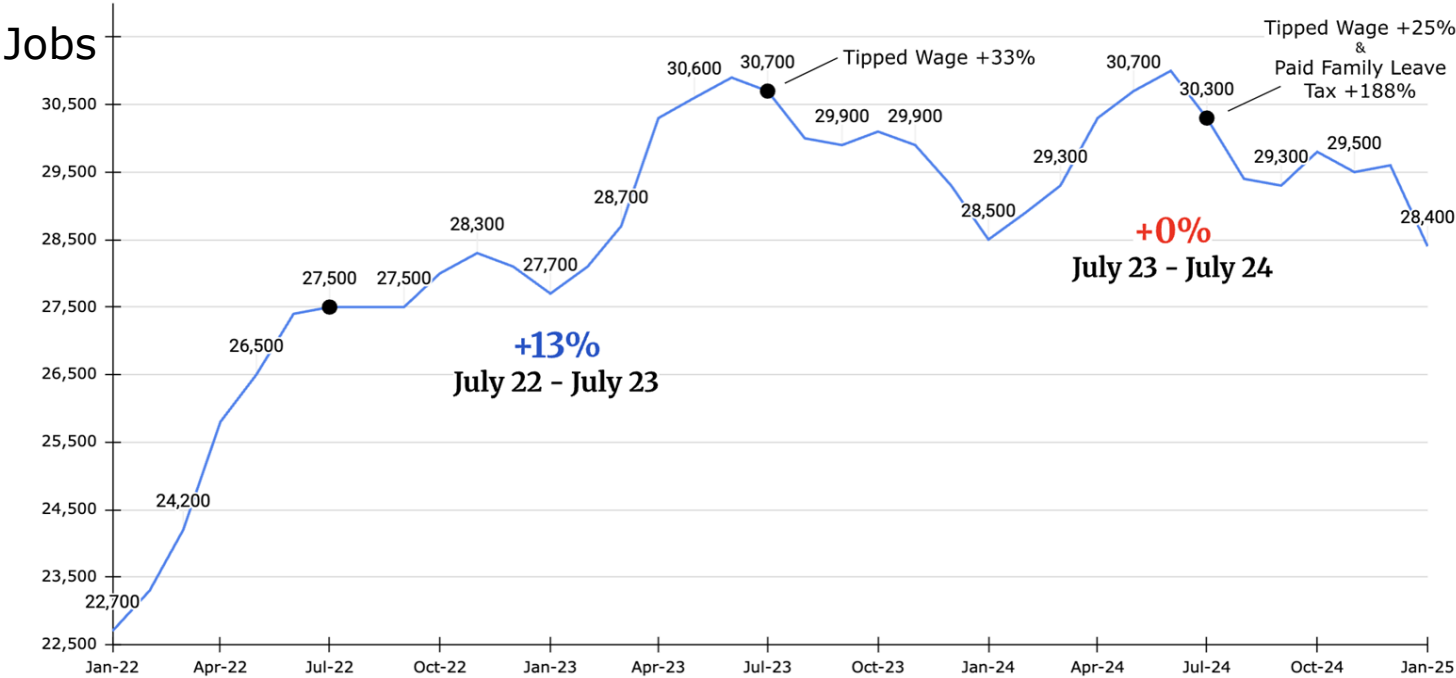
Tipped Workers Report Less Income, Hours



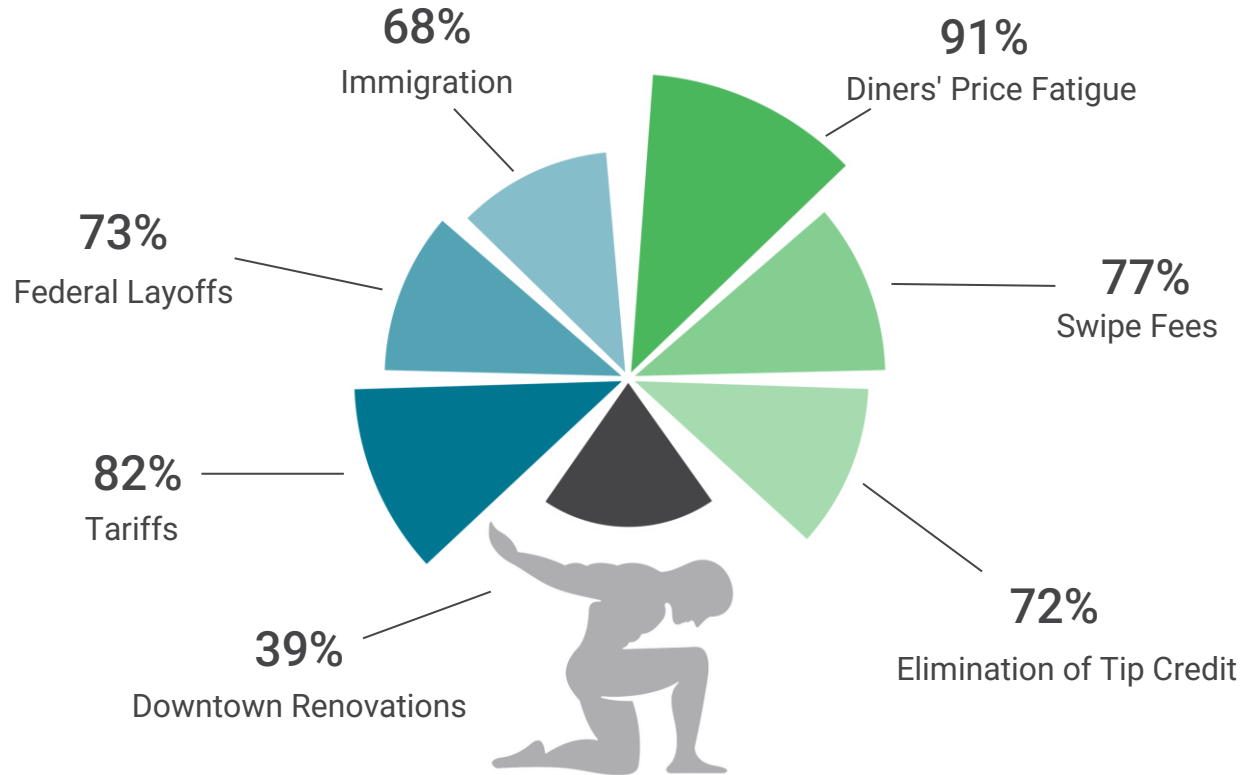
Since Initiative 82... the majority of people I know in this industry are earning less. The sharp increase in labor costs has forced small and mid-sized businesses to reduce hours, cut jobs, or close entirely.

— Val Torres

2022 - 2024: Full-Service Restaurant Job Growth Stalls Following Tipped Wage Increases



Under Pressure From Inflation, Federal Actions



Forecast Points to More Downturn

\$324M

**Amount DC Chief Financial Officer
Projects Federal Job Cuts Will Cut Tax
Revenues**

Restaurant Turnover Intensifies

- 51% of Restaurants Expect Conditions to Worsen in 2025
- The District's Restaurant Market Is Increasingly Volatile, with 155 Openings Against 73 Closures in 2024
- DC Forecasts 1% Decline in Restaurant Tax Revenue FY 2025 from Job Losses
- 687,000 Federal Workers in Greater Washington

Course Ahead Requires a Fundamental Reimagining of How We Support Local Restaurants

RAMW 2025 Legislative Agenda

- Repeal Initiative 82
- Roll Back Family Medical Leave Tax
- Cut Meals Tax
- Swipe Fee Reform
- Extend Cashless Protections to All Workers
- Build a Lasting Future for Streateries



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2025 Restaurant Report

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April 2025