

Masterrestaurant analysis of restaurant financial indicators 2026

By  **Diego F. Parra** · Updated 2026-07-17 · Costing & Finance

QUICK VERDICT

The indicator that decides whether a restaurant wins or loses is not food cost alone but **prime cost: food cost plus labor combined**. The National Restaurant Association (2025) reports that full-service median labor cost hit 36.5% of sales in 2024; add a healthy food cost of 28-35% and prime cost brushes the 65% ceiling. Above that, almost no restaurant leaves positive EBITDA. The restaurant financial indicators that actually move the needle are five: food cost, labor cost, prime cost, break-even and EBITDA. This analysis synthesizes real public figures from NRA, Toast and BLS by segment and reads them with a consultant's judgment.

 **Masterrestaurant Study / Sector Synthesis** · Expert synthesis · cited industry sources · 12 min read

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INTELLECTUAL PROPERTY OF MASTERRESTAURANT® — EXCLUSIVE FOR SECTOR LEADERS

Most owners watch a single number —food cost— and watch it wrong: they calculate it on paper, not against real inventory. The result is a restaurant that bills revenue and still leaves no cash. Restaurant financial indicators are a system, not a stray cell.

This analysis takes verifiable public data from the National Restaurant Association, Toast, the U.S. Bureau of Labor Statistics and other serious 2024-2026 sources, breaks it out by format and size, and reads it like a senior consultant would: not to decorate, but to trigger a concrete decision this week.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	INDICATOR AND ITS READING	HEALTHY RANGE BY SEGMENT (CITED SOURCE)
Food cost (food cost / sales)	✗ The individual plate must never exceed 32%; the menu mix sets the healthy range.	✓ 28-35% of menu per Toast (2025); hard plate ceiling 32% (MR framework).
Labor cost (full service)	✗ Wages + benefits; rises with minimum wage and turnover.	✓ 36.5% of sales, 2024 median — National Restaurant Association (2025).

	INDICATOR AND ITS READING	HEALTHY RANGE BY SEGMENT (CITED SOURCE)
Labor cost (limited service / QSR)	✗ Lighter due to smaller front-of-house, but pressured by wage hikes.	✓ 31.7% of sales, 2024 median — National Restaurant Association (2025).
Prime cost (food + labor)	✗ The king indicator: above 65%, contribution margin can't cover structure.	✓ Healthy ≤65%; full service 2024 brushed ~68-70% adding food + 36.5% labor (NRA 2025).
Third-party delivery cost	✗ Each app order can drain the channel's margin if not costed separately.	✓ 30-40% of order total — OPA! True Cost of Third-Party Delivery (2026).
Food waste (shrinkage)	✗ Silent leak that inflates real food cost above the theoretical.	✓ ≈\$72,000/year per restaurant — The Restaurant HQ (2025).

Finding 1 — Which metric decides whether a restaurant wins or loses?

The metric that decides the outcome is not food cost alone, but prime cost: food cost plus labor cost added together.

The National Restaurant Association (Restaurant Operations Data Abstract 2025) reports that median labor cost in full service reached 36.5% of sales in 2024, and 31.7% in limited service. If labor eats 36.5 points, a healthy food cost stops being a comfortable option: it is the only thing keeping you under the 65% ceiling that separates a viable P&L from a broken one. Watching food cost in isolation is like checking a fever and ignoring blood pressure. Diego F. Parra has seen it in dozens of restaurants at Masterrestaurant: they bill well, fill tables, and still leave no cash, because they never read both costs as a single block. Prime cost captures 60% to 70% of the cost structure; that is where the business is won or lost.

Finding 2 — Isolated food cost lies because of real waste

Isolated food cost lies because it almost never includes real inventory waste. A dish costed at 30% on paper, with 40% waste and overportioning in the kitchen, actually operates between 35% and 38%: the owner believes he earns margin already lost in the trash. According to The Restaurant HQ (Food Waste Statistics 2025), food waste costs an average of about \$72,000 per restaurant per year, and ReFED (U.S. Food Waste Report 2024, updated 2025) estimates the U.S. restaurant industry generates roughly 11.4 million tons of waste annually. The mistake I see again and again is costing on theoretical recipe and never on counted inventory. The gap between theoretical and real food cost is the cheapest, most ignored diagnostic in the sector. Without weekly counting, the number you report is accounting fiction, not management. Labor cost is the second lung of prime cost and can no longer be flown from memory.

Finding 3 — Labor cost is the other lung of prime cost

The U.S. Bureau of Labor Statistics and Toast (Restaurant Payroll Guide) place labor between 25% and 35% of sales by format, but the National Restaurant Association pins the real median: 36.5% in full service and 31.7% in limited service during 2024. In quick service the hit was sharper: labor rose +6.3% in 2024 due to minimum wage increases (National Restaurant Association, 2024). Add workers' compensation insurance, which Kickstand Insurance (2025) puts at \$1.06 per \$100 of payroll. When labor weighs 36 points, every badly scheduled hour is paid twice: in wages and in displaced food cost. Productivity per shift stops being an operational lux-

ury and becomes survival. This is the number that turns a full dining room into an empty register. Third-party delivery is not extra sales, it is margin leaking out if you do not account for it separately. OPA! (True Cost of Third-Party Delivery 2026) calculates that the total effective cost of a platform order —commissions, promotions and refunds included— consumes between 30% and 40% of the order total.

Finding 4 — Delivery is not extra sales: it is margin leaking out

A restaurant can grow in volume and lose margin at the same time, because each delivery order enters the same P&L as the dining room but with half the profitability. Without a P&L by channel, that bleed is invisible until the bank makes it visible. At Masterrestaurant we force three separate columns: dining room, delivery and take-away, each with its own food cost, labor and commission. Take-away is usually the most profitable channel and the worst promoted; delivery, the most celebrated and the one that leaves the least. Rent, energy and insurance are the fixed costs nobody audits until they choke the cash. Base rent must be topped with CAM common-area maintenance charges, which 7shifts estimates at an extra 2% to 3% over base rent. Energy is no small matter either: Toast (Average Restaurant Electricity Bill 2025) reports an average spend of \$2.90 per square foot in electricity and \$0.85 per square foot in natural gas per year.

Finding 5 — Rent, energy and insurance: the costs nobody watches until they squeeze

On insurance, MoneyGeek (2025) prices a Business Owner's Policy (BOP) at about \$3,000 a year, property coverage at \$740 and general liability at \$900. None of these numbers is loaded onto the plate; they all go to break-even. The owner who costs food cost by recipe but ignores these fixed costs calculates a margin that does not exist when the 30th arrives. Opening cost defines break-even before the first dish is served, and almost nobody amortizes it in their P&L. Rezku (How Much Does It Cost to Open a Restaurant 2025) places the median opening cost in the United States at \$375,000, about \$113 per square foot, with kitchen equipment for a mid-size location between \$50,000 and \$150,000. That investment must be recovered with real operating margin, not wishful thinking. If prime cost already consumes 65 points and fixed costs another 20, that leaves 15 to amortize opening, service debt and leave profit: scalpel margins.

Finding 6 — Opening cost sets break-even from day one

That is why the metric that matters is not revenue, but how many cents of each dollar survive prime cost and fixed costs. A restaurant that bills a lot and leaves little does not have a sales problem: it has a problem of badly read indicators. The sector grows in volume but real margin narrows, and confusing growth with profitability is the expensive mistake of 2026. The National Restaurant Association (2026 State of the Restaurant Industry) projects real, inflation-adjusted growth of just +1.3% in sales for 2026. In Spain, restaurants billed +7.1% in 2024 over the first nine months, dropping to +2.2% real after discounting inflation (Hostelería de España, FEHR 2024), with +3.2% employment growth, about 45,000 more workers (Anuario Hostelería 2024). The consultant's reading is direct: demand holds, but costs rise in parallel (Bloomberg Línea, 2026), so nominal growth does not protect the cash.

Finding 7 — The sector grows, but real margin narrows

The only armor is measuring prime cost, real food cost, labor per shift and P&L by channel together, every week. That system of indicators —not a loose box— is what decides who survives the year. Isolated food cost deceives: a plate at 30% with 40% real shrinkage effectively operates at 35-38%. Per The Restaurant HQ (2025), average waste costs ≈\$72,000/year per restaurant. Prime cost is the indicator that integrates 60-70% of the cost structure. With full-service labor at 36.5% (National Restaurant Association, 2025), a healthy food cost stops be-

ing optional: it's the only thing keeping you under the 65% ceiling. Delivery is not 'extra sales': it costs 30-40% of the order per OPA! (2026). Without P&L by channel, a restaurant can grow in volume and lose margin at the same time.

POINT BY POINT

Common mistake vs. correct method, indicator by indicator

WHICH NUMBER IS WATCHED

A · INDICATOR AND ITS READING Only theoretical food cost, isolated from the structure.

B · MASTERESTAURANT Prime cost (food + labor) as the king control number.

Verdict: B: with 36.5% labor in full service (NRA, 2025), food cost alone explains nothing.

HOW FOOD COST IS MEASURED

A · INDICATOR AND ITS READING On Excel recipes (theoretical).

B · MASTERESTAURANT On counted physical inventory (real).

Verdict: B: the ≈\$72,000/year shrinkage (The Restaurant HQ, 2025) only shows in the real count.

DELIVERY TREATMENT

A · INDICATOR AND ITS READING Added as 'extra sales' uncosted.

B · MASTERESTAURANT P&L by channel costing 30-40% of the order.

Verdict: B: delivery costs 30-40% (OPA!, 2026); without channel P&L it drains invisible margin.

WHERE FIXED COST GOES

A · INDICATOR AND ITS READING Payroll
and rent loaded onto the plate.

B · MASTERRESTAURANT Payroll and rent
to break-even.

Verdict: B: the plate only carries food cost; fixed is covered by break-even (MR framework).

SIDE-BY-SIDE COMPARISON

The indicator almost everyone watches wrong THE COMMON MISTAKE

- ✗ They watch only theoretical food cost (recipes in Excel), not real (counted inventory).
- ✗ They load payroll, rent and utilities onto the plate and think raising price fixes it.
- ✗ They ignore prime cost: they never add food + labor into one control number.
- ✗ They don't separate delivery accounting: the channel looks profitable and drains cash.
- ✗ They confuse revenue with cash: sales grow and still no EBITDA is left.

The correct indicator system MASTERRESTAURANT

- ✓ Real weekly food cost by counted inventory; the individual plate never >32%.
- ✓ Prime cost as the king control number: ≤65% of sales or the model doesn't close.
- ✓ Break-even with payroll, rent and utilities; the plate only carries its food cost.
- ✓ P&L by channel: dine-in, delivery and take-away with separate margin and real 30-40% costing.
- ✓ EBITDA and average ticket as a monthly thermometer, not gross revenue.

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THE NUMBERS THAT MATTER

The indicator scorecard (industry figures, cited)

36.5%

Median full-service labor cost (of sales), 2024

31.7%

Median limited-service / QSR labor cost (of sales), 2024

40%

Total effective third-party delivery cost of the order

72000USD

Average food waste cost per restaurant per year

375000USD

Median cost to open a restaurant in the U.S. (2025)

1.3%

Projected real sales growth for the U.S. sector (2026)

VISUALIZATION

The numbers, visualized

Median full-service labor cost (of sales), 2024



Median limited-service / QSR labor cost (of sales), 2024



Total effective third-party delivery cost of the order



Projected real sales growth for the U.S. sector (2026)



Colombia restaurant menu price increase — 2026 industry benchmark



Sources: [National Restaurant Association, Restaurant Operations Data Abstract 2025](#) · [OPA! — True Cost of Third-Party Delivery 2026](#) · [The Restaurant HQ — Food Waste Statistics 2025](#) · [Rezku — How Much Does It Cost to Open a Restaurant 2025](#) · [National Restaurant Association — 2026 State of the Restaurant Industry](#)

Chart by [masterrestaurant.com](#)

REAL CASE

“The owner swore his food cost was 29%. We counted inventory one Monday: he was operating at 37% from shrinkage and unstandardized portions. Real prime cost topped 70%. He didn't have a sales problem, he had a misread-indicators problem. He fixed portioning and purchasing, and in two months prime cost dropped to 63%. What I see over and over: it's not that they earn little, it's that they watch the wrong number.”

— **Diego F. Parra, Masterrestaurant** — consulting reading on an operations case

HOW TO APPLY IT IN YOUR RESTAURANT

How to situate your indicators (4 steps)

1

1. Measure real food cost, not theoretical

Count physical inventory at week's end and calculate food cost = (opening inventory + purchases – closing inventory) / sales. The individual plate must never exceed 32%. Per Toast (2025) the healthy menu range lives at 28-35%; if your real is far from theoretical, the leak is shrinkage or portioning.

2

2. Calculate prime cost as the king number

Add food cost + labor cost into one indicator. With the 36.5% full-service labor median (National Restaurant Association, 2025), your food cost has to stay below 30% to avoid busting the 65% prime cost ceiling. Above that, almost nobody leaves EBITDA.

3

3. Set break-even correctly

Payroll, rent and utilities do NOT load onto the plate: they go to break-even. Calculate how many covers and what average ticket you need to cover monthly fixed cost. With electricity at ≈\$2.90/sq ft per year (Toast, 2025), fixed cost weighs more than you think in large venues.

4

4. Separate P&L by channel

Dine-in, delivery and take-away with separate accounting. Third-party delivery costs 30-40% of the order per OPA! (2026): if you don't cost it apart, a channel that looks like growth is draining your contribution margin. Each channel is judged by its own EBITDA, not the total bill.

FAQ

Frequently asked questions about restaurant financial indicators

What is the most important financial indicator for a restaurant?

Prime cost: food cost + labor cost combined. It should stay at 65% of sales or below. With full-service labor at 36.5% (National Restaurant Association, 2025), it's the only number that integrates the bulk of the structure and decides whether EBITDA exists.

What should my restaurant's food cost be?

The healthy menu range lives between 28% and 35% per Toast (2025), but the individual plate must never exceed 32%. Measure it against real inventory, not paper recipes: shrinkage, which costs ≈\$72,000/year per restaurant (The Restaurant HQ, 2025), inflates real food cost well above theoretical.

Why does my restaurant bill revenue and still leave no money?

Almost always it's prime cost out of range or an uncosted delivery channel. Third-party delivery costs 30-40% of the order (OPA!, 2026): you can grow in sales and lose margin at once. Revenue isn't cash; the real thermometer is EBITDA by channel.

Should I load payroll and rent onto each plate's price?

No. The plate only carries its food cost; payroll, rent and utilities go to break-even. Loading them onto the plate distorts price and contribution margin. Break-even tells you how many covers and what average ticket you need to cover monthly fixed cost.

DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Prime cost objetivo (COGS + labor)	Mantener por debajo del 60-65% de las ventas	Restaurant365 / Toast (regla de la industria)
Costo de ocupación (renta + gastos) objetivo	No debe superar el 6-10% de las ventas brutas	Toast, restaurant benchmarks
Excedente de comida generado por foodservice	12,5 millones de toneladas en 2024	ReFED, U.S. Food Waste Report 2024
Valor del excedente de comida de foodservice	\$157 mil millones en 2024, equivalente al 14% de las ventas	ReFED 2024
Desperdicio de foodservice enviado a vertedero	78,4% (9,73 millones de toneladas) en 2024	ReFED 2024
Participación de restaurantes de servicio completo en el excedente de foodservice	Más del 43% del excedente total	ReFED 2024