



ASORE Projections 2023

Economic Perspectives 2023 and the restaurant industry

Presented to: ASORE

Presented by: Intelligent Economics

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Content



ECONOMIC
PERSPECTIVE 2022-2023



RESTAURANT INDUSTRY

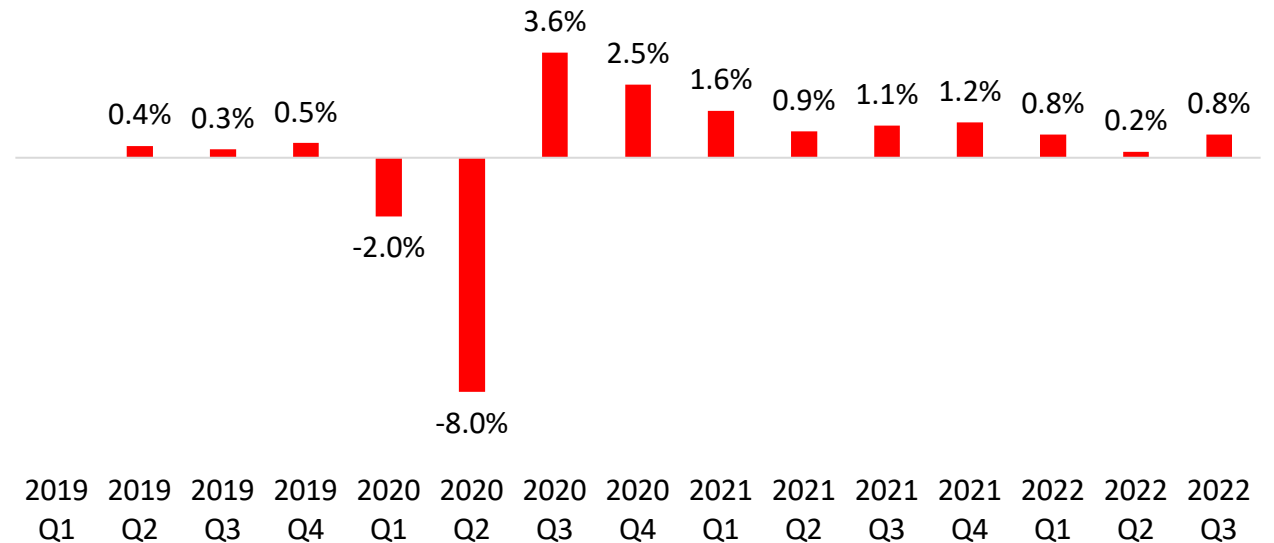


ASORE & INTELLIGENT
ECONOMICS SURVEY

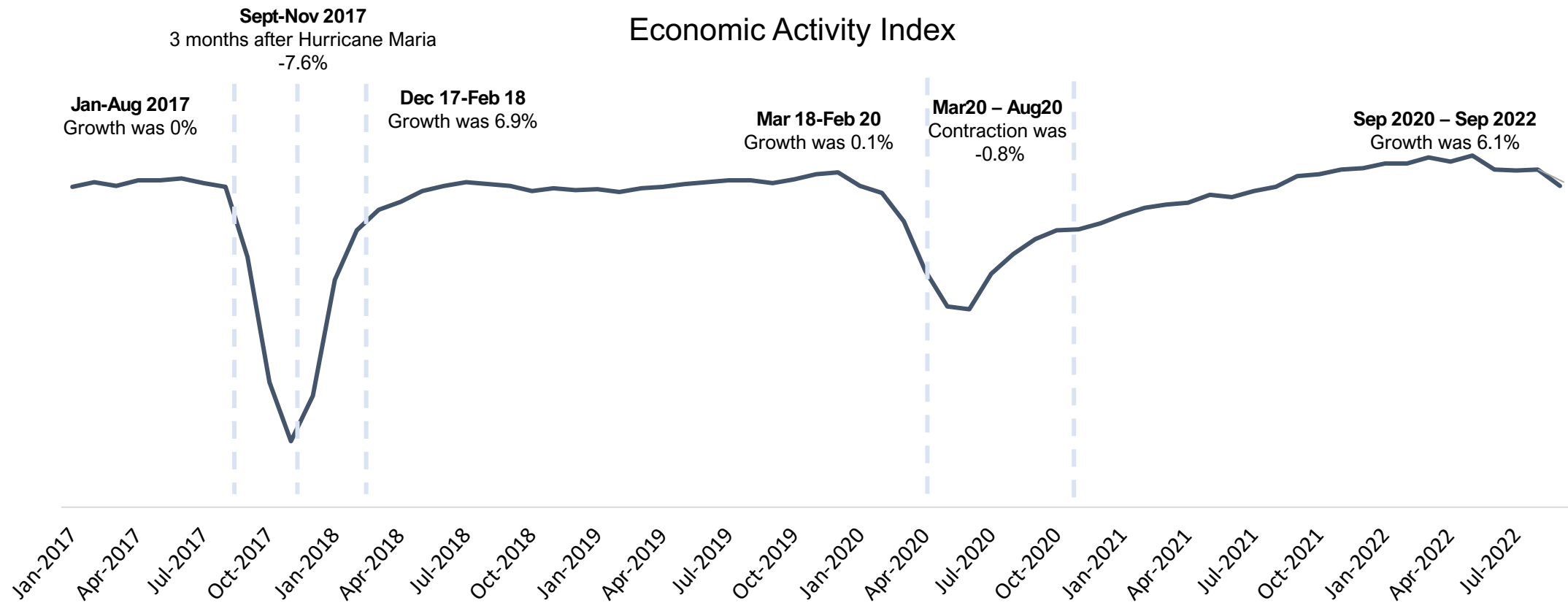
Key Points

- Puerto Rico has shown a positive trend in the growth of its GNP in the last three quarters
- Non-Agricultural Employment has shown levels similar to those found in 2013. However, there is a decrease in its public sector.
- Inflation will play a role in consumer behavior for consumers on the Island.
- The Nutrition Assistance Program (NAP) can provide an injection of additional revenue available to users within such funding.

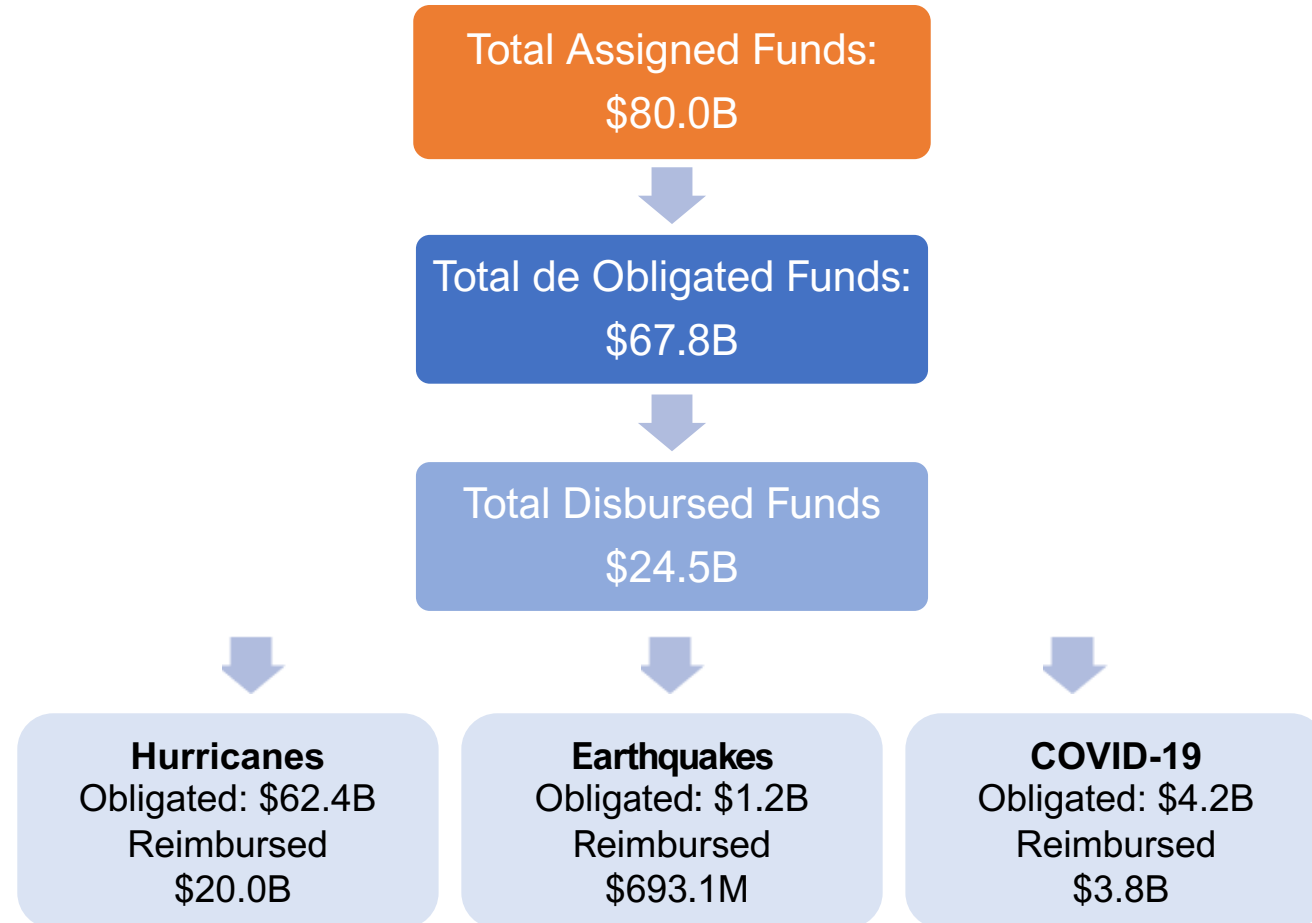
Quarterly % change Economic Activity Index



The economy in the past years



Recovery Funds



Increase in employment

Category	Nov 2022	Dec 2021	Dec 2022
Total Nonfarm Payroll	937.4	913.6	946.0
Construction	32.4	30.8	33.1
Manufacturing	85.1	80.7	85.3
Commerce, Transportation	188.7	187.2	191.8
Finance	47.6	45.2	48.1
Professional Services	140.3	137.5	142.4
Education and Health	121.3	118.8	122.1
Recreation and Hospitality	91.5	83.3	92.2
Government	196.2	196.1	196.5

Source: Department of Labor

Unemployment rate
6.%

Participation rate
45.1%

Median Wages
2021 - \$10.93hr

Employment trends by regions

Región	Nov 2022	Dec 2021	Dec 2022	Cambio anual
Aguadilla	54.8	53.5	54.8	2.4%
Arecibo	36.4	36.0	36.4	1.1%
Guayama	14.9	14.5	15.1	4.1%
Mayagüez	32.8	32.1	32.8	2.2%
Ponce	72.1	69.3	72.5	4.6%
San Germán	21.3	20.9	21.3	1.9%
San Juan	673.7	647.1	673.3	4.0%
Puerto Rico	937.4	913.6	946.0	3.5%

Fuente: Departamento del Trabajo

- The regions of Guayama, Ponce and San Juan have experienced a greater growth in employment compared to the rest of the regions.

Wages in the industry

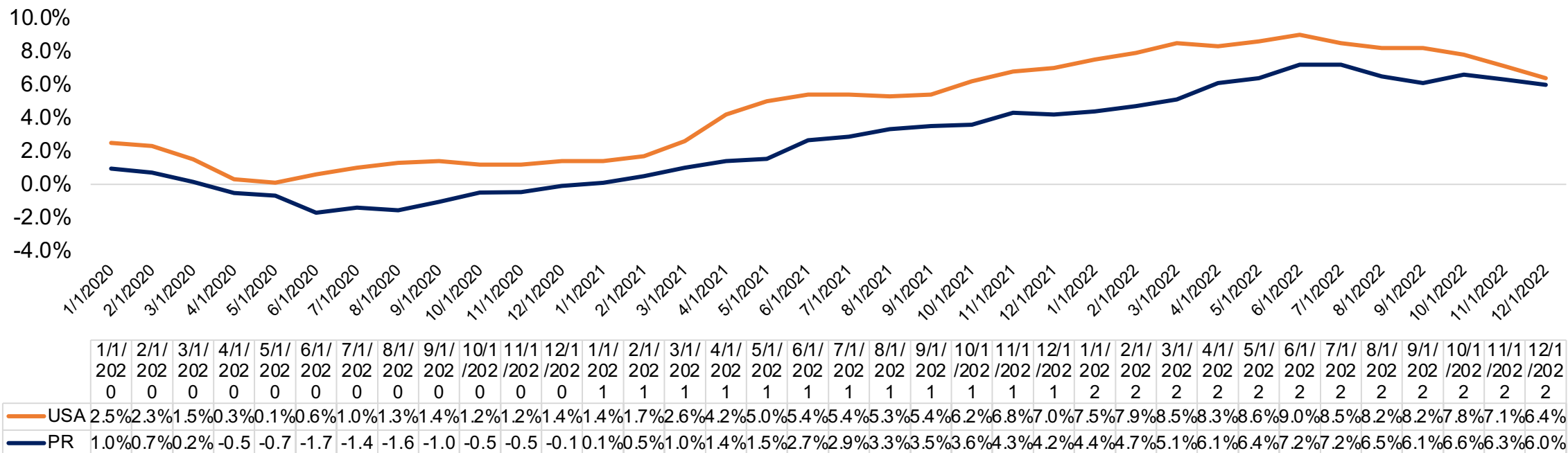
*Wages increased in 2021 to an average of \$9.59 in 2021
Minimum wage will increase in 2023 to \$9.50*

Occupation	Group	Empleo Total 2021	Hourly Mean 2021	Hourly Mean 2020	Hourly Mean 2019
Food Preparation and Serving Related Occupations	major	62,950	9.59	9.43	9.22
Chefs and Head Cooks	detailed	490	15.74	17.85	16.91
First-Line Supervisors of Food Preparation and Serving Workers	detailed	6,180	11.39	11.02	10.63
Cooks, Fast Food	detailed	2,220	9.03	9.20	8.85
Cooks, Institution and Cafeteria	detailed	6,960	11.09	11.37	11.17
Cooks, Restaurant	detailed	6,670	9.39	9.24	8.91
Cooks, Short Order	detailed	640	9.17	8.87	8.70
Cooks, All Other	detailed	**	14.84	**	**
Food Preparation Workers	detailed	5,590	9.36	9.22	9.02
Bartenders	detailed	1,480	9.63	9.31	9.00
Fast Food and Counter Workers	detailed	19,310	8.67	8.70	8.62
Waiters and Waitresses	detailed	9,970	9.40	8.83	8.79
Food Servers, Nonrestaurant	detailed	410	9.64	8.74	8.64
Dining Room and Cafeteria Attendants and Bartender Helpers	detailed	310	11.39	9.81	9.16
Dishwashers	detailed	1,660	8.75	8.60	8.51
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	detailed	960	9.14	8.77	8.53
Food Preparation and Serving Related Workers, All Other	detailed	70	9.49	**	9.96

Fuente: U.S. Bureau of Labor Statistics

Overall prices begin to stabilize

Índice de Precios al Consumidor – Inflación en US y PR
Cambio % y-o-y



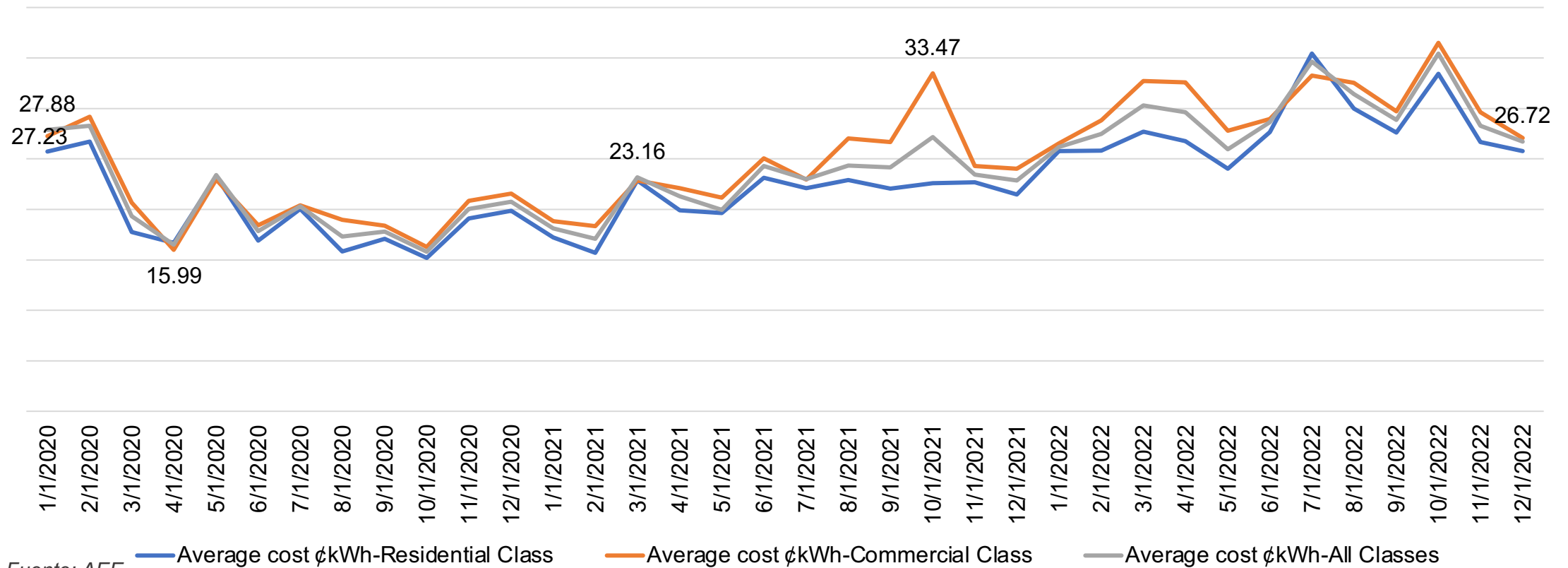
Fuente: BLS, Departamento del Trabajo

- The prices of goods and services are seen rapidly growing.
- For 2022 in the Island, inflation rate was 6.1%

Evolution of energy costs

Between December 2022 and November 2022, they decreased 5.5% % (residential 3.5%, commercial 8.6%)
 Between December 2022 and December 2021, they increased 16.9% (residential 20.0%, commercial 12.7%)

Average Cost of Electricity by Class

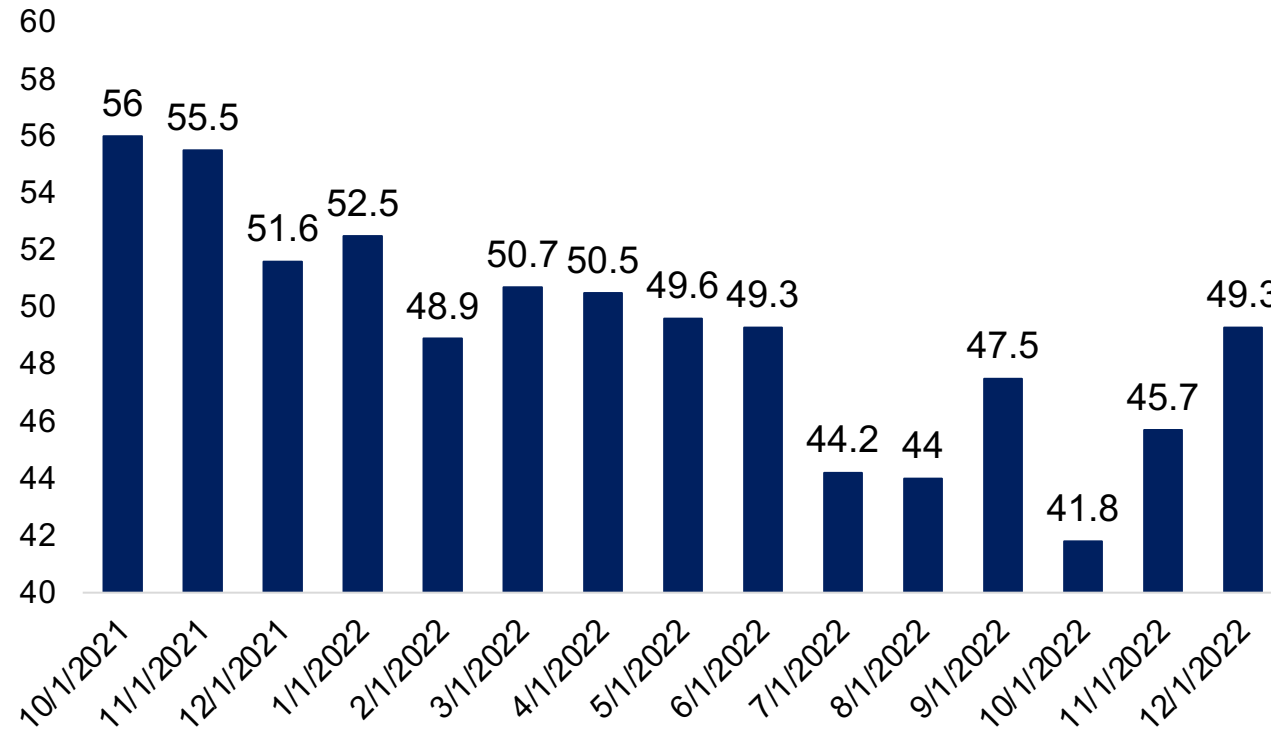


Fuente: AEE

How are consumers behaving?



Consumer Expectations Index



Source: Intelligent Economics and Retail Group

Consumers with Income more than \$35,000 are more confident at the end of 2022 than at the start. (Jan 2022 64.1 vs Dec 2022 70.3)

Metropolitan Area Consumers also appear to be more confident at the end of 2022 than at the start. (Jan 2022 36.6 vs Dec 2022 49.5)

A blurred photograph of a restaurant counter. In the foreground, there are condiment bottles (one red, one yellow) and a menu. In the background, a person is visible behind the counter.

Restaurant Industry

A blurred photograph of green vinyl restaurant stools in a dining area. The background shows a tiled wall and other parts of the restaurant.

Industry Analysis

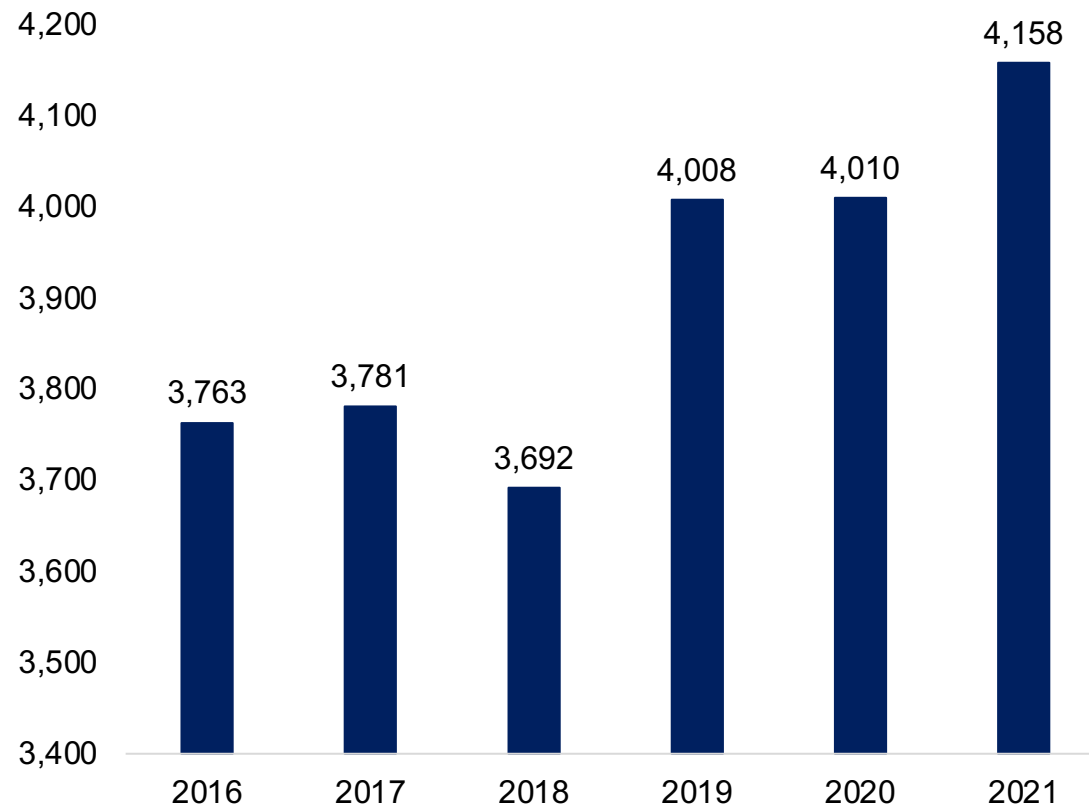
ASORE Projections 2023

Restaurants increase in 2021 by 3.7%

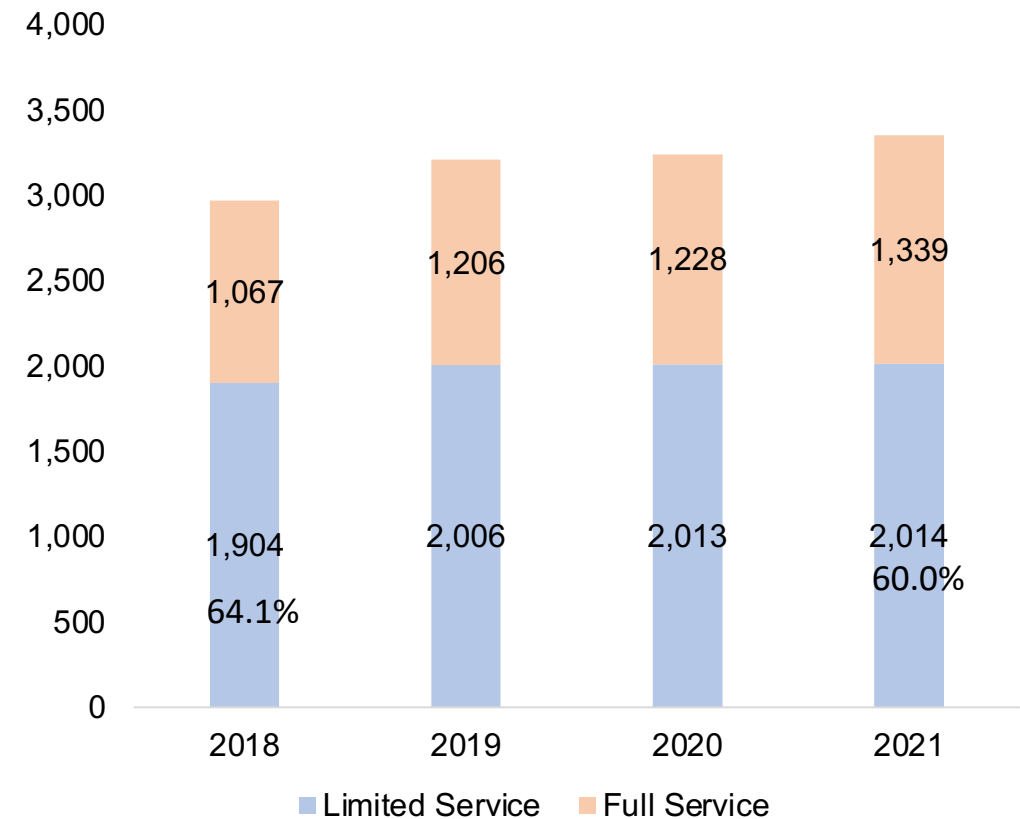
Highest level in over 10 years

Shift in category of restaurants to more full-service restaurants

Restaurant Locations

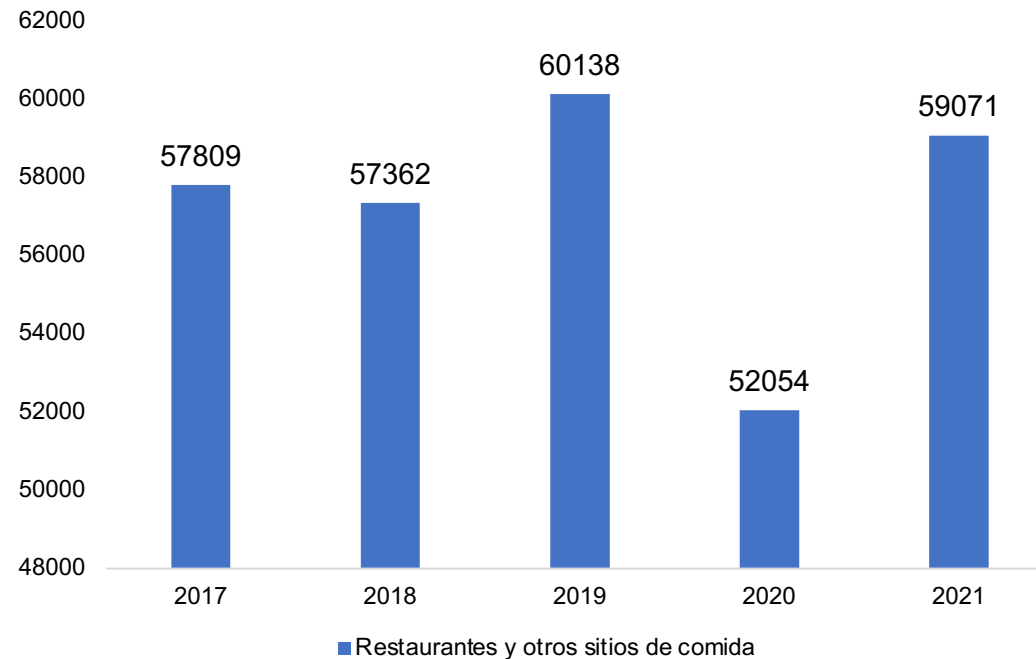


Limited vs Full Service

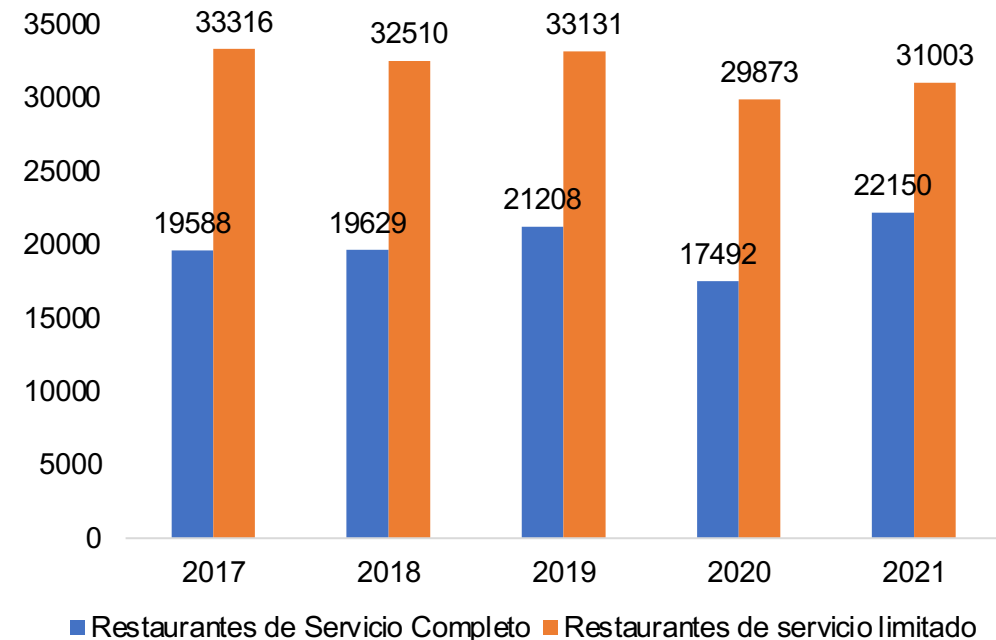


Employment in the industry

Employees in the restaurant industry



Number of employees in the restaurant industry by category



Retail Sales

Categoría	Jan-Nov 2020	Jan-Nov 2021	Jan-Nov 2022
Department Stores	\$9,354.71	\$11,268.74	\$11,390.73
Gas Stations and Convenience Stores	\$1,416.15	\$1,902.90	\$2,173.31
Pharmacy	\$2,040.04	\$2,130.52	\$2,216.10
Restaurants	\$1,473.41	\$1,937.03	\$2,177.20
Supermarkets	\$4,078.60	\$4,320.72	\$4,633.18
Retail Sales	\$27,205.95	\$33,419.84	\$33,694.37

Fuente: Department of Economic Development

Inflation in food products

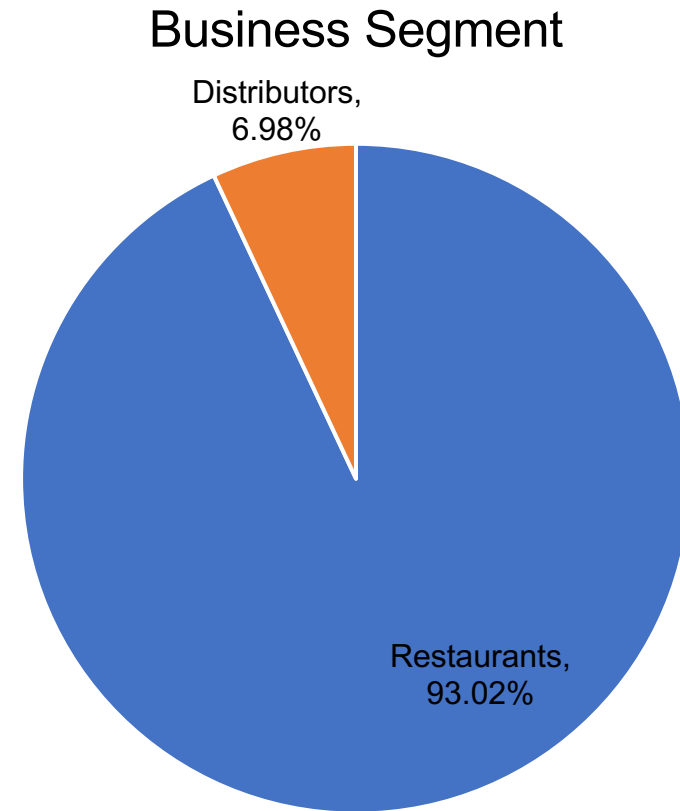
	Diciembre 2022 vs. Diciembre 2021
Food and drinks (major)	11.0%
Cereals and cereal products	14.2%
Baked goods	11.8%
Beef	4.4%
Pork Meat	5.6%
Other meats	8.9%
Bird meat	15.0%
Fish and shellfish	8.5%
Eggs	89.5%
Dairy and related products	12.8%
Fresh fruits	10.7%
Fresh vegetables	30.0%
Elaborated fruits and vegetables	16.1%
Fruit and vegetable juices and without alcohol	17.5%
Drink material including coffee and tea	5.9%
Sugars and sweeteners	10.2%
Oils and dressings	20.8%
Other foods	20.2%
Food for consumption outside the home	8.0%
Alcoholic beverages for home consumption	3.7%
Alcoholic beverages for consumption outside the home	6.0%



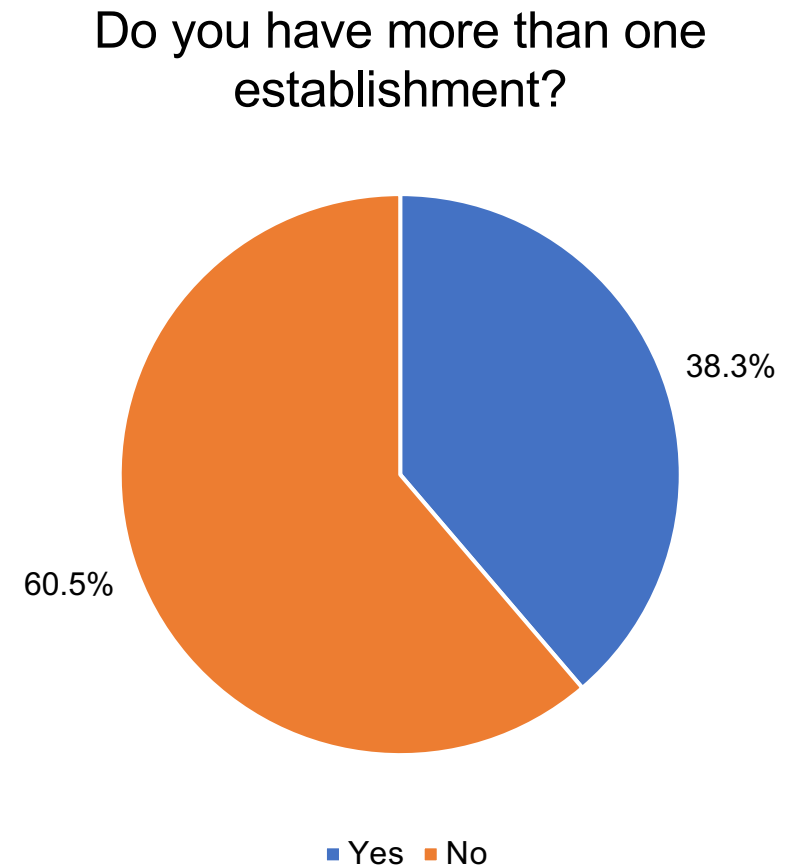
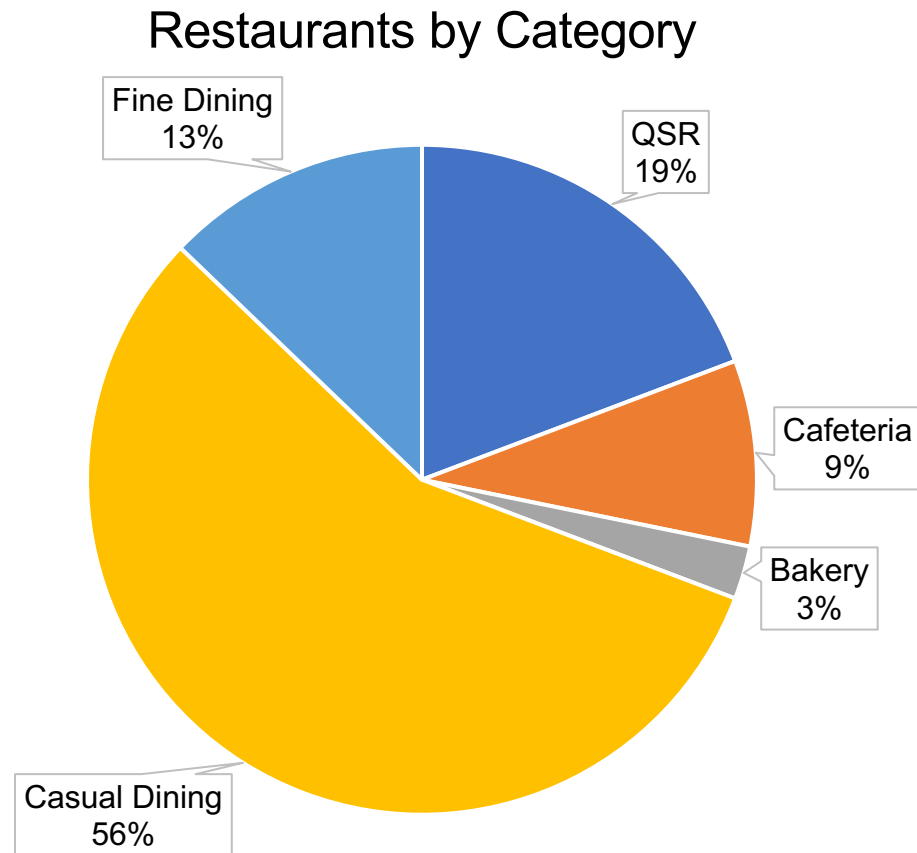
Survey by ASORE & Intelligent Economics

Who participated

Over 90 participants representing almost 1,000 establishments in the restaurant industry and over 1,000 in the distribution sector.

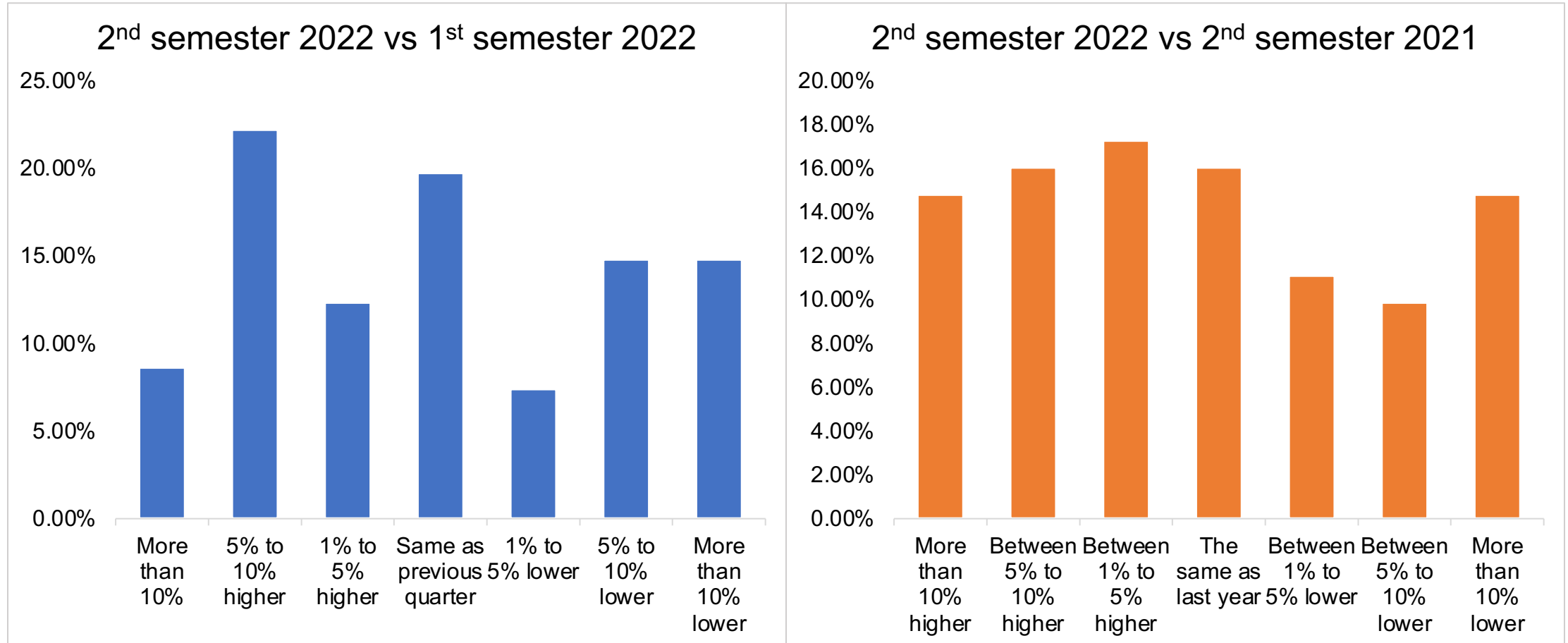


Restaurants by Category



Industry Sales

2022 S2 vs 2022 S1 - 43.21% reported increase in sales vs 37.0% who reported decrease in sales
 2022 S2 vs 2021 S2 – 48.1% reported increase in sales vs 35.8% who reported decrease in sales



Questions:

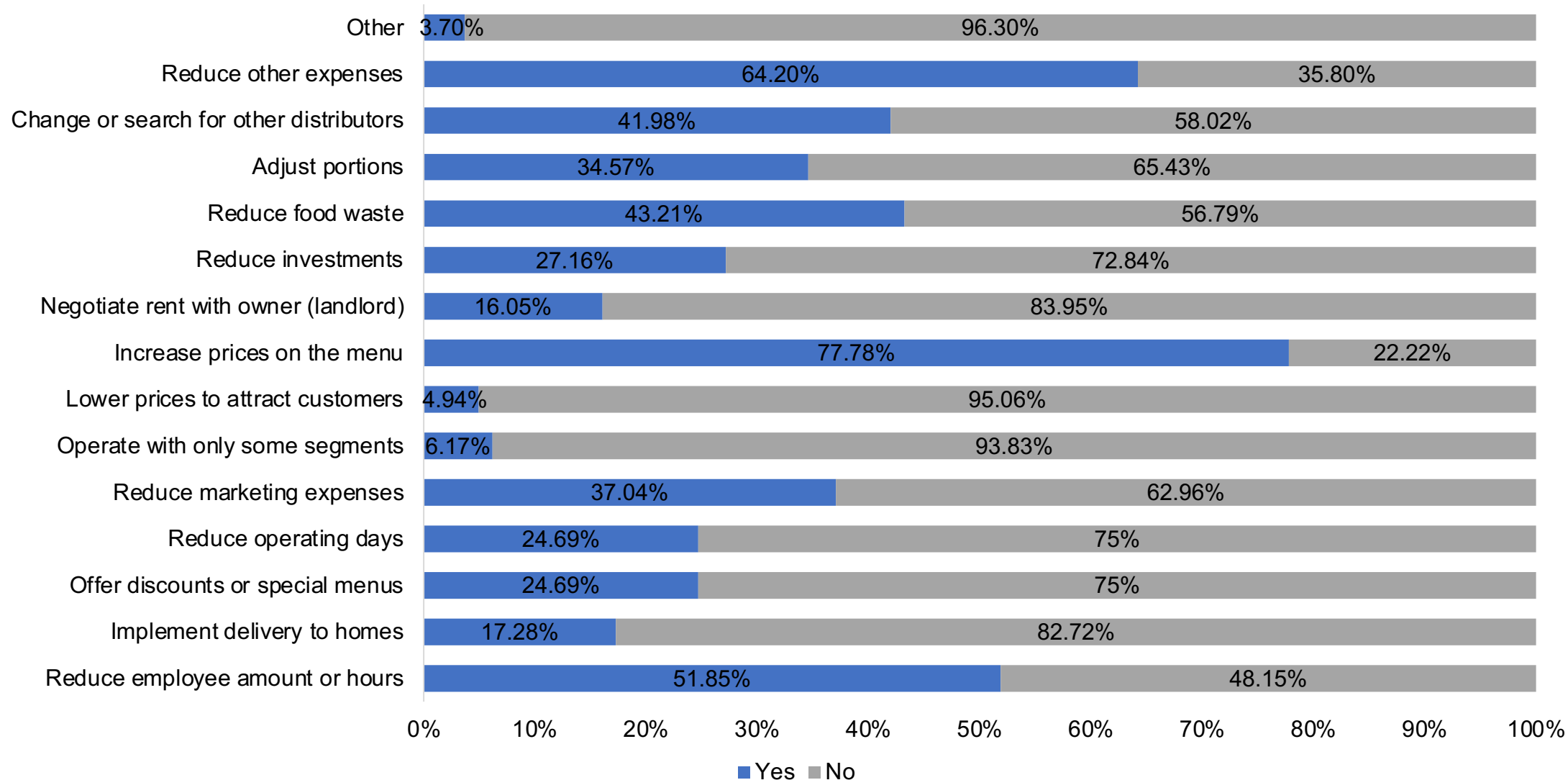


venue perform in the second half of 2022 vs. the first half of 2022?
 venue behave in the second half of 2022 vs the second half of 2021?

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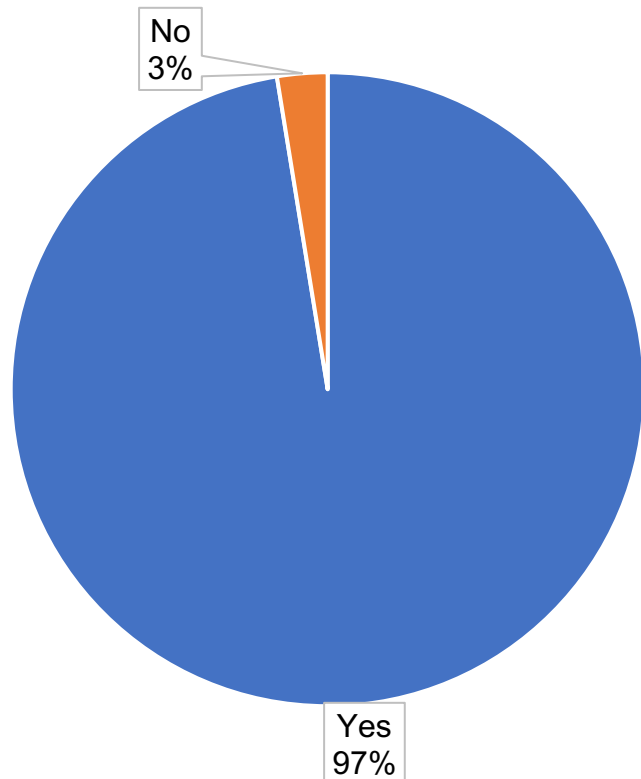


What measures have you had to implement this year to mitigate the high costs of operations?

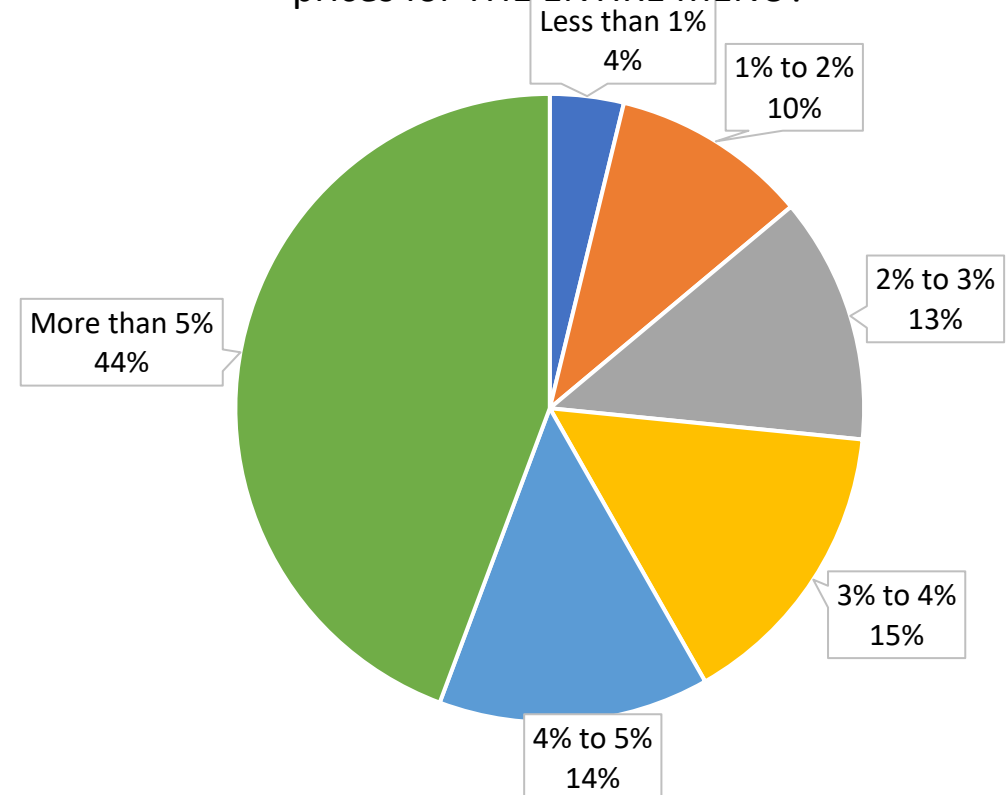


Increase in prices

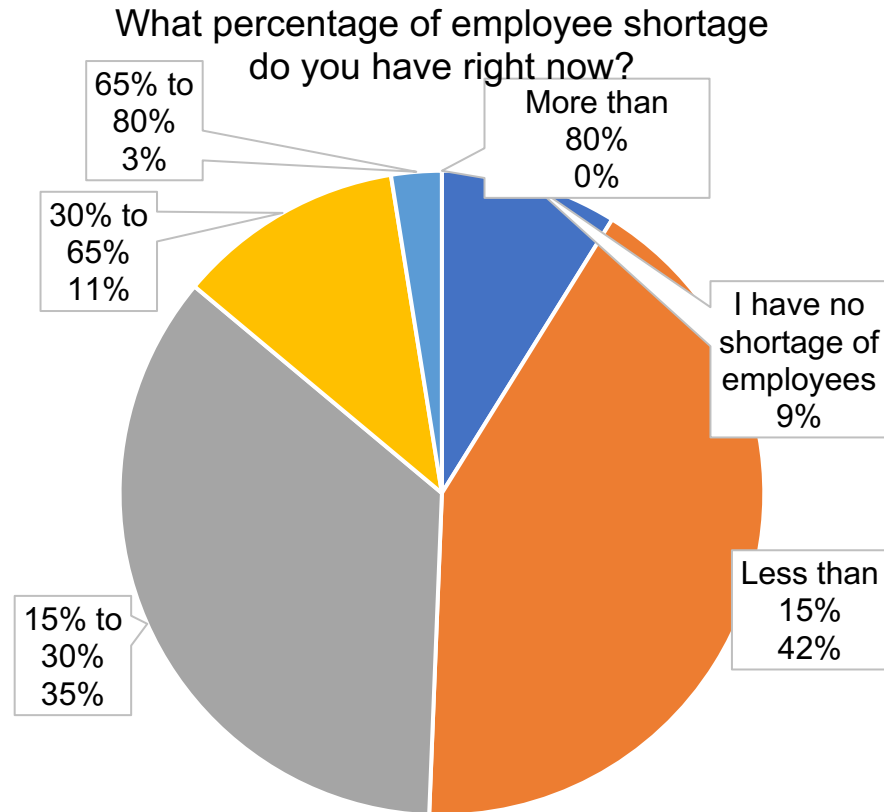
Have you increased your prices in the past 12 months?



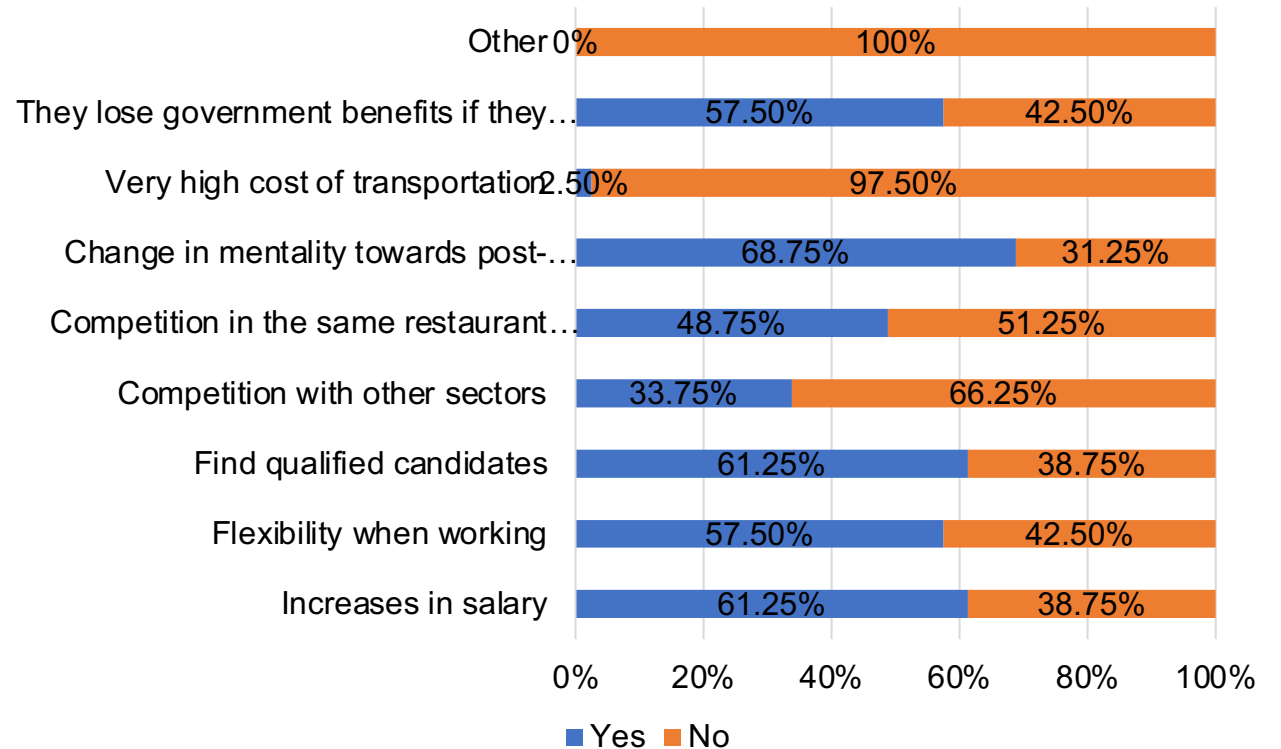
By what percentage have you increased your prices for THE ENTIRE MENU?

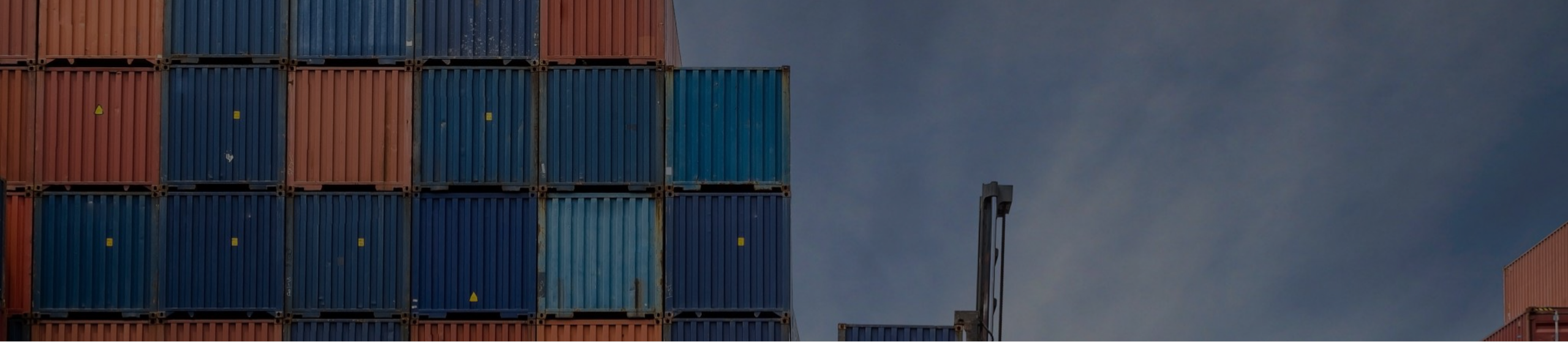


Labor market in the industry

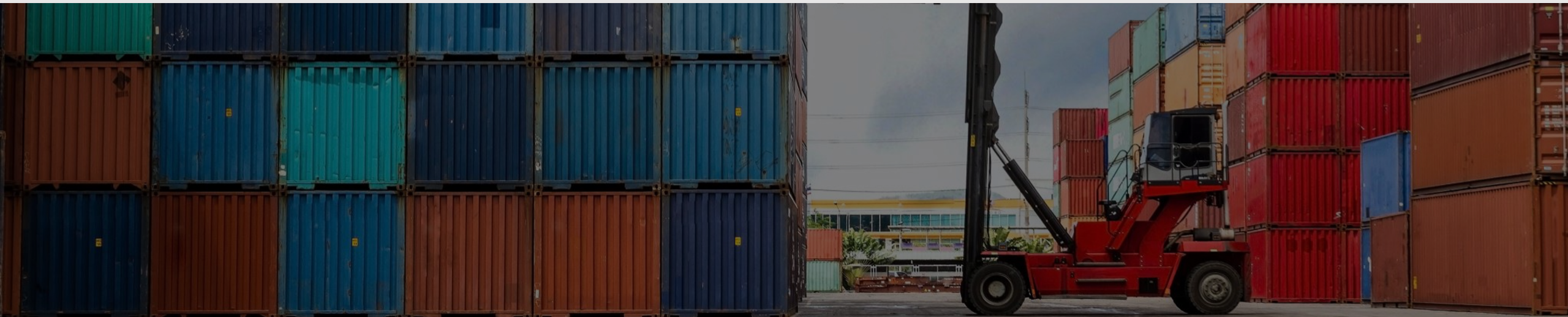


What do you think are the biggest challenges when recruiting employees?



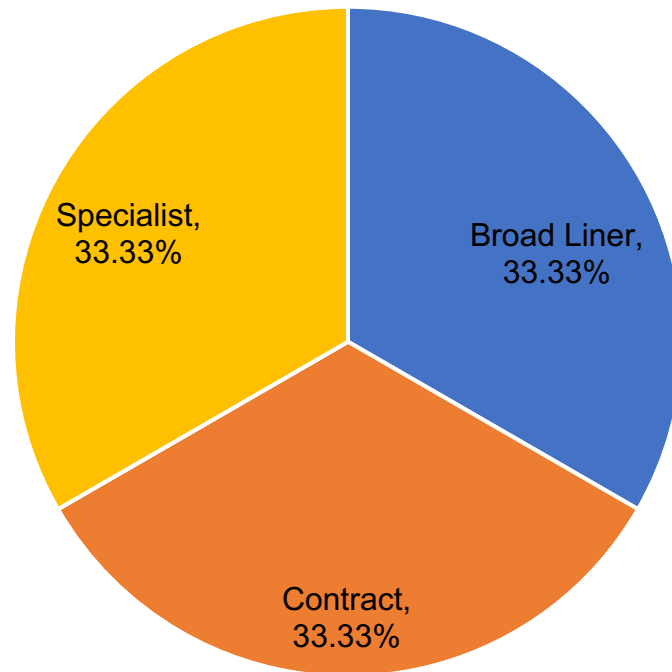


Distributors

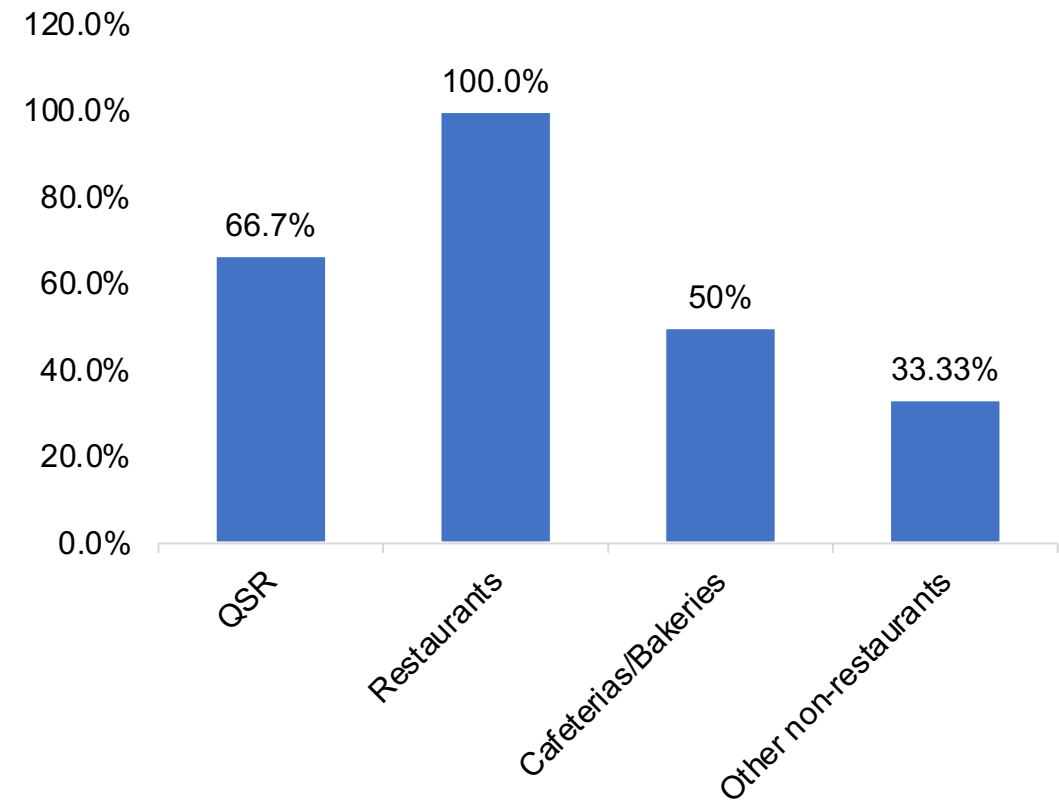


Participation

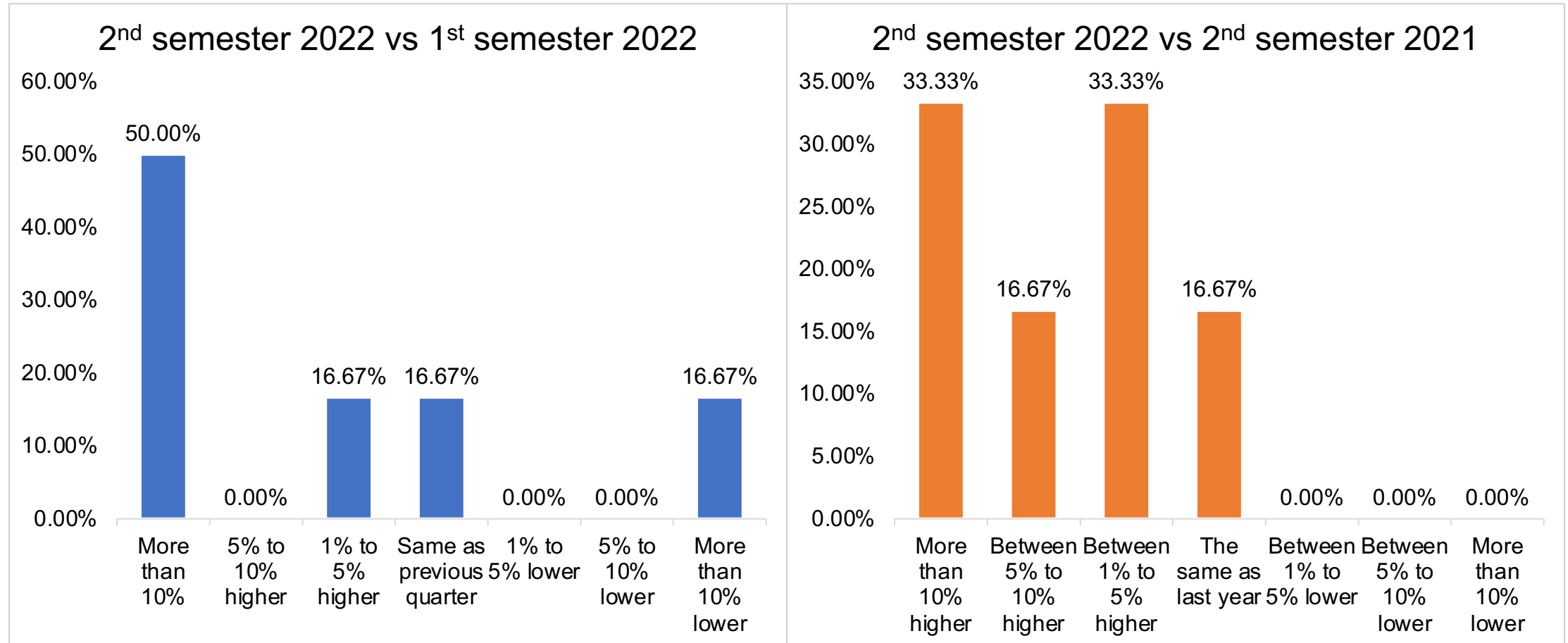
Distributors by Category



What kind of channels do you serve?



Sales





The restaurant industry's perspective



What are your biggest hurdles for the rest of 2022?

Restaurants

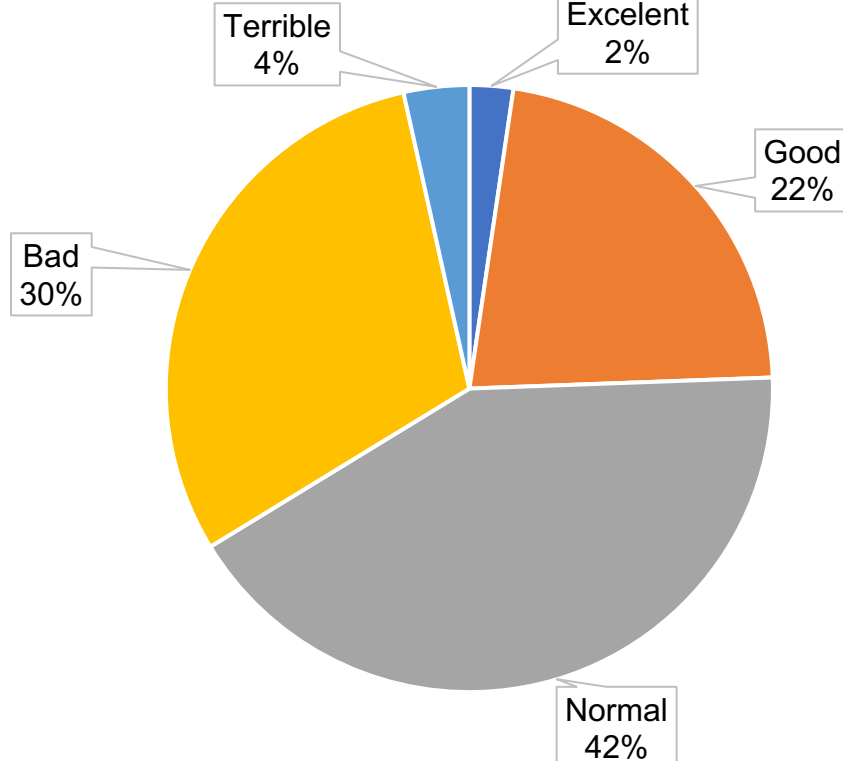
1. Food costs
2. Recruit and keep employees
3. The Economy
4. Labor costs / increase in minimum wage
5. Electric power cost
6. Provide quality services
7. Maintain inventory up to date

Distributors

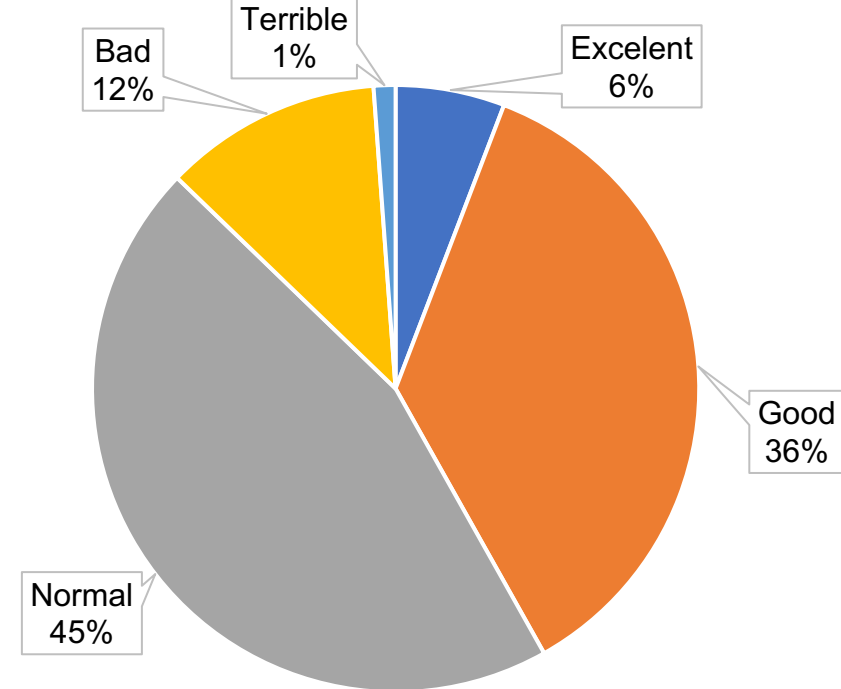
1. Recruit and keep employees
2. Labor costs / increase in minimum wage
3. Electric power cost
4. Food costs & The Economy
5. Maintain inventory up to date
6. Provide quality services

Economic Outlook

For the rest of 2023, how do you perceive the business conditions for the RESTAURANT INDUSTRY?



For the rest of 2023, how do you perceive business conditions for YOUR BUSINESS?



Thank you

For the full report contact
ASORE

For more information and
access to the dashboard

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Asociación de Restaurantes de Puerto Rico

