

February 2023

Restaurant Performance Index Edged Down 0.1% in February

The National Restaurant Association’s Restaurant Performance Index (RPI) remained essentially unchanged in February, as restaurant operators continued to report positive same-store sales and customer traffic results. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 102.7 in February, down slightly from a level of 102.8 in January.

Restaurant operators continued to report same-store sales and customer traffic levels above year-ago readings. Looking ahead, 60% of restaurant operators expect to have higher sales in six months – the highest proportion in a year.

The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance Index consists of two components – the Current Situation Index and the Expectations Index.

Current Situation Index Remained Unchanged at a Level of 103.0 in February; Expectations Index Dipped 0.1% to a Level of 102.4

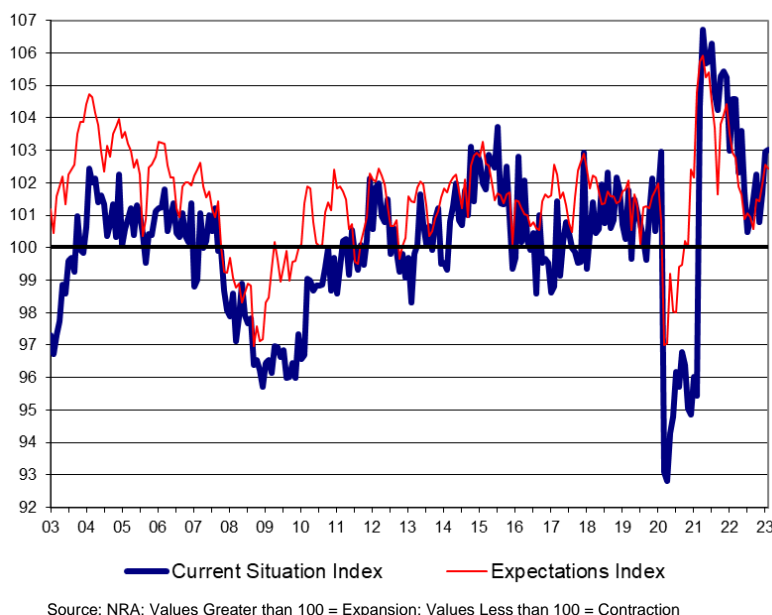
The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 103.0 in February – unchanged from January. The Current Situation Index remained elevated as a majority of restaurant operators reported same-store sales and customer traffic above February 2022 levels.

The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 102.4 – down 0.1% from the previous month. Although restaurant operators have a positive outlook for sales in the months ahead, they are not as optimistic about the direction of the overall economy.

Restaurant Performance Index



Current Situation & Expectations Indices



Restaurant Operators Reported Positive Same-Store Sales and Customer Traffic in February

Restaurant operators reported a net increase in same-store sales for the seventh consecutive month, with February’s readings similar to January’s results. Seventy-three percent of operators said their same-store sales rose between February 2022 and February 2023, compared to 75% who reported higher sales in January. Only 12% of operators said their sales were lower in February, down from 23% who reported a sales decline in January.

Restaurant operators also reported positive customer traffic readings in February. Fifty-one percent of operators said their customer traffic rose between February 2022 and February 2023, down from 60% who reported higher traffic in January. Thirty-two percent of operators said their customer traffic declined in February, compared to 30% who reported lower traffic in January.

Restaurant operators continued to report positive capital spending activity. Fifty-nine percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was essentially unchanged from readings in the previous two months.

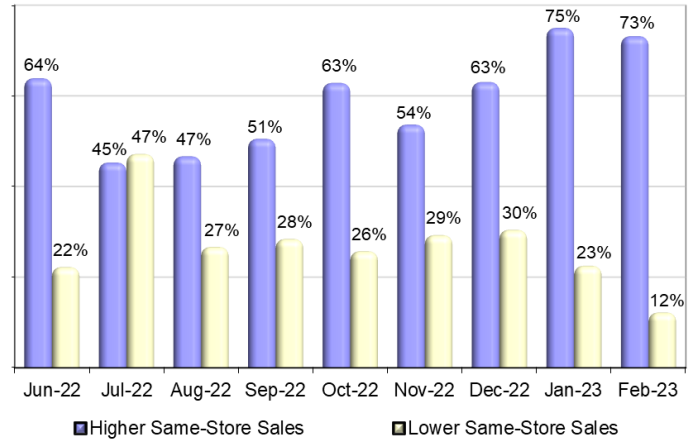
Restaurant Operators Remain Optimistic About Sales Growth in the Months Ahead

Restaurant operators are increasingly optimistic about sales growth in the coming months. Sixty percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year. That was up from 58% last month and represented the highest reading in 12 months. Only 8% of operators think their sales in six months will be lower than it was during the same period in the previous year – down from 16% who reported similarly last month.

In contrast to the positive sales outlook, restaurant operators are not as optimistic about the direction of the overall economy. Twenty percent of operators said they expect economic conditions to improve in six months, down from 23% last month. Thirty-seven percent of operators think economic conditions will worsen during the next six months, up from 28% last month. That represented the 13th consecutive month in which operators had a net negative outlook for the economy.

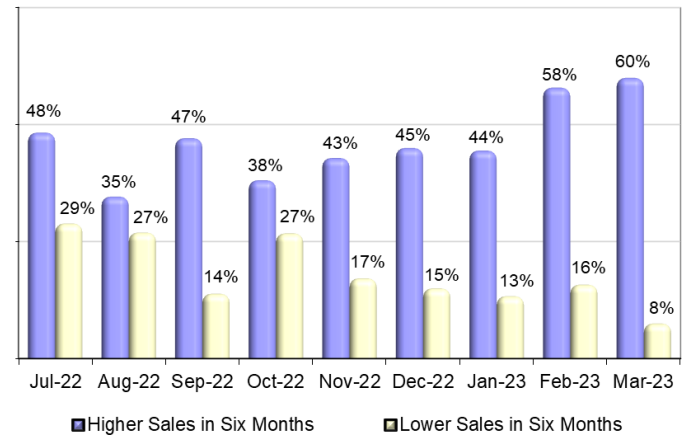
Sixty-four percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down slightly from 67% who reported similarly last month.

Restaurant Operators’ Reporting of Same-Store Sales versus Same Month in Previous Year



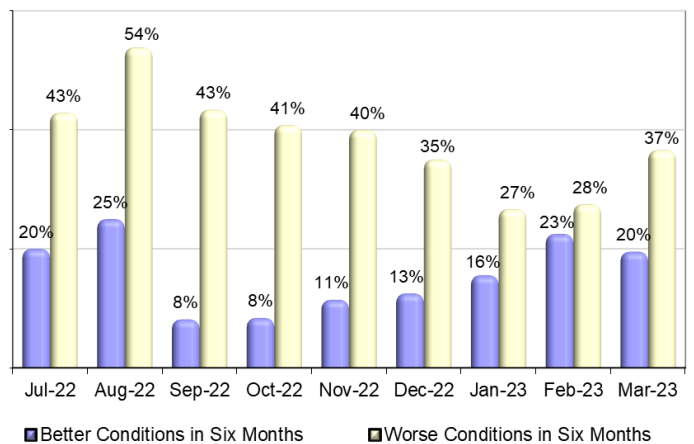
Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators’ Outlook for Sales Volume in Six Months versus Same Period in Previous Year



Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators’ Outlook for General Economic Conditions in Six Months



Source: National Restaurant Association, Restaurant Industry Tracking Survey

National Restaurant Association Restaurant Performance Index and Its Components

	October 2022	November 2022	December 2022	January 2023	February 2023	Feb-23 over Jan-23
Restaurant Performance Index	101.9	101.1	101.8	102.8	102.7	-0.1%
Current Situation Index	102.3	100.8	101.7	103.0	103.0	0.0%
<i>Current Situation Indicators:</i>						
Same-Store Sales	103.7	102.4	103.3	105.3	106.1	0.8%
Customer Traffic	99.7	97.3	100.0	103.0	102.0	-1.0%
Labor	101.9	99.9	101.3	101.8	102.2	0.4%
Capital Expenditures	103.7	103.5	102.1	101.8	101.8	0.0%
Expectations Index	101.5	101.4	101.9	102.6	102.4	-0.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	102.6	103.0	103.1	104.2	105.3	1.0%
Staffing	102.0	102.5	103.3	103.3	103.4	0.2%
Capital Expenditures	104.3	102.5	102.4	103.3	102.8	-0.5%
Business Conditions	97.1	97.8	98.9	99.5	98.3	-1.2%

Note: For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction.

Definitions

The National Restaurant Association's *Restaurant Performance Index* is a statistical barometer that measures the overall health of the U.S. Restaurant Industry. This monthly composite index is based on the responses to the National Restaurant Association's monthly Restaurant Industry Tracking Survey, which is fielded among restaurant operators nationwide on a variety of indicators including sales, traffic, labor and capital expenditures. The *Restaurant Performance Index* is composed of two equally-weighted components: the Current Situation Index and the Expectations Index. For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction. The distance from 100 signifies the magnitude of the expansion or contraction.

The Current Situation Index is a composite index based on four 'recent-period' restaurant industry indicators:

Same-Store Sales: Compares same-store sales volume in the reference month versus the same month in the previous year

Customer Traffic: Compares customer traffic in the reference month versus the same month in the previous year

Labor: Compares the number of employees and the average employee hours in the reference month versus the same month in the previous year

Capital Expenditures: Measures capital expenditure activity during the three most recent months

The Expectations Index is a composite index based on four 'forward-looking' restaurant industry indicators:

Same-Store Sales: Restaurant operators' outlook for same-store sales in six months, compared to the same period in the previous year

Staffing: Restaurant operators' expectations for their number of employees in six months, compared to the same period in the previous year

Capital Expenditures: Restaurant operators' capital expenditure plans during the next six months

Business Conditions: Restaurant operators' outlook for general business conditions during the next six months

For a complete analysis of the National Restaurant Association's Restaurant Industry Tracking Survey including data broken out by industry segment, as well as a host of other economic indicators that impact the restaurant industry, log on to *Restaurant TrendMapper* at www.restaurant.org/trendmapper (subscription required).