

January 2023

### Restaurant Performance Index Increased 0.9% in January

The National Restaurant Association’s Restaurant Performance Index (RPI) registered a healthy increase in January, as restaurant operators reported solid same-store sales and customer traffic readings. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 102.8 in January, up 0.9% from December and the strongest monthly increase in 15 months.

A majority of restaurant operators said their same-store sales and customer traffic levels were higher than January 2022 readings, which was a month that saw business conditions negatively impacted by the omicron variant.

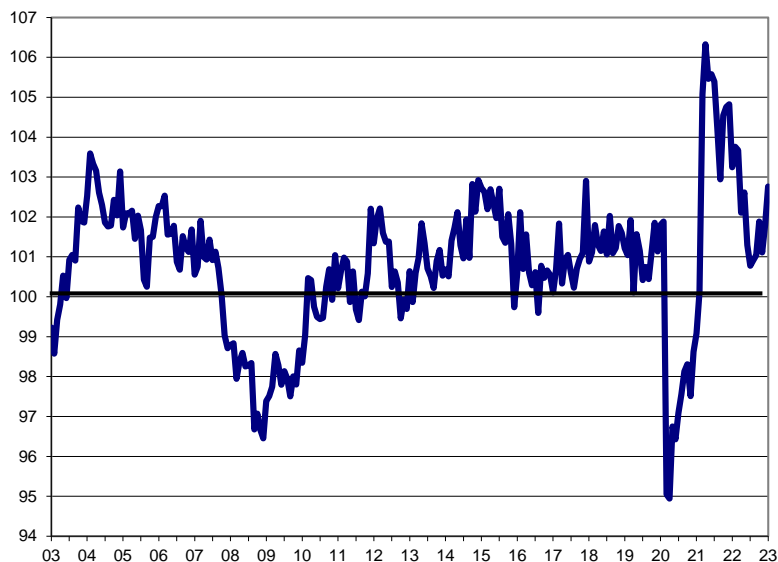
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### Current Situation Index Increased 1.3% to a Level of 103.0 in January; Expectations Index Rose 0.6% to a Level of 102.6

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 January – up 1.3% from a level of 101.7 in December. January represented the second consecutive increase in the Current Situation Index – and the strongest monthly gain since February 2022.

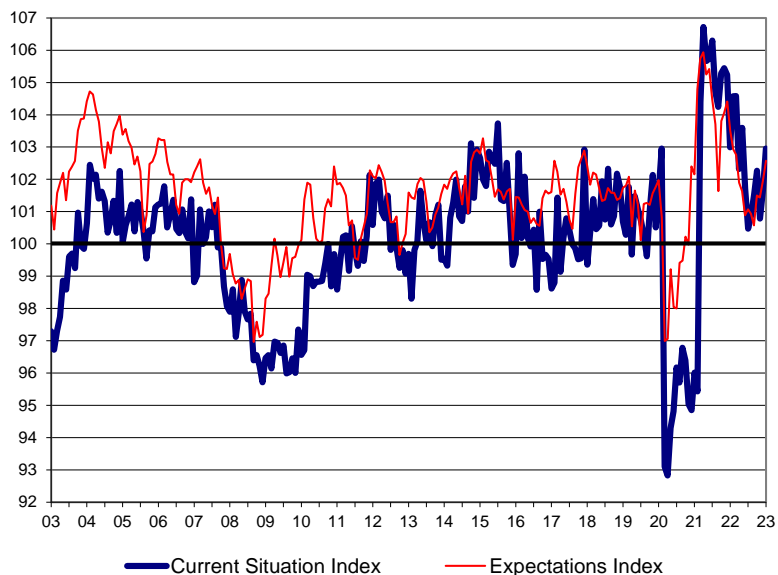
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 102.6 – up 0.6% from the previous month. A majority of restaurant operators have a positive outlook for sales in six months, which helped the Expectations Index rise to its highest level in 10 months.

### Restaurant Performance Index



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

### Current Situation & Expectations Indices



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

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

A solid majority of restaurant operators reported positive sales in January, as year-ago comparisons were dampened because of the omicron variant. Seventy-five percent of operators said their same-store sales rose between January 2022 and January 2023, up from 63% who reported higher sales in December. Only 23% of operators said their sales were lower in January, down from 30% who reported a sales decline in December.

Restaurant operators also reported positive customer traffic readings in January. Sixty percent of operators said their customer traffic rose between January 2022 and January 2023, up from 46% who reported higher traffic in December. Thirty percent of operators said their customer traffic declined in January, down from 46% who reported lower traffic in December.

Restaurant operators continued to report positive capital spending activity in February. 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 60% who reported similarly last month.

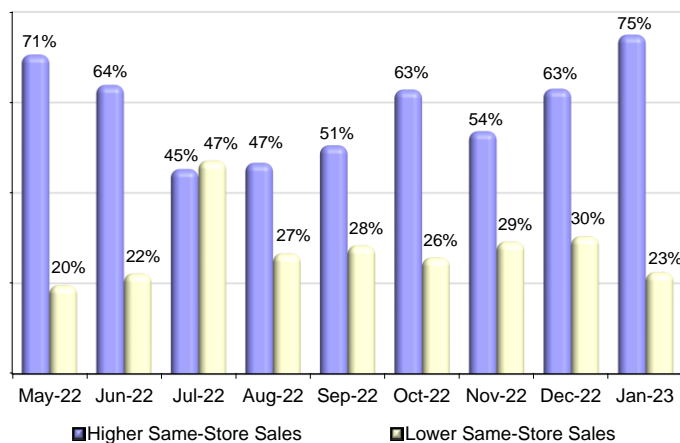
### Restaurant Operators Are Optimistic About Sales Growth in the Coming Months

Restaurant operators are increasingly optimistic about sales growth in the months ahead. Fifty-eight 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 44% last month and represented the highest reading in nearly a year. Only 16% of operators think their sales in six months will be lower than it was during the same period in the previous year – compared to 13% last month.

Although restaurant operators remain uncertain about the direction of the economy, they are not as pessimistic as they were during the second half of 2022. Twenty-three percent of operators said they expect economic conditions to improve in six months, while 28% think economic conditions will worsen during the next six months. While it was the 12<sup>th</sup> consecutive month in which operators had a net negative outlook for the economy, the 23% expecting conditions to improve was the highest reading in six months.

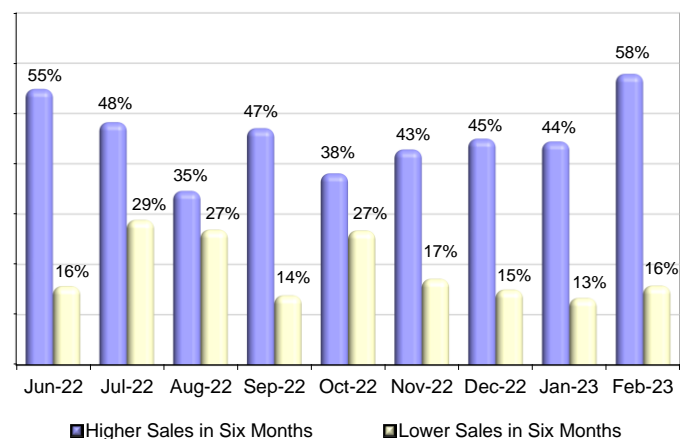
Sixty-seven percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up from 62% who reported similarly last month.

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



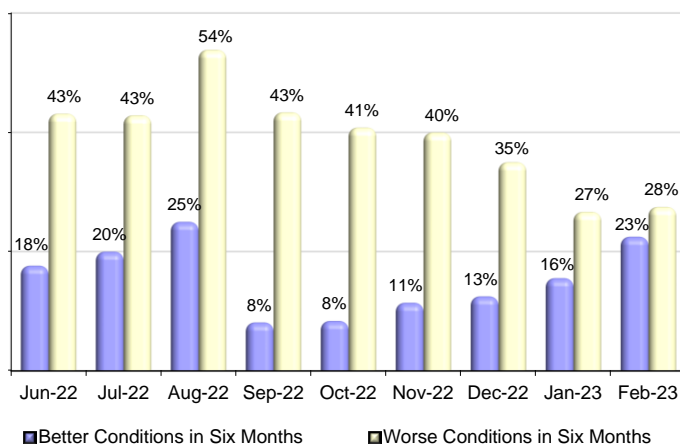
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### 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

	September 2022	October 2022	November 2022	December 2022	January 2023	Jan-23 over Dec-22
<b>Restaurant Performance Index</b>	101.0	101.9	101.1	101.8	102.8	0.9%
<b>Current Situation Index</b>	101.5	102.3	100.8	101.7	103.0	1.3%
<i>Current Situation Indicators:</i>						
Same-Store Sales	102.2	103.7	102.4	103.3	105.3	1.9%
Customer Traffic	98.4	99.7	97.3	100.0	103.0	3.0%
Labor	101.7	101.9	99.9	101.3	101.8	0.4%
Capital Expenditures	103.7	103.7	103.5	102.1	101.8	-0.3%
<b>Expectations Index</b>	100.6	101.5	101.4	101.9	102.6	0.6%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.1	102.6	103.0	103.1	104.2	1.1%
Staffing	101.9	102.0	102.5	103.3	103.3	0.0%
Capital Expenditures	102.5	104.3	102.5	102.4	103.3	0.9%
Business Conditions	96.8	97.1	97.8	98.9	99.5	0.6%

*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](http://www.restaurant.org/trendmapper) (subscription required).