

November 2023

## Restaurant Performance Index Increased 0.5% in November

The National Restaurant Association's Restaurant Performance Index (RPI) registered a moderate increase in November, as restaurant operators reported an improvement in same-store sales readings. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 100.1 in November, up 0.5% from a level of 99.7 in October.

A majority of restaurant operators reported positive same-store sales in November, though customer traffic readings remained in negative territory. Looking forward, restaurant operators continue to have a mixed outlook for business conditions in the coming months.

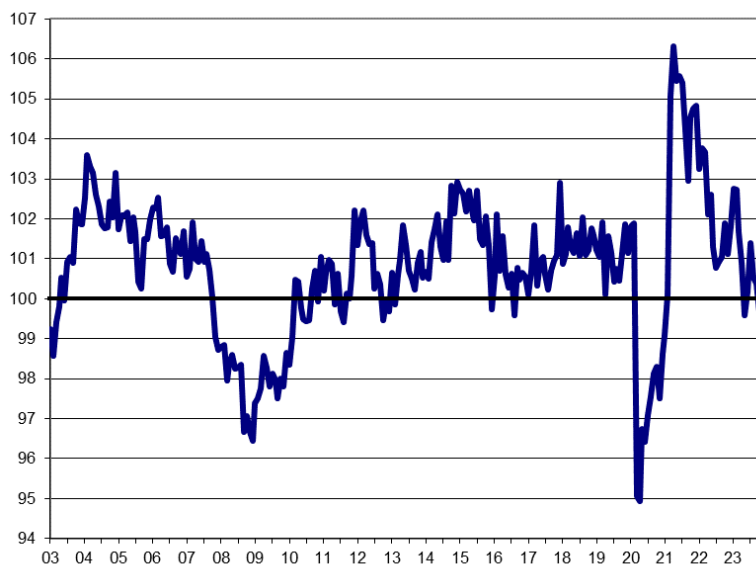
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

## Current Situation Index Increased 0.6% to a Level of 99.5 in November; Expectations Index Rose 0.3% to a Level of 100.7

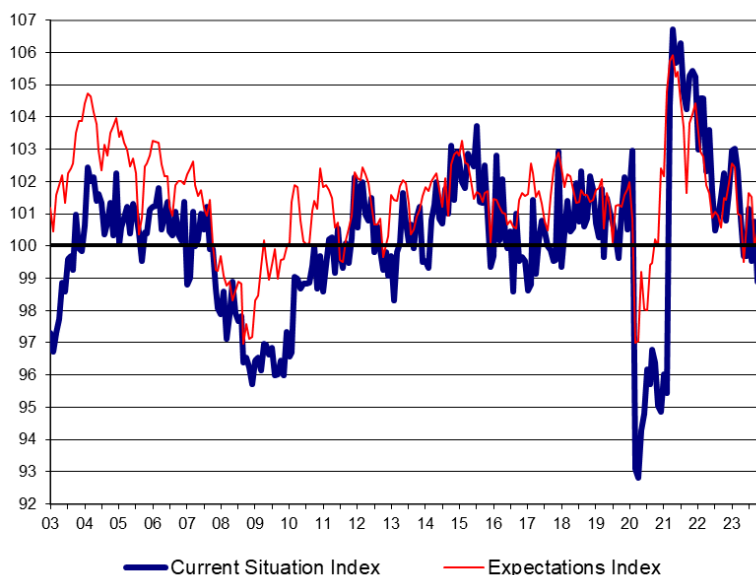
The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.5 in November – up 0.6% from a level of 98.9 in October. Despite the increase, November represented the third time in the last four months that the Current Situation Index was below 100 in contraction territory.

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 100.7 – up 0.3% from a level of 100.4 last month. Restaurant operators are somewhat more optimistic about sales growth in the months ahead, but they remain generally pessimistic about the direction of the overall economy.

## Restaurant Performance Index



## Current Situation & Expectations Indices



### Majority of Restaurant Operators Reported Positive Same-Store Sales in November

Restaurant operators reported a solid improvement in same-store sales in November. Fifty-eight percent of operators said their same-store sales rose between November 2022 and November 2023. That was up from just 31% of operators who reported higher sales in October and represented the strongest reading since July. Thirty-two percent of operators said their sales were lower in November, down from 51% who reported a sales decline in October.

Restaurant operators also reported an improvement in customer traffic readings in November, though it still resulted in a net decline in traffic for the eighth consecutive month. Thirty-two percent of operators said their customer traffic rose between November 2022 and November 2023, while 55% reported a traffic decline.

Restaurant operators reported a dropoff in capital spending activity in November. Forty percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down from 56% of operators who reported similarly last month.

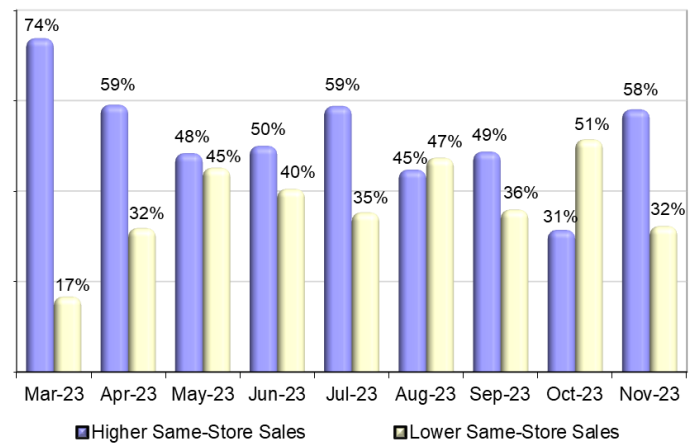
### Restaurant Operators Are More Optimistic about Sales Growth

Restaurant operators are somewhat more optimistic about sales gains in the months ahead. Forty-five 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 29% who reported similarly last month and represented the highest reading since the September 2023 survey. Sixteen percent of operators think their sales in six months will be lower than it was during the same period in the previous year.

Restaurant operators are not as bullish about the overall economy. Only 13% of operators said they expect economic conditions to improve in six months, while 32% think conditions will worsen during the next six months. Fifty-five percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 22<sup>nd</sup> consecutive month in which operators had a net negative outlook for the economy.

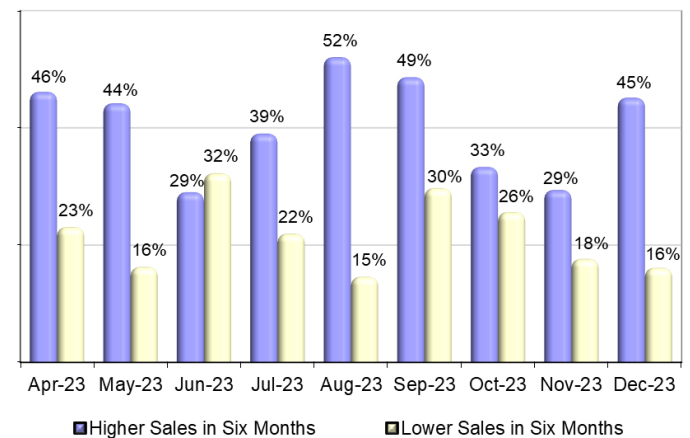
A smaller proportion of restaurant operators are planning for capital spending in the months ahead. Fifty-two percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 62% who reported similarly last month.

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



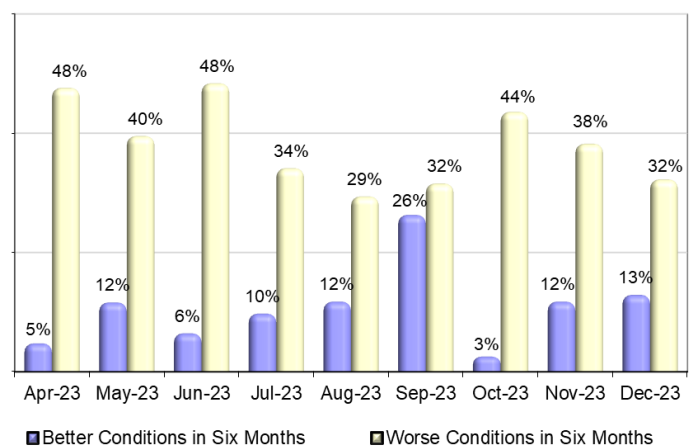
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### 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

	July 2023	August 2023	September 2023	October 2023	November 2023	Nov-23 over Oct-23
<b>Restaurant Performance Index</b>	101.4	100.5	100.4	99.7	100.1	0.5%
<b>Current Situation Index</b>	101.2	99.5	100.8	98.9	99.5	0.6%
<i>Current Situation Indicators:</i>						
Same-Store Sales	102.4	99.7	101.3	98.0	102.6	4.7%
Customer Traffic	99.4	97.6	99.0	96.0	97.7	1.8%
Labor	100.9	98.7	100.0	100.3	99.7	-0.6%
Capital Expenditures	102.0	102.1	102.8	101.2	98.0	-3.1%
<b>Expectations Index</b>	101.6	101.5	100.0	100.4	100.7	0.3%
<i>Expectations Indicators:</i>						
Same-Store Sales	103.7	101.9	100.8	101.2	102.9	1.7%
Staffing	101.6	101.9	102.1	100.9	101.6	0.7%
Capital Expenditures	103.0	102.9	101.3	102.4	100.3	-2.0%
Business Conditions	98.2	99.5	95.9	97.4	98.1	0.7%

*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).