

November 2021

### **Restaurant Performance Index Rose 0.2% in November**

The National Restaurant Association’s Restaurant Performance Index (RPI) remained elevated in November, as a result of positive sales and traffic comparisons and a generally optimistic outlook for business conditions. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 104.8 in November, up 0.2% from a level of 104.5 in October.

Restaurant operators continued to report positive same-store sales and customer traffic compared to year-ago levels. Looking forward, restaurant operators’ optimism for business conditions is at its highest point since the August survey period, though it remains somewhat dampened from the elevated levels reached during the first half of 2021.

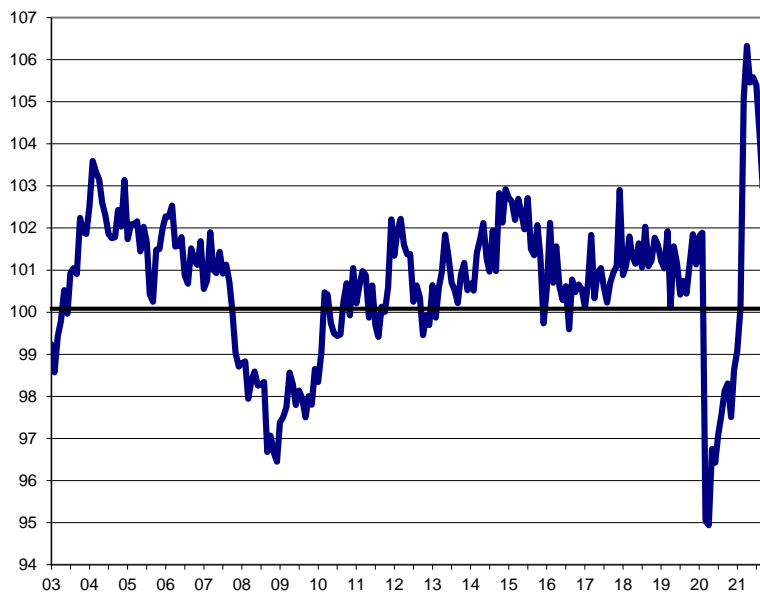
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### **Current Situation Index Rose 0.2% to a Level of 105.4 in November; Expectations Index Increased 0.3% to a Level of 104.1**

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 105.4 in November – up 0.2% from October. Restaurant operators continued to report positive same-store sales and customer traffic, while capital spending activity trended higher.

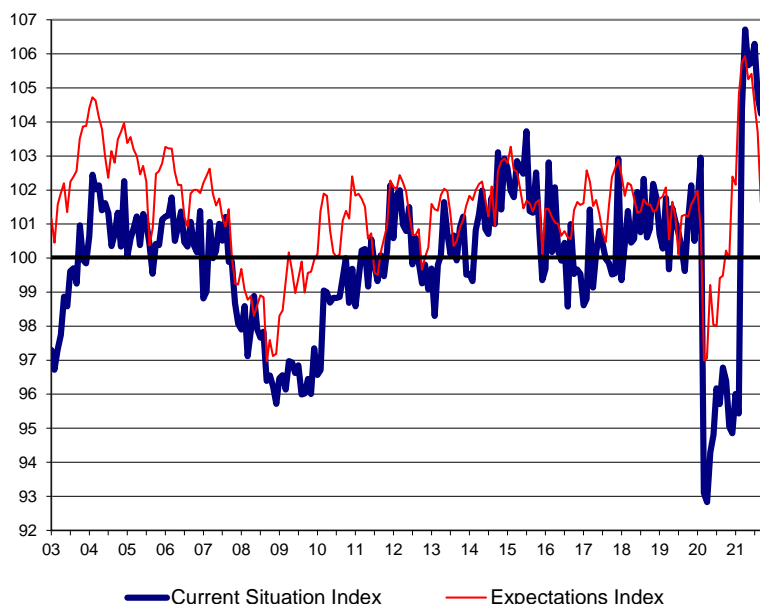
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 104.1 – up 0.3% from the previous month and the second consecutive monthly gain. Six in 10 operators expect their sales to rise in the months ahead, while a solid majority are planning to make a capital expenditure.

### **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 Higher Same-Store Sales and Customer Traffic in November**

A solid majority of restaurant operators continued to report positive same-store sales compared to their year-ago levels. Eighty-three percent of restaurant operators said their same-store sales rose between November 2020 and November 2021, while only 7% reported a sales decline.

Two-year comparisons remained mixed, with 56% of operators saying their November 2021 sales were up from November 2019 levels. Limited-service operators were much more likely than fullservice operators to report an increase in same-store sales between November 2019 and November 2021.

Restaurant operators also continued to report positive traffic readings in November. Seventy-five percent of restaurant operators said their customer traffic in November 2021 was higher than it was in November 2020. Only 9% said their traffic declined.

Seventy percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the eighth consecutive month with readings above 60%.

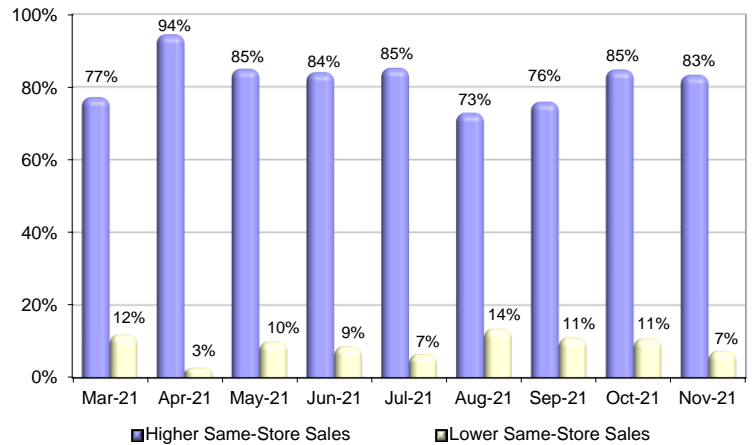
### **Restaurant Operators' Outlook for Business Conditions Improved in Recent Months**

Restaurant operators are generally optimistic about sales growth in the months ahead. Fifty-nine percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year – the highest level in four months. Thirteen percent of operators expect their sales in six months to be lower than it was during the same period in the previous year, which was up from just 2% last month.

Restaurant operators also became somewhat more optimistic about the direction of the overall economy in recent months. Thirty-seven percent of restaurant operators said they expect economic conditions to improve in six months, up from 25% during the October survey period. Nineteen percent of operators think economic conditions will worsen in the next six months, down from 31% in October.

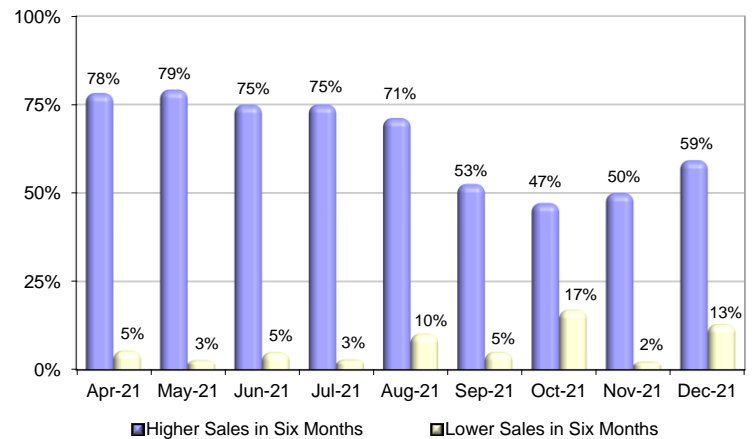
Restaurant operators' outlook for capital spending also improved during the last two months. Seventy-five percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up from just 55% during the October survey period.

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



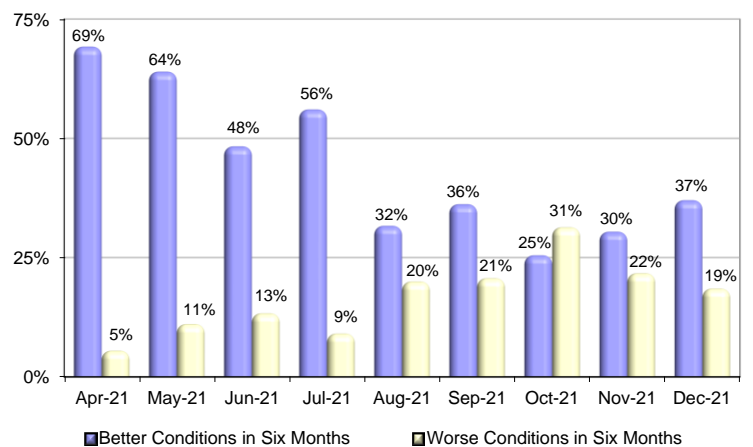
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### **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<br>2021 | August<br>2021 | September<br>2021 | October<br>2021 | November<br>2021 | Nov-21<br>over<br>Oct-21 |
|--------------------------------------|--------------|----------------|-------------------|-----------------|------------------|--------------------------|
| <b>Restaurant Performance Index</b>  | 105.4        | 104.2          | 102.9             | 104.5           | 104.8            | 0.2%                     |
| <b>Current Situation Index</b>       | 106.3        | 104.7          | 104.2             | 105.3           | 105.4            | 0.2%                     |
| <i>Current Situation Indicators:</i> |              |                |                   |                 |                  |                          |
| Same-Store Sales                     | 107.9        | 105.9          | 106.5             | 107.4           | 107.6            | 0.2%                     |
| Customer Traffic                     | 106.4        | 105.4          | 105.6             | 106.7           | 106.6            | -0.1%                    |
| Labor                                | 105.7        | 104.6          | 102.8             | 103.7           | 103.6            | -0.1%                    |
| Capital Expenditures                 | 105.3        | 103.0          | 102.2             | 103.3           | 104.0            | 0.6%                     |
| <b>Expectations Index</b>            | 104.5        | 103.7          | 101.6             | 103.8           | 104.1            | 0.3%                     |
| <i>Expectations Indicators:</i>      |              |                |                   |                 |                  |                          |
| Same-Store Sales                     | 106.1        | 104.7          | 103.0             | 104.8           | 104.6            | -0.1%                    |
| Staffing                             | 105.1        | 104.5          | 103.1             | 105.3           | 104.7            | -0.6%                    |
| Capital Expenditures                 | 105.6        | 104.0          | 101.0             | 104.2           | 105.1            | 0.8%                     |
| Business Conditions                  | 101.2        | 101.6          | 99.4              | 100.9           | 101.9            | 1.0%                     |

*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).