

November 2022

Restaurant Performance Index Declined 0.8% in November

The National Restaurant Association’s Restaurant Performance Index (RPI) declined for the first time in four months, as restaurant operators reported somewhat softer 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 101.1 in November, down 0.8% from a level of 101.9 in October.

Although restaurant operators continued to report positive same-store sales in November, customer traffic readings were down from year-ago levels. Looking forward, restaurant operators’ sales outlook continued to trend in a positive direction.

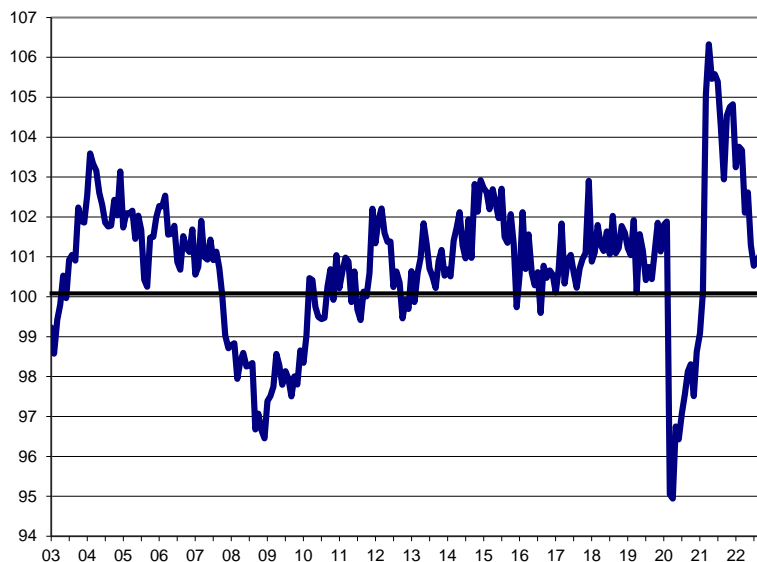
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Fell 1.4% to a Level of 100.8 in November; Expectations Index Edged Down 0.1% to a Level of 101.4

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 100.8 in November – down 1.4% from October and the first decline in four months. November’s drop in the Current Situation Index was largely the result of softer same-store sales and customer traffic readings.

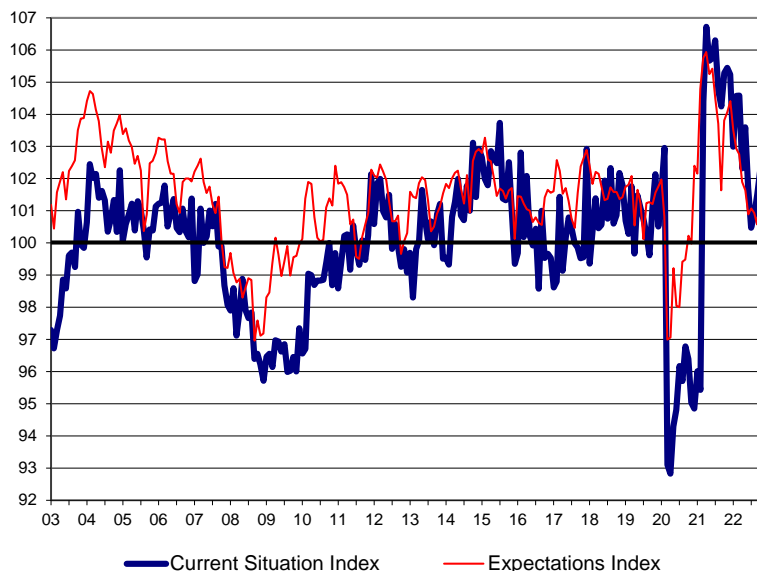
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.4 – down 0.1% from the previous month. Restaurant operators are becoming somewhat more positive about sales growth in the months ahead, though they remain largely uncertain about the direction of the economy.

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 Mixed Sales and Traffic Results in November

Restaurant operators continued to report positive same-store sales in November, though the readings were softer than October. Fifty-four percent of operators said their same-store sales rose between November 2021 and November 2022, down from 63% who reported higher sales in October. Twenty-nine percent of operators said their sales were lower in November, up slightly from 26% who reported a sales decline in October.

In contrast to the positive same-store sales readings, restaurant operators reported a net decline in customer traffic for the sixth consecutive month. Twenty-four percent of operators said their customer traffic rose between November 2021 and November 2022, down from 40% in October. Fifty-one percent of operators said their customer traffic declined in November, up from 43% who reported lower traffic in October.

Restaurant operators continued to report strong capital spending activity in November. Sixty-eight percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the 11th consecutive month with readings of at least 60%.

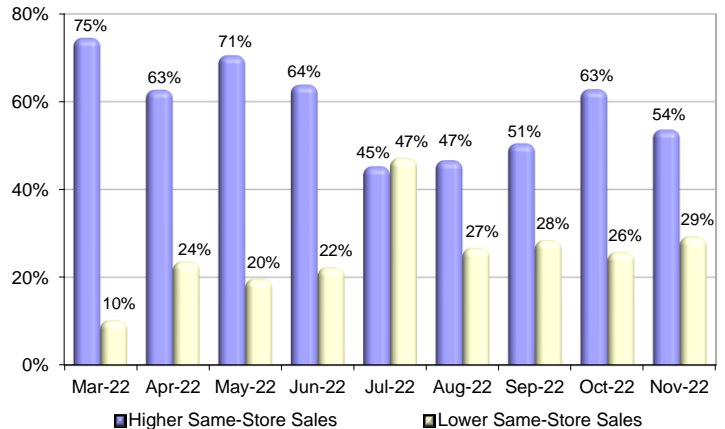
Restaurant Operators are More Optimistic about Sales Growth

Restaurant operators are somewhat more positive about sales growth 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 slightly from 43% last month. Only 15% of operators think their sales in six months will be lower than it was during the same period in the previous year – down from 17% last month.

In contrast to the positive sales outlook, restaurant operators remain generally pessimistic about the economy. Only 13% of operators said they expect economic conditions to improve in six months, while 35% think economic conditions will worsen during the next six months. That was the 10th consecutive month in which operators had a net negative outlook for the economy.

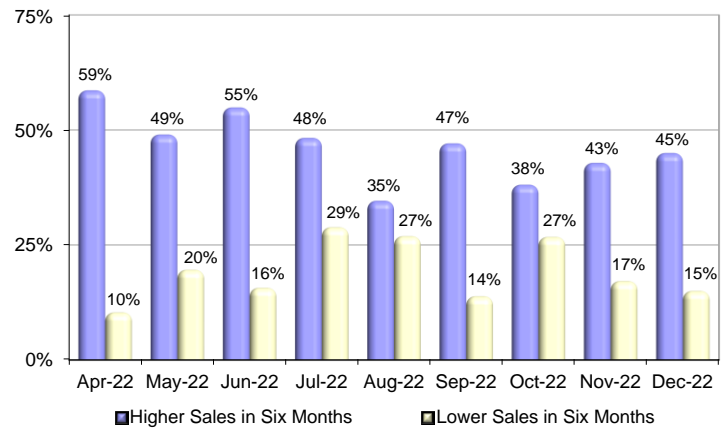
While the outlook for business conditions remains mixed, a majority of operators continue to plan for capital expenditures. Sixty-three percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That marked the 22nd consecutive month with a reading of at least 55%.

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



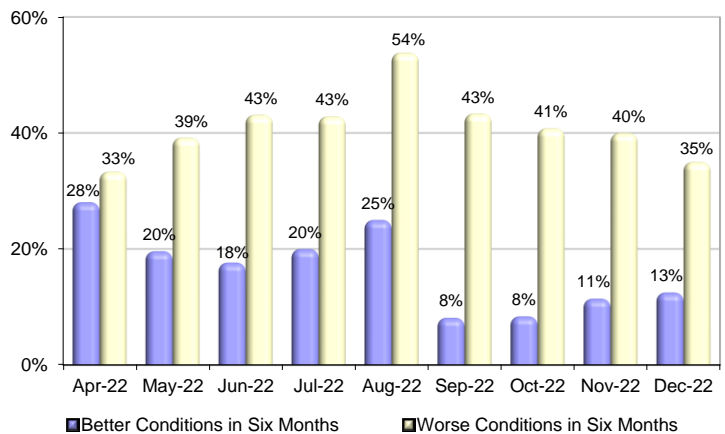
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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 2022	August 2022	September 2022	October 2022	November 2022	Nov-22 over Oct-22
Restaurant Performance Index	100.8	100.9	101.0	101.9	101.1	-0.8%
Current Situation Index	100.5	100.9	101.5	102.3	100.8	-1.4%
<i>Current Situation Indicators:</i>						
Same-Store Sales	99.8	102.0	102.2	103.7	102.4	-1.2%
Customer Traffic	96.8	97.3	98.4	99.7	97.3	-2.4%
Labor	102.0	101.1	101.7	101.9	99.9	-2.0%
Capital Expenditures	103.3	103.1	103.7	103.7	103.5	-0.2%
Expectations Index	101.1	100.9	100.6	101.5	101.4	-0.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.8	103.3	101.1	102.6	103.0	0.4%
Staffing	103.1	101.9	101.9	102.0	102.5	0.5%
Capital Expenditures	103.3	102.0	102.5	104.3	102.5	-1.7%
Business Conditions	97.1	96.5	96.8	97.1	97.8	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 (subscription required).