

October 2023

### Restaurant Performance Index Declined 0.7% in October

The National Restaurant Association’s Restaurant Performance Index (RPI) declined for the third consecutive month in October, due primarily to softer readings in the current situation indicators. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 99.7 in October, down 0.7% from a level of 100.4 in September.

Restaurant operators reported a net decline in both same-store sales and customer traffic in October, though that was partially influenced by stronger comparisons in October 2022. Looking ahead, restaurant operators are slightly more optimistic about business conditions in the coming months.

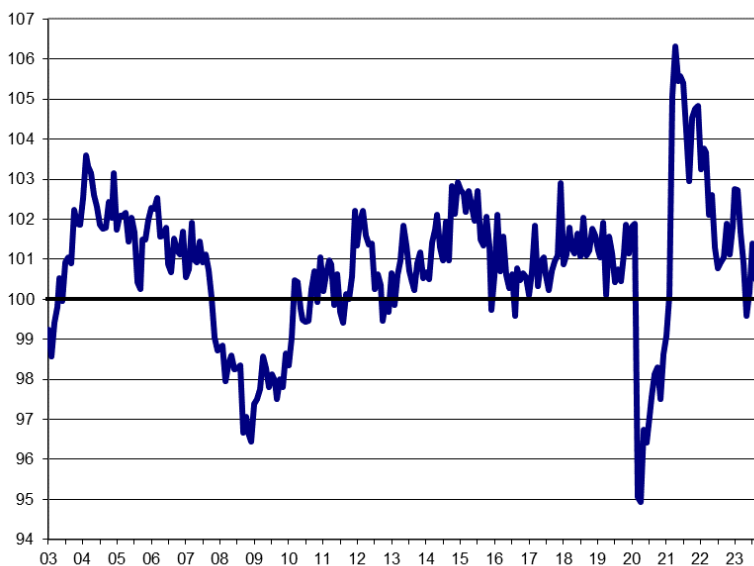
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### Current Situation Index Fell 1.9% to a Level of 98.9 in October; Expectations Index Rose 0.4% to a Level of 100.4

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.9 in October – down 1.9% from a level of 100.8 in September. October represented the second time in the last three months that the Current Situation Index was below 100 in contraction territory.

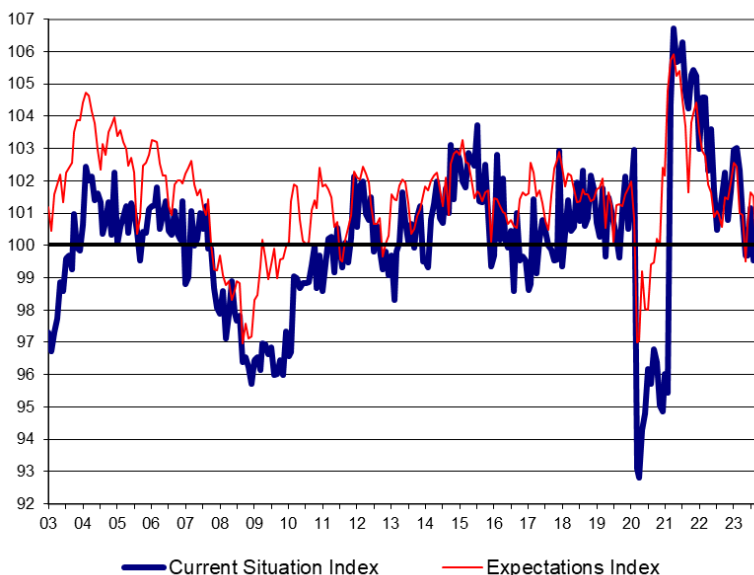
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.4 – up 0.4% from a reading of 100.0 last month. Restaurant operators have a modestly net positive outlook for sales in the coming months, though they remain pessimistic about the overall 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 Lower Sales and Traffic in October

Restaurant operators reported a net decline in same-store sales in October, though that was partially influenced by relatively strong comparisons in October 2022. Thirty-one percent of operators said their same-store sales rose between October 2022 and October 2023. That was down from 49% of operators who reported higher sales in September. Fifty-one percent of operators said their sales were lower in October, up from 36% who reported similarly last month.

In addition to the dampened sales readings, restaurant operators reported a net decline in customer traffic for the seventh consecutive month. Twenty percent of operators said their customer traffic rose between October 2022 and October 2023, while 60% reported a traffic decline.

Restaurant operators continued to report positive capital spending activity in October, though readings were down from recent months. Fifty-six percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down from 64% of operators who reported similarly last month.

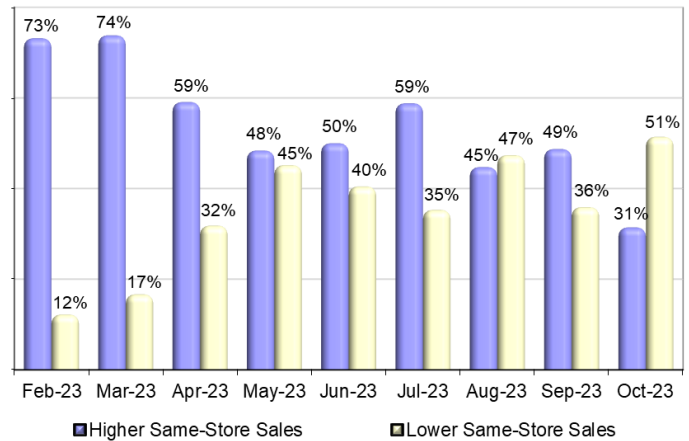
### Restaurant Operators Remain Uncertain about Sales and the Economy

Restaurant operators have a mixed outlook for sales in the coming months. Twenty-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. That was down slightly from 33% who reported similarly last month. Eighteen percent of operators think their sales in six months will be lower than it was during the same period in the previous year, compared to 26% who reported similarly last month.

Restaurant operators are even less optimistic about the overall economy. Only 12% of operators said they expect economic conditions to improve in six months, while 38% think conditions will worsen during the next six months. Fifty percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 21<sup>st</sup> consecutive month in which operators had a net negative outlook for the economy.

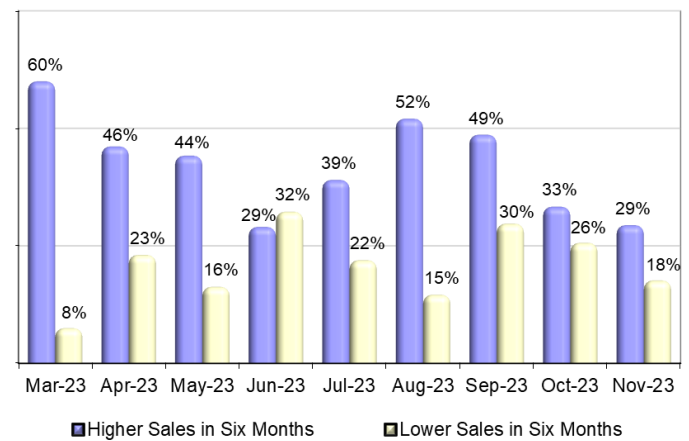
A majority of restaurant operators are planning for capital spending in the months ahead. Sixty-two percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up from 56% who reported similarly last month.

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



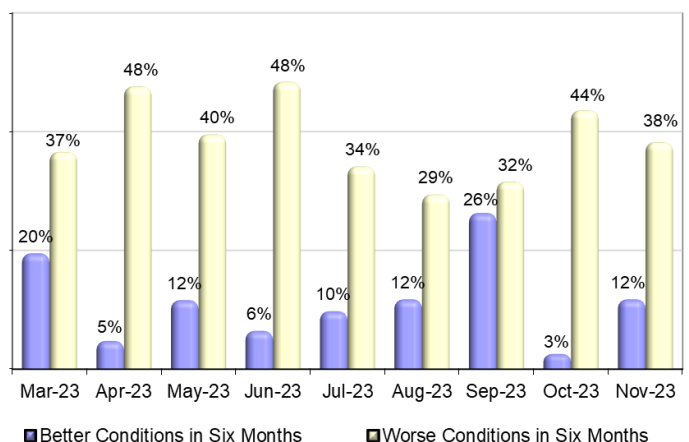
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### 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

	June 2023	July 2023	August 2023	September 2023	October 2023	Oct-23 over Sep-23
<b>Restaurant Performance Index</b>	100.2	101.4	100.5	100.4	99.7	-0.7%
<b>Current Situation Index</b>	99.7	101.2	99.5	100.8	98.9	-1.9%
<i>Current Situation Indicators:</i>						
Same-Store Sales	101.0	102.4	99.7	101.3	98.0	-3.2%
Customer Traffic	97.1	99.4	97.6	99.0	96.0	-3.0%
Labor	99.9	100.9	98.7	100.0	100.3	0.3%
Capital Expenditures	100.7	102.0	102.1	102.8	101.2	-1.6%
<b>Expectations Index</b>	100.7	101.6	101.5	100.0	100.4	0.4%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.7	103.7	101.9	100.8	101.2	0.4%
Staffing	99.8	101.6	101.9	102.1	100.9	-1.1%
Capital Expenditures	103.7	103.0	102.9	101.3	102.4	1.1%
Business Conditions	97.6	98.2	99.5	95.9	97.4	1.5%

*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).