

October 2021

### Restaurant Performance Index Increased 1.6% in October

The National Restaurant Association’s Restaurant Performance Index (RPI) posted a healthy gain in October, as operators’ outlook for business conditions improved. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 104.5 in October, up 1.6% from a reading of 102.9 in September.

Restaurant operators continued to report same-store sales and customer traffic levels above year-ago readings. Looking forward, restaurant operators are somewhat more optimistic about business conditions in the months ahead, which came on the heels of three consecutive months of declining sentiment.

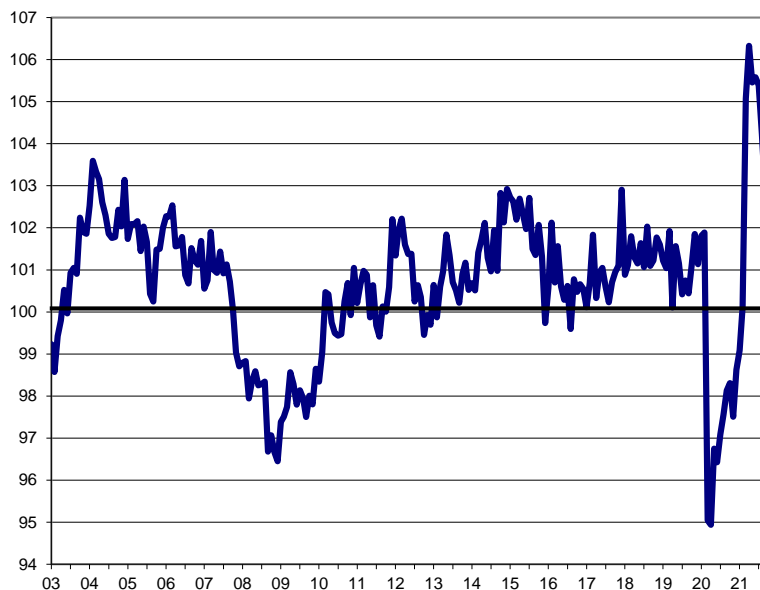
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### Current Situation Index Rose 1.0% to a Level of 105.3 in October; Expectations Index Increased 2.1% to a Level of 103.8

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 105.3 in October – up 1.0% from September. A solid majority of operators reported same-store sales and customer traffic above October 2020 levels, while capital spending activity remained strong.

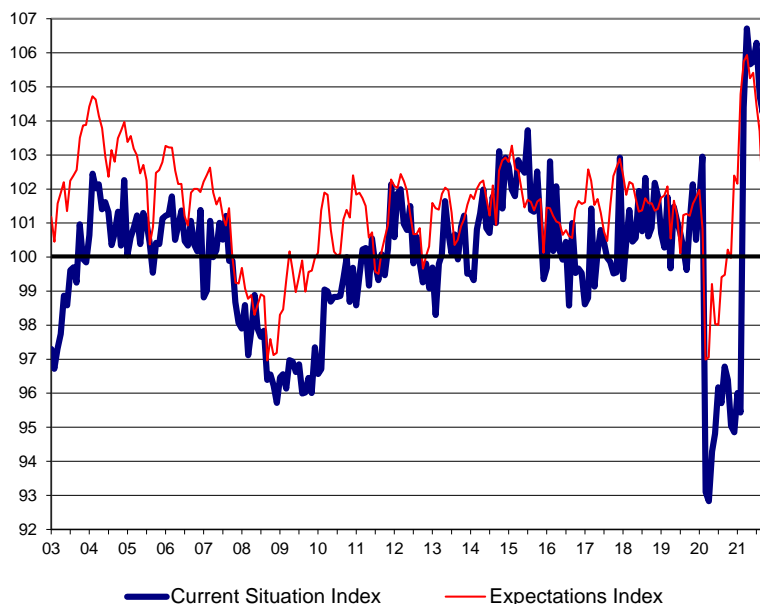
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 103.8 – up 2.1% from the previous month and the first increase in four months. Each of the four expectations indicators improved during the November survey period, though operator optimism still remains somewhat dampened from the elevated levels during the first half of 2021.

### 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 October

A strong majority of restaurant operators reported higher same-store sales compared to year-ago levels. Eighty-five percent of restaurant operators said their same-store sales rose between October 2020 and October 2021, while only 11% reported a sales decline. Four percent of operators said their sales were about the same as they were in October 2020.

Restaurant operators also continued to report positive customer traffic readings in October. Eighty percent of restaurant operators said their customer traffic in October 2021 was higher than it was in October 2020. Thirteen percent said their traffic declined from year-ago levels, while 7% said their customer traffic remained about the same.

Restaurant operators' reporting of their capital spending activity remained elevated in recent months. Sixty-seven percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the seventh consecutive month with readings above 60%.

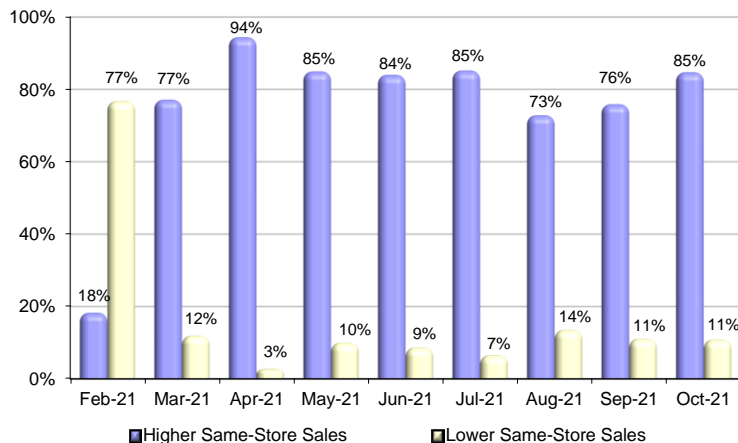
### Restaurant Operators' Outlook for Business Conditions Improved from Recent Months

Restaurant operators' outlook for business conditions improved during the November survey period. Fifty percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year, up slightly from 47% who reported similarly during the October survey period. Only 2% of operators expect their sales in six months to be lower than it was during the same period in the previous year, which was down from 17% in October.

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

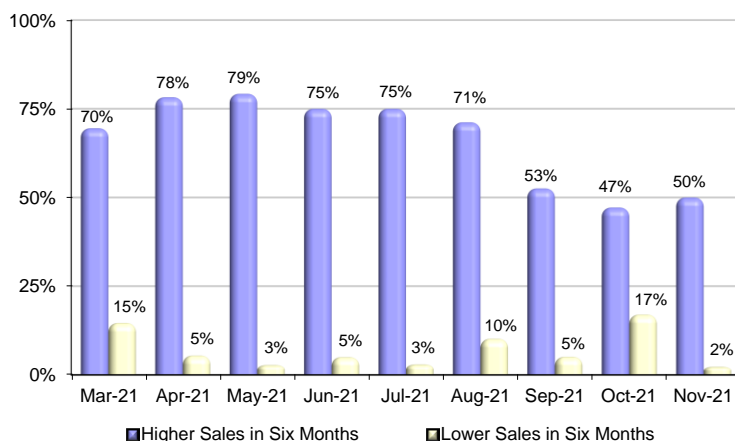
Restaurant operators' outlook for capital spending also bounced back during the November survey period. Seventy-one percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up from 55% last month, which represented the lowest reading since the February 2021 survey.

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



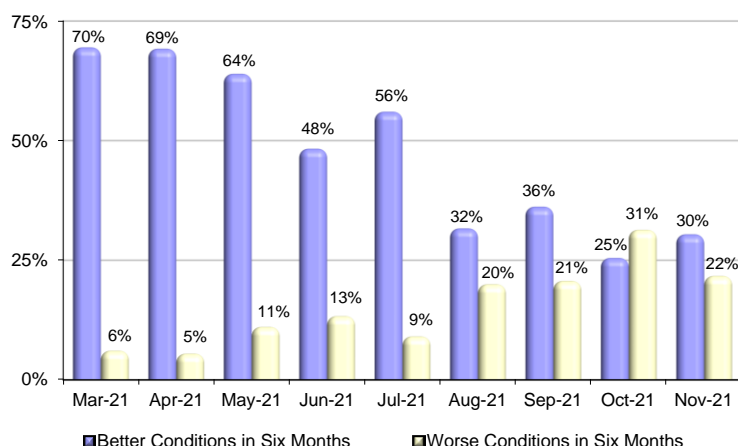
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### 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 2021	July 2021	August 2021	September 2021	October 2021	Oct-21 over Sep-21
<b>Restaurant Performance Index</b>	105.6	105.4	104.2	102.9	104.5	1.6%
<b>Current Situation Index</b>	105.7	106.3	104.7	104.2	105.3	1.0%
<i>Current Situation Indicators:</i>						
Same-Store Sales	107.5	107.9	105.9	106.5	107.4	0.9%
Customer Traffic	106.8	106.4	105.4	105.6	106.7	1.1%
Labor	105.2	105.7	104.6	102.8	103.7	0.9%
Capital Expenditures	103.4	105.3	103.0	102.2	103.3	1.2%
<b>Expectations Index</b>	105.4	104.5	103.7	101.6	103.8	2.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	107.2	106.1	104.7	103.0	104.8	1.7%
Staffing	106.0	105.1	104.5	103.1	105.3	2.1%
Capital Expenditures	103.7	105.6	104.0	101.0	104.2	3.2%
Business Conditions	104.7	101.2	101.6	99.4	100.9	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).