

October 2022

Restaurant Performance Index Increased 0.8% in October

The National Restaurant Association’s Restaurant Performance Index (RPI) posted a moderate gain in October, as restaurant operators reported improving same-store sales and customer traffic readings. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 101.9 in October, up 0.8% from a level of 101.0 in September.

Current situation indicators improved in October, with restaurant operators reporting their strongest same-store sales performance since June. Looking ahead, restaurant operators are slightly more optimistic about business conditions in the months ahead.

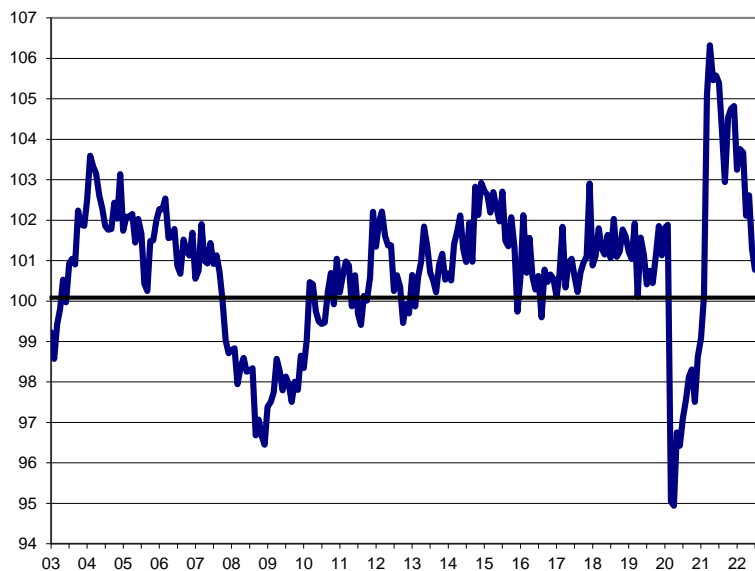
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Rose 0.7% to a Level of 102.3 in October; Expectations Index Increased 0.9% to a Level of 101.5

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 102.3 in October – up 0.7% from September and the third consecutive monthly increase. Nearly two-thirds of restaurant operators reported higher same-store sales in October, while customer traffic readings were a mixed bag.

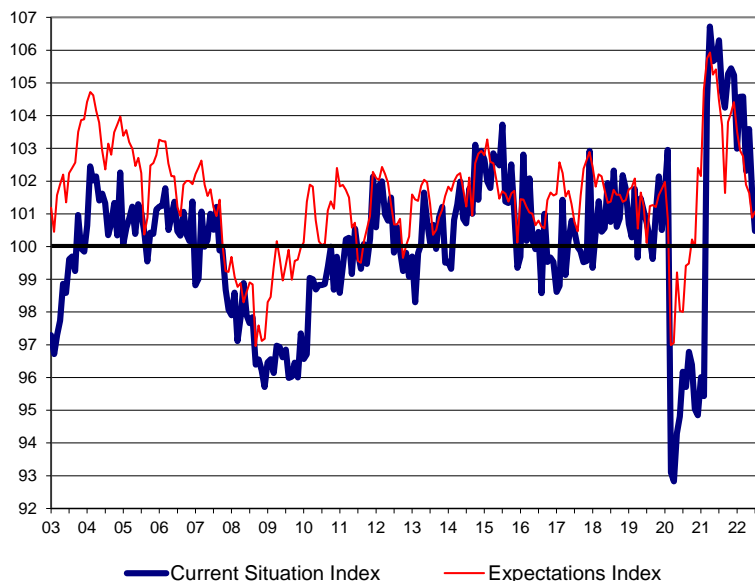
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.5 – up 0.9% from the previous month. Although restaurant operators remain pessimistic about the direction of the economy, they are somewhat more bullish about their sales prospects in the coming months.

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 Stronger Same-Store Sales Readings in October

Restaurant operators reported improving same-store sales for the third consecutive month in October. Sixty-three percent of operators said their same-store sales rose between October 2021 and October 2022, up from 51% in September and the highest level since June. Twenty-six percent of operators said their sales were lower in October, down slightly from 28% who reported a sales decline in September.

Although customer traffic readings improved somewhat in October, operators reported a net decline for the fifth consecutive month. Forty percent of operators said their customer traffic rose between October 2021 and October 2022, up from 29% in September and the highest reading since May. Forty-three percent of operators said their customer traffic declined in October, compared to 44% who reported lower traffic in September.

Restaurant operators continued to report healthy capital spending activity in October. Sixty-nine percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the 10th consecutive month with readings of at least 60%.

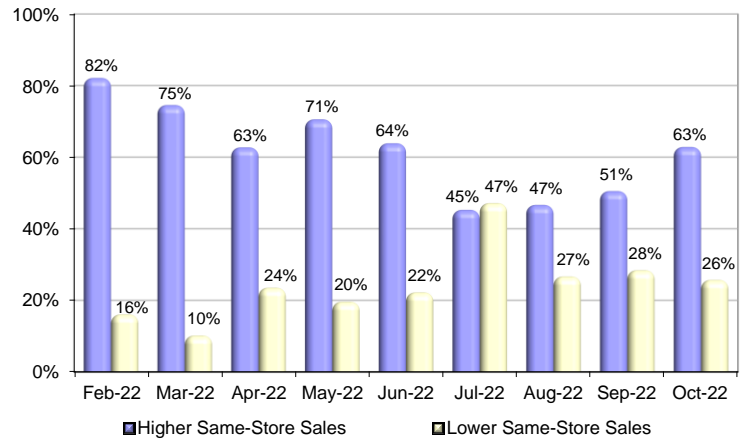
Restaurant Operators are Somewhat More Optimistic about Business Conditions

Restaurant operators are somewhat more optimistic about sales gains in the coming months. Forty-three 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 38% last month. Only 17% of operators think their sales in six months will be lower than it was during the same period in the previous year – down from 27% last month.

In contrast to the generally positive sales outlook, restaurant operators remain pessimistic about the direction of the overall economy. Only 11% of operators said they expect economic conditions to improve in six months, while 40% think economic conditions will worsen during the next six months. That was the ninth consecutive month in which operators had a net negative outlook for the economy.

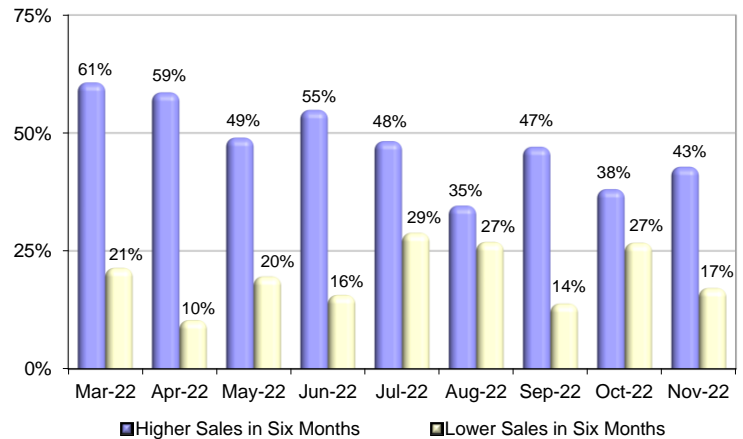
While the outlook for business conditions remains uncertain, a majority of operators are still planning for capital expenditures. Seventy-one percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That marked the 21st consecutive month with a reading of at least 55%.

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



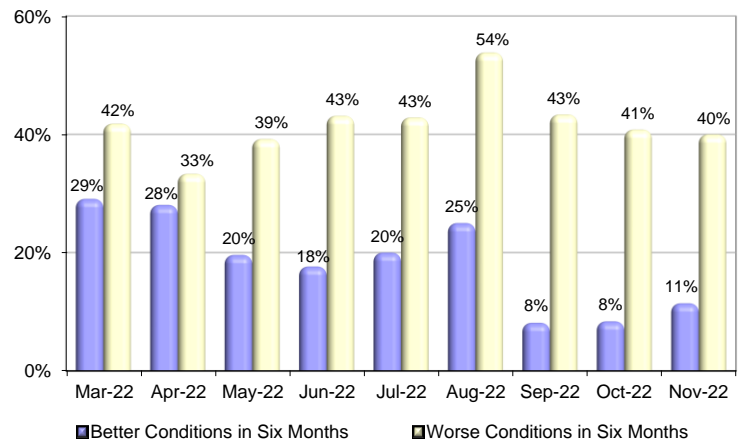
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	June 2022	July 2022	August 2022	September 2022	October 2022	Oct-22 over Sep-22
Restaurant Performance Index	101.3	100.8	100.9	101.0	101.9	0.8%
Current Situation Index	101.7	100.5	100.9	101.5	102.3	0.7%
<i>Current Situation Indicators:</i>						
Same-Store Sales	104.2	99.8	102.0	102.2	103.7	1.5%
Customer Traffic	98.1	96.8	97.3	98.4	99.7	1.3%
Labor	100.7	102.0	101.1	101.7	101.9	0.2%
Capital Expenditures	103.9	103.3	103.1	103.7	103.7	0.0%
Expectations Index	100.9	101.1	100.9	100.6	101.5	0.9%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.9	100.8	103.3	101.1	102.6	1.4%
Staffing	101.5	103.1	101.9	101.9	102.0	0.1%
Capital Expenditures	102.4	103.3	102.0	102.5	104.3	1.7%
Business Conditions	97.7	97.1	96.5	96.8	97.1	0.4%

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).