



National Restaurant Association Restaurant Performance Index

September 2023

Restaurant Performance Index Dipped 0.2% in September

The National Restaurant Association's Restaurant Performance Index (RPI) posted a modest decline in September, as restaurant operators' outlook for business conditions softened. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 100.4 in September, down 0.2% from a level of 100.5 in August.

Restaurant operators reported mixed same-store sales and customer traffic results in September, continuing a trend that has been in place for much of the past year. Looking forward, restaurant operators' outlook for sales deteriorated somewhat in recent months.

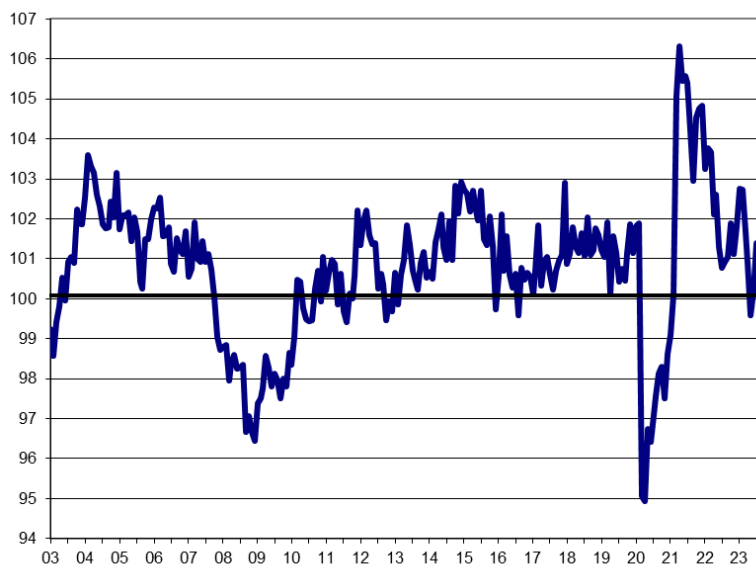
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Increased 1.2% to a Level of 100.8 in September; Expectations Index Fell 1.5% to a Level of 100.0

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 September – up 1.2% from a level of 99.5 in August. September's increase was driven by improving sales and traffic readings, though results were still a mixed bag.

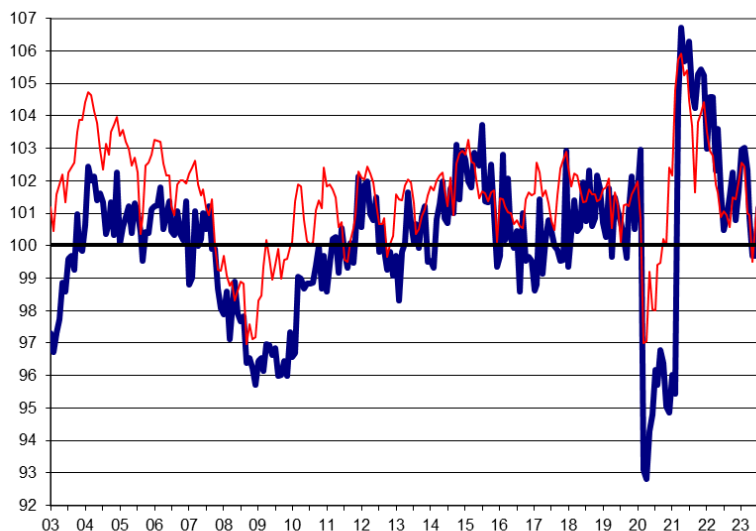
The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.0 – down 1.5% from a reading of 101.5 last month. Although restaurant operators have a net positive outlook for sales in the months ahead, they are decidedly less optimistic 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 September

Restaurant operators reported mixed same-store sales and customer traffic readings in September. Forty-nine percent of operators said their same-store sales rose between September 2022 and September 2023. That was up slightly from 45% of operators who reported higher sales in August. Thirty-six percent of operators said their sales were lower in September, down from 47% who reported similarly last month.

In contrast to the modestly positive sales readings, restaurant operators reported a net decline in customer traffic for the sixth consecutive month. Thirty-three percent of operators said their customer traffic rose between September 2022 and September 2023, while 44% reported a traffic decline.

Although sales and traffic remained mixed in September, restaurant operators continued to positive capital spending activity. Sixty-four percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was up slightly from 61% of operators who reported similarly last month.

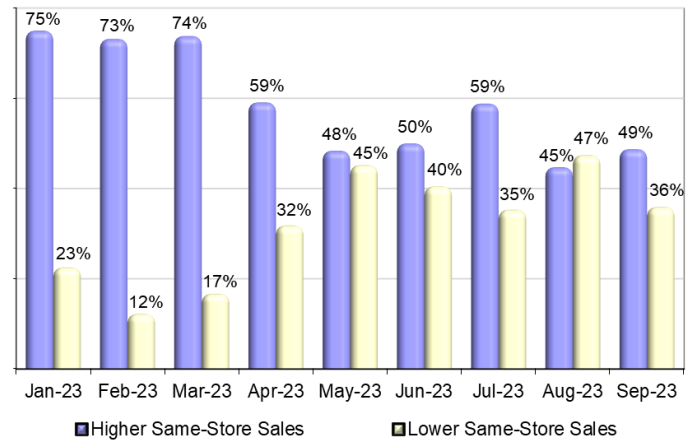
Restaurant Operators Are Less Optimistic about Sales and the Economy

Restaurant operators continue to have a mixed outlook for sales in the months ahead. Thirty-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 down from 49% who reported similarly last month. Twenty-six 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 30% who reported similarly last month.

Restaurant operators are even more pessimistic about the direction of the overall economy. Only 3% of operators said they expect economic conditions to improve in six months, while 44% think conditions will worsen during the next six months. More than half of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 20th consecutive month in which operators had a net negative outlook for the economy.

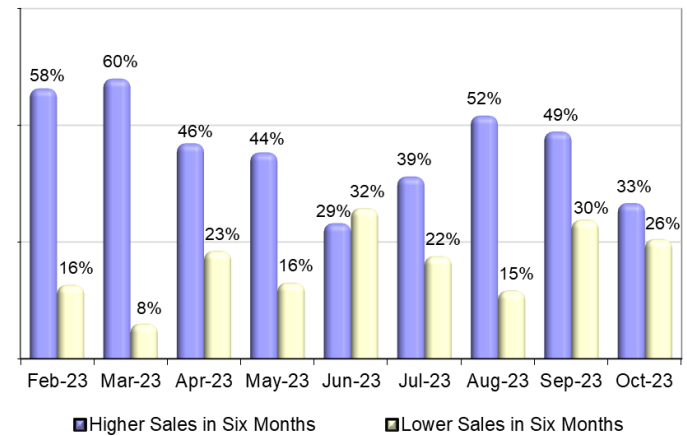
A majority of restaurant operators are planning for capital spending in the months ahead. Fifty-six percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 64% who reported similarly last month.

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



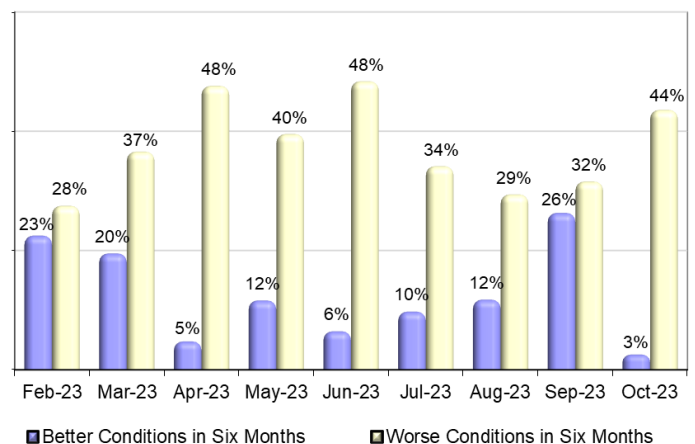
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	May 2023	June 2023	July 2023	August 2023	September 2023	Sep-23 over Aug-23
Restaurant Performance Index	99.6	100.2	101.4	100.5	100.4	-0.2%
Current Situation Index	99.7	99.7	101.2	99.5	100.8	1.2%
<i>Current Situation Indicators:</i>						
Same-Store Sales	100.3	101.0	102.4	99.7	101.3	1.5%
Customer Traffic	96.5	97.1	99.4	97.6	99.0	1.4%
Labor	100.3	99.9	100.9	98.7	100.0	1.3%
Capital Expenditures	101.6	100.7	102.0	102.1	102.8	0.7%
Expectations Index	99.5	100.7	101.6	101.5	100.0	-1.5%
<i>Expectations Indicators:</i>						
Same-Store Sales	99.7	101.7	103.7	101.9	100.8	-1.1%
Staffing	100.3	99.8	101.6	101.9	102.1	0.2%
Capital Expenditures	102.3	103.7	103.0	102.9	101.3	-1.5%
Business Conditions	95.8	97.6	98.2	99.5	95.9	-3.6%

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).