

September 2022

Restaurant Performance Index Rose 0.1% in September

The National Restaurant Association’s Restaurant Performance Index (RPI) held relatively steady in September, as restaurant operators remained uncertain about business conditions in the coming months. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 101.0 in September, up slightly from a level of 100.9 in August.

Current situation indicators were a mixed bag in September, with restaurant operators reporting a net increase in same-store sales but a continued decline in customer traffic. Looking forward, restaurant operators remain pessimistic about the direction of the overall economy.

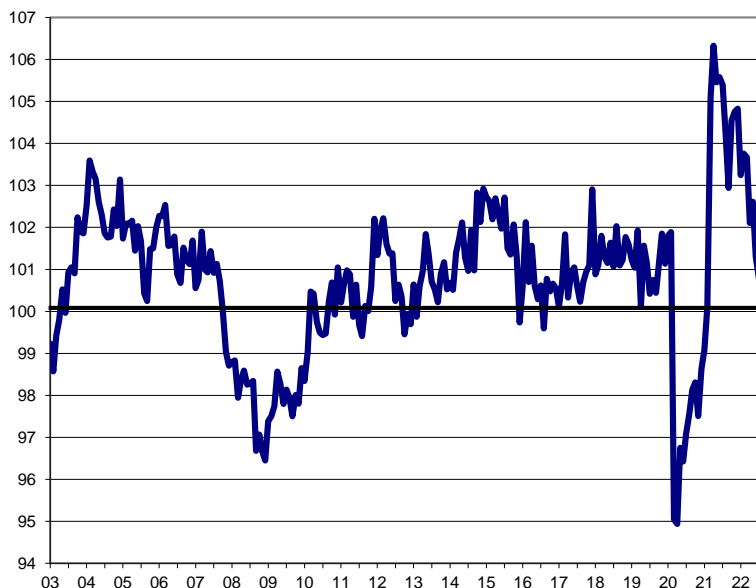
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Rose 0.6% to a Level of 101.5 in September; Expectations Index Declined 0.4% to a Level of 100.6

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 101.5 in September – up 0.6% from August and the second consecutive monthly increase. Although restaurant operators reported a net increase in same-store sales, they registered a decline in customer traffic levels for the fourth consecutive month.

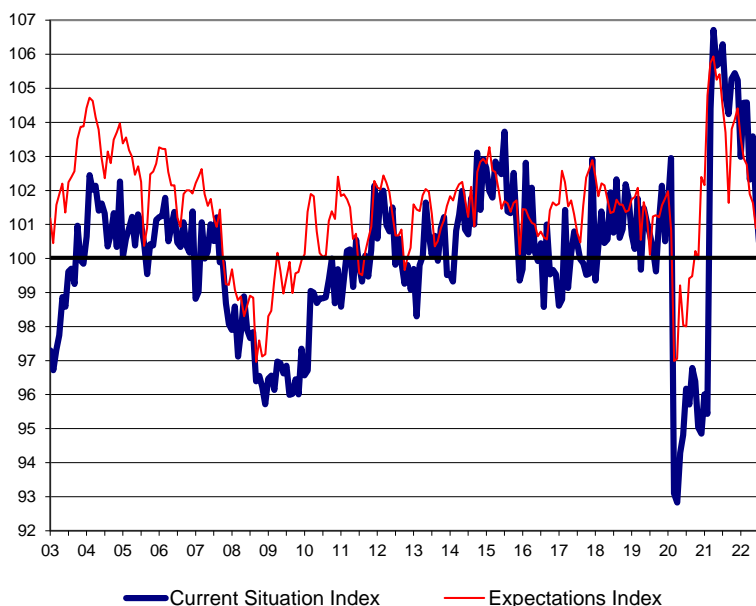
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.6 – down 0.4% from the previous month. For the second consecutive month, less than one in 10 operators expect economic conditions to improve during the next six 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 Mixed Same-Store Sales and Customer Traffic Results in September

Although restaurant operators reported a net increase in same-store sales in September, the readings were much softer than the first half of the year. Fifty-one percent of operators said their same-store sales rose between September 2021 and September 2022, compared to 47% who reported similarly in August. Twenty-eight percent of operators said their sales were lower in September, compared to 27% who reported a sales decline in August.

In contrast to the positive sales results, restaurant operators reported a net decline in customer traffic for the fourth consecutive month. Twenty-nine percent of operators said their customer traffic rose between September 2021 and September 2022, compared to 27% who reported similarly in July. Forty-four percent of operators said their customer traffic declined in September, down from 54% who reported lower traffic in August.

Despite the softer sales and traffic readings, capital spending activity remained positive in recent months. 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 ninth consecutive month with readings of at least 60%.

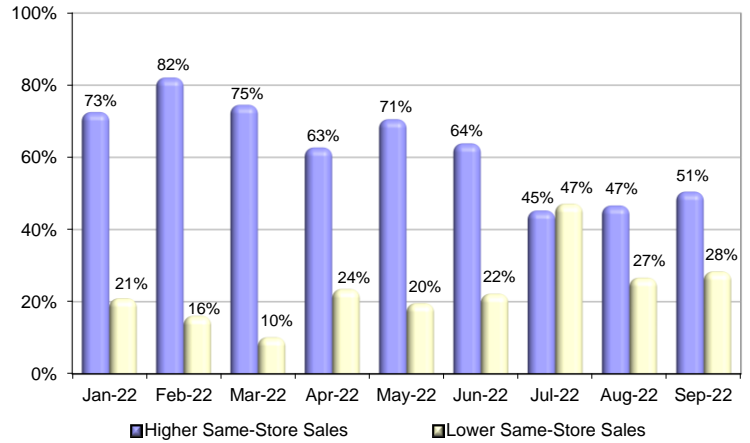
Restaurant Operators' Outlook for Sales Growth Remains Mixed

Restaurant operators' outlook for sales growth deteriorated somewhat in recent months. Thirty-eight 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 47% last month. Twenty-seven percent of operators expect their sales in six months to be lower than it was during the same period in the previous year – up from 14% last month.

Restaurant operators are even less optimistic about the direction of the overall economy. Only 8% of operators said they expect economic conditions to improve in six months, while 41% think economic conditions will worsen during the next six months. That represented the eighth consecutive month in which operators had a net negative outlook for the economy.

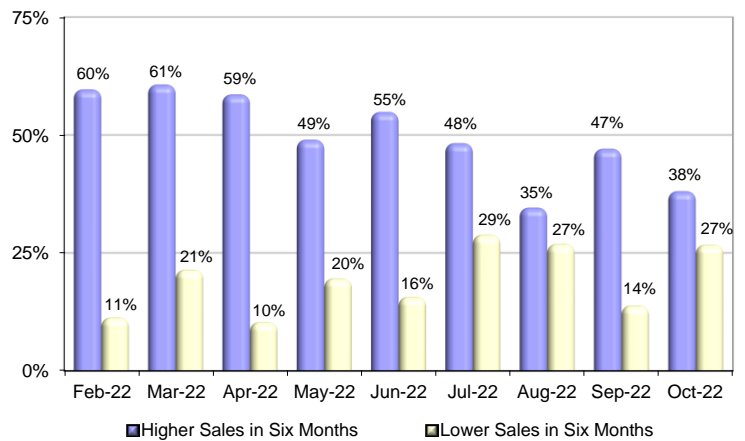
Despite the uncertainty about business conditions, a majority of operators are still planning for capital expenditures. Sixty-three percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That represented the 20th consecutive month with a reading of at least 55%.

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



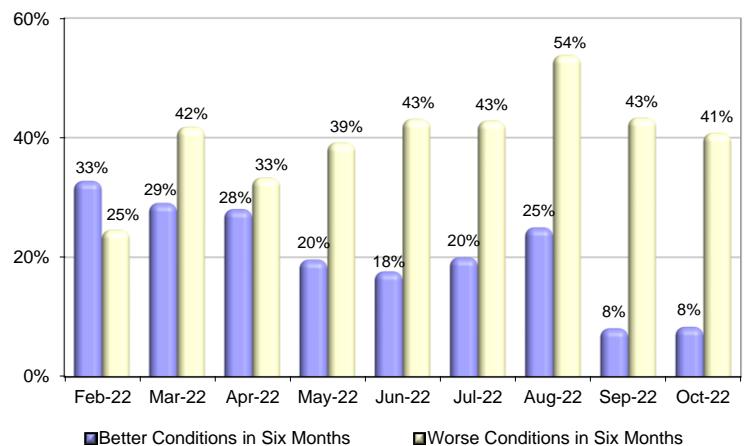
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	May 2022	June 2022	July 2022	August 2022	September 2022	Sep-22 over Aug-22
Restaurant Performance Index	102.6	101.3	100.8	100.9	101.0	0.1%
Current Situation Index	103.6	101.7	100.5	100.9	101.5	0.6%
<i>Current Situation Indicators:</i>						
Same-Store Sales	105.1	104.2	99.8	102.0	102.2	0.2%
Customer Traffic	102.4	98.1	96.8	97.3	98.4	1.2%
Labor	102.8	100.7	102.0	101.1	101.7	0.6%
Capital Expenditures	104.1	103.9	103.3	103.1	103.7	0.5%
Expectations Index	101.6	100.9	101.1	100.9	100.6	-0.4%
<i>Expectations Indicators:</i>						
Same-Store Sales	103.9	101.9	100.8	103.3	101.1	-2.1%
Staffing	103.4	101.5	103.1	101.9	101.9	0.0%
Capital Expenditures	101.8	102.4	103.3	102.0	102.5	0.5%
Business Conditions	97.5	97.7	97.1	96.5	96.8	0.3%

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).