

April 2024

Restaurant Performance Index Declined 0.4% in April

The National Restaurant Association’s Restaurant Performance Index (RPI) declined in April, as restaurant operators were somewhat less optimistic 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 98.8 in April, down 0.4% from a level of 99.2 in March.

A majority of restaurant operators reported lower same-store sales and customer traffic in April, and most are not anticipating a significant improvement in business conditions in the months ahead. Less than 4 in 10 operators think their sales will be higher in six months, while only 1 in 10 expect the economy to improve.

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 Edged Down 0.1% to a Level of 98.1 in April; Expectations Index Fell 0.6% to a Level of 99.5

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.1 in April – down slightly from a level of 98.2 in March. The continuation of dampened same-store sales and customer traffic readings is the primary reason why the Current Situation Index remained below 100 in contraction territory for the 7th consecutive month.

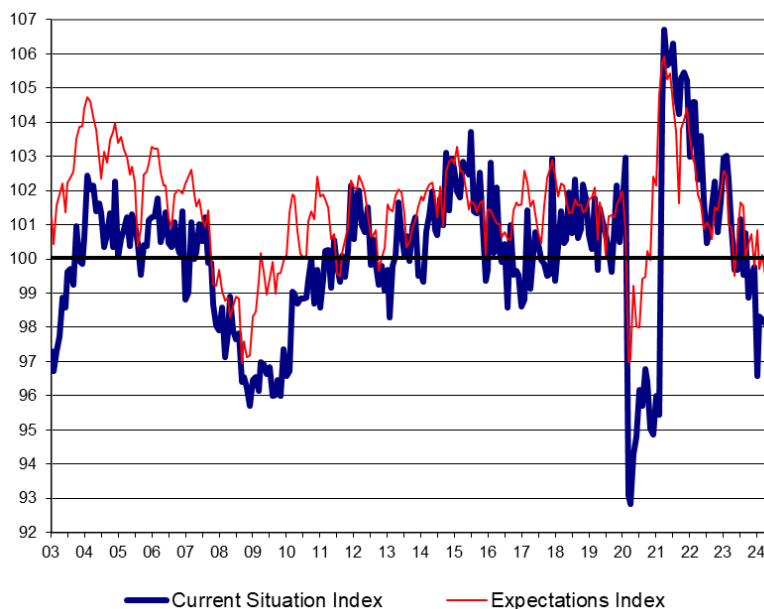
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.5 – down 0.6% from a level of 100.1 last month. Restaurant operators’ outlook for both sales growth and the economy deteriorated somewhat in recent 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 Lower Same-Store Sales and Customer Traffic in April

Restaurant operators reported a net decline in same-store sales for the fourth consecutive month in April. Thirty-eight percent of restaurant operators said their same-store sales rose between April 2023 and April 2024. That compared to 36% of operators who reported higher sales in March. Fifty-three percent of operators said their sales were lower in April, compared to 52% who reported a sales decline in March.

Restaurant operators also continued to report negative customer traffic in April. Twenty-four percent of operators said their customer traffic rose between April 2023 and April 2024, while 56% reported a traffic decline. That represented the 13th consecutive month of net declines in customer traffic.

Forty-seven percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the third consecutive month in which fewer than half of operators reported making a capital expenditure.

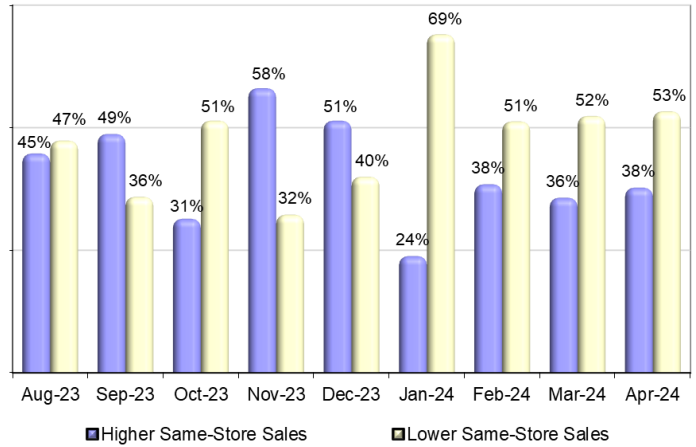
Restaurant Operators are Uncertain about Sales and the Economy

Restaurant operators have a mixed outlook for sales growth in the months ahead. 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 slightly from 40% last month. Thirty-three percent of operators think their sales in six months will be lower than it was during the same period in the previous year. That was up sharply from just 24% who reported similarly last month.

Restaurant operators remain generally pessimistic about the direction of the overall economy. Only 9% of restaurant operators said they expect economic conditions to improve in six months, while 31% think conditions will worsen during the next six months. Sixty percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 27th consecutive month in which operators had a net negative outlook for the economy.

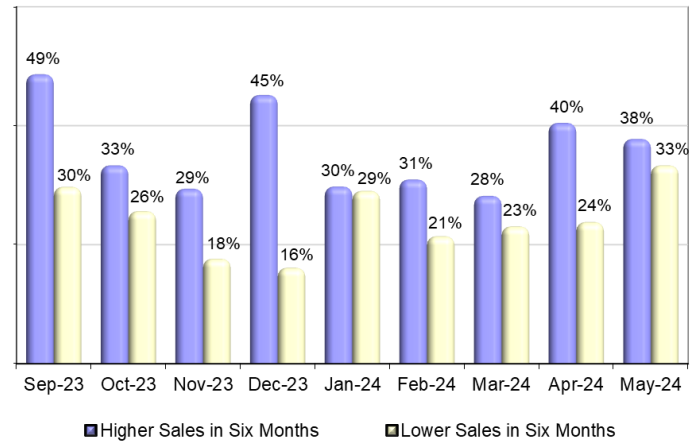
Restaurant operators' plans for capital spending declined somewhat in recent months. Forty-nine percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was well below the average reading of 61% during the monthly surveys fielded in 2023.

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



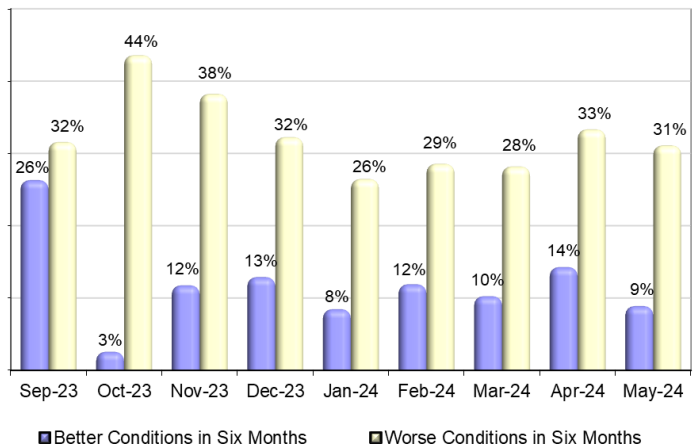
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

| | December 2023 | January 2024 | February 2024 | March 2024 | April 2024 | Apr-24 over Mar-24 |
|--------------------------------------|------------------|-----------------|------------------|---------------|---------------|--------------------------|
| Restaurant Performance Index | 99.8 | 98.7 | 99.0 | 99.2 | 98.8 | -0.4% |
| Current Situation Index | 99.8 | 96.6 | 98.3 | 98.2 | 98.1 | -0.1% |
| <i>Current Situation Indicators:</i> | | | | | | |
| Same-Store Sales | 101.1 | 95.5 | 98.7 | 98.3 | 98.4 | 0.1% |
| Customer Traffic | 98.3 | 94.0 | 96.9 | 97.4 | 96.9 | -0.5% |
| Labor | 98.5 | 96.3 | 97.9 | 98.2 | 97.8 | -0.4% |
| Capital Expenditures | 101.2 | 100.5 | 99.7 | 99.0 | 99.4 | 0.4% |
| Expectations Index | 99.8 | 100.8 | 99.7 | 100.1 | 99.5 | -0.6% |
| <i>Expectations Indicators:</i> | | | | | | |
| Same-Store Sales | 100.1 | 101.0 | 100.5 | 101.7 | 100.4 | -1.2% |
| Staffing | 100.9 | 102.6 | 100.3 | 101.2 | 100.0 | -1.2% |
| Capital Expenditures | 100.0 | 101.4 | 99.9 | 99.5 | 99.8 | 0.3% |
| Business Conditions | 98.2 | 98.3 | 98.2 | 98.1 | 97.8 | -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).