

August 2024

Restaurant Performance Index Increased 1.0% in August

The National Restaurant Association’s Restaurant Performance Index (RPI) registered a healthy increase in August, but still remained below 100 in contraction territory for the ninth consecutive month. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 98.6 in August, up 1.0% from a level of 97.7 in July.

August’s solid increase was driven by improvements in the same-store sales and customer traffic indicators from July’s dampened levels, though operators continued to report net negative readings for both metrics. Looking forward, restaurant operators remain uncertain about business conditions in the coming months.

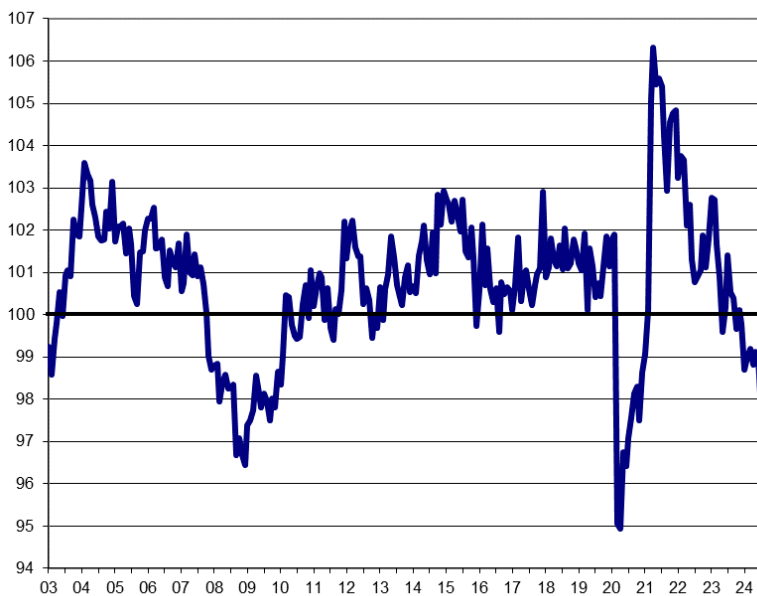
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Increased 1.4% to a Level of 98.2 in August; Expectations Index Rose 0.6% to a Level of 99.0

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.2 in August – up 1.4% from July and the first increase since May. Despite the increase, August marked the 11th consecutive month in which the Current Situation Index stood below 100 in contraction territory.

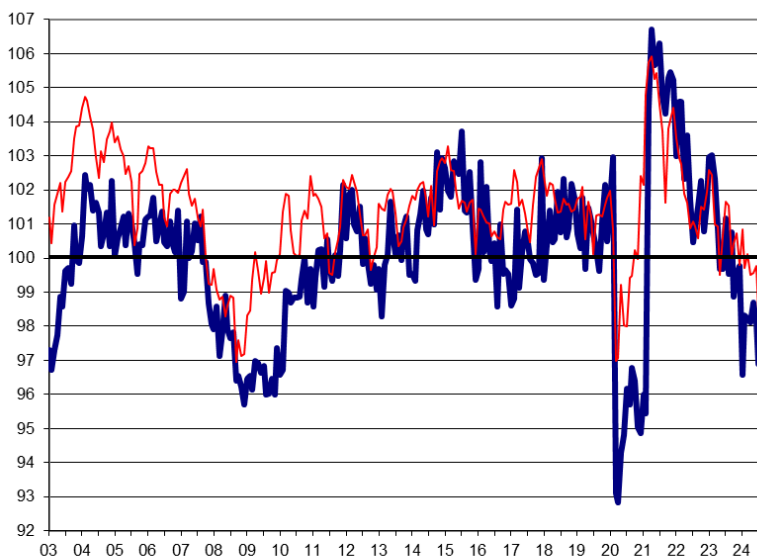
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.0 – up 0.6% from a level of 98.4 last month. Restaurant operators continue to have a mixed outlook for both sales and the overall economy 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 Lower Same-Store Sales and Customer Traffic in August

Restaurant operators reported a net decline in same-store sales in August, though the results were an improvement from July’s dampened readings. Forty percent of restaurant operators said their same-store sales rose between August 2023 and August 2024, which was up from just 20% who reported higher sales in July. Fifty-one percent of operators said their sales declined in August, down from 63% in July. August represented the 8th consecutive month in which restaurant operators report a net decline in same-store sales.

Restaurant operators also continued to report dampened customer traffic in August. Twenty-six percent of operators said their customer traffic rose between August 2023 and August 2024, while 58% reported a traffic decline. That represented the 17th consecutive month of net declines in customer traffic.

Forty-eight percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down slightly from 51% last month.

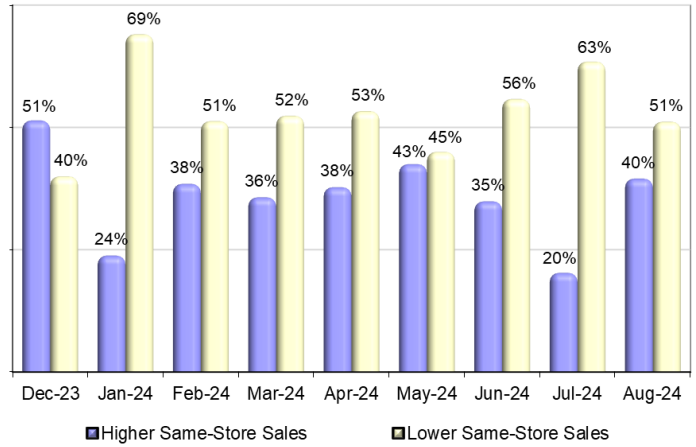
Restaurant Operators’ Outlook for Sales and the Economy Remains Mixed

Restaurant operators remain uncertain about sales growth in the months ahead. Twenty-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 up from 23% last month, but was well below the recent high of 40% in the April 2024 survey. 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, while 39% expect their sales to remain about the same.

Restaurant operators also remain generally pessimistic about the direction of the overall economy. Only 15% of restaurant operators said they expect economic conditions to improve in six months. Thirty-seven percent of operators think economic conditions will worsen during the next six months, while 48% think conditions will remain about the same as they are now. That represented the 31st consecutive month in which operators had a net negative outlook for the economy.

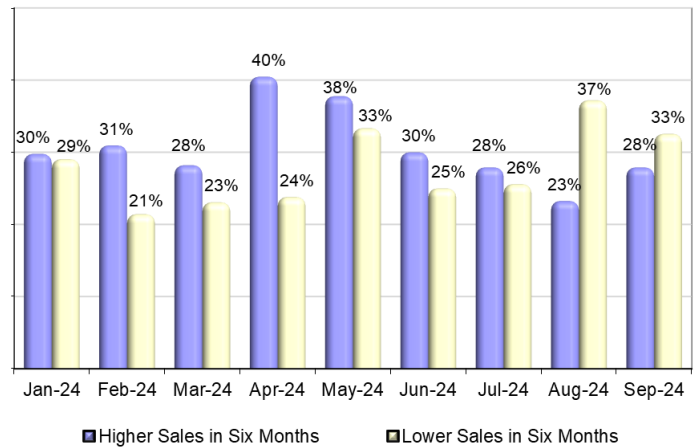
Restaurant operators continue to plan for capital spending in the months ahead. Forty-nine percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was essentially unchanged from 48% who reported similarly last month.

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



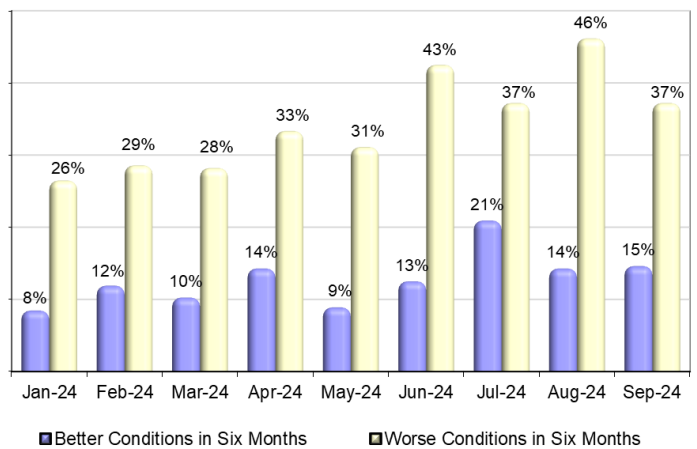
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	April 2024	May 2024	June 2024	July 2024	August 2024	August-24 over July-24
Restaurant Performance Index	98.8	99.1	98.9	97.7	98.6	1.0%
Current Situation Index	98.1	98.7	98.1	96.9	98.2	1.4%
<i>Current Situation Indicators:</i>						
Same-Store Sales	98.4	99.8	97.9	95.7	98.8	3.3%
Customer Traffic	96.9	96.1	95.6	94.2	96.7	2.8%
Labor	97.8	98.4	98.3	97.5	97.7	0.1%
Capital Expenditures	99.4	100.6	100.7	100.2	99.6	-0.6%
Expectations Index	99.5	99.6	99.8	98.4	99.0	0.6%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.4	100.5	100.2	98.6	99.5	0.9%
Staffing	100.0	100.0	100.2	98.8	99.1	0.2%
Capital Expenditures	99.8	100.8	100.2	99.5	99.8	0.3%
Business Conditions	97.8	97.0	98.4	96.8	97.7	1.0%

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).