

December 2024

Restaurant Performance Index Declined 1.0% in December

The National Restaurant Association’s Restaurant Performance Index (RPI) declined for the first time in five months, as both the current situation and forward-looking indicators took a pause from their recent resurgence. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 100.1 in December, down 1.0% from a level of 101.2 in November.

The RPI’s December decline was largely the result of softer same-store sales and customer traffic readings. Looking ahead, restaurant operators have a generally positive outlook for business conditions, though their exuberance is somewhat more measured compared to the November and December survey periods.

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 Fell 1.2% to a Level of 99.2 in December; Expectations Index Declined 0.9% to a Level of 101.1

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.2 in December – down 1.2% from a level of 100.3 in November. December’s decline followed four consecutive monthly gains, and saw the Current Situation Index slip back below 100 into contraction territory.

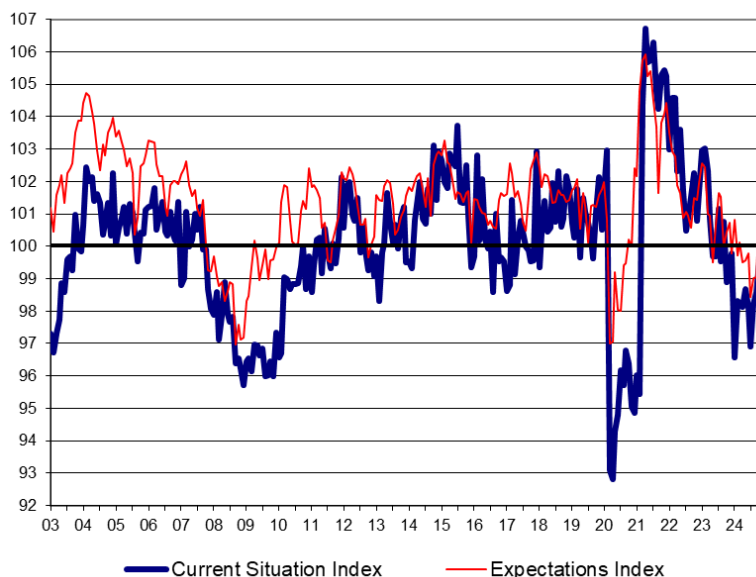
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.1 – down 0.9% from the previous month. Despite the decline, the RPI’s forward-looking component remained above 100 for the third consecutive month.

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 Softer Sales and Traffic in December

Restaurant operators reported mixed same-store sales results in December, which followed two consecutive months of net positive readings. Thirty-seven percent of restaurant operators said their same-store sales rose between December 2023 and December 2024, down from 59% of operators who reported higher sales in November. Forty-one percent of operators said their sales declined in December, up from 32% in November.

Restaurant operators also reported softer customer traffic in December relative to the previous two months. Twenty-seven percent of operators said their customer traffic rose between December 2023 and December 2024, down from more than four in 10 operators who reported higher traffic in both October and November. Forty-six percent of operators said their traffic declined in December.

Forty-nine percent of operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the highest reading in five months.

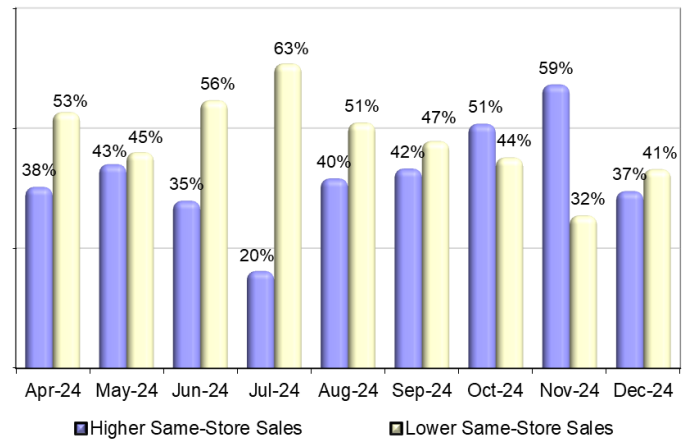
Restaurant Operators Are Cautiously Optimistic About Sales Growth

Restaurant operators remain generally optimistic about sales in the coming months, relative to much of 2024. Forty-six percent of restaurant operators expect their sales volume in six months to be higher than it was during the same period in the previous year. That was essentially unchanged from the previous two months. Twenty percent of operators think their sales in six months will be lower than it was during the same period in the previous year, while 34% think sales will remain about the same.

Restaurant operators' outlook for the overall economy is more of a mixed bag. Thirty-one percent of restaurant operators said they expect economic conditions to improve in six months. That was down from nearly half of operators who reported similarly during the November and December survey periods. Twenty-five percent of restaurant operators think economic conditions will worsen during the next six months, while 44% think conditions will remain about the same as they are now.

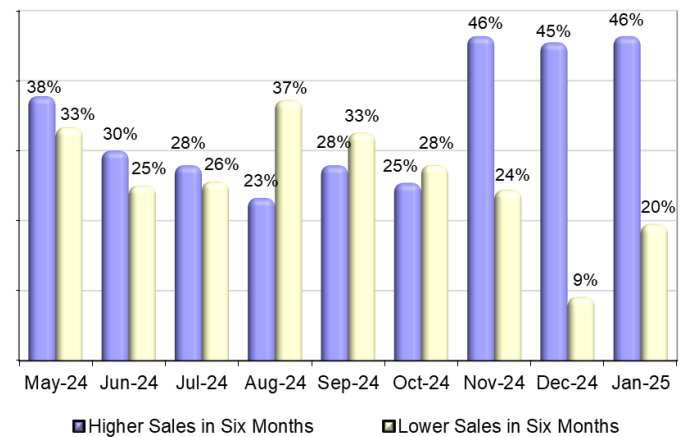
Restaurant operators' outlook for capital spending continues to trend higher. Fifty-five percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up slightly from 53% last month and represented the highest reading since the February 2024 survey period.

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



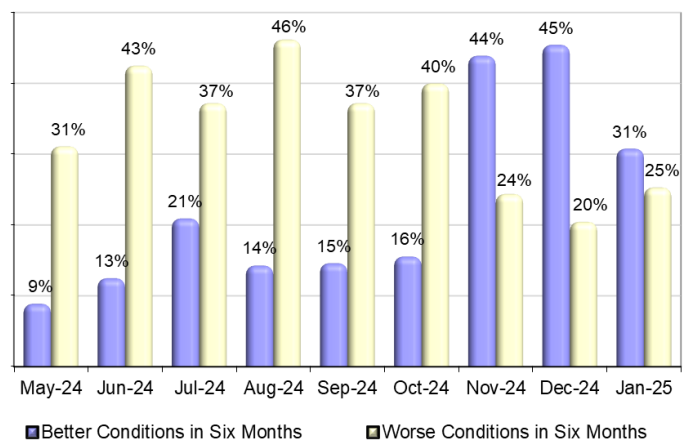
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	August 2024	September 2024	October 2024	November 2024	December 2024	Dec-24 over Nov-24
Restaurant Performance Index	98.6	98.8	100.4	101.2	100.1	-1.0%
Current Situation Index	98.2	98.6	99.5	100.3	99.2	-1.2%
<i>Current Situation Indicators:</i>						
Same-Store Sales	98.8	99.4	100.7	102.7	99.5	-3.1%
Customer Traffic	96.7	98.0	99.8	101.4	98.2	-3.1%
Labor	97.7	97.5	98.3	98.2	99.1	1.0%
Capital Expenditures	99.6	99.3	99.2	99.1	99.8	0.7%
Expectations Index	99.0	99.0	101.2	102.0	101.1	-0.9%
<i>Expectations Indicators:</i>						
Same-Store Sales	99.5	99.7	102.2	103.6	102.7	-0.9%
Staffing	99.1	99.1	101.2	101.4	100.2	-1.2%
Capital Expenditures	99.8	99.8	99.6	100.5	101.0	0.5%
Business Conditions	97.7	97.6	102.0	102.5	100.5	-1.9%

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).