

February 2025

Restaurant Performance Index Fell 2.3% in February

The National Restaurant Association’s Restaurant Performance Index (RPI) fell sharply in February, due to dampened same-store sales and a deterioration in operators’ outlook for future business conditions. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 98.8 in February, down 2.3% from a level of 101.1 in January.

A majority of restaurant operators reported lower same-store sales and customer traffic in February, which was a sharp reversal from the more positive readings in January. Looking forward, restaurant operators are increasingly uncertain about sales growth and the economy 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 Fell 3.5% to a Level of 96.9 in February; Expectations Index Declined 1.1% 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 96.9 in February – down 3.5% from a level of 100.5 in January. All four current situation metrics declined in February, led by sharp pullbacks in the same-store sales and customer traffic indicators.

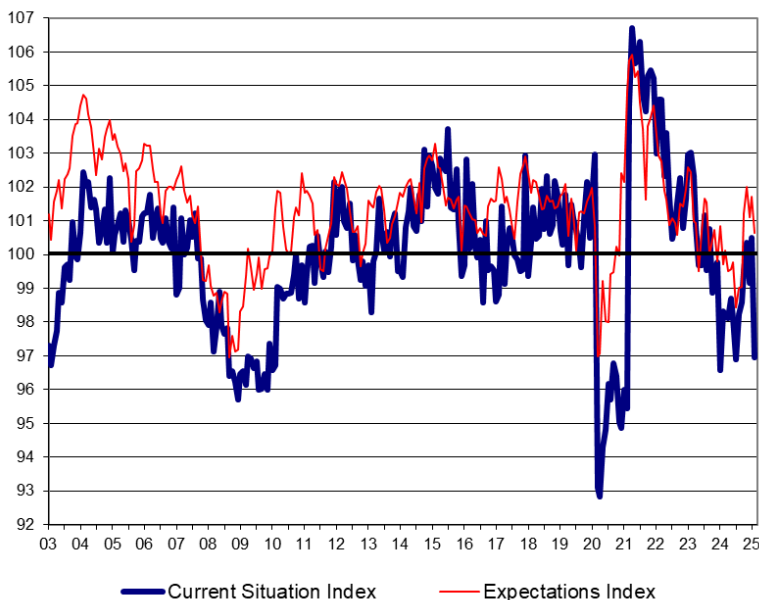
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.6 – down 1.1% from the previous month. Despite the decline, the RPI’s forward-looking component remained above 100 for the fifth 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 Dampened Same-Store Sales and Customer Traffic in February

A majority of restaurant operators reported lower same-store sales in February, which came on the heels of a more positive report in January. Only 18% of restaurant operators said their same-store sales rose between February 2024 and February 2025, down sharply from 51% of operators who reported higher sales in January. Sixty-three percent of operators said their sales declined in February, up from 35% in January.

Restaurant operators also reported a deterioration in customer traffic readings in February. Only 13% of operators said their customer traffic rose between February 2024 and February 2025, down from 46% of operators who reported higher traffic in January. Sixty-six percent of operators said their traffic declined in February, up from 38% in January.

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

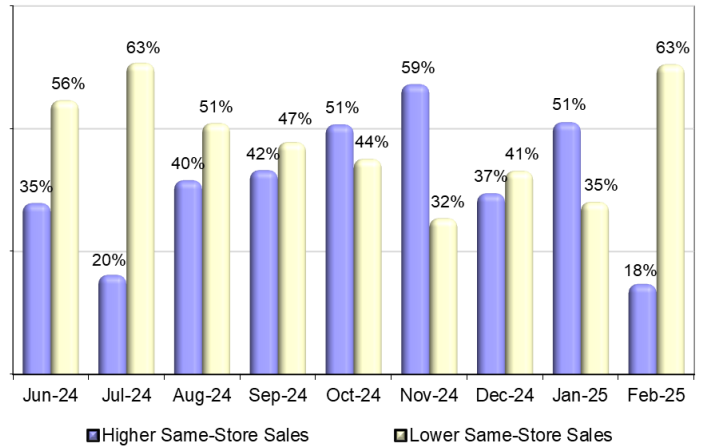
Restaurant Operators Have a Mixed Outlook for Sales and the Economy

Restaurant operators' outlook for sales became more tempered in recent months. Thirty-two 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 the lowest reading since the October 2024 survey period. Twenty-four percent of operators think their sales in six months will be lower than it was during the same period in the previous year, while 44% think their sales will remain about the same.

In comparison, restaurant operators are somewhat less optimistic about the direction of the overall economy. Thirty-two 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. Thirty-seven percent of restaurant operators think economic conditions will worsen during the next six months, which represented the highest negative reading since the October 2024 survey period.

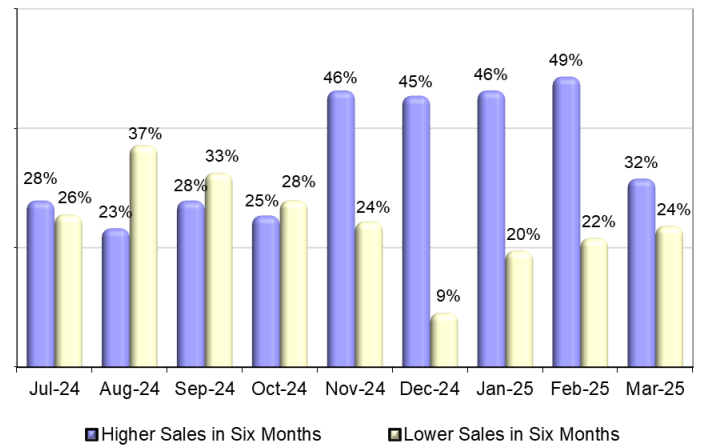
Despite the uncertainty, a majority of restaurant operators are planning for capital spending in the months ahead. Fifty-four percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down slightly from 57% last month.

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



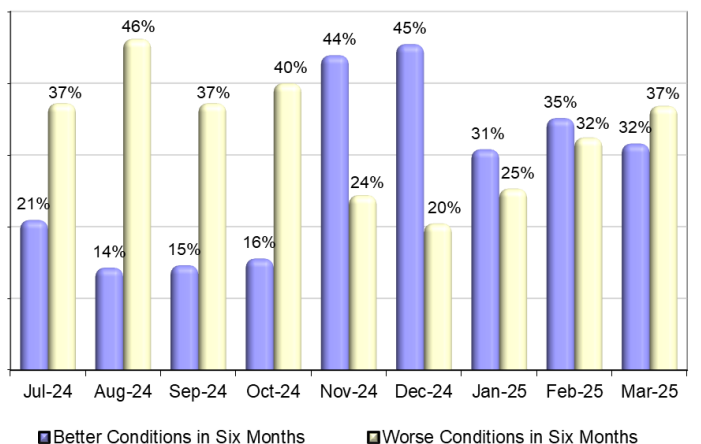
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	October 2024	November 2024	December 2024	January 2025	February 2025	Feb-25 over Jan-25
Restaurant Performance Index	100.4	101.2	100.1	101.1	98.8	-2.3%
Current Situation Index	99.5	100.3	99.2	100.5	96.9	-3.5%
<i>Current Situation Indicators:</i>						
Same-Store Sales	100.7	102.7	99.5	101.6	95.5	-6.0%
Customer Traffic	99.8	101.4	98.2	100.8	94.7	-6.0%
Labor	98.3	98.2	99.1	99.9	98.0	-1.8%
Capital Expenditures	99.2	99.1	99.8	99.7	99.5	-0.3%
Expectations Index	101.2	102.0	101.1	101.7	100.6	-1.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	102.2	103.6	102.7	102.7	100.8	-1.9%
Staffing	101.2	101.4	100.2	102.4	101.6	-0.8%
Capital Expenditures	99.6	100.5	101.0	101.4	100.7	-0.7%
Business Conditions	102.0	102.5	100.5	100.3	99.5	-0.8%

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).