



June 2024

### Restaurant Performance Index Edged Down 0.2% in June

The National Restaurant Association’s Restaurant Performance Index (RPI) stood below 100 in contraction territory for the 7<sup>th</sup> consecutive month in June, as restaurant operators continued to report soft sales and traffic. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 98.9 in June, down 0.2% from a level of 99.1 in May.

A majority of restaurant operators reported lower same-store sales and customer traffic in June, as the first half of 2024 finished like it began. Restaurant operators are not expecting a significant improvement during the second half of the year, as their outlook for sales and the economy remains mixed.

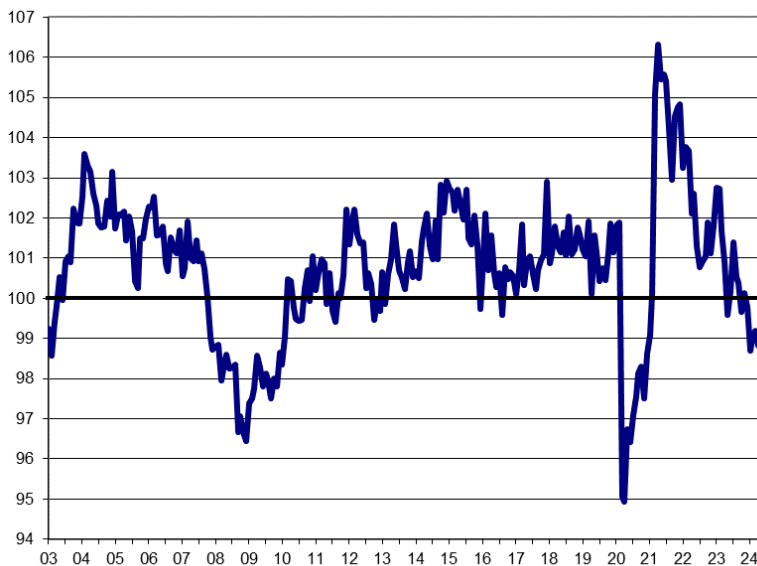
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### Current Situation Index Declined 0.6% to a Level of 98.1 in June; Expectations Index Rose 0.2% to a Level of 99.8

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 June – down 0.6% from May and the third decline in the last four months. June represented the 9<sup>th</sup> consecutive month in which the Current Situation Index stood below 100 in contraction territory.

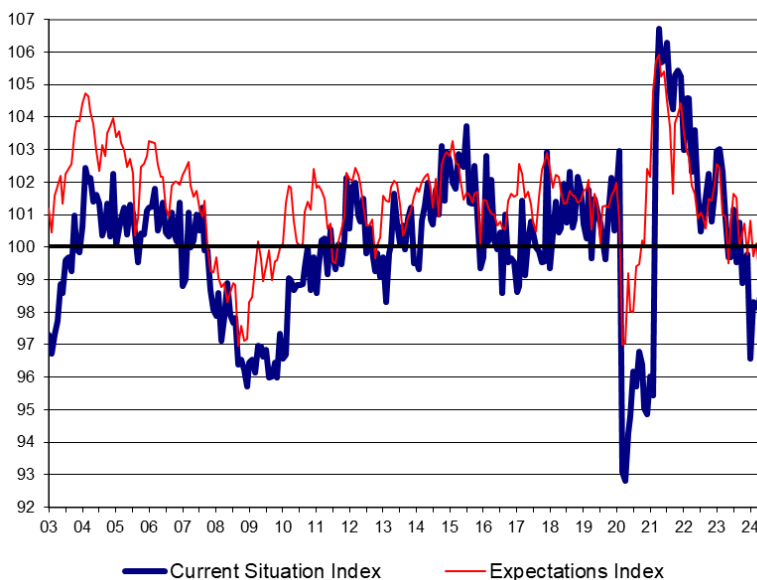
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.8 – up 0.2% from a level of 99.6 last month. Despite the gain, restaurant operators remain uncertain about 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 Softer Same-Store Sales and Customer Traffic in June**

A majority of restaurant operators reported lower same-store sales in June, which followed somewhat more promising readings in May. Thirty-five percent of restaurant operators said their same-store sales rose between June 2023 and June 2024. That was down from 43% of operators who reported higher sales in May. Fifty-six percent of operators said their sales declined in June, up from 45% who reported a sales decline in May. June represented the 6<sup>th</sup> consecutive month of net-negative sales readings.

Restaurant operators continued to report negative customer traffic in June. Fourteen percent of operators said their customer traffic rose between June 2023 and June 2024, while 58% reported a traffic decline. That represented the 15<sup>th</sup> consecutive month of net declines in customer traffic.

Fifty-three percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was unchanged from last month's reading.

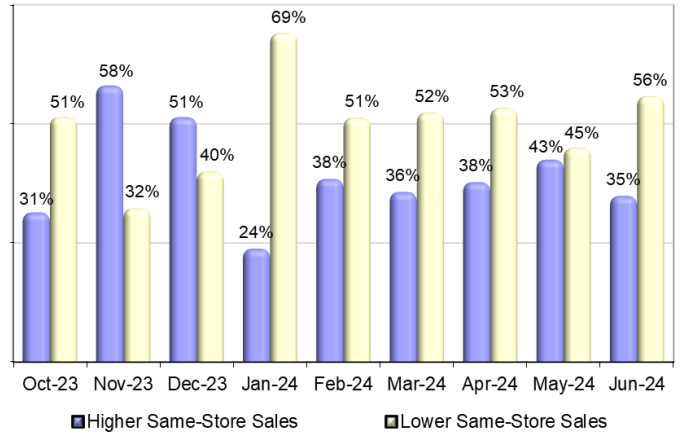
**Restaurant Operators' Outlook for Sales and the Economy Remains Uncertain**

Restaurant operators' outlook for sales deteriorated in recent months. Only 28% 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 40% in the April 2024 survey, and represented the lowest reading since March. Twenty-six percent of operators think their sales in six months will be lower than it was during the same period in the previous year, while 46% expect their sales to remain about the same.

Although restaurant operators remain generally pessimistic about the overall economy, their outlook improved somewhat from recent months. Twenty-one percent of restaurant operators said they expect economic conditions to improve in six months. That was up from just 13% last month and represented the highest reading since the September 2023 survey. Still, 37% think economic conditions will worsen during the next six months, which means this is the 29<sup>th</sup> consecutive month in which operators had a net negative outlook for the economy.

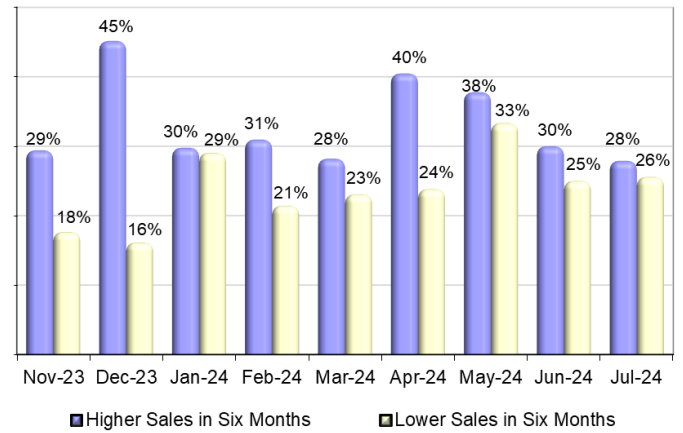
Restaurant operators continue to plan for capital spending in the coming months. Fifty-one percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down slightly from 54% who reported similarly last month.

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



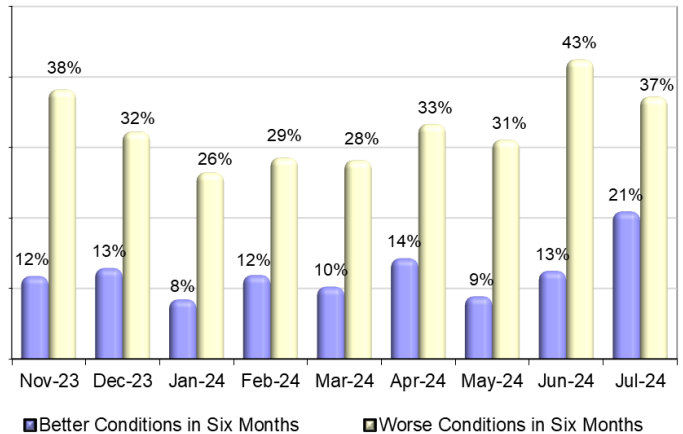
Source: National Restaurant Association, Restaurant Industry Tracking Survey

**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

	February 2024	March 2024	April 2024	May 2024	June 2024	June-24 over May-24
<b>Restaurant Performance Index</b>	99.0	99.2	98.8	99.1	98.9	-0.2%
<b>Current Situation Index</b>	98.3	98.2	98.1	98.7	98.1	-0.6%
<i>Current Situation Indicators:</i>						
Same-Store Sales	98.7	98.3	98.4	99.8	97.9	-1.8%
Customer Traffic	96.9	97.4	96.9	96.1	95.6	-0.5%
Labor	97.9	98.2	97.8	98.4	98.3	-0.1%
Capital Expenditures	99.7	99.0	99.4	100.6	100.7	0.1%
<b>Expectations Index</b>	99.7	100.1	99.5	99.6	99.8	0.2%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.5	101.7	100.4	100.5	100.2	-0.3%
Staffing	100.3	101.2	100.0	100.0	100.2	0.2%
Capital Expenditures	99.9	99.5	99.8	100.8	100.2	-0.5%
Business Conditions	98.2	98.1	97.8	97.0	98.4	1.4%

*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](http://www.restaurant.org/trendmapper) (subscription required).