

May 2024

Restaurant Performance Index Rose 0.3% in May

The National Restaurant Association’s Restaurant Performance Index (RPI) remained below 100 in contraction territory in May, as restaurant operators continued to report dampened sales and traffic readings. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 99.1 in May, up slightly from a level of 98.8 in April.

Restaurant operators reported net declines in both same-store sales and customer traffic in May, marking the continuation of a soft patch that began early in 2024. Looking ahead, restaurant operators’ outlook for sales is mixed, while their expectation for the economy remains generally pessimistic.

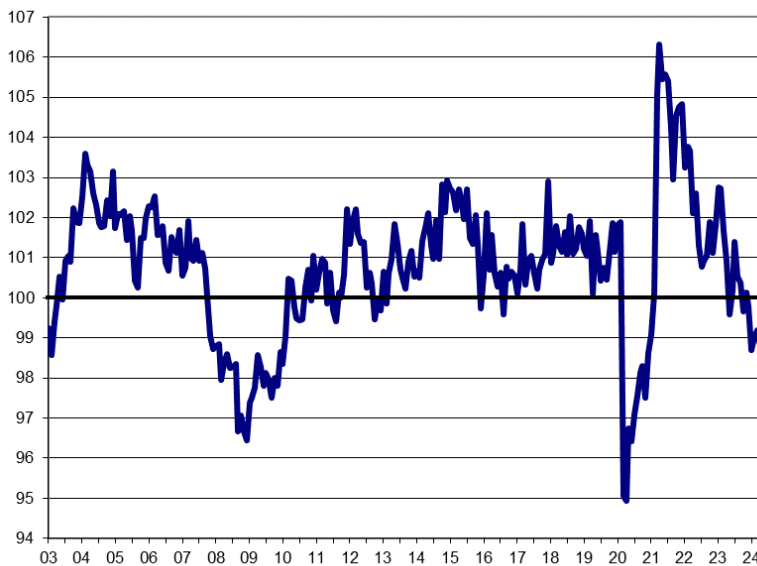
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Rose 0.6% to a Level of 98.7 in May; Expectations Index Edged Up 0.1% to a Level of 99.6

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.7 in May – up 0.6% from April and the first increase in three months. Despite the gain, the Current Situation Index remained below 100 in contraction territory for the 8th consecutive month, due largely to dampened sales and customer traffic.

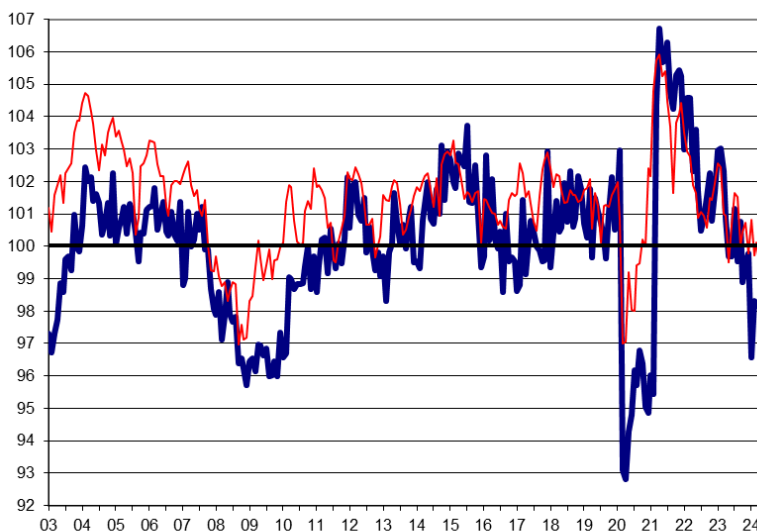
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.6 – up slightly from a level of 99.5 last month. Restaurant operators remain uncertain about both sales and the overall economy in the months ahead.

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 May

Restaurant operators reported a net decline in same-store sales in May, though readings were somewhat more positive than recent months. Forty-three percent of restaurant operators said their same-store sales rose between May 2023 and May 2024. That was up from 38% of operators who reported higher sales in April. Forty-five percent of restaurant operators said their sales were lower in May, down from 53% who reported a sales decline in April.

Restaurant operators continued to report negative customer traffic in May. Eighteen percent of operators said their customer traffic rose between May 2023 and May 2024, while 57% reported a traffic decline. That represented the 14th 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 represented the highest capital expenditure reading in five months.

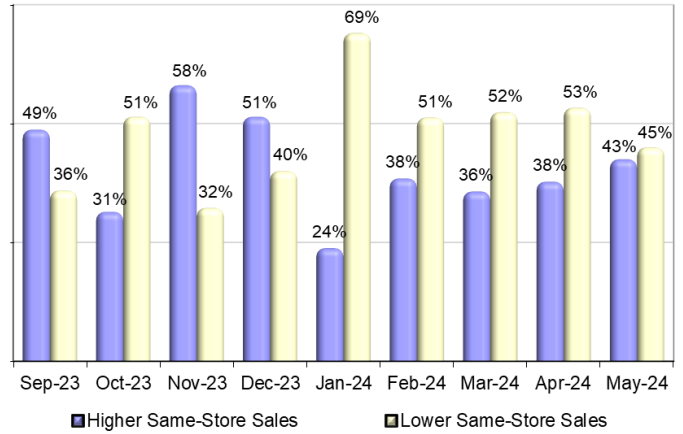
Restaurant Operators Have a Mixed Outlook for Sales in the Months Ahead

Restaurant operators' outlook for sales in the coming months remains mixed. Thirty 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 from 38% who reported similarly last month. Twenty-five percent of operators think their sales in six months will be lower than it was during the same period in the previous year. That compared to 33% of operators who reported similarly last month.

Restaurant operators' outlook for the overall economy remains generally pessimistic. Only 13% of restaurant operators said they expect economic conditions to improve in six months, while 43% think conditions will worsen during the next six months. Forty-four percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 28th consecutive month in which operators had a net negative outlook for the economy.

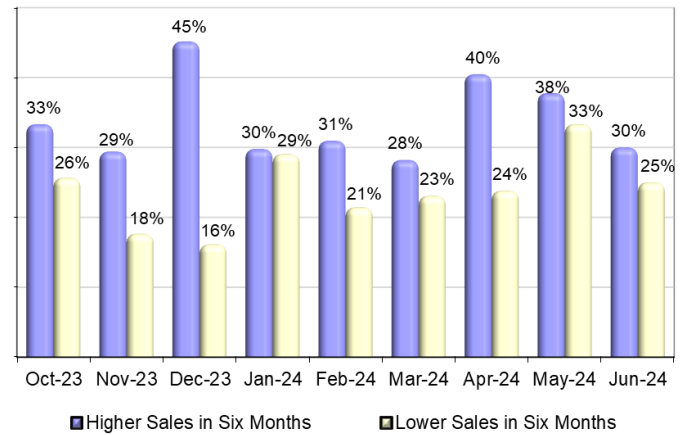
Restaurant operators' plans for capital spending ticked higher compared to recent months. Fifty-four percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That represented the highest reading since the February 2024 survey period.

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



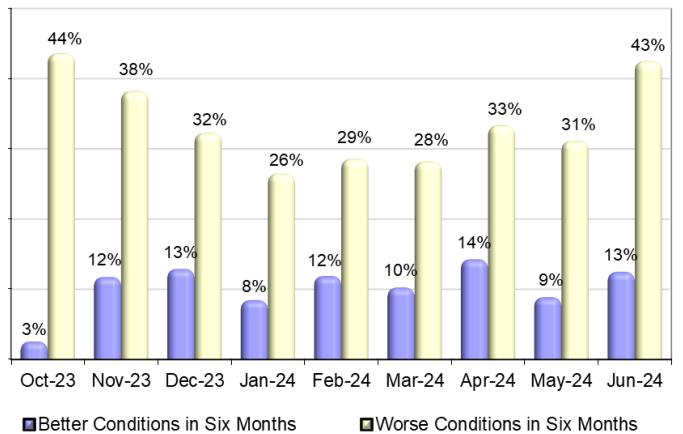
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	January 2024	February 2024	March 2024	April 2024	May 2024	May-24 over Apr-24
Restaurant Performance Index	98.7	99.0	99.2	98.8	99.1	0.3%
Current Situation Index	96.6	98.3	98.2	98.1	98.7	0.6%
<i>Current Situation Indicators:</i>						
Same-Store Sales	95.5	98.7	98.3	98.4	99.8	1.3%
Customer Traffic	94.0	96.9	97.4	96.9	96.1	-0.9%
Labor	96.3	97.9	98.2	97.8	98.4	0.6%
Capital Expenditures	100.5	99.7	99.0	99.4	100.6	1.2%
Expectations Index	100.8	99.7	100.1	99.5	99.6	0.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.0	100.5	101.7	100.4	100.5	0.1%
Staffing	102.6	100.3	101.2	100.0	100.0	0.0%
Capital Expenditures	101.4	99.9	99.5	99.8	100.8	1.0%
Business Conditions	98.3	98.2	98.1	97.8	97.0	-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).