



National Restaurant Association Restaurant Performance Index

October 2024

Restaurant Performance Index Increased 1.6% in October

The National Restaurant Association’s Restaurant Performance Index (RPI) rose sharply in October, due in large part to a solid improvement in restaurant operators’ outlook for business conditions. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 100.4 in October, up 1.6% from a level of 98.8 in September.

The RPI’s current situation indicators improved in October, with restaurant operators reporting a net increase in same-store sales for the first time since December 2023. Restaurant operators also grew significantly more optimistic about future business conditions during the November survey period.

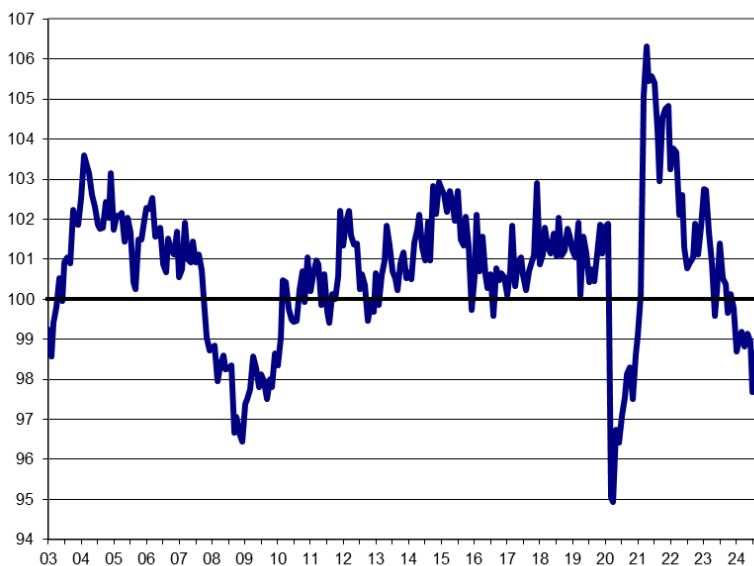
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Rose 0.9% to a Level of 99.5 in October; Expectations Index Jumped 2.2% to a Level of 101.2

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.5 in October – up 0.9% from September and the third consecutive monthly gain. Although the Current Situation Index remained below 100 in October, restaurant operators reported an improvement in both same-store sales and customer traffic.

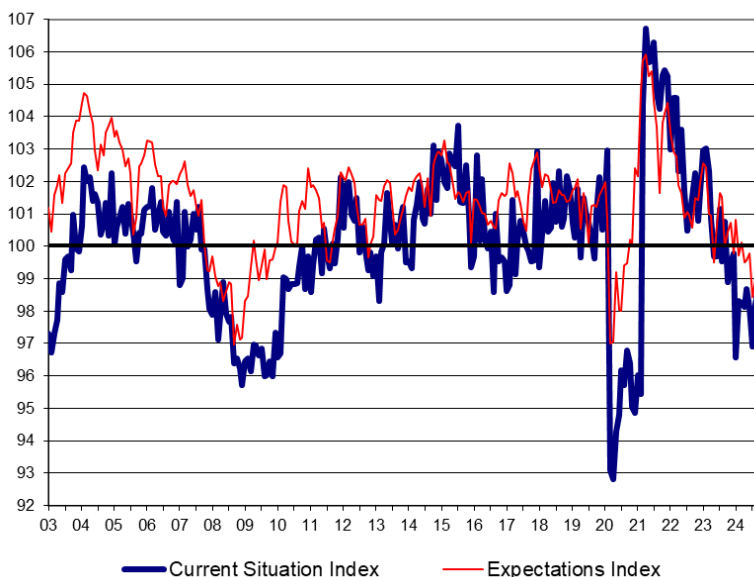
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.2 – the first time in seven months that the forward-looking component surpassed 100. Restaurant operators are significantly more optimistic about sales growth and the 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 a Net Increase in Same-Store Sales in October

A majority of restaurant operators reported higher same-store sales in October, which was a solid improvement from dampened readings in recent months. Fifty-one percent of restaurant operators said their same-store sales rose between October 2023 and October 2024, up from 42% in September and the highest reading in 10 months. Forty-four percent of operators said their sales declined in October, down from 47% in September. October represented the first time since December 2023 that restaurant operators reported a net increase in sales.

Restaurant operators also reported an improvement in customer traffic readings, though October still represented the 19th consecutive month of net declines. Forty-one percent of operators said their customer traffic rose between October 2023 and October 2024, while 44% said their traffic declined.

Forty-six percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was essentially unchanged from 47% last month.

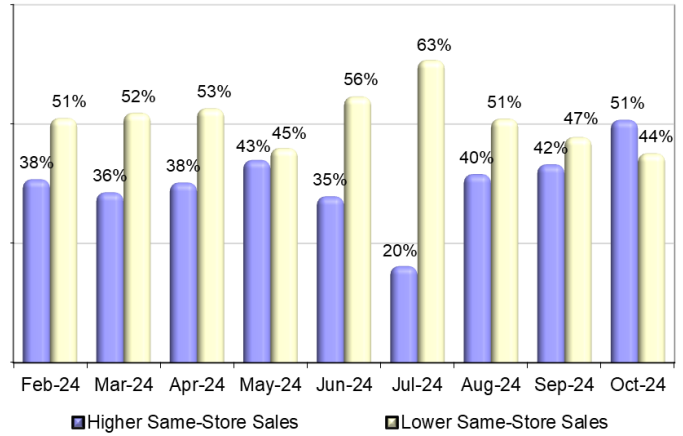
Restaurant Operators Are More Optimistic about Sales and the Economy

Restaurant operators' outlook for sales improved dramatically during the November survey period. 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 up from 25% last month and represented the highest reading in 14 months. 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.

Restaurant operators are also much more bullish about the direction of the overall economy. Forty-four percent of restaurant operators said they expect economic conditions to improve in six months. That was up from just 16% last month and represented the highest level since July 2021. Twenty-four percent of operators think economic conditions will worsen during the next six months, while 32% think conditions will remain about the same as they are now.

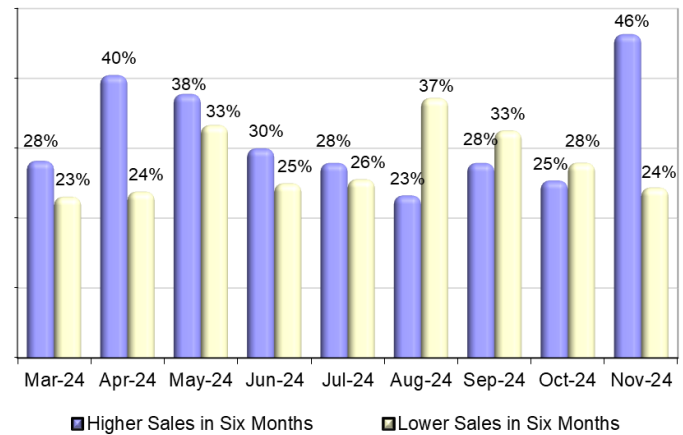
Restaurant operators are also continuing to plan for capital spending in the months ahead. Forty-eight percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was essentially unchanged from the previous three months.

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



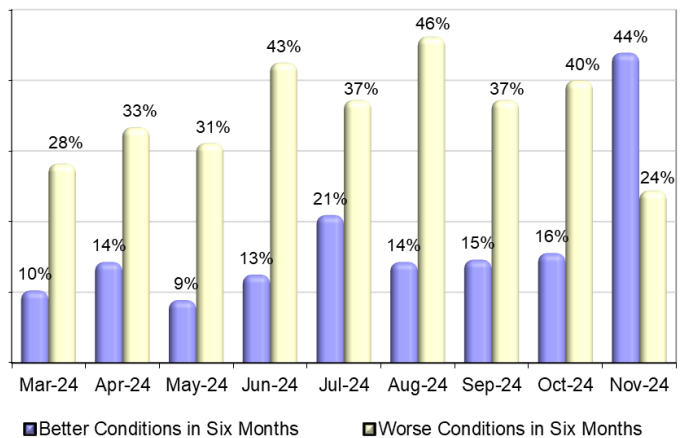
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	June 2024	July 2024	August 2024	September 2024	October 2024	Oct-24 over Sep-24
Restaurant Performance Index	98.9	97.7	98.6	98.8	100.4	1.6%
Current Situation Index	98.1	96.9	98.2	98.6	99.5	0.9%
<i>Current Situation Indicators:</i>						
Same-Store Sales	97.9	95.7	98.8	99.4	100.7	1.3%
Customer Traffic	95.6	94.2	96.7	98.0	99.8	1.8%
Labor	98.3	97.5	97.7	97.5	98.3	0.8%
Capital Expenditures	100.7	100.2	99.6	99.3	99.2	-0.1%
Expectations Index	99.8	98.4	99.0	99.0	101.2	2.2%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.2	98.6	99.5	99.7	102.2	2.5%
Staffing	100.2	98.8	99.1	99.1	101.2	2.1%
Capital Expenditures	100.2	99.5	99.8	99.8	99.6	-0.2%
Business Conditions	98.4	96.8	97.7	97.6	102.0	4.5%

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).