



National Restaurant Association Restaurant Performance Index

September 2024

Restaurant Performance Index Edged Up 0.2% in September

The National Restaurant Association’s Restaurant Performance Index (RPI) rose for the second straight month in September, but remained below 100 in contraction territory for the 10th consecutive month. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 98.8 in September, up slightly from a level of 98.6 in August.

Restaurant operators reported a modest improvement in the same-store sales and customer traffic metrics in September, though readings for both indicators remained negative. Looking ahead over the next six months, restaurant operators’ outlook for both sales and the economy remains uncertain.

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 Increased 0.4% to a Level of 98.6 in September; Expectations Index Remained Unchanged at a Level of 99.0

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.6 in September – up 0.4% from August and the second straight monthly gain. Despite the increase, September represented the 12th consecutive month in which the Current Situation Index stood below 100.

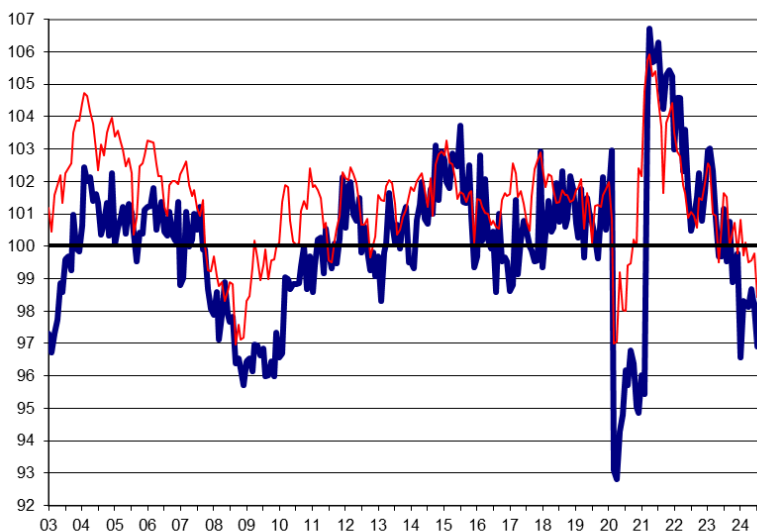
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.0 – unchanged from last month. Restaurant operators have mixed expectations for sales in the months ahead, while their outlook for the overall economy remains decidedly pessimistic.

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 Decline in Same-Store Sales and Customer Traffic

Restaurant operators reported a net decline in same-store sales in September, though the readings improved somewhat from recent months. Forty-two percent of restaurant operators said their same-store sales rose between September 2023 and September 2024, up from 40% in August and the highest level in four months. Forty-seven percent of operators said their sales declined in September, down from 51% in August. September represented the 9th consecutive month in which restaurant operators reported a net decline in same-store sales.

Restaurant operators also continued to report dampened customer traffic in September. Thirty percent of operators said their customer traffic rose between September 2023 and September 2024, while 50% reported a traffic decline. That represented the 18th consecutive month of net declines in customer traffic.

Forty-seven 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 48% last month.

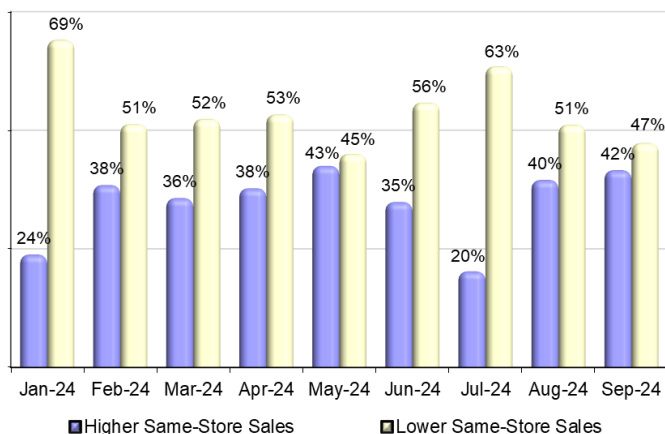
Restaurant Operators Remain Uncertain about Sales and the Economy

Restaurant operators' outlook for sales in the coming months remains mixed. Twenty-five 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 down slightly from 28% last month. Twenty-eight percent of operators think their sales in six months will be lower than it was during the same period in the previous year, while 47% expect their sales to remain about the same.

Restaurant operators are much more pessimistic about the direction of the overall economy. Only 16% of restaurant operators said they expect economic conditions to improve in six months. Forty percent of operators think economic conditions will worsen during the next six months, while 44% think conditions will remain about the same as they are now. That represented the 32nd consecutive month in which operators had a net negative outlook for the economy.

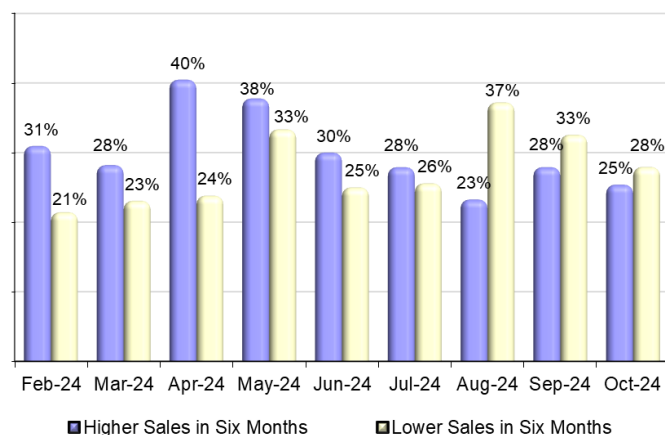
Despite the uncertain outlook, restaurant operators continue to plan for capital spending in the months ahead. Forty-nine percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was unchanged from last month.

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



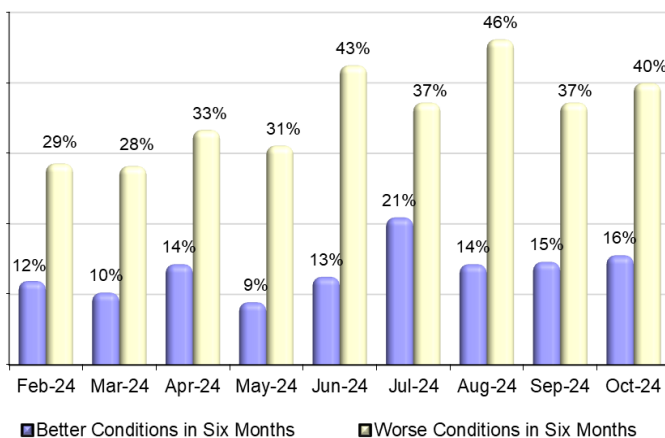
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	May 2024	June 2024	July 2024	August 2024	September 2024	Sep-24 over Aug-24
Restaurant Performance Index	99.1	98.9	97.7	98.6	98.8	0.2%
Current Situation Index	98.7	98.1	96.9	98.2	98.6	0.4%
<i>Current Situation Indicators:</i>						
Same-Store Sales	99.8	97.9	95.7	98.8	99.4	0.6%
Customer Traffic	96.1	95.6	94.2	96.7	98.0	1.3%
Labor	98.4	98.3	97.5	97.7	97.5	-0.1%
Capital Expenditures	100.6	100.7	100.2	99.6	99.3	-0.3%
Expectations Index	99.6	99.8	98.4	99.0	99.0	0.0%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.5	100.2	98.6	99.5	99.7	0.2%
Staffing	100.0	100.2	98.8	99.1	99.1	0.0%
Capital Expenditures	100.8	100.2	99.5	99.8	99.8	0.0%
Business Conditions	97.0	98.4	96.8	97.7	97.6	-0.2%

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).