

September 2021

### Restaurant Performance Index Declined 1.2% in September

The National Restaurant Association’s Restaurant Performance Index (RPI) declined for the third consecutive month in September, due largely to broad-based declines in the forward-looking indicators. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 102.9 in September, down 1.2% from a level of 104.2 in August.

A solid majority of restaurant operators reported same-store sales and customer traffic levels that were above their September 2020 readings. However, a decreasing proportion of operators are expecting business conditions to continue improving in the coming months.

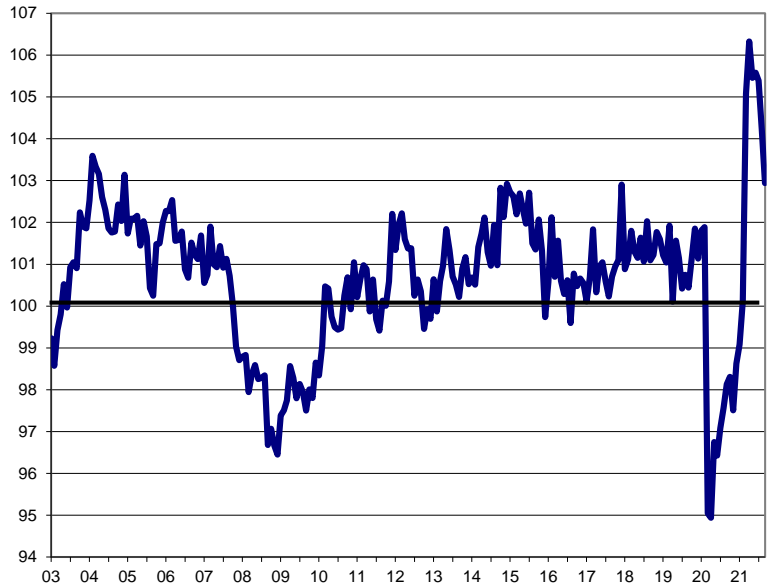
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

### Current Situation Index Declined 0.5% to a Level of 104.2 in September; Expectations Index Fell 2.0% to a Level of 101.6

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 104.2 in September – down 0.5% from August. The Current Situation Index remained elevated in September as a solid majority of operators continued to report sales and traffic that exceeded their early-pandemic levels.

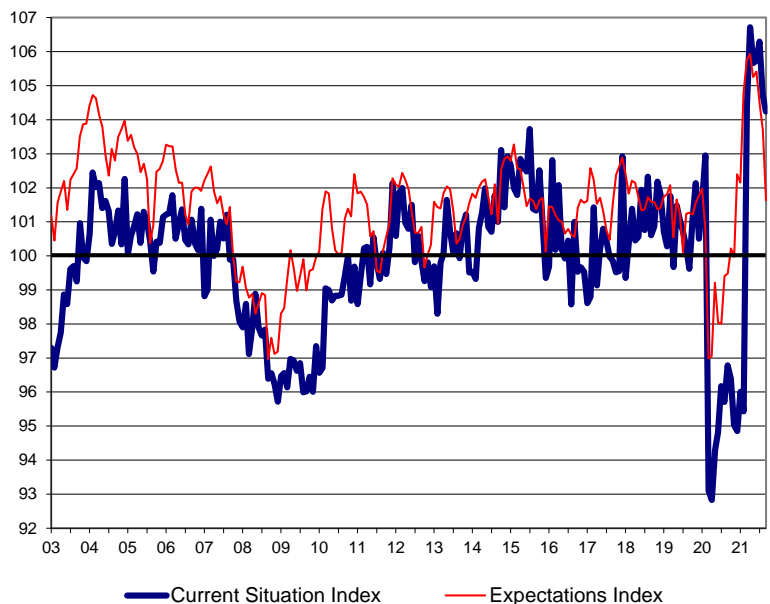
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.6 – the third consecutive monthly decline and lowest level in 10 months. Each of the four expectations indicators declined during the October survey period – most notably a sharp deterioration in restaurant operators’ outlook for the direction of the overall economy.

### 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 Positive Same-Store Sales and Customer Traffic in September

A solid majority of restaurant operators continued to report positive same-store sales compared to their early-pandemic levels. Seventy-six percent of restaurant operators said their same-store sales rose between September 2020 and September 2021, while 11% reported a sales decline.

Two-year comparisons remained mixed, with 51% of operators saying their September 2021 sales were up from September 2019 levels. Limited-service operators were more likely than fullservice operators to report an increase in same-store sales between September 2019 and September 2021.

Restaurant operators also continued to report positive traffic readings in September. Seventy percent of restaurant operators said their customer traffic in September 2021 was higher than it was in September 2020. Fifteen percent said their traffic declined.

Sixty-one percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That represented the sixth consecutive month with readings above 60%.

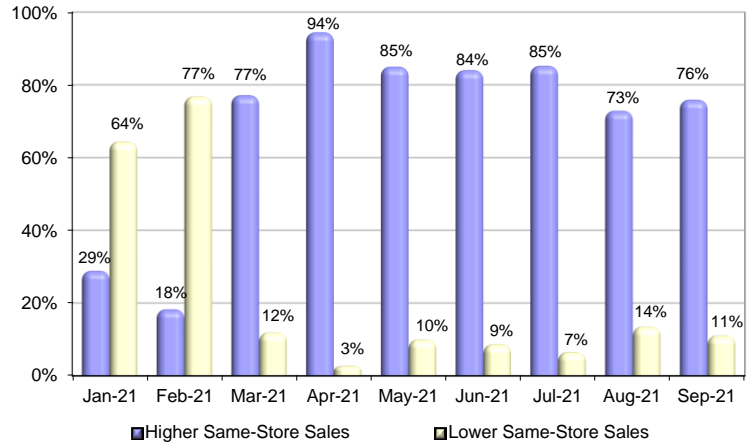
### Restaurant Operators' Outlook for Business Conditions Deteriorated in Recent Months

Restaurant operators' outlook for business conditions deteriorated somewhat in recent months. Forty-seven 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 nearly 8 in 10 who reported similarly in April and May. Seventeen percent of operators expect their sales in six months to be lower than it was during the same period in the previous year, while 36% think their sales will remain about the same.

Restaurant operators are even more pessimistic about the direction of the overall economy. Only 25% of operators said they expect economic conditions to improve in six months. That represented the lowest reading since March 2020. Thirty-one percent of operators think economic conditions will worsen in the next six months, while 44% expect the economy will remain about the same.

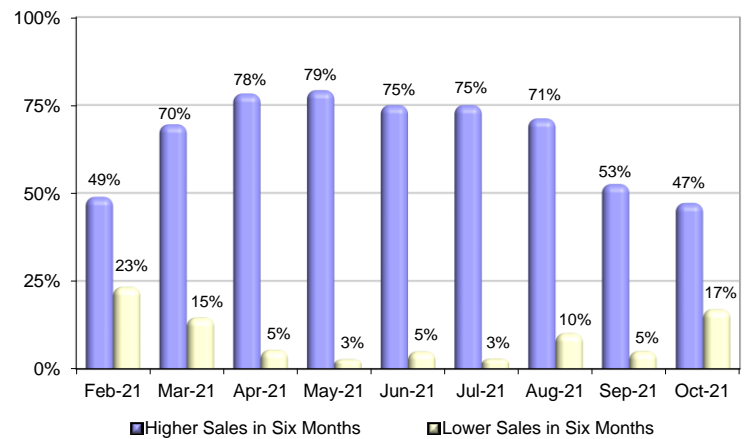
Along with a dampened outlook for business conditions, restaurant operators pulled back on capital spending plans. Fifty-five percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 70% last month, and represented the lowest reading since the January 2021 survey.

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



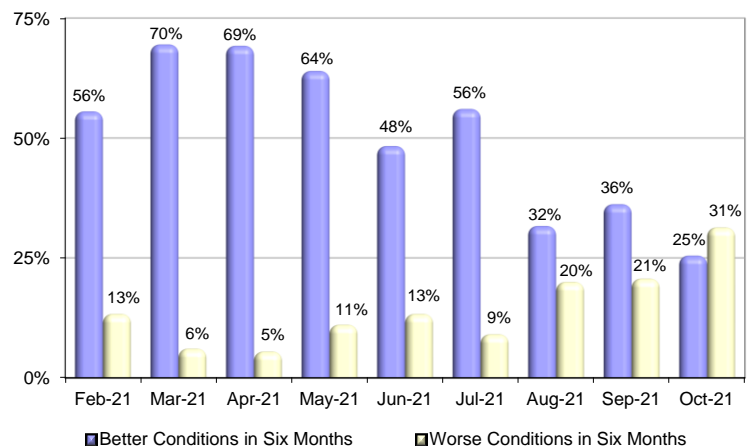
Source: National Restaurant Association, Restaurant Industry Tracking Survey

### 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 2021	June 2021	July 2021	August 2021	September 2021	Sep-21 over Aug-21
<b>Restaurant Performance Index</b>	105.5	105.6	105.4	104.2	102.9	-1.2%
<b>Current Situation Index</b>	105.7	105.7	106.3	104.7	104.2	-0.5%
<i>Current Situation Indicators:</i>						
Same-Store Sales	107.5	107.5	107.9	105.9	106.5	0.5%
Customer Traffic	106.5	106.8	106.4	105.4	105.6	0.1%
Labor	106.1	105.2	105.7	104.6	102.8	-1.7%
Capital Expenditures	102.5	103.4	105.3	103.0	102.2	-0.8%
<b>Expectations Index</b>	105.3	105.4	104.5	103.7	101.6	-2.0%
<i>Expectations Indicators:</i>						
Same-Store Sales	107.0	107.2	106.1	104.7	103.0	-1.6%
Staffing	106.6	106.0	105.1	104.5	103.1	-1.3%
Capital Expenditures	103.9	103.7	105.6	104.0	101.0	-2.9%
Business Conditions	103.5	104.7	101.2	101.6	99.4	-2.1%

*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).