

March 2024

Restaurant Performance Index Rose 0.2% in March

The National Restaurant Association's Restaurant Performance Index (RPI) remained below 100 in contraction territory for the fourth consecutive month in March. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 99.2 in March, up slightly from a level of 99.0 in February.

Restaurant operators continued to report a net decline in both same-store sales and customer traffic in March. Looking ahead, restaurant operators' outlook for business conditions became somewhat more optimistic, with four in 10 operators expecting their sales to be higher in six 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 Edged Down 0.1% to a Level of 98.2 in March; Expectations Index Rose 0.4% to a Level of 100.1

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.2 in March – down slightly from a level of 98.3 in February. March represented the sixth consecutive month in which the Current Situation Index stood below the 100 level in contraction territory, which was due primarily to dampened same-store sales and customer traffic readings.

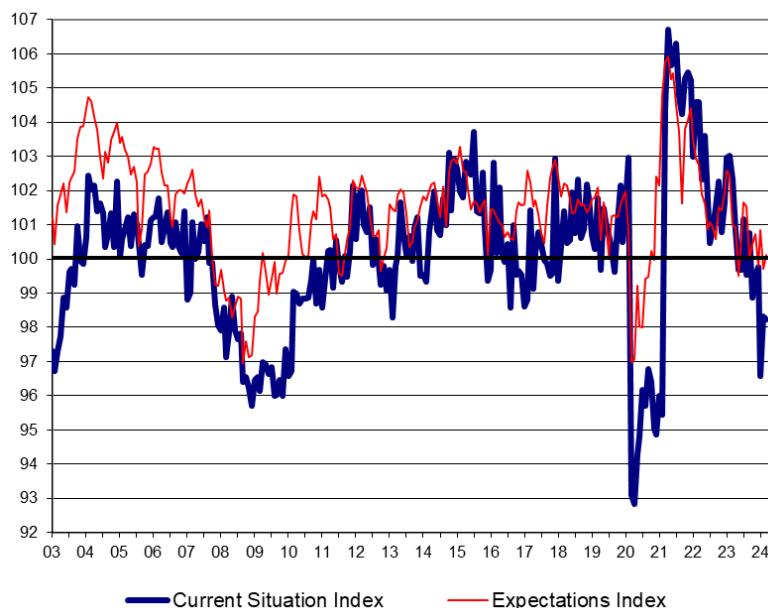
The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.1 – up 0.4% from a level of 99.7 last month. Restaurant operators are somewhat more optimistic about sales, though they remain much less bullish about 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 a Net Decline in Same-Store Sales and Customer Traffic

Restaurant operators reported a net decline in same-store sales for the third consecutive month in March. Thirty-six percent of operators said their same-store sales rose between March 2023 and March 2024. That was down slightly from 38% of operators who reported higher sales in February. Fifty-two percent of operators said their sales were lower in March, compared to 51% who reported a sales decline in February.

Restaurant operators also continued to report negative customer traffic in March. Thirty-one percent of operators said their customer traffic rose between March 2023 and March 2024, while 57% reported a traffic decline. That represented the 12th consecutive month of net declines in customer traffic.

Restaurant operators reported a slowdown in capital spending activity in recent months. Forty-five percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down from 49% of operators who reported similarly last month.

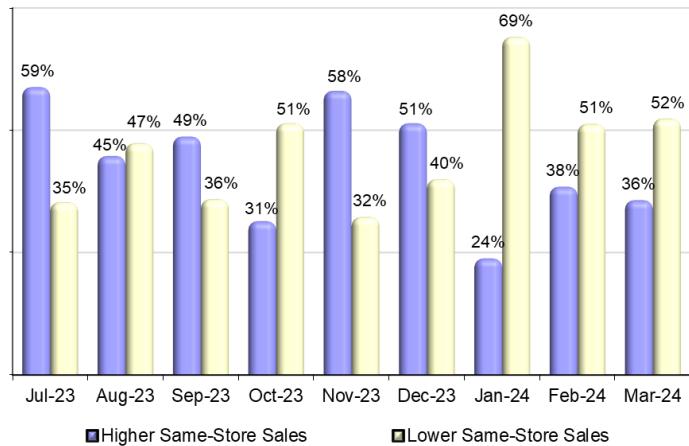
Restaurant Operators Have a Mixed Outlook for Sales and the Economy

Restaurant operators are somewhat more optimistic for sales growth in the coming months. Forty 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 up from 28% last month and represented the highest reading since the December 2023 survey. 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 remain much less bullish about the direction of the overall economy. Only 14% of restaurant operators said they expect economic conditions to improve in six months, while 33% think conditions will worsen during the next six months. Fifty-three percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 26th consecutive month in which operators had a net negative outlook for the economy.

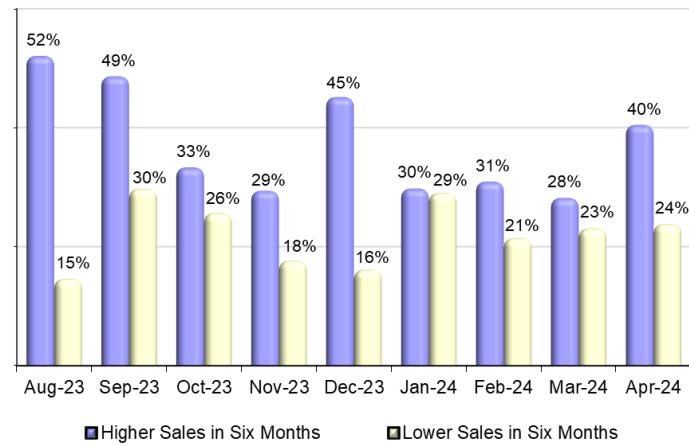
Plans for capital spending remain somewhat dampened compared to recent months. Forty-eight percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 57% who reported similarly in the February 2024 survey.

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



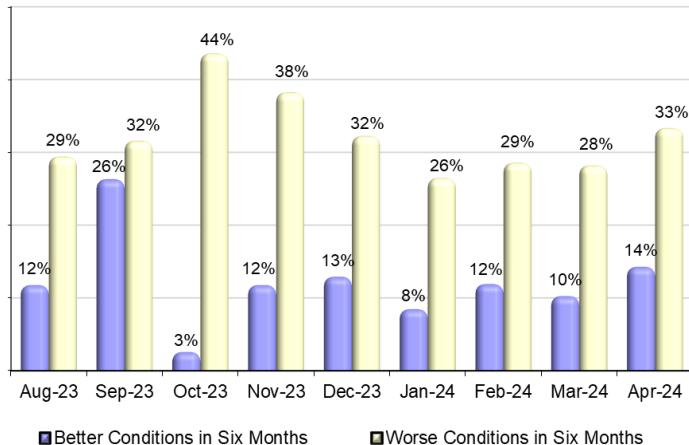
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	November 2023	December 2023	January 2024	February 2024	March 2024	Mar-24 over Feb-24
Restaurant Performance Index	100.1	99.8	98.7	99.0	99.2	0.2%
Current Situation Index	99.5	99.8	96.6	98.3	98.2	-0.1%
<i>Current Situation Indicators:</i>						
Same-Store Sales	102.6	101.1	95.5	98.7	98.3	-0.4%
Customer Traffic	97.7	98.3	94.0	96.9	97.4	0.5%
Labor	99.7	98.5	96.3	97.9	98.2	0.4%
Capital Expenditures	98.0	101.2	100.5	99.7	99.0	-0.7%
Expectations Index	100.7	99.8	100.8	99.7	100.1	0.4%
<i>Expectations Indicators:</i>						
Same-Store Sales	102.9	100.1	101.0	100.5	101.7	1.1%
Staffing	101.6	100.9	102.6	100.3	101.2	0.9%
Capital Expenditures	100.3	100.0	101.4	99.9	99.5	-0.4%
Business Conditions	98.1	98.2	98.3	98.2	98.1	-0.1%

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 (subscription required).