

January 2024

Restaurant Performance Index Declined 1.1% in January

The National Restaurant Association's Restaurant Performance Index (RPI) registered a moderate decline in January, due primarily to dampened readings in the current situation indicators. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 98.7 in January, down 1.1% from a level of 99.8 in December.

A majority of restaurant operators reported lower sales and traffic versus year-ago levels, which was largely attributed to challenging weather as well as difficult comparisons from a strong January 2023. Looking ahead, restaurant operators remained modestly optimistic about sales gains in the coming months.

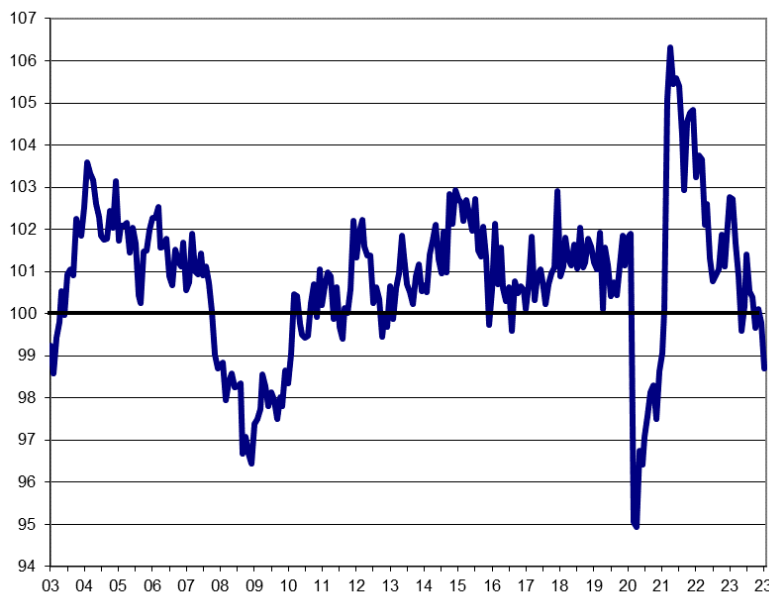
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Fell 3.2% to a Level of 96.6 in January; Expectations Index Increased 1.0% to a Level of 100.8

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 96.6 in January – down 3.2% from a level of 99.8 in December. January represented the fourth consecutive month in which the Current Situation Index stood below the 100 level in contraction territory.

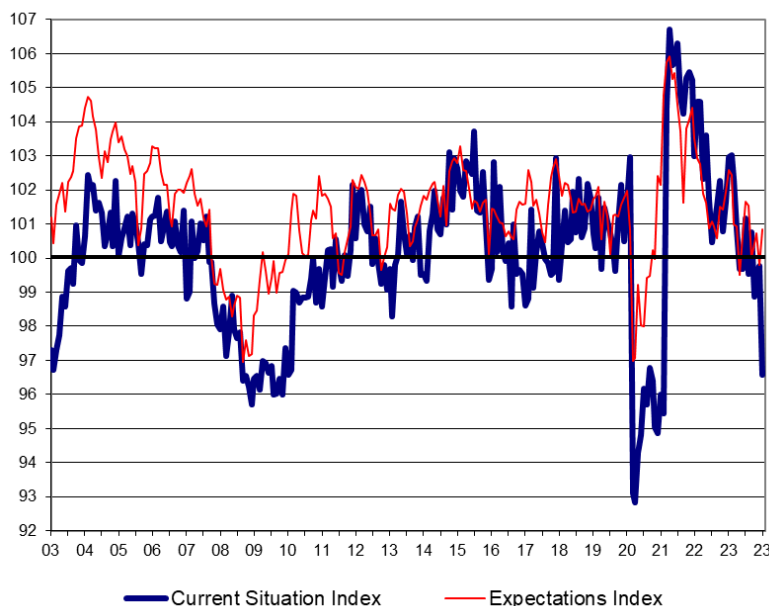
The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.8 – up 1.0% from a level of 99.8 last month. Restaurant operators are cautiously optimistic about sales, though they are much less bullish about the direction of the 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 Dampened Same-Store Sales and Customer Traffic in January

A majority of restaurant operators reported negative same-store sales readings in January, due largely to the impact of cold weather as well as much stronger January 2023 levels. Only 24% of operators said their same-store sales rose between January 2023 and January 2024. That was down from 51% of operators who reported higher sales in December. Sixty-nine percent of operators said their sales were lower in January, up from 40% who reported a sales decline in December.

Similarly, restaurant operators reported dampened customer traffic readings in January, relative to year-ago levels. Only 19% of restaurant operators said their customer traffic rose between January 2023 and January 2024, while 79% reported a traffic decline. That marked the 10th consecutive month of net declines in customer traffic.

Restaurant operators reported a downtick in capital spending activity in January. Fifty-two percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That compared to 56% of operators who reported similarly last month.

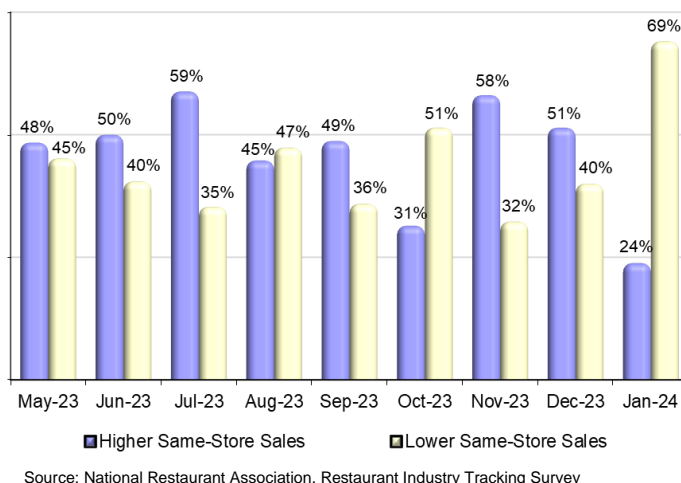
Restaurant Operators Have a Mixed Outlook for Sales and the Economy

Restaurant operators have a modestly positive outlook for sales in the months ahead. Thirty-one 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 compared to 30% who reported similarly last month. Only 21% of operators think their sales in six months will be lower than it was during the same period in the previous year. That was down from 29% last month.

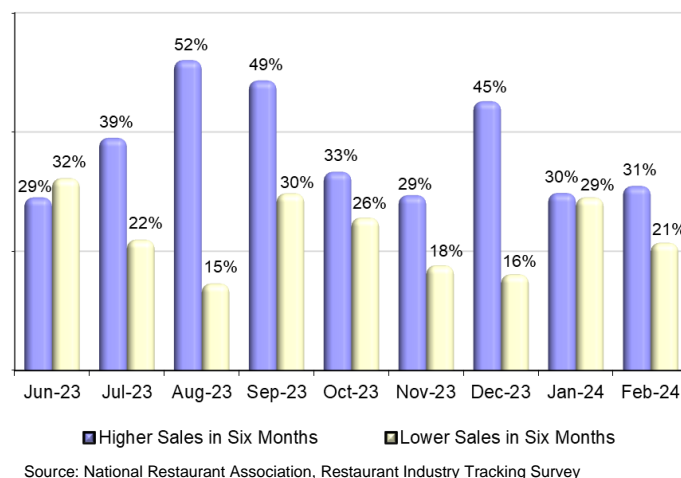
Restaurant operators remain much less optimistic about the direction of the overall economy. Only 12% of restaurant operators said they expect economic conditions to improve in six months, while 29% think conditions will worsen during the next six months. Fifty-nine percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 24th consecutive month in which operators had a net negative outlook for the economy.

A majority of restaurant operators are planning for capital spending in the months ahead. Fifty-seven percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was up from 50% who reported similarly last month.

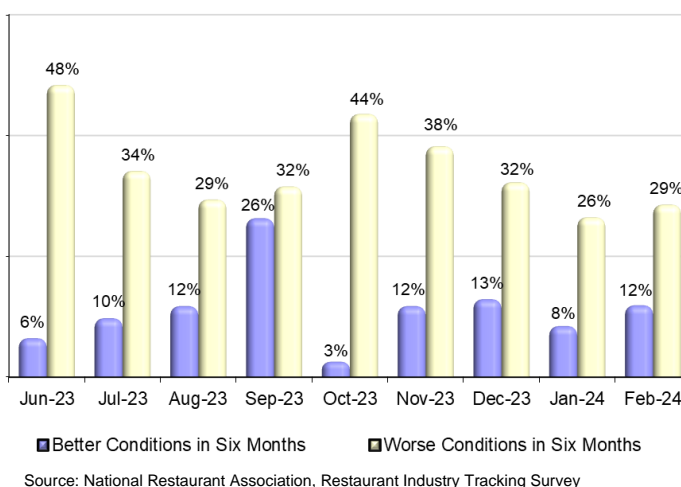
Restaurant Operators' Reporting of Same-Store Sales versus Same Month in Previous Year



Restaurant Operators' Outlook for Sales Volume in Six Months versus Same Period in Previous Year



Restaurant Operators' Outlook for General Economic Conditions in Six Months



National Restaurant Association Restaurant Performance Index and Its Components

	September 2023	October 2023	November 2023	December 2023	January 2024	Jan-24 over Dec-23
Restaurant Performance Index	100.4	99.7	100.1	99.8	98.7	-1.1%
Current Situation Index	100.8	98.9	99.5	99.8	96.6	-3.2%
<i>Current Situation Indicators:</i>						
Same-Store Sales	101.3	98.0	102.6	101.1	95.5	-5.6%
Customer Traffic	99.0	96.0	97.7	98.3	94.0	-4.3%
Labor	100.0	100.3	99.7	98.5	96.3	-2.2%
Capital Expenditures	102.8	101.2	98.0	101.2	100.5	-0.7%
Expectations Index	100.0	100.4	100.7	99.8	100.8	1.0%
<i>Expectations Indicators:</i>						
Same-Store Sales	100.8	101.2	102.9	100.1	101.0	0.9%
Staffing	102.1	100.9	101.6	100.9	102.6	1.7%
Capital Expenditures	101.3	102.4	100.3	100.0	101.4	1.4%
Business Conditions	95.9	97.4	98.1	98.2	98.3	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).