



February 2024

Restaurant Performance Index Rose 0.3% in February

The National Restaurant Association’s Restaurant Performance Index (RPI) remained below 100 in contraction territory in February, as dampened sales and traffic combined with a mixed outlook for sales. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 99.0 in February, up 0.3% from a level of 98.7 in February.

Restaurant operators reported a modest improvement in same-store sales and customer traffic from January’s soft readings, but both metrics were still down from year-ago levels. Looking forward, restaurant operators’ outlook for both sales and the economy in the months ahead remains uncertain.

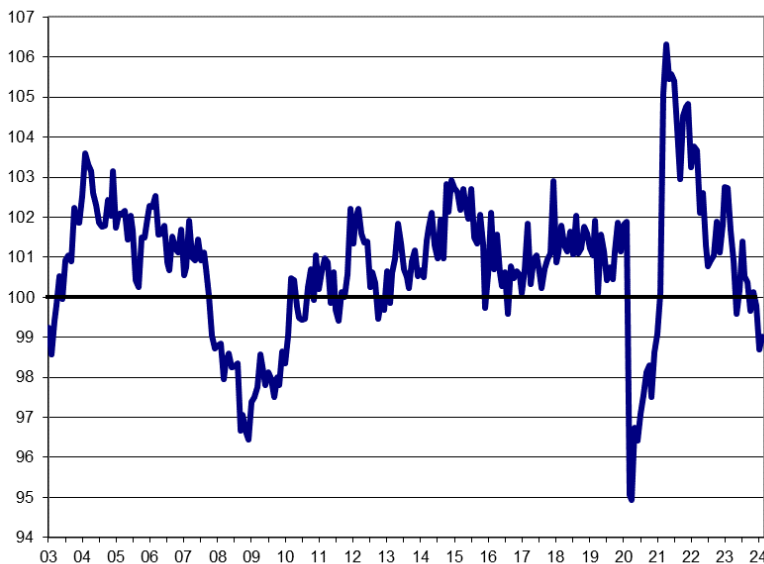
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Increased 1.8% to a Level of 98.3 in February; Expectations Index Declined 1.1% to a Level of 99.7

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 98.3 in February – up 1.8% from a level of 96.6 in January. February represented the fifth consecutive month in which the Current Situation Index stood below the 100 level in contraction territory.

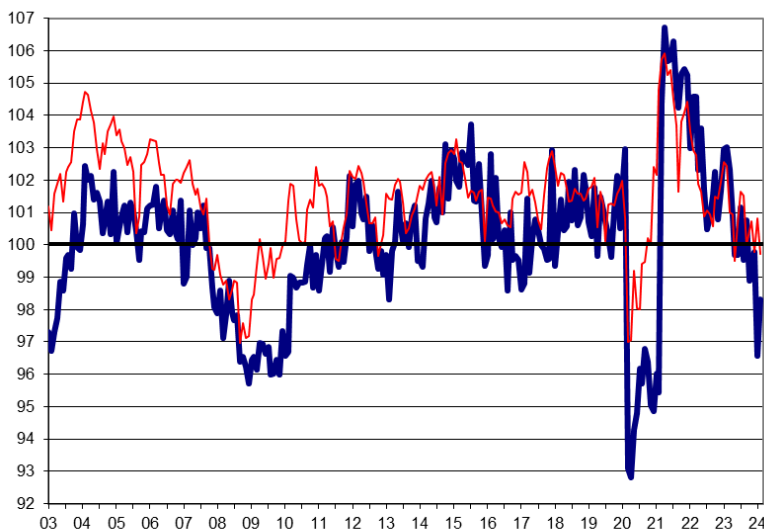
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 99.7 – down 1.1% from a level of 100.8 last month. Restaurant operators have a mixed outlook for sales in the months ahead, and they are even less optimistic 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 a Net Decline in Same-Store Sales and Customer Traffic

Same-store sales improved somewhat in February from January's dampened readings, but restaurant operators still reported a net decline from year-ago levels. Thirty-eight percent of operators said their same-store sales rose between February 2023 and February 2024. That was up from only 24% of operators who reported higher sales in January. Fifty-one percent of operators said their sales were lower in February, down from 69% who reported a sales decline in January.

Restaurant operators also continued to report negative customer traffic in February. Only 26% of operators said their customer traffic rose between February 2023 and February 2024, while 56% reported a traffic decline. That represented the 11th consecutive month of net declines in customer traffic.

Restaurant operators reported a slowdown in capital spending activity in February. Forty-nine percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down slightly from 52% of operators who reported similarly last month.

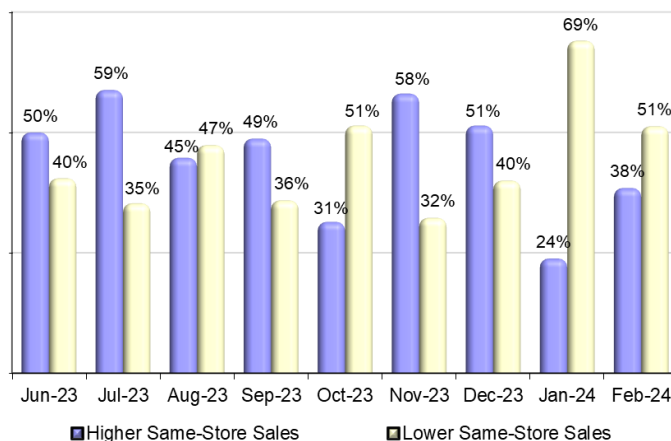
Restaurant Operators Have an Uncertain Outlook for Sales and the Economy

Restaurant operators' outlook for sales in the coming months is a mixed bag. Twenty-eight 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 slightly from 31% who reported similarly last month. Twenty-three percent of operators think their sales in six months will be lower than it was during the same period in the previous year. That compared to 21% last month.

Restaurant operators remain pessimistic about the direction of the overall economy. Only 10% of restaurant operators said they expect economic conditions to improve in six months, while 28% think conditions will worsen during the next six months. Sixty-two percent of restaurant operators expect economic conditions to remain about the same as they are now. That represented the 25th consecutive month in which operators had a net negative outlook for the economy.

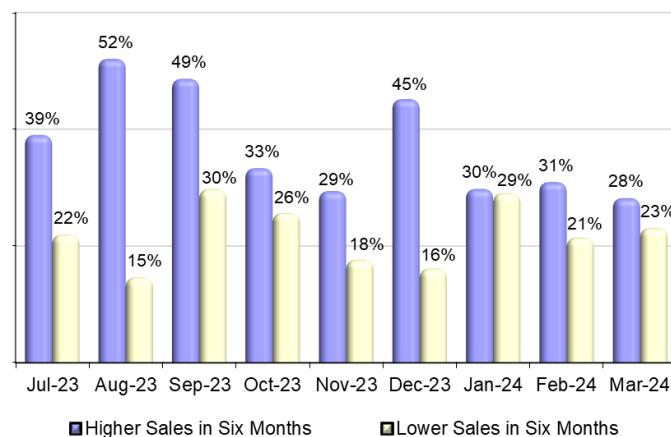
A smaller proportion of restaurant operators are planning for capital spending in the coming months. Forty-nine percent of restaurant operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 57% who reported similarly last month.

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



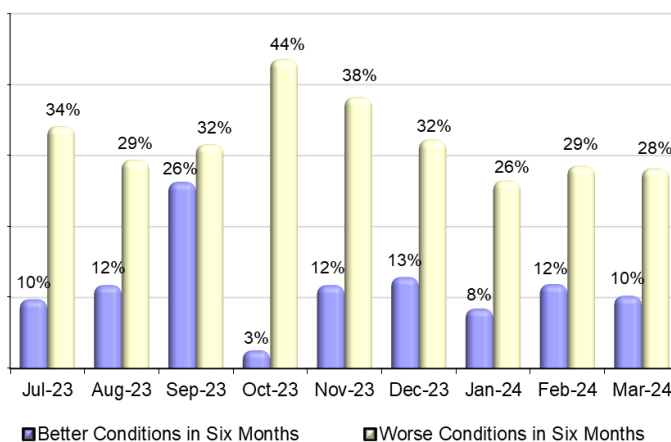
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	October 2023	November 2023	December 2023	January 2024	February 2024	Feb-24 over Jan-24
Restaurant Performance Index	99.7	100.1	99.8	98.7	99.0	0.3%
Current Situation Index	98.9	99.5	99.8	96.6	98.3	1.8%
<i>Current Situation Indicators:</i>						
Same-Store Sales	98.0	102.6	101.1	95.5	98.7	3.4%
Customer Traffic	96.0	97.7	98.3	94.0	96.9	3.1%
Labor	100.3	99.7	98.5	96.3	97.9	1.6%
Capital Expenditures	101.2	98.0	101.2	100.5	99.7	-0.7%
Expectations Index	100.4	100.7	99.8	100.8	99.7	-1.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.2	102.9	100.1	101.0	100.5	-0.4%
Staffing	100.9	101.6	100.9	102.6	100.3	-2.3%
Capital Expenditures	102.4	100.3	100.0	101.4	99.9	-1.5%
Business Conditions	97.4	98.1	98.2	98.3	98.2	-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).