Restaurant Research®

Building Bridges between Franchisees, Franchisors & Financiers

Unit Economics - 2024

Report Highlights

- **RR's Industry Data Report on Unit Economics** provides: (1) FYE 2023 unit-level AUV along with COGs, labor, royalty, advertising, other operating and EBITDAR margin estimates for 46 chains; (2) a 5-year history of unit economic performance; (3) an analysis of food and labor cost drivers; (4) leverage ratio ranges from RR's annual lender survey; (5) franchisee G&A & rent data; and (6) an overview of minimum wage trends.

Conclusions

- The average 2023 EBITDAR % margin for the $1B+ Chains increased +1.3% to 18.1%, reflecting a record high AUV (+4.6% y/y to $2.45 MM) and lower COGs (-1.3%). Despite this improvement, the 2023 EBITDAR margin remains -1.0% below the 19.1% historical average and -1.9% below the 20.0% historical peak in 2015.
- In any case, the average 2023 unit-level $ EBITDAR profit increased +12.9% to a record $443k.
- While 2024E unit-level % margins benefit from a favorable commodity cost outlook, they are pressured by slowing sales momentum and labor cost pressures which can vary significantly by state.
- 1Q24 unit-level % margins for company stores owned by the $1B+ public chains improved +0.5% to 18.0% as higher comp sales (+2.0%) and lower COGs (-1.0%) offset higher labor (+0.3%) & other operating expenses (+0.2%).
- Franchisee leverage levels decreased for QSR and remain healthy overall.

Unit Economic AUV & EBITDAR Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUV	$1,933,953	$1,990,465	$1,982,442	$1,976,651	$2,009,316	$2,041,455	$1,828,727	$2,201,773	$2,340,386	$2,447,432
Y/Y % Change	*3.1%*	*2.9%*	*-0.4%*	*-0.3%*	*1.7%*	*1.6%*	*-10.4%*	*20.4%*	*6.3%*	*4.6%*
EBITDAR $	$376,047	$398,744	$389,550	$373,794	$380,649	$381,636	$330,626	$419,763	$392,015	$442,568
Y/Y % Change	*2.3%*	*6.0%*	*-2.3%*	*-4.0%*	*1.8%*	*0.3%*	*-13.4%*	*27.0%*	*-6.6%*	*12.9%*

Report Outline

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Data in spreadsheet form available at http://www.ChainRestaurantData.com

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RR Unit Economic Summary (Ranked by Change in EBITDAR 2019 - 2023)

	2019				2020				2021				2022				2023				Change in EBITDAR Since 2019	
Concept	**AUV**	**COGS**	**Labor**	**EBITDAR**	**AUV**	**COGS**	**Labor**	**EBITDAR**	**AUV**	**COGS**	**Labor**	**EBITDAR**	**AUV**	**COGS**	**Labor**	**EBITDAR**	**AUV**	**COGS**	**Labor**	**EBITDAR**	**Margin**	**EBITDAR $**
Chipotle																						
Panera Bread																						
Qdoba																						
Fast Casual																						
Denny's																						
IHOP																						
Cracker Barrel																						
Family																						
Texas Roadhouse																						
Buffalo Wild Wings																						
Applebee's																						
Cheesecake Factory																						
Chili's Grill & Bar																						
BJ's Restaurants																						
T.G.I. Friday's																						
Red Robin																						
Casual																						
Culver's																						
Zaxby's																						
McDonald's																						
Taco Bell																						
Dairy Queen																						
Jack in the Box																						
Five Guys																						
Checkers/ Rally's																						
Wendy's																						
Hardee's																						
Burger King																						
Sonic Drive-In																						
Carl's Jr.																						
Arby's																						
Del Taco																						
Sandwich																						
Dutch Bros Coffee																						
Dunkin'																						
Coffee/Bakery																						
Jersey Mike's																						
Firehouse Subs																						
Jimmy John's																						
Subway																						
Sub-Sandwich																						
Domino's																						
Papa John's																						
Pizza Hut																						
Little Caesars																						
Pizza																						
Wingstop																						
Church's																						
Bojangles'																						
Popeyes																						
KFC																						
Chicken																						
Average																						

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RR's 2023 Franchisee Unit Economics - Sorted by EBITDAR Margin [1]

Concept	As of Date	AUV	Food & Paper	Labor & Benefits	Royalty	Advertising	Other Operating	EBITDAR (Pre G&A)
Moe's Southwest Grill	*Dec-23*							
Chipotle	*Dec-23*							
Panera Bread	*Dec-23*							
Qdoba	*Oct-23*							
Fast Casual	***4***							
IHOP	*Dec-23*							
Denny's	*Dec-23*							
Golden Corral	*Dec-23*							
Cracker Barrel	*Dec-23*							
Family	***4***							
Buffalo Wild Wings	*Dec-23*							
Cheesecake Factory	*Dec-23*							
Applebee's	*Dec-23*							
BJ's Restaurants	*Dec-23*							
Chili's Grill & Bar	*Jun-23*							
Red Robin	*Dec-23*							
Texas Roadhouse	*Dec-23*							
T.G.I. Friday's	*Dec-23*							
Casual	***8***							
Dutch Bros Coffee	*Dec-23*							
Dunkin'	*Dec-23*							
Krispy Kreme	*Dec-23*							
Starbucks	*Sep-23*							
Tim Horton's	*Dec-23*							
Coffee/Bakery	***5***							
Taco Bell	*Dec-23*							
Culver's	*Dec-23*							
Zaxby's	*Dec-23*							
McDonald's	*Dec-23*							
Dairy Queen	*Dec-23*							
Five Guys	*Dec-23*							
Burger King	*Dec-23*							
Carl's Jr.	*Jan-24*							
Jack in the Box	*Sep-23*							
Arby's	*Dec-23*							
Hardee's	*Jan-24*							
Wendy's	*Dec-23*							
Sonic Drive-In	*Dec-23*							
Del Taco	*Dec-23*							
Checkers/ Rally's	*Dec-23*							
Sandwich	***15***							
Wingstop	*Dec-23*							
Popeyes	*Dec-23*							
Church's	*YTD 9/23*							
KFC	*Dec-23*							
Bojangles'	*Dec-23*							
Chicken	***5***							
Jersey Mike's	*Dec-23*							
Jimmy John's	*Dec-23*							
Firehouse Subs	*Dec-23*							
Subway	*Dec-23*							
Sub-Sandwich	***4***							
Domino's	*Dec-23*							
Pizza Hut	*Dec-23*							
Little Caesars	*Dec-23*							
Papa John's	*Dec-23*							
Pizza	***4***							
Average	**49**							

RR Estimate

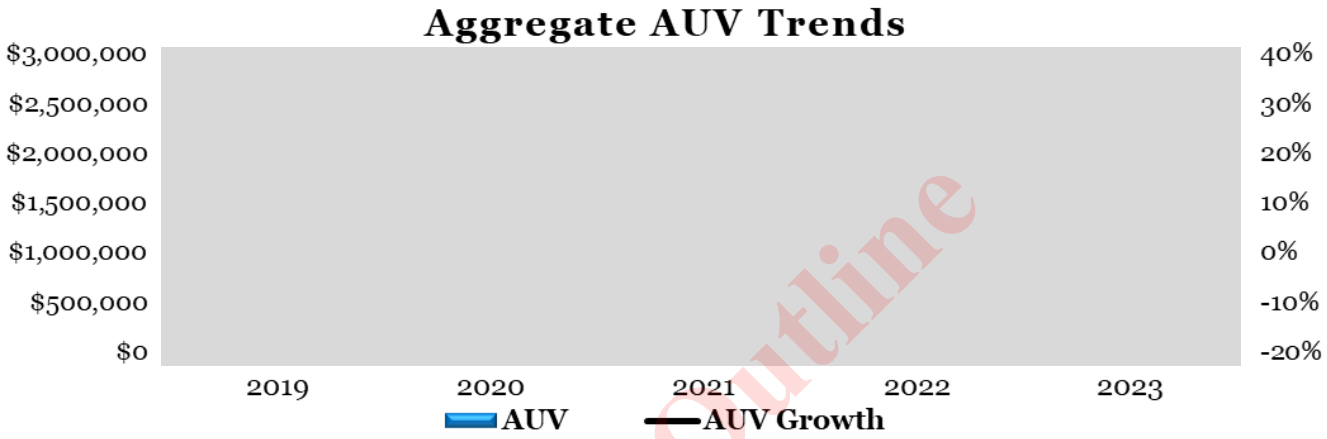
(1) RR's unit economic figures represent estimated franchisee results derived from surveys and FDD's. Texas Roadhouse, Chipotle and Cracker Barrel company results have been adjusted to include a royalty fee for comparability purposes.

(2) Dairy Queen unit economic estimates represent Grill & Chill format.

Report Outline

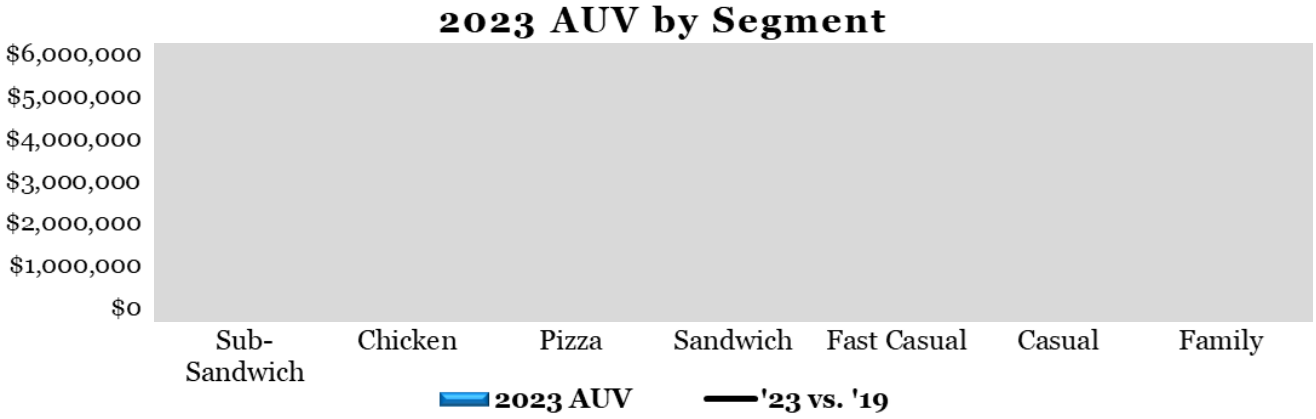
2023 Sales Overview

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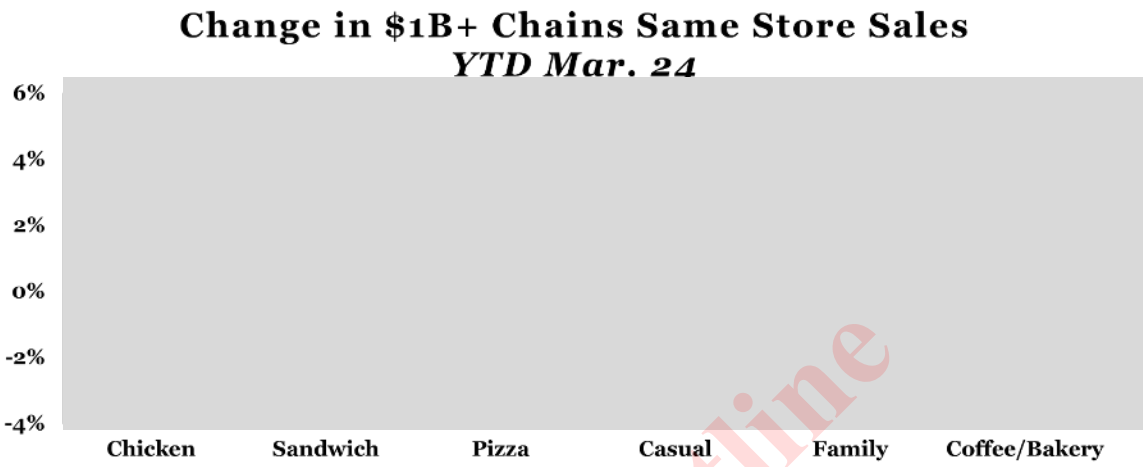
Report Outline



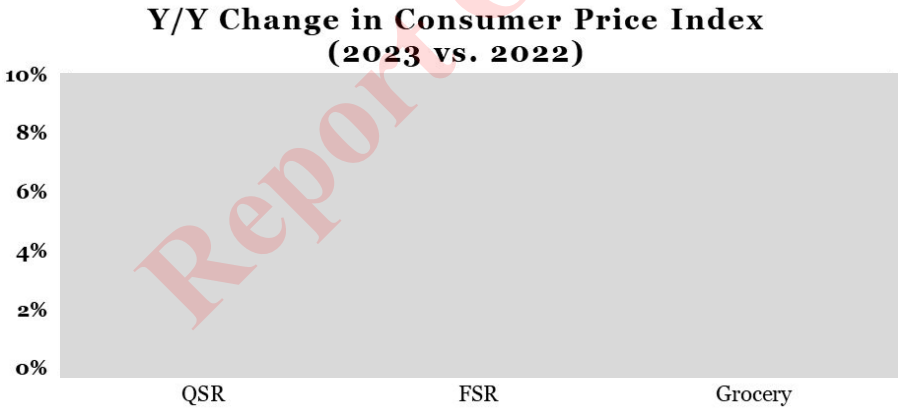
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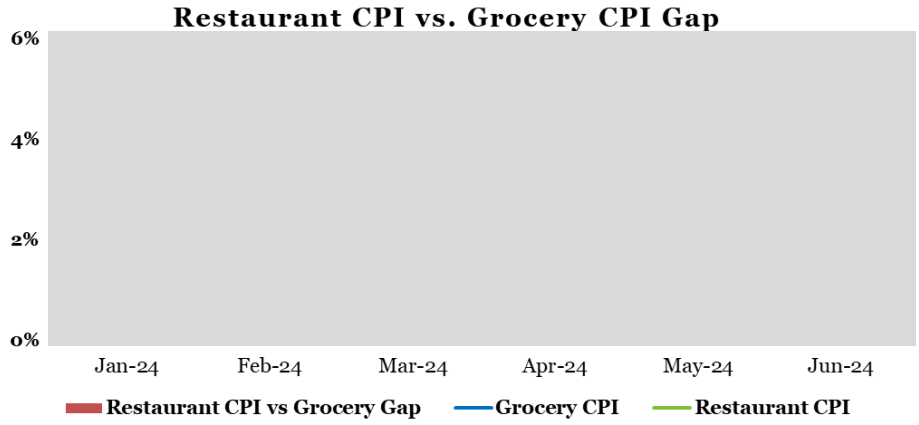
2024 Sales Outlook

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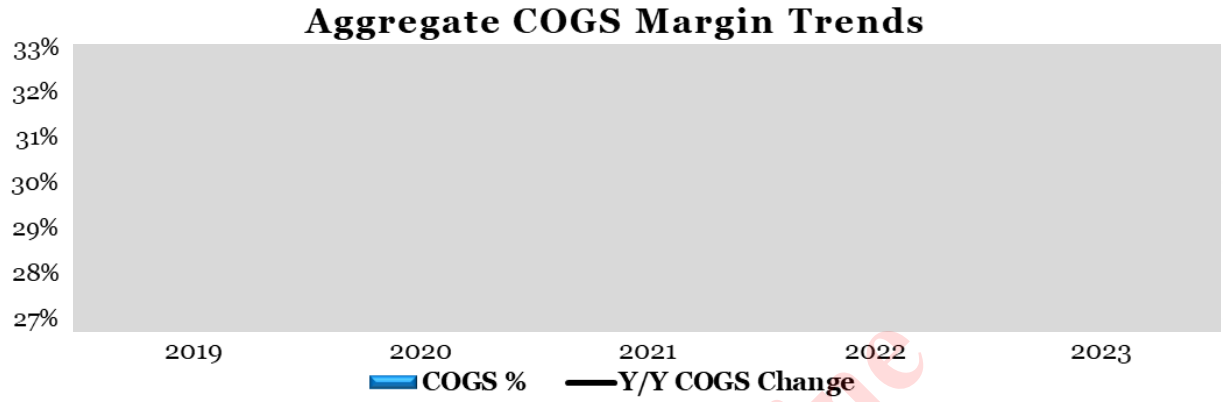


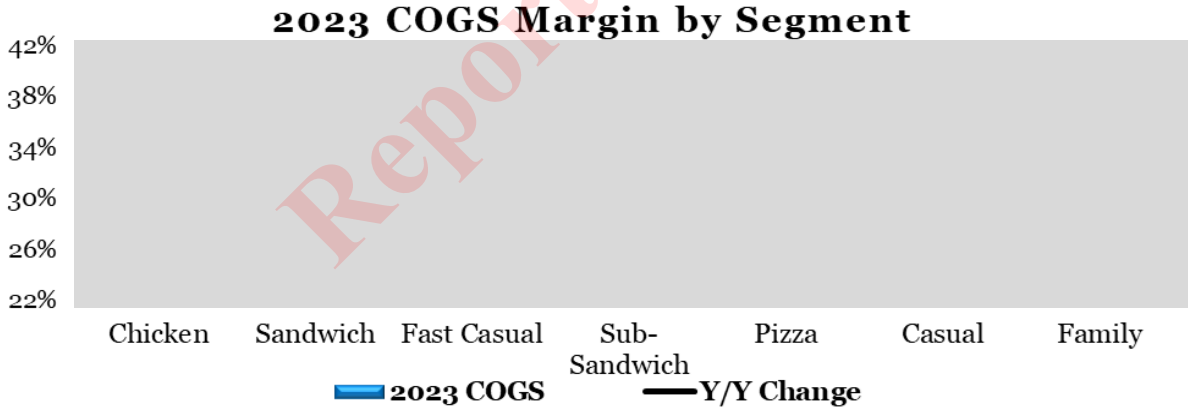


Source: Bureau of Labor Statistics

Report Outline

2023 COGs Overview





Report Outline

2024 COGS Outlook

Company	COGS Margin 1Q23	1Q24%	Change
Chipotle			
Denny's			
Wingstop			
Darden			
Brinker			
Cheesecake Factory			
Bloomin Brands			
Red Robin			
BJ's Restaurants			
Texas Roadhouse			
Jack in the Box			
Wendy's			
Domino's			
Dutch Bros			
Average			

Report Outline

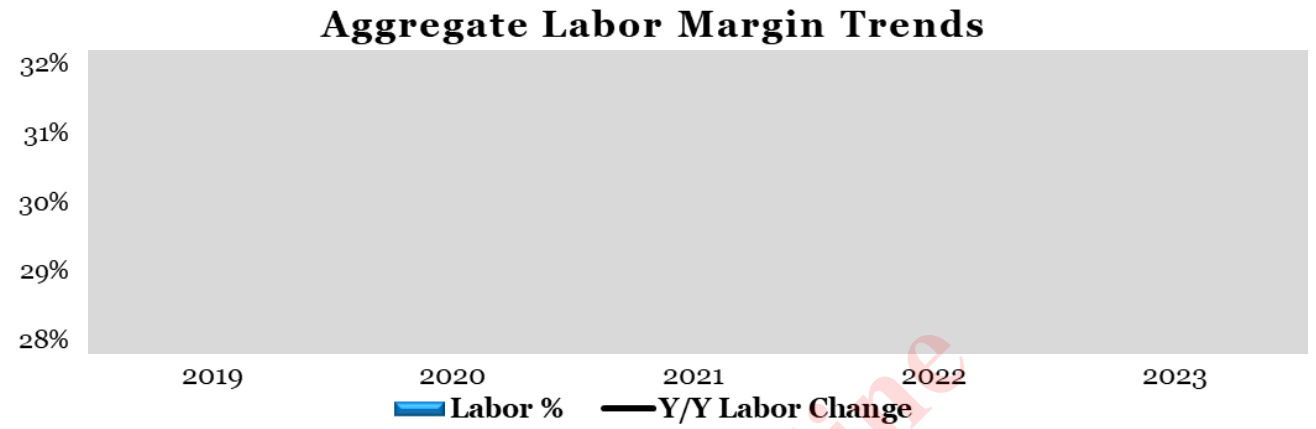
Key Commodity Trends

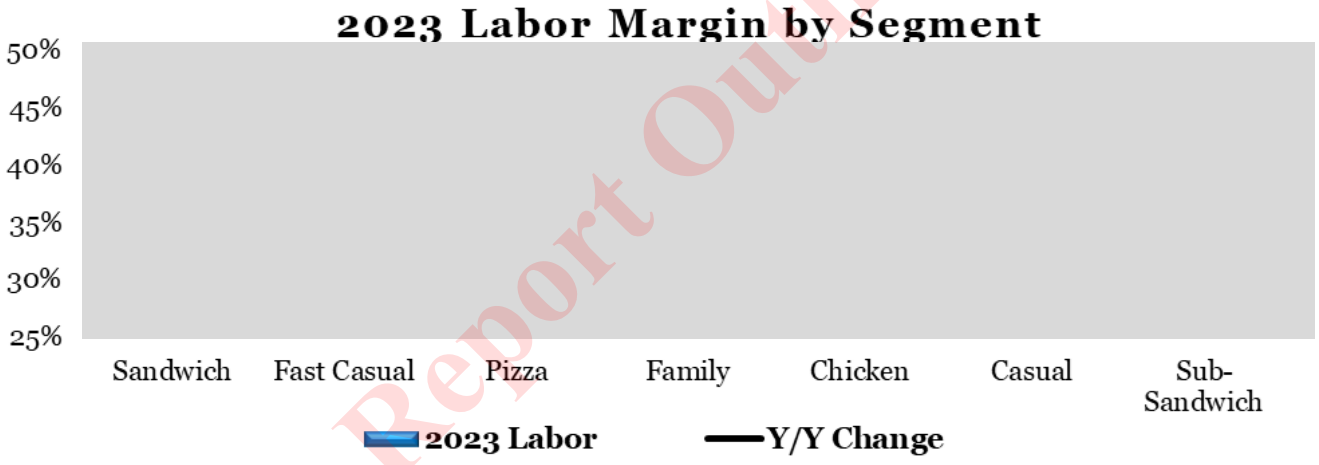
Key Cost	Year Over Year % Change FYE 2023	YTD Jun '24	Outlook '24 (1)
BLS Foodstuffs			
Whole Chicken Wings			
Vegetables (ex. potatoes) PPI (1)			
Coffee (ICO) Composite			
Ground Beef (73% Lean)			
Choice Cutout Boxed Beef			
Chicken Eggs (Large)			
Pork (USDA)			
Chicken (Slaughter) PPI (1)			
Class III Milk			
Cheese (40 Lb. Block)			
Fresh Fruits & Melons			
Wheat Cash (CBOT)			
Corn Cash (CBOT)			
Potatoes PPI (1)			

(1) 2024 outlook based on USDA Economic Research Service for the primary commodity (beef, chicken, pork, eggs, dairy & wheat).

2023 Labor Overview

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Report Outline



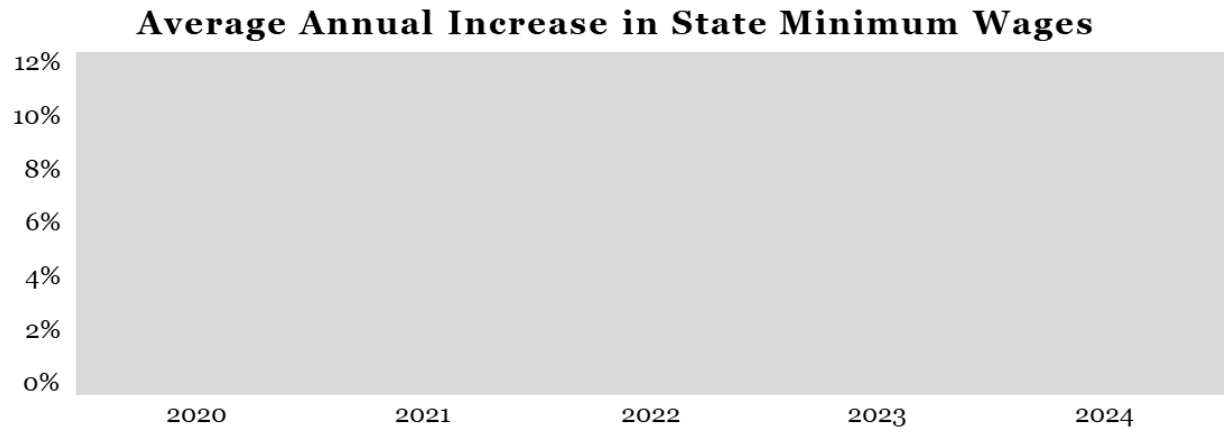
2024 Labor Outlook

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Company	Labor Margin 1Q23	1Q24	Change
Dutch Bros			
Bloomin Brands			
Texas Roadhouse			
Denny's			
Darden			
Cheesecake Factory			
Brinker			
Red Robin			
Chipotle			
Wendy's			
BJ's Restaurants			
Domino's			
Jack in the Box			
Wingstop			
Average			

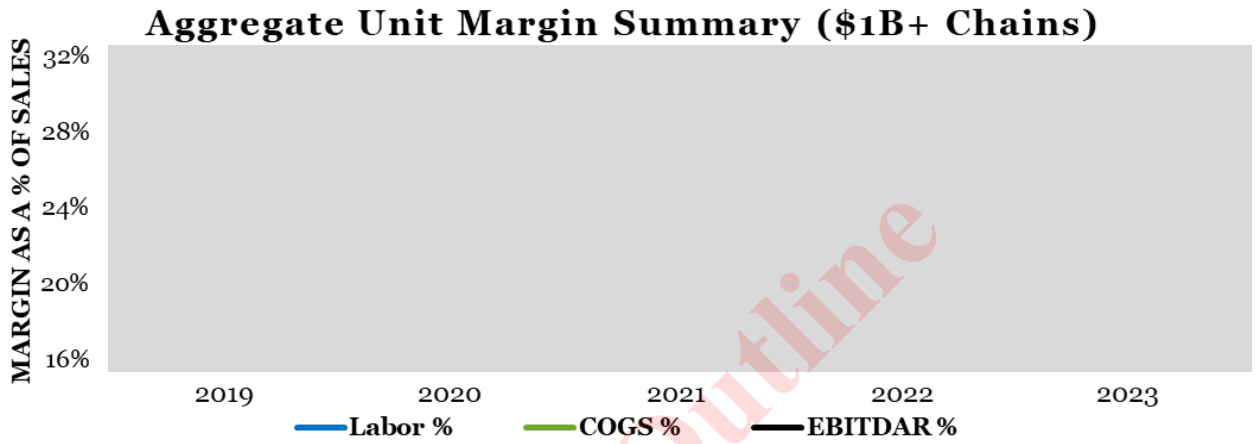
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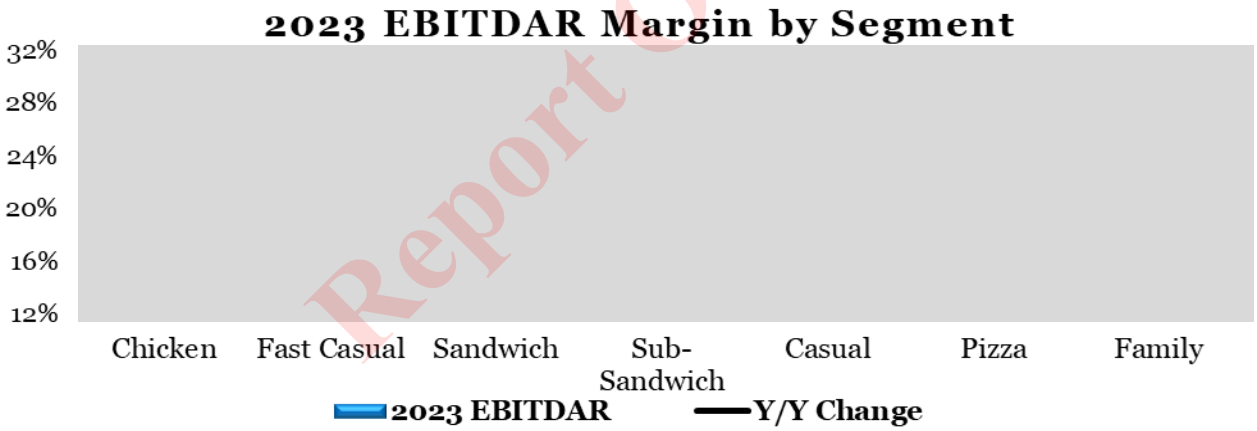
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EBITDAR Overview

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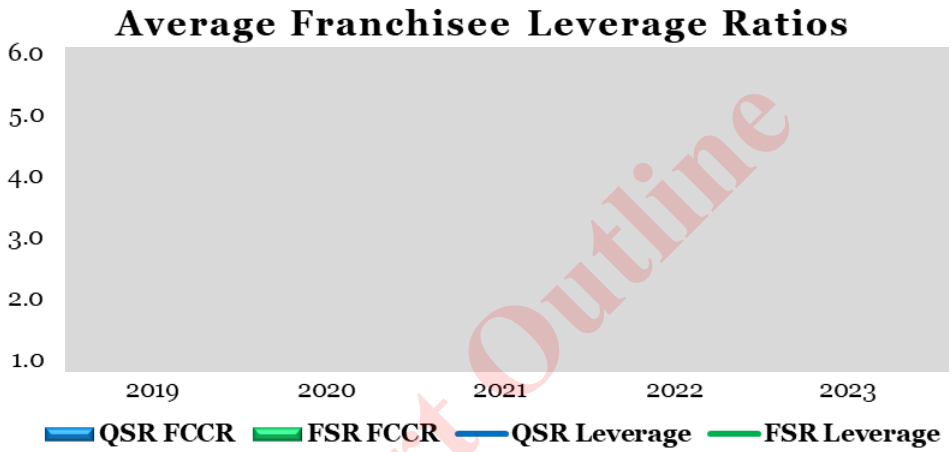
Report Outline

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Store Level Operating Margin							
Company	1Q23	1Q24	Change	Company	1Q23	1Q24	Change
Denny's				Taco Bell			
Darden				Texas Roadhouse			
Cheesecake Factory				Papa John's			
McDonald's				KFC			
Chipotle				Wendy's			
Bloomin Brands				Wingstop			
Brinker				Dutch Bros			
BJ's Restaurants				Domino's			
Red Robin				Jack in the Box			
Average							

Franchisee Leverage Ratios from Lender Survey

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Franchisee Leverage Summary

Concept	Borrowers in Sample	Adjusted Leverage [1]			FCCR [2]		
		Low	High	Avg. [3]	Low	High	Avg. [3]
Burger King							
Culver's							
Domino's							
Dunkin'							
Jack in the Box							
KFC							
McDonald's							
Panera Bread							
Pizza Hut							
Popeyes							
Taco Bell							
Wendy's							
Wingstop							
Zaxby's							
Total/Average							

(1) Lease Adjusted Leverage Ratio = (Debt + Rent * 8)/EBITDAR).
(2) FCCR Ratio = EBITDAR/(Rent + Principal + Interest).
(3) Weighted average based on # of borrowers.

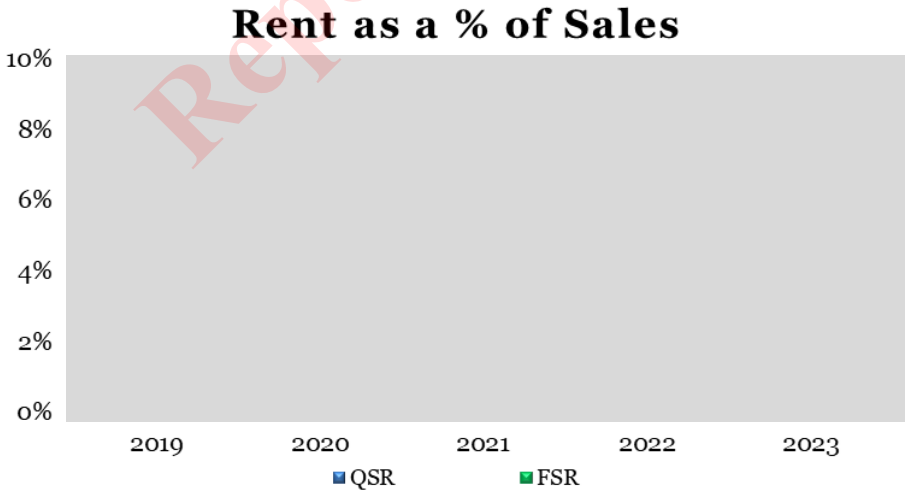
Report Outline

Franchisee G&A and Rent Benchmark Data

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Report Outline

Appendix - Minimum Wage & Tip Credits by State

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Change in Minimum Wage by State (2020 – 2024)

State	2020/ 2019	2021/ 2020	2022/ 2021	2023/ 2022	2024/ 2023	July 2024	% Change Since 2020
VA							
DE							
CT							
WY							
FL							
IL							
HI							
NJ							
MD							
NM							
NV							
RI							
NE							
MO							
NY							
VT							
CA							
WA							
SD							
CO							
OH							
AZ							
MT							

State	2020/ 2019	2021/ 2020	2022/ 2021	2023/ 2022	2024/ 2023	July 2024	% Change Since 2020
OR							
ME							
MA							
AK							
DC							
AR							
MN							
MI							
GA							
WV							
IA							
ID							
IN							
KS							
KY							
NC							
ND							
NH							
OK							
PA							
TX							
UT							
WI							
Avg.							

Report Outline

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Tipped Wages by State

Ranked by Highest Minimum Cash Wage

State	Min. Wage July 2024	Tipped Credit '24	Minimum Cash Wage '24	State	Min. Wage July 2024	Tipped Credit '24	Minimum Cash Wage '24
WA				MD			
CA				ID			
OR				NH			
HI				NM			
AK				PA			
CO				AR			
AZ				WV			
NV				WI			
MN				DE			
MT				IN			
NY				KS			
FL				KY			
IL				NC			
DC				NE			
ME				OK			
VT				TX			
MA				UT			
CT				VA			
MO				WY			
SD				GA			
NJ				AL			
OH				LA			
ND				MS			
IA				SC			
MI				TN			
RI				51			

Report Outline

The maximum Federal Tip Wage Credit is $5.12.

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Restaurant Research Coverage

Concept Reports	Industry Data Reports
Applebee's	Restaurant Lending & 2nd Half Unit Valuations
Arby's	Ad Spending
Burger King	Menus & Promotions
Carl's Jr.	Unit Growth & Sales Analysis
Chili's Grill & Bar	Unit Economics
Church's	1st Half Unit Valuations & Lending Update
Denny's	New Build Costs & Franchise Fees
Domino's	Remodeling
Hardee's	
IHOP	**Databases & Special Reports**
Jack in the Box	RR Databook (Annual Data Summary 50+ Chains)
KFC	RR LTOverview (Monthly Promotions 50+ Chains)
McDonald's	FDD Library (40+ Chains)
Panera Bread	Concept Updates (Quarterly 20+ Public Chains)
Papa John's	Same Store Sales Database (Quarterly 25+ Chains)
Pizza Hut	New Store ROI Model
Popeyes	SBA Lending Database
Sonic Drive-In	
Subway	
Taco Bell	
Wendy's	**www.ChainRestaurantData.com**

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