Restaurant Research®

Building Bridges between Franchisees, Franchisors & Financiers

New Unit Investment – 2024

Key Points

1. The average **sales-to-investment ratio for the $1B+ chains improved for the 2nd year in a row** to its best level since 2019 (higher new build AUV's & franchisor incentives have more than off-set construction cost inflation which has been moderating since the 2021 peak).
2. **1H24 average unit-level EBITDAR margin for new builds declined slightly**, but an increase in the average store-level EBITDA $ profit more than off-set slightly higher construction costs, helping to improve New Build ROI for the second year in a row.
3. **2024 New Build/Buy Ratio increased +2.1%** y/y and is slightly above the historical average (but well below the 2022 peak), reflecting higher new build costs and a slight decline in M&A EBITDA multiples.
4. **40% of the $1B+ Chains introduced a new prototype** or significant building modifications during 2024.

RR's new build cost estimates do not account for many recent prototype designs which have not been finalized.

Report Outline

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

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Sales to Investment Ratio

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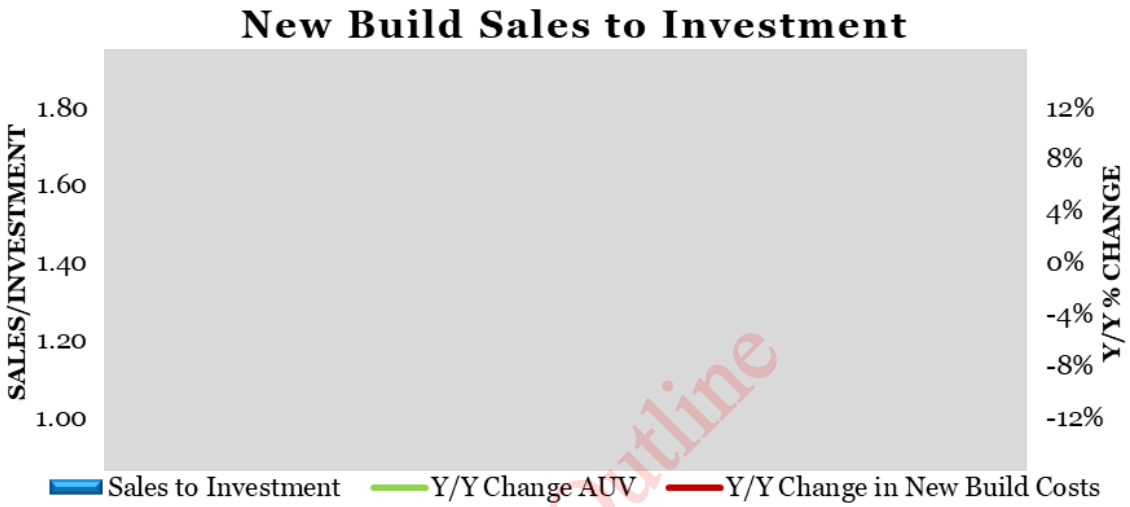

Report Outline

Average Sales to Investment without Land Summary						
	2019	2020	2021	2022	2023	2024
New Build AUV Index						
Y/Y Change in New Build AUV						
New Build Cost Index						
Y/Y Change in New Build Costs						
Sales to Investment						

Index: 2011 = 100

Sales to Investment without Land by Segment							
	2019	2020	2021	2022	2023	2024	24/23 Change
Pizza							
Family							
Casual							
Coffee/Bakery							
Chicken							
Sub-Sandwich							
Fast Casual							
Sandwich							
Average							

Construction Costs

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New Build Construction Cost Index (PPI)

	Weighting	2017	2018	2019	2020	2021	2022	2023	2024 (1)
Concrete									
Asphalt									
Construction Labor									
A/C & Refrigeration Eq.									
Kitchen Eq.									
Furniture									
POS Eq.									
Lumber									
Iron & Steel									
New Build Cost Index									
Y/Y % Change									

(1) Through July 2024

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Report Outline

Average Building Costs/Sq. Ft. by Segment							
	2019	2020	2021	2022	2023	2024	24/23 Change
Coffee/Bakery							
Sub-Sandwich							
Family							
Fast Casual							
Chicken							
Sandwich							
Casual							
Pizza							
Average							

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New Build Costs Excluding Land - 2024

Concept	Current Building Design Name	Intro Year	Building Format	Annual Sales Per New Unit	Construction & Initial Start-up Costs [1]							Building Requirements			Sales and Investment Ratios (No Land)		
					Building & Site	Equipment & Signs	Small Wares & Inventory	Soft Costs [2]	Franchise Fee	Franchisor Incentives [3,4]	Total Invest. No Land	Land (Sq. Feet)	Building (Sq. Feet)	Seats	Avg. Sales Per Sq. Foot	Total Invest. Per Sq. Foot	Sales to Invest.
Chipotle																	
Qdoba																	
Moe's Southwest Grill																	
Panera Bread																	
Fast Casual																	
Applebee's																	
BJ's Restaurants																	
Buffalo Wild Wings																	
Chili's Grill & Bar																	
T.G.I. Friday's																	
Texas Roadhouse																	
Casual																	
Cracker Barrel																	
Denny's																	
Golden Corral																	
IHOP																	
Perkins																	
Family																	
Domino's																	
Little Caesars																	
Papa John's																	
Pizza Hut																	
Pizza																	
Bojangles'																	
Church's																	
KFC																	
Wingstop																	
Popeyes																	
Chicken																	
Arby's																	
Burger King																	
Carl's Jr.																	
Checkers/ Rally's																	
Culver's																	
Del Taco																	
Dairy Queen																	
Five Guys																	
Hardee's																	
Jack in the Box																	
McDonald's																	
Sonic Drive-In																	
Taco Bell																	
Zaxby's																	
Wendy's																	
Sandwich																	
Firehouse Subs																	
Jersey Mike's																	
Jimmy John's																	
Subway																	
Sub-Sandwich																	
Dunkin'																	
Dutch Bros Coffee																	
Tim Horton's																	
Coffee/Bakery																	
QSR																	
FSR																	
Average																	

Report Outline

2024 New Build Cost Components as a % of Total Investment (Excludes Franchisor Incentives)

Concept	Construction & Initial Start-up Costs (Excluding Land)				
	Building & Site Work	Equipment & Signs (1)	Small Wares & Inventory	Soft Costs	Franchise Fee
Moe's Southwest Grill					
Panera Bread					
Qdoba					
Fast Casual					
Applebee's					
Buffalo Wild Wings					
Chili's Grill & Bar					
T.G.I. Friday's					
Texas Roadhouse					
Casual					
Denny's					
Golden Corral					
IHOP					
Perkins					
Family					
Domino's					
Little Caesars					
Papa John's					
Pizza Hut					
Pizza					
Firehouse Subs					
Jersey Mike's					
Jimmy John's					
Subway					
Sub-Sandwich					
Dunkin'					
Dutch Bros Coffee					
Tim Horton's					
Coffee/Bakery					
Arby's					
Burger King					
Carl's Jr.					
Checkers/ Rally's					
Dairy Queen					
Del Taco					
Five Guys					
Hardee's					
Jack in the Box					
McDonald's					
Sonic Drive-In					
Taco Bell					
Wendy's					
Zaxby's					
Sandwich					
Bojangles'					
Church's					
KFC					
Popeyes					
Chicken					
QSR					
FSR					
Average					

Report Outline

New Store Investment ROI

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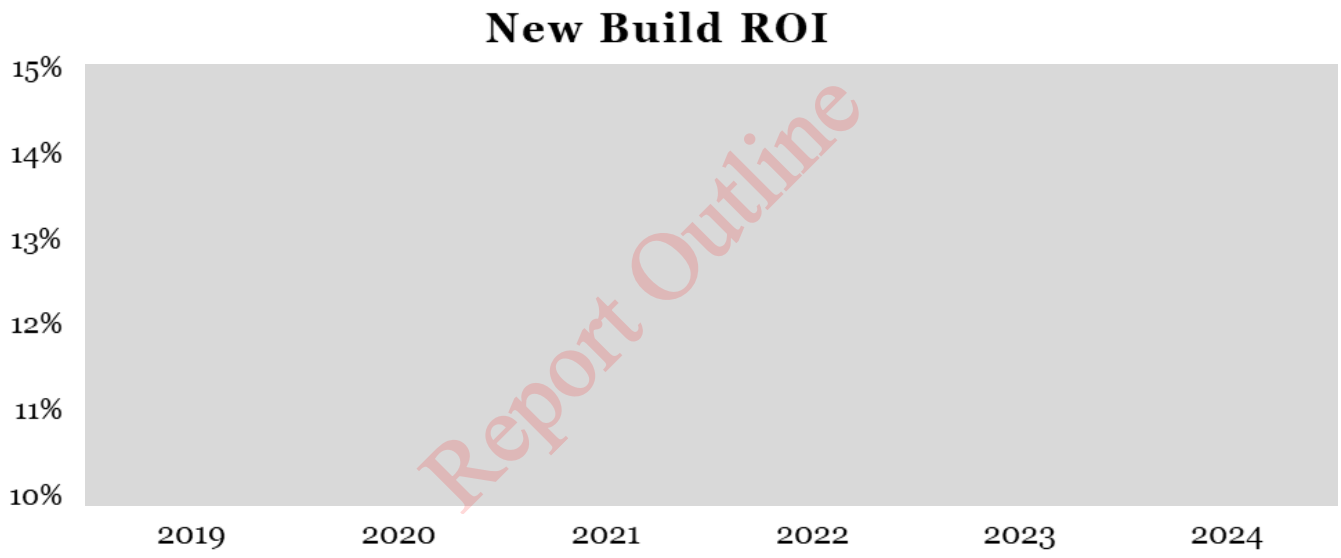

- The significant improvement in pizza ROI reflects new Papa John's incentives (worth ~$344k).

New Build ROI by Segment							
	2019	2020	2021	2022	2023	2024	24/23 Change
Pizza							
Casual							
Coffee/Bakery							
Sub-Sandwich							
Fast Casual							
Chicken							
Sandwich							
Family							
Average							

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New Store Construction ROI (Sorted by ROI)

Concept	New Build Format	New Store AUV	Total Construction Costs (Ex. Land) [2]	EBITDAR Margin [3]	Annual Rent Cost/ AUV	Per Unit G&A %	EBITDA (Post G&A) %	Year 1 Unlevered ROI [4]
Chipotle								
Panera Bread								
Qdoba								
Moe's Southwest Grill								
Fast Casual								
Applebee's								
Texas Roadhouse								
Buffalo Wild Wings								
Chili's Grill & Bar								
T.G.I. Friday's								
Casual								
Golden Corral								
Denny's								
Denny's								
IHOP								
Cracker Barrel								
Perkins								
Family								
Papa John's								
Domino's								
Pizza Hut								
Little Caesars								
Pizza								
Jersey Mike's								
Jimmy John's								
Firehouse Subs								
Subway								
Sub-Sandwich								
Dutch Bros Coffee								
Dunkin'								
Coffee/Bakery								
Wingstop								
Popeyes								
Church's								
KFC								
Bojangles'								
Chicken								
Five Guys								
Taco Bell								
Jack in the Box								
Culver's								
Zaxby's								
Wendy's								
Dairy Queen								
Del Taco								
McDonald's								
Checkers/ Rally's								
Burger King								
Carl's Jr.								
Sonic Drive-In								
Arby's								
Hardee's								
Sandwich								
QSR								
FSR								
Average								

Report Outline

New Build vs. Buy Ratio

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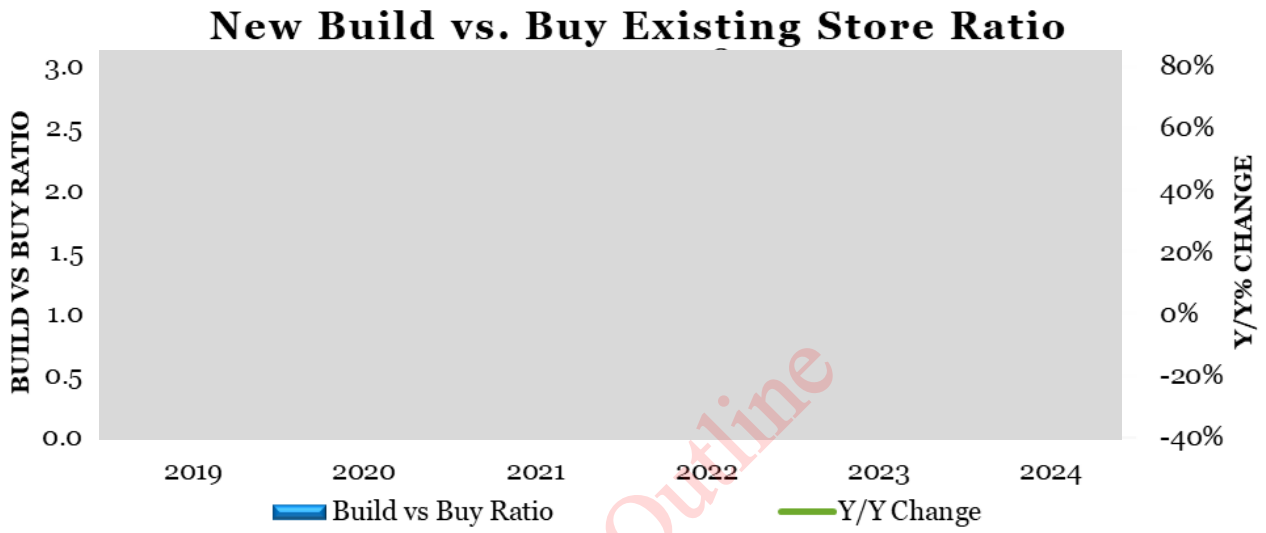

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Report Outline

Build vs. Buy Ratio by Segment							
	2019	2020	2021	2022	2023	2024	% Change 24/23
Pizza							
Fast Casual							
Sub-Sandwich							
Chicken							
Coffee/Bakery							
Casual							
Sandwich							
Family							
$1B+ Chain Avg.							

Build vs. Buy Ratio Excluding Land
(Sorted by 2024 Low to High)

Concept	2019	2020	2021	2022	2023	2024
Qdoba						
Panera Bread						
Fast Casual						
Buffalo Wild Wings						
Texas Roadhouse						
Applebee's						
Chili's Grill & Bar						
Casual						
Denny's						
IHOP						
Family						
Domino's						
Papa John's						
Little Caesars						
Pizza Hut						
Pizza						
Jimmy John's						
Jersey Mike's						
Firehouse Subs						
Subway						
Sub-Sandwich						
Wingstop						
Popeyes						
Bojangles'						
Church's						
KFC						
Chicken						
Dunkin'						
Five Guys						
McDonald's						
Taco Bell						
Zaxby's						
Culver's						
Wendy's						
Jack in the Box						
Dairy Queen						
Burger King						
Arby's						
Del Taco						
Sonic Drive-In						
Carl's Jr.						
Hardee's						
Checkers/ Rally's						
Sandwich						
QSR						
FSR						
$1B+ Chain Avg.						

Report Outline

Franchisor Incentives

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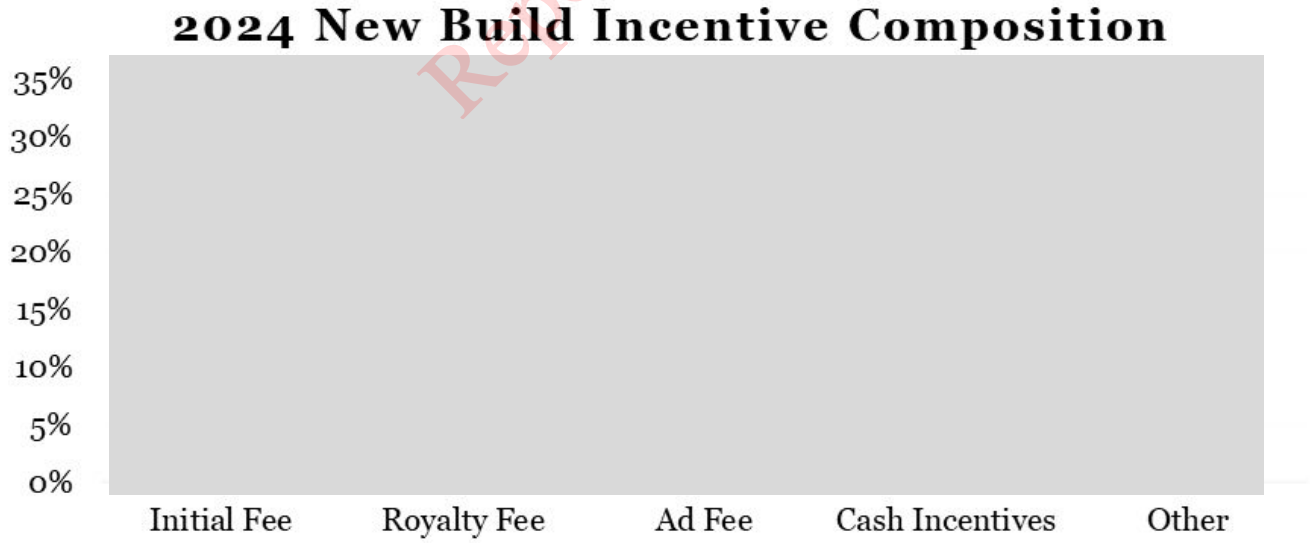
Report Outline



New Prototypes

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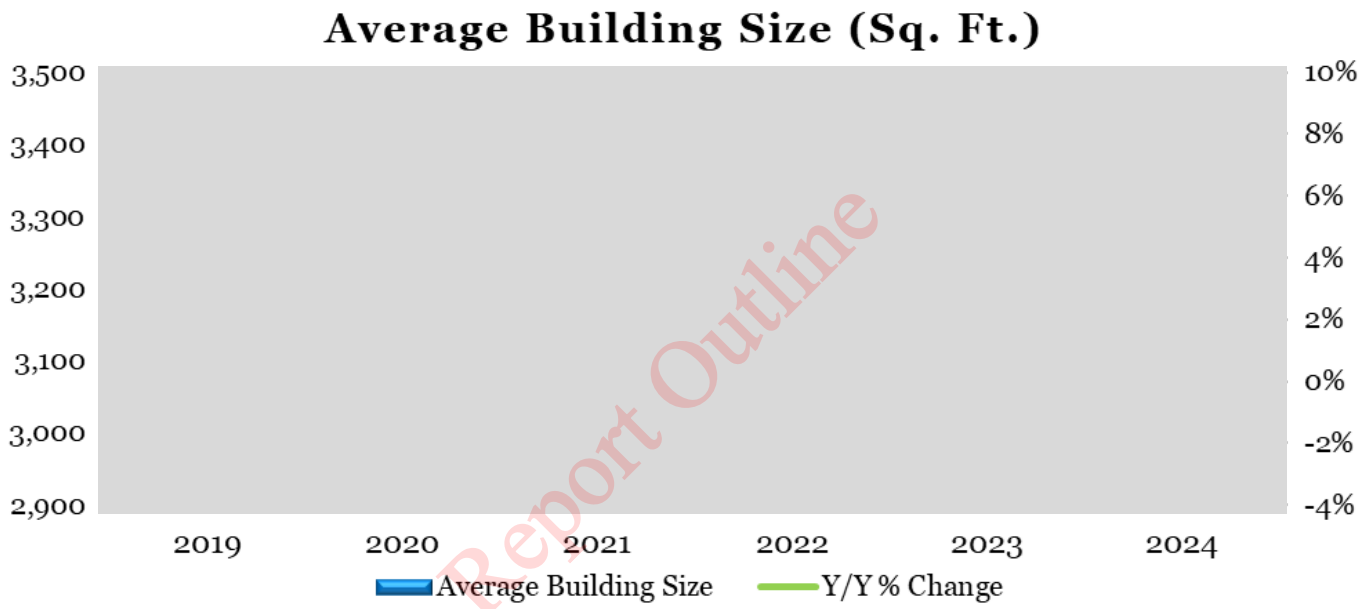

Report Outline

New Building Prototypes & Updates

Applebee's

-

BJ's Restaurants

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Bojangles'

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Report Outline

Burger King



Report Outline

Chick-fil-A

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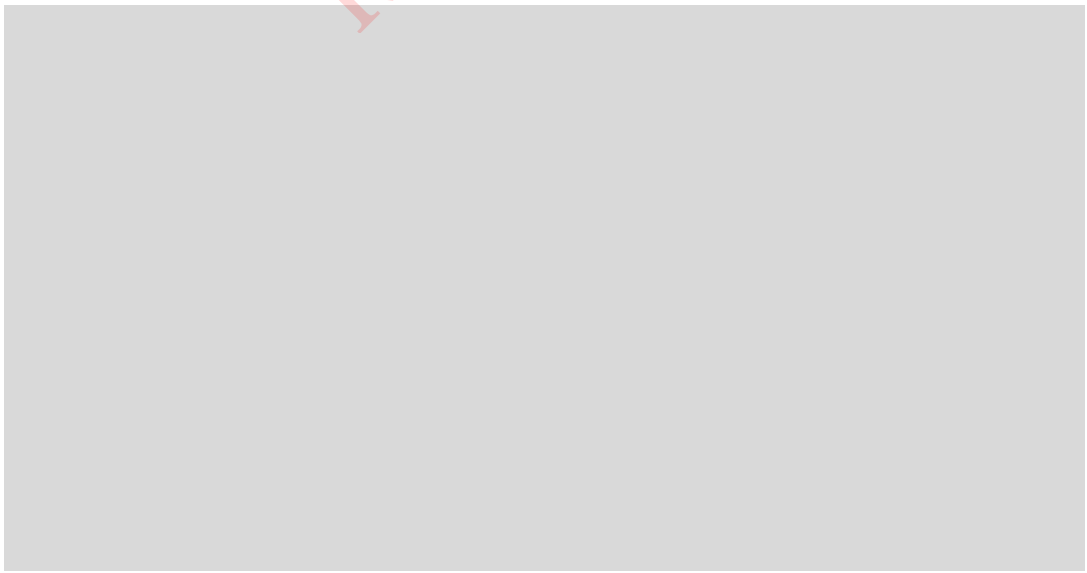
- 

Report Outline

Chipotle

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Denny's

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Firehouse Subs

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IHOP

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-
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Jack in the Box

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KFC

-

-



Little Caesars

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-



Moe's

-
-
-



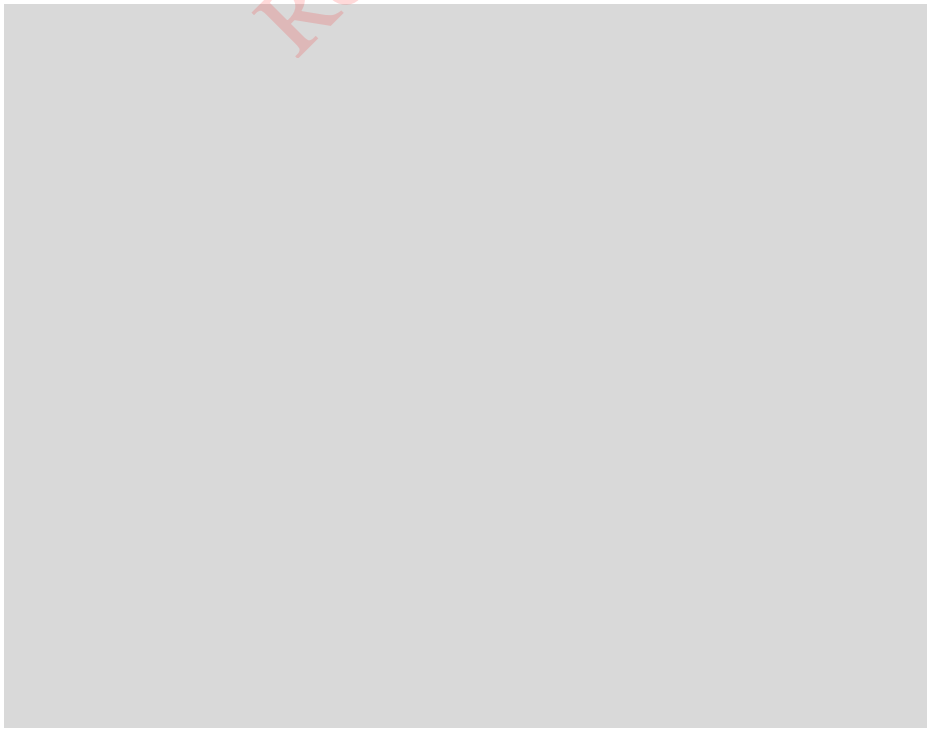
Panera

-

Papa John's

-





Perkins

-

Popeyes

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Qdoba

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Taco Bell

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Report Outline

Texas Roadhouse

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-

Whataburger

- 

Report Outline

Wingstop

-

Zaxby's

•



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New Franchisee Financial Requirements

Concept	Seeking New Franchisees?	Min. # Units	Min. Net Worth/Unit	Minimum Liquidity/Unit
Applebee's				
Arby's				
BJ's Restaurants				
Bob Evans				
Bojangles'				
Buffalo Wild Wings				
Burger King				
Carl's Jr.				
Checkers/ Rally's				
Cheesecake Factory				
Chick-fil-A				
Chili's Grill & Bar				
Chipotle				
Church's				
Corner Bakery Café				
Cracker Barrel				
Culver's				
Dairy Queen				
Del Taco				
Denny's				
Domino's				
Dunkin'				
Dutch Bros Coffee				
Firehouse Subs				
Five Guys				
Golden Corral				
Hardee's				
IHOP				
Jack in the Box				
Jersey Mike's				
Jimmy John's				
KFC				
Krispy Kreme				
Little Caesars				
LongHorn				
McDonald's				
Moe's Southwest Grill				
Olive Garden				
Outback				
Panera Bread				
Papa John's				
Perkins				
Pizza Hut				
Popeyes				
Qdoba				
Red Lobster				
Red Robin				
Sonic Drive-In				
Starbucks				
Subway				
Taco Bell				
Tim Horton's				
Texas Roadhouse				
T.G.I. Friday's				
Wendy's				
Whataburger				
Wingstop				
Zaxby's				

Report Outline

Source: Company websites

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Development Incentives [1]

Concept	Development Incentives/Unique Programs Casual
Applebee's	
Buffalo Wild Wings	
Chili's Grill & Bar	
Red Robin	
Texas Roadhouse	

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
T.G.I. Friday's	
Sandwich/Burger	
Arby's	
Burger King	
Carl's Jr.	
Hardee's	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Checkers/ Rally's	
Chick-fil-A	
Culver's	
Dairy Queen	
Del Taco	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Five Guys	
Jack in the Box	
McDonald's	
Sonic Drive-In	
Taco Bell	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Wendy's	
Whataburger	
Zaxby's	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Chicken	
Bojangles'	
Church's	
KFC	
Popeyes	
Wingstop	
Family	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Denny's	
Golden Corral	
IHOP	
Perkins	
Pizza	
Domino's	

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Little Caesars	
Papa John's	
Pizza Hut	
Coffee/Bakery	
Dunkin'	
Dutch Bros Coffee	

Report Outline

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Tim Horton's	
Sub-Sandwich	
Firehouse Subs	
Jersey Mike's	
Jimmy John's	
Subway	
Fast Casual	

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Development Incentives [1]

Concept	Development Incentives/Unique Programs
Moe's Southwest Grill	
Panera Bread	
Qdoba	

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Corner Bakery Café									
Moe's Southwest Grill									
Panera Bread									
Qdoba									
Fast Casual									
Denny's									
Golden Corral									

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
IHOP									
Perkins									
Family									
Applebee's									
Buffalo Wild Wings									
Chili's Grill & Bar									
Outback									
Red Robin									

Report Outline

Restaurant Research®

Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
T.G.I. Friday's									
Texas Roadhouse									
Casual									
Domino's									
Little Caesars									
Papa John's									
Pizza Hut									
Pizza									

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Firehouse Subs									
Jersey Mike's									
Jimmy John's									
Subway									
Sub-Sandwich									
Dunkin'									
Dutch Bros Coffee									

Report Outline

Restaurant Research®

Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Krispy Kreme									
Tim Horton's									
Coffee/Bakery									
Bojangles'									
Church's									
KFC									

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Wingstop									
Popeyes									
Chicken									
Arby's									
Burger King									
Carl's Jr.									

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Checkers/ Rally's									
Chick-fil-A									
Culver's									
Dairy Queen									
Del Taco									
Hardee's									

Report Outline

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Franchise Terms & Development Incentives (Sorted Alphabetically)

Includes $1B+ Chains and Other Select Concepts

Concept	Per Unit Initial Fee	Per Unit Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee (per unit)	Royalty
Five Guys									
Jack in the Box									
McDonald's									
Sonic Drive-In									
Taco Bell									
Wendy's									
Zaxby's									
Sandwich									

Report Outline

Source: FDD, company reports and websites.

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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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