New Unit Investment – 2025 - 2026

Key Points: New Build Costs Moderate but Build vs. Buy Ratio Nears 12-Year High

1. **The sales-to-investment ratio (excluding land) for the $1B+ chains was basically unchanged and the new build ROI declined slightly** as a +2.9% increase in construction costs exceeded a +2.7% increase in new build AUVs.
2. **The 2025 New Build Cost vs. Buy (existing store) Ratio increased +2.1% y/y to 1.9** which is just below the 12-year high (2.0 set in 2022), reflecting a +2.9% increase in new build costs and a -1.6% decline in M&A unit-level EBITDA multiples.
3. **Building construction input cost inflation has moderated** to +1.4% during 2025, down from +14% during 2022.
4. **36% of the $1B+ Chains introduced a new prototype** or significant building modifications during 2025.

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

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

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