

# Industry Data Report

## New Unit Investment 2018-2019

- **RR's New Unit Investment Industry Data Report** provides average building cost estimate details (excluding land) for 47 national restaurant chains.

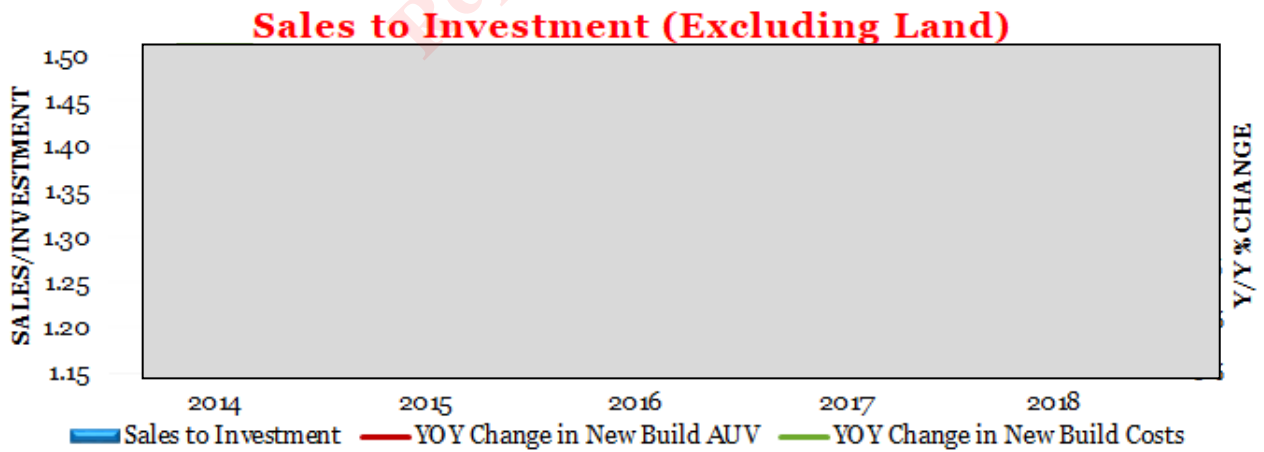
New Build Summary	Building Specs	New Build Ratios	Franchise Requirements
New build AUV	Land needs	Sales-to-investment	Initial/development fees
Building & site work	Building size	Average sales per s.f.	Royalty fees
Equipment & signs	Total seats	Total investment per s.f.	Franchise/renewal term
Small wares & inventory			Transfer fees
Soft costs			Territory protection
Initial franchise fee			Incentive/financial requirements

- **Report highlights:** (1) the sales-to-investment ratio for \$1B+ chains continues to trend down after peaking in 2013, driven by construction cost increases and a slight decline in new build AUV's; (2) RR's New Build vs. Buy Ratio rose for the 2nd consecutive year as construction cost inflation increases appeal of acquiring existing stores while store-level acquisition multiples have been relatively flat; (3) franchisors stepped-up development incentives which include franchise fee reductions to improve new build economics; (4) increasing use of non-traditional building formats should help to improve future new build returns; and (5) 9 chains introduced new or tweaks to existing building designs.

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<b>Data in spreadsheet form available at <a href="http://www.ChainRestaurantData.com">http://www.ChainRestaurantData.com</a></b>		

## New Unit Investment Executive Summary

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Average Sales to Investment without Land Summary					
	2014	2015	2016	2017	2018
<b>New Build AUV Index</b>					
YOY Change in New Build AUV					
<b>New Build Cost Index</b>					
YOY Change in New Build Costs					
<b>Sales to Investment</b>					

Index: 2011 = 100

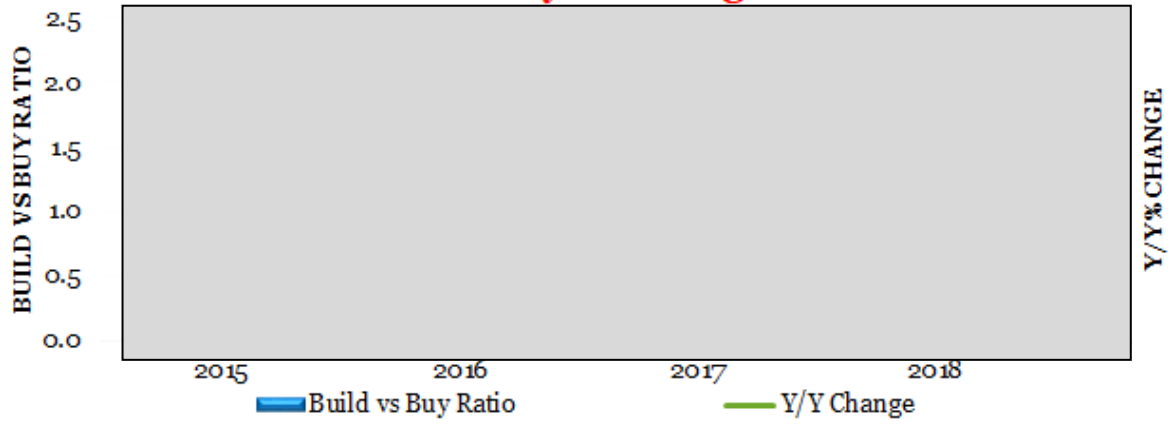
## New Unit Investment Rankings (Best to Worst % Change) by Segment

Sales to Investment without Land						
	2014	2015	2016	2017	2018	18/17 Change
Sub-Sandwich						
Fast Casual						
Pizza						
Sandwich						
Family						
Casual						
Chicken						
Coffee/Bakery						
<b>Average</b>						

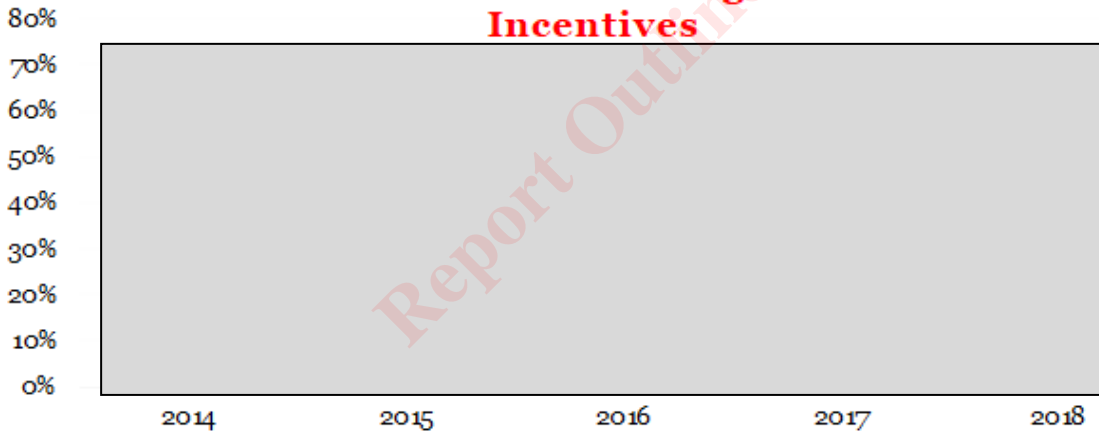
Average Sales/Sq.Ft						
	2014	2015	2016	2017	2018	18/17 Change
Sub-Sandwich						
Pizza						
Fast Casual						
Family						
Casual						
Coffee/Bakery						
Sandwich						
Chicken						
<b>Average</b>						

Average Building Costs/Sq. Ft.						
	2014	2015	2016	2017	2018	18/17 Change
Sandwich						
Chicken						
Family						
Fast Casual						
Pizza						
Casual						
Sub-Sandwich						
Coffee/Bakery						
<b>Average</b>						

**New Build vs. Buy Existing Store Ratio**



**% of Franchisors Offering New Build Incentives**



**New Build Incentive Composition**



## New Build Costs Excluding Land (Sorted by Sales to Investment)

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

**Notes:**

(1) For a single traditional store unless otherwise noted. Figures are based on the average of the high and low range as indicated in the FDD, public filings, company web sites and/or franchisee estimates.

(2) Soft costs include pre-construction costs such as architectural and engineering fees, permits, training expenses, opening advertising and utility deposits, but excludes liquor license due to the extreme range in costs.

(3) Franchisor cash incentives plus any waiver of standard initial franchisee fee for existing franchisee's next unit, free equipment and/or food credits. McDonald's Corp. typically owns the land & building and contributes approximately 40% of construction costs in return for higher rent.

(4) Chipotle and Cracker Barrel do not franchise. To make a fair comparison with other franchised concepts, the average segment initial franchise fee has been added to total costs.



### New Build Costs - Secondary Format (Sorted Alphabetically)

Concept	Building Format	Annual Sales Per New Unit	Construction & Initial Start-up Costs							Building Requirements			Sales and Investment Ratios (No Land)			
			Building & Site Work	Equipment & Signs	Small Wares & Inventory	Soft Costs <sup>(1)</sup>	Franchise Fee	Franchisor Incentives <sup>(2)</sup>	Total Invest. No Land	Land (Sq. Feet)	Building (Sq. Feet)	Seats	Sales to Invest.	Avg. Sales Per Sq. Foot	Total Invest. Per Sq. Foot	
Arby's																
Bojangles'																
Buffalo Wild Wings																
Burger King																
Checkers/ Rally's																
Church's																
Denny's																
Dunkin Donuts																
Firehouse Subs																
Jimmy John's																
Panera Bread																
Pizza Hut																
Popeyes																
Red Robin																

(1) Soft costs include pre-construction costs such as architectural and engineering fees, permits, training expenses, opening advertising and utility deposits, but excludes liquor license due to the extreme range in costs.

(2) Franchisor cash incentives plus any waiver of standard initial franchisee fee for existing franchisee's next unit, free equipment and/or food credits.

Report Outline

**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 <sup>(1)</sup>	Small Wares & Inventory	Soft Costs	Franchise Fee
Corner Bakery Café					
Moe's Southwest Grill					
Panera Bread					
Qdoba					
<b>Fast Casual</b>					
Applebee's					
Buffalo Wild Wings					
Chili's Grill & Bar					
Red Robin					
T.G.I. Friday's					
Texas Roadhouse					
<b>Casual</b>					
Denny's					
Golden Corral					
IHOP					
Perkins					
<b>Family</b>					
Domino's					
Little Caesars					
Papa John's					
Pizza Hut					
<b>Pizza</b>					
Firehouse Subs					
Jersey Mike's					
Jimmy John's					
Subway					
<b>Sub-Sandwich</b>					
Dunkin Donuts					
Krispy Kreme					
Starbucks					
Tim Horton's					
<b>Coffee/Bakery</b>					
Arby's					
Burger King					
Carl's Jr.					
Checkers/ Rally's					
Dairy Queen					
Five Guys					
Hardee's					
Jack in the Box					
McDonald's					
Sonic Drive-In					
Taco Bell					
Wendy's					
Zaxby's					
<b>Sandwich</b>					
Bojangles'					
Church's					
KFC					
Popeyes					
<b>Chicken</b>					
<b>QSR</b>					
<b>FSR</b>					
<b>Average</b>					

**Build vs. Buy Ratio Excluding Land**  
**(Sorted by 2018 Low to High)**

Concept	2015	2016	2017	2018
Moe's Southwest Grill				
Panera Bread				
Corner Bakery Café				
Qdoba				
<b>Fast Casual</b>				
Buffalo Wild Wings				
Red Robin				
Texas Roadhouse				
Chili's Grill & Bar				
T.G.I. Friday's				
Applebee's				
<b>Casual</b>				
IHOP				
Denny's				
Golden Corral				
Perkins				
<b>Family</b>				
Domino's				
Papa John's				
Pizza Hut				
Little Caesars				
<b>Pizza</b>				
Jimmy John's				
Jersey Mike's				
Firehouse Subs				
Subway				
<b>Sub-Sandwich</b>				
Dunkin Donuts				
Krispy Kreme				
<b>Coffee/Bakery</b>				
McDonald's				
Taco Bell				
Five Guys				
Checkers/ Rally's				
Wendy's				
Jack in the Box				
Culver's				
Burger King				
Zaxby's				
Arby's				
Sonic Drive-In				
Carl's Jr.				
Hardee's				
Dairy Queen				
<b>Sandwich</b>				
Church's				
Bojangles'				
KFC				
Popeyes				
Wingstop				
<b>Chicken</b>				



<b>New Prototypes/Design Updates</b>	
<b>Bojangles'</b>	
<b>Chipotle</b>	
<b>Dunkin Donuts</b>	
<b>Firehouse Subs</b>	
<b>Hardee's/ Carl's Jr.</b>	
<b>IHOP</b>	
<b>Red Lobster</b>	
<b>Red Robin</b>	
<b>Wendy's</b>	

Report Outline

### New Franchisee Financial Requirements

Concept	Year Franchising Initiated	Actively Seeking New Franchisees?	Minimum Unit Development	Minimum Net Worth/Unit	Minimum Liquidity/Unit
<b>Fast Casual</b>					
Corner Bakery Café					
Moe's Southwest Grill					
Panera Bread					
Qdoba					
<b>Casual</b>					
Applebee's					
Buffalo Wild Wings					
Chili's Grill & Bar					
T.G.I. Friday's					
<b>Family</b>					
Denny's					
Golden Corral					
IHOP					
Perkins					
<b>Pizza</b>					
Domino's					
Little Caesars					
Papa John's					
Pizza Hut					
<b>Sub-Sandwich</b>					
Firehouse Subs					
Jersey Mike's					
Jimmy John's					
Subway					
<b>Coffee/Bakery</b>					
Dunkin Donuts					
Krispy Kreme					
Tim Horton's					
<b>Sandwich</b>					
Arby's					
Burger King					
Carl's Jr.					
Checkers/ Rally's					
Chick-fil-A					
Culver's					
Dairy Queen					
Five Guys					
Hardee's					
Jack in the Box					
McDonald's					
Sonic Drive-In					
Taco Bell					
Wendy's					
Whataburger					
Zaxby's					
<b>Chicken</b>					
Church's					
Bojangles'					
KFC					
Popeyes					
Wingstop					



## Development Incentives

Concept	Development Incentives/Unique Programs
<b>Fast Casual</b>	
Moe's Southwest Grill	
Qdoba	
<b>Casual</b>	
Applebee's	
Buffalo Wild Wings	
Chili's Grill & Bar	
Red Robin	
<b>Family</b>	
Denny's	
Golden Corral	

## Development Incentives

Concept	Development Incentives/Unique Programs
IHOP	
Perkins	

Report Outline

## Development Incentives

Concept	Development Incentives/Unique Programs
Pizza	
Little Caesars	
Papa John's	
Pizza Hut	
Sub-Sandwich	
Firehouse Subs	
Jersey Mike's	
Jimmy John's	
Subway	
Coffee/Bakery	
Dunkin Donuts	

Report Online

## Development Incentives

Concept	Development Incentives/Unique Programs
Tim Horton's	
Sandwich	
Arby's	
Burger King	
Carl's Jr.	
Checkers/ Rally's	
Chick-fil-A	
Culver's	
Dairy Queen	
Hardee's	
Five Guys	

Report Outline

## Development Incentives

Concept	Development Incentives/Unique Programs
Jack in the Box	
McDonald's	
Taco Bell	
Wendy's	
Zaxby's	
<b>Chicken</b>	
Church's	
KFC	

## Development Incentives

Concept	Development Incentives/Unique Programs
Popeyes	
Wingstop	

Source: FDD, company reports and websites.

Report Outline

















**Franchise Terms & Development Incentives (Sorted Alphabetically)**  
*Includes \$1B+ Chains and Other Select Concepts*

Concept	Initial Fee	Development Fee/ Deposit	Development Fee Credit?	Term	Territory Protection	Renewal Fee	Renewal Term	Transfer Fee	Royalty
Bojangles'									
Church's									
KFC									
Popeyes									
Wingstop									
<b>Chicken</b>									

Source: FDD, company reports and websites.

## All Inclusive Subscription Package

*Value-Added Data & Insight for \$1B+ Chains*

### Concept Benchmarking Reports

Applebee's	Arby's	Burger King	Carl's Jr.
Chili's Grill & Bar	Church's	Denny's	Domino's
Hardee's	IHOP	Jack in the Box	KFC
McDonald's	Panera Bread	Papa John's	Pizza Hut
Popeyes	Sonic Drive-In	Subway	Taco Bell
TGI Friday's	Wendy's	Quarterly Concept Updates*	

### Industry Benchmarking (49 Chains)

Store Level	Systemwide	Finance
New Unit Investment Report	Quarterly Same Store Sales Database*	Unit Level Valuations
Remodeling Report	Annual RR Databook*	Report
Unit Economics Report	Unit & Sales Growth Analysis Report	Franchise Finance
Operations Matrix Report	Menu & Promotions Report	Report
Marketing Spend Report	Annual State Unit Databook*	
	Commodities Database*	

\* Only available as part of subscription.

### FDD/UFOC library for 37 Chains

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