

# Industry Data Report

## New Unit Investment 2021-2022

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

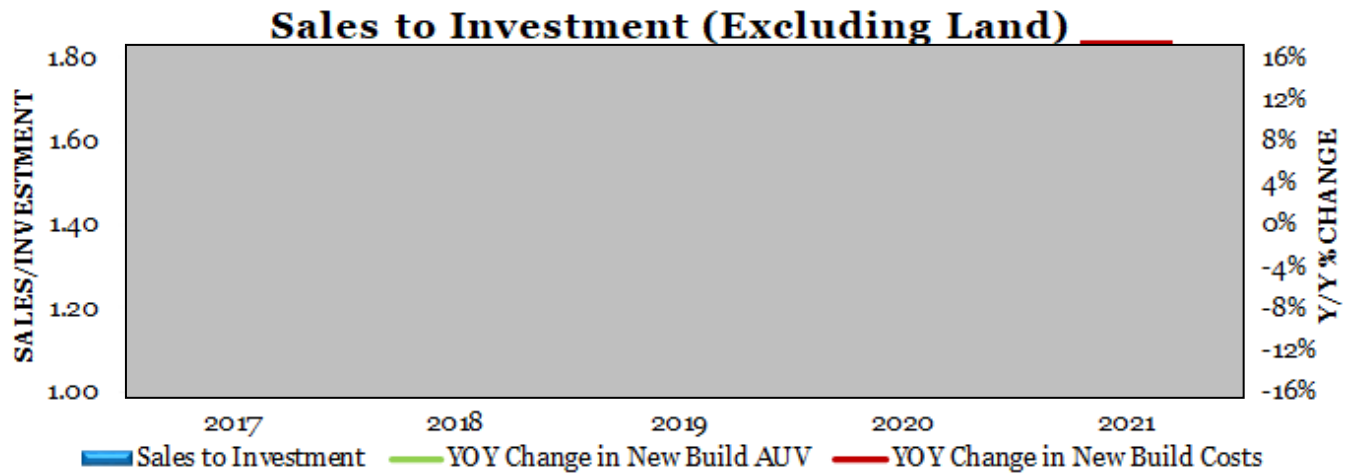
New Build Summary	Building Specs	New Build Ratios	Franchise Requirements
New build AUV	Land needs	Sales-to-investment	Initial/development fees
Building & site work	Building size	Average sales per sq. ft.	Royalty fees
Equipment & signs	Total seats	Total investment per sq. ft.	Franchise/renewal term
Small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

**Report highlights:** (1) the sales-to-investment ratio for \$1B+ chains declined dramatically in 2021 as higher construction costs (partially reflecting longer project completion times) more than off-set growth in new build AUVs; (2) sky rocketing COGs & labor costs are driving sharply lower new build ROI which, in turn, is driving a move towards smaller footprint stores optimized for digital & off-premise as well as increasing use of ghost kitchens; (3) RR's New Build vs. Buy Ratio rose for the 5th consecutive year (above 2x) as higher construction costs further increase the appeal of acquiring existing stores; and (4) 14 (25% of the \$1B+ Chains) introduced a new prototype or significant building modifications (*please note RR's new build cost estimates do not take into account many of the new building design enhancements since they were just introduced within the last year and many are still prototypes - all the same, costs available for the new Jack in the Box prototype reveal a higher ROI for a smaller footprint*).

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

## New Unit Investment Executive Summary



Average Sales to Investment without Land Summary					
<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>					

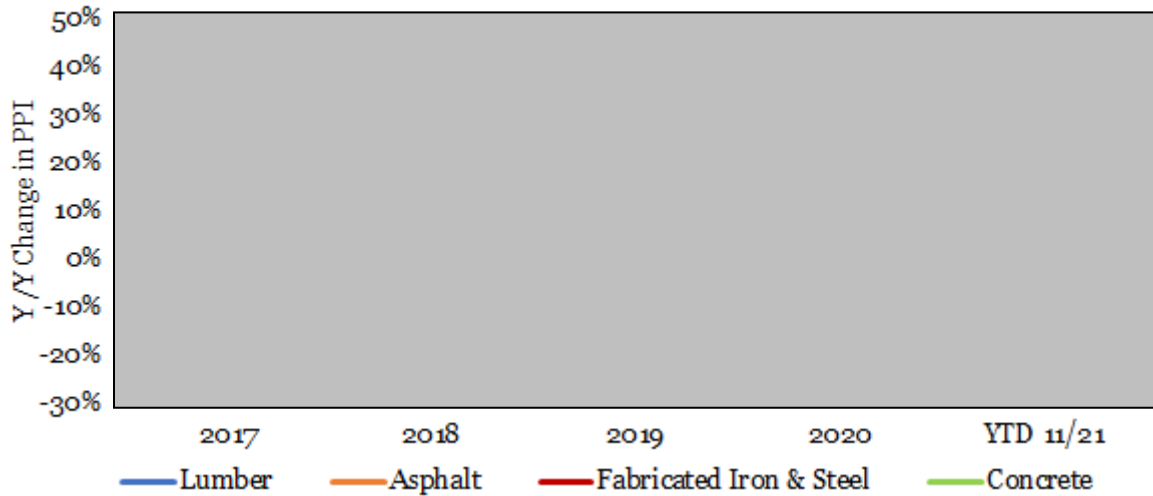
Index: 2011 = 100

Sales to Investment without Land by Segment						
	2017	2018	2019	2020	2021	21/20 Change
Chicken						
Coffee/Bakery						
Sub-Sandwich						
Sandwich						
Casual						
Fast Casual						
Family						
Pizza						
<b>Average</b>						

## Construction Costs

- 
- 

### Construction Costs PPI



### New Building PPI

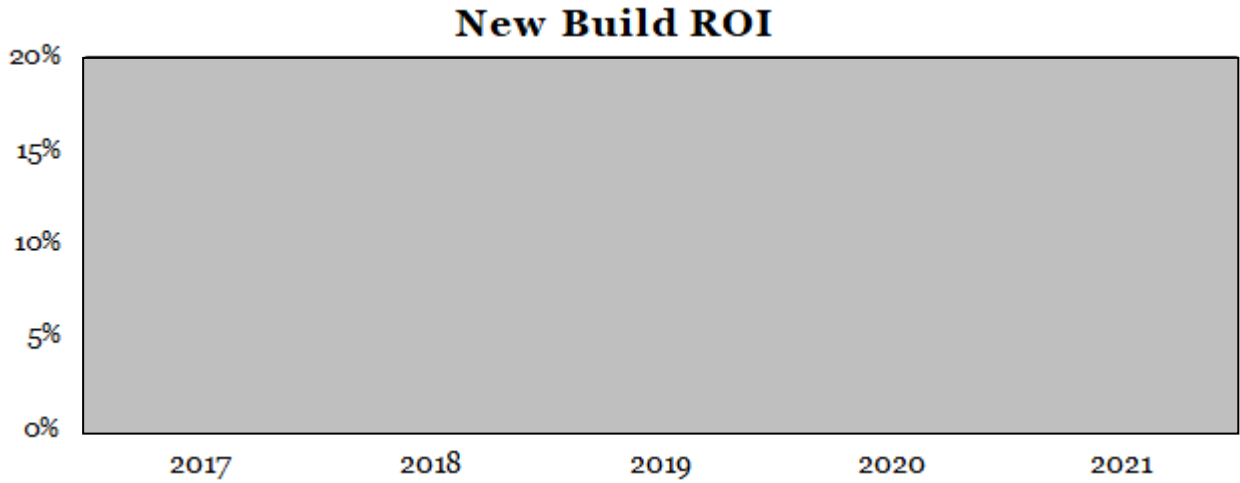
	2017	2018	2019	2020	YTD 11/21
Lumber					
Asphalt					
Fabricated Iron & Steel					
Concrete					
Construction Wages					

- 

### Average Building Costs/Sq. Ft. by Segment

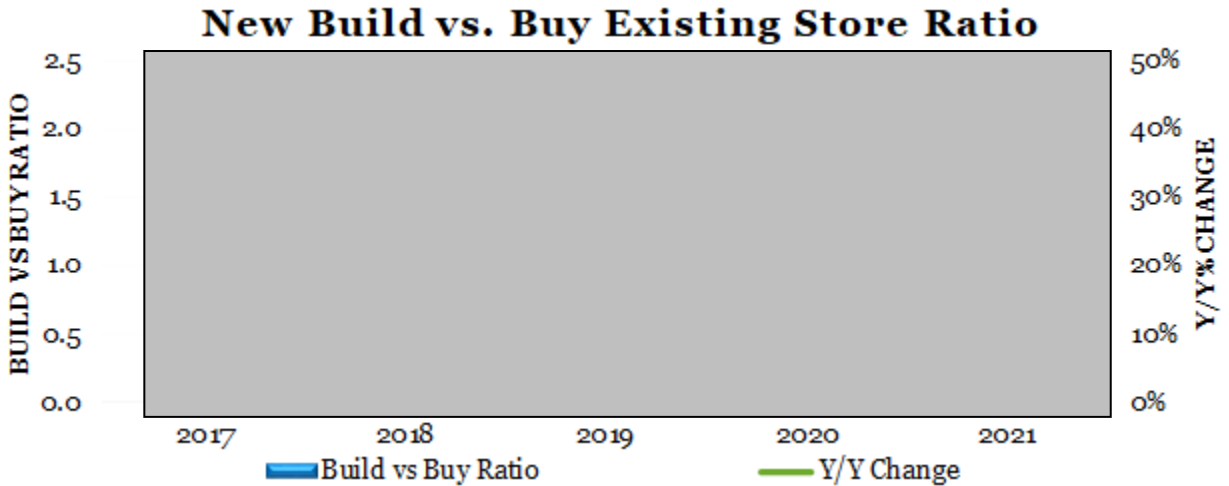
	2017	2018	2019	2020	2021	21/20 Change
Coffee/Bakery						
Family						
Casual						
Sandwich						
Chicken						
Sub-Sandwich						
Fast Casual						
Pizza						
<b>Average</b>						

**New Build ROI**



<b>New Build ROI by Segment</b>						
	2017	2018	2019	2020	2021	21/20 Change
Sandwich						
Chicken						
Coffee/Bakery						
Sub-Sandwich						
Pizza						
Fast Casual						
Casual						
Family						
<b>Average</b>						

**New Build vs. Buy Ratio**

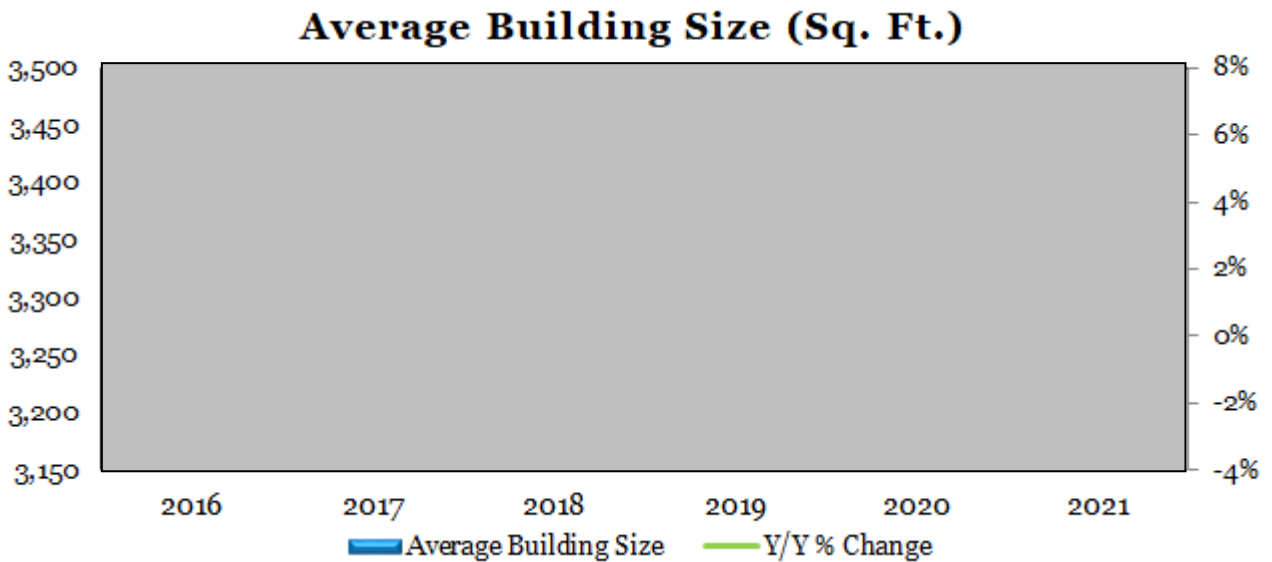


Build vs. Buy Ratio by Segment						
	2017	2018	2019	2020	2021	% Change 21/20
Sub-Sandwich						
Sandwich						
Chicken						
Pizza						
Casual						
Coffee/Bakery						
Family						
Fast Casual						
<b>\$1B+ Chain Avg.</b>						

**New Prototypes**

➤

➤





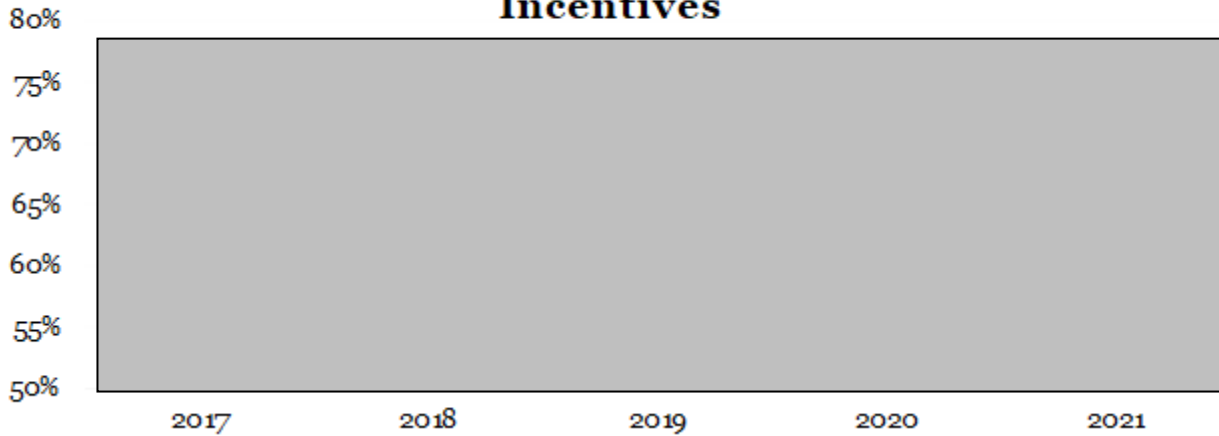
### New Prototype Comparison - Jack in the Box

New Build Costs (Excluding Land)		
	MK9	MK12
Building Type		
Building Size		
# of Seats		
Year Introduced		
<b>New Build AUV (1st Full Year)</b>		
Building & Sitework		
Furniture, Equipment, POS & Signs		
Initial Fee		
Small Wares & Initial Inventory		
Soft Costs		
<b>Total Costs</b>		
<b>Sales to Investment</b>		
Unit Economic Assumptions		
COGS		
Labor		
Royalty		
Advertising		
Other Operating Expenses		
G&A		
EBITDAR (Post G&A)		
EBITDAR (Post G&A) \$		
Annual Ground Lease \$		
EBITDA \$		
<b>New Build ROI</b>		

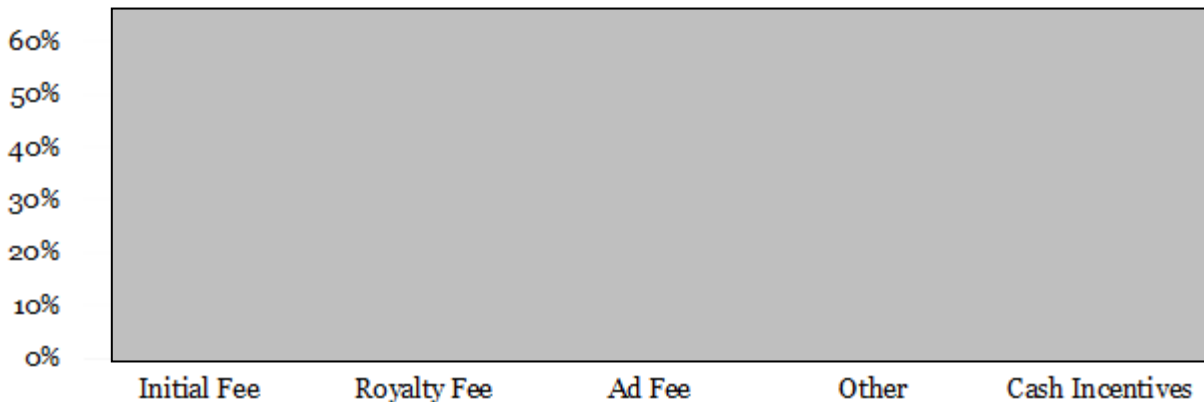
**Franchisor Incentives**



**% of Franchisors Offering New Build Incentives**



**2021 - 2022 New Build Incentive Composition**







**2021 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
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>					
Bojangles'					
Church's					
KFC					
Popeyes					
<b>Chicken</b>					
Dunkin Donuts					
Dutch Bros Coffee					
Krispy Kreme					
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>					
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>					
<b>QSR</b>					
<b>FSR</b>					
<b>Average</b>					

**2021 New Store Construction ROI (Sorted by ROI)**

Concept	New Build Format	New Store AUV	Total Construction Costs (Ex. Land) <sup>(2)</sup>	2021 EBITDAR Margin <sup>(3)</sup>	Annual Rent Cost/ AUV	Per Unit G&A %	EBITDA (Post G&A) %	Year 1 Unlevered ROI <sup>(4)</sup>
Jimmy John's								
Jersey Mike's								
Firehouse Subs								
Subway								
<b>Sub-Sandwich</b>								
Domino's								
Pizza Hut								
Papa John's								
Little Caesars								
<b>Pizza</b>								
Dutch Bros Coffee								
Dunkin Donuts								
<b>Coffee/Bakery</b>								
Five Guys								
Jack in the Box								
Taco Bell								
Wendy's								
Arby's								
Checkers/ Rally's								
Carl's Jr.								
Zaxby's								
McDonald's								
Sonic Drive-In								
Culver's								
Dairy Queen								
Hardee's								
Burger King								
<b>Sandwich</b>								
KFC								
Popeyes								
Wingstop								
Church's								
Bojangles'								
<b>Chicken</b>								
Chipotle								
Panera Bread								
Qdoba								
Moe's								
<b>Fast Casual</b>								
Buffalo Wild Wings								
Texas Roadhouse								
Applebee's								
BJ's Restaurants								
T.G.I. Friday's								
Chili's Grill & Bar								
Red Robin								
<b>Casual</b>								
Denny's								
IHOP								
Denny's								
Perkins								
Cracker Barrel								
<b>Family</b>								
<b>QSR</b>								
<b>FSR</b>								
<b>Average</b>								

### Build vs. Buy Ratio Excluding Land (Sorted by 2021 Low to High)

Concept	2017	2018	2019	2020	2021
Jersey Mike's					
Firehouse Subs					
Jimmy John's					
<b>Sub-Sandwich</b>					
Domino's					
Pizza Hut					
Papa John's					
Little Caesars					
<b>Pizza</b>					
Dunkin Donuts					
Five Guys					
Taco Bell					
McDonald's					
Wendy's					
Zaxby's					
Arby's					
Sonic Drive-In					
Culver's					
Jack in the Box					
Checkers/ Rally's					
Carl's Jr.					
Dairy Queen					
Burger King					
Hardee's					
<b>Sandwich</b>					
KFC					
Popeyes					
Bojangles'					
Wingstop					
Church's					
<b>Chicken</b>					
Qdoba					
Panera Bread					
Moe's Southwest Grill					
<b>Fast Casual</b>					
Texas Roadhouse					
Buffalo Wild Wings					
Chili's Grill & Bar					
Red Robin					
Applebee's					
<b>Casual</b>					
Denny's					
IHOP					
<b>Family</b>					
<b>\$1B+ Chain Avg.</b>					

## New Building Prototypes

### **Burger King**



### **Checkers**



## **Chipotle Digital Kitchen**



## **Del Taco “Fresh Flex”**



## **Denny's "Heritage 2.0"**



## **Firehouse Subs "Community Design"**



## Golden Corral



## Jack in the Box





## **Jimmy John's**



## **KFC**



## **Panera**



## **Papa John's**



## **Qdoba**



## **Taco Bell “Defy”**



**New Franchisee Financial Requirements**
**Target Market Demographics**

Concept	Seeking New Franchisees?	Min. # Units	Min. Net Worth/Unit	Minimum Liquidity/Unit	Daytime Employee Population	Residential Population	Daily Min. Traffic	Median HH Income
<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>Chicken</b>								
Bojangles'								
Church's								
KFC								
Popeyes								
Wingstop								
<b>Coffee/Bakery</b>								
Dunkin Donuts								
Krispy Kreme								
Starbucks								
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>Fast Casual</b>								
Corner Bakery								
Moe's								
Panera Bread								
Qdoba								
<b>Casual</b>								
Applebee's								
Buffalo Wild Wings								
Chili's Grill & Bar								
Red Robin								
Texas Roadhouse								
T.G.I. Friday's								
<b>Family</b>								
Denny's								
Golden Corral								
IHOP								
Perkins								

Source: Company websites

### Development Incentives

Concept	Development Incentives/Unique Programs
<b>Pizza</b>	
Domino's	
Little Caesars	
Papa John's	
Pizza Hut	
<b>Sub-Sandwich</b>	
Firehouse Subs	
Jersey Mike's	
Jimmy John's	

### Development Incentives

Concept	Development Incentives/Unique Programs
Subway	
<b>Chicken</b>	
Bojangles'	
Church's	
KFC	
Popeyes	
Wingstop	
<b>Coffee/Bakery</b>	
Dunkin Donuts	

### Development Incentives

Concept	Development Incentives/Unique Programs
Dutch Bros Coffee	
Krispy Kreme	
Tim Horton's	
<b>Sandwich</b>	
Arby's	
Burger King	
Carl's Jr.	
Checkers/ Rally's	

### Development Incentives

Concept	Development Incentives/Unique Programs
Chick-fil-A	
Culver's	
Dairy Queen	
Five Guys	
Hardee's	
Jack in the Box	
McDonald's	



### Development Incentives

Concept	Development Incentives/Unique Programs
Sonic Drive-In	
Taco Bell	
Wendy's	
Zaxby's	
<b>Fast Casual</b>	
Corner Bakery Café	
Moe's Southwest Grill	
Panera Bread	

### Development Incentives

Concept	Development Incentives/Unique Programs
Qdoba	
<b>Casual</b>	
Applebee's	
Buffalo Wild Wings	
Chili's Grill & Bar	
Outback	
Red Robin	
T.G.I. Friday's	

### Development Incentives

Concept	Development Incentives/Unique Programs
Texas Roadhouse	
<b>Family</b>	
Denny's	
Golden Corral	
IHOP	
Perkins	

Source: FDD, company reports and websites.







## Franchise Fees & Terms (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
T.G.I. Friday's									
Texas Roadhouse									
<b>Casual</b>									
Denny's									
Golden Corral									
IHOP									
Perkins									
<b>Family</b>									

Source: FDD, company reports and websites.

## Restaurant Research Coverage

Concept Reports	Industry Data 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 Wendy's	Restaurant Lending & 2nd Half Unit Valuations Ad Spending Menus & Promotions Unit Growth & Sales Analysis Unit Economics 1st Half Unit Valuations & Lending Update New Build Costs & Franchise Fees Remodeling
	Databases & Special Reports
	RR Databook (Annual Data Summary 50+ Chains) RR LTOverview (Monthly Promotions 50+ Chains) FDD Library (40+ Chains) Concept Updates (Quarterly 20+ Public Chains) Same Store Sales Database (Quarterly 25+ Chains) New Store ROI Model
	<a href="http://www.ChainRestaurantData.com" style="color: white;">www.ChainRestaurantData.com</a>

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