

# Franchising

QUARTERLY SECTOR BRIEF | Q4 2025

## What's Included:

01

**Insights:** Franchising remains a top sector thesis that continues to outperform local competition. Investors are prioritizing resilient, nondiscretionary service markets and are targeting powerful "trophy" brands with clear organic growth opportunity and strong franchisee value propositions

02

**Sector Activity:** Growing momentum in franchisor M&A with generally positive financial trends across the sector, resulting in public multiples still at a premium to the broader market

03

**Connect With Us:** Contact information for the Harris Williams team



01

FRANCHISING  
Q4 2025

# Insights

Key themes driving trends in the sector and relevant articles we are reading.



# Q4 2025: Key Trends Observed

The franchising sector remains attractive for investors, given massive market size, significant fragmentation, and long-term stability across macro environments

## Happening in Franchising Right Now

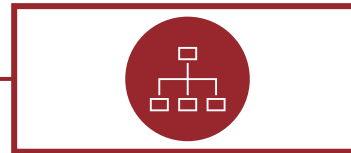


### Focus on Powerful Brands

We see ongoing strong interest in multibrand platforms as well as notable momentum among "trophy brands", those with a clear organic growth story and significant whitespace.

## Franchisors Outperforming Their End Markets

Consumer and macro environment created modest headwinds for certain end markets in 2024-2025, yet relative performance for franchisors remains resilient, with local franchisees better trained, capitalized, and able to compete vs. other providers in their markets.



### Broadening Sector Aperture for Scaled Franchisor M&A

While restaurant brands dominated scaled M&A transactions in 2024 and remain sought after in 2025, investors pursued a wider range of service verticals in 2025, with multiple scaled transactions across pet, youth, fitness, home care, and residential services.

## Unit Level Economics Remain Top of Mind for Investors

Investors are focused on assets with differentiated franchisee value propositions, scrutinizing how macro trends (particularly inflation in development costs and wages) have impacted franchisee economics and retention, and what infrastructure platforms have in place to drive franchisee success.



### Investing in AI to Unlock Value for Consumers, Franchisees, and Shareholders

While still in the early days, leading franchisors have invested significant resources in implementing AI tools, with a particular focus on delivering value to consumers and franchisees, including projects to better identify and evaluate franchisee candidates, lift training effectiveness for franchisees and staff, increase sales and marketing efficiency, manage customer communications and engagement, improve operations, and reduce labor costs.

## What We're Reading

### Why Private Equity Is Buying Restaurant Franchisees

**Restaurant Dive, Nov. 2025**

Private equity investment in restaurant franchise portfolios is accelerating due to improved financing conditions and lower interest rates, which allow firms to leverage a "trifecta" of value creation strategies: operational improvements for organic growth, rapid expansion through development agreements, and the consolidation of fragmented franchisee networks.

*Read the full article [here](#)*

### A Growth Spurt: Looking at Private Equity in Early-Stage Franchises

**Franchising.com, Oct. 2025**

Private equity is increasingly targeting early-stage franchise brands to act as "incubators," leveraging professional management and capital to rapidly scale emerging concepts from single-digit unit counts to maturity in pursuit of steady royalty streams and premium exit valuations.

*Read the full article [here](#)*

### The Sweet Spot: Balancing AI and the Human Touch

**Franchising.com, Sep. 2025**

Franchisors must develop a centralized AI strategy to ensure brand consistency and mitigate data risks, focusing on using AI to automate routine tasks while reserving human capital for roles requiring emotional intelligence and nuanced decision-making.

*Read the full article [here](#)*

### IFA Summit Draws Support for New Franchise Bill

**Franchise Times, Sep. 2025**

The International Franchise Association (IFA) is gaining bipartisan political momentum for the American Franchise Act, which aims to create a permanent, clear standard for joint-employer liability, reducing regulatory uncertainty for the entire sector.

*Read the full article [here](#)*

## Key Franchising Resources

### 2025 Annual Franchisor Survey



[READ MORE](#)

### Recommended Listening



[LISTEN HERE](#)

02

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# Sector Activity

Sector public market valuations, transaction multiples, and landscape mapping.

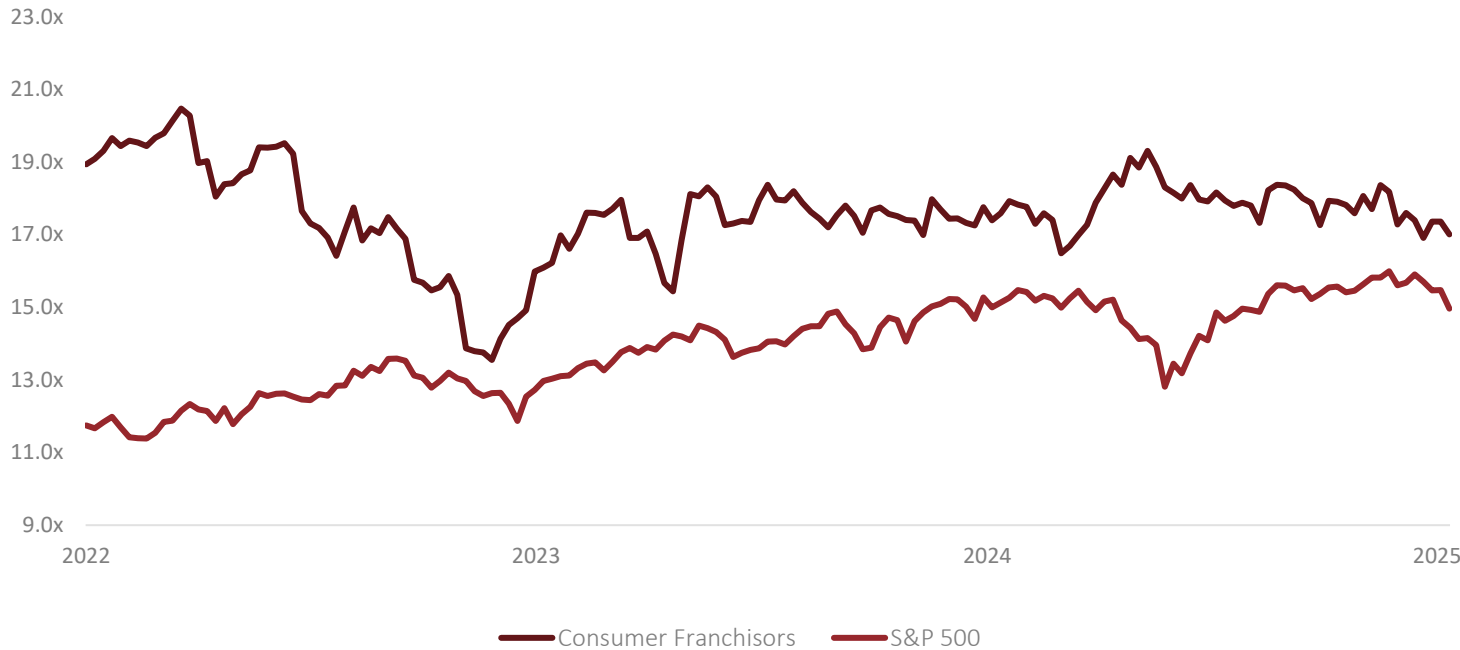


# Recent Public Company Market Performance

## Public Multiple Performance – 3 Years

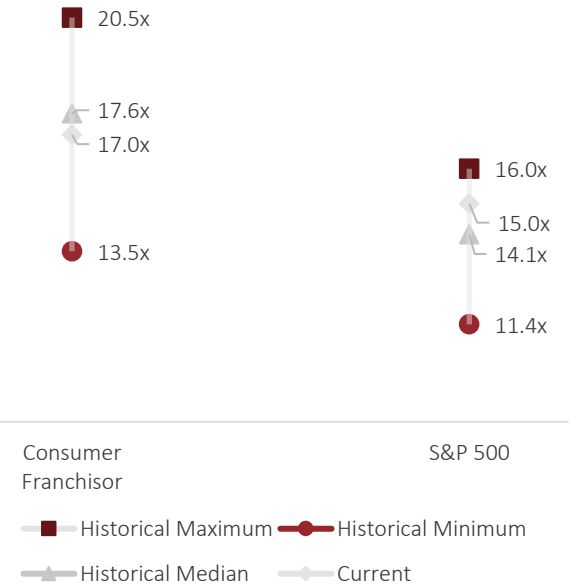
TEV / EBITDA performance for the period Nov. 2022 – Nov. 2025

Performance since Nov-22



## Multiple Comparison

TEV / EBITDA multiple<sup>1</sup>

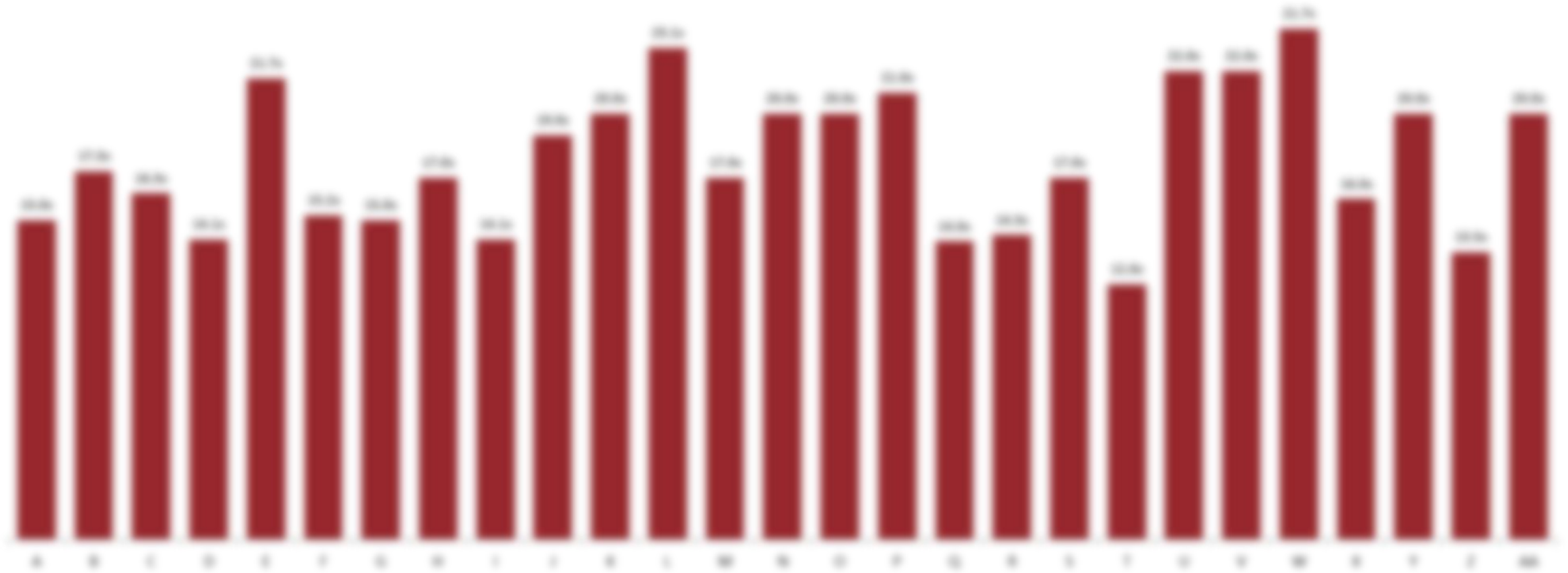


# Select Scaled Franchisor Brands / Platform Transactions

To view transactions, please contact:  
[ConsumerInsights@harriswilliams.com](mailto:ConsumerInsights@harriswilliams.com)

TEV / EBITDA Multiple

Since 2018



# Multibrand Franchising Landscape

Select subverticals and platforms:

To view market mapping, please contact:  
[ConsumerInsights@harriswilliams.com](mailto:ConsumerInsights@harriswilliams.com)



# Monobrand Franchising Landscape

Select subverticals and platforms:

To view market mapping, please contact:  
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# Connect With Us



# Our Team

## Connect With Our Team

Learn more about our deep expertise unlocking value for great businesses in the franchising sector:



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 has been acquired by 	 a portfolio company of funds managed by  has been acquired by 	 a franchisee of  and portfolio company of  has been acquired by 

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