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## 2018 Trends in Middle Market Restaurant and Food Franchise Capital Markets [Nora Zhou Axial](#) | January 30, 2018

2017 saw a lot of activity in the middle market restaurant and food franchise industry.

An inflow of private equity investors has boosted M&A volume...private equity investors often find better returns within the restaurant sector because there is a perceived risk premium relative to similar-sized general industry companies. Short noted that an average private equity group seeks to make approximately a 20% equity return in the restaurant sector.

"They've got a pool of money they have to invest, and the investors expect a certain return, and the commercial & industrial market generally isn't generating those returns for a similar-sized investment, so they look to that next higher risk-higher reward sector, and find food franchise."

"I think most [PE firms and family offices] are looking to acquire, at a minimum, 20 units at a time versus trying to do one-offs. They're looking to pick up a whole market and gain some economy to scale."