



2024 Franchising Economic Outlook



Sponsored by:



Speakers



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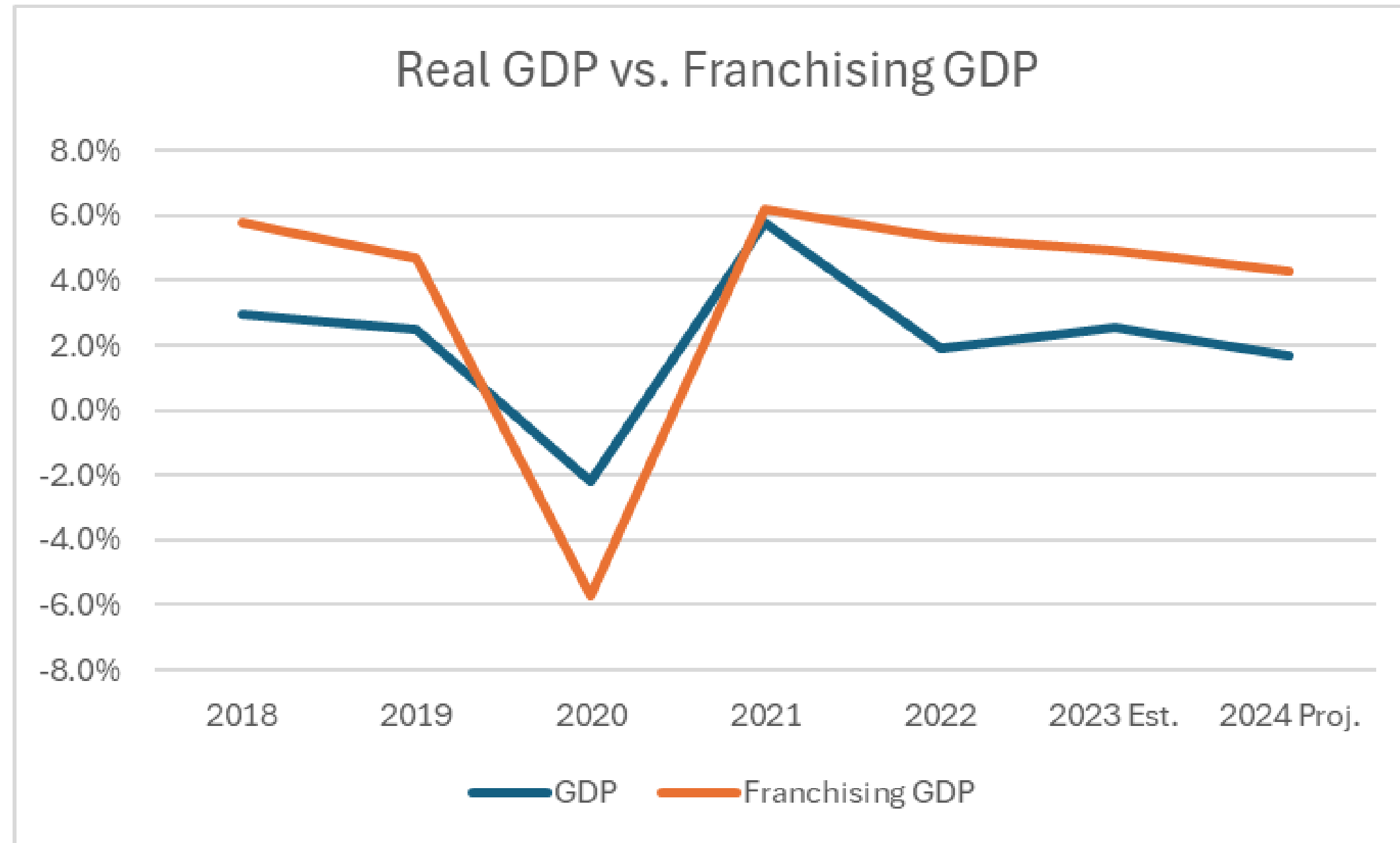
FRANCHISE BUSINESS ECONOMIC OUTLOOK: 2020 – 2024

	2020	2021	2022	2023 (Est.)	2024 (Proj.)
Establishments	753,770	774,965	788,914	806,270	821,589
Percentage Change	-2.6%	2.8%	1.8%	2.2%	1.9%
Employment	7,532,305	8,192,600	8,421,799	8,665,517	8,886,555
Percentage Change	-11.4%	8.8%	2.8%	2.9%	2.6%
Output (\$ Billion)	\$677.2	\$787.7	\$823.7	\$858.5	\$893.9
Percentage Change	-14.7%	16.3%	4.6%	4.2%	4.1%
GDP (\$ Billion)	\$446.3	\$474.2	\$499.2	\$520.3	\$541.8
Percentage Change	-5.7%	6.2%	5.3%	4.9%	4.3%

Source: 2024 IFA/FRANdata Economic Outlook



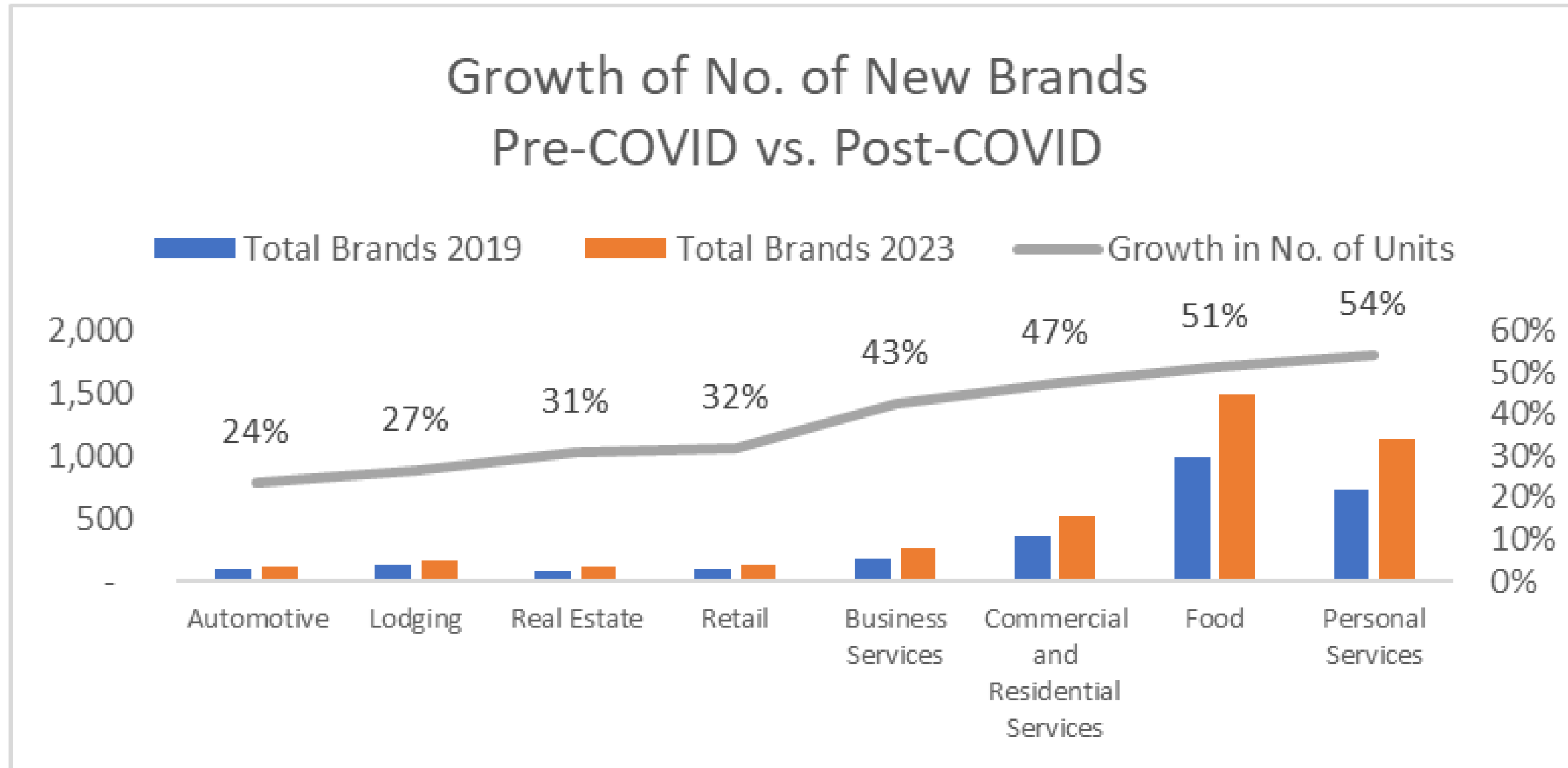
FRANCHISE OUTLOOK



Source: FRANdata Analysis



FRANCHISE OUTLOOK



Source: FRANdata New Concept Report



WHAT'S DRIVING GROWTH?

CONSUMER DEMAND



Personal Services

- 3.0% unit growth
- 7.3% growth in output



Quick Service Restaurants

- 2.2% growth
- 4.7% growth in output

WHAT'S DRIVING GROWTH?

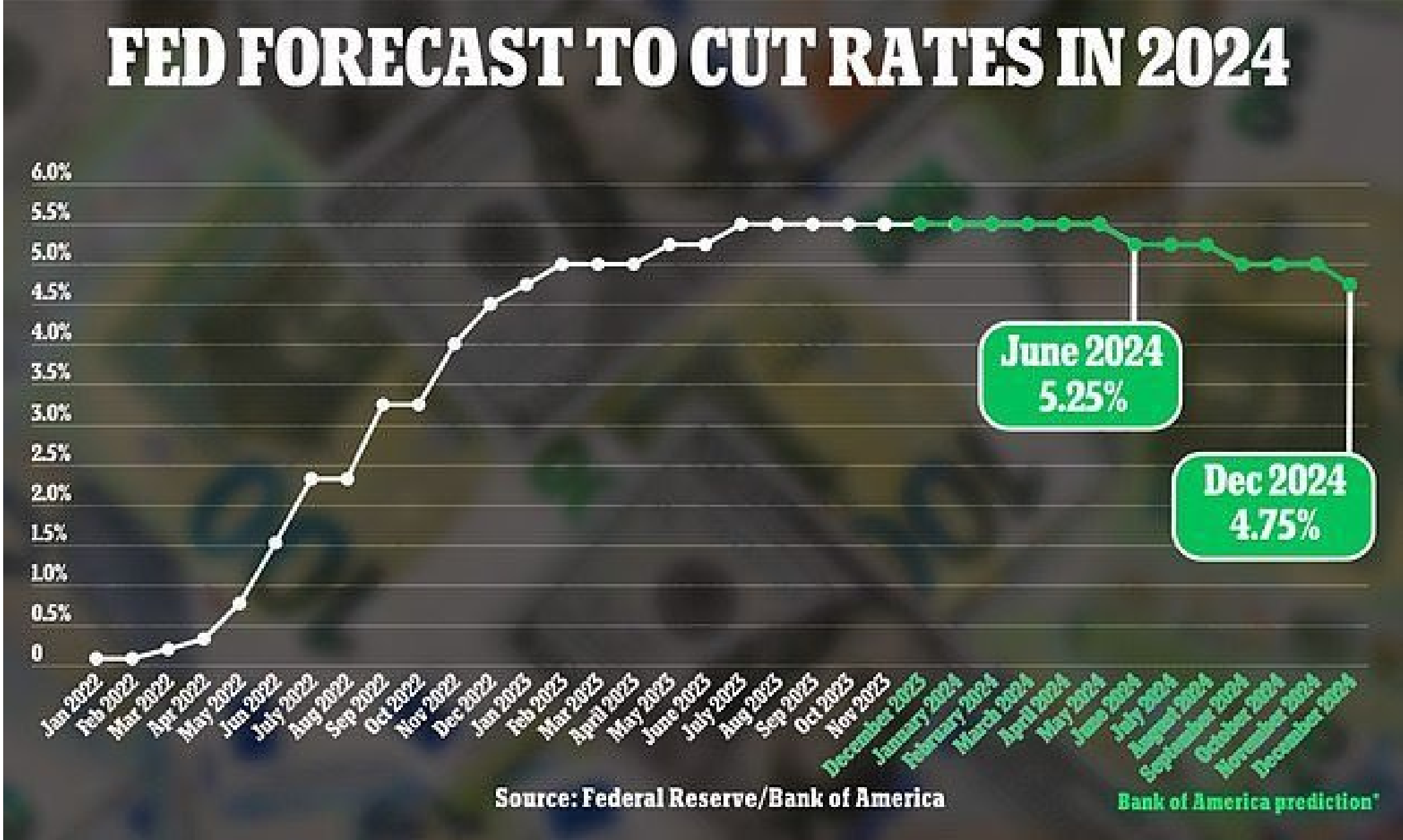
REENGINEERING TO ECONOMIC REALITIES

	Food Concepts in New Concept Report	
	Avg. IV	Avg Square Footage
2022	591,971	2,262
2023	513,260	2,018
Growth	-13%	-11%

Source: 2024 FRANdata New Concept Report



WHAT'S DRIVING GROWTH?



WHAT'S DRIVING GROWTH?

FRANCHISEES BACKED BY SIGNIFICANT CAPITAL/EXPERIENCE



Growth through
acquisition and
development – 150 units
in 4 years

FIRST TIME FRANCHISEES

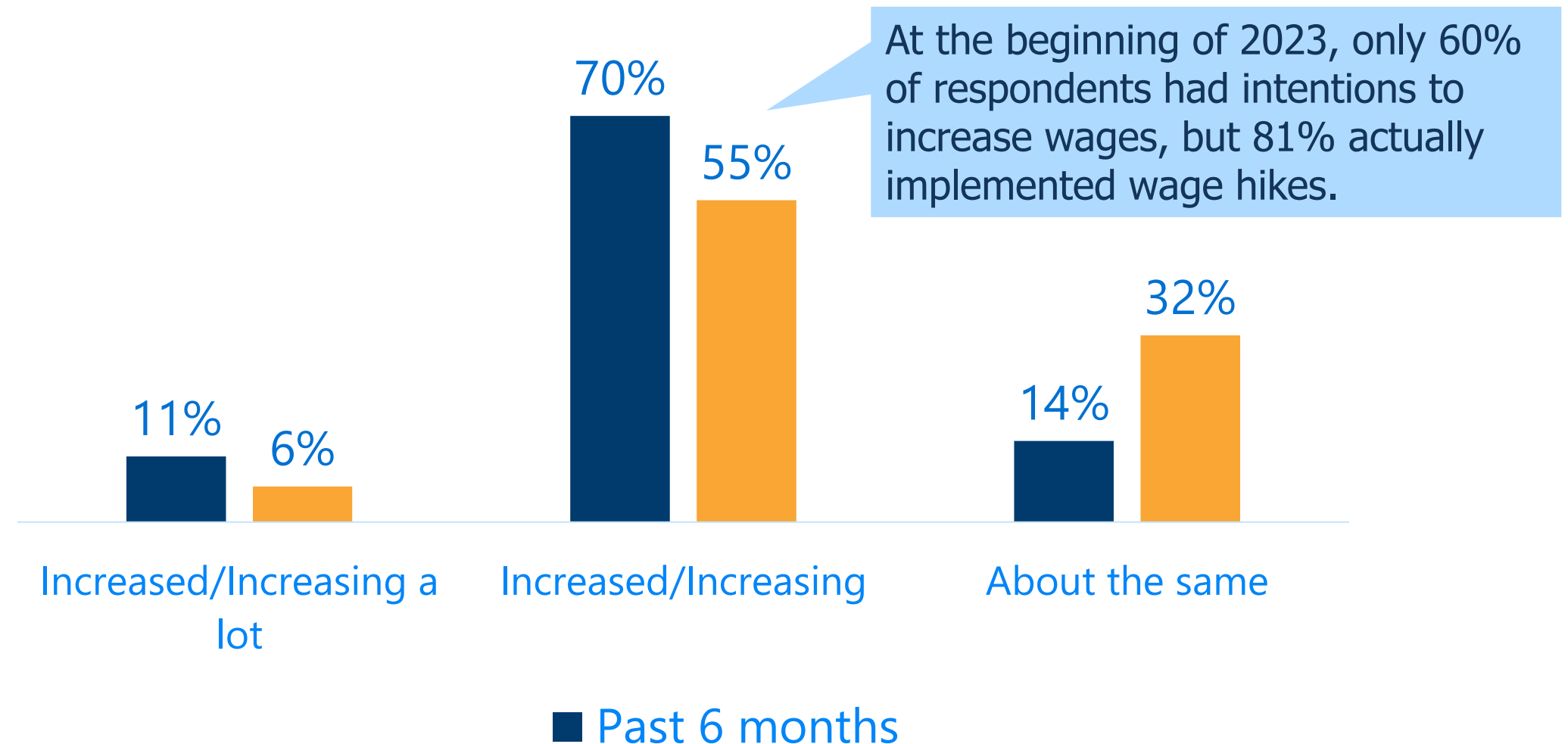
- Senior Internal Audit Manager at Truist – Bought a sports franchise
- Nurse Practitioner with another franchise is now an insulation franchisee.
- Sales Person of the Year for Trims & Rubber Seals



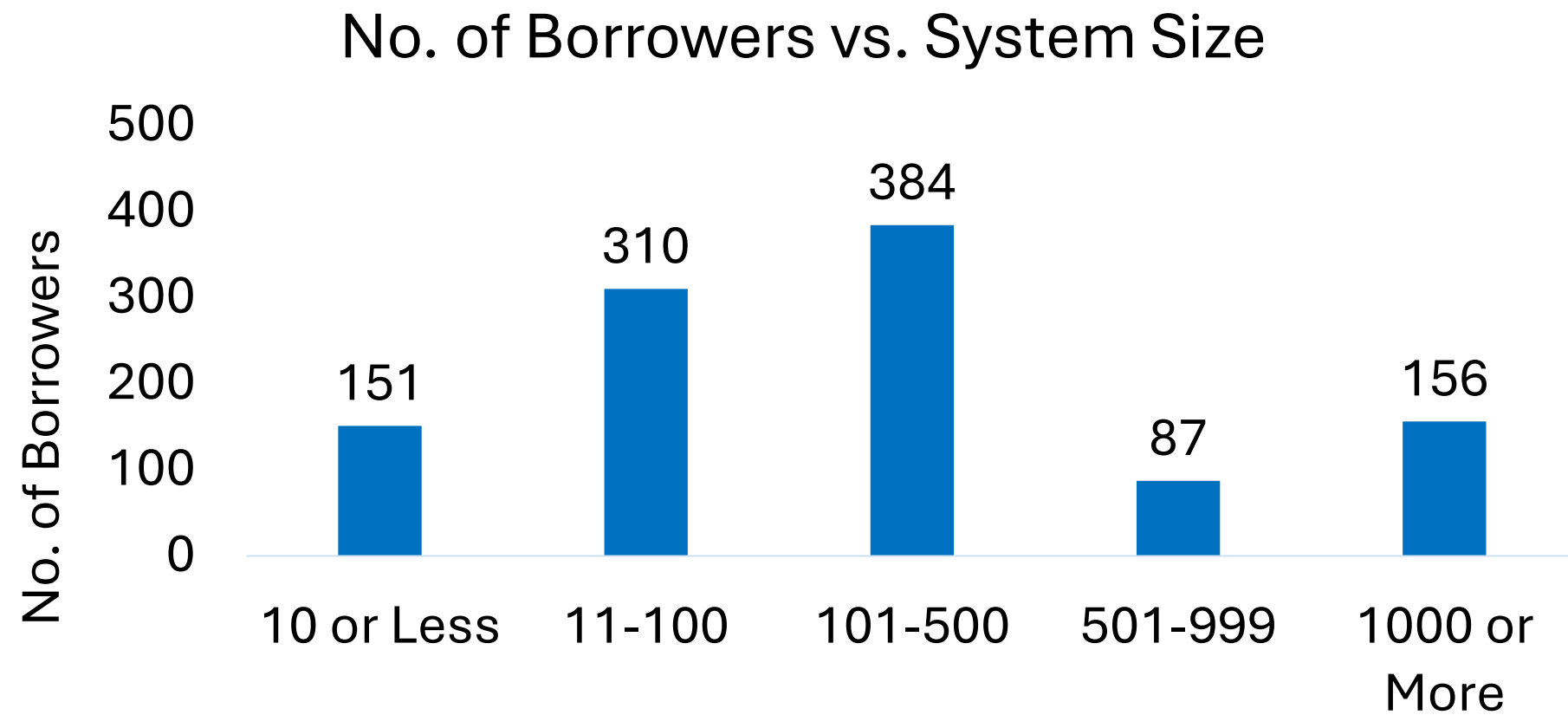
Growth \neq Easy

- 80% of franchisees report unfulfilled job openings
- Wage growth has cooled
- Slow down in the ability for franchisees to raise prices
- Margin compression due to emerging increased cost of financing and digital marketing expenses

Average Franchisee Employee Change in Wage



FRANCHISEES FROM ALL SIZE FRANCHISE BRANDS



Source: FRANdata Analysis

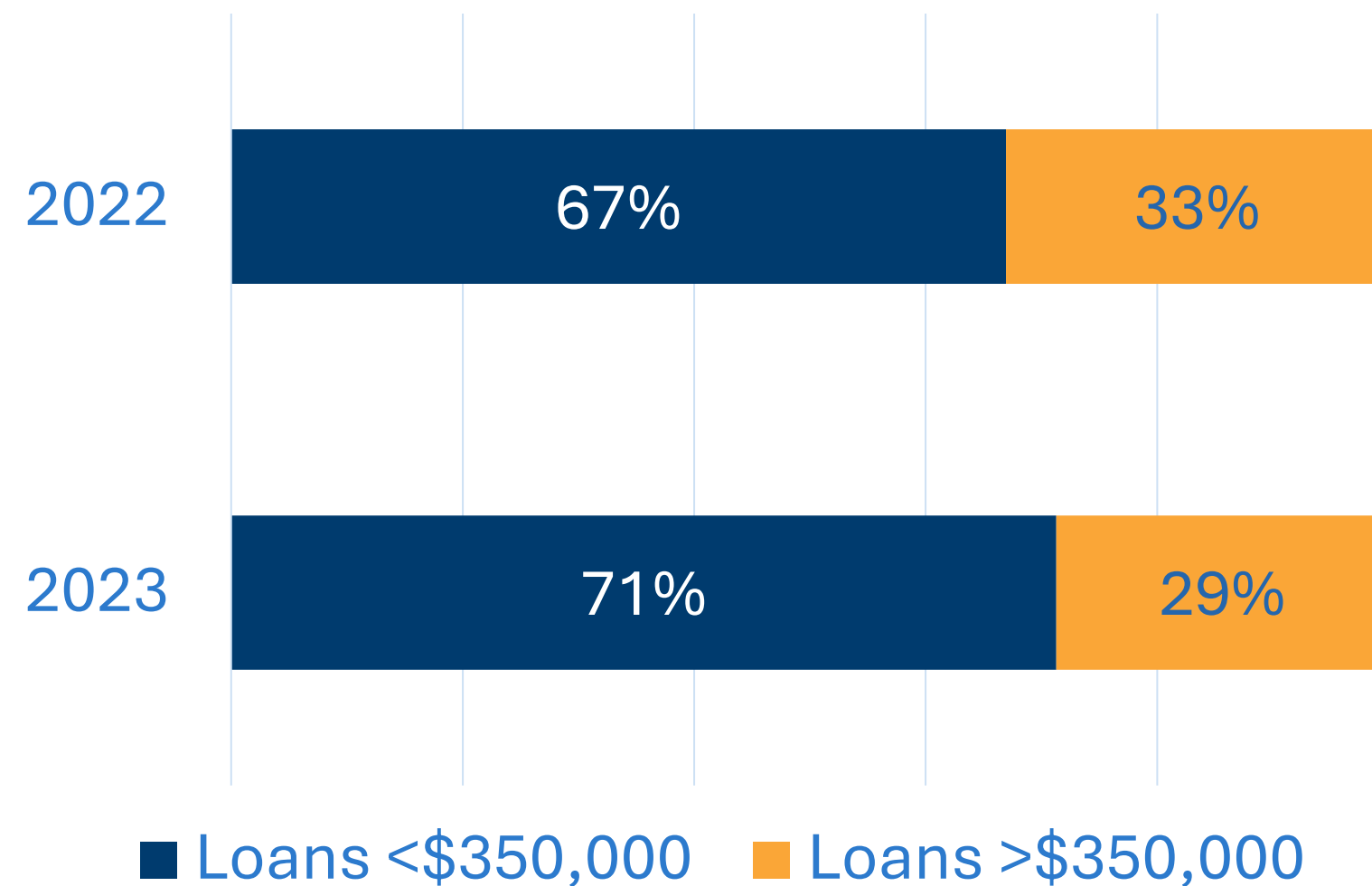
No. of Units

Represents Most Current Data Available - 3rd Qtr 2023 Only



DEVELOPMENTS WITH SBA LENDERS

Avg loan size decreased from
2022 to 2023



Source: FRANdata Analysis





Keys to Success in Franchise Lending

SBA Lending 101

Presented By: Reg Byrd, President SBA & Bank Financing at Benetrends



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SBA Loans are Beneficial For Startups and Acquisitions

- * SBA loans are very accessible; a bank lends, the SBA guarantees
- * Reasonable interest rates capped by law
- * Extended repayment terms
- * Minimal injection (*rolling 12 is 17.1%*)
- * Maximize the loan amount to cover bulk of cost



Significant Points About SBA Loans

- * A borrower is required to have skin in the game
- * Experience in the industry is helpful, not required
- * A lender will use available collateral (personal real estate)
- * A *borrower's* business plan and financial projections are required
- * Credit history and your score is important
 - * 5 C's: Character / Capacity / Capital / Condition / Collateral



Combining ROBS & SBA Loan

- * Use funds from ROBS to cover injection (*down payment*)
- * Conserve personal savings for growth
- * Maintain a strong personal balance sheet
- * Liquidity from ROBS can be used as income
- * Lenders allow funding to a C-Corp



Frequent Comments

*“Everyone I talked to scared me about getting
an SBA loan!”*

“But my neighbor told me . . . !”

“I heard getting an SBA loan can be brutal.”

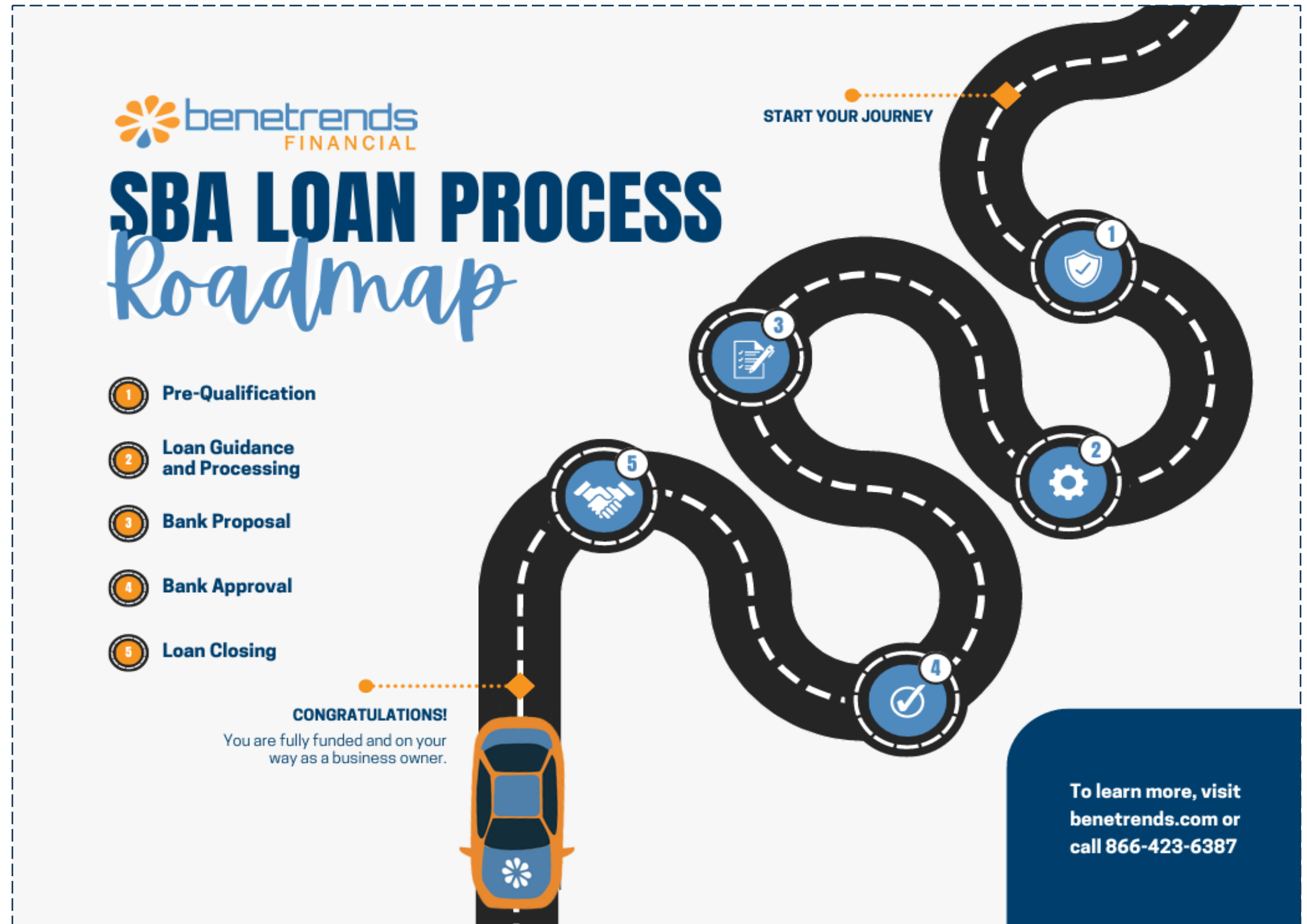


Eligibility and How to Apply

- * Every bank has their own lending criteria and use SBA guidelines
- * Work with an expert – a lot *"behind the curtain"* to maneuver
- * Acquisitions are very possible
- * Existing business owners must show profit
- * Application process/documents time sensitive
- * Scan QR code to apply now, or in the future



It doesn't need to be complicated



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Thank you!

