

Fast Food



Industry Insights Report



June 2025



Burgess Rawson

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Welcome



Yosh Mendis

Partner | Head of Agency NSW



Jesse Lapham

National Director Research & Data

Welcome to Burgess Rawson's Fast Food Industry Insights Report, a comprehensive analysis of one of the most dynamic sectors in commercial real estate.

Fast food assets are prime investment opportunities, driven by consumer popularity, strategic locations, and continuous innovation.

This report will explore the resilience and profitability of fast food properties and offer an in-depth look at key trends shaping the industry in today's economy.

Despite dynamic global market conditions, the demand for these assets remains robust, characterised by consistently low yields and strong consumer demand. Iconic brands such as McDonald's, Hungry Jack's, and KFC anchor this sector, providing stability through long-term leases and prime locations, making them indispensable components of a diversified investment portfolio.

At Burgess Rawson, we leverage extensive market data to deliver successful outcomes nationwide. Our expertise enables you to make well-informed property decisions confidently. This report reflects our commitment to offering valuable insights to guide your next investment move.

Industry Overview

Australia’s fast food sector is experiencing ongoing growth, cementing its critical role in the nation’s dining landscape. Fast food businesses are expected to grow by 2.9% in 2025*, bringing the total number of businesses to 26,824. This growth highlights the industry’s significant contribution, with revenue steadily increasing at an average annual rate of 2.6% over the past five years, reaching \$29.7 billion in 2025.

Consumer demand is a key driver of this expansion. With a population of 26.7 million, Australia supports one fast food outlet for every 994 people. This density indicates robust consumer demand and the necessity for widespread outlets to serve a dispersed population effectively.

Leading brands like McDonald’s are strategically expanding to ensure most Australians are within a five-minute drive of an outlet. A 2023 survey also revealed that over one-fifth of Australians consume fast food weekly, with many opting for meal deals, reflecting consistent and growing demand for convenient dining options.

The surge in demand for fast food properties has solidified their status as secure investments.

Euromonitor forecasts a 32% growth in

Australia’s quick service market over the next five years, fuelled by new entrants such as Wendy’s, which can intensify competition and drive innovation among established brands. This competitive environment broadens market appeal and creates fresh investment opportunities.

Fast food outlets are strategically located in high-traffic areas such as major highways, shopping centres, and tourist spots. These prime locations are selected after meticulous research and due diligence by the brands’ research teams to ensure maximum exposure and accessibility. The strategic selection process to ensure optimal site selection reflects the tenant’s commitment and provides absolute surety to investors. The underlying land value of these sites further enhances investment appeal, offering potential long-term capital growth.

Investments in fast food properties are known to provide impressive returns. The industry is driven by convenience-oriented formats, innovation, product diversity, and prime locations. Investors, leveraging market intelligence from industry leaders like Burgess Rawson, are well-positioned to capitalise on these trends and opportunities in this dynamic market.

First Half

2024

\$57,200,000

Volume

4.48%

Cap Rate

13

No. of Sales

Second Half

2024

\$85,969,180

Volume

4.69%

Cap Rate

16

No. of Sales

McDonald's Warrawong NSW

\$12,850,000 

4.10% Yield 



National Sales 2022 to 2025 YTD



QLD

Metropolitan

\$45,405,220

4.79%

Regional

\$46,228,000

4.60%

\$ Volume

NSW

Metropolitan

\$6,200,000

3.69%

Regional

\$110,352,960

4.24%

% Blended Cap Rate

VIC

Metropolitan

\$52,917,000

4.26%

Regional

\$30,975,610

4.40%

WA

Metropolitan

\$15,604,064

4.74%

Regional

\$3,636,000

3.16%

SA

Metropolitan

\$10,785,000

4.17%

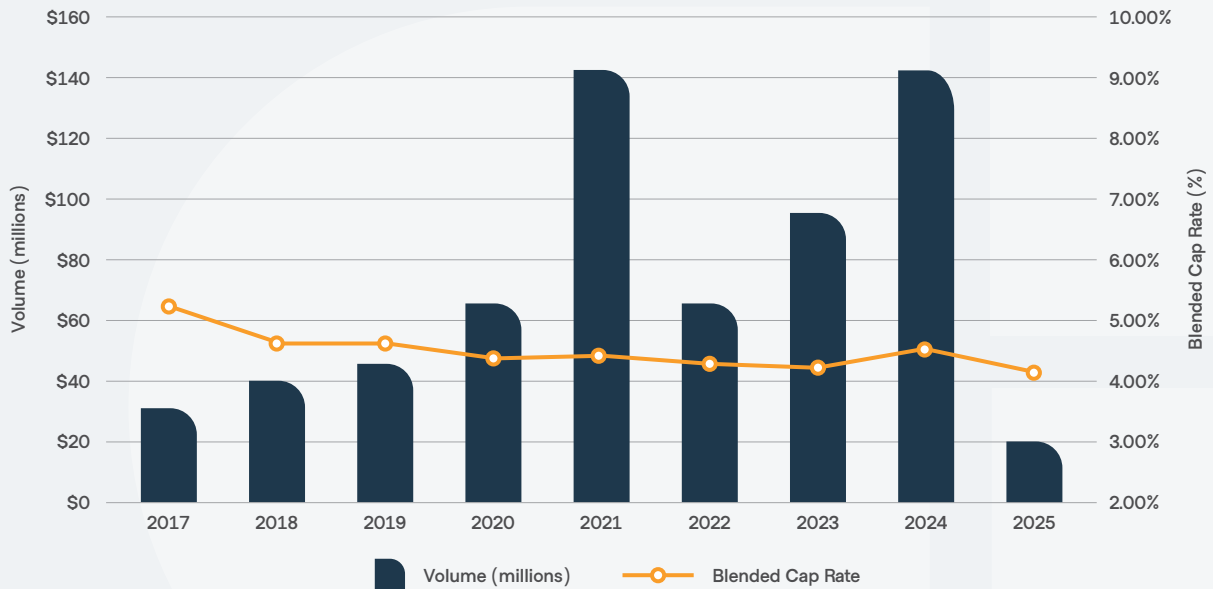
Regional

\$1,850,000

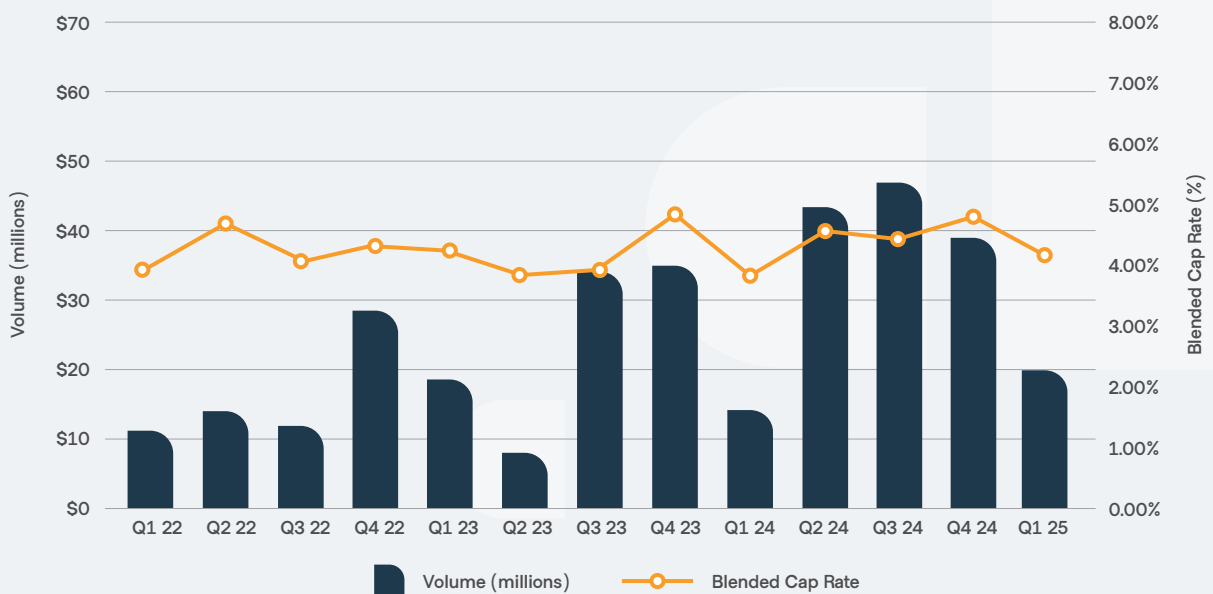
4.88%

Volume and Cap Rate Review

Yearly Volume and Cap Rate 2017 - 2025 YTD



Quarterly Volume and Cap Rate 2022 - 2025 YTD



Defining the Industry

Defining the Industry

Burgess Rawson identifies two clear submarkets within the fast food sector, each with unique benefits and offerings.



Freestanding Drive Thru

- + Typically larger freestanding landholdings on major arterial roads.
- + Strategic sites rarely vacated, protecting market share.
- + Long term leases with extensive options.
- + Drive through provides multiple service channels to customers, providing broader customer reach, and better service.

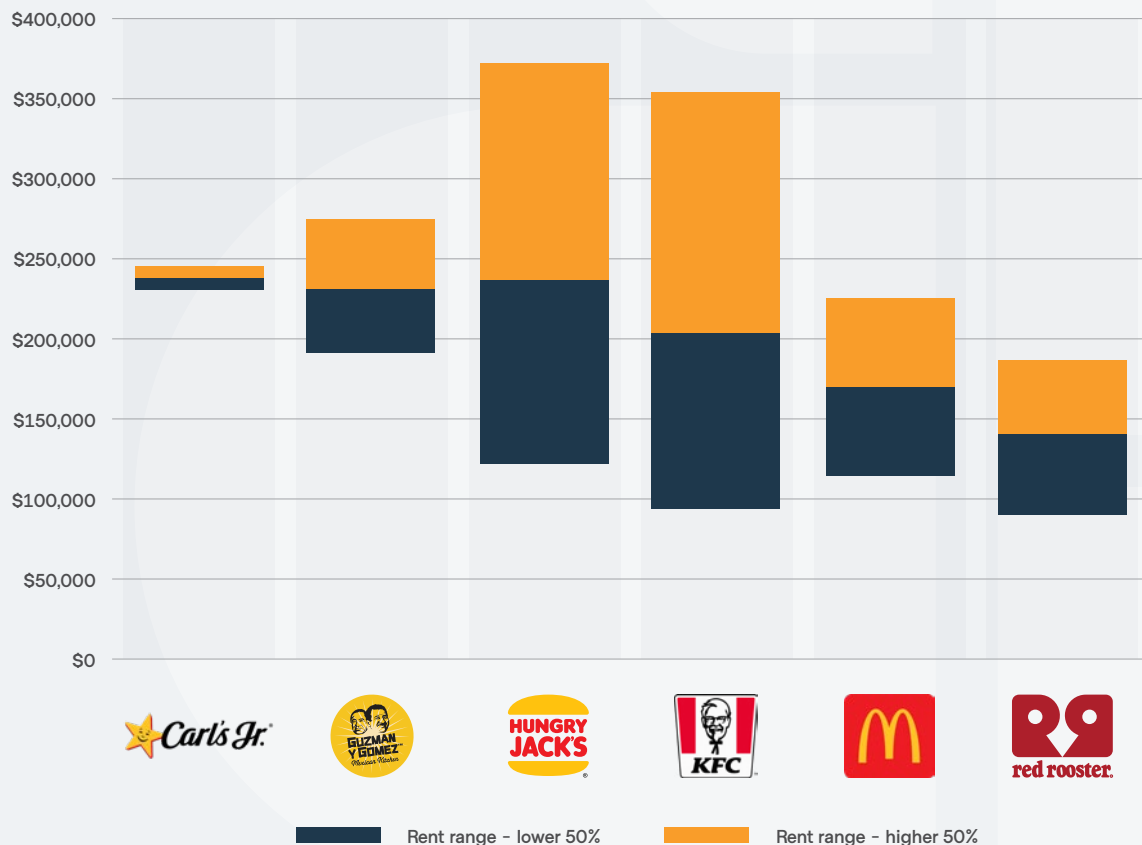


High Street and Convenience Retail

- + Positioned to serve densely populated trade areas, typically inner city locations.
- + Brands target high-demand locations with limited land availability, where a drive-thru is not feasible.
- + Facilitates pickups from delivery apps as an alternative to drive-thrus for customers.
- + Accommodates a diverse range of brands and cuisines.
- + National brands aim for long-term leases to ensure network stability and optimal customer service.



Brand Rental Range



Fast food brands share many characteristics but have some distinctive traits regarding typical rent ranges for various brands.

- + Red Rooster displays rental values slightly above \$100,000, indicative of smaller or fewer properties being sold.
- + Hungry Jack's has the highest rental values, reaching nearly \$320,000, reflecting a well-established market presence.
- + KFC has similar attributes to Hungry Jack's but with slightly lower rental values.
- + Guzman Y Gomez is more developed than Carl's Jr. but less established than KFC and Hungry Jack's, with rental values reflecting this position.
- + McDonald's has the lowest average rental values, around \$175,000, aside from Red Rooster, primarily due to their ground lease structure rather than head leases.

Key Players



McDonald's

- + Over 1,000 stores across Australia by 2027.
- + \$1 billion allocated for its biggest expansion since the 1990s.
- + 23.2% market share of fast food revenue in Australia.



KFC

- + 24,000 stores globally, with 782 stores in Australia.
- + In 2024, KFC Australia generated \$1.121 billion in revenue, 6.6% up from 2023.
- + Pivoted to new store formats, including drive thru only, which can fit on smaller footprint sites.



Hungry Jack's

- + 476 outlets throughout Australia.
- + \$2.365 billion in sales for 2024, a 15% increase on the previous year.
- + Aims to open 700 stores.



Red Rooster

- + Established in 1972 in Kelmscott, Western Australia.
- + 329 stores nationwide.
- + 40% revenue growth since 2019.



Growing Players



Guzman y Gomez

- + 209 stores with a target of 1,000 stores in Australia.
- + Sales reached \$894.6 million in FY24, up 27.3% on the previous year.
- + Locations now in the United States, Singapore and Japan.



El Jannah

- + Established in Sydney in 1998 with one high street location.
- + In 2022, El Jannah began an aggressive growth strategy into the ACT and Victoria, and is actively looking for drive thru locations across the eastern seaboard.



Grill'd

- + Grill'd plans to open 30 new restaurants annually, aiming for 300 sites nationally by 2029, with half featuring drive-thru facilities.
- + The company is focusing on standalone restaurants and drive-thru formats to meet evolving consumer preferences.



Wendy's

- + Aims to open 200 stores nationwide by 2034.
- + The third largest burger chain globally, with over 7,000 stores worldwide.





Sale Price

\$4,800,000



Cap Rate

4.20%



Sold

February 2025

Case Study

KFC, Springvale VIC

Premium Long-Term Investment with Strong Fundamentals

The KFC at 98–106 Westall Road, Springvale, is a newly built, strata-titled fast-food asset leased to Southern Restaurants Group, Australia’s largest private KFC franchisee. Positioned on a prominent corner of Westall Road, a six-lane arterial carrying approximately 58,000 vehicles daily, the site enjoys excellent exposure, albeit limited access and visibility from all directions are somewhat constrained, which is becoming less significant with the rise of food delivery and loyalty apps.

Strong Buyer Demand Defies Site Limitations

Despite the limitations, the asset delivered a standout sales result. There was deep buyer demand from local and international buyers, particularly seeking high-performing QSR properties underpinned by blue-chip tenants. The campaign highlights that investors continue to prioritise tenant covenant, lease duration and value, over traditional metrics such as land size.



Site Area

819sqm*



Zoning

Mixed Use (MU1)



Lease Term

10 years



Site Value Rate (sqm)

\$5,100



Net Income

\$200,000 pa* plus GST



Rent Reviews

CPI Reviews



Agents

Matthew Wright
Zomart He 何梓轩
Beau Coulter
Justin Kramersh

Burgess Rawson Recent Sales

Tenant	Location	State	Sale Price	Cap Rate	Sold
KFC	Blakeview	SA	\$5,575,000	4.00%	Q1 2025
Hungry Jack's	Campbellfield	VIC	\$5,900,000	4.06%	Q1 2025
KFC	Springvale	VIC	\$4,800,000	4.20%	Q1 2025
Hungry Jack's	Albury	NSW	\$3,500,000	4.71%	Q1 2025
KFC	Clinton	QLD	\$6,001,000	4.67%	Q4 2024
Red Rooster	Inala	QLD	\$3,540,000	4.79%	Q4 2024
Hungry Jack's	Warrawong	NSW	\$7,600,000	4.01%	Q3 2024
McDonald's	Warrawong	NSW	\$12,850,000	4.10%	Q3 2024
Starbucks	Warrawong	NSW	\$6,200,000	4.65%	Q3 2024
Oporto	Warrawong	NSW	\$5,100,000	4.80%	Q3 2024
KFC	Bundaberg West	QLD	\$4,550,000	4.87%	Q3 2024
Hungry Jack's	Tighes Hill	NSW	\$5,830,000	4.99%	Q3 2024
McDonald's	North Rothbury	NSW	\$4,370,000	2.97%	Q2 2024
KFC	Wonthaggi	VIC	\$3,205,000	3.92%	Q2 2024
Hungry Jack's	Westbourne Park	SA	\$5,210,000	4.34%	Q2 2024
KFC	Ayr	QLD	\$3,105,000	4.75%	Q2 2024
Red Rooster	Mount Gambier	SA	\$1,850,000	4.88%	Q2 2024
McDonald's	Cardiff	NSW	\$5,530,000	3.25%	Q1 2024
Hungry Jack's	Yanchep	WA	\$4,550,000	4.62%	Q1 2024

Market Analysis

The fast food sector has demonstrated remarkable stability, with significant compression over the past five years, despite additional market uncertainties.

Such resilience is driven by factors like the limited availability of prime locations and increasing demand, particularly from Self-Managed Superannuation Funds (SMSFs).

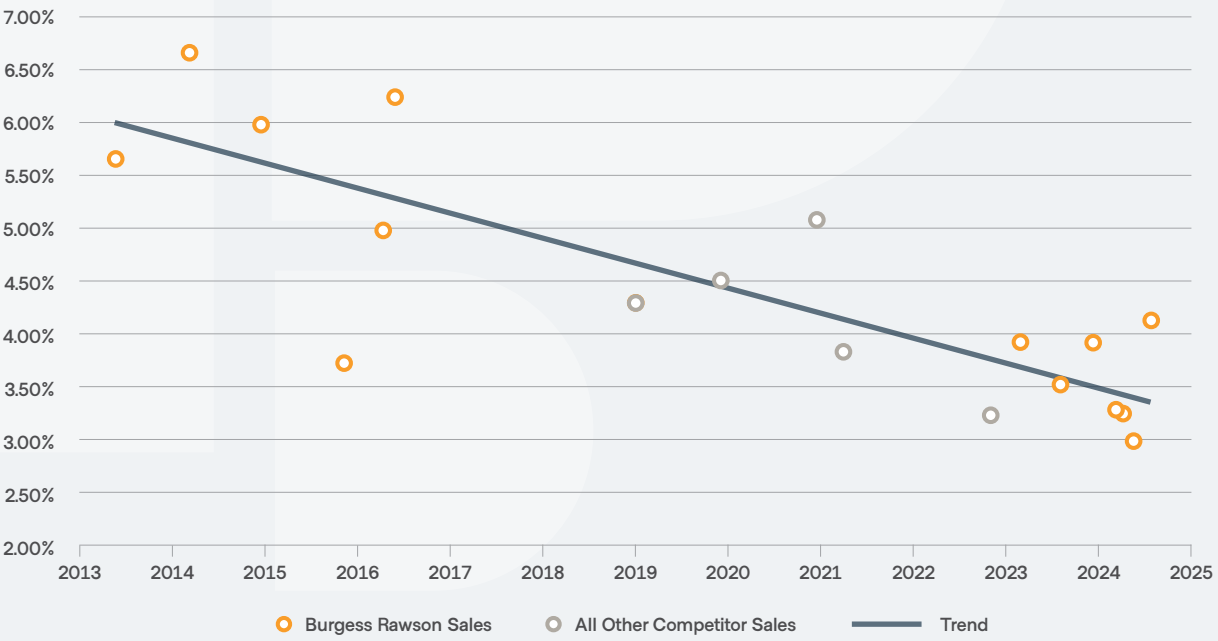
Investors are attracted to fast food assets for their reliable returns and the security provided by the thorough demographic analysis conducted by fast food brands before securing long-term leases.

McDonald's continues to lead the pack in terms of yield compression, as it is seen as the ultimate flight to safety and quality. Investors are willing to accept sharper yields for the brand's unmatched covenant strength, global recognition, and consistently high performance. This confidence is further supported by McDonald's long-term leases and strong site retention, with many investors expecting stable growth well into the future.

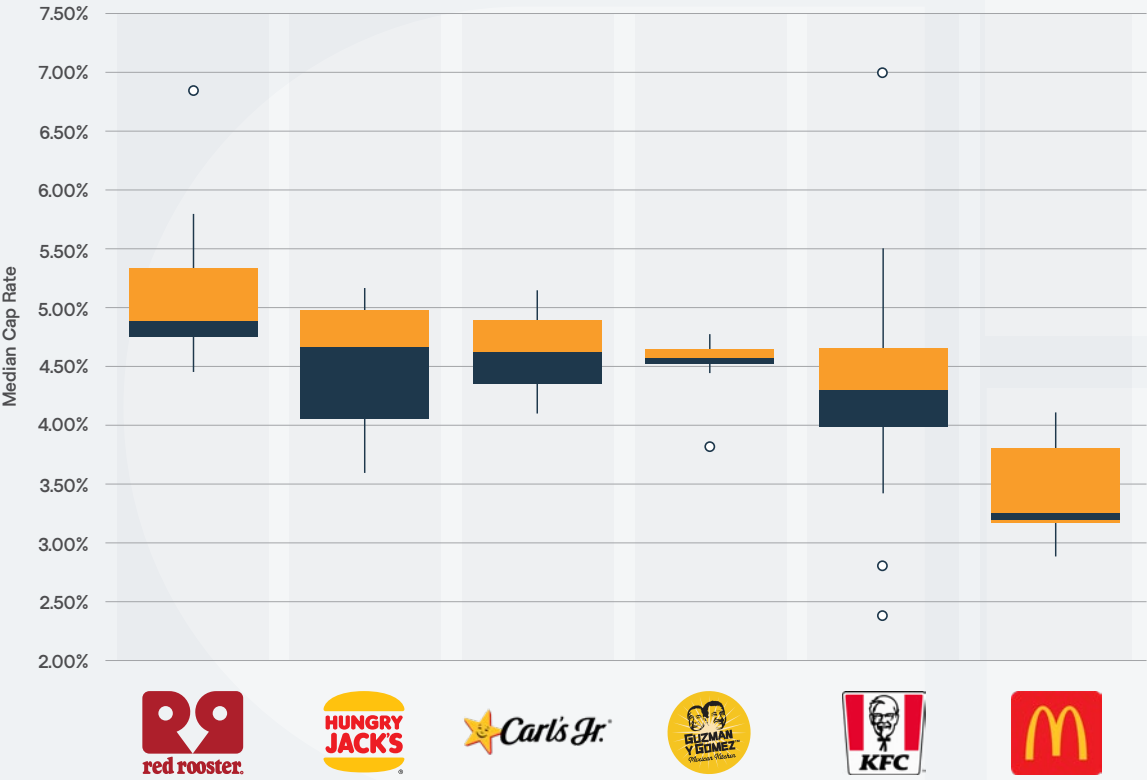
Yields remain stable at 4.19%

McDonald's yield averaging 3.31%

McDonald's Sales 2013 - 2025 YTD



Brand Cap Rates 2022 - 2025 YTD



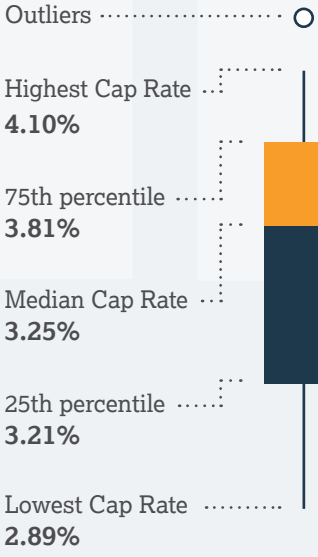
The strength of a fast food brand plays a crucial role in determining the capitalisation rates of its sales. Global giants like McDonald's and KFC with well-developed networks in Australia benefit from strong brand recognition with investors, leading to lower capitalisation rates.

In contrast, regional and niche brands might face higher rates due to perceived risks relating to their permanence and longevity.

Adaptability to consumer trends, technology, market conditions and brands can enhance their strength, lowering capitalisation rates over time, making these brands attractive investments.

Legend

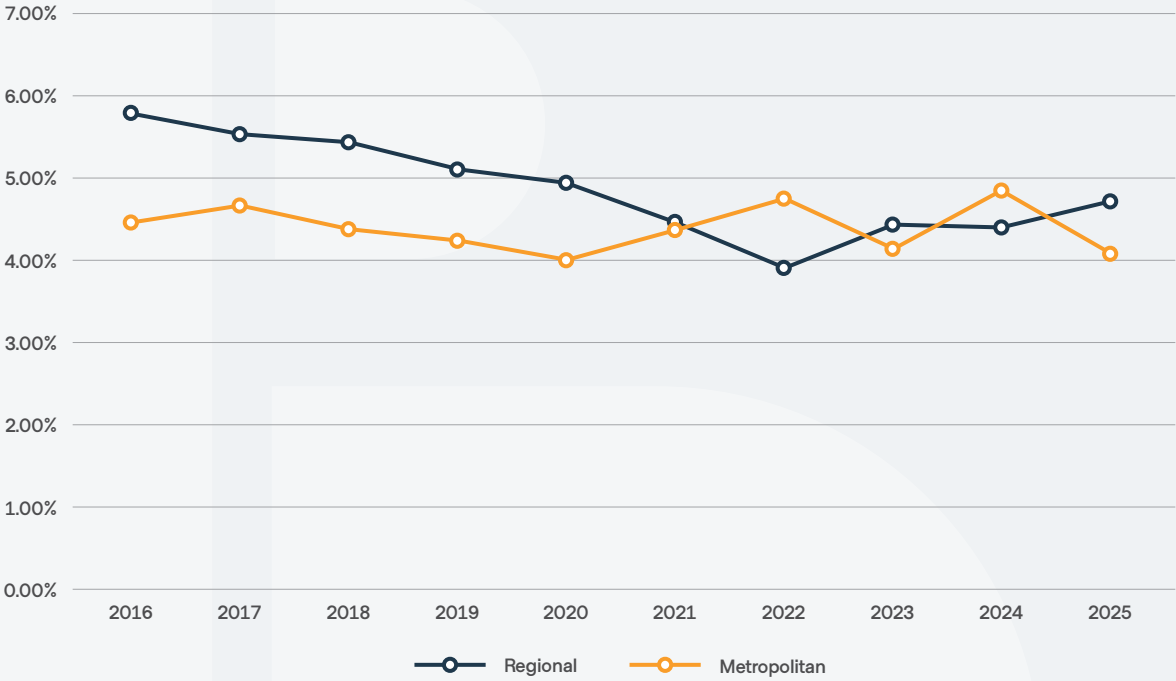
(McDonald's Results)



Note Outliers are calculated using the IQR method, which has been set at 1.5IQR. Sample size includes competitor sales.

Market Analysis

Metropolitan and Regional Cap Rate



Metro vs Regional Cap Rates

Historically, metro cap rates have outperformed regional transactions. However, this trend reversed in 2021. While metro cap rates remained relatively stable, regional assets grew more attractive.

Most newly constructed stores tend to be situated in regional areas as brands expand into new markets. These assets offer superior depreciation benefits to investors, which make them highly appealing.

While metro asset sales have leaned towards older properties with more strata sales, a metro asset with the same characteristics as regional properties would be extremely well-received and likely yield even stronger returns, mostly attributable to superior underlying land values.



Metro Cap Rate

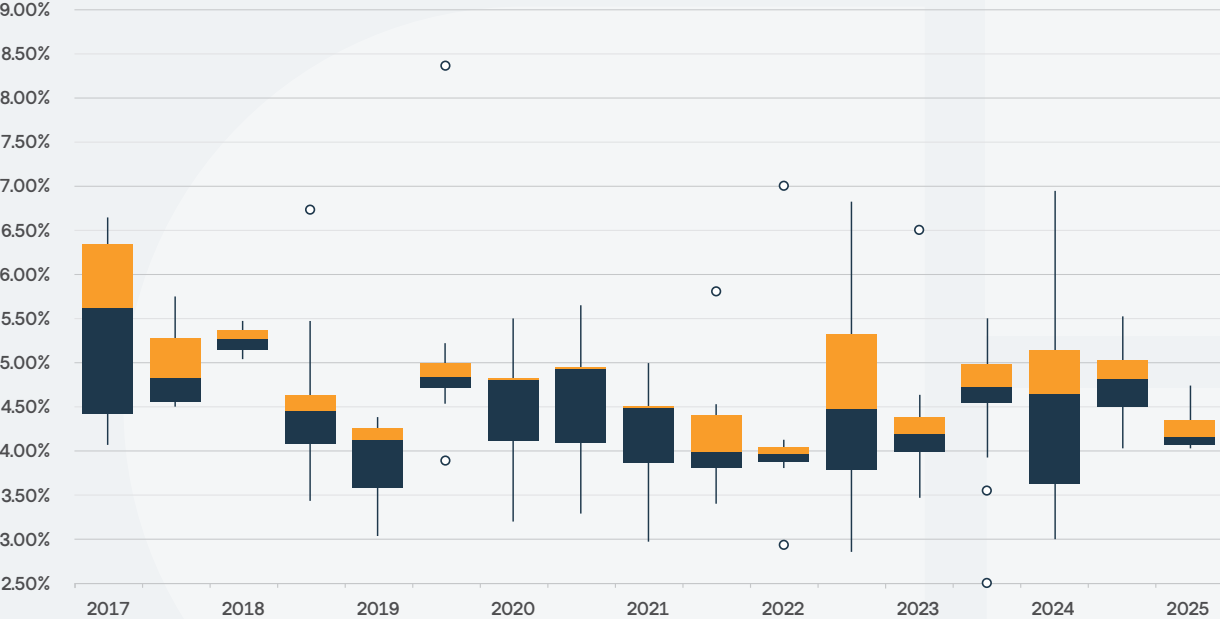
4.08%



Regional Cap Rate

4.71%

Fast Food Cap Rates 2017 - 2025 YTD



Key Takeaways

On average, each half year contains 8 transactions. Therefore, each quadrant contains approximately 2 transactions.

2016-2017

There is a slight increase in cap rates, with 2017 having the highest median and variability among the observed years.

2018-2021

These years show less variation and more stability in the cap rates, with a general trend of decreasing cap rates.

2022

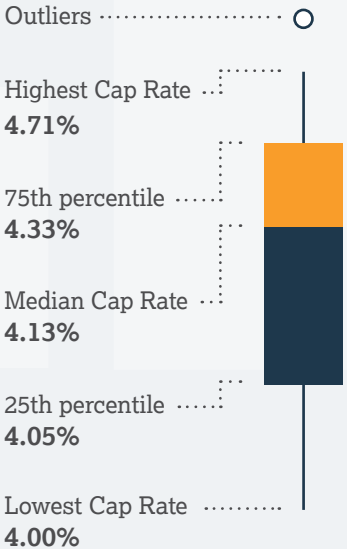
Another peak in cap rates is observed with significant variability, similar to 2017.

2023-2025

Overall cap rates trending down in 2025, when compared to 2023, albeit a greater variation in cap rates. This is due to a greater volume of sales.

Legend

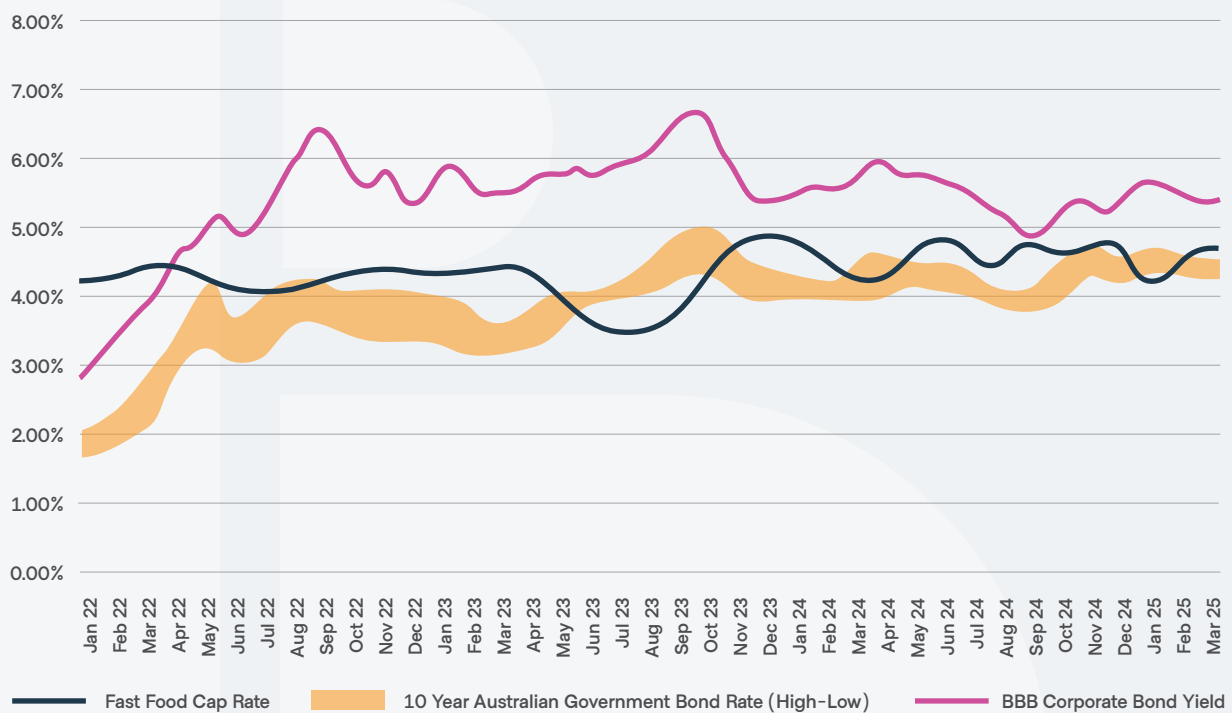
(H1 2025 Results)



Note
Outliers are calculated using the IQR method, which has been set at 1.5IQR. Sample size includes competitor sales.

Market Analysis

Bond Rates and Cap Rate Analysis



The 10-year government bond rate is a key benchmark for borrowing costs and economic health, reflecting the yield on low-risk, government-backed debt. In contrast, BBB corporate bond rates apply to medium credit-rated corporate bonds, which carry moderate risk and offer higher yields to attract investors.

The difference, or spread, between the 10-year government bond rate and BBB corporate bond rates highlights the additional return investors demand for taking on the higher risk associated with corporate debt. A widening spread often indicates increasing concern about corporate credit risk or a deteriorating economic outlook, while a narrowing spread suggests improved confidence in the corporate sector and economic stability.

This spread is a valuable metric for assessing market sentiment and the relative risk of investing in corporate versus government debt.

McDonald's has a credit rating of BBB+. Recently, not only have property cap rates dropped below the BBB corporate bond yields, but they have also dropped below the risk free rate of return. This highlights investor sentiment in total confidence in the sector.

KFC

Blakeview SA

\$5,575,000 

4.00% Yield 



Burgess Rawson Sales Highlights



Hungry Jack's
Albury NSW

Sale Price	Cap Rate	Date
\$3,500,000	4.71%	Mar 2025



KFC
Springvale VIC

Sale Price	Cap Rate	Date
\$4,800,000	4.20%	Feb 2025



Hungry Jack's
Campbellfield VIC

Sale Price	Cap Rate	Date
\$5,900,000	4.06%	Jan 2025



KFC
Blakeview SA

Sale Price	Cap Rate	Date
\$5,575,000	4.00%	Jan 2025



Red Rooster
Inala QLD

Sale Price	Cap Rate	Date
\$3,540,000	4.79%	Oct 2024



Hungry Jack's
Warrawong NSW

Sale Price	Cap Rate	Date
\$7,600,000	4.01%	Aug 2024



Starbucks
Warrawong NSW

Sale Price	Cap Rate	Date
\$6,200,000	4.65%	Aug 2024



McDonald's
North Rothbury NSW

Sale Price	Cap Rate	Date
\$4,370,000	2.97%	May 2024

Guzman y Gomez recently had the hottest ASX float in three years, skyrocketing to a market value of over \$3 billion. Shares closed at \$30, 36% above the initial IPO price.

“This is a big milestone for all of us, and it’s truly just the beginning,” said GYG’s co-CEO and co-founder Steven Marks.

The Mexican chain has grown to over 209 stores and plans to open 1000 stores in 20 years.





GUZMAN Y GOMEZ™
Mexican Kitchen

BREKKIE
LUNCH
DINNER

DRIVE
THRU

NOW
OPEN

7AM-10 PM
DAILY

What's Next For Fast Food?

The future of the fast food industry in Australia is poised for transformative growth and continuous innovation, driven by evolving consumer preferences and rapid technological advancements. As the industry contributes significantly to the GDP and grows faster than the broader economy, it stands at the forefront of the commercial property investment landscape.

Location and format innovations

As land becomes scarcer and competition heightens, fast food chains are having to innovate. We've seen KFC lead the way with their drive-thru-only formats in metro locations. These smaller footprint stores, typically under 1000 sqm, have allowed the brand to flourish in high-demand areas while optimising operational costs. This trend enhances customer convenience and presents lucrative opportunities for investors. We anticipate an increasing adoption of this model, where necessary, as more brands aim to maximise their presence in limited spaces.

Technological enhancements

Technology continues to be a basis for industry evolution. With most outlets now offering sophisticated online ordering systems, the integration of AI and machine learning into these platforms could personalise customer interactions and streamline operations further. As smartphone apps become more prevalent, their influence on customer habits is intensifying, making way for emerging technologies like augmented reality to enrich the customer experience.

Health and menu innovation

Rising health consciousness is pushing the fast food sector towards offering more nutritious and diverse menu options. This shift is not merely a response to consumer

demand but a strategic move to capture the premium market segment. We expect to see a surge in plant-based offerings and locally sourced ingredients, aligning with global sustainability trends and health guidelines.

Market dynamics and consolidation

As the sector evolves, we may witness an acceleration in market consolidation. The trend towards specialised outlets will likely see less profitable entities phase out, while stronger players expand through strategic acquisitions and mergers, despite the prevalent franchise model which typically constrains such movements.

Environmental impact and sustainability

Sustainability will become a critical factor in the fast food industry's operational strategy. We anticipate an increase in initiatives aimed at reducing carbon footprints, to comply with global standards and enhance brand loyalty among environmentally conscious consumers.

Investor insight

For investors, the fast food sector remains a robust avenue for stable and attractive returns. The enduring appeal of this sector is reinforced by its ability to adapt and innovate.

In summary, the fast food industry in Australia is set to continue its trajectory of robust growth, driven by innovative adaptations in business models, technological advancements, and a sharp focus on health and sustainability. Investors and operators alike must stay agile, embracing these trends to capitalise on the evolving landscape and secure long-term success in this dynamic market.

What You Need To Know

There are a number of key fundamentals to be aware of when securing a fast food asset that will provide the best returns:

Lease tenure and option periods

Reputable operators will invariably seek a long-term lease from the landlord, often with extensive options.

How is rent assessed?

Rent for freestanding and drive thru stores is in many instances a reflection of land sizes and locations as opposed to building size. Some of these freestanding sites are land or ground leases only, whereby the lessee owns all the improvements. Shop front fast food attracts traditional rent assessments, based on the net lettable area.

Franchisee lease

Some operators will only provide franchisee lease covenants, which is important in assessing the overall risk of the investment. Many have clauses allowing the head franchisor to re-enter and take over the business in the event of a default by the franchisee. The hurdles for entry set by franchisors ensures landlords can benefit from vetted, financially viable tenants. Where franchisees have purchased multiple stores, it is a sign that the model works and profit margins are sustainable.

Subdivided properties with body corporate/owners corporation

Growth in the industry has been largely due to mixed use and highway convenience developments where fast food operators are co-located with other retailers. This results in being part of an overall plan of subdivision with common and shared facilities, such as parking. The associated costs, rules and issues with such a scheme need to be understood by the investor prior to purchase.

Outgoings

Every state has differing retail legislation. It is therefore important for investors to review relevant acts, recovery of outgoings, option exercise periods and rent increases prior to signing contracts.

Location, land size and underpinned land value

Strong underlying land values are underpinned by tenant requirements including high profile sites with future development opportunity. Fast food sites are in prized locations with amenities within close proximity, making them tightly held by tenants.

What you'll pay

Fast food investments generally range from \$2 million to \$7 million with incomes ranging from around \$100,000 to \$280,000 plus. The median sale price by Burgess Rawson has been \$4.62 million since 2022.

How to buy one

Fast food assets are sold both privately and at auction.

The benefit of an auction is transparency between all parties. Typically buyers will bid in person, over the phone or online, with full visibility of buyer competition and rental cap rate on-screen in front of them.

This asset class has always featured heavily in all the major commercial agency players' portfolios, given the calibre of tenants and the proven investment security of the sector.

Having sold 62% of all fast food assets offered to market since 2023, we've seen no sign of investor demand slowing in this sector and predict steady transaction volumes into the 2025 financial year.

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How we can help

At Burgess Rawson, we offer solution-based outcomes and data-driven expertise for fast food vendors, investors, developers and tenants, with a breadth of knowledge that spans the entire property journey; asset management, sales leasing, appraisals, development feasibility and tenancy coordination.

Our national specialty team is at the forefront of the fast food sector, with dedicated property professionals able to provide an end-to-end service to clients in all states and territories across Australia.

If you're looking to invest, divest, require management, or simply want to discuss the sector, please don't hesitate to contact a team member today.





Industry Insights Report

Industrial

Discover the key factors driving the ongoing strength and transformation of Australia's industrial property sector.

The rise of e-commerce, the need for efficient last-mile delivery, and a focus on resilient supply chains and infrastructure are reshaping the market.

With vacancy rates at historic lows, rising rents, and limited availability of well-located land, investors are increasingly drawn to industrial assets that offer stable income and long-term growth potential. This sector's clear fundamentals and robust demand make it a vital component of any diversified portfolio.

Our next report will provide the latest data, regional insights, and significant transactions, offering a comprehensive view of why industrial remains one of the most attractive and resilient asset classes in today's commercial property sector.

“Industrial’s appeal lies in its clarity, tenants need it, investors understand it and demand keeps growing. It’s a sector driven by essential services, logistics and population growth, making it one of the most dependable corners of the commercial property market.”

Justin Kramersh
Senior Sales Associate



**With offices across Australia,
Burgess Rawson has a truly
national understanding and
unparalleled collective expertise.**

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