



# MARKET RESEARCH

## NZ RESTAURANT AND BEVERAGE SECTOR

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## Consolidation, Multi-Unit Growth, and Franchise Trends

### THE NEW ZEALAND MARKET: CONDITIONS FAVOURING SCALE

|  |  |   |
|--|--|---|
| <b>NZ\$15.99B</b><br>Hospitality sector sales, year to June 2025<br>(record) | <b>NZ\$47.2B</b><br>NZ franchise sector total turnover, 2024 | <b>NZ\$1.15B</b><br>NZ retail wine market, MAT Dec 2025 |
|--|--|---|

New Zealand's hospitality sector posted record annual sales of NZ\$15.99 billion for the year to June 2025, up 1.4%. But that growth has not translated into profitability. Food price inflation ran at 4.6% against general CPI of 2.7%, and the sector's average labour cost hit 40% of revenue for the first time on record. Every dollar of revenue growth is being earned against substantially higher costs on two fronts simultaneously. [1, 2]

The shift from 5.8% sales growth in 2024 to 1.4% in 2025 confirms that the post-COVID recovery tailwind has faded. Employment reached 146,300 in 2024 but growth slowed to 0.7%. Tipping fell approximately 40%, a further signal of consumer restraint. Auckland and Wellington city centres continue to struggle, with office occupancy 35 to 40% below pre-pandemic levels. For single-unit operators in urban locations, the margin arithmetic is becoming very difficult. [1, 3]

The failure data underscores the depth of the pressure. In the twelve months to mid-2025, 2,564 hospitality businesses closed, up 19% on the prior year, with liquidations rising from 199 to 297. Formal insolvency appointments across accommodation and food services reached 380 in 2025, a 53% year-on-year increase and the highest since 2010. Hospitality businesses are now more than twice as likely to fail as the average New Zealand business. The operators best insulated from this wave of distress are those with multi-site scale, diversified revenue, and institutional funding behind them. For those without, distressed asset sales are increasingly the outcome. [4, 5]

The regional picture, however, is more nuanced. Tourism-driven markets are outperforming sharply: Nelson recorded 15.1% sales growth for the year to June 2025, Queenstown-Lakes 14.2%, and Kaikōura 10.2%. International visitor arrivals reached 3.38 million, with visitor spending up 9.2% to NZ\$12.2 billion. The strategic question for operators and investors has shifted from whether to operate at scale to where that scale should be deployed. [1]

Against this backdrop, multi-unit scale has become a structural advantage, not an aspiration. Operators who can spread fixed costs across multiple sites, invest in digital loyalty technology, and access institutional debt are compounding that advantage. NZ banks will typically lend up to 50% of franchise investment for proven concepts, but remain conservative toward new entrants, further concentrating capital toward operators with multi-site track records. [6]

### OWNERSHIP STRUCTURES: MASTER FRANCHISE AND MULTI-UNIT MODELS

The dominant ownership structure in New Zealand's branded quick service restaurant sector is the master franchise model, under which a local operator acquires exclusive territorial rights to develop and sub-franchise an international brand. McDonald's, KFC, Pizza Hut, Taco Bell, and Carl's Jr. all operate under this structure. The pipeline of international entrants remains active: Popeyes launched 10 New Zealand stores in 2024, and in March 2025 Duck Donuts executed a New Zealand master franchise agreement. Despite independents still accounting for two-thirds of all outlets, chained outlets are projected to grow at a CAGR of 7.65% through 2031, well outpacing the broader market. [7]

Alongside master franchising, multi-unit direct operation is consolidating its position as the preferred model for serious operators. With average labour costs now at a record 40% of revenue, the fixed-cost leverage available to a 10-site operator versus a single-site operator has never been more consequential. The IFA documents that multi-unit operators benefit from tighter cost structures, stronger margins, and more predictable cash flow. In New Zealand's constrained market, those advantages are amplified by limited competition for proven sites and brands. [6, 8, 9]





## **NOTABLE NEW ZEALAND TRANSACTIONS**

### **Restaurant Brands NZ: Privatised by Finaccess (2025)**

The most significant recent transaction in New Zealand's restaurant sector is the full takeover of Restaurant Brands New Zealand (NZX/ASX: RBD) by its Madrid-based majority shareholder, Finaccess Restauracion. Finaccess first acquired approximately 75% in 2019 at NZ\$9.45 per share for approximately NZ\$881 million. In September 2025, it launched a compulsory acquisition at NZ\$5.05 per share, a 70.6% premium to the prevailing price of NZ\$2.96, valuing the company at NZ\$630 million. Acceptances passed the 90% threshold by late October 2025. [10, 11, 12]

Restaurant Brands operates 155 New Zealand company-owned quick service restaurants across KFC, Pizza Hut, Taco Bell, and Carl's Jr., spanning more than 70 towns. The group generated NZ\$1.394 billion in total store sales in FY2024, a new company record. New Zealand is the group's strongest-performing division: same-store sales grew 4.6% in FY2024, with NZ Store EBITDA rising 29.2% to NZ\$104 million and an EBITDA margin of 16.6%, well ahead of the group average of 13.9%. The privatisation removes the sector's only listed benchmark and signals that strategic international capital views New Zealand's consolidated QSR market as a long-term hold rather than a near-term exit. [13]

### **Star Hospitality Group: Formed via DB Breweries (2023)**

In April 2023, DB Breweries (a Heineken subsidiary) merged Auckland-based Joylab (formerly Barworks, 60% DB-owned) and Wellington-based Kapura (fully DB-owned) to form Star Hospitality Group. Described at launch as Aotearoa's largest hospitality group, the combined entity comprised approximately 55 bars and restaurants, approximately 1,600 staff, and operations across Auckland, Wellington, Hamilton, and the Bay of Plenty. The transaction was valued at approximately NZ\$80 million per DB Breweries' 2023 annual report. [14, 15, 16]

The transaction is instructive beyond its size. A global beverage group used a domestic merger to create New Zealand's largest multi-venue hospitality operator, with tied supply relationships, shared operational infrastructure, and the scale to invest in digital platforms. It demonstrates that the buyer universe for New Zealand hospitality assets extends well beyond traditional operators: beverage, FMCG, and property groups can be credible acquirers where strategic synergy justifies a premium.

### **Tahua Partners: Building a Multi-Brand QSR Portfolio (2018 to Present)**

A less visible but strategically significant consolidator is Tahua Partners, a New Zealand-owned investment group that has assembled one of the country's largest multi-brand QSR portfolios through a series of acquisitions. Tahua acquired Starbucks New Zealand from Restaurant Brands in 2018 for approximately NZ\$4.4 million, then in November 2020 acquired Burger King New Zealand, trading as Antares Restaurant Group, out of receivership. The Burger King acquisition added 78 restaurants and approximately 1,800 staff. Tahua subsequently secured the New Zealand master franchise rights for Popeyes, which launched 10 stores in 2024. The group now holds three distinct international QSR brands under single domestic ownership, a model that mirrors the multi-brand consolidation strategies being executed at scale by private equity groups in the United States. [17, 18, 19, 20]

### **Good Spirits Hospitality: A Cautionary Case Study (2023 to 2024)**

Not all consolidation stories end with a strategic acquirer paying a premium. Good Spirits Hospitality (NZX: GSH) illustrates the other outcome. GSH accumulated a multi-venue portfolio including The Better Bar Company venues through the NZX-listed vehicle formerly known as Veritas Investments. COVID-era closures generated losses of NZ\$5.8 million in 2021 and NZ\$6.6 million in 2022, leaving the company unable to service debt held by lender Pacific Dawn, a Nomura subsidiary. In November 2023, GSH sold its nine remaining venues to Auckland bar operator Brew on Quay for NZ\$20.7 million, a sum insufficient to repay its lender in full. No value was returned to shareholders. The company delisted from NZX on 27 June 2024. The GSH story is a direct consequence of the operating pressures described above: a leveraged hospitality portfolio, a COVID demand shock, and no institutional capital behind it. It is also a signal that distressed vendor sales at below-debt recoveries will continue to be a feature of NZ hospitality M & A. [11, 21, 22, 23]





## **SECTOR SPOTLIGHT: THE NEW ZEALAND RETAIL WINE MARKET**

NielsenIQ's December 2025 scan data provides a real-time view of the same structural forces playing out across the broader hospitality market. Total New Zealand retail wine sales reached NZ\$1.15 billion for the year to 28 December 2025, declining 2.1% in value and 3.1% in volume. The decline is concentrated in the supermarket channel, down 3.0%, while the defined liquor channel held value and delivered 1.5% growth: a channel divergence with direct implications for how operators position their product. [24]

| Growing (+) segments                             | Declining (-) segments                         |
|--|--|
| Sparkling wine: +3.1% value, +2.1% volume        | Sauvignon Blanc: -NZ\$6.9M value, -379K litres |
| Champagne: +NZ\$3.6M value, +41K litres          | White Still Wine: -3.1% value, -3.6% volume    |
| Prosecco: +NZ\$4.3M value, +197K litres          | Red Still Wine: -3.1% value, -4.0% volume      |
| NZ Methode, NZ Prosecco, Sparkling Rose: growing | Cask Wine: -5.0% value, -5.7% volume           |

The consumer data explains the mechanism. Buyer penetration is broadly stable at 59% of New Zealand households, but purchase occasions fell 10% year on year, and 44% of New Zealand consumers reported drinking less alcohol in 2025, citing cost and affordability as the primary driver, followed by health. New Zealand wine holds a 66.2% value share of the total market but accounted for NZ\$26.8 million of the total NZ\$24.1 million value decline, with marginal share gains recorded by French Rose and Italian Prosecco. [25, 26, 27]

The strategic implications are consistent with the broader hospitality picture. Consumers are not exiting categories but are buying less frequently and more selectively. Channel position, format innovation (187ml single-serves, canned sparkling, RTD), and the promotional scale to activate occasions are the variables separating operators who are capturing remaining spend from those who are not. [28, 29]

## **GLOBAL CONTEXT: PRIVATE EQUITY AND RESTAURANT M & A IN 2025**

New Zealand's consolidation trends are part of a broader global movement. In the United States, 2025 was a landmark year for restaurant deal activity. Roark Capital acquired Dave's Hot Chicken in a deal valued at US\$1 billion, continuing its assembly of one of the world's largest franchise portfolios following its US\$9.6 billion purchase of Subway in 2023. In November 2025, Denny's entered a definitive agreement to be taken private by a consortium including TriArtisan Capital Advisors and Yadav Enterprises for US\$620 million, a transaction that closed in January 2026. That same month, Yum Brands initiated a formal strategic review of Pizza Hut, citing seven consecutive quarters of same-store sales declines, with an outright sale among the options under consideration. [30, 31, 32, 33]

The common thread is structural, not cyclical. Private equity is attracted to franchise models for their capital-light balance sheets, recurring royalty income, and diversified cash flows across many franchisee operators. In New Zealand's broader private capital market, total PE and venture capital activity reached NZ\$3.77 billion in 2024, more than double the NZ\$1.99 billion of 2023. Deal structures have evolved: bilateral negotiations have become more common than competitive auctions, earn-out provisions are more prevalent, and private credit has emerged as a credible mid-market funding source. Conditions for a continuation of this activity into 2026 are broadly in place. [34, 35]

## **IMPLICATIONS FOR OPERATORS, FRANCHISORS, AND INVESTORS**

- The cost structure has changed permanently. Average labour costs at 40% of revenue, combined with food inflation running at nearly double headline CPI, mean that the economics of single-unit operation are now structurally challenged in most urban markets. Operators running fewer than 3 to 5 sites will find it increasingly difficult to invest in the technology, loyalty infrastructure, and promotional capability that multi-unit peers can justify.
- Regional divergence is an investable theme. Tourism-driven markets including Queenstown-Lakes, Nelson, and Kaikōura are growing at multiples of the national average while CBD locations





face structural headwinds from persistently low office occupancy. Where scale is deployed matters as much as how much scale is deployed.

- The international brand pipeline is durable. Duck Donuts (March 2025) and Popeyes (2024) are the most recent examples of a consistent pattern. New Zealand's proximity to Australia, established franchise legal infrastructure, and relatively high GDP per capita make it a logical first Pacific market for US and Asian brands. Advisors and operators who understand master franchise deal structures are well positioned to participate in this activity.
- The privatisation of Restaurant Brands NZ removes the sector's only listed performance benchmark. Without public disclosures from the sector's largest operator, tracking unit economics, labour cost trends, and per-brand performance will require access to proprietary data sources.
- The buyer universe is wider than it appears. The Star Hospitality transaction demonstrates that adjacent-industry acquirers, including beverage, FMCG, and property groups, are credible buyers of New Zealand hospitality assets where strategic synergy justifies a premium. Any sell-side process in this sector should consider non-traditional acquirers alongside operators and PE.
- Property-led hospitality development is an emerging capital deployment model. Winton's Ayrburn precinct near Arrowtown, comprising of multiple restaurants and bars at full build on a 60-hectare site opened in December 2023, represents a new archetype: a property developer deploying capital into destination hospitality in a high-growth tourism market. The Ayrburn model is distinct from franchise consolidation but driven by the same underlying theme: institutional capital identifying hospitality as a vehicle for capturing tourist spend in structurally advantaged locations.
- Consumer frequency, not penetration, is the metric to watch. Across wine and broader food-and-beverage categories, buyer numbers are broadly stable but purchase occasions are declining. Operators with digital loyalty infrastructure and the promotional scale to create and capture occasions are compounding advantage over those relying on habitual volume.

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*For more information on M & A advisory, capital raising, or sector analysis in New Zealand's hospitality and franchise market, contact our team.*

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**Data integrity note:** All statistics are cited to named sources. NielsenIQ wine data is proprietary licensed data used with attribution to NielsenIQ Consumer LLC. NZ-specific data on private multi-unit ownership concentration is not publicly available; readers seeking proprietary benchmarking data should consult FANZ, RANZ, or specialist advisors.

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