2026 UNIT ECONOMICS · FINANCIAL AUDIT

Singapore F&B Franchise Capital & Payback Audit 2026

Franchise decks promise "payback in 9 to 12 months." We audited **30+ store P&Ls, SGX filings, and real mall disclosures** to reveal the real capital required.

S$150k – $350k
Real All-In Opening Capex (vs $40k Fee)

11% – 21%
Audited Store-Level EBITDA Margins

12 – 24+ Mo
Realistic Full Cash Payback Horizon

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SWIPE FOR CAPEX TEARDOWN →

The "Fee Illusion" vs. Real Opening Capex

The franchise fee represents only 15% to 20% of your total capital requirement.

CAPITAL LINE ITEM	TYPICAL SG COST RANGE	OPERATIONAL FUNCTION
Franchise License Fee	S$35,000 – S$60,000	Brand IP, initial SOPs, recipe access & training
Fit-Out & Heavy M&E	S$80,000 – S$150,000	Exhaust hood, grease trap, 3-phase power, POS
Mall Security Deposit	S$35,000 – S$55,000	3+1 months gross rent locked in landlord escrow
Initial Working Capital	S$30,000 – S$50,000	Opening inventory, first 90 days cash buffer

🛡️ The Golden Due Diligence Rule:

Total cash required to safely open is **S$180,000 – S$350,000**. Never enter an F&B franchise without a **1.5x capital buffer** above estimated Capex to survive the initial 90-day ramp period.

Store EBITDA & Payback Across 4 Segments

Empirical performance benchmarks across leading Singapore F&B formats:

FORMAT & MODEL	INITIAL CAPEX	AVG TICKET	STORE EBITDA	PAYBACK HORIZON
Heritage Snack Kiosk e.g. Old Chang Kee	S$250,000	S$7.50	**18% – 24%**	**12 – 18 Mo**
Specialty Shake e.g. Mr Coconut	S$200,000	S$8.50	**18% – 25%**	**9 – 15 Mo**
Premium Teahouse e.g. Chicha San Chen	S$350,000	S$11.00	**20% – 28%**	**12 – 18 Mo**
Ultra-Value Volume e.g. Mixue	S$150,000	S$4.50	**10% – 15%**	**6 – 12 Mo**

⚠ The Payback Reality:

Most suburban mall outlets achieve payback between **14 and 22 months**. If an outlet requires a 36-month lease renewal just to recoup initial capital, the investment carries severe lease risk.

The 2 Moats That Keep Units Profitable

Why 3,000 F&B concepts close annually in Singapore while market leaders scale.

🏭 Supply Chain Control

Brands like **Mixue** and **Old Chang Kee** own their central manufacturing infrastructure, insulating unit franchisees from food inflation and keeping **COGS strictly under 28%**.

🤖 Labor-Decoupled Prep

Chains like **Mr Coconut** engineered automated pneumatic prep lines (700% throughput gain), cutting counter staff from 5 workers down to 2 under Singapore's tightening **MOM DRC foreign quota**.

🚨 The 2026 Nutri-Grade Regulatory Landmine:

Under MOH regulations, drinks classified under **Nutri-Grade D face a 100% total advertising ban** across paid digital, print, and mall hoardings. If a beverage franchisor has not reformulated recipes to Grade A or B, customer acquisition will stall.

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Supply Chain & Labor Audit

NEXT: INVESTOR DUE DILIGENCE →

The 4 Questions to Ask Before Signing

Never wire franchise capital without demanding verifiable documentation for each:

01 · Audited Store P&Ls

Demand actual historical P&Ls across median and bottom-quartile stores, not just the flagship outlet.

02 · Mall Turnover Rent (GTO) Model

Has break-even been stress-tested against Base Rent + 1.0% to 1.5% Gross Turnover clauses?

03 · Consumable Supply Markups

What is the franchisor's margin on mandatory ingredients supplied via their central warehouse?

Explore Verified Singapore F&B Unit Economics

Compare startup capital, audited EBITDA, and payback metrics.

franchise.sg/insights

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