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DAILY ROUNDUP

Jack in the Box expands; Outback Steakhouse slows new development; Apartment construction stays muted

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Jack in the Box plans openings this year in regions that include Chicago and several Florida cities. (CoStar)

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Jack in the Box plans expansion

Jack in the Box is pushing ahead with planned expansion into Chicago and Florida, as it also deals with slowing sales growth and this week's announced departure of CEO Darin Harris after five years at the helm of the burger chain. Harris will remain on as a consultant through mid-March after accepting an undisclosed permanent position outside the restaurant industry.

Chief Financial Officer Lance Tucker, appointed as interim principal executive officer, said the San Diego-based operator of 2,800 restaurants "saw a good start to top-line performance and bottom-line earnings" in its latest quarter as it "battled through a difficult industry-wide macro environment."

The company reported annual same-store sales growth of 0.4% for its 2,200 Jack in the Box restaurants in 22 states; and 4.5% growth for its 600 Del Taco locations in 17 states for the quarter ended Jan. 19. The 74-year-old company is standing by plans to expand well beyond its traditional Western U.S. base after opening five restaurants and closing six underperforming locations during the quarter.

Jack in the Box leaders said the company has completed development agreements for two new franchisees to expand in Chicago, in addition to eight company-owned restaurants set to begin opening this summer. New venues are also opening later in the year in Florida, though specific locations have not been announced for target regions that include Tallahassee and Orlando.

The company previously said nearly 10% of the 400 restaurants planned under franchise agreements secured during the past three years are in Florida. During fiscal 2025, the company plans to open 35 to 45 Jack in the Box locations nationwide and 15 to 20 Del Taco restaurants.

Jack in the Box is sticking with its "asset light" model of the past decade, in which most new restaurants are franchisee- rather than company-owned. "There are some places where we're going to be investing alongside franchisees, particularly in new markets," Tucker told analysts during a quarterly conference call Tuesday, though he added that "the plan is not to be leading the growth with corporate builds."

Outback Steakhouse parent slows new development

The parent firm of Outback Steakhouse and Fleming's Prime Steakhouse plans to slow down the pace of new restaurant development amid declining sales at a challenging time for the industry. Bloomin' Brands reported a net loss of $79.5 million for the quarter ended Dec. 29, compared with net income of $43.3 million the year-earlier quarter, as revenue dropped 8.2% to $1.1 billion and same-store sales declined 1.1%.

Executives of Tampa, Florida-based Bloomin' Brands said Wednesday the company still plans $190 million to $210 million this year in capital outlays, but the focus will be more on remodels and other updates of existing restaurants rather than new restaurant construction.

"We are shifting our focus from new restaurant development to investing in our base business through maintenance and remodels," as the company looks to "create more value from our existing operations," Chief Financial Officer Michael Healy said during a quarterly conference call with analysts.

CEO Mike Spanos said the company has a repair and maintenance survey of its restaurants underway to evaluate the state of each

location, to be completed by the end of this year's second quarter, "which will help inform our analysis on remodel scopes."

The operator of more than 1,400 restaurants, which also include brands such as Bonefish Grill and Carrabba's Italian Grill, during the past year closed more than 40 restaurants, eliminated corporate staff jobs and sold off two-thirds of its Brazil operations.

Apartment construction stays muted

Multifamily development is expected to remain sluggish in the first half of 2025 after declining at an annual rate of 25% in 2024, based on construction starts. But construction is expected to pick up in the second half of the year as renters fill up apartments that were overbuilt in some U.S. regions, according to the National Association of Home Builders.

The trade group said high interest rates, along with lingering construction supply disruptions stemming from the pandemic, are likely to keep impeding U.S. multifamily developers in this year's first half. But projects should begin penciling out more favorably later this year.

Multifamily construction is expected to revert to long-term trends toward the end of 2025 "as the market works through a substantial number of units under construction," Danushka Nanayakkara-Skillington, the NAHB's assistant vice president for forecasting and analysis, said in a statement Wednesday.

The builder group is expecting multifamily starts to fall 11% this year before increasing 6% in 2026 as financing and demand fundamentals improve. The U.S. overall became oversaturated with apartments

during 2024, when construction was underway on about 1 million units, the highest level since 1973.