

Private equity bets on beverage and food chains: 6 standout deals

Rhône, Thompson Street and Roark are among the PE firms targeting food and beverage assets.

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Even in a shaky economy, private equity's appetite for the recession-resistant food and beverage franchise sector has been robust. According to the National Restaurant Association's *State of the Restaurant Industry 2025*, industry sales in the US are projected to reach \$1.5 trillion this year. That's a whole lot of munchies and drinks right there.

Key reasons for food and beverage chains' evergreen appeal include its immense growth potential and steady profit margins. Investing in a well-known franchise with a proven business model can also reap considerable dividends.

Thompson Street Capital Partners is one PE firm that frequently backs the segment. Of his firm's affinity for this sector, Joe St Geme, a managing director at TSCP, told *PE Hub*: "The beverage and restaurant space rewards concepts that deliver unique, resonant experiences, creating recurring, acyclical customer demand that compounds with new unit openings. Growth-focused investments in marketing, unit development and infrastructure can be incredibly effective, not only enhancing customer satisfaction and driving traffic and average unit volume, but also making opening and operating easier for franchisees."

Earlier this year, *PE Hub* covered the brisk deal volume in this segment, spanning from last November to February, with its [roundup of 11 PE-backed deals](#). Blackstone made a prominent entry with a mega deal by [acquiring submarine sandwich chain Jersey Mike's](#) in November.

The momentum continued in the second and third quarters. June in particular saw a flurry of activity with three deals announced that month alone.

Starting with the most recent, here are six notable deals in the segment.

1. Rhône acquires Freddy's from Thompson Street Capital Partners

In early September, [Rhône snapped up Freddy's](#), a Wichita, Kansas-based burger franchise, from Thompson Street Capital Partners, for an undisclosed sum.

Freddy's expansion was of keen interest to Rhône. Currently, the brand has more than 550 locations in the US and Canada.

On the deal, Lucas Flynn, a managing director at Rhône, said: "We see a compelling opportunity to partner with [CEO] Chris Dull and the rest of the leadership team to help bring the unique Freddy's offering to more customers around the world and support the company in this next chapter of growth."

2. Salt Creek Capital scoops up Red Robin franchisee Infinity RRGB Ventures

In late August, Salt Creek Capital made inroads in the segment when it [acquired Infinity RRGB Ventures](#), the sole Canadian franchisee and operator of franchised Red Robin restaurants in British Columbia and the third largest franchisee in the Red Robin system.

Infinity operates eleven Red Robin franchise locations, with more than 1.6 million patrons.

3. Franchise Smoothie King grabs minority investment from Main Post

In July [Main Post Partners](#) made a [minority growth investment in Smoothie King](#), a Dallas-based smoothie brand.

The capital infusion will be used by Smoothie King to accelerate its growth.

Summing up Smoothie King's value to its portfolio, Jeff Mills, a managing partner at Main Post, singled out the brand's solid reputation, product offerings and customer experience as commendable attributes.

Founded in 1973, Smoothie King has over 1,200 stores nationwide.

4. Thompson Street Capital Partners picks up Bubbakoo's Burritos

In a June deal, [Thompson Street Capital Partners picked up Bubbakoo's Burritos](#), a fast-casual Mexican-fusion restaurant franchise headquartered in Wall Township, New Jersey.

Founded in 2008, Bubbakoo's began franchising in 2015. The brand has since expanded to more than 130 locations across 15 states, primarily along the East Coast and Midwest.

5. Orangewood expands investment in 7 Brew Coffee franchisee Motley 7 Brew

Again in June, [Orangewood Partners](#) made tracks in this sector by [beefing up its investment](#) in 7 Brew Coffee franchisee Motley 7 Brew.

Headquartered in Fayetteville, Arkansas, 7 Brew Coffee, which is backed by [Blackstone](#), is a drive-thru beverage chain.

The investment proceeds will support acceleration of M7B's growth through acquisitions and new unit development.

Founded in 2022 by Orangewood and Anchor Point Management Group, M7B is one of the largest 7 Brew franchisees, operating stands in Ohio, Georgia and Texas.

6. Roark Capital injects capital into fast-food chain Dave's Hot Chicken

June kicked off a wave of private equity dealmaking in food and beverage franchises when [Roark Capital](#) inked [an investment in Dave's Hot Chicken](#), a fast-food hot chicken chain based in Pasadena, California.

Although no financial terms were disclosed in the news release, several outlets reported the value of the deal was \$1 billion.

Dave's Hot Chicken was founded in 2017.

Though the first half of this year was sluggish for dealmakers, food and beverage franchises seemed relatively immune to the downturn. Looking through our crystal ball, *PE Hub* predicts more deals to come in the rest of 2025 and early 2026.