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DURHAM, N.H. – Confirming the upturn that began in March 2009, the UNH Rosenberg Center Franchise 50 Index, which tracks publicly traded companies in the United States engaged in business format franchising, climbed 9.3 percent in the third quarter of 2009, marking the second consecutive quarterly increase since it began declining in the fourth quarter of 2007.

Avis Budget Group was the best performer of the quarter, and lodging firms showed strong improvement. Most firms that lost market value were concentrated in the restaurant business sector, with DineEquity being the biggest loser.

“Economic conditions have continued to improve in the United States and overseas, and it has become generally expected that the end of the current recession is near,” said Hachemi Aliouche, associate director of the Rosenberg International Center of Franchising at the University of New Hampshire Whittemore School of Business and Economics.

Consumer demand, the real estate market, and exports continued to improve, Aliouche said. In addition, non-financial firms, having made, in many cases, severe cost cuts, and having taken advantage of historically low interest rates, have strengthened their balance sheets, and have significantly improved their profit prospects. Though unemployment, a lagging indicator, continues to grow, it is expected to start improving in the near future.

“These positive economic and business developments are reflected in the strong performances of the RCF 50 Index and the S&P 500 Index this quarter,” he said.

The Rosenberg Center Franchise 50 Index tracks a representative set of 50 publicly traded companies in the United States engaged in business format franchising. The index is up 7.3 percent over the year, compared to an increase of 17 percent for the S&P 500. Since its inception in 2000, the index is up 54.3 percent, compared to a drop of 24.2 percent for the S&P 500 over the same period.

Thirty eight of the 50 components of the index made gains in the third quarter. All lodging firms in the index improved strongly with Starwood Hotels & Resorts Worldwide (HOT) gaining close to 49 percent. Most of the firms that lost market value this quarter were concentrated in the restaurant business sector, with DineEquity (DIN) being the biggest loser, dropping close
to 21 percent.

The overall best performer this quarter was Avis Budget Group (CAR), jumping almost 137 percent, continuing its remarkable rebound. Avis Budget Group gained more than 1,800 percent in market value this year as fears of bankruptcy receded and the economy and the firm’s business fundamentals improved.

For more information on the Rosenberg International Center of Franchising or the RCF 50 Index, please visit the center’s Web site at http://franchising.unh.edu.

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PHOTO
Hachemi Aliouche
Associate director of the Rosenberg International Center of Franchising at the UNH Whittemore School of Business and Economics
http://www.unh.edu/news/img/wsbe/Aliouche.jpg

IMAGE
Rosenberg Center Franchise 50 Index v. S&P 500 2000-2009
http://www.unh.edu/news/img/f50q309.gif

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