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The weather is warming up and so too is the Boston restaurant industry

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The restaurant market is turning just as the seasons are changing. Our cold, snowy Winter is evolving into a warmer, more comfortable and bright Spring.

It appears that the old habits are coming back. Consumers are hitting the stores again. Go to any of the regional malls, meander over to any of the outlet malls, it seems like every weekend is like Christmas...where do I park? I thought there were a lot of people unemployed; I thought people were struggling. Sunday night I went to the Kowloon in Saugus...parking lot fairly full and the restaurant was busy...on a Sunday night? Go by there almost any night of the week and it's busy.

Try any of the Ninety-Nines, they seem to be busy every day. The Prince Restaurant, Border Caf  , and the new Fat Cactus all on Rte.1 in the Saugus/Lynnfield area...always busy. Sal's Pizza and Subway are popping up everywhere. Obviously there are many, many more successful restaurants that are busy and expanding.

I don't know about you but I have to ask, "where are people getting the money to support this level of activity"? From what I hear it's back to the good old days of dinging those credit cards. The difference today is that if a consumer maximizes his credit cards, he probably doesn't have equity in his home to bail him out. Are we back to that house of cards? The fact is that, for the time being, existing food operators are seeing the malaise of the past couple of years waning. So for the restaurant industry as a whole, sales are up and help wanted signs are in the windows. Hey, we all have to eat and who wants to cook? It's so much easier to grab breakfast on the way to work, slip out for a sandwich or salad at lunch time, and either pick up a prepared dinner on the way home or simply go out to dinner.

What a great country! What a great life!

The problem is that we're sitting on a house of cards. The media plays down the unappealing realities of life, the government tailors press releases to numb our senses, and we tell ourselves that the last few years weren't really that bad and the future is bound to be better.

The good news is that for every restaurant that comes up for sale, we have buyers waiting to buy. For every vacant retail space suitable for a food concept, it gets leased. There seems to be an unlimited supply of displaced people who see their success and fortune tied to a food business. For many this is the best choice they could make. Hell, where else could someone make \$100,000 cash down payment to buy a pizzeria and have his investment back in one year. On the other hand, if a couple of people pool their resources and come up with \$200,000 or \$300,000 they could buy a full service restaurant and only make a week's pay.

Obviously success in any business is a direct reflection of experience and financial management.

So where do I, as a seasoned restaurant professional, see the restaurant industry going in the next

quarter?

I see a lot more turnover of ownership due to diminishing profits. I see the sales prices coming down from previous, justifiable values. I see food operators passing their increasing operating costs onto buyers with higher prices. The problem as I see it is the government continuing to coddle environmentalist which is restricting our ability to tap our oil fields and supporting unions which help drive the decline of business profits.

We all need to eat. We love to eat out. We will absorb rising menu prices...to a point. At some point though, the reality of life shows us that we have mounting credit card debt, the cost of driving to a restaurant several times a week is getting prohibitive, and taxes are taking an increasing amount out of our paychecks.

With the debacle in Japan generating concerns about using nuclear energy to offset the lack of drilling for oil, the uprisings in the Middle East which is sure to inflate the cost of oil, and the huge national debt which is sure to result in higher taxes, I see strong indications that we can easily slip back into a recession.

The strong, well managed food operations will survive and grow. The weaker concepts with no competitive advantage will fall by the wayside and provide the opportunity for others to take over. It's a jungle out there. The strong survive, the weak die and we will continue to eat out, order in, but maybe not as often.

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