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Question of the Month: How will the 2012 Presidential election impact the current restaurant industry?

September 27, 2012 - Spotlights

Q: How will the Presidential election impact the restaurant industry?

A: As the economy/market recovers people are again feeling the euphoria that existed before the Great Recession. People are back to using credit cards for all the things they wanted but were hesitant to buy because we were in a 'recession'. Casual restaurants have waiting lines...again busy; fast food places are springing up everywhere. If you have a good, proven concept business is getting back to pre-recession levels. If you drive up Rte. 128 in Lynnfield you'll see the beginning of a huge lifestyle center called Market Street. When complete next year it will be teeming with almost every sector of the food & beverage industry represented.

We haven't been this busy in years...vacancies are filling up, businesses that haven't sold in a year are under agreement, and the phones are ringing off the hook with prospective buyers. The successful chains operators, locally and nationally, are taking advantage of mismanaged, unsuccessful operations in good locations.

Successful, independent operators are taking advantage of the opportunities and adding that 'second' or 'third' unit. Vacant storefronts, in good retail areas, are being gobbled up by optimistic entrepreneurs eager to start a business. Most people realize that in today's economy, that working for someone else isn't the way to attain the trappings of success. The people who drive the Mercedes, have the large house, kids in private schools, vacation to Europe and play golf a couple of times a week are not salaried workers, they're the business owner, the entrepreneurs. They're the ones who benefit from the myriad of 'business expense-write offs'...the benefits of creative expansion, the benefits of controlling one's own destiny, and the benefits of working with 'cash'.

If Romney is elected President, it's expected that the floodgates of optimism will open...people will see the onerous government regulations abated, Obamacare eliminated and energy independence pursued by domestic drilling.

If Obama is reelected, the 38 taxes hidden in Obamacare will decimate small businesses. If reelected, by his own words, Obama will tax the working people and give those not working even more reason not to work. If Obama is reelected another deeper recession is expected by the oversight people in Congress.

What does this mean to the restaurant industry? The weak operators will go out of business or sell to those more successful. The seasoned operators will survive and many more will prosper.

With all things being equal, if you're an experienced buyer, what sector of the restaurant industry would you want to be in?

Upscale fine dining...no recession here.

Full service dining...sure, if you closely monitor costs with a hands-on manager.

Fast food...Great, low tech, easy to control, mostly cash, high resale value. Most successful

operators net over \$100,000 per year.

Bar/nightclub...awesome. All cash, minimal overhead, high profit high resale value.

Convenience store...you'll have to fight the Indians to find a good one.

If Romney wins, they'll be an unprecedented opportunity for more people to get ahead. Forward thinking financial advisors are telling clients to lock in stock market profits by selling now, while the market is high, and parking the money on the sidelines until after the election.

If Obama wins, the new financial bubble that Bernanke has created will burst and the market will collapse.

If Romney wins, go back to the market and ride our new economy to greater highs.

Fortunately, for the restaurant industry, the 300 million people in America all need to eat, they need to socialize, and we all find a reason to treat ourselves to a good meal every once in a while.

Restaurants are a constant part of our lives.

The restaurant industry will adjust to whoever wins...we'll adjust. Concepts will come and go and we'll continue to eat out. Right now, as you drive up and down Rte. 128, Rte. 1, Rte. 93...notice the bustling parking lots and the new restaurants.

Yes, consumer confidence is back and I'm having lunch at Panera.

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