

The waiting lines are back...At least within the Rte. 495 and Rte. 128 belts

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It seems like only yesterday that the recession had impacted almost everyone in our society. People were staying put in their homes...remodeling when they realized that they couldn't get the price they needed to move on to another house. The family vacations became day trips to the mountains or Newport and the need for a new car was refined to buying a used auto. For those whose weekly routine included a couple of visits to a favorite restaurant evolved into a singular visit and eliminated the dessert and coffee after dinner. "Things were really tough in those days." In that wonderful story, *A Tale of Two Cities*, "those were the best of times, those were the worst of times," appears to be the basis of everything we do and see today...black & white, liberal & conservative, positive & negative, success & failure, ying & yang, and the driving force of our society optimism & pessimisms.

Talk to some restaurateurs and you hear that sales are up, dinner counts are up, but profits are down.

Talk to other restaurateurs and he's complaining that competition for the lunch crowd has never been greater, so he cut back on hours and his profits are much better.

If you live within the Rte. 495 and Rte. 128 belts, the euphoria of the pre-recession era has returned. The stock market has been reaching record highs almost every day, our stock portfolio appears to have created the platform to justify going back to the old days of enjoying the fruits of our labor, "spend, spend, spend" even though you don't have the cash...that's what credit cards are for. Follow the lead of the government...spend to improve the economy. That attitude is extremely prevalent within Rte. 495.

Some of that financial confidence is the impetus to return to your favorite restaurants of yore. The well-to-do, the fortunate whose home is no longer underwater, who has a secure job, whose kids are out of college, they're eating out more consistently. Whether you live in Wellesley, Concord, Andover, Stoneham, Burlington, Medford, or Tewksbury the restaurants are busy.

If you look around, there are more restaurants, of every description, opening up everywhere...especially in Boston. As brokers, we see operators buying existing businesses or taking vanilla boxes at new developments.

Investor/management teams are more and more evident...hooking up with a well-known chef, putting together a grandiose business plan that touts expansive sales, excessive profits, and unbridled acceptance by the public at the direct expense of its competitors.

Case-in-point, the seaport district of Boston where rents would choke a horse, where cost to build are in the stratosphere, but a location that draws the affluent, the young professionals, and the status-seekers at the expense of the Newbury St. and Beacon Hill landmarks.

New life-style shopping meccas all over the region are in the final stages of development...the

Seaport is "Hot," the beautiful Market St. development in Lynnfield will open this summer, The Launch and Derby Street Shoppes in Hingham have become staples on the south shore, and Southfield in Weymouth, and Assembly Row in Somerville, are steaming along at a fast pace. With all the new developments, with the increased restaurant traffic, with the reemergence of consumer confidence, one would surmise that being in the restaurant/hospitality business is the way to go.

Especially within the Rte. 495 belt, but also beyond, but at a slower pace, consumer confidence is building. On the surface the restaurant industry looks "hot." and the stock market looks even "hotter," however if you look deeper you'll find that along with sales being up and optimism across the board, also up are costs, frustration is up, regulations and mandates are up, financial pressure is up, government control is up, IRS scrutiny is up and, guess what, profits are down.

So what does the industry look like coming into summer, the restaurant industry will continue to recover, you'll be going out to eat more, and you'll get used to paying \$7 for a hamburger and \$9 for a glass of wine.

As always, the strong will survive.

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