



CELEBRATING  
55 YEARS

# nerej

## **The numbers will bring a smile to your face! Restaurant sales projected to grow to \$683 billion**

March 27, 2014 - Spotlights

The National Restaurant News, the resource for activity in the national area, just issued some significant statistics. Restaurant industry sales are projected to grow in 2014 for the fifth consecutive year to \$683 billion, a 3.6% growth over sales in 2013. Further there has been a 1% increase in the number of restaurant nationwide to about 990,000. In 2000 the total gross sales for all restaurant categories was only \$379 billion. This huge increase seems to ride with the changes in our overall society. As the population matures, the older, somewhat financial stable community uses eating out as a social platform with increased presence at familiar, comfortable operations. Getting a table at Starbucks or Panera during the day can sometimes be frustrating. Move away from those specific chains, there's a myriad of independent breakfast, lunch, and cafes that are experiencing the same levels of activity. On the local level the same holds true for activity at most of the Ninety-Nines, the standard bearer for that category. They excel at providing good basic food, in a comfortable atmosphere, and with apparently well-trained staffs. Massachusetts food and beverage sales are expected to rise by 2.7%...not a far cry from the national average.

At the somewhat higher levels of restaurant quality, the euphoria continues to fill dinner houses throughout the region. Nowhere is it more evident than the mega attraction of our Seaport area. For at least the last five years there has been a constant migration of consumers from Newbury Street and some of the toney towns in the suburbs to the waterfront.

Furthering this growth, at a time when consumer confidence in general is somewhat tepid, are the numerous new lifestyle centers popping up everywhere. Projects that had been shelved for years through the Great Recession have now been funded, leased, and either under construction or now in operation. Westwood Station, 3rd Avenue in Burlington, projects in Maynard, Littleton, and Assembly Row are just a few that come to mind. The most talked about center that seems to be the most successful based on apparent overall activity is the Market Street project in Lynnfield. Located on Rte. 128/95 and somewhat equidistant between Rte. 93 and Rte. 1, and easily seen next to the Sheraton Colonial hotel, it hosts some of the highest grossing food, beverage and entertainment facilities in New England. Reports are that Yard House is grossing an amazing \$1 million per month in sales, God only knows what Whole Foods, Davios, Kings Lanes, and Legal C Bar are doing. It appears that their biggest challenge is to how to generate more parking spaces. Almost any time you go there you end up playing the "how many times do I have to go around before I find someone who's leaving" game?

Now they're just about tenanted up their 2nd phase of development with a couple more restaurant concepts, most notably the hugely successful Wahlburgers. Fueled in part by the branding of the celebrity brothers, Mark, Donnie, and chef Paul Wahlberg, the unique hamburger concept is growing beyond its incredible drawing power from the Hingham waterfront to Boston and Lynnfield locations.

The reality show transcends the basis of being just another restaurant show to one of exemplifying the bonding of three brothers who have taken their divergent careers and brought them to a place of family bonding. Getting to this Hingham waterfront project, known as The Launch, is like driving to Marblehead...no easy way to get there. Yet, on both the Sunday and Monday afternoons of the President's Day weekend, cold and blustery days, there was a two-hour wait to be seated. Across the street, at their upscale Italian restaurant, Alma Nove, the wait was an hour there both days. On the second visit I opted to wait my turn and ate at Alma Nove. "The salmon dish I had was the best that I've ever eaten. That's just 'me'...I love the bake, stuffed scrod at the Ninety Nines. So what does that tell you?"

What does this all mean? To me, I see a level of restaurant activity not seen in many years, I see retail construction moving at a fast clip, but I also see the underside of the beast. Profit margins are shrinking, government regulations are sapping the lifeblood of operators, and getting qualified help has become a significant problem. That said, the hospitality industry in our area of concentration is strong. The wildcard in our future is tied directly to mid-term elections, the effects of Obamacare on small business, and the international problems looming with Russia's expansionist policies. God help us.

Dennis Serpone is president of New England Restaurant Brokers and The National Restaurant Exchange, Wakefield, MA.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540