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## **Specialized restaurant broker should be an integral position on the developer's team**

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Building the largest restaurant brokerage company in the country has been a wonderful challenge, but rewarding on so many levels. Working with owners, consultants, and developers has proven to be the basis of our growth...but none so satisfying as working with developers.

Where would developers be without brokers? Whether a residential developer who needs brokers to rent his apartments, or a commercial broker needing the expertise of a broker to lease his office or industrial space, or the retail developer relying on the expertise of a specialized retail or general business broker in tenanting out his life style center, the broker is an integral of the developer's team.

Thirty-four years ago I sold my small chain of Cape Cod pizza pubs. Deciding to sell was easy after a 10-year commitment was easy. What was difficult was finding a commercial broker who understood the nuances inherent to financial statements as they related to, back in the 1980s, to a cash business. Those commercial brokers could determine the value of the underlying real estate but couldn't get a handle on the market value of a restaurant business. Ultimately I structured easy to understand financial statements, showed prospective buyers the intrinsic values, and sold the business myself.

My experience in going through the process of selling by business enlightened me to the opportunity that has always been there, but unrecognized at the time. The market needed a restaurant specialist, someone who could recast the financials, and evaluate the various pluses and minuses of an operating food business.

Subsequent to that revelation, New England Restaurant Brokers and The National Restaurant Exchange have grown from regional to national in scope. Work with both independent owners, chain operators, and more importantly, for the purpose of this article, with retail center developers.

Everywhere you look, new construction of retail stores are growing like rabbits in heat. Just in Massachusetts you can see the tremendous growth as evidenced by Market St. in Lynnfield, Third Ave. in Burlington, the former Digital Equipment property at 129 Parker St. in Maynard, the Seaport area in Boston, the on again, off again projects in Westwood and Southfield in Weymouth, and so many more.

Drive down Rtes. 1, 9 and 106, or just about any numbered route and you'll get see a new retail center, whether it's 10,000 s/f or 500,000 s/f.

In all of these cases, the developer needs tenants. If you look closely, and count the stores, most of the tenants are, in one way or another, connected to the food and beverage industry. If a developer is looking for a Letter-of-Intent (LOI) to secure a financial commitment from a lending source for a new project or the developer is looking to extricate a problematic non-performing tenant from a center, who ya gonna call... Ghost Busters! (sorry, had to) I mean New England Restaurant Brokers.

When an LOI goes sourer, and a replacement is needed quickly, the obvious choice is a restaurant specialist. Through the years we've worked with the largest, the best, placing national chains and regional brands.

In the same way that you'll evaluate the specific experience and credentials of a lawyer to represent you in a DUI case, most developers seek out 'specialty' brokers.

You can also follow trends in the industry on the NEREJRadio show with hosts Rick Kaplan and Eric Wilson every Saturday on 1130 AM at 3:00 PM or listen to the podcast at [NEREJ.com/radio](http://NEREJ.com/radio).

As far as today, the restaurant industry is 'hot', much like the stock market. There's a pent up exuberance that is fueling unprecedented restaurant growth and activity at all levels. The strong are getting stronger, the weak are selling out or simply closing; the vacant space is being picked up by someone who has 'a better mousetrap'.

The National Restaurant News reports that out-of-the-home dining has been reduced by 9% nationally, however there are many more people to fill those seats.

We're witnessing a basic transformation in the industry...due to a shift in the make up of our population. Mexican and Asian-fusion are growing. Italian and American are stagnant. Sports bars and the traditional watering holes are growing at an accelerated pace. Many through chains, company owned, licensed or franchised.

On a lighter note, this is not a good time to be a cow. With McDonalds, Burger King, Wendy's grabbing the top slots for greatest overall volume, in every market there are regional leaders due to the apparent simplicity of putting out a hamburger. Note the 'hamburger wars'. Did you ever think that you would pay \$9 or \$10 (or more) for a hamburger when you could get one for a buck at McDonalds? Purely subjective, I gladly pay any price for a Wild Willy's Burger.

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