



CELEBRATING
55 YEARS

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Q. Why are restaurants changing hands? A. Find staff B. Retain staff C. Competition D. All the above - by Dennis Serpone

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Much like the stock market, for every seller of stock in a company there's a buyer. The seller makes a calculated decision that his stock is either a loser or, if it's profitable, it can't possibly go any higher. The buyer on the other hand sees that same stock as undervalued and definitely worth buying because he's calculated that it 'absolutely' is going to continue to go up. You call your stock broker and explain to him why you think it's time to bail out of it. and so you do. The broker then calls his clients and tells them of the wonderful opportunity has become available to buy that same stock.

In the restaurant industry, it's exactly the same. A buyer contacts a restaurant specialist explaining that he'd like to buy a restaurant (it could be a full-service, fast food, pub, coffee shop, convenience store, etc), he explains that he has 'x' amount of money to invest and he has a certain amount of experience. The restaurant broker then attempts to match him with what is presently available...or simply adds him to his 'watch list' to be notified when an appropriate business becomes available. The buyer is sure that if he finds the 'right' place...success is assured.

On the other hand, the restaurant broker receives calls daily from owners who need to sell their restaurant. Whether it's financial problems, partnership disputes, failed lease negotiations, staff problems, or the desire to retire, the restaurant specialist is his solution.

The difference between the stock broker and the restaurant broker is that the restaurant broker can evaluate the various aspects of what is being sold, decide if the problems translate into an opportunity for a buyer, but more importantly, based on the facets of the deal, determine a price that represents a fair market value. In addition, by being conversant in the financial aspects of the food and beverage industry, the restaurant broker can structure a deal that is a win-win for both the seller and the eventual buyer.

In regards to the buyer, the restaurant broker has the unique opportunity to literally change the

lifestyle of a buyer. By bringing a business, or franchise, to a buyer that closely matches his experience and financial resources, he makes it possible for the buyer to make more money than he has ever made in his lifetime. On the other hand, that success is grounded in the commitment that the buyer makes to his business, tempered by support of his family and the machinations of the economy. Suffice to say that a conscientious buyer can create the conditions for a Mercedes, a nice home, and private schools for his children or the unspeakable could happen where he loses everything.

The Nation's Restaurant News indicates that even though most restaurants are seeing a reduction in same store sales there is a steady growth in the number of restaurant visits. Specifically, focusing on the large number of casual full-service and fast food chains, sales in Massachusetts should show a tepid increase over the results of 2016 with the numbers trending in a positive direction.

However, there's a growing realization that the food & liquor industry may be nearing a saturation point in some areas of Massachusetts, especially in light of the fact that operators of every ilk are facing the huge task of finding, and keeping staff. In talking with one restaurateur recently who called us to sell his fast casual operation, he lamented that, "Ten years ago when I opened up in this town, I only had nine direct competitor for my food service niche, now I have twenty-two. The population in this area hasn't grown proportionately. My sales have slid 60% over the years. I've made enough money, I need to get out"

Look around you...in addition to the intense development of the Seaport District and ever burgeoning Assembly Row in Somerville, large shopping centers/lifestyle centers are popping up everywhere...north, south, east, and west. The new Wynn casino, slated for opening late next year, is going to be a magnet drawing people from their usual eating and shopping habits...even more, insurmountable competition. A deeper concern is the realization that this behemoth is going to put even more pressure on the staffing problems and direct competition that operators in a 30 mile radius are going to have to contend with.

The National Restaurant Exchange, with a staff of over 20 full and part time brokers, is actively expanding its footprint to accommodate the anticipated increase in business derived from representing buyers and sellers in all facets of the hospitality industry.

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