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## **The good, the bad and the ugly! 2018 should be a record year for the stock market and NERB - by Dennis Serpone**

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Most people don't realize that 75% of all small business is food and liquor related and like politics, trends in the hospitality industry are felt locally. We elect officials locally for national positions. We look at the restaurant industry locally but it doesn't represent the industry at the national level.

Locally, we're back to the good old days. People have made eating-out a "non-negotiable" part of our work week. Whether single, eating alone or with a date, or a father entertaining his wife and/or kids, we plan for specific restaurants well in advance. Lunch every day at Subway, Sal's Pizza, or Wahlburgers, dinner Wednesday night at the Ninety-Nine, and Friday night at the Continental or the Kowloon, Saturday night sports at Tony C's, brunch at Raffael's Sunday morning.

As restaurant brokers, we see the chains expanding...Davio's, Legal Seafood, Buffalo Wild Wings, Taco Bell, Panera, just to name a few—every new shopping center has become homogenized with the same restaurants. Market St. in Lynnfield, the new Assembly Row in Somerville, and Derby Shoppes in Hingham are indistinguishable from Wayside Commons in Burlington or Legacy in Dedham or Patriot Place in Foxboro with the majority of full service restaurants and fast food places mostly the same. Meanwhile local independent operators are constantly calling our offices for new locations or to buy out an existing operator.

This year we're working with a large number of restaurant investors and management groups that are paying a premium for good proven locations.

At the national level, the picture is much different, in the sense that the major players, both in hospitality and retail in general, are dealing with significant problems. The most recent issue of the Nation's Restaurant News reported that the number of U.S. restaurants fell 2% to 647,288 units from the previous year. The unit count for independent restaurants fell 3%. Restaurateurs are dealing with higher occupancy costs. Landlords are taking every opportunity to raise rents, the lack of both skilled and unskilled labor is a daunting nightmare, and the competition for the food dollar has NEVER been greater. Many would-be restaurant employees are opting to drive for Uber and

Lyft...easy work.

What is going to happen when the U.S. unemployment rate falls below 4%, which is expected to occur by this summer?

At the consumer level though, consumer confidence is back to pre-recession levels, 401 (k) values have skyrocketed with the raging bull market, home sales and car sales in some areas are off-the-charts, and the average home value in the Boston area is untouchable.

The “balloon” is back...enjoy it while it lasts. While Washington and the buffoons in Congress whittle away at changing our capitalistic society to one of a socialistic model that has never succeeded, we continue to feed the beast. Illegal immigration and sanctuary cities and states are going to be a continuing problem.

But, continuing on a positive note, for the purpose of evaluating the restaurant industry today at the national level, it is tepid and changing. The way we order food, where we go to eat, and what we eat is changing daily. However, the Nation's Restaurant News (NRN) also reports that restaurant operators appear to be more upbeat about their future prospects. The NRN said operators tended to be largely optimistic that sales would rise in the coming months. Fortunately at New England Restaurant Brokers (NERB), looking back over 38 years, we've never been busier with a multitude of qualified buyers seeking sellers looking to move on. Recently more than 50% of our newest listings are a result of sellers looking to retire. The succeeding generation doesn't want to work the way their parents did.

I've had to increase my staff to 20 brokers to accommodate such significant activity...activity coming from the small independent operators to the ever expanding food service chains of every ilk to multi-million dollar function facilities looking to transition. The activity has been almost overwhelming. Between the deals in progress, with the new buyers that are coming in every day, and with the amount of work we do with other commercial and business brokers, 2018 should be a record year for the stock market and NERB.

I love the line, “Opportunities don't go away, they just go to someone else.”

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