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55 YEARS

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It is the best of restaurant times, it is the worst of restaurant times - by Dennis Serpone

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Dennis Serpone,
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I love the opening line of Charles Dickens, “A Tale of Two Cities”. 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. Breakfast at IHOP or just coffee at Dunkin, lunch every day at Subway, Deli King, or Sal’s Pizza, dinner Wednesday night at the Ninety-Nine, and Friday night at the Kowloon, and Sunday breakfast after church at one of the Brother’s restaurants.

As restaurant brokers, we see the chains expanding ...Davio’s, Legal C-Bar, Buffalo Wild Wings, Subway, Blaze Pizza, 110 Grill to name just a few. Every new shopping center has become homogenized with the same restaurants...MarketStreet Lynnfield and Derby Street Shops in Hingham are indistinguishable from Wayside Shopping Center in Burlington or Legacy Place 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 deeply concerned at the severity of competition and the difficulty in staffing from management down to sales people and cooks. With the stock market at record levels and venture capital abundantly available, struggling, or underperforming chains are taking the opportunity to transfer ownership to growth oriented hospitality organizations.

One of my clients, a successful operator of nine Burger Kings locations asked me to find a buyer. When asked why he wants to sell he had a three word answer 'help and government interference'. He can't find enough help and there's too much government interference.

His total employee count exceeds 50 people thusly he must offer healthcare to all full time employees, minimum wage of \$12 per hour to his part time employees, but to have enough staff to cover all his stores he routinely pays \$18 per hour and his store managers earn up to \$80,000 per year. Not to mention the increase in workmen's comp, and the accompanying taxes that go along with those employee expenses. It's mindboggling. "Help, get me out...I need a vacation."

At the consumer level though, consumer confidence is high, 401k values have skyrocketed with the raging bull stock market, home sales and car sales in some areas are off-the-charts. The average home value in the Boston area, fueled by low interest rates, is hovering well over \$300,000 by at least one standard. There's a growing sense that, even with the low interest rates, many families are priced out of the market. And there seems to be a consensus that millennials are waiting longer to move out of their parents homes. Subsequently, Millennials have more money in their pocket and are eating in restaurants daily. "Momma may let you live with us, but I ain't cooking for you."

Meanwhile 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. All you hear from those running for President is 'impeach Trump... open the borders, free stuff for everyone'. The expression, "give me a break" has never been so appropriate.

Fortunately for the National Restaurant Exchange, we've never been busier with a multitude of qualified buyers seeking sellers looking to move on and sellers looking for the buyer with the experience and financial ability to take their concept to the next level.

I've had to increase my National Restaurant Exchange staff to 15 brokers to accommodate such significant activity...activity coming from the small independent operators to the 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 transactions we do with other commercial and business brokers, 2019 should be a record year for the stock market and New England Restaurant Brokers.

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