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## **Look! The sky is full of balloons and they have not dimmed the enthusiasm of consumers - by Dennis Serpone**

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Have you been to see the new 650,000 s/f open air shopping village MarketStreet Lynnfield? Go there almost any time of the day and it's jammed...and they're adding more stores. For food, first there's the anchor, Whole Foods Market. Absolutely amazing; within its walls is a coffee shop, food court, liquor store, meat and fish market, and bakery...along with the basics of any supermarket. Across the street is Starbucks, Yard House Restaurant, Davio's Kings, Wahlburgers, Gaslight, Legal C Bar, and a Mexican and a Japanese restaurant. Intertwined is your usual array of retail shops...Apple, Pottery Barn, Vineyard Vines, lululemon, Nike, Williams-Sonoma, etc. The amazing thing to me is that the rents are over the top, yet, as I understand it, the center is fully committed and growing.

If you stand there and watch all the cars pulling in (mostly luxury models), you have to ask yourself "Where are they coming from?" I spoke to a number of food operators in the surrounding towns and many have seen their sales shrinking...a percentage of their regular customers are entranced with the newest, and novelty, of the new restaurants. I also have to assume that most of those customers used to trade at the North Shore Mall and the Burlington Mall. We've already had calls from restaurateurs in Wakefield and Stoneham regarding pricing their businesses with interest in selling. They're feeling the effects of the new Encore Boston Harbor Casino in Everett, the expansion of MarketStreet Lynnfield, new restaurants on Rte. 1.

Whether it's the new plazas that replaced the Hilltop and the ship on Rte. 1, or the relatively new 3rd Ave Burlington, or the plethora of restaurants opened at the Seaport area and Fort Point Channel on Boston's waterfront, there seems to be an unending euphoria that is permeating the food and beverage industry. Cost of construction, extremely high rents, and the looming real estate and stock market balloons, they haven't dimmed the enthusiasm of commercial banks and investors to fund restaurant concepts.

On a smaller scale, our activity has never been greater for the local independents. We get calls

every day for the whole gamut of food and liquor businesses...from small fast food to large full-service operations.

On a larger scale, we're representing international investment and management companies looking to acquire regional chains of restaurants on the east coast. We presently have listed an eight-unit burger chain, a six-unit burger chain, and a 25-unit fast food chain available...all with varying reasons and commitments to sell.

As I see it, as long as the "covers" are there, as long as the margins are maintained, and as long as an operator can maintain a competent staff, the food and liquor industry should be fine, especially in the I-95 and I-495 corridor. That apparent market strength is mitigated by many factors, specifically competition, access to labor, and the adjustment to third-party delivery systems.

That said, are there balloons that are being so engorged with manipulated values that it could burst in the near term?

The engine that has fueled our economic recovery, and housing, is beginning to stall. Employers are restructuring their staff with more part time workers at the expense of their full timers to avoid the increasing overwhelming cost of staffing.

We are not hearing about it yet, but the credit card balloon is again reaching unsustainable levels. Consumers have fallen under the spell that the media spins of an economy that is growing, that jobs are growing, the national debt is under control and everyone should be buying or leasing a new car. Seeing an old clunker on the road today is a rare sight.

There is a line in the poem "The Charge of the Light Brigade" by Alfred Lord Tennyson, "All in the valley of death rode the six hundred..." that could be prophetic.

More realistic though, our government will keep everything moving forward through the next election cycle and they'll continue massaging entitlements and business policies to keep us on the edge of prosperity.

So, as long as we need to eat to survive, and we love the experience of dining out, new restaurants will continue to open, weak operators will be replaced by stronger operators, and life will be good. With so many positive economic benefits provided by the present conservative administration, all bets are off if the Democrats regain control. God bless America.

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