



CELEBRATING  
55 YEARS

# nerej

## **The coronavirus has put a tourniquet on the life blood of our country - by Dennis Serpone**

March 27, 2020 - Spotlights

Dennis Serpone

Stay calm, my friends. This will pass, and you'll be fine. Everyone is dealing with this health dilemma in their own way...except when mandates come from on high. If there are any benefits from this disaster it's going to be an awareness that we're all tied to one another. What each of us does is seen, or repeated many times over.

This is a life-changing event for all of us, none more visible than the closed restaurants and theaters, and the 'take-out and delivery-only' fast food shops. Typically our week's incorporated going to work to make a living so you could enjoy meeting friends for drinks, taking the family out for pizza, and sharing a night with best friends at a nice restaurant. Now so many of those in the food, beverage, and hospitality business are either out of work or their hours dramatically reduced.

The visions of the Great Depression are everywhere. That said, that will not happen now. We've built such a powerful economy and we've strategized what we have to do to avoid the depth and width of that happening again. However, the solution has to come from within, with the help of the government from without.

We, the people, have built our businesses on the backs of banks, credit cards, and landlords. Built on optimism. 'If I build it, they will come'...as long as things are good.

Banks, credit card companies, and landlords have been in the driver's seat for decades. They have been the recipient of our successful economy. Now, right now they are the way back.

**BANKS:** They were bailed out during the last Great Recession by the largess of our government...actually by their relationships with some key co-conspirators in Congress.

**CREDIT CARD COMPANIES:** I get an application every week saying that I'm pre-approved for \$30,000 and the following week, pre-approved by another company for \$50,000. They gouge us with easy credit that comes with horrendous fees.

LANDLORDS: This is typically one of the biggest cost-factors for a restaurant owner to bare. Look at the list of property owners and their management companies that own the Seaport District, Newbury St., and the life-style mega shopping centers like MarketStreet Lynnfield, the expansion of the Burlington Mall, and the draw of Hingham's Derby Street Shops. Their rents, and the cost of building are mind boggling, yet optimism wins over caution. Now we see closed restaurants, employees out of work, and restaurants in default.

It appears from what I see on TV that the government thinks that the solution is to simply send \$1,000 to every adult and \$500 to every child...so they can stay home and not further spread the virus. That's an easy fix...but it adds more crippling debt to our government. "What's another trillion or two more?"

The solution is closer to home and a lot more lasting. The effects of this virus will be with us long after they find a vaccine (and they will). This catastrophic event, as painful as it will be, will show us that optimism doesn't trump reality.

People have gone into the food and beverage business with great optimism, in effect, blinding reality. Everyone wants to own a business...the American dream. This quest for success has made credit-card companies, banks and landlords incredibly wealthy and made owners slaves to their hopes and dreams. This virus debacle is going to bury the marginal businesses, kill the barely-surviving businesses, and give a rare opportunity for well-funded restaurant groups, or financially secure independent operators to expand their holdings at bottom-feeding prices. I see an enormous rush for all these marginal businesses to get out and go back to a job working for someone else. Sad, but the solution is clear as the day.

This is an opportune time for those successful companies and the 'monopoly' landlords who've been building their nest-egg of cash, to be generous, caring, and to be able to set an example for others to see.

#### A RADICAL SOLUTION:

1. The credit card companies provide a six-month, no interest, no payments period for all card holders...however there'll be no additional borrowing.
2. Landlords essentially structure the same; a six-month reprieve...the amount of the six-month's rent can be added onto the end of the lease.

Realizing that we're living through a perfect storm means that to survive extraordinary means must be taken. Love over greed, and hope over fear will get us through this difficult period. In God We Trust (all others pay cash)...sorry, just remembered a sign I saw a while ago.

The National Restaurant Exchange, National Hotel Exchange, and Cannabis Business Brokers have added five new brokers to handle the anticipated volume of business as this health debacle recedes

and we go back to a new and stronger economy.

Dennis Serpone is founder of the National Restaurant Exchange, Wakefield, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540