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## **As the sun rises we can see over the horizon, there are good days coming! - by Dennis Serpone**

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Dennis Serpone  
National Restaurant Exchange

When thinking about what the restaurant industry will look like in 2021, the reality is that it'll be years before "the days of old" will be back.

Our new presidential administration, while it throws an additional \$1,400 to every individual adult, it may be forcing a \$15 minimum wage on all employers...employers who've just barely survived over this past year. This will hit some employers hard if it was to occur.

The most recent report from our highly regarded Nation's Restaurant News, by Kate Krader, writes that as COVID-19 wreaks continued havoc across the globe, restaurants are still among the hardest hit industries.

It's been estimated that 2.2 million restaurants worldwide won't re-open at all. The problem remains especially acute in the United States, where \$899 billion in sales projected by the National Restaurant Industry for 2020 are a distant memory. At the height of the pandemic in April, one quarter of the 20.5 million jobs lost were in the restaurant industry, erasing three decades of growth. By early December, 17% of the country's restaurants—over 110,000—had closed permanently or long-term.

Data released on December 4, 2020 by the Bureau of Labor Statistics saw employment in food services and drinking places down by 3.4 million since February 2020.

How dining evolves from here depends on rethinking economics and tweaking business models: amplified takeout, mail order, and meal kits, as well as side businesses in wine, liquor, and groceries. There is also the question of rethinking design: plexiglass and planters to divide spaces and airflow, smart-looking hand-washing stations, occupancy restrictions, al fresco seating.

Ultimately, there will always be customers who will want to eat and congregate.

- 15.6 million...The number of restaurant industry employees in the United States pre-pandemic, about 8% of America's labor force.
- \$240 billion...Estimated losses to restaurant industry by end of the year.
- 75%...Restaurant operators in the United States who said they won't be profitable in 2020.

## Why It Matters

Beyond the tens of millions of direct jobs at risk, which accounts for nearly 4% of United States Gross Domestic Product, for every kitchen that's not in operation, purveyors such as farmers, butchers, and wineries are affected. For more ambitious restaurants, there are also florists and linen services that are losing accounts.

Now amplify that across the globe, from international supply chains to the continuous cycle of tourism, with restaurants dependent on visitors for profits as much as inspiring them to travel. The economic damage of a stunted hospitality industry ripples far out.

## Restaurants Inch Back

Still, it's hard to be optimistic when restaurant spending predicts the virus's spread, an unexpected rainstorm can wipe out over 95% of day's sales, and surveys show that nearly a third of Americans are happier cooking at home than going out, with younger Gen Z respondents skewing even more. As of August 31, 2020 those OpenTable bookings are still 48% below year-ago levels.

A proposed \$120 billion Restaurants Act, which has bipartisan support in the Senate, could provide specific relief, yet in many ways, the crisis has laid bare how broken parts of the industry are, from supply chain to service fees. Evolutions that would have had to happen over several years have been compressed into a few months.

"Places [are] paying more than they can afford, talent is not making the living they need to make, while the restaurant isn't making margins they need to make. The system needs to change."

From the perspective of an intermediary in the transfer of ownership of food and beverage businesses, we see pockets of hope in a market that has never been busier. The National Restaurant Exchange that represents both independent and national chains sees the real world behind the headlines. The fast food sector is strong, the fast casual is building steam, the entertainment juggernaut is bursting at the seams, offset by the struggle of the full service, dine-in segment that is being hamstrung by government controls.

For those in a position to expand their operations, the time has never been better...all businesses are selling at steep discounts with formerly unheard of concessions by the sellers. COVID-19 has only exacerbated the problems relating to health, partnership, cash flow, and retirement.

Fortunately, as the sun rises and we can see over the horizon, there are good days coming. People have to eat, people need to socialize, and people will adjust.

Dennis Serpone is founder/president/COO of the National Restaurant Exchange, the Hotel Exchange, and the Cannabis Business Brokers, Wakefield, Mass.

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