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## **Restaurant owners are finally seeing some light at the end of the COVID-19 tunnel - by Dennis Serpone**

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Dennis Serpone

It's not an illusion, the good weather has become a staple and the memories of the last 16 months are slowly slipping into oblivion. Fewer restaurants translates into less competition for those who've survived the pandemic. Even though waiting lines have returned, people seem friendlier and more tolerant, with servers visibly happy to see us. On the obverse, if you watch the news you know that restaurant operators face significant staffing problems which is exacerbating the cost of operating which directly affects his bottom line.

Additionally, the creeping up of the cost of gasoline, and the not-so-subtle intrusion of the government regulators has affected all aspects of the food and beverage industry. Pre-COVID a restaurant operator could estimate, depending on the type of restaurant to an average food cost of 35%-40% of sales, payroll in the 25%-30% range, occupancy cost under 10% resulting in a struggle to eek out a 10%-20% of sales annual net profit. I'm afraid post-COVID numbers may decimate those expectations until the stimulus money disappears and people are forced to go back to work. That being said, who can guess what more socialist mandates are coming down the road.

On Cape Cod last weekend, I was elated to see the huge number of people clogging the roads, people riding bicycles to the beach, restaurants and bars seemingly at capacity, and friendly smiles everywhere. Yes, you can see the smiles with 90% of the tourists ditching their masks and breathing without obstruction. There are literally no houses to rent. The motels and hotels are hanging NO VACANCY signs everywhere. I drove by a number of beaches in the mid-cape area...Hyannis, Yarmouth, Dennis, Harwich and I saw more SHARK WARNING signs than I ever had...DON'T FEED THE SHARKS!

As restaurant specialists, we get to see first-hand both the positive and negative effects of the myriad of changes that this painful pandemic has imposed on both our industry and the population as a whole. This medical catastrophe was the tipping point for numerous restaurants that were struggling to survive. So many have run out of resources. However, we've discovered that there's a bevy of well-heeled, savvy restaurateurs ready to take advantage of the opportunities that abound to

grow their brand. Subsequently we've increased our broker staff to twenty...and even at that we find it a challenge to service all the calls we get to sell and those that want to buy a business.

Whether buyers are taking equity loans, cashing in their low-interest CDs, or taking their profits at these daily record stock market highs, the inquiries from serious individual buyers, or buyer groups, has increased significantly. Like the stock market, every transaction is made up of a seller who's sure that his stock won't go up any higher...and the buyer who's sure that the stock is destined to continue to go up. There's no shortage of qualified, experienced buyers out there.

Interestingly, a business listing site, Businesses For Sale, reported the Top 10 Business that buyers are interested in:

#### TOP 10 BUSINESSES BY SITE IMPRESSIONS

- Restaurants
- Fast Food – Non Franchises
- Bars
- E-Commerce
- Convenience Stores
- Café Bars
- Nightclubs
- Marketing Businesses
- Advertising Businesses
- Motels

Six out of ten are our core business which tends to explain why our agents are so busy.

It appears certain that the confidence level of the general population is revving up over the last couple of years, the confidence level of retailers is up significantly with online sales driving sales growth. The successful independent operators, coupled with the local and regional chains, are fueling increased competition for good locations. "Our relationship with regional mall and life-style center developers and managers affords us the opportunity to bring fresh concepts to our area." The industry is poised for a solid recovery, varying slightly depending on market segments.

As an aside, I was asked to find a qualified restaurateur to take over the food and beverage, catering, and function operations of a premier Boston hotel. This hotel is one of 140 international properties phasing out of food and beverage operations. After completing the Boston contract, the company has been engaged to replicate its efforts in Minneapolis, Nashville, and Orlando.

Like ants streaming out of an ant hill, people are leaving the confines of their homes for restaurants, shopping, and vacations worldwide. With the anticipation that cruise ships will again be leaving from Boston, the Black Falcon terminal will join Logan airport as vacation portals.

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

