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## **What a great time to buy a restaurant! Food is as essential as the air we breathe - by Dennis Serpone**

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Dennis Serpone

The number of our restaurant transactions is up by more than 50% in the fourth quarter of 2021 over the same comparable time in 2019 (we'll eliminate 2020 for obvious reasons). The confluence of economic and market conditions spell 'opportunity' for the seasoned, well-financed buyer. No matter if we're looking at vacant space, an operating restaurant that has become available in good locations, or conversely a struggling business that the inexperienced operator bought in a less-than-desirable location, there is a buyer out there ready to make a deal. The delineating factor is motivation. A seller has to be truly committed to selling otherwise when compromise in negotiating is needed, the not-totally motivated seller will kill the deal.

Deals are made from a position of strength when you're selling without any financial or emotional pressure. Other deals are made from a position of weakness where the operator is losing money due to competition, poor management skills, or simply an inability to attract help. In either case, if you or your partner(s) has the money and experience, now's a great time to make a deal. However, with so much transition in the food and beverage industry, competition has also grown. There isn't one segment of this industry that doesn't have considerable competition. The strong will survive and grow; the weak will sell out or simply close their doors.

A perfect example is what's happening in Boston and the suburbs.

The playground of the affluent in general and the young professionals as a subset, was Newbury St. Old money, new money, the people watchers, and the wannabes could all be found wandering in and out of stores and restaurants, walking tirelessly up and down Newbury St. or sitting by a window when it was too cool to be perched at a sidewalk table. There was a time when there was little or no business turnover in those coveted locations.

Then the Seaport area materialized with the huge influx of office buildings, followed by the burgeoning expansion of Assembly Row in Somerville with provision for thousands of office workers and apartments in the shadow of the Encore Casino complex. Then, not to be forgotten, the

Hanover Mall on the South Shore and the Burlington and Woburn Malls on the North Shore are expanding. Is what we're seeing the result of development deals made pre-pandemic? In the midst of all this development are the provisions for food and entertainment...a multitude of food and liquor purveyors, from the sports and Irish bars, to the plethora of fast food outlets to the full-service emporiums. The common thread to all these developments is simply 'accessibility'. Even if you provide an unexciting atmosphere, and average food, you can be successful if your patrons have access to parking or within a short distance to a T-stop.

Over 100,000 restaurants have closed, nationwide, since the start of COVID-19 and its variants. However, thousands of new, more well-conceived restaurants have been born in their place. With the 'mechanicals' in place, and many times with most of the stainless steel equipment and refrigeration left behind, it's only a matter of conceptualizing a new direction for the next entrepreneur to bring the location to a higher level.

With all the optimistic signs, I think that we all realize that food (restaurants of every ilk) is as essential as the need for air to breathe. The government will address the shortage of goods on store shelves which are tied up on anchored container ships, the increasing cost of labor and energy.

That said, now is a great time for the seasoned, successful operator to position his operation in the suburbs where accessibility and parking are non-issues.

To survive, to thrive, a restaurant, or for that matter, any business has to have something different or better to draw people away from their competitors...better atmosphere, better service, better food quality, better pricing, better marketing, different food, different presentation, easier accessibility, etc.

Even with 20 active associates at the National Restaurant Exchange, we're overwhelmed with businesses wanting to list with us and buyers looking to buy. In 40 years of being in the restaurant brokerage business, I've never seen it busier. Whether it's a \$7 million restaurant or a \$200,000 fast-food outlet, motivated sellers and opportunistic buyers are making deals. However, success is also function of the strength of one's 'competitive advantage'. We can help you create one!

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

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