



CELEBRATING
55 YEARS

nerej

The outlook is grand, but somewhat tempered! - Dennis Serpone

September 30, 2022 - Spotlights



Dennis Serpone

Most people don't realize 75% of all small business is food and liquor related, and like politics, trends in the hospitality industry begin locally. We elect officials locally but their effect is felt nationally. We look at the restaurant industry locally but it doesn't represent the industry at the national level.

Locally, we're inching our way back to the good old days. People have made eating out a 'non-negotiable' part of our workweek. Whether single, eating alone or with a date, or a father entertaining his wife and/or kids, we plan for specific restaurants well in advance. Lunch every day at Subway, Sal's Pizza, or Wahlburgers, dinner Wednesday night at the Ninety-Nine or the Capital Grille, and Friday night at the Kowloon, Saturday night sports at the Yard House, Sunday breakfast at one of the Brother's restaurants. But the mainstay of most days is a mandatory stop at a Dunkin on the way out for a 'start-the-day right' cup of coffee and a bagel.

As restaurant brokers, we see the chains expanding... Café Nero, Karma, Strega, Buffalo Wild Wings, Dominos, and of course Starbucks just to name a few - every new shopping center has become homogenized with the same restaurants...Market St. in Lynnfield, the new Assembly Row in Somerville, and Derby Shoppes in Hingham is indistinguishable from Wayside Commons in Burlington or Legacy in Dedham or Patriot Place in Foxboro with the majority of full service restaurants and fast food places mostly the same. Meanwhile local independent operators are constantly calling our offices looking for new locations or to buy out an existing operator. For those with a successful concept, it's cheaper to buy out an existing operator than find a vanilla box and start from scratch.

Conversely, we're working with a number of restaurant investors and management groups that are acquiring good proven locations at significant discounts as a direct result of the lingering effects of the struggle that most restaurateurs have gone through just to stay alive the last couple of years.

At the national level, the picture is much more diverse in the sense that the major players, both in hospitality and retail in general, are dealing with significant problems. The Nation's Restaurant News reported that the number of U.S. restaurants have fallen from the previous year. Restaurateurs are dealing with higher occupancy costs exacerbated by landlords taking every opportunity to raise rents, the lack of both skilled and unskilled labor is a daunting nightmare, and the competition for the food dollar has never been greater. Many would-be restaurant employees are leaving the industry opting to drive for Uber and Lyft...easier work.

At the consumer level though, consumer confidence is back to pre-pandemic levels, tempered by deteriorating 401(k) values and unrelenting inflation.

When you look at the daily traffic on Rte. 128, I-495, and their feeder roads, Rte. 1, I-93 you'd think you're in Los Angeles and you check your watch to see if it's rush hour.

Where are all these people going with many office buildings languishing with less than 50%

occupancy. People just don't want to go through the effort of going to their office...even at the behest of management. This is one of the most serious, lingering effects of the pandemic...people were paid to work from home.

This has changed the way we order food, where we go to eat, and what we eat. The Nation's Restaurant News (NRN) also reports that restaurant operators are resilient and appear to be more upbeat about their future prospects. The NRN said operators tended to be largely optimistic that sales would rise in the coming months with the holidays around the corner. Fortunately at the National Restaurant Exchange, looking back over 40 years, we've never been busier with a multitude of qualified buyers seeking sellers looking to move on. Recently more than 50% of our newest listings are a result of sellers looking to retire. The succeeding generation doesn't want to work the way their parents did.

I've had to maintain a staff of 20 brokers to accommodate such significant activity...activity coming from the small independent operators to the ever expanding food service chains of every ilk to multi-million dollar function facilities looking to transition. The activity has been almost overwhelming. Between the deals in progress, with the new buyers that are coming in every day, and with the amount of work we do with other commercial and business brokers, 2022 should be a record year for our company.

I love the line, "Opportunities don't go away, they just go to someone else."

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

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