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Adjusting to the new normal. “Put it on my card” - by Dennis Serpone

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Dennis Serpone

Before we anticipate what 2023 will look like, let's thank our legislators for finally recognizing that small businesses, food and beverage, and entertainment drive our economy. The state Senate passed a bill that could pave the way for Happy Hour to return, there are a few things that lawmakers will have to work out. I've been calling for it to return for years.

In the Senate's \$4 billion economic development bill, an amendment was added to bring happy hour back to the Commonwealth for the first time since 1984.

Equally important, the Mass. Gaming Commission (MGC) has approved Encore Boston Harbor, MGM Springfield, and Plainridge Park for Category 1 for sports betting. The permits allow the casinos to operate in-person retail sports books and partner with as many as two online platforms.

Though Massachusetts will likely have sports betting up and running in time for the Super Bowl on Sunday, February 12, online sports book operations won't begin for at least another month. The MGC is targeting March for the commencement of online sports betting.

In the casino industry, the house always wins. Go to our \$2 billion Encore casino, the slots are ringing, the crap tables are busy, and it's hard to get a seat at a black jack table. Meanwhile few people come home with money...the house always wins.

All across Massachusetts, the restaurants that have survived and adjusted to the new normal are fairly busy. Obviously the mainstay like the Kowloon, Davio's, Legal Sea Food, and most of the restaurants in the North End and those near the ocean are doing well. Even though most of the activity is toward the end of the week, the high-end and mid-range full-service restaurants all seem to be busy. Bars and pubs are doing well, especially those that either feature sports or entertainment.

The casual dining and fast food restaurants are seeing a brisk pace of repeat customers. Also, with more and more people ordering-in, they're keeping the take-out places hopping. Nightclubs and bars around Boston and the suburbs are doing a brisk business. In a nutshell, 'people are spending'. But, as before the recession (if technically we're in one), people are back to using credit cards. Like casinos where chips are not real money, credit cards are apparently not real money. It has been reported that the average individual has over \$8,000 in rolling credit card debt and many don't have equity in their homes to fall back on. Most of our families and friends don't have at least \$2,000 in cash laying around that they can grab quickly for emergencies.

So what does the second quarter of 2023 look like?

If people are spending money, and new restaurants, large and small, are opening up everywhere, one would assume that the industry is healthy. However, it depends on your perspective. If you evaluate the industry by activity, let the good times roll. If you evaluate it from the area of profitability, the recessionary pressures rule the day. If you evaluate it from an operational

perspective, the regulations, the taxes, the costs, the staffing, it's a tough job. But, interestingly, 17,690 new restaurants and other food businesses opened in Q1 2022. However, the government still has several billion dollars that it had allocated to help businesses maintain their staffs. There's a major effort today to put that money out into the hands of small businesses.

The strong are getting stronger and the weak are floundering.

The appreciation of Boston/Massachusetts demographics, and tolerable and ever-changing weather patterns are slowly bringing national chains to our market. For those who've ventured to the Cape, Newport, or up north to the mountains this past summer, the traffic has been intolerable. The waits for a table have been annoying whether you were going out for breakfast, lunch, or dinner. It's obvious that credit cards are not real money, people are spending like drunken sailors. Are we setting us up for another crash? Meanwhile the restaurant industry is fueling increasing employment, stimulating advertising, and filling the tax coffers.

With the record highs reached by the stock market, committed investors are seeing their investments recovering to prerecession highs. Having the security of money in the bank, is making it easier for people to decide on leaving a job working for someone else to purchase or start a food operation. Who wouldn't want to be an owner of a business like one of our local standards the Ninety-Nine Restaurants, Pizzeria Regina, Legal Sea Foods, the Kowloon Restaurant, D'Angelo Grilled Sandwiches, Dunkin' Donuts, the Continental, Burton's Grill & Bar, or Wild Willy's Burgers.

Dreaming is the first step to success.

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

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