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The food and beverage industry is poised for a slow, but steady, recovery - by Dennis Serpone

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Dennis Serpone

I have to feel bad for all those Massachusetts 'migrants' who escaped Boston for the warm climes of Florida. It's not an illusion, the sun seems to be appearing more frequently and the snow never came. This winter's incredible record-breaking lack of snowfall has been a blessing to the restaurant trade and the pocketbooks of everyone in one way or another.

On the Cape last weekend, on one of those mild days, I was elated to see the traffic both on the roads and in the restaurants. It's only February and there the rental season has already begun. Brokers that I talked to are experiencing early inquiries and quicker rental commitments. I stopped by the 'Music Room' in West Yarmouth last Saturday night to see a show, expecting it to be relatively quiet. Surprisingly, the place was packed. I spoke to the owner, Paul Nelson, a two-time Grammy award winner, who has been in awe. "We're seeing business today that we saw at the height of last summer."

Back in the Greater Boston area, with the harbinger of spring in the air there's been a significant activity in restaurants and bars. Where most dine-in restaurants saw their sales slip over the past couple of years, those restaurants that 'delivered' saw increased business. It's so easy to pick up your cell and order a pizza or Chinese food.

I had the opportunity to speak with the manager of the Whole Foods in Lynnfield. He said that their prepared foods section experienced an extraordinary increase in volume where it didn't seem to matter what the price was on anything...across the board sales were exceedingly strong.

As restaurant specialists, we get to see first-hand both positive and negative effects of the myriad of events in this already over-regulated industry. This winter, even though it has been mild, it has been the tipping point for numerous restaurants that were struggling to survive. So many have run out of resources. Profit margins have been shrinking due to inflation, energy costs have become crippling, and staffing is getting more and more costly.

Subsequently we've increased our broker staff to 20. Even at that we find it a challenge to service all the calls we get to sell and surprisingly those that want to buy a business.

Whether buyers are taking equity loans, cashing in their CDs, or borrowing money from parents or uncles, the inquiries from serious buyers 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. Fortunately, there's no shortage of qualified, experienced buyers with pockets of cash who see the various opportunities in owning one's own business.

Interestingly, a business marketing site reported the top 10 business that buyers are interested in. A monthly ranking of business types was based on the number of "hits" on their site. Top 10 businesses by impressions:

- Restaurants

- Bars
- E-Commerce
- Convenience stores
- Café bars
- Nightclubs
- Fast food – non franchises
- Marketing businesses
- Advertising businesses and
- Motels.

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

It appears certain that the confidence level of the general population is up over last year, the confidence level of retailers is up significantly over last year, and with spring officially arriving shortly, Easter and Passover quickly following, the restaurants and entertainment venues should do exceeding well.

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. Along with the announcement that local chicken chain, Flip The Bird, is going to explode in our area, it seems like there's a Caffé Nero on every corner. Statistically, for every restaurant that closes, two to three new ones open. Interestingly, per the National Restaurant News, burgers top the list of growing menu items. Except for the likes of McDonalds, Burger King, and Wendys, gone are the days of the \$3 hamburger. Now we see them routinely in the \$12-\$15 range. Except for the occurrence of some military action with China or invasion of the recently recognized UFO's, the food and beverage industry is poised for a slow, but steady, recovery, varying slightly depending on market segments. Let's help the economy together...eat out!

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

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