

RESTAURANT INSIDER



"NEWS YOU CAN USE"

NEWSLETTER... WINTER 2023



NEIGHBORHOOD PUB

This NEWLY REMODELED facility is located in an extremely busy **North Scottsdale** shopping center with TONS of complementary businesses that generate significant traffic. This place has got the goods... 20 big-screen TVs, a HUGE indoor-outdoor island bar with a 20-tap beer system, a big patio with excellent visibility, a game room, and a fully-equipped kitchen capable of cranking out your menu at high volume. Best of all, the local demographics are amazing with average household incomes over \$100K in a 5-mile radius and 175,000+ cars traveling the cross-streets on a daily basis. This is a great place to enter the market! \$450,000. #3190



An elegant, refined, and unique **Steakhouse and Wine Bar** in the **East Valley** is now available. This restaurant is a step above the average in virtually every way. A beautifully designed space that is creatively configured utilizing stylish materials and polished finishes to deliver a one-of-a-kind ambiance to its patrons. Well-positioned in an upscale neighborhood shopping center, this location has excellent curb appeal, a prominent signage package and ample parking. This business stands ready to be a labor of love for the right operator. \$375,000. #3188

Located in the **East Valley**, this is a real deal, totally **authentic Italian restaurant** that just oozes Old World charm from the genuinely delicious menu to the striking dining room that features tons of banquette seating, to the indoor-outdoor patio bar and the awesome display kitchen made for high-volume service. Perfectly situated in the endcap of an extremely busy shopping center that includes a grocery store anchor and has over 45,000 vehicles traveling the cross streets daily, this is the complete package just waiting for the right operators to take it to the next level. Mangiamo! \$525,000. #3182



This gorgeous contemporary restaurant is located in a densely populated **North Scottsdale** area prominently situated in one of the most active and diverse centers in the area. Features include a magnificent bar, vibrant open dining room, fully equipped chef designed kitchen and a sidewalk patio that the local clientele loves to enjoy on a regular basis. Demographics here are off the charts with more than enough disposable income to go around. Perfect size and layout for a chef wanting to establish a name for themselves or create a local neighbored tavern. The Season is upon us - take it now!!!! \$150,000. #3136

This fabulous **breakfast and lunch** café is a **Scottsdale** institution! In business for almost 30 years and LOVED by their loyal customers – they have TONS of phenomenal reviews to prove it. Known for its fantastic sandwiches and outstanding baked goods, this restaurant has been a go-to destination for the local community for many years and will be for many more with the right operator at the helm. Are you ready to run with it? This place is ALL ABOUT THE BAKED GOODIES – just check out their website, menus and yelp reviews. \$295,000. #3161



Well, it's been another crazy year, with no end in sight! Whether it's the labor shortage, commodity price inflation, supply chain challenges, occupancy costs, or the host of other issues that restaurants have to deal with, there is no lack of problems to solve or matters that demand our attention and focus.

To those of you that have managed to navigate these landmines and keep your businesses on solid ground, there is yet another potential hurdle to jump... growth. You did it, you not only survived the pandemic, but you are now busier than ever. Well done! Under more typical circumstances, you would be looking to expand, but in today's crazy world, you just aren't sure if you should. Even if you were sure, the HOW is an even bigger question. We've all heard the horror stories – construction prices are through the roof, delays in delivering equipment playing havoc with unit opening timelines, escalated development costs raising rental rates on new retail space to astronomic levels, and on and on. Headaches galore!

For those with patience and the ability to think outside the box, there is a solution, *second-generation space*. For many of you, this is not news, however, the advantages of second-generation space have increased dramatically in the last several years for many of the reasons mentioned above. The benefit of utilizing second-generation space for expansion is a considerable decrease in unit acquisition cost compared to building from a shell and therefore a major reduction in risk. This can change the return on investment (ROI) calculation considerably.

On that note, there are numerous factors to consider. For example, due to current economic conditions, costs to developers have gone up greatly, therefore they need

Continued inside

Finding Growth (continued)

to charge a higher rent rate to generate the same level of ROI. We are seeing this in asking base rent rates being quoted well into the \$40s and \$50s per square foot (PSF). Couple this with extended buildout timeframes and costs well into the \$300-\$400 (or more) PSF range to complete a quality restaurant project and the revenue required to make a restaurant viable has increased substantially. Add the seemingly ever-escalating cost of commodities, supplies and labor costs in the current environment and these factors are placing a huge strain on business profitability.

Simple math says that not only is vacant second-generation space an optimal option for growth, but even when the space isn't vacant, it is worthy of serious consideration. For example, let's take a 3,500 SF space in grey shell condition – the cost to complete it at \$350 PSF would be over \$1.2M. Compare that to purchasing an existing location where the current operator is looking to exit an underperforming unit while looking to get some reasonable level of compensation for the assets (FF&E) in place and their position in holding the lease. Also, factor in that this space would need to be remodeled to accommodate your use.

These situations can vary greatly, however, for this illustration, let's use \$300K for the acquisition cost and another \$300K for the remodel. At \$600K this would be half of the acquisition cost contemplated for the newly built-out unit. Not to mention how much more quickly this remodeled space could be open and operating and in addition, odds are that the lease would be at a lower rate since the developer/landlord did not face the same economic conditions as exist currently when this space was built.

Bottom line... these numbers are pretty hard to argue with! ~ *The Restaurant Brokers*

MORE HOT PROPERTIES



An **EXTREMELY RARE FIND**... a fully equipped restaurant in one of THE premier retail developments in the entire Phoenix metro marketplace – **SCOTTSDALE QUARTER**. This mixed-use shopping, dining and entertainment destination includes over 300,000 square feet of Class-A office space, has 575 apartment units and sees over **4.7M visits annually**. The restaurant is a fantastic facility with great curb appeal including a beautiful display kitchen, well-appointed dining room with lots of banquette seating and glass doors that open onto a mega-patio – the best place to “people watch” for their upscale clientele of shoppers, tourists and neighborhood locals. \$395,000. #3191

A prototype franchise pizza restaurant in a very busy **North Phoenix** shopping center is now available. Located at the intersection of two high-traffic streets with 80,000 vehicles traveling through the intersection on a daily basis and a population of over 340,000 in the 5-mile trade radius, this business is totally set up, right down to the recipes and training manuals. A qualified and experienced franchisor will provide you with all of the training, direction, and support you need to provide excellent products and superb service to the hungry local clientele. Come and get it! \$95,000. #3189




This unique **European Restaurant and Specialty Market** is an amazing business with a long history of providing scratch-made items with an “Old Country” flavor that keeps their loyal clientele coming back for more. Whether sitting down to enjoy classic dishes that fill you with happy memories or strolling through a market that offers almost impossible-to-find goodies, this money-making business is a joy to patronize as a customer. It's just looking for the **RIGHT** operator to carry on the tradition. \$550,000. #3143

Thoughtfully designed, creatively configured, and superbly appointed with a contemporary décor package this is a fabulous **East Valley neighborhood bistro**. Located on a hard corner with excellent curb appeal, a spacious patio, high ceilings, industrial lighting, ceramic tile floors, and a well-designed, fully equipped kitchen featuring an absolute showpiece of a wood-fired pizza oven capable of delivering masterpiece pizzas to their adoring patrons. Live a little... or own this gem and **LIVE A LOT!** \$250,000. #3187

DONE DEALS

- Lone Spur Café & Saloon** is open in the former Queen Creek Café & Sports Lounge. It was sold to Lone Spur Café Queen Creek LLC.
- The Union Jack** is open in the former Skeptical Chymist in Scottsdale. It was sold to ISM Group Inc.
- Badlands Bar & Grill** is open in the former Tres Kitchen & Bar in Tempe. It was sold to Badlands AZ, LLC.
- Uncle Bears Grill & Tap** is open in the former KOVO Modern Mediterranean in Phoenix. It was sold to UB Phoenix at Tatum LLC.
- Sushi Creek** in Queen Creek was sold to Smart Catch LLC and is continuing as the same concept.
- Dad's Modern Cocktails and Eatery** is open in the former Fate Brewing Company in Scottsdale on Shea. It was sold to 3 Dad's Pizza Company, LLC.
- Flancer's Incredible Sandwiches & Pizza** in Mesa was sold to Mesa Flancers, LLC and is continuing as the same concept.
- Flancer's Incredible Sandwiches & Pizza** in Gilbert was sold to Lions Not Sheep, LLC and Lions Don't Sleep, LLC and is continuing as the same concept.
- Native Grill & Wings on I-17** was sold to Kind Properties LLC and is continuing as the same concept.
- The Social on 83rd in Peoria was sold to Greyson 17, LLC and is continuing as the same concept.
- Brick & Barley** in Tempe was sold to Prestige Worldwide Hospitality, LLC and is continuing as the same concept.
- Shaq's Big Chicken** is soon to be open in the former Pomo Pizzeria Napoletana in Gilbert. It was sold to CRC Restaurant Group, LLC.
- Sushi 101** is open in the former McKinley Brewing Co in Tempe. It was sold to Sushi 101 Bar & Grill, LLC.
- The Blind Pig** in Scottsdale was sold to Little Italy Of Arizona, LLC and is continuing as the same concept.
- Cowboy Pizza Co.** is now open at 6920 E. Cave Creek Road in Cave Creek. It was leased to Cowboy Pizza & Brunch, LLC.
- Dualies Bar & Grill** is soon to be open in the former Cien Agaves Tacos & Tequila in Phoenix. It was sold to Tamagrinos, LLC.
- Sofia's Mexican Cuisine** is now open in the former Don Rubens in Phoenix. It was sold to Elljaven Hospitality, LLC.
- Tox Bar** is soon to be open in the former Corrado's Cucina Italiana in Carefree. It was sold to Tox Bar, LLC.
- Oak on Camelback** in Phoenix sold to T and R Global Holdings, LLC and is continuing as the same concept.
- Papago By Huss Brewing** will soon be open in the former Brass Tap in Mesa. It was sold to Papago By Huss Brewing, LLC.
- Tacos Veganos** opened in the former Beaut Burger in Phoenix. It was sold to Tacos Veganos, LLC.
- Topaz Bar & Lounge** will be opening soon at the former Jackalope in Phoenix. It was sold to Maha Laxmi Maa, LLC.

I don't mean to brag but I finished my 14-day diet in 3 hours and 12 minutes...




RESTAURANT  INSIDER



An excellent restaurant and combined event center business in the **East Valley** is now available. This is a totally unique **10,000 SF facility** with **over 100 private parking spots** that showcase the incredible ambiance of waterfront dining coupled with absolutely amazing spaces for weddings, banquets and all sorts of celebrations for up to 500 guests. For an outdoor reception, the large patio is an ideal spot overlooking the lake creating a picturesque backdrop for photographs and film to memorialize the occasion. This is a one-of-a-kind opportunity looking for a one-of-a-kind operator. Jump on it! \$350,000. #3183.

This practically **BRAND NEW** pizza shop restaurant in south **Tempe** is amazing. A truly fabulous facility that features a contemporary design with high-quality furniture and fixtures, a high-volume, fully-equipped kitchen and an amazing 52-seat wrap-around patio that integrates beautifully with the interior via huge garage doors on the perimeter. This is the total package and it comes together to deliver awesome curb appeal to the over 30,000 cars driving by the front door on a daily basis. Conversion only – it can continue with pizza or change it to match your concept. \$325,000. #3172



ASU Campus... right in the middle of the action. This beautiful restaurant build-out is very well positioned to capture big-time market share and the facility has all of the tools necessary to do just that. Featuring over-the-top curb appeal, a fantastic front-facing patio, an indoor-outdoor bar, exterior garage doors, a 12-tap direct-draw beer system and an efficient, well-designed kitchen capable of keeping up on those high-volume nights. Beyond the physical aspects of this amazing business, the surrounding demographics are literally off the charts with a population of over 500,000 in a 5-mile radius. This is the total package! \$450,000. #3166

AWESOME restaurant bar located in the end-cap of an affluent **East Valley** neighborhood center adjacent to The Village, an exclusive health club in the Ocotillo Chandler area. This facility is made for the operator that can bring a "fun in the sun" mindset to the party! Features include a colorful, upbeat, exotic décor package, massive garage doors that open to a huge patio, a well-designed kitchen capable of cranking out big volume and a light, bright, wide-open dining room and bar. Price reduced well below opening investment cost to \$225,000. #3164



An extremely well-done contemporary urban eatery in **Phoenix** is now available. This facility is all about synergy with an excellent upscale front of house design, beautiful display kitchen with all of the amenities, an awesome **12-seat lunch counter, big-time coffee offering** and a totally over-the-top indoor-outdoor front-facing patio. Located in an exceptionally busy shopping center with a grocery store anchor and plenty of parking, this restaurant is known and loved for their totally unique plant-based cuisine but has the ability to offer pretty much any style of menu. Make it yours! \$490,000. #3174

This well established and popular **juice and smoothie franchise** in **Prescott Valley** is located in a very busy power center in one of the fastest growing areas of the state. Fully built-out and totally-equipped 1,100 SF of space with a drive-thru and pick up window and plenty of parking. A very reasonable rent rate is available with a new lease. Current owner is semi-absentee and looking to retire. This business is sure to grow with the increasing population and development in the area. Priced to sell \$90,000. #3062



A very cool little specialty sandwich shop in the far Southeast Valley is now available. This business offers a unique Mediterranean spin on sandwiches by featuring an outstanding lineup of pitas and Gyros along with some standard Greek fare and even includes all-American burgers and dogs. Currently open very limited hours (4-8 Mon-Sat and closed on Sunday). Located in an active residential neighborhood center with numerous successful businesses in the area. This location has TONS of growth ahead of it. Keep the current concept or put your own unique new vibe into it... up to you! \$150,000. #3179

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By the numbers



\$12,000

The cost of the most expensive pizza in the world. It takes 72 hours to make, is topped with 3 types of caviar, buffalo mozzarella, lobster from Norway and must be made in your home by 3 Italian chefs.

~ The FactSite

25

The percentage of all hazelnuts grown that end up in a jar due to the popularity of Nutella!

~ Nuts4Nuts

16,867

The number of liquor licenses currently active in the State of Arizona as of this writing.

~ Arizona Department of Liquor Licenses & Control

75

The number of hamburgers that McDonald's sell per second of every day - 6.5 M burgers daily or 2.5 BILLION per year. Wow!

~ Inside the Golden Arches

142,178

The approximate number of square feet of restaurant and bar space in transactions brokered by The Restaurant Brokers in 2022. We had BIG FUN!

~TRB

4.4%

The increase in US breweries from 2020 to 2021, bringing the total to 9,247, of which 9,118 are craft.

~ Brewers Association

1.42 Billion

The number of chicken wings consumed on Super Bowl Sunday last year - it's expected to go up by 8-10% this year.

~ The National Chicken Council



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Trends That Will Define 2023

Simplified Menus - The days of never-ending menus are coming to an end. trimming down the menu can slim down the food costs through streamlined inventory management, as well as reduced food waste and it also gives chefs the chance to build more proficiency with the menu items, ultimately, improving food quality.

Health-Conscious Food Will Dominate Menus - With the increasing customer inclination towards a health-conscious diet, the restaurant industry has to adapt by adding healthier offerings to guests.

Green Kitchens and Environmental Concerns - Customers often give companies an ultimatum; they can choose to be part of the problem or the solution. Trends in the restaurant industry aren't always about food or service.

Ghost Kitchens - Ghost kitchens are reliant upon another hot trend that will continue into 2023, food delivery. A ghost kitchen is a restaurant that only operates out of a kitchen with no dining space thereby allowing it to operate with significantly less overhead, thereby greater profitability potential.

Delivery Options - Delivery has increased again and again over the last few years and is expected to continue with over 185 million people expected to use online food delivery services by 2025.

Strengthening Online Presence - Not only should restaurants be on the lookout for complaints to address, but, also need to make it easy for guests to request reservations online, review their menus and place orders where possible.

"YOU ONLY HAVE TO DO A FEW THINGS RIGHT IN YOUR LIFE SO LONG AS YOU DON'T DO TOO MANY THINGS WRONG." – WARREN BUFFETT