

RESTAURANT INSIDER

"NEWS YOU CAN USE"

NEWSLETTER... FALL 2018



7th Street & Missouri - Central Phoenix

BRAND SPANKING NEW beautifully designed fully built-out restaurant available. Located in a bustling shopping center surrounded by thriving merchants and supported by densely populated downtown neighborhoods with a population of over 180,000 in the 3-mile radius. Over \$600,000 was recently invested in a vibrant décor package and state-of-the-art open kitchen that is capable of delivering any style of menu to the bright and cheery dining room, magnificent eat-in counter, and a 30-seat patio. An absolutely fabulous restaurant, ready to go including literally everything needed to operate. This is the PERFECT SPOT and build-out for the right operator! ~~\$395,000~~, now only \$295,000. #3032.



This is a beautifully designed contemporary restaurant located in the **East Valley technology corridor** surrounded by TONS of employees with three hotels in walking distance. This facility has it ALL... amazing outdoor patios, high ceilings, stained concrete floors, a fantastic décor package and a fully-equipped kitchen capable of delivering fabulous food. Currently generating in excess of **\$2M annually**, this is a rock-solid investment opportunity for a skilled operator. Come and get it!! \$595,000. #3033

An amazing facility at the heart of the **Mill Avenue Entertainment District** is now available. This place will BLOW YOU AWAY... huge patios with great visibility, indoor-outdoor bars, mega doors that open the interior up to the outside, a top-of-the-line, fully-equipped kitchen capable of producing almost any menu. This is a FIRST CLASS décor and equipment package. Over \$1M was invested to get this project off the ground and it is situated right in the middle of the ACTION. Don't wait... this is a smokin' deal for the right operator. \$395,000. #3036



Fantastic quick-serve or fast-casual restaurant location now available in a **PRIMO South Chandler shopping center** with a huge grocery store anchor. Currently operating as deli, this perfectly-sized 1,200 SF location is fully equipped, efficiently designed and includes a 20-seat patio. Neighborhood demographics are well-suited to almost any restaurant concept with over 45,000 cars traveling the cross streets daily and a population of 90,000 high-disposable-income residents in the nearby 3-mile trade radius. Keep the concept as is or remake it to suit your vision – the possibilities for a great idea are endless! \$95,000. #3011

Cozy, cute and clean restaurant featuring good ol' home-style cooking now available in the city of Maricopa. Situated in an excellent shopping center with good visibility, plenty of parking and a very strong grocery store anchor. Currently operating as a **Breakfast and Lunch with a series #12 liquor license**, but could be expanded to include dinner. Perfect for a local husband and wife to get in on an established neighborhood location with plenty of upside potential and truly become part of the community. \$195,000. #3023



Operating a restaurant can be a tricky business in the current environment. By all standard benchmarks, the economy is booming... GDP growth over 3% for the last two quarters, we have the lowest unemployment rate in over 50 years, tax cuts, wage growth, etc. Sounds great! But wait, what is great news for the overall economy doesn't necessarily translate into great news for restaurant operators. A low unemployment rate and wage growth create more disposable income for our customers, which is certainly good, but only up to a point. When the unemployment rate is so low that we can't fully staff our restaurant operations and wages grow to the point that we have to pass on significant cost increases to our customers, it officially becomes "too much of a good thing" and can create serious challenges to successfully operating the business.

If we look at this scenario objectively, it quickly becomes apparent that we are competing for more than just customers in the restaurant industry. The game has changed and the fact is that we need to *compete for employees* BEFORE we can effectively compete for customers. Therefore, we need to do something that we probably never needed to do in the past... design a strategy to recruit qualified employees.

Some of you have been making serious recruiting, hiring, training and retaining efforts for years, and that's good, but

Continued inside



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HELP NEEDED.. *Continued*

now it's time to take things to the next level. Many of us have numerous customer incentive programs that include discounts, frequent diner perks, daily specials and a host of other benefits that are promoted via various types of advertising and through social media. The time has come to apply some of the same philosophies that you use to drive revenue to your restaurant to instead successfully drive your recruiting efforts. This means actually having a comprehensive plan and making the necessary resources, including money, available to successfully execute it.

It's time for some real self-examination... Who are your target employees? What skills make them a great fit for your operation? How are you doing with retaining the employees that you do manage to hire? How is your training? Is it effective and who is providing it? What do the best performing employees like most about working at your restaurant? What can you do to attract more employees like the ones that are performing well? What are you willing to do to have more and better employees? Without knowing exactly what you're looking for it's going to be pretty darn difficult to find them!

We know that this is a radical departure from what many of you see as the way to manage staffing your business and it may also seem somewhat counterintuitive, but think about it... what sense does it make to spend money advertising your business to your target clientele only to have them show up and not be taken care of from a service and customer experience perspective? Absolutely none! The fact is, by not having a full staff that is knowledgeable and trained to deliver products and service that are up to your standards, you are *leaving money on the table* and basically encouraging your customers, your VALUED CUSTOMERS, to go elsewhere. And as we know very well, in this highly-competitive environment there are numerous options for them to choose from on where to spend those dollars. *Invest* in your employees so that you can reap the financial rewards – if you don't, your competitors certainly will! ~ *The Restaurant Brokers*



309,200
Restaurant and foodservice jobs
In Arizona in 2018 = 11% of
employment in the state

**AND BY 2028, THAT
NUMBER IS PROJECTED
TO GROW BY 15.8%**

**= 48,700 additional jobs,
for a total of 357,900**



RESTAURANT PERFORMANCE INDEX

Current Situation Index: **100.6** ▼ -1.7%

- Same-store sales: **46%** report increase over September 2017
- Customer traffic: **28%** report increase over September 2017
- Capital spending: **66%** report making expenditure in last 3 months

Expectations Index: **101.6** ▼ -0.1%

- Sales outlook: **34%** expect higher sales in 6 months
- Capital spending: **65%** plan to make expenditure in next 6 months
- Economy: **24%** expect economic conditions to improve in 6 months

KEY TAKEAWAYS: Due in large part to softer same-store sales and customer traffic levels, the National Restaurant Association's Restaurant Performance Index (RPI) declined in September. Although restaurant operators are cautiously optimistic about sales growth in the months ahead, their outlook for the economy remains uncertain. **Twenty-three percent of operators expect economic conditions to worsen in six months – the highest level in two years.**

The labor shortage is reaching a critical point

- A report Thursday from ADP and Moody's Analytics cast an even brighter light on what is becoming one of the most important economic stories of 2018: the difficulty employers are having in finding qualified employees to fill a record 6.7 million job openings.
- For the first time, there are more job openings than there are eligible workers to fill them.
- Economists expect wage pressures to continue building as part of increasing inflation.

QUOTE: "Good, better, best. Never let it rest. 'Til your good is better and your better is best.." ~ *St. Jerome*

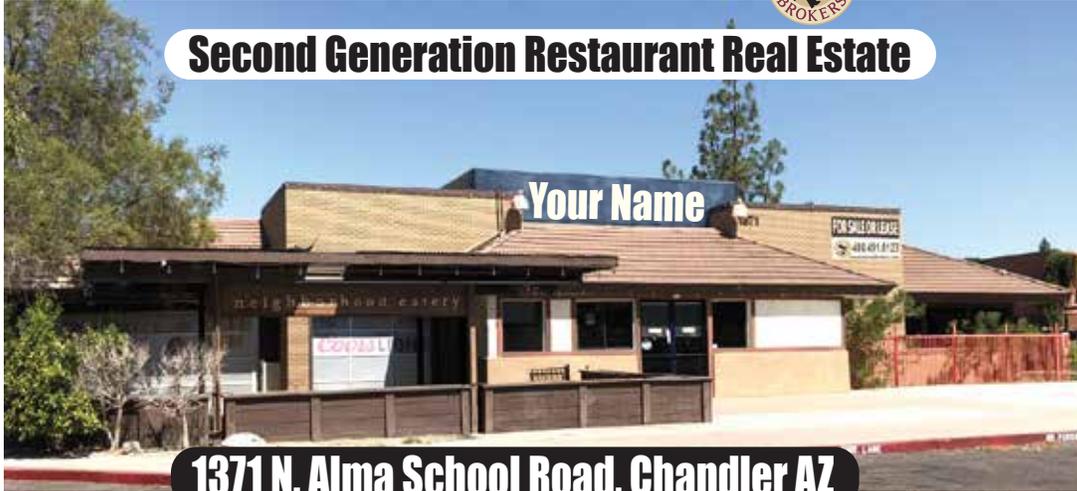
JOKE: A woman has twins and gives them up for adoption. One of them goes to live with a family in Egypt and is named 'Amal.' The other goes to a family in Spain, they name him 'Juan.' Years later Juan sends a picture of himself to his Mom. Upon receiving the picture, she tells her husband that she wished she also had a picture of Amal. Her husband responds, "But they're twins. If you've seen Juan, you've seen Amal."

12 things about restaurants

- 1 The 90% failure rate for new restaurants is a myth – it doesn't align with the growth rate the NRA assigns the industry.
- 2 In 2017, the average restaurant owner reported an annual income of \$79,222.
- 3 The National Restaurant Association reports that in 1955, the restaurant industry comprised 25% of the food dollar. In 2017, that number rose to 48% and should only continue to climb.
- 4 Over 80% of restaurants are turning to technology—like online ordering, reservation and inventory apps, and restaurant analytics – to help them run their business successfully and efficiently.
- 5 Tipping is here to stay: 65% of restaurant guests prefer to control how much they tip, as opposed to adopting auto-gratuities or the tip-free movement.
- 6 Restaurant orders placed via a smartphone or app now make up over 6% of the total orders placed in restaurants.
- 7 8 in 10 restaurant owners started their industry careers in entry-level positions, according to the NRA.
- 8 49% of restaurateurs value mobile payment options for their guests as a must-have restaurant technology.
- 9 32% of restaurants currently accept mobile payments.
- 10 When restaurateurs publish weekly schedules directly to their employees' devices, the scheduling process becomes simpler, communication becomes streamlined, and the margin for error drastically decreases.
- 11 37% of restaurant owners intend to focus on online ordering as their next technological advancement in the next 5 years, according to the NRA.
- 12 34% of diners say they usually pay up to \$50 per order when ordering food online. The average spend per person in a full-service restaurant averages \$16–30.

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Second Generation Restaurant Real Estate



1371 N. Alma School Road, Chandler AZ

RESTAURANT REAL ESTATE AVAILABLE! This is a 9,100 SF second generation restaurant and bar with TONS of patio space and a mega kitchen still full of equipment. Sitting on over a ¼ acre in a large complex with ample parking, this former home of Iguana Mack's location has been a successful food, beverage and entertainment destination for decades. A great facility that provides awesome possibilities for a spectacular microbrewery, distillery or any number of other unique concepts and is priced below market value at \$1,150,000. Make your move! #3027

The **Auntie Anne's** pretzel shop is now available at **Tempe Marketplace**. This franchise has a history of success going back 30 years from when it first came to be at a farmer's market in Pennsylvania. Known for their flavors of fresh-baked pretzels and authentic Original Lemonade, this is a brand that has worldwide recognition with over 1600 units, including 600 international locations. A great way to start being an entrepreneur, or an excellent addition to your portfolio if you are already an existing Auntie Anne's franchisee. Approximately \$300K invested to build and start up. Now available for only \$150K. #3028



Beautiful **Asian Restaurant & Sushi Bar** is now available in the center of **Scottsdale**. This fantastic facility includes a top-of-the-line sushi bar, amazing cocktail area with a full-service bar and community table, a fully-equipped kitchen and a fabulous patio that is the perfect complement for this high-visibility location. Situated in an extremely busy center with numerous successful businesses, the synergy is second to none and the demographics are strong with 35,000 cars per day traveling the cross streets and a population of over 90,000 in the local 3-mile trade radius. This is a GREAT PRICE for a beautiful build-out in an A+ location! \$225,000. #3029



A great little fully-equipped restaurant space at the heart of the **Historic Spanish Village** located in **Downtown Carefree**. This is one of the first buildings constructed in Carefree and remains its cultural and art hub surrounded by all sorts of unique galleries, boutiques and other assorted merchants. The 1,600 SF restaurant has much of the furniture, fixtures and equipment already in place and available to be used for FREE by the new tenant, just by signing the lease. These historic grounds used to see the likes of Carefree's founders Tom Darlington and K.T. Palmer as well as other famous celebrities... add your name to the list at an extraordinarily reasonable **rent rate of only \$16 PSF!!**

Talk about a "once in a lifetime opportunity" – how about owning the **ONLY seafood restaurant** at one of the most beautiful places on earth? **Red Snapper Seafood Restaurant in Historic Downtown Durango** is available. Housed in an unbelievable 100-year old building with tons of character, this business is enjoying its 33rd year of serving the authentic, real-deal fresh seafood to locals and tourists alike. Featuring traditional items like Shrimp Cocktail and Oysters on the Half-Shell, to Lobster Tail, Filet Mignon and beyond. Downtown Durango is a great place to be, and only getting better. This is your chance to live the good life! \$235,000. #3031



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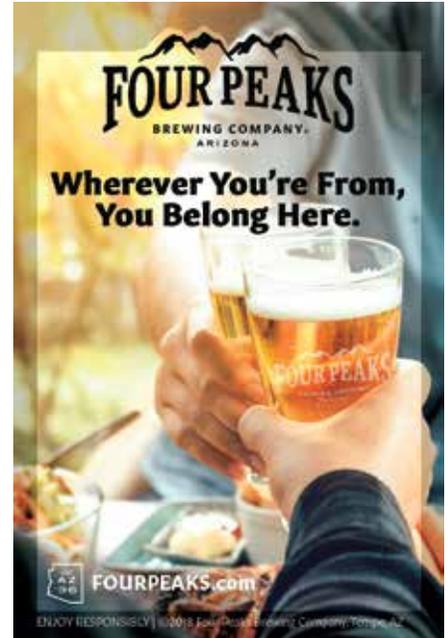


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By the numbers



36

The number of years that it took Sara Josepha Hale, the Mother of Thanksgiving, to convince Abraham Lincoln to make Thanksgiving a national holiday starting in 1863.

~ History.com

3.7 million

The cost in dollars of a bottle of "The Billionaire Vodka," which is the world's most expensive. Made by the house of Leos Verres Luxury Group, it is filled with 5 liters of the purest and softest vodka made from a Russian recipe.

~ Oh Fact!

15,527

The number of liquor licenses currently active in the State of Arizona. 7,416 of those are Series 6 (bar), Series 7 (beer and wine) and Series 12 (restaurant) licenses.

~ ADLLC

3

The number of days the Pilgrims feasted at the first Thanksgiving in 1621.

~ Thanksgiving 411

57

The number on the Heinz ketchup bottle which represents the number of types of pickles the company once offered for sale.

~ FACTSite

46 million

The number of turkeys eaten over the Thanksgiving holiday in the USA.

~ U.S. Poultry & Egg Association

50

The percentage of pizzas sold in the USA with pepperoni on them.

~ Fun Funny Facts



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Zappone's Italian Bistro

Turnkey, **cash flow restaurant in Gilbert**. This easy to manage pizzeria has grown its business year over year and is ready for a new owner to take it to the next level. Take all the risk out of restaurant ownership with this proven cash flow opportunity. Additional sales available by opening on Sundays. A **below market lease**, great visibility with lots of convenient parking, small patio and easy access to the freeway make this a "must see". Perfect owner/operator business for the right buyer. \$199,000. #3004

TOTALLY FABULOUS! This **Wine Bar and restaurant with a Series 6 liquor license** is the place where you would want to hang out – beautiful décor, engaging staff, an over-the-top selection of wines and featuring great tapas-style menu offerings that are perfect for sharing with friends. Located in the high-visibility endcap of an upscale shopping center with easy access and plenty of parking, this is a neighborhood destination that the locals absolutely adore. If you love what you do it isn't work! \$215,000. #2091

Very special **Gilbert restaurant location** now available. This facility is absolutely amazing! Located in a **freestanding building**, this restaurant truly does have it all – great curb appeal, outstanding visibility, easy access and plenty of its own parking. The build-out is truly special with unique, upscale and extremely contemporary decor, a fantastic patio and a well-designed and very efficient high-volume kitchen. This is an extremely well-done restaurant located in what is becoming one of the major dining destinations in the entire Phoenix metro marketplace. Any restaurateur would be proud to own this one! \$250,000. #2066