

RESTAURANT INSIDER

"NEWS YOU CAN USE"



NEWSLETTER... SUMMER 2017

1300 S. Milton Road, Flagstaff, AZ 86001



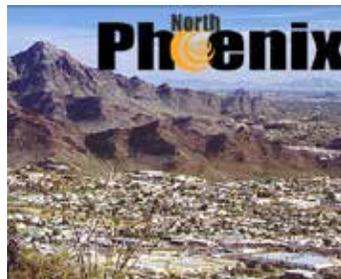
In the midst of the ACTION!

ROCK SOLID location in Flagstaff. This restaurant has been operating at this location for eleven years and continues to deliver great products and services for their customers along with a steady stream of profits for ownership. This former Picazzo's site is being offered for sale because it is geographically difficult to manage and the owners have decided to focus their efforts on the Phoenix metro market. All the components are here – a well maintained facility in an excellent shopping center with great visibility, easy access and plenty of parking for the neighborhood clientele that has supported them for many years. A trade name change is required, but everything else can remain the same. Strong base revenue and cash flow make this a tremendous opportunity for another brand! \$175,000. #2070

This **East Valley neighborhood Sports Bar & Restaurant** has tremendous potential! A freestanding building with tons of parking, easy access, great signage and visibility along with an excellent rent rate that is far below market value and locked in for many years to come. All of the infrastructure is in place – an awesome A/V package for sporting events and live entertainment, a huge island bar, large patio and fully-equipped kitchen capable of servicing any menu in addition to handling lots of private parties and catering business. With a population of 270,000+ in the trade radius and over 30,000 cars driving by daily, this is a very favorable scenario for an experienced operator. \$360,000. #2075



NORTH PHOENIX – restaurant and bar in a freestanding building with great visibility, easy access and tons of available parking. This is a first-class facility with contemporary design, a fully-equipped kitchen, an excellent A/V package and a beautiful patio. Perfectly positioned in an active shopping center with many complementary retail businesses and other restaurants, this location has immediate access to a major thoroughfare that sees 137,000 cars driving by per day and a population of over 164,000 in the 5-mile trade radius that is growing by the day via new residential construction. Priced to sell at only \$199,000! #2061



Authentic, **Old World Italian restaurant** located in the Carefree/Cave Creek area now available. Same owner of over 15 years is retiring. The beautiful décor will send you back to Italy! All the little touches are there... a cozy and quaint dining room complete with checkered tablecloths, tile floors, a magnificent wood burning oven that delivers absolutely delicious pizza and a fully equipped kitchen are all part of the delightful package that makes this restaurant so special for their loyal clientele. See it and fall in love. \$155,000. #2072

EXPECT THE BEST. PREPARE FOR THE WORST. CAPITALIZE ON WHAT COMES.

If we take a step back from the day-to-day, which, granted, can be difficult to do when you're a restaurant operator, from an overall perspective things appear to be looking good. The economy is strong, the stock market is up, unemployment is down and consumers have money to spend. All indications are positive, so you know what that means... it's time to be cautious. If history teaches us anything, it's that the good times don't last, and luckily, neither do the bad times. As Heraclitus, a Greek philosopher that predated Socrates, said, "Change is the only constant in life."

The issue here is not one of change occurring, we know it will, it's a matter when and how much. The debate can and will go on about when; some say it's imminent, others says that it's years away. We lean more towards the former, but for purposes of this article, we would like to focus on the "how much" part of the equation. The fact is that when things change, they will change substantially.

How do we know this? Because even minor changes to the economy can have a dramatic impact to your businesses. Why? Current market conditions make this unavoidable. To put it another way,

Continued inside



RESTAURANT INSIDER



EXPECT... PREPARE... CAPITALIZE *Continued*

the old saying “You don’t build the church for Easter Sunday” speaks to the issue at hand. The Phoenix metro market has seen such significant restaurant growth over the past several years that even a minor correction to the economy, which we all know is highly probable, will have considerable impact. We say this not because we can see the future like a fortuneteller, but because restaurants are such thin margin businesses that even small reductions in revenue and/or increases in prime costs can do major damage to profit margins.

Based on the assumption that current economic conditions are at or approaching an optimal level and it is challenging to be profitable even under these conditions when taking into account factors like the labor cost impact of Prop 206 and the substantial rent rate increases seen in the last two years, then it is not difficult to envision what will occur when the economy slows down and revenue shrinks.

In addition, as operators we know that there are plenty of potential issues out there just waiting to occur – a drought that impacts the produce industry, an illness that wipes out a portion of the beef, pork or poultry population, conflict in the Middle East that impacts the energy markets. Any of these things occurring can cause a dramatic spike in commodity prices that is totally out of our control. We know that one or more of these things will happen, it’s just a matter of when they do and how severe the cost impact will be. And, if one or more of these things occur at the same time the economy slows down, the effect on the bottom line can be devastating.

OK, enough doom and gloom; what can we do about it? Well, the first thing you can do is acknowledge the reality that these things can, and in all likelihood will, happen at some point. The next, and most important thing you can do is PREPARE and have a PLAN. Run through all of the most likely scenarios now, understand how these specific occurrences would impact your particular operation and determine exactly what you will do if and when it happens. For example, if egg prices go through the roof because of Avian Flu, how does it impact you? Well, if you are breakfast and lunch restaurant, the impact will be huge; if you are hot dog shop, maybe not so much. The point is to know what issues have the potential to most significantly affect your business and understand what adjustments you need to make for your restaurant to adapt.

Do you know the cost of every item on your menu? Do you know how much you will need to raise the price of your burgers if a Mad Cow epidemic raises the price of ground beef by 50%? You need to be able to swiftly take action when things change so that your business survives. The good news is that this is a “level playing field” issue, meaning that these types of things effect everyone in the industry equally – it’s not like those beef prices will stay the same for other operators; when they go up, they go up for everyone. It’s all about understanding what happens, what you need to do about it, how swiftly you can act, and how smoothly you can implement your plan. If you proactively have a plan in place for how to identify the changes and deal with them when they happen, you will have done everything you can to protect your business, not to mention given yourself competitive advantage over the rest of the field that hasn’t taken the time to prepare for the inevitable. ~ *The Restaurant Brokers*

MORE HOT PROPERTIES

A GREAT little Mon-Fri Breakfast and Lunch only business! Well established and located on the ground floor and adjacent to several downtown Phoenix multi story office buildings. Open Mon – Fri from 7:00 AM – 3:00 PM, averages over \$6500/week completely absentee. There is a complete hot kitchen for any diversified menu and plenty growth potential for additional catering business. An extremely reasonable rent rate that includes all utilities except gas, lots of built-in clientele and fantastic operating hours – you can be in the restaurant business and still have a life! \$180,000. #2068

Very unique and contemporary restaurant in the Phoenix dining district is now available. Located in one of the most active downtown neighborhoods, this beautiful facility has LOTS going for it – amazing design and decor, a fabulous patio, an efficient fully-equipped exhibition kitchen capable of delivering any menu and ample parking for some of the best clientele the downtown demographic has to offer. With a target market of over 150,000 in the 3-mile trade radius and over 50,000 cars traveling the cross streets per day, this is an outstanding spot for a chef-driven concept \$295,000. #2069

This unique restaurant concept is **located in one of the most high-profile shopping centers in the entire Phoenix metro marketplace**. Serving amazing products using only the highest quality ingredients prepared in a top-of-the-line imported wood-fired oven, this facility is setup for socializing at the highest levels with an indoor/outdoor bar connected to an amazing outdoor patio that includes a fire pit and nearly doubles the size of the restaurant. An outstanding all-in rent rate that includes utilities and maintained restroom space make this an excellent opportunity. \$199,000 #2067

An extremely cool **Bistro & Bar located in one of Scottsdale’s most high-profile upscale shopping centers**, this beautiful facility features a full bar with a casual cocktail area and an amazing dining room with fantastic elevated booth seating along with a top-of-the-line kitchen that would make any Chef envious. Being well-positioned in a PREMIER center with over 42,000 cars driving by on a daily basis and a population of 175,000 in the local trade radius makes this an excellent acquisition for those with the operational expertise to maximize this prime location. \$275,000. #2058

QUOTE: “If you fail to plan, you are planning to fail!”
~ Benjamin Franklin

JOKE: A pig walks into a bar, orders 15 beers, and drinks them. The bartender asks, “Would you like to know where the bathroom is?” “No,” says the pig. “I’m the little piggy that goes wee-wee-wee all the way home.”

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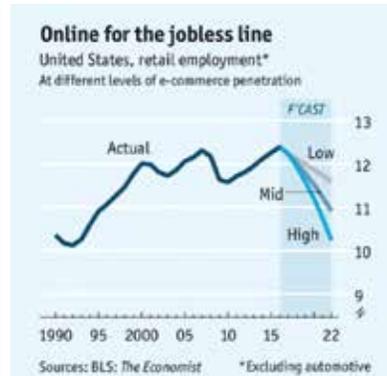
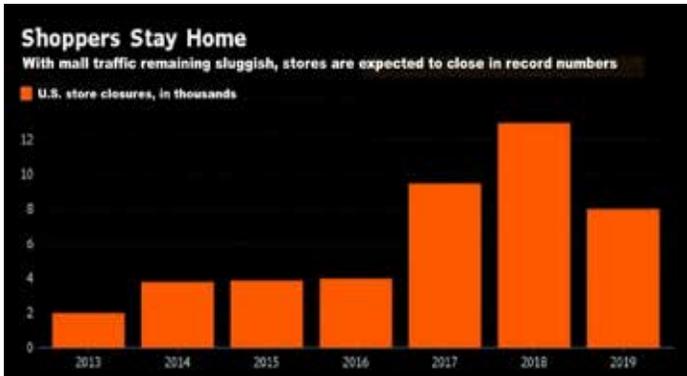


Dining Destination Location! Under market lease, high visibility and lots of parking make this a “can’t miss” opportunity for the right concept. This “hot neighborhood” is home to some of the city’s most long standing and successful restaurants. Join Richardson’s, Ztejas, The Vig, Luci’s Marketplace, The Rokerji and others at this same intersection. 4,400 sq. ft of potential await an operator that can convert this open space into a fresh concept. Large kitchen with 2 hoods. Same concept (full service Chinese) has been here for over 40 years; owner is ready to retire and is motivated to sell quickly. Easy-to-work-with landlord is ready to sign a new lease at this below market rate. WILL NOT LAST! \$95,000. #2074

This place is amazing! What does it offer? A better question would be, *what doesn't it offer?* This is a 3-meal restaurant that not only provides breakfast, lunch and dinner, but has amazing baked goods, drive-thru service, catering, retail and even makes pet treats for our furry friends. Featured products also include raw and organic superfoods, amazing coffees and totally over-the-top smoothies. All of this and it is located on an extremely visible hard corner in an active Scottsdale neighborhood with easy access and plenty of its own parking. Trademark and trade name available through a License Agreement or convert to your own concept. You’ve got to see it to believe it! \$195,000. #2071



ARE YOU WATCHING?



The World is Changing

With a record 8,640 retail stores expected to close in 2017, American malls are desperate to draw in customers as America’s retail apocalypse leaves them littered with empty store fronts. Now, some are experimenting with a model that worked for some movie theaters: Invest in restaurants and popular amenities to sell customers a better shopping “experience.”

Online Shopping

- 51% of Americans prefer to shop online.
- 96% of Americans have made an online purchase in their life, 80% in the past month alone.
- Ecommerce is growing 23% year-over-year, yet 46% of American small businesses do not have a website.
- Online orders increased 8.9% in Q3 2016, but average order value (AOV) increased only 0.2% — indicating that transactional growth is outpacing total revenue.

What does this mean? Based on current statistics these trends clearly illustrate that while standard retail is losing both jobs and revenues to online competition at an alarming rate, the restaurant industry overall continues to show sustained growth on both fronts. The challenge for restaurant operators becomes maintaining market share in an environment that is sure to see further increases in competition as customer behavior continues to evolve and commercial real estate adjusts.

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By the numbers



30,000

The current market value in dollars for a Maricopa County Series 7 liquor license. Need one? Ask us...

~ *The Restaurant Brokers*

31

The number of gallons in a barrel of beer. What we commonly refer to as a keg is actually 15.5 gallons, or a half-barrel.

~ *Keg Works*

7,500

The number of varieties of apples grown throughout the world; if you tried one a day, it would take you 20 years to try them all.

~ *Fun Food Facts*

1905

The year the tea bag was introduced by Thomas Sullivan of New York.

~ *The Fact Site*

2,300

The weight in pounds of a Budweiser Clydesdale - they stand nearly 6-feet tall at the shoulder.

~ *Anheuser-Busch Brewing*

96

The percentage of water by volume in a cucumber, making it one of the most hydrating foods on earth.

~ *Buzz Feed*

49 million

The approximate number of bubbles contained in a bottle of Champagne.

~ *Flask.com*



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EVEN MORE HOT PROPERTIES

FREE STANDING RESTAURANT FOR LEASE - second generation restaurant space (former Tilted Kilt) for lease in Tempe. This location has a history of success and some excellent infrastructure already in place. Existing items like restrooms, hoods, grease trap, etc. will be a huge cost savings in building out this space for a new restaurant concept. This is an extremely well-designed and very functional 5,851 SF + patio building with an excellent street presence, ample parking and easy access and proximity to I-10 freeway. #2063



Casual and cozy restaurant located in a North Phoenix strip center surrounded by extremely strong neighborhood demographics. There is a fully-equipped kitchen, inviting patio, full bar and open dining room that's perfect for friends and/or family conversation. With a population of over 375,000 in the 5-mile trade radius and over 60,000 cars traveling through the cross streets on a daily basis, this is a fabulous opportunity for a Chef operator or husband and wife team to convert it to your restaurant concept or continue the existing operation. \$129,000. #2057



Very special Gilbert restaurant location. 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 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! \$240,000. #2066