



While most, if not all, restaurateurs are quite cognizant of the terms of their lease when it comes to the rent rate, there are many that don't seem to invest quite the amount of time, effort and energy into the other terms and conditions that make up the remainder of the lease language. The results of these oversights can be tragic, to say the least.

Here are just a few areas where we consistently see a lack of attention to detail...

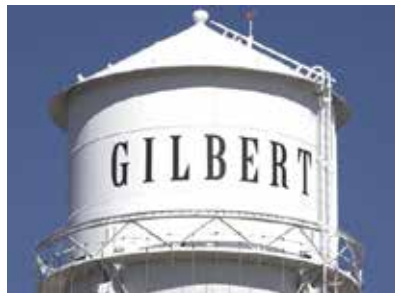
Term – how long is the lease? While entering into a long-term lease for a new business can be scary, not having a sufficient lease term can often mean that your business has little or no value to anyone that might otherwise be willing to purchase it and continue operating. Many times, the lease term can include "options" that allow an additional term without making a commitment up front.

Options – as previously mentioned, lease options allow the tenant to extend the lease beyond the original term. However, the structure of the options is critical to their value and this is when many restaurant tenants make errors. A lease option at "market rate" allows the tenant to extend, but not having the rate specified greatly reduces the value of these options to the tenant or a potential buyer of your business at some time in the future. In addition, we have seen instances where the options are in place and the rate is specified only to then see that the options are "personal" to the tenant, meaning that they can only be exercised by the current tenant (you) and are worthless in terms of selling your business to a potential buyer.

Continued inside



A **fantastic Tucson location** that is A GREAT place to hang out... and an even better place to OWN! This sports bar restaurant has it all – TONS of awesome sports viewing with TVs throughout, a HUGE draft beer system with a magnificent array of craft beers on tap and a fully equipped kitchen capable of cranking out big time volume for sporting events and weekends. Housed in a freestanding building with ample parking and easy ingress/egress, this is a serious operation that is well staffed, run completely absentee, with \$3M+ of annual revenue and over \$500K of cash flow currently coming through the door. If you desire a high-volume state of the art venue, look no further...this is the one! #3076



A++ restaurant and bar location in **downtown Gilbert** is now available. This beautiful facility is perfectly positioned in the heart of the action and has all of the major components for success already in place – innovative contemporary design, great curb appeal, awesome A/V presentation, fabulous bar with an excellent draft beer system, awesome patio and a fully-equipped kitchen capable of delivering almost any menu at high volumes. This is a top-flight venture in which no expense was spared and it needs a skilled operator to maximize its potential. \$825,000. #3069

So much history... this **OLD SCHOOL cafe is a landmark!** A combination 3-meal restaurant and neighborhood bar that has a 20+ year history of serving their extremely loyal clientele. Located in a very high-growth area of the East Valley, this location will keep growing for another 20 years, and then some. This 4,300 SF facility is the ideal size for this style concept, is well staffed with long term employees, and also features a 50-seat patio, plenty of its own parking and unbelievable visibility to all of the local traffic. The current owner wants to retire, owns the Real Estate and will provide an excellent rent rate that is way below market for this fantastic spot – your turn! \$250,000. #3078



WOW! This is a premium restaurant and bar in EVERY way that displays prestige, glamor and elegance. Absolutely beautiful over-the-top buildout in an **A+ Paradise Valley location** at one of the busiest intersections in the State. No expense was spared in creating a top-shelf environment that provides the perfect atmosphere for upscale business and social interaction. Amazing décor, outstanding design features, top of the line furnishings and a first-class kitchen all combined to create a quality facility with great curb appeal and excellent visibility that generates in excess of \$2.5M of revenue annually run completely ABSENTEE. This is the REAL DEAL! Priced well below the value. CALL NOW! #3046



RESTAURANT INSIDER

WHAT MATTERS LEASE *Continued*

Assignment & Subletting – the language in this area is absolutely critical when it comes to negotiating your lease. The ability to assign the lease to a potential buyer of your business in the future may very well be the determining factor in you receiving hundreds of thousands of dollars for a business you have invested years of your life into, or walking away with virtually nothing. Not only do you need to be able to assign the lease (ideally) or sublet the space (at minimum), the ability must not be so restrained or conditioned as to make it almost impossible to do so effectively and in such a way that it allows for your business to be sold in a reasonable manner. While it is standard for the landlord to have some approval rights in this area in terms of qualifying the tenant that would be purchasing your business and replacing you, that approval must be structured in such a way as to not infringe on your ability to see the benefits of selling the successful business that you spent years growing and developing. There are so many potential trapdoors in this particular area that it would be impossible to recount them all here, but a few landlord favorites are “total discretion” in approving the tenant and the ability to “terminate the lease” and recapture the space if you request a lease assignment. Also, take note of the cost of assigning the lease. Some landlords have a reasonable fee, like \$500 of \$1,000, but we have seen them be open ended to include attorney’s fees and run up to many times that amount. This fee should be spelled out and agreed to as part of the initial lease negotiation.

These are just the tip of the iceberg when it comes to all of the potential issues that could jump up and bite you during the lease negotiation. It is EXTREMELY IMPORTANT that you get the lease documented correctly and that the language reflects the terms, and your rights, accurately.

The bottom line here is that unless you are extremely well-versed in the intricacies and nuances of commercial leasing, you NEED an attorney. Yes, they can be expensive and typically no one likes to pay legal fees unless they are put into a position where they are forced to do so, but you are going to have to live with the terms of this lease for a long time. Odds are the more successful you are, the longer you are going to have to live with it. In the end, someday, and that day may be far into the future, you will want to sell your business and retire. When that day comes the language in your lease may very well be the sole factor in determining whether that retirement consists of golf and margaritas on the beach, or “thank you sir, welcome to Walmart... how may I help you?” ~ *The Restaurant Brokers*

QUOTE: “Choose a job that you love, and you will never have to work a day in your life” ~ *Confucius*

*** *We LOVE what we do!* ~ *The Restaurant Brokers* ***

Fantastic Italian Restaurant & Pizzeria serving the densely populated **North Central Phoenix** area is now available. This location has a long history of great food and happy loyal clientele. Located in a strip center with plenty of parking and other successful businesses, this facility checks all of the boxes... fully-equipped kitchen capable of producing any menu at high volume, awesome bar and cocktail area and an absolutely fabulous over-the-top patio complete with an indoor-outdoor bar. This is the TOTAL PACKAGE! \$175,000. #3020

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 buildout 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! \$225,000. #2066

Owner says sell! With his other businesses taking up much of his time, he just can’t devote what he would like to this location so it operates mostly absentee. This **neighborhood bar** has a lot going for it – great visibility, tons of parking, large patio out front, plenty of TVs for viewing sports and special events, a brand new fully equipped kitchen, and best of all, an **AWESOME rent rate**. If you’ve always wanted your own place, here’s your chance! \$175,000. #3053

PIZZA WISDOM: When you have accumulated the knowledge to explain why a pizza is made **round**, put in a **square box and eaten in triangles**, then and only then, will you be able to understand the meaning of life.

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 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! \$275,000. #3029

Phenomenal **Italian Restaurant & Pizzeria in downtown Prescott** is now available. This is a marvelous business with a great following of locals and tourists, fantastic reviews for their authentic cuisine, and they have the profits to prove it. This location has lots of character, fantastic visibility and great curb appeal with awesome patio seating while the interior features a huge bar, vibrant dining room, fully equipped kitchen and a custom-made imported oven that delivers some of the best pizza and Italian baked goods to be had anywhere in the state. This is an amazing business opportunity for the right operator that LOVES to serve Italian cuisine they can be proud of! \$595,000. #3064

Real deal, **OLD SCHOOL neighborhood bar with a Series 6 liquor license for only \$139,000**. This place has been here 40 years and continues to rock on! All the usual suspects for a great local’s joint to hang out in are in place – huge island bar, pool table, juke box, TVs, and a fully-equipped kitchen capable of delivering some excellent pub grub. Located in an industrial area with TONS of daytime employment, this location has good visibility, easy access and plenty of its own parking. Carry on the tradition! #3066.

RESTAURANT INSIDER



Absolutely awesome fast-casual restaurant in a fantastic high-traffic location near the **ASU campus** with over 38,000 cars driving by on a daily basis and a population of 360,000 in a 5-mile radius. Amazing visibility, great curb appeal, nice patio, and a high-quality contemporary buildout in which no expense was spared. Features include a State of the Art equipment package with a solid staff in place. Currently operating completely absentee as a franchise, this practically brand-new facility is gorgeous! Keep the franchise or convert it to your concept – it's up to you. Over \$900K invested - offered for only \$275,000. #3080

Mill Avenue MONEYMAKER. This downtown Tempe nightclub and bar with a **Series 6 liquor license** has a long, long history of profitability. After many years of successfully operating this business, the owner is ready to retire and allow this bar to pass on to the next lucky owner-operator that can continue to reap the benefits for several more decades to come. This rock-solid, easy to operate, very well-known business won't be available for long. **EXTREMELY CONFIDENTIAL** – pre-qualification required prior to the release of any information. \$525,000. #3068



Immaculate little **Asian restaurant in an Ahwatukee** neighborhood strip center is now available. This adorable facility features a cute and cozy dining room with a small bar and a fully equipped kitchen that includes a double wok-burner station. Currently running as a family business and open for dinner only six nights a week, there is significant ability to grow the business by adding hours and delivery services. The location offers plenty of parking and sits on a major street with over 30,000 cars driving by on a daily basis. This opportunity provides a solid customer base with LOTS of upside. \$145,000. #3072

SOCIAL MEDIA SCHOOLHOUSE



did you know that...

CONSUMERS READ RESTAURANT REVIEWS MORE THAN ANY OTHER INDUSTRY.

- More than 33 percent of diners will not choose to eat in a restaurant with less than a 4-star rating on online review sites like Yelp and TripAdvisor.
- A one-star increase in a restaurant's Yelp rating can result in as much as a 9 percent increase in revenue.
- A half-star rating improvement on Yelp makes it 30 to 49 percent more likely that a restaurant will sell out seats during its peak hours.
- 1 in 8 diners will post a restaurant review after their meal.
- 75 percent of consumers will not visit or patronize a restaurant with negative reviews about its cleanliness.
- 25 percent more people turn to consumer reviews on sites like OpenTable, and Yelp than those who rely on reviews by professional food critics.
- 60 percent of consumers read reviews before going out for a meal, a habit that takes precedence over getting directions or looking at food photos.
- 56 percent of franchise restaurant owners think reviews are more important influencers of store traffic than traditional advertising.

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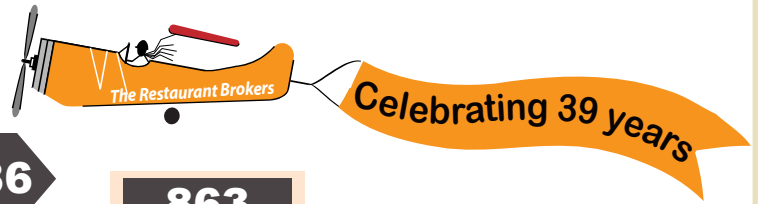
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By the numbers



80

The percentage of children that recognize the McDonald's logo by the time they are three years old, which is before some of them know their own names.

~ Ad Buzz

200

In MILLIONS, the number of posts on Instagram that have a food #hashtag - 23 million pictures are tagged drinks. Is your restaurant on Instagram? If not, WHY???

~ Social Sprout

1886

The year in which U.S. pharmacist John S. Pemberton invented Coca-Cola and his bookkeeper, Frank Robinson invented the name. Robinson had beautiful handwriting, and his flowering script is still used today.

~ Coke USA

863

In billions, the projected annual sales volume for the restaurant industry - that's over 4% of the country's gross domestic product.

~ Toast

10

The percentage of their income that Americans spend on food, which is by far the lowest of any country in the world.

~ Feed The World

13 billion

The number of hamburgers Americans eat each year, which is enough to circle the earth more than 32 times.

~ Junk Food Facts

2 million

The number of flowers that a honeybee must visit to make just one pound of honey.

~ Useless Trivia



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DOWNTOWN PHOENIX - HOT PROPERTIES

DOWNTOWN... where it's all happening! Absolutely beautiful 2,000 SF restaurant that is right in the center of town and within **walking distance to EVERYTHING...** the Convention Center, the Arena, numerous hotels and a totally over-the-top daytime population of hungry employees. This facility has it all - beautiful buildout with stained concrete floors, wood finishes, a custom oven and a fully-equipped kitchen capable of delivering quality cuisine for virtually any menu. \$135,000. #3065



MEGA food, beverage, and entertainment venue is **TOP SHELF all the way.** Almost 7,000 SF of inspiring design, décor, imagination and innovation at a cost of over \$1,000,000. This facility features huge patios, an amazingly creative design, a brilliantly constructed dining room and fabulous nightclub accompanied by a fully equipped, over-the-top kitchen capable of delivering the highest quality food offerings at huge volumes. This is an absolute DREAM of a facility positioned for long term success in the heart of this highly developed and vibrant downtown area. Priced at \$595,000 OBO with terms for the right buyer. #3059

This inviting space is housed **inside one of Phoenix's most iconic hotels** that was recently purchased and remodeled by a new hotel group. The new owner is looking for a hospitality entrepreneur that can take this currently operating restaurant and bar to the next level. A previous tenant enjoyed over four million dollars in annual sales out of this same space. Generous parking, an oversized patio, a well-equipped kitchen and a new rooftop deck are just some of the perks available by taking ownership of this site. Numerous events held at the venue including wedding receptions, conferences and live entertainment performances are all there for the taking. **ONLY \$50,000.** #3071