

# RESTAURANT INSIDER

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NEWSLETTER...SPRING '08



## HOT PROPERTIES



1544



1547



1545



1559



1487



**Cafe Restaurant with Real Estate** - Freestanding breakfast, lunch and deli/cafe. The kitchen is fully equipped with a hood, deep fryer and flat grill. Outside there are two nice patios equipped with misting systems and plenty of parking in front and back. The business may be purchased separately for \$75,000 or business and real estate for \$350,000 #1544

**Baja Beach Themed Restaurant & Bar** located in North Phoenix. Fully-equipped, well-designed and beautifully decorated with a tropical feel and a "don't take yourself too seriously" attitude. The high-capacity kitchen features a full array of equipment capable of producing almost any menu. A #12 (restaurant) liquor license already in place for offering margaritas and Coronas. Priced to move quickly at only \$79,000. #1547

**End-Cap Restaurant with Patio** - This restaurant was designed by world-class architect, Steve Langford, who also designed P.F. Chang's China Bistro, Pei Wei and Fleming's Steakhouse, among others. The original owner spent over \$600K to build this beautiful facility with a large covered patio, excellent street exposure and a fantastic kitchen. This space is ideal for conversion into a variety of restaurant types. \$35,000 #1545

**Freestanding Restaurant at Priest & Elliot** with great visibility, easy access and plenty of parking available in a busy East Valley shopping center. This high-profile pad site features a large well-designed kitchen, full bar, beautiful dining room and an outstanding patio with fireplace. This is an easy conversion for the experienced operator looking to capture a premium location at the right price. \$169,000 #1487

**AAA+ Location!!!** - Practically on the ASU campus with unlimited access to over 60,000 students and over 12,000 faculty/staff members attending classes on a daily basis. This freestanding restaurant has one of the biggest, best, and well known outdoor patios in all of Tempe. The lease is well below market for the area and comes with a "right of first refusal" to purchase the real estate. \$295,000 #1559

The local restaurant marketplace has changed dramatically in the last six months. It is now a buyers market! That's a far cry from where we were for the majority of 2007 and we have a huge selection of quality listings available to prove it. What this means is that if your location is thriving and you are fortunate enough to be in position to take advantage of what the market has to offer, you can now grow your business dramatically while significantly minimizing the costs associated with doing so.

The key is current availability of "second-generation" space. Second-generation space is retail space that has already been built-out as a restaurant and has much of the necessary infrastructure in place. Things like hood systems, restrooms, grease-traps, kitchen equipment, HVAC, plumbing and electrical work make up the majority of the expense involved in building a new restaurant from scratch. Currently that cost is averaging in the range of \$200-\$300 per square foot, depending on the level of finish being presented and the scope of work involved in the particular design of the restaurant being built.

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Continued inside

# RESTAURANT INSIDER

**For those in the KNOW... it's time to GROW!**

*Continued from front page*

In addition, there are so called "soft costs" to deal with. These are things like design, development, architectural drawings and permits, along with the associated carrying costs on the space while the construction project is completed. Based on the size and scope of a particular restaurant, the timing from acquisition to completion is running approximately six months to a year for a new-build.

Let's compare this with second-generation space. For purpose of our example we will use a 3,000 square foot existing restaurant. The acquisition cost for this restaurant is \$175,000 and it will require an additional \$75,000 in furniture, fixture and equipment upgrades, bringing the total investment to \$250,000. In comparison to building out 3,000 square feet of new space at an average cost of \$250 per square foot, for a total of \$750,000, this is a tremendous savings of \$500,000 or 66% of the total project cost! This does not even take into account the reduction in soft costs typically associated with doing a remodel versus new construction. The savings in debt service cost alone in this scenario is over \$70,000 a year, not to mention the reduced strain on the business, a much lower break-even revenue requirement, and a greatly accelerated return on the capital investment.

In the restaurant business, as in all businesses, it's all about competitive advantage. If you can develop a unit for significantly less capital investment than your competitor, you have now given yourself the ability to operate with lower overhead expenses, thereby allowing your business greater flexibility in labor, product and marketing costs; all of which provide your business with a significant edge in today's highly competitive restaurant environment.

The time is now! There are great deals out there waiting to be done. Who is going to step up and make them? Who is going to miss out? Stay tuned...

*~ The Restaurant Brokers*

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**1450**



**1446**

**Mancuso's** - Spectacular upscale build-out in a North Scottsdale shopping center. This freestanding building has two beautiful patios, a private dining room, indoor-outdoor bar and large, well equipped kitchen with dual cooking line and plenty of room for additional catering volume. No expense was spared in the design and build-out of this million dollar facility. Plenty of parking and excellent visibility from Scottsdale Road. Available as a conversion only; it would make a great steakhouse, high-end Italian or chef-driven restaurant. Unbelievably priced at \$250,000! #1450

**I-10 & Ray Road** - Upscale, full-service restaurant featuring two environmentally controlled patios, an indoor-outdoor bar, entertainment stage, open and terraced dining rooms, private dining and an outstanding high-volume kitchen. The original cost to create this architectural marvel was in excess of \$2M. Located in the fantastic Ray Road dining corridor, this facility is second to none when it comes to the quality of the furniture, fixtures, equipment and finishes. Offered as conversion only, the trade name is not included. \$150,000 #1446

**3 GREAT Locations** - These prime restaurant locations are in a fantastic high-traffic shopping centers with great visibility, easy access, plenty of parking and strong demographics. Available as conversions only, buyers may purchase one location or all. These listings are extremely confidential and information will be provided to financially qualified and experienced operators only. Prices range from \$95,000 to \$199,000 depending on the location and number of units being purchased. #1539, #1540 and #1541

**Sports Bar** - One of the greatest neighborhood grill/bars ever known in the East Valley. This recently remodeled facility has it all... an outstanding reputation, family friendly environment, strong revenues, excellent demographics, easy access, plenty of parking, an awesome A/V presentation, a nice patio and a below market-rate lease with a 5-year option to extend. Offered as conversion only, the trade name is not included. This high-volume location with an extensive menu and full bar offering is available to experienced operators only. \$395,000 #1473

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## PEARLS OF WISDOM

~ Sullivision.com

### Profitability 101

**Reduce ladle size.** If you change from a #10 to a #12 scoop, you'd save about ten cents per serving and lose less than 1/2 ounce per portion.

**Weigh, count, inspect and verify prices** on all orders. Don't get lazy when checking in deliveries from vendors.

**Magnetic trash can traps** will catch most silverware before it's accidentally tossed.

**Tag and rotate all goods**, especially can and dry food stored in your dry storage areas.

**Shop your current vendor's competitors** annually for lower prices. Don't forget to ask about menu mentions.

**Follow your recipes.** High food costs in the kitchen or bar can be the result of cooks or bartenders who choose to follow their own recipes or measure "by eye" instead of using the prescribed cups, scales or jiggers.

**A buck a customer** is worth a lot. Focus on raising your sales one dollar per person. Doesn't sound like much, does it? How many people come through your door per week? Do the math.

**Shotgun selling.** Fire at everything and something's gonna fall. Suggesting an appetizer or dessert to every customer and the likelihood of more sales rises dramatically. I can assure you that ever time you don't ask, they will say no.

**Audit your garbage.** After a busy shift distribute latex gloves to the staff and empty the contents of a random trash can on the floor. Sift through and notice if any small bowls or silverware are being thrown out. You may also notice that a lot of your entrée side items are being thrown away, suggesting that you might want to either reduce portion size or choose a new side dish.

**Display breakage publicly.** Every time an employee or customer breaks a glass or dish don't throw it away, keep it in a designated breakage bucket to assess changing brands (or employees).



**Metro Center Pad** - Freestanding building with great visibility at the entrance to Metro Center Mall that may be converted to your concept or remain as is. The surrounding restaurants enjoy steady volume and repeat clientele thanks to high traffic counts and a strong residential/business population base in the area. Plenty of parking with easy access off Peoria Avenue. A new ground lease offers excellent long-term occupancy costs. \$225,000 #1526

**Pizza** - This profitable business has been under the same ownership since 1992 and has a very strong clientele base. The facility is located in a rapidly growing area of the East Valley with excellent access via the 202 freeway and features an efficient kitchen with ample storage, spacious prep area and a double conveyor oven. All recipes and trade styles are included in the sale and the original owner will provide training. \$265,000 #1564

**Desert Ridge Restaurant** - This high-volume restaurant features premium quality "fire-grilled" foods in a unique and delicious manner. The facility has it all... beautifully appointed dining room and bar, outstanding and innovative kitchen design and a fantastic patio all located in an A+ open-air mall location. This extremely confidential listing will be provided to financially qualified potential purchasers with strong operational backgrounds only. \$395,000 #1537

**Mexican Grill & Cantina** - Outstanding AAA+ Arrowhead location next to the movie theaters. This 6,000 sq. ft. facility has a huge island bar, open dining room, high-capacity kitchen and fabulous patio with great exposure to all of the local traffic. Must be an experienced restaurant and bar operator with strong financial qualifications to purchase. \$695,000 #1531

**"If people want to call me Murph, let them. It's important to be flexible in this business.**  
~ Ed Hawkins, Owner, Murph's Deli



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# Numbers that COUNT

**140**

The number of pounds of potatoes the average American eats annually. Approximately 60% of all potatoes grown domestically are turned into French fries.

~ The Idaho Farm Bureau

**2.9%**

The amount that pork prices have decreased, yes we said decreased, since last year. Bacon prices have also gone down 2.6% in that same timeframe.

~ Forbes Magazine

**500 Million**

The number of dollars generated by the Super Bowl. The average visitor stayed 3.9 nights and spent \$617 each day on hotels, food, alcohol, shopping and other expenses.

~ Arizona State University

**\$ 55,700**

The record price paid by a Hong Kong sushi restaurant owner for a 607 pound Bluefin Tuna in Japan earlier this year – that's over \$90 a pound before it's cleaned and filleted!

~ Talk Fly Fishing

**87**

The number of restaurants listed for sale by the Restaurant Brokers at the time of printing this publication; the most in years!

~ The Restaurant Brokers

**260,000**

The average number of new jobs added by the restaurant industry annually making it the nation's largest private-sector employer with 12 million employees representing 9% of total U.S. employment.

~ National Restaurant Assoc.

Layout & design courtesy of The Menu Designer. ([www.themenudesigner.com](http://www.themenudesigner.com))



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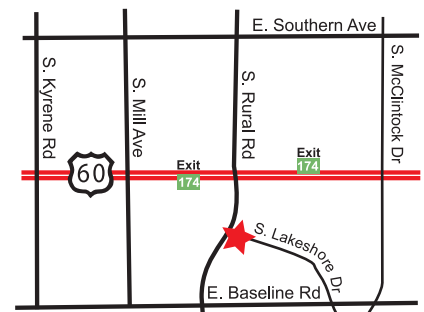
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