



HOT PROPERTIES



Food Price Inflation in 2013 Expected to Remain Strong

Beef and veal prices will close out this year up 5.5% to 6.5%, more than previously estimated, after a scorching summer drought in the Midwest seared through crops used for livestock feed. Next year, meat will cost consumers 3% to 4% more – but that's less than the USDA previously forecast. Steak in October cost 4.6% more than it did during the same month last year.

Across the board, food costs in the U.S. will have jumped as much as 3.5% this year (2012), with a 4% jump anticipated for 2013. Last year, prices ballooned 3.7% after ticking up only 0.8% in 2010. Poultry prices will increase up to 6% this year and an additional 4% next year. Pork prices are down 2.1% from a year earlier as farmers unable to feed their livestock liquidated their herds, temporarily depressing prices, but prices are set to rise as much as 4% next year. Fresh fruits and vegetables, cheaper overall in 2012, will cost approximately 4% more in 2013.

Do I have your attention? Let's just do a little simple math... if food prices went up 3.5% this year, and are anticipated to go up another 4% next year, we are talking about a total combined increase of 7.5%. That means if you currently sell a meal for \$8.95 and it has what was \$3.00 worth of food [at your cost] on the plate at the beginning of this year, that plate cost is going to be \$3.23 in 2013; in other words what was a 33% food cost just went to 36%! And if you haven't changed your prices since 2011, add another 11¢ to that plate cost and your cost of goods is exceeding 37% on that same plate. Wow... *Continued inside*



FANTASTIC restaurant real estate available in North Scottsdale. This high-profile location has excellent street frontage, great visibility, easy access, plenty of parking and is located in an exceptionally active trade area. This fully-equipped facility provides an outstanding opportunity for an operator/investor with the vision to capitalize on its huge potential. \$1,350,000. #1805

BREAKFAST & LUNCH CAFE with #12 Well established and popular Breakfast and Lunch Cafe located in major shopping center in the Sun City retirement community. This is a very clean facility with sidewalk patio. They have been serving repeat customers since 1979 and specialize in salads, sandwiches and soups, featuring all fresh ingredients. These excellent recipes will be provided to the new owner. \$89,000. #1810

#6 RESTAURANT Freestanding full-service restaurant and bar with #6 (bar) liquor license in Scottsdale that serves its own clientele in addition to providing breakfast, lunch and dinner room service and poolside guest service for a 120 room boutique hotel. This is a beautiful facility with a full bar, well-appointed dining room and fully equipped kitchen capable of offering virtually any menu. \$275,000. #1814



AAA LOCATION!

This bar, restaurant and entertainment venue is located at the center of the Mill Avenue Entertainment District. This facility is well-known, with a great reputation, loyal following and the strong revenues that accompany it. The profitable business includes a #6 (bar) liquor license and has been a hit with the college crowd since it opened more than seven years ago. A very unique opportunity to grab a PRIME SPOT on Mill Avenue - won't last long! \$369,000. #1813



COLLEGE RESTAURANT/BAR

Opportunity in a freestanding building located on the Light Rail in Tempe. This established business features live music and offers a full menu that is easily serviced by the well-designed and fully equipped kitchen. Won't last long. \$95,000. #1809



PHENOMENAL LOCATION!

Rare opportunity to acquire quality restaurant space near Scottsdale Road & Shea Blvd. This facility has it all – full bar, well-designed and fully equipped kitchen, nicely appointed dining room with quality furnishings, and best of all, an absolutely AWESOME patio. The design is versatile enough to handle conversion into almost any foodservice concept. \$175,000 #1818



ARROWHEAD Tower Center

BAR & RESTAURANT

Available in a one-of-a-kind 12,000+ SF freestanding building! This is the perfect space for a nightclub and/or live entertainment venue and is located in the Arrowhead Mall area, near 83rd Avenue & Bell Road. The facility is in immaculate condition, has tons of parking and is surrounded by numerous successful businesses to draw from. An absolute gold mine for the right concept and operator. \$275,000. #1817



RESTAURANT INSIDER



Continued

Food Price Inflation in 2013 Expected to Remain Strong

If you are like most restaurateurs, you cannot withstand a hit to your margins like that. Since the national average profit for a restaurant is under 5% (4.7), losing that 3-4% to additional cost of goods pretty much wipes out profitability. What are you going to do about it?

Well, provided you are already using all of the tools at your disposal for generating additional dollars via revenue increases – remember, if you can increase sales while fixed costs (rent, utilities, salaried payroll, etc.) remain the same, you will automatically have more dollars falling to the bottom line – it's time to look at price increases. Eeeekkk! No one wants to hear that, and you certainly don't want to do it in these tough economic times. True, but it is pretty much inescapable at this point if you want your business to be profitable. As an operator you can only swallow so much in terms of cost increases before having to pass some on to your customers.

Once you come to that realization it becomes a matter of *how* you pass these cost increases on; that is very important. Your customers look for value and there are many different ways that you can address that in implementing your pricing strategy. For example, instead of just increasing prices across the board to recover margins, look at portions and products on the plate. Are you serving an 8 ounce chicken breast when your customers would be very happy with 6 or 7 ounces? Are you using expensive garnishes that are just being ignored and end up in the garbage? Are you serving 4 ounce portions of salad dressing when 2 ounces is sufficient? These small items can make a huge difference in your pricing strategy. If you make a few of these small [barely noticeable] tweaks to your plating specifications, you may be able to increase menu prices by just 25¢ or so instead of the 75¢ to \$1 it would typically take to recapture the lost margin on a \$10 item. Reducing the cost of what's on the plate combined with a small increase can make for painless price adjustments in the eyes of your customers.

Also, remember to include menu design and layout in this process. If you can highlight some of the better cost selections so that the mix of products sold is more heavily weighted to the better margin items you will have automatically lowered your food cost and increased profitability without creating "sticker shock" for your customers. ~ *The Restaurant Brokers*

Beers With The Most BUZZ

According to the 2012 Harris Poll EquiTrend Rankings, there is a new batch of brews on the horizon with stronger brand equity, customer connections and buzz. The beer brands with the greatest upward trends are largely more expensive brews. Nine of the ten are among the most expensive beers out of the country's best-selling beers. American consumers also are spending more on these beers. Dollar sales of every beer on the list has increased from one year prior while less expensive beers sales are stagnant or declining, and in some cases significantly.

#10: Corona Extra - 33,653,220 Cases Sales \$995,750,100 +8.81%	#6: Samuel Adams Lager - 7,710,278 Cases Sales \$240,251,900 +6.02%
#9: Heineken - 19,681,860 Cases Sales \$592,768,800 +4.86%	#5: Guinness Stout - 2,617,600 Cases Sales \$93,183,030 +16.46%
#8: Beck's - 2,656,154 Cases Sales \$73,672,420 +2.67%	#4: New Castle Brown Ale - 2,673,008 Cases Sales \$84,891,020 +6.48%
#7: Modelo Especial - 13,948,820 Cases Sales \$355,914,800 +22.63%	#3: Sierra Nevada Pale Ale - 4,513,378 Cases Sales \$146,656,300 +15.71%
#6: Samuel Adams Lager - 7,710,278 Cases Sales \$240,251,900 +6.02%	#2: Blue Moon - 7,370,705 Cases Sales \$225,747,800 +26.46%
#5: Guinness Stout - 2,617,600 Cases Sales \$93,183,030 +16.46%	#1: Yuengling Lager - 9,465,673 Cases Sales \$206,266,200 +36.55%

While these beers are trending upward, they've got a long way to go to catch up to the "big boys" when it comes to market share and overall beer sales. The Top 10 Beers in America (by market share) Bud Light: 19.2%, Budweiser: 12%, Miller Light: 8.6%, Coors Light: 7.8%, Natural Light: 4.2%, Corona: 4%, Busch: 2.8%, Busch Light: 2.8%, Heineken: 2.4%, Miller High Life: 2.3%

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Q: How can you tell that a blonde's been baking chocolate chip cookies?

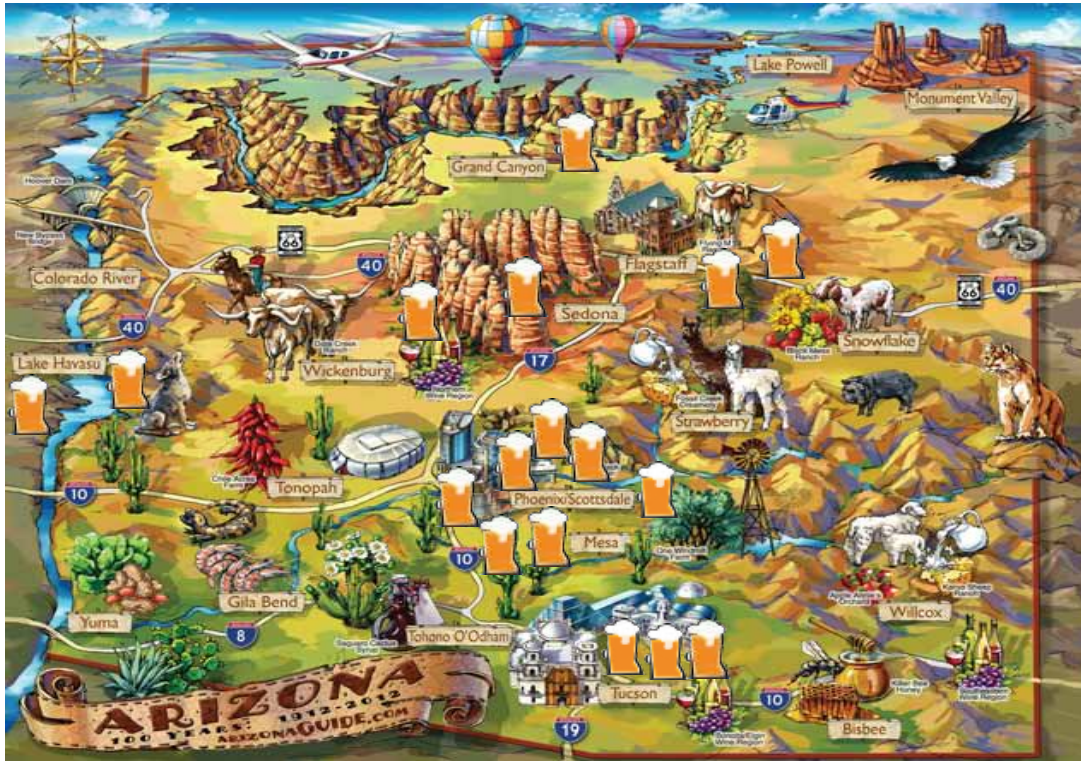
A: There's M&M shells all over the floor.

Q: What do you get when you mix beans and onions?

A: Tear gas.

RESTAURANT INSIDER

AZ Craft Beer Breweries



Craft Beer growth in the US has been nothing short of explosive, averaging well into the double digits annually over the last several years. By contrast the typical, mass-produced domestic beers are all down between 1.1% and 5.2% annually over that same period. So far in 2012, the overall US beer market was down 3.2% according to the Huffington Post. This partly explains the Big 3's recent interest in acquiring stakes in craft beer industry, such as Anheuser Busch-Inbev's stake in the Craft Brewers Alliance and is forcing Anheuser Busch-Inbev, SAB-Miller and Molson-Coors to look toward emerging markets for the growth they are no longer getting here in the US.



Grand Canyon Brewery
233 West Route 66, Williams



Mogollon Brewing
4366 East Huntington Dr, Flagstaff



Lumberyard Brewing
5 South San Francisco St, Flagstaff



Oak Creek Brewery and Grill
366 Highway 179, Sedona



Prescott Brewing Company
130 West Gurley St, Prescott



Mudshark Brewing
210 Swanson Ave, Lake Havasu City



College Street Brewing
1940 College Dr, Lake Havasu City



SunUp Brewing
322 East Camelback Road, Phoenix



The Phoenix Ale Brewery
3002 East Washington St, Phoenix



Old World Brewery
334 N 25th Ave, Phoenix



Papago Brewing
7107 East McDowell Road, Scottsdale



Four Peaks Brewing
1340 East Eighth St, Tempe



Sleepy Dog Saloon & Brewery
1920 East University, Tempe



SanTan Brewing
8 South San Marcos Plaza, Chandler



Nimbus Brewing
850 East 44th Street #138, Tucson



Borderlands Brewing Company
119 E Toole Ave, Tucson



Thunder Canyon Brewery
7401 North La Cholla Blvd, Tucson

A sampling of the 60 breweries currently operating in Arizona with more on the way.

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By the numbers



Celebrating 32 years



0

The number of calories in a stalk of celery. Actually, it's less than zero; you will burn more calories eating a piece of celery than the celery has in it to begin with!

~Food Great & Small

233 %

The percentage increase in consumption of junk food over the past 20 years. So much for eating healthy!

~Food Trivia

345

The number of squirts from a cow's udder it takes to yield one gallon of milk.

~ Midwest Dairy Association

25 Billion

The number of chicken wings that will be consumed in the US this year; 1.25 billion during the Super Bowl alone!

~ National Chicken Council

60

The number of breweries currently operating in the State of Arizona. The craft beer movement is huge and getting larger all the time.

~ BeerMe.com

1944

The year that the Mai Tai cocktail was created in Oakland, California by Victor Bergeron, also known as Trader Vic

~ Wikipedia

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Check out our blog!

www.blog.therestaurantbrokers.com

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