

RESTAURANT INSIDER

"NEWS YOU CAN USE"

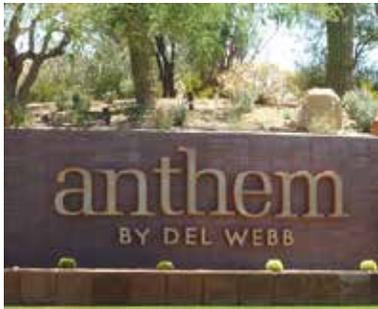


NEWSLETTER... FALL 2016



16160 N. 83rd Avenue, Peoria, AZ 85382

SUPER PREMIUM high-profile restaurant location in the Northwest Valley near Arrowhead Towne Center now available. This amazing, fully built-out, high-volume restaurant facility is located on 83rd Avenue with great visibility, easy access and ample parking. Positioned in the heart of activity for this mega dining destination, this first-class building is directly across the street from Peoria Sports Complex and in close proximity to the Harkins Cinemas, Arrowhead Harley Davidson and a host of other businesses, employers and traffic generators. The building owner is seeking a qualified, experienced and knowledgeable restaurateur that has the expertise necessary to make the most of this dynamic location and is offering an extremely reasonable \$26 PSF + NNN rent rate to the right operator. #2022



Full service restaurant and bar with a Series 12 (restaurant) liquor license located in THE premier shopping center of Anthem. Anchored by an extremely busy Fry's grocery store, this center serves what has been voted, "Best Master Planned Community in America," comprising of over 20,000 homes, with 202 new homes planned for 2016, and an estimated population of over 40,000 people with an average household income of over \$105,000 in a 3-mile radius. This is an outstanding location for a variety of restaurant concepts - if you are seeking to operate in this area, there's absolutely no better location! \$135,000. #2026

This location holds a dominant highly-visible position in an affluent Ahwatukee community. Currently operating as a Mexican Cantina, it is a true local's destination well-known for after work Happy Hours, a gathering place for neighborhood socializing to enjoy food and drink with friends, and a great spot to catch your favorite teams in action. It's been here a long time and has established clientele generating over \$1.2M annually to prove it, but it's time for the current owners to move on. A great opportunity to acquire a strong business with plenty of upside in a fantastic neighborhood. \$295,000. #2024



It's a lifestyle! This roadhouse style restaurant and bar includes a Series 6 liquor license and is perfectly positioned with great visibility from the main road in the COOL Arizona High Country. The business has developed a great reputation for locals and tourists traveling to and from Flagstaff and Phoenix or on the way to several Arizona attractions in the immediate area. With two patios, a large bar, fully equipped kitchen, easy access and plenty of parking, this facility is ready for a new owner to step in and keep the tradition of strong revenues and profits alive. \$450,000. #2027

BUYING A RESTAURANT...



Purchasing a restaurant is a big deal and there's LOTS to do to make it happen. Searching for the ideal location and purchasing the right restaurant can be an overwhelming and somewhat difficult process, but after doing so, being able to complete the acquisition and transition the business to your ownership has many of its own challenges; the key to doing it well is *preparation*.

First things first, if and when you find a restaurant that you want to purchase, you will have to negotiate with the seller. This typically takes place via the broker(s) and ends up with an executed Purchase Agreement between buyer and seller. When this happens, are you ready for what comes next?

Well, let's go back and start with what *should* have been in place before you signed up to purchase this restaurant. Did you form an entity to make the purchase? Based upon the structure of your business you would need to decide if you were going to be a sole proprietor, partnership, LLC or C-Corp. In today's world most small businesses like restaurants operate under an LLC so for purposes of this discussion, let's assume that will be the case here.

Continued inside



RESTAURANT INSIDER



I'M BUYING A RESTAURANT... Continued

To form an LLC you must submit Articles of Organization to the Arizona Corporation Commission along with all of the additional forms and information required. If you have partners and/or investors you will need an Operating Agreement as well. This should be done before you make your selection of the restaurant to acquire. If you know for sure that you want to acquire a business, then this is a wise investment as you will use it eventually, it's just a matter of when you use it and the location you ultimately decide upon.

Once you have an LLC you can begin to work on the other necessary steps like getting an EIN so that you can open a bank account. Without these things you cannot apply for the necessary licenses, permits and other accounts that will be required to open a new business or take over an existing business.

In addition, once a Purchase Agreement is signed and escrow is opened, you will need to make the earnest money deposit as specified in that Agreement so be prepared to write that check. Now, once escrow is opened the next steps are part of the process known as *due diligence*. While a major portion of due diligence revolves around fact checking, information verification, facility and equipment inspections, etc., a key component of due diligence is approval from the landlord to have the lease assigned or receive a new lease. After all, if you cannot get a satisfactory lease, all the rest of the items won't matter.

Well, we're back to preparation again. Since we know that a lease will be required at any location we eventually go into, we need to have what's commonly referred to as a "landlord package" ready ahead of time. The landlord needs detailed information on you and your business in order to make an informed decision to approve you for a lease. Typically, this information consists of a narrative description of your restaurant or bar concept including the decor and design of the space, resume/bio information on the management team, a draft of the proposed menu offering and financial statements for the principals. Having this information readily available in a professional presentation ahead of time will not only greatly increase the probability of receiving landlord approval, but will help to streamline the process as well.

Now you are under contract, escrow is open, the landlord has reviewed your information and approved you as a tenant for the space so you are officially well into the due diligence process. At this point you should be focused on multiple objectives: verification of the business financial and operational information, setting up accounts for all of the various products and services required in order to take over operations and working with the landlord and your attorney on the lease assignment or new lease documents. The goal being to complete all of these objectives prior to the conclusion of the due diligence period as specified in the Purchase Agreement.

When these items are completed you are now set to close escrow and take possession. In order for that to happen, you must be *ready!* Ready to purchase products and services; ready to pay the employees; ready to collect sales taxes and report them; ready to process credit card transactions; etc., etc. This means having all of the necessary accounts setup, having the necessary licenses and permits in place, establishing relationships with service providers and having the necessary support available to make it all work. This is an extensive list of items that needs to be complete and in place in order for you to close escrow and make a smooth transition to an operating business – *do not underestimate it!*

OK, the big day is finally approaching... you are about to close escrow. But wait... surprise! Did you know that you not only need the money to purchase the business along with additional working capital, but there are a bunch of other major expenses that you need to plan for as well? The utility companies will require deposits, and they are sizeable, in the thousands of dollars each. The landlord will require a security deposit that is at least one-month's worth of rent and if you are having an existing lease assigned there may be a lease assignment/review fee and possible additional legal expenses (this will be specified in the lease) that can be involved. In most cases you will also be purchasing the seller's useable inventory over and above the purchase price of the business; typically, another very significant expense. Lastly there are escrow fees, search fees and filing fees, along with prorated rent, depending on the possession date.

If not planned for these expenses can have a serious impact to your working capital and put the business in a cash strain right out of the gate. *Don't let it happen to you!* Work with an experienced professional that knows what to expect and can guide you through the potential pitfalls so that you don't jeopardize your investment. **These things are too important to leave to chance!** ~ *The Restaurant Brokers*



Chef Kevin Binkley has just concluded the sale of two of his famed restaurants, the namesake Binkley's in Cave Creek and Bink's Kitchen + Bar in Scottsdale. The sale of these two locations leaves Kevin with half the number of restaurants he was managing and overseeing at the start of the year and will allow him to focus on his key objective, Bink's Midtown. He is in the process of a major renovation at this 2320 E. Osborn Road location in Phoenix where he will create an all new dining experience even more upscale and refined than the original Binkley's. Both transactions were handled by The Restaurant Brokers and closed escrow within twenty-four hours of each other. We were happy to help and wish Kevin HUGE success at the new Bink's Midtown. It's going to be awesome!

JOKE: Entered what I ate today into my new fitness app and it just sent an ambulance to my house.

QUOTE: "Remember not only to say the right thing in the right place, but far more difficult still, to leave unsaid the wrong thing at the tempting moment." ~ Benjamin Franklin

RESTAURANT INSIDER



More Hot Properties



+ COMMISSARY FACILITIES

THRIVING food service business! Two awesome food trucks and a fully-equipped commissary/office with an extremely economical rent rate all included in one package. These trucks are local favorites on the food truck scene with excellent routes in addition to having strong demand for event business. This business is very profitable with great margins that deliver solid cash flow and it has the books and records to prove it. A great entry vehicle for an operator looking to acquire a business that has the ability to provide immediate profits and accelerated growth potential for the future. \$195,000. #2017

Breakfast and Lunch restaurant WITH REAL ESTATE! This well-known, long-established and very profitable business is pre-approved by SBA for acquisition by a qualified operator with the necessary credentials. This is a 1,992 SF freestanding building sitting on 1/3 of an acre in Phoenix. The business generates in excess of \$120K in annual profits which provides more than enough cash flow after debt service to deliver a nice salary for an owner-operator while building equity in the property for the long term. This business is pre-qualified by SBA and financing is available to qualified buyers. OWN the real estate for less than renting! \$540,000. #2018



Premium restaurant and bar facility available in the East Valley. This is a fabulous build-out with over-the-top curb appeal, a fantastic patio, indoor-outdoor bar, great visibility and ample parking. Known for their excellent food, craft beer selection, outdoor dining and live music on the weekends, this place is a casual neighborhood hangout and food, beverage and entertainment destination for the surrounding communities. The location features excellent demographics with a population of over 265,000 in the 5-mile trade radius and over 40,000 cars per day traveling the cross streets. This is a large-scale business that demands a qualified operator, but the rewards are here for the right one! \$475,000. #2009



Enjoy the Western Arizona lifestyle! This three-meal a day restaurant featuring classic comfort food is located in beautiful Wickenburg, just 50 miles west of Phoenix, but it's truly another world. Resting on the northern edge of the Sonoran Desert, just below Arizona's mountainous country, the area abounds in natural beauty devoid of the annoyances of everyday city life. After almost 30 years of owning and operating this neighborhood institution and tourist destination, the owner has passed away and his estate is selling the restaurant and real estate. Currently operating as a franchise, the 4,376 SF building on just under 2/3 of an acre can be converted into any concept or continue to operate as is. \$750,000. #2004

Beautifully redone neighborhood style **restaurant and bar in OLD TOWN SCOTTSDALE** now available. The seller just invested over \$300K in remodeling this facility and did an excellent job, but has other commitments that don't allow him to spend time operating this business. This location has good visibility, strong curb appeal, its own parking and best of all, a very reasonable rent rate. A new A/V package and fully built-out efficient kitchen make this a quick acquisition or conversion to your concept. \$145,000. #1992



This **Old World Restaurant & Pub** sits right in the heart of downtown Phoenix and is perfectly positioned to benefit from the massive growth and redevelopment taking place there right now. Currently serving an eclectic menu to sophisticated downtown dwellers in the evenings and office workers for lunch, things really get interesting for Happy Hour when the two groups mingle for a dynamic social scene. A perfectly sized 3,300 SF facility with an excellent kitchen, street-side patio and absolutely over-the-top bar make this a great spot for the right player that knows downtown and has the operational expertise to maximize its potential. \$245,000. #1994

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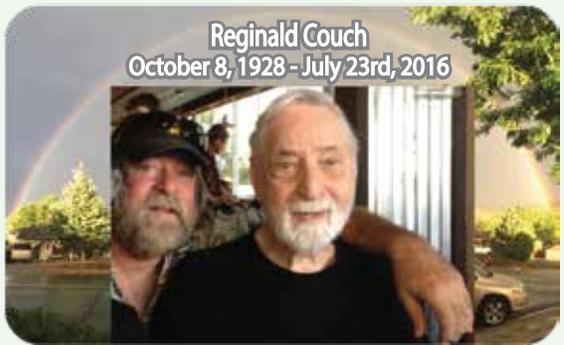
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By the numbers



Reginald Couch
October 8, 1928 - July 23rd, 2016

Awakened from the dream of life to eternal bliss. As much as mourning, his passing is a celebration. He made my life nothing short of one with unconditional love, support and encouragement. Dearly missed-Always present...
~ Reuel "Ruly" Couch

1905

The year that the Popsicle was invented by eleven-year-old Frank Epperson.
~ Buzz Feed

85,000

The current market value in dollars for a Maricopa County Series 6 liquor license. Need one? Ask us...
~ The Restaurant Brokers

25

The percentage of air contained in an apple by volume. That's why it floats!
~ Wiki Answers

2 million

The number of flowers honeybees must visit to make one pound of honey.
~ Fun Food Facts



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Even More Hot Properties

Fantastic Bakery and/or Commissary Kitchen in Northwest Phoenix. This fully-equipped facility has it all – pastry displays, tons of refrigeration, a hood system with Ansul, walk-in cooler, large prep and assembly areas, ample storage space, easy load in/out access and all at GREAT rent rate. Perfect for adding support to your existing restaurant operations or continue the bakery business. \$55,000 #2028



Old World Italy in Maricopa! This beautiful Italian restaurant brings home "a taste of the old country" – featuring pasta, picata and parmigiana entrées along with great pizza and hero sandwiches. Located in the end-cap of a strip center with strong visibility and plenty of parking, this facility offers a full bar, spacious open dining room, fully equipped kitchen and beautiful outdoor patio. The business trends show strong revenue growth and significant profitability in 2015. Perfect for a husband and wife team or chef-operator with a passion for Italian cooking! \$215,000. #1983



Great little Sports Bar & Restaurant! A true neighborhood place located in the end-cap of East Valley shopping center with excellent visibility, easy access and plenty of parking. This facility features an open floorplan, island bar and well-designed display kitchen capable of servicing virtually any menu. There are over 70,000 cars per day traveling the cross streets and the 5-mile trade radius has a population of over 400,000 with a strong core in the 25-44 age demographic. A very favorable rent rate makes for a great conversion opportunity to your concept. Seller very motivated. \$79,000. #1989