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Restaurant trends, such as food on demand, fuel changes in real estate

By Laura Michaels

“OVER THE PAST FIVE YEARS, restaurant traffic has flat-lined while food delivery sales have grown 20 percent,” said attorney Pat Weller, referencing a recent study from industry researcher The NPD Group.



Pat Weller

Chris Mumm

Weller, who focuses on real estate for law firm Monroe Moxness Berg, was speaking April 26 at the Retail and Restaurant Summit about the impact of delivery on restaurant real estate and operations, and added it's "clearly one of the biggest trends we're in the midst of."

Weller, along with Monroe Moxness Berg shareholder Chris Mumm, shared their insights on everything from how delivery is affecting restaurant parking—"You have to consider, where are you putting these drivers?"—to the changing footprint of restaurants themselves. Because restaurants are seeing less need for seating in some markets where delivery is especially popular, they're designing more compact floorplans and have different real estate needs.

"We're seeing restaurants, especially in high-density areas, with no physical storefront and only existing on a delivery platform," said Mumm, noting



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On the third-party delivery service side, he expects consolidation to continue and for more restaurants to begin offering online ordering through their own website "to take ownership of those customers."

"I think we may see, like the airlines did in response to all those third-party booking sites, restaurants treating customers better or offering perks if they connect and order directly through them so they're not so dependent on the third-party service," said Mumm.

On the restaurant trend topic, Weller noted an influx of "polished-casual" concepts using higher quality ingredients on chef-crafted menus, with more attention paid to an upscale look and feel that bridges the gap between fine and casual dining. And, pointing to

a statistic from the International Council of Shopping Centers, Weller said, "By 2025, food and beverage is expected to dominate 20 percent of total space in American and Canadian retail real estate."

The shopping mall landscape is changing as well, with malls being forced to evolve to accommodate what consumers want, said Chad Macy, vice president of leasing at commercial real estate firm JLL. That means increasing the number of specialty shops and paying more attention to aesthetics to give a boost to the overall experience. Restaurants are playing a big role in this evolution, Macy noted. Food halls such as the Craveable Market that is being developed locally at Rosedale Center in Roseville, are in demand. Southdale Center in Edina, meanwhile, is exploring the addition of more residential options to fuel a "live, work, play" environment and give tenants a more captive audience. **FSN**