



retail strategies



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WAKEFIELD

Could Food Halls be the Answer to Saving Independent Restaurants?

Lacy Beasley, President, Retail Strategies

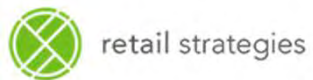
Phil Colicchio, Executive Managing Director, Cushman Wakefield

Trip Schneck, Executive Managing Director, Cushman Wakefield

Garrick Brown, Vice President, Retail Intelligence, Cushman Wakefield



Lacy Beasley
President



Phil Colicchio
Executive Managing Director



Trip Schneck
Executive Managing Director



Garrick Brown
Vice President, Retail Intelligence





Phil Colicchio
Executive Managing Director



Phil established Colicchio Consulting, a specialty food, beverage and entertainment consulting group in 2005 to assist hotel, resort and mixed use developers worldwide in preparing strategies for the food & beverage amenitization of their projects. Cushman & Wakefield acquired Colicchio Consulting in late 2018, and the group continues to operate as a leading specialty F&B consultancy team for the international real estate community.

Phil has been a practicing commercial litigation/real estate /business attorney for many years, served as Senior Counsel for the multi-family group at Freddie Mac in Washington, DC and co-founded the law firm Taylor Colicchio, LLP with offices in New York and New Jersey. Over the course of his legal career, he represented a number of developers, hotel groups, restaurateurs and chefs; among them more than 50 James Beard Foundation Award winners.

A nationally renowned expert on evolving food & beverage platforms, including food halls, Phil is a faculty member at the Culinary Institute of America, teaching legal, real estate and capitalization strategies in the CIA Master of Professional Studies in Food Business program.



Trip Schneck
Executive Managing Director



Prior to Colicchio Consulting, Trip Schneck was the co-founder of HotelMe.com, a verified online review platform offering consumers trusted reviews from verified guests. He sold the company to Gannett in 2014. Trip was also the president and co-founder of TIG Global. As president, he was responsible for the overall strategic direction, development, and operations of the company. Trip sold the company to MICROS in December 2009, which resulted in investors earning a 99% compounded IRR on their investment over an eight-year period.

Previously, Mr. Schneck served as vice president of asset management and strategy at Thayer Lodging Group, a private hotel ownership group with a nationwide portfolio. He oversaw distribution strategies, revenue management, sales, marketing, and business development initiatives across the company. He was also responsible for the asset management of the portfolio, comprising 23 hotels with a market value in excess of \$2 billion. Prior to that, he served as the operations director for several hotels and as a consultant working with large pension funds to improve hotel investment operations.

He holds a bachelor's degree from Michigan State University and he received his MBA from the RH Smith School of Business at the University of Maryland. Trip has served on the advisory board for Cornell's Center for Hospitality Research and is currently a board member at the School of Hotel Management at Auburn University.



Garrick Brown

Vice President, Retail Intelligence



Garrick Brown is one of the leading retail real estate analysts in the United States; he speaks frequently at industry events and is regularly quoted on retail matters by the Wall Street Journal, the CBS Evening News, NBC News, CNBC, National Public Radio, Women's Wear Daily and dozens of Business Journals and other industry publications.

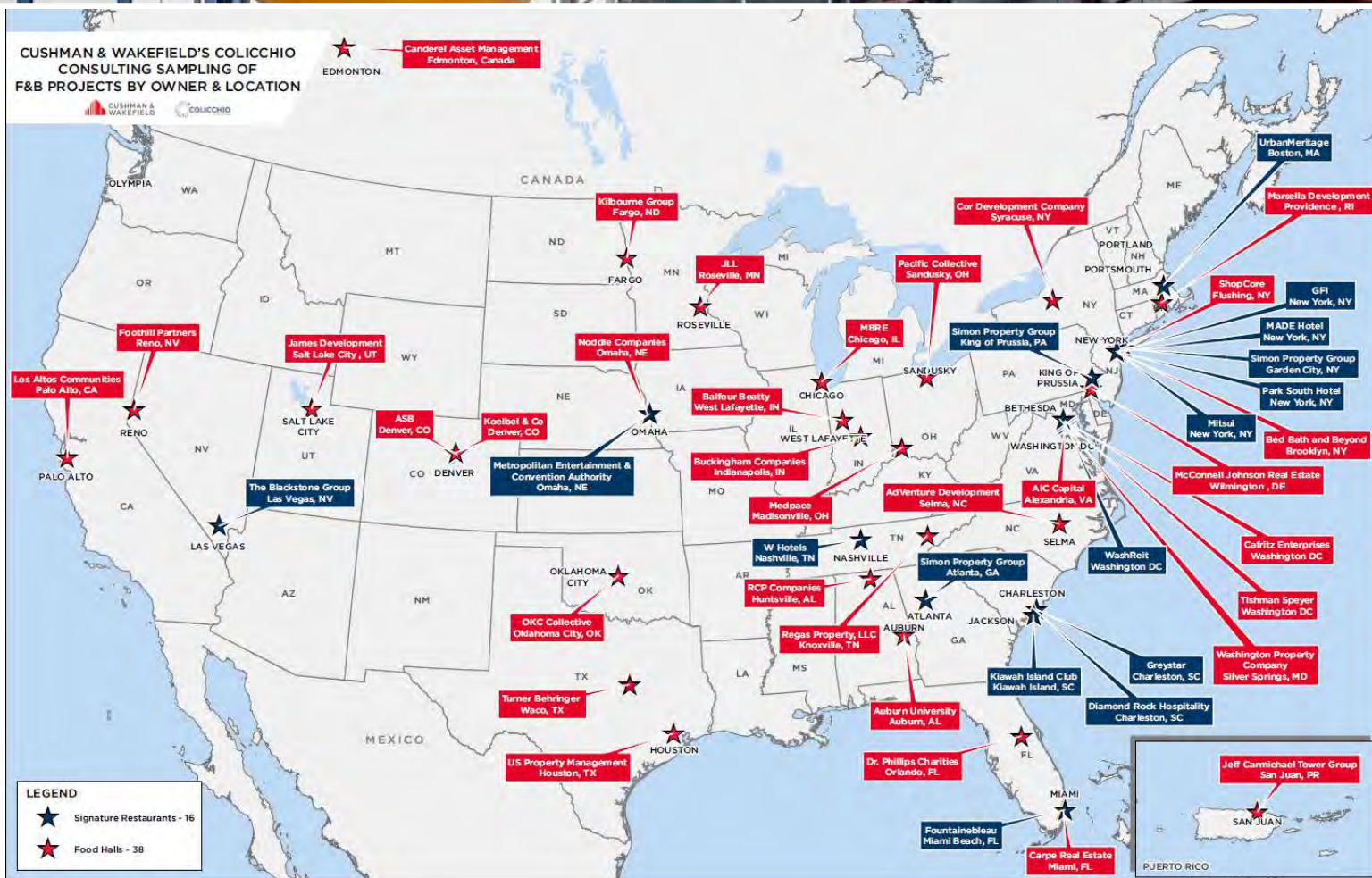
Garrick serves as VP, Head of Retail Research for Cushman & Wakefield throughout the Americas. He manages Cushman & Wakefield's staff of retail researchers and is responsible for producing the firm's retail analyses and forecasts in the United States, Canada and Latin America. He also produces a number of the firm's national publications focusing on the retail and investment markets, and also regularly publishes white papers on pertinent retail and newCommerce related topics. Mr. Brown also serves in an advisory capacity for our clients, helping to shape real estate strategies with data-driven intelligence. He had previously served as DTZ's Vice President of Research for the Western United States and National Retail Research Director upon the merger of that firm with Cassidy Turley in January 2015—he had joined Cassidy Turley in 2010.

He is an accomplished public speaker, known for his informative and entertaining approach. In addition to speaking frequently at Cushman & Wakefield events, he has served as a keynote speaker at symposiums, conferences and market forecasting events for groups like the Appraisal Institute, BOMA, the International Council of Shopping Centers (ICSC), Lambda Alpha International, NAIOP, the Professional Retail Store Maintenance Association (PRSM), SIOR and the Urban Land Institute (ULI).

**CUSHMAN & WAKEFIELD'S COLICCHIO
CONSULTING SAMPLING OF
F&B PROJECTS BY OWNER & LOCATION**

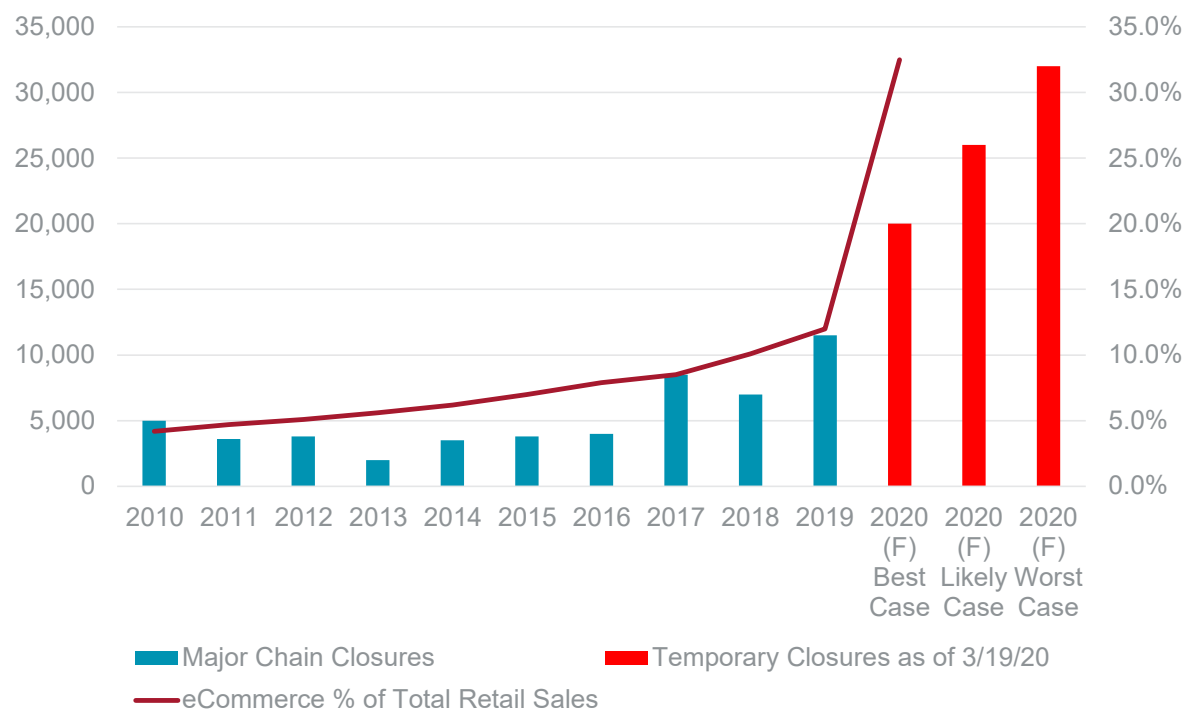


★ **Edmonton, Canada**
Candereal Asset Management
Edmonton, Canada



Store & Restaurant Closures Won't Let Up in 2020

Major chain closures (does not include independents)



Source: Company filings, Media Reports, Department of Commerce, Cushman & Wakefield Research, CoreSight Research

Closures Will Ramp Up

Closures (both from bankruptcy and strategic closures) had been about a combination of factors with the acceleration of newCommerce acting as catalyst. Before Coronavirus, those numbers had been anticipated to fall from 2019 heights.

Now, we anticipate them to be significantly higher than last year's record levels.

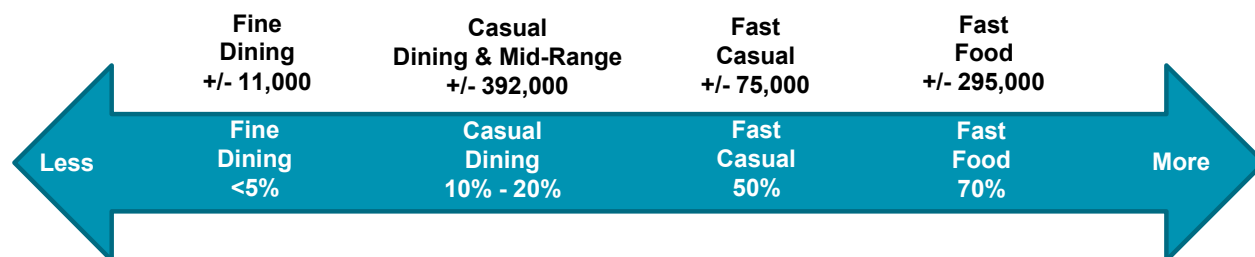
We had anticipated higher levels of restaurant failures in 2020 due to rising labor costs and a crowded marketplace. Those challenges will be greatly magnified by the impact of CoVid-19.

The length and severity of the outbreak, as well as governmental policy response, will ultimately determine the level of economic damage.

Sobering Realities

780 MSF of restaurant space could be at risk over the next year...

Potential Real Estate Risk



- Fine Dining sector is primarily driven by chefs and independents. Outside of a few major chains (generally private equity owned), this is essentially the same business model as mom and pop pizza places, but with fancier food and higher prices. We expect at least 50% of these restaurants to fail (likely more), or roughly 3,900 units.
- The Casual Dining sector has some large well-capitalized multi-brand operators; it also has some that were struggling before CoVid and many that operate on a franchisee model. Some of those franchisees are large multi-unit developers, but not all. MidScale restaurants are essentially independent casual dining concepts; dominated by mom-and-pops and family businesses. We think that a 25% failure rate for this category is a conservative estimate. This equates to 98,000 businesses.
- The Fast-Casual sector has a number of large, well-capitalized chains and had been the hottest growth market in the restaurant world. But it is also dominated by independents, many of whom will not have the financial resources to survive. We estimate a 50% failure rate.
- Fast food will be best positioned to succeed. Still, we estimate a 20% failure rate as many operators are independent franchisees.

Fine Dining restaurants tend to have larger footprints (not always). We estimate that the average size of space for this sector overall is at about 7,000 SF per location. **If 5,900 restaurants fail, it equates to +/- 39 MSF of space that could go vacant.**

Casual Dining/MidScale footprints tend to average around 5,000 SF (with considerable variations). **If 25% of these businesses failed, it would equate to an occupancy loss of +/- 490 MSF of space.**

Fast Casual operators have a considerable range of size usage, but we estimate this averages out to about 3,000 SF per unit across the sector. **If 50% of these businesses fail that would mean +/- 113 MSF of vacancy.**

Fast food space usage averages roughly 2,500 SF per unit. **A 20% failure rate translates into +/- 148 MSF.**

Source: Cushman & Wakefield Research; OpenTable, CreditIntell, NPD Group

Future Restaurant Footprints – Downsizing or Expanding?

- **Downsizing** - due to lack of demand for dine-in
- **Expanding** - due to needed space in dining areas to spread out customer base
- Increased delivery & takeout



Surviving the Shutdown: Food Halls

Of the 220+ Food Halls that Cushman & Wakefield regularly tracks...

At the first peak of the COVID-19 Pandemic (March + April 2020):

OPEN*, at limited capacity: 155 Food Halls (75%)

TEMPORARILY CLOSED*: 52 Food Halls (25%)

By July 2020, as restrictions lifted:

OPEN, at limited capacity: 187 Food Halls (86%)

TEMPORARILY CLOSED: 24 Food Halls (11%)



2 food halls opened NEW!
(Durham, NC & Hartford, CT)



22 new food halls announced to open in the future!
(Not including 200+ already in planning and development across the country)

- Only 3 food halls have closed permanently since the start of the pandemic.
 - In Baton Rouge, LA, Lexington, KY, and Atlanta, GA
 - However, each closed for reasons independent of the pandemic, and the government-mandated shutdowns only exasperated troubles.

*Food halls were considered "Open" as long as at least one stall remained operating for takeout/curbside delivery. "Closed" was categorized as a temporary closure due to the pandemic.

Evolution of the Food Hall Model

- Diversity of Labor
- Hedge for Operator
- Hedge for Landlord

Food Hall Vendor Labor Benefit

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Source: Cherry

Typical Restaurant Labor Models

Concept Type	Servers	Back of House (for every 50 checks)
Self-Service	1 per shift, every 12 tables	4
Seated, but Casual Dining	1 per shift, every 5 - 6 tables	4
Fine Dining	1 per shift, every 3 - 4 tables	6 - 7





What's happened to Food Halls?

Ghost Kitchen

A ghost kitchen, or commissary facility, is a brick and mortar space that caterers, makers, bakers, food trucks, and emerging concepts are required to operate out of by the health department. Think of it as a co-working space for food or a restaurant without storefront.



Allowing your restaurant to be used as another business's commissary during off hours is an excellent idea for a supplemental revenue stream for brick and mortar restaurant operators – and as an adaptation for future business planning.”

Haden Smith, Associate Broker





Emotional Connection to Restaurants

RESTAURANT BRANDING AND THE EMOTIONAL CONNECTION

Did you know that in the quick serve segment, Moms and Millennials are the two most important demographic groups?

The Real Business of Restaurants Isn't Food — It's Emotion

What do you sell? What do you really sell? Now, don't go for the obvious answer that most give: We sell food and beverage. Some might give a better answer of: we sell an experience. You're getting warmer. Think about it. What is the driver behind "an experience"? It's emotion.

21 Top Foodie Destinations Around the World

Adding culinary activities to your vacation itinerary is one of the best ways to experience the culture of the destination you're in. This list contains 21 of the best places to go for foodie vacations.





Municipalities & Placemaking

- Reintroduce residents to your community
- Reimagine public spaces
 - Alleys
 - Crosswalks
 - Socially distanced outdoor activities
- Façade improvement programs
- Now is the time to invest in built environment





The best design is one that elevates the customer experience while creating efficiency, balance and achieves a connection to the region.”

-Ed Eimer
President,
Eimer Design



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The mall food court was never intended to provide anything more than temporary fuel for shoppers. It was never meant to provide an experiential meal or to create a destination, unless you were a teenager needing place to hangout. Food courts, at their origins, were afterthoughts. Today, the polar opposite is true of food halls.”

-Phil Colicchio
Executive Managing Director, Specialty
F&B, Entertainment and Hospitality
Consulting, Cushman & Wakefield



Food halls are not necessarily suitable for five- or ten-year lease terms. Those longer leases are a risky proposition for venue operators because not all of these vendors are going to make it for that long a term."

-Trip Schneck

Executive Managing Director, Specialty F&B,
Entertainment and Hospitality Consulting, Cushman & Wakefield



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Food Halls + City + Developer

- Not all projects are created equal
- Food Halls offer unique quality of life through placemaking
- The City needs the developer
- The Developer needs the City





Call to Action

*Hope for the best and
prepare for the worst.*

- Get Creative
- Connections
- Public Private Partnership





Benefits of P3s [Public Private Partnership]

Public-private partnerships help fill the void between typical annual government accounting and capital budgeting. In a recent report by Deloitte titled, "Closing America's Infrastructure Gap: The Role of Public-Private Partnerships," it succinctly outlines six perceived benefits to governments utilizing PPPs as follows:

- 1.P3s allow the costs of investment to be spread over the lifetime of the asset and, therefore, allow infrastructure projects to be brought forward in years compared to the pay-as-you-go financing that is typical of many infrastructure projects.
- 2.P3s have a solid track record of on-time, on-budget delivery.
- 3.P3s transfer certain risks to the private sector and provide incentives for assets to be properly maintained.
- 4.P3s can lower the cost of infrastructure to the public entity by reducing both construction costs and overall life-cycle costs.
- 5.Since satisfaction metrics can be built into the contract, P3s encourage a strong customer service orientation.
- 6.Because the destination, not the path, becomes the organizing theme around which a project is built, P3s enable the private sector to focus on the outcome-based public value they are trying to create.



**Stock + Grain
Assembly**
High Point, NC



Loop Brewing Company
McCook, NE



Lostway Brewery
Holdrege, NE



**Drylands Brewing
Company**
Lovington, NM

MCCOOK COMMUNITY COLLEGE

HORMEL ENTREPRENEURSHIP COMPETITION



gameON
GAMES & COMICS

The contests will host startup or expanding businesses from 7 southwest counties in Nebraska:

- Furnas
- Frontier
- Red Willow
- Hayes
- Hitchcock
- Chase
- Dundy

\$25,000
IN BUSINESS
GRANTS*

\$25,000 in business grants* will be available to the Hormel Entrepreneurship Competition finalists and cash prize amounts will be determined by the panel of judges prior to their announcement.

**FOR LOCAL BUSINESSES IN THE STARTUP OR EXPANSION
PHASE TO HELP JUMPSTART THEIR BUSINESS!**

COMPETITION DEADLINE IS

NOV 30TH

Once you have submitted your entry application, applicants will receive a notification via e-mail that their application was received by Mid-Plains Community College. There is no need to call-in or e-mail to check on the status of your application.

RECEIVE A

SCHOLARSHIP

Hormel Entrepreneurship Competition finalists will also receive a scholarship to pay for tuition and fees (approximately \$321.00) for the mandatory 8 week on-line Entrepreneurship Business Plan writing course offered through Mid-Plains Community College.



COLICCHIO CONSULTING



2020

ABOUT US

Acquired by Cushman & Wakefield in late 2018, Colicchio Consulting has been providing property owners and developers in the US, Caribbean, UAE, Asia, and Europe with bespoke food and beverage curating and asset management consulting services since 2005. Our principals employ over 40 years of hospitality experience in identifying and engaging the most well-suited food, beverage and lifestyle concepts and operators for our clients and their markets.

The goals are simple: Secure an aligned fit in a timely and efficient manner so that a successful, long term relationship between property owner and elevated food & beverage operations may be achieved. Should an owner maintain a mature sense of what it seeks in a culinary partnership, we identify the options within those categories and strategically invite them to the table. If an owner seeks guidance, broader perspectives or alternative views, we assist in refining the thought process and present compelling alternatives. We are privileged to be able to work with only the best of the best. From internationally renowned Michelin star chefs and restaurants to James Beard Foundation award winners, to media personalities and “regional royalty”; our network of acclaimed chefs, successful restaurateurs, designer/architects and venue operators is unrivaled. We have recently been identified as “America’s foremost Food Hall consultants”, and when live entertainment is considered in the development thought process, our Grammy Award winning partners bring artist focused expertise in venue design, operation, branding and programming to the team.



Phil Colicchio

Executive Managing Director

Phil.Colicchio@cushwake.com



Trip Schneck

Executive Managing Director

tschneck@colicchioconsulting.com



Garrick Brown

Vice President, Retail Intelligence

Garrick.Brown@cushwake.com





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Questions?