

Columbus Dispatch, The (OH)

March 24, 2008

For sale: healthy sampling of restaurant properties

Mike Pramik

THE COLUMBUS DISPATCH

The sale and lease-back of a Hoggy's restaurant at Polaris has injected some optimism into the local commercial real-estate market.

Or at least it has opened a few eyes. That's because, with the economy as jittery as a poached egg, restaurant properties have been up for grabs in large number in central Ohio, and not all are selling. For example, several Fuddrucker's properties are for sale after that chain pulled out of central Ohio last April. Former Ryan's, Outback Steakhouse and Hooter's restaurants near Rt. 161 and Cleveland Avenue are available, as is the former Reflections Cafe at 1335 Dublin Rd.

No one has claimed Victory's since that former Brewery District hot spot closed more than a year ago. And the former Houlihan's at Sawmill Road and Scottie MacBean in Beechwold are seeking new owners.

"There are a ton of them, and there are going to be more and more," said Mike Simpson, an agent with NAI/Ohio Equities, which is listing the Ryan's restaurant at \$1 million.

Many of the properties that are selling are owned by healthy operations and are immediately leased back to the tenants.

For example: A California investment team recently paid more than \$3 million for the Hoggy's restaurant at 8740 Sancus Blvd., an outparcel at Polaris Towne Center near Polaris Fashion Place. That's more than \$500 per square foot.

"That's a very aggressive price," said Kevin James, a broker with Colliers Turley Martin Tucker. "A lot of people are probably looking at it as a positive for their (other) assets as well as restaurants."

Although a representative of the Hoggy's chain was not available for comment last week, the location is thought to be successful.

Another reason it fetched more than \$3 million is that it was marketed heavily to out-of-state buyers, said the person who helped to sell it.

Vic Voinovich of Sperry Van Ness, which handled the deal for Hoggy's, said simply putting a "for sale" sign on a central Ohio restaurant building is not sufficient to sell it.

"We're finding that Californians and other out-of-town buyers think more of Ohio than Ohio does," Voinovich said. "My marketing approach is dependent upon getting out-of-town buyers to look at Ohio real estate and letting them know what's going on here."

Of course, once a building is sold and not leased back, the problem becomes what to do with it. Oftentimes, it's hard to reuse an old restaurant. Chains typically don't want it because the building's

architecture doesn't fit their prototypes.

"That's the challenge," Simpson said. "They're all branded buildings."

One local developer has had some success with former restaurants. North Star Realty is turning two closed restaurants -- Cozymels Mexican Grill near the Mall at Tuttle Crossing and Joe's Crab Shack near Easton Town Center -- into retail centers.

Although Voinovich says he expects to have continued success by appealing to out-of-town investors, not everyone is bullish on the market this year.

"With the investment markets being slightly slower, it's somewhat risky to put (properties) out there," James said. "If you're a restaurant owner and need to get an infusion of capital, you might be better off doing it a year from now when things are a little more stable."

Brick-a-brac

* Chemicals distributor Budenheim USA has firmed up a lease to locate a distribution operation in central Ohio. The German company has taken 34,000 square feet at ProLogis' Westbrooke Corporate Park in Columbus. The Ohio Department of Development gave Budenheim a grant last year to assist with the move.

* A California distributor of supplies to nursing homes has arrived in central Ohio. TwinMed LLC of Santa Fe Springs, Calif., has leased 85,000 square feet at a ProLogis warehouse at SouthPark industrial park in Grove City.

Mike Pramik covers development for The Dispatch. Contact him at [mpramik @dispatch.com](mailto:mpramik@dispatch.com) or by fax at 614-461-5107.

THE COLUMBUS DISPATCH Copyright (c) 2008 The Dispatch Printing Co.