

## **Distressed Restaurants – Don’t Wait Until the Last Minute to Sell!**

Just like any other business Restaurants are susceptible to failure, before shutting your doors think about extracting some value by selling.

With this strategy timing is crucial; most restaurant owners don’t understand the time it takes to sell a failing restaurant for its assets. On average these transactions take 6 months to over a year to complete.

I’m prompted to write this article today because many restaurant owners have called our office recently wanting to sell with very little time, they are behind on rent and operating their business day by day or week by week, they have no choice other than face eviction from the landlord or shut their doors. This is a very stressful place to be and in most cases can be avoided by cutting your losses earlier. Do you know when it’s time to fold in poker, or when to sell a loser stock before it’s worthless? The same stubbornness in these simple examples can leave you with nothing.

### Remember these facts when deciding to sell under distress:

- Timing - Plan for a minimum 6 months to 1 year cash flow cushion, pay your bills especially the landlord.
- Pricing – Your Restaurant needs to be priced aggressively & we know what aggressive means.
- The market for your place is always changing with demand for space & we know what places just like yours are selling for.
- Don’t wait until you have no lease term left – most certainly all you have to sell is your right to occupy your space, without a lease your place is completely worthless.
- What you put into a place has no relevance on its value
- Most of your value will be in your location & Lease – do you have a below market lease? Or is your location in high demand?

As an integral component of the Location Matters business model we sell restaurants, both profitable turnkey business opportunities AND desirable locations available for conversion. All of our conversations with our clients are held in the strictest confidence. If you are curious about the market for restaurant sales please don’t hesitate to give us a call.

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