

# STATE OF THE ECONOMY

Those who know me and are familiar with Specialty Group seemed concerned about our industry. “How’s your business doing?” they ask. As though they are inquiring about a friend’s funeral. The reality is, from my point of view, *our* business, and more importantly, *our* industry is busier and stronger than ever.

Why would they think that? is the obvious question. Over the past twenty five years, there has been a steady flow of clients coming to see me who have what I call “the bar gene”. Those who sit before me and say those solemn words, “**I have a dream of owning my own place**”. It’s in their DNA. Ultimately, sooner or later, this client winds up with that dream coming true, one way or another.

Aside from that regular flow of “wanna owns”, there are two other new growing groups now wanting to get into our industry who are clearly fallouts from our current unstable economy.

The first group is a result of what I refer to as “the joblessness effect”.

It is amazing how many in that group have come through our office in the last year or so who have been affected by and have become part of that 10% jobless rate you have been hearing so much about. They believe that because they can drink or cook and have a few dollars in savings, that they can own and operate a successful bar or restaurant on their own. Now that may seem far fetched considering how complicated the full operation of a bar/restaurant is, but believe it or not, that belief of theirs is enough to motivate them to get them into the game. And in the game they go.

The second group attributing to the surge in new first time operators are those suffering from what I call the “Madoff Effect”. So many have lost money in various stock market crashes and schemes over the past decade, that they have chosen to pull their money from their portfolios and put it where they believe they have better control over it. Their own bar/restaurant. For as long as I can remember, purchasing a bar/restaurant always included some type of financing, whether it be from a lending institution such as Specialty Lenders or the Seller. But more and more we see offers in the five and six figures where no financing is required. The Buyer has

all of their money in cash. That has always been unheard of. Clearly a result of market pullout.

There has always been a never ending supply of first time buyers looking to 'get in' as well as a never ending supply of sellers looking to 'get out' no matter what the economy. What's the saying? Regardless of where or why the buyers come into the marketplace, there is always a place for them to set up shop.

The fact is people drink when times are good and drink when times are bad. That fact alone, keeps the state of the economy in our industry strong and vibrant.