

Are more restaurants closing than usual in Pittsburgh? And if so, why?

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By Melissa McCart / Pittsburgh Post-Gazette

Two nights before the restaurant closed permanently, Nine on Nine in Downtown staffed up for Valentine's Day, one of the busiest nights of the year — and the last one for the restaurant after 13 years of business.

At the bar, Joseph McMurray, who has worked at the restaurant for six years, had outfitted the place with balloon hearts and disco-light effects. In the spirit of the old Kaufmann's department store's window displays on Smithfield Street, he dressed up the Bar Nine window as a Valentine that read "Thank you PGH" to passersby.

Nine on Nine is one of a spate of restaurants closing in 2019 in the region, a year that has started with what seems like more closings than usual. Owner Courtney Lynch-Crawford says it's because of a rent hike to almost \$35 per square foot, while the landlord William Gatti, CEO of Trek Development, says that's not accurate.

That \$35 per square foot is about average in the neighborhood, depending on the location. According to Costar, which provides commercial real estate information, the central business district average rental rate experienced a significant increase of 11.6 percent per square foot between 2016 and 2017, while for 2019 the year-to-date average has already increased by 1.64 percent per square foot.

Back at Nine on Nine, the he-said, she-said case is between the operator and the landlord for now anyway. But the fact that there have been big closings more often lately reinforces that Pittsburghers are in the midst of a fast-changing restaurant landscape, especially in the city's busiest neighborhoods.

So far this year, restaurants Naya and Smallman Deli closed in Squirrel Hill; neighborhood landmark Nied's Hotel shuttered in Lawrenceville; Asiatique Thai Bistro closed in Larimer; and Pirata closed near Market Square and will soon become a bar. In Regent Square, Istanbul Sofra has turned over to become an upcoming Mediterranean spot called Sahara.

In the suburbs, Rumfish Grille has closed in Bridgeville; Cocothé and Bruneaux have closed in Sewickley; and Willow in Ohio Township is turning into an event spot.

It's not like the spaces are languishing empty, though.

"We're slammed," said Terri Sokoloff, president of Specialty Bar and Restaurant Brokers in the North Hills that markets restaurant locations.

Ms. Sokoloff, who has been in the brokerage business since 1986, says she doesn't think there are a higher number of closings than usual around this time of year. The market is still hot despite closures that in some cases result from owners not focusing on the economics of their business transactions — restaurateurs in over their heads, she said, willing to open in spaces that are too large with over-market rent, too much debt, cost overruns and unexpected delays. She called these bad deals and referred to them as "buyer blinders."

Timing might play a role, too. After the December holidays and in the dead of winter, finances can be harder on a traditional restaurant: Higher utility bills are coming in. Fewer people are going out to dinner in the colder weather. And with more restaurants opening in the past few years, competition is high.

There's also the labor problem, with the restaurant and hospitality industry the No. 1 employer here, according to a report last year by labor analytics firm Emsi. The labor shortage is citywide, with the lowest unemployment rate on record and a projected worker shortage of 80,000 in the region by 2025, according to the Allegheny Conference on Community Development.

As far as restaurants are concerned, "We may be approaching oversaturation," Ms. Sokoloff said. "But is it really more than a normal fallout?"

Jon Knudsen, a director at Hanna Langholz Wilson Ellis, said the reason why the uptick in traditional restaurant closings might seem unusual for Pittsburgh is that we're seeing the intersection of a few different factors.

One is closings due to "the natural cycle of restaurants," he said. "Places that have been around for a decade or more that have run their course."

At the same time, there is new development in the urban core and in Downtown neighborhoods. Mr. Knudsen's firm is part of the historic Commonwealth building under development on Fourth Avenue, Downtown, a 21-story development that will offer 140 residential units and ground-floor retail.

"Yes," he said, "you've got some residential growth, but there is only so much sales capacity."

In other words, there are only so many diners on a given night, especially during the week. And unlike a Washington, D.C., or Boston, he said, “we’re not seeing the same kind of population growth.”

So while Pittsburgh may be on a development tear, it’s not like more diners are going out to dinner.

“We don’t have the dining density,” said Brian Pekarck, chef/partner of Spoon and BRGR in East Liberty and other restaurants.

A year ago, U.S. census data showed that Pittsburgh had lost more residents — 8,169 — over the course of a year than any other metro area except Chicago, and Allegheny County’s reported drop of 4,505 was the fifth-biggest loss among U.S. counties.

Overall, Allegheny County’s population declined for the fourth consecutive year, and the seven-county metropolitan area shrank for the fifth year in a row.

Mr. Pekarck — who as a proprietor turned what started as Grit and Grace in Downtown into a BRGR and turned Willow into an event space — is having to respond to what he calls “a volatile market.”

“The expansion and growth the last five years has been at a ridiculous pace,” he said. “And while Pittsburgh has grown by leaps and bounds, there are so many restaurants that only have a weekend crowd. And without that weekday business, it’s really hard to survive.”

Another challenge to survival is the uptick in rents, Mr. Knudsen said, with some landlords “pushing \$40” a square-foot in areas like Downtown.

“It’s tough [for a restaurant] to underwrite sales,” he said, “when a landlord is asking that much.”

Back at Nine on Nine on Valentine’s Day, Lee Corbett, who has been head chef for seven years, oversaw a holiday menu of winter panzanella salad, crab bisque, dry-aged ribeye steak and braised scallops.

He came out of the kitchen to show Mr. McMurray and Ms. Crawford the salad, since it was one of the first times he had made it, housed in radicchio, with leaves like a shell.

“Beautiful,” they said.

Mr. McMurray returned to his bartending duties, greeting a regular who was upset about the closing.

“I won’t be able to wave to you anymore,” she said, a ritual they had shared when she would walk by the restaurant.

Mr. McMurray lamented it, too, along with all the other things he'll miss seeing out the restaurant window looking onto Penn Avenue. Revelers attending the St. Patrick's Day parades. Underwear rides. Furries weekend. And the dragon that ushered in Lunar New Year.

"It was front-row seat to Pittsburgh's Downtown," he said, admitting that he was heartbroken. "It feels like a funeral now. But it was worth staying."

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