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Dale Graves, the director of real estate for Brown Restaurant Group, poses outside a Browns Socialhouse in New Westminster last week. The restaurant chain has opened up shop in several mixed-use buildings in the Lower Mainland.

The right restaurant can anchor a mixed-use project

Developers look to the 'usual suspects' to add value for residents

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One of the most important moves a commercial real estate developer can make when setting up a mixed-use project is to select a recognizable restaurant brand that will resonate with future homeowners and help attract other commercial tenants, local commercial real estate experts say.

If it appears that most mixed-use developments popping up around Metro Vancouver these days tend to include the same assortment of grocery stores, drug stores, banks and restaurants, it's because they typically do, Mosaic Homes vice-president Geoff Duyker said.

Developers are always trying to cast the perfect assortment of businesses for mixed-use buildings and communities, and the key tenants — beyond the usual service businesses — tend to be stable restaurants with regional brand recognition, he said in an interview.

"That is a really important component to what we're doing," he said.

"And (a stable restaurant) frankly is what adds the most value and will allow future homeowners to see this as an amenity

that adds value to their home located next door."

But operators of anchor restaurants in mixed-use projects have to show that they're in it for the long haul, he said.

"You want a combination of an anchor tenant who you know is going to be there for a long time and you're confident they will be because they've demonstrated that through their track record," he said. "That would typically lead you to a list of usual suspects."

One of those usual suspects around Vancouver and other parts of the province has increasingly been Browns Socialhouse, which has been expanding at a swift pace in recent years. The Vancouver-based chain first appeared in 2004 on Lonsdale in North Vancouver and now has 28 restaurants run by franchisees across Canada, with 21 of them located in B.C. They have plans to open dozens more around the country in coming years.

Browns has been setting up several locations in mixed-use developments in suburban settings, the company's director of real estate, Dale Graves, said. He said they opened eight new restaurants last year alone.

"We are finding that mixed-use developments are a great opportunity," he said, pointing to new

or soon-to-be restaurants in mixed-use buildings in Langley, Surrey and New Westminster.

He said mixed-use developments such as the Brewery District in New West are bustling places with a lot of residential and commercial activity.

"We want to be in the hub of the action," he said.

Part of Browns' success is they keep their restaurants and operations relatively small, Graves said.

"Our typical footprint size is about 3,500 square feet, and quite often developers will have a limited area that they can offer for restaurant use, maybe smaller than some of the other big box casual guys would want to see," he said.

Graves said the smaller footprint keeps costs down for them and for the developers when setting up the restaurant, and the smaller space requires fewer staff and tables.

"It's a very intimate space," he said. "We limit the number to about 25 tables or about 110, 125 seats."

Landing spaces in new developments also gives the company the ability to help tailor the space to fit their brand and to ensure that a patio is included in the set-up.

"A big part of our offering is the patio environment," he said.

Patios that are suitable for year-round use at these types of restaurants are "game-changers" for suburban neighbourhoods that lack other dining options in the immediate area, said David Bell, a senior consultant with Colliers International.

"There are a lot of grab-and-go operators in suburban markets, but not a lot of place-making restaurants that spill out on to the street and signal a change for the neighbourhood," he said, also pointing to the Browns at the Brewery District as a good model for other chain restaurateurs to follow if they want to break into mixed-use spaces.

Developers, however, must be mindful of protecting their projects from too much of a good thing, Bell said.

"Developers should try to look at a broader list of restaurants that are regional chains as opposed to national chains," he said, adding that smart developers are hunting for "regional stars" that bring brand recognition, but also a "freshness" to the area.

"You're always balancing security and lease rates with the cachet that any tenant is going to bring to the mix," he said.

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