

Table of Contents

About the Authors	ix
Acknowledgments	xi
Foreword	xiii
Introduction	xv
<hr/>	
Chapter 1 An Overview of Restaurants	1
What Is a Restaurant?	1
Who Owns Restaurants?	4
How Restaurants Differ from Typical Retail Properties	5
How an Idea for a Restaurant Evolves	7
Inventory and Types of Restaurant Properties	10
Restaurant Success Rate	13
Key Takeaways	14
<hr/>	
Chapter 2 Scope of Work	15
Different Types of Restaurant Valuations	15
Examples of When to Use Which Valuation Scenario	17
Restaurant Transactions	20
Key Takeaways	22
<hr/>	
Chapter 3 Market Analysis	23
Market Analysis Defined	23
Information Sources	24
Step 1. Property Productivity Analysis	24
Step 2. Market Area Delineation	25
Steps 3-5. Demand, Supply, and Market Condition Analyses ...	25
Real Estate Cycles	26
Steps to Answer Supply and Demand Questions	29
Step 6. Subject Marketability Analysis	30
Market Analysis Case Study	31
Key Takeaways	37

Chapter 4	Location and Property Analysis	39
	Criteria for a Successful Restaurant Location	39
	Criteria for a Suitable Restaurant Site	41
	Examples of Restaurant Site/Location Requirements	43
	Rating Restaurant Sites	44
	What Does a Restaurant Site Cost?	44
	Restaurant Improvements	46
	Examples of Restaurant Building Requirements	51
	Restaurant Build-Out	51
	Real Property vs. Personal Property	53
	Functional Issues	53
	Case Study: Evolution of Product Design	55
	Restaurant Property Scoring Table	57
	Key Takeaways	58
Chapter 5	Highest and Best Use	59
	General Highest and Best Use Concepts	59
	The Stages in the Life of a Restaurant Property	59
	Life Cycle Stage Considerations	63
	Strengths and Weaknesses	66
	Bridging the Gap: Most Likely Buyer	68
	Restaurant Property Buyer Profile Matrix	70
	Highest and Best Use Case Study	72
	Conclusion	75
	Key Takeaways	75
Chapter 6	The Income Capitalization Approach	77
	Why the Income Capitalization Approach?	77
	Types of Income Capitalization Approach Analyses	78
	Income Estimate	82
	Other Rental Rate Considerations	88
	Key Takeaways	97

Chapter 7	The Sales Comparison Approach	99
	When Is the Sales Comparison Approach Appropriate?	99
	The Search for Comparables	102
	The Verification Process	105
	Application of Adjustments	107
	Sales Comparison Approach Case Study	110
	Key Takeaways	112
Chapter 8	The Cost Approach	113
	Why the Cost Approach?	113
	Cost Approach Basics	114
	Functional and External Obsolescence	118
	Summing It All Up	120
	Case Study	120
	Key Takeaways	125
Chapter 9	Real Property vs. Business Value	127
	Full Disclosure: What Is Being Appraised?	127
	Allocation of Assets	128
	Business Value as a Residual	128
	The Cost Approach as an Indication of Real Property Value	133
	Analysis of Sales Known to Not Include Business Value	134
	Mix and Match	134
	Value of Furniture, Fixtures, and Equipment (FF&E)	135
	Ricky's Sandwich Shoppe Case Study	136
	Key Takeaways	139
	Bibliography	141