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THE FUTURE OF RESTAURANT PROPERTIES

AFTER THE COVID-19 PANDEMIC

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INTRODUCTION

With most of the country's businesses limited in what services they're able to offer, the future of the restaurant industry looks very different than it has in the past few decades. Dining rooms that were empty before, have slowly started to pick up again, yet, restaurants are relying on take-out and delivery orders to stay afloat. The future may feel uncertain but there are things that restaurant owners and commercial real estate developers can do now to get ahead of the changes they are sure to face once the pandemic has ended.

Many of the changes that will need to be made by restaurant owners will center around a perception of safety for the customer. The pandemic has made the public anxious and concerned for their well-being. The lessons of social distancing and behavior for when a person is in public have made people hyper aware of the space around them. Perceptions for what is and is not an acceptable number of people and distance from others will forever be changed.



1. MORE CUSTOMERS ARE RELYING ON DELIVERY WHILE IN QUARANTINE

Demand for delivery services are at an all time high as people are forced to rely on others to bring them their meals. Restaurants are conducting business almost exclusively through delivery and many would have been forced to close their doors permanently without this option.

Delivery services will remain popular even after the pandemic is behind us. There are many reasons that this is true. Ordering delivery is becoming a habit and routine for many people; habits are hard to break and routines are comfortable. Other people will continue to be cautious of spending too much time in public spaces and will choose delivery over going to a restaurant to eat in the dining room.

With multiple large third party delivery services available in most major cities offering delivery services is easier than it ever has been. Partnering with a third party delivery company like DoorDash, Postmates, BiteSquad, or Grub Hub will also double as advertising as it will get the restaurant's name and menu in front of a larger number of customers than many forms of traditional advertising.

2. DRIVE-THRU SERVICES WILL INCREASE IN DEMAND

For the customer that does not want to eat in a dining area but wants to avoid delivery fees, drive-thru services are a perfect compromise. Drive thrus are convenient, especially when offered as an option combined with ordering ahead. Many stand alone buildings can be easily modified to accommodate a drive-thru window for customer convenience. A window that slides open and easily latches from the inside can be installed with relatively little work. Any quick service style restaurant may benefit from the addition of a drive-thru window.

Drive-thru services do not necessarily mean the kind of rapid service that one might expect from a fast food chain like McDonald's. The window merely provides an additional option of food pick up that allows the customer to avoid standing in a waiting area inside the restaurant. This option will also help to keep the number of people inside the restaurant smaller so that more space can be dedicated to keeping dining customers comfortable.



3. CUSTOMERS WILL WANT DINING AREAS WITH LIMITED SEATING

With the rules of social distancing now becoming familiar and second nature to most people, people have become far more aware of how many people are around them and how close those people are. Where once people would easily stand shoulder to shoulder at a bar, now they have been taught to be cautious of who they allow to get within six feet of them. This change in public perception will change customer tolerance of seating in a dining area.

Customers will no longer tolerate tables that are too close together or dining areas that feel crowded. Dining rooms will need to be designed with limited seating in mind to accommodate public expectation. A customer that does not feel comfortable in the dining area due to overcrowding is unlikely to return.

4. BAR AND COUNTER SERVICE WILL CONTINUE TO DECLINE IN POPULARITY

As customers have been taught that a distance of six feet is likely to keep them safer from the coronavirus, they will take that lesson to heart even after the pandemic has ended. While bar seating or counter service was once a popular choice, these types of seating will decline in popularity. The public mentality towards close physical proximity to others is likely to continue even after the pandemic has ended.

Bar seating and counter service will need to be limited or eliminated entirely. Opening up the area around the bar to allow customers plenty of space to wait for their drinks without crowding other patrons will increase a sense of well being and safety. Customers that feel like there are too many others too close are less likely to approach the bar or counter at all, which can result in lost sales.

In cases of restaurants that operate a buffet or self-serve aspect of food service, the owner must prepare themselves for limited interest in these options. Menus may need to be redesigned and designers should take this opportunity to rethink dining room arrangements to compensate. Adopting the new cultural expectations of personal space and safety now allows for an easier time incorporating these changes into daily operating procedures.

5. OPERATING GUIDELINES AND LAWS WILL BECOME MORE RESTRICTIVE POST-PANDEMIC

Many states have mandated procedures such as the installation of sneeze guards, hands-free bathroom fixtures, single use condiments, and single use menus as some economies reopen. These changes are currently required only in the short-term, but it is likely that many of these precautions will become long-term changes expected by customers or even written into law. These changes to operations have caught some restaurant owners off guard and the necessary items to accommodate these guidelines are currently limited and in many cases completely unavailable.

Some restaurants must face the reality that they will have to make permanent changes to their operating procedures going forward in the name of public safety and customer expectation. Costly renovations are likely to be required, especially in older buildings with limited facilities. Construction managers should begin to prepare themselves and their teams now for renovation jobs on old buildings and come prepared with insightful and dynamic solutions for what will be common issues: dining room redesigns, kitchen redesigns, and what to do with narrow or restrictive spaces.

6. RESTAURANT DESIGNS WILL HAVE TO ADAPT TO CHANGING CUSTOMER DEMANDS

Most restaurants will never entirely return to the state they were before the pandemic. Changes will need to be made primarily to the design and execution of operations within the building. Many businesses will be forced to adapt and change the layouts of their dining areas, ordering and pick-up counters, waiting areas, and kitchens to accommodate changes in public expectations and potential changes in the law regarding operations of small businesses.



It is possible to get an early start on making changes in preparation for a post-quarantine business world. Commercial developers can begin to evaluate properties for expected necessary changes to design and layout now to be better prepared for when businesses are allowed to return to normal business operation. A thorough evaluation of everything from the restaurant interior layout to the building itself can provide helpful insight into changes that will need to be made.

Restaurant owners can spend this time consulting with developers and construction companies for recommendations on updates and changes to the property that will be needed to better operate in a post-pandemic world. As quarantine guidelines begin to become less restrictive, major design projects can be completed before customer traffic returns to normal levels.

7. COMMERCIAL REAL ESTATE WILL DROP IN VALUE AS MANY BUSINESSES ARE FORCED TO CLOSE

As many businesses are forced to close and the economy suffers, real estate value will also drop. While this is bad for small businesses in many ways, a small business owner interested in owning the property and building in which they operate will be better poised to purchase them at a fair price. Investing in the purchase of real estate is a long term strategy that will better position a small business owner for success as the economy recovers from the pandemic.

With the anticipated changes that a restaurant will need to make to find success post-pandemic, the owner may take this time to consider a change in location to a building that is better suited to the new operating procedures. A different building may offer a larger dining area to accommodate limited seating, an opportunity to install drive-thru services, or other amenities. Purchasing a building at reduced cost may even reduce operating cost as mortgage payments could potentially be even lower than rent when the building is purchased at a reduced price.



CONCLUSION

The pandemic has certainly changed the way restaurant buildings and retail spaces were viewed in the past. Restaurant property owners can adjust by offering more delivery, takeout and drive-thru options to accommodate customers' needs. If possible, restaurant properties should shift indoor seating into more outdoor seating with appropriate spacing. Restaurant property owners that make these changes can survive and even thrive in this new scenario.

ABOUT CIVE®

CIVE® is an upscale Design-Build firm, specializing in top-down build process driven by value engineering – from state-of-the-art design, leading-edge engineering, high-quality construction, and elite project management.

Our strengths lie in a rich mix of talent, experience and ingenuity. Our clients can depend on us to anticipate industry changes and plan for the future, while providing most practical and cost-effective solutions. CIVE devotes customized, individual service to all its clients, whether large or small.

Specialties: Residential, commercial & industrial design, civil engineering, structural engineering, mechanical engineering, electrical engineering, construction management & project management.



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