

# Retail Insights

## 6 Things To Know About Restaurant Carve Outs

Carving out space from traditional anchors for restaurant leases is a current trend in mall re-development...one which is good not only for the mall owner but also for the restaurateur and anchor.

- The mall owner benefits from restaurants, which typically bring higher lease rates.
- The restaurant benefits from having a location with lower development costs due to already existing infrastructure such as parking as well as established customer traffic.
- The anchor store benefits from a smaller footprint, which is also a current trend as retailers move to become leaner and more efficient
- In addition, the anchor store and mall benefit from the increased customer traffic created by restaurants.

Yet even though this re-development process is beneficial for all parties, many issues must be considered to achieve a successful and timely execution, such as:

**1. Planning and Zoning Compliance:** Almost all changes in use, and especially changes from retail to restaurant, require some level of approval from zoning and planning boards. This approval process can take months to complete and require the generation of multiple supporting documents and plans, not to mention fees. Some items to keep in mind:

- a. **Façade, sidewalk scape and signage:** A restaurant's signature façade design, usually based on branding standards, may be scrutinized by local architectural review boards that often want to "push" the restaurateur to modify designs to suit local design regulations or standards. In addition to local planning and zoning approvals, branded signage also involves compliance with local signage ordinances, which can be quite restrictive.
- b. **Outdoor dining and site development:** Many restaurants provide outdoor dining options as an amenity to their customers. These areas present a number of challenges that typically require approvals by local entities such as neighborhood groups and health departments, in addition to planning and zoning boards.
- c. **Health department approval:** Of the many considerations for restaurant development is planning to satisfy local health department regulation and eventually obtain a health permit. Consideration of health department approval should be kept in mind each step of the way and not be left to the last minute.



2. **Code Compliance:** As “Assembly” use, restaurants require fire rated separation from the “Mercantile” use traditionally found in retail. “Assembly” use results in higher occupant loads, which may require additional exiting.
3. **Parking and Traffic:** Because the “Assembly” use of restaurants calculates occupancy at a higher rate per square foot, an increased amount of available parking may also be required. In addition, increased parking demand may require more accessible parking.
4. **Utility Service:** Malls usually provide the advantage of continuous utility loops (both dry and wet) that a restaurant tenant can access. However, arrangements to provide utility services from these loops require time to engineer, negotiate and schedule with local utility providers, especially electrical service.
5. **Noise, Odor, and Hours of Operation:** These issues draw scrutiny not only from local authorities but also from the mall’s adjacent tenants, and therefore must be considered during design.
6. **Back-of-House Services:** The basic services needed to cleanly and safely operate a restaurant require careful planning. Important issues to be dealt with include temporary storage and eventual removal of daily food waste, including grease interception and truck access for daily supply of provisions. All these services must be provided without impact to the operation of the mall and safety of customers and are subject to local approvals.

The above list may seem daunting but a successful outcome can be achieved with early planning and due diligence, teamwork, perseverance, and patience. In today’s retail development environment the results can be well worth the efforts.

### **Related Content:**

[\*Retail Insights Winter 2017: Anchor Carve-Outs and Repurposing\*](#)

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