

RESTAURANTS: HOPE AMID THE GLOOM?

The restaurant industry has always been volatile, and 2017 may incite more quake than tremor. Combine the uncertainty of the new presidency with the reality of brand-new wage and labor laws, and you've got a shaky subtotal. This doesn't even include the onslaught of supermarket and startup meal/ingredient delivery services, plus increased rents and fuel prices.

But take heart: There is a ray of light amid the gloom. Industry management firm SpenDifference contends that lower corn prices and increased supplies could reduce food costs, particularly beef, dairy, and eggs. And food-and-restaurant consulting firm Baum+Whiteman predicts that upwardly mobile Millennials will continue to patronize hip and trendy venues.

For many of our area's restaurateurs, the latter is good news. Z Hospitality owner Ramze Zakka is defying the naysayers, anointing the New Year with the debut of his eighth restaurant. His stable of mid-priced, upscale-casual restaurants in Westchester and

Connecticut (Mediterraneo, Terra, Aurora, Eastend, Solé) target that demographic, as well as older, affluent suburbanites. "Whatever laws are being implemented won't increase our menu prices," he vows. "Raising prices is a lazy approach to dealing with a bump in costs."

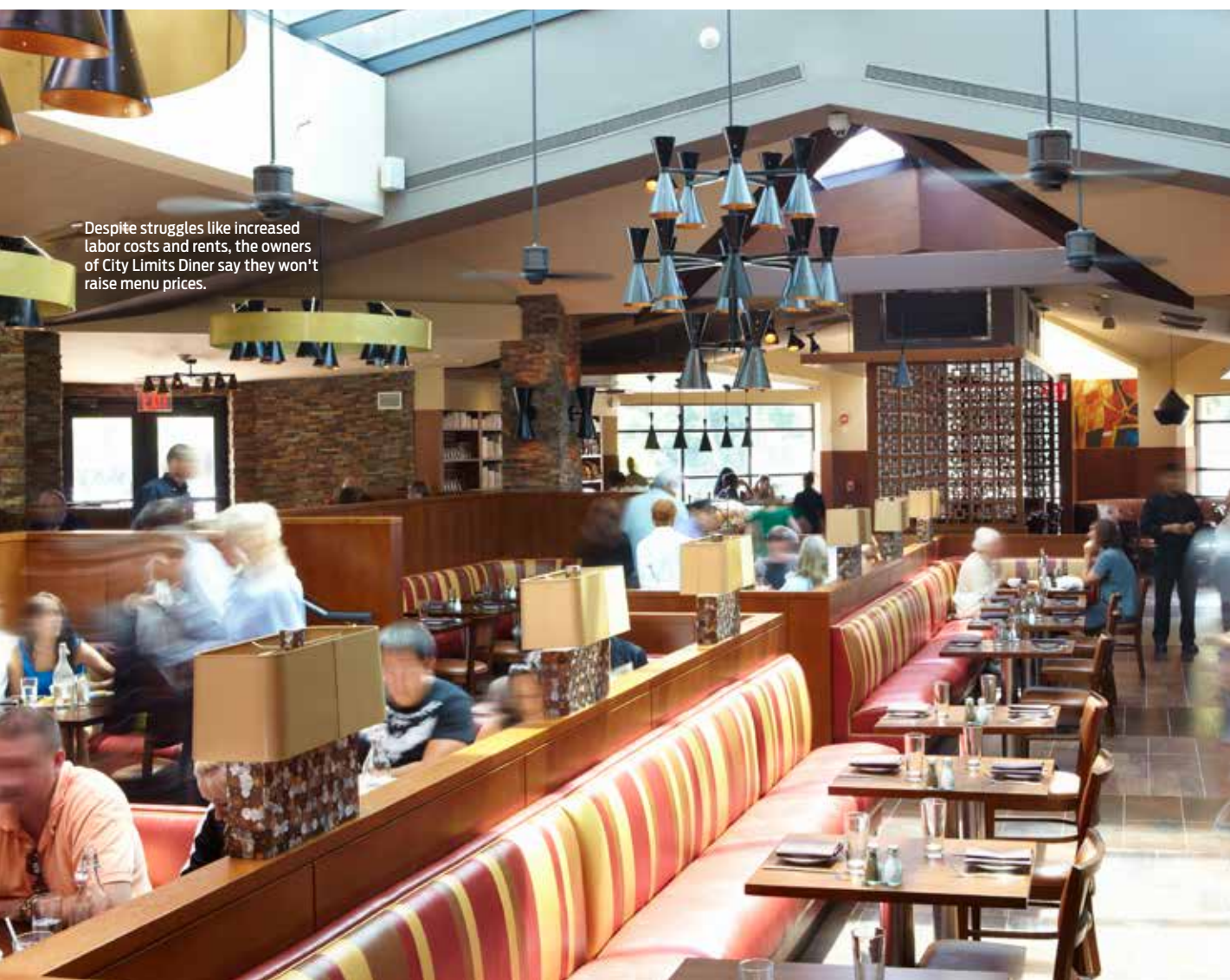
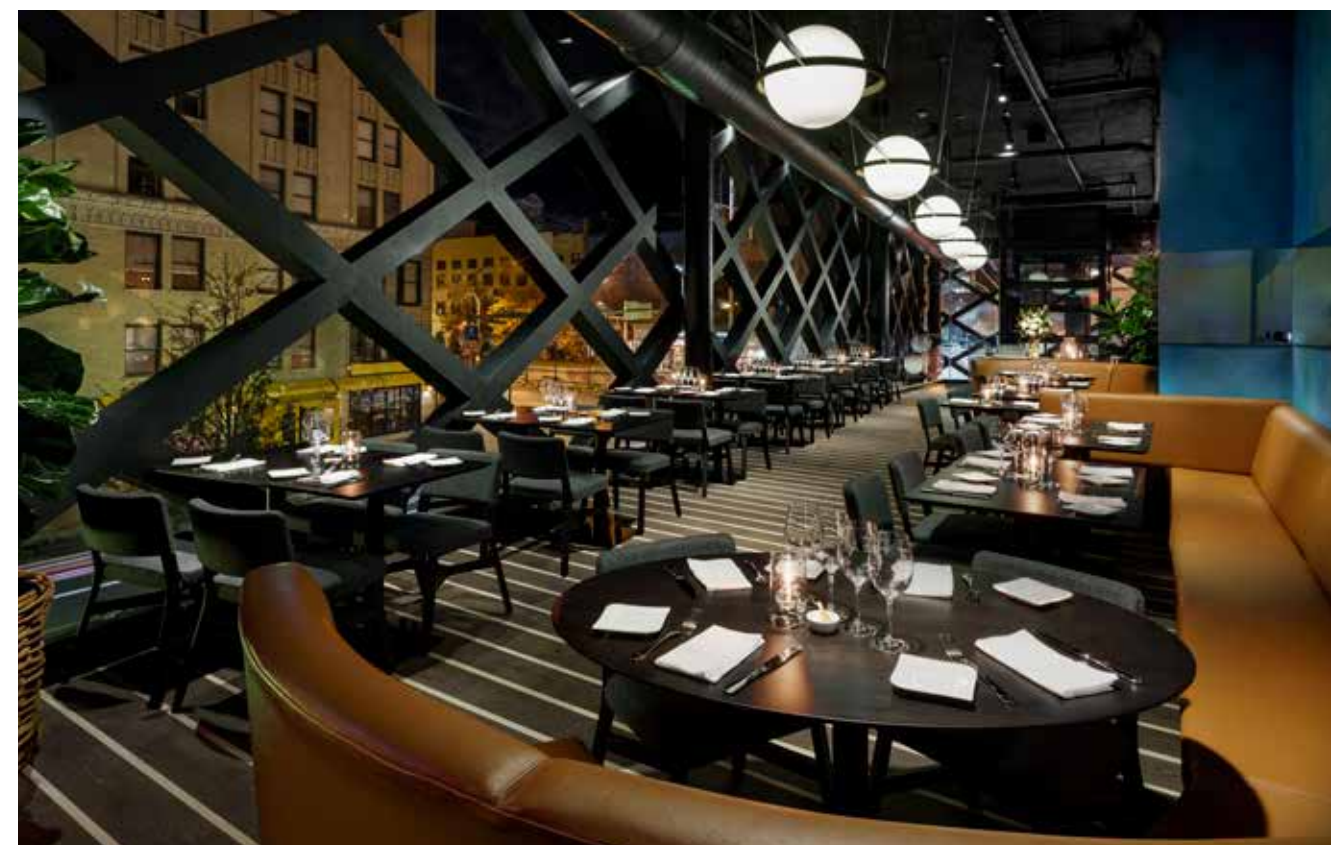
Livanos Restaurant Group (City Limits Diner, Moderne Barn) is also plowing ahead in 2017, opening its seventh upscale restaurant in January on Manhattan's revitalized Far West Side. Their established customer base is the catalyst. "We have a strong niche: Our clientele likes to dine out; it's their main source of decompression and enjoyment," explains co-owner Nick Livanos. At Armonk's Moderne Barn in particular, Livanos notes, more corporate and private parties are being booked than ever before.

Like Zakka, Livanos does not plan to raise menu prices. He does, however, cite a multitude of concerns, including increased labor



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Despite struggles like increased labor costs and rents, the owners of City Limits Diner say they won't raise menu prices.

costs due to a 2016 mandatory 50 percent wage increase for front-of-the-house service employees. "It's been difficult for the industry to absorb that," he says. "In the past, the raise was 2 or 3 percent each year. The industry is working with smaller profit margins than ever before." Other challenges he cites: "The new laws [of the Affordable Care Act] required us to hire a full-time HR person. There's more paperwork than ever; the hiring package is now 20-plus-pages long."

Bonnie Saran echoes those sentiments. Her restaurant empire — which carries the "Little" moniker on all five of her hyper-casual Mount Kisco-based venues — is thriving. She's also a fierce realist, seeing the writing on the wall in capital letters. "Our margins are [already] low, [so] it won't be possible to maintain the same pricing structure, due to new wage-increase laws and increased food and operational costs," she predicts. "In the end, the consumer is going to pay." Her warning to 2017 restaurateur hopefuls: "Fewer restaurants will be self-sustaining and profitable. Very few people have the know-how to sustain a restaurant."

—Diane Weintraub Pohl •



Z Hospitality recently opened its eighth restaurant, Mediterraneo in White Plains (top); Bonnie Saran of Little Drunken Chef (below) is worried about profitability in 2017.