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Why Valley restaurateurs are clustering all their eateries in the same neighborhoods

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Bob Lynn has run by the corner of Campbell Avenue and 40th Street for years, but for a long time it was nothing much to look at. Just an old convenience store and a post office.

“This corner was completely dilapidated,” said Lynn, CEO and founder of LGO Hospitality. “There were abandoned gas pumps in front of it, and the convenience store’s main business was selling pornography.”

Lynn dreamed of having a restaurant close by, reminiscing of his younger days in Chicago and Berkeley, California, where he could walk from his house to nearby coffee shops.



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Bob Lynn, CEO and founder of LGO Hospitality

After seven years of buying the buildings, spending about \$70 per square foot, from three different owners, gutting everything, rebuilding the spaces and working with the city to rezone the area, Lynn created La Grande Orange Grocery & Pizzeria, Ingo’s Tasty Diner, and two other concepts, Chelsea’s Kitchen and Buck & Rider, a few blocks down the road.

Lynn’s cluster of concepts has become a favorite of the neighborhood and the greater Arcadia area, where Lynn said real estate listings highlight his restaurants.

“This property was very much thought of as stuff that no one wanted,

but this neighborhood has changed and improved,” he said. “Property values have really gone up. If you look at listings, almost every one of them will say, ‘Walking distance to LGO’s Grocery.’ It’s pretty cool, and it makes us pretty proud.”

Lynn is among several Valley restaurateurs who decided it’s better to put several concepts close together rather than grow to scale across the region or the country.

In doing so, these restaurateurs have come to know their customers better than ever.

“People in your community are the ones you really need to pay attention to,” said Christopher Collins, head of Common Ground Culinary Group. “The first few months (of opening my restaurants) were not pretty, but how great it was that our neighbors were the ones telling us what worked and what didn’t.”

People in your neighborhood

Common Ground, which runs Grassroots Kitchen & Tap, Twisted Grove Parlor + Bar, Wally’s American Gastropub and Sweet Provisions in the north Scottsdale area, has been pretty successful. The group’s sales are topping about \$10 million annually, and Collins said the concepts are full every day.

But when he had the opportunity to open his first concept at 28, it was met with skepticism.

“The owners (of the building) had some concerns,” he said. “I had never opened anything on my own.”

Collins had spent several years working with his father at Wally's, which taught him the most important aspect of running a restaurant: Think about what the community wants.

"I thought, if I'm gonna go out on my own, I feel most comfortable doing it in the neighborhood I've spent the last five years in," he said. "We already knew what the neighborhood was doing and what their trends were and what they were looking for. The people dining with us were already people I knew, and I knew what they wanted."

It wasn't just his father that instilled that neighborhood mindset either, Collins said.

"If you look at Sam Fox and Upward Projects, that's exactly what they're doing. It sounds like they're enjoying their success because of the same reasons we are," he said. "They're part of the communities. You always hear about Sam being involved in the Arcadia community and Upward being involved, too, whether it's their schools or the baseball teams."

Communicating with the community has become a sort of mantra for [Craig DeMarco](#) and [Lauren Bailey](#), two of the four owners of Upward Projects.

"If you're going to cluster your concepts, it's important to collaborate with community, and that often goes understated," said Bailey. "We spent so much time thinking about how it would enhance the community's lifestyle and impact them."

Accidental clusters

The neighborhoods surrounding Upward's cluster off Central Avenue and Camelback Road, which houses Postino, Joyride Tacos, Windsor, Churn and Federal Pizza, have responded well to the company's work.

"There was no big master plan that we would commandeer this real estate," said DeMarco. "We were getting a great response from the neighborhoods, and it gave us a boost to go across the street. It's not like these were deals to get restaurants in. It took years to get it working, to be an asset and not a liability to the neighborhoods."

After eight years and \$5 million, Upward's cluster has become a staple for the area.

"We're really committed to the theory that we have to earn it with our guests every time they walk through the door, particularly with the draw in that area now," said Bailey. "When we opened it was Postino and St. Francis and that was it. Now you look, and there's 30 or 40 really great restaurants. If we don't stay committed and really deliver every single time, people are not going to come back."

It went beyond opening five unique concepts in the area to cater to a community spot. Upward Projects worked with the neighborhoods and city of Phoenix to reduce the lanes on Central from six to four so the neighborhood could become "more pedestrian in nature," opening up a crosswalk to get between the concepts as well.

Lynn at LGO did the same thing.

"We had actually gone to the city to do one lane each way with a bike lane," he said. "Back in the day when we brought that up, people were like, 'You're kidding me, no one asks to have less traffic in their commercial property.'"

Even though Lynn said Phoenix is a place "where everybody's in their cars," his cluster of restaurants has become both a neighborhood favorite and a dining hotspot.

If it ain't broke(r), don't fix it

In order to get the land on which LGO and Ingo's sit, Lynn had to negotiate with three different ownership groups, all of whom were living far away from the land they owned.

"Two out of the three owners weren't even in Phoenix. They couldn't have cared less about the quality of the place or what it looked like," he said. "When I was calling and saying, I'm interested, all three at one level or another were thinking, 'Why do you want this?' They didn't see the opportunity."

Lynn said everyone thought he overpaid for the properties, dropping somewhere between \$60 and \$80 per square foot, coming out to about \$800,000.

When creating these clusters, many restaurateurs went through adaptive reuse, meaning the spaces weren't designed for restaurants. Though that took more work, a commercial real estate broker wouldn't have had the wherewithal to find spaces such as the ones housing LGO Hospitality's or Upward Projects' concepts.

"A broker drives you around to show you what's listed as restaurants, but with these concepts, it's not like you're getting some shell that's already ready for a restaurant," said DeMarco.

Even for the folks who worked through brokers, such as Collins, the idea wasn't to find any space that could house a restaurant. It was about finding the right space.

"We're pretty direct in saying, 'This is what we need,'" said Collins. "We don't need to be front and center with our concepts. We like to find opportunities that afford us to build them the way we see fit."

Who did it first?

It's not clear when this idea of clustering concepts first came about, but development has been steering toward density in order to produce a neighborhood feel since at least the Great Recession started in late 2007.

Les Corieri, co-owner of Evening Entertainment Group, which owns Bevv, Bottled Blonde, Livewire, Maya Day and Nightclub, HiFi Kitchen + Cocktails, RnR Gastropub and The Mint in Old Town Scottsdale, thinks his work and Old Town's reputation kicked off the trend.

"I think it's based on the success of Old Town," he said. "More often, people are using what we and others have done and taking it to their cities. They've seen the model we've created, and developers have said, 'Let's take it to other parts of town.'"

Whatever the case, we're likely to see more of these restaurant clusters throughout the Valley, where people can ride their bike or take a jog to their neighborhood restaurants — just like Lynn always wanted.

"All of us at LGO, we all live within walking and riding distance of the restaurants, which we do all the time," said Lynn. "It's really funny, sometimes I'll walk between concepts, and I'll have all these people stopping and asking if I want a ride. 'That's Bob Lynn, hey Bob do you want a ride?' I'm like, no, I'm good. I've got my running shoes on."

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