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THALHIMER

Spotlight On Food Halls:

Driving Today's Culinary Experience

PREPARED BY CUSHMAN & WAKEFIELD | THALHIMER

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What Are Food Halls?



66%

Of American
Consumers Say They
Are More Likely To
Visit A Restaurant That
Offers Locally Sourced
Food Items

Source: National Restaurant
Association, State of the Industry 2017



Food halls bring multiple restaurant concepts together in one central building. Tenants can share common areas, kitchen space, or utilities to minimize their overall footprint and create a unique destination. Leveraging today's consumer trends, food halls drive foot traffic and are ideal for markets experiencing [newCommerce](#)-driven disruption. Food halls offer an engaging experience that is e-commerce proof. They are an ideal amenity for mixed-use, office, and multifamily projects. Food halls are attractive to consumers, tenants, and investors alike.



What Makes A Food Hall Successful?



Millennial Eating Patterns Favor Food Halls

40%

Of Millennials Will
Order Something
Different Every Time
They Visit The Same
Restaurant

Source: Restaurant Marketing Labs

55%

Of Millennials Prefer
Communal Tables
When Dining Out

Source: Restaurant Marketing Labs

Millennials Spend

44%

Of Their Food Dollars
On Eating Out

*Source: Food Institute analysis / United States
Department of Agriculture Food
expenditure data (2014)*

Food halls are for foodies; they promote collaboration among chefs, invite restaurateurs, and offer a venue for curated marketing and events. It is a cheaper and more flexible alternative to a traditional restaurant. As Garrick Brown, Cushman & Wakefield's Head of Retail Research explains, "...the food hall trend is flourishing. The food hall is about more than just real estate.



Experience = Eating

52%

Of Adults Are Looking To
Expand Their Variety Of
Ethnic Cuisine

61%

Of Adults Say They Would Prefer
To Spend Money On Experiences,
Including Eating Out At
Restaurants Or Other Activities,
Over Purchasing An Item
From A Store

Source: National Restaurant Association, State of the Industry 2017

The food hall is a structured concept that gives restaurateurs an overall cheaper operating model, requiring significantly less in start-up capital.” They go beyond what was traditionally thought of as a food hall, authenticity and quality are critical. Modern food halls are a culinary celebration. The visual appeal, enticing aromas, and inviting gathering spaces have created widespread success around the country.



How Do Restaurants Benefit?

Restaurant Operators

Restaurant Operators
Name Their Biggest
Challenges To Success:

36%

Staffing

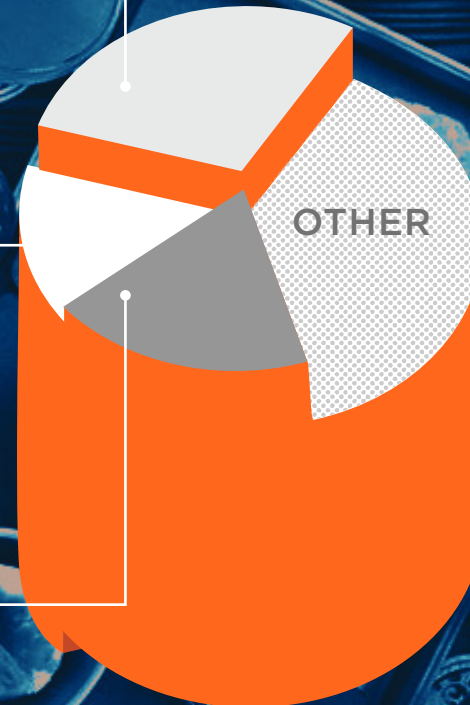
15%

High Operating/
Food Cost

20%

Retaining
Customers

Source: Toast Restaurant Technology,
Restaurant Success in 2017 Industry Report



Food halls are the sharing economy for restaurants. They create an attractive work environment to lure talent in a competitive economic environment, require less initial investment to get started, and lower the risk and overhead needed to operate. Industry sentiment and overall employment trends are driving the narrative for food halls. 36% of restaurant operators believe staffing is their biggest challenge to success. For the first time ever, in April 2018, there were more job openings than people unemployed in the United States.

More Jobs Than People To Fill Workers Have Leverage



Source: Bureau of Labor Statistics, Cushman & Wakefield Research

Food halls offer a new operating model that drives more foot traffic than a stand-alone restaurant. Smaller footprints reduce the number of front of house employees required to operate, while the shared responsibilities among tenants can further reduce operating costs. Flexible lease options also help mitigate risk, while a smaller overall footprint reduces the rentable area required.



Are Food Halls More Than A Fad?



Dairy Central in Charlottesville, VA is set to become one of Central Virginia's first food halls. Originally built in 1936 for the Monticello Dairy, Dairy Central is revitalizing the historic building to become a mixed-use destination with Dairy Market serving as the development's centerpiece.



Anchored by a local brewery, the food hall will feature 17 market stalls and 2 retail stores for vendors that will showcase local and regional products and restaurants. The original "Monticello Dairy Ice Cream" name has also been recovered and will be selling exclusively at Dairy Market.

Dairy Market is scheduled to open in 2020 and is poised to become one of Charlottesville's most iconic gathering places.



The concept is also being introduced to downtown Fredericksburg, VA with the redevelopment of 1010 Caroline St. Branded as **Dominion Public Market**, this 35,000 sf facility will offer shared seating for local restaurants, a market place offering various retail items, and a culinary kitchen to offer an educational element. Dominion Public Market will be a gathering place, offering meeting spaces, event spaces and a rooftop music venue to further support the local community.



Food Halls in the United States



Food Halls are opening around the country, offering culinary experiences for patrons and a new operating model for restaurants. Cushman & Wakefield anticipates the number of food halls to nearly triple by 2020. They are increasingly incorporated into developments as neighborhood catalysts. Food halls are building on the momentum from early successes to bring fresh, innovative cuisine directly to consumers.



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