



## **Commercial Classroom: The changing fast-food industry - by Ed Smith**

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This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

The pandemic created a surge in business for the fast-food industry. These companies have learned that consumers are looking for safety and more speed at their locations, plus more convenience with off-site ordering and delivery services.

In October 2020, Burger King introduced its new store prototype featuring a second floor suspended kitchen and dining room over six drive-thru lanes for pickup and delivery. Drive-thru guests have their order delivered from the kitchen via a conveyor belt system, providing a touchless experience. This new design also reduces the building footprint by 60%, making it ideal for urban cities.

In March 2021, McDonalds announced its expansion plans with a focus on digital, delivery and drive-thru. In 2020 they added delivery to 28,000 of their locations with plans to expand that. During 2021, they are going to open 1,300 new stores worldwide, with 500 of the locations in the United States, and will modernize 1,200 existing locations. McDonalds is significantly shrinking the size of their stores by eliminating indoor dining, thus allowing for additional drive-thru lanes.

Two more giants in the fast-food industry have just announced their plans. Taco Bell's newly designed buildings are called "Taco Bell Defy." The company says they will "defy norms and define the future." These stores will feature four drive-thru lanes, three for mobile delivery order pick up and one traditional order style drive through lane. The second floor kitchen will deliver the food through a contactless lift system. Mobile customers will scan orders using QR codes. There will be video and audio communication available with staff.

Wendy's hamburger chain intends to open 1,200 new locations by 2025; 700 in the United States; with 50 open by the end of 2021. However, 30% of these will not be their traditional brick and mortar restaurants, rather, these will be "ghost kitchens," offering delivery only! As an experiment, they have opened eight of these units in Canada. The positive results have them using this as one of their future models. These "pod" like units can be set up in parking lots and can reach desired markets without paying exorbitant rent. A spokesperson from Wendy's noted, "...we want to bring

Wendy's to people through the convenience of delivery, and we think these dark kitchens can help us do that."

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