

APRIL 29, 2019 | RICHARD LAWSON

Relocation Strategy Boosts Sales at Outback Steakhouse, CEO Says

Chain Ready to Move 'As Quickly As Quality Sites Become Available'



Newly relocated Outback in Coral Springs. Photo: CoStar

A piece of South Florida dirt sold for \$3 million last week. Though not a monster real estate deal, it is a big deal for Tampa, Florida-based Bloomin' Brands' strategy for increasing traffic to Outback Steakhouses.

For the past several years, Bloomin', which has 733 Outback locations around the United States, has been relocating older restaurants from non-prime locations to prime sites in conjunction with remodeling other stores. It relocated 18 locations in 2017 and 14 were moved last year. The company plans to relocate another 11 stores this year. Most of the properties involve ground leases with Outback, a form of net lease that means the landlord pays little if anything for maintaining the property.

And it appears to be working. The company reported a 3.5% increase in comparable sales in this year's first quarter, its ninth consecutive quarter of positive sales gains.

Dave Deno, Bloomin' Brands' chief executive officer, said in the call with investors Friday that the relocation program "continues to deliver impressive results," with sales growing more than 30% at new spots. The company is "relocating Outback restaurants as quickly as quality sites become available," Deno said.

Relocations don't go far. In the latest deal, a local investor bought the property at [1892 N. University Dr.](#) in Coral Springs, just 1.5 miles from its old location on an outparcel at [The Plaza at Coral Springs](#), a spot Outback had occupied since 1985. Barry Wolfe, senior managing director for investments with Marcus & Millichap's Fort Lauderdale office, represented the buyer for the new location with Marcus & Millichap broker Alan Lipsky.

Wolfe said the old location had good traffic, particularly because the shopping center has a movie theater. But the new location is

on a “corridor that has most of the restaurants in the area,” Wolfe said. “Very good location. They’ll do well.”

It’s near Bonefish Grill and Carrabba’s Italian Grill, two other chains owned by Bloomin’ Brands.

The previous location may not sit vacant long. For now, Bloomin’ has a couple of years left on the lease, Wolfe said, which will give the shopping center owner time to find another tenant for the location.

Bloomin’ Brands started getting out of owning real estate several years ago to help slash debt. It began the sell off with 41 properties to San Diego-based real estate investment trust Realty Income Corp. in 2016. Rochester, New York-based Broadstone Net Lease bought 24 properties, mostly occupied by Outback Steakhouses, the same year. Those and others have come in the form of sale leasebacks in which the company sales the property and signs a new lease.
