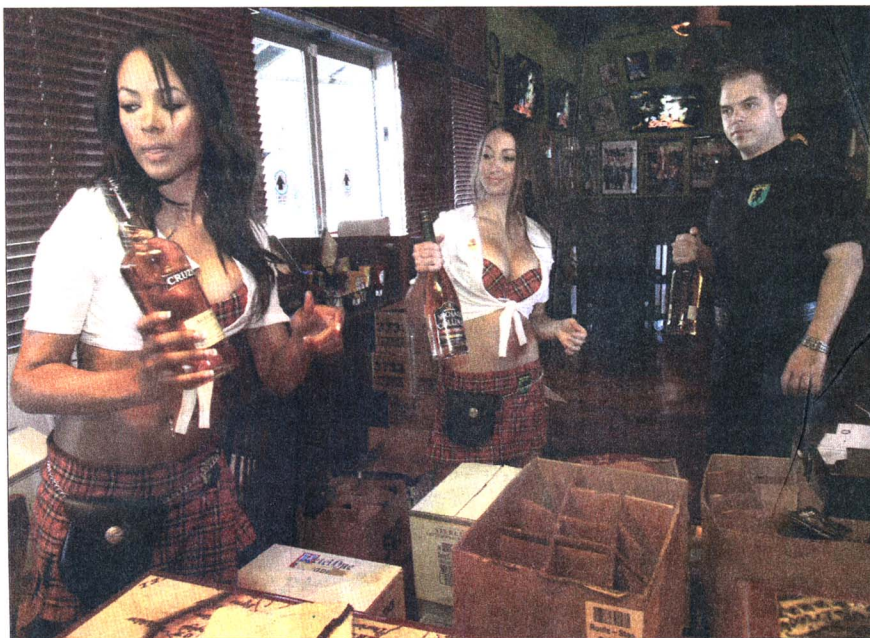


# BUSINESS

## READY FOR THE REBOUND



FRANK BELLINO/SPECIAL TO THE PRESS-ENTERPRISE

Waitresses Shavonda Billingslea, 27, left, and Desirae Jandt, 24, and bartender Mart Taylor of the Tilted Kilt in Temecula unpack alcoholic beverages in advance of the opening of the chain's new location, which was set for Saturday outside The Promenade mall.

### Restaurant chains hit southwest county while move-in costs are comparatively low

BY JACK KATZANEK  
THE PRESS-ENTERPRISE

The lingering effects of the recession are still persuading a lot of people to eat at home, but that has not stopped three chains from setting up shop within a quarter-mile of each other in Temecula in the past 10 weeks.

The most recent is the Tilted Kilt, a sports bar and midpriced restaurant that combines a Celtic theme with huge television screens and waitresses in provocative costumes. The eatery, located on an Ynez Road pad outside The Promenade mall in Temecula, was scheduled to open Saturday. Lazy Dog Café, a casual sit-down restaurant headquartered in Huntington Beach, opened at The Promenade in April, and a month before that the Spicy Pickle sandwich shop

opened at the Temecula mall under local franchise ownership.

The new dining choices come despite an economy that has shown signs of improving this year but still doesn't scream "disposable income" for much of the Inland area.

#### BETTER TIMES AHEAD

But restaurant entrepreneurs say they are getting ready for better economic times. And current lease rates suggest it's a good time to invest in a new area.

Spicy Pickle and Lazy Dog opened their first Inland Southern California restaurants this spring. Tilted Kilt has a location in Palm Desert owned by another franchisee and made its Southern California debut on St. Patrick's Day 2008 near San Diego's Petco Park.

"This has been one of those concepts that has expanded despite the economy," said Bill Reynolds, the co-owner and operational partner for Tilted Kilt restaurants in Southern California and the Philadelphia area.

Reynolds said they had been researching a possible Temecula location for about three years. He said there are not many casual, midprice restaurants with an emphasis on sports viewing in the area, and with the summer about to start, it was a good time to open.

June features graduation, anniversary and Father's Day parties that generally add up to a good month for restaurants.

Restaurant proprietors are aware that many Temecula residents commute to good-paying jobs in the San Diego area

SEE RESTAURANTS/D3



FRANK BELLINO/SPECIAL TO THE PRESS-ENTERPRISE

Co-owner Bill Reynolds says the Tilted Kilt restaurants' entrance into the Inland market was three years in the making.

## RESTAURANTS

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and have higher incomes.

"There were a lot of demographics that we looked at, and disposable income was part of it," Reynolds said.

Tilted Kilt opened at a location that once housed an Iron Wok location, one of several vacant pads suited for restaurants. Reynolds said that, because his site formerly housed a restaurant, it was easy and relatively inexpensive to convert.

And, he said, the advantage is with the tenant when it comes to leasing a site these days because of the high vacancy rate. An easy-to-handle rent was one of the parameters he was looking for.

"Without question, it was under market," Reynolds said of the rent. "The landlord was very aggressive in agreeing to terms on that."

Chris Simms, chief executive officer of Lazy Dog Café, said the favorable lease rates were only part of the equation. Unlike Tilted Kilt, Lazy Dog in Temecula is in a new building.

"Lease rates have definitely gone down, and so

have construction costs," Simms said. "When you look at a combination of the two, that's when you see new people come in, because those development costs stick with you for as long as you're there."

Unemployment in Riverside and San Bernardino counties moderated slightly in April but was still 14.3 percent in Riverside County, one of the nation's highest, according to the state Employment Development Department.

### GEOGRAPHIC LINES

The economy does not only mean that people do not have as much money for restaurants. The eating-out business thrived in Inland Southern California five years ago because, with so many people working, it meant the heads of families often came home from their jobs too tired to cook.

Now, with many wage-earners staying home, it's more likely families are creating dinners from what's in their pantries.

But in Riverside County, unemployment is tolerable along the Interstate 15 corridor. For Temecula and Murrieta residents, it is around 10 percent, but close to 17 percent in Moreno Valley

and Hemet and well above 20 percent in Perris.

Restaurant owners across the country say sales and customer traffic did not show a lot of growth in April, and few are adding staff or spending on capital improvements, according to the monthly survey conducted by the National Restaurant Association.

But the restaurateurs who participated in the e-mail survey said they are optimistic that conditions will improve in the next six months.

Steve Steinhauser, director of the restaurant industry practice at Deloitte and Touche, said he expects restaurant owners to remain fairly cautious.

"When you're talking about buying or leasing a property, it's a long-term commitment," Steinhauser said. "People are going to hold back a bit."

### TREND POSSIBLE

But the optimism that the Temecula chains are demonstrating is not isolated, said Daniel Conway, spokesman for the California Restaurant Association. Expansions could become more intense in the Inland area because the owners won't ignore the anticipated population growth, he said.

"What you're seeing is illustrative of what's being seen throughout the state," Conway said. "In this business, demographics is destiny."

Many chains have struggled through the last two years. The parent companies of national chains such as Bennigan's, Bakers Square and Black Angus Steakhouse all filed for bankruptcy protection.

Conway said the survivors are thinking about growth, and entrepreneurs who could not afford to make these moves a year or two ago are testing the waters.

But he added that the effects of the recession may last for years in the attitudes of the chains and of the consumers. Many chains have offered very deep discounts, such as the \$20 combos that feature appetizers, two dinners and dessert.

Diners may not expect such great deals in the future, but they'll still ask about the happy hour specials.

"The recession has made the customers focus on price points, and the restaurants have adapted," Conway said. "Even as the economy picks up, the customer will still look for deals."

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