THE BIGGEST CONCERN WITH THE FOOD HALL FAD
(PART 3 OF A 3-PART SERIES)

America is hungry for food halls. These indoor markets showcasing a variety of homegrown food vendors are one of our country's hottest culinary trends, and new developments continue to spring up across the country.

Hartman Simons' partner, Jeremy Cohen, discusses issues arising out of negotiations of leases in food halls and operational concerns for developers and landlords, including addressing tenant build out, safety, balancing tenant mix and addressing tax credits and creative financing techniques. The following is part 3 of a 3-part series.

Q: Are there special tax credits and creative financing techniques available for food hall developers?

A: Yes and no. Yes, there are often tax credits available; but no, they are not exclusive to the development of a food hall.

However, if the food hall can create a buzz for the overall project, the developer will use that as leverage to convince the governmental entity that there will be additional sales generated, thereby creating additional tax revenue for the government. That would allow the governmental authority to work with the developer to create a CID (Community Improvement District) or a TIF (Tax Increment Financing), and those additional funds are what help bring a larger project to fruition.

Q: What is your biggest concern with the food hall fad?

A: Oversaturation. This has been the hot development idea over the past few years, and we will probably continue to see this trend for the next year or two, but there is eventually a shelf life on these kinds of things.

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NEWS & EVENTS: 03.02.18

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Q: At some point developers will say there are enough food halls. Remember the lifestyle center?

A: That was the big trend years ago, but then came the real estate crash and "lifestyle center" became a dirty word in the real estate industry. Now, it's food halls.

Everyone shows a food hall on their site plan, and this is fine if they are part of a larger mixed-use development, but eventually, the fad will wear off. Today, many of our clients are developing mixed-use projects because they have learned that you cannot have just one asset class, and the days of building a retail power center are going by the wayside. Mixed-use developments allow developers to spread their risk across several different asset classes, thereby allowing certain assets to pick up the slack when one of the other asset classes may be in a downturn.

Based in Atlanta, Hartman Simons & Wood LLP, one of the nation's leading commercial real estate law firms, is respected for its integrity, experience and value-driven results. Businesses of all sizes count on its team of attorneys and paralegals for sound, practical and effective legal solutions.

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