

NEWS

Concept innovator Schussler inks \$100M development deal

BY RON RUGGLES

MINNEAPOLIS — Schussler Creative Inc., the innovator responsible for the Rainforest Cafe and T-Rex dining-entertainment-retail concepts, has partnered with RED Development of Kansas City, Mo., in a \$100 million deal to install theme restaurant attractions in destination retail centers nationwide.

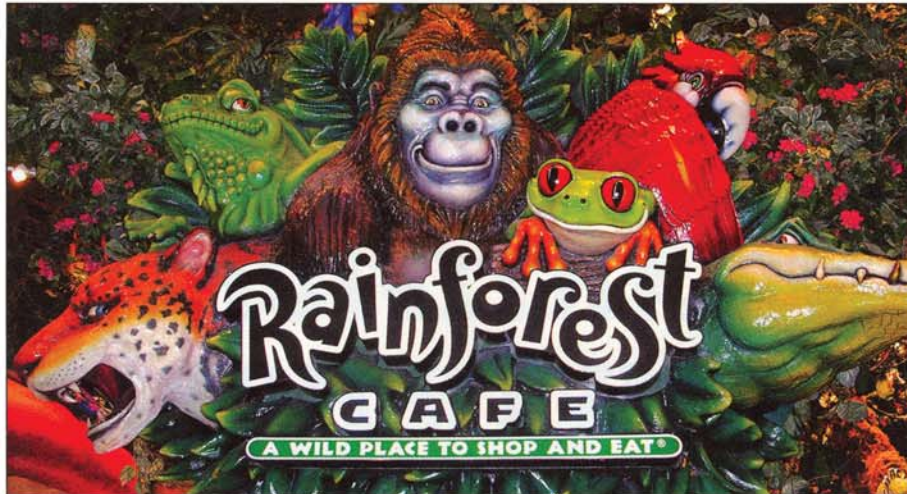
Steven Schussler, chief executive of Schussler Creative, said the partnership will feature a unique marketing setup that will support expansion.

"Not only [does RED] plan to put [the new concepts] in their centers," he said, "but they plan to take them to other developers across the nation."

RED Development, which has offices in Kansas City and Scottsdale, Ariz., and has launched more than 30 shopping malls nationwide, will be developing and marketing new concepts that Schussler Creative comes up with in its Minneapolis warehouse and concept incubation lab.

Including projects currently under construction, RED's property portfolio includes more than 16 million square feet of retail space, apparently offering the potential for dozens of Schussler-devised "eatertainment" venues.

Schussler said the first concepts, Hot Dog Hall of Fame and America's Roadhouse, are being negotiated for RED's Legends at Village West lifestyle center in Kansas City, Kan. That is the same mall where Schussler and Landry's Restaurants Inc. of Houston last summer debuted T-Rex, a dinosaur-theme restaurant concept.



Schussler Creative Inc. of Minneapolis, which created the Rainforest Cafe and T-Rex concepts, has teamed up with a Kansas City, Mo., development group to debut theme restaurants in destination retail complexes across the country.

The new concepts to be launched through the RED deal do not include T-Rex, Rainforest Cafe or Yak & Yeti, an Asian concept under construction at the Disney's Animal Kingdom theme park in Florida.

Landry's now owns the Rainforest Cafe chain, whose 27 branches in 2005 posted estimated U.S. food and beverage sales of \$224 million, up nearly 2.8 percent for the year, according to Nation's Restaurant News' most recent Second 100 study. It estimated that the Schussler-devised chain's per-restaurant sales from foodservice were nearly \$8.3 million in 2005, excluding gift shop merchandise.

Steve Graham, RED's vice president of destination development, said the group's officials "believe [the new partnership agreement with Schussler] will help drive traffic to our malls."

The deal has the potential for "development synergies," he added.

Schussler said he would hold about a 65-percent stake in the partnership, with RED Development owning the balance.

Graham said: "I think the folks in our leasing group will really help Steve locate these concepts in the top centers in the country. We always want to populate our centers with the top restaurants."

Jeff Green, a retail analyst with Jeff Green Partners in Mill Valley, Calif., called the arrangement "a unique relationship in the retail real estate industry because the Schussler attractions are not proprietary to RED."

Graham said he expects more developers to seek similar deals with concept innovators.

"I believe over time you will see more of this," he said. "You are seeing developers taking a more active role in ensuring the success

of the businesses in their developments. We have the ability to attract capital as well."

Graham said RED Development and Schussler Creative have worked well together.

"Steve has the passion, vision and excitement level that works well in restaurants," he said. "As developers, I think we have that common thread that ties our two companies together. We all want dynamic destination developments."

Schussler's next concepts likely will be in RED's Legends project in Sparks, Nev., near Reno, which is expected to open in fall 2008.

Some of the concepts created by Schussler and being considered for development are:

- Aerobleu, patterned after a 1940s Parisian jazz club and featuring such "destination" dining areas as Cuba, New Orleans, Paris, London and New York.

- America's Roadhouse, featuring a truck-stop decor and American cuisines.

- Dynasty, a Chinese-inspired concept.

- Hot Dog Hall of Fame, which features gourmet frankfurters and other hand-held foods.

- Musical Gardens, a seafood and salad concept.

- Sorcerer's Kitchen, which would seek to capitalize on the popularity of the "Harry Potter" books and movies.

- Winter Wonderland, which has a year-round winter theme.

In assessing the outlook for his partnership with RED Development, Schussler cited his track record of his development work with Landry's.

"The success of T-Rex in the Legends project has made it an anchor tenant," he said. "In a very short time, just six months, we've seen what it can do to drive traffic."

Dan Lowe, managing partner of RED Development, said, "This strategic partnership allows us to align with the nation's top creator of destination attractions to simultaneously place amazing concepts in our developments as well as those of other top developers." ■

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