

**EXCLUSIVE** Last updated: September 8, 2008 08:12am

## Smashburger Makes Texas Next Stop for Expansion

By [Connie Gore](#)



Smashburger

DALLAS—Keeping to its fast-paced growth plan, Denver-based Smashburger is expanding beyond its home state, securing its first sites in Texas for a four-year plan to put 30 restaurants in both Dallas/Fort Worth and Houston. Backed by veteran restaurateurs, the long-range plan is to take the concept nationwide and build a portfolio of roughly 500 locations.

Smashburger is challenging fast-casual peers in the better-burger category. Its first restaurant opened in June 2007 at 1120 S. Colorado Blvd. in Glendale, CO and five more came on line in the Denver metro before the year ended. With four more Denver spots in the pipeline, the owners believe it's time to take their show on the road and Texas is a natural next stop.

"We think it's a great market because Texans definitely like their hamburgers," says Ryan McMonagle, Smashburger's CFO. He tells GlobeSt.com that Dallas/Fort Worth and Houston each will start with two "grade A-plus locations" this year and reach eight to 10 before 2009 ends, putting the new chain on "a clear path to 30 over the next three-year period" in each city. The Texas drive will round up San Antonio and Austin in the next wave along with Minneapolis. "We are actively working LOIs in all cities," McMonagle confides, adding the Central Texas cities are being primed for 15 to 20 restaurants each. Orders also are being placed for spots in Kansas City and Wichita, KS.



Interior

A Dallas lease will be signed any day now, with talks already underway for a second location. Houston's first Smashburger is going into an unnamed strip center at the intersection of Main Street and Kirby Drive, right beside Reliant Center. Smashburger's Dallas scouts are Kelly Hampton, senior vice president, and James Dunn, vice president, both with Venture Commercial Real Estate LLC and its Houston hunt is being

led by Baker Katz Commercial Real Estate, which has two more leases in line to be signed.

"It's a proven genre. While it's relatively new to Dallas, it's being very well received," Hampton says. "We are being very selective." The search is focused on Dallas proper, North Dallas and the Plano-Frisco submarket.

Smashburger's executive team is signing five-year leases for 1,800-sf to 2,200-sf inline and end-cap spots. McMonagle says the must-haves are locations with high visibility, strong daytime populations in a three-mile radius and residential density to seed demand for dinnertime too.

Smashburger's chief competitors in the fast-casual better-burger category are Five Guys Burgers & Fries and Mooyah Burgers & Fries. "There is no dominant play in this category. We think every local market has a very strong local competitor and there are some other hamburger concepts that target a similar market as well," McMonagle says. "We really knew where we wanted to go with this concept, but we let the customers tell us what they wanted--the burger is for burger lovers."

In Greater Dallas, Five Guys Enterprises LLC of Lorton, VA, has opened in the Galleria Dallas mall and Southlake. Dallas-based Mooyah has three locations in the metroplex, and like its competitors, has eateries coming on line in the Austin and Houston metros.

McMonagle says Smashburger's parent, Consumer Capital Partners of Denver, has mapped out its expansion as a mix of corporate-owned restaurants and franchise territories. Talks are underway with franchisee prospects on both coasts.

Based on the five Denver restaurants, Smashburger is ringing up \$682 in sales per sf. "We are outperforming what our internal expectations were," McMonagle says. The cost to open a franchise location is \$280,000 to \$400,000, including equipment, according to Smashburger's franchise development document.

Smashburger's specialty fare is a Angus steak burger in one-third pound or half-pound patties, smashed on a flat grill to seal in natural flavor as it's cooked and then served open face on a toasted buttered bun in a "create your own" sandwich by choosing buns, cheeses, toppings and dressings. Chicken sandwiches and salads are on the menu too. It's fast-casual with modern décor to create an atmosphere for a family- and business-driven customer base.

Consumer Capital's founders Rick and Dick Schaden and their entire team are seasoned concept chefs, with ties to dining hits for many nationals, including Boston Market, Quizno's, McDonald's and Pizza Hut. Consumer Capital is a private investment, concept/brand development and strategic advisory firm.

"We're restaurant operators so holding a restaurant for a long time is a possibility, but we're not closing any doors," McMonagle says. "There is not an ultimate exit scenario in play right now."

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