

Drive-thru operators face competition not just for customers, but sites too



CONTACT

Alfred Bartlett
07738 090760
alfred.bartlett@rapleys.com

Drive-thrus started life in the USA in the 1940s, but they still feel like a relatively new concept in the UK.

However, the rising demand for and value of prime roadside sites suggests that the format is now well established here.

Most often associated with fast food chains - McDonalds opened its first drive-thru in 1975, the year after it opened its first "In-line" restaurant in the UK - it's the coffee chains that have been leading the charge in recent years. Starbucks is understood to be close to having 200 drive-thrus in the UK. Costa currently has around 40, but has ambitions to triple that.

Established grab-and-go players such as McDonalds, KFC and Burger King now vie for sites - and customers - not just with coffee houses, but a wide range of new entrants to the quick service restaurant sector such as the Canadian coffee and doughnut chain, Tim Hortons, who provide an all day food and coffee offer that sits alongside both the coffee and fast food operations.

Global brands such as Taco Bell and Krispy Kreme have also bought in to the roadside/drive-thru concept.

New industries

There is even interest from outside the food and drink sector from the likes of financial services firm Metro Bank, which opened its first drive-thru in Slough in 2013, allowing customers to drive up to the bank and carry out transactions without leaving their vehicles.

Whether the idea will catch on with other banks - or even dry cleaners (Johnsons have dipped a toe in the market) and other businesses - remains to be seen, but what is clear is that the increasing number of businesses eyeing the drive-thru arena will affect

the market as the supply of prime sites on busy road networks shrinks.

The change in demand

Historically, operators have favoured footprints of 1,800-2,500 sq. ft. All the drive-thru operators of course provide a sit-in option, which at the larger end of the requirement scale mean that site requirements can be as much as half an acre when you take into account drive-thru lanes and parking.

The lack of site options means operators are being forced to adapt their requirements - by squeezing on to smaller sites or buildings over two storeys.

Traditionally, coffee outlets have tended to prefer sites which are inbound to cities, so people can grab a drink and a snack on the way to work, while food outlets prefer an outbound site so that people can grab a 'take out' on their way home. Again, this model is already being compromised by space constraints.

The best sites provide a high volume of traffic flow, prominent positioning and good access points. There may also be additional sales drivers nearby - such as office and business parks, leisure centres, trade parks or hotels.

Generally, demand is such that the best sites may be attracting rental income in excess of £30 per square foot, which can make the market very attractive for landowners.

Drive-thrus will also look different in the future, as clever design is used to compensate for the pressure on space, but their continued success is assured: time pressures and the need for convenient solutions will continue to drive demand.

Rapleys provides comprehensive advice on drive-thrus and the wider retail and leisure market. For more information please contact Alfred Bartlett.