

How Danny Meyer Is Going Global

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Meyer, Ross, Himmel, and Flug at Union Square Events' kitchen in Manhattan

By Jonathan Keehner

Danny Meyer's burgers and shakes are poised to go global. The restaurateur who created Shake Shack has agreed to sell part of his company to Related, the New York real estate developer behind Manhattan's Time Warner Center in Columbus Circle. For Related, the deal captures a marquee name in the restaurant world to enhance the cachet and foot traffic of its varied office, entertainment, and retail holdings. For Meyer, it provides a way to take brands such as Shake Shack and barbecue chain Blue Smoke into stadiums, parks, and other properties around the world. "The senior leaders at Related have

abundant hospitality experience, so they speak our language,” says Meyer. “With them we can be more strategic in scaling our business.”

Related is buying a partnership stake in Union Square Events, the catering, sports, and entertainment unit of Meyer’s culinary empire. Events operates concessions at ballparks including Citi Field, home of the New York Mets, and caters events for the Central Park Zoo, Goldman Sachs, and the Whitney Museum of American Art. Meyer, 53, made his name with elegant New York City restaurants such as Union Square Cafe, Gramercy Tavern, and Eleven Madison Park. Stephen M. Ross, Related’s founder and chief executive officer, says he anticipates the first major project with Meyer will be Hudson Yards, the 26-acre development on Manhattan’s West Side that Related calls the biggest undertaking by a single developer in New York City since Rockefeller Center. “We can collaboratively grow across numerous opportunities,” says Ross.

Neither side would disclose financial details of their venture. The partners say Union Square Events will more than double sales within three years as Meyer opens outlets at Related projects and elsewhere. Related, which owns a \$15 billion real estate portfolio and has raised more than \$1.5 billion in investment funds, is developing properties including MiMA, a 1.2 million-square-foot mixed-use project on West 42nd Street in Manhattan, and the Galleria at Sowwah Square, a 355,000-square-foot shopping and dining complex in Abu Dhabi scheduled for completion this year. Having access to Meyer—and the consumers he draws—can help attract tenants to Related’s current and planned projects.

Meyer’s brands and restaurant expertise will also help Related expand into new businesses, such as providing food for sports stadiums. “We’re targeting professional sports teams and owners on a global scale,” says Kenneth A. Himmel, president and chief executive officer of Related Urban, a division that oversees mixed-use developments. With Meyer, he adds, “we’ll be able to add a new dimension to the fan experience.”

Ross, who founded Related in 1972, is the majority owner of the National Football League’s Miami Dolphins. Beyond baseball and football in the U.S., the partnership may look to break into sporting events overseas, according to Himmel, such as English Premier League Football. He envisions launching new concepts such as Asian and health-focused lines of cuisine.

Born and raised in St. Louis, Meyer opened the Union Square Cafe in 1985 on East 16th Street in New York City after working as assistant manager at Pesca, an Italian seafood restaurant in the city’s Flatiron district. He followed in 1994 with Gramercy Tavern, located north of Union Square on East 20th Street, which has consistently ranked among the most popular New York restaurants in the Zagat Survey. “Danny Meyer is probably, if not the best, certainly one of the best restaurateurs in America and the world,” says Bob Goldin, executive vice-president at restaurant researcher Technomic in Chicago. “His batting average is as good as you can get.”

Meyer began moving beyond haute cuisine in 2002 with Blue Smoke, which features “real pit barbecue” smoked over hickory and apple wood. His best-known venture, launched in 2004, is Shake Shack, whose ShackBurgers and frozen custard shakes have a cult following. Fans have been known to stand in line for an hour or more at the original Shake Shack in Madison Square Park. To accommodate the hungry, the restaurant has set up a webcam so fans can see how long the wait is before they arrive. Today there are 14 Shake Shacks in New York City, Miami, Westport, Conn., Saratoga Springs, N.Y., and the Middle East in Dubai and Kuwait City, according to the company’s website. Nationals Park, the baseball stadium in Washington, D.C., features both Shake Shack and Blue Smoke.

In 2009, Meyer hired former banker Jeffrey Flug, a veteran of JPMorgan Chase and Goldman Sachs, to explore expansion opportunities. “One conclusion was that we needed a strategic partner who could help us grow,” says Flug, who serves as president of Union Square Hospitality Group, Meyer’s umbrella company. “Related’s view of the business and business acumen made them a natural fit.”

Other restaurant celebrities have sought to make themselves into global brands. Nobu Matsuhisa, the chef behind over a dozen Japanese restaurants across the globe, announced last year that Nobu Hospitality plans to develop a hotel tower with a lounge and restaurant at Caesars Palace in Las Vegas. Mario Batali, the chef behind New York City’s Del Posto and Babbo Ristorante e Enoteca, has restaurants in Los Angeles, Las Vegas, and Singapore and opened the 50,000-square-foot Italian food and wine market Eataly in 2010 on 23rd Street and Fifth Avenue in Manhattan.

Related hopes to begin construction on Hudson Yards this year. The plan calls for 5,000 units in nine residential buildings, 6 million square feet of office space, a 1 million-square-foot retail center, a five-star hotel, and a new 750-seat public school, all around 14 acres of open public space. The first building at Hudson Yards, where luxury retailer Coach will have offices, is scheduled to be finished in 2015. “We wanted a game changer for Hudson Yards,” says Related’s Himmel, who oversaw such mixed-use projects as New York’s Time Warner Center and CityPlace in West Palm Beach, Fla. “When you look at all of the great chefs and restaurant operators we have partnered with, there’s one photo missing: Danny Meyer.”

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