

As They Mature, Food Halls Go to College and Move Out to Suburbs

Concept Once Confined to Large Cities Expands to Campuses and Surrounding Communities



Hey Day Market, which opened last year on Auburn University's campus in Alabama, is among food halls expanding into markets such as college towns and suburbs throughout the country. (Cooper Carry Architecture)

By [Ryan Ori](#) and [Linda Moss](#)
CoStar News

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A food hall may be opening near you — even if you're in a suburb, a rural town or the latest frontier for these centers of cutting-edge cuisine, a college campus.

These communal dining spaces lined with testing grounds for ambitious local chefs experimenting with their newest concepts, once found only in a few major cities, are branching out to a growing population of foodies.

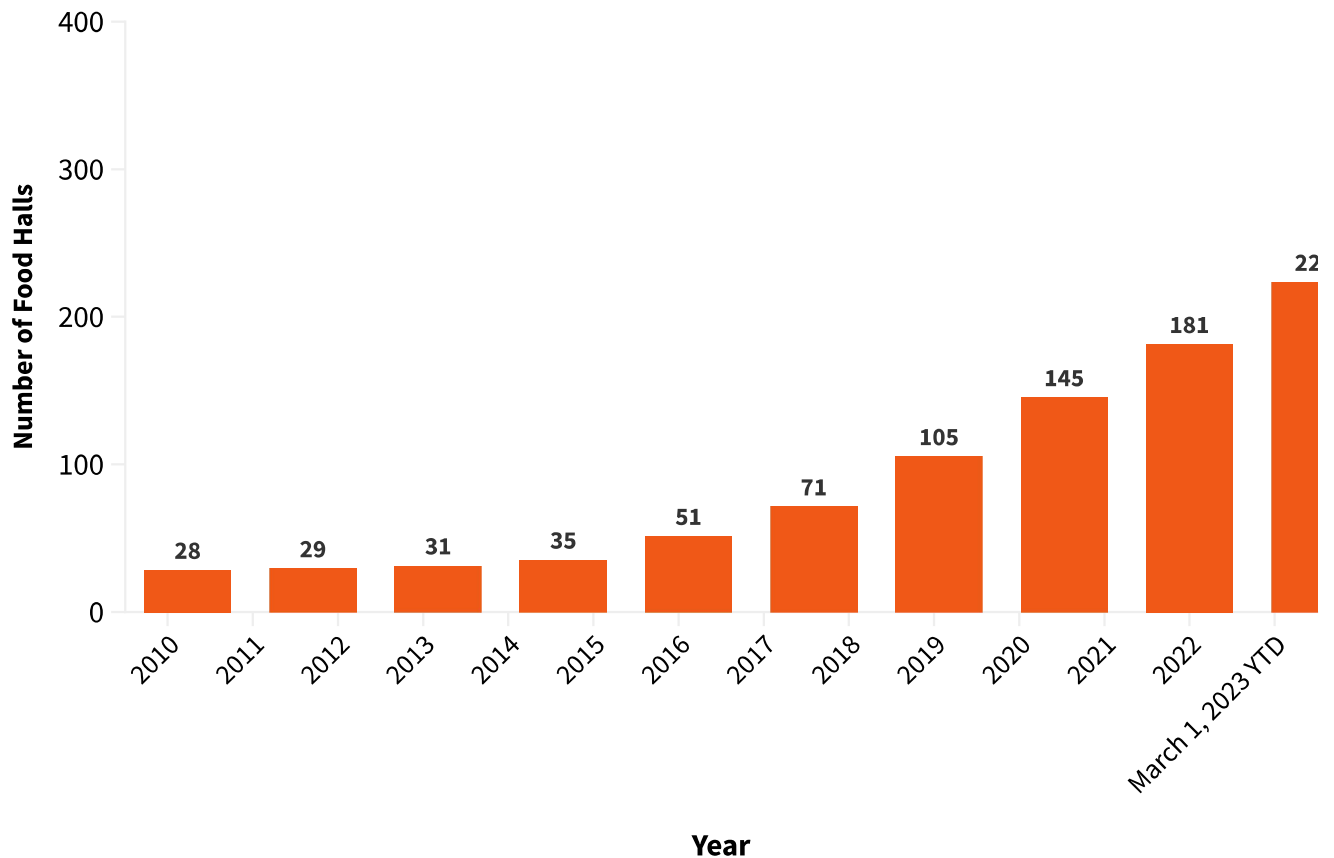
The United States has about 360 food halls, up from 220 in 2019, according to a report by brokerage Cushman & Wakefield. Another 127 food halls are under development around the country, with most of them expected to open this year or in 2024.

Rapid expansion of the concept, conceived as the chef-driven opposite of chain-centric food courts long found in shopping malls, is even more notable considering the devastating effects COVID-19 had on the food service industry starting in early 2020. The trend is helped by longing for togetherness after pandemic lockdowns, appreciation for celebrity chefs, shared costs in a weak economy, mobile flexibility, and the availability of different types of properties.

There are no signs of a slowdown in the years to come, said Trip Schneck, an executive managing director at Colicchio Consulting, Cushman & Wakefield's food service and hospitality group. He said he expects the country to have more than 700 food halls by the end of 2027 as more developers try to liven up their properties.

"We're getting more calls about food hall projects than we've ever gotten before," Schneck told CoStar News. "The growth is going to be very significant in the years to come."

Rise of US Food Halls



Source: Cushman & Wakefield, Brown Real Estate; August 2023
Chart: Nicole Shih



Nationwide Growth

Still, food halls have struggled and closed, while the pandemic has shown that they need more than just a variety of high-quality vendors to survive. Owners that fail to develop the social aspect could be in trouble, industry professionals said.

Even so, the growth of food halls is coming to new regions. An increasing number will be in places such as Reno, Nevada; Auburn, Alabama; or Fargo, North Dakota. Suburban locations [also are on the rise](#) in the era of remote work and a reduced reliance on office workers by many restaurant and food hall operators.

Even food-delivery giant DoorDash is getting in on the action with a [new food hall concept of its own](#) at a shopping center in San Jose, California.

Schneck estimates 40% of calls are from downtown office building owners, 40% are from landlords in suburban or tertiary markets, and 20% are from universities or student housing developers.

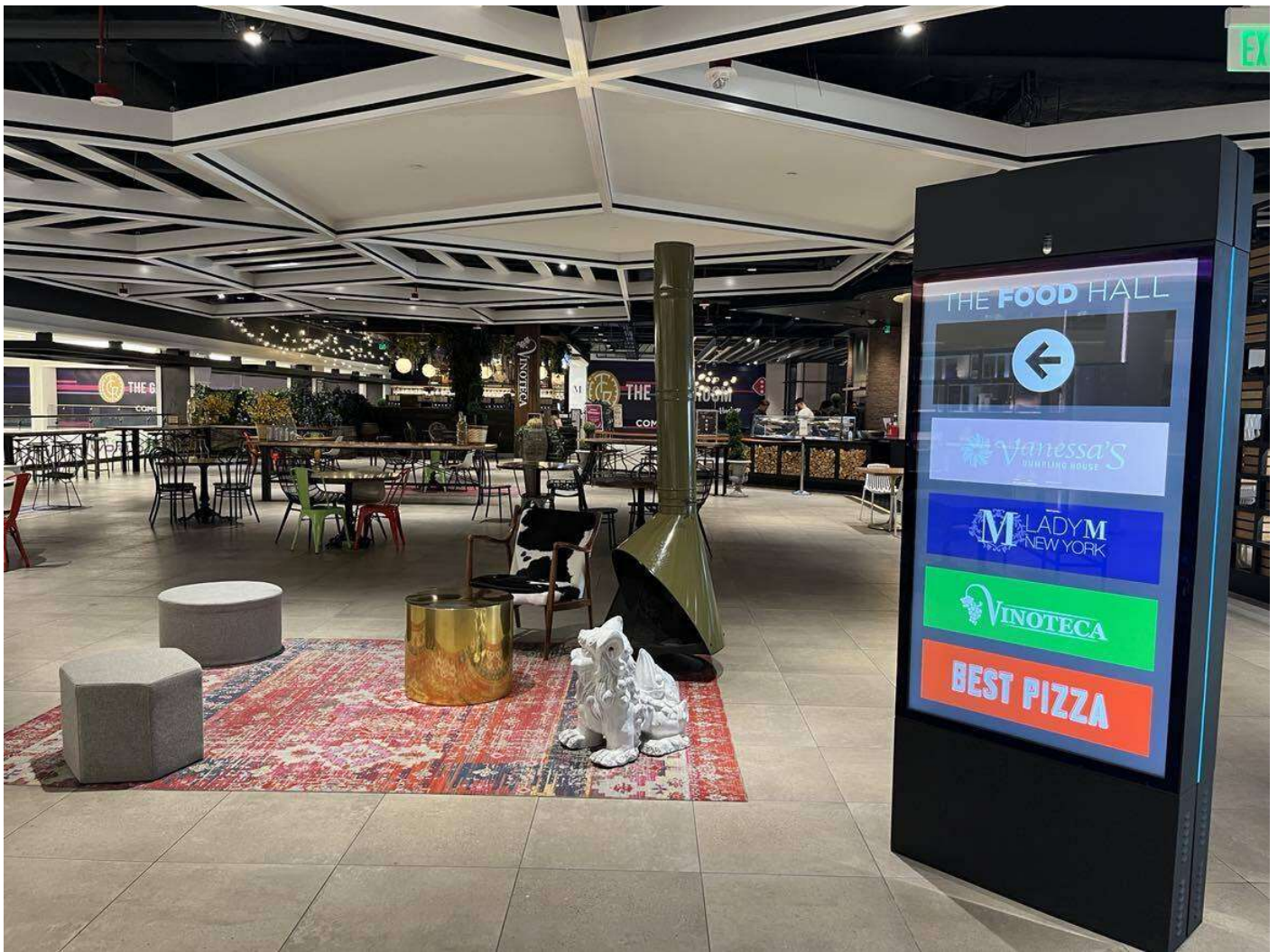
“I think we’re going to see a lot more food halls on college campuses just because of the demographics,” said Schneck, who is based in Washington, D.C.

Soaring interest coincides with the rise of chef reality shows, food tourism, and a focus on experiences within the retail sector, industry professionals say. Diners such as college students and young professionals are drawn to places where they can sample wide ranges of foods from small, independent vendors while enjoying live music, games or other entertainment.

Socializing around a bar and communal tables with fun in-person activities is especially appealing after the shutdowns and isolation of the pandemic, said Emily Durham, a Houston-based senior vice president for JLL’s food and beverage advisory.

“We know that millennials will spend money on food and experience before many other things,” she said. “And that’s what these food halls are. There’s a lot going on. They’re very vibrant.”

Food halls typically have a centralized operator, which then rents small stalls to chefs launching a new concept or small, local restaurateurs seeking an additional location. Other forms of the concept include ones run by a single restaurant group that then sells a variety of foods at different stations, such as Eataly.



The American Dream shopping mall is an example of a suburban location adding a food hall as the concept's popularity expands throughout the country. Several vendors are based in New York. (Linda Moss/CoStar)

Years ago, food halls typically were found in the largest cities, often near big transportation hubs that attract crowds of commuters.

Surviving Pandemic

As recently as 2015, there were just 70 food halls nationally, with more than 30% of those in New York, according to Cushman & Wakefield. In the years afterward, waves of food halls often catering to lunchtime work crowds opened in major cities such as Chicago, Philadelphia and Atlanta.

When the pandemic arrived, there were fears that the communal, crowd-attracting food hall setting would be devastated.

As it turns out, though, just 9% of food halls closed because of the pandemic, compared with an estimated 25% to 30% of independent restaurants that didn't emerge from the health crisis, Schneck said.

Food halls were able to quickly shift to a model driven by mobile orders. Many food halls have outdoor patios or roof decks, which also became a pandemic-era advantage. Most important, food halls' leases were often based on a percentage of sales, compared with traditional restaurants' fixed rents, according to industry professionals.

That doesn't mean food halls are immune from failure, especially as more competitors enter the space. Even in Chicago, where food halls overall have thrived, there were six closings early in COVID-19, Schneck points out. Three of them were in above-ground spaces, making them less likely to capture nearby foot traffic, he said.

Closings also included two of three food halls that opened around the same time in the Fulton Market district of the city. Even in one of the country's fastest-growing urban neighborhoods, that proved to be too much competition in an area already loaded with traditional restaurant options, he said.

As competitors emerge in other markets, operational experience will become even more important, Schneck said. Lining up a few vendors and opening the doors isn't enough.

A lively bar and continual programming such as trivia nights and concerts are required to make food halls stand out as community centers, he said.

"I can't emphasize enough how important the programming is to these things," Schneck said. "The only thing that can sink it is the operations."

Shared-Cost Benefit

Amid rising interest rates, high labor costs and other inflationary worries, food halls continue to benefit from shared costs of employees, ingredients, real estate and other

business expenses. If one startup concept fails within a food hall, it can quickly be replaced with another entrepreneur seeking an inexpensive concept launch.

“These up-and-coming chefs get to try it out without having to build out a whole restaurant and sign a 10-year lease,” JLL’s Durham said. “And then on the landlord side, they’re not putting all their eggs in one tenant’s basket that might not make it.”

With remote-work trends persisting more than three years after the onset of the health crisis, there also are more areas of opportunity for food hall operators and vendors.

Of the projects that have opened since the pandemic began, 60% are in places described by Cushman & Wakefield as secondary, tertiary or rural markets.

Once known for sprawling spaces, food halls now can be squeezed into 10,000 square feet or less in smaller cities or tighter environments. Smaller formats have allowed for the emergence of highly specialized niches, such as New York’s Urban Hawker Market. It opened last year in midtown Manhattan, with 17 stalls focused on Singapore street foods.

“There’s such a variety of cuisines because of the global connection that we have whether it’s TV shows, TikTok or people visiting other countries and exploring their foods,” said Anjee Solanki, the San Francisco-based head of U.S. retail for the brokerage Colliers International.

“The variety of food has become quite explosive,” Solanki said. “When you look at Asian food, you see subsets within.”

Reimagined Car Wash

With smaller and more flexible layouts available, food halls also are branching out beyond office buildings and transit hubs, too, including quirky redevelopments such as The Wash food hall in a former car wash in Nashville, Tennessee, and the Stanley Marketplace in a former aviation factory on the Aurora, Colorado, site where Stapleton International Airport once stood.

Shopping malls, associated with food courts selling Auntie Anne's pretzels and Sbarro pizza slices, also are trying to get in on the action.

American Dream in East Rutherford, New Jersey, has made entertainment and experiences its mission, said the megamall's general manager, Bryan Gaus. In addition to a food court with retail chains, the mall also has a 32,952-square-foot food hall that includes games such as cornhole and foosball.

Vanessa's Dumpling House, Best Pizza, Bang Cookies, Dream Bar and Vinoteca are among the vendors, some of which serve as outposts for establishments based in New York.

"It's an experience, it's more curated, it's diverse, it's sensory," Gaus said. "It's an ambiance. It's cool."



H Mart, the largest Asian supermarket chain in America, will soon open a food hall across from its store at the American Dream megamall in New Jersey. (Linda Moss/CoStar)

H Mart, the fast-growing Asian-American grocery chain, will be opening a 16,964-square-foot food hall across from its store at American Dream in late August or early September, according to Gaus.

Regardless of where they are, food halls need strong operators, programming such as entertainment and yoga classes, lively bars and favorable rent structures where the landlord shares risk, industry professionals say.

“Globally, we’re seeing more activation of these food halls with live DJs and the ability to watch chefs preparing your meal as through you’re sitting at a five-star Michelin restaurant,” Solanki said. “It’s much more sophisticated than it once was. It’s entertainment plus the experience and variety of a food hall.”

Boost for Suburbs, Campuses

That goes for the suburbs, where food halls are finding more daytime customers as office workers stick with remote work for at least part of the week.

“In large cities, they’re very good at capturing the office worker,” Schneck said. “The flip side is, the suburban markets are catering more to the night and weekend populations. If you can capture both, you’ve got a home run on your hands. You can do that in a Madison, Wisconsin, or an East Lansing, Michigan.”

Those examples are cities with large universities, the University of Wisconsin and Michigan State University, which Schneck expects will be the next big growth sector.

Large universities offer thousands of potential customers looking for alternatives to cafeteria food, plus college employees and other city residents who are likely to visit on nights and weekends. It’s a valuable mix, even when factoring in a summer slowdown, Schneck said.

Early adopters include the University of Pennsylvania in Philadelphia, with its Franklin’s Table opening in early 2020, and Auburn University in Auburn, Alabama, where Hey Day

Market opened in August 2022.

Auburn's food hall is a for-profit venture run by a local hospitality company, Ithaca Hospitality Partners, but it is adjacent to the university's Tony & Libba Rane Culinary Science Center.

The 10,000-square-foot food hall and soon-to-open brewery from Atlanta-based New Real Brewing will serve as a training ground of sorts for culinary arts students, and the food hall reserves one of its 10 food stalls for a recent graduate to launch a food concept. There also is an 11th stall used as a podcasting booth, with visiting chefs, brewers and sommeliers stopping by for interviews.

"The food hall is really answering demand from a generation that cares about what they put in their body, that wants fresh ingredients and variety," said Hans van der Reijden, Ithaca's founder and CEO.

Hey Day Market serves 1,500 to 2,000 customers per day, a number expected to remain steady even in the summer with the brewery set to open within the next month, van der Reijden said. He declined to provide revenue numbers but said it is "exceeding all expectations."

It is located along the edge of the university and downtown Auburn, drawing a mix of locals and college students, he said.

Among the offerings are Malaysian street noodles, Vietnamese bahn mi sandwiches, poke bowls, Cuban sandwiches, tacos and gelato.

Since opening less than a year ago, Hey Day Market has hosted a steady flow of officials from other universities, as well as developers and architects interested in building food halls at other universities, van der Reijden said. His firm has created a new group focused only on opening and managing food halls, he said.

Much like universities have improved things like fitness centers and student housing to remain competitive, food is becoming a key differentiator, van der Reijden said.

“It’s about competitiveness,” van der Reijden said. “Food has become increasingly important in where students decide to go to college. This is the next level.”

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