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Dallas Business Journal

EXCLUSIVE REPORTS

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Mississippi deli plans for 50 more D-FW stores

First Tarrant County store will open in Southlake

[Holli L. Estridge](#)

Staff Writer

Mississippi-based [McAlister's Deli](#), a chain with minimal presence across Texas, is gearing up for a 50-restaurant expansion in the Metroplex.

The expansion continues the Jason's Deli rival's westward push, by way of three franchisees who hold licensing rights for Collin, Denton, Tarrant and Dallas counties.

"Texas is proving to be a very good market for us," said Pat Walls, McAlister's development officer. "Several of our restaurants there broke the company's highest volume record, surpassing \$2 million in annual sales."

The Metroplex franchisees' two existing restaurants were not among the record-breakers, but Walls said Texas locations have performed better, on average, than peer sites in other states.

In terms of sheer numbers, Texas is still one of McAlister's smaller markets. The privately held company has one or two restaurants each in major metro areas like Houston and San Antonio, and single locations in smaller markets like Tyler and Longview.

Walls characterizes McAlister's growth as a slow, methodical push. "We're growing concentrically from our headquarters in Mississippi," Walls said. "We want to make sure we can provide service and support for our franchisees effectively, while at the same time maintaining controlled but sustainable growth."

The deli chain added 34 restaurants system-wide in 2005, the same year it was purchased by [Roark Capital Group](#). Roark, an Atlanta private equity firm, also is the parent operation of [Cinnabon International](#) and [Carvel Corp.](#)

Top growth chain

Restaurant Business magazine, a trade publication for restaurateurs, ranked McAlister's among the top 50 growth chains for its percentage growth in sales and units. The company rang up \$161 million in revenue in 2004, compared to \$126 million in 2003.

The chain, started in a former gas station in Jackson, Miss., now has restaurants in states as far east as Florida and Georgia, north to Ohio and west to Texas.

The delis serve up club sandwiches, hoagies, soup and salads as well as secret recipe sweet tea by the gallon. The 100-item menu also offers vegetarian fare.

Restaurant locations offer catering service, dine-in and take-out.

McAlister's restaurants average \$1.3 million in sales per year. Franchise fees range from \$20,000 to \$30,000, and initial investments start at \$329,500 for an existing location and \$904,000 for new construction.

Dallas-based Saxton Pierce Restaurant Corp., McAlister's franchisee for parts of Mississippi, Oklahoma and Texas, is the chain's largest multi-unit license holder. Saxton Pierce was involved in development and acquisition of more than 50 Mazzio's Pizza restaurants before selling them to Pinnacle Restaurant Corp. It has plans for 15 McAlister's locations in Tarrant County alone.

The company recently leased 4,556 square feet in the Southlake Corners Shopping Center at Kimball Street and State Highway 114, for its first Tarrant County McAlister's which will open in February. Marshall Ballard with the commercial retail division of The [Weitzman Group](#) handled negotiations. The company is also in lease negotiations for a location in Colleyville, to open later in 2006.

"We were attracted to the brand, because the fast-casual segment is a fast growth area," said Adam Saxton, Saxton Pierce director of development. "The menu variety was attractive to us, and we liked the health consciousness of the items. People are able to go there and eat healthy."


Kevin Dzurik, franchisee for Dallas County, said he has plans to open restaurants on North Garland Avenue in April and the Prestonwood Mall in September. He said he will open four McAlister's franchise restaurants annually over the next two years.

In addition to Dallas County, Dzurik holds licenses for Hood, Erath and Johnson counties, as well as Amarillo.

"I've gone to their restaurants in various locations, and I just thought it was a good concept -- a good value for the prices," he said.

McAlister's Denton and Collin County franchisee Chandler Buie could not be reached for a comment on his specific plans. He operates existing restaurants in West Plano and McKinney.

hestridge@bizjournals.com | 817-693-0025

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