



Eureka!

"Tis an ill cook that cannot lick his own fingers."
- William Shakespeare!

Eureka! is defined as expressing delight on finding, discovering or solving something. Those that truly appreciate great food, craft beer and small-batch spirits are discovering a better restaurant experience and Eureka! has elevated it to an art form. In its rustic industrial environment, they have created craveable dining experiences in an approachable atmosphere while leaving enduring memories one burger at a time.

I have been working with Eureka!'s co-founders Paul Frederick and Justin Nedelman for several years and most recently found them their Carlsbad location. The menus they have developed in partnership with local suppliers has made them a foodie destination throughout California as well Seattle, Boise, Las Vegas, Boulder, Dallas and Austin.



JON HORNING

SENIOR VICE
PRESIDENT

Recently I had the opportunity to speak with Paul about the Eureka! brand and their plans for the future.

Jon: How did you originally get involved in the restaurant business?

My partner Justin Nedelman and I have worked together since 2000. We initially started in the retail and land developments industry, part of which took place during the recession. We watched the economy unravel in late 2007, we saw many of our projects that were still under construction or projects that had some type of unique financing become very challenging due to valuation erosion. By the end of 2008 we realized we were out of business for the short term and needed to figure out a new plan.

During this time we had a mixed-use project in Redlands, California, which included a restaurant space that had turned over several times. Once the elevated “better burger” craze began we hoped to fill this vacancy with someone from this niche; however everybody turned us down, including The Counter Burger and other regional burger operators. This is when we came up with the idea to create an even better burger concept and fill the vacant space ourselves. After this revelation we brought in food consultants from Manhattan Beach to help us build our new restaurant concept. With a lot of hard work we threw a “hail-mary” and opened up the first location in hope to save our shopping center. This location on Eureka Street in Redlands is now a scalable national name in the restaurant name scene. At Eureka! we pride ourselves to discover a triumph, which is how the brand was born. We recently celebrated our 10 year anniversary and currently have 25 restaurants and 2 more in construction as we speak.

Jon: How has your concept evolved from that first unit to where you are now?

Our first location and our first menu had a primary focus on the burger and we were called Eureka! Burger. We did have a beer and wine license which allowed us to build our bar. We had a couple of craft beers from a local brewery that had started a year before called Hanger 24, which is now a major player in today's craft beer scene. The restaurant evolved pretty quickly, because of our beer sales. We have a “no crap on tap” philosophy: no regular domestic beers, strictly

focused on 100% craft beer which had to be branded American made. The wines were all from California. Our ethos was always “Eat Drink American,” although that was not in the tag line at the time. It was “Burger, Salad, Bar” and believe it or not we would have guests coming in looking for the salad bar. We had burgers, salads and a bar. We switched our ethos to “Eat Drink American” based on 100% American Bar. We ended up removing the word “burger” from the brand and just focused on Eureka! with the tagline “Eat Drink American” and we believe that decision widened the audience, and showed we had other offerings besides burgers. While burgers are still at the core of what we do, we have a pretty balanced menu with items ranging from \$7 - \$19, which even includes brunch. We try to keep the menu tight so we can execute at a high level.

Jon: What are your growth plans for Eureka and your restaurant group in general?

Our real estate strategy in the past and still going forward is that we choose discovery markets. Discovery markets are college/university areas that have a big influence in tech or revitalization efforts within the city. The first 6 college market locations were: Redlands, Fresno, Claremont, San Luis Obispo, Bakersfield and UTC in San Diego. There is a lot of whitespace out there because we have only have 25 units. We are an elevated bar and grill concept which does really well in college markets. Going forward we are just looking to do more infill locations and help our existing core markets. We are currently in 6 states, and not really choosing to pick new

states over the next couple of years. We do want to continue to add more units in Texas, Nevada, Boise, Colorado, Washington and of course California. While we have major wage issues and inflation in California, we aren't afraid of that, we are actually perfecting our service model to thrive in this challenging wage inflation market. We will continue to take advantage of our success and our core brand in California and take advantage of good real estate deals as they become available. Certainly, it's a blood-bath out there right now in the full-service restaurant category.

Jon: What is your ideal size, location, patio?

We have a flexible real estate strategy / build-out strategy, which can expand anywhere from 3,000 up to 5,000 square feet. We choose locations with large patios. It doesn't rain a lot in California so we get a lot of usage there. We like a building or project that has a lot of personality like Eureka! - we are a lifestyle brand. We connect well with all of our vendor partners, distilleries, breweries, wineries and farms. We have sponsored surfers, Coachella music festival, and other cool lifestyle events. We seek out people that are curious and looking for unique experiences with lots of energy. A lot of community involvement and we like to reflect that in our brand. Carlsbad, our most recent unit, is a highly lifestyle, tech office retail project. There is one tech office and one golf manufacturer occupying about 40,000 SF, which includes a large number of team members that frequent Eureka! daily. They are the perfect target/demographic for Eureka! who fit our lifestyle and are into

what's new and into discovering new things. Even though Carlsbad is under served, and has no colleges, it's a lifestyle and tech community offering the perfect Millennial demographic that supports Eureka! and specifically the Bressi Ranch sub area of Carlsbad.



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If you have a space that would be a good fit for Eureka! contact us today!



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