

# How to Finance a Concession Business – An Overview

February 2024

## WHY ARE WE HERE?

- The Chicago Department of Aviation is preparing to issue a Request For Proposal (RFP) in the coming months
- The RFP is considered one of the largest in recent years at a large US Hub airport
- The approximately 150 stores currently represent \$250 million in sales or 50% of the total concession program at O'Hare
- The stores are entirely located in Terminal 1 (mostly serviced by United Airlines) and Terminal 3 (mostly serviced by American Airlines)
- There will be new concessions spaces offered as part of Terminal 3 expansion project
- The concession categories covered in the redevelopment include food & beverage, news and gifts, services and specialty retail

## WHY ARE WE HERE?

- CDA wants to ensure small businesses, especially ACDBE's, have a real chance to bid and win
- Today we have brought in top banking professionals to discuss financing for concessions
- Representatives from the U.S Small Business Administration are here to discuss how they can support small business
- The airport concessions business is unique in many ways, including the kind of financing a new business will need
- Leases typically span from about 10 to 15 years, depending on many factors, and concessionaires must spend capital up-front to build out their spaces
  - Typical buildout costs at ORD are running on average \$1,700 per square foot, and it's reasonable to expect a typical food concession build out to cost upwards of \$2.0 to \$2.5 million
- Therefore, it's important for new businesses to understand the financing environment
- We are going to get started with our panel of bankers

## TODAY'S PARTICIPANTS

- Bank of America
- JP Morgan Chase
- PNC Bank
- Old National Bank
- U.S. Small Business Administration
- Providence Bank
- Lendistry
- First Mid Bank & Trust