



## The Star-Ledger

### A tall order for upscale restaurants launched in these down times

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In 2007, before the economy collapsed like a misbegotten soufflé, Francesco Palmieri convinced his brothers to help him buy a Bloomfield Avenue dive bar and turn it into an industrial-chic bistro specializing in new American cuisine with European flair.

Construction lasted nearly a year, and by the time the Orange Squirrel was ready to open, the economy itself had undergone an extreme makeover.

"Would I have done it knowing that things are in dire straits?" Palmieri said. He paused, the silence punctuated by the pounding of a large mallet on a piece of a veal. "Yes, I would have. I still have the drive go to forward. Is it scarier? Probably."

Who's afraid of the big bad Dow?

Not (so much) Palmieri, who has been serving up hand-rolled gnudi and lamb chops in mint-pomegranate glaze since November. Not Michael Dilonno, who opened the Avenue Bistro in Verona in December as the Dow hovered in the mid-8,000s. Not the owners of Elements in Princeton Township, who built their glass-and-stone shrine to fine dining from the ground up, equipping the kitchen with a suite of Jade ranges and laying the tables with Riedel crystal and artisan dinnerware.

Foie gras appetizers and \$29 grilled lamb loins, orange-rosemary crust notwithstanding, were a risky proposition even in good times. According to New Jersey Restaurant Association figures from before the recession, 80 percent of all new restaurants are closed within five years.

In 2008, restaurants in the state reported business down about 16 percent, nearly double what they anticipated, and the trade group is predicting job cuts this year, the first year of job losses since 1991, said president Deborah Dowdell. Just last week, the MetLife Study of the American Dream reported that 90 percent of respondents called eating out a luxury, and 66 percent are eating home more often.

Palmieri is not yet turning a profit, but when asked if he has a plan B, he laughed. "You would think I should have one, but I don't. I believe in what I'm doing. I believe in this place. I get to see it nightly and daily with the people who are enjoying it."

A year ago, Dilonno had a good gig as executive chef at a popular restaurant specializing in rustic Italian cuisine in Basking Ridge.

"Everybody was like, 'You're so lucky to have a job, you're so lucky you have a restaurant now,'" he said. But his heart wasn't in it. Dilonno, who has owned three previous restaurants in New Jersey, started to cook up plans for a new one. "If you do the right thing, if you don't try to murder everybody with the prices," he reasoned, "you could be a success."

Some of the newest high-end additions to the restaurant scene were in the works long before the recession hit.

Scott Anderson and Steve Distler, Elements' chef-owner and business partner respectively, wanted to build the restaurant on the site of a former mechanic's garage in Princeton Township and had to go through a lengthy municipal approval process starting in 2006.

The owners of Nisi Estiatorio, a Greek fish house that replaced River Palm in Englewood, embarked on a

"complete gut" in March 2008, said partner Michael Liristis.

"We can't have fear of what's going on the world," he said. "Things will turn around for the better for us with the economy, and when they do, we'll be right back up there." So how's business now? "I would say slow. Things could always be better. Slow."

Mike Ventura, who opened his own restaurant in Nutley a year and a half ago, has been watching the new wave of openings with some surprise. "I think the long-term effect is going to be six months from now -- nobody's going to be opening," he said.

Ventura himself just relaunched his formerly fish-centric restaurant, which was called At the Market, because "we were not getting by on fish alone." The Kitchen Table "is a little more approachable," offering casual, comfortable eclectic "recession dining." Last month, he introduced a three-course dinner menu that he vowed would be priced at \$20.09 until the Dow Jones breaks 10,000 again.

The New Jersey Restaurant Association has seen its meetings swell, says trade group chairman Jimmy Thornton, the director of catering at the Grand Summit Hotel. The group launched a "Dine Out Often" media campaign "to fight the Susie Gourmands of the world who say that not dining out is the first way to save money," Thornton said. They're also supporting the growing number of local Restaurant Weeks, in which eateries in a town offer discounts or prix fixe specials to lure diners out of their homes.

"What people can afford is what sells in this business climate," Thornton said. "In restaurants, that means the standard American fare of burgers and pizza. This is not the atmosphere for fine dining." Because of high costs, he said, "It has always been bad times for restaurants in New Jersey. Now we are in the worst of times."

Booze never needs a bailout, so fledgling restaurateurs like Palmieri make sure that they can serve alcohol. That -- and lower property prices -- is why Palmieri located the Orange Squirrel in Bloomfield as opposed to the more epicurean Montclair. "It makes it a little softer to have a liquor license," he said. "You have a little more variety to offer the consumer."

Nisi snapped up a couple of wine cellars from suddenly struggling investors who needed, pardon the pun, liquid capital. The restaurant offers California cabernets of excellent vintages at \$40 to \$70 a bottle -- "great pricing," Liristis said.

Dilonno's decision to open his own restaurant was helped along by the availability of a liquor license in Verona. Though partial to fine dining, he deliberately went a little downscale on this outing, with a bar menu and children's menu.

That's not necessarily what he would have done in fiscally happier times. "You have set in your mind what you really want to do," he said, "but you kind of know in the back of your mind it's not going to work right now."

The menu features all-American comfort food, including macaroni and cheese, chicken wings and burgers. "It's my take on doing comfort food, but I couldn't bring myself to think that low, so I put a lobster pot pie on the menu."

*Staff writer Judy Peet contributed to this story.*

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