

## 20 KFC eateries in city hit auction block

**Still-operating eateries average 2,000 square feet and have an average of 15 years left on their leases; move follows Chapter 11 bankruptcy filing of previous franchisee.**

By [Adrienne Pasquarelli](#)

Chicken lovers looking to open their own fast-food restaurants are in luck, big time—no less than 20 New York City KFC outposts are now up for auction with winners to be announced June 9.

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The sites include 10 locations in Queens, eight in Brooklyn and two in Manhattan—one on Third Avenue and East 106th Street and another

on Lenox Avenue, between East 145th and East 146th streets. Two Nassau county sites are also included in the auction.

“We’re selling the lease-hold interest and the franchise,” said Richard Maltz, vice president of the real estate auction division at Plainview, N.Y.-based David R. Maltz & Co. “They could be sold in groups or individually.”

Mr. Maltz said his company is targeting entrepreneurs who already operate KFC locations, as well as those who may want to start a new brand of fried chicken. On average, the outposts each have around 15 years remaining on their leases.

The former owners of the score of KFC franchises, Paul and Joseph Panzarella, operated the sites filing for Chapter 11 bankruptcy protection last year. The eateries, which are still operating, average 2,000 square feet.

The Panzarellas had also been involved in litigation with parent company KFC, involving a trademark dispute and failure to pay the financial fees associated with their franchise agreement, according to legal documents.



“The bankruptcy was a cash flow issue and had to do with the economy,” said Robin Abramowitz, the Lazer Aptheker Rosella & Yedid attorney representing the Panzarellas, who filed under the

corporate entities of SQ KFC and Panzar KFC. “They filed for bankruptcy to preserve the assets, and the way we’re paying the creditors is to sell the assets—the locations.”

Those new to KFC who wish to participate in the auction must submit bids by April 15. Current franchisees have a May 13 deadline. The auction will take place on June 9. Though Mr. Maltz could not say how much each location might sell for, he noted that it typically costs over \$1 million to start a single KFC franchise.

Arlene Spiegel, a restaurant consultant, expects the majority of the KFC locations to auction off quickly because they are already fully operational as restaurants. She noted that the brand has weathered the economic downturn because of its low-cost appeal to cash-strapped consumers.

“People were looking for convenience and value but still wanted a hot meal, not a frozen yogurt,” she said, noting that KFC has incredible brand recognition. “There’s really no other brand in the chicken category that comes first to mind more than KFC.”