

# Fajita Pete's:

*On the road to solid growth...*



## Catalyst & Growth

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*"Orr understands the drivers for my business and can use their deep real estate knowledge to match me with an optimal location." – Pedro Mora*

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### Summary

What you know now as Fajita Pete's, founded by Pedro Mora, began as Poblanos in 2002. Poblanos was 6,500-square-foot full-service restaurant with 60 tables Pete made himself in his garage. After having an 'a-ha' moment, Pete realized his business model needed to shift and it was then that Fajita Pete's was born. Shifting from a full service 6,500 SF restaurant to a 1,200 SF take-out restaurant, primarily, was to become the way of the future for Fajita Pete's.

### Challenges

Fajita Pete's had identified the need in the market; but being able to grow the brand to serve the market was a different ballgame. The company had been growing at a slow rate due to the lack of resources to attract new franchise operators and open new company stores. Fajita Pete's was in a unique position. They could grow the company

organically by adding a franchisee or two annually to the system. With that type of growth structure, they knew they could never take the company to the potential it had. Fajita Pete's quickly identified the need for a strategic partner that had a vision for the brand but also had the liquidity to help fuel the growth. After meeting Bobby Orr, President and Chairman of the company, Bobby had suggested a partnership between franchisors of Fajita Pete's and a group of well-equipped investors including Bobby. After realizing the kind of fire power they had, the group came to an agreement and the partnership was formed with each investor bringing a unique value to the company. After identifying the areas of improvement for the brand, the investment group set out to put the systems in place for the scalability of the company. They identified the need for a rebranding campaign. Realizing how other companies had scaled quickly, Fajita Pete's implemented software that can accurately identify markets where the company needs to grow and open stores. After successfully completing the aforementioned, it was time to take the brand to the market. Lastly, consulting with multiple franchise sales brokers and picking the best candidates based on brand standards, franchise territories began to fly off the shelf.



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*"The years of experience in land acquisition, retail development, and the ability to understand my business really sets them apart. I do small retail spaces and they treat my deals like if they were the only deal they are working on. They treat my little deals as if they are a big deal, and that's a huge deal for me." -Pedro Mora*

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## Orr Expertise

Orr Commercial helped fuel Fajita Pete's growth through a number of avenues. The most important being the formation of the partnership. Next was the identifying of trade areas where the company would thrive. Lastly, the negotiation of the most favorable terms possible for Fajita Pete's. Orr Commercial wrestled to get Fajita Pete's above-market concessions in all leases signed. Whether it be a large TI allowance, a hefty rental abatement period, or a very limited guaranty, Orr was at the table ready to negotiate. In most cases it was all three. Being an investor in the company helped to align all interests and made for tougher negotiations with landlords. These deals allowed the store's operators to begin their journey with a solid cash position and the confidence in knowing Orr Commercial went the extra mile to get the best deal possible.

## Results

Fajita Pete's is now one of the fastest growing QSR concepts in the country. When Orr Commercial and Fajita Pete's began their partnership, Fajita Pete's had 6 operating locations and now there are 55 units in the pipeline accounted

for through corporate and franchise growth and is situated to achieving their goal of 100 units. The brand now has units under development in Kansas City, Denver, Dallas, Austin and Houston and interest for several other cities.

Fajita Pete's was named the second fast growing restaurant concept in The 40/40 List for 2020: America's Hottest Startup Fast Casuals by *QSR Magazine*. Pedro Mora, the company's founder has been featured in *Forbes Magazine*, Yahoo Finance, and many others. Most impressive was that Fajita Pete's sales showed a significant increase during the stressful Covid-19 pandemic. Due to the strength of the ongoing relationships, Pedro along with many other company officials have partnered with Orr Commercial in multiple commercial property joint ventures.

The image is a screenshot of a Forbes article. At the top left is the Forbes logo. Below it, the date and time are listed as 'Jan 9, 2019, 10:27am EST' and the view count is '1,203 views'. The main headline is 'Why Fajita Pete's Shifted Its Business Model Away From Dine-In'. The author is 'Alicia Kelso', a Senior Contributor in the 'Food & Drink' category, with a bio stating 'I cover quick-service, fast casual and pizza restaurants.' A warning icon indicates 'This article is more than 2 years old.' Below the text are social media sharing icons for Facebook, Twitter, and LinkedIn. A central photograph shows Pedro Mora, the founder, smiling in a blue polo shirt with the Fajita Pete's logo, standing in a restaurant kitchen. Below the photo is a caption: 'Pete Mora opened his first Fajita Pete's in 2002. Two years later, well ahead of the current... [+]' with 'CREDIT: FAJITA PETE'S'. The article text begins: 'In 2002, Pedro "Pete" Mora opened his first Fajita Pete's in Houston in a 6,500-square-foot space with 60 tables he made himself in his garage. At 23, he was fresh out of college, full of energy and ready to embark upon a career in the restaurant industry.'