

Babalu Tapas & Tacos Acquired by Memphis-Based Restaurant Group

THE REMAINING FIVE LOCATIONS WILL JOIN THE SPELL RESTAURANT GROUP'S LINEUP OF CASUAL AND FINE-DINING ESTABLISHMENTS.

OCTOBER 2019 RACHEL TAYLOR

After filing for [Chapter 11 bankruptcy protection in July](#), the future of Eat Here Brands was unclear. On September 9, Memphis restaurateurs Rick Spell and Christy Spell Terry bid to purchase the Atlanta-based restaurant group in hopes to acquire the Babalu Tapas & Tacos restaurant chain.

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The Spell Restaurant Group won the bid to acquire the struggling brand October 18, [the Atlanta Journal-Constitution reported](#). The Memphis-based restaurant group [runs both fine and casual-dining restaurants in Tennessee and Florida](#).

The remaining five Babalu locations in Birmingham, Alabama; Memphis and Knoxville, Tennessee; and Jackson, Mississippi, will join the Spell portfolio when the deal closes later this week.

"All of the people at Babalu are first class," Spell added. "The fact that there are two in Memphis where I live is an added bonus. The purchase adds to the synergy of expanding our base in Memphis."

The acquisition, however, doesn't include the Atlanta location, which is now closed. The new owners decided not to move forward with that location "due to lease issues and costs to operate the Atlanta location, elected not to include it in the sale," the AJC reported. Spell also declined to take over the remaining construction of the second Atlanta location that was set to open later this year.

"We are thrilled to add Bablu to our family of restaurants," Spell Terry said in a press release. "We have been big fans of the concept ever since the Babalu location opened in Memphis' Overton Square. When the opportunity to bid came open, we crunched the numbers and decided this would be an excellent addition to our collection of restaurants. As we visited all the locations and met the team, we became even more sure of it."

Documents reveal Babalu's troubles began in 2018 when Eat Here closed the Charlotte location due to weak revenue, [reported WMC Action News 5](#).

The group decided to file for bankruptcy as "the strain of rent expense at locations with no operating revenue, the loss of portions of their senior management team, significant debt service obligations, and declining cash flow," continued to pile up, WMC Action News 5 said.

Before the bankruptcy filing, Chapel Hill and Lexington restaurants recently closed.

"According to the court filing documents, this rapid growth strained Eat Here's resources and led to increased turnover and inconsistent operations," reported WMC Action News 5. The new locations, three of which opened within four months of each other, returned disappointing results and failed to meet the Atlanta-based company's expectations.