Hooters shuts more US restaurants as it pivots to a franchise-only model

Hooters of America's bankruptcy proceedings continue in a Texas court



This Hooters restaurant in Charlotte, North Carolina, is "permanently closed," according to a recorded phone message greeting callers. (CoStar)

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CoStar News
June 5, 2025 | 3:27 P.M.

The parent of restaurant chain Hooters closed at least 30 of its corporate-owned restaurants spanning multiple states this week as it navigates bankruptcy proceedings and transitions to a franchise-only model.

Atlanta-based Hooters of America and its affiliates decided to "close certain company-owned locations" in what it said was a "difficult decision," a company spokesperson told CoStar News in an emailed statement. The move makes available properties with relatively large dining areas in desirable Sun Belt markets, commercial real estate professionals say.

"Hooters is here to stay, and by optimizing our business in support of our long-term goals, Hooters will be well-positioned to continue our iconic legacy under a pure franchise business model," the spokesperson said.

Hooters didn't respond to a CoStar News request for additional information about the closings, including the addresses of the eateries or if the leases were going to be rejected in the company's current Chapter 11 bankruptcy proceedings in a Texas court.

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Hooters of America and its affiliates began shedding locations in April after a bankruptcy judge signed an order allowing for the rejection of 36 leases throughout the United States. The restaurant chain filed for Chapter 11 bankruptcy protection in late March to help it pivot to the franchise-only model with plans to sell more than 100 of its company-owned restaurants to two franchise groups.

The buying group includes Hooters Inc., led by the brand's founders, and Hoot Owl Restaurants.

Hooters of America and its affiliates received $5 million in interim financing in April when it had 151 corporate-owned operational restaurants in 22 states, according to bankruptcy filings.

The "eatertainment" concept's large patios, kitchens and large floor spaces mainly in the Sun Belt could be appealing to other restaurants seeking to grow, said David Zoller, an executive vice president at Weitzman, who is not involved with Hooters or its bankruptcy case.

The Dallas-based real estate executive said the former Hooters spaces could offer a restaurant room to expand in a sought-after region. Zoller was the real estate broker behind the sale of three Texas locations, of about 12,000 square feet each, of the sports bar and restaurant chain Redneck Heaven a few years ago.

"Two of them sold to smaller groups and the third one sold to a bigger, well-known group," Zoller said. Hooters' combination of restaurant and bar space means the locations will be appealing to new would-be landlords or tenants, he said.

Zoller said he doesn't believe Hooters as a concept is going away, with the bankruptcy case giving the company a line of financing as it "recreates its environment."

The following restaurants were confirmed by CoStar News as being closed, per a recorded message that played when reached by phone:

Alabama: 5025 Oscar Baxter Drive in Tuscaloosa.

Arkansas: 6323 Rogers Ave. in Fort Smith.

Florida: 555 Towne Center Blvd. in Sanford; 5300 S. Kirkman Road in Orlando; 1201 W. Osceola Parkway in Kissimmee; 877 S. Babcock St. in Melbourne; 2000 N.

Monroe St. in Tallahassee; 4521 Southside Blvd. in Jacksonville.

Georgia: 209 Peachtree Road NE in Atlanta; 6855 Douglas Blvd. in Douglasville; 3550 Gwinnett Place Drive in Duluth; 1854 Club House Drive in Valdosta.

Illinois: 6904 Argus Drive in Rockford.

Indiana: 7551 US 31 in Indianapolis; 4620 Lincoln Ave. in Evansville; 2327 Sagamore Parkway S. in Lafayette.

Kentucky: 301 Riverboat Row in Newport.

Michigan: 3415 Miller Road in Flint; 21250 Eureka Road in Taylor.

Missouri: 100 N. Seventh St. in St. Louis.

North Carolina: 9807 South Blvd. in Charlotte.

South Carolina: 7715 Two Notch Road in Columbia; 1423 Riverchase Blvd. in Rock Hill.

Tennessee: 730 NW Broad St. in Murfreesboro; 250 Peabody Place in Memphis; 4119 Lebanon Pike in Hermitage; 217 Largo Drive in Nashville.

Texas: 1711 Crossroads Drive in Grapevine; 120 FM 1960 W in Houston; 310 S I-35 S. Frontage Road in San Marcos.

Wisconsin: 2639 E. Springs Drive in Madison.

The next Hooters court date is June 10 in the North Texas Bankruptcy Court in Dallas. The company is expected to seek conditional approval on the adequacy of its disclosure statement before Judge Scott Everett.