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# 10 TIPS FOR RETAIL START-UPS CHOOSING THE RIGHT RETAIL LOCATION

In this omni channel retail world, the location of retail stores is even more critical to building brand awareness and creating sales. Here are 10 tips for fledgling retailers on how to find the best location for their business and manage the start of their retail portfolio.

## 1) FINDING THE OPTIMUM LOCATION FOR YOUR NEW STORE:

Your product will drive this and knowing your customer is key. If you are looking for a site for your first store, work out where your customer profile is going to shop, go, want to spend time, then look at footfall for all potential locations. Do your due diligence and figure out their age, income, needs, wants and desires. When is it busy, when is it quiet? What are other retailers selling? Are your competitors there? If they are, you know they're attracting the right sort of customer – they could be your customer too.

Mosaic is a powerful, cross-channel consumer classification created by Experian, designed to help you understand the demographics, lifestyles, preferences and behaviours of the UK adult population in great detail. In the new cross-channel reality, Mosaic can help you ensure you choose the right location.

If you're a growing retailer, you'll already know what your target buyer looks like and understanding this information is critical. When deciding upon the location of your store, Mosaic can help you find optimum locations for new stores by understanding catchment profiles.

Find out more about [Mosaic](#)

### Know the Area

Become familiar with local laws, potential highway or other development and construction that might affect you. You also need to consider rules that might inhibit you on everything from signage, to your ability to hold special events, to operating during certain hours.

Any types of regulation, restriction or long-term nearby construction project can kill your business. It always benefits you to ask too many questions, rather than not enough.

[The Highways Agency](#) is a useful port of call for planned road works and major work projects.

[The Planning Portal](#) has useful information on permission needed for signs and there is a downloadable pdf guide available on [www.gov.uk](http://www.gov.uk)





## 2) DECIDE WHAT LOCATION IS BEST FOR YOUR NEEDS

- Flagship shopping centres, out of town or in regional city centres
- City high street or affluent market town
- South east of England, university town, holiday resorts

Your product might well dictate a preference but high streets in market towns are popular as you pay lower rent for good visibility. If you're looking for under developed areas, regions with good potential are the South West, West Midlands, Wales and Yorkshire & Humber.

Well-placed good secondary retail assets with solid demographics, sell well and schemes with the broadest consumer appeal will generally thrive.

The best out of town retail parks now provide a mix of leisure, catering and retail, aimed at prolonging dwell times and encouraging expenditure.

The quality of tenant mix, accessibility and nature of product are key factors and worth considering.

## 3) DECIDE WHAT SIZE AND SHAPE IS BEST FOR YOUR NEEDS

### Square Footage

Work out the minimum square footage that you need for optimum product display and your operation. Larger spaces can cost less on a per-square-foot basis, but if you are not going to be using the additional space over the term of your lease, it is not worth paying the extra amount. It may be helpful to break your square footage down by revenue-generating areas allowing for additional inventory storage and room for growth.

### Fit Out

It is critical to know how you want the layout of your store to look prior to viewing spaces so you don't waste time viewing units that just won't fit. In most cases, landlords will not pay for tenant-specific improvements such as shelving, dressing rooms or counters so it is important to budget for those items as well. Have an idea of the design of your fit out and retain a project manager who knows shopping centre landlords, if a shopping centre is your ideal location, because fit out requirements can be complicated.

Your prime motivation should be:

- To create an environment that attracts shoppers and displays the your products as favourably as possible
- Keep up to date on competitor fit out refurbishments so you stay ahead of the competition and prevent loss of sales
- Return on investment – generating additional sales. Any expenditure needs to contribute directly to the bottom line within an acceptable payback period.

#### 4) LENGTH OF LEASE

Find out the minimum and maximum length of lease available for the unit you are interested in. The length of the lease that you should commit to depends on your growth and potential exit strategy and your ability to justify the cost. Keep in mind that shorter leases can provide more flexibility if the needs of your offer change. A long-term lease ensures that you will have an affordable retail space for a predictable period of time and perhaps with the security of remaining in the same location upon any renewal. Landlords are sometimes willing to make more concessions on longer-term leases. It is also important to know that it may be possible to negotiate specific options to renew if you are not offered a statutory right to renew. This can be particularly useful if you want the flexibility of a short term lease. The term of the lease has as much to do with the negotiations as the rental rate.

#### 5) BUDGET

Set yourself a monthly budget for your property costs. Make sure it includes not just your rent, but any rates, insurance, maintenance, cleaning, telephone/internet costs.. This can be significant so make sure that you have determined a realistic budget taking into account annual increases for all of these items given your projected revenues and your other expenses prior to entering into negotiations. If you don't have a budget, you are absolutely not ready to take the next step. If the space fits all of your other needs like a glove but does not fit the realistic budget that you have determined, do not sign the lease.



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#### **JULIAN DUNKERTON FOUNDER, SUPERGROUP.**

"Would we be as large as we are in the UK? No, I can say this completely honestly, without BPE and your support, the company would not be the size it is today. There is no question it has been a seamless, trouble free, growth story and it's down to you personally and to BPE."

## 6) TIMING

Don't wait too long to address any issues relating to an expiring lease or to negotiate on a new retail space. Conducting the due diligence necessary may take up to three months. Keep in mind time needed for space planning, permissions and construction of any improvements.

## 7) RETAIN A GOOD RETAIL AGENT, EITHER NATIONAL OR REGIONAL AS APPROPRIATE, WHO BRINGS ADDED VALUE

Finding reliable market information can give you useful leverage when negotiating a lease. By obtaining and understanding where your prospective landlord and other landlords in the area struck their most recent deals (including free rent, annual increases, tenant improvement offers and other concessions), you will have much more leverage when negotiating a renewal or new deal.

Knowledge of the quality, quantity, and cost of relocation opportunities, the length of time comparable commercial spaces have remained vacant etc is invaluable. Your best bet is to appoint a reliable retail agent who has experience in the location(s) you're looking at.

### **SIMON HALL DIRECTOR, TIGER UK (MIDLANDS) LTD.**

"BPE are very, very approachable and professional, always on the phone, always on email, they respond within minutes. Unlike other law firms I've dealt with, customer service comes top. Their expertise of a national operator on a big scale is really important to me being a new start up. Obviously trying to tap into national sites around the country knowing they have expertise and knowledge within all areas of the country, is absolutely vital."

## 8) NEGOTIATION

Negotiating a new lease or a lease renewal can be a daunting task. Landlords will do everything they can to achieve the highest rent possible while giving up or spending as little as possible. Whilst fighting for your best interests, it's important to keep in mind that establishing a healthy, long-term relationship with your landlord is crucial. A high-quality commercial retail agent can be worth their weight in gold by negotiating fiercely on your behalf yet keeping you in good graces with your landlord.

## 9) INSTRUCT A SOLICITOR WITH EXPERIENCE IN RETAIL

An experienced commercial property solicitor is essential. Invest time early on to understand and agree the legal approach as it will allow you to delegate and speed up the process. An experienced retail property lawyer will be able to advise you on:

- Property acquisitions
- Leasehold agreements
- Fit out license agreements
- Portfolio Management, including disposals
- Advice on investor sales & purchases
- Landlord tenant services for tenant occupiers

## 10) OMNI CHANNEL RETAILING

Omni channel retailing is providing customers with a whole new retail experience. Bricks and mortar retailers will need to implement in store technology to keep consumers engaged and enhance the customer experience. Retailers need to embrace strategies in which mobile, online and in-store experiences should complement, rather than compete with each other.



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Looking for advice and support during your retail portfolio growth? Let's talk.

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