



## Guide to Leasing Retail Business Space

Are you looking for retail space for your new or existing business? It's an important decision that can help boost your bottom line. This guide will walk you through things to think about before you sign the lease. When you're ready to talk, Majors Management is ready to listen and help you find a great location that fits your needs, business plan and budget.

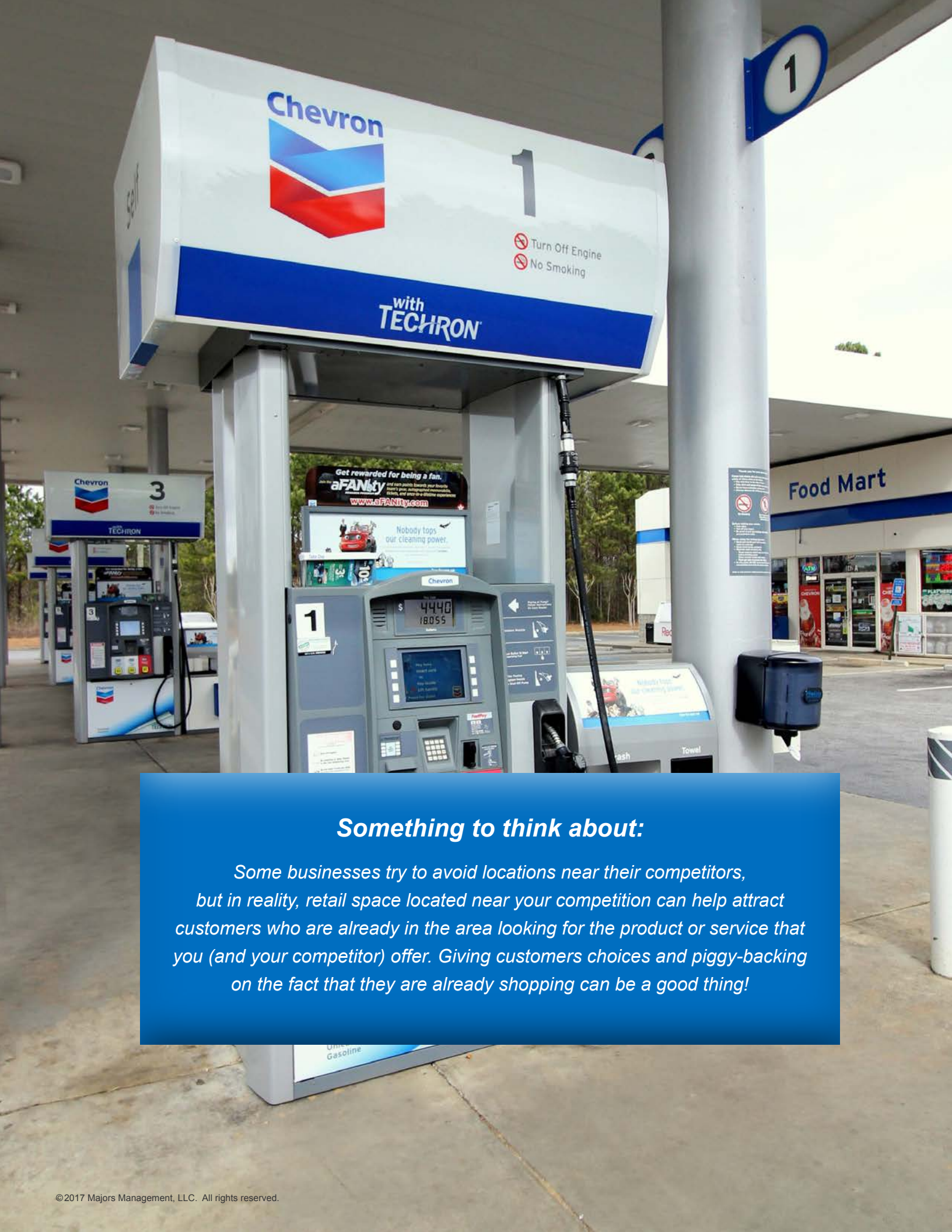


## What location is convenient for my current customers?

Keeping your current customers after the move is critical to keep cash flowing into your business. Step back for a moment and think about your customer base. What do they expect from your business space? For some businesses, such as salons, restaurants, boutiques and other services, location is an extension of their brand image. For others, customers might not need to visit the location because business is conducted online, via phone and/or at the customer's location.

### *Current customer profile:*

- ❖ How many customers do you have/ current revenue?
- ❖ Who are they? Can you generically group them in any way?
- ❖ Do they need to visit your location to do business with you?
- ❖ How important is your location/space to their view of your brand image?
- ❖ Consider parking, access, security and restrooms. What do your customers expect?



### ***Something to think about:***

*Some businesses try to avoid locations near their competitors, but in reality, retail space located near your competition can help attract customers who are already in the area looking for the product or service that you (and your competitor) offer. Giving customers choices and piggy-backing on the fact that they are already shopping can be a good thing!*





## How will I attract future customers?

Advertising, promotions, branding (signage, etc.), drive-by or foot traffic, reviews and word of mouth can all be important to increasing your customers and revenue. Positioning your business near a branded convenience store and gas station is a great way to capture traffic that is already shopping next door. Before you lease a new location, take time to update your marketing plan and decide the role that your location will play in business growth.

### ***Business growth plan:***

- ❖ What is your goal for increasing customers and revenue in the next year?
- ❖ Is business steady throughout the year, or do you have high/low seasons?
- ❖ How might your future customers be the same or different from your current customers?
- ❖ How do new customers find your business?
- ❖ Are you listed accurately in the online search directories, such as Google, Bing, Yahoo, Yelp, Yellow Pages, City Search, Angie's List, or the dozens of other free listing sites?
- ❖ What influences new customers to do business with you?
- ❖ Do you advertise? Do coupons or promotions work for you?
- ❖ How will your new business location stand out from competitors and be easily recognized so future customers know who you are and what you do?



# FINANCIAL PLANNING

## How much can I realistically spend on rent each month? Each year?

Commercial leases are usually offered in terms of cost per square foot per year. For example, if your base rent is \$15 per square foot per year, a 1,000 square foot space would have a base cost of \$15,000 per year or \$1,250 per month (\$15,000 divided by 12 months). But, retail leases can include CAM (Common Area Maintenance) which adds a cost per month for maintenance of shared areas such as landscaping/grass/snow removal, elevators, lobbies, public restrooms, parking lot, property taxes and sidewalks, building exterior and roofing, and similar expenses. Also, consider insurance and maintenance costs when talking with leasing companies, and budget correctly if those costs will be added to your monthly lease price.

### *Cash flow plan:*

- ❖ How much space does your business (really) need?
- ❖ Do you require special areas or utilities, such as public bathrooms, sinks, kitchen, power/electricity, etc.?
- ❖ Do you have cash reserves to pay the 1st month's rent and security deposit, typically one month's rent at the time you sign the lease?
- ❖ Make a list of non-lease costs related to the move, such as IT/internet, decorating/furniture, updated business cards and forms, and advertising/promotions.





## When do I plan to move into the new space?

Finding your new location, getting your lease application approved, preparing the space for your business and moving take time! Ideally you want zero downtime for your customers, employees, suppliers and brand. Things that seem simple, such as hooking up internet and utilities, getting contractors to finish their work on the new space, and buying furniture need to be completed on time so you can open your doors for business as soon as possible.

### *Business transition plan:*

- ❖ Is there a specific date, activity, or seasonal opportunity that is important to your business and requires you to be fully up and running in your new location? Work backwards from that date.
- ❖ Is the space zoned properly for your type of business?
- ❖ Will you need to apply for any business licenses and how long will that take?
- ❖ What could delay the lease application? Will you need to apply for a loan? Do you need to find an attorney/lawyer to review the lease?
- ❖ Who will finish out the space to your specifications, including electrical, plumbing, painting, carpeting/floors, cleaning and any custom work?
- ❖ Will you hire a moving company, or how will you get everything to the new location?
- ❖ What signage will you need before opening?
- ❖ If you are a franchise business, what branding or approvals are required by the franchisor?



## What do I expect from my business partner, Majors Management?

Majors Management started in 1975 as a commercial real estate developer. We understand that choosing the right location for your business is a big decision. We make our partnership personal by meeting you, discussing your business goals, and helping you through the leasing process. As you prepare to find and lease space, think about what you expect from us, and create a partner checklist for our discussion. We look forward to talking with you soon!

### *Create a partner checklist:*

- ❖ What is the basic term of the lease (the timeframe you agree to pay the lease, usually 3 years)?
- ❖ What is the basic rental rate (cost per square foot)?
- ❖ Does the lease include CAM (Common Area Maintenance), and how much cost will that add per month? What is my obligation for CAM?
- ❖ Who is responsible for water, sewer, gas, electricity and other utilities or services?
- ❖ Who pays property taxes and insurance?
- ❖ What unexpected costs should I budget for?
- ❖ What is the security deposit (typically one month's rent)?
- ❖ Do you require a Personal Guarantee if I default on the lease?
- ❖ Are there any restrictions to signage or lighting?
- ❖ Does the space include restrooms? Parking?



### **About Majors Management**

Majors Management, LLC is a leader at developing, servicing and supporting leased retail convenience centers and gas station properties, and a leading distributor of high-quality branded motor fuels. We are dedicated to helping entrepreneurs start and grow their businesses, supported by our team of industry professionals who communicate often, respond quickly to questions, and have the business know-how to help independent business owners build their bottom line profitability. Today, more than 400 retail gas stations and almost 350 independent retailers count on Majors Management as their business partner.

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