



RETAIL LEASING

Location, location, location!

Everybody wants to be at the corner of Main Street and Main Street your town or city. This statement by retailers and landlords is frequently used to express the Landlord's location of their strip mall, shopping centre or some other multi-tenant project. It has a ring of truth, but it is only part of a larger investigation that has to be conducted on behalf of a retail tenant.

There are a large number of questions that need to asked:

- What are the demographics of the population you wish to locate in?
- Do they meet your target market consumer profile in sufficient numbers?
- Who is your competition in this target market, do they have the best location in the market?
- What parking ratios do you need, are the locations in the market on access roads sufficient to induce your clients to shop at your store?

In this industry there at least 40 questions that need to asked, prior to looking at locations in the marketplace. You need to have a demographic survey, a location survey, an analysis of the asking net rents, operating costs of each project and a structural survey to determine the suitability of each projects construction to insure that your usage of the property meets environmental, garbage storage, air conditioning, electrical and any other construction needs required by your particular retail usage.

In addition to the above, you will need a professional to analyze both the Offers to Lease and the Lease document itself. You will be told by any number of people, that these documents are just "legal documents". They are not; they are financial documents that determine how much money the landlord can charge you over the term of the Lease. The majority of clauses in leases are used to calculate the recovery of costs of operating the project and what monies you will pay should some disaster, natural or otherwise occur.

Very large retail users have in-house trained leasing representatives that have attained designations in leasing.

Some of them are CLO's (Certified Leasing Officer) or CPM's (Certified Property Manager).

These designations take years of study and practical training. The best third party leasing agents, called commercial agents have the same training. They are capable of representing retailers and conducting all of the operations mentioned above, on behalf of a retail client. Should you choose to use a retail leasing specialist, there are many benefits, but one you should pay attention to relates to your cost of employing the agent. The fees are paid by the landlord as part of the total inducement package to the tenant. Therefore, you do not need to add this cost to your capital expense.