

Sourcing great franchising property locations

As with most offline businesses that deal directly with consumers, a healthy combination of ease of access, passing trade and signage exposure will contribute to that business's success. Franchise or not, when it comes down to it, an appropriate location suitable for your business is the most important requirement.

To assist with working out what sort of premises and location you are likely to require start by asking yourself a few questions. How do my clients find me? How does my business best generate leads or new clients? Do my clients need to or choose to visit my premises?

Following are points that require serious consideration. Some will be more important to certain types of businesses than others.

Foot traffic

Retail businesses rely heavily on foot traffic. For example coffee shops are often positioned in front of bus stops, in shopping centres or out front of office towers so they are easily accessible by patrons.

Shopping centres are ideal for some businesses, however it's the position within the shopping centre that will make or break your business. For *Boost Juice* passing foot traffic is critical. You won't find many people walking into a shopping centre specifically to buy a \$5.00 smoothie, however if you're walking by you may stop to buy one. If your business doesn't rely on or need passing trade save the dollars on the higher rent and invest them into marketing.

Choose your neighbours wisely

Your surrounding tenants can have an effect on your business so it's important to know who your neighbours are. Whilst you may welcome competition, similar businesses in close proximity of each other invariably compete for the same dollar. Eventually one will close down as price wars become savage and customer service is neglected. Eventually the margins become too skinny to continue.

Due diligence

During your due diligence phase, ensure part of it entails asking surrounding businesses how they are trading. Ask them how long their leases are and if they will be renewing. Is the landlord proactive and easy to get along with? If you're

looking to sign a five year lease what are the future plans for the surrounding area.

Rent & lease

All shopping centres, especially the major ones, have what's called dead spots or to be politically correct 'limited passing traffic'. If you're not next to or near an anchor tenant e.g. *Kmart*, *Myer*, *Coles*, *Woolworths* etc., you're likely to struggle. If you're going to commit to a shopping centre lease you need to ensure you don't end up in a dead spot. You may need to invest several days counting people in different locations around the centre. Remember, don't believe the centre manager's figures, do your own independent research if you want to be sure.

Main road positions

You will pay a premium for such locations, even more if you're able to erect large signage. Retail businesses such as fast food, service stations, car yards, tyre shops etc., put a lot of thought into site selection. There are many selection processes you can go through such as counting cars that drive by each day. If you know your numbers you can work out how large the store should be. The likely passing trade and local population will give you a business turnover estimate. Some franchisors will even charge more for the franchise rights based on the market demographics for certain locations.

Parking

Make sure people have access to you. If you are on a main road that doesn't allow for close by parking and the nearest cross street is half a mile up the road, then you will miss out on business. I advised in the relocation of a business less than 500 metres from its present location and in the short period following the business has almost doubled its turnover.

Intuition also plays its part in your decision, however if you approach it scientifically you're less likely to make a poor one. The only time emotion enters into the equation is if I find suitable multiple sites. Most importantly, ensure you obtain professional advice on site selection and lease negotiation. You're investing tens of thousands of dollars in fit out and set up, so it's worth getting it right. Once you have selected your site the next step is the negotiation process to purchase or lease which is another process in itself. www.epsm.com.au



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