



Owning A Bookstore: Online Training Exercises

Leasing Bookstore Space

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SEARCH FOR THE PERFECT LOCATION.

- Target markets
- Neighboring businesses
- Competitors
- Traffic patterns & Foot traffic
- Easy & safe access
- Visibility
- Merchants associations
- Local laws, zoning & planning
- Planned construction (nearby roads, parking areas, walkways, plaza or nearby store-fronts)
- Possibility for future growth

ASSESS FINANCIAL VIABILITY.

- Estimate direct costs: building & grounds maintenance, utilities, taxes
- Develop a proforma income statement - Apply the lease costs to your spreadsheet.
Lease costs should be able to be absorbed and still allow the business to generate adequate cash flow and profit with a reasonable (1-2-3 years) timeframe

KNOW WHAT TO LOOK FOR IN A LEASE AGREEMENT.

- **Term or length** of contract
- Monthly payment and any reasons for alterations and escalations of payment amount
- Annual lease amount/total rent per annum
- Net or Gross category lease type
- Responsibility of assessed taxes
- Permitted uses
- Exclusivity of trade (what you can and cannot sell)
- Tenant and Landlord stipulated obligations for repairs, maintenance and renovations
- Refurbishment clause
- Security deposit (first month or first & last month is typical)
- Right of renewal - get going 6 months before you lease will expire
- Right of first refusal - if the landlord ends up wanting to sell the property

KNOW WHAT TO LOOK FOR IN A LEASE AGREEMENT, cont.

- Clarity with all clauses as they apply to both tenant and landlord
- Accuracy in physical dimensions of space
- Utility and equipment specifics
- Specifications on signage, use of sidewalk or right-of-way
- “Make good” clause
- Insurance responsibilities
- Court/Arbitration dispute settlement
- Termination rights
- Early termination clause - Michael asks for a right to terminate after 3 years and targets have not been met
- Sub-leasing or assignment of lease

STEPS IN LEASING SPACE.

- Market rent review - Research rents in neighboring businesses
- Assess inspection and legal costs
- Submit letter of intent (when you’ve decided the location and costs meet your expectations)
- Review by broker and/or attorney
- Review condition report - so you can negotiate work that needs to be done
- Determine “Handover” date
- Quantify “Fit-out” period - Time you have for construction/improvements before you open for business. Your contractor should commit to this schedule.
- Submit offer / acceptance agreement

PROPERTY INSPECTION CHECKLIST.

- Communications wiring (phone & internet)
- Electrical wiring
- Parking
- Zoning stipulations
- Restroom requirements
- Access & ADA (Americans with Disabilities Act) compliance needs
- Condition of HVAC system
- Structural matters - identify load-bearing walls, inspect windows and doors, load-bearing capacity of floor