

## Evaluating Various Building Types for Optometry Tenants

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Whether you are opening your first optometry clinic or considering moving your operations to another location, one of the first things to remember is that not all buildings and/or properties are created equally. Although the fundamentals of negotiating commercial leases are the same regardless of where you have your business, each type of property has unique aspects that should be considered. You should have the mindset that there is no such thing as a “perfect property” for you; the challenge is to lease a commercial space with the most advantageous criteria that you can find.

Our book *Negotiating Commercial Leases & Renewals FOR DUMMIES* describes several different types of locations, as summarized below:

### OFFICE BUILDINGS

Office tenants can choose from simple, one-storey buildings to downtown high-rise properties. The variety of office buildings and their locations is quite extreme. Some office buildings are so large they're almost communities unto themselves, with their own food and service tenants. These office buildings may be linked to other properties via pedestrian walkways. Typically, downtown office properties are more expensive to lease, and the operating costs are typically higher as well.

A major factor to consider when determining where to lease office space is parking – both its availability and cost. Your patients may not be willing or able to interrupt their appointment with you to run outside and add more money to a parking meter. Also, don't overlook public transportation for your patients who don't drive but still need to visit you. Another consideration is elevator access – if you lease office space on a higher floor and plan to remain open for business on evenings and/or weekends, you should ensure that the building's elevator isn't shut down during that period.

For a smaller office building in an outlying area, you may be allowed to have a sign on the building or property to identify your clinic, but this isn't common for buildings downtown. The building and property amenities can vary greatly. With larger, high-rise properties, tenants will often share common washrooms and nightly janitorial services. The presence of a café tenant inside the building is an amenity that can provide greater comfort (and even productivity) to all business owners and their staffs. If someone accompanies a patient to an appointment at your clinic, they would likely be more comfortable in a café enjoying a cup of coffee than sitting in a typical waiting room.

## RETAIL STRIP PLAZAS

A retail strip plaza may or may not have anchor tenants. Anchor tenants are large, well-known, heavily-trafficked businesses. In contrast, unanchored strip plazas contain only small “Mom-and-Pop”-type stores. Sometimes, several strip plazas are clustered together. Neighbourhood plazas typically have a well-rounded mix of tenants, but it’s not uncommon to see just four or five tenants in a small strip plaza. Larger plazas are typically owned by larger landlords – with or without local management. Typical units in strip plazas are around 1,200 square feet, depending on the depth of the property. Most tenants in a strip plaza want at least 18 to 20 feet of *frontage* (or width). This allows for maximum exposure. If the property is 60 feet deep, then a unit with 20 feet of frontage would measure 1,200 square feet.

The type of strip mall or plaza you select for your clinic and its location will determine how far you can expect your patients to travel to your place of business. Consumers like to be able to do multiple tasks when running errands – they want to get their eyes checked, grab some groceries, pick up the dry cleaning, and so on, without having to move their car.

Not all units in a strip mall are the same. *End caps* (or end units) are the most valuable units for lease (and often the most expensive for a tenant to lease). Some advantages of end cap units are their proximity to the road and the fact that they have both front and side windows. End cap units often have more parking adjacent to the building (so your visiting patients will not have to endlessly circle the lot looking for a parking space). Furthermore, end cap units often have business signage on two sides of the building – this can be extremely desirable as it increases your visibility.

## CONDOS

To clarify, a condo is not a type of building – it’s a type of ownership. When landlords turn their property into condominiums, they are creating individual ownership opportunities. Condos can apply to any type of building, but not to just a portion of the building. A building is either all condos or none. This may not be self-evident if the landlord turns their property into condominiums, sells some units, and keeps others for themselves.

Owning your own condo unit can be very appealing for several reasons:

- You can create equity, which you can use for other business ventures and/or projects.
- The value of the condo or property can appreciate, which can make you wealthier.
- You have greater control over what happens to the building, and you run your own business.
- You can enjoy stability – you can better make long-range plans without worrying whether your landlord will raise your rent.

An important point to keep in mind if you are considering buying property for your clinic is to not buy a location that you wouldn’t want to lease.

Optometry clinics can benefit by being in the right location. If your clinic fails due to a poor location, it won’t matter whether you lease or own your building. ●

*For a copy of our free CD, Leasing Do’s & Don’ts for Commercial Tenants, please e-mail your request to [JeffGrandfield@TheLeaseCoach.com](mailto:JeffGrandfield@TheLeaseCoach.com).*