

The Recipe for a Successful Restaurant Location[®]



Restaurant Real Estate
ADVISORS



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The Recipe for a Successful Restaurant Location©

Start with a Tasty Recipe

Most businesses are created to fill a need or to improve upon an existing business model.

Your Business Plan is Your Recipe

Your concept determines the main ingredients needed to successfully create your dish.

The main ingredients are:

- Your Menu
- Your Pricing
- Your Target Customers

Concept/Menu

Your entire business will be designed around your concept and menu. Are you opening a theme restaurant like Hard Rock Café or a restaurant based on a specific cuisine such as Northern Italian?

Who is Your Customer?

Determining who your target customer is and knowing where they live, work and play is critical to your success.

Without getting into a detailed discussion of demographics or psychographics, your customers will share a number of certain characteristics such as age or income level.

The quickest way to learn about your customers is to study your competition.

Who are Your Competitors?

Let's say you plan to sell sandwiches priced between \$3 to \$7 dollars. We can assume a chain like Subway® is one of your competitors.

If your competitor is a large chain like Subway®, it's pretty easy to learn about their customer profile.

Often you can check under the franchising section of your competitor's website.

An experienced restaurant real estate broker will have access to the customer profile of the regional and national restaurant chains including their site criteria for selecting real estate.

REQUIREMENTS FOR A JERSEY MIKE'S LOCATION

Space Requirements

Power	200 AMP 120/208 three phase or 120/208 single phase electrical service to panel box in the store
HVAC	One ton of HVAC per 150 square feet
Natural Gas	Service, including meter, to the premises
Fire Protection	to code
Plumbing	Two ADA bathrooms, ideally located to Jersey Mike's plans Grease interceptor or trap, as per local code

Location Criteria

Size	1200-1800 square feet
Frontage	20' minimum
Parking	12 spots per 1000 square feet, 15 minimum
Signage	Jersey Mike's standard sign to max size per code. For end cap locations, two signs preferred
Outside seating	Outside seating strongly preferred, shared space is acceptable
Store location	Shared pads or outparcels and end-caps preferred; in-line with good visibility from the street is acceptable
Accessibility	Full turn access from both main and side arteries
Co-tenancy	Dominant grocer in market, office supply and convenience users, full price retailers, other quick casual and high end QSR users a plus

Trade Area Criteria

Total population	Overall population in trade area of 45k+
Daytime population	10k+ daytime workers in trade area
Median income	Above average median income (\$50k+) in trade area
Age	strong concentration of 25-54 year old population
Occupation	strong mix of white collar and service professionals
Traffic count	25k+ vehicles per day on main artery

Location Types

First ring suburban centers	strong mix of office and residential population, heavy destination and convenience retail. Large regional draw
Second ring suburban centers	heaviest residential density, some daytime, heavy concentration of convenience retail
Second ring urban	dense urban neighborhoods, strong residential and office population, street front and shopping center locations
Urban/CBD	heaviest concentration of office population, some residential population a plus. Street front locations

If your competitor is a small local business, you can find demographic information based on their location.

Free sources such as the Chamber of Commerce or Census Bureau can provide general demographic information.

An experienced restaurant real estate broker will often have access to much more detailed demographic information and can provide customized analysis.

Your Recipe Determines Your Ingredients; Your Business Determines Your Location

Your concept and business plan determine where you will open your restaurant.

Factors that will determine the location include:

Menu

The lower your prices the more your location will depend on convenience and access and less on income levels.

Target Customer

Does your concept rely on office workers for lunch or a water front location for special occasions?

Annual Sales

The rent you pay is determined by your annual sales

Measuring is Important

Add too much salt or cayenne pepper, and you will ruin the dish. Pay too much rent, and you will burn a hole in your wallet.

Your Business Plan determines where you will look for a location as well as your methods or options to acquire a site for your restaurant.

Determining Rent

The general rule of thumb is your total occupancy cost (rent and additional fees for property taxes, insurances, etc.) should not exceed 6-10% of your gross sales.

The numbers that are right for your business may be lower or higher depending on other factors.

You can benchmark your numbers by looking at the sales and occupancy cost for your competitors if they are publicly traded companies.

The chart below from Chipotle Mexican Grill's Form 10 K, shows occupancy costs equal to 6.3% of revenue.

Occupancy Costs

	For the years ended December 31			% increase 2012 over 2011	% increase 2011 over 2010
	2012	2011	2010		
	(dollars in millions)				
Occupancy costs	\$ 171.4	\$ 147.3	\$ 128.9	16.4%	14.2%
As a percentage of revenue	6.3%	6.5%	7.0%		

According to your research, the occupancy costs for your primary competitors range between 6% and 10%. If you're projecting sales equal to \$1,000,000 per year,

The annual rent you can afford ranges between:

\$1,000,000 @ 10% = \$100,000

\$1,000,000 @ 6%= \$60,000

Assuming you need 2,000 square feet to run your restaurant, you can pay between \$5,000 and \$8,300 per month.

Rent will Determine Where you Open

If your budget is \$6,000 per month for a 2,000 square foot space

(\$3.00 per square foot), it does not make sense looking for space in a neighborhood where rents average \$10.00 per square foot.

Now that you have determined your maximum rent, you have a starting point to determine which neighborhoods fall within your budget.

Build, Buy or Lease

Just as there are different methods in cooking there are different methods to acquire a restaurant location.

There are basically three options when you open a new restaurant:

- 1) Purchase or lease a property and build a restaurant to your specifications
- 2) Buy an existing restaurant and assume their lease agreement
- 3) Lease a former restaurant space that has been vacated

There are pros and cons to each approach. The method you choose will be determined primarily by your budget to build and the monthly rent you can afford based on your projected sales.


Cost to Build or Remodel

When it comes to building or remodeling a restaurant, the sky's the limit. In most cases, you will have a limited budget to build or remodel an existing space.

Assuming your restaurant will be of similar size and design as your competitors we can use the competition to determine the cost of new construction.

Using our sandwich example, we determine it costs between \$116,000 and \$262,850 to build a Subway based on information on their website.

DAI USA
Effective: 5/2013
US Dollars



Franchise Capital Requirements Traditional

GENERAL BREAKDOWN FOR:	LOWER COST	MODERATE COST	HIGHER COST	METHOD WHEN DUE
INITIAL FRANCHISE FEE	\$ 15,000	\$ 15,000	\$ 15,000	UPON SIGNING
REAL PROPERTY **	\$ 2,000	\$ 3,000	\$ 12,000	UPON SIGNING
LEASEHOLD IMPROVEMENTS	\$ 15,500	\$102,000	\$ 134,500	AS REQUIRED As you bring construction
EQUIPMENT ***	\$ 4,500	\$ 4,500	\$ 7,500	UPON SIGNING
SECURITY SYSTEM (for existing existing unit)	\$ 2,000	\$ 3,500	\$ 4,000	UPON SIGNING
FREIGHT CHARGES (New In-Store)	\$ 3,300	\$ 4,300	\$ 5,300	UPON SIGNING
OUTSIDE SIGNS	\$ 2,000	\$ 4,000	\$ 8,000	UPON SIGNING
OPENING INVENTORY	\$ 4,400	\$ 5,225	\$ 6,050	UPON SIGNING
INSURANCE	\$ 1,000	\$ 1,500	\$ 5,000	AS REQUIRED
SUPPLIES	\$ 500	\$ 700	\$ 1,300	AS REQUIRED
TRAINING EXPENSES (including travel and lodging)	\$ 2,500	\$ 3,500	\$ 4,500	AS REQUIRED
LEGAL & ACCOUNTING	\$ 1,000	\$ 2,000	\$ 3,500	UPON SIGNING
OPENING ADVERTISEMENT	\$ 2,500	\$ 3,750	\$ 4,000	UPON SIGNING
MISC. EXPENSES (includes travel, other travel, and other of capital used)	\$ 4,000	\$ 4,000	\$ 8,000	AS REQUIRED
ADDITIONAL FUNDS - 3 MONTHS	\$ 12,000	\$ 24,000	\$ 43,000	UPON SIGNING
ESTIMATED TOTAL INVESTMENT ***	\$114,200	\$188,475	\$262,850	

** This amount is the estimated amount of funds not available upon signing the lease in California.
*** If you do not select the equipment leasing program or it is not available, you should substitute the cost for Equipment Lease Security Deposit with \$8,000 to \$12,000.

THESE FIGURES ARE COMPARISONS OF THE COMPLETE INVESTMENT IN TERMS OF A COMPANY'S REQUIREMENT AND OPERATING COSTS. IF AVAILABLE, EXCESSIVE COSTS IN ANY OF THE INDICATED AREAS. Some costs will vary in relation to the physical size of the investment. In some cases, additional costs may be required for leasehold improvements, less building and leasehold improvements. Additional and higher costs may be required in certain situations, including existing and additional equipment. If you are purchasing a franchise for another location opportunity, such as a non-traditional location or other non-traditional location, the above listed capital requirements may vary and should be substantially upon depending upon the necessary equipment you need to acquire or change in traditional investments you need make. The above figures do not include additional interest considerations.

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Additional Cost

In addition to the actual cost to build a new restaurant, it's extremely important to factor in other hidden costs or "opportunity costs."

Depending on where you live the process of obtaining permits to build a new restaurant can add significant fees and time to your project.

Some items to consider

- Does the property have enough parking for your use? If not, can you obtain a variance, or will you require valet parking?
- Does your use require a conditional use permit?
- Can you obtain a liquor license and how much will it cost?
- How long will it take to receive all permits to open for business?

Build or Buy Existing Restaurant

Your budget will typically be the determining factor to build a restaurant or purchase an existing restaurant.

Prior to making a decision in either direction, you need to compare cost to purchase and remodel an existing restaurant compared with building from scratch.

If the cost is the same, you will need to look at the pros and cons of both scenarios.

Pros of Buying an Existing Restaurant:

- Possibility to acquire below-market lease or less restrictive liquor license
- Time to open can be significantly reduced
- Ability to acquire property that would not be permitted today, “grandfather status”

Cons of Buying an Existing Restaurant

- Layout is not efficient
- Condition of equipment unknown
- Less ability to negotiate lease terms with landlord

If your budget is \$75,000 and the cost to build a space is \$150,000, your choices will be reduced. If you want to open your restaurant without the funds to build or just don't have the time to wait 6-12 months to open, buying an existing restaurant may be your only option.

Prep Work

At this stage, you have determined your monthly budget for rent, budget for construction and know the demographic profile of your customers.

Prior to starting your search... one more step is required.

Who Are You?

When you approach a prospective landlord looking to lease their property or restaurant owner to purchase their business they want to know one thing.

Can You Keep Your End of the Deal?

More specifically, if you're leasing, do you have the experience and capital required to succeed and pay your rent?

If you're buying, do you have the capital to close the sale and will the landlord approve you to assume the existing lease?

Balance Sheet and Business Plan

Prior to submitting any offers it's important to be prepared to sell yourself. Don't wait until the last minute when you may be competing with other parties. Prepare in advance to provide the following:

- Executive Summary or Business Plan
- Balance sheet listing assets and liabilities
- Credit report
- Bank statements
- Tax return

You may not need all of the above but you should be prepared at a minimum to provide a credit application including balance sheet and a business plan or executive summary showing that you're a professional and have a plan in place.

One more thing: If you are going to build a new restaurant, know how much parking is required for restaurant use.

Most cities require additional parking for restaurant use. For example, a 1,000 square foot restaurant in Los Angeles requires 10 parking spaces. Many existing properties don't have enough parking to permit restaurant use.

How to Find a Location

Most new businesses start their search on the internet or in the car. We will explore the most common methods and discuss which ones work best.

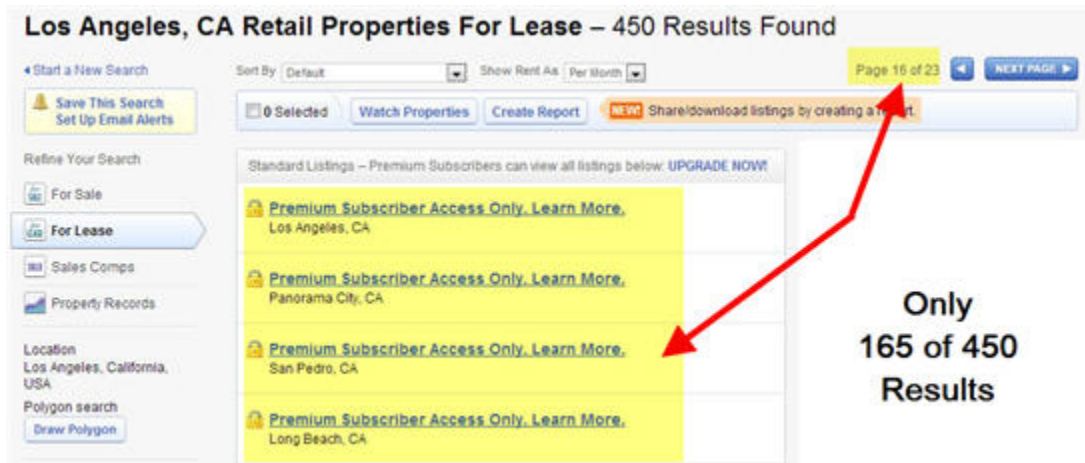
Internet Sites

If you have ever purchased a home, you have probably heard of the MLS or Multiple Listing Service. If the house is listed with a realtor you will find it on the MLS. Today most listings can be found on numerous real estate websites.

Unfortunately, there is no centralized MLS for commercial real estate or restaurant properties. There are numerous free and paid services that advertise some of the available properties.

Loopnet.com

Loopnet.com is the most well-known website for commercial properties. As a basic member, Loopnet.com is free to search. As a free member, you only receive a limited number of the available listings.



Los Angeles, CA Retail Properties For Lease – 450 Results Found

Sort By: Default | Show Rent As: Per Month | Page 16 of 23 | NEXT PAGE

0 Selected | Watch Properties | Create Report | NEW! Share/download listings by creating a report

Standard Listings – Premium Subscribers can view all listings below: [UPGRADE NOW!](#)

	Premium Subscriber Access Only. Learn More.
	Los Angeles, CA
	Premium Subscriber Access Only. Learn More.
	Panorama City, CA
	Premium Subscriber Access Only. Learn More.
	San Pedro, CA
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	Long Beach, CA

Only 165 of 450 Results

To get the most from Loopnet.com, you will need to subscribe.

Current pricing is \$89.95 per month or \$60.00 for 24 hours.

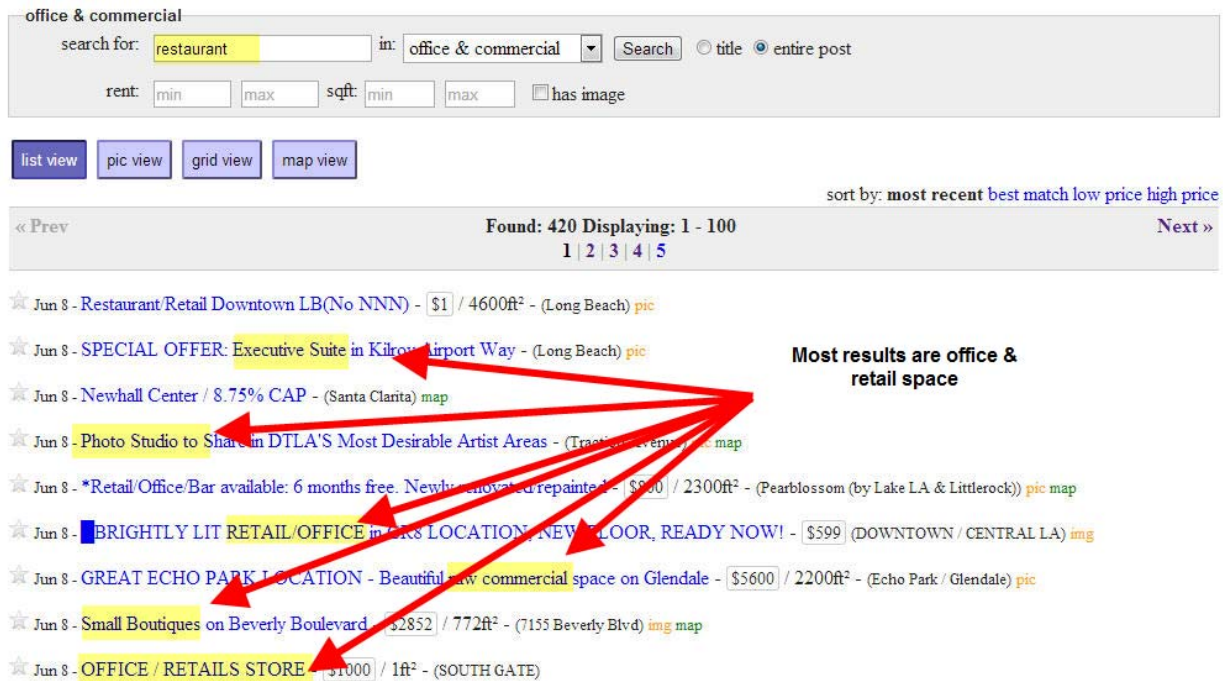
Upgrade to Premium Searcher
As low as \$64.95/month

or

Purchase 24HR Premium Searching
For \$60.00

Craigslist

The search functionality on Craigslist is poor so it's time consuming.



office & commercial
 search for: restaurant in: office & commercial Search title entire post
 rent: min max sqft: min max has image

list view pic view grid view map view

sort by: most recent best match low price high price

« Prev Found: 420 Displaying: 1 - 100 1 | 2 | 3 | 4 | 5 Next »

- ★ Jun 8 - Restaurant/Retail Downtown LB(No NNN) - \$1 / 4600ft² - (Long Beach) pic
- ★ Jun 8 - SPECIAL OFFER: Executive Suite in Kilroy Airport Way - (Long Beach) pic
- ★ Jun 8 - Newhall Center / 8.75% CAP - (Santa Clarita) map
- ★ Jun 8 - Photo Studio to Share in DTLA'S Most Desirable Artist Areas - (Tract 101/Event) pic map
- ★ Jun 8 - *Retail/Office/Bar available: 6 months free. Newly renovated repainted - \$600 / 2300ft² - (Pearblossom (by Lake LA & Littlerock)) pic map
- ★ Jun 8 - BRIGHTLY LIT RETAIL/OFFICE in GREAT LOCATION, NEW FLOOR, READY NOW! - \$599 (DOWNTOWN / CENTRAL LA) img
- ★ Jun 8 - GREAT ECHO PARK LOCATION - Beautiful new commercial space on Glendale - \$5600 / 2200ft² - (Echo Park / Glendale) pic
- ★ Jun 8 - Small Boutiques on Beverly Boulevard - \$2852 / 772ft² - (7155 Beverly Blvd) img map
- ★ Jun 8 - OFFICE / RETAILS STORE - \$1000 / 1ft² - (SOUTH GATE)

Most results are office & retail space

If you have the patience to scan through hundreds of “office/commercial” listings, you will find a handful of restaurant properties.

Business Opportunity Websites

There are numerous websites advertising businesses for sale. Due to the seller's desire to keep the sale confidential, the information is limited and requires you to register and sign a non-disclosure agreement prior to receiving any information.

Get ready to sign many agreements prior to receiving basic information about the actual location.

Buyer Beware! Many business brokers can be classified below used car salesmen in the ethics department. Most are just looking to make the largest commission possible and sell only their listings.

Their main goal is to get you into their email program and send you THEIR listings without any regard whether or not the property or business fits your needs.

You are also agreeing to Dual Agency in many cases when you sign the Non-Disclosure.

Driving and For Lease Signs

Driving the neighborhoods that fit your concept is a great way to learn the market and determine important factors such as traffic patterns and which areas attract the most visitors.

Unfortunately, driving and calling "For Lease" signs is time consuming and frustrating.

If you want to know even basic information such as square footage, rental rate and if restaurant use permitted, you will need to leave a phone number and hope you receive a return call.

To make matters worse, you won't know which property you called about unless you keep detailed notes.

Targeting Specific Properties

This is the least used method by first-time restaurateurs. Rather than looking for available properties for lease or sale, specific properties are selected with the intent to buy the existing business from the current tenant or to negotiate a future lease with the landlord when the current lease expires.

This can be a very time-consuming process and requires the patience to possibly wait months or years into the future for a specific site.

If you wish to take this approach you will need to research the contact information for the landlord and existing business owner. A restaurant real estate broker can assist you with researching and contacting the parties involved.

Real Estate Brokers

The term “real estate broker” or “agent” is very broad. It’s important to understand the different roles of real estate brokers and how they are involved with different aspects of commercial real estate.

A broker is required to meet more stringent educational requirements; an agent works under a Broker’s license.

Commercial Real Estate Broker

Most commercial real estate agents or brokers specialize in a specific type of property or geographical area. For example office agents/brokers specialize in office buildings and retail agents/brokers typically lease or sell retail properties and shopping centers.

WARNING!! It’s not a good idea to work with a broker that sells homes or works on a property type such as office buildings or apartments if you are opening a restaurant.

This can be just as dangerous as hiring a dentist for heart surgery.

Who Does Commercial Broker Work For?

Most brokers work for the property owner or landlord. Some brokers called Tenant Representatives or “Tenant Reps” work primarily for tenants.

Who Pays the Commission?

When a property owner hires a broker they agree to pay a commission to the broker. Typically, the commission is a percentage of the lease. For example, if the total rent paid over 3 years is \$30,000 a 6% commission will equal \$1,800.00

The commission does not change the amount of rent the landlord is prepared to accept. It has been agreed to and factored into the rent prior to marketing the property.

The Landlords broker, “Listing Agent”, agrees to share the commission with “outside agents” if the agent/broker represents a tenant willing to sign a lease.

Most transactions include both a Landlord and Tenant broker.

Cooperation with other brokers insures the property receives the most exposure, and many real estate associations require cooperation with outside brokers.

Tenant Broker

If a tenant wishes to use their own broker to help them find and negotiate a lease, the tenant typically gets the services for free from the tenant’s broker.

Should You Use a Broker and How Do You Chose the Right Broker

In most cases using a broker will save you time, provide access to properties that are not public knowledge and help negotiate a better lease than you would on your own.

The biggest mistake first time restaurateurs make is to think they will get a better deal “cutting out the middle man” or working directly with the landlords broker.

They mistakenly believe the landlord's broker will reduce their commission so that the restaurateur can get a better deal. This NEVER happens.

If you would like to prove this to yourself, call on any property and ask the broker if they will share their commission with you.

A few reasons to consider hiring a broker:

- They have access to information that you don't
- This is their profession, and they know more about governmental regulations, rents and lease agreements
- No cost to you for their service
- Save time

How to Select a Broker

Hiring the right broker can be one of the smartest decisions you make. An experienced broker who specializes in restaurants can save you thousands of dollars and insure you avoid making mistakes that can be fatal to your success.

“8 Hidden Dangers in Restaurant Lease Agreements”

Restaurant properties are unique. Even if you are buying an existing restaurant, a good broker who understands lease agreements and the numerous health department, sanitation and building department regulations can help you avoid costly upgrades to your restaurant.

A good restaurant broker should provide the following:

1) Access to all properties for sale and for lease.

Most brokers are either business brokers selling existing businesses or commercial brokers leasing property. Find a broker that focuses on restaurant properties and has access to both restaurants for sale and commercial properties for lease.

2) Thorough knowledge of Lease Clauses:

You will be living with the terms of your lease for 5-10 years on average. Your lease will determine if you can extend your lease, sell your business and how long you will remain liable if things don't go as planned.

3) Permitting and Construction Knowledge:

Many first time restaurateurs run into problems because they were not aware of the many permitting requirements to open a restaurant. Make sure your broker is knowledgeable about grease interceptors, health department permits and parking codes.

4) Connections:

A knowledgeable broker knows architects, attorneys, expeditors and contractors who specialize in restaurants.

Getting the Most from Your Broker

There are a few key goals you should keep in mind when working with a broker:

- 1) You want to see all opportunities that meet your requirement
- 2) You want the broker to negotiate in your best interest
- 3) You want the broker to feel fairly compensated and motivated
- 4) You want the ability to cancel agreement if you're not satisfied

Should You Work With One or Many Brokers?

This answer is counter intuitive. You would think working with many agents would provide access to more properties.

The opposite is actually true. An experienced agent won't spend the time needed to work with you on a non-exclusive basis due to the high risk of not receiving compensation if you purchase a business or lease a space through a competing agent.

Would your accountant agree to prepare your tax return if four other accountants were also working on your tax return, but only the first one to finish would get paid?

This method also produces a race to "sell" you a property quickly rather than take the time to find the right property. (And probably a poorly prepared tax return using the example above)

Exclusive Representation

An experienced and qualified broker only works on an exclusive basis. An exclusive agreement states the broker will work on your behalf and you agree to only work with the agent for a specific period of time.

This insures you receive the attention needed and the broker has assurance he will be compensated for his time if you complete a transaction.

Problem with Commissions

Since most brokers work on a contingency basis, they do not receive any compensation if you do not lease a property or purchase an existing restaurant.

They are also compensated based on the total lease amount or sale price.

This can create an issue.

If your requirement is too small you won't find a qualified person to help.

From the broker's perspective, it takes the same amount of time to lease a property in Beverly Hills as it does in a low-income area, where rents may be much lower.

If you're looking for a short-term lease or to purchase a very low priced restaurant the commission may not justify the time involved.

There is a Solution—Minimum Fee

A minimum fee insures you get qualified help and the amount of the sale price or lease amount does not impact your access to available properties.

Example:

Let's say you are prepared to pay \$100,000 to purchase an existing restaurant with a monthly rent of \$5,000 or build a new restaurant with rent equal to \$5,000 per month with a 5-year lease. The commission to your broker would range between \$5,000 and \$12,000.

If your broker was able to find you an existing business for sale for \$10,000 with a below market lease of \$2,000 per month, you would receive a great deal and save \$90,000.

Unfortunately the broker is actually penalized for finding you a great deal. The commission for a \$10,000 business sale is only \$500 for the same amount of work as a sale for \$100,000.

You don't want to risk missing these opportunities (below market rent and attractive sales price).

A minimum fee guarantees the broker is compensated fairly and you receive the best deal possible.

Assuming the minimum fee was \$5,000, in the example above you would be purchasing a below market lease for \$15,000. Far less than the \$100,000 you were prepared to pay.

The best solution to insuring you receive access to all available properties and to insure your agent negotiates a lease that's in your best interest is to agree on a minimum or flat fee.

Typically, the agreement states a minimum fee. If the total commission does not cover the fee, you will pay the difference.

For example:

Minimum Fee = \$5,000

Commission paid by Landlord= \$4,500

Total Fee paid by Client = \$500

Term of Agreement

If you are unhappy with your broker you should not be locked into a long-term agreement. Make sure you have the right to cancel the agreement.

You will need to agree the broker is entitled to compensation for properties they show you for a certain period of time after cancelling the agreement, but you will be free to negotiate or work with anyone else going forward.

This is usually not an issue since you would have already negotiated for the properties shown by the broker if you had been interested in the first place.

Time to Start Cooking

Combine the ingredients discussed above and find a location.

Search Criteria

Your search criteria will be determined based on your business plan and includes your concept, target demographic and budget. Using the methods described previously, you will search for properties that fit your criteria.

For more information about Determining Your Trade Area

[Click Here](#)

Once you find a property to lease or purchase that fits your criteria, its time to submit the offer.

Letters of Intent & Purchase Agreements

If you are leasing a space, you will submit an offer or Letter of Intent (LOI).

The Letter of Intent (LOI) outlines all of the major deal terms. Some items include:

- Rent
- Term of Lease
- Use of Premises
- Exclusive Use
- Options to extend
- Condition of Premises
- Landlord's Work

In most cases the Letter of Intent is non-binding on either party and is used only as an outline to prepare a Lease Agreement.

If you are buying an existing restaurant you will submit an offer often called Business Purchase Agreement and Joint Escrow Instructions. Unlike the LOI, a Purchase Agreement is typically binding and is the basis of the agreement and acts as instructions for the escrow officer if used to facilitate the sale.

Some of the terms include:

- Sale price
- Contingency Period
- Financing Terms
- Assets included
- Assignment of Lease
- Date to close escrow

Lease Agreement

If you are leasing a space, you will be negotiating a Lease Agreement with the landlord.

If you are buying an existing restaurant, in most cases you will be assuming the Seller's existing Lease through an "Assignment of Lease."

The Lease Agreement is much more detailed than the Letter of Intent and is a binding agreement between you and the landlord.

Other than selecting the right location, the Lease Agreement is the most important consideration when you're opening your new restaurant.

"8 Hidden Dangers in Restaurant Lease Agreements"

Most restaurateurs in a hurry to open for business and save a few bucks don't take the time to properly negotiate key lease terms that greatly affect the future value of your business.

It's important to have an "Exit Strategy" in mind prior to signing a lease. Your exit strategy provides you options if you no longer wish to operate your restaurant.

The most common exit strategy is to sell the business, but an ill prepared lease can prevent you from selling.

It's equally important to thoroughly review the existing lease if you are buying an existing restaurant. You will be living with a document that may have been poorly negotiated by the Seller.

An experienced restaurant real estate broker and experienced real estate attorney can help you negotiate a Letter of Intent, Purchase Agreement and Lease Agreement that protects your interest.

Cutting corners during the Letter of Intent and Lease Agreement stage are two of the biggest mistakes made by both new and experienced restaurateurs.

A poorly negotiated lease can...

- Prohibit the sale of your business
- Prohibit menu changes
- Void Options
- Make you liable for lease payments after selling the business
- Force you to pay rent even though the city won't allow you to open
- Force you to make expensive upgrades to the landlords property

Finishing Touches...

At this stage, you're close to signing a lease or waiting to close escrow on the business you're purchasing.

You have completed the first part of your journey. For most restaurateurs you will start the process of building or remodeling the space to turn your vision into reality.

As you can see, finding the perfect location is a full-time job. In addition to looking for a site you will be working on all of the other parts of your business plan needed to open your restaurant.

This includes design, selecting materials, buying fixtures, developing a marketing plan and the hundreds of other items needed for a successful opening.

Most successful restaurants have a team. The executive chef, sous chef, line cooks and prep workers all work as a team.

Most successful entrepreneurs have a team as well. Your team may include a restaurant real estate broker, real estate attorney, architect and contractor.

If you follow the recipe for a successful restaurant location and assemble the right team, you will be on your way to the sweet taste of success.

Your Next Step

Your next step is to go *forth and conquer*.

Hopefully you've now got a good framework to roll with.

And it's also true that a lot of these points can benefit from elaboration. No worries there, because we're going to follow up this report with additional articles and webinars on all aspects of site selection and building a successful restaurant.

Here is a Bonus Report to get you started:

“8 Hidden Dangers in Restaurant Lease Agreements”

Best of Luck!

Mark Chase
mark@restaurantrealestateadvisors.com

PS. I will check in with you within the next week to see if you have any questions. Feel free to email me at any time with your questions or comments.