

Bricks in a world of clicks?



Ross Jordan analyses some of the issues you need to consider in terms of business location and looks forward to the high street of the future

The term 'commercial property' refers to buildings, land and facilities used for business purposes. If you are looking to set up a retail business, or you want some office space for your new venture, you will need to buy or lease (rent) commercial property.

It is a good idea to seek professional support when looking for a property, as property costs are likely to be a major outlay for the business. The vast majority of people involved in establishing a commercial property presence are not experts in this field. They simply have to deal with finding property in order to further their core business of production or providing

a service. Indeed, acquiring commercial property is likely to be a process of negotiation that happens only once every 5 years or so, meaning that it would take several lifetimes for you to build up the same business experience as landlords, owners and agents. This is why seeking expert advice is a good idea.

Choosing a property

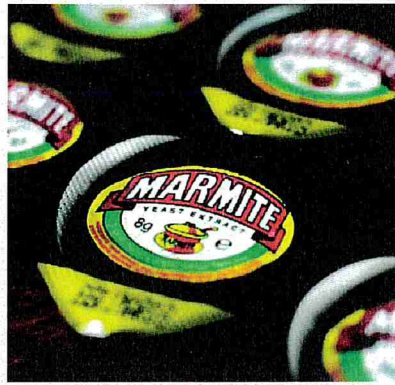
The first and most important decision is *where* do you want to be based. Two websites worth examining are www.shopproperty.co.uk and www.egpropertylink.com. When looking at such sites you need to consider the factors that are significant in terms of your choice of location.

Do you need to be in a high traffic area to get passing trade, or can you afford to be in a secondary position and build up your reputation instead? Perhaps your business is a destination business to which people will make a special trip, meaning that it could be in a tertiary location? Or perhaps, as a manufacturer or IT services provider, location is irrelevant and you could be in the back of beyond (although don't forget your employees need to get to you as well).

Unsurprisingly enough, as you move down this hierarchy of location your basic lease or freehold costs will reduce, but you do need to keep in mind other property-related costs: utilities, maintenance

Box 1 What is a pop-up shop?

Pop-up shops are a rising trend in retail, reflecting fast-paced, trend-led, attention-short lifestyles. Pop-up shops tend to be small (often located within larger stores) and appear for limited time periods to build a brand image, make their host store appear on-fashion, or simply reflect a seasonal need. They are becoming more edgy, in keeping with the current desire for a retail 'event'. Last Christmas, Marmite got a lot of positive PR from its temporary stores selling sandwich holders and branded oven gloves. One of the most revolutionary (and risqué) pop-up shops has been the IceCreamists, selling saucy ice cream flavours in Selfridges (see www.theicecreamists.com).



Marmite used pop-up shops as part of its promotion plan

Apex News and Picture Agency / Alamy

and instructions (or even take part in a class) to make simple meals, rather than throwing a TV dinner in the microwave.

● Into social networking? You could combine it with a bricks-and-mortar exclusive club-style experience at Hub Culture (www.hubculture.com) and, having conversed online with a new-found friend, actually walk over and say hello.

● Sometimes looking to the USA or Japan will give an indication of what might come to the UK soon. An example is Urban Outfitters' concept of Space 15Twenty (www.space15twenty.com). This showcases distinctive designers with a new pop-up shop every month (see Box 1), as well as hosting a selection of adjoining vendors connected by an outdoor courtyard, which includes a performance space and adjacent gallery.

● Have a look at www.bakertweet.com to see an amazing little gadget which will automatically tweet customers to tell them when freshly prepared bread is ready to buy in the bakery (think of all the other possible applications this could have).

● Take in a new eating experience in London at www.inamo-restaurant.com, where your table is a giant touch screen menu that gives you complete control.

● Even booksellers can fight back. For example, Blackwell's Espresso Book Machine has access to over 1 million titles to print out at your request, at 40 pages per minute.

Now it's over to you to come up with something even more original and exciting which reflects your generation as a key consumer group.

Conclusion

Finding the right property can be a crucial part of the success of a business, affecting revenues and costs. While the internet has changed the way business is carried out, there is still a role for the high street, providing that retailers are innovative in their approach.

Ross Jordan worked in retail for many years. He is now a university lecturer and he runs his own manufacturing business, as well as working for a commercial property company.

Key words

commercial property
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location

(an attractive old building can be expensive to keep upright), or service charges if you are in a shopping centre or serviced office block.

Another issue to consider (and this is where professional help really comes into its own) is the terms of your lease. Are you able to negotiate break clauses, so that if the business does not work out as you had planned you can relocate or renegotiate after 3 or 5 years? Do you have a right to renew your lease or could you find yourself without premises in a few years' time? What about the business rates on the property (a commercial equivalent to council tax)? Might the property or business be of a size where you can obtain relief on these high costs?

It is essential in any business, but particularly for a new start-up, to get these calculations correct. Many great business concepts have faltered as a result of getting the location wrong or where the business has laboured under the burden of unrealistic property costs.

The new high street

The recent economic climate and the new channel to market provided by the internet have produced a difficult trading climate for high streets up and down the UK. The empty property percentage rate is up to 20% in some areas (most notably mid-size market towns). In addition, there appears to have been another influence on the difficulties high-street retailers face: a lot of our retail offering has become lazy and unoriginal, thus producing the notion of 'lookalike Britain'.

So what happens next? Retail needs to become exciting again, and it needs to share in the 'experience economy' by putting on events and making high streets distinct destinations. This is something which most new shopping centres excel at, and it is essential for the urban regeneration of tired city centres, which often have social and economic problems. In the 1960s and 1970s, city centre redevelopment tended to be driven by councils. In this century, however, landlords drive the development, with councils acting as partners to bring cities such as Bristol, Exeter and Cardiff back to life with varied retail, leisure and housing offerings.

Retailers of the future

What do you imagine the high street of the future will look like? Below, I have highlighted some of the original and exciting outlets that are happening now, in the hope of encouraging you to come up with your own ideas for the next generation of retail.

● Visit the School of Life (www.the-school-of-life.com), a small shop in London where, rather than buying another bit of cheap clothing, you can take lessons in areas as diverse as 'How to find a job you love' and 'How necessary is a relationship?' If you want to make a purchase they have a range of books described as a 'mix of high and low, new and old, predictable and astonishing'.

● Or what about going to Jamie Oliver's Recipease shops in Clapham or Brighton (www.jamieoliver.com/recipease)? Here you can pick up pre-selected ingredients