



site at the end of the tunnel

Development expert Camille E. Hoheb offers advice on how to identify the best location for your medical spa and navigate the commercial real estate maze.

As vice president of development for Solana MedSpas, it is my responsibility to help our clients select and secure a viable retail site for their medical spa, as well as control their destiny in the real estate arena. Here are some of the most commonly asked questions we receive from our medical spa clients on this topic.

Q: When opening a medical spa, what is the best way to facilitate the site selection?

A: The first step is to define your business and identify your customer. Generate a well-crafted business plan that pinpoints start-up costs, an operating budget, staffing requirements, equipment costs, and financial projections, as well as information about where and how your competition conducts business. The plan will not only serve as a navigational tool for your

overall business but will also lead you to determine the appropriate size of your location, your preferred area, and realistic budget ranges for the lease and build-out costs. These steps should be completed before engaging a real estate broker.

Q: How do I work with a broker?

A: Find a broker who specializes in commercial real estate, particularly tenant representation. He or she should have an established track record and be knowledgeable about your preferred geographical area. The most important factor in working with a broker is communication. Consider your broker as an extended business partner and a valued member of your team. Be proactive and share your personal

continued on page 8

continued from page 6

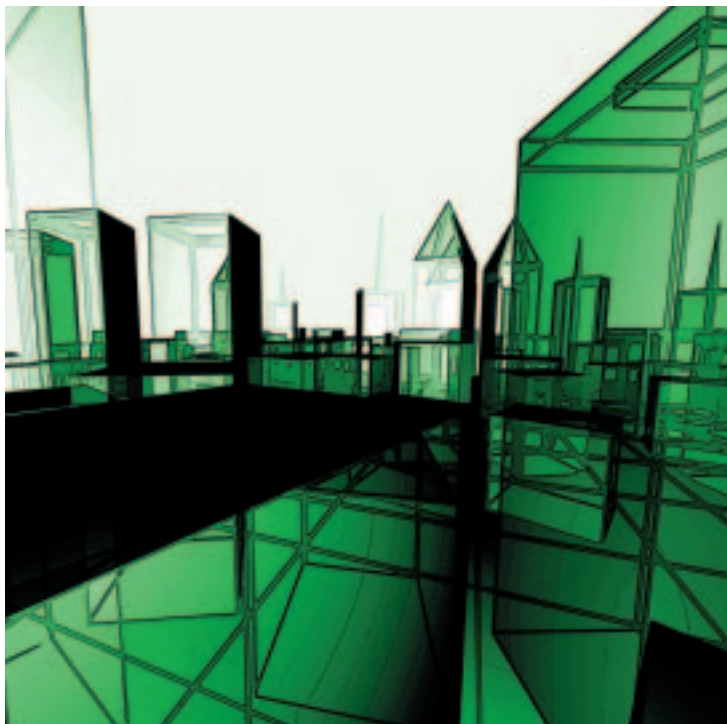
financial statements with your broker during the location search. In today's market, the competition for retail space is fierce, and national retailers may be vying for the same space. Knowing what you can afford will minimize any disappointing scenarios in which your budget doesn't meet the listing price.

Q: What constitutes a good location for a medical spa, and how do I find one?

A: The medical spa concept is an image-based business. The look, feel, and placement of the physical space are critical to its success. Once you know your target customers and their shopping patterns, you can identify the key factors for evaluating a potential retail location. These factors include the type of property (specialty, lifestyle, or neighborhood center, central downtown business district, urban area, etc.), what other stores or restaurants are nearby, parking, signage visibility, general accessibility of the location, and the monthly cost of the lease. Evaluate the site for possible competition as well as synergistic businesses, such as upscale shops and restaurants. Observe the type of cars in the parking lot and the general appearance of customers.

Q: What is involved in negotiating a lease?

A: Begin the process by presenting a Letter of Intent (LOI) to the landlord. The LOI is typically a simple two- to four-page document that demonstrates to the landlord a sincere interest in leasing the location and outlines the basic economic deal points. In most cases, the LOI is non-binding. Your broker should review the LOI with you in detail and explain the key terms such as tenant improvement allowance, rent commencement date, exclusivity clause,



“The medical spa concept is an image-based business. The look, feel, and placement of the physical space are critical to its success.”

rent escalations, guarantee, and the security deposit. Once the basic terms are agreed upon, the next step is a lease draft. At this juncture, it's time to engage a real estate attorney who specializes in retail lease transactions, which will save you money in the long run. A typical time frame from submitting the initial LOI to lease execution is roughly 60 days. In some cases, depending on the landlord, there may be a multi-level approval process, which could extend the timeline.—*Camille E. Hoheb*

Camille E. Hoheb is vice president of development at Solana Medspas, a medical spa developer with a growing network of individually branded facilities and entrepreneurs across North America. Hoheb has developed more than 110 medical spas since 2002 and has a diverse background in healthcare administration and commercial real estate. She can be contacted at camille@solanamedspas.com. For more information about Solana Medspas, visit www.solanamedspas.com.