

7 Tips for Opening a New Club

By *Contributing Author* on March 2, 2016

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Opening a new club can be rewarding and scary at the same time. For many first-time club owners, finding a location is one of the hardest parts. Here is a list of things to consider if you are getting ready to take this step.

1. Location is key. Know the demographic you want to attract and do the due diligence to make sure they are there and have the income for your membership rate.

2. Negotiate the lease. Your business model should project what you can pay in rent. Don't become rent poor before you even open your doors. In addition, negotiate with your lease as much as possible as to the amount you want to pay. You can't get something if you don't ask. Everything is negotiable: HVAC systems, exterior improvements, months of free rent, etc.

3. Do your homework. Know how long the space has been empty, and who has tried or failed at the location. If the space has been empty for a long time, hire an architect or engineer to come in and review the systems prior to signing the lease. If something is wrong, it's easier to negotiate before you sign the dotted line.

4. Do a test fit. Right before you sign the lease, do a quick space plan that shows you how much you can fit in the space. This is especially important for studio models where every space in the studio equals revenue.

5. Develop a realistic budget. From a test fit, you can ask a contractor to give you very preliminary budget pricing to work into your business model. This is part of understanding what you can expect to pay for the project. This budget should also include design team fees, furniture, equipment and legal fees. You need to know your entire capital expenditure.

6. Develop a realistic schedule. From finding space, design time, permitting all the way through construction, things tend to take longer than you think. Work with your architect or contractor to develop a realistic timeline. You will want to know this while negotiating the lease, because if free rent is on the table, it could cover your construction time frame. If it doesn't, in that case your business model needs to account for what you will be paying in rent when you aren't open.

7. Verify local zoning restrictions. Parking and right of use are two big areas that oftentimes get overlooked and can stop a project. You will want to vet any restriction the local jurisdictions will have on you before you sign the lease.

All of these will help you start the club out on the right foot, and thus give you the best chance for success. Getting a lease negotiated in your favor is the first step.

Bryan Dunkelberger is a principal for S3 Design and has designed health clubs for over 15 years. His firm specializes in designing clubs that maximize the member's experience. For more information email bdunkelberger@s3design-inc.com.