



Ace Hardware (Former Rite Aid)
5619 S. Main St., Sylvania, Ohio

Quick Facts

- Declining presence in Toledo Market
- Franchisee
- Lease with option to purchase

Challenge

ACE Hardware had a declining presence in the Toledo market over the past years with numerous franchisees closing. A meeting with ACE at a Michigan ICSC event sparked a relationship with Duke Wheeler. NW Ohio was a focus of growth for the retailer; however, finding qualified franchisees proved challenging. An initial attempt to enter the Perrysburg market failed in 2010 and the new franchisee chose to open his first store in Saline, Michigan. A second franchisee candidate surfaced in early 2011 and was focused on the Sylvania, Ohio market for his first store. This deal was the first experience with a retail lease for the franchisee, so the tenant representatives had a significant task ahead of them.

Solution

An initial meeting was conducted to determine the focus of the site search for this out-of-town operator. Ample communication with both the franchisee and the franchisor was essential to ensure the proper location was targeted. With this being the first deal for the franchisee, great detail was required to walk the client through each step of the leasing process. Once the optimal site was found, negotiations with the landlord got off to a rocky start with both parties far apart on deal terms. Face-to-face meetings with all parties eventually resulted in amicable terms on a lease with an option to purchase. As time continued to tick away, the transaction could have been sidetracked at any time. Close attention to detail by the leasing team and a “no quit” attitude kept the deal moving forward in a positive direction. After approximately one year on the assignment, the lease was executed in a form that met the requirements of the franchisee, franchisor and the building owner.

Results

The tenant and landlord were able to agree on a fair lease for both parties...which includes an option to purchase. Getting through his first deal, the franchisee has a greater understanding of the overall process and will be able to navigate the leasing process more quickly when it comes time to open a second store. The franchisor was pleased to see the ACE brand back in downtown Sylvania and is focused on doing additional expansion in 2012.