

What to consider when searching for a new practice location



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We regularly receive calls from practitioners who are wishing to purchase a site or tenancy for their new healthcare practice. But it is not as easy as one would think to find a suitable spot, especially in Sydney and Melbourne. We look for locations for our clients and assist them by preparing comprehensive market analysis reports of specific areas which in many cases has been proven to be a valuable exercise to go through in understanding the demographics of the area.

However, not surprisingly, the majority of our clients do not initially realise the statutory controls which may apply in many situations. Town planning statutes can vary considerably over time and are mostly becoming increasingly restrictive. Just because there is a practice next door, down the road, or across the road, does not mean a new practice will be allowed in the vicinity.

We thought it might be beneficial to run through the various factors that need to be considered when searching for the right 'spot' to set up a new healthcare practice. Due to the limits of space, this column will address primarily the physical and statutory issues, as the business decision has as many variables as there are practitioners.

Zoning

The local council sets up zones in every locality where they establish the commercial hub of the precinct. This is primarily to support the quiet amenity of surrounding residential areas, which are then serviced by a Central Business District (CBD) and regional centres for retail, business and commercial needs. A healthcare practice may not be allowed in all zones. Some councils may allow a 'small' practice in a suitable residential zone, but generally with strict limitations to practice size. In some precincts, councils will actually prohibit healthcare services. They may want retail showrooms, industrial services etc ... in these locations. It is critically important to check the suitability of the site and zone with council prior to committing to any land, property purchase or tenancy lease.

Size and space

A general rule of thumb for working out the overall spatial requirements for a practice is to multiply 35 – 45 square metres by the number of surgeries and consult rooms you need. For example, if you want 4 surgeries with one separate non-clinical consultation room, you should be looking for tenancies in the vicinity of 140sqm (4x35) – 180sqm (4x45) of internal area. A tenancy of 140sqm will need to be more 'compact' than one that is 180sqm to accommodate all the necessary functional areas.

For land, it is generally preferable where possible, from a usability and investment perspective, to find land larger than 1,000sqm. A lot this size would generally require a minimum of 4-6 surgeries to warrant this kind of investment. There will be council setback limitations from front, side and rear, which will

establish the available building envelope. It is beneficial to work with a minimum side setback of 3m as building any closer to the boundary will trigger stringent fire safety requirements, generally limiting windows and openings.

You will need to allow for car parking and vehicular circulation on the site. To allow sufficient space for vehicles to enter and exit in a forward direction, turning bays and parking space are required. A multiple of 35sqm per vehicle is a useful rule of thumb. The building footprint will also be 10 – 20% greater than the usable internal area, this allows for wall thickness, entry foyers, etc. An example for a 4 surgery practice + non clinical consultation room, on a block of 20m x 50m: Front setback of 6 metres 120sqm side setbacks of 3 metres 150sqm (building depth only) rear setback of 2 metres 40sqm building internal area 220sqm. Allowance for foyers, wall thickness etc... 40sqm. Car parking for 12 cars (12 x 35sqm) 420sqm. TOTAL 990sqm.

Visibility

It is important to make sure a practice is 'visible' to the area it services. While it is of course preferable to build a patient base by having a practice which potential patients are attracted to visit by having 'seen' it, these sites usually come with premium purchase or rental costs. A successful practice can also be built in less costly, less visible locations, as long as the practice invests in 'visibility' through continued marketing.

Parking

Parking can be the primary bugbear in finding suitable sites as most councils will require 3-4 car spaces for each practitioner on site. Or in larger sites in commercial areas, a ratio of spaces / sqm of floor area can be applied. If there are insufficient parking spaces available for the potential site, it may be argued successfully. However, this process can be protracted and costly as traffic studies / traffic engineering reports are often required, neighbours generally complain and there is no guarantee of success. The exception to this requirement is in highly built up CBD areas where public parking stations or public transport is readily available.

Help from agents

You can also brief a commercial agent with your requirements which can be of great assistance in finding a site. This brief needs to include site / floor area needed, distance from public transport (considered for patients and staff), proposed lease period, parking requirements, visibility, disabled access requirements, preferred aspect / outlook etc... Once they find a site that has potential, they can follow-up in providing more detail for consideration such as tenancy manuals, lease terms, floor plans, sections of building etc. Once a potential site has been found, there are a number of further requirements that are necessary to ensure the site is suitable for the proposed practice. We can also look at a site with you to determine if it is suitable for your needs. ♦