



Simple steps you need to follow when planning a commercial real estate transaction

Make sure you understand how commercial real estate works, leasing and purchasing and then begin.

1. Evaluate your needs

Commercial real estate leases/purchases can be complex and an expensive undertaking, so expect this to take time and make sure this new property will meet your needs for years to come and be within your financial budget. If you do decide to lease or purchase, make sure to consider the following points:

- * demographics suit your business
- * can it be configured to suit your needs
- * power, water, heating and air conditioning
- * what can you afford
- * does the zoning permit your business use, what zoning do you require
- * will this deal be in a corporate name? If so, have corp documents available for your realtor
- * determine the amount of space you need
- * is there enough parking
- * machinery and equipment included or needed
- * what are the additional costs to operate

2. Assemble your network of consultants

Gathering the right team of qualified people before you start shopping for a new business space can make all the difference and save you valuable time. Most commercial real estate transactions require these professionals to complete

- * commercial real estate agent
- * lender
- * lawyer
- * accountant
- * contractor
- * operational efficiency expert
- * qualified environmental professional (QEP)
- * building inspector

3. Get your financing in place

If you require a financial institution to assist in your commercial real estate approval, be prepared for it to take some time. Lenders will want to see financial statements and proof that the profits you generate are being retained by your company. All of this will play a big role in determining whether you get the commercial real estate loan you want. Don't be afraid to shop around for the best financing package. Be realistic with any requested business forecasting, it's better to be on the cautious side than put yourself in a position that could cost you more down the road.

Don't forget that while the interest rate is important, it's far from the whole story. Other factors such as what percentage of the purchase a financial institution is willing to finance are equally, if not more important.

4. Find the right location

Demographics are important when searching for the right property. Your realtor can help you determine what location is right for your business. Allow 3 - 4 months to achieve an approval. You want to be in the best area. Making it easy to find and access will keep your current consumers and help to increase your client base. If you are dealing with shipping/receiving and manufacturing also think about easy access to highways and other modes of transportation.

5. Plan for all costs

Be diligent; a cushion or contingency is always a smart play.

- * purchase costs
- * renovations and repairs
- * closing costs
- * moving costs
- * downtime
- * permits
- * operating costs
- * vacancies

6. Do your due diligence

When you've finally found the right property, it's imperative to complete your due diligence before completing the purchase in order to forgo any pitfalls or mistakes that could have been avoided. Your realtor, lawyer, accountant, and other professionals in your network are here to help you be satisfied and sure of this transaction.

- * Go over all the documentation, including any current leases, maintenance contracts and title documents.
- * Carefully examine the condition of the building, any liens and obligations as well as the insurance policy.
- * Build a list of questions and issues to be checked, and assign them to your team.

Once you have satisfied all of your questions, concerns or requirements then you are ready to complete this deal.

Congratulations.