

# Getting the right premises.

Supporting you on your business journey.

If you've decided to set up a business and you need premises, this is one of two guides that will help you make the right property decisions.

Whatever type of premises you need, being clear about all the facilities you need at the property before you start looking will save time and money.

This guide covers:

- Location.
- Facilities.
- Amenities.
- Help finding the right property.
- The pros and cons of buying (freehold).
- The pros and cons of renting (leasehold).
- Affordability.



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# What the property offers.

## Location.

- How accessible does your property need to be for customers and/or suppliers?
- Could environmental factors such as noise or pollution from your business be an issue?
- Are there competitors already in the area? Will this help bring in customers or make things more of a challenge?

## Facilities.

- What parking will you need?
- Will you need meeting rooms, reception areas, warehouse space and storage?
- If the premises are on a business park, what facilities are available on a shared basis?

## Amenities.

- Is there sufficient gas, water, electricity and drainage capacity?

# Help finding the right property.

There are a number of places you could search for premises:

- Estate agents / commercial property agents.
- Chartered surveyors.
- Online and newspaper listings.
- Local authority registers of vacant properties and managed workshop units.
- Local industrial estates and business parks.
- Hire a consultant to draw up a short-list of potential properties for you.

As well as searching the market for you, commercial agents and chartered surveyors can help negotiate the terms of the property contract. Surveyors can give advice on property values and structural matters as well (for more on surveyors, see Guide 2 – [Surveys, contracts and legal matters](#)).

Many of the sources above will have a contact list you can add your name to. They will then provide you with details of properties that become available. Some may also offer regular property newsletters, which are useful to give you a feel for what's available and market prices.

Don't limit yourself to one source of information – sign up with several to make sure you get a good supply of property information.

# The pros and cons of buying and leasing.

Just as with domestic property, commercial properties are usually available as either freehold – where you buy the property – or leasehold – where you rent it. Buying and renting property each have pros and cons.

## Freehold – the pros.

- You have the freedom to use the building as you wish, within the law.

## Freehold – the cons.

- If your business has little or no financial history you'll find it difficult to get a commercial mortgage, or may have to pay a substantial deposit to obtain one.
- For a start-up, freehold carries a big financial risk: you'll need to ensure that you can generate sufficient profits to keep up repayments and cover any increases in interest rates.

## Leasehold – the pros.

- Leasing requires minimal capital outlay at the start.
- Compared to freehold, there is less financial risk.
- Usually the lease is renewable and you have the right to remain (unless you breach your contract or the landlord wants to reoccupy the premises).

## Leasehold – the cons.

- You are likely to have restricted use of the property, including limitations to make alterations to the building or to sub-let any extra space.
- Agreeing the terms of the lease can be complicated.
- Penalties and contingency charges in a lease can trigger at unexpected times and hold you back just when you need to move on.

## Affordability.

- The cost of commercial property is usually calculated on a square footage rate, so work out how much space you will need and base your budget around that.
- In addition to the cost of the lease or freehold, you may also need to consider moving and set-up costs such as refurbishment and/or new equipment.

**Any property given as security which may include your home, may be repossessed if you do not keep up repayments on your mortgage or other debts secured on it.**

All lending is subject to a satisfactory credit assessment.

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