

Buying vs. Leasing Checklist

Top questions to ask if you're considering purchasing commercial property



Small Business Finance

Review your business' needs for today and tomorrow

○ MY TIMELINE

How long do I intend on occupying a commercial property with my business?

○ APPEARANCE + LOCATION

Do I need my building to look a certain way, or be in a certain location?

○ CURRENT LEASE

How much time is left on my lease, and if longer than 12 months, am I happy to renew again or where am I going once that lease is up?

○ WHO'S IN CONTROL

Am I comfortable knowing that when renting, my landlord can choose not to renew my lease, may not maintain the property to my liking and can increase my rent? Would any of these actions jeopardize my business?

○ VISION

What is the long-term vision for my business growth; do I need a larger space and/or a specific configuration to support my goals?

Consider the financial implications

○ AFFORDABILITY

Do I have enough liquidity in my personal and business accounts for the down payment and additional closing costs without impacting my business operations?

○ DOWN PAYMENT

Will an SBA 504 commercial real estate loan that only requires a 10% down payment or a conventional loan that requires a 20% owner injection make more sense for my business financially?

○ PREDICTABLE - FIXED COST

Would my business benefit from a predictable fixed cost for my building occupancy expense?

○ RENTAL RATES

Have rising rental rates affected my earnings?

○ BUSINESS STRUCTURE

Is there more than one owner of the business? If so, what is the percentage ownership and who will be required to guarantee a loan?

○ MONTHLY PAYMENTS

Will buying yield me cost savings on a monthly basis—and what does that estimate look like?

○ TAX BENEFITS

Will I see any tax benefits if I own a building? A consultation with a trusted financial planner or CPA can help you answer this question.

○ RETIREMENT

Do I see adding real estate to my personal financial portfolio as a component of my retirement plan?

Evaluate the idea of being your own landlord

○ OWNERSHIP

Can I handle the responsibility of owning and maintaining a commercial property?

○ WHY BUY?

Will buying a commercial building support my business goals or my personal financial portfolio or both? Are my reasons smart and strategic?