

Ask the experts: My business is growing, and I need new office space. What should I be looking for?

Make sure location, lease and landlord fit your company's business goals



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Robert Tham: Principal, Corbel Commercial Inc.

Ask your broker to contact the landlord to see if there is anything available within your building that may be suitable for you. That is, of course, if you wish to stay in your building.

If there isn't any suitable space within your building and you don't have a commercial real estate broker, I would recommend hiring one. I would want someone familiar with the area I want to be in.

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In addition, I would want someone who not only specializes in assisting tenants in finding space, but also has relationships with a few landlords in that area. Having this may give you opportunities to lease space that is not officially on the market yet.

I would spend a fair bit of time on deciding where I would want to locate my offices. Having a great space that's in a desirable location will be important to many of your employees, and in many cases it may be important in attracting talent. The layout and functionality of the space will be also critical.

Once I have short-listed a few options, I would research the landlords. Customer service would be important to me. I would want to focus attention on my business and not have to worry about mechanical issues or when the landlord will address a building issue.

Once I find an office I like and start negotiations, I would ensure that the lease term aligns with my growth projections and that I have a provision in my lease that allows me to sublease and/or assign my lease. Be wary of demolition clauses. The last thing I would want is to have to deal with moving unexpectedly, especially if my business is growing. Have your lawyer review the lease.

Francine Tracey: Commercial real estate agent, Re/Max Commercial Advantage

Location, location, location!

Although there are many factors to consider when choosing new premises for a business, the number one consideration must be location. When trying to decide where to move your new office, consider these factors:

- Do customers visit your office and if so, what is the most convenient location for them to access your business? Would your business benefit from signage, high traffic or pedestrian exposure?
- Would your employees take advantage of transit if the office were more conveniently located? The GVRD has done excellent planning around SkyTrain stations, and many new developments are popping up that include office, retail, residential and full amenities in one conveniently planned hub. By locating your business near a SkyTrain station, you might solve parking problems and cut costs.
- Is your office separate from your plant? Would your business be more functional and efficient by consolidating the two operations? Some industrial areas, such as Vancouver's I-2 zones, allow for flexibility of office combined with warehouse or light manufacturing. It also allows for one "caretaker suite," which might be convenient for a small-business owner or manager who might want to live on the premises.

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Finally, the owner of the business might enjoy the long-term benefits of buying its premises rather than leasing. There are many options for smaller businesses to buy affordably by considering strata developments in office, retail or industrial zones in excellent locations.

Ross Forman | Commercial real estate agent, Forman Pilkington

Before you start looking for a new office for your growing company, you should consider its longer-term plans.

If your company becomes more stable and you can remain in the same office for more than five years, then it might make sense to look at purchasing. If you can come up with a sizable down payment you will likely be farther ahead by the time you need to sell. If you are looking for a longer-term lease, you will be able to obtain higher incentives or a lower rental rate.

If your company is still growing, consider a lease with flexibility.

Look for an office that can be expanded in the near future. This can be done through a right of first refusal on an adjoining unit or another unit within the building. If this is not available, then look at a larger building where you can easily move to a larger unit. Your landlord will likely help you move to a larger unit with little or no cost to you.

If you are unsure of your growth, you can search for a short-term lease with short-term extensions. For example, maybe you can secure a two-year lease with two two-year options to extend. In this case, it's much easier to plan your future if the office becomes too tight. You will want to find an office that is ready to occupy with little improvement work required. Landlords tend not to give away improvements or incentives with a shorter-term lease.

You can also secure a longer lease that can be terminated after giving the landlord notice. You might need to pay a penalty, but it could be less expensive than subleasing or running two separate offices.

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