



SMALL BUSINESS **STARTUP**

Selecting Your Business Premises

Whether you are opening a new business or expanding an existing one, the process of locating and securing new premises can be difficult. Besides finding a location, you need to decide whether it is more cost-effective to rent or to buy. These decisions could impact the success of your business. The following guide can help you choose premises that are right for your business.

Location

The first thing you should consider is where your business will thrive. If your premises are too remote, it will be difficult to attract customers and staff. Centralised locations on busy city streets have the advantage of constant pedestrian traffic, which is full of potential customers. Your business could also benefit from local transport and nearby car parks that make it easier for customers to frequent your business. But if your business is tailored more for rural or small-town customers, it may not be suited to the city centre. Think about the people you want to serve and where you can best serve them, as well as how the location you choose will reflect your business' image.

Size and Layout

The size and layout of your premises will depend on your business needs. Inadequate space or an inefficient layout will make you and your employees uncomfortable and may inhibit future growth. Without a sensible layout, your daily operations can be unnecessarily time-consuming. Consider how much space you need now, and anticipate what you will need in five, 10 or 15 years.

Cost

Cost is often a deciding factor when choosing a location for your business. You need to balance what your business requires and what you want with what you can afford. This will help you decide whether to rent or buy a commercial property.

How to Search for Premises

When looking for commercial premises for sale or rent, you must be thorough. Take advantage of every resource you have, including the following:

- Commercial property agents
- Local newspapers
- Online searches
- Local surveyors
- Local authority
- Local chamber of commerce
- Trade associations

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The decision to rent or buy should not be made lightly. Each has its own advantages and disadvantages. The choice will depend on several factors, including business size, how long you have had your business and how long you intend to occupy the space.

Should You Rent?

Most business owners rent commercial space because owning premises is too expensive. Renting is usually the most cost-effective option for new businesses.

Advantages

- Spaces for rent are cheaper and easier to find.
- Leases are more flexible than mortgage agreements.

Disadvantages

- You may have to pay a premium to sign a lease.
- You are likely to be responsible for maintenance and repairs.
- Rent may increase over time.
- The owner may prohibit any changes to the interior.

Costs

- Rent charge
- Service charge
- Stamp duties
- Maintenance
- Utility bills
- Solicitor's fees in case help is needed

Responsibilities

- Workplace safety requirements
- Gas safety
- Fire and electrical safety

Additional Considerations

- You will need to sign a lease and possibly register it with land registry.
- You may need to apply for planning consent if you change the building's use.
- You might be responsible for content and building insurance.
- You should enquire whether you can make alterations to the premises' interior.

Commercial lease contracts will typically last from about three to 25 years. If you are hesitant to commit, some contracts may include a 'break clause' which lets you exit your contract.

Should You Buy?

Buying a commercial space can be ideal for established businesses looking for premises that foster sustainable expansion. Businesses with long-term, achievable goals are poised to benefit from owning their premises.

Advantages

- You can stay on the premises as long as you want.
- You have more freedom to adapt the building to your uses.
- The premises might rise in value and increase your assets.

Disadvantages

- You may be required to pay a 15 per cent deposit before signing the mortgage.
- Owning a commercial property is expensive.
- Buying is a long-term commitment.
- Signing a commercial mortgage can be time-consuming and stressful.

Costs

- Legal fees
- Stamp duties
- Fifteen per cent deposit
- Value added tax

Responsibilities

- Maintenance
- Utilities
- Insurance

Whether you decide to rent or buy, always check the contract's legal terms before agreeing to anything. Ensure there are no hidden clauses, obligations or costs. A commercial agent or commercial property solicitor can help you at this stage. He or she can highlight any pitfalls in the contract and maybe even help to negotiate a better deal. Do not be afraid to negotiate, or to hire a professional to do it for you.

Special Considerations

Just because a space will suit your business' needs does not mean it is ideal for your operations. Ensure the premises have adequate water, power and drainage access. Consider whether your business has special requirements, such as increased wheelchair access or room for expansion. Find out whether there are structural issues that you'll need to take care of. Take note of what the community is like. You should also think about features that may attract customers and employees—for example, an eco-friendly building or proximity to local attractions.

Choosing new premises can be difficult. Contact the insurance professionals at **Crendon Insurance Brokers Ltd** for more information on finding premises for your small business.