



# Business Property Buying Decisions

## **Key considerations before making that crucial decision**

Businesses which have spent years renting their office, industrial or retail spaces, have often dreamt that they would own their premises and do not need to face the landlords. However, it takes planning to achieve the dream to own.

When you are buying a commercial property for the purpose of running your business, it is more than just the property and the affordability, it is about how much more business you may churn from the property location (in the case of retail shop), and the exit strategy (can the property be sold when the business is sold?).

**Here are what one should be on the lookout for when buying a business property.**

**WHAT** is the type of property to buy and what are the specifications required? Singapore's master plan reflects the zoning of the properties. Where properties are zoned B1 (Business 1, or light industrial), commercial usage is not permissible. Specifications such as floor loading and ceiling height would be important for a warehouse requirement,

whereas, floor trap and grease trap, would be important for an F&B outlet.

**WHY** do you need to buy a business property? Is it to curb rental? Would this property be able to contain your space requirements? One should establish the objectives of the purchase, the entry and the exit.

**WHO** do you assemble as your team of consultants? Internally, the team comprises of your core personnel, such as your accountant, your Production manager or your HR manager. Externally, it should be led by a real estate consultant who specialises in business properties. It may be easy to get your housing agent or any agent located in the sales office, but, they may lack a complete understanding of the B2B decision process and are not familiar with business properties. A knowledgeable real estate consultant not only knows the comparable sales prices, but brings about a team of bankers / loan brokers, lawyers and contractors.

**WHERE** Like any property purchase, location remains the key. Ask the questions of the location relative to your customers, your staff, your suppliers and the branding of your company's location. Branding of the location is often neglected.

**WHEN** do you buy? No one can time the market to buy. Many business owners came to look for us to find a property to purchase 6 – 9 months before their lease expiry. This is often late, as most business properties in Singapore would have existing tenancies. Companies can either plan a year ahead to buy an existing property or a longer period if they choose to buy properties under construction.

Buying a property is an important decision. One should not jump into it, but take steps to apply for in-principle loans, understand the market trends, the fit of the property for the business needs and the payment procedures to set aside the purchase sum and do projections on the possible savings and income stream that the property purchase can bring about.

Every business has different property needs and strategies as they grow. This is likened to a property acquisition life cycle. Most companies may not realise that business property costs, savings or proceeds can affect the P&L in a big way. ■

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