11 Steps to Finding & Renting Your New Office in London

A TFPG INSIDER REPORT

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HOME FOR YOUR BUSINESS™

"My company has been a tenant at the Victoria Professional Centre since 2007. I have found Ross to be a gentleman among landlords. Ross's unique mix of life and business experience, entrepreneurial attitude, and unwavering commitment to values and principles that guide his decisions make him a man that I admire.

His interest in developing a community within our office building, and his support and interest in my business, elevates him from landlord status to business associate."

~ **Paul L.**, President, P.C. Consulting

Renting an office space can be a new and challenging experience, and a little tiring and stressful. You are a professional in some field, but renting space is not one of those areas! And, sometimes there are fears or unknowns in the process. These 11 steps capture the A to Z in a simple outline.

STEP 1 **Space.** Know what kind of space you need. How big and what percentage of office vs. open space. And, know what your budget range is. Then, visit several locations to observe floor plans, collect asking prices and to take photos.

STEP 2 **Price.** If you are a price shopper only, beware. Be cautious of the lowest prices. Just as your business cannot thrive by being the lowest cost producer, this is definitely true in commercial real estate. Low rates are a sign of tenant turn over, deferred maintenance and other troubles. There are lots of good mid-range prices out there. Want to save a month's rent in first year? ... offer to pay 11 months in advance! Some landlords will consider this! This could save you hundreds or thousands!

STEP 3 **Net or Gross Rate.** Be sure to distinguish between Basic (or Net) Rent rate per Square Foot (SF) and Additional Rent (Taxes, Maintenance, Utilities, Insurance, etc.) Rate. Sometimes these are blended together in a Gross Rent figure. If you are quoted $18 per SF Gross on 1000 SF that would come to 18,000 per year or 1500 per month, plus applicable taxes. Be sure you know who pays for what costs. And remember that voice and internet connections are always on your own as everyone has different requirements. And, HST applies to commercial rent, but since it is a flow-through tax, the HST you pay is credited against all the HST you collect in your business.

STEP 4 **Protect Brokers.** If you are using an agent, have them call the landlord's listing agent to arrange a visit. If you are responding to a Kijiji ad, be aware that the landlord still has a financial obligation to his listing broker even if the agent is not directly involved in the showing. Agent commission comes out of the deposit, if an agreement is reached. It is not a direct expense to you, but to the owner.

STEP 5 **Research.** Be sure to visit various sites. Don't be afraid to come back for a 2nd or 3rd visit. Consider the building, access routes, care of the property, etc.

STEP 6 **Proposal.** Ask the landlord or broker to frame out the general agreement in a Letter of Intent or Memo of Understanding. This gets the main items covered and positively defines the agreement. Once this is agreed, a deposit for first and last month is due on signing.

STEP 7 **Agreement to Lease.** This is where the owner/manager of the property will put in writing the term, cost and any conditions for the office rental period. Be sure to clarify who cleans offices, common areas, etc. and who changes light bulbs. Don't be afraid to ask questions!

STEP 8 **Value.** You will be able to achieve a better deal if you take a premises "As Is" vs. "Turn Key." And, you will also get a better deal if you lock in longer term than shorter term. Consider that the landlord has a lot tied up in his property and is looking for quality tenants who do good business. Your best value is in a 3 to 5 year term. Ask the landlord if you can upgrade to larger premises at any time during the term.

STEP 9 **Testimonials.** Are there tenant testimonials of any kind for this landlord/property? Consider the calibre of tenant in the premises already and ask how long they have been on board, and if they are planning to stay.

STEP 10 **Landlords.** Landlords are people, too. They are looking for solid, professional people who want to grow their businesses. If the landlord is doing a good job for you, refer other parties to him or her. You may even be able to build other complimentary businesses around you such as subcontractors, special services, etc. This can save you time and money.

STEP 11 **Who is on site?** Ask if the landlord is on site or does he live in another city, or if they have local support nearby. How close are maintenance people or supports if something goes wrong? This is a very crucial question to ask should a mechanical or electrical need develop.

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