



# COMPASS COMMERCIAL, ITRA GLOBAL

Providing commercial real estate services by advocating for our corporate clients' interests and increasing their profits.

## The Compass Commercial Difference:

### Your Advocate:

We represent only tenants and users of commercial real estate—never landlords or developers.

### Your Expert:

Our team of seasoned professionals negotiate on your behalf, lowering your cost. We use our years of experience to leverage your negotiating power.

### Your Local & Global Representative:

We provide broad geographic coverage and seamless representation in multiple markets through offices around the world.

### Your Trusted Advisor:

You will always receive objective, unbiased advice. Our team will save your hours of time researching, conducting negotiations and other services or your behalf.

## Should You Buy or Lease Your Building?

Many small business owners struggle with the dilemma of deciding whether to buy, rent, or lease office space. If you ask business consultants or real estate brokers, you will get conflicting answers.

The key point to remember is this: Each small business brings its own unique situations and concerns to the table, which means the answer will be different for each business owner.

A good place to begin is by examining your company's current business plan and earnings forecast, the credit history, and the local real estate market. Every business idea needs to be carefully researched before making any final decisions. As you are searching for the right answer, consider these questions:

### How is your cash flow?

As a new small business owner, you may be short on cash, so it will be less expensive to rent or lease a facility when you are just starting out. For example, imagine you could lease a building for about \$4,000 a month, but if you were looking into purchasing that same property, you would need a substantial down payment in addition to the monthly mortgage. Examine your cash flow projections carefully and then make your decision.

### How long will you stay in the building?

If you think you will be in that one particular building for less than a few years, it might be worthwhile to rent rather than buy the building outright. However, if real estate values in your community keep rising, then you really should consider the purchase option instead.

### Do you like the general area?

Many small businesses make the mistake of buying a building only to realize later that they do not like the location because of insufficient parking or a continuous decline in real estate property values. Be sure to think about such issues before signing on the dotted line.

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Need some help? Just call us at 248.817.5400

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**Are you ready to take on additional responsibilities?**

If you decide to purchase a property, you are now responsible for maintenance, security, remodeling, and other management issues. Sometimes it may be more beneficial to let your landlord handle all of those details. Try to compare the costs and benefits of purchasing against the added expense of handling those new responsibilities. If you are losing money, then you have your answer.

