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# Should your business buy or lease office space?

## To buy or to lease? That is the question for business owners today.

When it comes to finding a home for a business, the option of buying the space rather than leasing it is one that many are taking more seriously these days.

A report by commercial real estate firm **Barclay Street Real Estate** says the office-condo concept has created an opportunity for occupiers to own their office space with the advantages of having fixed and clear costs, full control over the design within the premises, and tax benefits not available to leasing tenants.

"The demand for office condos is typically driven by professional service firms – small to mid-sized businesses such as engineering, law, consulting, accounting or contracting firms looking to build equity, as well as local and international investors seeking predictable cash flow," the report reads.

Yan Gong, a REALTOR® with RE/MAX House of Real Estate, said a buying or leasing decision is very much the same as what people encounter when deciding whether to purchase or rent a home.

"Usually, the commercial people are looking for a long-run business operating in that property," he said. "I would say if you have the capital, if you have the money, of course buying is better than leasing in the long run. If you decide to stay in that business, stay in that area, stay in that property for a very long time, then of course you should buy."

Gong said buying a commercial property has the benefit of a sizable portion of a mortgage payment going towards the principal.

**"All types of businesses need some sort of diversification." –**

Yan Gong, RE/MAX House of Real Estate

"If you are a tenant, you're just losing all the rent," he said. "A total loss."

From a commercial real estate perspective, buying a property to house your business is something that can be attractive for any type and size of business.

"The residential market has slowed down over the last 12 months, but I haven't seen the same pattern reflected in the commercial market," said Gong. "I'm always busy for commercial."

"All types of businesses need some sort of diversification."

Buying a commercial property can be a worthwhile investment and a way to build up wealth. It is also a way to be free of landlords.

A well-financed property acquisition can free up working capital for business owners. One thing to consider, however, is that if you buy a property, then you take care of its operating and maintenance costs.

Leasing is a better option for companies that don't have the capital to buy, companies with an unstable financial position and uncertain future, and companies that simply don't want the responsibility that goes along with ownership.