

Real Estate Aspects of Starting Up a New Business

An important aspect of starting a business is choosing the appropriate location from which to run the business. New business owners may consider purchasing a separate building, or operating out of home. In this article we will discuss the advantages of purchasing a building in which to run a business versus operating a business out of one's home as well as some factors that should be considered when pursuing both options.

Some of the advantages of operating out of a separate building include the opportunity for the business owner to select a venue that best suits the needs of the business, the business will have space to grow, business time and personal time may be kept separate, and a separate place of business may result in more social contacts and opportunities to network than working from home.

Important factors to consider when purchasing a building include how well the physical aspects of the property suit its business use and the financial aspects of the purchase. Some questions to ask oneself about the physical aspects of the building include: Do the dimensions of the building accommodate the current needs of the building? Is there room for the business to grow? What is the access to the property for prospective customers? Is there parking available? Financial considerations include: the purchase price, how much of a deposit will be made, whether there is a mortgage on the property to be assumed and whether you will need to secure your own financing.

Upon deciding to purchase a building, a new business owner should consult a lawyer, who will be able to ensure that the property complies with the intended use of the business owner and to ensure that the agreement of purchase and sale protects the interests of the purchaser.

Some of the advantages of operating a home based business include lower start-up costs, flexible work hours, more opportunity to spend time with family, and increased tax benefits and write offs.

When operating out of home, it is important to consider zoning restrictions and income tax implications. It is important to determine whether the home in question is zoned for use of the proposed business, and if not, that an application be submitted to vary or amend the existing use to make it comply with the proposed business. There are a number of tax benefits to operating a business and particularly, to operating a business out of one's home. Certain expenses incurred on behalf of the property where the business is located and that are incurred to earn income, such as property insurance, property taxes, mortgage interest and utilities, may be tax deductible.

It is advisable to consult a lawyer if you are considering operating a business from home as the lawyer will be able to assist in ensuring that the property complies with zoning requirements and can advise what business expenses are tax deductible.

In the following issue, we will be discussing employment considerations in starting a business.

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