



## Pre-Planning Needed For Your Next Office or Warehouse Re-Location

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Your company has either grown in size, or has recently downsized as a result of the current economy. In either case, maybe your company is looking for a new location and a new ambiance. Or maybe the existing space that you have is the right size, but you are not sure if you want to move or stay. What do you do?

### PRE-PLANNING REQUIRED

What this means to an individual company is "**Lots of Planning**". Planning on where the company is going in the next few years. Planning on what space requirements will be needed, and what the new facility will cost. Planning on whether or not the company should expand in the industrial or office complex in which they are located or where do you relocate to.

Has the ambiance of the local area changed negatively in recent years, or have the local or freeway traffic patterns increased making it more difficult for you, your employees and your clients to get to your facility? Or for your sales or customer service people to get to your client's facilities?

Have you asked a space planner to work with you to determine your "real" space needs versus making a guess as to how much space your company needs?

Planning has to be completed today for the company to be in a position to make qualified judgements without the added pressure of trying to find a new facility yesterday.



Companies may find that their facility needs will outgrow what is available in the immediate market place to accommodate the company's requirements. Or, while they try to analyze a potential site, someone else comes along and committed to it faster. By saying, "Let's construct a building, instead of leasing one", will not accommodate short term requirements.

### **LONG CONSTRUCTION TIME FRAMES**

Current time estimates for the construction process is 15 to 24 months for land acquisition, architectural planning, building permits, actual construction, and final inspections of even relatively simple building designs does not make this a reasonable option to quickly solve immediate needs.

If your individual situation needs to quickly expand or contract physical space, then in most cases leasing existing space will be the best solution.

### **LEASE OUT EXCESS SPACE AND KEEP SPACE FLEXIBILITY**

However, with proper and timely strategic planning, a little equity capital and the desire to own rather than rent space, building a facility may be the best solution. Secondly, with good design features a building can be designed to not only accommodate your current needs, but incorporates the ability to expand or contract your business in sections of a reasonable size.

For example your current space needs are determined by your space planner to be 12,000 square feet. By building a facility at 18,000 to 21,000 total square feet, with 3,000 sq ft internal sections, will allow your company to initially occupy four sections, and lease out the remaining two or three sections to one or more third parties. Depending on your future business needs, you may then expand or contract by one 3,000 sq ft section at a time.

Depending on your industry, local area conditions and/or if you are considering an existing building, space requirements may dictate using 4,000 or 5,000 square foot sections, instead of the above 3,000 sq ft example.



Companies should consult with their commercial real estate advisors early as to what their short to long term needs are, obtain qualified advice as to what suggestions or direction they may wish to pursue to solve their facility requirements. Questions should also be asked relating to both the short term and long term availability of space, and what has been the historical trends relating to leasing space to third parties.

### **CCIM or SIOR ADVISORS**

We recommend using real estate personnel with advanced commercial real estate educations, i.e. CCIM or SIOR, who also have extensive practical experience.

Suggested areas to be covered with your real estate advisor are:

- Access Factors - whether existing access is suitable or can be made suitable;
- Land Factors - whether the land can support the intended use;
- Regulatory Factors - determine legal and governmental restrictions or incentives;
- Building Features - whether an existing facility is suitable or modifiable, and if not, what features a different facility should have? Will you be better off building new, instead of taking over an existing facility?
- Management - if a lease facility is being considered, determine the quality of management of the existing or intended facility;
- Other Tenants - in a multi-tenant facility, determine the compatibility of the other tenants; in an owner/user facility, determine compatibility of adjacent users; Are they satisfied with current management?
- Economic Factors - assess the costs of improving and operating a leased facility, and/or a comparison to acquiring and operating a property as an owner/user;



- Demographic Factors - what are the associated demographics for your company? Where is your competition located? Is your company's business driven by population and housing, or by jobs and employment factors?
- Alternatives - to weigh the different facilities strengths and weaknesses against each other to determine which site will best suit the company's requirements.

The above items are just some of the major categories to be considered. By taking the time to pre-plan **any** relocation, an easier move can be co-ordinated and problems can be resolved in advance.

Just remember, ask a lot of questions of yourselves and your real estate advisors. Use strategic versus tactical pre-planning to help determine which direction your facility needs are going. Re-visit your facility needs every six months to keep ahead of the curve and various changes that are going on in your specific business sector.

Ask yourselves what will happen over the next one, two or five years if we stay right where we are in the same facility we currently have? Is our business growing, slowing down, or declining? Can we be more effective and generate more net income in more or less space than we currently have, or in a different location?

Then ask what you would need to change to reach those goals?

**Editor's Note:** James T Saint, Real Estate Advocate™ of Halo Realty & Investments Corporation is a CCIM, (Certified Commercial Investment Member). One of a network of 9,000 professionals across North America and 30 international countries holding one of the most coveted and respected designations in the industry, and one often referred to as the "Ph.D of commercial real estate". Mr. Saint specializes in large industrial and office properties for lease or acquisition, as well as tenant or corporate advisory services for improvement of the corporate bottom line. He may be contacted at Tel: (702) 838 - 4226, or by using our web mail form at: [www.halorealty.com/contactus.htm](http://www.halorealty.com/contactus.htm).