

Start early

How to increase the odds of successful relocation through timely planning

INTERVIEWED BY SUE OSTROWSKI

With a plethora of real estate signs posted around town, it may seem like a simple task to go out and find a new location for your business.

But it's not that easy. And businesses that do not start planning 12 to 18 months out may find themselves forced into an unsuitable space or paying more than they would have if they had planned ahead, says George J. Pofok, CCIM, SIOR, senior vice president at Cushman & Wakefield/CRESCO Real Estate.

"Very often, businesses wait until the last minute to start looking because they are focused on growing the business," says Pofok.

Smart Business spoke with Pofok about how early planning can increase your odds of a successful business move.

When should a business start to think about a new location when considering a move?

If you're in a lease situation, you want to start looking 12 to 18 months ahead of the expiration of your lease agreement. Part of that depends on the size and type of company; larger companies and specialty niche type companies typically need to be even further ahead, and if you are a smaller manufacturer or office user that occupies 3,000 to 5,000 square feet, you can probably get away with nine to 12 months.

The process may take even longer for new construction, which will involve land acquisition, building design and multiple layers of financing, as well as dealing with the state, county and municipality about building permits, economic incentive and low interest loans.

What should a business be looking for?

You need to have projections on where you

see the growth of the company, both in terms of sales and in where your industry is heading. I would also encourage you to talk with your employees and see how their current space functions, because oftentimes, managers are not in tune with the product flow or distribution flow.

What do you consider about location?

You need to take into account your employees and where they live. Companies are often concerned that if they move from the east side to the west side that they are going to lose valuable employees who live on the east side.

You also want to look at the location of your customer base. You also want to be as close as possible to a prominent freeway so that you can eliminate the downtime of your drivers going to and from your building to the freeway.

How can starting the search early help your negotiating power?

If you wait too long, you can be forced into a making a bad decision. It hurts your leverage and negotiating power with an owner or landlord. This typically happens when a company's lease is expiring or already has expired, and has waited too long to start its search.

If a landlord knows that you need to make a decision soon, the landlord can



GEORGE J. POFOK, CCIM, SIOR
Senior vice president
Cushman & Wakefield/CRESCO Real Estate

(216) 525-1469
gpofok@crescorealestate.com



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stick to his or her numbers. But if you're planning farther ahead, you can negotiate and figure out your needs a little better.

How can an outside expert assist you?

Searching for a new location requires a combination of internal and external expertise. Nobody knows your business better than you, so it is imperative to gather information to provide an internal perspective and share that information with the external service provider. This is a team effort. Making the right real estate move will help the future direction of the company.

The external provider should ask the right questions to help pinpoint your needs. Are you currently feeling any pain? Is there something in your current space that doesn't work for you? For example, are you currently in a 14-foot clear building that prohibits you from keeping additional inventory on hand because you don't have the space? If you move to an 18-foot clear building, can you rack higher and have additional inventory on hand so that your customers don't have to potentially wait for a delivery?

It's really the job of the service provider to set and manage expectations. It is critical to consider all the efficiencies and inefficiencies of a building. ●