Making a move

How to analyze real estate needs when contemplating relocation

SIMON CAPLAN, SIOR
Partner
Cushman & Wakefield/CRESCO Real Estate

(216) 525-1472
scaplan@crescorealestate.com

WEBSITE: For more details on business relocation concerns, visit www.crescorealestate.com.

Insights Real Estate is brought to you by **Cushman & Wakefield/CRESCO Real Estate**

Business owners should start planning at least 12 to 24 months before a potential move and should be thinking not just in terms of years at the new site but in decades, says Simon Caplan, SIOR, a partner with Cushman & Wakefield/CRESCO Real Estate.

"Most established businesses need to start analyzing their needs for a move by adopting a long-range growth estimate of 10 to 20 years, and some manufacturers should contemplate their growth needs for 30 to 40 years," he says.

Smart Business spoke with Caplan about how to determine real estate needs.

Where should a business begin when analyzing its real estate needs?

For an office-oriented organization, there are several questions to answer. How many people are there in each department? How do those people interact with each other? How does each department interact with the others? Growth projections by department should also be reviewed.

Can business owners undertake this analysis on their own?

Most businesses are better off hiring a professional to help them. An outside consultant, working with major input from the owner, management team and key employees, can suggest advice to help develop a working plan for senior management approval.

Let experienced professionals utilize their skills and then submit a plan for the business owner to evaluate and make the ultimate decision. It's far less expensive to do it right upfront.

How can an adviser help analyze needs?

The best consultants interview individuals from multiple levels of the corporate structure in order to elicit varied viewpoints to improve efficiency.

For a manufacturing and assembly business, the consultant should also examine existing manufacturing processes and equipment. The consultant would analyze processes and the space requirements that go with positive change.

If it is a warehouse operation, how are goods received, separated, stored and shipped out? A good professional real estate consultant will ask the right questions and work in conjunction with people at all levels of the business in order to understand needs and maximize results.

How important is it to involve employees at all levels in this process?

It is critical. Owners or upper management often think they know how everything works, but the employee driving the forklift often knows more about a specific procedure than the owner does. He or she may have ideas about how to speed up a process, run things more efficiently or shape something differently.

How does one assess whether leasing or buying is the better option?

For most businesses, growth often creates the demand to relocate, and leasing is the better alternative. But a manufacturer or a technology-related business that requires specific and expensive infrastructure is usually better off purchasing.

For some businesses, building may also be an option. The right consultant can help with budgets and compare alternatives. Building from scratch is expensive, therefore, most build-to-suits are done by manufacturers who need specific amenities and can't find that perfect facility.

Does the process take a long time?

The bigger the move, the more important it is to think the plan out logically. Depending on the size and purpose, the process should begin 12 to 36 months ahead of the move. Even if it is just a case of moving office space, the search process to identify a new location can take weeks to years.

There's the initial search process, negotiating the offer and the letter of intent. The next step is legalizing it through a purchase or lease agreement. If the business is purchasing, there's a due diligence process, closing and the move itself. All of that takes time.

Companies that can move easily can move more often. But when relocating a major operation, plan for the long term. It is imperative to do it right the first time and invest in the proper resources that result in a seamless process with positive results. ●