



PRO'S AND CON'S OF SINGLE AND MULTI-TENANT SPACE

Many important factors make a business successful, and location is one of them. Businesses looking for a new site should not only consider the street setting but also the space itself and the ability to accommodate the needs of the operation and future growth. There are advantages and disadvantages of being housed in both multi-tenant and single-tenant facilities. Office location will certainly have an impact on the success of your business, it is important to review the potential positive and negative scenarios.

Multi-tenant buildings have more than one tenant, which can provide additional resources and a community support system. However, having neighbors within close proximity can also interfere in day-to-day operations. A single standing building eliminates a number of issues related to space sharing but it can be costly to maintenance and have lower visibility. Before entering into a rental agreement, or purchasing a building, consider all aspects of how either space option will enhance or hinder the overall function the business.

A multi-tenant building has the potential for opportunities to increase business contacts, share ideas, collaborate, and learn from other business owners. There is usually a higher level of traffic within the complex with visiting customers, vendors, suppliers, etc. A location that promotes the companies within to function as a business community will undoubtedly enhance an owner's ability to hire, market, and network so that he or she can meet new customers, peers, and affiliates.

It is not a well-known fact, but 70% of new business that a company receives is through word of mouth. Networking allows occasions to informally and formally discuss the products and services a business offers. It is a way of fostering business people get to know each other and develop collaborating relationships that are beneficial to each other. Knowing the people behind the business on a personal level will naturally provide leads because people like to pass business on to people that they know.

There are also physical attributes associated with establishing a business in a multi-tenant building, which is likely to lead to an economy of scale when comparing operational costs against a single-tenant building. Many multi-tenant buildings provide common areas such as conference rooms, client-waiting areas, vending machines, public restrooms, gyms, manicured outdoor seating areas, as well as the maintenance associated with the entire grounds - inside and outside. Nevertheless, a downside to sharing facility common areas can be the mismanagement of resources. A good management team will insist on strong communication and coordination of scheduling so that common areas are evenly allocated and that the areas essential to a company's vitality, such as loading docks, are accessible to meet the tenants' needs.

A single-tenant building typically requires a longer commitment for a business rather than a multi-tenant building. A single-tenant lease often runs a minimum of 10 years versus a 1-5 year lease for multi-tenant buildings, which may also offer more flexibility and accommodation with space. However, not having other businesses within arm's reach can be beneficial and eliminate problems associated with operation and production – noise, odors, traffic, and the need for scheduling resources. Single-tenant buildings can also reduce competition with companies that offer similar products or services.

Choosing the situation that best suits the short-term and long-term priorities and goals of the company is something all business owners should greatly consider before engaging in a financial obligation. There are many factors to weigh when considering space, how it will affect the overall operation of the business, strengths and weaknesses, etc. Networking with people who have familiarity with the same profession, trade, or industry is a helpful way to discuss options and gain insight to narrow down the alternatives.

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