

Looking for a Good Location: Buy a Business!



By Brian Madigan LL.B.

One of the most difficult things to find in real estate these days is a good location. All the best spots are already gone.

So, what should you do? You might consider actually buying a business. This way, the location is suitable, and the lease with the Landlord is already structured. In fact, it might be quite favourable.

Let's assume that you wish to set up your own small restaurant or café. The problem that you will face is that if you are looking for an established area, all the restaurant locations are gone. Why not consider something compatible? Look for a coffee shop, a bakery or other food related premises. You might find some, with good terms remaining on their leases. And remember, you now have a guarantor for your new business. You don't need a friend or a relative, you have the former owner. This may be all you need to get into the business.

Then, you will have to evaluate your *costs of conversion*. You took over an old bakery, but you want an upscale restaurant. The kitchen is in place, the washrooms are in place as well as other ancillary services. Also, don't forget about the zoning, it's in place and permits a food related business. You'll have to double check here, but it should work. One word of caution, if you are in a plaza, the owner may have promised that there would only be one restaurant, and you're supposed to be a bakery. So, you still need to do your "due diligence".

Buying an established business can be one of the best opportunities to secure:

- A prime location
- A guarantor for your new business
- Ideal zoning
- Minimum downtime associated with conversion and start up
- Beneficial financing from the vendor

Very often, these basic business opportunities are overlooked, because buyers are either seeking to rent premises directly from the Landlord or expect to carry on with the old business "as is".

Don't miss out on a good location. Buy an old business and convert it!

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