

Cross Border Business Law Blog

## **Resource for Doing Business in the U.S. – Installment #9 – Real Estate**

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One of the things any active investor in the United States almost always needs is a place in which to operate its business. Buying or leasing property can be tricky, however. For example, one can face liabilities by merely becoming a lessee of real property with environmental problems, such as contamination from prior uses. Zoning regulations might not allow a company to use the property as planned. Disputes or judgements associated with real property can create huge headaches for a new owner or tenant, alike.

In looking for a lease, most commercial spaces require some commitment beyond a rental arrangement from month to month. Often they require commitments of five to ten years. Shorter-term arrangements are typically offered because an owner desires flexibility – for example, to sell or tear down a building. Short-term spaces are therefore rarely reliable spaces to invest in setting up operations. They may be ideal if the set-up is not costly, so moving again is not a concern. Likewise, they may be a way to save cost if a foreign investor wants to pursue a project on a trial basis and any physical space that has enough room will suffice. Otherwise, it is likely that someone starting up operations in the United States will be looking for a longer-term lease or real estate to buy. Either leasing or purchasing a property is a significant commitment of resources and time. Picking the right space is essential.

Of course, the first step is to gather information on the following:

- Rental rates or real estate values
- Anticipated business needs
- Likely budget and costs to build a space to suit those needs
- Attitudes of one's business community toward potential locations
- Convenience and suitability of potential locations for contemplated visitors
- Anticipated zoning and neighborhood changes for potential locations

Whatever the choice may be, finding a space isn't an insignificant matter. Mitigating the risks through understanding legal aspects of the deal is therefore also crucial.

Our [next installment](#) in our Doing Business in the U.S. series is a compact guide that provides an overview of must-know requirements and traps of different types of real estate for foreign investors. The old adage “Buyer Beware!” couldn’t hold truer than in the case of real estate transactions. We hope this installment will steer our readers to finding the right space for their businesses.

**Tags:** commercial lease, foreign investors, property purchase, real estate, real estate transactions, real property, zoning regulations