

June 2023

Buy or rent ... let's help you decide!

A couple of weeks ago we talked to you about the similarities and differences between hire purchase and lease purchase. Another question that we often get asked is whether it is best to have a mortgage on or rent a business property. The below gives a brief overview but, as always, we're here to have a chat if you want or need to.

What is a commercial mortgage? It is a type of mortgage that's secured on a property that isn't where you live. They are specifically for business owners and are designed to help you buy a property for your business.

What is a commercial lease? It is a contract made between a business tenant and a landlord where the tenant pays rent each month to use the property for their business.

Commercial Mortgage	Commercial Lease (Rent)
Fixed monthly repayments for up to ten years	Rent increases are the landlord's decision
Larger deposits are normally required and other costs such as stamp duty, legal fees and valuation fees are required	Smaller deposits are required to secure a rental property
As an owner you benefit from the increase in value but you cannot protect yourself from any value decrease	Your landlord will benefit from any increase in the value or the property (or be disadvantaged if the value decreases)
You can make changes to your property without needing a landlord's permission and could even sub-let part of your property	You cannot make changes to your property and may be responsible for repairs depending on the lease terms
You can offset the interest paid against your net profits making the mortgage payments tax deductible	The lease is always a liability (not an asset) and so the rent will not offer you a return

We've helped complete on a number of mortgages for a shop with a flat above (known as semi-commercial), we've completed on a heavy refurb for a derelict farm building and a commercial warehouse where a customer trades their business from, to name a few.

If you're interested in the above then hit reply to this and we'll give you a call in the next couple of days or if you can't wait ring us now on 0345 565 2603.

Best Wishes

BEN & PAUL

* We always recommend seeking advice from your accountant regarding your tax implications.



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