

Title:

Funding For New Commercial Developments

Word Count:

344

Summary:

There's no slow-down in the number of commercial developments, both out-of-town and in city centres. Most commercial development consists of units that are refurbished or newly built and then sub-let to companies. It is this sub-letting that is often the key to obtaining good levels of development finance.

Commercial developments include:

- Office space
- Production areas
- Warehousing
- Leisure facilities
- Retail outlets

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Keywords:

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Article Body:

There's no slow-down in the number of commercial developments, both out-of-town and in city centres. Most commercial development consists of units that are refurbished or newly built and then sub-let to companies. It is this sub-letting that is often the key to obtaining good levels of development finance.

Commercial developments include:

- Office space
- Production areas
- Warehousing
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Anything that houses a business of any type is categorised as a commercial development, and getting funding for these developments can be difficult.

Choosing a specialist finance company can help, but they expect to see detailed plans that show how the development will progress and the type of returns the developer is expecting:

- Use - the finance provider will want to know what uses you are planning for the development as this will have an impact on the chargeable rents.
- Pre-let - it helps if some or all of your development is pre-let as this gives your lender some comfort as to returns and also helps to calculate what those returns will be.
- Sales - if you are planning to sell the whole development to an institutional or long-term investor, you should make this clear to your finance provider. This type of guarantee can encourage providers to lend you a greater percentage of the total cost.
- Project management - finance companies expect commercial developments of any scale to be properly and professionally managed. They will want to see evidence of past successes in this field, or something that suggests that the project team will be able to complete the development on time and on budget.
- Funding levels - the lender will obviously need to know how much money you want to borrow and see evidence of your plan to repay the loan. For this reason it is vital that you have prepared a detailed budget and that you show a forecast return on yours and their investment.

Buying and developing commercial property is not without its hazards, but with the right financial backing, a clear plan and experienced people on the project, a successful commercial development is achievable.