

## Why buy an office condominium?

Often, cost effectiveness is the first factor business owners consider when looking at the real estate for their company. Great news! In today's market, a monthly mortgage payment is virtually always less expensive than a monthly lease payment. Other major factors of buying rather than leasing are:

**Good Investment** - While many other investments are suffering in today's economy, real estate still proves to be a great asset. An office condominium buyer in Scottsdale that purchased a new building in 1999 paid on average \$168 per square foot, fully improved. Today, that condominium would sell for approximately \$210 per square foot. That equates to an average appreciation of almost 8% over the last three years!

**Retirement Plan** - Many small business owners find it difficult to put aside money annually for retirement. Buying office space creates a "built-in" retirement plan. For all intensive purposes, a part of each monthly mortgage payment (pay down on the principal) goes into the owners retirement account as equity in the real estate asset.

**Significant Tax Advantages** - After mortgage interest tax deductions and depreciation write-offs, the annual cost of office ownership is well below the average cost to lease comparable office space.

**Asset Accumulation** - For many service businesses, a life time of successfully operating and building a company does not necessarily amount to a business that can be sold for a worthwhile profit. As discouraging as this may be for many business owners, buying the building the company operates in will create a significant asset. Additionally, an office condominium can become collateral for business loans or lines of credit, avoiding any personal liability for business owners. In most cases, the largest asset a company will have is their office - unless they rent - in the later case, the long term lease obligation is often the biggest liability of the company.

**Prestige** - Owning an office condominium makes a positive statement to customers, and clients. Ownership instills an air of prudence, savvy and wise management of resources. Often, the company name is highly visible within an office condominium project. Certainly, access for visitors is easier than most multi tenant office buildings.

**Residual Rental Income** - Approximately 40% of office condominium buyers in the Valley buy more space than their current need. Some buyers purchase additional space solely to rent out as a long-term investment, yet others buy additional space for future growth plans. A short term lease with a tenant will offset the owner's monthly mortgage until the business is ready to expand.

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