Realtors will tell you that three things determine the value of a property: location, location, and location. Likewise, the location of your business can have a tremendous impact on the bottom line (value) of your business. For both new businesses and those looking to expand, the question is: how do you find the right location?

Before you start your search, know what you can afford to pay for rent. Have a budget. (It should be in your business plan.) Know what qualities you absolutely must have and know what qualities would be nice to have. Your rent should be comparable to similar businesses.

Consider your type of business. Will you provide a service? Will you have a retail business? Will light manufacturing be involved? Service providers who go to the customer (think repairman or web designer) may choose a home-based business. While this rent-free option eliminates the commute to work and the IRS allows some tax deductions, a drawback is that you never really leave work.

Professional service providers whose customers come to them, and who do not count on walk-in business (think accounting or law firms) may find an office building to be appropriate for them. An alternative may be shared office space or an executive suite. Such locations offer short term leases, sometimes renting by the hour, and may provide receptionists, meeting rooms, or photocopying facilities.

Other service providers (think repair shop or beauty salon) have concerns similar to those of retailers who may place a high value on traffic volume or convenience of the location for the customer. When considering the traffic volume, you should also consider your visibility and the traffic pattern. If you’re on a street corner that is too busy, your customers may find it too difficult to get in or out of your parking lot and choose to go to a competing business. Customers appreciate businesses that are easily accessible and have ample parking.

Consider the demographics and trends of the location. If you will be selling surf boards, you may not want to choose an area where the average age is 50. You want to be close to your customers.

Who is your competition? Don’t forget about them. If there is a well-established competitor close by, you might want to consider another location. However, some businesses benefit from locating close similar business. Car dealerships tend to locate close to each other. Retailers locate in malls. Fast-food restaurants are often found in proximity to others. The business cluster becomes a destination for the consumer.

Check the location’s history, current status, and zoning. Ask about the last business in that location. Why did it go away? What is the occupancy rate of nearby sites? Choose a location where the building is in good repair and has the wiring and utilities appropriate for your needs. Keep remodeling to a minimum. Room for future expansion can be a plus. Make sure to choose a location that provides security for both you and your customer.

If your business will require some light manufacturing, you will have different concerns. Unlike service providers who tend to be revenue-focused and seek a location that will increase their revenue, manufacturers tend to be cost-focused and will seek locations that lower their overall costs. Access to infrastructure such as utilities and transportation must be considered. Is it important to locate close to the source of a key supplier or a key customer? Local regulations or tax incentives may influence a manufacturing location decision. An industrial park or business incubator might be appropriate choices.

If you are considering a location for your business, there are numerous online resources. Great places to start are with the Small Business Administration at [www.sba.gov](http://www.sba.gov) or North Carolina’s Small Business and Technology Development Center at [www.sbtdc.org](http://www.sbtdc.org).

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