

Selecting the right location for your business is crucial to success. For many types of businesses, it may actually be the most important factor. When choosing a location for your business, consider easy access for your customers, your space needs, proximity to suppliers, and reasonable expenses, among others. As you can imagine, finding such a place is not always an easy task!

In addition to starting your business on the right foot and encouraging growth, doing your due diligence in selecting the proper location is important for [loan applications](#) and approaching potential business partners.

It can be overwhelming to find all the [proper information to consider in your site selection](#). While there may be additional considerations, our in-depth guide will help you get started with the process.

You can also receive free professional business advice and free or low-cost training from [your local Small Business Development Center](#)!

Resources for Choosing a Location

- Pick your Business Location - [a guide on determinants to consider](#)
- The Factors of a “Good” Location - [exploration of factors that make a “good” location](#)
- How to Choose a Business Location - [walkthrough on steps to take for the selection process](#)
- The Importance of Your Business Location - [why it matters for success](#)
- Choosing a Location for Your Business - [list of considerations for potential business owners](#)
- How to Find the Best Location - [analysis of various considerations](#)

Local Market Demographics

Looking at your [local market's demographics](#) can give you a great glimpse of how many people live in your area, their ages, spending, method of [transportation](#), and many other factors. Be realistic with your search area though; while a business like a [bed and breakfast](#) will attract customers from across your state, country, or even internationally, businesses like a [bakery](#) or a [gym](#) may only realistically draw customers from within a few miles of their location.

To access this data, you can consult your local city or county's website, economic development foundation, as well as resources from the U.S. Census Bureau and U.S. Bureau of Labor Statistics:

- [Data.Census.Gov](#) - the main tool used to access official Census data for your area
 - [How to Use Data.Census.Gov](#)
- [Consumer Spending Reports](#) - The Bureau of Labor Statistics tracks and publishes consumer spending on various categories
 - [All Consumer Expenditure Data](#) - Some data sources require specialized software
- [Census Business Builder](#) - tool for basic mapping of demographic and spending information

Competitors

In most cases, a great location for your business is generally located away from areas with a lot of competition to avoid losing potential customers. Make sure to consider all the local competition around your location, both direct and indirect - although you may run a [pizzeria](#), you also have to consider that you likely compete with all other types of [restaurants](#), not just other [fast food establishments](#).

Furthermore, some paid databases will standardize and compile competitor information for you, but also consider the resources below available at low or no cost:

- [Yelp](#) - one of the largest and most well-known local business directories

- [Superpages](#) - an online search tool for finding local businesses
- [Thomasnet](#) - primarily manufacturing and wholesale companies
- [Manta](#) - small business search directory
- [How to Find Local Competitors](#) - methods to locate local competitors online

Local Taxes

In addition to important local taxes, the growth of [online retail](#) and increasing connectivity worldwide has led governments to refine and strengthen rules around taxes and how they are applied.

Especially if your business is selling across state lines, make sure to understand how [taxes](#) are applied on both the seller's and buyer's location. Consulting with a tax professional is recommended to ensure you meet all requirements.

- [Credits and deductions for businesses](#) - Federal government tax incentives
- [Origin and Destination Sales Tax Collection](#) - a guide to consider especially when selling

across state lines

- [Sales Tax Nexus Guide by State](#)
- [Economic Nexus State by State Chart](#)

Utilities

As a part of your recurring operational costs, utilities are a crucial consideration for choosing a location. [Utilities](#) needed for a small business include electricity, gas, water, and communication services. Restaurants will need heating and water, [online businesses](#) will need fast and stable internet service, and just about all customer facing brick and mortar establishments will need climate control.

Additionally, since costs of various utilities differ by provider, make sure to budget a reasonable amount and shop around for other providers if local conditions allow you to choose your provider.

- [How to Estimate Utility Costs for a Business](#)
- [How to Shop for Electricity Providers](#)
- [Business Utility Providers by Zip Code](#)

Relocation Incentives for Choosing a Location

When choosing a location, local and state government agencies may often provide relocation incentives in the form of tax abatements, grants, utility savings, or low interest loans on the condition that a certain number of jobs are created or a certain amount of money is spent/invested in the community.

Local and state economic development associations have access to these programs and can review if they are applicable to your situation. Consult the lists of state agencies below and check with your city or county's economic development agency.

- [U.S. Economic Development Directory](#) - a list of economic development organizations

organized by state

- [Economic Development Directory in the United States](#) - an additional resource for finding local development associations

Site Selection Tools for Choosing a Location

Various tools exist that can help you obtain information about a potential business location, often referred to as “[business intelligence](#)” or “[site selection](#)” tools. In many cases, access to them can be extremely cost prohibitive.

However, through [your local SBDC](#) advisor, SBDCNet can provide customized reports on a location you are considering. The benefits of these reports are they are easy to read, informative, present a comprehensive view of a location/market, and can be presented to any potential party to show you’ve done your due diligence.

Traffic Counts

Considering the number of people who pass by your business location on a daily basis can help you get an idea of the number of potential customers in the area. Many private companies can set up a road survey for you at a high cost but also consider checking with your state's [Department of Transportation](#). Most states track and publish data on major roads and some larger cities collect data on their own streets as well.

Through your SBDC advisor's request, SBDCNet can map available traffic estimates from these public sources into an easy to read map.

Information for Franchises

If you are considering starting a franchise location for business, you will likely be given an assigned territory for your operations. According to [Chron](#), more than 90% of franchises use some type of exclusive territory system for their locations. Although there are many different terms and conditions regarding territories and how they are handled, as a good rule of thumb, territories limit the amount of internal competition your [franchisor](#) will allow in the area. Consult your franchise agreement for more information.

- [Franchise Guide](#) - our comprehensive guide to learn more about Franchises.
- The Secret to Small Franchise Territories - success tips for franchisees [who may not be located in optimal territories](#)

- What you Need to Know about Choosing a Franchise Territory - [navigating franchise territories](#)
- Understanding Key Aspects of Franchise Territories - location considerations [for your potential franchisor agreement](#)
- Understanding Exclusive Territory - [how territories are defined and the types you may encounter](#)

Additional Small Business Resources

Already in business or thinking about starting your own small business? Check out our [small business resources](#):

- View more small business help topics here: [Small Business Information Center](#)
- View our business reports here: [Small Business Snapshots](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)
- View our small business cybersecurity resources here: [Cybersecurity](#)
- View our pandemic business resources here: [COVID-19 Publications](#)

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