

Residential and commercial property: key differences

Both commercial residential properties are real estate assets but differ in various ways, starting from their purpose. Residential property is meant for living. Whereas a commercial property is a space for businesses to operate. They differ in cost, income potential, risk, regulations and financing options.

Purpose and usage:

Residential: properties meant for people to live in, be it individuals or families. they include houses, villas, flats, condos, and apartments. They offer living spaces and focus on comfort, amenities and privacy.

Commercial: PROPERTIES DESIGNED FOR BUSINESS ACTIVITIES AND THEIR customer interactions. These include shops, shopping complexes, hotels, malls and warehouses. these buildings focus on work, storage, services and customers.

INVESTMENT COST: houses and apartments have a lower investment cost compared to commercial properties. A property meant for commercial purposes may need a higher spend for setup, interiors and upkeep.

Financing and loans:

Loans for residential spaces

- Lower interest rates
- Lower down payment
- Longer repayment periods (15 to 30 years)
- Easy approval process

Commercials property loans

- Higher interest rates
- Higher down payment
- Shorter repayment periods (5 to 10 years)

Approval depends on income generation potential