



## **SCORE column: Subleasing may be good option for entrepreneurs**

The recession provided one area of opportunity for small business start-ups as larger companies downsized. That created extra space, and for some entrepreneurs, the opportunity to lease some of that space at an affordable rate.

Attorney Jonathan Olson, a volunteer with the Green Bay SCORE Chapter, was expanding from a home office and looking for space when he saw the perfect opportunity. He was one of the speakers at a recent SCORE seminar on Innovative Locations for Your Business.

He located in a shared office space that included a financial planner and commercial realtor. For businesses thinking of co-locating, it is important to have businesses that compliment each other.

Olson said, "You don't want to be with a direct competitor, but it's fine to be with a similar business as long as you have your own niche. When the mix is good, you can refer business back and forth, discuss business ideas and have good social interaction"

The social aspects are one of many reasons for home office businesses to relocate. There are a number of other issues to consider as well. Olson says that it's important to look at the master lease and know the terms of that agreement. If subleasing is allowed, the new tenant typically needs landlord approval and is bound to the terms of the original agreement.

Some factors to address include: parking, location, security, hours of access, mail delivery and the ability to get your own address, privacy, conference room and bathroom access, cleaning, telephone and internet availability and additional charges under the master lease.

"Get to know the person you're leasing from and ask questions," Olson advised. "Is my office secure? Will the people around you recognize your need for privacy? What are the terms of the sublease agreement?"

Olson says to get the agreement in writing because oral leases rely on faulty memories and can result in problems down the road. A sub-tenant should never be held liable for missed payments under the master lease and should beware of anyone who asks for a personal guarantee.

For Olson, the arrangement worked well. His business has been expanding, and with a need for more space he is now the leaseholder with sub-tenants of his own. With the right blend of tenants, it's a win-win situation.

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