

START-UP SEEKING SPACE FOR SUBLEASE

How Start-ups Can Benefit From Subleasing



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Maine is the home to a plethora of creative minds—entrepreneurs, artists, techies, chefs—it’s a melting pot of talent from all facets nestled comfortably in the northeast corner of New England. With these creative minds comes new and interesting business ventures, ventures that need space to do all of this creating.

Your start-up may not need office space right away. Starting small and concentrating on a foundation makes sense, and for that, maybe you work off of a stool at Bard Coffee or a co-working space downtown, but no matter how enticing endless coffee may be, that stool or single desk can’t be the end game. There comes a time when office space becomes a necessity. Therein lies the challenging question: where do you go next?

But where to go isn’t the only question. How fast will you grow? How many employees with you hire in year one? How about year two? Do you need a meeting space or just desk space? What sort of culture are you looking to build and how will your office environment impact that? In the world of startups and small businesses, there are a lot of unknowns up front. When facing these unknowns, a smart solution is subleasing space.

The benefits of subleasing will vary from space to space. The lease term can be one of those benefits for new companies with uncertain futures. Sublandlords will have utilized the space they are subletting upon their lease signing, so they’ve likely occupied the space for a portion of the initial term. If that’s the case, the lease term in a sublease will be shorter than what you’d commit to in a direct lease. For a startup with undefined needs, this flexibility can be of huge benefit. And likely, if the space works out, you’ll have the option to sign a direct lease



with the landlord at the end of the sublease. Also, if the office has been utilized, it's probably turn-key (ready for immediate use)—it may even come furnished.

If your company has never leased space before, you may not know what will work for your business long term. For home buying, you utilize information from previous living situations to help craft an outline of what's important to you—a pretty mantle for the Christmas stockings, lots of big windows, a nice deck for the BBQ would be a bonus. Without having leased office space before, it's difficult to craft that plan. Subleasing can be a safer, shorter trial run. Maybe you thought three offices was plenty, but turns out a conference room would be a huge value you hadn't considered. Is a space downtown all you had hoped, or do the challenges surrounding parking negate the pros?



Subleasing, however, isn't without its own challenges. Any requests that require landlord approval may be delayed as there are two levels they would need to be filtered through (the sublandlord would need to confirm permission with the landlord). Another potential downside is that the sublease likely will not include renewal options, making long-term tenancy in the space more uncertain than with a standard lease. Lastly, tenant perks like access to parking may not be something your sublandlord can offer. It's all about deciding if the benefits outweigh these challenges.

A lot of decisions need to be made up front, but the route of subleasing can allow for a little bit of wiggle room for the real estate newbies, or just the noncommittal. Your local commercial brokers are a great resource that can work with you to fully understand the ins and outs of subleasing and finding a space that will work for your specific needs.

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