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Professional matchmaker Julie Ferman saw revenue go up when she moved her home-based business to an office center.

Renting office space on a budget

Professional centers offer low-cost amenities such as a shared receptionist and conference rooms.

By Cyndia Zwahlen
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Professional matchmaker Julie Ferman, chief executive of Cupid's Coach, used to meet with clients in a hotel lobby or one of a dozen restaurants around town to save them the drive to her home-based office in Westlake Village.

It wasn't always the best choice for clients expected to share personal information for their dating profiles, but like many start-up founders she was pinching pennies and testing her concept.

Ferman spent the time between appointments trying to work in her parked car.

Seven years after her 2000 launch, she knew she had outgrown the home office-public spaces juggling act that so many small firms do. She needed an outside office but wasn't ready to commit dollars to a traditional, long-term lease.

Her solution: a baby step that's becoming increasingly popular with small businesses. She rented a tiny office in a Barrister Executive Suites Inc. office center in Westlake Village. All of a sudden she had a receptionist, telephone answering service and business address, which she shared with others at the center.

"Instantly revenues started to pick up. It was a much more professional environment, so people took the business much more seriously," Ferman said.

Last year, she left and moved into her own corporate office and added an office with shared facilities in Brentwood where she's about to move down the hall to a smaller office.

"You've got great flexibility and can bounce around," Ferman said. "I love everything except the price of the parking."

Demand for serviced office space at Southern California business centers and executive suites is up as businesses large and small search for ways to weather the uncertain duration and severity of the recession.

Most businesses "are growing or contracting constantly in today's environment, and signing shorter-term leases in more of an office hotel concept gives those companies flexibility as needed," said Thad Pittman, president of Corporate Office Centers Inc. of Arlington, Texas, which has six of its 26 locations in Southern California.

At rival Regus, the Luxembourg industry giant with 1,000 locations, including 30 in Southern California, inquiries about office space are up 35% so far this year, compared with November and December's lull, said Sande Gorgart, regional vice president based in Portland, Ore.

"Right now everyone is really risk-averse, and this is a really risk-averse option," he said.

In Los Angeles, Regus has seen a 4% jump in new business in January compared with year-earlier levels, according to Michelle Prentiss, regional director.

"Small businesses understand that there are alternatives to just sitting and working at home," she said.

Space at these office centers can range from a small, one-person private office to rooms for bigger projects. Rent can start around \$250 for a basic space. Amenities are extra.

For example, Ferman's amenities include \$30 a month for access to the beverage-stocked break room, \$100 a month for telephone service plus \$50 a month for unlimited long distance. The Internet connection costs extra. And parking is \$230 a month for two spaces.

"It ends up being almost 50% more" than the \$2,000 rent, she said. "But it's Brentwood, and they are covering reception and staffing all the things you have to do in an office building."

Total cost of her 350-square-foot, high-end Brentwood office, including amenities, is about \$8 per square foot, or \$3,000 a month.

Antione Turner, president of financial consulting firm Wealth Concepts Inc., started his business in 2003 in a traditional leased space in Torrance. The \$8,000 monthly tab, including overhead, for the 2,200-square-foot space sent him out the door after a six-month trial period.

He rented space with shared services in El Segundo for his business. "It really cut down on our overhead and allowed us to remain lean," Turner said.

For those who don't need to rent office space at all, many companies offer virtual office services. These can include mail service at a real business address, telephone service and use of a conference room. Prices can start around \$80 a month for mail-only service, depending on the location.

Industrywide, there has been a notable surge in demand from businesses in the last six months, said Carrie Gates, vice president of leasing and marketing at Barrister Executive Suites in Los Angeles, which has 23 locations in Southern California.

Many businesses "don't know where the market or their business will be in six to 12 months and don't want to lock themselves into" higher lease rates, said Gates, also president of the Office Business Centers Alliance International trade group.

These spaces are not for everyone. Some businesses need more permanent headquarters, more room to expand, full-time support services and more privacy for conducting business.

There is also the concern that a shady business might find it easy to set up shop at an office center address, although operators insist that is rare.

Some small businesses that try the office center concept discover the arrangement is not a good fit.

Tier One Tutors Inc. of Van Nuys spent a year at the upscale suites of Corporate Office Center in Glendale. After a few years as a home-based business, the 2004 start-up was looking for a more professional work environment.

"The rationale was to have access to conference room facilities, not have to worry about furnishing our own place and to create an atmosphere of professionalism," said Brian Mupo, who owns the academic and SAT preparation firm with Steve Dorfman.

They paid \$3,200 for three offices, including a large four-person space.

As the owners got a better handle on their business, they realized they didn't need the amenities. Tutoring is done in clients' homes. And although the company needed a place to train tutors, "they don't need to come, necessarily, and see a \$25,000 conference table," Mupo said.

He recommends small businesses be bold about negotiating with center managers. "A word of advice," he said. "They are willing to deal."

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