

# LAW WEEK

## COLORADO

### LEARNING TO SHARE

*Denver’s market for lawyers-only coworking spaces is beginning to mature*

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LAW WEEK COLORADO

After several years running, lawyers-only coworking spaces are no longer just an experiment. They’ve since filled a niche for many solos and small firms, especially those who have grown tired of the operational drudgery of running a law practice but want to stay independent.

“You don’t need to worry about paying the internet bill or the utilities,” said Siddhartha Rathod. “You can just focus on being a lawyer.” Rathod and his civil rights and employment law firm, Rathod Mohamedbhai, run Laundry on Lawrence in Denver’s RiNo neighborhood. The space, named for its former life as commercial laundry facility, began offering coworking space dedicated to attorneys in 2016. It houses about 30 attorneys, including intellectual property firm Bradford LTD, and just under 40 attorneys when including Rathod Mohamedbhai’s lawyers.

Laundry is growing again. Rathod said it plans to add another floor with 11 new offices, additional meeting

space and a conference room. This comes after having remodeled the building’s exterior and built more suites.

“We have a full-time master carpenter on staff, and I think he has good job security,” he said.

While Laundry has the industrial aesthetic that’s become a recognizable trait of coworking spaces, it’s less typical in the way it doesn’t offer “hot desking,” or workspaces on a rotating or as-needed basis. Rathod said that’s so tenants “get all the benefits of the big firm without any conflicts.” While that does make a lease at Laundry relatively more expensive, Rathod said Laundry has motto about the tradeoff: “If you can’t make your rent from your internal referrals in this building, this probably isn’t the place for you.”

**Making it Work for Attorneys**

The Colorado Supreme Court gives the O.K. to attorneys sharing spaces, as long as they take care to avoid some potential hazards. In Formal Opinion 89, which got its latest revision in March 2018, the court says “lawyers should be vigilant

about the ethical issues inherent in office-sharing situations, particularly conflicts of interest, protection of information related to the representation of a client, and the potential for misleading clients and others.”

Technology has helped attorneys keep client information private in a coworking space, such as printers that require individual security codes



LawBank, opened in 2013 with its space on Colorado Boulevard, now leases to attorney tenants in three Denver locations. / LAW WEEK FILE



STARTUPS/BUSINESS

or keycards to access. Working exclusively around other lawyers can help, too, said Jay Kamlet, founder of legal coworking space company LawBank.

“It helps maintain the lawyers’ ethics a lot more when you’re exclusively a lawyer-related space versus a community of multiple professions or uses in the same space,” Kamlet said. At a mixed-profession office, attorneys often have to share space with other professionals who aren’t so conscientious about their voices or the topics they discuss around others, he added.

LawBank was an early entry in the lawyers-only coworking market when it first leased to tenants in 2013. It now leases out of three Denver locations, including a recent one downtown.

Leasing at a mixed space like WeWork is often cheaper than a lawyers-only office, Kamlet acknowledged. But then lawyers don’t have the benefit of as many referral sources and co-counseling opportunities within those walls, he said. Currently Law Bank is working on a tool to help tenants track exactly how much they’re making off Law Bank-generated work as a way to show the space’s ROI.

Seeing the Complexities

Another legal coworking space that had opened in RiNo, ESQLegal, sold off its location as of the beginning of the year. ESQLegal, which opened in late 2017, was a lawyers-only space more in the mold of the suite-less WeWork open setting, which had its caveats. Founder Yev Muchnik said she’d seen an “exit opportunity” and left the physical coworking market after “seeing the complexities” of running one — “and doing it solo without any kind of funding or backing, which was actually one of the main downfalls,” she added.

Muchnik, who also has a solo practice focusing on startups and blockchain technology, plans to pivot ESQLegal to a service that provides branding and marketing support to solos and small firms.

With a hot desk arrangement like ESQLegal had, it was hard to accommodate all of the tenants’ needs for

conference room availability or sound-proof booths for phone calls. Voices also tended to carry more easily in its warehouse space. But take away the hot desk model, then “it’s not so much coworking” anymore, Muchnik said.

Despite its drawbacks, Muchnik did see some positives with lawyer-only coworking model: support, mentorship and referrals. “If you’re having a tough day, you go into somebody’s office, and they can commiserate with you in a way that somebody who’s building a shoe company can’t.”

Lawyer-only coworking spaces increase the risk, in theory, that an attorney will be sharing space with direct competitors. That’s something the space-owners actively work to avoid.

“I’m the gatekeeper,” Kamlet said. “I don’t want 10 personal injury lawyers and 10 criminal defense lawyers.” At one point he had too many trust and estate lawyers in a space and held off on leasing to any more, he added. But it’s difficult to avoid practice overlaps when filling a sizable coworking space with attorneys. Kamlet said he tries to establish different hierarchies of expertise among tenants with similar practice areas, who have different levels of experience or bill at different tiers. He wants attorneys with similar practices to be able to cross refer.

“I’m fostering an ecosystem where lawyers are going to have the opportunity to come together and work together,” Kamlet said.

One challenge in running a coworking space, whether it’s lawyers-only or not, is spending the capital to acquire the space on a speculative basis, and then having to wait for tenants to fill it. “If you build it, they will come — eventually,” Kamlet said. To get lawyers to stay requires building the right culture, he added, and “the problem with that is it’s very expensive to build that space and wait until the attorneys start to get it.”

Trying out a new business model, LawBank has expanded to a third location — within the walls of a 17th Street firm. LawBank is working out deals with firms to fill the excess space in their offices with solos and small

firms as tenants. Currently LawBank is leasing space in the office Fennemore Craig occupies at the Wells Fargo Tower in downtown Denver.

The arrangement helps large firms control their overhead, and they can create relationships with small firms and solos, Kamlet said.

Just like in a more typical coworking setup, that arrangement is made viable through technology; the firm maintains separate phone, IT

in Colorado) and is seeking to move out of its Golden Triangle location. Other coworking space closures in the Denver area this year included one at Union Stanley Marketplace and the women-focused Women in Kind.

But industry giant WeWork, which has four locations in Denver, has plans for six more.

“Coworking isn’t going away,” Muchnik said. In the lawyers-only space, the lower overhead and flex-

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— Siddhartha Rathod, cofounder of Laundry on Lawrence

and printer lines from all the LawBank tenants.

Kamlet added that LawBank’s presence can expand or contract at the office according to the firm’s headcount. “Law Bank’s an accordion,” he said. “If they need more space, we just give them back that space.”

As the coworking space market in Denver becomes more saturated, more companies are closing doors. Galvanize, a workspace and tech education company, laid off 27 employees (10

ability remains a draw for small firms and solos with a startup mindset. How companies use that model may look different over time as it adjusts to the specific needs of lawyers, but they will all leverage the community and referral-building aspect.

“There’s definitely an advantage,” Rathod said, “to being able to walk out your door and do the networking right there as opposed to having to drive somewhere else.” •

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Laundry on Lawrence in the RiNo Art District is planning to add another floor with 11 additional offices. / COURTESY PHOTO