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Ten Golden Rules for Selecting Law Office Space

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Selecting law office space has been described as a complicated, time-consuming, potentially expensive foray into a strange world and best left to those who deal with it on a daily basis.

As someone who deals with office space issues on a daily basis, this author knows that the market often seems dictated in equal parts by actual vacancy rates, space under construction, and landlords' overall and usually optimistic perception of the world on any given day. My job is to understand this cocktail and to help clients develop reasonable outcome expectations going in.

Nonetheless, there are certain factors a client can control. To favorably impact your law practice's profitability, observe the following ten golden rules when choosing law office space:

Make Space Needs a Part of the Firm's Business Planning

Your business plan should be a living document, and the real estate section should be updated as your business plans change. Discuss such issues as how your lease term relates to the real estate cycle. Is your space an asset or liability in case of a merger? What are the desirability and the implications of leasing vs. buying space? (This is something many law practices at least consider) Designate a real estate committee to drive this process, and ensure that your business manager is an integral part of this effort. Consider hiring a tenant representative to provide all relevant data, provide the financial analysis, and provide leverage in negotiations when the time comes.

Understand and Quantify Space Requirements

In considering its facility requirement, a firm must grasp and act on numerous criteria that impact the planning and design of its offices. It also needs to understand their client base, their perception of the firm, and to what extent this might influence space decision-making.

Hire a qualified architect to develop a program — a description of quantitative and qualitative data used to develop spatial concepts and the ultimately space plans. This program should specify personnel, support space and amenity requirements, and should illustrate functional adjacencies based on operational work flow and communication. It should also cover issues such as Internet technology, security and document storage and retrieval, and describe the firm's intended image. These factors and the floor plate of the chosen buildings are the underlying bases for a space plan.

Establish Priorities and Criteria

Before you start to look for space, determine the elements most important to your practice and how this relates to your office space. Are your offices a recruiting tool? If you lease high rise rather than low rise space, will the savings be passed on to staff as increased remuneration or to clients as reduced fees? Which matters more and to whom? We recommend a weighted ranking process to gain a consensus on these and numerous other criteria.

Above all, understand what partners expect of the facilities decision and how it will impact them personally. In working with a firm that had difficulty deciding between two mid-rise buildings within five city blocks of each other, I suggested all the partners close their eyes and imagine the following:

You have occupied building A, and each partner now has the \$13 a day savings to spend on lunch every day for the next ten years. With those crisp bills in your pocket, imagine yourself walking past building B on your way to your favorite restaurant and ask yourself, "Did I make the right choice?"

The firm settled ten minutes later on the pricier building and they never looked back. They recently renewed their lease and will continue to occupy the space: 15 going on 25 years.

Thoroughly Survey the Market

Once you have established your budget and other requirements, invite your tenant representative to provide an in-depth search to find what is and will be available within your parameters. You need to know all of your alternatives and not assume anything. In a tight market, there may not be many options that meet your exact requirements. Have a thorough understanding of the market in terms of rents, terms, and tenant improvement allowances. Ideally, identify at least two viable alternatives to serve as a fall back.

Analyze Objectively

The larger your space requirements, the greater the dollars involved in your decision. Be sure to do enough economic analysis of your alternatives to be able to make informed and realistic choices.

Plan to Negotiate from Strength

This is dependent on consensus within the firm. Establish a clear direction, understand alternatives and trade-offs, agree on a real fall back position, and understand the developer's priorities and posture. Are they merchant builders or long term holders? Know what you are willing to give up in order to get what you want. Never bluff. Always be firm and respectful. And be prepared to walk away from the table if necessary.

Tailor your Lease

Every company's needs are different. Take enough time to be sure that the lease document will meet your business objectives and that the intent of the deal is accurately translated into the content of a fair lease document. Make sure you prioritize issues before going to bat with the landlord. In a tight real estate market, they may not be very flexible. In today's tenants' market, you will have their attention.

Monitor Space Build-out

If your space requires extensive construction or remodeling, be sure that the responsibility for the work is clearly designated. For larger projects, designate a project executive and then hire an outside project manager to represent you in dealings with the landlord or developer and in then hiring of a contractor. Your project manager will be familiar with lead times and should coordinate the purchase of equipment, furniture, telephones, and other necessities. And will manage fund disbursements as the project progresses. We prefer to bring a project manager on board prior to lease signing and call on their expertise in writing the work letter.

Plan a Move-in Date and Follow Through

Time is of the essence. The earlier you plan your move, the more efficient the process will be. Don't forget to do a "walk-through" before moving in to make certain that the build-out has been completed according to plan and note any omissions or repairs required on a punch list.

Implement Rule #1 Immediately

Choice of building and location has always had a considerable impact on the way a law firm is viewed by recruits, peers, and clients. Now more than ever, the law firm environment is driven by technology and changes in document handling, as well as a new generation of attorneys and their technological savvy. Even if a move or lease renegotiation isn't in your firm's immediate future, develop contingency plans now to accommodate changing needs later. ■

Paul Suzman is founder of OfficeLease which has been exclusively representing the interests of tenants and buyers for almost 25 years. The firm has assisted numerous law firms and, most recently, the WSBA, with real estate negotiations. Reach Paul at (206) 624-0000 or by e-mail at pauls@officelease.com.