

It's getting tougher for law firms to find choice office space in the metro.
But it is still possible with a little flexibility and a lot of planning.

Trading Spaces

BY BARBARA JONES
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Twin Cities attorneys who are considering moving their offices had better get busy. While metro law firms have benefited from a good office-space rental market in recent years, the winds of change are in the air. Top-end rental space is becoming increasingly hard to find — especially for big firms looking to acquire large chunks of space, according to local real estate brokers.

"The market is quietly getting healthier. The window might be closing for some tenants to lock in," said John McCarthy, a vice president at Bloomington-based United Properties.

Downtown bustling

Downtown Minneapolis, where the largest concentration of law firms can be found, is still largely a tenant's market, but there are definite signs of change, said Brent Erickson, also a vice president with United Properties.

"The more space you need, the more difficult the market," Erickson said.

A law firm looking for, say, 20,000 square feet in an Class A building above the 30th floor might not find what it needs, he said. That high-end space will likely rent for \$25 to \$28 a square foot, he added.

At the same time, many landlords appear to think that now is the time to invest in their buildings to make them as attractive and marketable as possible, Erickson said.

Fifth Street Towers — recently purchased by CB Ellis Investors — provides a good example. The building, which houses many lawyers, recently has had a makeover at the hands of its new owners, according to Reed Christianson, who is a vice president with the company. Called the "Five Star Center," the renovation brings hotel-style amenities — meeting rooms, a fitness center and Wi-Fi (wireless fidelity) access — to the downtown office building. It also has a new restaurant and coffee shop.

Office space at Fifth Street Towers costs about \$23 per square foot. About 30 percent of the building is occupied by law firms, including Leonard, Street and Deinard, Bowman and Brooke, Messerli & Kramer and Parsinen Kaplan Rosberg & Gottlieb. Christianson said space at the facility is available and "ready to go" in increments of 1,000 to 4,000 square feet.

Suburban terrain

Class A space is becoming scarce in the Minneapolis suburbs.

"There are no traditional large areas of Class A space in the southwestern suburbs — Edina, Eden Prairie, Minnetonka and west Bloomington," McCarthy observed. "That's trickling down to Class B, making rental more difficult for everybody."

Some tenants are moving farther south, even as far as Shakopee, McCarthy noted.

"We are seeing a shift. Law firms want to be closer to



The Murnane Brandt law firm recently moved from the Piper Jaffray Tower in St. Paul to Wells Fargo Place. "We absolutely love it. It's one of the best management moves we've made in years," said firm president Daniel Haws. (Photo by Bill Klotz)

their clients, not closer to the courthouse," he said.

New office buildings are being built up at the southwest corner of Hwys. 100 and 494 and in Eden Prairie near Lake Smetana, he added.

St. Paul, surrounding area

Bucking the trend toward a tighter office space market is downtown St. Paul, where numerous opportunities for tenants exist, according to Erik Rapp, a vice president with Welsh Cos. A number of larger law firms that used to be downtown have either left — such as Dorsey & Whitney and Oppenheimer, Wolff and Donnelly — or have gone out of business, such as Doherty Rumble & Butler, he said. Briggs and Morgan still has about 38,000 square feet in St. Paul, but that is a decrease from its former office size of about 56,000 square feet.

There is a great deal of office space that is virtually "move-in ready," said Rapp. Available space includes the First National Bank Building, recently vacated by Briggs, and the Bremer Tower, he said.

The Murnane Brandt law firm recently moved from the Piper Jaffray Tower in St. Paul to Wells Fargo Place. According to Rapp, Wells Fargo Place is in the top-tier of St. Paul office space.

The firm is pleased with the move. "We absolutely love it. It's one of the best management moves we've made in years," said President Daniel Haws.

Haws said the firm needed something fresh and a new image, which the new office provides. It has 30 attorneys on 1 2/3 floors, he said.

The firm did consider moving out of downtown, but nev-

er considered moving to Minneapolis, Haws said.

In the end, the downtown St. Paul connection was important. "It's our roots, our tradition, our people," he said.

Class B space is available in smaller increments in the downtown St. Paul area and some in Lowertown, said Chris Gliedman of CB Richard Ellis. "If you wanted 3,000 square feet, there would be a lot of interest," he said. Rent would likely come to between \$14 and \$17 a square foot, he added.

Suburban St. Paul is a different matter. Gliedman said there are no big blocks of Class A space available in the suburbs — or even outside of downtown.

"There are no new buildings sitting there empty. Nobody's sitting there with space to give away," he said.

St. Paul's Midway area is similarly starting to get tight, he said. The only Class A building in Midway is Court International at University Avenue and Highway 280, and that is nearly 95 percent occupied, Gliedman said.

Plan ahead

The best advice for lawyers and law firms seeking to change space is to plan ahead, according to Erickson.

"There are options available today," he said. "Lawyers should start early in the process developing office space that meets their future business needs. They need to make sure the decisions they make today are in line with their needs in the future."

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