

Dechert

Assignment:

Dechert, one of the largest and most respected law firms in the country, leased approximately 250,000 RSF between two locations in Center City, Philadelphia. Its 15 year old space was obsolete and created significant operational inefficiencies. Retrofitting its existing space would require substantial costs and result in material disruptions to its operations. Dechert needed a real estate solution that would promote its position as a leading national law firm, provide an environment that could support its practice into the 21st century and take advantage of the weakening local real estate market.

Description:

Given the unique dynamics of the Philadelphia real estate market, there were few opportunities for Dechert to relocate to another trophy type building within its required time frame. Moving to a new trophy building would mean paying replacement cost rents when existing product was leasing at a fraction of replacement cost. In addition, to meet Dechert's time frame, a new building would need to be started almost immediately.



Tactix quickly went to work and identified a development site controlled by Amtrak next to 30th Street Station, just outside the core Central Business District. This area had been designated by the Commonwealth of Pennsylvania as a Keystone Opportunity Zone which provides tax incentives for businesses that relocated to this area. The proximity to Amtrak's rail lines and quick accessibility to the airport was ideal for Dechert's burgeoning national practice. Complicating matters were the facts that no deals had previously been done in this zone and the proposed building for this site was not fully designed. Tactix developed sophisticated financial models to assist Dechert in analyzing the impact of the zone's tax benefits. Tactix also helped Dechert negotiate with the City and State to ensure favorable tax treatment within the tax free zone. Further, by helping Dechert assemble and manage a team of design and construction professionals to evaluate the building's design, we were able to negotiate for beneficial changes and upgrades to the building design and systems.

In the end, Tactix helped structure and execute a unique and advantageous outcome that achieved all of Dechert's objectives. Dechert will now be able to consolidate all of its operations into Cira Centre, a new, state of the art 28 story office tower, at a net effective cost that is far cheaper than any other alternatives. Tactix also represented Woodcock Washburn, a nationally recognized intellectual property law firm, as the other anchor tenant at Cira Centre. By creating a collaborative relationship between the two law firms during the lease negotiations, Tactix was able to help both achieve an accelerated construction schedule that accommodated their time constraints.