

Bar Purchases Phoenix Office Building

BY MATTHEW SILVERMAN



ON THE MOVE

WHEN: Moving first quarter of 2005 WHERE: 4201 N. 24th Street, Phoenix

DESCRIPTION: Three-story building, 69,000 square feet

COST: \$8.425 million ANNUAL CASH SAVINGS: \$100,000+



When it's time for your next section or committee meeting, or when you have to conduct business with the State Bar, you will soon head to a different destination. The State Bar will move its Phoenix headquarters during the first quarter of 2005.

The Bar has purchased a three-story building at 4201 N. 24th Street in Phoenix. That's just north of Indian School Road, about four miles and a 10-minute drive from the Bar's current location. The Bar is moving because its 11-year lease is expiring, and it faced a significant increase in its lease costs.

"The purchase of this building puts us in a much better financial position," said State Bar President Chas Wirken. "It allows us to reduce our occupancy costs and build equity by owning a building."

The Bar will pay \$8.4 million for the building and spend up to \$1.3 million for interior improvements. The purchase will be made without using any of the Bar's operating reserves and will not result in an increase in membership dues.


Wirken says purchasing the building will enable the Bar to realize an annual cash savings of more than \$100,000 per year in occupancy costs. It also will allow the Bar to build equity through principal payments of \$334,000 per year.

The Bar will occupy about 60 percent of the building, and the remainder is already leased. Lease payments from tenants will generate income for the State Bar. The Arizona Foundation for Legal Services & Education, the Bar's charitable organization, will be one of those tenants.

The search for a new home started two years ago when the State Bar Board of Governors appointed a building committee to study the Bar's options. Wirken chaired the committee, which consists of real estate lawyers, the Bar's chief financial officer and staff members. The committee engaged financial analysts, space planners and brokers to assist in the process.

After analyzing leasing versus buying and narrowing the choice of buildings, the committee negotiated terms for the purchase of the new building, subject to Board approval. The building underwent a thorough due diligence investigation, and cost estimates were obtained from contractors to verify that necessary office improvements could be completed within budget.

In addition to the financial savings, the Bar also searched for a property that would create a better environment for attorneys, Bar staff members and the public. The Bar is looking to create more efficient office space as well as have more productive meeting rooms and beneficial resources for attorneys. The site contains ample free parking, much of which is covered.

The Bar's Tucson office will continue to operate at its current location and serve the needs of our southern region members. 

Matthew Silverman is the Director of Communications for the State Bar of Arizona.