

tor of the ABA's Legal Technology Resource Center, indicates that what's perhaps most troubling in the report is the decline of practice management software.

"Anecdotally, we hear that the software is overly complex and very expensive. In the last few years," Reach says, "we've seen that the capital investment needed to purchase the product licensing plus support and maintenance, [as well as] to implement and to deploy practice management software, is quite steep in the face of a downward economy and shrinking client base."

"We also know that firms often stop updating their existing software until they are so far behind that the expense to update the software—and possibly associated hardware—is overwhelming," Reach says. "Finally, firms often do not make the time commitment to adequately train attorneys and staff on these powerhouse tools, thus abandoning them as 'shelf-ware.'"

Jack Newton, co-founder and president of Themis Solutions in Vancouver, British Columbia—makers of Clio—says there may be another factor at play: "At Clio we've seen triple-digit year-over-year growth every year since we've launched in 2008. I believe one reason the ABA's ... report has observed a net year-over-year decrease ... is because we are in the midst of a massive shift from on-premise computing to cloud computing. This transition period has caused many firms to put the brakes on spending on traditional software while they evaluate cloud-based alternatives." ■

## SOLOS & SMALL FIRMS

# LET'S MAKE A DEAL

## Small firms find big deals on office space

By Deborah L. Cohen

**John Pankauski used to pay \$1,500 a month** to rent a small office with few amenities.

Today the Florida estate-planning lawyer owns his own office condo overlooking the scenic Intracoastal Waterway in West Palm Beach.

After some \$100,000 in renovations, he and his staff now work in a 2,000-square-foot penthouse, complete with 14-foot ceilings, panoramic views of the water and easy access to restaurants, shops and the courts.

"We own about half the floor right now, and we're going to try to purchase substantially more," says Pankauski, who bought space in the historic Guaranty Building in 2009 as part of a short sale.

"If you're going to be practicing law for 10 or 20 years, purchasing space is one of the most sensible things you can do," says Pankauski, who paid about \$117 a square foot, less than half the price it previously sold for in 2007 at the height of Florida's boom. "It's a good business decision."

The merits of lawyers morphing into commercial landlords are up for debate, and real estate brokers say the decision hinges on factors such as a firm's growth plans, cash flow and tax situation.

### UPSIDE TO THE DOWNTURN

But even when they're not buying, attorneys have been finding it hard to ignore sweet deals on premium office space that can give their practices a welcome facelift in the down economy. The falloff in real estate nationwide has left some smaller firms calling the shots on everything from custom build-outs to free parking.

"It seems that tenants are able to



negotiate their own terms," says Lisa Vari, a family law attorney who recently upgraded her Pittsburgh office, moving into a downtown penthouse location directly across the street from a county courthouse.

Besides doubling space, she now has her own kitchen, file room, balcony and outdoor deck.

"They made concessions on the monthly rent,

agreed to remodeling, agreed to reduce the rentable square footage," says Vari, who also found favorable leasing terms for a Miami location. "The impression that the client gets helps to aid you in showing the client your value."

It's no surprise deals like these abound. Yearly office foreclosure filings throughout the United States more than doubled from 2007 to last year, as reported by the industry research firm RealtyTrac.

And with an uncertain economic picture heading into 2012, it's likely that outsize offerings will be around for a while longer.

Columbus, Ohio-based personal injury and consumer protection lawyer Mark Kitrick didn't wait. He took advantage of a generous leasing opportunity to custom-build an eclectic, eco-friendly office in the suburbs with free parking. The space, designed in the Mondrian style, offers ample light to showcase his art collection.

"The economy helped give us many more options," Kitrick says, noting the calming nature of the space helps put emotionally wrought clients at ease. "We got a lot more space in a spectacular building." ■

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**FOR MORE, SEE** Mark Kitrick's custom-built office space on [ABAJournal.com/magazine](http://ABAJournal.com/magazine)

