



Office-to-Residential Redevelopment

Legal Risks, Contracting Pitfalls & Lessons from Recent U.S. Conversions

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Redevelopment Trivia #1

What is the national office vacancy rate in 2026?

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B: 12.3%

C: 17.7%

D: 24.1%

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Source: Yardi Matrix Office National Report (2026)

Redevelopment Trivia #2

Which city has highest share of adaptive reuse projects as office conversions?

A:
New York

B:
Chicago

C:
Washington
D.C.

D:
Dallas

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Source: RentCafe/Yardi Matrix Conversion Report (2026)

Redevelopment Trivia #3

What is the approximate number of office conversion units nationwide in 2026?

A: 25K

B: 45K

C: 90K

D: 180K

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Source: RentCafe/Yardi Matrix; NFPA Journal (2026)

Executive Summary

Not every office building is
suitable for conversion.
Contract drafting and risk
allocation are critical.

Financing & Incentives

Tax credits

Lender requirements

Clawbacks

Affordability covenants



Case Study: 100 Van Ness

- 1974, 28-story office tower
- Co-owned and co-developed by Emerald Fund and National Real Estate Advisors
- Team
 - National Real Estate Development
 - Solomon Cordwell and Buenz
 - McCARTAN
 - IMEG



100 Van Ness: Success Factors & Lessons

- ~470,000 SF
- 418 Luxury rental apartments
- 20% of rentable units are market rate affordable housing
- Earned a GreenPoint certification due to its adaptive reuse of existing structure



Image Source: San Francisco Business Journal



Image Source: Plant Construction

Case Study: Book Tower Detroit

- 1926 office tower
- Acquired by Bedrock in 2015 after long vacancy.
- Team
 - Bedrock (developer)
 - ODA Architecture
 - Kraemer Design Group
 - Brinker/Christman JV.



Image Source: Bedrock



Image Source: Bedrock

Book Tower: Success Factors & Lessons

- Over \$300M restoration
- ~500,000 SF
- 229 apartments
- 117 ROOST units
- 52,000 SF retail/office
- Lessons
 - Historic-preservation planning
 - Risk allocation
 - Contingency management



Image Source: Bedrock



Image Source: Bedrock

Top Legal Considerations



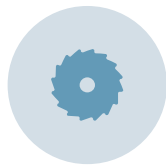
DUE DILIGENCE



ENVIRONMENTAL



HISTORIC
PRESERVATION



CONSTRUCTION



FINANCING



COMPLIANCE

Construction Contract Pitfalls

Scope gaps

Delays

Change orders

Differing site conditions



Case Study: LaSalle Street Conversion Litigation (Chicago)

- Approx. \$184M Loop office-to-residential redevelopment
- Part of Chicago's broader LaSalle Street redevelopment initiative
- Litigation created uncertainty regarding project timing and execution
- Demonstrates that incentives and approvals do not eliminate project risk



Image Source: Chicago DPD



Image Source: DesignBridge

LaSalle Street Litigation: Legal Takeaways

Incentive packages can attract legal challenges

Entitlements are not the end of the risk profile

Financing documents should address litigation delays

Acquisition agreements should include approval-challenge protections

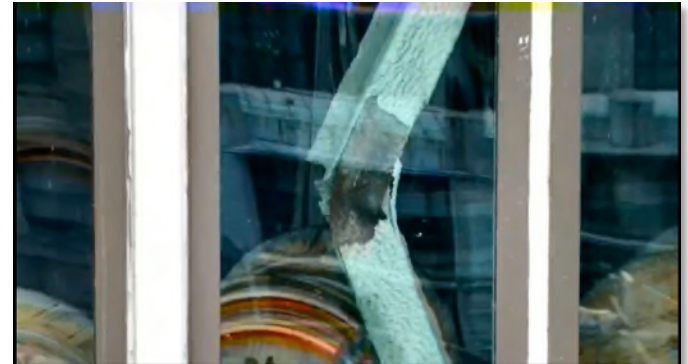
Public-private partnerships require enhanced risk allocation

Case Study: Former Pfizer Headquarters NYC

- Former Pfizer HQ in Midtown Manhattan
- Developers: MetroLoft and David Werner.
- Approx. \$720M project creating ~1,600 apartments.



Image Source: NYFD X



Pfizer Conversion: Risks & Lessons

- 2026 structural incident involving buckled columns and floor sagging.
- Lessons:
 - Constructability risk
 - Engineering diligence
 - Contractor/design coordination
 - Risk allocation.

AP AP News

New York construction scare highlights the challenges of converting offices into housing

NEW YORK (AP) — When two steel columns buckled this week inside the former Pfizer headquarters in midtown Manhattan, the scare prompted...



The New York Times

More Columns Lacked Support in Troubled N.Y.C. Building, Documents Show

The Midtown Manhattan high rise that became dangerously unstable last month had more columns that were missing reinforcements than was...



Marketplace.org

What the near collapse of NYC's Pfizer building means for office conversions

Above, a view of the former Pfizer headquarters, where columns buckled, in New York City on July 7. After fears of a collapse, the building has...



Conversion Feasibility Matrix

Evaluate



- ☐ floor plate
- ☐ fire code
- ☐ utilities
- ☐ structural systems

Contract-Risk Checklist

- ☐ Existing conditions
- ☐ Differing site conditions
- ☐ Code compliance
- ☐ Preservation obligations
- ☐ Incentive compliance
- ☐ Litigation delays
- ☐ Insurance
- ☐ Dispute resolution

Contract Clause Considerations

Differing Site Conditions

Do latent structural conditions, utilities, hazardous materials, or materially different conditions trigger investigation and change-order rights?

Contract Clause Considerations

Historic Preservation & Incentives

- Who bears preservation approval obligations?
- Is the contractor entitled to cost/schedule relief from preservation directives?
- Who ensures tax-credit compliance obligations?

Final Takeaways

Successful conversions
are primarily risk-
management projects.

Thank you!

Any Questions?



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