



Distressed Office Buildings

In markets across the country, downtown cores have contracted and office parks have grown quieter as employers embrace hybrid work environments and tenants decide they need less space. The result is a glut of once-desired commercial office buildings facing converging negative market forces, including decreased tenant demand, higher interest rates and operating costs, pending loan maturities, and constrained capital.

We understand that the current environment presents a unique set of challenges and opportunities for owners and investors, tenants, lenders and bondholders, and new capital providers. Our national team of experienced real estate and finance deal lawyers and litigators, combined with our knowledge of relevant capital and real estate markets, allows us to provide insightful counsel and strategic thinking to help clients analyze the most complex and demanding of situations and structures, protect their interests, and develop and implement clear and effective plans to solve problems and realize opportunities.

Many of the attorneys on our team counseled a wide range of clients through the Great Recession, in many circumstances helping them land in a better position than they once thought possible. That experience enables us to anticipate issues, develop practical solutions to problems, and assist clients in capitalizing on opportunities that arise during challenging times.

Cross-Disciplinary Strength

Ballard Spahr can assemble cross-disciplinary teams with strength in:

- Loan modifications and restructurings
- Project conversion and alternate use strategies
- Loan increases, splits, subordinate financings, and rescue capital transactions
- Guarantor liability analysis
- Enforcement and bankruptcy matters
- Office-tenant related matters, including lease enforcement and tenant bankruptcies
- Tax issues

Representative Matters

- Represented many of the largest lenders, special servicers, and bond trustees in the workout, enforcement, and resolution of a wide-range of loans and projects having an aggregate value well in excess of \$10 billion, including various office and mixed-use projects, involving a wide-range of restructuring and enforcement strategies.
- Represented the trustee for large institutional investment funds as certificate holders in multiple lawsuits arising out of several credit-tenant leases involving a 19-story office building in the heart of downtown San Diego. The lending exposure was in excess of \$130 million. The Ballard team prevailed on summary judgment in one of two related lawsuits, and resolved the second lawsuit, resulting in 100 percent of the principal loan balance (\$130 million) being returned to the lending certificate holders, including default interest, and a 100 percent recoupment of fees and costs.
- Represented a lender in the workout of two cross-collateralized loans having an aggregate principal balance of \$143.5 million. The transaction involved the lender obtaining title to the properties, entering into new leases and extending existing leases, and ultimately selling the properties to third-party purchasers.
- Represented a large national real estate developer in the workout and restructuring of \$450 million in CMBS financing secured by a multiphase, special-use property consisting of over 5 million square feet.
- Represented a private equity company in litigation against Vail Resorts, Inc. and a defaulting borrower in Colorado State District Court stemming from the breach of an \$18 million real estate acquisition and development loan.
- Represented a national bank in litigation against a defaulting commercial borrower in New Mexico Federal District Court, stemming from the breach of a multimillion dollar real estate development loan.
- Handled lease exit disputes across the country involving a variety of property classifications, many of which were favorably resolved prior to litigation.
- Successfully recovered billions in commercial real estate through judicial foreclosure, non-judicial foreclosure, and deeds-in-lieu of foreclosure and receivership actions and in guarantor claims through guaranty enforcement and other legal claims.
- Successfully represented lenders and special servicers in single asset bankruptcy cases across the country.

To learn more about our work, please visit our [Distressed Real Estate page](#).

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