



200 BAKER AVE, CONCORD, MA

CASE STUDY



THE SITUATION

During the late 1990's Lucent Technologies was positioning itself to take advantage of a rapidly growing telecommunications market by aggressively expanding its R&D and production capabilities and acquiring other companies. Before one such acquisition was completed, this smaller target company, Agile Networks, had a requirement to move out of their original 22,000 square foot office in Boxborough. Their product had just hit the market, and their current space was confining their ability to grow. Looking to move to the Route 128 area, their initial projections called for more than 80,000 square feet of space.

THE CHALLENGE

In addition to the many decisions that had to be made with respect to space, this transaction was made more complex by the number of interested parties and (at times) conflicting interests. The target company (to be acquired) had a need to expand rapidly, while being very aware of fiscal and time constraints. The acquiring company (Lucent) had a need to put together the pieces of two different organizations and integrate them as an organized whole. Requirements of the space included finding an acceptable location with flexibility to handle additional expansion while remaining cost effective. The market for available space was shrinking quickly, lease rates were rising, and the window of opportunity for the product was rapidly closing. At risk was considerable market share and millions of dollars in lost revenue.

THE RESPONSE

Our Principal was called to the task of brokering the best possible terms for the client. Initially, he provided both executive management teams with research studies, site-specific information, and alternative location options. Throughout the process, Mr. Lee was called upon to put together building surveys, requests for proposals, letters of intent, and other consultative services. A key turning point was the successful negotiations by Mr. Lee to have the landlord assume all fiscal responsibility for tenant architectural plans, a liberal build-out allowance, and minimal rent for 18,000 square feet of office space during an initial 6 month building renovation period.

THE RESULTS

After only 9 months from commencement of this assignment, a multi-year, multi-million dollar lease was brokered for 90,000 square feet of space. Provisions negotiated within the lease allowed for Lucent to expand within the building into a total of 180,000 square feet during its first year of occupancy. The savings achieved in comparison to Route 128 alternatives totaled approximately \$5M.

21 Worthen Road, Lexington, MA 02421 Tel: 781-676-2990 Fax: 781-676-2991
info@leepartners.com