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New tenant drives courthouse revival

Renovation planned for building left vacant seven years

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WILMINGTON -- Bucking bleak economic times and some pessimistic market sentiment, Newport-based developer Pettinaro Co. has signed a prime tenant for the historic Wilmington courthouse, one of the city's most prominent commercial properties and a notably vacant presence on Rodney Square for seven years.

At the same time, the 15-year deal with big Wilmington law firm Young Conaway Stargatt & Taylor -- which will be the sole tenant for now -- means Pettinaro will put off plans to top the Daniel L. Herrmann Courthouse with a 20-story office building.

"It just made a lot of sense in this economy," said Gregory Pettinaro, CEO of the Pettinaro Co. "So we decided to put on hold our plans for expansion vertically."

Architects will keep the 1916-era building at its current height, adding an extension, parking garage and courtyard to the open rear of the U-shaped structure.

Pettinaro's high-rise vision could return if economic recovery in the years ahead boosts fortunes at the law firm, which is enjoying steady growth as big corporate bankruptcies drive business to Wilmington's nationally respected courts. There's also a possibility that additional tenants could drive expansion through subleasing.

Young Conaway's cadre of lawyers and support workers is scheduled to move to Rodney Square from their Brandywine Building offices in February 2012, when staff levels are expected to have risen from 280 today to more than 300.

"Everything that will be put into it will be brand new, state of the art," said Richard A. Levine, administrative partner with Young Conaway, which celebrates its 50th anniversary this year.

Construction gets under way at the now-gutted 218,000-square-foot building at 10th and King streets later this year.

Outfitting the interior is expected to cost millions, and generate many jobs.

"This is a once-in-a-lifetime opportunity," Levine said. "There's something very special and symbiotic about the relationships between lawyers and courthouses."

He noted that two of the other top city law firms -- Richards, Layton & Finger and Morris Nichols -- both have depictions of the iconic courthouse on their office walls.

"Many of us cut our teeth on cases in that courthouse. It's very exciting to me," said Levine, who has worked at the firm since 1972.

Young Conaway's broad areas of practice include national corporate law, bankruptcy, commercial and intellectual property. Locally, its attorneys focus on employment, environmental, commercial real estate, tort and insurance and business law practices.

"From all of my research, this is the first law firm in the country that's going into an abandoned courthouse," Pettinaro said. "It just seemed like the perfect fit for the law firm and the city."

The deal is a point of pride for Pettinaro, which has been scrambling to capitalize on buying opportunities in today's soft commercial real estate market, while at the same time realizing that economic conditions could complicate the leasing of those new properties.

"I always hoped it would lease fast," Pettinaro said. "I thought it would take longer than this in this economy."

The building was purchased in 2008 from Bank of America after it abandoned plans to occupy it and began scaling back its Wilmington operations after the purchase of MBNA Bank.

"We think it's a wonderful thing for the city to have a vacant building revived right in the dead center of Rodney Square," Levine said. "It really is the heart and center of downtown Wilmington."
