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TODAY'S LEGAL SECTOR

Real Estate Landscape, Market Forces & Legal Strategies

Cresa Research | June 2026

EXECUTIVE SUMMARY

With the pandemic firmly in the rearview mirror, most law firms have established long-term workplace policies and have gained greater clarity around their future occupancy needs. However, the challenges facing the legal industry continue to evolve. Emerging technologies, particularly artificial intelligence (AI), are reshaping how legal work is performed, how firms deploy talent, and how services are delivered to clients. At the same time, law firms face increasing pressure to attract and retain top talent, improve operational efficiency, and remain competitive in a rapidly changing legal marketplace.

As firms navigate these shifts, business strategies and real estate strategies are becoming increasingly interconnected. Decisions regarding growth, technology investment, talent recruitment, geographic expansion, and client service are influencing how firms evaluate their office footprints, workplace design, and location strategies. Rather than viewing real estate as a standalone cost center, leading firms are increasingly leveraging workplace strategy as a tool to support collaboration, mentorship, productivity, and long-term business objectives. Outlined herein are expert predictions, efficiency improvement opportunities, and trends in law firm real estate lease transactions.

Highlights

- The use of AI is starting to become common in law firms. Larger firms are adopting proprietary AI platforms along with governance teams and cybersecurity measures. Meanwhile, smaller firms are focusing on a controlled adoption of AI, relying on vendors, and implementing policies with trusted legal technology platforms. However, it is essential to emphasize the human element is still required to ensure validation and accountability for the final work product.
- After dropping sharply during the first year of the pandemic, U.S. law firm leasing activity has steadily recovered. While the total number of lease transactions remains slightly below pre-pandemic levels, the total square footage transacted surpassed pre-pandemic levels in 2024, indicating larger average lease sizes and continued confidence in the strength of the legal sector.
- Lease transactions over 50,000 square feet for law firms have been varied, with law firms choosing to both contract and expand, emphasizing future space needs are nuanced and directly relate to strategies of individual firms.

Conclusion

Lease and space lexibility is crucial. Incorporating the ability to adjust workplace design and flexible lease clauses can create opportunities to either increase or decrease space as needs change. As technology becomes more reliable and increases efficiency in the legal sector, firms that incorporate scalability and fully embrace these capabilities will be better positioned to capitalize on the benefits. However, with so many unknowns, a firm's leadership has the opportunity to create strategic flexibility within its real estate, allowing the firm to adapt as technology, workforce expectations, and client demands continue to evolve. Firms that align business, talent, and real estate strategies will be in the best position to navigate future change while maintaining a competitive advantage.

Law Firms Are Building for What's Next

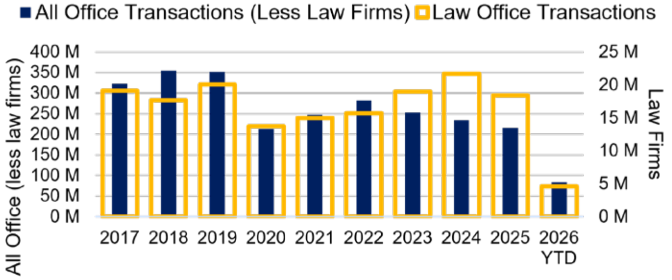
Law firm leasing activity has gained traction over the past four years, distinguishing itself in an otherwise stagnant office market. As leases signed before the pandemic come up for renewal, many firms are taking this opportunity to reevaluate their office space needs. Some are upgrading to higher-quality buildings, while others are modifying their existing office footprints to better align with the current working habits of their attorneys and staff.

Even though legal employment has not grown as quickly as some other knowledge-worker sectors, law firms have continued to add attorneys and support staff. That steady growth has helped keep the legal sector active in the office market. In many cases, firms are not simply looking for more space; they are looking for better space that supports collaboration, training, client service, and employee experience.

At the same time, not every firm is expanding. Some are reducing their footprint or using space more efficiently by decreasing their per attorney space ratios. But even when firms take less space, the quality and design of that space matter more than ever. Thoughtful layouts, flexible meeting areas, expanded technology integration, and both space and building amenities can help firms adapt as work patterns and business needs continue to change.

This activity is reflected in the leasing data. From 2017 to 2019, law firms represented 5.2 percent of total office lease transactions. From 2023 through 2025, that share increased to 7.8 percent, reinforcing the legal sector's strength within the broader US office market.

Lease transactions over 10,000 square feet (2017 – Q1 2026)



2026 Highlights Year-to-Date

Am Law 100

13.1%

Annual Revenue Growth

Annual Law Firm Lease Volume

3.8%

Change in average annual lease volume SF (2017-2019 v 2023-2025)

Average Law Firm Deal Size

11.4%

Change in average deal size by law firms (2017-2019 vs. 2023-2025)

Sources: CoStar and Cresa. Transactions include all transactions over 10,000 square feet.

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SECTION 1

THE LEGAL SECTOR: **EMPLOYMENT**

Translating Legal Job Evolution to Office Efficiency: From Tradition to AI

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7.4%
Legal Sector Job Growth Since 2015

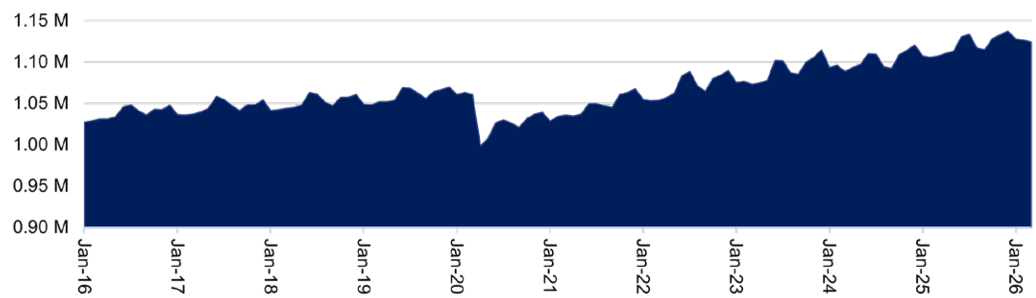
-9.2%
Legal Job Postings Decrease Since the Start of 2015

Legal Sector Workplace Trends

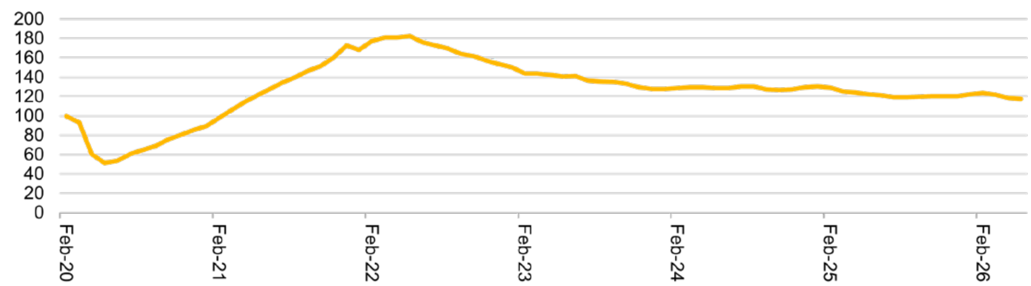
The legal sector has experienced moderate job growth over the past decade, adding 98,800 jobs. This represents a 9.6 percent increase, with an annual compounded growth rate (CAGR) of 9 percent. In comparison, legal service jobs have grown more slowly than typical office jobs, which increased by 12.5 percent over the same period, resulting in a CAGR of 1.3 percent.

Job postings for legal positions surged sharply after COVID-19, but have stabilized over the past three years. In fact, legal job postings have declined by over 9 percent since the beginning of 2025. While some of this decline may be attributed to a slowing economy, a portion can likely be linked to the growing incorporation of AI and overall technology into legal work practices, allowing attorneys and staff to be more effieicent.

Employment:
Offices of Lawyers



Employment:
Legal Job Postings Index



The efficiency of space usage in the legal sector has grown more rapidly than job growth. Although many law firms have reduced their physical footprint, some are still expanding. It's important to note that the overall trend is a decrease in space allocated per attorney, with increased emphasis on common areas, shared spaces, and collaboration zones.

Sources:
Bureau of Labor Statistics, bls.gov/
Indeed, Legal Job Postings on Indeed in the United States [IHLIDXUSTPLEGA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IHLIDXUSTPLEGA, June 8, 2026.

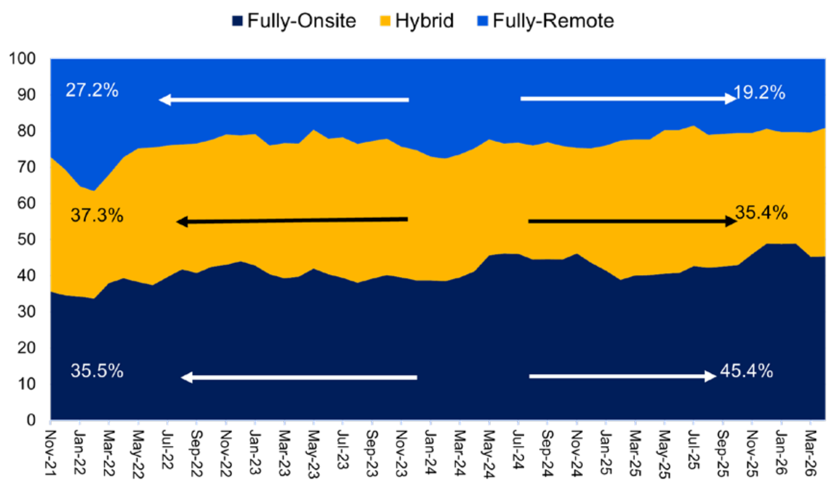
Legal Sector Workplace Trends

Return-to-Work

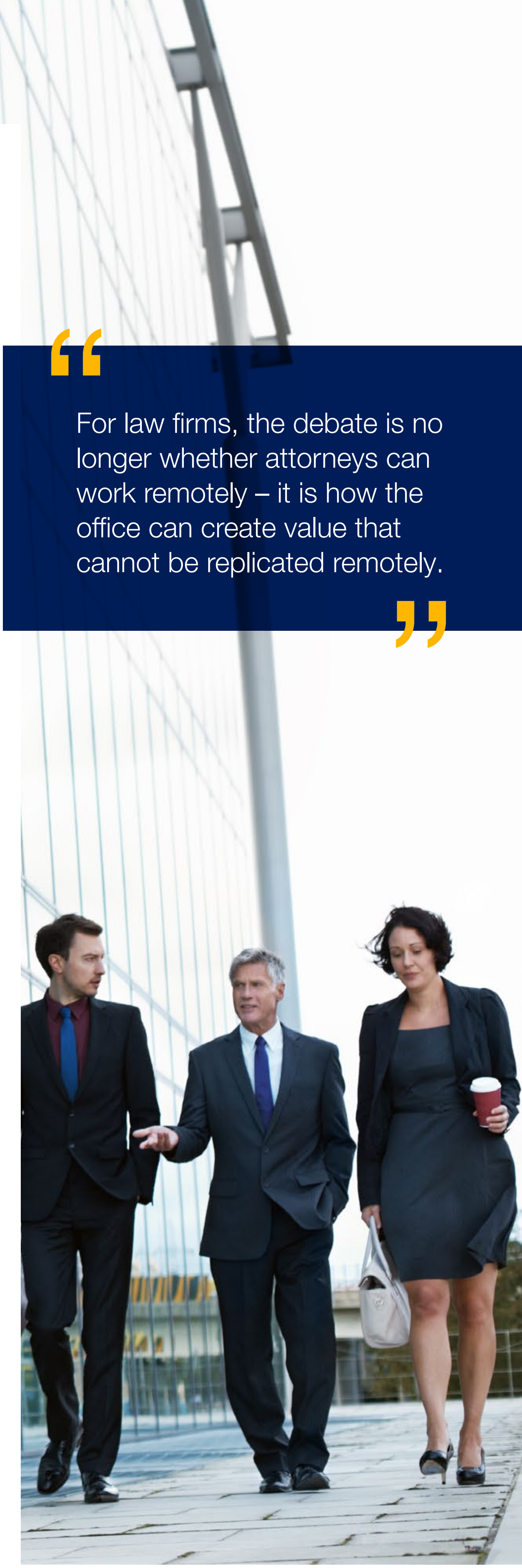
It has been over six years since the national COVID emergency was declared on March 13, 2020, and more than three years since it expired on April 10, 2023. Office-occupiers responded to the pandemic in several ways. The evolution of space use has moved on from widespread remote operations during the pandemic to a more stable hybrid model, characterized by formalized and purposeful office attendance protocols. Return to office policies have varied widely by industry, with many individual companies shifting their requirements over time.

Law firms have generally been more intentional in returning attorneys to the office than many other knowledge industries. For example, Kastle Systems has tracked occupancy for workers in law firms based on badge swipes since 2022. In general, law firm occupancy has been around 10 percent higher than other office industries.[1] It is important to note that the Kastle approach measures who enters the building, rather than how long they stay or how the space is utilized.

Percentage of Workers in the Professional Business Services Industry Able to Work from Home



The chart above illustrates the changes in working arrangements for employees in the professional business services industry who have the option to work from home. Since late 2021, the number of workers who are fully remote has significantly decreased, while the number of employees required to be fully onsite has increased by roughly the same percentage. Meanwhile, the percentage of hybrid workers has remained largely unchanged. However, the data does not reflect how hybrid working arrangements have evolved over the past five years. For example, a hybrid worker who was required to be in the office two days a week in 2022 may now be expected to be onsite four days a week. Although their hybrid status remains the same, the number of days they are required to work in the office has increased.



> “For law firms, the debate is no longer whether attorneys can work remotely – it is how the office can create value that cannot be replicated remotely.”

1. Kastle Systems. Back to Work Barometer. Falls Church, VA: Kastle Systems, accessed March 2026. https://www.kastle.com/safety-wellness/getting-america-back-to-work/

> Recent hiring data indicates firms are increasingly favoring experienced lateral attorneys over entry-level lawyers, with legal technology cited as one contributing factor.

AI in the Legal Sector

AI and Legal Profession: What Occupiers, Law Firm Leaders, and Lawyers Need to Know

Artificial intelligence is rapidly becoming one of the most significant forces reshaping the legal profession since the advent of electronic research databases. While previous technology advancements focused on administrative efficiency, generative AI is directly affecting core legal work. The result is a restructuring of how legal work is performed, staffed, priced, and delivered.

Areas Impacted by AI Tools

- Legal research
- Brief drafting
- Contract review
- Due diligence
- Citation identification
- Knowledge retrieval
- Document summarization

Staffing

Historically, law firms have used the following workflow, but AI may alter leverage models:

PARTNERS **GENERATED** WORK → PARTNERS & ASSOCIATES **EXECUTED** WORK → JUNIOR LAWYERS **LEARNED THROUGH REPETITION**

This shift in staffing raises important questions about: Associate training; Future partner pipelines; Summer associate programs; and Traditional apprenticeship models

Pressure on Billable Hours

Efficiency gains through the implementation of AI are creating tension with the traditional billable-hour model. For instance, a task that may have taken 10 hours of an associate's time can now be completed in 25 percent of the time with the assistance of AI. A report by Thomson Reuters1 has suggested that AI may accelerate a shift toward:

- Value-based pricing
- Fixed fees
- Outcome-based fees
- Subscription legal services

Competitive Differentiation

Leading law firms are transitioning from viewing AI merely as a tool to recognizing it as a strategic asset. This shift requires strong support from leadership and substantial financial investments from the firm. For example, the top-ranked Am Law firm Kirkland & Ellis has announced plans to invest approximately $500 million in developing proprietary AI capabilities aimed at capturing and leveraging the firm's institutional knowledge. While few firms can afford such significant investments, those that fail to adopt and invest in AI technology risk falling behind in the rapidly changing legal landscape. True competitive advantage may increasingly come from combining proprietary legal expertise with AI systems.

Below are a few examples:

- Internal legal knowledge engines
- Firm specific AI models
- AI-enhanced document repositories
- AI-powered client service platforms

Sources:
Bureau of Labor Statistics, bls.gov/
Indeed, Legal Job Postings on Indeed in the United States [IHLIDXUSTPLEGA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IHLIDXUSTPLEGA, June 8, 2026.

> Law firms are embracing AI, but adoption is occurring within increasingly rigorous governance frameworks designed to protect client confidentiality, maintain professional standards, and ensure human accountability for all legal advice and work product.

Source: CoStar, Cresa

AI in the Legal Sector

Risks, Ethics, and Professional Responsibility

While the legal industry has significant potential for AI to greatly enhance efficiency, it also encounters risks associated with the early adoption of new technologies. The largest obstacle to AI adoption is its reliability. Numerous incidents have led courts and regulators to issue warnings about issues such as fabricated citations, hallucinated case law, incorrect legal analyses, and concerns regarding confidentiality. These challenges emphasize the need for attorneys to take responsibility for verifying all work generated by AI.

As a result, law firms are establishing guidelines and policies to hold lawyers accountable for their use of AI tools.[1]

A model that is becoming increasingly relevant for the responsible use of AI in law firms is the "human-in-the-loop" (HITL) framework. This approach emphasizes that while AI can assist with legal tasks, it is essential for a lawyer to review, validate, and ultimately take responsibility for the final work product. This principle is supported by ABA Formal Opinion 512, court guidance, state bar ethics opinions, and the internal policies of law firms regarding AI usage.

Law firms are progressively establishing AI oversight committees, implementing mandatory training programs, and developing written guidelines that address critical issues such as privilege, confidentiality, accuracy, citation verification, and professional responsibility.

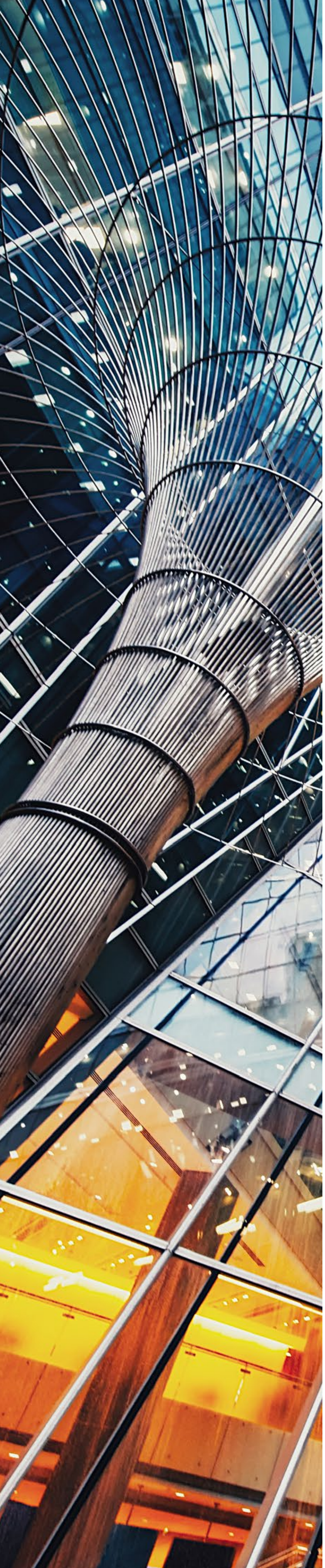
In addition, cybersecurity and data protection have become as crucial as accuracy and ethics in law firms' AI strategies. Many firms restrict the use of public AI tools for client matters unless specific approval is granted. Additionally, firms are adopting technologies that prevent attorneys from uploading privileged documents, personally identifiable information, or confidential client data into authorized AI systems.

New Positions Being Created by AI Adoption

An outcome of AI integration in the legal profession is the entirely new roles being created, while also transforming traditional legal operations. Firms are building multidisciplinary teams that combine legal expertise, technology, cybersecurity, data governance, and innovation.

HIGH GROWTH POSITIONS	REASONS
AI Knowledge Engineers	Structuring knowledge to make AI useful
Legal Prompt Engineers	Specializing in legal research, drafting workflows, AI model behavior
AI Governance & Risk Managers	Expanding ethics and compliance requirements
Legal Operations Professionals	AI deployment stemming through Legal Ops
AI Security Specialists	Protecting client and firm confidentiality
Innovation Directors	Managing transformation

1. Sources and guidance commonly cited by law firms concerning AI usage and workflow
- American Bar Association Formal Opinion 512 (Generative AI)
- Thomson Reuters Institute – Generative AI in Professional Services Report
- International Bar Association AI Guidance and Resources.



AI in the Legal Sector

What The Experts Are Saying

Thomson Reuters (2025) – The Thomson Reuters Institute has found that the adoption of generative AI in the legal profession is growing rapidly, with firms progressing from experimentation to implementation. Their research indicates that legal professionals primarily view AI as a productivity tool rather than as a replacement for lawyers. According to their 2025 report, estimates suggest that lawyers could save nearly 240 hours per year through AI-assisted workflows.[1]

ABA Legal Technology Survey – The ABA's Legal Technology survey found significant growth in AI adoption among law firms, particularly larger firms. The survey highlights increasing use of AI-driven legal research and document review tools as part of broader digital transformation efforts.[2]

LexisNexis Industry Report 2025 – LexisNexis reported a strong acceptance of generative AI among professionals, with more than 80 percent of respondents indicating their willingness to adopt AI. Nearly three-quarters expressed confidence in AI's capabilities. The survey revealed that over 50 percent of respondents saved one to two hours per day using generative AI, while 30 percent reported savings of three to four hours, highlighting a clear return on investment.[3]

Bloomberg Law – The Bloomberg Law State of Practice Survey Report indicates that the adoption of AI is accelerating; however, concerns regarding confidentiality, ethics, and risk management continue to be significant barriers.[4] Additionally, another Bloomberg survey revealed that approximately 63 percent of attorneys reported using AI in some capacity at work.[5] A recent article titled "We Trained 3,000 Layers in Generative AI. Here's What We Learned" highlights that firms are increasingly shifting from experimentation to structured deployment, supported by training and governance.[6]

Bringing It Together

A consistent message emerges from many of these reports and articles: AI is being adopted as a force multiplier for lawyers, but not as a replacement for legal judgment. The industry's focus has shifted from "Should we use AI?" to "How do we govern AI, protect client data, maintain ethical standards, and gain a competitive advantage from it?" Many large firms are investing in proprietary systems, AI governance teams, knowledge engineers, and cybersecurity controls while maintaining strong human oversight of client-facing work. Smaller firms face a different challenge than Am Law firms. Most do not have the resources to build proprietary AI platforms, hire AI governance teams, or employ dedicated cybersecurity professionals. As a result, their approach is generally focused on controlled adoption, vendor reliance, and policy discipline rather than technology ownership, often using public AI tools directly, embedded with trusted legal technology platforms.

Footnotes:
1 Thomson Reuters Institute, 2026 AI in Professional Services Report (Thomson Reuters, February 9, 2026), thomsonreuters.com.
2. American Bar Association, The Legal Industry Report 2025 (American Bar Association, April 28, 2025), https://www.americanbar.org/groups/law_practice/resources/law-technology-today/2025/the-legal-industry-report-2025/. [1]
3. LexisNexis Legal & Professional, 2025 Future of Work Report (LexisNexis, February 11, 2025), https://www.lexisnexis.com
4. Bloomberg Law. 2025 State of Practice Survey Report. Arlington, VA: Bloomberg Industry Group, 2025. Accessed June 2, 2026. Bloomberg Law State of Practice Survey Report
5. Bloomberg Law. "Generative AI in Legal Practice: Who's Using It and How?" Bloomberg Law Analysis. Accessed June 2, 2026. Bloomberg Law Analysis – Generative AI in Legal Practice
6. Bloomberg Law. "We Trained 3,000 Lawyers in Generative AI. Here's What We Learned." Bloomberg Law Legal Exchange. Accessed June 2, 2026. Bloomberg Law Legal Exchange – We Trained 3,000 Lawyers in Generative AI

AI in the Legal Sector

AI Impact on the Legal Sector's Real Estate Decisions

The legal sector is distinguishing itself in the overall recovery of the office real estate market following the easing of pandemic restrictions. The sector has returned to the office more quickly and in larger numbers than many other business sectors. While office space reductions across various industries have typically ranged from 15 to 20 percent, law firms have generally maintained their space requirements both before and after the COVID-19 pandemic. However, the key difference is the legal sector gaining greater space efficencies that accomodate more lawyers and staff in the same square foorage. Our findings indicate that decisions regarding office space have tended to be highly specific to each firm.

Although the legal industry has swiftly adopted AI, this has not yet influenced recent real estate decisions. As there may be unanticipated circumstances, predicting the future impact of space decisions is challenging. Nevertheless, it is important to note that these decisions will be strongly influenced by the size of the firm and its available resources.

For law firms, AI is expected to have a meaningful yet gradual impact on office footprints. Unlike many technology companies, law firms continue to prioritize mentorship, training, collaboration, business development, and client interaction, all of which benefit from in-person environments.

	Short-Term 1-3 Years	Mid-Term 3-5 Years	Long-Term 5+ Years
LARGE FIRMS Am Law 100/200	Limited change in space demand Still emphasize: • Associate training • Mentorship • Culture • Client-facing collaboration	Higher efficiency, different space mix Fewer support functions • Shrinking law libraries • Reduces record storage • Less back-office	Productivity gains, more multidisciplinary roles Shift in leverage model • Reduced associate-to-partner ratios • Fewer entry-level
SMALL FIRMS Local/Regional	Moderate decline in space demand Still emphasize: • More flexible work schedules • Less outsourced • Improve productivity	Higher efficiency, improved workspace design • Improved productivity, without additional staff • AI provides ease of distributed work	Productivity gains, increased merger activity Consolidation • Talent prioritization, particularly mid- to senior-level attorneys

Artificial intelligence is not expected to lead to a near-term decrease in the demand for office space among law firms. Instead, AI is poised to transform the way legal work is conducted, enhancing attorney productivity and emphasizing the importance of collaboration, mentorship, and client engagement. Large firms are likely to continue investing in high-quality office environments that attract talent and foster innovation, while smaller firms may leverage AI to improve efficiency and manage future growth in office space. Over time, the most significant impact on real estate may arise from changes to traditional staffing and leverage models, rather than from remote work or direct reductions in office space.

From the perspective of office occupiers, AI acts as an accelerator for existing trends in law firm workplaces. These trends include a flight to quality, the creation of more efficient and high-performing office layouts, increased collaborative space, and greater investment in technology infrastructure. It is still uncertain whether headcounts will decrease, or if the anticipated efficiencies will allow firms to scale up. Additionally, there will be an increase in roles specifically related to technology and cybersecurity.

Source: CoStar, Cresa

SECTION 2

THE LEGAL SECTOR: **WORKPLACE**

The Workplace Beyond Walls

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Law Firm Workplace Trends

The Workplace Beyond Walls

Legal sector workplace design has been shifting from traditional, office-heavy layouts toward more flexible, hospitality-oriented environments that support collaboration, mentorship, client service, and focused work. Private offices remain an important part of design because of confidentiality, concentration, and attorney work patterns, but they have been decreasing in size. Still, firms are rethinking how much space is dedicated to individual offices versus shared amenities, meeting rooms, client-facing areas, and other spontaneous collaboration spaces.

Law firm offices are anticipated to become more efficient, flexible, and focused on providing a better experience. Recent leasing trends indicate that while some law firms are reducing their physical space, others are expanding it. In both cases, increasing capacity and driving down per attorney space ratios. A common theme among them is the investment in higher-quality spaces that encourage attorneys and staff to work from the office. Successful law firm workplaces will need to strike a balance between the profession's requirements for privacy and hierarchy, while also placing greater emphasis on transparency, equity, collaboration, and the well-being of employees.[1,2]

KEY TAKEAWAYS

The following are some of the takeaways and drivers from leading design firms and law firm operational consultants:

The office is increasingly being designed as a destination for collaboration, mentorship, and culture rather than solely for individual work.

Gensler's 2025 U.S. Legal Workplace Survey found that while focused individual work remains the dominant activity for lawyers, time spent learning, mentoring, and socializing has increased significantly since the pandemic, leading firms to invest more heavily in collaboration areas, training spaces, cafés, and informal meeting environments.[3]

Law firms are pursuing greater space efficiency while preserving privacy and confidentiality.

The legal sector continues to reduce overall square footage per attorney through smaller offices, reduced file storage, and lower support staff ratios. However, unlike many corporate occupiers, most firms still view private offices as critical for client confidentiality, focused work, and attorney status, creating a workplace model that balances efficiency with traditional legal practice requirements.[4]

Technology and workplace flexibility are becoming primary drivers of office design decisions.

Law firms are investing heavily in hybrid meeting technology, workplace analytics, hoteling solutions, and flexible conference environments. Recent law firm workplace surveys indicate that attendance patterns have stabilized well below pre-pandemic levels, prompting firms to redesign offices around intentional in-person experiences rather than assigned workstations.[5]

Sources:
1. Kay Sargent and Daniel Perrin, "The Future of the Law Office," HOK, June 17, 2024, https://www.hok.com/ideas/research/the-future-of-the-law-office/
2. HLW and Ark Workplace Risk, Legal Workplace Strategy Report: The Future of Law Firm Offices (New York: HLW, 2024).
3. Gensler Research Institute, U.S. Legal Workplace Survey 2025.
4. Maptician, Law Firm Workplace Trends 2025.
5. Colleen Wallace (Gensler), Matt Harvey (Cresa), and Julia Desmond (Kirkland & Ellis), panel discussion, "Top Workplace Trends Impacting Law Firms' Bottom Lines," CoreNet Global New England Chapter, Blu Dot Showroom, Boston, MA, June 17, 2025.

Law Firm Workplace Trends

Translating Legal Job Growth to Office Efficiency

A meta-analysis of several sources was conducted to determine the general trends of square feet per attorney over the past decades. The average square feet per attorney is generally dependent on the market, type of law practice, and a host of other factors. While not a hard and fast rule, the timeline below shows how the size per attorney is trending lower.

Timeline of Square Feet Per Attorney Shifts

1990s
800–1,000+ SF (TARGET)

Large partner offices, extensive law libraries, paper file storage. The typical ratio of attorneys to support staff is 2:1.

2010s
650–750 SF (TARGET)

Cost-cutting and densification trends gain momentum. Firms began exploring more efficient layouts and smaller offices.

(PRE-PANDEMIC) **2019**
500–750 SF (TARGET)

The trend of downsizing was on the rise, primarily driven by new leases and advancements in technology that impacted office design.

(POST-PANDEMIC) **2020**
500–700 SF (TARGET)

The pandemic accelerated downsizing and hybrid work, leading to reduced oversized offices and underutilized spaces, while redistributing private areas to common spaces.

2023-2026
500–650 SF (TARGET)

Firms have adopted hybrid policies and are upgrading their spaces in response to the weak office market. Studies indicate that nearly two-thirds plan to allocate 400 to 600 square feet per attorney while downsizing, with more interest in premium, well-amenitized offices. The attorney-to-support-staff ratio is decreasing, now at around 4:1 or 3:1.

Multiple legal industry and workplace research sources indicate that law firms have reduced space utilization significantly over the past two decades. Historical averages of approximately 800–1,000 square feet per attorney have declined to roughly 600–800 square feet today, with many firms targeting 500–750 square feet per attorney in future office planning as digital workflows, reduced support staff ratios, and hybrid work models continue to reshape the legal workplace.

KEY TAKEAWAYS

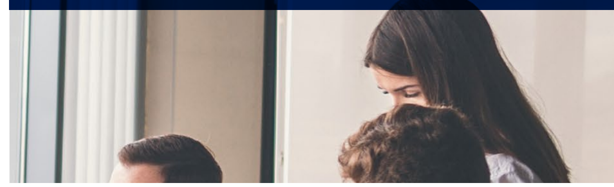
- Square footage per attorney continues to decline
- Technology is reducing administrative staffing needs
- Flexibility and workplace technology are key decision drivers
- Amenities and location are critical for talent attraction and retention
- Workplace quality now outweighs traditional prestige factors in many real estate decisions
- Many firms are redesigning offices for lower occupancy targets, but actual square feet per attorney remain higher due to legacy leases and hybrid work practices.

Sources:
Altman Weil, 2024 Law Firms in Transition Survey.

Gensler Research Institute, U.S. Legal Workplace Survey 2025.
Stantec, "Shrinking Space: Post-Pandemic Law Firm Offices Are Smaller and More Communal," 2024.

Interior Architects, "Law Firm Metrics: The Story Behind Some Key Numbers."
Association of Legal Administrators (ALA)

> The legal workplace is increasingly viewed as a destination for collaboration, mentorship, and client engagement rather than a place solely for individual work.
> -Gensler



Law Firm Workplace Trends

Trends in Law Firm Workplace Design

Over time, the way lawyers work has evolved, influenced by technology and external factors. According to the Gensler U.S. Legal Workplace Survey, working alone remains the most common work mode, but its prevalence has decreased over the past decade, particularly accelerated by the pandemic. As a result, attorneys are spending more time working together, both in person and virtually. Additionally, there has been a notable increase in professional development and socializing. This trend is consistent across all levels of attorneys and reflects a greater emphasis on collaboration and employee development.

Gensler U.S. Legal Workplace Survey 2025
How Lawyers Allocate Time in the Office has Shifted

	2013	2016	2019	Feb 2020 Start of Pandemic	2022	2025
Working Alone	62%	55%	53%	58%	40%	41%
Working with Others in Person	12%	26%	27%	23%	26%	25%
Working with Others Virtually	6%	12%	11%	11%	13%	14%
Learning/Professional Development	4%	3%	4%	4%	10%	12%
Socializing/ Networking	6%	4%	5%	4%	11%	9%

Sources:
Gensler Research Institute, U.S. Legal Workplace Survey 2025.

Legal Sector Business Trends

Mergers & Acquisitions

Law firm mergers have increased dramatically as firms seek greater scale, geographic reach, and technological capabilities in a competitive legal marketplace. Looking ahead, consolidation is expected to continue as a key growth strategy, especially among regional and mid-sized firms that are dealing with rising operating costs and clients' demands for broader service offerings. For these firms, such mergers are likely to drive ongoing optimization of office portfolios, workplace modernization, and targeted investments in high-quality office environments that promote talent attraction, collaboration, and client engagement.

Below are notable law firm mergers (completed or announced)

Year	Firms	Status	Strategic Rationale
2026 (expected)	Hogan Lovells + Cadwalader	Announced	Would create one of the largest law firms globally, strengthening New York and financial services capabilities.
2025	Herbert Smith Freehills + Kramer Levin	Completed	Strengthened U.S. presence and created a larger transatlantic platform.
2025	Troutman Pepper + Locke Lord	Completed	Created one of the 50 largest U.S. law firms, expanding national reach and sector expertise.
2024	Allen & Overy + Shearman & Sterling (A&O Shearman)	Completed	One of the largest global legal mergers, creating a firm with approximately 49 offices worldwide.

Private Equity in the Legal Sector

Private equity is becoming increasingly influential within the broader legal services sector, particularly through investments in legal technology, alternative legal service providers, and litigation support businesses. While ownership restrictions continue to limit direct investment in most U.S. law firms, growing capital investment is accelerating industry consolidation, technology adoption, and operational modernization. Over time, these trends may reshape how legal services are delivered and influence law firms' workforce, technology, and real estate strategies. The following are potential implications of PE in the legal sector:

Consolidation and Professionalization across legal services:

PE-backed firms are actively acquiring legal technology companies, e-discovery providers, litigation support firms, and specialized legal services businesses.

Technology investment is becoming a competitive differentiator.

PE capital is accelerating investment in AI, workflow automation, contract management, and legal operations platforms. The result may influence staffing models, support ratios, workplace design, and long-term office requirements.

Alternative Business Structures (ABS) may expand over time.

Although U.S. law firms largely remain restricted from non-lawyer ownership, growing capital investment is accelerating industry consolidation, technology adoption, and operational modernization.

Private Equity: Occupier-Relevant Insights

- Greater pressure to improve operational efficiency and productivity
- Increased consolidation and geographic expansion
- Continued investment in workplace quality and talent attraction

"Private capital is accelerating change across the legal sector, increasing pressure on firms to improve productivity while continuing to compete for top talent."

Sources:
Thomson Reuters Institute, Georgetown Law Center on Ethics and the Legal Profession, and Saïd Business School, University of Oxford. Alternative Legal Services Providers 2025. Toronto: Thomson Reuters Institute, 2025.

Thomson Reuters Institute and the Center on Ethics and the Legal Profession at Georgetown Law. 2025 Report on the State of the U.S. Legal Market. Washington, DC: Georgetown Law, 2025.

Altman Weil, Inc. 2024 Law Firms in Transition Survey. Newtown Square, PA: Altman Weil, 2024.

SECTION 3

THE LEGAL SECTOR: **CLASS A OFFICE TRENDS**

Class A Office Market:
Real Estate Trends To Date (2026)

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OFFICE MARKET TRENDS: CLASS A

Office Snapshot

Class A office spaces within metropolitan areas have performed in distinctive ways. The table below shows the change in market performance over the past twelve months. The highlighted cells indicate that each geographic area has performed during that time. **While all areas are improving, suburban and urban areas are outperforming CBD areas.**

CLASS A	CBD			URBAN			SUBURBAN		
	Q1 2026	Q1 2025	Change	Q1 2026	Q1 2025	Change	Q1 2026	Q1 2025	Change
Office Inventory SF	1.526 B	1.520 B	+6.5 M	0.941 B	0.934 B	+6.4 M	1.273 B	1.266 B	+6.6 M
Asking Rate $SF	$53.67	$53.03	$0.64	$42.02	$41.30	$0.72	$32.50	$31.97	$0.53
Leasing Activity (TTM)	88.9 M	90.6 M	-1.7 M	56.2 M	57.7 M	-1.5 M	58.5 M	67.7 M	-9.2 M
Vacancy Rate	18.4%	17.8%	+060 bps	19.3%	19.3%	+000 bps	15.1%	15.7%	-060 bps
Availability Rate	17.0%	16.8%	+020 bps	18.4%	19.3%	-090 bps	14.9%	15.9%	-100 bps
Net Absorption (TTM)	+3.1 M	-4.0 M	+7.1 M	+9.8 M	1.9 M	+7.9 M	+16.0 M	7.8 M	+8.2 M
Under Construction SF	17.4 M	25.2 M	-7.8 M	12.2 M	17.9 M	-5.8 M	13.1 M	18.4 M	-5.3 M
Net Deliveries (TTM)	12.7 M	16.7 M	-4.0 M	9.0 M	11.6 M	-2.6 M	10.5 M	16.8 M	-6.4 M
Sales Volume (TTM)	$16.7B	$12.2B	+$4.5B	$11.2B	$8.2B	+$3.0B	$39.4B	$26.7B	+$12.7B
Sales Price Per SF	$494	$443	$50	$395	$355	$40	$345	$340	$5
Market Cap Rate	6.4%	6.0%	+043 bps	6.6%	6.3%	+030 bps	7.2%	6.5%	+073 bps

Source: CoStar and Cresa. Note: These classifications were derived from CoStar-defined areas: CBD – High Density primary business districts, Urban – High density non-primary business districts, Suburban – Low density non-primary business districts

Drivers Of Shifts In Location Preferences

The response of office markets to the pandemic is evolving, and its effects are still being felt as occupiers strategically evaluate their current and future space requirements. Decisions in commercial real estate are typically long-term, with approximately 20 to 30 percent of current lease agreements having been signed before the pandemic. Following years of growth in urban core locations, there has been a noticeable trend toward decentralization, emphasizing flexibility and proximity to residential areas. Suburban office markets have generally fared better, while central business districts (CBDs) continue to face challenges due to structural shifts in work habits. Following are some key insights and factors driving these trends:

Source: CoStar, Cresa; Law firms were identified by NAICS category: Office of Lawyers (541110).

Vacancy

Vacancy and available space have dropped in Urban and Suburban areas.

Slow Recovery

The return-to-office has been gradual and appears to be flattening as occupancy – compared to pre-pandemic levels – remains between 60 to 80 percent.

Cost Advantages

Downsizing or locating in decentralized locations provides opportunities to reduce company operating costs on real estate.

Employee Preferences

Generally, employees enjoy the flexibility and shorter commute times that many suburban locations offer when they are required to be in the office.

Lack of Quality-Space

Larger, top-tier Class A office spaces in centralized locations are becoming increasingly difficult to find, as many have either been renewed or removed from the market. With new office deliveries nearly coming to a halt, it has become more challenging to locate available high-quality spaces.

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OFFICE MARKET TRENDS: CLASS A

Class A office spaces have generally performed better than Class B and C spaces. With weakened demand, occupiers have had the opportunity to use leverage to gain more favorable lease terms in amenitized buildings. The result has been a flight-to-quality.

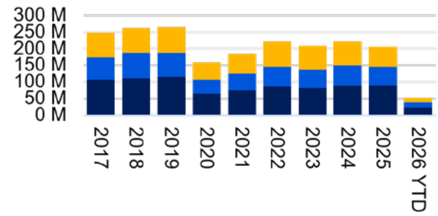
KEY

CBD URBAN SUBURBAN

Leasing Activity

Following the onset of the pandemic, overall leasing activity by square footage decreased by 40 percent in 2020. While activity has bounced back, leasing activity remains 15 to 20 percent below pre-pandemic levels. CBDs have seen the largest decrease post-pandemic (21.8 percent), while suburban leasing activity has only dropped 7.6 percent. Not only has leasing volume decreased, but the average deal size in all geographies has shrunk 5 to 10 percent.

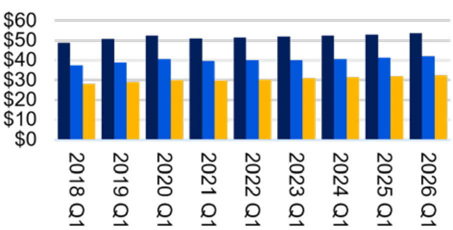
Leasing Volume (SF)



Asking Rates ($/SF)

Class A office asking lease rates dropped in 2021 before leveling off for the past four years. Since the second quarter of 2021, overall asking rates for Class A space have increased 6.1 percent; meanwhile, inflation has increased 22.8 percent over the same time frame. Therefore, nominal asking rates have decreased. While CBD, urban, and suburban asking rates have stalled, suburban rates have increased slightly faster. Tenant improvements have increased approximately 40 percent since 2020, while free rent has jumped roughly 30 percent.

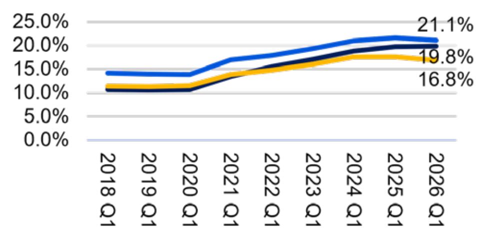
Asking Rates ($/SF/Yr)



Vacancy

Since the middle of 2020, vacancy rates for Class A space have sharply escalated in all three geographic areas. Both CBDs and urban areas increased to 20 percent or higher, while suburban vacancy increased at a slower rate. The vacancy rates have begun to level off over the past 6 quarters, as supply slows and sublease space begins to move lower.

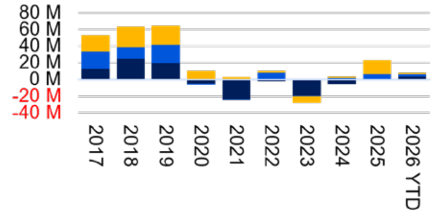
Direct Vacancy



Net Absorption (SF)

As tenants have right-sized their space through downsizing and consolidation, net absorption fell sharply. Class A space has shed nearly 30 million square feet since the second quarter of 2020, representing nearly 5.0 percent of the total office inventory. However, net absorption for Class A office space has recorded three straight quarters of healthy positive net absorption, indicating a recovery.

Net Absorption (SF)



Source: CoStar, Cresa

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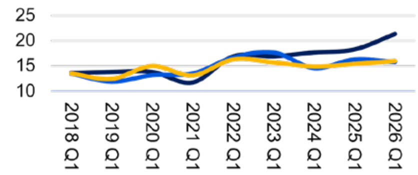
CBD URBAN SUBURBAN

Months to Lease

In 2019, it took approximately 14 months to lease Class A office space. However, by the first quarter of 2026, this time has increased to between 16 and 21 months. Central Business Districts (CBDs) have experienced the most growth over the past five years. This extended leasing period has prompted landlords to offer more incentives to attract and retain tenants.

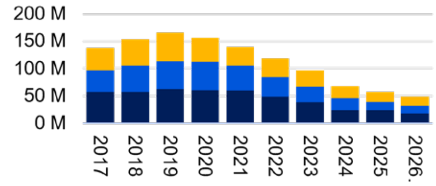
Months to Lease



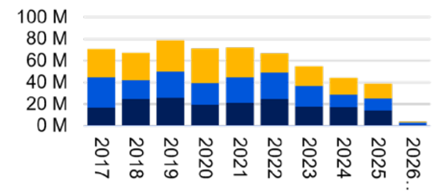
Under Construction (SF)/ New Deliveries (SF)

New office construction has decreased every year since 2019, standing at nearly 50 percent of historic levels. All geography types – CBDs, urban, and suburban areas have decreased at similar rates. Correspondingly, new deliveries for the past 12 months have dropped precipitously, reaching lows not seen since the years following the Great Recession.

Under Construction (SF)



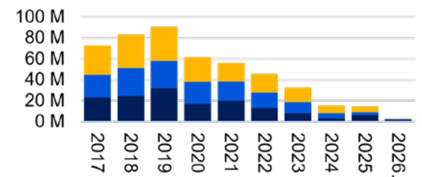
New Deliveries (SF)



Construction Starts (SF)

The 3.3 million square feet of office space starts in the first quarter of 2026 marks the smallest amount since the early 1990s. The limited new construction will help alleviate weaker demand but will also place stress on the most popular space type – new and highly amenitized buildings.

Construction Starts (SF)



Source: CoStar, Cresa

KEY TAKEAWAYS

Leasing activity has slightly rebounded, but it is geographically differentiated. While markets like New York, Dallas, and Atlanta have performed well, others, such as Seattle and other cities have not seen the same bounce back. Vacancy has come down off the peak, driven by sharp increases in competitive buildings.

The following are a few highlights:

- The general increase in return-to-work has been offset by the slowing of the job market for typical office jobs.
- Many large occupiers are renewing in place due to limited premium space, with smaller tenants filling the gaps.
- Leasing volume and average deal sizes have stabilized as occupiers focus on optimizing space efficiency.
- On the supply side, deliveries have slowed even more rapidly than expected, leading to constrained supply.

SECTION 4

THE LEGAL SECTOR: **LAW FIRM OFFICE TRENDS**

The Legal Sector Leads Real Estate Office Decision-Making

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CBD VS. URBAN VS. SUBURBAN

For the purposes of this report, we identified existing law firms in the U.S. and Canada located in one of the following three categories:

CBD
High density primary business districts

URBAN
High density non-primary business districts

SUBURBAN
Low density non-primary business districts.

These classifications were derived from CoStar defined areas. Law firms were identified by NAICS category: Office of Lawyers (541110).

Law Firms by the Numbers

A search for law firms with a minimum of 5,000 square feet of office space in the United States and Canada – utilizing the North American Industry Classification System (NAICS) – identified nearly 13,500 office locations, totaling approximately 250 million square feet of office space. **The largest U.S. law firms by revenue (Am Law 100 & 200) make up over 40 percent of the total volume of law firm-occupied office space** and average 44,550 square feet per office. Meanwhile, all other law firms average 13,260 square feet per office location. By total square feet of office space, Am Law firms are highly concentrated (84.6 percent) in Central Business Districts (CBDs), while non-Am Law firms are more evenly distributed between CBDs, urban, and suburban locations. New York and Washington, D.C. have the highest number of law firms by square footage, accounting for nearly 20 percent of the total volume in the United States and Canada.

Geographic Location	No. of Law Firm Locations	% Law Firms by Location	Volume SF	% Volume (SF) By Location	Average Office Size (SF)
ALL LAW FIRMS					
Am Law 100	1,445	10.7%	75,547,082	30.3%	52,282
Am Law 200	817	6.1%	25,224,158	10.1%	30,874
All Other Law Firms	11,218	83.2%	148,748,136	59.6%	13,260
Totals	**13,480**	**100.0%**	**249,519,376**	**100.0%**	**18,510**
CBD					
Am Law 100	1,098	76.0%	66,602,367	88.2%	60,658
Am Law 200	540	66.1%	18,602,334	73.7%	34,449
All Other Law Firms	4,325	38.6%	71,084,905	47.8%	16,436
Totals	**5,963**	**44.2%**	**156,289,606**	**62.6%**	**26,210**
URBAN					
Am Law 100	199	13.8%	5,736,585	7.6%	28,827
Am Law 200	123	15.1%	3,506,465	13.9%	28,508
All Other Law Firms	2,511	22.4%	30,859,105	20.7%	12,290
Totals	**2,833**	**21.0%**	**40,102,155**	**16.1%**	**14,155**
SUBURBAN					
Am Law 100	148	10.2%	3,208,130	4.2%	21,677
Am Law 200	154	18.8%	3,115,359	12.4%	20,230
All Other Law Firms	4,382	39.1%	46,804,126	31.5%	10,681
Totals	**4,684**	**34.7%**	**53,127,615**	**21.3%**	**11,342**

Source: CoStar and Cresa; Law firm transactions over 10,000 square feet "The American Lawyer" publishes the Am Law 200 ranking annually, available on Low.com, accessed August 1, 2025.

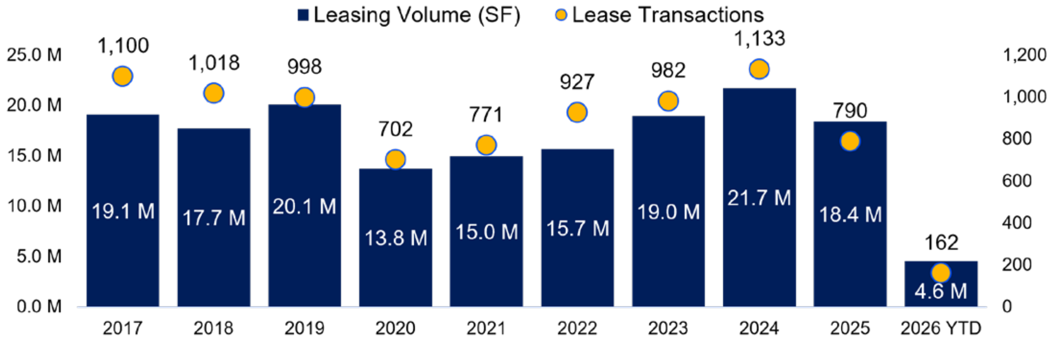
Law Firm Leasing Activity

This dataset focuses on law firms within the United States and Canada that signed lease agreements between 2017 and the first quarter of 2026, with a minimum size of 5,000 square feet. The dates reflect the year the lease was executed, not when tenants moved into the space.

Leasing activity in the legal sector declined significantly from 2020 to 2022, largely due to pandemic-related uncertainties. However, in 2023, firms began to regain confidence, leading to a peak in leasing activity in 2024 as they committed to long-term office arrangements.

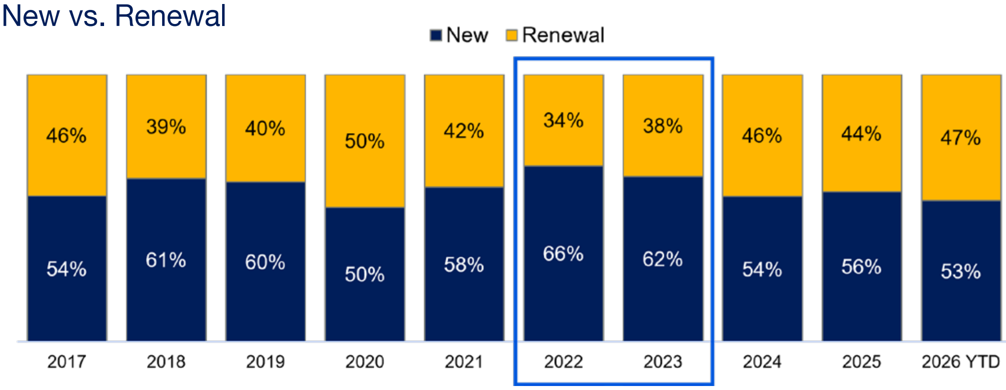
Preliminary data for 2025 shows a slight decrease in total leases compared to 2024; however, overall leasing volume remains strong, as the leases from the previous year continue to be included in the total deal numbers.

Leasing Volume



The number of lease transactions conducted by law firms dropped sharply from 2020 to 2022, before increasing to pre-pandemic levels. The total leasing volume also grew to 21.7 million square feet in 2024, above the average of 2017 through 2019.

New vs. Renewal



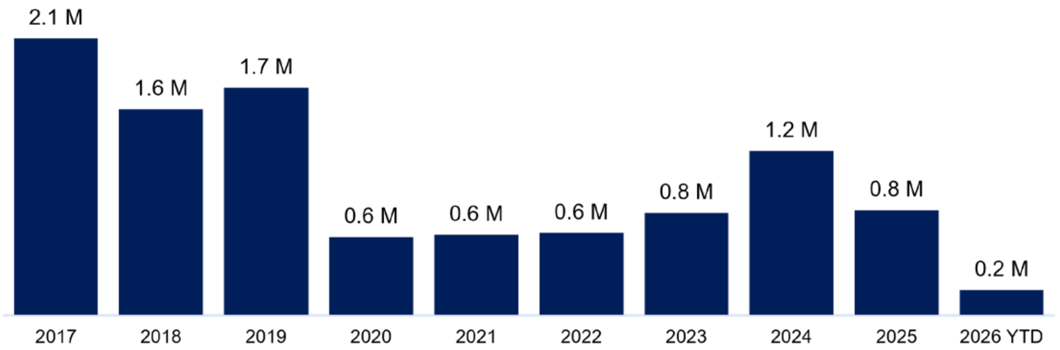
The percentage of lease renewals increased in 2020, during the height of the pandemic, as law firms with lease decisions became increasingly cautious. The percentage of new deals jumped in 2022 and 2023 as law firms took advantage of weak office conditions to upgrade and/or right-size their space. As the amount of high-quality, large block spaces in top-tier buildings diminished, the number of renewals has returned to pre-pandemic levels.

Source: CoStar and Cresa; The data includes the year the lease transaction in the U.S. and Canada was signed for occupiers identified as NAICS code (541110), Office of Lawyers.

Law Firm Leasing Activity

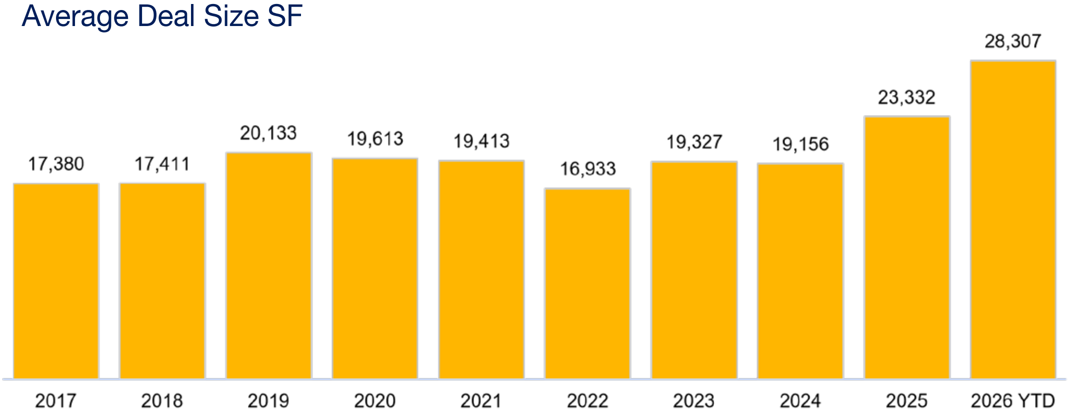
The following data includes occupiers identified as law firms in the United States and Canada that signed a lease transaction between 2017 and Q1 2026, with a minimum deal size of 5,000 square feet. The information reflects the year the deal was signed, not when the tenant moved into the space.

Subleasing Volume SF



Law firms’ subleasing space sharply declined between 2020 and 2023 before increasing in the following year. The amount of sublease space taken by law firms jumped in 2024 as high-quality, new space became more competitive. Subleasing office space offers a chance for lower rent, increased flexibility, and often fully furnished offices, which help to reduce fit-out and other initial leasing costs.

Average Deal Size SF



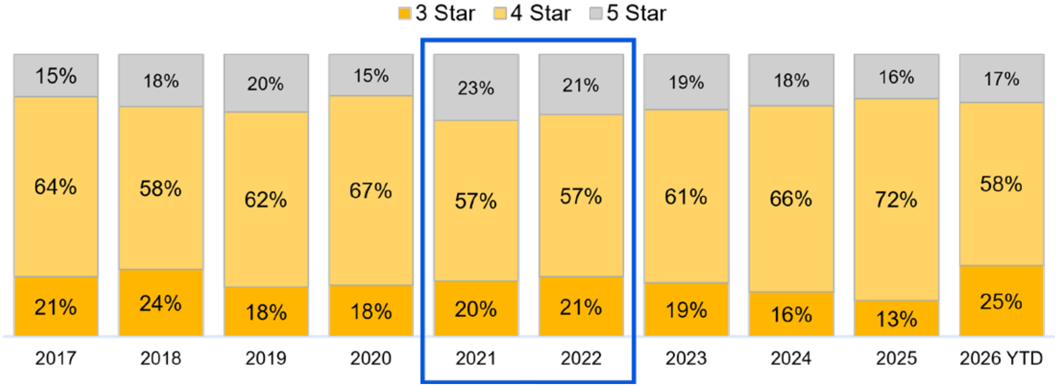
Since 2021, the average leasing size for overall office occupiers has decreased by 15 to 20 percent. In contrast, law firms have experienced an increase in their average deal size during the same period. This trend suggests that law firms are willing to invest in real estate to attract talent and provide upgraded spaces for collaboration and client meetings. Specifically, the average deal size for law firms is 5 to 6 percent higher in the post-pandemic era, even though the overall number of leases signed has decreased by 9.5 percent over the same timeframe.

Source: CoStar and Cresa;
The data includes the year the lease transaction was signed for occupiers identified as NAICS code (541110), Office of Lawyers.

Law Firm Leasing Activity

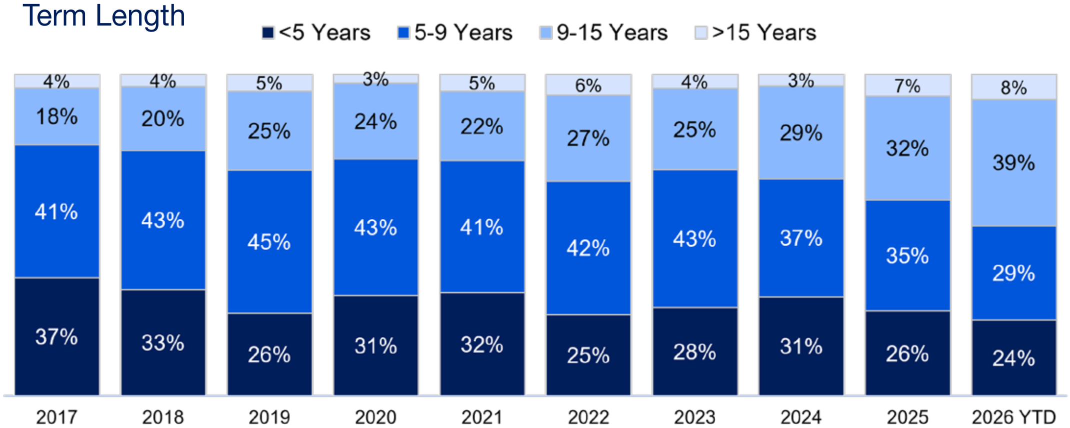
The following data includes occupiers identified as law firms in the United States and Canada that signed a lease transaction between 2017 and Q1 2026, with a minimum deal size of 5,000 square feet. The information reflects the year the deal was signed, not when the tenant moved into the space.

Building Type



The trend of law firms seeking higher-quality office spaces peaked in 2021 and 2022, with the percentage of leases signed in top-tier buildings, rated 5-stars by CoStar, reaching a decade high. However, in 2023, this percentage declined due to a shortage of large blocks of available spaces, which limited firms' ability to move to better-amenitized buildings.

Term Length



In recent years, lease durations have shifted toward longer terms, with leases of 9 to 15 years increasing from 18 percent in 2017 to 32 percent by 2025. This trend indicates a growing preference for stability among tenants. Conversely, during the uncertain years of 2020 and 2021, many law firms opted for shorter-term leases to maintain flexibility in response to the pandemic's challenges.

Source: CoStar and Cresa;
The data includes the year the lease transaction was signed for occupiers identified as NAICS code (541110), Office of Lawyers.

SECTION 5

THE LEGAL SECTOR: **AM LAW 100 & 200**

A Closer Look: Am Law 100 & 200 Lease Transactions Within the 2026 Am Law Rankings

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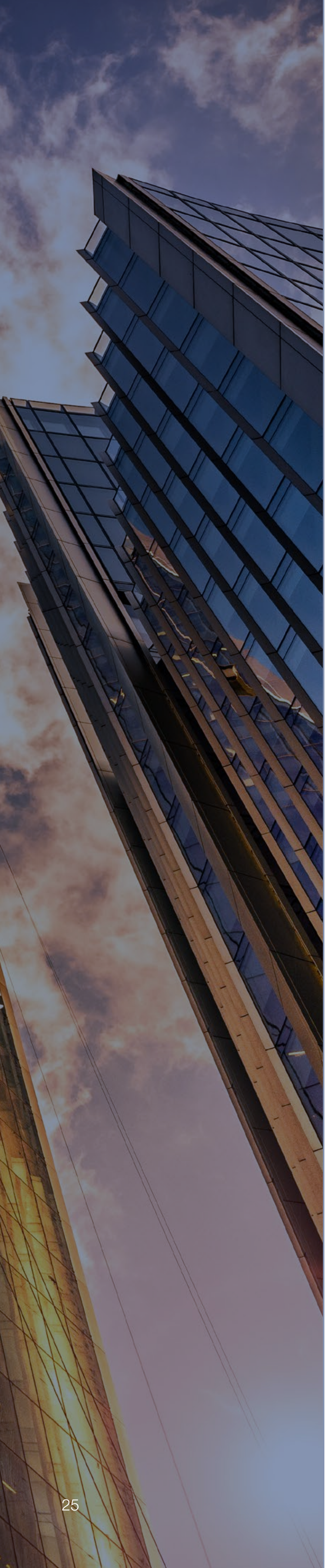
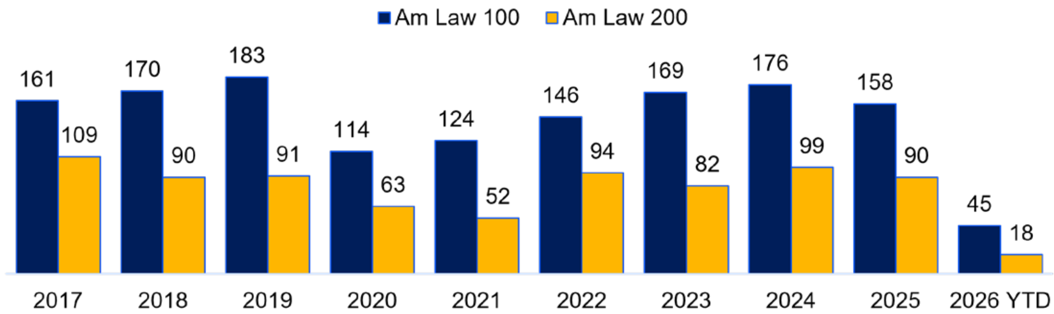


Am Law 100 & 200 Lease Transactions

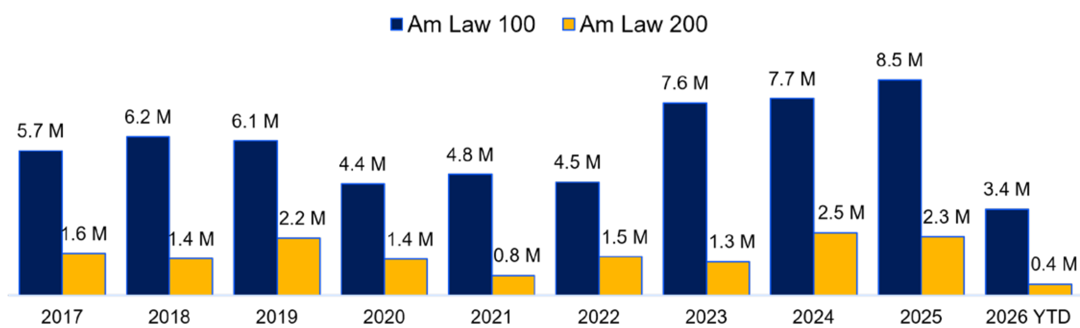
The United States and Canadian law firm transactions analyzed include firms identified as Am Law 100 & Am Law 200 firms, in terms of total revenue. These international, national, and regional law firms are representative of larger trends in the legal real estate industry. The data has been separated into Am Law 100 & 200 firms.

Leasing Activity: Number of Deals



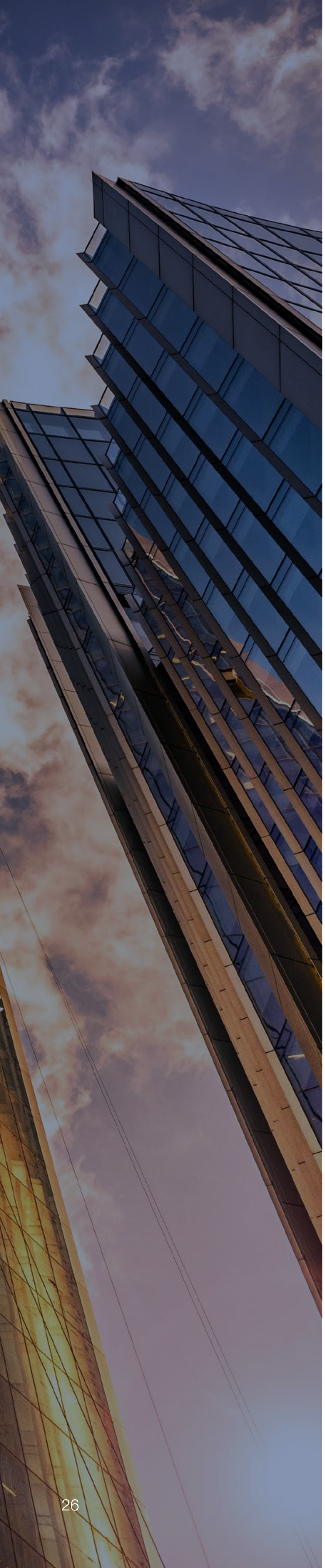
In 2020, the number of lease deals for both Am Law 100 and 200 firms decreased before quickly rebounding. The average number of deals for Am Law firms between 2017 and 2019 was 5.4 percent lower than the average number of deals following the pandemic (2022-2025). Both Am Law 100 and 200 firms took advantage of the weak market conditions, likely due to their stronger financial positions relative to the broader legal sector, which experienced a decline of 7.8 percent.

Leasing Activity: Volume (SF)



Am Law firms have increased their leasing activity in terms of square footage volume, with both Am Law 100 and Am Law 200 firms signing more deals. The average annual lease volume for Am Law 100 firms rose by 17.7 during the years of 2022 to 2025, compared to 2017 to 2019. Meanwhile, Am Law 200 firms experienced a more gradual, yet still noteworthy, increase of 7.2 percent during the same period.

Source: CoStar, Cresa; The Am Law 100 & Am Law 200, Law.com (2025)

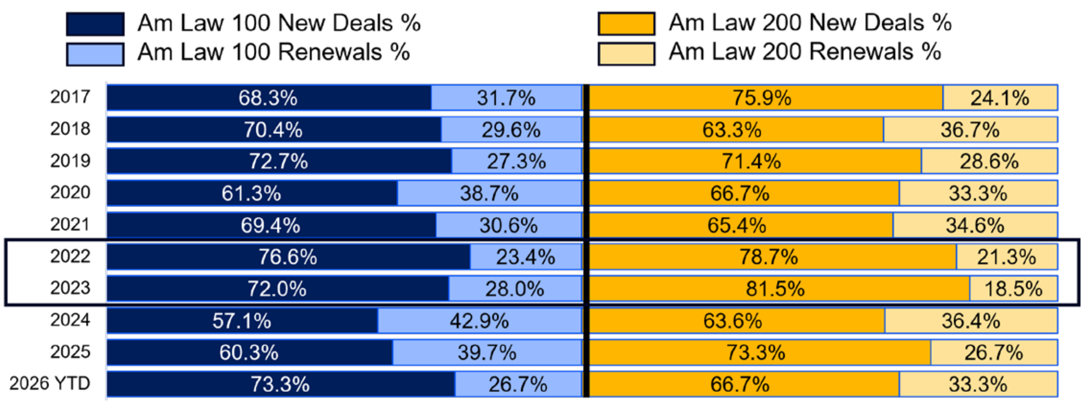


Am Law 100 & 200 Lease Transactions

The United States and Canadian law firm transactions analyzed include firms identified as Am Law 100 & Am Law 200 firms, in terms of total revenue. These international, national, and regional law firms are representative of larger trends in the legal real estate industry. The data has been separated into Am Law 100 & 200 firms.

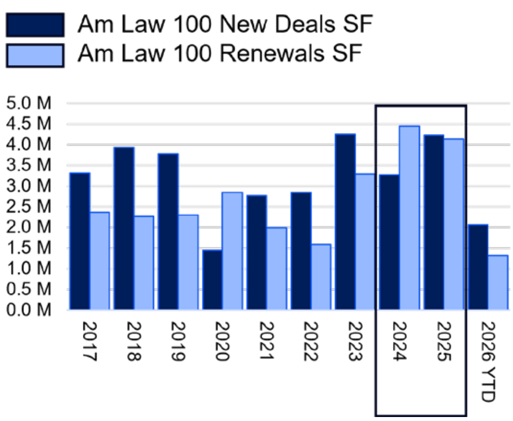
New vs Renewal

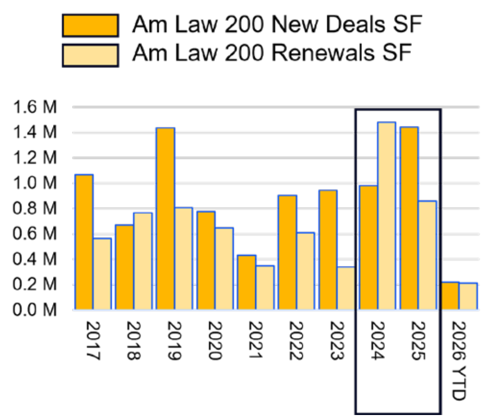
Number of Lease Transactions



Am Law firms have historically renewed their leases approximately 30 percent of the time. During the pandemic, these firms signed a higher percentage of new deals, taking advantage of the overall weak office market conditions to relocate or right-size their spaces. It is important to note that new deals may also involve signing a lease for a different size footprint in the same building or even on different floors. In 2024 and 2025, the percentage of new deals signed by Am Law 100 firms declined due to a decrease in the availability of large blocks of space in newer, well-equipped buildings.

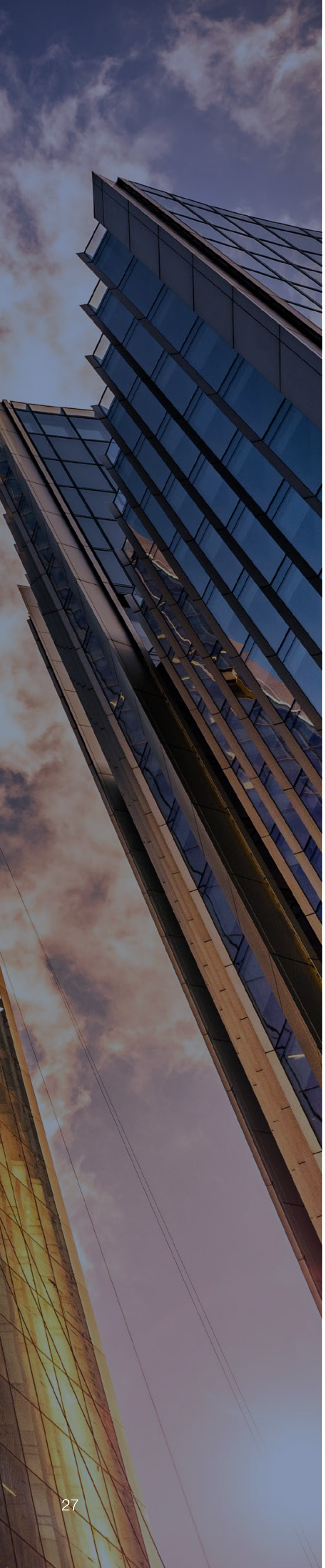
Number of Lease Transactions





The square footage of renewed deals in 2024 increased significantly, surpassing that of new deals. This indicates a shortage of available top-tier space, compelling more law firms to renew their leases in their current buildings.

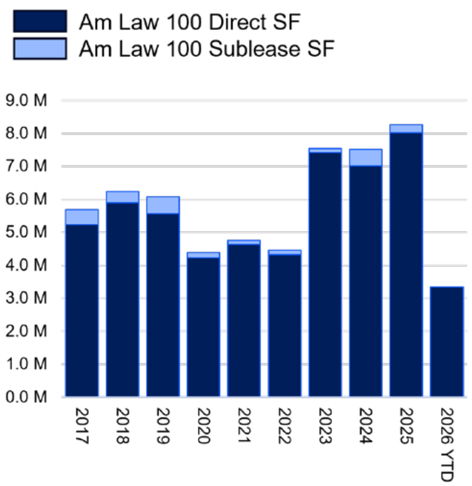
Source: CoStar, Cresa; The Am Law 100 & Am Law 200, Law.com (2025)

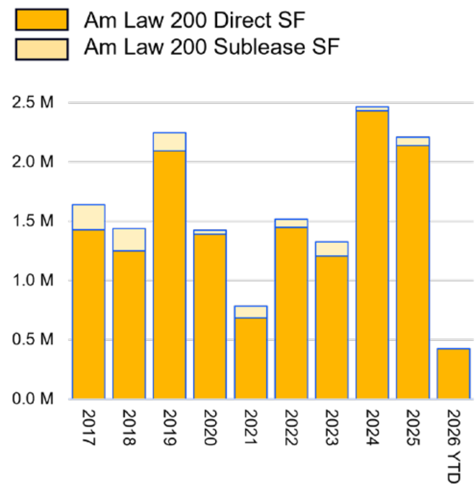


Am Law 100 & 200 Lease Transactions

The United States and Canadian law firm transactions analyzed include firms identified as Am Law 100 & Am Law 200 firms, in terms of total revenue. These international, national, and regional law firms are representative of larger trends in the legal real estate industry. The data has been separated into Am Law 100 & 200 firms.

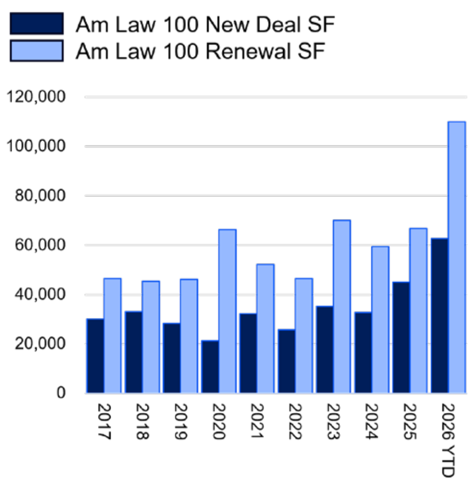
Direct vs Sublease
Volume of Lease Transactions SF

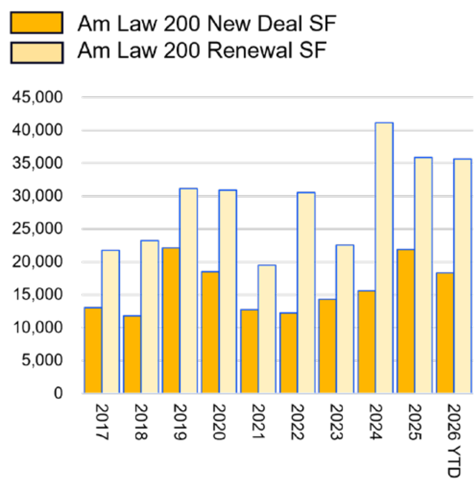




The number of direct lease transactions for Am Law firms fell by 26.7 percent from 2020 to 2022 compared to pre-pandemic levels, while sublease transactions for Am Law firms decreased by 47.6 percent. Am Law firms recovered for both direct and sublease transactions signed between 2023 and 2025 to levels close to pre-pandemic levels.

Average Deal Size (SF)
New v. Renewal





The average deal size for Am Law 100 & 200 firms has increased pre-pandemic vs. post-pandemic, with Am Law 100 firms expanding more than Am Law 200 firms. Several recent large deals, including a 900,000+ square foot lease signed by Simpson Thacher at 570 Fifth Avenue in New York, have skewed numbers higher for the first half of 2026.

Source: CoStar, Cresa; The Am Law 100 & Am Law 200, Law.com (2025)

SECTION 6

THE LEGAL SECTOR: **FOCUS ON SIGNIFICANT LAW FIRM TRANSACTIONS**

Lease transactions over 50,000 square feet since the start of 2024

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Law Firm Lease Transaction Over 50,000 SF

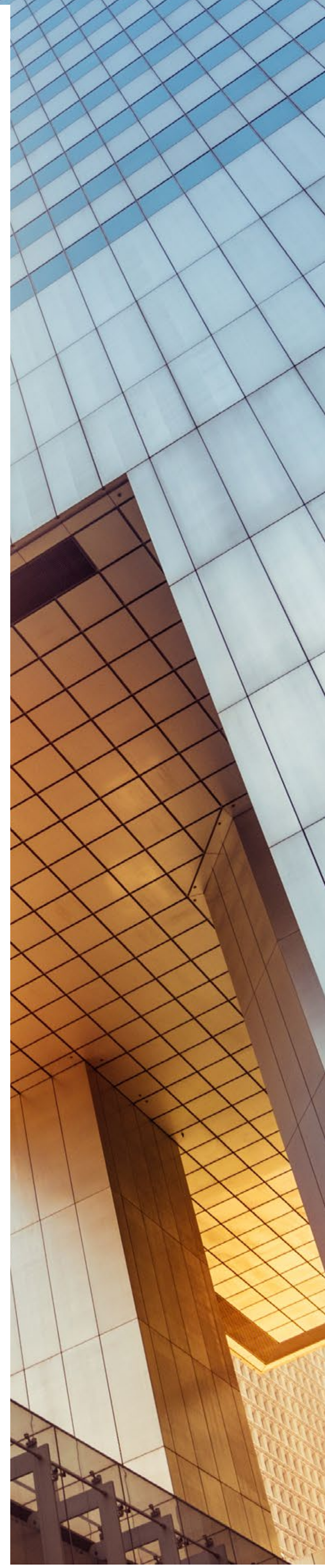
Since the start of 2024, there have been over 150 law firm lease transactions over 50,000 square feet. The following is a breakdown of the real estate decisions these firms made in terms of new deals, renewals, relocations, expansions, and contractions.

Transactions (Over 50,000 SF)	**Am Law 100**	**Am Law 200**	**All Other Firms**	**Totals**
Law Firm Deals	**86**	**30**	**38**	**154**
Deal Volume (SF)	12.20 M	2.65 M	2.81 M	17.66 M
Average Deal Size (SF)	141,847	88,325	73,945	304,116
New Deals	40	11	15	66
Renewals	46	19	23	88
Remained in Current Bulding	**51**	**20**	**23**	**94**
Renewed in Place (no SF change)	**23**	**6**	**14**	**43**
Expansion in Building	**17**	**6**	**5**	**28**
Average Expansion Increase %	22.5%	29.1%	12.4%	22.4%
Contraction in Building	**11**	**8**	**4**	**23**
Average Contraction Decrease %	-21.5%	-21.8%	-26.2%	-22.1%
Total Change in Size in Current Building %	0.3%	-2.6%	-3.5%	-0.8%
Relocated	**30**	**10**	**14**	**54**
Expansions	**17**	**4**	**7**	**28**
Expansion Increase %	36.10%	63.80%	69.60%	42.10%
Contractions	**13**	**6**	**7**	**26**
Contraction Decrease %	-23.8%	-42.9%	-28.6%	-29.0%
Total Change in Size for Relocations %	9.7%	-13.3%	0.1%	4.5%
New Locations in Same Market	**5**	**0**	**1**	**6**
New to Market	**0**	**0**	**0**	**0**
Total Change in Size	**7.9%**	**-6.1%**	**2.5%**	**4.7%**

Am 100 law firms accounted for 75 percent of transactions involving spaces over 50,000 square feet and 84 percent of the total square footage transacted since the beginning of 2024. Out of 154 transactions, 94 firms remained in their current buildings, while 54 relocated, and 6 added another location within the same market. Forty-three of these transactions were renewals-in-place, meaning the firms kept their existing footprints. This indicates that 111 transactions (72.1 percent) resulted in either expansions or contractions. It's not surprising that so many law firms adjusted the size of their spaces, as they typically sign leases ranging from 10 to 20 years, which can lead to changing space needs over such long lease terms.

A noticeable trend has emerged toward a “flight to quality,” as organizations increasingly seek newer, well-amenitized spaces in vibrant neighborhoods. Law firms are also participating in this trend; out of 154 firms with space requirements exceeding 50,000 square feet, 54 chose to relocate. This decision to move is significant, costly, and time-consuming, particularly for larger spaces. Among the 54 firms that relocated, 28 expanded their offices, while 26 downsized. Overall, the total space occupied by these 54 law firms increased by 4.5 percent. Although many firms have reduced their office space, it's important to note that both attorney and staff headcounts have grown. A key metric to consider is the occupancy per attorney at peak levels, with target ratios now set below 500 square feet per attorney at many firms.

Am Law 100 firms represent 55 percent of all transactions, with more firms expanding than contracting, resulting in a total square footage increase of 7.9 percent. In contrast, the 30 Am Law 200 firms that signed leases for over 50,000 square feet experienced a contraction of 6.1 percent.



Source: CoStar, Cresa; The Am Law 100 & Am Law 200, Law.com (2025)

SECTION 7

THE LEGAL SECTOR: **CONCLUSIONS OF LAW FIRM REAL ESTATE TRENDS**

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CONCLUSIONS

The legal sector continues to make significant investments in real estate and technology, betting on the industry's future. While other sectors have reduced their real estate footprints, law firms have increased their average lease size post-COVID. While also driving down per attorney ratios through space efficiencies.

As the legal industry evolves, law firms are exploring the opportunities presented by technology while also addressing challenges such as talent competition, client expectations, and changing workplace preferences. Although artificial intelligence and other emerging technologies can improve efficiency and change the way legal work is performed, they will not diminish the importance of collaboration, mentorship, and client relationships, which have always been essential to the profession.

As a result, the legal sector increasingly views their offices as strategic assets that enhance a firm's culture, support professional development, and drive business growth. The firms that will succeed in the future are those that align technology, talent, and workplace strategies to create flexible and collaborative environments. These environments will adapt as the practice of law continues to evolve, while maintaining a strong focus on the importance of personal relationships and professional growth.

Tenant Considerations

- Does our current location and workplace design support hybrid work expectations? Is it accessible to on-site and off-site amenities? Is there convenient public transportation and adequate parking?
- Does your firm place enough importance on the human-in-the-loop model and have proper guidelines in place for the further implementation of AI as the technology evolves?
- Can our current office space adapt to evolving headcount (expansion, contraction, termination rights), technology and client demand shifts?
- Does the building support high-end AV, secure connectivity, hybrid client engagement, and infrastructure to support AI-driven workflows and cybersecurity demands?
- What is our current total cost of occupancy (rent, buildout, operating costs) compared to revenue per lawyer and cost as a percentage of gross revenue?
- How much out-of-pocket capital is required in a stay-put vs. relocation option? What if the break-even point for capital investment vs. space efficiency savings?
- What real estate option provides the best flexibility (space and lease) that will support future shifts easily and continue to drive down overall costs and per attorney space ratios?

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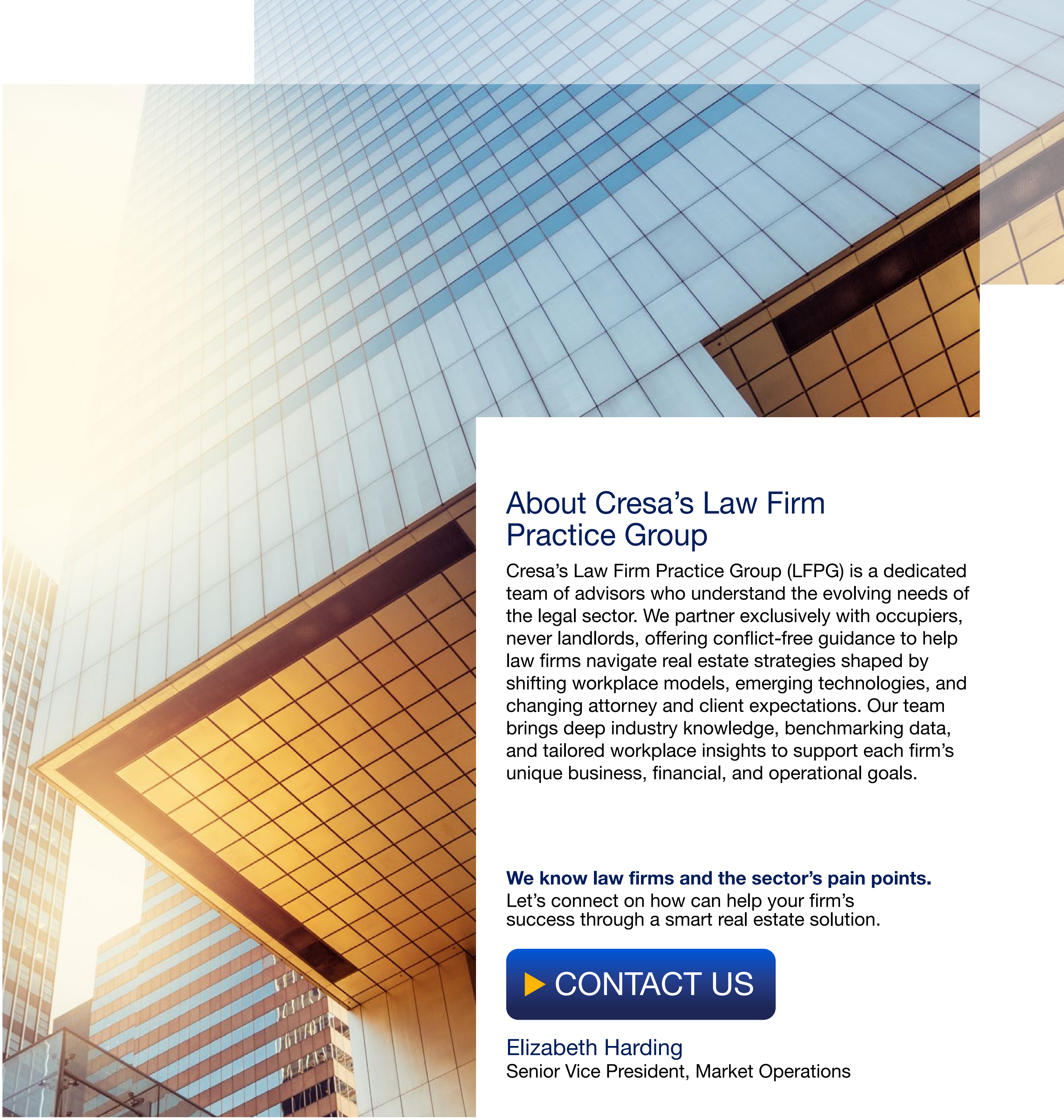

About Cresa's Law Firm Practice Group

Cresa's Law Firm Practice Group (LFPG) is a dedicated team of advisors who understand the evolving needs of the legal sector. We partner exclusively with occupiers, never landlords, offering conflict-free guidance to help law firms navigate real estate strategies shaped by shifting workplace models, emerging technologies, and changing attorney and client expectations. Our team brings deep industry knowledge, benchmarking data, and tailored workplace insights to support each firm's unique business, financial, and operational goals.

We know law firms and the sector's pain points.
Let's connect on how can help your firm's success through a smart real estate solution.

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Craig serves as the Head of Research for Cresa, the leading commercial real estate tenant advisory in the world. The research role provides insight, thought leadership, and trends impacting occupiers of real estate, and supports existing client relationships and business development.

With 1,350 employees and 55+ offices across North America, and supported by its global alliance with Knight Frank, Cresa is the world's leading commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We think beyond space to find and foster the best environment for every business. Delivered across every industry and supported by world-class technology, Cresa's services include Transaction Management, Project & Development Services, Workplace Solutions, Location Advisory, Portfolio Solutions, Lease Administration, Capital Strategies and Strategic Consulting.