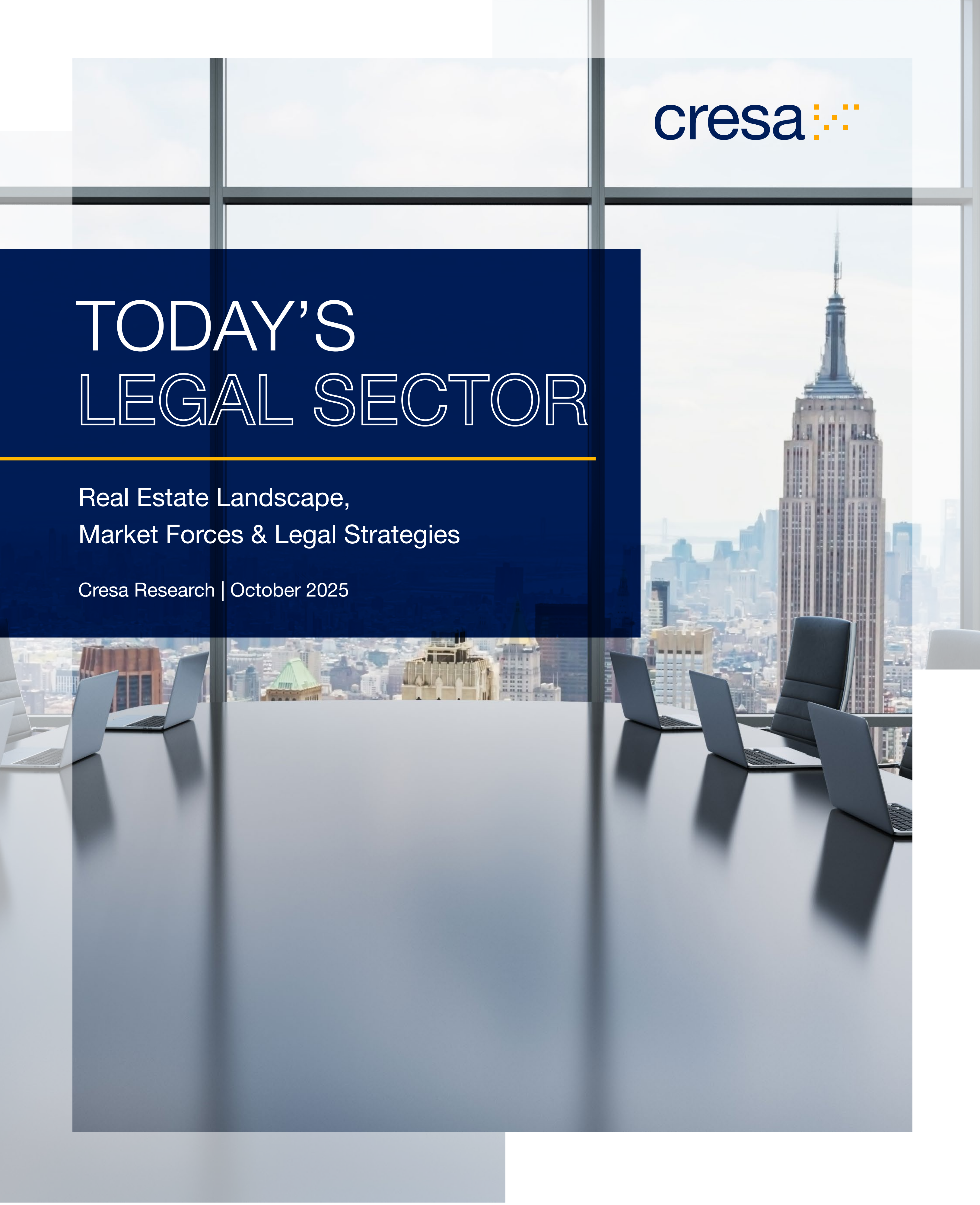

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TODAY'S LEGAL SECTOR

Real Estate Landscape,
Market Forces & Legal Strategies

Cresa Research | October 2025

EXECUTIVE SUMMARY

Law firms have typically adhered to established practices, but the pandemic significantly impacted and expedited changes in the workplace and technology. The transition to remote work happened almost instantly, resulting in greater investments in secure cloud platforms, document management systems, and virtual client engagement.

This change prompted a cultural shift in the way attorneys and staff worked and serviced clients. Firms quickly realized they could operate effectively with less square footage, expanded technology and overall new workplace strategies. Although law firms have returned to the office more than other industries, hybrid forms of working have become the new standard.

Real estate overhead remains a significant investment, typically the second fixed expense, equaling 4 to 8 percent of a firm's annual gross revenue. The office workplace is being reimagined to support business strategies, culture, talent acquisition, and the firm's overall competitive stance.

HIGHLIGHTS

- Law firm leasing activity (number of transactions) has increased each year from 2022 to 2024, aligning with pre-pandemic levels, supporting the **legal sector "getting out of real estate gridlock".**
- Employment in the legal services industry has experienced moderate, steady growth over the past decade.
- Shrinking real estate footprints indicate greater spatial efficiency with **target ratios below 500 SF per attorney.**
- Led by Am Law 100 and 200 firms, there has been a significant flight to quality driven by overall weak demand for office space, especially in 2022 and 2023. During this period, over 75 percent of Am Law firms opted for new leases rather than renewing their current ones. However, in 2024, firms were more likely to renew their leases at their current locations, doing so 62 percent of the time, as the availability of large blocks of space (50,000+ square feet of contiguous space) in top-tier Class A buildings has decreased, limiting relocation options.
- Since the beginning of 2024, US law firms have conducted nearly 100 transactions involving spaces larger than 50,000 square feet. Although there were nearly equal numbers of expansions and contractions, the total square footage leased from these transactions is lower overall.

CONCLUSION

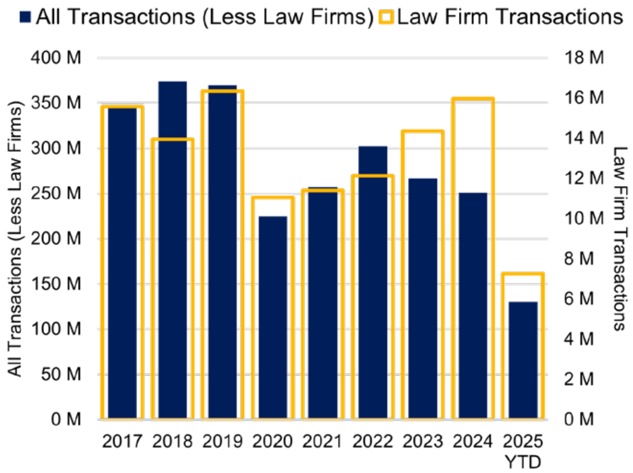
- Real estate is no longer about just bricks and mortar and there is no longer a "one size fits all" law firm workplace model.
- Real estate needs to be customized to the firm's business strategy to enhance talent, retention, and client acquisition.
- Invest in flexible design and think ahead to "future-proof" space to prepare for quickly shifting technology like AI adoption and client demands.

LAW FIRMS TAKE THE LEAD

A mix of economic, operational, and talent-focused factors is driving law firms' real estate decisions. **Coming off an active 2023 and 2024, when many law firms seized the opportunity to right-size their footprints or relocate to newer, efficient, and amenity-filled buildings, more law firms in the first half of 2025 committed to renovating their existing office space.** For larger firms, particularly Am Law 100 law firms, the scarcity of large block prime office space has been a driver for firms deciding to stay in place. Smaller to medium-sized firms are now choosing to renovate their spaces more frequently than to relocate, which marks a notable change from the past two years. Additionally, rising construction and fit-out costs are prompting firms to reconfigure existing space rather than undertake required capital costs for relocations. The key is to find the right balance of space efficiency, capital costs and overall workplace design that will provide flexibility in future years while also reducing overall occupancy costs.

From 2017 to 2019, the legal sector represented 4.2 percent of total US office lease transactions. In contrast, between 2022 and the second quarter of 2025, **law firm transactions accounted for 5.2 percent of total transactions – supporting the continued strength in the legal sector.**

US Office Lease Transactions Over 10,000 SF (2017 – Q2 2025)



LAW FIRM HIGHLIGHTS

AM LAW 100

13.3%

Annual Revenue Growth

LAW FIRM LEASE VOLUME

1.2%

Increase in square feet leased by law firms between 2023 and 2024

AVERAGE LAW FIRM LEASE SIZE

-6.5%

Change in average lease size by law firms completed 2017-2019 vs. 2022-2024

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

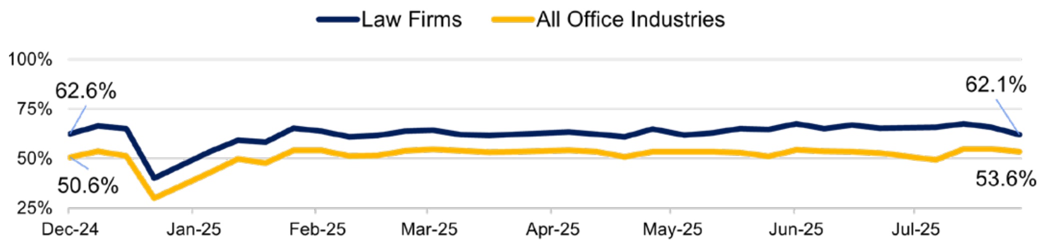
SECTION 1

LAW FIRMS: FROM TRADITION TO TRANSFORMATION

> "Since the end of 2024, law firms have averaged occupancy 10.8 percent higher than other industries."

RETURN-TO-OFFICE

Since the pandemic, the legal sector has had a higher return-to-work percentage than other office occupiers. The practice of law is a relationship-driven business, and in-person meetings, negotiations, and client-facing interactions carry significant weight. Collaboration and training are important as the legal sector relies on apprenticeship-style learning. In a competitive hiring market, firms utilize their offices as hubs for culture and employee retention. **Since the end of 2024, law firms have averaged occupancy 10.8 percent higher than other industries.** Peak occupancy for office attendance in the legal sector is typically Tuesdays and Wednesdays, with occupancy averages around 75 percent.



Source: Kaslte Back to Work Barometer, September 2025,
https://www.kastle.com/safety-wellness/getting-america-back-to-work-legal-occupancy/

LAW FIRMS THINK BEYOND BRICKS & MORTAR

Law firms are beginning to view real estate strategy as more than just bricks and mortar but as a tool to support business goals, culture, and talent. The evolution of real estate strategy from "where we work" to "how we compete" is integrating space decision with brand, talent, technology, and long-term business objectives. The following are a few ways law firms are thinking beyond physical space:

CLIENT EXPERIENCE & BRAND

High-profile locations (a.k.a. flight-to-quality) with hospitality-style amenities and modern meeting facilities reinforce brand identity and prestige.

FINANCIAL STRATEGY

Real estate is viewed as an investment lever – not just a cost. Many firms are exploring smaller footprints, subleasing excess space, and considering hub-and-spoke models as part of a more dynamic portfolio approach. Hub-and-spoke models provide a flexible office strategy featuring a central, main office ("the hub") and several smaller satellite offices ("the spokes") in suburban or regional areas."

TECHNOLOGY INTEGRATION

Cloud-based legal tools, secure video conferencing, and e-discovery platforms have reduced the need to be physically present in the office daily. Offices are increasingly designed around "plug-and-play" work rather than fixed desks.

FLEXIBILITY & AGILITY

Law firms are striking a balance between the industry's traditionally high in-office presence and new expectations for flexibility. Offices are no longer designed solely as rows of private offices. Instead, they are increasingly configured as collaborative hubs, with flexible layouts, shared spaces, and technology integration that support both client service and attorney development.

TRENDS IN LAW FIRM WORKPLACE DESIGN

In recent years, law firms have redefined their use of office space, aiming to balance the traditionally high requirement for in-office presence with new demands for flexibility. This adaptability is essential, especially considering lease terms that typically last 10 to 15 years. Additionally, artificial intelligence and advanced technology will significantly impact the ongoing need for flexibility and shape how occupiers utilize their space.

The following are some of the takeaways and drivers in these trends:

FLEXIBLE & OPEN WORKSPACES

Shift from Private Offices

While all private offices are not being replaced, additional shared, open concept spaces and a hospitality-influenced atmosphere are becoming more prevalent. Offices that exist are smaller (120-150 SF range) and single size with thoughtful furniture solutions.

Adaptability Spaces

Designs feature modular elements, movable furniture, and flexible room configurations to accommodate changing needs and team sizes.

Multi-Purpose Hubs

Spaces are evolving to combine café, lounge, and collaboration zone elements fostering connection.

WELLNESS & HUMAN-CENTRIC DESIGN

Fostering Health

Office design includes features like mediation rooms, quiet rooms, and access to natural light to support mental and physical health.

Biophilic Design

Incorporating indoor plants and natural elements to improve the working environment.

On-Site Amenities

Amenities include fitness centers, concierge-style reception areas, and enhanced food & beverage options.

TECHNOLOGY INTEGRATION

Remote Work Support

Design includes rooms with advanced AV technology and simple connectivity for virtual meetings, depositions, and court appearances.

AI Integration

The increased inclusion of AI in legal workflows is influencing space design through investing in technology during the office design process and adopting digital-first environments.

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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)

Traditional layouts with oversized partner offices, large libraries, and extensive 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 increasing, primarily driven by new leases and modern design. Technology advancements impacted office design and the ability to work from anywhere in the office space.

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

The pandemic accelerated downsizing and hybrid work, while space reduction efforts targeted oversized offices, underutilized spaces, filing and storage and a thoughtful re-distribution of private space to common area spaces.

2023
500–650 SF
(TARGET)

Firms stabilized hybrid policies and capitalized on the weak office market to upgrade space, with continued pressure to more efficiently use space.

2025
500–575 SF
(TARGET)

Studies indicate nearly two-thirds of firms plan to use 400 – 600 square feet per attorney as downsizing continues, with increasing leasing activity for premium, well-amenitized offices. The typical ratio of attorneys to support staff is shrinking to 3:1 or 4:1

FLEXIBILITY IS KEY!

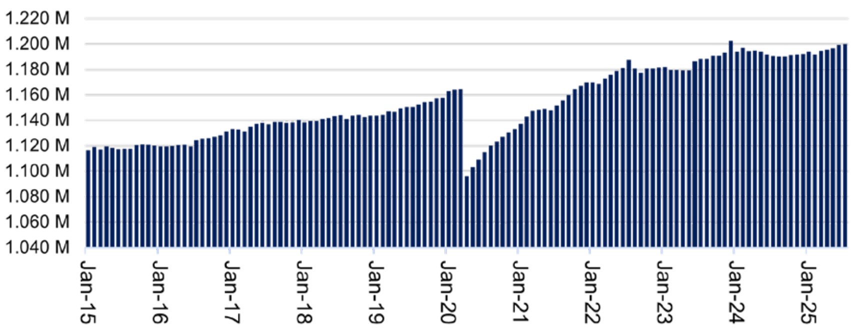
KEY TAKEAWAYS

- Trends indicate that square feet per attorney is shrinking.
- Technology, including AI and outsourcing, is increasing the ratio of support staff per attorney.
- Flexibility of space and technology capabilities are higher priorities.
- Amenities in the office space, common areas of building, and surrounding neighborhoods are driving decision-making.
- While recent relocations and right-sizing decisions have shown both contractions and expansions, law firms are making decisions on locations, not necessarily on what floor of the building their offices are located.

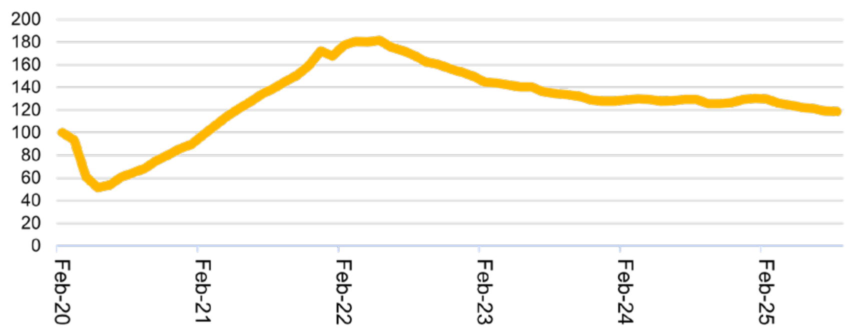
LEGAL SECTOR EMPLOYMENT

The legal sector has experienced moderate job growth over the past 10 years, adding 84,100 jobs, representing a 7.4 percent increase. **Legal service jobs have grown more slowly than typical office-occupying jobs,** which grew 14.8 percent in the last decade. Job postings for legal roles have grown approximately 20 percent since February 2020, but the legal sector has generally slowed hiring, indicating many positions are going unfilled. Continued advancements in AI technology will challenge the industry in the coming decade to re-evaluate job roles, technology integration and the impact it will have on real estate.

Employment: Offices of Lawyers



Employment: Legal Job Postings Index



The efficiency of space utilized in the legal sector has increased at a faster rate than job growth. While many law firms have downsized their footprint, there are still law firms that are expanding. However, it should be noted that the overall trend for space per attorney is shrinking, while more focus is being placed on common areas, shared spaces, and collaboration zones.

Source: Bureau of Labor Statistics, Indeed job report

7.4%

Legal Sector Job Growth Since 2015

18.9%

Legal Job Postings Increase Since Feb-2020

Visit cresa.com for more information.

LEGAL SECTOR REAL ESTATE DRIVERS

The pandemic significantly impacted decision-making in real estate. Initially, the legal sector faced rapid changes due to remote work, leading to a swift upgrade in technology to accommodate this new way of working.

In the following years, new work habits emerged, technology continued to evolve, and firms began to find suitable workplace solutions. Each firm adapted differently to these unexpected changes, developing strategies and solutions tailored to the needs of their employees, clients, and the overall market demands.

When considering whether to relocate or remain in their current location, firms assess key factors regarding how a building or real estate solution can best support their business, financial, and operational needs.

LOCATION

- Wide variations depend on the type of law practice, but being near major clients or industries is critical for relationship management and business development.
- Firms often locate in financial, corporate, or tech hubs depending on their practice areas.
- Certain practices, like litigation or corporate law, may require proximity to courts, regulatory agencies, or financial centers.

ACCESS TO TALENT

- Skilled labor pools and neighborhoods or submarkets attractive to attorneys are major factors in decision-making.
- Urban centers or secondary markets with strong professional networks can influence office locations.

FOCUS ON AMENITIES

- Employees are seeking amenities to improve employee well-being, fitness centers, hospitality-like common areas, nearby restaurants and entertainment, and other features to encourage coming to the office.
- Providing a location with easy access through public transportation and available parking, making it convenient for employees and clients.

FINANCIALLY HEALTHY LANDLORD

- Law firms with requirements in the market may have an initial location in mind, but a financially healthy landlord is essential to maintaining the property, avoiding loss of tenant improvements, and being able to anticipate costs in the event of a change of ownership.
- Since many law firms sign long-term leases, the ability to work with a well-capitalized landlord is critical in lease negotiations, including rights-of-first-refusal and opt-out clauses.

FLEXIBLE BUILDING SPACES

- Build-out and “future-proofing” an office space design are dependent on several factors, including the building floorplate efficiency factor, floorplate size, core to perimeter ratios, full height perimeter glass, limited or column free space, flexible HVAC systems, and the overall ability to densify space while improving overall operations and quality of work life.

MERGERS & ACQUISITIONS

Law firm M&A have been accelerating in 2024 and 2025, driven by expanding geographic reach, enhancing practice area capabilities, and achieving operational efficiencies. Here are a few drivers:

- Strategic consolidation of firms to strengthen positions in competitive markets
- Cross-border mergers are on the rise, aiming to enhance global service offerings and global reach
- Private equity funding to support growth and innovation is reflecting a shift towards more flexible ownership structures

NOTABLE RECENT LAW FIRM MERGERS

McDermott Will & Emery and Schulte Roth & Zabel finalized on August 1, 2025, enhancing their position in the healthcare and private capital sectors

Herbert Smith Freehills and Kramer Levin completed their merger on June 1, 2025, to create the integrated global law firm Herbert Smith Freehills Kramer. The combined firm has approximately 2,700 lawyers across 26 offices.

SECTION 2

2025 OFFICE MARKET REAL ESTATE TRENDS TO DATE

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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 which geographic area has performed better (or less poorly) during that time. **Overall, suburban markets have responded better than either CBD or urban locations.**

CLASS A	CBD			URBAN			SUBURBAN		
	Q2 2024	Q2 2025	Change	Q2 2024	Q2 2025	Change	Q2 2024	Q2 2025	Change
Inventory SF	1.584 B	1.592 B	+7.5 M	1.011 B	1.022 B	+10.8 M	1.458 B	1.472 B	+14.3 M
Asking Rate $SF	$52.63	$52.74	$0.11	$40.75	$40.97	$0.22	$31.05	$31.43	$0.38
Vacancy Rate	16.80%	18.00%	+120 bps	18.3%	19.00%	+070 bps	15.1%	15.50%	+040 bps
Availability Rate	17.00%	17.10%	+010 bps	18.8%	18.90%	+010 bps	15.8%	15.60%	-020 bps
Net Absorption SF (TTM)	-10.1 M	-8.4 M	+1.7 M	-2.6 M	5.3 M	+7.9 M	-1.3 M	9.9 M	+11.2 M
Under Construction SF	32.9 M	26.1 M	-6.8 M	27.8 M	18.4 M	-9.4 M	30.2 M	19.9 M	-10.3 M
Net Deliveries SF (TTM)	18.8 M	10.9 M	-7.9 M	17.0 M	12.4 M	-4.6 M	18.7 M	16.1 M	-2.6 M
Sales Volume (TTM)	$9.2B	$15.8B	+$5.0B	$8.5B	$7.3B	+$1.2B	$40.8B	$42.7B	-$1.9B
Sales Price Per SF	$472	$522	$50	$402	$387	-$15	$378	$371	-$7
Market Cap Rate	7.70%	8.10%	+032 bps	8.2%	8.50%	+028 bps	9.5%	9.70%	+024 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 companies strategically evaluate their current and future space requirements. Decisions in commercial real estate are typically long-term, with approximately 25 to 35 percent of existing 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) and urban locations continue to face challenges due to structural shifts in work habits. Following are some key insights and factors driving these trends:

- **Vacancy** – Vacancy and sublease space has sharply increased (particularly in CBDs), although the amount of sublease space is drifting lower.
- **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** – Suburban leases are typically less expensive, providing cost savings for firms that want to relocate or expand.
- **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.
- **Flight-to-Quality** – A bright side for CBDs is the opportunity for companies to upgrade their space and available amenities and have taken advantage of generous lease packages to relocate to higher quality space. The downside is the severe lack of demand for Class B and C space, fueling continued overall high vacancy.

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.

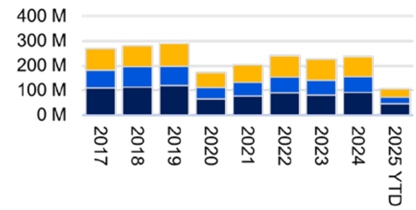
KEY

CBD URBAN SUBURBAN

LEASING ACTIVITY

Following the onset of the pandemic, overall leasing activity by square footage decreased by 41 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 (23.7 percent), while suburban leasing activity has only dropped 3.7 percent. Not only has leasing volume decreased, but the average lease size in all geographies has shrunk 9.1 percent.

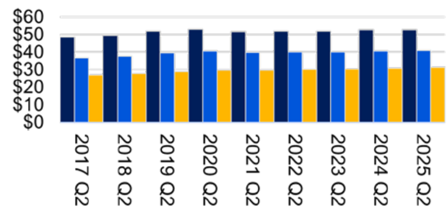
Leasing Volume (SF)



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 3.2 percent; meanwhile, inflation has increased 18.8 percent over the same time frame. Therefore, real asking rates have decreased. While CBD, urban, and suburban asking rates have stalled, suburban rates have increased slightly faster. **Tenant improvements (typically paid for by landlords) have increased approximately 40 percent since 2020, while free rent has jumped roughly 30 percent.**

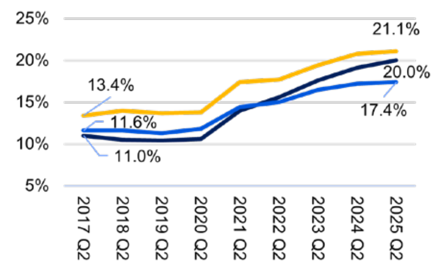
Asking Rates ($/SF/Yr)



VACANCY

Following the onset of the pandemic, overall leasing activity by square footage decreased by 41 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 (23.7 percent), while suburban leasing activity has only dropped 3.7 percent. Not only has leasing volume decreased, but the average lease size in all geographies has shrunk 9.1 percent.

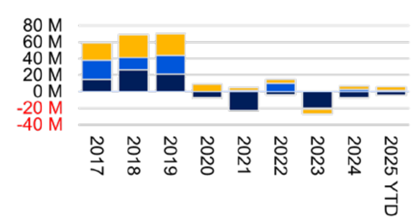
Direct Vacancy



NET ABSORPTION (SF)

As tenants have right-sized their space through downsizing and consolidation, net absorption has fallen sharply. Class A space has shed 47.9 million square feet since the second quarter of 2020, representing nearly 7.3 percent of the total office inventory. CBD office space has lost the largest amount of space during this period. Both urban and suburban net absorption have been slightly positive since the start of 2024, while CBD space has moved closer to neutral. This signals the office market may have hit the bottom.

Net Absorption (SF)

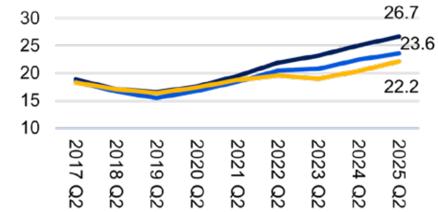


Source: CoStar, Cresa

MONTHS TO LEASE

Class A office space took approximately 16 months to lease in 2019; that time has been extended to between 22 and 27 months during the second quarter of 2025. CBDs have increased the most over the past five years. This additional time has pressured landlords to provide more incentives to attract and retain tenants.

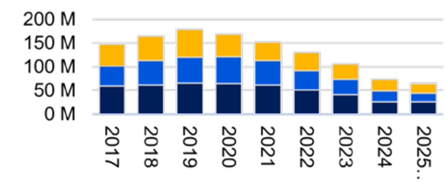
Months to Lease



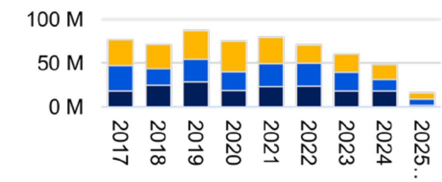
UNDER CONSTRUCTION (SF)/ NEW DELIVERIES (SF)

New office construction has decreased every year since 2019, standing at nearly 30 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)



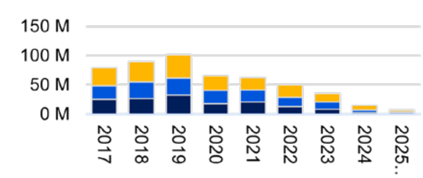
New Deliveries (SF)



CONSTRUCTION STARTS (SF)

Following The 3.84 million square feet of office space starts in the second quarter of 2025, marking 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 and San Jose have performed well, others, such as San Francisco, have not seen the same bounce back. Vacancy continues its run of 24 consecutive quarters of increases, driven by sharp increases in non-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 lease sizes continue to shrink as occupiers focus on optimizing space efficiency.
- On the supply side, deliveries have slowed even more rapidly than expected, leading to constrained supply.

SECTION 3

WHAT THE LEGAL SECTOR HAS BEEN DOING

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.

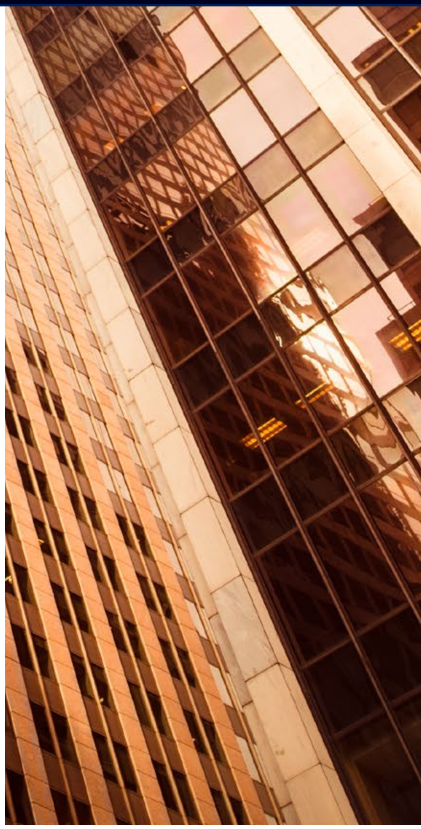
These classifications were derived from CoStar defined areas. Law firms were identified by NAICS category: Office of Lawyers (541110).

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 13,000 office locations, totaling over 240 million square feet of office space. **The largest U.S. law firms by revenue (Am Law 100 & 200) make up 40.5 percent of the total volume of law firm space** and average 46,588 square feet per office. Meanwhile, all other law firms average 13,357 square feet per office location. By total square feet of office space, Am Law firms are highly concentrated (85.4 percent) in Central Business Districts (CBDs), while non-Am Law firms are more evenly distributed between CBDs, urban, and suburban locations. Expansion of suburban locations is a direct result of attorneys' desire to have offices closer to their home, resulting in shorter commutes and more flexibility for a better work-life balance.

Geographic Location	No. of Law Firm Locations	Volume (SF)	Average Lease Size (SF)	% of Volume (SF) By Location
ALL LAW FIRMS				
Am Law 100 & 200	**2,113**	**98,440,810**	**46,588**	-
All Other Law Firms	**10,828**	**144,629,065**	**13,357**	-
TOTALS	12,941	243,069,875	18,783	-
CBD				
Am Law 100 & 200	1,543	84,022,876	54,454	85.40%
All Other Law Firms	4,279	70,326,296	16,435	48.60%
TOTALS	5,822	154,349,172	26,511	63.50%
URBAN				
Am Law 100 & 200	300	8,634,521	28,782	8.80%
All Other Law Firms	2,489	30,401,737	12,214	21.00%
TOTALS	2,789	39,036,258	13,997	16.10%
SUBURBAN				
Am Law 100 & 200	270	5,783,413	21,420	5.90%
All Other Law Firms	4,060	43,901,032	10,813	30.40%
TOTALS	4,330	49,684,445	11,474	20.40%

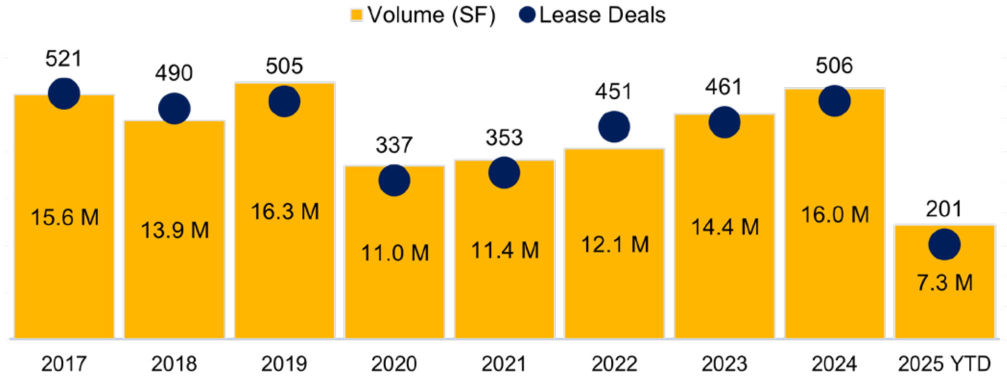
Source: CoStar and Cresa;
The data includes the year the lease transaction was signed for occupiers identified as NAICS code (541110), Office of Lawyers.



LAW FIRM LEASING

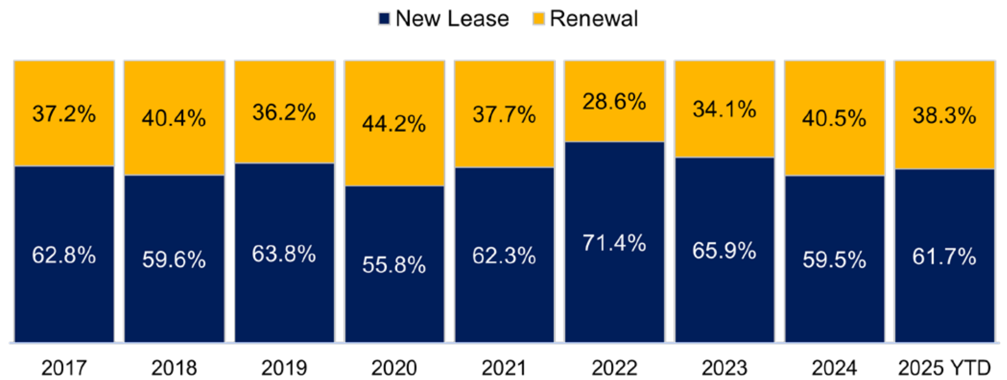
The following data includes occupiers identified as law firms that signed a lease transaction between 2017 and Q2 2025, with a minimum transaction size of 10,000 square feet. The information coincides with the year the lease was signed, not when the tenant moved into the space. Leasing activity in the legal sector experienced a significant decline from 2020 to 2023. However, in 2023, this activity began to recover and reached a peak in 2024 as the legal sector regained confidence in returning to office protocols and in making long-term real estate decisions.

Leasing Volume



The number of lease transactions conducted by law firms dropped sharply in 2020 and 2021, before increasing to pre-pandemic levels. The total leasing volume also grew to 16 million square feet in 2024, above the average of 2017 through 2019.

Stay vs. Go – The Pandemic Shifts



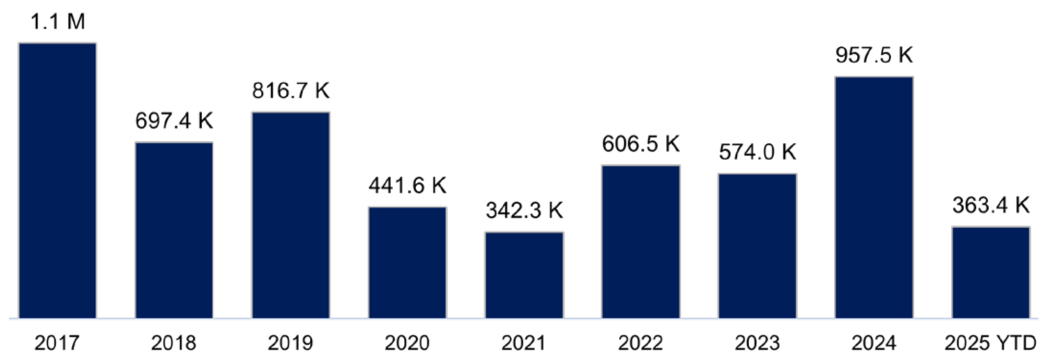
The percentage of lease renewals increased in 2020, during the height of the pandemic, as law firms with lease decisions became increasingly cautious. The percentage of new leases jumped in 2022 and 2023 as law firms took advantage of weak office conditions to upgrade and/or right-size their space. As 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 was signed for occupiers identified as NAICS code (541110), Office of Lawyers.

U.S. LAW FIRM LEASING

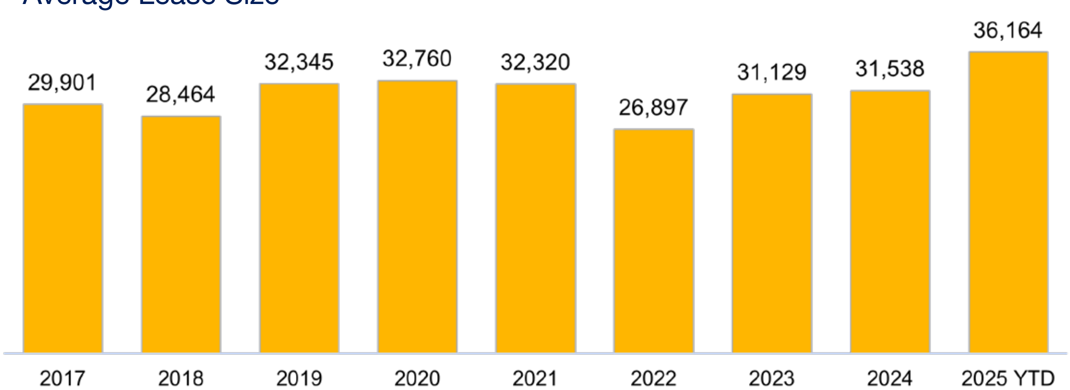
The following data includes occupiers identified as law firms that signed a lease transaction between 2017 and Q2 2025, with a minimum lease size of 10,000 square feet. The information coincides with the year the lease was signed, not when the tenant moved into the space.

Subleasing Volume



Law firms' subleasing space sharply declined in 2020 and 2021 before increasing in the following two years. The amount of sublease space taken by law firms jumped in 2024 as high-quality, new space became more competitive. Sublease space offers the possibility of reduced rent, increased flexibility, and oftentimes fully furnished offices, reducing fit-out and other upfront leasing costs.

Average Lease Size



As the average leasing size for overall office occupiers has decreased between 15 and 20 percent since 2021, law firm occupiers have seen the average lease size decrease at a much lower percentage over the same period. This indicates a willingness for law firms to invest in real estate to attract both talent and provide upgraded space for collaboration and meeting spaces for clients. Nevertheless, average deal size for law firms is between 5 and 15 percent lower in the post-pandemic era.

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 4

A CLOSER LOOK: AM LAW 100 & 200 AND NON-AM LAW FIRM TRANSACTIONS

Five or more locations and a minimum of 50,000 square feet of aggregate space

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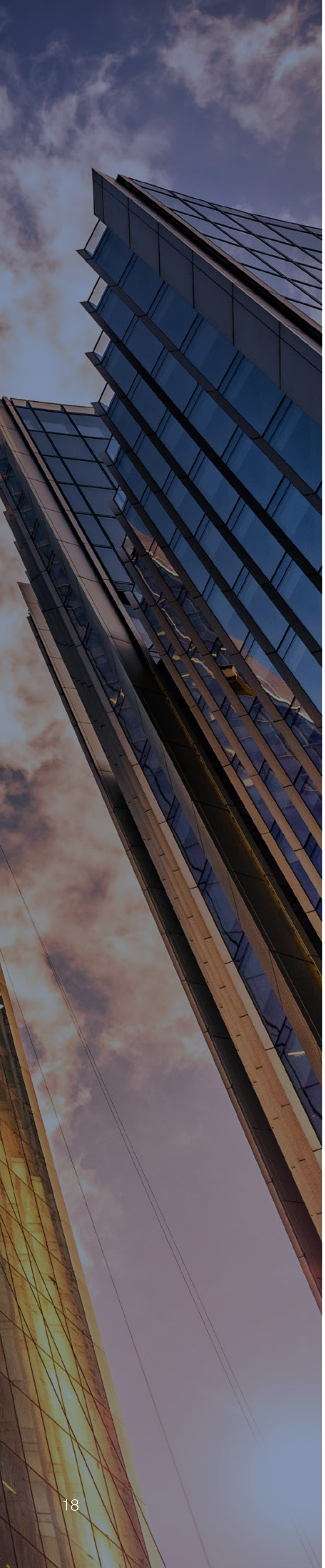
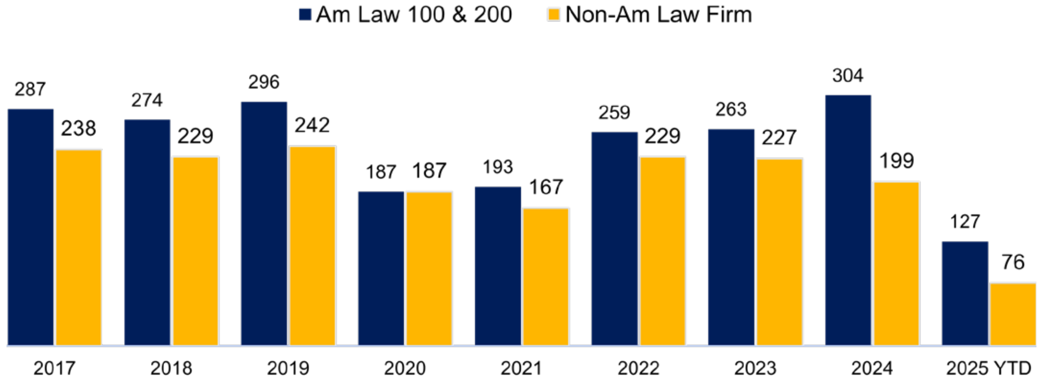


AM LAW 100 & 200 AND NON-AM LAW LEASE TRANSACTIONS

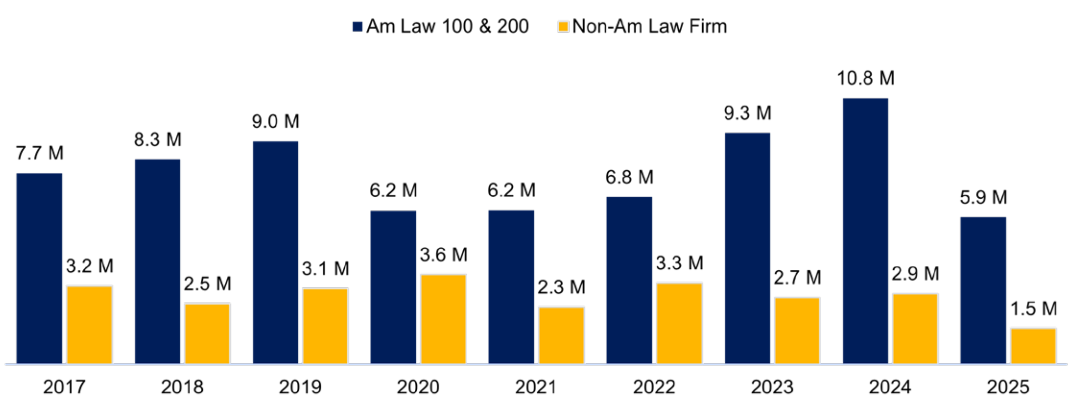
The law firm transactions analyzed include firms with at least five office locations, occupying a minimum of 50,000 square feet combined. These international, national, and regional law firms are representative of larger trends in the legal real estate industry. The data has been separated into Am Law 100 & 200 and non-Am Law firms.

Leasing Activity: Number of Transactions



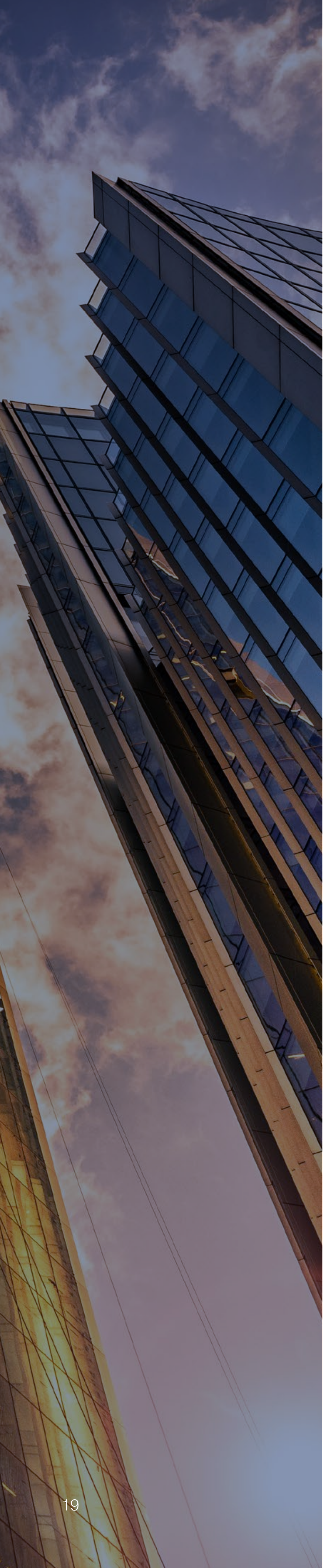
The number of lease transactions for both Am Law and non-Am Law firms dropped in 2020 and 2021, before bouncing back in 2022. The number of Am-Law leases in the three years pre-pandemic (2017 – 2019) decreased by 3.6 percent compared to the three years after the pandemic (2022 – 2024). The number non-Am Law firm transactions decreased by 7.6 percent over the same period. More capitalized Am Law firms have likely been in a better position to complete lease deals compared to smaller non-Am Law firms post-pandemic.

Leasing Activity: Volume (SF)



Law firms with a minimum of 50,000 square feet and at least five locations have picked up leasing activity by volume, with both Am Law and non-Am Law firms increasing the volume of signed leases. Based on the activity of law firms of all sizes, larger law firms have been more aggressively completing lease transactions.

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



AM LAW 100 & 200 AND NON-AM LAW LEASE TRANSACTIONS

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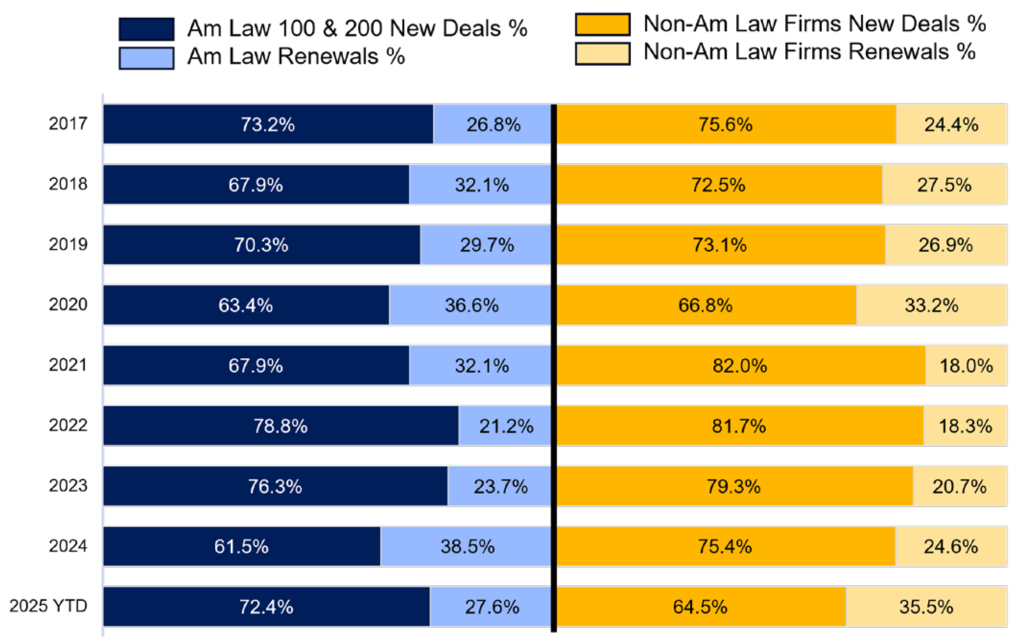
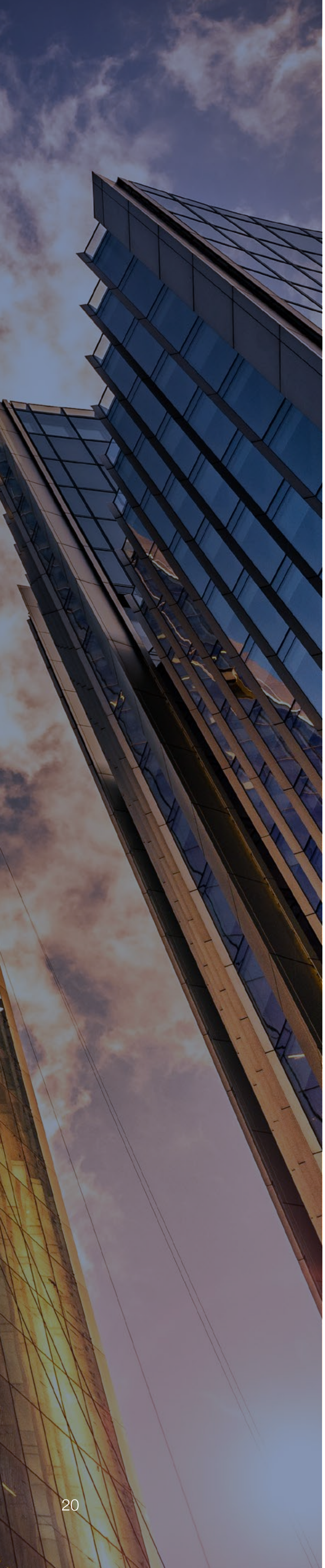
New vs Renewal:

Number of Lease Transactions



Am Law firms have historically renewed leases around 30 percent of the time. During the pandemic, Am Law firms signed a higher percentage of new leases, seizing the opportunity of overall weak office market conditions to relocate and/or right-size their space. It should be noted that new lease transactions may also include signing a “new lease” in the same building for a different size footprint or even on different floors. The percentage of new Am Law leases signed in 2024 fell due to the dwindling of large block availability in newer, highly amenitized buildings. The pattern for larger non-Am Law firms followed a similar pattern as Am Law firms pre- and post-pandemic.

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

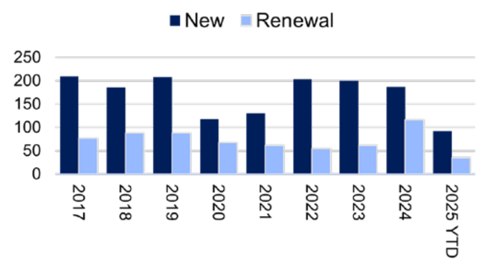


AM LAW 100 & 200 AND NON-AM LAW LEASE TRANSACTIONS

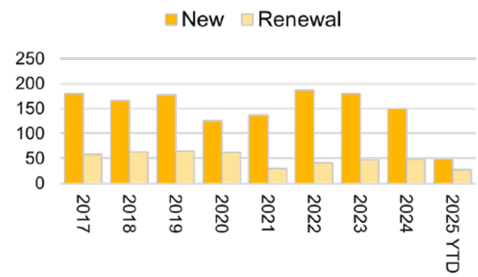
New vs Renewal:

Number of Lease Transactions

Am Law 100 & 200



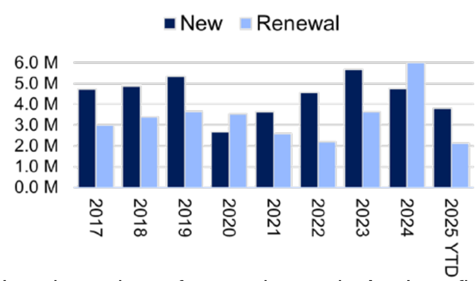
Non-Am Law Firms



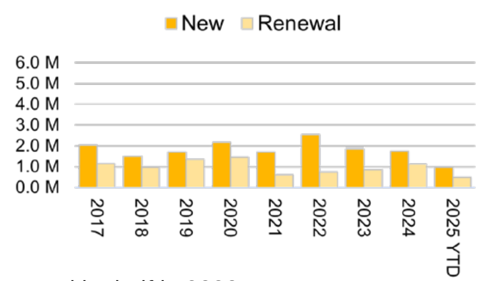
The number of new lease transactions for Am Law firms decreased by 25.0 percent from 2020 to 2022, compared to pre-pandemic levels, while renewals for Am Law firms dropped by 26.9 percent. Meanwhile, non-Am Law new leases fell 14.1 percent and renewals slipped 28.0 percent. Am Law firms recovered in 2023 to levels close to pre-pandemic levels, while all other law firms continue to lag.

Volume of Lease Transactions (SF)

Am Law 100 & 200



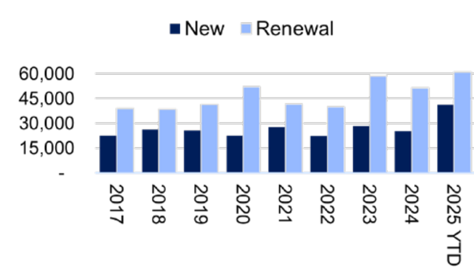
Non-Am Law Firms



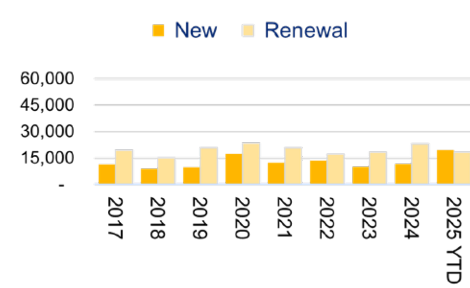
Leasing volume for new leases in Am Law firms dropped by half in 2020 from the previous year, while renewals decreased only 3 percent.

Average Lease Size (SF)

Am Law 100 & 200



Non-Am Law Firms



The average lease size for both Am Law firms and non-Am Law firms decreased in the two years following the onset of the pandemic. However, it began to recover in 2023 and 2024. Non-Am Law firms experienced a similar trend, but have seen a slower bounce back.

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

SECTION 5

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 nearly 100 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 leases, renewals, relocations, expansions, and contractions.

Transactions	Am Law 100 & 200	All Other Firms	Totals
Total Number of Lease Transactions	**77**	**17**	**94**
Lease Volume (SF)	8.59 M	1.36 M	9.95 M
Average Lease Size (SF)	111,608	79,853	105,865
New Leases	39	6	45
Renewals	38	11	49
Remained in Current Building	**42**	**11**	**53**
Renewed in Place	**15**	**8**	**23**
Expansion in Building	**15**	**2**	**17**
Average Expansion Increase %	34.10%	6.90%	31.70%
Contraction in Building	**12**	**1**	**13**
Average Contraction Decrease %	-22.30%	-6.40%	-21.30%
Total Change in Size in Current Building %	**0.80%**	**0.10%**	**0.70%**
Relocation	**30**	**5**	**35**
Expansion	**15**	**2**	**17**
Average Expansion Increase %	35.40%	23.00%	34.40%
Contraction	**15**	**3**	**18**
Average Contraction Decrease %	-29.90%	-25.40%	-29.30%
Overall Relocation Percentage Change	**-3.00%**	**-11.10%**	**-3.80%**
New Locations in Same Market	**5**	**1**	**6**

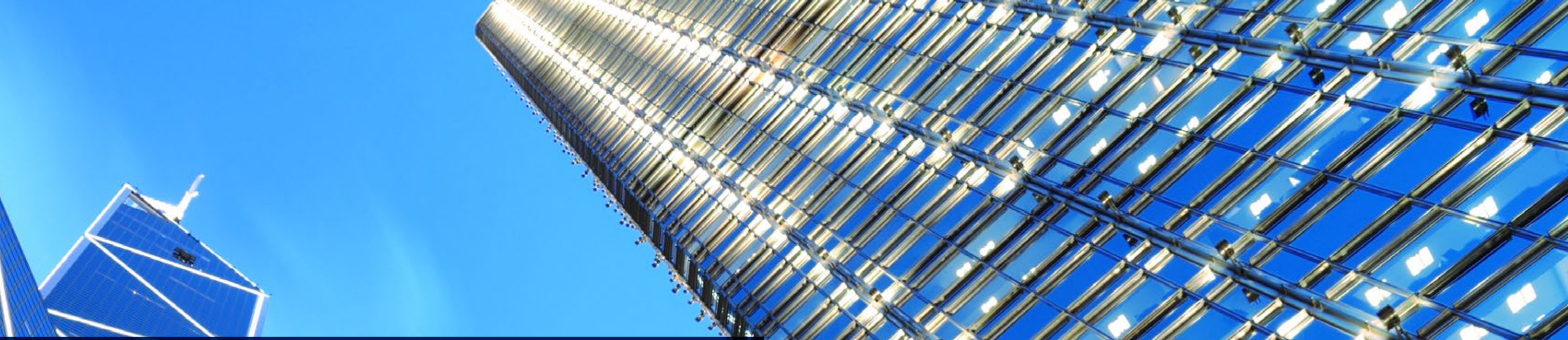
Am Law firms accounted for 82 percent of transactions over 50,000 square feet and 86 percent of the total square footage transacted since the beginning of 2024. **Out of 94 transactions, 53 firms remained in their current buildings, while 35 relocated, and 6 added another location within the same market.** Twenty-three transactions were renewals in place, meaning the firms did not change their existing footprints. This indicates that 71 transactions (75.5 percent) resulted in either expansions or contractions. It is not surprising that so many law firms adjusted the size of their spaces, as they typically sign leases ranging from 10 to 20 years, causing their space needs to change over such a long lease term.

There has been a noticeable trend towards a flight to quality, as organizations increasingly seek newer, well-amenitized spaces in vibrant neighborhoods. Law firms have also adopted this trend; out of the 94 firms with space requirements exceeding 50,000 square feet, 35 have chosen to relocate. This decision to move is significant, costly, and time-consuming, particularly for larger spaces. Among the 35 firms that relocated, 17 expanded their offices, while 18 downsized. Overall, the total space occupied by these 35 law firms decreased by 3.8 percent. Many firms have reduced their office space footprint, but it's important to recognize that both attorney and staff headcount have increased. The key metric to consider is the occupancy per attorney at peak occupancy levels, with target ratios now set below 500 square feet per attorney.

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

SECTION 6

CONCLUSIONS



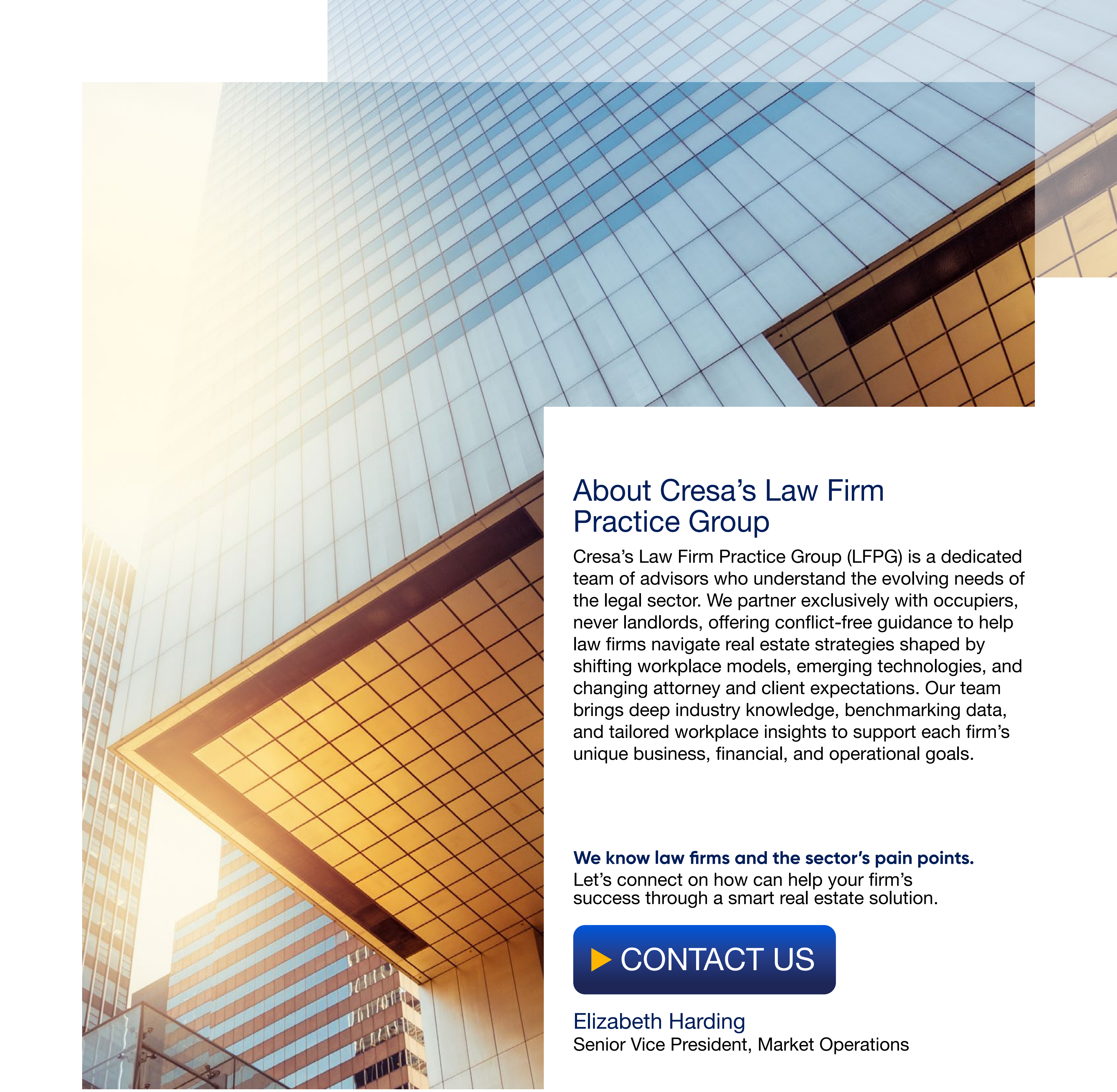
CONCLUSIONS

The legal sector is redefining its path forward. As law firms adapt to changing office cultures and evolving client demands, their real estate decisions are becoming not just about where and how they work, but also a strategic tool for gaining a competitive advantage. Over the past three years, law firm leasing activity has stood out in the overall office leasing market, taking advantage of soft market conditions to relocate, right-size their spaces, or negotiate terms of renewals. Law firms often have longer lease terms and significant space requirements, allowing them to negotiate favorable lease agreements.

While Am Law 100 and 200 firms often dominate headlines with their leasing decisions, medium-sized and regional law firms are also making notable moves. Real estate decisions are intricate; what benefits one law firm may not suit another. Some firms are expanding their office space, while others are downsizing. The common theme, however, is that law firms are finding more effective ways to utilize real estate to support a firm's short- and long-term business strategies, create flexible workplace solutions that can adapt over time, and improve overall operations and work productivity.

TENANT CONSIDERATIONS

- Does the office make a strong brand statement?
- Will downsizing or relocating impact prestige or visibility in the market?
- Does the location and design support hybrid work expectations? Is it accessible to on-site and off-site amenities?, Is there convenient public transportation and adequate parking?
- Can the space adapt to evolving headcount (expansion, contraction, practice group changes)?
- Does the building support high-end AV, secure connectivity, hybrid client engagement, and infrastructure to support AI-driven workflows and cybersecurity demands?
- What's the total cost of occupancy (rent, buildout, operating costs) compared to revenue per lawyer?
- 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.



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.

CONTACT US

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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.

Cresa is the world's leading global commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, Cresa's services include Transaction Management, Workplace Solutions, Project Management, Consulting, Lease Administration, Technology, Investment Banking & Capital Markets and Portfolio Solutions. In partnership with London-based Knight Frank, Cresa provides service through 16,000 people, across 380 offices in 51 territories.