

Law firm real estate costs: annual rent as a percentage of revenue

For major law firms, how their cost structures compare to those of their competitors is an important consideration. As they make their real estate decisions, there are a number of metrics they consider, one of the most important of which is what their annual rent is as a percentage of revenue.

The Savills Legal Tenant chose a sample of Am Law firms (Am Law 25-45) to analyze what they were experiencing. **The Legal Tenant found that rental costs were, on average, 6.1% of revenue, with the middle 50% ranging from 5.1% to 6.8%.**

	Revenue Per Attorney	U.S. Attorneys	Total U.S. Revenue	Portfolio Size (Square Feet)	Average Square Feet Per Attorney	U.S. Annual Rent	Rent as a % of U.S. Revenue	Rent Per Attorney
Average	\$1,270,381	826	\$1,018,409,905	767,614	930	\$61,400,037	6.1%	\$77,069
Median	\$1,323,000	756	\$1,014,297,000	735,395	972	\$62,401,538	5.8%	\$73,151
25th Percentile	\$1,065,000	667	\$885,322,000	616,997	790	\$55,704,204	5.1%	\$65,297
75th Percentile	\$1,460,000	977	\$1,209,600,000	853,074	1,023	\$70,117,099	6.6%	\$89,366

The underlying data includes: (a) self-reported figures from The American Lawyer (e.g., headcount, revenue) and (b) Savills data, drawn from market lease comparables. These metrics do not include the amortization of tenant improvements paid for by the firm beyond landlord-provided concessions. The only real estate cost factor included was annual rent which does not include build out costs, FF&E (furniture, fixtures, and equipment), etc.

Sources: Am Law self-reported data (2023). Savills data (2023). Notes: Savills data does not include any information from Savills-negotiated leases. U.S. Revenue is calculated using revenue per attorney and the number of U.S. attorneys.

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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