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savills

THE LEGAL TENANT

Top 100 Am Law Firms

2023 Law Firm Benchmarking Report



Despite law firms' attempts at driving efficiency in their use of space for decades, Savills Legal Tenant found in our 2023 Benchmarking Report that the average square-foot-per-attorney ratio is still relatively high.

The widely used square-feet-per-attorney (sf/atty) metric for Am Law 100 firms continues to be much higher than the 500-750 sf/atty many firms use as target occupancy levels.

Using market lease data and numbers of attorneys reported to The American Lawyer, the Legal Tenant analyzed over 1,400 Am Law 100 locations across the U.S. to evaluate their actual space use and found the following:

- The average efficiency of Am Law 100 offices is 985 sf/atty.
- 32% of these firms' locations are in the 750-1,000 sf/atty range, and 43% are over 1,000 sf/atty.

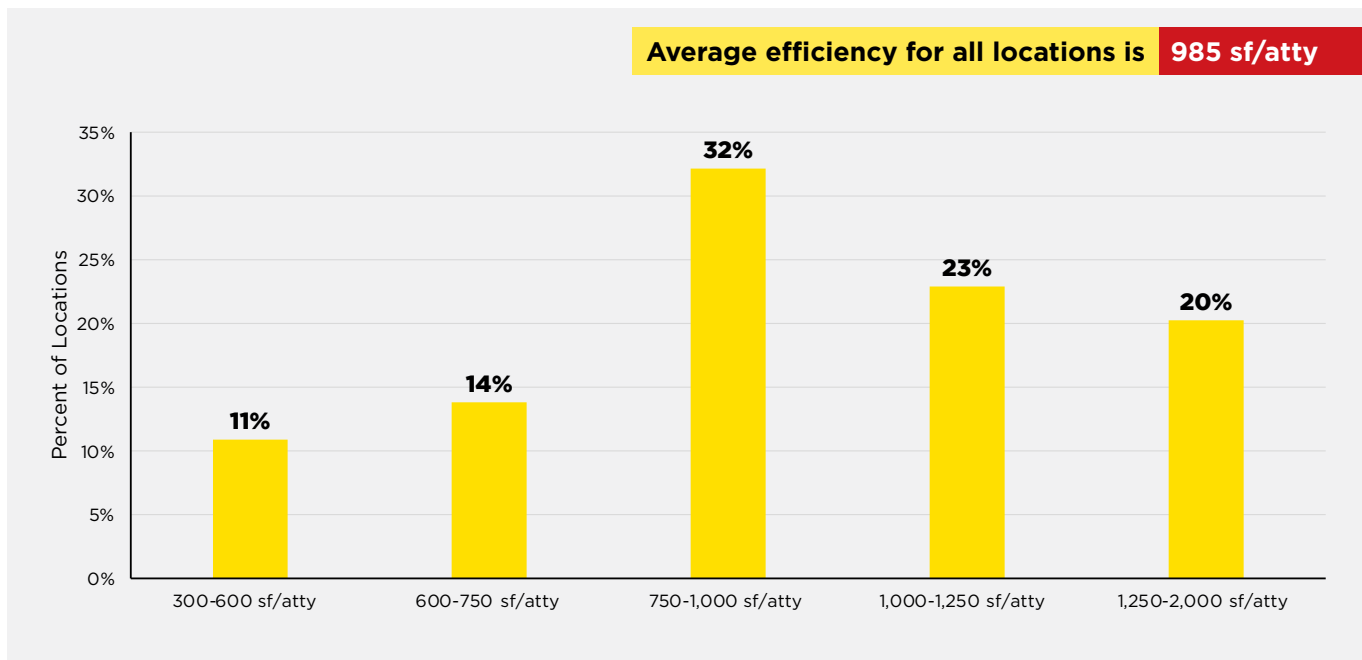
Note: These numbers are based on square feet per attorney reported to The American Lawyer by office, not square feet per as-built attorney office.

WHY MIGHT THIS BE?

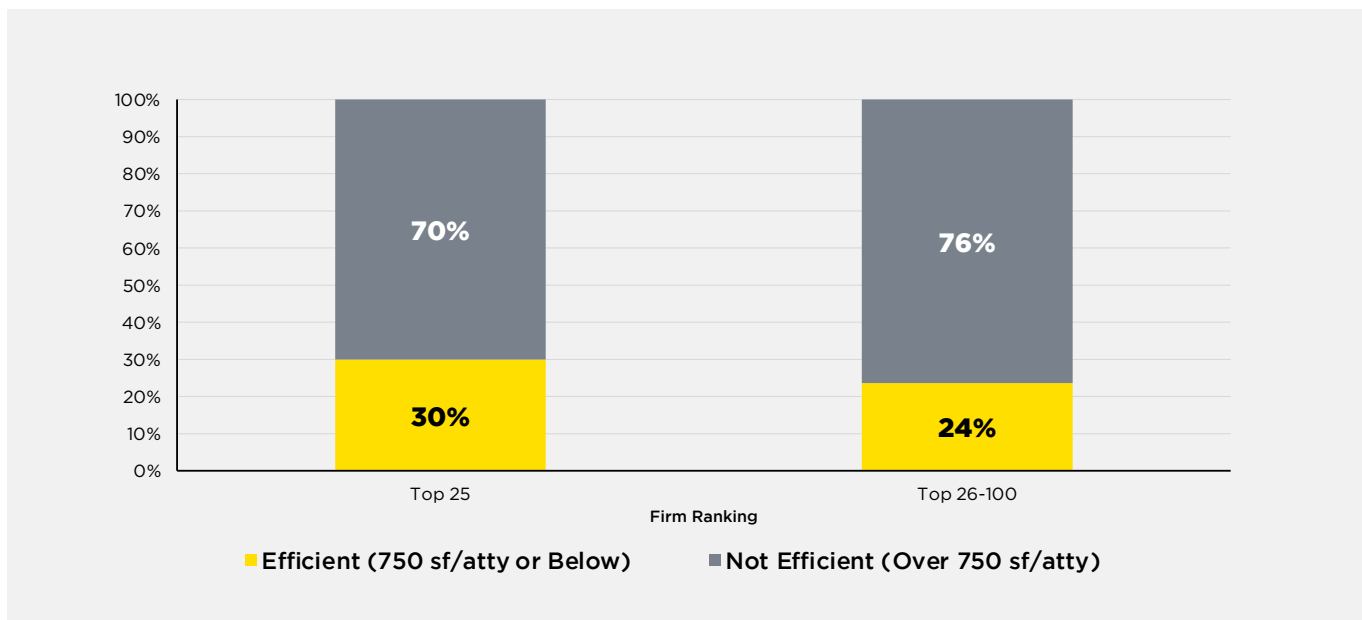
- Offices are not fully occupied. If workspaces are empty, the sf/atty metric increases despite the efficiency of the space configuration. Having 100% of offices full throughout a lease term would be unusual. Unoccupied offices could accommodate future growth, house visitors, or, if a firm occupies space by practice group, leave room between groups.
- There are many legacy leases with old-style configurations that one would expect to see replaced with more efficient spaces as time passes.
- It is often more economical to remain in a less efficient location than to bear the costs of building out new space.



Overall **Efficiency** Hierarchy

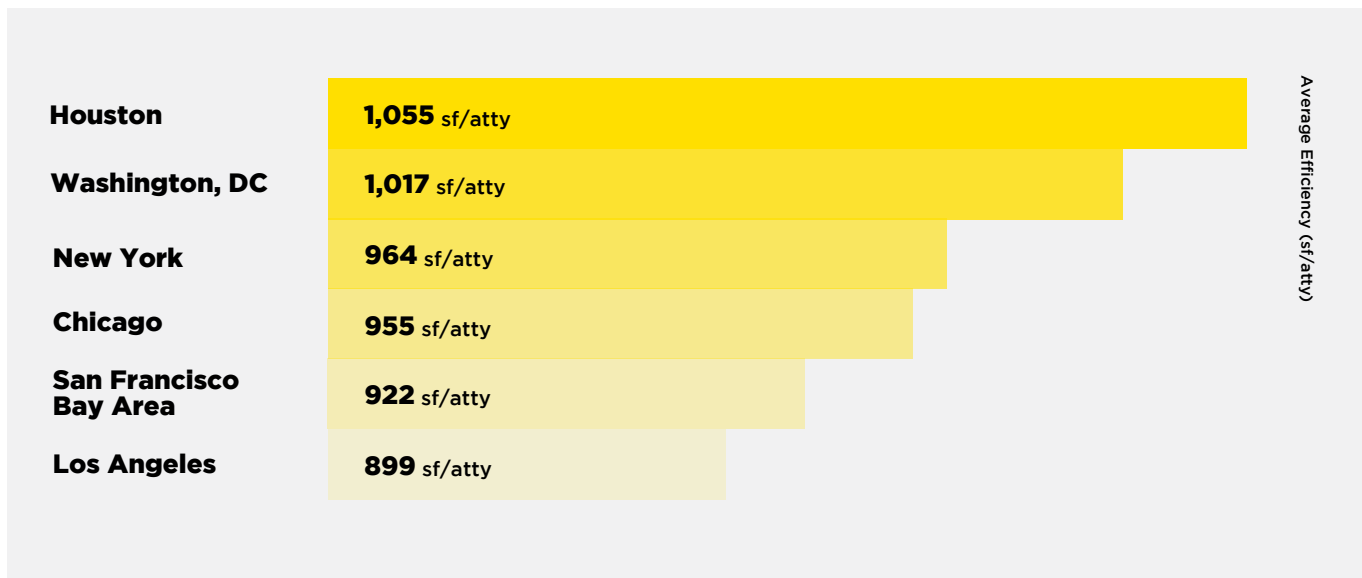


Percent of Locations that are **Efficient by Ranking** Top 25 Versus Top 26-100



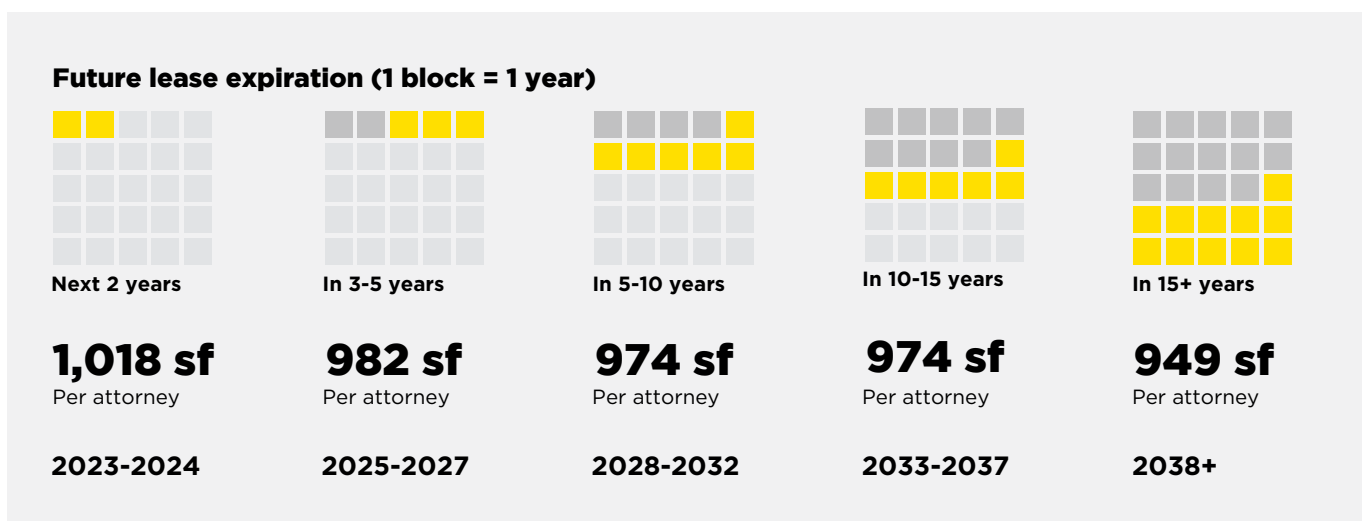
- The top 25 Am Law firms are somewhat more efficient, with 30% of locations at 750 sf/atty or below, while the firms ranking 26-100 see a drop to 24% of locations meeting that hurdle.

Core Law Firm Markets Average Efficiency



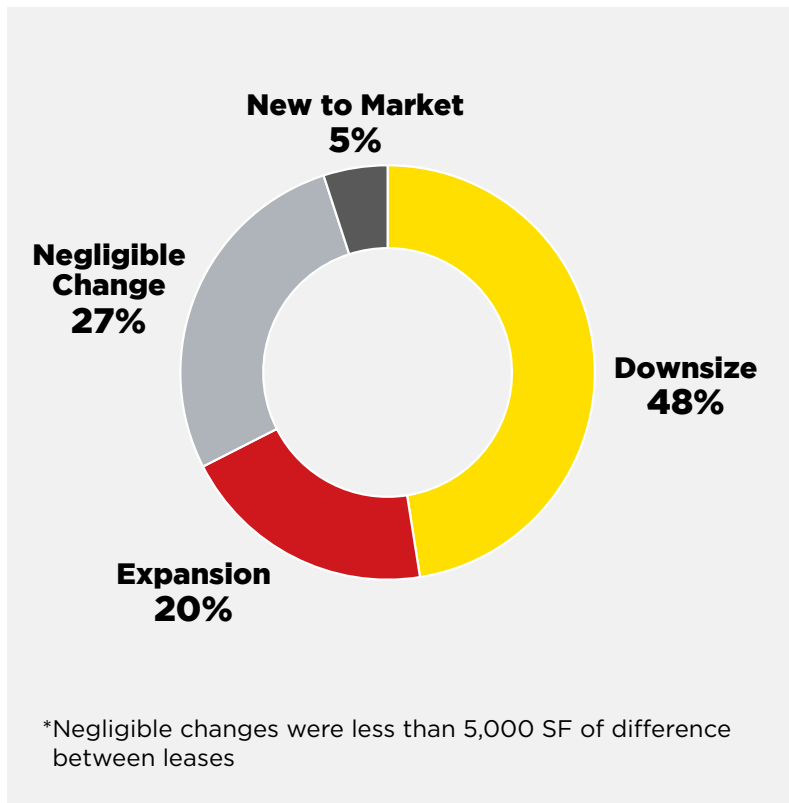
- Markets can be markedly different in average sf/atty metrics as the cultures of cities and regions drive office sizes and levels of administrative support. The Houston market has the least efficient locations, averaging 1,055 sf/atty, and Los Angeles has the most efficient locations, averaging 899 sf/atty.

Efficiency by Future Lease Expiration Date



- Examining efficiency by the future expiration date (correlated with when leases were signed) shows Am Law 100 firms reducing their space use over time.
- Upcoming leases expiring in the next two years average 1,018 sf/atty, but that number consistently drops as firms with terms expiring in 15 years or more average 949 sf/atty.

Occupancy Change of Recent Am Law Leases Am Law Leases Over 50,000 SF in 2021 & 2022



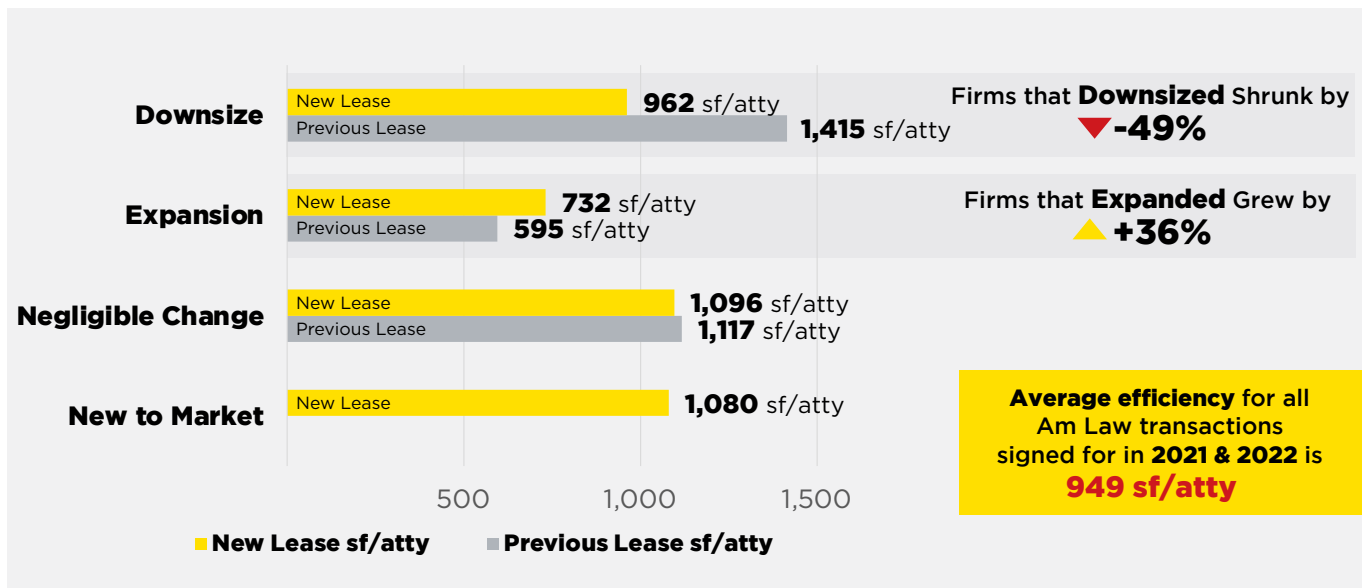
The Legal Tenant analyzed the occupancy of Am Law firms that signed leases over 50,000 square feet in 2021 and 2022.

- Between the previous and new leases, 48% of transactions represented downsizes. On average, these firms shrunk by 49%.
- Almost one-third (27%) of the 40 leases signed in the last two years by these firms kept roughly the same amount of space between leases.
- 20% of Am Law 100 locations were expansions. Many of these are firms in growth mode and increased space by 36% on average while reducing square footage per attorney.
- Am Law 100 firms also leased space in new markets, such as Miami and Salt Lake City, representing new net growth.

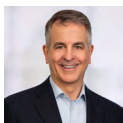


Efficiency Change of Recent Am Law Leases

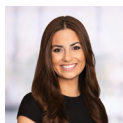
Am Law Leases Over 50,000 SF in 2021 & 2022



Sources for Report: Savills Research, The American Lawyer



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