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2024 | LEGAL TENANT

Savills Legal Tenant Survey:

Measuring the impact of new office space

Where it started

A recent article¹ in The American Lawyer questioned if the significant investments law firms have made in **creating more modern and upscale spaces** have produced a meaningful impact on those firms, their people, and their cultures. With this query in mind, Savills Legal Tenant Practice Group surveyed leaders at a wide range of firms that had recently relocated or renovated their U.S. office spaces to understand whether or not they believed their investments were worth it.

The robust response from firms in the **AmLaw 100 (42%)**, **200 (24%)** and **others (33%)** was telling and unveiled valuable insights that can help guide law firms and their office space strategies going forward.

¹ Fancy offices are a big gamble | The American lawyer. (2024, April 30). The American Lawyer. <https://www.law.com/americanlawyer/2024/04/30/fancy-offices-are-a-big-gamble-405-140808/>

About 90%

of respondents reported that their relocation or renovation had a positive or very positive impact on the firm's "office energy and culture."

There were **significant differences** in what firms reported for relocations versus renovations in the following areas:

83%

of firms that relocated reported a positive or very positive impact on recruitment, while only

33%

of those that renovated reported a positive or very positive impact.

79%

of firms found that relocation improved the quality of internal meetings, compared to

56%

of firms that renovated only.

75%

of firms that relocated reported better client perception, while

44%

saw this after renovation.

67%

of firms experienced technology benefits from relocation, versus

33%

that renovated.





86%

of respondents who relocated indicated that an improved office location with better access to transportation and/or easier commute had a positive or very positive impact.

When asked what tools they used in their "re-imagined" workplace, the top three responses were **ergonomic furniture, better building amenities, and single-sized offices.**

While only 45% of respondents indicated they had implemented **wellness programs,**

92%

of those firms believed those programs had a positive or very positive impact on their firm.

and 68%

of firms relocated to single-sized offices, only **48% of the firms** that turned to that solution believed that those offices had a positive or very positive impact on their firm.

Notably, **almost no firms** reported that any aspect of their relocation or renovation had a negative or very negative impact.



How has your new office space affected...?

On a scale of 1-5 with 1 being a very negative impact, 3 being no impact, and 5 being a very positive impact.

Firms that relocated saw the highest impacts in critical areas such as office energy and culture, recruitment, quality of internal meetings, and client perception of the firm. In comparison, firms that only renovated their spaces benefited significantly less in all areas except office energy and culture where the difference was nominal.

Relocation to a new workspace invigorates employees' sense of comfort and renewed excitement about their "different" working environment. Relocation also serves to attract both recruits and clients, who, much like firms themselves, exhibit a flight to quality in their choice of employer or legal team.

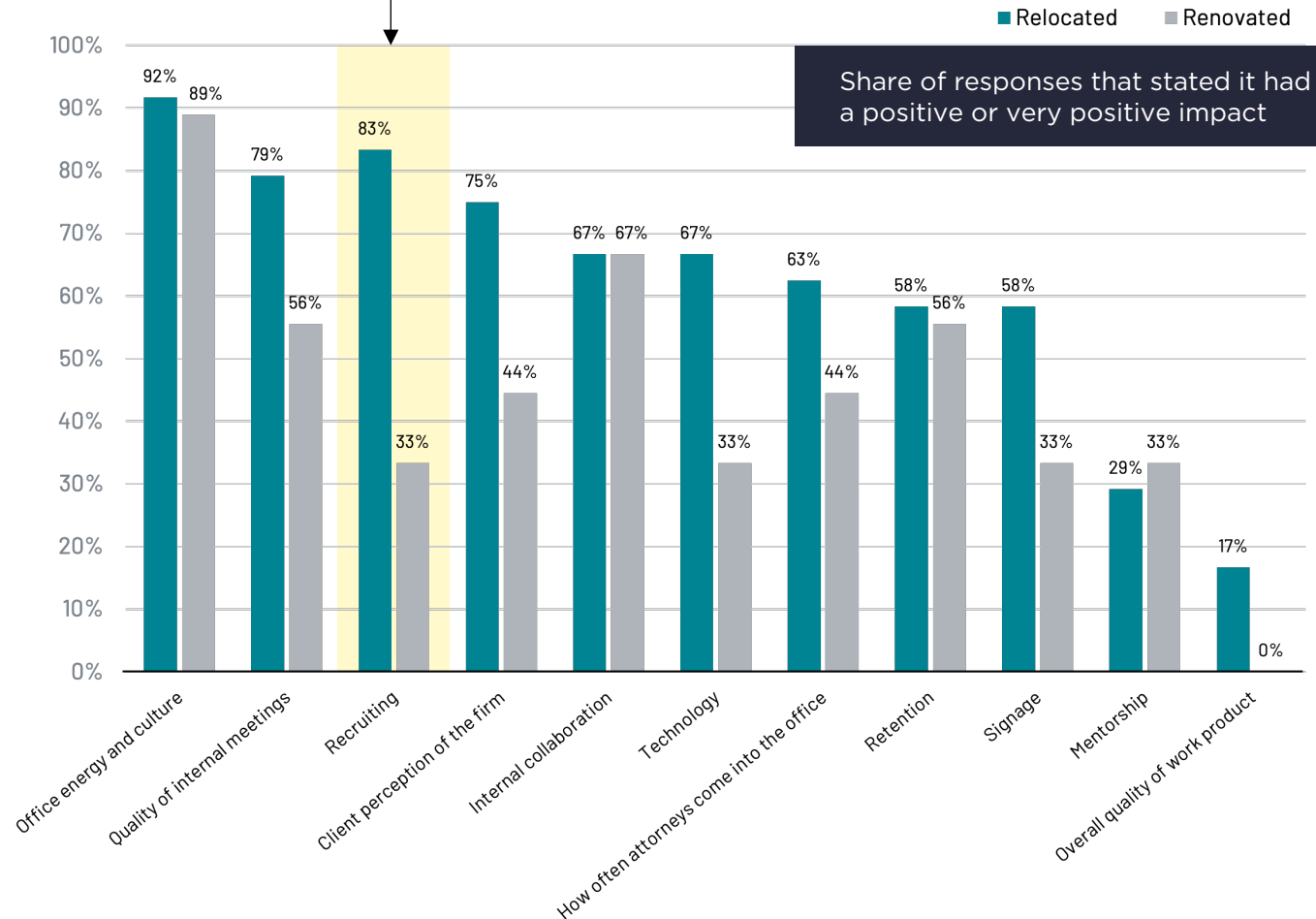
Respondents at firms that renovated their existing spaces reported the highest positive impacts in areas such as office energy, internal collaboration, and retention. It should be noted that a major tenant in an existing space may influence their current landlord to make improvements to the base building as part of their lease negotiations.

83%

of firms that **relocated** reported a positive or very positive impact on recruitment.

33%

of firms that **renovated** reported a positive or very positive impact on recruitment.



What tools have you implemented to get people back in the office?

Firms that have recently relocated or renovated their space have drawn from a tool kit of solutions to get their people back in the office and accommodate new ways of working. Answered by “Yes” or “No.”

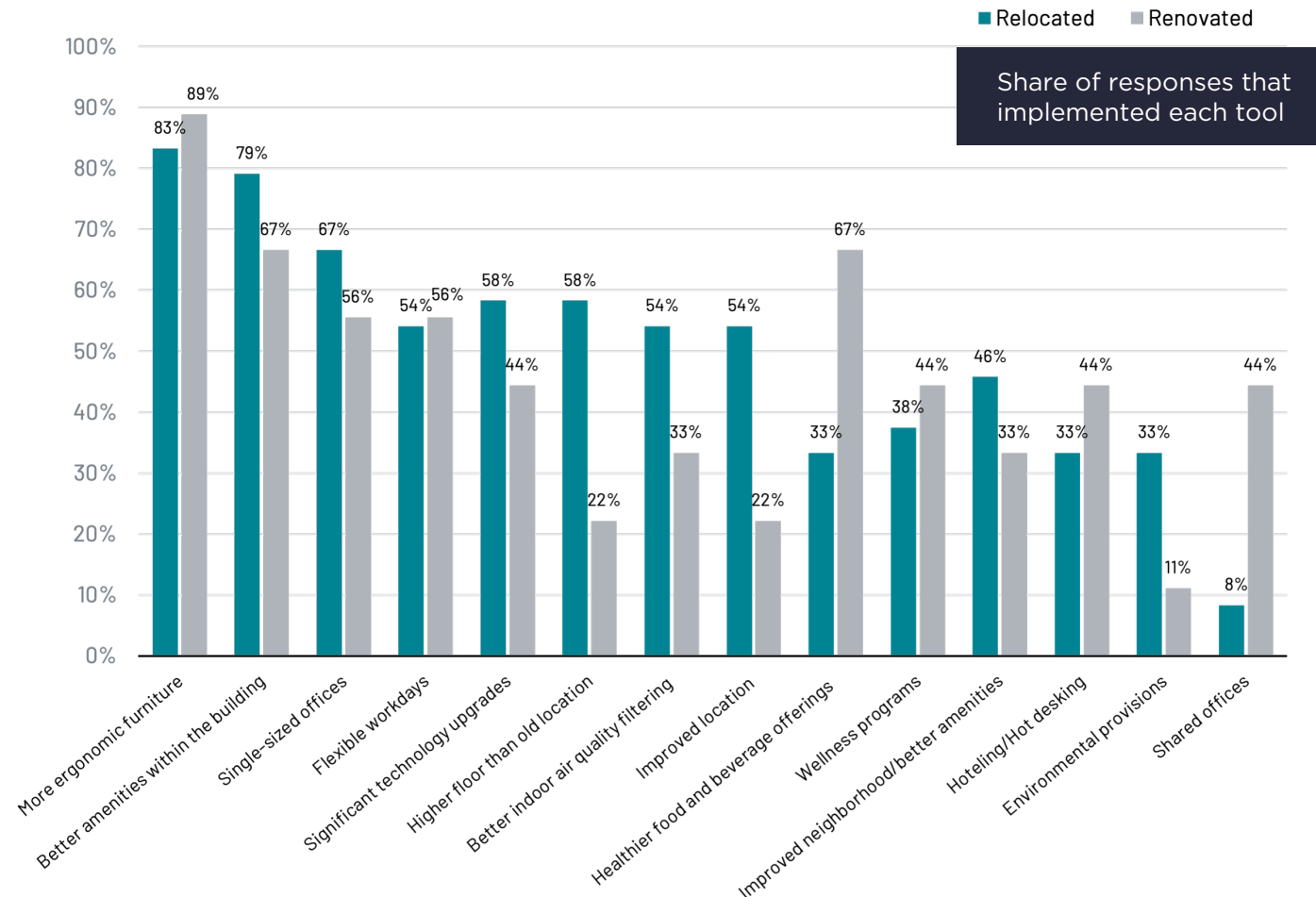
Over 50%

of the respondents for both groups implemented more ergonomic furniture, better amenities within the building, single-sized offices, and flexible workdays to accommodate new ways of working.

A flight to quality can be seen in relocated firms’ responses that indicate moving to higher floors in better locations with better air quality.

The data also speaks to the positive impact of people-centric tools and strategies implemented in firms such as wellness programs, better amenities, flexible workdays and better locations. When coupled with a focus on DEI strategies, leadership transitions and staff retention, it shows that firms are creating a more empathetic office culture and industry.

The renovated firms used healthier food and beverages within the office as a draw more than twice as much as those that relocated, which may suggest an allocation of money saved by renovating. Another area that possibly indicates a concession to staying in place is the rate of shared offices implemented by renovated firms (44%) versus firms that moved (8%).

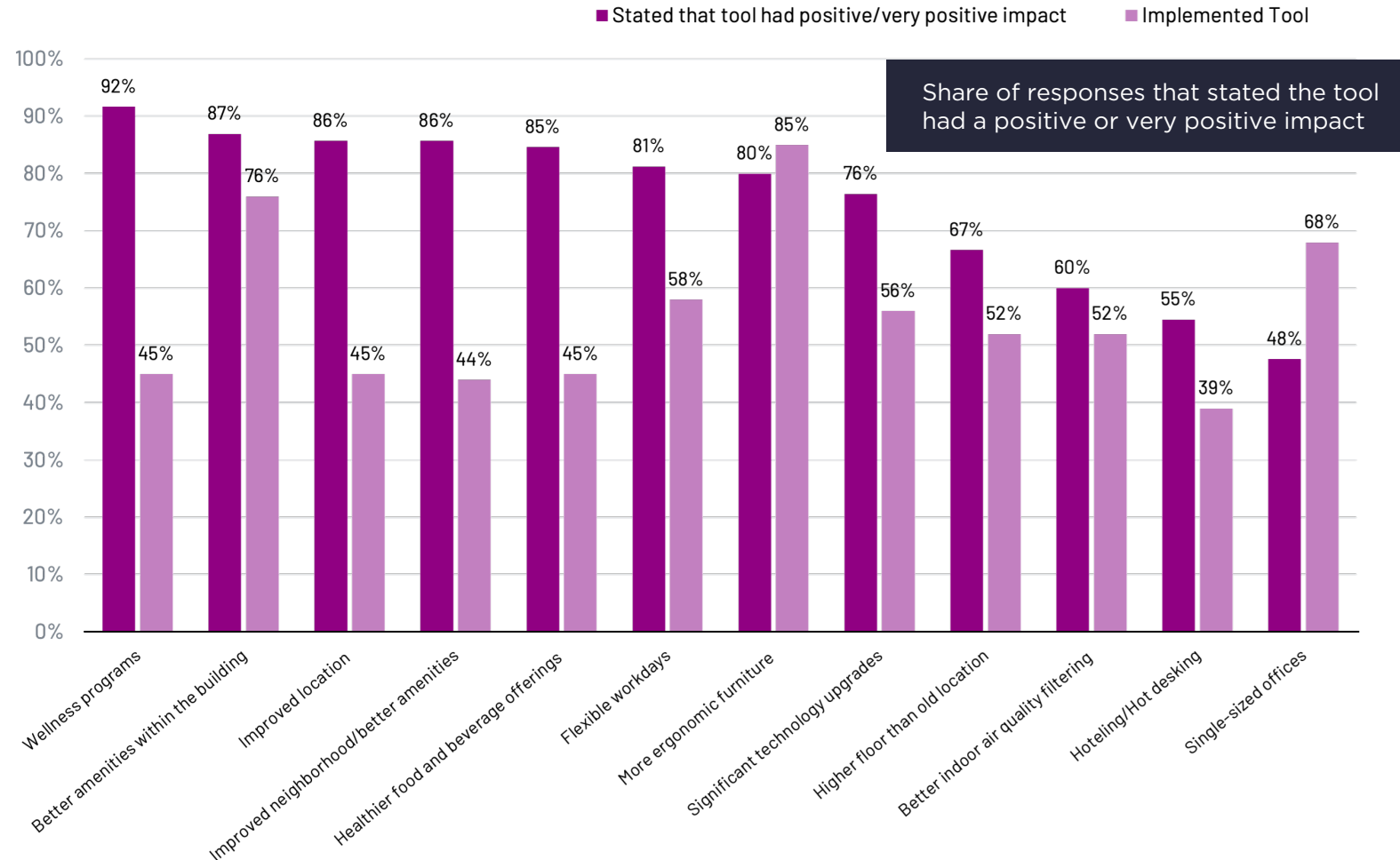


How impactful each tool has been that your firm has implemented?

On a scale of 1-5 with 1 being a very negative impact, 3 being no impact, and 5 being a very positive impact.

Although less than half of respondents implemented wellness programs and close to 70% implemented single-sized offices, only 48% felt the offices had a positive or very positive impact versus **an overwhelming 92% who believed wellness programs were the most impactful**. Again, the people-centric tools are front of mind and outpacing solutions that are more financially focused strategies such as universal office size.

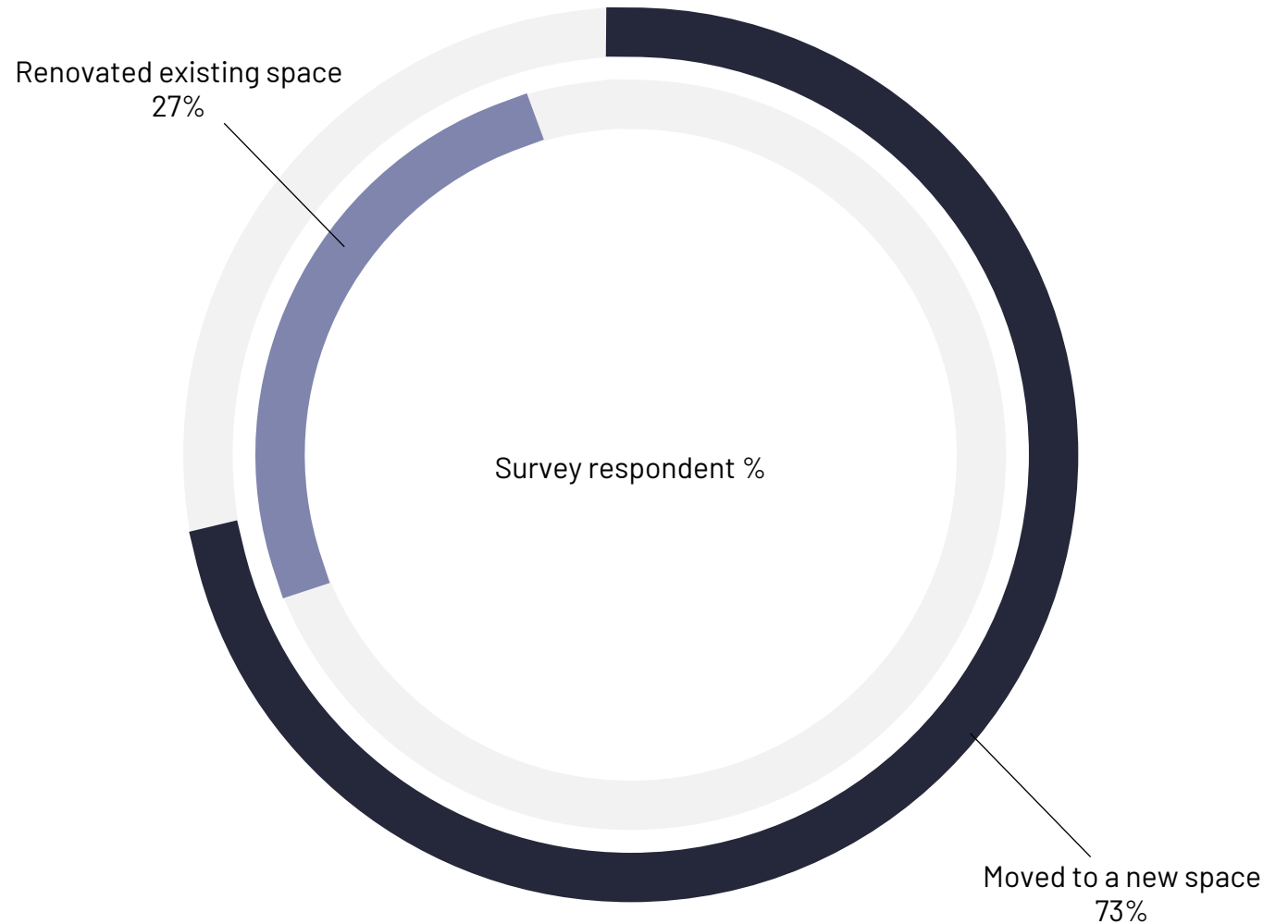
Additionally, less than half of the respondents moved to better locations with improved amenities, but an overwhelming 86% of those saw positive impacts in the new location and better amenities.



Did your firm renovate its existing space or move to a new space?

The vast majority of survey respondents (73%) indicated that they moved to a new space, with the remaining 27% stating that their firm renovated their existing spaces.

Consistent with the **flight to quality theme**, most of the firms that relocated chose to leave buildings built in the late 1980's and 1990's for Class A properties developed within the last four to five years.

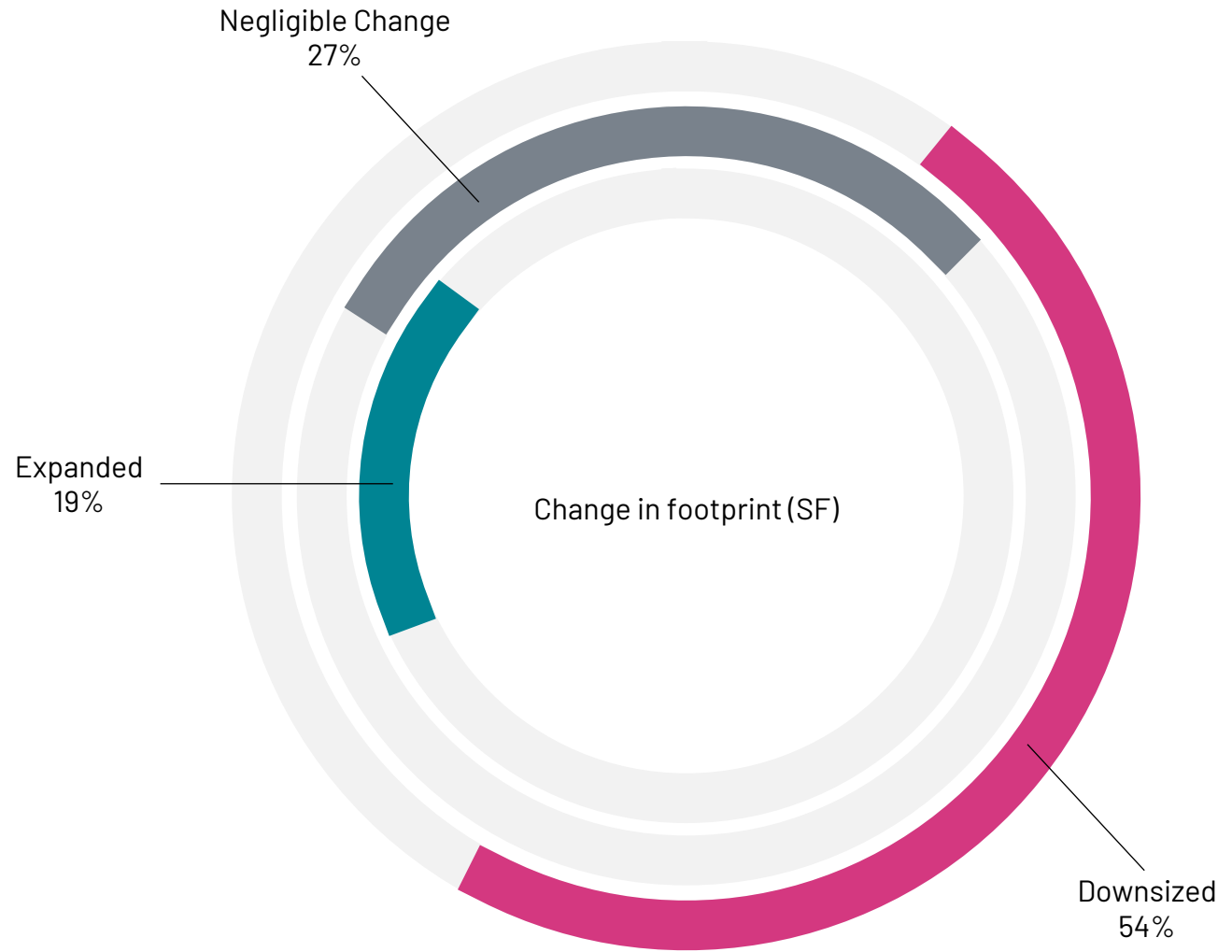


How did your office footprint change from your previous space?

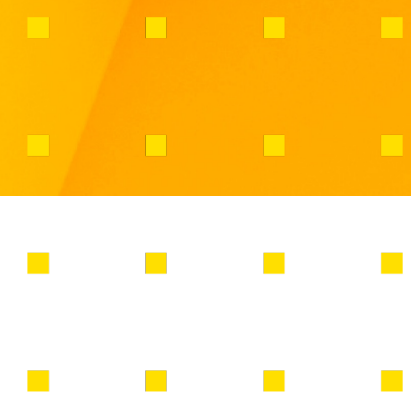
Notwithstanding firms opting to upgrade their locations, over 54% have downsized both their square footage per attorney and total footprint by around 20%. This downward trajectory was also highlighted in Savills Legal Tenant Law Firm Benchmarking Report.¹

Additionally, 42% of respondents indicated that their real estate costs increased, whether they relocated or renovated.

¹ Savills Legal Tenant 2024 Law Firm Benchmarking Report https://www.savills.us/research_articles/256536/364093-0



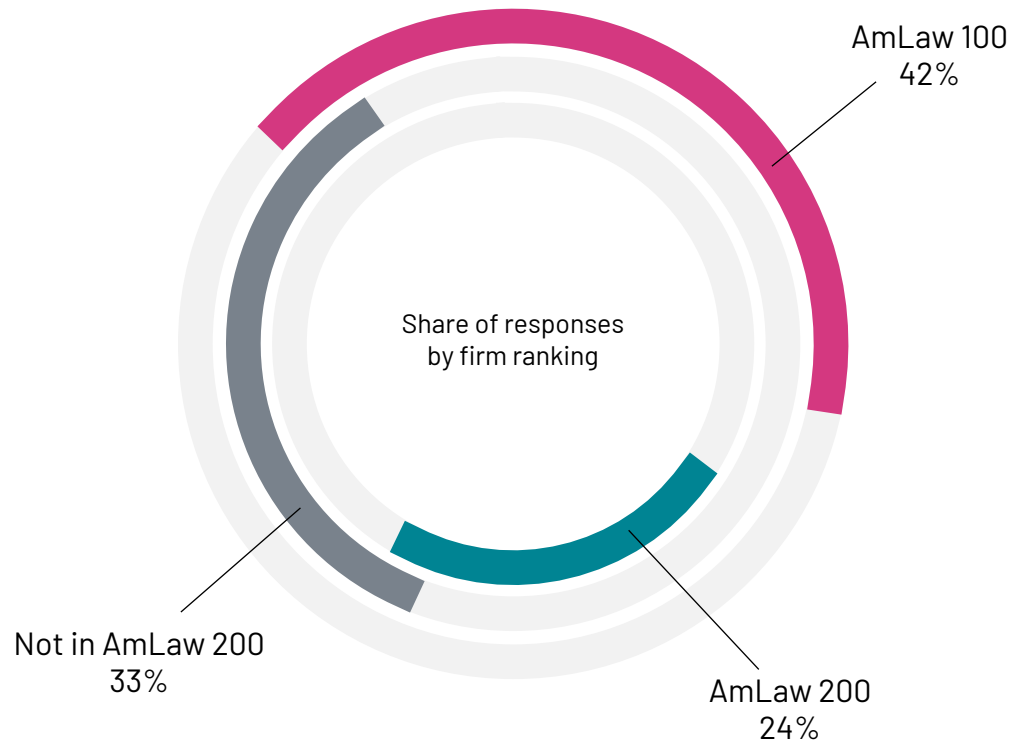
Undoubtedly, we will learn more lessons about how legal tenants restructured their office spaces and how those changes impacted the workforce. However, based on the survey data, firms' investments in relocations and renovations have made a more significant impact than just improving aesthetics. Even with the reduction in square footage, the critical metrics we assessed clearly show that the **physical office remains important to law firms** and that investing in that space is essential for the people who work there.



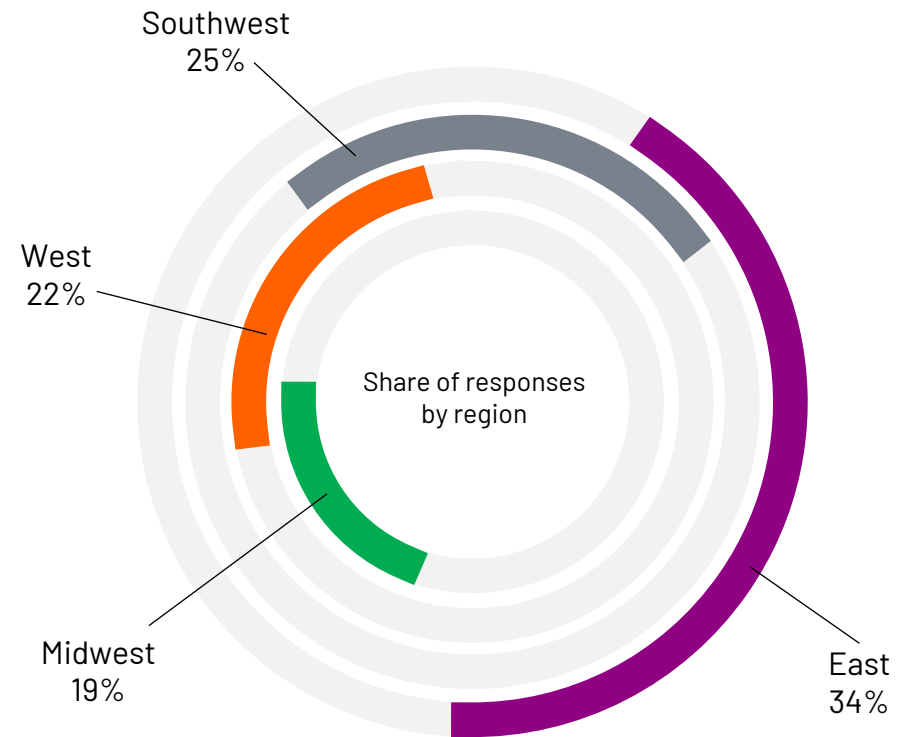
SAVILLS LEGAL TENANT SURVEY

Appendix

Office ranking?



Location of offices?



Savills Legal Tenant Survey

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