

LAWYERS GETTING BACK ON TRACK



SPRING 2023

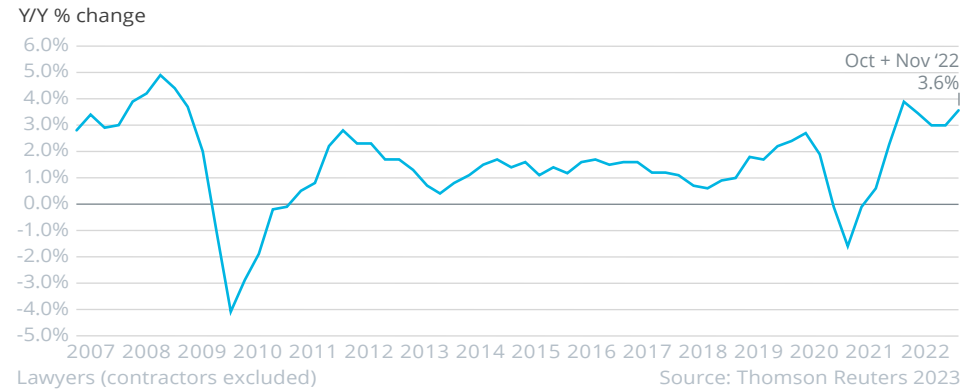
LAWYERS EXPERIENCED LAYOFFS DURING THE PANDEMIC, BUT JOBS ARE GETTING BACK ON TRACK



Law offices continued to increase headcount in 2022, though hiring slowed a little from its 2021 pace as the market faced challenging economic headwinds.

Why it matters: The need to reduce overhead during the pandemic prompted many firms to look at their overall real estate footprint with a more critical eye. As market conditions improved from their lows, so did hiring, portending the need to keep or expand office space.

ATTORNEY JOB GROWTH

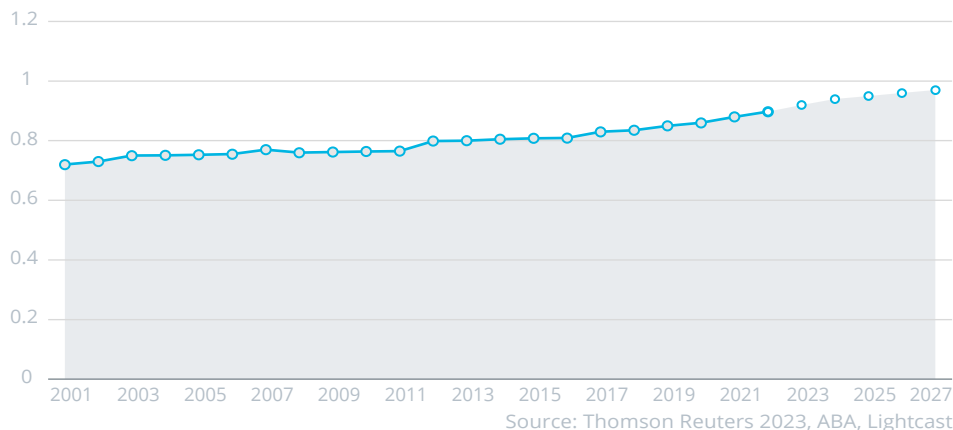


INCREASED JOB DEMAND

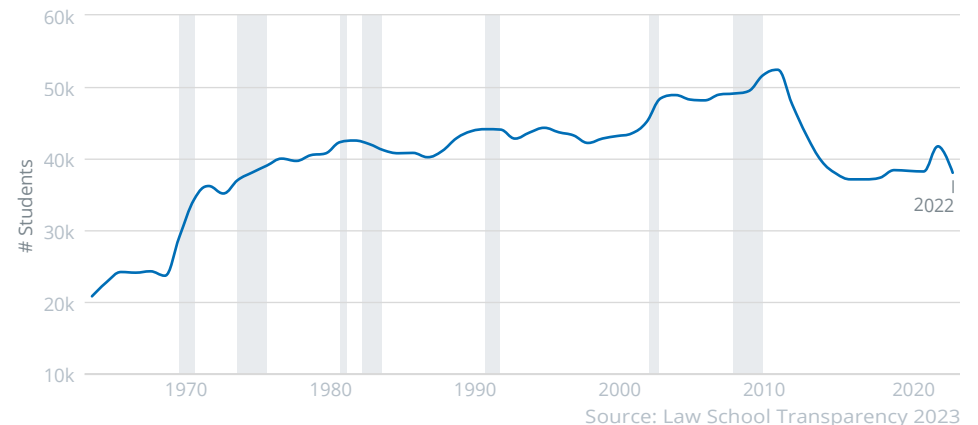
The overall number of lawyer jobs has grown by roughly 6% since 2019, and jobs are expected to increase by another 8% over the next five years. Meanwhile, law schools experienced a sharp enrollment decline in 2022 after seeing an increase in 2021. Job postings have also increased, reaching about 155,400 unique postings over the last 12 months (Lightcast). Many of the new positions offered will replace workers who change careers, retire, or otherwise exit the workforce. (BLS Occupational Outlook Handbook).

Why it matters: With law school enrollment on the decline, firms have a smaller pool to select from for top talent, defined as the top 2.5% of graduates. The quality of the law office as well as its amenities can be major sources of talent attraction and retention, but law firms are struggling to balance real estate costs with the rising cost of attorney salaries.

LAWYER JOBS AND FORECAST



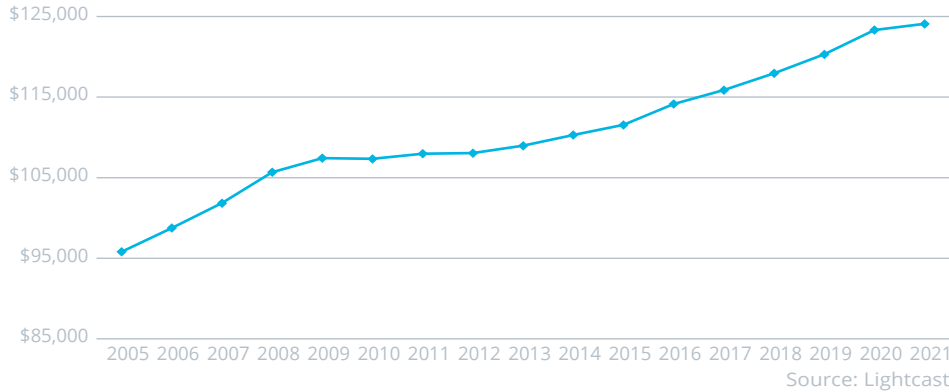
LAW SCHOOL ENROLLMENT



EARNINGS HAVE INCREASED NEARLY 15% SINCE 2011



MEDIAN ANNUAL EARNINGS



Salaries for lawyers have increased rapidly over the last 10 years, growing at roughly 1.4% per year since 2011. The pace slowed mildly in the wake of the pandemic, similar to the pattern seen after the 2007-2008 financial crisis.

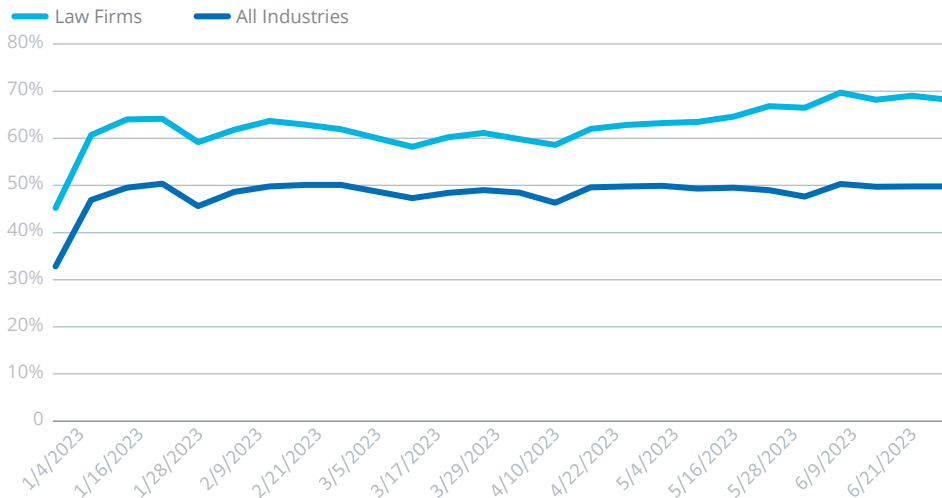
Why it matters: The rising compensation needed to attract talent will compete with the rising cost of real estate.

LEGAL INDUSTRY IS RETURNING TO THE OFFICE AT A HIGHER RATE THAN OTHER INDUSTRIES

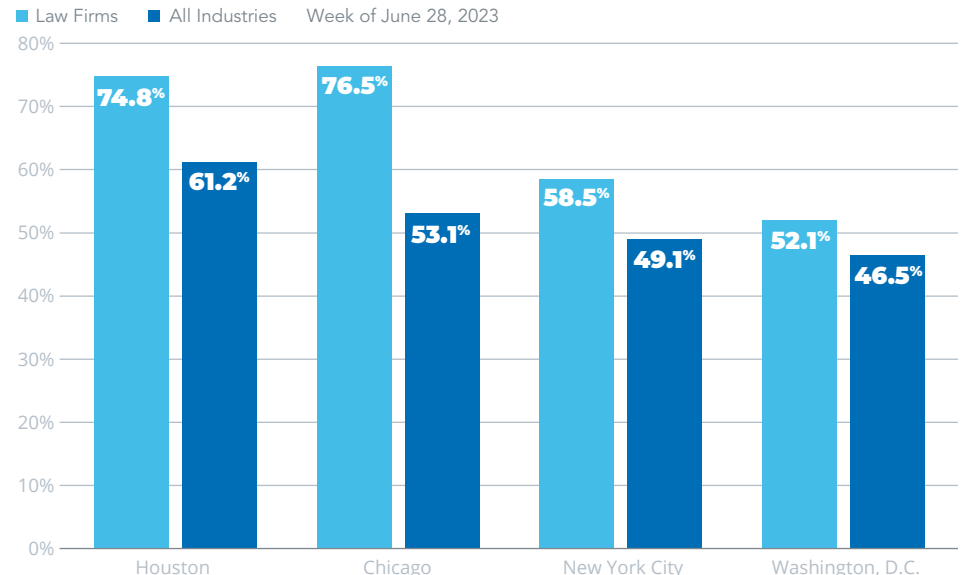
Law firms have been seeing much higher in-person attendance rates than the office market overall. Over the last six months, the average weekly occupancy rate for legal offices has been about 63%, compared with 48% across all office industries.

Even in metro areas where attendance is below the average, law firms still tend to have higher return-to-office rates.

OFFICE REOCCUPANCY INDEX



RETURN-TO-OFFICE RATES | SELECT CITIES



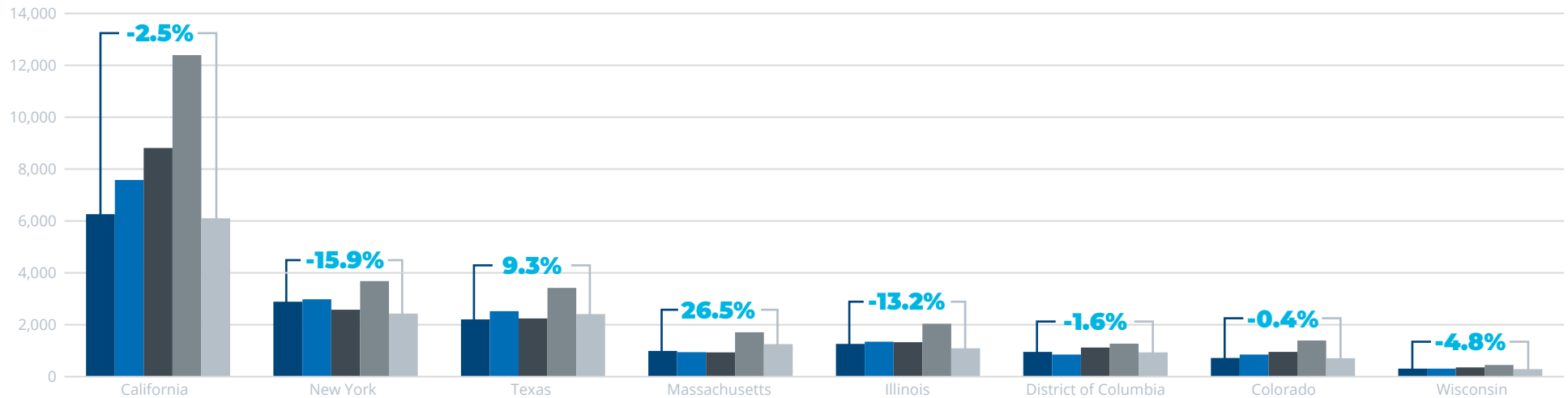
RECOVERY IS UNDERWAY



UNIQUE JOB POSTINGS | LAWYERS

March 2019 vs March 2023

■ March 2019 ■ March 2020 ■ March 2021 ■ March 2022 ■ March 2023



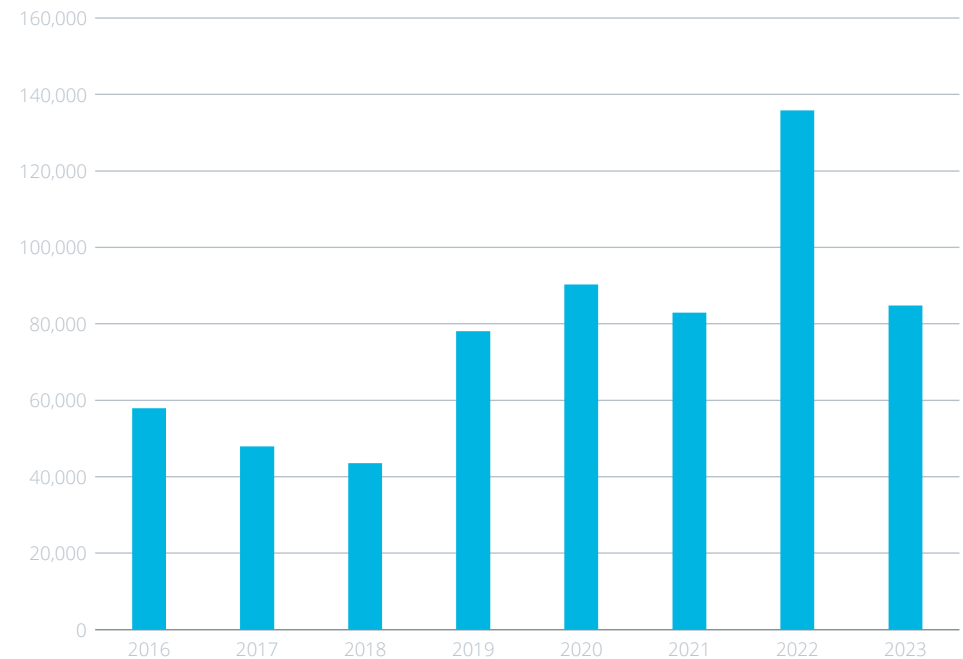
Job postings for lawyers have ramped up over the last few years and did not fall off appreciably during the pandemic. However, there has been a recent pullback, with many regions posting fewer jobs this year than pre-pandemic. The eight regions we examined all saw same-month job postings reach a post-COVID peak in 2022, but most dropped back sharply in 2023 – in many cases, to below pre-pandemic levels. Among the eight regions studied, only Massachusetts and Texas posted at a higher rate in 2023 than in 2019.

When looking at other states with high concentrations of lawyers, the Southeast is proving to be a standout; Florida, Georgia, Virginia, and North Carolina all showed increases in same-month job postings compared with March of 2019. Overall, there were more states with positive growth, but most of the large jumps were seen in areas where the concentration of lawyer jobs was relatively small to begin with.

Why it matters: As firms in areas with large concentrations of lawyers pull back on hiring, the need for additional real estate will be carefully considered. Additionally, with firms pulling back on space per attorney, office footprints have the potential to shrink further.

FIRST QUARTER LEGAL JOB POSTINGS - US

(Jan-March totals)



Source: Lightcast, Transwestern

SQUARE FOOTAGE PER ATTORNEY

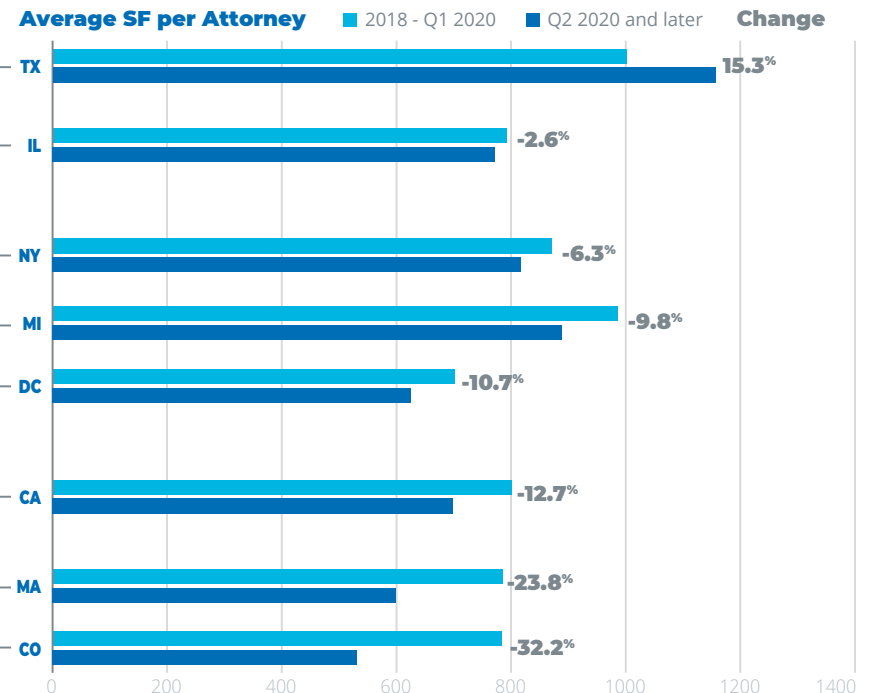
While law firm density highly depends on regional practices, the overarching trend is that law firms are shrinking their square footage per attorney.

Among the sample set* chosen from AMLAW 100 firms, Texas' average SF/attorney was higher than any other region. Texas was also the only state among the surveyed regions to see an increase in SF per attorney compared to pre-pandemic levels.



SELECTED LEASES OF AMLAW 100 FIRMS

Law Firm by State	Location	SF Occupied	Sign Date	# of Attys	SF/Atty
TX Law Firm A	Houston, TX	29,492	07/01/2021	27	1092
TX Law Firm B	Houston, TX	31,257	03/14/2022	37	845
TX Law Firm C	Houston, TX	26,021	05/25/2022	11	2366
IL Law Firm A	Chicago, IL	72,049	02/01/2021	102	706
IL Law Firm B	Chicago, IL	29,872	09/01/2021	56	533
IL Law Firm C	Chicago, IL	26,475	11/01/2020	61	434
IL Law Firm D	Chicago, IL	662,400	09/01/2022	811	817
IL Law Firm E	Chicago, IL	88,176	06/01/2022	108	816
NY Law Firm A	New York, NY	101,394	08/01/2021	134	757
NY Law Firm B	New York, NY	157,811	10/01/2021	176	897
NY Law Firm C	New York, NY	142,222	09/01/2022	162	878
NY Law Firm D	New York, NY	66,935	03/01/2021	85	787
NY Law Firm E	New York, NY	33,491	08/01/2021	47	713
NY Law Firm F	New York, NY	119,000	04/02/2023	156	763
MI Law Firm A	Troy, MI	8,001	05/15/2020	9	889
DC Law Firm A	Washington, DC	163,750	09/01/2021	274	598
DC Law Firm B	Washington, DC	77,504	11/01/2022	155	500
DC Law Firm C	Washington, DC	60,000	04/01/2021	59	1017
DC Law Firm D	Washington, DC	59,990	07/22/2020	71	845
DC Law Firm E	Washington, DC	22,630	02/15/2021	54	419
CA Law Firm A	Los Angeles, CA	49,508	03/01/2022	73	678
CA Law Firm B	San Diego, CA	74,000	06/01/2020	123	602
CA Law Firm C	San Francisco, CA	30,450	03/01/2021	20	1523
CA Law Firm D	Los Angeles, CA	47,567	09/08/2022	92	517
CA Law Firm E	Los Angeles, CA	55,000	12/01/2022	70	786
CA Law Firm F	San Francisco, CA	27,447	10/01/2021	28	980
MA Law Firm A	Boston, MA	55,880	12/01/2021	107	522
MA Law Firm B	Boston, MA	40,975	01/01/2022	57	719
MA Law Firm C	Boston, MA	13,287	11/01/2021	20	664
CO Law Firm A	Denver, CO	13,125	01/01/2022	19	691
CO Law Firm B	Denver, CO	10,194	12/01/2020	21	485
CO Law Firm C	Denver, CO	30,853	12/01/2022	62	498



Source: Law School Transparency, Statista, CoStar, Transwestern
*Random data sampling taken from new leases signed by AMLAW 100 firms

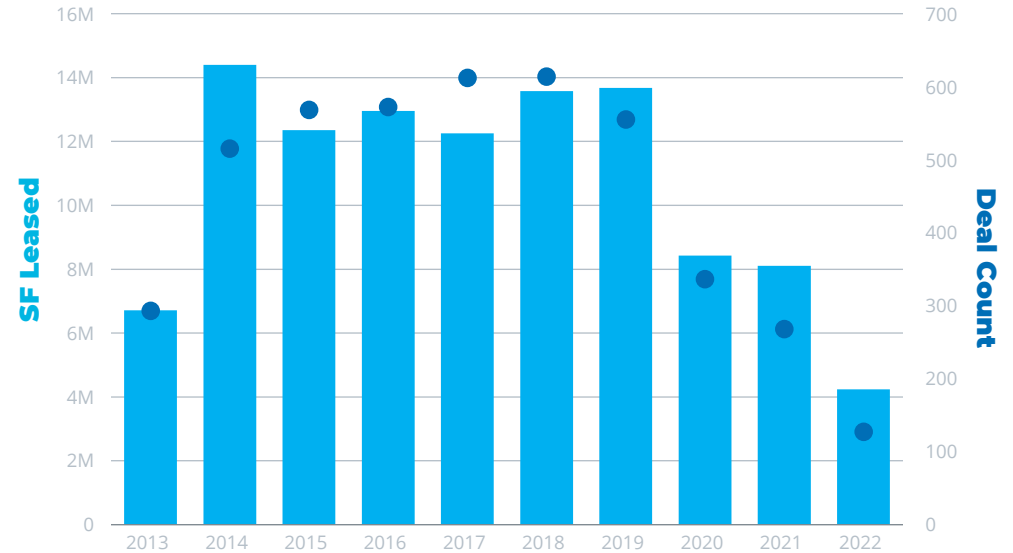
LEASING VOLUME HAS DECREASED



In addition to shrinking footprints, overall law firm leasing activity has slowed. In 2022, leasing activity of 5.2 MSF was almost 50% below the 2020 level.

Notably, the average transaction size increased over this same time period.

LEASING VOLUME BY YEAR



RECENT LARGE LEASING TRANSACTIONS

Sign Date	Tenant	City	Lease Type	Deal Type	SF Leased	Building Class
Q1 2023	Katten	Chicago	Direct	Renewal	204,000	A
Q4 2022	White & Case LLP	Miami	Direct	Renewal	57,494	A
Q4 2022	Orrick	Washington	Direct	New	67,504	A
Q4 2022	Chamberlain, Hrdlicka, White, Williams & Aughtry	Houston	Direct	Renewal	55,178	A
Q4 2022	Norton Rose Fulbright	Austin	Direct	Renewal	53,061	A
Q3 2022	O'Melveny & Myers LLP	New York	Direct	New	142,222	A
Q3 2022	Baker Botts	Houston	Direct	Renewal	172,301	A
Q3 2022	Benesch	Cleveland	Direct	New	164,828	A
Q3 2022	Robinson Bradshaw	Charlotte	Direct	New	101,502	A
Q3 2022	Shumaker, Loop & Kendrick, LLP	Tampa	Direct	Renewal	60,739	A
Q2 2022	Clifford Chance	New York	Direct	New	144,903	A
Q2 2022	Munsch Hardt Kopf & Harr, P.C.	Dallas	Direct	New	77,009	A
Q2 2022	Bryan Cave Leighton Paisner LLP	Denver	Direct	Renewal	52,000	A
Q2 2022	Dickie, McCamey & Chilcote, P.C.	Pittsburgh	Direct	New	79,719	A

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Research Methodology

The information in this report is a compilation of employment and earnings data the legal industry within the top 50 U.S. metropolitan areas.

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