

MAY 2023

Law Firm Return-To-Office Survey Results

Presentation to ACRELive



We collected data from law firms of different sizes on their return-to-office policies and flexible office practices

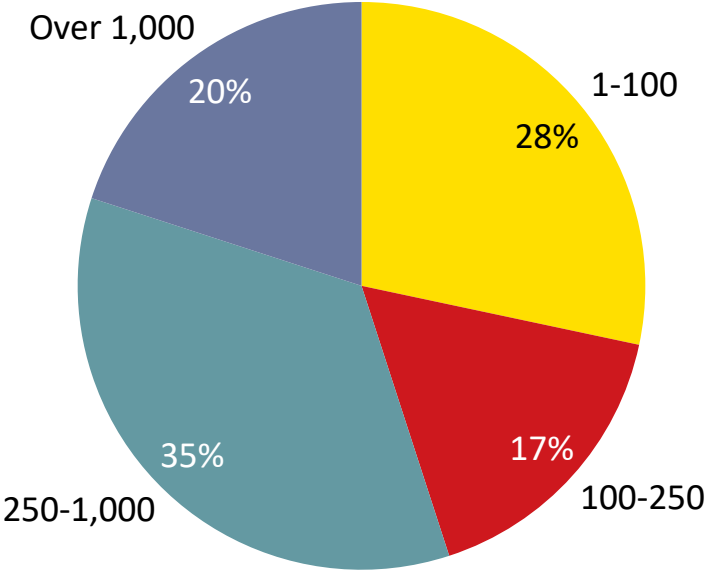
Survey Overview

Questions covered

- Number of attorneys
- Return-to-Office Policy:
 - Current return-to-office policy
 - Whether in-office attendance is mandated or recommended
 - Existence of specific anchor days for in-office attendance
 - Percentage of attorneys in the office at least three days per week
- Office Space Utilization
 - Implementation of flexible offices/hoteling strategy
 - Occupants of these flexible/hoteling offices
 - Process for determining occupants for flexible offices/hoteling

Respondent Distribution by Firm Size

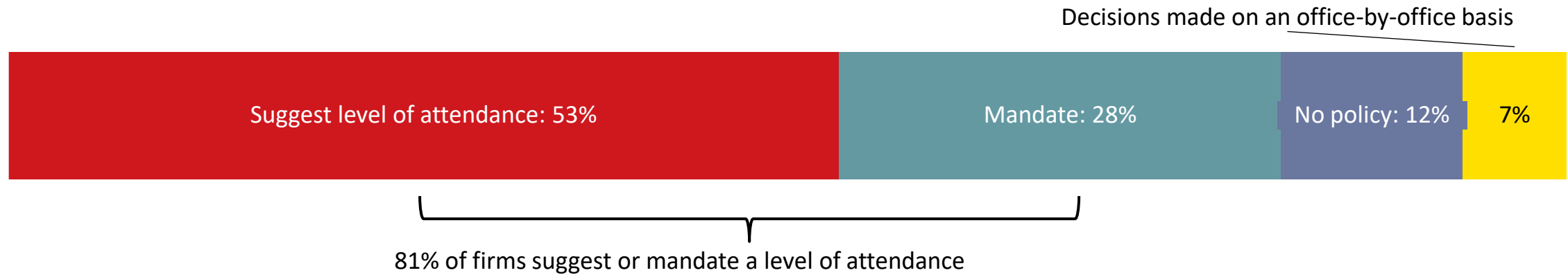
Number of attorneys in the participating firms (%)



Respondents were fairly evenly split between smaller firms (<250 attorneys) and larger firms (>250 attorneys)

~90% of surveyed firms across all sizes have implemented policies regarding office attendance for attorneys

What your is current return-to-office policy for attorneys?

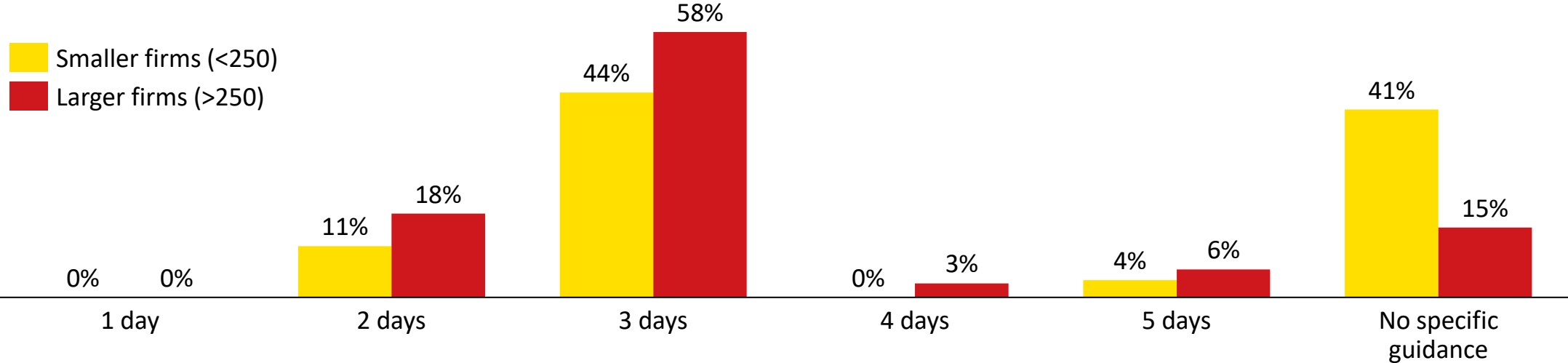


Key Takeaways

- 64% of larger firms (greater than 250 attorneys) suggest a level of office attendance compared to smaller firms (41%).
- Large firms (>250 attorneys) mandate office attendance at approximately 30%, while smaller firms do so at around 26%, indicating a roughly similar rate of mandated office attendance across different firm sizes.
- About a quarter of smaller firms do not have a return-to-office policy, while there are no larger firms that do not have a policy.
- Decisions made on an office-by-office basis are relatively rare in both smaller and larger firms.

The majority of firms across all sizes recommend or mandate 3 days per week of in-office attendance

If you mandate or recommend in-office attendance for attorneys, how many days per week?

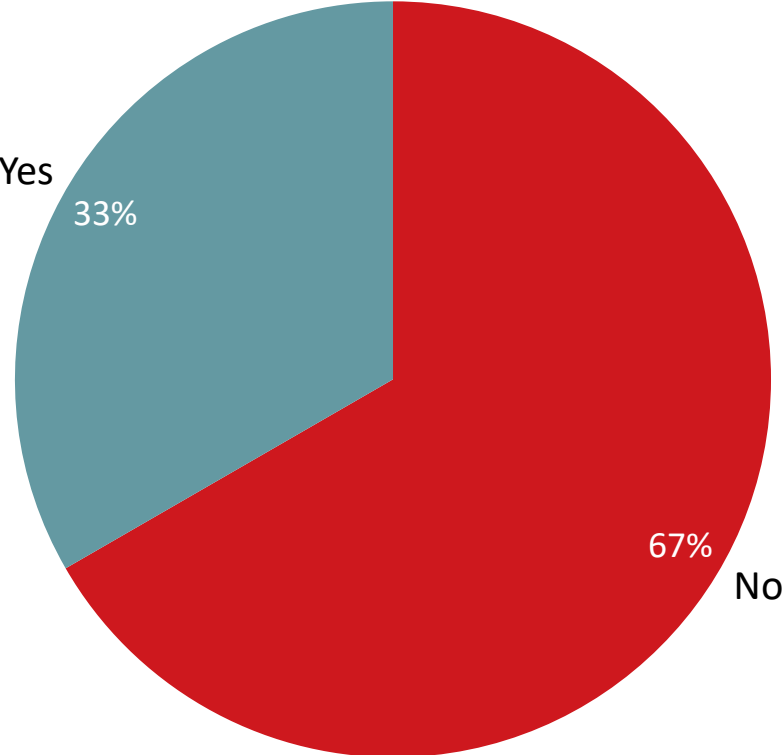


Key Takeaways

- The most common recommendation for in-office attendance for attorneys is three days per week, with 52% of firms choosing this option. This is the option chosen by more smaller firms (<250 attorneys) at 44% and larger firms (>250 attorneys) at 58%.
- The second choice overall is not providing any specific guidance at all. There is a notable size-based difference here: 41% of smaller firms don't provide specific guidance, compared to just 15% of larger firms.
- Two days per week in-office attendance is more common among larger firms (18%) compared to smaller firms (11%).
- Very few firms recommend or mandate 4 or 5 days per week of in-office attendance.

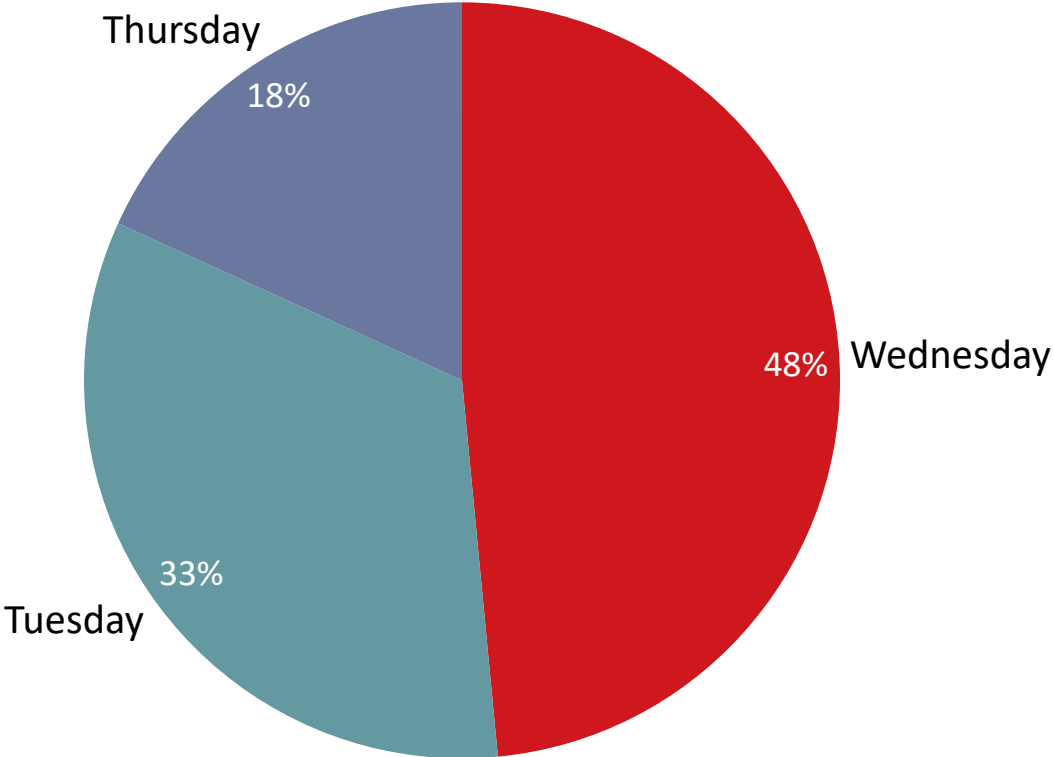
Majority of both larger and smaller firms do not have anchor days when all or most employees are required to be in the office

Any anchor days (days when all or most are required to be in the office)?



Larger firms with over 250 attorneys are more likely to have anchor days (42%) than smaller firms with less than 250 attorneys (22%)

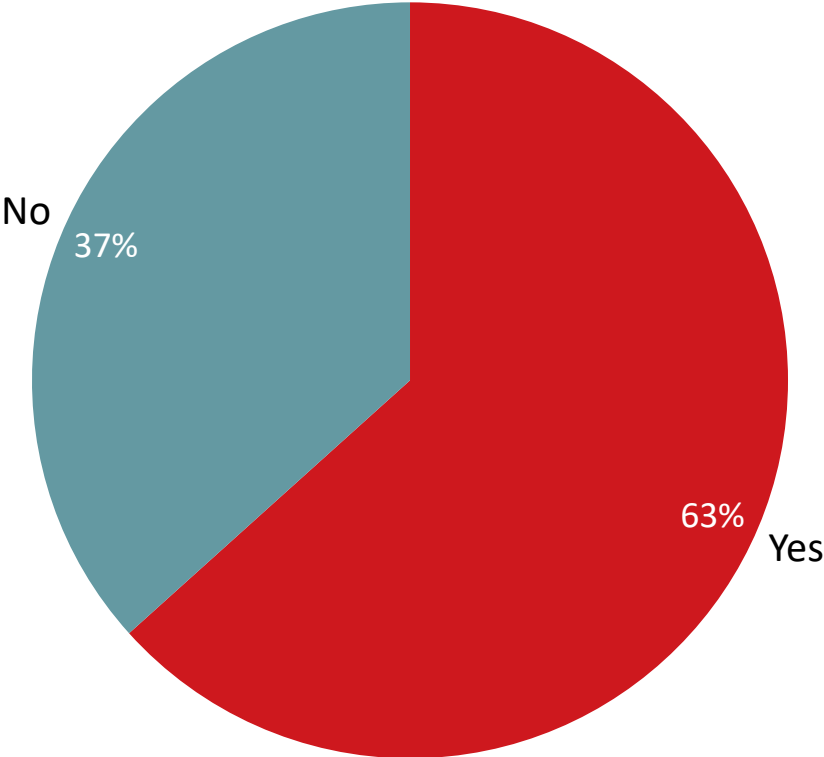
Distribution of Selected Anchor Days Among Firms Implementing Anchor Days



Of the firms that have specific anchor days, Tuesday and Wednesday are most common days chosen.

63% are adopting or considering flexible offices/hoteling, with allocations largely tied to attendance history

Are you implementing or anticipating implementing flexible offices/hoteling?

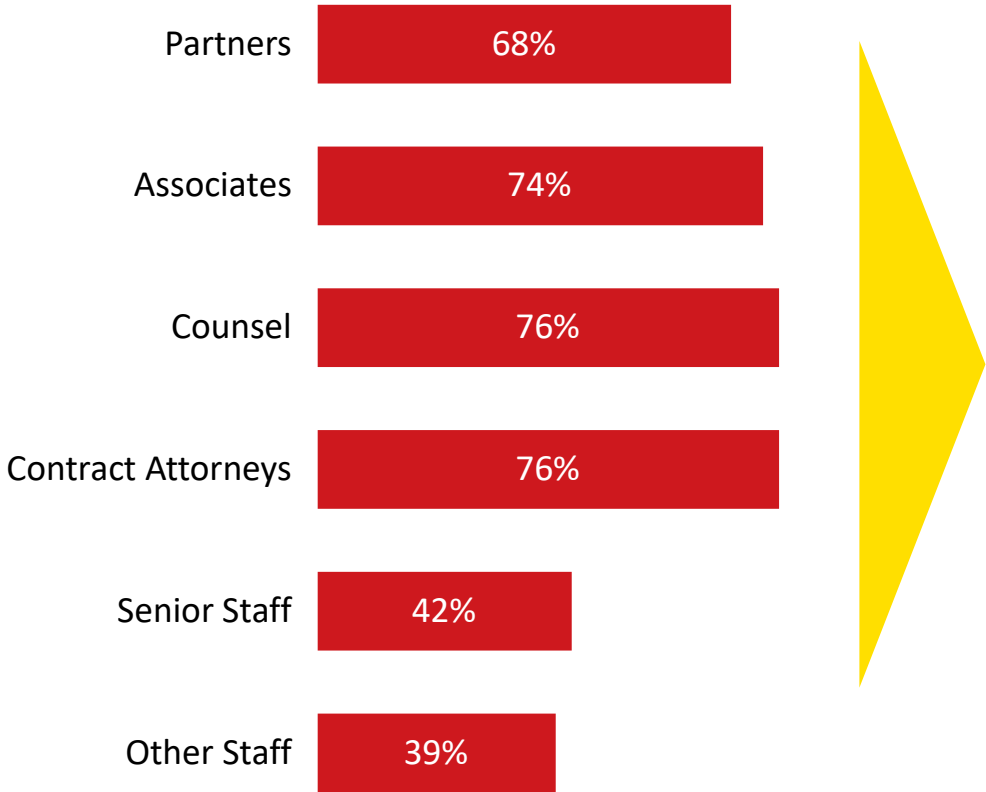


Implementing or anticipating implementing flexible offices/hoteling is seen more in firms with over 250 attorneys (70%) compared to those with less than 250 attorneys (56%).

The majority of firms implementing or considering flexible/hoteling office policies are planning to include most of their roles in these arrangements

Roles in Flexible/Hoteling Offices Among Firms Implementing Such Policies

% of firms that would have each role in flexible/hoteling offices if adopted or considering implementing flexible/hoteling offices



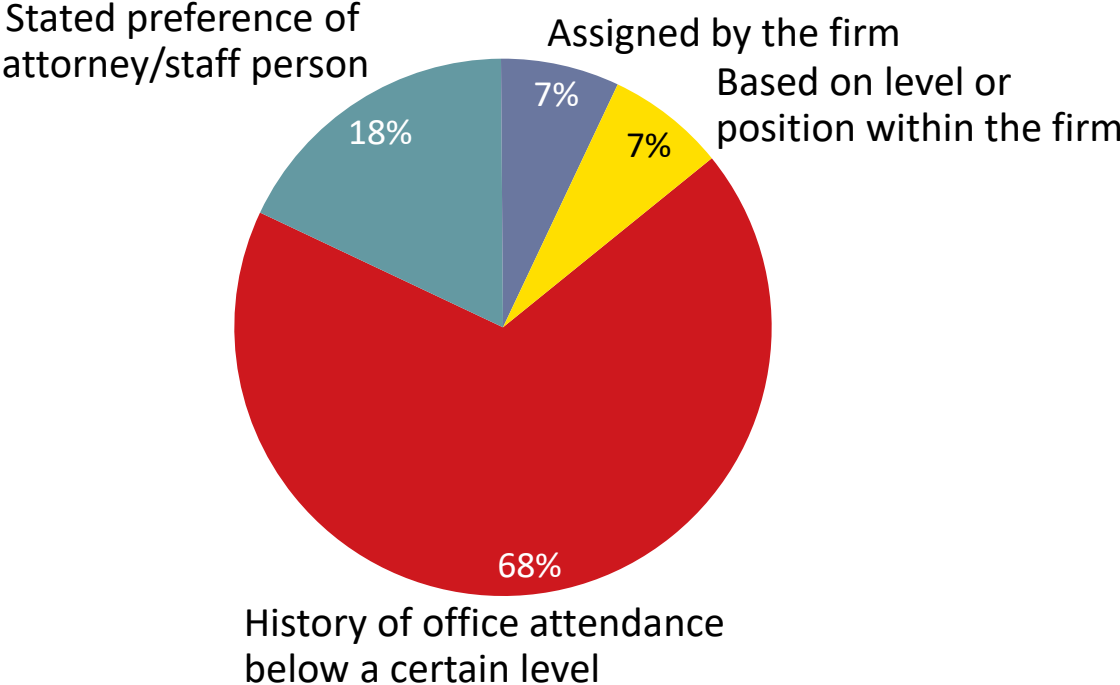
Key takeaways:

- The majority of firms implementing or considering hoteling office policies plan to include Partners, Associates, Counsel, and Contract Attorneys (ranging from 68% to 76%).
- Senior Staff and Other Staff have a lower participation rate in flexible/hoteling offices
- The data suggests that firms see flexible/hoteling office setups as beneficial for a broad range of roles but may consider Senior Staff and Other Staff less suitable for such arrangements.

63% are adopting or considering flexible offices/hoteling, with allocations largely tied to attendance history

Allocation Methods for Flexible/Hoteling Office

Relative frequencies of different determination strategies

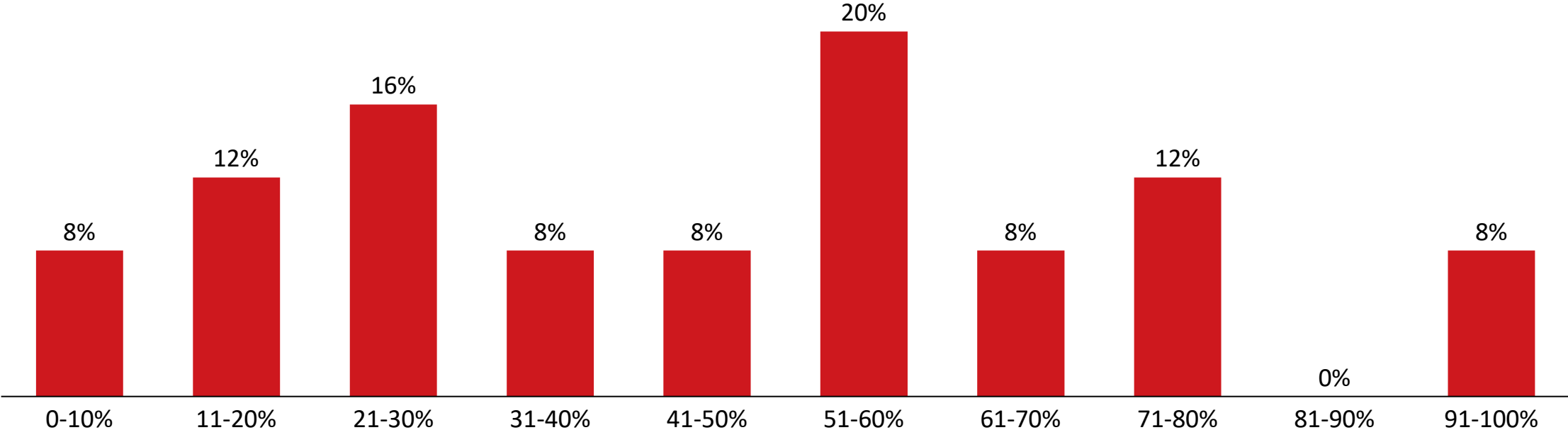


Larger firms more often assign flexible offices based on attendance history (73% vs 62% in smaller firms) and attorney/staff preference (20% vs 15% in smaller firms). Only smaller firms assign offices by firm decision (15%), while both types use position level similarly (8% in smaller firms vs 7% in larger firms).

Most firms, regardless of size, report approximately 50% of attorneys in the office for 3 days or more per week on average

Percentage of Attorneys in Office Three or More Days per Week

% of Total Responses



Average percentage of attorneys in the office for 3 or more days per week is approximately the same for larger (48%) and smaller firms (50%).



LEGAL INDUSTRY BACK TO WORK BAROMETER

5.8.23

The legal industry is returning to work at a higher rate than other industries.

NATIONAL OCCUPANCY

63.2%
AVG. OCCUPANCY
LAW FIRMS

49.9%
AVG. OCCUPANCY
ALL INDUSTRIES



Through the Kastle Back to Work Barometer we've been tracking the anonymized activity of **341,000 unique office credential holders in major cities, 31,582 of which are in the legal industry and featured in this analysis.**

These major city averages are comprised of data from 7 cities where the legal industry had more than 1,000 swipes and 10 cities where all industries had greater than 1,000 during peak office occupancy times in February pre-pandemic.

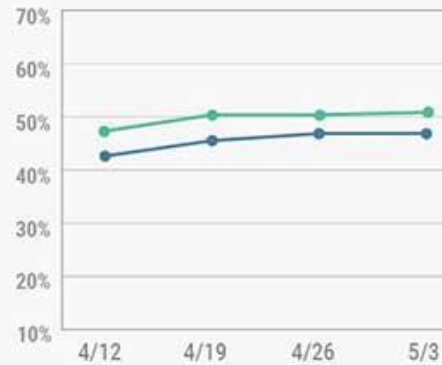
* In August 2022, as office occupancy levels across all types of workplaces began to settle into a more regular hybrid working routine, Kastle revised the Legal Barometer data reference methodology to show the weekly attendance levels based on averaging the daily occupancy rates across each day of the given week.

FOUR CITY SPOTLIGHT

Washington D.C. metro

50.4%
LAW FIRMS

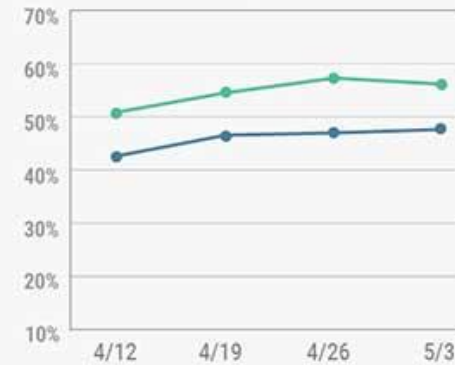
46.7%
ALL INDUSTRIES



New York City metro

57.4%
LAW FIRMS

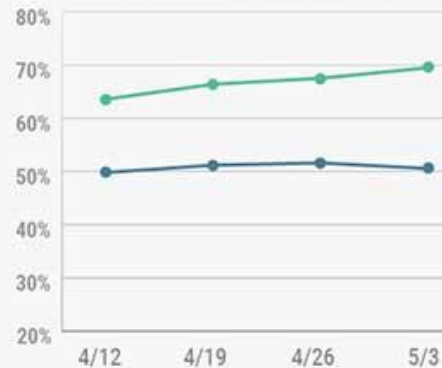
48.4%
ALL INDUSTRIES



Chicago metro

69.9%
LAW FIRMS

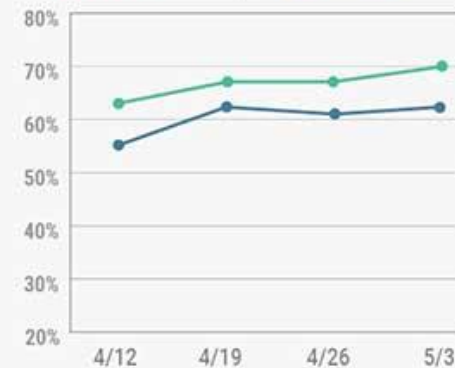
50.8%
ALL INDUSTRIES



Houston metro

69.8%
LAW FIRMS

61.8%
ALL INDUSTRIES





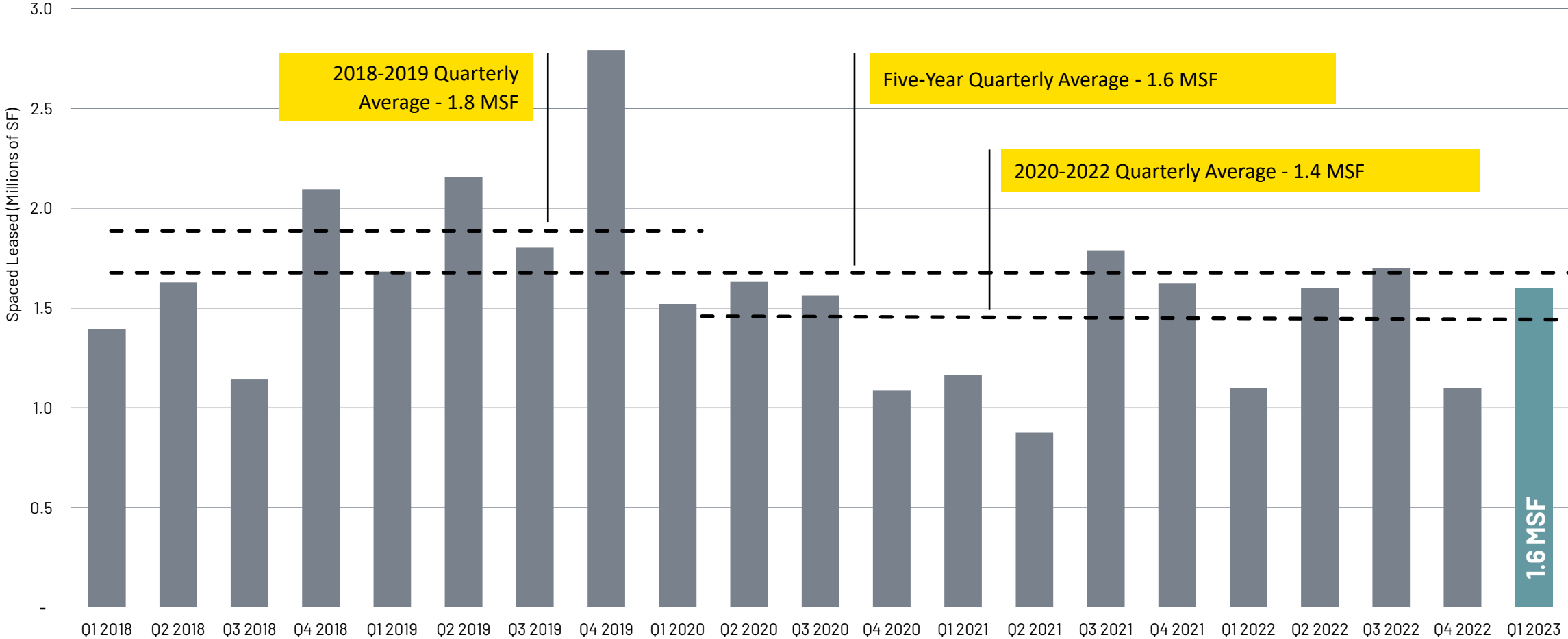
LEGAL INDUSTRY OCCUPANCY INSIGHT

Recent data shows legal industry office attendance on Fridays is much lower than other days, compared to pre-pandemic.



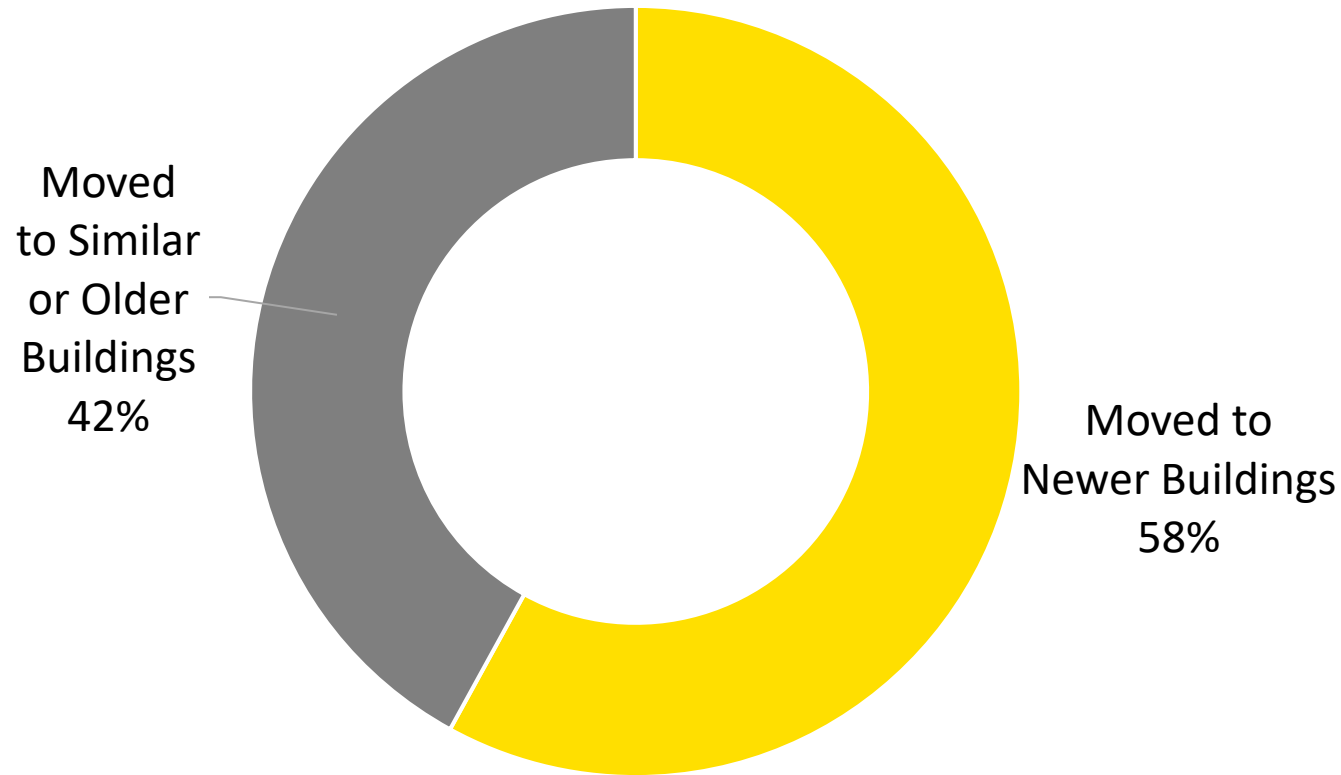
Quarterly Law Firm Leasing Activity

Leases Over 20,000 SF



Relocations Spurred by Flight to Quality

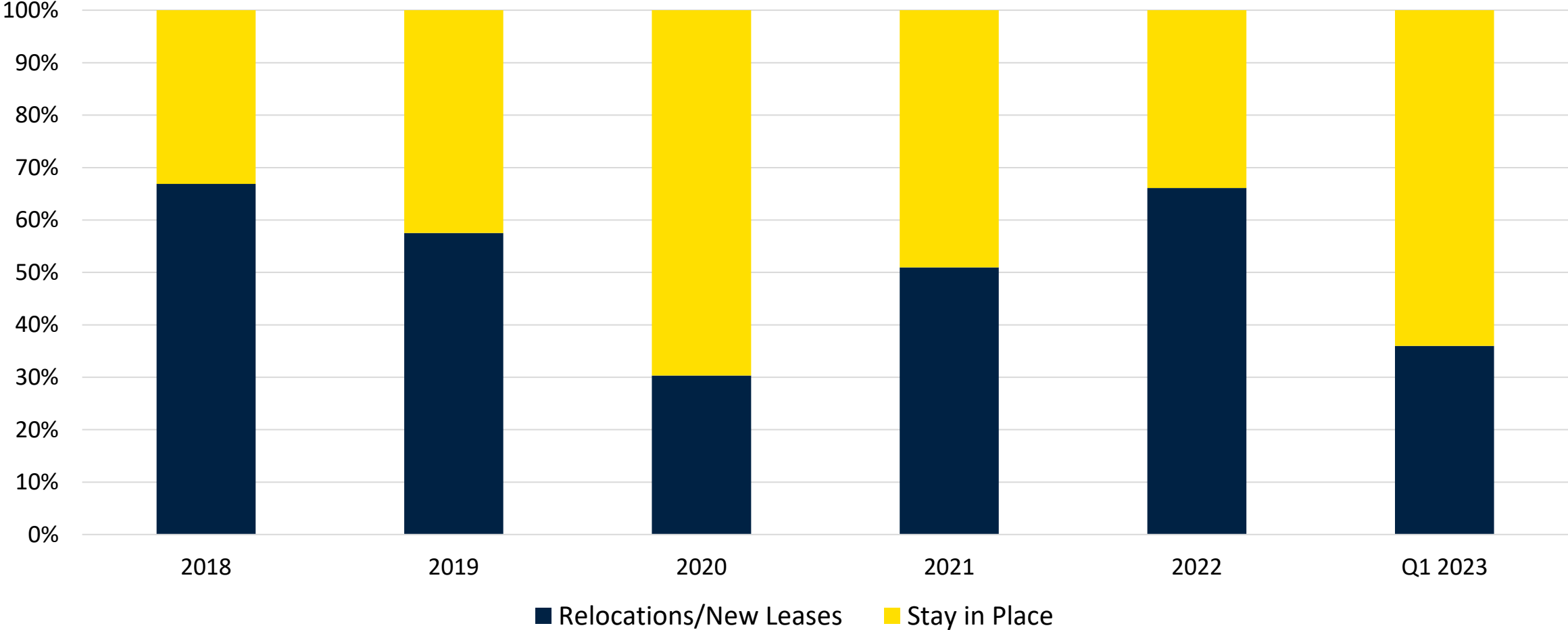
Includes Leases Over 20,000 SF



- 58% of firms chose to move into newer buildings between their previous lease and new lease.
- 42% moved to similarly aged or older buildings between leases.
 - **95%** of these similar or older buildings have **sustainability certifications**.
 - **71%** moved into buildings where landlords are actively **adding new amenities**.
 - **52%** noted that the move was to be in a more **prime location** for employees.

“Stay vs. Go” Over the Years

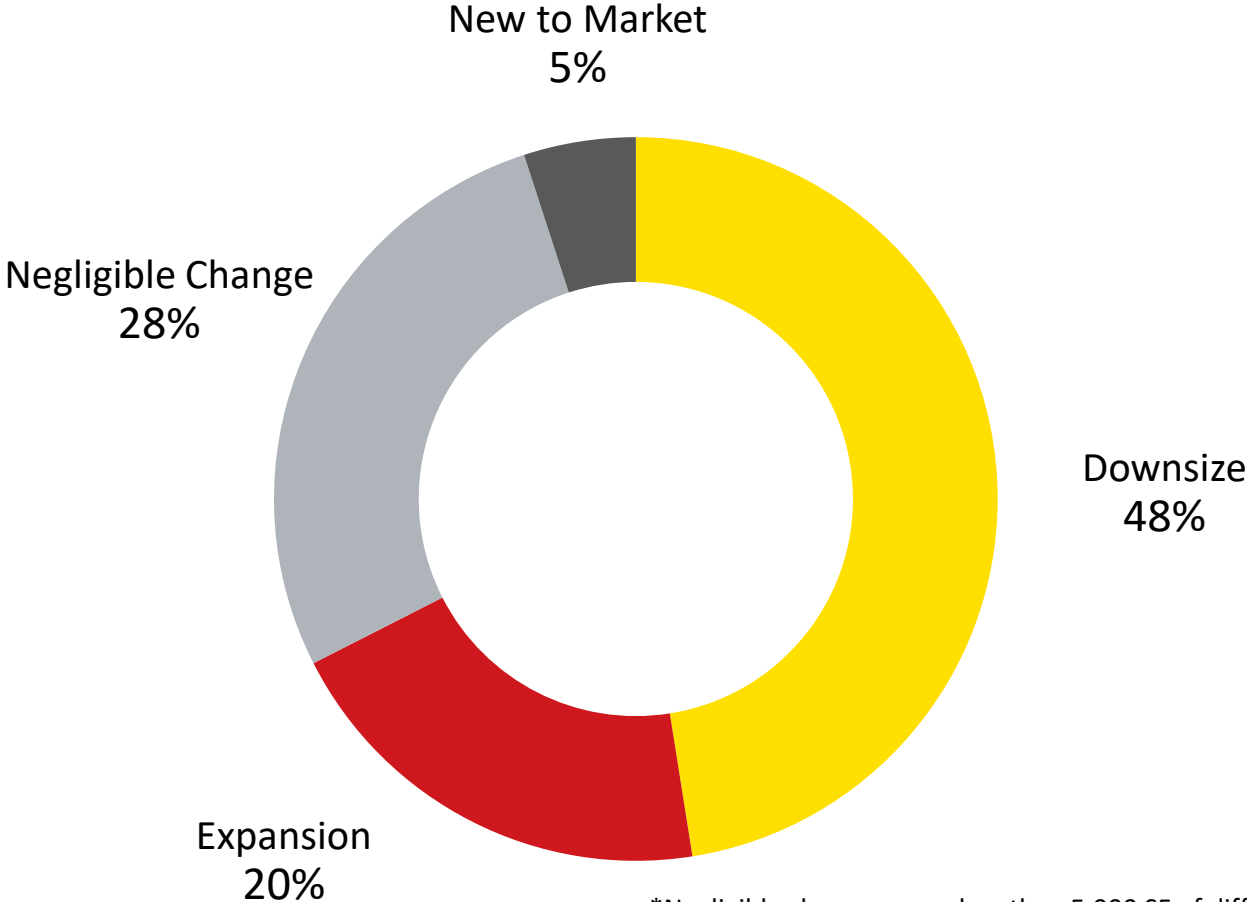
Includes Leases Over 20,000 SF



Occupancy Change of Recent Am Law Leases

Am Law 100 Leases Over 50,000 SF in 2021 & 2022

- 48% of firms downsized from their previous lease and new lease.
- 28% stayed in roughly the same amount of space. Many of these firms are growing their attorney population, which will make them more efficient over time.
- 16% of firms expanded and many of these firms are actively growing.
- New to market leases are firms moving to cities that they previously were not present in, and these leases represent net new growth.



*Negligible changes were less than 5,000 SF of difference between leases

Includes Am Law 100 Firms



The Changing Law Firm Office



Shedding vacant, underutilized, and antiquated space



Implementing single sized offices for all attorneys



Implementing interior zone attorney offices for select timekeepers.



Implementing co-working zones for hybrid and mostly remote attorneys and staff



Workstation vs. office solutions for attorneys supported by on demand need for offices.



Shared office approaches to occupancy (modest sharing ratios)



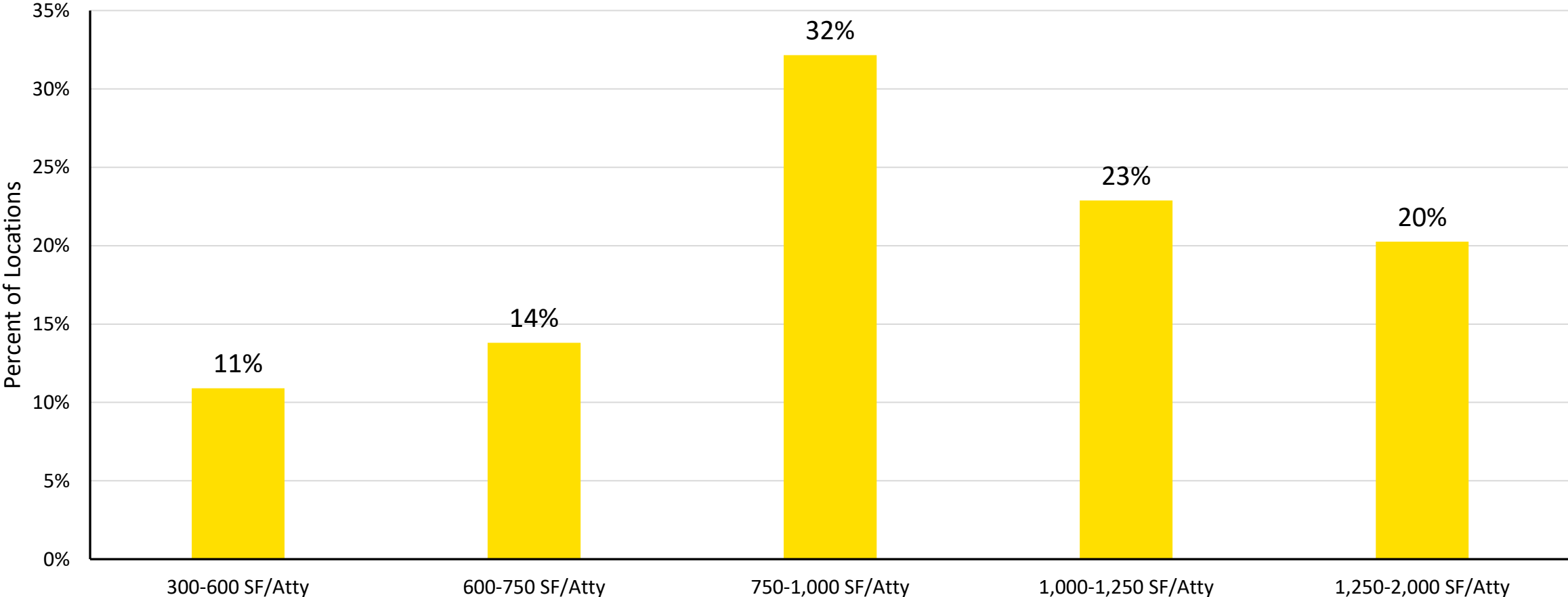
Implementing Activity Based Settings throughout the space (enabling choices and options)



Off-siting select support / administrative functions.

Tracking Law Firm Efficiency

Average efficiency for all locations is 985 SF/Atty



Includes Am Law 100 Firms

