CBRE Research

LEGAL SECTOR TRENDS IN THE UNITED STATES

WITNESSING CHANGE

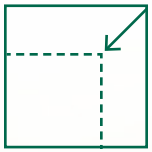
2017 EDITION

CBRE

SUMMARY

Law firms are adjusting their real estate strategies to aggressively respond to a changing business environment.

Law firms remain centered in high-cost business epicenters, but lower-cost and high-job-growth metros have emerged as legal services growth areas.



Despite relatively flat job growth for law firms, many have initiated space efficiency strategies to reduce their square footage by an average of 27%.

Firms are reinventing their workplace standards by determining the space, services and technology their attorneys need to be most effective.

Workplace strategy advancements by law firms should continue, as lease expirations in major markets present opportunities over the next five years.

OVERVIEW

The technology advancements, demographic shifts and consumer trends at work in the 21st century are staggering in terms of scale, speed and impact. These changes are revolutionizing the way businesses operate and people live. No industry is immune to this reality, and all are at risk of disruption if they do not embrace change, innovate and adapt to this progressive world.

Law firms are not insulated from this change and are responding aggressively to technology advancement, shifting client demand and an aging workforce. Despite being rooted in tradition and precedence, many law firms are employing new real estate strategies when lease expirations present opportunities.

This report reveals what law firms of all sizes across the nation are doing to proactively manage their portfolios. The goal of many real estate executives today is to "future proof" portfolios that often feel static due to long lease terms and prohibitive capital expenditures. To future proof a portfolio is to create an environment that is flexible and agile enough to address changing business conditions, notwithstanding the parameters of a traditional lease.

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TECHNOLOGY ADVANCEMENT

BUSINESS CHALLENGE	Although still maturing, the rise of automation— most notably artificial intelligence—will significantly impact traditional legal tasks.	Mobile devices, virtual networks, video-conferencing and cloud storage have created a virtual workplace that has changed employee expectations of where and how they work.
FUTURE-PROOF STRATEGY	Create agile workplace strategies through configurable office design and flexible lease structures to "de-risk" uncertain headcount requirements.	Provide a modern work environment, anchored with sophisticated technology, offering employees an unmatched experience that draws them into the office.

43% of employees in the legal industry work remotely some of the time, and the time associated with remote working is rising.

Source: Gallup, State of the American Workplace, 2017.

CLIENT DEMAND

Alternative fee arrangements and clients moving to non-traditional law firms for legal services have placed pressure on the billable-hours pricing model and therefore firm profitability.

As companies globalize, they expect outsource providers such as legal services to do the same, increasing the amount of cross-border expertise law firms need to remain competitive.

Optimize the real estate portfolio to avoid excess expenses on antiquated workplaces that value space per attorney over client expectations.

Partner with global providers that have the breadth and expertise in real estate strategy to aid smart decision-making in cross-border activity.

55% of clients currently review their legal suppliers or will do so in next 12 months.

Source: Deloitte Future Trends for Legal Services – Global Research Study – 2016.

AGING WORKFORCE

Millennials are the largest contingent of the national workforce, but the legal profession is aging. Rapidly retiring baby boomers are creating succession-planning challenges for law firms.

National unemployment is at the lowest level in 16 years and the amount of young professionals choosing law is declining. This is creating intense competition for attracting and retaining skilled talent.

Foster a workplace with collaborative, inclusive and social environments that promote knowledge sharing between generations and aid in succession planning.

Modernize your workplace to reflect your culture and branding, and ultimately use it as a competitive differentiator when recruiting talent.

16% of partners will retire in the next five years and 38% will retire in the next decade.

Source: American Lawyer, 2016.

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REAL ESTATE TRENDS IN PROMINENT LAW FIRM MARKETS

MAJOR LAW FIRM MARKETS IN THE UNITED STATES

Major metropolitan areas such as New York, Los Angeles, Miami, Chicago and Washington, D.C. are prime markets for law firms due to the proximity to client networks and access to sought-after talent. However, eight out of the top-10 markets for legal services employment rank among the most expensive downtown rental markets that CBRE tracks. Many of these markets have experienced aggressive rent growth during this real estate cycle (Figures 1 and 2). Furthermore, law firms prefer Class A or trophy office space in these markets, which increases the cost of doing business in these locations.

74% of H1 2017 legal leasing activity was in downtown vs. suburban markets

Figure 1: Top Metros in the U.S. for Legal Services Employment

136,500 JOBS
NEW YORK CITY*

66,500 JOBS
LOS ANGELES*

47,600 JOBS
MIAMI*

47,300 JOBS
CHICAGO*

45,500 JOBS
WASHINGTON, D.C.*

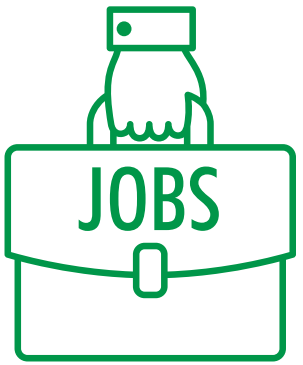
39,200 JOBS
PHILADELPHIA

27,000 JOBS
DALLAS/FT. WORTH

26,100 JOBS
SAN FRANCISCO*

25,000 JOBS
BOSTON*

24,800 JOBS
HOUSTON*



* Top 15 Most Expensive Downtown Office Markets

Source: U.S. Bureau of Labor Statistics, 2016; CBRE Research, Q2 2017.

Eight out of the top-10 markets for legal services employment rank among the most expensive downtown rental markets that CBRE tracks

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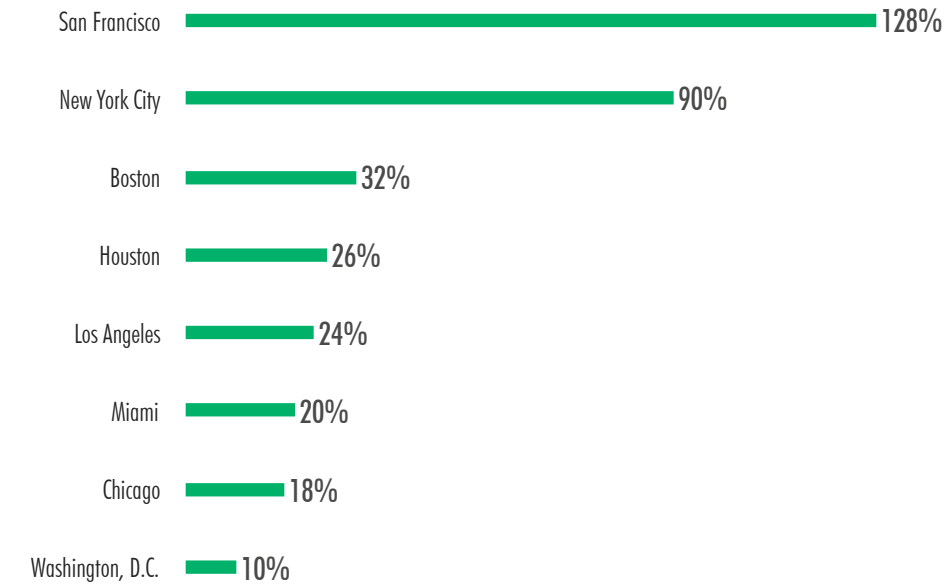
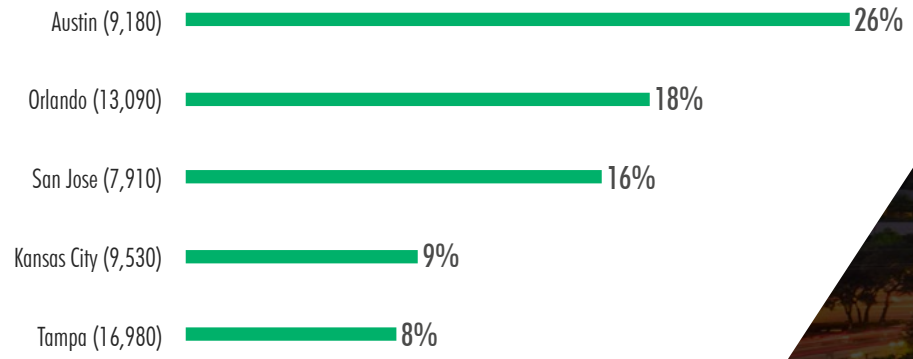
Figure 2: Growth in Class A Office Asking Rents in Most Expensive Legal Markets Since 2010



Source: CBRE Research, Q2 2017.

Figure 3: Fastest Growing Legal Services Employment Markets Since 2010



(Absolute Legal Services Employment)

Source: U.S. Bureau of Labor Statistics, 2016.

Austin, Texas is the fastest-growing legal services employment market in the country, with 26% growth since 2010 (Figure 3). Although it is one of the smallest markets CBRE tracks from a legal-services employment perspective, its growth rate is higher than any other metro in the study. Austin's booming business environment (including technology), skilled labor pool and overall live-work-play dynamic have made it a strong performer in this area. As a subset of overall legal-services job growth, the number of lawyers in Austin has increased by 43% (1,770) since 2010—higher than any other metro in this study. The other fastest-growing legal markets are also among the strongest in the country for overall job growth. These include low-cost metros such as Orlando, Kansas City and Tampa, as well as markets with established tech clusters such as San Jose.

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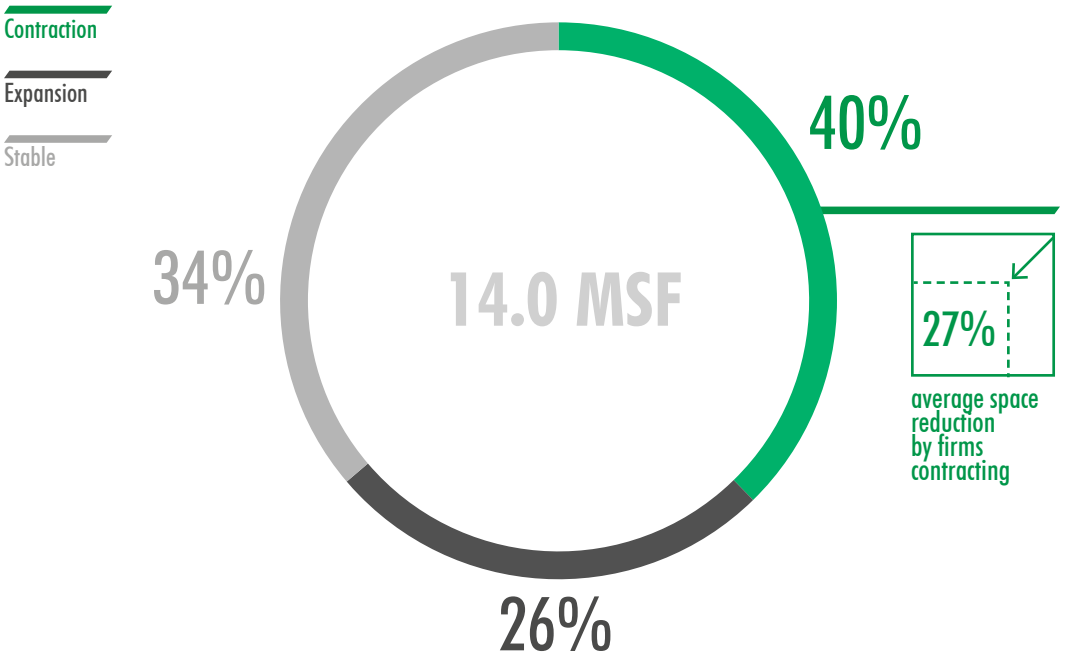
SECULAR CHANGES IN THE LEGAL INDUSTRY

CBRE estimates that more than 14 million sq. ft. has been leased by law firms nationwide from Q1 2016 through Q2 2017. This transaction volume only includes the top 75% of transactions by square footage in the 26 markets under study.

Sixty-six percent of transaction volume resulted in either expansion or contraction of space, with the remainder of transactions showing no changes (Figure 4). The dominant space strategy underway focuses on space efficiency and has resulted in significant contraction activity across prominent legal markets. CBRE estimates that in the markets under study, approximately 2 million sq. ft. of shadow space has been created through law firm contractions from Q1 2016 through Q2 2017.

Figure 4: Percent of Law Firm Sq. Ft. Transacted by Type (Q1 2016 - Q2 2017)



Source: CBRE Research, Q2 2017.

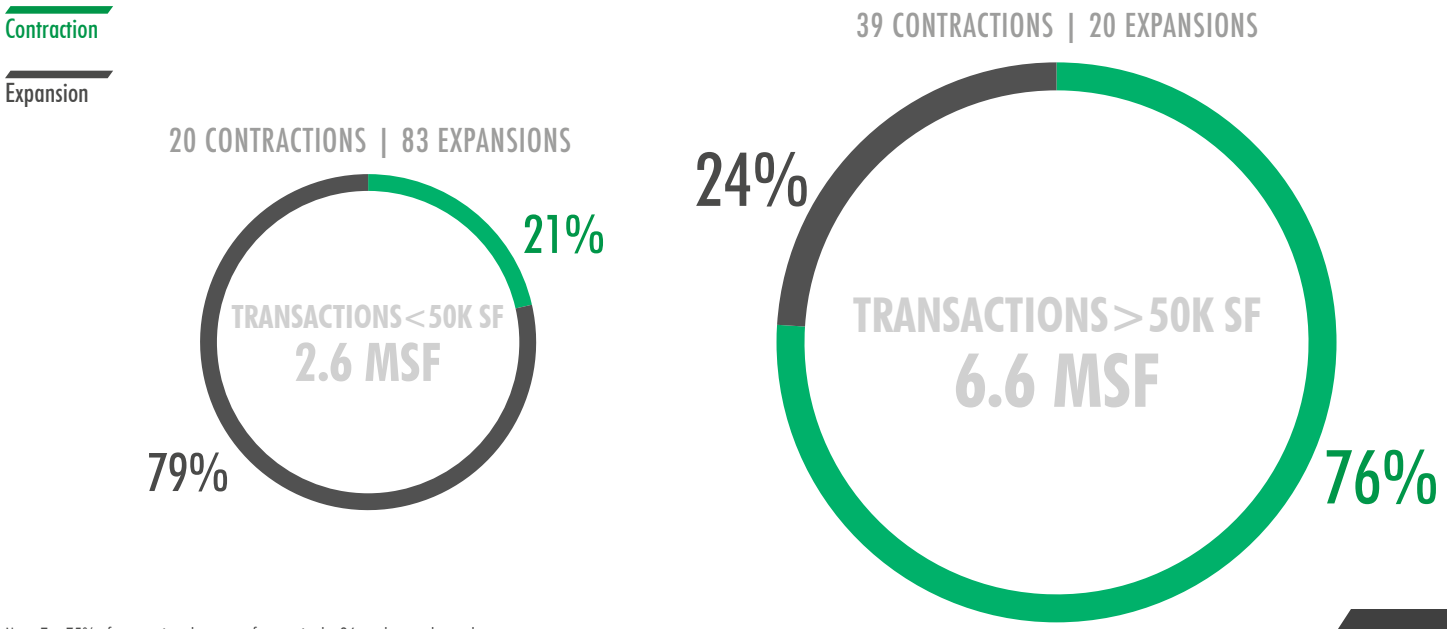
WHO IS CONTRACTING?

Overall, the contraction activity is more prevalent in larger requirements of more than 50,000 sq. ft and dominated by Am Law 100 firms—the 100 top-grossing law firms in the nation as ranked annually by American Lawyer magazine (Figure 5).

Am Law 100 firms are more likely to engage in contraction activity vs. their smaller peers. More than half of the transactions and the majority of the square footage that resulted in contraction involved Am Law 100 firms. Twenty percent of the Am Law 100 firms reduced space needs in one or more markets since Q1 2016.

CBRE estimates that in the markets under study, approximately 2 million sq. ft. of shadow space has been created through law firm contractions from Q1 2016 through Q2 2017

Figure 5: Contraction & Expansion Transaction Activity (Q1 2016 - Q2 2017)



Note: Top 75% of transactions by square footage in the 26 markets under study.

Source: CBRE Research, Q2 2017.

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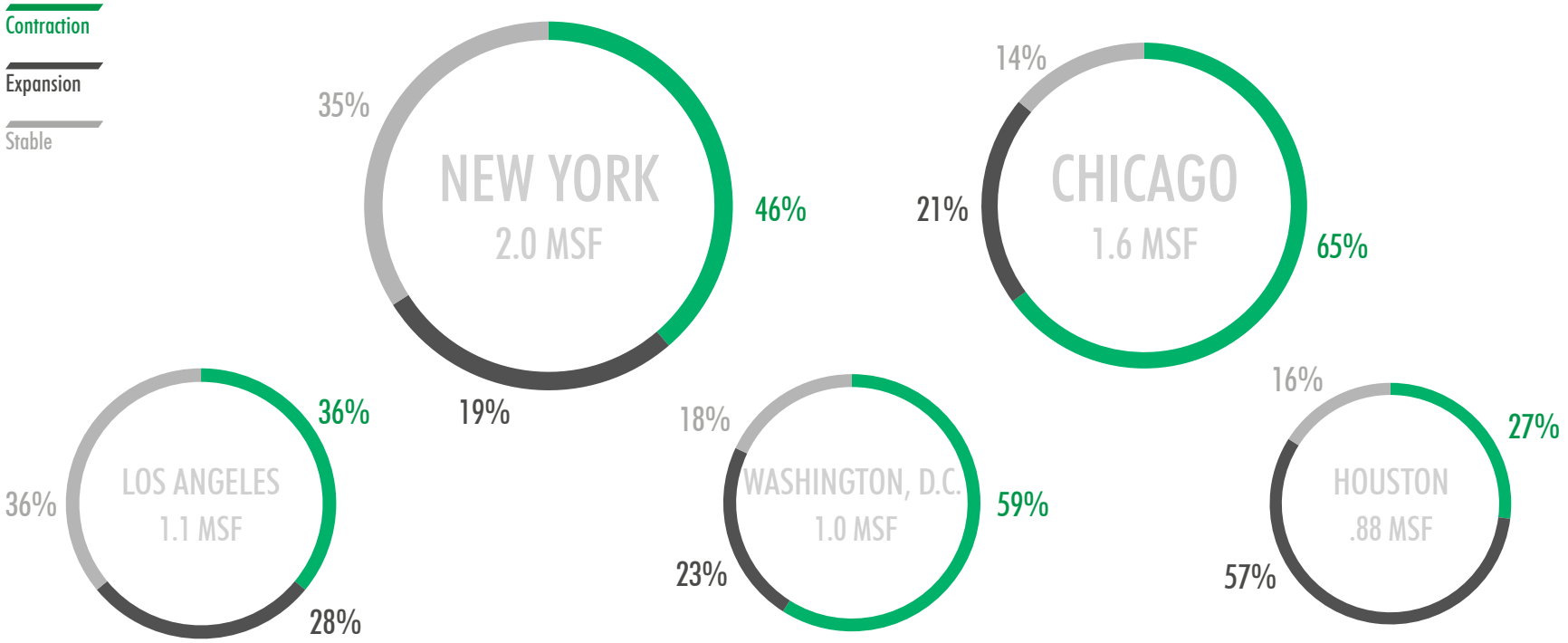
WHO IS EXPANDING?

Although expansionary activity is not the dominant trend, it does exist. Although smaller grossing law firms are more likely to increase their square footage requirements, some Am Law 100 firms are strategically and selectively expanding as well. According to legal industry news website Law 360, six of the largest law firms now have more than 1,600 U.S.-based attorneys, up from just one that achieved that status three years ago. Accordingly, the firms that expanded the most by square footage over the last 18 months are among largest and growing firms on that list.

Figure 6: Most Active Markets for Law Firm Transactions (Q1 2016 - Q2 2017)



Note: Top 75% of transactions by square footage in the 26 markets under study.

Source: CBRE Research, Q2 2017.

Figure 7: Top 10 Law Firm Transactions (Q1 2016 - Q2 2017)

Sidley Austin	Chicago	536K SF	Renewal	Contraction
King & Spalding	Atlanta	350K SF	Renewal	Contraction
Kramer, Levin, Naftalis & Frankel	New York City	265K SF	Renewal	Contraction
Milbank, Tweed, Hadley, & McCloy	New York City	258K SF	Relocation	Contraction
Duane Morris	Philadelphia	257K SF	Renewal	Stable
Troutman Sanders	Atlanta	230K SF	Renewal	Contraction
Dentons	New York City	207K SF	Renewal	Stable
Hogan Lovells	New York City	207K SF	Relocation	Expansion
Mintz Levin	Boston	206K SF	Renewal	Contraction
DLA Piper	New York City	199K SF	Renewal	Contraction

Source: CBRE Research, Q2 2017.

Average space contraction for these large transactions was 25%

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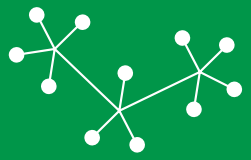
LAW FIRM WORKPLACE TRENDS

Legal industry trends are having a profound impact on the legal workplace. Law firms with leases expiring in the near term are reconsidering long-held assumptions about how their attorneys work and, when determining their space needs, the services and technology they need to be most effective. Some of the more common strategies currently being adopted in the legal workplace include:

The Legal Workplace

	ATTORNEY OFFICES	SUPPORT RATIOS	SUPPORT LOCATION	BRAND AND IMAGE
TODAY	**SIZE MATTERS** Primarily two sizes: 15 x 15 for partners and 10 x 15 for associates. Some interior associate offices.	**4:1** Ratio of attorneys to secretaries.	 Support staff centralized in one area, floor or location (depending on size of firm).	**RS** REFINED & SOPHISTICATED Client entrance and meeting spaces have a higher level of finish and clear separation from practice areas.
TOMORROW	**LOCATION LOCATION LOCATION** Glass-front, one-size office with seniority being recognized by location not size. Open workstations for contract attorneys.	**10:1** Ratio of attorneys to secretaries.	 Support staff decentralized, grouped with teams they support and dispersed on practice floors to help fill the interior space.	**PRACTICAL FUNCTIONAL** Less emphasis on ceremonial and grand client spaces and more on practical and functional meeting spaces.

CLIENT RECEPTION	LUNCHROOM/CAFETERIAS	COLLABORATION AREAS	DOCUMENTS
FORMAL More formal reception areas with lounges and café space in public areas.	a place to EAT Large firms have dedicated cafeteria space or small central lunch areas along window lines.	LIMITED FLEXIBILITY More formal conference areas with limited flexibility. Team rooms/war rooms/casework rooms are created on an as-needed basis.	Filing areas are scattered. Very few libraries remain.
WELCOME FRIENDLY More hospitality oriented with concierge reception and customized services and hosted events.	a place to SOCIALIZE With a greater emphasis on social gathering, all firms will adopt a lunch space that has a prominent area along a window line.	MULTIPURPOSE Smaller "on demand" meeting rooms provisioned with interactive technology will be scattered throughout the practice area, serving multiple functions.	Paperless.

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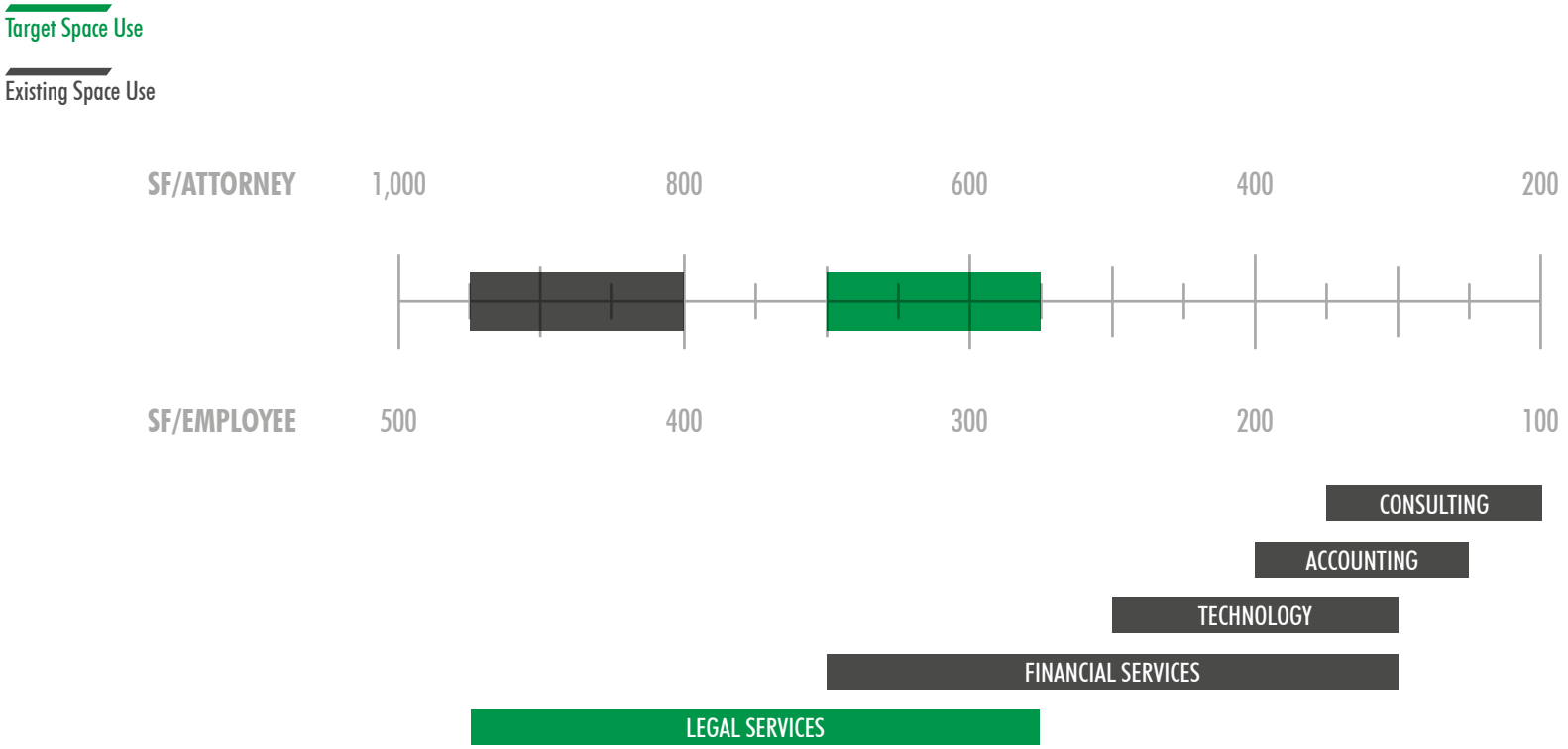
Law firms with leases expiring in the near term are reconsidering long-held assumptions about how their attorneys work and, when determining their space needs, the services and technology they need to be most effective

These strategies reflect a trend away from individual attorney offices to a reallocation of space with greater emphasis on shared-support areas. This combined effort is leading to an overall net reduction in the square footage per attorney. Additionally, firms are reducing vacant space that had been held for future growth, further reducing the square footage per attorney. This space reduction often results in reduced operating expenses, which can be reinvested into capital expenditures to create a workplace of tomorrow.

The table below highlights the adoption on average of 20% to 30% more efficient future planning standards.

Figure 8: Workplace Strategy Planning Standards



Source: CBRE Global Workplace Strategy, Q2 2017.

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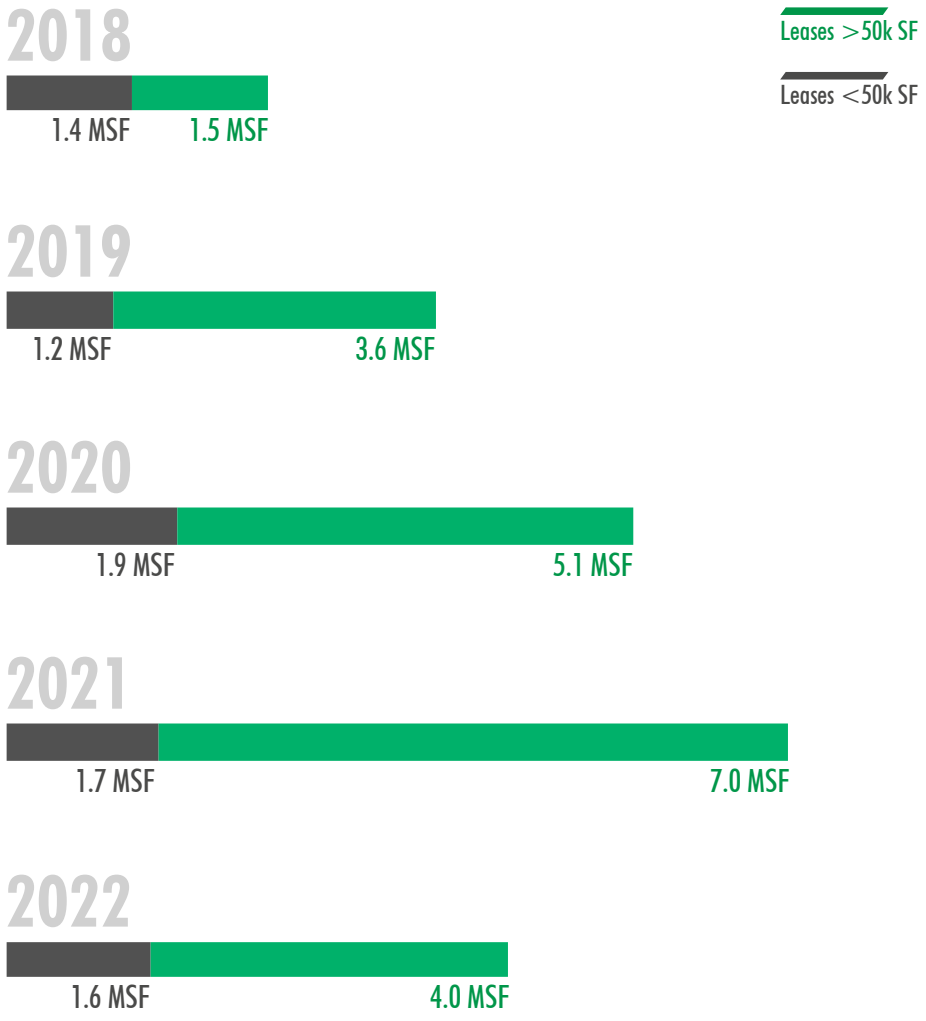
WILL THESE TRENDS CONTINUE?

CBRE estimates that nearly 29 million sq. ft. of law firm leases will expire between 2018 and 2022 in the 26 markets studied. It is anticipated that more than 70% of these expirations are requirements for more than 50,000 sq. ft., which recently have often resulted in space contractions (Figure 8). Workplace strategies for less square footage per attorney will likely remain prevalent as lease expirations present opportunities for law firms to transform themselves.

More than half of these expirations are in New York, Chicago, Washington, D.C. and Houston, where there are heavy concentrations of Am Law 100 firms with average leases of 125,000 sq. ft. New York and Chicago are in an extended period of rent growth and declining vacancy, making portfolio optimization critical. Washington, D.C. continues to soften as concessions have steadily increased. Houston remains burdened with an oversupply of sublease space due to the energy industry downturn, and could be particularly attractive to firms looking for lease savings to invest in capital expenditures.

Due to the impact of Hurricane Harvey, we expect to see a decline in sublease availability in the near term given displaced tenants looking for short-term space, as well as delayed moves causing direct tenants to remove space from the market.

Figure 9: Law Firm Lease Expirations (2018 - 2022)



Note: Expirations tracked by CBRE on leases of more than 25,000 sq. ft. in the 26 markets under study.

Source: CBRE Research, Q2 2017.

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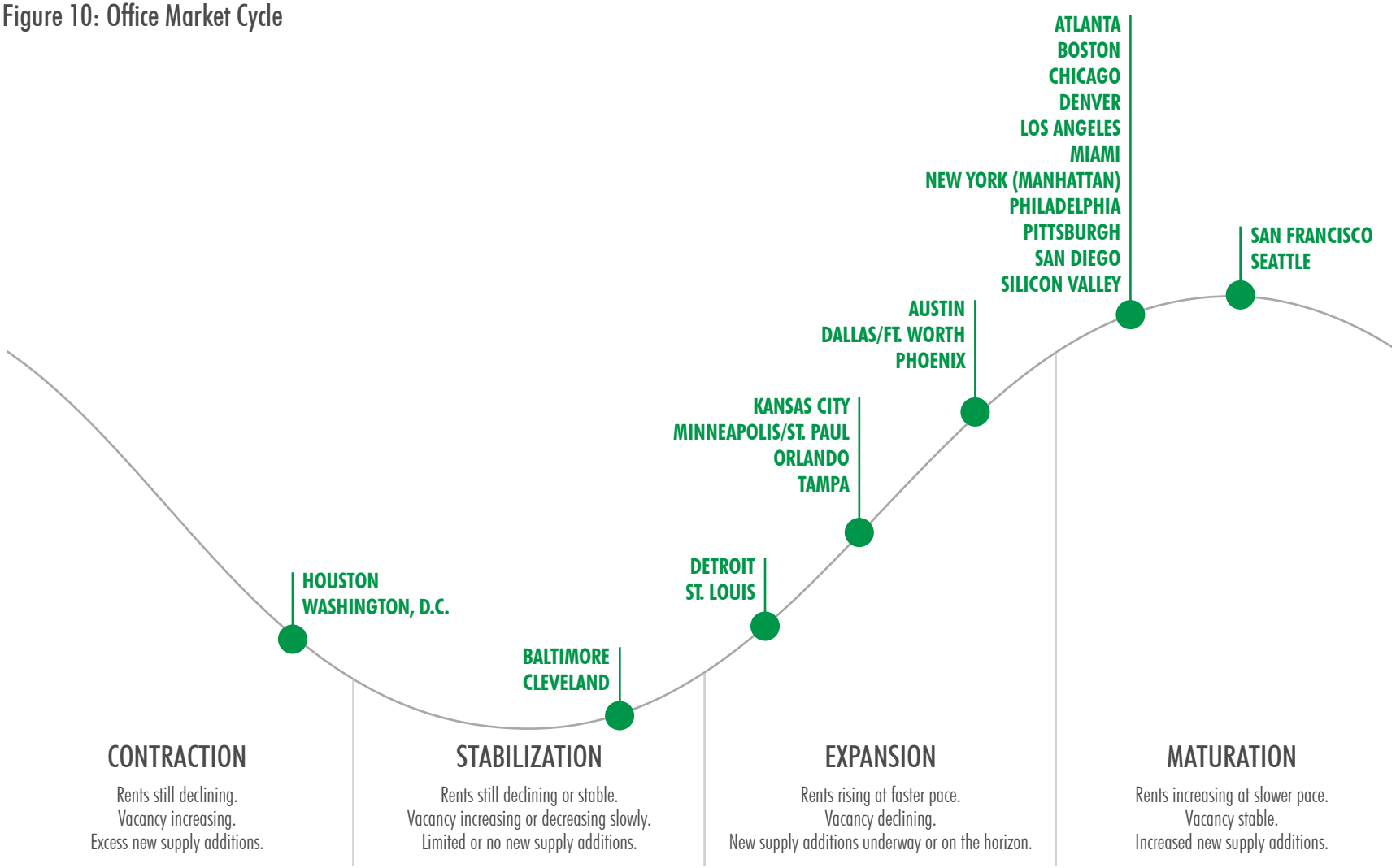
The data from this study confirms that law firms are aggressively responding to the challenges that technology advancement, client demand and a shifting workforce pose for their future. CBRE expects these bold strides in strategic portfolio planning and workplace strategy to continue in the legal industry, and stands ready to support law firms in navigating this changing landscape.

Figure 10: Office Market Cycle



Source: CBRE Research, Q2 2017.

CBRE expects these bold strides in strategic portfolio planning and workplace strategy to continue in the legal industry, and stands ready to support law firms in navigating this changing landscape

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APPENDIX

Atlanta
Austin
Baltimore
Boston
Chicago
Cleveland
Dallas/Ft. Worth
Denver
Detroit
Houston
Kansas City
Los Angeles
Minneapolis/St. Paul
New York (Manhattan)
Orlando
Philadelphia
Phoenix
Pittsburgh
San Diego
San Francisco
Seattle
Silicon Valley
South Florida
St. Louis
Tampa
Washington, D.C.

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Atlanta | Midtown

1.2 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

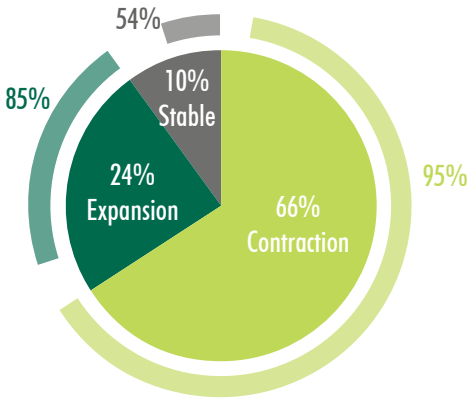
Larger firms are downsizing and creating space efficiency through reduced office size and number.

Smaller boutique law firms are increasing their leasing activity.

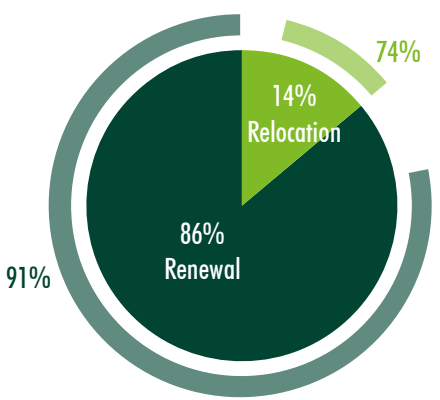
Firms are considering non-traditional buildings during site selection, but ultimately choose more traditional space.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

11 TRANSACTIONS | 4 CONTRACTION | 4 EXPANSION



11 TRANSACTIONS | 3 RELOCATION | 8 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
24,370 legal services employment	13,160 lawyers
1,830 added since 2010	1,830 added since 2010
8.1% growth since 2010	16.2% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

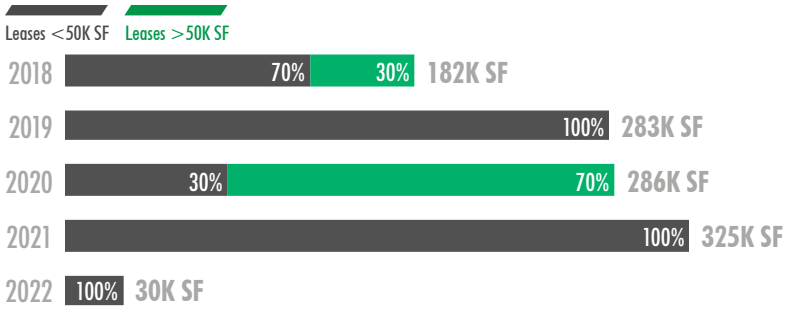
LAW FIRM CONCENTRATION

		ATLANTA	MIDTOWN
	# of Firms	%SF	%SF
Law Firms	930 Firms		
Am Law 100	26 Firms	31%	64%
Am Law 2nd 100	16 Firms	14%	34%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
King & Spalding	350K	Renewal/Contraction	Midtown	A
Troutman Sanders	230K	Renewal/Contraction	Dowtown	A
Nelson Mullins Riley & Scarborough	113K	Renewal/Expansion	Midtown	A
Drew Eckl & Farnham	60K	Relocation/Expansion	Downtown	A
Polsinelli	44K	Relocation/Expansion	Midtown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	ATLANTA	MIDTOWN
Class A asking rent (FSG/SF)	$27.41	$ 32.22
Class A vacancy rate	16.0%	14.3%
Concessions: 1 month free / yr. and $60-$80 of TI		

	ATLANTA	MIDTOWN
SF expiring 2018-2022	1.1M	535K
% of total law firm SF	18%	26%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Austin | CBD

0.28 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

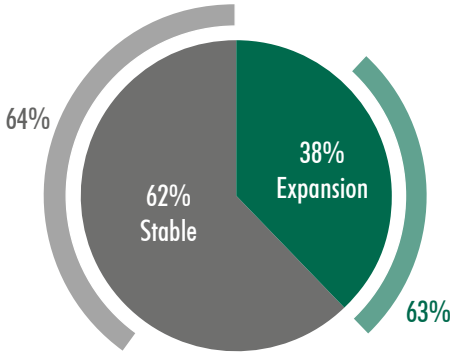
Firms continue to focus on downtown Austin to recruit the best and brightest law students, and cater to the younger demographic.

Moving to smaller floorplates due to reduction in "core appropriate" space.

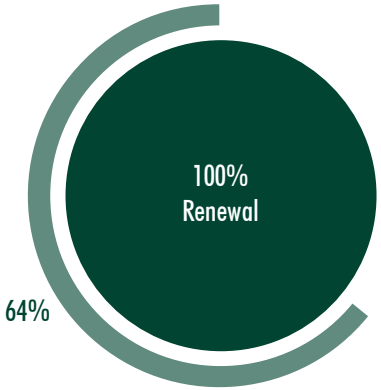
Large firms are relocating to Class A buildings in the CBD or moving within the CBD to new trophy product.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

6 TRANSACTIONS | 0 CONTRACTION | 2 EXPANSION



6 TRANSACTIONS | 0 RELOCATION | 6 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
9,180 legal services employment	5,920 lawyers
1,900 added since 2010	1,770 added since 2010
26.1% growth since 2010	42.7% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

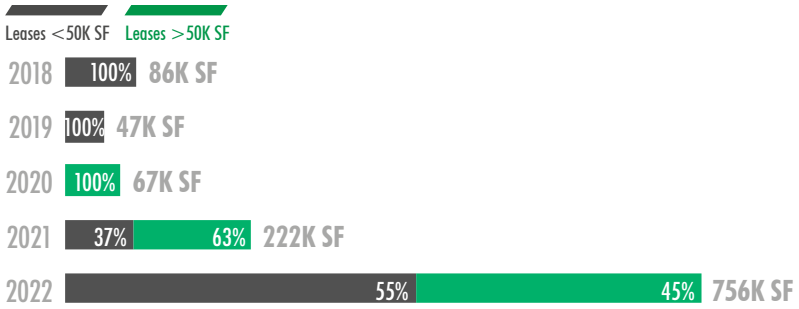
LAW FIRM CONCENTRATION

		AUSTIN	CBD
	# of Firms	%SF	%SF
Law Firms	208 Firms		
Am Law 100	15 Firms	37%	30%
Am Law 2nd 100	7 Firms	23%	25%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Graves Dougherty Hearon & Moody	67K	Renewal/Expansion	CBD	A
McGinnis Lochridge & Kilgore	59K	Renewal/Stable	CBD	A
Winstead	52K	Renewal/Stable	CBD	A
Duggins Wren Mann & Romero	39K	Renewal/Expansion	CBD	A
Haynes and Boone	31K	Renewal/Stable	CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	AUSTIN	CBD
Class A asking rent (FSG/SF)	$41.19	$53.91
Class A vacancy rate	8.6%	7.4%
Concessions: $30-$60 TI Allowance & 2 Mths Free Rent / 5 Yr. Term		

	AUSTIN	CBD
SF expiring 2018-2022	1.2M	848K
% of total law firm SF	94%	74%

Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Baltimore | CBD

0.13 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

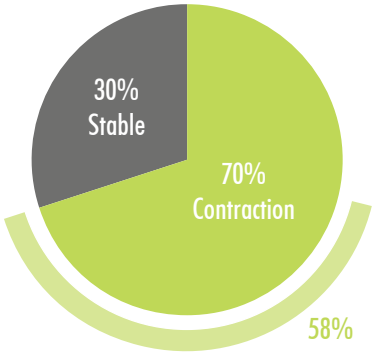
Many firms concerned with upgrading their image are migrating from older Class A to newer trophy buildings.

Most firms are using lease expirations as opportunities to create space efficiencies.

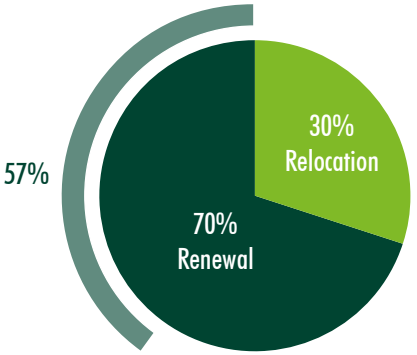
There is a focus on reducing on-site storage and moving toward a more standardized and collaborative office layout.

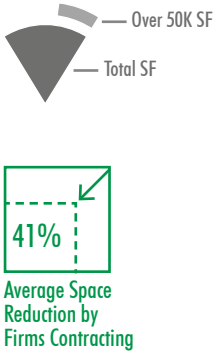
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

5 TRANSACTIONS | 3 CONTRACTION | 0 EXPANSION



5 TRANSACTIONS | 2 RELOCATION | 3 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
12,140 legal services employment	6,820 lawyers
390 added since 2010	(240) added since 2010
3.3% growth since 2010	(3.4)% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

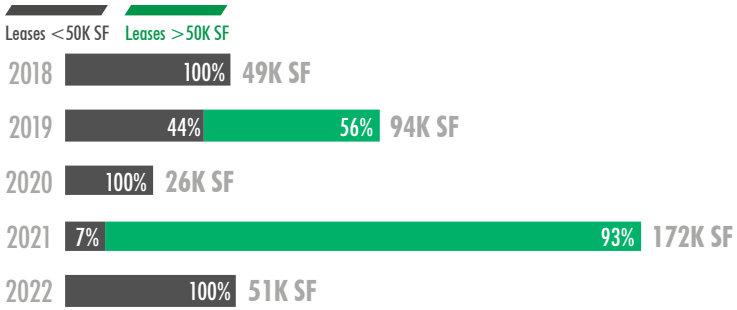
LAW FIRM CONCENTRATION

		BALTIMORE	CBD
	# of Firms	%SF	%SF
Law Firms	248 Firms		
Am Law 100	7 Firms	17%	11%
Am Law 2nd 100	3 Firms	4%	5%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Whiteford, Taylor & Preston	53K	Renewal/Contraction	CBD	A
Niles Barton & Wilmer	22K	Renewal/Stable	CBD	A
McGuireWoods	21K	Relocation/Contraction	CBD	A
Tydings and Rosenberg	18K	Relocation/Contraction	CBD	Trophy
Eccleston And Wolf	18K	Renewal/Stable	BWI	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	BALTIMORE	CBD
Class A asking rent (FSG/SF)	$24.19	$22.24
Class A vacancy rate	13.5%	16.8%
Concessions: $4-$5 TI Allowance & .5 Mths Free Rent / Yr. Term		

	BALTIMORE	CBD
SF expiring 2018-2022	392K	382K
% of total law firm SF	18%	25%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Boston | CBD

0.35 MSF TRANSACTED
Q1 2016 - Q2 2017

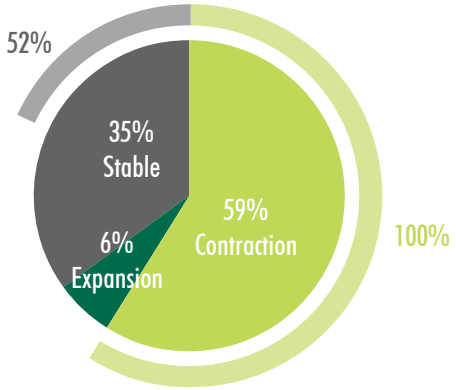
LAW FIRM TRENDS

Firms in Boston are consolidating and right-sizing their office space, most recently trending toward single-size offices.

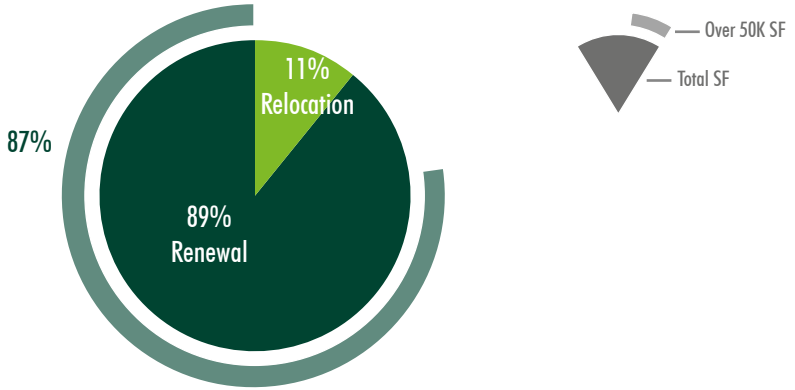
By reducing lawyer-to-support-staff ratios, reducing square footage per attorney and reducing file storage space, law firms are becoming more efficient.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

6 TRANSACTIONS | 1 CONTRACTION | 1 EXPANSION



6 TRANSACTIONS | 2 RELOCATION | 4 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
24,960 legal services employment	15,610 lawyers
(950) added since 2010	700 added since 2010
(3.7)% growth since 2010	4.7% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

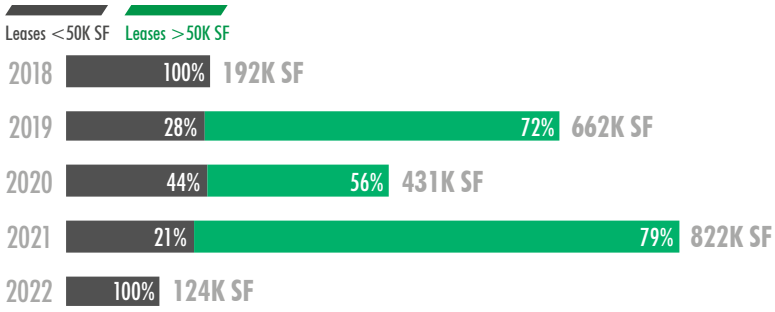
LAW FIRM CONCENTRATION

		BOSTON	CBD
	# of Firms	%SF	%SF
Law Firms	219 Firms		
Am Law 100	25 Firms	43%	30%
Am Law 2nd 100	13 Firms	15%	18%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Mintz Levin	206K	Renewal/Contraction	CBD	A
McCarter & English	64K	Renewal/Stable	CBD	A
Conn Kavanaugh Rosenthal Peisch & Ford	24K	Relocation/Stable	CBD	A
Littler	20K	Renewal/Expansion	CBD	A
Thornton & Naumes	19K	Renewal/Stable	CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	BOSTON	CBD
Class A asking rent (FSG/SF)	$61.19	$58.52
Class A vacancy rate	9.3%	8.3%

Concessions: $100+ TI Allowance and 6-12 Mths Free Rent

	BOSTON	CBD
SF expiring 2018-2022	2.2M	1.6M
% of total law firm SF	35%	38%

Note: Top 75% of transactions by square footage..
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Chicago | CBD

1.5 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

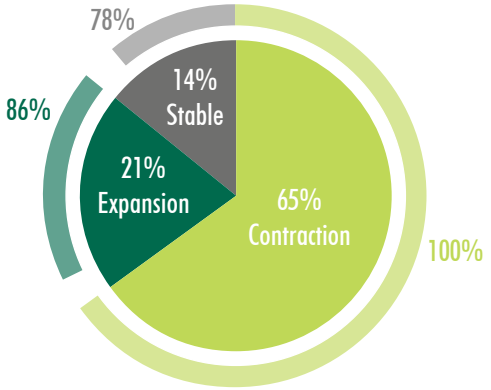
Over the past cycle, many law firms migrated to more fringe locations in the CBD vs. the central core.

Firms are standardizing office layouts and increasing collaboration space to effect operational efficiencies and reduce real estate costs.

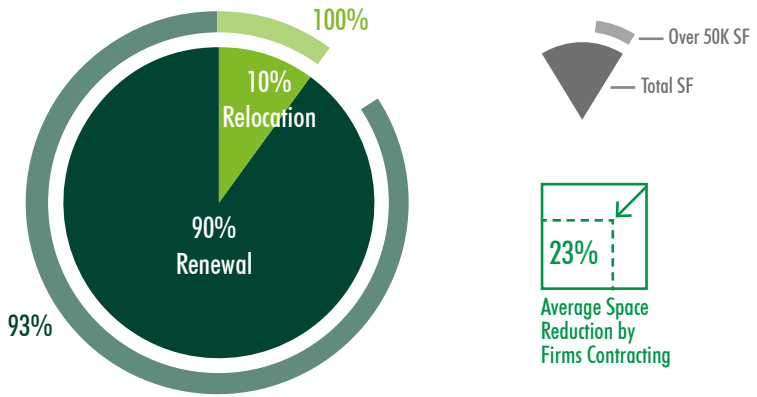
By reallocating spending from world-class views to world-class services, law firms' location decisions are now driven by accessibility and amenities.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

13 TRANSACTIONS | 6 CONTRACTION | 4 EXPANSION



13 TRANSACTIONS | 2 RELOCATION | 11 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
47,270 legal services employment	25,670 lawyers
970 added since 2010	(290) added since 2010
2.1% growth since 2010	(1.1)% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

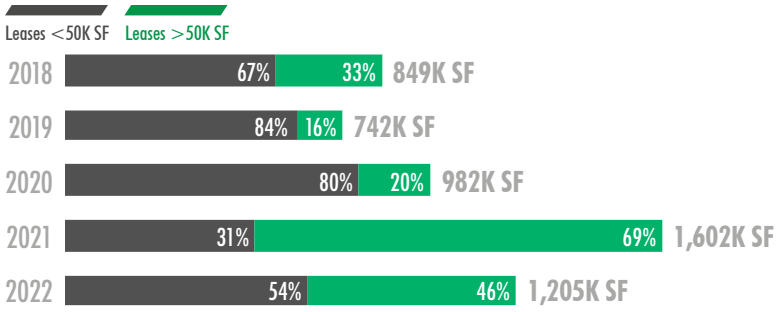
LAW FIRM CONCENTRATION

		CHICAGO	CBD
	# of Firms	%SF	%SF
Law Firms	860 Firms		
Am Law 100	47 Firms	31%	31%
Am Law 2nd 100	26 Firms	7%	8%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Sidley Austin	536K	Renewal/Contraction	Central Loop	Trophy
Schiff Hardin	181K	Renewal/Contraction	West Loop	A
Reed Smith	109K	Renewal/Contraction	West Loop	A
Quarles & Brady	107K	Renewal/Expansion	River North	Trophy
Barack Ferrazzano Kirschbaum & Nagelberg	100K	Renewal/stable	West Loop	B

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	CHICAGO	CBD
Class A asking rent (FSG/SF)	$36.25	$44.95
Class A vacancy rate	13.8%	12.6%
Concessions: $75 TI Allowance and 1 Yr. Free Rent		

	CHICAGO	CBD
SF expiring 2018-2022	5.4M	5.2M
% of total law firm SF	29%	29%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Cleveland | CBD

0.34 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

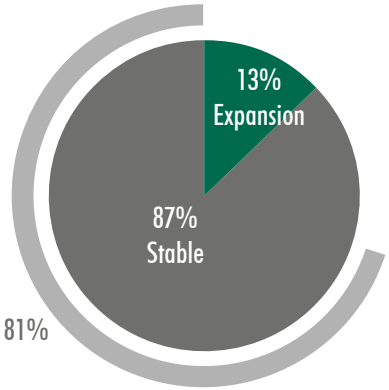
Most law firms are renewing leases in downtown Class A buildings, rather than moving, to preserve capital. Few firms are expanding.

Firms that do move are downsizing, becoming more efficient, adding conference space and investing in better technology.

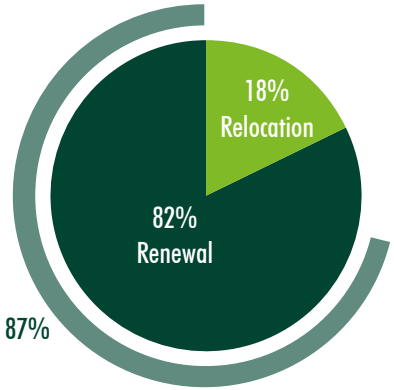
Space allocations have decreased to 500 to 700 sq. ft. per attorney, and secretary ratios have increased.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

8 TRANSACTIONS | 0 CONTRACTION | 2 EXPANSION



8 TRANSACTIONS | 3 RELOCATION | 5 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
10,830 legal services employment	4,520 lawyers
(430) added since 2010	160 added since 2010
(3.8)% growth since 2010	3.7% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

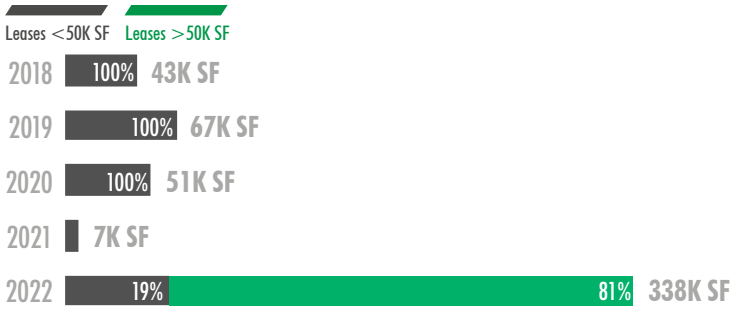
LAW FIRM CONCENTRATION

		CLEVELAND	CBD
	# of Firms	%SF	%SF
Law Firms	282 Firms		
Am Law 100	6 Firms	27%	31%
Am Law 2nd 100	5 Firms	8%	9%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Benesch, Friedlander, Coplan & Aranoff	121K	Renewal/Stable	Cleveland CBD	A
Brouse McDowell	71K	Renewal/Stable	Akron CBD	A
Taft, Stettinius & Hollister	52K	Renewal/Stable	Cleveland CBD	A
Kelley & Ferraro	27K	Relocation/Expansion	Cleveland CBD	A
Vorys, Sater, Seymour & Pease	19K	Renewal/Stable	Akron CBD	B

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	CLEVELAND	CBD
Class A asking rent (FSG/SF)	$21.14	$21.57
Class A vacancy rate	15.2%	17.8%
Concessions: $40-$50 TI Allowance		

	CLEVELAND	CBD
SF expiring 2018-2022	505K	437K
% of total law firm SF	19%	19%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Dallas/Ft. Worth | CBD

0.57 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

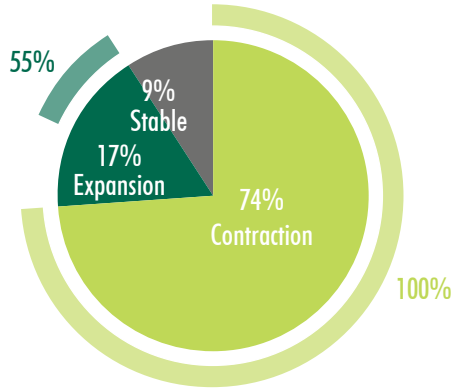
While the Dallas CBD is still home to many of the large law firms in DFW, law firms have slowly migrated to the Uptown office sub-market from the Dallas CBD office sub-market attracted by Uptown's live,work & play environment and the ability to right-size due to Uptown buildings more efficient floor plates.

Most firms seek buildings with more efficient floor plates.

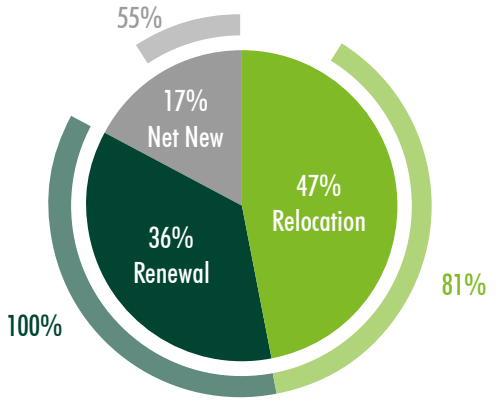
The CBD is still home to many of the large law firms in DFW.

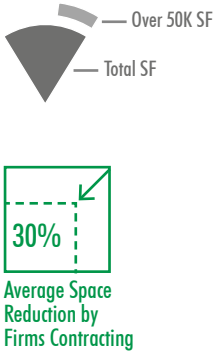
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

7 TRANSACTIONS | 4 CONTRACTION | 2 EXPANSION



7 TRANSACTIONS | 3 RELOCATION | 2 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
27,030 legal services employment	13,420 lawyers
1,900 added since 2010	1,960 added since 2010
7.6% growth since 2010	17.1% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

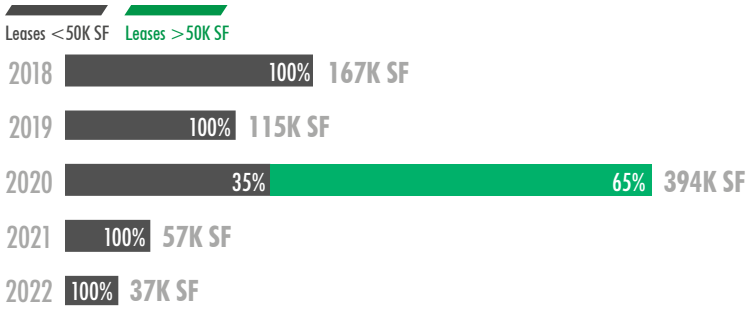
LAW FIRM CONCENTRATION

		DALLAS/FT. WORTH	CBD
	# of Firms	%SF	%SF
Law Firms	954 Firms		
Am Law 100	29 Firms	25%	37%
Am Law 2nd 100	15 Firms	13%	22%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Gardere Wynne Sewell	145K	Relocation/Contraction	Uptown	A
Vinson & Elkins	104K	Renewal/Contraction	CBD	A
Baker Botts	103K	Renewal/Stable	CBD	A
Akin Gump	72K	Relocation/Contraction	Uptown	A
Winston & Strawn	52K	Net New/Expansion	Uptown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	DALLAS/FT. WORTH	CBD
Class A asking rent (FSG/SF)	$28.81	$28.51
Class A vacancy rate	19.5%	29.2%
Concessions: $75 TI Allowance and 9-12 Mths Free Rent / 15 Yr. Term		

	DALLAS/FT. WORTH	CBD
SF expiring 2018-2022	769K	487K
% of total law firm SF	10%	16%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Denver | Downtown

0.22 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

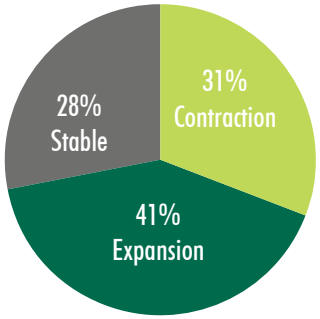
Many new firms are entering the Denver market; mergers and acquisitions continue to affect the market as national firms acquire local ones.

Seven of 10 new builds have one-size office layouts, with space allocation of 550 to 650 sq. ft. per lawyer.

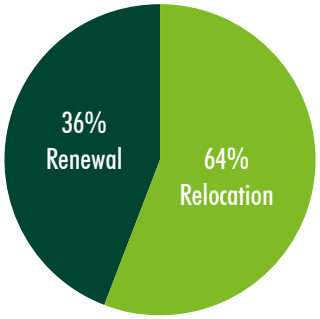
Many law firms are relocating to higher-quality and/or newly constructed buildings.

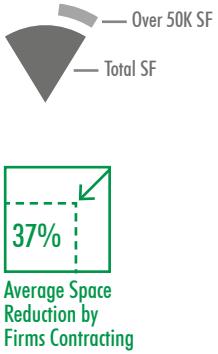
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

9 TRANSACTIONS | 3 CONTRACTION | 3 EXPANSION



9 TRANSACTIONS | 5 RELOCATION | 4 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
13,650 legal services employment	8,530 lawyers
770 added since 2010	980 added since 2010
6.0% growth since 2010	13.0% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

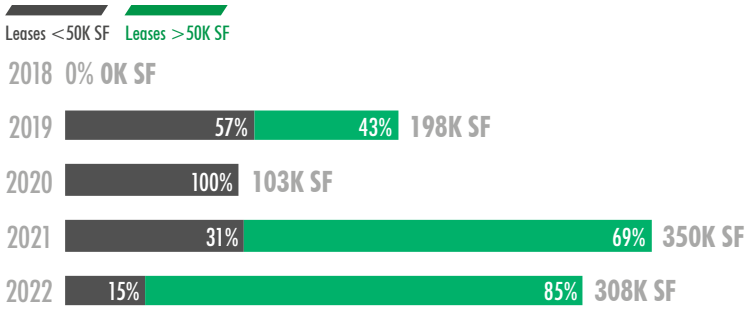
LAW FIRM CONCENTRATION

		DENVER	DOWNTOWN
	# of Firms	%SF	%SF
Law Firms	111 Firms		
Am Law 100	20 Firms	26%	32%
Am Law 2nd 100	10 Firms	21%	26%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Husch Blackwell	37K	Relocation/Expansion	Downtown	A
Bartlit Beck Herman Palenchar & Scott	30K	Relocation/Expansion	Downtown	A
Lathrop & Gage	29K	Relocation/Contraction	Downtown	A
Holland & Knight	22K	Relocation/Stable	Downtown	A
Lewis Bess Williams & Weese	22K	Relocation/Expansion	Downtown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	DENVER	DOWNTOWN
Class A asking rent (FSG/SF)	$30.07	$40.65
Class A vacancy rate	12.4%	13.5%
Concessions: $4-$7 TI Allowance and 1 Mth Free Rent / Yr. Term		

	DENVER	DOWNTOWN
SF expiring 2018-2022	959K	935K
% of total law firm SF	32%	37%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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BACK

Detroit | Downtown

0.33 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

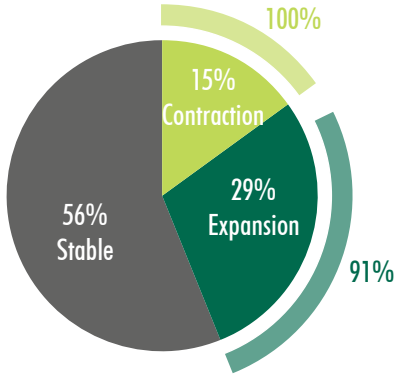
Although the cost of build-outs historically has been an impediment to law firms adopting a more progressive environment, this is changing.

Given landlord-favorable conditions, rents are trending higher and concession packages lower.

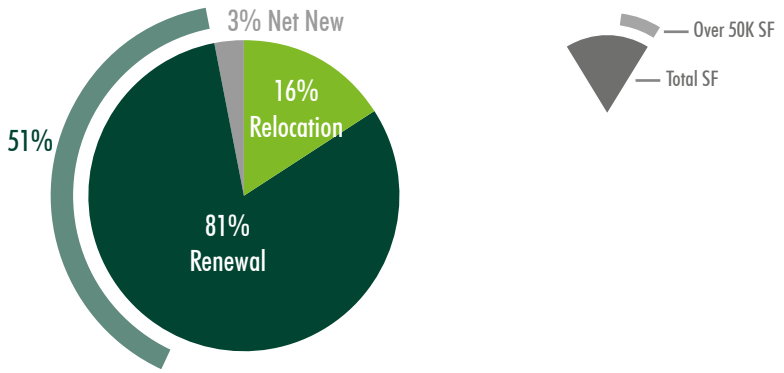
Lease-term flexibility is more difficult to achieve today, particularly in the CBD, than it has been in past years.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

14 TRANSACTIONS | 1 CONTRACTION | 2 EXPANSION



14 TRANSACTIONS | 3 RELOCATION | 10 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
18,240 legal services employment	9,790 lawyers
800 added since 2010	1,630 added since 2010
4.6% growth since 2010	20% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

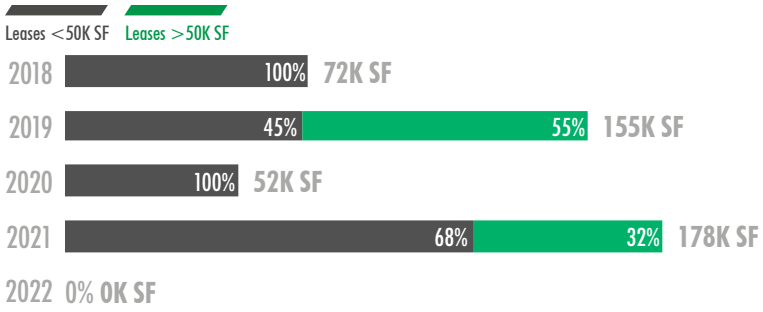
LAW FIRM CONCENTRATION

		DETROIT	DOWNTOWN
	# of Firms	%SF	%SF
Law Firms	1,445 Firms		
Am Law 100	6 Firms	2%	6%
Am Law 2nd 100	16 Firms	17%	43%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Dickinson Wright	87K	Renewal/Expansion	Troy	A
Butzel Long	50K	Renewal/Contraction	Bloomfield Hills	A
Giarmarco Mullins & Horton	26K	Renewal/Stable	Troy	A
Pepper Hamilton	25K	Renewal/Stable	Southfield	A
Vandeveer Garzia	19K	Relocation/Stable	Troy	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	DETROIT	DOWNTOWN
Class A asking rent (FSG/SF)	$21.20	$22.76
Class A vacancy rate	13.9%	10.5%

Concessions: $3-4 TI Allowance and 1-2 mths Free Rent / Yr. Term

	DETROIT	DOWNTOWN
SF expiring 2018-2022	457K	210K
% of total law firm SF	10%	17%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Houston | CBD

0.89 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

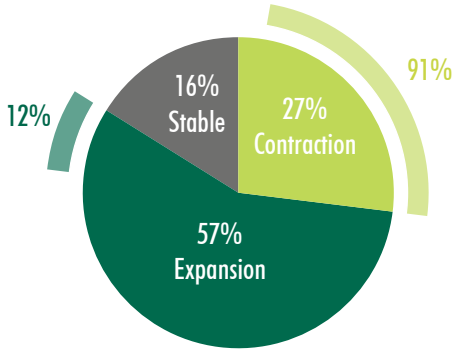
There is a flight to quality as firms upgrade to more modern buildings that can provide more efficient law-firm layouts.

Many firms are taking advantage of depressed market conditions and entering into long-term leases with significant landlord concessions.

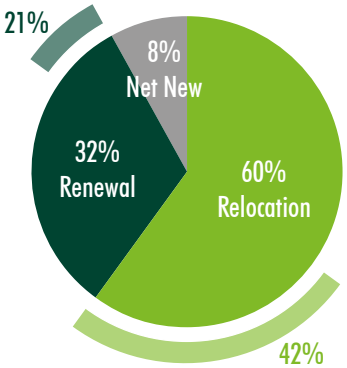
Current market activity is bolstered by large law firms recruiting local individual attorneys and practice groups.

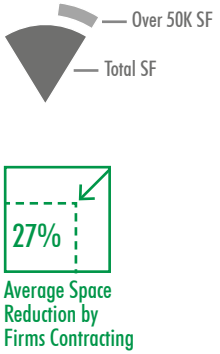
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

26 TRANSACTIONS | 4 CONTRACTION | 17 EXPANSION



26 TRANSACTIONS | 14 RELOCATION | 9 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
24,780 legal services employment	12,750 lawyers
1,710 added since 2010	3,680 added since 2010
7.4% growth since 2010	40.6% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

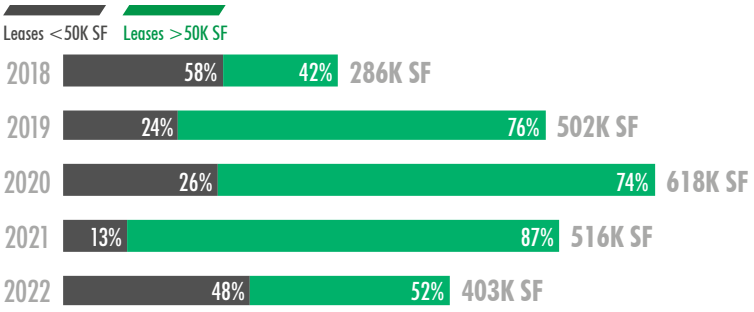
LAW FIRM CONCENTRATION

		HOUSTON	CBD
	# of Firms	%SF	%SF
Law Firms	339 Firms		
Am Law 100	50 Firms	37%	57%
Am Law 2nd 100	22 Firms	13%	18%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Porter Hedges	105K	Relocation/Contraction	CBD	A
Thompson & Knight	61K	Relocation/Contraction	CBD	A
Orrick Herrington	57K	Relocation/Expansion	CBD	A
Winstead	56K	Renewal/Contraction	CBD	A
Mayer Brown	48K	Renewal/Stable	CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	HOUSTON	CBD
Class A asking rent (FSG/SF)	$38.25	$45.38
Class A vacancy rate	15.5%	13.1%
Concessions: $75 TI Allowance and 12 Months Free Rent		

	HOUSTON	CBD
SF expiring 2018-2022	2.3M	2.2M
% of total law firm SF	29%	43%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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BACK

Kansas City | CBD

0.12 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

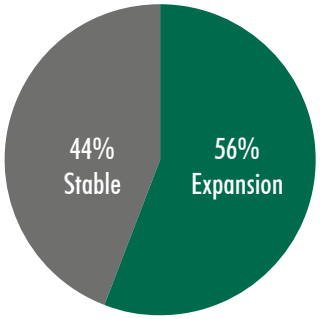
The average law firm lease is stable, while most other tenant types are downsizing.

The downtown submarket dominates law firm space, with the suburbs reserved mainly for satellite offices.

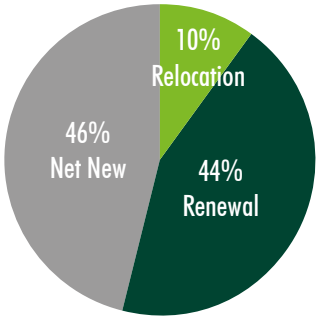
Due to a healthy market, rental rates continue to increase for law firms and other industries alike.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

6 TRANSACTIONS | 0 CONTRACTION | 3 EXPANSION



6 TRANSACTIONS | 1 RELOCATION | 3 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
9,530 legal services employment	4,810 lawyers
790 added since 2010	(30) added since 2010
9.1% growth since 2010	(0.6)% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

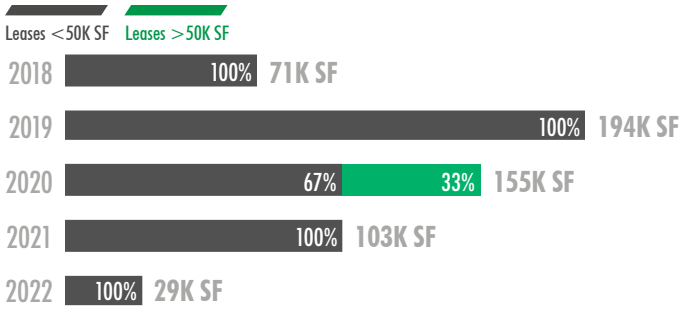
LAW FIRM CONCENTRATION

		KANSAS CITY	CBD
	# of Firms	%SF	%SF
Law Firms	1,017 Firms		
Am Law 100	5 Firms	7%	6%
Am Law 2nd 100	5 Firms	12%	36%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Rasmussen	36K	Net New/Expansion	South KC	B
Lathrop & Gage	30K	Renewal/Stable	South Johnson	A
Legal Aid of Western Missouri	19K	Net New/Expansion	East KC	B
Dysart Taylor	14K	Renewal/Stable	Plaza	B
Levy Craig	12K	Relocation/Expansion	Plaza	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	KANSAS CITY	CBD
Class A asking rent (FSG/SF)	$21.53	$20.74
Class A vacancy rate	12.6%	13.5%

Concessions: $40 TI Allowance / 3 Mths Free Rent / 5 Yr. Term

	KANSAS CITY	CBD
SF expiring 2018-2022	552K	257K
% of total law firm SF	11%	16%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Los Angeles | Downtown

1.1 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

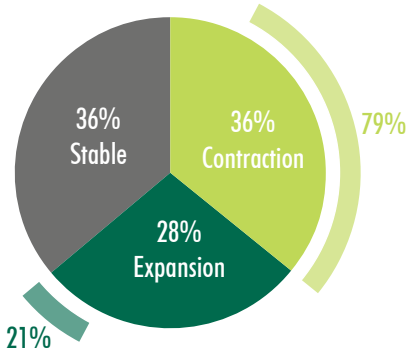
Law firms continue to look for ways to optimize real estate footprints, but this trend is less pronounced in Downtown L.A. due to market dynamics.

The Century City submarket is popular among law firms, and competition for premium space in this market has forced firms to be more efficient.

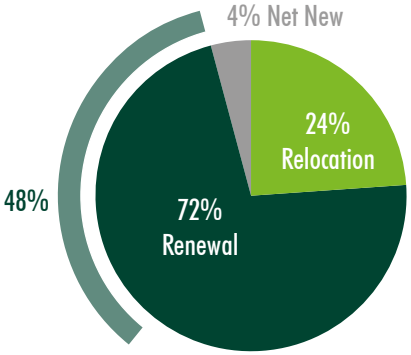
The trend toward less space per attorney will likely continue in L.A. for medium- and large-sized law firms.

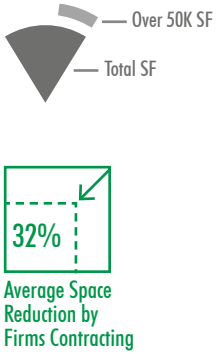
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

33 TRANSACTIONS | 6 CONTRACTION | 10 EXPANSION



33 TRANSACTIONS | 11 RELOCATION | 20 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
66,460 legal services employment	32,980 lawyers
4,690 added since 2010	2,510 added since 2010
7.6% growth since 2010	8.2% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

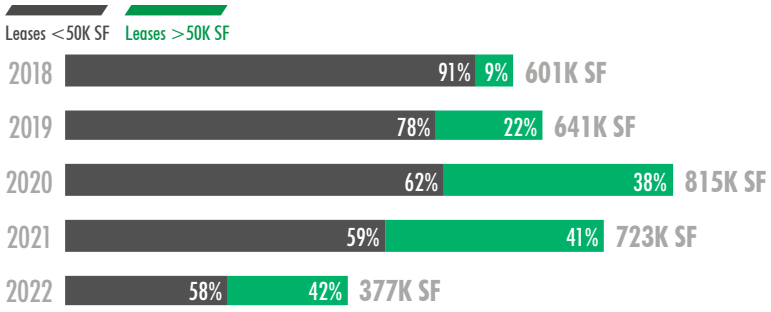
LAW FIRM CONCENTRATION

		LOS ANGELES	DOWNTOWN
	# of Firms	%SF	%SF
Law Firms	1,750 Firms		
Am Law 100	73 Firms	40%	75%
Am Law 2nd 100	32 Firms	13%	13%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Paul Hastings	141K	Renewal/Contraction	Downtown LA	Trophy
Quinn Emanuel	135K	Renewal/Contraction	Downtown LA	Trophy
Orrick Herrington	66K	Renewal/Expansion	Downtown LA	Trophy
Winston & Strawn	53K	Renewal/Contraction	Downtown LA	Trophy
Perkins Coie	43K	Renewal/Expansion	West LA	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	LOS ANGELES	DOWNTOWN
Class A asking rent (FSG/SF)	$41.04	$40.68
Class A vacancy rate	13.6%	16.5%
Concessions: $10 TI Allowance /Yr. Term		

	LOS ANGELES	DOWNTOWN
SF expiring 2018-2022	3.2M	1.9M
% of total law firm SF	29%	39%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Minneapolis/St.Paul | Minneapolis CBD

0.36 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

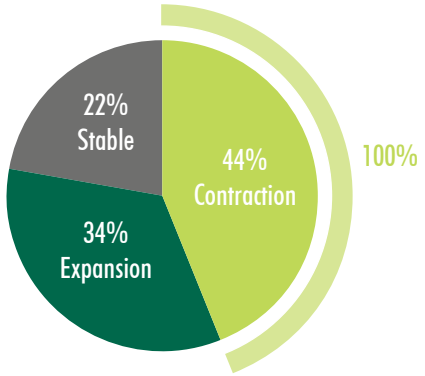
National law firms are growing their local presence through acquisitions & mergers.

Firms prefer Class A space but will consider lower floors in a high-rise or repositioned assets to reduce cost.

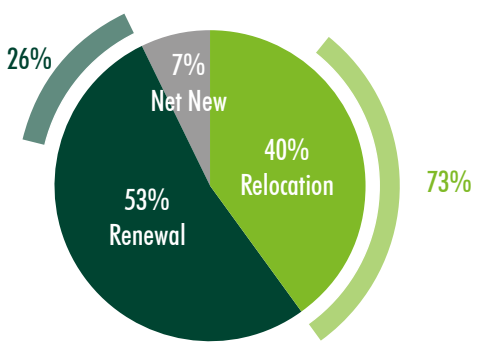
Space optimization remains a major driver in real estate decisions.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

9 TRANSACTIONS | 2 CONTRACTION | 4 EXPANSION



9 TRANSACTIONS | 2 RELOCATION | 6 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
15,520 legal services employment	8,910 lawyers
(120) added since 2010	370 added since 2010
(0.8)% growth since 2010	4.3% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

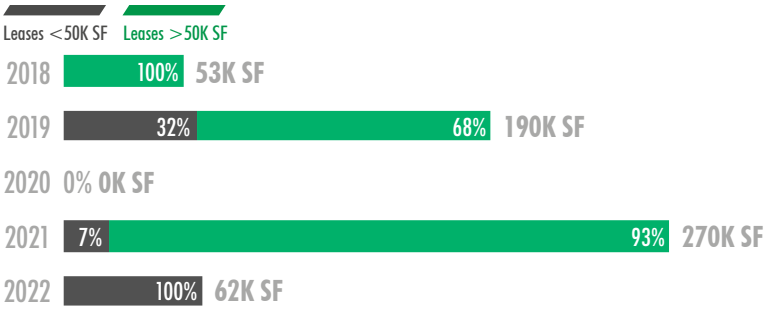
LAW FIRM CONCENTRATION

		MINNEAPOLIS/ST.PAUL	CBD
	# of Firms	%SF	%SF
Law Firms	108 Firms		
Am Law 100	12 Firms	24%	28%
Am Law 2nd 100	6 Firms	10%	11%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Stinson Leonard Street	105K	Relocation/Contraction	Minneapolis CBD	A
Bowman & Brooke	50K	Renewal/Contraction	Minneapolis CBD	A
Zelle	21K	Renewal/Stable	Minneapolis CBD	A
Bassford Remele	39K	Relocation/Expansion	Minneapolis CBD	A
Barnes & Thornburg	35K	Renewal/Expansion	Minneapolis CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	MINNEAPOLIS/ST.PAUL	CBD
Class A asking rent (FSG/SF)	$30.76	$32.21
Class A vacancy rate	13.1%	13.0%
Concessions: $60 TI Allowance and 10 Mths Free Rent		

	MINNEAPOLIS/ST.PAUL	CBD
SF expiring 2018-2022	575K	537K
% of total law firm SF	16%	18%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

New York (Manhattan) | Midtown

2.0 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

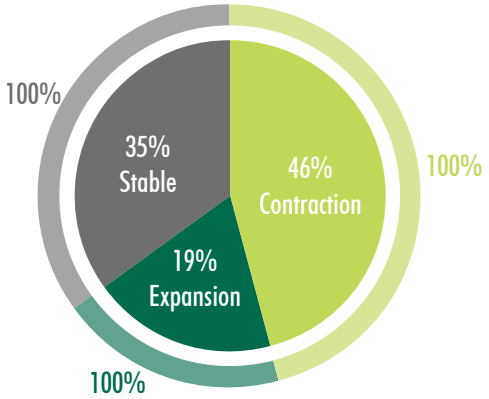
Law firms, like many other large users in Manhattan, are most interested in new construction and redeveloped properties.

New development in Midtown's West Side provides a viable alternative for firms seeking to relocate.

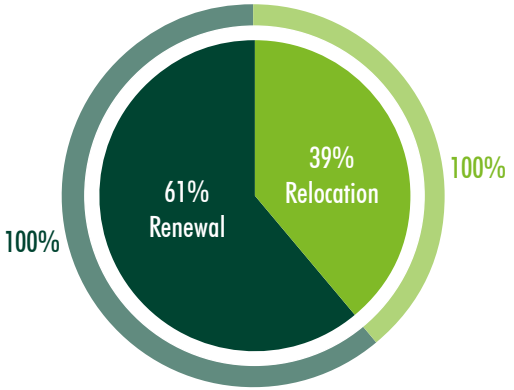
Leasing velocity in 2016 was down 16% from 2015, a result of law firms continuing to become more efficient occupiers.

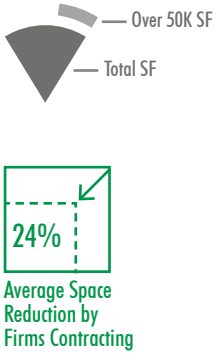
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

13 TRANSACTIONS | 5 CONTRACTION | 4 EXPANSION



13 TRANSACTIONS | 7 RELOCATION | 6 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
136,540 legal services employment	75,840 lawyers
3,170 added since 2010	7,710 added since 2010
2.4% growth since 2010	11.3% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

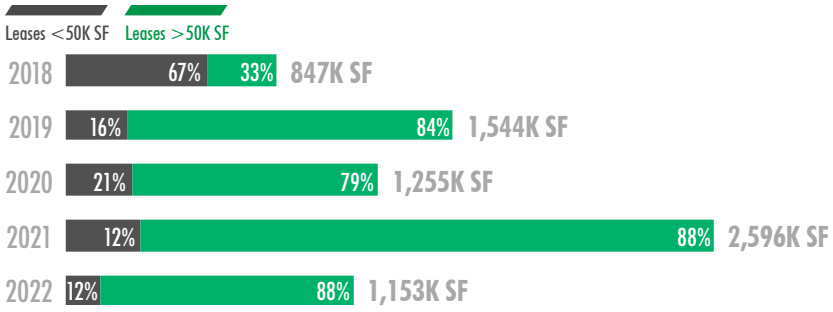
LAW FIRM CONCENTRATION

		MANHATTAN	MIDTOWN
	# of Firms	%SF	%SF
Law Firms	1,600 Firms		
Am Law 100	96 Firms	55%	60%
Am Law 2nd 100	50 Firms	9%	10%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Kramer, Levin, Naftalis & Frankel	265K	Renewal/Contraction	Midtown	A
Milbank, Tweed, Hadley, & McCloy	257K	Relocation/Contraction	Midtown	Trophy
Dentons	207K	Renewal/Stable	Midtown	A
Hogan Lovells	206K	Relocation/Expansion	Midtown	A
DLA Piper	199K	Renewal/Contraction	Midtown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	MANHATTAN	MIDTOWN
Asking rent (FSG/SF)	$74.03	$80.54
Vacancy rate	8.1%	8.1%

Concessions: $85 - $95 TI Allowance and 1 Yr Free Rent

	MANHATTAN	MIDTOWN
SF expiring 2018-2022	7.4M	6.0M
% of total law firm SF	20%	22%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Orlando | Downtown

0.08 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

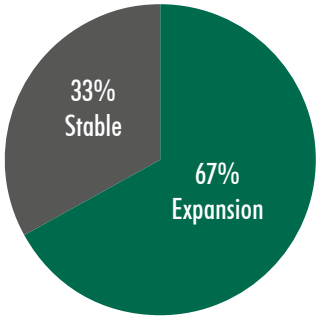
Law firms occupy the largest share of square footage in the Orlando market.

Orlando is dominated by small law firms that occupy 6,400 sq. ft. on average.

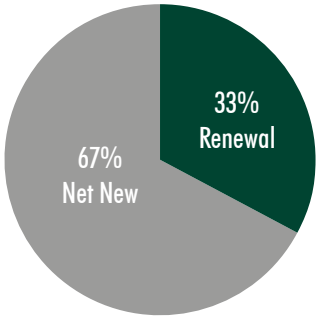
The average lease term for law firms in Orlando is eight years.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

5 TRANSACTIONS | 0 CONTRACTION | 3 EXPANSION



5 TRANSACTIONS | 0 RELOCATION | 2 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
13,090 legal services employment	5,510 lawyers
2,030 added since 2010	820 added since 2010
18.3% growth since 2010	17.5% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

LAW FIRM CONCENTRATION

		ORLANDO	DOWNTOWN
	# of Firms	%SF	%SF
Law Firms	1,152 Firms		
Am Law 100	6 Firms	12%	21%
Am Law 2nd 100	1 Firms	1%	2%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Shutts & Bowen	23K	Net New/Expansion	Downtown	A
Bogin Munns & Munns	22K	Net New/Expansion	Downtown	A
LawyerASAP	16K	Renewal/Stable	Downtown	A
Rogers Towers	10K	Renewal/Stable	Downtown	A
The Maher Law Firm	7K	Net New/Expansion	East Orlando	B

LAW FIRM LEASE EXPIRATIONS

MARKET STATISTICS Q2 2017

	ORLANDO	DOWNTOWN
Class A asking rent (FSG/SF)	$24.95	$27.02
Class A vacancy rate	6.7%	8.1%

Concessions: $40 TI Allowance and 6 to 7 months of free rent

	ORLANDO	DOWNTOWN
SF expiring 2018-2022	92K	80K
% of total law firm SF	4%	5%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Philadelphia | Market West

0.49 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

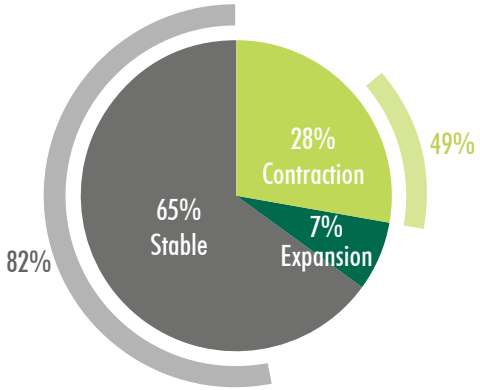
Most law firms are focusing on cost, efficiency and contemporary design.

Many firms are downsizing upon lease expiration.

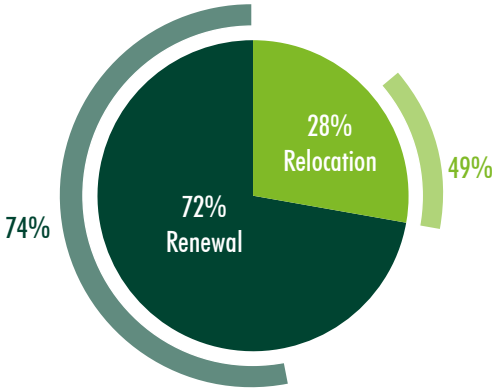
There is a focus on locations with a strong amenity base, including concierge services.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

7 TRANSACTIONS | 3 CONTRACTION | 1 EXPANSION



7 TRANSACTIONS | 3 RELOCATION | 4 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
39,220 legal services employment	19,070 lawyers
1,760 added since 2010	2,440 added since 2010
4.7% growth since 2010	14.7% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

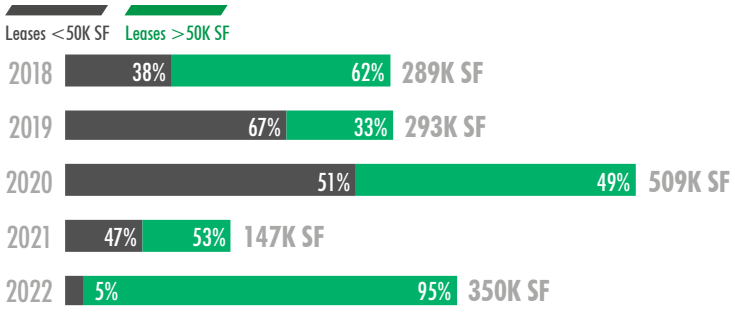
LAW FIRM CONCENTRATION

		PHILADELPHIA	MARKET WEST
	# of Firms	%SF	%SF
Law Firms	1,117 Firms		
Am Law 100	15 Firms	13%	76%
Am Law 2nd 100	4 Firms	2%	11%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Duane Morris	257K	Renewal/Stable	Market West	A
Montgomery McCracken	67K	Relocation/Contraction	Market West	Trophy
Phelan Hallinan Diamond & Jones	36K	Renewal/Contraction	Market West	B
Berger Montague	35K	Relocation/Contraction	Market West	A
Hogan Lovells	35K	Relocation/Expansion	Market West	Trophy

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	PHILADELPHIA	MARKET WEST
Class A asking rent (FSG/SF)	$31.12	$30.56
Class A vacancy rate	11%	11%
Concessions: $5-$7 TI Allowance and 1 Mth Free Rent/ Yr. Term		

	PHILADELPHIA	MARKET WEST
SF expiring 2018-2022	1.6M	1.3M
% of total law firm SF	11%	63%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Phoenix | CBD

0.14 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

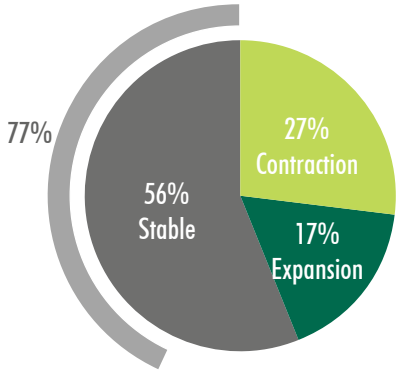
Most law firms are allocating 650 to 700 sq. ft. per attorney in only one or two office sizes.

Major law firms are dowsizing and creating efficiencies upon lease expiration.

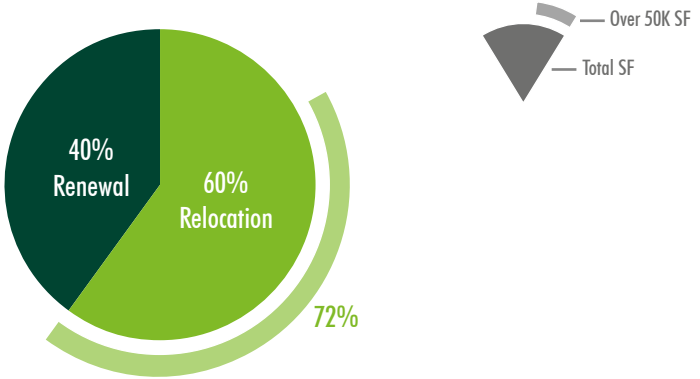
Law firms are repurposing space typically used for storage and filing areas to collaboration space.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

4 TRANSACTIONS | 1 CONTRACTION | 1 EXPANSION



4 TRANSACTIONS | 2 RELOCATION | 2 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
13,320 legal services employment	7,960 lawyers
30 added since 2010	1,000 added since 2010
0.3% growth since 2010	14.4% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

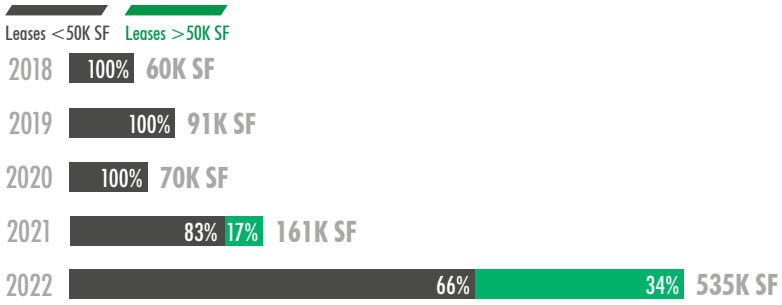
LAW FIRM CONCENTRATION

		PHOENIX	CBD
	# of Firms	%SF	%SF
Law Firms	100 Firms		
Am Law 100	9 Firms	15%	17%
Am Law 2nd 100	7 Firms	19%	36%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
State of Arizona Attorney General	62K	Relocation/Stable	Midtown	A
Cavanagh	38K	Renewal/Contraction	Midtown	A
Cantor Law Group	24K	Relocation/Expansion	Downtown	A
Coppersmith Brockelman	18K	Renewal/Stable	Midtown	A
Salmon Lewis & Weldon	15K	Renewal/Stable	Camelback Corridor	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	PHOENIX	CBD
Class A asking rent (FSG/SF)	$34.24	$31.87
Class A vacancy rate	9.8%	14.6%
Concessions: 1 month free / yr. and $60-$80 of TI		

	PHOENIX	CBD
SF expiring 2018-2022	915K	535K
% of total law firm SF	36%	52%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Pittsburgh | CBD

0.40 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

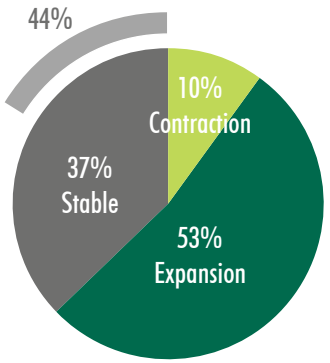
There is a flight to quality by major law firms, largely to trophy Class A buildings.

A lack of available space is limiting tenant movement in the market.

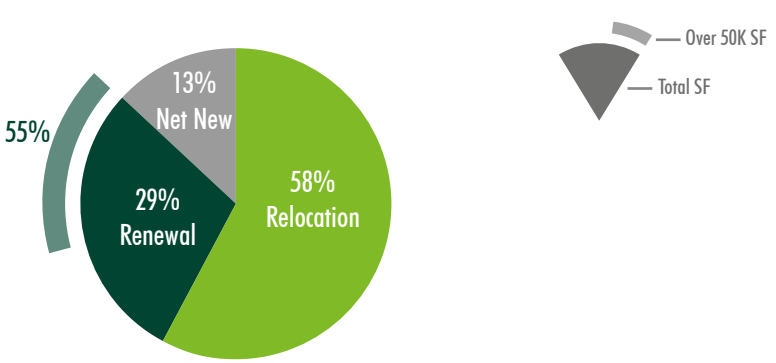
There is a focus on efficiency, allowing firms to upgrade their space while maintaining costs.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

11 TRANSACTIONS | 1 CONTRACTION | 6 EXPANSION



11 TRANSACTIONS | 6 RELOCATION | 3 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
13,110 legal services employment	5,160 lawyers
350 added since 2010	(20) added since 2010
2.7% growth since 2010	(0.4)% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

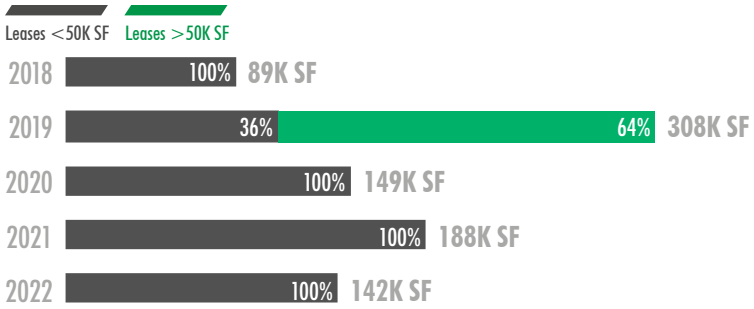
LAW FIRM CONCENTRATION

		PITTSBURGH	CBD
	# of Firms	%SF	%SF
Law Firms	464 Firms		
Am Law 100	9 Firms	13%	17%
Am Law 2nd 100	5 Firms	6%	7%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Reed Smith	66K	Renewal/Stable	CBD	A
Marshall Dennehey	46K	Relocation/Expansion	CBD	Trophy
Tucker Arensberg	46K	Relocation/Expansion	CBD	Trophy
Pepper Hamilton	40K	Relocation/Contraction	CBD	A
McGuire Woods	37K	Relocation/Expansion	CBD	Trophy

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	PITTSBURGH	CBD
Class A asking rent (FSG/SF)	$25.79	$29.66
Class A vacancy rate	8.5%	6.7%
Concessions: $5-$7 TI Allowance / Year of Term		

	PITTSBURGH	CBD
SF expiring 2018-2022	876K	693K
% of total law firm SF	15%	15%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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BACK

San Diego | Downtown

0.36 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

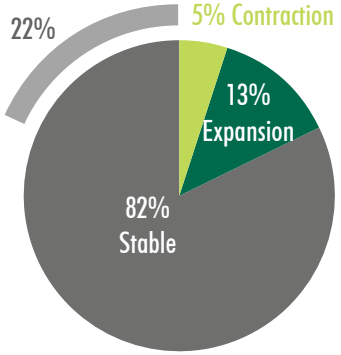
Many firms desire more efficient floor plans in buildings that offer amenities to employees.

Major firms continue to want trophy properties with signage.

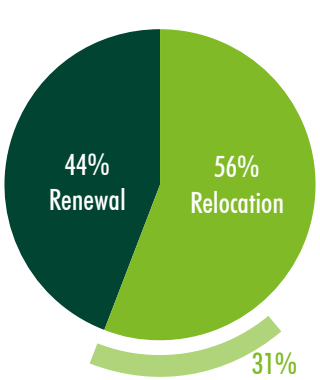
Downtown landlords usually will not offer signage, driving some firms to the UTC/ DMH area.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

25 TRANSACTIONS | 2 CONTRACTION | 2 EXPANSION



25 TRANSACTIONS | 12 RELOCATION | 13 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
12,500 legal services employment	7,350 lawyers
300 added since 2010	1,450 added since 2010
2.5% growth since 2010	24.6% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

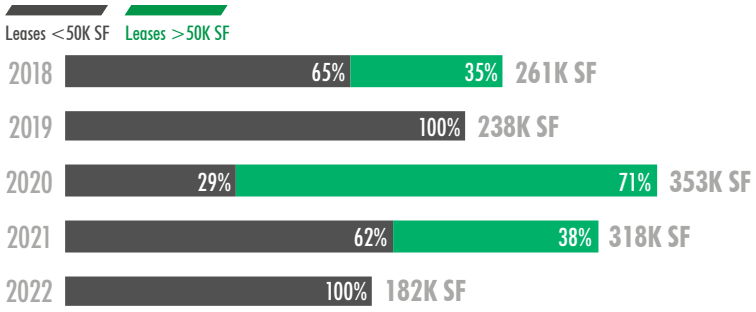
LAW FIRM CONCENTRATION

		SAN DIEGO	DOWNTOWN
	# of Firms	%SF	%SF
Law Firms	2,288 Firms		
Am Law 100	22 Firms	31%	18%
Am Law 2nd 100	9 Firms	8%	10%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Jones Day	63K	Relocation/Stable	UTC	A
Dentons	46K	Relocation/Stable	UTC	A
Wilson Sonsini Goodrich &Rosati	38K	Renewal/Expansion	Del Mar Heights	B
Allen Matkins	28K	Relocation/Stable	Downtown	A
Bernstein Litowitz	22K	Renewal/Stable	Del Mar Heights	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	SAN DIEGO	DOWNTOWN
Class A asking rent (FSG/SF)	$39.04	$36.00
Class A vacancy rate	14.1%	7.3%
Concessions: $40-$60 TI Allowance / 6-9 Months Free Rent		

	SAN DIEGO	DOWNTOWN
SF expiring 2018-2022	1.4M	663K
% of total law firm SF	45%	55%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

San Francisco | CBD

0.54 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

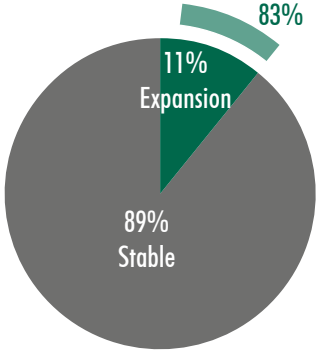
The average lease size for law firms has increased since a notable decline between 2011 and 2012.

The number of new leases by law firms has decreased by an average of about 15% annually since 2011.

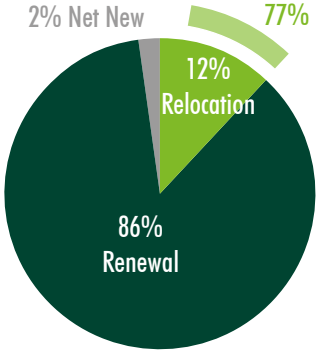
Tenant-improvement allowances in the CBD have been increasing, much more in the South Financial District.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

22 TRANSACTIONS | 0 CONTRACTION | 2 EXPANSION



22 TRANSACTIONS | 2 RELOCATION | 19 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
26,090 legal services employment	16,660 lawyers
1,820 added since 2010	3,180 added since 2010
7.5% growth since 2010	23.6% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

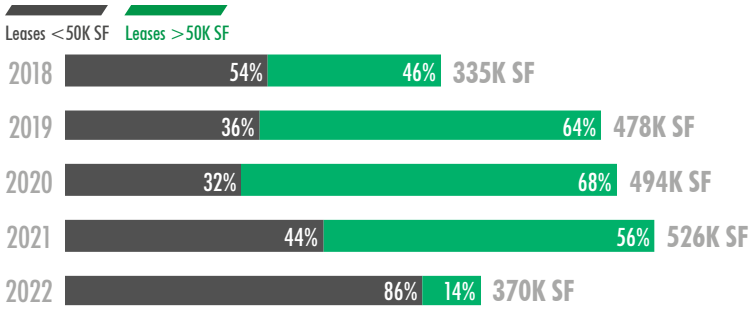
LAW FIRM CONCENTRATION

		SAN FRANCISCO	CBD
	# of Firms	%SF	%SF
Law Firms	142 Firms		
Am Law 100	22 Firms	11%	15%
Am Law 2nd 100	4 Firms	2%	2%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Venable	50K	Relocation/Expansion	Financial District	A
Seyfarth Shaw	50K	Renewal/Stable	South Financial District	A
Lieff, Cabraser, Heimann & Bernstein	45K	Renewal/Stable	Financial District	A
Confidential	43K	Renewal/Stable	Financial District	A
Munger, Tolles & Olson	42K	Renewal/Stable	South Financial District	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	SAN FRANCISCO	CBD
Class A asking rent (FSG/SF)	$76.44	$77.19
Class A vacancy rate	6.3%	6.9%
Concessions: 4 Mths Free Rent / $70 TI Allowance / 7 Yr Term		

	SAN FRANCISCO	CBD
SF expiring 2018-2022	2.1M	1.4M
% of total law firm SF	20%	30%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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Seattle | CBD

0.42 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

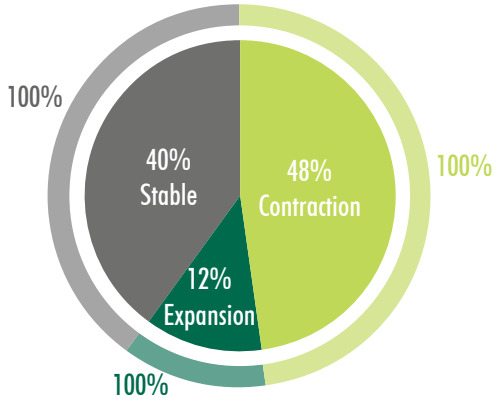
Most law firms are reducing space where possible, yet are not fully embracing open-plan layouts.

Law firms continue to seek Class A buildings and are attracted by amenities and efficient floor plates.

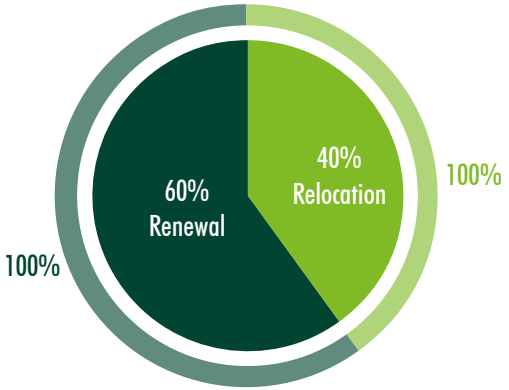
New build-outs often have open ceilings and a tech feel in the common areas.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

4 TRANSACTIONS | 2 CONTRACTION | 1 EXPANSION



4 TRANSACTIONS | 1 RELOCATION | 3 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
14,240 legal services employment	8,380 lawyers
(500) added since 2010	1,200 added since 2010
(3.4)% growth since 2010	16.7% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

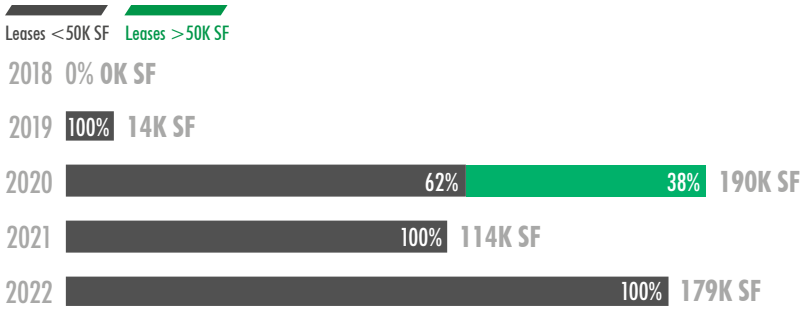
LAW FIRM CONCENTRATION

		SEATTLE	CBD
	# of Firms	%SF	%SF
Law Firms	700 Firms		
Am Law 100	15 Firms	22%	39%
Am Law 2nd 100	9 Firms	12%	22%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Davis Wright Tremaine	168K	Relocation/Stable	CBD	A
Confidential	150K	Renewal/Contraction	CBD	A
Dorsey Whitney	55K	Renewal/Contraction	CBD	A
Seed IP	51K	Renewal/Expansion	CBD	A
Robinson Tait	20K	Renewal/Stable	CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	SEATTLE	CBD
Class A asking rent (FSG/SF)	$35.83	$45.05
Class A vacancy rate	10.1%	9.1%
Concessions: $25 TI Allowance / 5 Yr. Term		

	SEATTLE	CBD
SF expiring 2018-2022	497K	423K
% of total law firm SF	14%	22%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

BACK

Silicon Valley | Palo Alto

0.42 MSF TRANSACTED
Q1 2016 - Q2 2017

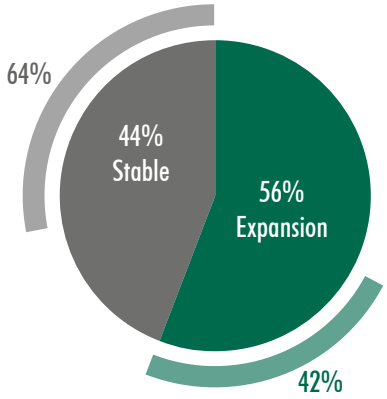
LAW FIRM TRENDS

Two Am Law 100 firms have closed their Silicon Valley offices, consolidating those operations into their San Francisco offices.

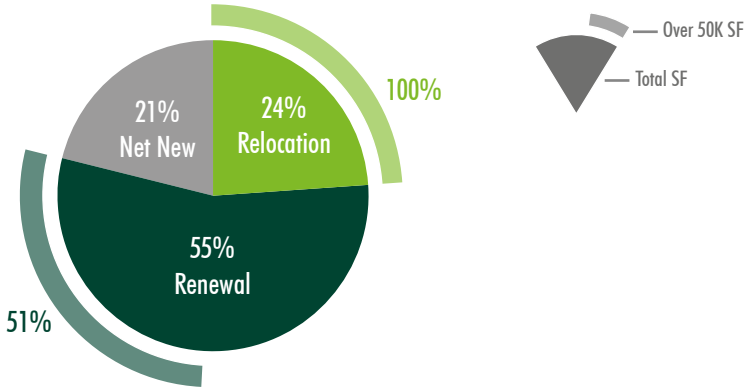
Historic low vacancy has caused some firms to move to new developments in Redwood City, attracted by access to mass transit and increased amenities.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

8 TRANSACTIONS | 0 CONTRACTION | 5 EXPANSION



8 TRANSACTIONS | 1 RELOCATION | 4 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
7,910 legal services employment	5,170 lawyers
1,100 added since 2010	780 added since 2010
16.4% growth since 2010	17.8% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

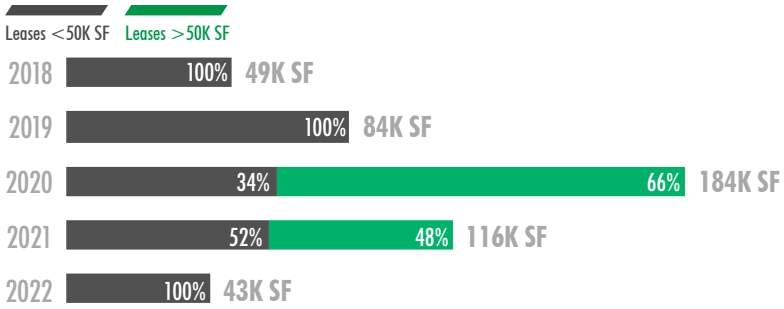
LAW FIRM CONCENTRATION

		SILICON VALLEY	PALO ALTO
	# of Firms	%SF	%SF
Law Firms	178 Firms		
Am Law 100	21 Firms	34%	55%
Am Law 2nd 100	4 Firms	4%	8%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
DLA Piper	118K	Renewal/Stable	Palo Alto	A
Goodwin Procter	102K	Relocation/Expansion	Redwood City	A
Sidley Austin	47K	Renewal/Expansion	Palo Alto	A
Gunderson Dettmer	47K	Net New/Expansion	Redwood City	A
Paul Hastings	44K	Renewal/Stable	Palo Alto	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	SILICON VALLEY	PALO ALTO
Class A asking rent (FSG/SF)	$66.00	$116.28
Class A vacancy rate	11.5%	2.7%
Concessions: $50 - $75 TI Allowance / 4-6 Mths Free Rent		

	SILICON VALLEY	PALO ALTO
SF expiring 2018-2022	476K	278K
% of total law firm SF	16%	21%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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BACK

South Florida | Miami CBD

South Florida includes Miami CBD, Fort Lauderdale Downtown and West Palm Beach

0.50 MSF TRANSACTED

Q1 2016 - Q2 2017

LAW FIRM TRENDS

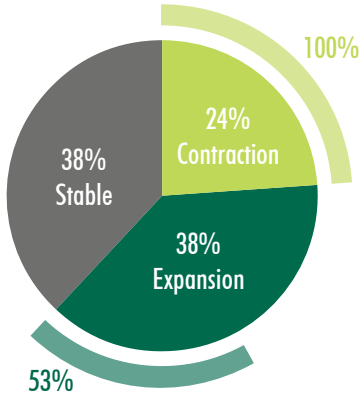
Firms are vacating legacy space and implementing new space standards and workplace strategies.

Law firms are focused on floor-plate efficiency, and some are embracing universal office sizes.

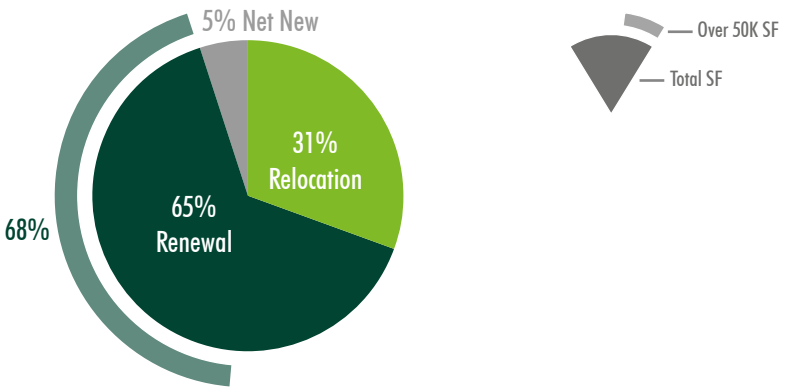
Current law firm build-outs cost between $75 and $115 per sq. ft.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

19 TRANSACTIONS | 2 CONTRACTION | 7 EXPANSION



19 TRANSACTIONS | 9 RELOCATION | 8 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
61,757 legal services employment	20,370 lawyers
3,292 added since 2010	5,750 added since 2010
5.3% growth since 2010	19.3% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

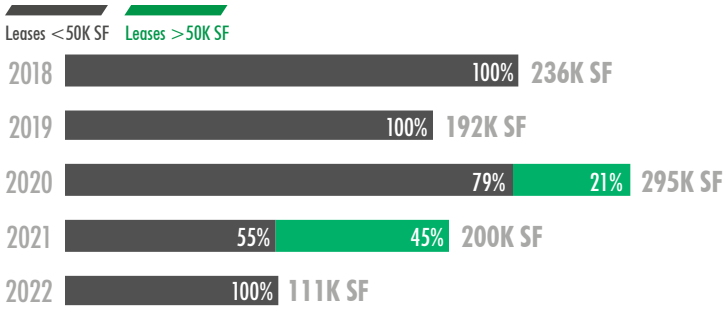
LAW FIRM CONCENTRATION

		SOUTH FLORIDA	MIAMI CBD
	# of Firms	%SF	%SF
Law Firms	4,900 Firms		
Am Law 100	26 Firms	17%	20%
Am Law 2nd 100	13 Firms	9%	11%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Holland & Knight	100K	Renewal/Expansion	Brickell	A
Shook Hardy & Bacon	65K	Renewal/Contraction	Miami	A
White & Case	52K	Renewal/Contraction	Downtown	A
Cole Scott & Kissane	42K	Renewal/Stable	Kendall	A
GrayRobinson	33K	Relocation/Stable	Downtown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	SOUTH FLORIDA	MIAMI CBD
Class A asking rent (FSG/SF)	$51.90	$51.56
Class A vacancy rate	13.0%	13.7%

Concessions: $6 TI Allowance and 1 Mth Free Rent / yr. Term

	SOUTH FLORIDA	MIAMI CBD
SF expiring 2018-2022	1.0M	267K
% of total law firm SF	10%	11%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

St. Louis | CBD

0.11 MSF TRANSACTED
Q1 2016 - Q2 2017

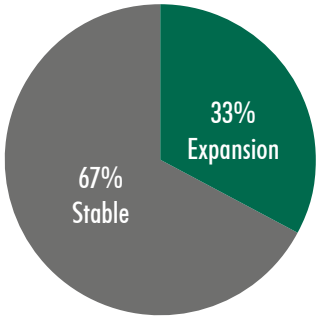
LAW FIRM TRENDS

Law firms still want traditional Class A product.

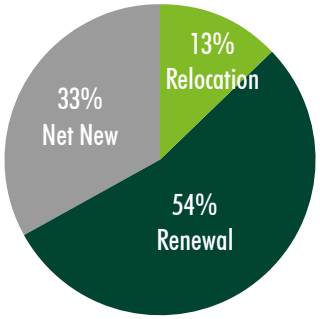
Vacancies in the downtown/CBD market have provided an abundance of Class A space.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

12 TRANSACTIONS | 0 CONTRACTION | 4 EXPANSION



12 TRANSACTIONS | 2 RELOCATION | 6 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
12,940 legal services employment	5,580 lawyers
30 added since 2010	410 added since 2010
0.2% growth since 2010	7.9% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

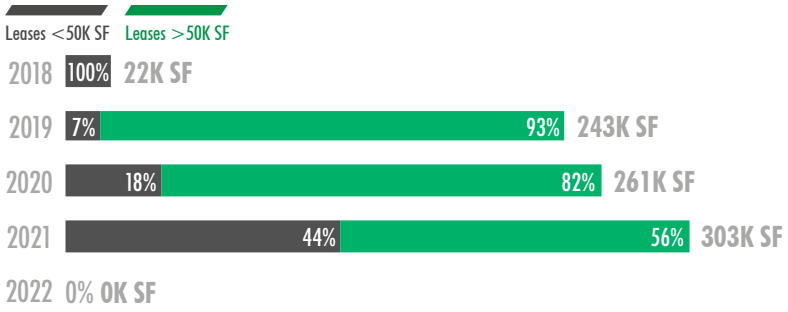
LAW FIRM CONCENTRATION

		ST. LOUIS	CBD
	# of Firms	%SF	%SF
Law Firms	283 Firms		
Am Law 100	3 Firms	13%	21%
Am Law 2nd 100	3 Firms	12%	13%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Capes Sokol	17K	Renewal/Stable	Mid-County/Clayton	A
Hinshaw & Culbertson	13K	Net New/Expansion	Downtown	A
Stone, Leyton & Gershman	12K	Renewal/Stable	Mid-County/Clayton	A
Shands Elbert Gianoulakis & Giljum	11K	Renewal/Stable	Clayton	A
Tucker Ellis	9K	Net New/Expansion	Downtown	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	ST. LOUIS	CBD
Class A asking rent (FSG/SF)	$22.67	$19.92
Class A vacancy rate	8.6%	14.5%
Concessions: $30 TI Allowance and 1 Yr. Free Rent		

	ST. LOUIS	CBD
SF expiring 2018-2022	828K	522K
% of total law firm SF	27%	31%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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BACK

Tampa | CBD

0.25 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

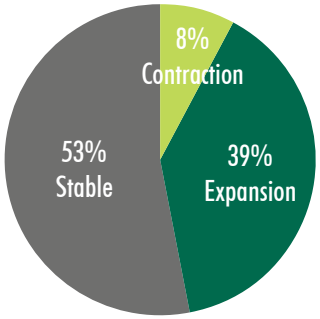
The legal industry is among the most active sectors for leasing activity.

Most law firms will stay in their current buildings or will relocate within the submarket.

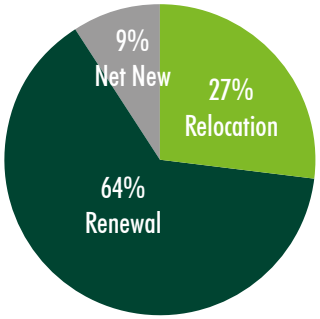
There are a few firms that have expanded or are seeking spaces that may be more aesthetically appealing.

LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

24 TRANSACTIONS | 2 CONTRACTION | 10 EXPANSION



24 TRANSACTIONS | 4 RELOCATION | 16 RENEWAL



EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
16,980 legal services employment	7,770 lawyers
1,300 added since 2010	70 added since 2010
8.3% growth since 2010	0.9% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

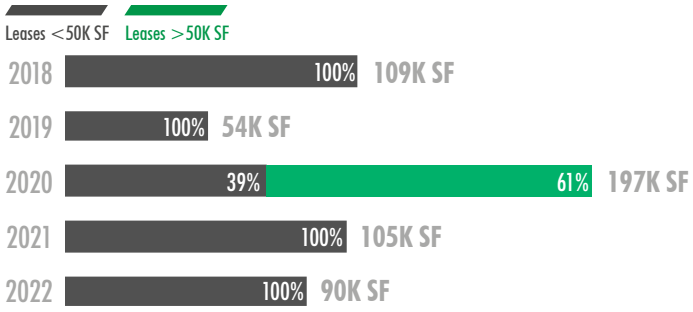
LAW FIRM CONCENTRATION

		TAMPA	CBD
	# of Firms	%SF	%SF
Law Firms	154 Firms		
Am Law 100	7 Firms	14%	15%
Am Law 2nd 100	7 Firms	18%	14%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Burr & Forman	27K	Renewal/Stable	CBD	A
Bradley Arant	23K	Relocation/Stable	CBD	A
Lewis Brisbois Bisgaard Smith	19K	Relocation/Expansion	CBD	A
Merlin Law Group	16K	Renewal/Expansion	CBD	A
Hinshaw & Culbertson	16K	Renewal/Expansion	CBD	A

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	TAMPA	CBD
Class A asking rent (FSG/SF)	$28.18	$33.56
Class A vacancy rate	8.4%	9.2%
Concessions: $18.58 TI Allowance / 7 Mths Free Rent / 5 Yr. Term		

	TAMPA	CBD
SF expiring 2018-2022	554K	347K
% of total law firm SF	37%	28%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

Washington, D.C. | CBD

1.0 MSF TRANSACTED
Q1 2016 - Q2 2017

LAW FIRM TRENDS

Most law firms are moving to newly constructed or redeveloped space in prime submarkets to buildings offering increased natural light, high ceilings and efficient floor plates.

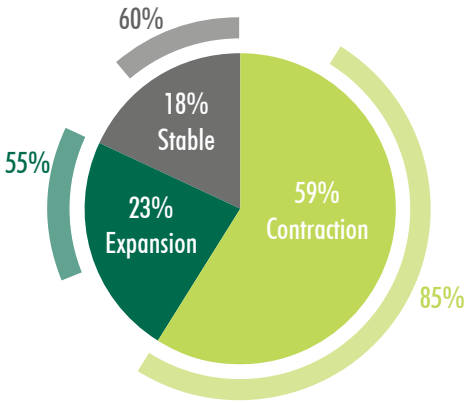
High-quality buildings and space are growing in importance to top law firms for branding and recruitment purposes.

Tenant-improvement allowances are at all-time highs and are expected to grow further due to the lack of tenant demand.

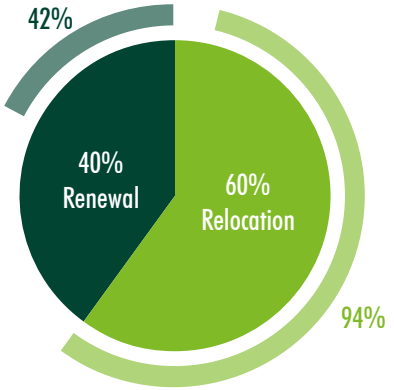
Trophy buildings asking rent is approximately $80 FSG/SF and vacancy for this class of product is at 12.3%

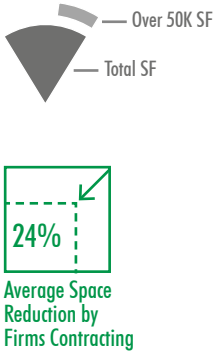
LAW FIRM TRANSACTIONS Q1 2016 - Q2 2017

16 TRANSACTIONS | 7 CONTRACTION | 5 EXPANSION



16 TRANSACTIONS | 7 RELOCATION | 9 RENEWAL





EMPLOYMENT CHARACTERISTICS

LEGAL SERVICES	LAWYER POPULATION
45,460 legal services employment	44,370 lawyers
(2,100) added since 2010	4,120 added since 2010
(4.4)% growth since 2010	10.2% growth since 2010

Source: U.S. Bureau of Labor Statistics, 2016.

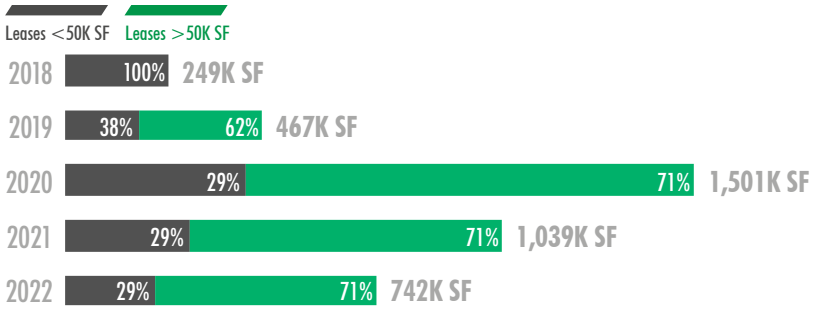
LAW FIRM CONCENTRATION

		WASHINGTON, D.C.	CBD
	# of Firms	%SF	%SF
Law Firms	233 Firms		
Am Law 100	94 Firms	72%	32%
Am Law 2nd 100	64 Firms	15%	9%

TOP TRANSACTIONS BY SQ. FT. Q1 2016 - Q2 2017

TENANT	SF	TYPE	SUBMARKET	CLASS
Akin Gump	189K	Relocation/Contraction	CBD	Trophy
Cleary Gottlieb	115K	Relocation/Contraction	CBD	Trophy
Paul Hastings	97K	Relocation/Contraction	CBD	Trophy
Quinn Emanuel	72K	Relocation/Expansion	East End	A
Weil Gotshal & Manges	64K	Relocation/Contraction	CBD	Trophy

LAW FIRM LEASE EXPIRATIONS



MARKET STATISTICS Q2 2017

	WASHINGTON, D.C.	CBD
Class A asking rent (FSG/SF)	$58.81	$58.60
Class A vacancy rate	11.6%	11.4%
Concessions: $110/SF TI Allowance and 10-12 Mths Free Rent		

	WASHINGTON, D.C.	CBD
SF expiring 2018-2022	4.0M	1.8M
% of total law firm SF	25%	12%

Note: Top 75% of transactions by square footage.
Source: CBRE Research, Q2 2017 (for all data except where noted).

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THE LAW FIRM PRACTICE GROUP

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With more than 50 law firm industry experts covering major, secondary and emerging law markets worldwide, the group understands the unique issues in the legal industry and accommodates individual firm goals and business strategies with every real estate transaction.