A turning point in market dynamics will provide firms with enhanced opportunity ahead.
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Global law firm outlook

The first half of 2016 was marked with much more economic volatility than earlier in the cycle, both domestically and globally. The UK’s vote to leave the European Union, compounded with further reductions in projected global trade and struggling resource-based economies, has placed additional weight on prospects for the improvement in the global economy and the ability for the U.S. to maintain its momentum.

The reaction to the Brexit decision so far has been somewhat muted, with consumer spending remaining on the rise and a narrowed trade gap due to the depreciated pound helping to stave off a recession. Nevertheless, GDP forecasts have been downgraded to 2.0 percent and the Bank of England has cut rates to 0.25 percent. Longer-term issues, however, have yet to be resolved, and clarity over the UK’s future in the single market and the timing of negotiations are making long-term planning for businesses across industries difficult.

Compounding Brexit, the EU and ECB are grappling with ongoing monetary and fiscal issues, curtailing growth within the Eurozone. The ECB recently announced that it would not extend its asset-buyback program of quantitative easing contrary to the expectations of observers. Although performance has improved somewhat overall and in specific member states, Eurozone growth forecasts for 2016 have been held at 1.7 percent, while 2017 estimates have been reduced to 1.6 percent. Inflation expectations have also been revised downward after not meeting targets. The ECB has stated that it will not act on any further quantitative easing until 2017 at the earliest.

China’s GDP growth remains the subject of intense scrutiny, and while second quarter figures show a 6.7 percent annual increase in output, growth remains below the 7.0+ percent target that the government would like to achieve. China continues to implement stimulus packages in an attempt to reverse some of these shortfalls, and initial data has yielded positive results. As a result, expectations for year-end 2016 growth have been raised to 6.6 percent by Moody’s, but remain stable for 2017.

Despite pockets of growth, global sentiment remains uncertain. With many indicators not reaching consensus levels, all three major trade and financial institutions (IMF, World Bank and WTO) have cut their growth estimates to varying degrees. Among economies, the U.S. remains somewhat of a bright spot, but a strong dollar has hampered exports. Elsewhere, results will continue to be patchy and forecasters are unsure of the direction of the global economy. Predictions for 2017 are mixed, but the remaining two quarters of the year will be critical in shaping fiscal and monetary policy ahead.
Global law firm markets largely in-sync with U.S., but variance remains

After an active 2015, projected global office leasing volumes and rent growth have been reduced in line with macroeconomic slowdowns expected throughout the remainder of 2016 and into 2017. On the other hand, continued tightening due to net positive occupancy growth in top-tier product has pushed rents up by 5.1 percent year-over-year, with 2017 rent growth projected to be slightly slower at 3 percent.

Primary markets for law firms have tended to cluster somewhat as of mid-2016, with the largest group being at the fastest point of cyclical rent growth (Sydney, Los Angeles, Hong Kong, Chicago, Tokyo and

<table>
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<tr>
<th>Location</th>
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<tbody>
<tr>
<td>Beijing</td>
<td>CBD and Third Embassy forecasts were downgraded as both foreign and domestic demand continue to soften; by year-end, rental declines in both submarkets are expected to offset rental gains in Finance Street.</td>
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<td>Brussels</td>
<td>Activity has been centered in the government and legal-heavy Pentagon and European Districts where rental costs for prime space remain unchanged year-to-date, but are likely to rise in 2017.</td>
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<td>Frankfurt</td>
<td>Tenant activity is up 23 percent over the year, yielding above-average increases in leasing. Although new space is delivering and helping to temper rent growth, tenant requirements exceed the long-term pipeline.</td>
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<td>Hong Kong</td>
<td>Limited availability and rising rentals in Central have led to a new round of decentralization with a handful of international law firms relocating their offices to Hong Kong East.</td>
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<tr>
<td>London</td>
<td>While a weaker economic climate suggests that take-up will continue to be subdued in 2017, the underlying level of demand remains high, suggesting the potential for a quick turnaround in momentum once political uncertainty clears.</td>
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<td>Paris</td>
<td>CBD absorption rose sharply during the first half of 2016 on the back of accelerating large-block and boutique leasing activity, pushing vacancy to 3.9 percent; however, leasing volume is expected to slow in 2017.</td>
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<tr>
<td>Singapore</td>
<td>The upcoming 2.8 million square feet of office supply will result in further softening of the market, which has already seen CBD rents decline by 14.1 percent over the past year.</td>
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<td>Sydney</td>
<td>Lead indicators for the Sydney CBD office market remain firm as prime gross effective rents should increase above trend over the next 12 months.</td>
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<td>Tokyo</td>
<td>Vacancy rates are expected to rise as preleasing commitments to the completions in the development pipeline scheduled for the remainder of the year remain slow.</td>
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<tr>
<td>Toronto</td>
<td>Large-block options have diminished rapidly in Downtown Toronto: the number of Class A blocks 80,000 square feet or larger in the CBD has declined from 17 in Q2 2015 to only 11 in Q2 2016, placing upward pressure on rents.</td>
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</tbody>
</table>

Occupiers in Singapore, London and Toronto will likely see the earliest short-term opportunity as the remainder of previous hyperactive development cycles comes to the market and local economic conditions will lead to slower-than-normal uptake of new space. Firms in other markets may need to wait at least a year for improvements in leverage.
U.S. law firm outlook

KEY HIGHLIGHTS:

1. The U.S. economy’s relatively stable trajectory has kept employment on the rise, but divergence remains between slower, traditional drivers and faster emerging sectors of the economy.

2. The market is still tight for law firms, but is reaching an inflection point as 47.7 million square feet of space under construction in CBDs presents an increasing number of opportunities.

3. Law firms have been rightsizing aggressively this cycle, with utilization falling by 22.2 percent to 760 square feet per attorney, bringing rent per attorney down by 12.1 percent in the process.

4. Drives to target usage of 625 square feet per attorney will help firms save an additional 23.3 percent on rent per attorney, enabling reallocation of capital for newer workspaces.

The U.S. economy remains the anomaly among mature and emerging markets in its relative stability despite global economic uncertainty. The domestic economy has weathered a number of potential shocks throughout the first half of 2016. However, year-to-date growth in GDP, jobs and other economic indicators have been less consistent than in 2014 and 2015, with employment gains varying increasingly on a monthly basis and inflation stubbornly low due to the slump in oil and energy prices.

For the legal services industry, decelerating AmLaw 100 gross revenue, as well as profit per partner and revenue per lawyer growth, has meant that firms must not only continue to search for and improve upon revenue growth in a time of less global certainty, but also make further moves toward lowering cost. One way to do that is in the efficiency in their real estate footprints. In 2015, AmLaw 100 firms saw an aggregate increase in gross revenue of just 2.7 percent, the slowest rate since the recession, while PPP and RPL growth declined by 130bp and 110bp, respectively. Countering this trend were firms with expertise in emerging and high-growth segments of the economy, particularly those with practice groups in intellectual property, tech, cybersecurity, M&A, international business and entertainment law, among other areas. Overall, however, revenue growth will be limited by a general economic cooling off as forecasts for output and trade are trimmed.

At the same time, domestic GDP growth has become less stable, with second quarter growth of 1.1 percent, led almost entirely by personal consumption and general consumer expenditures. Business investment, previously a strong point of the recovery, has contracted for the past three consecutive quarters on the back of flailing corporate profits, particularly those in the goods-producing industries such as manufacturing as well as financial firms. Among GDP subsectors, only information is on a steadily upward trend in regard to corporate profits.

Keeping with trends witnessed over the course of the current cycle, employment in legal services has shown minimal growth over the past three years (+0.6 percent), even as broad-based labor market fundamentals are strong and professional services jobs are up 9.0 percent over the same time period.

Opportunities for enhanced revenue generation remain for firms, but leaders will need to explore alternative strategies. Low headcount growth will make real estate-related cost-containment strategies easier to implement and this will be even more important as firms are likely to experience more of the same muted growth in 2017 based on the global economic forecast.
Real estate market still tight, but at a turning point

As a lagging indicator that follows the economy, the U.S. office market continues to move steadily throughout the real estate cycle, with the Trophy and CBD Class A segments in particular outperforming across most economic metrics. Over the past six quarters, sustained demand has chipped away at some of the last remaining large blocks of quality space, giving landlords the opportunity to push rents at double-digit rates in many geographies. At the same time, the diversity of demand and changing industry drivers such as tech, digital media and other creative companies have in many cases eschewed more traditional top-tier space, providing some relief for law firms.

The supply-demand imbalance that became apparent in late 2013 and early 2014 has now begun to swing in the opposite direction, with an increasing number of new deliveries hitting the market. Since the first quarter of 2015, 21.9 million square feet of new Class A space came online in CBDS across the country, resulting in vacancy remaining steady at 12.0 percent for the past four quarters. With an additional 47.7 million square feet of space under construction and 57.6 percent of it available, we expect that total vacancy in urban cores will begin to rise, albeit with a short-term bump in rents due to rates for new construction commanding a 12.1 percent premium. Coupled with a raft of relocations from anchor tenants and potentially slowing demand from occupiers, law firms with upcoming expirations will have greater leverage beginning at the end of 2016 and increasing in 2017 to negotiate better deal terms and find blocks in premium locations. For value-conscious firms, landlords of second-generation space will likely boost concession packages in an effort to keep assets with less efficient floorplates and in-building amenities competitive.

1.1 percent of total CBD Class A vacancy, will represent one of the most important emerging opportunities for firms in the market.

Geographically, this sublease vacancy is found in greatest quantities in more traditional submarkets and micromarkets, such as Chicago’s Central and West Loop and New York’s Financial District. Of space within the “big four” legal services markets of New York, Washington DC, Chicago and Los Angeles, 38.4 percent of sublease space on the market is either currently vacant or available for occupancy within 30 days, further adding to options for tenants.

Rightsizing has been aggressive, and more is to come

Tighter financial scrutiny, less reliable gross revenue and profit growth and rising real estate costs have all played a role in firms’ aggressive rightsizing and efficiency measures during the current cycle. Benchmarking figures collected across more than 40 markets demonstrate a sharp drop in square feet per attorney from a historical average of 976 square feet to its current level of 760 square feet, a savings of 22.2 percent for a typical firm. As rents have risen faster than tenants can trim down on space, annual U.S. aggregate rent per attorney rates have fallen by 12.1 percent from $38,535 to $33,879.

Trends in efficiency gains have also shown variance when factoring in the size of legal markets. The “big four” U.S. markets (New York, Washington DC, Chicago and Los Angeles), for instance, have seen the slowest rate of reduction in square feet per attorney (-16.1 percent), likely due to greater space needs for headquarters offices, but slower rent growth in these cities have meant the fastest rate of rent per attorney savings (-20.1 percent). This trend is flipped for secondary legal markets, where more aggressive rightsizing has yet to match the discount in terms of occupancy costs, while firms in tertiary legal services markets have even more occupancy planning flexibility but less room for rent reductions.

Heading into the remainder of this cycle and the next wave of law firm leasing, we expect further rightsizing to occur. Across the U.S., law firms have set a target of 625 square feet per attorney, equating to savings of 17.7 percent, driving costs down by another 18.7 percent. For top-tier markets, the target level of 640 square feet represents a significantly more radical decline of 25.1 percent, bringing with it a 23.3 percent savings in rent per attorney, which can be reinvested in part in newer space that better meets firm and employee preferences.
The JLL office clock demonstrates where each market sits within its real estate cycle. Markets generally move clockwise around the clock. Geographies on the left side of the clock are generally landlord-favorable, while markets on the right side of the clock are typically tenant-favorable. Over the past year, CBDs and other law firm-heavy submarkets have continued to move around the clock and farther into the peaking cycle at a brisk rate, with Houston now firmly tenant-favorable across nearly all submarkets and Denver reaching equilibrium, both due to the correction in energy markets. We expect that increasing levels of completions and slowing of industry drivers in tech- and creative-centric markets such as the Bay Area and Austin will cause rents to plateau, moving them into the next phase of the cycle in 2017.
**Historic**

- 976 s.f. per attorney
- **Target**

Firms have been rightsizing aggressively over the course of the current cycle; the typical firm has cut its footprint by **22.2%**.

As efficiency remains critical, law firms would like to reduce target occupancy by an additional **17.7%**.

Firms in top-tier legal markets have been slowest to rightsize this cycle at **17.0%**.

but will be the most aggressive during the next cycle, targeting rightsizing of **25.1%**.

**Ideal floorplate size for law firms:** 23,869 s.f.

<table>
<thead>
<tr>
<th>Tier 1 markets:</th>
<th>28,100 s.f.</th>
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<tbody>
<tr>
<td>Tier 2 markets:</td>
<td>24,893 s.f.</td>
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<td>Tier 3 markets:</td>
<td>22,326 s.f.</td>
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</tbody>
</table>

**Current**

- 760 s.f. per attorney

**Target**

- 625 s.f. per attorney

Two-sized attorney offices is the most common preference and found in **64.3% of markets**.

Windows remain popular. **57.1% of markets show strong preference for associate placement along window line**, while another **35.7%** mix window line and interior office placement.

Single-associate offices are preferred in **76.2% of markets**, while remaining markets prefer a mix of arrangements and no markets are moving heavily to doubling up.

**Cost**

Rightsizing has led to significant cost savings in firm’ second largest expense item (real estate): **Average rent per attorney rests at $33,879/yr down more than $4,600 from historical norms.**

Rent per attorney is significantly higher in tier 1 legal markets, with a premium of **37.6%**.

Despite this, efficiency has resulted in **$20.1% declines in rent per attorney in these markets, the highest rate of any law firm market tier.**

Rent per attorney has been slower to decline than square feet per attorney as CBD Class A rents have risen over the past three years by **13.5%**.

Further moves to target space utilization will cut rent per attorney by another **18.8%** over the next cycle.
<table>
<thead>
<tr>
<th>Market</th>
<th>Historical s.f. per attorney</th>
<th>Current s.f. per attorney</th>
<th>Target s.f. per attorney</th>
<th>Historical rent per attorney</th>
<th>Current rent per attorney</th>
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## Notable law firm leasing activity

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<th>Firm</th>
<th>Address</th>
<th>Size</th>
<th>Growth trend</th>
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<td>Dentons</td>
<td>1221 Avenue of the Americas</td>
<td>210,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Atlanta</td>
<td>Troutman Sanders</td>
<td>Bank of America Plaza</td>
<td>200,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>New York</td>
<td>DLA Piper</td>
<td>1251 Avenue of the Americas</td>
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<td>Bracewell &amp; Giuliani</td>
<td>711 Louisiana Street</td>
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<td>Seattle-Bellevue</td>
<td>Davis Wright Tremaine</td>
<td>505 Madison Street</td>
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<td>Lowenstein Sandler</td>
<td>56 Livingston Avenue</td>
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<tr>
<td>Detroit</td>
<td>Honigman</td>
<td>660 Woodward Avenue</td>
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<tr>
<td>Charlotte</td>
<td>McGuire Woods</td>
<td>201 N Tryon Street</td>
<td>144,293</td>
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<tr>
<td>Cleveland</td>
<td>Thompson Hine</td>
<td>127 Public Square</td>
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<tr>
<td>New York</td>
<td>Alston &amp; Bird</td>
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<td>701 Brickell Avenue</td>
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<tr>
<td>Pittsburgh</td>
<td>Burns White</td>
<td>3 Crossings</td>
<td>107,896</td>
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<tr>
<td>Minneapolis</td>
<td>Stinson Leonard Street</td>
<td>50 S 6th Street</td>
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<td>Stable</td>
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<tr>
<td>Chicago</td>
<td>Holland &amp; Knight</td>
<td>131 S Dearborn Street</td>
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<tr>
<td>Chicago</td>
<td>Hinshaw &amp; Culbertson</td>
<td>151 N Franklin Street</td>
<td>100,000</td>
<td>Shrinking</td>
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<tr>
<td>Washington, DC</td>
<td>Paul Hastings</td>
<td>2050 M Street NW</td>
<td>100,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>Winthrop &amp; Weinstine</td>
<td>Capella Tower</td>
<td>95,000</td>
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<tr>
<td>Dallas</td>
<td>Hunton &amp; Williams</td>
<td>Fountain Place</td>
<td>87,803</td>
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<tr>
<td>Orange County</td>
<td>Gibson Dunn</td>
<td>3161 Michelson Drive</td>
<td>87,305</td>
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<tr>
<td>Dallas</td>
<td>Vinson &amp; Elkins</td>
<td>The Union</td>
<td>80,000</td>
<td>Shrinking</td>
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<tr>
<td>Minneapolis</td>
<td>Lindquist &amp; Vennum</td>
<td>IDS Center</td>
<td>80,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Miami</td>
<td>Shutts &amp; Bowen</td>
<td>Southeast Financial Center</td>
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<tr>
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<td>Connell Foley</td>
<td>85 Livingston Avenue</td>
<td>74,860</td>
<td>Growing</td>
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<tr>
<td>Chicago</td>
<td>Akerman</td>
<td>71 S Wacker Drive</td>
<td>73,990</td>
<td>Growing</td>
</tr>
<tr>
<td>Chicago</td>
<td>Clark Hill</td>
<td>130 E Randolph Street</td>
<td>71,810</td>
<td>Growing</td>
</tr>
<tr>
<td>Richmond</td>
<td>Hirschler Fleischer</td>
<td>2100 E Cary Street</td>
<td>67,334</td>
<td>Stable</td>
</tr>
<tr>
<td>Columbus</td>
<td>BakerHostetler</td>
<td>200 Civic Center Drive</td>
<td>66,662</td>
<td>Growing</td>
</tr>
<tr>
<td>San Francisco</td>
<td>Sheppard Mullin</td>
<td>4 Embarcadero Center</td>
<td>65,234</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Chicago</td>
<td>Arnstein &amp; Lehr</td>
<td>161 N Clark Street</td>
<td>65,000</td>
<td>Shrinking</td>
</tr>
</tbody>
</table>
Atlanta

SENTIMENT

LEGAL EMPLOYMENT | Rising DEMAND? | Rising SUPPLY? | Rising RENTS? | Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
- Large block availabilities are at historic lows as new supply has been nonexistent or slow to emerge this cycle. Midtown offers only six large blocks > 50,000 s.f.; Buckhead offers only eight.
- Due to tenant demand and lack of new supply, Midtown rents have increased by 18.34 percent, while Buckhead rents have risen even faster at 30 percent, since the first quarter of 2014.

Real estate opportunities for law firms
- A slowdown in lease expiration volume over the next 12 to 24 months poses an opportunity for in-place renewal negotiations.
- Giveback of space with current larger occupier renewals may open small tenant spaces in well sought-after buildings.
- Downtown offers very competitive Class A rates relative to Midtown and Buckhead for tenants seeking cost-effective space.

BENCHMARKING

Space Utilization

Ideal floorplate size: 26,000 s.f.
Number of attorney office sizes: 1
Associate placement: Window line
Associate workspaces: Single space
Atlanta

Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Term</td>
<td>10 years Term</td>
<td>10 years Term</td>
</tr>
<tr>
<td>$42.00 p.s.f. Base rent</td>
<td>$32.50 p.s.f. Base rent</td>
<td>$32.50 p.s.f. Base rent</td>
</tr>
<tr>
<td>3.0% Annual escalation</td>
<td>2.75% Annual escalation</td>
<td>2.75% Annual escalation</td>
</tr>
<tr>
<td>$70.00</td>
<td>$40.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>0% Efficiency gain</td>
<td>25% Efficiency gain</td>
<td>20% Efficiency gain</td>
</tr>
</tbody>
</table>

Class A Rent ($ p.s.f.)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troutman Sanders</td>
<td>Bank of America Plaza</td>
<td>200,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>BakerHostetler</td>
<td>The Proscenium</td>
<td>62,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Drew Eckl &amp; Farnham</td>
<td>SunTrust Plaza</td>
<td>60,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Morgan &amp; Morgan</td>
<td>191 Peachtree Street NE</td>
<td>50,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Polsinelli</td>
<td>One Atlantic Center</td>
<td>45,000</td>
<td>Growing</td>
</tr>
</tbody>
</table>
**Austin**

**SENTIMENT**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**OUTLOOK**

**Real Estate Challenges for Law Firms**
- Law firms relocating in the market will find that most available options have a more open layout and will require a hefty tenant improvement allowance to build a hard-wall intensive layout.
- Constraints on parking within the CBD have intensified as tenants have become more efficient at space planning.

**Real Estate Opportunities for Law Firms**
- Austin’s economy is one of the fastest-growing in the country, presenting firms with domestic growth plans, an opportunity to expand geographically, especially firms that cater toward intellectual property and high-tech clients.

**BENCHMARKING**

- **Historic**
  - 900-1,000 s.f. $36,000 per attorney
- **Current**
  - 800-900 s.f. $45,000 per attorney
- **Target**
  - 600-700 s.f. $34,000 per attorney

**SPACE UTILIZATION**

- **Ideal Floorplate Size:** 30,000 s.f.
- **Number of Attorney Office Sizes:** 2
- **Associate Placement:** Window line
- **Associate Workspaces:** Single
**Austin**

### Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7-10 years</strong></td>
<td><strong>5-7 years</strong></td>
<td><strong>5-7 years</strong></td>
<td><strong>2-4 years</strong></td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td>$35-$38 p.s.f.</td>
<td>$34 p.s.f.</td>
<td>$34 p.s.f.</td>
<td>$26-$30 p.s.f.</td>
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<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>$50</td>
<td>2-4 months</td>
<td>$15-$20</td>
<td>0 months</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>15%</td>
<td>5%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

### Class A Rent ($ p.s.f.)

- **CBD**
  - 2012: $30
  - 2013: $35
  - 2014: $40
  - 2015: $45
  - 2016: $50

### Completion (s.f.)

- **CBD**
  - 2016: 600,000
  - 2017: 800,000
  - 2018: 200,000
  - 2019: 100,000

### Total Vacancy (%)

- **CBD**
  - 2012: 13%
  - 2013: 11%
  - 2014: 9%
  - 2015: 7%
  - 2016: 5%

### Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thompson Coe</td>
<td>701 Brazos Street</td>
<td>27,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Germer Gertz</td>
<td>301 Congress Avenue</td>
<td>20,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Thompson &amp; Knight</td>
<td>98 San Jacinto Street</td>
<td>20,000</td>
<td>Stable</td>
</tr>
<tr>
<td>McKool Smith</td>
<td>300 W 6th Street</td>
<td>12,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Waller</td>
<td>100 Congress</td>
<td>11,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Baltimore

SENTIMENT

no no yes no

LEGAL EMPLOYMENT Rising DEMAND? Rising SUPPLY? Rising RENTS? Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms

- Rents have climbed significantly along the Pratt Street Corridor, reaching $29.86 per square foot, as vacancy for Class A space has dipped to 5.4 percent.
- A longstanding lack of speculative new construction and overall shrinking supply in the CBD have resulted in limited large blocks of Class A space > 30,000 square feet.

Real estate opportunities for law firms

- Landlords off Pratt Street, including those in close proximity to Baltimore City Circuit Courthouses, remain highly motivated to attract tenancy with competitive rates and significant concessions.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>700-900 s.f.</td>
<td>600-700 s.f.</td>
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<tr>
<td>$30,000 per attorney</td>
<td>$25,000 per attorney</td>
<td>$22,500 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 20,000 s.f.

Number of attorney office sizes: 1 or 2

Associate placement: Interior

Associate workspaces: Mix
Baltimore

Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
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</thead>
<tbody>
<tr>
<td>12 years Term</td>
<td>7 years Term</td>
<td>10 years Term</td>
<td>3 years Term</td>
</tr>
<tr>
<td>$35.00 p.s.f. Base rent</td>
<td>$29.00 p.s.f. Base rent</td>
<td>$28.00 p.s.f. Base rent</td>
<td>$25.00 p.s.f. Base rent</td>
</tr>
<tr>
<td>3.0% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>3.0% Annual escalation</td>
</tr>
<tr>
<td>$60.00</td>
<td>6 months Concessions</td>
<td>$30.00</td>
<td>3 months Concessions</td>
</tr>
<tr>
<td>NA Efficiency gain</td>
<td>18.3% Efficiency gain</td>
<td>24.6% Efficiency gain</td>
<td>NA Efficiency gain</td>
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</table>

Class A Rent ($ p.s.f.)

Completions (s.f.)

Total Vacancy (%)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whiteford Taylor &amp; Preston</td>
<td>7 St. Paul Street</td>
<td>53,405</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Niles Barton &amp; Wilmer</td>
<td>111 S Calvert Street</td>
<td>21,835</td>
<td>Stable</td>
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<tr>
<td>Wright Constable &amp; Skeen</td>
<td>7 St. Paul Street</td>
<td>16,546</td>
<td>Stable</td>
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<tr>
<td>Zuckerman Spaeder</td>
<td>100 E Pratt Street</td>
<td>9,915</td>
<td>Stable</td>
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<tr>
<td>Hazen &amp; Sawyer</td>
<td>217 E Redwood Street</td>
<td>7,448</td>
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</table>
**Boston**

**SENTIMENT**

**Outlook**

Real estate challenges for law firms

- Law firms make up only 10.0 percent of the active tenants currently shopping for space in the Boston CBD, with most of the competition coming from financial services and tech firms.
- Rents in Boston’s CBD continue to grow and firms currently negotiating leases will pay a premium.

Real estate opportunities for law firms

- Goodwin Procter represents one of the most recent examples of large law firms giving up traditional office space in the tower market for low-rise, newly built Class A space in the Seaport District. The large blocks left behind by relocating tenants provide opportunity for value-seeking law firms.

**Benchmarking**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
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</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>700-800 s.f.</td>
<td>500-600 s.f.</td>
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<tr>
<td>$60,000 per attorney</td>
<td>$50,000 per attorney</td>
<td>$40,000 per attorney</td>
</tr>
</tbody>
</table>

**Space Utilization**

Ideal floorplate size: 35,000 s.f.

Number of attorney office sizes: 1 or 2

Associate placement: Window line

Associate workspaces: Single

**Benchmarks**

**Law firm clock**

- Back Bay
- Financial District, Seaport District
- Rents peaking
- Rents falling
- Rents rising
- Rents bottoming

**Law firm leverage**

- Law firm-favorable market
- Neutral market
- Landlord-favorable market

- 2016
- 2017
- 2018
Boston

Typical Deal Terms

NEW DEVELOPMENT

10 years
Term
$60.00-$70.00 p.s.f.
Base rent
2.5%
Annual escalation
$70.00 | 7 months
Concessions
21%
Efficiency gain

RENEWAL

10 years
Term
$55.00 p.s.f.
Base rent
2.5%
Annual escalation
$45.00 | 4 months
Concessions
21%
Efficiency gain

RELOCATION

10 years
Term
$55.00 p.s.f.
Base rent
2.5%
Annual escalation
$70.00 | 4-6 months
Concessions
21%
Efficiency gain

SUBLET

6-8 years
Term
$48.00-$52.00 p.s.f.
Base rent
2.5%
Annual escalation
$0.00 | 6 months
Concessions
- Effeciency gain

Class A Rent ($ p.s.f.)

Completions (s.f.)

Total Vacancy (%)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>McCarter &amp; English</td>
<td>265 Franklin Street</td>
<td>64,314</td>
<td>Growing</td>
</tr>
<tr>
<td>Prince Lobel</td>
<td>1 International Place</td>
<td>33,960</td>
<td>Growing</td>
</tr>
<tr>
<td>Marcum</td>
<td>53 State Street</td>
<td>26,977</td>
<td>Stable</td>
</tr>
<tr>
<td>White &amp; Case</td>
<td>75 State Street</td>
<td>22,444</td>
<td>Stable</td>
</tr>
<tr>
<td>Anderson &amp; Krieger</td>
<td>50 Milk Street</td>
<td>15,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Charlotte

SENTIMENT

**LEGAL EMPLOYMENT**

<table>
<thead>
<tr>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

OUTLOOK

**Real estate challenges for law firms**

- Landlords are driving rents well above the $30.00 per square foot mark due to strong demand for Class A space across tenant sectors.
- With no new development slated to deliver in the immediate future, firms will need to compete for existing Class A space.

**Real estate opportunities for law firms**

- As new speculative development delivers in the suburban Southpark submarket, medium to larger firms will find availabilities in the form of Capitol Towers II.
- Strong economic growth, coupled with rapid millennial population growth in recent years, will create opportunity for firms looking to grow and recruit associate talent.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>750-900 s.f.</td>
<td>600-750 s.f.</td>
<td>550-650 s.f.</td>
</tr>
<tr>
<td>$37,000 per attorney</td>
<td>$32,000 per attorney</td>
<td>$27,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

- **Ideal floorplate size:** 35,000 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Window line
- **Associate workspaces:** Single
Charlotte

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELLOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
</tr>
<tr>
<td>10 years</td>
<td>6-8 years</td>
<td>6-8 years</td>
<td>5-7 years</td>
</tr>
<tr>
<td>$35.00 p.s.f.</td>
<td>$32.00 p.s.f.</td>
<td>$33.00 p.s.f.</td>
<td>$25.00 p.s.f.</td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>$45.00</td>
<td>$35.00</td>
<td>$45.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>7 months</td>
<td>5 months</td>
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<tr>
<td>Concessions</td>
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<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

<table>
<thead>
<tr>
<th>CBD</th>
<th>Southpark</th>
</tr>
</thead>
<tbody>
<tr>
<td>$32</td>
<td>$20</td>
</tr>
<tr>
<td>$30</td>
<td>$24</td>
</tr>
<tr>
<td>$28</td>
<td>$22</td>
</tr>
<tr>
<td>$26</td>
<td>$22</td>
</tr>
<tr>
<td>$24</td>
<td>$22</td>
</tr>
<tr>
<td>$23</td>
<td>$21</td>
</tr>
<tr>
<td>$22</td>
<td>$22</td>
</tr>
<tr>
<td>$20</td>
<td>$22</td>
</tr>
</tbody>
</table>

**Completions (s.f.)**

<table>
<thead>
<tr>
<th>CBD</th>
<th>Southpark</th>
</tr>
</thead>
<tbody>
<tr>
<td>No construction underway</td>
<td></td>
</tr>
</tbody>
</table>

**Total Vacancy (%)**

<table>
<thead>
<tr>
<th>CBD</th>
<th>Southpark</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>5%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGuireWoods</td>
<td>201 N Tryon Street</td>
<td>144,293</td>
<td>Stable</td>
</tr>
<tr>
<td>GreerWalker</td>
<td>227 W Trade Street</td>
<td>28,489</td>
<td>Stable</td>
</tr>
<tr>
<td>Troutman Sanders</td>
<td>301 S College Street</td>
<td>9,561</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Chicago

SENTIMENT

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td></td>
</tr>
</tbody>
</table>

OUTLOOK

Real estate challenges for law firms

- Law firms need to upgrade their space to stay competitive in the market for top talent, but low vacancy and higher-priced new construction are creating significant upward rent pressure.
- Cost-conscious law firms are consolidating or extending in place for an average of three years due to market timing in the tightening Class A space.

Real estate opportunities for law firms

- New developments at 625 W Adams or 151 N Franklin offer modern, efficient space at more competitive pricing.
- Significant amounts of second-generation law firm space will be coming to market in 2017. Firms that are willing to consider relet space will have great options with reduced out-of-pocket firm capital.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>950-1,150 s.f.</td>
<td>800-1,100 s.f.</td>
<td>600-750 s.f.</td>
</tr>
<tr>
<td>$35,000 per attorney</td>
<td>$30,000 per attorney</td>
<td>$30,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 28,000 s.f.

Number of attorney office sizes: 2

Associate placement: Window line

Associate workspaces: Single


**Chicago**

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>New Development</th>
<th>Renewal</th>
<th>Relocation</th>
<th>Sublet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15 years</strong> Term</td>
<td><strong>10 years</strong> Term</td>
<td><strong>10-15 years</strong> Term</td>
<td><strong>8 years</strong> Term</td>
</tr>
<tr>
<td><strong>$34.00 p.s.f.</strong> Base rent (net)</td>
<td><strong>$25.00 p.s.f.</strong> Base rent (net)</td>
<td><strong>$27.00 p.s.f.</strong> Base rent (net)</td>
<td><strong>$22.00 p.s.f.</strong> Base rent</td>
</tr>
<tr>
<td>2.5% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>2.5% Annual escalation</td>
</tr>
<tr>
<td>**$90.00</td>
<td>6 months** Concessions</td>
<td>**$55.00</td>
<td>8 months** Concessions</td>
</tr>
<tr>
<td>15% Efficiency gain</td>
<td>15% Efficiency gain</td>
<td>25% Efficiency gain</td>
<td>5% Efficiency gain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class A Rent ($ p.s.f.)</th>
<th>Completions (s.f.)</th>
<th>Total Vacancy (%)</th>
</tr>
</thead>
</table>

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holland &amp; Knight</td>
<td>131 S Dearborn Street</td>
<td>104,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Hinshaw &amp; Culbertson</td>
<td>151 N Franklin Street</td>
<td>100,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Akerman</td>
<td>71 S Wacker Drive</td>
<td>73,990</td>
<td>Growing</td>
</tr>
<tr>
<td>Clark Hill</td>
<td>130 E Randolph Street</td>
<td>71,810</td>
<td>Growing</td>
</tr>
<tr>
<td>Arinstein &amp; Lehr</td>
<td>161 N Clark Street</td>
<td>65,000</td>
<td>Shrinking</td>
</tr>
</tbody>
</table>

- Return to table of contents
Cincinnati

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONcessions?

yes  no  yes  yes

OUTLOOK

Real estate challenges for law firms

• The Trophy office market in Cincinnati continues to tighten, leaving law firms with fewer options to relocate.
• Asking rents for quality downtown space are escalating due to the conversion of multiple downtown office buildings to other uses such as residential and hospitality.

Real estate opportunities for law firms

• While the downtown market has tightened, there are still opportunities for law firms to relocate in top-floor suites in Class A buildings within the Central Business District.
• With an influx of office development in Over-the-Rhine, office space in the CBD is projected to become available as creative users relocate to Over-the-Rhine in the coming years.

BENCHMARKING

Historic  Current  Target

900-1,000 s.f.  700-800 s.f.  550-650 s.f.
$22,000  $17,000  $14,000
per attorney  per attorney  per attorney

SPACE UTILIZATION

Ideal floorplate size: 25,000 s.f.

Number of attorney office sizes: 1 or 2

Associate placement: Mix

Associate workspaces: Single

S E N T I M E N T

Rents peaking

Rents falling

Law firm clock

Law firm leverage

2016  2017  2018

Law firm-favorable market
Neutral market
Landlord-favorable market

LEGAL EMPLOYMENT

Rising DEMAND?

Rising SUPPLY?

Rising RENTS?

Rising CONcessions?
Cincinnati

Today’s Deal Terms Downtown

<table>
<thead>
<tr>
<th>Trophy Renewal</th>
<th>Trophy Relocation</th>
<th>Class A Renewal</th>
<th>Class A Relocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Term</td>
<td>15 years Term</td>
<td>7.5 years Term</td>
<td>10.5 years Term</td>
</tr>
<tr>
<td>$33.00 p.s.f.</td>
<td>$35.00 p.s.f.</td>
<td>$23.00 p.s.f.</td>
<td>$25.00 p.s.f.</td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>$35.00</td>
<td>3 months</td>
<td>$50.00</td>
<td>6 months</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>0% Efficiency gain</td>
<td>10% Efficiency gain</td>
<td>0% Efficiency gain</td>
<td>10% Efficiency gain</td>
</tr>
</tbody>
</table>

Class A Rent ($ p.s.f.)

Class A Vacancy (%)

Completion (s.f.)

No construction underway

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graydon Head &amp; Ritchey</td>
<td>312 Walnut Street</td>
<td>40,000</td>
<td>Growing</td>
</tr>
<tr>
<td>O’Connor Acciani and Levy</td>
<td>600 Vine Street</td>
<td>15,500</td>
<td>Growing</td>
</tr>
<tr>
<td>Bricker &amp; Eckler</td>
<td>201 E. Fifth Street</td>
<td>8,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Helmer Martins Rice &amp; Popham</td>
<td>600 Vine Street</td>
<td>7,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Real estate challenges for law firms

- Landlords are gaining leverage as the market tightens; rents are steadily increasing and concession packages are shrinking.
- Large blocks of Class A space are becoming increasingly rare thanks to residential conversions and pending HQ moves by Forest City and New York Life.

Real estate opportunities for law firms

- A number of development sites exist downtown including the lakefront, nuCLEus and the Flats, although firms should expect to pay a premium for this space.
- If law firms are willing to relocate, they could find favorable terms from landlords and save additional costs through rightsizing and optimizing their layouts.

LEGAL EMPLOYMENT

Rising DEMAND?

Rising SUPPLY?

Rising RENTS?

Rising CONCESSIONS?

yes

no

yes

no

OUTLOOK

BENCHMARKING

SPACE UTILIZATION

Ideal floorplate size:

25,000 s.f.

Number of attorney office sizes:

1 or 2

Associate placement:

Mix

Associate workspaces:

Single or office

Cleveland
Cleveland

Typical Deal Terms

<table>
<thead>
<tr>
<th>Trophy Renewal</th>
<th>Class A Renewal</th>
<th>Trophy Relocation</th>
<th>Class A Relocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Term</td>
<td>7 years Term</td>
<td>12 years Term</td>
<td>9 years Term</td>
</tr>
<tr>
<td>$27.50 p.s.f.</td>
<td>$19.50 p.s.f.</td>
<td>$27.00 p.s.f.</td>
<td>$19.00 p.s.f.</td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>$35.00</td>
<td>5 months</td>
<td>$20.00</td>
<td>2 months</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thompson Hine</td>
<td>127 Public Square</td>
<td>125,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Taft</td>
<td>200 Public Square</td>
<td>52,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Roetzel &amp; Andress</td>
<td>1375 E 9th Street</td>
<td>38,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Kelley &amp; Ferraro</td>
<td>950 Main Avenue</td>
<td>27,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Nurenberg Paris</td>
<td>600 Superior Avenue</td>
<td>20,000</td>
<td>Growing</td>
</tr>
</tbody>
</table>

Leasing Activity

Key Bank renews and downsizes

No construction underway

E&Y Tower delivers

Preleased
Available

CBD

CBD

Return to table of contents
**Columbus**

**SENTIMENT**

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

**OUTLOOK**

- **Real estate challenges for law firms**
  - Class A space continues to fill up in a tight market for downtown office space.
  - Rents for quality downtown spaces are trending upward as leverage continues to shift to landlords.

- **Real estate opportunities for law firms**
  - The CBD will have more than 600,000 square feet of quality office space completed over the next three years with the vast majority of space still available.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>850-950 s.f.</td>
<td>650-750 s.f.</td>
<td>550-650 s.f.</td>
</tr>
<tr>
<td>$40,000 per attorney</td>
<td>$32,000 per attorney</td>
<td>$27,000 per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

- **Ideal floorplate size:** 20,000 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Mix
- **Associate workspaces:** Single
Columbus

Typical Deal Terms

NEW DEVELOPMENT

10 years Term
$22.50-$26.00 p.s.f.
Base rent
1.5% Annual escalation
$40.00 | 6 months Concessions
10% Efficiency gain

RENEWAL

5-10 years Term
$20.00-$26.00 p.s.f.
Base rent
1.0% Annual escalation
$40.00 | 2 months Concessions
10% Efficiency gain

RELOCATION

10 years Term
$20.00-$26.00 p.s.f.
Base rent
1.5% Annual escalation
$40.00 | 6 months Concessions
15% Efficiency gain

SUBLET

3 years Term
$14.00-$18.00 p.s.f.
Base rent
1.5% Annual escalation
$5.00 | 1 month Concessions
10% Efficiency gain

Class A Rent ($ p.s.f.)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>BakerHostetler</td>
<td>200 Civic Center Drive</td>
<td>66,662</td>
<td>Growing</td>
</tr>
<tr>
<td>Reminger Attorneys at Law</td>
<td>200 Civic Center Drive</td>
<td>24,322</td>
<td>Stable</td>
</tr>
<tr>
<td>Lane Alton Horst</td>
<td>2 Miranova Place</td>
<td>10,915</td>
<td>Stable</td>
</tr>
<tr>
<td>Blaugrund Kessler Myers &amp; Postalakis</td>
<td>300 W Wilson Bridge Road</td>
<td>9,442</td>
<td>Stable</td>
</tr>
<tr>
<td>Smith Rolfes &amp; Skavdahl</td>
<td>41 S High Street</td>
<td>6,678</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Real estate challenges for law firms

- Recruiting and retaining talent is highest priority: Firms are opting for amenitized Trophy or new construction in premier locations, and downsizing to pay top-end rents.
- Downsizing has resulted in cost savings, but current building design, floorplates, and core space often still impact efficiency in still office-heavy law firm design.

Real estate opportunities for law firms

- Small- to mid-sized firms have many options to backfill law firm space in the CBD as firms moved to new space or re-stacked.
- A few prominent developers are looking for lead tenants to kickoff new construction in Uptown, creating opportunities for law firms to upgrade their space / location.

LEGAL EMPLOYMENT
Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

OUTLOOK

BENCHMARKING

Historic
950-1,100 s.f.
$28,000 per attorney

Current
750-950 s.f.
$30,000 per attorney

Target
600-700 s.f.
$35,000 per attorney

SPACE UTILIZATION

Ideal floorplate size:
27,000 s.f.

Number of attorney office sizes:
2

Associate placement:
Window line

Associate workspaces:
Single

SENSEIMENT

JLL | Law Firm Perspective | 2016
Dallas

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15 years</strong></td>
<td><strong>15 years</strong></td>
<td><strong>3-5 years</strong></td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td><strong>$50.00 p.s.f.</strong></td>
<td><strong>$33.00 p.s.f.</strong></td>
<td><strong>$25.00-$30.00 p.s.f.</strong></td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td><strong>1.5-2.0%</strong></td>
<td><strong>1.5%</strong></td>
<td><strong>1.5-2.0%</strong></td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>**$65.00</td>
<td>6 months**</td>
<td>**$60.00</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td><strong>35%</strong></td>
<td><strong>30%</strong></td>
<td><strong>NA</strong></td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

- CBD
- Uptown

**Completions (s.f.)**

- Preleased
- Available

**Total Vacancy (%)**

- CBD
- Uptown

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunton &amp; Williams</td>
<td>Fountain Place</td>
<td>87,803</td>
<td>Stable</td>
</tr>
<tr>
<td>Vinson &amp; Elkins</td>
<td>The Union</td>
<td>80,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Godwin Lewis</td>
<td>Renaissance Tower</td>
<td>30,000</td>
<td>Stable</td>
</tr>
<tr>
<td>McDermott Will &amp; Emery</td>
<td>Saint Ann Court</td>
<td>25,267</td>
<td>Growing</td>
</tr>
</tbody>
</table>

Return to table of contents
Denver

SENTIMENT

LEGAL EMPLOYMENT | Rising DEMAND? | Rising SUPPLY? | Rising RENTS? | Rising CONCESSIONS?

no | yes | no | yes

OUTLOOK

Real estate challenges for law firms
- Recruiting and staffing often proves arduous as organic, net-new growth remains limited. “Musical chairs” is prevalent, as larger firms poach existing attorneys or teams from each other, which limits expansion.
- Outlays for build-outs remain elevated.

Real estate opportunities for law firms
- Dissolution and/or consolidation of companies within fossil fuels industry has created additional space options via available subleases, often priced measurably below market value.
- Last year’s delivery of new, top-tier construction, coupled with another 1.4 million square feet of product currently being built within the CBD, should supply multiple options for occupancy in the market’s most highly sought-after, Skyline-quality properties.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>750-850 s.f.</td>
<td>650-750 s.f.</td>
<td>550-650 s.f.</td>
</tr>
<tr>
<td>$32,000 per attorney</td>
<td>$30,000 per attorney</td>
<td>$28,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 20,000 s.f.
Number of attorney office sizes: 2
Associate placement: Window line
Associate workspaces: Single
Denver

Typical Deal Terms

**NEW DEVELOPMENT**
- **12 years**
  - Term
  - $47.50 p.s.f.
    - Base rent
  - 2.5%
    - Annual escalation
- **$70.00 | 6 months**
  - Concessions
  - 0%
    - Efficiency gain

**RENEWAL**
- **7 years**
  - Term
  - $42.00 p.s.f.
    - Base rent
  - 2.5%
    - Annual escalation
- **$30.00 | 3 months**
  - Concessions
  - 0%
    - Efficiency gain

**RELOCATION**
- **8 years**
  - Term
  - $37.75 p.s.f.
    - Base rent
  - 2.5%
    - Annual escalation
- **$50.00 | 8 months**
  - Concessions
  - 0%
    - Efficiency gain

**SUBLET**
- **Variable**
  - Term
  - $31.00 p.s.f.
    - Base rent
  - 2.0%
    - Annual escalation
- **$10.00 | 2 months**
  - Concessions
  - 0%
    - Efficiency gain

Class A Rent ($ p.s.f.)

- LoDo
- West CBD
- Midtown CBD
- Uptown

Completions (s.f.)

- Preleased
- Available

Total Vacancy (%)

- LoDo
- Midtown CBD
- West CBD
- Uptown

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moye White</td>
<td>1400 16th Street</td>
<td>42,110</td>
<td>Growing</td>
</tr>
<tr>
<td>Husch Blackwell</td>
<td>Union Tower West</td>
<td>36,272</td>
<td>Growing</td>
</tr>
<tr>
<td>Akerman</td>
<td>1900 16th Street</td>
<td>23,762</td>
<td>Stable</td>
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<tr>
<td>Burleson</td>
<td>Wells Fargo Center</td>
<td>23,161</td>
<td>Stable</td>
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<tr>
<td>Lewis Bess Williams &amp; Weese</td>
<td>1801 California Street</td>
<td>21,932</td>
<td>Growing</td>
</tr>
</tbody>
</table>

Return to table of contents
Detroit

**SENTIMENT**

- LEGAL EMPLOYMENT: yes
- Rising DEMAND?: no
- Rising SUPPLY?: yes
- Rising RENTS?: no
- Rising CONCESSIONS?: no

**OUTLOOK**

**Real estate challenges for law firms**
- Law firms looking to expand their footprint within Detroit’s CBD are discovering a tight market with limited availability, which has increased landlord leverage as it applies to rents and concessions.
- Large blocks of space are limited to due to increased demand for Class A space.

**Real estate opportunities for law firms**
- The M1 rail will allow law firms to locate just outside the CBD taking advantage of larger floorplates and more affordable rents, while still remaining in close proximity to the CBD.
- Metro Detroit’s economy is diversifying beyond its core manufacturing base and is adding more professional, construction and tourism jobs, which could translate into enhanced revenue opportunity for firms.

**BENCHMARKING**

**Historic**
- 900-1,000 s.f.
  - $27,500 per attorney

**Current**
- 650-750 s.f.
  - $25,000 per attorney

**Target**
- 550-650 s.f.
  - $23,500 per attorney

**SPACE UTILIZATION**

**Typical floorplate size:**
- 20,000 s.f.

**Associate placement:**
- Interior and perimeter

**Number of attorney’s per office:**
- 1-2

**Associate workspaces:**
- Offices and workstations

**Law firm clock**

**Law firm leverage**

- 2016
- 2017
- 2018

- Law firm-favorable market
- Neutral market
- Landlord-favorable market
**Detroit**

**Today's Deal Terms Downtown**

### Trophy Renewal
- **Term**: 10 years
- **Base Rent**: $24.50 p.s.f.
- **Annual Escalation**: $0.50
- **Concessions**: $15.00 | 2 months
- **Efficiency Gain**: 0%

### Trophy Relocation
- **Term**: 7 years
- **Base Rent**: $23.50 p.s.f.
- **Annual Escalation**: $0.50
- **Concessions**: $45.00 | 5 months
- **Efficiency Gain**: 10%

### Class A Renewal
- **Term**: 12 years
- **Base Rent**: $22.50 p.s.f.
- **Annual Escalation**: $0.50
- **Concessions**: $15.00 | 0 months
- **Efficiency Gain**: 0%

### Class A Relocation
- **Term**: 9 years
- **Base Rent**: $22.00 p.s.f.
- **Annual Escalation**: $0.50
- **Concessions**: $40.00 | 5 months
- **Efficiency Gain**: 10%

### Class A Rent ($ p.s.f.)

- **Detroit CBD**
  - **2012**: $21
  - **2013**: $22
  - **2014**: $20
  - **2015**: $18
  - **2016**: $21

### Completions (s.f.)

- **Preleased**: No construction underway
- **Available**: Large occupiers moving from suburbs to CBD

### Class A Vacancy (%)

- **2012**: 25%
  - Large scale renovations begin in CBD
- **2013**: 20%
- **2014**: 15%
- **2015**: 10%
- **2016**: 5%

#### Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honigman</td>
<td>660 Woodward Avenue</td>
<td>163,500</td>
<td>Stable</td>
</tr>
<tr>
<td>Butzel Long</td>
<td>41000 Woodward Avenue</td>
<td>45,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Young Basile</td>
<td>3001 W. Big Beaver</td>
<td>20,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Lewis &amp; Munday</td>
<td>535 Griswold Street</td>
<td>13,500</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Historic 900-1,000 s.f. $35,000 per attorney

Current 700-800 s.f. $40,000 per attorney

Target 600-700 s.f. $30,000 per attorney

Real estate challenges for law firms
- Law firms must contain occupancy costs, but also remain in transit-oriented, Class A properties in an effort to maintain local market presence.
- Attracting talent from New York to Fairfield County continues to be a challenge for law firms.

Real estate opportunities for law firms
- Firm rightsizing and tenant contractions provide opportunity for law firms to find more cost-effective Class A space. Leasing pre-built/former law firm floor blocks result in decreased expenditures for space alterations.
- The Stamford CBD presents an ideal opportunity for NYC-based firms to onshore non-revenue functions to a lower-cost but still accessible market.

LEGAL EMPLOYMENT Rising DEMAND? no Rising SUPPLY? yes Rising RENTS? no Rising CONCESSIONS? no

BENCHMARKING

Fairfield County

SENTIMENT

OUTLOOK

Law firm clock

Rents peaking Rents falling
Rents rising

Greenwich, Stamford

Law firm leverage

Neutral market

Landlord-favorable market

2016

2017

2018

LEGAL EMPLOYMENT Rising DEMAND? no Rising SUPPLY? yes Rising RENTS? no Rising CONCESSIONS? no

OUTLOOK

Real estate challenges for law firms
- Law firms must contain occupancy costs, but also remain in transit-oriented, Class A properties in an effort to maintain local market presence.
- Attracting talent from New York to Fairfield County continues to be a challenge for law firms.

Real estate opportunities for law firms
- Firm rightsizing and tenant contractions provide opportunity for law firms to find more cost-effective Class A space. Leasing pre-built/former law firm floor blocks result in decreased expenditures for space alterations.
- The Stamford CBD presents an ideal opportunity for NYC-based firms to onshore non-revenue functions to a lower-cost but still accessible market.

BENCHMARKING

 Historic

Current

Target

30,000 s.f.

Number of attorney office sizes:

2

Ideal floorplate size:

Associate placement:

Window line

Space Utilization

Associate workspaces:

Single
## Fairfield County

### Typical Deal Terms

<table>
<thead>
<tr>
<th>Type</th>
<th>Term</th>
<th>Base Rent</th>
<th>Annual Escalation</th>
<th>Concessions</th>
<th>Efficiency Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW DEVELOPMENT</strong></td>
<td>11 years</td>
<td>$50.00 p.s.f.</td>
<td>2.5%</td>
<td>$65.00</td>
<td>10%</td>
</tr>
<tr>
<td><strong>RENEWAL</strong></td>
<td>10 years</td>
<td>$40.00 p.s.f.</td>
<td>2.5%</td>
<td>$35.00</td>
<td>10%</td>
</tr>
<tr>
<td><strong>RELOCATION</strong></td>
<td>10 years</td>
<td>$45.00 p.s.f.</td>
<td>2.5%</td>
<td>$60.00</td>
<td>5%</td>
</tr>
<tr>
<td><strong>SUBLET</strong></td>
<td>6 years</td>
<td>$28.00 p.s.f.</td>
<td>2.5%</td>
<td>$30.00</td>
<td>0%</td>
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</table>

### Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Greenwich CBD</th>
<th>Stamford CBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$85</td>
<td>$65</td>
</tr>
<tr>
<td>2013</td>
<td>$85</td>
<td>$65</td>
</tr>
<tr>
<td>2014</td>
<td>$85</td>
<td>$65</td>
</tr>
<tr>
<td>2015</td>
<td>$85</td>
<td>$65</td>
</tr>
<tr>
<td>2016</td>
<td>$85</td>
<td>$65</td>
</tr>
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</table>

### Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finn Dixon &amp; Herling</td>
<td>6 Landmark Square</td>
<td>26,385</td>
<td>Growing</td>
</tr>
<tr>
<td>Kelley Drye</td>
<td>201 Broad Street</td>
<td>10,895</td>
<td>Stable</td>
</tr>
<tr>
<td>Robinson &amp; Cole</td>
<td>1055 Washington Boulevard</td>
<td>28,800</td>
<td>Growing</td>
</tr>
</tbody>
</table>
Fort Lauderdale

**SENTIMENT**

- Yes: LEGAL EMPLOYMENT
- Yes: Rents peaking
- Yes: Rents rising
- Yes: Rents bottoming

**OUTLOOK**

**Real estate challenges for law firms**
- Rents downtown continue to grow and law firms currently negotiating leases must pay a premium especially as space, particularly among Trophy assets, becomes increasingly limited.
- Tightening market fundamentals are leading landlords to increasingly pull back on concession packages being offered.

**Real estate opportunities for law firms**
- If Two Financial can secure an anchor tenant, the development of a new downtown property would be ideal for law firms looking to enter, relocate or expand into downtown.
- Built-to-suits are another opportunity for law firms looking downtown; Kopelowitz Ostrow built a 32,000-square-foot building along the Las Olas corridor relocating their office from the AutoNation building.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>600-700 s.f.</td>
<td>500-600 s.f.</td>
</tr>
<tr>
<td>$29,000 per attorney</td>
<td>$20,000 per attorney</td>
<td>$17,000 per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

- **Ideal floorplate size:** 20,000 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Window line
- **Associate workspaces:** Single

---

JLL | Law Firm Perspective | 2016
Fort Lauderdale

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15 years</strong></td>
<td><strong>7 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>2 years</strong></td>
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<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
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<tr>
<td><strong>$35.00 p.s.f.</strong></td>
<td><strong>$30.00 p.s.f.</strong></td>
<td><strong>$28.00 p.s.f.</strong></td>
<td><strong>$22.00 p.s.f.</strong></td>
</tr>
<tr>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
</tr>
<tr>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
</tr>
<tr>
<td>**$65.00</td>
<td>10 months**</td>
<td>**$20.00</td>
<td>3 months**</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
</tr>
<tr>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CLASS A RENT ($ p.s.f.)</th>
<th>COMPLETIONS (s.f.)</th>
<th>TOTAL VACANCY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Las Olas</td>
<td>Off Las Olas</td>
<td>Preleased</td>
</tr>
<tr>
<td>$65.00</td>
<td>$20.00</td>
<td>35%</td>
</tr>
<tr>
<td>$35.00</td>
<td>$20.00</td>
<td>30%</td>
</tr>
<tr>
<td>$30.00</td>
<td>$15.00</td>
<td>25%</td>
</tr>
<tr>
<td>$25.00</td>
<td>$10.00</td>
<td>20%</td>
</tr>
<tr>
<td>$20.00</td>
<td>$5.00</td>
<td>15%</td>
</tr>
<tr>
<td>$15.00</td>
<td>$0.00</td>
<td>10%</td>
</tr>
<tr>
<td>$10.00</td>
<td>$0.00</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leasing Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm</td>
</tr>
<tr>
<td>Greenberg Traurig</td>
</tr>
<tr>
<td>Buchanan, Ingersoll &amp; Rooney</td>
</tr>
<tr>
<td>Sterns Weaver</td>
</tr>
<tr>
<td>Wicker Smith</td>
</tr>
<tr>
<td>Brinkley Morgan</td>
</tr>
</tbody>
</table>
Historic
1,200-1,400 s.f.
$65,000 per attorney

Current
950-1,050 s.f.
$50,000 per attorney

Target
700-800 s.f.
$40,000 per attorney

S E N T I M E N T

LEGAL EMPLOYMENT
Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONcessions?

O U T L O O K

Real estate challenges for law firms

• As prominent firms such as Kirkland & Ellis, Hogan Lovells, and Orrick relocate to prime space at 609 Main, other firms will feel the pressure to upgrade their space in order to attract top-tier talent.
• Despite falling rental rates, occupancy costs remain pronounced, buoyed by rising operating expenses.

Real estate opportunities for law firms

• Long-term, Trophy-quality sublease spaces in the CBD continue to arrive to market as energy firms shed excess space, allowing law firms to occupy traditionally sought after buildings like One Shell Plaza and BG Group Place at a discount.
• Concessions, such as tenant improvement allowances and rent abatements, have increased as landlords compete to maintain occupancy and attract credit-worthy tenants.

B E N C H M A R K I N G

Ideal floorplate size:
30,000 s.f.

Number of attorney office sizes:
2

Associate placement:
Mix

Associate workspaces:
Mix

S P A C E U T I L I Z A T I O N
**Houston**

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>2-5 years</strong></td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
</tr>
<tr>
<td><strong>$36.00 p.s.f.</strong></td>
<td><strong>$25.00 p.s.f.</strong></td>
<td><strong>$23.00 p.s.f.</strong></td>
<td><strong>$25.00 p.s.f.</strong></td>
</tr>
<tr>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
</tr>
<tr>
<td><strong>2.5%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>2.0%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
</tr>
<tr>
<td>**$90.00</td>
<td>12 months**</td>
<td>**$75.00</td>
<td>6 months**</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
</tr>
<tr>
<td><strong>80%</strong></td>
<td><strong>10%</strong></td>
<td><strong>15%</strong></td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td><strong>Net growth</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

**Completions (s.f.)**

**Total Vacancy (%)**

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bracewell &amp; Giuliani</td>
<td>711 Louisiana Street</td>
<td>189,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Kirkland &amp; Ellis</td>
<td>609 Main Street</td>
<td>62,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Orrick</td>
<td>609 Main Street</td>
<td>56,800</td>
<td>Growing</td>
</tr>
<tr>
<td>Hogan Lovells</td>
<td>609 Main Street</td>
<td>43,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Skadden</td>
<td>1000 Louisiana Street</td>
<td>27,600</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Indianapolis

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms

- Long-term leases signed by several large law firms prior to 2011 are limiting near-term workplace redesign opportunities as reconfiguring space to move from hierarchical to standardized office sizes during occupancy creates significant business disruption.

Real estate opportunities for law firms

- Building owners’ desire to provide extra value in the form of additional amenities allows law firms to maximize value of their real estate.
- Tenant improvement allowances and discretionary funds have grown as the market has demanded higher end build-outs.

BENCHMARKING

Historic  Current  Target

<table>
<thead>
<tr>
<th>Size</th>
<th>Cost per attorney</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>$25,000</td>
</tr>
<tr>
<td>700-800 s.f.</td>
<td>$20,000</td>
</tr>
<tr>
<td>500-600 s.f.</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 20,000 s.f.
Number of attorney office sizes: 2
Associate placement: Mix
Associate workspaces: Single
Indianapolis

Typical Deal Terms

- **NEW DEVELOPMENT**
  - **15 years Term**
  - $26.00 p.s.f. Base rent
  - 2.0% Annual escalation
  - $65.00 | 8 months Concessions
  - 10% Efficiency gain

- **RENEWAL**
  - **10 years Term**
  - $22.00 p.s.f. Base rent
  - 2.0% Annual escalation
  - $45.00 | 5 months Concessions
  - 10% Efficiency gain

- **RELOCATION**
  - **10 years Term**
  - $21.00 p.s.f. Base rent
  - 2.0% Annual escalation
  - $50.00 | 10 months Concessions
  - 10% Efficiency gain

- **SUBLET**
  - **5 years Term**
  - $18.00 p.s.f. Base rent
  - 0.0% Annual escalation
  - $3.00 | 3 months Concessions
  - 25% Efficiency gain

Class A Rent ($ p.s.f.)

- CBD
- Keystone
- North Meridian

Completions (s.f.)

- Preleased
- Available

Total Vacancy (%)

- CBD
- Keystone
- North Meridian

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reminger</td>
<td>8909 Purdue Road</td>
<td>10,419</td>
<td>Growing</td>
</tr>
<tr>
<td>Wagner Reese</td>
<td>11939 N Meridian Street</td>
<td>7,500</td>
<td>Growing</td>
</tr>
<tr>
<td>Hollingsworth &amp; Zivitz</td>
<td>11555 N Meridian Street</td>
<td>7,417</td>
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<tr>
<td>Redman Ludwig</td>
<td>151 N Delaware Street</td>
<td>3,899</td>
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<tr>
<td>Scott Lewis</td>
<td>345 Massachusetts Avenue</td>
<td>3,126</td>
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</tr>
</tbody>
</table>

Return to table of contents
Long Island

SENIMENT

LEGAL EMPLOYMENT
Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
• The lack of available large Class A blocks of contiguous space will maintain upward pressures on rents in Nassau County with negotiating leverage remaining with landlords.

Real estate opportunities for law firms
• Rents in Suffolk County have stayed relatively flat in recent years, providing affordable rents for law firms with a focus in the county.
• Several proposed Trophy and Class A assets will offer viable options for tenants looking to expand their firm in the upcoming years.

BENCHMARKING

Historic

Current

Target

Ideal floorplate size: 15,000 s.f.
Number of attorney office sizes: 2
Associate placement: Window line
Associate workspaces: Single

LEGAL EMPLOYMENT
Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

O U T L O O K

Real estate challenges for law firms
• The lack of available large Class A blocks of contiguous space will maintain upward pressures on rents in Nassau County with negotiating leverage remaining with landlords.

Real estate opportunities for law firms
• Rents in Suffolk County have stayed relatively flat in recent years, providing affordable rents for law firms with a focus in the county.
• Several proposed Trophy and Class A assets will offer viable options for tenants looking to expand their firm in the upcoming years.
Long Island

Typical Deal Terms

**New Development**
- **10 years** Term
- **$29.00 p.s.f.** Base rent
- **3.0%** Annual escalation
- **$40.00 | 10 months** Concessions
- **20%** Efficiency gain

**Renewal**
- **10 years** Term
- **$22.00 p.s.f.** Base rent
- **3.0%** Annual escalation
- **$15.00 | 3 months** Concessions
- **5%** Efficiency gain

**Relocation**
- **10 years** Term
- **$32.00 p.s.f.** Base rent
- **3.0%** Annual escalation
- **$40.00 | 10 months** Concessions
- **20%** Efficiency gain

**Sublet**
- **8 years** Term
- **$20.00 p.s.f.** Base rent
- **3.0%** Annual escalation
- **$0.00 | 2 months** Concessions
- **0%** Efficiency gain

Class A Rents ($ p.s.f.)
- Nassau County
- Suffolk County

Leasing Activity

**Firm** | **Address** | **Size (s.f.)** | **Occupancy growth trend**
--- | --- | --- | ---
Shearman & Sterling | 2 Huntington Quadrangle | 36,000 | Stable
Abrams Festerman | 3 Dakota Drive | 30,000 | Stable
Harris Beach | 333 Earle Ovington Boulevard | 14,779 | Stable
Napoli Shkolnik | 400 Old Country Road | 10,252 | Stable
Los Angeles

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
• As full floor opportunities are fast dwindling in Century City, landlords with availabilities have increased rents, leveraging current supply-constrained market conditions.
• The high capital expenditure associated with moving are causing 80.0 percent of Los Angeles-based law firms to renew.

Real estate opportunities for law firms
• With Downtown Class A vacancy at 17.6 percent, large contiguous blocks of spaces offer law firm tenants with multi-floor requirements the opportunity to lock in favorable rents.
• Through intelligent space planning, Los Angeles law firm tenants can achieve sizable savings.

BENCHMARKING

Historic  Current  Target
900-1,500 s.f. $60,000 per attorney  900-1,200 s.f. $44,900 per attorney  500-700 s.f. $25,700 per attorney

SPACE UTILIZATION

Ideal floorplate size: 25,000 s.f.
Number of attorney office sizes: 2
Associate placement: Window line
Associate workspaces: Single

Law firm clock

Law firm leverage

2016  2017  2018

Neutral market
Landlord-favorable market
Law firm-favorable market

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?
Los Angeles

Typical Deal Terms

NEW DEVELOPMENT

10 years
Term
$50.00 p.s.f.
Base rent
4.0%
Annual escalation
$70.00 | 10 months
Concessions
15%
Efficiency gain

RENEWAL

8 years
Term
$43.00 p.s.f.
Base rent
4.0%
Annual escalation
$30.00 | 7 months
Concessions
5%
Efficiency gain

RELOCATION

10 years
Term
$40.00 p.s.f.
Base rent
3.0%
Annual escalation
$70.00 | 10 months
Concessions
5%
Efficiency gain

SUBLET

3 years
Term
$23.00 p.s.f.
Base rent
2.0%
Annual escalation
$5.00 | 4 months
Concessions
0%
Efficiency gain

Class A Rent ($ p.s.f.)

Completions (s.f.)

Total Vacancy (%)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quinn Emmanuel</td>
<td>865 S Figueroa Street</td>
<td>260,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>McGuireWoods</td>
<td>1800 Century Park E</td>
<td>50,300</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Allen Matkins</td>
<td>865 S Figueroa Street</td>
<td>49,515</td>
<td>Stable</td>
</tr>
<tr>
<td>Akin Gump</td>
<td>1999 Avenue of the Stars</td>
<td>43,269</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Perkins Coie</td>
<td>1888 Century Park E</td>
<td>39,633</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Real estate challenges for law firms

- As firms look to contain costs, they are exploring a shift from traditional multiple-sized large offices to one-sized smaller offices, significantly reducing square feet per attorney.
- In addition to right-sizing space allocated for associates and partners, firms may want to explore leasing space in less costly buildings for back office operations.

Real estate opportunities for law firms

- With PNC consolidating into National City Tower, PNC Tower now has a large block of space to attract a firm relocation within the Central Business District.
- Landlords within the urban core have expanded building amenities to firms, enhancing recruitment and retention strategies.
**Louisville**

**Today's Deal Terms Downtown**

**Trophy Renewal**
- **10 years**
  - **Term**
  - **$21.00 p.s.f.**
    - **Base rent**
  - **$0.55**
    - **Annual escalation**
  - **$10.00 | 5 months**
    - **Concessions**
  - **0%**
    - **Efficiency gain**

**Trophy Relocation**
- **10 years**
  - **Term**
  - **$21.50 p.s.f.**
    - **Base rent**
  - **$0.55**
    - **Annual escalation**
  - **$15.00 | 9 months**
    - **Concessions**
  - **10%**
    - **Efficiency gain**

**Class A Renewal**
- **7 years**
  - **Term**
  - **$19.00 p.s.f.**
    - **Base rent**
  - **$0.50**
    - **Annual escalation**
  - **$10.00 | 2 months**
    - **Concessions**
  - **0%**
    - **Efficiency gain**

**Class A Relocation**
- **10 years**
  - **Term**
  - **$19.50 p.s.f.**
    - **Base rent**
  - **$0.50**
    - **Annual escalation**
  - **$15.00 | 7 months**
    - **Concessions**
  - **10%**
    - **Efficiency gain**

**Class A Rent ($p.s.f.)**

**Completions (s.f.)**

**Class A Vacancy (%)**

**Largest Law Firm Footprints**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frost Brown Todd</td>
<td>400 W Market</td>
<td>150,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Sites &amp; Harbison</td>
<td>400 W Market</td>
<td>82,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Wyatt Tarrant &amp; Combs</td>
<td>500 W. Jefferson</td>
<td>73,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Bingham Greenbaum Doll</td>
<td>101 S 5th Street</td>
<td>52,500</td>
<td>Stable</td>
</tr>
<tr>
<td>Dinsmore &amp; Shohl</td>
<td>101 S 5th Street</td>
<td>51,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Middleton Reutlinger</td>
<td>401 S 4th Street</td>
<td>28,500</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Miami

SENTIMENT

LEGAL EMPLOYMENT  RISING DEMAND?  RISING SUPPLY?  RISING RENTS?  RISING CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
• Market tightening has reduced concessions for space build-out, moving costs and furniture, fixtures or other equipment (FF&E).
• Larger law firms in the tightest submarkets are looking to new construction and build-to-suit, but face stiff preleasing requirements.

Real estate opportunities for law firms
• The limited development pipeline will reduce opportunities over the next few years, so early initiation of the negotiation process will yield relative benefits.
• Large firms entering the market three to four years early will secure the time necessary to vet and build best-in-class deal terms.

BENCHMARKING

Historic  Current  Target

900-1,000 s.f.  700-750 s.f.  500-500 s.f.
$65,000  $55,000  $45,000 per attorney per attorney per attorney

LEGAL EMPLOYMENT
• Rising DEMAND?
• Rising SUPPLY?
• Rising RENTS?
• Rising CONCESSIONS?

OUTLOOK

Law firm clock

Law firm leverage

BENCHMARKING

Ideal floorplate size: 25,000 s.f.

SPACe UTILIZATION

Number of attorney office sizes: 2

Associate placement: Window line

Associate workspaces: Single
Miami

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12 years</strong></td>
<td><strong>5-7 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>5 years</strong></td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td><strong>$50.00 p.s.f.</strong></td>
<td><strong>$43.50 p.s.f.</strong></td>
<td><strong>$43.50 p.s.f.</strong></td>
<td><strong>$30.00 p.s.f.</strong></td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>**$100.00</td>
<td>12 months**</td>
<td>**$25.00</td>
<td>3 months**</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td><strong>20%</strong></td>
<td>0%</td>
<td><strong>20%</strong></td>
<td>0%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Brickell</th>
<th>Downtown</th>
<th>Coral Gables</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$55.00</td>
<td>$50.00</td>
<td>$45.00</td>
</tr>
<tr>
<td>2013</td>
<td>$50.00</td>
<td>$45.00</td>
<td>$40.00</td>
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<tr>
<td>2014</td>
<td>$45.00</td>
<td>$40.00</td>
<td>$35.00</td>
</tr>
<tr>
<td>2015</td>
<td>$40.00</td>
<td>$35.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>2016</td>
<td>$35.00</td>
<td>$30.00</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

**Completions (s.f.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Preleased</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>700,000</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
<td>700,000</td>
</tr>
<tr>
<td>2018</td>
<td>0</td>
<td>700,000</td>
</tr>
<tr>
<td>2019</td>
<td>0</td>
<td>700,000</td>
</tr>
</tbody>
</table>

**Total Vacancy (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Brickell</th>
<th>Downtown</th>
<th>Coral Gables</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>20%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>2014</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>2016</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holland &amp; Knight</td>
<td>701 Brickell Avenue</td>
<td>121,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Shutts &amp; Bowen</td>
<td>200 S Biscayne Boulevard</td>
<td>78,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Shook Hardy</td>
<td>201 S Biscayne Boulevard</td>
<td>54,700</td>
<td>Shrinking</td>
</tr>
<tr>
<td>K&amp;L Gates</td>
<td>200 S Biscayne Boulevard</td>
<td>33,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Jackson Lewis</td>
<td>2 S Biscayne Boulevard</td>
<td>23,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Real estate challenges for law firms

- Limited availability of Class A product has landlords pushing rents upward, especially in Downtown East.
- As a law firm-heavy downtown, competition between firms extends into real estate needs, with law firms often occupying buildings with competitors, diminishing branding opportunities.

Real estate opportunities for law firms

- The CBD is very active in terms of developments and additions to amenities and infrastructure, positioning the downtown market as an aspirational place to do business.
- Many proposed office towers would desire a law firm anchor tenant, giving some leverage to larger law firms looking to occupy some new space.
## Milwaukee

### Typical Deal Terms

<table>
<thead>
<tr>
<th>Type</th>
<th>Term</th>
<th>Base rent</th>
<th>Annual escalation</th>
<th>Concessions</th>
<th>Efficiency gain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW DEVELOPMENT</strong></td>
<td>10 years</td>
<td>$34.00 p.s.f.</td>
<td>2.5%</td>
<td>$50.00</td>
<td>15%</td>
</tr>
<tr>
<td><strong>RENEWAL</strong></td>
<td>5 years</td>
<td>$24.00 p.s.f.</td>
<td>2.5%</td>
<td>$10.00</td>
<td>0%</td>
</tr>
<tr>
<td><strong>RELOCATION</strong></td>
<td>7 years</td>
<td>$24.00 p.s.f.</td>
<td>2.5%</td>
<td>$35.00</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Downtown East</th>
<th>Downtown West</th>
<th>Third Ward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$10</td>
<td>$15</td>
<td>$15</td>
</tr>
<tr>
<td>2014</td>
<td>$15</td>
<td>$20</td>
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<tr>
<td>2015</td>
<td>$20</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>2016</td>
<td>$25</td>
<td>$30</td>
<td>$30</td>
</tr>
</tbody>
</table>

### Completions (s.f.)

- **Preleased**: Red
- **Available**: Black

<table>
<thead>
<tr>
<th>Year</th>
<th>Preleased</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>600,000</td>
<td>0</td>
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<tr>
<td>2017</td>
<td>500,000</td>
<td>100,000</td>
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<tr>
<td>2018</td>
<td>400,000</td>
<td>200,000</td>
</tr>
<tr>
<td>2019</td>
<td>300,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

### Total Vacancy (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Downtown East</th>
<th>Downtown West</th>
<th>Third Ward</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>2014</td>
<td>25%</td>
<td>15%</td>
<td>5%</td>
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<td>2015</td>
<td>15%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2016</td>
<td>5%</td>
<td></td>
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### Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gruber Law Offices</td>
<td>100 E Wisconsin Avenue</td>
<td>18,136</td>
<td>Growing</td>
</tr>
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<td>Previant Law Firm</td>
<td>310 W Wisconsin Avenue</td>
<td>15,081</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Borgelt Powell Peterson &amp; Frauen</td>
<td>1243 N 10th Street</td>
<td>15,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Hailing &amp; Cayo</td>
<td>320 E Buffalo Street</td>
<td>14,674</td>
<td>Growing</td>
</tr>
<tr>
<td>Linder &amp; Marsack</td>
<td>411 E Wisconsin Avenue</td>
<td>13,148</td>
<td>Growing</td>
</tr>
</tbody>
</table>

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Return to table of contents
Minneapolis

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

yes  no  yes  no

OUTLOOK

Real estate challenges for law firms
• Rental rates have increased substantially in the last 12 months.
• Pressure from clients to reduce rates means that firms have less to spend on real estate. Solutions include relocations to more affordable buildings or moving down a few floors and space-efficient layouts that enable downsizing.

Real estate opportunities for law firms
• Relocations allow established firms to modernize their look and use of space. Costs can be saved by embracing open and flexible work stations.
• Mergers and acquisitions also allow for creative real estate solutions when firms are forced to make smart long-term decisions in regard to assets and holdings.

BENCHMARKING

Historic  Current  Target

900-1,000 s.f.  700-800 s.f.  500-600 s.f.
$50,000  $45,000  $40,000  per attorney  per attorney  per attorney

SPACE UTILIZATION

Ideal floorplate size: 35,000 s.f.
Number of attorney office sizes: 2
Associate placement: Window line
Associate workspaces: Single

SEN T I M E N T

Rents peaking  Rents falling  Rents rising  Rents bottoming

Law firm clock

Law firm leverage

Law firm-favorable market
Neutral market
Landlord-favorable market

Legac y Employment

Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

Neutral market

Ideal floorplate size:
35,000 s.f.

Minneapolis CBD

Number of attorney office sizes:
2

Associate placement:
Window line

Associate workspaces:
Single

SEN T I M E N T

Rents peaking  Rents falling  Rents rising  Rents bottoming

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Legac y Employment

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Minneapolis CBD

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Window line

Associate workspaces:
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SEN T I M E N T

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Legac y Employment

Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

Neutral market

Ideal floorplate size:
35,000 s.f.

Minneapolis CBD

Number of attorney office sizes:
2

Associate placement:
Window line

Associate workspaces:
Single

SEN T I M E N T

Rents peaking  Rents falling  Rents rising  Rents bottoming

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Rising SUPPLY?
Rising RENTS?
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Neutral market

Ideal floorplate size:
35,000 s.f.

Minneapolis CBD

Number of attorney office sizes:
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Associate workspaces:
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SEN T I M E N T

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Associate workspaces:
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Legac y Employment

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Rising SUPPLY?
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Ideal floorplate size:
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Minneapolis CBD

Number of attorney office sizes:
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Associate placement:
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Associate workspaces:
Single

SEN T I M E N T

Rents peaking  Rents falling  Rents rising  Rents bottoming

Law firm clock

Law firm leverage

Law firm-favorable market
Neutral market
Landlord-favorable market

Legac y Employment

Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

Neutral market

Ideal floorplate size:
35,000 s.f.

Minneapolis CBD

Number of attorney office sizes:
2

Associate placement:
Window line

Associate workspaces:
Single

SEN T I M E N T

Rents peaking  Rents falling  Rents rising  Rents bottoming

Law firm clock

Law firm leverage

Law firm-favorable market
Neutral market
Landlord-favorable market

Legac y Employment

Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?
# Minneapolis

## Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10 years</strong>&lt;br&gt;Term</td>
<td><strong>10 years</strong>&lt;br&gt;Term</td>
<td><strong>10 years</strong>&lt;br&gt;Term</td>
<td><strong>10 years</strong>&lt;br&gt;Term</td>
</tr>
<tr>
<td><strong>$25.00 p.s.f.</strong>&lt;br&gt;Base rent</td>
<td><strong>$17.5 p.s.f.</strong>&lt;br&gt;Base rent</td>
<td><strong>$18.50 p.s.f.</strong>&lt;br&gt;Base rent</td>
<td><strong>$12.00 p.s.f.</strong>&lt;br&gt;Base rent</td>
</tr>
<tr>
<td><strong>3.0%</strong>&lt;br&gt;Annual escalation</td>
<td><strong>3.0%</strong>&lt;br&gt;Annual escalation</td>
<td><strong>3.0%</strong>&lt;br&gt;Annual escalation</td>
<td><strong>3.0%</strong>&lt;br&gt;Annual escalation</td>
</tr>
<tr>
<td>**$60.00</td>
<td>10 months**&lt;br&gt;Concessions</td>
<td>**$40.00</td>
<td>5 months**&lt;br&gt;Concessions</td>
</tr>
<tr>
<td><strong>0%</strong>&lt;br&gt;Efficiency gain</td>
<td><strong>10%</strong>&lt;br&gt;Efficiency gain</td>
<td><strong>20%</strong>&lt;br&gt;Efficiency gain</td>
<td><strong>0%</strong>&lt;br&gt;Efficiency gain</td>
</tr>
</tbody>
</table>

## Class A Rent ($ p.s.f.)

- Minneapolis CBD

## Completions (s.f.)

- Preleased
- Available

## Total Vacancy (%)

- Minneapolis CBD

## Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stinson Leonard Street</td>
<td>Fifty South Sixth</td>
<td>105,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Lindquist &amp; Vennum</td>
<td>IDS Center</td>
<td>80,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Winthrop &amp; Weinstine</td>
<td>Capella Tower</td>
<td>95,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Bassford Remele</td>
<td>Fifth Street Towers</td>
<td>38,750</td>
<td>Stable</td>
</tr>
<tr>
<td>Fish &amp; Richardson</td>
<td>Fifth Street Towers</td>
<td>31,595</td>
<td>Growing</td>
</tr>
</tbody>
</table>
New Jersey

REAL ESTATE OPPORTUNITIES FOR LAW FIRMS

- Transitional local office market conditions are creating opportunities for law firms to lock in financially favorable leasing packages by signing early renewals.
- Restructurings by other business sectors is adding available blocks of space to the market.

LEGAL EMPLOYMENT

Rising DEMAND?

Rising SUPPLY?

Rising RENTS?

Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms

- Firms are facing high build-out costs associated with second-generation space.
- New Jersey’s aging suburban office inventory will challenge law firms seeking modern, more efficient Class A buildings located in mass transit-accessible markets.

Real estate opportunities for law firms

- Transitional local office market conditions are creating opportunities for law firms to lock in financially favorable leasing packages by signing early renewals.
- Restructurings by other business sectors is adding available blocks of space to the market.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>700-850 s.f.</td>
<td>550-700 s.f.</td>
<td>500-600 s.f.</td>
</tr>
<tr>
<td>$30,000 per attorney</td>
<td>$26,000 per attorney</td>
<td>$21,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

- Ideal floorplate size: 30,000 s.f.
- Number of attorney office sizes: 2
- Associate placement: Mix
- Associate workspaces: Mix

SEN T I M E N T

- Rents peaking
- Rents falling
- Rents rising
- Rents bottoming

Law firm clock

- Law firm leverage
  - 2016
  - 2017
  - 2018

- Law firm-favorable market
- Neutral market
- Landlord-favorable market

NEW JERSEY

Route 24

Historic

700-850 s.f.

$30,000 per attorney

Current

550-700 s.f.

$26,000 per attorney

Target

500-600 s.f.

$21,000 per attorney

NEW JERSEY

Route 280

Historic

700-850 s.f.

$30,000 per attorney

Current

550-700 s.f.

$26,000 per attorney

Target

500-600 s.f.

$21,000 per attorney

NEW JERSEY

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550-700 s.f.

$26,000 per attorney

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Associate workspaces: Mix
New Jersey

TYPICAL DEAL TERMS

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>5-7 years</td>
<td>10 years</td>
<td>3-5 years</td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td>$28.00-$30.00 p.s.f.</td>
<td>$25.00-$27.00 p.s.f.</td>
<td>$27.00-$29.00 p.s.f.</td>
<td>$21.00-$23.00 p.s.f.</td>
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<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
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<tr>
<td>$50.00</td>
<td>$10.00</td>
<td>$50.00</td>
<td>$10.00</td>
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<tr>
<td>12 months</td>
<td>2 months</td>
<td>12 months</td>
<td>2-5 months</td>
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<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
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<tr>
<td>10%</td>
<td>5%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

CLAS A RENT ($ p.s.f.)

COMPLETIONS (s.f.)

TOTAL VACANCY (%)

LEASING ACTIVITY

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowenstein Sandler</td>
<td>56 Livingston Avenue</td>
<td>170,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Connell Foley</td>
<td>85 Livingston Avenue</td>
<td>74,860</td>
<td>Growing</td>
</tr>
<tr>
<td>Norris McLaughlin &amp; Marcus</td>
<td>400 Crossing Boulevard</td>
<td>61,640</td>
<td>Stable</td>
</tr>
<tr>
<td>Carroll McNulty &amp; Kull</td>
<td>120 Mountain View Boulevard</td>
<td>49,260</td>
<td>Growing</td>
</tr>
<tr>
<td>Littler Mendelson</td>
<td>1 Newark Center</td>
<td>24,370</td>
<td>Stable</td>
</tr>
</tbody>
</table>

No construction underway
New York

SENTIMENT

LEGAL EMPLOYMENT: 900-1,000 s.f. per attorney

Rising DEMAND?: no

Rising SUPPLY?: yes

Rising RENTS?: yes

Rising CONCESSIONS?: yes

OUTLOOK

Real estate challenges for law firms

- Capital costs to restack or relocate remain high. As a result, some firms are opting to renew in place, foregoing opportunities to improve efficiency.
- Large, contiguous blocks, especially those with view space, remain scarce.

Real estate opportunities for law firms

- Though landlords have been reluctant to reduce rents, concession packages are elevated to encourage activity as political and economic uncertainty weigh on the market.
- Upon relocation, law firms could right-size or shrink footprints. Firms could also take advantage of adaptable second-generation law firm space with lower out-of-pocket capital costs.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f. per attorney</td>
<td>850-950 s.f. per attorney</td>
<td>700-800 s.f. per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 27,500 s.f.

Number of attorney office sizes: 2

Associate placement: Mix

Associate workspaces: Mix
New York

Typical Deal Terms

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Location</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Plaza District</td>
<td>$110</td>
<td>$100</td>
<td>$90</td>
<td>$80</td>
<td>$70</td>
</tr>
<tr>
<td>Times Square</td>
<td>$95</td>
<td>$90</td>
<td>$85</td>
<td>$80</td>
<td>$75</td>
</tr>
<tr>
<td>Grand Central</td>
<td>$70</td>
<td>$65</td>
<td>$60</td>
<td>$55</td>
<td>$50</td>
</tr>
<tr>
<td>Downtown</td>
<td>$55</td>
<td>$50</td>
<td>$45</td>
<td>$40</td>
<td>$35</td>
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</table>

Completions (s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plaza District</td>
<td>15</td>
<td>10</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Times Square</td>
<td>10</td>
<td>25</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Grand Central</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Downtown</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
</tr>
</tbody>
</table>

Total Vacancy (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plaza District</td>
<td>15</td>
<td>13</td>
<td>11</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Times Square</td>
<td>13</td>
<td>11</td>
<td>9</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Grand Central</td>
<td>11</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>3</td>
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<tr>
<td>Downtown</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dentons</td>
<td>1221 Avenue of the Americas</td>
<td>210,000</td>
<td>Stable</td>
</tr>
<tr>
<td>DLA Piper</td>
<td>1251 Avenue of the Americas</td>
<td>199,140</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Alston &amp; Bird</td>
<td>90 Park Avenue</td>
<td>122,000</td>
<td>Growing</td>
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<tr>
<td>Vedder Price</td>
<td>1633 Broadway</td>
<td>52,555</td>
<td>Stable</td>
</tr>
<tr>
<td>Cozen O’Connor</td>
<td>45 Broadway</td>
<td>41,000</td>
<td>Stable</td>
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</table>

Return to Table of Contents
Oakland

**SENTIMENT**

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>yes</strong></td>
<td><strong>no</strong></td>
<td><strong>yes</strong></td>
<td><strong>no</strong></td>
<td></td>
</tr>
</tbody>
</table>

**OUTLOOK**

**Real estate challenges for law firms**
- With the recent overflow of demand from tech-related tenants looking for space in the CBD, firms in the market are left with limited options, not to mention firms coming up on lease expirations that are looking to renew are faced with historically high rents.
- Cost-conscious law firms are consolidating or renewing their space, or considering other options outside of the desirable CBD, such as the 680 Corridor.

**Real estate opportunities for law firms**
- More firms are demanding an open-space office layout, creating the opportunity to update old, historical space.
- With vacancy rates in the CBD below 4.0 percent, law firms are looking to East Bay suburban markets where similar amenities and transportation nodes exist and space availability is greater.

**BENCHMARKING**

**Historic**  
- 750-850 s.f.  
  - $35,000 per attorney

**Current**  
- 650-800 s.f.  
  - $32,000 per attorney

**Target**  
- 550-650 s.f.  
  - $27,000 per attorney

**SPACE UTILIZATION**

- Ideal floorplate size: **15,000 s.f.**
- Number of attorney office sizes: **2**
- Associate placement: **Mix**
- Associate workspaces: **Single**

---

*JLL | Law Firm Perspective | 2016*
Oakland

Typical Deal Terms

NEW DEVELOPMENT

10 years Term
$70.00 p.s.f. Base rent
3.0% Annual escalation
$70.00 | 5 months Concessions
21% Efficiency gain

RENEWAL

5 years Term
$58.00 p.s.f. Base rent
3.0% Annual escalation
$25.00 | 3 months Concessions
36% Net growth

RELOCATION

7-10 years Term
$50.00 p.s.f. Base rent
3.0% Annual escalation
$60.00 | 6 months Concessions
0% Efficiency gain

SUBLET

2-4 years Term
$48.00 p.s.f. Base rent
3.0% Annual escalation
$0.00 | 3 months Concessions
21% Efficiency gain

Class A Rent ($ p.s.f.)

Completions (s.f.)

Total Vacancy (%)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dentons</td>
<td>Lake Merritt Plaza</td>
<td>28,396</td>
<td>Growing</td>
</tr>
<tr>
<td>Boornazian Jensen &amp; Garthe</td>
<td>555 City Center</td>
<td>15,380</td>
<td>Shrinking</td>
</tr>
</tbody>
</table>
Orange County

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
• There is a lack of available blocks of contiguous space in amenity-rich projects, causing landlords to pull back concessions.
• New Class A deliveries are adding to the upward pressure on rents, while efficient space utilization is being challenged by rising construction costs.

Real estate opportunities for law firms
• Increased speculative development is adding new space alternatives in the Airport Area and South County submarkets.
• There is a deep and diverse talent base for recruiting in the area and many projects have seen extensive capital improvements to enhance their image and amenity base.

BENCHMARKING

Historic  Current  Target

Ideal floorplate size: 25,000 s.f.

LEGAL EMPLOYMENT

Rising DEMAND?

$40,000 per attorney

$35,000 per attorney

$25,000 per attorney

Number of attorney office sizes: 2

Associate workspaces: Single

Associate placement: Mix

SPACE UTILIZATION

Costa Mesa, Irvine, Newport Beach

Law firm clock

Rents peaking
Rents falling
Rents rising
Rents bottoming

Law firm leverage

2016
2017
2018

Neutral market
Landlord-favorable market
Law firm-favorable market
Orange County

TYPICAL DEAL TERMS

NEW DEVELOPMENT

10 years
Term
$45.00 p.s.f.
Base rent
3.0%
Annual escalation
$60.00 | 6 months
Concessions
0%
Efficiency gain

RENEWAL

7 years
Term
$37.00 p.s.f.
Base rent
3.0%
Annual escalation
$10.00 | 3 months
Concessions
0%
Efficiency gain

RELOCATION

10 years
Term
$35.00 p.s.f.
Base rent
3.0%
Annual escalation
$20.00 | 4 months
Concessions
10%
Efficiency gain

SUBLET

3 years
Term
$25.00 p.s.f.
Base rent
0.0%
Annual escalation
$0.00 | 0 months
Concessions
20%
Efficiency gain

CLASS A RENT ($ p.s.f.)

COMPLETIONS (s.f.)

TOTAL VACANCY (%)

LEASING ACTIVITY

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gibson Dunn</td>
<td>3161 Michelson Drive</td>
<td>87,305</td>
<td>Stable</td>
</tr>
<tr>
<td>Troutman Sanders</td>
<td>5 Park Plaza</td>
<td>45,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Morgan Lewis</td>
<td>600 Anton Boulevard</td>
<td>33,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Jackson Lewis</td>
<td>200 Spectrum Center Drive</td>
<td>22,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Burhalter, Kessler, Clement &amp; George</td>
<td>2020 Main Street</td>
<td>10,549</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Orlando

SENTIMENT

yes  no  yes  no

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms

- There is limited availability for large blocks of space in the CBD, which is resulting in rising rents among competitive Class A properties where law firms prefer to locate.
- With no new development underway within the CBD, and a limited pipeline in prime suburban markets, law firms touring for quality space face limited options and landlord-favorable conditions.

Real estate opportunities for law firms

- Larger law firms can find cost saving opportunities through space consolidation by opting for built-to-suit options.
- Local firms with smaller footprints can also lower real estate costs by relocating to prime suburban markets, where Class A space is discounted at least 11.0 percent compared with downtown.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>700-1,000 s.f.</td>
<td>700-900 s.f.</td>
</tr>
<tr>
<td>$20,000 per attorney</td>
<td>$45,000 per attorney</td>
<td>$20,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 20,000 s.f.

Number of attorney office sizes: 3+

Associate placement: Mix

Associate workspaces: Single
## Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
</tr>
<tr>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
<td>2.5 years</td>
</tr>
<tr>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
</tr>
<tr>
<td>$35.00 p.s.f.</td>
<td>$27.50 p.s.f.</td>
<td>$27.50 p.s.f.</td>
<td>$18.00 p.s.f.</td>
</tr>
<tr>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
</tr>
<tr>
<td></td>
<td>$10.00</td>
<td>$35.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
</tr>
<tr>
<td>$40.00</td>
<td>5 months</td>
<td>$35.00</td>
<td>8 months</td>
</tr>
<tr>
<td><strong>Give back</strong></td>
<td><strong>Give back</strong></td>
<td><strong>Give back</strong></td>
<td><strong>Give back</strong></td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Class A Rent ($ p.s.f.)

- **CBD**

<table>
<thead>
<tr>
<th>Year</th>
<th>Class A Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$24</td>
</tr>
<tr>
<td>2013</td>
<td>$25</td>
</tr>
<tr>
<td>2014</td>
<td>$26</td>
</tr>
<tr>
<td>2015</td>
<td>$26</td>
</tr>
<tr>
<td>2016</td>
<td>$26</td>
</tr>
</tbody>
</table>

## Completions (s.f.)

- **Preleased**
- **Available**

- **No construction underway**

## Total Vacancy (%)

- **CBD**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17%</td>
</tr>
<tr>
<td>2013</td>
<td>16%</td>
</tr>
<tr>
<td>2014</td>
<td>16%</td>
</tr>
<tr>
<td>2015</td>
<td>15%</td>
</tr>
<tr>
<td>2016</td>
<td>13%</td>
</tr>
</tbody>
</table>

## Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rissman Barret Hurt Donahue &amp; McLain</td>
<td>201 E Pine Street</td>
<td>45,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Dean Mead</td>
<td>420 S Orange Avenue</td>
<td>23,700</td>
<td>Stable</td>
</tr>
<tr>
<td>Winderweede Haines Ward &amp; Woodman</td>
<td>390 N Orange Avenue</td>
<td>25,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Allen Dyer Doppelt Milbrath &amp; Gilchrist</td>
<td>255 S Orange Avenue</td>
<td>15,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Beusse Wolter Sanks &amp; Maire</td>
<td>390 N Orange Avenue</td>
<td>14,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>

[Return to table of contents]
Philadelphia

**SENTIMENT**

LEGAL EMPLOYMENT | Rising DEMAND? | Rising SUPPLY? | Rising RENTS? | Rising CONCESSIONS?
--- | --- | --- | --- | ---
yes | no | yes | yes

**OUTLOOK**

**Real estate challenges for law firms**

- Market Street West rental rates have risen more than 5.0 percent year-over-year, due in large part to a lack of large blocks and quality space as well as sustained higher demand for a largely static inventory.
- The submarket is moving into a wave of large tenant lease rollover, with 2017-2019 bringing dozens of firms to market.

**Real estate opportunities for law firms**

- FMC Tower’s delivery gives tenants a new Trophy option west of the Schuylkill River (approximately 75,000 s.f. contiguous), though its price point and untested location are challenges.
- Approximately 200,000 square feet will deliver in the renovated One Franklin Tower in 2017, providing additional alternatives. Growing demand could induce further speculative development suitable for large law firms, but none have yet to break ground.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>700-800 s.f.</td>
<td>600-650 s.f.</td>
</tr>
<tr>
<td>$60,000</td>
<td>$50,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>per attorney</td>
<td>per attorney</td>
<td>per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

- **Ideal floorplate size:** 25,000 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Mix
- **Associate workspaces:** Single

---

**Sentiment Rents**

- Peaking
- Falling
- Rising
- Bottoming
Philadelphia

Typical Deal Terms

**NEW DEVELOPMENT**
- **20 years Term**
  - $50.00 p.s.f. Base rent
  - 2.5% Annual escalation
  - $60.00 | 12 months Concessions
  - 20% Efficiency gain

**RENEWAL**
- **10 years Term**
  - $30.00 p.s.f. Base rent
  - 2.5% Annual escalation
  - $55.0 | 6 months Concessions
  - 25% Efficiency gain

**RELOCATION**
- **10 years Term**
  - $30.00 p.s.f. Base rent
  - 2.5% Annual escalation
  - $55.0 | 7 months Concessions
  - 30% Efficiency gain

**SUBLET**
- **5 years Term**
  - $25.00 p.s.f. Base rent
  - 2.5% Annual escalation
  - $25.0 | 7 months Concessions
  - 25% Efficiency gain

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obermayer Rebmann Maxwell &amp; Hippel</td>
<td>1500 Market Street</td>
<td>60,544</td>
<td>Stable</td>
</tr>
<tr>
<td>Eckert Seamans</td>
<td>Two Liberty Place</td>
<td>53,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Flaster Greenberg</td>
<td>1600 Market Street</td>
<td>22,681</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Leasing Activity
Historic

950-1,150 s.f.
$40,000 per attorney

Current

900-1,000 s.f.
$30,000 per attorney

Target

500-650 s.f.
$27,500 per attorney

Real estate challenges for law firms

• Available Class A space in law firm-concentrated markets is shrinking and rents are escalating, with several submarkets surpassing pre-recessionary levels.
• Ideal space configurations in these submarkets are difficult to achieve as firms reduce core space and focus on window line.

Real estate opportunities for law firms

• Active development pipelines in the Southeast and Northeast market areas will provide nearly 500,000 square feet of new speculative Class A office space over the next 12 months.
• Availabilities for small-sized law firms (smaller than 10,000 square feet) remain abundant throughout all classes.

BENCHMARKING*

Ideal floorplate size:
25,000 s.f.

Number of attorney office sizes:
1

Associate placement:
Window line

Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler

OUTLOOK

Law firm clock

Camelback Corridor Downtown
Midtown

Rents peaking
Rents falling
Rents rising
Rents bottoming

Law firm leverage

2016
2017
2018

S E N T I M E N T

LEGAL EMPLOYMENT

Rising DEMAND?
Rising SUPPLY?
Rising RENTS?
Rising CONCESSIONS?

yes
no
yes
no

O U T L O O K

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25,000 s.f.

Number of attorney office sizes:
1

Associate placement:
Window line

Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler

OUTLOOK

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Ideal floorplate size:
25,000 s.f.

Number of attorney office sizes:
1

Associate placement:
Window line

Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler

OUTLOOK

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25,000 s.f.

Number of attorney office sizes:
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Associate placement:
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Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler

OUTLOOK

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BENCHMARKING*

Ideal floorplate size:
25,000 s.f.

Number of attorney office sizes:
1

Associate placement:
Window line

Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler

OUTLOOK

Real estate challenges for law firms

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BENCHMARKING*

Ideal floorplate size:
25,000 s.f.

Number of attorney office sizes:
1

Associate placement:
Window line

Associate workspaces:
Single

* Benchmarking data provided by joint effort of JLL and Gensler
Phoenix

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>3 years</strong></td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td><strong>$40.00 p.s.f.</strong></td>
<td><strong>$36.00 p.s.f.</strong></td>
<td><strong>$36.00 p.s.f.</strong></td>
<td><strong>$22.50 p.s.f.</strong></td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>**$67.50</td>
<td>10 months**</td>
<td>**$12.50</td>
<td>5 months**</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td><strong>0%</strong></td>
<td><strong>10%</strong></td>
<td><strong>20%</strong></td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

- Camelback
- Downtown
- Midtown

**Completions (s.f.)**

- Preleased
- Available

**Total Vacancy (%)**

- Camelback
- Downtown
- Midtown

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cavanagh</td>
<td>1850 N Central Avenue</td>
<td>38,345</td>
<td>Stable</td>
</tr>
<tr>
<td>Buchalter Nemer</td>
<td>16435 N Scottsdale Road</td>
<td>16,455</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Alcock &amp; Associates</td>
<td>2 N Central Avenue</td>
<td>12,971</td>
<td>Stable</td>
</tr>
</tbody>
</table>

No construction underway

Return to table of contents
Real estate challenges for law firms

- Tight market conditions in the CBD and Fringe submarkets have shifted rents up steadily in recent years.
- Few existing large blocks of space are available to firms.

Real estate opportunities for law firms

- New development in the Fringe and renovations in the CBD will enhance optionality for firms.
- Corporate consolidations and pending trades within the CBD are opening up space at select buildings downtown.
Pittsburgh

Typical Deal Terms

**NEW DEVELOPMENT**

<table>
<thead>
<tr>
<th>Term</th>
<th>Base rent (p.s.f.)</th>
<th>Annual escalation</th>
<th>Concessions</th>
<th>Efficiency gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>$30.00-$34.00</td>
<td>2.0%</td>
<td>$55.00</td>
<td>20%</td>
</tr>
</tbody>
</table>

**RENEWAL**

<table>
<thead>
<tr>
<th>Term</th>
<th>Base rent (p.s.f.)</th>
<th>Annual escalation</th>
<th>Concessions</th>
<th>Efficiency gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>$28.00-$30.00</td>
<td>2.0%</td>
<td>$22.00</td>
<td>20%</td>
</tr>
</tbody>
</table>

**RELOCATION**

<table>
<thead>
<tr>
<th>Term</th>
<th>Base rent (p.s.f.)</th>
<th>Annual escalation</th>
<th>Concessions</th>
<th>Efficiency gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>$28.00-$34.00</td>
<td>2.0%</td>
<td>$52.00</td>
<td>20%</td>
</tr>
</tbody>
</table>

**SUBLET**

<table>
<thead>
<tr>
<th>Term</th>
<th>Base rent (p.s.f.)</th>
<th>Annual escalation</th>
<th>Concessions</th>
<th>Efficiency gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>$22.00-$25.00</td>
<td>2.0%</td>
<td>$0.00</td>
<td>20%</td>
</tr>
</tbody>
</table>

**CLASS A RENT ($ p.s.f.)**

<table>
<thead>
<tr>
<th>CBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30</td>
</tr>
<tr>
<td>$29</td>
</tr>
<tr>
<td>$28</td>
</tr>
<tr>
<td>$27</td>
</tr>
<tr>
<td>$26</td>
</tr>
<tr>
<td>$25</td>
</tr>
<tr>
<td>$24</td>
</tr>
<tr>
<td>$23</td>
</tr>
<tr>
<td>$22</td>
</tr>
</tbody>
</table>

**COMPLETIONS (s.f.)**

<table>
<thead>
<tr>
<th>Preleased</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

**TOTAL VACANCY (%)**

<table>
<thead>
<tr>
<th>CBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td>9%</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td>7%</td>
</tr>
<tr>
<td>6%</td>
</tr>
<tr>
<td>5%</td>
</tr>
</tbody>
</table>

**LEASING ACTIVITY**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burns White</td>
<td>3 Crossings</td>
<td>107,896</td>
<td>Growing</td>
</tr>
<tr>
<td>Tucker Arensberg</td>
<td>1 PPG Place</td>
<td>43,458</td>
<td>Growing</td>
</tr>
<tr>
<td>McGuireWoods</td>
<td>260 Forbes Avenue</td>
<td>37,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Morgan Lewis</td>
<td>301 Grant Street</td>
<td>36,126</td>
<td>Growing</td>
</tr>
<tr>
<td>Blank Rome</td>
<td>501 Grant Street</td>
<td>16,800</td>
<td>Growing</td>
</tr>
</tbody>
</table>
**Portland**

**SENSITMENT**

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>stable</td>
</tr>
</tbody>
</table>

**OUTLOOK**

Real estate challenges for law firms

- Law firms are challenged to adapt their workforce culture to contemporary demographics, which can be hindered by their existing office space.
- Young talent has a demonstrated preference for an urban location with a rich amenity set. In order to compete for this talent, law firms need to locate here, but the space comes at a premium.

Real estate opportunities for law firms

- Although vacancy remains very low, there remains numerous options for commodity office space in the 5,000-20,000-square-foot range in Downtown Portland.
- While rates for these generic spaces have increased in the past 12 months, TI allowances have risen accordingly, offering law firms the opportunity to significantly improve their office design.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000-1,200 s.f.</td>
<td>800-900 s.f.</td>
<td>600-750 s.f.</td>
</tr>
<tr>
<td>$27,000 per attorney</td>
<td>$29,000 per attorney</td>
<td>$23,000 per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

- Ideal floorplate size: 20,000 s.f.
- Number of attorney office sizes: 1 or 2
- Associate placement: Window line
- Associate workspaces: Mix

---

Rents peaking
Rents falling
Rents rising
Rents bottoming

Law firm clock

Law firm leverage

2016
2017
2018

- Law firm-favorable market
- Neutral market
- Landlord-favorable market

---

Rents

---

Legal employment

- Rising DEMAND?
- Rising SUPPLY?
- Rising RENTS?
- Rising CONCESSIONS?
Portland

Typical Deal Terms

**NEW DEVELOPMENT**
- 15 years Term
- $60.00 p.s.f.
- 3.0% Base rent
- Annual escalation
- $80.00 | 3 months Concessions
- 14% Efficiency gain

**RENEWAL**
- 7 years Term
- $32.00 p.s.f.
- 3.0% Base rent
- Annual escalation
- $30.00 | 7 months Concessions
- 0% Efficiency gain

**RELOCATION**
- 10 years Term
- $38.00 p.s.f.
- 3.0% Base rent
- Annual escalation
- $70.00 | 3 months Concessions
- 20% Net growth

**SUBLET**
- 3 years Term
- $28.00 p.s.f.
- 3.0% Base rent
- Annual escalation
- $0.00 | 3 months Concessions
- 0% Efficiency gain

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>CBD</th>
<th>Kruse Way</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>2013</td>
<td>$26</td>
<td>$26</td>
</tr>
<tr>
<td>2014</td>
<td>$27</td>
<td>$27</td>
</tr>
<tr>
<td>2015</td>
<td>$28</td>
<td>$28</td>
</tr>
<tr>
<td>2016</td>
<td>$29</td>
<td>$29</td>
</tr>
</tbody>
</table>

Completion (s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Preleased</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,000,000</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>1,500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>2018</td>
<td>1,000,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>2019</td>
<td>500,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

Total Vacancy (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>CBD</th>
<th>Kruse Way</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>2013</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>2014</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>2015</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2016</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lewis Brisbois</td>
<td>888 SW 5th Avenue</td>
<td>22,510</td>
<td>Growing</td>
</tr>
<tr>
<td>Farleigh Wada Witt</td>
<td>121 SW Morrison Street</td>
<td>18,117</td>
<td>Stable</td>
</tr>
<tr>
<td>Davis Rothwell Earle &amp; Xóchihua</td>
<td>200 SW Market</td>
<td>11,968</td>
<td>Growing</td>
</tr>
<tr>
<td>Wyse Kadish</td>
<td>900 SW 5th Avenue</td>
<td>10,690</td>
<td>Stable</td>
</tr>
<tr>
<td>Marger Johnson &amp; McCollom</td>
<td>888 SW 5th Avenue</td>
<td>6,791</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Return to table of contents
Raleigh-Durham

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
- Vacancy for existing and new construction is at historic lows of 7.3 percent in the CBD market, driving rental rates to $31.00 - $35.00 per square foot in downtown.
- Landlords have leverage and are driving rates up across the entire Raleigh-Durham market, while offering minimal concessions with the heavy demand for Class A office space.

Real estate opportunities for law firms
- Alternative submarkets such as Six Forks/Falls of Neuse and West Raleigh offer larger space opportunities and lower cost in the mid-to-high $20s per square foot, along with free parking.
- Downtown development pipeline offering new availabilities for suburban occupiers to relocate to either CBD, albeit at a much higher premium rate per square foot.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>800-900 s.f.</td>
<td>700-800 s.f.</td>
<td>500-600 s.f.</td>
</tr>
<tr>
<td>$28,000 per attorney</td>
<td>$25,000 per attorney</td>
<td>$19,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size:
25,000 s.f.

Number of attorney office sizes:
2

Associate placement:
Window line

Associate workspaces:
Single
Raleigh-Durham

**Typical Deal Terms**

**NEW DEVELOPMENT**
- 10 years Term
- $33.00 p.s.f. Base rent
- 3.0% Annual escalation
- $50.00 | 6 months Concessions
- 18% Efficiency gain

**RENEWAL**
- 10 years Term
- $29.00 p.s.f. Base rent
- 3.0% Annual escalation
- $25.00 | 6 months Concessions
- 15% Efficiency gain

**RELOCATION**
- 7.5 years Term
- $27.95 p.s.f. Base rent
- 3.0% Annual escalation
- $35.00 | 6 months Concessions
- 18% Efficiency gain

**SUBLET**
- 5 years Term
- $25.00 p.s.f. Base rent
- 3.0% Annual escalation
- $0.00 | 6 months Concessions
- 15% Efficiency gain

**Class A Rent ($ p.s.f.)**

**Completions (s.f.)**

**Total Vacancy (%)**

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Womble and Carlyle</td>
<td>Charter Square</td>
<td>43,855</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Ellis &amp; Winters</td>
<td>GlenLake V</td>
<td>20,500</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Richmond

**Sentiment**

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td></td>
</tr>
</tbody>
</table>

**Outlook**

**Real estate challenges for law firms**
- Vacancy in the suburban Class A market is limited, which poses challenges for law firms’ satellite office needs.
- Richmond law firms are accustomed to larger offices and have been slow to downsize office footprints and alternative office placement within the suite—other than along the window line.

**Real estate opportunities for law firms**
- The CBD hosts tenant-favorable conditions with ample availabilities for leverage, while Innsbrook and Glenside Broad remain landlord-favorable as of mid-2016.
- CBD landlords have been providing generous tenant improvement packages, which offset costs to redesign layouts and modernize finishes.

**Benchmarking**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000-1,500 s.f.</td>
<td>800-1,300 s.f.</td>
<td>700-900 s.f.</td>
</tr>
<tr>
<td>$60,000 per attorney</td>
<td>$45,000 per attorney</td>
<td>$40,000 per attorney</td>
</tr>
</tbody>
</table>

**Space Utilization**

- **Ideal floorplate size:** 20,000 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Interior
- **Associate workspaces:** Mix
Richmond

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>New Development</th>
<th>Renewal</th>
<th>Relocation</th>
<th>Sublet</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Term</td>
<td>10 years Term</td>
<td>10 years Term</td>
<td>5 years Term</td>
</tr>
<tr>
<td>$32.50 p.s.f.</td>
<td>$23.00 p.s.f.</td>
<td>$23.00 p.s.f.</td>
<td>$20.00 p.s.f.</td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>3.0% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>2.5% Annual escalation</td>
<td>3.0% Annual escalation</td>
</tr>
<tr>
<td>$45.00</td>
<td>0 months Concessions</td>
<td>$30.00</td>
<td>6 months Concessions</td>
</tr>
<tr>
<td>16% Efficiency gain</td>
<td>15% Efficiency gain</td>
<td>13% Efficiency gain</td>
<td>NA Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

- **CBD**
- **Innsbrook**
- **Glenside Broad**

**Completions (s.f.)**

- Preleased
- Available

**Total Vacancy (%)**

- **CBD**
- **Innsbrook**
- **Glenside Broad**

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hirschler Fleischer</td>
<td>2100 E Cary Street</td>
<td>67,334</td>
<td>Stable</td>
</tr>
<tr>
<td>Vandeventer Black</td>
<td>901 E Byrd Street</td>
<td>9,764</td>
<td>Growing</td>
</tr>
<tr>
<td>Kaufman &amp; Canoles</td>
<td>1021 E Cary Street</td>
<td>8,807</td>
<td>Stable</td>
</tr>
<tr>
<td>Vinson &amp; Elkins</td>
<td>901 E Byrd Street</td>
<td>7,701</td>
<td>Growing</td>
</tr>
</tbody>
</table>

Return to table of contents
San Diego

**Sentiment**

- **Legal Employment**
  - No
- **Rising Demand?**
  - No
- **Rising Supply?**
  - Yes
- **Rising Rents?**
  - Yes/No (CBD/suburbs)
- **Rising Concessions?**
  - No

**Outlook**

**Real Estate Challenges for Law Firms**
- Tenant build-out costs are high and law firms could face large capital expenditures beyond the tenant improvement allowance in a relocation.
- Large blocks of law firm appropriate space are largely focused in new construction with higher rental rates.

**Real Estate Opportunities for Law Firms**
- With the amount of new Class A construction coming online, landlords are likely to drop rates in older space to maintain occupancy, as the Irvine Company has already done in UTC.
- Law firms with lease expirations over the next few years will likely encounter increased landlord willingness to restructure their leases early to maintain occupancy.

**Benchmarking**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000-1,200 s.f.</td>
<td>900-1,000 s.f.</td>
<td>700-800 s.f.</td>
</tr>
<tr>
<td>$60,000 per attorney</td>
<td>$50,000 per attorney</td>
<td>$30,000 per attorney</td>
</tr>
</tbody>
</table>

**Space Utilization**

- **Ideal Floorplate Size:** 25,000 s.f.
- **Number of Attorney Office Sizes:** 2
- **Associate Placement:** Window Line
- **Associate Workspaces:** Single
San Diego

TYPICAL DEAL TERMS

NEW DEVELOPMENT

- **10 years**
  - **Term**
  - **$51.60 p.s.f.**
    - Base rent
  - **3.5%**
    - Annual escalation
  - **$70.00 | 8 months**
    - Concessions
    - Efficiency gain

RENEWAL

- **5 years**
  - **Term**
  - **$38.40/$49.20 p.s.f.**
    - Base rent (CBD/suburban)
  - **3.5%**
    - Annual escalation
  - **$30.00 | 3 months**
    - Concessions
    - Efficiency gain

RELOCATION

- **10 years**
  - **Term**
  - **$40.80/$49.80 p.s.f.**
    - Base rent (CBD/suburban)
  - **3.5%**
    - Annual escalation
  - **$60.00 | 8 months**
    - Concessions
    - Efficiency gain

SUBLET

- **3 years**
  - **Term**
  - **$30.00 p.s.f.**
    - Base rent
  - **3.0%**
    - Annual escalation
  - **$0.00 | 5 months**
    - Concessions
    - Efficiency gain

CLASS A RENT ($ p.s.f.)

- CBD
- Del Mar Hts
- UTC

- 2012: $25
- 2013: $30
- 2014: $35
- 2015: $40
- 2016: $45

COMPLETIONS (s.f.)

- **Preleased**
- **Available**

- 2016: 10,000
- 2017: 100,000
- 2018: 500,000
- 2019: 500,000

TOTAL VACANCY (%)

- CBD
- Del Mar Hts
- UTC

- 2012: 18%
- 2013: 16%
- 2014: 14%
- 2015: 12%
- 2016: 4%

LEASING ACTIVITY

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jones Day</td>
<td>4655 Executive Drive</td>
<td>63,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Dentons</td>
<td>4655 Executive Drive</td>
<td>46,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Allen Matkins</td>
<td>600 W Broadway</td>
<td>28,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Pillsbury</td>
<td>12255 El Camino Real</td>
<td>26,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Devaney Pate Morris &amp; Cameron</td>
<td>402 W Broadway</td>
<td>10,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
San Francisco

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

OUTLOOK

Real estate challenges for law firms
• Supply for law firms continues to decline as more space is converted to open/creative floor plans, including spaces returned to landlords who build creative spec suites.
• Due to the increase in law firm failures/mergers, lease securitization has become paramount with landlords requiring extended LCs and/or security deposits.

Real estate opportunities for law firms
• Credit, lease term and focus on North FiDi provide significant leverage in negotiating deal terms.
• Firms can mitigate cost of real estate by increasing efficiency or retrofitting second-generation space without triggering Title 24, California’s building standards code.

BENCHMARKING

Historic

Current

Target

Ideal floorplate size:

15,000 s.f.

Number of attorney office sizes:

2 or 3+

Associate placement:

Mix

Associate workspaces:

Single

LEGAL EMPLOYMENT

800-900 s.f.

$51,000

per attorney

750-875 s.f.

$62,000

per attorney

650-750 s.f.

$53,000

per attorney

SPACE UTILIZATION
San Francisco

Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Term</td>
<td>10 years Term</td>
<td>10 years Term</td>
<td>3-5 years Term</td>
</tr>
<tr>
<td>$65 p.s.f. NNN base rent</td>
<td>$70.00 p.s.f. Base rent</td>
<td>$73.00 p.s.f. Base rent</td>
<td>$65.00 p.s.f. Base rent</td>
</tr>
<tr>
<td>3.0% Annual escalation</td>
<td>3.0% Annual escalation</td>
<td>3.0% Annual escalation</td>
<td>3.0% Annual escalation</td>
</tr>
<tr>
<td>$75.00</td>
<td>6 months Concessions</td>
<td>$40.00</td>
<td>5 months Concessions</td>
</tr>
<tr>
<td>19% Efficiency gain</td>
<td>10% Efficiency gain</td>
<td>15% Efficiency gain</td>
<td>10% Efficiency gain</td>
</tr>
</tbody>
</table>

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>Completion (s.f.)</th>
<th>Total Vacancy (%)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheppard Mullin</td>
<td>4 Embarcadero Center</td>
<td>65,234</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Sidley Austin</td>
<td>555 California Street</td>
<td>52,660</td>
<td>Stable</td>
</tr>
<tr>
<td>Seyfarth Shaw</td>
<td>560 Mission Street</td>
<td>49,695</td>
<td>Stable</td>
</tr>
<tr>
<td>Lief Cabraser</td>
<td>275 Battery Street</td>
<td>45,102</td>
<td>Growing</td>
</tr>
<tr>
<td>Severson &amp; Werson</td>
<td>1 Embarcadero Center</td>
<td>41,580</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Leasing Activity

Return to table of contents
**Seattle-Bellevue**

**SENTIMENT**

- **LEGAL EMPLOYMENT**
  - Rising DEMAND?
  - Rising SUPPLY?
  - Rising RENTS?
  - Rising CONCESSIONS?

**OUTLOOK**

**Real estate challenges for law firms**
- Vacancy has dropped to single-digits and given landlords the leverage to significantly increase rents.
- Due to a lack of available creative space in smaller tech submarkets, high-tech companies are increasingly migrating to the CBD, which means competition for premier space is fierce.

**Real estate opportunities for law firms**
- 3.3 million square feet of Class A product is under construction in the Seattle and Bellevue CBDs, so law firms will soon have ample opportunity to acquire premier space.
- The flight to quality trend should create some blocks of available space in high-quality second-generation buildings.
- Many firms are rightsizing, creating built-out space opportunities for other firms seeking cost-effective subleases.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>750-900 s.f.</td>
<td>600-750 s.f.</td>
</tr>
<tr>
<td>$28,000 per attorney</td>
<td>$35,000 per attorney</td>
<td>$28,000 per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

- **Ideal floorplate size:** 17,500 s.f.
- **Number of attorney office sizes:** 2
- **Associate placement:** Mix
- **Associate workspaces:** Mix
Seattle-Bellevue

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>New Development</th>
<th>Renewal</th>
<th>Relocation</th>
<th>Sublet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10 years</strong></td>
<td>6 years</td>
<td>6 years</td>
<td>4 years</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
</tr>
<tr>
<td><strong>$50.00 p.s.f.</strong></td>
<td><strong>$42.50 p.s.f.</strong></td>
<td><strong>$45.00 p.s.f.</strong></td>
<td><strong>$31.00 p.s.f.</strong></td>
</tr>
<tr>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
</tr>
<tr>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
</tr>
<tr>
<td>**$90.00</td>
<td>4 months**</td>
<td>**$25.00</td>
<td>3 months**</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
</tr>
<tr>
<td><strong>0%</strong></td>
<td><strong>10%</strong></td>
<td><strong>20%</strong></td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

![Graph showing rent trends for Seattle CBD, Bellevue CBD, and Belltown/Denny Regrade.]

**Completions (s.f.)**

![Graph showing completions for 2016 and 2017.]

**Total Vacancy (%)**

![Graph showing vacancy rates for Seattle CBD, Bellevue CBD, and Belltown/Denny Regrade.]

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis Wright Tremaine</td>
<td>505 Madison Street</td>
<td>188,500</td>
<td>Stable</td>
</tr>
<tr>
<td>Williams Kastner</td>
<td>601 Union Street</td>
<td>44,562</td>
<td>Stable</td>
</tr>
<tr>
<td>Robinson Tait</td>
<td>901 5th Avenue</td>
<td>20,218</td>
<td>Stable</td>
</tr>
<tr>
<td>Oles Morrison</td>
<td>701 Pike Street</td>
<td>15,322</td>
<td>Shrinking</td>
</tr>
</tbody>
</table>
Silicon Valley

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

yes  yes  yes  no

OUTLOOK

Real estate challenges for law firms

• Tech companies and VC firms are actively seeking similar quality space, creating a competitive leasing environment in favor of landlords.
• Existing Class A space is in very short supply and leaves larger law firms with few existing options in addition to heightened asking rents.

Real estate opportunities for law firms

• Upcoming proposed developments close to entitlement will provide prime Class A space options that firms can configure from the ground up.
• The consolidation of some firms into smaller, efficient offices will allow law firm tenants in the market to lease space built out with professional services finishes, minimizing out-of-pocket build-out costs.

BENCHMARKING

Historic  Current  Target

900-1,000 s.f.  700-800 s.f.  500-600 s.f.

$60,000  $50,000  $40,000

per attorney  per attorney  per attorney

SPACES UTILIZATION

Ideal floorplate size:

30,000 s.f.

Number of attorney office sizes:

1

Associate placement:

Interior

Associate workspaces:

Single

Law firm clock

Law firm leverage

Rents peaking

Rents rising

Rents falling

Rents bottoming

Menlo Park, Palo Alto

Law firm-favorable market

Neutral market

Landlord-favorable market

2016

2017

2018

RISING DEMAND?

RISING SUPPLY?

RISING RENTS?

RISING CONCESSIONS?
Silicon Valley

Typical Deal Terms

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10-12 years</strong></td>
<td><strong>5-10 years</strong></td>
<td><strong>5-10 years</strong></td>
<td><strong>3-5 years</strong></td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
<td><strong>Term</strong></td>
</tr>
<tr>
<td><strong>$84.00-$120.00 p.s.f.</strong></td>
<td><strong>$78.00-$102.00 p.s.f.</strong></td>
<td><strong>$81.00-$114.00 p.s.f.</strong></td>
<td><strong>$66.00-$102.00 p.s.f.</strong></td>
</tr>
<tr>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
<td><strong>Base rent</strong></td>
</tr>
<tr>
<td><strong>3.0-4.0%</strong></td>
<td><strong>3.0-4.0%</strong></td>
<td><strong>3.0-4.0%</strong></td>
<td><strong>3.0-4.0%</strong></td>
</tr>
<tr>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
<td><strong>Annual escalation</strong></td>
</tr>
<tr>
<td>**$50-$65</td>
<td>9-12 months**</td>
<td>**$10-$25</td>
<td>3-6 months**</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
<td><strong>Concessions</strong></td>
</tr>
<tr>
<td><strong>10%</strong></td>
<td><strong>0%</strong></td>
<td><strong>10%</strong></td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
<td><strong>Efficiency gain</strong></td>
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</tbody>
</table>

Class A Rent ($ p.s.f.)

<table>
<thead>
<tr>
<th>COMPLETIONS (s.f.)</th>
<th>TOTAL VACANCY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menlo Park</td>
<td>Palo Alto</td>
</tr>
</tbody>
</table>

Class A Rent ($ p.s.f.)

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Hastings</td>
<td>1117 California Avenue</td>
<td>43,360</td>
<td>Stable</td>
</tr>
<tr>
<td>Kilpatrick Townsend</td>
<td>1080 Marsh Road</td>
<td>34,350</td>
<td>Stable</td>
</tr>
<tr>
<td>Kaye Scholer</td>
<td>3000 El Camino Real</td>
<td>26,080</td>
<td>Stable</td>
</tr>
<tr>
<td>Dentons</td>
<td>1530 Page Mill Road</td>
<td>21,642</td>
<td>Stable</td>
</tr>
<tr>
<td>Dorsey &amp; Whitney</td>
<td>305 Lytton Avenue</td>
<td>11,102</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Preleased | Available
St. Louis

**S E N T I M E N T**

LEGAL EMPLOYMENT | Rising DEMAND? | Rising SUPPLY? | Rising RENTS? | Rising CONCESSIONS?
---|---|---|---|---
yes | no | yes | no

**O U T L O O K**

**Real estate challenges for law firms**
- As Clayton vacancy continues to fall, space options have become limited and landlords are holding firm on rents.
- With new construction on the horizon, but still in the planning stages, large firms looking in Clayton with lease expirations in the next two years will have very few choices.

**Real estate opportunities for law firms**
- While the Clayton market remains very tight, the CBD has many large blocks of available space.
- In the CBD, aggressive landlords will offer lower rents that are approximately a 30 percent discount to rents in Clayton.

**B E N C H M A R K I N G**

**Historic**
- 900-1,000 s.f.
- $22,000 per attorney

**Current**
- 750-800 s.f.
- $18,000 per attorney

**Target**
- 650-750 s.f.
- $16,000 per attorney

**SPACE UTILIZATION**

**Ideal floorplate size:** 25,000 s.f.

**Number of attorney office sizes:** 2

**Associate placement:** Window line

**Associate workspaces:** Single
St. Louis

Typical Deal Terms

**NEW DEVELOPMENT**

- **10 years**
  - Term
  - $30.00 p.s.f.
  - Base rent
  - $0.50
  - Annual escalation
  - $45.00 | 7 months
  - Concessions
  - 10%
  - Efficiency gain

**RENEWAL**

- **5-10 years**
  - Term
  - $20.00 p.s.f.
  - Base rent
  - $0.50
  - Annual escalation
  - $15.00 | 3-5 months
  - Concessions
  - 5%
  - Efficiency gain

**RELOCATION**

- **10 years**
  - Term
  - $18.00 p.s.f.
  - Base rent
  - $0.50
  - Annual escalation
  - $45.00 | 7-10 months
  - Concessions
  - 10%
  - Efficiency gain

**SUBLET**

- **Remainder of term**
  - Term
  - $15.00 p.s.f.
  - Base rent
  - $0.50
  - Annual escalation
  - $5.00 | 7 months
  - Concessions
  - 0%
  - Efficiency gain

Class A Rent ($ p.s.f.)

- CBD
- Clayton

Completion (s.f.)

- No construction underway

Total Vacancy (%)

- CBD
- Clayton

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capes Sokol</td>
<td>7701 Forsyth Boulevard</td>
<td>12,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Thompson Coburn</td>
<td>525 W Main Street</td>
<td>12,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Chapter 13 Trustee</td>
<td>15 Sunnen Drive</td>
<td>9,200</td>
<td>Stable</td>
</tr>
<tr>
<td>SWMK Law</td>
<td>701 Market Street</td>
<td>8,200</td>
<td>Growing</td>
</tr>
<tr>
<td>Stange Law Firm</td>
<td>120 S Central Avenue</td>
<td>6,300</td>
<td>Growing</td>
</tr>
</tbody>
</table>
Tampa

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

yes  no  yes  no

OUTLOOK

Real estate challenges for law firms
- There is currently a lack of large quality blocks in law firm-concentrated submarkets available for lease.
- Rates continue to rise in top-tier buildings, forcing firms to reevaluate where they locate their offices.

Real estate opportunities for law firms
- Large availabilities remain in the suburban submarkets. These availabilities are affordable and landlords are willing to provide more concessions than in urban locations.
- Declining vacancy in law firm concentrated submarkets has the potential to open the door for a new development or redevelopment in Westshore or Tampa CBD, specifically the Feldman Equities location.

BENCHMARKING

Historic
- 700-800 s.f.
- $21,750 per attorney

Current
- 600-700 s.f.
- $18,850 per attorney

Target
- 600-700 s.f.
- $18,850 per attorney

SPACE UTILIZATION

Ideal floorplate size: 15,000 s.f.

Number of attorney office sizes: 3+

Associate placement: Window line

Associate workspaces: Single
**Tampa**

### Typical Deal Terms

#### New Development
- **10 years**
  - **Term**
  - **$36.00-$38.00 p.s.f.**
  - **3.0%**
  - **Annual escalation**
  - **$40.00 | 5 months**
  - **Concessions**
  - **0%**
  - **Efficiency gain**

#### Renewal
- **10 years**
  - **Term**
  - **$29.00 p.s.f.**
  - **2.5%**
  - **Annual escalation**
  - **$25.00 | 6 months**
  - **Concessions**
  - **0%**
  - **Efficiency gain**

#### Relocation
- **10 years**
  - **Term**
  - **$30.00 p.s.f.**
  - **2.5%**
  - **Annual escalation**
  - **$35.00 | 8 months**
  - **Concessions**
  - **0%**
  - **Efficiency gain**

#### Sublet
- **10 years**
  - **Term**
  - **$20.00 p.s.f.**
  - **3.0%**
  - **Annual escalation**
  - **$0.00 | 6 months**
  - **Concessions**
  - **0%**
  - **Efficiency gain**

### Class A Rent ($ p.s.f.)

#### Completions (s.f.)

#### Total Vacancy (%)

### Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bradley Arant</td>
<td>100 N Tampa Street</td>
<td>22,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Hinshaw &amp; Culbertson</td>
<td>100 S Ashley Drive</td>
<td>16,000</td>
<td>Stable</td>
</tr>
<tr>
<td>La Cava &amp; Jacobson</td>
<td>501 E Kennedy Boulevard</td>
<td>14,500</td>
<td>Stable</td>
</tr>
<tr>
<td>Squire Patton Boggs</td>
<td>201 N Franklin Street</td>
<td>12,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Brock &amp; Scott</td>
<td>4919 Memorial Highway</td>
<td>12,000</td>
<td>Growing</td>
</tr>
</tbody>
</table>

No construction underway
Washington, DC

**SENTIMENT**

<table>
<thead>
<tr>
<th>LEGAL EMPLOYMENT</th>
<th>Rising DEMAND?</th>
<th>Rising SUPPLY?</th>
<th>Rising RENTS?</th>
<th>Rising CONCESSIONS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>no</strong></td>
<td><strong>yes</strong></td>
<td><strong>no</strong></td>
<td><strong>yes</strong></td>
<td></td>
</tr>
</tbody>
</table>

**OUTLOOK**

Real estate challenges for law firms

- Subleasing excess space, particularly when space is traditionally build-out and priced above $50 full-service, remains challenging.
- With the upcoming election and stall in legislation and lobbying activity, local business growth opportunities will remain limited compared to historical norms.

Real estate opportunities for law firms

- The lack of mid-sized and large lease expirations through 2019 is limiting competition in the near-term.
- The recent ramp up in redevelopment construction activity in the CBD and new construction in the East End (Capitol Crossing) will dramatically increase space options for firms over the next 36 months and lead to an oversupplied market, causing Trophy rents to fall.

**BENCHMARKING**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,100 s.f.</td>
<td>700-850 s.f.</td>
<td>550-650 s.f.</td>
</tr>
<tr>
<td>$80,000 per attorney</td>
<td>$65,000 per attorney</td>
<td>$50,000 per attorney</td>
</tr>
</tbody>
</table>

**SPACE UTILIZATION**

Ideal floorplate size: 25,000 s.f.

Number of attorney office sizes: 2 or 3+

Associate placement: Window line

Associate workspaces: Single
Washington, DC

Typical Deal Terms

- **NEW DEVELOPMENT**
  - 15 years Term
  - $80.00 p.s.f.
  - 2.5% Annual escalation
  - $120.00 | 14 months Concessions
  - 24% Efficiency gain

- **RENEWAL**
  - 10 years Term
  - $69.00 p.s.f.
  - 2.5% Annual escalation
  - $95.00 | 9 months Concessions
  - 14% Efficiency gain

- **RELOCATION**
  - 12 years Term
  - $72.00 p.s.f.
  - 2.5% Annual escalation
  - $105.00 | 12 months Concessions
  - 20% Efficiency gain

- **SUBLET**
  - 5 years Term
  - $46.00 p.s.f.
  - 3.0% Annual escalation
  - $10.00 | 6 months Concessions
  - 0% Efficiency gain

Class A Rent ($ p.s.f.)

- Capitol Hill
- CBD
- East End

Completions (s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Preleased</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Vacancy (%)

- Capitol Hill
- CBD
- East End

Leasing Activity

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Hastings</td>
<td>2050 M Street NW</td>
<td>100,000</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Paul Weiss</td>
<td>2001 K Street NW</td>
<td>62,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Clark Hill</td>
<td>1001 Pennsylvania Avenue NW</td>
<td>39,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Davis Polk</td>
<td>901 15th Street NW</td>
<td>35,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Banner &amp; Witcoff</td>
<td>1100 13th Street NW</td>
<td>34,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Westchester County

SENTIMENT

LEGAL EMPLOYMENT  Rising DEMAND?  Rising SUPPLY?  Rising RENTS?  Rising CONCESSIONS?

no  yes  no  yes

OUTLOOK

Real estate challenges for law firms

- Recruiting top talent into Westchester from New York City will remain problematic if proposed mixed-use developments promoting the “live-work-play” lifestyle do not break ground.

Real estate opportunities for law firms

- Law firms will continue to seek and find more efficient, cost-effective space in the White Plains CBD.
- Tenant-favorable conditions provide leverage for existing firms to negotiate ideal terms for lease renewals.

BENCHMARKING

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>750-775 s.f.</td>
<td>400-500 s.f.</td>
</tr>
<tr>
<td>$30,000 per attorney</td>
<td>$35,000 per attorney</td>
<td>$25,000 per attorney</td>
</tr>
</tbody>
</table>

SPACE UTILIZATION

Ideal floorplate size: 23,500 s.f.

Number of attorney office sizes: 2

Associate placement: Window line

Associate workspaces: Single
Westchester County

TYPICAL DEAL TERMS

NEW DEVELOPMENT
11 years
Term
$48.00 p.s.f.
Base rent
2.5%
Annual escalation
$65.00 | 12 months
Concessions
NA
Efficiency gain

RENEWAL
10 years
Term
$30.00 p.s.f.
Base rent
3.0%
Annual escalation
$45.00 | 10 months
Concessions
11%
Efficiency gain

RELOCATION
11 years
Term
$28.00 p.s.f.
Base rent
3.0%
Annual escalation
$65.00 | 12 months
Concessions
5%
Efficiency gain

SUBLET
5.5 years
Term
$25.00 p.s.f.
Base rent
3.0%
Annual escalation
$20.00 | 7 months
Concessions
5%
Efficiency gain

CLASS A RENT ($ p.s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Keane &amp; Beane</th>
<th>Kurzman Eisenberg Corbin &amp; Lever</th>
<th>Cuddy &amp; Feder</th>
<th>Leason Ellis</th>
<th>Fredman Baken &amp; Kosan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$33.00</td>
<td>$33.00</td>
<td>$31.00</td>
<td>$31.00</td>
<td>$29.00</td>
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<td>2013</td>
<td>$32.00</td>
<td>$32.00</td>
<td>$30.00</td>
<td>$30.00</td>
<td>$28.00</td>
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<tr>
<td>2014</td>
<td>$31.00</td>
<td>$31.00</td>
<td>$29.00</td>
<td>$29.00</td>
<td>$26.00</td>
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<tr>
<td>2015</td>
<td>$30.00</td>
<td>$30.00</td>
<td>$28.00</td>
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<tr>
<td>2016</td>
<td>$29.00</td>
<td>$29.00</td>
<td>$27.00</td>
<td>$27.00</td>
<td>$24.00</td>
</tr>
</tbody>
</table>

COMPLETIONS (s.f.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Keane &amp; Beane</th>
<th>Kurzman Eisenberg Corbin &amp; Lever</th>
<th>Cuddy &amp; Feder</th>
<th>Leason Ellis</th>
<th>Fredman Baken &amp; Kosan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>111</td>
<td>120</td>
<td>100</td>
<td>100</td>
<td>99</td>
</tr>
<tr>
<td>2017</td>
<td>112</td>
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<tr>
<td>2018</td>
<td>113</td>
<td>122</td>
<td>102</td>
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<tr>
<td>2019</td>
<td>114</td>
<td>123</td>
<td>103</td>
<td>103</td>
<td>102</td>
</tr>
</tbody>
</table>

TOTAL VACANCY (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Keane &amp; Beane</th>
<th>Kurzman Eisenberg Corbin &amp; Lever</th>
<th>Cuddy &amp; Feder</th>
<th>Leason Ellis</th>
<th>Fredman Baken &amp; Kosan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11%</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>2013</td>
<td>12%</td>
<td>21%</td>
<td>11%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>13%</td>
<td>22%</td>
<td>12%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>2015</td>
<td>14%</td>
<td>23%</td>
<td>13%</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>2016</td>
<td>15%</td>
<td>24%</td>
<td>14%</td>
<td>14%</td>
<td>9%</td>
</tr>
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</table>

LEASING ACTIVITY

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Occupancy growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keane &amp; Beane</td>
<td>445 Hamilton Avenue</td>
<td>26,356</td>
<td>Stable</td>
</tr>
<tr>
<td>Kurzman Eisenberg Corbin &amp; Lever</td>
<td>1 N Broadway</td>
<td>25,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Cuddy &amp; Feder</td>
<td>445 Hamilton Avenue</td>
<td>22,614</td>
<td>Stable</td>
</tr>
<tr>
<td>Leason Ellis</td>
<td>1 Barker Avenue</td>
<td>13,042</td>
<td>Shrinking</td>
</tr>
<tr>
<td>Fredman Baken &amp; Kosan</td>
<td>333 Westchester Avenue</td>
<td>8,000</td>
<td>Stable</td>
</tr>
</tbody>
</table>

No construction underway

White Plains CBD

Return to table of contents
West Palm Beach

**Sentiment**

- **Yes** for Legal Employment
- **No** for Rising Demand
- **Yes** for Rising Supply
- **No** for Rising Rents
- **No** for Rising Concessions

**Outlook**

**Real Estate Challenges for Law Firms**
- Prominent law firms coming up on renewals during the next few years have a lack of options for a lateral relocation as occupancy within Trophy assets currently sits at 92.6 percent.
- Further, as rates within Trophy assets continue to rise above peak levels the premium for Trophy space is now averaging more than $16.00 per square foot (a 45.3 percent premium) at $54.08 per square foot.

**Real Estate Opportunities for Law Firms**
- With four of the ten Florida law schools located in South Florida, firms have a strong workforce to hire as the population and demand for attorneys in the area grows.
- Local law firms can find cost savings by relocating to tier II Class A buildings due to the large delta between that set and the Trophy assets.

**Benchmarking**

<table>
<thead>
<tr>
<th>Historic</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>900-1,000 s.f.</td>
<td>600-700 s.f.</td>
<td>500-600 s.f.</td>
</tr>
<tr>
<td>$33,000 per attorney</td>
<td>$22,000 per attorney</td>
<td>$19,000 per attorney</td>
</tr>
</tbody>
</table>

**Space Utilization**

- **Ideal Floorplate Size:** 15,000 s.f.
- **Number of Attorney Office Sizes:** 2
- **Associate Placement:** Window Line
- **Associate Workspaces:** Single
West Palm Beach

**Typical Deal Terms**

<table>
<thead>
<tr>
<th>NEW DEVELOPMENT</th>
<th>RENEWAL</th>
<th>RELOCATION</th>
<th>SUBLET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10 years</strong></td>
<td><strong>5 years</strong></td>
<td><strong>10 years</strong></td>
<td><strong>2-5 years</strong></td>
</tr>
<tr>
<td>Term</td>
<td>Term</td>
<td>Term</td>
<td>Term</td>
</tr>
<tr>
<td>$40.00-$45.00 p.s.f.</td>
<td>$35.00 p.s.f.</td>
<td>$33.00 p.s.f.</td>
<td>$30.00 p.s.f.</td>
</tr>
<tr>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
<td>Base rent</td>
</tr>
<tr>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
<td>Annual escalation</td>
</tr>
<tr>
<td>$50.00</td>
<td>6 months</td>
<td>$20.00</td>
<td>3 months</td>
</tr>
<tr>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
<td>Concessions</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
<td>Efficiency gain</td>
</tr>
</tbody>
</table>

**Class A Rent ($ p.s.f.)**

- Downtown Trophy
- Downtown Class A

<table>
<thead>
<tr>
<th>Completion (s.f.)</th>
<th>Total Vacancy (%)</th>
</tr>
</thead>
</table>

- Preleased
- Available

**No construction underway**

**Leasing Activity**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Address</th>
<th>Size (s.f.)</th>
<th>Growth trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanner &amp; Pintaluga</td>
<td>925 S Federal Highway</td>
<td>56,800</td>
<td>Growing</td>
</tr>
<tr>
<td>Greenspoon Marder</td>
<td>525 Okeechobee Boulevard</td>
<td>15,000</td>
<td>Growing</td>
</tr>
<tr>
<td>Gladstone &amp; Weissman</td>
<td>101 N Federal Highway</td>
<td>6,800</td>
<td>Growing</td>
</tr>
</tbody>
</table>
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About JLL Law Firm Group

The JLL Law Firm Group provides strategic and innovative real estate solutions tailored to meet the unique operational and financial objectives of law firms. Our multi-disciplinary senior-level team has deep experience working both in and with law firms, and has a proven track record of consensus-building. Our global expertise coupled with local market knowledge enable us to work with firms of all sizes and ensure you are proactively dealing with the ever-changing real estate and economic markets.

About JLL Research

JLL’s research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today’s commercial real estate dynamics and identify tomorrow’s challenges and opportunities. Our more than 450 global research professionals track and analyze economic and property trends and forecast future conditions in over 65 countries, producing unrivaled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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