In the era of COVID-19, the legal workplace is on the cusp of major transformation. Trends that predate the pandemic have been accelerated by new ways of working and greater cause for change. The legal work environment of the future will need to balance competing desires for mobility, collaboration, privacy and flexibility.
Executive Summary

• Pre-COVID law firm space-efficiency targets of 500 to 700 sq. ft. per attorney have been greatly reduced.

• A recent CBRE survey of more than 180 law firm clients found that 72% believe all of their attorneys and staff will have a degree of flexibility to work remotely, even beyond the pandemic.

• 75% of our survey respondents would consider a mobility strategy for attorneys to share space (“free address” occupancy strategies) rather than having dedicated offices, if they work remotely two to three days per week.

• 58% predict that three years from now, COVID-19 will have had a significant impact on the future workplace.

“Law firms will not permanently abandon office space in favor of remote working,” says Todd Lippman, Vice Chairman of CBRE’s Law Firm Practice Group. “While some degree of remote working will take place, law firms will need to keep a culture that facilitates physical interaction and mentoring.”
Introduction

2020 has certainly been a year of great challenges, but in a testament to the resilience of the human spirit it has also been a year of great innovation. Global shelter-in-place orders forced a reckoning between the legal industry and its long-held biases against the efficacy of remote work. While most found themselves equal to the task of adapting to the rhythms of virtual workflows, new questions have arisen surrounding the long-term sustainability of remote working practices and the future of the office.

CBRE’s Law Firm Practice Group (LFPG) recently surveyed 188 partners, associates and executives from 149 firms and organizations (Figures 1 and 2). Participants were asked to answer three questions on topics related to remote working, mobile occupancy strategies and the impact of COVID-19 on the future workplace. The following provides a summary of our survey findings, as well as highlights of the virtual roundtable discussion among the participants.

1Source footnotes for each chart referenced in this report include the number of survey respondents who agreed to answer.
Acceleration of Pre-Existing Trends

ESTABLISHING CONTEXT

Law firms have historically been much less efficient with their real estate than their corporate peers. Allocations of 800, 900, even 1,000 sq. ft. per attorney were not uncommon, which is approximately double the amount of space occupied per person in any other industry (Figure 3). The prevailing sentiment pre-COVID was that although law firms should not strive to look like a technology company, certainly more could be done to drive space efficiency. Over the past decade, the legal industry moved toward greater consolidation and the target metric was reduced to roughly 500 to 700 sq. ft. per attorney.

FIGURE 3. INDUSTRY COMPARISON OF EFFICIENCY METRICS

Law firms are now defining new efficiency standards in four major key areas:

- **Office Sizes.** The palatial-like partner offices of past years have been reduced to 225 or 180 sq. ft. for partners, and 150 or 120 sq. ft. for associates. This still provides enough room for functional furniture and guest chairs in a more practical layout. Equally importantly, most firms embraced fewer office standards or universal office sizes.

- **Held Vacancy.** Law firms have reduced the amount of vacant space that they have traditionally held from 30% to as little as 5% based on more realistic growth expectations and reduced office standards (i.e., one or two office sizes). When space is uniformly allocated, it is easier to accommodate workforce fluctuations for new hires and promotions.

- **Staff and Secretarial Ratios.** Many firms are reevaluating their support staff and secretarial ratios to align with modern-day needs. Firms that historically operated with a 2-to-1 attorney-to-staff ratio have raised it to 5-to-1, and in many cases adopted more centralized support models.

- **File Storage.** Digitization has allowed firms to move files to lower-cost off-site storage and/or eliminate large amounts of physical files altogether. Legal libraries are also being repurposed into work lounges and other amenities.

Source: CBRE Workplace Benchmarks, 2008-2020
The World’s Largest Work-From-Home Experiment

NEW WAYS OF WORKING

The legal industry has long favored an in-office culture – one that fosters apprenticeship, ensures easy access to people and resources and manages time and productivity through presence. Although most lawyers worked from home on nights and weekends, the pre-COVID status quo demanded heavy in-office attendance during core business hours.

The impact of COVID-19 on the legal industry’s acceptance of working away from the office cannot be understated. **72% of our survey respondents predict that all of their attorneys and staff will have the flexibility to work remotely**, even beyond the pandemic (Figure 4). Another 23% agreed that some combination of attorney and staff roles would have remote working flexibility. While 5% were unsure, none of our respondents said that nobody would work remotely in the future.

The primary concern for those who remain wary of remote working is how to measure productivity when employees are out of sight. Emily Neff, Southeast Region Lead of CBRE’s Workplace Practice, shares her perspective: “I don’t think attendance is a meaningful hallmark of productivity, so I would reason that productivity in a work-from-home scenario is actually not that different than measuring an in-office scenario.” Common measures of productivity may include revenue, market share, or hours billed, as well as less direct measures that may look at talent retention or engagement. Regardless, Neff advises that “the best way to measure productivity will vary by firm. Organizations will need to understand their business priorities to face this challenge honestly.”

“The past several months have proved that remote working can be productive,” says Kasey Garcia, Southwest Region Lead for CBRE’s Workplace Practice. “It would be exceedingly difficult for law firms to convince employees to revert to full-time work from the office now that they have experienced remote working.”

**FIGURE 4.**
POST-COVID, WHICH FUNCTIONS/DEPARTMENTS WITHIN YOUR FIRM DO YOU IMAGINE WILL HAVE SOME DEGREE OF REMOTE WORKING FLEXIBILITY?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners Only</td>
<td>2%</td>
</tr>
<tr>
<td>Attorneys Only</td>
<td>7%</td>
</tr>
<tr>
<td>All Except Legal Support Staff</td>
<td>9%</td>
</tr>
<tr>
<td>All Attorneys &amp; Staff</td>
<td>72%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>Unsure</td>
<td>5%</td>
</tr>
</tbody>
</table>

Mobile Occupancy Strategies

CHALLENGING ASSUMPTIONS

Following the decision to embrace remote working, the question of how space should be occupied looms large. The traditional occupancy model is fully assigned, in which every attorney and staff employee is provided their own office, workstation or desk. An increase in remote working makes this model less efficient. In a scenario where employees average two days per week working remotely an average of 40% of total office space would be vacant on any given day. Occupiers should exercise caution, however, before assuming that this equates to an opportunity for 40% space reduction or that this diminishes the importance of the office overall.

Although far from contemplating the elimination of the workplace altogether, many law firms are looking to prevent underutilization of their space and are exploring mobile occupancy strategies as an alternative to traditional 1-to-1 assigned seating. Mobile occupancy strategies are based on a concept called “free address”—simply meaning unassigned seating—and there are two versions that are commonly considered: “hoteling” and “activity-based working”. These terms are often erroneously used interchangeably, but they are very different in execution.

“Working from home has presented many moments of satisfaction, but there are also many aspects of the workplace that we miss dearly,” says Emily Neff, Southeast Region Lead of CBRE’s Workplace Practice. “Team connectivity, community and face-to-face collaboration are the things that will draw people back to the office on the other side of this pandemic.”
Hoteling is usually limited to a behavioral change, rather than a space change. Typically, hoteling takes the concept of “free address” and applies it to existing offices and workstations in the workplace. For example, Figure 5 illustrates 10 interior offices from the current state floorplan that have been highlighted and designated as hoteling offices, meaning that anyone participating in hoteling may use these offices when they visit. This is an attractive option for law firms that want to experiment with mobility but have several years left on their lease and don’t have the luxury of moving or significantly renovating their space.

There are several reasons hoteling is not recommended as a long-term strategy:

• Hoteling spaces tend to be the least desirable because they’re usually internal or smaller than non-hoteling offices, given that firms prefer to reserve the window line and larger offices for employees who will be there most frequently. This demotivates hoteling employees to work on-site and can cause remote working to become an unintended default.

• Apart from the hoteling offices, there are few spaces available for hoteling employees to work while on-site. Law firms typically under-allocate collaboration spaces and amenities, so when the capacity on a floor is increased via hoteling it puts further stress on those ancillary spaces that are already scarce.

• Lastly, hoteling is barely more efficient than the status quo and contraction may only be possible at scale.

Activity-based working (or ABW) by contrast is both a behavioral change and a space change. The floorplan on the far right in Figure 5 shows what an ABW layout might look like at a law firm. Features include:

- All offices are available to those participating in free address, not just the interior ones.
- Workstations are better positioned on the window line.
- Collaboration space allocation is tripled.
- The break area is enlarged and prominently displayed.
- Space savings are immediately apparent.

“Few firms have built new space since COVID hit, so there is not yet a consensus on the best way to implement activity-based working in a law firm environment,” says Steve Bay, Vice Chairman of CBRE’s Law Firm Practice Group. “We do know though that there will not be a one-size-fits-all approach. I think the law firms that do this most successfully will incorporate flexibility in their design.”
As a simplified example of the downstream implications, if a law firm allocates space at 800 sq. ft. per attorney today and were to implement ABW for 25% to 50% of its employees, it could reduce its total space footprint by 15% to 30%. When translated to rent savings, this can range from several hundred thousand to millions of dollars on an annual basis.

The exact amount of savings depends on several factors, according to Todd Lippman, Vice Chairman of CBRE’s Law Firm Practice Group. “These include the ability to transform offices into fewer standards and smaller sizes, the allocation of collaboration space in alignment with best practices and the resultant decrease in capital expenses or investment in technology that supports mobility.” An initial capital investment is often required to execute ABW correctly. The composition of an ABW office is fundamentally different from traditional law firm allocations. Still, the short-term CapEx spend is usually outweighed by the long-term OpEx savings. And most importantly, the workplace will be better suited for the new reality of mobile and flexible on-site work by providing a diverse ecosystem of spaces.

In the pre-COVID legal world, free address occupancy models were considered radical approaches, but our recent survey shows that **75% would consider a mobility strategy** if attorneys work from home two or three days per week (Figure 6). Only 2% of respondents would never consider sharing space and another 3% conservatively say that their threshold for moving away from dedicated offices would be full-time remote working. Interestingly, 15% of survey respondents are not sure, which suggests that there may be further trend evolution over the next 12 months as firms continue to learn and determine the appropriate path forward.

![Figure 6](https://example.com/figure6.png)
Long-term Impact of COVID-19

THE BIG PICTURE

The long-term impact of COVID-19 on the workplace is yet to be fully understood, and there are many predictions across industries and geographies. What is known for certain is that this pandemic has prompted firms to reconsider the future of the office and the attributes of a work environment that make work more productive and enjoyable. Some 58% of our survey respondents predict a significant impact from COVID-19 on the workplace even three years from now (Figure 7). Another 33% believe the impact will be minimal.

Regardless of the outcome, “every law firm should be exploring new possibilities right now,” says Kasey Garcia, Southwest Region Lead of CBRE’s Workplace Practice. Indeed, most are demonstrating deeper capacity for introspection and change. As CBRE’s survey reveals, law firms are more open than ever to remote working and unassigned seating strategies. “Set aside what you think you know and turn to research for guidance,” Garcia advises. “If you’re not learning from these unique circumstances, you’re missing an opportunity and risk falling behind.”

CBRE believes that the future function of the office will shift away from traditional work processes and oversight to more collaborative, educational and social needs of a growing hybrid workforce. Real estate and occupancy strategies will continue to evolve, as they have always done, but now within a broader definition of workplace—one that is not constrained by four walls but that can exist almost anywhere. For many, the amount of time spent in the office may never return to pre-COVID levels, as attorneys and staff have not only embraced remote working but have become accustomed to the autonomy that comes with it. However, with a renewed focus on quality of both the workplace experience and design, it is clear that the role of the office as a destination for employees is still important for companies to maintain.

“The key to any lease is to have flexibility,” says Lippman. “In this environment of constant change and lingering uncertainty, occupiers need to build in flexibility to expand or contract if they are going to make a long-term real estate decision.”

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