

North America Research Report

LAW FIRM SERVICES

2020 NORTH AMERICA OUTLOOK



Accelerating success.

Introduction

In this report, we present our annual review and outlook for the law firm sector in North America. In addition to examining the overarching themes and developments in real estate performance and law firms' real estate strategy, we analyze local market conditions in 24 key legal sector locations across the U.S. and Canada.

The COVID-19 pandemic is driving a reassessment of commercial real estate fundamentals and the nature of space usage. The potential ramifications are examined below.

COVID-19 and Law Firm Real Estate Strategy

The last few years have seen many law firms experiment with finding the optimum space solution for their needs, based on their strategic workplace solutions plan rather than experimenting with trends. Law firms continue to fight for talent, further their brand strategy and consider their long-term succession strategy. Their office space can have a substantial impact to all of these and more.

Additionally, law firms are focusing on their bottom line and this has encouraged firms — especially those coming out of long-term leases in outdated spaces — to consider being more efficient with their space. A meaningful reduction in square footage can more than offset the capital cost of building out new space while allowing firms to enhance their brand and compete for talent. While renewals are also in vogue, the current wave of office development has provided opportunities for firms looking to put a new real estate strategy into place.

Future trends in space occupancy and real estate strategy are being cast in a new light as the COVID-19 pandemic impacts all areas of business operations. The most lasting impact could come from firms reassessing their space needs and the flexibility of their lease agreements. While many real estate sectors will surely incorporate more aggressive work from home strategies, the jury is still out on whether the legal sector's business functions can be run successfully through remote working.

Additionally, law firms could move to a more distributed labor strategy, rather than locating all functions in one central office, and consider greater investment in artificial intelligence (AI) to undertake routine tasks.

Whatever the outcome, working from home and remote locations should definitely be considered as part of any operation's plan and should become more prevalent than in the pre-pandemic picture. Firms will need to find solutions that best drive productivity in these circumstances, which suggests that greater investment in technology — both hardware and software — will be required. Connectivity and continuity are key.

With the general expectation that it could take 12 to 18 months to develop a COVID-19 vaccine, how will businesses operate in the interim and how much capital will firms outlay to modify their space? If social distancing continues for the longer term, it raises considerable questions for space utilization and premises location.

Office Market Performance and Prospects

The U.S. office market posted another positive year in 2019, with healthy demand, rising rents and a record low vacancy rate. Net absorption in 2019 was a solid 46.9 million square feet, with the greatest occupancy gains driven by the tech sector. Class A downtown asking rents rose by 3.8% year over year to \$50.13 per square foot. The national office vacancy rate reached an all-time low of 11.4% in Q3 2019, where it remained for the rest of the year.

While the volume of office space under construction — at 161.1 million square feet — has reached an all-time high, a significant proportion of this space is already pre-committed. New supply added to the market in 2019 totaled 64.8 million square feet, up by 8% year over year.

U.S. data for Q1 2020 shows a modest uptick in vacancy and a drop in net absorption. The impact of COVID-19 on the office market will become clearer once the second quarter draws to a close. Leasing decisions are being put on hold and absorption may turn negative as firms look to shed space. Rental growth should cease, but the potential for any downward repricing will depend upon the length and severity of the pandemic and economic slowdown.



Trends Across the Leading Law Firm Markets

Later in this report we focus on the office landscape and law firm activity in the 24 North American markets represented by Colliers' Law Firm Services Group. The focus of this analysis is on each metro's downtown office market (where the majority of law firms are located). Ahead of this analysis, we will compare and contrast trends across those markets

At the beginning of 2020, Class A office rents ranged from \$22.56 per square foot in Birmingham to \$93 per square foot in San Francisco. The average rent across the 24 markets is \$42.13 per square foot, with three markets at or above \$60 per square foot: Manhattan, Downtown San Francisco and the San Francisco Peninsula. Seven other markets have rents higher than the average: Chicago, Fairfield County, Houston, Los Angeles, South Florida, Toronto and Vancouver.

While the overall pace of rent appreciation is slowing, the vast majority of the markets — 18 in total — showed further rent gains in 2019. The only markets to see a downturn in rents were Fairfield County and Westchester County.

Vacancy rates are leveling off, with half of the markets showing no change in 2019. Vacancy rose in six markets: Atlanta, Fairfield County, Long Island, Los Angeles, San Diego and the San Francisco Peninsula.

Average vacancy across the markets surveyed was 11% in Q4 2019, below the U.S. national rate of 11.4%. The lowest downtown vacancy rates, by far, are in the Canadian markets — a mere 1.1% in Toronto and 1.9% in Vancouver. 10 other markets have vacancy rates lower than 10%, led by Manhattan, Nashville and San Francisco. Downtown Dallas has the highest vacancy rate at 23.5%. Two other markets have vacancy of 20% or more — Houston and Los Angeles.

North American Office Markets: Q4 2019

MARKET	STATE	CLASS A DOWNTOWN ASKING RENT	DOWNTOWN VACANCY RATE %	MARKET SENTIMENT	LAW FIRMS SEEKING NEW SPACE (3)
Atlanta	GA	\$37.60 ▲	12.6% ▲	Tenants' Market	Static 🟡
Birmingham	AL	\$22.56 ▲	6.8% 🟡	Tenants' Market	Static 🟡
Chicago	IL	\$48.81 ▲	12.3% 🟡	Landlords' Market	Static 🟡
Dallas	TX	\$27.87 ▲	23.5% 🟡	Tenants' Market	Expanding ▲
Denver	CO	\$35.98 🟡	12.4% 🟡	Equal Footing	Static 🟡
Detroit	MI	\$27.97 ▲	8.2% 🟡	Landlords' Market	Static 🟡
Fairfield County (4)	CT	\$44.01 ▼	17.3% ▲	Tenants' Market	Static 🟡
Houston	TX	\$45.67 🟡	22.0% ▼	Tenants' Market	Static 🟡
Long Island (4)	NY	\$30.20 🟡	7.2% ▲	Landlords' Market	Static 🟡
Los Angeles	CA	\$46.69 ▲	20.2% ▲	Tenants' Market	Static 🟡
Manhattan	NY	\$84.79 ▲	5.4% 🟡	Equal Footing	Static 🟡
Milwaukee	WI	\$24.21 ▲	8.9% ▼	Tenants' Market	Static 🟡
Nashville	TN	\$34.45 ▲	5.6% 🟡	Tenants' Market	Expanding ▲
Northern New Jersey (4)	NJ	\$32.35 ▲	14.6% 🟡	Tenants' Market	Declining ▼
Philadelphia	PA	\$33.76 ▲	9.7% ▼	Landlords' Market	Static 🟡
Pittsburgh	PA	\$30.22 🟡	13.9% 🟡	Landlords' Market	Static 🟡
Salt Lake City	UT	\$31.07 ▲	11.8% ▼	Landlords' Market	Declining ▼
San Diego	CA	\$37.08 ▲	14.7% ▲	Equal Footing	Static 🟡
San Francisco	CA	\$93.00 ▲	4.5% ▼	Landlords' Market	Static 🟡
SF Peninsula (Redwood City) (4)	CA	\$67.81 ▲	7.3% ▲	Landlords' Market	Static 🟡
South Florida	FL	\$46.72 ▲	10.8% 🟡	Equal Footing	Static 🟡
Toronto (5)	ON	\$44.35 ▲	1.1% 🟡	Landlords' Market	Expanding ▲
Vancouver (5)	BC	\$46.16 ▲	1.9% ▼	Landlords' Market	Expanding ▲
Westchester County (4)	NY	\$37.69 ▼	11.0% 🟡	Tenants' Market	Static 🟡
Average of Markets		\$42.13	11.0%		

(1) Where the rent change is between -1.0% to 1.0% the direction is considered to be flat
 (2) Where the vacancy rate change is 30bps or lower the direction is considered to be flat
 (3) Change since Q4 2018

(4) These are suburban markets without a distinct Downtown submarket
 (5) Converted to USD
 Source: Colliers International

Lease Renewals Continue

Lease renewals continue to be a key factor in the law firm leasing landscape as the drive for efficiency and cost control continues. Six of the 10 largest law firm leases signed in 2019 involved tenants choosing to stay in place and renew their existing leases.

Looking at the five largest law firm leases signed in each market in 2019, all but three of the markets (Dallas, Philadelphia and Pittsburgh) included at least one renewal. Renewals accounted for three or more of the five largest 2019 law firm leases in several

major office markets including Atlanta, Los Angeles, Manhattan and San Francisco.

Manhattan accounted for four of the 10 largest law firm leases signed in 2019, including the top two. The largest new lease signed in 2019 was with Cravath, Swaine & Moore leasing 481,687 square feet at 2 Manhattan West. The largest lease renewal took place at 599 Lexington Avenue where Shearman & Sterling recommitted to 338,057 square feet.

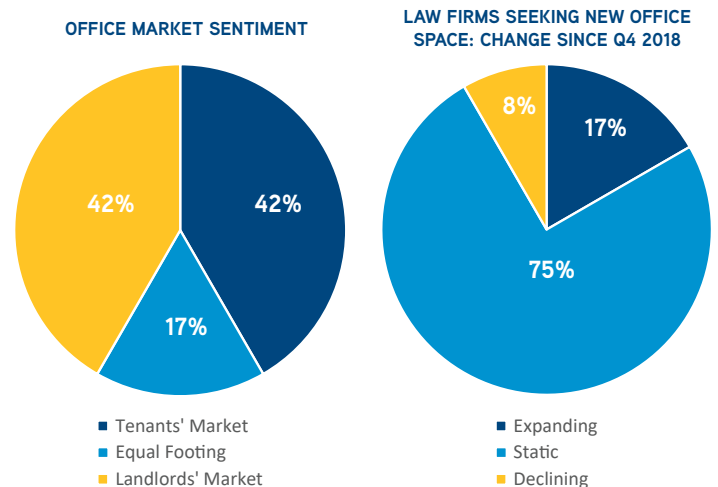
North America: 10 Largest Law Firm Leases Signed in 2019						
LAW FIRM NAME	SF LEASED	BUILDING NAME	ADDRESS	MARKET	NEW LEASE OR RENEWAL	QUARTER
Cravath Swaine & Moore	481,678	2 Manhattan West	385 9th Ave., New York, NY 10001	Manhattan	New	Q4
Shearman & Sterling	338,057	599 Lexington Ave.	599 Lexington Ave., New York, NY 10022	Manhattan	Renewal	Q4
Morgan, Lewis & Bockius LLP	305,000	2222 Market St.	2222 Market St., Philadelphia, PA	Philadelphia	New	Q4
Akin Gump Strauss & Feld	280,000	1 Bryant Park	1 Bryant Park, New York, NY 10036	Manhattan	Renewal	Q1
Pierce Bainbridge Beck Price Hecht LLP	271,000	Wells Fargo Center	355 S. Grand Ave., Los Angeles, CA	Los Angeles	New	Q1
Gibson Dunn & Crutcher	215,000	Wells Fargo Center - North Tower	333 S. Grand Ave., Los Angeles, CA	Los Angeles	Renewal	Q3
Gowlings WLG	175,327	First Canadian Place	100 King St. West, Toronto, ON M5X 1A9, Canada	Toronto	Renewal	Q1
Hunton Andrews Kurth	144,451	MetLife Building	200 Park Ave., New York, NY 10166	Manhattan	Renewal	Q1
Buchanan Ingersoll Rooney	140,000	Union Trust Building	501 Grant St., Pittsburgh, PA	Pittsburgh	New	Q4
Procopio	126,000	Procopio Tower	525 B St., San Diego CA 92101	San Diego	Renewal	Q2

A Growing Number of Law Firm Markets are Positioned in Tenants' Favor

To gain insight into market sentiment and the requirements of law firms actively seeking space to lease, we polled our Law Firm Services Group on trends in their markets prior to the outbreak of COVID-19.

42% of respondents view their market as being positioned in the landlords' favor, with another 16% reporting that landlords and tenants are on equal footing. 10 markets (42% of total) were identified as favoring tenants, with Atlanta, Dallas, Houston and Northern New Jersey among the most prominent. In our prior survey, conducted in 2018, only 25% of markets were viewed as being positioned in the tenant's favor.

In terms of law firms seeking new space, 75% of the markets reported that activity was similar to 2018. Markets where requirements were on the rise accounted for 17% of responses and 8% reported law firm activity as declining.



ATLANTA

Atlanta's office market had its strongest year of occupancy gains since 2015, with net absorption reaching almost 1.9 million square feet in 2019. While the metro vacancy rate held steady in 2019 at 15%, the downtown vacancy rate rose to 12.6%.

New rental rate records were achieved in every quarter of the year, and each submarket in Atlanta realized peak office rents. Class A rates for downtown office space in the Atlanta market stood at \$37.60 per square foot in 2019. Midtown — the premier submarket for law firms in Atlanta — not only saw the highest rental rate increase year over year at 14%, but also is the first submarket in Atlanta's history to have an average Class A rent top \$40 per square foot.

In Atlanta, law firm activity has mostly centered around renewing existing leases, with little to no change in space occupied. However, many larger firms located in Class A buildings with leases coming due, are scouting the market for opportunities in new developments, specifically in the Midtown submarket. This will enable them to increase their stature in the market and enhance their recruiting of the new generation of lawyers.



Largest Active Law Firm Requirements in Market

- 1 **DLA Piper**
60,000 - 70,000 SF
- 2 **Aldridge Pite**
65,000 SF
- 3 **Thompson Hine LLC**
30,000 SF

Q4 2019 Key Indicators - Atlanta

Class A Asking Rent (PSF)	\$37.60 ▲
TI Allowance (\$PSF)	\$60.00
Rent Abatement (months)	10
Downtown Vacancy Rate	12.6% ▲
Number of Law Firms in the Market	Static ■■■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Atlanta

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Jones Day	115,896	500 Colony Square	1220 Peachtree St., Atlanta, Georgia	New	Q2
Smith Gambrell & Russell LLP	115,201	1105 West Peachtree	1105 W Peachtree St., Atlanta, Georgia	New	*Q1 & Q3
Weinberg, Wheeler, Hudgins, Gunn & Dial	63,982	3344 Peachtree	3344 Peachtree St., Atlanta, Georgia	Renewal	Q3
Smith, Currie & Hancock	36,826	Marquis One	245 Peachtree Center Ave., Atlanta, Georgia	Renewal	Q2
Montlick & Associates	33,328	17 Executive Park	17 Executive Park Dr., Atlanta, Georgia	Renewal	Q2

Source: Colliers International

BIRMINGHAM

The Birmingham office market closed out 2019 with a 6.8% vacancy rate downtown. The 3.8 million square foot central business district (CBD) submarket posted positive absorption in 2019, driven by tenants moving from suburban locations to Class A buildings in downtown Birmingham. Class A rental rates in Birmingham rose over the past year to \$22.56 per square foot, posting a nearly 2% increase year over year.

Most major law firms in the Birmingham market are located in the CBD. Large law firms in Birmingham are downsizing and renewing in place. Two firms renewed their leases in 2019 with both firms recommitting to more than 100,000 square feet. Smaller breakaway firms are most active in the market.



Largest Active Law Firm Requirements in Market

- 1 **Carr Allison**
40,000 SF
- 2 **Mizerano Firm**
10,000 SF
- 3 **Morgan & Morgan**
8,000 SF

Q4 2019 Key Indicators - Birmingham

Class A Asking Rent (PSF)	\$22.56 ▲
TI Allowance (\$PSF)	\$50.00
Rent Abatement (months)	6
Downtown Vacancy Rate	6.8% ■■■
Number of Law Firms in the Market	Static ■■■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Birmingham

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Maynard Cooper	118,000	1901 6th Avenue (formerly known as Harbert Plaza)	1901 6th Ave. North, Birmingham, AL	Renewal	Q2
Burr & Forman	104,514	Wells Fargo Tower (soon to be named Shipt Tower)	420 North 20th St., Birmingham, AL	Renewal	Q1

Source: Colliers International

CHICAGO

Chicago's office market fundamentals remained healthy in 2019. The vacancy rate in Chicago's CBD closed out 2019 at 12.3%. Class A average asking rates ended 2019 at \$48.81 per square foot, an increase of nearly 7% year over year.

There is 7.7 million square feet of office development either under construction or under renovation throughout Chicago's CBD. While the migration of tenants to downtown from the suburbs has slowed, Chicago is seeing more tech firms from the coasts look to Chicago as a cost-effective option for talent.

The most prominent law firm trend in 2019 involved relocations from older assets in the Central Loop to trophy towers under construction in the West Loop, where they typically pay around 30% higher gross rental rates while downsizing by an average of 25% to offset the expense. A prime example of this was Chapman & Cutler relocating from 164,387 square feet at 115 South LaSalle to 100,000 square feet at the new BMO Tower.

There were a handful of new law firm lease transactions greater than 100,000 square feet in 2019 that migrated to new trophy developments, including Jones Day for 119,419 square feet and Perkins Coie for 101,840 square feet. This trend is expected to continue, however in doing so, the amount of lower-quality space, which will become available as the aforementioned tenants leave, should increase vacancy rates across Chicago's CBD.



Largest Active Law Firm Requirements in Market

- 1 **Greenberg Traurig**
100,000 SF
- 2 **Drinker Biddle**
85,000 SF
- 3 **Nixon Peabody**
65,000 SF

Q4 2019 Key Indicators - Chicago	
Class A Asking Rent (PSF)	\$48.81 ▲
TI Allowance (\$PSF)	\$80.00 - \$95.00
Rent Abatement (months)	10
Downtown Vacancy Rate	12.3% ■
Number of Law Firms in the Market	Static ■
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Chicago					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Jones Day	119,737	Bank of America Tower	110 N. Wacker Dr., Chicago, IL	New	Q2
Perkins Coie	101,840	Bank of America Tower	110 N. Wacker Dr., Chicago, IL	New	Q2
Chapman & Cutler	100,000	BMO Tower	320 S. Canal St., Chicago, IL	New	Q4
Morgan Lewis & Bockius	86,970	Bank of America Tower	110 N. Wacker Dr., Chicago, IL	New	Q2
Marshall Gerstein & Borun	69,952	Willis Tower	233 S. Wacker Dr., Chicago, IL	Renewal	Q2

Source: Colliers International

DALLAS

Rents rose slightly in Downtown Dallas in 2019, with average Class A rents at \$27.84 per square foot full service, an annual increase of 2.1%. The downtown office vacancy rate remained high at 23.5%.

In 2019, the Dallas market saw multiple large law firms open shop, including Winston and Strawn, Kirkland Ellis, Reed Smith and Sheppard Mullin. Such firms are focusing on trophy buildings in the Uptown market, which boast Class A rates of around \$43 per square foot. More than 650,000 square feet remains under construction in Uptown. There is continued migration of companies relocating into the metro area as well as local firms expanding their workforces.



Largest Active Law Firm Requirements in Market

- 1 **Haynes & Boone**
150,000 SF
- 2 **Thompson Coe**
60,000 SF
- 3 **Fish & Richardson**
50,000 SF

Q4 2019 Key Indicators - Dallas	
Class A Asking Rent (PSF)	\$27.84 ▲
TI Allowance (\$PSF)	\$55.00 - \$65.00
Rent Abatement (months)	7 - 10
Downtown Vacancy Rate	23.5% ■
Number of Law Firms in the Market	Expanding ▲
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Dallas					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Kirkland & Ellis	66,000	Weirs Plaza	3219 Knox St., Dallas, TX	New	Q3
Katten Muchin	56,000	Park District	2121 Pearl St., Dallas, TX	New	Q4
Sheppard Mullin	52,000	Chase Tower	2200 Ross Ave., Dallas, TX	New	Q4
DLA Piper	50,000	1900 Pearl	1900 Pearl St., Dallas, TX	New	Q1
Gibson Dunn	50,000	Trammel Crow Center	2001 Ross Ave., Dallas, TX	New	Q2

Source: Colliers International

DENVER

The Downtown Denver market remained static in 2019 with little change in vacancy rates or average rental rates. The Downtown Denver vacancy rate stood at 12.4% at the end of the year and Class A rates for office space in downtown submarkets averaged \$35.98 per square foot.

Law firm activity in 2019 remained strong in Denver, with the downtown area continuing to see the majority of transactions. Despite a sizeable amount of new construction delivered to the market, renewals continued to be the leasing option of choice in 2019. In most instances, firms are electing to optimize their current space configurations rather than expanding into additional space. Law firms continue to be attracted to downtown as it enhances their ability to recruit and retain top talent while providing easy access to public transportation, housing, entertainment and numerous dining options.



Largest Active Law Firm Requirements in Market

- 1 **Wheeler Trigg**
75,000 SF
- 2 **Davis, Graham & Stubbs**
70,000 SF
- 3 **Sherman & Howard**
70,000 SF

Q4 2019 Key Indicators - Denver

Class A Asking Rent (PSF)	\$35.98 ▬
TI Allowance (\$PSF)	\$75.00 - \$80.00
Rent Abatement (months)	8
Downtown Vacancy Rate	12.4% ▬
Number of Law Firms in the Market	Static ▬
Market Sentiment	Equal Footing

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Denver

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Faegre Baker Daniels	58,000	1144 Fifteenth	1144 15th St., Denver, CO	New	Q3
Holland & Hart	44,648	One Boulder Plaza	1800 Broadway St., Boulder, CO	Renewal	Q3
Arnold & Palmer	25,602	1144 Fifteenth	1144 15th St., Denver, CO	New	Q3
Greenspoon Marder	25,197	1144 Fifteenth	1144 15th St., Denver, CO	New	Q3
Colorado Legal Services	24,710	Denver Tower	1905 Sherman St., Denver, CO	Renewal	Q3

Source: Colliers International

DETROIT

Class A office rents in Downtown Detroit averaged \$27.97 per square foot at the end of 2019, an increase of 5% year over year. The vacancy rate stood at 8.2%. Downtown Detroit saw nearly 150,000 square feet of Class A office space absorbed in 2019 and recently WPP signed a 110,000-square-foot lease at the Marquette Building. Class A space makes up 84% of the 2.4 million square feet of office space currently under construction in the Detroit metro area.

The availability of quality inventory is limited, especially when considering options larger than 20,000 square feet and poses a major obstacle for tenants pursuing new space in downtown Detroit. Out of necessity, tenants are starting to explore options further out in advance of lease expirations and outside of the downtown Detroit area.

Today's office occupiers in Detroit are focused on gaining and retaining the best talent which is driving demand for buildings with good amenities, parking, and a modern and flexible work environment.



Largest Active Law Firm Requirements in Market

- 1 **Butzel Long**
55,000 SF
- 2 **Dickenson Wright**
50,000 SF
- 3 **Undisclosed Law Firm in Troy, MI**
20,000 SF

Q4 2019 Key Indicators - Detroit

Class A Asking Rent (PSF)	\$27.97 ▲
TI Allowance (\$PSF)	\$15.00 - \$50.00
Rent Abatement (months)	5 - 8
Downtown Vacancy Rate	8.2% ▬
Number of Law Firms in the Market	Static ▬
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Detroit

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Warner, Norcross & Judd	29,000	2715 Woodward	2715 Woodward, Detroit MI	New	Q3
Bush, Seyferth & Paige	24,532	100 W Big Beaver	100 W Big Beaver, 4th Floor, Troy MI	New	N/A
Novara, Tesija & Catenacci	18,567	Town Center	4000 Town Center, 18th Floor, Southfield MI	New	Q4
Johnson Law	14,000	Buhl Building	535 Griswold, 26th Floor, Detroit MI	Renewal/Expansion	Q4
Varnum Law	8,000	260 E. Brown	260 E. Brown, Birmingham MI	New	Q2

Source: Colliers International

FAIRFIELD COUNTY, CT

The vacancy rate for office space in Downtown Fairfield stood at 17.3% at year-end 2019. Asking rates averaged \$44.01 per square foot for Class A space in the downtown submarkets, representing a drop of nearly 12% over the past year.

Law firms in Fairfield County continue to downsize their office space and are generally bringing their practices into the 21st century by digitizing documents, creating more open and collaborative spaces, and also standardizing office sizes.



Largest Active Law Firm Requirements in Market

- 1** Diserio Martin O'Connor & Castiglioni LLP
10,000 SF
- 2** Wilson Elser Moskowitz Edelman & Dicker LLP
8,000 SF

Q4 2019 Key Indicators - Fairfield County

Class A Asking Rent (PSF)	\$44.01 ▼
TI Allowance (\$PSF)	\$55.00
Rent Abatement (months)	10
Downtown Vacancy Rate	17.3% ▲
Number of Law Firms in the Market	Static ■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Fairfield County

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Skadden, Arps, Slate, Meagher & Flom LLP	56,239	Reckson Metro Center	360 Hamilton Ave., White Plains, NY	Renewal	Q2
Goldberg Segalla	17,812	Westchester Financial Center	50 Main St., White Plains, NY	New	Q1
Legal & General	17,100	Stamford Towers North	750 Washington Blvd., Stamford, CT	New	Q2

Source: Colliers International

HOUSTON

The Houston office market remains challenged by high vacancy. Significant volumes of sublease space following the prior energy sector collapse are still vacant. Average rental rates for downtown Class A office space stand at \$45.67 per square foot. The Downtown Houston vacancy rate stood at 22% at the end of 2019.

Although leasing activity has slowed, there were two major renewals in 2019, both at 1100 Louisiana, where King & Spalding renewed 91,264 square feet and Gibbs & Burn renewed 40,836 square feet. Large law firm requirements in Houston include Fulbright & Jaworski (200,000 square feet), the United States Attorney General (80,000 square feet) and Greenberg Traurig (40,000 square feet).



Largest Active Law Firm Requirements in Market

- 1** Fulbright & Jaworski
200,000 SF
- 2** United States Attorney General Law Offices
80,000 SF
- 3** Greenberg Traurig, LLP
40,000 SF

Q4 2019 Key Indicators - Houston

Class A Asking Rent (PSF)	\$45.67 ■
TI Allowance (\$PSF)	\$8.00
Rent Abatement (months)	N/A
Downtown Vacancy Rate	22% ▼
Number of Law Firms in the Market	Static ■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Houston

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
King & Spalding, LLP	91,264	1100 Louisiana	1100 Louisiana, Houston, TX	Renewal	Q2
White & Case	57,315	609 Main	609 Main, Houston, TX	New	Q2
Gibbs & Burn, LLP	40,836	1100 Louisiana	1100 Louisiana, Houston, TX	Renewal	Q1
Shearman & Sterling	31,257	Bank of America Tower	800 Capitol St., Houston, TX	New	Q2
Vorys Sater Seymour and Pease, LLP	22,627	2 Houston Center	909 Fannin St., Houston, TX	New	Q2

Source: Colliers International

LONG ISLAND

Long Island's office vacancy rate stood at 7.2% at the end of 2019, having shown little change throughout the year. Class A office rates also held relatively flat at an average of \$30.20 per square foot. Long Island's net absorption turned negative in 2019 as occupiers cut back on space.

Law firms on Long Island are renovating in place and remodeling their spaces in order to remain competitive with their urban counterparts. Leading law firm transactions in Long Island were modest in size in 2019, as firms are mostly downsizing and reconfiguring from traditional offices to modern open-plan formats.



Largest Active Law Firm Requirements in Market

- 1** Forchelli Deegan Terrana LLP
50,000 SF
- 2** L'Abbate Balkan Colavita
20,000 SF
- 3** Barket Epstein Kearon Aldea & LoTurco, LLP
8,000 SF

Q4 2019 Key Indicators - Long Island

Class A Asking Rent (PSF)	\$30.20
TI Allowance (\$PSF)	N/A
Rent Abatement (months)	N/A
Downtown Vacancy Rate	7.2% ▲
Number of Law Firms in the Market	Static
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Long Island

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Israel, Israel & Purdy, LLP	12,837	11 Grace Avenue	11 Grace Ave., Great Neck, NY	Renewal	Q2
Mclaughlin and Stern	11,940	1122 Franklin Avenue	1122 Franklin Ave., Garden City, NY	New	Q3
Koeppel Martone & Leistman	10,000	155 First Street	155 First St., Mineola, NY	New	Q3

Source: Colliers International

LOS ANGELES

The downtown vacancy rate stands at 20.2%, up from 17.6% just one year prior. The increase in vacancy was driven by the delivery of new speculative space, most notably in Downtown's Arts District. Downtown Los Angeles' average Class A rental rate stands at \$46.69 per square foot, an increase of nearly 5% year over year. The rise in vacancy may cause landlords to be more competitive on rental pricing.

The largest law firm transaction in 2019 was completed by Gibson Dunn & Crutcher who renewed their lease at the Wells Fargo Center for 215,000 square feet. All other notable law firm deals were smaller than 100,000 square feet in 2019. Rightsizing continues with larger law firms shedding space or holding their footprint when relocating or renewing their leases.



Largest Active Law Firm Requirements in Market

- 1** O'Melveny & Myers LLP
165,000 SF
- 2** Morgan, Lewis & Bockius LLP
100,000 SF
- 3** Musick, Peeler & Garrett LLP
100,000 SF

Q4 2019 Key Indicators - Los Angeles

Class A Asking Rent (PSF)	\$46.69 ▲
TI Allowance (\$PSF)	\$100.00
Rent Abatement (months)	9 - 10
Downtown Vacancy Rate	20.2% ▲
Number of Law Firms in the Market	Static
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Los Angeles

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Gibson Dunn & Crutcher	215,000	Wells Fargo Center - North Tower	333 S Grand Ave., Los Angeles, CA	Renewal	Q3
Mitchell Silberberg & Knupp	69,400	Century Park Towers South	2049 Century Park East, Los Angeles, CA	New	Q2
Ervin Cohen & Jessup LLP	32,500	9401 Wilshire Blvd	9401 Wilshire Blvd., Beverly Hills, CA	Renewal	Q3
Pierce Bainbridge Beck Price Hecht LLP	27,100	Wells Fargo Center	355 S Grand Ave., Los Angeles, CA	New	Q1
Goodwin Protect LLP	20,400	Figuroa at Wilshire	601 S Figuroa St., Los Angeles, CA	Renewal	Q1

Source: Colliers International

MANHATTAN

Manhattan ended 2019 with higher annual leasing volume and a near-record average asking rent.

The vacancy rate for Manhattan stood at 5.4% at the end of 2019. Class A rental rates averaged \$84.79 per square foot at the end of 2019, an increase of 4.3% year over year.

Manhattan law firm leasing was up 5.9% year over year in 2019, to 3.1 million square feet, the highest yearly volume since 2014. Law firms accounted for 7% of all Manhattan leasing in 2019, on par with 2018. In 2019, legal services employment in New York City increased by 3.2% over 2018. Since the Great Recession, Manhattan law firms have slowly recovered to pre-recession employment levels.



Largest Active Law Firm Requirements in Market

- 1** Davis Polk & Wardwell
700,000 SF
- 2** Paul Weiss Rifkind Warton & Garrison
540,000 SF
- 3** Wilkie Farr & Gallagher
300,000 SF

Q4 2019 Key Indicators - Manhattan

Class A Asking Rent (PSF)	\$84.79 ▲
TI Allowance (\$PSF)	\$100.00
Rent Abatement (months)	12
Downtown Vacancy Rate	5.4% ■
Number of Law Firms in the Market	Declining ▼
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Manhattan

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Cravath Swaine & Moore	481,678	2 Manhattan West	385 9th Ave., New York, NY	New	Q4
Shearman & Sterling	338,057	599 Lexington Avenue	599 Lexington Ave., New York, NY	Renewal	Q4
Akin Gump Strauss & Feld	280,000	1 Bryant Park	1 Bryant Park, New York, NY	Renewal	Q1
Hunton Andrews Kurth	144,451	MetLife Building	200 Park Ave., New York, NY	Renewal	Q1
Katten Munchin	125,097	50 Rockefeller Plaza	30 Rockefeller Plaza, New York, NY	New	Q4

Source: Colliers International

MILWAUKEE

Downtown Milwaukee's vacancy rate declined to 8.9% in the fourth quarter of 2019, down from 9.4% one year earlier. However, as companies continue to upgrade their space, they are leaving blocks of Class B space behind, often reducing their overall footprint in their new Class A locations. Downtown Milwaukee asking rates for Class A space average \$24.21 per square foot, a rise of nearly 4% year over year.

There has been a push over the last three to five years for legacy law firms to update their space in an effort to attract and retain top talent. Godfrey & Kahn relocated from a 1969 office tower to 77,827 square feet at the newer 833 East Michigan Street. Michael Best & Friedrich is relocating from a 1989 office tower to 60,000 square feet in the BMO Tower, which is set to deliver in 2020. In a similar move, Husch Blackwell will be relocating to 76,000 square feet in 501 West Michigan Street, which is scheduled to be delivered toward the end of 2020. While there is a drive for better space by moving to a new building or development, space efficiency is a key consideration to contain occupancy costs.



Largest Active Law Firm Requirements in Market

- 1** Legal Action of Wisconsin
23,000 SF
- 2** Gruber Law Offices
20,000 SF
- 3** Axley
13,000 SF

Q4 2019 Key Indicators - Milwaukee

Class A Asking Rent (PSF)	\$24.21 ▲
TI Allowance (\$PSF)	\$50.00 - \$70.00
Rent Abatement (months)	3 - 6.5
Downtown Vacancy Rate	8.9% ▼
Number of Law Firms in the Market	Static ■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Milwaukee

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Husch Blackwell	76,811	The Huron	511 N Broadway, Milwaukee, WI	New	Q2
Hupy & Abraham, S.C.	19,427	Milwaukee Center	111 E Kilbourn Ave., Milwaukee, WI	Renewal	Q3
Hall, Render, Killian, Heath & Lyman, P.C.	13,382	330 Kilbourn	330 E Kilbourn Ave., Milwaukee, WI	New	Q1
Gimbel, Reilly, Guerin and Brown, LLP	13,057	330 Kilbourn	330 E Kilbourn Ave., Milwaukee, WI	Renewal/Expansion	Q1

Source: Colliers International

NASHVILLE

Nashville's economy drives a solid multi-tenant office market, led by a vibrant Downtown district and strong suburban submarkets. Downtown Nashville's vacancy rate stood at 5.6% at the end of 2019, with Class A office asking rates averaging \$34.35 per square foot. New construction, high occupancy and client demand have ushered in significant rental rate increases, especially over the last three years.

Law firms remain active in Nashville, with multiple 10-year leases expiring in the next two to three years. While the majority of law firms are located downtown, some of the bigger firms are considering relocating to new construction on the boundaries of the CBD, a new trend for Nashville.

In 2019, Nashville landed the #3 Market to Watch in the Urban Land Institute's *Emerging Trends in Real Estate* report, crediting the metro's population growth, investor demand and development opportunity. Additionally, job growth has fueled the Nashville office market, with a 33% increase since 2010.



Largest Active Law Firm Requirements in Market

- 1 Bass, Berry & Sims**
250,000 SF

Q4 2019 Key Indicators - Nashville

Class A Asking Rent (PSF)	\$34.45 ▲
TI Allowance (\$PSF)	\$65.00 - \$70.00
Rent Abatement (months)	4 - 8
Downtown Vacancy Rate	5.6% ■
Number of Law Firms in the Market	Expanding ▲
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Nashville

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Baker Donelson	68,000	Broadwest	1600 West End Ave., Nashville, TN	New	Q4
Bone McAllester Norton PLLC	30,000	Nashville City Center	511 Union St., Nashville, TN	Renewal/Expansion	Q4
Shackelford, Bowe, McKinley & Norton	12,086	One Music Circle South	1 Music Circle South, Nashville, TN	New	Q2
Thompson Burton PLLC	5,490	1801	1801 West End Ave., Nashville, TN	New	Q1
Michael D. Ponce Law	3,566	Northchase Professional Park	400 Professional Park Plaza, Nashville, TN	Renewal	Q4

Source: Colliers International

NORTHERN NEW JERSEY

Northern New Jersey's office market ended 2019 with rising rents and stable vacancy. Leasing volume can be attributed to a number of large renewals signed towards the end of 2019. More than half of this leasing activity occurred in the Hudson Waterfront and Parsippany submarkets. The downtown vacancy rate of 14.6% has compressed by 50 basis points year over year. Class A rental rates stood at \$32.35 per square foot at the end of 2019, an increase of nearly 2% year over year.

The two largest law-firm lease transactions in Northern New Jersey in 2019 were both renewals of around 50,000 square feet each, and both transacted within the first quarter of 2019. There are several law firm tenants in the Northern New Jersey market looking for office space ranging between 40,000 to 150,000 square feet.



Largest Active Law Firm Requirements in Market

- 1 McCarter and English**
150,000 SF
- 2 K&L Gates**
50,000 SF
- 3 Lindabury McCormick**
40,000 SF
- 4 Bressler Amery**
40,000 SF

Q4 2019 Key Indicators - Northern New Jersey

Class A Asking Rent (PSF)	\$32.35 ▲
TI Allowance (\$PSF)	\$50.00
Rent Abatement (months)	10
Downtown Vacancy Rate	14.6% ■
Number of Law Firms in the Market	Declining ▼
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Northern New Jersey

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Morgan Lewis, Bockius	52,000	Carnegie Center	502 Carnegie Center, Princeton, NJ	Renewal	Q1
Fragomen	51,869	90 Matawan Road	90 Matawan Rd., Matawan, NJ	Renewal	Q1
Decoisi, Fitzpatrick and Cole	43,891	Mack Center IV	61 Paramus Rd., Paramus, NJ	New	Q2
Reed Smith	38,867	Carnegie Center	506 Carnegie Center, Princeton, NJ	New	Q2
Lerner David	34,373	Cranford Business Park	20 Commerce Dr., Cranford, NJ	New	Q3

Source: Colliers International

PHILADELPHIA

Office market fundamentals in Downtown Philadelphia remained healthy throughout 2019. The vacancy rate for downtown space compressed down to 9.7% at the end of the year from 10.8% at the end of 2018. The average Class A asking rent increased by nearly 5% to \$33.76 per square foot. Landlords of upper tier buildings in Downtown Philadelphia continue to raise rents.

Reflecting the lack of large, Class A availability, Morgan, Lewis & Bockius, have pre-leased the 19-story, 305,000 square foot building at 2222 Market Street, where they will be the sole tenant.

Additional law firm transactions in the Philadelphia market included new leases ranging between 28,000 to 35,000 square feet in 2019. Landlords are funding tenant improvements more generously with the influx of new ownership in Philadelphia over the last several years.



Largest Active Law Firm Requirements in Market

- 1 **Dechert LLP**
211,000 SF
- 2 **Blank Rome LLP**
200,000 SF
- 3 **BakerHostetler LLP**
75,000 SF

Q4 2019 Key Indicators - Philadelphia

Class A Asking Rent (PSF)	\$33.76 ▲
TI Allowance (\$PSF)	\$50.00 - \$60.00
Rent Abatement (months)	4 - 6
Downtown Vacancy Rate	9.7% ▼
Number of Law Firms in the Market	Static ■■■
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Philadelphia

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Morgan, Lewis & Bockius LLP	305,000	2222 Market Street	2222 Market St., Philadelphia, PA	New	Q4
Cohen Seglias Pallas Greenhall & Furman PC	34,381	PNC Bank Building	1600 Market St., Philadelphia, PA	New	Q3
Akin Gump Strauss	31,538	BNY Mellon Center	1735 Market St., Philadelphia, PA	New	Q4
Zarwin Baum DeVito Kaplan Schaer Toddy, P.C.	29,724	One Commerce Square	2005 Market St., Philadelphia, PA	New	Q1
Bennett, Bricklin & Saltzburg LLC	28,944	Center Square-West Tower	1500 Market St., Philadelphia, PA	New	Q1

Source: Colliers International

PITTSBURGH

Downtown Pittsburgh saw a slight increase in average Class A asking rents in 2019 to \$30.22 per square foot. The vacancy rate for Downtown Pittsburgh stood at 13.9% at the end of 2019 having held steady over the year.

The Grant Street corridor is no longer seen as being a necessary location as large law firms are moving to other parts of Downtown Pittsburgh. The largest law firm lease of 2019 involved Buchanan Ingersoll Rooney who took 140,000 square feet of space at the Union Trust Building. The law firm market in Pittsburgh remains relatively static, while those firms actively looking for space are seeking around 15,000 to 20,000 square feet of office space.



Largest Active Law Firm Requirements in Market

- 1 **DFL Legal**
20,000 SF
- 2 **Bernstein Burkley**
15,000 SF

Q4 2019 Key Indicators - Pittsburgh

Class A Asking Rent (PSF)	\$30.22 ■■■
TI Allowance (\$PSF)	\$50.00 - \$60.00
Rent Abatement (months)	4 - 6
Downtown Vacancy Rate	13.9% ■■■
Number of Law Firms in the Market	Static ■■■
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Pittsburgh

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Buchanan Ingersoll Rooney	140,000	Union Trust Building	501 Grant St., Pittsburgh, PA	New	Q4
Pollock Begg	12,800	525 William Penn Place	525 William Penn Place, Pittsburgh, PA	New	Q1

Source: Colliers International

SALT LAKE CITY

Rising land and construction costs coupled with economic expansion are driving up rental rates for both new and existing buildings in Salt Lake City. Class A office rates in Downtown Salt Lake City averaged \$31.07 per square foot at the end of 2019, a 9.3% increase year over year. Asking rates for brand new construction average between \$38.00 to \$42.00 per square foot full service. Downtown Salt Lake City's vacancy rate stands at 11.8%.

Most law firms in Salt Lake City have been renewing leases rather than taking new space. However, there were no sizable law firm transactions completed in 2019.



Largest Active Law Firm Requirements in Market

- 1 **Fabian VanCott**
40,000 SF
- 2 **Kipp & Christian**
12,500 SF

Q4 2019 Key Indicators - Salt Lake City	
Class A Asking Rent (PSF)	\$31.07 ▲
TI Allowance (\$PSF)	\$60.00 - \$65.00
Rent Abatement (months)	6 - 10
Downtown Vacancy Rate	11.8% ▼
Number of Law Firms in the Market	Declining ▼
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Salt Lake City					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
*No sizable law firm transactions completed in 2019.					

SAN DIEGO

San Diego County experienced a strong year for office demand in 2019. Nearly 1.5 million square feet of net absorption made this past year the second most active year in the last decade. Downtown San Diego's office vacancy rate stands at 14.7%, up from 13.3% one year prior.

Downtown landlords are investing more money in renovating their office projects and adding amenities to attract new tenants and achieve higher rents. Average rates for Class A space in the Downtown San Diego market stood at \$37.08 per square foot at the end of 2019, representing a 4.4% increase year over year.

The larger law firms in San Diego are gradually adopting a more collaborative workplace design to accommodate the millennial workforce and enable thoughtful integration with the "old guard." The end result of this shift will increase efficiencies and reduce excess square footage, thus lowering rental costs.

The largest law firm transaction of 2019 was executed by Procopio who renewed 126,000 square feet of space in their office tower at 525 B Street. There were also a series of new leases and renewals ranging between 15,000 to 48,000 square feet.



Largest Active Law Firm Requirements in Market

- 1 **Robbins Geller**
120,000 SF
- 2 **Cooley**
110,000 SF
- 3 **Tyson Mendes**
100,000 SF

Q4 2019 Key Indicators - San Diego	
Class A Asking Rent (PSF)	\$37.08 ▲
TI Allowance (\$PSF)	\$50.00 - \$100.00
Rent Abatement (months)	6 - 12
Downtown Vacancy Rate	14.7% ▲
Number of Law Firms in the Market	Static ▬
Market Sentiment	Equal Footing

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - San Diego					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Procopio	126,000	Procopio Tower	525 B St., San Diego, CA	Renewal	Q2
Knobbe Martens	48,000	Kilroy Centre Del Mar	3579 Valley Centre Dr., San Diego, CA	New	Q3
Higgs Fletcher & Mack	38,000	1 Columbia Place	401 West A St., San Diego, CA	Renewal	Q3
Lewis Brisbois	37,000	550 West C	550 West C St., San Diego, CA	New	Q4
Stoel Rives	15,000	501 W Broadway	501 W Broadway, San Diego, CA	New	Q3

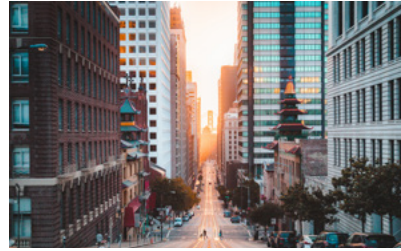
Source: Colliers International

SAN FRANCISCO

The San Francisco Bay Area office market remains one of the strongest in the United States, commanding the highest rents among the markets in this report. At \$93 per square foot, Class A office rates in the Downtown San Francisco market increased by nearly 14% in 2019

The downtown vacancy rate has declined to a very tight 4.5% — a level not seen since the dotcom boom of 2000. Much of the positive net absorption came from new Class A deliveries. Tenant demand remains strong in the San Francisco market with approximately 7.5 million square feet of active requirements across all business sectors.

Although the overall law firm footprint in San Francisco is declining, the headcount is increasing. Many firms are realizing efficiencies by reducing their rentable square feet per attorney ratio and therefore seeing their overall space needs reduced. Most of the large law firm transactions in San Francisco in 2019 were lease renewals.



Largest Active Law Firm Requirements in Market

- 1 **Ropes & Gray**
60,000 SF
- 2 **Clark Hill**
30,000 SF

Q4 2019 Key Indicators - San Francisco

Class A Asking Rent (PSF)	\$93.00 ▲
TI Allowance (\$PSF)	\$10.00
Rent Abatement (months)	N/A
Downtown Vacancy Rate	4.5% ▼
Number of Law Firms in the Market	Static ■
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - San Francisco

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Latham & Watkins LLP	117,000	505 Montgomery	505 Montgomery St., San Francisco, CA	Renewal	Q4
O'Melveny & Meyers	79,920	Two Embarcadero Center	2 Embarcadero Center, San Francisco, CA	Renewal	Q1
DLA Piper Rudnick	67,244	555 Mission	555 Mission St., San Francisco, CA	Renewal	Q2
Sawyer & Labar	23,847	Providian Financial Building	201 Mission St., San Francisco, CA	New	Q1
Qatalyst Partners	21,851	One Maritime Plaza	300 Clay St., San Francisco, CA	Renewal	Q3

Source: Colliers International

SAN FRANCISCO PENINSULA (REDWOOD CITY)

Vacancy in the Greater San Francisco Peninsula, covering San Mateo County, Palo Alto, Mountain View and Los Altos, remains modest at 7.3% but is on the rise.

Class A rental rates in the San Francisco Peninsula rose to \$67.81 per square foot in 2019 — an increase of 7.8% over the year.

Law firm leasing activity in Redwood City saw a handful of new leases and renewals signed in 2019 ranging between 3,000 to 35,000 square feet. In general, law firms within the San Francisco Peninsula have been reducing their footprints and becoming more efficient.



Largest Active Law Firm Requirements in Market

- 1 **Kramer Levin**
20,000 - 25,000 SF

Q4 2019 Key Indicators - San Francisco Peninsula (Redwood City)

Class A Asking Rent (PSF)	\$67.81 ▲
TI Allowance (\$PSF)	\$50.00
Rent Abatement (months)	2
Downtown Vacancy Rate	7.3% ▲
Number of Law Firms in the Market	Static ■
Market Sentiment	Landlords' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - San Francisco Peninsula (Redwood City)

LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Quinn Emanuel	34,998	Twin Dolphin Plaza	555 Twin Dolphin Dr., Redwood City, CA	Renewal	Q2
Gunderson Dettmer	29,772	550 Allerton	550 Allerton St., Redwood City, CA	New	Q3
Reichman Jorgensen LLP	10,829	Shores Center	100 Marine Pkwy., Redwood City, CA	New	Q2
Coddington, Hicks and Danforth	8,075	Twin Dolphin Plaza	555 Twin Dolphin Dr., Redwood City, CA	New	Q2
Gray Duffy	3,885	Westshore Office Park	210 Twin Dolphin Dr., Redwood City, CA	Renewal	Q1

Source: Colliers International

SOUTH FLORIDA

Market fundamentals at the end of 2019 indicated a stable office market in South Florida. Average asking rates for Class A space in the tri-county area stood at \$46.72 per square foot in the fourth quarter of 2019 and increased by 3% year over year. The vacancy rate for downtown space in South Florida ended 2019 at 10.8%.

The trend of law firms consolidating their floorspace continued in 2019 in South Florida. The largest law firm lease signed in 2019 involved Carlton Fields who took 50,000 square feet at the new Miami Central mixed-use development. While demand exists, the shortage of both labor and available quality space are notable challenges for law firms seeking to expand.



Largest Active Law Firm Requirements in Market

- 1 **Conrad & Scherer LLP**
16,000 - 20,000 SF
- 2 **Quintairos, Prieto, Wood & Boyer PA**
15,000 - 17,000 SF
- 3 **Kubicki Draper**
13,000 - 15,000 SF

Q4 2019 Key Indicators - South Florida

Class A Asking Rent (PSF)	\$46.72 ▲
TI Allowance (\$PSF)	\$50.00 - \$65.00
Rent Abatement (months)	2 - 6
Downtown Vacancy Rate	10.8% ■■
Number of Law Firms in the Market	Static ■■
Market Sentiment	Equal Footing

*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - South Florida					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Carlton Fields	50,000	Miami Central	700 NW 1st Ave., Miami, FL	New Lease	Q1
Florida Attorney General	42,000	110 Tower	110 SE 6th St., Ft. Lauderdale, FL	Renewal	Q2
Holland & Knight	29,470	SunTrust Center	515 E. Las Olas Blvd., Ft. Lauderdale, FL	Renewal	Q2
Lewis Brisbois Bisgaard Smith	26,387	110 Tower	110 SE 6th St., Fort Lauderdale, FL	Renewal	Q2
Marshall Dennehey	26,000	Coastal Tower	2400 E Commercial Blvd., Fort Lauderdale, FL	New Lease	Q4

Source: Colliers International

TORONTO

Toronto is virtually at full occupancy, with a mere 1.1% vacancy rate for downtown office space. As tenants move into Class A buildings, the space left behind is quickly backfilled, creating a shortage of availabilities for medium to large tenants with upcoming lease expirations. Vacancy is forecasted to increase over the next several years, with 8.7 million square feet of office space currently under construction in the Greater Toronto area. However, significant pre-leasing is occurring.

Class A rents in Downtown Toronto rose strongly in 2019, averaging \$44.35 per square foot, a 15% increase year over year.

Market conditions are extremely tight for law firms looking for office space in Toronto due to historically low vacancies in the downtown area. The Toronto market is expected to receive some relief when new development begins to come online by 2021. The largest law firm transaction of 2019 in Toronto was a renewal completed by Gowlings WLG, who occupy 175,607 square feet at First Canadian Place. Law firms in the market are expanding with the leading active requirements ranging from 90,000 to 220,000 square feet.



Largest Active Law Firm Requirements in Market

- 1 **Fogler Rubinoff LLP**
91,820 SF

Q4 2019 Key Indicators - Toronto

Class A Asking Rent (PSF)	\$44.35 ▲
TI Allowance (\$PSF)	-
Rent Abatement (months)	-
Downtown Vacancy Rate	1.1% ■■
Number of Law Firms in the Market	Expanding ▲
Market Sentiment	Landlords' Market

*Rents & TI Allowance have been converted to USD
*TI allowance and free-rent numbers are based on a new 10-year lease.
Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Toronto					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Gowlings WLG	175,607	First Canadian Place	100 King St. West, Toronto, ON M5X 1A9, Canada	Renewal	Q1
Cassels Brock & Blackwell LLP	107,000	Bay Adelaide Centre	333 Bay St, Toronto, ON M5H 2R2, Canada	New	Q1
Lerners LLP	42,385	Metro Centre Sun Life Tower	225 King St W Toronto, ON M5V 3M2, Canada	New	Q1
Rogers Partners LLP	12,153	TD Centre	100 Wellington St. West	Renewal	Q3

Source: Colliers International

VANCOUVER

Vancouver's downtown vacancy rate dropped to 1.9% in 2019 from 3.4% in the prior year and significant pre-leasing activity will not provide much relief to tenants. Class A rates for downtown office space in Vancouver averaged \$46.16 per square foot and increased 7.4% year over year.

Within recent years, driven by a global shift in workplace strategy and a desire to upgrade old space, a large number of law firms have either renovated their space or relocated.

Availability is tight and the next wave of construction will not be arriving until 2021 to 2023. As a result, expect a race to be the first in these new buildings to accommodate expansion. The largest law firm transactions of 2019 in Vancouver were both renewals completed by Fasken, with 86,053 square feet at Five Bentall Centre and Harper Grey who renewed and expanded to 46,347 square feet at Scotia Tower.



Largest Active Law Firm Requirements in Market

1 McMillan
40,000 SF

Q4 2019 Key Indicators - Vancouver

Class A Asking Rent (PSF)	\$46.16 ▲
TI Allowance (\$PSF)	\$52.36
Rent Abatement (months)	3 - 6
Downtown Vacancy Rate	1.9% ▼
Number of Law Firms in the Market	Expanding ▲
Market Sentiment	Landlords' Market

*Rents & TI Allowance have been converted to USD

*TI allowance and free-rent numbers are based on a new 10-year lease.

Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Vancouver					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Fasken	86,035	Bentall 5	550 Burrard St., Vancouver, BC V6C 0A3	Renewal	Q4
Harper Grey LLP	46,347	Scotia Tower	650 W Georgia St., Vancouver, BC V6B 4N7, Canada	Renewal/Expansion	Q2

Source: Colliers International

WESTCHESTER COUNTY, NY

An uptick in leasing in 2019 helped drive Westchester County's office market to its first significant positive absorption in the past five years. The vacancy rate for Class A office space in Downtown Westchester stood at 11% at the end of 2019. Average Class A asking rates in Downtown Westchester fell slightly in 2019 and stand at \$37.69 per square foot.

The largest law firm deal in Westchester County for 2019 was the renewal of Skadden, Arps, Slate, Meagher & Flom's lease at Reckson Metro Center for 56,239 square feet. Another leading deal included the new lease for 17,812 square feet signed by Goldberg Segalla at Westchester Financial Center.



Largest Active Law Firm Requirements in Market

1 Diserio Martin O'Connor & Castiglioni LLP
10,000 SF

2 Wilson Elser Moskowitz Edelman & Dicker LLP
8,000 SF

Q4 2019 Key Indicators - Westchester County

Class A Asking Rent (PSF)	\$37.69 ▼
TI Allowance (\$PSF)	\$55.00
Rent Abatement (months)	10
Downtown Vacancy Rate	11.0% ■
Number of Law Firms in the Market	Static ■
Market Sentiment	Tenants' Market

*TI allowance and free-rent numbers are based on a new 10-year lease.

Source: Colliers International

Leading Law Firm Lease Transactions in 2019 - Westchester County					
LAW FIRM NAME	SF LEASED	PROPERTY NAME	ADDRESS	NEW LEASE OR RENEWAL	QUARTER
Skadden, Arps, Slate, Meagher & Flom LLP	56,239	Reckson Metro Center	360 Hamilton Ave., White Plains, NY	Renewal	Q2
Goldberg Segalla	17,812	Westchester Financial Center	50 Main St., White Plains, NY	New	Q1

Source: Colliers International

LAW FIRM SERVICES GROUP CONTACTS

Daniel Arends
Principal,
Office Advisory Group
+1 312 612 5908
daniel.arends@colliers.com

Colin Scarlett
Executive Vice President,
Personal Real Estate Corporation
+1 604 661 0879
colin.scarlett@colliers.com

RESEARCH CONTACT

Stephen Newbold
National Director,
Office Research | USA
+1 202 534 3630
stephen.newbold@colliers.com