

# London Legal Sector Update

This quarterly update aims to inform real estate decision makers within law firms of competitor activity and emerging best practice.

Q2 2023

## SECTOR AND REAL ESTATE TRENDS

A round-up of the most disruptive trends shaping law firms and their future real estate requirements.

### Sector Trends

#### Law firms double down on ESG

A number of law firms set new ESG targets. Osborne Clarke, for example, committed to a long-term target of reaching net-zero emissions by 2040, building on an earlier set target to reduce emissions by 50% by 2030. Such activity is having a direct influence on real estate decisions, with our latest [\(Y\)OUR SPACE survey](#) finding that three quarters of law firm real estate decision makers view ESG ambitions as having a moderate or significant effect on their real estate decision making over the next three years.

#### Employee wellbeing, a pressing issue for the sector

A recent [study](#) of nearly 3,000 lawyers has found that 71% of lawyers said they had suffered from anxiety, an increase of 5% from 2022. Similarly, 38% said they were or had been depressed, up from 25% in 2022. In response, law firms are looking at their real estate as part of the solution. Our most recent survey of law firm real estate decision makers reveals that employee wellbeing has jumped from third place to number one in a ranking of business strategies that real estate supports.

#### Legal apprenticeships get a boost

The Government launched a new post-GCSE law course, which includes an industry placement. The new T-level course will be available later in the year. Elsewhere, over 50 top law firms formed a collaboration called [CityCentury](#), which plans to more than double current apprenticeship numbers from 50 to 100 by 2024 and to create at least 100 CityCentury route partners by 2040.

### Real Estate Trends

#### Legal sector take-up rebounds in Q2

Q2 2023 legal sector take-up totalled 222,268 sq ft across five deals. This was over five times higher than the previous quarter and 7% above the 10-year quarterly average. Key deals included Dentons, who finalised plans to move into a new office at One Liverpool Street, EC2 and Goodwin Procter who acquired 90,848 sq ft of space at Sancroft, Paternoster Square, EC4. It is of note that these were two of the three largest London leasing deals in Q2.

#### Law firms opt for new homes

In Q2, more law firms opted for new London office locations, driven by a requirement to occupy best-in-class office space that supports their strategic agenda. Publicly stated rationale for relocations announced in Q2 included: ESG considerations, transport links, local amenities, client and employee experience, changing working styles and expansion.

#### Uptick in law firms taking expansion options as they adjust space requirements

Latham & Watkins became the latest law firm to exercise an expansion option. Other examples in recent times include: Linklaters, who exercised an option on approximately 51,300 sq ft; Kirkland & Ellis, who completed on all their pre-term option space at 40 Leadenhall; and King & Spalding, who exercised an option over an extra floor that equates to approximately 8,225 sq ft.

# Market Intelligence

Looking at who is acquiring space, how much and where; the types of buildings law firms are occupying, with particular attention to building accreditations and certifications and locational preferences.

## London law firm leasing volumes

264,146 sq ft

H1 2023

222,268 sq ft

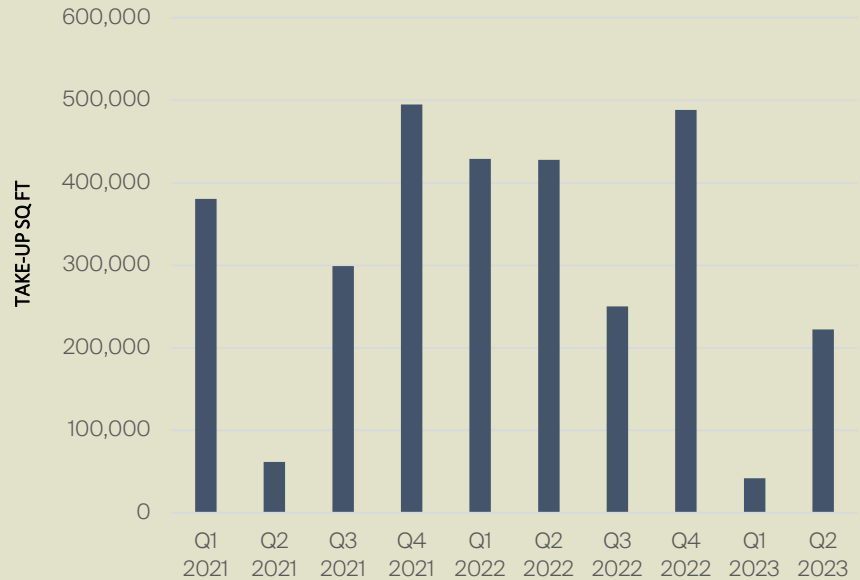
Q2 2023

1.60 m sq ft

2022

1.24 m sq ft

2021

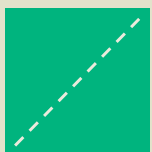


Source: Knight Frank Research

## London law firm leasing transactions - Q2 2023

Occupier	Grade	Address	HQ Location	Sq Ft	Rent
Goodwin Procter	Comprehensive refurbishment	Sancroft, Paternoster Square, EC4	US	90,848	Confidential
Dentons	New	One Liverpool Street, EC2	No formal HQ	67,482	Confidential
Latham & Watkins	New	One Leadenhall, EC3	US	30,881	£95.00
Winckworth Sherwood	New	Arbor, Bankside Yards, SE1	UK	27,370	£76.50
Freemans Law	Comprehensive refurbishment	18 Bedford Row, WC1	UK	5,687	£54.50

Source: Knight Frank Research



1 million sq ft

of named legal sector demand

# Specification Highlights

Specifications of buildings where law firms have taken space.



Sancroft, Paternoster Square, EC4

Occupier: Goodwin Procter

**Comprehensive refurbishment**

Double-height reception with an amenity centre open to all tenants, featuring a lounge area, café, library and curated events. 900-person assembly hall. A large private terrace on the 7<sup>th</sup> floor, 2 atria, bike storage and end-of-trip facilities and ground floor retail. The building also has an on-site gym and wellness room. St Paul's station is within a 2 minute walk.

Targeting BREEAM Excellent and WELL Platinum. EPC B rating and WiredScore Gold.



One Liverpool Street, EC2

Occupier: Dentons

**New**

Retail at ground floor and tenant amenity on 1<sup>st</sup> floor, including town hall space, working areas, a library and coffee bar. Bike storage and end-of-trip facilities. An all electric building with a green roof and high-performance HEPA filters installed. Liverpool Street and Moorgate stations are within a 5 minute walk, while Bank station is within a 6 minute walk.

Targeting BREEAM Outstanding and WELL Platinum. Targeting EPC A rating and WiredScore Platinum.



One Leadenhall, EC3

Occupier: Latham & Watkins

**New**

Adjacent to Leadenhall Market, with bike storage and end-of-trip facilities, EV charging points, a public terrace and ground floor retail. Within a 5 minute walk of Bank, Monument and Fenchurch Street stations.

Targeting BREEAM Excellent and WELL Platinum. ActiveScore Platinum.



Arbor, Bankside Yards, SE1

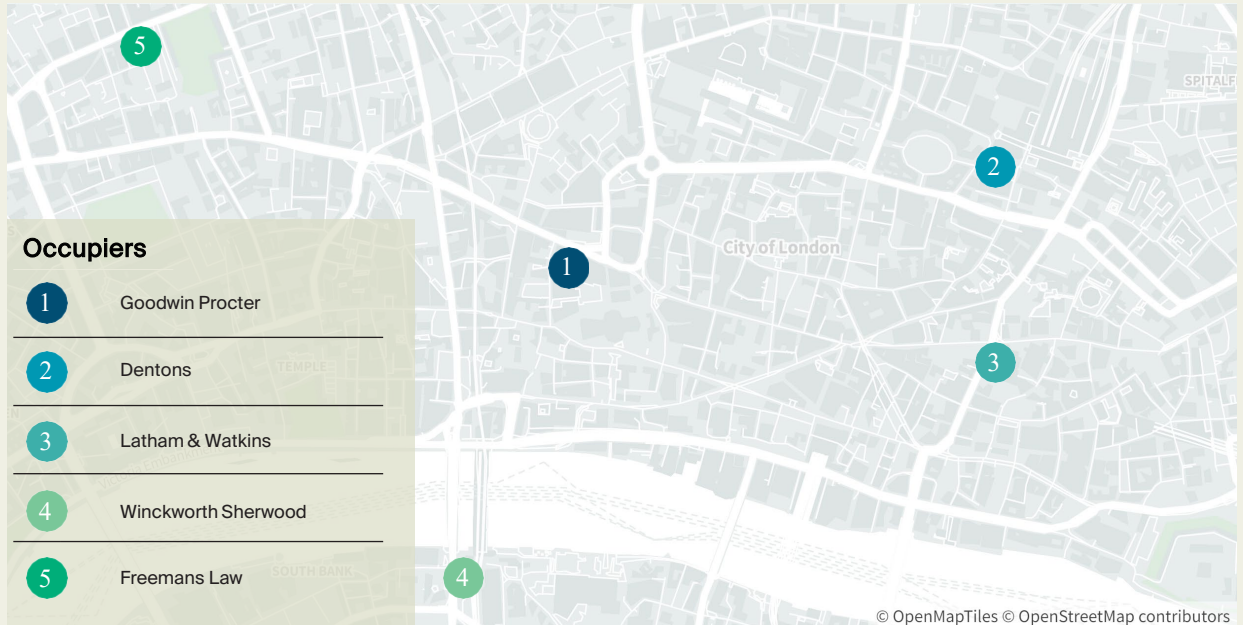
Occupier: Winckworth Sherwood

**New**

Arbor is part of Bankside Yards, the UK's first major fossil-fuel free mixed-use estate. The building offers private terraces on nine floors along with a feature terrace. It is net-zero carbon in operation and powered entirely by renewable energy. Wellbeing features include a dedicated floor for wellness amenities, bike storage and end-of-trip facilities. Blackfriars and Southwark stations are within a 5 minute walk.

BREEAM Excellent. Targeting WELL Platinum and WiredScore Platinum. EPC A rating.

# New Law Firm Leases



## Recent research



The London Report 2023

In this year's London Report, we look at how occupier requirements are increasingly driven to amenity rich buildings and locations.



London Office Market Report Q2 2023

A quarterly report examining the performance of London's office leasing and occupier markets.

*We like questions, if you've got one about our research, or would like some property advice, we would like to hear from you.*



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