

London Legal Sector Update

Q4 2023

This quarterly London Legal Sector Update aims to inform the real estate decision makers within law firms of competitor activity and emerging best practice.

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Sector and real estate trends

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

Three sector trends

This quarter's trends show how the legal sector in London is growing, transforming and striving for sustainability.

LONDON HIGHLIGHTED AS A TOP LEGAL SERVICES CENTRE.

According to data in TheCityUK report, London employed 138,000 legal professionals in 2021, a healthy increase from 97,000 in 2020. Additionally, the report found that the largest 50 international law firms operating in London reached a record-high headcount of 8,569 lawyers in 2022.

FIRMS SIGN UP TO NEW NET ZERO INDUSTRY INITIATIVE.

Names including Mills & Reeve, Hill Dickinson, Cripps and Mishcon de Reya have set targets to reduce their greenhouse gas emissions by 30% over the next five years as part of the Net Zero Law Initiative. The initiative provides law firms with a detailed plan and reporting framework to reduce their carbon footprints.

BUSINESS TRANSFORMATION IS A TOP STRATEGIC PRIORITY.

Our survey of 30 global law firm leaders found that the top three routes to business transformation over the next three years are entering new geographical markets, digital transformation and diversifying into new business areas.

Three real estate trends

Analysis of take-up and named demand highlights the continued expansion of US law firms in London.

PAUL WEISS BREAKS FROM THE PREVALENT TREND OF FIRMS MOVING TO THE CITY CORE.

The US firm has opted to relocate its London office to Soho from its current Noble Street address in EC2. Catering to an extensive private equity clientele, the new location situates Paul Weiss closer to key clients. Additionally, the firm's acquisition of extra space aligns with its growth ambitions in the UK.

US LAW FIRMS DRIVE LEGAL SECTOR LEASING ACTIVITY IN LONDON.

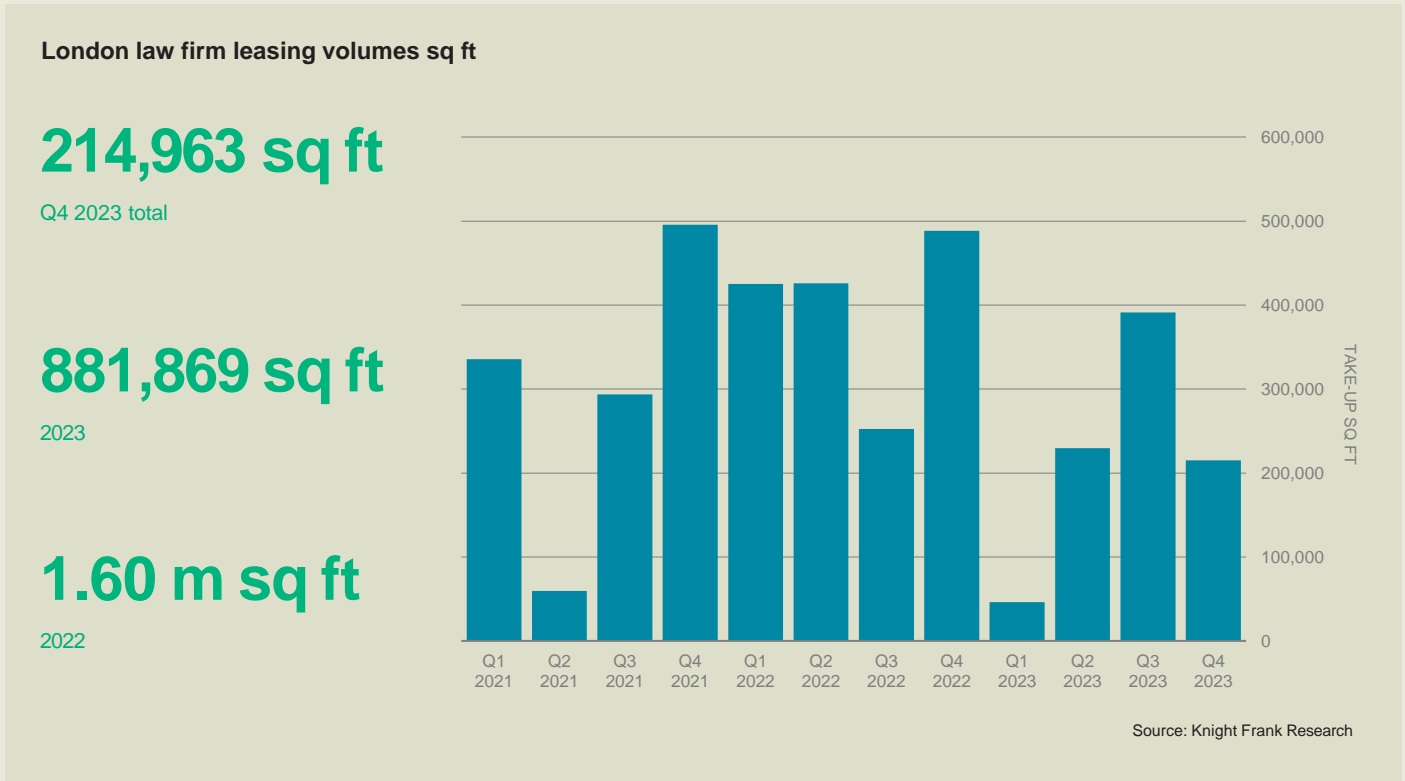
In 2023, US firms accounted for 76% of all legal sector space acquired. American firms also make up the majority of active demand, representing 70% of current legal sector requirements. This reflects their growing footprint in London.

LEGAL SECTOR TAKE-UP DECLINES IN 2023 BUT DEMAND REMAINS STRONG.

Legal sector take-up fell 45% from 2022 and 45% from the previous quarter. However, there is still robust active demand of just short of 1m sq ft, accounting for 8.3% of total active demand across all sectors. Even though leasing activity slowed over the past year, underlying demand from law firms looking for space persists.

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 preference and clustering.



Law firm leasing transactions – Q4 2023

Occupier	Grade	Address	HQ Location	Sq Ft	Rent (£ per sq ft)
Paul, Weiss, Rifkind, Wharton & Garrison	Secondhand A	Air W1, 20 Air Street, W1	US	81,433	£115.00
Debevoise & Plimpton	New	The Northcliffe, 26-30 Tudor Street, EC4	US	67,607	£79.90
Stewarts Law	Secondhand A	5 New Street Square, EC4	UK	23,178	£78.33
Pillsbury Winthrop Shaw Pittman	New	100 Bishopsgate, EC2	US	13,830	£97.50
Paul Hastings	New	100 Bishopsgate, EC2	US	9,580	£83.00

Source: Knight Frank Research



SPECIFICATIONS OF BUILDINGS WHERE LAW FIRMS HAVE TAKEN SPACE



Air W1, 20 Air Street, W1

Occupier: Paul, Weiss, Rifkind, Wharton & Garrison

Secondhand A

A mixed-use development that features a pedestrianised public realm that connects to the area around Piccadilly Circus, which is a two-minute walk away.

The design incorporates Art Deco details from the original building, combined with modern features like a central atrium. Measures such as LED lighting with daylight presence detection, along with connection to a central low-carbon energy centre, reflect the building's sustainability credentials. The reception was recently refurbished and remodelled. End-of-trip facilities include bike storage, showers and lockers.

Targeting EPC B rating and BREEAM 'Excellent'. Circular economy principles embedded.



100 Bishopsgate, EC2

Occupiers: Pillsbury Winthrop Shaw Pittman and Paul Hastings

New

Located a two-minute walk away from Liverpool Street Station, the scheme includes over half an acre of community space.

Building facilities and amenities cater to health and wellbeing and community with end-of-trip facilities, an on-site management team, tenant app and a programme of events.

Sustainable elements include eco-lighting fittings, automated controls and movement sensors to maximise efficiency and minimise waste. Roof-mounted solar photovoltaic and hot water panels generate renewable electricity and heat energy for the building.

EPC B rating and BREEAM 'Excellent'. Rated 'Platinum' by ActiveScore. Annual GRESB submissions. Circular economy principles embedded.



5 New Street Square, EC4

Occupier: Stewarts Law

Secondhand A

This building is part of a four-building campus clustered around a public realm. It is near Farringdon, Chancery Lane, Blackfriars and City Thameslink stations.

The building is set to undergo a significant retrofit to include the replacement of gas boilers with air-source heat pumps and new VAV units for demand-controlled ventilation. The reception, passenger lifts and outdoor spaces are to be refurbished as part of the works.

Targeting EPC B rating, BREEAM rating 'Excellent', WELL 'Gold Core' and NABERS 5.*



The Northcliffe, 26-30 Tudor Street, EC4

Occupier: Debevoise & Plimpton

New

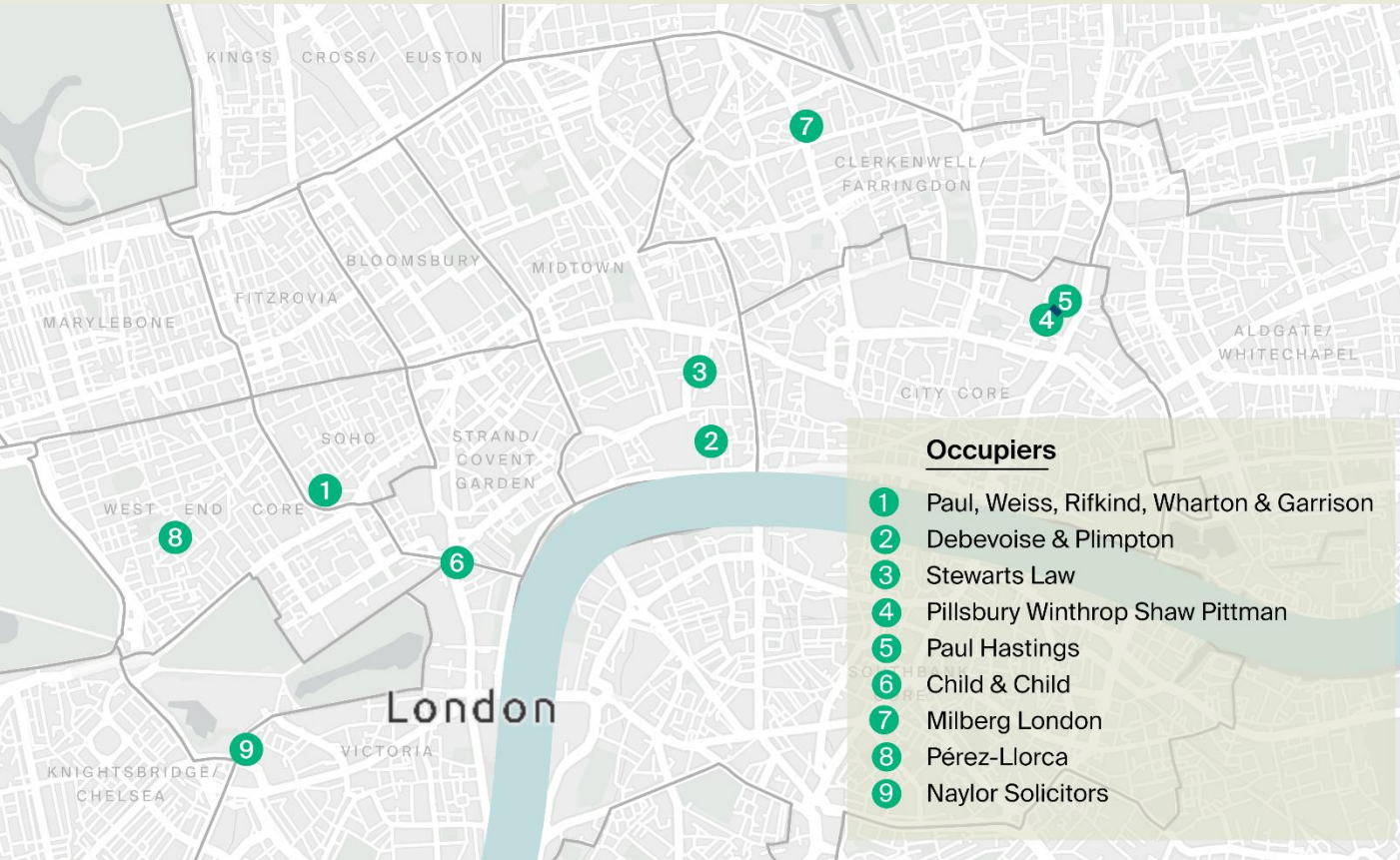
Located less than a five-minute walk to Blackfriars and City Thameslink.

Communal terraces and a rooftop garden provide outdoor spaces. The build also features shared facilities such as a library and café.

The retrofit includes air source heat pumps for simultaneous heating and cooling, new PV panels on the roof, LED lighting and smart controls and end-of-trip facilities.

EPC B rating and BREEAM 'Outstanding'. Rated 'Platinum' by WiredScore.

NEW LAW FIRM LEASES



Please note that numbers 4 and 5 refer to the same building.

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



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Recent research



The London Series 2024



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