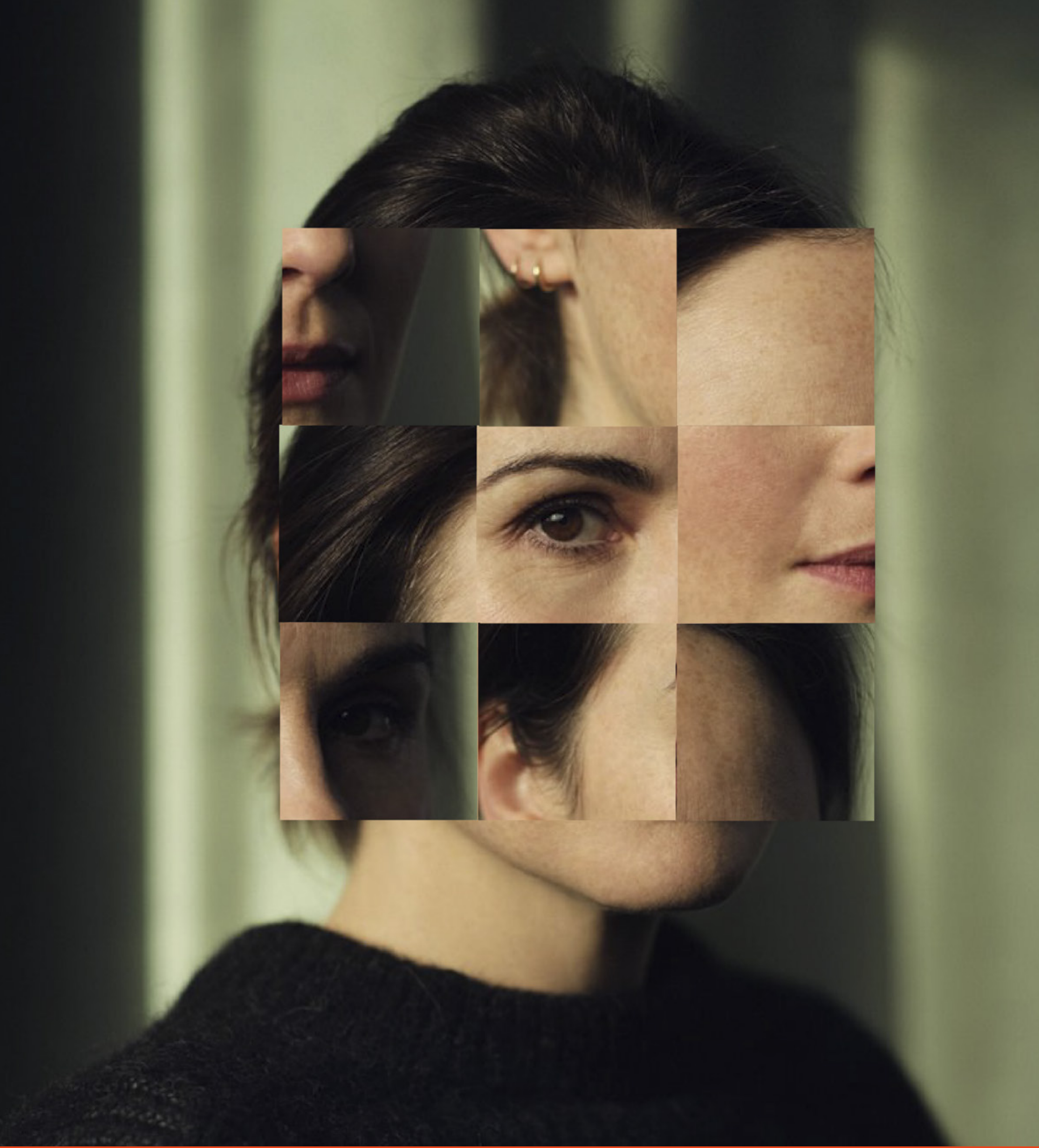


2025 - London Edition

Changing Face of Legal Workplaces

DEVONO

Central London has long been a hotspot for the legal sector, with a thriving ecosystem proving attractive to both domestic and international firms. Office leasing has ebbed and flowed over the past few years, with 2024 proving to be a comparatively low period.

In the latest edition of our *Changing Face of Legal Workplaces* series, we explore the changing size and space quality requirements influencing legal sector leasing activity as well as trends in location choice. How do these align with the results of our survey of legal sector workers and their expectations and priorities for sector and workplace in 2025?

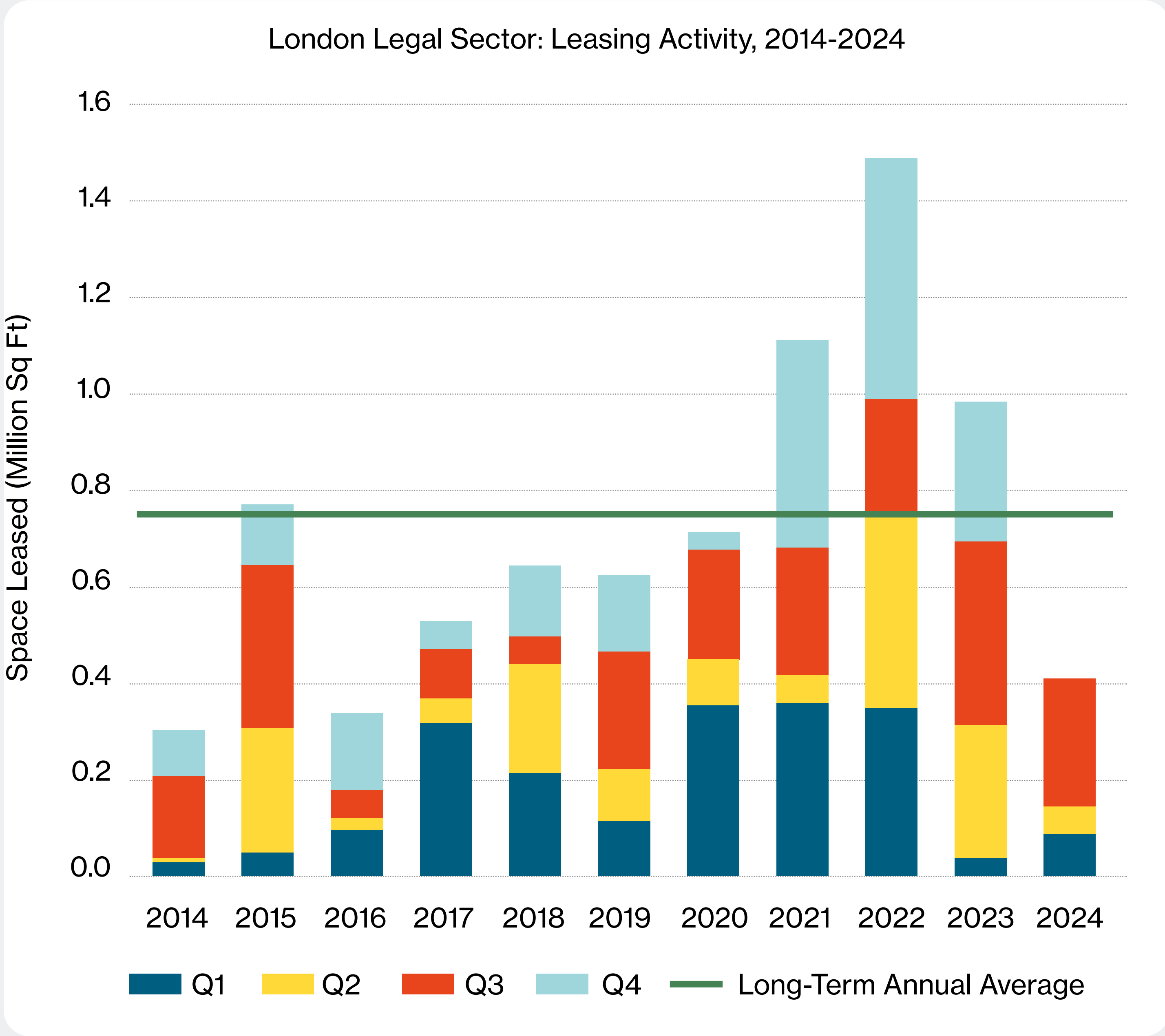
Workplace and workforce strategies are evolving, factor in the numerous opportunities and challenges that the legal sector could face over the coming months and years and that evolution is expected to keep pace.

Shaun Dawson,
Head of Insights,
Devono

Headline Stats

Leasing 2024 (Q1-Q3)	**c.411k** SQ FT Leased from Q1-Q3 – Down 41% On This Period in 2023	**10,819** SQ FT – Average Deal Size (Q1-Q3)	**17** Deals Transacted in Q3 – Highest Quarterly Number since Q2 2019
Leasing By Location 2024 (Q1-Q3)	**80%** Of Space Leased Located In The City – Largest Share of Space Leased Since 2020	**21%** Of Space Leased Located In The City – Largest Share of Space Leased Since 2020	**-60%** Less Space Leased In The Southbank In 2024 So Far Compared To Q1-Q3 2023
2024 Workplace Survey	**3 Days** Per Week is the most popular number of days in the office (44% Of Respondents)	**Talent Attraction** Ranked No.1 as the most important for Legal Firms in 2025	**Collaboration** Ranked No.1 driver of in-office attendance

Legal Sector Leasing



Source: Devono Insights

A Moot Boost In 2024

Sustaining the legal sector leasing high volume of 2022 would have been a tall order, so much so that even the combined total of 2023 and 2024 (Q1-Q3) is 6% below that record benchmark. Any increased appetite for space that we saw in the latter part of 2023 did not continue into 2024. Only 411,119 sq ft was signed for in Q1-Q3, the lowest level for this time period since 2016.

What have we seen when we delve into our data a little more:

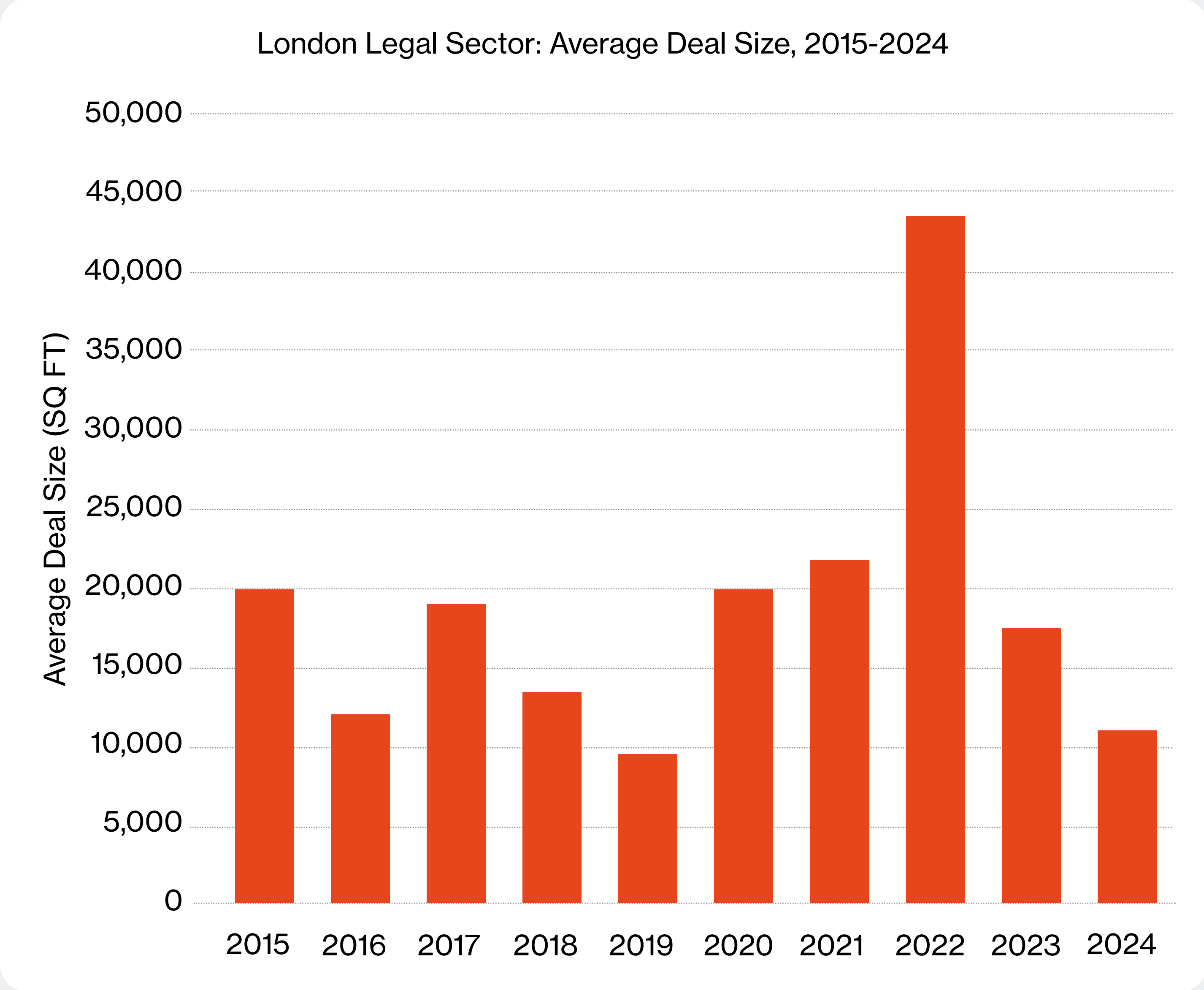
Leasing reduced quarter-on-quarter over the first half of 2024, with both Q1 and Q2 coming in below the long-term quarterly average taken at the end of 2023 (down 62% and 79% respectively).

That being said, there was a significant boost to take-up in Q3 2024, bringing the total sq ft leased for the quarter to 264,053 sq ft, not only a respectable quarterly level of take-up but 80% higher than the volume leased over the entirety of H1.

The uptick in leasing was driven by a combination of an increased number of firms signing for new space, with the 17 deals signed representing a historic quarterly high, as well as a marked increase in the size of the spaces being let, with the average deal size for Q3 being more than twice the average seen in the first half of the year.

Smaller Deals, Longer Leases

While the number of transactions has remained at a strong level throughout much of 2024 it has been the size of deals that has impacted leasing volumes, with a distinct lack of the larger-sized ones that propped up leasing in 2022 and 2023.



Source: Devono Insights

The reduction in leasing volumes recorded in Q1 and Q2 of 2024 was largely the result of the lack of office lettings over 25,000 sq ft. This reflects both the size of the firms that have been active in 2024 and an element of rightsizing to match hybrid working practices.

The average deal size of 15,533 sq ft in Q3 2024 was significantly up on the circa. 7,000 sq ft in H1 2024, with two deals transacted between 50,000-100,000 sq ft.

The 2024 (Q1-Q3) average deal size was 10,819 sq ft, some way off the 17,423 sq ft average for this period in 2023.

the average time commitment reaching 8.4 years over the Q1-Q3 2024 period, 16% longer than the 5-year annual average

The average size of the deals being signed remained comparatively small from a long-term perspective, coming in 31% smaller than the long-term quarterly average.

One trend that we have seen move in a different direction is that of lease lengths, with the average time commitment reaching 8.4 years over the Q1-Q3 2024 period, 16% longer than the 5-year annual average. The average is reduced to 7.4 years when only looking at the secondhand or lesser quality spaces, showing that prime Grade A spaces have warranted longer leases.

Prime Offices Targeted

Post-pandemic leasing activity has seen an intensification of the pursuit of Grade A offices by legal firms. So much so the average share of Grade A deals transacted by number has been 32% across 2020-24, versus 27% in 2015-19.

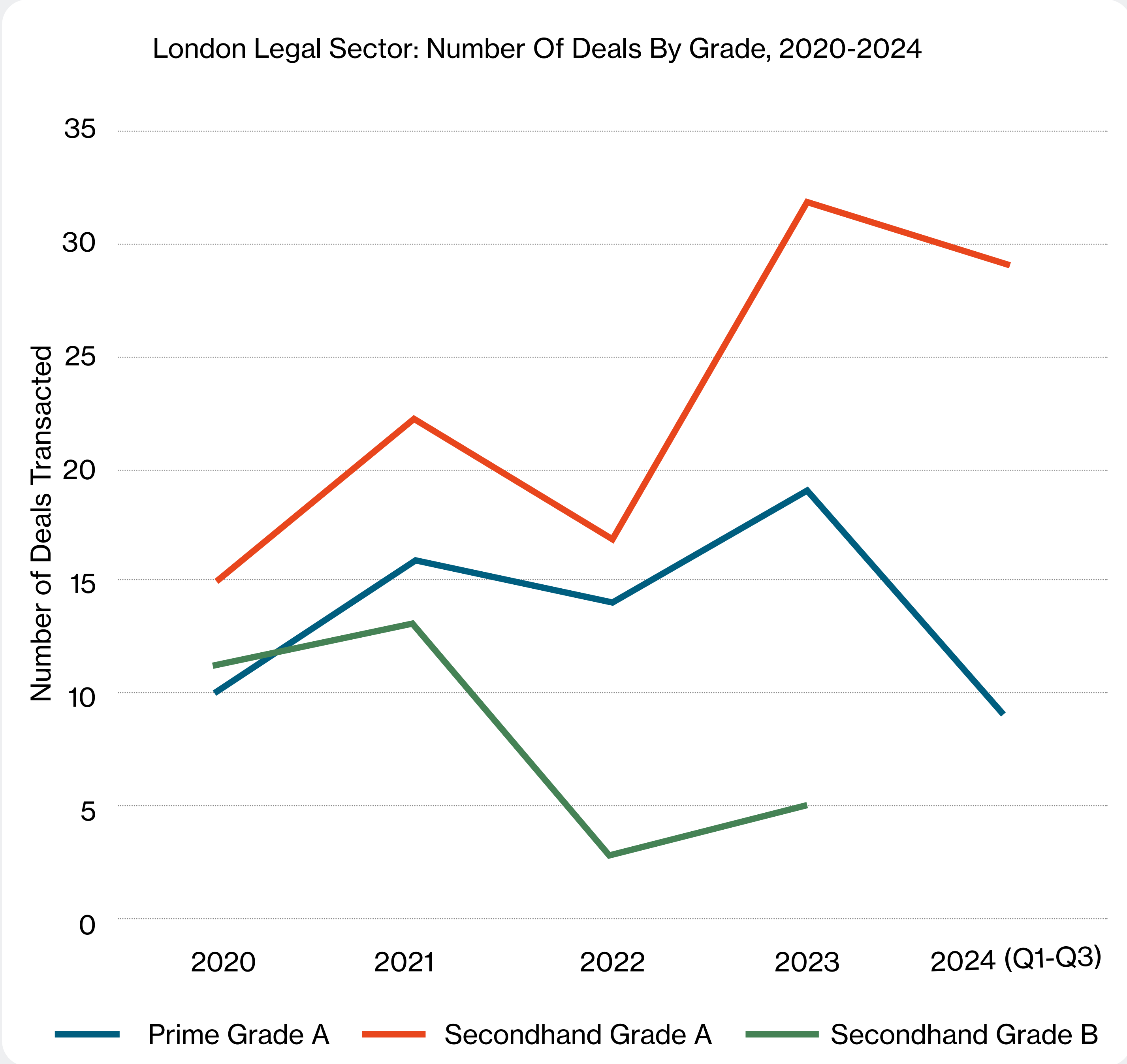
However, in 2024 a greater variety of different size businesses saw the top-quality spaces in older buildings opted for rather than the brand-new ones, with only 24% of the deals transacted having been for Grade A spaces, and the majority of the demand (76%) having actually been for the prime secondhand spaces instead.

...pursuit of the best spaces stretches to secondhand options...

The pursuit of the best spaces stretches to secondhand options, with no deals in 2024 (Q1-Q3) for secondhand Grade B, a significant shift away from these spaces as in 2023 the share for this quality space was 9%, and a far cry from the 31% average in 2015-19.

As such, the suggestion here is that legal firms have become increasingly discerning with their space requirements, even in the face of elevated rents – highlighting the importance of the office.

In fact, despite prime secondhand spaces representing something of a compromise, legal firms seem satisfied to occupy such space for a longer duration, as the average lease length taken in a prime secondhand space rose from 5.8 years in 2023 to 7.4 years in 2024.



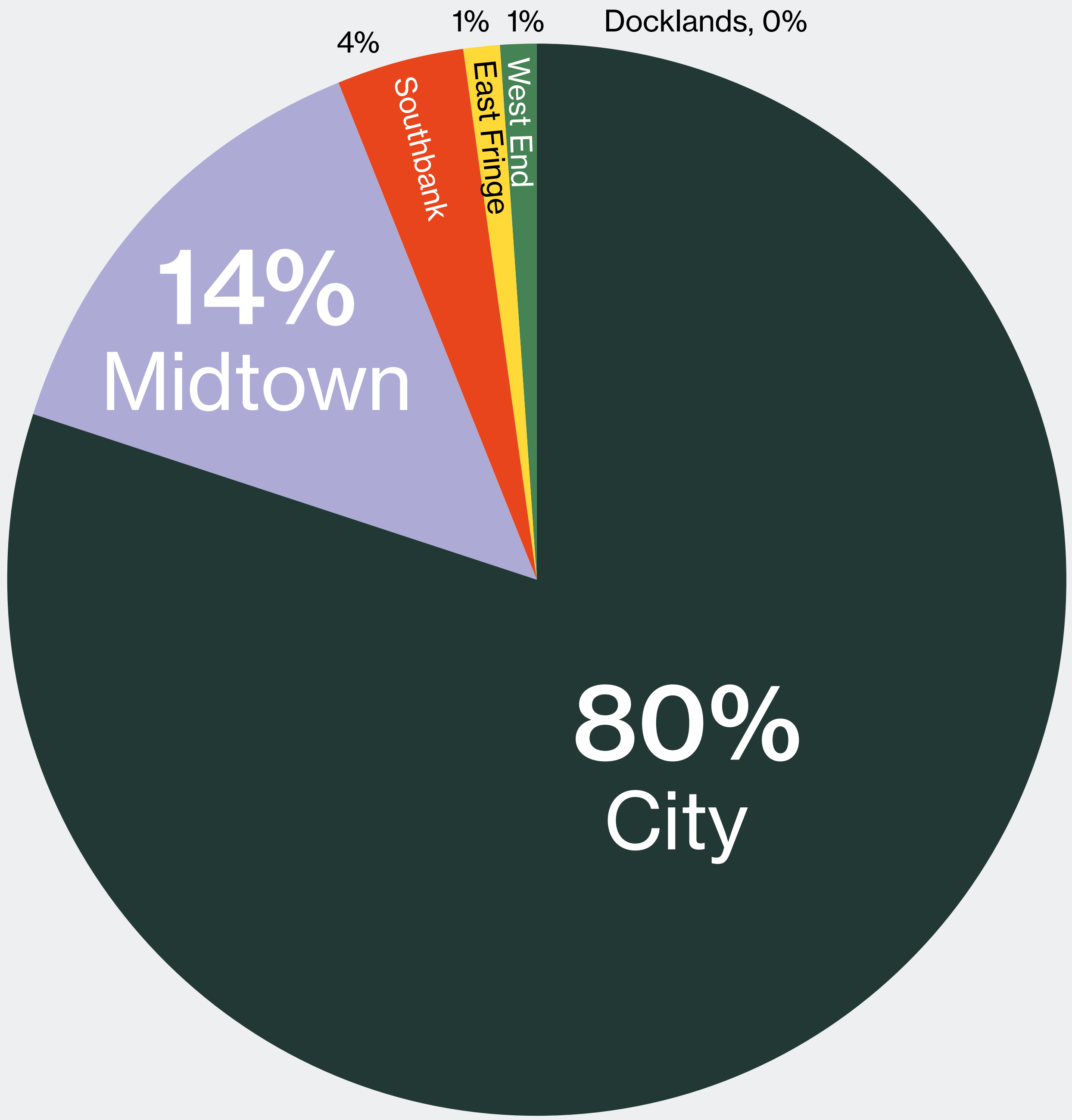
Source: Devono Insights

City Gains, Midtown Loses

In previous editions of this report, we highlighted the City's continuing appeal to legal firms, and 2024 has reinforced this trend, with 80% of the volume of space leased concentrated in this market, the highest level since 2020. There has been a significant rise in the proportion of deals too, accounting for 63% of the total this year. In contrast, Midtown's share of transactions dropped from 29% in 2023 to 21% in 2024, marking the most notable decline among central London's markets.

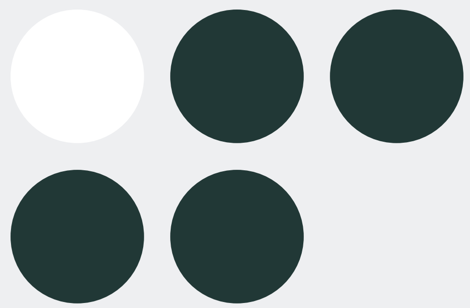
Why, then, are occupiers increasingly vying for space in the City?

London Legal Sector: Share of Leasing by Market, 2024



Source: Devono Insights

Legal firms have homed in on the EC2 postcode, which accounted for 26% of all transactions and four of the top five largest legal sector deals in 2024. This trend is primarily driven by the availability of high-quality office spaces in the area. Notably, the 10 deals completed in EC2 this year include some of the finest spaces in central London, with a strong concentration around Bishopsgate, including transactions for offices at 22 and 8 Bishopsgate.

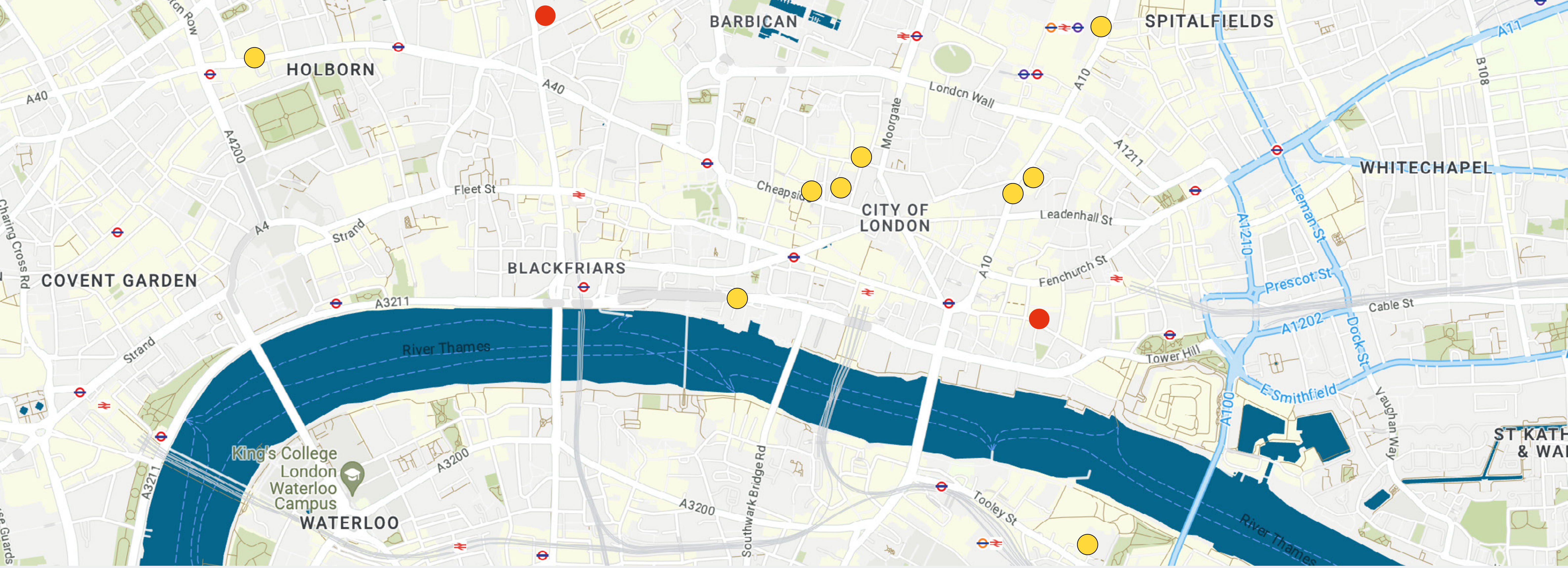


EC2 account for 4 out of five largest sector deals in 2024.

Simultaneously, a shift has occurred within the EC4 postcodes. Occupiers are moving away from the EC4Y segment of Midtown, ironically designated for the upcoming Justice Quarter, which accounted for just 8% of EC4 deals in 2024 compared to 40% previously in 2023. Instead, there has been a notable increase in activity in the EC4N postcode within the City, where the share of deals rose from 20% in 2023 to 38% in 2024.

The WC2 postcode, home of several Inns of Courts, has fallen out of favour in 2024, with only 3% of legal sector deals noted for this market, compared to 16% last year.

It is clear that legal sector occupiers are increasingly prioritising high-quality spaces in client-centric locations rather than focusing on proximity to courts or professional associations. Notably, 50% of those who leased space in the City in 2024 already had a presence in the market, highlighting this strategic shift.



US Firms Drive Growth

Historically, international firms – particularly from the US – have been attracted to London to establish a significant foothold, and in 2024 this trend has accelerated. While UK law firms still accounted for the majority of transactions (53%), this is a decrease from the 68% recorded in 2023. While some of these deals came from a more diverse range of home nations, US firms increased their market share to 37%. This greater push by US firms into the central London office market has influenced many of the broader market trends observed this year.

The City has solidified its dominant position, largely driven by US firms establishing new or additional offices. US firms were responsible for 38% of all transactions in this location, contributing significantly to this shift.

US firms have also shaped market size trends in central London. While two of the largest deals (over 50,000 sq ft) were made by UK and US firms – namely Watson Farley & Williams and Akin Gump Strauss Hauer & Feld – US firms are more dominant in mid-sized transactions. Specifically, US firms accounted for 83% of deals between 10,000 and 25,000 sq ft, while UK firms dominated deals smaller than this range (74%).

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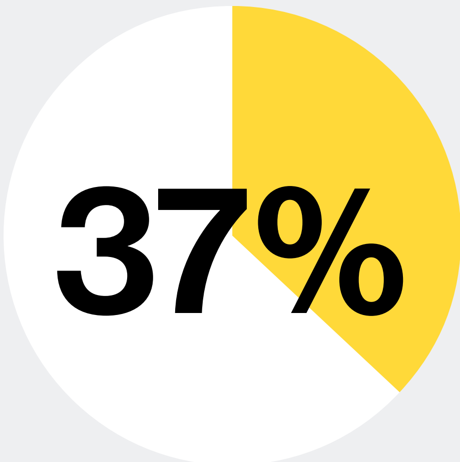
Additionally, US firms are demonstrating long-term commitment to maintaining their London presence. The average lease term for US firms is 9.8 years, compared to 7.6 years for UK firms. This highlights a different approach to flexibility, with UK firms potentially being more inclined to relocate or expand within central London over shorter time periods than their US counterparts.



US firms increased their market share to 37%

London Legal Sector: Top 10 Largest Deals (Q1-Q3 2024)

Tenant Name	Size (Sq Ft)	Building Name & Address	Postcode	Market	Country Of Origin
Akin Gump Strauss Hauer & Feld	76,822	155 Bishopsgate	EC2A 2JL	City	US
Watson Farley & Williams	68,500	25 Moorgate	EC2R 6AR	City	UK
Davis Polk & Wardwell	29,925	5 Frederick's Place	EC2R 8JQ	City	US
Cravath Swaine & Moore	21,459	100 Cheapside	EC2V 6DY	City	US
Quinn Emanuel	18,211	90 High Holborn	WC1V 6LJ	Midtown	US
Three Crowns	15,091	JJ Mack, 33 Charterhouse Street	EC1M 3HN	City	UK
Faegre Drinker Biddle & Reath	14,534	8 Bishopsgate	EC2N 4BQ	City	US
Womble Bond Dickson	14,352	4 More London Riverside	SE1 2AU	Southbank	US
Curtis, Mallet-Prevost, Colt & Mosle	13,944	99 Gresham St	EC2V 7NG	City	US
Perkins Coie	12,958	22 Bishopsgate	EC2N 4BQ	City	US

Legal Workplace Survey 2024

Over the last few years, the legal sector has embraced significant change, partly forced by the pandemic but latterly by adopting new approaches to working styles, introducing new technology and ultimately evolving the role of the office and workforce. However, the question is does the evolution so far align with the expectations and needs of workers. Devono has once again conducted its annual survey of the legal sector, the results of which paint a more stable picture compared to recent years as greater clarity on workplace/workforce strategies are filtering through, noting that the sector still has room for further change.

The Return To The Office

The pace of the return to the office picked up in 2024 with hybrid working now engrained in most businesses. The past few years we have seen a variety of models adopted, some of which are firmwide policies, others based on teams or function. For many the process has been fluid, trying to reach a point that works well for the employee and the wider business. Results from our survey show that it is unlikely there will be a return to the traditional in-office 5 days a week any time soon, with 84% of respondents not expecting any change in 2025.

POLICY:

56%

of respondents have company-wide mandated in-office days

MANDATED DAYS:

60%

of respondents are mandated in the office 3 days a week

IN-OFFICE:

84%

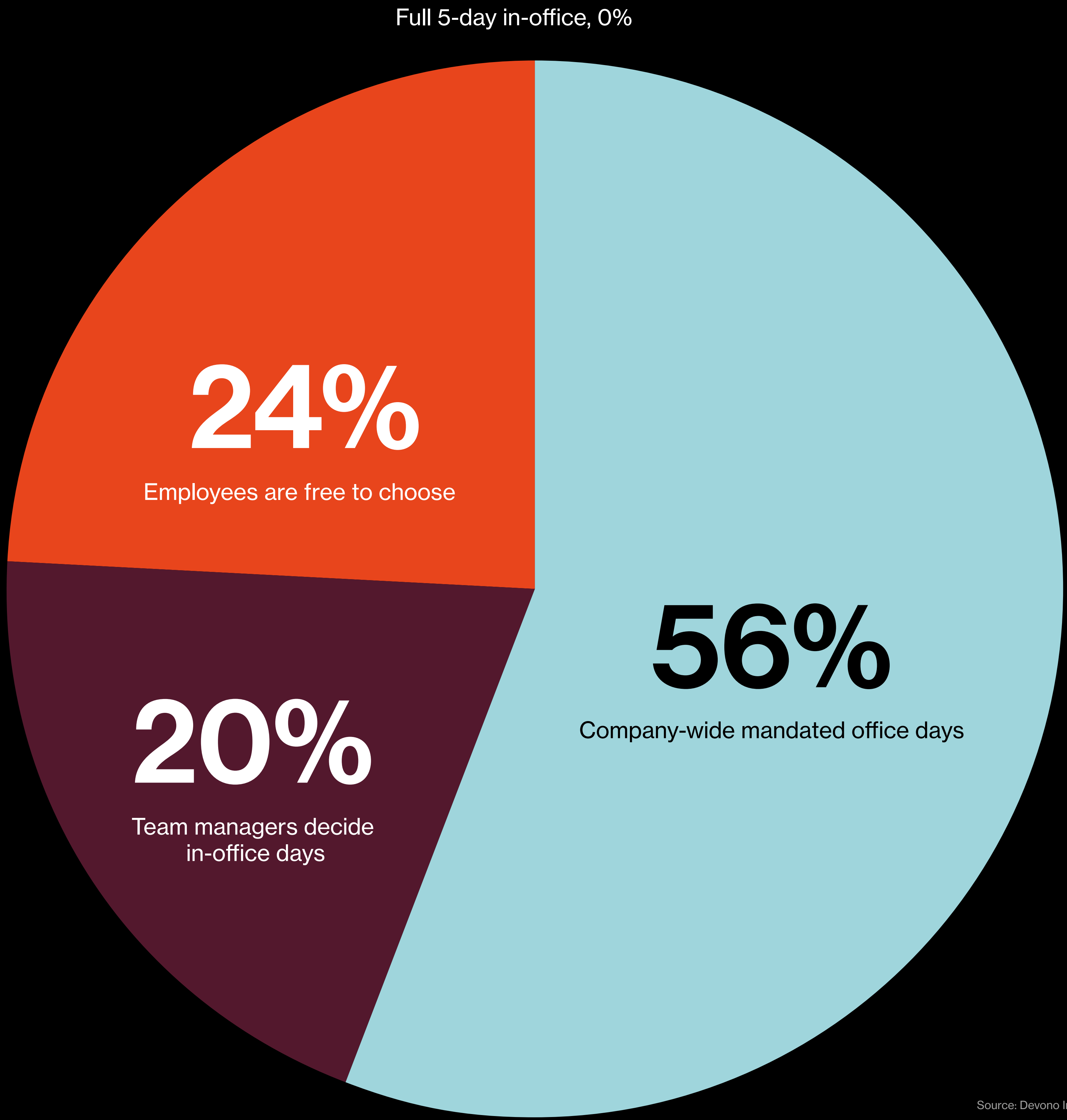
of respondents are in the office 3-5 days a week

FLEXIBILITY:

8%

of respondents expect less remote working flexibility in 2025

What Is Your Company In-Office Policy?



Source: Devono Insights

Collaborate & Engage

The office can mean something different to every individual, and trying to provide a workplace that meets everyone's expectations would be near on impossible. The evolution of working practices, not just by the frequency of being in the office, but also the technology that is used and how we interact with our colleagues, peers and clients is influencing the role and the future shape of the legal workplace.

Rank The Factors That Are Drving In-Office Attendance

1. Greater collaboration and thought sharing
2. Greater engagement
3. Nurture self and colleague personal development
4. Efficient decision making and productivity
5. Build strong relationships and trust
6. Better surroundings and facilities/ amenities
7. Access to better technology
8. Would rather work remotely

When asked to rank the factors that are driving greater office attendance, the results of which are overwhelmingly people-focused. The top 3 factors are greater collaboration, engagement and nurturing self and colleague development, highlighting that the workforce are not just the best asset to businesses but to each other, with a preference to work remotely languishing at the bottom of the pile.

Even though the better surroundings and facilities are ranked lower than the people-orientated factors, the workplace and what is included is important.

> Greater *collaboration* and *thought sharing* was ranked number 1 by respondents as the *main driver* of in-office attendance.

What Is Very/Extremely Important In The Office?

88%
Formal Meeting Room (Bookable)

65%
Informal Meeting Spaces (Breakout)

63%
Social Kitchen

59%
Shared Open-Plan Desking

47%
Hot Desking (Bookable)

When asked the importance of a variety of office elements in supporting productivity and working practices, the social and people element shines through once again. Informal and formal meeting areas and social kitchens topped the list as being very or extremely important to respondents.

Three elements that ***do not*** garner much importance are:

PRIVATE OFFICES:

88%
of respondents state private offices not at all important

IN-HOUSE CATERING:

44%
of respondents do not hold importance to cafes or coffee shops in-house

DEDICATED DESK:

31%
of respondents do not attach any importance to personal desks

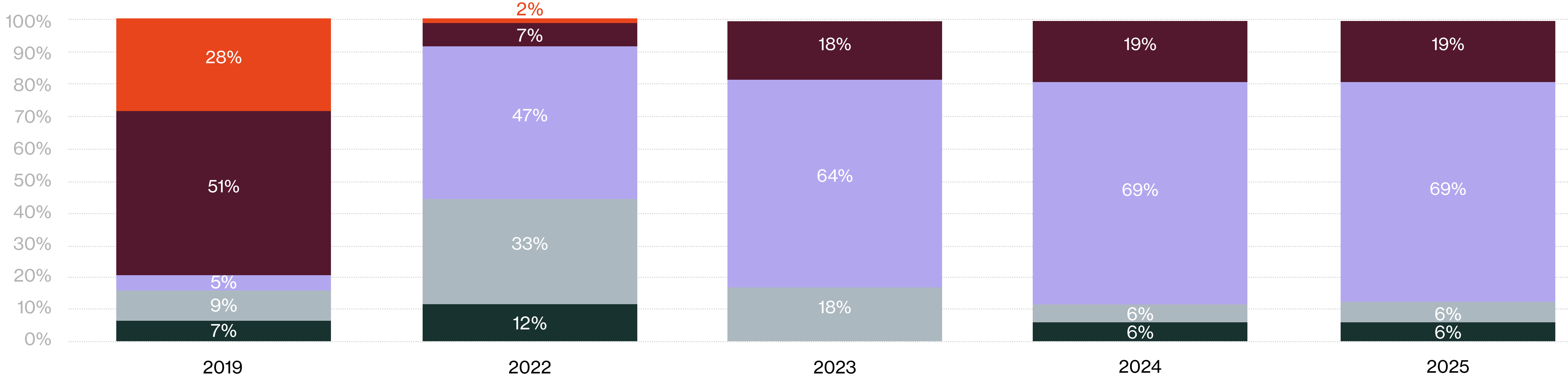
Interaction New Normal Reached

How we interact with others has been changing for a good number of years, with greater reliance on technology. Our survey shows that we could well have reached a new normal with the majority of respondents now interacting with both peers and clients alike splitting interaction online and in-person. A far cry from 2019 where in-person meetings dominated.

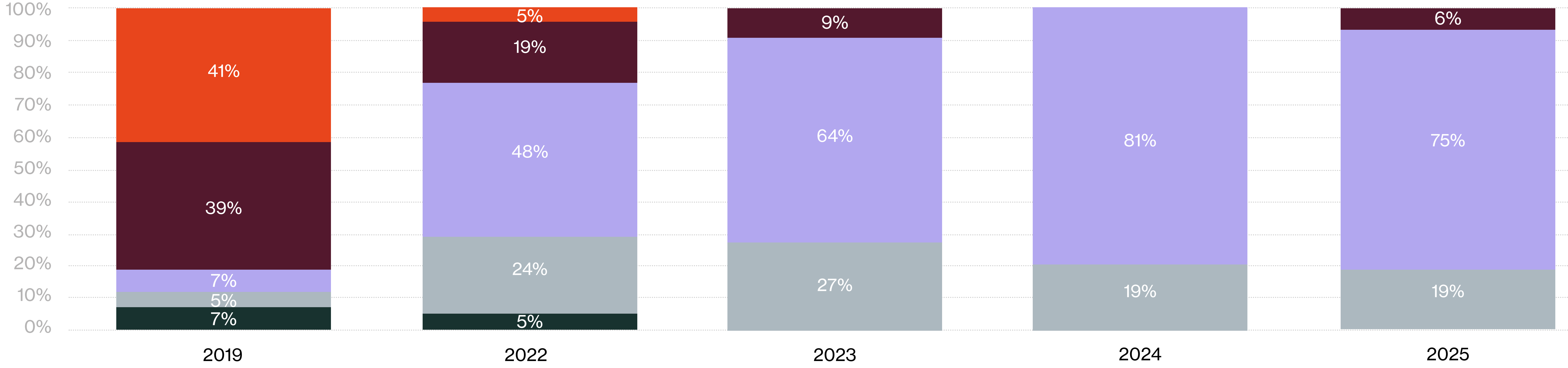
Factoring in those that see interaction being predominantly online both in 2024 and expected in 2025, in-person meetings now count for a small share, which will influence how meeting room spaces and in some cases entertainment spaces are designed and used.

Interaction with Professional Services & Peers

Source: Devono Insights



Interaction with Clients & External Audiences



No in-person meetings | Predominantly online meetings | Split between online and in-person | Predominantly in-person meetings | All meetings in-person

Entertaining

Whilst 69% of respondents believe that demand for meeting rooms and entertainment space in 2025 will be the same as it has been in 2024, our survey shows that the majority of respondents (75%) believe that the **style and purpose** of entertainment/meeting provision will change.

Top 5 Entertainment/Client Facilities To Be Important In 2025

65%
Drinks Points

64%
Hybrid Working Facilities

64%
Large Board/Meeting Room

57%
End Of Trip Facilities

55%
External Catering

Talent & Technology High On The Agenda

Rank The Impact Of Themes On Legal Firms In 2025

1. Talent Attraction
2. Talent Retention
3. Technology investment (AI,Hardware,Cybersecurity)
4. ESG Implementation
5. Cost Pressures
6. Rising Competition
7. Hybrid Working
8. Geopolitcal Risks
9. Economic Distress
10. Brexit Impact

There are a number of headwinds that businesses will face in 2025, our survey results show that talent attraction and retention are ranked the highest of all factors. This chimes nicely with the wider survey responses that indicate people, place and culture are important to an employee and should be high up on the agenda in 2025.

These are followed by two themes, investment in technology and implementing ESG policies, both of which are expected to dominate business planning over the next few years.

Brexit and economic distress, whilst both are still important factors, have been ranked as the least impactful in 2025, suggesting that legal firms have moved past these events to an extent.

Whilst respondents have ranked the impact of these themes, all will influence investment and focus levels by legal firms throughout the year. The cost of such investments will divert funds away from other areas, if one thing is clear from this year's survey it is that investing in people and the spaces that they need will certainly align with workforce expectations and needs.

Strategic planning for workplaces and workforces in 2025 and beyond will be influenced by a blend of opportunities and challenges. The Devono Insights team have highlighted a number of these which could impact growth and development within the industry.

While there is significant potential for innovation, enhanced employee engagement, and adaptability, organisations must also navigate economic uncertainties, technological advancements, and the ongoing demand for flexibility.

Opportunities & Challenges

Tech Investment: Embracing Innovation & Ai	The legal sector offers a wide range of opportunities to integrate AI into its operations, from contract analysis and generating summaries or insights to deploying chatbots for handling queries. Firms that embrace these technologies stand to achieve substantial efficiency gains.	Competition	Legal firms in Central London will encounter heightened competition from expanding US firms entering the UK market and regional firms establishing new offices. This rivalry will extend beyond securing clients to attracting legal talent, as new, non-traditional roles continue to emerge and require staffing.
Expansion: Products And Services	New areas of law are rapidly emerging as advanced technologies, environmental concerns cryptocurrencies, and even space travel create opportunities for firms to broaden the appeal of their services while also exploring related fields for potential expansion.	Rising Costs	Alongside more general rising costs in the form of greater national insurance contributions and other more general increases in taxation, legal firms face further hurdles including elongated lockup times when it comes to billing clients.
Expansion: Geographic	We have observed a number of firms expanding into the central London office market so far this year, whether this has been from the regional office markets in the UK or from the US, and we expect this to continue in 2025 as firms take the opportunity to access a new client base.	Digitisation & Cybersecurity	As legal firms increasingly integrate AI into their operations, it will be essential to upskill employees whose roles will involve working with AI and to recruit new talent to manage and maintain these advanced systems. However, the adoption of these systems will also introduce new vulnerabilities, necessitating greater investment in cybersecurity.
Workplace Optimisation	With increased confidence and comfort in their flexible working strategies, legal firms can now capitalise on spatial efficiencies by transitioning to more purposeful and efficient spaces.	Diversity & Inclusion	Amidst increasing competition for talent and the growing demand for niche roles, firms must ensure their recruitment processes foster a diverse and representative workforce. Furthermore, legal practices will need to continuously evaluate their promotion pathways to guarantee fair and equitable opportunities for all employees.
Workforce: Traditional Vs. Non-Traditional	As firms embrace emerging legal technologies and expand into new practice areas, they will also have the opportunity to tap into diverse talent pools to fill non-traditional legal roles. This approach offers the advantage of incorporating a wider range of skills and perspectives into their workforce.	Next Legal Generation	The younger generation of workers, especially Gen Z, is prone to job-hopping in hope of achieving salary growth as quickly as possible. For legal firms, this creates a conflict with the existing structure, where there is often a promotion ceiling or a lockstep model that rewards those at higher levels based on years served.
Growth Of Niche Markets	As more niche markets grow in other sectors, this will stimulate the growth of new emerging legal fields, allowing opportunities for expansion or specialisation while also creating new areas of demand.	Regulation	While new fields of the law are opening up and law firms are expanding internationally, these trends have also meant that law firms are exposed to evolving regulation around these fields as well as the need to comply with international jurisdictions.
Sustainability	For firms seeking new office space, there are opportunities to enhance energy efficiency. Many of the top spaces available today feature systems that monitor energy usage in real time and adjust outputs, such as lighting and temperature, based on staff occupancy. These innovations can play a key role in supporting net-zero targets.	Align Workspace Needs	Legal firms must consider employee preferences to attract and retain talent while designing office spaces to boost productivity. For those relocating, this means involving employees in planning and seeking external advice. For firms staying put, it involves reassessing workplace strategies to optimise their current space.
Pro Bono Work	As firms look for ways to hasten their journey towards meeting their ESG goals, one way that legal firms can meet the “social” element is to take on more pro bono work, whether this be for charitable organisations or other end-users.	Workspace & Environment	When it comes to ESG, legal firms will need to broaden out the discussion to gain greater input from their staff on where they believe the priority should be around opportunities to combat environmental harms/inefficiencies in their operational processes.

Outlook

The legal sector stands at a transformative juncture as it balances opportunities with headwinds like economic uncertainty, evolving workforce expectations, and technological change. Strategic workplace planning will focus on leveraging AI, addressing talent gaps, prioritising employee engagement, and embedding sustainability. Leasing activity will be shaped by a preference for strategic, prime Grade A and secondhand premium spaces, with the City maintaining its dominance and US firms expanding their footprint.

Our survey results and insights from the Devono Insights team reveal that the industry is finding greater clarity in balancing the return to office trends, technological integration, and the demand for flexibility.

Firms that invest thoughtfully in technology, employee needs, and long-term spatial strategies will be best positioned to unlock growth. While challenges like operational costs and market competition loom, the ability to adapt, innovate, and align with changing demands will define success in the years ahead.

About Devono

Devono is the UK's leading occupier-only advisory firm, proudly accredited as a B Corp and regulated by the RICS. We specialise in delivering tailored commercial real estate solutions that align with the diverse needs and strategic objectives of businesses across all sizes and sectors.

A significant part of our role is helping our clients understand and define their occupational requirements. We carefully consider factors such as talent acquisition and retention, headcount projections, operational priorities, and cost efficiency. This ensures we craft a forward-thinking brief that not only meets today's needs but also lays the foundation for a sustainable and adaptable occupational strategy.

At Devono, our mission is to navigate real estate opportunities in a way that positively shapes company culture, enhances productivity, and drives financial performance – creating lasting value for our clients and their teams.

Our Services

- Leasehold Office Agency
- Service Charge Consultancy
- Workplace Consultancy
- Design & Build
- Dilapidations & Building Surveys
- Occupier Disposal
- Rent Reviews
- Flexible Office Agency
- Managed Offices

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