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## **Pandemic pushes law firms to consider slashing real estate footprint**

by Caroline Spiezio

(Reuters) - Many law firms were already downsizing their offices before the coronavirus pandemic hit this year. Now the mass migration to remote work may be pushing that process into overdrive.

One-third of respondents to a survey conducted by commercial real estate group Cushman & Wakefield said they expect their law firms to reduce office space by over 20% in reaction to the ongoing crisis, which has left offices empty for months and forced attorneys and their employers to adapt.

Cushman & Wakefield surveyed 608 law firms and associate participants in the second quarter of 2020 for the July 16 report. About one-third of respondents said they expect over 10% of their firm's attorneys will mostly work remotely in the long term, the July 16 report said.

Some large law firms are already making permanent remote work arrangements. Dentons, the world's largest law firm, said this month it would close two of its U.K. offices, with workers at those locations set to work from home permanently, including four partners.

Husch Blackwell, a U.S. law firm with more than 600 lawyers, launched a 'virtual office' this month as a hub for dozens of attorneys who now won't be tied to any of its brick-and-mortar locations.

The number of law firms signing or renewing leases plummeted in April and May, down 75% compared to the average for 2016 through 2019, Nancy Muscatello, managing consultant at real estate data company CoStar Portfolio Strategy, has told Reuters.

The draw of smaller or even non-existent offices comes as many law firms scramble to conserve cash. The pandemic has dried up deal and trial work, leading dozens of large law firms to cut pay or furlough staff. Real estate is often a firm's second highest cost.

But many firms are locked into long term leases and can't immediately jump to a smaller offices, or move to a completely remote work set up, several legal industry sources have told Reuters. Cushman & Wakefield said it anticipates a large number of early lease restructures and space givebacks in 2021 and 2022, once law firms have a stronger sense of how and where they want attorneys to work long term.

For now, the vast majority of Cushman Wakefield's respondents said they expect tech costs to jump this year, as much of the professional world sticks to conducting business online.

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