Research

Law Firm Perspective

Major U.S. Markets

May 2024

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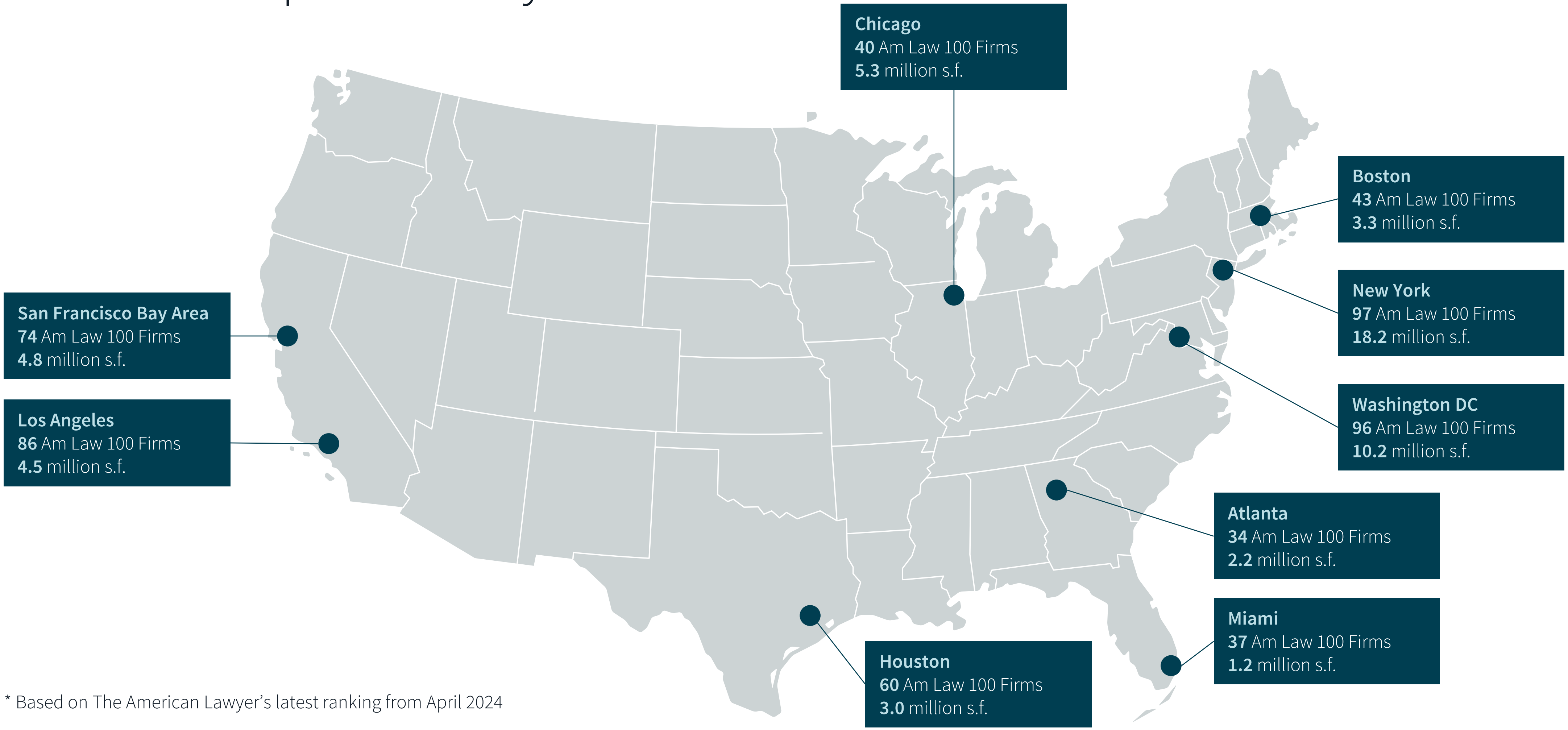
JLL SEE A BRIGHTER WAY

U.S. law firm presence by market



* Based on The American Lawyer's latest ranking from April 2024

Key findings

Law firm leasing rebounds

U.S. law firm leasing demand closed 2023 strong, totaling **9** million s.f. of signed leases in the nine reported markets which reached **92%** of the historical leasing volume, up from **78%** in 2020 and 2021. We have visibility into another **8.2** million s.f. of currently active law firm space requirements.

Larger firms continue to densify

Larger law firms in the market remain focused on space efficiency, as **79%** of active requirements with a current footprint of 100,000+ s.f. are seeking space reductions (by an average of **31%**). In contrast, smaller firms show a mixed trend with as many looking to expand as ones looking to contract.

Law firm lease rollovers peak in 2027

Over the next five years (with a peak in 2027), more than **30** million s.f. of law firm leases are expiring in the nine reported markets that have not committed to a new lease. These firms will face a significantly diminished development pipeline and limited options of high-quality large-block availabilities.

U.S. office inventory shrinks

In Q1 2024, the U.S. office inventory shrank for the first time on record (by **1.6** million s.f.), as conversion and redevelopment activity has outpaced new construction. Supply constraints at the top of the market will result in upward pressure on rents among well-positioned Class A buildings built or renovated post 2015.

Workplace design on a sliding scale

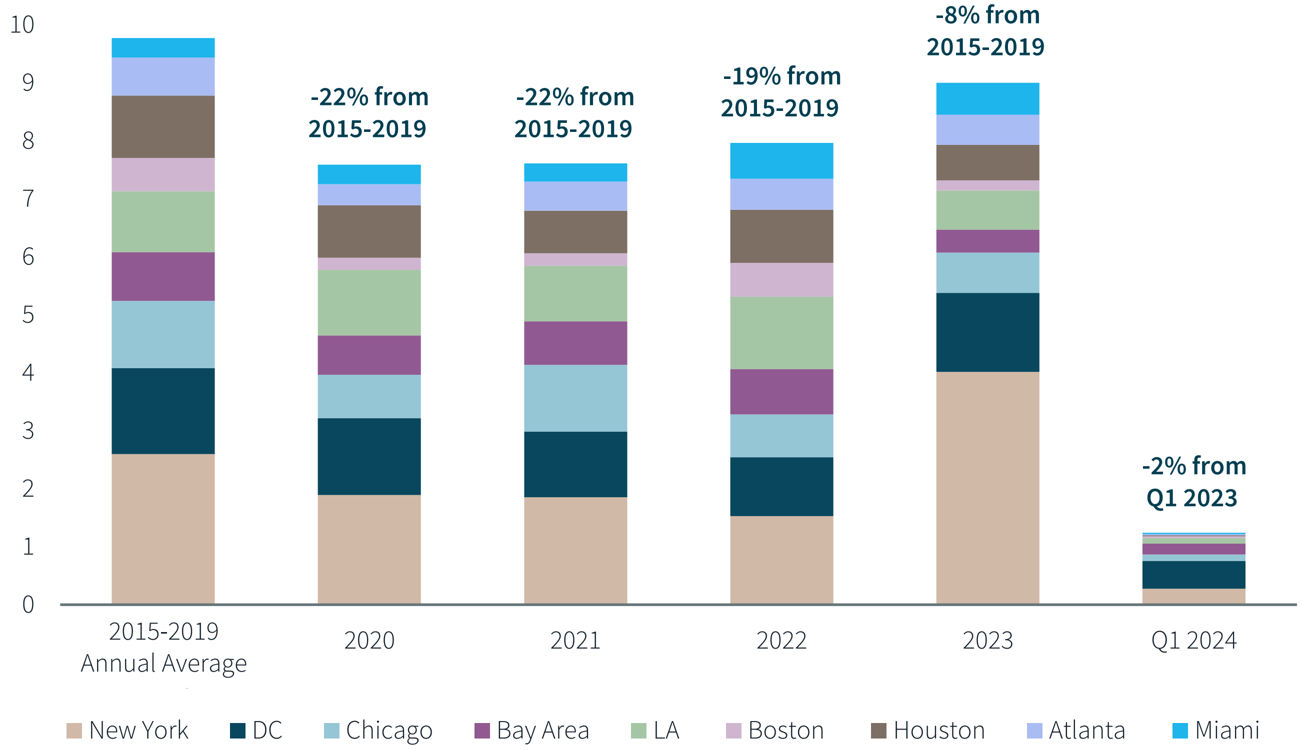
Law firms are evaluating workplace design decisions on a sliding scale and exploring more progressive strategies such as hoteling, while continuing to implement baseline industry standard practices such as single-sized offices.

Construction costs stabilizing

Reduction in new construction starts has stabilized price increases and shortened lead times for materials. However, costs will remain elevated due to labor shortages and competitive wages. Rapidly evolving design choices that push each office to do more with less space will continue to affect fit-out prices.

Driven by increased activity in New York and DC, law firm leasing demand mostly rebounded in 2023, reaching 92% of the historical levels.

Law firm leasing volume (million s.f.)

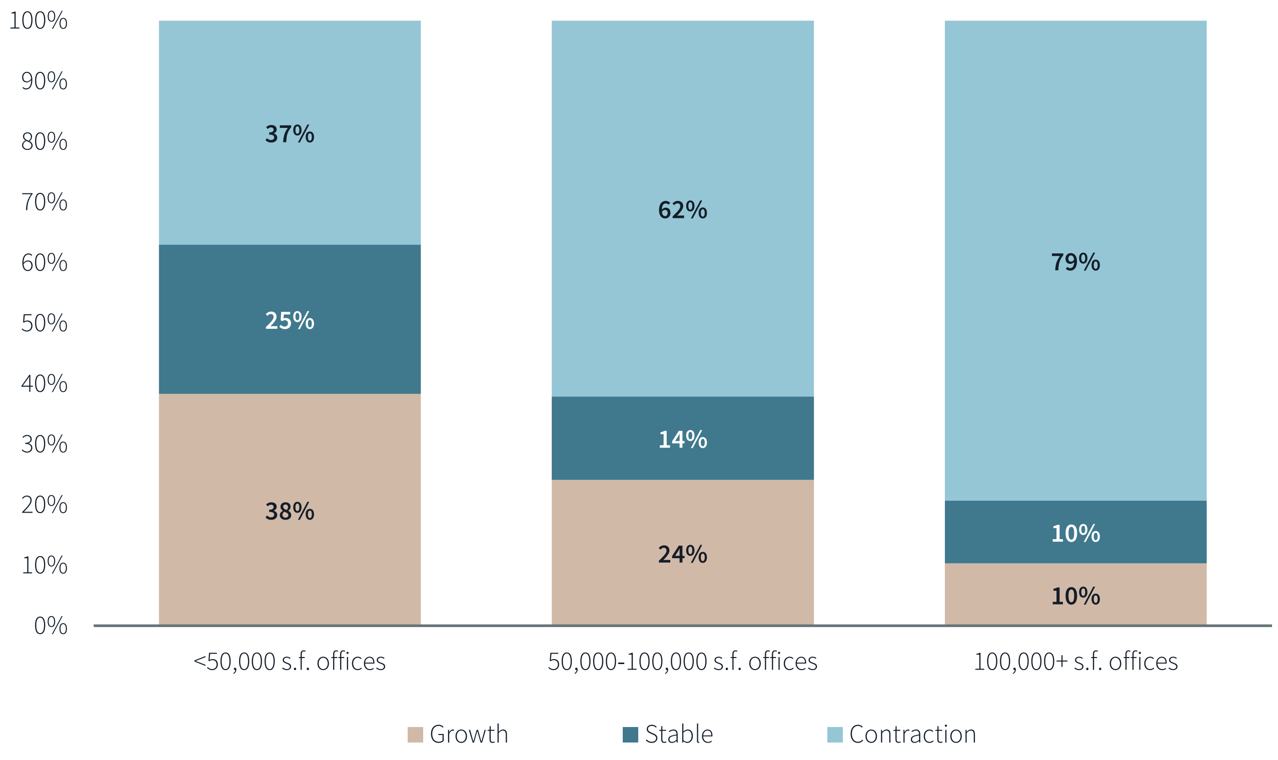


U.S. law firm leasing demand closed 2023 strong. **9** million s.f. of leases were signed by law firms across nine major U.S. markets during the year, which reached **92%** of the historical average, up from 78% in 2020 and 2021. We have visibility into another **8.2** million s.f. of active law firm space requirements (10,000+ s.f.) currently in the market and expect law firm leasing to remain robust in 2024.

- New York saw strong relocation activity in Q4 2023, including **Quinn Emanuel**'s 131,661-s.f. move to 295 Fifth Avenue, **King & Spalding**'s 175,000-s.f. move to 1290 Avenue of the Americas, and **Paul, Weiss**' 765,931-s.f. move to 1345 Avenue of the Americas which was the largest U.S. lease of the year as the firm substantially expanded its footprint.
- Washington DC started 2024 with two sizable renewals during the first quarter—**Finnegan** for 204,578 s.f. at 901 New York Avenue (15% contraction) and **Sullivan & Cromwell** for 78,740 s.f. at 1700 New York Avenue (26% expansion).

Larger law firms in the market are mostly focused on space efficiency gains, while smaller firms are remaining stable in overall office needs.

Target footprint change among active law firm space requirements

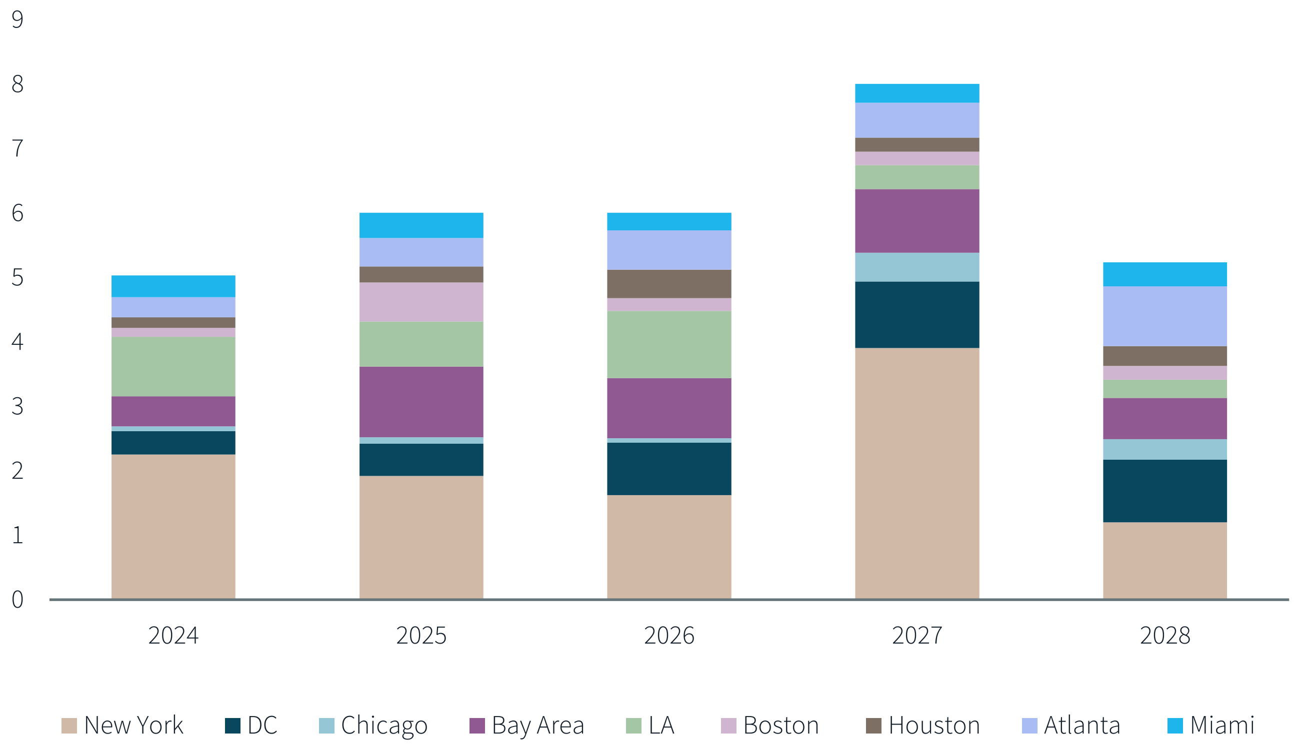


Densification remains the prevailing theme within the immediate leasing pipeline. Of the 150 active law firm space requirements (10,000+ s.f.) we are currently tracking, a little more than half of the firms (**52%**) are looking to reduce their office footprint, **29%** are looking to expand, and **19%** are looking to maintain their current size. However, trends diverge among firms with large, mid-sized, and smaller offices.

- Large law firm offices are mostly focused on space reductions. Of all active law firm requirements with a current footprint of 100,000+ s.f., **79%** are seeking less space than they currently occupy, with an aggregate target contraction rate of **31%**.
- Among smaller law firm offices under 50,000 s.f., there are as many firms (**38%**) looking to grow as ones looking to reduce space (**37%**). In aggregate, tenants in this size range are expected to stay flat in net office demand.

A peak in law firm lease expirations in 2027 will lead to an increase in space requirements and competition for quality large-block options.

Law firm lease expirations (million s.f.)

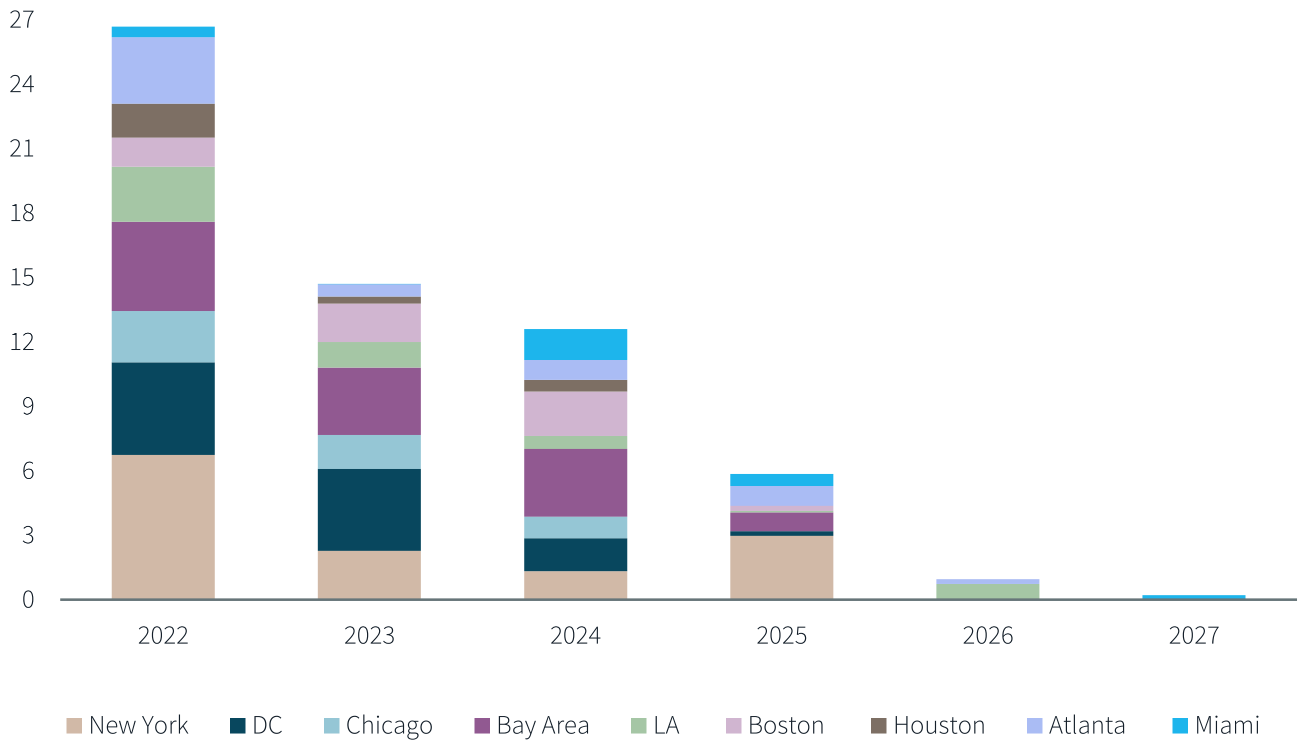


Looking further ahead, law firm space requirements and touring activity are expected to trend up as law firm lease expirations peak in 2027, totaling **8** million s.f. in the nine reported markets (excluding firms that have already signed a new lease). Many of these firms are assessing options today. Of the firms currently touring buildings, the larger firms (100,000+ s.f.) are out in the market an average of three years ahead of their lease expiration date, while mid-sized ones (50,000-100,000 s.f.) are evaluating options two years in advance.

Over the next five years, more than **30** million s.f. of law firm leases are set to expire in the nine reported markets that have yet to commit to a new lease. These firms will face a significantly diminished development pipeline and limited options of quality large-block availabilities. While interest rates and cost of capital may eventually taper to enable an increase in new construction starts, there will be a lag of 18 to 24 months before these deliveries are available, and we expect more demand to spill over to well-located, better renovated assets including quality sublease options.

U.S. office inventory shrank for the first time on record as conversions and redevelopments began to overtake dwindling new office constructions.

New office completions (million s.f.)



In Q1 2024, the U.S. office inventory shrank for the first time on record (by **1.6** million s.f.), due to conversion and redevelopment activity outpacing new office construction.

- In 2023, **28** million s.f. of existing office product was removed from the inventory because of conversions, redevelopments and demolitions, while only 10.8 million s.f. of new office development broke ground.
- In Q1 2024, virtually no new office projects broke ground, but another **10.5** million s.f. was removed from the inventory.

As one of the largest consumers of new construction product, law firms will face heightened competition for quality large blocks. Some larger firms are beginning their search process five or more years in advance of their lease expiration. While the overall office market remains soft with extremely tenant-favorable conditions, persistent supply constraints at the top of the market will result in upward pressure on rents among well-positioned, newer vintage buildings.

Law firms are approaching workplace design decisions on a sliding scale.

	Baseline	Stretch	Progressive
	Strategies that are considered market and industry standard	Strategies that push industry standard and have not been previously adapted by the firm	New strategies that borrow from other industries and have not been done previously
Attorney offices	• Single-sized offices 150 to 165 s.f. • Most attorneys on the perimeter • Junior attorneys on the interior • 1-to-1 assignment • 3 to 4 days in the office	• Single-sized offices 135 to 150 s.f. • More attorneys on the interior • Shared offices for junior attorneys • Smaller offices for hybrid attorneys • Moderate hybrid-work policy	• Open plan or hoteling offices • Assigned offices for some attorneys • Shared offices, coworking or hoteling for hybrid attorneys • Progressive hybrid-work policy
Legal assistants & professionals	• Higher attorney-to-secretary ratio • Fewer workstations but distributed evenly on work floor	• Secretary pool on work floor in centralized location • May be located on window line	• Minimum onsite staff • Offsite or remote support
Administrative staff	• Interior offices	• Smaller interior offices	• Shared interior offices, coworking, or offsite
Collaboration	• More collaboration spaces to accommodate hybrid meetings	• Dedicated corner areas as meeting spaces	• Smaller rooms that integrate more advanced technology to create better hybrid experience

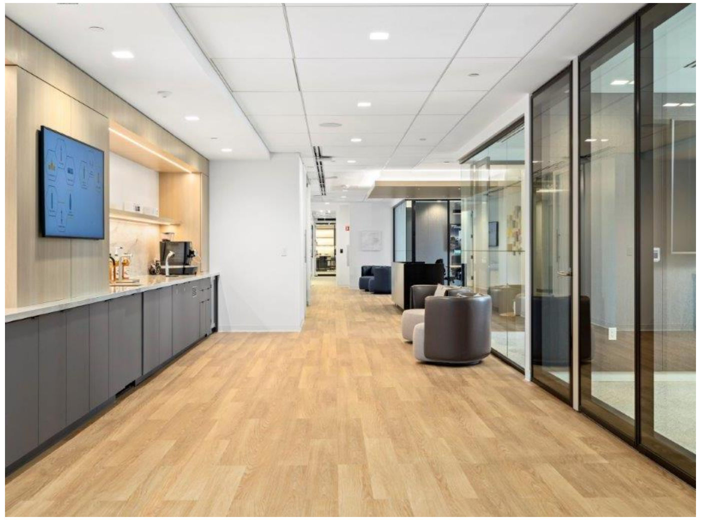
* Source: HYL Architecture

Case study:

FINNEGAN

Global IP law firm utilizing hybrid work technology

- **50%** reduction in office space by implementing a hybrid work model with limited dedicated offices
- Standardized office module with shared window offices for associates (typically only occupied by one attorney at a time)
- Centralized meeting/hub area for hosting internal lunches, gatherings, and events
- Implementation of office hoteling software to reserve all spaces (individual offices, conferencing, etc.)



Construction costs stabilizing

Reduction in new construction starts has stabilized price increases and shortened lead times for materials. However, costs will remain at a relatively high floor due to persistent labor shortages and competitive wages.

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2024 pricing outlook →

+2 to 6%

Material costs

Slowing private-sector construction starts will keep supply chain pressure manageable, but the current pipeline and increase in public-funded developments will prevent price regression.

+3 to 5%

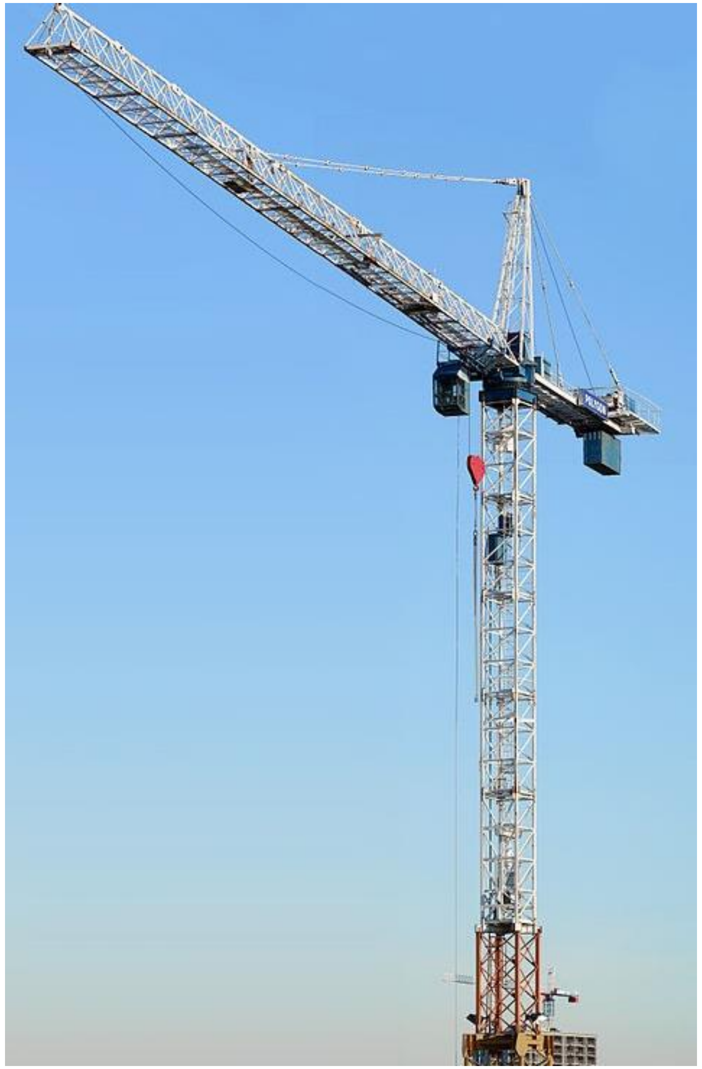
Labor wages

Limited labor availability is expected to persist for the long term, setting a price floor above historical compensation growth rates. Advancements in AI and robotics may help offset falling productivity levels.

+2 to 4%

Total costs

Overall inflation in construction costs is falling toward historical averages after years of extraordinary growth. Rapidly evolving design choices that push the office to do more in less space will continue to affect fit-out prices.



New York

Office leasing started the year slow, with 4.3 million s.f. of total leasing volume during the first quarter, down 45% quarter-over-quarter and 7% year-over-year. However, demand remains resilient at the top of the market, as the flight to quality continues. 23 leases were signed in Q1 2024 with a starting rent above $100 per s.f., including nine above $150 per s.f.

The development pipeline continues to narrow with few new projects breaking ground. After the delivery of Disney's 1.2-million-s.f. headquarters at 4 Hudson Square in Q1, less than 6.5 million s.f. is now under construction. More than 50% of the space in projects delivering in 2024 will be owner-occupied, and there will be increasingly limited options for tenants seeking space in newly constructed buildings. While this may benefit some existing well-located, good quality properties, the divergence between the top of the market and commodity stock is likely to accelerate.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Paul, Weiss	765,931	1345 Ave of the Americas	Midtown Core	Relocation
King & Spalding	175,000	1290 Ave of the Americas	Midtown Core	Relocation
Dentons	159,594	1221 Ave of the Americas	Midtown Core	Renewal
Quinn Emanuel Urquhart & Sullivan	131,661	295 Fifth Ave	Flatiron/Union Square	Relocation
Baker Botts	67,910	30 Rockefeller Plaza	Midtown Core	Renewal
Smith, Gambrell & Russell	41,360	1301-1315 Ave of the Americas	Midtown Core	Expansion
Herbert Smith Freehills	36,184	200 Park Ave	Grand Central	Relocation
McKool Smith	30,131	1301-1315 Ave of the Americas	Midtown Core	Relocation
Cooley	29,683	55 Hudson Yards	Hudson Yards	Expansion
Axinn Veltrop & Harkrider	27,722	630 Fifth Ave	Midtown Core	Relocation

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$135	$90	$80
TI Allowance (/s.f.)	$145	$145	$125
Abatement (Months Free)	14	17	14
Term Length (Years)	10	15	12
Annual Escalation	$10/s.f. every 5 years	$8/s.f. every 5 years	$5/s.f. every 5 years

Washington DC

After much speculation in the market, the Washington Capitals and Wizards have recommitted to stay in DC until at least 2050, an outcome expected to create positive social and economic impact thanks to a new $515 million investment from the city which includes safety and transportation upgrades.

While office vacancy remains on an upward trajectory, DC's core occupier groups—government, law firms and nonprofits—are showing signs of stability. These sectors have comprised 70% of leasing volume since 2020 and will keep driving demand. On the supply side, conversions continue to contribute to the rebalance of the market. 28 DC office buildings are slated for conversion and will collectively reduce the city's office inventory by 6.2 million s.f. once converted. 2.3 million s.f. of this activity will take place in the core submarkets of the East End and CBD. These conversions will help diversify the downtown built environment and enhance its sense of place.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Finnegan	204,578	901 New York Ave NW	East End	Renewal
Sullivan & Cromwell	78,740	1700 New York Ave NW	CBD	Renewal
Cohen Milstein	41,281	1100 New York Ave NW	East End	Renewal
Zuckerman Spaeder	40,531	2100 L St NW	CBD	Relocation
Bryan Cave Leighton Paisner	31,422	1155 F St NW	East End	Renewal
Williams & Connolly	25,459	670 Maine Ave SW	Southwest	Expansion
Latham & Watkins	20,173	555 11th St NW	East End	Sublease/ Expansion
Keller Postman	19,624	1101 Connecticut Ave NW	CBD	Renewal/ Expansion
Weiner Brodsky Kider	17,906	1300 19th St NW	Dupont-Logan-Shaw	Renewal
Katz Banks Kumin	15,980	11 Dupont Cir NW	Dupont-Logan-Shaw	Renewal

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$85 - 110	$68 - 85	$55 - 68
TI Allowance (/s.f.)	$140 - 180	$120 - 150	$100 - 120
Abatement (Months Free)	24 - 30	20 - 25	16 - 20
Term Length (Years)	15 - 18	10 - 12	8 - 10
Annual Escalation	2.25 - 2.5%	2.25 - 2.5%	2.25 - 2.5%

Chicago

The highest quality offices in Chicago continue to capture the largest share of tenant demand, as 72% of leases signed during Q1 2024 took place in Class A and Trophy buildings.

Law firms remain a driving force behind new leasing activity as they seek high-end office space. While these firms typically flock toward new development projects, some have had to consider upgraded second-generation product, as direct availability rates within new developments hover below 9% and large-block options remain limited. Am Law 100 firms Winston & Strawn, Greenberg Traurig, White & Case, and Crowell & Moring have all recently opted to relocate and upgrade space, with the latter two both signing a lease in Q1 at 300 N LaSalle, a Trophy office tower.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Neal, Gerber & Eisenberg	90,000	225 W Randolph St	West Loop	Relocation
White & Case	63,936	300 N Lasalle St	River North	Relocation
Crowell & Moring	48,966	300 N Lasalle St	River North	Relocation
Riley Safer Holmes & Cancila	38,000	1 S Dearborn St	Central Loop	Relocation
Leydig, Voit & Mayer	35,098	180 N Stetson Ave	East Loop	Renewal
Gordon Rees Scully Mansukhani	29,839	One North Wacker	West Loop	Relocation
Sperling & Slater	27,000	321 N Clark St	River North	Relocation
Honigman	27,000	321 N Clark St	River North	Relocation
Heyl Royster	13,383	33 N Dearborn St	Central Loop	Renewal
Mandarich Law Group	12,671	550 W Washington Blvd	West Loop	Relocation

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$79	$56	$47
TI Allowance (/s.f.)	$150	$106	$70
Abatement (Months Free)	15 - 18	10	6
Term Length (Years)	15	9	7
Annual Escalation	2.5%	2.5%	2.5%

San Francisco Bay Area

Office vacancy in San Francisco rose to a new record high of 32.4%, driven by continued tenant downsizes and WeWork letting go of more space. This is juxtaposed with some signs of recovery as leasing activity surpassed 1.4 million s.f. in Q1 2024, the second highest first-quarter volume in five years. Notable law firm leases include Pillsbury's 76,132-s.f. renewal (27% contraction) and Goodwin Procter's 58,991-s.f. relocation (10% expansion).

While overall office occupancy remains on a downward trajectory (5.9 and 1.5 million s.f. of negative absorption in 2023 in San Francisco and Silicon Valley respectively), AI companies continue to expand in the Bay Area and create a demand tailwind. Some venture capital firms have also committed to relocate to the city to be closer to the AI ecosystem (e.g., Y Combinator at Pier 70). Combined with other non-AI sectors, businesses can take advantage of the tenant-favorable market to expand their office presence in the Bay Area.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Pillsbury Winthrop Shaw Pittman	76,132	4 Embarcadero Ctr	North Financial District	Renewal
Goodwin Procter	58,991	525 Market St	South Financial District	Relocation
Davis Polk	54,066	900 Middlefield Ave	Redwood City	Expansion
Jenner & Block	28,114	525 Market St	South Financial District	Relocation
Shearman & Sterling	24,925	535 Mission St	South Financial District	Renewal
Fox Rothschild	22,294	345 California St	North Financial District	Renewal
Dechert	19,137	45 Fremont St	South Financial District	Relocation
Husch Blackwell	15,823	1999 Harrison St	Oakland-CBD	Relocation
Haynes & Boone	11,809	1 Post St	North Financial District	Relocation
Clapp Moroney Vucinich Beeman + Scheley	11,757	5860 Owens Dr	Pleasanton	Renewal

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$90	$75	$65
TI Allowance (/s.f.)	$120	$55	$45
Abatement (Months Free)	6	4	4
Term Length (Years)	7	6	6
Annual Escalation	3%	3%	3%

Los Angeles

The LA office market has seen muted leasing activity over the past two quarters, down roughly 20% from the historical quarterly average of 3.9 million s.f. This highlights the continued market softness triggered by tenant caution, cost-saving measures and ongoing challenges in navigating hybrid work models. Sublease availability exceeded the 10 million s.f. mark in Q1 2024, led by large new additions in the West LA and LA North submarkets.

Flight to quality remains the key theme for law firm leasing. Over the past six months, several firms—including large Am Law 100 firms and smaller local firms—have opted to relocate to recently built or refurbished Trophy buildings. Notable examples include Sheppard Mullin, Sidley Austin, Davis Wright Tremaine, and Shook, Hardy & Bacon. Sidley Austin elected to move to 1950 Avenue of the Stars, a new Trophy project under development, showing law firm demand for new top-tier office product. Shook is moving to a landlord turn-key space, highlighting the need for move-in ready product.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Sheppard Mullin	136,275	350 S Grand Ave	Bunker Hills	Relocation
Sidley Austin	75,000	1950 Ave of the Stars	Century City	Relocation
Cox, Castle & Nicholson	45,980	2029 Century Park E	Century City	Renewal
Davis Wright Tremaine	39,657	350 S Grand Ave	Bunker Hills	Relocation
ArentFox Schiff	27,280	555 S Flower St	Financial District	Relocation
Sanders Roberts	27,000	515 S Flower St	Financial District	Relocation
Engstrom, Lipscomb & Lack	20,065	11601 Wilshire Blvd	Brentwood	Relocation
Burke, Williams & Sorensen	17,754	444 S Flower St	Bunker Hills	Renewal
Shook, Hardy & Bacon	14,000	2121 Ave of The Stars	Century City	Relocation
Clinton & Clinton	10,223	100 Oceangate	Long Beach	Renewal

Financial considerations

	Century City Trophy	Century City Class A	Downtown LA Class A
Gross Base Rent (/s.f.)	$120	$84	$48
TI Allowance (/s.f.)	$100	$85	$100 - 125
Abatement (Months Free)	10	10	12 - 18
Term Length (Years)	10 - 15	10 - 15	10 - 15
Annual Escalation	3.5%	3.5 - 4%	3 - 4%

Boston

Boston entered its fifth consecutive year of office occupancy losses, recording 1.9 million s.f. of negative net absorption in Q1 2024, following 5.1 million s.f. of occupancy decline in 2023. Space givebacks remain concentrated in low-rise, commodity-grade buildings as tenants continue to seek quality upgrades and efficiency gains. Five notable law firm leases were signed over the past six months, of which four had a reduction in footprint (by 10 to 40%).

However, the more important headline was perhaps the long-awaited awakening of investment sales activity in the city, with three office buildings trading hands during the first quarter—Tremont Asset Management's acquisition of 268 Summer Street and Synergy's purchase of 101 Arch Street and 179 Lincoln Street. 101 Arch Street sold at $192 per s.f. and was the first Class-A office asset to trade in Boston since December 2021.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Fragoman	31,378	100 High St	Downtown	Renewal
Sherin & Lodgen	26,037	1 Lincoln St	Downtown	Relocation
Morgan Brown & Joy	16,000	28 State St	Downtown	Relocation
Lewis Brisbois	13,391	60 State St	Downtown	Sublease/ Relocation
Hirsch Roberts Weinstein	12,602	1 Liberty Sq	Downtown	Relocation

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$85 - 115	$68 - 85	$62 - 79
TI Allowance (/s.f.)	$190 - 250	$170 - 200	$100 - 185
Abatement (Months Free)	9 - 12	8 - 12	6 - 12
Term Length (Years)	10+ (relocation) 5 - 7 (renewal)	10+ (relocation) 5 - 7 (renewal)	7 - 10
Annual Escalation	2%	2%	2%

Houston

Office leasing activity closed Q1 at 2.6 million s.f. which was well below the long-term quarterly average. Class A buildings captured 84% of total demand, with differentiated and well-capitalized assets outperforming the rest of the Class A market. Two buildings delivered in Q1—the recently renamed Norton Rose Fulbright Tower in the CBD and Town Centre Two in Katy Freeway East. The former is currently 31% pre-leased, with Norton Rose Fulbright set to occupy 117,689 s.f. Town Centre Two delivered 85% pre-leased. CityCentre Six is set to break ground in Q2 and will be the only office building under construction in Houston.

The largest recent law firm lease was Clifford Chance taking 60,400 s.f. at Texas Tower amid its continued global expansion in the energy and infrastructure practice. The firm initially entered the Houston market in coworking space in early 2023, before committing to two floors in the 47-story Trophy asset delivered in 2022.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Clifford Chance	60,400	845 Texas Ave	CBD	New to market
Pillsbury Winthrop Shaw Pittman	28,337	609 Main St	CBD	Relocation
Sheppard Mullin	24,405	700 Louisiana St	CBD	Renewal
Ford + Bergner	19,507	700 Louisiana St	CBD	Restack
Thomas J. Henry Law	19,368	4265 San Felipe St	Galleria	Renewal
Quinn Emanuel Urquhart & Sullivan	12,947	700 Louisiana St	CBD	Relocation

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$58 - 68	$40 - 45	$37 - 40
TI Allowance (/s.f.)	$100 - 120	$80 - 100	$70 - 90
Abatement (Months Free)	12 - 15	8 - 15	8 - 12
Term Length (Years)	10 - 15	7 - 12	7 - 10
Annual Escalation	2 - 3%	$0.50/s.f.	$0.50/s.f.

Atlanta

The Atlanta office market started the year with some signs of improving fundamentals. Class A and Trophy assets posted 158,417 s.f. of positive net absorption, offsetting occupancy loss from Class B buildings. Sublease availability decreased for the second consecutive quarter, down 50 bps from Q3 2023. Only 2.1 million s.f. of new product is currently under construction—the lowest amount in a decade—which should help stabilize market conditions in the coming years.

Atlanta, now the nation's sixth largest MSA with the fourth highest population growth in 2023, is expected to continue attracting office occupiers thanks to its affordability and favorable business environment. Expect more positive momentum as large, transformative projects come to the market, including Centennial Yards' unveiling of the next phase in the downtown entertainment district, and U.S. Soccer's headquarters relocation from Chicago to Atlanta and its first-ever national training center.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Kilpatrick Townsend & Stockton	155,883	1100 Peachtree St NE	Midtown	Renewal
Womble Bond Dickinson	27,733	1331 Spring St	Midtown	Relocation
Bovis, Kyle, Burch & Medlin	27,000	200 Ashford Ctr N	Central Perimeter	Renewal
Morgan & Morgan	26,859	2550 Northwinds Pkwy	North Fulton	Relocation
Krevolin & Horst	23,336	1201 W Peachtree St NW	Midtown	Expansion
Lloyd & McDaniel	22,389	1090 Northchase Pkwy SE	Northwest	Renewal
Alexander Shunnarah	11,624	600 Peachtree St NE	Downtown	New lease
Davis, Pickren, Seydel & Sneed	10,484	285 Peachtree Center Ave NE	Downtown	Renewal

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$55 - 70	$48 - 55	$40 - 48
TI Allowance (/s.f.)	$120 - 150	$110 - 130	$100 - 120
Abatement (Months Free)	12 - 15	12 - 15	12 - 15
Term Length (Years)	10 - 15	10 - 15	10 - 15
Annual Escalation	2.5 - 3.0%	2.5 - 3.0%	2.5 - 3.0%

Miami

Office fundamentals remain steady in Miami, with 57,698 s.f. of positive net absorption in Q1 2024, continued impressive double-digit growth in asking rents (direct Class A rates up from $58.70 to $68.62 per s.f. year-over-year), and stable vacancy rates. Flight-to-quality remains the key theme, as both new-to-market and existing tenants seek new Class A and Trophy product space with a focus on Brickell, Miami Beach, Coral Gables, and Wynwood submarkets.

Bucking the national trend, office development remains robust in Miami. Two buildings totaling 220,000 s.f. delivered in Q1 2024 (Eighteen Sunset and 601 Miami), with an additional 2 million s.f. under construction. 75% of new development activity is taking place in Brickell and Wynwood. Strong pre-leasing points to persistent demand, with 830 Brickell and WNWD21 at 2150 N Miami Avenue both close to 100% pre-leased. Some proposed projects stretch out to 2028, offering room for continued growth in the coming years.

Notable law firm lease transactions (Q4 2023 – Q1 2024)

Law Firm	Lease s.f.	Address	Submarket	Lease Type
Venable	23,904	801 Brickell Ave	Brickell	Relocation
Jackson Lewis	22,560	2 S Biscayne Blvd	Downtown Miami	Renewal
The Morgan Law Group	19,075	220 Alhambra Cir	Coral Gables	Relocation
Podhurst Orseck	17,112	2525 Ponce De Leon Blvd	Coral Gables	Relocation
SMGQ Law	11,000	201 Alhambra Cir	Coral Gables	Renewal/ Expansion

Financial considerations

	Trophy & new construction	Renovated Class A	Commodity Class A
Gross Base Rent (/s.f.)	$85 - 125	$75	$45 - 50
TI Allowance (/s.f.)	$85 - 120	$70 - 100	$60 - 100
Abatement (Months Free)	5	5	5
Term Length (Years)	10	10	10
Annual Escalation	3%	3%	3%

SEE A BRIGHTER WAY

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