

LEGAL SECTOR Q1 LEASING TRENDS

MAY 2025



KEY TAKEAWAYS

- **A strong start to the year:** Law firm leasing totaled 4.6 million square feet (msf) in Q1 2025, which is the strongest first quarter on record and represented a 25% increase year-over-year (YOY). The legal sector accounted for 8.4% of total office leasing in the top 10 U.S. markets.
- **Law firms remain active in major markets:** The top markets for Q1 law firm demand were New York City, Los Angeles and Philadelphia. Leasing activity was up YOY in eight of the ten major markets, and it more than doubled YOY in three of them: Boston, Philadelphia and Dallas/Ft. Worth.
- **Legal sector footprints stabilizing:** Law firms' single-minded focus on reducing square footage per attorney—which predates the pandemic—has seemingly subsided. In Q1 2025 a third of law firm leases were expansions in square footage. This ratio has been consistent since 2022 while the share of law firms that have downsized has dropped from 37% in 2021 to just 25% for the past five quarters.



LAW FIRM DEMAND CONTINUES TO OUTPACE PRE-PANDEMIC LEVELS

Law firms have been active in the office leasing market and continue to be optimistic about growth for the near future. Certain sectors of the legal industry benefit from being recession resistant—for example, bankruptcy and employment law. Other practices—such as those focused on corporate mergers, tax law, acquisitions, and regulatory law—may also benefit from the Trump administration’s stated priorities. These tailwinds have buoyed existing optimism among many law firms, and their real estate strategies continue to reflect ongoing growth across the U.S.

In Q1, law firms accounted for 8.4% of total leasing activity in the top 10 U.S. legal sector markets. The legal sector was responsible for over 12% of total leasing in four major markets: Philadelphia, Boston, Los Angeles, and Atlanta.

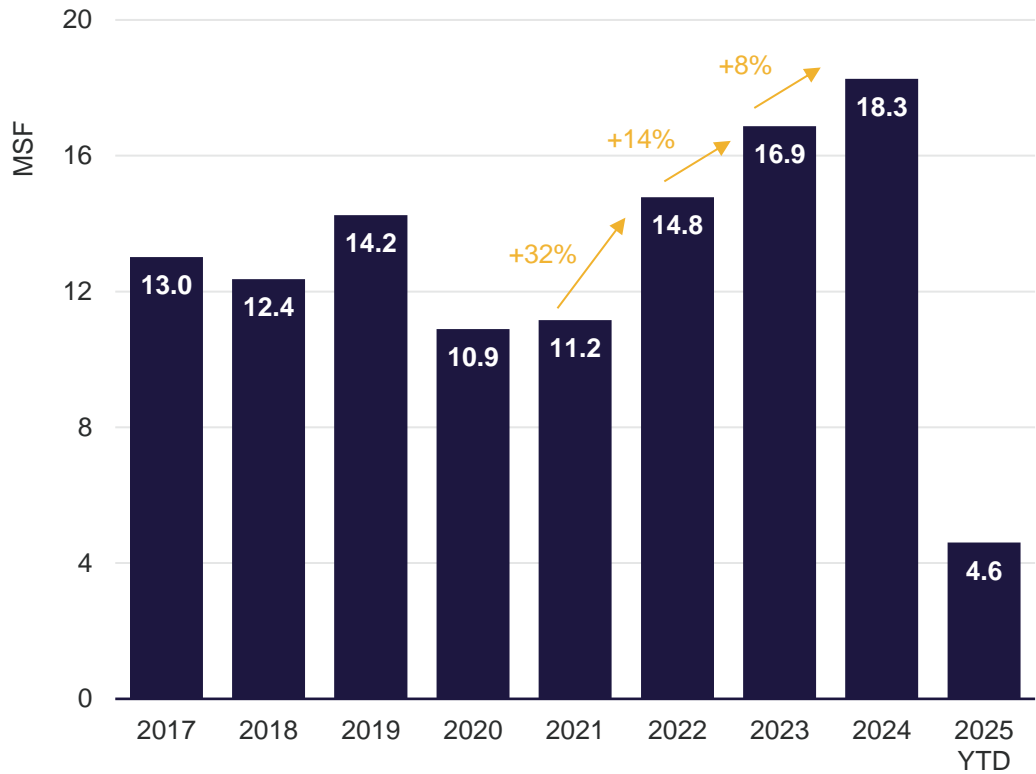
Current law firm demand is a continuation of three years of record-setting activity. Law firm leasing in

2024 was up 8% YOY. Over the past four quarters (Q2 2024-Q1 2025), law firms’ demand is up 18% YOY and 35% higher than 2019.

Renewals accounted for 48% of square footage leased in Q1, while the remainder was involved in new leases. This is in line with previous ratios and is consistent across major and secondary markets.

Legal leasing activity over the past four quarters has totaled **19.2 msf**, which is up 18% YOY and is **35% higher** than 2019.

U.S. Law Firm Leasing Activity



Source: Cushman & Wakefield Research

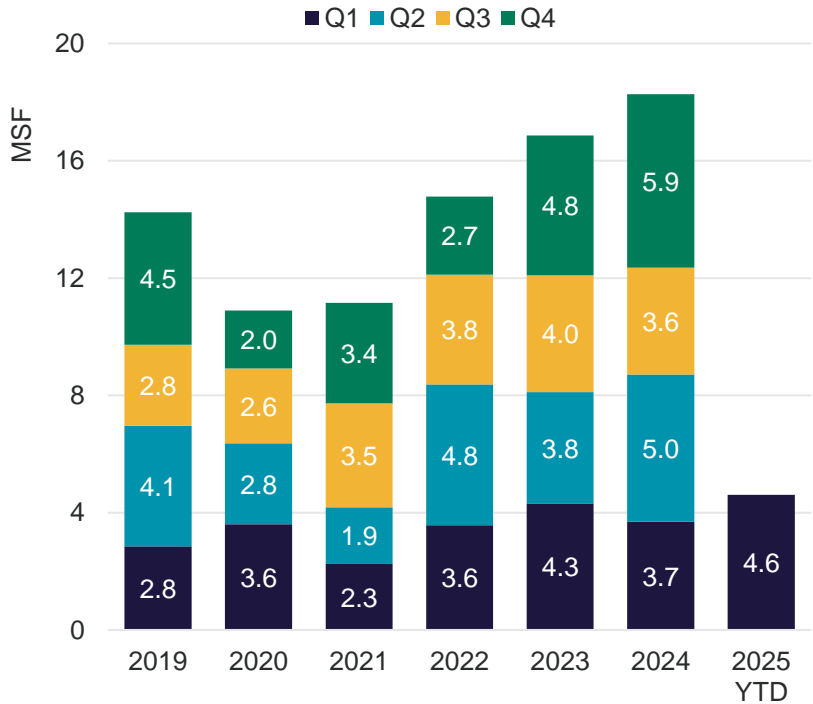
LEGAL SECTOR LEASING ACTIVITY HAS STRONGEST Q1 ON RECORD IN 2025

The 4.6 msf of leasing activity among U.S. law firms in Q1 2025 was the fifth strongest quarter and the strongest Q1 on record. Law firms leased 25% more space in the first three months of 2025 than they did during the same time period last year.

In the top 10 major markets, legal sector leasing is also on a record pace, with 2.8 msf of activity in Q1. The top 10 law firm markets accounted for 61% of leasing activity, which is in line with the historical norm. This was led by New York City (556,000 sf), Los Angeles (388,000 sf), Philadelphia (366,000 sf), Boston (334,000 sf), and Atlanta (306,000 sf).

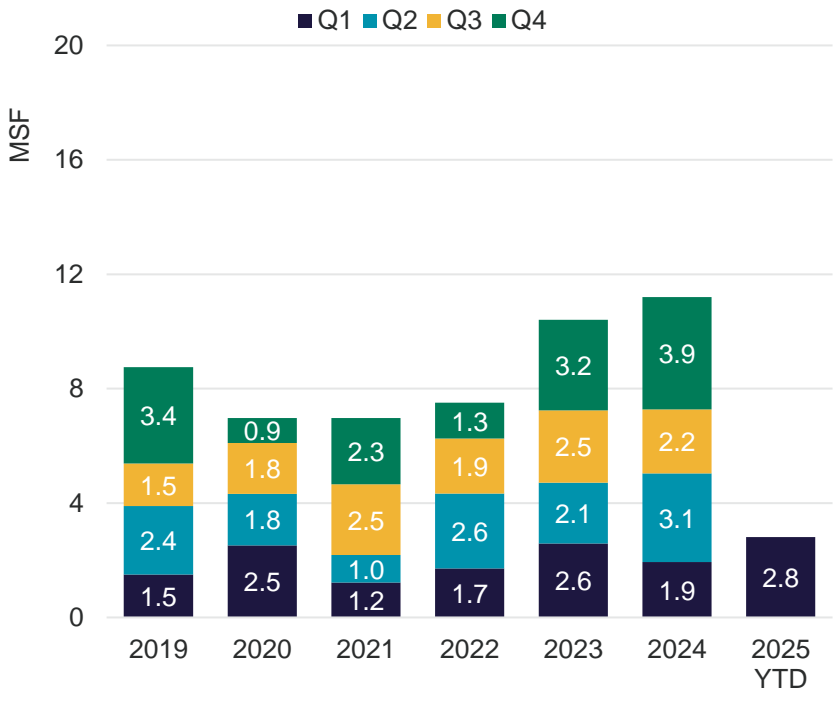
Outside of the top 10 markets, the most active were Pittsburgh, Tampa, San Diego, and Long Island, all of which had over 100,000 sf of leasing in the first quarter of 2025.

LSAG Leasing – All Markets



Source: Cushman & Wakefield Research

LSAG Leasing – Top 10 Major Markets



Source: Cushman & Wakefield Research

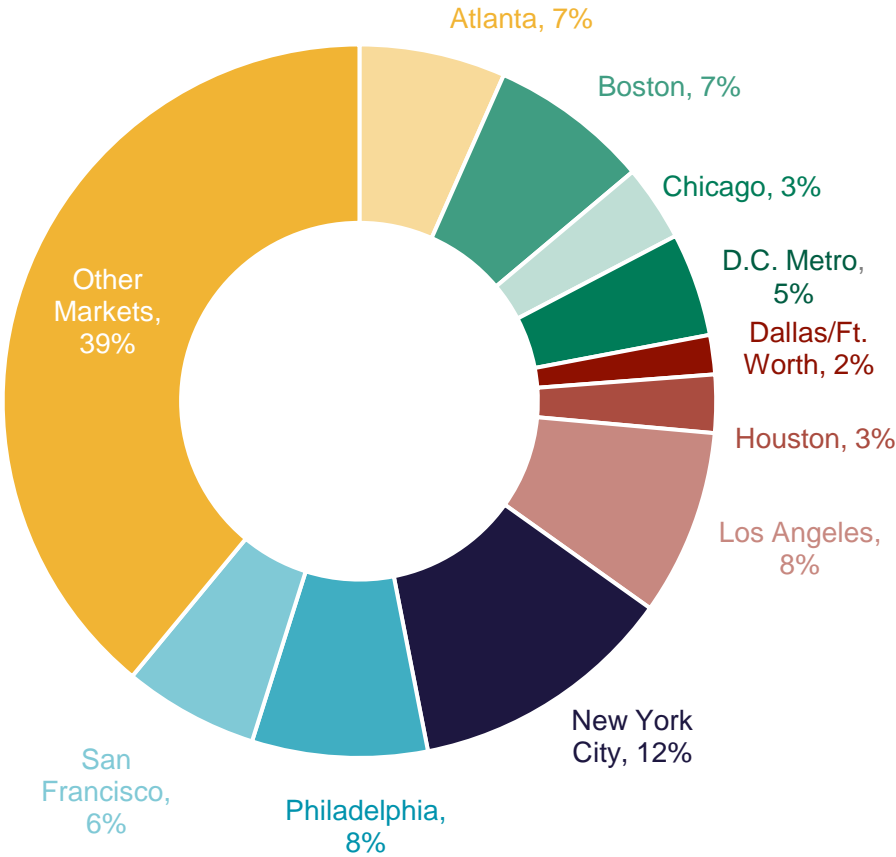
LEASING ACTIVITY UP YOY ACROSS MOST MAJOR MARKETS

Legal leasing activity increased YOY in all major markets besides Chicago and New York City. Demand in three major markets more than doubled YOY: Boston, Philadelphia and Dallas/Ft. Worth.

The most active law firm market continued to be New York, and its YOY decline is largely due to historically high activity in that market in 2023 and 2024.

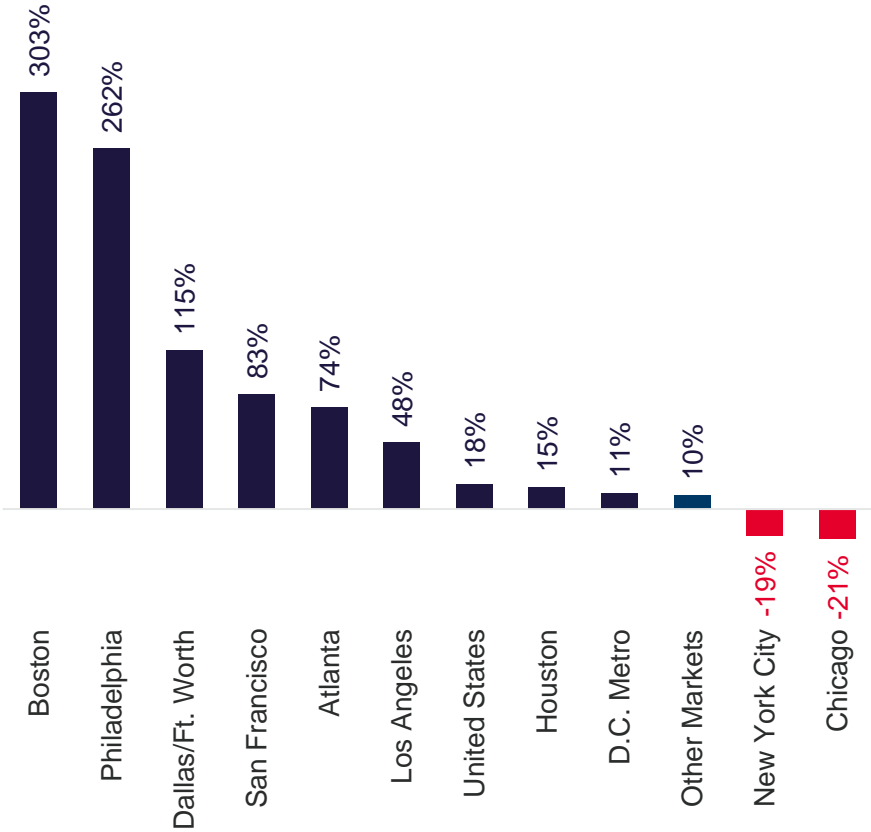
The top 10 largest leases were all over 100,000 sf in size. Eight of the ten largest law firm leases were in major markets; the two exceptions were the second largest lease of the quarter in Pittsburgh and the tenth largest in Tampa. Philadelphia was the only market with more than one six-figure lease in the first three months of the year.

Q1 Legal Leasing Activity by Market



Source: Cushman & Wakefield Research

Total Legal Leasing Activity, Q2 2024-Q1 2025 vs. Q2 2023-Q1 2024



Source: Cushman & Wakefield Research

NEARLY HALF OF Q3 LAW FIRM LEASES WERE NEITHER EXPANSIONS NOR DOWNSIZINGS

Since 2022, approximately a third of legal sector leases have consistently been expansions. While that share has remained constant, the percentage of leases that have represented a downsizing from the previous lease has shrunk from 37% in 2021 to 30% in 2022 to 25% for the past five quarters.

Since the beginning of 2024, the size of leases has remained largely unchanged for over 40% of law firm lease transactions. This seems to indicate that much of the reduction in square footage per attorney that was being implemented prior to the pandemic has worked its way through the sector.

In the first quarter of 2025, the average law firm lease was down by only -0.6% from its previous square footage. This is a notable change from the average reductions in recent years (-7.3% in 2023 and -10.0% in 2024, for example).

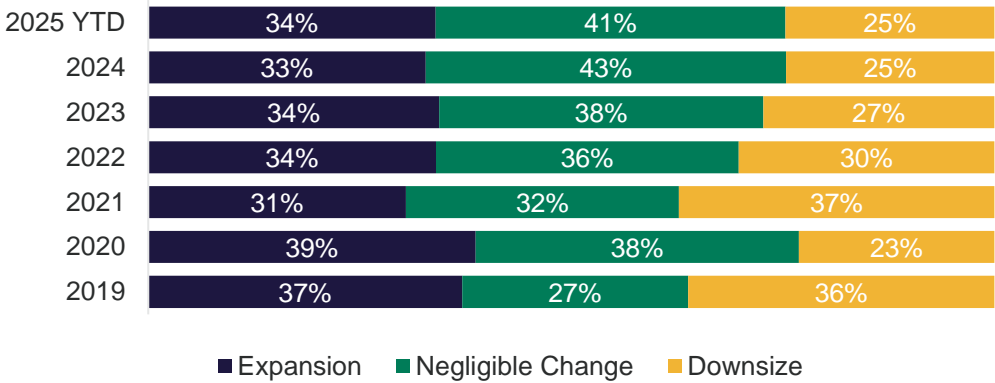
The big shift in Q1 was that new leases actually got bigger on average by

9.7%. At the same time, the average renewal shrunk its square footage by -7.4% for the quarter.

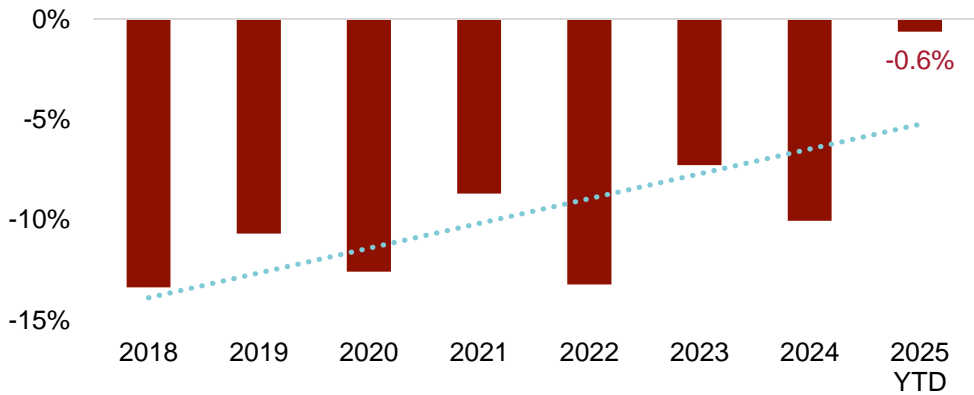
Certainly, one quarter of data can be an outlier, but the longer-term trend dating back to pre-pandemic has been for leases to shrink by less and less. This is a trend to watch, especially given the fact that the legal sector tends to be more office-centric than other industries and most firms have implemented their hybrid work strategies.

In Q1, the average new lease represented an **increase of 9.7%** from the previous lease size, while renewals shrunk by an average of **-7.4%**.

Percent of Transactions



Net Change in Lease Size (%) by Year



Source: Cushman & Wakefield Research

CONCLUSION: A STRONG START TO 2025

Law firms continue to be active in the leasing market. The 4.6 msf of leasing across the U.S. set a record for first quarter leasing among law firms. The legal sector accounted for 8.4% of total office leasing in Q1 2025 across the top 10 law firm markets. Law firm demand is positively impacting the office market, especially in top-tier assets where major law firms want to be.

Unlike some other industries, the legal sector continues to be optimistic about revenue and headcount growth, which should help buoy demand. However, economic uncertainty may slow down leasing decisions for some law firms. Accordingly, it is possible that legal sector leasing will be slightly more muted in the middle of the year, but there are still plenty of active law firm tenants in the market looking to lease office space.





ABOUT CUSHMAN & WAKEFIELD

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