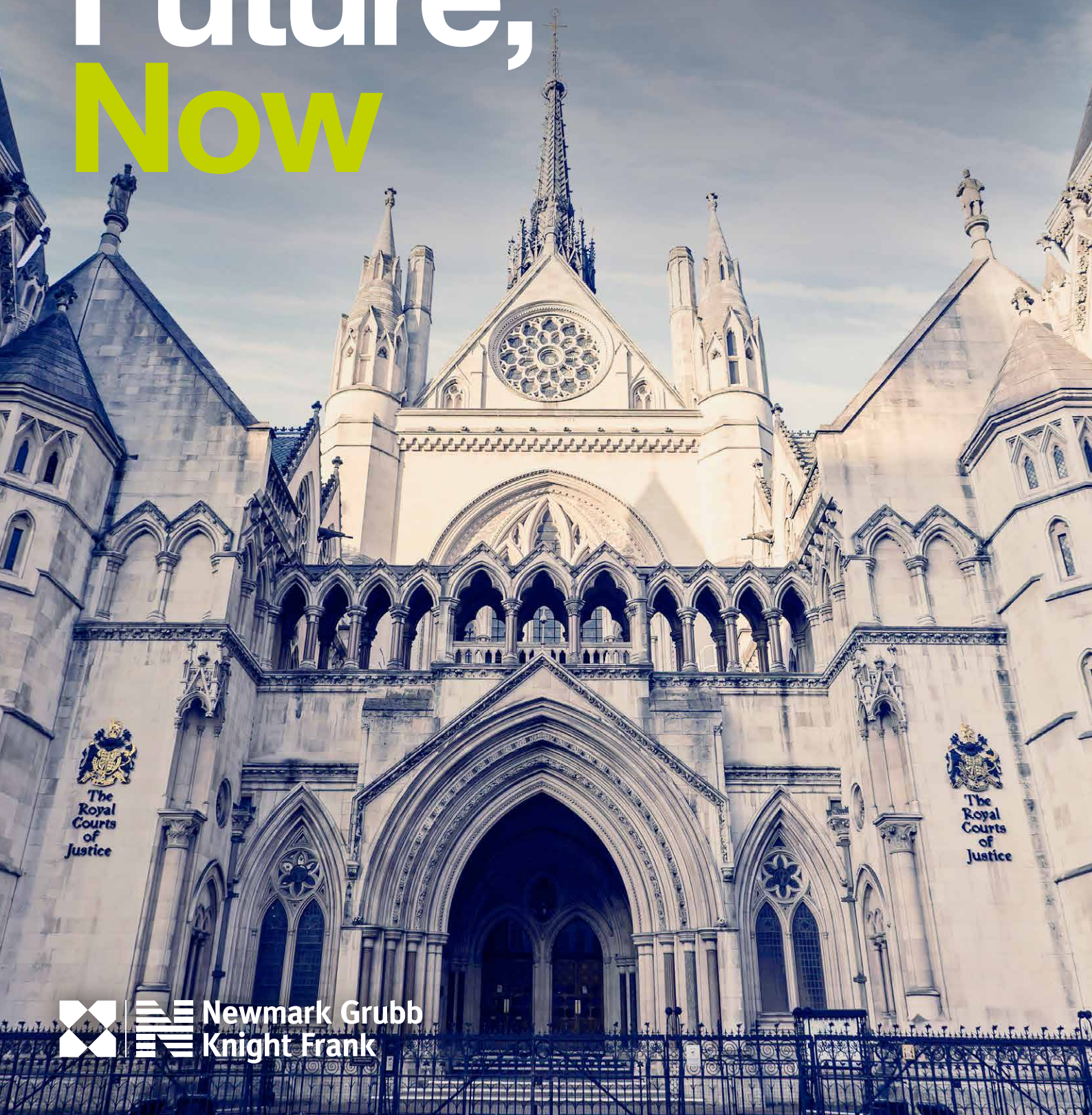


Central London
Tenant Representation

Legal Services
Sector Profile



Your Future, Now



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Understanding Change in the **Legal Services** Sector

New technologies, disruptive market entrants and shifting client demands. These powerful forces are transforming what lawyers do and how they operate.

As a result, the law firm of the future will need to be more innovative, nimble, lean and tech focused. This, in turn, will transform the property requirements of the legal services sector. A future-proof, fit-for-purpose environment will be needed. The time to respond is now.

In light of these pressures, we are pleased to introduce you to our latest sector research offering, which explores the future of the legal services sector and the operational and real estate implications of this transformation.

This report provides:

- An overview of the five most disruptive trends shaping the legal services sector over the next five years. These trends are the result of extensive desk based research and detailed engagement with industry experts and insiders. They provide a clear view on the future sector dynamic.
- A monitor on how these trends are currently playing out in the market, including major news stories, top transactions and real estate market gossip. This provides real evidence of how the sector is responding to change.
- An editorial exploring how corporate real estate strategies will need to adapt to the next wave of technological influence.

It is a time of great change for the legal services sector. The aim of this research is to provide full exposure to the forces of change; illustrate market responses and provide practical tips on how to respond and be both resilient and competitive.

Five Trends Shaping Your Future

In partnership with insight and innovation consultancy FreshMinds, we undertook extensive research into the medium term future of the legal services sector. The scale and impact of sector change is summarised in the following five trends.

1

The strength of response to the disruptive effects of technology will distinguish the future winners and losers in the legal services sector.

Rapid advances in technology will lead to process driven work historically undertaken by associates for higher margins, being automated and commoditised. Agile, tech-savvy and client focused new entrants will take increasing market share in this space, hitting the profitability of traditional law firms if they fail to adapt. Over the longer term, artificial intelligence has the potential to perform complex analytical tasks with little human input. Furthermore, mobile technology will enable agile resourcing models.

Incumbents can get ahead of the curve if they move fast, invest in and fully embrace technology, viewing it as an opportunity rather than a threat.

Legal start-ups are on the rise

15

2009: 15 legal start-ups on AngelList

1,479

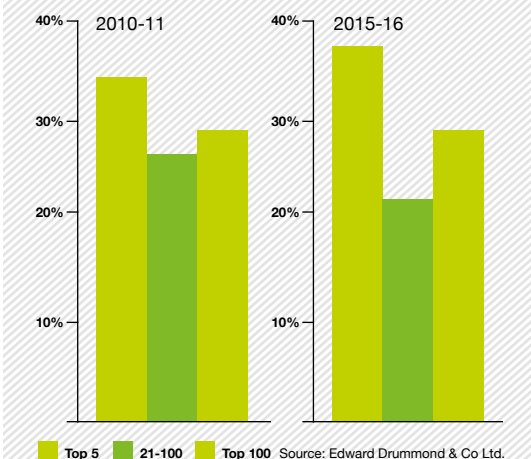
February 2017: 1,479 legal start-ups on AngelList

2

The competitive threat to the mid-tier will intensify.

The mid-tier will find their market share threatened by dual pressures from top-tier law firms who have capital to invest in technology and will increase their focus on high-end work, and from more agile market entrants able to offer process driven work at a lower cost. Struggling to compete on fees and differentiation, the mid-tier will have little choice but to further consolidate. This consolidation will take the form of mid-tier firms merging to improve their market position and larger players picking up firms that can provide access to growth markets or specialist / niche skills.

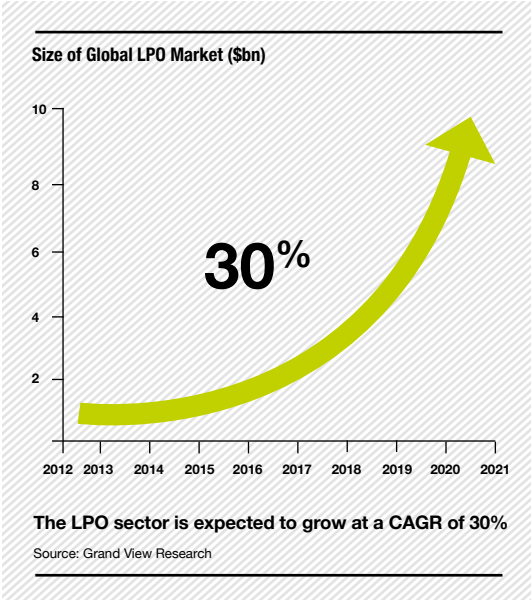
Profit margin gap between UK's top five and mid-tier has doubled from five years ago



3

After numerous false dawns, the legal services landscape will finally be reshaped and influenced by new market entrants and process re-engineering.

The legal services landscape is going to become more crowded, as alternative business structures, including legal process outsourcing providers (LPOs), legal-tech and the Big Four accounting firms, gain traction by offering clients greater efficiency, quality and service. They are already doing this by investing heavily in technology and processes to undercut traditional law firms for high volume work. In the case of the Big Four, there is also expansion into emerging markets, a focus on legal areas that complement their own wider practices, and the targeted acquisition of top legal talent. These additional competitive threats will force incumbents to continue to rework business models and processes in order to optimise efficiencies. Levers include automation, outsourcing, changing the lawyer to non-lawyer ratio, on demand staffing and off-shoring or near-shoring.



4

The next five years will bring radical change to the organisational structure of law firms and a different talent requirement.

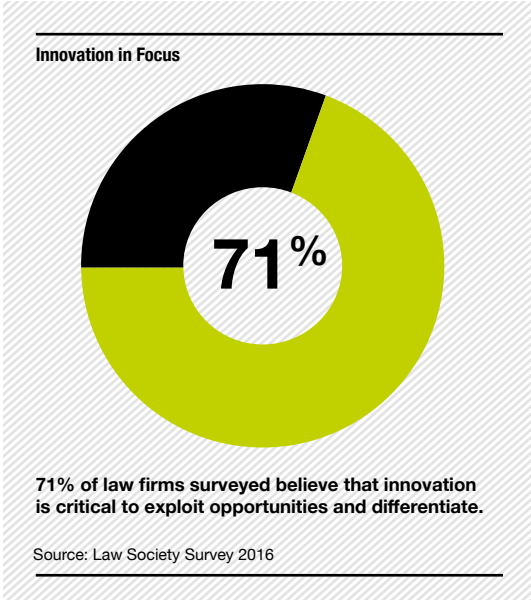
The traditional law firm staffing structure will be replaced by a leaner pool of permanent legal staff working closely with non-traditional and temporary employees. Certain roles will vanish or be redefined as work is either automated or outsourced, and an increase in the use of contract lawyers is anticipated. Transition from law firm to legal enterprise will demand a broader range of business skills relating to technology, business analytics, data intelligence and project management. These broader skill-sets are in great demand across the services sector and will pitch law firms directly into an intense war for talent.



5

Legal services firms of the future will flourish on the triumvirate of skill, productivity and on-going innovation rather than simply scale.

Bigger will not always be better, particularly given the heightened risks of international expansion and the corresponding need to be agile to changing market conditions globally. The most resilient firms will be those that anticipate and understand client needs, build strong relationships, convey a differentiated culture and purpose, and deliver in the most efficient and innovative (and hence profitable) way. For most, this will mean moving up the value chain to focus on more complex areas that cannot be easily replicated, automated or commoditised while continuing the unstinting focus on improving operational and cost efficiency.



Trends in Action

The five trends we have identified are already impacting on law firms. What follows are a series of sector and property market observations which illustrate initial operational and real estate responses.

1

The strength of response to the disruptive effects of technology will distinguish the future winners and losers in the legal services sector.

There has been a marked increase in technology investments by large law firms over the past 12 months, with a range of announcements indicating a step change in the deployment and willingness to be exposed to new technologies.

January 2017

Mischon de Reya launched an incubator programme for tech start-ups in the legal industry.

Launched in conjunction with start-up and tech investment fund L Marks, MDR LAB seeks to promote legal-minded technology that will benefit both lawyers and their clients. The scheme will see the firm welcome a number of start-up companies into the business for ten weeks this summer. The firm has placed extra value on technology that can streamline its litigation and transactional law services, but will also welcome 'wildcard' innovations that do not conform to these prerequisites. Source: Legal Week

January 2017

Freshfields Bruckhaus Deringer announced a global collaboration with artificial intelligence software provider Neota Logic.

Over the past year, Neota has been working closely with Freshfields' Legal Services Innovation team to trial applications that will benefit lawyers and clients. This agreement marks the start of going live with these applications and the co-development of new opportunities. Isabel Parker, Freshfields' Director of Legal Services Innovation, said: "We are constantly exploring ways in which we can introduce new technologies for the benefit of our lawyers and clients. Neota Logic is an example of how we can combine our unique processes, documents and expertise with artificial intelligence software to simplify and streamline complex legal topics, and add significant value to our clients." This news follows a deal Freshfields signed in September 2016 to use the Kira AI system after a year-long trial. Source: Neota Logic Website



2

The competitive threat to the mid-tier will intensify.

December 2016

Linklaters to teach lawyers to code.

Linklaters launched a pilot scheme to teach their lawyers the basics of coding. Paul Lewis, a Partner at Linklaters, said: "We see coding as very useful for lawyers who are involved in technologies such as blockchain, smart contracts and artificial intelligence. But, at an even more basic level, it's also just useful for lawyers to have a grounding in computational logic — it complements all sorts of traditional legal skills." Source: Legal Business

November 2016

Allen & Overy increased spending on technology by 5% during the 2016/17 financial year.

The company said they were investing in legal technology platforms and technologies that support a more flexible and mobile workforce. Source: The Lawyer

October 2016

Legal Geek announced plans to launch a new co-working space for legal tech innovators.

Jimmy Vestbirk, Legal Geek founder, announced the establishment of the Legal Geek Incubator, a working space for legal innovators with free registration. He reiterated Legal Geek's vision to make London a global hub for law-tech start-ups. Source: Legal Geek

September 2016

Slaughter and May signed a deal to pilot Luminance.

Slaughter and May signed a deal to pilot Luminance after collaborating with the developers. Luminance is a machine learning-based document analytics software backed by Mike Lynch's tech investment fund Invoke Capital. Slaughter and May said the firm found that completing due diligence while using the system was up to 50% faster than doing the same document reviews using only humans. Source: Legal Week

In 2016, UK legal services providers were involved in 40 M&A deals¹, driven essentially by a desire to gain scale, entry into new markets or in response to continued margin pressure. Some notable deals are outlined below.

March 2017

Browne Jacobson is in talks with Beale & Company regarding a proposed merger.

The two parties confirmed they had been in discussions for some time. Browne Jacobson is headquartered in Nottingham with additional offices in London, Birmingham, Manchester and Exeter. Beale & Company has bases in London, Bristol, Dublin and Dubai. Source: Legal Week

February 2017

Norton Rose Fulbright confirms merger with Chadbourne & Parke.

The merged company will trade as Norton Rose Fulbright. The tie-up creates a firm with around 1,000 lawyers in the US and more than 4,000 globally. Norton Rose Fulbright will be able to offer clients new capabilities in New York and Washington DC as well as expertise in infrastructure and energy. Source: Legal Week

February 2017

Eversheds completes merger with Sutherland Asbill & Brennan.

The new firm, Eversheds Sutherland, has 2,300 lawyers in 29 countries. The deal provides Eversheds with a US platform. Source: Legal Week

October 2016

Three way merger between CMS, Nabarro and Olswang.

The deal creates an international group better able to compete with the "magic circle". As a result of the deal CMS, Nabarro and Olswang agreed terms to acquire another 85,000 sq ft in CMS's London offices. The expansion space is to accommodate lawyers of Nabarro and Olswang, who are to relocate from 125 London Wall and 90 High Holborn in mid-2017. Source: Knight Frank

June 2016

Haynes and Boone and Curtis Davis Garrard agreed a transatlantic merger.

US firm Haynes and Boone and London shipping boutique Curtis Davis Garrard agreed a transatlantic merger creating a firm with more than 600 offices. The combined firm plans to grow their London office by hiring lawyers in the key practice areas of energy, private equity and financial services. Source: The Lawyer

1. ThomsonReuters. Acquirer or target headquartered in the UK.

3

After numerous false dawns, the legal services landscape will finally be reshaped and influenced by new market entrants and process re-engineering.

The legal services landscape is becoming more complex, as alternative business structures gain traction.

January 2017

RSM launched a legal practice with an alternative business structure licence.

The UK's seventh largest provider of audit, tax and consulting services has hired Carolyn Brown to head RSM Legal LLP, which will target mid-tier and owner-managed businesses. Carolyn Brown joins from London law firm Howard Kennedy, where she was Head of Employment. David Gwilliam, RSM's Chief Operating Officer said: "Given our strengths in HR consulting services, our initial focus will be on providing employment law advice in addition to corporate and commercial legal advisory work. However, we fully expect to further expand our legal services practice in the future." Source: Legal Futures

September 2016

Deloitte's tax and legal division revenue grew 10% over the last financial year.

The firm has an ambition to become the law firm of the future, able to combine legal advice with strategic advice across other disciplines. It is aiming to have a network of independent legal practices in over 100 countries by 2020. Source: Law.com

September 2016

Revenue at PwC's legal arm increased from £48.5m to £59.9m in the last financial year.

Revenues increased 24% in the last financial year with employment, immigration and corporate restructuring practice areas performing well. PwC Legal provides legal services across nine practices, including corporate and banking, dispute resolution, pensions and cyber security. Its strategy is to offer clients a legal service that complements something PwC is doing, giving clients a holistic service. It plans to focus on cyber and IT as well as growing regional business. Source: Legal Week

August 2016

Ireland's first legal process outsourcer announced plans to grow headcount in Dublin.

Ireland's first legal process outsourcer, Johnson Hana International, has revealed to The Lawyer it plans to grow its headcount in Dublin to more than 200 staff on the back of an uptick in work from law firms post Brexit. Source: The Lawyer



Manila, Philippines



One New Bailey, Manchester

Law firms continue to deploy off-shoring / near-shoring strategies to optimise efficiencies and reduce cost.

November 2016

Dentons opened a shared services centre in Warsaw.

The business services centre is a joint initiative between the UK, Middle East and Africa and Europe regions. It is designed to leverage combined scale and resources by co-locating in one centre certain tasks that were performed across numerous offices. Key functions include finance, business development and marketing, human resources and IT. The opening was expected to result in the loss of 50 UK jobs, including some in London. Source: Dentons press release

May 2016

Norton Rose Fulbright announced plans to move nearly 60 London support jobs to Manila in the Philippines.

The business service centre handles marketing, business development, HR, document production, IT, finance, compliance and knowledge management work and services the firm's global offices. The move is part of the firm's 2020 business transformation strategy, which has the goal of creating a "globally integrated and efficient service." Manila was chosen due to its well-developed infrastructure, large English speaking labour pool and strong professional services culture. Source: Legal Week

This is opening up opportunities to implement portfolio and space optimisation strategies as certain roles are moved outside of London.

August 2016

Freshfields Bruckhaus Deringer secures space at One New Bailey, Manchester.

Freshfields has taken 81,300 sq ft of space at One New Bailey to accommodate its growing global support centre. Manchester was chosen due to its skilled labour pool. The law firm moved some departments from London to Manchester. Source: Knight Frank

May 2016

Fragomen moves to 95 Gresham Street, EC2.

Fragomen relocated to a long-term home at 95 Gresham Street where they have taken an assignment of a 15,000 sq ft lease from Monitise. This is a reduction from the 22,000 sq ft they occupied at their previous location. The firm was able to do this following the acquisition of space for a back office in Sheffield. Source: Knight Frank

4

The next five years will bring radical change in the organisational structure of law firms and a different talent requirement.

In response to new skill requirements and an intensifying war for talent, firms are introducing agile working and launching new diversity initiatives.

January 2017

Law firms make up half of top 10 in Stonewall ranking of LGBT friendly employers.

Law firms have taken half of the top ten spots in Stonewall's latest workplace equality ranking, with a total of 17 included in the list of 100 LGBT-friendly employers. Pinsent Masons is the highest-ranking law firm in second place, up from fifth last year, while Berwin Leighton Paisner is the highest-placed new entrant at number eight. Other law firms in the top 10 are Clifford Chance, Baker McKenzie and Norton Rose Fulbright. Source: Legal Week

August 2016

Schillings introduced agile working in the UK.

Schillings COO and Partner Christopher Mills said he introduced agile working as "by the end of next year, half of our staff won't be lawyers." He added that the firm needed to be thinking flexibly about its working conditions to attract more cyber professionals and intelligence consultants.

Other firms that have launched agile working initiatives include Mayer Brown, Fieldfisher, Dentons, Linklaters, Norton Rose Fulbright, Clifford Chance and Herbert Smith Freehills, indicating that offering some form of agile working is becoming the norm. Source: The Lawyer



100 Bishopsgate, London



MCM Architects, CMS Interior

As the war for talent continues, the role an office can play in attracting and retaining the best people is in greater focus.

February 2017

Freshfields Bruckhaus Deringer confirms Bishopsgate move.

Freshfields has signed a pre-let agreement to occupy an expected initial area of 255,000 sq ft on floors 20 to 32 of the 37-storey tower. Freshfields is expected to take occupancy in summer 2021, leaving its current London headquarters at 65 Fleet Street, EC4. Julian Long, Freshfields Bruckhaus Deringer's London Managing Partner, said: "100 Bishopsgate offers the location and facilities we need to deliver exceptional service to our clients. We had a number of attractive options available to us, but 100 Bishopsgate really stood out as the best environment for our people and our business." Source: Legal Week/Knight Frank

August 2016

CMS awarded "Best Fit Out of Workplace" for London and the South East at the British Council for Offices Awards 2016.

CMS created a modern and collaborative workspace at its Cannon Place HQ. The workspace is designed around clients and defined by sectors, with practice based teams working in an open-plan environment. The workspace includes innovative technology, allowing for total mobility. The office has 30% less space than its previous location but capacity for around 15% more people. Source: CMS website

5

The legal services firms of the future will flourish on the triumvirate of skill, productivity and on-going innovation rather than simply scale.

Innovation is emerging as a strategic priority, with the launch of a range of new innovation initiatives.

March 2017

DLA Piper launches new crowdsourcing initiative to develop innovative ideas.

DLA Piper launched the crowdsourcing project, otherwise known as the “CEO Challenge” in February. Employees have access to an online platform where they can anonymously share ideas which others can vote and comment on. The firm will then progress the top ideas. Source: Legal Week

November 2016

Simmons & Simmons launched a new initiative to foster innovation at the firm.

Lawyers will be encouraged to apply for time off from fee earning work to develop ideas to modernise the firm’s business. The initiative, which is open to all staff, will see proposals assessed by an ‘innovation group’ of partners and directors put together to oversee the development of new ideas. Source: Legal Week

April 2016

Ashurst launched a research and development arm.

Ashurst has established a research and development (R&D) arm as part of its new innovation initiative, Ashurst Advance. Areas of focus include using technology to provide more cost-effective services. Ashurst Advance is the new umbrella that the firm has set up to encompass all of the firms’ current analysis, process management and technology businesses. Source: The Lawyer

April 2016

Linklaters established a global innovation committee.

The committee is comprised of partners and business service leaders from across the firm, designed to act as a focal point and platform for new technologies and innovative ideas. The committee was established in April 2016 to develop technology internally but also to act as a landing page for ideas coming into the firm, including fostering the magic circle giant’s relationships with start-ups and third party providers. Source: Legaltechnology.com



The Shard, London



12 New Fetter Lane, London

The importance of the office as a hub – a place for connecting, collaborating and creating – is increasing as well as a flight to quality office space.

October 2016

Reed Smith has opened ‘innovation hubs’ in its London and New York offices.

Reed Smith’s innovation hubs sit in the centre of the firm’s client meeting areas and are intended to act as catalysts for clients to meet with the firm’s lawyers and contacts, providing them with access to both expertise and connections that will unlock new commercial opportunities and solutions. They will also offer an environment to test new technologies which enhance client service or assist clients with their own technical development. Source: Legaltechnology.com

September 2016

Bird & Bird moved into its new London office at 12 New Fetter Lane.

The new space, comprises of 147,000 sq ft arranged over 12 floors and provides a contemporary business hub for clients and staff. The new office features dedicated client spaces, including a business lounge for clients

and international visitors to relax and work in while they are in London. The fit out has been designed to encourage collaborative working. The new cross-practice working floors feature semi-transparent two-person workstations for lawyers rather than walled offices, with moveable partitions and furniture solutions to support different working configurations. Source: Bird & Bird press release

April 2016

Greenberg Traurig shifted its London HQ to The Shard

Greenberg Traurig moved into The Shard after the lease on its offices at 200 Gray’s Inn Road ended in April. The move to such a statement building illustrates their growth intentions and presence in the London market. The location and fit out will enable the law firm to attract and retain talent to support their expansion plans. Source: Knight Frank

Trend in Focus

Seizing the opportunity from
the next wave in technology.

“The future prospects for law firms are intrinsically linked to their ability to respond to and seize the opportunity from the next wave of technological innovation.”



Author: **Jennifer Townsend**
Associate, Occupier Research
Knight Frank

The proliferation of technology over successive waves of innovation has brought about unprecedented business disruption. We are now entering an even more dramatic and rapid period of change where 62% of organisations will be using artificial intelligence by 2018¹, more than 24 billion internet-connected devices will be installed globally by 2020² and 92% of workloads will be processed by cloud data centres by 2020³. All industries will be impacted and legal services will be no exception, resulting in a profound shift in the way lawyers do business and the type of real estate they occupy.

Process automation and artificial intelligence

Investments in artificial intelligence and process automation picked up in 2016 and there is much debate on the impact this will have on legal headcount. Deloitte estimates that 114,000 jobs in the legal sector could be redundant by 2020 in England and Wales. In an alternative reading, the Warwick Institute for Employment Research estimated that 25,000 extra staff would be needed in the legal services sector between 2015 and 2020 as new jobs, such as legal technologists, emerge and legal services become more affordable, increasing demand. The truth is likely to be somewhere in-between, with process driven work automated

and commoditised. For lawyers, specific activities within the work flow will be automated as opposed to entire roles. The data provided by artificial intelligence will enable lawyers to focus on higher value work and greater client engagement.

Working anytime, any place, on any device

Mobile technology and the increased adoption of cloud computing is enabling more flexible ways of working and resourcing. Efficient law firms will tap into contingent workforces, allowing them to scale up or down according to demand. At the extreme, a law firm could be the brand / workflow manager behind a team of vetted, quality freelance lawyers that work remotely or directly with the client. Axiom does this already by having lawyers work at clients' premises, from home or in its warehouse style offices. This is an increasingly compelling offer; Axiom's big name clients include Johnson & Johnson.

For in-house staff, agile working practices are becoming common place and the next generation of lawyers will demand it. According to research by Kenan-Flagler Business School, "One in three Millennials said they would prioritise device flexibility, social media freedom and work mobility over salary in accepting a job offer."

From hierarchy to innovation

The frenetic pace of technological change will force law firms to make continual innovation part of their corporate DNA, with a particular emphasis on technologies and cultures which drive collaboration and co-creation. As demonstrated in the Trends in Action section of this report, a number of law firms are responding via one of four main innovation strategies:

- 1. Buying in an off-the-shelf technology solution
- 2. Supporting in-house development
- 3. Creating external partnerships
- 4. Venture capital investment in solutions

It should be noted that while there is growing acknowledgement that technology will play a more central role in legal services delivery, a large proportion of law firms are simply still maintaining the status quo. For example, a recent survey from The Law Society found that over 50% of interviewees were taking a wait and see approach in respect of their adoption of new technologies. Whilst it may be tempting to remain as you are when you are making a profit, competitive advantage and profit is being eroded quickly in a world of speedy innovation.

What does this mean for real estate and the role of the London office?

Ultimately the adaptation to, and adoption of, new technology has a very distinct real estate effect.

It changes the shape and style of the workplace. It alters the very form and function of the office. Those driving the real estate decision need to understand how the business structure, its processes and its talent pool is likely to change as a result of technology and create premises and workspaces that are fit for the future.

As mobility becomes both possible and, in some cases necessary, innovation is being prioritised strategically; as artificial intelligence increases the focus on higher value client-centric work, the office becomes a hub. It becomes a place for connecting, reskilling, collaborating and creating rather than simply a place where work is administered with all employees present and fixed to one location every day.

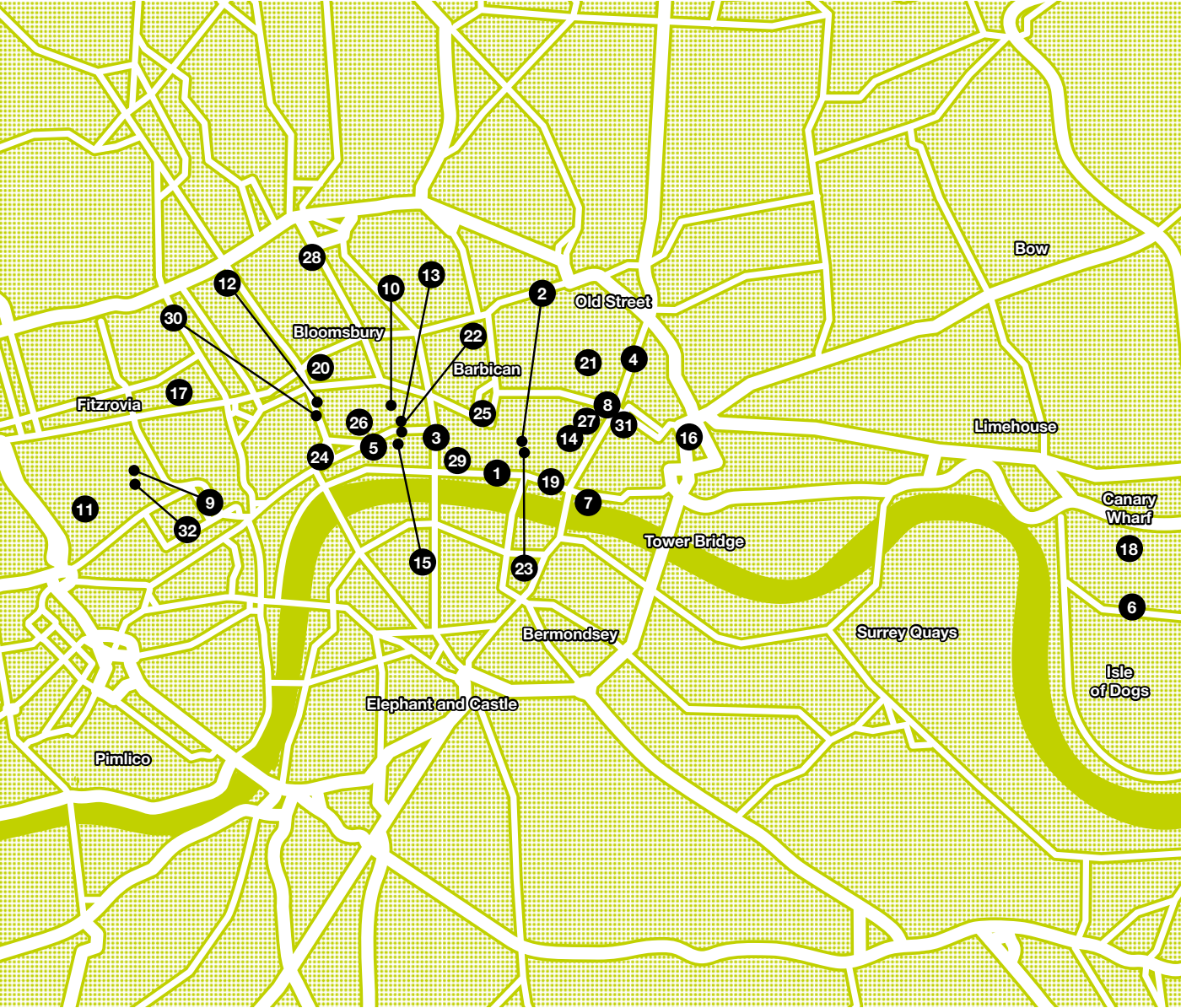
This is significant in the context of the London office in two ways

First, the London office is increasingly becoming a global hub through which the organisation connects and collaborates. The focus of the office is geared towards the needs of visiting clients and employees, meetings, rain makers and talent that is hard to attract and retain outside of London. This hub function is also driving law firms towards consolidation into single, high-quality offices that support talent retention, business efficiency and fluctuations in headcount.

Second, because of this functionality, there is a clear flight to quality space. For an office to be wholly acceptable to clients and key employees, it needs to be first class. Workplaces will have to work harder to be a place employees want to go to and hence enable legal services providers to compete toe-to-toe in the war for talent.

Technology is a great enabler, but it is equally a tremendous disruptor. It forces change. The legal services sector needs to respond to the opportunities that technology presents and the challenges coming from new market entrants who have become emboldened by technology. Technology is not someone else’s problem, it is everyone’s opportunity. In order to seize that opportunity, investment is urgently required, as is a mind-set that is open to process and organisational restructuring. This investment, and its consequences, will invariably bring changes to the how, why and where of legal services work.

Legal Services Sector Office Transactions: Central London



Key Central London office transactions in the legal services sector. Sourced from Knight Frank Research.

	Date	Company	Address	Size sq ft
1	2016 Q1	Wedlake Bell	71 Queen Victoria Street, EC4	41,463
2	2016 Q1	Goodwin Procter	100 Cheapside, EC2	32,702
3	2016 Q1	Charles Russell Speechlys	10 Fleet Place, EC4	13,254
4	2016 Q1	Paul Hastings	201 Bishopsgate, EC2	11,721
5	2016 Q1	Signature Litigation	138 Fetter Lane, EC4	7,540
6	2016 Q1	Forsters	South Quay Building, 189 Marsh Wall, E14	7,230
7	2016 Q1	Plexus Law	Peninsular House, 30-36 Monument Street, EC3	7,200
8	2016 Q1	Proskauer	Salesforce Tower, 110 Bishopsgate, EC2	5,012
9	2016 Q1	Fletcher Day	Regent Gate, 56-58 Conduit Street, W1	3,606
10	2016 Q1	Three Crowns	New Fetter Place, 8-10 New Fetter Lane, EC4	2,893
11	2016 Q1	Gattai, Minoli, Agostinelli & Partners	130 Mount Street, W1	928
12	2016 Q2	Mishcon de Reya	Weston House, 242-246 High Holborn, WC1	37,318
13	2016 Q2	Michelmores	6 New Street Square, EC4	11,749
14	2016 Q2	White & Case	10 Old Broad Street, EC2	5,972
15	2016 Q2	Harneys	1 Pemberton Row, EC4	4,664
16	2016 Q3	Reddie & Grose	The Whitechapel Building, 10 Whitechapel High Street, E1	20,419
17	2016 Q3	Wiggin	Met Building, 22 Percy Street, W1	6,527
18	2016 Q3	Newland Chase	One Canada Square, E14	1,571
19	2016 Q4	CMS	Cannon Place, 78 Cannon Street, EC4	84,199
20	2016 Q4	Kilburn & Strode	Lacon House, 84 Theobalds Road, WC1	25,872
21	2016 Q4	Watson Farley & Williams	Earl Place, 15 Appold Street, EC2	12,974
22	2016 Q4	Boies Schiller Flexner	5 New Street Square, EC4	12,896
23	2016 Q4	Goodwin Procter	100 Cheapside, EC2	11,469
24	2016 Q4	Fenwick Elliott	Aldwych House, 71-91 Aldwych, WC2	11,367
25	2016 Q4	Paul Weiss	Alder Castle, 10 Noble Street, EC2	9,616
26	2016 Q4	Keystone Law	48 Chancery Lane, WC2	4,842
27	2016 Q4	Holland & Knight	Tower 42, 25 Old Broad Street, EC2	3,084
28	2016 Q4	Johns & Saggarr	34 Grays Inn Road, WC1	1,245
29	2017 Q1	Royds Withy King	65 Carter Lane, EC4	13,105
30	2017 Q1	Mishcon de Reya	Weston House, 242-246 High Holborn, WC1	3,920
31	2017 Q1	Freshfields Bruckhaus Deringer	100 Bishopsgate, EC3	255,799
32	2017 Q1	Fletcher Day	Regent Gate, 56-58 Conduit Street, W1	4,452

The **Key** Takeaways

Disruptive forces are shaping the future of the legal services sector

New market entrants / Technology / Shifting client demands /
Commoditisation / Access to talent / New working practices

Resulting in the following future scenarios

Automation, outsourcing and commoditisation of process driven work becomes the norm.

New market entrants reshape the structure of the legal services industry.

A leaner pool of permanent legal staff works closely with non-traditional and temporary employees.

Law firms will commit more investment to the adoption of new technologies.

Consolidation of the mid-tier will result in fewer traditional law firms.

Roles and skills requirements are redefined by the adoption of new technologies.

Firms that focus on skill, productivity and on-going innovation will flourish.

Law firms will have to offer the most efficient delivery model for each project. Clients will demand it.

To future proof, law firms must respond

Operational responses

- ✓ Driving growth
- ✓ Driving efficiency and productivity
- ✓ Accelerating innovation and client-centricity
- ✓ Fresh approach to talent
- ✓ Consolidating
- ✓ Re-engineering processes
- ✓ Investing heavily in technology, particularly AI and automation

Real estate responses

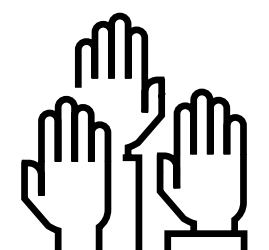
- ✓ Flight to quality – amenity rich properties and locations
- ✓ Holistic view of real estate costs
- ✓ Increased mobility within and between markets
- ✓ Restructuring portfolios in light of M&A activity
- ✓ Further shift from cellular to activity based working design
- ✓ Incorporation of collaborative, client-centric and welfare space
- ✓ Buildings that reflect brand and values
- ✓ More efficient use of space
- ✓ Incorporating flexibility into portfolios
- ✓ Proactivity and forward planning in lease renegotiations
- ✓ Introducing hub and spoke models



Disruption is a reality



Action is required



Shape your future, now

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