

2020
VISION

Forecasting the future

Let us point you in the right direction -
There are signs everywhere if you know where to look.

OFFICE PROPERTIES | AGENCY & TENANT REPRESENTATION

Micro-Area-Partnerships (MAPS)

TODD NOEL, CCIM
Senior Vice President
602.222.5190
Todd.Noel@colliers.com

CHARLES MISCIO
Senior Vice President
602.222.5192
Charles.Miscio@colliers.com

KEITH LAMBETH
Senior Vice President
602.222.5191
Keith.Lambeth@colliers.com

COLLIERS
INTERNATIONAL

Our Knowledge is your Property



FEEDBACK FROM SURVEY OF AM LAW 200 FIRMS

► TOP THREE RESPONSES

Of the issues impacting the growth of the Future Law Firm, there were three that clearly dominated:

- **PROFITABILITY**—84% of the respondents rated profitability as the most important.
- **GLOBALIZATION**—14% of the respondents rated globalization as the most important.
- **TECHNOLOGY**—2% of the respondents rated technology as the most important.

Refer to Figure 1

“The dramatic developments in data storage and retrieval...will have one of the greatest impacts on our firm. Vast stores of information can now be kept, retrieved and searched efficiently without requiring (the) huge physical space resources of yesteryear,”
according to one prominent
Washington D.C.-based law firm.

ISSUES IMPACTING THE GROWTH OF THE FUTURE LAW FIRM

We all know that the proverbial crystal ball would be extremely valuable and highly sought after if it, in fact, existed. To determine what the future law firm will look like and the issues that will impact its growth, the crystal ball is not an essential tool.

According to the American Bar Association, the issues that will be on the frontline and the hot topics during any executive committee meeting during the next 10-15 years will likely be issues related to technology, profitability, globalization, spatial planning, attorney retention, and real estate planning and decision making.

In our investigation to find the most important “Issues Impacting The Growth of the Future Law Firm,” we surveyed over half of the AM Law 200, which consists of the top 200 law firms known collectively as “The AM Law 200.” These firms had combined gross revenue of \$72.5 billion in 2006 and employed 100,523 lawyers. For the purpose of this report, we have synopsised the major issues and their relationships to the makeup of the “Future Law Firm.”

TECHNOLOGY

The technological advances that impact a firm’s day-to-day operations run the gamut from data storage and retrieval to the wireless world of computers and connectivity. Computers will replace a portion of routine work that large law firms do today. These tools already exist, such as expert systems or document assembly. The challenge is not in the technology, but in the economics. Only as both clients and firms develop disciplines about best practices and budgeting will the economics of automating have a positive impact.

According to one prominent Washington D.C.-based law firm, “The dramatic developments in data storage and retrieval...will have one of the greatest impacts on our firm. Vast stores of information can now be kept, retrieved and searched efficiently without requiring (the) huge physical space resources of yesteryear.” Telecom advances, such as broadband internet and wireless connectivity, have enabled attorneys to work from almost anywhere. This assists attorneys in traffic-heavy areas, such as Washington, D.C., New York and Los Angeles. It has also opened the door to an unprecedented ability to communicate with clients and to staff across multiple offices and geographical areas, creating smoother and more efficient operations.

PROFITABILITY

Based upon the response received, 84 percent of the respondents felt profitability was the greatest issue that will impact their firms. The most significant issues that can and will impact a firm’s profitability are the state of the economy and the looming recession, higher attorney attrition rates and legislation that impacts a firm’s core business line (e.g., potential patent reform legislation currently being drafted/implemented by the U.S. Patent and Trademark Office).

GLOBALIZATION

The globalization of the practice of law is the inevitable response to the increasing number of corporate clients expanding their international connections. Among law offices, globalization may mean that domestic firms have law offices in foreign countries or collaborate with foreign firms on cases or matters. When necessary, many national firms that are strong in their local jurisdictions also use formal and informal alliances with other firms to offer advice to clients. Transnational legal activity has given rise to a complex operational issue—how to successfully create and manage geographically dispersed legal

teams. This scenario, which is already being played out in law offices, presents ongoing communication challenges. Other issues related to the globalization of law include an increase in overseas litigation, a rise in outsourcing and off-shoring and the challenge of operating a multi-jurisdictional practice.

SPATIAL PLANNING

Over the past five years, 80 percent of the respondents have experienced a decrease in the attorney-to-square foot ratio from an average of 800 to 600 square feet per attorney. According to the managing director of an AM Law 200 firm, “The decrease in attorney-to-square foot ratio has been attributable to 1) reduction of partner office sizes, 2) improved attorney-secretary ratios, 3) elimination of reception areas on every floor, and 4) general improved uses of technology.” Over half the respondents felt that reduction in square feet will continue to trend downwards over the next 10 years.

ATTORNEY RETENTION

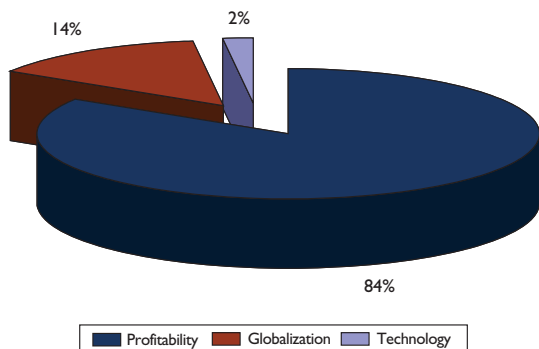
Most law firms surveyed have some form of attorney retention initiative in place to retain their most important asset—the attorney! From balanced hours programs to job sharing, the design of the law firm and changes to the physical environment have increasingly moved up the ladder of importance. This may be due to law firms looking to award-winning architects to design award-winning office space. Taking into account human nature and the need for interaction, law firms are trying to retain their most valued asset by designing a great deal of open space with natural light and glass, and full-service dining rooms strategically placed on window lines with the best views. As of late, sustainable designs and the green initiative are playing major roles in the retention of younger attorneys.

REAL ESTATE PLANNING AND DECISION MAKING

More than half (61 percent) of the law firms surveyed make their real estate decisions by executive committee. Of the respondents, 15 percent utilize senior administrators led by the executive director to analyze the needs and wants of the firm. Almost all of the respondents utilize outside brokerage representation to collaborate with the decision makers, help educate the firm on the trends of the local and national real estate markets and present opportunities for expansion and relocation. This relationship carries on throughout the term of the lease and the real estate brokerage professional becomes a beneficial member of the firm during the planning process.

Over the course of the next 10-15 years, the issues that will impact the growth of a law firm may change but the aforementioned issues that include technology, profitability, globalization, spatial planning, attorney retention and real estate planning and decision making will continue to be the leading issues that will be the underlying fundamentals affecting the growth of any law firm whether it is based locally, nationally or internationally.

► **FIGURE 1: ISSUES IMPACTING THE GROWTH OF THE FUTURE LAW**
Top 3 Responses



Source: Colliers International Survey of AM 200 Law Firms

► (continued on back page)



► **TODD NOEL, CCIM**
Senior Vice President
Office Properties
602.222.5190
Todd.Noel@colliers.com



► **CHARLES MISCIO**
Senior Vice President
Office Properties
602.222.5192
Charles.Miscio@colliers.com



► **KEITH LAMBETH**
Senior Vice President
Office Properties
602.222.5191
Keith.Lambeth@colliers.com

“The decrease in attorney-to-square foot ratio has been attributable to 1) reduction of partner office sizes, 2) improved attorney-secretary ratios, 3) elimination of reception areas on every floor, and 4) general improved uses of technology.”

▶ NOTABLE AM LAW 200 FIRMS

Akin, Gump, Strauss, Hauer & Feld	Kelley Drye & Warren
Alston & Bird	King & Spalding
Alzheimer & Gray	Latham & Watkins
Arent Fox Kintner Plotkin & Kahn	LeBoeuf, Lamb, Greene & MacRae
Baker & Daniels	Littler Mendelson
Baker & Hostetler	Locke Liddell & Sapp
Baker & McKenzie	Loeb & Loeb
Baker Botts	McCutchen, Doyle, Brown & Enersen
Bingham Dana	McDermott, Will & Emery
Blackwell Sanders Peper Martin	McGuireWoods
Brobeck, Phleger & Harrison	McKenna Long & Aldridge
Bryan Cave	Milbank, Tweed, Hadley & McCloy
Cadwalader, Wickersham & Taft	Miller, Canfield, Paddock & Stone
Cahill Gordon & Reindel	Mintz, Levin, Cohn, Ferris, Glovsky & Popeo
Carlton Fields	Morgan, Lewis & Bockius
Cleary, Gottlieb, Steen & Hamilton	Nelson Mullins Riley & Scarborough
Cooley Godward	Nixon Peabody
Coudert Brothers	Pepper Hamilton
Cummings & Lockwood	Pillsbury Winthrop
Davis Wright Tremaine	Porter Wright Morris & Arthur
Day, Berry & Howard	Proskauer Rose
Debevoise & Plimpton	Reed Smith
Dickstein Shapiro Morin & Oshinsky	Robinson Silverman Pearce Aronsohn & Berman
Dorsey & Whitney	Ropes & Gray
Drinker Biddle & Reath	Schulte Roth & Zabel
Dykema Gossett	Seyfarth Shaw
Faegre & Benson	Shaw Pittman
Fenwick & West	Shook, Hardy & Bacon
Fish & Neave	Sidley Austin Brown & Wood
Fish & Richardson	Skadden, Arps, Slate, Meagher & Flom
Foley & Lardner	Squire, Sanders & Dempsey
Foley Hoag	Stroock & Stroock & Lavan
Fox, Rothschild, O'Brien & Frankel	Swidler Berlin Shereff Friedman
Frost Brown Todd	Thacher Proffitt & Wood
Fulbright & Jaworski	Thompson Coburn
Gardere Wynne Sewell	Thompson Hine
Gardner, Carton & Douglas	Vorys, Sater, Seymour and Pease
Goodwin Procter	Wachtell, Lipton, Rosen & Katz
Greenberg Traurig	Wildman Harrold
Hinshaw and Culbertson	Wiley Rein & Fielding
Hogan & Hartson	Williams & Connolly
Holland & Knight	Wilmer, Cutler & Pickering
Honigman Miller Schwartz and Cohn	Wilson Sonsini Goodrich & Rosati
Howrey Simon Arnold & White	Winstead Sechrest & Minick
Jones, Day, Reavis & Pogue	Winston & Strawn
Katten Muchin Zavis & Rosenman	Wolf, Block, Schorr & Solis-Cohen
Kaye Scholer	Womble Carlyle Sandridge & Rice

2390 E. Camelback Rd, Suite 100
Phoenix, Arizona 85016
Phone: 602.222.5000
www.colliers.com/phoenix

14080 N. Northsight Blvd.
Scottsdale, Arizona 85260
Phone: 480.596.9000
www.colliers.com/scottsdale

Cohenfinancial[®]
REAL ESTATE INVESTMENT BANKING



This document has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising therefrom. Colliers International is a worldwide affiliation of independently owned and operated companies. This publication is the copyrighted property of Colliers International and /or its licensor(s). © 2008. All rights reserved.

Our Knowledge is your Property