



Expansions of law firm offices are taking place across Asia and North Africa, fueled by high-growth

Strong economic growth in emerging nations is driving law firm office expansions across the Asia Pacific and Africa regions, according to Jones Lang LaSalle's Global Law Firm Perspectives 2012. "Law firm real estate trends strikingly highlight present global economic polarization," according to Tom Carroll, Jones Lang LaSalle's Director of Corporate Research. "A tenant favorable market will persist in North America and much of Europe for quite some time, while corporations focus their sights on high-growth emerging markets in Asia and Africa."

The following major global legal industry real estate trends are revealed in the JLL report: [investment in qatar](#)

Larger multi-national corporations are breaking their years of caution as developing market expansion returns to the agenda, resulting in a return to growth via economic cross-pollination. Firms situated in developed markets such as the United States and Western Europe, which seek to be geographically associated with the high-growing economies of Asia/Pacific, the Middle East, and Africa, drive growth in emerging markets. The expansion of Western commercial interests in China, for example, has fueled the establishment of law firms in Beijing, Shanghai, and Hong Kong.

Demand for legal services is being driven by corporate outsourcing. Multinational firms are outsourcing more legal work, which is generating demand for legal services traditionally delivered in low-cost areas.

Cities are being shaped through law firm mergers and acquisitions - To serve expanding corporate clients, Western law firms are working with local firms in emerging nations, and cross-border M&A activity is also on the table. In Casablanca, for example, Bird & Bird developed a partnership with El Amari & Associates, a legal services firm. Additionally, as U.S. and U.K. corporations strive to increase their footprint in the region, a cluster of M&A activity has occurred with Australian firms.

Germany is making progress - German towns such as Hamburg and Munich are welcome new enterprises and office expansions as they emerge as an IP litigation center and maintain their economic leadership.

Lease expirations drive new workplace strategies in North America and Europe - Firms are employing less office space per attorney in North America and Europe, adopting new

workplace techniques aimed to improve productivity and efficiency, which are often spurred by lease expirations.

Cycles of Variable Rental Rates

"Law firm rents in global marketplaces are driven more by overall market conditions than by legal industry changes," Carroll noted. "Economically, many markets are recovering, but rents remain low since the market cycle has yet to force rate rises." Incentives (or the lack thereof) differ from market to market.

Consider the following examples of contrasts:

Tenants in Hong Kong are given an average of 2-3 months' rent free; in Tokyo, the amount is 9-12 months.

The average prime gross rent in Melbourne is A\$517 per square meter, despite the fact that the Class A vacancy rate is only 6%. However, because to higher underlying property values, rents in Sydney, which has a higher 9.3 percent Class A vacancy rate, remain substantially higher than in Melbourne, at A\$925 per square meter.

"Rents vary greatly from city to city, even within the same region or country," said Richard Proctor, Jones Lang LaSalle's Head of Central London Tenant Representation and Lead Director, EMEA Law Firm Practice. "Firms can locate deals when rents are just starting to climb but are still near the market bottom." To achieve the best results, law firms must apply their forensic capabilities to their real estate holdings."

Market trends are influenced by the tenant mix.

"The guiding principle of 'as go law firms, so go the office market' is a sound one for North America," says Elizabeth Cooper, Jones Lang LaSalle's International Director and co-chair of the firm's law firm business. "In Europe, Asia, and North Africa, on the other hand, anchor tenants are more likely to be companies, so law firm trends aren't market-movers in the same way." In the United States, legal firms lease more than 15% of Class A office space in metropolitan areas. Only two cities outside of North America, on the other hand, show legal firms occupying more than 10% of Class A office space in the central business area."

The report, which is an annual gauge of global law firm real estate trends, identifies a performance gap between advanced and emerging economies—and a renewed interest from large law firms in closing that gap.