

Hoteling: A White Flag of Surrender in Law Firms' RTO Push?

Many firm leaders view the adoption of hoteling as a concession, said one consultant who works with law firms on real estate. The cost savings are real, but it also may send the message that the return-to-office campaign has hit a wall.

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With so much underutilized space in the post-pandemic law office, firm executives unsurprisingly see office sharing arrangements as a way of getting the most out of their costly square footage while meeting employees at their new workplace habits. Indeed, survey results earlier this year released by real estate broker Savills found that 60% of law firm respondents are implementing or considering the implementation of hoteling or some other kind of flexible office arrangements.

But implementation gets trickier: How do you choose whose office gets reformatted as a shared space? How do you gain enough buy-in from employees and leadership for an office design with implications for workplace culture?

Interest in hoteling has been reignited by firm leaders seeking to design an office schedule that accommodates shifting workplace preference of attorneys and staff. The average utilization in the industry, as reported in a survey by office tech platform Maptician conducted in the second quarter, came out to a paltry 47% for the 5.5 million square feet measured.

"Firms we talk to say, 'We're not paying for a half-empty office. We have to move to some kind of desk-sharing, because we have real estate we're not going to use,'" said Anthony Davies, chief revenue officer of Forrest Solutions. "We're sitting on a time bomb with a lot of this real estate."

Challenge #1: Gaining Enough Support

Law firm leaders and consultants say hoteling, wherein colleagues can reserve a desk in advance, has emerged as the most popular flexible office option in the legal industry. Its popularity has outpaced desk sharing, where multiple employees agree to share a unit according to a predetermined schedule, or hot-desking, where employees can use open desks on a first-come-first-serve basis.



Davies suggested firms designate at least 20% of their office space for hoteling in order to guarantee available desks. The most successful firms have reserved a floor as their hoteling floor, he said.

"You make that the nicest floor in the whole building," he explained. "That's the floor with all the amenities, baristas, most expensive office machines and all the snacks. That's where you invest in free food."

While some employees may be happy to give up their permanent office presence in exchange for a more flexible work schedule, firm leaders may not be as ready to give up office mandates so easily.

Many firm leaders view the adoption of hoteling as an admission they lost the return-to-office push to the trend of remote work, said Tom Fulcher, vice chair, head of legal tenant practice group at property agent Savills.

"It's a big cultural shift," Fulcher said. "One attorney said, 'It's like you gave up.' After all efforts to bring people back into the office, you can hotel. Yes, it saves your money, but what is the effect on the firm long term?"

Controversy over hoteling isn't lost on Hope Zelinger, managing principal of the Miami office of Bressler Amery & Ross, given the fact that attorneys in different practice areas at the full-service firm will have differing levels of need to be in the office.

Hoteling works well for her practice of insurance defense litigation, Zelinger said, since only evidentiary hearings and trials post-pandemic require lawyers to be physically at the courthouse and all other court matters can be litigated as local counsel from across the state.

Hoteling, she said, gives the insurance defense lawyers who aren't local a place to work when duty calls for them to be in Miami or Fort Lauderdale. But that may not be the case for other practice areas. Based on the results from piloting hoteling in the firm's Florida offices, other locations may adopt a similar approach, she said.

"I recognize that it's a controversial concept to allow this type of flexibility for employees and lawyers at the firm. Many people, based on their practice group needs, require people to be in the office every day," Zelinger said. "To the extent a controversy exists, it may be a product of the type of practice. My practice group is very compatible. Because we need a large team, it only makes sense to try it out and deliver for clients in a cost effective way."

Over the summer, the firm relocated its Fort Lauderdale location to an office with around half the floor space it occupied previously, 8,700 versus 16,200 square feet. About 10 of the offices are used for hoteling.

"As the pandemic switched things to Zoom, we expanded our footprint with clients in court houses across the state and attorneys across the state and the hoteling allows attorneys to use the Fort Lauderdale space," Zelinger said. "It's allowed us to recruit the best talent regardless of geographic location."

It's not clear whether hoteling will have a positive or negative impact on office attendance. The aforementioned Maptician survey found that law firms that allow most of their lawyers to keep their own seat have a higher rate of utilization, 57.8%, than those that allow the a majority of seats as reservable or hoteling spaces, 23.7%.

"You could gather from that that having my own seat matters," said Maptician COO AshLea Allberry. "There have been three of our major firms who went all hoteling and it's going pretty well. Most of our firms are somewhere in the middle."

Yet a survey by Forrest Solutions found that implementing hoteling increased the average days in the office to 2.41 days per week.

What could explain the difference between the disparate takeaways between the two surveys? Davies said firms have been able to bring people back in after they "implemented hoteling strategically."

"They didn't just make it optional to come into the office; they actually invested in a hoteling space with the right amenities," Davies said. "They took a proper approach to hoteling and it delivered returns."

Challenge #2: Whose Offices Become Hoteling Offices?

One of the most common ways for firms to designate whose office is a hoteling office is to use employees' attendance history, according to the Savills report, which found that 64% of responding firms used these records to determine who would occupy a hoteling space.

Other criteria include stated preference of the staff member or attorney and the position of the individual, coming in at 24% and 4%, respectively.

The proclivity toward attendance history as a criteria for implementing hoteling could spell the end of the corner office for the rainmaking partner or firm leader who herself has adopted lax attendance standards, consultants said.

"Which office becomes in the pool for hoteling is something people are struggling with," Fulcher said.

Fulcher said firms can work themselves into a corner by using attendance history as the primary criterion if it seems to contradict the firm's office attendance policy. He cited a firm for which Savills conducted a workplace study, which mandated employees had to be in three days a week.

When it came time to decide which employees would be designated as hotelable spaces, firm leaders considered allowing anyone who came in three days a week or more to have their own office, Fulcher said. Anyone who came in two days a week or less would see their office reformatted as a hoteling space.

The problem with this approach, firm leaders quickly realized, was that it seemed to tacitly endorse non-compliance with the firm's three-day-a-week policy.

To determine which spaces should be reformatted for hoteling, Edith Gonzalez, managing director of real estate consulting firm JLL, said JLL works with law firm clients on a utilization study to see how the office space is being used, rather than how individuals are using it.

She said JLL focuses on “change management” with firms to involve employees in discussing how the office should be reformatted.

“It’s really looking at this space, not at the individual. Do we have big groups who are collaborating or are they in their own corners head down?” she explained.

After reducing space in the firm’s home city of Philadelphia, leaders at Blank Rome are currently planning renovations that could result in 15%-20% of its space designated as hoteling and visitor offices. Each practice floor will have hoteling offices, chief operating officer Shonette Gaston said in an email.

“We did that purposefully to ensure that attorneys who are hoteling for the day or visiting from another office have the opportunity to be with their practice group, client teams, and other colleagues,” Gaston said.

At Blank Rome, hoteling throughout the firm’s 15 offices has been well-accepted by attorneys and staff, according to Gaston.

“To facilitate that flexibility we now offer a space reservation app that allows you to book an office or conference room in any of our offices from anywhere at any time – on your phone and at your fingertips. You can pick a floor, office neighborhood, or practice group area and also pre-select the specific tech set up that works for your day.”