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The State of the Legal Market: Hiring Trends, Hot Practices, Market Movers

Presented by: **Phil Flora, VP of Sales**

Mid-Year Check-in on 2025 Bold Predictions Hit/Miss/To Early to Call

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2025 Bold Predictions

TOO EARLY TO CALL

AI Adoption in Law Firms: 2025 Prediction vs. Reality

- **Prediction:**
  AI will become indispensable in 2025, revolutionizing law firm operations and enhancing client relationships. Integration with Alternative Fee Arrangements (AFAs) will drive efficiency and value.

- **Mid-Year Check-in:**
  - **Progress:** Slow but steady integration.
  - **Leading Firms Using AI:** DLA Piper, Gibson Dunn, Sidley Austin, Ropes & Gray, and Morgan Lewis (for document review, research, risk detection, and billing operations).
  - **Key Insights (Thomson Reuters Report):**
    - Firms with a clear AI strategy are twice as likely to see revenue growth and 3.5 times more likely to realize significant benefits.
    - Only 22% of firms have a visible AI roadmap.
    - AI adoption is occurring five times faster than previous innovations like cloud technology.
  - **Challenges:** Managing risks like hallucinations, citation errors, and data privacy concerns.

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2025 Bold Predictions HIT

- Advancing Transparency Through Technology: Prediction vs. Reality

- **Prediction:**
  Technology will enhance transparency between law firms and corporate clients. Tools like **Leopard PROWESS** will revolutionize outside counsel selection by offering visibility into billing practices, case progress, and communication. This will reduce costs and strengthen trust-based partnerships.

- **Reality:**
  - **Strategic Partnership: SurePoint** partnered with **Onit**, granting over 1,000 corporate clients access to PROWESS via Onit's Unity Platform through **CounselMatch**.
  - **Case Study Results:**
    - A mid-market company used PROWESS to assess four existing law firms and compare them with four new firms.
    - An RFP process led to selecting two legacy firms and two new firms.
    - The vetting process was completed in **six weeks**, cutting the timeline in half.

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2025 Bold Predictions HIT

- Cost Control & AFAs: Prediction vs. Reality

- Prediction:
  Clients will continue to push for **predictable, value-based pricing** models. With 65% of in-house counsel reporting the use of AFAs in 2024—up significantly from pre-2023 levels—firms will adopt fixed, flat, capped, and blended fee models at higher rates. AI and data transparency will accelerate this shift, reinforcing the focus on **value, outcomes, and cost control**.

- Reality:
  - **Market Trends:** A *Reuters* article (via Citi and Hildebrandt) reports nearly **12% average revenue growth** among large U.S. firms in 2025—driven by rate increases and a **push toward predictable fee models**.
  - **Client Behavior:** Legal buyers are actively prioritizing **value over billable hours**, driving demand for subscription-based and AFA models.
  - **Competitive Pressure:** ALSPs are gaining ground with alternative pricing, reinforcing the shift to **cost-effective legal service delivery**.

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2025 Bold Predictions HIT

- Mergers & Talent Mobility: Prediction vs. Reality

- Prediction:
  Based on Leopard client feedback, firms seeking **hypergrowth** were shifting away from individual lateral hires toward **strategic firm mergers and acquisitions**. Historically, these efforts were led by firms with a successful M&A track record—but heading into 2025, we predicted a **broader increase in both hiring and firm combinations** to meet evolving client demands.

- Reality:
  - **Talent Surge:** Lateral hiring by large law firms grew by **17%** in the first half of 2025 compared to the same period in 2024—especially in **corporate practices**, which often signal expansion and deal activity.
  - **M&A Momentum:** The first six months of 2025 saw **37 law firm combinations** involving over **17,000 attorneys**.
  - **Growth Strategy:**
    - **Global Expansion:** U.S. firms are targeting **Canada and the UK**.
    - **Regional Growth:** Mid-size firms are expanding into **new domestic markets** to better align with client growth trajectories.

2025 Bold Predictions

TOO EARLY TO CALL

- Policy & Regional Shifts: Prediction vs. Reality

- Prediction:
  Post-election shifts in Washington, D.C. were expected to drive **increased hiring**, as attorneys transitioned into government roles and firms filled those gaps. A move toward **federal deregulation** was anticipated, along with rising **transactional and advisory work**. Growth was predicted in **energy, healthcare, technology, and infrastructure**—potentially leading to more **litigation** as new regulations were challenged.

- Reality:
  - **Regulatory Changes:** Federal **deregulation** has occurred, with corresponding growth in **transactional work**.
  - **DEI Under Scrutiny:** Investigations into DEI initiatives at **20 Am Law 200 firms** have placed the legal industry under intense scrutiny—impacting hiring and reputational risk.
  - **Market Dynamics:**
    - **Government layoffs** have increased the supply of available legal talent.
    - Younger and underrepresented attorneys are expressing concern as some firms **retreat from public commitments** to DEI.
    - **AI Acceleration:** The push to **deregulate AI** is accelerating its adoption, particularly in replacing work once handled by **junior associates**.

The long-term impact of these developments remains **uncertain but significant**.

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Mid-year 2025
by the numbers

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LLFI Large Law 200 Lateral Hiring

17% increase in hires in 2025 (7,765) vs 2024 (6,624)

Litigation leads the way but down as a percentage of all hires in 2025 (41%) vs 2024 (44%).

Corporate is next but also down as a percentage of all hires in 2025 (16%) vs 2024 (18%).

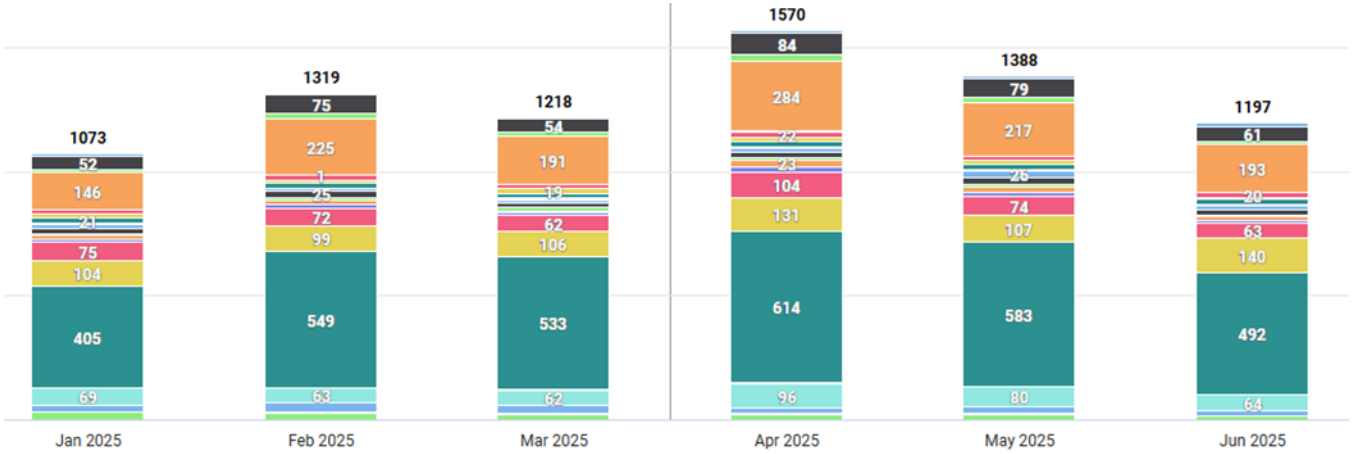
In 2024, L&E was a clear #3, with 10% of all hires during the first 6 months of the year, however in 2025, it went to 7% of all hires and is comparable with other PAs:

Real Estate - 6% (2025) vs 4% (2024)

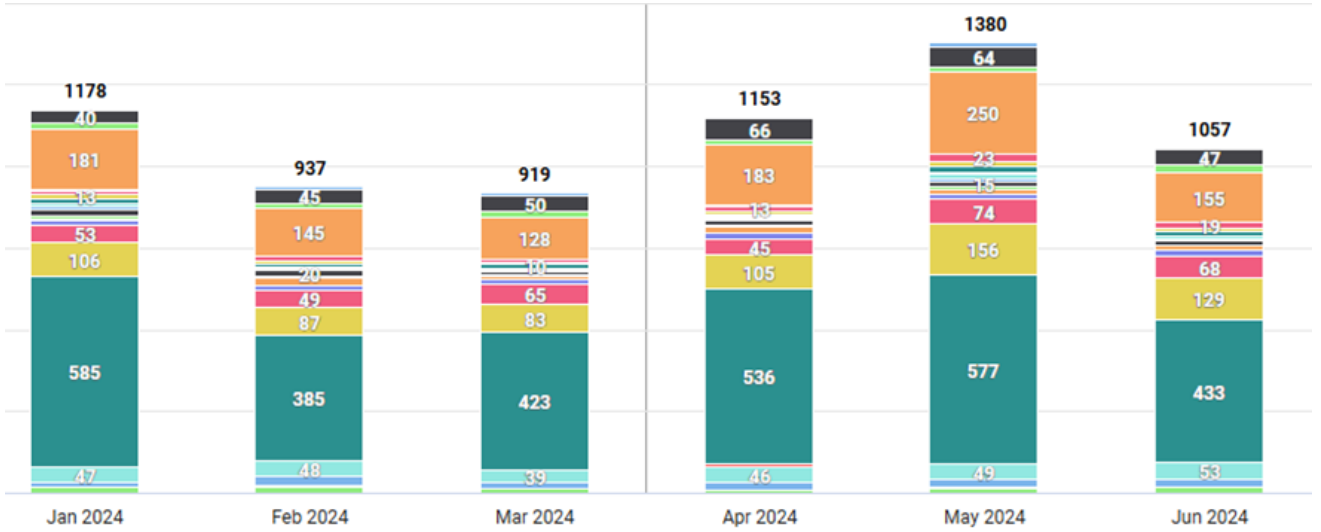
Banking – 5% (2025) vs 5% (2024)

IP – 6% (2025) vs 5% (2024)

First six months of 2025



First six months of 2024



LLFI Large Law 200 Lateral Hiring

Associate hiring has increased by 2% in 2025 vs 2024 – partner hiring down 1% and counsel hiring remained flat

Male to Female Partner Hiring – 2.1:1 (2025) vs 2:1 (2024)

Male to Female Counsel Hiring – 7% more (2025) vs 27% more in (2024)

Male to Female Associate Hiring – while relatively the same, there were slightly more females associate hires in 2024 whereas in 2025, males edged females by less than 1%

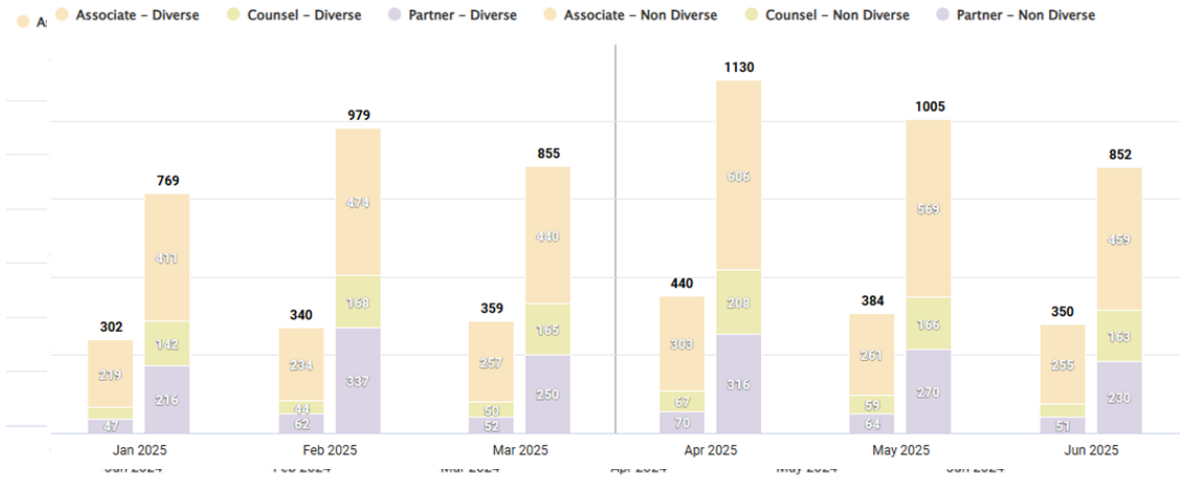
Ethnically diverse hiring saw a closing of the gaps across all three attorney types in 2025.

Partner - 4.7:1 (2025) to 5.1:1 (2024)

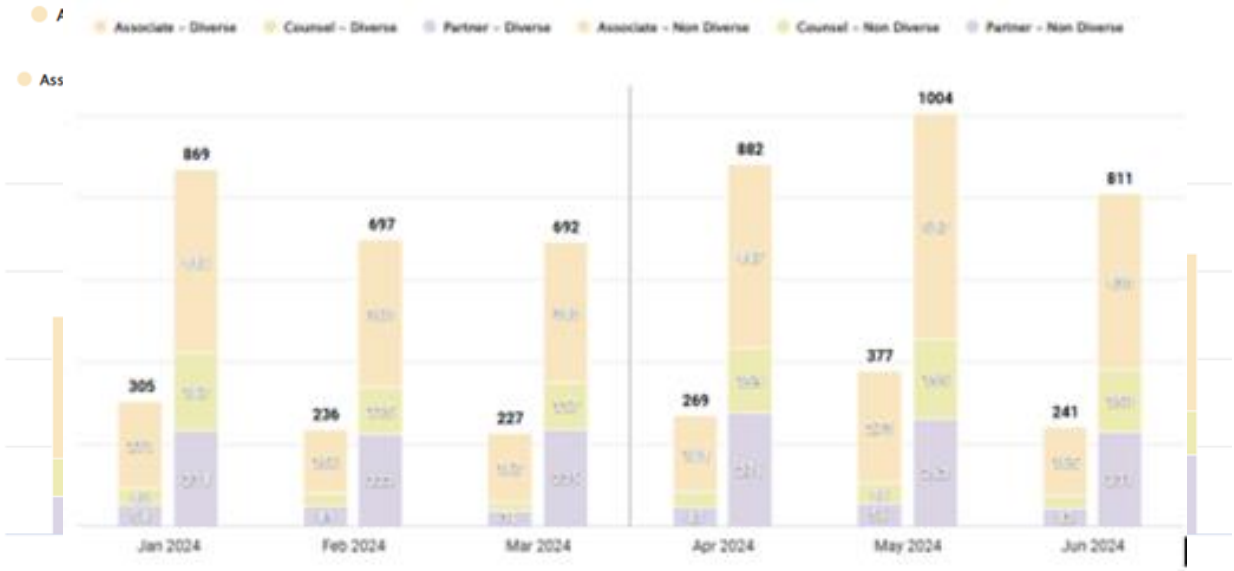
Counsel - 3.37:1 (2025) to 4.3:1 (2024)

Associates – 1.93:1 (2025) to 2.2:1 (2024)

First six months of 2025



First six months of 2024



AmLaw 200 Lateral Hiring

18% increase in hires in 2025 (7,058) vs 2024 (5,978)

Litigation is the top practice area again but as a percentage of all hires is less in the AmLaw 200 vs LLFI 200 – Litigation hires account for 36% of hires 2025 vs 38% in 2024.

Corporate is next but for the AmLaw 200, there was a slight uptick in Corporate as a percentage of all hires in 2025 (18%) vs 2024 (17%).

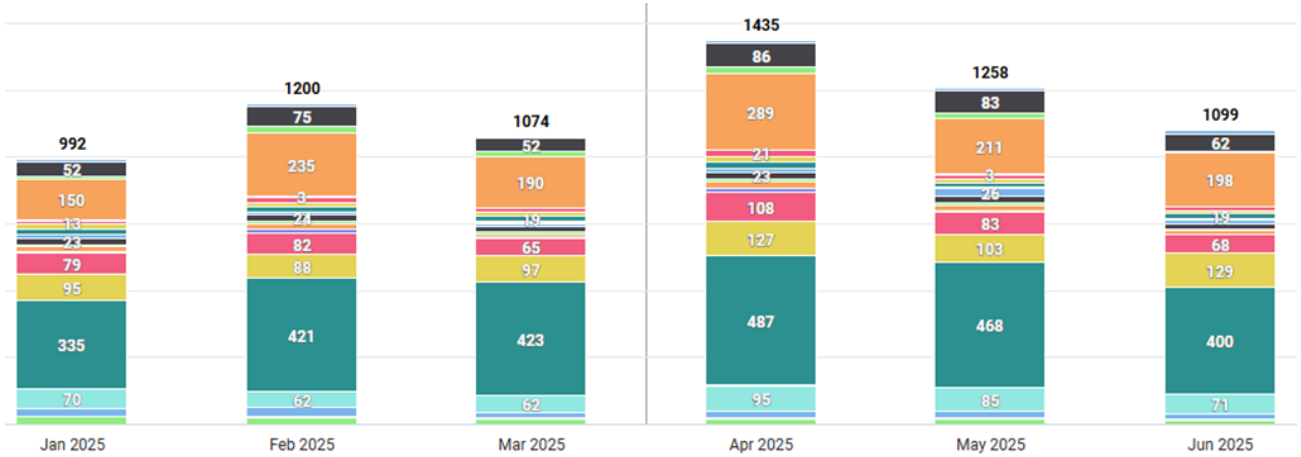
In 2024, L&E was a clear #3, with 11% of all hires during the first 6 months of the year, however in 2025, it went to 9% of all hires and while a further separation than the LLFI 200 firms, is still comparable with other PAs:

Real Estate - 6% (2025) vs 5% (2024)

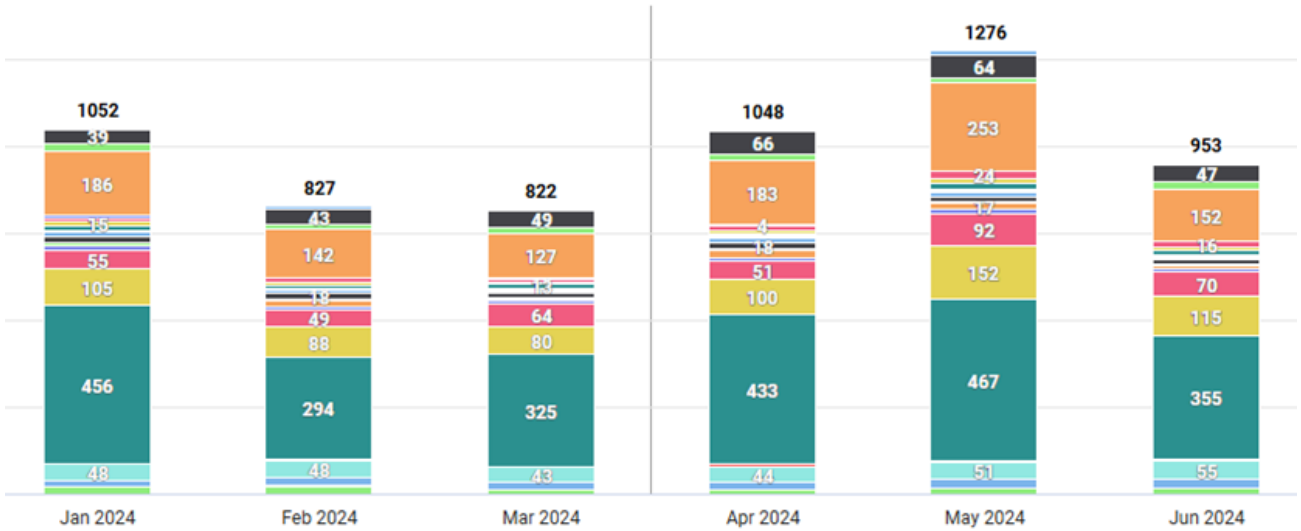
Banking – 6% (2025) vs 5% (2024)

IP – 7% (2025) vs 6% (2024)

First six months of 2025



First six months of 2024



AmLaw 200 Lateral Hiring

Associate hiring has increase by 2% in 2025 vs 2024 – partner hiring down 1% and counsel hiring remained flat

Male to Female Partner Hiring – 2.1:1 (2025) vs 2:1 (2024)

Male to Female Counsel Hiring – 31% more (2025) vs 33% more in (2024)

Male to Female Associate Hiring – while relatively the same, there were slightly more females associate hires in 2025 whereas in 2024, males edged females by less than 4%

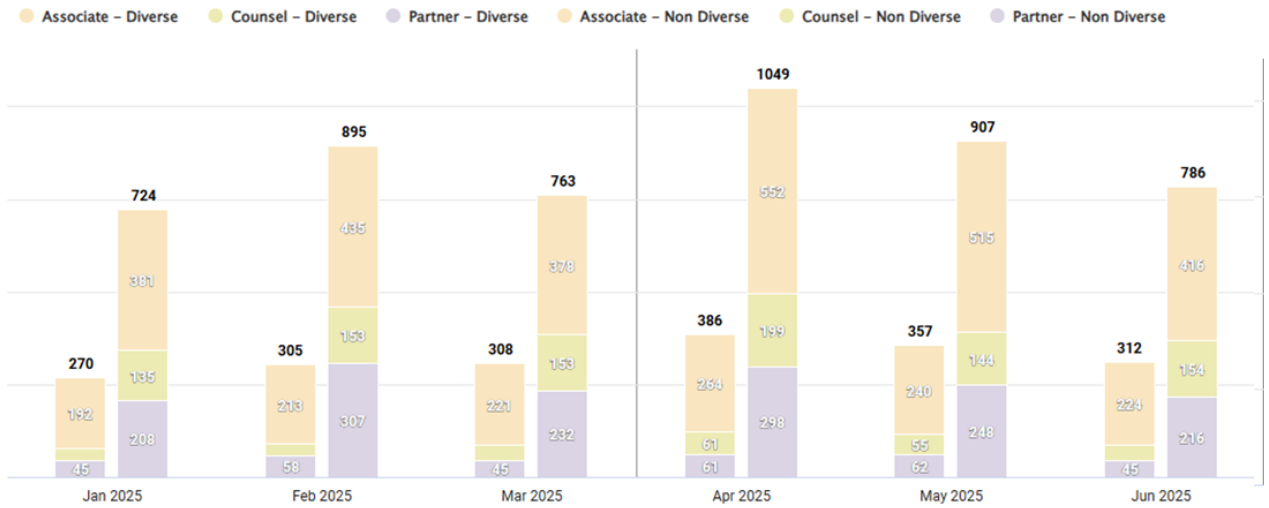
Ethnically diverse hiring saw a closing of the gaps across all three attorney types in 2025.

Partner – 4.8:1 (2025) to 5.2:1 (2024)

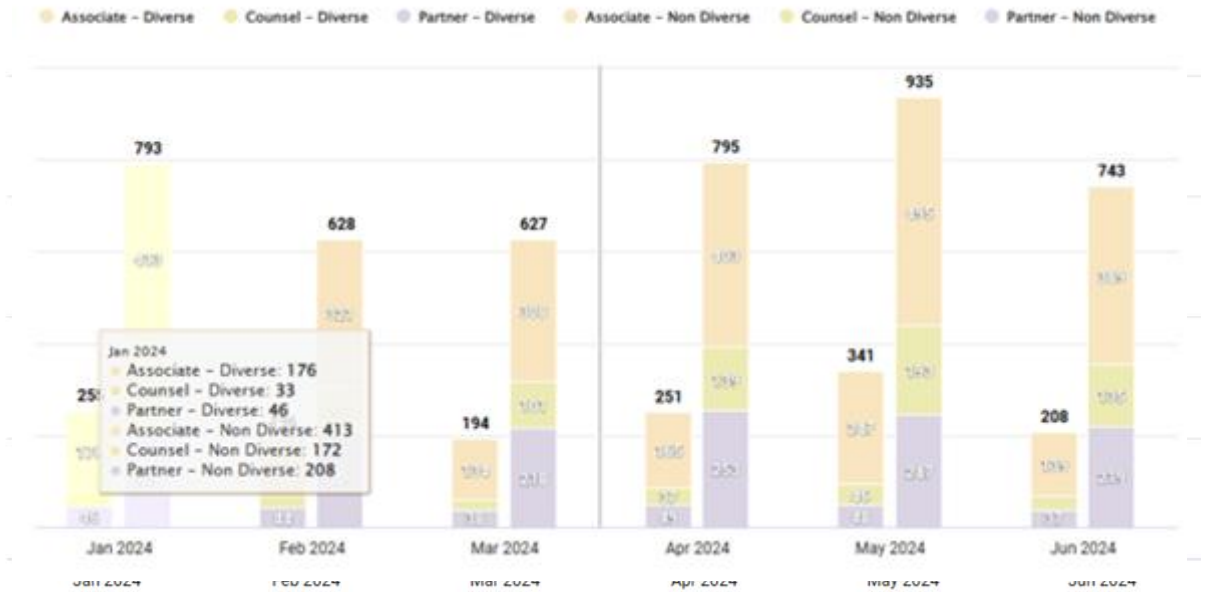
Counsel - 3.5:1 (2025) to 4.3:1 (2024)

Associates – 1.9:1 (2025) to 2.4:1 (2024)

First six months of 2025

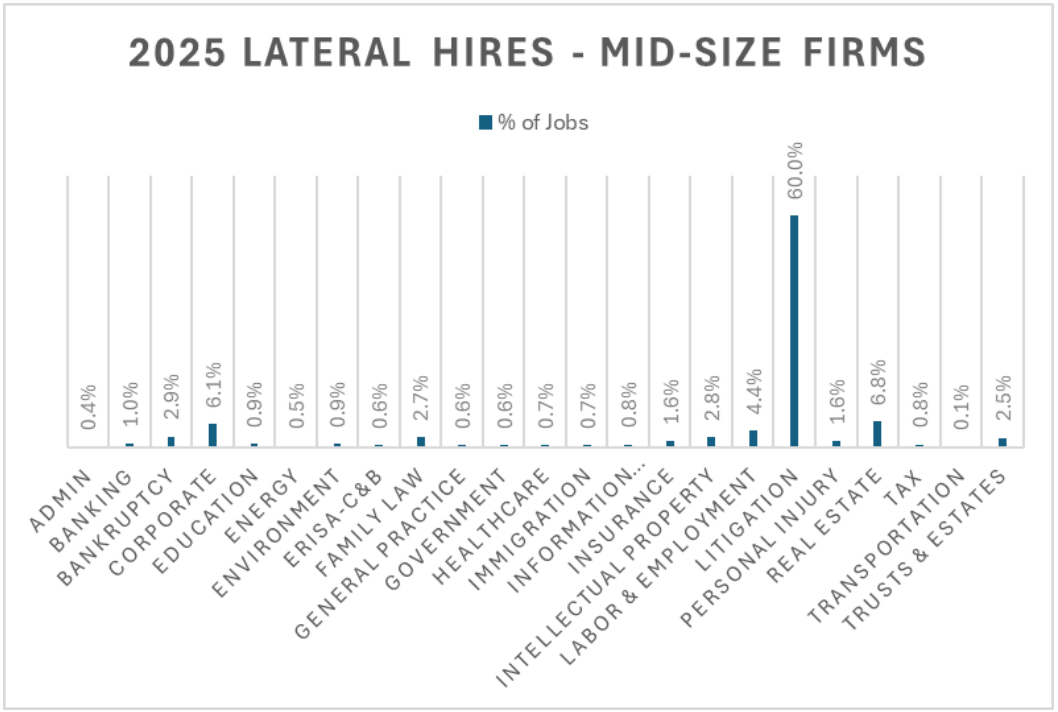


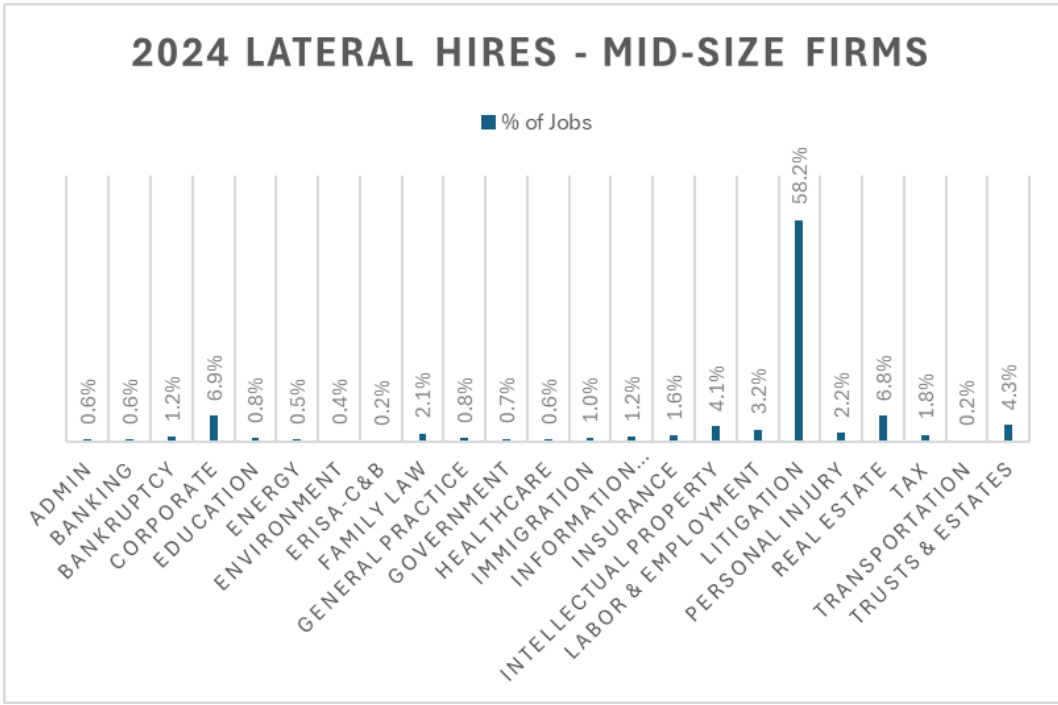
First six months of 2024



LLFI Mid-Size 200 Lateral Hiring

- <u>Overall Volume:</u>
  Lateral hiring in this group is down by almost **7%** in **2025** compared to the first 6 months of **2024**
- <u>Practice Areas:</u>
  - **Litigation** continues to dominate, accounting for **60%** of hires in **2025** (vs. **58%** in **2024**)
  - **Real Estate** and **Corporate** are next two highest practices
  - **Trust & Estates** saw a decrease by almost **2%** in **2025** but whereas **L & E** saw a similar increase in **2025**
- <u>Attorney Type Moves:</u>
  - **Associates** were hired a slightly higher rate (**60% in 2025**) than the top firms but was down by **1%** in comparison to 2024
  - **Partners** hiring was up by **1.5%** in **2025** compared to 2024 but lower as percentage of all hires in comparison to top firms.
- <u>Diversity Trends:</u>
- **Gender** hiring was relatively the same YoY (**45%** of all hires)
  - Associates hiring was down but partner and counsel hiring up
  - Males hires outpaced female hires but almost 2 to 1 for associates and 3 to 1 for partners
- **Ethnical** diverse hiring has increased by **3.5%** in comparison to the same time last year – Associates have increased whereas Partners & Counsels have decreased in 2025





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Growth through Combinations

- **2025 (First Half):** 37 law firm combinations, involving over 17,000 attorneys.
- **2024 (Same Period):** 32 combinations with over 12,500 attorneys.
- **2023 (Same Period):** 28 combinations with over 15,500 attorneys.
- **Retention Rates:**
  - 2023: 72%
  - 2024: 86%
  - 2025: 93%
- **Attorney Departures Post-Merger:**
  - 50% of 2025 combinations saw attorney departures.
  - 10 mergers from 2024 retained all attorneys.
  - Only one merger from 2023 remained fully intact: a 7-attorney firm acquired by a 157-attorney firm.

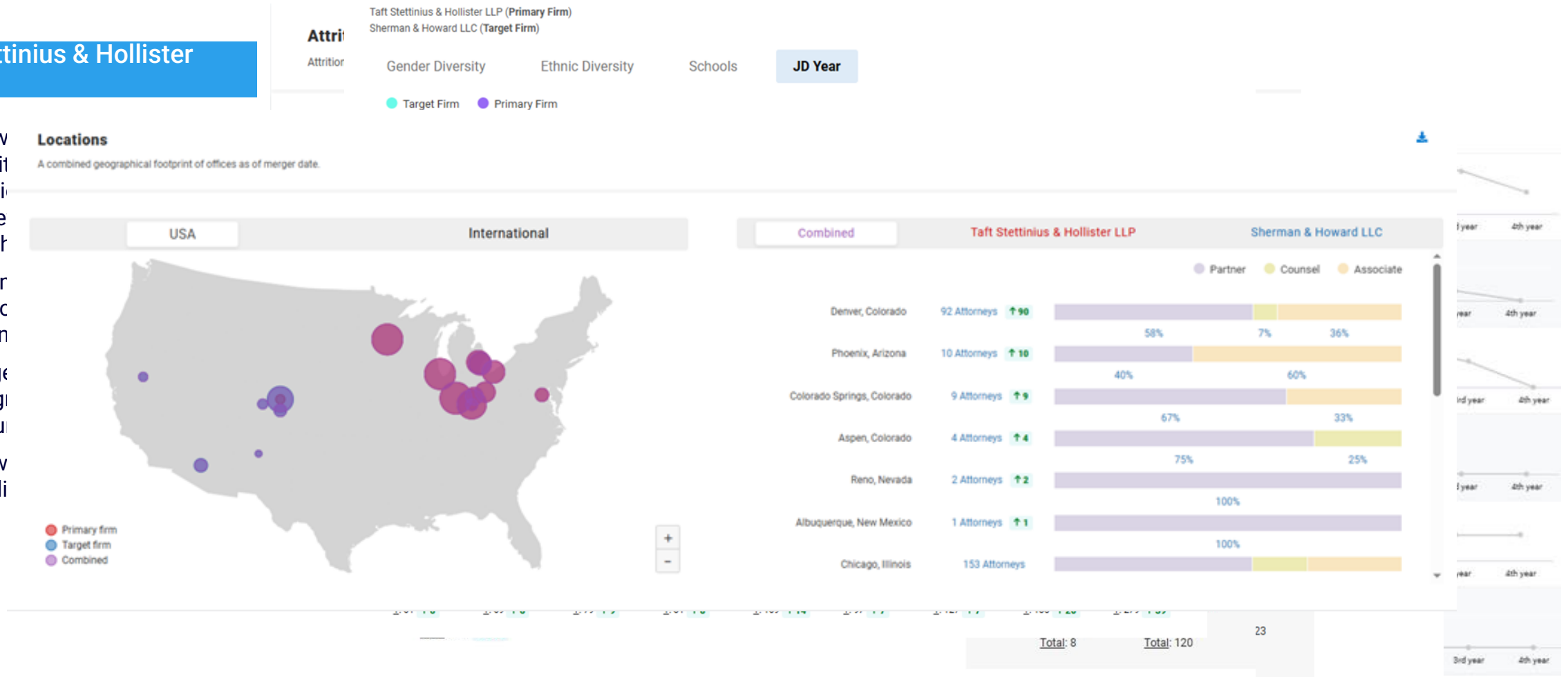
- **Most Active Firms (First Half of Each Year):**
- **Fennemore Craig & Freeman Mathis & Gary**
- **Combinations Finalized:** 4 each
- **Retention Rate:**
  - Freeman Mathis & Gary: 90%
  - Fennemore Craig: 82%
- **Acquisition Trend:** Primarily smaller firms
- **Largest Acquisition:** Moyer White (45 attorneys) by Fennemore Craig (April 2024)
- **Current Retention:** 64% of Moyer White attorneys remain at Fennemore Craig

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Combination Case Study 1

Taft Stettinius & Hollister LLP

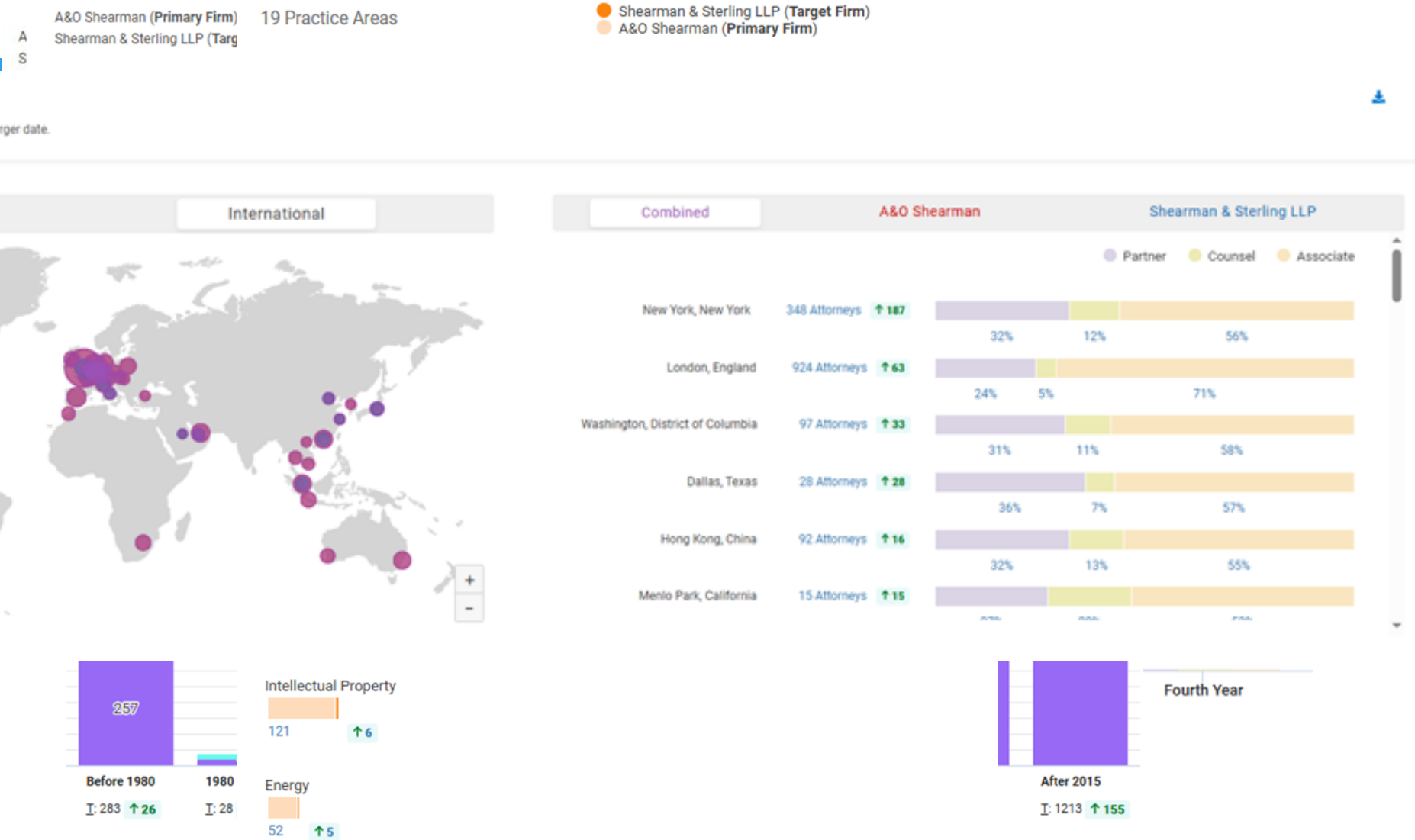
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Combination Case Study 2

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- firms was corporate, with over a 30% of the firm focused on deals and transactional work

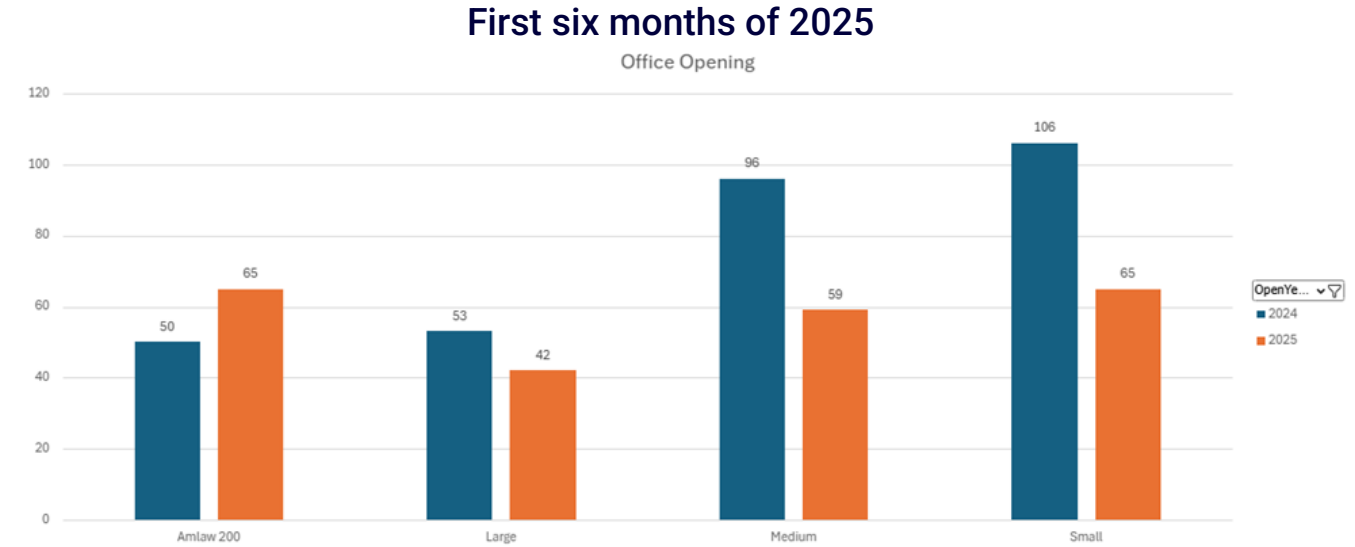


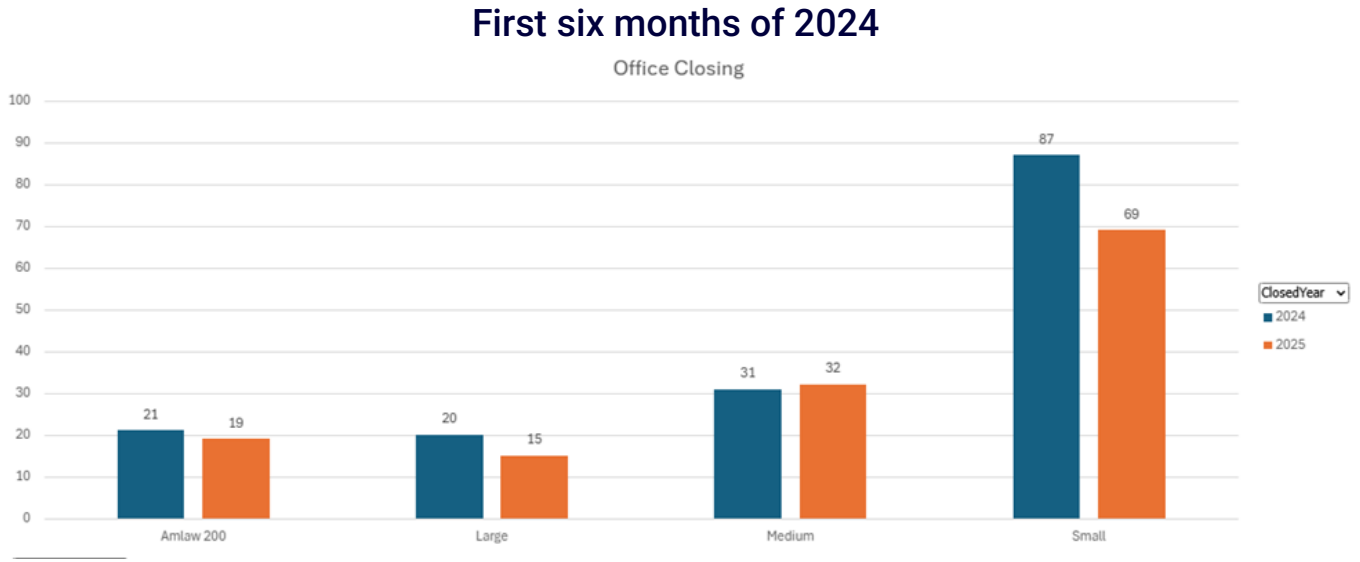
Office Opens/Closes

- **Office Openings:**
  2024 was more active, with **305 openings** compared to **231 in 2025** across all firm groups —
  except the Am Law 200, which saw a stronger start in 2025 (**65**) vs. 2024 (**50**).

- **Office Closings:**
  Closings were also more frequent in 2024 (**159**) compared to 2025 (**135**) —
  with the exception of **Mid-Size Law Firms**, which saw similar closure rates both years.

- **Net Growth:**
  Both years showed **net positive office growth**, but **2024 outpaced 2025** with **91% growth** vs. **71%** during the same time period.



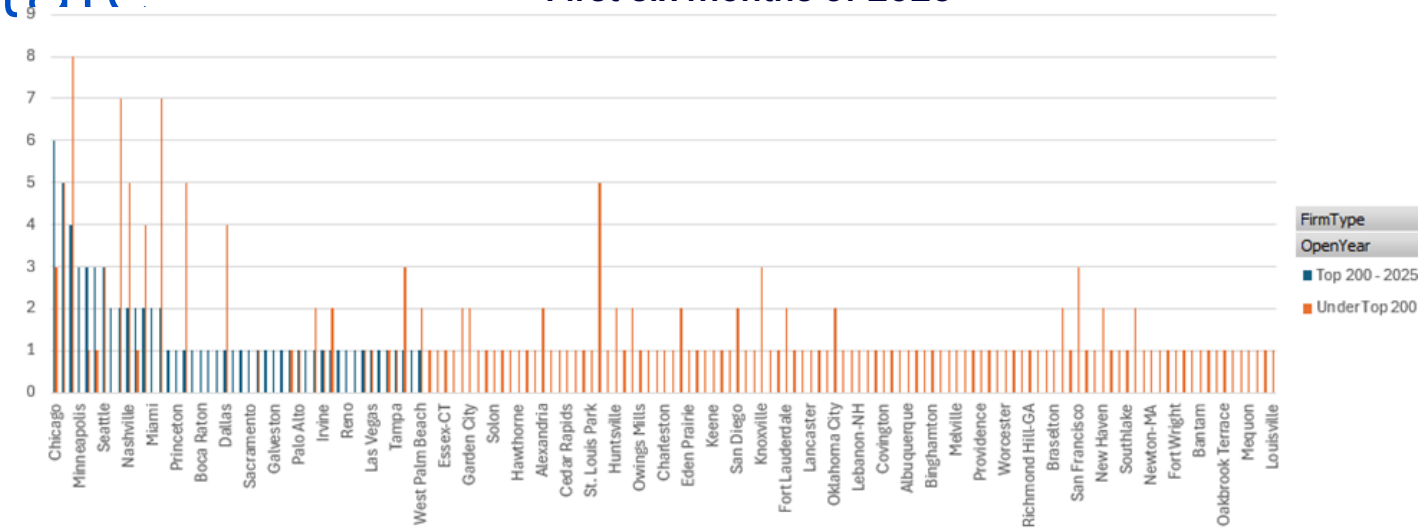


Office Opens by City & State

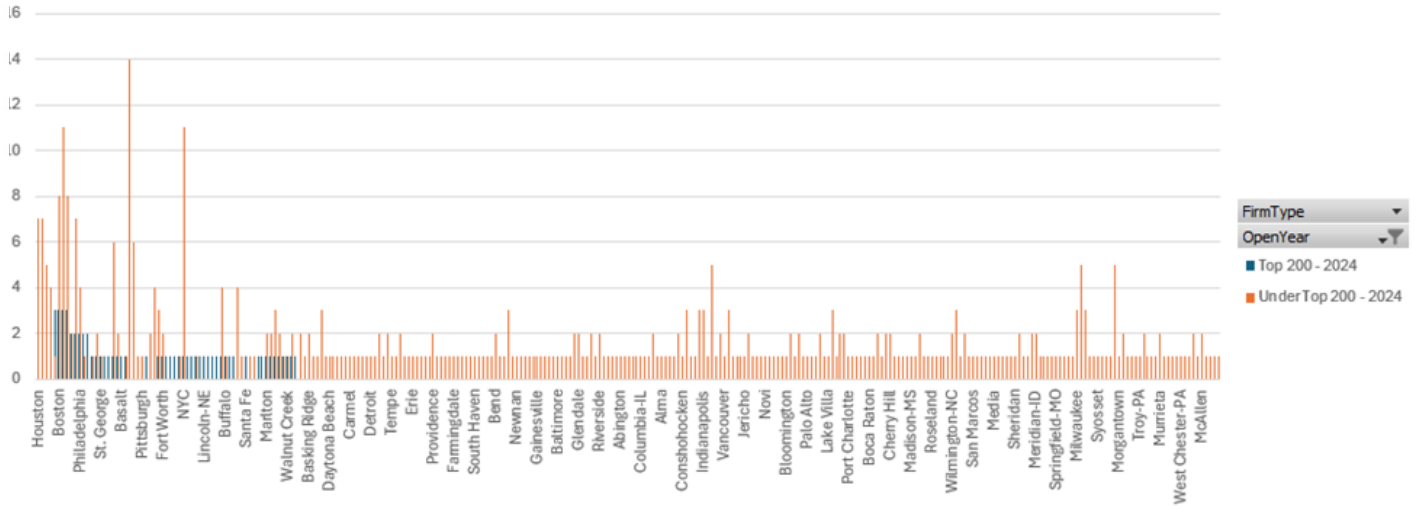
- Top Cities for Office Openings

- Am Law 200 – 2025:
  - Chicago (6)
  - Boston (5)
  - Washington, D.C. (4)
- Am Law 200 – 2024:
  - Houston and Los Angeles (5 each)
  - Denver (4)
- Non-Am Law 200 – 2025:
  - Washington, D.C. (8)
  - Los Angeles and New York City (7 each)
- Non-Am Law 200 – 2024:
  - Washington, D.C. (14)
  - New York City and Dallas (11 each)

First six months of 2025



First six months of 2024

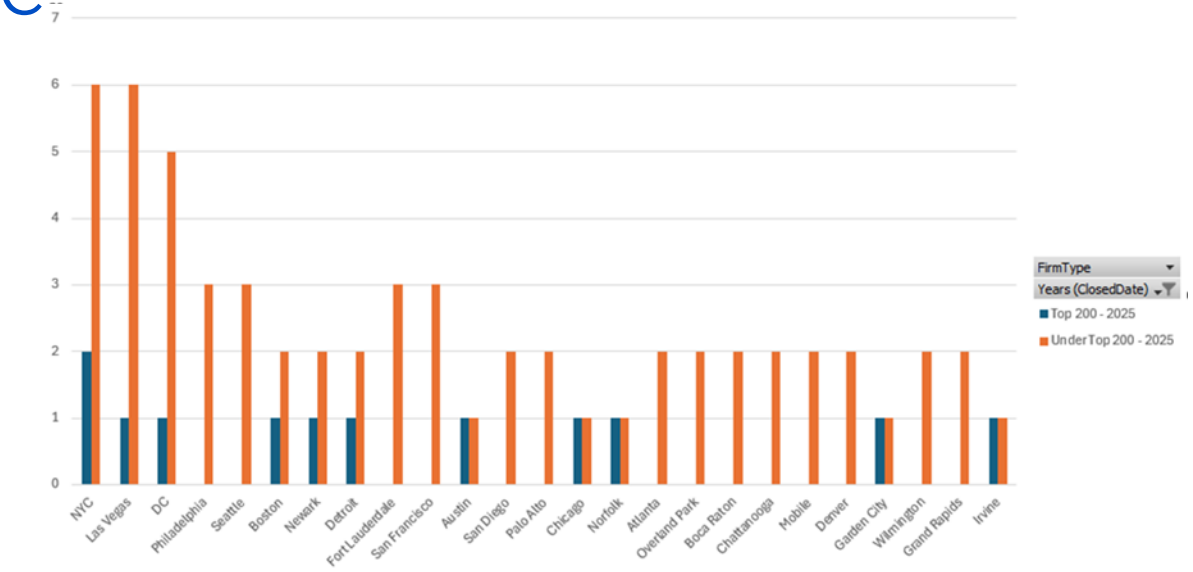


Office Closes by City & State

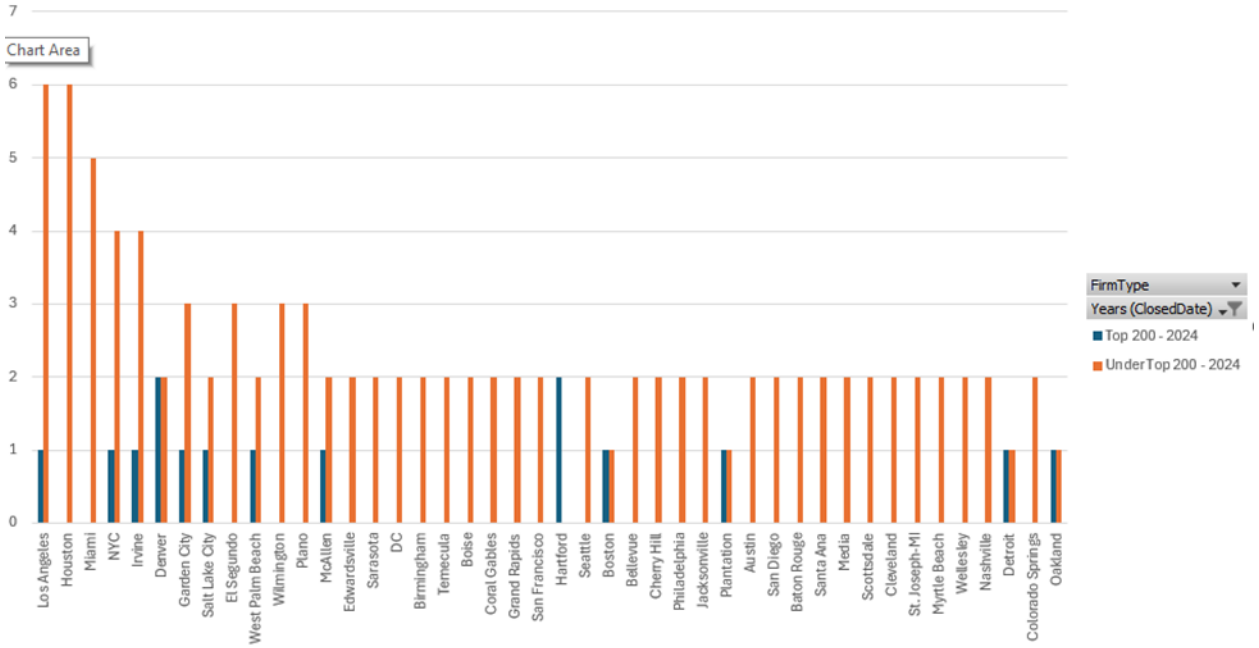
- Top Cities for Office Closes

- Am Law 200 – 2025:
  - New York (2)
  - 21 Cities with 1 Office Closure Each
- Am Law 200 – 2024:
  - Denver & Hartford (2 each)
  - 29 Cities with 1 Office Closure Each
- Non-Am Law 200 – 2025:
  - Las Vegas & NYC (6 each)
  - Washington DC (5)
  - Seattle, Philadelphia, San Francisco & Ft. Lauderdale (3 each)
- Non-Am Law 200 – 2024:
  - Los Angeles & Houston (6 each)
  - Miami (5)
  - NYC & Irvine (4 each)

First six months of 2025



First six months of 2024



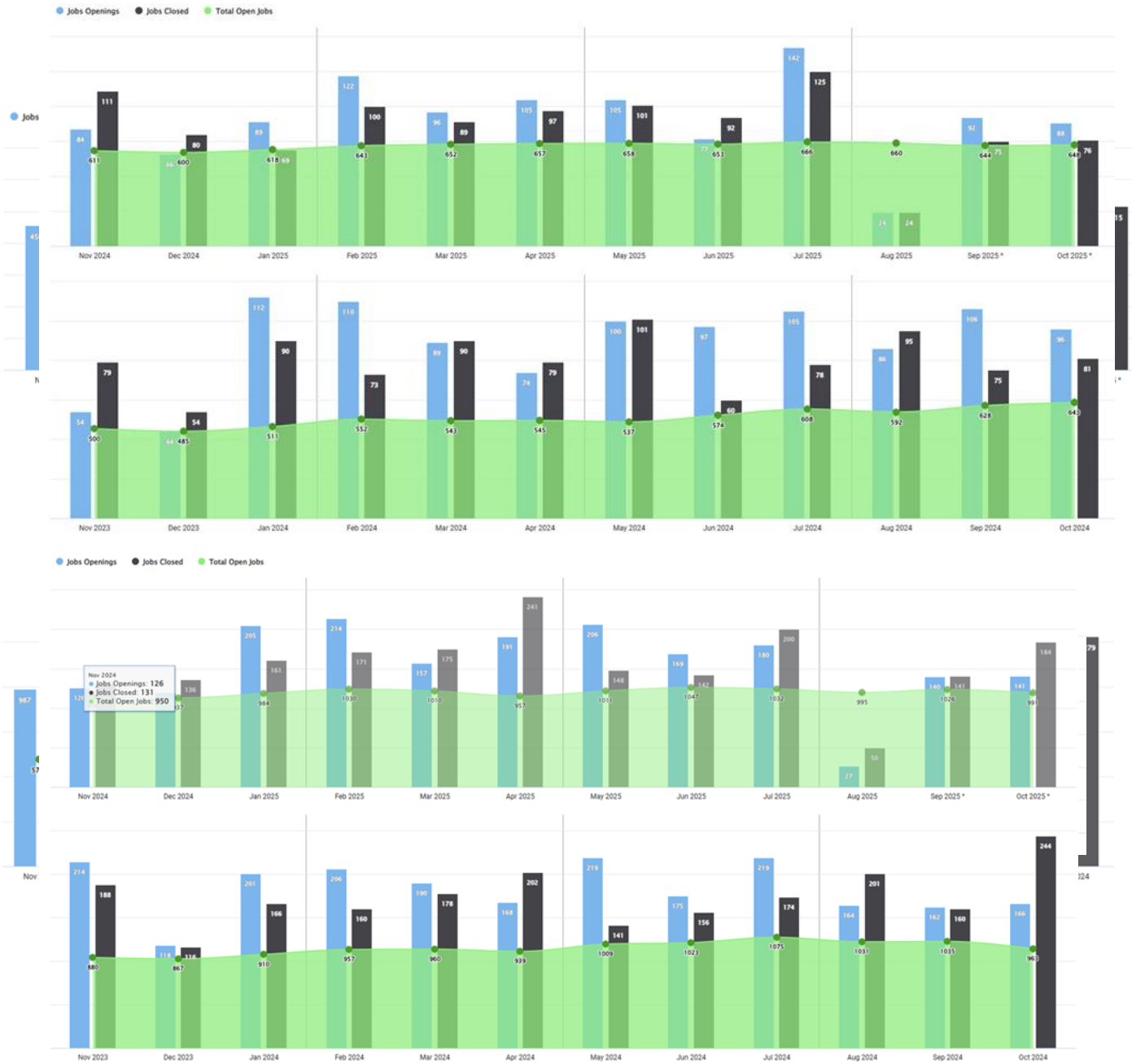
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Job Outlook

- **Total Jobs:**
  July 2025 – 7,138 total open jobs
- July 2024 – 6,446 total open jobs
- 9% more jobs YoY – however trend is down for 2025 whereas it was going up throughout 2024

- **AmLaw 200 Jobs:**
  July 2025 – 3,227 total open jobs
- July 2024 – 3,081 total open jobs
- 3% more jobs YoY – similar trend to all firms job openings but smaller YoY gap – projections moving forward look more favorable though with this group.

- **Corporate vs Litigation (AmLaw 200):**
  Corporate 6 of last 7 months have seen more open jobs then closed.
- Litigation 4 of last 7 months have seen more open jobs than closed.
- Projecting out two months of similar results for both practices



Look Ahead to the rest of 2025 and Beyond

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- **Talent Management** is experiencing an upswing, with hiring up nearly 18% year-over-year and open attorney positions rising by 9% compared to the same period in 2024. Despite concerns over potential delays in entry-level classes and broader pessimistic job forecasts, the momentum remains strong. Law firms are increasingly focused on hyper growth through identifying firms to combine with or by growing through traditional lateral means with the goal to stabilize their attorney base and facilitate smooth client transitions. However, this strategy introduces volatility and retention risks, making it a race to secure top talent before year-end.

- **Transactional & Deal Activity**, S&P Global reports a 19% increase in global private equity and venture capital deal values in the first half of 2025, while Ernst & Young highlights a 45% year-over-year surge in deal volume for Q1. This robust performance signals a strong finish to 2025 and a promising start to 2026. Law firms are responding by ramping up transactional practices to meet demand, knowing that when deal activity wanes, litigation often follows. As a result, firms are preparing for a likely uptick in litigation toward the end of the year.

- The **Technology & AI** sector continues to thrive, with substantial investments in cutting-edge platforms such as Harvey AI, Vincent AI by vLex, CoCounsel from Thomson Reuters, and advancements from SurePoint. These innovations are revolutionizing law firm operations by enhancing client collaboration, strengthening client relationships, and driving revenue growth. Moreover, firms that embrace these technologies are poised to foster a more robust culture and improve talent retention as they adapt to an evolving legal landscape.



Questions? pflora@surepoint.com

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