

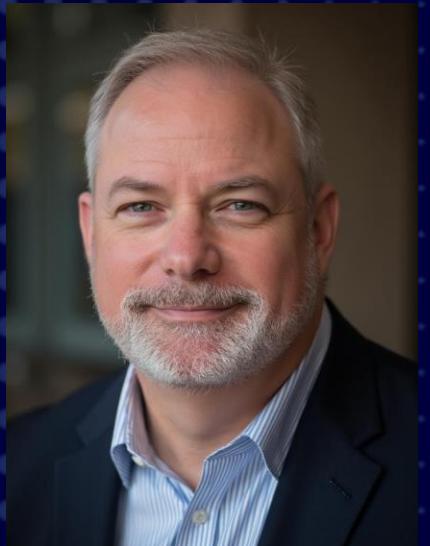


2025 State of the Legal Industry

Talent, Technology, and Transformation in the Legal Market



Presented by: **Phil Flora, VP of Sales, SurePoint Legal Insights**



Timothy Corcoran – Principal at
Corcoran Consulting Group



Lindsey Higgins – Firmwide Director,
Legal Recruiting at WilmerHale



Michael Hill – Chief Financial Officer
at Gould & Ratner



Bryson Malcolm – Founder & CEO at
Mosaic Search Partners

Executive Summary

1. Market Consolidation

- Mergers accelerated to record levels in 2025 as firms prioritized scale, geographic reach, and client coverage – while post-merger integration and retention remain key risks.

2. Lateral Hiring Growth

- Lateral hiring rebounded sharply, returning to elevated 2021-2022 levels driven largely pent-up demand and correction from pandemic-era freezes.

3. Changing Business Models

- Private equity-backed MSOs (Managed Services Organizations) are reshaping law firm economics, pricing strategies and competitive dynamics.

4. Evolving Talent Shifts

- Longer paths to equity, expanded non-equity tiers, and shifting entry-level hiring patterns are redefining career progression.

5. Regulatory & Political Pressure

- Increased government and EEOC scrutiny is driving more cautious approaches to employment practices, DEI initiatives, and pro bono work.

6. AI as Table Stakes

- AI has moved from experimentation to expectation—becoming a baseline requirement for efficiency, differentiation, and client service.



Market Consolidation

Record number of law firm mergers in 2025

Law firms Winston & Strawn Wessing to merge in latest tie deal

Womble Bond Dickinson to Combine with Lewis Roca, Forming Powerhouse Law Firm

Harris Beach Murtha will combine to have over 250 employees in 16 states. (Photo by depositphotos)

Harris Beach, Murtha Cullina merge firms, align cultures

Bennett Loudon // January 2, 2025 // 5 Minute Read

at \$1.6bn

3 5

X f pean offices

2 BigLaw firms of AI

BY DEBBIE

NOVEM

As
\$2

Taft Completes Merger With Sherman & Howard, Growing Nationwide Presence

17 NOV

Effective Jan. 1, 2025, Taft completed its merger with Denver's oldest and third-largest law firm, Sherman & Howard L.L.C. With this expansion, Taft now has more than 1,000 attorneys, spanning from the Mountain West region to Washington, D.C.

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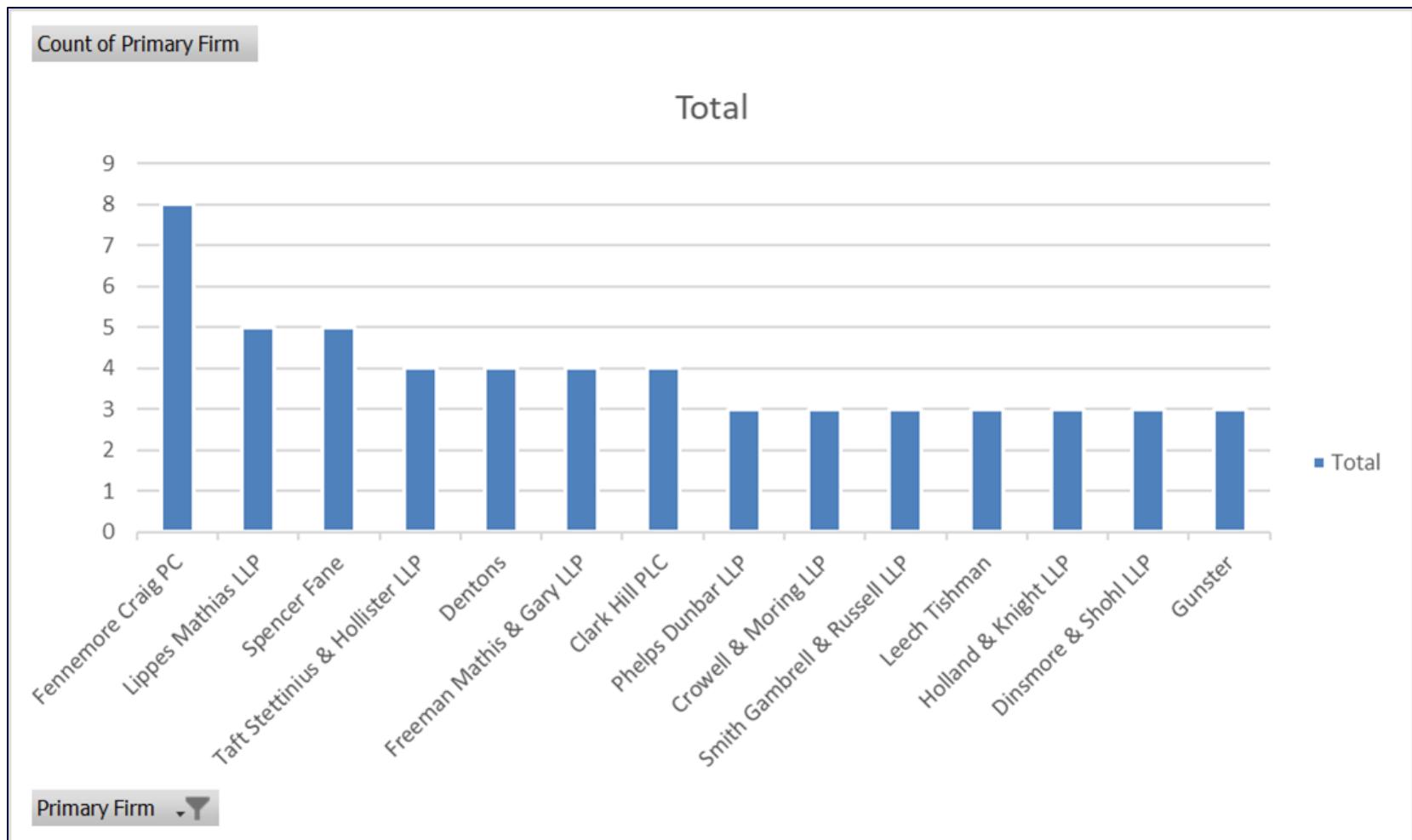
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Year	Attorneys Moved At Signing	# of Combinations
2025	2349	59
2024	1285	47
2023	1294	44
2022	940	32
2021	676	22
2020	1806	16

Year	# of firm combinations	Avg Retention Rate since combination date (all combos)	# of firms with 100% retention since combination
2025	59	92%	29
2024	47	79%	8
2023	44	74%	2
2022	32	63%	1
2021	22	71%	0
2020	16	68%	0

Year	# of firm combinations	# of combinations involving AmLaw 200 law firms	# of firms that did more than one merger/acquisition in same calendar year
2025	59	21	4
2024	47	21	3
2023	44	24	4
2022	32	19	3
2021	22	12	1
2020	16	10	1

Year	# of firm combinations	Largest PA of Acquired/Smaller Firm	# of mergers that included new Locations for the Larger/Acquiring Firm
2025	59	52 Litigation; 3 L&E; 3 CORP; 1 Environment	30
2024	47	43 Litigation; 2 IP; 2 CORP	28
2023	44	38 Litigation; 4 CORP; 1 IP; 1 Real Estate	29
2022	32	27 Litigation; 2 CORP; 1 GOV; 1 IP; 1 L&E	19
2021	22	17 Litigation; 2 T&E; 1 CORP; 1 IP; 1 L&E	15
2020	16	12 Litigation; 3 CORP; 1 Immigration	11



Count of Location

Office location counts from the firms that merged with other firm

30

25

20

15

10

5

0

Years (mergerDate) ▼

2025

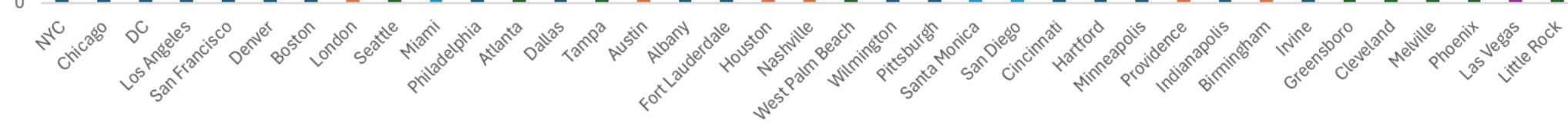
2024

2023

2022

2021

2020



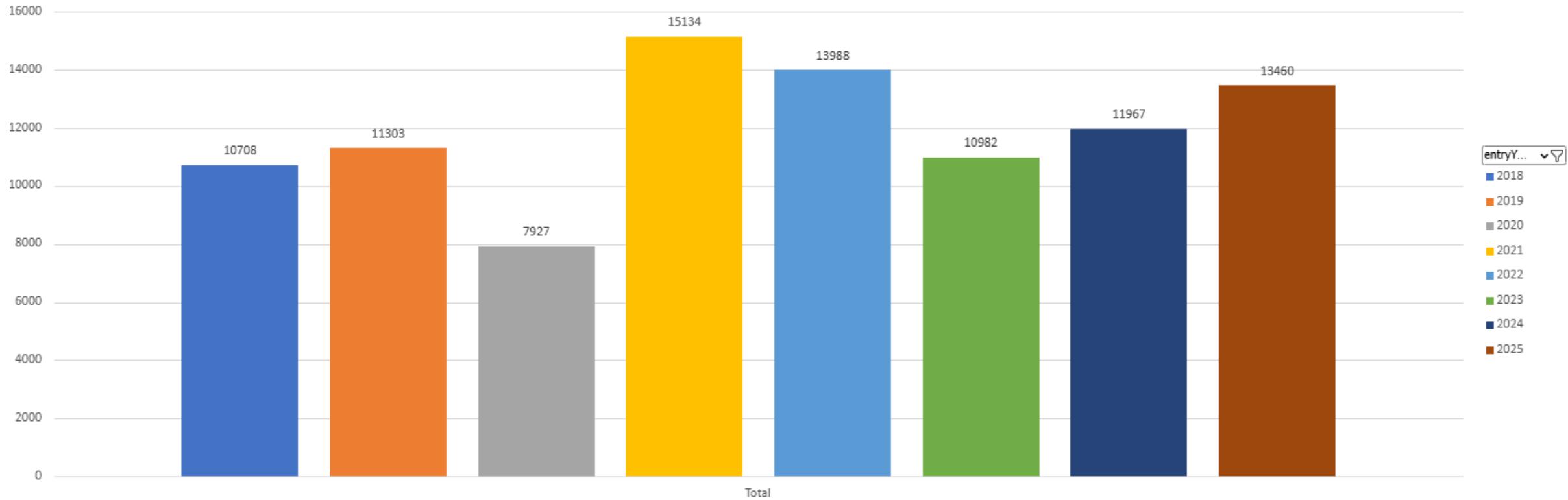
Location ▼



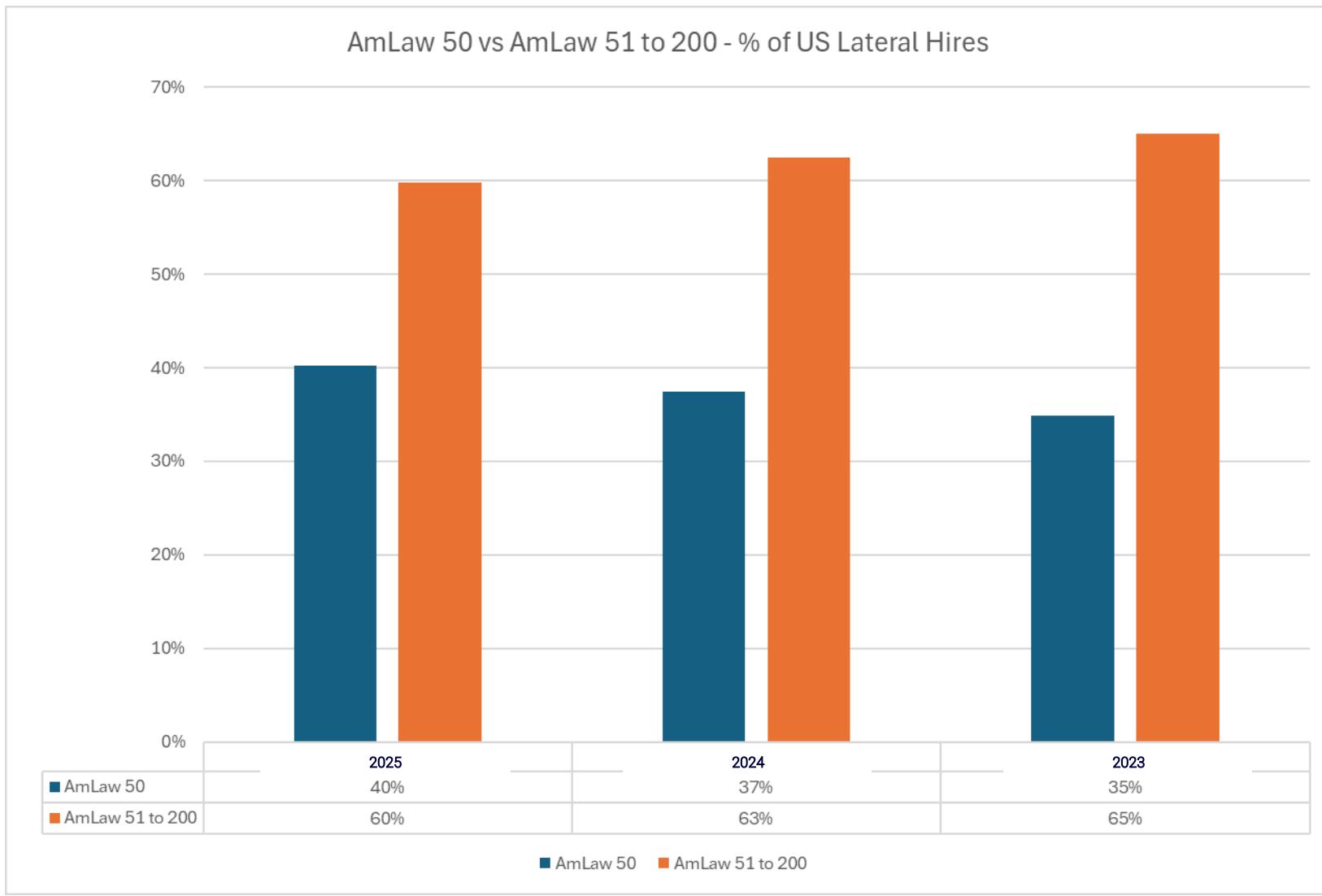
Lateral Hiring Growth

Return to Post COVID Boom Years

Lateral Hires in the Top 200 Firms: 2025

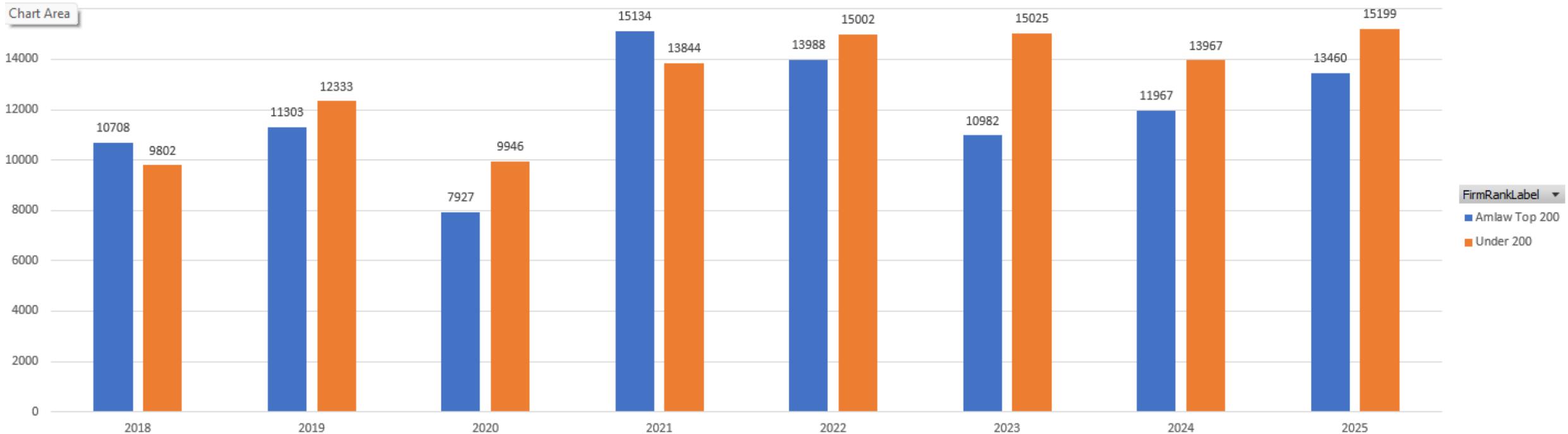


Lateral Hiring ended the year up 8.8% for the AmLaw 200 in comparison to 2024 – still slightly down from 2021/2022, which were essentially correction years from 2020



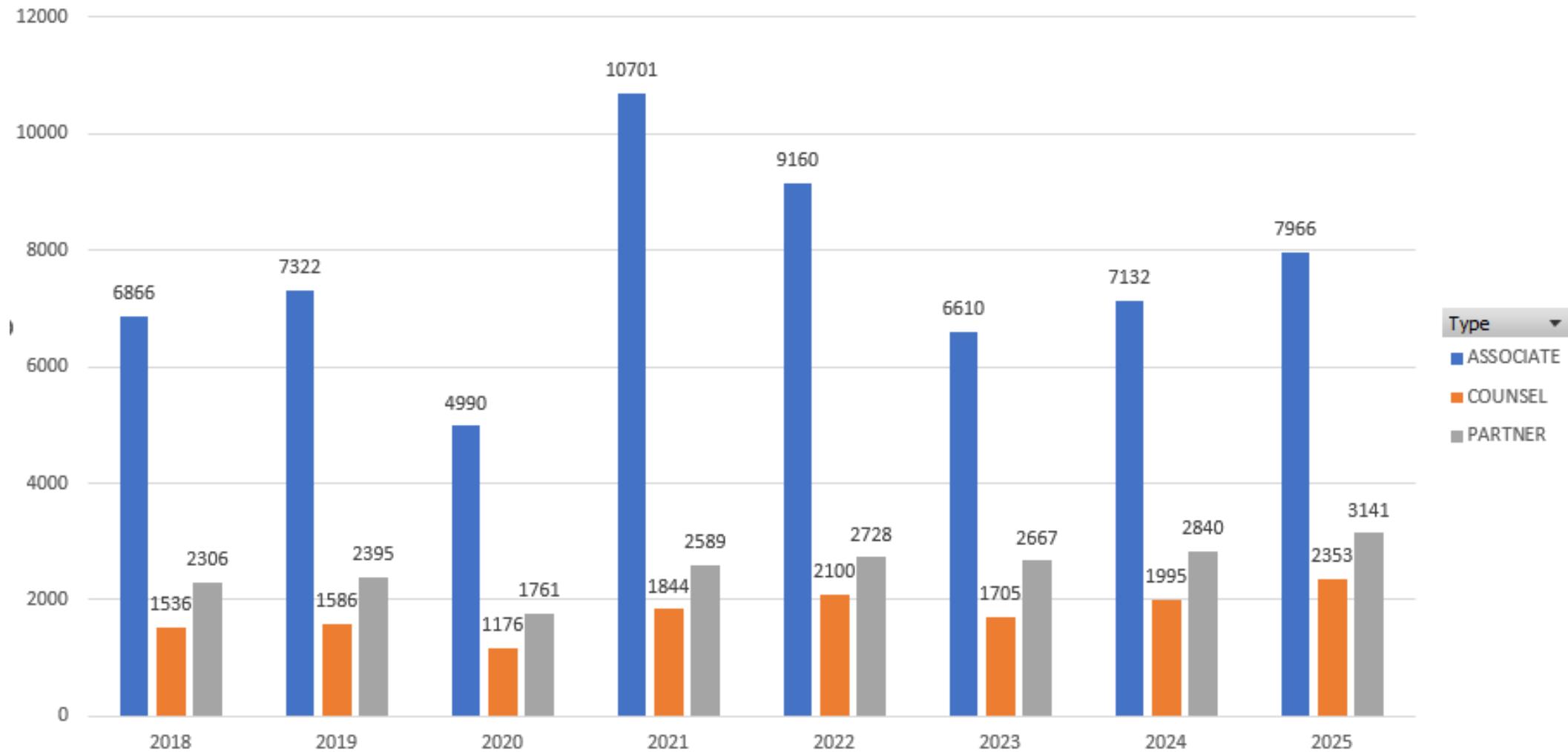
The AmLaw 50 accounted for 40% of all US Lateral Hires within the AmLaw 200 – up from 37% in 2024 and 35% in 2023

Lateral Hires Comparison between AmLaw 200 vs. Non-AmLaw 200



Non-AmLaw firms are up a similar amount to AmLaw 200 law firms when compared to 2024 – the overall number of 15,199 in one year was the most ever, eclipsing the 2021/2022 COVID correction years.

Lateral Hires Top 200 by Attorney Type

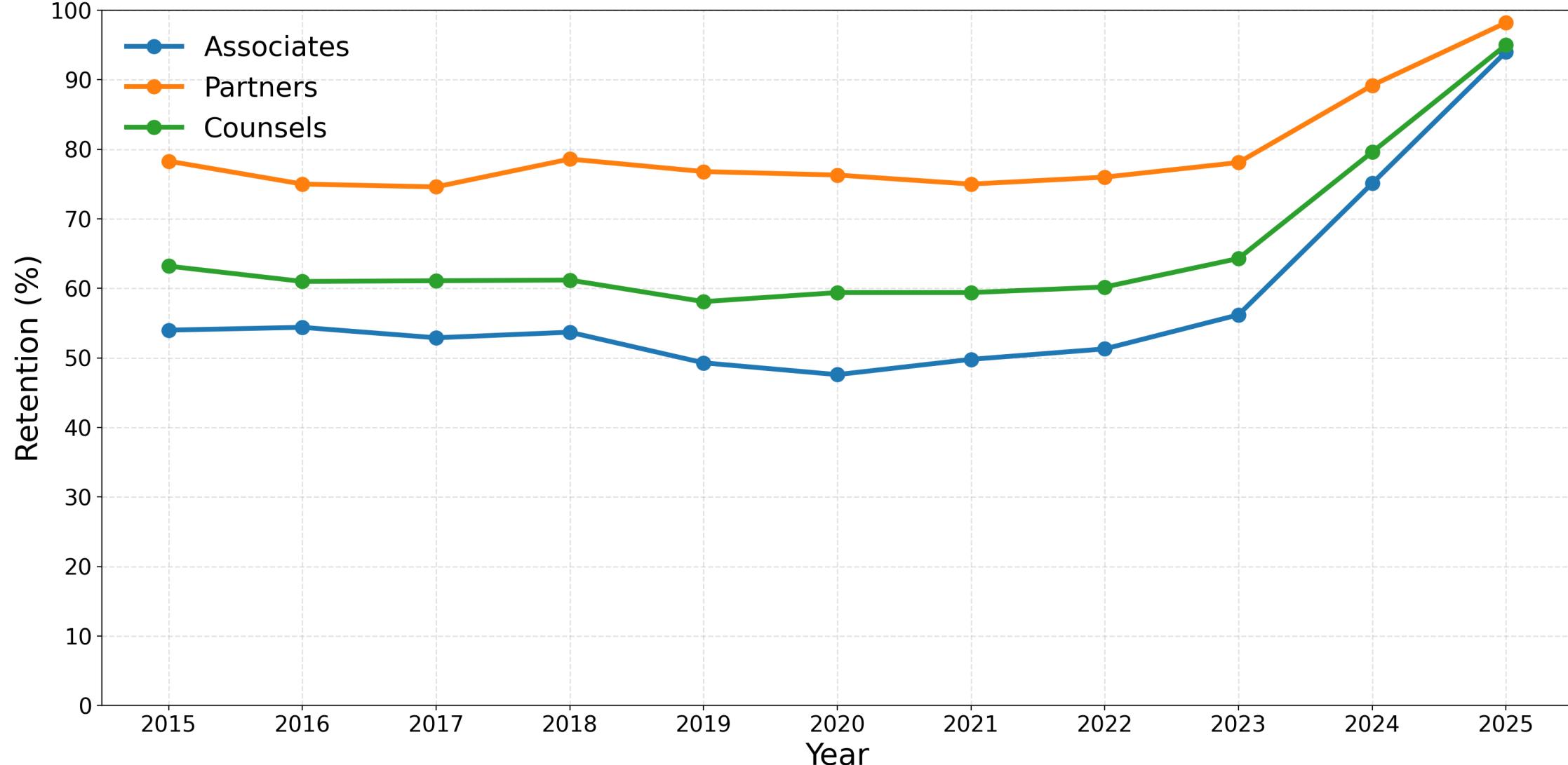


Associate: +11.7% YoY

Partner: +10.6% YoY

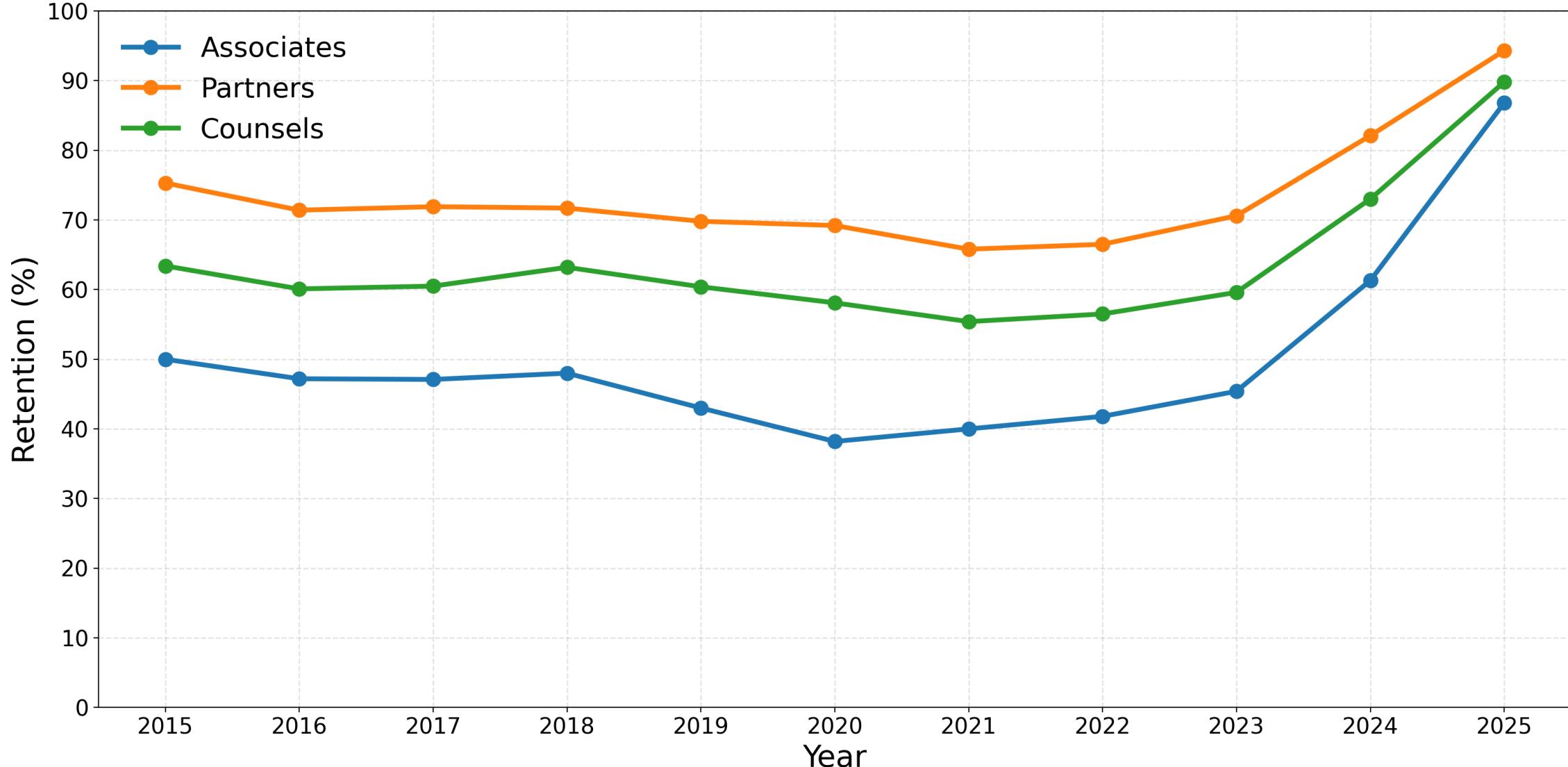
Counsel: +18% YoY

AmLaw 200 Retention of Lateral Hires (US)



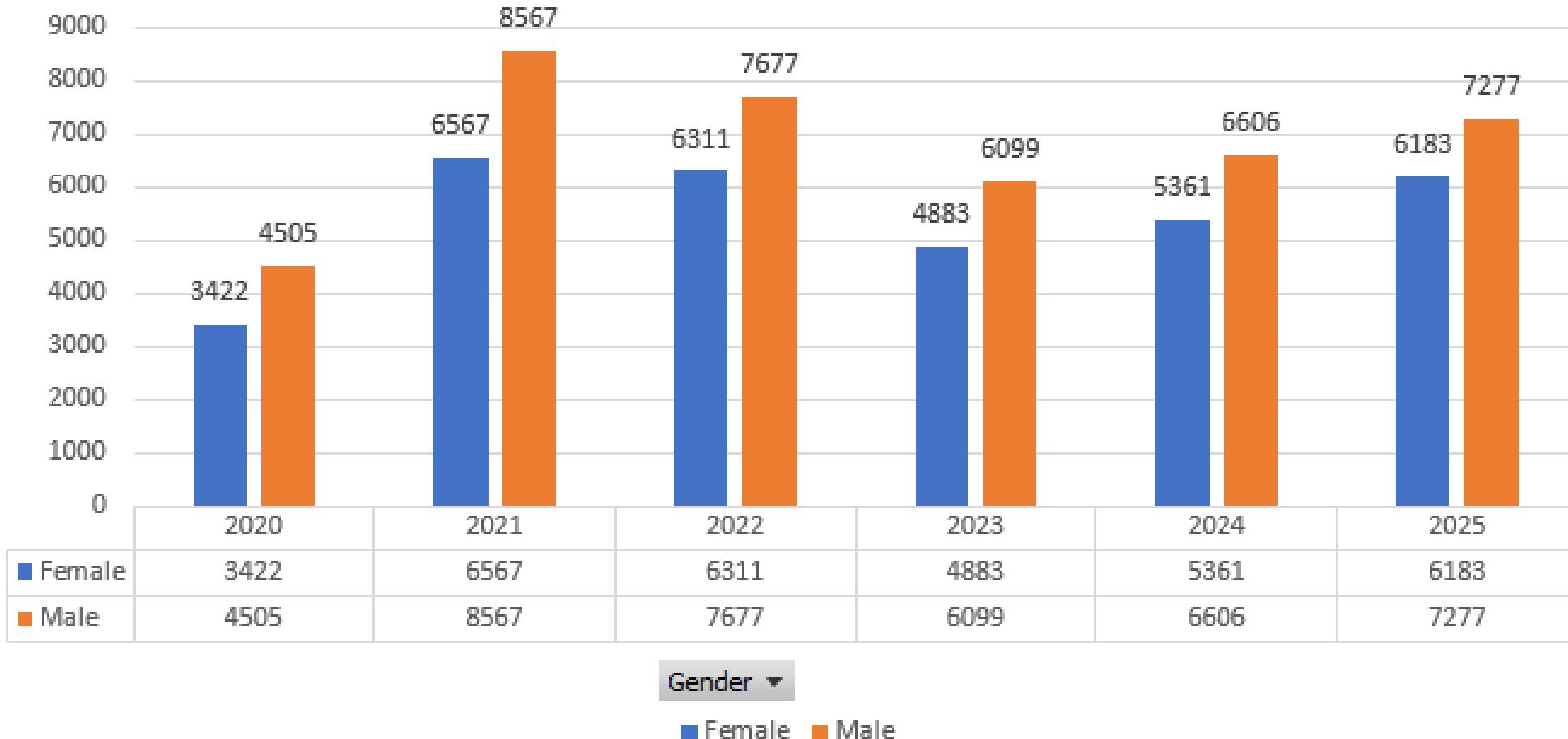
Average retention (2015-2025): Associates 58.0% | Partners 79.6% | Counsels 65.7%

Non-AmLaw 200 Retention of Lateral Hires (US)



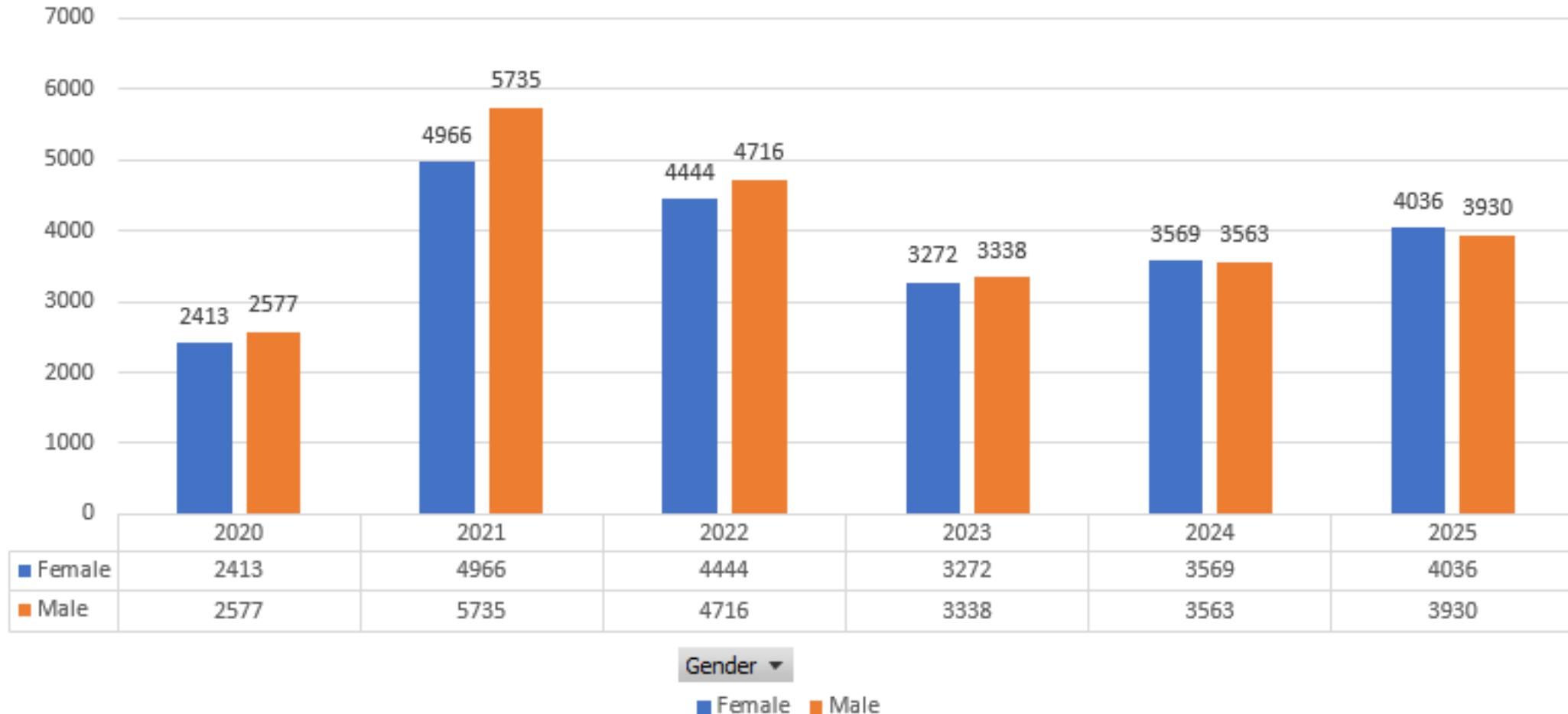
Average retention (2015-2025): **Associates 49.9%** | **Partners 73.5%** | **Counsels 63.6%**

AmLaw 200 Gender Diverse Lateral Hires



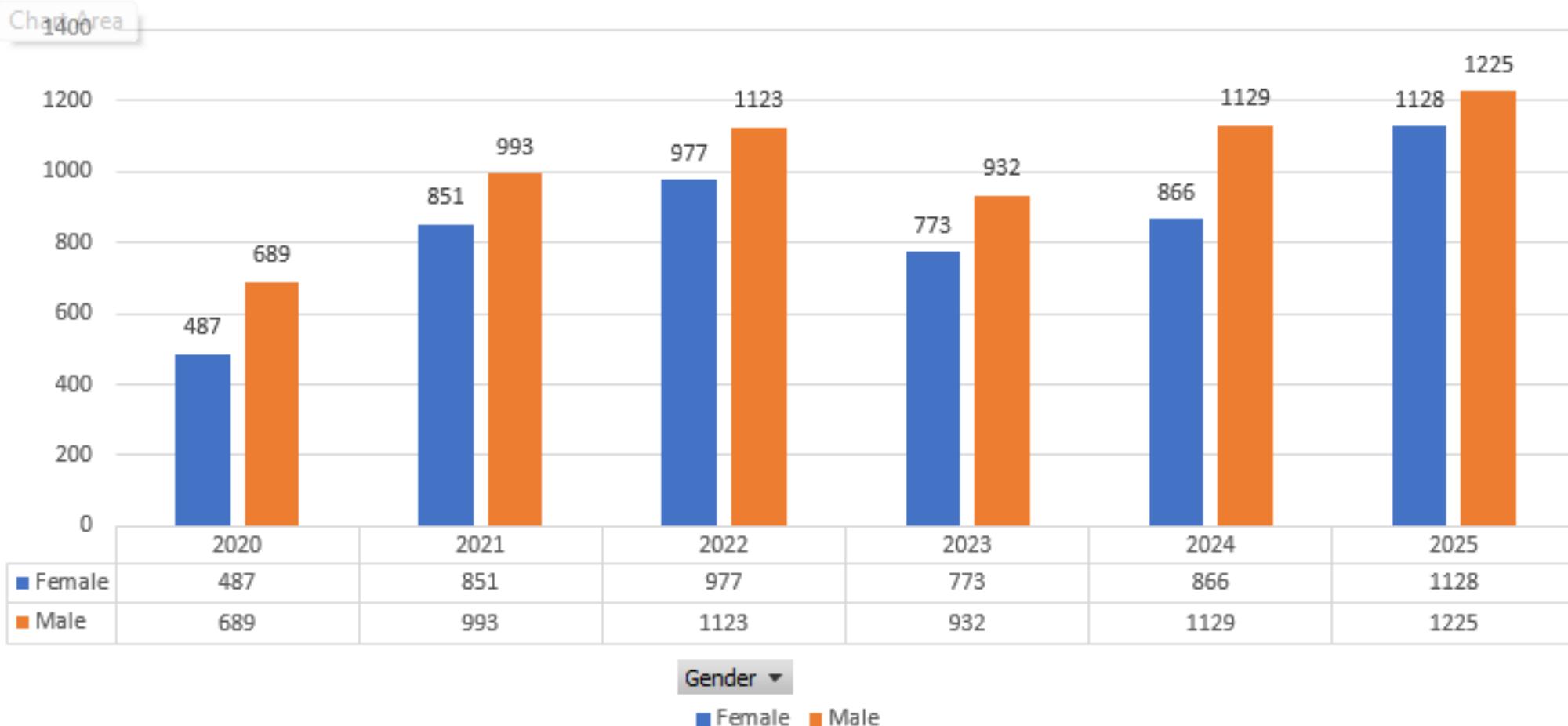
Female hires grew 15.3% YoY vs. 10.1% for Male hires.

AmLaw 200 Gender Diverse Associate Lateral Hires



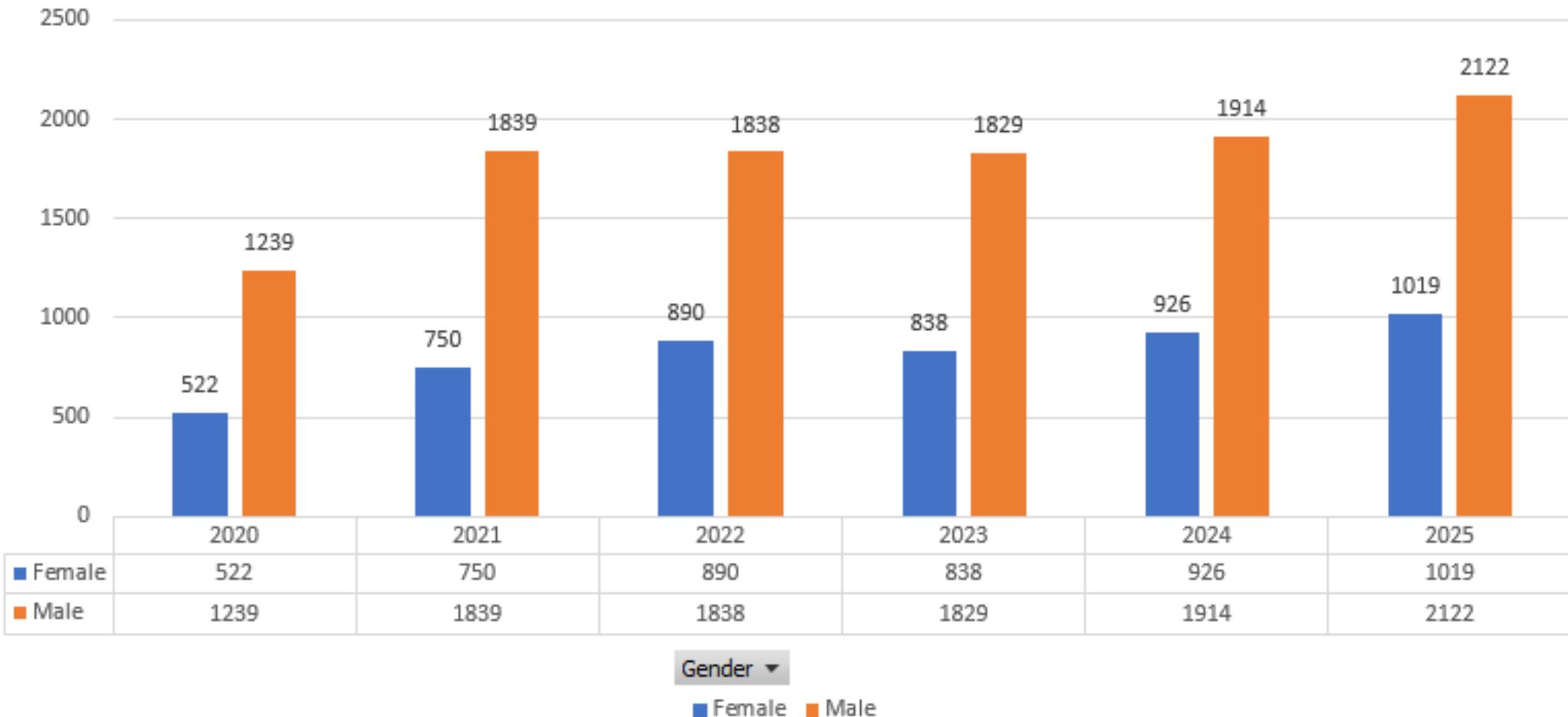
There were 2.7% more female associate lateral hires than male in the AmLaw 200 last year

AmLaw 200 Gender Diverse Counsel Lateral Hires



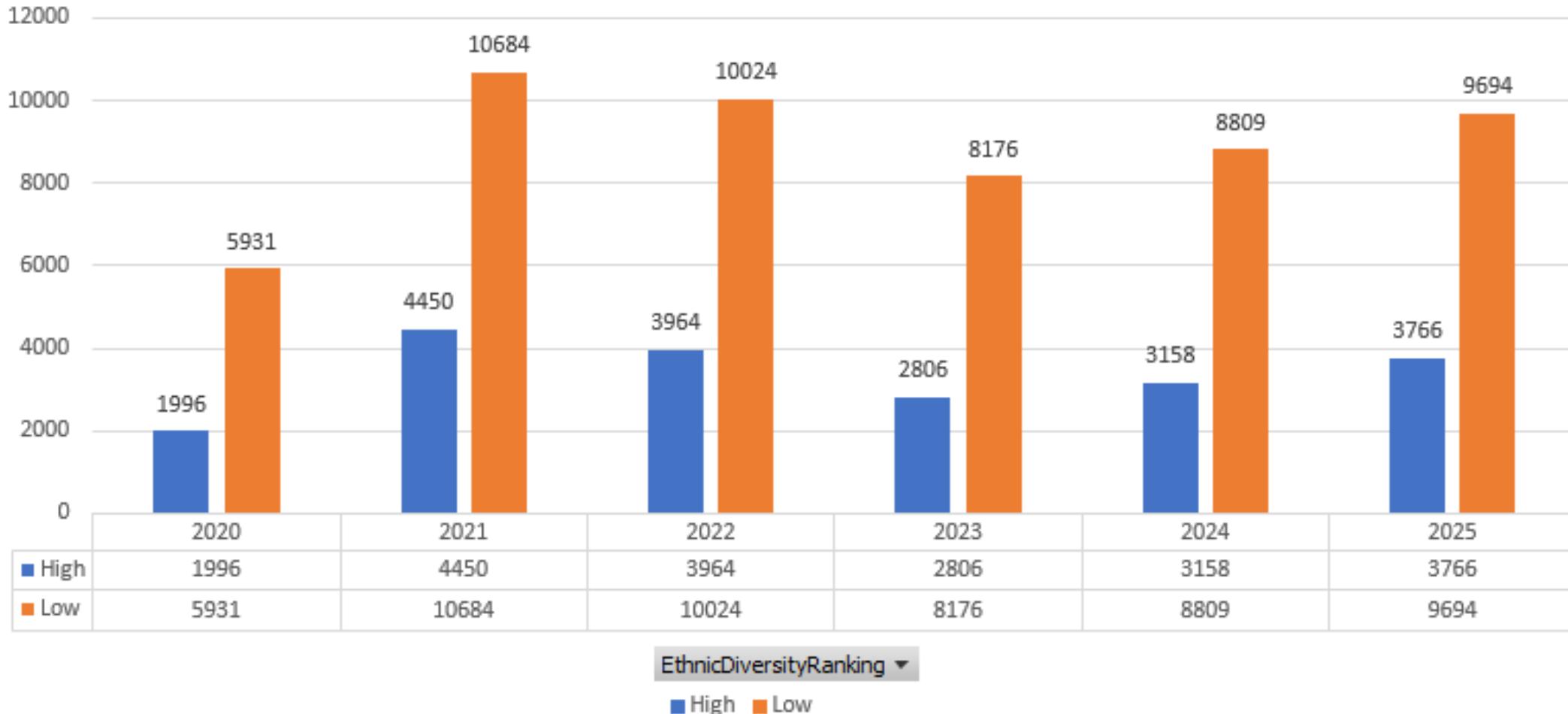
There were 8.5% more male counsel lateral hires than female in the AmLaw 200 last year
– down from a 30% gap in 2024

AmLaw 200 Gender Diverse Partner Lateral Hires



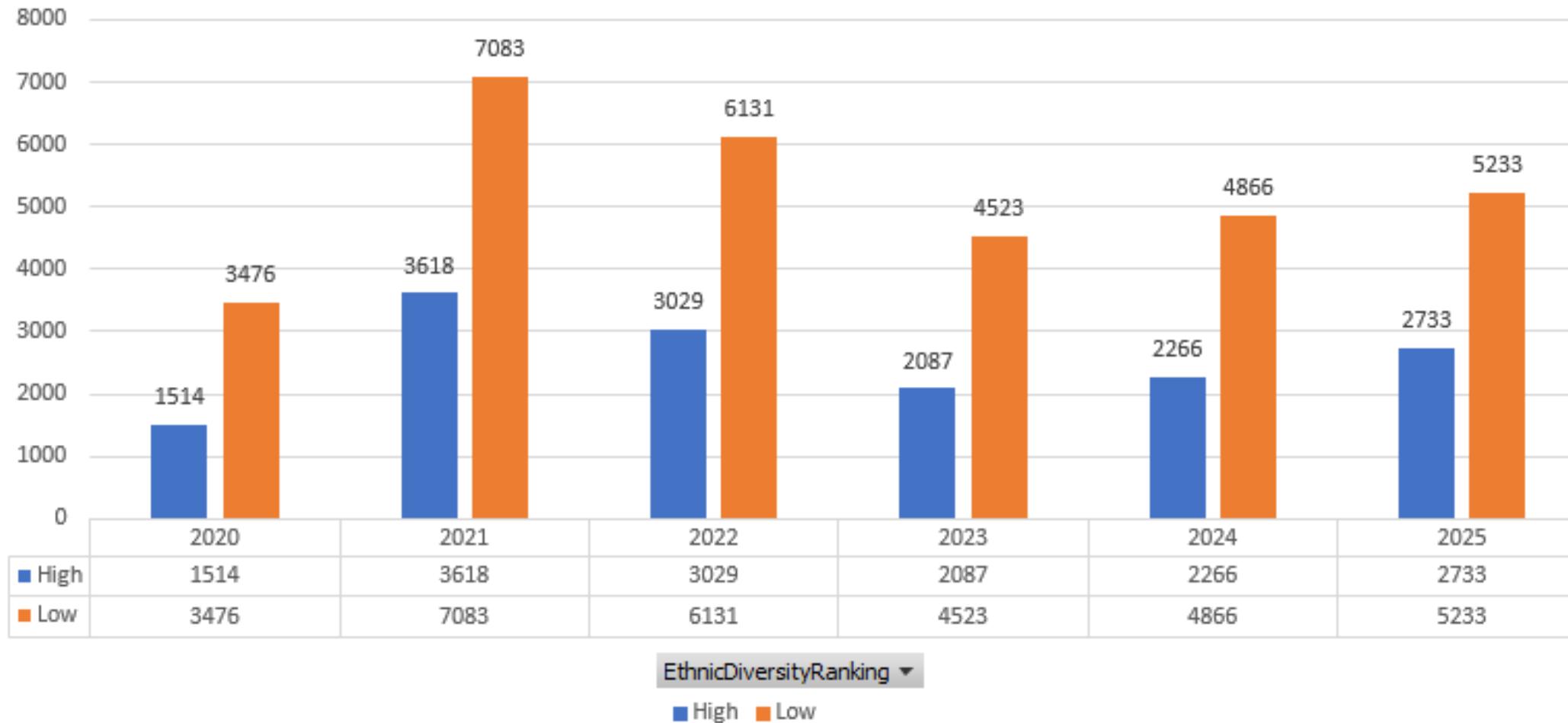
There were 108% more male partner lateral hires than female in the AmLaw 200 last year – a slight increase of the gender gap from 107% in 2024

AmLaw 200 Ethnically Diverse Lateral Hires



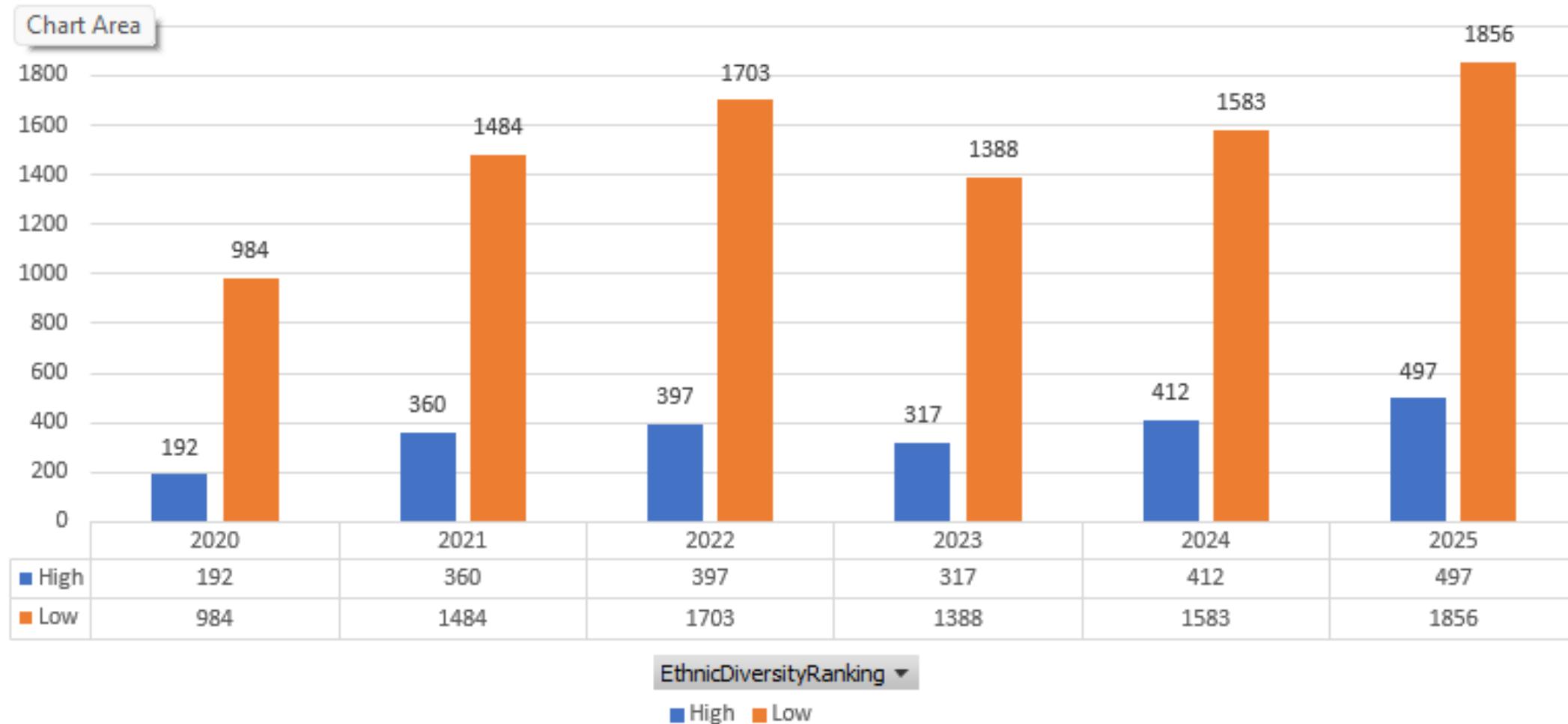
Ethnically Diverse hires grew by 19.2% YoY vs.
10% growth for Non-Ethnically Diverse hires.

AmLaw 200 Ethnically Diverse Associate Lateral Hires



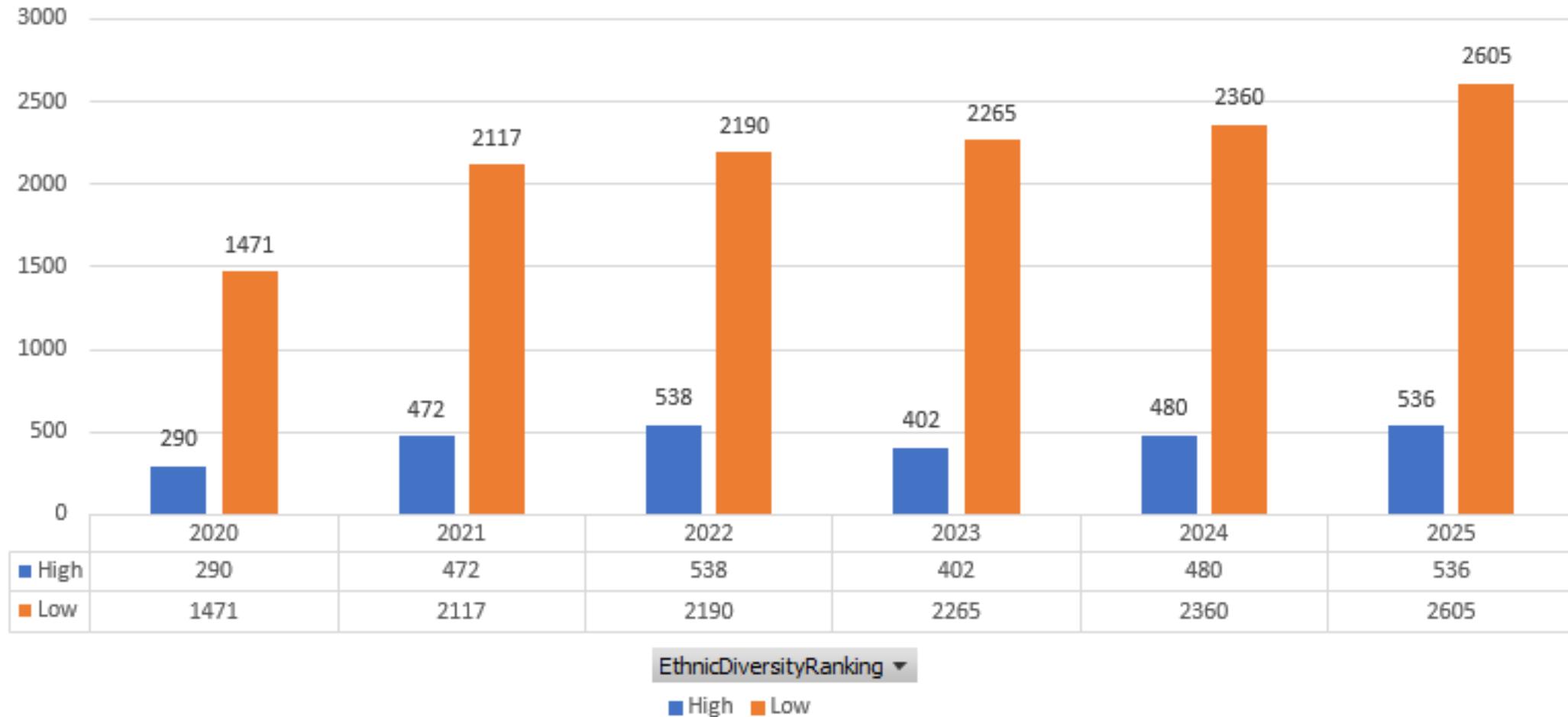
There were 91% more non-ethnically diverse associate lateral hires than ethnically diverse in the AmLaw 200 last year – down from a 115% gap in 2024

AmLaw 200 Ethnically Diverse Counsel Lateral Hires

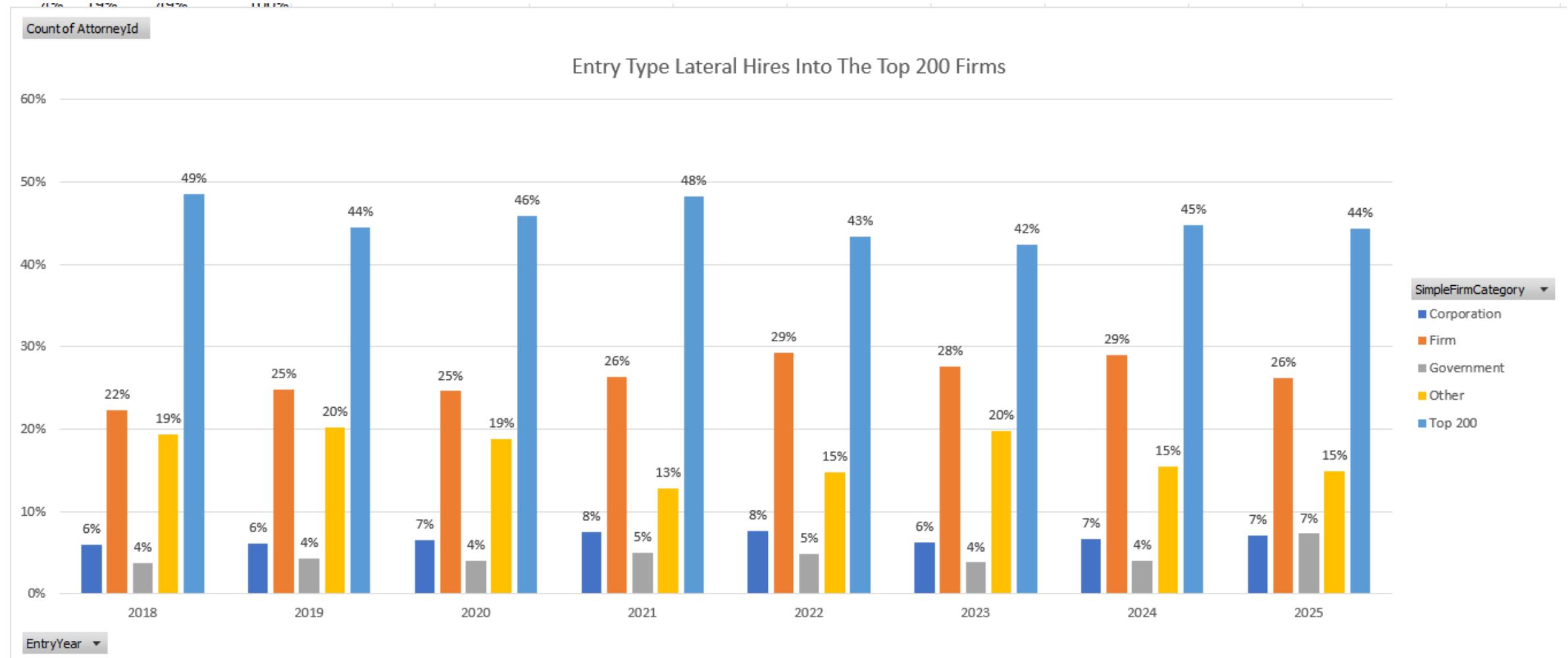


The gap for counsels is still quite large but did close from 284% to 273%. The 497 Ethnically Diverse hires in 2025 surpassed all previous years and represented a 20% increase of 2024.

AmLaw 200 Ethnically Diverse Partner Lateral Hires



The gap for Partners is even larger than Counsels but again the trend is showing a slight closing of the gap. The **536** Ethnically Diverse hires in 2025 represents the most since 2022 and a **11.6%** increase of 2024.

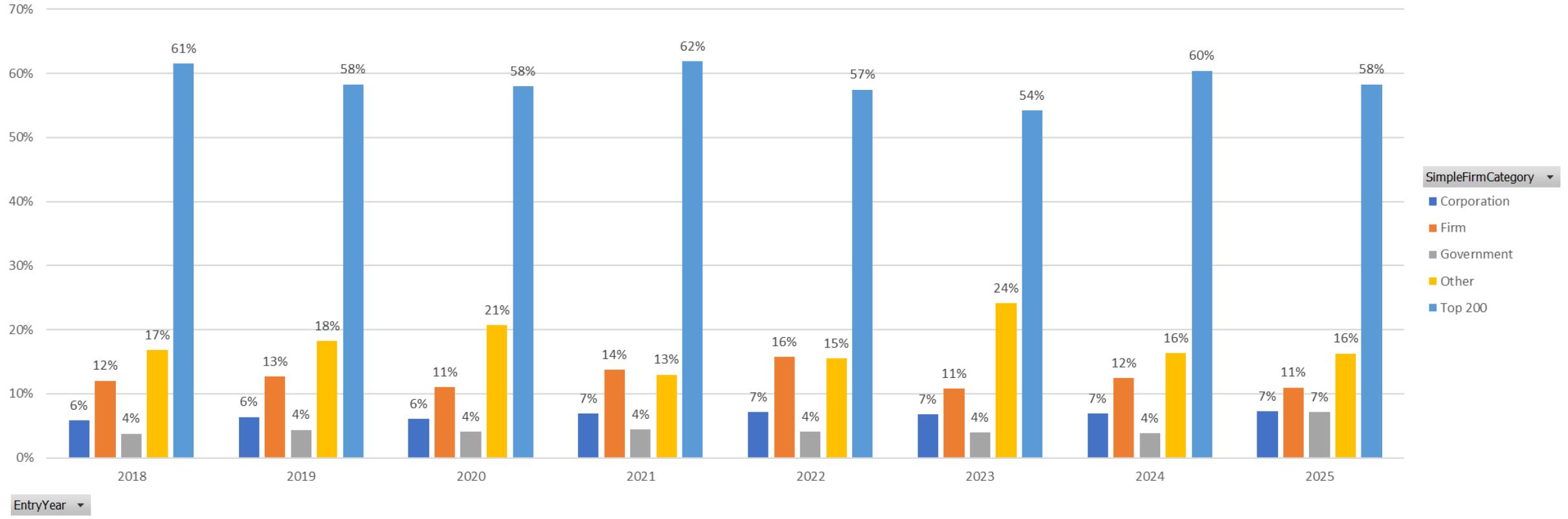


Government hiring was up 3% YoY and 2% in comparison to 2021, the last time there was a change in administration.

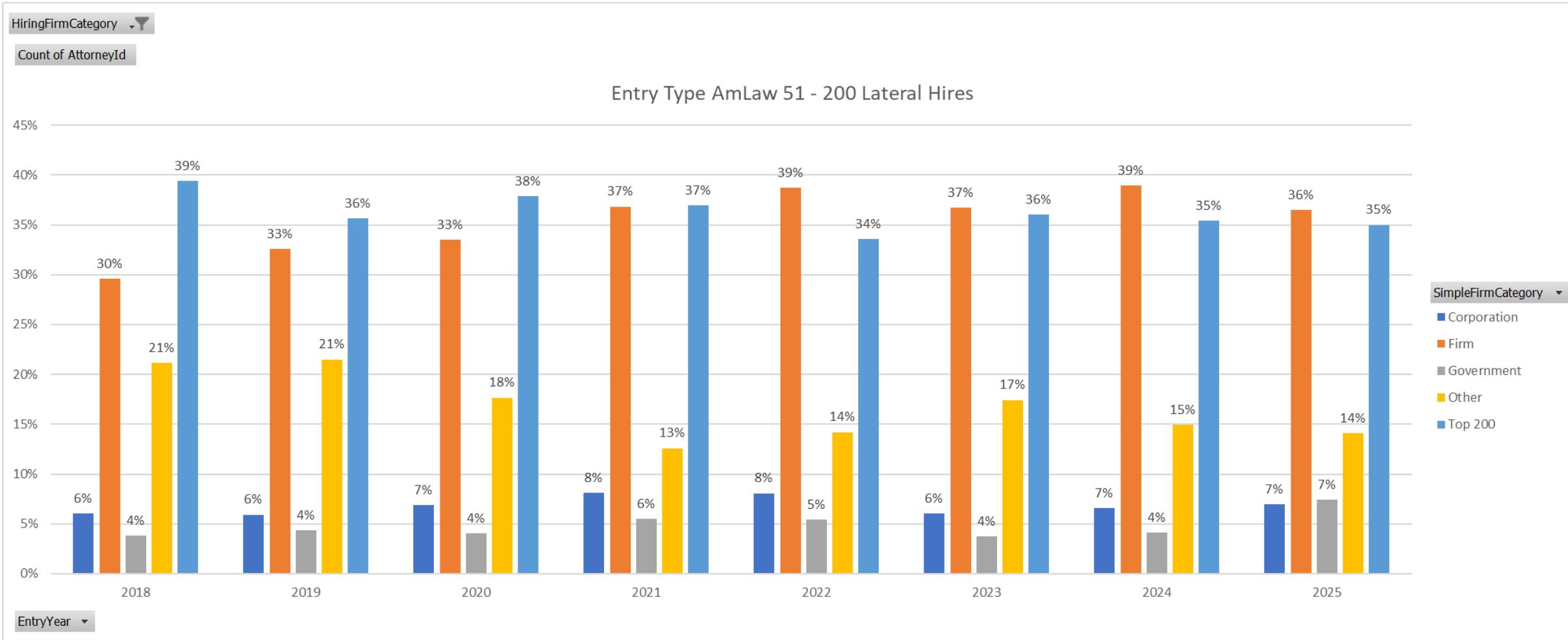
HiringFirmCategory ▾

Count of AttorneyId

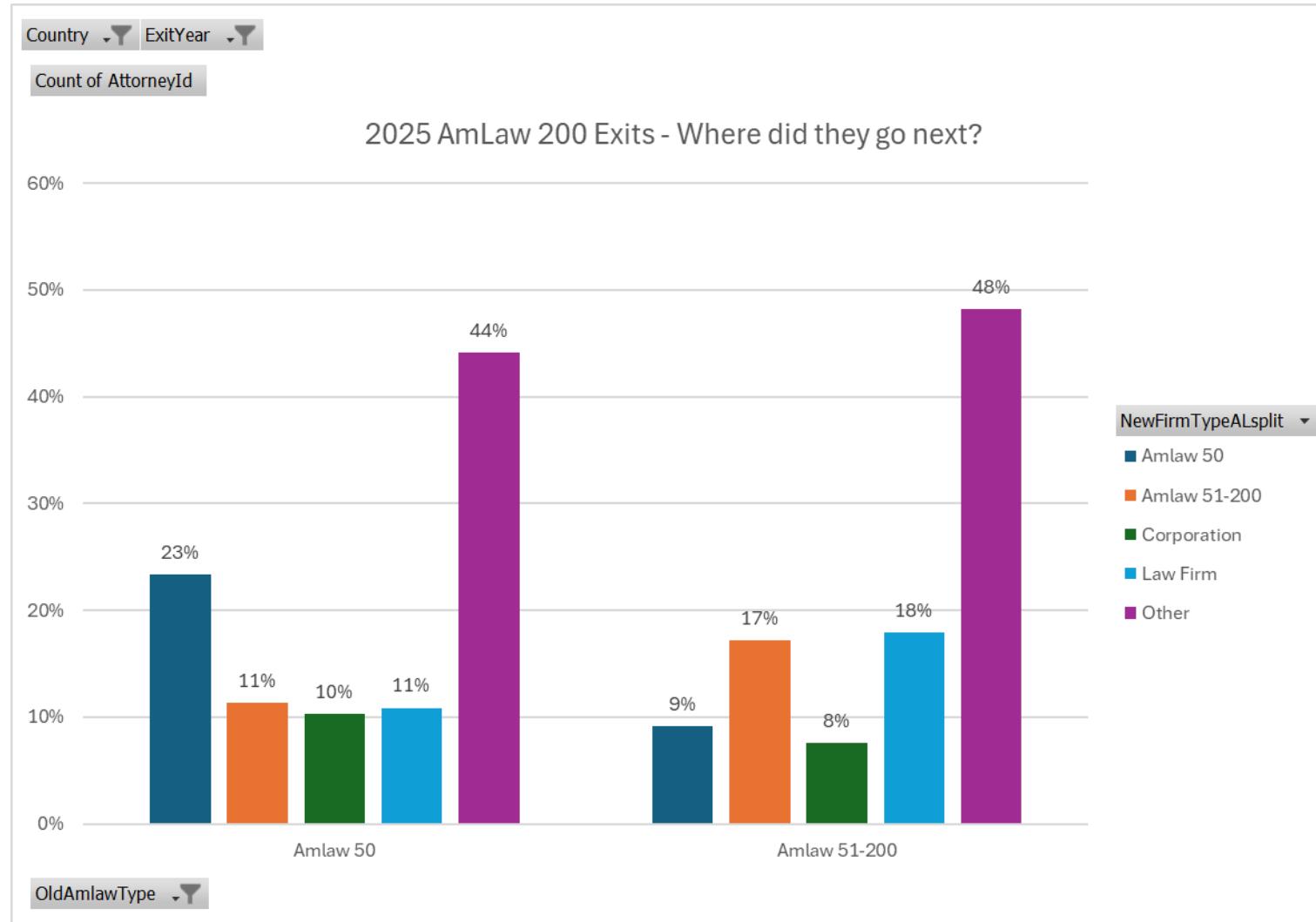
Entry Type AmLaw 50 Lateral Hires



AmLaw 50 hired 58% of all laterals from AmLaw 200 law firms vs 11% from firms outside the AmLaw 200.



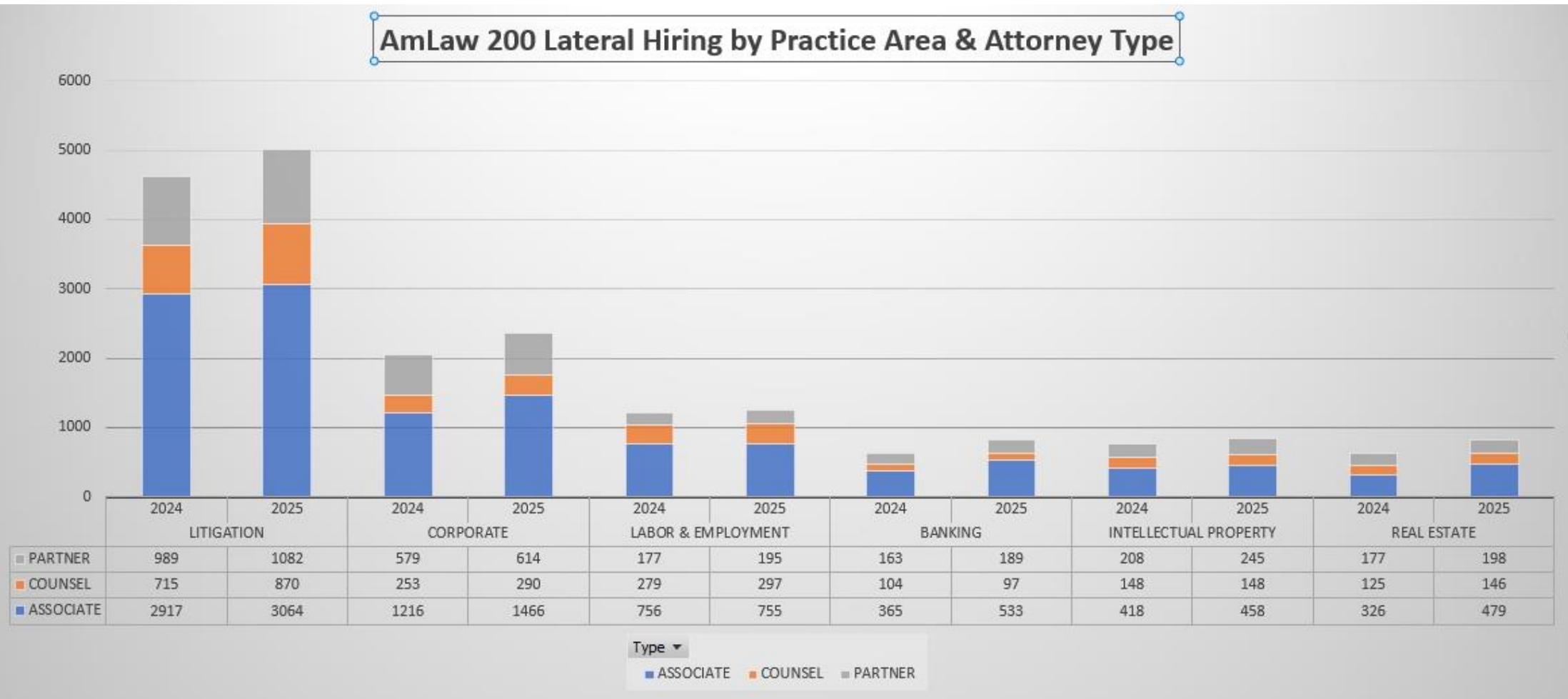
AmLaw 51 to 200 hired 35% of all laterals from AmLaw 200 law firms vs 36% from firms outside the AmLaw 200.



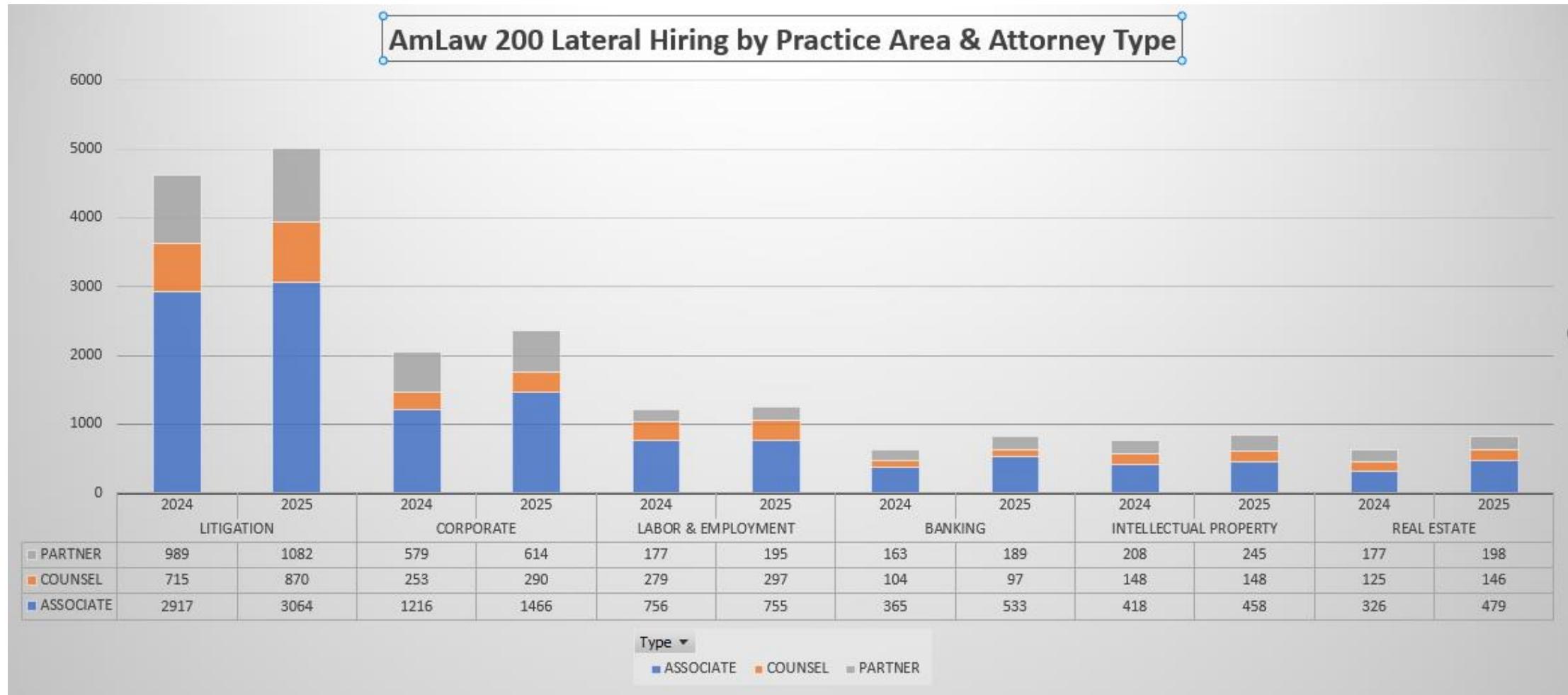
23% of attorneys leave an AmLaw 50 and go to another AmLaw 50.

18% of attorneys leave a AmLaw 51 to 200 law firm and go to law firms that aren't in the AmLaw 200

AmLaw 200 Lateral Hiring by Practice Area & Attorney Type



- Most Hires:
 - Litigation – 5,016
 - Corporate – 2,370
 - L&E – 1,247
 - IP – 851
- YoY Growth:
 - Real Estate – 31.1%
 - Banking – 29.6%
 - Corporate – 15.7%
 - IP – 9.9%
 - Litigation – 8.5%



- YoY Growth in Associate hiring by Practice:
 - Real Estate – 46.9%
 - Banking – 46.0%
 - Corporate – 20.6%
 - IP – 9.6%
 - Litigation – 5.0%

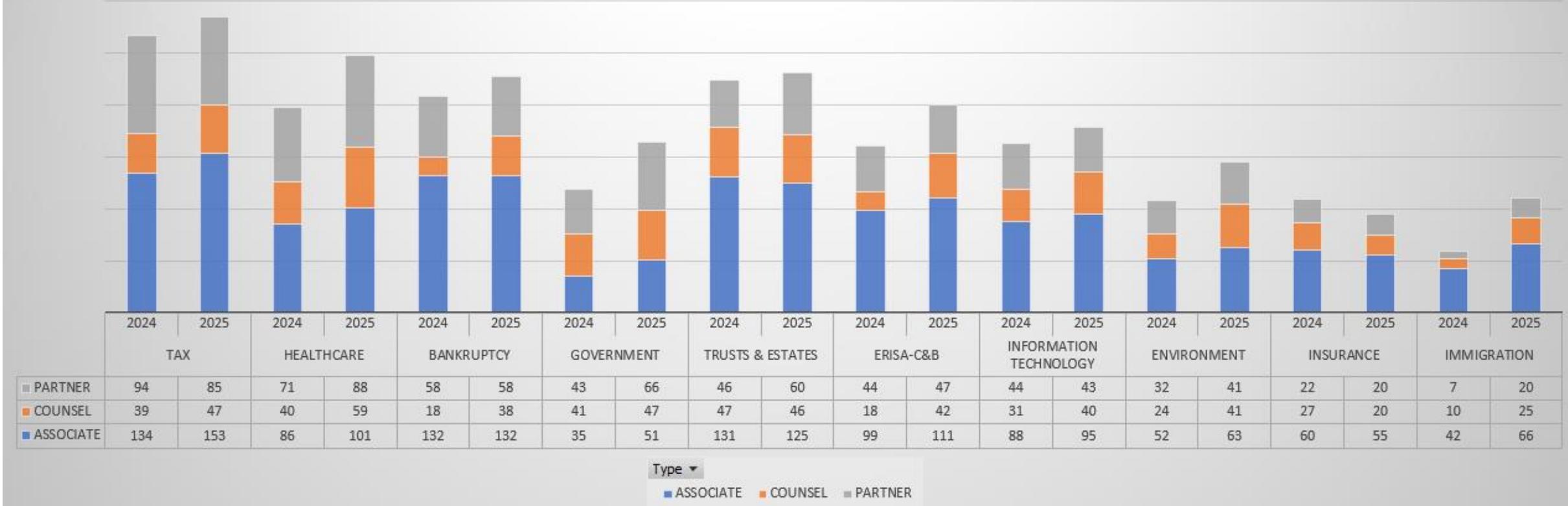


- YoY Growth in Counsel hiring by Practice:
 - Litigation – 21.7%
 - Real Estate – 16.8%
 - Corporate – 14.6%
 - Labor & Employment – 6.5%



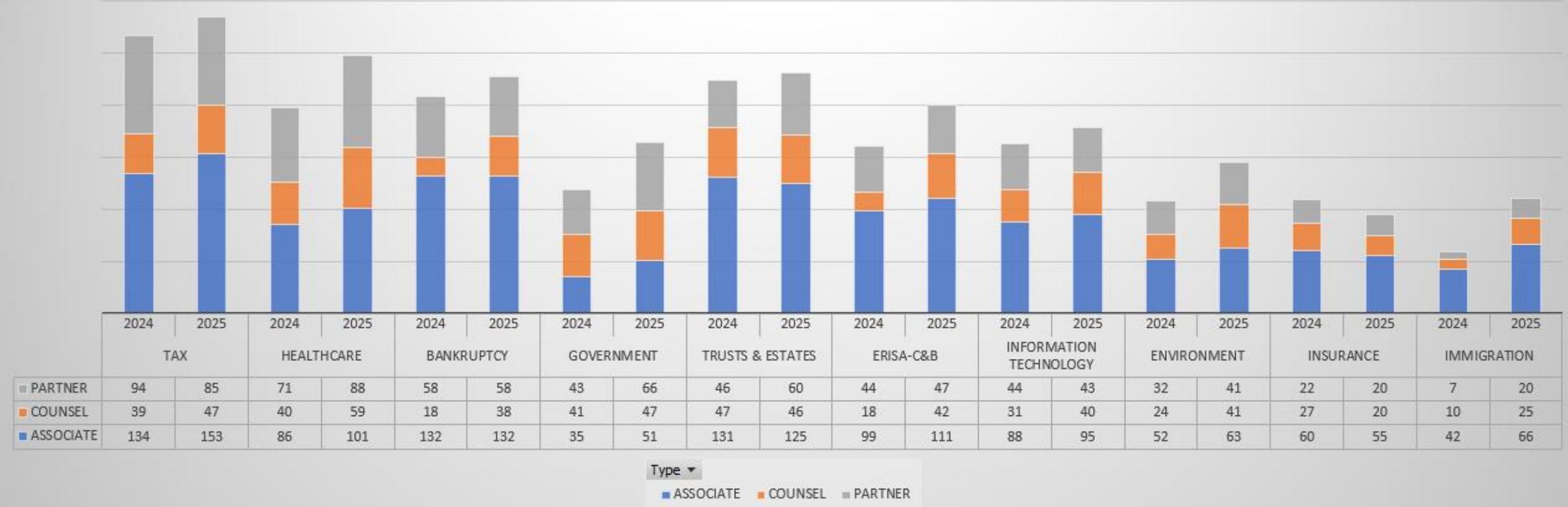
- YoY Growth in Partner hiring by Practice:
 - IP – 17.8%
 - Banking – 16.0%
 - Real Estate – 11.9%
 - Labor & Employment – 10.2%
 - Litigation – 9.4%

AmLaw 200 Lateral Hiring by Practice Area & Attorney Type



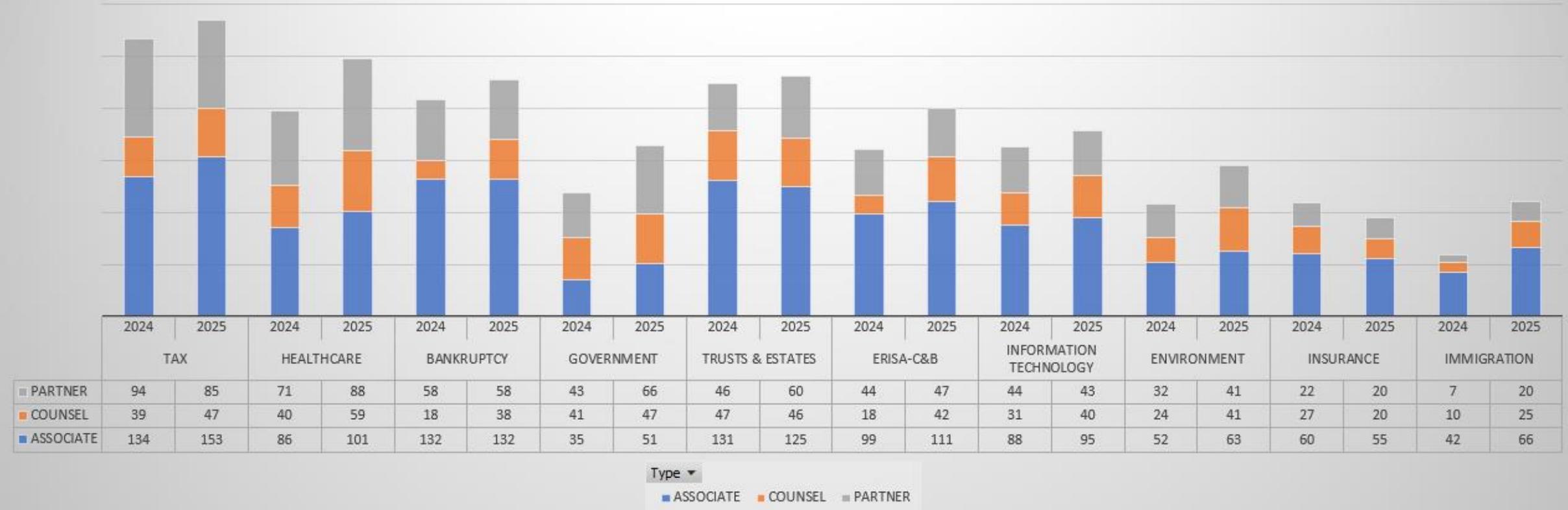
- Most Hires:
 - Tax – 552
 - T&E – 455
 - Healthcare – 445
 - Bankruptcy - 436
- YoY Growth:
 - Immigration – 88%
 - Government – 38%
 - Environment – 34%
 - Healthcare – 26%
 - ERISA – 24%

AmLaw 200 Lateral Hiring by Practice Area & Attorney Type



- YoY Growth in Associate hiring by Practice:
 - Immigration – 57%
 - Government – 46%
 - Environment – 21%
 - Healthcare – 17%
 - Tax – 14%

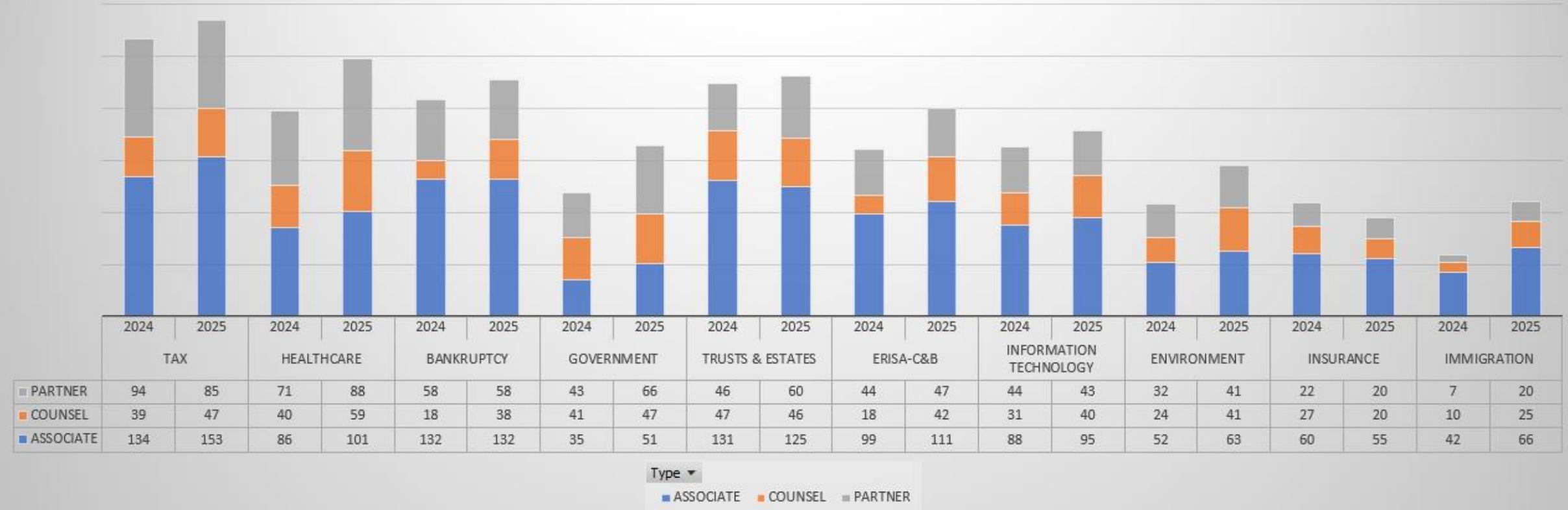
AmLaw 200 Lateral Hiring by Practice Area & Attorney Type



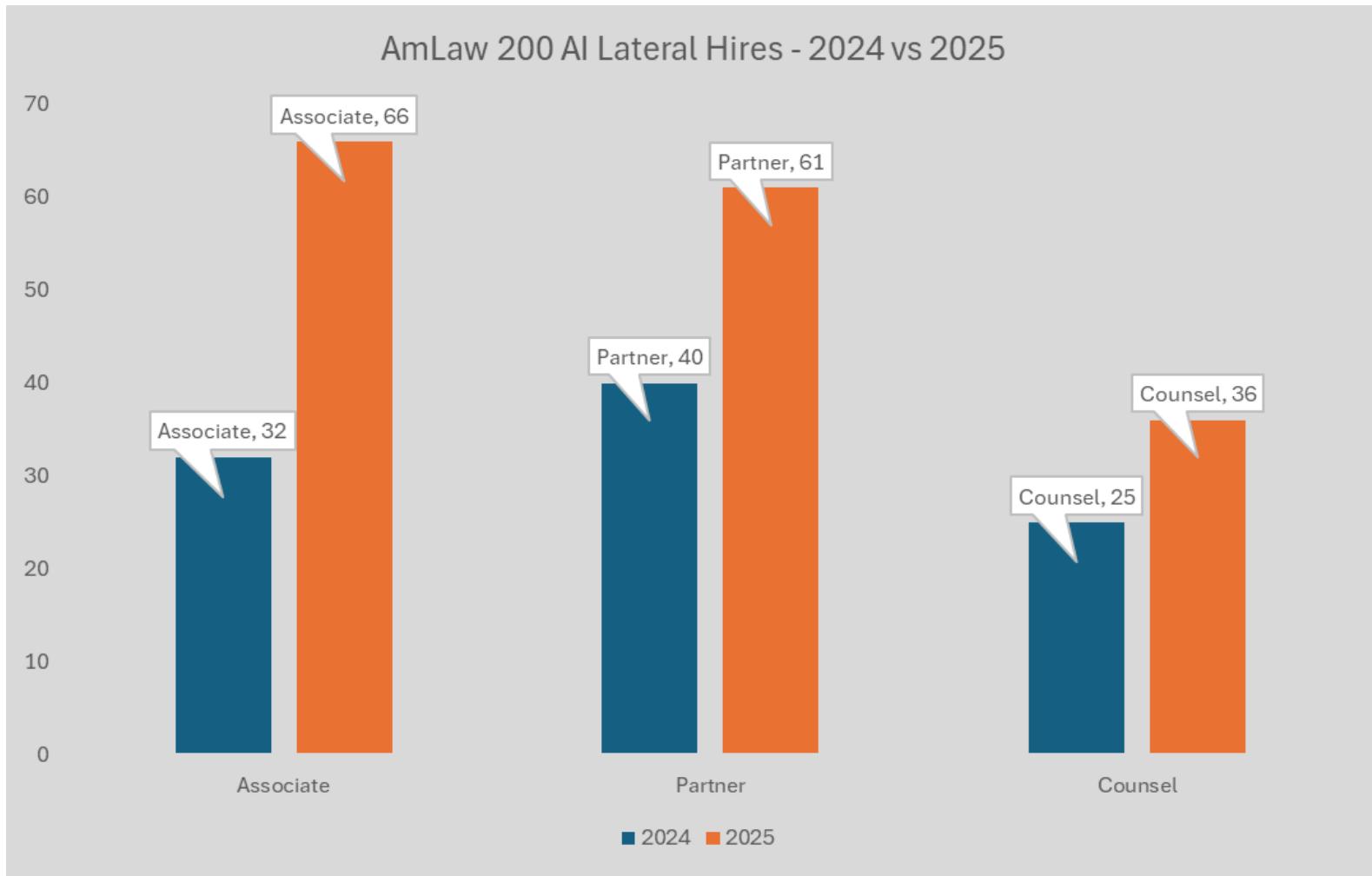
- YoY Growth in Counsel hiring by Practice:

- Immigration – 150%
- ERISA – 133%
- Bankruptcy – 111%
- Environment – 71%
- Healthcare - 48%
- Information Technology – 29%
- Tax – 21%

AmLaw 200 Lateral Hiring by Practice Area & Attorney Type



- YoY Growth in Partner hiring by Practice:
 - Immigration – 186%
 - Government – 54%
 - Trusts & Estates – 30%
 - Environment – 28%
 - Healthcare – 24%

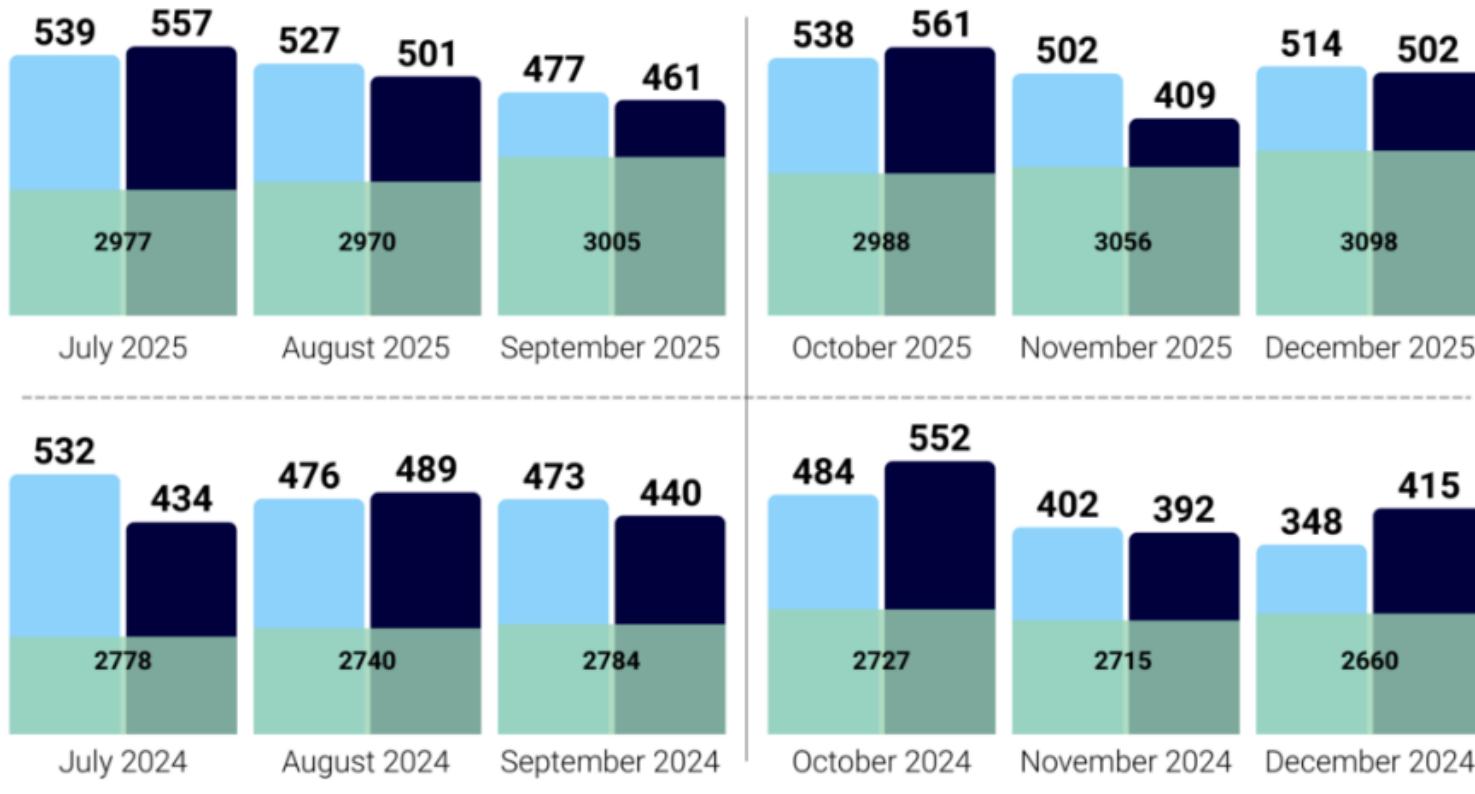


- AI Lat Hires:
 - 2025 – 163
 - 2024 – 97
- YoY Growth:
 - Total Hires – 68%
 - Associates – 106%
 - Partners – 53%
 - Counsels – 44%

█ Jobs Openings
█ Jobs Closed
█ Total Open Jobs

Quarter Four 2025

Am Law 200 Jobs (USA)



- Net Increase in Open Jobs:
 - 2025 – 3,098
 - 2024 – 2,660
- YoY Growth:
 - Open Jobs – 16%



Changing Business Models

Rise of MSOs and Private Equity

Structural business model conflict — The industry remains trapped between transformative technology and outdated billing structures. Despite heavy AI investments that fundamentally will alter how work is performed, firms and clients remain locked in hourly billing arrangements that may no longer reflect value delivered.

Thomson Reuters 2025 State of the US Legal Market Report

Intense expense growth — Technology spending and talent costs are rising rapidly, with firms aggressively investing in AI capabilities while simultaneously expanding their headcount. This dual arms race is sustainable, but only so long as demand and rate growth can be maintained.

Private Equity Comes Knocking: The New Frontier of Law Firm Ownership

By Roy S. Ginsburg

As regulatory guardrails surrounding law firm ownership begin to wobble, private equity interest in the legal profession is intensifying. You may be thinking, "Didn't those same folks disrupt the medical, dental and accounting professions?" Yes, they did, and our profession is their next target.

BUSINESS INSIDER



DOW JONES +0.69% NASDAQ -0.64% S&P 500 +0.03% AAPL -1.33% NVDA -2.72% MSFT -1.13% AMZN +1.75% META -0.7% TSLA +0.1%

LAW

It's illegal in most states for private equity to buy a law firm. Lawyers have figured out a workaround.

By [Jacob Shamsian](#)

+ Follow

McDermott eyes restructure that could enable private equity ownership

By: Rachel Scepanovic

Published: November 12, 2025 6:30 PM

Holland & Knight

Practices

Professionals

Industries

Insights

Even

Law firms chart back-office deals as legal market

JULY 10, 2025

Restructuring Law Firms Through Management Service Organizations

3, 2025



Joshua E. Porte | Trisha M. Rich | Leonard Charles Brahin



Evolving Talent Shifts

Increased change to the traditional partnership model

VIDEO

From Kirkland to Paul Weiss: The Rise of the Non-Equity Partner (Correct)

Feb. 25, 2025, 10:45 AM EST



Andrew Satter

Deputy Executive Producer



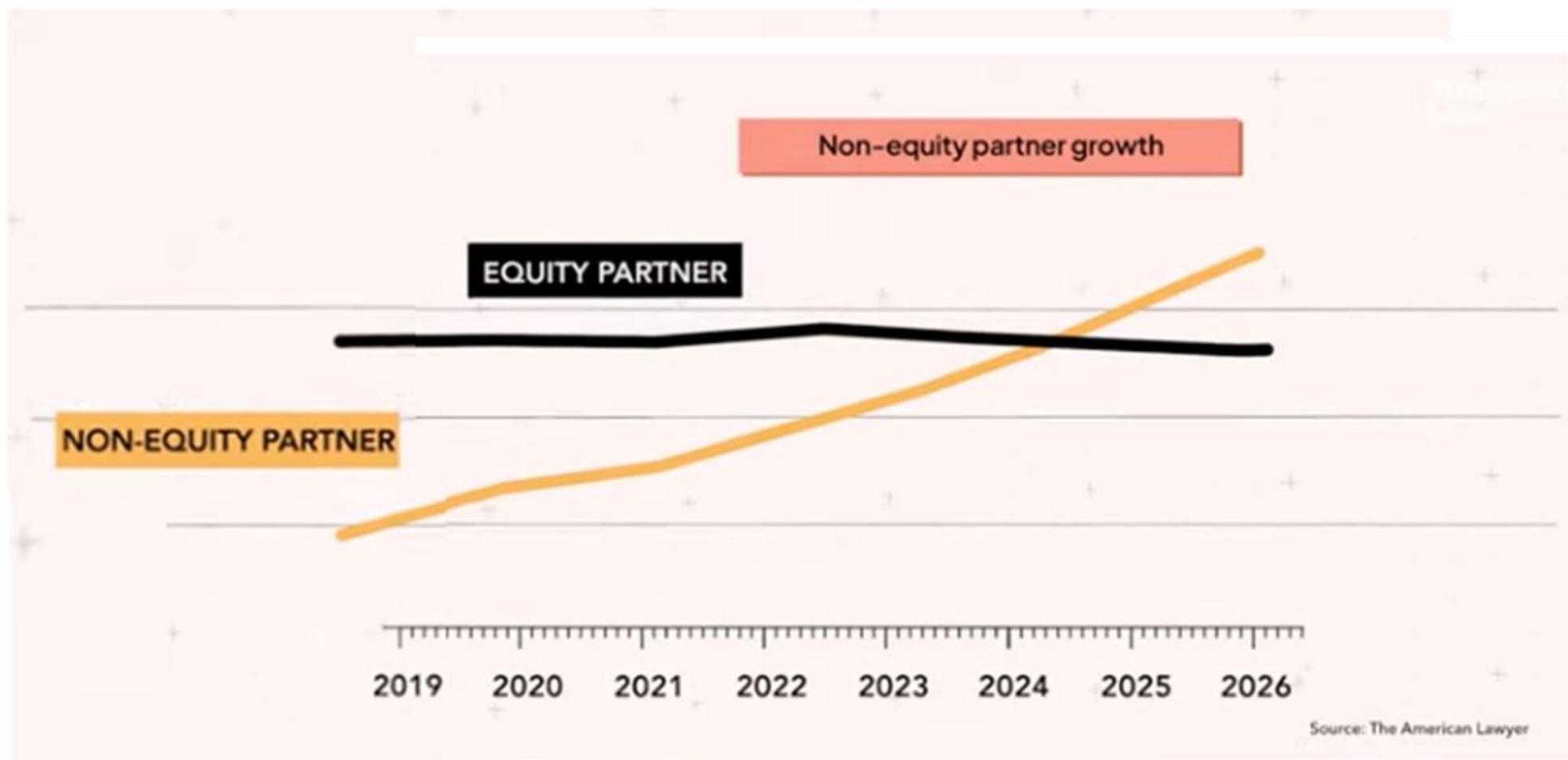
Non-equity partners are poised to overtake equity partners among the top 100 firms.

The non-equity partner tier has been a part of Big Law for nearly half a century. However, the size and prominence on the non-equity tier has grown substantially, and in recent years has become the norm, not the exception.



“The non-equity partner tier has been a part of Big Law for nearly half a century. However, the size and prominence on the non-equity tier has grown substantially, and in recent years has become the norm, not the exception.”

87 of the 100 largest law firms by gross revenue have non-equity tiers and 70 of them have increased in size since 2021.



According to the article and data from The American Lawyer, with the current trajectory, there will soon be more non-equity partners than equity partners among the top grossing law firms, and that divide will only continue to widen.

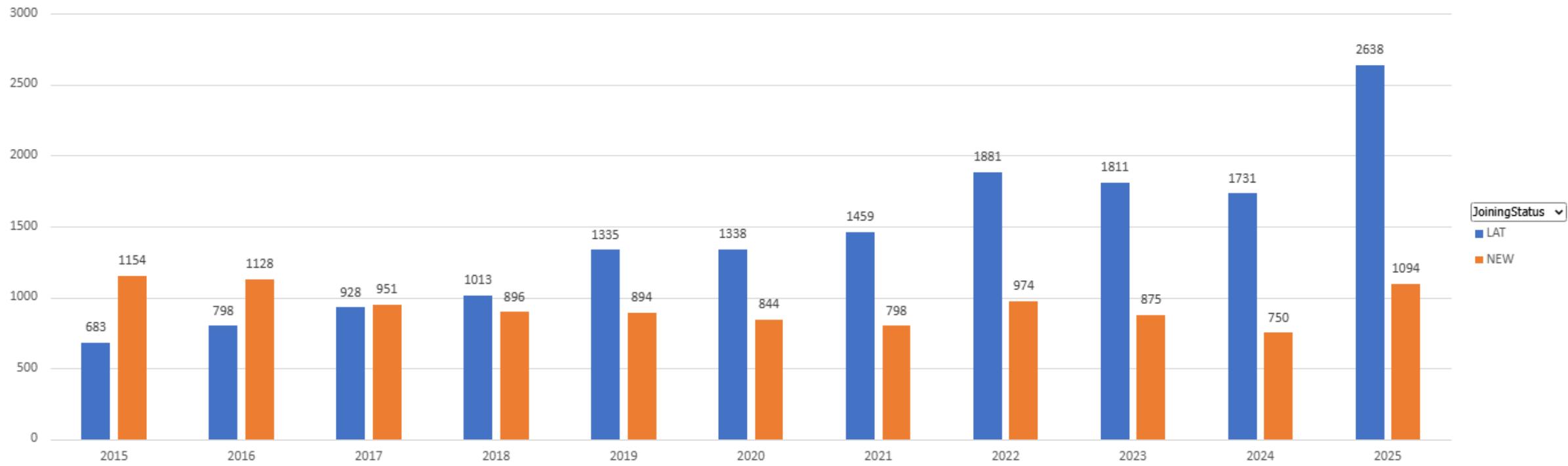
As Sullivan & Cromwell and Skadden Move Toward Two-Tier Partnership, Competition and AI Could Boost the Trend

Firm leaders and analysts say increasing competition and even the rise of AI could continue to push firms that are still holding out to officially add an income partner level.

6 minute read | January 20, 2026 at 10:25 AM By  **Andrew Maloney**

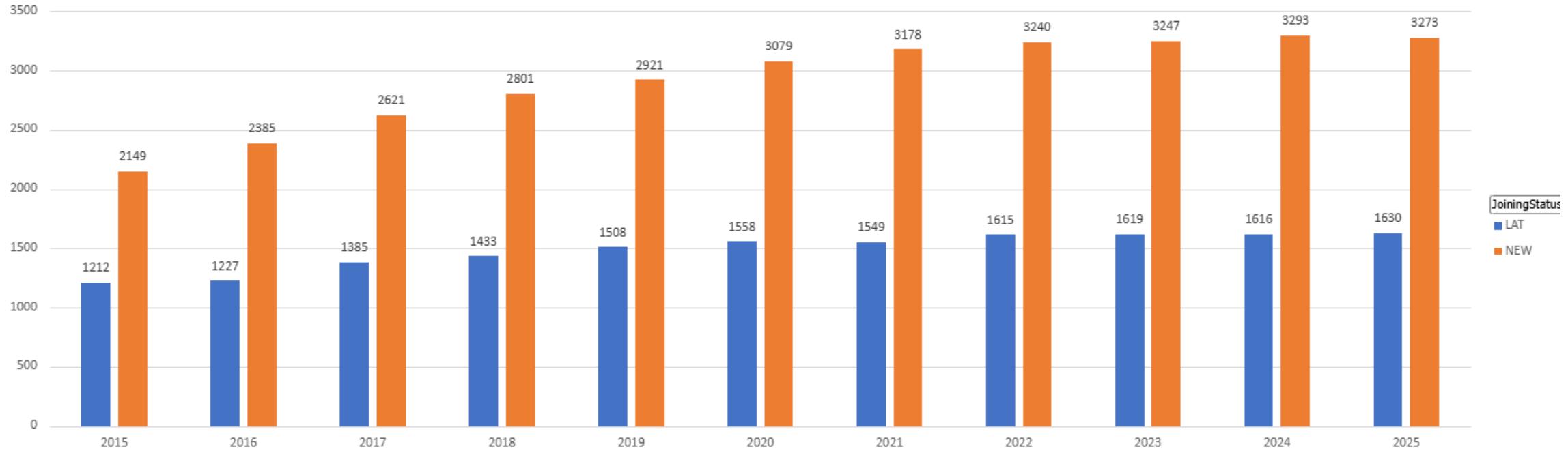


Number of Promotions to Partner- Top 200



2025 was a record year in terms of promotions to partner for the AmLaw 200 – attorneys that joined a firm as a lateral saw an increase of 52% in promotions while attorneys that joined the firm as an entry level and were promoted to partner in 2025, saw a 46% increase in promotions vs 2024. 2025 was the first year to see a YoY increase in promotions since 2022.

Promotions to Partner by Number of Days- Top 200



In the AmLaw 200, 2025 saw the first decrease in the number of days to make partner for entry level hires since we've been tracking the statistic in 2015. While only a decrease of 20 days, it is worth noting as we have seen the average time to partner increase by 52% in total over the past 10 years.

Also worth noting is that while the average time to make partner for attorneys that joined a firm as a lateral decreased slightly YoY in 2024, it went back up by 14 days on average in 2025. Overall, the average time to make partner for a lateral hire in the AmLaw 200 has increased by 34% over the past 10 years.

Law Firms Grapple With Nonequity Partner Pay 'Friction'

6 minute read | January 14, 2025 | By  Andrew Maloney

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Law firms could lose non-equity partner talent if firms don't appear to be paying them more than senior associates

Meanwhile, senior associates at big law firms last year were paid \$435,000, plus a \$115,000 bonus, totaling \$575,000, as well as some firms giving out "special bonuses." As associate salaries and bonuses grow, they are increasingly bumping up to non-equity partner pay.

Firms manage those disparities differently, while some non-equity partners earn the same as senior associates who do well, some earn as much or more than equity partners. It all depends on the details.

Top law schools move up summer associate job interviews to May and June

By Karen Sloan

April 17, 2025 3:36 PM EDT · Updated April 17, 2025

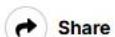


BIGLAW

Elite Biglaw Firm Will No Longer Participate In Law School On-Campus Interview Programs

How will this affect law students? And how many other Biglaw firms will reject OCI?

By Staci Zaretsky on March 26, 2025 11:33 am



We already knew that Biglaw firms were stepping away from using law school interview programs as their main source of recruitment [in favor of alternative hiring plans](#), but one elite law firm



Biglaw's Accelerated Recruiting Is A Lose-Lose-Lose Situation

Recruiting 1Ls in their first semester is bad for law students, law schools, and law firms—but figuring out a solution to this collective-action problem isn't easy.

DAVID LAT
DEC 18, 2025

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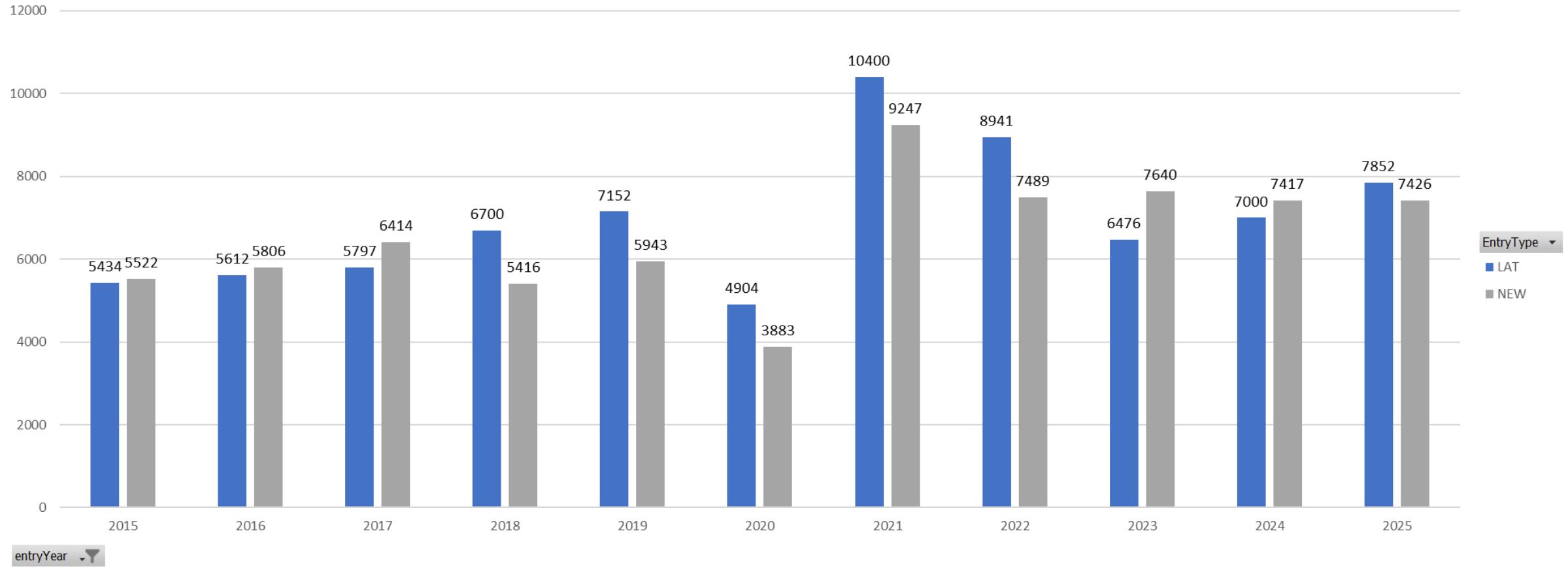
Share



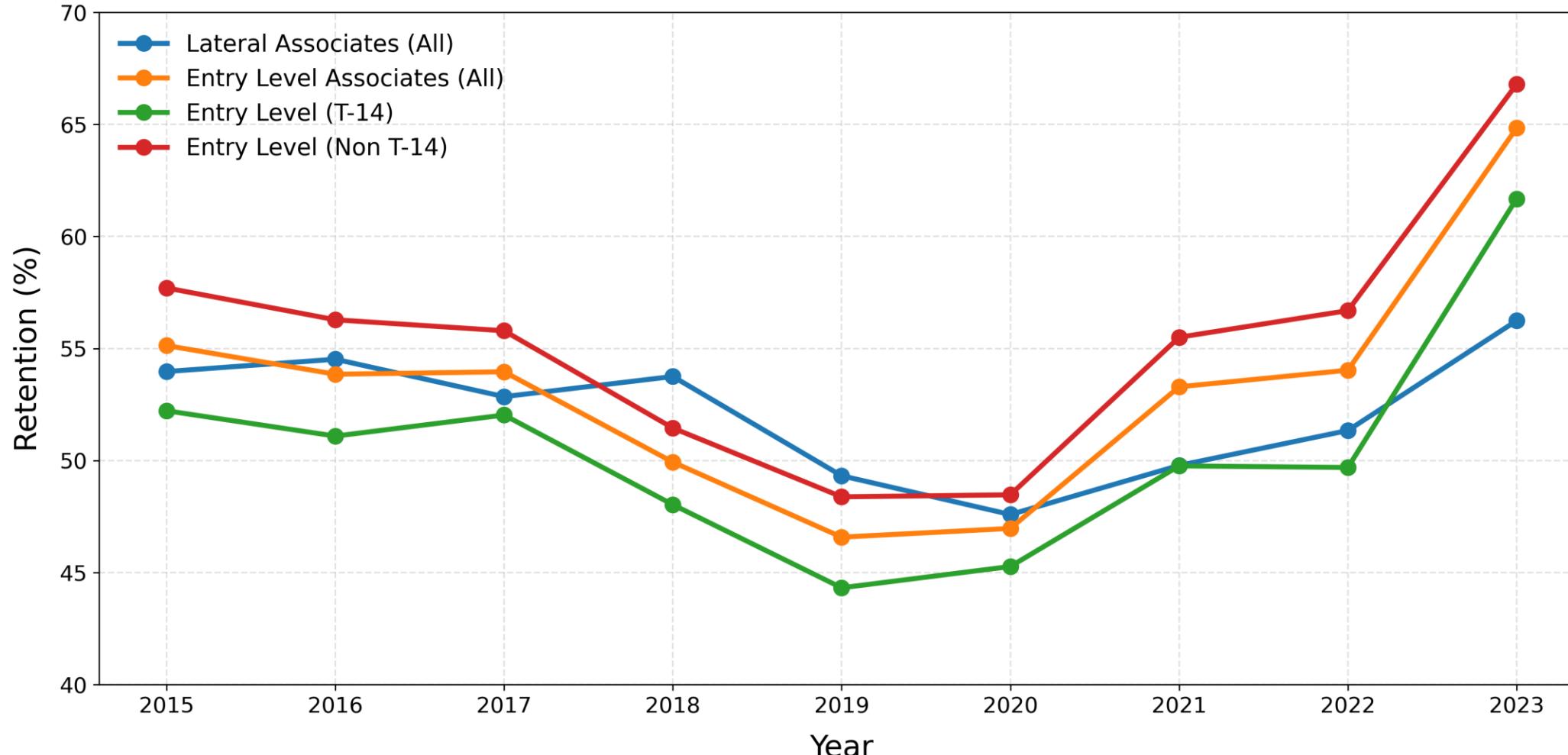
Type 

Count of AttorneyId

AmLaw 200 Associate Hiring Lateral vs New



Retention Comparison: Lateral vs. Entry Level Associate Hires (US)



Average retention (2015-2023): Lateral 52.2% | Entry (All) 53.2% | T-14 50.5% | Non T-14 55.2%

AmLaw 200 Hires Lateral vs Entry Level – Percentage of Associates that stay at least 3 years.



Regulatory and Political Pressure

The Legal Industry came was put under the microscope in 2025

A REUTERS SPECIAL REPORT

How Trump's crackdown is undermining legal defense firms and making them vulnerable

Dozens of major law firms, wary of retaliation, have scaled back their diversity initiatives and litigation that could place them at odds with the Trump administration, a Reuters investigation found.

By Mike Spector, Brad Heath, Kristina Cooke, Joseph Tanfani

July 31, 2025 6:00 AM EDT · Updated August 3, 2025



Law Practice
Mar. 20, 2025

Navigating law firm business strategy amid political pressures

Recent executive actions against firms like Perkins Coie and Covington & Burling underscore the rising political risks, pushing law firms to rethink strategies, reputations, and talent retention in an unpredictable environment.

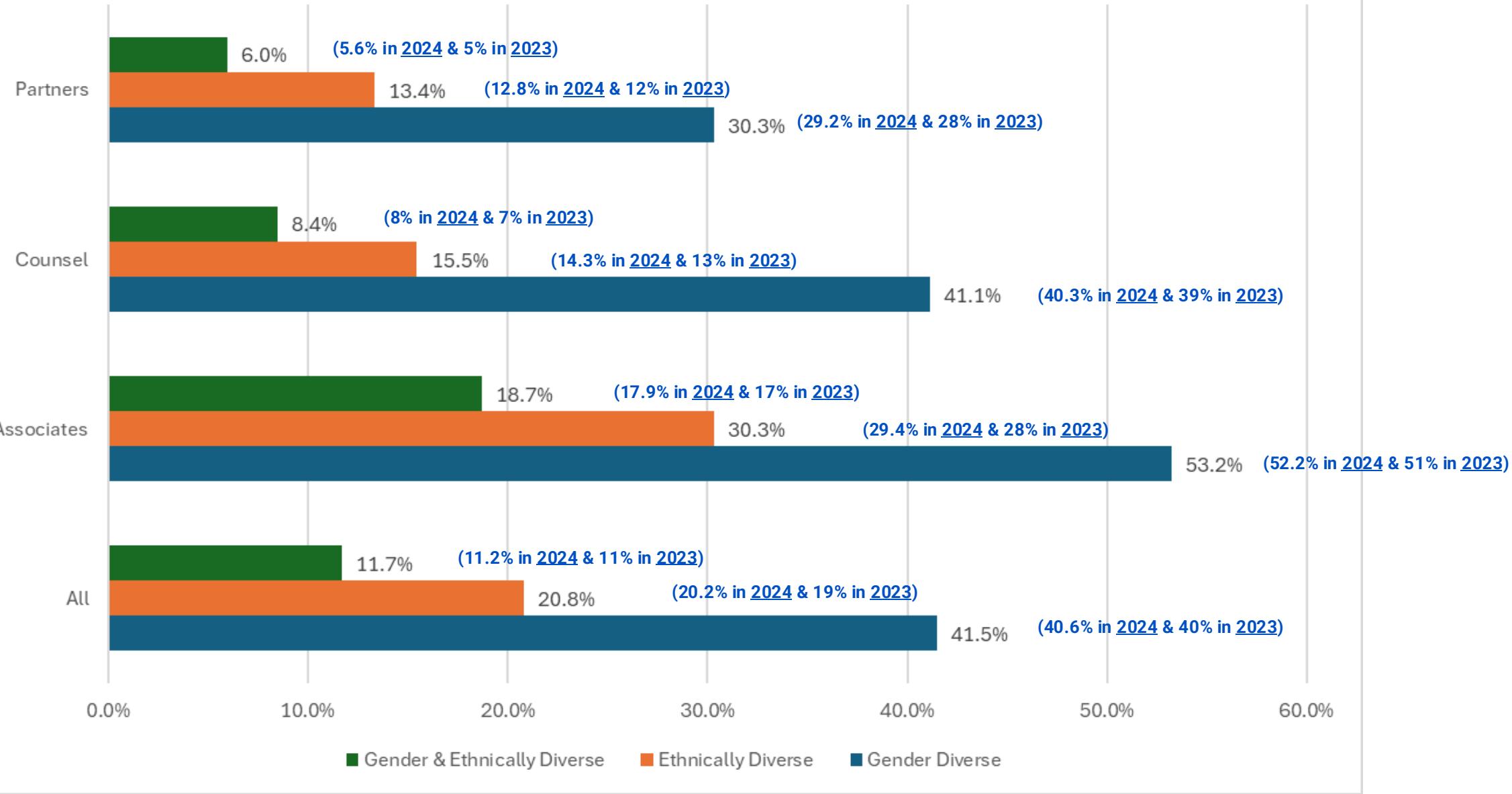


PBS NEWS HOUR

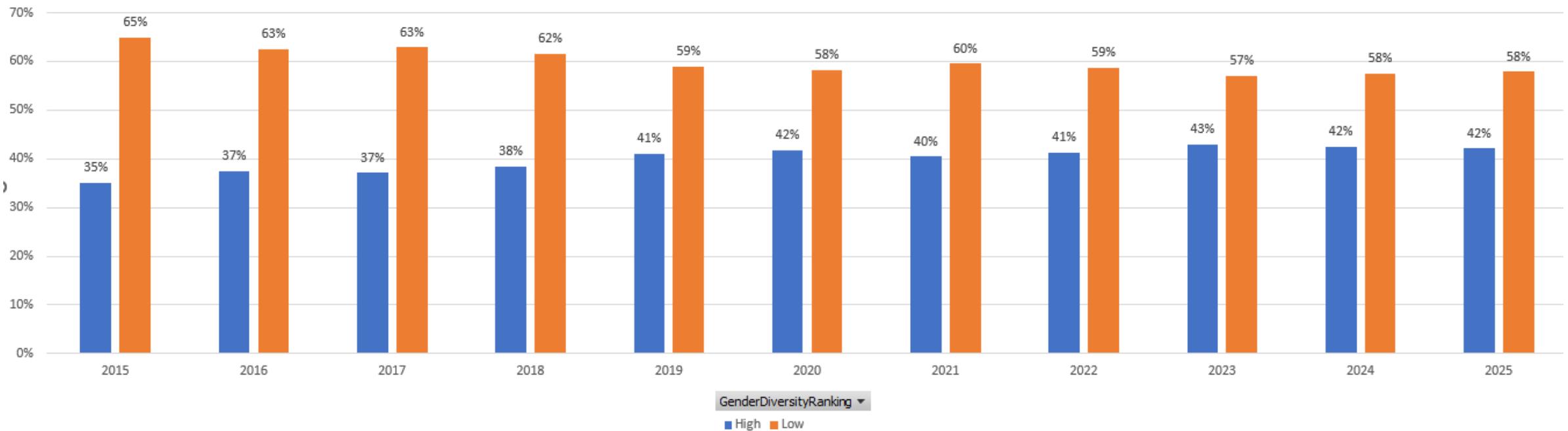
Associates at prominent law firms urge their employers to withstand pressure from Trump

Mar 21, 2025 6:45 PM EST

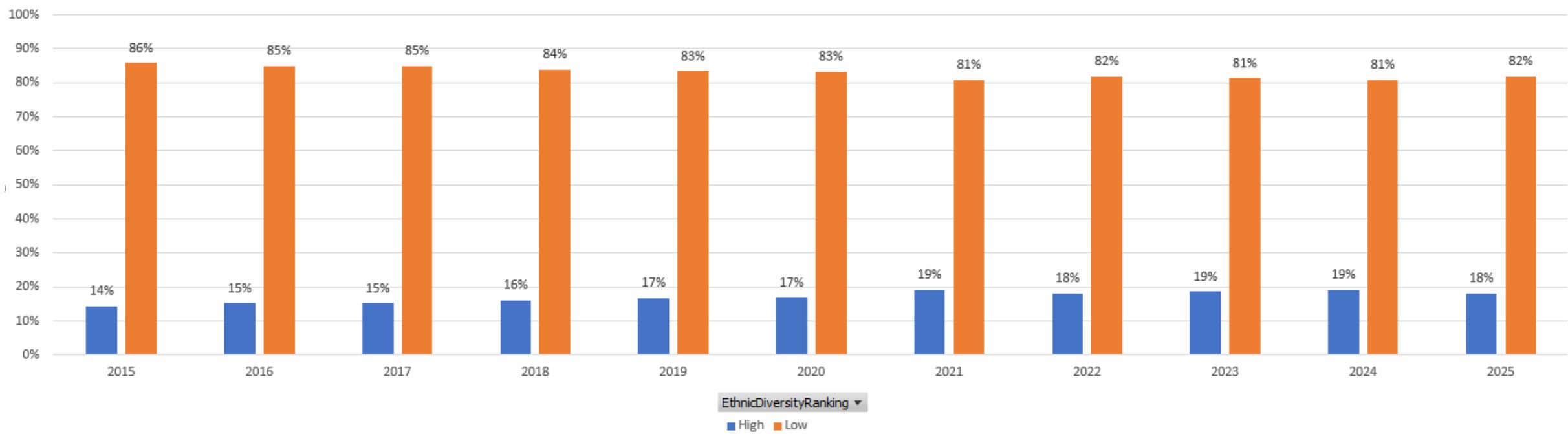
AmLaw 200 Diversity 2024 vs 2025



Partner Promotions by Gender - Top 200



Partner Promotions by Ethnic Diversity - Top 200





AI as Table Stakes

2025 was a boom for technology and AI expansion

Legaltech Hub

AI Legal Assistant

Contracts

Documents

Knowledge Management

IP Management

Legal Research

Law Firm Operations

AI Development

Transaction Management

Litigation Management

eDiscovery

Data

Legal Operations

Process Improvement

Legal Point Solutions

AI Governance

Collaboration / Productivity

People

GenAI / LLM in Legal Tech

Last update: September 29 2025

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Can AI Change The Legal Profession Forever?



By [Sajal Singh](#), Forbes Councils Member.

for [Forbes Business Development Council](#), COUNCIL POST | Membership (fee-based)

Published Jun 17, 2025, 07:00am EDT



Sajal Singh is a Consulting Partner at Kyndryl Nordics, Global Innovation Expert for UN Compact. Board member, IE Business School, Spain.

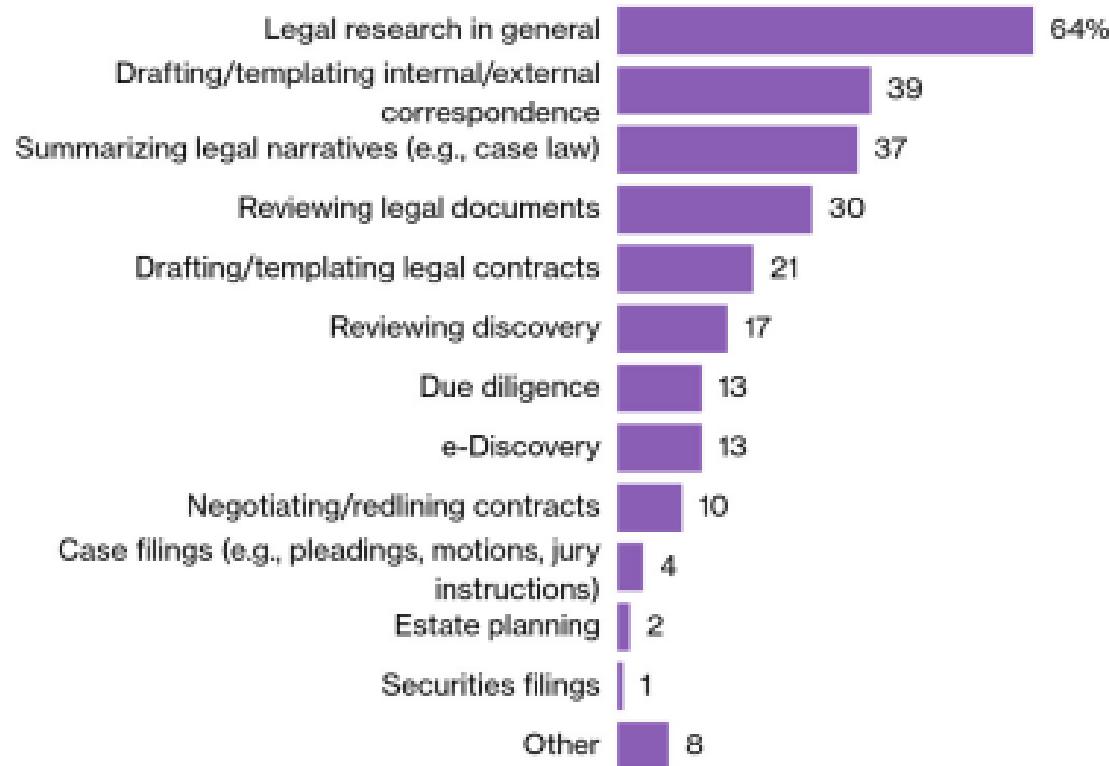


AI's Impact on the legal profession

- Talent Management
- Client Demand and Expectations
- Operational Efficiency
- The Practice of Law
- Billing and Alternative Pricing Models
- Knowledge Management
- The delivery of legal services

Most Lawyers With AI Experience Use It for Research Tasks

'Which of the following ways have you used generative AI in your practice?'



Source: Bloomberg Law's State of Practice Survey, conducted April 2025.

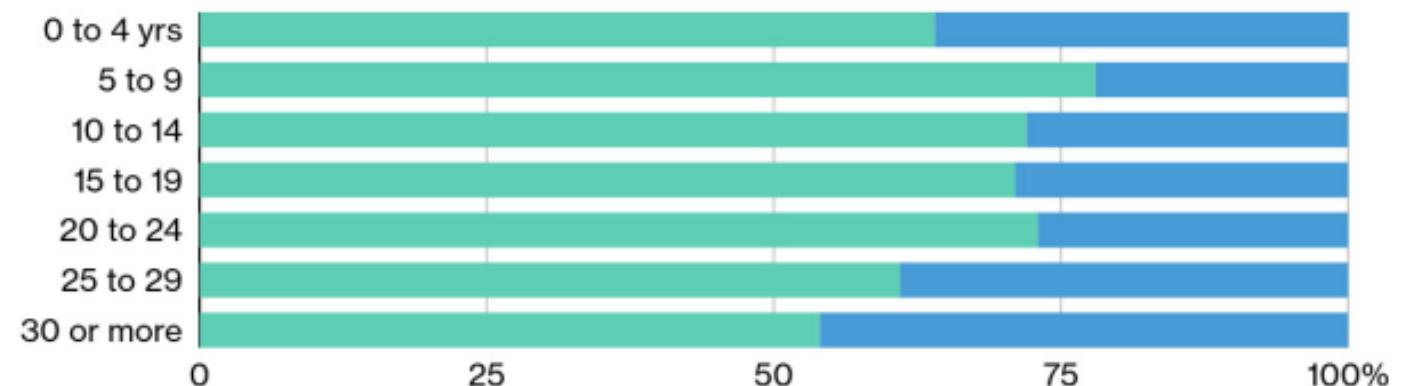
Note: Percentages are of lawyers who reported having used generative AI for at least one of these tasks. Respondents include both law firm and in-house attorneys. Respondents could choose more than one answer.

Bloomberg Law

AI Used by Majority of Lawyers at All Career Stages

Lawyers who have used generative AI for work, by years in practice

■ Yes ■ No/Not Yet



Source: Bloomberg Law's State of Practice Survey, conducted April 2025.

Note: Respondents include both law firm and in-house attorneys.

Bloomberg Law

Leaders Are Honest About the Future, Which Offers Opportunities Despite the Change

52%

Work at firms that have eliminated roles due to technology.

More than half (52%) of the participants acknowledged that their firms have eliminated roles due to technology in general, and only 3% have eliminated roles specifically because of generative AI. However, several participants anticipate that generative AI will affect staffing in the near future, and many firms are streamlining their teams as job openings naturally occur.

Generative AI is Expected to Become Ubiquitous, But it is Still Developing

63%

Work at firms that have officially adopted generative AI.

Sixty-three percent of the participating leaders work at firms that have officially adopted generative AI, with nearly half (42%) citing Microsoft Copilot alongside other well-known tools. Forty-four percent of the participants stated they could bill for work driven by generative AI,

Legal Technology Provides Fundamental and Widespread Benefits

There was widespread appreciation for the advantages of legal technology. Ninety-four percent of participants said it helps increase revenue and improve client service, while 81% said it helps drive law firm growth and retain talent.

81%

Legal technology drives law firm growth and helps retain talent.



260,000

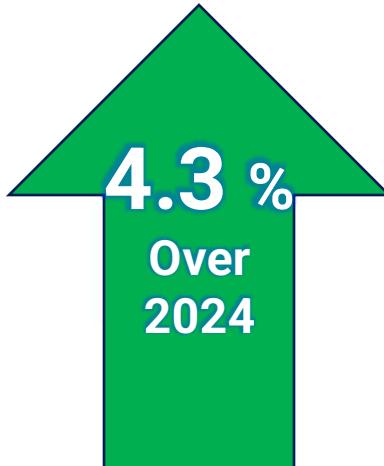
ATTORNEYS WHO ACCEPT
DIGITAL PAYMENTS

SurePoint Payment Services research estimates
that there are now approximately

DIGITAL PAYMENTS

44%
HIGHER

AVERAGE
PAYMENT
AMOUNT



DIGITAL PAYMENTS



34 DAYS

FROM INVOICE
TO PAID IN FULL

vs.

CHECKS



80 DAYS

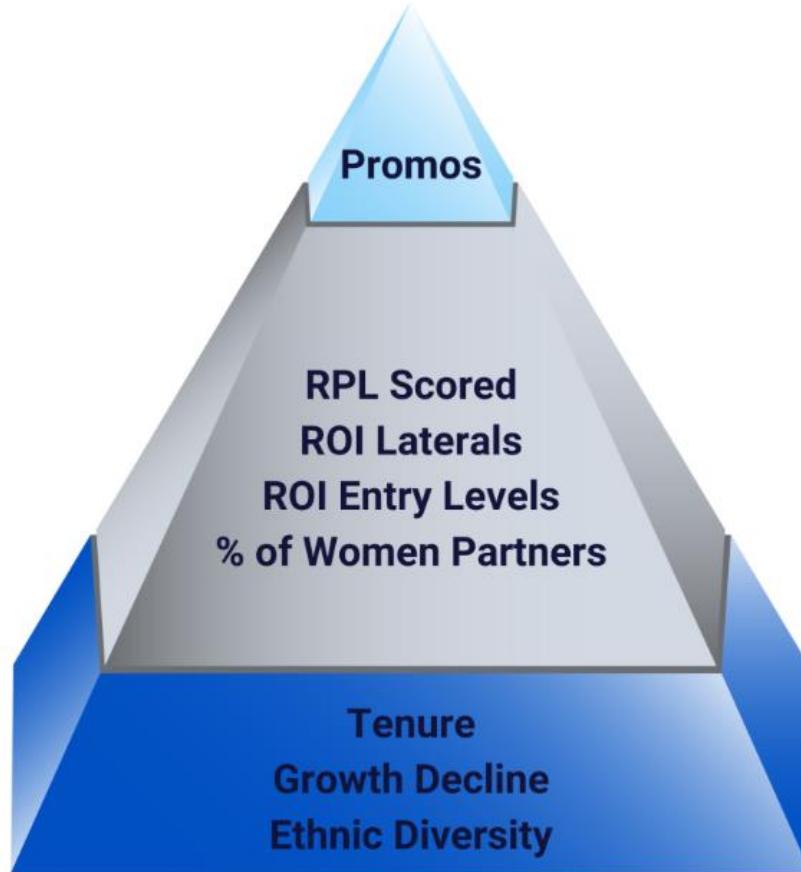
FROM INVOICE
TO PAID IN FULL



2025 LLFI

A sneak peak at the top 10 firms





- **Promotions to Partner**
- Growth/Decline in revenue per lawyer (RPL) over a five-year period
- Relative success in lateral recruiting and general retention (partner and associates)
- Relative success in recruiting and retaining entry-level attorneys
- Percentage of women partners
- **Average attorney tenure**
- **Growth/Decline in attorney headcount**
- **Ethnic diversity within the firm**

2025 LLFI TOP 10

1.	Kirkland & Ellis LLP	500
2.	Latham & Watkins LLP	454
3.	Holland & Knight LLP	436
4.	Sidley Austin LLP	434
5.	Greenberg Traurig LLP	433
6.	Lewis Brisbois Bisgaard & Smith LLP	431
7.	Morgan, Lewis & Bockius LLP	430
8.	Gibson, Dunn & Crutcher LLP	428
9.	Simpson Thacher & Bartlett LLP	423
9.	Troutman Pepper Locke LLP	423
9.	Polsinelli PC	423

Tie for 9th place highlighted



Look ahead to 2026

What's to come in the year ahead

Engagement adaptation Commitment
placement Successful Development
Retention proposition
Tech Relationships recent
Systems Great Hiring Excellence innovate
student thinking Expansion
Biz Efficient Develop
Employment Change Value
Innovation Strategic
Quality Profitability
candidate Technology Information Connection
Law graduate Analytics revenue
AI adoption Looking Strategy
recruitment

Growth