SurePoint®

2025 State of the Legal Industry

Talent, Technology, and Transformation in the Legal Market

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Executive Summary

In 2025, the legal market reached an inflection point—not because of a single event, but because multiple forces accelerated simultaneously.

Lateral hiring rose nearly 9% across both the Am Law 200 and firms outside it, reaching the highest levels since the post-pandemic hiring sprees. Within the Am Law 200, almost 40% of lateral hires landed in the Am Law 50, continuing the concentration of talent at the top of the market.

At the same time, firms beyond the Am Law 200 hired more lateral attorneys than ever before, underscoring the sustained demand for experienced talent throughout the legal industry.

Mergers followed a similar trajectory. Law firms closed 59 combinations in 2025, the most ever recorded in one year by SurePoint. While mega-firm mergers got the most attention, two-thirds of the 2025 deals originated outside the Am Law 200. Firms across the market are pursuing inorganic growth to expand their geographic footprint, strengthen practice depth, and court complex work.

Retention data provides an important warning to these aggressive growth strategies. After three years, average lateral retention rates in the Am Law 200 stand at 76% for partners, 61% for counsel, and 52% for associates. Put simply, roughly half of lateral associates and nearly four in 10 counsel hires will not remain after three years. Integration and long-term fit now matter as much as recruitment volume.

> “There is no better time like the present to make sure that the people running your law firm have some business acumen because this is not yesterday's law firm.”
>
> ***Timothy Corcoran***
> ***Principal, Corcoran Consulting Group***

A majority of lawyers now report using generative AI in their work, and 63% of mid-sized firms have formally adopted it.

At the same time, 81% of firm leaders report internal concern about its reliability and risk, and nearly one-third expect technology to reshape billing models. Law firms are adopting tactical solutions—in research, drafting, and document review—while considering the long-term effects on workflows, staffing, and pricing.

The Leopard Law Firm Index (LLFI) reflects the legal industry's rate of change. In 2025, 52% of the Top 200 firms declined in ranking, while 44% moved up, a level of turnover that illustrates how quickly market positions can shift. At the same time, the 2025 Top 200 features 38 firms outside the Am Law 200, including 19 mid-sized firms, reinforcing that performance is not correlated to firm size.

In a market defined by movement, firms that align growth, promotion, and retention with integration will show greater stability over time.

2025: The Legal Market by the Numbers

28,659
Lateral Hires

Lateral hiring rose 8.8% in the Am Law 200. Outside the Am Law 200, hiring increased 8.9% to reach a record high.

Mobility shows no signs of cooling after the post-pandemic talent rush.

40%
of Am Law 200 Laterals Joined an Am Law 50 Firm

The share of lateral hires captured by the Am Law 50 has increased steadily over the past three years.

The country's largest firms are capturing talent aggressively.

18%
Increase in Counsel Hiring

Growth outpaced associates (11.7%) and partners (10.6%), and total counsel hires reached an all-time high.

Firms are prioritizing experienced lawyers who don't dilute equity.

59
Law Firm Mergers

Deal volume increased 25% year over year, involving 2,349 lawyers from acquired firms.

This marked the highest level of merger activity in a single year recorded by SurePoint.

2/3
of Mergers Originated Outside the Am Law 200

Nearly 40% involved firms with fewer than 150 lawyers.

Inorganic growth is no longer a megafirm strategy—it is an expansion tool for firms of all sizes.

3,732
Partner Promotions

Partner promotions increased by 50.4% to create the largest partnership class to date.

The promotion volume reflects the rapid expansion of non-equity partnership tiers.

70.7%
of New Partners Were Originally Lateral Hires

This percentage has nearly doubled over 10 years.

Lateral acquisition has eclipsed the traditional "born and bred" partnership track.

63%
of Mid-sized Firms Formally Adopted Gen AI

94% expect revenue and service improvements.

Nearly one-third expect their billing models to change, but none have—yet.

Talent and Lateral Movement

Lateral hiring soared across the sector in 2025. In the Am Law 200, lateral hiring activity was up 8.8% year over year with 13,460 hires—the highest since the 2021-2022 post-pandemic surge.

And for much of the year, hiring was on pace to be even higher. Through the first 10 months of 2025, activity was approximately 15% ahead of 2024.

This trend also held true outside the Am Law 200. Among the approximately 5,600 non-Am Law 200 firms in the SurePoint Legal Insights platform, firms hired 15,199 laterals—the highest number to date and an 8.9% year over year increase. For these firms, lateral hiring in 2025 exceeded the frenetic "talent wars" of 2021-2022.

With activity across firms of all sizes increasing, 2025 confirmed that lateral hiring is a foundational growth strategy. For law firm leaders, it's essential to understand the dynamics behind 2025's volume—and to see who is moving, where competition is most heated, and how long to expect these laterals to stay.

> "The lateral market—it's crazy. The ability of attorneys now to know exactly what their dollar value is, to figure out what other firms are offering, and to understand the exact market conditions on a daily basis—it's unprecedented."
>
> ***Michael Hill***
> ***CFO, Gould & Ratner***

Hiring Within the Am Law 200

Counsel Hiring Surges

While lateral attorney activity increased at every level in 2025, counsel hiring had the strongest momentum with 18% year over year growth, far outpacing associates (11.7%) and partners (10.6%).

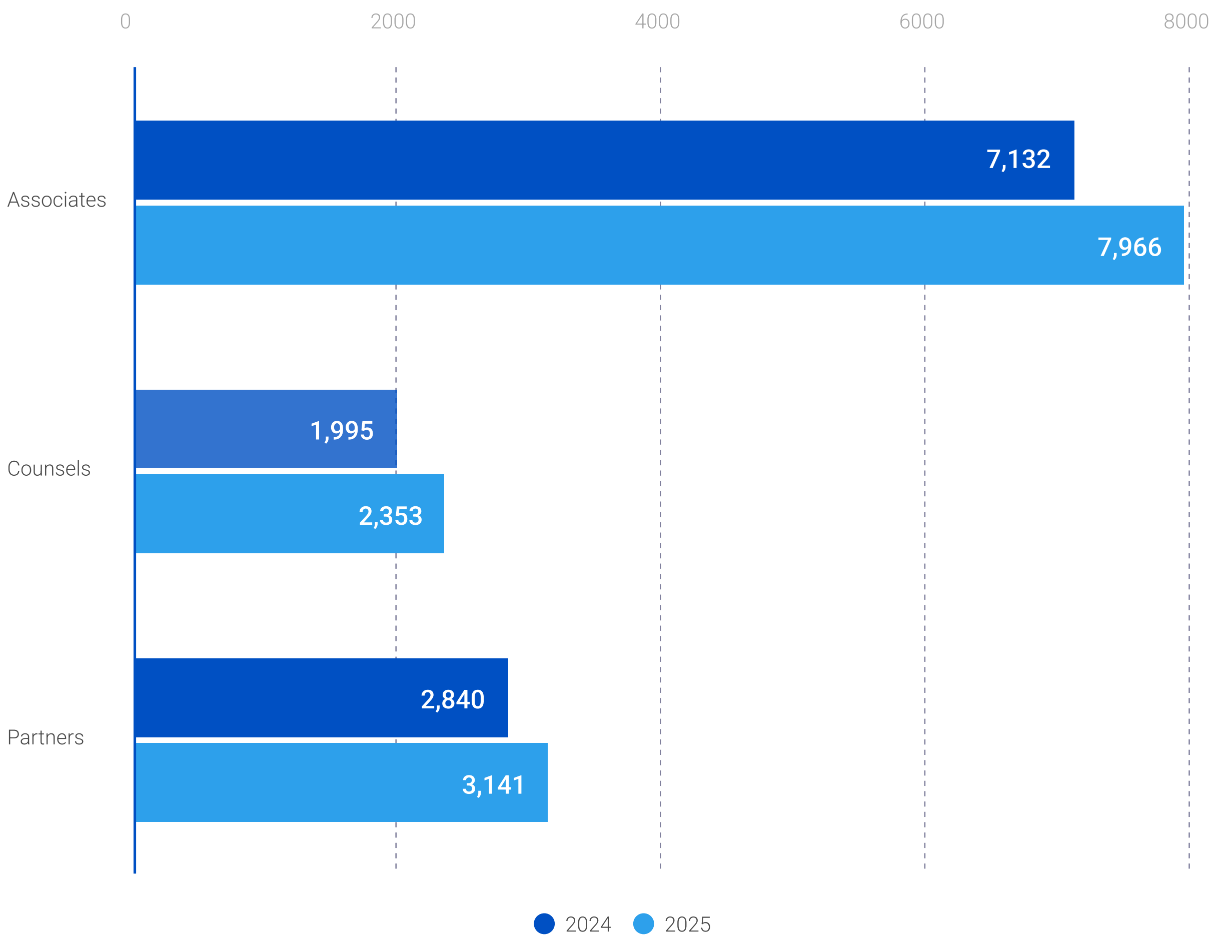
The total number of counsel and partner hires hit all-time highs. Associate hiring also grew by a double-digit percentage but fell short of post-pandemic numbers.

The Big Get Bigger

The Am Law 50 continues to separate itself from the rest of the industry. In 2025, nearly 40% of all Am Law 200 lateral hires occurred within the top 50 firms. This marks a steady increase, up from 35% in 2023 and 37% in 2024.

This concentration of talent mirrors broader consolidation trends seen in merger activity and the 2025 Leopard Law Firm Index Top 200.

Am Law 200 Lateral Hires by Type

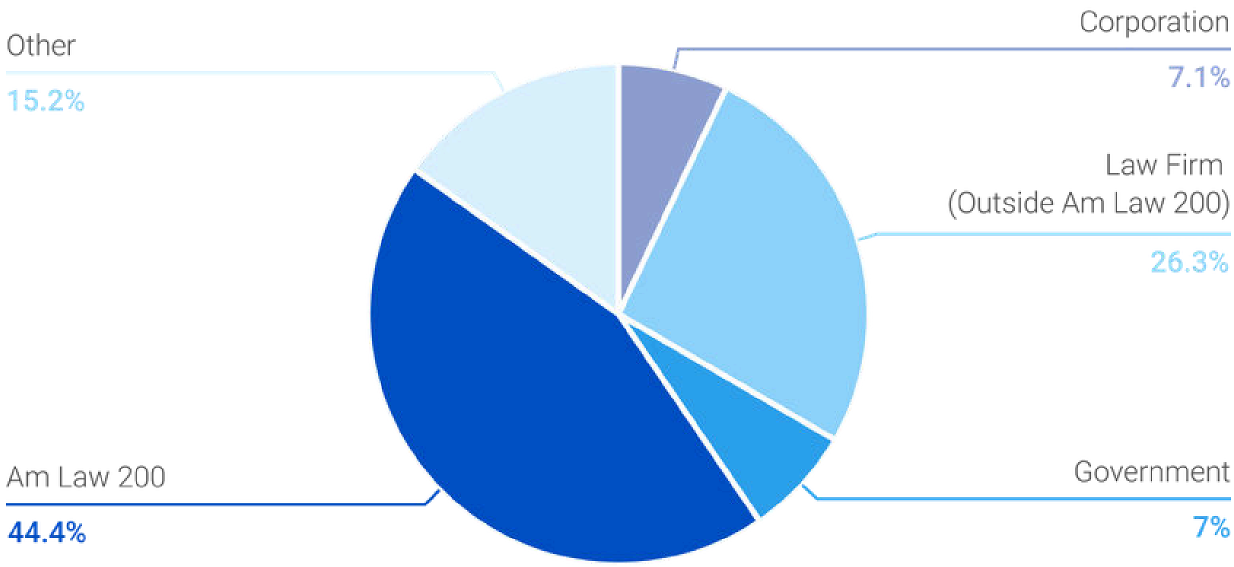


Lateral Sourcing Varies by Segment

Within the Am Law 200 as a whole, 44% of lateral hires moved from other Am Law 200 firms, a slight decrease from 45% in 2024. Another 26% were recruited from firms outside the Am Law 200, a 3% decrease from 2024.

With hires from other law firms down, Government lawyers filled the gap. Hires from Government positions comprised 7% of Am Law 200 laterals in 2025. This was up from 4% in 2024—and also exceeds the 5% share in 2021, during the last presidential administration change.

Am Law 200 Lateral Hires in 2025: Entry Types



Am Law 50

The composition of lateral hires changes when we break down the largest firms. The Am Law 50 has shown a significant portion of their hiring is intra-tier. Indeed, within these firms, 58% of laterals originated at an Am Law 200 firm, and just 11% came from firms outside the Am Law 200.

Am Law 51-200

Am Law 51 to 200 firms showed more balanced sourcing, with 35% of laterals coming from Am Law 200 firms, 36% from firms outside the Am Law 200, and 28% from Corporations, Government, and other employers.

Retention of Lateral Hires

To be sure, each lateral carries considerable cost, from recruiting and onboarding time to compensation and benefits. Whether it's an associate's learning curve or a partner struggling to bring over business, some hires take time to achieve ROI.

How many laterals will stay? From 2015 to 2025, the average Am Law 200 retention rates for laterals were:

79.6%
Partners

65.7%
Counsels

58%
Associates

However, this includes the years 2024 and 2025, during which not enough time has lapsed to meaningfully assess retention. Instead, if we look at those hired from 2015 to 2022—meaning they have stayed past the critical three-year window—the average retention rates for the Am Law 200 are:

76%
Partners

61%
Counsels

52%
Associates

In other words, within three years, about half of lateral associates depart, along with nearly two out of every five counsels and just under one in four partners—making churn an expected reality firms must plan for.

When segmenting the data further—separating the Am Law 50 and looking beyond the Am Law 200—we can see a direct correlation between firm revenue and retention. Lawyers stay longer at the highest-grossing firms.

> "The number of resumes that I review that have very short stops—a year here and two there, and they're already looking to move."

Lindsey Higgins
Firmwide Director, Legal Recruiting, WilmerHale

Retention Rates, Attorneys Hired from 2015 to 2022

	Am Law 50	Am Law 200	Beyond Am Law 200
Partners	80%	76%	70%
Counsels	65%	61%	60%
Associates	54%	52%	45%

Exit Patterns

Lawyers are about twice as likely to make a lateral move within their specific firm category (Am Law 50, Am Law 51 to 200, et cetera) than to move up or down.

In 2025, 23% of those who left Am Law 50 firms switched to other Am Law 50 firms, compared with 11% who went to Am Law 51-200 firms. At the same time, more laterals at Am Law 51-200 firms stayed within that segment than those who went "upstream," 17% vs. 9%, respectively.

Lawyers at Am Law 51 to 200 firms are significantly more likely to go to smaller law firms outside the Am Law 200 (18% compared with 11%).

Corporate/in-house exits remain a consistent portion of departures. The data shows lawyers at Am Law 50 firms are slightly more likely to go in-house than their Am Law 51-200 counterparts (10% vs. 8%).

	Went to an Am Law 50 Firm	**Went to an Am Law 51-200 Firm**
Left an Am Law 50 Firm	23%	11%
Left an Am Law 51-200 Firm	9%	17%

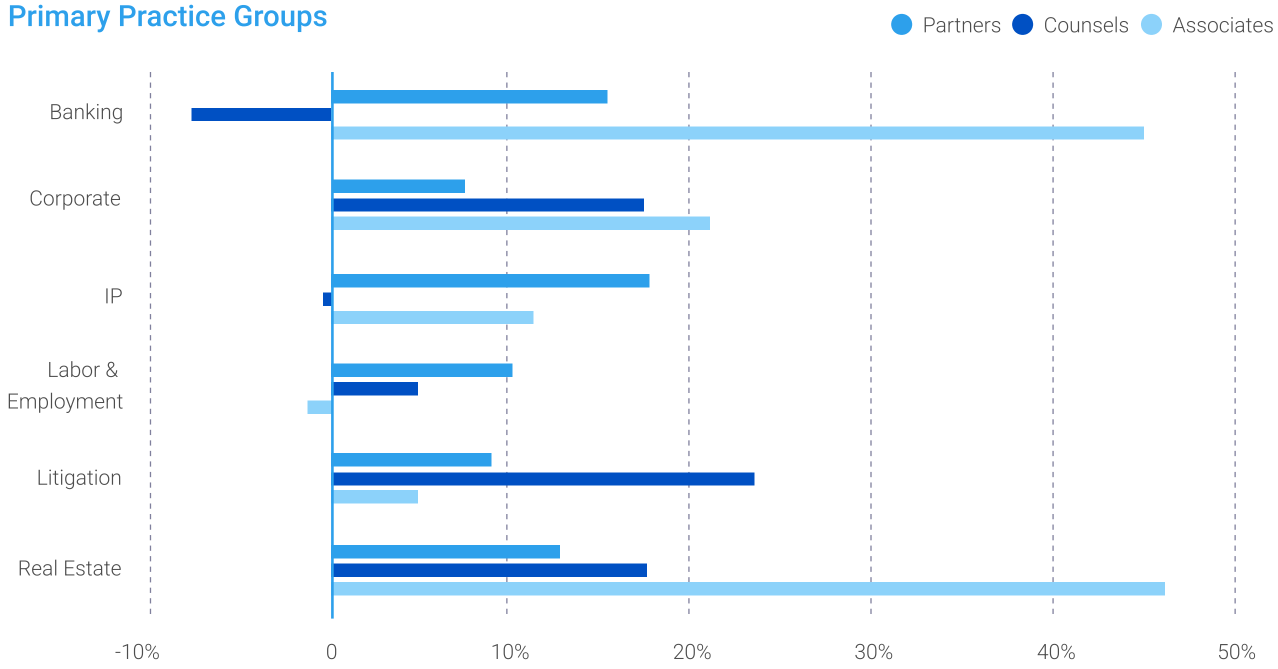
Practice Area Hiring Trends

Primary Practices

Among the largest traditional practice areas in the Am Law 200, Litigation drove the most lateral hires, accounting for 37% of all moves. Corporate followed with 17%, and Labor & Employment generated 9%.

While these areas led in volume, Real Estate and Banking had the highest rates of year over year growth, with 31% and 29%, respectively. Corporate also saw double-digit growth of 15.7%.

2025 U.S. Am Law 200 Lateral Hiring: Primary Practice Groups



Partner Hiring

Increased in all six practices, most dramatically in Intellectual Property (18%) and Banking (16%). Notably, while Litigation and Corporate drove the most hires across all levels, they posted the smallest partner-level growth; firms are adding experienced leverage through counsel hiring.

Counsel Hiring

Posted mixed returns in the primary practice areas, with strong gains in Litigation (up 22%), Real Estate (up 17%), and Corporate (up 15%). IP was nearly even with 2024, while Banking dropped 8%.

Associate Hiring

Spiked across the transactional disciplines, with Real Estate and Banking both up nearly 50%, and Corporate enjoying strong growth at 21%.

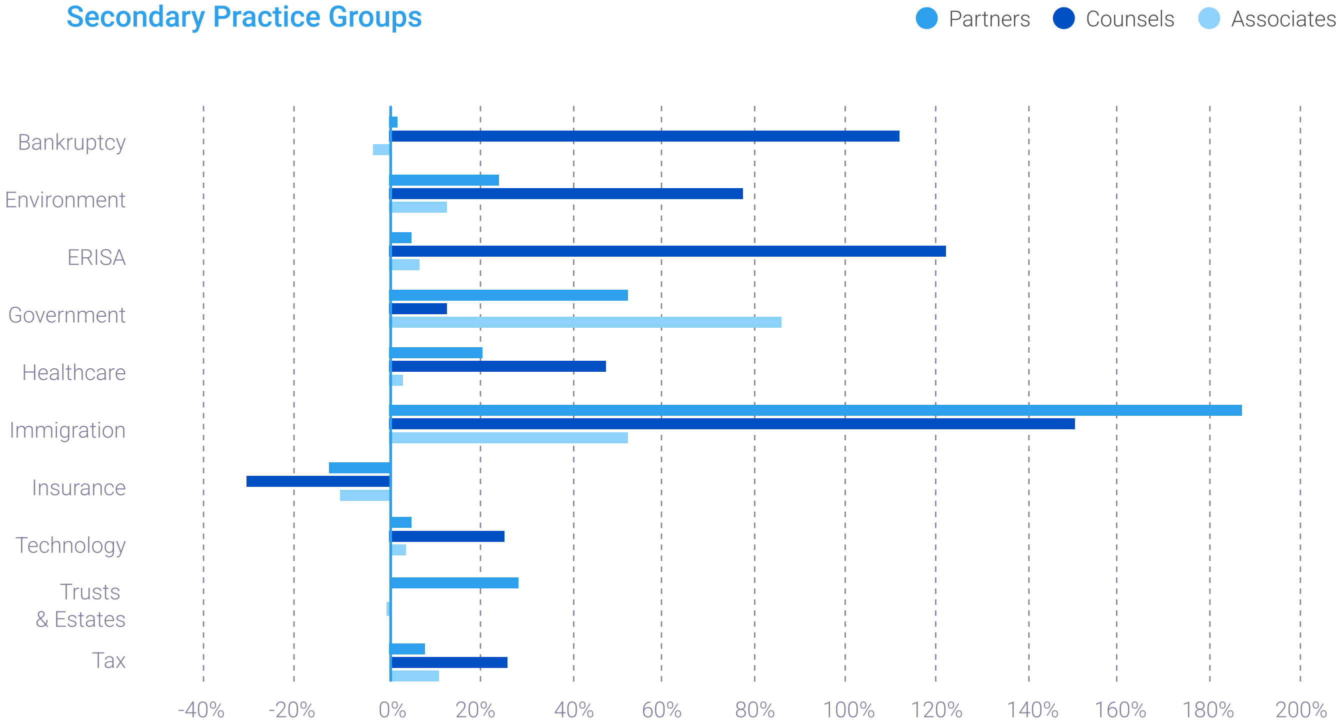
Secondary Practices

As the Trump Administration introduced greater scrutiny of immigration, it's no surprise that Immigration led all secondary practices in year over year growth, with lateral hiring activity up 88% from 2025 across all attorney types. On a similar regulatory note, recruiting for Government and Environmental were up 38% and 34%, respectively.

Other major growth areas include Healthcare (up 26%), ERISA (up 24%), Compensation & Benefits (up 24%), reflecting the increasing complexities surrounding healthcare and benefit structures.

Firms slowed their lateral recruiting for Insurance by 16%. Among typical secondary practices, it is the only practice group to show a decline across all attorney types.

2025 U.S. Am Law 200 Lateral Hiring: Secondary Practice Groups



Partner Hiring

Reflected the surge of concerns surrounding Immigration; firms recruited expert partner-level practitioners at a rate 186% higher than the previous year. Similarly, firms sought experienced partners in Government (up 54%) and Trust & Estates (up 30%).

Counsel Hiring

Up in nearly every practice, showing firms seeking to invest in lawyers with considerable technical experience who do not dilute their equity. Notable growth areas were Immigration (up 150%), ERISA (up 133%), and Bankruptcy (up 111%).

Associate Hiring

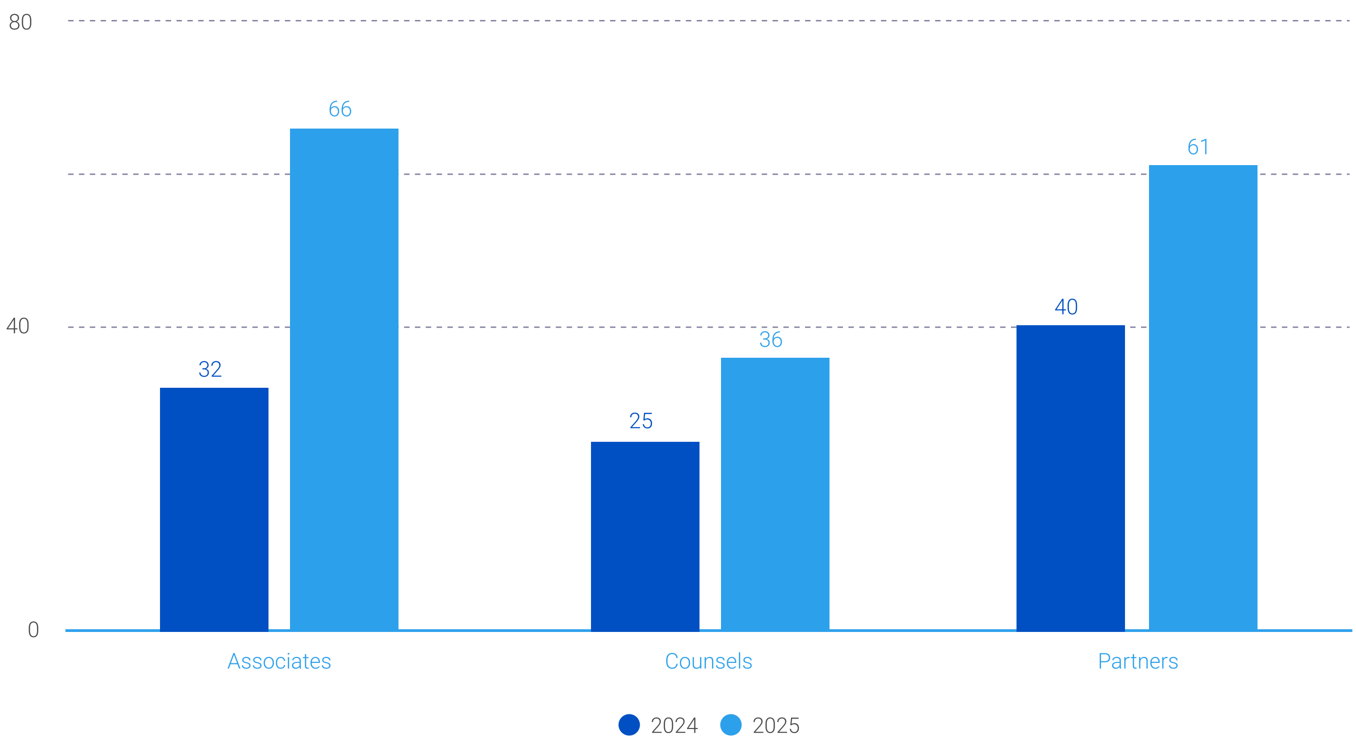
Displayed more mixed results, with strong increases in regulatory-heavy fields (Immigration, Government, and Environment); modest activity in ERISA and Technology; and small year-over-year decreases in Bankruptcy and Trusts & Estates.

The Next Emerging Practice: AI

It's not a formal practice area in many firms (yet), but as law firms look to bolster their internal capability and outward marketability in Artificial Intelligence, they are recruiting more lateral attorneys with this expertise.

Within the specialty of AI, lateral hiring grew 68% across all attorney types in Am Law 200 firms. Associates led the growth with a year-over-year increase of 106%, but partners and counsels both posted healthy double-digit increases—53% and 44%, respectively.

AI Lateral Hires in the Am Law 200



> AI-related risks increased, with U.S. courts recording 487 documented AI errors or hallucinations in 2025, more than ten times the total from 2024.

Diversity in Lateral Hiring

Gender in Lateral Hiring

In 2025, female hires across all titles grew 15.3% year over year, outpacing the 10.1% growth in male hires.

Am Law 200 firms still hired 17.7% more male attorneys than female attorneys, and down from a 23.2% gap in 2024, and the narrowest gap on record.

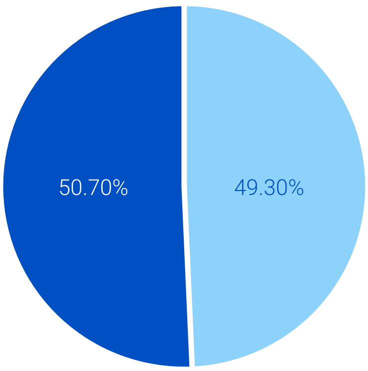
Women now compose the majority of law students, reshaping the associate ranks. In surveys by the National Association for Law Placement, women represent 51% of associates overall, while SurePoint data—based on a predictive analysis of law firm bios, updated twice weekly—shows 53.2%.

There are more women associates than ever in the lateral recruiting pool, and in 2025, they were a small majority (50.6%) of lateral hires, the highest percentage to date.

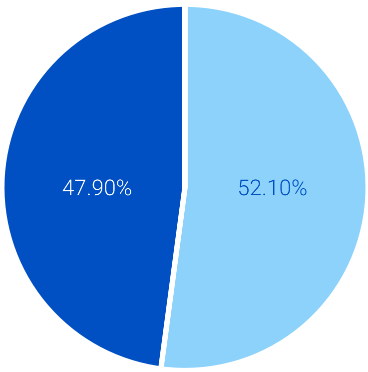
Year over year, lateral hiring rose 30.3% for women in the counsel position, compared with 8.5% for men; women represented a record-high 47.9% of lateral counsel moves. While every lateral candidate is different, many firms are leveraging more flexible counsel roles to attract and retain women who want part-time or non-partnership options.

At the partner level, progress was more limited. Women comprised 32.4% of lateral partner moves in 2025, down from 32.6% in 2024.

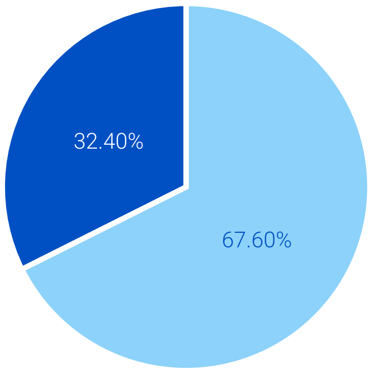
2025 Am Law 200 Lateral Associate Hiring



2025 Am Law 200 Lateral Counsel Hiring



2025 Am Law 200 Lateral Partner Hiring



Women Men

Ethnicity in Lateral Hiring

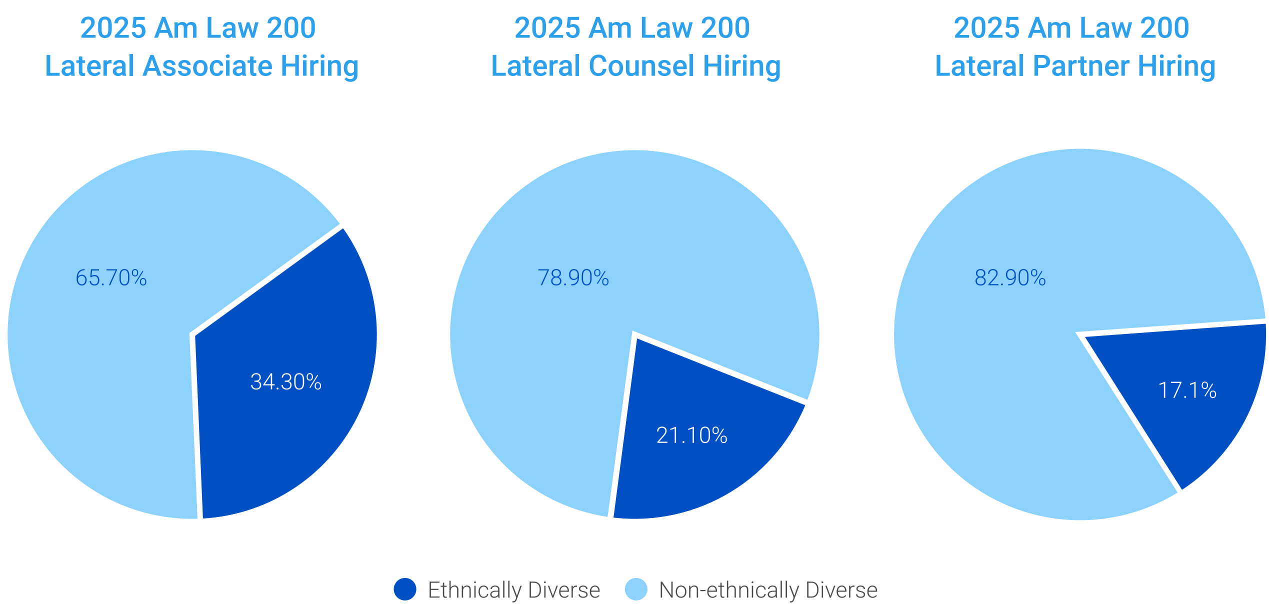
The disparity between white and ethnically diverse lateral hires lessened across all levels in 2025 within the Am Law 200.

The gap was narrowest among associates; again, this is a reflection of changing law school demographics. According to NALP's survey, nearly one-third of associates are now people of color, a new high and a significant change to the lateral associate hiring pipeline; SurePoint data shows 30.3%.

In 2025, ethnically diverse attorneys comprised 34.3% of all lateral associate hires, the largest proportion documented to date.

Counsel hiring also saw its largest percentage of lateral hires of color, at 21.1%.

Lateral partner representation improved slightly, rising from 16.9% in 2024 to 17.1% in 2025—though falling short of the record of 19.7% achieved in 2022.



> In 2025, 34.3% of all lateral associate hires were ethnically diverse, the highest on record.

Key Takeaways for Law Firm Leaders: Lateral Hiring in 2026

The lateral market is active—and concentrated at the top.

Lateral hiring rose nearly 9% across both the Am Law 200 and firms outside it, with 40% of Am Law 200 laterals landing in the Am Law 50. Top-tier competition for proven talent remains intense.

Demand is strongest in regulatory and capital-driven practices.

Real Estate and Banking led growth among primary practices, while Immigration, Government, and Environment surged among secondary disciplines. As political and economic conditions remain uncertain, firms may continue to invest in experts who can navigate change.

Counsel hiring is outpacing other levels.

Counsel moves rose 18% year over year in the Am Law 200, reflecting firms' focus on experienced, non-equity leverage. Specifically, counsel hiring for women increased by more than 30% as firms refine flexible and part-time arrangements.

Integration is imperative—especially for associates.

Adjusted retention averages 52% for Am Law 200 associates and 45% for firms outside the Am Law 200. While mobility is high across the legal industry, firms that invest in integration, mentorship, succession planning, and new paths to partnership can achieve higher retention rates—and ROI on their talent.

There's a seller's market for AI talent.

Lateral hiring tied to Artificial Intelligence experience grew 68% overall, with associate hiring up 106%. Firms should invest in retaining homegrown AI expertise and anticipate strong competition when recruiting it.

Mergers and Market Consolidation

2025 was a banner year for law firm mergers. Law firms closed 59 transactions—the most ever recorded by SurePoint—representing a year over year increase of 25%. These deals moved 2,349 lawyers, another record, and an increase of 83% year over year.

While the industry headlines were dominated by the largest deals—historical global combinations, major trans-Atlantic mergers, and strategic nationwide consolidations—law firms of all sizes raced toward inorganic growth. These deals reflect the same pressure driving lateral mobility: scale as a competitive necessity.

While the numbers themselves are noteworthy, by diving into the data, we can understand the market dynamics behind this unprecedented level of activity.

> “In this environment, M&A offers a compelling solution. By joining forces, firms can diversify their practices, spread fixed costs, and gain the scale needed to compete for larger matters. As more firms consolidate, others feel the pressure to follow—or risk being left behind.”
>
> ***Eric Thurston***
> ***President & CEO, SurePoint Technologies***

Who: Which Firms Merged

Over the past four years, the total number of law firm combinations has nearly doubled, but the number of deals involving Am Law 200 firms has remained relatively consistent. This shows that the overall growth in merger activity is being driven primarily by the mid-market.

Indeed, in 2025, two-thirds of the transactions originated outside the Am Law 200. Across all 2025 law firm combinations, the median combined firm size was 212, and the median number of lawyers moved was 11. Mergers and acquisitions are not a growth tool reserved for Big Law behemoths; in 2025, 22 of the 59 transactions were initiated by law firms with fewer than 150 attorneys.

The mid-market surge is even more pronounced when viewed over time. According to SurePoint data, 36 mid-sized firms were involved in mergers in 2025, up from 17 in 2021.

Mergers of equals or acquisitions of smaller firms rose from 45% in 2021 to 86% in 2025, signaling that firms are increasingly taking control of their own destinies.

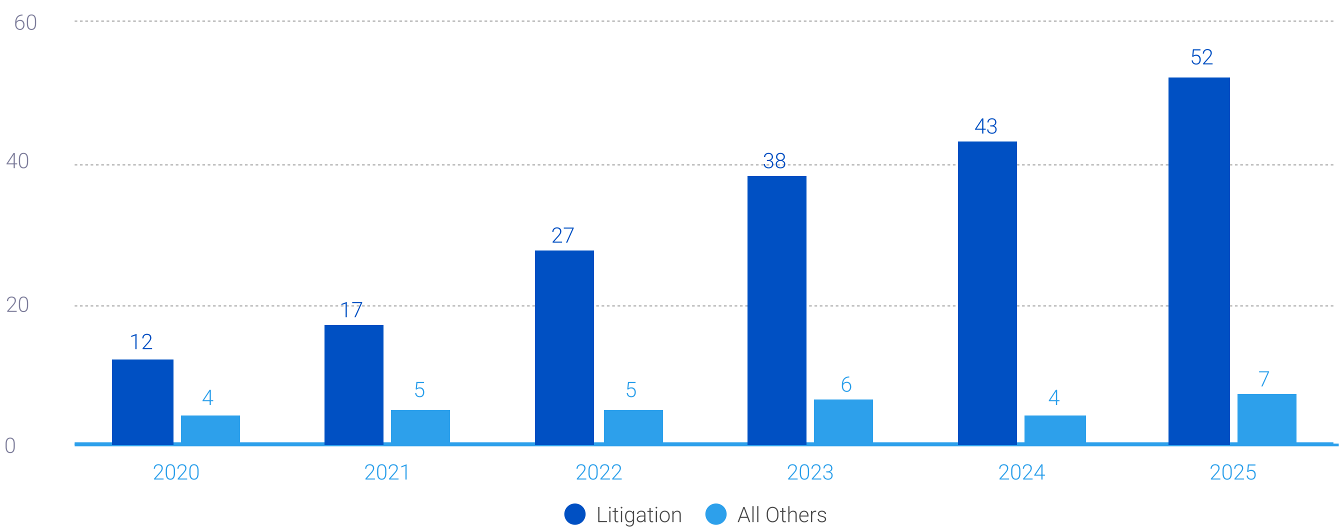
2025's most active dealmakers provide compelling examples of M&A activity across various firm sizes. The list—all firms that completed two mergers—includes not only Am Law 100 megafirms Taft Stettinius & Hollister (1,093 lawyers) and Womble Bond Dickinson (1,285 lawyers), but also mid-sized players Freeman Mathis & Gary (432 lawyers) and Stevens & Lee (219 lawyers).

From 2020 to 2025, Fennemore Craig PC was the most active M&A firm in the market, completing nine mergers. Lippes Mathias and Spencer Fane follow with five each.

What: Practice Group Movement

Across the 59 law firm transactions last year, Litigation was the largest practice group acquired in 52 or 88% of the deals. While not surprising given Litigation's dominant role in the sector, this continues a trend of steady growth since 2020.

Practice Groups Acquired, Litigation vs All Others

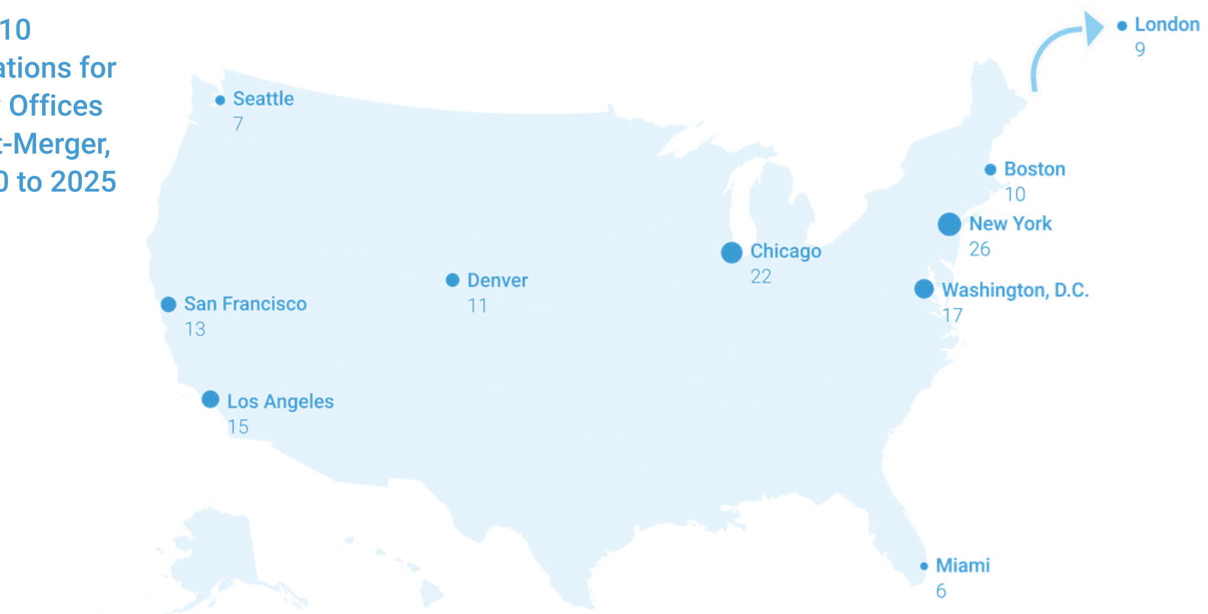


Where: Geographic Expansion

Last year, nearly half—30 of 59—of the transactions resulted in a new location for the larger or acquiring firm. This, too, is a new record, exceeding the previous high of 29 in 2023.

Denver was the most popular new office location, with seven, while Chicago drew six, and New York and Washington, D.C. drew five each. Since 2020, New York has been the most popular post-merger office location, with 26.

Top 10 Locations for New Offices Post-Merger, 2020 to 2025



How Long: Attorney Retention Post-Merger

Again, 2,349 lawyers moved from a smaller firm into a larger firm, and each of these moves brings pressure on integration, culture, and compensation. How long will the attorneys stay post-merger?

At the end of 2025, firms that completed mergers had an overall retention rate of 92%; however, due to client conflicts or cultural incompatibilities, some attrition is inevitable. Of the 59 firms that completed mergers, 49% retained all moved lawyers at year-end.

It is important to note that some of these transactions are only weeks old; We track retention for four years following the merger date to better understand long-term outcomes.

More long-term predictions surface when we examine the acquisitions law firms completed in previous years. Among law firm combinations that closed in 2020 and 2021, retention rates currently stand at 68% and 71%, respectively.

Retention dips slightly for 2022 mergers, where the rate stands at 63%. More recent combinations are tracking higher so far, with 2023 mergers showing 74% retention, and 2024 mergers showing 79%. These figures remain preliminary, and we will continue monitoring each cohort until the full four-year retention window is complete.

Why: Mergers and Growth Strategies (or Lack Thereof)

Acquisitions can be a powerful way to advance specific firm goals: expanding geographically, bolstering key practice areas, or providing new services. Done strategically, "buying" right-fit growth is more cost-efficient than building it.

The less successful transactions often stem from two common scenarios. Some pursue mergers of opportunity—a partner learns another firm is struggling, a partner has a friend who wants to combine forces; others may pursue growth for growth's sake. When these deals are not driven by the firm's strategy, they can strain culture and the compensation model, and they can lead to early exits.

Consider the data regarding 2025's record transaction volume. Last year, firms opened 30 new offices—taking on substantially new overhead and long-term lease commitments. Firms brought on 2,349 lawyers, and if trends hold true, one-third of them will leave in three years. Combinations pursued without thorough consideration will carry significant cost.

For 2026, law firms should consider deals only when there is strong compatibility with the firm's strategy, culture, and compensation structures.

> "The number of law firms that are acquiring, merging, or bringing on large groups is a good sign and also a warning sign…acquisitions are not in and of themselves a strategy. They're a great way to execute the strategy, but firms that acquire without really understanding what they're getting themselves into could be a problem."
>
> ***Timothy Corcoran***
> ***Principal, Corcoran Consulting Group***

Key Takeaways for Law Firm Leaders: Your 2026 Growth Strategy

M&A is market-wide.

Deal volume hit a new high of 59 transactions, driven largely by firms outside the Am Law 200. Nearly 40% involved firms with fewer than 150 lawyers, and mid-sized firm participation has doubled since 2021—from 17 to 36 transactions.

Litigation leads.

It was the largest acquired practice in 88% of 2025 mergers. This may inform your 2026 growth plans, but should also prompt some proactive retention strategies for high-performing litigation teams.

Geographic expansion is accelerating.

Even as many law firms grapple with return-to-work initiatives, half of all merger deals added new offices, with Denver, Chicago, and New York seeing the most growth.

Long-term success requires strategic alignment.

While 2025 deals show 92% short-term retention, historical data suggests up to one-third may leave within three years. For mid-sized firms with leaner integration resources, the stakes of a mismatch are proportionally higher. Strong strategic, cultural, and compensation alignment is imperative.

Evolving Talent Models

Partnership Growth & Talent Shifts Reshape Law Firms

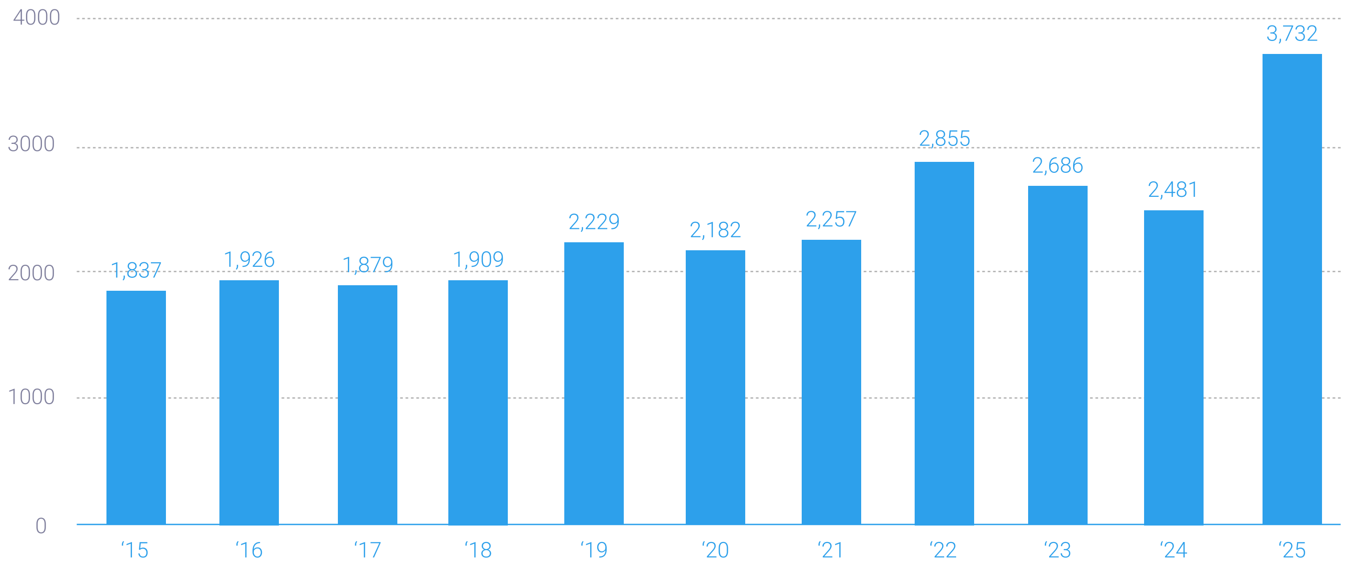
The traditional law firm model is finding itself increasingly challenged, with partnership classes hitting peak levels, rapidly growing non-equity tiers, and shifting dynamics in associate hiring and retention.

A Record Year for Partner Promotions

In 2025, a new peak level was established for the number of attorneys promoted to partner within the Am Law 200, and not by a small margin. Firms elevated 3,732 lawyers, a 50.4% increase year over year, and a 30.7% increase over the previous high of 2,855 new partners in 2022.

Drilling down into the makeup of these partnership classes shows another record. In 2025, a vast majority—70.7%—had entered their firms as laterals, the highest concentration of laterals in new partner promotions since the inception of this metric. In 2015, laterals comprised just 37.2% of partner promotions.

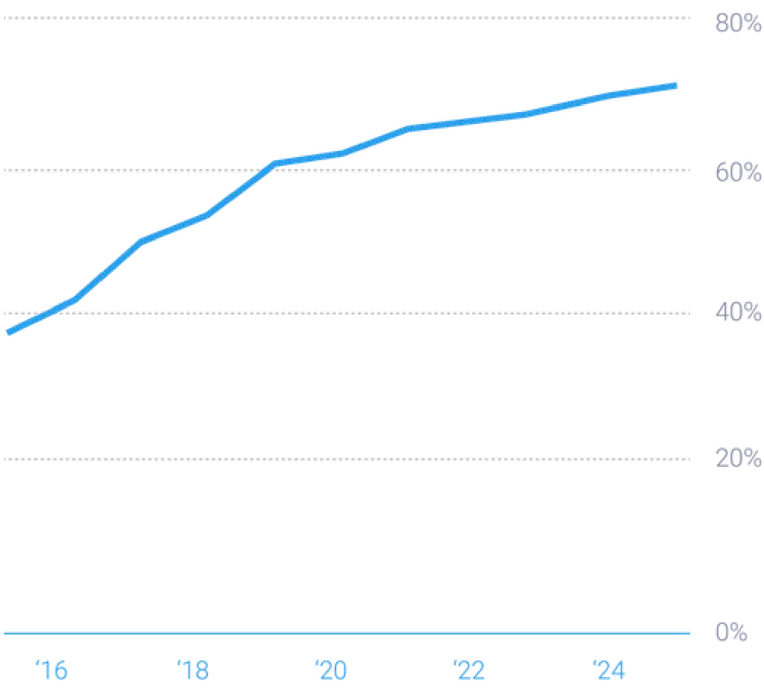
Am Law 200 Partner Promotions 2015-2025



This shift aligns with retention data showing associate attrition remains significant, with many leaving in the first few years. When firms lose a meaningful share of associates before they reach partnership consideration, the internal pipeline inevitably narrows—increasing reliance on laterals to fill experienced ranks.

The result can be a self-reinforcing cycle. Firms rely more heavily on lateral hiring to sustain partnership classes, while associates—seeing that most promotions go to laterals—may feel compelled to move in order to advance.

Percentage of Laterals in Partner Promotion Classes



The Expanding Non-Equity Tier

One potential rise for this groundswell of promotions: the rise of the non-equity tier. According to Vault, as of June 2025, 87 of the Am Law 100 have non-equity tiers in place, and 70 of those have increased in size after the pandemic.

Non-equity partnerships have grown in popularity among law firm leaders as a tactic that allows them to reward high performers and scale teams while protecting revenue-per-equity-partner metrics. Paul Weiss, for example, implemented a non-equity tier in 2024. The year before, it promoted just 11 attorneys to partner; in 2025, the year after this adoption, the firm promoted 34.

However, its rapid expansion has created some cultural concerns that firms must address in the near future. In a 2025 SurePoint survey on partner satisfaction, non-equity partners shared several pain points, among them:

- **Compensation:** 38% of non-equity partners at Am Law 200 firms said they earned "only slightly more" than senior associates. For mid-sized firms, that number was 52%.
- **Lack of Involvement:** Nearly three-quarters of non-equity partners said they had no decision-making power or were only somewhat involved in firm governance.
- **Limited Mobility:** Just 20% of Am Law 200 and 32% of mid-sized firm respondents reported seeing colleagues successfully move from non-equity to equity. As one respondent said, "It's difficult to become full equity, and the metrics keep changing. Goal posts move."

The data suggests unresolved discontent among non-equity partners could translate into even more lateral mobility in the years ahead.

Law School Hiring: Competition Moves Downstream

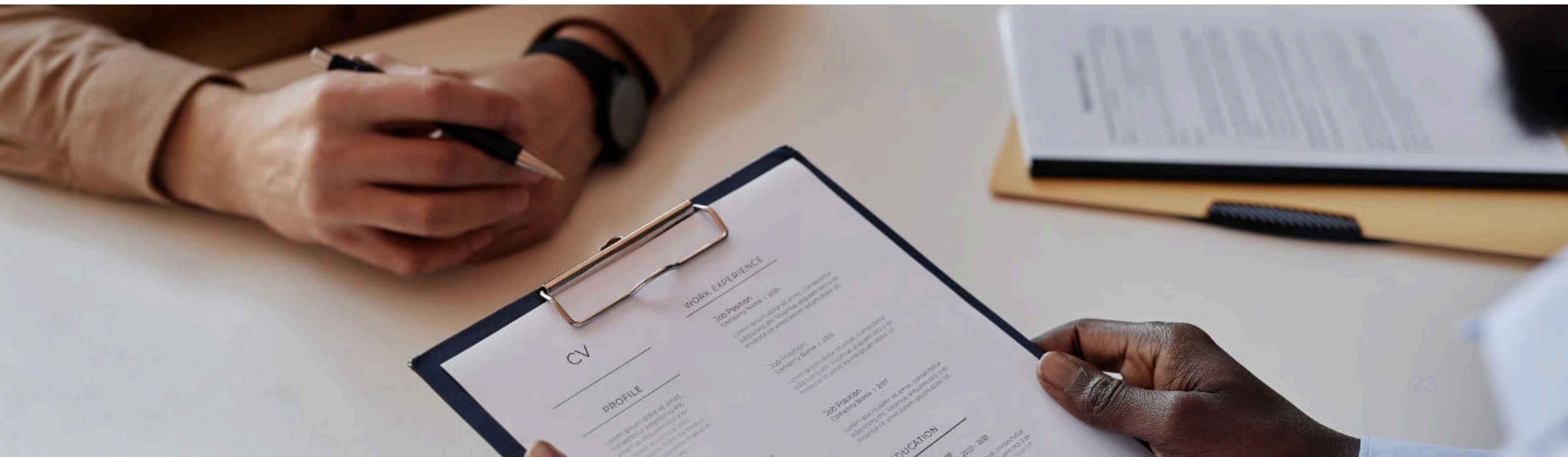
The heightened competition for talent—even at the junior levels—has changed associate recruiting in fundamental ways.

How Firms Recruit

While the formal law school on-campus interview program (OCI) dominated associate recruiting for decades, that has changed: Direct application is now the most popular avenue, according to NALP. The use of OCI dropped from 93% of all firms in 2023 to 82%, with firms of 1,000 or more lawyers most likely to decrease their OCI school visits.

In addition to a rise in direct applications, 76% of employers reported participating in more early interview programs (EIPs) at law schools. Recruitment is happening faster and less formally, and the full impact may not be visible for several years—and across several associate classes.

> "We are recruiting for Summer 2027 right now, and we are talking to students who haven't had their 1L summer yet… Some of my interviewers right now are asking what they're supposed to talk about, because they usually talk about their 1L job, and now they talk about their summer job in high school."
>
> ***Lindsey Higgins***
> ***Firmwide Director, Legal Recruiting, WilmerHale***



Where Firms Recruit

Am Law 200 firms have expanded their recruiting efforts beyond the "T-14" law schools. In 2015, T-14 schools accounted for 47% of entry-level hires. That number has shrunk significantly to 33.3% in 2025.

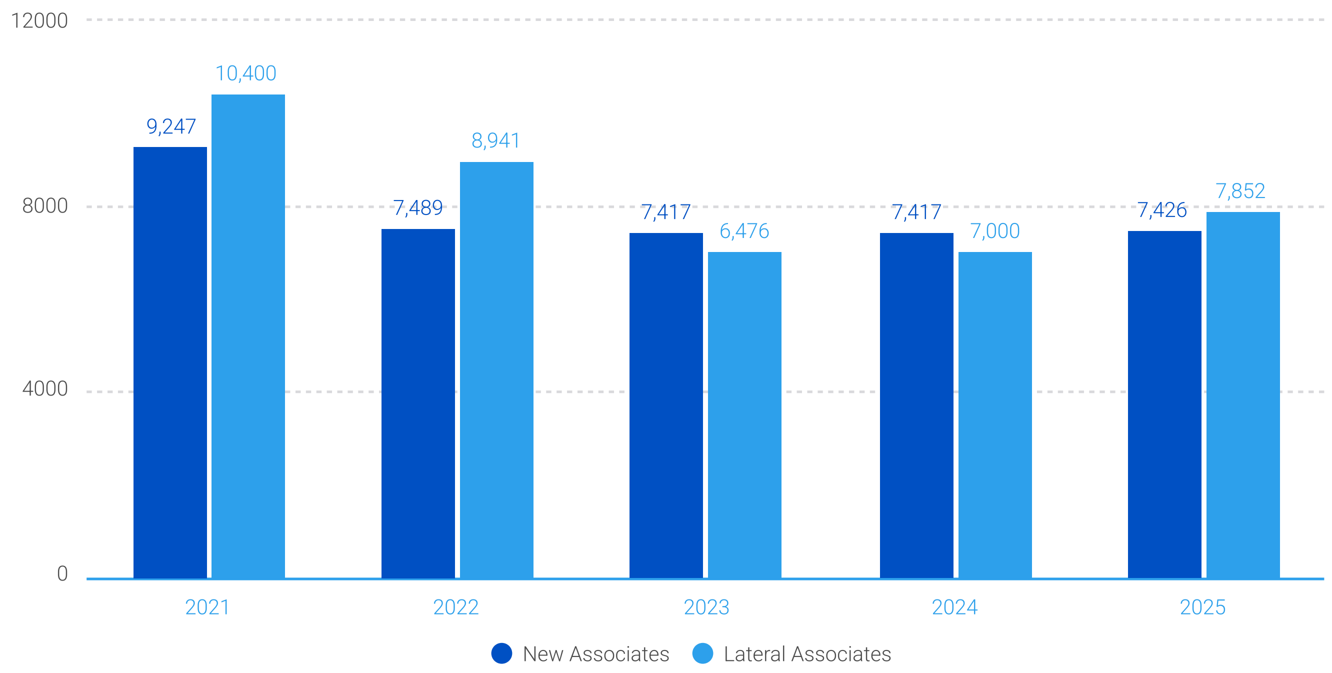
Interestingly, lawyers who were recruited outside the T-14 show higher long-term retention rates. When we adjust the timeframe to include only 2015 to 2022—after the "three-year window" for new hires has passed—we see that entry-level associates from T-14 schools have a 49% retention rate, compared with 53.8% for all other schools.

Who Firms Recruit

In 2025, firms hired more lateral associates than entry-level law students, favoring junior attorneys with experience (and training expense borne by another firm). Lateral associates comprised 51.4% of all associate hires in 2025 for the first time since 2022, revisiting a phenomenon present from 2018 to 2022.

In 2025, lateral hiring was up 12.2%; entry-level hiring rose just 0.12%.

Am Law 200 Associate Hiring By Type



Key Takeaways for Law Firm Leaders: Talent Strategy in 2026

The partnership pipeline is increasingly lateral-driven.
Firms are building partnership classes through acquisition as much as development. Your lateral integration strategy is now your succession strategy.

The non-equity tier must feel like true advancement.
If compensation, perceived authority, and a credible path to equity do not clearly distinguish non-equity partners from senior associates, firms risk accelerating partner-level churn.

Law school recruiting is faster, broader, and less centralized.
With OCI declining, firms must adapt to a decentralized, accelerated recruiting cycle. At the same time, firms that expand to recruit beyond the T-14 may find associates who stay longer.

Lateral associate hiring outpaces “homegrown” recruiting.
Lateral associates comprise the majority of hires. While this reduces upfront training costs, firms must balance immediate needs with long-term retention and cultural considerations.

Technology Adoption and Operational Change

In 2025, 97% of mid-sized law firm leaders were actively preparing their firms for an AI-driven future, according to a report by SurePoint and Ari Kaplan Advisors.

Meanwhile, across the profession, a Bloomberg Law survey showed 2025 as a tipping point, with more lawyers using generative AI than those who do not. This was true across all experience levels; senior associates (five to nine years of experience) proved the most enthusiastic, with an adoption rate of more than 75%.

Bloomberg reports that lawyers are using generative AI for:

40%
Legal research in general

25%
Drafting communication

23%
Summarizing legal narratives

19%
Reviewing legal documents

13%
Drafting/templating legal contracts

11%
Reviewing discovery

8%
Due diligence

This is not limited to the largest law firms (with the largest technology budgets). In a September 2025 SurePoint survey, 63% of mid-sized firms said they had “officially adopted” generative AI, with nearly half citing Microsoft Copilot as the LLM of choice.

Fabrications and Other Fears

This adoption hasn't come without anxiety: A strong majority of mid-sized respondents, 81%, said they feared AI within their firms. Leaders said this centered less on job security and more on reliability and accuracy, and given the regularity with which lawyers are being sanctioned for citing AI hallucinations in court documents, this trepidation is valid.

In 2025, there were 487 instances of AI errors or hallucinations discovered in court documents in U.S. courts, according to an Artificial Authority database. This is more than 10 times the total for 2024. While pro se litigants were the most frequent offenders, licensed lawyers accounted for 37.8% of the problematic AI output. AI governance is becoming as important as AI capability.

While mid-sized law firm leaders said job security was a secondary concern, 52% acknowledged their firms have eliminated roles due to technology in general. Just 3% said they eliminated roles specifically because of generative AI, but others anticipate this in the years (or months) ahead.

> "Clients are actively saying, 'If you're going to charge me a high hourly rate, you need to show me that you are doing your best to be efficient, and you're using AI to do it.' "
>
> ***Michael Hill***
> ***CFO, Gould & Ratner***

Legal Tech in Action

Mid-sized firms are bullish on generative AI, with 94% predicting it will increase revenue and improve client service. They are no longer playing the waiting game: Only 6% said they were "comfortable" taking no action.

While specific tactics vary, common actions among mid-sized law firms include the automation of document creation (70%), email filing (60%), and data extraction (53%). Nearly half (42%) have changed their training to address artificial intelligence.

Beyond AI, firms are increasingly incorporating data-driven decision-making through financial metrics and performance insights; today, 63% of mid-sized firms have these in place.

Long-term, almost one-third (32%) believe technology will affect their billing model, yet no respondents report making structural billing changes so far.

90% of respondents said they were working to build modern, efficient technology stacks, proving that legal tech is table stakes in today's marketplace. More dynamically, 42% are rethinking the delivery of legal services altogether.

One major motivation: 94% believe it will increase revenue, and 81% think it will help retain talent. To be sure, technology strategy is now intertwined with talent strategy.

"If one firm has a strategy and an option to use AI and the other is just way behind the ball... that would be a signal that maybe I don't want to stay at that firm or choose that firm because they're behind."

Bryson Malcolm
Founder and CEO, Mosaic Search Partners

The client relationship is shifting, too. More than two-thirds (68%) of mid-sized firm leaders see the relationship between law firms and in-house teams evolving with clients demanding greater transparency, faster turnaround, and evidence that their outside law firms are keeping pace with technology.

Private Equity Calling

Intensifying private equity interest shows the increasing corporatization of the legal industry.

While law firms have long discussed maneuvering around the longstanding rules prohibiting outside investors from ownership, in 2025, these plans became more concrete, as two U.S. firms said they were exploring “management services organizations” (MSOs). By creating MSOs, law firms would split off administrative functions into a separate entity that could accept private equity investment. The firm would then pay the MSO for services rendered but not share profits.

Notably, the two firms that have publicly acknowledged their consideration of the MSO option are vastly different in size. Cohen & Gresser has 70 lawyers, and McDermott Will & Schulte has about 1,750; private equity is scouting law firms of all sizes in the U.S.

Regulatory movement is adding further momentum in Arizona, Utah, and Puerto Rico, the latter of which is preparing to allow up to 49% non-lawyer ownership as early as this year. Private equity firms are positioning themselves (and their resources) accordingly.

> “Private equity interest in law firms underscores a growing recognition that legal practices need institutional-grade operational support. The firms that benefit most won’t simply take capital—they’ll adopt platforms that professionalize finance, technology, and administration while allowing lawyers to focus on delivering legal services.”
>
> ***TJ Henry***
> ***Cofounder and Managing Partner, Federate Legal***

The U.K. market offers a glimpse at the magnitude of private capital available. According to Pinsent Masons, over the past five years, private equity investors have pumped the equivalent of $1.6 billion into British law firms.

More strikingly, seven of 10 mid-sized firms in the U.K. said they have been contacted by a private equity investor or a private equity-backed law firm for acquisition in the past year: About 40% were open to it.

Key Takeaways for Law Firm Leaders: Tech and Ops in 2026

AI is mainstream.

A majority of lawyers use generative AI, and 63% of mid-sized firms have officially adopted it, most often for research, drafting, and summarizing. "Wait and see" is no longer the norm.

Risk management must keep pace with use.

AI-related court errors surged in 2025, bringing risk of sanctions, negative publicity, and malpractice claims. Governance, training, and review protocols are critical.

Operational change is accelerating.

Seventy-four percent of mid-sized firm leaders say automation is transforming how work gets done, and 68% see client relationships evolving. Billing models remain the last frontier; one-third expect them to change, but none have moved yet.

Private equity is ready and waiting.

Firms of all sizes are exploring MSO structures as outside capital increasingly targets the legal sector. If the U.K. serves as a model, mid-sized firms will be attractive targets; 70% of mid-sized firms there have been courted by private investors.

Leopard Law Firm Index (LLFI)

2025 LLFI Top 20 Law Firms

Rank	Firm
1	Kirkland & Ellis LLP
2	Latham & Watkins LLP
3	Holland & Knight LLP
4	Sidley Austin LLP
5	Greenberg Traurig LLP
6	Lewis Brisbois Bisgaard & Smith LLP
7	Morgan, Lewis & Bockius LLP
8	Gibson, Dunn & Crutcher LLP
9	Simpson Thacher & Bartlett LLP
9	Troutman Pepper Locke LLP
9	Polsinelli PC
12	Jones Day
13	Gordon Rees Scully Mansukhani LLP
14	DLA Piper
15	Fisher & Phillips LLP
16	Cooley LLP
16	Jackson Lewis PC
18	McDermott Will & Schulte
18	Ropes & Gray LLP
18	Davis Wright Tremaine LLP

This report covers the industry as a whole. But which specific firms are succeeding—and why?

Established in 2020, the Leopard Law Firm Index (LLFI) provides a real-time assessment of law firm health, evaluating profitability, growth, and stability. The LLFI is updated weekly, and SurePoint produces a year-end ranking based on each firm's average score across the full calendar year, showing sustained performance rather than a single snapshot in time.

For the second consecutive year, Kirkland & Ellis secured the top position with a perfect 500-point score. It is one of seven Am Law 10 firms in the LLFI's Top 20, demonstrating that revenue leadership and organizational excellence often go hand in hand. The strong cultural fundamentals tracked by LLFI—diversity, retention, and stability—may be as much a driver of financial success as a result of it.

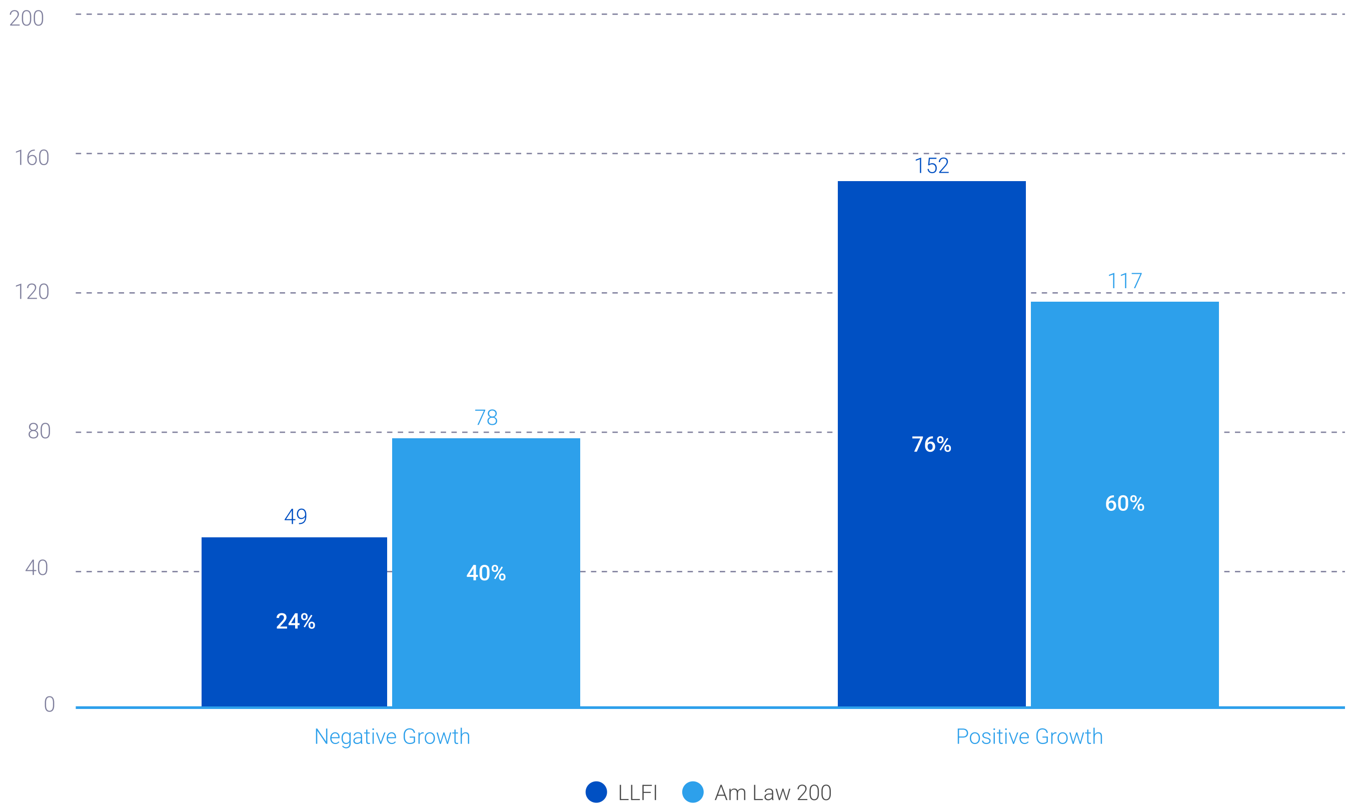
Further analysis of the rankings shows considerable change across the top: Half of the top 10 firms changed from 2024, with Sidley Austin LLP, Lewis Brisbois Bisgaard & Smith LLP, Morgan, Lewis & Bockius, Troutman Pepper Locke LLP, and Polsinelli PC coming on board.

Volatility continued across the full Top 200: 52% of firms saw their rankings drop from 2024, while 44% moved up.

This degree of turnover shows both the speed of change in the legal sector and the real consequences of elevated lateral mobility and M&A activity. When growth accelerates, firms must exercise operational discipline to both retain their top performers and ensure long-term stability.

On growth metrics, LLFI Top 200 firms outperformed the broader Am Law 200. Only 49 LLFI firms experienced negative headcount growth, compared with 78 Am Law firms. Seventy-six percent of LLFI firms posted positive growth, versus 60% of Am Law firms.

Growth Statistics: 2025 LLFI 200 vs. Am Law 200



A Size Neutral Signal

Nearly a quarter of the LLFI Top 200, 44 law firms, came from outside the Am Law 200. While six of these are global firms with large U.S. operations—Eversheds Sutherland LLP, Clyde & Co. LLP, and Freshfields LLP among them—38 are firms of 600 lawyers or fewer, and 19 are true midsize firms of 250 lawyers or fewer.

The smallest firm on the list, 158-lawyer Kahana & Feld LLP, entered the Top 200 for the first time in 2025, ranking #174. Throughout 2025, Kahana & Feld showed a balanced approach to growth.

While the firm added 27 lateral partners, it also made several rounds of promotions with incumbent talent, elevating lawyers to senior attorney, senior counsel, partner, and equity partner positions.

Its performance illustrates a broader LLFI theme: firms that pair lateral acquisition with internal advancement tend to demonstrate stronger sustainability indicators over time.

Methodology

Updated twice weekly, the LLFI provides a real-time, data-driven perspective on firm performance, measuring sustainability through key indicators such as attorney movement, recruiting ROI, partner promotions, and diversity to deliver a size-neutral assessment of firm health and stability.

Representative metrics include:

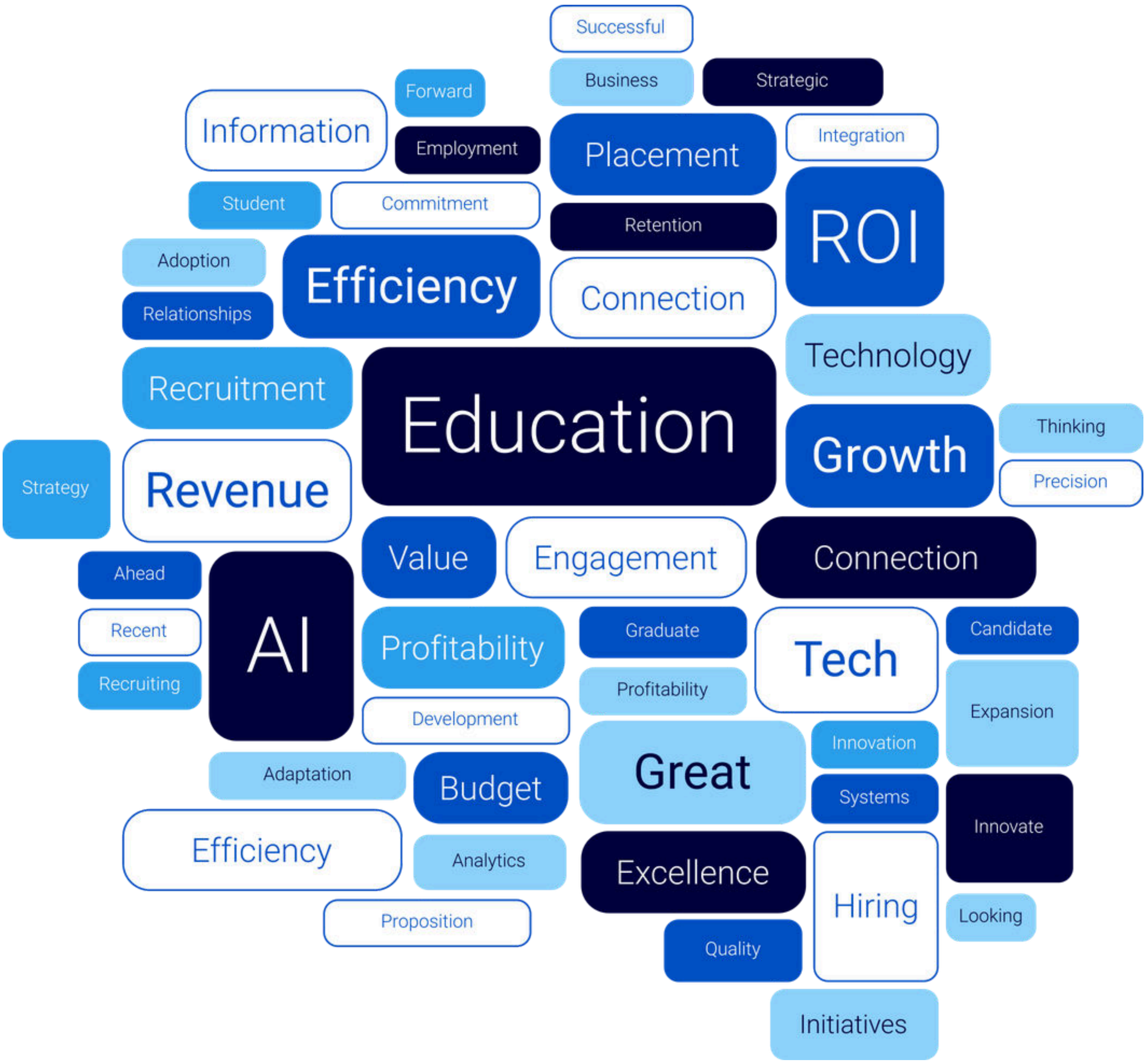
- Growth or decline in lawyer headcount
- Average lawyer tenure
- Ethnic diversity within the firm
- Relative success in lateral recruiting and retention
- Percentage of women partners
- Growth or decline in revenue per lawyer (RPL) over a five-year period
- Promotions to partner

The LLFI scoring system ranges from 0 to 500, with four distinct levels: Poor (0-124), Fair (125-249), Good (250-374), and Very Good (375-500).

Unlike rankings that rely heavily on self-reported financials or year-end surveys, the LLFI integrates objective, continuously updated data to assess operational health across growth, retention, profitability, and stability—making it a forward-looking indicator of firm performance rather than a retrospective scorecard.

Strategies for success in 2026

SurePoint asked attendees of our State of the Legal Industry webinar in January to share the one word that was forefront in their minds going into 2026. It's no surprise that AI, growth, and efficiency rose to the top.



What specific actions will guide your firm to success in 2026 and beyond?

Build lateral integration as a core competency.

With both merger and lateral hiring activity at record or near-record levels, firms must ensure their integration function is as strong as their recruiting. Retention data reinforces this point: About one-half of your lateral associates will not stay long.

> **Firms that build smart systems for onboarding, compensation, cross-selling, and cultural integration will outperform firms that take a pure transactional approach.**

Reassess your partnership model.

Partnerships are expanding but destabilizing. Non-equity tiers are growing, but these partners report dissatisfaction with their compensation and influence. Meanwhile, more than two-thirds of partner promotions now come from lateral hires.

> **Firms must clearly define expectations, compensation, and governance roles to keep partners aligned and committed.**

Align technology investment with revenue strategy.

Gen AI tools have passed the experimental stage and are now in use by a majority of lawyers at all levels. The challenge now lies in moving beyond tactical use to strategic innovation in service delivery, financial models, and more.

> **Firms must connect AI and automation to measurable improvements in efficiency, pricing, staffing, and client value to achieve ROI and competitive advantage.**

Compete deliberately in high-growth practice areas.

Hiring data shows strong growth in Real Estate, Banking, Immigration, Government, and AI-related specialties. These practices all address capital-market opportunity, regulatory change, and technological advancement—the market forces of today but perhaps not tomorrow.

> **Firms should ensure their talent strategy aligns directly with their business strategy. Paying premiums for short-term gains can strain compensation, retention, and morale—and distract from more sustainable growth.**

Make merger decisions based on strategy, not impulse.

In 2025, firms completed 59 mergers and, through them, opened 30 new offices, adding long-term overhead and headcount. While transaction volume booms across the market, post-merger retention data shows about two-thirds of the acquired lawyers will stay.

> **Firms should pursue combinations only when the geographic footprint and practice depth support a defined strategy—and when compensation systems are sufficiently aligned to avoid major disruption.**

Adopt (and share) performance metrics tied to long-term success.

With 52% of LLFI Top 200 firms experiencing ranking declines and significant year-over-year volatility, performance outcomes clearly vary across the market.

> **Firms should treat retention, organic promotions, diversity, and headcount growth as enterprise-level metrics. These indicators should be shared beyond the top leadership—to practice heads, recruiters, and others who can influence the results—or accountability and consistent execution across the firm.**

Prepare for capital and structural experimentation.

Private equity interest and the exploration of managed services organizations (MSOs) signal the potential for fundamental changes to the longstanding law firm model.

> **Firms considering outside investment should first ensure their business functions and financial reporting can withstand PE scrutiny. Those that are not must nevertheless be ready to compete in a market with new realities for pricing, recruiting, and operational investment.**

"You have to understand: are we investing for the growth of the firm, or simply trying to preserve our status quo income and ride it out until the end of our careers? There are many good law firms embracing the right things and trying to do it the right way. I think that that bodes well for the future."

Timothy Corcoran
Principal, Corcoran Consulting Group

About SurePoint Technologies

SurePoint® Technologies is a leading provider of legal software and intelligence solutions for the legal industry. Through a connected ecosystem of Practice, Finance, and Growth solutions, SurePoint helps law firms and the broader legal community operate more efficiently, compete more effectively, and make smarter strategic decisions.

Central to this ecosystem is SurePoint's data and analytics solution, **SurePoint Legal Insights** (formerly Leopard Solutions), which delivers curated legal market intelligence built on decades of verified attorney employment and education data. These continuously updated insights help organizations across the legal industry—including law firms, recruiters, legal service providers, corporations, and law schools—develop a deeper understanding of talent movement, competitive dynamics, and emerging market trends.

By combining powerful legal software with trusted industry intelligence, SurePoint enables legal professionals to move beyond simply managing operations to making more informed, data-driven decisions that strengthen performance and drive long-term growth.

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