

THE LAW FIRM OF THE FUTURE

2025 Report on the State of the US Legal Market: The Implications for Smaller and Midsized Law Firms

March 19, 2025

by

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MPF WEBINAR

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The MPF Webinar Series: Building the Law Firm of the Future
**2025 Report on the State of the US Legal Market:
The Implications for Smaller and Mid-sized Law Firms**
An MPF Webinar with **Bill Josten**
March 19, 2025 – 2:00-3:00pm ET



Welcome



Uri Gutfreund
Senior Vice President and Managing Principal, Ames & Gough



John Remsen, Jr.
President and CEO, Managing Partner Forum
President, TheRemsenGroup



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Today's Guest



William Josten, Esq., ALRAP

Legal Marketplace Innovations Strategist
Thomson Reuters Institute
Minneapolis, Minnesota



UPCOMING PROGRAMS IN 2025

- **MPF Webinar Series** – Third Wednesdays @ 2pm ET
- **The MPF 2025 Leadership Conference** – May 7-8, 2025, in Atlanta, Georgia
- **The MPF Fall Symposium** – Early October, in Chicago, Illinois
- **The MPF Weekly** – Friday mornings
- **MPF Listserv** and Monthly **MPF Zoom Calls**
- **MPF Website** – www.ManagingPartnerForum.org



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TODAY'S WEBINAR

**2025 Report on the State of the US Legal Market:
The Implications for Smaller and Midsized Law Firms**

- 118 Managing Partners and Law Firm Leaders
- Registrant Survey Results and Audience Polling Questions
- On-Demand Recording, Handout Materials
- Your Feedback on Today's Session


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AUDIENCE POLLING QUESTION

How many lawyers are with your law firm?

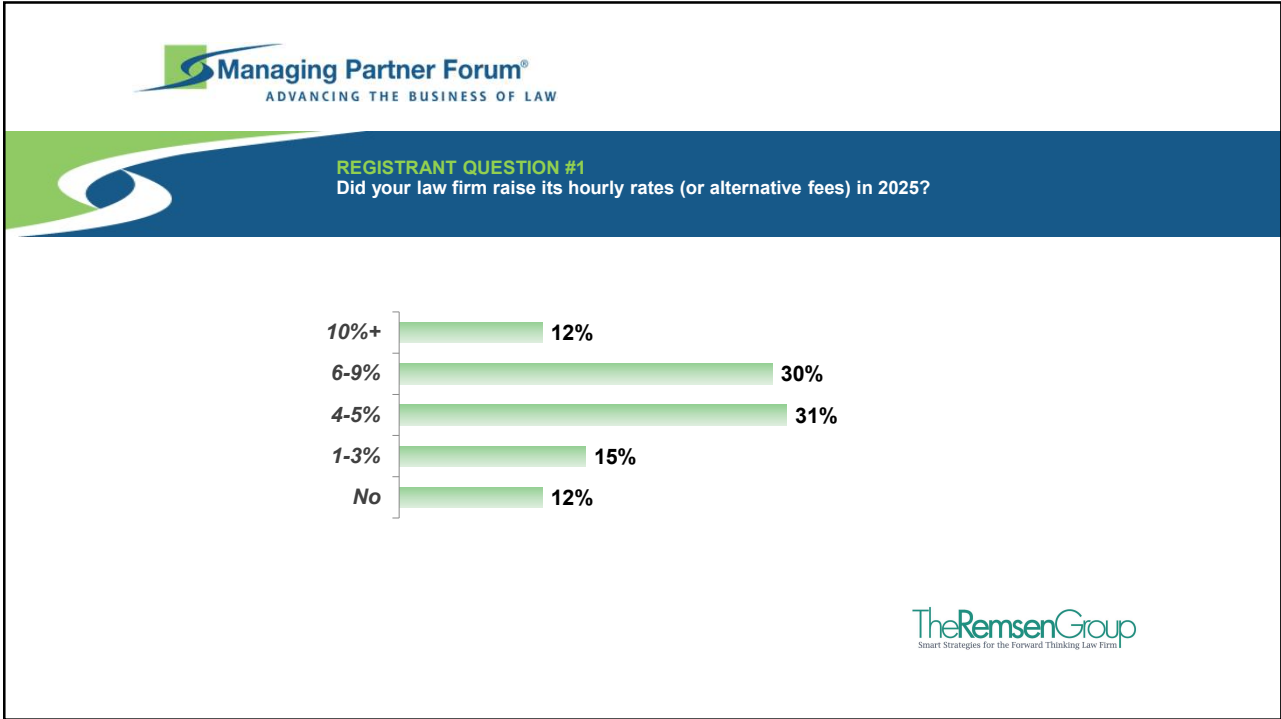


Lawyer Count	Percentage
Less than 10 lawyers	10.81%
10-25 lawyers	29.73%
26-50 lawyers	27.03%
51-100 lawyers	24.32%
More than 100 lawyers	8.11%

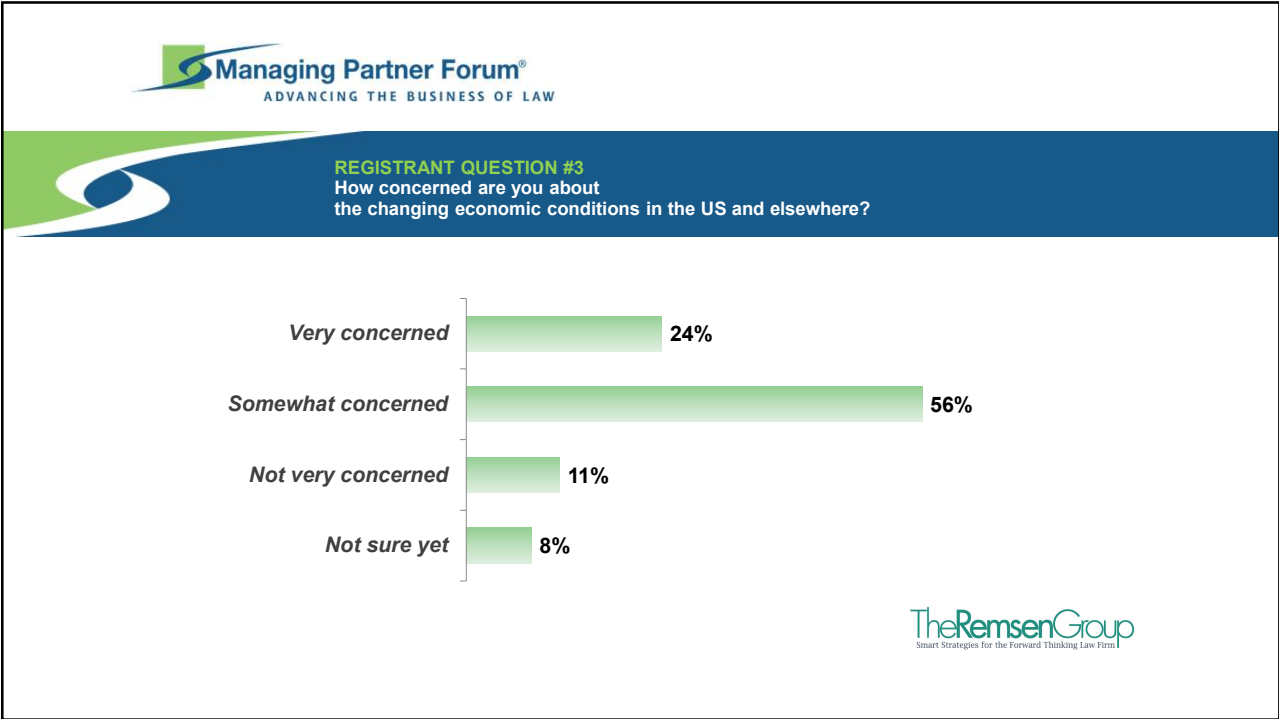
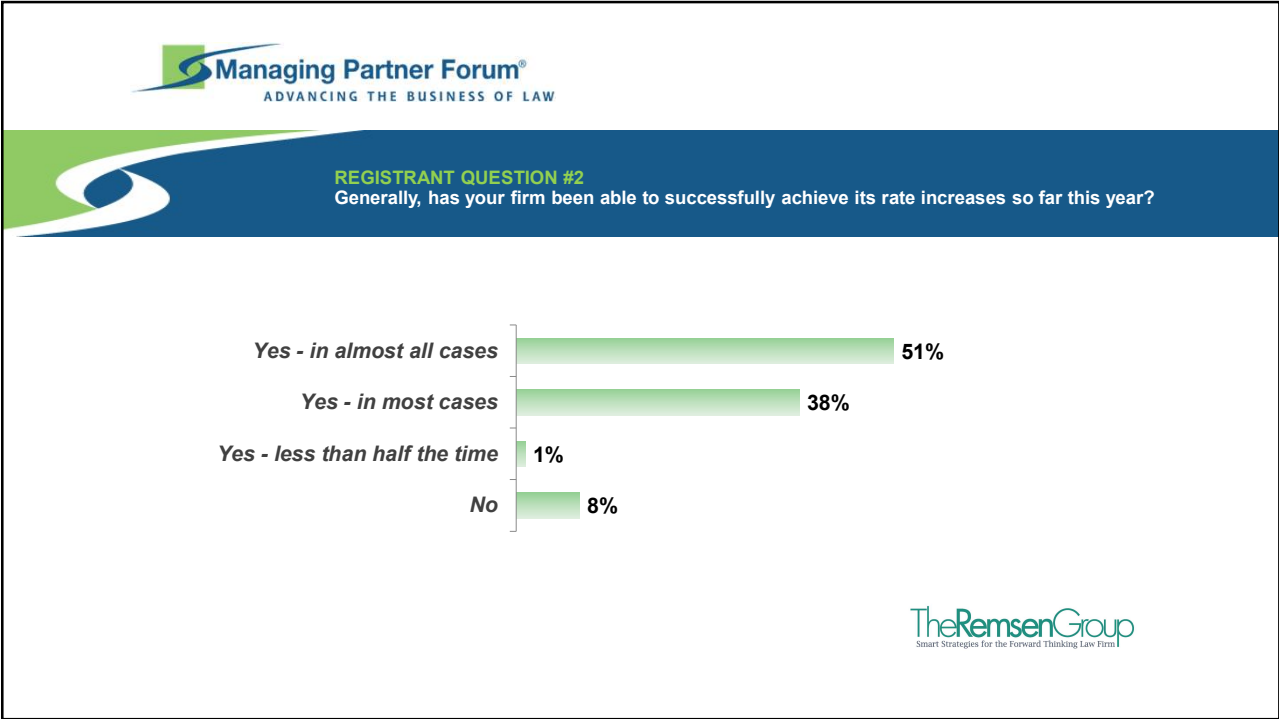
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2025 STATE OF THE LEGAL MARKET

Understanding where we are to know where we're going

Summarizing the legal market in three key metrics



Demand

Growth in total billable hours worked



Rates

Growth in average rate clients agree to pay for a matter



Expenses

Growth in both overhead and attorney expenses, excluding equity partner comp

Performance in each of these key areas has been surprisingly strong, but historically atypical. Combined, though, they lay the foundation for law firms to move aggressively toward future changes.



Historic growth surge in law firm demand



Widespread growth in demand for law firm services

- Both transactional and counter-cyclical practices growing
 - Litigation: **3.3%**
 - Corporate (all): **2.0%**
- Across all segments

2.6%

Demand growth
(YTD November 2024)



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Rates continue to defy gravity



Fastest pace of rate growth since the GFC

- Growing well beyond the pace of inflation
- All segments exceeded 2023 pace
- Am Law 100 average grew in excess of 8%
- Could be due, in part, to hiring of more senior laterals

6.5%

Worked rate growth (YTD November 2024)

BUT

- Raises questions of sustainability



Expenses climb as firm chase opportunity



Expense growth continues above average from the 2010s

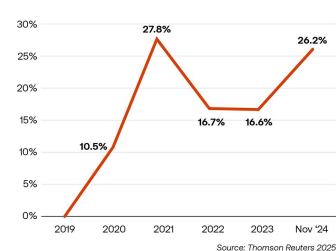
- Overhead expenses growing by **5.9%**
- Direct expenses growing by **5.5%**
- Higher expenses seem to be new table stakes of chasing new business opportunities

Still resulted in a highly profitable 2024

FIGURE 6:
Profit per lawyer growth



Profit per lawyer growth since 2019



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Billable Hour Expectations

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AUDIENCE POLLING QUESTION

What is your firm's billable hour expectation for Associate Attorneys?


Percentage	Expectation Range
2.63%	Less than 1400
13.16%	1400-1599
50%	1600-1799
34.21%	1800-1999

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AUDIENCE POLLING QUESTION

Are they consistently hitting their numbers?


8.11%	Almost all of them do
37.84%	Most of them do (50-80%)
32.43%	Some of them do (20-50%)
21.62%	Most of them do not

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AUDIENCE POLLING QUESTION

How has your firm performed financially so far in 2025?

11.11%	Much better than expected
30.56%	Somewhat better than expected
47.22%	About what we expected
11.11%	Somewhat worse than expected

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MPF GUIDANCE

- Raise Rates – Don't be Shy
- Determine the Right KPIs for Your Firm
- Share Information with Others, including Associates and Administration
- Downsize Where Appropriate (underperformers)
- Be Attentive to Impacts of Generative AI
- Move toward a Performance-based Compensation Model



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LEADERSHIP CONFERENCE**

STRATEGIC VISION
Empowering Law Firm Leaders to Shape Tomorrow

MAY 7-8, 2025 ♦ ATLANTA, GEORGIA



The graphic features a 3D maze of white and grey blocks on a dark blue background. The text is positioned in the lower half of the image.

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REMINDERS

- Next MPF Webinar – **Highlights of Tabush Technology Survey** – April 16th @ 2:00pm ET
- On-Demand Recording, Handout Materials with Polling Results
- Your Feedback on Today's Session
- Recap by 9Sail



CONTACT US

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