

# Q1 MARKET UPDATE

## Legal

### Q1 Overview

Q1 brought steady improvement in confidence across the legal market. Compared to late Q4, firms are more open to hiring discussions and forward planning, with less of the hesitation that defined much of last year. Vacancy levels are broadly in line with early 2025, but the intent behind hiring has shifted.

Last year was heavily driven by replacement hiring. In Q1, there is a clear return to strategic growth, particularly in areas where firms have strong visibility on workflow. That said, hiring decisions remain considered. Firms are still focused on those who can deliver immediate value, with a strong emphasis on client ownership, productivity, and cultural fit.

There are also early signs of geographic diversification. While major markets such as New York and California remain dominant, regional offices are seeing increased investment as firms look to balance cost pressures with service delivery.

### Demand Trends

Demand remains selective, but where need is critical, processes are moving with intent. Mid-level associates with the ability to run matters and interface directly with clients are seeing the strongest demand. These roles often move fastest from interview to offer due to their direct impact on revenue and delivery.

There is also continued demand across legal support functions. Paralegals, practice assistants, and professionals in finance and IT remain essential, particularly those who demonstrate adaptability and a strong growth mindset.

Newly created roles are becoming more common, especially in legal operations and innovation. These hires are driven by the need to improve efficiency and respond to increasing client expectations around value and transparency. At the same time,

backfill hiring remains active, though firms are using these opportunities to upgrade talent rather than replace like for like.

Multiple-offer situations are emerging again, but only for highly competitive individuals with strong technical expertise or client exposure. Partner hiring continues, but remains disciplined, with firms prioritizing clear business cases and practice alignment.

### Compensation

Compensation trends in Q1 are stable, continuing patterns seen through 2025. The associate salary structures established following the 2023 market adjustments remain in place, with no significant widespread increases.

However, stability at a headline level does not mean a lack of competition. High-quality talent is still commanding premium offers, particularly where they bring demonstrable client value or niche expertise. Lateral moves at the same salary level are less attractive unless there is a clear improvement in flexibility, progression, or platform strength.

Counteroffers are becoming more frequent, particularly for mid-level talent and key support staff. In some cases, employers are offering increases of 15 to 20 percent to retain individuals, which is impacting hiring outcomes and extending vacancy timelines.

Bonuses remain consistent with late 2025, with a more measured and realistic approach compared to previous peak periods. One notable shift is the growing importance of working models. Professionals are often willing to move for improved flexibility, but stricter in-office requirements are increasingly driving expectations of higher compensation.

### Candidate Behavior

Behavior in Q1 reflects a more cautious and strategic approach. Movement in the market is steady, but decisions are driven by long-term considerations rather than short-term gains.

Economic uncertainty plays a role in this mindset. Rising living costs and global instability are leading many professionals, particularly within support functions, to prioritize stability. At the same time, professionals are actively positioning themselves for progression, whether through increased responsibility, title changes, or leadership opportunities.

Job searches are largely proactive, but many are more selective in the opportunities they pursue. This is contributing to longer hiring processes and lower acceptance rates in some cases.

Flexibility remains a key driver. Hybrid working policies continue to influence decision-making, and misalignment between talent expectations and employer requirements is a common reason for declined offers.

### Hiring Process Trends

Hiring processes have become more structured and slower compared to previous years. The average time to offer now sits between four and eight weeks, reflecting increased stakeholder involvement and a more cautious approach to decision-making.

Processes that were previously completed in one or two stages are now often extending to three or four rounds. While this reflects a desire to reduce hiring risk, it is also creating challenges. Longer processes are leading to higher drop-out rates, particularly when professionals receive competing offers or counteroffers.

Clear communication, well-defined role expectations, and timely decision-making are helping employers to secure stronger acceptance rates.

### Q2 Outlook

Looking ahead, competition for talent is expected to increase, particularly for mid-level associates and professionals operating at the intersection of law and technology.

Demand is likely to grow in areas such as legal operations, AI-related roles, and financial specialists focused on pricing and profitability. At the same time, ongoing changes in support structures, combined with an anticipated wave of retirements over the coming years, will continue to put pressure on talent pipelines.

There are risks to consider, including economic uncertainty and the potential for capacity strain within lean teams. Firms that do not address workload pressures may see increased attrition as a result.

For hiring leaders, the focus should be on acting decisively and building compelling value propositions. Delayed decision-making will increase the risk of losing strong candidates, while a lack of flexibility may limit access to top talent.

### KEY TRENDS



**Replacement hiring reduces as firms invest in strategic growth**



**Mid-level talent is the market pressure point**



**Premiums for top talent are intensifying competition**



**Professionals are selective and long-term focused**



**Longer processes are increasing dropouts**

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