JULY 2026

UK LEGAL

HALF-YEAR MARKET INSIGHT

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WHAT THIS REPORT COVERS

The UK legal market remains active but highly selective, with increasing competition for top talent. This report provides a current, on-the-ground view of legal hiring, informed by live search activity and direct conversations with law firm partners, hiring managers and candidates across London and the regions.

It outlines the practice areas that generated genuine hiring demand in H1 2026, as well as those where activity slowed. The report examines trends at both partner and associate level, highlights where salary pressure is emerging, and explores the factors influencing candidate decisions to move or stay. It also looks ahead to H2 and sets out five practical recommendations to support law firms' hiring plans for the remainder of the year.

This report is designed for managing partners, practice group heads and hiring managers seeking a clear, practical perspective on the UK legal talent market. It is not a summary of publicly available data, but an insight shaped by what is happening in active searches right now.

IN THIS REPORT

METHODOLOGY

The insights in this report are based on active search mandates, candidate discussions and hiring manager conversations across the UK legal market during H1 2026. The themes identified reflect patterns observed consistently across these interactions, rather than the outcome of any single search.

Where appropriate, independently published research from recognised industry bodies and advisory organisations is referenced to provide wider market context.

01 Introduction and H1 overview

The H1 2026 UK legal hiring market was defined not by contraction, but by recalibration. Firms that hired successfully did so with a clear business case, flexibility in negotiations and the ability to move at pace. Firms that waited for greater certainty or relied on speculative approval found hiring unnecessarily difficult. In many cases, the challenge was not demand for talent but the speed and confidence with which hiring decisions were made.

Two themes stood out. First, demand diverged sharply by practice area. Employment, private credit, real estate finance, energy and infrastructure, and litigation all remained genuinely active, while M&A and private equity hiring stayed subdued. Second, candidate behaviour began to shift. Mid-level associates who were reluctant to engage a year ago are now increasingly open to conversations. Confidence is returning gradually, and this is starting to translate into meaningful lateral movement where little previously existed.

> *"Hiring decisions are far more strategic than they were and require careful internal sign-off. That said, firms are willing to go the extra mile for the right talent, negotiating on both salary and flexibility. A strong candidate remains the most valuable asset in any search."*
>
> DAVID HOLDEN, DIRECTOR

11.2%

Average earnings growth at UK law firms in 2025, the highest rate in over 15 years

Source: Law Society Financial Benchmarking Survey 2026

85%

of UK law firms reported year-on-year fee income growth in 2025

Source: Law Society Financial Benchmarking Survey 2026

+5pp

UK client net spend anticipation, returning to its pre-pandemic baseline in 2025

Source: Thomson Reuters Institute 2026 State of the UK Legal Market

The broader market backdrop supports this picture. The Law Society Financial Benchmarking Survey 2026 records average earnings growth of 11.2% at UK law firms in 2025, the highest rate in over 15 years, with 85% of firms reporting year-on-year fee income growth. Strong firm finances create the conditions for hiring investment. However, as the first half of 2026 demonstrated, revenue confidence and hiring confidence are not the same thing. The firms converting one into the other are the ones making the right decisions now.

02 Law firm hiring by practice area

Practice area divergence was the defining feature of hiring in H1. Some areas remained consistently active, while others saw limited movement. The key driver was not firm size or location, but whether client demand was strong enough to justify investment in additional headcount.

In London, employment stood out. Legislative change has created sustained and growing demand across both contentious and advisory work, representing a structural shift rather than a short-term spike. Regulatory complexity is unlikely to ease, supporting continued hiring. Private credit also remained consistently active, with firms advising on refinancings, rescue financings, continuation vehicles and hybrid capital structures. Real estate finance held up well, particularly on the debt side, while energy and infrastructure demand was supported by a strong pipeline of projects and financing work.

The regional picture was different in emphasis but equally selective. Litigation remained active, alongside steady demand in real estate. Private wealth and residential property generated consistent hiring throughout the period. The Thomson Reuters Institute 2026 State of the UK Legal Market identifies regulatory and labour and employment as the practice areas with the strongest client demand growth, directly reinforcing the activity seen in active searches during H1.

By contrast, M&A and private equity hiring remained subdued. Upper mid-market sponsor work persisted to an extent, but broader strategic M&A hiring was limited and highly targeted. Where corporate hiring did occur, firms favoured candidates with clearly defined specialisms over generalist transactional profiles.

Practice Area	Geography	H1 demand	Primary driver
Employment	London	Strong	Legislative change driving sustained demand across contentious and advisory work
Private credit	London	Strong	Active deal pipeline across refinancings, rescue finance and hybrid structures
Real estate finance	London	Strong	Debt-side activity held well; acquisition-driven mandates more subdued
Energy and infrastructure	London	Strong	Project and financing pipeline sustaining consistent associate demand
Litigation and disputes	London and regions	Strong	Counter-cyclical demand with lateral recruitment expected to increase
Real estate	Regions	Steady	Consistent activity across residential and commercial property markets
Private wealth	Regions	Steady	Sustained demand at partner and senior associate level
Residential property	Regions	Steady	Volume of activity maintained throughout H1
M&A	London	Slower	Selective only; firms favoured candidates with niche sector expertise over generalist transactional profiles
Private equity	London	Slower	Demand remained low; generalist transactional headcount not being added

Demand assessment based on Henderson Scott active search activity H1 2026.
Market context: Thomson Reuters Institute 2026 State of the UK Legal Market.

03 Partner hiring

Partner hiring in H1 was highly selective and driven by clear commercial priorities. Firms were not adding partner headcount broadly, but making targeted appointments to meet specific practice needs, with a robust business case required at each stage.

In London, activity focused on real estate, disputes and commercial practices. Firms that successfully completed partner hires were willing to engage meaningfully on financial terms, flexibility and the overall package. By contrast, those tied rigidly to internal pay bands or prolonged approval processes often lost strong candidates before reaching the offer stage.

> *"Firms remain opportunistic but highly selective at partner level. There are strong opportunities for partners with compelling business cases, as well as for senior lawyers looking to step into partnership at national and regional firms. Partners with proven track records and portable business remain in demand, and competition for them is strong."*
>
> CATHERINE KNOWLES, BUSINESS PARTNER

The regional partner market follows a similar pattern. Partners with strong books of business remain consistently in demand. Alongside the commercial fundamentals, working arrangements are featuring more prominently in partner-level conversations outside London and are carrying greater weight in final decisions.

Broader structural trends provide important context. The PwC Law Firm Survey 2025 shows total partner numbers increased across all firm bands in FY25, rising by between 2.2% and 6.5%. However, the composition of this growth is significant. At Top 10 firms, full equity partner numbers declined by 3.1%, while fixed share equity partners increased by 26.8%. Firms are expanding their partnerships while reshaping what partnership looks like in practice. Senior associates and counsel are increasingly attuned to this distinction, and it is influencing how they assess partner-track opportunities across the market.

26.8%

Growth in fixed share equity partners at Top 10 firms, indicating a structural shift in the partnership model

Source: PwC Law Firm Survey 2025

6.5%

Top 26 to 50 firm total partner headcount growth, the strongest partner expansion of any firm band in FY25

Source: PwC Law Firm Survey 2025

KEY IMPLICATION FOR FIRMS HIRING AT PARTNER LEVEL

Speculative sign-off is proving harder to secure than in previous cycles. However, firms will negotiate substantively when both the candidate and the business case are compelling. The principal risk is not the negotiation itself but the timeline. Where internal approval processes are protracted, strong candidates frequently commit elsewhere before an offer is made.

04 Associate market

The associate market in H1 was defined by three factors: genuine demand concentrated at mid-level, hiring processes that required active sign-off for every role, and a gradual but meaningful increase in passive candidate availability.

In London, hiring focused squarely on mid-level associates, with every appointment tied to an approved, active role. Firms were not building speculative pipelines. The more notable shift, however, was on the candidate side. Associates who would not have engaged in conversations twelve months ago are now increasingly open to them.

> *"There is genuine demand at the mid-level associate band right now. Candidate confidence is slowly improving, and we are seeing more associates who were previously inactive beginning to consider their options. That said, every associate hire in H1 has been tied to an active, approved role."*
>
> AMYLIA MATTHEWS, SENIOR CONSULTANT

-23.8%

Contraction in 6 to 8 years PQE headcount at Top 10 firms in FY25, driving increased lateral demand at this level in H2

Source: PwC Law Firm Survey 2025

10.6% to 16.3%

Spare capacity range across Top 100 firm bands. Aggregate figures can mask real shortages at the practice area and seniority level

Source: PwC Law Firm Survey 2025

External data provides important structural context for why this increase in passive candidate availability matters heading into H2. The PwC Law Firm Survey 2025 shows a 23.8% contraction in headcount at the 6–8 years PQE level at Top 10 firms in FY25, the largest decline of any seniority band. Over the same period, newly qualified intake at those firms rose by 22.4%. This has created a structural gap at mid-senior associate level that firms will need to address through lateral hiring, with competition for well-qualified candidates in this band set to intensify as H2 progresses.

Seniority level	2024 average (Top 10)	2025 average (Top 10)	Movement
Newly qualified	49	60	+22.4%
1 to 2 years PQE	139	113	-18.7%
3 to 5 years PQE	158	157	-0.6%
6 to 8 years PQE	160	122	-23.8%
9 or more years PQE	132	157	+18.9%
Trainees	146	130	-11.0%

Source: PwC Law Firm Survey 2025. Top 10 UK firms only. Patterns at mid-tier firms differ and should be assessed separately.

In the regions, a structural challenge intensified during H1. Lawyers are moving to London at around three to four years PQE at a rate that regional firms cannot easily absorb. This has created a material pipeline gap that cannot be addressed without proactive succession planning and working arrangements that are genuinely competitive with those offered by London practices.

05 Salary movement and talent availability

Salary remains the primary consideration for most candidates, particularly in transactional practice areas. However, progression opportunities, quality of work and long-term career trajectory are becoming increasingly influential in final decision-making, particulary among senior associates and counsel.

> *"Salary is at the forefront of most candidates' minds, particularly in transactional practice areas, and we continue to see NQ salaries increase year on year. In the regions, working arrangements and bonus structures carry significant weight alongside base salary and are often equally influential in a candidate's final decision."*
>
> STEPHANIE RICHARDSON, PRINCIPAL CONSULTANT

Market data closely reflects these dynamics. Legal Cheek's 2026 Firms Most List puts the average London NQ salary at £118,756, representing a near 5% year-on-year increase. At the top end of the market, 19 US firms are paying London-based NQs more than £170,000, with Quinn Emanuel leading the way at £189,000, followed by Davis Polk, Gibson Dunn and Paul Weiss, each offering £180,000. The Magic Circle has settled at £150,000, a level that now represents a meaningful discount to the most aggressive US firms.

Firm type	NQ salary 2026	Year-on-year movement
US firms at the top end	£180,000 to £189,000	Consistent upward trajectory
US firms: 19 firms paying above this threshold	£170,000 or above	Growing cohort at this level
Magic Circle firms	£150,000	Settled at this level
London market average across all Top 100 firms	£118,756	+4.7% year-on-year
Regional firms at NQ level	£45,000 to £65,000	Modest upward movement

Source: Legal Cheek Firms Most List 2026 and Solicitor News NQ salary data.

The compensation tension is most acute where candidate expectations and offer processes diverge. In candidate-short areas such as employment, private credit, and real estate finance, the firms concluding hires are those negotiating on the full package, with salary, flexibility and progression considered together. The Law Society Financial Benchmarking Survey 2026 shows UK law firm earnings grew by 11.2% in 2025. Firms generating strong revenue but losing candidates over modest salary gaps are forgoing value that could have been secured with greater flexibility.

11.2%

UK law firm average earnings growth in 2025, the highest rate in over 15 years

Source: Law Society Financial Benchmarking Survey 2026

WHAT IS DRIVING CANDIDATE MOVEMENT IN 2026

Based on active conversations across the London and regional legal markets, and supported by findings from the Henderson Scott Legal Salary Guide 2026, the most consistent reasons senior associates and counsel were open to a move in H1 were:

- **Lifestyle and cost of living considerations:** Particularly among candidates evaluating opportunities outside London
- **Progression opportunities:** The most consistent driver across all seniority levels and geographies
- **Quality of work and platform strength:** Particularly significant for senior associates assessing long-term career trajectory
- **Work–life balance:** Cited consistently in both London and the regions, with flexibility weighted more heavily in regional conversations
- **Business stability:** An emerging theme in H1, with candidates at firms undergoing change moving proactively rather than waiting for outcomes

06 H2 outlook

The H2 outlook broadly reflects the pattern established in H1. Practice areas that remained active in the first half of the year are expected to continue driving demand, while candidate availability should improve gradually. Firms that act early will secure stronger shortlists than those that delay.

The most significant variable firms can control in H2 is time to hire, which is already lengthening. Candidates needed for roles starting in Q4 are in conversations now. Searches launched in September will not be competing for the same talent pool as those that begin in July.

> *"I would expect H2 to follow a similar pattern to H1. One point managing partners should factor into their planning is that time to hire is increasing. Starting searches and succession planning for key roles as early as possible will put firms in a much stronger position heading into Q4."*
>
> DAVID HOLDEN, DIRECTOR

Employment, private credit, real estate finance, energy and infrastructure, and litigation are all expected to remain active through H2. Regional litigation, real estate and private wealth should continue at H1 levels. Henderson Scott also expects lateral movement at mid-senior associates level to increase as candidate confidence continues to improve and firms address succession and capacity gaps. M&A and private equity hiring is not expected to return to previous cycle volumes in the near term.

16%

Average proportion of chargeable hours Top 100 firms expect AI to save, up from 11% the year before. A changing environment for fee earners at every level

Source: PwC Law Firm Survey 2025

H2 2026

Employment, private credit, real estate finance, energy, litigation and regional disputes all expected to remain active through the second half of the year

Retention requires equal focus alongside recruitment in H2. While firms have largely adapted their attraction strategies through salary increases, bonuses and greater flexibility, long-term retention is increasingly being driven by progression, career clarity and work-life balance. The passive candidate pool at mid-senior associate level is now the largest it has been in over a year. Firms that have not had meaningful conversations with fee earners about progression, career trajectory and the evolving nature of legal work are exposed to attrition that may emerge with little warning.

07 Recommendations

Five practical recommendations for law firm leaders planning H2 hiring, drawn from active searches and market conversations across the UK legal sector.

01 Start searches earlier than feels necessary
Time to hire is lengthening and the candidates required for Q4 roles are already in conversations. Beginning searches in July provides access to a stronger shortlist than beginning in September. Succession planning should be treated as part of this process rather than as a separate exercise, particularly in regional markets where the pipeline at three to four years PQE is under consistent pressure.

02 Broaden candidate criteria in candidate-short practice areas
The firms successfully hiring in employment, private credit, and real estate finance are assessing candidates on behaviours and potential as well as experience. Prescriptive criteria that cannot be met by the available candidate pool do not represent a standard. It is an operational obstacle. Firms resolving this challenge are those who have asked what a candidate can build, not only what they have already done.

03 Negotiate on the full package, not base salary alone
The passive candidate pool at mid-senior associate level is the largest it has been in over a year. Counteroffers and reactive retention strategies may delay departures, but they rarely address the underlying reasons candidates begin exploring the market. In the regions, working arrangements and bonus structure carry equivalent weight and are frequently the deciding factor. Losing a strong candidate over a modest salary gap, or over a flexibility position that could have been addressed, is an avoidable outcome that is occurring consistently across active searches in the current market.

04 Address retention before competitors address recruitment
The passive candidate pool at mid-senior associate level is the largest it has been in over a year. Firms that assume a settled team will remain settled through H2 are taking a risk that the available evidence does not support. Progression reviews, compensation benchmarking, and honest conversations about career trajectory and the changing shape of legal work should form part of H2 planning, not a reactive response to resignation.

05 Review internal hiring processes against market pace
Sign-off for speculative candidates is proving less successful than in previous cycles. The approval processes that were adequate when candidates were more cautious are not operating at the right pace for a market in which strong candidates have multiple options and limited patience for protracted decision-making. Speed and decisiveness at the offer stage has become one of the strongest competitive advantages available to firms in the current market, often carrying greater influence on hiring outcomes than modest differences in compensation.

Discuss your H2 hiring plans

To discuss what the current market looks like for your specific practice areas and seniority requirements, please speak to the Henderson Scott Legal team directly.

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ABOUT HENDERSON SCOTT

Henderson Scott is a specialist recruitment consultancy with over 25 years of experience across the UK and US. Our legal team focuses exclusively on private practice roles, with specialist teams in London and New York.

In the UK, the Henderson Scott Legal team operates across two distinct markets. One team focuses on London firms, working by practice group. A separate team covers regional law firm placements.

SOURCES AND REFERENCES

Henderson Scott Legal Salary Guide 2026
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