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Law Firm Recruiting Mostly Flat After Tumbling During Recession

For the fourth year in a row, law firms continued to exercise limited entry-level hiring. The legal sector saw a very small net gain in overall jobs in 2012, and overall lawyer headcount remains far off of pre-recession highs. Against that background, recruiting volumes by U.S. law firms on the campuses of U.S. law schools were mostly flat during the late summer and early fall of 2012 compared with recruiting activity the year before. These are among the key findings reported in NALP's just-released *Perspectives on Fall 2012 Law Student Recruiting*, an annual report based on NALP surveys on selected aspects of fall recruitment activity and the experiences of both legal employers and law schools.

As reported by both law schools and law firms surveyed by NALP, there were pockets of growth and pockets of declining volumes, with a majority of stakeholders reporting no change from the previous year. There were variations by region and by city, but overall law firms continued to exhibit caution in recruiting new associates. Over the last three years law firms have certainly increased their entry-level hiring activity compared with the crash in entry-level hiring reflected by the data from 2008 and 2009. Rather than exhibiting the slow and steady recovery that might be hoped for, however, some firms seemed to put the brakes on in 2012, and both the median and average number of offers made to 2Ls (members of the Class of 2014) for summer associate positions in 2013 fell, as did the percent of interviews resulting in offers, after two years of gains that followed 2009 nadirs.

Law firms continue to bring in small summer classes, with median and average class size barely increasing from recession-era lows. Offer rates coming out of summer programs remained high, but fell by more than a point from the previous summer, and, perhaps not surprisingly, acceptance rates for those offers set another record for an historic high. For the fourth year in a row, few firms ventured back into the 3L market, and thus, students with offers from their summer program found few competing offers on the table.

For members of the Class of 2013, those who were summer associates in 2012, the offer rate for entry-level associate positions fell by more than a full percentage point, from 91.4% to 90.2%. Compared to the dire 2009 rate of only 69.3%, offer rates remain strong, but did not continue to grow. The offer acceptance rate notched an historic high at 85.5%. It is important to keep in mind that the average summer class size has not increased much from its recession-driven low, rising to just 9 after two years at an historic low of 8, while the median class size remained flat at 5. Only 19% of offices reported returning to the market to look for 3Ls who had not previously worked for them. In total fewer than 100 offers were made to 3Ls nationwide by respondents to NALP's survey.

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The markers that are used to measure 2L recruiting also tumbled a bit. Across employers of all sizes, the median number of offers extended fell from 10 to 8, and the mean number of offers fell from 22 to 20. These numbers remain higher than the historic lows of 7 and 16 measured in 2009, but remain well below the figures of 15 and 39 recorded in 2007. The percent of callback interviews resulting in offers for summer positions also fell, from 46.4% to 44.2%, but remained well above the historic low of 36.4% recorded in 2009. However, this marker likewise remains considerably below the offer rates of 60% and 62.7% measured in 2007 and 2006 respectively. With fewer offers on the table, the offer acceptance rate rose by just over one percentage point, from 37.1% to 38.2%, still down from the historic high of 42.8% of reached in 2009, but considerably higher than the rates in the high 20s and low 30s that were the norm in the years leading up to the recession.

“We have seen some faltering in recruiting volumes this past fall,” says James Leipold, NALP’s Executive Director, “and that reflects the continuing faltering in the larger legal economy. If you read the client advisories coming from some of the private banks that are involved in law firm financing, it’s clear that 2013 is not likely to be dramatically better. As law firms battle for market share and compete within a global marketplace that is driving the price of legal services down, law firms continue to be cautious about bringing in more lawyers than they can confidently keep busy. I would expect flat and faltering to be characteristics of the entry-level law firm hiring market going forward, at least for the short and even medium term. Multiple experts have made the case that the legal market is not likely to return to pre-2007 levels, and the recruiting environment reflects that reality.”

In 2012, both law schools and law firms reported a mix of increases and decreases in recruiting activity as measured by the number of campus visits made, with the largest number of employers reporting no change at all. While law firm recruiting activity and volume vary greatly from one office to another, these national aggregate numbers demonstrate that recruiting volumes were mostly flat after two years of modest growth. Geographic differences were quite apparent, underscoring the fact that the recovery for the legal economy has been uneven, varying tremendously by location and practice area. It seems clear that law firms remain cautious in their first-year hiring, unwilling to make commitments to large numbers of new law school graduates at a time when client behavior and the demand for legal services continue to be uncertain.

The full *Perspectives on Fall 2012 Law Student Recruiting* report details recruitment activity on campus and at job fairs in fall 2012; provides information on summer program characteristics and start dates for the most recent incoming associate class; and also provides information on the outcomes of 2012 summer programs and of fall 2012 recruiting for both second-year summer associates and entry-level associates not previously employed by that employer. To read the full report including all of the data tables go to www.nalp.org/perspectivesonfallrecruiting.

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