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## **FOR IMMEDIATE RELEASE**

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## **Entry-level Law Firm Recruiting Ticks Up**

Six years after the Great Recession, entry-level law firm recruiting activity increased measurably in the summer and fall of 2014. While law firms continue to exercise cautious entry-level hiring, recruiting activity by U.S. law firms on the campuses of U.S. law schools increased during the most recent recruiting season compared with recruiting activity the year before. Over the last five years law firms have gradually increased their entry-level hiring activity after the collapse in entry-level hiring reflected by the data from 2008 and 2009.

However, unlike other periods of growing recruiting activity, the recovery has not been spread evenly across all firms. While some firms have reported increased recruiting activity, others have reported not much change from the previous year, and still others, about a third, report decreases in recruiting activity compared to the prior year. This pattern holds both for number of campus visits and for number of offers for summer positions. Fifty-two percent of law firms reported making more offers for summer associate positions than they did the year before, and 14% reported making more than ten additional offers compared to the previous year. At the same time, 35% of firms reported making fewer offers than the previous year, and 4% of firms reported making more than ten fewer offers compared to the previous year.

This net growth in recruiting activity can be seen in other measures as well. For the second year in a row, a higher percentage of callback interviews resulted in offers compared to the previous year, and the yield on those offers fell as there were more offers in play. Similarly, the recruiting volume for 3Ls rose slightly, though it remains far below levels measured prior to the recession.

In general, law firms continue to bring in smaller summer classes than they did prior to the economic slowdown, though the average summer class size rose to its highest level since 2009, and for the first time since 2007, the overall offer rate coming out of summer programs returned to its pre-recession high, and in fact was the highest in the 22 years that NALP has compiled comparable information. Not surprisingly, acceptance rates for those offers remained high — far higher than they were prior to the recession, reflecting in part the anemic market for 3Ls. Even with these recent gains in the recruiting market metrics, it remains a

buyer's market for law firms, as evidenced by the fact that overall law school graduate employment rates remain at historic lows.

For members of the Class of 2015, those who were summer associates in 2014, the offer rate for entry-level associate positions rose almost two percentage points to 93.4% from 91.6% the previous year. This is a huge change from the stark offer rate of only 69% measured in 2009, and slightly exceeds the 92.8% offer rate recorded in 2007. The offer acceptance rate was about 85%, a figure that is almost 8 percentage points higher than the offer acceptance rates measured in 2007, the only other year in which an offer rate of close to 93% was measured. The median summer class size remained flat at 5 for the fourth year in a row, after having been 6 for the period from 2005 to 2009, and then tumbling to 4 in 2010, but the average class size rose from 11 to 12, suggesting that there are some summer programs that are once again growing quite a bit in size while others remain quite small.

For members of the Class of 2016, those who went through the OCI process in the summer and fall of 2014, the markers all ticked upwards, and can now clearly be seen to describe a recovering market. Across employers of all sizes, the median number of offers extended rose to 9.5 after sitting at 8 for two years in a row, and the mean number of offers rose from 27 to 35, the largest figure recorded since 2007 when the mean was 39. These 2L recruiting numbers are far higher than the historic lows of 7 (median) and 16 (average) measured in 2009, but remain below the historically high figures reached prior to the recession. The percent of callback interviews resulting in offers for summer positions rose five percentage points, from 47% to 52%, again the highest figure recorded since 2007. Conversely, with more offers on the table, the offer acceptance rate fell by just over a percentage point, from 35% to just under 34%, down from the historic high of nearly 43% 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.

“During the last couple of years we have seen some bobbling numbers in the markers that describe law student recruiting volumes, but this past fall, for the first time since the recession, we see some clear markers of recovery,” says James Leipold, NALP’s Executive Director. “Nonetheless, just as we are seeing some separation in law firm financial results, we are seeing some law firms’ summer programs increasing in size at the same time that others’ programs are continuing to shrink, while many are maintaining historically small programs. At the end of 2014, for the first time since the recession we saw a clear uptick in the demand for legal services, driven largely by transactional volume, with predictions of continued increased demand in 2016. Nevertheless, the downward pressures on the costs for providing those services continue unabated, and industry-wide realization rates continue to fall to new historic lows. It is likely that further stratification in the market will mean that some firms will continue to regrow their summer programs while others maintain programs that are much smaller than they were prior to 2009.” Leipold concluded, “In 2014, then, for the first time a clear picture of a recovering market began to emerge, though that recovery was not spread evenly

across all law firms. Geographic differences were also apparent, underscoring the fact that the recovery for the legal economy has been uneven, varying by location and practice area. In general law firms remain cautious in their first-year hiring, but in some sectors that hiring is once again becoming aggressive, particularly in the race for perceived ‘top talent,’ driven perhaps in part by some anxiety that smaller entering law school classes going forward will mean a slimmer talent pool to be divided amongst competitors. Certainly the industry continues to experience change at a breakneck pace, and it is hard to look very far ahead with any confidence, but it seems pretty clear that the summer and fall recruiting season that is shaping up for 2015 will be one of the most competitive we have seen in some time.”

The full *Perspectives on Fall 2014 Law Student Recruiting* report details recruitment activity on campus and at job fairs in fall 2014; provides information on summer program characteristics and start dates for the most recent incoming associate class; and also provides information on the outcomes of 2014 summer programs and of fall 2014 recruiting for both second-year summer associates and entry-level associates not previously employed by that employer. To read the full report, including its numerous data tables, go to [www.nalp.org/perspectivesonfallrecruiting](http://www.nalp.org/perspectivesonfallrecruiting).

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