

2016 Market Overview

2016 has been a year full of political and economic surprises for the legal market.

The Stephen James Partnership is delighted to provide you with an overview of the Paralegal trends and hiring patterns of 2016, whilst also looking to the future and seeing what we expect to happen in the legal hiring market in 2017.

The shock US election result and the decision for Britain to leave the EU have acted as catalysts for much of the disruption felt in both the UK and Global markets, which, inevitably, has impacted on the legal sector's confidence.

Political

The Paralegal market was thriving in the first half of 2016. In the immediate aftermath of Brexit, however, there was a notable decrease in hires compared to usual hiring patterns, particularly from International Firms. Another noticeable trend was the downturn of hiring in practice areas such as Corporate and Real Estate.

However, since September, market confidence has been restored and continues to increase, leading to the Paralegal market now being re-stabilised. There has also been an increased demand for Paralegals in certain departments including IP, Employment and Litigation.

Economical

It has also been a turbulent time economically in the legal sector, with the Pound falling to historic lows against the Dollar, and inflation rising rapidly in Q4. These factors have led to many firm's HR teams anxiously sitting on their hands while waiting to see what happens next. Despite all of the disruption in a tumultuous 2016, firms have now started hiring at pre-Brexit rates.

The initial concern of this year's economic instability have so far remained unconfirmed, with indicators now showing that it was purely the shock felt by the results of both the EU Referendum and the US Election that have led to the markets reacting negatively, rather than the outcomes themselves. UK GDP is now above target, the FTSE has stabilised to be performing above pre-Referendum level, and the Pound is making back ground on both the Dollar and the Euro.

In short, the legal sector can feel more optimistic heading into 2017, than had originally been anticipated.

2017 Market Predictions

There are a few key early indicators of factors which look likely to influence firms' propensity to hire Paralegals and increase salaries

- 1. Article 50 being invoked** – Many firms see Paralegals as a very cost efficient resource to their clients. As a result, this increase in demand will inevitably lead to an increase in salaries due to the inevitable decrease in supply of highly capable and available candidates, due to these exceptional circumstances
- 2. NQ salary review in 2016** – the gap between NQ & trainee salaries, and Paralegals is bigger than ever. We are expecting firms to close this gap in 2017, and up Paralegal salaries to reduce the pay disparity.
- 3. Salaries in Private Practice** are increasing due to the rise in the London living wage and the in-house offering (less hours, greater pay and better job security) proving an increasingly popular route for law grads.
- 4. Inflation** is now well over target, pushing up the cost of living, meaning firms are now considering offering more competitive salaries.
- 5. Continued cost pressures from clients** - leading more and more firms to bring in teams of Paralegals to work alongside and support lawyers, which is usually more cost advantageous than solicitors undertaking the majority of the same work.

For a further discussion on any of the market information above or to discuss a potential Paralegal or Legal Support need, don't hesitate to get in contact.

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