

**Beacon  
Legal**

**LONDON SALARY &  
MARKET REPORT**

**PRIVATE PRACTICE**

**2023**

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LONDON SALARY & MARKET REPORT - PRIVATE PRACTICE - 2023

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# MARKET UPDATE

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## 2022 AND 2023

The first three quarters of 2022 provided sustained and significant growth within the London legal market. Most large law firms hired at volume and in turn, the demand for legal professionals sky-rocketed. The consequence of this trend was increased competition and reduced supply of job-seeking lawyers, which led to salary increases far beyond the average annual market uplift.

The end of 2022 and early 2023 has been a period of consolidation. The well-documented geopolitical and economic uncertainty has caused the market to stabilise and we have seen a shift in hiring patterns from the large law firms.

In this Report we will discuss the trends observed within the London law firms, what we expect during 2023 and the impact of these trends on salaries.

We hope you find the Report useful. As always, if you have any questions about the content of this Report, or would like career advice in relation to London or any major global legal hub, please don't hesitate to contact us.

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**The first half of 2022** began where 2021 left off - with record levels of hiring across all transactional practice areas.

What were the main contributory factors?

- Demand from London In-House Legal teams: during 2022, we saw more lawyers than ever leave the top law firms in London and move In-House, usually when lawyers are between 3-6 UK POE. In-House salaries increased 10-20% compared to the previous year, which along with the lure of a more commercial role and favourable work-life-balance, contributed to the high volumes of new vacancies posted by the leading law firms as they back-filled positions.
- Strong M&A market: deal flow in the London and US markets reached a record high in the first half of 2022, which helped create numerous new vacancies for M&A, Private Equity and transactional lawyers. Areas such as Competition and TMT were also hiring increased volumes of roles, as the top firms remained busy across all non-contentious practice areas due to a strong deals market.

**The latter part of 2022 and early 2023** saw the market stabilise and recruitment activity within the large law firms slow considerably, mainly in the areas which were previously booming: M&A, Private Equity and Finance.

What were the main contributory factors?

- Market and political uncertainty: unstable market conditions contributed to reducing the deal flow which fuelled growth during 2021 and the first half of 2022. Large corporates and industries which are sensitive to regulation and policy change became more hesitant to transact.
- High interest rates: the impact of high inflation has led the global Governments' requirement to raise interest rates significantly over the last 12 months. The PE funds which were previously spending cash freely, and the reduction in ability to borrow at nominal rates, caused the volume of PE deals to reduce. Companies and investors instead opted for saving and less risky investment strategies.



# WHAT IS SALARY BUNCHING?

Salary bunching, or pay compression, is the result of a cluster of salaries around a specific point. This can lead to the issue of more experienced lawyers receiving similar pay to those with less experience, capability and/or productivity.

## **NQ salaries**

The last 12 months have been great for **NQ lawyers'** salaries.

It is publicised that Akin Gump is paying its NQ's £179,000 + benefits + bonus. In the Magic Circle, Freshfields was the first firm to provide a significant raise, with NQ rates jumping to £125,000. Most reputable mid-market firms now pay their NQs between £90,000 - £100,000.

## **What does this mean for mid-level Associates?**

The mid-level Associates from 2-4 PQE have not received increases at the same rate as the NQ's. Although salaries have gone up, often significantly, the percentage increase has not been as substantial.

This has caused unrest internally within many firms, with salaries bunching at decreasing distances between the PQE levels. It is not uncommon for 2 PQE lawyers to be earning 'only' £5,000 - £10,000 more than their NQ colleagues, despite there generally being a substantial difference between productivity and capability at those respective PQE levels.

## **What is the solution?**

We expect the impact of this trend to be discussed during 2023 salary reviews, with HR Managers answering questions and salary bands requiring more explanation than in previous years.

Salary compression can be addressed by adjusting the salary structure or pay scale to create more differentiation between pay levels, or by implementing performance based pay systems that reward individual contribution, such as enhanced bonuses for top performing lawyers.

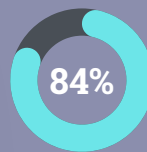
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## KEY FINDINGS IN LONDON IN 2022/2023



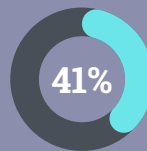
### BONUSES FY 2022/23



Lawyers from the Top 50 firms who received a bonus for FY 2022/23.

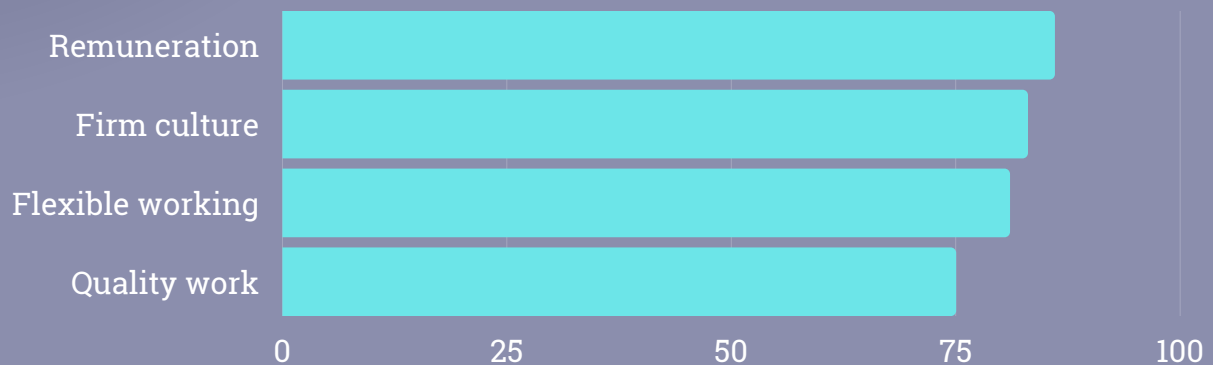


Lawyers from the Top 20 firms who received a bonus of 10+% of salary for FY 2022/23.



41% of lawyers received a sign-on bonus when changing jobs. Ranging from £5,000 - £25,000.

### TOP DETERMINANTS OF JOB SATISFACTION



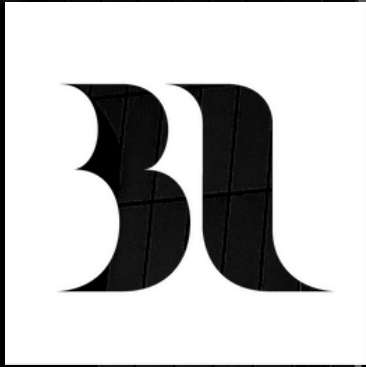
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# SALARY TABLES

All figures are shown in GBP

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## MAGIC CIRCLE FIRMS

PQE LEVEL	£ Range
NQ	107,500 - 125,000
1	115,000 - 130,000
2	130,000 - 140,000
3	140,000 - 150,000
4	145,000 - 160,000
5	160,000-165,000
SA 1	165,000 - 170,000
SA 2	175,000 - 190,000

## SILVER CIRCLE AND TOP CITY FIRMS

PQE LEVEL	£ Range
NQ	90,000 - 105,000
1	95,000 - 115,000
2	100,000 - 125,000
3	105,000 - 130,000
4	115,000 - 140,000
5	120,000 - 150,000
SA 1	130,000 - 160,000
SA 2	135,000 - 165,000

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## ELITE US FIRMS (CRAVATH SCALE)

Class level	USD	£ equivalent (April 2023)
1	215,000	172,500
2	225,000	180,500
3	250,000	200,500
4	295,000	236,500
5	345,000	276,500
6	370,000	296,500
7	400,000	320,700
8	415,000	332,700

## MID ATLANTIC US FIRMS

Class level	USD	£ equivalent (April 2023)
1	140,000 - 150,000	112,000 - 120,000
2	150,000 - 160,000	120,000 - 128,000
3	160,000 - 175,000	128,000 - 140,000
4	170,000 - 190,000	136,000 - 152,000
5	190,000 - 205,000	152,000 - 164,000
6	205,000 - 225,000	164,000 - 180,000
7	220,000 - 250,000	176,300 - 200,300
8	250,000+	200,000+

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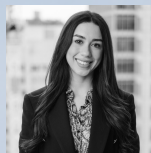
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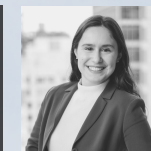
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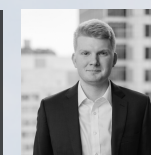
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