



The 2009 Hughes-Castell Salary Survey

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Overview

Welcome once again to Hughes-Castell's annual Salary Survey.

After several years of a booming market the tables have well and truly turned and the outlook for recruitment in 2009/2010 is conservative to say the least. Even Perth has seen a significant drop-off in demand, which says much about the severity of the current downturn.

Redundancies have become a regular part of the landscape of the legal community, in practice and in-house, though it is fair to say that our colleagues in the UK and the US in particular have seen more of the sharp end of the Global Financial Crisis.

It is inevitable, and has been borne out in our discussions, that salaries are expected to stay largely static in the upcoming June 2009 review. The expectation is that lawyers will all move up a banding, but that the banding will stay the same. There will definitely not be the 10% plus increases that had become commonplace throughout the middle years of the 2000s.

I hope that you find the information interesting and useful, and we look forward to working with you through the undoubted highs and lows of the coming financial year.

Best regards,



Karen Waldoek
Director, Hughes-Castell Australia

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Overview of the Sydney Market

Since October 2008, the Sydney market has been severely hit by the economic slowdown. Following the global reverberations caused by the credit crunch and the ensuing market turmoil, employers are reassessing short term needs, and firms and companies have been forced to respond to the new economic realities which will be in play throughout this year, and possibly into next year. As one of Australia's largest business hubs, Sydney has certainly felt the impact of current global economics.

Redundancies have appeared at a number of firms, particularly in the top-tier, expansion plans have been put on hold and roles that were available as recently as early 2009 have also been put on hold. Some areas have been more badly affected than others, in particular Banking, Property and M&A, and redundancies seem to have been more in evident in the junior ranks. Another significant trend has been the increased numbers of Australian candidates returning from overseas, particularly from the badly hit UK and US markets.

The simple story is one of less roles available, more job-seekers in the market and longer recruitment processes across the board.

Areas of High Demand

Despite an overall fall in activity there are inevitably areas that are thriving. The areas of highest demand are Employment, Insurance, Construction & Infrastructure, Insolvency and Commercial Litigation. It is also noticeable that Family lawyers are more in demand than in more affluent times.

Employment lawyers will continue to be in demand, given the Federal Labor Government's finalisation of the negotiations in the Senate regarding "WorkChoices" and the new legislation "Fair Work Australia". Predictably redundancies and restructuring also create work for employment lawyers.

The increase in Insurance and related risk work is a response to changes in regulation and a general hardening of the insurance and re-insurance markets especially in relation to D&O and Financial Lines.

Salary Trends

It is very apparent that salaries are unlikely to see any significant movement in June 2009. Most firms predict that lawyers will move up a salary band as per usual, but the bands are unlikely to move very far. Some firms have introduced out and out salary freezes, but many feel their top performers should still be well rewarded. Very little reliable information is readily available on the impact on partner remuneration.

Other trends emerging include compulsory shorter working hours, restrictions on the amount of leave allowed to be accrued, and extended maternity and sabbatical leave. Some firms are also offering the opportunity to purchase additional leave and short-term assisted study leave.

Benefits

Obviously statutory and standard benefits relating to super and leave will remain untouched, but other benefits we have become used to in better times will be withdrawn. Firms have reported, and had reported, the removal of all manner of perks, from fresh fruit to coffee machines to Christmas parties. More fundamental, career-focussed benefits, such as home-working and study allowances, seem to have been kept intact for the most part.

Sydney Private Practice Figures*

Position	Minimum	Maximum	Average
Law Graduate	\$50,000	\$70,000	\$60,000
Lawyer 1 year PAE	\$55,000	\$75,000	\$65,000
Lawyer 1-2 years PAE	\$56,000	\$80,000	\$68,000
Lawyer 2-3 years PAE	\$65,000	\$90,000	\$83,000
Lawyer 3-4 years PAE	\$75,000	\$105,000	\$95,000
Lawyer 4-5 years PAE	\$80,000	\$130,000	\$105,000
Lawyer 5-6 years PAE	\$98,000	\$140,000	\$115,000
Lawyer 6+ years PAE	\$105,000	\$150,000	\$125,000
Associate 1 year	\$130,000	\$165,000	\$140,000
Associate 1-2 years	\$130,000	\$170,000	\$150,000
Associate 2-3 years	\$135,000	\$185,000	\$165,000
Associate 3+ years	\$150,000	\$220,000	\$180,000

* all figures include Superannuation

Overview for Sydney In-House Market

The information presented was gathered from selected organisations across various industries, however it is important to note that the remuneration levels are only a guide as in-house lawyers at the same level of post admission experience rarely receive the same salary for a variety of reasons including:

- The size of the company and legal team;
- Industry;
- Coverage and level of responsibility;
- Company performance; and
- Geographical coverage of the role.

A move in-house remains an attractive medium and long-term career choice for many lawyers, although at the moment the number of in-house opportunities available is at its lowest point in many years, and it is in leaner years that in-house departments can become exposed. Depending on the philosophy of management they are often seen as a cost and not income generating. A factor that may protect some roles though is the increased focus on risk and compliance, an area closely allied to the legal team in many organisations.

Areas of High/Low Demand

Level of demand remains closely linked to industry and at the top of the current list would be government. In part because of the infrastructure projects anticipated by the economic stimulus package, but also through an increased focus in regulation, policy, risk and compliance.

Financial services was the first area to be hit but may also be the first to show signs of recovery, at least from a recruitment perspective. A lot of legal work is being created and we are seeing the start of a trend to hire back some lawyers on contracts to oversee certain projects. A flexible workforce including contractors, consultants and part-time workers will certainly become a key feature of the labour market in the coming months, and perhaps years.

Sydney In-House Figures*

Sector	0-2 years	3-6 years	7-10 years	10+ years
Banking & Finance	\$55,000 - \$80,000	\$90,000 - \$160,000	\$140,000 - \$250,000+	\$180,000+
Trade/Transport	\$50,000 - \$75,000	\$80,000 - \$140,000	\$130,000 - \$200,000+	\$150,000+
IT/Telecom	\$55,000 - \$80,000	\$90,000 - \$150,000	\$140,000 - \$200,000+	\$170,000+
Energy/Resources	\$55,000 - \$80,000	\$90,000 - \$150,000	\$140,000 - \$220,000+	\$170,000+
FMCG	\$55,000 - \$75,000	\$90,000 - \$150,000	\$130,000 - \$200,000+	\$160,000+
Retail/Distribution	\$50,000 - \$75,000	\$80,000 - \$140,000	\$120,000 - \$190,000+	\$160,000+
Property/Construction	\$55,000 - \$80,000	\$90,000 - \$160,000	\$130,000 - \$190,000+	\$170,000+
Media/Entertainment	\$50,000 - \$75,000	\$80,000 - \$140,000	\$120,000 - \$175,000+	\$160,000+

* all figures include Superannuation



Overview of the Brisbane Market

Brisbane has been one of the strongest markets in comparison to other cities in Australia and indeed other cities around the world. Australia has certainly not been immune, however Brisbane seems to have been slower to feel the full effects experienced by other cities. This may be attributed to our local economy which has been thriving in recent years, making Brisbane the fastest growing city in the country. In order to accommodate our ever growing population Brisbane's economy has benefited from major development, construction and infrastructure projects which will continue into the future. This, coupled with our State's significant (although slowing) energy & resources industry, has perhaps offered more opportunities in the legal industry than elsewhere.

Therefore, whilst there has generally been a significant slow down in the industry, it has certainly not been felt in Brisbane to the same degree as elsewhere. However, whilst there have been more opportunities available in Brisbane there has also been an increased number of candidates competing for them. In addition to local candidates, both interstate and overseas candidates have been inundating the market, as opportunities in their home cities become more limited.

This has meant that law firms and companies are enjoying a greater pool of talented lawyers to choose from. Where demand far outstripped the supply of lawyers 12 months ago and employers were willing to look outside the square in order to fill their needs, the employment market is now seeing a return to the more conservative model of several years ago where employers are in a position to pick and choose the perfect candidate and are much less likely to compromise. The sense of urgency that was previously involved in the recruitment process has also slowed considerably now that firms are taking their time to consider applications and are happy to "wait and see" until the best possible candidate becomes available.

Areas of Demand

The traditional areas of high demand such as Property, Corporate and Banking & Finance have been the hardest hit and opportunities in these areas are currently very limited.

Whilst Construction and to a much lesser extent Energy & Resources have remained stronger areas, firms are still cautious when it comes to recruitment and they must be able to justify a strong business case prior to taking on any additional staff. This has meant that the bar has been raised considerably in terms of the background of candidates who will be considered.

Interestingly, the traditional inverse relationship between a slowing economy and an increase in Litigation has not been as quick to take off as initially expected. Whilst most Litigation teams are working at full capacity and Insolvency work has certainly increased, firms are still being careful not to rush out and hire beyond their projected capacity.

One area which seems to remain fairly steady despite rises and falls in economic activity appears to be Insurance.

Flexible Working Options

Whereas firms had previously started becoming more open to offering flexible working arrangements in order to attract lawyers to fill their needs, this privilege is now more likely to be offered to existing staff in order to retain them rather than lose them through a slow down in workflow or redundancies.

Benefits

Gone are the days of the bidding wars as salaries will be much more restrained than previous years; the almighty dollar is not seen as the driving benefit it once was. What is currently important to people is their well being, job stability and the continued opportunity for career progression.

Firms are therefore still conscious to offer a point of difference in order to stand out from their competitors, and employee well being and career progression remain strong selling points. A healthy and positive firm culture, a strong client base and plenty of work in the pipeline, together with clear training and development programs remain an important focus.

Salary Trends

Lawyers need to brace themselves for the reality that there will not be the significant salary increases this year that they have become accustomed to over the previous years.

In fact, salary increases this year will be the exception rather than the rule, but firms will still be conscious of rewarding high performers. Whilst lawyers will still progress through their levels of post admission experience, the bands themselves are likely to remain fairly constant.

Brisbane Private Practice Figures*

Position	Minimum	Maximum	Average
Law Graduate	\$45,000	\$65,000	\$60,000
Lawyer 1 year PAE	\$55,000	\$80,000	\$68,000
Lawyer 1-2 years PAE	\$55,000	\$80,000	\$68,000
Lawyer 2-3 years PAE	\$70,000	\$90,000	\$80,000
Lawyer 3-4 years PAE	\$75,000	\$100,000	\$92,000
Lawyer 4-5 years PAE	\$80,000	\$110,000	\$105,000
Lawyer 5-6 years PAE	\$85,000	\$115,000	\$110,000
Lawyer 6+ years PAE	\$90,000	\$125,000	\$115,000
Associate 1 year	\$100,000	\$130,000	\$120,000
Associate 1-2 years	\$105,000	\$145,000	\$135,000
Associate 2-3 years	\$110,000	\$160,000	\$150,000
Associate 3+ years	\$120,000	\$165,000	\$160,000

* all figures include Superannuation



Overview for Brisbane In-House Market

Before the current slowdown Brisbane's in-house market had continued to grow over recent years. With more and more businesses setting up or expanding into Brisbane there had been an increasing need for in-house lawyers locally. However given the recent events, Brisbane has felt similar effects to elsewhere and in-house legal teams have been subject to cost cutting and redundancies and are currently running fairly lean. Also, given that opportunities are currently limited, there has been very little movement at the Senior/General Counsel level meaning that career progression opportunities within teams have been scarce.

Even in the current climate, in-house roles remain an attractive option for lawyers wishing to utilise their skills in a more commercial context. Where there is a strong business case and opportunities do become available, there has been an increase in the number of high quality candidates competing for the roles. So, similar to the private practice market, where companies were once willing to be a little more flexible regarding their requirements, the bar is now set very high and companies will "wait and see" until the perfect technical and cultural fit comes along.

Salary Trends

In-house salaries have always been calculated on a different curve to private practice salaries as there are many different factors affecting the packages. Similar to the plateau in private practice salaries, there will also be a slow down in salaries in-house this year. The balance of power has shifted to the employers and salaries will remain constrained however, given the high motivation of lawyers to secure in-house positions, as long as there is a strong feeling of job security most candidates will be willing to consider in-house roles on their merits. Salary will not be the driving force.

Areas of High/Low Demand

There has been a significant slow down across all industries, with Banking & Financial Services being the hardest hit. Even Brisbane's traditional high demand for Construction & Infrastructure and Energy & Resources lawyers has slowed considerably. However, given the comparable strength of Brisbane's local economy to elsewhere, we do envisage the market eventually recovering.

Brisbane In-House Figures*

Sector	0-2 years	3-6 years	7-10 years	10+ years
Banking & Finance	\$55,000 - \$75,000	\$85,000 - \$145,000	\$140,000 - \$185,000	\$170,000+
Trade/Transport	\$50,000 - \$70,000	\$75,000 - \$130,000	\$130,000 - \$170,000	\$150,000+
IT/Telecom	\$55,000 - \$85,000	\$85,000 - \$140,000	\$140,000 - \$180,000	\$160,000+
Energy/Resources	\$60,000 - \$80,000	\$85,000 - \$145,000	\$130,000 - \$180,000	\$170,000+
FMCG	\$50,000 - \$70,000	\$75,000 - \$130,000	\$130,000 - \$165,000	\$160,000+
Retail/Distribution	\$50,000 - \$70,000	\$75,000 - \$120,000	\$120,000 - \$170,000	\$150,000+
Property/Construction	\$55,000 - \$80,000	\$90,000 - \$150,000	\$130,000 - \$180,000	\$170,000+
Media/Entertainment	\$50,000 - \$65,000	\$70,000 - \$120,000	\$120,000 - \$165,000	\$160,000+

* all figures include Superannuation



Overview of the Melbourne Market

2008 was a very busy year in Melbourne for legal recruitment. In fact, as recruiters we could barely keep up with demand, providing talent to small, medium and top-tier firms as well as in-house clients. Booming UK/US and Asian economies seemed to have an insatiable appetite for Australian lawyers thereby adding to our candidate short market here at home. Those lawyers who did stay home and took up new roles were able to negotiate competitive salaries, offered very attractive sign on bonuses to move and in many cases could dictate the flexible terms of their own employment.

There is no denying that the global financial crisis has significantly impacted the Melbourne legal market and altered the recruitment landscape. However, it is definitely not all doom and gloom. The good news is that some areas are experiencing an increase in work as a result of the global situation. In fact law firms are anticipating and experiencing a shift in workflow to Insolvency, Restructuring and Litigation, Workplace Relations, Personal Injury and Insurance. Unsurprisingly, Banking and Finance has experienced a downturn in work, but the outlook for Property and Corporate areas appears brighter, with some firms reporting steadier workflow as the year progresses.

For lawyers in less busy areas or those looking to move in 2009, flexibility, patience and hard work will be the keys to their success. For example, Corporate and Commercial lawyers could find themselves working in Insolvency, utilizing their Corporations Law Act expertise and furthering their transferable skills.

Areas of High Demand

There are definitely opportunities to be found in a downturn. Areas of high demand include Employment/Industrial Relations, Insolvency, Litigation and Insurance, and to a lesser extent, Construction. ER/IR has become busier due to changes to work choices and those proposed in the Federal Government's Fair Work Australia Legislation. This involves significant reform to minimum entitlements, unfair dismissal, options and processes as well as institutions generally. Due to the downturn, it's likely that employers will need to seek more advice on restructuring and redundancies, thereby creating even more work in the ER/IR space.

Large administration work and voluntary administrations may drive recruitment in Insolvency. Commercial Litigation should remain buoyant, as parties resort to Litigation to recover from disputes. However, the predicted spike in Litigation is yet to fully take hold.

All facets of Insurance Litigation – Personal Injury, Workcover, Medical Negligence, Professional Indemnity are also in high demand.

Generally speaking, boutique and suburban firms will continue to recruit in all areas of practice as required.

Those senior solicitors and partners with transferrable practice, will continue to be highly sought after, as increasing market share continues to be a high priority to many firms.

Flexible Working Options

The “work-life” balance catch cry of the last few years has been somewhat muffled by the downturn. Widespread redundancies have left little doubt that being employed is more of a privilege than ever. Work/life balance has been replaced with flexibility and the emphasis has shifted from the employee to the employer.

Those lawyers looking for work in 2009 will benefit from an open mind and a flexible approach. When interviewing, they should demonstrate patience in the process and focus on value adding. As a result of overseas returnees and redundancies, law firms now have the luxury of being able to cherry pick from a greater pool of quality lawyers than in the past.



Another consequence of the financial crisis has been the re-defining of flexible work options to address changed workloads. Lawyers in some larger firms have been encouraged to take advantage of flexible work options and explore academic/personal/travel or other opportunities for a period of time and return to their jobs at a later date.

Salary Trends & Benefits

The main aim during these uncertain times is to ensure business remains competitive and resources are allocated as efficiently as possible. The general consensus among firms is that any salary reviews in 2009 will be relatively conservative, or no more than 5%. Bonus payments and incentives will be less common, while outstanding performers should still expect to be rewarded for effort. Part-time and contract arrangements will become more common, in order to address changed workloads.

2009 is the pilot year for the new traineeship program, and we have already seen a number of firms offer their trainees a deferred start date, with incentives to take up the offer. Due to the downturn and lack of work, some newly admitted lawyers were not offered 1st year places, or were put on contract.

Melbourne Private Practice Figures*

Position	Minimum	Maximum	Average
Law Graduate	\$45,000	\$55,000	\$50,000
Lawyer 1 year PAE	\$55,000	\$75,000	\$65,000
Lawyer 1-2 years PAE	\$55,000	\$80,000	\$68,000
Lawyer 2-3 years PAE	\$70,000	\$87,000	\$79,000
Lawyer 3-4 years PAE	\$75,000	\$110,000	\$92,500
Lawyer 4-5 years PAE	\$80,000	\$110,000	\$95,000
Lawyer 5-6 years PAE	\$85,000	\$130,000	\$107,500
Lawyer 6+ years PAE	\$87,000	\$150,000	\$118,000
Associate 1 year	\$90,000	\$130,000	\$110,000
Associate 1-2 years	\$95,000	\$130,000	\$112,500
Associate 2-3 years	\$93,000	\$145,000	\$119,000
Associate 3+ years	\$93,000	\$200,000	\$146,000

* all figures include Superannuation



Overview of the Melbourne In-House Market

Where there was once a shortage of quality candidates due the high retention of lawyers within private practice, banks, financial institutions, gaming companies and FMCGs now have the pick of exceptional candidates. In the last quarter of 2007 and the 1st and 2nd quarters of 2008 the in-house recruitment market showed strength and continued with optimism. It was only towards the end of the last quarter of 2008 that the current economic woes started to filter down to Australia and into the in-house market. However, there are still opportunities available for lawyers, especially in regards to 6 and 12 month contract roles. The allure of going in-house has not abated this year and competition is set to be more fierce than ever due to less roles and more quality candidates in the market to choose from.

Areas of High/Low Demand

It is expected that Property/Projects and Infrastructure will see an upswing as a result of the Federal Government's commitment to focus on Infrastructure and Construction as part of the stimulus package. With the prevailing economic instability, we have seen an increase in demand for Litigation, both in private practice and in-house and there has also been an increase in the number of high profile restructuring instructions. The Government sector has continued to present good opportunities for lawyers, especially those in senior management positions. The University sector continues its demand for strong contracts and commercial lawyers, albeit more on a contract basis as the downturn takes hold.

Melbourne In-House Figures*

Sector	0-2 years	3-6 years	7-10 years	10+ years
Banking & Finance	\$55,000 - \$75,000	\$75,000 - \$150,000	\$140,000 - \$200,000	\$160,000+
Trade/Transport	\$50,000 - \$70,000	\$70,000 - \$140,000	\$130,000 - \$175,000	\$160,000+
IT/Telecom	\$55,000 - \$75,000	\$75,000 - \$140,000	\$135,000 - \$180,000	\$165,000+
Energy/Resources	\$55,000 - \$75,000	\$75,000 - \$145,000	\$135,000 - \$175,000	\$160,000+
FMCG	\$50,000 - \$70,000	\$70,000 - \$130,000	\$120,000 - \$170,000	\$160,000+
Retail/Distribution	\$50,000 - \$70,000	\$70,000 - \$140,000	\$125,000 - \$165,000	\$165,000+
Property/Construction	\$50,000 - \$70,000	\$70,000 - \$150,000	\$130,000 - \$170,000	\$170,000+
Media/Entertainment	\$50,000 - \$70,000	\$65,000 - \$130,000	\$120,000 - \$155,000	\$165,000+

* all figures include Superannuation



Overview of the Perth Market

The Perth market remained strong in all areas until the last quarter of 2008. The change was marked and sudden but may yet prove to be somewhat reactionary.

Traditionally strong areas including Corporate, Resources, Commercial and Commercial Property slowed dramatically as firms adopted a cautious approach to the changed fiscal conditions. Real signs have recently emerged that the slowdown in these areas is easing. Throughout this period, demand in contentious areas has remained reasonably constant.

In comparison to other cities in Australia and the world, Perth remains a relatively strong market. Whilst there has been a slow down in activity, Perth to date, has experienced only isolated retrenchments in specific areas.

We have seen the arrival of significant numbers of interstate applicants, although firms have generally shown a preference for local candidates. Similarly, many candidates have returned from London to pursue opportunities closer to home.

The employment market is seeing a return to the model whereby employers are selecting candidates based upon their relevance to specific requirements. As a result, firms are less inclined to hire lawyers wishing to re-train into areas outside of their specialist expertise. Firms have demonstrated a preparedness to wait for relevant candidates, holding positions vacant for longer periods of time.

Areas of Demand

Areas of high demand include Employment/Industrial Relations, Insolvency, Commercial Litigation, Insurance, Family and contentious Construction law. Whilst demand for Commercial Litigators has been steady, we anticipate that demand will increase markedly in the next 3-6 months.

Demand for Corporate, Resources, Commercial and Commercial Property Lawyers is starting to build in the large boutique and mid-tier practices. The majority of top-tier firms are now expressing interest in candidates with 3-6 years' experience in these areas and are targeting the strongest candidates.

Benefits/Flexible Working Options

Firms continue to be active in promoting their unique points of difference and culture. Elements they are promoting include the quality of their existing staff and clients, and job security in order to secure the best candidates. With the improved candidate market, firms have been more reluctant to offer sign on bonuses.

There has been an increasing trend of offering flexible work options to existing staff in an attempt to address the discrepancies in workloads between teams. In areas of need or when circumstances encourage it, firms will offer flexible work arrangements to new staff.

Salary Trends

This year, unlike previous years, will not see significant salary increases. Salaries are generally remaining constant. Firms are showing real interest in the salaries that other firms are offering, indicating that there is considerable uncertainty over this issue.

Perth Private Practice Figures*

Position	Minimum	Maximum	Average
Law Graduate	\$40,000	\$65,000	\$60,000
Lawyer 1 year PAE	\$55,000	\$80,000	\$63,000
Lawyer 1-2 years PAE	\$55,000	\$85,000	\$75,000
Lawyer 2-3 years PAE	\$75,000	\$95,000	\$80,000
Lawyer 3-4 years PAE	\$80,000	\$115,000	\$95,000
Lawyer 4-5 years PAE	\$85,000	\$130,000	\$105,000
Lawyer 5-6 years PAE	\$95,000	\$135,000	\$110,000
Lawyer 6+ years PAE	\$95,000	\$140,000	\$115,000
Associate 1 year	\$100,000	\$130,000	\$120,000
Associate 1-2 years	\$105,000	\$145,000	\$135,000
Associate 2-3 years	\$110,000	\$160,000	\$150,000
Associate 3+ years	\$120,000	\$175,000	\$160,000

* all figures include Superannuation

Overview of the Perth In-House Market

The in-house market continues to be extremely competitive, with a scarcity of roles and an abundance of high-quality candidates. There has been a mood of caution within many resources companies, leading to a reduction in the number of roles available. Equally, candidates are remaining in roles for longer than they may have previously, fearful of moving to a role with less job security.

Perth In-House Figures*

Sector	0-2 years	3-6 years	7-10 years	10+ years
Banking & Finance	\$55,000 - \$75,000	\$85,000 - \$145,000	\$120,000 - \$220,000	\$170,000+
Trade/Transport	\$55,000 - \$75,000	\$85,000 - \$145,000	\$120,000 - \$220,000	\$170,000+
Energy/Resources	\$60,000 - \$80,000	\$85,000 - \$150,000	\$130,000 - \$250,000	\$180,000+
Property/Construction	\$60,000 - \$80,000	\$85,000 - \$150,000	\$130,000 - \$250,000	\$180,000+

* all figures include Superannuation

Overview of the UK Market

The London legal recruitment market was severely hit by the economic slowdown. Following the collapse of Lehman Brothers in September 2008 and the ensuing market turmoil, there has been a further reduction in recruitment activity as law firms reassess short term needs. At the opening of 2008 there was a trickle of redundancies in London firms and in the 3rd and 4th quarters of the year, redundancies sharply increased with this trend continuing into the 1st quarter of 2009.

Overall, the sharp dip in confidence is having a direct impact on both recruitment needs and processes.

Areas of High/Low Demand

The drop off in deal flow, or projected deal flow, at law firms has led to a sharp downturn in nearly all areas of transactional law, particularly Structured Finance, Public Company work and Private Equity. Unlike the previous downturn of 2001-2003, where real estate activity remained robust, 2008 has seen a near catastrophic collapse of real estate related activity.

With the prevailing economic instability, we have seen an increase in demand for Litigation, both in private practice and in-house and there has also been an increase in the number of high profile restructuring instructions.

UK Salary Figures

Years Experience	2009 (£)	2008 (£)
NQ	£59,000	£66,000
1 year PQE	£66,000	£73,000
2 years PQE	£73,000	£86,000
3 years PQE	£86,000	£92,000

Trends

London has seen significant changes to its salaries, stemming from the Magic Circle firms and filtering across the board. The reduction in salaries in the UK has only happened once in recent memory, back in 2002 when the Magic Circle firm Allen & Overy dropped its newly qualified salary from £50,000 to £48,000. We can see that the scope of the current reduction has significantly increased to include complete freezes for associate bands for 2009 at 2008 rates in some firms. Associates will continue to receive the same salary as they did in the previous year, despite the fact that they are a year more qualified. This is in fact the equivalent of a pay decrease; although the associates themselves will not receive less money, the position itself pays less money than it did last year.

Another significant trend we could see arising as a result of the fluctuating economic conditions is differential changes between salaries for different practice areas, such as the change in premiums for Corporate and Real Estate lawyers in previous years. Whilst this doesn't seem to be the case at the moment, as Litigators become more in demand (we have already seen and anticipate a further increase in this demand), it may be that they will be remunerated slightly more favourably than their transactional colleagues. That said, given that the legal market is experiencing unprecedented conditions, it is unlikely that anybody will be able to demand any increase as witnessed in previous years.

Further Information & Advice

If you would like to discuss this information in more detail or require more specific recruitment advice or assistance then please contact your nearest consultant listed below:

Brisbane

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T 08 9480 2211



Knowledge-based recruitment
delivered in a personal and ethical way.