

## US Legal Job Market Sees First Decline in Six Months, Experts Weigh In on Implications



The US legal services sector suffered its first monthly employment decline since September 2022, with the industry losing 600 jobs in March 2023, according to new data from the Labor Department. Despite this dip, the overall US employment rate remained healthy, with the economy adding jobs across various sectors last month. However, the tightness of the labor market could push the Federal Reserve to raise interest rates next month.

The legal sector's employment count was 1,180,900 last month, including lawyers, paralegals, and other legal professionals. This figure represents a decline of 7,000 jobs since the industry reached a historic high in July 2022. During the same period, a number of major US law firms, including Cooley, Goodwin Procter, Stroock & Stroock & Lavan, and Shearman & Sterling, have been laying off lawyers and staff due to a cooler M&A environment and faltering demand. This week, for example, Silicon Valley-founded law firm Gunderson Dettmer Stough Villeneuve Franklin & Hachigian announced it was trimming 10% of its US attorneys, paralegals, and staff.

Similarly, Chicago-founded Kirkland & Ellis recently cut an unspecified number of attorney jobs, though a spokesperson for the firm described the move as "performance-based" and not layoffs.

Meanwhile, legal recruitment firm Major, Lindsey & Africa's Jeffrey Lowe predicts further law firm layoffs heading into the second quarter of 2023. With law firms bulking up in 2021 and 2022 to capitalize on unusually high client demand for advice on corporate deals and other legal work, the industry has now seen a cooling-off period. The sector is not immune to the pressures affecting other industries in the US labor market.

### **Don't let lack of experience hold you back. BCG Attorney Search has entry-level legal job opportunities.**

Despite the dip in legal sector jobs, the US economy continues to grow, adding jobs across various sectors. The unemployment rate fell to 3.5% in March, reflecting the overall health of the country's labor market. However, the continued tightness of the labor market could push the Federal Reserve to hike interest rates again next month, with economists predicting a further increase in 2023.

Whether the dip in the US legal sector's employment count will be a blip or the start of a longer-term trend remains to be seen. Nonetheless, law firms will need to be proactive and flexible in their response to the industry's current challenges. This may involve developing new areas of expertise to cater to shifting client demand and streamlining operations to operate more efficiently. Additionally, law firms may need to consider diversifying their offering beyond traditional legal services, exploring opportunities in related areas such as consultancy or legal tech. By doing so, firms can survive the current market challenges and thrive in an ever-changing legal landscape.