

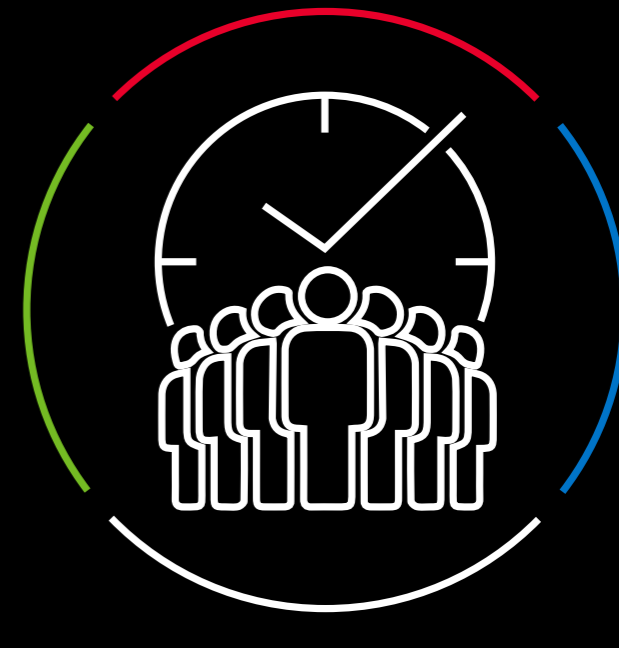
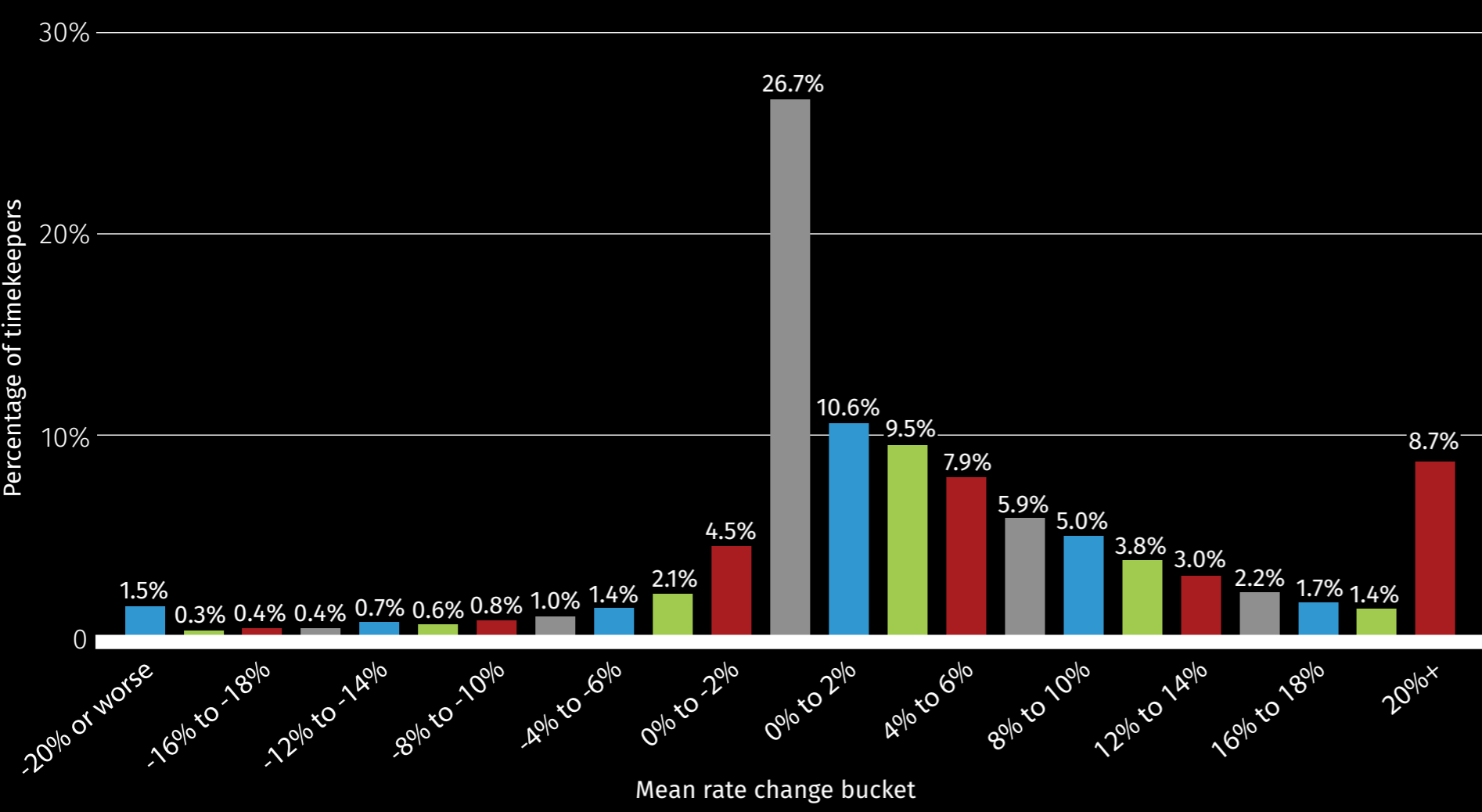
# Where have recent law firm rate increases hit hardest?

## ELM Solutions

After a long period of law firm rates increasing modestly, 2022 saw some very sharp and significant increases in requested hourly rates. In ELM Solutions' report [LegalVIEW® Insights volume 2023-1: Law firm rate increases](#), we analyze the data and show that, despite the increases, not all outside counsel hours suddenly became far more expensive last year.

## For many timekeepers, increases were modest or nonexistent.

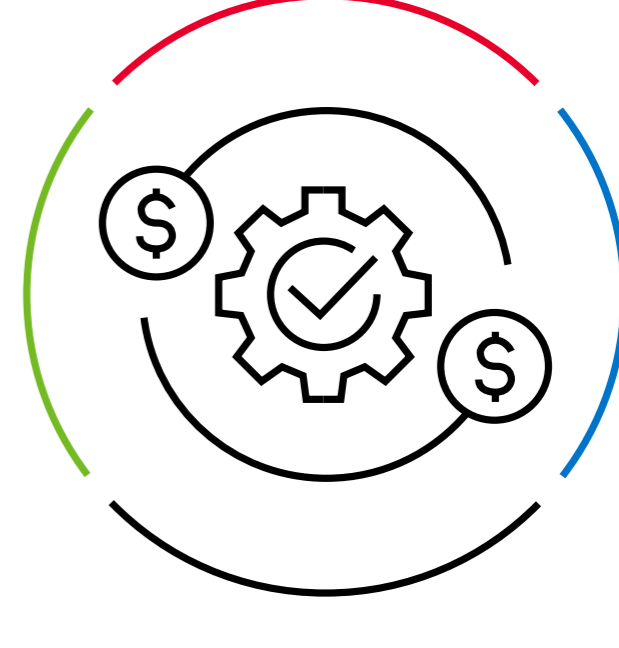
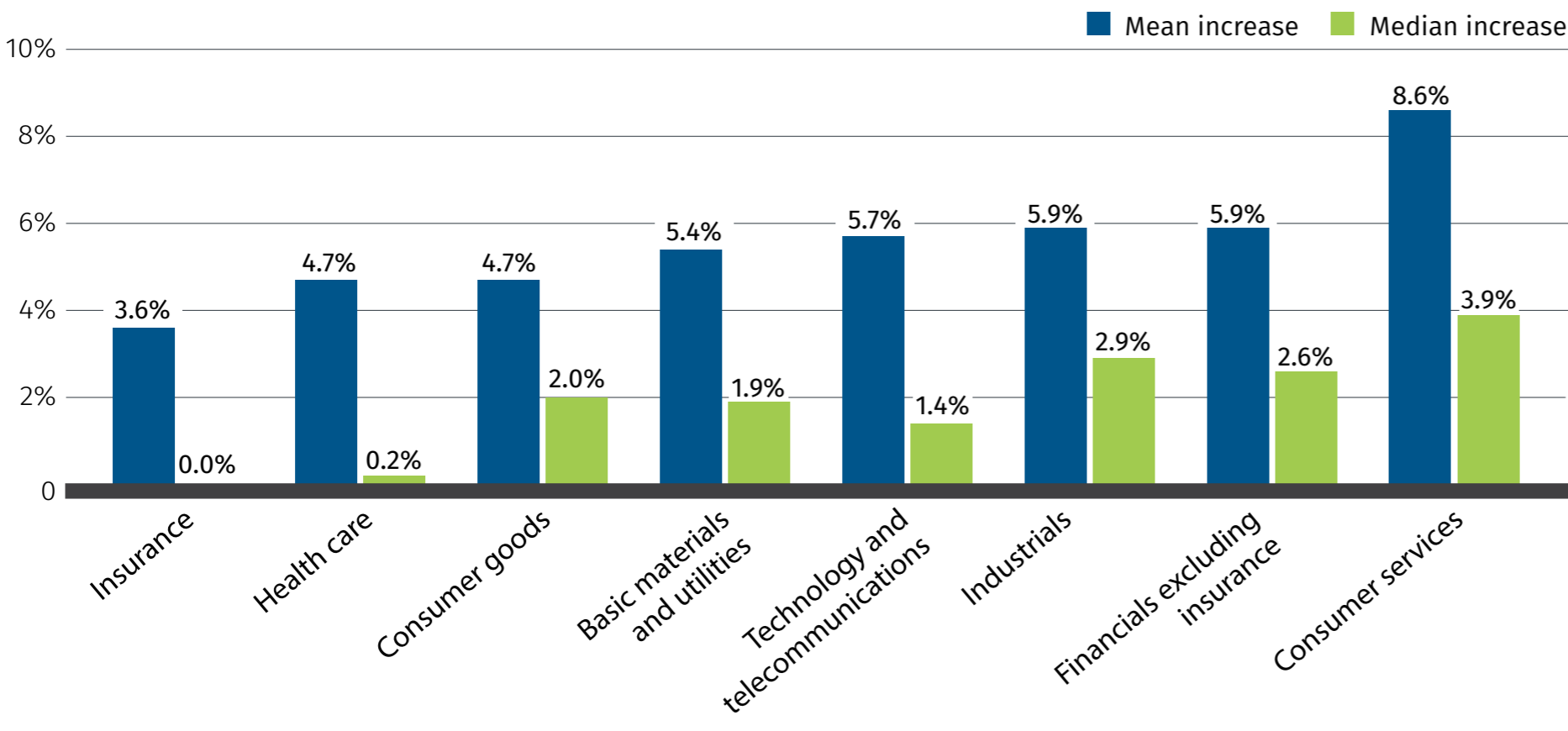
Change in mean rate charged by timekeepers, 7/1/2021 to 6/30/2022



The mean law firm rate increase was about 5.6%, but this increase didn't apply equally across all work billed by outside counsel. In fact, 40% of law firm timekeepers received no billing increase at all from 2021 to 2022.

## Rate increases hit some industries harder than others.

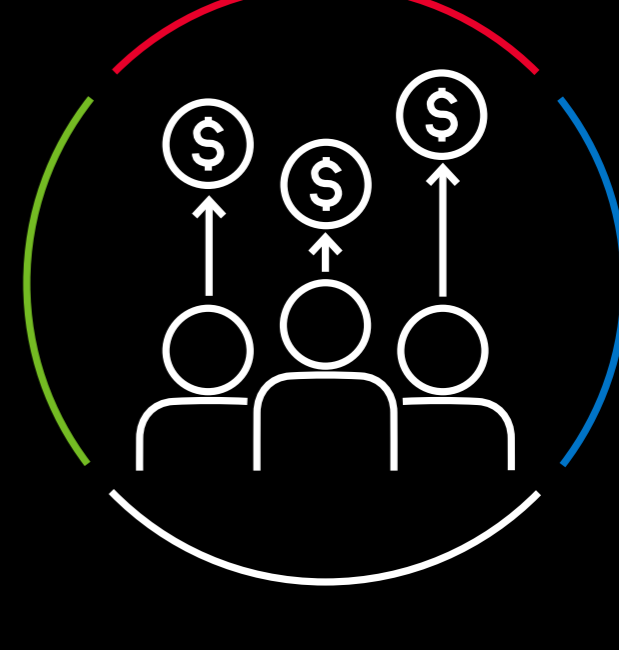
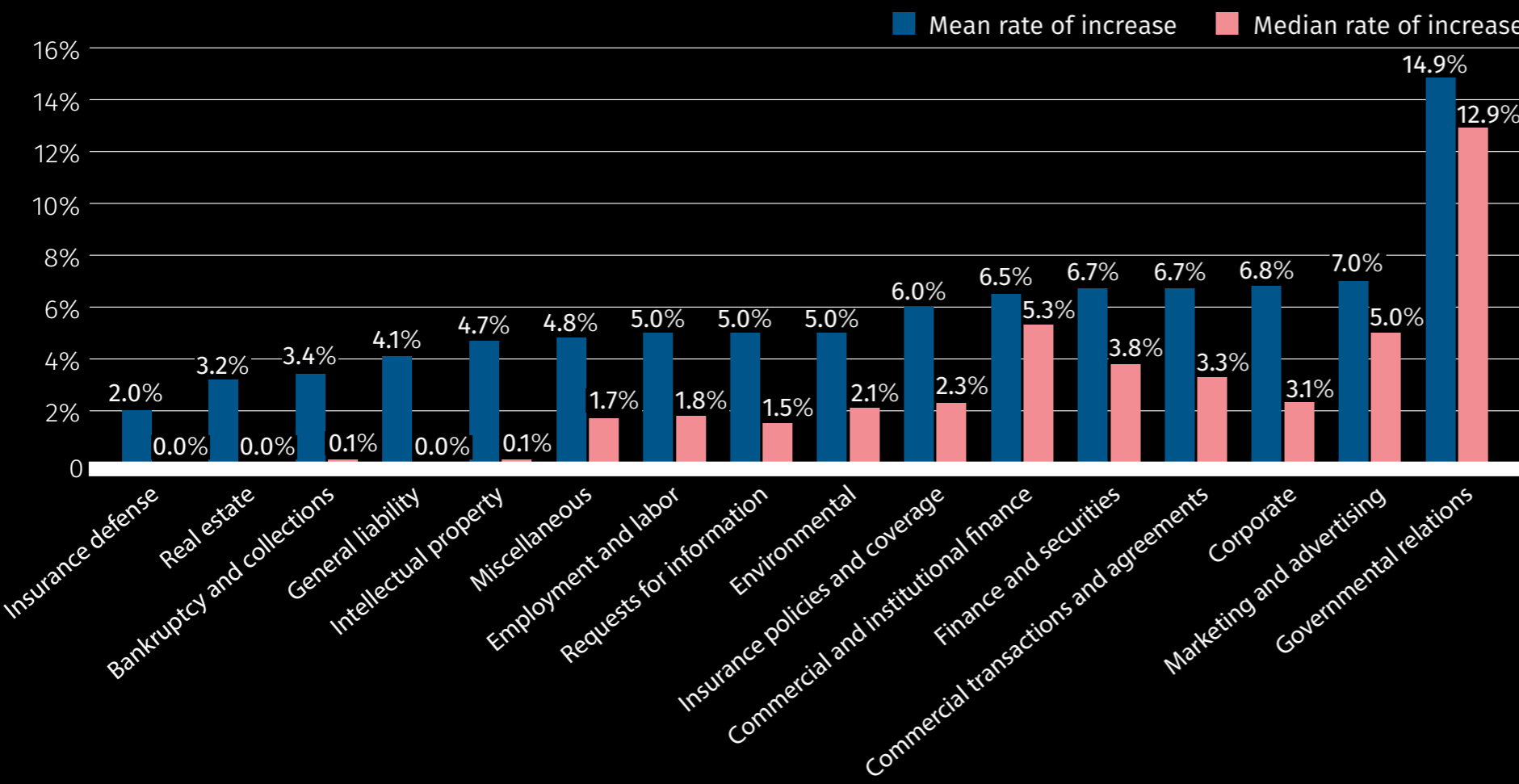
Average increase in timekeeper rate by Industry, all countries, 7/1/2021 to 6/30/2022



The consumer services industry saw the highest increases in our analysis. In storefront retail, rates stayed almost flat in 2021 while companies recovered from the pandemic's economic effects. Law firms may be trying to bring these rates back into alignment with other industries.

## There was wide variation of rate increases by practice area.

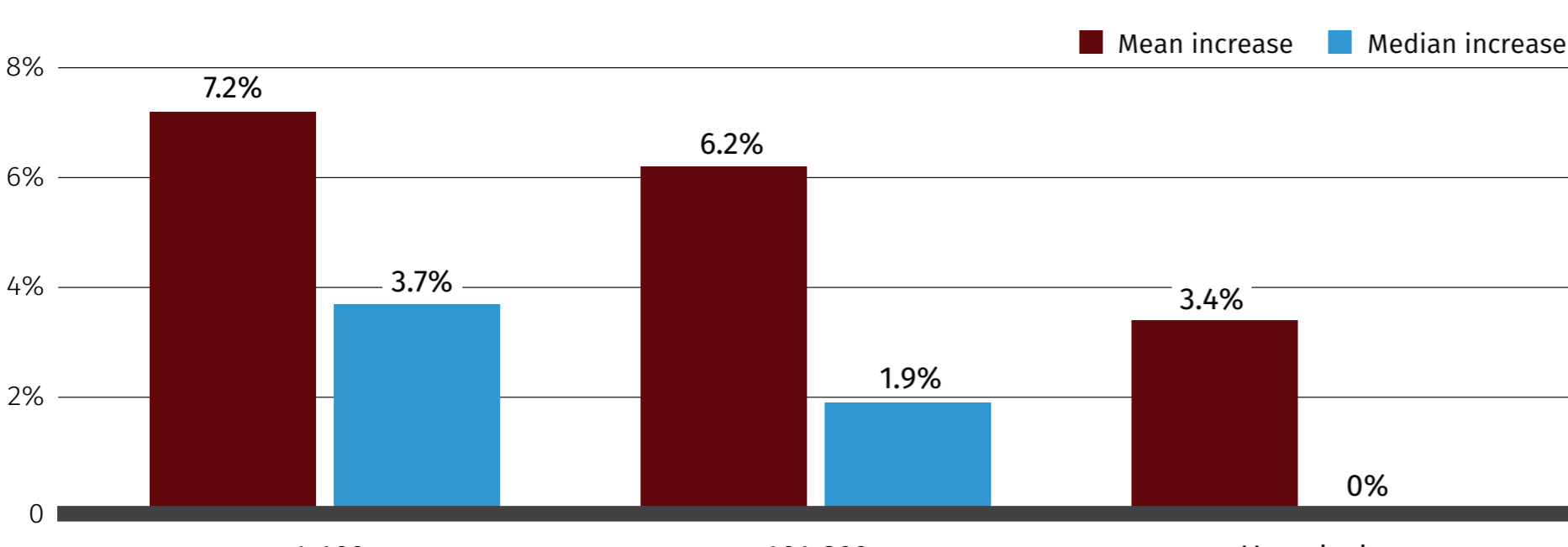
Average rate increase by practice area, 7/1/2021 to 6/30/2022



Insurance defense, which represents the most commodified work, showed only small rate increases, while more specialized work saw very sharp increases. Firms engaged in insurance defense work have largely been trained by rate-conscious clients not to request large increases.

## The highest tier Am Law firms had the most significant rate increases.

Mean and median rate increase, by Am Law tier, all countries, 7/1/2021 to 6/30/2022



The biggest law firms have more pricing power than smaller firms, which is reflected in their average rates historically, as well as recent rate increases. There is an opportunity for legal teams that heavily engage these firms to consider whether smaller firms may be a better choice for some matters.

To learn more about recent law firm rate trends and strategies legal departments can employ to avoid steep increases, download the full report: [LegalVIEW® Insights volume 2023-1: Law firm rate increases](#).