

2025 EDITION

Hourly Rates in Am Law 100[®] Firms:

Increases and
Key Drivers

brightflag

Table of Contents

- Introduction 3
- Methodology 4
- Rate Increases 5
- The Key Drivers of Rates..... 6
 - Firm Ranking..... 7
 - Practice Area..... 8
 - Geography..... 9
 - Resourcing Mix..... 10
- Emerging Trends: AI’s Impact on Law Firm Rates 11
- Recommendations13
- Closing 14
- About Brightflag15
- About the Authors15

¹ The AM LAW 100 is a registered trademark of ALM Global Properties, LLC, which has no affiliation with Brightflag or this report.

Introduction

Outside counsel rate increases continue to be an anxiety-inducing year-end ritual. While these conversations are inevitable, having the data you need to best negotiate and strengthen relationships with your outside counsel is critical.

Our analysis of 2025 rates shows that, while the pace of growth has slowed from last year's historic surge, firms continue to request and realize substantial year-over-year increases. This translates into continued upward pressure on outside counsel spend.

This year's report provides updated benchmarks on timekeeper rates across Am Law® 100 firms and examines the drivers that most influence those rates: firm ranking, practice area, geography, and resourcing. Armed with these insights, in-house teams can engage in more informed rate negotiations, design smarter resourcing strategies, and ensure their budgets deliver maximum value.

In addition, we've included a special section on how law firms are beginning to integrate artificial intelligence into their operations—and the potential implications for resourcing and pricing models in the years ahead.



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Methodology

This report analyzes billed rates from the Am Law® 100 — the 100 highest-revenue U.S. law firms, as ranked by ALM.¹ Brightflag’s dataset reflects billions of dollars in annual outside counsel spend.

For the 2025 analysis, billed rates from January 1 through June 30, 2025 were included. For other years, full-year data were used. All figures are based on billed rates (the actual rates invoiced by firms), rather than rack rates or requested increases, providing an accurate reflection of what in-house teams are paying.

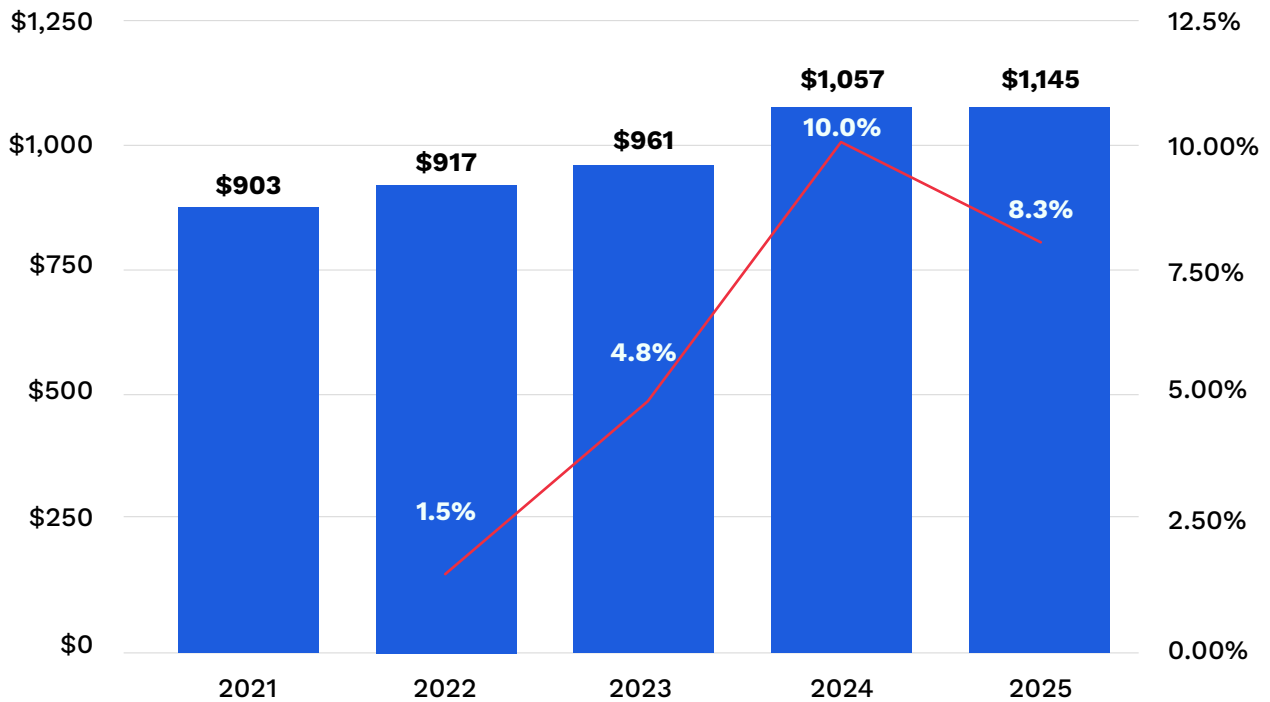
¹ ALM Global Properties, LLC is the owner of U.S. Trademark Registration No. 2313571 for the mark “THE Am Law® 100”.

Rate Increases

The blended hourly rate among the Am Law® 100 rose by 8.3% in 2025, reaching \$1,145 per hour.

While this increase is lower than 2024's historic 10% jump, it remains nearly double the growth of 2023 (4.8%).

Change in Blended Rates in Top 100 Firms ■ Blended Rate — Year-over-year Change



These figures underscore a clear trend: even as inflation moderates, firms continue to push through rate increases at levels that outpace broader economic conditions.

The Key Drivers of Rates

Annual rate increases place continued pressure on legal budgets, and it can feel as though in-house teams have little choice but to accept them. In reality, legal departments do have levers to pull — starting with decisions about which outside counsel firms to engage and how matters are resourced.

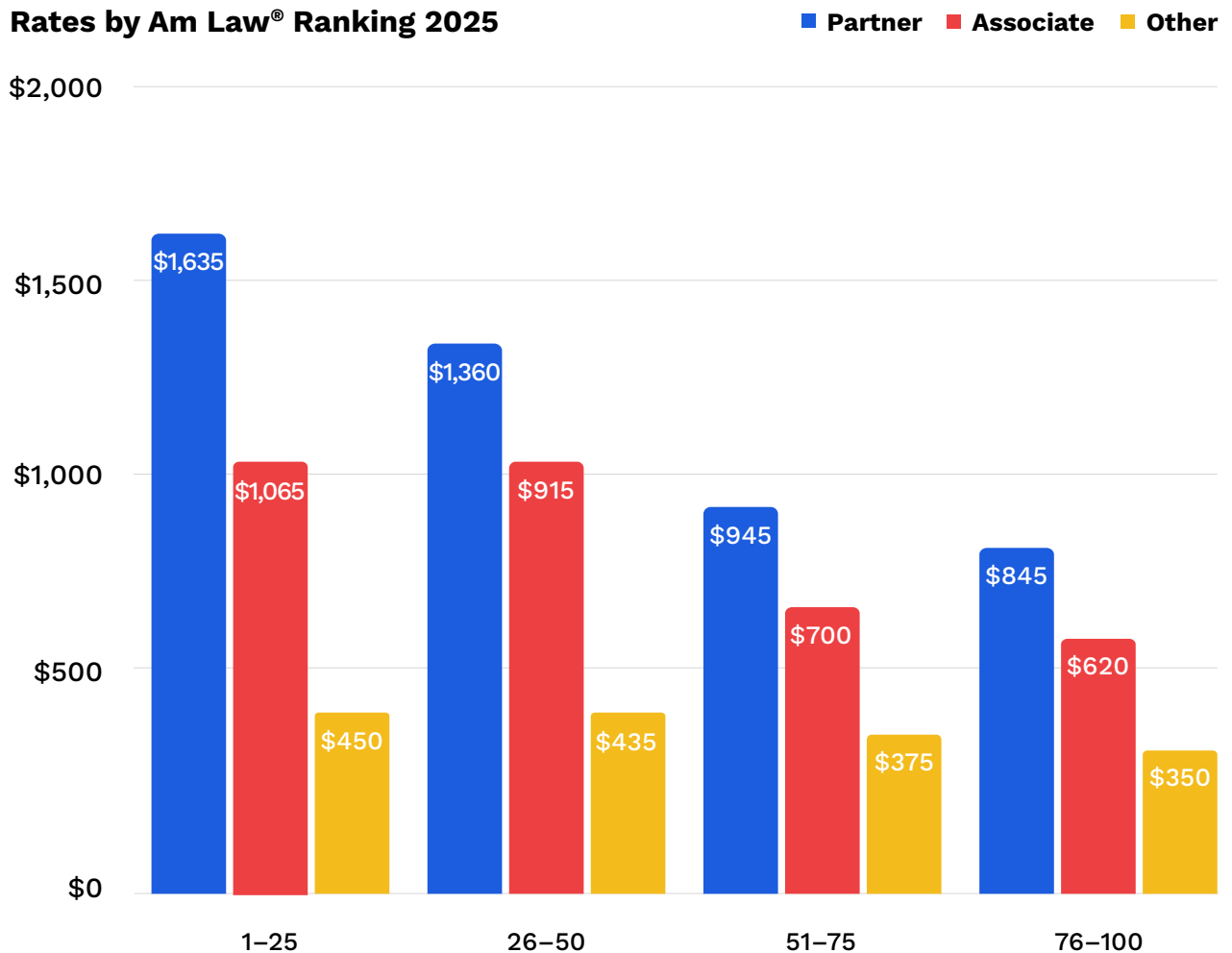
The data shows that firm ranking, practice area, geography, and resourcing all play a role in determining costs. By taking these drivers into account, in-house teams can benefit from the expertise and trust they've built with existing outside counsel where it matters, while also identifying opportunities to stretch their budgets further.

In the following sections, we explore each of these drivers and share insights to help legal departments make informed, cost-conscious decisions regarding which outside counsel firms to engage and how matters are resourced.

Firm Size

Firm ranking remains one of the strongest predictors of hourly rates. In 2025, partners at the top 25 firms charged an average of **\$1,635 per hour**, nearly double the **\$845 average at firms ranked 76–100**. Associates at top 25 firms billed **\$1,065 per hour**, outpacing partner rates at the bottom half of the list.

Rates by Am Law® Ranking 2025



This data highlights the premium commanded by top-ranked firms and the potential savings available by reallocating lower-risk or routine work to smaller firms, even within the Am Law® 100.

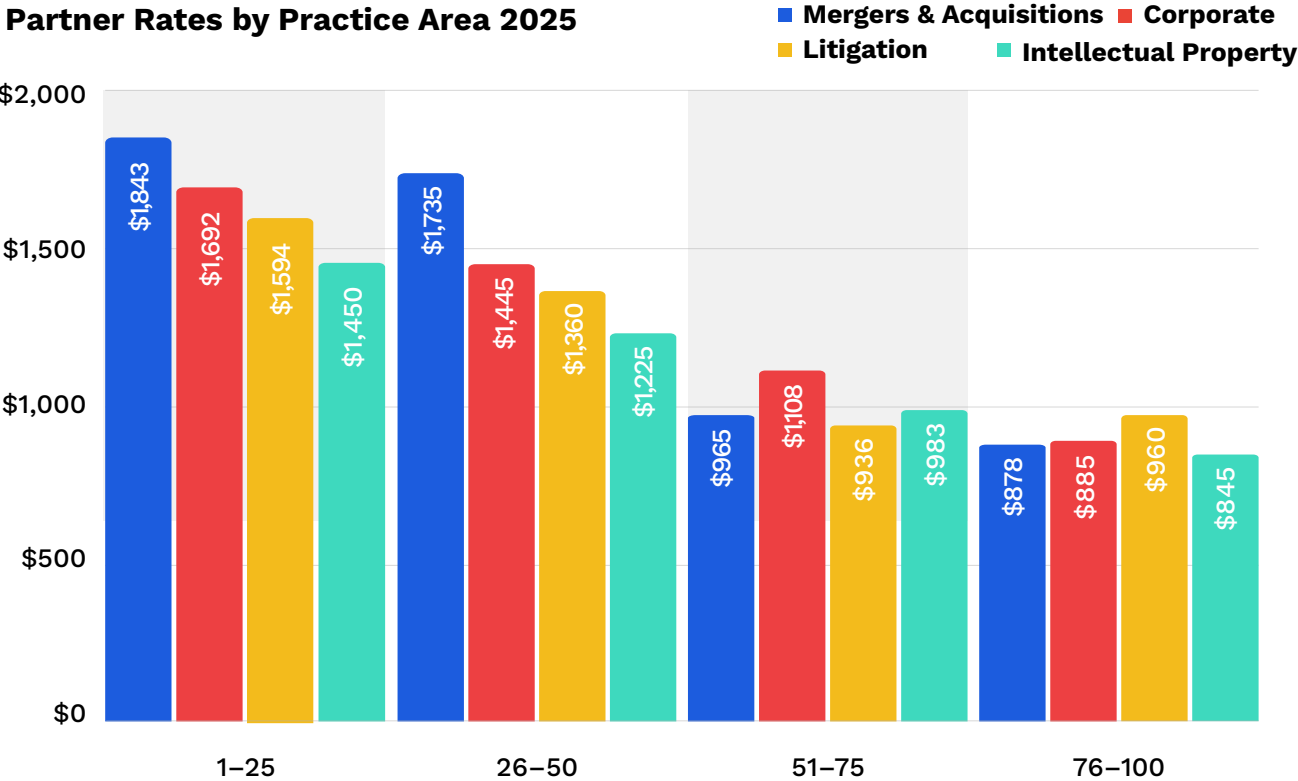
Practice Area

M&A and corporate work remain the highest-priced practice areas. In 2025, M&A partners at top-25 firms billed **\$1,843 per hour**, a **9.7% increase from 2024**, while corporate partners followed at **\$1,692 per hour**, up **8.1% year-over-year**.

Litigation rates also remain elevated, averaging **\$1,594** at top-25 firms and **\$1,360** at firms ranked 26–50, while partners in lower tiers billed under **\$1,000**.

While practice area sets the baseline for rates, in-house teams still have meaningful opportunities to influence cost — particularly in their choice of firm ranking, the staffing mix applied to matters, and, where appropriate, the use of ALSPs for repeatable work like document review.

Partner Rates by Practice Area 2025

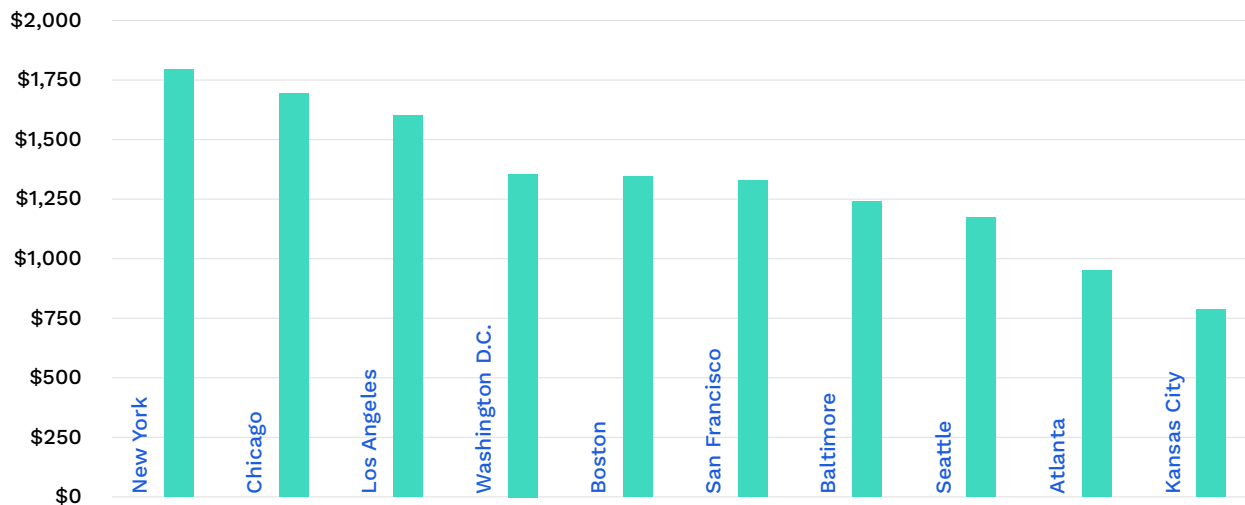
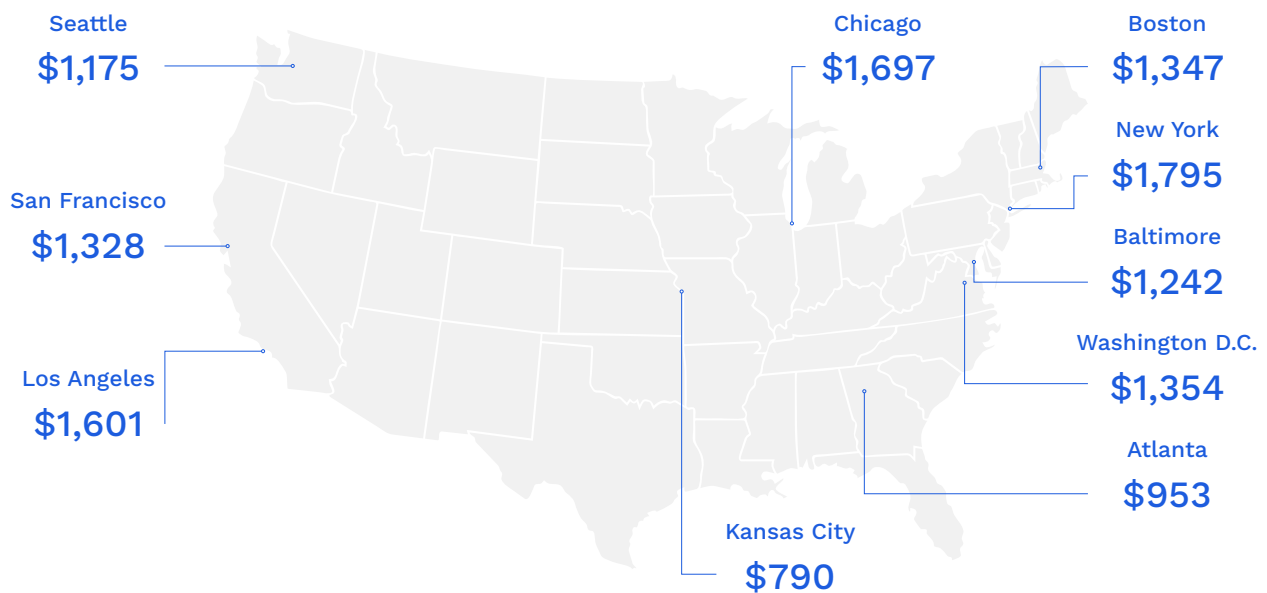


Geography

Rates continue to vary significantly by location. New York remains the most expensive market, with partners billing \$1,795 per hour. Chicago (\$1,697) and Los Angeles (\$1,318) followed closely.

In contrast, partners in Kansas City (\$790) billed at less than half the New York rate. Even within the Am Law® 100, geographic differences create meaningful opportunities for cost savings.

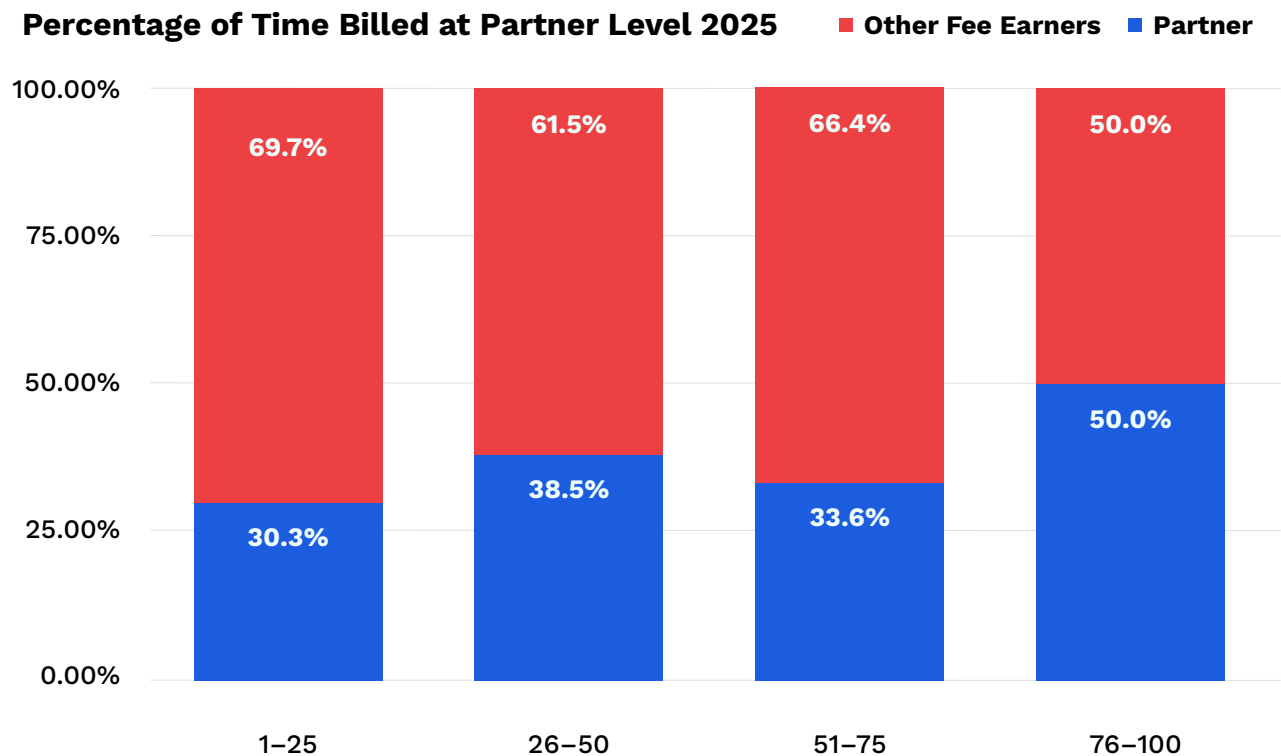
Partner Rates by Metro Area 2025



Resourcing Mix

How firms allocate work across partners and more junior fee-earners plays a critical role in determining overall legal spend.

In 2025, partners accounted for 30% of billable work at the top 25 law firms, compared to 50% at firms ranked 76–100. While the greater partner involvement at lower-ranked firms might raise cost concerns, their partner rates are nearly half those at top-tier firms on average, which keeps overall matter costs down.



The takeaway for in-house teams: heavy partner billing at top-tier firms has a much greater financial impact than similar allocations at lower-ranked firms, due to their higher hourly rates. Monitoring resourcing patterns remains critical to controlling overall spend.

Emerging Trends: AI's Impact on Law Firm Rates

Firms across the Am Law® 100 are investing in artificial intelligence (AI) technologies, primarily to drive internal efficiencies and streamline routine legal workflows. While widespread operational use of these tools is still in early stages, we are approaching a tipping point: one where AI will materially impact how firms deliver legal services and, by extension, how they price them.

For in-house teams, the implications are significant. AI is poised to reshape the foundational unit of legal pricing: the billable hour.



What's Changing?

AI is accelerating how legal work gets done. Tools that support research, drafting, and revision—traditionally the domain of junior associates—are already reducing the number of human hours required to complete legal tasks.

Over time, this will lead to:

- **Fewer hours billed per matter**, as more work is completed by AI.
- **Smaller teams staffed per matter**, particularly fewer junior associates.

On the surface, these trends may suggest cost savings for the legal department. But the reality may be more complex.



How Law Firms Are Likely to Respond

To maintain revenue, firms will likely adjust their pricing to offset reduced billable hours. After all, the value of resolving a matter remains unchanged—or may even increase—when AI enables faster, higher-quality, and more consistent outcomes. To capture that value, firms are expected to raise hourly rates and other commercial models to maintain or improve on their current margins.



Is the Hourly Rate Model at Risk?

Some have speculated that AI will hasten a broader shift away from hourly billing toward value-based pricing. While such a transformation is possible, it's unlikely to happen quickly. The billable hour remains deeply embedded in law firm economics, incentive structures, and client expectations.

That said, the economic pressure created by AI-enabled efficiency gains may create an opening for firms and clients to experiment more seriously with fixed-fee engagements and other alternative fee arrangements.



What In-House Teams Should Watch For

There are three early indicators that AI is starting to affect how law firms are getting work done, even if it might not show up in the form of reduced pricing:

1. **Reductions in total billed hours per matter**, particularly for repeatable work.
2. **Shifts in resourcing patterns**, such as fewer junior timekeepers and more partner time billed.
3. **Rate increase requests** that significantly outpace increases seen today.

In-house teams should track these patterns in their own data and use them to inform rate negotiations. Ultimately, clients and firms should share the value created by deploying AI to resolve matters.

While it may not always feel like it, legal departments are in the driver's seat when it comes to negotiating rates. Now more than ever, it pays to negotiate confidently and explore new partnerships when needed.

Brightflag is closely monitoring how AI adoption is shaping rates and resourcing, and will be among the first to reflect these shifts in future benchmarking data.

Recommendations

Armed with the insights in this report, in-house teams can enter rate negotiations with a clearer understanding of what constitutes an acceptable increase — and greater confidence in pushing back when proposals exceed market norms.

At the same time, effectively managing outside counsel rates is not a one-time exercise. To keep legal spend under control, teams need to take a structured, ongoing approach to monitoring and managing their law firm engagements.

Here are a few strategies that legal departments can apply to get — and stay — ahead of outside counsel costs:

Enforce agreed rates systematically.

Require firms to submit and adhere to approved timekeeper rates via an e-billing system.

Push back on excessive increases.

Use benchmarking data to challenge rate requests that exceed market norms.

Right-source strategically.

Reserve engagements with top firms for the highest-risk, most complex matters.
Redirect routine or lower-risk work to regional firms, ALSPs, or flexible legal talent.

Monitor resourcing closely.

Track the proportion of partner time billed and ensure staffing is aligned with the complexity and risk of the task at hand.

Keep an eye on AI adoption.

While still in early stages, AI is beginning to change how firms approach staffing and task completion. Over time, these changes may impact billing models and cost expectations. For now, legal teams should begin asking firms how they're using AI and whether it's reducing manual work—especially for repeatable tasks like research or document review.

Closing

The forces shaping outside counsel costs in 2025 are largely familiar: firm ranking, practice area, geography, and resourcing remain the strongest drivers of rates. But in-house teams are not without influence. With the right data and a clear understanding of how and where work is delivered, legal departments can make smarter sourcing decisions and maximize the value received from their outside counsel spend.

While artificial intelligence is not yet a dominant factor in rate setting, its growing presence in law firm workflows suggests new questions will arise in future negotiations. Staying informed and engaged on these trends now will ensure your team is prepared as technology begins to reshape how legal services are delivered—and priced.

About Brightflag

Brightflag's enterprise legal management platform is the most effective solution for providing visibility into legal work and spend. The intuitive AI-powered platform makes in-house legal teams more productive by taking on time-consuming, manual, tasks related to invoicing, reporting, and matter management.

About the Authors



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Michael leads data science at Brightflag and is passionate about AI and the future of legal operations. He is the architect of Brightflag's patented AI engine. Michael has a Masters in Machine Learning from DIT Dublin and an MLitt in Philosophy from the University of St Andrews in Scotland. Prior to Brightflag, Michael worked in consulting helping UK and Irish organizations leverage machine learning to enhance their operations and customer targeting.



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Sarah leads product marketing at Brightflag, including developing thought leadership and research for the benefit of the in-house legal community. Sarah has previously worked as a product manager at Brightflag and a market researcher for a variety of public projects. Sarah has a Bachelor of Law and Political Science from Trinity College Dublin and a Masters in Product Management from Technological University Dublin.