

U.S. Law Firms Logged a Busy Q2—But Clouds Are Building, New Report Finds



U.S. law firms posted solid second-quarter results as clients sought counsel amid economic and geopolitical uncertainty, according to the **Thomson Reuters Institute's Law Firm Financial Index (LFFI)**. Overall **demand rose 1.6% year over year** while **billing rates jumped 7.4%**, lifting the index score to **55**, up four points from Q1. Even so, the report warns that rising expenses, slipping productivity, and softer collections could pressure margins in the second half of 2025. [Reuters](#)

Key Q2 Numbers at a Glance

- **Demand:** +1.6% vs. Q2 2024
- **Worked (standard) rates:** +7.4% YoY
- **LFFI score:** 55 (↑ 4 points from Q1)
- **Risks flagged:** higher costs, lower productivity, unpaid bills/write-downs impacting realizations. [Reuters](#)

Uneven Growth by Firm Segment

Performance diverged by firm size. The **Am Law 100 cohort saw demand slip 0.6%**, while **midsize and "second-tier" firms grew 2.6% and 3.5%**, respectively—suggesting some clients are value-shopping or turning to specialists for targeted work. [Reuters](#)

Practice Mix: Litigation Up; IP Down

Demand improved for **litigation (+2%)** and was modest for **corporate (+1.3%)** and **M&A (+0.3%)**, while **intellectual property fell 1.4%** in the quarter. The mix underscores how regulatory and dispute activity is offsetting slower deal flow. [Reuters](#)

Why Firms Are Busy—and Cautious

The Institute links the Q2 lift to clients navigating **volatile trade and regulatory shifts**, a theme it has highlighted in 2025 coverage of legal-market performance: strong rate growth, choppy demand, and productivity headwinds entering the year. [Reuters](#)[Thomson Reuters](#)

What to Watch in H2 2025

- **Pricing vs. Productivity:** Rate increases continue to buoy revenue, but **lower hours per lawyer** and **rising compensation/overhead** could squeeze profit if demand cools. [Thomson Reuters](#)
- **Collections/Realization:** The report flags **unpaid bills and write-downs** as growing concerns. Tight billing hygiene will matter. [Reuters](#)
- **Practice Rotation:** If macro risk persists, **litigation/regulatory** may keep gaining share; a deal rebound would shift momentum back to **M&A/corporate**. [Reuters](#)

Bottom Line

Q2 was better than many expected—**workloads rose and rates held strong**—but the recovery is uneven and **pressure points are multiplying**. Firm leaders should stay vigilant on staffing, realization, and mix while clients continue to prize value and practical expertise.

Hiring to meet demand—or planning your next move? **Browse attorney and staff openings on [LawCrossing](#)** to find the right fit for 2025's shifting market.