

Hong Kong Legal Private Practice Salary Survey 2018





INTRODUCTION

The Aquis Search Hong Kong Legal Private Practice Salary Survey 2018 details salary information and recruiting trends in the business sectors we cover. Our information has been researched and collated with the help of our clients and candidates and from our working knowledge of the marketplace. Aquis Search consultants have extensive expertise in their practice area and the information reported is based on telephone interviews with hiring managers, HR professionals and in-house recruiters as well as data extracted from our own extensive database and internal research resources.

As with all reports that detail salary information and trends, we represent the mainstream view and we recognise there will be individual situations that fall outside the data published. This survey is therefore a guide to general movement in the sector. Please contact us for further information or for clarification on any of the compensation trends detailed in this report.

MARKET OVERVIEW

The legal private practice recruitment market in Hong Kong weathered some significant changes over the preceding year and from a hiring perspective, it continues to retain its uniquely competitive edge. The PRC firms have made an aggressive statement, expanding rapidly within the region and we have seen a deviation from the traditional law firm model with the Big Four accountancy firms expanding their legal offering and various alternative business models emerging to path an innovative approach to practising law. We have witnessed upheaval at partner level particularly within US firms which has impacted hiring and in addition to defecting to competitors, we have seen partners launching specialised boutique firms in areas such as disputes, restructuring and insolvency.

The newly qualified market was reasonably busy and we noted an appetite from lawyers from local firms seeking to take advantage of this juncture of their career to move to an international firm. It is fair to say that the NQ market was driven by opportunism with law firms getting a flavour of the lateral market by interviewing multiple candidates, often subjecting them to detailed written tests with the upshot being that they did not make a hire after all. We witnessed an uptick in hiring activity from the Magic Circle firms which was welcome news for candidates following a lull from these firms during the first half of 2017. Most of the hiring needs were from corporate practices with a healthy flow of finance roles. As ever, standards remained high with a focus on Hong Kong qualifications, strong academics, Chinese language skills and high-level experience within the practice area required. We accordingly saw firms vying for an inordinately small pool of talent creating a candidate driven market where firms were obliged to position themselves competitively on salary to attract the right candidate as well as promoting themselves on other benefits such as culture, a positive work environment and access to a work/life balance.

PRACTICE AREAS

Demand for capital markets lawyers was marked in the first and second quarters of 2017, in stark contrast to 2016 where capital markets hiring had reached a record low. We saw capital markets lawyers from local firms make the coveted move to international firms and interview processes were uncharacteristically rapid for the cautious private practice market. Equally, growth resounded within private equity, M&A investments funds, regulatory/enforcement and investigations practice areas. We saw a sudden and much awaited increase in contentious work mid-2017. Most roles sat within the

mainstream commercial litigation teams of law firms but we saw growth within more niche litigious practice areas such as financial services regulatory, insurance and employment. Demand for finance lawyers has remained healthy and interestingly for finance roles, law firms are more relaxed in terms of the Chinese language requirement. That said, demand for finance lawyers slowed down in 2017 in contrast to the preceding two years where active finance lawyers could find themselves in receipt of multiples offers. Technology expertise has been in growing demand with firms looking for lawyers with expertise in telecoms, media and commercial law. A further key development within the Hong Kong market in 2017 was the emergence of dedicated compliance teams within law firms focusing on listing rule compliance and annual reports. This spurred a demand for compliance lawyers with such roles offering less compensation than a standard fee earning role in exchange for more reasonable working hours.

MARKET UPDATE

Red Circle Firms

With Hong Kong's positioning as a global legal hub, it was only a matter of time before the leading PRC firms began to capitalise on this platform and 2017 marked both the entry of new PRC firms to the Hong Kong market and the expansion of operations amongst existing PRC firms. PRC firms have been busy servicing a healthy flow of referral work from their mainland offices in addition to major wins in terms of new work within the Hong Kong market with the competitive pricing they are able to offer. The PRC firms have also used their Hong Kong base to attract work within other auspicious markets such as Singapore and other emerging SEA markets. The PRC expansion is not limited to Hong Kong and we have

US Firms

Level	Annual Salary (US\$)
1st	180,000
2nd	190,000
3rd	210,000
4th	235,000
5th	260,000
6th	280,000
7th	300,000
8th	315,000

UK Firms

PQE	Monthly Salary (HK\$)	Average Monthly Salary (HK\$)
Newly Qualified	70,000 – 82,000	76,000
1st	75,000 – 87,000	81,000
2nd	85,000 – 94,000	90,000
3rd	90,000 – 104,000	97,000
4th	92,000 – 115,000	104,000
5th	100,000 – 125,000	113,000
6th	108,000 – 130,000	119,000
7th	115,000 – 135,000	125,000
8th	120,000 – 155,000	138,000

seen expansion into London and New York.

Opinion amongst the legal community remains divided on the strategy of the PRC firms but it is clear that competitor law firms cannot remain complacent in the face of these firms especially as they have managed to poach some leading lawyers during 2017. For some lawyers, the PRC law firms are a compelling proposition particularly those with entrepreneurial ambition. PRC firms provide early client exposure and for lawyers frustrated with the bottleneck in their current firm, they can offer a gateway to career progression. In some instances, we have seen senior lawyers enter PRC firms at partner level and PRC firms can (selectively) offer top of the market compensation to attract strong candidates.

Accounting Firms

Accounting firms, particularly the Big Four, have been developing their legal arm globally and it comes as no surprise to see this ripple into the Hong Kong market. In 2017 we saw expansion within the legal teams of the Big Four and some prestigious partner acquisitions. In many respects, it makes commercial sense and these firms can offer tax, finance, strategic consulting and now law in one integrated offering. Coupled with the size, brand presence, global reach and client portfolio global accounting firms can offer, there is scope for these firms to provide a real threat to the law firm model. Our findings, however, have been that hiring within this space has been reasonably selective and law as an industry is very conservative and it may take some time for this offering to develop. The accounting firms may also face challenges both in terms of regulating client conflicts and managing the

localised nature of Hong Kong legal services as opposed to the more globalised consulting market. Time will tell, however, we anticipate this to be an area of exponential growth over the course of 2018.

Offshore Law firms

2017 proved an exciting year for offshore law firm hiring. This was primarily driven by the growth of offshore firms in the market but we are finding that lawyers are increasingly attracted to the wider career benefits that such a move can afford including a broader, more diverse practice area, more sophisticated deals and career mobility. Jurisdiction of admission for a candidate has always been an issue for hiring for offshore firms and in light of Law Society regulations surrounding admission as a registered foreign lawyer, offshore firms have traditionally sought common law admitted lawyers (typically England & Wales, Australia and New Zealand). Given the small candidate pool within the Hong Kong market with such admission and the increased need for Mandarin language skills, offshore firms have opened the doors to lawyers admitted in Hong Kong, the PRC and the US, offering a “legal manager” title and on some occasions, requiring candidates to cross-qualify in a common law jurisdiction.

‘On-Demand’ Lawyers and Flexible Working Solutions

Many firms are now placing an emphasis on developing an alternative working practice with a focus on cutting costs and managing resources efficiently. We are accordingly seeing the emergence of “on-demand” lawyers who are retained by law firms to work on a fixed term basis either within the firm itself or alternatively, they can be outsourced to the firm’s client. This arrangement can offer flexibility to both parties;



from the law firm’s perspective, they can assist with a deficit in resource without the need to make a permanent appointment and for candidates, it can offer high level work with no long-term commitment and this can often be appealing to a lawyer seeking to manage their legal career alongside the needs of family life. For such roles, there is an emphasis on “hitting the ground running”, so firms seek out highly skilled, often senior lawyers to undertake these projects. We have found that candidates for “on-demand” projects are often sourced from the firm’s alumni networks who are considered a tried and tested resource.

Firms Moving Out of Central

There have been a number of exits to the Quarry Bay area which has been a polemic talking point within the Hong Kong legal market. With increased property development and an influx on Chinese companies into the Central area, rental costs have increased astronomically and law firms have been obliged to consider more affordable office premises. With some leading firms making the move out of Central successfully, managing partners are coming under pressure to justify to their global board the continuing need to remain in the exorbitantly priced Central area. We consequently predict further departures over the course of 2018.

OUTLOOK

Should the traditional law firms be worried?

Given prevalent market trends, it is our view in 2018 and beyond that it will be increasingly difficult for non-Chinese

speaking lawyers to enter the market. Law firms are competing for a small pool of talent, thus there is no room for complacency and they will have to deploy incentives to retain and attract candidates. This will extend beyond pure financial compensation and firms will need to look at improving culture, addressing work/life balance issues and offering more flexible work arrangements such as working from home and part-time roles. As indicated above, it very much remains to be seen how alternative business models will be received within the Hong Kong market but our expectation is that it will take some time given the conservative mindset amongst Hong Kong lawyers. In terms of hiring, we foresee 2018 to be a year of opportunity and we envisage moving away from replacement hiring with firms embracing a more opportunistic approach to candidates.

We expect to see stable and sustainable growth in China in the upcoming period. PRC law firms will continue to grow and many firms have hired experienced lawyers from big-name international outfits in the region. Opportunities within PRC firms will become increasingly attractive to many senior lawyers from international law firms as they are able to offer fast track career progression plus benefits that are comparable or exceed those offered by international firms. Under the regulations in China, international law firms can only operate as representative offices and are restricted from giving Chinese law advice. As a result, a number of international firms have set up joint operations with Chinese firms and we expect to see a growing trend with this arrangement whereas other international firms will hire opportunistically but more likely to maintain the same headcount in China.



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Miriam is a Director in the Private Practice Legal team, based in Hong Kong.

Her role covers all areas of practice for lawyers at entry and senior levels, placing them in leading law firms across the Asia Pacific region. She has experience working with key decision makers including partners and human resources professionals. She has an in-depth working knowledge of the Greater China market that has led to a great deal of success working with leading US firms in the region.

Miriam has extensive market knowledge and has also worked as part of the in-house legal team. Prior to recruitment Miriam worked in a marketing role coordinating business related events for educational and non-profit programs and campaigns.

Miriam has a Bachelor's degree in Psychology & Sociology from the University of Toronto and a Law degree from the Manchester Metropolitan University. She is fluent in English, Cantonese and Mandarin.



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Ciaran is an Associate Director in the Legal Private Practice team, based in Hong Kong.

He is responsible for the recruitment of private practice lawyers across Asia with a focus on the major hubs in Hong Kong and Singapore. His remit ranges from newly qualified lawyers to partner level placements and he has had proven success in recruiting within various practice areas of major law firms.

Prior to joining Aquis Search, Ciaran worked as a qualified lawyer for five years at a top US law firm specialising in real estate transactions before joining a global London search firm. His background has afforded him a true understanding of the legal recruitment market and uniquely positions him to offer commercial, consultative advice to both clients and candidates alike.

Ciaran has a Bachelor's degree in Law with French from Queen's University, Belfast. He completed his legal practice course at Nottingham Law School and was admitted as a solicitor in 2006.

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Mischa is a Senior Consultant working as part of the Private Practice Legal team based in Hong Kong.

Mischa is responsible for the recruitment of lawyers at all levels, across all practice areas, into leading international law firms across the Asia Pacific region. She has solid experience working with key decision makers including partners and human resources professionals. Her in-depth knowledge of the Asia legal market equips her to offer valuable advice on compensation and hiring trends.

Prior to joining the Private Practice team, she had a diverse portfolio, with responsibility for finding candidates in the human resources & corporate services space. Mischa worked across multiple industries including commerce, financial services and private practice law firms and successfully placed candidates across all industries.

Prior to joining Aquis Search, Mischa was a Research Assistant for a food and beverage company in South Africa.

Mischa has a degree in Value & Policy Studies and a Masters degree in Decision Making and Knowledge Dynamics from the University of Stellenbosch, South Africa.

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Ee Vonne is a Senior Consultant with the Human Resources and Corporate Services team based in Hong Kong. She recruits non-fee earning professionals at all levels for law firms.

Prior to joining Aquis Search, Ee Vonne worked for a leading search firm based in Taipei and for a Fortune 500 financial services company where she gained first hand an understanding of the processes, organization and staff training programs of large, global financial institutions.

Ee Vonne has a Master's degree in Social and Cultural Psychology from the London School of Economics and a Bachelor's degree in Economics from the University of Warwick. She speaks English and Mandarin.

ABOUT AQUIS SEARCH

Aquis Search is a leading regional executive search firm specialising in the corporate affairs, compliance, finance & accounting, human resources & corporate services, investment management, legal, risk management and technology sectors across Asia. We offer clients executive search, research & advisory, search & selection and contract & payroll services.

Our clients are members of a global network of prestigious financial institutions, leading UK and US law firms, regional market leaders and Fortune 500 organisations. Clients' recruitment briefs are successfully met by our team of experienced, multilingual consultants. Professional integrity is the key value on which our client relationships are built and the majority of our business is from personal referral. This is a testament to the high level of professionalism for which we are known.

Aquis Search was established in Hong Kong in 2009. Today we operate offices in Beijing, Delhi, Hong Kong, London, Mumbai, Shanghai, Singapore and Taipei.

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