

New Release

For Immediate Release

Another Record-breaking Year for Law Firm Mergers in 2018

WASHINGTON, D.C., January 2, 2019 – Law firm mergers experienced another year of record-breaking growth in 2018 according to the merger research team at Fairfax Associates.

In 2018, we tracked 71 completed mergers (meaning the effective date of the merger occurred during 2018). This compares with 65 mergers in 2017 and is higher than the historical average of 52 mergers per year when compared to our data over the last 10 years (from 2008 to 2017). The number of mergers in 2018 is the highest number of combinations since 2001, when there were 86 mergers on record.

As in the previous three years, the growth trend in cross-border mergers remained strong. In 2018, we recorded 15 cross-border combinations. This follows the 19 cross-border combinations in 2017 and the 13 cross-border mergers in 2016. By contrast, there were only five cross-border combinations in 2015.

More than half of the cross-border combinations involved Dentons. There were eight Dentons cross-border combinations - in Indonesia, Malaysia, Barbados, the Cayman Islands, Kenya, Mauritius (two mergers) and Uganda. The firm also announced a combination in Chile with Larrain Rencoret Urzua that has been approved by the partnership and will launch in the coming months. Other major cross-border combinations included Bryan Cave with Berwin Leighton Paisner in London, DLA Piper with Delacour in Denmark and with Noguera Larrain & Dulanto in Chile, Eversheds Sutherland with Dvorak Hager & Partners in Prague, Littler with Reliance in Belgium and with CLINT in the Netherlands.

There were seven domestic mergers involving firms with 100 or more lawyers in 2018, four more than in 2017. Three of these took place in Texas: Hunton & Williams with Andrews Kurth Kenyon in Houston (311 lawyers), Clark Hill with Strasburger & Price in Dallas (195 lawyers), and Foley & Lardner with Gardere Wynne, also in Dallas (233 lawyers). The other large mergers were Nelson Mullins with Broad and Cassel in Orlando (160 lawyers), Ballard Spahr with Lindquist & Vennum in Minneapolis (136 lawyers), Fox Rothschild with Smith Moore Leatherwood in North Carolina (131 lawyers) and Venable with Fitzpatrick Cella in New York (96 lawyers). Consistent with prior years, 70% of the mergers in 2018 involved mergers with firms between five and 20 lawyers.

New York, Florida, Pennsylvania, Texas, Missouri and California led the way in terms of merger activity (based on the location of the smaller firm, including in-state mergers). New York had nine mergers, including five in New York City. There were six mergers in Florida, five mergers apiece in Pennsylvania, Texas and Missouri, and four mergers in California (three in Los Angeles and one in San Francisco). There were three mergers each in Ohio and Washington State, and two mergers each in Colorado, Illinois (both in Chicago), Minnesota and New Jersey.

Looking forward, 13 combinations have already been announced for completion in the first quarter of 2019. The largest ones include Burr & Forman with McNair in South Carolina (84 lawyers), Arent Fox with Posternak Blankstein & Lund in Boston (55 lawyers), Manning Gross + Massenburg with Kurowski Shultz in O'Fallon, Illinois (23 lawyers), Day Pitney with Richman Greer in Miami (15 lawyers), and Dykema with Loss, Judge & Ward in Washington, DC (12 lawyers).

Intensifying competitive pressure is causing more law firms to grapple with how best to increase their market share, expand client relationships, and deepen critical areas of expertise. Based on active discussions and continued interest in growth through merger we expect 2019 to bring consolidation in the legal industry on par with the 2018 levels.

Fairfax Associates collects data from published reports, press releases and direct reports from law firms. Mergers are reported where the acquired firm has five or more lawyers. Upon routine verification of the data, some historical numbers may have been updated since previously issued reports, and the number of mergers contained herein may change as additional mergers are announced.

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Fairfax is a specialist firm of highly experienced consultants focused on serving clients in professional services, and in particular, law firms. Our services and areas of focus include merger strategy and search, merger integration, strategic planning, partnership issues including partner compensation, and governance and organization. We work with the largest international and national law firms and leading firms of all sizes.

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