

**Law Firm Mergers Skewing Smaller in 2019**

**WASHINGTON, D.C., September 30, 2019** – Law firm mergers through the third quarter were down compared to last year, but still higher than the historical average, according to the merger research team at Fairfax Associates.

We tracked 16 completed mergers for a total of 46 completed mergers through the third quarter. This is lower than the record-setting 57 mergers through the third quarter of 2018, but higher than the historical average of 43 mergers through the third quarter, when compared to our data over the last 10 years (from 2009 to 2018).

Merger activity in the third quarter continued to be primarily defined by small combinations, with 80 percent of the 16 combinations in the five to 25 lawyer range. The three largest mergers included two domestic mergers and one cross-border combination. The largest merger of the quarter was between Foster Pepper and Garvey Schubert Barer. The two firms combined to create a new firm called Foster Garvey with approximately 200 lawyers.

Interestingly, the number of completed mergers in 2019 continues to bely the level of merger interest and discussion activity we observe in our client work, as a majority of mid-size and large law firms are actively seeking growth in one form or another. The gap between the level of active merger discussions and the data on completed mergers may be due in part by the fact that many mid-size firms are focusing attention on larger scale combinations (i.e., mergers of equal or major acquisitions of 100+ lawyers). These mergers are often harder to finalize, as they involve larger scale change for big groups of partners. As a result, a smaller number of discussions tend to progress to a successful partner vote and ultimate merger agreement.

The difficulty in completing a larger scale merger is reflected in the 2019 data – there are no completed mergers where the smaller firm had over 100 lawyers thus far this year. By contrast in 2018 we saw seven such mergers and in 2017 we saw nine. Dentons announced combination with Kensington Swan in New Zealand (113 lawyers) may be completed in 2019. We don't expect that 2019 will bring nearly as many mergers of size as in recent years. Looking forward, the merger of Taft Stettinius & Hollister with Minneapolis-based Briggs and Morgan (135 lawyers) will be effective on January 1, 2020.

There were 14 domestic mergers scattered across nine states and Washington, DC. There were two mergers apiece in California, Texas, Washington, DC and Washington State. In California, Ballard Spahr combined with Leopold Petrich & Smith (seven lawyers in Los Angeles), and Cozen O'Connor combined with Miller Law Group (13 lawyers in San Francisco). In Texas, Spencer Fane combined with Zimmerman Axelrad Stern & Wise (19 lawyers in Houston), and SettlePou combined with The Berry Firm (five lawyers in Dallas). In Washington, DC, Carlton Fields combined with McManus & Felsen (five lawyers), and Parker Poe combined with Leftwich (five lawyers). In Washington State, there were two mergers in Seattle, including the merger that created Foster Garvey as well as a combination between Stokes Lawrence and Mills Meyers Swartling (nine lawyers).

Other states with one merger each were Indiana, Kentucky, North Carolina, Nevada, New York (Rochester), and Ohio. Offit Kurman's merger with North Carolina's Horack Talley Pharr & Lowndes (27 lawyers) was the second-largest domestic merger of the quarter.

Only two of the mergers completed in the third quarter were cross-border combinations. The first is Greenberg Traurig's combination with its longstanding ally, Santa Maria Studio Legale, in Milan, Italy (37 lawyers, and one of the three largest mergers of the quarter). The second is Dentons combination in Honduras with Gustavo Zacapa y Asociados (six lawyers), although Dentons has 10 pending cross-border combinations\* that have been announced but not yet completed. A significant potential cross-border combination, between Allen & Overy and O'Melveny & Myers, was called off in recent weeks,

Dentons continues to drive a significant portion of the cross-border merger activity, as well as a meaningful amount of the overall merger activity. In 2016, the firm's six cross-border combinations accounted for 46 percent of all cross-border combinations. In 2017, another six cross-border combinations accounted for 32 percent and in 2018, eight cross-border combinations accounted for 53 percent. Thus far in 2019, three Dentons cross-border combinations account for 43 percent of the cross-border merger activity.

\* Dentons 10 cross-border combinations that have been announced but not yet completed include six firms in Africa: LEAD Advogados in Angola, Sayarh & Menjra in Morocco, Fernanda Lopes & Associados Advogados in Mozambique, Kyagaba and Otatiina Advocates in Uganda, Eric Silwamba, Jalasi and Linyama Legal Practitioners in Zambia, and MawereSibanda in Zimbabwe. The others are Kensington Swan in New Zealand, Lee International in South Korea, Rattagan Macchiavello Arocena in Argentina and Jiménez de Aréchaga, Viana & Brause in Uruguay.

*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 have been updated since previously issued reports, and the number of mergers contained herein may change as additional mergers are announced.*

###

## **About Fairfax Associates**

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.

## **CONTACTS**

Lisa Smith  
202.365.4180  
[lisa.smith@fairfaxassociates.com](mailto:lisa.smith@fairfaxassociates.com)

Kristin Stark  
415.215.9294  
[Kristin.stark@fairfaxassociates.com](mailto:Kristin.stark@fairfaxassociates.com)