

New Release

For Immediate Release

First Quarter Law Firm Mergers In-line with Recent Trends but Numbers Expected to Decline

WASHINGTON, D.C., April 1, 2020 – Thanks to a strong start, law firm mergers were down only slightly in the first quarter compared to recent trends according to the merger research team at Fairfax Associates.

In the first quarter of 2020, we tracked 21 completed mergers (meaning the effective date of the merger occurred during Q1 2020). This is lower than the 25 mergers in Q1 2019 but is higher than the historical average of 20 mergers per year when compared to our data over the first quarter of the last 10 years (from 2010 to 2019).

Sixty-two percent of all the mergers in the first quarter of 2020 were small and involved firms with between five and 20 lawyers. This is a higher percentage than in the first quarter of 2019, when fifty-six percent of the mergers involved firms between five and 20 lawyers. There were 2 cross-border combinations this quarter, down from 3 cross-border mergers that occurred in in the same quarter last year. Both of the cross-border combinations involved Dentons, which acquired Lee International in South Korea and Kensington Swan in New Zealand.

The largest merger of the quarter was the combination of Faegre Baker Daniels and Drinker, Biddle & Reath to form the c. 1300 lawyer Faegre Drinker Biddle & Reath. The next three largest mergers of the quarter were: Dentons with Bingham Greenebaum in Indianapolis (178 lawyers), Lathrop Gage with Gray Plant Mooty in Minneapolis (155 lawyers), and Dentons with Cohen & Grigsby in Pittsburgh (144 lawyers). We were pleased to work on several of the largest combinations of the year.

There were four mergers apiece in both California (including two in Los Angeles and one in Oakland) and Pennsylvania (including two in Philadelphia and one in Pittsburgh); two mergers apiece in Massachusetts (both in Boston), Minnesota (both in Minneapolis), and New York (including one in New York City); and one merger each in Florida, Indiana, Louisiana, Michigan, and Ohio.

Looking forward, the combination of Troutman Sanders in Atlanta (650) and Pepper Hamilton in Philadelphia (450) has already been announced for completion later this year. The merger was originally scheduled to launch on April 1, but the effective date has been delayed to July 1 due to the ongoing COVID-19 pandemic. In light of the current economic turmoil and restrictions on travel, we anticipate fewer completed mergers in the second quarter, although interest in long term growth remains high and some merger discussions are continuing to progress. Given the potential for instability in some firms in the coming months there may also be mergers driven by necessity.

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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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.

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