

Law firm mergers steady between 2020 and 2021 but below historic averages

WASHINGTON, D.C., January 3rd, 2022– Law firm merger activity remained steady in 2021 relative to 2020, but well below historic averages, according to the merger research team at Fairfax Associates.

In 2021, Fairfax Associates tracked 41 completed mergers (meaning the effective date of the merger occurred during 2021) with five occurring in the fourth quarter. This is an increase of one over the 40 mergers Fairfax tracked in 2020, but well below the historical average of 55 mergers per year over the previous 10 years (from 2011 to 2020). The 2021 data represents a second year of a Covid dip for law firm merger activity, reflecting the ongoing challenges associated with negotiating a combination of law firm partnerships in a virtual environment, particularly in the first half of the year.

Sixty-three percent of all mergers completed in 2021 were small, with at least one of the firms having between five and 20 lawyers. This is slightly lower than in 2020, when sixty-eight percent of all mergers involved one firm with between five and 20 lawyers. Meanwhile, the year saw just one large, completed merger, where both firms had at least 100 attorneys - the combination of Miami-based Holland & Knight (1,212 lawyers) with Dallas-based Thompson & Knight (278).

Among the notable mid-size mergers in 2021 was the Midwest expansion of DC-based Crowell & Moring (584) through a merger with Chicago-based, Brinks Gilson & Lione. This combination provides Crowell its first offices in Chicago and Indianapolis. Cincinnati-based Dinsmore & Shohl (656) also expanded into Indiana, through merger with the Indianapolis firm of Wooden McLaughlin (47).

Regionally, there were five mergers in New York state, four of which were in New York City. Massachusetts and Illinois each had three mergers (two each in Boston and Chicago). Seven states had two mergers apiece: Alabama, California, New Jersey, Pennsylvania, Tennessee, and Texas.

There were nine cross-border mergers in 2021, compared with seven in 2020. Dentons accounted for five of the nine. In addition to the five Denton's cross-border mergers, other notable cross-border mergers included the combination of St. Louis-based Armstrong Teasdale (310) with London-based Kerman & Co. (32), and Littler's merger with Abdón Pedrajas (39) in Madrid.

Looking ahead, five mergers have been announced for completion in the first quarter of 2022, including the creation of ArentFox Schiff through the combination of DC-based Arent Fox and Chicago-based Schiff Hardin. The merger will move the two AmLaw 200 firms into the AmLaw 100. Additional pending mergers include Atlanta firms Smith Gambrell & Russell (241) and Rogers & Hardin (25); Maine-based Verrill Dana (124) with Boston-based Rackemann, Sawyer & Brewster (24); California firm Best, Best & Krieger (213) with Oregon-based Karnopp Petersen (15); and Chicago firms Croke Fairchild Morgan & Beres (38) and Hamilton, Thies & Lorch (7).

While law firms continue to face logistical challenges associated with developing merger relationships and pushing towards more serious discussions in the current environment, many firms remain committed to growth and expansion and are continuing to explore merger options. Increasingly, merger

processes and discussions are moving to a virtual or partially-virtual format, which may aid a return to more typical historic merger activity levels in 2022-2023.

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 and at least one of the firms is US based. 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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