

Law Firm Mergers Up Since 2021

WASHINGTON, D.C., October 3, 2022 – In the third quarter, law firm mergers tracked closely with Q2 results but reflect an increase in merger activity since 2021, with mergers involving small or boutique firms accounting for the bulk of activity, according to the merger research team at Fairfax Associates.

In the third quarter of 2022, we tracked 12 completed mergers (meaning the effective date of the merger occurred during Q3 2022) for a total of 37 completed mergers for the first three-quarters of 2022. This is an increase over the same period in 2021, which saw eight mergers completed in Q3. Year-to-date, mergers are also up over the 33 mergers completed at this point last year, though below the average of 44 mergers per year when analyzing our data for the first three quarters over the previous 10 years (from 2012 to 2021). Domestic mergers (where both firms are US based) have been particularly robust compared to 2021, with 36 domestic mergers through Q3, compared to 32 in 2021.

Continuing a trend seen in the second quarter, combinations in Q3 focused on smaller firms. The largest merger of the quarter was the combination of Phoenix-based Fennemore Craig (194 lawyers) with Oakland based Wendel Rosen (56) announced in Q2 but finalized in July. On the opposite coast, Roanoke-based Woods Rogers (80) and Richmond-based Vandeventer Black (50) combined to form Woods Rogers Vandeventer Black. Seattle-based Davis Wright Tremaine (562) merged with Washington, DC-based financial services boutique McGonigle (44), a combination that also gives DWT its first Chicago office. Rounding out this group of larger mergers, Louisville-based Stoll Keenon Ogden (145) merged with Indianapolis-based Katz Korin Cunningham (38).

Sixty-seven percent of the quarter's mergers involved firms between five and 20 lawyers. These included a number of mergers involving boutique firms. The largest of these was New York City-based Romer Debbas (23) merging with fellow New York real estate boutique Katz & Matz (13), and Fort Lauderdale-based Greenspoon Marder (197) combining with Los Angeles-based bankruptcy and restructuring boutique SulmeyerKupetz (9).

Rounding out the boutique mergers were New York-based Norton Rose Fulbright (3,084) merging with Chicago-based renewable energy and real estate boutique Clean Law (7), Baltimore-based Offit Kurman (250) merging with the Greensboro-based corporate boutique Hagan Barrett (6), New York-based Golenbock Eiseman Assor Bell & Peskoe (51) merging with New York-based real estate boutique Stempel Bennett Claman & Hochberg (6), and New York-based Stroock & Stroock & Lavan (238) merging with White Plains bankruptcy boutique Luskin, Stern & Eisler (5).

The final merger in this category was the combination of Winston-Salem-based Womble Bond Dickinson (880) with San Francisco-based Cooper, White & Cooper (17), creating Womble's first San Francisco office.

The one cross-border combination in Q3 was a long time coming – Palo Alto-based Cooley's (1,267) merger with Hong Kong firm Cai, Lee & Partners (12), first announced in 2019, which was approved by the Law Society of Hong Kong in July of this year.

Two additional mergers were announced this quarter but will not become effective until Q4. Minneapolis-based Taft Stettinius & Hollister (608) is set to merge with Detroit-based Jaffe Raitt Heuer & Weiss (120) by the end of the year, and the Philadelphia firm Duane Morris (723) has

announced a merger with New York-based Curley Hurtgen & Johnsrud (18) that is expected to finalize in October.

Consistent with the sentiment earlier in the year, interest in growth and in particular growth through merger, remains high across much of the legal industry. We expect to see additional mergers announced in Q4 (although some may not be effective until 2023), and robust activity into next year.

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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CONTACTS

Lisa Smith
202.365.4180
lisa.smith@fairfaxassociates.com

Kristin Stark
415.215.9294
Kristin.stark@fairfaxassociates.com