

Law Firm Mergers Up in 2022

WASHINGTON, D.C., January 3rd, 2023— Law firm merger activity increased in 2022 relative to 2021, with a number of significant midsize mergers in the US but more limited cross-border activity than observed in previous years, according to the merger research team at Fairfax Associates.

In 2022, Fairfax Associates tracked 46 completed mergers (meaning the effective date of the merger occurred during 2022) with six mergers occurring in the fourth quarter. This is an increase of five over the 41 mergers Fairfax tracked in 2021. However, there were just 2 cross-border mergers in 2022, compared to 9 in 2021, so the 44 domestic mergers were significantly higher than the 32 we tracked in 2021. The 46 total mergers in 2022 was still below the historical average of 55 mergers per year over the previous 10 years (from 2012 to 2021).

Sixty-five percent of all mergers completed in 2022 were small, with at least one of the firms having between five and 20 lawyers. This is a slight increase from 2021, when sixty-three percent of all mergers involved one firm with between five and 20 lawyers. Meanwhile, the year saw two large, completed mergers, where both firms had at least 100 attorneys - the fourth quarter combination of Minneapolis-based Taft Stettinius & Hollister (608 lawyers) with Detroit-based Jaffe Raitt Heuer & Weiss (120), and the completion of the combination of DC-based Arent Fox (385) and Chicago-based Schiff Hardin (210) announced in 2021 but completed in the first quarter of 2022.

Midsize mergers in 2022 included two notable combinations where firms invested in building greater regional geographic strength. In Virginia, Roanoke-based Woods Rogers (80) combined with Norfolk-based Vandeventer Black (50) to create Wood Rogers Vandeventer Black. In the Midwest, Chicago-based SmithAmundsen (180) and Wilwaukee-based DavisKuelthau (62) combined to form Amundsen Davis, now among the 200 largest firms in the US by attorney headcount. Another merger resulting in a firm among the largest 200 in the country by headcount came with the combination of Phoenix-based Fennemore Craig (194) and Oakland-based Wendel Rosen (56). This merger was also notable as it came on the heels of Fennemore's combination with Gresham Savage Nolan & Tilden (24) in Los Angeles.

Regionally, there were seven in-bound mergers in California, six in New York, and five each in Illinois and Florida. North Carolina also observed notable merger activity, with three in 2022 versus none in 2021. There were two mergers each in DC, Pennsylvania, Texas, and Washington, and the following states had one merger each: Arizona, Arkansas, Colorado, Indiana, Georgia, Massachusetts, Michigan, Oregon, Washington, and Wisconsin.

As noted, there were 2 cross-border mergers in 2022, a significant decline from the nine in 2021 and seven in 2020. The first was the final approval on a merger initially announced in 2019 – Cooley's combination with the Hong Kong firm Cai, Lee & Partners (12). Dentons also continued their expansion in Africa with a combination with Tunis-based Zaanouni Law Firm and Associates (12), announced in March of 2022 and approved in the fourth quarter.

Looking ahead to 2023, six domestic mergers have been announced for completion in the first quarter. These include three mergers expanding the footprints of US firms - DC-based Venable (750) is merging with Miami-based Genovese Joblove & Battista (36), representing Venable's first office in Miami;

Milwaukee-based Quarles & Brady (415) is combining with San Diego-based employment boutique Paul, Plevin, Sullivan & Connaughton (30); and Cincinnati-based Frost Brown Todd (552) is combining with Orange County-based AlvaradoSmith (23). Meanwhile, Morrison & Foerster is adding to its San Francisco office by merging with litigation boutique Durie Tangri (36). Similarly, New Jersey firms Javerbaum Wurgaft Hicks Kahn Wikstrom & Sinins (81) and family law boutique Ceconi & Cheifetz are set to combine, and Akron-based Brouse McDowell (78) will merge with Ekker, Kuster, McCall and Epstein (8), of Sharon, Pennsylvania. On the cross-border front Dentons has announced a combination with New Delhi-based Link Legal (134), expected to finalize in the coming months.

We expect merger activity to continue to increase across all segments of the legal market in 2023. Given natural attrition and the limitations of sustaining growth through organic and lateral additions, law firms continue to actively pursue merger as an element of their growth strategy. While economic headwinds may cause some firms to be more cautious about growth, it may cause others to recognize the need to bolster their ranks through a combination.

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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