

Cross-border and large firm merger activity increased in 2023

WASHINGTON, D.C., January 2nd, 2023– Law firm merger activity increased slightly in 2023 relative to 2022, with increased activity in cross-border and large firm mergers, according to findings from the merger research team at Fairfax Associates.

In 2023, Fairfax Associates tracked 48 completed mergers (meaning the effective date of the merger occurred during 2023) with six mergers occurring in the fourth quarter. This reflects a modest increase of two over the 46 mergers Fairfax tracked in 2022. Cross-border mergers were up year-over-year (from two to four) while domestic mergers were flat year-over-year, at 44 for both 2022 and 2023.

Large mergers, defined by both firms having at least 100 attorneys, saw a surge in 2023, with five such mergers compared to just two in 2022. The size of these larger mergers also increased in 2023, with three of these mergers involving firms larger than 1,000 attorneys, compared to zero in 2022. The largest merger completed in 2023 was the combination of Miami-based Holland & Knight (1,400 lawyers) with Nashville-based Waller Lansden Dortch & Davis (257). The largest cross-border merger was Denton's (10,000+) combination with Link Legal (124) in India.

Sixty-nine percent of all mergers completed in 2023 were small, with at least one of the firms having between five and 20 lawyers. This is similar to 2022, when sixty-six percent of all mergers involved one firm with between five and 20 lawyers.

California emerged as a particularly active market for law firm combinations in 2023, with 10 mergers for the year, nine of which were inbound from other states. Illinois also experienced considerable merger activity, with six combinations, all in Chicago (four inbound). Pennsylvania saw four mergers in the year (two inbound). Florida, New Jersey, New York, Ohio, and Virginia each saw three mergers in the year. Additionally, DC and Massachusetts saw two mergers each, while the following states had one merger in the year: Colorado, Connecticut, South Carolina, Tennessee, and Washington.

Internationally, the year's cross-border mergers involved firms in India (the aforementioned Link Legal's combination with Dentons), Ireland (Detroit-based Clark Hill's combination with HBMO Solicitors), Colombia (Miami-based Holland & Knight's combination with Cuberos Cortés Gutiérrez), and the UK (London-based Clyde & Co. combining with Boston firm Hermes, Netburn, O'Connor & Spearing).

Looking ahead to 2023, the mega-merger of London's Allen & Overy (2,821) with New York's Shearman & Sterling (722) to create the 3,500+ firm of Allen Overy Shearman Sterling, or A&O Shearman, is expected to be effective in May 2024.

Additionally, eight domestic mergers have been announced for completion in the first quarter. The largest of these is the combination of Cleveland-based Ulmer & Berne (175) with St. Louis-based Greensfelder Hemker & Gale (140) to create the firm of UB Greensfelder. Kansas City-based Spencer Fane (404) is combining with the Salt Lake-based firm Snow Christensen & Martineau (50), and Chicago-based Amundsen Davis (236) is set to merge with Columbus-based Crabbe, Brown & James (10).

Given the nine mergers already announced for 2024, as well as the continuing high level of interest in growth across the legal industry, we expect to see merger activity in 2024 to be similar to 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. Law firm combinations involving all lawyers from both firms are included in reports even if not officially reported as a merger by the firms. 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