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Top Law Firms in New York Remain in Growth Mode

An uptick in demand among the biggest New York firms is helping to drive head count increases, especially for associates.

By Christine Simmons

Many large law firms continued beefing up their New York offices last year, expanding their numbers—particularly their associate ranks—amid [solid revenue and profit growth](#) for the city's elite firms over the last two years.

This year's New York Law Journal 100 ranks firms by their total number of full-time equivalent lawyers in New York state in 2017.

In all, about 62 firms in the rankings showed a net gain in New York, including two that grew as a result of mergers, while six had no net change and the rest had losses. The numbers were similar to [2016's patterns](#), while in previous years there were roughly equal head count gains and losses among the surveyed firms.

About 12 law firms saw growth of 10 percent or more in New York without mergers. In all, the average head count change of all 100 firms, excluding the merged firms, is about 3.5 percent. For the top 20 of the NYLJ 100—mostly a group of elite firms and Wall Street practices—the average gain was about 5 percent.

For instance, No. 2-ranked Skadden, Arps, Slate, Meagher & Flom grew by 5 percent to 692 New York lawyers; No. 3-ranked Davis Polk & Wardwell, by nearly 8 percent to 683 lawyers; No. 6-ranked Weil, Gotshal & Manges, by 8 percent to 519; No. 11-ranked Latham & Watkins, by 11 percent to 423; and No. 13-ranked White & Case, by 8.6 percent to 366.

Kirkland & Ellis, the highest-grossing firm in the Am Law 100, continues to move up the NYLJ 100. It is now ranked at No. 8 with 503 New York lawyers, after a 20 percent increase in head count last year. Just five years ago, Kirkland was ranked No. 17, with about 170 fewer New York attorneys.

The New York office gains are consistent with the legal industry's overall head count growth. The number of lawyers who worked in the nation's 500 largest firms increased 1 percent over the previous year to nearly 165,300, according to [this year's National Law Journal 500 report](#).

According to Citi Private Bank's Law Firm Group, which surveys a variety of sized firms across the country, firms grew by 1.9 percent in 2017—the highest growth in industry average head count reported in the post-recession years, said Gretta Rusanow, head of advisory services at the bank's law firm group.

Meanwhile, the highest-grossing firms—those in the Am Law 50, a group mostly included in the NYLJ 100—grew total lawyer head count on average by 2.8 percent last year, according to Citi's figures.

While demand as measured by total billable hours logged was slightly up for the industry, by about 0.7 percent, it rose an average of 1.7 percent of the Am Law 50, Rusanow said.

But the head count gains of the NYLJ 100 were not mostly in the partner ranks, despite the ultra-competitive [race for the most talented lateral partners](#) and [a boost in partner promotions in New York](#) in recent years. Average equity partner head count in the industry contracted by 0.3 percent last year, Rusanow said, and it rose by 0.5 percent among New York-headquartered firms surveyed by Citi.

Head count gains are often driven by large associate classes, which several firms confirmed. According to Citi's figures, average associate head count in the industry grew 2.8 percent, while Am Law 50 firms expanded associate ranks by an average of 3.8 percent.

Cooley, up 11 slots in the rankings to No. 82 in New York, said its gains are mostly in its associate ranks. "We're adding leading lawyers in areas such as corporate and venture, commercial and securities litigation," said Cooley's New York partner in charge, Jonathan Bach, in a statement.

Gary Wingens, chairman of No. 92-ranked Lowenstein Sandler, which rose 13 percent in New York to 95 attorneys, said the firm is seeking to hire more midlevel associates in the New York area than at any other time since 2007, citing increased activity in Lowenstein's investment management, mergers and acquisitions and private equity practices, as well as in its white-collar defense and bankruptcy groups.

Whether this level of New York office growth is sustainable is a key question. The salary raises at many of New York's largest firms this summer immediately raise their expense base.

Meanwhile, as firms plan for summer associate hiring, they are making projections about associate classes two years early. This involves projecting demand levels and attrition rates, Rusanow said. The salary increases for associates in the Am Law 200, starting at \$190,000 for first-years, may disrupt hiring decisions by slowing down attrition.

Firms on the Move

The fastest growing firms in New York last year included Cooley, which grew 23 percent to 113 lawyers; Kirkland; Baker & McKenzie, which grew 17 percent to 108 lawyers; Akerman, rising 16 percent to 94 lawyers; and Lowenstein.

Two of the ranked law firms, Arnold & Porter Kaye Scholer and Norton Rose Fulbright, grew their New York offices substantially through mergers with New York firms Kaye Scholer and Chadbourne & Parke, respectively. Arnold & Porter, absent from last year's rankings, is now No. 23, with 291 lawyers, while Norton Rose, with 253 lawyers in Manhattan, is now No. 30, moving up 45 places in the rankings.

The largest percentage growth outside a merger occurred at midsize firm Kaufman Borgeest & Ryan, founded in 1997. Ranked No. 86, it grew 25 percent to 107 attorneys in Manhattan, Westchester and Long Island last year. Founder Wayne Borgeest said most of its net gains were in the associate ranks, after seeing increased business in its employment, health care and insurer defense work.

The firms with the largest net losses in New York attorney numbers—Herrick Feinstein; Stroock Stroock & Lavan; and Cadwalader, Wickersham & Taft—are those undertaking new strategies in recent years.

Herrick Feinstein saw head count drop 11 percent to 105 attorneys and is now ranked No. 87, [after calling off merger talks with Crowell & Morning](#) in early 2017. “When we began merger discussions in 2016,” said a firm spokesman, “we had excess head count in several areas that we planned to grow in a combined firm. Some lawyers who had niche practices or ones built for a combined firm left in 2017, and we consciously made other changes to enhance our profitability and agility as an independent firm.”

The spokesman noted that the firm made key hires in the last year but said it “is not focusing on head count for the sake of targeting some number.” He added, “when the fit is right, we’ll grow.”

At No. 43-ranked Cadwalader, the Manhattan office dipped 7.4 percent to 199 attorneys. In a statement, Cadwalader managing partner Pat Quinn said its “current size results from our strategy to focus on the practices that best serve our natural client base” and “that strategy has led to significantly improved financial results for our firm. We are in growth mode, making strategic lateral hires.”

Quinn said the firm’s head count “will continue to increase in practices that fit our strategy.”

Stroock saw its Manhattan headquarters fall 8 percent to 184 lawyers, dropping down eight slots to No. 49. Stroock saw some corporate partner departures in 2017 as well as a loss of about a dozen lawyers to Proskauer Rose, [amid a strategic review that ultimately led to de-equitizations](#). A spokeswoman didn’t return a message seeking comment on the New York head count decline.

Meanwhile, IP boutique Fitzpatrick, Cella, Harper & Scinto, where New York head count fell by 26 percent to 80 attorneys, fell out of the rankings entirely. The firm declined to comment on the contraction but said in a statement that it was “busy as ever” and it expects to have 89 attorneys in Manhattan this by fall, up more than 10 percent from 2017. “Our recruiting efforts continue to be robust, attracting top-notch, diverse candidates as we plan for continued growth,” the firm said.

Other firms nudged out of the NYLJ 100 rankings this year include Duane Morris, Farrell Fritz and Hunton & Williams. [Long Island firm Abrams, Fensterman, Fensterman, Eisman, Formato, Ferrara, Wolf & Carone is new to the NYLJ 100, ranked No. 96 with 93 lawyers.](#)

Government Offices

The ranks of some government law offices continued to swell too. The New York Attorney General Office’s head count rose by 2 percent to 694 lawyers, and the city’s Law Department—which surpassed the size of the largest law firm office in 2016—is quickly growing. The Law Department’s head count rose by 9 percent to 930 lawyers last year, outsizing Paul, Weiss, Rifkind, Wharton & Garrison, long ranked No. 1 in the NYLJ 100, by more than 100 lawyers.

“In past years,” said department spokesman Nick Paolucci, “we experienced an increase in the number of tort cases filed in the Bronx and Brooklyn. We secured funding to hire more attorneys and changed the way we handled cases in the Bronx and Brooklyn to address the issue.”

Head count within the four U.S. attorney offices did not see any big swings. The Southern District stayed steady with around 226 prosecutors; the Eastern District dropped slightly to 180 lawyers; the Northern District, with 42 prosecutors, had four fewer than the previous year; and the Western District had two fewer, with 53 prosecutors.

Among New York City's district attorney offices, the Bronx office, after seeing a spike in 2016, dipped by 4 percent to 542 prosecutors last year. But other city offices grew. The Manhattan District Attorney's Office expanded prosecutor head count by 3 percent to 616; the Brooklyn District Attorney's Office increased by 3.6 percent to 545 prosecutors; and the office in Queens grew 2.8 percent to 327 prosecutors.

Meanwhile, Staten Island saw the largest spike in the city, growing nearly 19 percent to 69 prosecutors.

A spokesman for Staten Island District Attorney Michael McMahon, who took office in 2016, said he secured a funding boost from the city to combat a range of issues, and the office has created a number of bureaus, such as those focused on economic crimes, firearms, elder abuse and animal cruelty, while expanding a narcotics bureau. "All of these changes and upgrades have made it necessary for the office to hire new prosecutors and support staff to fill these vital roles," the spokesman said.