

Faegre Drinker Rebounds From 2022 With Double-Digit PEP Growth

By Amanda O'Brien

February 21, 2024

What You Need to Know

- Firm Chair Gina Kastel attributed the growth to a strong practice mix.
- The firm's gross revenue increased by almost 4%, making up for a 3.3% decrease in 2022.
- The firm condensed its footprint slightly in 2023 by shuttering three offices, while opening a new location in Fort Myers, Florida.

Rebounding from a mixed 2022, Faegre Drinker Biddle & Reath saw double-digit growth in income and profits per equity partner in its first year under the management of Gina Kastel, the firm's first female chair.

Kastel, who stepped into the role last April, attributed the firm's strong performance to a balance in practices, with strong litigation demand counteracting a dip in transactional work.

"We saw these huge gains in litigation, including product liability, intellectual property, class actions, appellate work," Kastel said. "We saw some moderation in the transactional work, but we were busy there as well. ... It came together in a way that landed those strong results."

The firm made up for lost ground in 2022 as 2023 revenue rose by 3.8% to more than \$991 million, inching ever closer to Faegre Drinker's aspirations of \$1 billion in revenue following the 2020 combination between Philadelphia-based Drinker Biddle & Reath and the Midwest's Faegre Baker Daniels.

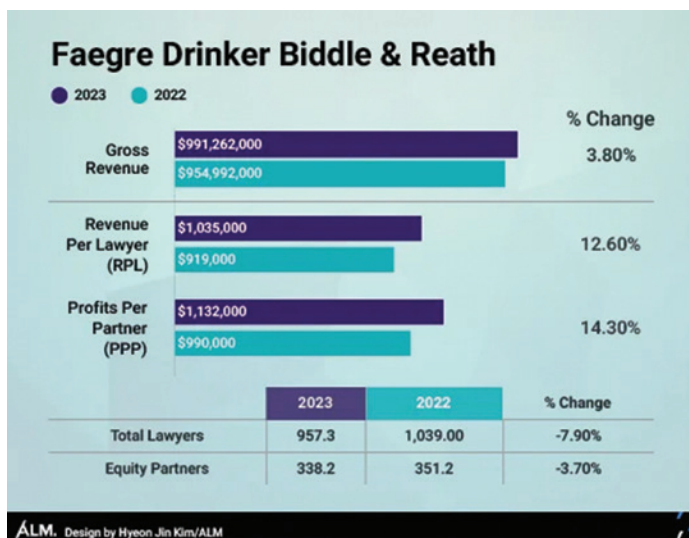


Courtesy photo

Gina Kastel, first female chair of Faegre Drinker Biddle & Reath.

Faegre Drinker's profits per partner spiked in 2023, increasing 14.3% to hit \$1.1 million. Revenue per lawyer and average compensation followed suit, increasing by 12.6% and 14%, respectively, as did net income, which increased by 10.1% to reach about \$383 million.

The firm's head count, however, continued to shrink. In 2022, the firm's total lawyer count decreased by almost 5%; 2023 added to the trend, with the firm's head count dropping by almost 8% to about 957 lawyers. The firm's nonequity tier took the largest hit, dropping by 13.7% to



about 144 attorneys, with an accompanying 9.2% drop in total nonequity compensation.

“We’re pleased with the composition of our partnership,” Kastel said, adding that the firm had seen some additional retirements in 2023 and added 22 partners and counsel as laterals.

“We focused on places where we really shined,” she said, highlighting the addition of litigation depth nationally as well as the firm’s largest summer associate class to date.

An Evolving Footprint

Last year saw Faegre Drinker open its Fort Myers, Florida, office, eyeing real estate and wealth management practice growth as the firm jumped on a train of migration that saw several firms establishing Florida outposts.

Yet the firm also shuttered offices in Albany, Hartford and Palo Alto, which Kastel said were “very small offices.” While all of the attorneys working from those locations remain with the firm, Kastel noted that the firm decided to consolidate its Palo Alto location with its San Francisco office.

In a peak ahead at 2024, Kastel indicated that the firm was rethinking its London, Dallas and New York spaces.

“We’re modernizing those spaces,” Kastel said, with the firm electing to move its London and Dallas offices to new buildings.

Although Kastel did not frame the firm’s relocations in terms of square footage costs, the firm fell in line with space use trends in 2023, with it cutting down its footprint by 32,000 square feet and Kastel remaining open to additional cuts in the coming year.

“We see that people are using space differently since the pandemic,” Kastel said. “Where we get the opportunity to get the right space in the right place where we have the chance to trim the space, we will.”

“We’re also going to new locations and making sure we’ve got great updated space that serves our firm and clients well,” she continued.

A Look Ahead

Although Kastel didn’t provide specific locations where Faegre Drinker was looking to plant roots in the coming year, she did provide a few hints.

“We’re looking at places that are interesting, places that handle food agribusiness or health and life sciences,” she said. “We’re also thinking about where the population growth is, largely in the South ... and we’re always thinking about our global footprint.”

As for larger trends in the legal market, Kastel is seeing the year getting “off to a good start,” observing a boost in transactional and mergers and acquisitions demand and preparing for a wave of artificial intelligence-related work by creating its AI-X team.

“We’re focusing on the regulatory, risk management, and reputational issues that arise from the use of AI, predictive analytics, [and] generative AI,” Kastel said. “We see a lot of businesses starting to use this technology and there are a whole bunch of considerations going into that.”

“What this team does is help clients think in that broad and holistic way about emerging technologies,” she continued. “It’s going to be a focus for a lot of businesses.”