Special report: European firms in London – Why London is still Lawyertown

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With ever-more European firms opening in London, could the market be heading towards saturation?

London is a magnet for European firms. Many have a stake in Europe’s finance capital with offices in the City and, with two to add to the list this year the selection is wider than ever.

Why is London so attractive? European firms might not be able to quantify the benefits, but they maintain there is a strong business case for being in the UK’s capital.

Firms that want to improve their pipelines for work from US, UK and European businesses see London as a one-stop shop to get to know clients, gain brand visibility and collaborate with other firms in transactions involving their country’s law.

Camille Bourke, partner at Luxembourg firm Arendt & Medernach’s London office, says: “Because Luxembourg is involved in cross-border transactions London is important to us. We also get a lot of US clients who have their European base in London.”

Arendt has representative offices in Hong Kong, Moscow, Dubai and New York, but London has the only full-time partner.

There is nothing more important than being in the right place at the right time, according to Bourke.

“It’s literally impossible to measure the value of an office like ours,” she says. “You don’t necessarily need to value the office itself. The value of this office is that whenever there’s a legal problem in Luxembourg they can come to us.”

As a private equity partner, Bourke has made her practice area grow while in London.

“It’s difficult to appreciate the number of clients that come through the firm just because of our presence in London – the private equity area is the one that has grown most,” she says.
Garrigues’ London managing partner Ignacio Corbera Dale says that in the seven years the Spanish firm has been in the city much has changed.

“There was a long-standing brand awareness of Garrigues, but in the past few years we’ve been focusing on making ourselves and our individual lawyers better known in the London market,” Corbera Dale explains.

The firm has changed its offices since 2010 and has a permanent team of two partners alongside a senior associate and a junior associate, something that is not unusual within the headcount figures shown by European firms in London.

Reassurance

Dutch firm Van Doorne moved back into London earlier this year after a six-year hiatus.

Reumkens

Managing partner Hugo Reumkens says: “Our Dutch and international clients in London value our presence. I think it gives them a certain reassurance knowing their legal adviser is just around the corner.”

Forced to pull out of the UK in 2008 because of the financial crisis, the firm has since recovered lost ground and set up shop again.

“As markets and businesses become more international, London is an important link to our pipeline of international workflow,” Reumkens explains. “Having a local presence benefits growth. A substantial part of our revenue is generated by servicing our international clients and we expect our London presence to contribute to this.”

The firm has a team of five partners spending part of their week in the London office, and plans to boost its real estate and finance teams with lateral hires in the coming months.
Over at Swiss firm Froriep, London managing partner Dunja Koch believes that being in the City gives her firm an edge over its rivals.

“The partners of the London office have been here for more than 20 years and as a result, they know well the City firms, their development over the years, their culture and ways of work. This understanding is very valuable to adapt and offer legal advice in a format requested and appreciated our clients.”

She says the firm is able to deal with most matters itself.

“Our London office is not a rep office, we work as lawyers in our practice areas. Currently we offer corporate, banking and finance, regulatory advice as well as private wealth and art law. Whether handled in London or transferred to the home office, London is a good source of business,” Koch adds.

She says the mere fact of being in the City makes regular meetings with clients easier.

“Having a London presence enables us to have a direct, constant and regular relationship with partners of firms we work closely, and are not reduced to pack meetings in a ‘two-day courtesy visit tour of London’ like our competitors,” Koch points out. “This gives us a better feel for the local market, trends and needs, which we’re able to pass to our home office.”

Another firm with a strong commitment to London is Uría Menéndez. London managing partner Juan Carlos Machuca says: “Uría Menéndez’s commitment to London will continue to be a priority. We want to be near international clients that are investing in Europe through London.”

Uría has tried to stand out from the crowd of European firms in London.

“Traditionally, the firm is perceived as Spanish but it is a truly Iberian firm – the only one that has Portuguese law capabilities here,” says Machuca. “We have a permanent and clear presence – the London office has been open for 22 years. Since we moved to these offices, investment has grown.”

In London, one of the objectives of the firm’s lawyers is to get potential clients to recognise the brand.
“We have to maintain clients so they don’t go elsewhere,” Machuca explains. “In Spain people are aware of the Uría Menéndez brand but here it is a bigger challenge. We have to explain what the firm has to offer. I’d say that the lawyers here work even harder because of that extra effort.”

London’s geographical position is also a major benefit because it enables firms to access business from anywhere in the world.

“There’s no city like London as a centre of finance,” Machuca says. “You wake up sending emails to Hong Kong and go to sleep talking to San Francisco. Nowhere else can you do these transactions on a global scale at a reasonable hour.”

**Hidden benefits of a City presence**

Firms’ presence in London is sometimes intangible. Being there at the right moment to make a contact may not pay off immediately but it is an investment that might prove profitable in the future.

In the meantime, firms can take advantage of having eyes and ears on the streets of London.

Arendt & Medernach’s Camille Bourke thinks having a presence in London can create a knowledge base for the rest of the firm.

“What’s super-useful in London is understanding the market,” she says. “That’s real business sense. You can pass that on to the partners from Luxembourg. I meet with them often and I make them come over on a regular basis.”

Garrigues’ Corbera Dale agrees.

“There’s enough room for everyone, and each firm has a different market strategy,” he says. “The model of independent European law offices in London is different, and it goes from a sole partner office to two or more. In any event, they tend to be corporate and financial support offices.”

**Secondments**

Like many other European firms in London Uría courts its clients by sending associates on secondment to clients’ in-house teams. Although some associates decide to move in-house, the firm does not lose out.

“We believe in the people who have passed through Uría and we have a strong network of alumni that stay in touch,” Machuca says. “They are the first door to companies.”

Ireland’s **Matheson** is another firm that deals in secondments.
Watson
London managing partner Stanley Watson says: “There are people who want to spend time outside London. We have an alumni base that has built up well. Some have gone into industry and some have gone into private practice.

“The referral market was good to us. We’d look internationally for a significant part of our business. If we’re doing well at home you can be sure we’re doing well in the UK.”

Watson describes London as the “centre of the universe” in legal terms.

“It’s always been the legal capital of the world in terms of the type of law firms that open up,” he says. “Over the past decade all the principal European firms will have a presence in London. You can source a lot of international clients. You can cover the world well by just being here.”

The economic prosperity of European firms’ home countries matters, Watson says, but even in times of economic instability there is an opportunity for legal work.

“It changes with the weather,” he says. “We’re coming out of a difficult economic cycle. A lot of US firms have been going into banks and a lot of that work goes through London.”

Being in London also allows European firms to represent their countries and provide business insight to clients.

“You’re selling Ireland as well,” says Watson. “Other European firms have other target areas.”

Although the pool of European firms in London is growing, Watson does not think there is the potential for market saturation.

“I don’t think it’s overcrowded; there’s a lot of work for us all,” he says. “And I don’t think it’s saturated either. I don’t see a lot of people coming into London from the Irish market.”

Being in London does not necessarily put a European firm at the top of the deal rankings.

“A lot of the bigger US or UK firms will be involved in Irish matters and they will use you for localised law – they will be the competition,” Watson comments.

He points out that although these collaborations are beneficial to European firms, they offer little opportunity to create a new clientele base as the US or UK firms “tend to hold onto the reins” of transactions, leaving European firms’ contributions firmly behind the scenes.
Local rivals fight it out on the big stage

With much collaboration going on between European firms abroad and US and UK firms, competition is mainly between firms of the same country.

Arendt & Medernach’s Camille Bourke believes one of the major advantages of being in London is the chance to offer specialised knowledge to other firms.

“The UK, US and European firms are mostly clients of ours, except the eight or so in Luxembourg. Competition in London is to do with the other Luxembourg firms,” she says.

Uría’s Juan Carlos Machuca, whose firm has been based in London since 1992, adds: “Competition here is fierce: on the one hand we have Spanish firms here in London and on the other we have UK firms with offices in Madrid.”

Measures of success

So how do you measure the success of a London office?

“You measure it based on the bottom line of the success of your main HQ,” Watson says. “All referrals are monitored closely.”

The latest firm to announce a London launch is Spanish outfit Perez-Llorca. London managing partner Fernando Quicios is yet to set foot in his new office, but says the reason for the move is simple.

“It’s always been one of our main sources of work,” he says. “The reason for moving is to be closer to our English clients.”

The other big motivator for the firm came from outside.

“Some of our clients were demanding we do it,” he says. “Our competitors were already here and we thought we were missing out.”

So why did it take the firm so long to set up in London?

“We didn’t have the volume of work,” Quicios explains, “and we have traditionally been cautious. We thought about it a lot.”

The change of heart that sent the firm across the Channel is all about timing, Quicios explains.

“This is a good moment to establish ourselves here,” he says. “It has been obvious for some time that London is the finance capital of the world.”

Marco Gubitosi, London managing partner at Italian firm Legance, confirms that the decision to set up a London office a year ago has paid off.

“After a year of activity the feedback from clients and operators based in London and the UK has been more favourable than expected,” he says.
“Due to the high level of co-operation and integration between our offices, the contribution of the London team is of remarkable importance to our growth strategy. It allows us to develop many relationships that would be difficult without a London office.”

The firm’s UK base plays a key role on two sides, Gubitosi explains. On the one hand it allows the firm to boost relationships with existing clients, particularly those aiming at gaining an international presence. At the same time it is a gateway to international investors.

“Every week we have lawyers from our Milan and Rome offices travelling to London (and vice versa) to team up and co-operate in the various activities in which the law firm is involved,” he explains. “Having a London office is also an advantage in recruiting young talented lawyers who see our firm as a legal organisation with a strong international approach.”

Client insight

The value of having a piece of the action in London gives these European firms the edge over their competitors as they gain the advantage of having insights into what clients are looking for. It also puts them front and centre for profitable collaboration opportunities with US and UK firms searching for specific expertise in local European law.

Despite the benefits of being in the City the price tag attached to a London move means it is only accessible to a small minority of European firms; the most successful in their home markets.

Those set to join the roster of European firms in London this year show there is still great interest in the market, which makes it likely that next year even more will follow.

Perhaps the club of European firms in London that prides itself on its informal, beneficial relationships will see competition grow and opportunities lessen as more lawyers vie for a piece of the City action.

A chance for lawyers to broaden their minds

Being away from home is a good opportunity for European lawyers to build their networks.

Each European firm has a different approach, Arendt & Medernach’s Camille Bourke explains, but there is room for collaboration.

“They all have different strategies, but it is a good group and a good forum to share,” she says. “It’s an interesting market to be in because you can share experiences.”
“There’s a lot of interaction among us and it is always instructive. We meet informally and you always bump into the same people.”

Perez-Llorca’s Fernando Quicios believes there is enough work for all. “We have a good relationship and help each other,” says Quicios. “We're all looking for new clients.”