RIA M&A Sets Sixth Consecutive Record in 2018

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Last year saw a record number of mergers and acquisitions in the RIA space for the sixth year in a row, and the acceleration is likely to continue in 2019, according to a recent report.

Investment bank **ECHELON Partners** recorded a total of 181 deals in 2018, accounting for around $370 billion in assets, ThinkAdvisor writes. Meanwhile, the average deal last year was $1.3 billion, or about a third higher than the year prior, according to the publication.

Almost 18% of the deals involved RIAs with $1 billion or more in assets, ThinkAdvisor writes.

The continued strengthening of deal activity last year could be a sign “that RIA executives are looking to hasten plans for liquidity events ahead of what could be an impending recessionary environment,” **ECHELON** wrote in the report cited by the publication.

The report, one of several in the industry, estimates M&A activity will remain healthy in 2019, thanks to a more “dovish” Federal Reserve as well as a pickup in consolidation that historically occurs “prior to the economic cycle turning over,” **ECHELON** writes, according to ThinkAdvisor.

Consolidators and strategic buyers were behind 47% of the deals, led by Focus Financial, which was involved in 21 deals, followed by Mercer Advisors, which notched eight, and Captrust, which was behind four deals, the publication writes, citing the report.

RIA firms were behind 28% of the deals, down from 36% the year prior, while banks were involved in just 11% of the deals, their smallest share since 2012, according to ThinkAdvisor.

These changes suggest “well-capitalized and sophisticated strategic buyers or consolidators” are aggressive about swooping in for the deals, Echelon said, according to the publication. Other firms were behind 14% of the deals last year, ThinkAdvisor writes.

The number of breakaways rose to 537 in 2018, which is 27% higher than the year prior, **ECHELON** says, attributing much of the activity to advisors witnessing the success of other wirehouse breakaways, according to the publication. But the report says breakaway figures aren’t likely to continue growing and could in fact slow because of rising market volatility and fears of a recession, ThinkAdvisor writes.

The real number of deals in 2018, meanwhile, could be three to four times larger than what **ECHELON** accounts for, thanks to a “hidden deal market” that doesn’t turn up on its radar, according to **ECHELON** managing partner Carolyn Armitage, the publication writes.