

From the Philadelphia Business Journal:

<http://www.bizjournals.com/philadelphia/news/2017/03/13/philly-cpa-firms-accounting-eisneramper-marcum.html>

Philadelphia still hot market for CPA firms looking to expand

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For the second year in a row, not one local accounting firm was among the 100 largest in the country, according to annual data produced by Inside Public Accounting and Accounting Today.

The last local member of these lists went away when ParenteBeard was acquired in October 2015 by Chicago-based Baker Tilly Virchow Krause.

Despite the absence on the 100 largest list, Philadelphia is still a hot market for the industry. All of the 10 largest U.S. firms and 16 of the 25 largest have locations in the city, and 10 of firms with the largest CPA headcount in the region are actually headquartered here, according to the Philadelphia Business Journal's Book of Lists.

While losing local ownership is never viewed as a good thing for any industry, [Ira Rosenbloom](#), a consultant with Optimum Strategies who had handled several of the recent mergers and acquisitions, said it shows that the region is still attractive to outsiders — particularly those from the New York metro area, where firms such as Marcum, EisnerAmper, Citrin Cooperman, Mazars, Marks Paneth and Friedman have entered the market over the past decade via acquisition. Those firms range in size from \$100 million to \$450 million in annual revenues.

Rosenbloom said some New York firms are still sniffing around Philadelphia, looking for lines of business or a way into the market for geographic purposes.

"The dialogue is pretty intense for this time of year," Rosenbloom said. "We are four weeks away from tax day and even the bosses are focused on this. That's unusual."

If a firm entered the market with an acquisition of a \$10 million firm, Rosenbloom said chances are it could be looking to bolt on a smaller, specific practice. One example occurred in December when HBK CPAs & Consultants, one of the nation's largest accounting firms, **added** Resnick Amsterdam & Leshner, a 25-employee firm in Blue Bell that has a niche in representing minor league sports teams and professional athletes.

All of the M&A has taken its toll on the pool of prospective local sellers. There is a shrinking population of firms between \$5 million and \$15 million in this region. The number that are still in play is up for debate.



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Rosenbloom said some firms will soon have to grapple with management succession issues but others will fight to stay independent.

Accounting Today's recently released list of the largest CPA firms in the mid-Atlantic region by 2016 revenues shows Manhattan-based firms makes up 14 of the 30 spots.

The largest mid-Atlantic firm closest to the Philadelphia region are Withum of Princeton, N.J. (\$148 million in 2016 revenues) and RKL of Lancaster (\$62 million). The largest firm based in Greater Philadelphia is Horsham's Kreischer Miller (\$33 million). There is a big drop off to the next local firm, Voorhees, N.J.'s Bowman & Co. (\$15 million).

"Buying a \$10 million firm is one thing but buying a \$30 million firm is quite an undertaking," Rosenbloom said. "That's difficult to transition. A Kreischer Miller type would need a bigger firm [as a potential buyer]. So I do think you will see more deals coming."

Jeff Blumenthal

Reporter

Philadelphia Business Journal

