



M&A INSIGHTS

# Middle-Market Private Equity

Q4 2025

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# Middle-Market PE Update

**Despite softer deal value QoQ, Q4 2025 capped a year marked by a surge in high-value deals. Premium assets continued to clear market valuations, while mid-tier businesses faced increased scrutiny.**

Q4 2025 MM Deal Activity		
Volume:	926	7.7%
Value:	\$87.5B	-13.0%

## Middle-Market Summary

Middle-market PE activity in 2025 reflected a bifurcated market environment. Middle-market volume remained relatively steady, and capital deployment was sustained by a continued focus on high-quality assets, with sponsors prioritizing scale, margin resilience, and clear growth visibility.

Valuations remained resilient at the top end of the market. High-quality assets continued to transact at favorable multiples, particularly for businesses with recurring revenue, pricing power, and limited cyclicality. In contrast, average-quality assets traded lower due to disciplined underwriting, elevated equity checks, and a greater focus on downside protection.

Across the broader PE landscape, 2025 marked one of the strongest years on record for aggregate deal value, driven by larger transactions and improved financing conditions. Financing markets have strengthened meaningfully, with tighter spreads and increased lender competition supporting activity. However, leverage levels remain measured relative to prior peaks, and lenders continue to underwrite to more conservative base cases, resulting in elevated equity contributions and a continued emphasis on quality and execution certainty.

Exit activity rebounded but remained concentrated in larger transactions. While broader deal markets began to reopen, liquidity continues to favor scaled, high-performing assets with institutional-quality characteristics.

## Looking Ahead

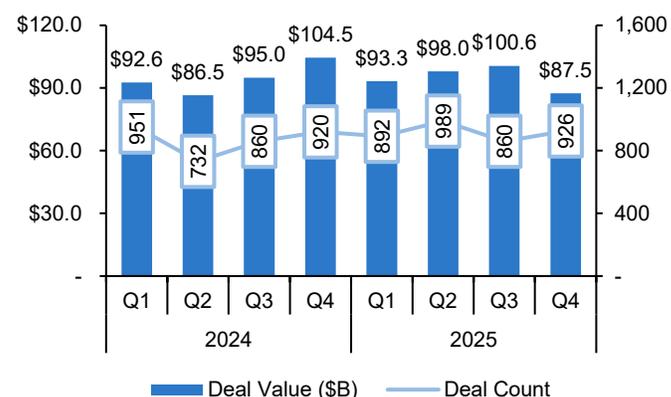
The current divergence between deal value and volume underscores a market that is functioning, but with increased discipline. With dry powder at historically elevated levels and financing conditions continuing to stabilize, sponsors are well-positioned to deploy capital.

Transaction activity is expected to broaden in 2026, driven by: continued improvement in financing markets, increased pressure on sponsors to deploy capital, and gradual narrowing of valuation gaps between buyers and sellers.

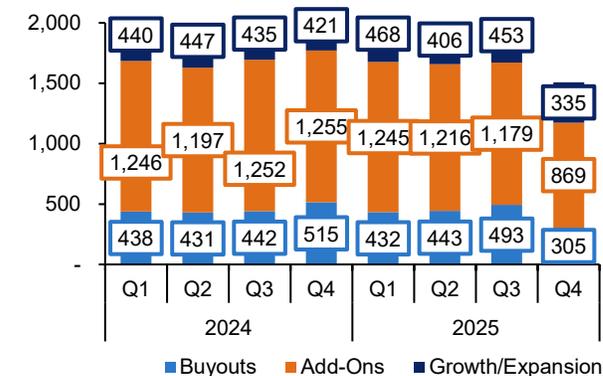
Source: Pitchbook

Note: PE Deal Volume and Deal Value data includes private equity transactions and estimates closed prior to 12/31/2025; middle market ("MM") is defined as EV between \$25M and \$1B, with all figures subject to change in future quarters.

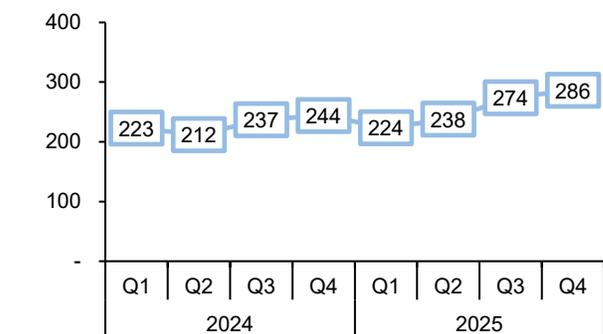
## MM PE Deal Volume and Value (\$B)



## Overall US PE Deal Count by Type



## MM PE Exits Count





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Type	Expertise
<b>Sell-Side Advisory</b>	<ul style="list-style-type: none"> <li>Exit readiness and planning</li> <li>Positioning and value narrative development</li> <li>Buyer identification and outreach</li> <li>Process management and negotiations</li> </ul>
<b>Buy-Side Advisory</b>	<ul style="list-style-type: none"> <li>Acquisition strategy and target screening</li> <li>Financial analysis and diligence support</li> <li>Valuation, structuring, and negotiations</li> </ul>
<b>Capital Advisory</b>	<ul style="list-style-type: none"> <li>Debt and equity alternatives</li> <li>Lender and investor preparation</li> <li>Recapitalizations and minority investments</li> </ul>
<b>Valuation &amp; Strategic Alternatives</b>	<ul style="list-style-type: none"> <li>Business and transaction valuation</li> <li>Strategic alternatives assessments</li> <li>Ownership and shareholder planning</li> </ul>

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