

# How Low Can it Go? Mid-Market Dealflow Continues to Plummet

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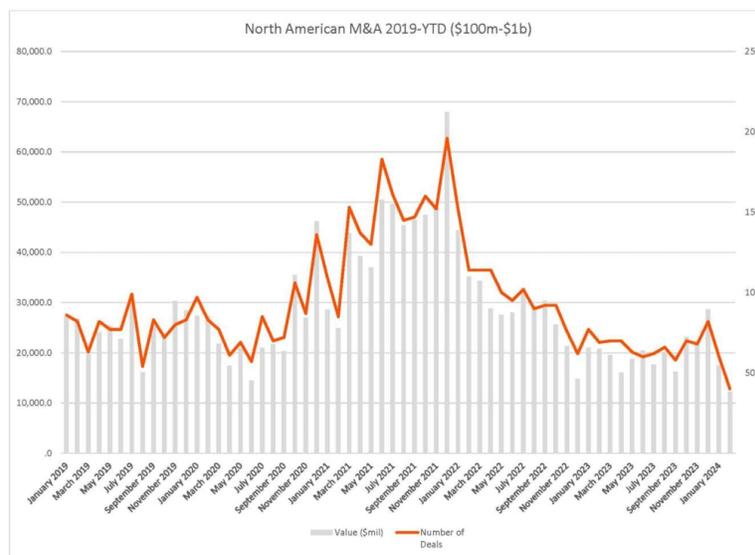
February dealflow was down yet again. But bankers say be patient — better days are around the corner for the middle market. Here's your monthly deals recap.



“What we’re experiencing is a scarcity of quality companies available in the market,” says **Michael Mufson**, a managing director at Philadelphia mid-market investment bank **Mufson Howe Hunter & Co.** “The plethora of capital in dry powder

needs a place to go so there's a remarkable level of demand. We are marketing a few companies now and the interest levels are materially better. Sell-side companies are attracting considerable interest and the efforts by the PE community are focused and with greater intensity even in the pre-IOI stages of a sale process.”

According to data provided by **LSEG**, there were 40 middle market deals worth about \$12.3 billion in February compared 69 deals worth about \$20.8 billion in February 2023, and 114 deals valued at around \$35.2 billion in February 2022. The LSEG data is based on North American completed deals worth between \$100 million and \$1 billion.



Source: LSEG

The technology, energy and consumer products and services sectors are the top three performing sectors through February this year, in terms deal of value with volume totals coming in at approximately \$5.6 billion, \$4.3 billion and \$3.5 billion, respectively. In the technology sector, **all the talk is about AI**, while PE firms **are eyeing restaurant franchises** on the consumer side.

The largest mid-market deal last month was Francisco Partners’

acquisition of TWC Product & Technology — better known as The Weather Channel — for \$1 billion. The PE shop bought the asset from **IBM** in a deal that was announced last August. Next largest was a SPAC by **Nubia Brand International** which merged with **Honeycomb Battery** at a deal value of \$955 million. The combined company is now called **Solidion Technology** and began trading on Nasdaq as STI. While healthcare was only the fifth most active sector, the third largest middle-market deal was closed by **AstraZeneca**, which acquired **Icosavax**, a vaccine-focused, clinical-stage biotech. The deal closed for \$863 million.

In league tables, **Lazard**, **TD Securities** and **Moelis (NYSE: MC)** hold the top three spots so far in terms of deal value (about \$3.3 billion, \$3.2 billion and \$3.1 billion, respectively) and market share (11.1 percent, 10.9 percent and 10.5 percent, respectively). But obviously, it's early in the race.

Despite the paucity of deals so far, Mufson remains optimistic. “Overall, the trajectory for mid-market M&A in 2024 appears promising, characterized by heightened expectations of lowering interest rates and a willingness to pay up in standout companies,” Mufson adds. “As long as these favorable market conditions persist, we anticipate continued momentum in deal activity moving forward.”

[See the full list of February's biggest mid-market deals here.](#)

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