

Mergers & Acquisitions Update: First Look at 2025 M&A Stats

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Size Range	Average EV/EBITDA of U.S. Announced M&A Transactions				
	2021	2022	2023	2024	2025
\$0-25mm	7.3x	6.9x	5.5x	6.0x	6.9x
\$25-50mm	8.6x	6.3x	7.6x	8.0x	7.8x
\$50-100mm	9.1x	7.2x	7.6x	8.6x	8.0x
\$100-250mm	8.8x	7.6x	8.3x	9.6x	8.5x
\$250-500mm	9.6x	7.8x	8.7x	9.9x	9.5x
\$500mm-\$1B	9.2x	10.4x	9.9x	9.3x	10.2x

	Total Transaction Value of U.S. Announced M&A Transactions				
	2021	2022	2023	2024	2025
Undisclosed	-	-	-	-	-
Trans Value > \$1B	1,070,364	803,022	820,058	800,648	1,832,810
\$500mm - \$1B	128,933	80,639	63,099	71,766	117,439
\$250 - \$500mm	105,032	60,177	37,809	47,308	51,875
Middle Market (< \$250mm)	122,729	81,570	61,050	59,683	49,228
Total Transaction Value	\$ 1,426,147	\$ 1,025,409	\$ 982,016	\$ 979,405	\$ 2,051,353

	Total Transaction Count of U.S. Announced M&A Transactions				
	2021	2022	2023	2024	2025
Undisclosed	14,693	12,483	10,236	10,453	7,768
Trans Value > \$1B	251	155	158	189	281
\$500mm - \$1B	178	115	87	98	156
\$250 - \$500mm	291	170	108	135	143
Middle Market (< \$250mm)	2,788	1,918	1,424	1,300	1,113
Total Transaction Count	18,201	14,841	12,013	12,175	9,461

⁽¹⁾Source: FactSet, Mufson Howe Hunter

Year End 2025 M&A – First Look on 2025 M&A Middle Market Stats

Our initial assessment of the 2025 M&A landscape underscores a sharply bifurcated market. At the upper end, transactions exceeding \$500 million in enterprise value (EV) increased by 54% in deal count relative to those below \$250 million, the lower middle market (“LMM”). In contrast, activity in the LMM continued to its sluggish pace with deal volume down 14% year over year. Since peaking in 2021, LMM deal count has declined in a linear fashion, a reduction of approximately 60% by 2025. Deal value has followed a similar trajectory, declining 17.5% year over year in 2025 and roughly 60% from 2021 peak levels.

At the global level, M&A activity remained resilient at the top end of the market. Reuters reported that 2025 was the second-largest year on record, with \$5.1 trillion in announced transaction value worldwide, despite heightened uncertainty stemming from U.S. trade policy, geopolitical tensions, and volatility across debt and equity markets. Notably, 68 transactions exceeding \$10 billion were announced during the year—double the number recorded in 2024. As one senior banker at a bulge-bracket firm observed, M&A in this cycle has been less about optimism or excess liquidity and more about strategic necessity, with boards pursuing large-scale combinations to navigate political instability, AI-driven disruption, macroeconomic uncertainty, and sustained market volatility.

Unlike large-cap M&A, where scale and strategic positioning dominate M&A decision-making, LMM activity is significantly more sensitive to financing conditions - namely, the cost of capital and available leverage. Since 2021, LMM deal counts have declined sequentially by 31%, 25%, 33%, and 14% in 2025. This prolonged contraction reflects a combination of higher interest rates and tighter underwriting standards, which reduced leverage availability and increased funding costs. The resulting expansion in bid-ask spreads left many sellers anchored to peak-cycle valuations while buyers struggled to underwrite acceptable risk-adjusted returns.

Looking ahead to 2026, we expect the LMM to enter a period of gradual recovery. Three anticipated Federal Reserve rate cuts of 25 basis points, coupled with substantial private equity dry powder, should begin to ease financing constraints and improve transaction feasibility. Valuation support, however, is likely to remain concentrated among high-quality assets - businesses with durable margins, consistent earnings growth, recurring or contracted revenue, and mid- to high-teens EBITDA margins.

- Michael Mufson, Managing Director