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Middle Market Activity – 2Q Update

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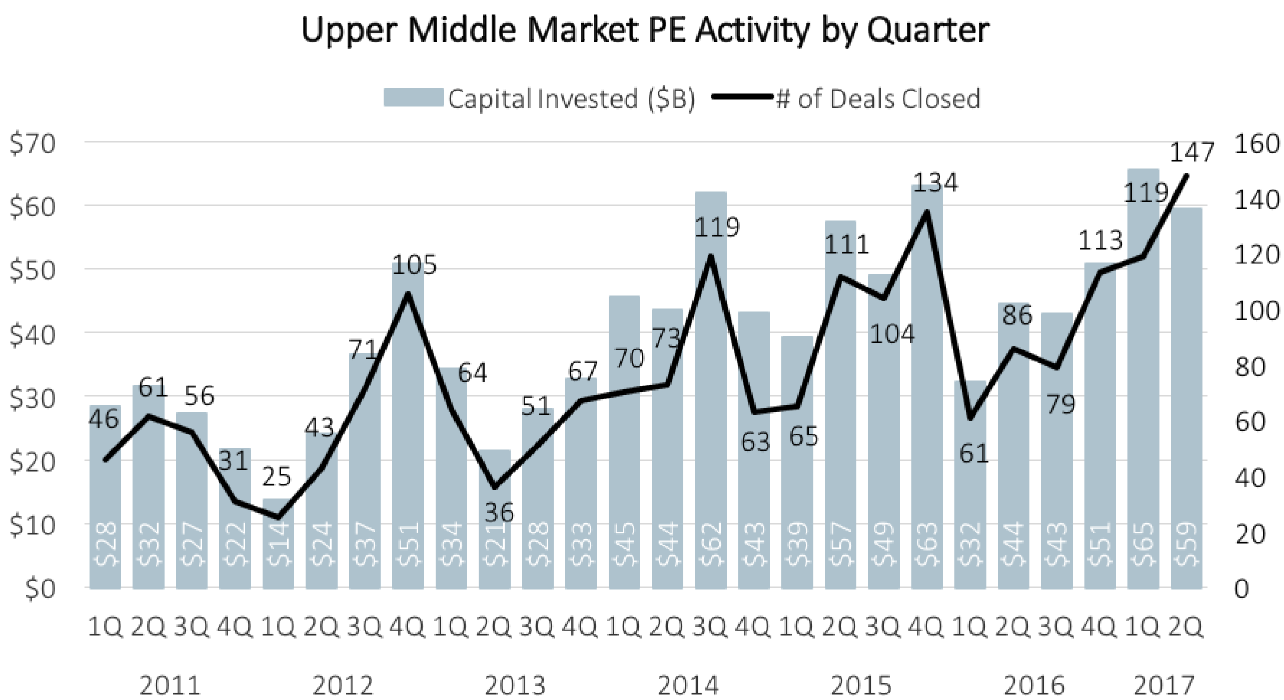

To get the full report on Friday, please visit PitchBook's dedicated Reports page, linked here.

The US middle market continues to be a hotbed of PE activity. PitchBook's 2Q 2017 Middle Market Report, to be released this Friday, shows another strong quarter, particularly for the upper middle market. 147 deals were completed at the upper end of the market (the $500 million to $1 billion range), a quarterly record valued at over $59 billion. The lower middle market ($25M to $100M) is trending downward, notching just 120 deals in 2Q at just over $5 billion in value. Both LMM figures have been close to twice those amounts in recent quarters. All told, the US middle market was responsible for 516 deals in the second quarter and a combined $100 billion, both in-line with the last twelve quarters or so.

While these are optimistic numbers, they largely reflect the amount of dry powder raised in 2013-2016, a fundraising bonanza that continues through today. The last three years have all eclipsed the highest annual total raised pre-crisis ($120 billion in 2007). The upper middle market is benefiting from a slew of $1B+ funds raised in 2014-2016 (42, 36 and 31, respectively), which have been the muscle behind overall MM numbers for the last several quarters. We expect to sound like a broken record for the rest of the year, as fundraising and activity levels don't show many signs of slowing. Next week we'll take a look at middle-market exit activity and dive into the PE industry's middle-market company inventory.

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