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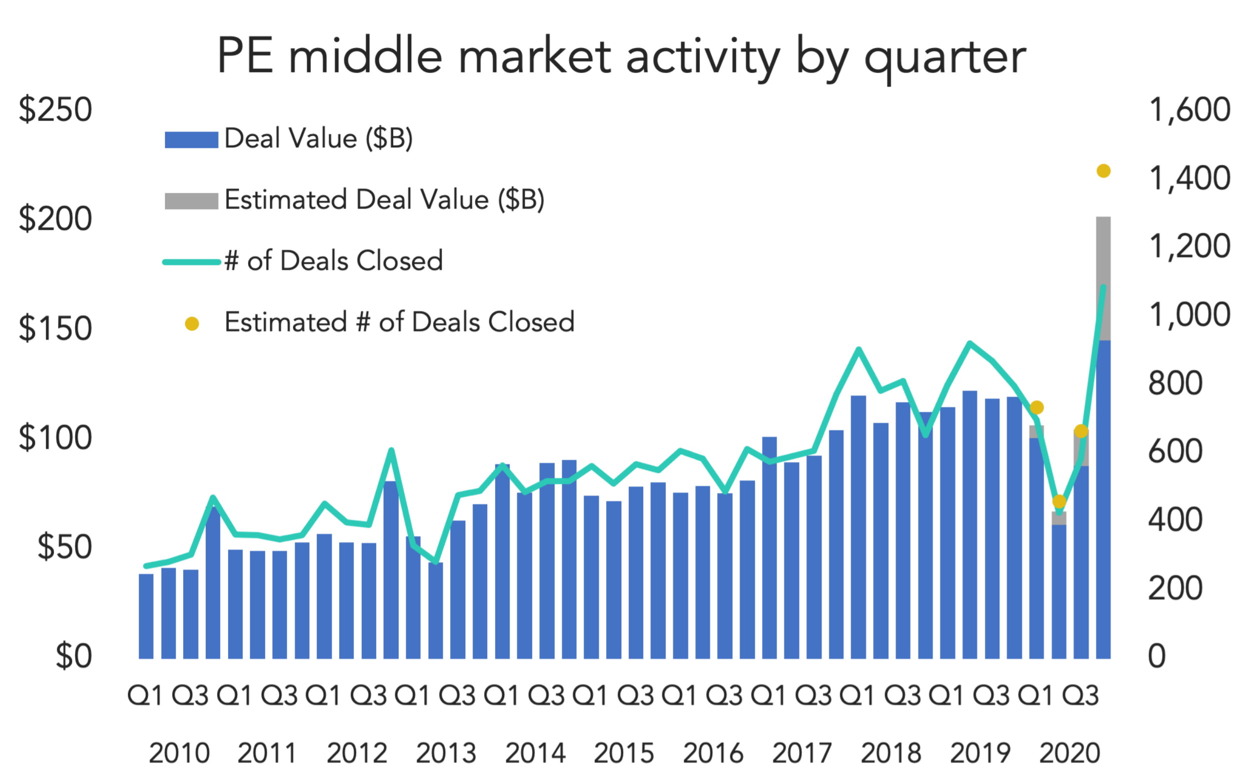
The middle market had a huge fourth quarter

PitchBook | March 18, 2021



Download PitchBook's Report here.

PitchBook's latest Middle Market Report is now live, and the fourth quarter sure delivered. Our analysts estimate deal flow more than doubled between Q3 and Q4, from 667 deals to 1,428 deals to close out the year. Dollars invested came close to doubling as well, catapulting from $104.8 billion worth of deals to about $202 billion in Q4. The strength of the fourth quarter actually vaulted 2020 ahead of 2019 levels by value, and by an inch. These are estimated totals, but we're recording $480.9 billion invested in the US middle market in 2020, beating out the $476.5 billion invested in normal 2019. Deal volume, meanwhile, came within 100 transactions of 2019's record year. By percentage, the pandemic year was only 3% behind 2019 marks.

The middle market appears to have weathered the storm better than the overall PE market, which fell 7.3% in dollars invested and 3.4% in deal count. The middle market's comeback is all the more remarkable considering it was hit harder at the beginning of the crisis. The ADP National Employment Report found that employment at companies with between 50 and 999 employees slid by 15.6% in April, dwarfing the impact of the 2008 crisis in both scale and immediacy. As the year dragged on, progress in vaccine development and distribution provided a light at the end of the tunnel, and with vaccinations in full swing, we think elevated action in the middle market will continue in early 2021.