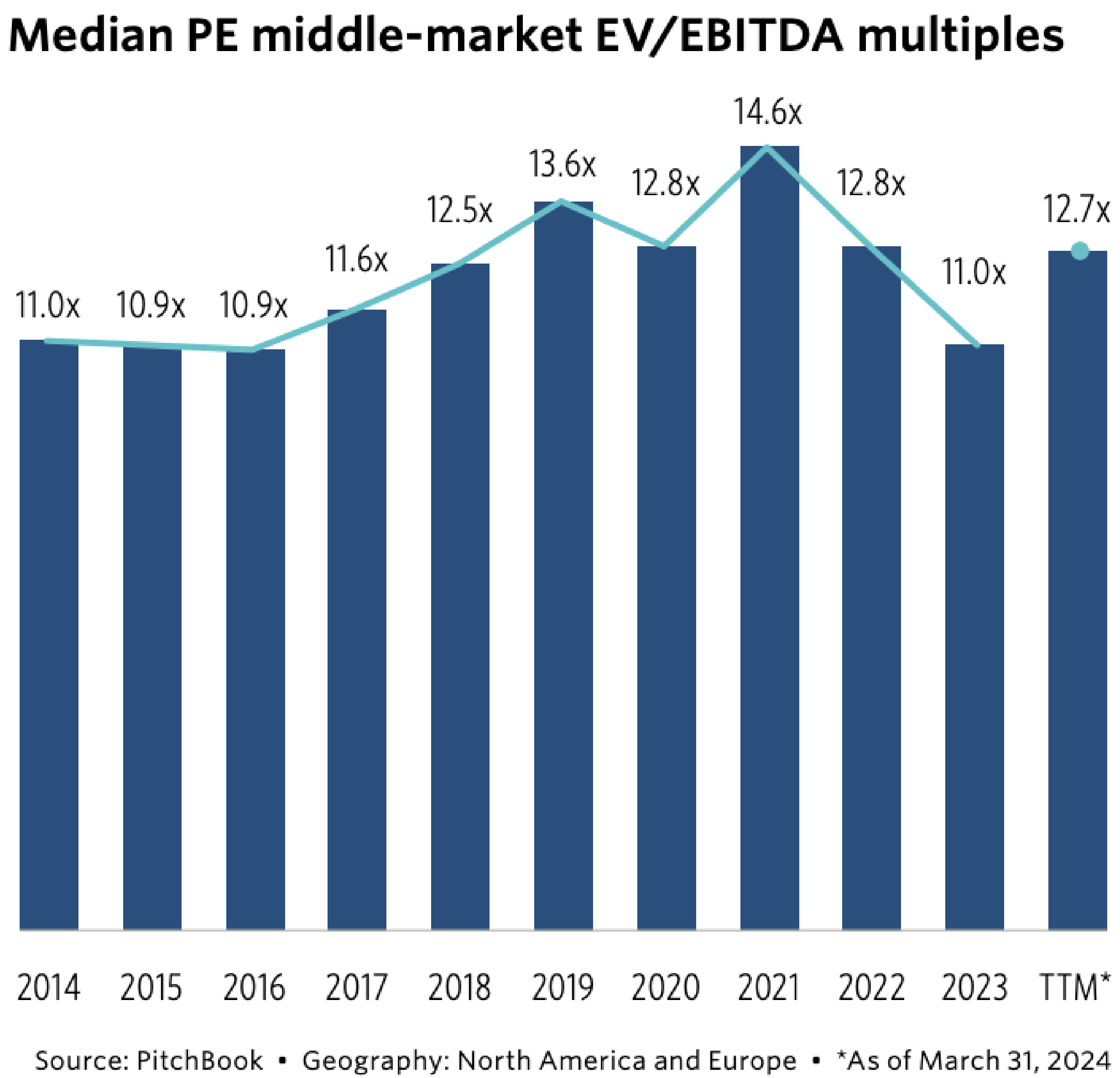
The Pulse of Private Equity – 6/17/2024

PitchBook | June 19, 2024



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PE middle-market valuations reached their apex in 2021 and have declined sharply since. Closing out 2023, deal multiples in the middle market had declined by somewhere between 25.0% to 40.6% from their peak, depending on the yardstick used (EBITDA or revenue), and unlike the overall M&A market, there were no signs of bottoming. Most of that damage was done in calendar-year 2023, in contrast to the broader M&A market, which reset sharply in 2022 and bounced slightly in 2023. That firming trend appears to have spread to the PE middle market on a delayed basis. The median EV/revenue multiple on middle-market PE deals for the TTM ending Q1 2024 rose to 2.2x, up from 2.0x as of Q4 2024. The median EV/EBITDA multiple recorded an even stronger bounce to 12.7x from 11.0x for the TTM ending Q1 2024 and Q4 2023, respectively.

(Past performance is no guarantee of future results.)