ACG New York Year-End Survey Reveals that Healthcare and Consumer Goods had the Highest Uptick in Dealmaking Activity

Results of ACG NY's annual Year-End Middle-Market Survey indicate key reasons for higher valuations in 2018 include strong access to inexpensive capital, favorable consumer confidence, strong appetite to utilize high levels of leverage and greater competition.

NEW YORK, NY – January 3, 2019 -- ACG New York, the largest association of middle-market deal making professionals in New York, today announced the results of its annual Year-End Middle-Market Survey. Higher valuations were one of the key factors in middle-market deal making in 2018. According to 74 percent of survey respondents, the top driver behind this trend was access to inexpensive capital. Greater competition, cited by 70 percent of survey respondents, was the second-highest likely cause, followed by strong appetite to utilize high levels of leverage, and, favorable consumer confidence behind high-priced deals according to those polled.

The Midwest and California saw a tremendous increase in deal activity in 2018 as compared to last year's survey. Also, healthcare, TMT and consumer goods were identified by the respodents as the sectors having the highest uptick in dealmaking activity.

"Going into 2019, our members continue to see the challenges in middle market deal making including seeing an uptick in strategic buyer interest, growing valuations and continued interest from LPs to invest directly into deals. All major hallmarks of an attractive long-term asset class. While midterm elections captured the attention of every media outlet, its effects on middle market deal making has surprisingly shown very little impact," said David Acharya, President of ACG New York and Partner at AGI Partners LLC, a middle market focused private equity firm.

According to the survey results, 57 percent of the respondents feel that there has been an increase in strategic buying activity relative to financial acquisitions. A majority of the respondents (55 percent) also felt that more institutional investors are bypassing traditional PE fund managers in favour of direct investing.

Another key takeaway was about the shift of large PE firms to the middle markets. Majority of the respondents felt that it has been detrimental for the middle-market firms' ability to compete while 15 percent perceived it to be beneficial for them. 20 percent of the respondents had a neutral stance about the shift while 13 percent of them didn't notice any shift of large firms to middle-markets.

Acharya continued, "ACG New York's annual survey serves as a barometer for the trends that drive middle-market M&A and capital raising activity during the coming year; and as the country adjusts to the new political administration and rides the buoyant markets, our members continue to be the pulse of what will be key factors in deal making."

Lastly, 69 percent percent of the polled respondents feel that 2019 would be a positive year for the Middle Market Private Equity firms to raise fresh capital. As for the deal-making environment in the coming year, 49 percent said it would be difficult to that in 2018; 41 percent said it would be similar and 10 percent said it would be less difficult.
If interested in receiving the full results of the survey, please contact bobby@acgnyc.org

Methodology
This survey was conducted online and at events hosted by ACG New York during after the Mid-Term Election in November and December 2018. A total of 164 respondents who work in the middle market participated in the survey. Full survey data is available upon request.
About ACG New York

ACG New York Inc., the founding chapter of the Association for Corporate Growth, is the largest association of middle-market deal-making and corporate professional in New York, with more than 1,000 members across an array of industry sectors. ACG New York facilitates long-term relationship building, which helps drive middle-market growth. ACG members are focused on private capital investment, which benefits the pension funds held by municipal workers such as firefighters, police officers, healthcare workers and others who work on behalf of the public good.

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