A big year for the middle market

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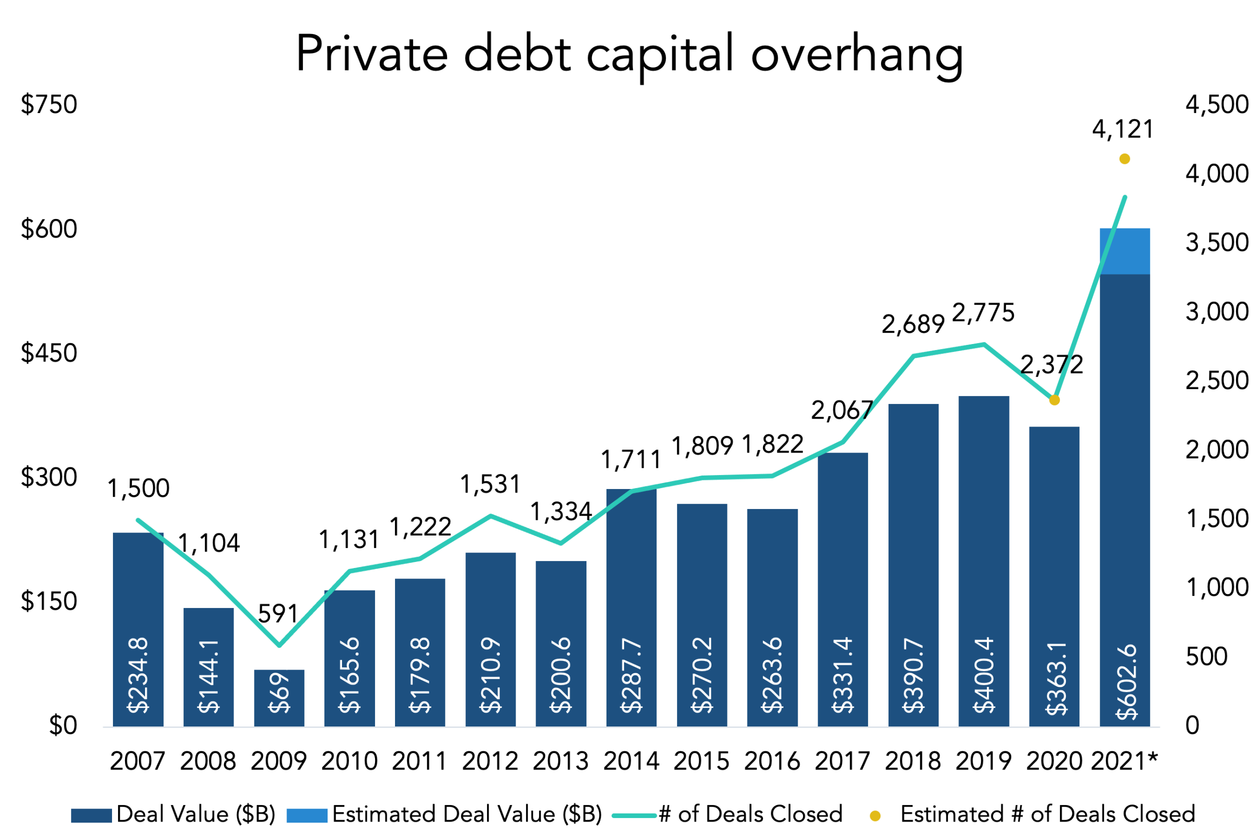

Download PitchBook's Report here.

Like the broader PE landscape, the US middle market was well into record territory in 2021. According to PitchBook's just-released 2021 Annual Middle Market Report, more than 4,000 deals were struck for the first time. It was also the first time deal flow eclipsed 3,000 deals, for that matter. We're estimating over $600 billion in value when all is said and done, which would account for about 54% of total dollars invested last year. Q4 2021 topped $200 billion for the first time.

The middle market differed with the broader PE market in one way: deal sizes weren't bigger last year, at least at first glance. A big reason for PE's $1 trillion year, for example, was because $1B+ deals almost doubled in combined value. There were also 62% more $1B+ deals in 2021 compared to 2020. Upper-middle-market activity ($500M-$1B) actually declined last year. In fact, the $49.3 billion invested in the UMM was the lowest total since 2011. The two other segments of the middle market—the "core" range of $100M-$500M and the lower middle market—did all the heavy lifting.

A big contributing factor to all of that: upper-middle-market companies are graduating out of the middle market, thanks to healthy EBITDA multiples taking them over the $1B threshold.

(Past performance is no guarantee of future results.)