

# MERGERS&ACQUISITIONS

## Deal Opportunities Still Exist in the Lower Middle-Market

*By Demitri Diakantonis  
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With daily conversations going on about the lack of deals and a looming recession, how about some positive news? Deals, at least according to one middle-market investment banker, are still happening. But where and how?

“We’re dealing with the lower middle-market, sub-\$100M deals,” says **James Cassel**, co-founder of Miami-based investment bank **Cassel Salpeter & Co.** “People are being opportunistic. On the buy-side, people are starting to pay lower multiples. We’re starting to see a reset in valuations, but it’s going to take time.”

Cassel Salpeter advises on a number of sectors including aerospace and defense, healthcare and technology.

We knew from the beginning that M&A was going to be a challenge this year. Some dealmakers are hopeful that the second half of the year will be better, but no one has a crystal ball of exactly when conditions will improve. Financing remains a problem with higher interest rates. Fundraising for private equity is sputtering.

On the other hand, environments like this tend to favor **strategic buyers** who can swoop in at lower prices. And the emergence of **family offices** – another group with a long-term view – can add to the excitement.

All-in-all though, Cassel sees more of a glass half-full given he works in the lower end of the middle market. “I don’t buy that the world is coming to an end,” he adds. “Deals are getting done, but they’re taking longer to close. People are being cautious. I would say more than half our deals are add-on acquisitions. PE has plenty of plenty of money. Corporates are in good shape from **cleaning up** their balance sheets.”

What’s your view on the road ahead in the lower middle-market? Will deals pick up or stay flat? Let me know your thoughts at **ddiakantonis@themiddlemarket.com**.

– *Demitri Diakantonis*