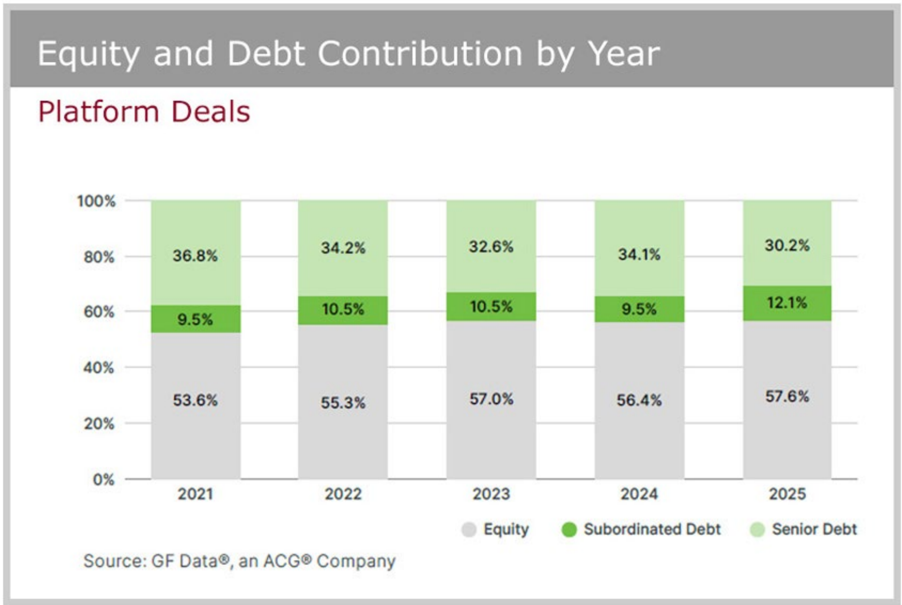
Middle Market **Pulse**

EXECUTIVE BRIEFING *Mergers, Acquisitions and Capital Resources Since 1956* March 2026

According to a recently published report by GF Data, a database of private middle-market M&A transactions, analyzing recent debt utilization is critical for identifying market shifts, as Q4 2025 marked a modest rebound to 3.2x EBITDA after three quarters of contraction. This trend signals an incremental easing in lending conditions rather than a permanent structural change. For investment bankers, these metrics highlight a renewed, albeit selective, willingness among lenders to support larger platform transactions as the market stabilizes late in the year.



Understanding capital stack evolution is essential for effective deal structuring, as 2025 saw average equity contributions reach a record high of 57.6% for platform buyouts. With senior debt utilization falling to a record low of 30.2%, sponsors must increasingly leverage junior capital and subordinated debt—which reached a five-year high of 12.1%—to bridge funding gaps. This data allows analysts to navigate the transition from senior-heavy structures to more complex, equity-intensive financing models.

Finally, granular data on size-specific pricing and leverage tiers is indispensable for managing client expectations. While larger platform tiers ($250M–$500M) benefited from improved senior coverage, smaller transactions remained disproportionately reliant on subordinated debt. Current benchmarks, such as the decline in average senior pricing to 8.1% and all-in subordinated pricing to 14.9%, provide a necessary baseline for modeling realistic valuation outcomes in early 2026.

FOR MORE INFO CONTACT:
Corporate Finance Associates
Offices Worldwide

T/ 949.305.6510
F/ 949.305.6713
E/ info@cfaw.com