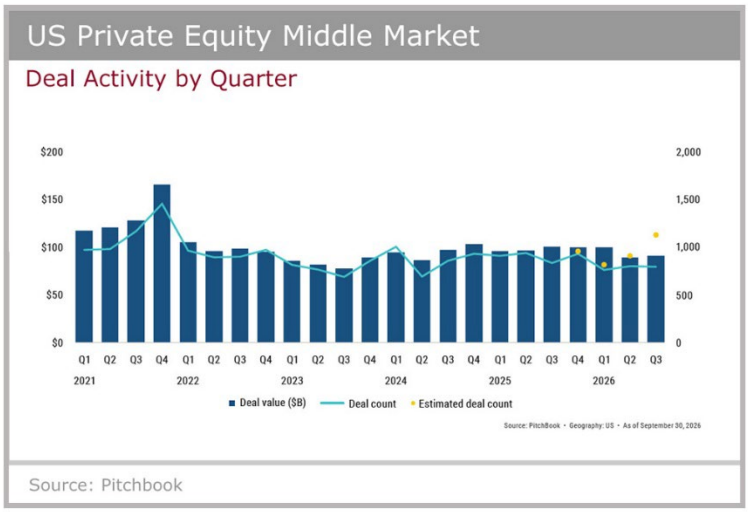
Middle Market **Pulse**

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

According to a recent report published by Pitchbook, a database of private company transactions, the U.S. private equity middle market demonstrated renewed momentum during the third quarter of 2026, with transaction activity recovering despite elevated borrowing costs and continued economic uncertainty. Estimated deal volume increased 24.1% quarter-over-quarter to 1,124 transactions, while aggregate deal value rose 2.5% to $90.4 billion. At this pace, 2026 could generate nearly 3,800 transactions, representing the second-highest annual deal count on record. Private equity sponsors increasingly favor smaller acquisitions, particularly founder-owned businesses, which accounted for 52.6% of middle-market transactions. Add-on acquisitions remain a cornerstone of sponsor investment strategies, representing 67.1% of transactions year-to-date.



Despite improving acquisition activity, private equity exits continue to be challenging. Third-quarter exits increased 36.1% by volume and 13.9% by value, reaching approximately 235 transactions totaling $27.6 billion. Nevertheless, annual exit activity remains approximately 15% below 2025 levels, reflecting persistent valuation differences, extended holding periods, and financing constraints. Sponsors increasingly utilize continuation funds and alternative transaction structures to generate liquidity while preserving ownership in attractive portfolio companies. For business owners considering a sale, continued sponsor interest in quality middle-market businesses presents opportunities, although disciplined valuations and demonstrated operational performance remain critical to successful transactions.

Fundraising provides additional support for future acquisition activity. Through September, middle-market funds raised $108.6 billion across 101 closings, while available investment capital reached a record $493.8 billion. Notably, funds between $1 billion and $5 billion captured 76.7% of fundraising proceeds, highlighting growing institutional preference for established managers. Looking ahead, substantial undeployed capital, accelerating add-on activity, and increasing demand for founder-owned businesses should support middle-market M&A opportunities into 2027, particularly for companies demonstrating resilient earnings, recurring revenues, and sustainable organic growth.

FOR MORE INFO CONTACT:
Corporate Finance Associates
Offices Worldwide

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

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