

M&A INSIGHTS

Middle Market Private Equity

Q3 INDUSTRY UPDATE



Middle Market Private Equity Market Update

Middle market deal value held firm in Q3, despite declining transaction volume, signaling investors' focus shifting toward high value, premium assets.

Middle Market Summary

Middle market M&A activity showed resilience in Q3 2025, with aggregate deal value rising to \$94.3 billion despite deal volume declining 13.4%. While the 13.4% dip in deal count suggests a pause in velocity, the 2.2% rise in deal value reveals a bullish market sentiment where investors are concentrating on larger, higher-conviction mandates. The resulting spike in deal value indicates that sponsors are looking past lingering volatility and aggressively deploying capital into premium assets.

Dealmakers are energized by expectations of Federal Reserve interest rate cuts and a thawing financing environment, moving beyond defensive plays. Unlike the activity seen earlier in the year, the current market reflects a pivot toward growth, with sponsors viewing the recent volume moderation as a temporary slowdown. This shift signals that firms are actively building pipelines for a more aggressive deployment of capital.

Exit activity remained soft with just 167 middle market PE exits, reflecting a market that is still finding its footing. While exit volume trails 2024 levels, the improving macro backdrop suggests the exit environment is turning a corner. As valuation gaps close and buyer confidence solidifies, investors' focus is shifting from current liquidity constraints to a strengthening pipeline for 2026.

Looking Ahead

The disconnect between lower deal volume and rising deal value suggests the middle market is coiling for a recovery. Macroeconomic clarity remains the key catalyst, with improving credit conditions likely to unlock the backlog of deferred buyouts.

If the current stability holds, deal count should rebound as buyer and seller expectations align. Even if a full recovery in volume is delayed, the trajectory of deal value and the return of "risk-on" investor appetites point to a strong finish to 2025 and a bullish outlook for 2026.

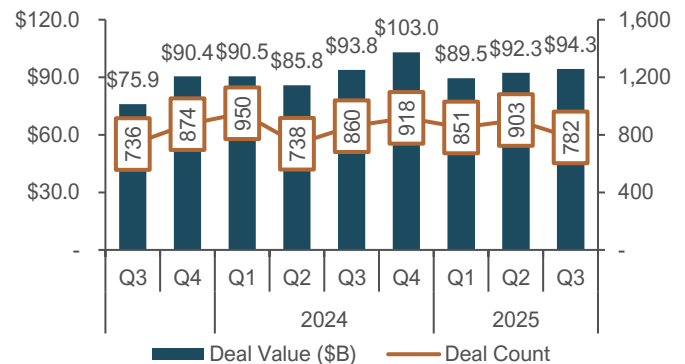
Source: Pitchbook

Note: PE Deal Volume and Deal Value data includes private equity transactions and estimates closed prior to 9/30/2025, middle market ("MM") defined as EV between \$25M and \$1B, all figures are subject to change in future quarters.

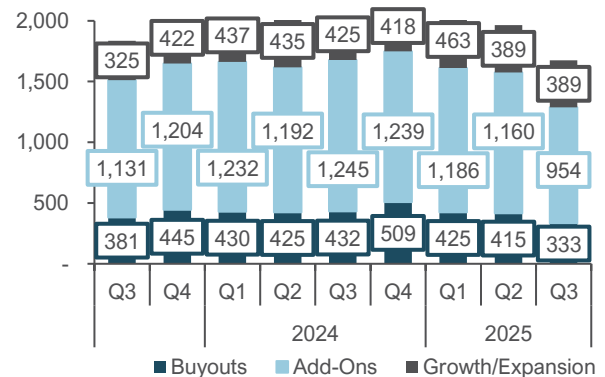
Q3 2025 MM Deal Activity

Volume:	782	-13.4%
Value:	\$94.3B	+2.2%

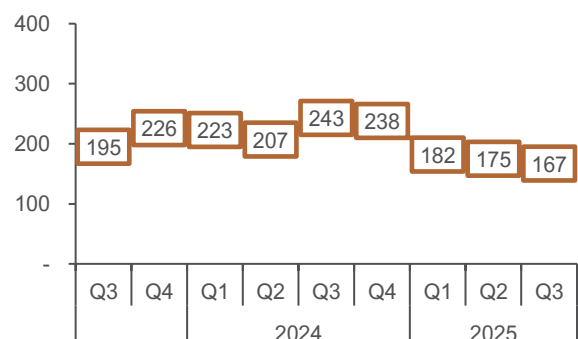
MM PE Deal Volume and Value (\$B)



Overall US PE Deal Count by Type



MM PE Exits Count



About Charter Capital

Charter Capital is a premier middle market investment banking firm with deep experience in the industrial services sector. Founded in 1989 and headquartered in Grand Rapids, Michigan, the firm provides M&A advisory, succession planning, business valuation, and capital raise services. Known for its strategic precision, personal approach, and integrity, Charter partners with business owners and investors to deliver thoughtful, high-impact outcomes.

Recognized by Axial as one of the Top 100 Most Referred Middle Market Advisory Firms in the U.S., Charter also manages Charter Growth Capital, which provides junior capital to lower middle market companies in the Great Lakes region.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	- Go-to-market sell-side advisory - Buy-side growth strategies - Exit planning - Fairness opinions
Capital Raise	- Equity or debt capital raise - Dividend recapitalization - Solvency opinions - Minority investors
Valuation Opinions	- Buy-sell agreements - Gift, estate, and income tax matters - Shareholder disputes - Purchase price allocations
Capital Management	- Licensed Fund Management - Registered Investment Advisers

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