



Navigating Opportunities in the Evolving Deal-Making Landscape: Insights from Investment Bankers for the 2024 M&A Market

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The evolving deal-making landscape presents unique challenges and opportunities for the M&A market, characterized by interest rate fluctuations and geopolitical uncertainties. Global M&A activity saw two consecutive annual declines in 2023 and 2022 following the boom year of 2021, where a large amount of dry powder combined with very low interest rates led to a record-setting year. Despite the recent slowdown in M&A deal activity, investment bankers remain cautiously optimistic about the evolving deal-making landscape and an increase in new opportunities.

Influence of Interest Rates and Geopolitical Uncertainties

A slowdown in M&A deal activity can influence market psychology, further dampening enthusiasm across all sectors in general. According to Matt Gilbert of Gilbert & Pardue Transaction Advisors, “2024 appears to be a bounce back year for deal volume but it is also one where the players are cautious due to the interest rate impact, impending elections, and now Capital Gains tax uncertainty (again).”

Chris Karl of Jegi Clarity added “The slowdown in M&A across most sectors can be tied back to the increase in rates and geo-political conflicts exacerbated things from there. In recent months the ambiguity around the potential of a prolonged higher rate environment has created additional consternation in certain pockets of the market and in a select few, it has created some urgency to act.” Navigating this evolving deal-making landscape requires careful consideration of these factors.

Resilience in Uncertainty: Industry-Specific Impacts

Not all industries are equally impacted by recent challenges. Brian Valik of League Advisors, LLC stated: “While interest rates have significantly affected sectors such as real estate, our operations are largely unaffected since we primarily focus on home services, business services, and construction services. In these sectors, the impact has been minimal.” Melvyn Threatt-Peters, Director at DAK Group, commented “Right now, it seems that less regulated, recurring revenue, service-based

businesses are in vogue regardless of sector. We see this trend continuing alongside interest in more regulated sectors such as healthcare services where more specialized sponsors and strategics can generate alpha. We also see interest in industrials, infrastructure, and technology, as the US and private sector retool to become more self-sufficient.

Strategic Positioning of Companies for Success in the Evolving Deal-Making Landscape

Across all sectors, certain companies appear to be better positioned than others for success. Nicholas Kirk of The Hickory Group, LLC said that “We see strong potential in corporate carve-outs as larger enterprises rethink their return on capital from various business units. Second, we remain bullish on the opportunity to serve family-owned enterprises as younger generations, finally in the c-suite, may see more value in an exit — solidifying their family’s imprint on an industry via an exit — than having to fight through supply chain issues, an increasingly complex regulatory environment as well as a global playing field.” Gilbert also acknowledged “CEOs across US industries recognize that M&A remains a vital strategic lever to expansion and that baby boomer businesses can be bought fairly to drive growth hungry investor demands. It has been reported that companies making multiple small to mid-sized acquisitions annually over ten years have delivered better shareholder returns than those relying solely on organic growth.”

Looking Ahead: Strategic Adaptation in M&A

While many challenges persist in the evolving deal-making landscape, strategic opportunities exist for investment bankers who can navigate these complexities and identify resilient sectors and targeted acquisition strategies. The cautious optimism among industry experts suggests that 2024 is seeing a rebound in deal volume, albeit with a heightened sense of awareness and strategic foresight. Understanding the evolving deal-making landscape will be crucial for success.



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