

## MARKET BRIEF

Economic indicators sent several positive signals in November, but the overall economic environment remained challenging. The unemployment rate remained unchanged, leading some experts to suggest that the Fed's rate hikes are less likely to cause a recession than previously expected. Meanwhile, consumer confidence decreased for the second month, indicating that consumers' expectations for the economy remain gloomy. Inflation decelerated with a smaller than expected increase in prices in November.

### Unemployment Rate Remained Unchanged in November

In November, unemployment remained unchanged at 3.7 percent, and the number of unemployed persons was essentially unchanged at 6.0 million. Total nonfarm payroll employment increased by 263,000 in November, roughly in line with average growth over the prior 3 months. Monthly job growth has averaged 392,000 thus far in 2022, compared with 562,000 per month in 2021. In November, notable job gains occurred in leisure and hospitality, health care, and government. Employment declined in retail trade and in transportation and warehousing. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

### Consumer Confidence Declines in November

The Conference Board Consumer Confidence Index® decreased in November after also losing ground in October. The Index now stands at 100.2 (1985=100), down from 102.2 in October. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—decreased to 137.4 from 138.7 last month. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—declined to 75.4 from 77.9. “Consumer confidence declined again in November, most likely prompted by the recent rise in gas prices,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. “The Present Situation Index moderated further and continues to suggest the economy has lost momentum as the year winds down. Consumers' expectations regarding the short-term outlook remained gloomy. Indeed, the Expectations Index is below a reading of 80, which suggests the likelihood of a recession remains elevated.” (<https://www.conference-board.org/topics/consumer-confidence>)

### The Case-Shiller Index Continued to Decline in September

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 10.6% annual gain in September, down from 12.9% in the previous month. The 10- City Composite annual increase came in at 9.7%, down from 12.1% in the previous month. The 20- City Composite posted a 10.4% year-over-year gain, down from 13.1% in the previous month. “As has been the case for the past several months, our September 2022 report reflects short-term declines and medium-term deceleration in housing prices across the U.S.,” says Craig J. Lazzara, Managing Director at S&P DJI. “For example, the National Composite Index fell -1.0% in September, and now stands 10.6% above its year-ago level. We see comparable patterns in our

10- and 20-City Composites, which declined -1.4% and -1.5%, respectively, bringing their year-over-year gains down to 9.7% and 10.4%. For all three composites, year-over-year gains, while still well above their historical medians, peaked roughly six months ago and have decelerated since then."

([https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20221129-1458251/1458251\\_cshomeprice-release-1129.pdf](https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20221129-1458251/1458251_cshomeprice-release-1129.pdf))

### **The Consumer Price Index Rose 0.1 Percent in November**

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent in November on a seasonally adjusted basis, after increasing 0.4 percent in October, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 7.1 percent before seasonal adjustment. The index for shelter was by far the largest contributor to the monthly all items increase, more than offsetting decreases in energy indexes. The food index increased 0.5 percent over the month with the food at home index also rising 0.5 percent. The energy index decreased 1.6 percent over the month as the gasoline index, the natural gas index, and the electricity index all declined.

(<https://www.bls.gov/news.release/cpi.nr0.htm>)

## PUBLIC MARKET

The U.S. public markets rose in November as investors responded positively to data showing inflation had pulled back slightly, and based on the expectation that it will cool from here. The S&P 500 was up 5.3% in November, bringing its YTD loss to -14.4%. The Dow Jones Industrial Average gained 5.7% for the month and was down 4.8% YTD. Materials, Industrials and Utilities led sector returns, helping the Dow. The Nasdaq 100 Index advanced 5.6% for the month.

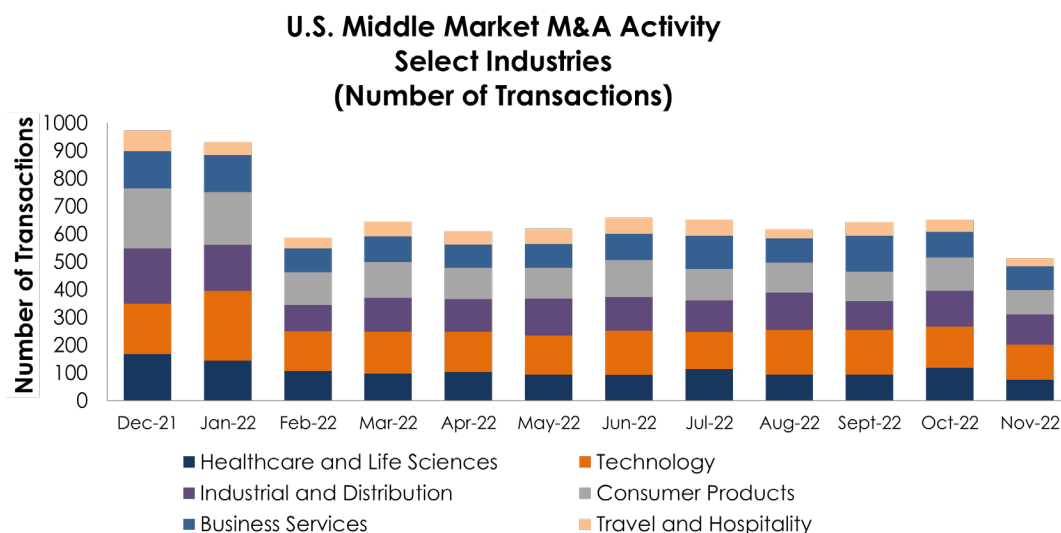
### Public Trading Multiples

As of November 30, 2022

Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
<b>Healthcare and Life Sciences</b>							
Healthcare Technology	4.5x	24.2x	8.4%	9.1%	3.9%	2.4%	4.7%
Healthcare Equipment and Supplies	4.1x	16.2x	0.1%	7.4%	-13.6%	9.2%	26.8%
Healthcare Providers and Services	0.8x	11.4x	7.2%	8.8%	0.0%	5.6%	10.3%
Healthcare and Life Sciences Aggregate	3.1x	17.3x	5.2%	8.4%	-3.2%	5.7%	13.9%
<b>Technology</b>							
IT Services	3.1x	15.2x	4.0%	5.9%	6.7%	5.6%	12.6%
Software	6.6x	20.9x	11.1%	12.6%	2.2%	11.8%	5.6%
Computers and Other Electronic Equipment	1.7x	11.3x	-1.8%	5.8%	-3.8%	10.5%	20.8%
Technology Aggregate	3.8x	15.8x	4.4%	8.1%	1.7%	9.3%	13.0%
<b>Industrial and Distribution</b>							
Aerospace and Defense	2.1x	14.1x	-2.6%	-3.3%	-0.2%	-5.2%	9.4%
Building Products	1.4x	9.2x	3.3%	4.0%	-2.5%	8.7%	19.4%
Construction and Engineering	0.7x	8.6x	-3.2%	5.2%	-1.7%	2.2%	10.4%
Machinery	1.6x	12.2x	-3.1%	1.3%	-8.5%	-0.7%	4.7%
Distributors	0.8x	8.6x	4.6%	4.9%	29.8%	10.7%	5.0%
Industrial and Distribution Aggregate	1.3x	10.6x	-0.2%	2.4%	3.4%	3.2%	9.8%
<b>Consumer Products</b>							
Food and Beverage	2.0x	11.9x	4.8%	5.5%	-0.7%	4.3%	14.5%
Household and Personal Products	3.1x	16.1x	-2.9%	1.1%	-9.9%	-3.0%	15.5%
Household Durables	0.9x	6.6x	-4.9%	3.4%	-3.3%	9.7%	9.8%
Textiles, Apparel, and Luxury Goods	2.2x	10.9x	8.3%	5.0%	7.9%	10.2%	10.5%
Consumer Products Aggregate	2.0x	11.4x	1.3%	3.7%	-1.5%	5.3%	12.6%
<b>Business Services</b>							
Human Resource and Employment Services	0.9x	10.0x	2.3%	1.2%	4.6%	3.6%	11.2%
Research and Consulting Services	3.1x	17.1x	2.7%	4.8%	-0.4%	-19.2%	16.2%
Business Services Aggregate	2.0x	13.5x	2.5%	3.0%	2.1%	-7.8%	13.7%
<b>Travel and Hospitality</b>							
Hotels, Resorts, and Cruise Lines	4.1x	16.3x	70.0%	-10.7%	0.0%	-25.2%	5.6%
Restaurants	2.8x	14.5x	10.9%	0.6%	12.1%	-0.5%	6.9%
Leisure Facilities	4.3x	17.4x	5.0%	0.4%	14.9%	-12.4%	30.2%
Travel and Hospitality Aggregate	3.7x	16.1x	28.6%	-3.2%	9.0%	-12.7%	14.2%

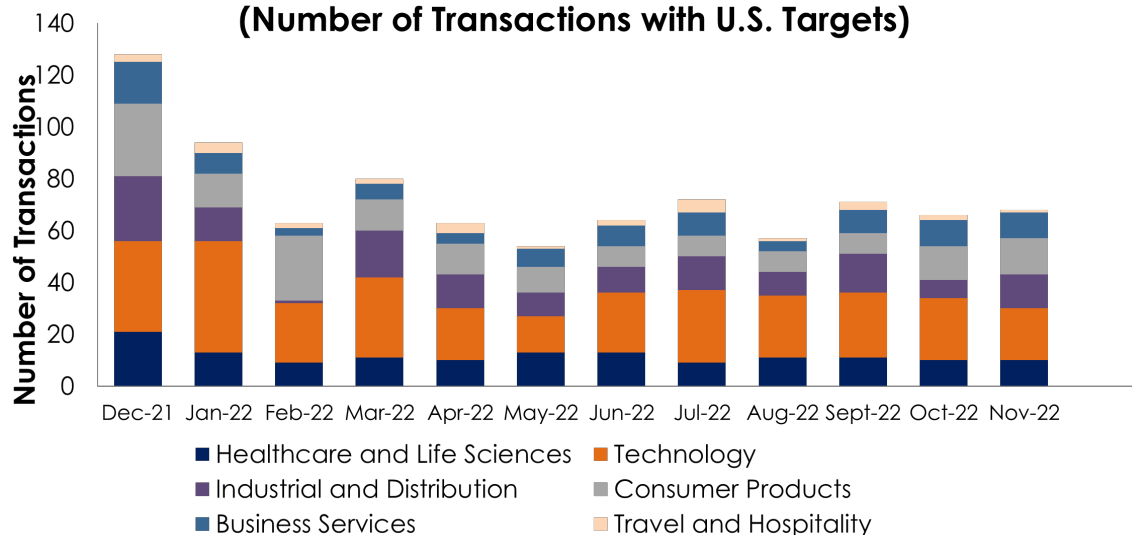
## M&A MARKET

Middle-market M&A activity decreased slightly in November, with deal volume decreasing across all sectors. The forecast for 2023 continues to be uncertain as investors and companies consider the multitude of risk factors including inflation, rising interest rates and unrest abroad. An article from Bloomberg Law suggests that there may be a return to normal in 2023: "All told, outlooks for 2023's M&A activity differ broadly, but it seems possible that next year's deal activity will be similar to the average M&A activity prior to 2021."



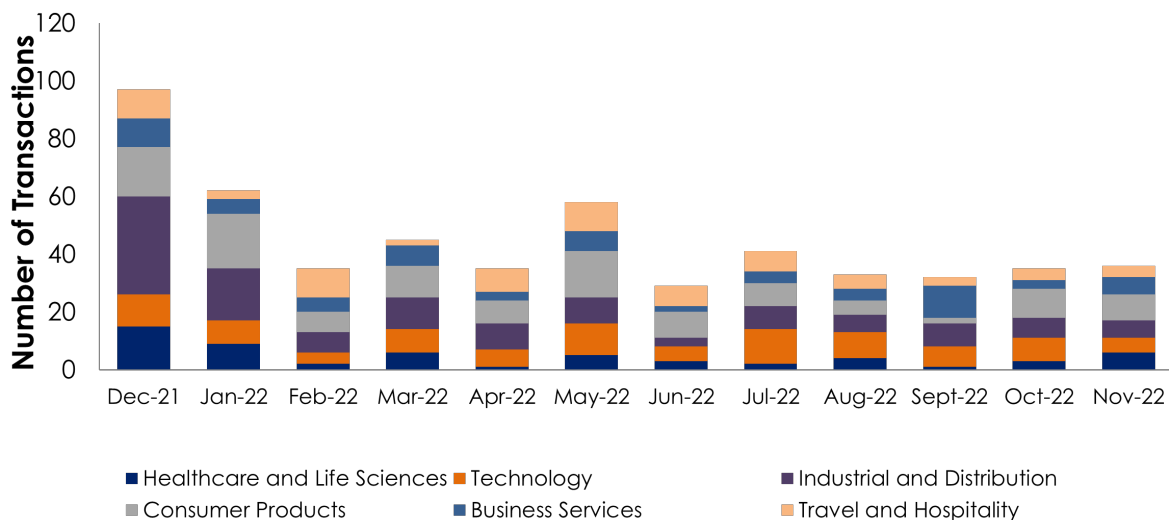
Cross-border middle-market M&A activity slightly increased in November. The Technology sector experienced a decrease in transaction volume while Industrials and Distributions saw an increase compared to October.

### Cross-Border Middle Market M&A Activity (Number of Transactions with U.S. Targets)



LBO transaction volume remained mostly unchanged in November. Healthcare and Business Services gained in volume while Technology experienced a slight decrease.

### U.S. Middle Market Leveraged Buyouts (Number of Transactions)



## SELECT MIDDLE MARKET M&A TRANSACTIONS- BUSINESS SERVICES

### ***CBRE Enhances Integrated Laboratory Solutions Capabilities with Acquisition of Full Spectrum Group***

CBRE Group (NYSE:CBRE) announced it has acquired Full Spectrum Group, a leading provider of expert technical support services for high-end laboratory systems in the U.S., from private equity firm Pfingsten Partners, for a total consideration of \$110 million.

This acquisition gives CBRE a new and enhanced technical capability that complements its existing global Integrated Laboratory Solutions capabilities for occupier clients in the fast-growing research and laboratory equipment sector. Specifically, CBRE will now be able to self-deliver highly specialized maintenance and repair services for handling some of the most critical laboratory assets, including high-end liquid and gas chromatography, mass spectroscopy and thermal equipment.

Headquartered in Laguna Hills, California, Full Spectrum Group has more than 150 employees, including more than 100 engineers, in 20 locations throughout the U.S., and serves clients with a full range of service contracts, preventative maintenance programs, calibration and validation, repair services, parts and reconditioned instruments. Full Spectrum Group will be fully integrated into CBRE's Global Workplace Solutions (GWS) Integrated Laboratory Solutions business.

### ***APM Acquires Equus Workforce Solutions***

APM Human Services International Limited, an Australia-based human services provider, has entered a definitive agreement to acquire all issued shares of Equus Workforce Solutions (and certain affiliates), a wholly owned company of BrightSpring Health Services, in a transaction valued at approximately \$153 million. Equus Workforce Solutions is a comprehensive provider of workforce development services in North America.

APM looks forward to welcoming the Equus team into the APM family. Together the Equus team combined with APM's exceptional North American team, will form a formidable team in the North American marketplace.

APM Executive Chair, Megan Wynne said: "At APM we remain focused on increasing access to our services for our current and future clients. The coming together of APM and Equus enables us to expand the breadth and reach of offerings, and the number of locations, and channels in which we operate".

### ***Lexitas Announces Acquisition of Depo International***

Lexitas, a leading provider of technology-enabled litigation services and a portfolio company of funds advised by Apax, announced its acquisition of Depo International. Headquartered in Minneapolis, with an additional office in Las Vegas, the addition of Depo International strengthens Lexitas' growing national footprint. Founded in 1987, Lexitas is a leading national provider of legal

support services to law firms, corporations, and insurance companies. Services include court reporting, record retrieval, process service, registered agent, legal staffing, document review and commercial contracts outsourcing.

"For the past 40 years Pat Carl and her team have built an award-winning court reporting organization. We are thrilled to welcome this highly regarded business to the Lexitas family. Depo International will deepen our presence in the highly attractive Midwest and West markets, further strengthening our reach throughout the U.S. We look forward to welcoming their team members, clientele, and court reporters to Lexitas," said Gary Buckland, Chief Executive Office at Lexitas.

## FURTHER INFORMATION

Successful business owners have turned to Mirus Capital Advisors for more than 35 years to help them realize their ultimate accomplishment – the sale of their business. As a mid-market investment bank focused on mergers and acquisitions, Mirus drives successful deals for companies in the industrial, consumer, business services, healthcare and technology industries. Mirus has proven time and again that its deep industry expertise, focus on relationships, thorough preparation and unwavering commitment to every deal lead to meaningful accomplishments for business owners. Our affiliate Mirus Securities, Inc. is a registered broker-dealer and FINRA member.

For any questions about the Middle Market Monitor or Mirus Capital Advisors, please contact Mirus Capital Advisors at 781-418-5900 or visit <http://merger.com>. You can also contact our senior bankers directly:

[Alan Fullerton](#)  
[Andy Crain](#)  
[Brendan Kiernan](#)  
[David Christopher](#)  
[Kate Soto](#)  
[Patrick West](#)  
[Rudy Minar](#)  
[Sean Sundstrom](#)  
[Stuart Rose](#)

*Sources: Capital IQ, Bloomberg, Forbes, Reuters, The New York Times, The Wall Street Journal, Bureau of Labor Statistics, Ernst & Young, JP Morgan, Financial Times, The Middle Market, other sources as referenced within, and Mirus analysis. Copyright 2022, Mirus Capital Advisors, Inc. All rights reserved. Mirus Capital Advisors does not assume any liability for errors or omissions.*



Follow us on LinkedIn

To read more reports on the M&A markets, visit our website: [www.merger.com](http://www.merger.com)