

## MARKET BRIEF

Economic indicators were mixed in May, with the unemployment rate holding steady and the Consumer Confidence Index increasing moderately. The Consumer Price Index was unchanged in May on a month-over-month basis. The public markets increased in May with a 5.0% increase in the S&P 500, as well as rises for both the Nasdaq (7.0%) and Dow Jones (2.6%). Total middle market M&A activity, cross-border transactions, and leveraged buyouts all increased on a month-over-month basis.

### Unemployment Rate Remains Steady in May

There was little change in unemployment in May, with the unemployment rate coming in at 4.0% and the number of unemployed people at 6.6 million. The unemployment rate has remained in a narrow range (3.7% to 4.0%) since August 2023. The number of jobs in nonfarm businesses grew by 272,000, a higher number than the average monthly gain of 232,000 jobs over the past 12 months. Job growth was the strongest in health care, government, and leisure and hospitality. The labor force participation rate (62.5%) and employment-population ratio (60.0%) were little changed both in May and over the past 12 months. There was also minimal change in the number of people employed part time for economic reasons (4.4 million) and those outside the workforce who still want a job (5.7 million).

[Bureau of Labor Statistics](#)

### Consumer Confidence Rose in May

Consumer confidence in the U.S. ticked up after three straight months of decline, according to The Conference Board's Consumer Confidence Index®, rising to 102.0 (1985=100) from 97.5 in April. Meanwhile, the Expectations Index rose to 74.6 from 68.8 last month, which is based on consumer's short-term perspective for business conditions, job availability, and income. The Present Situation Index, which reflects views on current conditions, increased to 143.1 in May from 140.6 in April.

According to Dana M. Peterson, Chief Economist at The Conference Board, consumer confidence in May improved due to the strong labor market. Fewer participants stated that jobs were "hard to get" while fewer consumers expect deterioration in future business conditions, job availability, and income. Compared to April, confidence in May improved among consumers of all age groups.

Overall, consumers were more optimistic about the short-term business conditions outlook in May. Consumers' perspective of the short-term labor market outlook and short-term income prospects were also more positive this past month. While the perceived likelihood of a recession in the next year rose slightly, it is still significantly lower than its May 2023 peak. Looking beyond confidence levels, the expectation that stock prices will continue to rise over the year ahead decreased and the anticipation of higher interest rates increased. This has led to a rise in buying plans for items such as autos and smartphones. Buying plans for big-ticket appliances increased for the first time in several months.

[The Conference Board](#)

## The Case-Shiller Index Reports 6.5% Annual Gain in March 2024

Home prices in the U.S. continued to rise in March, hitting a new all-time high, according to the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index. The National Index reported a 6.5% annual gain, the same increase as the previous month and up from 6.0% in January. Similarly, both the 10-City and 20-City Composite indices showed increases, rising 8.2% and 7.4% year-over-year, respectively, compared to 7.1% and 7.3% in March. San Diego continues to lead the way with the highest year-over-year gain (11.1%) among the 20 cities tracked, followed by New York (9.2%) and Cleveland (8.8%). Even Denver, which holds the lowest rank over the past three months, saw a significant annual increase of 2.1% in March. Notably, all three indices (National, 10-City, and 20-City Composite) continued their upward trend from last month, showing pre-adjustment increases of 1.3%, 1.6%, and 1.6%, respectively. When adjusted for seasonal variations, the monthly growth remained positive. The National Index rose 0.3% month-over-month, while the 10-City and 20-City Composite indices increased by 0.3% and 0.5% month-over-month.

[S&P Global | National Home Price Index](#)

## The Consumer Price Index Unchanged in May

The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in May on a seasonally adjusted basis, after rising 0.3% in April. The all-items index rose 3.3% for the 12 months ending in May, smaller than the 3.4% increase for the 12 months ending in April. The energy index fell 2.0% in May while the food index rose 0.1%. Excluding food and energy, inflation rose 0.2% in May, driven by a 0.4% increase in the shelter index, and has increased 3.4% over the past 12 months.

[U.S. Bureau of Labor Statistics](#)

## PUBLIC MARKET

The S&P 500 increased by 5.0% in May with a 28.2% increase over the past twelve months. The Dow Jones Industrials Average saw a 2.6% increase in May with a twelve month return of 20.0%. The Nasdaq Composite Index finished the month 7.0% higher and is up 30.4% over the trailing twelve months.

### Public Trading Multiples

As of May 30, 2024

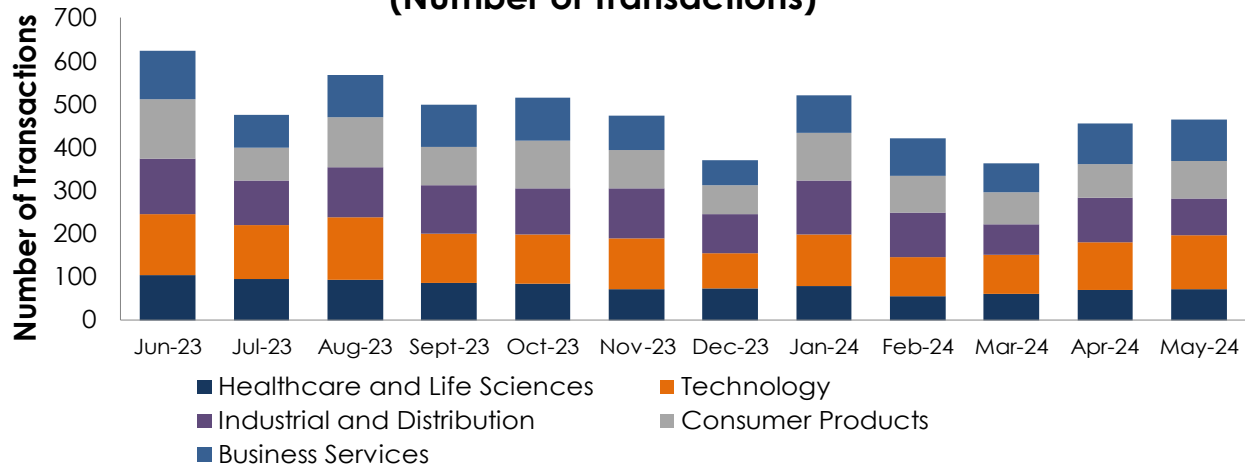
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
<b>Healthcare and Life Sciences</b>							
Healthcare Technology	3.6x	24.5x	6.6%	8.6%	50.9%	21.1%	1.0%
Healthcare Equipment and Supplies	4.2x	18.9x	2.0%	4.5%	2.0%	-1.7%	16.5%
Healthcare Providers and Services	0.7x	11.3x	7.4%	8.7%	0.9%	1.6%	9.7%
<b>Healthcare and Life Sciences Aggregate</b>	<b>2.8x</b>	<b>18.2x</b>	<b>5.3%</b>	<b>7.3%</b>	<b>17.9%</b>	<b>7.0%</b>	<b>9.0%</b>
<b>Technology</b>							
IT Services	2.4x	14.5x	1.4%	3.6%	14.7%	3.3%	14.8%
Software	8.6x	24.9x	9.5%	11.5%	31.7%	14.6%	6.8%
Computers and Other Electronic Equipment	2.0x	14.3x	-6.5%	0.3%	-4.4%	-0.2%	13.7%
<b>Technology Aggregate</b>	<b>4.3x</b>	<b>17.9x</b>	<b>1.5%</b>	<b>5.1%</b>	<b>14.0%</b>	<b>5.9%</b>	<b>11.8%</b>
<b>Industrial and Distribution</b>							
Aerospace and Defense	2.3x	18.1x	7.3%	5.0%	3.3%	11.5%	9.3%
Building Products	1.8x	11.4x	-1.9%	5.6%	-1.7%	6.3%	-3.0%
Construction and Engineering	0.7x	9.4x	3.9%	5.0%	5.8%	5.7%	6.9%
Machinery	1.7x	11.7x	3.5%	5.8%	13.5%	11.0%	7.7%
Distributors	1.0x	11.0x	-10.6%	4.5%	0.9%	12.1%	5.0%
<b>Industrial and Distribution Aggregate</b>	<b>1.5x</b>	<b>12.3x</b>	<b>0.4%</b>	<b>5.2%</b>	<b>4.4%</b>	<b>9.3%</b>	<b>5.2%</b>
<b>Consumer Products</b>							
Food and Beverage	1.9x	11.5x	-1.0%	5.9%	2.0%	3.0%	13.7%
Household and Personal Products	3.1x	15.6x	1.0%	1.7%	7.4%	-0.4%	14.6%
Household Durables	1.0x	8.6x	-2.5%	2.1%	0.6%	2.1%	9.2%
Textiles, Apparel, and Luxury Goods	2.5x	12.4x	2.7%	10.5%	6.2%	19.9%	8.6%
<b>Consumer Products Aggregate</b>	<b>2.1x</b>	<b>12.0x</b>	<b>0.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>6.1%</b>	<b>11.5%</b>
<b>Business Services</b>							
Human Resource and Employment Services	1.4x	14.1x	0.5%	6.8%	-0.3%	10.2%	9.7%
Research and Consulting Services	3.1x	17.1x	6.2%	6.2%	10.4%	6.5%	13.6%
<b>Business Services Aggregate</b>	<b>2.3x</b>	<b>15.6x</b>	<b>3.3%</b>	<b>6.5%</b>	<b>5.1%</b>	<b>8.3%</b>	<b>11.6%</b>
<b>Travel and Hospitality</b>							
Hotels, Resorts, and Cruise Lines	3.6x	14.3x	22.5%	51.3%	55.2%	0.0%	14.0%
Restaurants	2.6x	13.9x	10.5%	15.6%	26.5%	28.8%	6.5%
Leisure Facilities	4.0x	12.3x	10.8%	32.1%	15.4%	205.4%	33.4%
<b>Travel and Hospitality Aggregate</b>	<b>3.4x</b>	<b>13.5x</b>	<b>14.6%</b>	<b>33.0%</b>	<b>32.3%</b>	<b>78.1%</b>	<b>17.9%</b>

## M&A MARKET

While total U.S. M&A deal volume decreased 10.6% in May (ending the month with 949 deal announcements compared to 1,062 in April), total deal value was up, with May recording a 1.7% increase in aggregate deal value compared to April. Some of the largest acquisitions announced in May were ConocoPhillips's acquisition of Marathon Oil for \$22.5 billion, CCP Investment's purchase of US energy company ALLETE, Inc. for \$6.2 billion, Permira Advisors LLP's agreement to acquire Squarespace, Inc. for \$6.0 billion, and T-Mobile's acquisition of UScellular for \$4.4 billion.

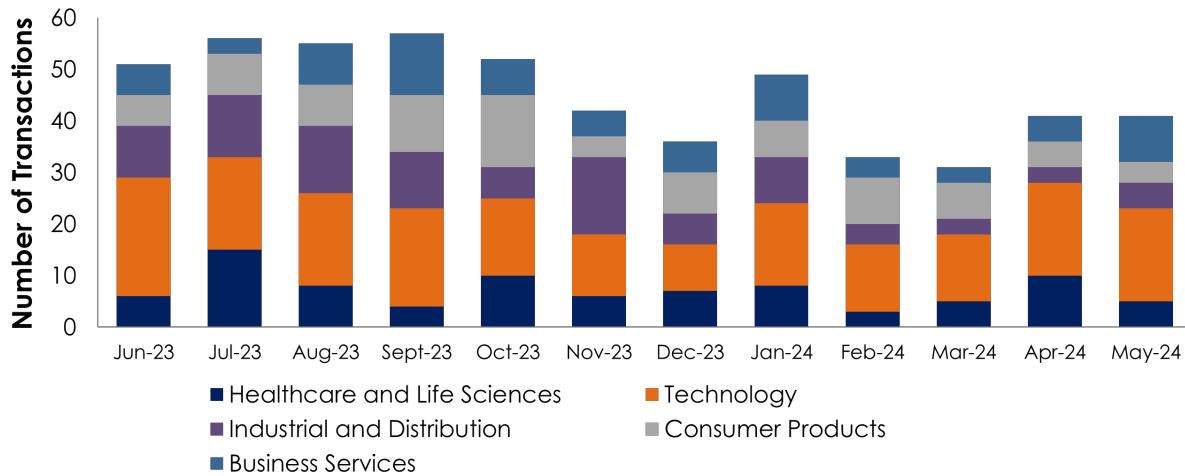
U.S. middle-market M&A deal volume, conversely, continued its upward trend this month. Middle-market M&A deal volume increased by 3.3% in May compared to April, with the Technology sector transaction volume increasing 12.0% month over month, followed by Consumer Products at 10.0% month over month.

### U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



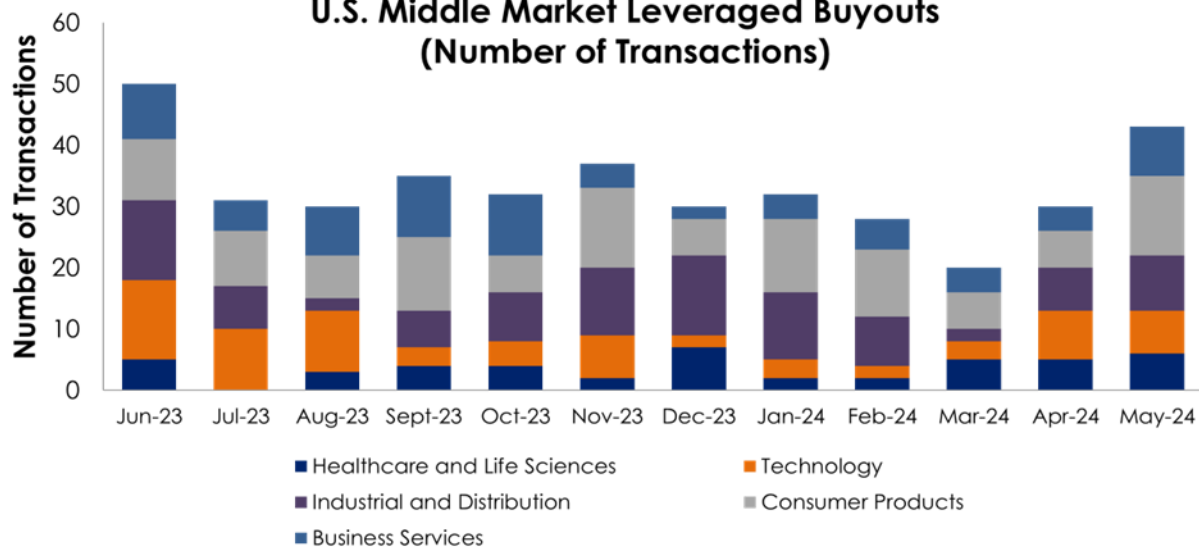
Cross-border middle-market M&A activity showed consistency with a slight increase in May after a significant increase in April. While the Technology sector continued to lead with the highest deal volume, the Business Services and Industrial and Distribution sectors increased while the Consumer Products and Healthcare and Life Sciences sectors decreased.

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



LBO transaction volume significantly increased in May following a previous increase in April. Middle-market LBO volume increased drastically in the Consumer Products sector while also increasing in the Business Services, Healthcare and Life Sciences, and Industrial and Distribution sectors.

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



## **SELECT MIDDLE MARKET M&A TRANSACTIONS – BUSINESS SERVICES**

### ***PowerToFly Acquires Skillcrush***

[Full Article](#)

PowerToFly, the pioneering leader in diverse talent management, announced the acquisition of Skillcrush, an education platform providing technical upskilling for underrepresented professionals. Over forty-nine percent of Skillcrush students identify as BIPOC and eighty percent as women. The acquisition provides more essential tools for companies to build their workforce. If professionals are missing a skill to qualify for a job, or a hiring manager identifies a skill missing on their teams, they can now solve that on PowerToFly. Milena Berry, CEO of PowerToFly, stated, "With Skillcrush, we're making accessible, inclusive technical training a reality for millions who now have a direct path to hiring managers on PowerToFly once they complete their training."

### ***Level Agency Acquires WebMechanix***

[Full Article](#)

Level Agency, the Pittsburgh-based performance marketing agency backed by private equity sponsor Dubin Clark, announced the acquisition of WebMechanix, a leading digital marketing agency known for its expert handling of B2B, SaaS, and financial services clients. This acquisition expands Level Agency's capabilities in digital direct marketing, establishing a more robust presence in key fast-growing sectors. "We are ecstatic about the opportunities this partnership will bring to our clients and team," said Patrick Patterson, CEO of Level Agency. "By joining forces with WebMechanix, we are not just expanding our market footprint but also integrating a wealth of expertise that complements and enhances our capabilities."

### ***Blue Ridge Associates Acquires TSC***

[Full Article](#)

Blue Ridge Associates, a leading provider of tech-enabled administration and compliance solutions, announced the acquisition of Tax Sheltered Compensation, Inc. (TSC), a leading provider of administration solutions for qualified retirement plan benefits. The acquisition of TSC expands Blue Ridge's service offering, resource capacity, technical expertise, and geographical coverage. TSC was founded in 1966 and serves 3,100 retirement plans covering over 150,000 small and middle-market business participants. Bill Yoerger, CEO of Blue Ridge, stated, "Our strategy has long been to create complimentary, market leading, people first businesses that leverage technology to enable our clients to provide wealth building benefits to their employees with peace of mind. After getting to know Gary, Matt and the TSC team intimately, it was abundantly clear they were the perfect partner to advance our strategic objectives and I'm delighted to welcome them to the Blue Ridge family."

## 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.

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