

MARKET BRIEF

Economic indicators remained mostly positive in September, with the unemployment rate decreasing slightly to 4.1%, and The Consumer Price Index decelerating to a twelve-month rate increase of 2.4%, while the Consumer Confidence Index saw its largest one-month decline since August 2021, falling to 98.7. The U.S. Public Markets saw an overall rise in the month of September as inflation slowed and the Federal Reserve made its long awaited interest rate cut. The S&P 500, Dow Jones, and Nasdaq indices all experienced upward momentum in September with 2.0%, 1.9%, and 2.7% increases, respectively. Middle-market M&A activity remained steady, driven by the anticipated lower cost of capital and other favorable market dynamics. The outlook for middle-market M&A transactions appears promising for the near future.

Unemployment Rate Changed Little in September

The unemployment rate fell slightly to 4.1% in September and the number of unemployed people decreased to 6.8 million. Total nonfarm payroll employment went up by 254,000 in September. Employment growth in September was slightly higher than the average monthly gain of 203,000 over the prior 12 months. Sectors adding jobs in September included healthcare (45,000 jobs), construction (25,000 jobs), food services and drinking places (69,000 jobs), and social assistance (27,000 jobs). The labor force participation rate remained at 62.7% for the third consecutive month. [Bureau of Labor Statistics](#)

US Consumer Confidence Showing Signs of Softening

The Conference Board Consumer Confidence Index® fell in September to 98.7 (1985=100), from an upwardly revised 105.6 in August. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—fell by 10.3 points to 124.3 in September. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—declined by 4.6 points to 81.7 in September, marking the third consecutive month of the Index above 80. (A reading below the threshold of 80 usually signals a recession ahead.) "Consumer confidence dropped in September to near the bottom of the narrow range that has prevailed over the past two years," said Dana M. Peterson, Chief Economist at The Conference Board. "September's decline was the largest since August 2021 and all five components of the Index deteriorated. Consumers' assessments of current business conditions turned negative while views of the current labor market situation softened further. Consumers were also more pessimistic about future labor market conditions and less positive about future business conditions and future income." Peterson also noted that "the proportion of consumers anticipating a recession over the next 12 months remained low."

[The Conference Board](#)

The Case-Shiller Index All-Time Highs Continue in July 2024

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 5.0% annual gain for July, a slight decrease from the 5.5% annual gain in the previous month. The 10-City Composite saw an annual increase of 6.8% in July, down from a 7.4% annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 5.9%, dropping from a 6.5% increase in the previous month. The upward trend for the U.S. National Index, the 20-City Composite, and the 10-City Composite has continued to decelerate from last month, with the national index reporting a pre-seasonality adjustment increase of 0.1%, while both the 20-City and 10-City Composites remained unchanged in July. Brian D. Luke, Head of Commodities, Real & Digital Assets noted, "Accounting for seasonality of home purchases, we have witnessed 14 consecutive record highs in our National Index. While the S&P 500 has achieved thirty-nine record highs and the S&P GSCI Gold TR hit thirty-five record highs, housing is following a similar trajectory. The growth has come at a cost, with all but two markets decelerating last month, eight markets seeing monthly declines, and the slowest annual growth nationally in 2024. Overall, the indices continue to grow at a rate that exceeds long-run averages after accounting for inflation."

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

The Consumer Price Index

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% on a seasonally adjusted basis in September, the same increase as in August and July. The all items index increased 2.4% for the 12 months ending September, which was the smallest 12 month increase since February 2021. The index for shelter rose 0.2% in September, and the index for food increased 0.4%.

Together, these two components contributed over 75% of the monthly all items increase. The index for all items less food and energy rose 0.3% in September, as it did the preceding month. Components which increased in September include shelter, motor vehicle insurance, medical care, apparel, and airline fares. The indices for recreation and communication were among those that decreased over the month.

[Bureau of Labor Statistics](#)

PUBLIC MARKET

The U.S. public markets enjoyed gains across the board in September with the S&P 500, Dow Jones, and Nasdaq all reaching record closes. The S&P 500 rose 2.0% for the month, marking its first positive September since 2019. The Dow Jones finished the month with a 1.9% increase, and the Nasdaq Composite rose 2.7%.

Public Trading Multiples

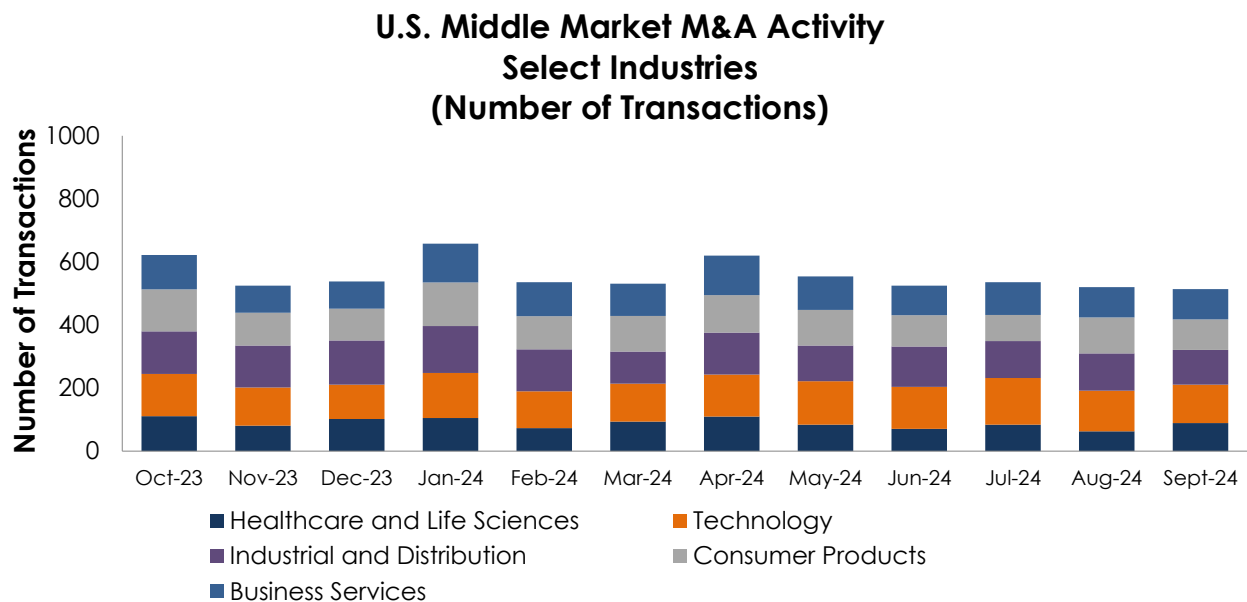
As of September 30, 2024

Category	EV / Revenue	EV / EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	3.8x	23.3x	6.1%	6.5%	23.6%	21.6%	0.5%
Healthcare Equipment and Supplies	4.3x	18.9x	2.4%	2.1%	5.6%	-6.2%	15.4%
Healthcare Providers and Services	0.7x	11.7x	6.8%	7.8%	0.7%	1.7%	10.0%
Healthcare and Life Sciences Aggregate	2.9x	17.9x	5.1%	5.5%	10.0%	5.7%	8.6%
Technology							
IT Services	2.5x	15.4x	0.5%	2.3%	14.9%	2.5%	14.9%
Software	9.0x	26.7x	10.1%	10.9%	27.9%	14.5%	7.2%
Computers and Other Electronic Equipment	2.2x	15.4x	-1.6%	-1.1%	5.3%	-2.4%	15.5%
Technology Aggregate	4.6x	19.2x	3.0%	4.0%	16.0%	4.9%	12.5%
Industrial and Distribution							
Aerospace and Defense	2.4x	18.8x	4.4%	4.4%	-0.7%	4.9%	10.0%
Building Products	1.8x	11.6x	-1.6%	2.5%	-0.7%	0.9%	-3.5%
Construction and Engineering	0.8x	9.8x	3.5%	3.2%	4.9%	3.7%	7.1%
Machinery	1.7x	11.7x	1.8%	3.3%	9.0%	7.2%	8.1%
Distributors	1.0x	11.3x	-8.1%	0.8%	0.9%	5.7%	4.7%
Industrial and Distribution Aggregate	1.5x	12.7x	0.0%	2.9%	2.7%	4.5%	5.3%
Consumer Products							
Food and Beverage	1.9x	11.3x	-2.6%	4.0%	2.1%	1.5%	13.7%
Household and Personal Products	3.2x	15.7x	-1.2%	0.8%	6.5%	-0.2%	14.5%
Household Durables	1.1x	9.3x	-0.6%	-0.4%	0.5%	-3.6%	8.9%
Textiles, Apparel, and Luxury Goods	2.3x	11.4x	-0.7%	-24.4%	1.4%	-1.2%	8.3%
Consumer Products Aggregate	2.1x	11.9x	-1.3%	-5.0%	2.6%	-0.9%	11.3%
Business Services							
Human Resource and Employment Services	1.5x	15.0x	-0.7%	4.3%	-0.4%	4.9%	9.8%
Research and Consulting Services	3.2x	17.7x	5.6%	6.5%	11.5%	5.9%	13.3%
Business Services Aggregate	2.3x	16.3x	2.5%	5.4%	5.5%	5.4%	11.5%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.4x	13.5x	17.3%	44.8%	0.0%	0.0%	14.9%
Restaurants	2.5x	13.3x	9.6%	12.4%	18.6%	20.6%	5.2%
Leisure Facilities	4.2x	12.8x	6.2%	23.9%	7.8%	89.2%	33.6%
Travel and Hospitality Aggregate	3.4x	13.2x	11.0%	27.0%	8.8%	36.6%	17.9%

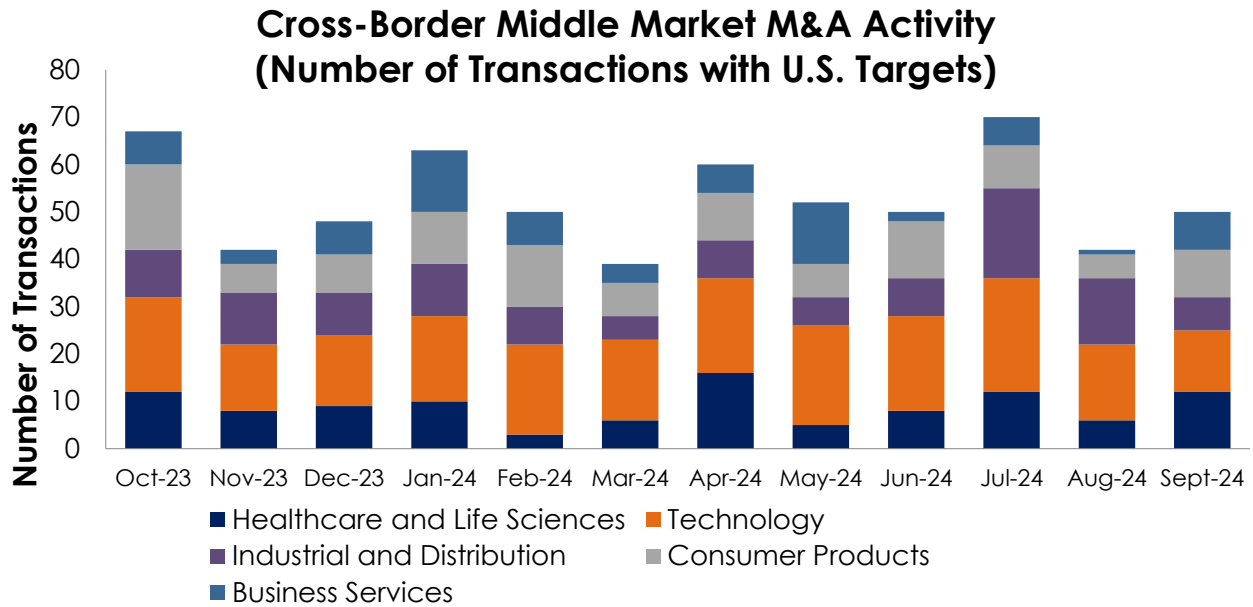
M&A MARKET

Total U.S. M&A deal volume increased by 4.6% in September, according to FactSet. Total deal value also increased, rising 9.3% compared to August's aggregate value. Some of the largest deals announced this month include Verizon Communications, Inc. agreeing to acquire Frontier Communications Parent, Inc. for \$9.6 billion; Marsh & McLennan Agency LLC, a subsidiary of Marsh & McLennan Cos., Inc., entering an agreement to acquire McGriff Insurance Services LLC from Truist Insurance Holdings LLC for \$7.75 billion; and TPG Capital LLC's deal to acquire the remaining 70% not owned in DIRECTV Entertainment Holdings LLC from AT&T, Inc. for \$7.6 billion.

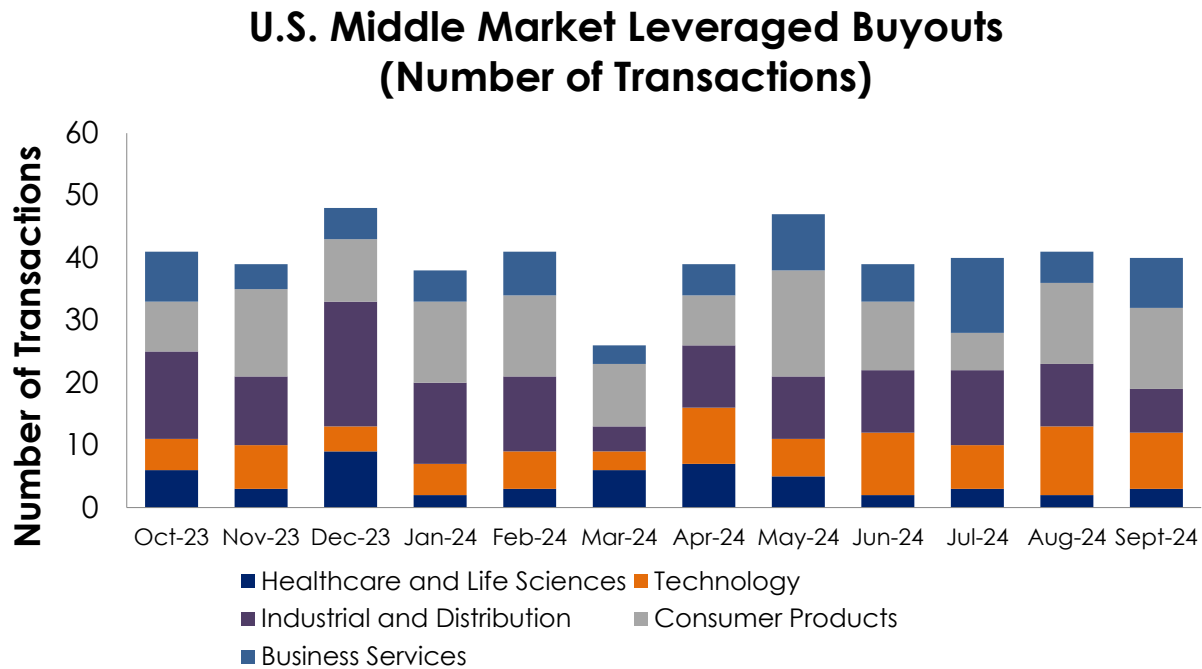
Middle-market M&A activity remained steady in September, with all sectors showing little change in the number of transactions completed.



Cross-border middle-market M&A activity rose in September, with increased volume in the number of Business Services, Consumer Products, and Healthcare and Life Sciences transactions.



LBO transaction activity ticked down slightly during September, with increased volume in the number of Business Services and Healthcare and Life Sciences transactions.



SELECT MIDDLE MARKET M&A TRANSACTIONS – INDUSTRIAL & DISTRIBUTION

Kingswood Capital Management completes the acquisition of L.D. Kichler Co., Inc. from Masco Corporation

[Full Article](#)

Kingswood Capital Management has completed its acquisition of L.D. Kichler Co., Inc., a developer of decorative lighting products and LED lighting systems for residential and commercial use, for approximately \$130 million. The merger of L.D. Kichler Co. with Kingswood's portfolio company, Progress Lighting, LLC, a manufacturer and distributor of residential and commercial lighting fixtures, will create one of North America's leading residential lighting platforms featuring complementary, industry-recognized brands. The combined companies will benefit from expanded distribution and service capabilities and a robust product catalog.

Sean Veit, CEO of Progress Lighting (now serving as CEO of the combined company) stated, "This merger marks an exciting milestone for our customers, employees, and other key stakeholders. We are thrilled to be able to support our customers with an expanded portfolio of high-quality lighting solutions and enhanced service capabilities."

Original Clean Energy acquires iSun, Inc.

[Full Article](#)

Original Clean Energy, a subsidiary of Clean Royalties, a developer and builder of solar energy and storage systems, has acquired iSun, and its companies SunCommon and Liberty Electric. The Williston, VT-based companies plan to pursue growth in the solar energy business across northern New England and New York state.

Jeff Wolfe, CEO of Original Clean Energy stated: "We will grow these companies and make it easier to adopt solar energy throughout the region. Solar has never been more important or more affordable. Our investment will accelerate that growth."

Hitachi subsidiary completes acquisition of German automation company

[Full Article](#)

JR Automation, a leading global systems integrator and wholly owned subsidiary of Hitachi, Ltd., has acquired MA micro automation GmbH, a German provider of robotic and automation technology and solutions. MA micro automation specializes in automation equipment and specialty machines for the medical industry, including production and testing systems for contact lenses, diagnostic consumables, insulin pens, auto-injectors and several other medical devices.

Established in 1980, JR Automation is a provider of intelligent automated manufacturing technology solutions. JR Automation serves global customers in a variety of industries, including automotive, life sciences, and aerospace.

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 technology, industrial, consumer, business services, and healthcare 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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