

## Lower Middle Market M&A: Key Credit and Deal Trends Driving LBO Activity



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Highlights from a CreditSights article on Lower Middle-Market (LMM) deals:

- Extensive LMM deal and credit activity currently happening, especially sub \$50m enterprise value
- Less relative leverage in this segment, with tighter covenants
- If senior-only debt, often in the +/-2.0x adj EBITDA range
- 40% of all deals in this segment are add-on transactions
- Substantial tax structuring advantages (i.e., QSBS) in this segment
- “With so many business owners looking to transition out in the coming years, and a strong ecosystem of private equity, independent sponsors, and other buyers in this space, these [LMM] deals will continue to play a key driver in the overall LBO / M&A ecosystem.”

John Koepfel is quoted & comments on highlights from the article: "[US Insight: Despite perceived risks, lower middle-market deal volume leads M&A revival](#)" by Krista Giovacco, Oct. 20, 2025.

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