Which Deal Size Drives the Highest Private Equity and Independent Sponsor Returns? The Data Says $25M-$100M

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What deal size (EV) is driving the highest returns for private equity and independent sponsors in the middle market?

ANSWER: With a 39% IRR and a 3.3x multiple, the $25M to $100M segment is the winner. Interestingly, this segment even has slightly fewer poor outcomes than the largest segments (roughly 1 in 5 are not returning 100% of capital plus an 8% preferred return).

- This lower middle market segment is where most independent sponsor investors thrive:
  - Plenty of attractive targets (with add-on potential for the initial platform)
  - More reasonable entry valuations (hence, multiple arbitrages still exist)
  - Potential ability to structure as QSBS (meaningful capital gains tax benefits)
  - Deep layers of equity and debt providers backing these deal sizes.

Independent sponsor and private equity attorney John J. Koeppel's commentary on "Smaller Checks are Winning in the Middle Market—and With Less Risk," By Steven Buibish, June 12, 2026, *Pitchbook*

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