



# Middle Market Quarterly Review

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August 2025



# 1

## **Volumes Down Valuations Up**

Middle-market deal making was not exempt from first quarter volatility and geopolitical uncertainty. Deal count in the quarter decreased ~40% from the fourth quarter of 2024. However, a bright spot - multiples on completed transactions rose to levels last seen in 2022.



# 2

## Add-on Strength Continues

Smaller enterprises have experienced the most activity through 2025, maintaining an above average share of deal volume. As reported in the recent quarterly reviews, smaller deals, while presenting their own risks, require less capital outlay for sponsors. Recently, this focus has shifted to add-on acquisitions, most likely representing sponsors continuing their appetite for gradual growth through existing platforms.

# 3

## **Middle-Market Outperforms Megafunds**

Middle-market manager performance has recently overtaken megafund performance on an IRR basis. Comparatively, smaller companies lack management depth and are often exposed to unique risks, but investments in these enterprises are beginning to show results. Even with continued macro pressures, this may serve as a tailwind to the accessibility of capital in the middle-market moving forward.

A grayscale background image showing a close-up of a roof with metal gutters and downspouts. A red square with a white number '4' is positioned on the left side of the image.

# 4

## **Industry of Note: Gutter Contracting**

The essential nature of gutters has long offered a lucrative opportunity to those who specialize in residential and commercial customers. The base business of installation is a one-time job but offers operators a foot in the door to secure lucrative recurring revenue through service and maintenance contracts. Investors have taken notice. Since 2020, we've tracked 174 transactions across the industry.





# 5

## **Looking Ahead: Geopolitics & Transactions**

Middle-market businesses, given their size, are naturally less insulated from macro uncertainty. We have witnessed this with data collected in 2025. That said, as trade deals slowly take form, a better picture of which industries will likely be impacted is likely to take shape. Assuming paused deals drove a portion of the volume slow down through 1Q25, we hope to see increased M&A activity as we get a clearer picture of the future and move towards the end of the year.

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At Truxton Capital we believe in being prepared for sell-side transactions as early as possible. Whether that day is in five years or one year, preparation can be the defining factor between a good or a bad outcome. We help business owners achieve this preparedness by starting with a case study of your organization.

- ✓ Build a 3-statement financial model
- ✓ Discuss business specific value drivers and risk
- ✓ Establish potential range of value
- ✓ Develop a buyer universe
- ✓ Discuss recent industry news and transactions
- ✓ Discuss what to anticipate during a full sale process





## Team



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## SOURCES

*GF Data*  
*Pitchbook Data*