



PROSPERING

IN AN UNCERTAIN MIDDLE MARKET

ON APRIL 10, O'KEEFE HELD ITS 6TH ANNUAL MIDDLE MARKET FORUM IN CONJUNCTION WITH NORTHWOOD UNIVERSITY. WE PRESENTED THE RESULTS OF OUR MIDDLE MARKET ECONOMIC SURVEY SENT OUT TO 3,000 BANKERS, PRIVATE EQUITY INVESTORS, SERVICE PROFESSIONALS AND MIDDLE MARKET BUSINESS LEADERS.

By Mike Deighan

The general consensus was that the Middle Market economy is still moving along at an excellent pace in spite of spiking oil prices, a roller coaster stock market, and a rising fed rate.

Respondents remain bullish on the success of the Middle Market and are seeing same customer sales gains for the 3rd year. Merger and acquisition activity remains very strong and is seen as a strong revenue enhancement strategy. Over 80% believe that profits will increase in 2018 in the Middle Market.

For the fourth year in a row, healthcare costs remain the number one negative factor on profitability. The domestic economy was the most positive factor on profitability with 97% of respondents saying it will have a positive impact or no issue on their business. This is up almost 30% since our 2015 survey.

However, the global economy, trade wars and regulatory requirements continue to dog the Middle Market's profitability.

In a recurrent theme for the past 5 years, over 60% of respondents will be increasing headcounts.

When asked to determine the strength or weakness of 12 middle market economic segments, only the retail/dealer segment bled into the negative at 53%. Construction, Hospitality, Business Services and Technology, and Commercial Real Estate were all above 90% neutral to strong in the strength ranking.

With the ink barely dry on the new tax legislation and the regulations still to be completely promulgated by the IRS, 78% of our respondents feel that the new changes will help Middle Market company growth.

To see the full results of the O'Keefe Middle Market Economic Survey please go to our website and click on the Middle Market Forum box.

Mike Deighan

JD, Managing Director, specializes in advising stakeholders on restructurings, bankruptcies, dispositions and acquisitions with an expertise as a real estate strategist. He has worked as a court-appointed receiver in a number of operating and real estate cases.