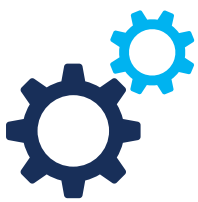


Fast Facts in Five: The Middle Market Outlook



Middle market companies, they are an interesting breed. While less talked about than small and large cap businesses they are the market that moves America. Harris Poll, on behalf of CIT, a leader in financing and advisory services to the small and middle markets, conducted an online survey among middle market businesses and a smaller sample of small businesses. Here are some facts about the middle market that may surprise you.



1 So it seems that middle market companies don't see themselves as "middle market"...

While small businesses are highly likely to define themselves as "small business", middle market executives don't always identify themselves as part of the middle market. In fact, many view themselves as a hybrid of sorts--benefitting from the best of both worlds. Akin to small businesses with respect to culture, lack of bureaucracy and the flexibility to innovate, but large enough to attract and retain a more talented and productive workforce and provide a more stable and efficient workplace.



2 Middle market executives feel good about their performance, but the economy...not so much

Executives at middle market companies are optimistic about the health and future of their companies. An overwhelming 81% foresee growth into adjacent markets over the next twelve months. 51% of middle market executives surveyed believe that their company will buy/acquire another company over the course of the next year. However that optimism does not extend beyond their company (or to the economy). Only a little over half evaluate their local economy as "strong"; less than half feel the same way about the national economy and far fewer (about 3 in 10) feel the same way about the global economy.



3 Middle market firms are the growth drivers of the American economy...

Though middle market firms generate considerably less than enterprise-level corporations, their economic impact is exponentially higher. It is estimated that the sector contributes nearly \$6.2 trillion to the national economy annually.



4 The middle market employment rate is growing...

Nearly 78% of respondents surveyed believe the workforce at their company will increase. According to the National Center for the Middle Market, employment grew at a rate of nearly five percent in the third quarter of 2016 at U.S. middle market companies. The annualized employment growth rate of 4.9 percent was the highest level observed across the middle market in nearly two years.



5 The middle market continues to be attractive to private equity investors...

Increased valuations and too few large cap deals have many investors turning their attention to the larger middle market. Middle market growth rates have outpaced those of the large cap sector, making the middle market an attractive prospect for private equity investors. The middle market has become such a hot ticket that smaller private equity firms, which almost exclusively focus on the middle market are now facing pretty stiff competition from larger firms that are now moving down market to invest.

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