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Nov. 16, 2015

Middle market companies and investors are ready to pull the trigger on capital raising transactions aimed at growing their businesses and creating jobs in 2016, according to a survey of investors and middle market executives conducted by [CohnReznick](#) LLP, a top accounting, tax, and advisory firm serving the middle market.

More than 75% of those surveyed were confident or very confident in the strength of the business environment of the United States, indicating a strong forecast for growth heading into 2016.

CohnReznick surveyed more than 50 leading executives and investors at its fifth annual [Liquidity and Capital Raising National Forum](#) held in New York City on November 2.

Seventy percent of those surveyed believed that a strategic investor (competitor, corporate) would offer the greatest price for their business, compared to 30% believing the best deal would come from a financial investor (private equity, venture capital, family office).

For those looking to raise capital, 26% of the executives and investors would choose a private equity firm. Twenty-one percent would opt for a commercial bank. Only 2% would pick a public offering/IPO.

Additional findings included:

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surveyed felt now would be a good time for middle market companies to raise debt capital.

- Of those surveyed, 28% felt the biggest concern when selling a controlling interest in their company would be negotiating a favorable transaction. However, 24% believed selecting the right buyer with the right fit was the biggest concern.
- While more than 75% of those surveyed were confident or very confident in the strength of the business environment of the United States, only 33% were confident about the strength of the global business environment, perhaps an indication of the current conditions overseas.

“The survey’s findings echo the theme of increasing optimism that CohnReznick is currently seeing in the marketplace,” said [Jeremy Swan](#), principal and the National Director for CohnReznick’s [Private Equity and Venture Capital Industry](#) Practice and a member of the Firm’s National Liquidity and Capital Formation Advisory Group. “Growth continues to be the mantra of middle market companies and investors. Organic growth has been difficult to achieve and, as the survey shows, there is clearly emphasis on growth through mergers and acquisitions. Barring unexpected market or economic events, we remain optimistic and expect to see a healthy pace in overall transaction activity in 2016, which is also a strong indicator for broader economic growth in the middle market.”

Swan adds, “We are seeing a heightened level of interest from investors in originating and closing quality deals. There is a lot of money on the sidelines; valuations are high; there’s a shortage of quality investment opportunities. Investors that position themselves as the “buyer of choice” will be in the best position to put money to work in 2016.”

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