

M&A attorneys predicting stronger 2024; deals could benefit from more stable interest rates, economy

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For some Indiana law firms involved with mergers and acquisitions, 2023 was a slower year.

But attorneys like David Barrett, an executive partner in Faegre Drinker Biddle & Reath LLP's Indianapolis office, say they expect things to pick up in 2024.

According to Barrett, most M&A professionals are cautiously encouraged about the prospects for this year's M&A market.

"I think almost universally, people are optimistic about 2024," he said.

Barrett described 2023 as a pretty choppy year for mergers and acquisitions, especially compared to 2021, which he said was a record year across the board, and 2022, where activity slowed slightly.

But in 2023, Barrett said rising interest rates in the U.S. merged with macroeconomic factors like the war in Ukraine and the conflict between Israel and Palestine to cool the market.



David Barrett

While there are still geopolitical issues that might impact deals, Barrett said he believes interest rates will come down at some point in 2024.

Additionally, over the last 18 months, he said businesses have been trying to figure out if there was going to be a recession in the U.S. The regulatory environment was also a factor for deals of \$1 billion or more, at the top end of the M&A market.

Robert Greising, a partner with Kreig DeVault LLP's Indianapolis office, also said he thinks 2023 was a softer market compared to 2022 and 2021, but it was not far off from historical M&A activity norms.

According to Greising, he worked on five or six transactions in August 2023, but only a couple were completed by the end of the year.

The uncertainty of interest rates played a major role in 2023 and impacted pricing and valuation with M&A deals, Greising added. He said last year's interest rate escalations caused disruptions and made it harder to determine the pricing on some transactions.

Bouncing back?



Jeremy Hill

Jeremy Hill, a partner with Dentons Bingham Greenebaum's Indianapolis office, has been practicing as an M&A attorney since 1999.

For 2024, Hill said Dentons already has several M&A deals in the pipeline.

"We've closed three deals already and we're only on the 9th (of January)," he told *Indiana Lawyer*. "Significant deals."

Hill said he expects the first two quarters of 2024 to be on par with 2023, though it's hard to project beyond them.

While interest rates are frequently cited as having a negative impact on the 2023 M&A market, Hill didn't see that bear out in his own practice.

"Certainly (in 2024) it's not going to be an impediment to getting deals done," he said of interest rates.

At Dentons, the firm is still seeing optimistic buyers in the M&A market, Hill added.

He said he expects that some of the bigger M&A deals may start creeping back in this year, such as those involving publicly traded companies — as long as those companies' stock prices stay high.

Greising said he expects interest rates to stabilize in 2024 and financial markets to become more stable in general this year.

Also, the Krieg DeVault partner said he's not seeing businesses and clients as worried about a recession this year as they were in 2023.

Clients' biggest recent concerns, Greising said, have centered around workforce-related issues, such as attracting, training and retaining employees.

For central Indiana clients, current events and geopolitical issues don't seem to be having a big day-to-day impact, he added.

'Through the roof'

While the general consensus is that 2023 marked a slowdown for the M&A market, some firms saw more robust activity.

In fact, according to Hill, it's a "great time" to be a M&A attorney.

For Hill, 2023 was the most that he'd ever seen in terms of the volume of M&A deals.

"It was a banner year," he said.

Hill said Dentons' sweet spot in the Midwest is \$30-\$500 million deals — deals he described as going through the roof.

There is a lot of private equity activity on bigger M&A deals, Hill said, which he described in general terms as transactions that are upward of \$500 million.

When he talks to other M&A contemporaries in the Midwest, Hill said, it seems like they're busy. Most of Dentons' deals are completed in out-of-market cities, he added.

Dentons' presence as a global firm has had a positive impact, as well, he said: "That is fueling some of our growth, to be sure."

Sector-specific opportunities

In 2024, technology, life sciences and health care are likely to be active sectors in the M&A market. Health care, in particular, could see significant opportunities due to an aging population, Greising said, with health care systems being aggressive in acquisitions over the last several years.

This year, Barrett, of Faegre, said there are still geopolitical issues that could have an impact on M&A activity. But presidential and congressional elections don't have the same impact on M&A as some other factors, he added.

As with other sections of the legal world, artificial intelligence is also seeing an increased role in M&A deals.

With millions of data points to review in a merger or acquisition, AI has started to become a tool for firms, Hill said.

According to Greising, AI's role in M&A has been more involved with the facilitation of transactions and providing efficiency with the process's due diligence efforts.

At Faegre Drinker, Barrett said on most of the transactions he's involved with, he hears a lot about AI.

"Everybody's looking at it. Everybody's thinking about it," he said.

Barrett added that AI has become a more integral part of due diligence for M&A transactions in a way it wasn't even a year ago.

He predicted that there will be more legal due diligence specialists and consultants needed for deals in the coming years. •



Robert Greising