

Why the Middle Market is the Muscle of Food M&A



As we enter Q4 2025, food and beverage M&A activity may appear subdued on the surface—but beneath the headlines, middle-market deals are quietly building momentum. In an environment marked by cautious capital deployment and valuation discipline, it's the under-the-radar transactions that reveal where the market is heading.

At G2, we see this segment of the market not as a fallback—but as the driving force. The middle market is where buyer conviction is highest, value creation is clearest, and deal flow remains most resilient.

Momentum Where It Matters Most

While few recent transactions have disclosed financial details, consistent patterns are evident: buyers are targeting frozen, private label, health-forward, and DTC brands that have carved out space on retail shelves and earned consumer trust. These are not speculative plays—they're businesses built on operational discipline, retail distribution, and real customer demand.

This trend spans investor categories. Strategic acquirers are refining category portfolios to align with shifting consumer behaviors. Private equity sponsors are leaning into recession-resilient segments and proven models that can weather input volatility and tariff exposure. Both camps are placing a premium on execution over hype.

From Sizzle to Substance: What Buyers Want Now

In today's market, top-line growth alone won't carry a deal.

Buyers are scrutinizing cost structures, gross margin durability, supply chain defensibility, and pricing power. In this environment, it's not about chasing the highest multiple—it's about underwriting to sustainability.

That shift has reframed what makes a business "attractive." Founders who've taken a disciplined approach—prioritizing margin over marketing flash, and profitable growth over hyper-scale—are finding themselves squarely in the strike

zone. These companies may not grab headlines, but they're commanding attention and driving competitive processes.

And while buyers remain selective, the appetite is real. With ample dry powder, slow new deal activity, and a growing backlog of assets held in aging portfolios, investors are under increasing pressure to deploy capital into quality. That pressure bodes well for prepared sellers.

Optionality for Operators Who've Done It Right

At G2, we've had a front-row seat to this shift. Our recent engagements span a range of categories—from clean-label snacking to private label bakery, ethnic foods and refrigerated goods. What unites these businesses isn't category—they're aligned in profitability, execution, and momentum.

We work side by side with founders and investors to evaluate the full range of strategic alternatives—outright sales, recapitalizations, minority investments—and craft processes that highlight margin strength, channel fit, and scalability. Our team brings deep industry knowledge and the operational empathy to articulate each brand's story with clarity and credibility.

If you've built something enduring, the market is listening. And with the right preparation and advisory team, there's opportunity to unlock meaningful outcomes even amid a complex environment.

"The middle market is where real momentum lives. These businesses may not make headlines, but they've built staying power—and in today's M&A landscape, that's what buyers are chasing."



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