



## **DeVoe RIA Deal Book™ Alert: *M&A Activity Outpacing Last Year in the Third Quarter***

September 19, 2023, San Francisco – At the **DeVoe M&A+ Succession Summit** taking place this week, DeVoe & Company reports on the latest transaction numbers as well as key findings from its annual **RIA M&A Outlook Study**.

RIA M&A activity regained its footing in the third quarter, after a slower pace for the last nine months. DeVoe & Company expects Q3 to be the first quarter that is higher than the year-prior same quarter since Q3 2022. As of September 13, 55 transactions posted in the quarter, 4% more than the 53 for the same period last year. Although a slight increase, the shift is a significant change from the 15% decline the industry has experienced during the last 12-month period (Q3 2022 through Q2 2023).

Despite this comeback, transaction volume is trailing behind 2022's tally at this point of the year. On a year-to-date basis, activity is 7% lower than last year. 175 transactions posted year-to-date vs 188 transactions for the same period last year (through September 13).

Activity within Q3 has been inconsistent across the months. "Given the steady slowdown in M&A activity over the last several quarters, this is a notable uptick," said David DeVoe, Founder and CEO, DeVoe & Company. July and August were strong months with 23 and 27 transactions respectively and the highest months since January (24 transactions). September has had a slower pace, with only five transactions for the month-to-date (through September 13).

The increase in activity comes after nearly 12 months of slowdown caused by high interest rates, uncertainty in the economic environment, and a volatile stock market. The slowdown took hold in Q4 2022, which was 20% lower than the year-before quarter. The subsequent quarters had a 7% decline (Q1 2023) and a 15% decline (Q2 2023). Given the declines that built up over three quarters, DeVoe & Company forecasts that 2023's total transaction count will be slightly lower than 2022's.

"RIA M&A activity may continue to be volatile in the short-term; yet the mid-term and long-term should be an upward trajectory," said DeVoe. "The aging of RIA founders and an increasing interest in scale are expected to drive increasing M&A activity for the next several years."

DeVoe & Company also releases preliminary findings from its **2023 RIA M&A Outlook Study** to an audience of 269 attendees at the seventh annual **DeVoe M&A+ Succession Summit**. Key findings include:

- Only 18% of advisors are confident that the next generation *can afford* to buy out the founders. This is down significantly, dropping ~10 percentage points each of the three most recent years of our survey, from 38% in 2021 to 29% in 2022 to 18% this year.
- 35% of advisors indicate that the higher interest rate environment *has affected* their firm's interest in M&A.

- Still, nearly two-thirds of advisors (65%) *expect to acquire* a firm within the next two years. This expectation increased more than 10 percentage points from 54% in the 2022 survey.

Taking place this week in Dallas, the **M&A+ Summit** features some of the industry's most prominent acquirers and other industry experts. 36% of transactions since 2020 will be represented in the room.

For historical M&A trends, visit the [RIA Deal Book](#) section of our website.

### **About DeVoe & Company**

DeVoe & Company is a goal-based consulting firm and investment bank focused exclusively on guiding wealth management companies to a higher level of success. The firm provides consulting, M&A and valuation services to help RIAs accelerate the achievement of their business goals. For more information, visit [www.devoeandcompany.com](http://www.devoeandcompany.com).

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