ing leverage multiples to fill that gap.”

The markets have seen a significant increase in one-stop unitranche financing as the year has evolved, both for smaller credits all the way through the upper middle market, Notter said.

“Lenders are more willing to hold larger chunks of deals, rather than having multiple lenders” in a given deal, Notter added.

“In situations where we have determined that it’s an attractive borrower, we’ve been aggressive.”

“Until there is a little bit of leverage pull-back, that may keep asset values stubbornly high,” OEP’s Belinfanti added. “But the credit markets seem to be in pretty good shape.”

To find and get attractive deals done, firms are also getting a head start on their deal-sourcing.

For intermediaries like Houlihan Lokey, Abelow said there’s an increasing emphasis on “matchmaking” in today’s competitive market. In other words, it’s more important than ever to introduce private equity firms to potential opportunities before a formal sales process is ever launched, whether through one-off meetings, industry trade shows, or otherwise.

“They want to be management’s preferred choice,” Abelow said, referring to PE firms. “Most require intimacy with the asset [in order to win].”

Not surprisingly, many sponsors prefer not to participate in full-blown auction processes at all.

“We try to avoid auction situations,” Belinfanti said. “When we find ourselves in an auction it’s typically because we have a major platform company or are involved with a company regarding a potential combination with the company in the auction. The competitive nature of the market puts more onus on us to go out and to create situations and to look at things differently.”

Relationships are also a key element to winning deals, agreed Belinfanti. In one such case, a colleague just signed up a company that he’s known for about decade, he noted.

“If you look at a situation I’m involved in right now, I’ve been talking to the company for the better part of a year, negotiating the purchase price for six months, and I’ve been able to keep it out of an auction situation,” Belinfanti said. “That’s largely because the managers of the company feel very comfortable with us.”

At TSG, investments done outside of a formal sales process are also common.

“Where we’re sourcing, it’s auctions like