

# M&A Activity Slows in 2024

**DEALS:** But analysts expect deal flow to increase this year.

**By KEERTH VEDANTAM**  
*Staff Reporter*

Last year was a quiet one for mergers and acquisitions in Los Angeles.

The 10 biggest deals involving Los Angeles entities decreased in value by more than 50% year over year between 2023 and 2024, according to an analysis of S&P Capital IQ data. And while 2023 deals were marked by big local names like Santa Monica-based video game firm Activision Blizzard Inc., Thousand Oaks-based pharmaceutical giant Amgen Inc. and Culver City-based mobile games company Scopely Inc., 2024's biggest deals largely involved local private equity firms.

Let's take a closer look: 2023's banner deal involved selling Activision Blizzard to Microsoft Corp., which closed that October and was worth \$79.6 billion. Meanwhile, 2024's biggest deal was worth \$31 billion when a slew of sellers (including Pasadena-based PRIMECAP Management Co.) sold enterprise tech company Splunk Inc., which is based in San Francisco.

L.A.-based companies were the target in five of the 10 largest deals in 2023. By comparison, none of the issuers in 2024 were based in the region.



**Banker: Lloyd Greif is the CEO of Greif & Co.**

But, according to Lloyd Greif, chief executive of downtown-based investment bank Greif & Co., that will pick up.

"I think we will have merger mania in 2025," Greif said. "I expect a sharp increase next year."

## Private equity came out swinging

It's not much of a surprise that private equity firms have been the largest contributor to big merger and acquisition deals in 2024, per the local data. Brian Levy, a partner at the professional services network Price-waterhouseCoopers, said in a June blog post that "PE portfolios are ripe for sale."

"Many PE firms in the process of raising new funds are being questioned by investors about the limited realization of returns, increasing the pressure to sell," Levy wrote. "PE funds that fail to make distributions from existing fund investments may find it more challenging to raise new capital."

As has been the case in the last few years, higher interest rates and the watchful eye of the Federal Trade Commission, led by Lina Khan, is part of the reason for the slow year. But, as Greif observes, private equity, in good years and bad, exclusively focuses on merger and acquisition deals.

But as the federal government changes hands, Greif said he expects to see more merger and acquisition activity in the city and nationally – both in terms of the value of deals and the volume of deals. According to Greif, President elect Donald Trump is much more pro-business than the Biden Administration.

"Donald Trump, whatever you want to say about the man, he's pro-business and he's con-regulation," Greif said.

For example, Trump signed the Tax Cuts and Jobs Act in

2017 with the goal to lower the corporate income tax rate forever, a move the Tax Policy Center predicted would favor higher income earners. As Trump and Republican lawmakers campaigned for Trump's reelection in 2024, they proposed a universal 10% tariff on all goods imported into the country. Trump also proposed extending provisions of his 2017 Tax Cuts and Jobs Act which would otherwise end in 2025, and promised donors on his campaign trail they would see lower taxes under his presidency.

If Khan is replaced with someone more in line with Trump's campaign promises, Greif said, "That'll open the floodgates for larger deals and larger mergers, in my opinion. Backing off regulation across the board will just be better for business."

## Zooming out


But it looks like Los Angeles is an outlier on the global stage. While the largest deals in Los Angeles involved private equity groups, in 2024, corporate M&A accounted for 66% of deals while sponsor-backed M&A accounted for only 33%, according to Pitchbook.

"The recent decline in (private equity's) share of M&A activity is a reversal in a trend that had been developing over the past 10 years when PE activity was making steady inroads into the M&A market," Pitchbook senior analyst in private equity Jinny Choi wrote in November. "PE-backed activi-

ty had been firmly taking up more of the global M&A market, climbing from a low 20% share of total deal flow in 2014 to over 40% by the end of 2022 before losing share to corporate-led M&A again."

Lowering interest rates will also make it possible to boost M&A activity.

"Lower interest rates benefit equity investment and will benefit M&A, both from the standpoint of companies – Company performance will be stronger because they'll have less of their cash flow going for debt service and correspondingly more for growth," Greif said. "And you'll also have more debt that's available and affordable."



**PRIMECAP MANAGEMENT COMPANY**  
**HEADQUARTERS:** Pasadena  
**YEAR FOUNDED:** 1983  
**BUSINESS:** Investment management  
**CEOS:** Joel P. Fried, Alfred W. Mordecai  
**FUNDING:** Odyssey Stock Fund has \$4.9 billion in assets  
**NOTABLE:** The company takes ESG into account when voting.