

KANSAS CITY BUSINESS JOURNAL

Friday, January 18, 2008

A more pedestrian 2008 may follow vigorous 2007

By James Dornbrook – Staff Writer

Kansas City had a robust year for mergers and acquisitions in 2007, but some looming signals may suggest a slowdown in 2008.

Area companies played a part in 174 M&A deals in 2007, a 58 percent increase from 110 deals in 2006, ... That's also up from 102 deals in 2005 and 104 deals in 2004.

...

Pat Trysla, managing partner of Frontier Investment Banking Co., said concerns about the economy shouldn't cause M&A market activity to dip too much in this area.

A lot of private equity money still sits on the sidelines waiting to find deals, he said. More baby boomers approaching retirement will sell. Corporations are looking for strategic buys. People even are accelerating the sale of their businesses in 2008 out of concern that the capital gains tax might increase after the presidential election.

"Certainly activity will ebb and flow, but it will never get really bad because we've got these fundamental factors that are going to buoy the market a little," Trysla said. "Interest rates will wane and affect prices, which will affect the number of deals getting done. However, I don't think it will get as bad as after 9/11, when everybody sat on their money because they didn't know what was going on."