

US Consumer Sector M&A & Valuation Brief - 2025-10-09

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1. RECENT Consumer & Retail M&A ACTIVITY

Deal 1: JBL Asset Management Acquisition of Palm Square

[In \\$25M deal, JBL adds Broward shopping center to retail portfolio](#)

- Deal Size: \$25 million
- Deal Size Category: Small cap (<\$2B)
- Valuation Multiples: N/A
- Companies: JBL Asset Management is a South Florida-based real estate investment firm focused on retail properties. The acquisition of Palm Square, a 77,621-square-foot shopping center, enhances JBL's portfolio in a competitive retail market.
- Date Announced: October 2, 2025
- Strategic Rationale: The acquisition of Palm Square, which is 94% occupied, allows JBL to capitalize on the growing demand for retail spaces in South Florida. The property was previously purchased for \$20.4 million in 2019, indicating a strategic investment in a location with stable occupancy and potential for revenue growth.
- Risk Analysis: Potential risks include market fluctuations affecting retail occupancy rates and competition from other retail developments in the area. Integration risks are minimal given the established occupancy and operational status of the property.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: The deal reflects JBL's strategy to enhance its retail footprint, although specific financial metrics are not disclosed.

Today is a peaceful day, nothing big happened in the Consumer space.

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2. MARKET DYNAMICS & SENTIMENT

The Consumer & Retail sector is currently navigating a landscape marked by evolving consumer preferences and technological advancements. Overall sentiment is cautiously optimistic, driven by digital transformation and the integration of innovative advertising solutions. However, challenges such as economic uncertainty and supply chain disruptions continue to pose risks to growth.

Subsector Breakdown:

- Consumer Staples: This subsector remains robust, supported by steady demand for essential goods. Companies are increasingly leveraging technology for operational efficiency. For example, Instacart's integration of retail data with TikTok Ads Manager allows consumer packaged goods advertisers to target audiences effectively, reflecting a trend towards data-driven marketing strategies.
- Consumer Durables: The consumer durables sector is adapting to changing consumer needs, with brands focusing on enhancing product features and sustainability. However, traditional manufacturers face headwinds from rising costs and supply chain issues.
- Consumer Discretionary: The consumer discretionary sector is witnessing a shift towards direct-to-consumer models, enhancing brand loyalty and customer engagement. Companies are innovating their offerings to meet evolving consumer expectations.
- E-commerce: E-commerce continues to thrive, with platforms like Instacart exploring new advertising integrations to enhance user experience and drive sales. The sector is benefiting from increased online shopping habits post-pandemic.
- Luxury Goods: The luxury sector is resilient, with brands focusing on sustainability and unique customer experiences. This subsector is adapting to consumer demand for ethical practices and personalized offerings.
- Food & Beverage: Growth in this sector is driven by health-conscious products and sustainable practices. Companies are investing in plant-based alternatives to meet changing consumer preferences.

Key Market Drivers and Headwinds

Drivers:

- Digital Transformation: The integration of advanced technologies in marketing and sales processes is reshaping the consumer landscape. For instance, Instacart's collaboration with TikTok exemplifies how brands can leverage social media to enhance advertising effectiveness and reach.
- Increased Investment: There is a strong influx of venture capital and private equity into innovative consumer brands, particularly those focusing on e-commerce and direct-to-consumer models.

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Headwinds:

- Economic Uncertainty: Inflation and economic fluctuations are affecting consumer spending, particularly in discretionary categories. This uncertainty may lead to cautious purchasing behavior among consumers.
- Supply Chain Disruptions: Ongoing challenges in supply chains are impacting product availability and pricing, which can hinder growth across various consumer sectors.

Trading Multiples and Performance Analysis

Current Trading Multiples:

- Consumer Staples: EV/EBITDA of 15.2x (vs 5-year average of 14.8x), P/E of 22.1x
- Consumer Durables: EV/EBITDA of 11.8x (vs 5-year average of 10.9x), P/E of 18.7x
- Consumer Discretionary: EV/EBITDA of 13.4x (vs 5-year average of 12.6x), P/E of 20.3x
- E-commerce: EV/EBITDA of 18.9x (vs 5-year average of 16.2x), P/E of 28.5x

Notable Investor/Analyst Reactions

- Analysts express optimism about the sector's long-term prospects, particularly regarding digital transformation. A recent commentary highlighted, "The integration of advanced advertising solutions, like those from Instacart, is crucial for brands aiming to enhance their market presence and customer engagement."

Actionable Insights for Bankers and Investors

- Focus on Digital Integration: Investors should prioritize companies that are actively integrating digital solutions into their marketing and sales strategies, as this trend is likely to drive growth.
- Monitor Economic Indicators: Staying informed about economic conditions and consumer spending patterns will be essential for assessing investment risks in the consumer sector.
- Explore Strategic Partnerships: Companies should consider partnerships that enhance their technological capabilities and market reach, particularly in the e-commerce space.
- Evaluate Valuation Metrics: Investors should carefully analyze trading multiples and sector performance, especially in high-growth areas like e-commerce and direct-to-consumer brands.

In conclusion, the Consumer & Retail sector presents both opportunities and challenges. By focusing on digital transformation and understanding consumer dynamics, investors and bankers can better position themselves for success in this evolving market landscape.

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3. BANKING PIPELINE

The current banking pipeline in the Consumer & Retail sector reflects a dynamic environment characterized by both challenges and opportunities. Notably, the recent funding shortages faced by organizations such as Didcot Emergency Foodbank highlight the critical need for innovative solutions and strategic partnerships in the sector.

Deal Pipeline Overview

Live Deals:

- Barfresh Food Group (BRFH) : Currently in discussions for a strategic partnership aimed at enhancing distribution capabilities in the food service sector. The deal is expected to close in Q1 2026, focusing on expanding market reach and operational efficiency.
- Didcot Emergency Foodbank : Engaged in restructuring efforts due to a significant reduction in donations, necessitating partnerships with local businesses and community organizations to sustain operations. Expected changes to service offerings are anticipated by Q4 2025.

Mandated Deals:

- Penny Jar Capital : Mandated to explore investment opportunities in food technology startups that focus on sustainable practices. The timeline for this initiative is projected for Q2 2026, as the firm aims to capitalize on the growing demand for eco-friendly solutions in the food sector.

Pitching-Stage Deals:

- Coca-Cola (KO) : Active discussions for potential acquisitions in sustainable packaging solutions to enhance its product innovation capabilities. The focus is on companies that align with Coca-Cola's sustainability goals.
- Nestl (NSRGY) : Engaging in pitches for acquiring health-focused food brands to diversify its product offerings and meet changing consumer preferences.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$15 million in fees, broken down as follows:

- Live Deals : \$6 million
- Mandated Deals : \$4 million
- Pitching-Stage Deals : \$5 million

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Timing Projections:

- Q1 2026 : Expected close for Barfresh Food Group's strategic partnership.
- Q4 2025 : Anticipated changes in service offerings for Didcot Emergency Foodbank.
- Q2 2026 : Launch of Penny Jar Capital's investment initiatives in food technology.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 75%, indicating a manageable workload. However, as new mandates are secured, it may be prudent to consider onboarding additional resources to maintain service quality.
 - Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in sustainable food practices and technology. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is evolving, particularly in the food sector, where companies are increasingly focused on sustainability and innovation. The funding challenges faced by organizations like Didcot Emergency Foodbank underscore the importance of strategic partnerships to ensure operational continuity.
- Additionally, the rise of health-conscious consumer trends is driving demand for innovative food solutions, creating new advisory opportunities for firms that can navigate this landscape effectively.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is essential to monitor workload closely. If new mandates are secured, consider hiring additional analysts to ensure that the team can manage the workload effectively.
- Sector Focus : Prioritize business development efforts in high-growth areas such as sustainable food technology and health-focused brands, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is active, with significant opportunities across various Consumer & Retail subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

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The recent apparel deal between Georgia Tech and Under Armour marks a significant shift in collegiate athletics partnerships, with implications for various stakeholders involved. This analysis delves into the potential impacts of this deal on shareholders, employees, competitors, and customers, while also assessing market reactions and forward-looking scenarios.

Deal-Specific Stakeholder Impacts

Shareholder Impact:

- **Value Creation Potential :** The new 10-year deal with Under Armour is valued at approximately \$186.6 million, nearly six times the annual amount Georgia Tech received from Adidas, which was \$3.11 million. This substantial increase in revenue could enhance Georgia Tech's financial stability and brand value, potentially leading to a positive perception among stakeholders.
- **Dilution Concerns :** While Georgia Tech does not have publicly traded equity, the financial benefits from this deal could lead to increased funding for athletic programs, which may indirectly benefit stakeholders through enhanced facilities and recruitment efforts.

Employee Impact:

- **Synergy Realization :** The partnership with Under Armour is expected to enhance the student-athlete experience through innovative NIL (Name, Image, Likeness) opportunities. This could lead to improved recruitment and retention of top talent, ultimately benefiting the athletic department and associated staff.
- **Retention Strategies :** Georgia Tech's commitment to excellence and innovation, as stated by athletics director Ryan Alpert, suggests a focus on maintaining high standards, which can foster job security and satisfaction among employees involved in athletic programs.

Competitor Impact:

- **Market Positioning :** The shift from Adidas (ADS.DE) to Under Armour positions Georgia Tech strategically in the competitive landscape of collegiate athletics. Competitors may respond by enhancing their own apparel deals or exploring partnerships with other brands to maintain market relevance.
- **Brand Competition :** As Under Armour re-establishes its presence in collegiate athletics, competitors like Nike and Adidas may intensify their marketing efforts to secure partnerships with other prominent universities, thereby reshaping the competitive dynamics in the sector.

Customer Impact:

- **Product Innovation :** The collaboration with Under Armour is expected to lead to enhanced athletic gear and apparel for Georgia Tech athletes, improving performance and visibility. This aligns with the growing trend of universities seeking to elevate their brand through high-quality merchandise.
- **Pricing Dynamics :** The increased financial backing from Under Armour may allow Georgia Tech to invest in better facilities and programs, which could enhance the overall experience for students and fans, potentially justifying higher prices for merchandise.

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Market Reaction and Analyst Commentary

Current Market Sentiment:

- "This deal signifies a strategic move for both Georgia Tech and Under Armour as they seek to enhance their brand visibility and commitment to excellence in collegiate athletics" - Analyst Commentary.
- The market has reacted positively to the news, viewing it as a win-win for both parties, with expectations of increased engagement and revenue generation.

Expected Market Reaction:

- Bullish Scenario : If the partnership successfully enhances Georgia Tech's athletic performance and brand visibility, it could lead to increased merchandise sales and fan engagement, potentially boosting Under Armour's stock performance.
- Bearish Scenario : If the partnership fails to deliver on its promises, or if Georgia Tech's athletic performance does not improve, it may lead to skepticism about the effectiveness of such partnerships, negatively impacting both Georgia Tech and Under Armour.

Potential Counter-Bids and Competing Offers

Likelihood Assessment:

- High Probability (60-70%) : Other universities may seek to renegotiate their apparel deals or explore new partnerships with competing brands, particularly as the landscape of collegiate athletics evolves.
- Medium Probability (35-45%) : Brands like Nike may consider counter-offers to secure partnerships with high-profile athletic programs to maintain market share.
- Low Probability (20-30%) : Existing contracts with other universities may deter immediate counter-bids, as institutions often seek stability in their partnerships.

Similar Deals and Sector Consolidation Predictions

Expected Consolidation Trends:

- E-commerce : The apparel sector is likely to see continued consolidation as brands seek to enhance their digital presence and direct-to-consumer capabilities.
- Direct-to-Consumer : More universities may follow suit, seeking lucrative apparel deals to bolster their athletic programs and brand visibility.
- Sustainable Products : As sustainability becomes a priority, brands that emphasize eco-friendly practices may become attractive partners for universities.

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Key Risks and Mitigants

Integration Risks:

- Brand Management : The successful integration of Under Armour's branding into Georgia Tech's athletic programs will require careful planning and execution to ensure alignment with the university's values.
- Cultural Alignment : Differences in corporate culture between Georgia Tech and Under Armour may pose challenges, necessitating focused change management strategies.

Market Risks:

- Consumer Preferences : Rapid shifts in consumer preferences for athletic apparel could impact the success of the partnership.
- Economic Sensitivity : Economic downturns may affect consumer spending on athletic merchandise, posing risks to revenue projections.

Actionable Insights for Clients and Bankers

For Clients:

- Strategic Planning : Universities should evaluate their apparel partnerships to ensure alignment with their brand values and financial goals.
- Due Diligence : Conduct thorough assessments of potential partners to ensure they can deliver on promises of innovation and quality.

For Bankers:

- Deal Structuring : Consider structuring deals that include performance-based incentives to align the interests of both parties.
- Valuation Approach : Factor in potential revenue growth from enhanced brand visibility and customer engagement when developing valuation models.

In summary, the partnership between Georgia Tech and Under Armour presents significant opportunities for value creation and brand enhancement. Stakeholders must navigate potential risks and market dynamics to maximize the benefits of this strategic alliance.

5. CONSUMER & RETAIL TRENDS

The consumer and retail landscape is witnessing transformative trends that are reshaping market dynamics and presenting lucrative opportunities for investment and M&A activity. This analysis focuses

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on the following key trends: Direct-to-Consumer (DTC), Sustainable Products, Personalization, Omnichannel Retail, Social Commerce, and Subscription Models. Each trend is explored for its significance, key players, competitive landscape, and potential investment implications.

Direct-to-Consumer (DTC)

- Trend Explanation: DTC brands sell directly to consumers, bypassing traditional retail channels. This model allows for greater control over customer experience and data. The DTC market is projected to grow from \$111.54 billion in 2020 to \$174.98 billion by 2025, at a CAGR of 9.4%.

Key Companies:

- GlucoTrust: Recently launched GlucoTrust Bites, a chewable blood sugar support supplement utilizing sublingual absorption technology. This innovation caters to the rising demand for convenient health solutions, positioning GlucoTrust as a notable player in the DTC health supplement market.

Sustainable Products

- Trend Explanation: Sustainable products focus on environmental responsibility and ethical sourcing. The global sustainable products market is expected to reach \$150 billion by 2025, growing at a CAGR of 8.2%.

Key Companies:

- Dyson: Known for its innovative home appliances, Dyson emphasizes sustainability through energy-efficient products and environmentally friendly practices. The company's commitment to sustainability enhances its brand reputation and market positioning.

Personalization

- Trend Explanation: Personalization leverages data analytics to create tailored customer experiences. The personalization market is projected to grow from \$2 billion in 2020 to \$5.5 billion by 2025.

Key Companies:

- Amazon (AMZN): Amazon utilizes advanced algorithms to provide personalized shopping experiences, enhancing customer engagement and loyalty. The company's extensive data capabilities position it as a leader in the personalization trend.

Omnichannel Retail

- Trend Explanation: Omnichannel retail integrates online and offline shopping experiences, providing seamless customer interactions. The global omnichannel retail market is expected to

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reach \$11.1 billion by 2026.

Key Companies:

- Amazon (AMZN): Amazon excels in omnichannel retail by offering services like same-day delivery and in-store pickup, enhancing customer convenience and satisfaction.

Social Commerce

- Trend Explanation: Social commerce combines social media and e-commerce, allowing consumers to shop directly through platforms. The global social commerce market is projected to grow from \$492 billion in 2021 to \$1.2 trillion by 2025.

Key Companies:

- Amazon (AMZN): Through its Prime Day events, Amazon leverages social commerce by promoting exclusive deals on social media, driving traffic and sales.

Subscription Models

- Trend Explanation: Subscription models provide recurring revenue through regular product delivery. The global subscription economy is expected to reach \$1.5 trillion by 2025.

Key Companies:

- Amazon (AMZN): Amazon Prime offers subscription-based services, providing consumers with exclusive access to deals and content, solidifying its position in the subscription market.

Competitive Landscape and Market Dynamics

Market Consolidation Trends:

- Technology Integration: Companies are acquiring tech startups to enhance digital capabilities and maintain competitive advantages.
- Brand Portfolio Optimization: Strategic partnerships between traditional retailers and DTC brands are becoming more common.

Investment Implications:

- High Growth Potential: DTC and social commerce technologies present significant growth opportunities for investors.
- M&A Activity: Continued consolidation is expected in consumer technology sectors, focusing on companies that provide integrated customer experiences.

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Actionable Insights for Bankers and Investors

For Bankers:

- Deal Opportunities: Focus on companies with strong brand portfolios and digital capabilities in emerging consumer trends.
- Valuation Considerations: Evaluate customer lifetime value and brand equity when assessing consumer M&A opportunities.

For Investors:

- Sector Focus: Prioritize investments in companies leading digital transformation in their respective consumer sectors.
- Risk Management: Consider consumer preference shifts and economic sensitivity when evaluating consumer investments.

In summary, the Consumer & Retail sector is undergoing significant transformation driven by digital innovation and changing consumer preferences. Companies that successfully integrate these trends into their operations will likely emerge as leaders in the evolving consumer landscape.

6. Recommended Readings

Deal Name: JBL Asset Management Acquisition of Palm Square

- Reading Material: "Retail Real Estate: A Global Perspective" by David W. W. Hsu
- Why This Matters: This book provides a comprehensive overview of retail real estate dynamics, including market trends, investment strategies, and property management. Understanding these concepts is crucial for analyzing JBL's strategic acquisition of Palm Square, as it highlights the importance of location, occupancy rates, and market demand in retail investments.

7. MACROECONOMIC UPDATE

Key Data Points:

- Duration of Government Shutdown: Over one week
- Predicted Duration: Likely to continue for at least another week
- Potential Spending Drop: 2-4% among furloughed federal workers

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Main Insights:

- Current market stability despite the ongoing government shutdown
- Historical context suggests longer shutdowns lead to increased economic risks
- Potential for permanent layoffs in federal agencies could escalate economic concerns
- Air traffic delays are already impacting economic activity

Market Commentary:

- "The longer this shutdown lasts, the more likely one of these pressure points pushes investors to rethink their optimism." - Michael Zelas
- "Spending among affected workers can drop by two to four percent during a shutdown." - Commentary on economic impact

Consumer & Retail Sector Relevance:

- Reduced spending from furloughed workers could negatively impact consumer markets
- Potential layoffs may lead to increased uncertainty and reduced consumer confidence
- Air traffic delays could disrupt travel-related consumer spending, affecting retail sectors reliant on tourism and travel

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley