

Derek Ladgenski Discusses the Current Restaurant and Franchise M&A Environment

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Commercial Finance partner Derek Ladgenski was interviewed on camera by *Franchise Times* at the recent Restaurant Finance & Development Conference in Las Vegas discussing the current state of the M&A market for restaurants and franchises. "We've had an active year where financing keeps plugging along," Derek explained. "Lenders still want to get dollars out the door and borrowers and equity sponsors want to get deals done so it's been an extremely productive and busy year."

He went on to say how lessons were learned during the credit crunch in 2007, 2008 and 2009. "We always worry about upticks in rates especially when our borrower clients who are partners in the borrowing world need to hit their coverage ratios and make sure the principal and interest payments can be made," Derek said. "But, it's a fair statement—'the market bears what the market bears'—so lenders are only going to give what they think makes sense and if there's a lender out there willing to give a term or give a rate then the market has spoken to a large extent."

When asked about valuations for sellers, he said, "It's a great time to be a seller for any kind of company right now because debt is plentiful and multiples are up. If there's consistency on a macro-economic basis, I think you'll see that deal flow continue if not uptick." ("M&A Update: The Market Bears What the Market Bears," December Issue)

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Derek F. Ladgenski
+1.312.902.5485
dl@katten.com

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