

**Insights**

# 2023 Mid-Year Sector Report: Aerospace & Defense

**2023: Mid-year update**

Similar to our report at the end of 2022, the A&D M&A market continues to face both macroeconomic uncertainty and tight capital markets. While Mesirow anticipates these broad, challenging conditions to persist through 2023, there remains potent interest in diversified, well-performing businesses, particularly for those that are servicing established commercial airframe platforms or government agreements on programs of record.

**Commercial aviation demand persists, but some supply chain issues still linger**

Throughout our recent reports, we have noted the continued increasing demand for commercial air travel as COVID restrictions ease. Halfway through 2023, this trend carries on as Revenue-Passenger Kilometer (“RPKs”), an essential metric for the commercial aviation industry, continues to climb. In fact, global RPKs are only 12.0% off their 2019, pre-COVID levels. While all regions continue to see growth driving RPKs higher, the International Air Transport Association (IATA) reports that the global recovery to pre-COVID levels is currently being pushed by demand within the Asia Pacific region.

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