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GLOBAL M&A TRENDS Q1 2026:

M&A is in Transition, and Here's What 2025 Revealed About the Next Cycle



Data provided by PitchBook
a Morningstar company

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Source: PitchBook | Geography: Global | Currency: USD | Timeframe: 2015 – 2025 | As of December 31, 2025

Note: Chart time frames will be yearly unless otherwise noted.

Executive Summary

The latter half of 2025 introduced early signals of renewed risk appetite and borrowing capacity, prompting expectations of an M&A recovery as monetary policy began to ease and equity markets stabilized. These conditions contributed to optimism across capital markets, leading advisory institutions to prepare for increased deal flow. However, as 2026 unfolds, a broad-based rebound in global M&A activity has yet to fully materialize, with lingering macroeconomic and policy uncertainty continuing to weigh on execution.

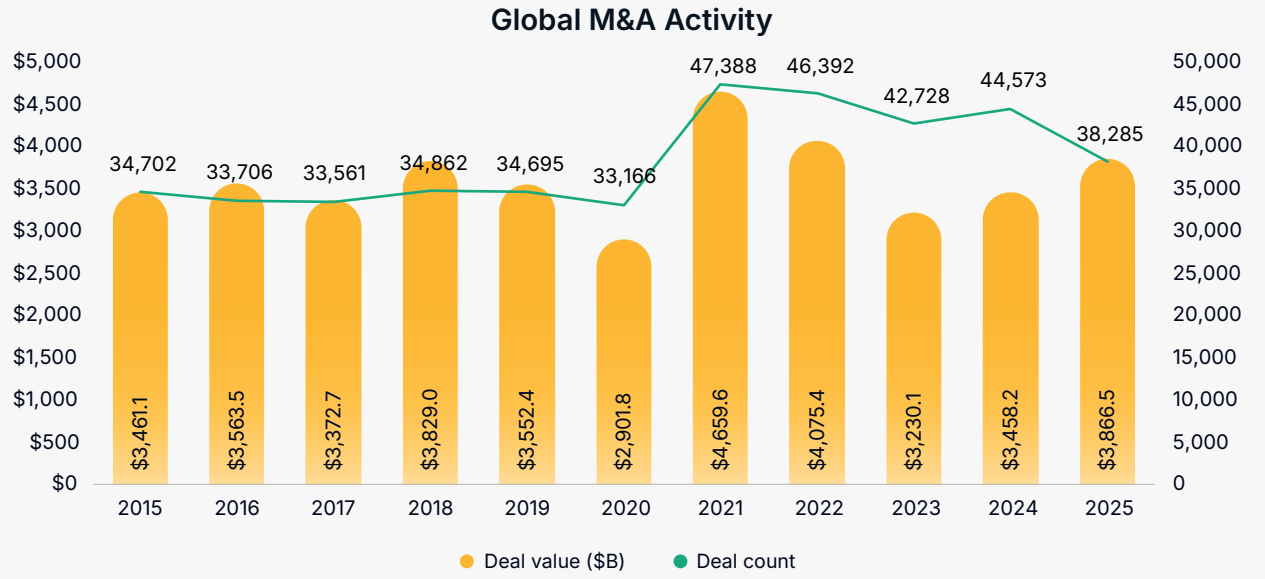
Global M&A activity in 2025 proved resilient relative to pre-COVID-19 benchmarks but closed the year at a slower pace than the prior four years. Total deal value reached $3.9 trillion across more than 38,000 transactions. While year-over-year (YoY) deal value growth was the strongest since 2021, transaction volumes declined sharply, culminating in the lowest quarterly deal count since the onset of the pandemic. This divergence reflected ongoing uncertainty around interest rate trajectories, inflation, and trade policy.

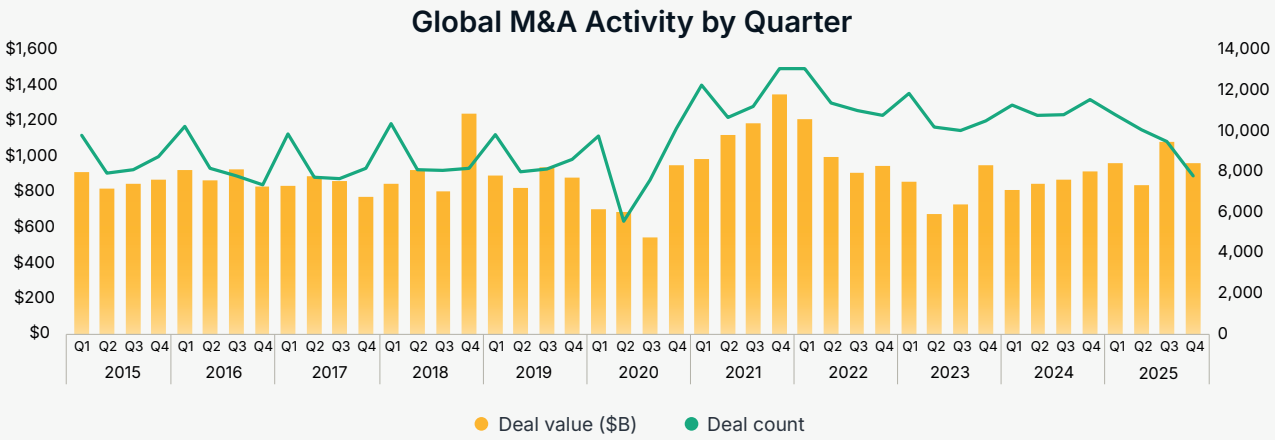
By year-end, M&A activity had shifted decisively toward value concentration rather than volume expansion. Average deal size increased materially, driven by growth in large corporate transactions and PE buyouts. Although sub-$100 million deals continued to dominate transaction counts, a relatively small number of multibillion-dollar deals accounted for a disproportionate share of total value. This trend underscored a market increasingly defined by fewer, larger, and more capital-intensive transactions, enabled primarily by well-capitalized lenders and sponsors capable of navigating higher borrowing costs.

PE activity remained robust despite the normalization of higher interest rates. Elevated valuation multiples and sustained use of leverage pointed to confidence in long-term earnings growth and adaptability to a structurally higher cost of capital. Cross-border M&A followed a similar trajectory, with rising aggregate value alongside declining deal volumes and valuations reverting closer to historical norms.

Regionally, activity remained heavily concentrated in North America and Europe, where M&A continues to be driven by consolidation in mature, non-tech industries. While traditional sectors remain foundational to dealmaking, technology-related acquisitions have emerged as the fastest-growing segments. Accelerating AI-driven M&A reflects strategic urgency rather than cyclical exuberance, signaling a durable shift in acquisition priorities. Looking ahead, a reopening of public markets could further reset valuation benchmarks, strengthen seller leverage, and catalyze broader M&A momentum.

Dealmaking Trends





The latter half of 2025 had begun to show positive signs, which foreshadowed a full return to risk-taking and borrowing, and consequently, an acceleration in global M&A momentum. Economic signals from the UK and US central banks' loosening monetary policy posture, as well as market dynamics, including sector-specific dealmaking hype and stabilizing equity markets and valuations, informed early expectations of strengthened M&A activity, leading to the big banks' preemptive hiring sprees.[1] As 2026 plays out, an M&A revival may be on the docket, but for now, this rebound remains elusive.

1 "Banks prep for M&A Boom With Dealmaker Hiring Spree: 'We'll Regret It if We Don't,'" Private Equity News, Paul Clarke, September 30, 2025.

Global M&A activity was resilient compared to pre-pandemic figures, but 2025 M&A dealmaking closed the year at a slower pace than the prior four years of activity. By the end of 2025, a total of $3.9 trillion in value had been generated across 38,285 M&A deals. 2024 to 2025 YoY growth in value generation (11.4%) was the strongest momentum seen since 2021, yet M&A deal volumes fell 14.1% YoY. In fact, the last quarter of 2025 saw the fewest counts of M&A transactions (7,813 deals) in a single quarter since the onset of the pandemic. The continued decline in dealmaking momentum reflected lingering market sentiments around the uncertainties that emerged earlier in 2025, including rate cut decisions, tariffs, and inflation.

By the end of 2025, rather than being a volume-driven market, global M&A activity had become a purely check-driven landscape, with the growth of value generation outpacing deal execution. In 2025, approximately $101 million was allocated to every deal closed, compared to $78 million in 2024. The value of PE buyouts grew by about $100 billion, and corporate M&A by $200 billion, relative to the prior year. This capital concentration among a few deals occurred at the end of the spectrum, where all the large deals lie. Smaller acquisition deals under $100 million remain the hallmark of M&A activity, constituting 74% of global M&A deal volumes in 2025.

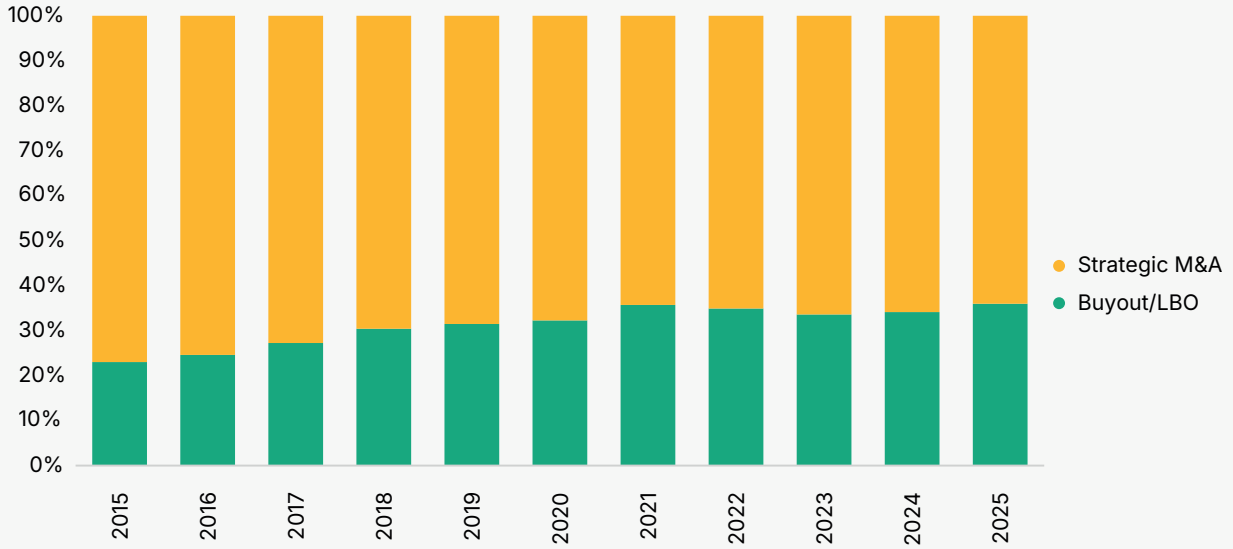
However, the 106 $5 billion+ M&A deals closed that same year undergirded a 67.4% YoY increase in the volume of $5 billion+ global M&A deals. Such large deals constituted 30.4% of overall global M&A deal value by the end of 2025, compared to 22.6% in 2024. The explosion of these multibillion-dollar M&A deals coincided with the ongoing growth of debt-fueled billion-dollar deals, such as Electronic Arts' $55 billion announced take-private LBO accompanied by JPMorgan's $20 billion bank loan commitment—the largest single bank debt commitment to date.[2] However, record-shattering LBOs, such as Electronic Arts', are the exception, not the rule. Deep-pocketed and long-standing banking institutions such as JPMorgan can afford the risk that comes with lending billions in a market environment riddled with inflation, a higher neutral interest rate, and regulatory scrutiny.[3] Others in the industry must contend with a new reality in which interest rates will remain elevated above the near-zero rates of the post-Great Financial Crisis era, normalizing a higher cost of borrowing for the foreseeable future. Still, banks and PE firms have the aptitude to adapt quickly and have already exhibited early signs of acclimatization to new market realities.

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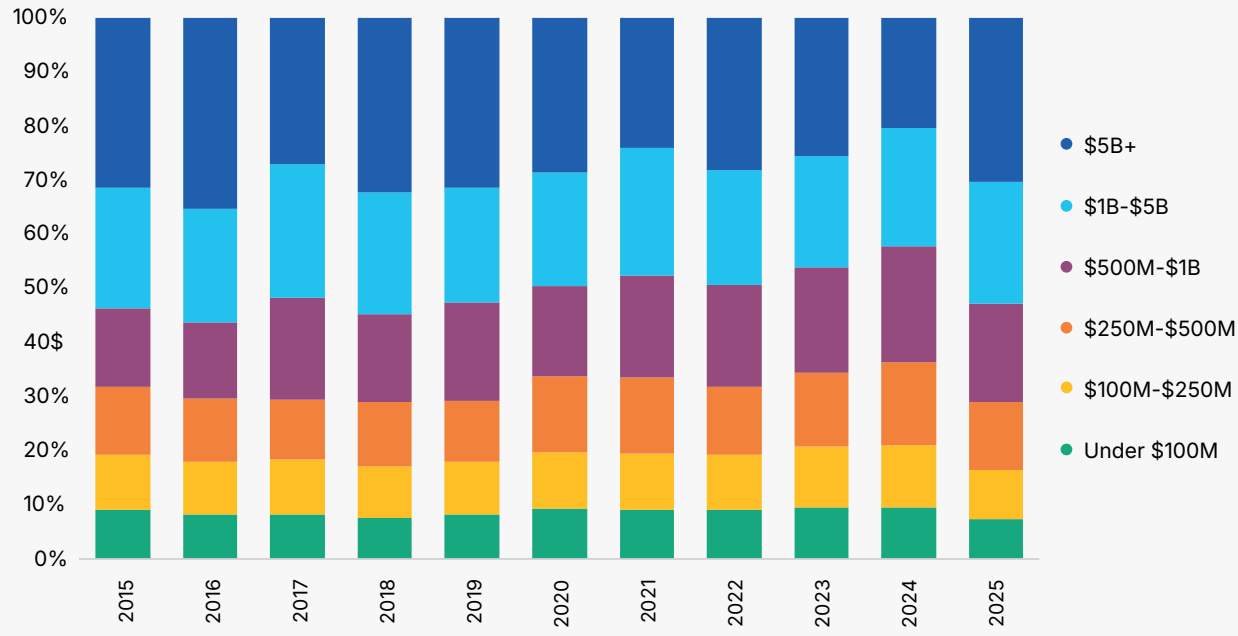
2 "Q4 US Private Credit Wrap: Mega-Deals Dominate as Activity Bounces Back," PitchBook, Abby Latour, Zack Miller, and Sami Vukelj, December 22, 2025.

3 "US Bank Regulator Says Large Banks Engaged in 'Debanking' of Disfavored Industries," Reuters, Pete Schroeder, December 10, 2025.

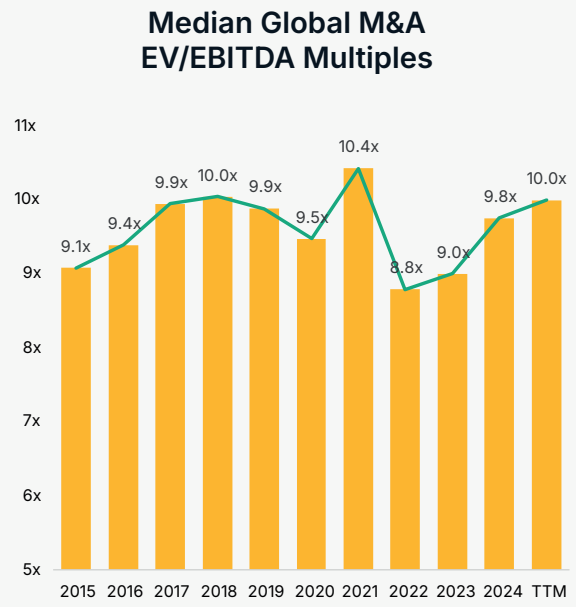
Share of Global M&A Value by Type



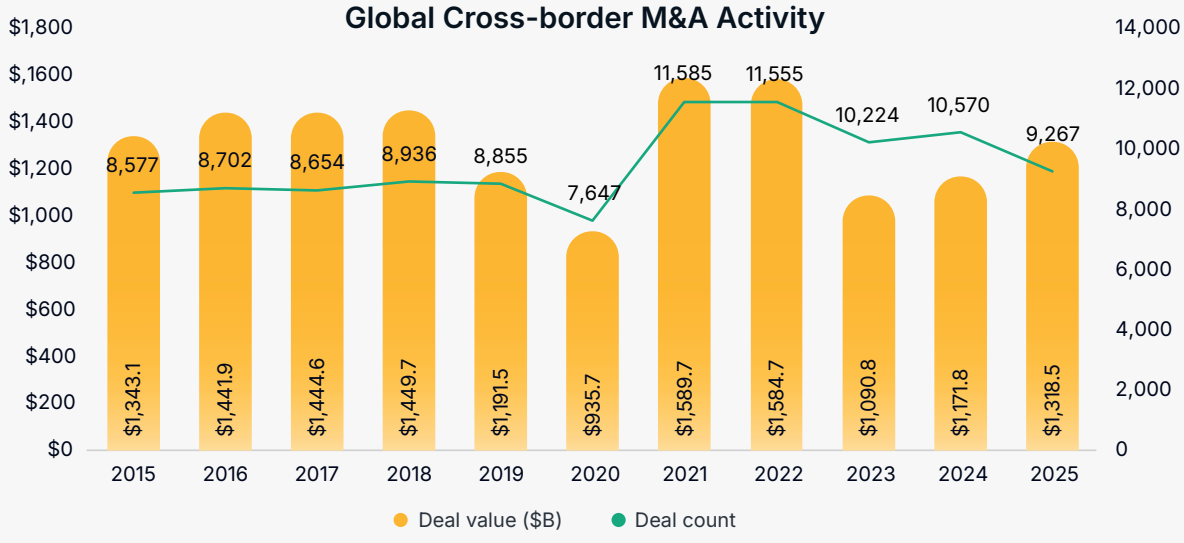
Share of Global M&A Value by Size Bucket



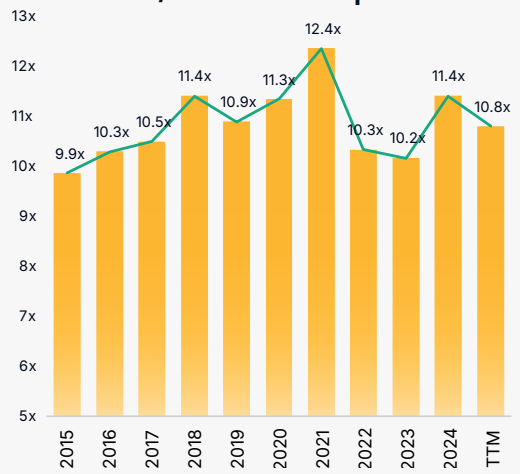
The potential future of higher interest rates has not stalled the PE industry's rate of debt-driven transactions in 2025. Sponsors engaged in higher-valued transactions as median global PE-led enterprise value EV/EBITDA multiples remained elevated at 12.3x in 2025 compared to the 10x global median multiple. This is telling of optimism in the lending environment, given robust momentum in debt-fueled LBO transactions. PE firms also exhibited greater confidence in the long-term potential to grow the bottom line of their portfolio companies despite operating in a more distressed economic environment.



Cross-border investors spared no expense in flocking to high-quality acquisition targets, further driving the industry's migration toward increasingly larger transactions across fewer deals. In parallel with the broader global M&A landscape, cross-border M&A transactions also began skewing larger, with aggregate value generation rising by $146.7 billion while deal volumes fell by 1,303 deals in 2025. Despite investors flocking to larger transactions, valuations were tame. The median global EV/EBITDA multiple for M&A transactions with cross-border investors in 2025 was 10.8x, a slight drop from the 11.4x of 2024, aligning much more closely with historical multiples. The median global multiple for all transactions was comparatively lower at 10x.



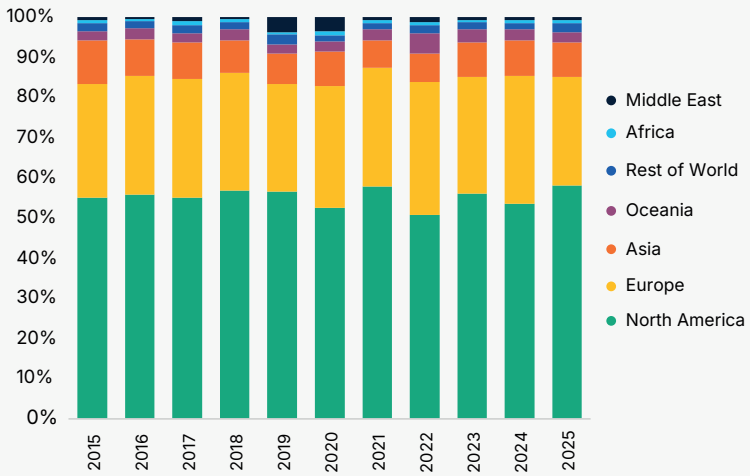
Median Global Cross-Border M&A EV/EBITDA Multiples



These global trends are reflections of the economic and market undercurrents of global M&A activity's two most active regions: North America and Europe. These two regions constituted more than 80% of global M&A transaction volumes and value generated. In fact, the eight largest M&A deals that closed in 2025 were based in the US, including Hess' $60 billion acquisition, Aligned Data Centers' $40 billion LBO and Capital One Financial's $35.3 billion acquisition of Discover Financial Services.

These recent behemoth transactions represent new-era tech acquisitions and are not representative of the true drivers of M&A activity. M&A activity continues to be driven by consolidation in more traditional sectors, such as manufacturing and industrials, which collectively account for approximately 40% of global M&A activity. As such, North America's most active strategic acquirers over the past decade have also been decades-old publicly listed players traditionally involved in the more mature, non-tech sectors of the economy. Arthur J. Gallagher & Company, a nearly century-old consulting firm, is the most active firm, having made 289 acquisitions over the past 10 years. In contrast, tech players, including Alphabet, Microsoft and Cisco Systems, have each acquired less than a third of Gallagher's acquisition volumes in the past decade. Despite the headlines of the past several years on the tech industry, it is the less-discussed legacy corporates in non-hype industries that are actually fostering M&A activity.

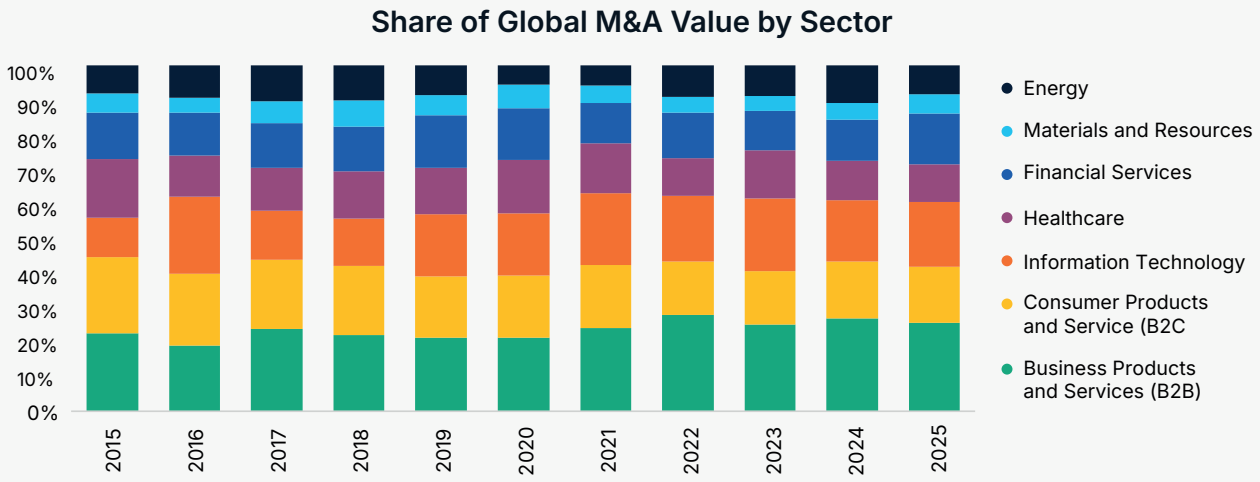
Share Of M&A Deal Value ($B) by Region

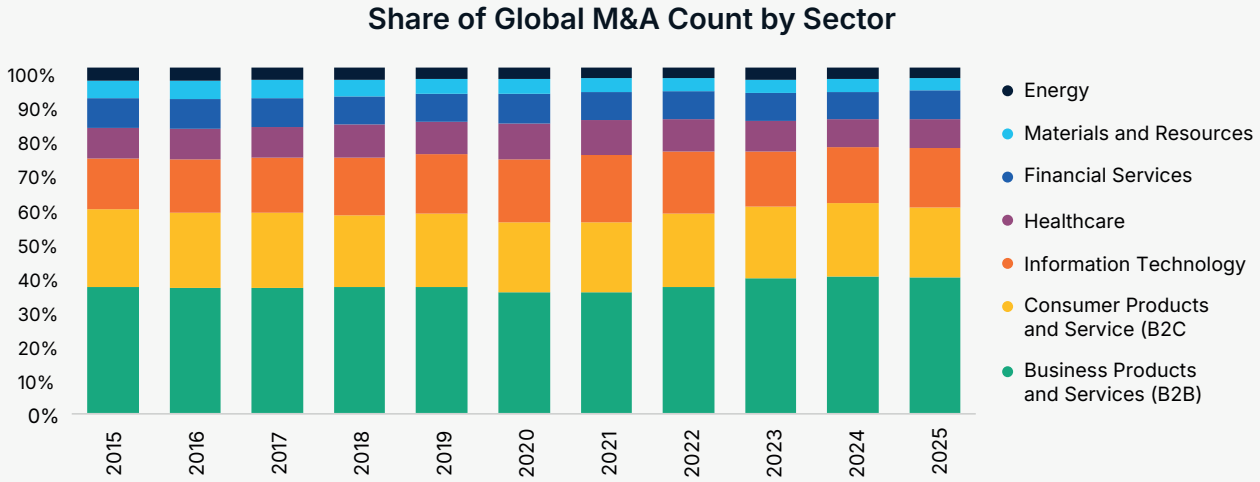


Top 10 Strategic Acquirers in North America by Counts (2015 - 2025)

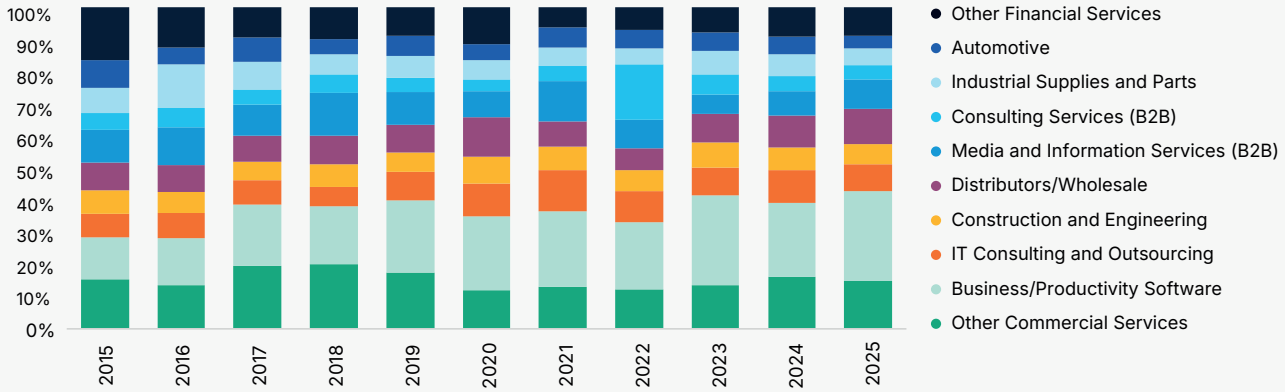
INVESTOR NAME	COUNT	HQ COUNTRY
Arthur J. Gallagher & Company	289	United States
Sunbelt Rentals	135	United States
BrokerLink	128	Canada
The Ensign Group	120	United States
Accenture	117	Ireland
SiteOne Landscape Supply	101	United States
Westland Insurance	98	Canada
Installed Building Products	89	United States
N. Harris Computer	88	Canada
Brown & Brown	82	United States

M&A dealmaking through a sectoral lens confirms that traditional, non-tech industries remain core to acquisition activity, but tech-related acquisitions, especially in business/productivity software products, are one of the fastest-growing areas for M&A activity. While the B2B industry's deep pool of quality acquisition targets continued to position this industry as the most active sector in M&A dealmaking, the accelerated dealmaking momentum in the IT industry, which includes software products, is a standout segment in global acquisition activity. By the end of 2025, IT acquisitions constituted almost a fifth of overall M&A deal volumes and value compared to 15% and 17.7%, respectively, a decade ago. Business/productivity software, the most active segment of global IT M&A activity, has also grown from 510 acquisition deals in 2010 to 2,510 in 2025. The largest of such deals in 2025 was Salesforce's $8 billion acquisition of Smartsheet, enabling the legacy enterprise software company to strengthen its data foundations and safely deploy agentic AI solutions. In this same vein, AI deals have experienced equally robust momentum, growing from just 43 acquisitions that generated $15.1 billion in value in 2010 to $152.8 billion in value generated across 1,409 deals in 2025.

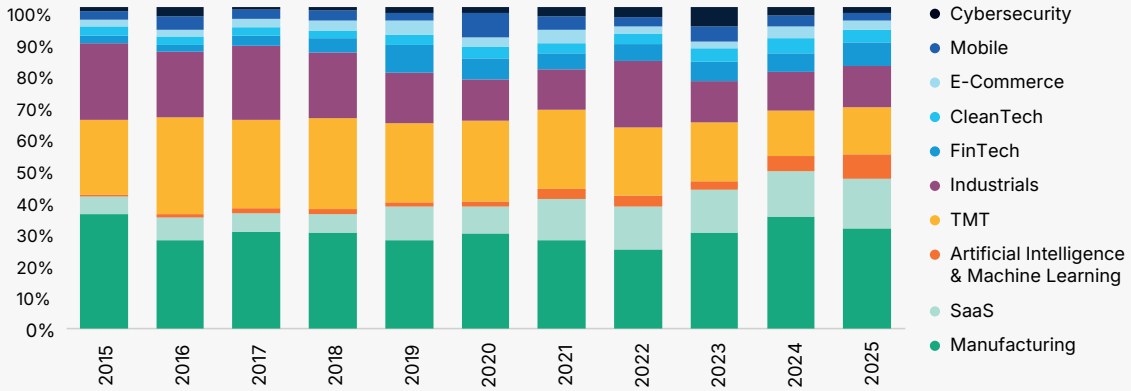




Share of M&A Deal Value by Top 10 Sub-sectors



Share of Deal Value by Top 10 Verticals



The turning point for AI M&A was in 2020, which coincided with the era of easy money and the subsequent release of ChatGPT. The AI revolution has undoubtedly transformed global M&A momentum, driving a greater sense of urgency for businesses to integrate AI capabilities and maintain their competitive edge in today's market dynamics. Corporate acquisitions of technological capabilities are a long-standing playbook in business strategy, and AI was the underlying motivation for executing on this playbook despite the economic uncertainties of high interest rates, higher barriers to international trade, and geopolitical rifts that defined 2025.

Looking ahead, the much-anticipated IPOs of Anthropic and SpaceX, as well as OpenAI's rumored public float, could mark a critical milestone for reopening the IPO market more broadly. Such public-market debuts, like OpenAI's rumored trillion-dollar public listing valuation, will set new public listing valuation records and recalibrate how acquirers benchmark and price AI-driven technology assets. A reopening of IPO markets would further reinforce this dynamic by strengthening sellers' negotiating leverage while simultaneously improving buyers' risk appetite.

Q&A



George Ku

Vice President of Mergers & Acquisitions, Litera

What region(s) is best positioned to benefit from a much-anticipated resurgence of M&A activity in 2026?

North America and Europe are best positioned to benefit from a resurgence in M&A activity in 2026. In particular, North America stands out given US equity markets' continued advance overall despite geopolitical tensions there, by benefiting private company valuations.

How will the global regulatory environment impact acquisition opportunities in 2026?

Global regularly environment is impacted by several factors that discourage cross-border transactions. The US / EU / UK authorities are likely to scrutinize cross-border deals in their respective regions given the ongoing geopolitical tension. As well, any deals involving China will be challenged by the likes of CFIUS in the US and relevant Chinese authorities, making US-China deals unlikely.

How will the direction of US monetary policy shape the pace of global M&A dealmaking?

The Fed's focus on lowering interest rates should lower the cost of capital for strategics and financial acquirers alike, encouraging overall M&A activity. However, it's not clear whether monetary easing can overcome obstacles posed by the current geopolitical climate.

What does the AI tech wave mean for future M&A opportunities and consolidation trends?

Companies in the AI infrastructure ecosystem, from LLM providers (OpenAI, Anthropic), datacenter providers (Equinix), and even power companies, would see increased M&A opportunities.

To what extent can acquirers rely on AI as a driver of value and returns?

Acquirers can rely on AI as a driver of value and returns today, although the extent of valuation creation remains up for debate. Acquirers are already leveraging AI to freeze hiring for roles (and outright eliminating roles) that are replaceable with AI, for example, QA engineers, lower-level coders, customer support, etc., which can be replaced by LLMs that can code (such as Gemini and Anthropic) and customer support agents.

Should Anthropic and OpenAI's rumored IPOs materialize, how will these events shape valuation expectations?

Anthropic and OpenAI IPOs will push US equity markets up and lift valuations across the board, especially those of AI platforms and infrastructure companies. Companies like Coreweave and others in the cloud computing space will see valuations rise, lifting expectations for both buyers and sellers. However, non-differentiated software companies will see a valuation multiple compression.

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the PitchBook report methodologies page.

M&A is defined as the substantive transfer of control or ownership. We track only completed control transactions. Eligible transaction types include control acquisitions, leveraged buyouts (including asset acquisitions), corporate divestitures, corporate asset purchases, spin-offs, and asset divestitures.

Debt restructuring or any other liquidity, self-tenders (in which a company undertakes an offer for a typically limited number of its own shares to ward off a hostile takeover), or internal reorganizations are not included.

Deal timing and inclusion

- Only completed transactions were included.
- Rumored or canceled deals are not included. Aggregate transaction value is extrapolated using known deal values, unless otherwise noted as estimated.

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