Deloitte.

2025 M&A Trends Survey

A time to pivot

Contents

Executive summary

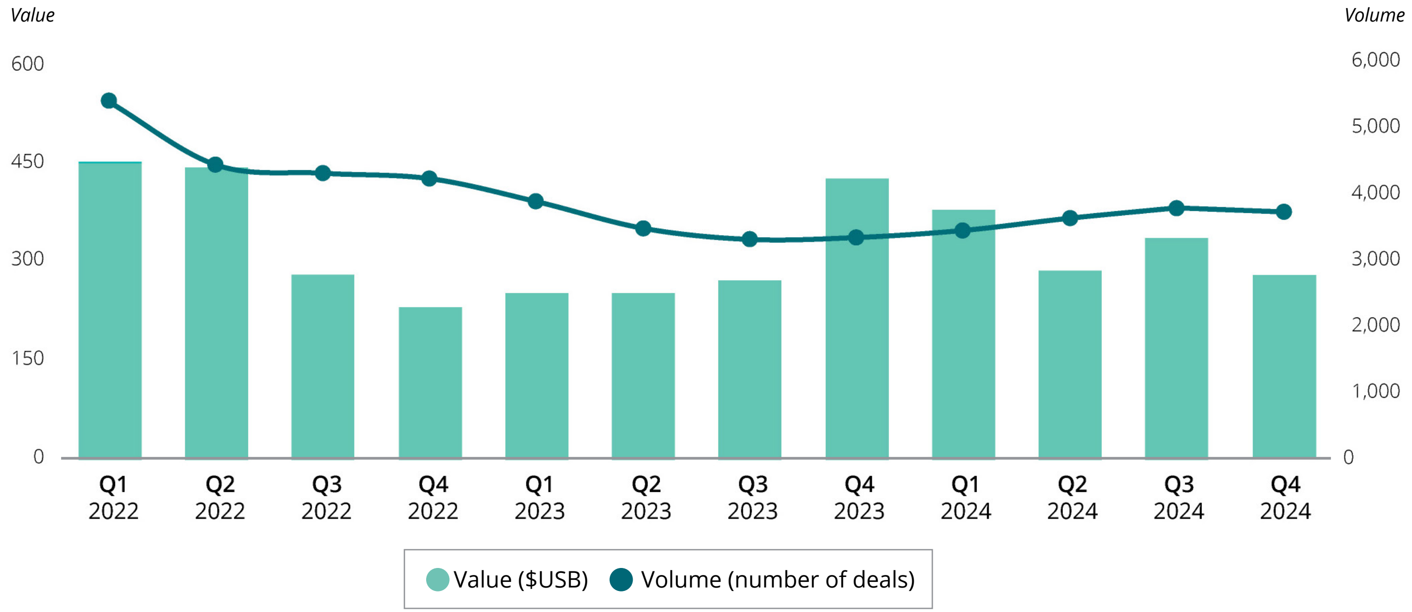
For this 11th annual report, Deloitte has again explored the M&A landscape and its prospects for the year ahead. For 2025, the data includes some particularly interesting and encouraging findings. At the highest of levels, the familiar inputs and disruptions—economic, fiscal, technological, and geopolitical—are now increasingly baked in for many dealmakers.

Uncertainty has always been part of the dealmaking mix. Two years ago, given the pandemic and rising geopolitical challenges, the character of the uncertainty was sufficiently novel and profound that we made it the focus of our annual outlook (titled "Navigating uncertainty"). In our 2024 M&A Trends Survey, we identified one solution for M&A leaders involving new collaboration and alternative financing models ("Mind the gap").

For the year ahead, our latest survey indicates that pivots, shifts, and innovation are the tactics most likely to be embraced by dealmakers as they adapt to current trends. For 2025, we anticipate that macroeconomic tailwinds will likely prompt increased M&A activity, building on the measured rebound we forecasted, and then experienced, during 2024.

Corporate and private equity firm "pivoting" is the impetus for our new research and survey. For brevity and utility, we've summarized the latest data and analyses with an initial macroeconomic view of the M&A marketplace. Following that, we lay out four key findings that are focused on realizing greater value from dealmaking given new opportunities and challenges.

US M&A activity: Q1 2022 through Q4 2024

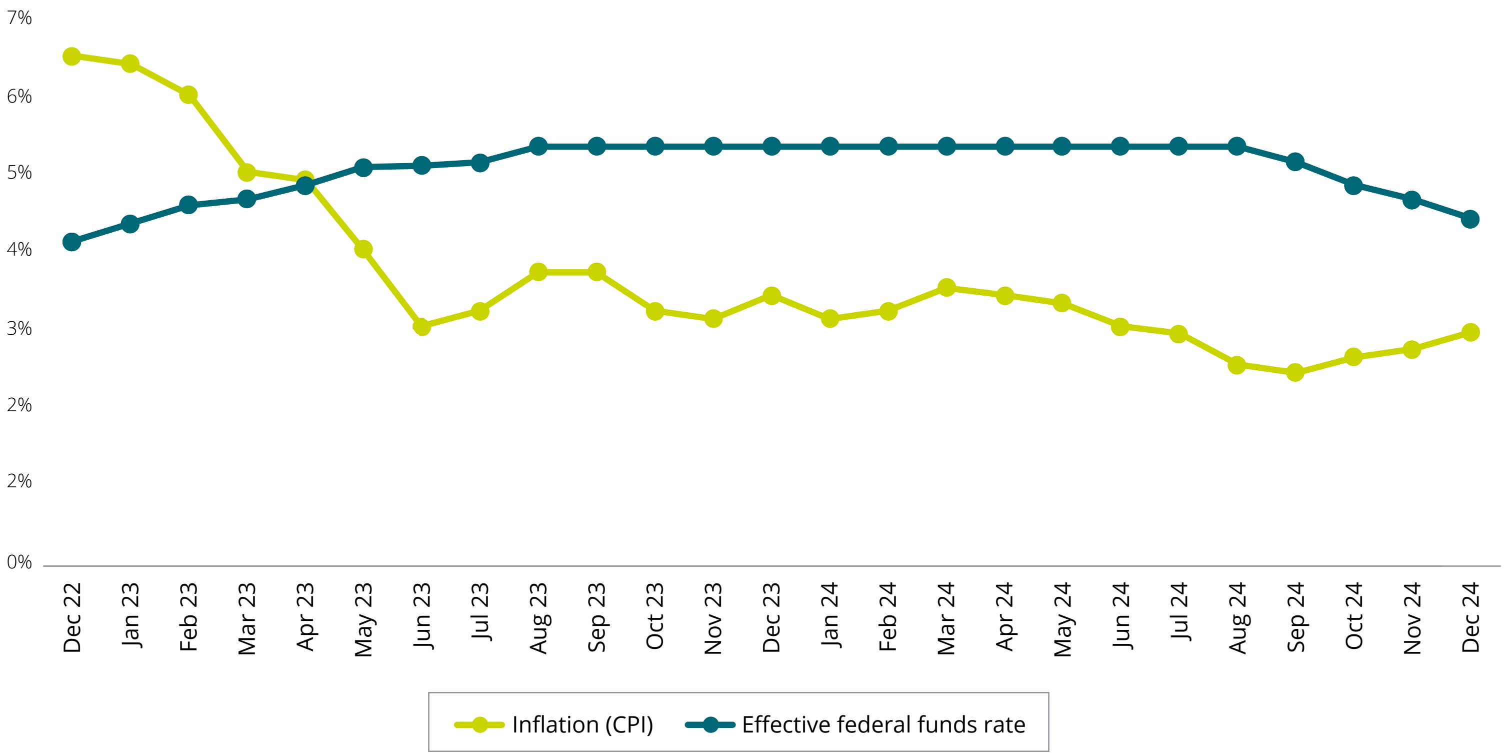


Source: Deloitte analysis of S&P Global Market Intelligence, LLC – S&P Capital IQ, data accessed January 7, 2025

How are dealmakers thinking about current and future challenges around creating value from deals?

Whereas in mid-2023 the US Federal Reserve (Fed) had finally paused its 18 months of monetary tightening, much of 2024 was a waiting game for easing to begin. With inflation now closer to the Fed's 2% target, some analysts believe the elusive "soft landing" has been achieved or is in view for the near future. While the fed funds rate was reduced 100 basis points in the final third of 2024, the near-term future isn't entirely clear given other factors. Even with recent easing, rates are still higher than they were throughout 2021 and 2022, which keeps the cost of traditional debt-based deal financing relatively high.

US inflation (CPI) and effective federal funds rate

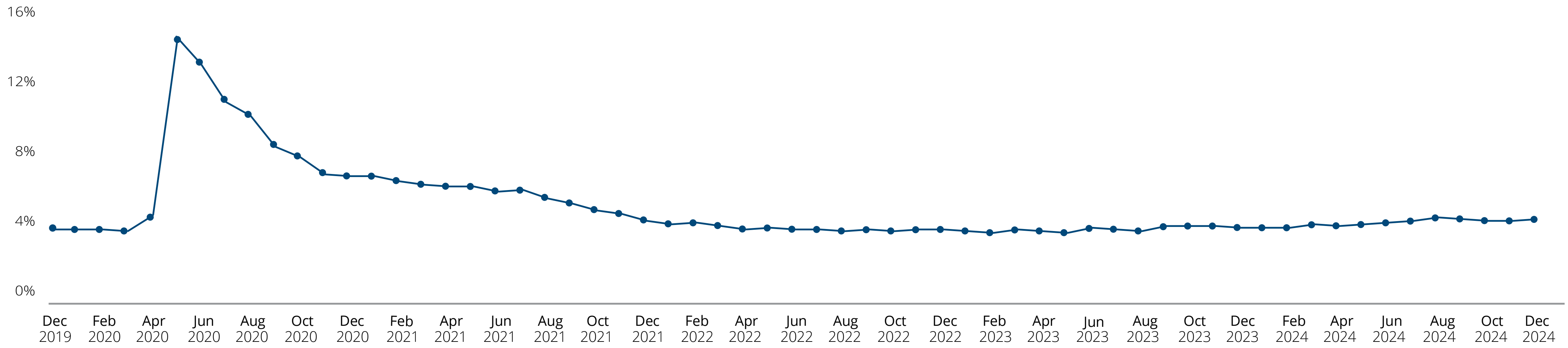


Sources: Federal Reserve Bank of St. Louis; CNBC data (federal funds rate), accessed January 2, 2025; Bureau of Labor Statistics/US Department of Labor (inflation), accessed January 15, 2025

US job numbers have been generally good, though a bit bumpy in terms of the trend and workforce reductions in some sectors.

Unemployment has remained low at around 4% since early 2022, and there's still much variation from company to company, and across industries, about how to manage remote workers or implement return-to-office policies.

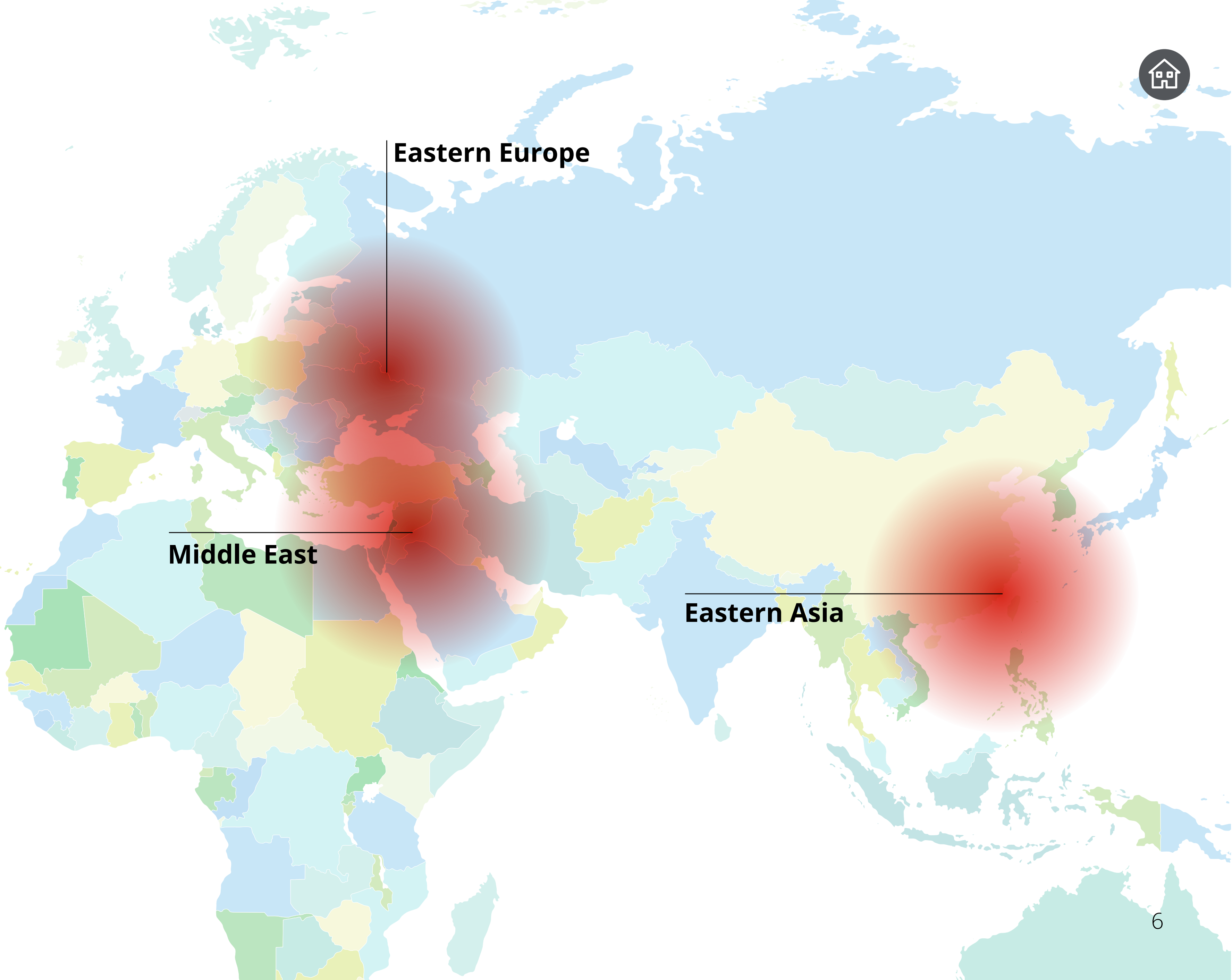
US unemployment rate



Source: Bureau of Labor Statistics/US Department of Labor data accessed January 10, 2025

Where do the headlines and various external economists point? During the past year, relative to 2023, M&A volume increased by 5% while deal value increased by 7%.[1] In short, there are typically headwinds that make M&A difficult and fraught with uncertainty, but most of the leaders who pursue and make deals show a growing tendency to shift course and persevere in the hunt for value. Beyond the generally positive outlook of survey respondents, this new research shows strong signs that dealmaking may be poised for a rebound in the coming year.

For 2025, we expect dealmaking to pick up speed but with two important caveats to watch—either of these caveats could change the overall view. First, the geopolitical instability (in historically important M&A markets) of a year ago remains at least as deserving of vigilance in early 2025 as it was then. Absent a calming in one or more spots, in our view, the corresponding risks to business and markets are as significant, as the new year gets underway, as they were at the same time last year. Second, and due to potential policy changes in various developed economies for 2025, any shocks to the international trade system could change the expected outlook. We see the risk of this as medium, so it's one to watch.



In short, the headwinds that make M&A difficult and fraught with uncertainty are always present; but, for 2025, the tailwinds are likely to strengthen as overall conditions for M&A continue to improve. At the same time, and as supported by this year's survey, the leaders who pursue and make deals show a growing aptitude and inclination to shift course in the hunt for value. Beyond the generally positive outlook of survey respondents, this new research shows strong signs that dealmaking may be poised to build on last year's nascent rebound in 2025.

For our 2025 M&A Trends Survey, we surveyed 1,500 US-based corporate and private equity respondents. This tied for our largest sample ever. Almost three-fourths of the respondents (74%) were C-suite executives with 26% CEOs (an increase of 6% over 2023), both high-water marks. Finally, private equity firms represent 40% of the overall sample.

To summarize, nearly all responding dealmakers have had the experience of adjusting for novel risks and challenges in recent years. That has led many of them to embed agility and flexibility into their approaches to M&A. Combined with an increased energy for innovation, embrace of new technologies, and more collaboration, the approach to value creation is increasingly taking on a distinctively 21st century character. In keeping with that spirit, we'll conclude with some forward looks at the new strategies and responses that dealmakers might consider in the current environment.

Dealmakers have significantly adjusted their approaches with increased innovation, embrace of new technologies, and novel collaboration. This, in turn, has led to M&A taking on a distinctively 21st century character.

Key findings

Observations and opportunities

In our 11th annual review of the M&A landscape, Deloitte has summarized the dealmaker sentiments, plans, and expectations that are likely to shape market trends for the coming year. In addition, the survey data evidences a new era of opportunity for value creation, centered on agility and flexibility, for corporate and private equity dealmakers.

M&A Trends Survey respondent perspective on the coming year:

FINDING 1

Optimism running high for 2025

While dealmakers are an optimistic community by nature, this year's survey represents the highest level of respondent optimism since before the pandemic.

FINDING 2

Momentum building after a measured 2024 M&A market rebound

In both volume and value, US dealmaking has been on the rise in 2024 after the very soft (down) market of the previous year. This upward trend is likely to accelerate in 2025, according to our survey results and other analyses.

FINDING 3

Pivoting as a new normal for M&A

Corporations and private equity firms were forced to pivot during the pandemic and the down market of 2023. Per our new survey findings, financing, technological, and strategic pivots are now more embedded in most organizations.

FINDING 4

Embedding technology and responsive foreign targeting in dealmaking

Corporations and private equity firms have made real progress with solidifying their efforts around digital transformation and an adaptive, steady approach toward cross-border value creation.

M&A survey respondent perspective on the coming year

Four key findings for 2025

Finding 1: Optimism running high for 2025

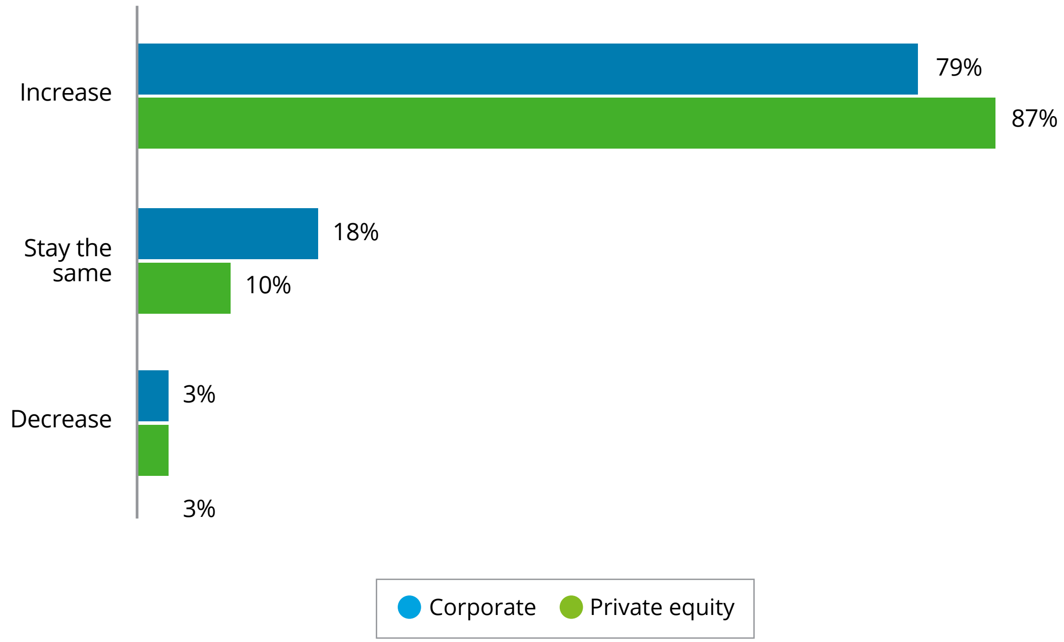
Market uncertainties give way to more growth and enthusiasm around M&A activity

After the volatility experienced by the M&A market throughout the pandemic, and a down year in 2023, M&A is on the rise again as surveyed dealmakers look to 2025. Based on survey responses, part of this has to do with M&A leaders now having adjusted more fully to external factors and persistent risks with innovation and agility.

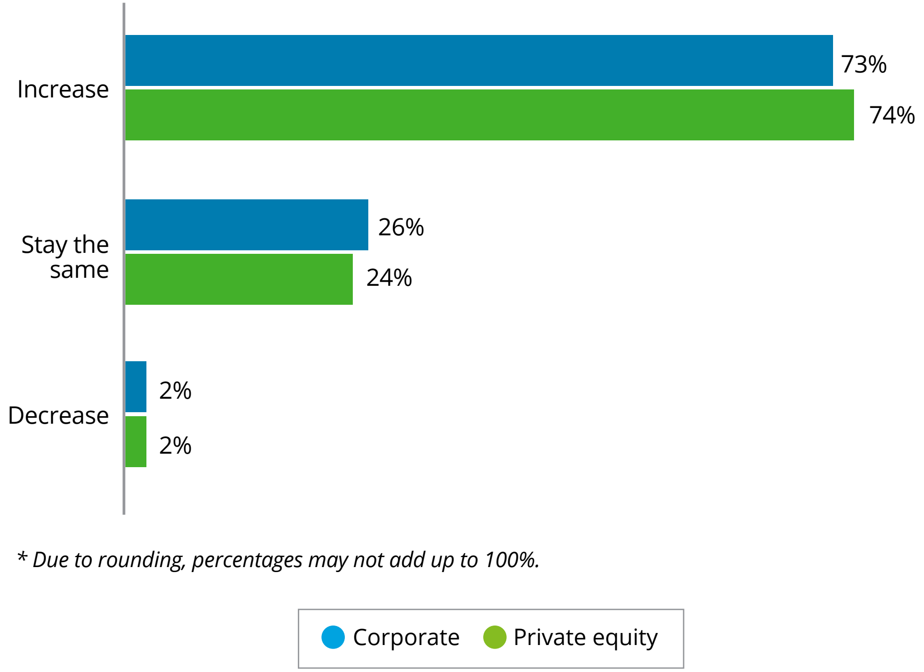
Our survey respondents report strong positive performance within their enterprises and show relatively strong optimism for the M&A rebound that started in 2024 accelerating to some degree in the new year.

The number of respondents who expect an increase in deal volume over the next 12 months is higher than it has been in the past several years, and private equity respondents were several points ahead of their corporate counterparts in that view. Furthermore, nearly 75% of corporate and private equity respondents expect their average deal size to increase in 2025 as well.

Do you expect the average number of deals that your company closes to increase or decrease over the next 12 months? (Corporate n=893, Private equity n=607)



Do you expect the enterprise size of your company's deals to increase or decrease over the next 12 months?* (Corporate n=893, Private equity n=607)



** Due to rounding, percentages may not add up to 100%.*

Finding 2: Momentum building after a measured 2024 M&A market rebound

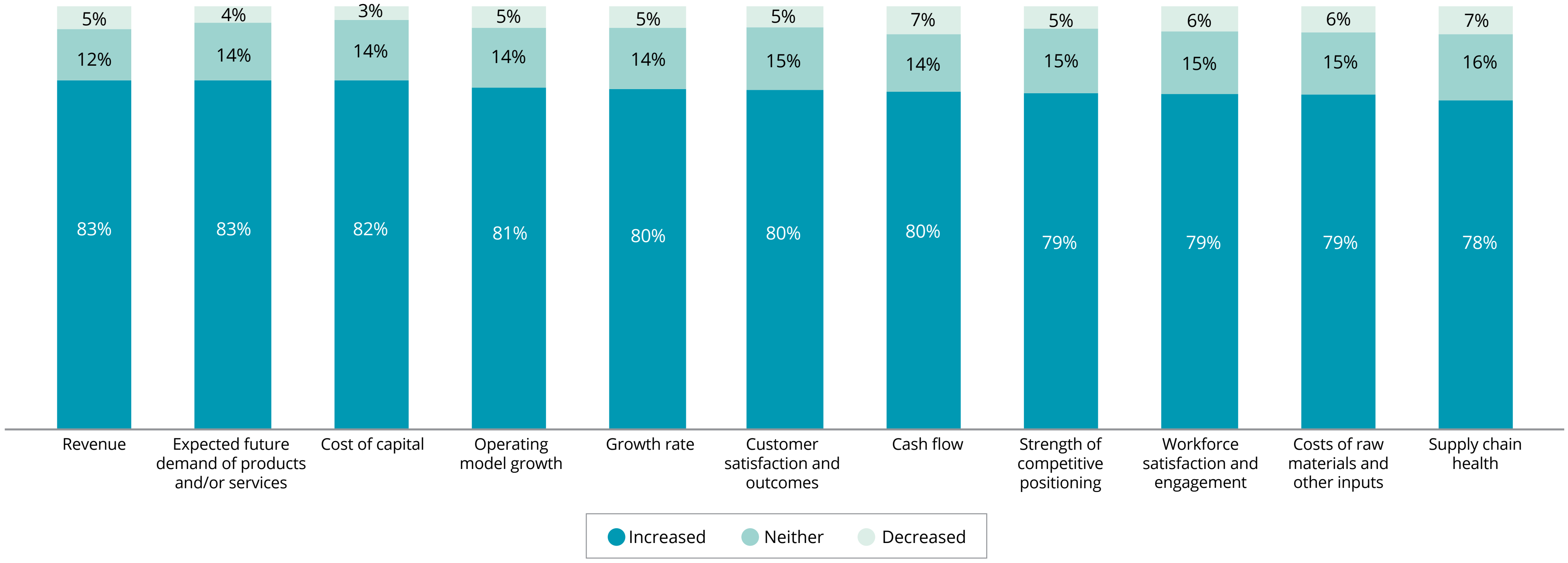
Conditions look to be supportive of a more active 2025 M&A market

2024 was a year in which interest rates, after a yearlong plateau, began to come down. At the same time, inflation and fears of recession lessened.[2] While no one can say with certainty what 2025 will bring, the conditions are ripe for a rise in M&A activity.

In fact, the economic tailwinds and general optimism of M&A leaders notwithstanding, dealmakers in our survey reported that their organizations have shown increases in a number of key performance metrics.

Consistent with the overall growth of the US economy in 2024, these successes included revenue growth, operating efficiencies, and customer satisfaction. The indicators that rose the most were largely similar for corporate respondents and for private equity.

In 2024, how has the economic environment (e.g., inflation, interest rates, talent) impacted your company or firm?* (n=1,500)

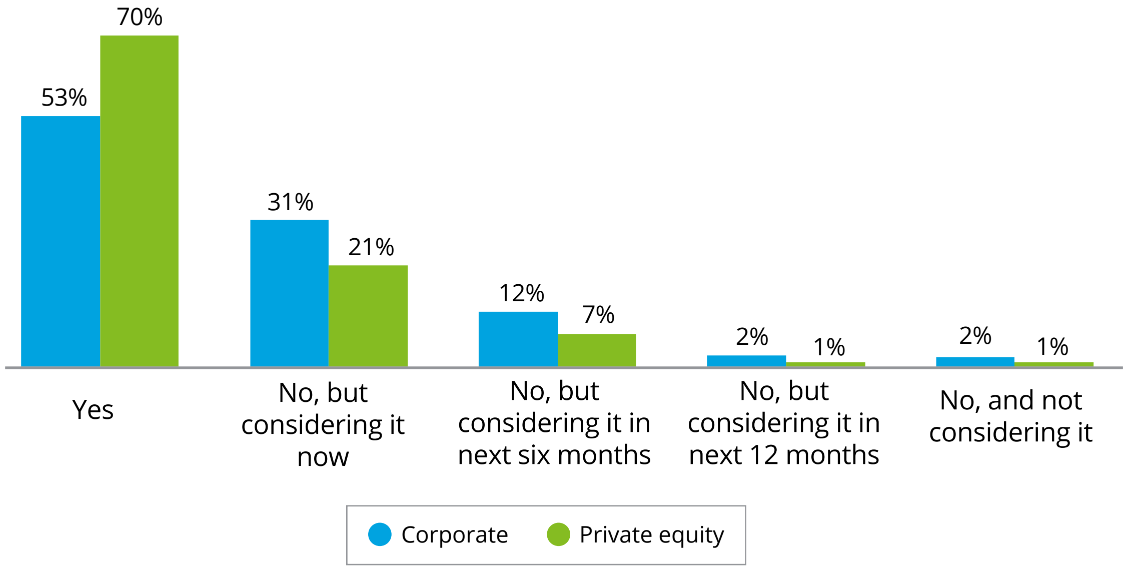


** Due to rounding, percentages may not add up to 100%.*

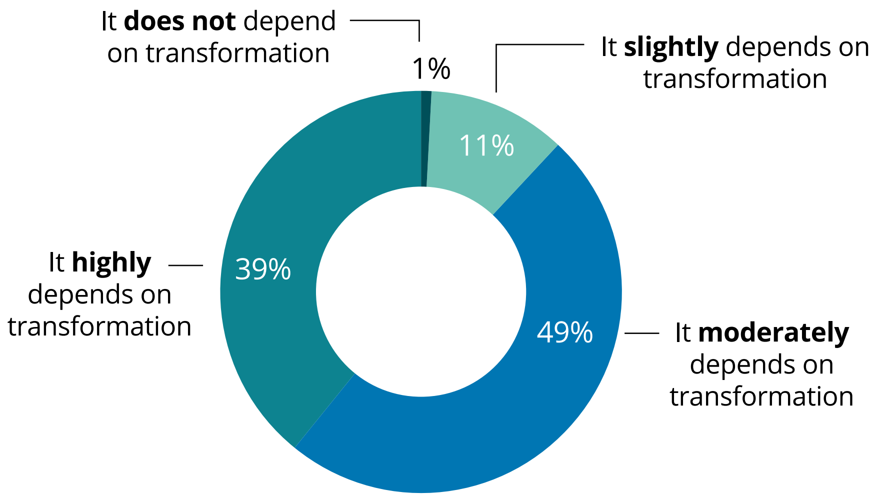
Whereas most deals involve post-close transformation necessary to integrate a new acquisition or in the wake of a divestiture, it's increasingly evident that ongoing transformation is part of what leading acquirers do to realize greater value from their deals. In 2023, perhaps due to the down M&A market, more than two-thirds (68%) of the leaders we surveyed said their organizations had restructured since the COVID-19 pandemic began in early 2020.[3]

Interestingly, that focus on internal transformation didn't abate in 2024, with 84% of corporations and 91% of private equity portfolio companies reporting they'd restructured in the most recent 12 months or are in the throes of doing so now. This may be partly because nearly 90% of all respondents recognize that the value of their deals depends on successful transformation.

Has your (or any of your portfolio companies') organization(s) restructured (e.g., working capital, reorganization, cost reduction, restructuring) in the previous 12 months? (Corporate n=893, Private equity n=607)



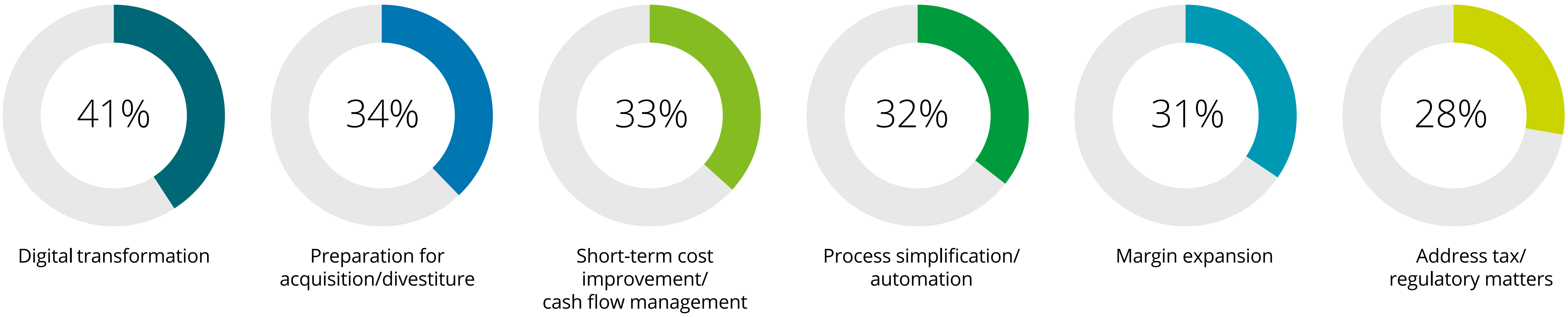
To what degree does the value of most of your company's transactions depend on successful transformations? (n=1,500)



What is prompting the widespread focus on restructuring? Respondents indicate the motivation is twofold: preparing for more M&A and a significant focus on digital transformation.

The case for an M&A rebound in 2025 is thus supported by three main factors. First, the economic tailwinds of 2024, with a reasonable prognosis that such tailwinds will increase in the new year. Second, between 78% and 83% of corporate and private equity respondents reported strong growth and positive performance for nine key business metrics in 2024. Finally, the commitment to transformation and restructuring that most survey respondents have demonstrated in the past couple of years prepares these organizations to reengage in dealmaking to a greater degree.

What are/will be the key reasons for restructuring your company? Please select top two reasons. (n=1,500)



Finding 3: Pivoting as a new normal for M&A

Agility and adaptability have combined to become an essential M&A competence

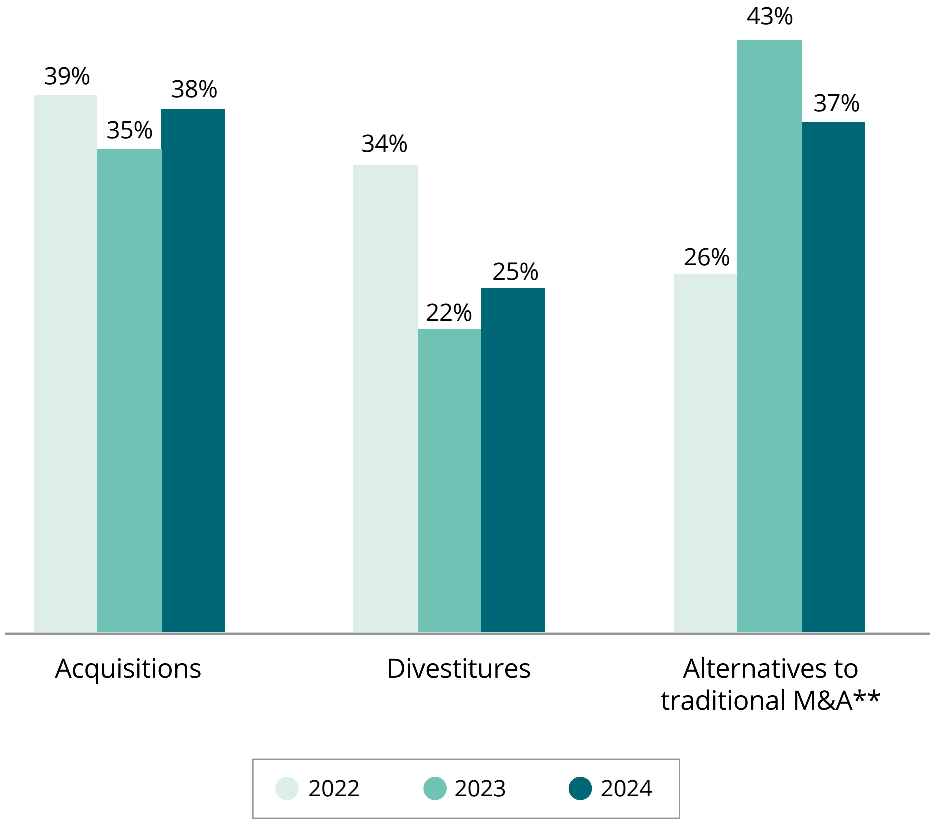
In our view, pivots have been one of the major M&A stories of the past few years. To some degree, M&A leaders have had to react and adapt continuously given the supply chain, pandemic, economic, and geopolitical shocks of the early 2020s.

Strategic approach pivots

The reason we have elevated pivoting as the highlighted finding in this year's report is because such agility has become proactive and more established in the M&A strategy and approach of the survey respondents. Per the survey responses, pivoting has become an essential competency and thus a "new normal" for M&A as we enter the middle years of the decade.

By 2022, as a result of the pandemic and other factors, there was a spike in unemployment and aggressive monetary policy tightening. This was eventually followed by a cooling for the M&A market in later 2022 and during the whole of 2023. That market cooling was a major reason why companies looked to restructure and transform internally while pursuing alternatives to traditional M&A. Now, as 2025 dawns and there are some encouraging economic signs, our survey shows dealmakers are prepared for increased M&A activity while still pursuing those alternatives to hedge. As the chart shows, divestitures remain a material arrow in dealmakers' quivers but, heading into 2025, just not to the same degree as engaging in traditional M&A while also pursuing alternative transactions such as joint ventures and alliances.

To the extent that your company is currently pursuing transactions, which of the following are you most interested in exploring?* (2022 n=1,400; 2023 n=1,500; 2024 n=1,500)

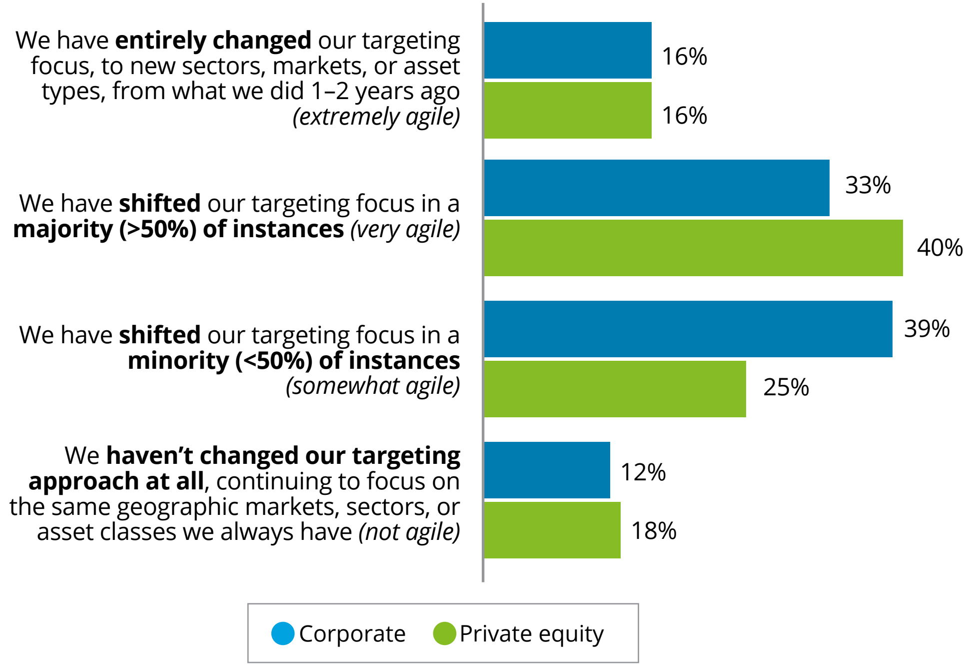


** Due to rounding, percentages may not add up to 100%.*
*** Alliances, JVs, IPOs, special purpose acquisition companies (SPACS), etc.*

Targeting pivots

Indeed, and continuing with the pivoting-as-new-normal theme, 88% of corporate respondents and 81% of private equity respondents in this year's survey indicated they had made shifts in their deal targeting strategies in the past two years. Most notably, these shifts—for both corporations and private equity firms—involved narrowing focus on a smaller number of sectors while also making different decisions around geographic targeting.

How has your company's dealmaking and targeting adjusted in the past 1–2 years to account for shifting sectors and priorities? (Corporate n=893; Private equity n=607)



** Due to rounding, percentages may not add up to 100%.*

Please characterize the shift in deal targeting your company has made in recent years, indicating the former regions, markets, industry sectors, or asset classes relative to more recent targeting. Please select up to four responses.

Corporate *(highest percentage to lowest percentage of responses)* (n=437)	
Industry shift: More to fewer	59%
Geographic shift: Foreign to US	51%
Geographic shift: US to foreign	44%
Transaction shift: Acquisition to divestiture	41%
Transition shift: Divestiture to acquisition	36%

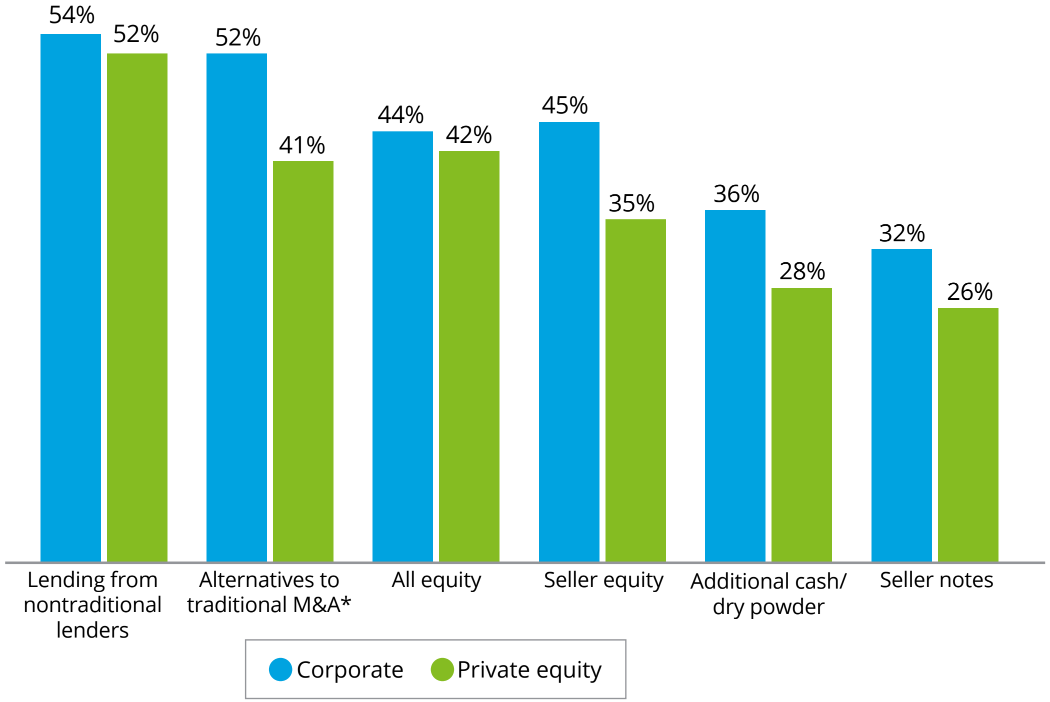
Private equity *(highest percentage to lowest percentage of responses)* (n=340)	
Industry shift: More to fewer	48%
Geographic shift: US to foreign	44%
Strategy shift: Buy to hold/sell	42%
Strategy shift: Hold/sell to buy	40%
Transaction shift: Acquisition/divestiture to alternative assets	36%
Geographic shift: Foreign to US	31%

Deal financing pivots

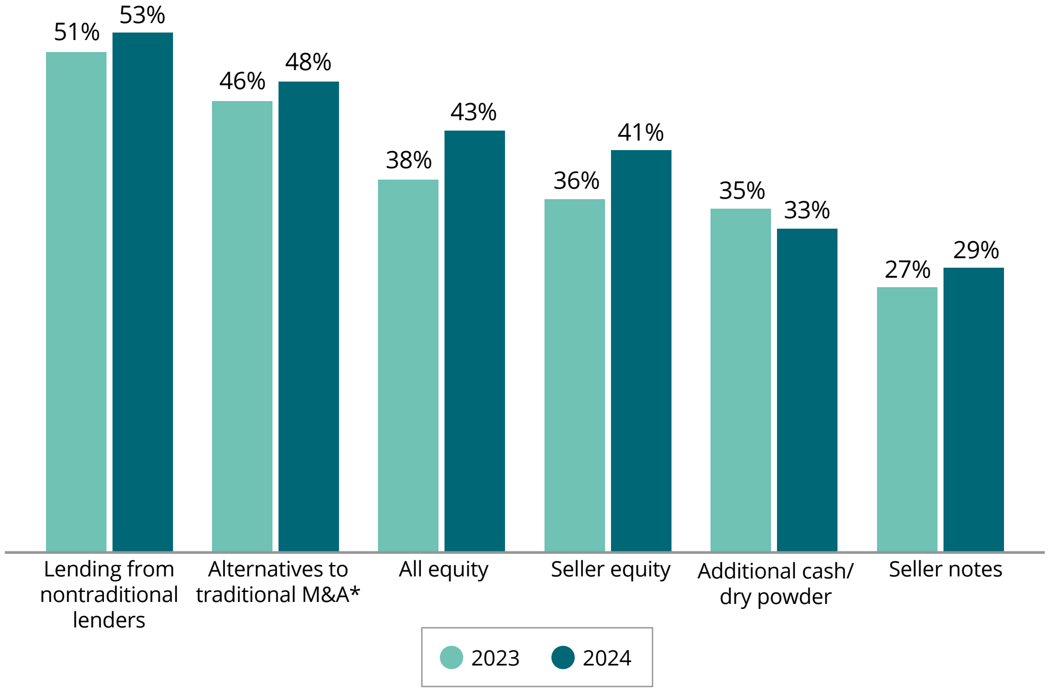
A third kind of pivot evident in the survey is around financing deals. With the higher cost of capital, reduced debt availability, and a relatively closed IPO window, many respondents have pivoted from traditional debt to other approaches, such as the use of equity and private credit.

Given the economic, regulatory, and other operational headwinds, which alternative financing vehicles (to traditional bank debt) has your company used in the past year or will very likely use in the next year to get deals done? Please select all that apply.

By company type (Corporate n=893, Private equity n=607):



By year (n=1,500):



** Alliances, JVs, IPOs, special purpose acquisition vehicles, etc.*

Private equity exit pivots

Finally, with lengthening hold times, widening bid/ask spreads, rising interest rates, and a stronger embrace of alternative exit ramps for private equity firms (e.g., continuation funds), a notable finding in this year's survey is the degree of enthusiasm expressed by private equity respondents around a potential reemergence of IPO activity for 2025.

Pivots are now an essential competency for all M&A leaders. As the data shows, this is evident in the several ways leaders have innovated, adapted, and thrived in the past year.

How has your firm's average portfolio company hold time changed in the past five years?* (Private equity n=607)

Our average hold time has:

What do you expect to be the primary form of your firm's portfolio exits in the market, as a whole, over the next 12 months?* (Private equity n=607)

** Due to rounding, percentages may not add up to 100%.*

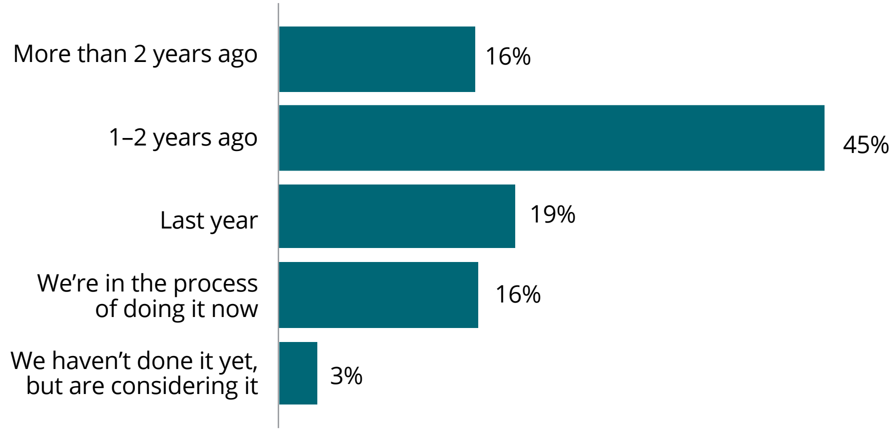
Finding 4: Embedding technology and responsive foreign targeting in dealmaking

The new normal

Our final finding includes two important observations drawn from survey respondents' latest perspectives and pivots on technology in M&A and cross-border plans for the coming year. As with pivots more generally, these two areas also represent shifts to new and durable M&A strategies and models.

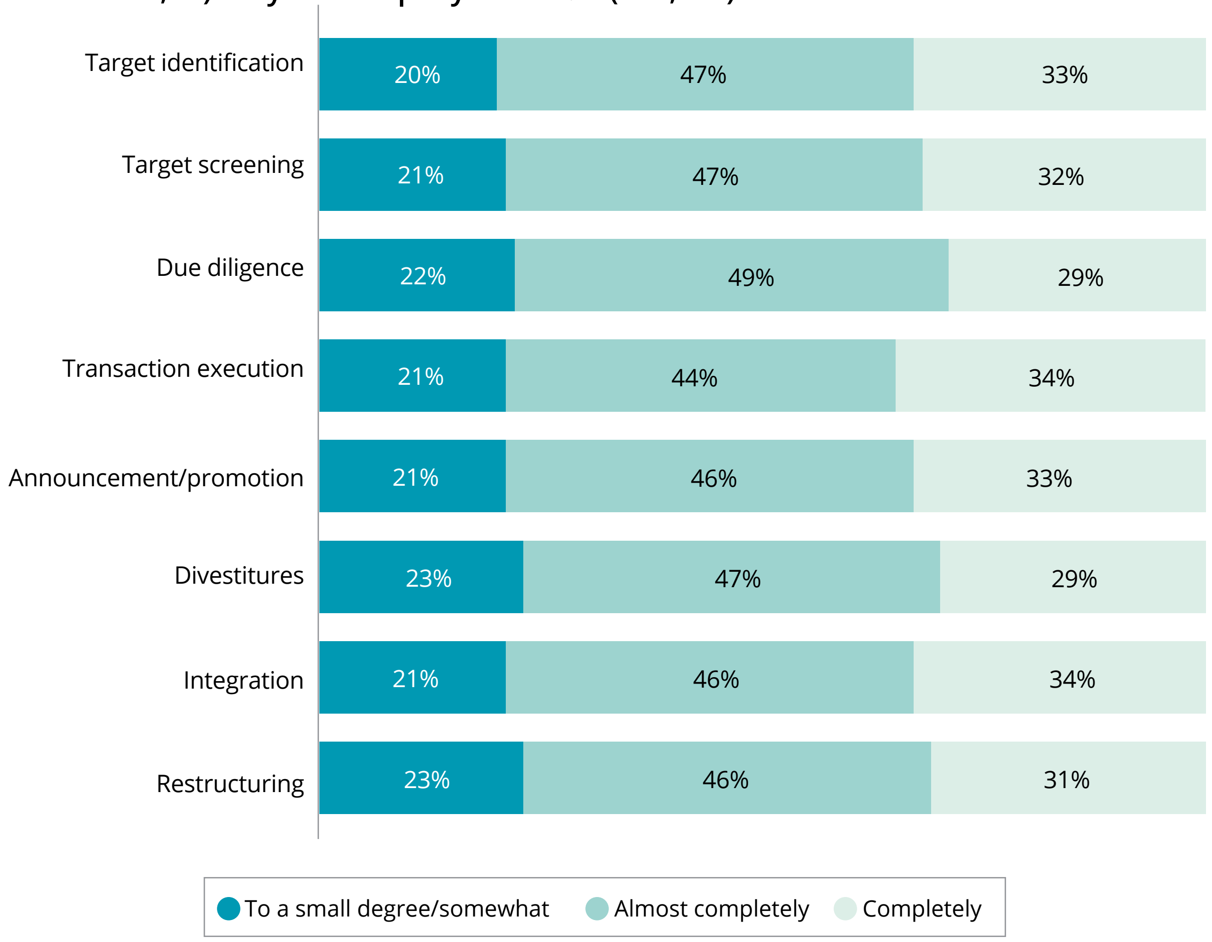
First, over the past few years, nearly all (97%) of responding corporations and private equity firms have incorporated Generative AI, advanced data analytics, and other automation technologies into their dealmaking processes. Diving a bit deeper into the data, respondents report having digitally enabled "completely" or "almost completely" all stages of the M&A life cycle. This isn't surprising given the different business models and opportunities to realize greater returns from technology implementation and scaling digital transformation across an enterprise or portfolio.

When did your company incorporate data analytics or Generative AI into its diligence/portfolio company monitoring process?* (n=1,500)



** Due to rounding, percentages may not add up to 100%.*

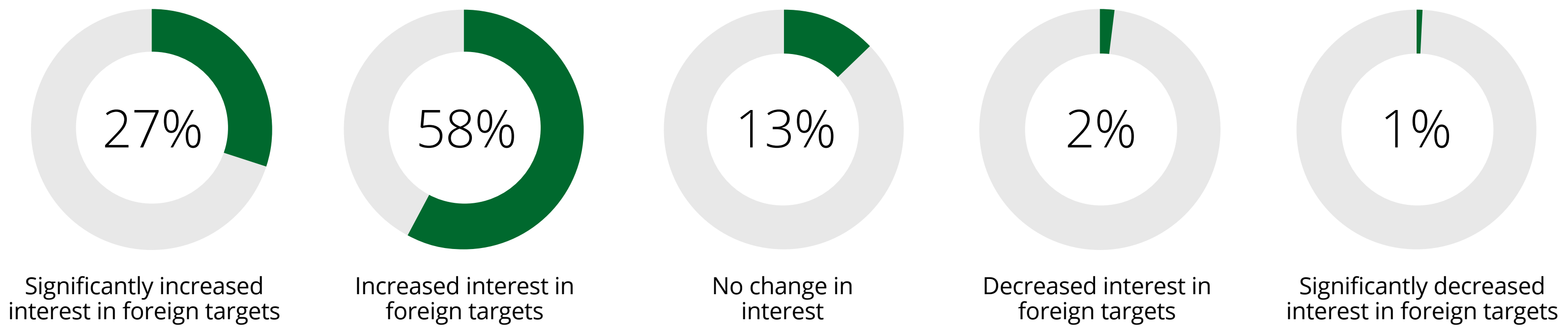
To what degree are the following deal elements digitally enabled (e.g., software, web, automation, AI) for your company's deals?* (n=1,500)



** Due to rounding, percentages may not add up to 100%.*

Second, at least 85% of respondents have cross-border dealmaking near the top of their to-do lists for the new year. This makes sense given the general pivoting theme that most dealmakers have begun embracing in their M&A strategies. Chief among respondents' reasons for the heightened interest in foreign markets? Market expansion and access to technology. At the same time, and reinforcing a shift we first published a few years ago, dealmakers pursuing cross-border opportunities are increasingly favoring the world's more developed and stable markets with additional biases to shorten supply chains, reshore production, and be closer to home. Canada, Mexico, Central America, and France/Germany are all increasingly attractive to dealmakers per the survey data, and this is due, in good part, to persistent geopolitical tensions around the world.

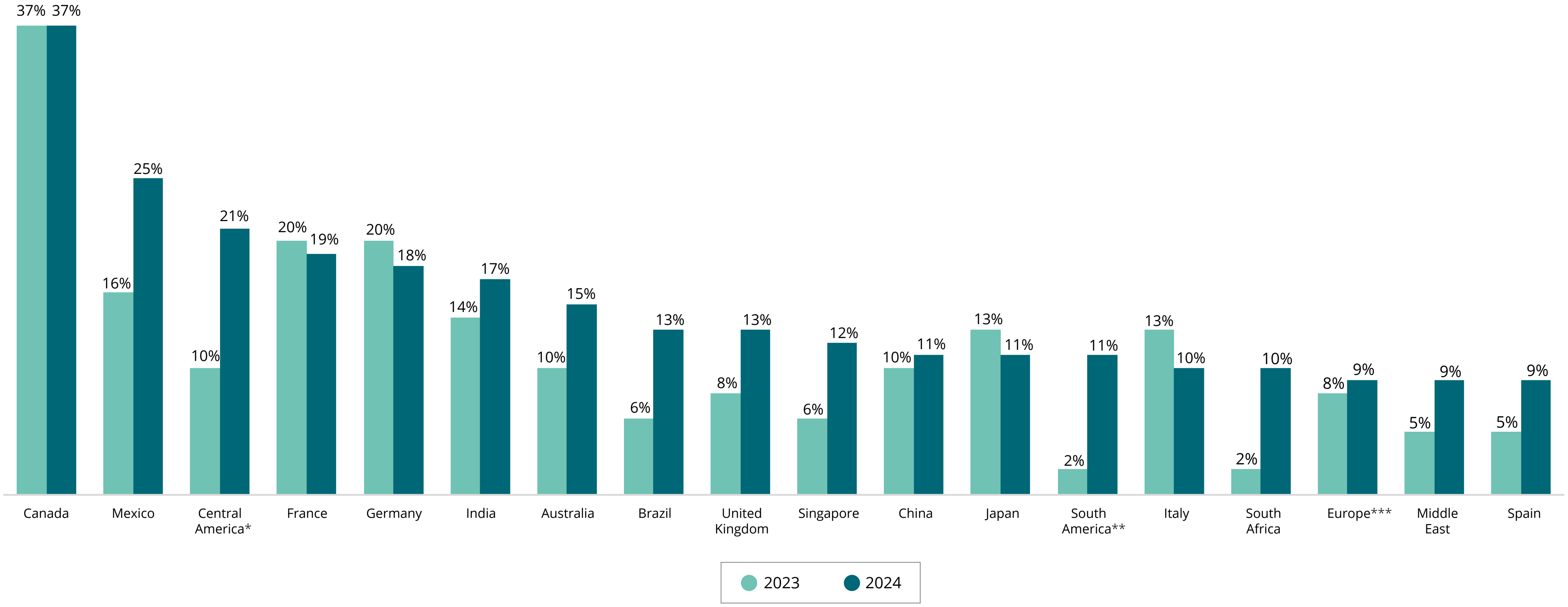
Looking ahead, how do you expect your company's interest in acquiring foreign targets to change over the next 12 months?* (n=1,500)



What is driving your company's increase/decrease of interest in foreign targets? Please select all that apply. (n=1,500)

** Due to rounding, percentages may not add up to 100%.*

In the current economic environment, which foreign market(s) are your company's primary focus of deal targets? Please select all that apply.
By year (n=1,500)



** Central America (including Honduras, Nicaragua, Belize, Guatemala, Costa Rica, El Salvador, and Panama; excluding Mexico).*
*** South America (excluding Brazil).*
**** Europe (excluding United Kingdom, Germany, France, Italy, Russia, and Spain).*

Conclusion

The past few years have been a time of volatility for dealmakers in the United States and, indeed, throughout the world. From the first truly global pandemic in a century and a confluence of geopolitical tensions unseen since the 1940s, to sharply higher (and then declining) interest rates, inflation, and reduced deal volume, this hasn't been an M&A market for the timid. As indicated in our latest survey, dealmakers have responded with a number of different pivots to prepare for the inevitable upturns and expected more favorable conditions for M&A.

As we look back on 11 years of this survey and the insights it has produced, we haven't always used the research for forecast purposes—and no one can guarantee that any forecast will prove correct. But last year, we were among the first to forecast a measured rebound in M&A for 2024. And, as we look to the year ahead for 2025, we are of the view that the rebound is likely to pick up speed. We won't always make predictions in our annual M&A outlook but have elected to do so here based on the new data.

Today, after so many exogenous shocks and changes in technology and strategy, dealmakers must navigate perpetual uncertainty; thus, pivoting has emerged as an M&A competency for the 21st century. Risk management has evolved, and the technology based on high-volume data for deal intelligence has entered a new era with Generative AI and other new technologies. The more the quantitative evidence of change and innovation multiplies, the bolder and more successful dealmaking can become.

This is all why our focus on M&A 'pivots' is apt as 2025 dawns.

When your organization is more oriented around legacy and resisting change, shocks in the market combine to be a brick wall. Not anymore. In both corporations and private equity firms, agility and flexibility are now the coin of realm, enabling dealmakers to better take advantage of unexpected challenges and opportunities.

Next steps for this research

Knowing the lay of the land is a precursor for setting out across it. The research in this study—and the ongoing sources of intelligence that inform Deloitte's Mergers, Acquisitions, and Restructuring Services practice—will continue to provide readers with the dual benefits of up-to-date knowledge and guidance on the likely strategies that emerge from it.

Stay up to date on the latest Deloitte Mergers, Acquisitions, and Restructuring Services findings, trends, and thought leadership at **www.deloitte.com/us/mergers**.

About the survey

Between September 24 and October 17, 2024, a Deloitte survey conducted by OnResearch, a market research firm, polled precisely 1,500 executives—893 at US-headquartered corporations and 607 with private equity investment firms, also based in the United States—to gauge their expectations for M&A activity in the upcoming 12 months as well as their experiences with recent transactions. All survey participants work either for private or public companies with revenues in excess of $250 million (80% of the corporate respondents are with companies booking more than $1 billion in revenue), or for private equity firms (75% of the private equity respondents work for firms that have primary funds in excess of $1 billion), and 74% of the respondents (1,105) sit within the C-suite. All respondents indicated they have personal involvement with their respective firms' M&A activities. The corporate respondents represent a variety of industries, including technology, media, and telecommunications; consumer; energy and resources; financial services; and life sciences and health care.

Authors

Adam Reilly
National Managing Partner
Mergers, Acquisitions, and Restructuring Services
Deloitte & Touche LLP
areilly@deloitte.com

Barry Winer
Head of Research
Mergers, Acquisitions, and Restructuring Services
Deloitte Services LP
bwiner@deloitte.com

Contributors

Thank you to the following individuals for their insights and contributions to this report:

Yelena Blackwell, managing director, Deloitte Services LP
Varun Budhiraja, principal, Deloitte Consulting LLP
Mark Garay, managing director (retired), Deloitte Services LP
Brian Kunisch, partner, Deloitte & Touche LLP

Raed Masoud, principal, Deloitte Consulting LLP
Joel Schlachtenhaufen, principal, Deloitte Consulting LLP
Faisal Shaikh, principal, Deloitte Consulting LLP

Plus **Pankaj Kumar Bansal**, **Maria Bullard**, **Sumedh Dubey**, **John Forster**, **Sindhu Kastoori**, **Jayesh Prabhu**, **Yash Raj**, and **Wasim Sarang**.

Endnotes

1. Deloitte analysis of S&P Global Market Intelligence, LLC - S&P Capital IQ, accessed December 11, 2024.
2. Goldman Sachs Research, “The US economy is poised to beat expectations in 2025,” November 20, 2024.
3. Trevear Thomas, Barry Winer, and Mark Garay, *2023 M&A Trends Survey: Navigating uncertainty*, Deloitte, 2023.

Deloitte.