Divestiture trends across the Americas

Americas divestitures: High-value transactions amid a strategic reset

Divestiture activity in the Americas has shifted meaningfully. After several years of strong momentum, organizations are now executing fewer separations, but more strategically significant ones, as they sharpen portfolios and respond to market conditions. Although volumes declined in 2025, deal values continued rising. Average deal size grew at a 27% CAGR from 2023 through 2025, reflecting a market increasingly defined by larger carve-outs and transformational transactions. This shift is visible across the region, not only in the United States.

- Canada continues to record some of the highest carve-out activity globally, particularly in energy, mining, and financial services, where capital recycling and operating model simplification remain priorities.
- Mexico is experiencing increased portfolio reshaping driven by nearshoring, supply chain realignment, and industrial consolidation across automotive, electronics, and logistics sectors.
- Brazil and other major Latin American markets are seeing a rise in privatizations, balance-sheet-driven divestitures, and multinational exits or carve-outs, despite elevated regulatory and political complexity.

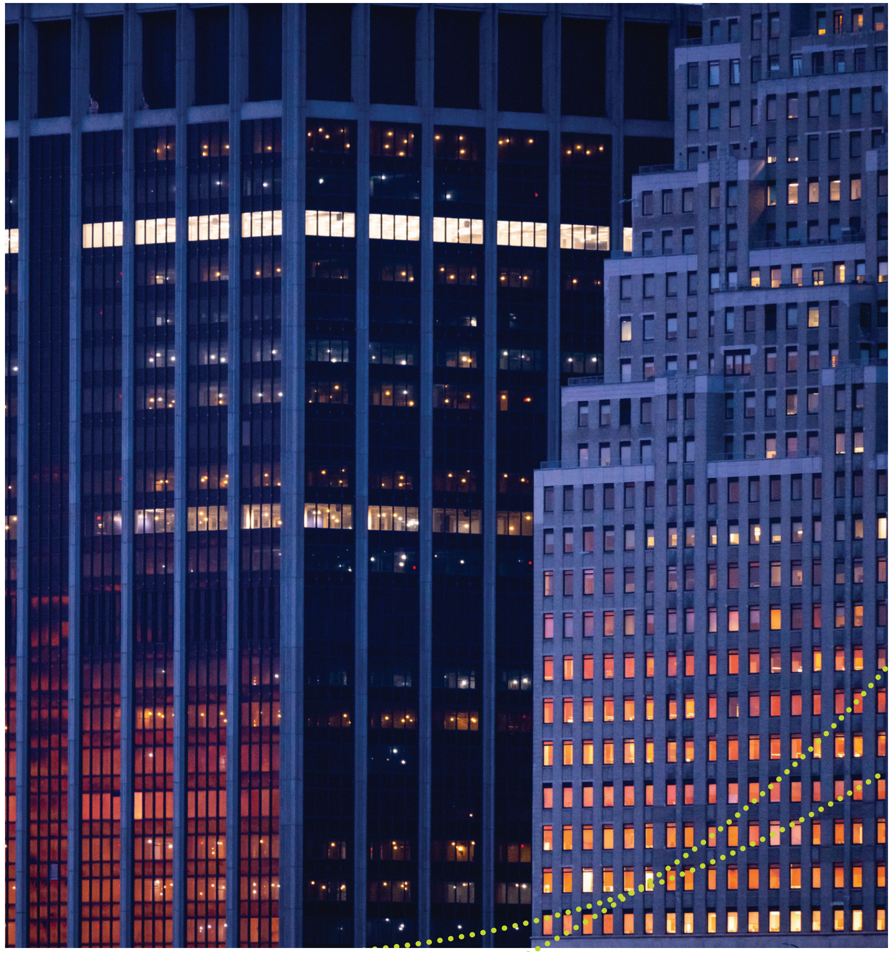
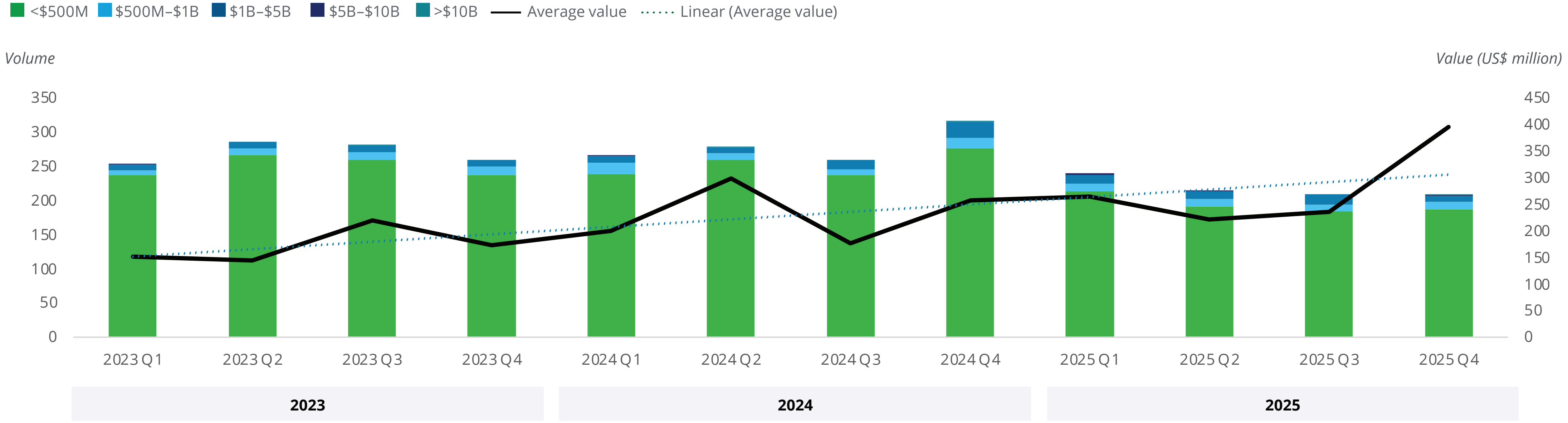


Figure 9: Americas quarterly divestiture volume and value, 3 years



Source: S&P Global Market Intelligence LLC - S&P Capital IQ, accessed January 8, 2026, data as of December 31, 2025. All transactions closed since January 1, 2023

At the same time, there is strong demand from local acquirers for these carved-out assets, often because they are better equipped to navigate political, regulatory, and labor environments. This is particularly evident in sectors such as pharmaceuticals, where local players across Latin America are actively pursuing divested multinational businesses and accelerating competitive repositioning in domestic markets.

Together, these dynamics reinforce a regional pattern of fewer, larger, and more transformative separations, consistent with broader US M&A trends, in which deal value has reached multi-year highs even as volumes remain steady. The pattern is most pronounced in industrials; technology, media, and telecommunications (TMT); and energy, where large-scale separations are increasingly used to redirect capital toward AI infrastructure, digital modernization, and supply chain reinvestment.

Challenges to value creation in 2026: Price intensity, tax and regulatory headwinds, and TSA drag

Compared with global respondents, sellers in the Americas are more price-focused and more exposed to regulatory and tax friction. They prioritize highest bid price (33% vs. 28% globally) and speed and certainty to close. Buyers in the region, however, emphasize strategic fit and synergy potential and place comparatively less weight on integration feasibility. This widens the familiar misalignment: Sellers optimize for price and speed, while buyers' priorities are fit and future value.

- While price intensity and activism are dominant pressures in the United States, Canadian sellers highlight tax structuring, sustainability disclosure, and financial sector regulation as major valuation and timing influences.
- In Mexico, regulatory reviews, local entity governance, and supply chain dependencies often extend diligence timelines.
- In Brazil and broader Latin America, sellers consistently cite political volatility, multilayered regulatory frameworks, and statutory labor rules as primary contributors to execution friction.

These local dynamics compound the regionwide misalignment between seller priorities and buyer assessments of long-term fit.

Figure 10: Top factors in proceeding with a divestiture in Americas (Weighted rank score)

Sellers	Buyers
(0.95) Transition service agreements	Tax and legal entity complexities (0.87)
(0.78) Talent retention and morale	Talent retention and morale (0.84)
(0.76) Dis-synergies or stranded costs	Dis-synergies or lack of value creation (0.71)
(0.76) Tax and legal entity complexities	Accounting and financial reporting (0.65)
(0.45) Accounting and financial reporting	TSA management and exit strategy (0.58)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=463, buyers n=248

Tax and regulatory considerations carry greater weight in the Americas than globally, though the underlying drivers vary.

- US companies face an intersection of regulatory scrutiny and shareholder activism, which pushes boards toward structural separations.
- Canadian respondents report greater sensitivity to tax execution, cross-provincial regulatory requirements, and sector-specific oversight.
- Mexican and Brazilian sellers point to regulatory approvals, foreign-investment reviews, and local compliance burdens as major sources of timing risk.

Across the region, these forces are raising the threshold for preparation quality and accelerating the shift toward early scenario planning.

Figure 11: Top continuing challenges post deal close in Americas (Weighted rank score)

Sellers	Buyers
(0.95) Transition Services Agreements	Tax and legal entity complexities (0.87)
(0.78) Talent retention and morale	Talent retention and morale (0.84)
(0.76) Dis-synergies or stranded costs	Dis-synergies or lack of value creation (0.71)
(0.76) Tax and legal entity complexities	Accounting and financial reporting (0.65)
(0.45) Accounting and financial reporting	TSA management and exit strategy (0.58)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=455, buyers n=240; top 5 only

Execution costs present a mixed picture. One-time divestiture costs are more often concentrated in the 3% to 5% range (46% vs. 41% globally), with fewer sellers reporting costs in the 6% to 9% range (25% vs. 32%). While this suggests tighter cost control, it is offset by common cost escalators such as tax execution, carve-out financials, separation timelines, and negotiation complexity.

Post-close, TSAs create more friction in the Americas than in any other region. While global sellers cite dis-synergies and tax or legal complexity as top challenges, Americas sellers rank TSAs as their primary ongoing issue, above stranded costs and tax and legal work. They also provide TSAs across more functions (finance, IT, HR, tax), raising operational dependency and extending the window in which separation value can erode, though the sources of complexity vary by market.

- In the United States, large spin-offs and multi-business carve-outs significantly expand TSA scope.
- Canadian organizations, which often rely on centralized shared services models across provinces, report broader TSA footprints in finance, HR, and IT.
- Mexican sellers experience extended TSA periods due to integrated manufacturing, logistics, and procurement systems supporting nearshoring-intensive industrial clusters.
- In Brazil and parts of Latin America, labor regulations, statutory reporting requirements, and locally operated service models make TSA unwinds slower and more costly.

These region-specific constraints reinforce the need for planned and disciplined TSA exit pathways established early in the separation design.

Regional nuances: Portfolio discipline, stranded costs, and technology

Portfolio discipline in the Americas mirrors global patterns but shows fewer signs of an "always-on" approach and varies widely across markets. US and Canadian organizations report more structured and recurring portfolio reviews, while companies in Mexico, Brazil, and broader Latin America tend to conduct reviews opportunistically—often triggered by liquidity pressures, macroeconomic shifts, or local regulatory developments.

Across the Americas, three in 10 organizations review divestiture candidates only opportunistically or once per year, and fewer than one in 10 exceed three reviews annually. Given rising capital demands, this cadence limits the effectiveness of divestitures as a proactive capital allocation lever.

Stranded cost outcomes in the Americas track closely with global results: Roughly half of sellers identify underutilized resources post-close, but only about one in 10 fully mitigates them. Even so, stranded costs remain among the region's most frequently cited post-close issues and "do differently next time" lessons—alongside TSA exits, operational simplification, and stronger carve-out financials.

Technology adoption is a relative strength in the Americas. A higher share of respondents report being "very comfortable" deploying AI and Generative AI (GenAI) tools in M&A, and both sellers and buyers cite strong value from analytics and cloud solutions. This positions the region to industrialize divestiture execution—improving diligence speed, forecast accuracy, and separation planning—potentially faster than other markets. As Americas sellers and buyers lean into AI, analytics, and cloud tooling, they may be better positioned to shift from transactional divestitures to intentionally designed separations, embedding scenario modeling, valuation analytics, and TSA optimization directly into the separation process.

Outlook for 2026: Fewer deals, higher stakes

Looking ahead, organizations in the Americas expect more selective yet steady separation pipelines. Volume expectations mirror global trends: Just over one-quarter of sellers expect no divestitures in the next 12 to 18 months, while a similar share anticipate one transaction and around one in five expect two. Larger separation programs of three or more deals are now the exception. Yet both sellers and buyers see strong catalysts on the horizon: regulatory shifts, tax changes, market volatility, and the need to raise capital or reallocate toward AI, digital, and other strategic investments.

- In Canada, divestiture momentum is supported by energy transition realignment, mining consolidation, and banking sector portfolio optimization.
- Mexico's outlook remains shaped by sustained nearshoring investment, expanding manufacturing capacity, and ongoing restructuring in automotive and logistics sectors.
- Brazil and several Latin American markets anticipate continued privatizations, divestitures to raise capital or reduce exposure, and multinational portfolio reshaping in response to political, tax, and regulatory shifts.
- In the United States specifically, a visible pipeline of large-cap spin-offs and multi-business separations across industrials, consumer, and TMT indicates that boards are increasingly willing to undertake complex restructurings proactively, often to stay ahead of activist campaigns or sharpen valuation focus.

Across the region, organizations are using fewer, larger, and more transformational separations to rebalance portfolios, fund transformation, and address macro and regulatory pressures. For regional executives, three imperatives stand out: Align sell-side value drivers with buyer priorities, derisk TSAs and stranded costs earlier, and leverage advanced technology to compress timelines and protect value.