Dykema 100 YEARS

22nd Annual

2026 M&A Outlook Survey



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EXECUTIVE SUMMARY

22nd Annual Mergers & Acquisitions Outlook Survey

"We're bullish, but not naive." "A seesaw of risk and reward." "I'm confident in the market, but less confident in my own outlook." A kind of "stubborn optimism" ran through Dykema's 2026 M&A Outlook Survey, with both opportunity and hesitation showing up in equal measures from our respondents. After 22 years of taking the pulse of dealmakers on the trends driving M&A activity, Dykema recognizes the difference between caution and outright pessimism. For now, this year reads like the former.

Just over half of respondents expect U.S. M&A activity to strengthen over the next 12 months, a meaningful step back from last year's outlook. Familiar obstacles like economic uncertainty, valuation gaps, and financing costs are proving harder to shake this time around. Capital hasn't dried up, but there appears to be a widening gap between what buyers are willing to pay and what targets believe they are worth.

Artificial intelligence has stopped being just a tool that dealmakers use to move more efficiently and has become a significant reason deals happen at all. Data centers, digital infrastructure, and the technology companies building the AI economy are drawing more deal interest than any other sector this year, evidence that buyers are chasing the physical and digital backbone of AI rather than just the software layer on top. That enthusiasm comes with a catch. Dealmakers see the clearest value in using AI for due diligence, yet accuracy, reliability, and data privacy remain their biggest reservations about trusting it with much else.

Trade policy adds another variable to the equation, with nearly two-thirds of respondents expecting tariffs to delay or restructure cross-border deals, and a growing share expecting regulators to get more involved in issues affecting transactions before the year is out.

Twenty-two years of tracking this market has shown us that dealmakers rarely agree on much, but this year's data suggests something close to consensus. Our survey results signal a year in which the deals that cross the finish line will belong to those who are best prepared, with respondents expecting sell-side readiness and diligence rigor to determine which transactions succeed.



"Financial, regulatory, and employment due diligence have all become more robust. Sellers can expect purchase price to be revisited if the quality of earnings does not match reported earnings and special indemnities for any regulatory nor employment-related issues uncovered during due diligence. Risk sharing has become the norm."

—Stephen D. Sayre, Co-Leader, Mergers and Acquisitions Practice Group

A Year of Stubborn Optimism



51%

Expect M&A activity to strengthen over the next 12 months

01 KEY FINDING

Confidence is hanging on by a thread

Down 23 percentage points year over year, factors such as economic uncertainty (49%), valuation gaps (47%), and financing costs (46%) are standing in the way of substantive progress.

70%

Expect digital infrastructure or technology to see the most deal activity

02 KEY FINDING

AI has gone from tool to target

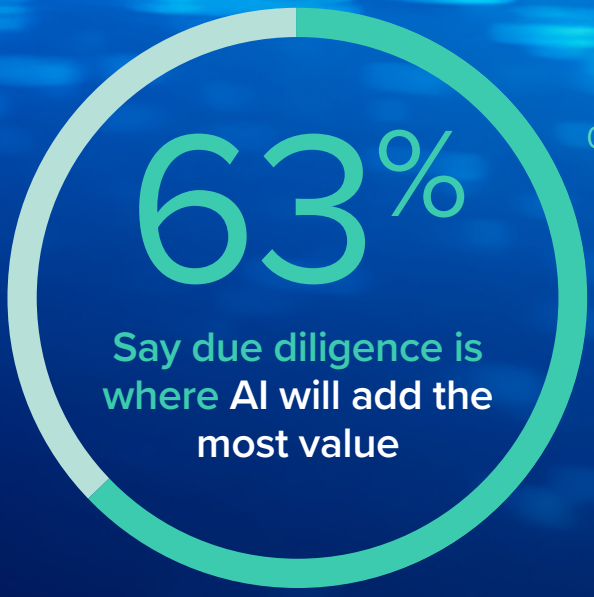
Artificial intelligence has long been seen as a way to facilitate deals, but now the companies building it are the ones being targeted. When asked which industries they expected to see the most deal activity this year, those most impacted by AI were also the top responses, with data centers and digital infrastructure (38%) and technology (32%) leading the charge.

Respondents could select multiple industries. The 70% figure represents the combined responses for digital infrastructure (38%) and technology (32%) and may include overlapping selections.



"The expansion of Section 1202 will have a significant impact on the Texas middle market over the next several years. With higher eligibility thresholds and the ability to qualify for partial gain exclusions after 3, 4 or 5 years, founders and investors have new considerations when deciding how to structure or restructure and eventually exit a business. We are already seeing these tax considerations play a material role in structuring businesses so that they will qualify for these tax benefits. The complexity of these decisions requires experienced practitioners who understand all of the nuances of Section 1202 to ensure the benefits are achieved."

—Arthur M. Nathan, Member



03 KEY FINDING

AI's widening trust gap

The acceleration of AI's capabilities is far outpacing the trust that dealmakers place in the technology. While nearly 2 in 3 respondents believe due diligence is where AI will add the most value, accuracy and reliability (38%) and data privacy (23%) topped their list of risks.



04 KEY FINDING

The shift from "buy-side dry powder story" to "exit backlog story"

Private equity remains a dominant force in the M&A market, but the narrative is evolving. For much of the last decade, the story centered on dry powder and the industry's ability to deploy capital. Today, the more pressing question may be how and when that capital gets returned.



"While megadeals tend to dominate the headlines, some of the more compelling opportunities are emerging in the middle market. Private equity firms and independent sponsors are finding businesses with solid cash flow, opportunities for consolidation and room to create value beyond financial engineering. The emphasis is shifting toward what buyers can actually build after the acquisition, rather than relying on multiple expansion to generate returns."

—Igli Psari, Co-Leader, Independent Sponsors Practice Group

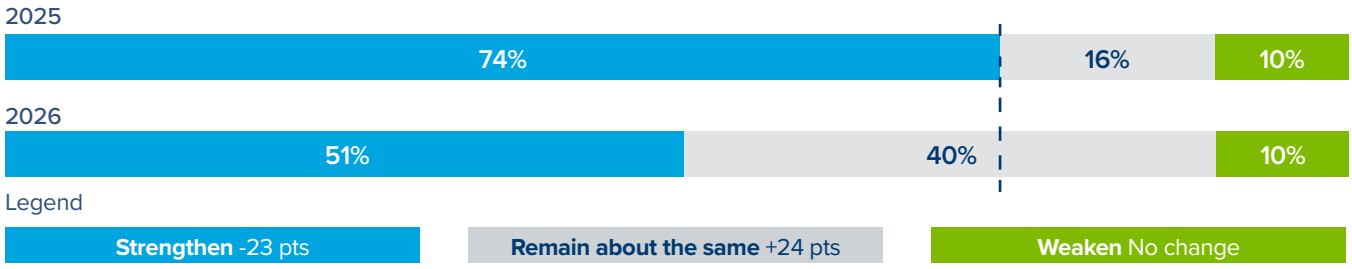
YEAR-OVER-YEAR TRENDS

The Evolution of Dealmaking

MARKET OUTLOOK

How will U.S. M&A activity in the next 12 months compare to the previous 12 months?

The share expecting a stronger market fell from 74% to 51%.



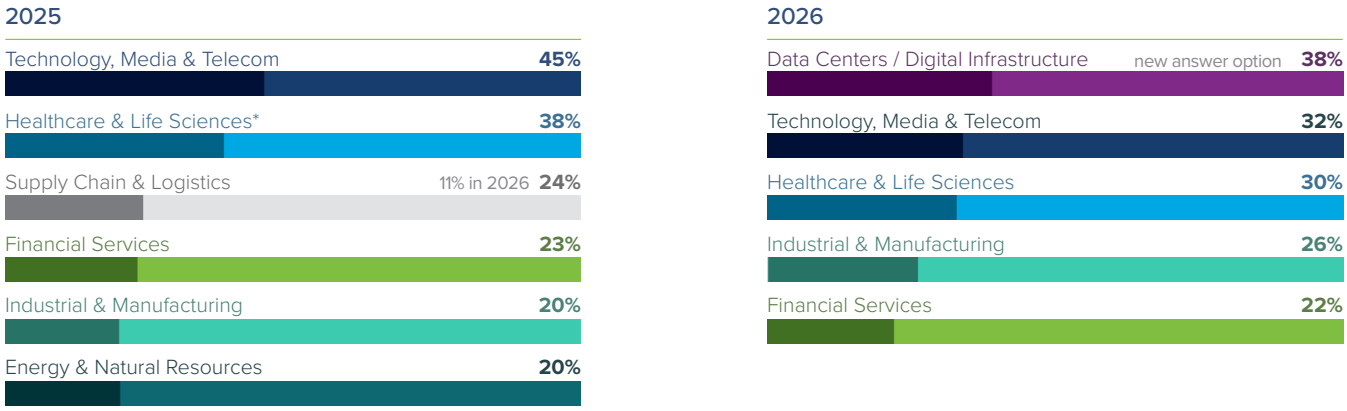
Percentages may not total 100% due to rounding.

INDUSTRY OUTLOOK

Which sectors do you expect to see the most M&A activity over the next 12 months?

Data centers and digital infrastructure enter the list at number one.

Top five, share of respondents. Matching colors mark the same answer in both years.

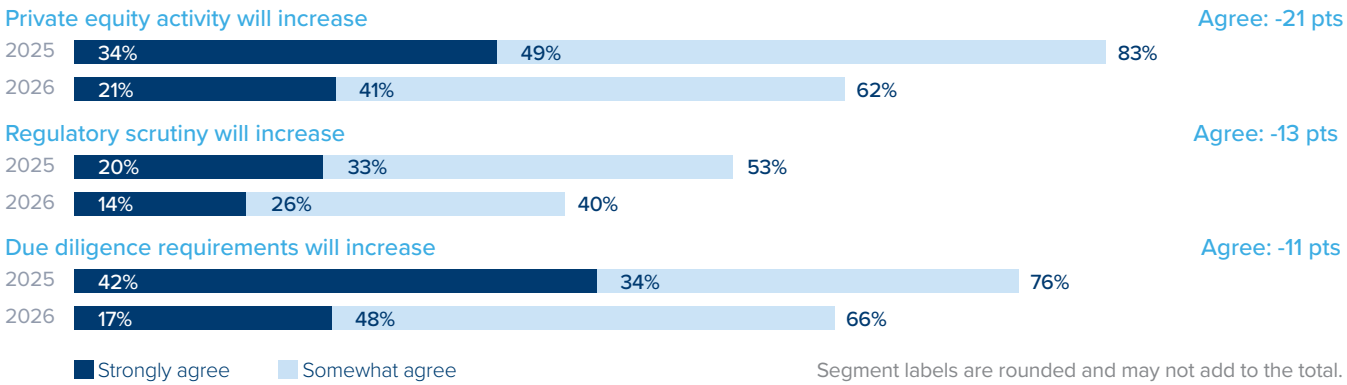


Respondents could select more than one sector. Industrial & Manufacturing and Energy & Natural Resources differ by less than one point in 2025, within the margin of error, and are shown as tied. *In 2025, Healthcare and Life Sciences were separate answer options; the combined 2025 figure is an estimate of the share who would select either.

EXPECTATIONS

How strongly do you agree with these statements about the next 12 months?

Agreement fell on all three statements, led by a 21-point drop on private equity activity.



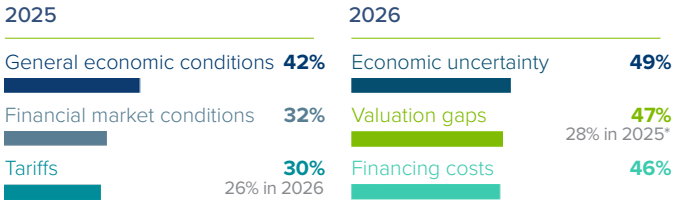
Segment labels are rounded and may not add to the total.

OBSTACLES

What will be the biggest obstacles to M&A activity over the next 12 months?

Valuation concerns jumped from 28% to 47%, moving from fourth place to second.

Top three, share of respondents. Matching colors mark the same answer in both years.



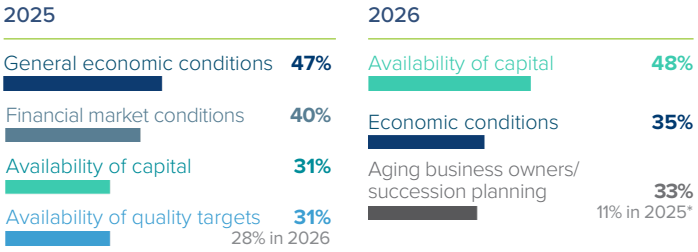
Respondents could select more than one answer. *Answer wording differed between years: "General economic conditions" and "Economic uncertainty" are treated as the same answer, as are "Company valuations" (2025) and "Valuation gaps" (2026). "Financial market conditions" (2025) and "Financing costs" (2026) are shown separately.

DRIVERS

What will be the top drivers of M&A activity over the next 12 months?

Availability of capital moved from a tie for third place to first.

Top three, share of respondents. Matching colors mark the same answer in both years.



Respondents could select more than one answer. *In 2025 this answer was worded "Aging baby boomers." "Financial market conditions" was not an answer option in 2026, and 2026 added "Industry consolidation" and "AI/digital transformation."

STRATEGIC PRIORITIES

What is your organization's highest strategic priority for value creation over the next 12 months?

Revenue growth, a new answer option, took the top spot, and M&A dropped out of the top three.

Top three, share of respondents. Matching colors mark the same answer in both years.

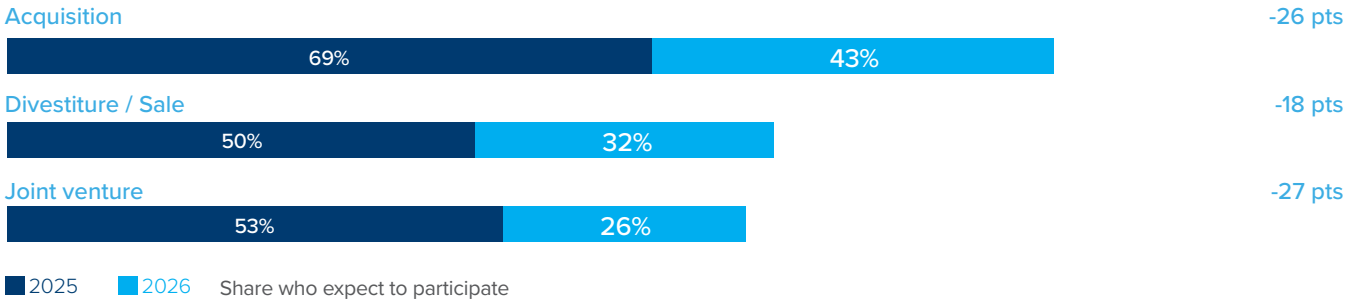


Respondents selected one answer. *Worded "Growth through M&A" in 2026."

DEAL PARTICIPATION

Do you expect your organization to participate in any of the following during the next 12 months?

Expected involvement fell for every transaction type, led by joint ventures (−27 pts) and acquisitions (−26 pts).



In 2025, respondents answered yes or no for each transaction type. In 2026, respondents selected all that apply, and 44% chose "none of the above." 2026 also offered minority investment (17%) and initial public offering (9%), which were not asked in 2025. The 2025 answer was worded "Sale."

Explore M&A Activity Across Eight Key Sectors

01 SECTOR PERSPECTIVE

Healthcare

Healthcare and life sciences ranked third among industries expected to see the most M&A activity this year, cited by 30% of respondents and trailing only technology and data centers. This modest dip (33% in 2025) suggests that capital is still finding its way into the sector even as dealmakers navigate the same valuation gaps and financing pressure shaping the broader market. Private capital continues to build multi-site platforms out of fragmented physician and specialty practice categories. For sellers, the operators best positioned to command strong valuations will be the ones that can show standardized operations, clean financials, and a clear path to scale.



R. Craig Woods
Co-Leader, Healthcare
M&A Practice Group



Dean Gould
Co-Leader, Healthcare
M&A Practice Group



“Healthcare tech deals are advancing too fast for privacy laws to keep pace with them. The first question many buyers now have is how their patient data is being used, and whether AI tools were trained on it with proper consent. Documenting those answers early shortens diligence considerably.”

—Robin Lehninger, Member

02 SECTOR PERSPECTIVE

Energy & Natural Resources

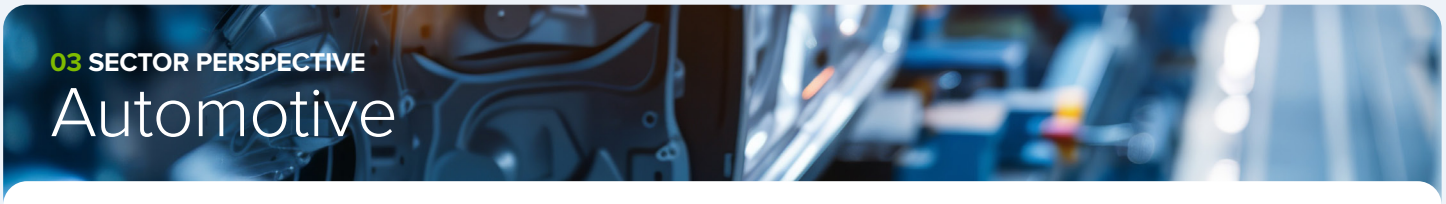
The energy and natural resource sector remains attractive among dealmakers, with 20% of respondents expecting the most M&A activity in the coming year. Though the level of interest remains consistent year over year, buyers appear to be more selective about how they pursue growth. The power and utilities space is where that shift is most visible, as rising electricity demand from AI and data centers is pushing buyers toward targets that offer grid-connected assets, generation capacity, and transmission infrastructure. Dealmaking in the oil and gas sector is consolidating around capital efficiency and balance sheet strength rather than volume growth.



Wilhelm E. Liebmann
Director, Corporate and
Finance Practice Group



Jasper Mason
Member



03 SECTOR PERSPECTIVE

Automotive

The automotive sector ranked 9th among respondents as an industry expected to see the most M&A activity this year (11%), down from 13% last year. Dealmaking among automotive companies seems less about volume and more about repositioning, as OEMs and suppliers continue to work through a period of structural overcapacity. Geopolitical tensions remain a persistent complication, with 26% of respondents citing tariffs as one of the top three obstacles to deal activity. In the near-term, buyers are choosing optionality over commitment to a single powertrain, targeting assets that can flex across internal combustion, hybrid, electric, and autonomous pathways.



Joseph R. DeHondt
Co-Leader, Mergers and Acquisitions Practice Group



Jeanne M. Whalen
Member



“While much of the attention has focused on using AI to accelerate due diligence, buyers are increasingly examining how effectively targets have integrated AI into their operations and what that means for profitability and competitive advantage. This adds new layers of diligence around technology, data rights, governance, contractual dependencies, and associated risks. In a market where virtually every company claims to be AI-enabled, buyers will need to look past the marketing hype to determine whether those capabilities actually support the valuations sellers are demanding.”

—Sean Buckley, Member



04 SECTOR PERSPECTIVE

Industrial and Manufacturing

Industrial and manufacturing ranked fourth among industries expected to see the most M&A activity this year, cited by 26% of respondents. Although its increase from 20% last year may seem marginal, it actually reflects one of the larger year-over-year gains among the industries tracked in our survey. What started as a technology and energy story is now an industrial one, with potential buyers seeking the equipment and components that enable AI infrastructure to be built at scale. More than a quarter of survey respondents cited tariffs among their top three obstacles this year.



Brendan J. Cahill
Leader, Private Equity Practice Group



Nick Monaghan
Member

05 SECTOR PERSPECTIVE

Cannabis

This year's survey data on cannabis dealmaking told a quiet story, but a pair of headline transactions elsewhere suggest these results undersell the momentum we're actually seeing on the ground. Curaleaf's unsolicited bid for Canadian producer Aurora Cannabis and Vireo Growth's rapid-fire roll-up of distressed assets represent opposite strategies aimed at the same goal: building scale and international reach before the next phase of regulatory change reshapes the competitive landscape. In April 2026, the Department of Justice moved FDA-approved cannabinoid drug products and state-licensed medical cannabis from Schedule I to Schedule III, lifting the Section 280E tax penalty for state-licensed medical operators.



R. Lance Boldrey
Leader, Cannabis Industry Group



John W. Fraser
Michigan Team Leader,
Cannabis Industry Group



"When buyers start asking questions, targets who prepare early not only move faster, but hold up better. Organized contracts, clean entity structures, and a clear picture of how the business operates can make a real difference to timelines."

—Ariel J. Snyder, Member

06 SECTOR PERSPECTIVE

Financial Services

Survey respondents remain bullish on the future of dealmaking in the financial services industry, with 22% expecting it to see the most M&A activity over the next year. Although enthusiasm remains stable, the strategies driving it beneath the surface are shifting in real time. Capital One's $5.15 billion acquisition of Brex, an AI-native corporate card and expense management platform, is the latest example of banks choosing to buy their way into AI-driven capabilities rather than build them internally. Across banking, fintech, and insurance, the institutions coming out ahead are those treating M&A as a shortcut to capability, not just a path to scale.



Jeffrey C. Gifford
Leader, Governance Practice Group



Peter F. Waltz
Leader, Securities Practice Group

07 SECTOR PERSPECTIVE

Dental Service Organizations

Dealmakers in the DSO space entered 2026 with real optimism, but market activity so far suggests something closer to a second straight year of “muted recovery.” Nearly 75 DSO sale processes were abandoned from June 2022 through the end of 2025, while only about 8 transactions closed at modest multiples. Sellers are resetting expectations to reflect current conditions, and buyers are mitigating the risk through earnouts, holdbacks, post-closing purchase price true-ups, and joint ventures. The question for many organizations isn’t whether the capital returns, but whether they will be positioned to capitalize on it when it does.



Brian Colao
Leader, DSO Industry Group



Jena Taft
Member



“Health tech companies raising capital should expect investors and lenders to ask what happens to the business when AI changes the model. Documenting data rights, customer contracts, and HIPAA compliance before the process begins shortens diligence and strengthens the valuation conversation.”

—Kate L. Bechen, Member

08 SECTOR PERSPECTIVE

Veterinary Service Organizations

Corporate and private equity ownership climbed from about 8% of U.S. clinics in 2011 to approximately half by 2025. What stands out about 2026 is that the market increasingly looks like it has entered the same maturity phase dental reached a year prior, with consolidation turning inward. Consolidator acquisitions peaked at roughly 1,100 practices in 2021 and have since fallen sharply, landing at around 350 annually in 2024 and 2025. But not every platform enters this next phase from a position of strength, with at least one major consolidator seeing its credit rating downgraded in 2025 amid concerns about an unsustainable capital structure.



Virgil Ochoa
Co-Leader, VSO Industry Group



Eric L. White
Co-Leader, VSO Industry Group

Methodology

In August and September 2026, national law firm Dykema distributed its M&A Outlook Survey via email and LinkedIn to a group of CEOs, CFOs, other senior company officers, attorneys and in-house counsel, private equity professionals, investment bankers, commercial bankers, and other professional advisors engaged in the M&A industry. Survey respondents represent a cross section of executives and M&A advisors engaged in more than a dozen sectors, including financial services, technology, media, telecoms, healthcare, industrial/manufacturing, retail, energy, real estate and construction, consumer products, education, logistics, automotive, law, insurance, food and beverage, life sciences, staffing, and cannabis. Due to rounding, percentages used in some questions may not add up to 100%.

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