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A surprise rebound in M&A and what it signals for future exits

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The surge in late-2025 M&A activity brings the industry record numbers with megadeals grabbing the headlines. But it also creates new opportunities for lower middle-market business owners who've been patiently waiting.

If you asked most business owners six months ago how the M&A market felt, the answer would have been the same.

Slow. Uncertain. Valuation-mismatch.

The past two years have felt like a reset. Higher interest rates, tighter lending, and a recalibration in valuations that paused a lot of exit plans. Heading into 2025, there was cautious optimism that activity would rebound. But by the spring, that optimism faded amid inflation concerns, financing costs, and tariff volatility. Buyers remained disciplined despite pressure to deploy capital raised years earlier that was still sitting on the sidelines.

In a twist, dealmaking activity surged to new heights

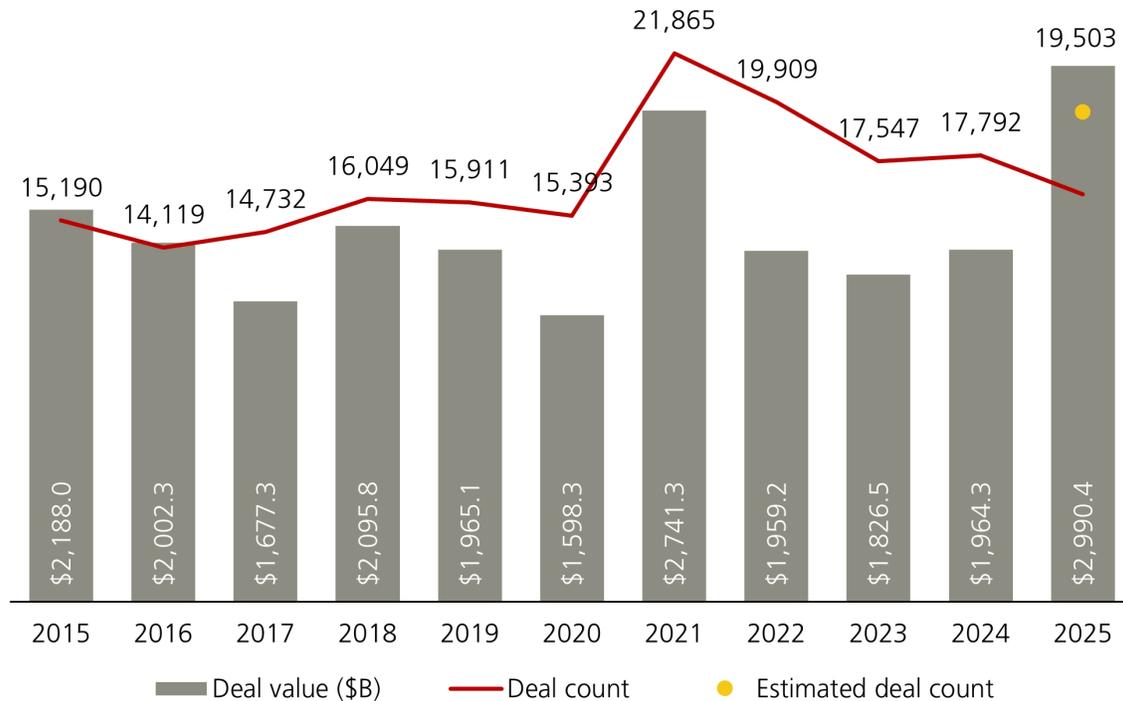
M&A activity has a way of surprising people. After all the gloom, conditions shifted quickly. As uncertainty eased and financing and tariff visibility improved, confidence returned to capital markets. Deal activity accelerated sharply in the back half of 2025.

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Both 3Q and 4Q saw deal value surge past USD 800 billion, according to Pitchbook’s 2025 Global M&A Report, marking two of the strongest quarters on record for North American M&A. Total deal value approached USD 3 trillion across ~19,500 transactions.

In other words, the market did not just recover. It reaccelerated, outperforming 2021’s previous record by ~9%. What makes this notable is not just the scale, but the speed.

North American M&A Activity



Source: Pitchbook 2025 Global M&A Report, January 30, 2026

Beyond megadeals

Headlines focused on billion-dollar deals like Electronic Arts and Warner Bros. Pitchbook estimates that the 375 megadeals completed during the year drove nearly 60% of the total global value.

But focusing only on the top end misses the broader story. Large transactions tend to create ripple effects across the market. Non-core divestitures post-merger and a renewed IPO market driving exit opportunities should expand opportunities downstream.

Buyers didn’t leave—they waited

Rather than go away, buyers remained active behind the scenes. Strategic acquirers continued evaluating targets. Private equity firms still held significant undeployed capital.

The constraint was confidence and financing visibility, not buyer interest. As those conditions improved in the second half, buyers moved quickly to reengage.

What this means for business owners

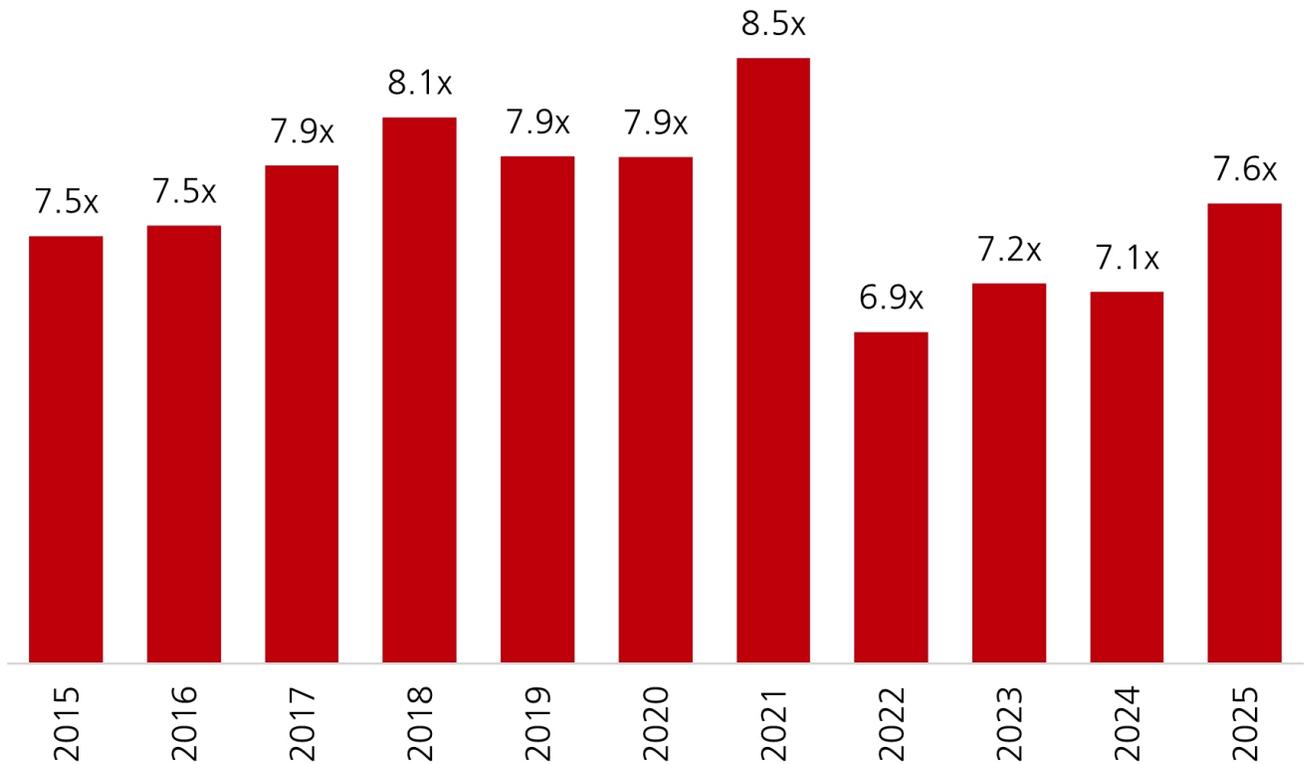
For business owners in the lower middle market, typically in the USD 10 million to USD 250 million enterprise-value range, the takeaway is not that conditions are back to peak froth.

They are not. Conditions have improved, but discipline remains.

Pitchbook reports modest progress in EBITDA multiples (7.6x vs. 7.1x y/y for deals under USD 100m), but valuations remain grounded as compared to 2021. Deals have grown more complex. Diligence is very thorough.

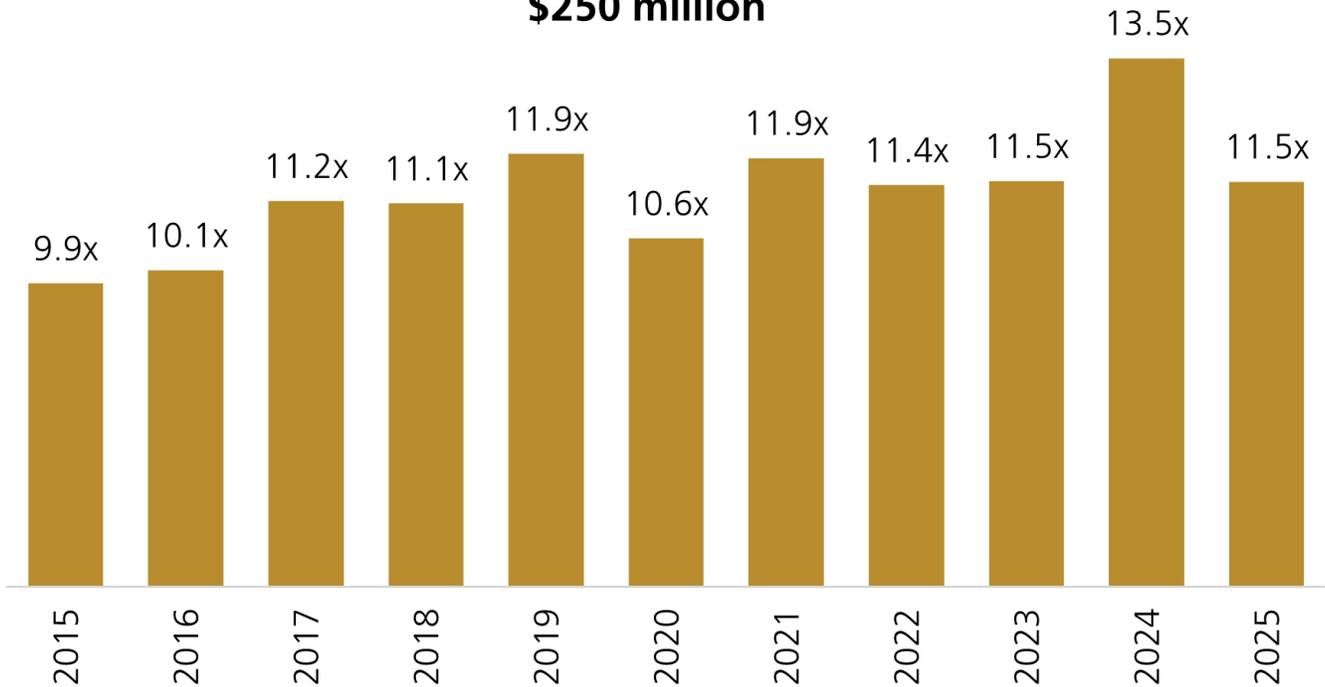
Still, the data show that that environment has shifted meaningfully from where it stood. There is quiet momentum.

Median EV/EBITDA multiple for deals under \$100 million



Source: Pitchbook 2025 Global M&A Report, January 30, 2026

Median EV/EBITDA multiple for deals \$100 million to \$250 million



Source: Pitchbook 2025 Global M&A Report, January 30, 2026

The planning window may be opening before the exit window

That distinction matters. Owners do not need to rush to market because activity improved in late 2025. But they also should not assume they have unlimited time. Exit outcomes are rarely determined by market timing alone. They are shaped by preparation, positioning, and optionality.

After the One Big Beautiful Bill Act, owners have additional tools at their disposal. Ultimately, net proceeds matter more than headline valuations. [Planning intentionally](#) before signing a letter of intent can materially improve outcomes.

When markets turn, it's the prepared sellers that tend to have more leverage than reactive ones.

For lower middle-market business owners, the message is simple. The exit window may not be fully open yet. But the planning window is. And your UBS financial advisor can help.

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