Weekly Brief

September 22, 2026

New Constraints on Dealmaking

I hear it from CEOs more and more lately: confidence is returning to dealmaking. The data agrees—up to a point.

Global M&A deal value is up 15% this year, according to BCG's 2026 M&A report, and megadeals—those worth $10 billion or more—are surpassing the highs of the last boom. There were 37 in the first eight months of 2026, up from 24 a year earlier and exceeding the previous record of 32 in 2021.

If you look past the headline number, though, the recovery is uneven. Small-cap and midcap deals remain below their long-term levels. BCG's 2026 M&A Sentiment Index finds that global sentiment, at 83, has improved since January but still sits short of its long-run average of 100. What hasn't returned, across large parts of the market, is a healthy supply of transaction-ready assets.

The Missing Middle

Capital is not the constraint. Corporate balance sheets and PE funds still hold substantial dry powder, and financing conditions remain workable despite significantly higher rates. But according to PitchBook, PE firms were sitting on more than 33,500 unsold portfolio companies as of June—more than double the count of a decade ago. That backlog shows up in holding periods too: the median US portfolio company now sits with its sponsor for 5.3 years, up from 4.3 years in 2020.

AI is creating new dynamics. It's pulling capital into deals within the AI ecosystem itself—power generation, semiconductors, data centers. For assets exposed to AI-driven disruption, however, it's widening the gap between what buyers will pay and what sellers think they're worth. The correction in software valuations earlier this year was evidence of this emerging dynamic.

Regulatory Risk Is Shifting, Not Disappearing

Antitrust enforcement has eased in parts of the market, with regulators blocking fewer deals and leaning more on remedies. But the regulatory burden hasn't shrunk—it has evolved. National security screening, foreign investment controls, and industrial policy now shape a deal's terms and timeline as much as competition law once did.

Europe shows the shift most clearly. The European Commission is revising its merger guidelines to weigh Europe's competitiveness and regional resilience alongside the usual antitrust tests, while its Foreign Subsidies Regulation adds a further layer of scrutiny. Dealmakers need to focus not only on whether a transaction clears but on how long clearance takes and what conditions come attached.

Here's how to approach dealmaking now:

- **Test all five execution gates before committing to a deal—** asset readiness, price, financing, organizational capability and capacity, and regulatory clearance.
- **Adjust deal structure to bridge uncertainty.** Earnouts, minority stakes, and staged deals let you act now without betting everything on today's price.
- **Build regulatory time into the deal thesis.** A transaction that takes 18 months to clear is a different transaction than one

that takes six. Price it and plan the integration approach accordingly.

- **Apply AI across the M&A value chain.** Using the latest tools to identify targets, execute due diligence, and discover synergies will bring you ahead of the curve and potentially enable proprietary deals.

The next phase of this cycle won't reward the biggest checkbook. Better-prepared assets create supply—and demand. Sharper structures create flexibility. Faster regulatory judgment creates certainty.

I believe that the dealmakers that can identify high-quality, transaction-ready assets early and treat deal structure and regulatory judgment as part of an integrated M&A discipline will be the ones that close.

Until next time,

Christoph Schweizer
Chief Executive Officer

Further Insights

The 2026 M&A Report: In Search of a Wider Recovery

Global M&A value is rising in 2026, but the recovery remains concentrated in large deals. Broader momentum depends on clearing execution hurdles.

See What's Holding Deals Back

The 2026 M&A Report: Regional Perspectives

M&A in 2026 has been uneven across regions. Large deals are lifting value while deal volume lags, with private equity and cross-border activity shaping markets.

Explore the Regional Breakdown

The Playbook for AI Deals Is Still Being Written

AI dealmaking is shifting from capability buying toward platform assembly, but consolidation remains rare. Companies should build integration capabilities now.

Get Ahead of AI Consolidation

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