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Behind the Headline Recovery:

Where Global M&A Capital Is Actually Going

July 2026

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Executive Summary

Fig 1 · Key Takeaways

+36%

DEAL VALUE GROWTH

growth in global deal value in 2025

+1.2%

DEAL VOLUME GROWTH

growth in global deal volume in 2025

~600

CAPITAL CONCENTRATION

number of $1bn+ transactions that accounted for essentially all of 2025's value growth

15

SECTOR CONCENTRATION

megadeals in the technology sector alone in 2025, the highest of any industry

Source: PwC

Global M&A has entered a recovery phase, but the improvement remains unevenly distributed. Rather than reflecting a broad return of transaction activity, the market is being shaped by a limited group of large deals that are absorbing a disproportionate share of available capital and buyer attention.

This concentration is also visible at the sector level, with technology emerging as the clearest destination for megadeal activity. At the same time, AI relevance is becoming an increasingly important part of transaction rationale, helping buyers distinguish between companies offering durable strategic value and those benefiting mainly from cyclical momentum.

The result is a more selective deal environment in which strong fundamentals alone may not guarantee buyer interest. Transaction prospects increasingly depend on scale, sector positioning, strategic relevance, and the ability to present a credible case for long-term value creation.

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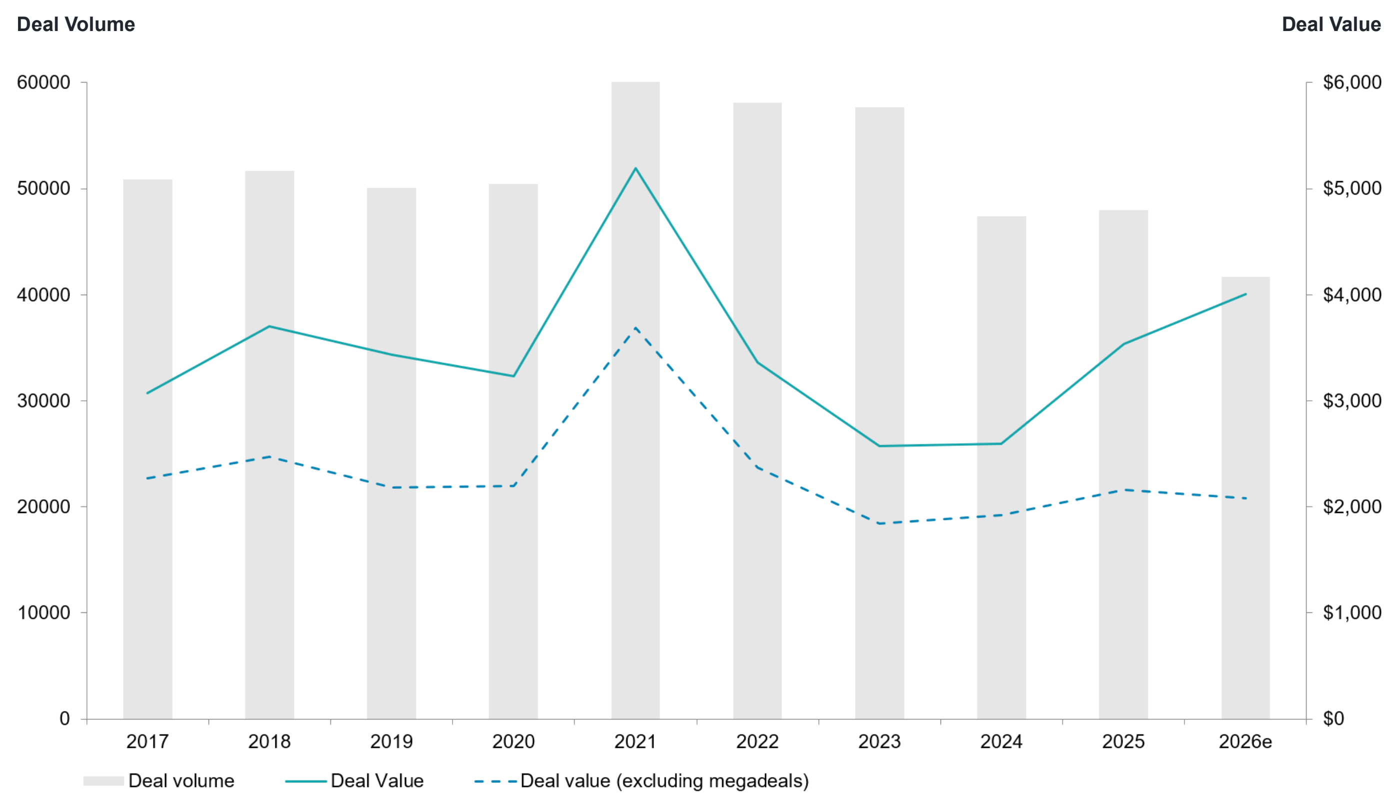
Deal Value Growth Is Outpacing Deal Volume Growth

Fig 2 · Deal volumes and values, 2017-2026e (USD Billion)



Source: PwC

The gap between value and volume growth (Figure 2) is not a statistical curiosity; it is a signal that the mechanism of recovery has changed. In prior up-cycles, rising deal value typically reflected broader participation: more buyers, more sellers, more transactions clearing at higher multiples. A recovery where value decouples this sharply from volume implies the opposite mechanism, a small number of participants transacting at very large scale, with the rest of the market functionally static.

That distinction matters because it changes what "market conditions are improving" actually means for a given company. Historically, a rising deal market was treated as a tailwind available to most participants by default.

Under this pattern, the tailwind is conditional on proximity to where capital is concentrating, a company can no longer infer its own prospects from the health of the aggregate market.

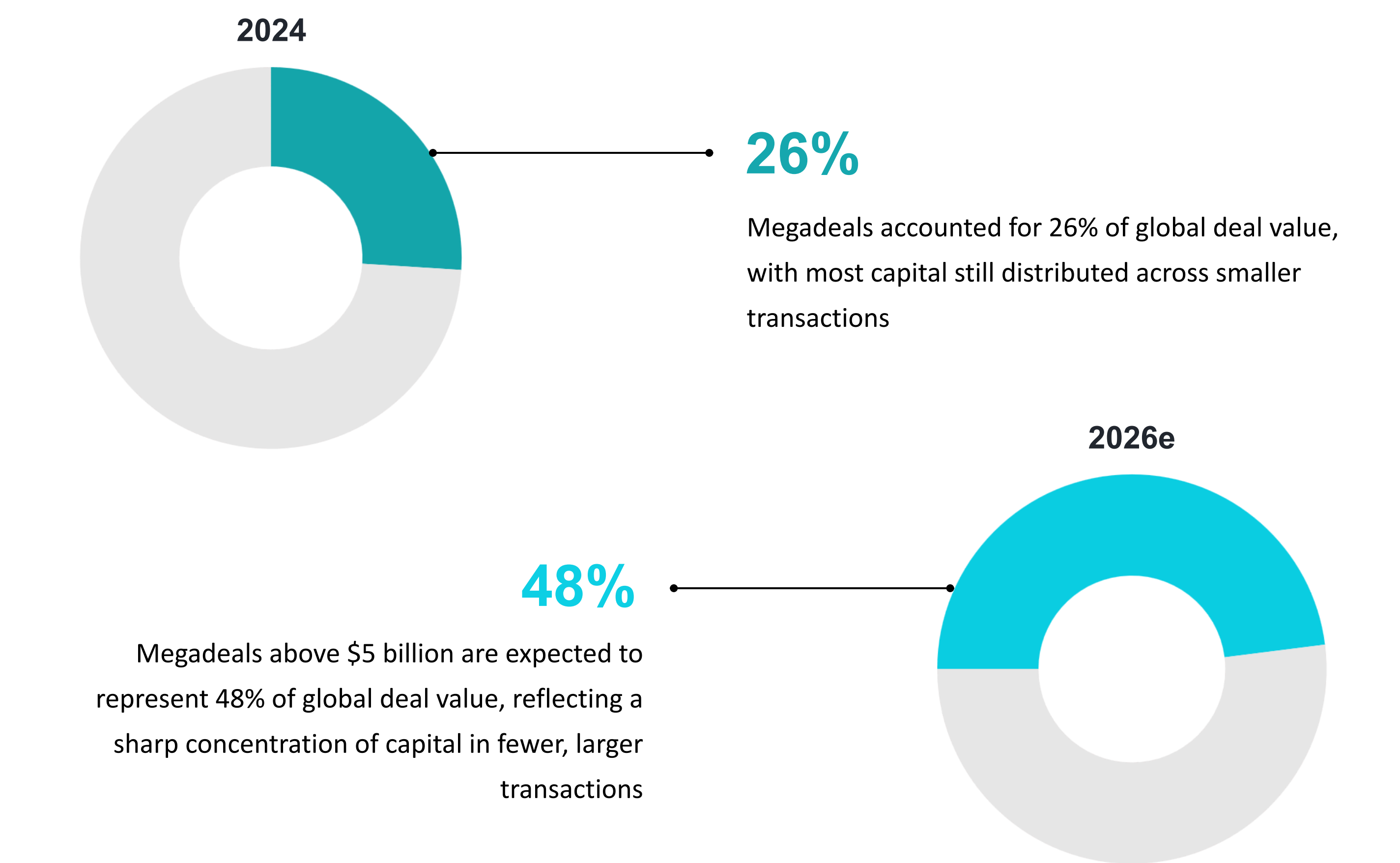
> *Rising deal value without corresponding volume growth confirms that the recovery is concentrated, not broad-based.*

Megadeals Are Driving Most Value Growth

What this concentration reveals is a shift in how capital is being allocated, not merely where. When a small number of transactions account for effectively all value growth, buyer capital and advisory resources are not being spread thin across many opportunities, they are being committed in full to a handful of them.

That is a different competitive environment than a "slow market," because the capital has not become scarce; it has become concentrated and decisive.

Fig 3 · Megadeals' share of global deal value increases



Source: PwC

For a company outside that tier, this reframes the nature of the competition. The relevant comparison is no longer other companies of similar size seeking a deal, it is the opportunity cost a buyer faces by not pursuing a transaction ten or a hundred times larger. A mid-market opportunity is now evaluated not on its own merits alone, but against the standard set by what else is currently absorbing that same buyer's limited bandwidth.

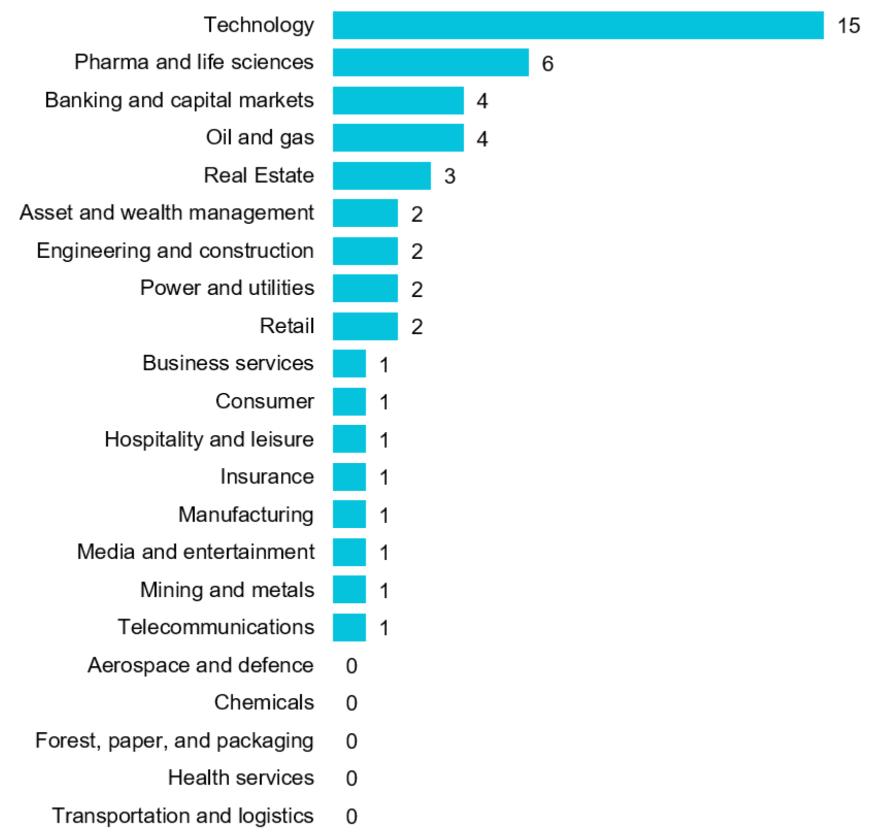
> *Capital is not disappearing; it is being deployed decisively into fewer, significantly larger transactions.*

Sector Concentration Narrows Access to Capital

What the sector pattern reveals is that scale-based concentration and industry concentration are compounding, not independent, effects.

The same capital drawn toward a small number of oversized transactions is also being drawn toward a small number of industries, meaning a company's odds of attracting serious buyer capital depend on clearing two narrowing filters simultaneously, not one.

Fig 4 · Number of megadeals by sector



Source: PwC

With technology accounting for 15 megadeals, far ahead of every other sector, companies outside this concentration must overcome both scale and sector barriers to attract meaningful buyer attention. The sharper question is what makes the leading sector's position durable rather than coincidental.

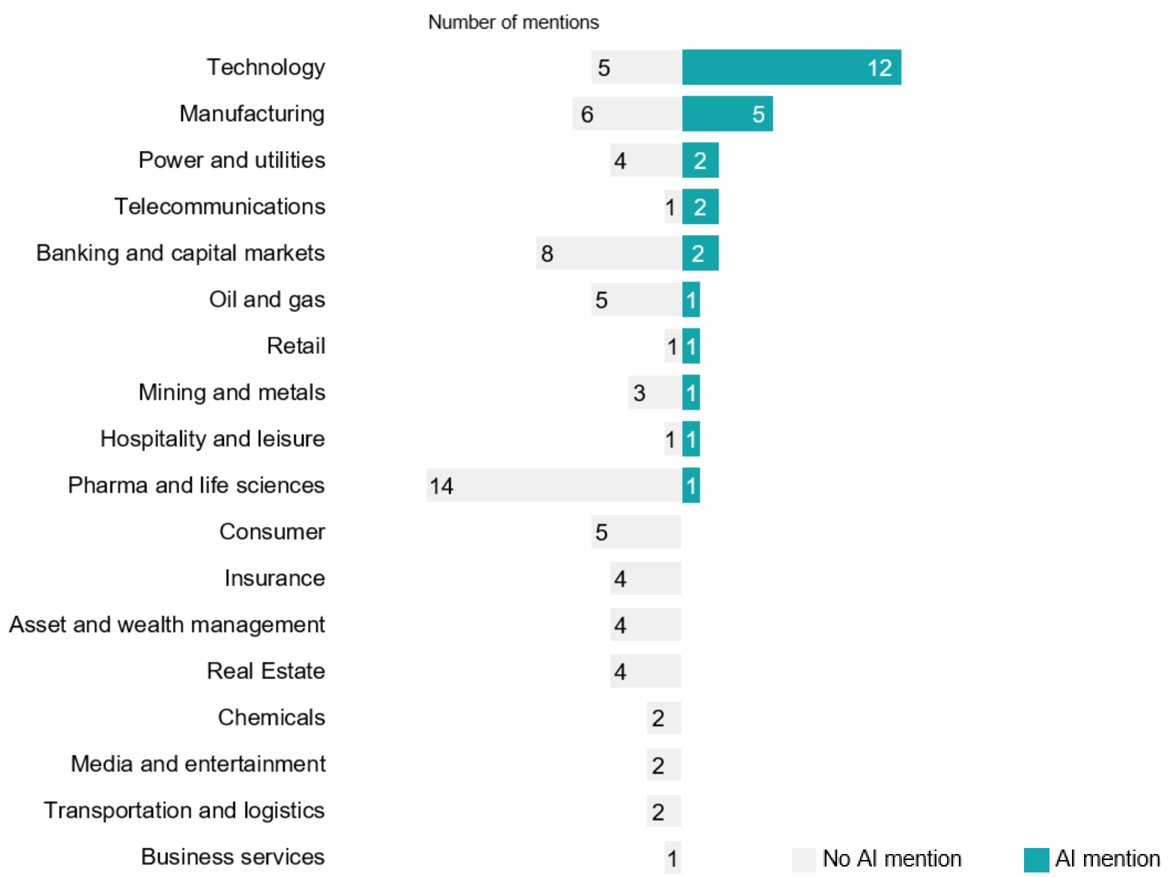
> *Companies must now overcome both scale and sector filters to attract meaningful buyer attention.*

AI as a Precondition for Buyer Conviction

AI's role as a stated rationale in large transactions is best read as a proxy for something buyers cannot yet price directly: confidence that a target's growth trajectory is structurally protected rather than cyclically fortunate.

In a market where capital is already being rationed toward a small number of bets, citing AI relevance functions as a buyer's shorthand for conviction, a way of justifying commitment of scarce capital under uncertainty.

Fig 5 · AI mentions in press releases of top 100 corporate deals



Source: PwC

This has a second-order effect worth naming explicitly: it means AI positioning is not competing with other valuation factors, it is filtering which companies get evaluated on those factors at all.

A company with strong fundamentals but no credible AI narrative risks being overlooked before those fundamentals are even assessed.

> *A credible AI strategy is increasingly becoming an entry condition for buyer consideration, not merely a valuation premium.*

Conclusion

The current M&A recovery should not be interpreted as an equal expansion of opportunity across the market. Capital is available, but it is being committed more selectively, with buyers prioritising larger transactions and sectors offering clearer strategic or technological advantages.

For companies outside these areas, the challenge is not simply to demonstrate financial quality. They must also explain why the transaction deserves attention relative to larger and more prominent alternatives competing for the same buyer resources. A clear strategic fit, defensible growth profile, and credible value-creation plan are therefore becoming central to deal readiness.

AI can strengthen this positioning where it supports measurable commercial or operational outcomes. However, as buyer scrutiny increases, unsupported AI narratives are unlikely to remain persuasive. Dealmakers must therefore focus on evidence, differentiation, and relevance rather than relying on the strength of the broader market recovery.

Appendix & References

Source: https://www.pwc.com/gx/en/services/deals/trends.html

Glossary

TERM	DEFINITION
Deal Value	The total monetary value of announced M&A transactions during a specified period. It indicates the amount of capital deployed rather than the number of deals completed.
Deal Volume	The total number of M&A transactions announced during a specified period, regardless of their individual size.
Megadeal	An M&A transaction valued at more than USD 5 billion, based on the definition used by PwC and this report.
Non-Megadeal	A transaction valued at USD 5 billion or less. The term is used in this report to distinguish the broader deal market from PwC-defined megadeals.
Capital Concentration	A market condition in which a disproportionately large share of total deal value is directed toward a relatively small number of large transactions.
Sector Concentration	The clustering of deal activity and buyer capital within a limited number of industries. In this report, technology accounts for the largest number of megadeals.
Mid-Market Opportunity	A transaction below the megadeal category that competes with larger deals for buyer capital, management attention and advisory resources. The report does not assign a fixed value range to this segment.
Buyer Conviction	A buyer’s confidence that a transaction offers a strong strategic fit, defensible growth and sustainable long-term value, sufficient to justify committing capital under uncertain market conditions.

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