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THE 2026 M&A OUTLOOK: WHAT'S CHANGING AND WHY IT MATTERS TO BUSINESS OWNERS

As business owners look ahead to 2026, many are wondering what's next for the M&A market. We sat down with Founder & Partner, John Ovrom, to share a candid, conversation-style look at what to expect, from market trends to deal structures and the impact of AI.

Q: How did 2025 affect the M&A market?

A: *Honestly, 2025 was kind of a rough year. There was a lot of uncertainty in the market, people didn't know what was going to happen, and that really slowed things down. A lot of business owners were just trying to survive.*

Companies didn't have time to think about improving processes, analyzing their markets, or planning an exit. It was all reactionary, emails about government

shutdowns, changing federal contracts, SBA rule updates, you name it. Deal activity slowed because most folks were focused on keeping the lights on.

Q: What can we expect for 2026?

A: *I'm actually pretty hopeful. 2026 should be better than 2025. People are going to feel a little safer and more confident, which makes a big difference. When business owners feel like they can plan and invest, that's when you start seeing activity in the M&A space.*

It won't be the best year ever, but definitely an improvement. Companies that did okay in 2025 will likely see more interest from buyers. And even those that struggled last year, they'll start healing and getting their margins back, figuring out supply chains, tariffs, employees, AI, you know, all the stuff that got bumpy in 2025.

Q: Will deal activity increase in 2026?

A: *I'd say so. For companies that held steady last year and have stable operations, there will definitely be more activity, they're the ones buyers feel safe with.*

That said, buyers will still be cautious, especially if a company had a rough 2025. But overall? Expect more deals, because people are starting to feel confident again.

Q: Are some industries more affected than others?

A: *Absolutely. Some industries had a tough go, while others did okay.*

- **Tech platforms:** AI companies are doing well, but others got hammered.
- **Government contracting:** Some areas were stable, others were hit hard by shifting funding priorities.
- **Service-based businesses:** Electrical, HVAC, sprinklers, stuff that's always needed, is still attractive.

Basically, if you can show you're stable in an unstable market, there's plenty of money looking to invest. Buyers want recurring revenue, solid employees, and strong processes, those are the companies that get attention.

Q: Are cash deals still common, or are other financing options growing?

A: Cash deals are still pretty common, especially for smaller transactions, but sellers still often carry a note. Buyers like to see the seller invested in the deal, it's part of managing risk.

Interest rates have made traditional financing more expensive, so cash-heavy deals make sense right now. But it's not all cash, all the time; you still see creative structures where both sides share some of the risk.

Q: How will AI impact M&A in 2026 and beyond?

A: AI's a big topic, but honestly, we haven't seen the full impact yet. A lot of business owners think using ChatGPT or email tools counts as AI, but that's just saving time, not really moving the needle.

The real game-changer is when companies integrate AI into internal systems, like document control or analytics, so it actually improves operations and decision-making. Companies that don't invest in that now might see their valuations drop in a few years, while private equity firms are already looking to acquire those who lag behind and scale them with AI.

So it's not just about 2026, it's about thinking three to five years ahead.

Q: What should business owners watch for in the broader market?

A: *Keep an eye on interest rates, tech adoption, and global events, they all affect confidence. 2026 should be better than 2025, but things aren't totally predictable. The key is staying proactive, planning strategically, and knowing your business inside and out.*

Q: What advice would you give to business owners considering a sale in 2026?

A: *My biggest advice? Focus on stability and predictable revenue. Strengthen your processes, know your market, and make sure your business can show value even in an uncertain economy.*

Also, keep an eye on trends like AI, industry shifts, and who your buyers are. If you do that, you'll be in a good position when the market opens up.

Planning an exit in 2026?

Whether you're thinking about selling next year or just starting to explore your options, now is the time to get clear on your strategy. The strongest outcomes go to business owners who plan early.

[Contact Us](#) to start a confidential conversation about where your business stands, and what you should be doing now to prepare for 2026.