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M&A Outlook 2026

A story of resilience
and strategic recovery

MARCH 2026

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Executive summary

Dealmaking surged in the second half of 2025 after tariffs had upended early optimism.

2025 wasn't the straight-line recovery many had hoped for in global M&A. Instead, it was a year split cleanly in two.

An analysis of M&A projects opened and managed through the [Ideals Virtual Data Room](#) reveals that although deal timelines remained broadly flat overall, the underlying market dynamics shifted significantly.

Tariffs, regulatory friction and geopolitical uncertainty interrupted early-year momentum, forcing many deals to pause or slow. But by the second half of the year, dealmaking regained its footing, led by large, strategic transactions in technology, infrastructure and energy-adjacent assets.

This follows [tentative improvement in 2024](#), when average deal duration fell 4% after several years of delays, and shows progress is rarely linear. Our 2025 data reflects a market adjusting to new uncertainties while continuing to pursue strategic opportunities.

“The first half of the year was about caution,” says Deven Monga, VP of Sales at Ideals. “Then, once the uncertainty they faced became more quantifiable, dealmakers moved decisively. The rebound in H2 shows the market’s pause wasn’t a retreat, but a recalibration.”

Our analysis of global deal activity shows five defining dynamics:

1. Deal timelines remained broadly stable.

Average deal duration reached 264 days in 2025, up 3% year-on-year and nearly 30% longer than in 2020.

2. Momentum returned in H2.

Despite a volatile first half, 2025 finished with a 3% year-on-year increase in virtual data room openings, signalling renewed execution into 2026.

3. The US pulled further ahead.

North American deal timelines shortened while Europe slowed, reinforcing a widening transatlantic gap.

4. Growing complexity is slowing execution.

Larger deal teams, deeper diligence and higher multiples are extending timelines, even as technology improves efficiency.

5. AI isn't accelerating deal timelines – yet.

Adoption is rising, but efficiency gains are being absorbed by deeper analysis.

A market that defied headwinds

While 2025 introduced new challenges, global M&A stayed steady.

[BCG](#) describes 2025 as a year in which the M&A market “defied headwinds and steadily recovered.”

Even amid inflation, regulatory scrutiny and complex trade policies, global M&A remained resilient. Our data supports this: average deal duration rose just 3% year-on-year to 264 days in 2025.

“Despite growing complexity, our customers kept deal timelines on track through more deliberate and structured execution,” says Daniel Black, VP of Business Development for EMEA and LATAM at Ideals.

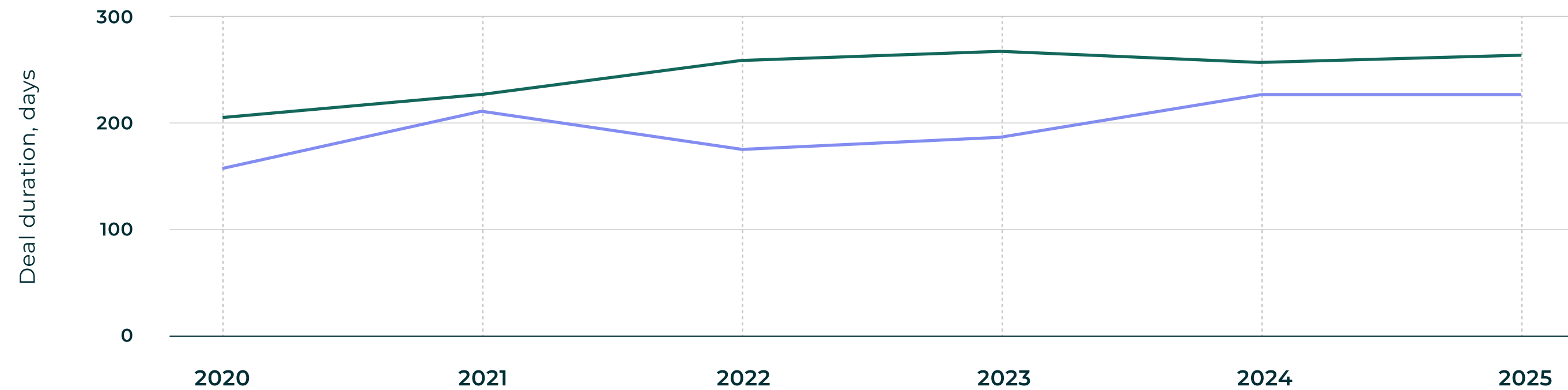
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Daniel Black
VP of Business Development
for EMEA and LATAM at Ideals

Average duration of M&A deals using an Ideals data room



Deal timelines increased only slightly overall in 2025.

● Average deal duration, days ● Average deal duration, man-hours

A tale of two halves

After mid-year delays, 2025 dealmaking closed on a high note.

Global M&A in 2025 was a study in contrasts, with early hesitation giving way to momentum as the year unfolded.

Disruption and hesitation in H1

The year in M&A got off to a strong start, with the number of data rooms opened on the Ideals platform growing 7% year-on-year in Q1.

That confidence faltered in Q2, which saw a 2.5% decrease in data room openings as tariff announcements and trade uncertainty forced many buyers and sellers to pause. Supporting this trend, [PwC](#) reports that around a third of US deals were paused or restructured in May, and a [Norton Rose Fulbright](#) survey revealed that two thirds of dealmakers had reduced their appetite for M&A.

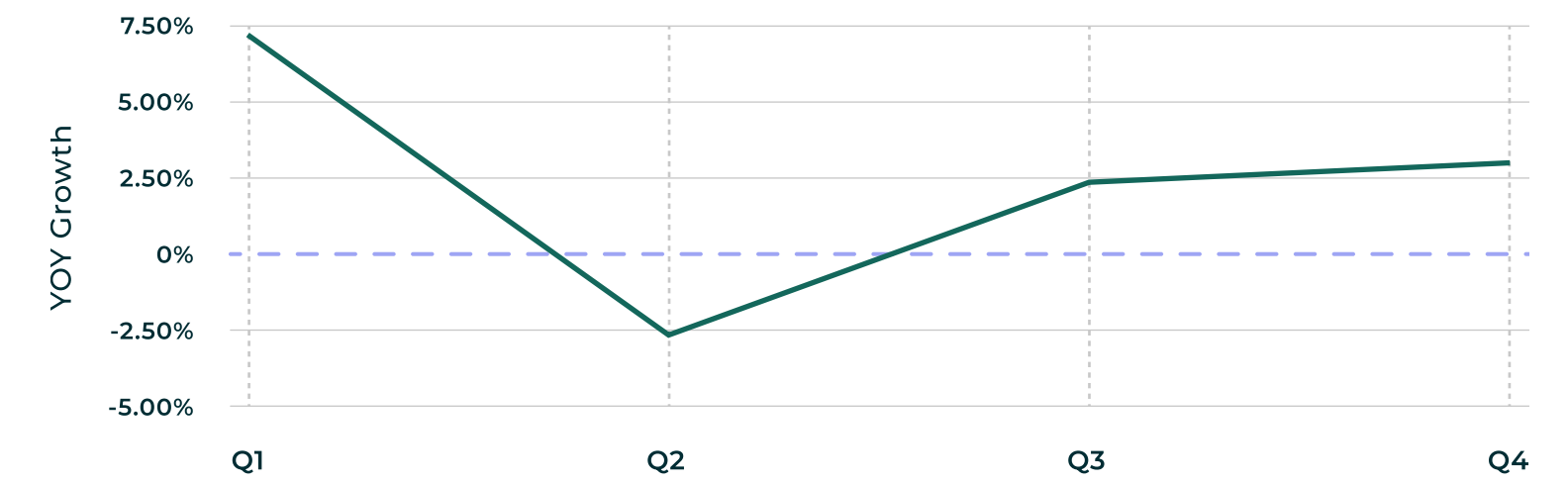
But far from signaling a market freeze, participants viewed these pauses as an opportunity to recalibrate.

“The perceived volatility around tariffs and policy shifts was largely overblown,” says Sanjar Abdurakhmonov, Vice President at Citi. “Dealmakers quickly recognized these risks were now known rather than unknown – part of the new normal – and this allowed markets to continue moving forward.”

40% higher deal value was recorded in H2 2025 compared to H1.¹

¹ [BCG](#)

Year-on-year change in M&A data rooms created on the Ideals platform in 2025



After a strong start to the year with a boost in data room openings, Q2 saw a brief dip as dealmakers assessed the impact of shifting market conditions.

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Momentum returns in H2

By the second half of the year, activity and confidence recovered. Our analysis shows that 2025 closed with a 3% year-on-year increase in data room openings.

“Given the global fall in M&A volumes in 2025, this partly just reflects the continued growth of our business,” reflects Daniel. “But we’re confident that the demand we’re seeing is a positive sign for the M&A market, and that deal activity will pick up in 2026.”

This renewed momentum was reflected in the market more broadly: it coincided with higher-value transactions, particularly large strategic deals. This drove aggregate deal value in H2 to 40% above H1, according to [BCG](#).

The US pulls ahead on deal timelines

Deal timelines and sizes varied noticeably across markets.

Although timelines remained fairly flat overall, notable differences emerged across regions. Developed markets averaged 262 days (+2% YoY), while emerging markets edged higher to 271 days (+4% YoY).

North America was this year’s standout performer, following a moderate improvement last year. Deal timelines shortened slightly, from 257 to 250 days, even as volumes grew by 26%, according to BCG. This puts the region ahead of Europe in terms of both activity and speed.

“In Europe, the market has shifted toward smaller mid-market deals, while the US continues to focus on fewer but larger transactions,” explains Nitya Srivastava, Engagement Manager at EY-Parthenon. “Europe has also become stricter on sell-side diligence and regulatory requirements, whereas the US remains more flexible, especially around AI and the depth of review.”

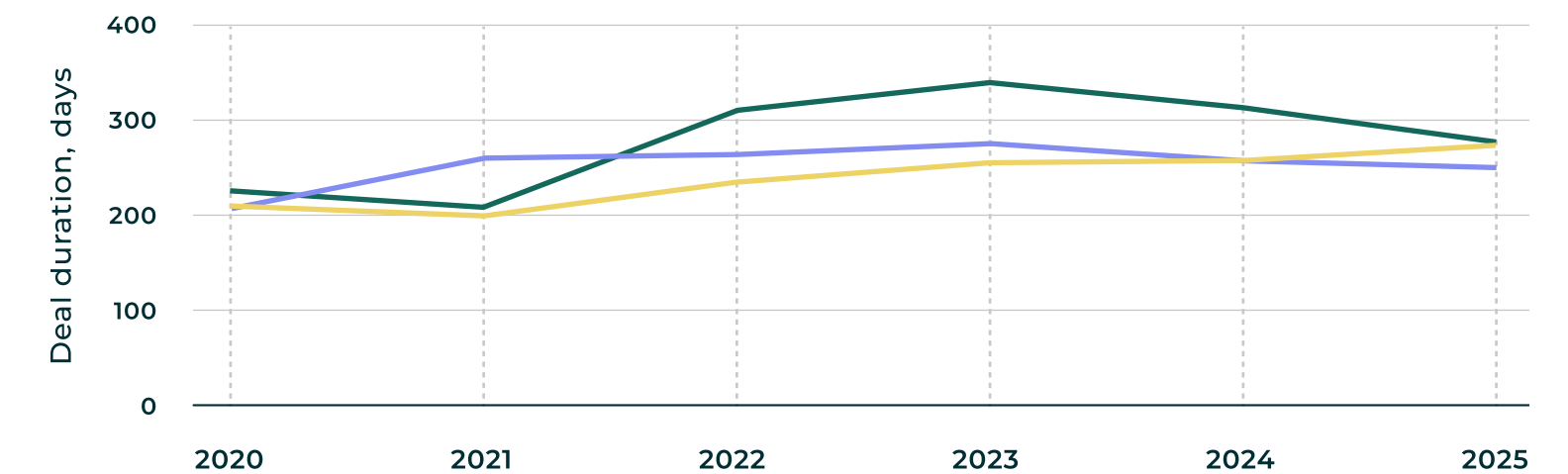


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Nitya Srivastava
Engagement Manager
at EY-Parthenon

Regional changes in deal duration



Deal timelines in North America shorten, widening the gap with Western Europe.

● Asia and Oceania ● North America ● Western Europe

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As we explored in our recent report, [AI in M&A 2026](#), US teams are increasingly using AI to streamline sourcing, compare targets and accelerate diligence. By contrast, many European dealmakers remain more cautious, constrained by regulation and stricter data requirements.

“This divergence in approach could influence not only how quickly deals close, but also how strategic transactions are executed across the Atlantic,” speculates Daniel.

Deal speeds vary regionally

Europe slowed under stricter rules, while the US and Asia & Oceania sped up.

Elsewhere, the story was more mixed. Europe faced slower, more complex dealmaking, while Asia and Oceania benefited from reforms that boosted speed and efficiency.

Western Europe: Complexity stalls progress

Deal timelines in Western Europe stretched 6% year-on-year, while [overall volumes declined](#). Rising regulatory complexity, including from the new [EU Foreign Subsidies Regulation](#), added friction to deal reviews and extended diligence.

“Europe has become stricter, with the EU Act and other regulations coming in,” observes Nitya. “Deal teams are now more structured about diligence. The formats they use and the regulatory requirements they need to cover are much more detailed.”

Asia & Oceania: Reform pays off

Asia & Oceania moved in the opposite direction. The region experienced the sharpest acceleration in deal timelines, which fell 11% year-on-year.

This is supported by analysis by [A&O Shearman](#), which suggests regulatory and market reforms clarified expectations and streamlined execution in the region.

[Bain](#) also reports that Japan doubled its M&A deal value, becoming the world’s third-largest M&A market, showing how greater regulatory clarity can help deals move faster and with more confidence.

“

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Nitya Srivastava

Engagement Manager
at EY-Parthenon

Tech gets stuck in the slow lane

Tech-intensive deals take longer due to complexity and scale.

Deals in tech-intensive sectors, such as biotech and utilities, averaged 322 days (+13% YoY), while those in service-oriented industries like real estate completed faster at 250 days (flat YoY).

“Due diligence tends to take longer for tech deals given the complexity of reviewing technology and reliance on forecasts,” explains Sanjar. “Service-oriented businesses are easier to model using historical performance and benchmarks.”

PwC analysis reinforces this, showing technology deals continue to attract larger, more strategic investment even as volumes soften. This dynamic often brings added complexity and longer timelines.

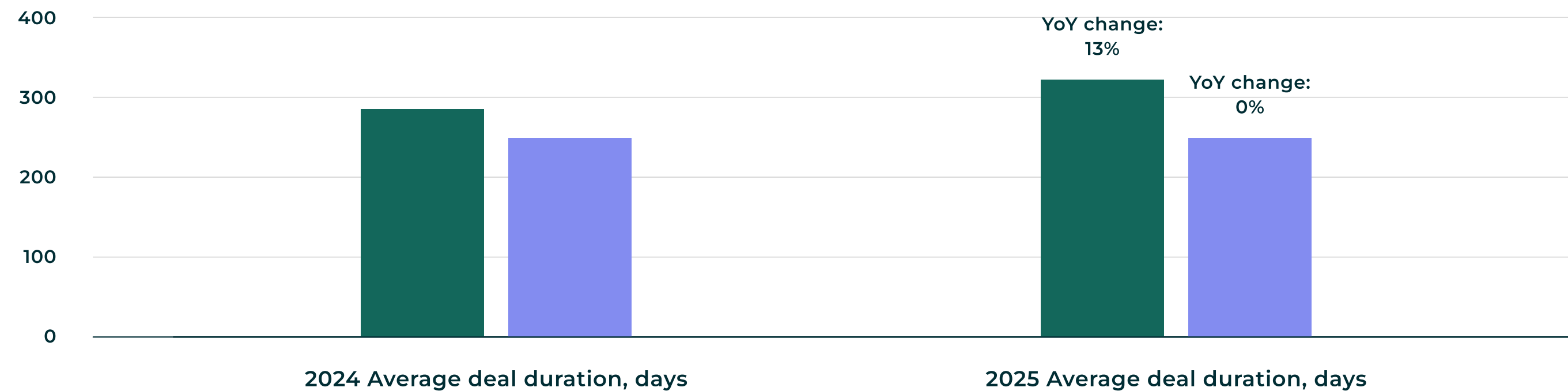


Due diligence tends to take longer for tech deals given the complexity of reviewing technology and reliance on forecasts.



Sanjar Abdurakhmonov
Vice President
at Citi

Deal duration in Tech-intensive vs Service-oriented sectors



Deal timelines for tech-intensive industries took considerably longer than for service-intensive industries, potentially due to regulatory and technical complexity, and a lack of precedent.

● Tech-intensive ● Service-oriented

Not all tech moves at the same speed

Tech timelines vary, reflecting sector-specific rules and deal practices.

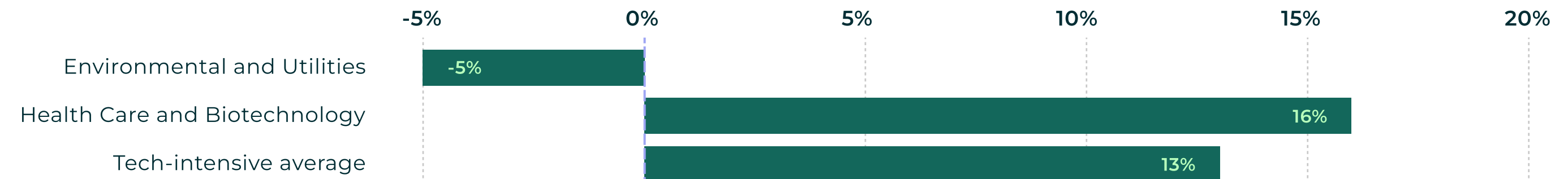
But even within tech-intensive sectors, deal timelines are far from uniform. Differences in regulatory scrutiny, asset complexity and buyer familiarity can significantly influence execution speed. This is creating clear winners and laggards within the same category.

Healthcare & biotechnology saw some of the sharpest increases in timelines, rising 16% from 277 to 321 days. A trend for more detailed diligence could be behind this, with [PwC](#) observing that buyers in this space are applying greater valuation discipline and scrutiny to growth assumptions and assets.

Meanwhile, environmental & utilities moved in the opposite direction, with timelines falling 5% from 319 to 302 days. This reflects reports by [ION Analytics](#) of record investment across the sector, supporting faster execution as buyers prioritize securing strategic assets.

“Infrastructure funds were extremely active last year,” explains Nitya. “Much of this investment is going into energy infrastructure, as well as supporting sectors like data centers and water management... everything that, in one way or another, underpins AI. You can see a lot of deals springing up as a result of this activity.”

Year-on-year change in deal duration for tech-intensive businesses in 2025



Even within tech-intensive sectors, deal timelines varied widely.

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Real estate races ahead

Service-oriented sectors showed strong improvement in 2025.

Service-oriented sectors centered on labor and intangible assets gained momentum in 2025, with real estate leading the way. Timelines dropped 24% from 326 to 249 days, as interest rate stability and capital certainty accelerated deals.

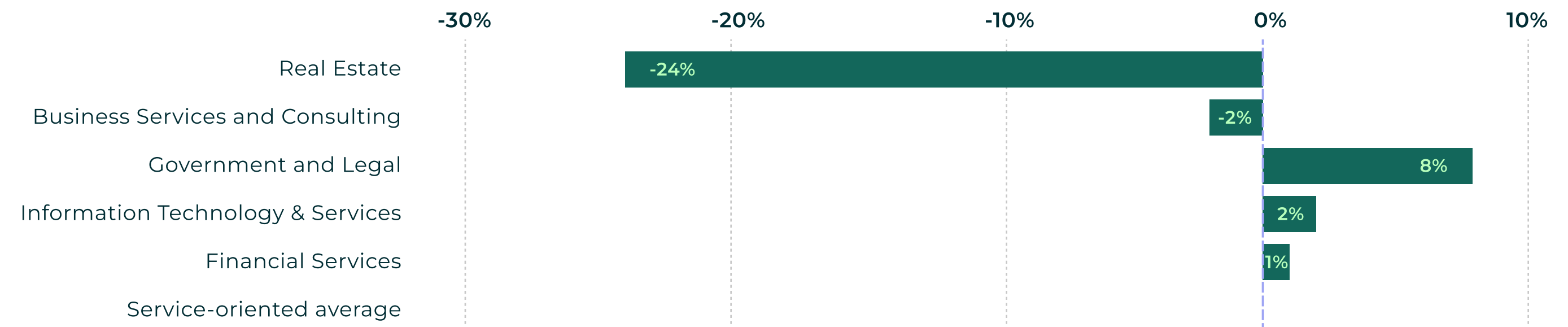
Meanwhile, financial services timelines edged up slightly to 235 days, reflecting stronger [global deal activity](#) and the resulting need for more detailed diligence.

Business services & consulting also saw modest improvements; the sector’s focus on [mid-market transactions](#), which tend to be simpler and more familiar, may have allowed teams to move faster.

IT & services timelines rose just 2%, as high deal volume, strong competition and familiarity with revenue models appear to be helping deal teams retain momentum despite the sector’s complexity. But key challenges remain, particularly around cybersecurity.

“If I told you four years ago that a deal would be taken off the table because of cybersecurity, you would have laughed at me,” says Nitya. “But for software companies that interact directly with customers, poor security can be a deal breaker.”

Year-on-year change in deal duration for service-oriented businesses in 2025



Real estate deal timelines improved the most of any sector, while financial services and business services deals remained broadly consistent.

The long-term reality: Slower by design

Timelines continue to increase as deals become more complex.

Deal timelines have expanded over the past half-decade, from 205 days in 2020 to 264 days in 2025. This trend isn't unique to our data: [McKinsey](#) reports that median signing-to-closing periods have climbed about 25% over the past two decades.

Part of what we're seeing reflects how buyers and sellers are approaching complexity today. Larger deals, heightened regulatory scrutiny and deeper diligence expectations mean more moving parts and more checkpoints before a transaction can close.

"With capital access improving, our customers have been pursuing larger transactions more actively," observes Deven. "More financing options and competitive bidding are changing how deals are structured and paced."



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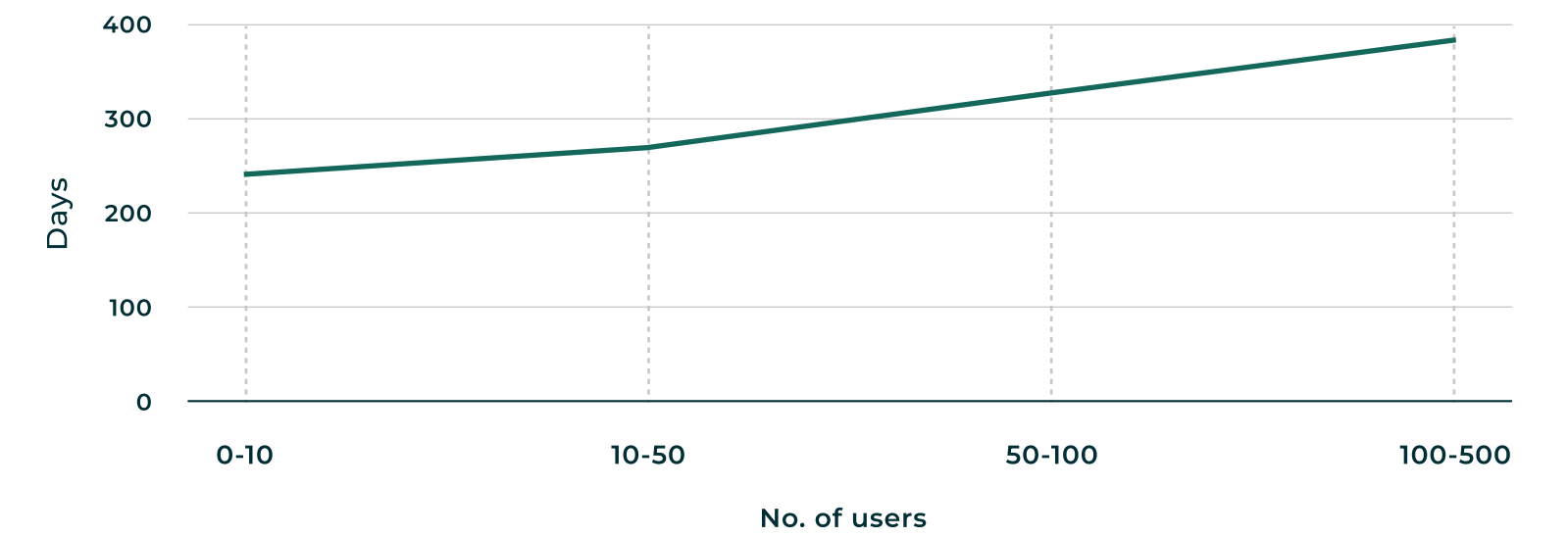


Deven Monga

VP of Sales,
at Ideals

Using VDR activity as a proxy for deal participation, we can see a correlation between complexity and speed. The more stakeholders accessing and reviewing documents, the longer the transaction tends to take.

Deal duration by number of VDR users



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"Larger deal teams generally mean that more review rounds take place and more stakeholders need to be satisfied," explains Deven. "As the number of participants grows, so too does the time required to manage complexity and reach closure, even as technology makes information sharing easier."

Will AI finally accelerate deal timelines in 2026?

AI adoption is accelerating, but deal timelines haven't shortened — yet.

If 2025 highlighted the resilience of global dealmaking, then 2026 could mark the start of a new era, where AI helps teams work faster, dig deeper and execute with greater certainty.

[Bain](#) reports that 45% of M&A practitioners are already using AI, while [McKinsey](#) finds that 40% have seen 30-50% faster cycles in specific deal phases. But its full promise hasn't yet been realized, perhaps because early speed gains are often redirected toward deeper analysis and higher scrutiny.

"Just like we saw with computers, AI is changing how deals are done without immediately shortening closures," explains Sanjar. "Deeper analysis and higher multiples mean teams are doing more work, and efficiency gains are balanced by the need for greater precision."



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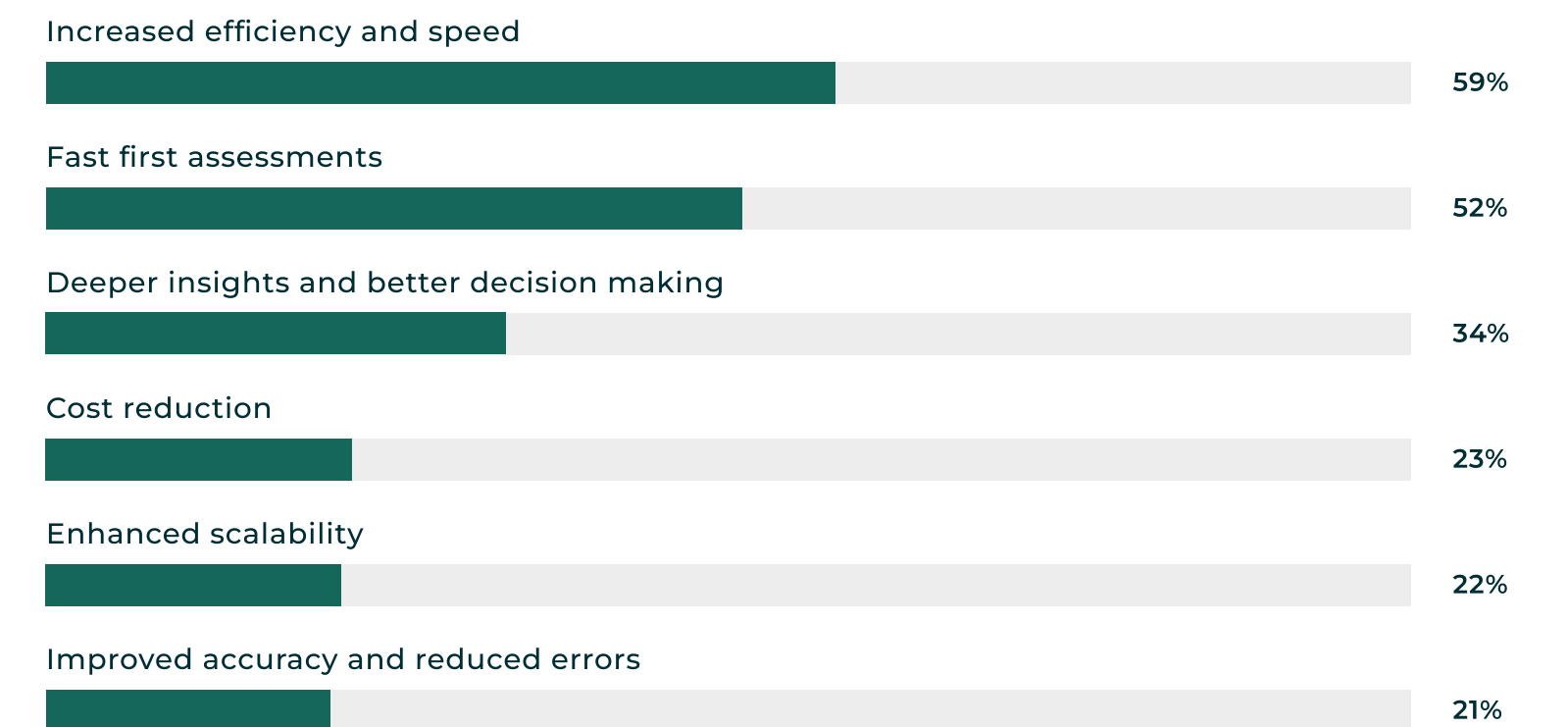


Sanjar Abdurakhmonov

Vice President
at Citi

Still, the signals are encouraging. [Our recent survey](#) of over 100 M&A professionals shows most dealmakers are now using AI for document review and summarization, deal sourcing and valuation and financial modeling. Nearly 60% report increased efficiency and speed, 52% faster first assessments and 34% deeper insights and better decision-making.

What are the main benefits you have observed with AI tools in M&A?



Source: Ideals AI in M&A survey

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These trends hint that AI could soon reshape deal timelines across the board. With [more than half of companies](#) planning to embed AI into M&A by 2027, we may be on the cusp of a future where deals are executed faster, with greater insight and confidence than ever before.

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