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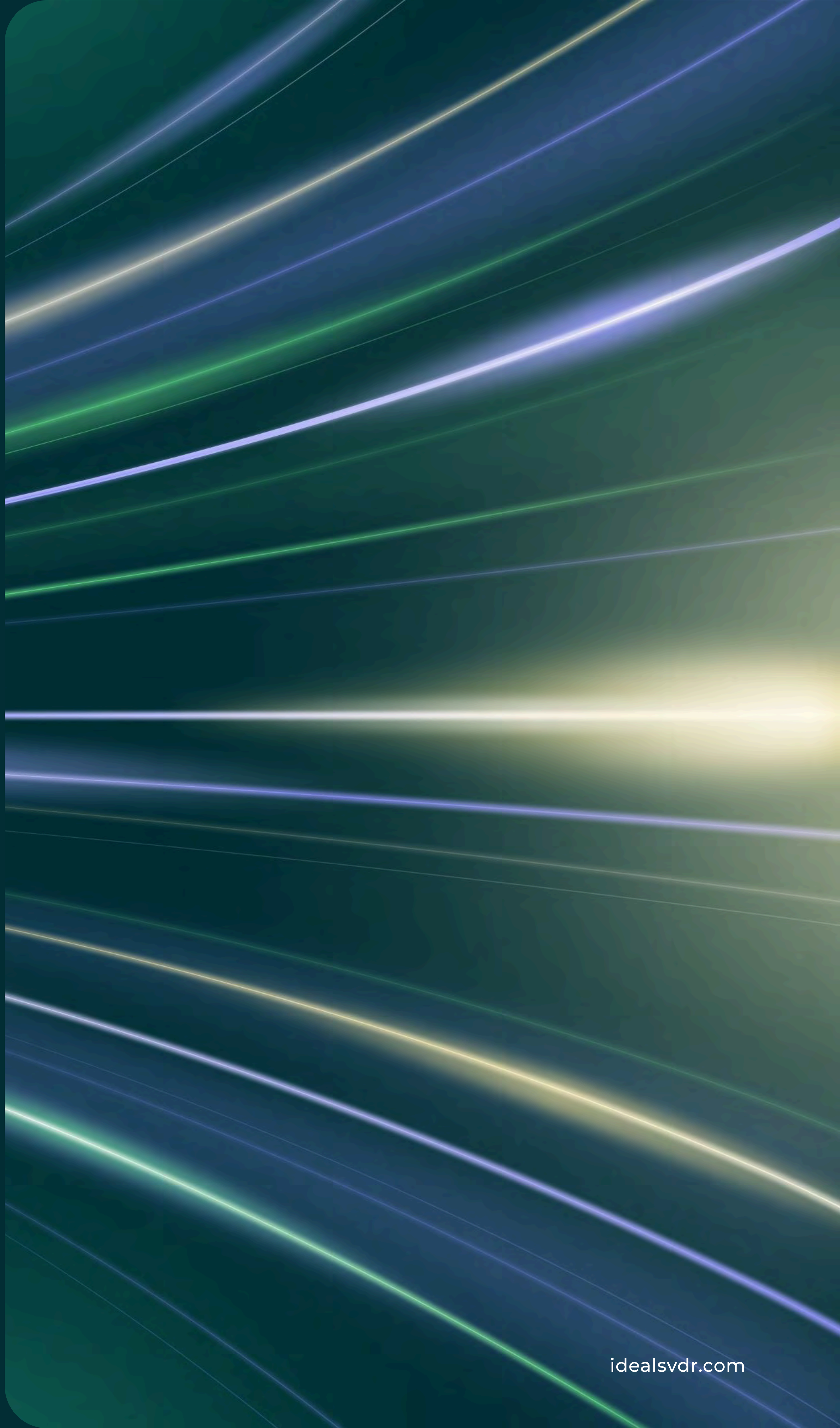
M&A Mid-Year Review 2026

Dealmakers move from caution to action

AUGUST 2026



Contents

Page 3
Executive summary
Jump to chapter

Page 4
A turning point in deal timelines
Jump to chapter

Page 5
Faster execution, higher effort
Jump to chapter

Page 6
Appetite stepped up and held
Jump to chapter

Page 7
The transatlantic gap has closed
Jump to chapter

Page 8
A widening split across sectors
Jump to chapter

Page 10
AI: Both a cause and a catalyst
Jump to chapter

Page 11
Can the momentum hold?
Jump to chapter

Executive summary

Dealmakers have stopped waiting out uncertainty, and it shows.

Tariffs and geopolitical shocks weighed on dealmaking in 2025, with transactions delayed as volatility spread across markets.

In the first half of 2026, external pressures are landing with far less force.

Based on analysis of M&A deals closed through the Ideals Virtual Data Room (VDR) in H1 2026, we see a market that has picked up speed: deal timelines have shortened, hours spent per deal have increased, and there’s been an uptick in new deal activity.

That momentum held despite renewed geopolitical instability, including the outbreak of war in the Middle East.

“Dealmakers have stopped waiting for perfect conditions because they've accepted that those aren't coming back,” says Deven Monga, VP of Sales at Ideals. “What separates the deals that close from those that stall isn't timing, but execution: speed, structure, and a clean path to completion.”

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Deven Monga

VP of Sales,
at Ideals

Six trends shaped the first half of 2026.

1. **Deals are closing faster.**
   According to data from Ideals VDR, deals that closed in H1 2026 had an average duration of 253 days, down around 4% year-over-year (YoY), and the lowest since 2022.

2. **Speed is increasing despite growing intensity.**
   Time spent in the VDR per deal rose 8% YoY even as timelines shortened, so deals are being compressed, not simplified.

3. **Deal appetite is resilient.**
   The number of new Ideals data rooms opened increased 23% YoY, with Q2 sustaining the Q1 surge despite increasing macro volatility.

4. **Europe takes the lead.**
   Western European deal timelines fell to 248 days, outpacing North America and reversing last year’s transatlantic gap.

5. **Sector divergence is increasing.**
   The gap between sectors widened, with Healthcare deal timelines extending while Financial Services shortened.

6. **AI is both a cause and a catalyst.**
   AI is now a core reason deals happen, and with diligence accelerating, it may be speeding up execution as well.

A turning point in deal timelines

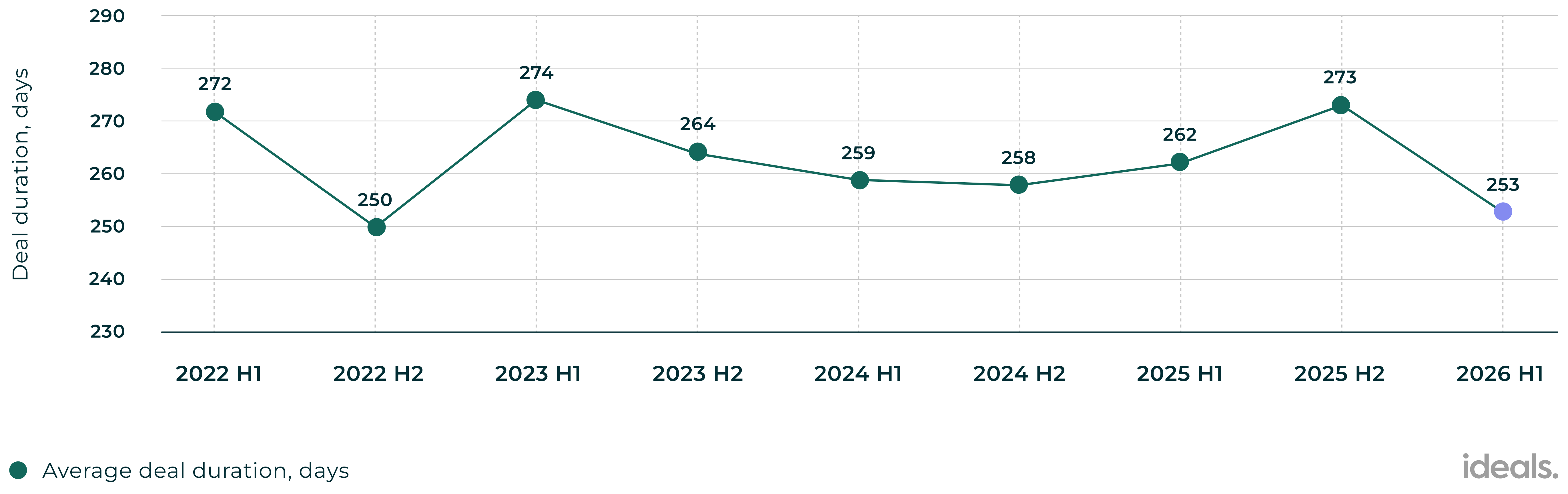
Better access to capital and steadier sentiment are pulling transactions forward.

Deal timelines remained elevated in recent years as buyers and sellers faced uncertainty. In the first half of 2026 that trend turned: average duration fell to 253 days, down 4% YoY and 20 days faster than H2 2025.

Several forces are accelerating transactions. KPMG found that confidence in funding availability is strong, with 86% of M&A leaders describing access to capital as abundant or adequate.

Sentiment is also shifting: McKinsey notes a growing fear of missing out among dealmakers, prompting them to act decisively and pursue opportunities sooner.

Deals are closing at their fastest pace in four years

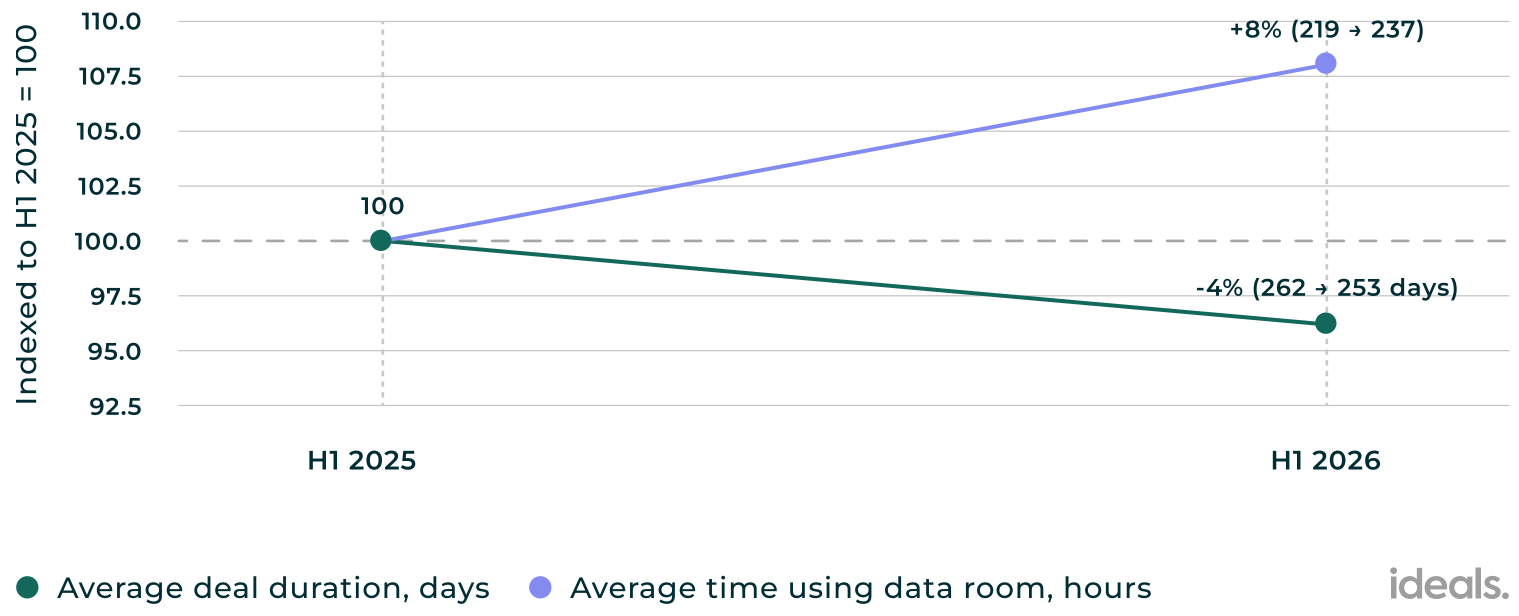


Faster execution, higher effort

Shorter timelines are absorbing more work, not less.

Even as deal durations fell, the number of hours spent in a data room per deal increased to 237 from 219, up around 8% YoY. Used as a proxy for deal intensity, this indicates that transactions are being compressed rather than simplified.

Deals are more intensive despite shorter timelines



As Baker McKenzie notes, dealmakers are operating in an increasingly complex market that is pushing them to prepare earlier and move faster than at any point in the last decade.

David Acharya, Managing Partner at Acharya Capital Partners, says the focus has shifted from securing capital to executing effectively. “Financing is no longer the biggest obstacle to getting deals done. Buyers are paying more attention to diligence, contract quality, and earnings normalization.”

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David Acharya
Managing Partner
at Acharya Capital Partners

Nitin Premchandani, Senior Director, Infrastructure M&A Advisory at PwC, adds that buyers and sellers are still managing a valuation gap.

“Some sellers continue to benchmark against the higher valuations seen in 2021, while buyers are pricing assets against current market conditions. That divergence can complicate negotiations and delay transactions.”

> Some sellers continue to benchmark their expectations against the higher valuations seen in 2021, while buyers are pricing assets against current market conditions.

Nitin Premchandani
Senior Director,
Infrastructure M&A Advisory at PwC

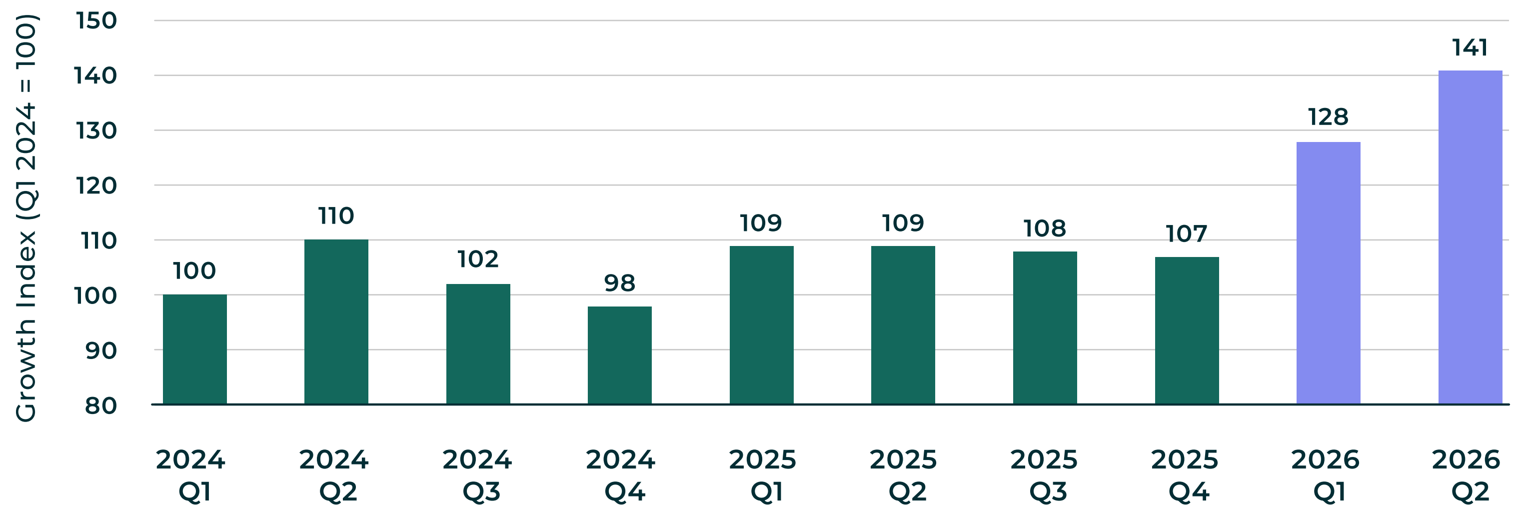
Appetite stepped up and held

Deal initiation strengthened through global volatility.

While deal duration measures execution, new data room activity indicates an appetite to get deals done.

The number of new M&A data rooms opened on the Ideals platform rose around 23% YoY in H1 2026. The increase was consistent across both quarters, up 17% in Q1 and 29% in Q2.

New data rooms opened on Ideals surged in H1



The broader market reflects the same trend. Bain reported global deal volume up 9% YoY in Q1, while Morgan Stanley highlighted a dual dynamic among sponsors: the need to monetize aging assets and the capacity to deploy dry powder into new investments.

Private equity exits could become an important driver of further activity. With many sponsors holding assets for longer than planned, a more active exit environment would help recycle capital and create new opportunities.

Marc Potel, Head of Industrial M&A at Investec, says: “Private equity exits need to be revisited if we are going to unclog the system, but that will happen over time.”

Notably, dealmaking remained resilient despite rising external pressures. Goldman Sachs pointed to the escalation of conflict in the Middle East as a fresh source of uncertainty, yet reported its backlog at a near four-year high. Activity on the Ideals platform showed the same sustained appetite.

“The growth in new data room activity shows that dealmakers are still moving forward with transactions despite ongoing uncertainty,” says Daniel Black, VP of Business Development for EMEA and LATAM at Ideals.

“

Private equity exits need to be revisited if we are going to unclog the system, but that will happen over time.

Marc Potel

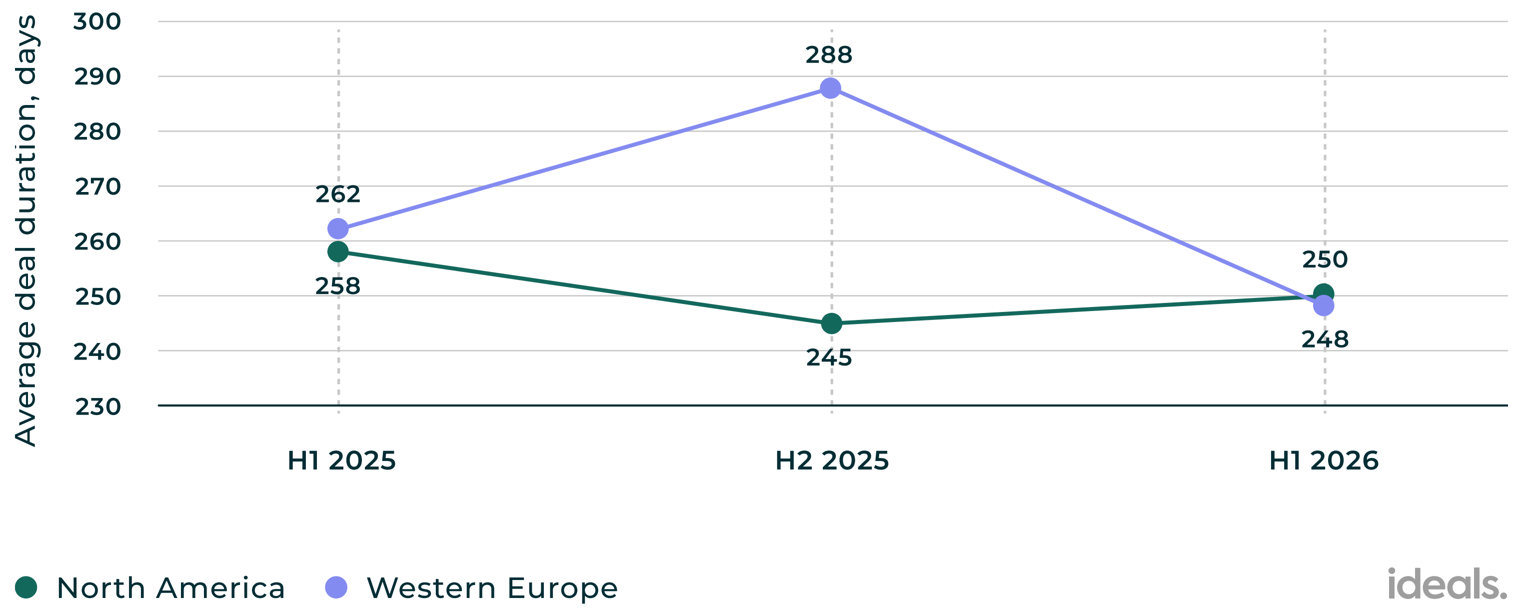
Head of Industrial M&A at Investec

The transatlantic gap has closed

Deal timelines in Western Europe and North America are now closely matched.

Western Europe has overtaken North America in deal speed in H1, reversing the trend seen in our previous report. Timelines fell 5% YoY, from 262 to 248 days, compared with a 3% decline in North America, from 258 to 250 days.

Europe overtakes North America on deal speed



Maurice Harbison, Partner at Carlsquare, says the European market is showing signs of renewed momentum: “We’re seeing positive improvements in overall market dynamics, with signs of stabilization across Europe.

Germany has improved, Scandinavia is particularly active, while France remains a more challenging market. In the UK, we’re hopeful that recent political changes will support further momentum.”

PitchBook found that Europe recorded more M&A transactions than North America in 2025, supported by lower interest rates and strong private equity activity. Other markets have not seen the same momentum.

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Maurice Harbison
Partner
at Carlsquare

BCG highlights Asia & Oceania’s slower progress in the global M&A rebound, and our data shows a similar pattern. Deal timelines fell from 335 days in H1 2025 to 229 days in H2, before increasing to 331 days in H1 2026.

As our analysis covers a smaller sample of deals in the region, individual transactions can have a greater impact on the average. Even so, the data suggests that Asia & Oceania has not seen the same sustained recovery.

ION Analytics, citing Mergermarket research, points to geopolitical uncertainty in the Middle East as an influential factor, noting that “what changes is pace, not intent.”

Deal appetite remains, but heightened risk is prompting deeper diligence and renegotiations.

A widening split across sectors

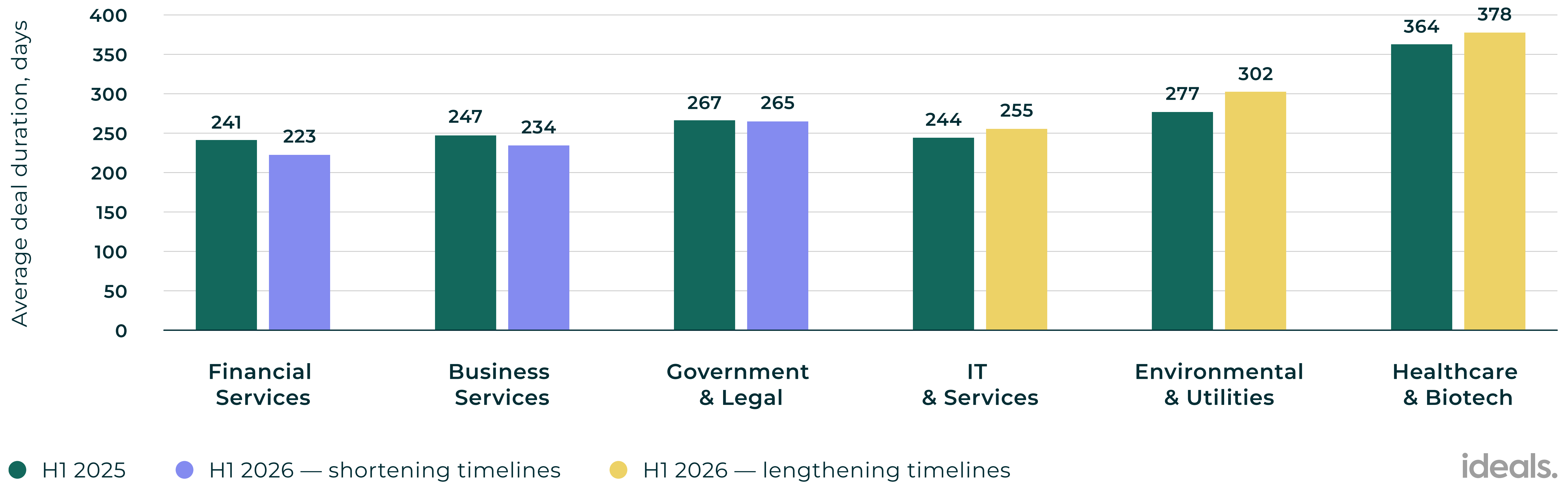
> Faster timelines are not reaching every corner of the market.

In H1 2026, deal timelines diverged sharply across industries, with the gap between the fastest- and slowest-moving sectors widening from 123 to 155 days YoY.

Financial Services led the acceleration, down around 7% to 223 days, with Business Services close behind at 234 days, down around 5%. Government and Legal was essentially flat at 265 days.

The faster pace in Financial Services likely reflects a more supportive deal environment. Skadden found that US bank M&A rebounded strongly in 2025 as regulatory uncertainty eased and approval processes became more predictable.

The gap between the fastest- and slowest-moving sectors has widened year-over-year



Different sectors, different speeds

Healthcare & Biotechnology had the longest timelines in our data at 378 days, up 4% YoY. PwC notes that closer scrutiny of growth expectations is extending life sciences deal processes.

IT & Services also slowed, with timelines rising to 255 days, up around 5% YoY.

As a global technology investment bank, Carlsquare has a close view of changing dynamics in this sector. Maurice says shifting expectations around AI are affecting deal activity.

“The tech M&A market has experienced a structural, value-driven reset around the AI ecosystem, with the software sector particularly impacted by valuation pressures and compliance-related risk premiums. This has extended transaction timelines.”

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Maurice Harbison
Partner
at Carlsquare

Sector dynamics are also driving different outcomes across industrial markets. “The building and construction sector is still struggling, but it feels like we’ve reached a trough,” says Marc.

“Defence, on the other hand, is very positive, while industrial component companies are feeling more bullish than earlier in the year.”

Infrastructure transactions face their own set of challenges, with deal processes adapting to a more complex environment.

“Some processes are taking significantly longer to complete, with transactions repeatedly restructured and recalibrated as market conditions and stakeholder expectations evolve,” says Nitin.

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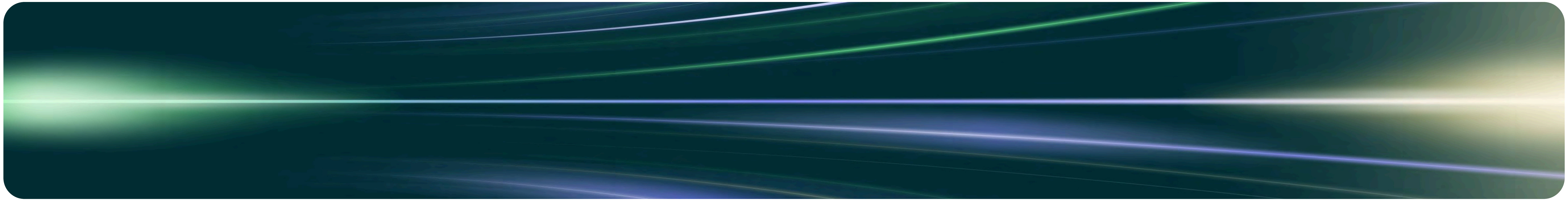
Marc Potel
Head of Industrial M&A
at Investec



AI: Both a cause and a catalyst

The technology driving deals may now be helping to speed them up.

AI is already a major force in M&A, with Goldman Sachs describing an innovation supercycle that is driving companies to acquire new capabilities. A key question for dealmakers is whether AI is beginning to accelerate deal execution.

Early evidence points in that direction. Our AI in M&A 2026 research, based on a survey of more than 100 dealmakers, found that 59% cited faster execution and improved efficiency as the primary benefits of using AI.

Nitin highlights how these benefits translate in practice, with AI tools helping him to manage more live transactions without losing the depth of knowledge clients expect.

"At any given time, I may be working across several live processes, each requiring a detailed understanding. AI helps me process and prioritize information more efficiently, so I can focus on the issues that matter most to clients and communicate with greater clarity."

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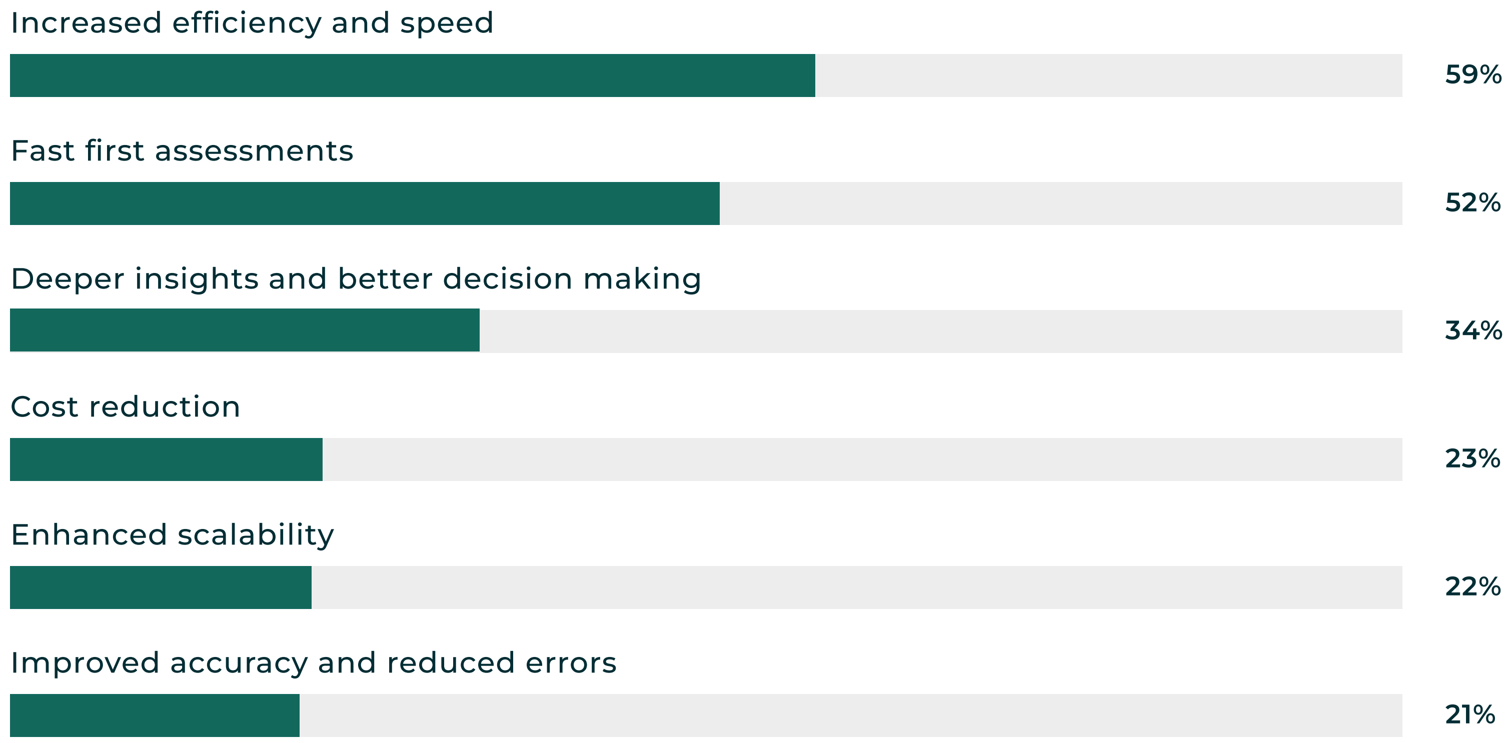
Nitin Premchandani

Senior Director,
Infrastructure M&A Advisory at PwC

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



Source: Ideals AI in M&A 2026 research

Until now, rising AI adoption had not translated into faster deal execution. The shorter timelines seen in H1 2026 may be an early indication that AI is starting to influence transaction speed. While other factors are contributing, this shift comes as AI capabilities become more deeply embedded into M&A workflows.

One example is Ideals MCP, which connects AI assistants including Claude, ChatGPT, and Microsoft Copilot directly to the data room.

By allowing deal teams to use natural-language prompts for tasks such as document analysis, Q&A management, and transaction monitoring, MCP represents a move from AI experimentation toward practical application in deal processes.

Can the momentum hold?

> Faster execution defined H1.
> Whether it lasts will define H2.

Despite ongoing headwinds, three forces are combining to sustain deal activity: capital availability, renewed urgency among buyers and sellers, and the growing role of AI.

For dealmakers, the priority in H2 will be executing faster without sacrificing rigor. With sponsors under pressure to deploy capital and sellers increasingly willing to engage, teams will need to prepare earlier and use technology to handle growing complexity.

"We expect an acceleration in H2 as rates stabilize and valuations adjust," said David. "The M&A recovery cycle has more room to run than many people realize."

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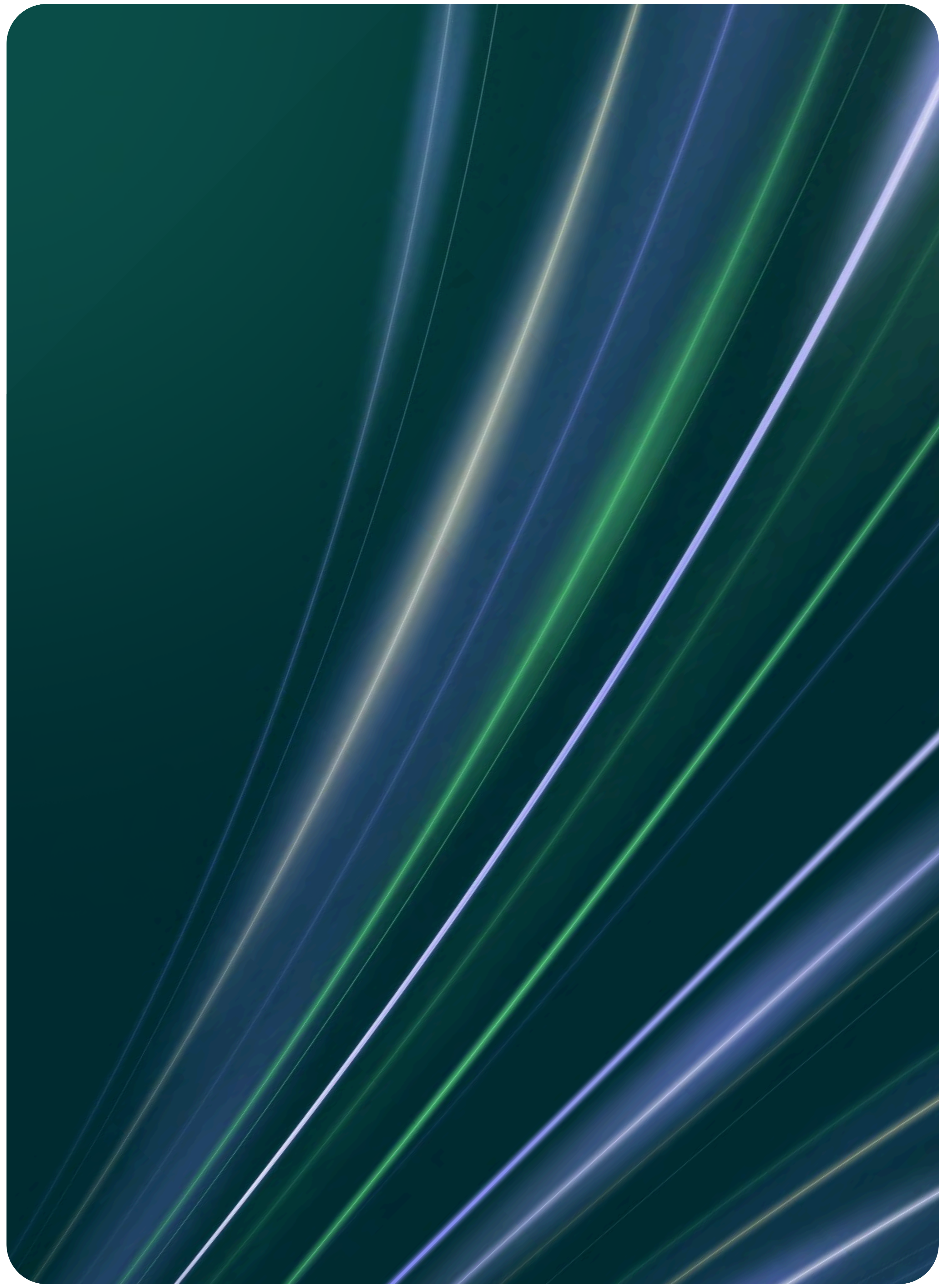
David Acharya
Managing Partner
at Acharya Capital Partners

AI will be a critical factor in this next phase, with Bain & Company predicting that over 50% of businesses will have integrated AI into their M&A processes by 2027.

The second half of 2026 will test whether the early signs of faster execution represent a lasting shift in transaction speed or a temporary inflection point.



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Your favorite AI meets Ideals VDR

Run your entire project securely with Claude, Copilot, or ChatGPT from due diligence to signing

Ask instead of click

Describe the task you want to perform and AI acts directly inside the data room on your behalf

Cut days into minutes

Set up folders, review documents, process Q&A, and track activity – in a fraction of the time

Stay in control

The AI works within your existing permissions, with every action captured in a full audit trail

Get started

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