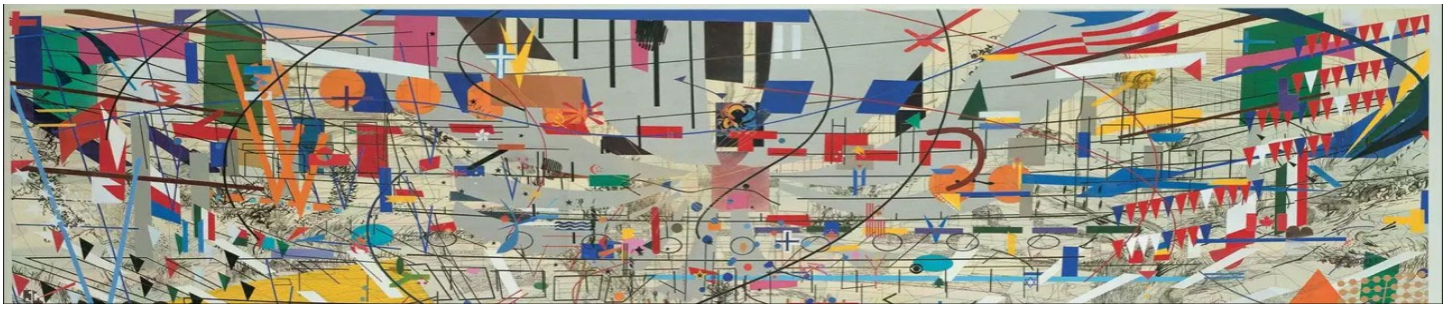


Geopolitics weighs on mid-market M&A

M&A in 2026 has become a tale of two markets. At the top end, megadeal values are surging as well-capitalised buyers pursue scale and transformation. Deal values from megadeals are on track to increase year-on-year by 40% in 2026 if the current pace continues. Mid-market activity, however, tells a different story: the middle-market rebound has been slower, as valuation gaps, execution risk and geopolitical uncertainty weigh more heavily on smaller companies.

The channels are increasingly concrete. Trade policy tops the list, with 40.6% of advisors citing tariff uncertainty as a leading factor curbing deal activity, while 56.6% point to broader market volatility as the top cause of delayed closings. Conflict has also stalled processes directly: parties have generally chosen to delay rather than terminate deals amid recent Middle East tensions, extending timelines without necessarily killing transactions. Valuation work has changed too — geopolitical risk now feeds into transaction multiples, deal structures and completion rates, not just discount rates, with advisors increasingly using scenario-weighted country risk premiums rather than single-point estimates.

For sell-side advisors, the frustration isn't a shortage of mandates. Engagement volumes are strong, with the large majority of advisors expecting to win more work in 2026 than in 2025. The problem is conversion. Seller sentiment remains "opportunistic but cautious," with expectations often still anchored to pre-volatility valuations, while buyers have grown more selective, prioritising targets with robust financial visibility that geopolitically exposed businesses often can't demonstrate. Lender appetite has also tightened, forcing changes to deal structures mid-process. As one advisor put it, a healthy pipeline and rising owner interest in selling don't automatically translate into completed deals — success depends on setting realistic expectations early and resolving financing and performance concerns before they derail negotiations.

Sentiment overall remains cautiously constructive for Q4/26 and 2027, but the consensus among mid-market advisors is clear: geopolitics has added a lasting layer of friction to sell-side execution, even where appetite to transact is strong.



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