



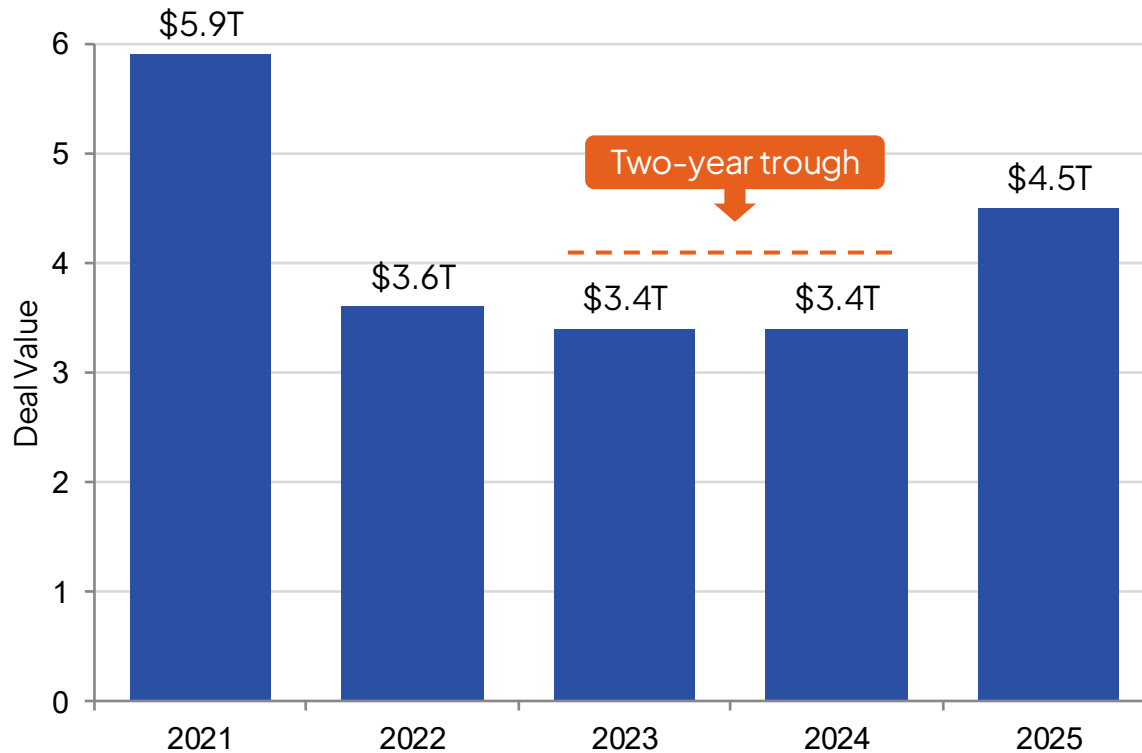
Strategic Exit: Why 2026 is the Pivotal Window for a Business Sale

White Paper

February 2026

M&A activity is rebounding in 2026 after a prolonged downcycle characterized by elevated interest rates and buyer caution

Global M&A Deal Value (USD Trillions)



*Sources: BCG M&A Outlook 2026, Bain M&A Report 2026



The 2022–2024 Slowdown

Aggressive Fed rate hikes of basis points created the **fastest interest rate increase** in US history, causing **M&A activity to slow** dramatically as cost of capital skyrocketed.



Buyer Caution Prevailed

Lingering economic uncertainty, persistent inflation concerns, and regulatory scrutiny **kept dealmakers on the sidelines** through early 2025 in a prolonged "wait-and-see" posture.



Late 2025 Rebound

Activity accelerated in H2 2025, with deal value **40% higher** than H1 2025. Global M&A value reached **\$4.5T** for the full year, **up 32%** from 2024.

Favorable macroeconomic shifts and record-high dry powder are driving a robust 2026 seller's market

1 Interest Rate Stabilization

Fed funds rate steady at 3.5–3.75%

- Federal Reserve expected to **remain on hold through 2026**, providing rate predictability for dealmakers.
- Financing **costs have eased significantly** from 2023 highs, improving buyout economics.
- **Lower borrowing costs** enable buyers to pursue higher entry multiples and larger transactions.

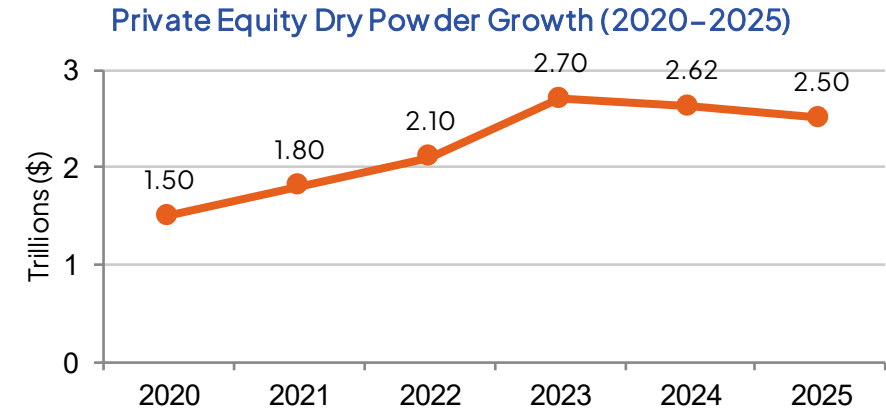
2 Buyer Sentiment Shift to Growth

M&A sentiment in Americas rose to 91 (Dec 2025)

- Strategic **acquirers are aggressively pursuing scale** and AI-related capabilities through M&A.
- Corporates sitting on approximately **\$7.5 trillion in cash** on balance sheets for growth investments.
- Technology sector represents **33% of global buyout value**, signaling strong demand for quality targets.



The Seller's Advantage: The convergence of stable financing conditions, unprecedented capital awaiting deployment, and aggressive buyer appetite creates a compelling window for business owners to maximize exit value in 2026.



3 Record Dry Powder Levels

\$4.6+ trillion in global private market dry powder

- PE dry powder alone **exceeds \$2 trillion**, with over 50% held in funds 2–5 years old facing deployment pressure.
- 24% of this **capital has been idle for 4+ years**, creating urgent deployment pressure.
- Sponsors hold 13,000+ portfolio companies, with **~50% held 5+ years** beyond typical fund timelines.

*Sources: Federal Reserve, J.P. Morgan Global Research, BCG M&A Sentiment Index, PitchBook Global Private Market Funds' Dry Powder Dashboard

Sellers can capitalize on high strategic demand and recovering valuation multiples by acting now



Scarcity of Quality Targets

- Strategic buyers aggressively **pursuing acquisitions as organic growth** proves harder to achieve.
- Private equity firms under **pressure to deploy aging capital**, increasing competition for proven assets.
- International buyers and sovereign wealth funds **actively seeking US-based companies** for supply chain and innovation access.
- Technology, healthcare services, and B2B services **leading buyer interest** due to stable cash flows.



Recovering Valuation Multiples

- Valuation gaps between buyers and sellers are **narrowing significantly as expectations align**.
- Company valuations recovered across multiple regions with capital markets stabilized.
- Value creation driven by **earnings growth fundamentals** rather than speculative multiple expansion.
- AI-enabled companies seeing **outsized multiples**, non-AI companies may receive limited interest.



Window of Opportunity

- **2026 represents a convergence** of favorable conditions not seen since pre-pandemic market peaks.
- Interest rate environment now **supports higher valuations** through improved deal financing structures.
- Business owners with **strong fundamentals and clean financials** are positioned to command premium multiples.
- Economic or geopolitical **disruptions could quickly reverse** favorable market conditions.



Over 80% of dealmakers expect increased deal volume and value in 2026. With valuation gaps closing and buyer capital ready to deploy, business owners who achieve sell-side readiness now are positioned to capitalize on the strongest deal environment in years.

*Sources: GF Data 2025 'M&A Report', Blackstone 2025 'Private Markets Outlook', Deloitte 2026 'M&A Trends Report'

Get In Touch

Contact

Reach out to us to learn more and set up a meeting. We're excited to hear about your goals and explore how we can help you achieve them.



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