# Mergers and acquisitions set for transformation in 2025



Mergers and acquisitions (M&A) are anticipated to undergo considerable transformation and increase in activity in 2025, influenced by a range of factors including strategic ambitions, regulatory changes, and rapid technological advancements. Insights into these developments underscore the shifting landscape that could shape M&A practices in the near future.

A primary motivation for M&A in 2025 is the pursuit of strategic growth and the enhancement of operational capabilities. Private equity (PE) firms, in particular, are expected to play a pivotal role in refreshing their portfolios. The focus on acquisitions that bolster strategic positioning is set to create considerable value, as PE firms look to optimise their assets and prepare for profitable exits, typically through sales of portfolio companies.

As reported by CLA (CliftonLarsonAllen), an important context for this increase in M&A is the normalisation of regulatory and monetary policies which appears to be restoring confidence among CEOs. With previously existing bottlenecks such as regulatory uncertainty addressing lessening their impact, larger transactions are becoming more feasible. This increased clarity in the regulatory landscape has sparked interest from PE firms, prompting them to embark on more ambitious M&A ventures.

In terms of liquidity strategies, sponsors are heavily involved in crafting innovative approaches to unlock capital. These methods include minority stake sales, utilisation of continuation funds, and other creative deal structures tailored to cater to current market conditions. The outlook for sponsor exits is notably positive, driven by a robust pool of capital available for investment—often referred to as "dry powder"—and an ongoing commitment to returning capital to investors.

A significant aspect influencing the competitive edge of businesses is the rapid advancement of artificial intelligence (AI). As companies increasingly focus on AI technologies, M&A activity, particularly within the technology sector, is on the rise. Corporations are keen on acquiring infrastructure and platform capabilities essential for the deployment and development of AI technologies. Given AI's growing integral role in business operations, it is expected that this trend in technological acquisition will persist.

Global M&A activity is also experiencing notable regional variations. In Europe, corporate governance reforms, coupled with a supportive regulatory environment, are fuelling growth. Meanwhile, countries in the Asia-Pacific region such as Japan and India are emerging as prime locations for cross-border transactions, which are being supported by favourable government policies. The North American market continues to lead in M&A activity, with particular emphasis on strategic acquisitions aimed at simplifying investment portfolios.

Different sectors are showcasing distinct trends in M&A activities. The technology sector is notably vibrant, driven by both AI advancements and ongoing digital transformation efforts. The health care industry remains focused on capability-enhancing acquisitions, while the financial services sector is experiencing a renaissance in M&A activity as regulatory pressures recede.

With a backdrop of favourable macroeconomic conditions, greater regulatory clarity, and an expanding risk appetite within corporate environments, the landscape of M&A in 2025 is set to evolve significantly. CLA emphasizes that businesses navigating this terrain can leverage expert guidance to navigate negotiations and enhance value—connecting those contemplating mergers or acquisitions with valuable support during these dynamic times.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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