

Pitchbook, a database of private transactions, recently published its Annual Global M&A Report for 2021. Highlights include record-breaking dealmaking on a global level, clear sector winners and unprecedented fund raising by private equity investors.

Europe and North America both contributed to the record-breaking year. In Europe, approximately 16,352 deals closed worth \$1.8 trillion, while in North America, 18,539 deals were recorded worth \$2.8 trillion. Strong capital markets, rapid vaccine deployment, and easing of pandemic restrictions contributed to the deal frenzy. The U.K. and Ireland continued to attract buyers with a plethora of strong, yet undervalued companies. Germany focused on digitization and sustainability, which will likely remain focuses in 2022. As travel restrictions eased, more cross-border deals began to reemerge, and that trend will likely continue.



The financial services, healthcare and technology sectors drove M&A activity in 2021. The tech sector especially continues to account for a soaring proportion of global M&A deals, as companies worldwide are forced to adopt technologies that boost productivity, streamline operations, or engage customers.

Although M&A activity seems poised to continue its upward trajectory, several factors are clouding the global outlook. Inflation in the United States hit 7%, its highest level since 1982; and, in both Europe and the U.K., inflation is above 5%. Central banks in Europe and the U.S. are facing the prospects of increasing interest rates to combat inflation. The Federal Reserve has already indicated it will raise rates three times in 2022 and the Bank of England began raising rates in December 2021. The European Central Bank has left its options open to deal with inflation; however, it has stated it will raise rates as a last resort. Supply chain issues and shifting labor dynamics are driving inflation. Even if supply chain difficulties are temporary, the workforce shortages in low-wage sectors continue to be a growth inhibitor.

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