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Trends in the M&A Market Heading into 2022

December 8, 2021
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M&A in 2021 is roaring to a close. Most will agree that the 2021 M&A market was exceptional, regardless of geography, industry, sector, etc. Many deals were successfully closed, and a number of transactions are still pushing towards the finish line. What has driven this robust market? I think 3 factors have played a large role. First, the continuing Covid cloud has pushed many sellers into the marketplace that considered sale transactions sooner than they may have otherwise. Covid impacted everyone and for many business owners, the uncertainty around Covid made some owners conclude they want out – or at least to take some risk off the table. Second, though rates, etc., are slowly creeping up, access to money and significant funds on balance sheets have translated to many buyers in the market. The match of multiple buyers with many sellers has driven values up. Deals are bigger than they might have been. Third, tax considerations and the potential for taxes to increase has caused significant pressure to get the deal concluded in 2021.

So what does 2022 look like? In my opinion, 2022 will continue where 2021 left off. Covid issues are still with us and the uncertainties of Covid shutdowns and restrictions matched with vaccine mandates are proving too much for some business owners. This will continue to cause many sellers to look for a deal. Further, there are still funds to be had and money to be invested. The M&A boom in this regard has not flattened and I do not believe it will go into 2022. And taxes? Who knows. Earlier in 2021, it appeared certain there would be tax changes that would make business taxes higher. But now there is much speculation, given recent political events, that any tax law changes may not be as significant or perhaps there will not be any tax changes next year given it is an election year with much at stake.

So, in conclusion, if you are considering a business sale but did not get moving in 2021, I think 2022 will continue to be a receptive marketplace for buyers and sellers to make good deals!