

# CBV INSIGHTS



March 2025

**M&A Outlook Survey:**  
CBVs Optimistic Amid Challenges





# INTRODUCTION

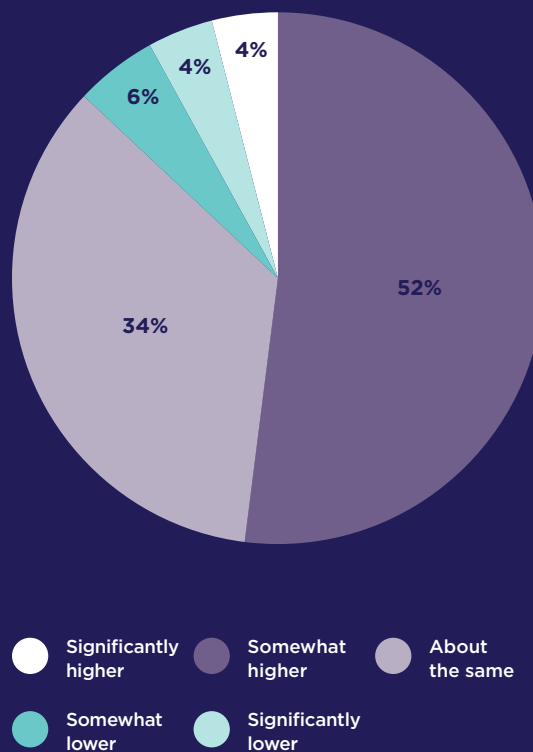
Chartered Business Valuators (CBVs), the financial experts bringing rigour and discipline to M&A, are optimistic that the dealmaking recovery will continue into 2025.

According to CBV Institute's 2025 M&A Outlook Survey, CBVs practicing in M&A expect that Canadian activity will exceed (56%) or equal (35%) 2024 deal activity.<sup>1</sup> Only 10% have a negative outlook for Canadian M&A in 2025.

“Overall, the survey results are fantastic news that indicate great optimism in the market and a belief in the resilience of Canadian M&A activity,” said Dr. Christine Sawchuk, MEd, EdD, CPA, CA, CBV, President & CEO, CBV Institute, in an interview with BNN Bloomberg.<sup>2</sup> This is a promising outlook for Canadian business owners caught in the “succession tsunami” who are looking to transition out of their businesses.<sup>3</sup>

To put the survey results into context, 2025 has launched amidst significant economic and geopolitical uncertainty. But there are several positives, including improved overall macroeconomic sentiment, inflation returning to target levels, and interest rate cuts that have reduced the cost of borrowing, all of which have resulted in greater confidence around valuations. In addition, private equity firms continue to hold significant levels of dry powder, and a large swath of business owners are at, or will soon be at, an age where they want to sell and exit their businesses.

**What are your expectations for the number of M&A transactions in Canada in 2025 as compared to 2024?**



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**2025 OUTLOOK FOR MERGERS AND ACQUISITIONS**



# BUILDING ON THE SHOULDERS OF 2024

As predicted in our 2024 M&A Outlook Survey, a moderate private dealmaking recovery took place in 2024. Canadian total deal value for private M&A rose to \$32 billion, up from \$21 billion in 2023.<sup>4</sup> On the other hand, fewer deals took place in 2024 — only 125 Canadian private M&A transactions were completed in 2024, compared to 146 in 2023.<sup>5</sup> This suggests that buyers were more interested in completing higher-dollar deals, a trend that the majority (87%) of CBVs expect to continue into 2025.<sup>6</sup>

What did this look like in practice? Alexandre Baril (CBV / EEE), Partner with M&A Transaction Services for Deloitte LLP, observed that 2024 was “a roller coaster year in the M&A market.” While the volume of discussions increased, the number of completed transactions declined

due to ongoing uncertainties, and it often felt like “we were all strapped into an endless cycle of negotiations.”

How are potential acquirors, investors and sellers responding after several years of muted activity? “Valuation expectations have level set,” said Erica McGuinness, CBV, Partner with deal advisory firm Sequeira Partners, “leading to more balanced market dynamics along with dropping debt rates.” Ultimately, the lack of deals has created “significant pent-up demand,” noted McGuinness, causing “a backlog of companies to be sold, and higher demand from investors needing to put capital to work.”

What does 2025 hold? “It’s complicated,” said McGuinness, “dealmaking hinges on sentiment, with both positive and negative

factors influencing activity levels.” With uncertainty as a backdrop, “the key question is whether the positive elements can tip the scale and provide confidence to compel companies to act,” said McGuinness.

Positioning himself among the cautiously optimistic, Baril opined that “2025 promises to be a big year for M&A.” Recent developments — including heightened competition in AI, ongoing geopolitical issues, banks signaling an openness to lending, and strategic buyers actively looking to divest non-core assets to reduce debt — are all impacting expectations. However, “the beginning of the year might be a bit slow as companies prepare for a new U.S. administration,” and “all eyes will be on the situation with tariffs,” said Baril.







# WHO WILL DRIVE DEAL ACTIVITY IN 2025?



CBVs believe that private companies (46%) and private equity firms (48%) will almost equally drive demand in the private markets in 2025. The outlook for the sell-side leans more heavily towards private companies (50%) driving deal volumes, with slightly lower expectations for sell-side activity by private equity firms (34%).

What's behind this viewpoint? According to Dr. Howard E. Johnson, a Fellow of CBV Institute (FCBV) and Head of Canadian M&A for Kroll Corporate Finance, "the number one key driver is the tremendous amount of capital that's available in the marketplace — not just from corporate buyers but also from private equity firms." Private equity buyers sometimes come under pressure to invest capital before the end of a fund life, explained Johnson, which can "cause them to be very active in the marketplace."

In addition, Johnson noted that "the private credit market has now

become a great avenue for financing transactions." As a result, "there is more capital available, and on better terms, which increases the volume of transactions as well as the valuation multiples that are available."

Meanwhile, Baril has observed that market interest from certain U.S. buyers has recently experienced an uptick. U.S. private equity firms and family offices are highly engaged, and are moving fast, "almost like they've had one too many espressos!" he remarked.

Baril also noted that new tools designed to streamline execution could help expedite transactions, potentially accelerating deal flow. "It might start to feel like we're all on a high-speed train to success — at least, that's the hope," he said.

Which sectors will benefit the most in 2025? CBVs generally expect to see stable or increasing multiples across most industry sectors in the coming year. However, the consequences of

the threatened tariffs will play out differently across sectors in North America, observed Baril.

"Some industries might be hurt by tariffs and will look to diversify supply chain and revenue sources, while others will seek opportunities, both within and outside of North America." As a result, he expects that complex transactions, including cross-border deals, will play a significant role in the market in the year ahead.

CBVs are already incorporating tariffs into extensive scenario analyses to assess their potential effects on deal structures and market dynamics, Baril added. "Scenario analysis is particularly relevant when parties are eager to finalize a transaction but are apprehensive about the potential impact of tariffs," he said. In these situations, CBVs and other M&A advisors provide valuable insight to help navigate risks and maximize deal success.



# THE CROSS-BORDER M&A OUTLOOK REMAINS (MOSTLY) OPTIMISTIC

Despite the threat of a trade war and other uncertainties around the start of Trump's term in office, CBVs have retained a positive outlook for cross-border M&A transaction activity. Over half (56%) predict greater cross-border M&A activity involving Canadian companies in 2025 — but it is equally important to note that a significant portion (28%) expect lower activity.

The positivity reflects a continued interest by U.S. private equity in finding mature and high-quality companies north of the border. Put simply, “there are a lot of companies in Canada that are very attractive acquisition targets,” said Johnson.

Meanwhile, CBVs with a negative outlook for cross-border M&A are likely focused on the headwinds. Since the survey closed, tariffs have been threatened, introduced, and put on hold. The uncertainty is causing “a wait and see approach” for dealmaking, said Johnson, “which is tempering Canadian M&A activity in the near-term.” If tariffs are implemented, last a while and the quantum remains significant, “we may see a lot of distressed deals,” he added, “particularly for companies that have a lot of debt on their balance sheets.”

On the other hand, if the tariff war ends quickly, “we may actually see a great deal of activity for Canadian M&A this year,” once buyers are

satisfied that tariffs are in the rear-view. “It comes down to the amount of capital out there, and the quality of the businesses we have in Canada,” said Johnson.

What about the exchange rate? Buyers do, of course, consider the volatility of exchange rates, and a dramatic depreciation to the Canadian dollar could open the doors to opportunistic buyers. However, “many business owners think that their Canadian company must be attractive to U.S. buyers” when the Canadian dollar devalues, said Johnson, “but they must remember that the cash flow that their business is generating, when converted to U.S. dollars, is also low,” creating a trade-off. In summary,

“most buyers don't try to speculate as to where the exchange rates are going to be in a few years down the road because it is anybody's guess,” said Johnson.

Baril noted that the current dialogue around tariffs may be part of a broader negotiation strategy, “Trump could be using strategies from his book, *The Art of the Deal*, which advised creating chaos and then negotiating.” As a result, “working on cross-border transactions will be challenging in the coming years as companies aim to diversify risk,” he cautioned. As always, those who carefully assess opportunities and navigate uncertainty strategically are likely to benefit the most.





# SUCCESSION PLANNING FOR SUCCESS: HOW A CBV CAN HELP

Many business owners get so caught up in daily operations that they struggle to step back and plan for succession. Johnson calls this the “stuckholder” effect—owners who are deeply entwined in their business and find it hard to transition out. That’s where a CBV can make a real difference. Selling a business isn’t just a financial transaction; it’s a personal decision, too. A CBV helps business owners prepare by identifying key value drivers—like a strong management team, a diversified customer base, and a solid brand—making the business more attractive to potential buyers, whether corporate acquirers or private equity firms. If you’re considering an exit, now is the time to start planning with a CBV.

## LEARN MORE ABOUT CBVS IN M&A

Survey respondents include CBVs who acted as financial advisers in M&A transactions in 2024 — encompassing CBVs who work in M&A firms, investment banks, public accounting firms, private equity firms, boutique valuation firms, and industry. CBVs provide a wide range of corporate finance and transaction advisory services to both domestic and international clients, with specialized expertise in private companies. What makes CBVs M&A experts? Rigour, discipline, objectivity, and an in-depth understanding of private businesses sets CBVs apart.

Find a CBV through the CBV Institute Membership Directory to help with your buy-side or sell-side transaction: [cbvinstitute.com/find/](https://cbvinstitute.com/find/)

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The Chartered Business Valuator (CBV) designation is a globally recognized business valuation accreditation and the benchmark of excellence in the profession.

For more on the CBV accreditation, visit: [cbvinstitute.com/become-a-cbv/](https://cbvinstitute.com/become-a-cbv/)

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## References

- 1 The 2025 M&A Outlook Survey was conducted by CBV Institute between January 13, 2025, and January 19, 2025.
- 2 BNN Bloomberg (January 28, 2025), *Canadian sectors likely to see higher cross-border M&As*, <https://www.bnnbloomberg.ca/video/shows/morning-markets/2025/01/28/canadian-sectors-likely-to-see-higher-cross-border-mas/>.
- 3 “Succession Tsunami” is a term coined by the Canadian Federation of Independent Business (CFIB) in their January 2023 research report *Succession Tsunami: Preparing for a decade of small business transitions in Canada*, <https://www.cfib-fcei.ca/en/research-economic-analysis/succession-tsunami-preparing-for-a-decade-of-small-business-transitions>.
- 4 Torsys Quarterly (Winter 2025), *M&A outlook for 2025*, using data from Capital IQ, <https://www.torsys.com/our-latest-thinking/torsys-quarterly/q1-2025/ma-outlook-for-2025>. Based on M&A transactions involving financial buyers or financial sellers and private companies or private investment firms as target announced from January 1, 2014, to December 2, 2024. Excludes cancelled transactions.
- 5 Ibid.
- 6 Half (50%) of the respondents to the 2025 M&A Outlook Survey forecast deal sizes to remain at current levels, plus another 37% anticipate an increase in deal size.





# THANK YOU TO OUR CONTRIBUTING EXPERTS



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