



Market Update UK SME M&A

A general update about the broad landscape for M&A in the UK, focused on the SME market. Designed to provide business owners with an overview that will help answer the question: **Is this a good time to sell?**



What is the market like?

Is it the right time to sell? How do I know the best time to go to market?

These are questions we are often asked, so in this update we will take a look at what has been happening in the world of deal making and what we might expect in 2026. This is a general update about the broad landscape for M&A, so we won't touch on individual industry sectors or specifics on preparing for sale and selling your business.

If you would like to discuss the specifics of your business sale and the market within which it operates, we would be happy to help and give you some feedback on the prospects for a successful transaction – be that in the short, medium, or longer term.

Alternatively, check out our other guides on these topics:

[How to Value a Business](#)

[Selling a Business – 5 key areas to consider](#)

[SELL - The 30-Minute Guide to Preparing Your Business for Sale](#)



UK M&A Market Summary

The UK M&A market in 2025 demonstrated clear strength, resilience, and depth of buyer demand, particularly for high-quality businesses. While overall deal volumes have moderated, capital invested has risen sharply, signalling a decisive

shift toward larger, higher-value, strategically driven transactions. For business owners, this is a highly favourable environment: buyers are active, well-funded, and increasingly selective, placing a premium on strong, well-positioned companies.

The Future?

Looking ahead, market confidence is building. While buyers remain disciplined, this discipline works in favour of well-run businesses with clear growth stories. Many advisors expect 2026 to see increased activity as confidence continues to return.

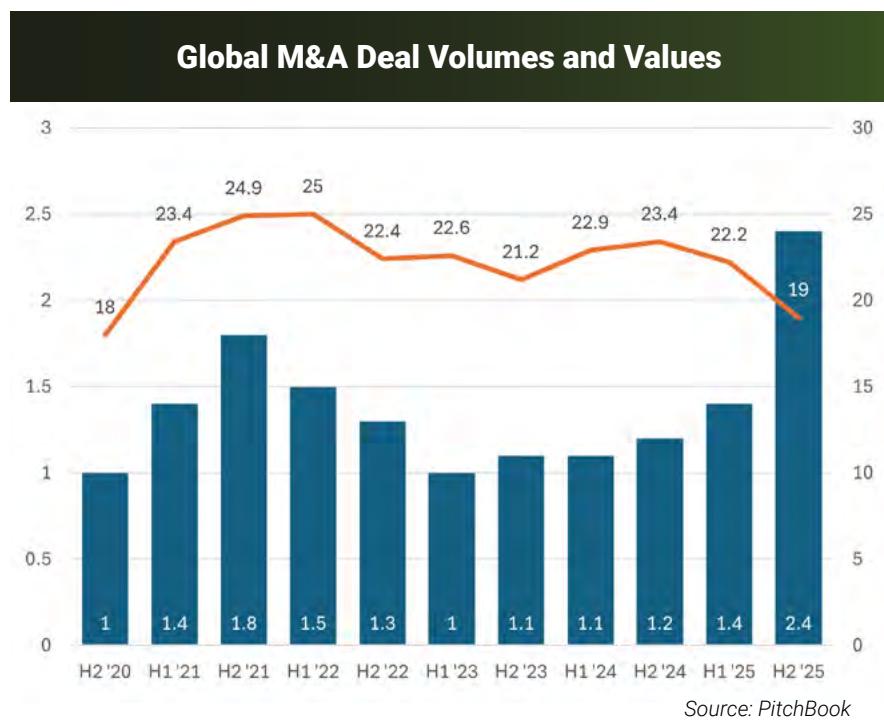
➤ Key highlights - the global picture

Before focusing in on the UK market, it's useful to understand the wider context and take a look at the global landscape.

In the second half of 2025, global M&A deal values increased dramatically. This was accompanied by a dip in volumes indicating a handful of very large deals dominating the market.

This reflects a trend we have seen in the SME market, acquirers are increasingly selective - but prepared to pay more for the right opportunities.

This should be seen as a positive trend for companies that are well positioned, well represented by experienced M&A professionals, and most importantly - well prepared.



➤ Key highlights - the UK M&A market

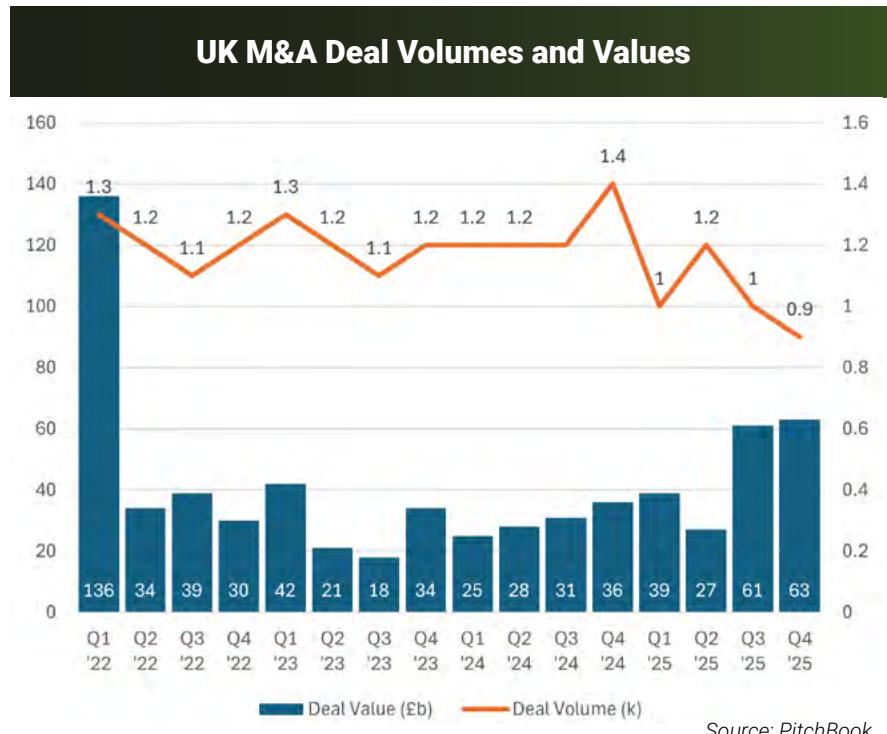
The UK market saw a similar trend with the focus on fewer, better deals

Capital invested in 2025 reached £190.8bn which represents a near 60% rise on 2024. However, this was spread over fewer deals overall indicating a strong focus in the UK on high value deals - a welcome trend for quality businesses in the UK.

The UK TMT sector was at the forefront of deal-making in 2025, predominantly driven by software, AI and digital capabilities.

Financial services, manufacturing, and life sciences were also leading sectors in 2025. In life sciences, strategic buyers targeted pipeline replenishment amid patent expiries across the UK and Europe, while activist investment grew in companies with diverse business lines, funds trading below NAV, and corporates with boards resisting mergers.

Top deals included Merck & Co., Inc. acquisition of Verona Pharma for £7.4bn, and Advent International acquiring the Essential Home business of Reckitt Benckiser Group Plc for £3.6bn.



Source: PitchBook

What does this mean for SMEs?

Despite the headline figures suggesting a trend towards fewer, larger deals - SMEs remained the core driver of activity representing around **86% of deals**.

This has been a consistent marker of the UK M&A landscape for decades. The SME market has continually provided a stable bedrock on which M&A in the UK is built.

While the trend towards acquirers seeking better quality deals and insisting on closer scrutiny is reflected, businesses that are well prepared are in a good position to take advantage.

Our experience tells us that a good business, prepared and marketed in the right way will sell – even in challenging market conditions!

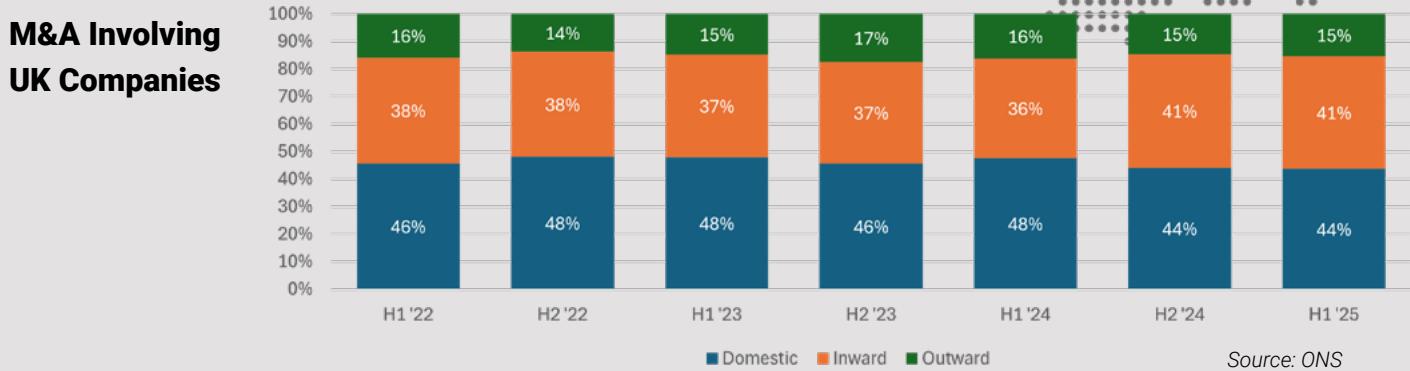
➤ The UK - an attractive M&A target

Overseas interest in UK companies remains high

M&A in the UK remains the highest in Europe by quite some margin. With over 23,000 deals announced in the last 4 years compared to the next nearest at around 10,500 in France and 10,000 in Germany.

Foreign buyers are increasingly targeting UK businesses as the weaker pound in late 2025 made strong, high-performing UK companies reflected in FTSE 100 highs, more affordable for overseas investors. With the Labour government supportive of inbound investment and regulators such as the CMA, PRA, and FCA encouraged to take a growth-focused approach, the UK remains an attractive market for buyers from the US, the Middle East, and Asia-Pacific.

This momentum is expected to continue into 2026



Stable split between domestic and international transactions

Data from ONS shows that M&A transactions involving UK companies is a relatively even split between those transactions that involved purely domestic transactions and transactions that involved UK companies being acquired by, or acquiring, an overseas business.

This has been a stable picture over the last several half-year periods which demonstrates why Entrepreneurs Hub believes it is absolutely vital to include overseas potential acquirers on every project we undertake. Not to do so would be leaving up to half of your interested parties out of the process.

➤ A favourable outlook for 2026

Improving Confidence Looking Into 2026

Looking ahead, market confidence is building. Financing conditions are improving, private equity exit pressure is increasing, and more sale processes are expected to launch. While buyers remain disciplined, this discipline works in favour of quality sellers: well-run businesses with clear growth stories are commanding attention, premium valuations, and competitive processes.



The Entrepreneurs Hub view

M&A has become an essential tool for accelerated business growth, a maturity in the transaction market that has become one of the key overriding drivers for M&A activity.

The debt market from both corporate and high net worth individuals is increasing its appetite for new sectors. Large institutional investors, like Schroders and Phoenix, are focusing on small business capital funds. An evident growing dynamic in the SME market is small private capital.

The UK will continue to be attractive to overseas investors due to brand perception, trustworthiness of company compliance reporting and the commonality of English as one of the key global commercial languages. We see no let up in this, quality SME businesses will continue to be attractive to the increasing number of investors we see active in the UK market.

SME owners should be actively looking to drive commercial gains and have a strategy to leverage AI deployment. This is important both for commercial success and competitiveness and to ensure they have a compelling proposition to investors who will expect a credible AI narrative.

Preparation remains an essential element for owners looking to sell and increasingly sophisticated buyers will often make choices based on the readiness of data and the credibility of management reports and forecasts in the target companies they consider. This is an evidenced based process and just having a good business, is not enough. I might go as far as saying that maybe the best prepared companies are likely to see the lions share of their own successful exits in 2026.

Andrew Shepperd

Co-Founder & Director
Entrepreneurs Hub



➤ Next steps - considering a sale in the next 3 yrs?

Start planning now!

The date of approaching the market can be determined later down the line but benchmarking your aspirations and expectations against your company's commercial, financial, and legal readiness is vital to success.

Once you have a plan, you have peace of mind and clarity. Once you have assessed and understood the facts, you are in a better state of 'transaction readiness' and able to make better decisions.

If the global landscape of the last four or five years has taught us anything – it is that anything can happen at any time! This is why most entrepreneurs will benefit from remaining focused on properly assessing their own situation to make sure they understand their options - rather than paying too much attention to the headlines (and the ones which will inevitably follow in the coming years too).

Preparation is paramount

The caution for 2026 and beyond is that business owners looking to sell need to ensure they are well prepared to enter the transaction process, as acquirers (and their advisors) invest more time and resources into ensuring quality due diligence and wise investment decisions.

In conclusion, we trust that this short update has been useful and interesting for you. If you would like to discuss your specific situation / sector / business sale strategy, then we would be happy to help.

In the meantime, we wish you well and good trading.

Malcolm Murray

**Co-Founder & Director
Entrepreneurs Hub**



>About Entrepreneurs Hub

Entrepreneurs Hub specialises in advising the owners of SME companies on their exit strategy, including preparation and sale – whether to a trade buyer, investor or EOT.

We could talk about our experience, our expertise and our proven, leading process - but what our clients usually talk about is our support, our dedication, availability and relationships.

Here is a selection of what our clients have said about us:

“ I don't think we appreciated how long and complex it is selling a business. Entrepreneurs Hub explained the process and guided us through each stage with experienced hands. We would definitely not have been successful without their help. ”

Richard Blewett & Andrew Clymer
Rock Solid Knowledge

Click to play:



A selection of recent deals:

 alpha laboratories Supplying quality to science	 DIPLOMA PLC
Acquired	Acquirer 

 Optimal Industrial Automation	 BRUKER
Acquired	Acquirer 

 WOW	 SMART TOYS AND GAMES
Acquired	Acquirer 

 WATERTIGHT Management	 SEVERN TRENT
Acquired	Acquirer 

 Rock Solid Knowledge	 JONES Software for Life
Acquired	Acquirer 

 formwise washrooms	 LYN X <small>equity limited</small>
Acquired	Acquirer 

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