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M&A Forecast 2026

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## Overview:

# From turbulence to transformation?

After three years of turbulence, is the global M&A landscape poised to significantly improve in 2026?

After navigating the choppy waters of 2023 and 2024 and the gradual recovery of 2025, global commentators are predicting a year that will be characterised by renewed optimism tempered with strategic caution. Morgan Stanley forecasts global M&A activity to surge by 20% in 2026, with completed transactions expected to increase by 24% as financial sponsors return to the market with renewed vigour.<sup>1</sup>

The pundits think that this anticipated uplift signals not just a return to form, but a fundamental reshaping of how deals are conceived, structured and executed in an increasingly complex global environment.

## We agree!

In New Zealand, we think that improving macroeconomic conditions, bottoming

interest rates (for now), and a weakened dollar combined with pro-investment regulatory settings, are making the market increasingly attractive to offshore investors. But it's not all positive. Ongoing geopolitical uncertainty and lagging consumer confidence may temper this optimism and some of the potential activity will depend on the outcome of this year's election.

The global momentum presents both opportunities and challenges for New Zealand. Our market has weathered its own storms over the past two years. The 'bumpiness and grumpiness' continued well into 2025. However, things started to improve as Christmas approached.

Will 2026 be the year when New Zealand's M&A market fully emerges from this period of recalibration and joins the global upswing?

1. Morgan Stanley sees broader M&A rebound in 2026, upgrades Jefferies, Investing.com





## The global context

In December, Bloomberg reported that global deal volumes for 2025 were on track for a near record-breaking USD5 trillion, driven upwards by several US-based mega deals.<sup>2</sup>

This surge has been driven by improved financing conditions, corporate confidence in strategic growth, and the deployment of substantial funds that have accumulated in recent years.

Much of the increased volume is a result of the 67 megadeals (>USD10 billion) that completed in 2025 (up from 35 in 2024) – signalling that major corporates are once again willing to pursue transformative transactions. Yet alongside these headline-grabbing deals, there is a growing emphasis on “buy and build” strategies, where companies make smaller, complementary acquisitions to achieve rapid expansion and integrate critical technologies.

## The New Zealand experience

Last year was a tough year for dealmakers, albeit with some notable highlights (such as the Fonterra deal). As in previous years, deals remained hard, with lengthened timetables, tense negotiations and lots of pauses. The disconnect between buyer and seller expectations on terms and value seemed present for much of the year. With so many assets in private (and patient) hands, sellers were reluctant to come to market as their otherwise solid businesses traded down due to factors beyond their control.

But buyers and sellers demonstrated resilience and adaptability by using considered structures, alternative financing, and sharper risk allocation strategies.

Corporate carve-outs were a hallmark of the year, with portfolio simplification and reinvestment in core operations driving activity. Minority investments and joint ventures featured prominently, offering flexibility for investors and corporates

to enable growth without full-scale acquisitions and allowing sellers to realise value while continuing to participate in growing markets.

Competitive auction processes gave way to bilateral negotiations, reflecting a market prioritising certainty and confidentiality over speed. This shift away from the competitive tension of auctions, together with extended and more cautious due diligence, contributed to the blowing out of deal timeframes with many deals taking months (or even years). With longer timelines comes deal fatigue, as parties lose momentum, priorities shift, and external factors intervene, resulting in more deals falling over late in the process.

But the increase in global activity is beginning to energise the domestic market. Many firms were busy in the lead up to Christmas, as optimism increased and buyers galvanised. The quicker cadence of previous years returned to some deals – we signed and closed Grant Thornton Advisers’ acquisition of Grant Thornton New Zealand in three months.

With renewed global optimism, we think that New Zealand’s position remains attractive. The country’s world-class technology, healthcare and financial services sectors continue to lure international investors – TPG’s recently announced acquisition of Tamaki Health is testament to that.

As we reported last year, the swing from a seller-friendly environment to a buyer-friendly one was sudden and ferocious, but as the year wore on, common ground started to emerge. As we enter 2026, this recalibration should be largely complete, creating a more balanced negotiating environment and bringing more quality assets to market.

<sup>2</sup> [M&A Volume Set to Top \\$5 Trillion in 2025, Says Apollo's Zelter, Bloomberg](#)

## Overview: From turbulence to transformation?

### Private equity coming out of the gates?

Our private equity market has demonstrated notable resilience despite a challenging macroeconomic backdrop and scarcity of quality investment opportunities.

Mid-market deals (i.e. between NZD50 million and NZD200 million) are the backbone of New Zealand's private equity market. We've seen a significant drop in the volume of these deals in the last 18 months – as owners have battened down the hatches to wait for improved earnings and an end to the downturn.

While domestically owned PE firms have considerable uncommitted capital, they have been cautious around deploying it during these challenging economic times. Trade buyers have taken the lead in many processes, offering synergies and strategic advantages, with PE often taking a back seat unless trade interest fails to materialise.

Many funds have focused on improving performance of existing portfolio investments, completing bolt-on acquisitions or disposals of non-core assets rather than pursuing new platform

acquisitions. Activity has been heavily sector-focused, with retail and construction sectors very quiet or distressed, while healthcare, financial services, wealth management, education and technology have remained attractive.

With macroeconomic indicators showing green shoots for the New Zealand economy, interest rates set to stay low for now, and a Government focused on business growth and easing foreign investment restrictions, we expect PE transactions to return with a vengeance in 2026.

On the flip side, it has remained hard for some funds to exit their existing investments – for the same reasons that new opportunities have been scarce. The international trend of continuity funds may come to New Zealand as a mechanism for funds to transfer portfolio investments to new vehicles while offering underlying fund investors the opportunity to exit.



[Read more](#) about private equity trends.

### The Americans are here!

We've seen a significant increase in the volume of US investors – both corporate and PE – arriving on our shores, drawn by our stable regulatory environment, high-quality assets, and proximity to Asia-Pacific regional growth.

Examples include:

- Grant Thornton Advisers' acquisition of Grant Thornton New Zealand.
- TPG Rise's acquisition of a 75% share in Kinetic.
- The sale of the North Island assets of Synlait to Abbott Nutrition.

Beyond capital, they often come with a completely different playbook. In some cases, this manifests itself in the form of deal-terms that would not be considered 'market' in New Zealand. In other cases, US buyers are insisting on entirely US style deals (even governed by US law). The demands can be challenging but should be balanced against the value that these

investors bring to the table. It's important to hire advisers that can help to navigate these challenges and (importantly) to give context and balance. Most US style requests can be appropriately managed (it's how deals transact, successfully, over there!) and so understanding what can be accommodated without undue risk is vital.



[Read more](#) on investment trends from the US.

## Overview: From turbulence to transformation?

### Regulatory changes

One of the most significant developments that will shape the M&A landscape in the coming months is the evolving regulatory environment.

Recent amendments to the Overseas Investment Act (now passed) introduce a consolidated and risk-based approach to screening foreign investment, that applies a three-stage national interest test for acquisitions other than for farm land, residential land and fishing quota. These reforms are expected to speed up inbound investment and accelerate deal timelines for low-risk deals, though greater discretion in high-risk cases introduces potential for political influence.

Equally significant are the Commerce Act reforms which are designed to modernise merger control and give the New Zealand Commerce Commission more tools to intervene in anti-competitive conduct. The

substantial lessening of competition test will be refined to explicitly cover mergers that create, strengthen, or entrench market power, while the Commission will be able to assess the cumulative impact of acquisitions made over the previous three years, targeting roll-up strategies that may escape scrutiny when viewed in isolation.

The Commission will also be empowered to accept behavioural remedies as a condition of clearance or authorisation (subject to some important limits), adding flexibility to the merger review process. New stay and hold powers will allow the Commission to temporarily suspend a transaction, or a proposed transaction, for up to 40 working days to allow it to investigate, while call-in powers will enable the Commission to require parties to seek clearance for proposed transactions it believes may substantially lessen competition. For complex mergers, the Commission will have more time to reach a decision. These reforms signal a shift toward more active

scrutiny of merger activity, particularly in sectors where market concentration is already high, with roll-up strategies and serial acquisitions in industries like banking, grocery, and electricity likely to attract closer attention. Deal timelines may lengthen if the Commission exercises its new pause or call-in powers, and dealmakers should factor this into their planning and consider approaching the Commission earlier to reduce the risk of delays.

The message for dealmakers is clear: early regulatory engagement is no longer optional but essential for higher risk transactions. Transactions must be structured with regulatory approval pathways in mind from the outset, and deal timelines must reflect the realities of this new environment.



[Read more](#) about regulatory changes.

### The technology revolution: AI as driver and tool

Artificial intelligence is reshaping the M&A landscape in two fundamental ways. First, investors are convinced that technological transformations and AI investments will be a key driver of transactions in the coming years. Companies seeking to acquire AI capabilities or integrate AI into their operations will drive deal activity, particularly in the technology sector where New Zealand has established global credentials.

Second, AI is transforming the M&A process itself. Our clients are using AI technologies to analyse large data rooms and documents during due diligence, with many now expecting AI to improve the integration and separation process. This technological evolution promises to accelerate deal timelines and improve decision-making quality, though poor data quality and availability remains the biggest hurdle.

But many investors remain cautious. Global dealmakers are worried that the current AI hype is leading to unrealistic company valuations, and some think that the complexity of integrating AI systems is an obstacle to deal-making. For New Zealand's technology companies, this presents both opportunity and risk: while AI capabilities will command premium valuations, buyers will be increasingly sophisticated in distinguishing genuine AI innovation from marketing hype.

## Overview: From turbulence to transformation?

### The end of the road for some?

New Zealand's economy has weathered some challenging years, with many businesses (particularly in the mid-market) feeling the squeeze from the COVID hangover, high interest rates, softening consumer demand, labour and input cost inflation, and tight credit conditions.

Yet the tidal wave of insolvency that was much predicted (including by us!) has never eventuated, as Kiwis muddled through, and the banks remained patient. While there have been a handful of notable failures, by and large the vast majority of New Zealand businesses have weathered the storms.

But now, in recent months, we have started to see an uptick in formal insolvency appointments. Perhaps counterintuitively, this is often seen as a sign of recovery. We

saw a similar pattern following the GFC as businesses in a 'leapfrog environment' got left behind by quicker-to-adapt competitors, lack of capital investment and lack of liquidity in the market. As the recovery begins, the winners have emerged and the losers have become more exposed.

The other notable trend is that, as global investors have piled into the large AI companies, other tech start-ups (including smaller AI start-ups) have been starved of cash and have started to fold.

We've been involved in several distressed deals in the last 12 months (the acquisition of Exurgo by Vermillion being a good example) and we expect that trend to continue in 2026.

### The year ahead: Cautious optimism

As we enter 2026, we are cautiously optimistic. Global conditions are improving, capital is available, and strategic imperatives are driving dealmaking.

Based on strong recent performance, we expect technology driven companies to lead M&A activity in the year ahead, followed closely by financial services, with healthcare, infrastructure, and renewable energy also attracting significant investment. These deals will be supported by improving economic conditions, favourable demographic trends and pro-investment regulatory settings.

However, success will require careful navigation of regulatory complexity, with the new OIO and Commerce Act regimes prompting early engagement and extended timelines for higher risk transactions.

Sellers will also have to maintain realistic valuation expectations as the market continues to recalibrate from the 2021–2022 peaks,

The general election will be a significant factor in how things play out, with a National-led government likely to implement a capital recycling

programme leading to partial sales of state-owned assets. The rates rise cap is also expected to put funding pressure on local government with many likely to divest non-core assets.

With PE leading the charge and infrastructure-plus investments gaining momentum, 2026 is poised to be a big year for M&A.

For New Zealand dealmakers, the opportunity is clear: leverage our strengths in technology, healthcare and innovation whilst learning from the challenges of recent years.

Those who engage early with regulatory requirements, who prepare thoroughly with deal-ready data rooms and vendor due diligence, who embrace flexible structures including earn-outs, minority investments and hybrid pricing mechanisms, and who build genuine value propositions beyond financial metrics, will be best positioned to succeed in what promises to be a dynamic and transformative year for the M&A industry.



[Read more](#) on the hot sectors for 2026.

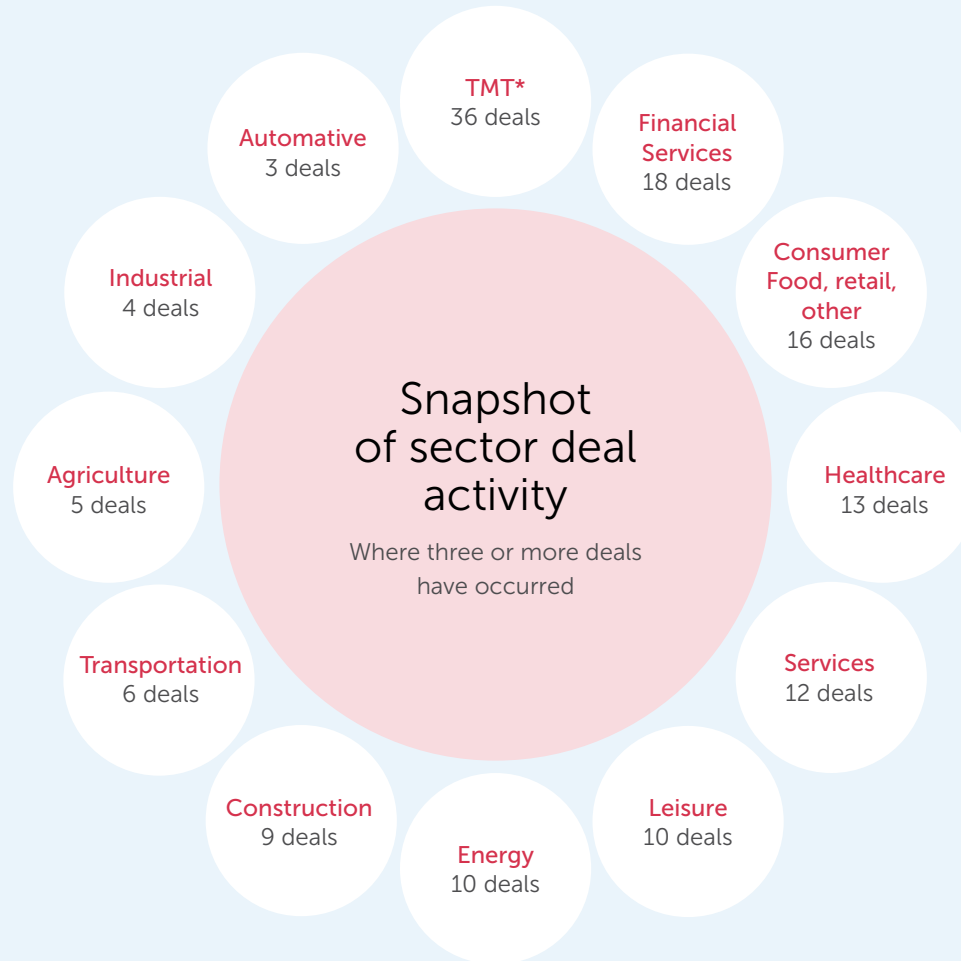
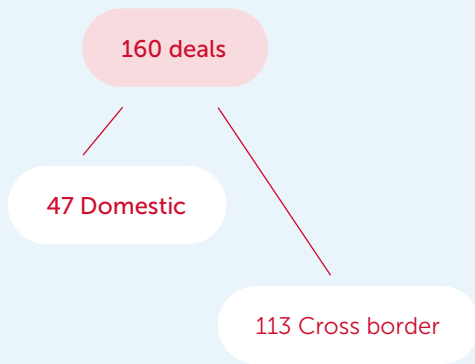
# M&A trends

## A breakdown by numbers

### Private equity

Based on traditional holding cycles of three to five years, there are at least 148 New Zealand investments ripe for divestment by private equity funds (both local and offshore).

### M&A deals by the numbers



### Commerce Commission merger activity

	2025	2024
Merger clearances filed	6	3
Declined	0	2
Withdrawn	2	0
Statements of issues given**	5	5
Section 47 investigations***	0	0

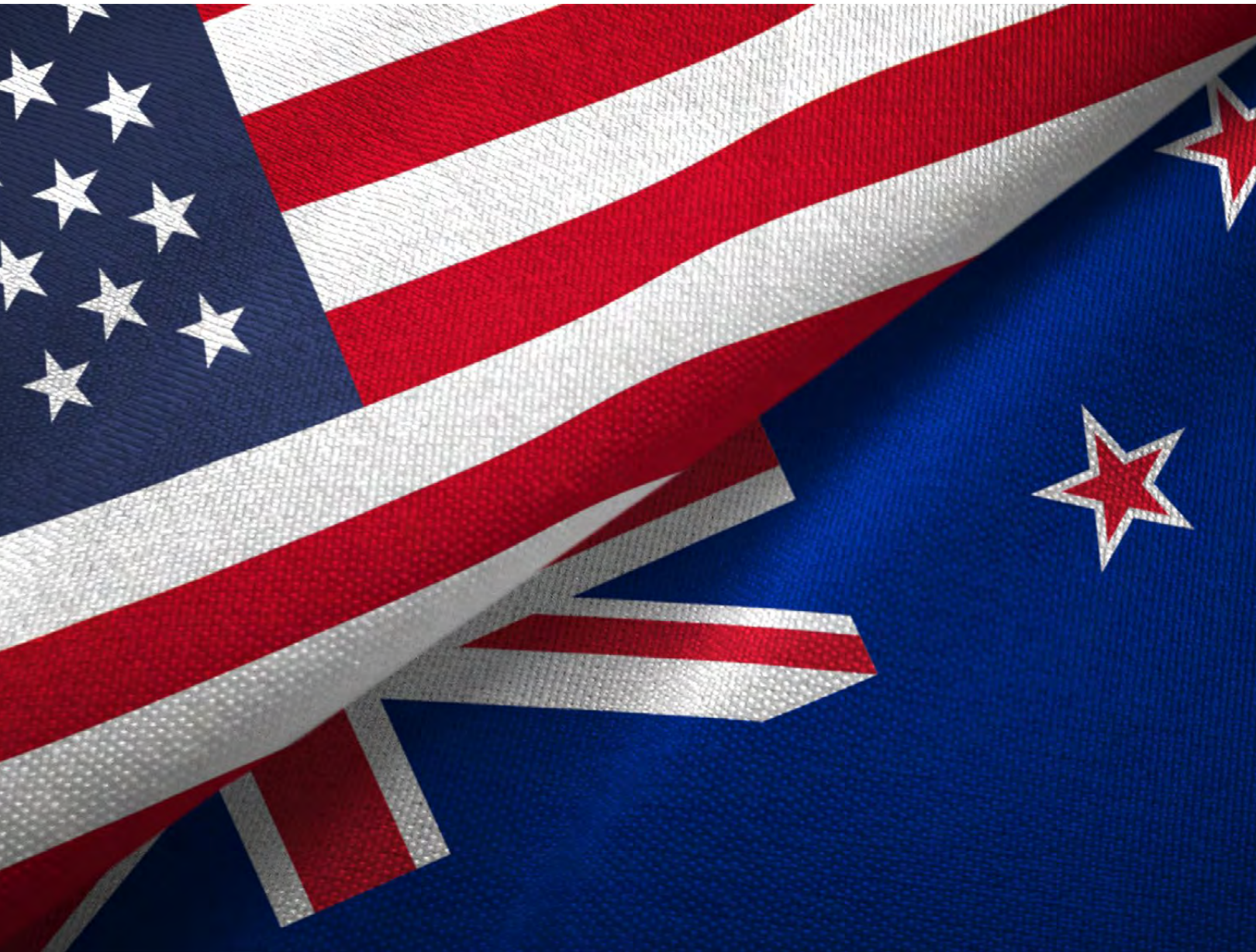
Source: New Zealand Commerce Commission

\* Tech, Media and Telecommunication

\*\* Including any Statement of issues given for merger clearance applications filed in 2023

\*\*\* Where acquisition would substantially lessen competition in a market.

Source: MergerMarkets (1 December 2024 – 25 November 2025)



## Selling to a US buyer? The key differences New Zealand companies can't ignore

New Zealand businesses, particularly those in the agricultural and technology sectors, are increasingly attracting interest from US buyers, including trade players and private equity firms. This surge is driven by favourable exchange rates and, in tech, the global scalability of New Zealand innovations. We are also seeing capital inflows through New Zealand's Active Investor Plus Visa programme, as more high-net-worth individuals seek residency – reinforcing New Zealand's attractiveness for both corporate and personal investment.

However, US buyers often bring a dealmaking style that differs significantly from what we see in New Zealand. While many may compromise and accept local New Zealand norms, understanding these differences early is critical to avoiding surprises and securing a smooth transaction.

## Selling to a US buyer? The key differences New Zealand companies can't ignore

### 1 LOIs: Why they're binding and why it matters

US buyers commonly issue detailed Letters of Intent (LOIs) at the outset. Unlike New Zealand's short, non-binding term sheets, US LOIs often include binding provisions, such as exclusivity periods and break fees. New Zealand sellers should treat LOIs as more than indicative, as US buyers will likely expect strict adherence to what's agreed upfront.

### 2 Due diligence: Expect a hands on approach

New Zealand sellers should expect a more extensive and interactive due diligence process. US buyers tend to treat due diligence as an information-gathering exercise, often requesting direct access to management rather than relying solely on virtual data rooms and written Q&A. This reflects how disclosure works in US style sale and purchase agreements.

Key diligence focus areas include:

- intellectual property;
- anti-bribery, corruption and sanctions compliance;
- environmental risks; and
- employment law (NZ sellers should be ready to explain local employment law (e.g. no "termination at will") and ACC personal injury liability).

While diligence timelines may be similar to New Zealand norms, the depth and style differ. Sellers should expect a more hands-on process.

### 3 Deal structuring: Prepare for complexity

US buyers frequently use tax-efficient structures such as Delaware entities or offshore TopCos (e.g. Luxembourg or Cayman Islands), which may be unfamiliar to New Zealand sellers. These structures may impact tax, governance, transaction timing and post-deal integration. Sellers should engage tax advisors early, especially where rollover equity is involved.



### 4 Sale and Purchase Agreements: More prescriptive

US-style Sale and Purchase Agreements (SPAs) are typically longer, more detailed and prescriptive, with:

- Extensive definitions.
- Use of disclosure schedules rather than reliance on data room contents to qualify warranties, which results in more extensive focus during due diligence. The underlying premise is that sellers are best placed to specifically disclose all issues, rather than a 'buyer beware' approach where buyers have to identify issues based on what is fairly disclosed in due diligence.
- Broad warranties that are often indemnity-based – the extent of the indemnity can also depend on the choice of governing law as a New Zealand law governed indemnity can differ from a Delaware law governed indemnity.

- More extensive conditions and warranties.
- Material adverse change (MAC) clauses, bringdown certificates and strict pre-completion covenants.
- Holdbacks, even when warranty and indemnity insurance (W&I) is used.

US buyers may also expect merger control and antitrust conditions, particularly if they have operations in Europe. New Zealand sellers should explain the Overseas Investment Office (OIO) regime early as US buyers may misjudge its complexity and timing.

## Selling to a US buyer?

### The key differences New Zealand companies can't ignore

#### Key SPA considerations for New Zealand sellers

- **Reps and W&I:** Common in private equity deals, but coverage is often narrower and more expensive than in New Zealand. Align expectations early and be prepared to bear more of the cost or accept broader exclusions.
- **Indemnification mechanics:** Survival periods, financial caps and baskets (thresholds before claims can be made), and materiality scrape clauses (removing materiality qualifiers from individual warranties when assessing warranty breaches) can significantly broaden seller liability. US buyers may also expect indemnities for unassumed liabilities in asset deals and may push for indemnity terms more favourable than New Zealand law would typically provide.
- **Escrow and holdbacks:** Standard in US deals to cover indemnity claims or W&I gaps. Factor into cash flow and deal economics.
- **Earnouts:** Typically revenue-based rather than EBITDA or profitability, which can be riskier for sellers. Expect detailed performance metrics and audit rights.
- **Governing law and dispute resolution:** US buyers may insist on Delaware law and US courts, even for entirely New Zealand-based targets. Negotiate for neutral or New Zealand-friendly jurisdictions early to avoid costly and unfamiliar legal processes, but also be aware how Delaware law may apply to what would be regarded as well understood New Zealand norms.
- **Interim operating covenants:** Restrictions particularly with respect to hiring, capital expenditure, and new contracts between signing and completion can be onerous. Ensure these covenants are practical and do not hinder normal business operations.
- **Closing deliverables:** Expect extensive documentation, including bringdown certificates (confirming warranties remain true at closing), third-party consents, board resolutions, officer certificates, and legal opinions. These requirements can add time and cost to the closing process.

#### What this means for New Zealand sellers

As US investment grows, New Zealand dealmakers must adapt. Advisers should educate New Zealand sellers on US norms early in the process, being prepared to accommodate, while also being prepared to push-back on US market practice where there is good reason to do so. Expectations around diligence and documentation should also be aligned early, and extra time and cost should be factored in for negotiation.

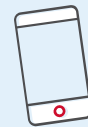


# Key sectors poised to drive New Zealand M&A activity in 2026

New Zealand's macroeconomic situation has gradually improved throughout last year which has been reflected in deal volume data. This positive trajectory provided clear indicators of which sectors are expected to dominate the M&A landscape in the coming year.

There is reason for optimism as economic conditions improve, interest rates bottom out and a weakened dollar and pro-investment regulatory settings make New Zealand an attractive destination for offshore investors. This will be tempered,

however, by ongoing geopolitical uncertainty and lagging consumer confidence.



## Technology, Media, and Telecommunications: Leading the charge

Recent data indicates that Technology, Media and Telecommunications (TMT) will continue to be the dominant sector for M&A activity in the year ahead.

AI has been a hot topic throughout 2025 and its incorporation into a variety of businesses will see it remain at the forefront of people's minds, including investors. Businesses that adopt AI to accelerate their growth will prove attractive targets, while investors will be cautious of businesses which may see disruption and lost revenues through the rise and adoption of AI. The significant investment in AI (and the growing need for data solutions) will also see continued interest in data centres, as evidenced by Pacific Equity Partners acquiring 75% of Spark's data-centre business last year. On the flip side, the heavy investment into AI stock has created the most material risk to an expected economic recovery should there be a "bubble burst".



## Financial services: Consistent strong performance

The Financial Services sector saw strong interest over the past twelve months demonstrating consistent M&A activity. We expect to see continued activity in the year ahead. The wealth management sector has attracted particularly strong interest with the merger of JB Were and Jarden Wealth to form FirstCape being a notable example. This trend is expected to continue into the year ahead as investors look for further consolidation opportunities in the sector. Private wealth investors more generally are expected to drive increased investment, and New Zealand is looking to harness this investment through its Active Investor Plus Visa.



Technology, Media, and Telecommunications



Healthcare



Public sector



Energy and infrastructure



Financial services

## Key sectors poised to drive New Zealand M&A activity in 2026



### Healthcare: Demographic drivers

Healthcare continues to be a sector of significant interest, driven by favourable demographics and a resilience to broader macroeconomic trends. New Zealand's aging population is creating sustained demand for healthcare services, making health businesses particularly attractive to investors.

Healthcare technology and software businesses are likely to continue to perform well on the M&A front, as the intersection of healthcare and technology creates compelling investment opportunities. The digitisation of healthcare services and the growing adoption of health tech solutions position this sector for continued growth in the year ahead. With Tamaki Health having now been sold to TPG, we expect other primary-care platforms to continue to attract investor interest over the coming year.



### Energy and infrastructure: Long-term investment needs

New Zealand's need for large scale investment in energy and infrastructure will drive activity in both these sectors.

The country's commitment to renewable energy creates plenty of opportunities in

this space, particularly those involving solar and wind assets. Renewable energy deals and projects will be driven by New Zealand's commitment to a renewable energy transition, its growing population and the increasing demand from our growing tech sector. We see this sector aligned with the broader Māori economy, with iwi and Māori collectives making attractive investment partners given their long-term investment horizons. With the Crown looking to support the capital requirements of the MOM gentailers to invest in renewables, and New Zealand generators quickly building internal capability for wind and solar projects, there is room for more speculative project consolidation led by the gentailers.

Given New Zealand's infrastructure deficit, we can expect to see increased activity in the infrastructure sector. There have already been a range of deals in the secondary PPP market as initial investors have sought to exit New Zealand's first wave of PPPs and recycle capital (including sales of stakes in Transmission Gully, the Puhoi to Warkworth Expressway and Wiri Prison). There is also a fresh wave of PPPs coming to market, including the Warkworth to Te Hana Expressway and the Christchurch Corrections Facility. However, the continued appetite for PPPs is somewhat dependent on the result of the elections with a Labour-led government far less supportive of the PPP model.



### Public sector: Capital recycling

When Kiwis go to the polls later this year, we expect public asset sales to be a key election issue. National has indicated it will mull asset sales as part of the next election, but will likely want a clear mandate before going ahead. With Treasury stating that there needs to be better asset management, and noting that some assets were under-performing or poorly maintained, we think National sees the benefit of selling off certain public assets and reinvesting capital into new assets and projects. Conversely, if we see a Labour-led government take power, there will be a real reticence to implement a capital recycling programme. Ultimately, this is one for the New Zealand public to decide when we go to the polls.

Similarly, the Government's decision to announce a 4% council rates rise cap will put pressure on local government to fund their expenditure. The rates rise cap is not going to stem the flow of local government costs so these costs will need to be funded from somewhere, with one obvious solution being the sale of non-core assets by councils. In the coming years, we expect councils will explore divesting non-core assets such as ports and airports.



### Looking ahead to 2026

Based on strong recent performance, we expect the TMT sector will lead M&A activity in the year ahead, followed closely by the financial services sector. Healthcare, infrastructure, and renewable energy will also attract significant investment, supported by improving economic conditions, favourable demographic trends and pro-investment regulatory settings.

But the election will be a big factor in how things play out. A National-led government is likely to implement a capital recycling programme leading to sales of state-owned assets. The rates rise cap is also expected to put funding pressure on local government with many likely to divest of non-core assets.

## New Zealand private equity: The year in review and what's next

### The past 12 Months: Resilience, caution, and selectivity

The New Zealand private equity market has demonstrated notable resilience over the past year, despite a challenging macroeconomic backdrop, and a scarcity of quality investment opportunities.

#### Key themes and developments:

- **Lack of investible deals coming to market:** The backbone of New Zealand's private equity market is the mid-market, encompassing deals with an enterprise value of between NZD75 million and NZD250 million. The last 12–18 months has seen a significant drop in the volume of these deals coming to market in New Zealand, as many companies have been focused on improving earnings and riding through the economic downturn, before considering an exit. That trend is consistent across family-owned businesses, together with those owned by domestic private equity firms.
- **Caution and selectivity:** While, in most cases, the domestically owned PE firms have a considerable amount of uncommitted capital, they have been cautious around deploying capital at a time when the economic conditions in New Zealand have been challenging.
- **Trade buyers active:** Over the last 12 months we have seen trade buyers taking the lead in many processes, with those buyers being able to offer synergies and strategic advantages, and consequently on many processes we have seen PE firms taking a back seat, and "hanging around the hoop" in case the trade/strategic interest fails to materialise.
- **Focus on portfolio companies:** Instead of pursuing new portfolio acquisitions, many PE companies have instead spent the last 12–18 months focused on improving the performance of existing investments, and in many cases completing bolt on acquisitions, or disposals of non-core assets.
- **All about the right sector:** While the market has been quieter, activity has been heavily sector focused. The retail and construction sectors have been very quiet/distressed. In comparison, certain sectors such as healthcare, financial services/wealth management, education and technology have continued to be hot in terms of PE deal activity.



## Key trends for the next 12 months

Looking ahead, several trends are set to shape the New Zealand PE landscape in 2026:

### 1 PE ready to fire

With macro-economic indicators starting to show green shoots for the New Zealand economy, interest rates that look set to stay low for a long period, and a Government focused on business growth, easing foreign investment restrictions and attracting capital to New Zealand (particularly in light of the 2026 General Election), we expect that 2026 will finally be the year where PE transactions return to something close to their record 2022/2023 levels.

As financial results start to show a gradual improvement for many New Zealand companies, we expect that more of these businesses will come to the market, and that the Australian and New Zealand funds will be quick to pounce. Given their access to large pools of uncommitted capital, easy access to debt on favourable terms, and the trend towards re-setting vendor price expectations, we think these PE funds will see a path to achieving and exceeding targeted returns.

### 2 Will the international trend of continuity funds come to New Zealand?

Continuity funds are increasingly popular in the US and Australia as a mechanism for a PE fund to effectively transfer its portfolio investment to a new vehicle (managed by the same PE firm), but with a structure that offers the underlying fund investors the opportunity to exit if they wish to do so. Often new capital is introduced as part of that transfer, with family offices playing a role. We have seen a number of Australian firms using continuity funds for their New Zealand investments.

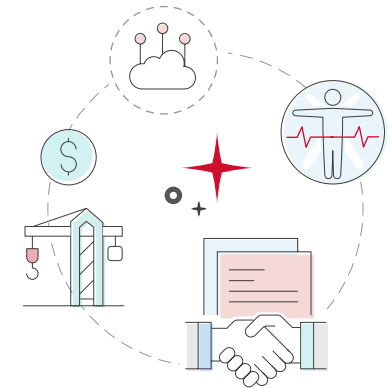
The New Zealand market is structurally different to Australia, with most New Zealand PE funds being open ended (i.e. they do not have a fixed end date). The result of that is that New Zealand funds can, and do, hold investments for the long-term, and there is no structural timing driver for an exit. However, for a number of the New Zealand portfolio companies in sectors that have been enduring tough market conditions over a number of years,

we expect that continuity funds may be used as a way to provide a liquidity option to investors.

### 3 Here come the infra funds

We are seeing a continued focus on infra-plus investments in New Zealand, with a new breed of infra-based PE funds actively looking at the New Zealand market for investments, together with some of the more traditional PE funds establishing their own targeted infra-plus funds. Obvious targets include renewable energy, data centres, electricity networks and telecommunications infrastructure, and public transport operators (bus companies, ferries etc).

We expect that trend to continue, as New Zealand seeks to address its infrastructure deficit, and central and local governments looks to recycle capital into new assets.



### Getting back to business

The New Zealand private equity market has proven its resilience, adapting to global headwinds and local challenges. We expect that the next 12 months will be coloured by a more positive mindset, with strong private equity activity, especially in the mid-market, tech, financial services, healthcare, and infra-plus sectors.

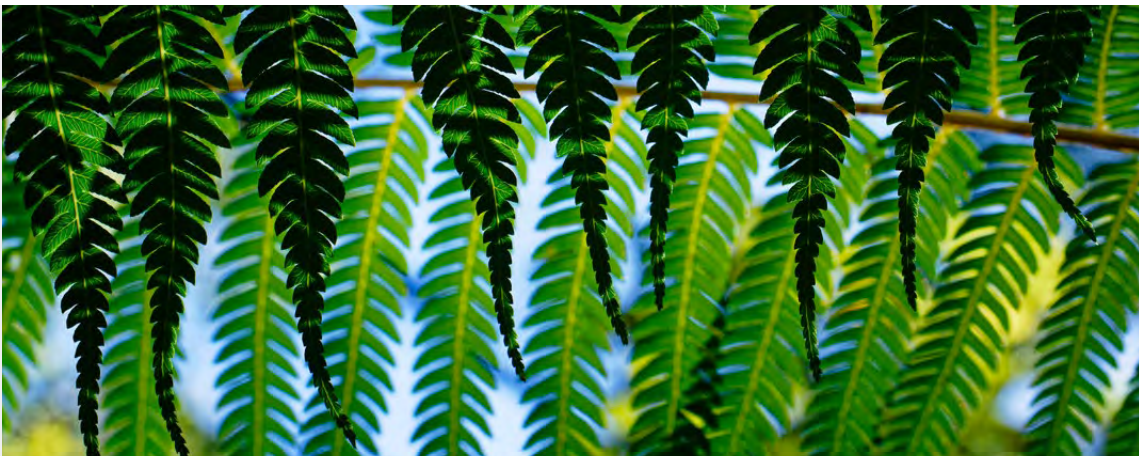
## Resetting the rules: Merger reform and a new national interest test for overseas investment

New Zealand's competition and investment regimes are undergoing a significant reset.

At the end of 2025, the Government unveiled a suite of reforms to the Commerce Act, designed to modernise merger control and give the Commerce Commission more tools to intervene in anti-competitive conduct. While not as far-reaching as Australia's mandatory notification regime introduced in January, the changes are significant and include clarifying key legal tests, addressing serial acquisitions, and introducing new powers for the Commission to intervene in potentially anti-competitive acquisitions. These reforms reflect concerns about

concentrated markets and are intended to ensure that New Zealand's competition settings are fit for purpose.

The Overseas Investment Act is being reformed to streamline foreign investment by introducing a consolidated and risk-based approach to screening for investments other than those in farmland, residential land or fishing quota. The test will apply a three-stage national interest test. The reforms were enacted in January 2026 and expected to come into effect by April 2026.



### Key changes to merger reform

The Commerce Act amendments include:

- **Clarifying the SLC test:** The “substantial lessening of competition” test will be refined to explicitly cover mergers that create, strengthen, or entrench market power, aligning with recent Australian reforms and extending to other provisions of the Act.
- **Addressing serial acquisitions:** The Commission will be able to assess the cumulative impact of acquisitions made over the previous three years, targeting roll-up strategies that may escape scrutiny when viewed in isolation.
- **Defining “substantial influence”:** A non-exhaustive list of factors will guide the Commission in determining whether one entity can exert substantial influence over another, for the purpose of merger assessments.
- **Clarifying “assets of a business”:** The definition will be expanded to include all forms of property and legal or equitable rights, clarifying the breadth of the definition.
- **Accepting behavioural undertakings:** The Commission will be empowered to accept behavioural remedies as a condition of clearance or authorisation, adding flexibility to the merger review process.  
  
The Commission's oversight powers will also be strengthened:
- **Stay and hold powers:** The Commission will be given the power to temporarily suspend the completion of a transaction for up to 40 working days while it investigates.
- **Call-in powers:** The Commission can require parties to seek clearance for a transaction it believes may substantially lessen competition, effectively pausing the deal until a decision is made.
- **Extended timeframes:** For complex mergers, the Commission will have up to 100 additional working days (additional to the current 40 working day timeframe) to reach a decision.

## Resetting the rules: Merger reform and a new national interest test for overseas investment



### Other Commerce Act reforms

The Government is also introducing reforms to other parts of the Commerce Act, including:

- **Predatory pricing:** a new statutory presumption will be introduced to define when below-cost pricing by firms with market power is unlawful. In particular, pricing below Average Variable Cost (AVC) or Average Avoidable Cost (AAC) over a sustained period is presumptively unlawful. Pricing above AVC/AAC but below Long-Run Average Incremental Cost (the average cost of producing an additional unit of output over the long-term costs) or Average Total Cost (total

costs divided by the number of units produced) over a sustained period will be presumptively unlawful only where there is evidence of exclusionary intent. The Government has clarified that short-term promotional pricing is not intended to be caught by the new test.

- **AI and algorithmic conduct:** The Act will be amended to confirm that conduct facilitated by AI or algorithmic tools is subject to the same prohibitions as human-led behaviour.
- **Collaborations and exemptions:** A statutory notification regime will be introduced for resale price maintenance and small business collective bargaining,

alongside class exemptions for low-risk collaborations. A more streamlined process for collaborative activity clearances will also be introduced.

### Implications for M&A

The reforms signal a shift toward more active scrutiny of merger activity, particularly in sectors where market concentration is already high. Roll-up strategies and serial acquisitions, especially in industries like banking, grocery, and electricity, are likely to attract closer attention from the Commerce Commission. Firms pursuing these strategies should plan carefully and be prepared to justify how their deals will not harm competition, even if individual transactions appear small or incremental.

The introduction of behavioural undertakings adds a layer of flexibility to the merger clearance process, allowing parties to offer commitments around future conduct. However, these undertakings are not a silver bullet. Regulators in other jurisdictions have been cautious in accepting behavioural remedies, particularly where structural issues are at play. Parties should not assume that offering behavioural commitments will automatically resolve competition concerns.

Finally, some deal timelines may lengthen if the Commission exercises its new pause or call-in powers. While there is already constructive engagement between the Commission and merging parties, and most parties cooperate when the Commission requests additional time to investigate a merger or clearance is encouraged, we anticipate the introduction of these powers will lead to more intervention by the Commission. Parties should factor this into their deal timelines and consider approaching the Commission earlier to reduce the risk of delays to completion should the Commission require the acquirer to file a clearance application.

Firms with existing market power should expect heightened scrutiny: not only of their acquisitions but also of their broader conduct in the market.

## Resetting the rules: Merger reform and a new national interest test for overseas investment

### Overseas investment reform

The reform seeks to change the Overseas Investment Act's core principle, which is that it is a privilege to own or control sensitive assets in New Zealand, to one which takes a more balanced approach. This new approach now formally recognises the role of overseas investment in increasing economic opportunity by enabling the timely consent of less sensitive investments through an initial national interest risk assessment.

The focus of the regime has been changed so that lower risk investments can get faster approval, and higher risk investments or those in more sensitive assets, get more regulatory attention.

This purpose is brought into effect by the introduction of a fast-track consenting process for transactions other than those relating to residential land, farmland, and fishing quota (being more sensitive assets). That fast-track process is assessed on a national interest basis (i.e. if there is no risk to New Zealand's national interest, the transaction should be approved). The reform should therefore result in a far more efficient process for most investments and should help to shift the current perception that investing in New Zealand is difficult.

### The current regime

Greater detail on the current regime is available in our Doing Business in New Zealand Guide available [here](#). In summary, if an investment is being made into 'significant business assets' (essentially into businesses that have \$100m of New Zealand assets) or 'sensitive land', consent is required from the Overseas Investment Office (OIO).

Significant business asset consent must satisfy an investor test (essentially that certain crimes have not been committed). Sensitive land consents must also satisfy a benefit to New Zealand test (essentially that the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders) by reference to certain factors e.g. economic development, benefit to natural environment etc). For residential land, certain special tests can be satisfied in the alternative. Finally, if there is foreign government involvement or the investment involves certain strategically important businesses, a national interest assessment is required.

That consent process can take from 35 working days for significant business assets (increased to 55 working days for national interest assessments), to 70 working days for sensitive land with



farmland taking up to 100 workings days. That said, the OIO has been directed to process 80% of applications within half the prescribed timeframe, which it has been achieving. Further, applications relating purely to residential land have much shorter application timeframes, but these are generally not relevant for M&A as other categories tend to be triggered.

### The new regime

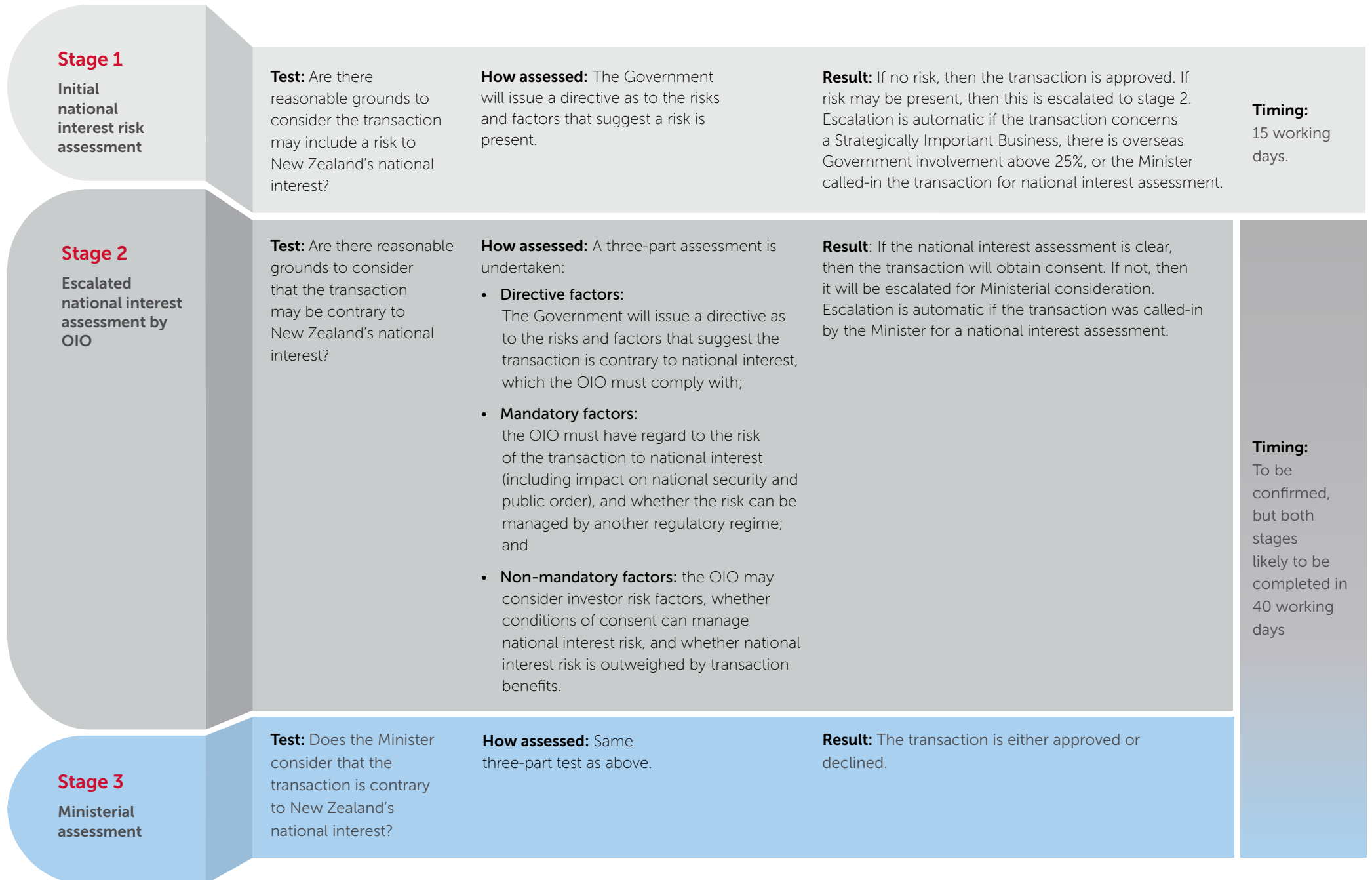
The reforms will remove from the above processes, investments that do not relate to residential land, farmland, and fishing quota. Instead, for those transactions, a new three-stage modified national interest test will apply and this is explained below.

Much of the new assessments of national interest will be by reference to factors set out in legislation, but also in Ministerial

Directive Letters. These collectively set out the risks and factors the OIO will consider. It is likely that they will remain of a fairly broad nature as is currently the case for national interest assessments of investments by foreign governments or into strategically important businesses.

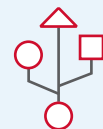
Consequently, for transactions that entail a higher degree of national interest risk, there is the potential for a greater degree of political influence which will need to be factored in.

## The new process



## Navigating the new M&A landscape: 2025 trends and 2026 implications

In 2025, the New Zealand M&A market demonstrated resilience and adaptability amid global uncertainty and domestic regulatory change. Dealmakers responded with considered structures, alternative financing, and sharper risk allocation strategies, ensuring transactions continued despite valuation gaps and operational complexity. For investors, corporates, and advisors, understanding these shifts is critical to positioning for 2026. We examine six defining trends from 2025 and what they signal for the year ahead.



### Deal types: Carve-outs, minority investments and joint ventures

Corporate carve-outs were a hallmark of last year. Fonterra's agreement to sell its consumer brands business to Lactalis for NZD4.2 billion underscored the trend toward portfolio simplification and reinvestment in core operations.

Minority investments and joint ventures also featured, offering flexibility for investors and corporates alike, and enabling growth without full-scale acquisitions. Spark's partial divestment of its data centre assets to Pacific Equity Partners via a new standalone company 'DC Co' exemplifies this trend, allowing Spark to realise value in the short term and continue to participate in a growing market through its retained stake.

Expect these deal types to remain prevalent in 2026 as boards continue to focus on portfolio optimisation.



### Process: Bilateral negotiations over auctions

Competitive auction processes gave way to bilateral negotiations in 2025, showing a desire for certainty, confidentiality and customisation. Synlait Milk's agreement to sell its North Island dairy facilities to long term customer and global healthcare provider, Abbott, provides a high-profile example of this trend. Deal timeframes were also slow, likely due to market uncertainty, valuation gaps, and regulatory change under the Overseas Investment Act and Commerce Act.

This shift reflects a market prioritising certainty over speed. Bilateral processes will likely persist in the medium term, though stabilising interest rates and clearer regulatory frameworks may help shorten timelines.



[Read more](#) about regulatory changes.



### **Funding: Private credit moves mainstream**

Private credit has emerged as a popular funding source, providing financing solutions for largely mid-market transactions. Local and offshore (particularly from Australia) credit funds are increasingly active in New Zealand, either offering the term debt in a senior/super senior structure, mezzanine debt or coming in alongside the banks.

While bank funding remains dominant in M&A financing in New Zealand, we expect to see the proportion of private credit continue to increase, as it has elsewhere in the world.



### **Structure: Locked-box and hybrid mechanisms**

Locked-box and hybrid pricing structures have become more prevalent in the last 12 months, delivering certainty and reducing post-completion adjustments (and the disputes that can often accompany them). As in previous years, locked-box accounts were typically favoured where sellers sought a clean exit and buyers valued upfront price certainty, such as in private equity exits. Hybrid structures were preferred where buyers wanted locked-box simplicity but needed flexibility for specific variables, like seasonal working capital or regulatory-driven cost changes.

These mechanisms will remain attractive in 2026 as dealmakers seek to balance certainty with performance-based upside. Hybrid models combining locked-box certainty with contingent pricing are likely to become more common practice, particularly in transactions involving growth assets or businesses with volatile cash flows.



### **Value: Rising deal sizes and narrowing valuation gaps**

Despite early-year caution and relatively subdued transaction volumes, average deal values have increased, likely supported by stabilising interest rates and a weaker NZ dollar that attracted offshore buyers. Standout transactions included Xero's USD2.5 billion purchase of Melio and Fonterra's NZD4.2 billion sale to Lactalis. Generally, valuation gaps seem to have narrowed slightly, aided by pricing tools such as earn-outs and deferred consideration.

With macroeconomic conditions improving, we may see further convergence in buyer and seller expectations – though sector-specific volatility will remain. Dealmakers should anticipate continued use of contingent pricing mechanisms to bridge residual uncertainty.



### **Risk: Comprehensive due diligence and tailored warranties**

Risk allocation was front of mind in 2025. Buyers required fulsome due diligence and tailored, often sector-specific warranties. There was increased focus on cyber security, data, privacy, IP, ESG and compliance with laws warranties, reflecting modern corporate risk areas. W&I remained a staple, providing comfort in transactions where sellers sought a clean exit.

Unsurprisingly, thorough due diligence, bespoke warranties and W&I insurance will remain essential for deal making in 2026. The continued rise of AI will also be impactful – both as an area for due diligence with respect to use by the target business itself, and as an increasingly-sophisticated due diligence tool for advisors.

## Navigating the new M&A landscape: 2025 trends and 2026 implications

### What this means for 2026:

#### **Portfolio strategy:**

Expect continued carve-outs, minority investments, and JVs as boards focus on core assets and strategic partnerships to unlock value without overextending capital.

#### **Deal process:**

Bilateral negotiations will remain common – prepare for longer timelines and invest in early due diligence to maintain momentum.

#### **Financing options:**

Private credit is now mainstream – consider engaging lenders early to secure flexible, competitive terms.

#### **Pricing innovation:**

Locked-box and hybrid structures will persist, alongside earn-outs and deferred consideration – all in a bid to bridge valuation gaps.

#### **Risk management:**

Comprehensive due diligence and tailored warranties are essential – anticipate deep due diligence requirements and ensure you have considered emerging risk areas, particularly those associated with AI.

## A sample of our 2025 deals

**Armacup**

**bnz<sup>★</sup>  
breakers**

 **EASYPOLY**

**/exsurgo**


**FARADAYS**

 **Fulton Hogan**

**FUSIONS**  
Business Solutions

**futurefund**  
*Australia's Sovereign Wealth Fund*

**GFP**  
GLOBAL FOREST PARTNERS LP

 **Grant Thornton**

 **habithealth**

**K/NET/C**

**mediaworks.**

 **QUAYSIDE**

**RK**  
TIMBERS

**Sumitomo**

**Synlait**

 **Te Rūnanga o NGĀI TAHU**

**TO  
DD**

 **WARNER BROS.  
DISCOVERY**

**Waterman**  
PRIVATE CAPITAL

**ZENERGY**



## Our M&A team

We are not afraid of a challenge or to innovate in the pursuit of our clients' goals.

With a reputation for tackling the most significant and complex transactions, our top tier M&A team continues to deliver excellent results to major international corporations, local trade buyers, listed companies, financiers and private equity funds on a variety of M&A and private equity transactions.

Home to one of the largest M&A teams in New Zealand, our Corporate team's expertise is recognised internationally as top tier by The Legal 500, Chambers Asia Pacific and the IFLR1000.

Our market-leading partners are backed by highly qualified and talented corporate lawyers, ensuring the seamless delivery of astute commercial advice and excellent client service.

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The team provided advice grounded in practical realities and was able to sift through issues to clearly identify the substantive issues relevant to our business.

They gave us very pragmatic and business-focused advice. They showed great commitment and commerciality while not shying away from difficult discussions."

Chambers and Partners,  
Asia Pacific 2025

# Speak to our experts

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