

Canadian M&A Sets Records in 2021, Crosbie Reports

Deal activity rebounded in Q4, with annual records in both volume and value

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Following a fourth quarter resurgence, Canadian merger and acquisition activity reached record levels in 2021, according to new data from Crosbie & Co.

The Toronto-based mid-market investment bank reported that there were 3,857 M&A transactions announced last year, representing \$359 billion in total value. M&A activity set records in terms of both deal volume and value, it said.

After a dip in third-quarter dealmaking, the year had a strong finish, with 943 deals announced in the fourth quarter amounting to \$87 billion.

“2021 was an extraordinary year for Canadian M&A with three of the four most active quarters we’ve ever seen,” said Colin Walker, managing director at Crosbie & Co., in a release.

“As well as a little catch up from the prior year, this reflects favourable conditions for vendors as well as an active universe of buyers and liquid capital markets,” Walker said.

In the fourth quarter, deal activity rose in most industry sectors, with the consumer discretionary, materials and utilities sectors surging compared with the prior quarter.

The most active sectors in Q4 included tech, industrials and real estate.

There were 14 so-called “mega deals” (deals of over \$1 billion) in the fourth quarter, pushing the full year total to 46 transactions, amounting to \$253 billion in deal value.

While the big deals account for the bulk of the deal value, mid-market transactions (worth less than \$250 million) represented the vast majority (91%) of deal volume in 2021, Crosbie noted.

Looking ahead, the firm expects M&A activity to remain robust in 2021.

“Despite the heightened uncertainties that some might point to for 2022, we expect the M&A train to keep on rolling,” Walker said.