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M&A Activity Hits Record High in Q1: Crosbie & Co.

Tech sector was hot, and cross-border deals were robust

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Canadian merger-and-acquisition activity hit another all-time high in the first quarter of 2021, according to new data from Crosbie & Co.

The Toronto-based investment bank reported that there were 1,007 M&A deals announced in the first quarter, up 8% from the prior quarter and 26% from the same quarter last year, to a new record high for deal volume.

Deal value totalled \$81 billion, down slightly from the fourth quarter's \$84 billion.

“While some of this record activity likely represents a continued catchup of deals put on hold early in the pandemic, this may also be a sign of the next leg up in the M&A market,” said Ian Macdonell, managing director at Crosbie & Co., in a release.

“The M&A market is currently benefiting from multiple tailwinds,” he said. “These include expectations of a robust economic recovery as vaccinations lead to reopenings, significant buyer appetite, strong stock markets and excellent availability of low-cost debt financing.”

Domestic M&A activity was strong in the first quarter, with 683 deals announced, and cross-border dealmaking remained robust too, with 436 transactions, despite ongoing border closures and travel restrictions.

Crosbie reported that there were 10 so-called mega deals in the first quarter — transactions worth over \$1 billion — for a combined value of \$53.3 billion.

The tech sector was most active in the first quarter, with 129 transactions valued at \$16 billion in Q1.

Amid a rebound in commodity prices, the mining sector produced 112 deals, although the combined value was just \$219 million, as “the average deal size was small,” Crosbie said.

The real estate sector was also busy with 110 transactions announced in Q1, with a total deal value of \$4.3 billion.