PHARMACEUTICALS

'Buying stuff like it's going out of fashion': Biotech M&A on track for best year since pre-Covid

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KEY POINTS

- So far in 2026, biotech deals amounted to $106 billion over 201 transactions, according to PitchBook data.
- That momentum in dealmaking comes despite an interest rate environment that has turned for the worse following the Iran war and inflationary impacts.
- Many pharmaceutical companies urgently need to fill looming revenue gaps as best-selling drugs lose exclusivity over the next few years, and many are looking to China to scout innovative solutions.

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Global biopharma M&A is experiencing a sharp uptick, putting the sector on track for its strongest year since the pre-pandemic peak seven years ago.

Driven by looming patent cliffs, newly buoyant public markets, and Big Pharma's race to beef up their pipelines, dealmaking so far in 2026 amounted to $106 billion over 201 deals, according to PitchBook data.

If the current pace of biopharma M&A holds up for the rest of the year, the industry could be

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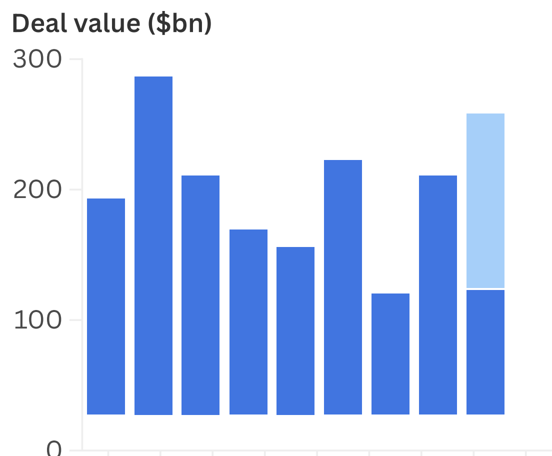
and pharma since the 2019 peak.

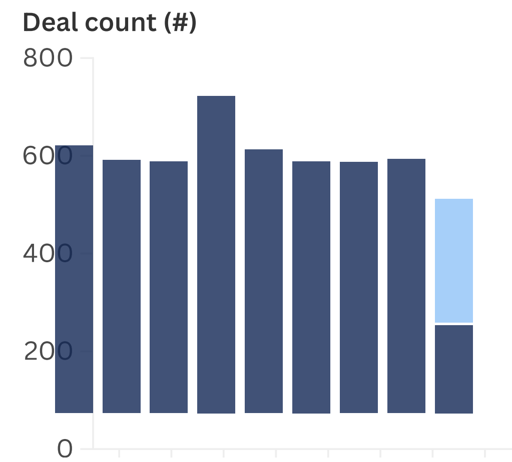
We've seen pharma companies "really buying stuff like it's going out of fashion," Head of Life Sciences and Healthcare Equity Research at HSBC, Rajesh Kumar, told CNBC.

Following a post-pandemic trough in 2022 and a softer 2024 where total deal value dropped to $114.8 billion, M&A surged to $209 billion in 2025. That momentum has accelerated into 2026.

Biotech M&A is off to a strong start in 2026

(Pale blue = forecast data)





Source: PitchBook • 2026 data as per June 1. Forecast values calculated by CNBC.

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So far this year, momentum for dealmaking in the sector has been strong, despite an interest rate environment that has deteriorated following inflationary pressures in recent months, Kumar said.

"Broadly speaking, the deal-making environment in first half was a little more conducive than it is right now," Kumar said.

The bolt-on deal trend

According to PitchBook data, the vast majority of capital allocation is currently concentrated in strategic acquisitions and corporate add-ons rather than leveraged buyouts, with drug discovery dominating the deal flow.

Nanna Lüneborg, general partner at life sciences venture capital firm Forbion, highlighted that

range, pointing to GSK 's recent $2.2 billion acquisition of RAPT Therapeutics as a prime example.

Historically, mega-mergers in the $10 billion to $20 billion range have been harder to make a success, Lüneborg told CNBC.

When these bolt-on acquisitions are in the $1 billion to $5 billion range, that tends to be for a few specific products rather than a whole franchise, making them significantly easier to integrate into companies' overall portfolios, and there are fewer hurdles regarding anti-competitive concerns, she added.

The average deal value so far in 2026 has spiked sharply to $527.3 million, up from $365 million in 2025, according to the PitchBook data.

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Lüneborg said that while 2025 was one of the most active years on record, 2026 is maintaining that ferocious pace across diverse modalities, including oncology, metabolic disease, and central nervous system (CNS) breakthroughs in fields like Alzheimer's.

"I don't think pharma is panic buying," she said, but added that many are focused on buying products that are going to be commercial soon, alongside investing in earlier-stage assets to get access to new technologies.

Patent cliffs and China

The ultimate catalyst remains the industry's urgent need to replace the revenue from the loss of exclusivity for best-selling drugs. "You still need to fill the hole in your P&L when the patent cliffs hit," Kumar said.

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However, there appears to be a divergence going on and a clear company-specific dynamic at play.

"When you're a very strong company, like Lilly , where things are going in your favor and growth is coming, then a lot of people want to partner with you," said Kumar. "But if you've got a big patent cliff and it looks like your fortunes might struggle in the next three to five years, then you have to be the originator."

The search for innovation has frequently led Western pharma to China. Despite shifting U.S. draft regulations limiting the use of Chinese clinical data, "clearly the interest in buying assets out of China is not fading," said Kumar.

Luneborg notes that Forbion has capitalized on a "win-win" cross-border model.

"There's been a ton of Chinese biotech companies that have developed very compelling products, very compelling science, and a lot of them are pursuing development of these assets in China for the Chinese market… but they don't have either the capital or the global infrastructure to pursue a similar development elsewhere."

Trump policies, China's biotech boom are ending Europe's pharma powerhouse era

This has paved the way for a "NewCo" model, where firms acquire ex-China rights to establish new companies in Europe or the U.S. to shepherd assets through FDA and EMA approvals.

The public market sentiment has undeniably improved over the past 12 months, with the biotech index XBI rising 50% and several successful IPOs showing that the IPO window for biotech is effectively open.

"Because there's such a strong impetus for pharma to acquire products because of the patent cliff they're facing, then I think that helps to pull more generalist investors into biotech as well," said Luneborg.

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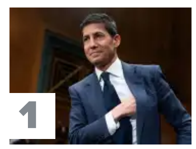
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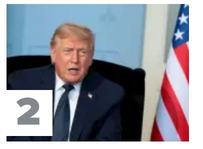
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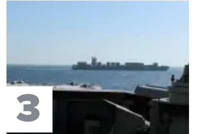

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