

Private equity in Canada: a market worth monitoring

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Welcome to our PE Industry Spotlight, where we provide timely insights and market trends informed by current data and our own dedicated market expertise. In a rapidly evolving environment, staying well-informed is essential for identifying opportunities and managing risks in the Canadian private equity space.

In recent years, uncertainty has become a constant in the investment landscape. Tariff pressures, geopolitical fragmentation, and macroeconomic volatility have shifted from being cyclical challenges to enduring features of the markets where private equity investors operate. Yet, despite these realities, deal values in Canada rebounded sharply in Q3 2025, recovering from a significant Q2 decline. However, this resurgence was driven primarily by deal value rather than volume — Q3 saw fewer total transactions than Q2, but significantly larger individual deal sizes.^[1]

This trend was also observed by the Canadian Venture Capital & Private Equity Association (CVCA), noting that private equity investors have ploughed a record \$56.5 billion into Canadian Companies as of mid-November 2025, driven by a string of privatization deals worth over a billion dollars.^[2]

This pattern signals a shift in investor behavior: rather than waiting for perfect market clarity that may never arrive, PE investors are moving forward selectively, concentrating capital into high-conviction investments while pricing risk and volatility into their strategies and structuring. This recalibration is particularly evident in the Canadian market, where a maturing dealmaking environment and sectoral tailwinds — particularly in industries like technology, which accounts for nearly a quarter of 2025 deal activity by volume — are opening opportunities for investors willing to embrace disciplined risk-taking.

Q3 saw a large bounce back from the Q2 uncertainty

Source: Pitchbook (As of September 30, 2025)^[3]

The Canadian PE-tech intersection at a glance

Through the first three quarters of 2025, the technology sector accounted for 24.5% of all Canadian buyout activity (by deal count) — a meaningful metric, as buyout transactions serve as a barometer of PE sponsor conviction and operational value creation confidence.^[4] Within technology buyouts, SaaS (36.9%), TMT (13.1%), AI (11.90%), and Fintech (8.33%) lead activity. AI stands out as the fastest-growing vertical, soaring from 4.85% in 2024 to 11.90% in 2025 — a 145.36% year-over-year increase. This acceleration reflects that PE investors are now acquiring and building AI capabilities as part of their core operational improvement mandate. Canadian-domiciled AI companies have drawn significant PE buyout interest, and the depth of capability in this vertical creates meaningful opportunities for investors willing to navigate the technical, regulatory, IP, and talent-related complexities inherent in this space. For further insight into AI and technology-focused private equity trends, see our [Tech Insight feature](#).

Source: Pitchbook (As of September 30, 2025)^[5]

A return to operational discipline

Private equity strategies are entering a phase of maturity, marked by a departure from the aggressive, growth-at-any-cost mindset that defined the high-valuation era. Firms appear to be shifting back to focus on operational value creation and disciplined, sustainable growth. This refocus places greater pressure on portfolio company management teams to drive meaningful improvements in operations and efficiency, moving beyond reliance on financial engineering alone. This shift has spurred increased demand for comprehensive due diligence, strong governance frameworks, and strategic support to enable effective operational transformation.

Cautious optimism

The surge in Q3 private equity (PE) deal values signals potential stabilization in dealmaking conditions as interest rate policies become more clear. Canadian PE activity remains on track for a solid year by historical standards.^[6] However, recent volatility highlights the sector's ongoing sensitivity to external forces. Sustaining this momentum requires more than robust deployment activity, with exit activity remaining a critical driver of long-term success.^[7] Without viable pathways to return capital to limited partners — whether through strategic sales, secondary buyouts, or eventual public offerings — PE firms face constraints on their ability to raise subsequent funds and redeploy capital at scale. The durability of the current dealmaking environment may hinge on whether exit channels can keep pace with the capital flowing into new investments.

PE dealmaking on track for another strong year

Source: Pitchbook (as of September 30, 2025)^[8]

For PE investors engaging Canada's market, the opportunity is real and tangible. But so too are the challenges posed by uncertainty and volatility. Success in this environment demands anticipatory structuring, meticulous risk management, and a disciplined approach. Investors who combine conviction with strategic sophistication will be best positioned to unlock the full potential of Canada's dynamic PE landscape.

[1] Market data in this section sourced from PitchBook, *"Q3 saw a large bounce back from the Q2 uncertainty"*, presentation to Osler, October 2025. Data as of September 30, 2025.

[2] Canadian private equity investing shatters records as billion-dollar buyouts surge, Catherine McIntyre, Canadian Venture Capital & Private Equity Association (CVCA), November 12, 2025

[3] Data Attribution: Market data and charts sourced from PitchBook, October 2025 presentation to Osler's Private Equity group. All data is as of September 30, 2025 unless otherwise noted.

[4] Sourced from PitchBook, *"PE in Canada at a glance"*, presentation to Osler, October 2025. Data as of September 30, 2025.

[5] Chart created by Osler using PitchBook data (as of September 30, 2025)

[6] Market data in this section sourced from PitchBook, *"PE dealmaking on track for another strong year"*, presentation to Osler, October 2025. Data as of September 30, 2025.

[7] Sourced from PitchBook, *"Private Equity Key Themes"*, presentation to Osler, October 2025. Data as of September 30, 2025.

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