SaaS Valuations Rebound 48% From 2026 Low, but Private M&A Multiples Remain Far Below AI Headlines, L40° Finds

Q3 2026 market analysis finds disclosed non-outlier tech deals averaged 6.2x EV/Revenue, while strategics continued to close 137–155 acquisitions per quarter.

> Headline AI deals are not the market. Most technology and software M&A is happening at much more moderate multiples, particularly in the mid-market, with significant variation across sectors."
>
> *Juan Ignacio Garcia, CEO of L40°*

MIAMI, FL, UNITED STATES, September 30, 2026 /EINPresswire.com/ -- Public SaaS valuations have rebounded nearly 48% from their June 2026 low, but private technology M&A remains significantly more disciplined than the headline multiples attached to a small group of high-profile AI transactions, according to L40°'s Q3 2026 SaaS & Tech M&A Market Update.

The SaaS Capital Index, which tracks 63 U.S.-listed pure-play B2B SaaS companies, fell to 3.1x ARR in June before recovering to 4.6x by August 31. L40°'s analysis of 31 disclosed technology transactions completed in 2026 shows a very different picture in private M&A: excluding transactions valued at 20x EV/Revenue or above, deals averaged 6.2x EV/Revenue. In the mid-market, among sub-$1 billion transactions, the average came down to 3.9x.

Q3 2026: recovery, with a wide gap beneath the headlines

L40°'s quarterly analysis points to a market that is recovering, but unevenly. The firm identified four signals shaping software and technology M&A heading into Q4:

- Public SaaS multiples rebounded roughly 48% in two months, from 3.1x ARR in June to 4.6x at August 31, 2026.
- Private-market multiples remain far below the AI-driven outliers: non-outlier disclosed tech deals averaged 6.2x EV/Revenue, versus 29.3x for transactions at 20x or above.
- Roughly 74% of the capital deployed across the disclosed-deal sample went to non-outlier transactions, with $62 billion deployed outside the 20x-plus group.
- Strategic M&A value fell 18% in H1 2026 versus H1 2025, yet strategic buyers completed between 137 and 155 acquisitions per quarter across the last six quarters, including 155 in Q2

2026.

Strategic buyers are doing smaller deals, not fewer

The report finds that headline deal value understates the persistence of buyer activity. Strategic acquirers deployed $59 billion in H1 2026, down 18% year over year, while average strategic deal value fell from approximately $250 million to $200 million. At the same time, quarterly strategic deal count remained within a relatively narrow 137-to-155 range across the six quarters through Q2 2026.

Private equity showed a similar decline in aggregate value: PE deal value fell 31% in H1 2026 versus H1 2025, to approximately $46 billion. L40° interprets the combination of lower aggregate value and sustained strategic deal count as evidence of a market shifting toward smaller transactions rather than one in which buyers have broadly withdrawn.



L40º is a Miami-based M&A firm focused on sell-side advisory for AI and software companies

A 108-point gap across software verticals

The recovery has also been highly uneven across software categories. Across nine public SaaS verticals tracked by L40°, year-to-date performance through early September ranged from +78% for Cybersecurity and Identity to -30% for ERP and Back-Office, a 108-percentage-point spread. DevTools and Infrastructure followed at +47%, while four of the nine tracked verticals remained below their January level.

L40° cautions that public-market performance is not the same as private buyer demand. The divergence is instead a signal of how differently public investors are pricing growth, defensibility and AI-related risk across software categories.

Competitive tension can still materially change outcomes

The report also includes an anonymized 2026 L40° sell-side process for a company with an enterprise value between $30 million and $60 million. Five offers were received. After structured competition between the leading bidders, the winning buyer increased fixed consideration by 23% and total consideration by 88% relative to its own initial offer. L40° notes that most of the increase was contingent consideration, underscoring the importance of both headline value and deal structure in evaluating offers.

Read the Q3 2026 Market Update
The full L40° SaaS & Tech M&A Market Update is available at https://www.l40.com/insights/saas-market-update

About L40°
L40° is a technology-focused M&A advisory firm working with software, SaaS and AI companies on sell-side M&A and strategic transactions. Headquartered in Miami, with offices in Madrid and Lisbon, L40° advises founders and shareholders on cross-border transactions and competitive sell-side M&A processes.
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