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Life Sciences 2026 Outlook

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The life sciences industry enters 2026 with a constructive set of tailwinds, following a second half of 2025 in which dealmaking activity showed clearer signs of normalization after a prolonged slowdown. While risks remain, particularly around geopolitics, trade policy, and regulatory priorities, the overall setup for 2026 is cautiously constructive, with improved visibility into execution pathways for well-positioned assets and platforms.

Key developments during 2025 that set the stage for the year ahead include:

- a sharp acceleration in M&A activity, including the return of mega-cap and upper-mid-market transactions alongside a steady cadence of bolt-on acquisitions, driven by pipeline pressures, improving financing conditions, and clearer regulatory expectations;
- a bifurcated but improving equity capital markets environment, with a volatile first half giving way to a disciplined reopening in the second half of 2025, characterized by catalyst-driven follow-on financings and early signs of IPO market recovery;
- continued expansion of non-dilutive and alternative financing solutions, particularly royalty and synthetic royalty transactions, which are increasingly being used not only by capital-constrained companies, but also by large, well-capitalized biopharma companies as tools for portfolio de-risking and capital optimization; and
- resilient and increasingly sophisticated licensing and collaboration activity, supported by sustained demand for external innovation.

At the same time, companies and investors must navigate an active and evolving regulatory environment. Against this backdrop, this report provides an integrated outlook on life sciences deal activity in 2025 and an outlook on 2026 across mergers and acquisitions, capital markets, royalty finance, collaborations and licensing, and regulatory developments, highlighting the trends, opportunities, and uncertainties most likely to define the year ahead.

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The following Gibson Dunn lawyers prepared this update: Ryan Murr, Branden Berns, Katlin McKelvie, Melanie Neary, and Karen Spindler.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these issues. Please contact the Gibson Dunn lawyer with whom you usually work, any leader or member of the firm's Life Sciences practice group, or the authors:

Ryan Murr – San Francisco (+1 415.393.837, rmurr@gibsondunn.com)
Branden Berns – San Francisco (+1 415.393.4631, bberns@gibsondunn.com)
Katlin McKelvie – Washington, D.C. (+1 202.955.8526, kmckelvie@gibsondunn.com)
Melanie Neary – San Francisco (+1 415.393.8243, mneary@gibsondunn.com)
Karen Spindler – San Francisco (+1 415.393.8298, kspindler@gibsondunn.com)

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Related People

Ryan A. Murr

Branden C. Berns

Katlin McKelvie

Melanie E. Neary

Karen A. Spindler

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