

Institutional Research Group



Marina Lukatsky
Global Head of Research,
Credit and US PE
marina.lukatsky@pitchbook.com



Jinny Choi
Senior Research Analyst,
Private Equity
jinny.choi@pitchbook.com



Kyle Walters
Research Analyst, Private Equity
kyle.walters@pitchbook.com

pbinstitutionalresearch@pitchbook.com

Published on December 3, 2025

2026 US Private Equity Outlook

Our analysts' outlook on the private equity market in 2026

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

2026 outlooks

- 2 PE assets nearing maturity will exit at a slower pace than five years ago.
- 4 PE manager consolidation will drive the top 10 funds to capture over 40% of PE fundraising capital.
- 7 Platform LBOs will see their share of total PE deal activity increase to 25% or more in 2026.
- 9 The number of continuation fund-related exits in 2026 will fall below the 2025 peak.
- 11 PE sentiment survey finds cautious optimism as markets weigh economic headwinds against AI-fueled opportunities.



Jinny Choi
Senior Research Analyst, Private Equity
jinny.choi@pitchbook.com

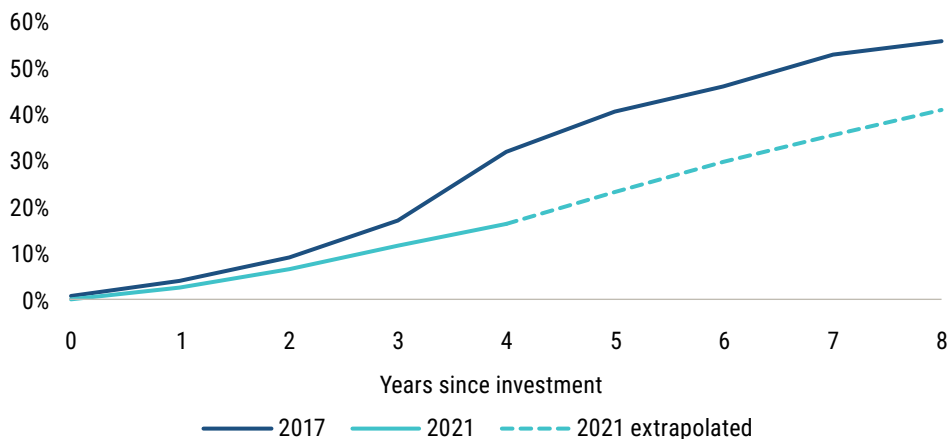
OUTLOOK

PE assets nearing maturity will exit at a slower pace than five years ago.

Rationale

PE exit activity bounced back in 2024 and is expected to secure another year of recovery in 2025, with growth in both exit value and exit count. As of the end of October, there have been 1,300 exits for an aggregate of \$621.7 billion including estimates, versus 1,369 exits worth \$379.6 billion in 2024. Exit value has recovered more rapidly than exit count, but the growth in exit count is especially welcomed, as exit recovery needs to broaden out to clear out the backlog of PE-backed assets. And the current inventory of PE companies is indeed getting larger and older. US PE inventory has grown to nearly 12,900 companies as of Q3 2025, and 30% of current PE-backed assets are 7 years or older, while another 37% of assets are in the early stages of maturity at 4 to 6 years old. The median age of still-held PE assets has trended higher from 3 years in 2022 to 3.9 years in 2025 as PE firms hold on to their portfolio companies for longer while exit activity stalls. While a smaller group of assets have secured exits at attractive prices, the majority of those that remain have continued to age. Although the PE inventory is starting to cycle at a faster pace, the pileup of PE-backed assets nearing maturity is expected to still be a burden on the PE industry.

Share of LBOs exited (2017 cohort versus 2021 cohort)



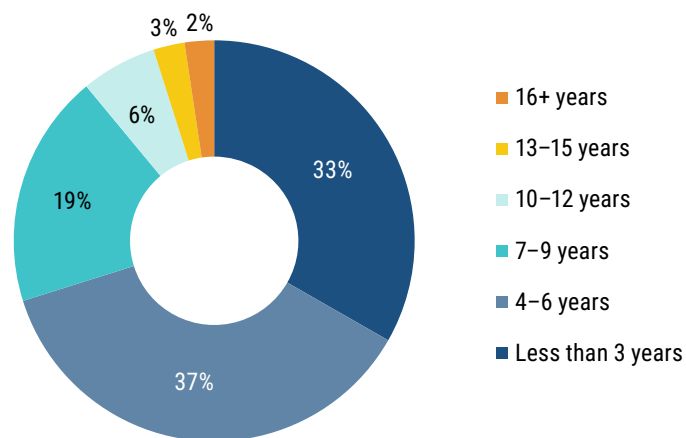
Source: PitchBook • Geography: US • As of October 31, 2025

In [previous research](#), we examined various cohorts of US buyout deals and their pace of exits over time. One was the group of PE deals closed in 2017, which encountered the exit slowdown of 2023 in their sixth year since investment—a prime time to explore monetization paths. The 2017 cohort is now well into the late stage of the maturity timeline and entering its ninth year since investment in 2026. Compared with cohorts that have gone through a full 10-year cycle, the 2017 group has fallen behind; nearing the end of year eight, 37.1% of the 2017 cohort remains held by their PE firms, while just 26.4% of the 2012 cohort remained after the same duration of time. This indicates that assets that matured during a market downturn have indeed been harder to exit, with the delay in monetization adding to the PE inventory.



The issue may be exacerbated by the group of PE-backed assets approaching maturity in the coming years. PE-backed assets from 2021, which was a record dealmaking year, have been exiting at an even slower pace. At this time—four years after the initial investment—only 16.6% of the 2021 cohort has been able to exit, versus 32.3% of the 2017 cohort. If we were to extrapolate the exit pacing for the remainder of a full 10-year investment cycle using the annualized exit rate seen in 2025, just half of the assets in the 2021 cohort would be wound down at the 10-year mark. This presents a base-case scenario if exit activity remains flat instead of improving further. While this extrapolation simplifies the same annual exit pace and does not take into consideration the changing pace of exits for more mature portfolio companies, it is still useful in demonstrating the magnitude at which exit activity will need to accelerate to get through the inventory of assets acquired during the dealmaking heydays.

Share of PE-backed company inventory by deal year



Source: PitchBook • Geography: US • As of September 30, 2025

Risks

Exit activity could expand to a broader range of PE-backed assets as improved market sentiment leads to increased monetization opportunities, helping to cycle through the older assets that have been waiting in a weak exit market. Bullish investor sentiment, strong public markets, and subsequently rising deal multiples could also allow numerous GPs to hit their financial targets early and exit their portfolio companies at attractive targets. The reopening of the IPO market also provides another exit path for GPs to consider. GPs that face continued liquidity pressure from investors or are up against the investment timelines could also exit their assets in less ideal circumstances.



Jinny Choi
Senior Research Analyst, Private Equity
jinny.choi@pitchbook.com

OUTLOOK

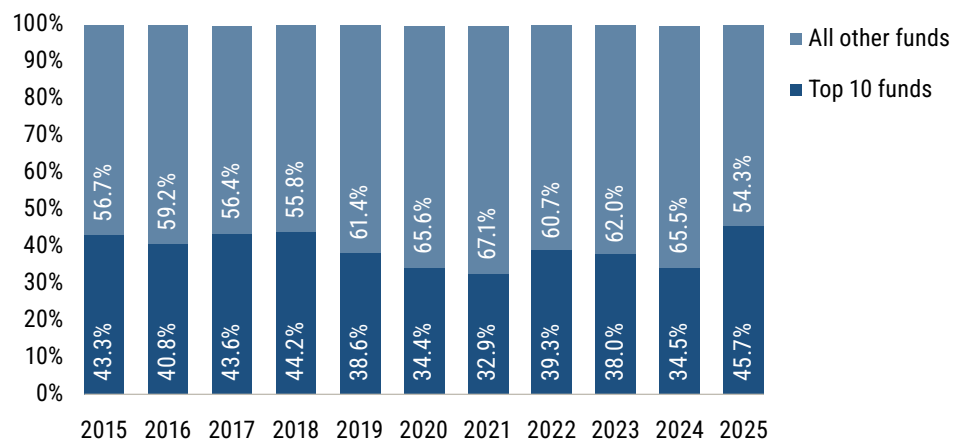
PE manager consolidation will drive the top 10 funds to capture over 40% of PE fundraising capital.

Rationale

The US PE fundraising environment remains subdued as weak exit activity and slowed distributions to LPs disrupt the capital formation process. Subsequently, capital is increasingly consolidating into the hands of the larger, more established PE firms. With less capital available to allocate, many LPs are choosing to commit to fewer managers that can offer a broader range of investment strategies and provide operational scale.

The capital concentrated in the top 10 largest funds raised so far in 2025 exceeds historical levels. 45.7% of the capital raised YTD has been done so by the 10 largest funds, up from 34.5% in 2024. The previous 10-year average was 39% for the top 10 funds, with the five-year average even lower at 35.8%. A similar pattern appears when examining the concentration of capital in the top five or three largest funds: Capital concentration has increased in 2025 compared with previous years because larger funds are successfully fundraising while the rest of the PE market lags. The largest funds' share of total capital is rising because while their fund sizes remain consistent or grow larger, the remaining capital raised has decreased. The top three largest funds have raised \$60.4 billion combined out of \$259 billion raised YTD; in 2024, the top three raised \$55.9 billion out of \$372.6 billion. A similar trend appears for the top 10: The top 10 largest funds YTD have raised \$118.3 billion, down from \$128.5 billion in 2024 and \$155 billion in 2023. The decline in aggregate capital raised shows that megafirms have not been completely immune to fundraising challenges. However, relative to the rest of the PE market, the largest funds have been more successful at maintaining their size and are therefore capturing a larger share of PE fundraising capital.

Share of capital concentration by top 10 and all other funds



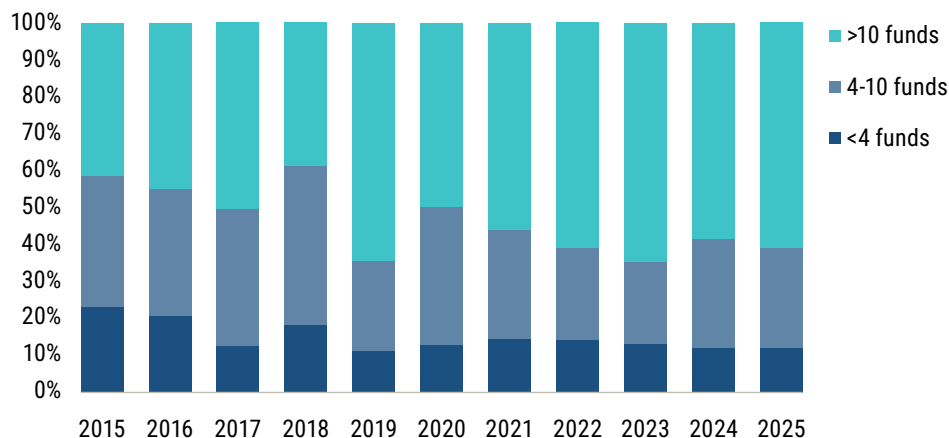
Source: PitchBook • Geography: US • As of October 31, 2025



Currently, 61% of the capital raised this year has been raised by firms with over 10 funds under their belt. This is above the previous five-year average of 58% and is reflective of the accumulation of more capital into established PE shops. This disproportionate flow of capital is more apparent when examining the balance in the number of funds raised: While large firms account for just 31% of fund count YTD, they account for over 60% of fundraising in dollar terms. The greatest share of fund count went to PE firms that have less than four funds under management, demonstrating that although small firms continue to be active in fundraising, capital concentration remains in the larger firms.

This trend also shows up in fundraising trends between experienced and emerging managers—defined as those with three funds or less. While experienced managers are expected to raise a greater share of overall PE capital than emerging managers due to proven track records and established relationships, their share of capital has been trending even higher. YTD, experienced managers have raised 88.1% of capital in 2025, which has steadily increased from 85.2% of the share they had in 2021. Looking one step deeper, first-time funds have had a harder time securing fund raises in the current environment. YTD, only 41 first-time funds have closed with \$8.4 billion in committed capital compared with 83 funds and \$12.2 billion in committed capital one year earlier. It is likely that 2025 will mark a new record low for first-time funds raised, taking the place from 2024.

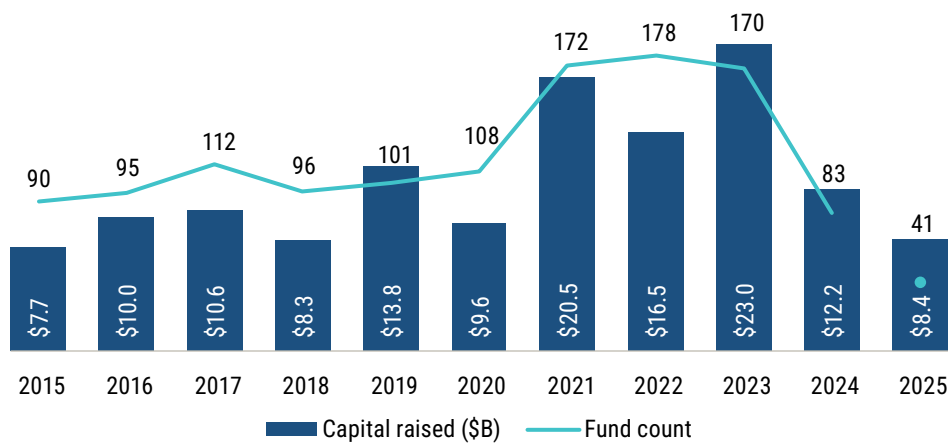
Share of PE capital raised by PE firm fund count



Source: PitchBook • Geography: US • As of November 6, 2025



PE first-time fund activity



Source: PitchBook • Geography: US • As of November 6, 2025

Risks

If exit activity begins to pick up meaningfully, this could bode well for fundraising efforts in 2026. An acceleration in the capital formation process across the broader PE industry could boost overall fundraising and help distribute it across different fund sizes. On the flip side, if liquidity challenges continue, larger funds could also struggle to hit their fundraising targets and cause fundraising capital to be less concentrated in the few top funds. Investors can also turn to emerging managers and specialist funds to diversify their portfolio allocation, and LPs can seek out specialized managers for performance differentiation against the big PE firms.



Kyle Walters
Research Analyst, Private Equity
kyle.walters@pitchbook.com

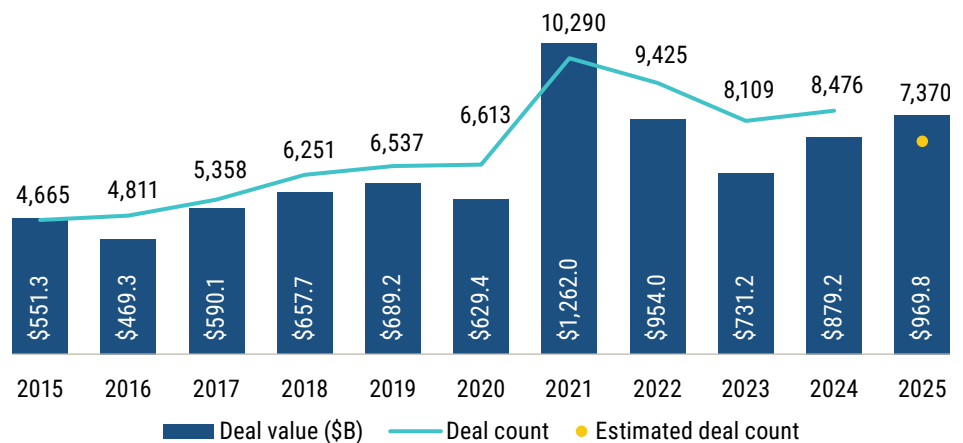
OUTLOOK

Platform LBOs will see their share of total PE deal activity increase to 25% or more in 2026.

Rationale

Dealmaking conditions continue to improve. The Federal Reserve (the Fed) has already cut rates twice this year, and we could potentially see a third cut, with the last Fed meeting of the year set in early December. This, paired with better market clarity related to tariff implications and over \$1 trillion in PE dry powder in the US alone, is beginning to align the stars for sponsors to put capital to work at scale. When all is said and done, 2025 will be the second consecutive year that sees YoY growth in PE deal activity. Through October, the US PE ecosystem saw 7,370 deals announced or completed, worth an aggregate value of \$969.8 billion. Moreover, platform LBOs account for \$525.3 billion of that nearly \$1 trillion dollars in deal activity—the highest value figure since the 2021 peak. Deal count is on pace for another strong year of activity and will likely surpass 2024 when including Q4 figures and any late-reporting deals captured after the fact.

PE deal activity

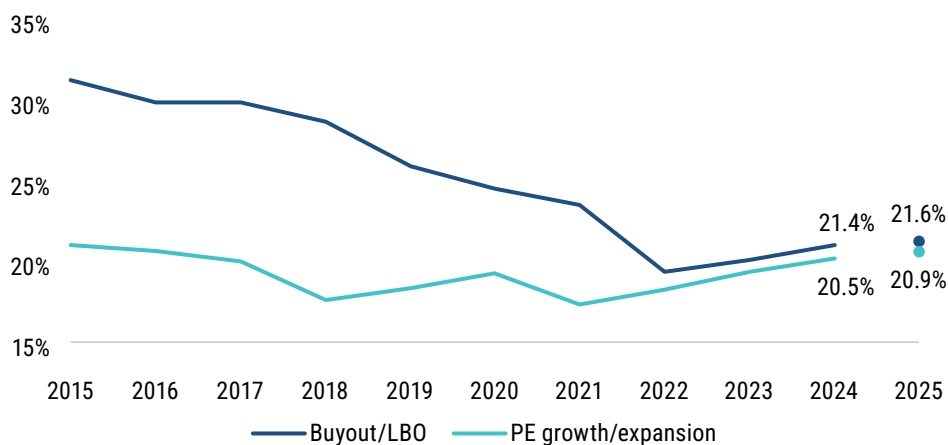


Source: PitchBook • Geography: US • As of October 31, 2025

Conversely, in 2022, 2023, and even to a certain degree, 2024, deal activity saw sponsors continue to commit capital to build out existing platform portfolio companies through add-ons and tap existing credit lines of active portfolio companies, rather than borrowing in an environment that bore witness to the higher rate hike cycle in over 40 years. Similarly, more sponsors opted to focus on growth equity transactions, as the equity-only checks made the strategy more attractive, allowing them to invest in high-quality companies without being tethered to the higher borrowing costs required for platform LBOs.



Platform LBO and growth equity deals as a share of all PE deals



Source: PitchBook • Geography: US • As of October 31, 2025

Through October, buyout/LBOs accounted for 21.6% of all US PE deal activity, up a mere 20 basis points from one year ago and well below the pre-pandemic average of 28.5%. As market conditions steadily improve, more platform LBOs are expected to transpire. Moreover, the market is seeing a renewed risk appetite from sponsors willing to use more leverage again, as equity commitments begin to decline in part due to lower interest rates, which make financing larger deals more accessible. With private credit operating at full strength and the broadly syndicated loan (BSL) market regaining momentum, competition has intensified—driving new-issue loan spreads to their lowest levels since the global financial crisis (GFC). The prolonged technical imbalance in the credit markets, paired with lower rates, has given sponsors more options to secure financing at more attractive terms than those seen in recent years. This allows them to be more acquisitive and move back up market, which is where platform deals tend to occur.

Risks

Add-ons and growth equity transactions remain attractive capital-deploying strategies, even with the improved outlook for platform buyouts. This could result in sustained moderate platform LBO activity, simply because sponsors see elevated opportunities elsewhere. If market conditions stagnate, whether it be tariff-related uncertainty resurfacing, sticky inflation, moderating interest rates, or some combination of the three, these factors could take some of the wind out of the buyout/LBO sails. While the deal type could still see YoY growth, it would likely not reach the 25% target as sponsor opt to be more prudent about their appetite to move up market and make platform acquisitions, instead, once again focusing on deals that are more digestible, such as add-ons and tending to existing platform portfolio companies.



Kyle Walters
Research Analyst, Private Equity
kyle.walters@pitchbook.com

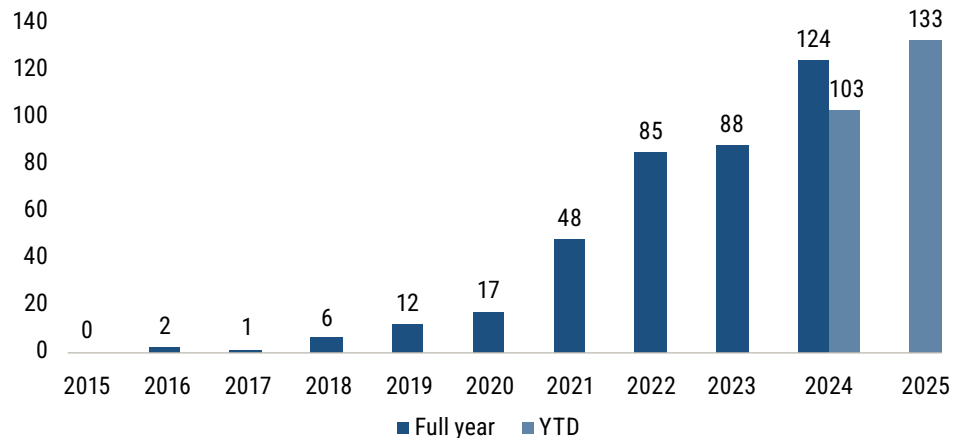
OUTLOOK

The number of continuation fund-related exits in 2026 will fall below the 2025 peak.

Rationale

Continuation fund-related exits have become more common in recent years as traditional PE exit routes have remained limited by higher interest rates, valuation gaps between buyers and sellers, and a frozen-shut IPO window. Now, more than three-quarters of the way through 2025, market conditions have shifted, and what was once considered market headwinds have become tailwinds. The cost of capital has come down, thanks to several rate cuts from the Fed and other central banks, with more expected in the coming months. Furthermore, the IPO window has started to reopen, and now that the government shutdown has ended, more sponsors can seek to test the public markets. Finally, the bid-ask spreads between sponsors have dissipated considerably as we see more and more sponsors transacting with each other.

PE GP-led secondary exit activity



Source: PitchBook • Geography: Global • As of October 31, 2025

Through the end of October, we tracked 133 continuation fund-related exits globally, already surpassing the 124 seen in all of 2024 and setting yet another record for activity. These exits, when including extrapolated values for nondisclosed transactions, total \$80.1 billion, which is also a record. As this industry has scaled, so too has the median size of these exits and the funds they roll over in, with a median exit size of \$430 million. Continuation fund-related exits are not a sizable percentage of global PE exit activity, accounting for 7.4% of total exit value and 5.1% of total exit count as of the end of October. Still, those percentages have grown exponentially in recent years and are unlikely to change significantly soon.



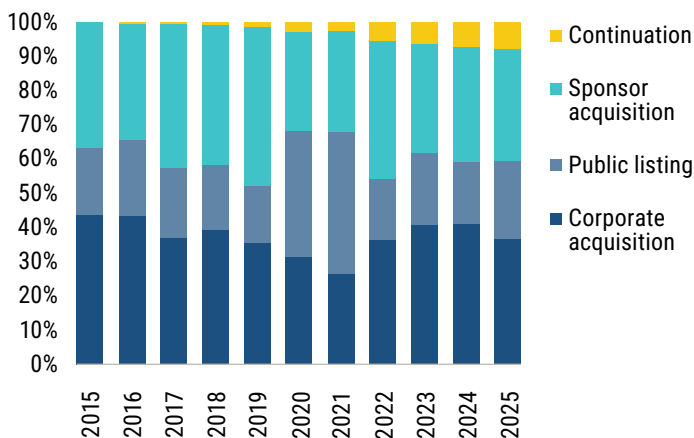
As these traditional PE exit lanes reopen at a heightened pace, the demand for alternative liquidity solutions, such as continuation funds, dividend recaps, or net asset value (NAV) loans, will begin to decline. That is not to say, however, that continuation fund-related exits will cease to see robust activity. Merely that 2025 will be the peak of such activity. We expect to see more than 100 such transactions in 2026, showcasing that activity for such solutions remains elevated, but will not see YoY growth. There will remain instances where continuation funds are the optimal solution for GPs that see additional value creation opportunities within portfolio companies that are toward the end of their fund life. However, for the GPs that rolled assets into new vehicles for the sake of not exiting in an unfavorable environment, with the exit window opening back up and accelerating, that use case will be more limited in the year ahead.

PE sponsors are equipped with more than \$1 trillion in dry powder in the US alone, allowing them to continue deploying capital, which includes acquiring PE-backed companies. In addition to this, corporates remain active and increasingly acquisitive, more so now than in the past three to four years. This momentum is clear in the wave of large PE-backed exits to corporate acquirers—which surged in 2024 and maintains a strong clip in 2025, positioning the year for another robust round of corporate-driven exits.

Risks

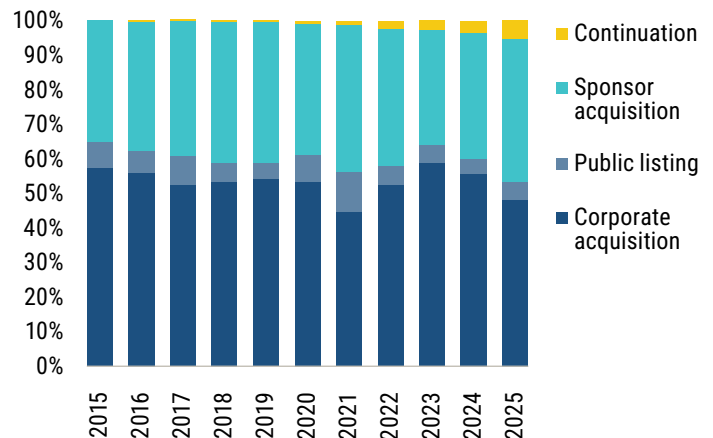
Traditional PE exit activity could keep accelerating, but so too could continuation fund-related exits. Secondaries managers have raised a substantial amount of capital in recent years, which can further support continuation fund activity. Moreover, if market conditions fail to accelerate as expected, then this could allow continuation fund-related exit activity to persist at levels that would result in another year of growth. Additionally, if inflation remains sticky and impacts the additional rate cuts expected in the year ahead, it could slow traditional exit activity, causing more sponsors to stay on the sidelines. As a result, they may choose to roll assets into a continuation fund, especially as LPs increasingly demand more distributions.

Share of PE exit value by type



Source: PitchBook • Geography: Global • As of October 31, 2025

Share of PE exit count by type



Source: PitchBook • Geography: Global • As of October 31, 2025



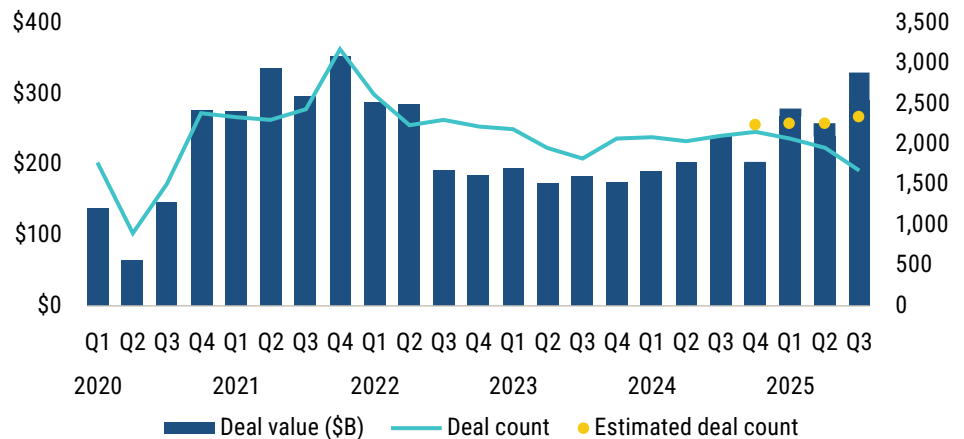
Marina Lukatsky
Global Head of Research, Credit and US PE
marina.lukatsky@pitchbook.com

PE sentiment survey finds cautious optimism as markets weigh economic headwinds against AI-fueled opportunities.

PE deal activity strengthened in the third quarter of 2025, sustaining the positive momentum that began in late Q2. Greater market stability and renewed sponsor confidence contributed to an increase in transaction volume. As corporate management teams refocus on long-term strategic initiatives, these factors—coupled with the ongoing rate-cut cycle—are expected to drive stronger deal flow and financing opportunities in 2026.

To gain deeper insight into current market sentiment, we conducted our inaugural US Private Equity Survey between October 15 and 31. Participants included a broad range of industry professionals—from PE firms and advisory practices to banks, LPs, and other key market players.

PE deal activity by quarter



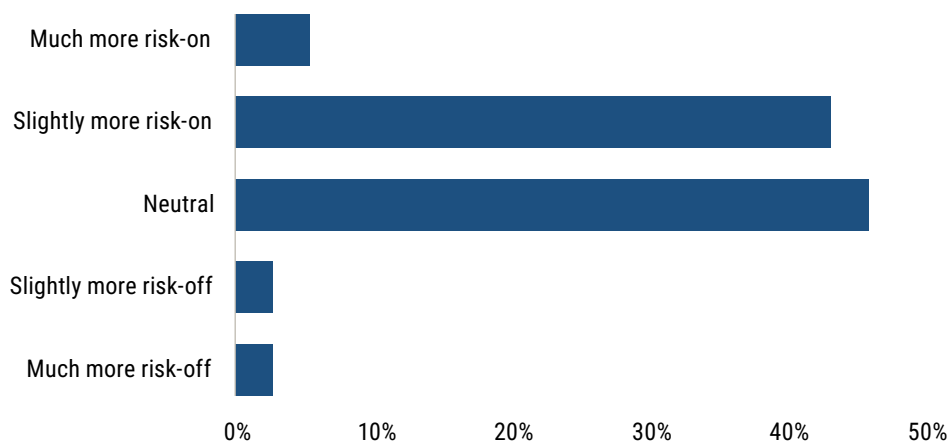
Source: PitchBook • Geography: US • As of September 30, 2025

After rate cuts in September and October, market participants appear cautiously optimistic. According to our survey, 43% of respondents indicated that PE investor sentiment has become slightly more risk-on, while 46% maintained a neutral outlook.

Over the next six months, portfolio company exits will remain a key priority within the PE ecosystem, according to the PitchBook survey. With many PE-owned assets held for extended periods, half of survey respondents identified exiting portfolio companies as the primary area of focus. Another 22% expect a more balanced approach, while just 8% anticipate holding off until market conditions become clearer.

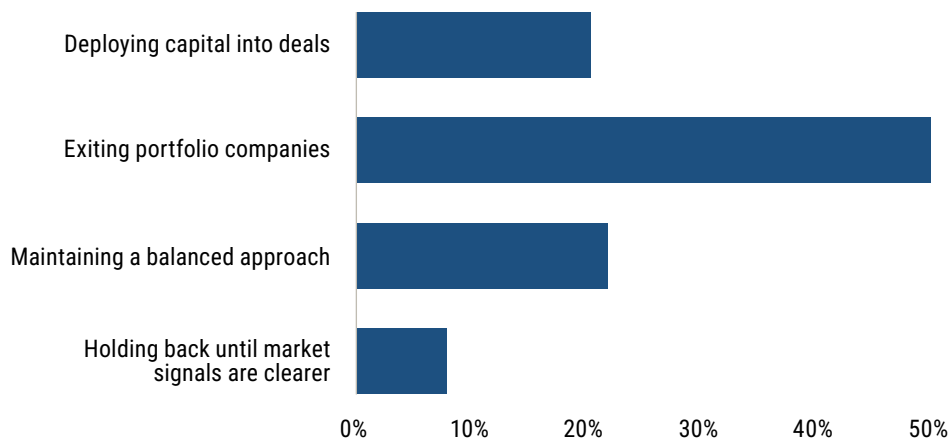


Following the Fed rate cut, how do you expect overall PE investor sentiment to shift?



Source: PitchBook • Geography: US • As of October 31, 2025

Looking ahead six months, which activity will PE investors emphasize most?



Source: PitchBook • Geography: US • As of October 31, 2025

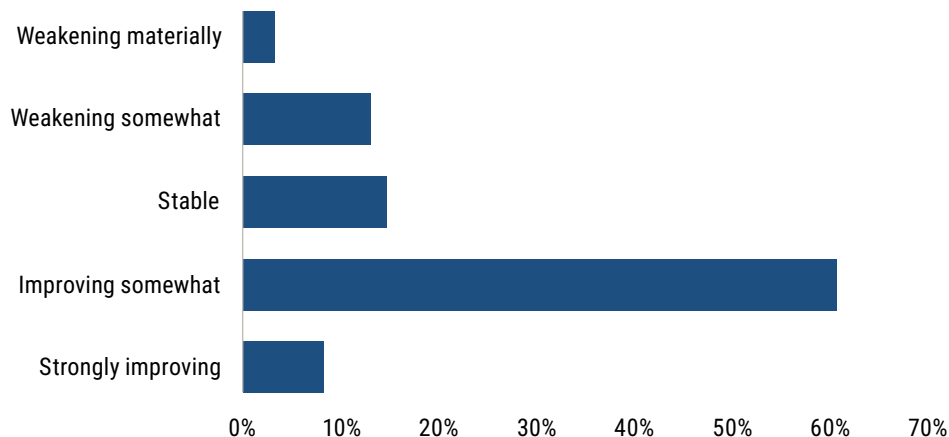
PE exit value declined for the third straight quarter in Q3 2025—down nearly 40% from strong activity in Q1—yet exit counts rose 22% QoQ, suggesting renewed market momentum. While quarterly volatility remains, 2025 is on track to surpass 2024 levels, securing another year of recovery in exit activity. Mega-sized exits and a brief resurgence in IPO activity helped push YTD 2025 exit value above full-year 2024 levels, though the October government shutdown temporarily stalled further IPO progress. With the longest US government shutdown only ending in mid-November, IPO momentum is unlikely to pick back up until Q1 2026 as the SEC struggles through the pileup of paperwork.

Despite recent headwinds, alternative asset managers remain optimistic about stronger realization activity as the exit pipeline expands alongside improving transaction and IPO conditions. During its Q3 earnings call, Blackstone noted that its IPO activity had doubled YoY and projected that the coming year could rank among



its strongest for IPO issuance, supported by a robust 12-month pipeline.¹ Additionally, the planned IPO of Medline—which could value the company at up to \$50 billion—has the potential to be the second-largest US PE-backed IPO ever. Medline was acquired in 2021 by a consortium including Blackstone, Carlyle, and Hellman & Friedman in a deal valued at approximately \$34 billion, marking the largest US LBO of that record-breaking year for PE activity.

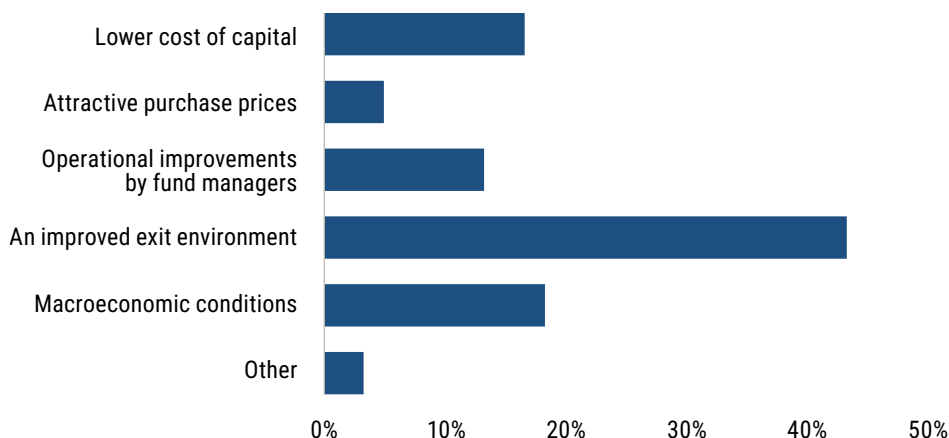
Looking ahead six months, what is your outlook for PE exit opportunities?



Source: PitchBook • Geography: US • As of October 31, 2025

In the next six months, 61% of survey respondents anticipate that PE exit opportunities will improve somewhat. A small share (16%) expect some deterioration in exit conditions.

Over the next 12 months, which factor will have the greatest impact on PE fund performance?



Source: PitchBook • Geography: US • As of October 31, 2025

1: "Blackstone Third-Quarter 2025 Investor Call," Blackstone, October 23, 2025.



Survey respondents overwhelmingly pointed to an improving exit environment as the key driver of PE performance over the coming year, with 43% selecting this factor—more than twice the share citing macroeconomic conditions (18%) or a lower cost of capital (17%).

Although not the primary catalyst, a lower cost of capital emerged as a notable theme in the survey’s open responses. One participant commented, “If the Fed continues cutting interest rates, the cost of borrowing funds becomes more attractive, which should ultimately boost private equity dealmaking heading into 2026.” Indeed, new BSLs issued to finance LBOs so far in the fourth quarter have averaged an 8% yield—the lowest since Q2 2022 (7.4%). That is 138 basis points tighter than a year ago and a welcome decline from the nearly 11% average seen throughout 2023—a period marked by subdued activity.

Average new-issue spread and yield of BSL-financed LBOs



Source: PitchBook | LCD • Geography: US • As of November 13, 2025

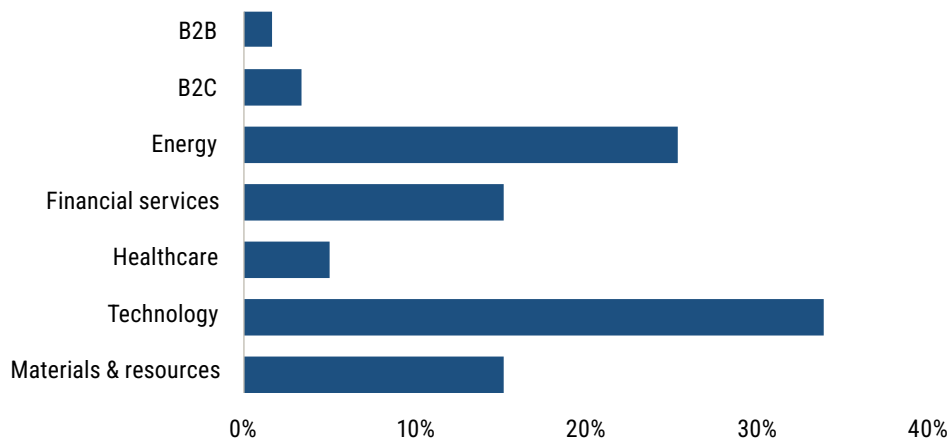
AI: promise and peril

The technology sector presents the most promising opportunities for PE in the near term, with 34% of respondents identifying it as the primary driver of potential upside. The energy sector ranked second, cited by 25% of respondents. Broader market sentiment reflects this outlook. One survey participant noted, “The market has shifted with numerous LBO and M&A opportunities, expanding into new geographies with a particular focus on datacenters, AI, and renewable energy.” Based on PitchBook data, PE-backed technology transactions YTD have already exceeded last year’s total in terms of deal value.

Indeed, AI was frequently mentioned in open-ended responses, with many participants noting expectations for trends similar to those seen in VC—namely, a sustained focus on AI opportunities as companies in the space mature. One respondent observed, “Elevated interest rates will continue to pressure leveraged buyouts, shifting focus toward minority growth capital, infrastructure, and energy transition plays. Digital health, AI infrastructure, and green datacenters will attract resilient capital flows as investors prioritize real assets and technology with measurable impact.”

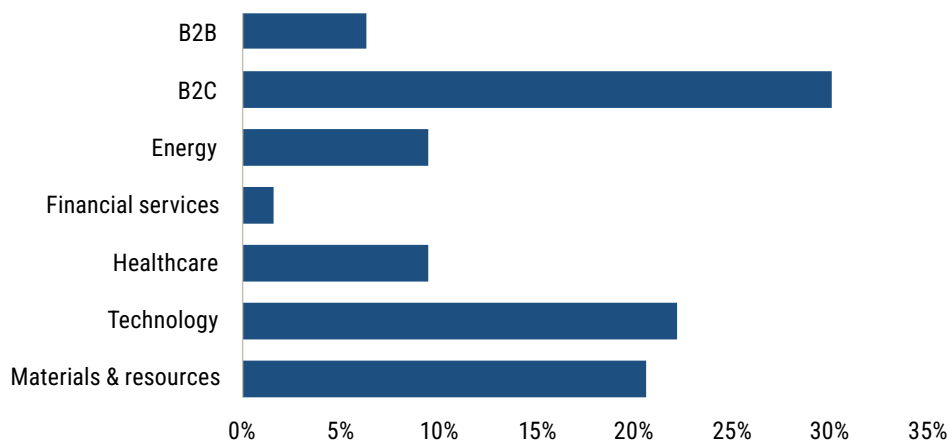


What sector offers the most upside in the next six months?



Source: PitchBook • Geography: US • As of October 31, 2025

What sector offers the most risk in the next six months?



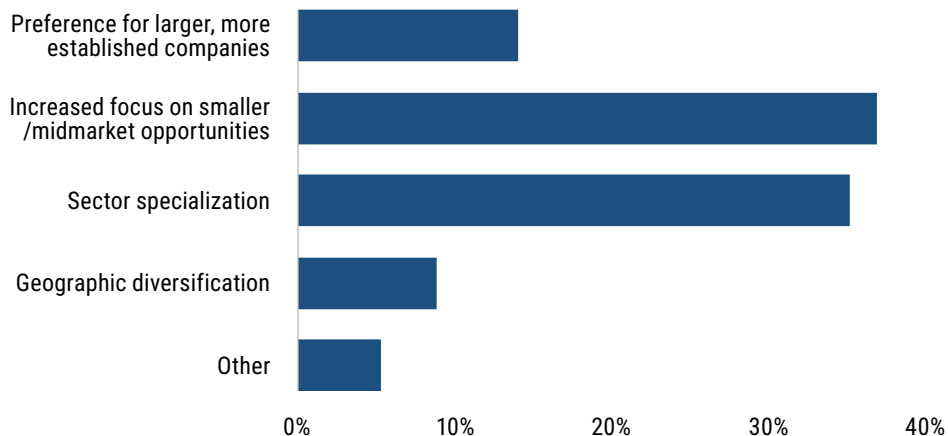
Source: PitchBook • Geography: US • As of October 31, 2025

It is worth noting that the technology sector also emerged as a potential risk factor for the PE industry. The top area of concern was the B2C segment, selected by 30% of respondents, as consumer-facing companies contend with rising financial strain and credit defaults approaching decade highs. The technology sector ranked second, with 22% citing it as a risk, potentially reflecting apprehension around how rapid AI adoption could disrupt PE-backed companies' business models.

In terms of deal flow coming to market in the next 12 months, market participants anticipate an increased focus on middle-market opportunities and more sector specialization. So far in 2025, however, megadeals have dominated US PE activity. Through September, only 46% of PE deal value came from transactions under \$1 billion—the lowest share in at least 15 years, compared with a 63% average over the past decade. Deals under \$500 million accounted for less than 40% of total value, marking a post-GFC low and down from a 50% average over the past 10 years. Still, with credit markets running strong and spreads tightening, conditions could support a resurgence in middle-market dealmaking.



Which trend will most shape PE deal flow in the next 12 months?



Source: PitchBook • Geography: US • As of October 31, 2025

Option for comment

As part of the survey, PitchBook opened the floor for respondents to share their thoughts on the PE industry trends. Here are a few highlights:

"A number of stranded assets remain held at above-market valuations, limiting the pace of capital redeployment."

"The private equity market heading into 2026 will likely be defined by disciplined deployment, operational value creation, and strategic sector rotation."

"Secondary transactions and NAV-based lending will gain traction as firms seek liquidity amid longer holding periods and constrained exits."

"Overall, the market should remain cautiously optimistic, balancing macroeconomic headwinds with innovation-driven opportunities."



Empowering the evolving private market ecosystem

PitchBook is the pulse of private capital markets. We empower investors to allocate and deploy capital with conviction, back bold ideas, and navigate complexity with confidence. Our real-time intelligence doesn't just show what's happening—it reveals why it matters and how to act, deal by deal and decision by decision.



Tap into PitchBook's unrivaled data, research, and technology:



PitchBook Desktop

Discover the go-to workflow hub for every investment stage.



PitchBook Mobile

Access data and insights on the go with the PitchBook Mobile app.



PitchBook Research

Strengthen decision-making with in-depth research for your analyses.



Integrations

Work smarter with Excel, PowerPoint, and Chrome workflow tools.



CRM Integration

Integrate PitchBook's data with your CRM.



Direct Data

Connect our data to your systems with the PitchBook API and Data feed.



PitchBook Credit

Access timely lending and investment data.

Request your free trial

Discover the most comprehensive, accurate, and timely intelligence for the complex private capital markets.

<https://pitchbook.com/free-trial>



PitchBook provides actionable insights across the global capital markets.

Additional research:



Q3 2025 US PE Breakdown

Download the report [here](#)



Q3 2025 Global M&A Report

Download the report [here](#)

PitchBook Insights is an online compendium of in-depth data, news, analysis, and perspectives that shape the private capital markets.

PitchBook subscribers enjoy exclusive access to a comprehensive suite of private market insights, including proprietary research, news, data, tools, and more on the [PitchBook platform](#).

Nizar Tarhuni

Executive Vice President of Research and Market Intelligence

Marina Lukatsky

Global Head of Research, Credit and US Private Equity

Report created by:

Marina Lukatsky

Global Head of Research, Credit and US PE

Jinny Choi

Senior Research Analyst, Private Equity

Kyle Walters

Research Analyst, Private Equity

Charlie Farber

Manager, Data Analysis

Adriana Hansen

Graphic Designer

Drew Sanders

Graphic Designer

Learn more about [PitchBook's Institutional Research team](#).

Click [here](#) for PitchBook's report methodologies.

COPYRIGHT © 2025 by PitchBook Data, Inc. All rights reserved. No part of this publication may be reproduced in any form or by any means—graphic, electronic, or mechanical, including photocopying, recording, taping, and information storage and retrieval systems—without the express written permission of PitchBook Data, Inc. Contents are based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. Nothing herein should be construed as any past, current or future recommendation to buy or sell any security or an offer to sell, or a solicitation of an offer to buy any security. This material does not purport to contain all of the information that a prospective investor may wish to consider and is not to be relied upon as such or used in substitution for the exercise of independent judgment.