

## Private Capital Dry Powder Reaches \$2 Trillion

### The geographic spread of available capital has diversified as the Asia industry expands

At the end of June 2018, private capital dry powder – the capital available for fund managers to deploy – surpassed the \$2tn mark to reach \$2.10tn. Geographically, the majority of dry powder is still targeting North America, although that proportion has been declining in recent years. However, a steadily increasing proportion of available capital is focused on Asia. The region accounted for 9% of total dry powder in 2006, but in 2018 this has doubled to 18%. Europe-focused dry powder, meanwhile, has remained consistent, accounting for around a quarter of total available capital.

When looking by asset class, a previously diversifying spread of available capital seems to be concentrating towards private equity funds. Private equity accounted for a diminishing proportion of dry powder from 2006 to 2013 as asset classes like private debt and infrastructure grew in prominence, but this trend has reversed in the past five years. Private equity now accounts for 58% of all available capital in the industry, the highest proportion seen since 2012.

**For more information and analysis, see the full *Private Capital Dry Powder* factsheet here:**

<http://docs.preqin.com/reports/Private-Capital-Dry-Powder-January-2019.pdf>

#### Richard Stus, Head of Private Capital Research:

*“While \$2 trillion in capital waiting to be deployed is a notable landmark for the private capital industry, concerns that fund managers are stockpiling capital without disbursing it may be overblown. Deal activity is up in most asset classes, and the ratio of available capital to called-up capital is flat or falling – in essence, although dry powder is climbing, the rate of spending is climbing faster. In this context, burgeoning dry powder can be taken as a sign of an expanding and diversifying industry rather than one unable to put capital to work.*

*Certainly, the growth of capital earmarked for Asia is a strong sign of the industry’s development in the region, it may also be in part responsible for the increasing concentration of capital among private equity funds: while the private equity and venture capital industries in Asia are robust, other asset classes such as private debt or natural resources have yet to build much of a foothold in the region.”*

#### Key Private Capital Dry Powder Facts:

- **Private capital dry powder reached \$2.10tn as at the end of June 2018.** Private equity dry powder – accounting for the bulk of private capital dry powder – has hit \$1.20tn.
- From 2000 to 2013, private equity accounted for a diminishing proportion of total private capital dry powder, but over the past five years, this trend has reversed: **private equity has accounted for a growing proportion of dry powder** – 62% as of the end of 2018.
- At the height of the dotcom bubble in 2000, venture capital accounted for a third (32%) of all private equity dry powder. This had fallen to 13% by 2013, but has since rebounded – **in 2018 venture capital dry powder represents a fifth of all available capital in the private equity industry.**
- **The proportion of private capital dry powder targeting North America has fallen from 62% in 2000 to 55% in 2018.**
- Meanwhile, **the proportion of Asia-focused private capital dry powder has steadily increased over the years**, from accounting for 9% of private capital dry powder in 2006 to 18% in 2018.

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# PRIVATE CAPITAL DRY POWDER REACHES \$2tn

We present an overview of private capital dry powder, looking at total dry powder over time as well as by asset class and geographic focus.

Fig. 1: Global Private Capital Dry Powder (\$bn), 2006 - 2018

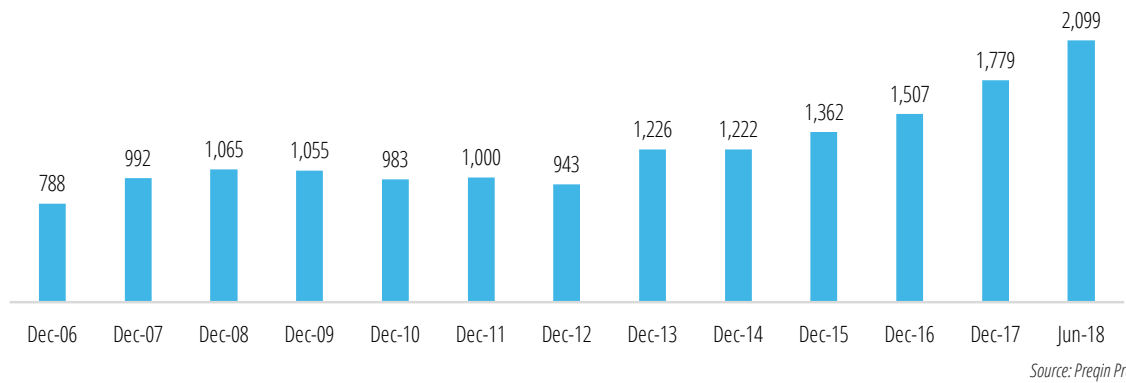


Fig. 2: Global Private Capital Dry Powder by Asset Class, 2006 - 2018

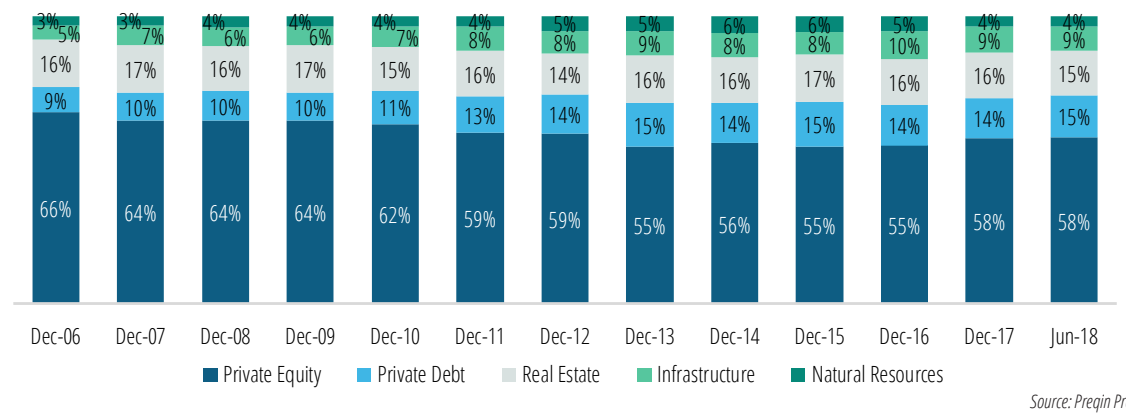


Fig. 3: Global Private Equity Dry Powder by Fund Type, 2006 - 2018

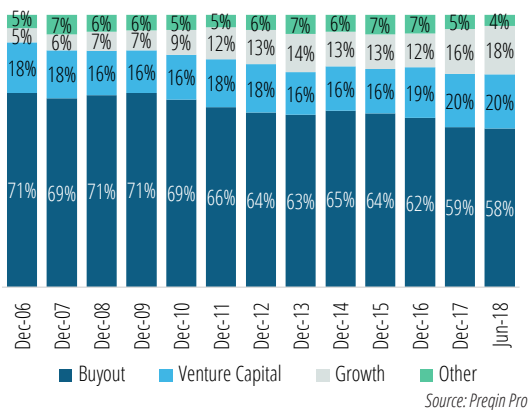


Fig. 4: Private Capital Dry Powder by Geographic Focus, 2006 - 2018

