

Private Equity Fundraising Frenzy Likely to Slow in 2019

But investor appetite is strong despite pressure on returns and a crowded marketplace

The 2019 Preqin Global Private Equity & Venture Capital Report finds that the unprecedented activity which has characterized the private equity industry in recent years is likely to slow in the months ahead. Although fundraising has exceeded \$400bn annually since 2014, high pricing is putting pressure on future returns and distributions have slowed, leading some managers to reduce their targeted returns. At the same time, both the fundraising and deals marketplaces are more crowded than ever before, making it particularly challenging for fund managers without an established track record. Nonetheless, investors remain committed to the asset class: with concerns about a wider financial market correction remaining, the long-term performance and diversification offered by private equity are particularly appealing.

For a summary of the key trends affecting alternative assets, view the *Alternatives in 2019* report here:

<https://www.preqin.com/insights/special-reports-and-factsheets/alternatives-in-2019/25537>

Members of the media can request a complimentary press copy of the 2019 Global Private Equity & Venture Capital Report by emailing press@preqin.com.

Christopher Elvin, Head of Private Equity:

“2019 looks like it might mark the end of the unprecedented boom in fundraising we’ve seen in the past few years. The flood of capital and participants that have entered the industry have put pressure on pricing, and this has a knock-on effect on future returns that we may already be seeing emerge. With concerns about a market correction on the minds of many investors and liquidity reducing, investors are likely to exercise caution in terms of where and with which firms they deploy their capital.”

Key Private Equity Trends:

- **Future returns from private equity funds are increasingly under pressure**
 - Seventy-two percent of investors and 62% of fund managers cited high asset pricing as a key concern in 2019, making it the biggest issue cited by either group.
 - While distributions have remained high, capital calls have accelerated. The net flow of capital to investors fell from \$150bn in 2016 to -\$5bn in 2017 – the first negative flow since 2010.
- **The industry faces unprecedented levels of competition**
 - A record 3,749 private equity funds are in market at the start of 2019, and they are collectively seeking \$972bn – an all-time high.
 - Almost half of fund managers (46%) saw increased competition for deal opportunities in 2018, and 35% see competition for deals as a key concern in the months ahead.
- **Nonetheless, investors remain committed to the asset class**
 - In the 10 years to June 2018, the private equity industry has outperformed the S&P 500 index, returning 10.8% compared to 10.2% for the public market index.
 - Ninety percent of investors report that their private equity investments have met or exceeded their expectations in the past 12 months.
 - Almost half (46%) intend to increase their allocation to the asset class, and across all investor types the typical institution remains below its target allocation.

Preqin is the home of alternative assets, providing industry-leading intelligence on the market and cutting-edge tools to support participants at every stage of the investment cycle. More than 73,000 industry participants in over 90 countries rely on Preqin as their indispensable source of data, solutions and insights.

Preqin’s data and analysis is frequently presented at industry conferences, and is used in the global financial press and academic journals & white papers. We are always happy to support journalists by providing reports, custom data and one-on-one interviews.

For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.

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