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2025 US Private Equity Outlook: Midyear Update

Checking in on our 2025 US PE predictions

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

2025 outlooks

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Introduction

At the end of every year, we share our views on how the year ahead will unfold for US private equity. We offered four outlooks for 2025, and it is time to take stock of those trends to see how they are tracking. We look forward to sharing our takes on these and other developments throughout the year in our four quarterly reports, the US PE Breakdown, the US PE Middle Market Report, the US Public PE and GP Deal Roundup, and the Global M&A Report, as well as our semiannual Global Private Debt Report.

At this time last year, the key debate centered on inflation and when base rates would be lowered. Today, a different controversy takes center stage: global trade. Hopes for a resurgence in growth driven by probusiness policies have dimmed, overshadowed by the unpredictability of US tariffs. Public markets broke new highs in December, only to surrender gains in April. The volatility was severe, but public markets are now back to pricing in an optimistic scenario.

The other defining uncertainty is the prospect of a recession in 2025. In Q2, recession expectations edged higher, amplifying the unease. Today's markets are no longer fixated on rate cuts—they are searching for a tariff truce. Should that clarity arrive, global supply chains will begin rerouting through countries with reciprocal US trade agreements. Until then, the risk of a recession will climb.

Business investment, particularly in the second half of 2025, will be critical. For now, companies are delaying decisions—on inventory, on capital expenditures, and on supply chain commitments. The reasons are pragmatic. Tariffs are at their highest levels since the early 20th century, and importers fear overpaying for large orders. Inconsistent policy makes sourcing difficult, pricing opaque, and strategic planning tenuous.

Amid the noise, our conviction in PE remains. In our view, the asset class is uniquely equipped to navigate choppy macroeconomic waters. What sets PE apart? Ample dry powder, a long-term horizon, and a demonstrated capacity to adapt. With dry powder of nearly $1 trillion in equity strategies and roughly $500 billion in private debt strategies, the war chest is full. In 2025, we expect GPs to act with intention—contrarians in a market seeking direction.

If clarity emerges on trade policy, macro conditions stabilize, and valuations improve, we anticipate a decisive wave of exits to satiate LPs clamoring for capital returns. Conversely, should growth stall and markets become dislocated, capital will flow—strategically, not indiscriminately—into those very pockets of disruption.

We see opportunity in this backdrop. A recalibration of US trading relationships could open new frontiers—especially for PE. But that shift will take time. In the interim, we anticipate a lull in growth as businesses pause to reassess.

Our other outlook reports from December 2024 cover US VC, EMEA private capital, APAC private capital, healthcare & life sciences, consumer technology, industrial technology, and enterprise technology.

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Outlook: The share of cumulative capital raised for private debt funds will hit a decade high of 33% for the top 10 managers.

Rationale from December 2024

The rapid growth of private debt as an asset class in recent years has been well documented. Global AUM has grown nearly fourfold over the past decade, from $557 billion in 2014 to more than $2 trillion in 2023, and that is before factoring in any leverage applied. Beginning in 2022, the upward drift in the global count of private debt fund managers slowed; the figure has grown by only 63 since the end of 2023, and the share of global capital raised by the top 10 managers rebounded to 31.8% in 2024. Private debt now has all the signs of an industry that is consolidating and depopulating. A takeover spree is driving this change, sometimes led by incumbent debt managers acquiring smaller ones, but often led by alternative asset managers lacking expertise in private debt or traditional asset managers crossing over into alternatives.

One only needs to compare the top 10 managers globally in 2024 with those from 10 years ago to see what has changed. At first blush, four of the top 10 private debt managers in 2014 were replaced by new managers in 2024. Except for Blue Owl, all newcomers to the top 10 bought their way into those positions after having little to no prior exposure to the asset class.

As to the question of whether the trend of big debt managers getting even bigger is likely to continue, we believe the answer is yes. The asset class has been consolidating for only three years. As noted in our analyst note Establishing a Case for Emerging Managers, LPs are reducing their number of GPs and investing less with new or specialized emerging managers—despite evidence suggesting these managers often perform better, especially in private debt. For these reasons, and due to the prospect of continued M&A, we foresaw the top 10 managers' share of cumulative private debt capital raised increasing again in 2025 and hitting a decade high of 33%.

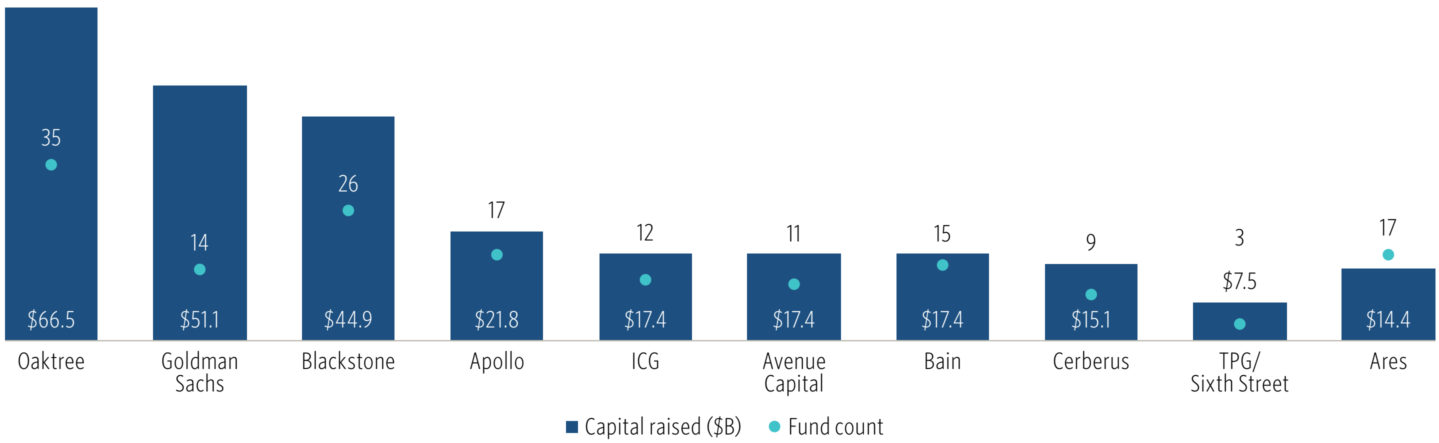
Midyear update: Outlook is tracking as expected.

The top 10 managers have gotten off to a strong start in 2025 and represented 32.1% of the total private debt capital raised globally through the end of May, putting the cohort on track to reach 33% come year-end. A handful of managers, including Ares and Brookfield/Oaktree, helped push the outlook toward its target in the first half of the year by raising two of the largest private debt funds ever seen. In February, Brookfield/Oaktree closed its Oaktree Opportunities Fund XII at $16 billion, making it the largest distressed debt fund ever raised. Similarly, in January, Ares closed its Ares Capital Europe VI fund at $17.8 billion, making it the largest drawdown direct lending fund ever raised. As these managers continue to grow, so do their fund sizes, supporting the largest managers' growing percentage of total capital raised.

Among the top 10, Apollo is the sole manager with a notable strategic acquisition this year. In February, Apollo announced it would acquire Bridge Investment Group for $1.5 billion. With $50 billion in AUM, the residential and industrial real estate manager will help Apollo scale its origination capabilities in both real estate equity and credit, leading to a potential upside in debt fundraising for the firm. Similar acquisitions have been seen from the top managers as they look to continue scaling and raising additional capital across the various private debt substrategies.

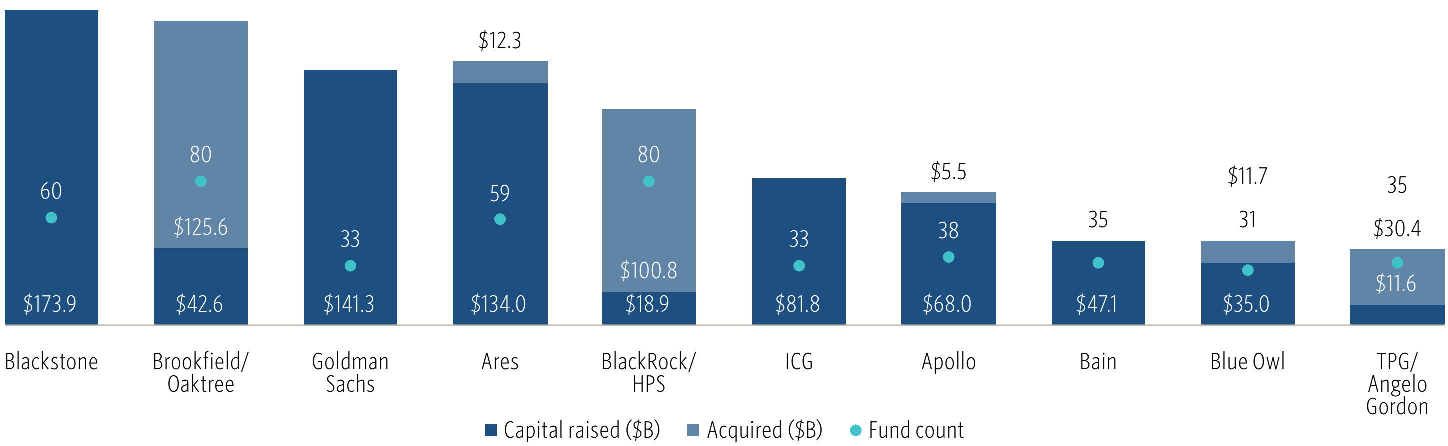
Recently, the fundraising environment has seen a trend of GP consolidation among LPs, where LPs are limiting the number of managers to which they commit capital. As a result, certain relationships are being prioritized, often the longest-standing ones, which also tend to be with the largest managers. In the current slower fundraising environment, the largest managers, seeking to be one-stop shops for LPs, will likely be the greatest benefactors of this consolidation, concentrating more capital among this cohort.

Private debt fundraising activity among the top 10 fund managers (2000-2014)



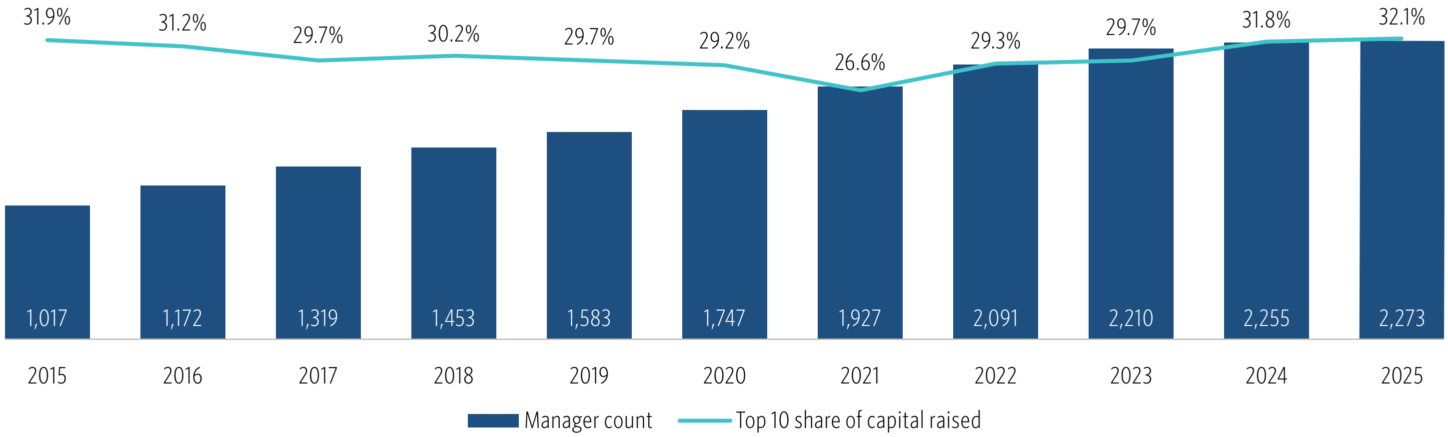
Source: PitchBook • Geography: Global • As of May 27, 2025

Private debt fundraising activity among the top 10 fund managers, including acquisitions (2000-2025)



Source: PitchBook • Geography: Global • As of May 27, 2025

Private debt fund manager count and top 10 fund managers' share of cumulative private debt capital raised



Source: PitchBook • Geography: Global • As of May 27, 2025

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Outlook: PE-backed IPOs will capture 40% of US IPO capital.

Rationale from December 2024

At the end of 2024, we identified that PE-backed companies were poised to capture a larger share of the IPO capital raised in the year ahead. We predicted that these firms would capture at least 40% of the total IPO capital raised on major US exchanges in 2025—an increase of 940 basis points over the past decade's average. Historically, PE-backed IPOs have fluctuated in their share of the total, peaking at 54.2% in 2016 and bottoming at 3% during the volatile market of 2022.

PE-backed companies distinguish themselves with a disciplined balance of growth and profitability, offering stable cash flows and a track record of efficient capital allocation. In contrast to VC-backed firms, which are often more speculative and growth driven, PE-backed IPOs deliver predictability—highly valued after the market turbulence of recent years.

Structural dynamics also reinforce momentum for PE-backed IPOs. When portfolio companies exceed the $1–$2 billion valuation threshold, the universe of viable buyers narrows significantly. At this scale, an IPO often emerges as the most attractive exit option. This is supported by potential valuation upside, as public companies frequently trade at higher multiples relative to their private counterparts. And in some cases, the prospect of a public listing can prompt a strategic acquirer to act, converting latent interest into a closed deal.

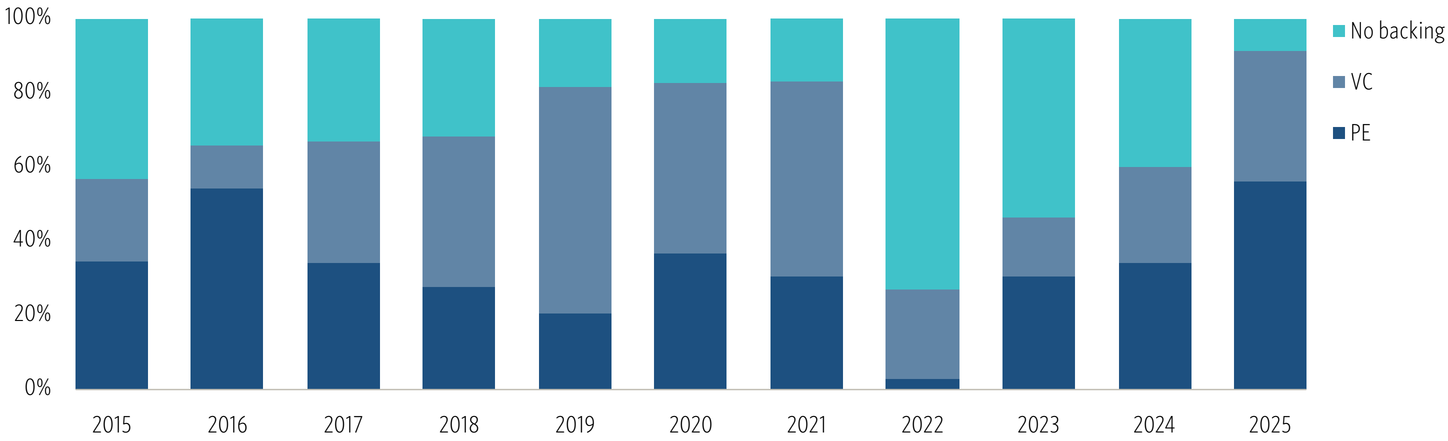
Timing is also an important factor. As PE funds approach the end of their lifecycles, GPs face mounting pressure to realize gains. They cannot remain passive if market conditions are favorable. In these moments, seizing the opportunity to return capital to LPs becomes paramount. The proven business models and operational stability of late-stage portfolio companies offer the credibility needed to attract public market investors.

Midyear update: Outlook is tracking as expected.

Despite last year's optimism, 2025 is proving far more volatile than many anticipated, with trade policy emerging as a central concern. This uncertainty has created less favorable conditions for IPOs in 2025 than initially expected. Nevertheless, PE-backed companies are achieving a strong showing in this year's mix of IPO activity. As of June 3, PE-backed IPOs had captured approximately 56.1% of the capital raised on major US exchanges this year—a record high in our dataset, which extends back to 2000. Their gains are largely coming at the expense of nonbacked companies, as VC-backed firms are also capturing an elevated mix of capital in the current market.

The second half of 2025 will be critical. With the S&P 500 index climbing back near its historical peak and surpassing the psychological threshold of 6,000, there is potential for a resurgence in IPO activity. Factors that could renew momentum include the possibility of trade deals, easing trade tensions, and the implementation of more business-friendly government policies. However, risks remain. The specter of a recession continues to cast a shadow, and should one materialize, we would expect a significant slowdown in IPO issuance. In either macro backdrop, we continue to believe that PE-backed firms will be relatively well positioned to keep their share of IPO capital raised above 40%.

Share of IPO capital raised by backing type



Source: PitchBook • Geography: US • As of June 3, 2025

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Outlook: The maturity wall facing PE funds will grow as GPs struggle to wind down older vintages that enter their harvesting stage.

Rationale from December 2024

A typical buyout fund has a lifespan of 10 years, though funds have the ability to extend their terms for two one-year periods as needed to create more value for their assets. Many PE funds exit their high-performing assets at around the five-year mark, or even earlier at the three-year mark. Funds that are 6 to 9 years old—equating to 3,369 PE funds globally as of year-end 2024—have entered the harvesting stage of their fund lifecycle. This year, funds closed in 2019 also entered their harvesting stage, expanding the number of funds reaching the maturity wall given that this vintage marked the beginning of a PE fundraising boom. With exit activity just starting to recover, we predicted that GPs would be confronted with a growing maturity wall of funds approaching their terms, especially as vintages from very active fundraising years reached a ripe old age.

As of year-end 2024, approximately 52% of all active PE funds globally were 6 years or older, which represents the halfway point of the theoretical 12-year fund life. In dollar terms, the population of funds aged 6 years or older was almost identical at approximately 51% of total committed capital. Granted, some of these funds were partially liquidated and had lowered their invested capital as a result, but because most funds do not disclose their net asset values (NAVs), committed capital is the next-best proxy for projecting when funds come due and their relative magnitude. By the end of 2024, the more than half of all PE funds at or past the halfway mark needed to commence an orderly disposition of their assets quickly to avoid overshooting their intended fund life.

Midyear update: Outlook is tracking as expected.

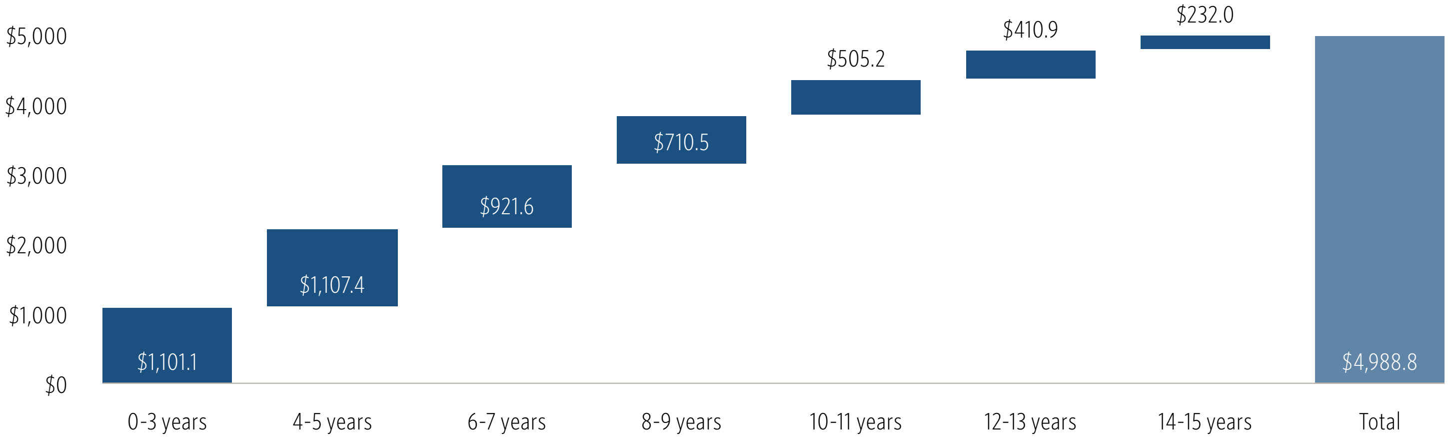
The number of funds reaching the maturity wall has grown as funds face challenges on two separate fronts: a greater number of funds in a vintage that is entering the six-year mark, and faltering exit activity. Although we are a few weeks shy of the halfway point of the year at the time of writing this report, it does not look like there will be a sudden liquidation push at the end of June that will help funds wind down their portfolios. The number of PE funds that are 6 to 9 years old ticked up from 3,369 funds at the end of 2024 to 3,458 funds as of May 2025. At the end of 2024, this age group comprised fund vintages from 2015 to 2018. Now that the 2019 vintage has entered this group, the number of funds has expanded, as fundraising activity was higher in 2019 than in 2015, a vintage that is now at its 10-year mark. This highlights a key concern for the expected increase of funds facing the maturity wall: Because the 2019 vintage was the start of a PE fundraising boom, more funds will be entering their harvesting stage than leaving it, even with full liquidation of PE funds that are 10 years or older.

Currently, 54.7% of all active PE funds globally are 6 years or older, a slight increase from the 52.2% we calculated at the end of 2024. This means that more than half of all PE funds are at their halfway mark and need to begin an orderly disposition of their assets to prevent exceeding their intended fund life. Looking at the funds that face the most imminent fund terms, 11.8% of active funds are 10 to 11 years old, and 13.7% of active funds are 8 to 9 years old. This means that 1,420 funds will need to be wound down this year or in 2026 or secure extensions, while another 1,649 funds will reach their 10-year fund term in the next year or two. Furthermore, funds 10 years or older have increased both in absolute number and as a share of the total PE fund count. The number of active funds 10 years or older increased from 2,698 at the end of 2024 to 3,119 funds as of May 2025, accounting for 25.9% of the total PE fund count, up from 23.2%. This is another concerning development that shows funds are indeed struggling to liquidate at and past maturity.

At the same time, the recent recovery in exit activity is nascent and likely to face headwinds from macroeconomic uncertainties throughout 2025. The global PE company inventory swelled to 30,466 companies through Q1 2025, which translates to an eight-year inventory at the observed pace of exits in 2024. Although this is a rough estimate, annualized Q1 2025 exit activity suggests exit count will decrease once again in 2025. Unless GPs significantly speed up their pace of exits, the number of funds confronted with a maturity wall will continue to snowball.

Another way to discern the approaching maturity wall is to examine the capital raised by funds with a 12-year shift and the estimated held amount at each year assuming that 15% remains unsold, a conservative assumption based on actual observed data from 2007 and 2012 vintage portfolios. The "Estimated PE capital held ($B) in closed funds with a 12-year shift" chart shows funds closed between 2014 and 2021 and the expected amount of remaining capital that will hit the maturity wall after 12 years, assuming an 85% liquidation rate. The analysis starts at the 2014 vintage because these funds are at least 10 years old and in theory need to be fully wound down by 2026 with extensions. With an 85% liquidation assumption, the cumulative held amount of capital will grow from $31.6 billion in 2026 to $496.5 billion in 2033 as more funds and the greater amount of capital they raise reach the maturity wall.

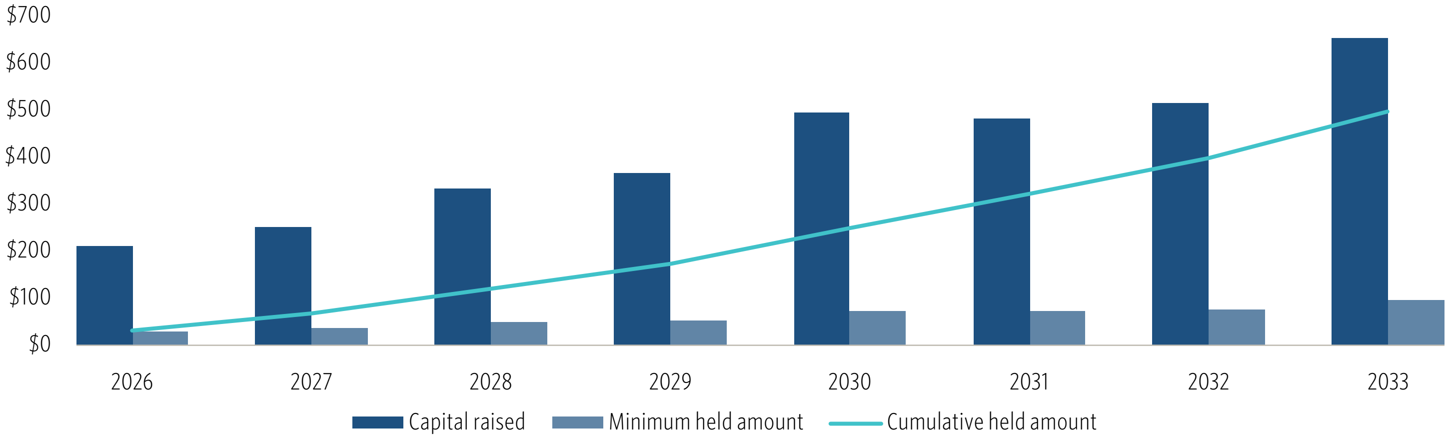
PE capital raised ($B) by age bucket (2010-2025)



Source: PitchBook • Geography: Global • As of May 21, 2025

Note: Data excludes all funds closed prior to 2010 and funds with disclosed NAVs below 5% of committed capital, which we assume to be effectively liquidated funds.

Estimated PE capital held ($B) in closed funds with a 12-year shift



Source: PitchBook • Geography: Global • As of May 27, 2025

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Outlook: PE will see a decline in annual fundraising following multiple years of robust activity.

Rationale from December 2024

From 2020 to 2024, US PE fundraising held its own and then some in the face of severe headwinds that negatively impacted other facets of the asset class, such as dealmaking and exit activity. 2024 was on pace to end in line with capital raised in 2023 despite the large drop in fund count, although fund counts do climb as more data is collected. We believed that the elevated level of PE fundraising would finally give way in 2025, leading to the first significant decline in five years.

Megafunds, defined as funds that raise $5 billion or more, have become integral to US PE fundraising activity. They typically account for the largest piece of the fundraising pie, averaging 43.5% of all capital raised from 2020 to 2024. While there was still a healthy list of open megafunds as of year-end 2024, only a few had raised a significant portion of their intended target, making them unlikely to close within calendar-year 2025. As a reminder, in our tally of annual fundraising, we include only the total committed capital for funds that have achieved a final closing.

Six of the top 10 open funds in 2024 launched just that year, and applying the median closing time of 16.7 months meant they were not likely to achieve a final closing until 2026. Lower PE fundraising was largely baked into our numbers as a result. Ironically, the trend may turn down at the same time that PE dealmaking rebounds. We have often noted that fundraising is the ultimate lagging indicator and that exit activity is the more telling lead indicator of industry prospects.

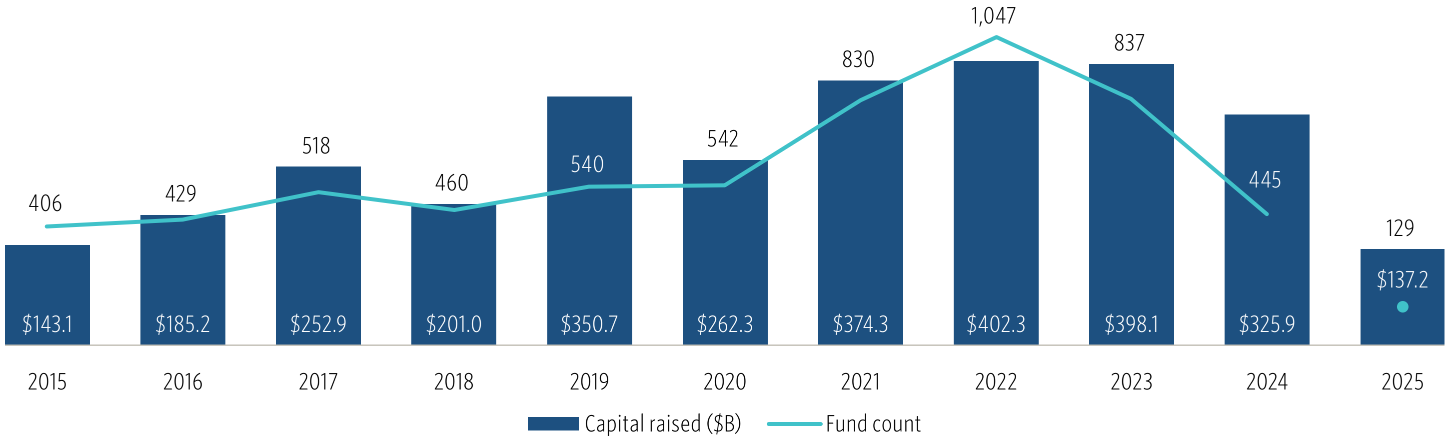
Midyear update: Outlook is tracking as expected.

So far, US PE fundraising in 2025 has followed the trend seen in 2024: a slowdown. Despite the increased number of exits that occurred in 2024, it was not enough to restart the flywheel of PE. PE fundraising has landed at a lower level than in 2024, which was already a worse year for fundraising than the three years prior, where the industry saw record-setting fundraising. However, 2024 fundraising activity slowed throughout the year and has continued as we near the halfway mark for 2025. While megafund managers take longer to raise, generally fewer managers are holding final closes, with fund count seemingly on its way for a third consecutive year of decline. Moreover, at its current run rate, yearly fundraising is on track to reach a little over $300 billion by the end of 2025, which would be the asset class's worst year since 2020.

The fundraising process for megafunds also remains at a slower pace. That said, four of the largest open funds at the end of 2024 achieved final closes in the first half of 2025. Those funds belong to Thoma Bravo, Blackstone, Insight Partners, and PSG, which held final closes on their latest flagship funds at a combined $61.3 billion, or 44.6% of total fundraising. Outside of these four funds, most of the remaining top open funds are unlikely to hold final closes in the remainder of the year based on the amount they have raised so far. As a result, these open megafunds are unlikely to buoy fundraising activity for the broader market, likely resulting in another down year for PE fundraising.

The broader market uncertainty seen since President Donald Trump's "Liberation Day" in early April has likely only acted as an additional headwind for the fundraising market, seemingly shutting down exit activity that had begun to accelerate at the end of 2024. This uncertainty has also pushed out any potential rate cuts from the Federal Reserve in 2025 and further delayed the exit recovery that could have helped sustain fundraising throughout 2025. Until the public and private markets get more clarity, exit and fundraising activity will likely be paused, with much of the industry in a wait-and-see mode.

PE fundraising activity



Source: PitchBook • Geography: US • As of June 3, 2025

Top 10 open PE funds YTD

Fund	Fund type	Open date	Fund target ($M)	Capital raised ($M)
KKR North America Fund XIV	Buyout	June 24, 2024	$20,000.0	$14,000.0
Clearlake Capital Partners VIII	Buyout	June 20, 2023	$15,000.0	$7,500.0
Veritas Capital Fund IX	Buyout	May 13, 2024	$13,300.0	$13,331.9
Blue Owl GP Stakes VI	PE growth/expansion	June 16, 2023	$13,000.0	$7,300.0
Bain Capital Fund XIV	Buyout	June 26, 2024	$10,000.0	$170.0
Trident X Fund	Buyout	May 6, 2024	$9,000.0	$4,987.7
TPG Rise Climate II	Buyout	January 1, 2024	$8,000.0	$5,420.0
American Securities Partners IX	Buyout	November 1, 2022	$7,000.0	$1,112.4
Thomas H. Lee Equity Fund X	Buyout	August 19, 2024	$6,250.0	$4,966.4
Providence Equity Partners IX	Buyout	November 24, 2021	$6,000.0	$2,287.8

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