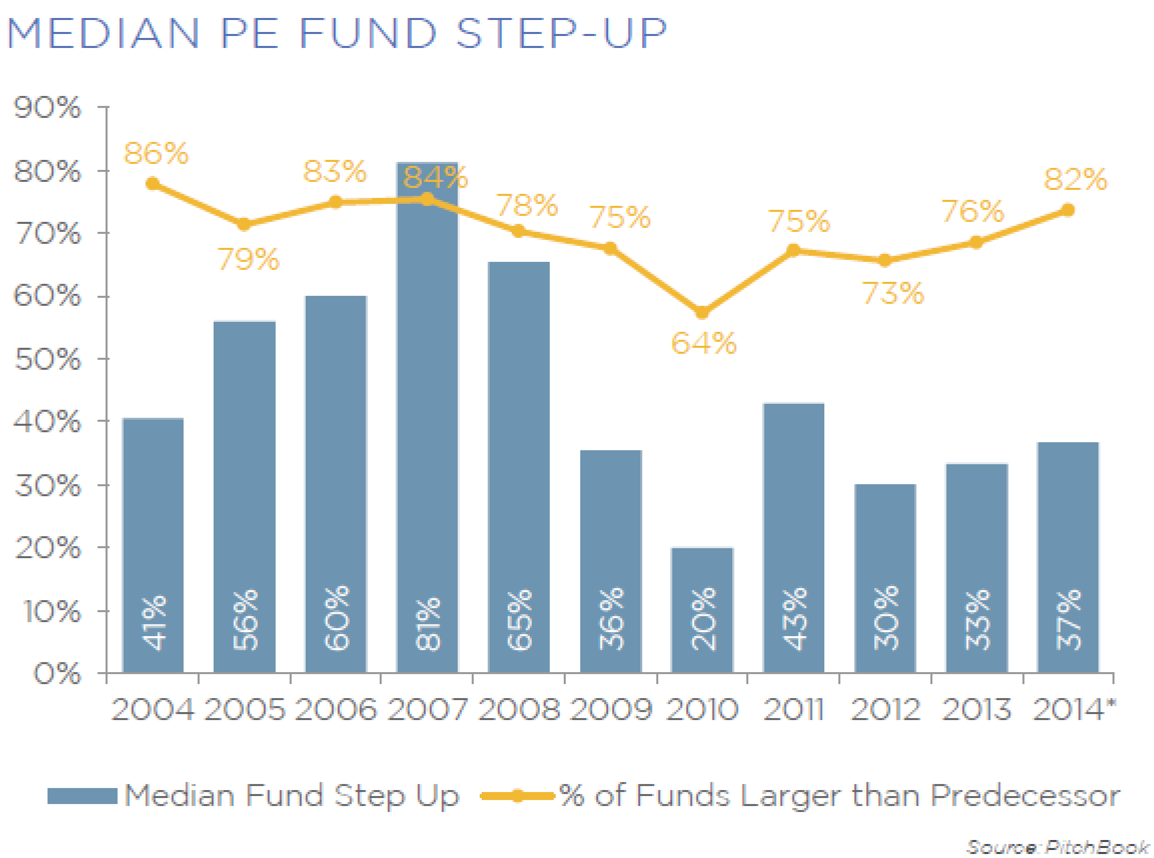
The Pulse of Private Equity – 8/4/2014

PitchBook | August 6, 2014

The Fundraising Trail is OPEN

The private equity fundraising trail has been wide open of late, with the last four quarters seeing at least 70 funds close each quarter. Over the last 18 months, U.S. PE funds have picked up $291 billion across 418 different funds. 2014 won't be quite as big as 2013, as there were 11 mega funds ($5+ billion) that closed last year as almost all of the top tier firms reloaded their dry powder stores for the first time since the crisis. Despite the absence of these funds, we see the fundraising trail continue to be wide open through the second half of the year based on a number of indicators.



Diversity of funds

- There continues to be a very wide spread of funds being closed in terms of fund size. For example funds under $250 million represented nearly 60% of funds being closed in 2014, the highest it's been in over 10 years.

Fundraising time

- The current fundraise on average is 16 months, up a bit from last year's 14.4 months but still a few months below the 18 months seen in 2010/2011.

Time between funds

- The average time between fundraisings is down to 4.3 years, which is close to what was seen in the middle part of the decade.

Funds reaching their target

- In 2009 only 50% of funds hit their fundraising target, at the height of the financial markets in 2007 72% of funds reached their target, in 2013 81% hit their and so far in 2014 we are up to 87%

Fund size step ups

- 82% of the U.S. PE funds closed YTD 2014 were larger than their firm's previous fund. This is not far off from the decade high of 86%. The median step up in size of these funds currently sits above a third at 37%.

To read more about current U.S. fundraising and overhang trends download our latest report HERE