The Pulse of Private Equity – 11/03/2014

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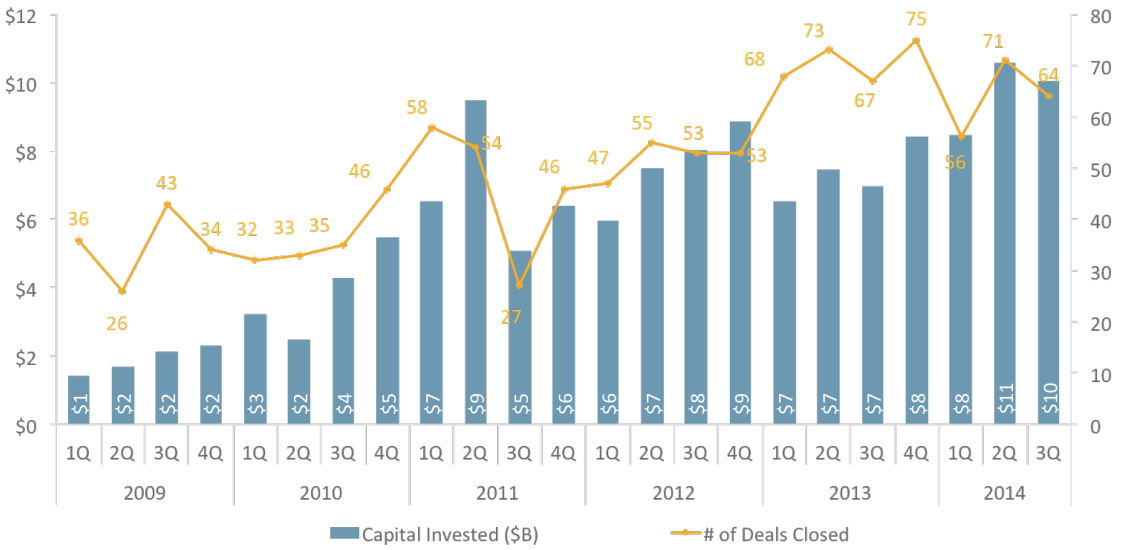
Canada Keeps Recovering

PE activity in Canada recovered well from the recession, and unlike its neighbors to the south, deal flow and capital invested has remained elevated, even in 2014. The past two quarters have seen total value go past the C$10 billion mark, with Q2 and Q3 representing the highest and second-highest quarters for capital invested since the crisis. While a few quarters during the buyout boom were higher (Q1 2007 brought in a record C$19.8 billion), the last dozen or so quarters of capital invested have been much smoother than what we saw in 2006-2008. On top of that, deal flow is actually higher today than it was pre-crisis. Six of the last seven quarters have seen more closed deals than the highest pre-2009 quarter (58 in Q1 2008).



Look for PE interest in Canada to remain high going into next year. After the crisis, commitments to Canadian funds poured in, since Canada was considered one of the safer havens outside the U.S. and Europe. Strong fundraising in 2010 and 2011 is contributing to today's deal flow, and more opportunities are presenting themselves. Oil & gas conglomerates are looking to divest more non-core assets in the coming quarters. Even outside of the energy sector, analysts think the Canada has been underserved from PE investors, translating into more potential deals today. U.S. investors like KKR, which is opening an office in Calgary this year, will likely up their exposure, especially with U.S. valuations as high as they are.

Download 4Q 2014 U.S. Private Equity Breakdown Report

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