A break from buyouts

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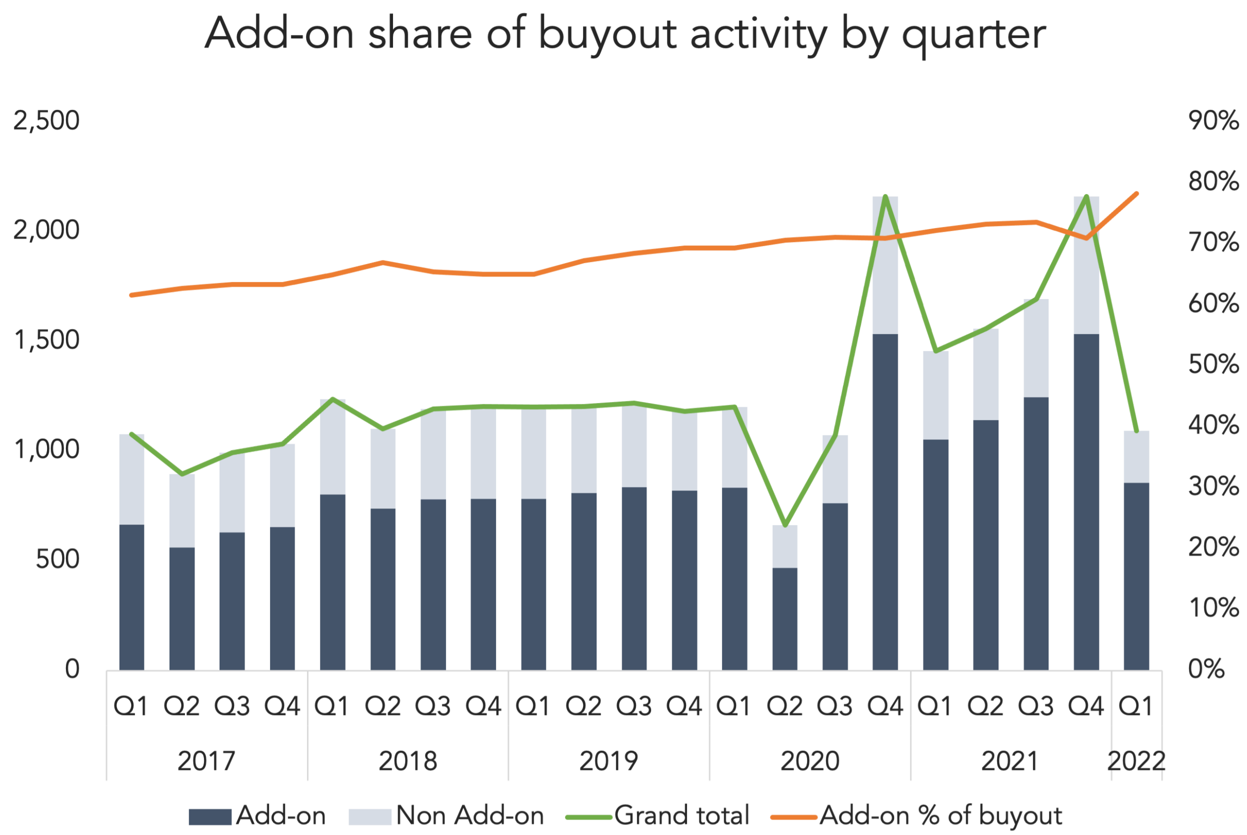

Download PitchBook's Report here.

Last week we covered a decently strong Q1, at least from a dollar perspective. But PitchBook's Q1 US PE Breakdown Report showed a steep decline in deal flow, falling 30% QoQ to 2,166 transactions. That's not a low number except in relation to the last few quarters. Except for Q1 2021, every post-Covid quarter has seen at least 2,000 deals. Pre-Covid quarters were in the 1,500 and below range, so even a rapid decline in Q1 deal flow still left volume at historically high levels.

That said, one of the most telling declines was in control transactions. There were only 237 buyouts in Q1. If you take out the peak lockdown quarter (Q2 2020), that was the slowest quarter since early 2013. Of course, that's coming off a hectic fourth quarter, when 628 deals wrapped up ahead of the new year. We'd expect to see a breather after an all-out sprint. But non-control transactions didn't slow down much; 325 growth deals closed in Q1 2022, in line with 2021 numbers. Add-ons slowed but remain very high compared to pre-Covid years. Taken together, the data suggests a rush to finish buyouts in particular, perhaps motivated by looming rate increases, followed by a very quiet start to the year.

(Past performance is no guarantee of future results.)