A historically slow exit market

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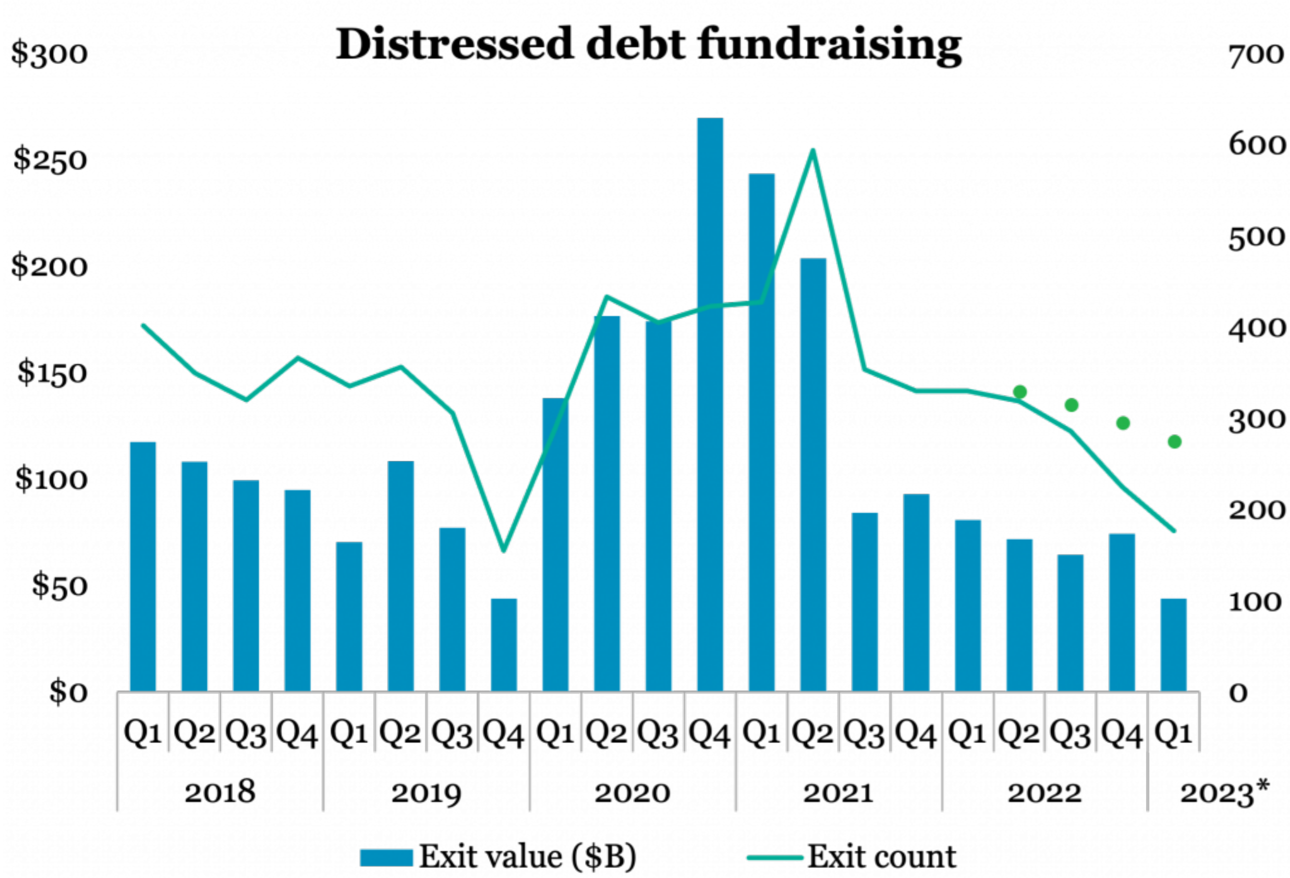

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PE exit activity resumed its downward trend in Q3, according to PitchBook's Q3 US PE Breakdown. $44.1 billion was exited last quarter, the lowest quarterly total in ten years, exempting the COVID quarter of Q2 2020. While that's very low, it could also be a bottoming out. Exit counts have been rolling downhill since early 2021, and so has value, but eventually exits will hit a point where that can't go lower. Corporate acquisitions will start picking back up, or secondary buyouts will show signs of life. PE sellers can't be forced sellers—hence the lag—which is why the investment-to-exit ratio is also at a low.

The sales that are happening are trending on the bigger side. The median corporate acquisition is now $414 million, plenty above the 2021 record of $297.5 million. But those bigger splashes are only being done by corporates with an appetite and cash on hand. To pay for those deals, some corporates are issuing bonds, an option that PE buyers don’t have. Buy-side PE is hampered by higher borrowing costs and slower company growth, leading to a decline in secondary buyouts, as well.

(Past performance is no guarantee of future results.)