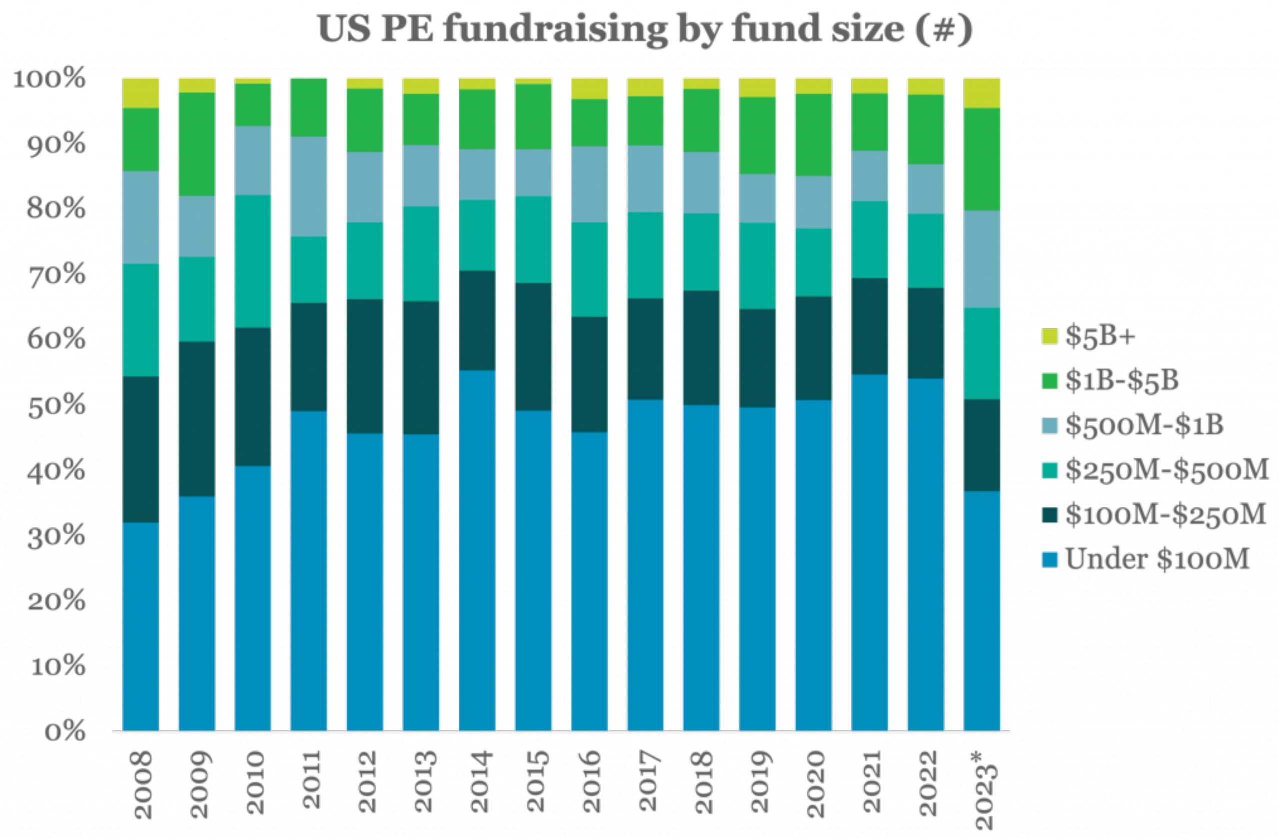
Mega-deals down, mega-fundraising rising

PitchBook | November 9, 2023



Download PitchBook's Report here.

Currents are crashing into each other at the biggest ranges of the PE market. A couple weeks ago we covered a sizable drop in mega-deals, first unearthed in PitchBook's Q3 US PE Breakdown. But the same study also found a sizable increase in mega-fundraising. Through Q3, funds of $1 billion or more are accounting for over 20% of fundraising by fund count. That's the biggest share for $1B+ funds since 2009, and its actually bigger than it was that year (18%). We haven't seen a 20% share for $1B+ funds since the GFC, but we are now—in a landscape that's getting redefined around higher interest rates, smaller deal sizes and equity contributions breaching 50% for the first time.

So, the data is suggesting that LPs are backing big funds at a historically fast clip, while the big funds themselves are migrating down market into middle-market deals. The report also notes that some of the biggest funds are taking more time to close, and are settling for smaller targets than they originally wanted.

(Past performance is no guarantee of future results.)