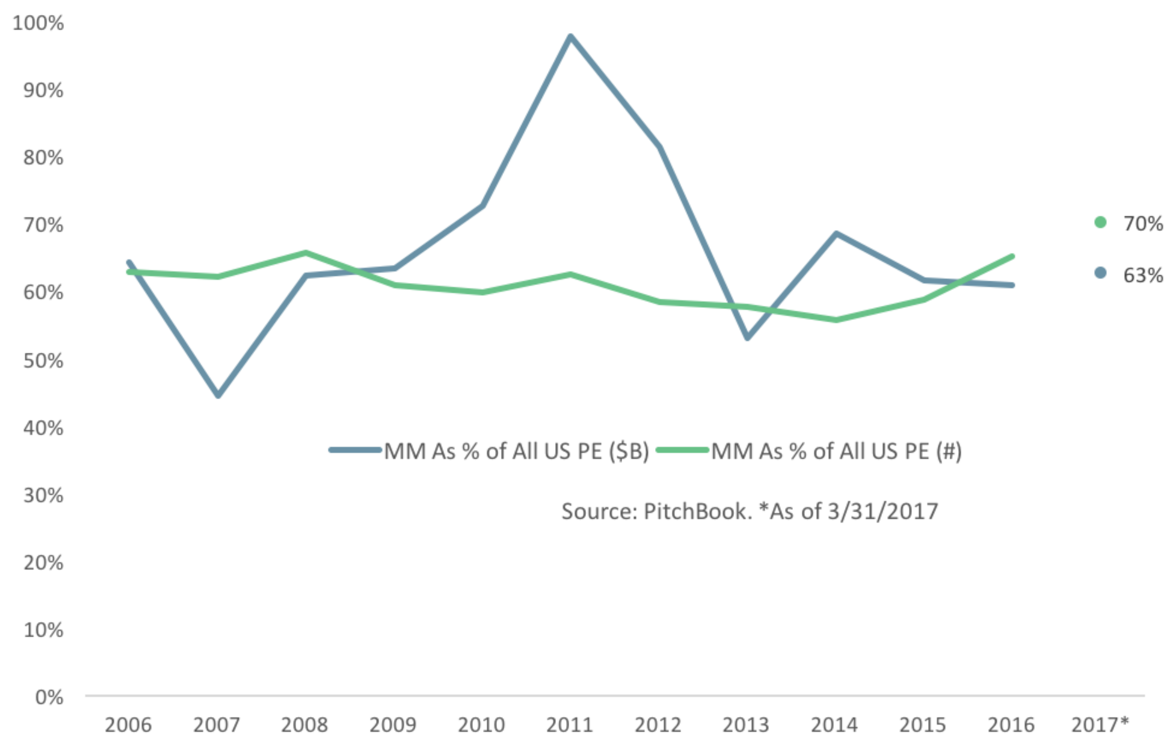
Middle-market vehicles hit new high in proportion of all US PE fundraising

PitchBook | May 9, 2017



View PitchBook's 1Q 2017 US PE Middle Market Report [Here]

Last week the steady recovery in the number and aggregate value of US private equity first-time middle-market funds was analyzed, yielding the conclusion that in light of the slower pace in the raising of such capital pools in 1Q 2017, there is heightened competition and potentially somewhat slackened appetite for exposure to that playing field. That said, it is still important to highlight one important piece of the overall backdrop to the middle-market fundraising market: Just how large a portion of overall US PE fundraising it now constitutes. As the chart above highlights, middle-market-dedicated funds made up 70% of overall US PE raises in the first quarter of 2017, the highest tally of the decade. Capital committed is a different story, yet still remains hefty at 63%. The percentage of overall volume has actually inched upward over the past two years even as funds sized from $1 billion to $5 billion represented just over 70% of total capital collected in that same timeframe. What those figures taken in tandem further underline is the popularity of the US middle market as a destination for PE capital allocation. As noted last week, that has engendered growing competition, which in turn impacted fledgling fundraises. Going forward, however, the necessity for continued exposure to the bulk of US middle-market enterprises will still be necessary for many PE players, especially as public equities remain priced aggressively and general M&A valuations stay high.