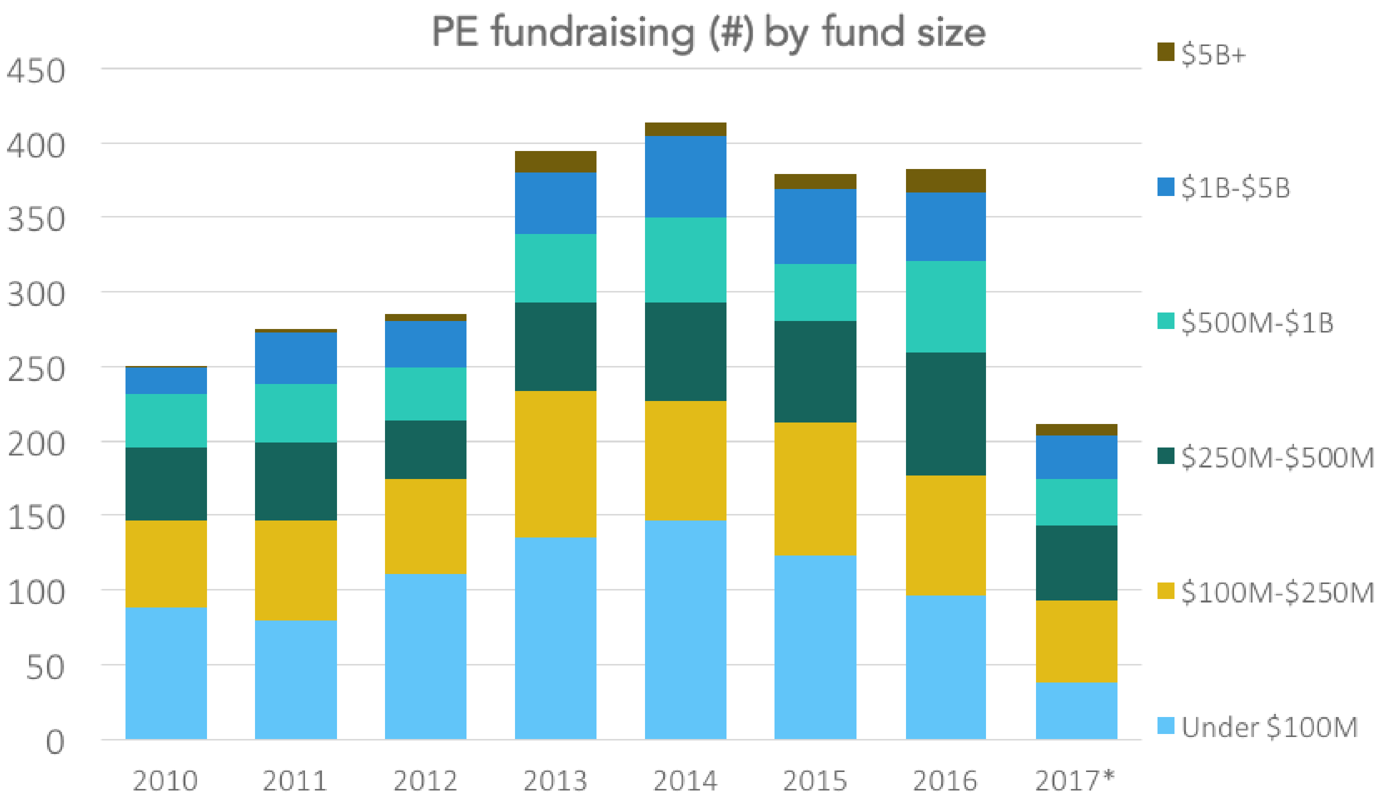
THE LEAD
https://theleadleft.com/pulse-private-equity-942017/

# The next buyout cycle is heavy middle market

PitchBook | September 6, 2017




View PitchBook's 2017 PE & VC Fundraising Report Here

If the latest fundraising numbers are any indication, the new buyout cycle taking hold will be much more geared toward the middle market, particularly on the lower end. Compared to years past, the latest crop of MM funds accounts for a larger percentage of fund closings by count. Through August 1, funds in the $100M-$500M range made up almost half (49.7%) of all 2017 fund closings—only a few years ago that percentage was closer to a third (35% in 2014) by count. The headlines will always pay more attention to the largest PE funds, which account for an unusual 50% of total capital raised this year, but there seems to be a big shift in LP interest behind the scenes.

Aside from PitchBook's numbers, an investor survey done by Probitas Partners, a placement agent, found very positive sentiment toward US middle-market funds. Asked which sectors or strategies in the middle market were most appealing, 81% of respondents cited funds focused on operational improvements (up from 61% last year). Another 73% cited middle-market funds focused on buy and build strategies, while 51% said funds focused on single industries were attractive. Those cues shed light on the increasing *number* of MM funds this year relative to the overall PE market and particularly at the upper end, where LP investment opportunities are limited. As the newest buyout cycle begins in earnest, it appears the next five to seven years will see an even more pronounced shift toward the middle market, even if mega deals steal the headlines.

**Contact: Alex Lykken**
alex.lykken@pitchbook.com