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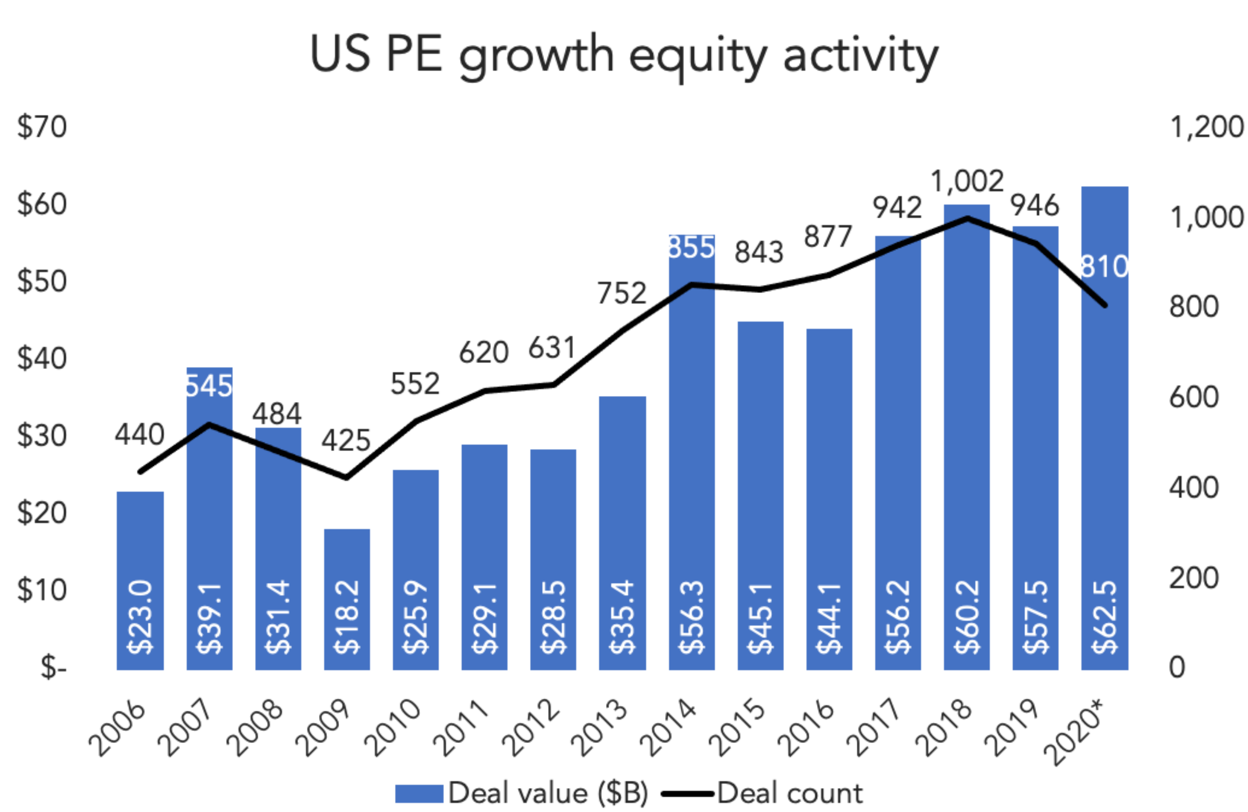
Growth rounds hit record

PitchBook | January 14, 2021



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US PE growth activity hit a record in 2020 in terms of value, according to the 2020 Annual US PE Breakdown. At $62.5 billion, 2020 just leapfrogged 2018 by the dollar metric, even though volume hit its lowest level since 2013. The 810 transactions had an average deal size of $77.1 million compared to $60 million on average in 2018. Growth equity was especially strong in the tech sector, one of the few industries to come out ahead of the pandemic. Value-wise, IT growth equity investments totaled $20 billion last year, a 72.4% increase over 2019 levels.

PE managers used growth equity deals to take advantage of pandemic-related shifts in consumer demand, many of which were already PE-backed. In other instances, PE managers opted away from control buyouts for the time being, uncertain of the near-term prospects of many sectors and thus many business models. Whatever their motivations, growth equity turned out to be one of the few standouts in an otherwise forgettable year. Even as buyouts begin to take center stage again, there will still be many opportunities on the growth front, and another solid year is possible in 2021.