

The Pulse of Private Equity – 9/5/2016

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PE Fund Sizes Spike in 1H 2016

Across North America and Europe, both mean and median private equity fund sizes spiked in the first half of 2016. The average fund size came in at \$803.9 million, just shy of the decade-high \$838.9 million notched in 2007, while the median just barely set a new high for the past 10 and a half years. As fundraising volume has been healthy, these metrics indicate a clear maintenance if not strengthening of limited partner interest in the asset class. Plus, the increases signify that the PE investors that are able to close nowadays have already demonstrated a fair amount of success and are either expanding their investment thesis to adapt to a more expensive climate or longer-term platform building, or simply were raising for some time and the closing in H1 is somewhat a quirk of timing.

Sept 5 2016 PitchBook Median fund closing times did tick upward from 2015 levels, testament to larger fund sizes as well as lengthening diligence processes as LPs look to become more cautious. The proportion of PE funds hitting their target in 1H rose to over 90%, a staggering success rate that far exceeds anything else seen in the past several years. Essentially, not only are PE fundraisers tailoring their commitment-gathering strategies, but LPs are more than ready to recommit or commit for the first time. Whether or not PE is considered a costly option, LPs are more than willing to pay up in exchange for outperformance of public returns and, more than ever, a somewhat more stable class. Lack of liquidity is being handily trumped by perception of potential external risks—in a way, that lack could be taken as a signal of dedication to long-term value creation despite the ebb and flow of business and/or economic cycles, even if the timeline extends beyond what used to be seen as the norm in buyout funds. It's definitely not an advantage, but in the current climate, it's less of a handicap than it used to be.

? Read PitchBook's 1H 2016 PE & VC Fundraising & Capital Overhang Report [here](#).

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