MILL CREEK

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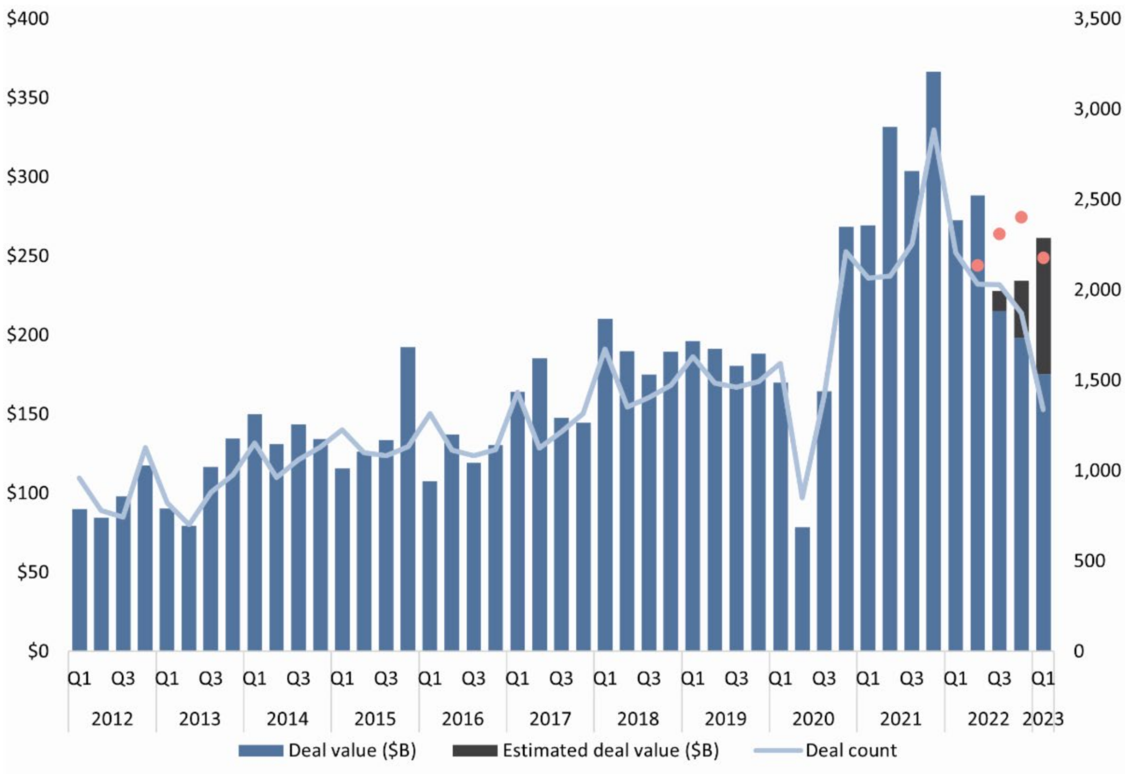
April 24, 2023

## MARKET COMMENTARY

### Fig. 1: Private equity activity has declined from peak levels

US PE deal activity by quarter




*Source: Pitchbook, Mill Creek. Data as of 3/31/23.*
**Dots represent the estimated total deal count for the three most recent quarters.*

Earlier this month, we got our first clean read on how private equity markets have held up during the volatile start of 2023. While many trends are clearly on a downward trajectory, we believe the industry's overall health is stable, especially considering the severity of macroeconomic forces (e.g., inflation and rate hikes), heightened geopolitical uncertainty (e.g., China tension and Ukraine war), and the banking crisis sparked by the fall of Silicon Valley Bank.

It's not that we are unaware of vicious declines in areas such as exit activity and corporate acquisition activity, but rather that we are cognizant of the fact that the PE market remains well above pre-pandemic levels, a testament to the sheer size of the industry and amount of dry powder that continues to be deployed. For example, the number of deals completed in Q1 23 is only down 1% from Q1 22 and up 5% from Q1 21, suggesting that smaller deals are still accomplished at a healthy pace.

As fundraising cycles extend and seller expectations moderate, we expect the environment for both allocators and investors to continue to improve for 2023.

## QUICK LINKS

- Q2 2023 Outlook: Red, White, and Overdue
- Losing Steam
- Stuck Between a Rock and a Hard Place
- The Increasing Likelihood of Unlikely Events

***This week's contributor: Andrew Murray***

## DISCLOSURES & IMPORTANT INFORMATION

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