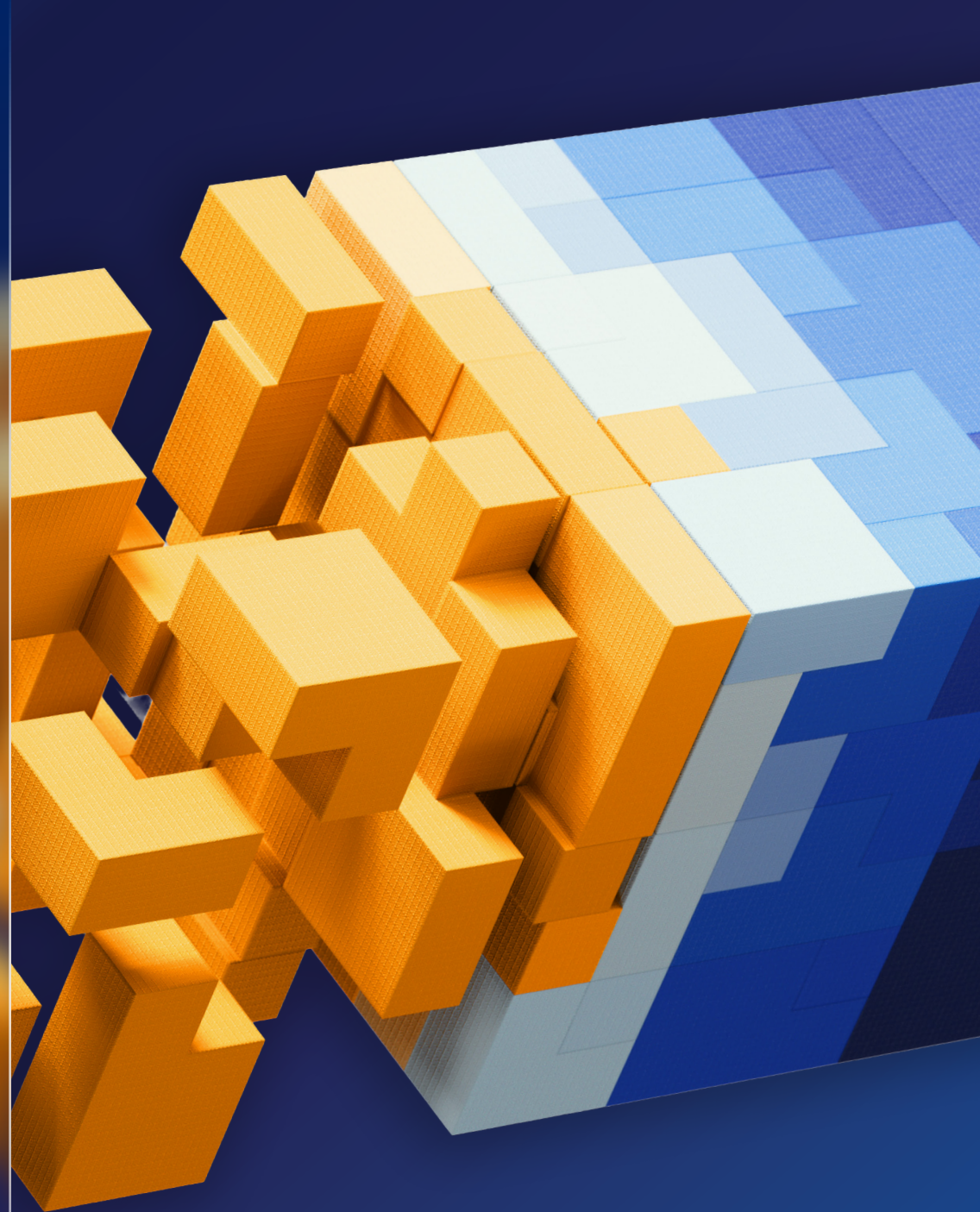


2026 PE Dealmaking Report

How execution costs, deal structures
and return profiles are evolving

DATA BY

 **PitchBook**
a Morningstar company



Introduction

The private equity (PE) dealmaking environment remains challenged. Dealmaking momentum by the end of 2026 is expected to fall short of the prior year's levels, but megadeals will sustain deal values. Exit activity and fund economics help explain why sponsors operating in today's market environment continue to struggle despite headline deals that may spur a false sense of optimism. In fact, the outlier of this narrative is concentrated in artificial intelligence (AI) bets and established, large managers. The PE industry, more broadly, has yet to see the light at the end of the tunnel.

Deal structures across PE strategies are undergoing structural transformation, leaning more toward equity than debt financing. This reflects the risk-off sentiment that continues to pervade the industry. The macroeconomic environment,

geopolitical tensions across the world and uncertainty surrounding the future of AI continue to weigh on broad-based growth in dealmaking and exits across industries. If equity-heavy financing were not already telling of market sentiments, then investors flocking to safe-haven assets – and driving up their prices – reinforces this point: Market bifurcation between risky and nonrisky assets will only continue to deepen. Asset risk profiles will also inevitably affect returns, which is further examined in the [Spotlight](#) section of this report.

Read this report for deeper insights into the trends shaping PE dealmaking, how market dynamics are influencing how sponsors structure their deals, the cost to execute under current market conditions and how to stay ahead of the curve with SS&C Intralinks' solutions.

Global PE deal activity



Source: PitchBook • As of August 3, 2026

Market trends

PE dealmaking overview: PE dealmaking bull run loses steam

The current trajectory of global PE dealmaking indicates a slowdown relative to 2025. Annualized PE deal value (USD 1.8 trillion) and deal volume (18,256) fall short of the USD 2.2 trillion invested across 20,452 deals in 2025. Still, 2026's estimated year-end capital invested is expected to remain within the range observed over the past six years – between USD 1.4 trillion and USD 2.3 trillion. This is supported by the growth in megadeals (transactions exceeding USD one billion). In fact, the share of global PE capital derived from megadeals has ballooned to a near-decade high of 76.8 percent year-to-date (YTD). Meanwhile, transaction volume (18,256) is on track to reach its lowest level over the same period. After two consecutive years of year-over-year (YoY) growth, the PE dealmaking bull run appears to have run its course.

The reality of challenging fund economics and sluggish fundraising momentum since 2023 has weighed on the dealmaking outlook and will continue to do so until limited partner (LP) confidence returns and the fundraising flywheel regains momentum. Only 407 PE funds have closed YTD, putting 2026 on pace for the lowest annual fund count in a decade. Not only has the volume of funds declined, but the amount of dry powder available for deployment has also dropped, falling by USD 100 billion between 2024 and 2025 to USD 1.6 trillion. The PE exit environment has also stalled, and a recovery will be critical to recycling capital back to fund managers and, ultimately, LPs.

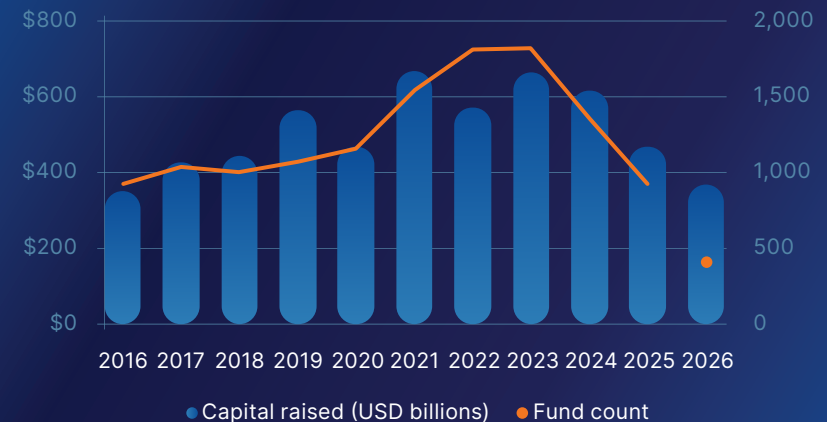
Higher capital costs have put further pressure on PE dealmaking. The inflationary pressures from higher energy costs amid the Strait of Hormuz disruptions led the European Central Bank to hike all three key interest rates by another 25 basis points in September

Global PE deal activity by quarter



Source: PitchBook • As of August 3, 2026

Global PE fundraising activity



Source: PitchBook • As of August 3, 2026

2026.¹ While U.S. interest rates have remained elevated at 3.6 percent, the Federal Reserve's (the Fed's) June projections show a temporarily higher personal consumption expenditures inflation rate in 2026. This has solidified the Fed's commitment to a tight monetary policy for at least the remainder of the year.² Given PE's reliance on leverage, elevated borrowing costs have had ripple effects across PE strategies and, in particular, how deals are being priced.

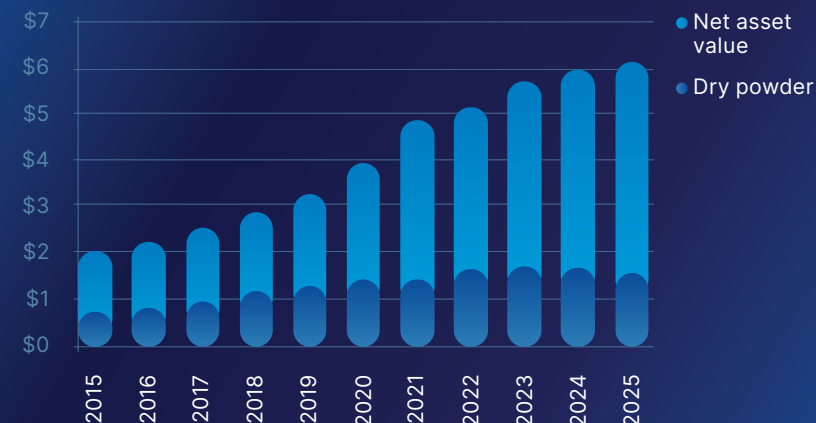
Higher rates compress valuations while deal structures shift toward equity

Sponsors operating in a higher-rate environment have seen valuations compress as a direct consequence of a higher cost of capital, which weighs on the present value of money — a variable used to calculate valuation. Over the past three years, the median enterprise value (EV)/earnings before interest, taxes, depreciation and amortization (EBITDA) — a financial ratio

used to measure a company's value relative to its cash flow — has steadily fallen from 12.7x in 2024 to 10.2x YTD. At the same time, global PE deal structures have shifted slightly. The decline in the median debt/EBITDA multiple indicates that sponsors are taking on less leverage than in the past.

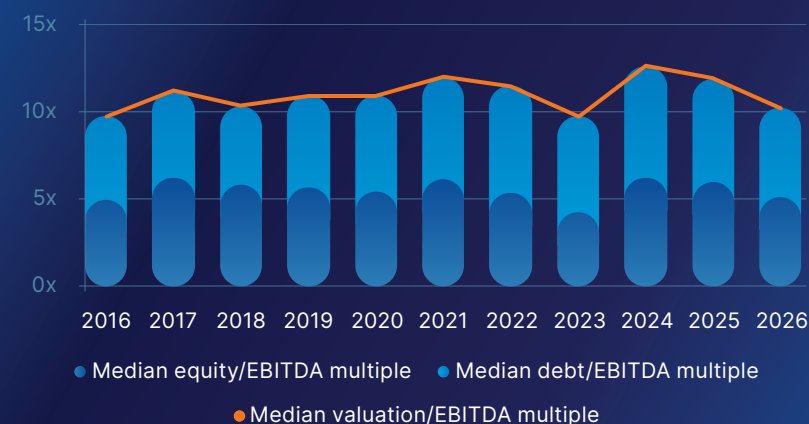
The pullback from leverage has been evident across PE strategies. The industry's largest and most leveraged strategy, public-to-private transactions, has seen an enduring trend toward using less leverage since rates were hiked amid a global pandemic. The median equity/EBITDA multiple has ticked up to a decade high of 7.5x YTD, while the median debt/EBITDA multiple has fallen to 4.1x over the same period. Even add-on deals — a smaller and less leveraged PE buy-and-build strategy — have undergone a structural shift toward more equity-heavy deal structures, with their median equity/EBITDA multiple climbing to a staggering 9.1x YTD, up from 2.6x a decade ago.

Global PE assets under management (USD trillions)



Source: PitchBook • As of December 31, 2025

Global median PE buyout EBITDA multiple breakout



Source: PitchBook • As of August 3, 2026

1: "Monetary Policy Decisions," *European Central Bank*, September 10, 2026.

2: "Federal Reserve Issues FOMC Statement," *Board of Governors of the Federal Reserve System*, September 16, 2026.

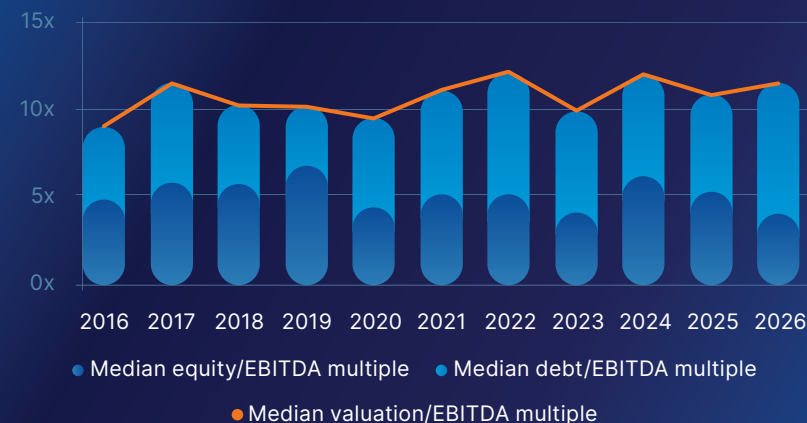
In short, the acquisition deals that sponsors are targeting are cheaper today than in years past. Two possible scenarios are that businesses across the board are being sold at a discount or that sponsors are intentionally targeting cheaper investments. It is far more likely that sponsors are intentionally eyeing the lower-hanging fruit in the market, or in other words, smaller and cheaper transactions like add-ons and growth/expansion funding. In line with this assessment, the share of such deals grew to 77.2 percent of global PE deal count YTD, up from 75.3 percent in 2025. At the same time, the global median PE EV/EBITDA multiple for add-on transactions (9.1x) has reached a decade low. With inflation rates expected to remain temporarily high for the remainder of the year, this shift is unlikely to reverse until energy prices stabilize.

Exit volumes are on track for a decade low while holding times finally shorten

Sponsors are operating in an increasingly challenging environment, resulting in

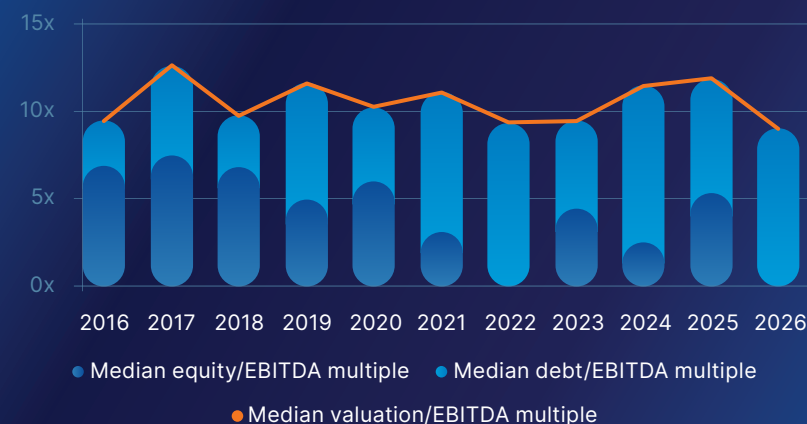
subdued dealmaking and fundraising activity, as well as compressed valuations. At the center of these pressures is a stalled exit environment. The current trajectory of PE exit activity suggests an annualized exit volume of approximately 2,754 and USD 1.1 trillion in value generation. The volume of exits is the key metric to watch, and current projections indicate PE dealmakers will see the lowest exit volume in a decade. Historically, strategic acquisitions and buyouts have been the primary exit channels for the PE industry, consistently accounting for over 90 percent of global PE exit volume and nearly 75 percent of value over the past five years. However, the recent pullback of buyout deals has had second-order effects on exit activity, dragging down exit volumes YTD. Interestingly, the secondary buyouts that have occurred in 2026 so far were executed at higher debt/EBITDA multiples than the pre-2021 playbook, despite the higher cost of capital that has deterred sponsors from taking on debt across most

Global median PE public-to-private EBITDA multiple breakout



Source: PitchBook • As of August 3, 2026

Global median PE add-on EBITDA multiple breakout



Source: PitchBook • As of August 3, 2026

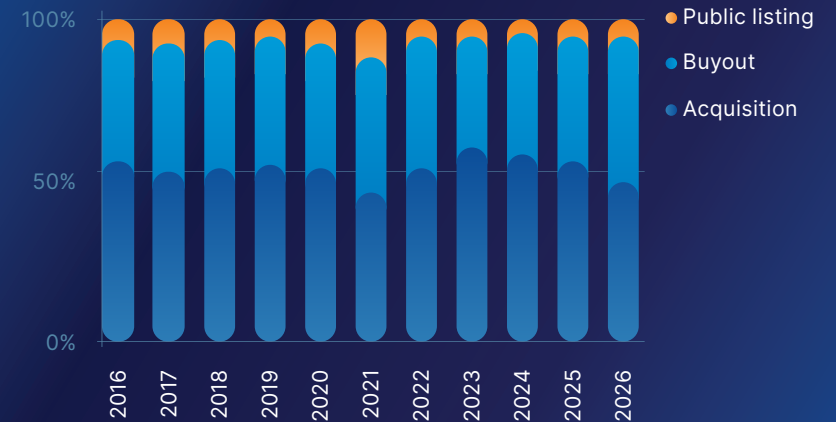
other strategies. Sponsors are selectively paying a premium for the few assets that another sponsor has already de-risked.

Other exit channels, such as acquisitions and initial public offerings (IPOs), have also seen weak volume. Corporate-led strategic acquisition decisions have concentrated around AI bets, like SpaceX acquiring venture capital (VC)-backed xAI and Cursor for a combined USD 310 billion, making these deals some of the largest closed in 2026. Meanwhile, the IPO window remains partial toward business models with stable cash flows. More than one quarter of formerly PE-backed IPOs were concentrated in companies in the asset-

heavy commercial products industry. The same cannot be said of VC-backed IPOs, which have observed sustained exuberance around companies aligned with technological tailwinds.

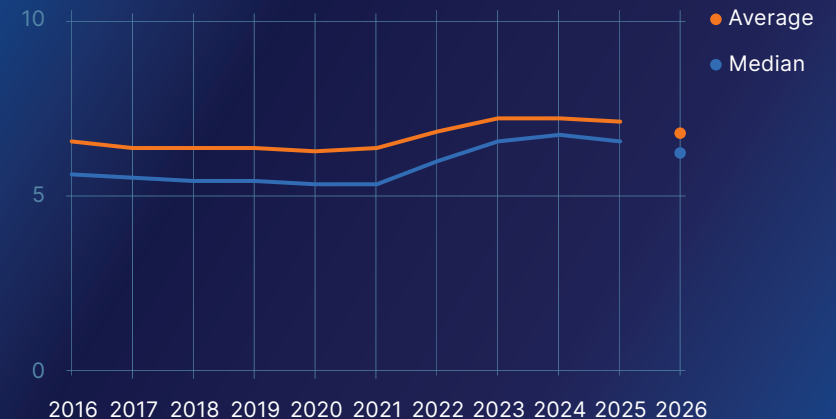
However, shortening median and average PE holding times offer more positive signals. PE exit volumes have not been abundant, but the fund managers who have exited their positions are doing so at an accelerated clip. Both the global PE median and average holding times have fallen slightly YTD to six and 6.6 years, respectively. Current holding times have yet to return to pre-2021 levels, but these metrics are headed in the right direction.

Share of global PE exit count by type



Source: PitchBook • As of August 3, 2026

Global median and average PE holding time (years)



Source: PitchBook • As of August 3, 2026

Spotlight: Cost to execute

Market dynamics have transformed rapidly: A new monetary policy regime defined by higher neutral rates, geopolitical fraying and the deglobalization of supply chains has supported the AI-led industrial revolution. These dynamics have reshaped how sponsors execute — and the cost of execution. So far, this report has examined PE deal structures and exit timelines. This spotlight builds on those findings to examine the price sponsors are willing to pay today and the returns they can expect.

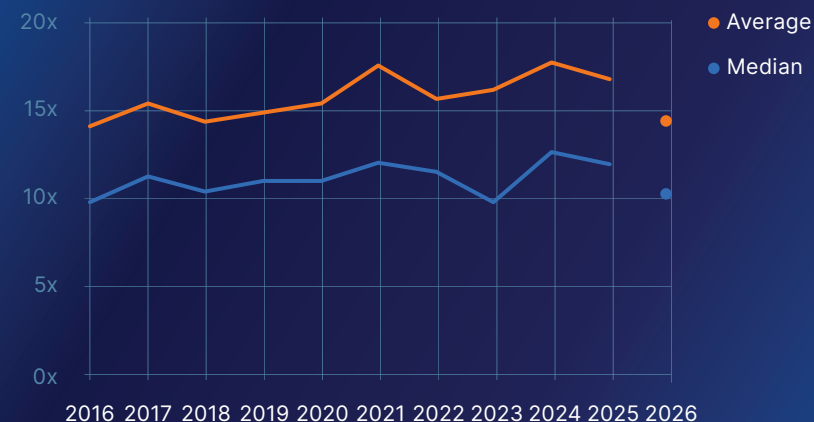
In 2026, PE investors gradually increased their appetite for larger deals. Even as the global PE dealmaking engine has slowed, the global PE median deal size has inched up to USD 43.5 million YTD, from USD 40.5 million in 2025 and more than double the median a decade ago (USD 21.7 million). The largest players in the industry have become even more emboldened, pushing the average deal size to a record USD 442.9 million YTD. Interestingly, the global median PE EV/EBITDA multiple has fallen to 10.2x YTD, down from 11.9x in 2025, representing the

overlooked deals without the premium attached to AI and software as a service.

The cost to execute is higher today because sponsors are exercising greater selectivity, favoring safer bets on high-quality assets while access to the most desirable assets on the market remains expensive. On the other hand, execution without discipline can be devastating for returns. Sponsors have struggled to exit in a more restrictive liquidity environment, with only five PE exits achieved in 2025 compared with 281 a decade ago. However, the few managers that have exited their investments have achieved premium outcomes. The median and average PE buyout exit multiple on invested capital (MOIC) reached a five-year peak of 2.7x and 6.4x, respectively, in 2025.

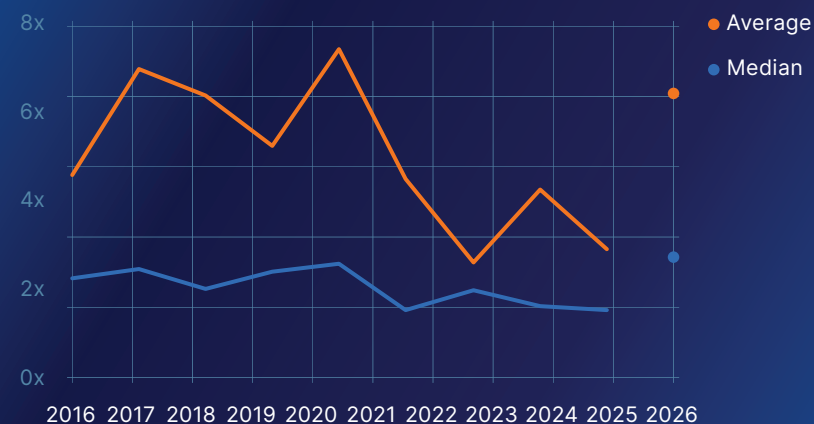
In a market where financial engineering no longer does the heavy lifting, returns depend on picking the right asset and moving quickly on it — a discipline that has made AI-driven diligence and virtual data room (VDR) technology an essential input into deal economics.

Global median and average PE multiples



Source: PitchBook • As of August 3, 2026

Global median and average PE buyout exit MOIC



Source: PitchBook • As of August 3, 2026

Looking forward

The key challenge for PE is improving fund economics and converting a narrower set of assets into closed deals and realized exits. With deals structured with more equity than leverage and multiples compressed, returns will come from selection, operational improvement and timing. Sponsors should prepare assets for exit earlier, run tighter and better-documented

processes and treat diligence speed as a competitive advantage. AI-driven VDR platforms, such as SS&C Intralinks, support that shift, compressing diligence cycles, surfacing risk before it becomes a repricing event and giving deal teams visibility into buyer engagement. Technology alone will not reopen the exit window, but it can help determine who is ready when it does.

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the [PitchBook report methodologies page](#).

About SS&C Intralinks

SS&C Intralinks is the pioneer of the virtual data room, enabling and securing the flow of information by facilitating M&A, capital raising and investor reporting. SS&C Intralinks has earned the trust and business of many of the Fortune 1000 and has executed over USD 37 trillion worth of financial transactions on its platform.

For more information, visit intralinks.com

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