

Alternative Assets to Hit More Than \$17tn in AUM by 2025

The first part of Preqin's *Future of Alternatives 2025* initiative models how and where the industry is set to grow in the next five years

At the end of 2020, alternative assets firms globally will hold \$10.74tn in assets under management. By the end of 2025, Preqin predicts that this will rise to \$17.16tn – a CAGR of 9.8% and an overall 60% increase. Private equity and private debt will be the biggest drivers of growth, respectively increasing their assets by 16% and 11% annually, and private equity will come to account for around half of the total alternatives industry. Other asset classes are predicted to see slower growth, but all are set to expand in size over the next five years. Regionally, Asia-Pacific is emerging as the biggest growth market: with AUM focused on the region increasing by a CAGR of 25%, total assets are set to hit almost \$5tn by the end of 2025.

To launch its *Future of Alternatives 2025* series, Preqin has produced projections of AUM growth in each asset class, and for the industry as a whole. This model combines Preqin's unmatched data covering 20 years' of alternatives activity with macroeconomic trends to offer a detailed picture of the course of the industry's development over the next five years.

For detailed analyses covering each individual asset class, and to read all of our articles exploring the future of the industry, see the *Future of Alternatives 2025* hub here:

<https://www.preqin.com/future>

David Lowery, Head of Research Insights:

"Private markets are a core part of the investment landscape, and have seen an incredible rate of growth in size and influence in recent years. The fundamentals are strong: alternatives funds keep offering investors strong, uncorrelated long-term returns, even through the sustained low-interest rate environment and volatile market cycles of recent years. Investors in turn have been committing more and more capital to alternatives, and this is unlikely to slow in the coming years. In fact, our model shows that growth will continue, buoyed by an uptick in private equity activity and booming participation in Asia-Pacific. It's a very exciting time to be a part of the industry."

Key Alternative Assets AUM Forecast Facts:

- **Global alternatives AUM will grow** from \$10.74tn as of December 2020, **to \$17.16tn by the end of 2025.**
- **Private equity AUM will increase from \$4.41tn in 2020 to \$9.11tn in 2025.** With a CAGR of 15.6%, it will be the fastest-growing asset class over the next five years.
- Already the largest asset class, private equity will come to dominate the wider industry. **By the end of 2025, the asset class will account for 53% of all alternatives AUM.**
- Private debt is set to grow at 11.4% annually, going from **\$848bn at the end of 2020 to \$1.46tn at the end of 2025.**
- **Real estate and hedge funds are set to see much slower growth.** Real estate assets will grow from \$1.05tn to \$1.24tn between 2020 and 2025, while hedge funds will increase from \$3.58tn to \$4.28tn in the same period.
- **Asia-Pacific will be a key driver of global growth** as participation in alternatives expands. AUM in the region is set to increase from \$1.62tn to \$4.97tn over the next five years.
- That said, **North America will still hold half of total global alternatives AUM;** by 2025 the region will have \$8.6tn in assets.

Preqin is the Home of Alternatives™, the foremost provider of data, analytics and insights to the alternative assets community. From pioneering rigorous methods of data collection to developing a revolutionary platform, we have committed ourselves to furthering the understanding of alternatives for over 16 years. Through close partnership with our clients, we continuously build innovative tools and mine new intelligence to enable them to make the best decisions every day.

For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.

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