

Private Equity Industry Grows to More Than \$3tn in Assets

Total AUM increases by 20% in 2017, as dry powder crosses the \$1.00tn mark

The private equity industry held over \$3.06tn in assets under management as of the end of December 2017, a record high. This is a remarkable 20% increase from the \$2.56tn in assets held by the industry a year prior, the highest rate of annual growth ever recorded by Preqin. As reported in January, dry powder crossed the \$1.00tn threshold at the end of 2017, having grown by 24% in the course of the year. However, the unrealized value of invested assets held by fund managers also rose significantly, growing by 18% in 2017 to reach \$2.04tn as of December. This comes even as private equity fund managers distributed \$466bn to investors – not equalling the record of \$517bn in distributed capital seen in 2016, but still representing the seventh consecutive year in which private equity fund managers have returned more capital to investors than they have called up.

For more information and analysis, see the full [Preqin Private Equity Q2 2018 Update here:](http://docs.preqin.com/quarterly/pe/Preqin-Quarterly-Private-Equity-Update-Q2-2018.pdf)
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Key Private Equity Assets under Management Facts:

- As of December 2017, **total private equity assets under management have reached \$3.06tn**, up from \$2.56tn in December 2016.
- **This represents an annual growth rate of 20%**, the highest recorded by Preqin since it began tracking in 2000.
- **Dry powder was a key factor in this growth, as it crossed the \$1.00tn mark** and reached a record \$1.03tn as of the end of the year. This is an increase of 24% from the end of 2016, when it stood at \$829bn.
- But the **unrealized value of invested assets held by fund managers also grew by 18%** through the year, rising from \$1.73tn at the end of 2016 to \$2.04tn in December 2017.
- **Capital distributions outstripped capital calls for the seventh consecutive year**, as fund managers returned \$466bn to investors. This is down from the record \$516bn they distributed in 2016.
- In fact, the **net flow of capital to investors fell from \$150bn in 2016 to just \$36bn in 2017**, as fund managers called up a record \$430bn from investors.

Christopher Elvin, Head of Private Equity Products:

“The private equity industry now stands at over \$3.00tn in assets, more than twice the size it was a decade ago. In fact, 2017 has seen prodigious growth, the fastest rate of expansion Preqin has ever recorded since it began tracking the industry. It is easy to attribute this purely to dry powder, which crossed the \$1.00tn threshold off the back of several record-breaking funds coming to market and holding closes. However, it is equally significant that the unrealized value of invested assets held by fund managers rose by a similar proportion, and grew beyond \$2.00tn for the first time.

The industry has managed to post record growth even as it returns significant levels of capital back to investors. 2017 did not quite match the record levels of distributions seen in 2016, but nonetheless approached half a trillion dollars for the year. Although the net flow of capital was low overall compared to recent years, this is because fund managers called up a record amount from investors – an encouraging sign given that there are concerns in some quarters about the level of available capital that managers have collected from investors but not yet deployed.”

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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