



**DC**  
advisory

European Private Equity  
Mid-Market Monitor:  
Q1 2025 & Outlook

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# A note from the European Executive Chair

## Private equity

- Private equity is the engine of M&A. Their purpose is to buy, improve, and sell businesses. It is clear that the “buy” and “sell” drive M&A, but the “improve” also frequently involves bolt-on M&A. In the statistics in this report, we have reported that they buy c.35% of businesses for sale – a significant proportion
- However, the most powerful driver of the M&A market is the rate at which they sell businesses. And there are plenty of reasons why they are not selling now

## Predicting the future

- We have said before that M&A requires a prediction of the future, both from the *vendor* and from prospective *buyers* - and predictions of the future are very difficult

### The *vendor* perspective

- Initiating a process to sell a business requires a view as to how the market will *value* a business. Not now, but in 6-9 months when the deal is likely to sign
- It also requires a view of how the business will *perform* over that period because few things undermine a sale process more effectively than “missing the numbers”
- This kind of short-term foresight is very challenging in a market as volatile as the one we are currently experiencing. Understandably, vendors are pausing their plans to sell businesses

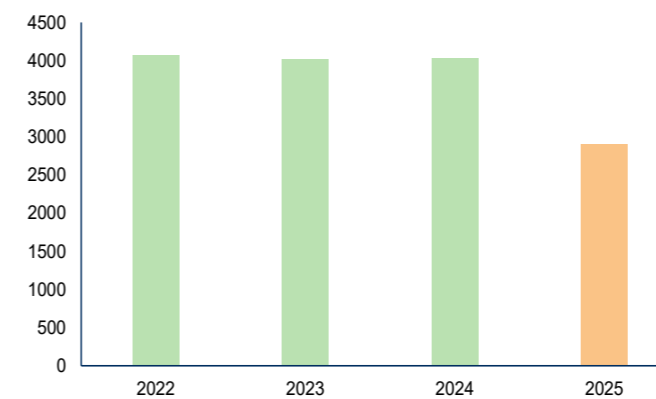
### The *buyer* perspective

- We have said that 6-9 months of future prediction is challenging for vendors, but it is not as difficult as the challenge for buyers
- Buyers are required to predict the long-term performance of a business they are buying and PE buyers also need to predict its future value in five or so years
- This is always a significant exercise in judgement but is now even more challenging, and it comes on the back of a market that was already tough

## Tough before tariffs

- Many commentators predicted a pro-business environment following the election of Donald Trump, and stock markets agreed - albeit briefly
- But no such positivity was seen in European M&A markets:

Figure 1: Total deals in Europe (Q1)



Source: Mergermarket (see Appendix\*)

- In 2022, 2023 and 2024, just over 4,000 European deals were completed in the first quarter
- In Q1 2025, this fell by 28% to just over 2,900 (see fig. 1)
- This significant downturn reflected firstly:
  1. A lower number of deals in the market; and
  2. Delays in dealmaking
- Deals that should have completed in Q1 2025 would have been launched in the autumn of 2024. Vendors confidence was reasonable at that point, but there were ‘known’ uncertainties
- It was a period of geopolitical uncertainty exacerbated by pending elections in the US and Germany
- Many potential transactions were, therefore, not launched with vendors preferring to wait for the uncertainties to abate
- This resulted in fewer transactions in Q1
- To compound this “lower number of deals in the market”, completion rates have fallen
- The market volatility has, at best, caused bidders to reflect on their approach to valuation and diligence, and in some cases driven vendors to suspend a sale process

## The tariff tornado

- In December, we had anticipated that private equity would drive an uptick in M&A activity in the latter part of 2025: “*Under pressure to divest and deploy, and with election uncertainty behind them, private equity will initiate processes leading to a strong Q3 and Q4 for dealmaking*”
- This supposition has been blown away by the *tariff tornado* in two significant ways:
  - The mechanics of M&A have become harder – valuation is uncertain, and the debt markets are unsure. Until there is greater clarity on both – the markets will be sluggish
  - Business performance is under threat - most obviously in the ‘heavily tariffed’ sectors such as Automotive and Industrials, but also, more widely, as price increases and inflation impact the global economy

## Where are we now?

- The good news is that many of the deals that ‘should’ have happened will happen. After a period of reflection, deal momentum will return, and satisfactory outcomes will be achieved
- We are not, however, in a market where new deals are likely to launch imminently, and we are aware of a number of deals have delayed their launch

## Implications for 2025

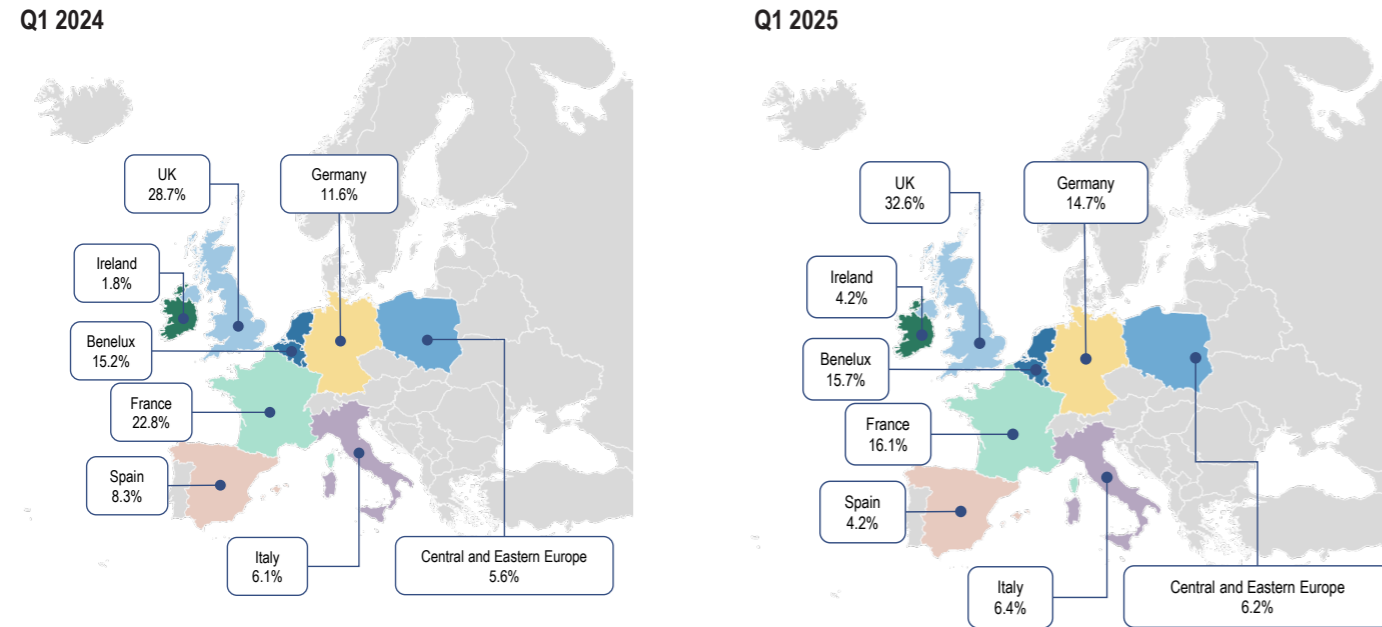
- There is already a lull in deal activity as a consequence of this volatility
- In the event that tariff negotiations are concluded by the summer and that the outcome is relatively benign, many of the ‘on hold’ deals could be launched and completed by the end of the year
- In that circumstance, 2025 will likely be a slow year but some recovery should be apparent in the final quarter
- If negotiations are more protracted and result in significant implications for economic growth and inflation, the M&A market will likely remain depressed into 2026



Richard Madden  
European Executive  
Chairman

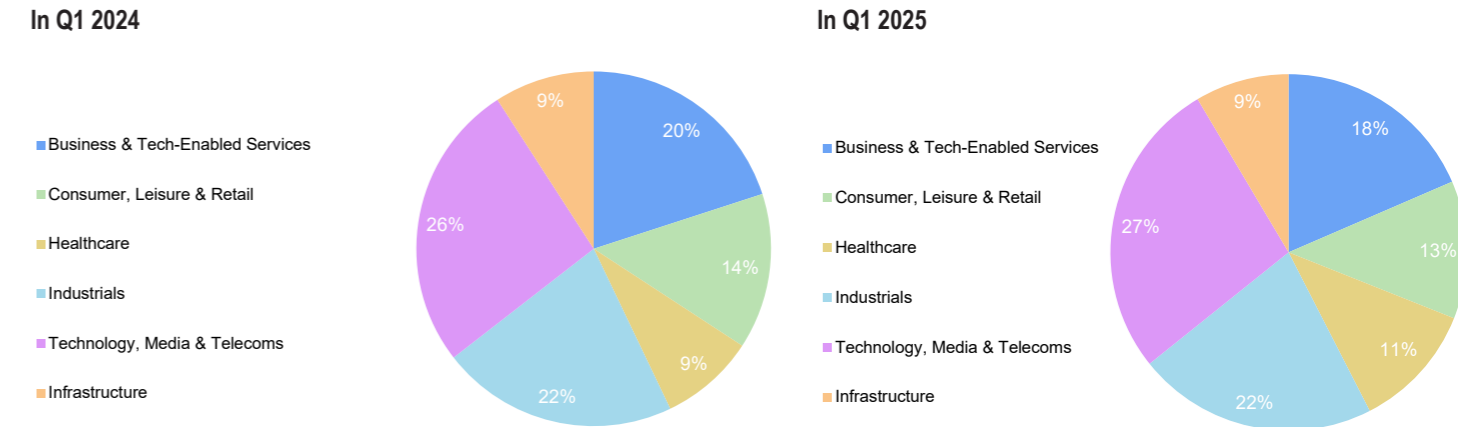
# European overview

Figure 2: Buyout volumes split by region



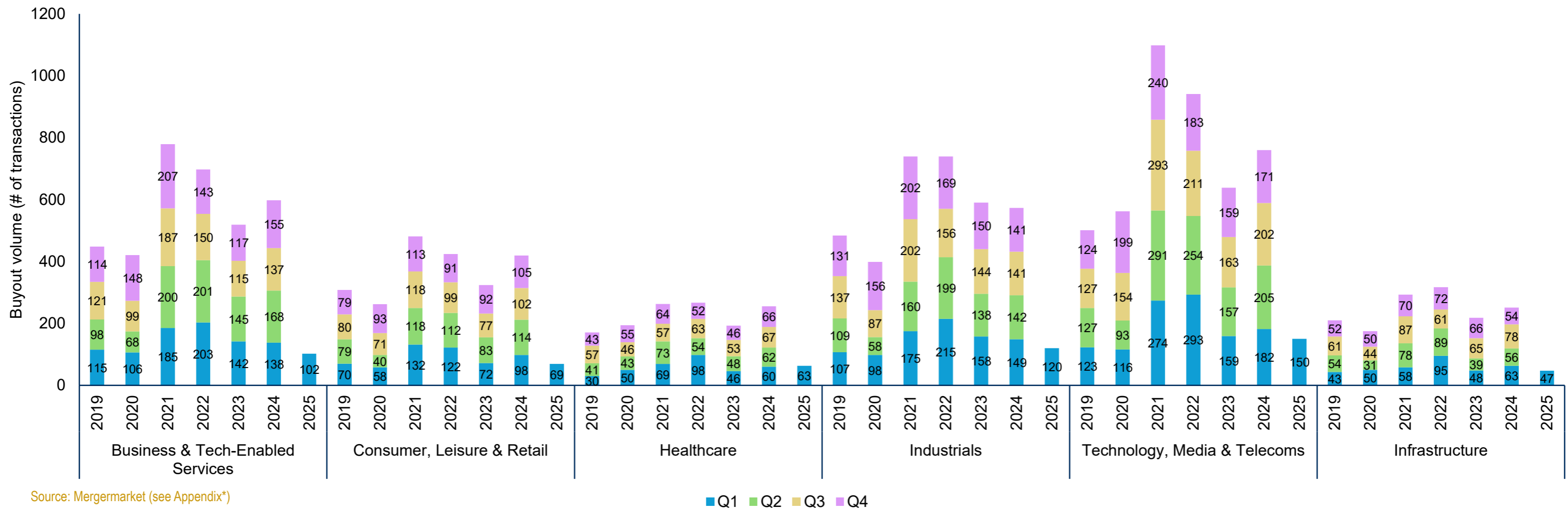
Source: Mergermarket (see Appendix\*)

Figure 3: European buyout volumes split by sector (%)



Source: Mergermarket (see Appendix\*)

Figure 4: Q1 2019 – Q1 2025 Buyout volumes in Europe, by sector



Source: Mergermarket (see Appendix\*)

# UK



Tim Morris  
CEO, UK



Andrew Strudwick  
Managing Director



Gemma Drabble  
Director

A number of market players anticipated a positive start to 2025 following the conclusion of major election cycles in late 2024, which brought greater clarity around the outlook. However, recently announced US tariff policies mean that the M&A landscape is more uncertain now than this time last year, with UK buyout volumes down 9% compared to the same period in 2024 (see fig. 5).

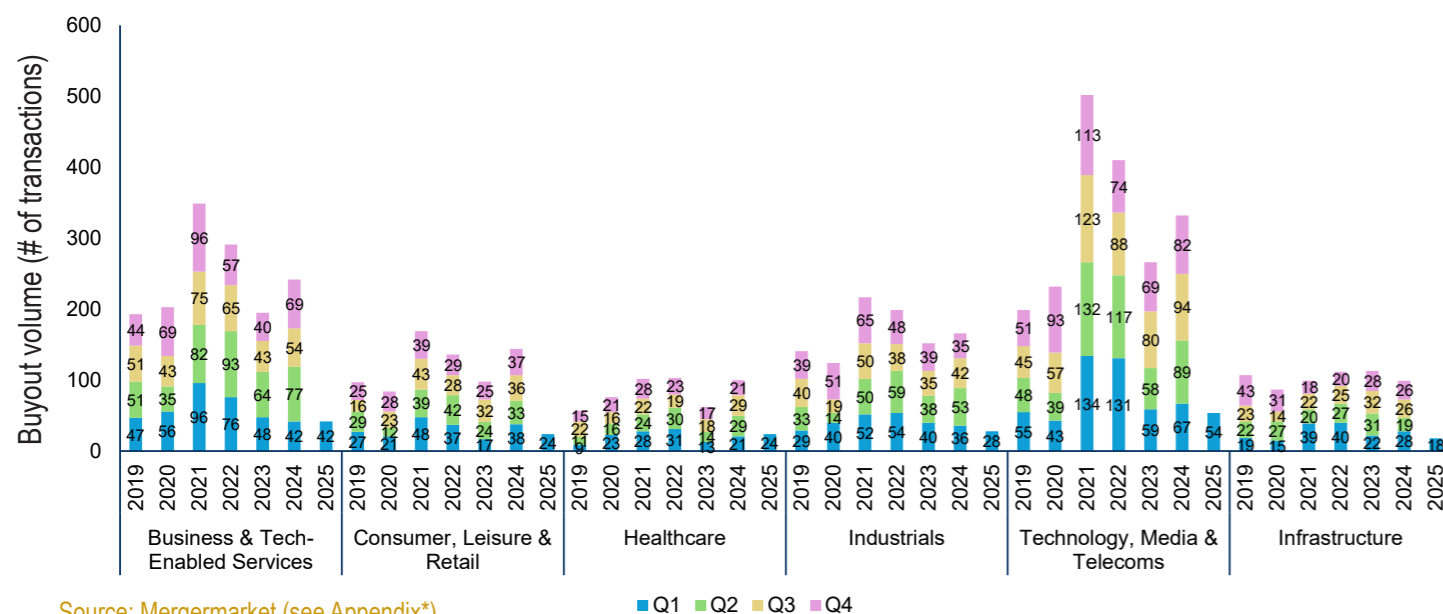
## Market trends & tariff adjustments

- Businesses with international supply chains, particularly those heavily reliant on the US market - the largest buyer of UK goods<sup>1</sup> - are particularly exposed to trade volatility. The result for the M&A market - slower processes, delayed timelines, and a more complex pricing exercise as sponsors struggle to quantify risk
- Several portfolio companies acquired at peak valuations are facing significant valuation pressures. TMT, which has experienced some of the highest multiples - is seeing some of the sharpest corrections. Sellers want yesterday's prices, but buyers are underwriting against flatter trading and depressed multiples. As result we expect hold periods to lengthen, with five to seven years becoming increasingly common across the market
- Sectors less reliant on exports, such as Infrastructure services, have proven more resilient. These assets generally trade within tighter valuation bands, offering more predictable earnings profiles and less susceptibility to global supply chain disruptions, although volumes are down from prior peaks
- A number of large-cap funds are sitting on record amounts of capital. Mid-market funds are encountering more challenging fundraising conditions, with LPs increasingly prioritizing proven track records and consistent distributions

## Regional outlook

- Some GPs are turning to structured solutions and continuation vehicles to generate liquidity, especially for their best businesses. However, we expect the strong encouragement from LPs for GPs to return capital to dissipate as market players assess the impact of US tariff policies
- Given M&A is driven by confidence, greater clarity around the short to medium-term macro environment will be critical for more deals to move forward. We therefore anticipate a pickup in activity post-summer 2026, when the picture should become clearer

Figure 5: Buyout volume in the UK, by sector  
Q1 2019 - Q1 2025 total deals in the UK



Source: Mergermarket (see Appendix\*)



# Benelux



Paul de Hek  
Co-CEO



Robert Ruiter  
Co-CEO



Verner Uiterwijk  
Vice President

2024 has not been as robust for M&A in the Benelux region as originally expected, which continued in the current year, with buyout volumes down by 25% compared to the same period in 2024 (see fig. 6). Low volumes are primarily driven by the geopolitical uncertainty causing delays in planned exits that were set for the first half of 2025.

## Market trends & tariff adjustments

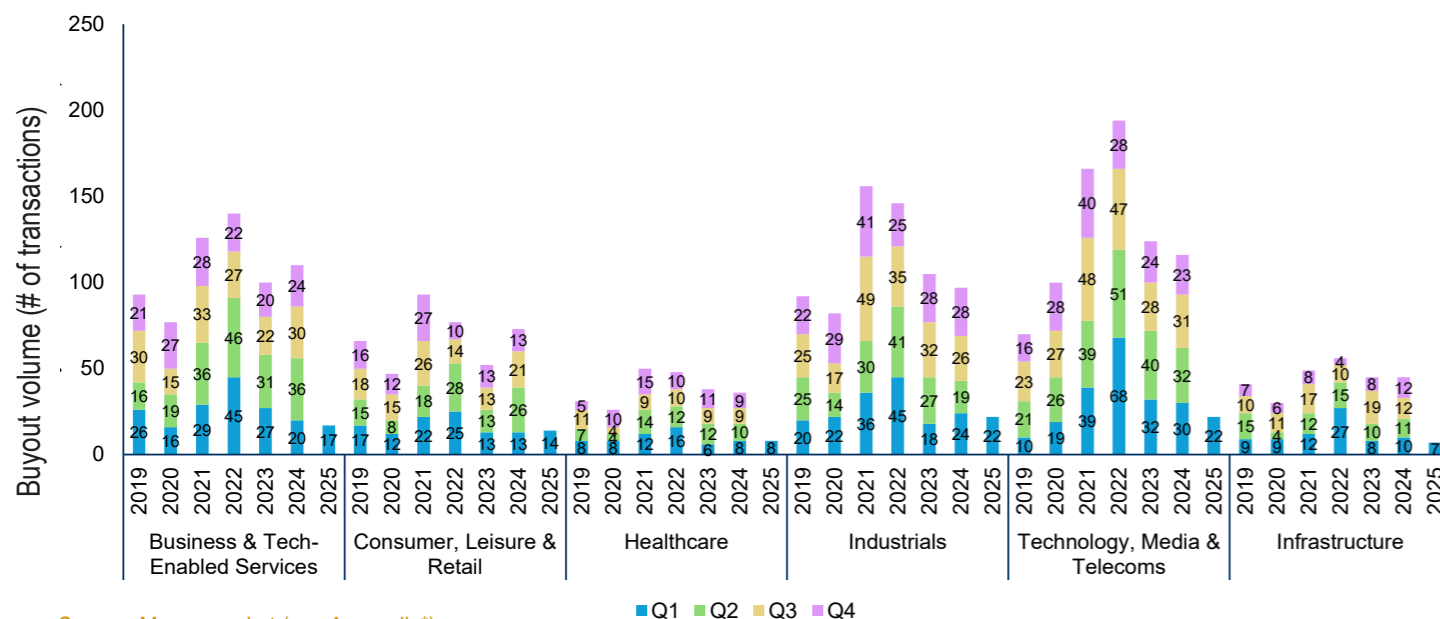
- Recent decisions by US policymakers have significantly increased uncertainty in the global economy, negatively affecting business confidence and performance, particularly those that source products from China or sell into the US market
- Given its heavy reliance on global trade and lack of natural resources, many businesses in Benelux fall into this category. The result is a clear bifurcation in the market:
  - High-quality assets will continue to command premium valuations, and their prices may rise further due to their scarcity. Businesses that operate locally, such as Dutch IT service providers, may be less impacted compared to those that manufacture internationally and sell in the US
  - The more common assets, which make up the vast majority of the pipeline, are unlikely to trade at all unless sellers prioritize liquidity over optimal returns
- PE sellers are keen to divest from outdated portfolios, while both trade and PE buyers have substantial cash reserves and a strong motivation to invest, although anxiety on the geopolitical environment slows down the speed of deal execution in order to be able to, among others, track current trading during due diligence

## Regional outlook

- It is highly probable that Benelux M&A volumes may decline further. The larger segment of transactions, particularly those with a capital markets focus, will be most affected, especially since the IPO market remains inactive
- We expect M&A processes to lengthen, with buyers spending more time on due diligence and lenders adopting a more risk-averse approach
- European countries that establish bilateral agreements with the US may reduce volatility, potentially leading to an increase in M&A activity in the summer of 2026

Figure 6: Buyout volumes in Benelux, by sector

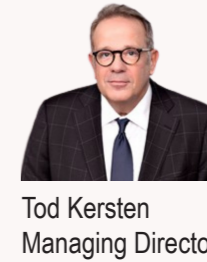
Q1 2019 - Q1 2025 total deals in Benelux



Source: Mergermarket (see Appendix\*)



# Central and Eastern Europe (CEE)



Poland's M&A market has shown resilience in early 2024, supported by structural cost advantages and a relatively stable macroeconomic position. While Poland continues to lead as one of the most active M&A markets in CEE, ongoing geopolitical tensions - particularly those surrounding NATO - continue to widen the gap between buyer and seller valuation expectations, weighing on transaction certainty. This trend also affects the rest of the region and has continued into the first quarter, with Q1 buyout volumes declining against the same period in 2023, down 11% (see fig. 7).

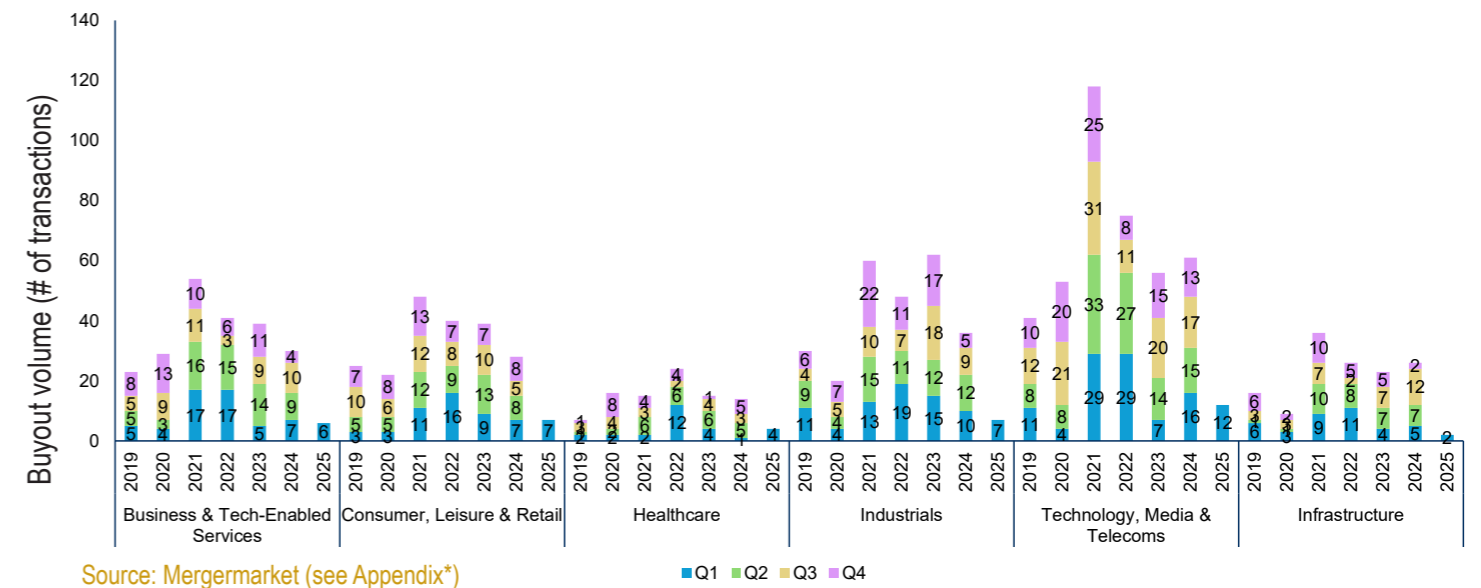
## Market trends & tariff adjustments

- While CEE's direct exposure to US trade is relatively limited, its economic infrastructure is closely tied to Germany. The German automotive and wider manufacturing sector, a key end-market for CEE industrial exports, is showing signs of softening. This is prompting heightened scrutiny from investors and portfolio companies that are integrated into that supply chain. However, should Germany's industrial activity weaken under tariff-related pressure, the region, as a relatively lower-cost manufacturing base within the EU, stands to benefit, especially from nearshoring trends
- In Poland, Zloty volatility has continued to restrict access to debt financing, impacting both transaction size and leverage capacity. This has re-opened the debate over euro adoption. While some market players believe eurozone entry could deepen capital market access and enhance cross-border interest, market sentiment remains divided, given historical precedents and political sensitivities. Across the larger economies of the region, especially Romania and Czech Republic, availability of debt financing for good credits or international lenders remains very solid

## Regional outlook

- Debt markets are showing signs of recovery. As inflation stabilizes, investors are selectively considering private capital and credit strategies. Notably, the European Bank for Reconstruction and Development (EBRD) recently committed €40 million to CVI Private Debt Fund II, backing the development of Poland's nascent but growing private debt market in the region<sup>2</sup>. Improved financing conditions - if sustained - should support more competitive dealmaking, albeit once macro and geopolitical conditions improve
- Looking ahead, the CEE region will remain sensitive to global trade policy shifts. Private equity firms are closely monitoring macro indicators, particularly inflation and FX volatility

Figure 7: Buyout volumes in Central Eastern Europe, by sector  
Q1 2019 - Q1 2025 total deals in Central and Eastern Europe



# DACH



Stefan Jaecker  
CEO



Klaus Vukovich  
Managing Director



Alexandra Nagle  
Managing Director



Sven Lange  
Vice President

The back end of 2024 brought a more supportive macro backdrop for German M&A, driven by easing inflation, declining interest rates, and greater political clarity post-election. These shifts have begun to narrow the bid/ask spread for high-quality assets, with valuations starting to normalize. However, there is a significant mismatch in valuation expectations between buyers and sellers for less premium assets, which we believe is the main driver of delayed or aborted deals in the region. Current turbulences regarding customs tariffs mean that diverging expectations concerning future performance are likely to remain a theme, especially for export-oriented manufacturing targets.

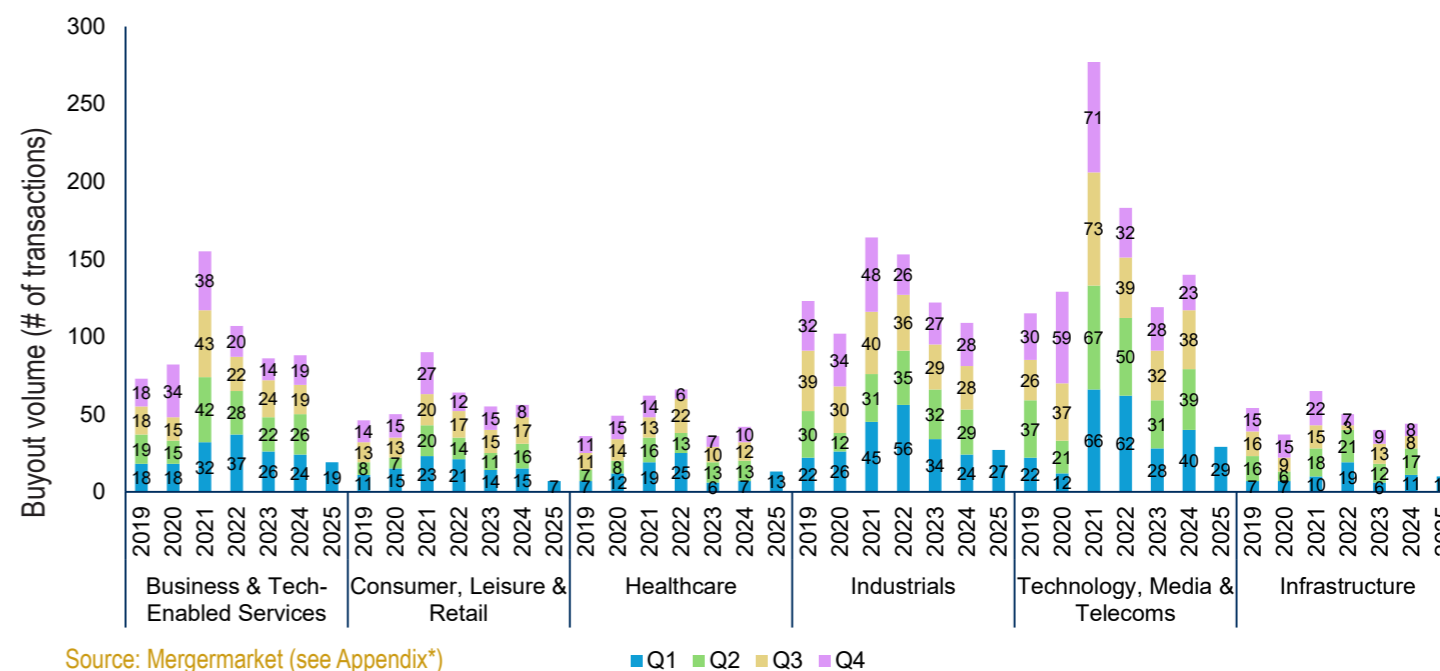
## Market trends & tariff adjustments

- While US-Germany trade relations remain relatively strong, US tariffs are unsettling for Germany's export-driven economy. Automotive - Germany's flagship sector, accounting for 17% of national exports<sup>3</sup> - is under disproportionate strain. Chinese EV manufacturers are also intensifying the pressure, pushing German companies to accelerate their digital transformation agendas. We are likely to see more distressed asset sales and non-core divestitures to free up capital in order to fund innovation. Chinese buyers, for their part, are actively looking to enter the market and use M&A to build a foothold within the EU and possibly bypass tariffs
- Structural change in Germany's Industrial base is creating fresh entry points for PE. Automakers are reevaluating their supply chains and strategic focus, opening the door for carve-outs and consolidation plays
- The tariff impact is also being felt in Austria, whose industrial base is closely intertwined with Germany. In 2024, Austria's exports to the US reached €16.2 billion, an increase of 10% compared to the previous year, with Industrial products accounting for the majority<sup>4</sup>
- Underperforming companies continue to face valuation pressure across the region, prompting a rise in restructurings and an uptick in carve-out activity as owners refocus portfolios

## Regional outlook

- Germany's macro and policy backdrop is becoming increasingly supportive of dealmaking, driven by two notable trends:
  - The national policy environment is expected to act as a tailwind for dealmaking. The new coalition government's €1 trillion commitment to Infrastructure and defense spending<sup>5</sup> is likely to create platform opportunities in energy transition, public sector tech, and supply chain infrastructure. Heightened European defense priorities - driven by the ongoing conflict in Ukraine - are also fuelling consolidation in Industrials
  - We are seeing an increase in founder-led businesses - particularly among firms nearing the €1 billion revenue mark - considering partial exits or full sales, driven by the multiple challenges companies have had to deal with over the last five years, such as the rollout of Corporate Sustainability Due Diligence Directive (CSDDD)<sup>6</sup>, Covid-19, global supply chain issues, energy pricing and most recently, US tariff policies
- The above tailwinds will also support Austria's economy, with the presence in faster-growing Central Eastern European economies providing additional strength for corporates active in those markets. Austria's pharmaceutical sector has been temporarily exempted from tariff policies, providing some short-term relief. Tech & Software has remained resilient, driven by clearer growth pathways and more attractive valuation dynamics. Austria's Software market is projected to reach \$2.7 billion by 2025<sup>8</sup>

Figure 8: Buyout volumes in Germany, by sector  
Q1 2019 - Q1 2025 total deals in Germany



Source: Mergermarket (see Appendix\*)

■ Q1 ■ Q2 ■ Q3 ■ Q4



# France

The snap parliamentary election in mid-2024<sup>9</sup> was followed by a prolonged government formation period, which substantially stalled the French M&A market. This resulted in a relatively low number of buyouts in Q1 2025, down 14% compared to the same period in 2024 (see fig. 9).

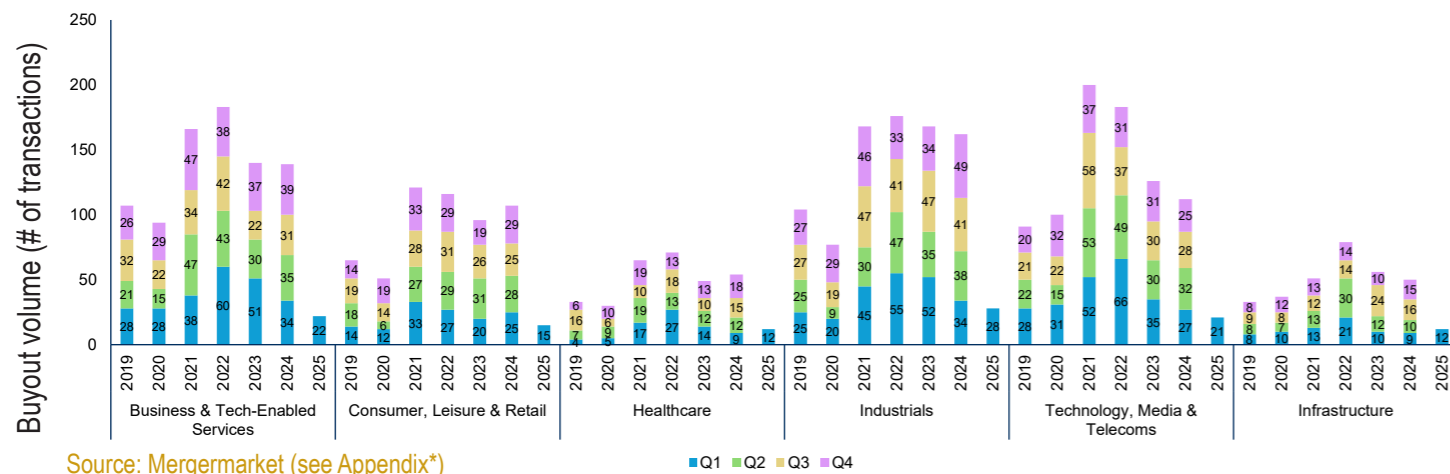
## Market trends & tariff adjustments

- France's M&A market was already under pressure from political instability before the announcement of new US tariff policies. The timing of the announcement has only added to those pressures, clashing with the French government's "France 2030"<sup>10</sup> investment programme to accelerate the French economy and boost exports for priority sectors
- Even if rolled back, the tariff measures are likely to leave lingering uncertainty over important sectors of the French economy. Industries such as aerospace, pharmaceuticals, wines and spirits, and luxury goods - which account for over a third of France's exports to the US<sup>11</sup> - remain particularly exposed to pricing volatility and shifting trade dynamics
- Despite these challenges, we are seeing continued momentum in Infrastructure and Healthcare sectors, especially where companies offer scale and specialization

## Regional outlook

- The domestic issues that made 2024 turbulent - ranging from political instability to fiscal pressure - are likely to persist into 2025. Still, the French M&A market is showing signs of resilience. Declining interest rates and a gradual reopening of debt markets are creating conditions for a slow but steady recovery in deal activity
- Improved financing conditions may encourage corporates to return to growth via M&A, while private equity firms are under growing pressure from LPs to bring long-held assets to market, steadily increasing deal supply
- To that end, we expect that several deals that were pulled in 2024 will return to market, though many may not close before the summer of 2026, and sustained recovery will depend on improved stability in the broader macroenvironment

Figure 9: Buyout volumes in France, by sector  
Q1 2019 - Q1 2025 total deals in France



# Italy



Giuliano Guarino  
Co-Head



Alberto Tack  
Director

2024 marked a year of gradual recovery for Italy's M&A market, driven by stabilizing financing conditions and more predictable interest rates<sup>12</sup>. However, the early part of 2025 has been hampered by ongoing trade headwinds, limiting any further recovery and momentum - Q1 2025 buyout volumes declined by 16% compared to the same period in 2024 (see fig. 10).

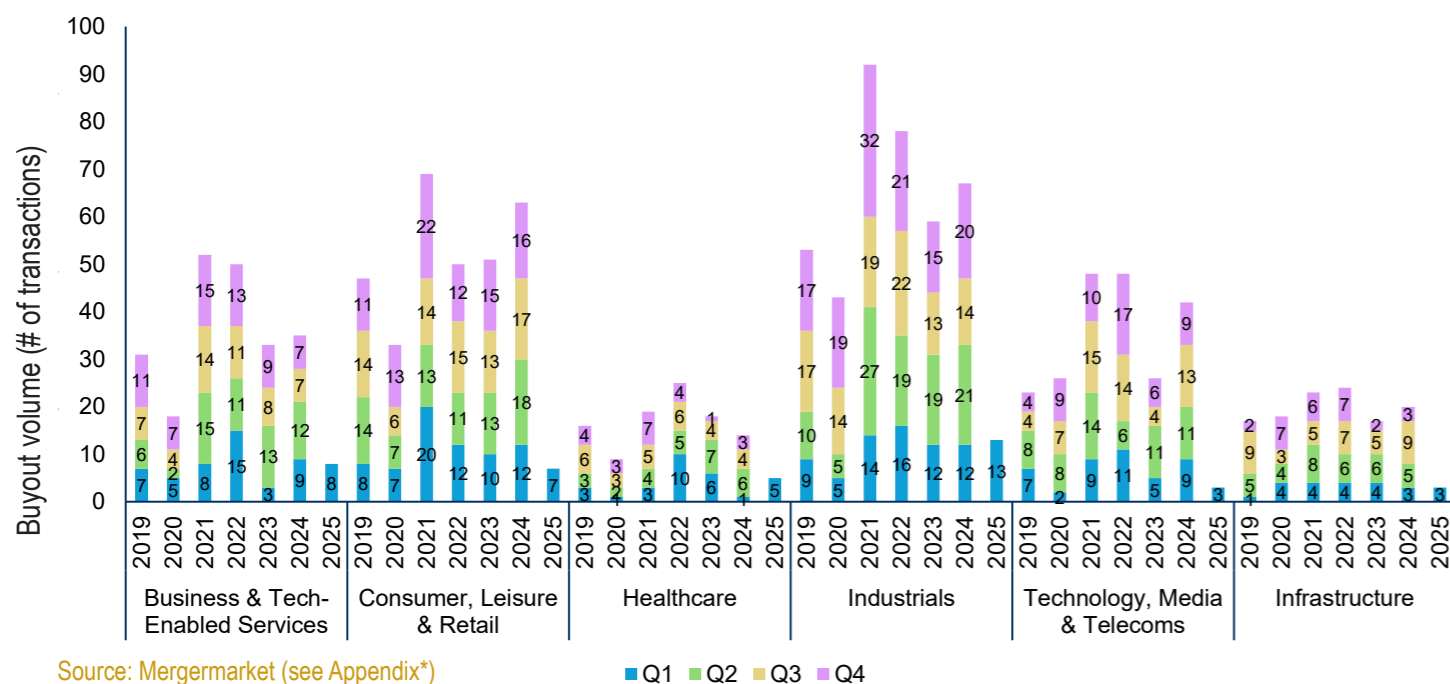
## Market trends & tariff adjustments

- US tariff policies remain a significant factor influencing investor sentiment, disproportionately impacting Italy's food & beverage industry - a key pillar of Italy's export economy
- Market recalibrations are already visible:
  - Paused M&A processes: Campari, a leading spirits group, is cutting costs and restructuring following its recent \$1.32 billion Courvoisier acquisition to reassess long-term tariff risk impacts<sup>13</sup>. Many portfolio companies are following suit, leading to a build-up of delayed M&A processes
  - Platform consolidation: High-quality assets are beginning to normalize in valuation, narrowing the bid/ask spread, however underperforming portfolio companies continue to face downward pressure. This dynamic has accelerated the trend towards carve-outs and bolt-on acquisitions as private equity buyers capitalize on strategic consolidation opportunities. In 2024, add-ons accounted for 56% of all disclosed PE deals in Italy. We believe the shift towards lower-risk, synergistic acquisitions<sup>14</sup> will be an ongoing trend in 2025
- By contrast, Healthcare and Industrials remains active, with Q1 2025 volumes ahead of the same period last year (see fig. 10). These sectors remain attractive for their cash flow stability and consolidation headroom

## Regional outlook

- While geopolitical tensions continue to cast a shadow over M&A activity, the Italian M&A outlook is strengthening on several fronts. Easing interest rates are gradually improving access to capital. Italy's National Recovery and Resilience Plan - supported by the EU's NextGenerationEU fund - continues to channel investment into strategic sectors<sup>15</sup>
- Structural trends, including Italy's aging population and growing demand for Healthcare services, continue to underpin the sector's appeal - providing a defensive, cycle-resistant play for investors

Figure 10: Buyout volumes in Italy, by sector  
Q1 2019 - Q1 2025 total deals in Italy



Source: Mergermarket (see Appendix\*)



# Spain



César García  
Managing Director

Spain's M&A market showed notable recovery in 2024, driven by a more favorable interest rate environment and improved financing conditions - both banks and private credit lenders were increasingly active. The first quarter has been hampered by a more cautious investor sentiment, leading to a sharp decline in activity, with Q1 2025 buyout volumes down by 60% compared to the same period in 2024 (see fig. 11).

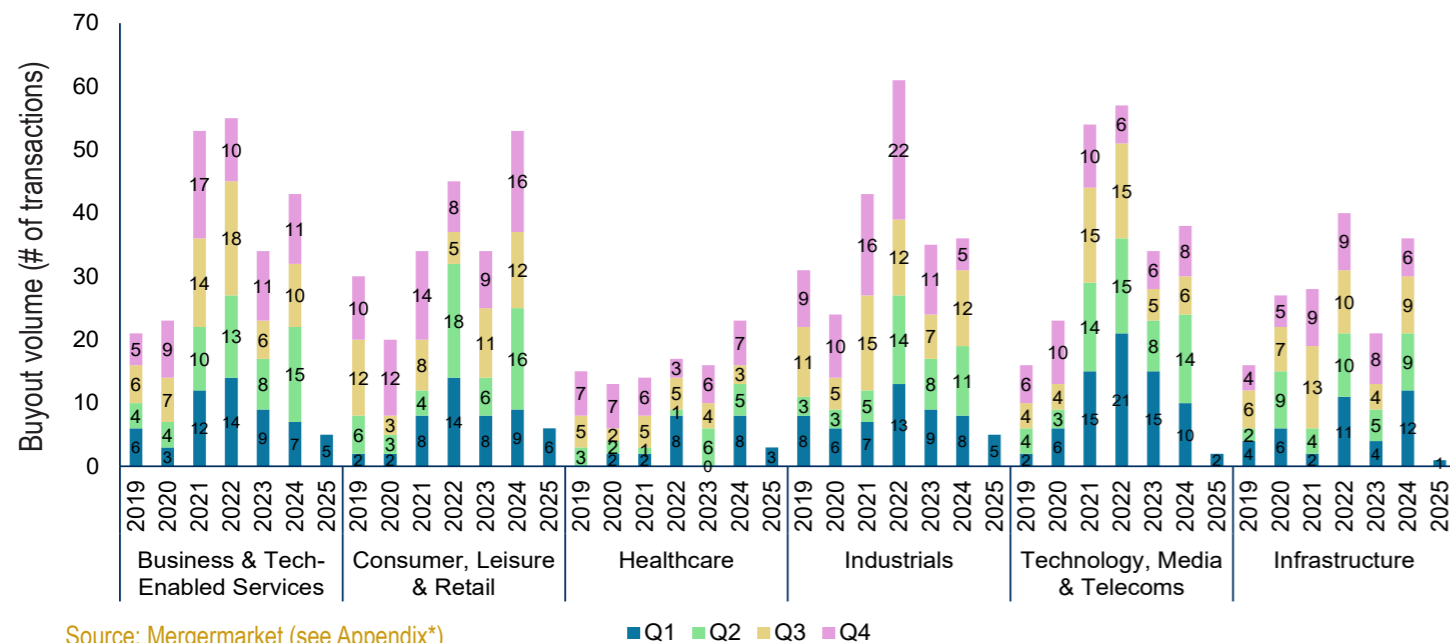
## Market trends & tariff adjustments

- US tariff policies have introduced volatility to Consumer and food & beverage sectors in particular, which is causing delays in active processes as buyers extend due diligence timelines
- The Spanish government has introduced a €14.1 billion aid package<sup>16</sup> to support the agri-food sector and other businesses impacted. We expect this initiative will provide a much-needed cushion, boosting confidence and likely accelerating M&A activity

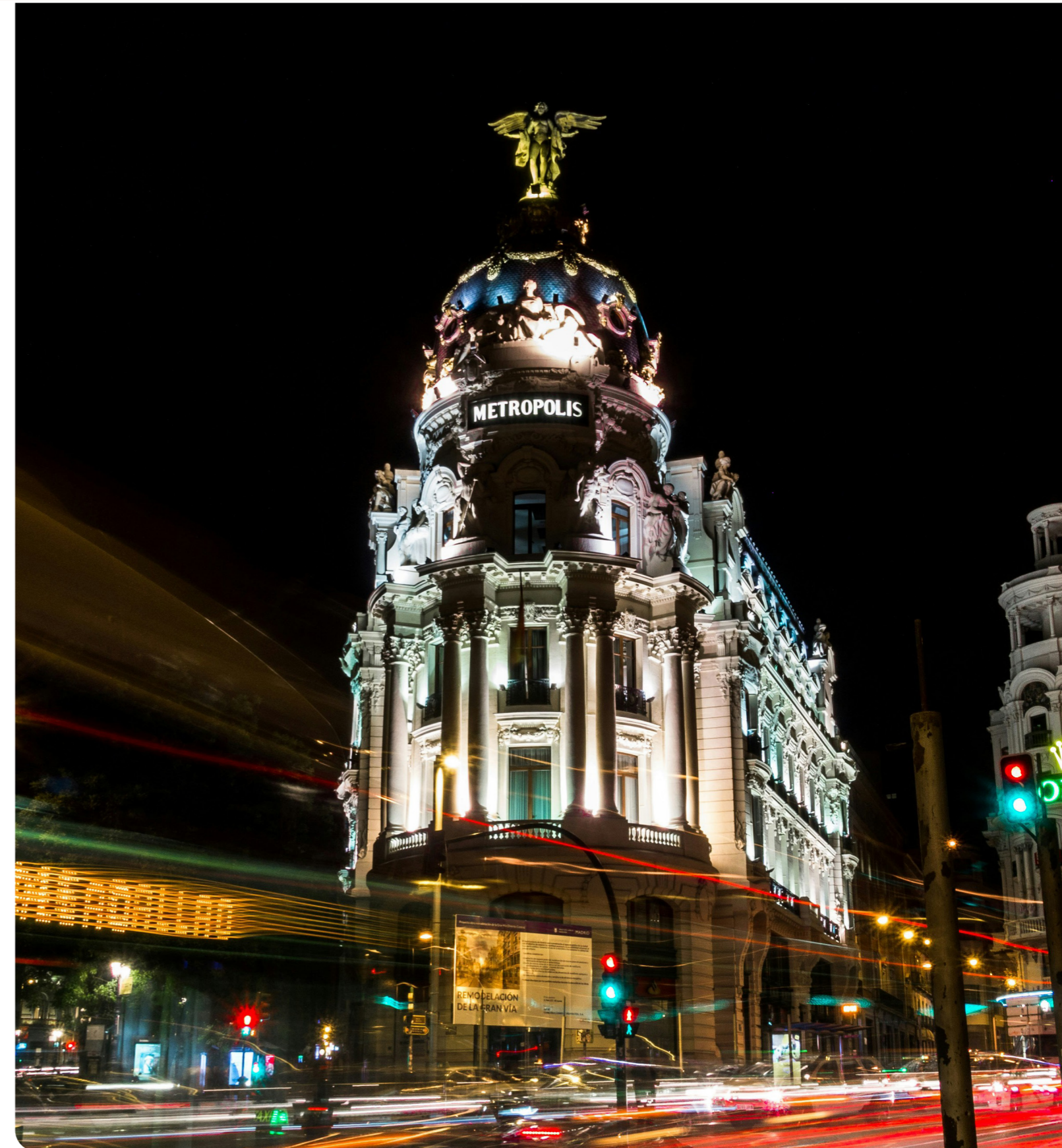
## Regional outlook

- The fundraising environment in Spain continues to gain traction, with \$4 billion raised in 2024 - marking a 50% increase from the previous year<sup>17</sup> - driven primarily by mega-deals in sectors such as Financial Services, Media & Entertainment, Energy, and Real Estate, where large-scale transactions have been dominant. While mid-market activity has been slower, there remains a strong appetite for quality assets in these strategic sectors
- Spanish investors are increasingly turning to continuation funds and Secondary sales as alternative exit strategies. In a volatile environment, this approach allows investors to maintain exposure to attractive assets while managing risk and liquidity concerns. We believe this trend will continue as private equity firms seek more flexible pathways in a market defined by geopolitical uncertainty

Figure 11: Buyout volumes in Spain, by sector  
Q1 2019 - Q1 2025 total deals in Spain



Source: Mergermarket (see Appendix\*)



# Asia Access



Tosh Kojima  
Managing Director



Endong Zhai  
Managing Director

Asia-Pacific markets are positioned to take on an increasingly active role in cross-border M&A in 2025, with Japan and China at the forefront. This shift is driven by the accelerating globalization of Asian private equity, and leading market players actively deepening their presence in the West, leading to a mutual flow of capital and expertise.



For further insights, read our latest

## Asia Market Access: 'East Meets West' >

### Japan

Japan is becoming an increasingly attractive destination for international investors, as one of the few major markets to record M&A growth in 2024, up 17% compared to the previous year<sup>18</sup>. In the first quarter of 2025, inbound and outbound activity reached an even 50/50 split<sup>19</sup> - a notable shift from Japan's traditionally outbound-led M&A profile. This builds on Japan's long-standing appeal as a relatively stable market, driven by changes in corporate governance, demographic shifts, and the proliferation of private equity in the country.

#### Market drivers

- High-quality assets that were once overlooked by large conglomerates are now being revitalized by prominent private equity firms from the West, who can inject capital and expertise in cash flow management and operational efficiency, uncovering what many refer to as "hidden gems"
- Japanese fund vintages often outperform global portfolios; for instance, Carlyle's Japan fund has achieved a 28% internal rate of return (IRR)<sup>20</sup>. In 2020, Warren Buffett's Berkshire Hathaway acquired substantial stakes in Japan's five largest trading houses: Mitsubishi, Itochu, Mitsui & Co., Sumitomo, and Marubeni<sup>21</sup>. This \$6-7bn investment, amounting to approximately 5-8% ownership in each company, was driven by Buffett's belief in their undervalued potential and the broader transformation of the Japanese corporate landscape. Fast forward to 2025, and Buffett's foresight is evident - Berkshire Hathaway has increased its holdings in its five Japanese trading houses to around 9%<sup>22</sup>. It is projected that by the end of 2024, the annual dividend income from Japanese investments for 2025 will be around \$812 million, while the interest cost of yen-denominated debt is expected to be about \$135 million<sup>23</sup>
- As a longstanding trading partner of the US and Europe, Japan is an attractive destination for risk-averse dealmakers, however we expect reciprocal US tariffs will likely undermine the investment capacity of Japanese companies in the US

### China

China's investment in Europe is outpacing other major markets. 31% of China's overseas acquisitions targeted European markets in 2024<sup>24</sup>. Chinese investors are not only seeking financial returns but also strategic growth opportunities - such as distribution channels - in Western markets.

#### Market drivers

- Over the past decade, China's private equity market has become more sophisticated, driven by the globalization of Chinese private equity firms
- However, recent US tariff policies have triggered significant shifts across the China M&A landscape. For example, China Investment Corporation (CIC), the sovereign wealth fund of China, has begun pulling back investments from the US amid the increasingly unfriendly atmosphere.<sup>25</sup> In response, China and the EU are working to repair relations - potentially paving the way for increased investment and collaboration between the two regions
- Notably, there is a growing collaboration between Chinese limited partners, like sovereign funds, and European general partners. Such partnerships have led to innovative investment vehicles targeting China-West cross-border opportunities
- Chinese funds often rely on offshore structures, particularly in Singapore. Backed by Western or Middle Eastern limited partners, these funds raised around \$130 billion in 2021 and 2022<sup>26</sup>, with increasing investments in Europe. This shift is influenced by economic changes in China, including deflationary pressures and the need for diversification

# Secondary Advisory



Michael Wiczorek  
Managing Director



Sabina Sammartino  
Managing Director

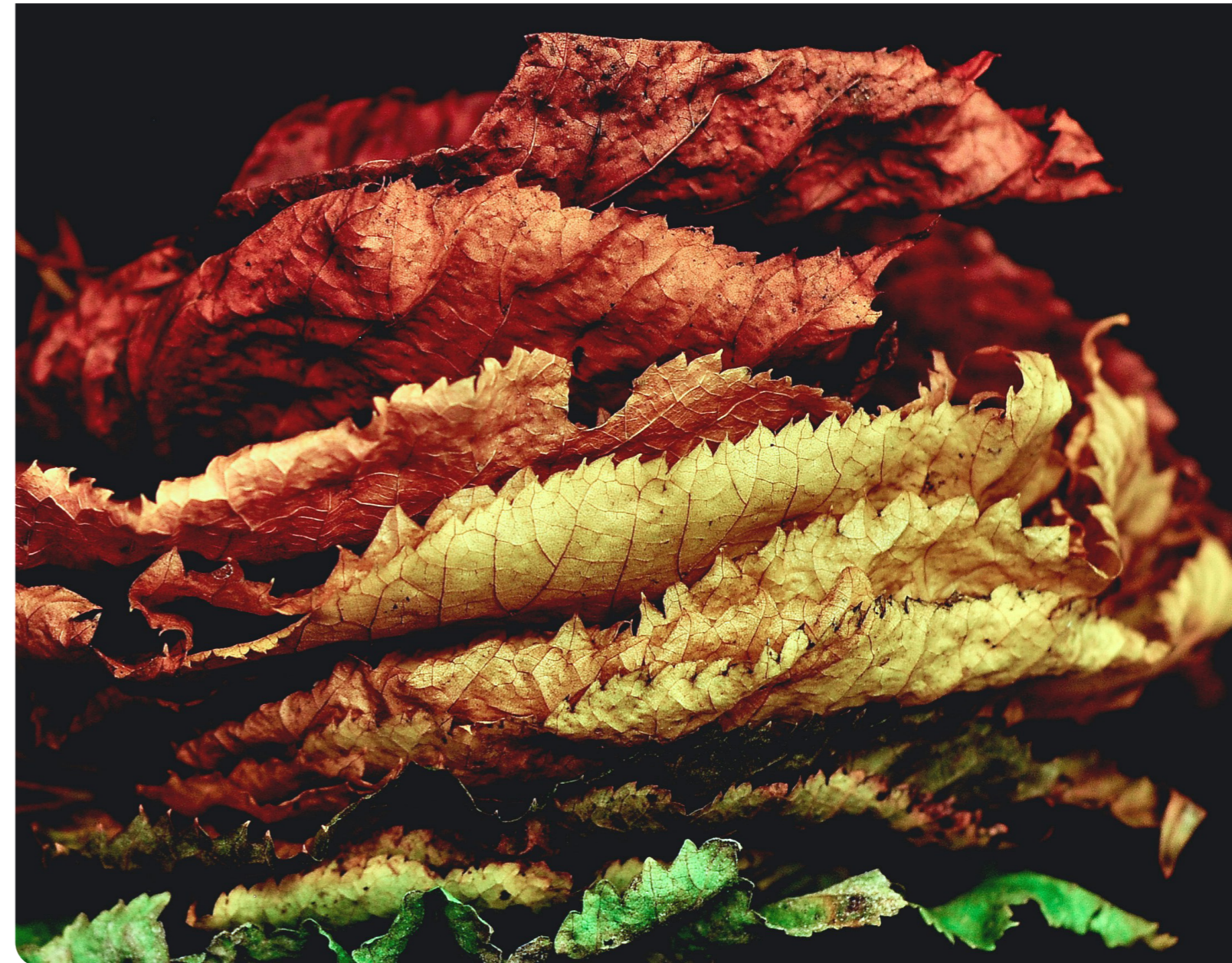
- 2024 marked a record year for the global GP-led Secondary market, with deal volume reaching an all-time high of \$75 billion - exceeding the \$66 billion peak set in 2021<sup>27</sup>. Both the first and second halves of 2024 outpaced their 2021 counterparts, highlighting the market's evolution from a niche strategy to a mainstream portfolio management tool. GPs are increasingly leveraging these transactions to provide liquidity for LPs and fuel fresh capital for growth. Secondary solutions are also reshaping distribution dynamics - for the first time in years, we are starting to see LP distributions catch up to capital calls, resulting in a more balanced profile
- Continuation vehicles dominated the GP-led secondary market in 2024, accounting for a majority of total activity<sup>28</sup>. Single-asset deals led the charge, as GPs looked to cash out LPs while doubling down on high-conviction assets. Multi-asset continuation vehicles also emerged as powerful portfolio management tools, unlocking substantial liquidity in one sweep. Large-cap GPs gravitated toward multi-asset structures, while mid-market players favored single-asset solutions to drive focus
- 2024 saw record secondary fundraising, highlighted by some of the largest flagship programmes raised to date<sup>29</sup>. Drawing from our conversations and market soundings, capital deployment matched the pace of funds raised in 2024, leading to a compression in the ratio of dry powder to market volume

## Market drivers

- With M&A and IPO exits still sluggish, GP-led Secondary solutions have proven to be a reliable, strategic route for GPs to unlock liquidity and drive realizations when traditional options stall
- Structured secondary solutions are becoming more relevant amid global trade tensions and recessionary concerns. With potential for more streamlined execution and lower complexity than traditional routes, preferred equity is also becoming a strategic lever for GPs looking to stay agile and fund growth without sacrificing control
- As demand for secondary solutions grows, so has the number of players entering the space, including traditional buyout firms. GPs are recognizing that the market's top-tier assets do not always reach traditional M&A processes, therefore partnering with peers through Secondaries is becoming a smart play to access high-quality exposure that would otherwise be out of reach. By bringing their sector expertise to the secondary market, these GPs are enhancing underwriting discipline, strengthening conviction, and helping to boost overall market liquidity
- Secondary investors are active across the board - but in today's macro environment, they are leaning into B2B sectors with resilient, non-discretionary spend. Healthcare, Business Services, and Tech are areas where cash flow durability and defensive growth are driving capital allocation
- Asset classes outside of traditional PE buyout are gaining momentum. Infrastructure and Real Estate secondaries are also on the rise, while private credit is drawing increased interest - driven by its steady cash flows and defensive appeal in today's macro backdrop

## Outlook

- In this competitive environment, established GP relationships with secondary investors are more critical than ever with advisors playing a key role in driving speed, certainty, and successful execution
- We expect the GP-led secondary market to continue to evolve in to a firmly established all-weather solution. Continuation vehicles remain the cornerstone, with growth expected to accelerate for the remainder of the 2025
- As more capital flows into the space, investor discipline is intensifying. Secondary buyers are prioritizing the most high-conviction opportunities
- With competition increasing, specialization will likely become increasingly common. A growing number of Secondary players are doubling down on specific sectors or strategies - a trend that's set to define the next phase of market evolution



# \*Appendix

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*Mergermarket search criteria for chart and graph data	
Figure 1	Dataset for each time frame outlined, comprises all transaction volumes, with GBP 75 M and above, including those with undisclosed values, across all sectors in Europe
Figure 2 - 11	Dataset for each time frame and geographies outlined, comprises private equity buyout transactions completed in the Business & Tech-Enabled, Consumer, Leisure & Retail, Healthcare, Industrials, TMT & Infrastructure in with deal values GBP 75 M and above

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