Private Equity Eyes Recovery in 2026, but Slow Exits and Liquidity Pressures Continue to Present Challenges

With Intelligence 2026 Private Equity Outlook Charts the Major Trends Driving the Industry

LONDON, UNITED KINGDOM, February 5, 2026 /EINPresswire.com/ -- Coming off a prolonged period of higher interest rates, weak deal activity, and lack of distributions, private equity firms are down, but not out as they confront a new set of market dynamics in 2026. According to the Private Equity Outlook 2026 from With Intelligence by S&P Global, released today, a combination of technological disruption, lower interest rates, an improved capital market environment, and growing adoption of private market secondaries could set the stage for a private equity recovery.

“There is no shortage of headwinds confronting private equity partners as they navigate the current uncertain economic environment, but there are plenty of reasons to be positive,” said Michael Rodwell, research lead, private equity, at With Intelligence. “Investors are selectively putting capital to work, but with more performance divergence expected, there is a greater emphasis on finding the right tools, and partners, to help deliver alpha. The next cycle in private equity may look markedly different from the last boom.”

Following are some of the highlights in the With Intelligence Private Equity Outlook 2026:

- Recovery Hinges on Deal Closes: The gap between deals brought to market and deals that ultimately close has been growing steadily. Currently, there are more than 9,000 active portfolio companies across the technology, industrials, and consumer sectors in North America alone, and 63% of those have been held for more than four years. A 2026 recovery hinges largely on the

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> *Michael Rodwell, research lead, private equity, at With Intelligence*

health of the private equity buyer universe and the ability to exit these deals.

 Return of IPOs and Public-to-Private Transactions Create Opportunities: North American IPO activity peaked in 2021 before plummeting in 2022 and growing steadily through 2025. With the stage set for the first "normalized" exit year since the pandemic, increased IPO activity will create new opportunities for exits. A significant rise in take-private deals, which topped $235 billion in 2025, also creates new deal volume.

 Secondaries to Continue to Unlock Liquidity: Private equity secondaries are poised for accelerated normalization and structural growth in 2026, remaining the lifeblood of the industry for many market participants. Secondary deal value rose 34% year-over-year, and the sector accounted for over a quarter of all private equity transaction value. With Intelligence believes volumes could expand further in 2026 given the significant dry powder available and substantial fundraising pipeline.

 Less firms with more portfolio companies: Fundraising remains constrained as limited distributions and allocator capacity stall momentum. Capital is increasingly concentrated with top-performing, large managers driving bigger fund sizes and industry consolidation, while weaker firms risk becoming "zombie" fund managers. Together with a rise of GP-led secondary deals, the net effect could be less private equity firms managing more portfolio companies.

 AI Deals Drive Value: With 29% of software industry deals now involving AI, it is clear that AI-enabled businesses are on track to account for the majority of transactions in several sectors in the coming years. Software remains the clear leader for AI-related deals, but the growing activity in professional services, fintech, and IT services shows that AI is moving beyond early adopters.

To access the full With Intelligence Private Equity Outlook 2026, please click here.

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