S&P Global Market Intelligence's Annual Private Equity and Venture Capital Outlook Indicates Optimism Amid Macroeconomic Caution

Annual survey reveals increasing retail investor access and GenAI playing a larger role in investment workflows

NEW YORK, April 1, 2025 /PRNewswire/ -- The private equity and venture capital industries are optimistic as deal activity and fundraising is improving, despite caution about the macroeconomic environment, according to the S&P Global Market Intelligence 2025 Private Equity and Venture Capital Outlook.

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According to the annual survey, 71% of general partners (GPs) are more optimistic about the private equity deal environment than they were a year ago, with 67% of venture capital GPs sharing a similar outlook, and limited partners (LPs) are bullish on private equity returns in 2025. Survey respondents also anticipated that generative AI technology will be applied across the investment workflow, including due diligence, valuation analysis, deal sourcing, research and administrative tasks.

"While the macroeconomic landscape presents challenges, the overall sentiment within the private equity and venture capital sectors is one of cautious optimism," said **Dylan Thomas, lead author for the report, at S&P Global Market Intelligence.**"In addition, expanding into the retail channel is a focus for both private equity and venture capital firms, with more than two-thirds of surveyed GPs either currently offering or considering access to retail investors."

Key highlights from the 2025 Private Equity and Venture Capital outlook:

- **Optimism in deal environment:** 71% of GPs are more optimistic about the private equity deal environment than they were a year ago, with 67% of venture capital GPs sharing a similar outlook.
- **Improved fundraising conditions:** Fundraising outlooks have improved, with 44% of private equity and 73% of venture capital GPs more optimistic about conditions compared to last year.
- **Retail investor access:** Retail investors are gaining access, and over two thirds of surveyed GPs offer or plan to offer opportunities to non-institutional investors.
- **GenAI applications:** Considering where in the investment process generative AI technology is most likely to be helpful, 31% of private equity and venture capital respondents say due diligence. Smaller shares vote for valuation analysis (23%) and deal sourcing (22%).
- **Macroeconomic influences:** A significant share of GPs (46% for private equity and 40% for venture capital) identified the macroeconomic environment, including factors such as interest rates and inflation, as the primary influence on private markets deal activity in 2025.
- **Private equity returns:** LPs surveyed are bullish on private equity returns in 2025, with 52% highlighting PE as the single asset class likely to provide the largest returns this year, up from 39% a year ago.
- **Co-investment activity:** 79% of LPs reported participating in at least one co-investment deal annually, with over half (54%) completing between one to five co-investment deals each year.
- **Valuation concerns:** 56% of LPs think portfolio company valuations are too high and due for an adjustment.
- **Interest rate impacts:** Private equity returns may falter in a higher-for-longer interest rate environment, with 73% of LPs saying these rates will be a drag on future private equity returns.

- **Skepticism of GP-led secondaries:** A majority of LPs (75%) are skeptical when it comes to GP-led secondaries and fund-level financing, citing concerns of potential conflicts of interest.
- **ESG considerations:** Only 4% of LPs ranked ESG a top priority when evaluating potential fund investments.

The S&P Global Market Intelligence Private Equity and Venture Capital Outlook surveyed more than 100 global private equity, venture capital and limited partner respondents across North America, Latin America, Asia Pacific, Middle Eastern and Africa regions. The survey was fielded between November 2024 and January 2025 covering questions on deal activity, strategy changes, market and firm-level challenges, sustainability consideration and technology adoptions.

To request a copy of the 2025 Private Equity and Venture Capital Outlook, please contact press.mi@spglobal.com.

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Media Contact:

Amanda Oey
S&P Global Market Intelligence
P. +1 212-438-1904
E. amanda.oey@spglobal.com or press.mi@spsglobal.com

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