

Private Equity Pickup in Activity – Spring 2011

When will Private Equity Activity resemble 2007?

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Private Equity Poised for a Pickup in Activity – April 2011

By Adley Bowden, Managing Editor, PitchBook

U.S. private equity firms as recently as 2007 were closing almost 700+ deals a quarter with over \$200 billion of total capital invested. Then in 2008 the bubble burst with the financial crisis shutting down the debt markets and bringing PE activity to an almost complete stop. Since the middle of 2009 PE activity has ever so slowly been improving, to the point where this past quarter PE firms closed a total of 377 U.S. investments totaling \$28 billion of capital.

So when will PE activity again resemble 2007? It will be a while, but there is a combination of trends emerging today that might push PE back to pre-crisis levels before many would have thought possible. These trends include the returning availability of financing for PE buyouts, \$490 billion of PE capital ready for investment, attractive valuation multiples, a continued narrowing of the buyer/seller gap, increasing competition for deals and a business cycle in the early phases of expansion. These trends have all been steadily improving/growing over the last year (think about how you felt about any of these in April last year), however private equity activity has largely remained flat. Something will have to change soon and given private equity's need to put capital to work and the increasing ability for investors to do so, look for deal flow to increase through 2011, with it perhaps approaching pre-crisis levels as soon as 2012 or 2013.

As a member of ACG (Association for Corporate Growth), we have access to the most recent survey. If you have any questions, please feel free to contact **Chris Crawford** via email or phone: **Crawford@ClearPathBA.com** or **925-209-3045**.