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CANNES | WEALTH

Capital disrupted: The wealth revolution and forces changing private capital

IPEM Pan-European Private Equity Survey 2025

Knowledge Partner

AlixPartners

Introduction

GPs are cautiously optimistic as we enter 2025. Fundraising challenges, constrained capital deployment, and limited opportunities to exit investments are business as usual, while attempts to boost fundraising and ease liquidity pressures through wealth investors and alternative fund structures are only growing in importance.

That optimism also comes despite the imminent second Trump administration putting trade wars to the top of the external threats list, concerns over poor economic growth in Europe, and 40% of GPs fearing a major correction. A slim majority of our industry still expects the global business environment to be on the up in 2025.

This is the picture emerging from the 2025 IPEM pan-European Private Equity survey, analyzed by the team at IPEM in collaboration with global management consultancy AlixPartners. In total, 158 responses were received for the seventh annual edition of the survey organized by the CSA Institute on behalf of IPEM, working with 14 European national PE associations.

Survey methodology

This pan-European annual PE survey, organized by IPEM since 2018, is designed to gauge the mood of European GPs for the year to come. As well as capturing views on the economic, business and regulatory climate, this year's survey explores views on the wealth revolution democratizing private equity investment.

The 47-question online survey was completed by a sample of 158 European fund managers, from November 27 to December 16, 2024, via a link shared by IPEM and each partner association. A statistical adjustment was applied on the number of GPs in Europe by geographical region to create the best representative gauge of European PE sentiment possible.

Protectionism and decoupling

Expectations for a better global business environment have increased as we move into 2025.

51% of GPs now expect a better global business environment in 2025, up from 44% at the start of 2024. However, just 38% of GPs see conditions improving in Europe this year, possibly reflecting a broader economic decoupling.

Healthier sentiment stateside could also be behind the increase in importance that 43% of GPs expect from LPs based in North America. That region makes the biggest gains in importance among respondents in 2025, followed by 37% of GPs who see LPs in Asia as growing in importance, and 26% asserting the same for LPs in Europe. Lighter regulation and free market economics from the incoming US administration may prove a boost for US business.

In Europe, indicators all point to weakening near-term growth: businesses and consumers are subdued and there is persistent weakness in the continent's manufacturing sector. Europe may also suffer from heightened protectionism in the US, fueling the views that GPs have of external threats where trade wars, geopolitical turmoil, and political uncertainty occupy the top three threat places.

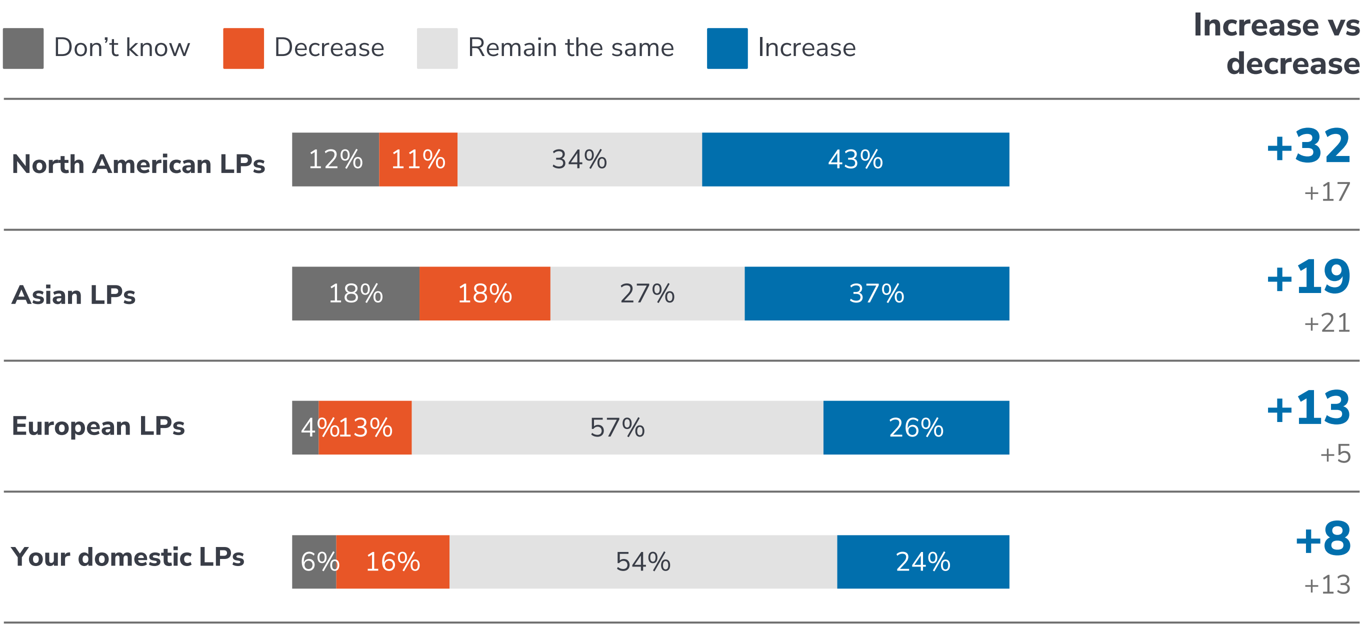
51%

of GPs now expect a better global business environment in 2025, up from 44% at the start of 2024

38%

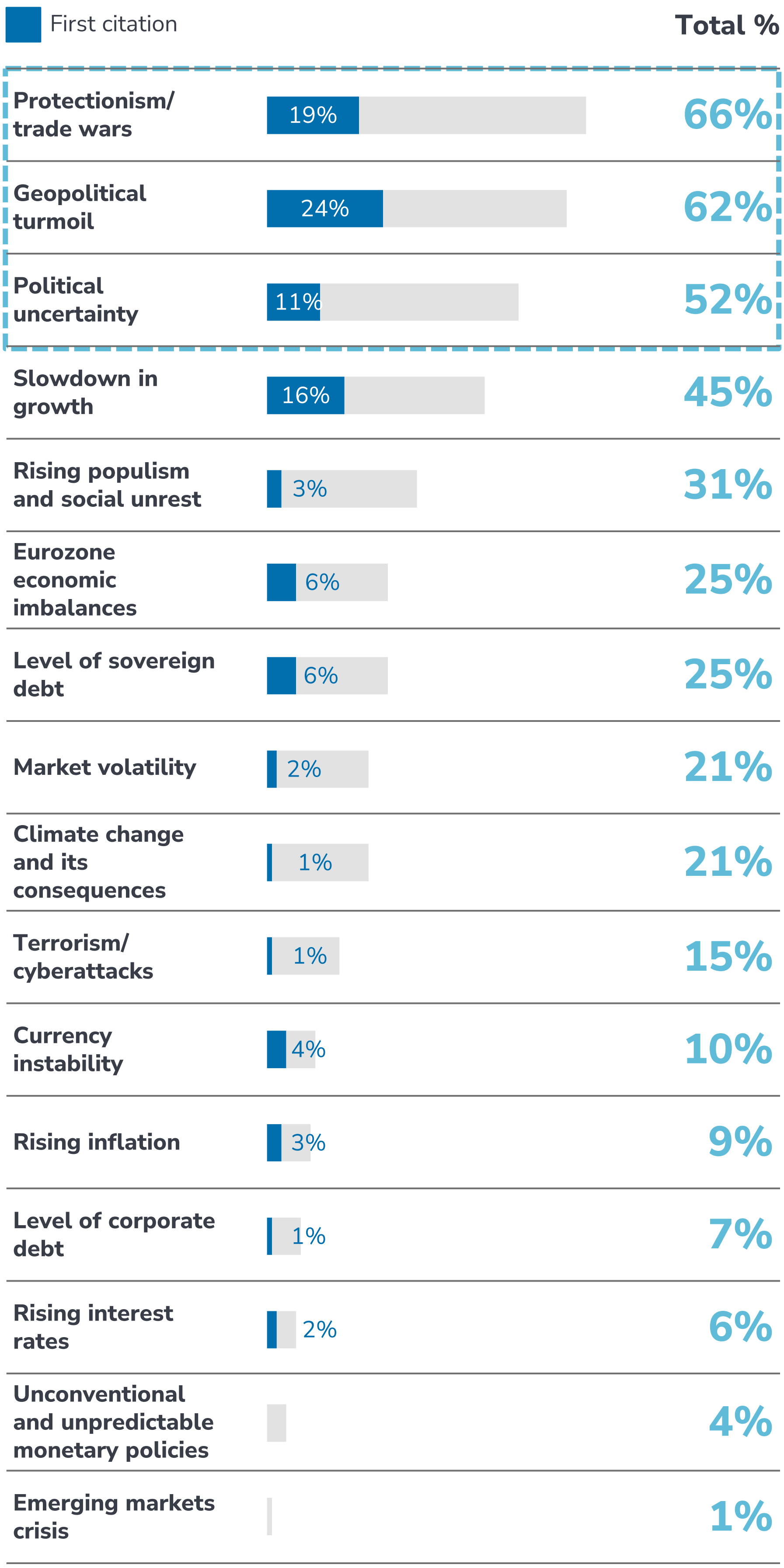
of GPs see conditions improving in Europe this year, possibly reflecting a broader economic decoupling

Figure 1: By geography, which LPs do you expect to gain importance in fundraising in 2025?



Note: 2024 results in grey text

Figure 2: What external threats could the European Private Capital industry face in 2025?



Geopolitical turmoil is the most common number one threat identified, while protectionism and trade wars climb by 49 points and political uncertainty increases by 21 points. Economic concerns from past surveys have fallen down the threat list or remained where they were, ranging from the slowdown in growth to levels of corporate debt.

40%

of respondents fear a major economic correction in 2025

Market moves

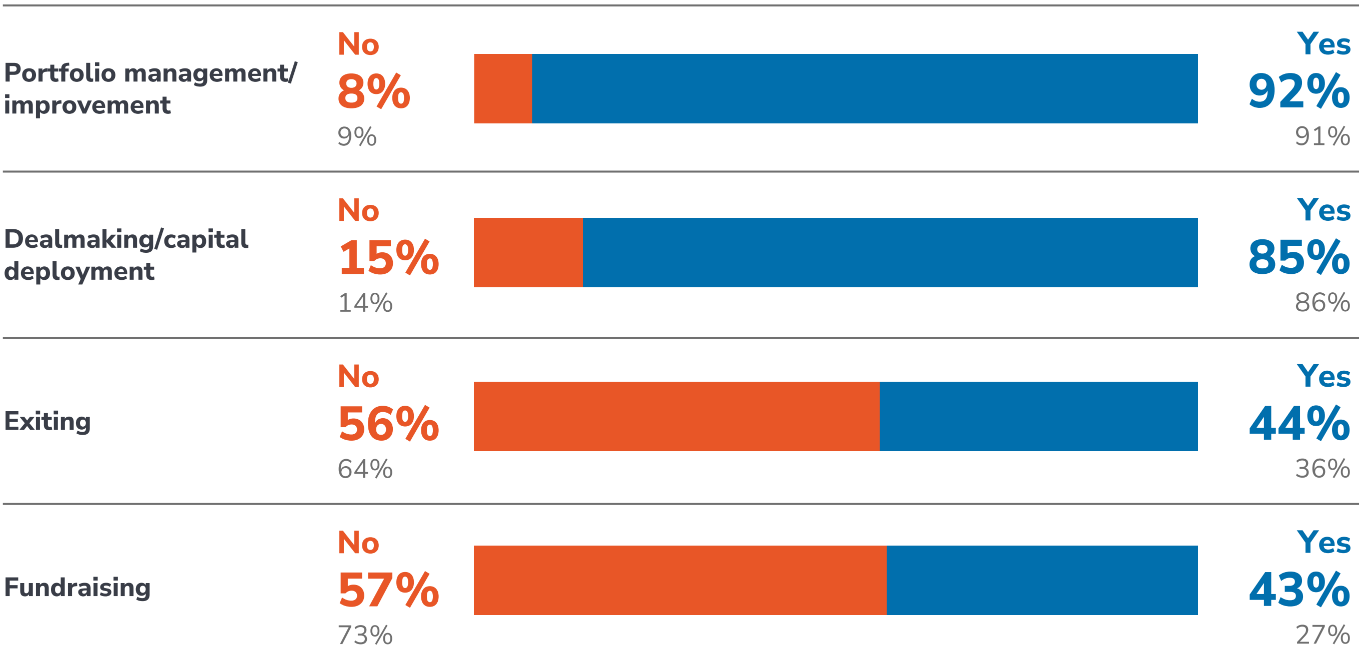
These economic and market expectations come without a significant improvement in private equity trading conditions. While there is a small pick-up in the outlook for exiting and fundraising, most GPs still think it will be a challenging year for both core activities.

Opinions on the trading conditions vary depending on fund size. Smaller mid-market funds are more likely to say this will be a tough year for fundraising, possibly a result of increased competition from large funds which are more positive here.

55%

say it will be a good year for raising funds, against a 43% average

Figure 3: Do you consider 2025 a good year for...



Note: 2024 results in grey text

Private debt, infrastructure, and real estate funds are more positive than other private capital strategies on the fundraising side–over 55% say it will be a good year for raising funds, against a 43% average.

These private capital strategies are also the most likely to raise new funds in 2025: on average, 63% of firms say they are likely to raise new funds this year, while over 80% of private debt, infrastructure, and real estate funds say they are likely to be raising a new fund.

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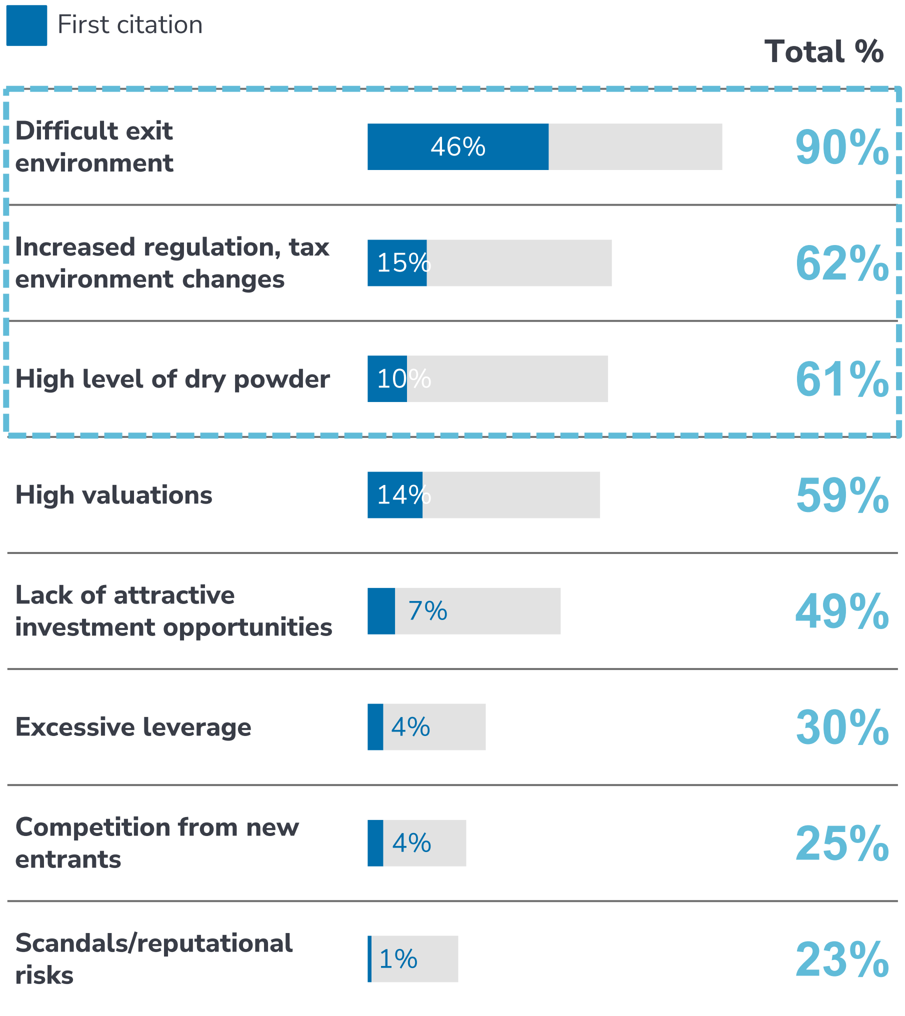
Conversely, the exit environment is also proving more challenging for larger funds. Most smaller funds (54%) are positive about the potential to exit holdings this year, compared to 34% of the largest funds.

Overall, sitting on a high level of dry powder climbs 15 points to become one of the three top industry risks for 2025. The persistently difficult exit environment and the increase in the regulation and tax environment occupy the other top three spots here.

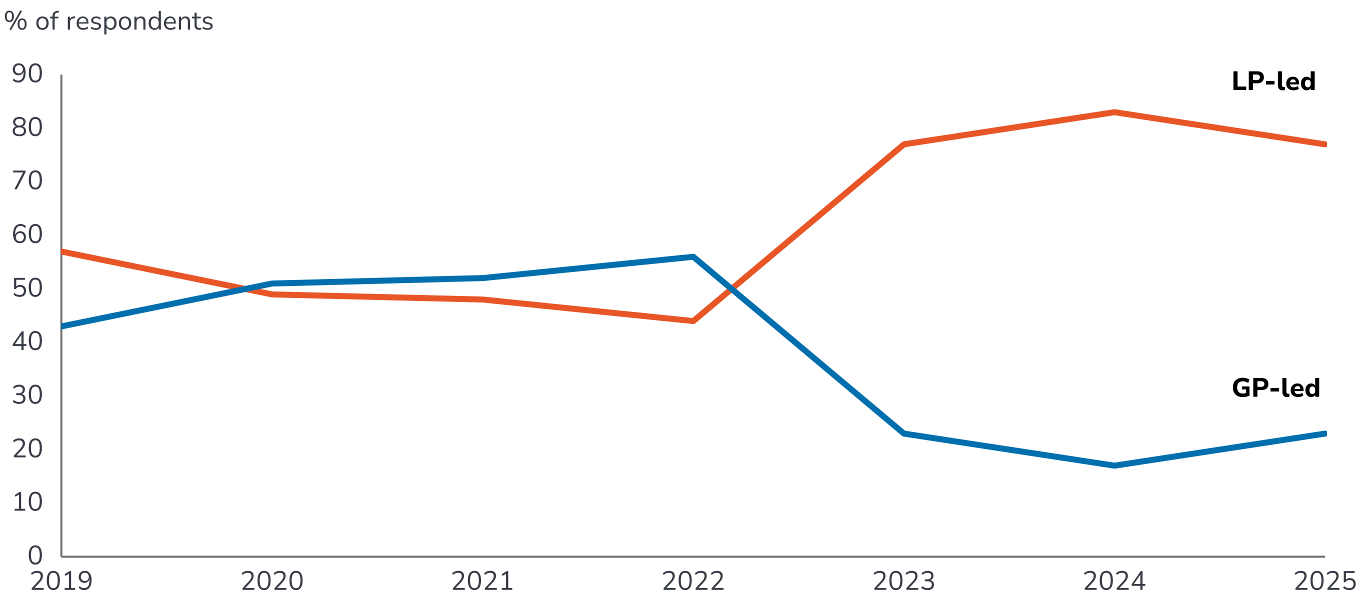
At the same time, there is higher competition for LP investors coming from new entrants in 2025, with 25% identifying this as a principal risk, up from 19% in 2024.

Figure 4: What principal industry/economic risks could the European Private Capital industry face in 2025?



This outlook is shaped at a time when industry dynamics are shifting slightly. Since 2023, GPs have agreed that LPs have more overall power in the private capital market, but the number of GPs who say they have more power has picked up from a low of 17% in 2024 to 23% in this year's study. This reflects increased flexibility for GPs to act, as liquidity and trading conditions improve–possibly assisted by the changing fundraising landscape with individual investors (via family offices, private banks and wealth managers) growing in importance.

Figure 5: In 2025, do you expect the Private Capital market in Europe to be LP-led or GP-led?



Solving the dry powder conundrum may become easier in 2025. An overwhelming majority of GPs–85%–see this year as a good time for dealmaking and capital deployment, possibly assisted by improving valuations. Fewer GPs see high valuations as a risk in 2025, with most firms seeing an improvement in the attractive investment opportunities in the market.

Private credit, infrastructure, real estate and secondaries funds are more optimistic about valuations than buyout strategies. Infrastructure and real estate funds are also the most positive strategies on finding attractive investment opportunities at 67% and 73% of funds–above the 49% average.

85%

of GPs see this year as a good time for dealmaking and capital deployment, possibly assisted by improving valuations

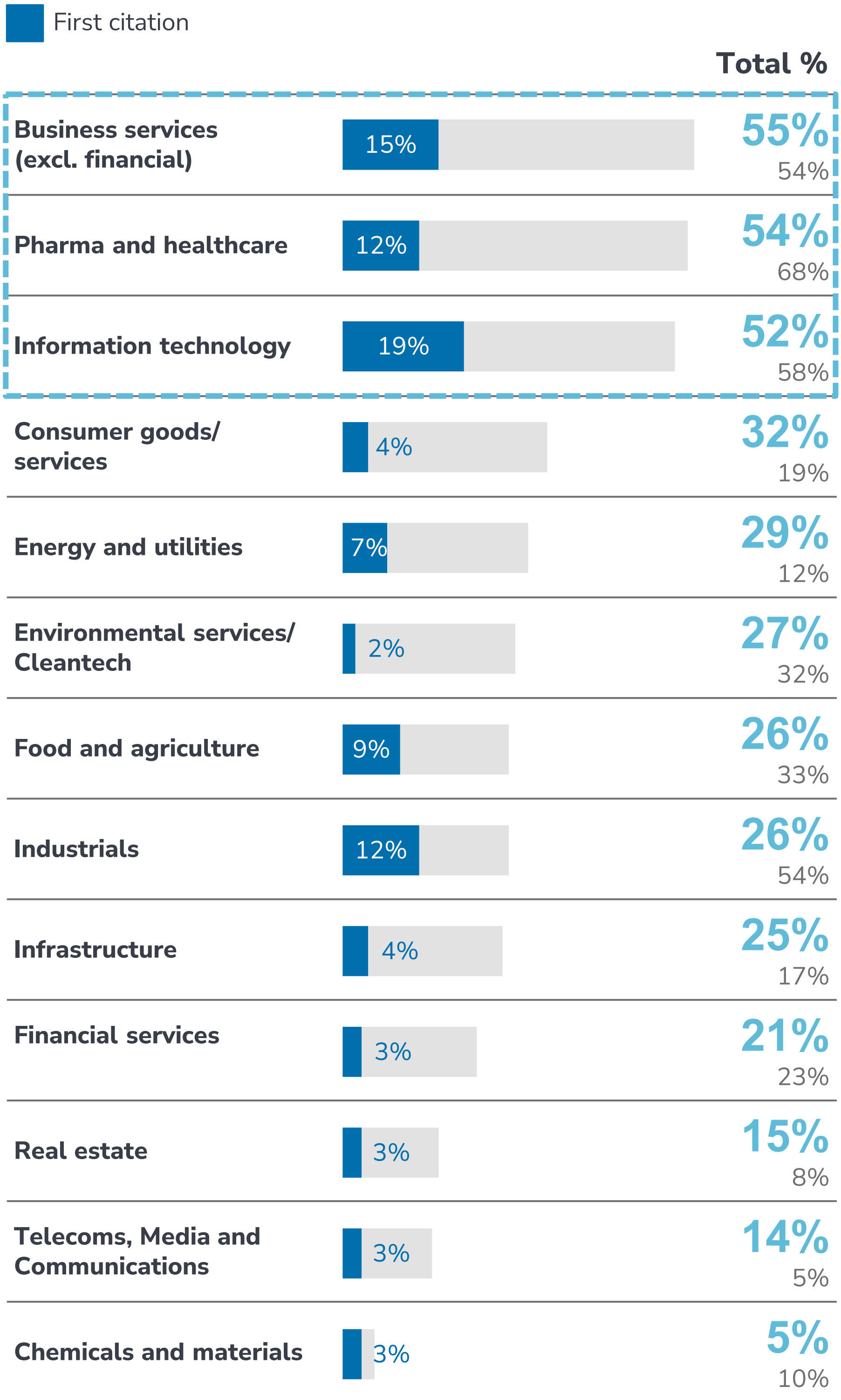
Figure 6a: How do you expect target valuations to evolve in 2025 compared to 2024?

Note: 2024 results in grey text   Remain the same

Figure 6b: Will it be easier or more difficult to find attractive investment opportunities in 2025 compared to 2024?

Note: 2024 results in grey text   Remain the same

Figure 7: Which industries do you see as attractive for a buyout in 2025?



Note: 2024 results in grey text

The industries that buyout funds are targeting remain similar to 2024 but are broadening, with decreased concentration on the priority sectors of business services (excluding financial services), pharma and healthcare, and information technology.

The two growth areas benefiting from this diversification are consumer goods–an attractive buyout area for 32% of funds, up from 19% last year–and energy and utilities. Improving economic conditions–lower inflation and lower interest rates–may help the consumer goods sector as disposable income levels creep up. For energy and utilities, the uncertainty around energy supply created by geopolitical developments, and the seismic energy challenge posed by the rapid development and growing use of AI, could also be attributed to the renewed interest in energy and utilities companies.

There is notably reduced interest in industrials. 26% of buyout funds see the sector as an attractive target in 2025, down from 54% in 2024.

Routes to liquidity and value, and an investor relations revolution

Portfolio management and improvement retains its place as the focus activity and primary way for firms to drive value creation. As mentioned earlier in figure 3, a clear majority–92%–of GPs still think 2025 is a good year for this.

Despite the growing importance of portfolio company improvement, almost half of firms (44%) do not have operating partners. Of those firms that do, 35% say their operating partners are driving operational improvements and supporting growth initiatives. These roles and functions are likely to grow in importance for private equity firms, given the end of the market tailwinds that have supported buyout strategies in the past.

The continued lack of exits is driving more take-up and innovation in liquidity innovation. Now almost half (47%) of GPs say new liquidity solutions and secondaries will affect the industry in the short- to mid-term, and 39% say new open-ended/semi-liquid funds will too.

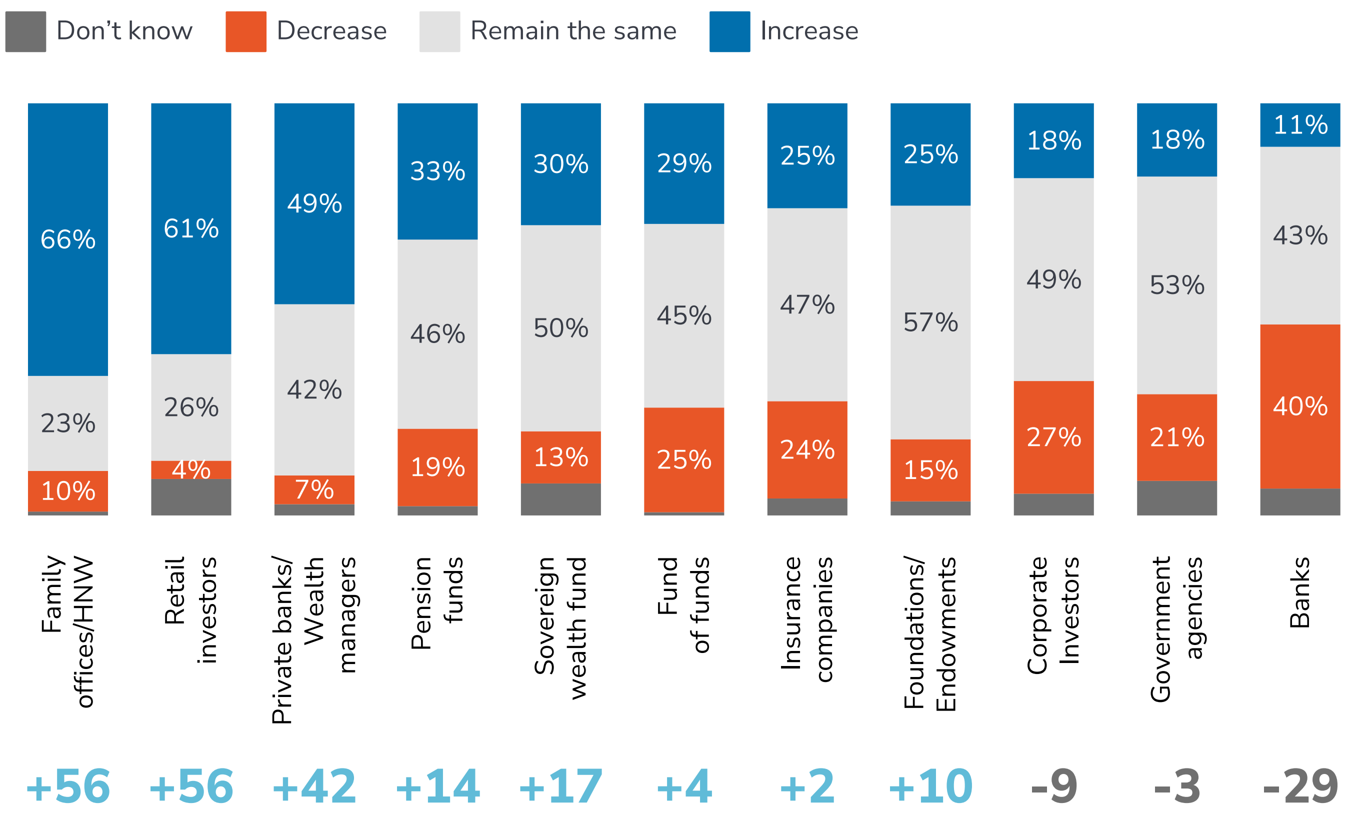
The continued expected growth and impact of individual investors reflects the growing trends that are reshaping the fundraising landscape for private equity firms.

In their respective markets, 66% of GPs expect funds from family offices to increase, 61% expect the same from retail investors, further increasing in importance compared to 2024, followed by 49% expecting an increase in funds from private banks and wealth managers, up 29 points.

In 2025, just 25% of GPs expect foundations and endowments to increase their investments in private equity, while banks remain bottom of the list for fundraising sources.

Different private capital strategies are targeting different investors, with the largest funds (managing at least $1bn) seeing the biggest opportunity in private banks and wealth managers and at the retail investor level. Private credit and infrastructure funds prefer to target family offices.

Figure 8: Which sources of funds do you expect to gain or decrease in importance in fundraising in 2025?



Note: Net PPT represents balance of positive vs negative sentiment

The wealth revolution

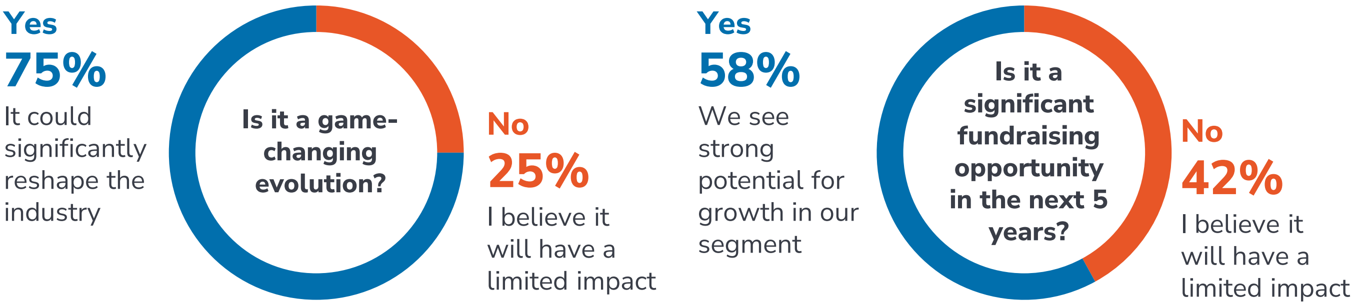
75%

of GPs say we are witnessing a game-changing evolution

As more individual investors–from ultra-high net worth individuals to mass affluent retail investors–buy into private equity, 75% of GPs say we are witnessing a game-changing evolution.

This democratization of the sector is seen as a significant fundraising opportunity in the next five years by 58% of GPs, which jumps to 76% for firms planning or already running a dedicated fund for wealth–rather than institutional–investors.

Figure 9: How do you view the democratization of private capital?



It also drives the interest and development of new evergreen, semi-liquid and open-ended products. While 92% of GPs agree these fund structures will not be suitable for all asset classes, 84% say they will become the new market standard.

If that is borne out, it will mark a notable shift away from the fixed duration fund model and, as such, presents significant regulatory or operational challenges, according to 79% of GPs. For venture capital, the hurdles are higher: 91% say there are significant challenges moving to these fund structures. There are also strong liquidity risks to consider, say 70% of GPs.

That said, there is broad agreement among GPs that they offer attractive flexibility for investors, will appeal to a wider audience, and could also attract institutional money.

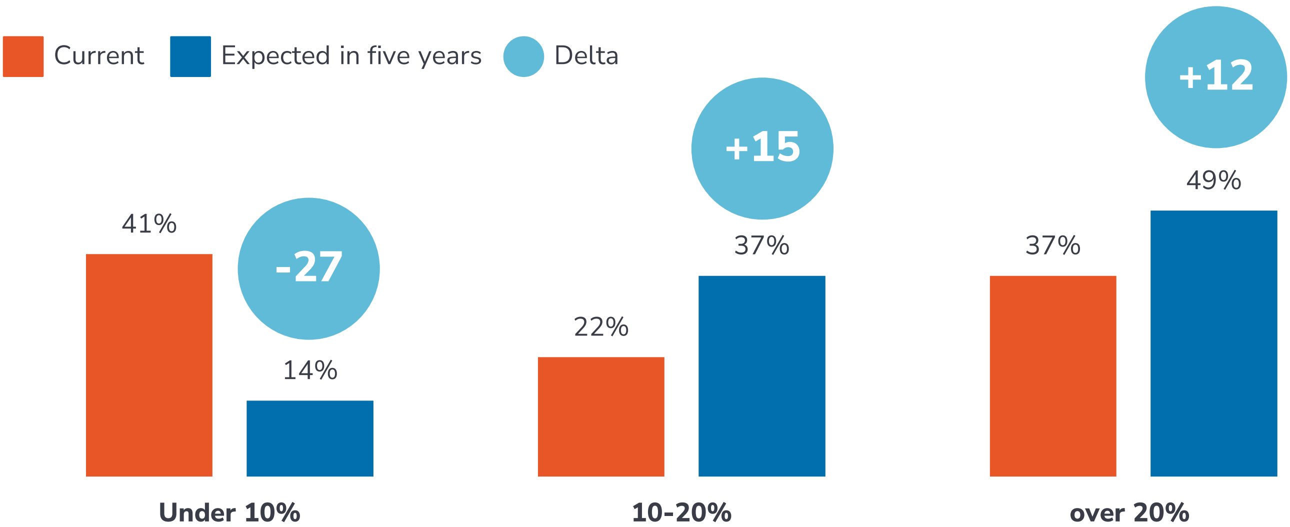
The widening audience for private equity is clearly shown in the changes GPs expect in their investor base. Currently wealth investors make up between 20-30% of the investor based at just 15% of private capital firms.

In five years, wealth investors will account for up to

30%

of the investor base at 32% of firms.

Figure 10: Proportion of wealth investors (Single Family Office, Ultra-High and High Net Worth Individuals, mass affluent, and retail investors) in investor base



Riding the disruptive wave

These fundamental changes to the PE model are opening up new horizons, with the potential to reshape the industry.

The democratization of private equity, beyond a focus on institutions, creates new pressure points and focus areas for firms: 65% say there will be higher liquidity demand and more pressure on their brand image.

To take the opportunity available among individual investors, GPs also say they need to overcome the lack of education and limited experience of this type of investing among this new audience. Operational scalability and regulation are also seen as blocking access to this investor base for 64% and 58% of GPs respectively.

65%

of GPs say there will be higher liquidity demand and more pressure on their brand image

Figure 11: What do you see as the main blockers to tapping into the wealth market?

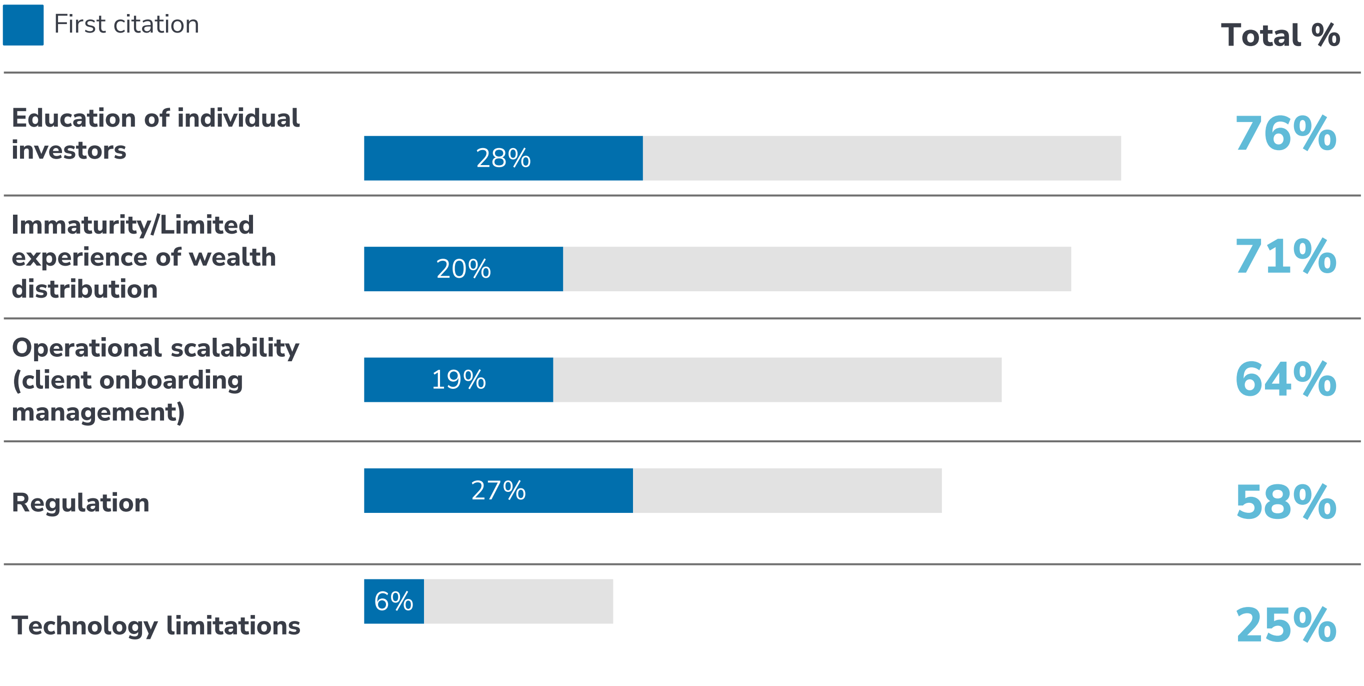


Figure 12: Top five internal priorities for 2025

Rank	Priority	2025	2024
01	Data and IT management	47%	31%
02	Fund reporting/Transparency	46%	53%
03	HR/talent management	44%	41%
04	Succession planning	40%	22%
05	ESG	37%	57%

Note: 2024 results in grey text

As firms manage the many strands of this disrupted market landscape, their internal priorities are data and IT management, fund reporting and transparency, and HR and talent management. Succession planning also increases as a priority area by 18 points, to become a top priority for 40% of firms this year.

This priority around data and IT could reflect the importance firms are placing on using AI tools effectively for investment strategy, business services and portfolio management, as well as new reporting requirements for wealth investors.

ESG falls as an internal priority, but has become a greater focus of investment decision-making and portfolio management, to comply with the Sustainable Finance Disclosure Regulation (SFDR). 62% of firms plan to focus more on sustainability in their investment decision-making, which could take ESG activity to deeper and more rigorous levels, as 70% of GPs say they run funds that promote environmental or social characteristics. Currently, 76% of firms use ESG metrics, 46% use carbon footprint analysis, and 33% use social impact assessments.

Conclusion

Internal changes and priorities at private capital firms reflect how the industry is responding to the disruptive forces that continue to reshape the foundations of private equity and its business models. From higher transparency demands to finding and keeping the right talent, these are areas firms will be grappling with as they navigate the evolving landscape.

The absence of the tailwinds that have supported the buy-to-sell model continue to challenge the industry and force change. But it is not just headwinds that firms face. Opportunities have emerged to capture and exploit. The wealth revolution is gathering pace, creating a paradigm shift in the investor base, while portfolio improvement is now the undisputed route to value creation–calling for an even greater focus on operational investment.

Expert commentary

Antoine Colson

CEO & Managing Partner, IPEM

"This 7th edition of our annual IPEM European Private Equity Barometer arrives at what feels like a defining moment for our industry. We are stepping into a pivotal new chapter—one defined by disruptive opportunities and formidable challenges.

The private capital landscape is undergoing profound transformation amidst heightened macroeconomic uncertainty in Europe, driven by shifting market dynamics and the emergence of a true "wealth revolution". As part of this revolution, traditional totems of private capital are fading. The asset class is becoming more democratized, increasingly mainstream, offering greater liquidity, and adopting evergreen solutions—ushering in a wave of disruption across the landscape.

This evolution presents both challenges and opportunities. Success now demands adaptability, operational excellence, and a commitment to innovation. The historical playbook is no longer enough to navigate this rapidly changing environment. Those who thrive will be the ones who embrace change and leverage uncertainty as a strategic advantage.

As we navigate this transformative era together, I look forward to sharing insights, exploring opportunities, and welcoming you to Cannes to discuss how we shape the future of private equity.

Nicolas Beaugrand

France PE & ESG Lead – Partner and Managing Director, AlixPartners

"The 2025 IPEM survey findings highlight a disrupted landscape, in which PE firms face critical priorities for this year and where operational improvement must clearly take center stage. With the private capital landscape facing constrained exits, heightened competition for funding, and evolving liquidity solutions, PE firms can no longer afford to rely on market tailwinds. True value creation lies within their portfolio companies.

GP teams increasingly need to safeguard against external and market uncertainties, by sharpening operational strategies: at deal making stage, with deeper strategic and operational equity story robustness assessment; and within their portfolio companies' lifecycle, through stronger seasoned operational support, to accelerate transformation and leverage technology. Improving efficiency and agility, while reducing the break-even point, allows firms to seize emerging opportunities and ultimately increase or protect exit value.

At AlixPartners, we see operational excellence as not just a tool for adaptation, but a competitive edge for navigating this dynamic and complex environment."

Access the **IPEM 2024 survey report** to read the previous edition

Survey conducted with the support of 14 European PE Associations