

 EUROPEAN
PE Breakdown



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Institutional Research Group



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Introduction

European PE recorded a landmark year in 2025, with dealmaking reaching record levels. Total deal value rose 14.4% YoY, while deal count increased 12.8% YoY, supported by a combination of improving macroeconomic conditions, supportive policy developments, and renewed investor confidence. Monetary policy became a key tailwind over the course of the year, with four rate cuts each from the European Central Bank (ECB) and the Bank of England (BoE) as inflation moved closer to target levels. Lower borrowing costs improved LBO economics and increased sponsors' willingness to underwrite larger transactions. Megadeals accounted for 31.9% of total deal value in 2025, levels last seen in 2021 through early 2022. US investors played an increasingly central role, participating in nearly 1 in 5 European PE deals and accounting for 34.8% of total deal value. While the European PE market remains smaller than that of the US, its reliance on US sponsors, particularly for megadeals, continues to underpin growth.

2025 saw a continued rise in corporate carveouts, which reached record levels. Carveouts accounted for roughly 1 in 10 PE deals, driven by corporate portfolio optimisation in a higher-rate environment and sponsors' ability to generate value through operational transformation. Regionally, the UK & Ireland retained a clear leadership position, accounting for 31.6% of European deal value, while Germany overtook France to become Europe's second-largest PE market. Sector-wise, healthcare and financial services led the megadeal recovery. With momentum strengthening into H2 and extending into 2026, European PE enters the new year on firmer footing, supported by capital inflows, improving sentiment, and a more predictable macroeconomic backdrop.

Exit activity in Europe delivered a mixed but improving picture in 2025. Exit value increased 10% YoY, marking the second-strongest year on record, although it remained 27.6% below the 2021 peak. Encouragingly, momentum improved materially in the second half of the year. H2 exit value was double that of H1, signalling a gradual unclogging of the exit market. All five of the largest PE-backed IPOs in Europe occurred in H2, pointing to renewed optimism in the IPO pipeline heading into 2026. At the same time, GP-led secondaries reached a record level, providing an important source of liquidity for GPs and LPs. Median exit

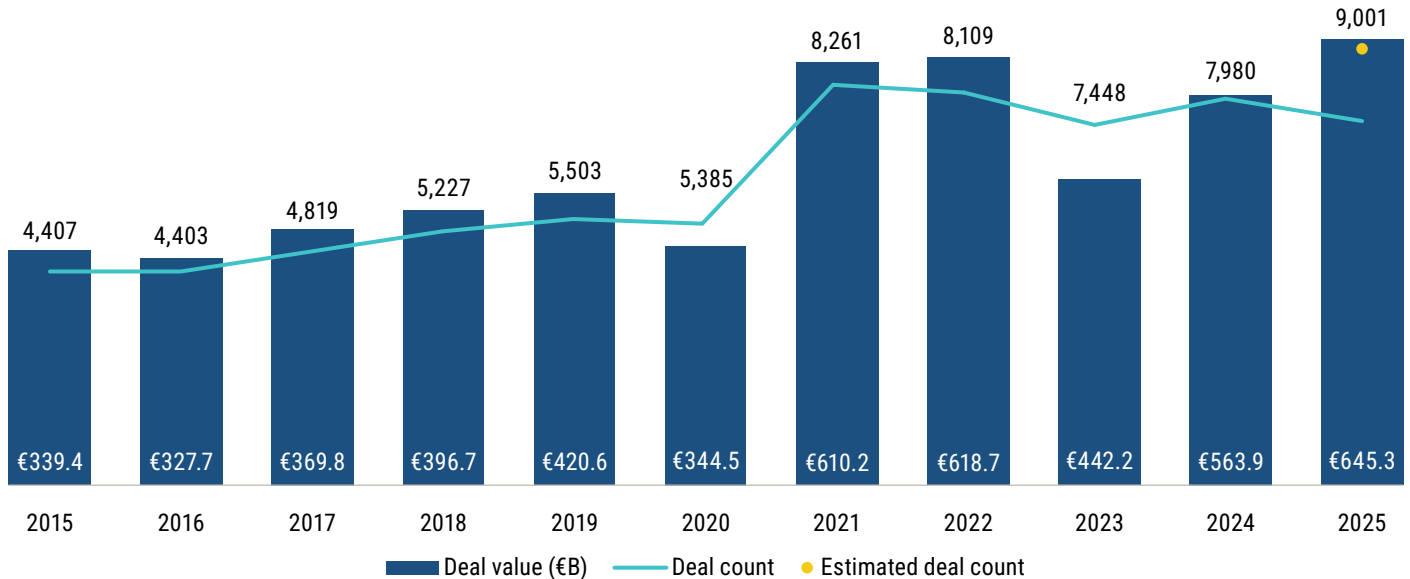
holding periods also declined for the first time since 2020, falling to 5.8 years, indicating improving exit mechanics within portfolios.

Despite these improvements, challenges persist. Distributions as a share of NAV remained below 20%, well under the long-term average, while the deals/exits ratio rose to 2.5x, highlighting a growing imbalance between deployment and realisations. IPO exits continued to underperform, with exit count and value falling sharply YoY, reinforcing the view that IPOs are likely to return structurally smaller and no longer serve as the default exit route. Instead, sponsor-to-sponsor exits played an increasingly central role. This shift underscores PE's expanding role within European M&A, where it now represents half of total deal value. Regionally, DACH led exit activity with a record year, while the Nordics and the UK & Ireland also improved as exit markets gradually reopened.

European PE fundraising slowed in 2025 after back-to-back record years in 2023 and 2024, broadly in line with global trends. The slowdown was driven primarily by the absence of megafund closures, with no funds closed above €4.6 billion in 2025. Fund launches also declined for a third consecutive year, reflecting tighter capital conditions and weaker distributions. As a result, fundraising became increasingly concentrated among established managers, with experienced firms accounting for 85.6% of capital raised. Despite the broader slowdown, the middle market recorded a record year for capital raised, with investor demand increasingly focused on funds sized between €1 billion and €5 billion. Growth-expansion strategies may regain momentum in 2026 as the macroeconomic environment has stabilised and several growth-expansion funds look poised to reach targets in 2026. Regionally, the UK & Ireland remained Europe's dominant fundraising hub, accounting for close to half of capital raised, while France & Benelux emerged as a relative bright spot, raising more capital across a greater number of funds than in 2024.

Deals

PE deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

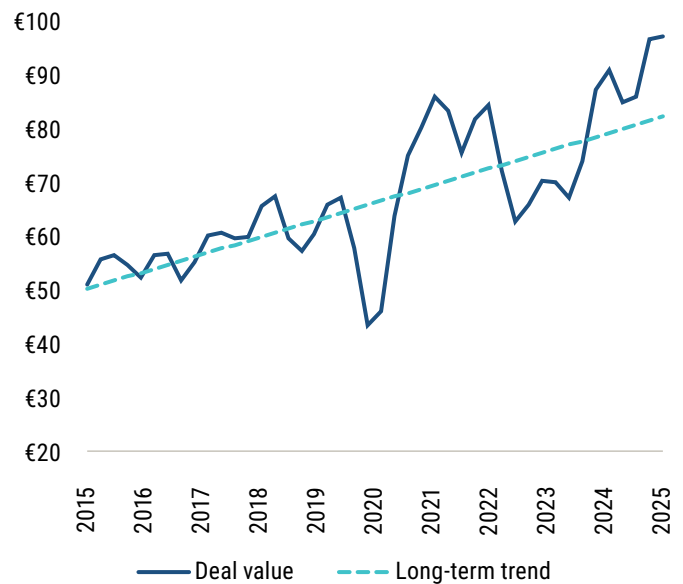
A record year of dealmaking

2025 was a record year for European PE deal activity, which saw deal value rise 14.4% YoY and deal count increase 12.8% YoY. Activity over the year was shaped by a combination of tailwinds and headwinds affecting the asset class.

On the positive side, monetary policy became increasingly supportive, with four rate cuts each across the ECB and the BoE as the macroeconomic backdrop stabilised and inflation moved closer to target levels. Lower interest rates benefited PE dealmakers by reducing borrowing costs for LBOs and enabling higher leverage, improving transaction feasibility and returns. Additional structural tailwinds came from policy initiatives aimed at democratising private markets and improving liquidity, most notably the Mansion House Accord and the launch of the Private Intermittent Securities and Capital Exchange System (PISCES) in the UK, which broadened access to the asset class and strengthened the long-term capital base.¹

These tailwinds were partially offset earlier in the year by trade tariffs introduced by US President Donald Trump, which temporarily slowed dealmaking as asset owners reassessed supply chains and cross-border exposure. Over

Trailing-six-month PE buyout deal value (€B)

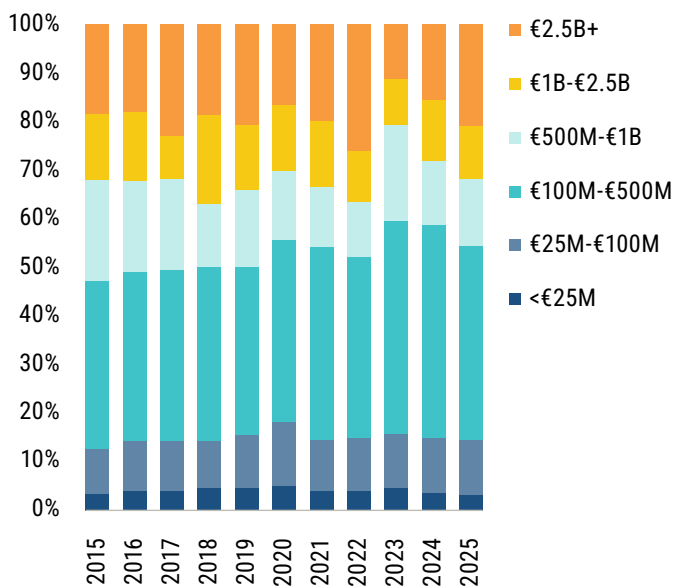


Source: PitchBook • Geography: Europe • As of 31 December 2025

time, however, the tariffs became supportive for European PE activity, as we saw a notable influx of capital from the US as investors sought geographic diversification and relative value opportunities in Europe.

¹ For more on this, please read our analyst note on [Unlocking UK Pension Capital for Private Markets](#).

Share of PE deal value by size bucket



Source: PitchBook • Geography: Europe • As of 31 December 2025

As a result, European PE continued to expand its investor base, with increasing participation from private wealth investors, retail channels, and pension funds, alongside sustained deployment and rising allocations from established institutional investors.

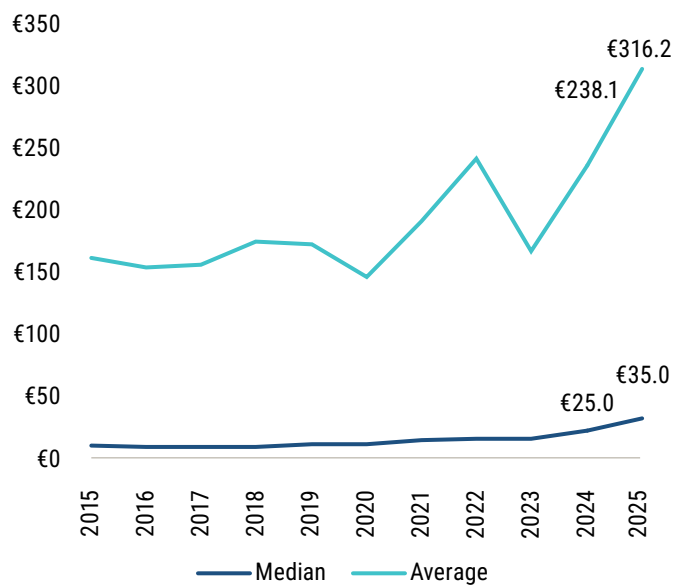
With confidence strengthening in the market during the second half of 2025 and extending into 2026, we remain confident that PE in Europe will continue to grow in the year ahead, supported by further capital inflows and more predictable macroeconomic conditions.

Rising deal values reflect confidence

Megadeals, defined as transactions over €1 billion, accounted for 31.9% of total deal value in 2025, up from 20.5% in 2023 and 28.1% in 2024. This share is more consistent with the bullish market conditions last observed in 2021 and early 2022, underscoring the return of sponsor confidence and risk appetite. Momentum continued into Q4, with several additional megadeals announced. Carlyle reached an agreement to acquire BASF’s coatings business for €7.7 billion, while the acquisition of UK care-home operator Barchester Healthcare became the largest care-home transaction on record.

In parallel, average deal value increased 32.8% YoY, rising from €238.1 million to €316.2 million, reflecting both a greater willingness to underwrite larger transactions and improved financing conditions.

Median and average PE deal value (€M)



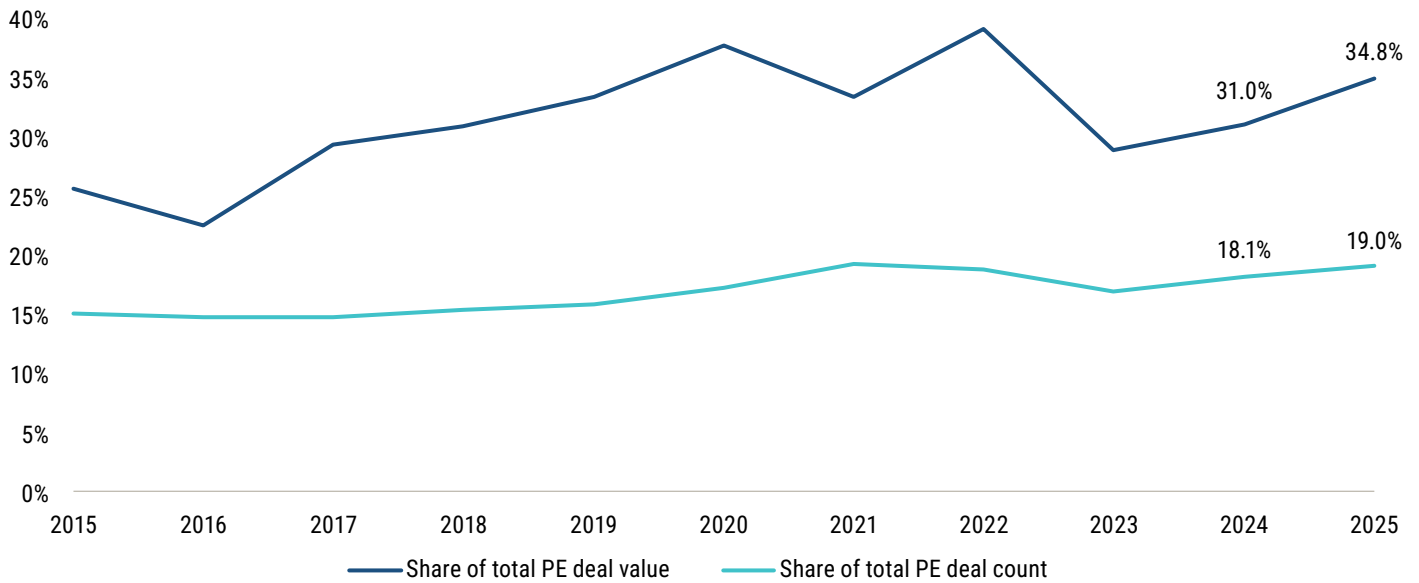
Source: PitchBook • Geography: Europe • As of 31 December 2025

The prevalence of megadeals serves as a useful barometer of market sentiment, as such transactions typically require strong conviction from both sponsors and lenders. The rise in megadeal activity in 2025 therefore signals a meaningful improvement in market conditions and confidence across the European PE landscape.

The influx of US capital into Europe

In 2025, almost 1 in every 5 PE deals in Europe involved the participation of a US investor. US sponsors also tended to concentrate among larger transactions, reflecting their deeper capital pools and greater capacity to underwrite scale. As a result, US investors accounted for 34.8% of total European deal value, a share materially higher than their proportion of deal count. While European PE has continued to mature, the market remains relatively nascent compared with that of the US, at roughly half the size in terms of deal value. This structural gap means Europe continues to rely on US sponsors as an important driver of its next phase of growth, particularly in the upper end of the market. Accordingly, several large US PE firms, including KKR, Blackstone, and CD&R, increased their commitments to Europe in 2025, reflecting growing confidence in the region’s risk-adjusted returns and long-term fundamentals. That said, US capital deployment across Europe remains uneven and highly country-specific. Investor-friendly jurisdictions such as the UK continue to attract a disproportionate share of US participation, with US investors involved in 38.8% of UK deal count. By contrast, France, which maintains a

Share of PE deal activity with US investor participation



Source: PitchBook • Geography: Europe • As of 31 December 2025

more protectionist regulatory stance in certain strategic sectors, saw US investor participation limited to just 12.7% of deal count.

We expect this trend to continue into 2026 and for US investor participation to reach 25% of deal count as part of our [2026 EMEA Private Capital Outlook](#).

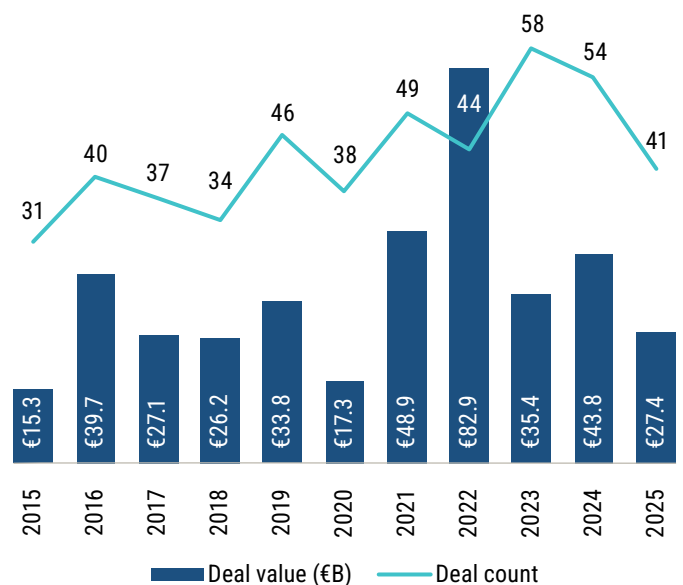
Take-privates cool down

Following the correction in public markets triggered by monetary tightening in 2022 and 2023, take-private transactions gained momentum as PE sponsors targeted so-called “boomerang stocks,” acquiring listed companies whose share prices had fallen sharply and taking them private at attractive valuations. This trend continued into 2024, albeit for different reasons, as equity markets began to recover and monetary policy shifted toward easing.

Rather than being driven purely by market dislocation, take-private activity increasingly reflected structural challenges within European public markets, which have struggled to attract IPOs and sustain competitive valuations. Many European-listed companies continued to trade at discounts to comparable peers listed in the US, creating ongoing opportunities for GPs to acquire public assets at relatively attractive multiples.

As public market valuations continued to rise, the overall volume of take-private transactions in Europe declined. Nevertheless, the strategy remained relevant in certain markets in 2025, albeit at a reduced level. Notably, the

PE take-private deal activity

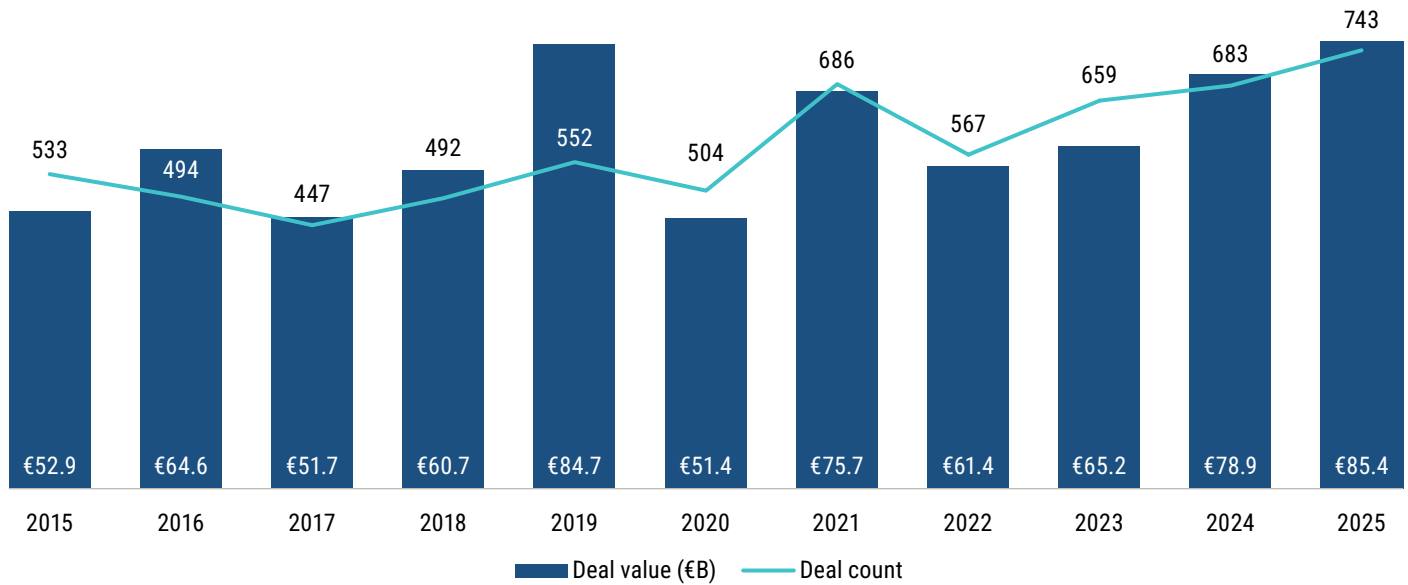


Source: PitchBook • Geography: Europe • As of 31 December 2025

London Stock Exchange accounted for approximately half of all European take-privates in 2025, underlining the UK’s continued role as the primary venue for such transactions. Examples in the UK included the take-privates of Spectris, Soho House, Idox, and De La Rue, among others, which all included US sponsors as part of the deal.

Looking ahead, European stock exchanges will need to improve their competitiveness and attractiveness, particularly in terms of liquidity, valuation support, and IPO pipelines, if they are to compete effectively on a global stage as they have in the past.

PE carveout deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

A rise in corporate carve-outs

PE carveout activity in Europe has increased for three consecutive years, reaching a new record in 2025. Deal volume surpassed its previous peak in 2019, with carveouts accounting for roughly 1 in 10 PE transactions during the year. Activity was supported by several high-profile transactions, including the largest PE deal of 2025, which saw Sanofi sell a 50% stake in its consumer health business, Opella, to CD&R for €10 billion. More broadly, four of the top ten PE deals in Europe in 2025 involved corporate divestitures, underscoring the growing importance of carveouts within the market.

The rise in carveout activity reflects a combination of macroeconomic, corporate, and sponsor-driven factors. Persistently higher interest rates compared with the pre-2022 period have increased the cost of capital for corporates, intensifying the focus on balance-sheet strength. As a result, many European companies have accelerated portfolio optimisation programmes, divesting noncore or lower-growth assets to reduce leverage and fund core investments. Higher interest rates have also altered deal dynamics in favour of carveouts. While elevated financing costs have constrained highly leveraged sponsor-to-sponsor transactions, carveouts have remained attractive to PE firms due to their differentiated value creation potential. Sponsors are often able to underwrite these deals with more conservative leverage assumptions, relying instead on operational improvements, standalone cost rationalisation, and strategic repositioning to drive returns.

The UK sits at the top of dealmaking, Germany takes the second spot ahead of France

The UK & Ireland accounted for 31.6% of Europe's total PE deal value in 2025, marking its highest share since 2021. Despite ongoing concerns around London potentially losing its position as Europe's financial hub following Brexit, the region continues to lead European PE activity by a wide margin. Over the past five years, the UK has generated more than twice the deal value of the next-largest European market, underlining the depth, liquidity, and resilience of its PE ecosystem. Several structural factors continue to support the UK's leadership: a large and diverse pool of assets, a well-established advisory and financing infrastructure, deep capital markets, and a legal and regulatory framework that remains familiar and attractive to international investors. In 2025, six of the largest 10 deals closed in the UK.

Historically, France has been the second-largest PE market in Europe by deal value. In 2025, however, Germany overtook France, reflecting a shift in investor preferences. Political uncertainty in France weighed on investor sentiment during the year, dampening appetite, particularly among US investors, who continue to perceive higher regulatory and operational barriers to entry in France compared with more investor-friendly jurisdictions such as the UK, as discussed earlier.

Looking across other European regions, the Nordics performed strongly in 2025, benefiting in part from being relatively insulated from trade tariffs and from the presence

of independent and credible central banks. As a result, the region recorded the largest YoY increase in PE deal value among European regions, reflecting resilient investor confidence and sustained appetite for larger transactions. By contrast, Southern Europe experienced a YoY contraction in deal value despite an increase in deal volume. This divergence indicates a shift toward smaller transactions, with fewer megadeals completed.

Financial services and healthcare top megadeals boom

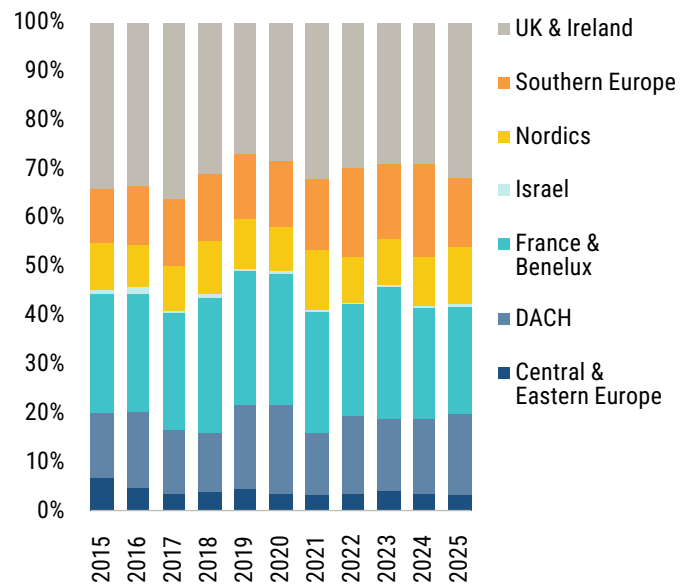
AI unsurprisingly attracted more deal activity than ever in 2025. However, to better differentiate between winning and lagging sectors in European PE, it is more instructive to focus on megadeals, where activity rebounded meaningfully during the year and where sponsor conviction is typically highest. Viewed through this lens, the outperforming sectors become clear. Healthcare and financial services both saw a marked recovery in 2025, outperforming prior years in terms of both deal value and deal count. Each sector recorded a record 11 megadeals, generating total deal values of €36.1 billion in financial services and €34.6 billion in healthcare, respectively.

Despite similar outcomes, the underlying drivers of dealmaking differed materially across the two sectors. In financial services, activity was driven largely by ongoing consolidation, which has accelerated in a higher interest rate environment. Elevated rates have pressured margins across brokerage firms, insurance businesses, and banks, prompting scale-driven transactions as firms seek cost efficiencies and more resilient earnings profiles.

Healthcare, by contrast, staged a comeback after two comparatively subdued years. The sector continues to benefit from strong defensive characteristics, long-term demographic tailwinds, and the continued prevalence of buy-and-build strategies. Sponsors have remained active in executing this playbook, highlighted by the sale of Karo Healthcare earlier in the year for €2.6 billion.²

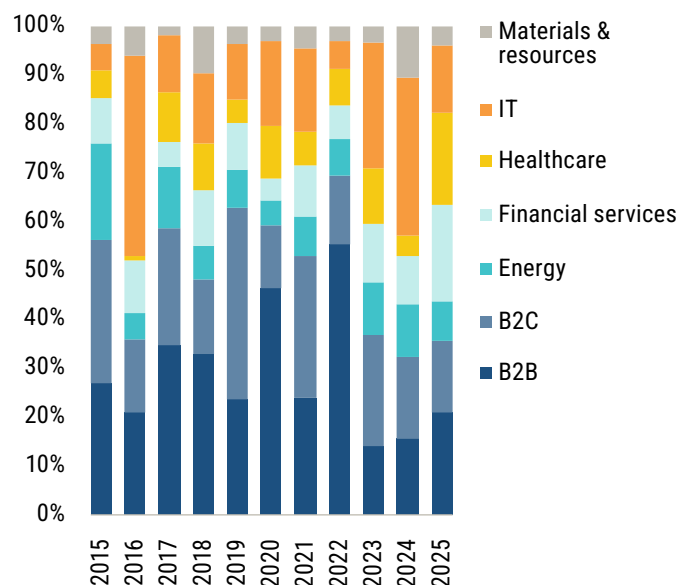
At the other end of the spectrum, the IT and materials & resources sectors saw megadeal value decline by more than 50% in 2025. This contraction should be viewed in context, however, as both sectors recorded outsized megadeal activity in 2024, making for a particularly challenging YoY comparison.

Share of PE deal value by region



Source: PitchBook • Geography: Europe • As of 31 December 2025

Share of PE megadeal value by sector



Source: PitchBook • Geography: Europe • As of 31 December 2025

² For more on Karo Healthcare, please see our [Q2 2025 European PE Breakdown](#).

SPOTLIGHT

Unlocking UK Pension Capital for Private Markets

This spotlight is abridged from our analyst note [Unlocking UK Pension Capital for Private Markets](#) published on 18 December 2025.

Recent UK policy reforms open private market access

UK policymakers and regulators have introduced a suite of measures in the last two to three years. These measures aim to remove barriers and encourage pension investments in private markets. The most important policies and initiatives include:

Mansion House Compact (2023): A voluntary pledge by 11 of the largest defined contribution (DC) pension providers to allocate at least 5% of their default fund assets to unlisted equities by 2030 to unlock circa £50 billion for high-growth companies (the figure assumes 5% of large DC funds, though the commitment did not strictly require investing in UK companies specifically). The Compact, while voluntary, signalled a clear direction and had buy-in from major players like Aviva, L&G, NEST, and others. It also enjoyed government support but stopped short of regulatory compulsion.

Mansion House Accord (2025): Building on the Compact, the Accord was launched with a broader coalition: 17 of the largest workplace pension providers (covering 90% of UK DC savers), targeting 10% of DC default assets in private markets by 2030, with a UK-focused element (50% of portfolios in UK private assets). It is estimated to mobilise on the order of £50 billion into private markets over the next five years, including £25 billion specifically into UK companies by 2030.³ These figures are based on current private market investment levels of 3.5%, of which 40% is UK-based. This would then increase to 10% and 50%, respectively, by 2030 to unlock the £50 billion.⁴ Notably, the Accord remains voluntary, but the government indicated it would monitor progress closely and even hold “reserve powers” to mandate action if needed.⁵

Long-term asset funds (2021): A new category of authorised fund designed to accommodate illiquid assets with limited liquidity, such as monthly or quarterly redemption. Essentially, this fund type provides a vehicle through which DC schemes and potentially certain retail investors can gain exposure to private markets within a regulated fund wrapper. Over the last three years, several asset managers have launched long-term asset funds (LTAFs) specifically targeting DC pensions. For example, Aviva Investors launched an LTAF in September 2025, focusing on venture and growth capital and seeded by Aviva’s own DC master trust.⁶ Schroders, Legal & General, and others have developed or are developing LTAFs that span PE, infrastructure, and private credit. According to the Association of British Insurers (ABI), about five of the Compact signatories had launched a new LTAF or similar vehicle or partnered to offer one by 2025.⁷ LTAFs are a key enabler because they solve a technical problem: the daily dealing requirements of DC schemes. By investing in an LTAF, which itself offers periodic dealing and internally manages the illiquid assets, a DC provider can offer private market exposure while still allowing members to move money in and out of their pension (the LTAF units can be priced periodically based on net asset value). See the full report for a list of UK LTAF funds.

DC charge cap reforms (2022): Cost has long been a barrier to DC investment in PE and VC because UK default funds are subject to a 0.75% annual fee cap. Traditional PE fund fees of 2% plus 20% carry do not fit under this cap. The Department for Work and Pensions (DWP) adjusted regulations to exclude performance fees (carry) from the charge cap for DC schemes. This means a DC pension can allocate to performance-fee funds without violating the cap, as long as the base management fee is within 0.75%. The change removed a major disincentive. For example, a DC scheme could commit to a PE fund that charges a 1% management fee and 20% carry, counting only the 1% against

3: “Pension Schemes Bill,” UK Parliament, 4 September 2025.

4: “Pension Schemes Back British Growth,” UK Government, HM Treasury, Torsten Bell MP, and The Right Honourable Rachel Reeves MP, 13 May 2025.

5: Ibid.

6: “Aviva Investors Launches Venture and Growth Capital Fund to Power Investment in Unlisted Companies,” Aviva Investors, 3 February 2025.

7: “Investment in Unlisted Equities Hits £1.6Bn Under Mansion House Compact,” The ABI, 16 October 2025.

the cap—and the carry, being contingent on returns, would be outside the cap. The idea is to enable “net return-enhancing” investments even if their fee structures are unconventional. In summary, regulators are attempting to strike a balance between investor protection and flexibility, so that the fear of breaching a fee cap or liquidity rule does not unduly deter private market investments.

Value for Money framework (2028): In the longer term, the government and regulators, including the DWP, Financial Conduct Authority (FCA), and The Pensions Regulator, are developing a new “Value for Money” (VfM) framework for DC pensions that is slated to take effect by 2028. This framework will require schemes to assess and report on a broad set of metrics, including net investment returns, not just charges. The goal is to shift the industry’s focus from a narrow emphasis on low cost (annual charges) to a more holistic view of member outcomes (what value is delivered for those charges). For years, many UK employers and trustees selected DC providers almost solely on the basis of having the lowest fee, which inadvertently discouraged innovative or higher alpha investments. The VfM framework will introduce comparisons and ratings that incorporate how well a scheme’s default fund has performed and its risk-adjusted returns, among other metrics. In practice, this complements the push into private markets. If a slightly higher-cost allocation to PE can demonstrably improve returns, the VfM assessments should capture that, giving trustees more cover to invest beyond just the cheapest index funds.

Consolidation initiatives to create pension megafunds: The government’s 2023 Pensions Investment Review and related consultations aim to reduce fragmentation across the DC landscape by introducing fewer default funds, facilitating easier scheme mergers, and implementing scale-based incentives, with the goal of emulating the success of Australian superannuation funds and Canadian pension plans. Larger schemes are better equipped to negotiate fees, hire specialist managers, and invest directly in illiquid assets. For example, the Local Government Pension Scheme (LGPS) has already pooled into eight regional vehicles managing over £350 billion, allowing for significant PE and infrastructure investments. The 2025 Pension Schemes Bill further mandates LGPS pooling and may direct a portion of these assets to UK infrastructure. Similarly, new collaborative

vehicles like the “Sterling 20” consortium, launched in 2025 to unite major DC providers, insurers, and the Pension Protection Fund, are designed to co-invest in domestic growth projects. Starting in 2024, DC schemes must also disclose the proportion of assets invested in the UK, adding transparency and reinforcing the policy push towards productive, long-term domestic investment at scale.

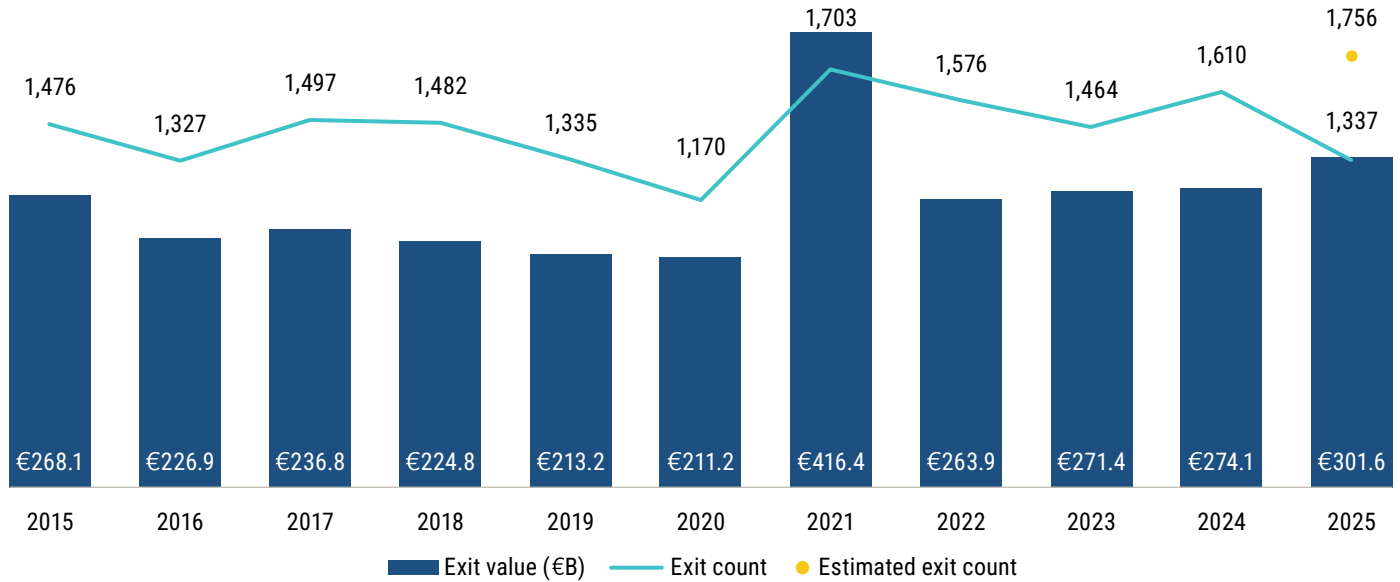
The Private Intermittent Securities and Capital Exchange System (2025): This proposed platform would allow trading of private company stakes (a “UK Nasdaq Private Market” concept). The Private Intermittent Securities and Capital Exchange System (PISCES) would let companies access liquidity without full public listings, potentially making PE more accessible and providing an exit route for investors. Though its implementation has lagged, it signals a broader agenda to revitalise capital-raising options beyond traditional IPOs. In August 2025, the FCA approved the LSE as the first operator for the PISCES platform.

British Growth Partnership (2024): The government’s British Growth Fund, overseen by the British Business Bank, received FCA approval to operate as a pooled investment vehicle targeting high-growth UK companies. Designed to complement the Mansion House initiatives, the fund’s primary goal is to channel long-term UK pension capital into UK-based VC and growth equity opportunities. Structured as a fund of funds, it aims to offer DC pension schemes a simplified access point with risk-spread benefits. The fund was initially seeded with £200 million in commitments from Aegon UK, NatWest Cushman, and M&G, with the intention to scale into the multibillion-pound range through contributions from large DC master trusts and LGPS pools. Crucially, it is structured to be charge cap-compliant and compatible with DC schemes’ liquidity requirements, and it may eventually be wrapped in an LTAF format to facilitate wider adoption.

National Wealth Fund (2024): The UK government launched the National Wealth Fund (NWF) in 2024, seeded with £7 billion in public capital and administered by the UK Infrastructure Bank. While not a pension fund itself, the NWF is designed to catalyse private co-investment from institutional investors, including pension schemes, into strategic UK sectors such as clean energy, transport, advanced manufacturing, and digital infrastructure.

Exits

PE exit activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

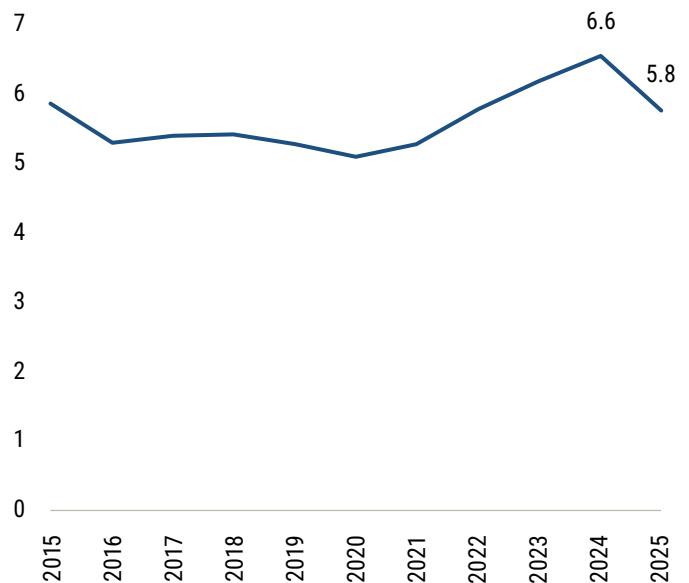
A mixed picture in Europe for exit activity

Exit activity in Europe recorded its second-strongest year on record in terms of exit value in 2025, increasing 10% YoY. However, exit value remains 27.6% below its 2021 peak, underscoring the prolonged recovery of the exit environment. Exit count increased by a single-digit percentage to its highest level since 2021, emphasising that exits are truly materialising, albeit at a slower pace than deals.

On the positive side, exit momentum improved meaningfully in the second half of the year. H2 exit value was double that of H1, while exit count increased 15.6% over the same period. This acceleration points to a gradual unclogging of the European exit market, which has been constrained by a muted IPO environment since 2022. Notably, the five largest PE-backed IPOs of the year in Europe all occurred in H2, suggesting renewed optimism in the IPO pipeline heading into 2026. Recent listings, including those from Verisure and Shawbrook Bank on their respective local exchanges in Q4, stand out as notable successes.

Another constructive development was the continued expansion of the secondaries market, which partially offset the lack of IPO activity. While secondaries do not generate the same outcomes as public market exits, they have nonetheless provided an important source of liquidity for both GPs and LPs. The secondaries market reached a new

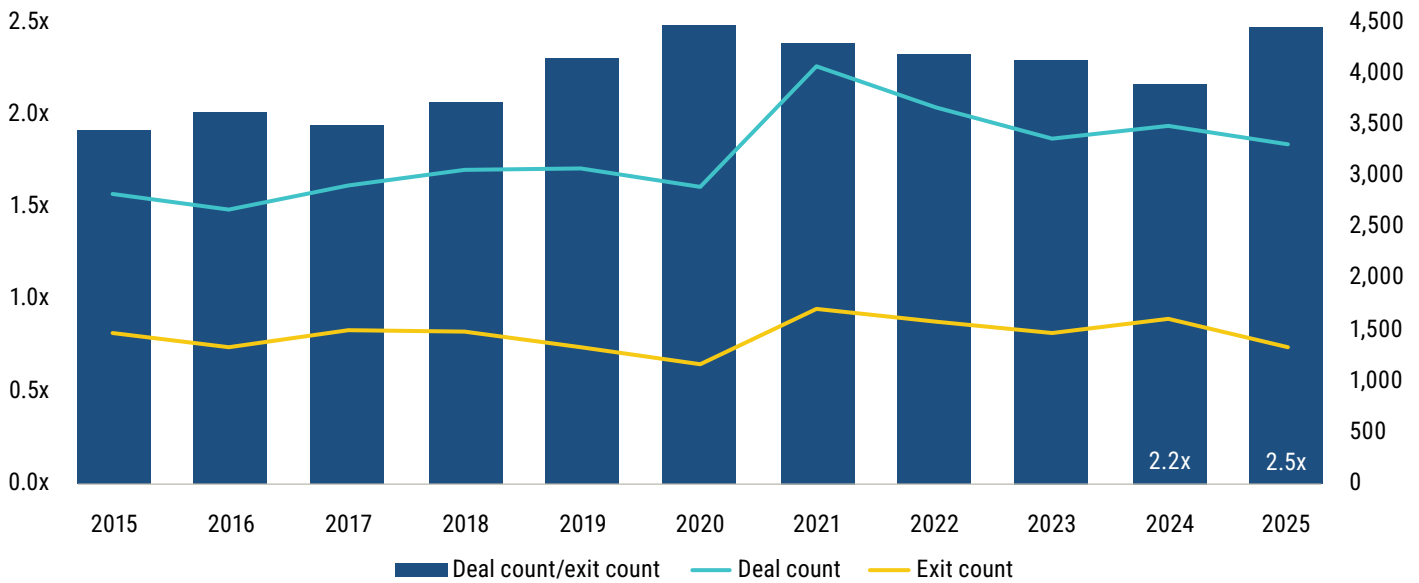
Median PE portfolio company hold time (years)



Source: PitchBook • Geography: Europe • As of 31 December 2025

record in 2025, though it remains small relative to overall exit activity. In addition, median exit holding periods declined for the first time since 2020, falling from 6.6 years in 2024 to 5.8 years in 2025. While the long-term trend of assets staying private for longer remains intact, this shift indicates improving exit mechanics within GP portfolios.

PE deal/exit ratio



Source: PitchBook • Geography: Europe • As of 31 December 2025
 Note: Deal count excludes bolt-on transactions.

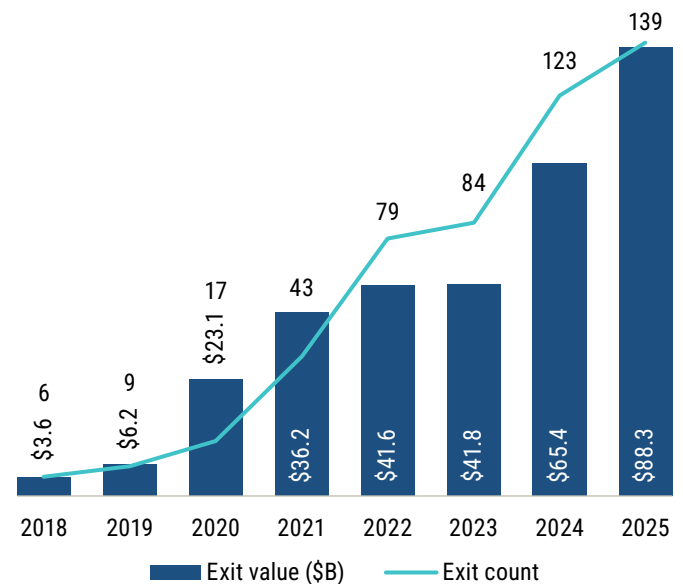
These positive signals are tempered by several ongoing headwinds. Distributions as a percentage of NAV remained below 20% in Europe, well under the 10-year average of 28%, continuing to strain LP liquidity. The deals-to-exits ratio, a measure of exit activity relative to deployment, rose to 2.5x in 2025 from 2.2x in 2024, highlighting the growing imbalance between capital invested and capital returned.

Moreover, despite widespread expectations for an IPO recovery in 2025, IPO exit activity deteriorated further. IPO exit count fell 36% YoY, while exit value declined 38.4% YoY from already subdued 2024 levels. This has reignited debate over whether the weakness in IPOs is cyclical or structural in nature. While we expect IPOs to return over time, volumes are likely to remain structurally lower than in prior cycles. As a result, IPOs may no longer represent the default or “holy grail” exit route they once were, with alternative pathways such as sponsor-to-sponsor sales, strategic exits, and secondaries playing an increasingly prominent role in PE exit strategies.

PE represents a crucial part of M&A

Over the past decade, PE’s share of total European M&A deal value has increased materially, rising from 32.1% to 50.7% in 2025, reflecting the continued expansion and institutionalisation of the asset class. Sustained capital inflows from institutional investors, private wealth investors, and pension funds have enabled PE firms to deploy larger pools of capital and compete more effectively for large and complex transactions.

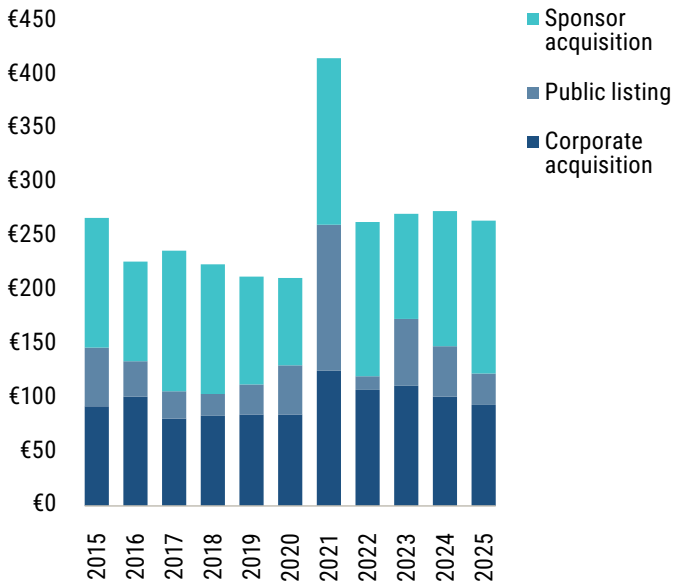
GP-led secondaries activity



Source: PitchBook • Geography: Global • As of 31 December 2025
 Note: Deals of unknown value have been assigned a value of \$500 million.

At the same time, PE has benefited from the maturation of the European ecosystem, including deeper financing markets, more sophisticated operating capabilities and a growing stock of sponsor-owned assets. This has enabled PE to play an increasingly central role in large-cap and megadeal activity, which was historically dominated by strategic buyers.

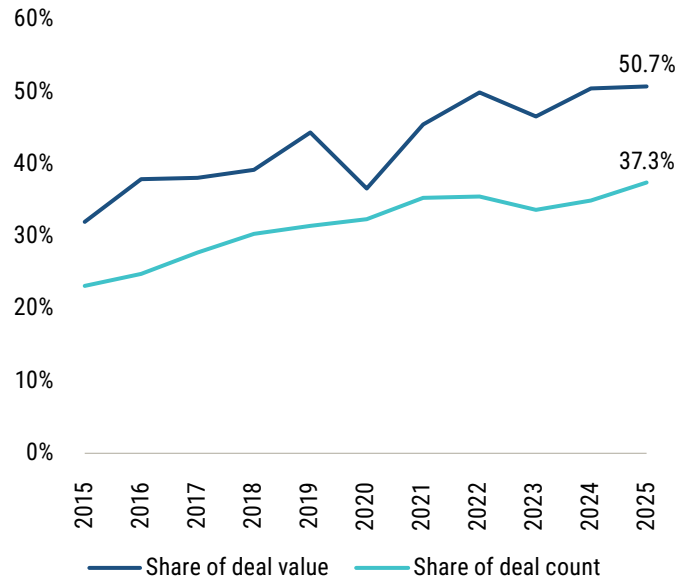
PE exit value by type



Source: PitchBook • Geography: Europe • As of 31 December 2025

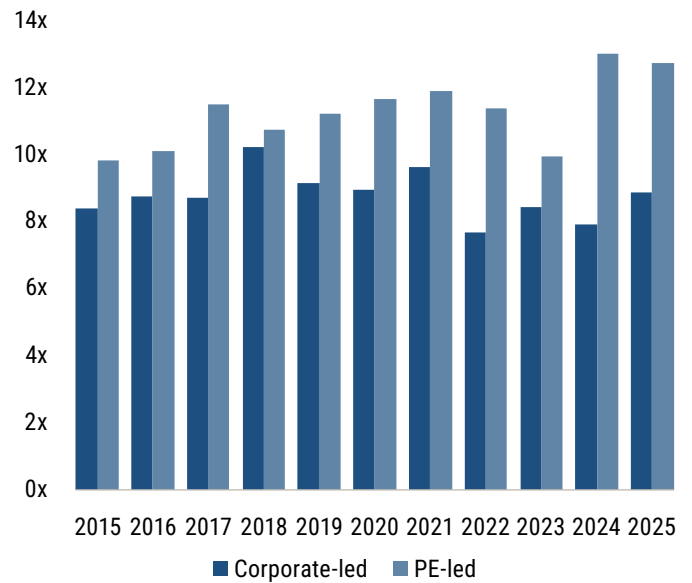
In 2025, the mix of exit routes in Europe continued to evolve in favour of sponsor acquisitions, which accounted for close to 1 in every 2 exits and 53.6% of total exit value.⁸ This marks a notable change in the exit landscape, highlighting the growing role of PE as both a buyer and seller of assets. Not only has PE increasingly competed with corporates for assets, but sponsors have also tended to pay higher acquisition multiples. In 2025, the median European EV/EBITDA multiple paid by PE buyers was 12.8x, compared with 8.9x for corporate acquirers. This valuation premium reflects PE sponsors' ability to underwrite value creation beyond entry multiples, including operational improvements, buy-and-build strategies, and financial optimisation. In addition, sponsors often benefit from more flexible deal structures, greater certainty of execution, and access to committed capital, allowing them to move faster and price assets more aggressively than many corporate buyers.

PE deal activity as a share of overall M&A activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

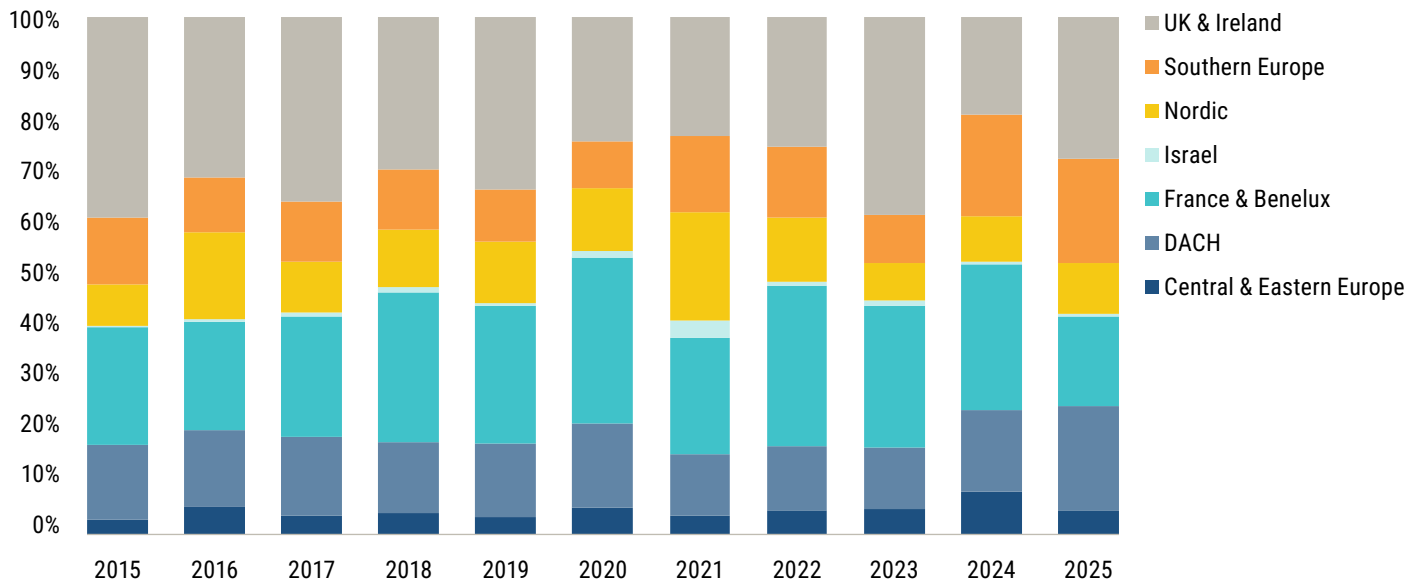
Median M&A EV/EBITDA multiples



Source: PitchBook • Geography: Europe • As of 31 December 2025

8: Please note that secondaries are included in sponsor acquisitions.

Share of PE exit value by region



Source: PitchBook • Geography: Europe • As of 31 December 2025

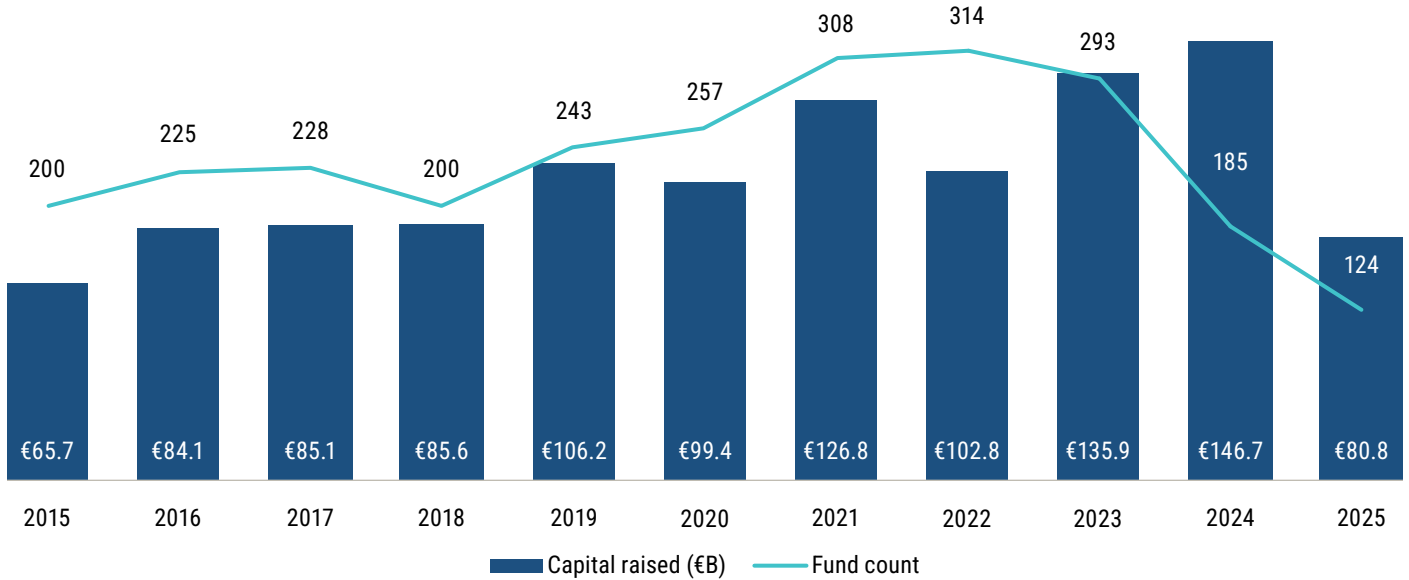
A record year of exit value for the DACH region

Four of the top ten PE exits in Europe in 2025 (those of STADA, SMG, Apleona, and Viridium Group) originated from the DACH region, together accounting for close to €20 billion in exit value. This drove a record year for the region in terms of exit value, with DACH clearly outperforming France & Benelux.

Elsewhere, the Nordics and the UK & Ireland also improved on the previous year, generating higher exit value as exit markets gradually reopened in the second half of 2025. Both regions benefited from greater inbound investor interest and a higher proportion of sponsor-to-sponsor exits, supporting activity despite ongoing IPO market constraints.

Fundraising

PE fundraising activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

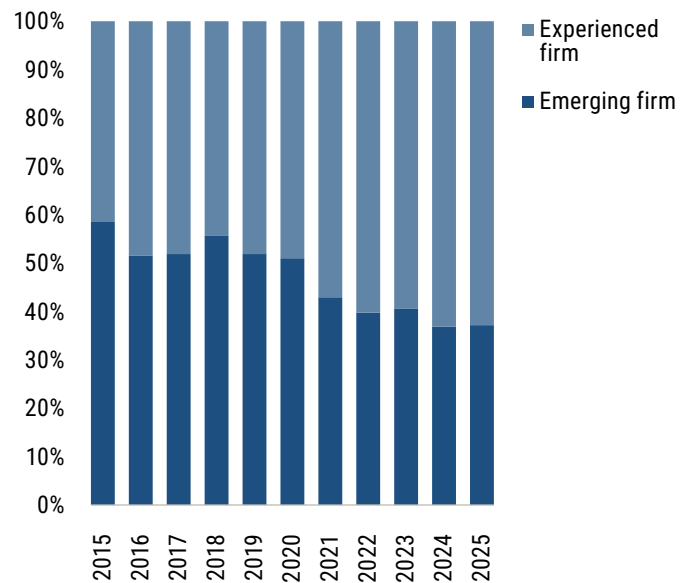
Slowing fundraising

Fundraising has slowed globally, and Europe followed this trend in 2025 after back-to-back record years in 2023 and 2024. The key factor behind the slowdown was the absence of megafunds closing during the year, defined as funds typically raising between €5 billion and €30 billion. In recent years, several of Europe’s most established PE firms, including EQT, Partners Group, and CVC Capital Partners, raised exceptionally large vehicles. By contrast, in 2025 the largest fund to close was CVC’s Strategic Opportunities III, which raised €4.6 billion. In addition, the number of new PE funds coming to market declined for a third consecutive year, reflecting tighter capital conditions driven by higher interest rates and weaker distributions, which limited LPs’ ability to recycle capital. As a result, fundraising increasingly concentrated among established managers. In 2025, experienced firms, defined as those that have raised at least four prior funds, accounted for 62.9% of fund count and 85.6% of total capital raised, highlighting LPs’ continued preference for scale, proven track records, and execution certainty.

A record year of capital raised for the middle-market

Despite the broader slowdown, there were notable pockets of strength in European PE fundraising. Middle-market funds recorded a record year for capital raised, underscoring

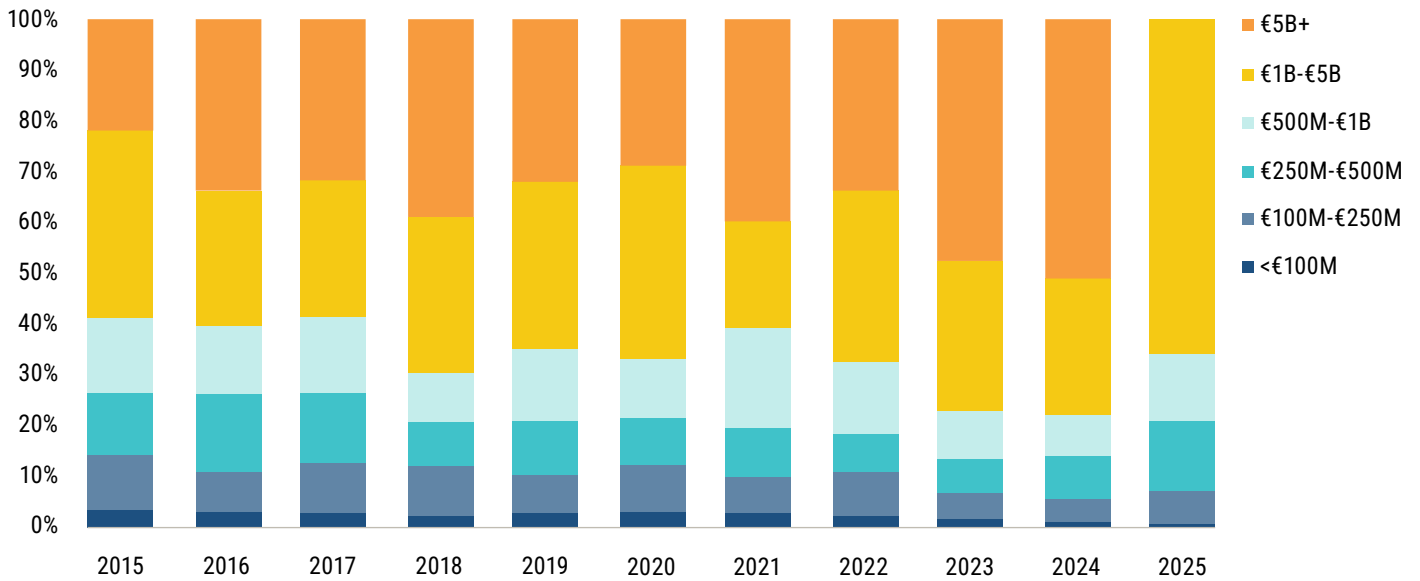
Share of PE fund count by manager experience



Source: PitchBook • Geography: Europe • As of 31 December 2025

the continued importance of the segment, which remains the backbone of the PE industry. Investor demand has increasingly concentrated in funds sized between €1 billion and €5 billion, which are seen as offering a balance between scalability and differentiated deal access. In Q4, healthcare specialist GHO Capital closed its fourth fund, capitalising on the strong momentum in healthcare deal activity during 2025. Encouragingly, fundraising efficiency also improved,

Share of PE capital raised by size bucket



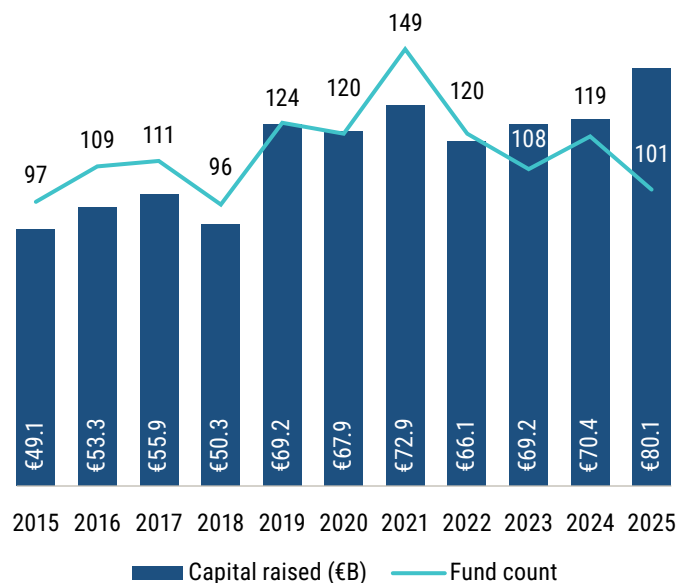
Source: PitchBook • Geography: Europe • As of 31 December 2025

with the median time to close a deal declining from 20.2 months in 2024 to 19.2 months in 2025, suggesting a gradual normalisation of fundraising conditions for established managers.

Growth funds may return in 2026

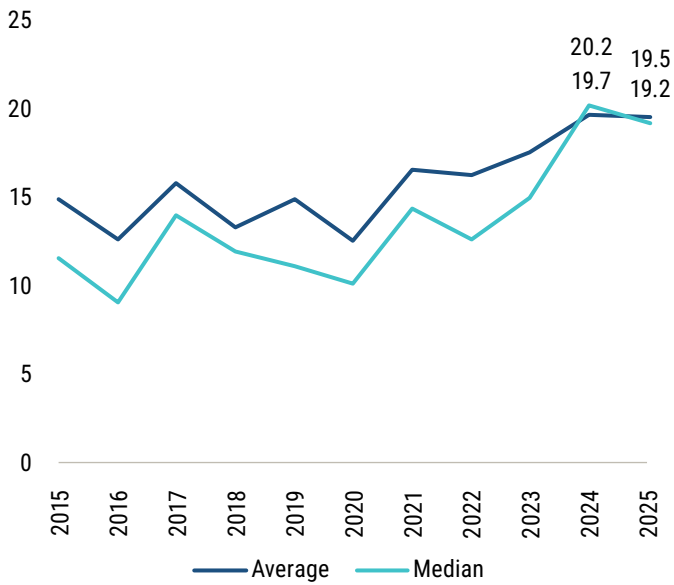
PE growth-expansion funds have largely fallen out of favour since the onset of monetary tightening in 2022, as LPs consolidated manager selection and prioritised commitments to experienced firms with proven track records. In a higher-interest-rate environment, investor preference shifted toward buyout strategies offering clearer downside protection and more immediate cash flow visibility, to the detriment of growth-expansion strategies. However, as interest rates have come down from their peak and subsequently stabilised, we expect appetite for growth-expansion strategies to gradually return heading into 2026. This shift is already evident in the fundraising market, with a number of growth-expansion funds remaining open after extended fundraising periods of one, two, or even three years, suggesting renewed LP engagement rather than outright disengagement. With a more stable macroeconomic backdrop, many of these funds are now better positioned to reach their fundraising targets in 2026. This includes vehicles such as UK Fintech Growth Partners Fund, Eurazeo’s fourth growth-expansion fund, and Apis Partners’ third growth markets fund, among others, pointing to a tentative but broadening re-engagement with the growth-expansion segment across Europe.

PE middle-market fundraising activity



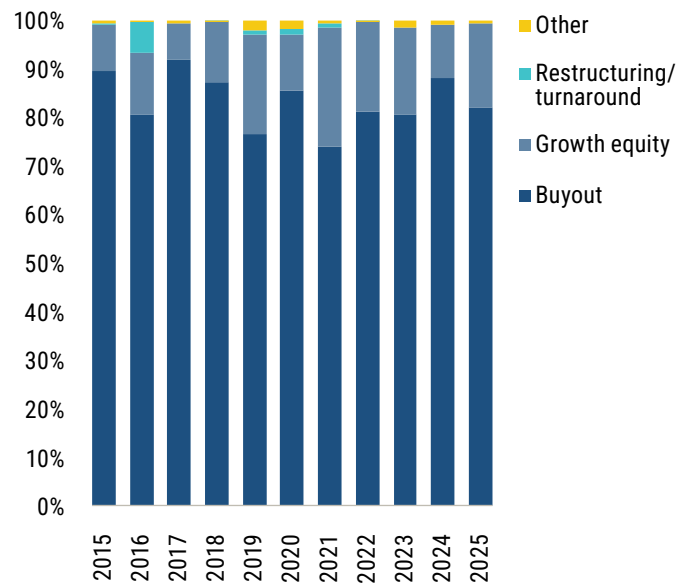
Source: PitchBook • Geography: Europe • As of 31 December 2025

PE fund average and median time (months) to close



Source: PitchBook • Geography: Europe • As of 31 December 2025

Share of PE capital raised by type



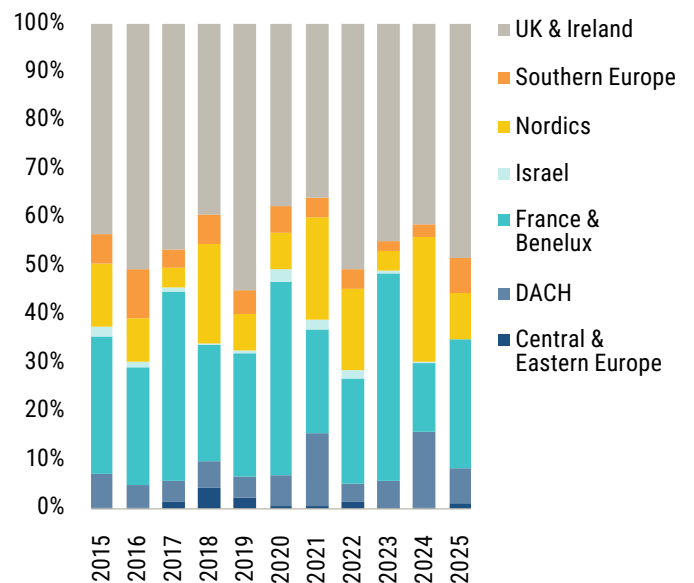
Source: PitchBook • Geography: Europe • As of 31 December 2025

UK and France remain the strongholds of European fundraising

The UK & Ireland accounted for close to half of all PE capital raised in Europe in 2025 and approximately one-third of total fund count. London continues to dominate as Europe's PE fundraising hub by a wide margin, with fundraising activity underscoring its central role despite the fact that many of these funds pursue cross-border investment strategies.

Fundraising in France & Benelux stood out as a relative bright spot, with the region raising more capital across a greater number of funds than in 2024, bucking the broader slowdown seen elsewhere in Europe.

Share of PE capital raised by region

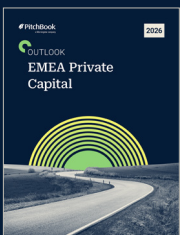


Source: PitchBook • Geography: Europe • As of 31 December 2025



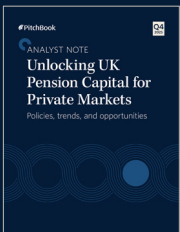
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