

Secondary Market Watch

XPS Xchange helps institutional investors to trade illiquid assets, both as buyers and sellers.

XPS Secondary Market Watch tracks the latest pricing available and trends in the secondary market. The following charts depict our observed secondary market average pricing across various strategies expressed as a premium or discount to the Net Asset Value of the underlying holdings as at 31 December 2024.

As the macroeconomic outlook and market sentiment improved since the beginning of 2024, buyer and seller expectations became more aligned, leading to tighter secondary market pricing.

A diverse mix of new and returning sellers entered the market to take advantage of better prices and generate liquidity. This trend is expected to persist, with narrowing prices likely to sustain deal activity in 2025, supported by well-funded buyers with large amounts of dry-powder interested in Limited Partner (LP) portfolios.

Private Equity Buyout



Discount reduced from 10% in October 2024

Private Debt



Discount reduced from 15% in October 2024

Real Estate Equity



Discount reduced from 25% in October 2024

Infrastructure Equity



Discount remains 10% from October 2024

Notes: XPS observed secondary market average pricing is based on a mosaic approach using primary and secondary data sources, including interactions with markets participants.

Private Equity Buyout

Pricing continues to strengthen with deal activity driven by low cash distributions amidst a liquidity-starved market



- Sellers are driven by the prolonged dearth of deal making and new buyers are entering the market with more capital to deploy.
- The quality of the funds and diversification drives the higher end of pricing with North American assets achieving better pricing on average, given the underlying strength of the economy.
- The rise in prices shows a belief among investors that Fund Managers will be able to sell their portfolio companies soon, anticipating a surge in dealmaking activity under Trump's second term.

Private Debt

Despite increased competition in the market driving up pricing, Private Debt remains the fastest growing segment to date



- The total volume of stakes transacted in private credit funds increased significantly, following the launch of new funds that specialise in purchasing secondary interests in private debt funds. Increased capital raised for dedicated credit secondaries has lowered buyers' cost of capital, leading to greater interest in those secondaries deals and driving up prices.
- The quality of private credit sold on the secondary market has increased relative to a couple of years ago, and 1st lien direct lending now comprises most of the deals on the market.

Real Estate Equity

The market remains quiet in terms of deal-making, despite being a great time to invest in some of the assets.



- While valuations for private Real Estate are rebounding slowly, there are still wide variations between sectors, with spreads being very asset class dependent.
- The market is still in a price discovery phase, with future trade volumes expected to be dependent upon where global interest rates will settle.
- Differences in price adjustments within Real Estate sectors continue to be reflected in the underwriting of assets.
- In US and Asia Pacific pricing has narrowed significantly to mid-single digits whereas in the UK this has not yet happened.

Infrastructure Equity

The market remains fragmented and there is slow deal volume despite record highs of dry powder available.



- Despite some blue-chip funds trading at a premium in some instances, other funds have been impacted by the higher interest rates.
- The majority of the flow has been concentrated with the mega funds' participation, leaning more towards GP-led transactions.
- Higher discounts notably remain for UK renewable funds due to limited demand.
- Muted demand for traditional core infrastructure (like motorways, toll roads, utilities), with focus shifting towards, data centres and energy transition assets. Some core plus or value add strategies trade closer to Net Asset Value.

Find out more

To discuss XPS Xchange or how we can help, please get in touch with **Beatrice Stanoescu** or **James Kidd**. Alternatively, please speak to your usual XPS contact.



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