

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 discounts across various strategies.

Private Equity Buyout



Private Debt



Real Estate Equity



Infrastructure Equity



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

Makes up the bulk of the secondary market activity, pricing has been increasing due to demand



- Mid-market buyout funds remain in demand, leading to discounts narrowing.
- Overall pricing has been improving for younger funds with more upside and value creation whereas the older the fund, the greater the discount given more limited prospects of liquidating holdings in the current environment and slow IPO exits.
- Higher quality portfolios trading at a premium to net asset value as NAVs catch up with market conditions.

Private Debt

Private secondary deals have been increasing steadily in number and size



- Increased deal flow and lower discounts since beginning of the year as the sector continues to mature.
- High-quality senior loans remain in vogue, pension funds expected to be the largest sellers.
- The turnover of private debt secondaries stands at c.1.7% of assets under management p.a. versus the 5% level seen in private equity, indicating the infancy of the market.

Real Estate Equity

Attractive discounts to net asset value however selectivity remains key



- Deal sourcing remains a challenge for this market limiting price discovery.
- The market is in the middle of a cycle of discounted entry presenting great opportunities for re-entry points due to the capital market corrections over the period.
- Limited demand for consumer and office related assets.

Infrastructure Equity

Attractive entry valuations underpin the structural growth of the market



- Pricing remains resilient as those assets continue to exhibit downside protection, being backed by contractual cash flow, providing higher ongoing yields as part of total returns.
- Attractive inflection point for new investors; mid-market being the sweet spot.
- Current market characterized by a significant supply-demand imbalance, favouring buyers.

Find out more

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



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