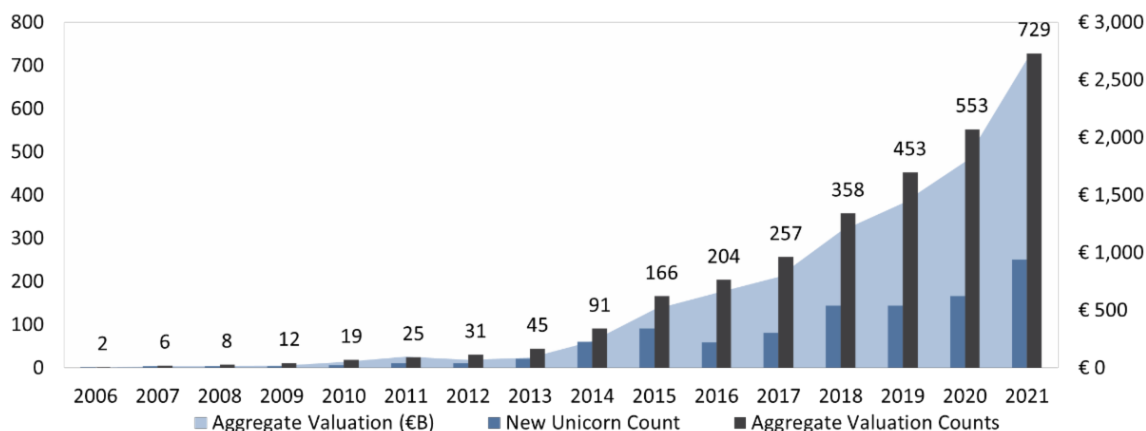


MARKET COMMENTARY

FIG. 1: Global unicorn deal activity (€B) by stage (€B)



Sources: Pitchbook, Q3 2021 market reports.

Over the past several weeks nearly every reportable observation across private equity markets has recorded all-time highs: deal volume, capital formation, and exit activity. While we are near most peaks on valuations as well, we are witnessing the fastest pace of value creation ever experienced in most of our lifetimes, inclusive of the Internet bubble of the late 1990s. After a torrid 18 months, there have been market rumors of investment bankers declining new business and private equity firms mandating junior staff to take time off.

Here's what we see on a macro level:

- **US PE dealmaking continued its record-setting pace in Q3 2021.** Year-to date (YTD), 6,004 deals closed for \$787.6 billion, surpassing the highest-ever full-year numbers,
- **The venture capital market exit value reached \$187 billion,** pushing the total for 2021 past \$582 billion—more than twice 2020's record figure, and
- **VC, PE growth, and buyout fund dry powder are at record levels.** Venture specifically had \$155.6 billion at the ready at the end of 2020 and more than \$470 billion in fund portfolio assets.

And to cite some more granular examples:

1. Collateralized loan obligation (CLO) issuance for 2021 remains on track to easily set an annual record—surpassing the \$503 billion issued in 2017, creating ample fuel to credit markets.¹
2. PE add-on activity is nearly three quarters of the market, exemplifying how large, sponsor-backed platforms seek to consolidate sectors aggressively.
3. Lastly, in the innovation economy, the quantum of unicorn creation has surpassed all known records, even netting out fallen angels.

Figure 1 provides some important perspectives. Not only does it illustrate where we are relative to historic trends but also shows the power of innovation in light of the pandemic economy.

† S&P Leveraged Commentary & Data

QUICK LINKS

- [House View Summary](#)
- [Q3'21 Macroeconomic Outlook](#)
- [Q3'21 Equity Outlook](#)
- [Q3'21 Fixed Income Outlook](#)
- [Q3'21 Private Equity Outlook](#)

This week's contributor: Andrew Murray

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