William Blair

In This Report

2024 Was a Record Year for Secondaries

Momentum Expected to Continue, According to Market Insiders

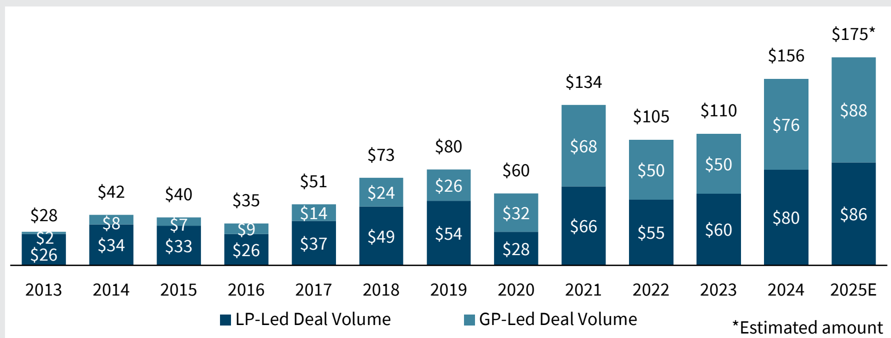
Highlights and Analysis From William Blair's Private Capital Advisory Team

2025 Secondary Market Report

William Blair Private Capital Advisory
2025 Secondary Market Report

The secondary market set records for both GP- and LP-leds in 2024, propelling expectations higher for 2025 and beyond.

Global Secondary Market Volume (in Billions)[1]



Broader Market Improves; Secondaries Improve More

2024 was an exceptional year for the secondary market, with volumes growing approximately 40% compared to 2023, notching an all-time high of $156 billion. That growth outpaced sponsor-related M&A volumes, which improved nearly 25% year-over-year, as well as global IPO activity, which fell 4% year-over-year.[2]

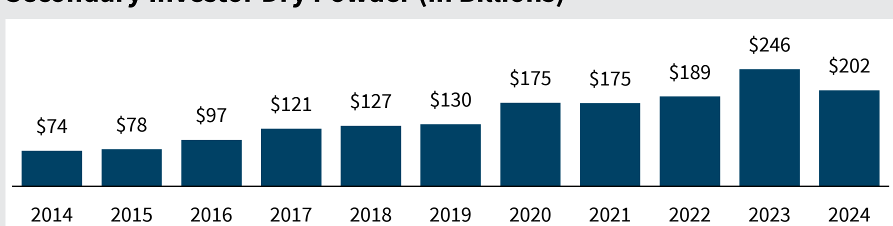
Market insiders who responded to William Blair's 2025 Secondary Market Survey are bullish about the coming year and predict $175 billion in total activity—13% higher than 2024's record total—led by a $12 billion jump in GP-leds. As we'll discuss, large investors are actively seeking to deploy recently raised capital, and new investors are emerging to meet the continued supply of transactions.

Demand, Supply Converge for Record Totals

A key driver behind the secondaries boom is increased demand. Secondary investor dry powder increased by more than 50% in the past five years and again exceeded $200 billion last year.[3] This trend has been supported by recent record fundraises across many of the largest secondary funds, including Ardian ($30 billion), Blackstone ($25 billion), Lexington Partners ($26 billion), HarbourVest Partners ($15 billion), and others, as well as capital flows into '40 Act funds managed by firms such as Hamilton Lane, Carlyle, Apollo, Ares, Pantheon, and StepStone Group, among others. Furthermore, an expanding cohort of market entrants is taking shape, which includes a variety of private equity firms, asset managers, and other recently formed independent secondary investment firms with direct investment experience.

The impact of capital formation on market activity has been significant. Investor capacity to make larger commitments to transactions as lead investors has grown significantly; simultaneously, the syndication market has also deepened, as check sizes have increased and new participants have emerged. These trends have supported efficient execution of larger transactions. Additionally, a new breed of investors employing narrower mandates focused on specific sectors or secondary transaction profiles has developed, enabling transaction activity targeting companies and situations that otherwise may not have come to market.

Secondary Investor Dry Powder (in Billions)[4]



1. Source: William Blair Estimates; 2025 William Blair Secondary Market Survey.
2. Source: S&P Global, "Private equity, venture capital deal value jumps 25% in 2024," January 14, 2025.
3. Source: Preqin.
4. Source: Ibid.

Meanwhile, the supply of transactions remains strong, as LPs continue to seek liquidity from their private market portfolios, and GPs recognize the benefits secondary transactions offer for their funds, LPs, and portfolio companies. The following report details trends from 2024 and looks ahead to 2025 with a focus on the GP-led market. We conclude with an analysis of respondents' bullish outlook—including predictions of $300 billion in secondary volume by 2030.

Large investors are actively seeking to deploy recently raised capital, and new investors are emerging to meet the continued supply of transactions.

Highlights and Analysis From William Blair's 2025 Secondary Market Survey

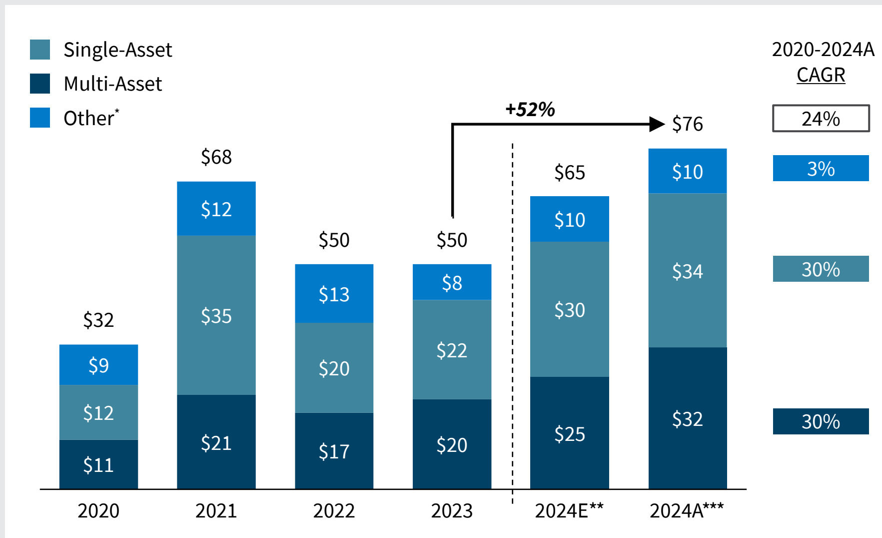
What's Behind the GP-Led Surge?

The GP-led market had a record 2024 in terms of volume and number of launched deals, supported by growing appetite from GPs and available capital. Volume grew for every transaction category under the GP-led umbrella, with single-asset continuation funds ("SACF") again emerging as the most popular structure, representing 45% of GP-led volume. SACF volumes were 13% higher than respondents to our previous survey expected and increased 54% year-over-year with a total of 73 in 2024.

An uptick in large multi-asset continuation funds ("MACF") was a key driver of 2024 volumes. While MACF volume was 28% higher than respondents to our previous survey expected and up 60% year-over-year, the number of MACF transactions brought to market declined to 33 in 2024, indicating an increase in average MACF deal size.

Other GP-led transaction structures such as annex funds, NAV loans, and strip sales grew in volume as GPs continue to seek innovative strategies to generate liquidity and provide growth capital for their portfolios.

Global GP-Led Secondary Market Volume by Deal Type (in Billions)



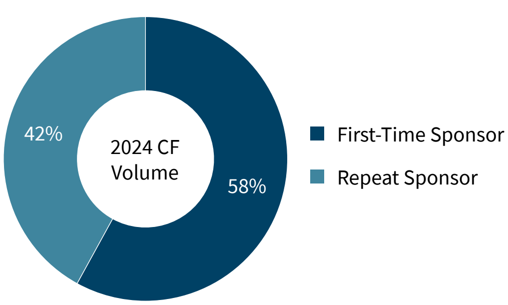
*'Other' includes annex funds, NAV loans, strip sales, and tender offers.
**Estimated total from 2024 William Blair Secondary Market Survey.
***Actual total from 2025 William Blair Secondary Market Survey.

Average Number of Deals Reviewed

	2023	2024
SACF	54	73
MACF	37	33

The Evolving Use of Continuation Funds

Continuation funds are increasingly becoming a favorable construct for GPs and their LPs, as these transactions enable DPI acceleration, create shareholder liquidity, raise follow-on capital for M&A and growth, and deepen LP relationships. Through favorable pricing and effective communication of transaction rationale to LPs, many GPs have generated successful outcomes and have recurring users of the continuation fund toolkit—our survey found that repeat sponsors represented 42% of 2024 volume.



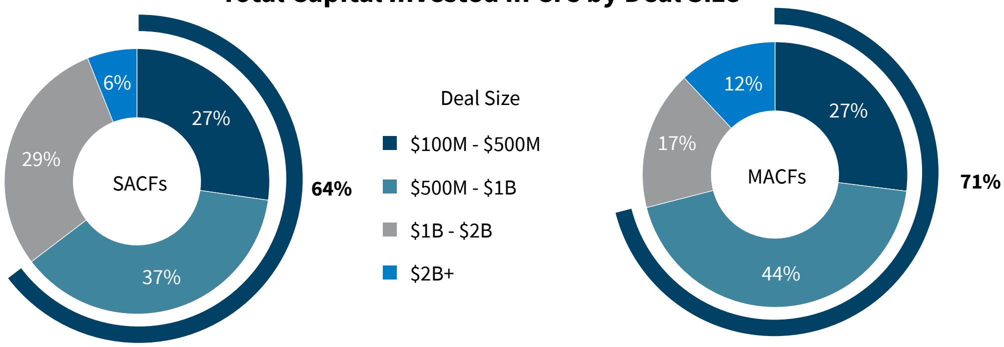
67% of large-cap GPs completed or marketed a GP-led secondary transaction

31% of midcap GPs completed or marketed a GP-led secondary transaction

Continued Strength in the Middle Market

Most of the capital invested in GP-led transactions in 2024 went toward the middle market and the lower middle market, with the trend especially pronounced when looking at share of deal count. Investors are drawn to the middle market as it offers a compelling combination of attractive potential returns, often lower entry valuations (when compared to large-cap transactions), strong GP alignment, and a multitude of paths to liquidity and exits.

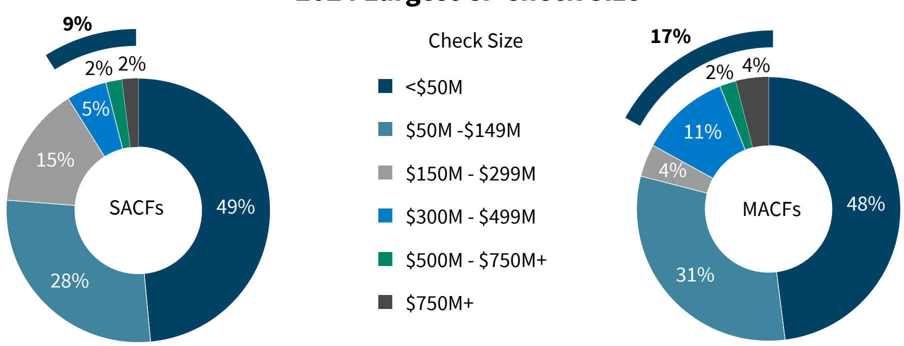
Total Capital Invested in CFs by Deal Size



Check Sizes Grow, Particularly for Diverse Transactions

With check sizes increasing last year, nearly twice as many investors made MACF commitments greater than $300 million, as compared to SACFs, demonstrating the relatively deeper pool of capital able to be deployed at scale for diverse transactions. At the same time, lead investors represented only about 50% of continuation fund transaction volume, according to survey respondents, as average transaction size continued to increase.

2024 Largest CF Check Size



Organic Growth Becomes Investors' Top Priority

Respondents' top investment criterion in 2024 was organic growth, unseating GP alignment, last year's top choice. Investors today are prioritizing asset quality, as demonstrated by the increased focus on asset-level characteristics such as organic growth, limited downside risk, and ability to exit. Still, GP alignment and relationship continue to be prioritized. Simultaneously, target returns for continuation funds stayed generally in line with recent expectations.

Most Important Transaction Criteria

	2023	2024	
1	GP Alignment With CF	Strong Organic Growth	▲
2	Strong Organic Growth	GP Alignment With CF	▼
3	GP Relationship / Angle	Limited Downside Risk	▲
4	Limited Downside Risk	GP Relationship / Angle	▼
5	Resilience Through Cycles	Exit Feasibility and Timing	▲

Target Returns for CFs

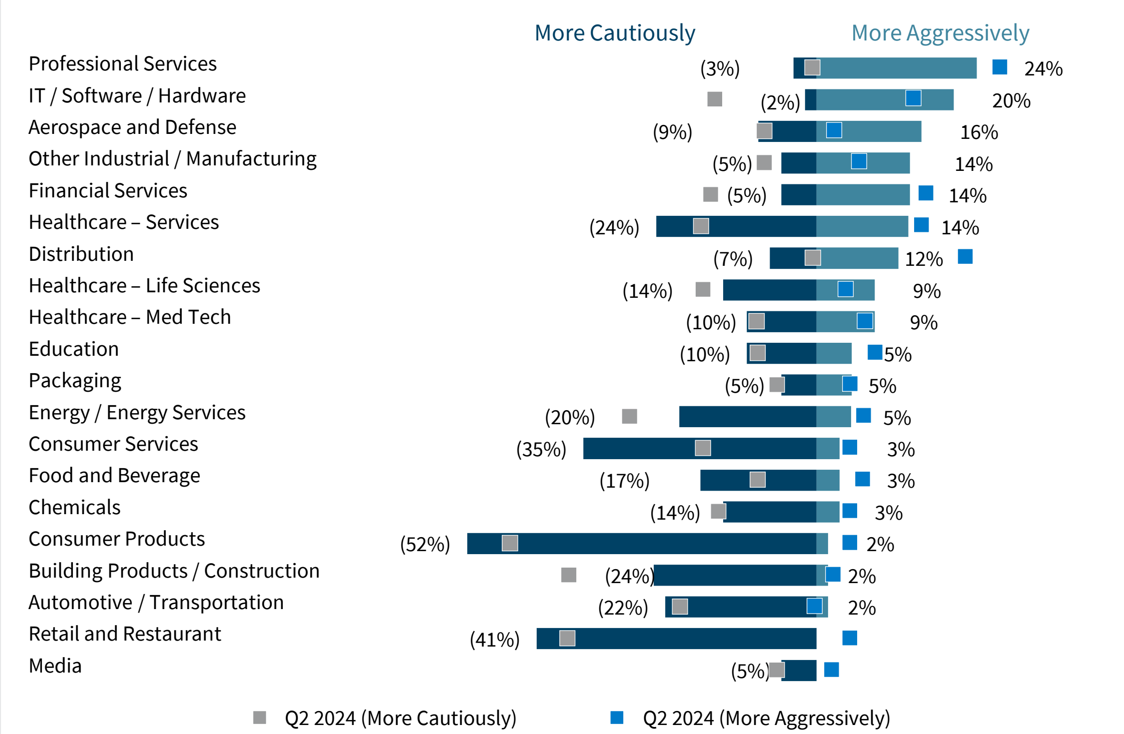
	Single-Asset CF		Multi-Asset CF	
	2023	2024	2023	2024
Net MOIC	2.2x	2.1x	1.9x	1.9x
Net IRR	21%	20%	18%	19%

Continued Evolution on Sector Preferences

Secondary investors continued to lean into professional services and IT/software/hardware and away from consumer products and retail/restaurant sectors. The favorable tailwinds in AI and digital transformation spurred increasing demand for software solutions, cybersecurity, and IT infrastructure. These businesses also continue to benefit from attractive margins and recurring revenue models, which naturally align with secondary investor preferences. Additionally, professional services business such as consulting, legal, and accounting firms continue to show resilience during times of economic uncertainty.

While these sectors continue to gain traction among investors, the overall market has been softer in first quarter 2025, driven by tariff concerns and public market volatility. The continued uncertainty may slightly impact the broader market, including those sectors on which secondary investors are bullish. Regardless of recent trends, factors such as inflation and its impact on consumer confidence and spending beyond the most affluent, labor costs, supply chain challenges, and higher interest rates have impacted the perception of certain pockets of the consumer products and retail/restaurants sectors. In addition, ongoing tech advancement and e-commerce growth continue to disrupt certain consumer products and retail businesses.

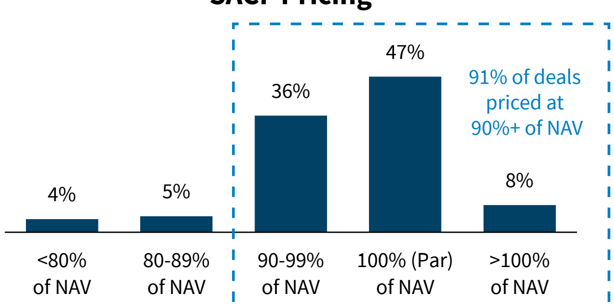
Investors' Latest Sector Preferences[5]



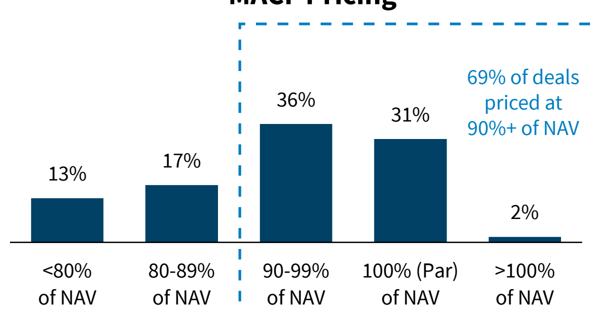
Overall Pricing Improves

Both SACFs and MACFs experienced pricing improvement compared to 2023. Of total SACF transactions in 2024, 91% priced at 90% of par or better, compared with 73% at that level in 2023. For MACFs, 69% of transactions priced at 90% of par or better in 2024, compared with 41% at that level in 2023.

SACF Pricing



MACF Pricing



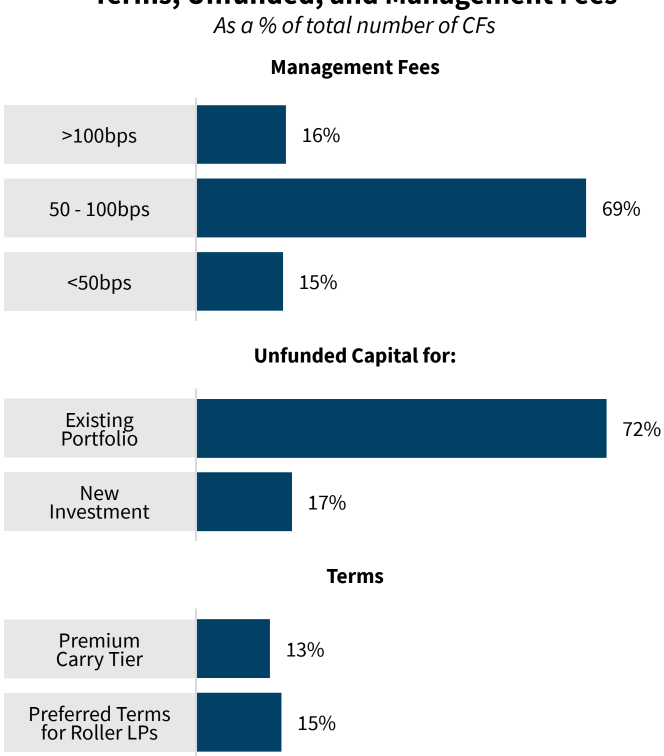
5. This chart includes data from William Blair's annual survey as well as data from a survey of 50-plus secondary investors conducted in Q2 2024.

Continuation Fund Terms

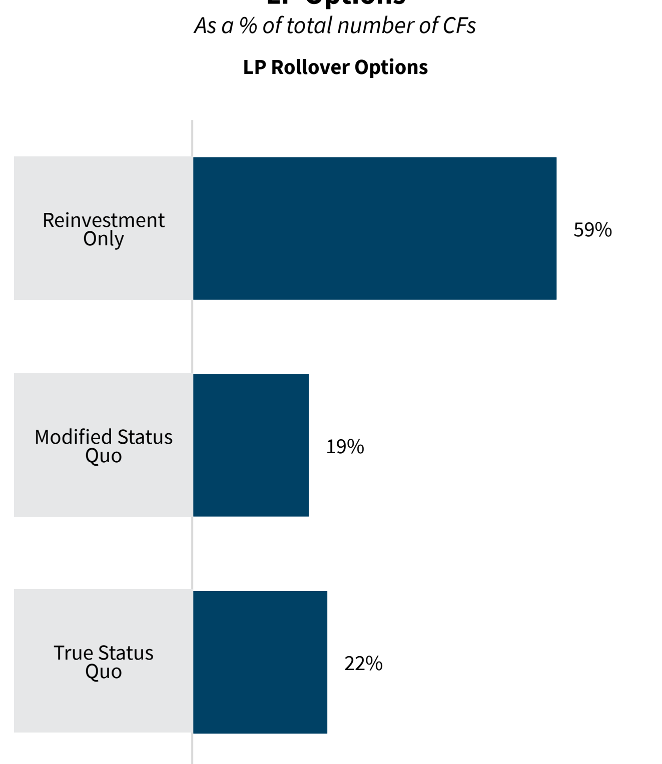
Continuation funds continued to offer GPs favorable economic terms while providing existing LPs a diverse set of rollover options.

While stapled commitments to a GP's flagship funds are generally uncommon, in 2024, approximately 60% of secondary investors in our survey committed primary capital to a private equity firm's new flagship following a continuation fund. The average primary commitment from secondary investors in these scenarios was approximately $15 million.

Terms, Unfunded, and Management Fees



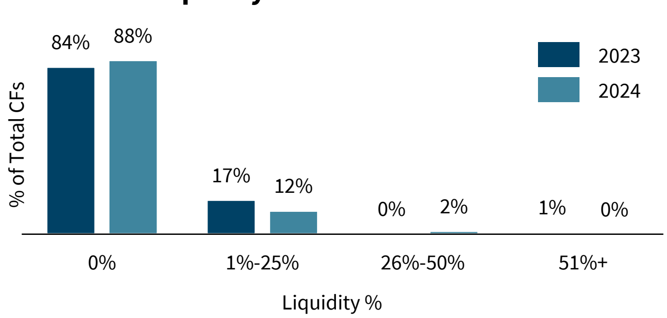
LP Options



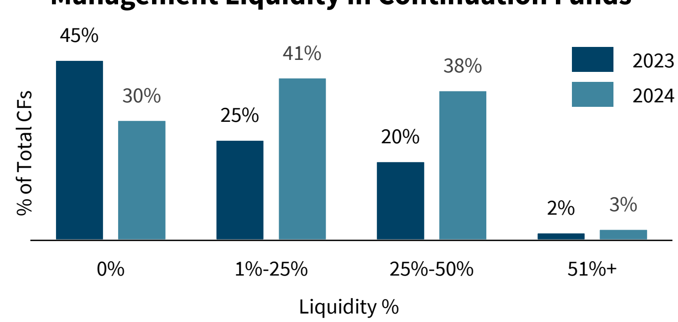
Investors Still Prioritize Alignment With GPs, Management

Nearly 90% of continuation fund deals involved active members of the GP rolling 100% of their available proceeds into the continuation fund. Additionally, 23% of SACFs saw the GP invest with their flagship fund alongside the continuation fund, and 50% of those deals involved GPs making an incremental commitment to the continuation fund. While alignment with management is a priority, we continue to see more flexibility for management team members to take material liquidity in continuation fund transactions.

GP Liquidity in Continuation Funds



Management Liquidity in Continuation Funds



Record 2024 for LP-Led Secondaries

With $80 billion in volume—effectively half the market—the LP-led market also set records last year.

In 2024, sellers enjoyed the best pricing environment since early 2022, largely driven by recent capital formation across the secondary market. Scaled LP portfolio purchases were able to serve as the foundation for recently raised closed-end funds, while allowing these groups to diversify around their recent GP-led transactions. At the same time, the proliferation and growth of '40 Act Funds spurred increased demand for large, diversified opportunities. While a popular sentiment holds that '40 Act Funds consistently outbid traditional funds in 2024, the distinction was largely moot: the majority of '40 Act vehicles exist under the same roof as traditional closed-end funds, and purchases are often syndicated across both structures.

Still, as compared with the opportunity set on the sell side and its breadth of underlying strategies, geographies, managers, and vintage profiles, there remains room for new entrants and certainly more capital on the buy side.

While deal flow briefly slowed in the early weeks of 2025, activity has picked up sharply, and we have good visibility into the pipeline of upcoming programmatic selling activity, spanning fund-of-funds, public and corporate pensions, and endowments. Further, the strong pricing environment has piqued the interest of potential first-time sellers, whether to wind down more mature investment programs or simply to gain experience, should they want to be prepared for a large-scale sale in the future.

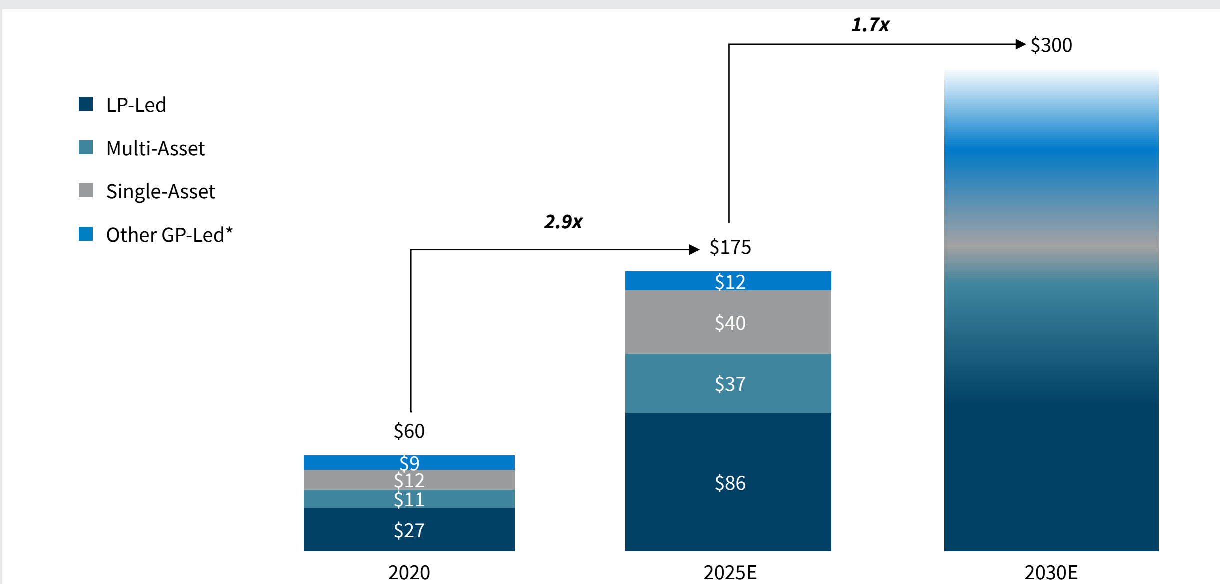
Projections of a $300 Billion Secondary Market by 2030

Investors in our survey believe the secondary market is still in its infancy, with predictions that volume will hit $300 billion by 2030. For some perspective, that would be nearly double 2024's record totals.

What's behind the bullishness? Investors see further adoption of continuation fund technology among large-cap (approximately 70% penetration)[6] and middle-market GPs (approximately 30%)[7] as well as a growing trend toward GPs as repeat, recurring issuers. Simultaneously, secondary investors have developed impressive track records due to strong continuation fund performances, resulting in larger successor fund sizes for existing investors as well as the entrance of new secondary investors.

That dovetails with a continual need for LP liquidity in private markets, particularly with the entry of more retail investors. Retail capital inflows are poised for more growth given the secular "democratization of alternatives," as well as the potential of opening up of the U.S. 401(k) market, valued in the trillions.

Global Secondary Transaction Volumes (in Billions)



*'Other' includes annex funds, NAV loans, and strip sales.

6. Source: William Blair Research conducted in late 2023.
7. Source: Ibid.

Learn More About What's Driving the Secondary Market

William Blair's Private Capital Advisory team would welcome the opportunity to share our perspectives and discuss how these market themes affect you. Please do not hesitate to contact us if you are interested in learning more about our survey or continuing the conversation about key themes in the market.

William Blair's Private Capital Advisory Team

Mike Custar
+1 332 262 2551
mcustar@williamblair.com

Quinn Kolberg
+1 332 262 2550
qkolberg@williamblair.com

Tom Marking
+1 332 262 2554
tmarking@williamblair.com

Kyle McManus
+1 212 237 2706
kmcmanus@williamblair.com

Jake Stuiver
+1 332 262 2577
jstuiver@williamblair.com

Appendix: Survey Details

From December 2024 through January 2025, William Blair surveyed 72 secondaries investors: 40% were dedicated secondary investors, nearly half (49%) were combined primary and secondary investors, and those remaining were opportunistic secondary investors.

Respondents included many of the largest secondary investors in the market, with approximately 50% of respondents having invested over $500 million in secondary transactions in 2024, and approximately 20% having invested over $1 billion.

Unless otherwise cited, all data in this report comes from the survey results. Total percentages in some charts may not foot due to rounding.

Investor Type