Authors

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

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

Dan DiSalvio
+1 332 262 2611
ddisalvio@williamblair.com

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

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

Tim-Oliver Seidel
+44 20 7297 4750
toseidel@williamblair.com

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

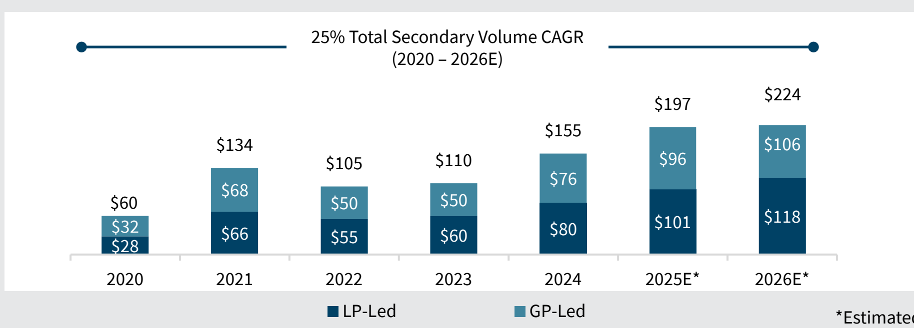
INVESTMENT BANKING

Secondaries' Rise—and the Push to Surpass $200 Billion

The secondary market seems poised to zoom past initial targets by the time 2025 ends and to set another record. More growth is expected in 2026.

The recent trajectory of secondaries is significant given that they were in their infancy less than a decade ago. Indeed, activity this year has reaffirmed secondaries' strong position in an era of relative macro volatility that has slowed M&A and IPO markets. Those markets have improved, but funds facing pressure to generate liquidity are increasingly turning to secondaries while secondary investors—who have raised record capital—face pressure to deploy to keep pace.

Global Secondary Market Volume ($ in Billions)[1]



That's a big part of why insiders expect that the market could reach and potentially exceed $200 billion before this year ends and get to at least $224 billion in volume in 2026.[2] Now, with just weeks remaining in 2025, we can reflect on a few themes of the past year:

- Last spring's tariff shocks didn't create a sustained pullback. GPs' and LPs' growing acceptance of secondaries and investor appetite proved durable, with the market pushing record levels in the first half and surging further in the second.
- The capital formation story is quickly accelerating as investors jockey for position in a growing market. Newcomers and incumbents continue to vie for capital in an ever-competitive environment.
- President Trump's August executive order[3] to allow 401(k)s to invest in private funds is a likely driver for future growth in secondaries, as we noted in William Blair's 2025 Secondary Market Report. At this stage, it's too early to measure the impact.

The following report looks back on recent activity with a focus on both LP-leds and GP-leds and considers what could be ahead for secondaries next year.

1. William Blair Estimates, 2025 William Blair Secondary Market Survey. Total percentages in chart may not foot due to rounding.
2. Source: William Blair Estimates.
3. Source: White House Presidential Actions: Democratizing Access to Alternative Assets for 401(k) Investors, August 7, 2025. A bill introduced in October by the U.S House of Representatives codifies the executive order.

Strong Year for LP-Leds—and Some Lessons

Last spring's tariff uncertainty now seems a distant memory for LP-leds after a busy summer and fall. But the months after "Liberation Day" provide lessons about our era of extreme pricing fluidity.

Pent-up activity surged into the market in early July and combined with the transactions that would have likely happened at that time anyway. One result was a great deal of pricing movement in July and August. That is a more common occurrence in the market of late and it shows the importance of working with advisors who have an up-to-date grasp on a dynamic pricing environment.

We would now characterize sellers as a bit more motivated than they were in September (see chart). A mid-October spate of launches portends a flurry of year-end sales, fueled by hefty secondary fundraising.

Understanding Secondary Market Pricing[4]

Seller motivation improved throughout 2025's second half and October saw a spate of launches in a good sign for more activity. Each move to the right on the chart below represents an increase of approximately 300 basis points.

Overall, LP-led volume in 2025 was a healthy, varied mix of portfolio profiles (both prime and tail-end), seller types (programmatic and first-time), and motivations (fund-of-funds winding down or creating liquidity events, active portfolio management), from all geographies (significant volume from sellers in North America, Europe, and Asia). Interest in credit secondaries increased from top buyers, in line with the growth of the primary direct-lending fund market.

Following Strong Multi-Asset Volumes, a Single-Asset Resurgence Looks Likely

For GP-leds, momentum continued to accelerate throughout 2025. There was a steady rise of multi-asset continuation fund transactions aimed at improving DPI—a persistent theme nearly five years after 2021's fundraising peak. Multi-asset continuation funds remain popular because they efficiently enhance fund performance while offering buyers diversification, a foundational factor for the market.

Multi-asset volume was robust in 2024 and 2025's first half. We expect that to be balanced by more single-asset transactions based on increased market activity in the second half of 2025 and with deals launched in recent months fueling single-asset volume growth in the first half of 2026. Many new entrants from the direct buyout community have publicly charted such a course, structuring their mandates around concentrated continuation fund opportunities.

All of that is possible because capital formation efforts are strengthening with significant fundraising targets from both newcomers and incumbents. '40 Act capital is also playing a major part in investors growing their check sizes, which in combination with previously mentioned drivers is reducing perceived syndication risk. Moreover, the number of investors able to write checks greater than $500 million is steadily growing, further limiting any perceptions of possible hung transactions.

Strong Year for LP-Leds—and Some Lessons

4. Source: William Blair Estimates. For illustrative purposes only.

Looking Ahead to More Growth in 2026

Clearly, growth appears to be on the agenda for 2026—and despite secondaries' strong run this decade, there appears to be room for continued growth.

Despite the strong showing in recent years, only a small percentage of LPs are aware of or active in LP-led secondaries. But secondaries' potential as a tool in active portfolio management—and not their dated and misplaced reputation as a haven for distressed LPs—gains ground every time a high-profile deal is announced. Simultaneously, the GP-led market has continued to prove its utility and as more investors enter the fold and LPs grow only more accepting of the technology we should see more of the steady increase in pacing that has characterized the market in recent years.

All of this said, the secondary market is growing but small relative to the global M&A market. More capital is on the way, as evidenced by direct buyout groups forming secondary strategies; pensions, endowments, sovereign wealth funds, and family offices increasingly committing to transactions; and the growing role of '40 Act funds. Those factors, along with falling interest rates and 401(k)s investing in private funds, set the stage for a strong 2026.

Looking Ahead to More Growth in 2026