



2026 Private Markets Outlook: Executive summary

December 2025



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For 2026, we see three macro themes emerging: **broadening**, **steepening** and **weakening**.

Broadening reflects our conviction that investment opportunities across regions and asset classes are expanding. **Steepening** refers to yield curves, where falling short-term interest rates should incentivize many investors to move out of cash holdings and into risk assets, including equities, credit and duration fixed income. **Weakening** regards the US dollar, which we think augurs well for emerging debt and equity markets, and is also an important development for portfolio management and hedging strategies.

As we examine 2025 and consider the new year ahead, we see a backdrop of new highs in US equity markets, a resumption of the Federal Reserve's rate-cutting cycle and still-stubborn inflation. Geopolitical risks around the world remain elevated, with the markets still digesting the impact of trade tariffs and their long-term implications. Based on the current market backdrop, we see the following opportunities in private markets.

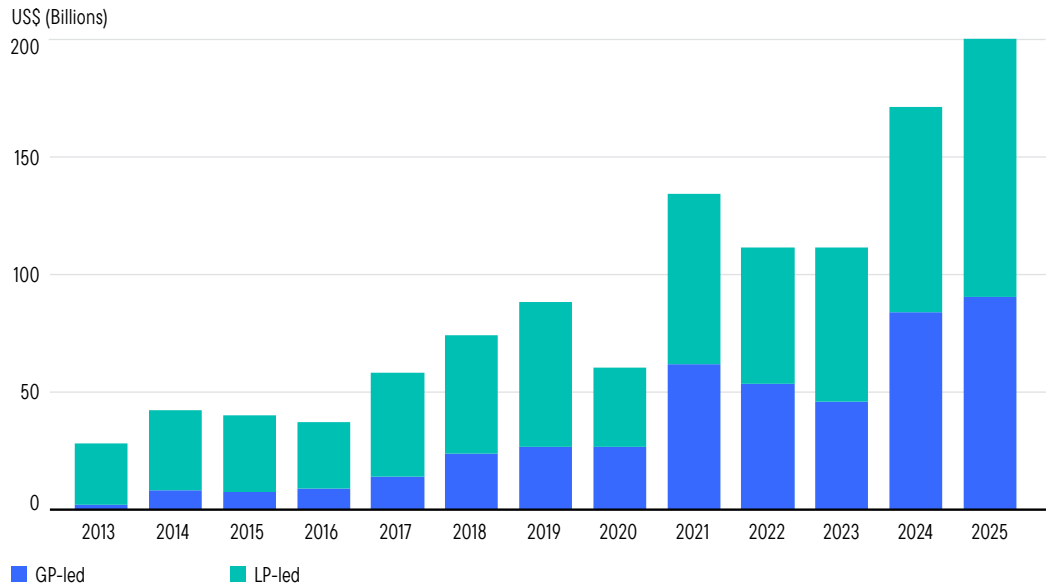
Private equity: While exits have picked up, and valuations are down, we still favor secondaries due to attractive fundamentals and their built-in structural advantages. Institutions and family offices still need liquidity to meet their needs. From an investor perspective, secondaries have several built-in structural advantages that are particularly important in today's market environment, including shortening the J-curve and returning capital to investors quicker, and diversify holdings across vintage, general partner (GP), geography, industry and stage (venture capital, growth and buyout).

In recent years, we have seen an acceleration of both limited partner (LP)-led and GP-led transactions. Since 2015, secondary transaction volume has grown fivefold, with the proportion of GP-led transactions increasing from 18% in 2015 to an anticipated 45% in 2025 (see Exhibit 1).

LP-led transactions help institutions seeking liquidity, and GP-led transactions include both single-asset and multi-asset continuation vehicles (CVs). Single-asset continuation vehicles (SCVs) have emerged as an attractive exit option. With the initial public offering market experiencing ongoing weakness and traditional exit routes remaining subdued, these vehicles enable sponsors to provide liquidity to existing investors while maintaining exposure to high-conviction assets.

Exhibit 1: Secondary Market Has Grown Rapidly and Offers More Opportunities

Secondary Market Transaction Volume: GP-Led vs. LP-Led



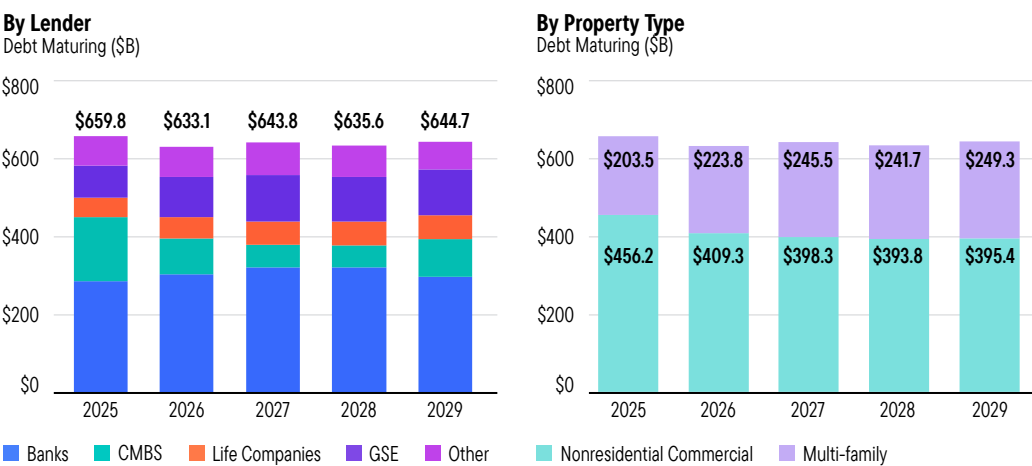
Source: Mizuho Greenhill. As of June 30, 2025, representing estimates for full year of 2025. The secondary transaction volume for the year 2025 is projected to reach US\$200 billion, comprising US\$105 billion recorded in the first half of the year and an estimated US\$95 billion for the second half according to Mizuho Greenhill. There is no assurance that estimates materialize as predicted. **GP-led transactions** are those initiated by the general partner (GP) of a fund. A GP is an individual or entity responsible for managing a private equity fund. **LP-led transactions** are those initiated by the limited partners (LPs) themselves. An LP is an investor who provides capital to a private equity or venture capital fund. LPs are not involved in the day-to-day management of the fund.

Private credit: In 2024, nearly 60% of global flows were allocated to direct lending; however, in 2025 deal flow (comprising of 38% of capital raised) slowed dramatically.¹ Consequently, direct-lending spreads have compressed, and there are growing concerns about future performance. While direct lending seemed to be late cycle, we find more attractive opportunities with asset-based finance (ABF) and commercial real estate (CRE) debt, which have their own unique risk, return and correlation characteristics.

Our favorite investment in private credit is CRE debt due in large part to the “wall of debt” that will need to refinance in the next several years. After the collapse of Silicon Valley Bank in 2023, regional banks have been reluctant to lend capital, which has left a void in the marketplace. The real estate market has significant refinancing needs, with an estimated US\$2.6 trillion in real estate debt expected to require refinancing between 2026 and 2029 (see Exhibit 2).

1. Source: PitchBook. As of June 30, 2025.

Exhibit 2: Wall of Debt Maturities for Commercial Real Estate Loan

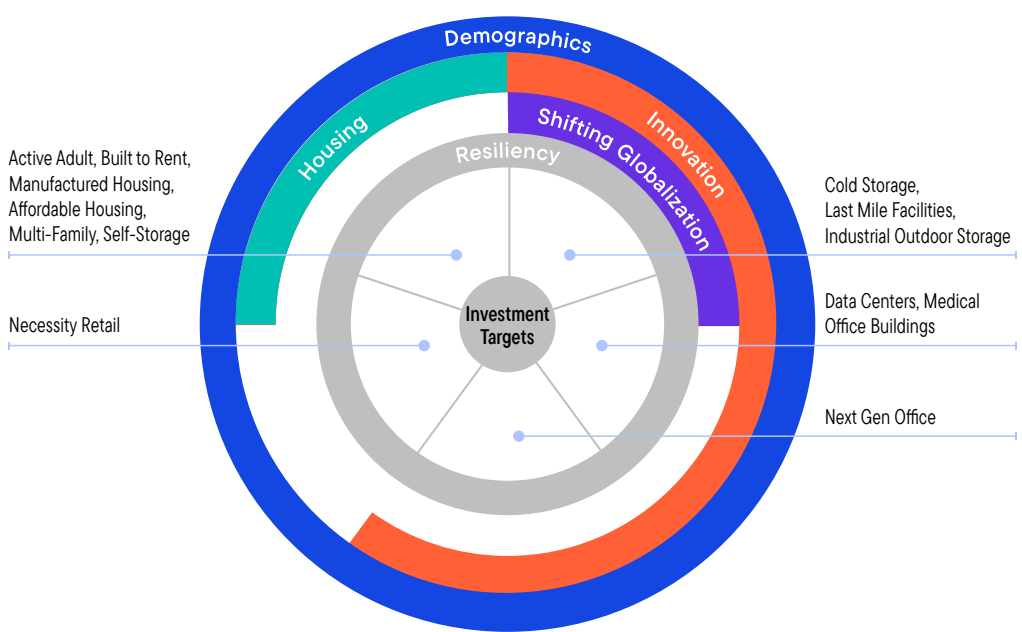


Multi-family and office sectors hold the largest outstanding debt, with offices facing ongoing stress and potential declines in valuation. This environment creates opportunities for lenders of capital. With more realistic valuations, lenders may be presented with more attractive returns.

Real estate: Real estate valuations are down substantially from their 2021 peak, due to various headwinds and concerns about the office sector. In fact, many properties are now available below their replacement costs. We continue to have concerns about the office sector, but believe that multi-family, industrials and other sectors can provide attractive opportunities.

We think there will be a few themes that will play out in the next several years, namely, demographics, innovations, housing, shifting globalization and resiliency. The macro-themes create opportunities across the real estate market.

Exhibit 3: Macro Themes Offer a Large and Diverse Investment Opportunity Set



Source: Clarion Partners Investment Research.

Multi-family: This sector sits at the center of the demographic change and need for housing. Millennials and Gen-Z have unique needs and tastes for housing. As baby boomers retire and downsize, this is driving demand for age-targeted housing. Historically low housing affordability, driven in part by high mortgage rates but structurally by low supply, is increasing demand for the rental market.

Industrial warehouse: The strong demand and performance of this sector is likely to continue, in our view. Steady consumption growth, buoyed by the higher earnings of the digitally native Millennial and Gen-Z cohorts, should drive e-commerce and thus warehouse demand. This sector should also benefit from the shifting trade patterns that have led to reshoring and onshoring manufacturing.

Senior housing and medical office: Aging demographics and the resultant need for specialized care will drive growth and demand in senior housing facilities across independent and assisted living, as well as medical office buildings and specialty outpatient health care facilities. The same trend, coupled with technological innovation, will, over the long run, drive the life sciences sector, which includes biotechnology, pharmaceuticals, medical devices and genome research, among other areas.

Necessity retail: As Millennials and Gen-Z enter their prime earning and spending years, necessity retail properties will likely benefit, alongside e-commerce. This will be positive for grocery stores and necessity formats. Technological advancements in omnichannel retail are driving demand near consumers, and we expect this trend to continue.

Infrastructure: We believe infrastructure represents an emerging opportunity, and see the most attractive opportunities in digital infrastructure, decarbonization, deglobalization and demographics. Digital infrastructure includes data centers, fiber optics and cell towers. Decarbonization and energy transformation reflects the growing emphasis on climate change and the need to respond and rebuild. Deglobalization is a trend reflecting the need to reshore our supply chains and logistics; demographics is the need to respond to population growth in certain regions, and aging demographics in others.

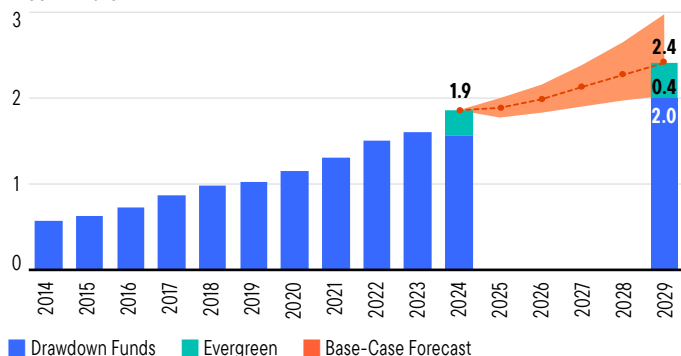
According to PitchBook, assets under management (AUM) in global real assets are forecast to grow 5.4% annually, reaching US\$2.4 trillion by 2029—with about 75% in infrastructure (see Exhibit 4). Advances in artificial intelligence, the energy transition and shifting global trade are driving increased demand for real assets and boosting investor confidence.

Exhibit 4: Forecast for Real Assets AUM and Composition

Real Assets AUM Forecast (in USD Trillions)

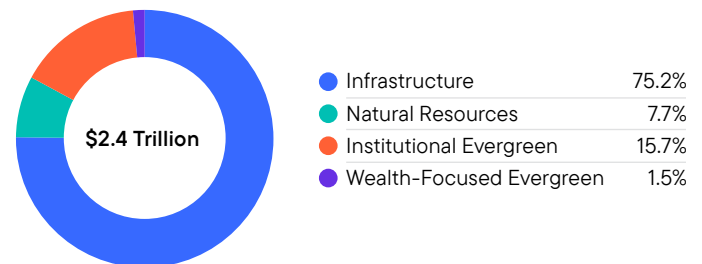
Estimates as of April 14, 2025

In USD Trillions



Share of Base-Case 2029 Real Assets AUM Forecast by Sub-Strategy

Estimates as of April 14, 2025



Source: PitchBook. Notes: "Region" is global. PitchBook's forecasts as provided in "2029 Private Market Horizons" report. Historical data does not include evergreen structures. Forecasts as of April 14, 2025. There is no assurance that any estimate, forecast or projection will be realized.

Globally, regions are intensifying investment in infrastructure to address economic growth, climate imperatives and technological change. Digital infrastructure requires robust local and global communication systems spanning wireless, wired fiber and data centers. As internet and data demand escalates, we expect the need for investment across these subsectors to increase substantially.

Conclusion

We see attractive opportunities within private markets in the year ahead. There will be some areas that face considerable headwinds, while others will benefit from structural changes underway. Our highest-conviction ideas are private equity secondaries, commercial real estate debt, real estate and infrastructure.

In our view, manager selection will be critical in distinguishing among the winners and losers, where we anticipate a larger dispersion of returns. We also believe there will be a big difference in deploying capital today versus older vintages (2020–2023).

We expand on this executive summary in our complete [2026 Private Markets Outlook](#).

As always, to learn more please visit **Knowledge Hub | Alternatives by FT**. And if you haven't already done so, please subscribe to the **Alternative Allocations podcast series** to hear from industry experts about allocating capital.

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Glossary of terms

Assets under management (AUM):

The total market value of investments managed by a financial institution or individual on behalf of their clients. It helps assess the scale and scope of a manager's operations and investment capabilities.

Duration: An indication of how sensitive a bond's price is to changes in interest rates. It reflects the weighted average time it takes to receive all cash flows (interest and principal) from a bond. Generally, the higher the duration, the more a bond's price will fluctuate when interest rates change. Duration helps investors assess interest rate risk and manage their bond portfolios accordingly.

Collateralized loan obligation (CLO):

Structured financial products that pool corporate loans and sell them to investors in different risk categories known as tranches. CLOs allow banks to reduce regulatory capital requirements by selling large portions of their commercial loan portfolios to international markets, reducing the risks associated with lending.

Continuation vehicle: A secondary structure where general partners transfer assets from a maturing fund into a new vehicle, enabling the retention and

reinvestment in high-quality assets. Continuation vehicles can provide liquidity options and potentially enhance returns by allowing GPs to manage assets beyond the initial fund term.

General partner (GP): An entity responsible for managing a private fund, making investment decisions and overseeing operations. Understanding the role and responsibilities of the GP helps evaluate the management team's capabilities and potential for generating returns.

Exit: In the context of private credit, exit refers to the final stage of an investment project, wherein an investor ends their involvement.

J-curve: An illustration of the trajectory of a private asset fund's cash flows and returns over time, characterized by initial negative returns followed by positive returns as investments mature. Understanding the J-curve assists in effectively managing liquidity and meeting capital calls during the early stages of the investment.

Limited partner (LP): An entity that invests capital in a private fund but does not participate in its day-to-day management.

Primaries: Investments are made directly in newly formed private equity funds to gain exposure to privately held companies.

Secondaries: Private equity secondaries are transactions that offer liquidity solutions to owners of interests in private equity and other alternative investment funds.

Vintage: In private markets, vintage refers to the year in which a private fund begins investing its capital. The vintage year is important because it provides context for evaluating a fund's performance relative to market conditions at the time investments were made.

Yield curve: A chart depicting interest rates against bond maturities, typically for government bonds. A normal upward slope means longer-term bonds pay higher yields. If the curve flattens or inverts, it may signal economic uncertainty or an upcoming recession. When the yield curve steepens—meaning the difference between short-term and long-term rates widens—it often reflects expectations of stronger economic growth or rising inflation. Investors and policymakers use the yield curve to gauge economic conditions and inform decisions.

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Investment strategies involving private markets (such as private credit, private equity and real estate) are complex and speculative, entail significant risk and should not be considered a complete investment program. Such investments viewed as illiquid and may require a long-term commitment with no certainty of return. Depending on the product invested in, such investments and strategies may provide for only **limited liquidity** and are suitable only for persons who can afford to lose the entire amount of their investment. **Private investments** present certain challenges and involve incremental risks as opposed to investments in public companies, such as dealing with the lack of available information about these companies as well as their general lack of liquidity. There also can be no assurance that companies will list their securities on a securities exchange, as such, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on an investor's ability to dispose of them at a favorable time or price.

Diversification does not guarantee a profit or protect against a loss.

Risks of investing in **real estate investments** include but are not limited to fluctuations in lease occupancy rates and operating expenses, variations in rental schedules, which in turn may be adversely affected by local, state, national or international economic conditions. Such conditions may be impacted by the supply and demand for real estate properties, zoning laws, rent control laws, real property taxes, the availability and costs of financing, and environmental laws. Furthermore, investments in real estate are also impacted by market disruptions caused by regional concerns, political upheaval, sovereign debt crises, and uninsured losses (generally from catastrophic events such as earthquakes, floods and wars). Investments in real estate-related securities, such as asset-backed or mortgage-backed securities are subject to prepayment and extension risks.

Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. Changes in the **credit rating** of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default.

Equity securities are subject to price fluctuation and possible loss of principal. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks.

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