



The Private Markets Brief: Insights from Lexington Partners

2026 Secondary Market Outlook

March 2026

Looking back at 2025

Secondary market deal flow set a new high watermark in 2025, with transaction volume exceeding \$240 billion, a 48% year-over year (YoY) increase.¹ This represents the first-time secondary deal volume has exceeded \$200 billion, reflecting a broad-based rise in selling activity across both LP-led and GP-led transactions as market participants sought to manage liquidity needs in the absence of a meaningful improvement in exit conditions.

2025 unfolded against a backdrop of heightened macro and policy uncertainty shaped by currency volatility, rapid advances in artificial intelligence, and shifting trade and geopolitical dynamics. While public markets reflected these developments with immediate and often pronounced reactions, private markets generally adjusted more gradually.

We believe this divergence highlighted the growing importance of private capital as companies continue to stay private longer and often rely on deeper pools of long-term capital. Within private equity, a broad-based rebound in M&A and IPO activity failed to materialize, distributions remained below historical averages, and fundraising conditions continued to challenge many sponsors. In this environment, we believe the secondary market played an important role, helping bridge the gap between long-term investment horizons and evolving liquidity needs for both investors and sponsors.

Partnership Transactions

GP-Led Transactions

	Accounted for ~52% of volume, a 44% YoY increase, as investors continued to embrace the secondary market as a portfolio management tool. ¹
	While overall pricing remained relatively stable, dispersion increased meaningfully across strategies, vintages, and portfolio maturity.
	After a brief pricing dip post "Liberation Day," markets stabilized, with high-quality buyouts trading at tighter discounts and increased supply creating attractive entry points for secondary buyers.

	Accounted for ~48% of volume, up 53% YoY, as a well-capitalized secondary market supported new liquidity solutions for fund sponsors and their limited partners. ¹
	Single-asset continuation vehicles accounted for ~53% of GP-led volume, underscoring their position as one of the fastest-growing segments of the secondary market.
	As sponsors face continued pressure to generate DPI and manage growing fund NAVs, we expect continuation vehicles will continue to serve as a core portfolio management tool in the years ahead.

Looking forward

Despite a more optimistic outlook for 2026 in the exit market and increased sponsor activity, we believe the stage is set for a significant, multi-year opportunity for the secondary market. With unrealized NAV projected to expand significantly and distributions unlikely to return to prior levels absent a meaningful improvement to the exit environment, Lexington believes the secondary market is poised for continued growth and compelling investment opportunities. We believe the rapid expansion of both partnership and GP-led transactions underscores the secondary market's strategic importance within private markets. This momentum is supported by a growing base of buyers and increasing pools of dedicated secondary capital, providing critical liquidity for sellers and sponsors.

Ultimately, we believe that the secondary market's growth highlights not only its relevance today, but also its potential to remain a core pillar of private markets going forward.

Reflects Lexington's views as of March 2026 (unless otherwise noted) which are subject to change without notice. [1] Source: Jefferies Global Secondary Market Review, January 2026. There can be no assurance that historical trends presented, referenced or implied herein will continue. To be read in conjunction with the Important Disclosures.

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