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For Immediate Release

## GREENHILL'S SECONDARY MARKET ANALYSIS RECORD VOLUME FOR THIRD CONSECUTIVE YEAR

DALLAS, January 31, 2020 – Greenhill & Co., Inc.'s Capital Advisory team, a leading advisor focused on the secondary market for alternative assets, has released its *Global Secondary Market Trends & Outlook* for January 2020. The report highlights another strong year of secondary transaction volume, which grew to a record high of \$88 billion in 2019.

2019 marked the third consecutive year of record transaction volume, exceeding the previous high of \$74 billion in 2018. Volume growth was driven in-part by the continued prevalence of large transactions, as 23 deals of \$1 billion or greater were completed in 2019, including the largest LP portfolio sale in secondary market history (over \$5 billion). “Secondary transactions of \$1 billion or greater are being completed with greater frequency than ever before,” noted Stephen Sloan, Head of Greenhill’s Capital Advisory practice. “Buyers have become increasingly creative in how they capitalize these large transactions, including the use of leverage, structuring, and/or equity syndication,” added Sloan.

Despite the year-over-year increase in transaction volume, aggregate pricing for LP transactions declined for the second straight year. The average high bid for all strategies was 88% of net asset value, representing a decrease of 400 basis points from the prior year. The report notes that this softening in pricing can be partially attributed to a general decrease in buyer risk appetite amid concerns of a slowing distribution environment and full asset valuations. “Given the abundance of transaction supply and aggressive capital deployment over the past twelve months, buyers have been increasingly selective as they evaluate new opportunities,” noted Sloan.

The report also highlights a narrowing gap between demand and supply, as measured by the capital overhang ratio of near-term available capital (demand) to trailing twelve months transaction volume (supply). The capital overhang ratio declined from 2.6x at the end of 2018 to 1.8x in 2019, representing its lowest point since 2012. However, the report points out that the secondary market is sufficiently capitalized for the first half of 2020 and beyond, as several of the largest secondary funds are actively raising capital and others are expected to return to the fundraising trail in late 2020 or early 2021. “While we see no near-term constraints on capitalization, the market will either need new entrants to emerge or fundraising to accelerate in order to keep pace with the sustained growth in supply,” noted Sloan.

Since 2005, Greenhill has provided insights into the development and state of the secondary market to better help institutional investors and fund sponsors evaluate and manage their alternative asset portfolio. This report represents Greenhill's 16<sup>th</sup> annual review of the secondary market, and includes an analysis of the universe of funds marketed on behalf of its clients in 2019, along with market data from leading sources such as Preqin and PEI.

The full report is available to institutional investors upon request on Greenhill's website ([www.greenhill.com](http://www.greenhill.com)).

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