

The Future of Private Equity

September 1, 2025

As we progress through the second half of 2025, Proskauer's private equity team has continued to engage closely with clients and industry stakeholders on the evolving opportunities and challenges shaping the global private equity landscape. Through regular dialogue across the UK, US and continental Europe, we are seeing clear trends emerge in strategy, structure and value creation.

These conversations span capital deployment, liquidity solutions, GP-led secondaries, AI integration, cross-border deal structuring and the shift towards long-term operational transformation. While macro headwinds remain, we are seeing resilience and adaptability across the market, supported by increasingly innovative solutions at both fund and portfolio company level.

Here are 10 key themes shaping the private equity market now and in the future:

1. Liquidity pressure and strategic secondaries

Exit markets remain patchy, with IPOs limited and trade buyers selective. Sponsors continue to turn to continuation vehicles, partial secondaries and NAV financing to create liquidity and manage holding periods. These tools are now widely accepted by LPs - but require careful structuring to manage conflicts, pricing and governance.

2. Sponsor-led value creation

In a world of higher financing costs and lower multiple expansion, sponsors are doubling down on operational improvement. Legal strategy is increasingly aligned with the value creation plan - whether through platform build-outs, carve-outs, bolt-ons or incentive plan design. Strong legal execution is now a direct lever of value.

3. Technology and AI as enablers

AI is moving from buzzword to business case. From due diligence and deal sourcing to portfolio optimisation, sponsors are embedding AI across the lifecycle. Legal advisers are being called on to advise on data governance, IP protection and regulatory boundaries - particularly in sectors like fintech, healthtech, edtech and industrial automation.

4. Deal structuring innovation

Sponsors are showing increased appetite for flexible deal structures - including minority stakes, growth equity, and joint ventures. We're also seeing more hybrid instruments and bespoke equity solutions in competitive auctions. These demand tighter documentation, clear downside protection and alignment mechanisms.

5. Geopolitical landscape

In an increasingly volatile geopolitical landscape marked by shifting international relations and unpredictable trade tariffs, private equity investors are pivoting toward service-oriented businesses—such as the business services sector—over traditional goods-based enterprises. As a result, due diligence processes are becoming more rigorous, with heightened scrutiny on how evolving regulations may impact cross-border operations and long-term investment viability.

6. Convergence of terms with public markets

We are seeing greater alignment between private equity and public market governance norms. LPs are requesting clearer reporting, more defined performance metrics and stronger ESG accountability. While still private, the best GPs are running increasingly transparent shops.

7. US and global investor interest in Europe

US sponsors are increasingly active in European markets - attracted by lower entry multiples, strategic sectors and favorable deal dynamics. With the UK, France and Germany all offering good opportunities, sponsors are also navigating different regulatory and cultural expectations across jurisdictions - making local expertise essential.

8. Exit optionality as a competitive advantage

Sponsors are putting greater emphasis on exit strategy at the point of acquisition. Dual-track processes, sell-down rights, staged exits and co-investment unwind mechanics are now regular features in shareholder arrangements - all designed to preserve flexibility and maximize realizable value.

9. Fund consolidation and specialization

We are seeing a bifurcation in the market: larger managers are becoming multi-strategy platforms, while others are narrowing focus by sector, region or strategy. Both models can work - but success depends on alignment between GP ambition and LP appetite, underpinned by disciplined execution.

10. Competitive intensity drives structural creativity

With dry powder still abundant, competition for quality assets remains fierce. Legal innovation is often the differentiator - whether through warranty and indemnity cover, bespoke equity terms or creative management participation. In this environment, legal execution must be commercial, creative and precise.

We continue to work closely with our clients across private capital to navigate these trends and support solutions that align strategy, structure and long-term value creation. For more insights or to speak to one of our team, please contact your usual Proskauer relationship partner or visit our [Private Equity](#) page.

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