

# The Deal Dam is Breaking

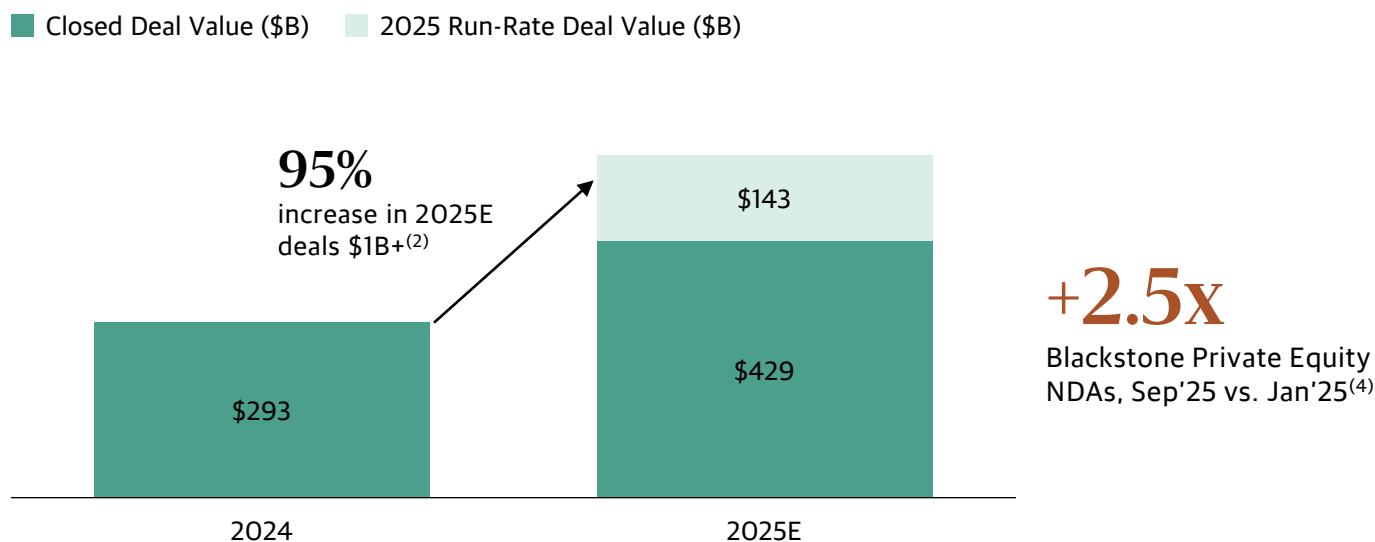
## Top Questions on Private Equity’s Momentum Surge

As Blackstone President and COO Jon Gray recently said, “the deal dam is breaking.” Private equity transactions have been accelerating with rates falling, inflation moderating, and cost of capital declining. Here we explore the expanding opportunity set, the powerful tailwinds driving returns, and why we believe the current environment presents a compelling moment to invest.

### Q. What’s driving momentum in deal activity?

- Momentum is being driven by:
  - **declining cost of capital: -170bps** high-yield spread tightening over the last two years – as base rates and inflation have also declined<sup>(1)</sup>
  - **strong operating fundamentals: +9%** Q3 YoY revenue growth for Blackstone Private Equity U.S. portfolio companies<sup>(2)</sup>
  - **healthier exit markets** that return capital for redeployment: **+100%** US IPO volume<sup>(3)</sup> 3Q25 YoY
- Larger deals (\$1B+) are up sharply, now representing +50% of YTD activity compared to about one-third last year

### Private Equity Deal Activity (\$1B+)<sup>(3)</sup>



Note: **Past performance does not predict future returns.** The information herein is provided for educational purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Recipients should consult their own financial advisers regarding the information herein.

(1) FRED, ICE BofA US HY Index OAS Spread. October 28, 2025

(2) Blackstone proprietary data as of September 30, 2025 from 76 Blackstone Private Equity portfolio companies; FMV-weighted % change with company percentages capped at 100%. Excludes select public investments, select FIG investments, certain new investments, investments where YoY growth rates are not comparable due to divestitures and certain other companies for which timely forecasts are unavailable

(3) Pitchbook Q3 PE Breakdown, 2025 Geography: US. Represents activity for deals over \$1 billion in size. Run-rate deal activity assumes Q4 2025 equals ¼ of the annualized total of the prior three quarters.

(4) Blackstone Private Equity deal NDAs logged as of September 30, 2025.

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## Q. What areas represent the most compelling opportunities for deployment?

- As the world's largest alternative asset manager, Blackstone's scale and breadth give us unmatched visibility across markets, sectors, and geographies. This vantage point enables powerful pattern recognition, allowing us to spot emerging trends early and invest with conviction
- We are investing at scale in key thematic areas such as Digitization, AI & Data Generation, Energy & Power Demand and Franchisors

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### AI & Data Generation



AI innovation and a rapid increase in cloud computing/streaming/data are driving demand for digital infrastructure

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### Energy & Power Demand



Reshoring of manufacturing, data center growth, and electrification of vehicles are driving electricity demand

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### Franchisors



High-growth businesses with strong brands, attractive economics, and resilient, capital-light business models

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### Digitization



Global transition to digital platforms has changed the way we shop, work, and live

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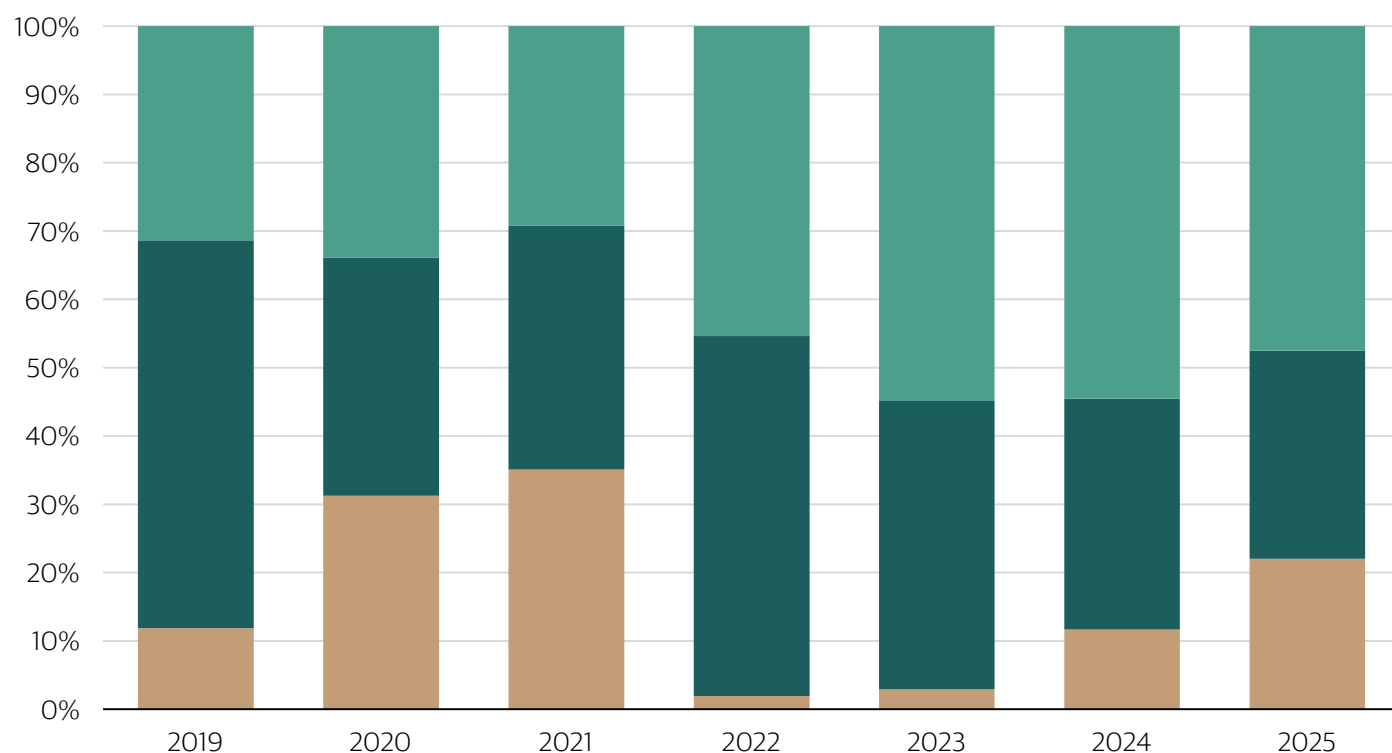
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## Q. What trends are shaping the exit market?

- We are seeing a clear bifurcation in the market: what is selling are scaled, high-quality businesses
- Large-scale private equity exits, or those over \$1 billion, are on pace to increase 2.3x versus 2024 levels. These transactions are disproportionately benefiting large managers as over 75% of all exits YTD have been in these scaled deals<sup>(1)</sup>
- Blackstone completed two IPOs – including its largest U.S. major control offering since 2021 and another in Spain – and has built a substantial pipeline that could make 2026 one of the firm’s largest years for issuance
- Beyond IPOs, Blackstone continues to execute a mix of sponsor sales, strategic sales, secondary transactions, partial-stake sales, and carve-outs

### Share of PE Industry Exit Value by Type<sup>(2)</sup>

■ Corporate Acquisition   ■ Sponsor Acquisition   ■ Public Listing



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(1) "US Private Equity Breakdown", Pitchbook, Q2 2025.

(1) KBW as of September 30, 2025.

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