

How Private Equity's Exit Backlog Is Reshaping the Buyer's Market

September 2026



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The 33,575-company global PE exit backlog could represent an historic buying opportunity with up to approximately **\$20 trillion in enterprise value** - nearly 30% of estimated S&P 500 market value. That scale creates a historic opportunity for secondary investors, continuation vehicles and PE firms with dry powder and differentiated conviction.

Key Takeaways – Exit Backlog, CV, and Buyer Opportunity

- 1 PE exit backlog equals nearly 30% of S&P 500 market cap**

33,575 unsold companies represent approximately \$20.1 trillion in enterprise value—nearly 30% of the S&P 500—underscoring the historic scale of the opportunity.
- 2 Aging portfolio company holds and 15-year fund lives are shifting the balance toward capable buyers**

Nearly 3,905 U.S. PE-backed companies have been held for six years or longer, while the median life of a private equity fund has **risen to 15 years**. As sponsors face pressure to improve DPI, fundamentally sound businesses may become available on more actionable terms.
- 3 Dry powder can translate into a higher price—and a decisive edge—vs. secondary buyers or strategies**

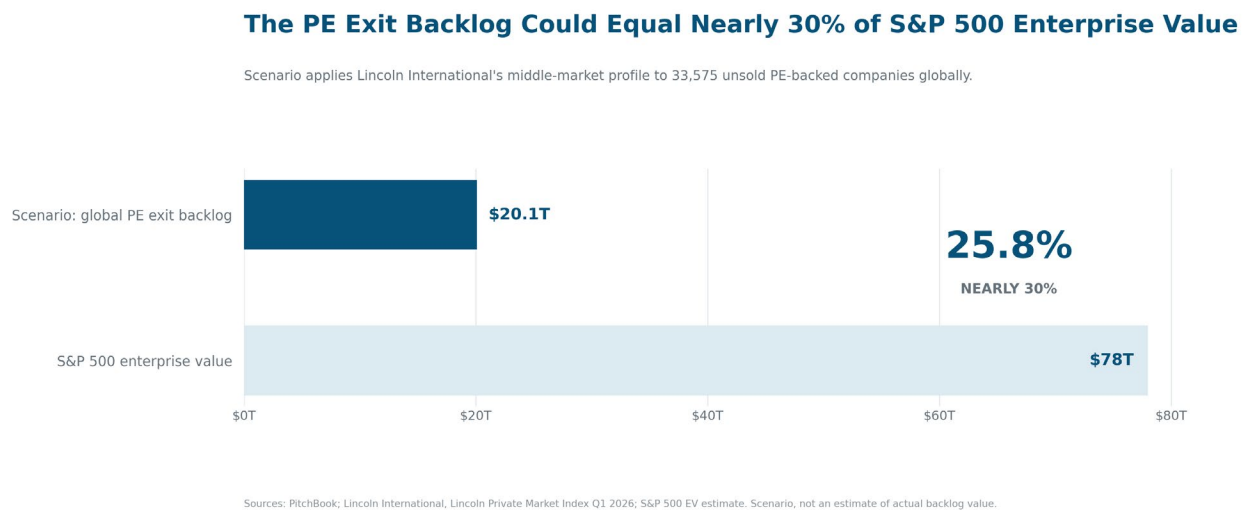
Continuation vehicles are effective and have commercial value, but are **not one-size-fits-all**. PE firms with dry powder can apply a fresh analytical framework, underwrite a more creative value-creation plan and, where conviction supports it, pay a higher price.

A Private-Market Universe Approaching 30% of the S&P 500 Market Cap

The private equity exit backlog is typically framed as a liquidity problem. **It is one.** But viewed from the other side of the transaction, it may also represent one of the largest pools of potential acquisition value in private equity history.

As of June 30, 2026, private equity firms held 33,575 unsold companies globally. Lincoln International tracks approximately 1,800 sponsored middle-market companies with median EBITDA of roughly \$50 million to \$60 million. Applying an enterprise-value multiple of approximately 11.5x implies an average enterprise value of about \$600 million per company.

Figure 1: The Nearly 30% Opportunity



Applying that profile to the global backlog produces an illustrative value of approximately \$20.1 trillion, equal to 25.8%, or nearly 30%, of the S&P 500's estimated \$78 trillion enterprise value. This is a scenario, not an estimate of the backlog's actual value, because Lincoln's middle-market universe excludes both the largest companies and smaller add-ons. Nevertheless, it demonstrates the extraordinary scale of value potentially sitting within the exit pipeline. A more conservative case, based on Bain's \$3.8 trillion of unrealized equity value and a 50% debt-to-enterprise-value assumption, implies approximately \$8 trillion, or 10.2% of S&P 500 enterprise value. Even under that scenario, the opportunity is substantial.

The Backlog Is Becoming a Sourcing Environment

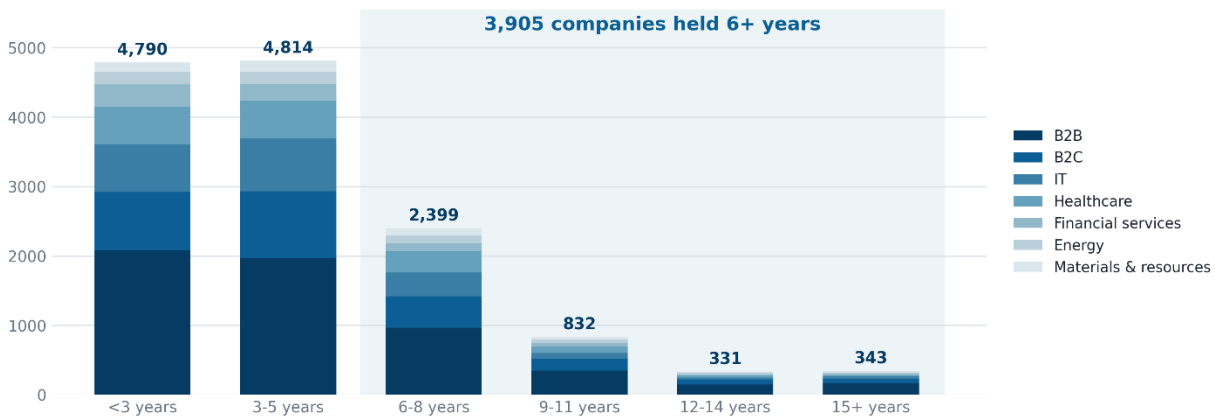
The inventory has accumulated because the traditional private equity loop - acquire, improve, exit and return capital - has slowed due to inflation, changing consumer trends, tariffs, and high capital costs. Valuation gaps remain wide, the IPO market has reopened only selectively, and financing costs remain materially higher than during the zero-rate era. The result is a growing global backlog and longer holding periods. Within the United States alone, the PE-backed inventory reached 13,509 companies at midyear 2026.

Of the U.S. inventory, 3,905 companies, or 29%, have been held for six years or longer.

Figure 2: Age of U.S. PE-Backed Inventory

Nearly 3,905 U.S. PE-Backed Companies Have Been Held 6+ Years

PE-backed company inventory by sector and holding period



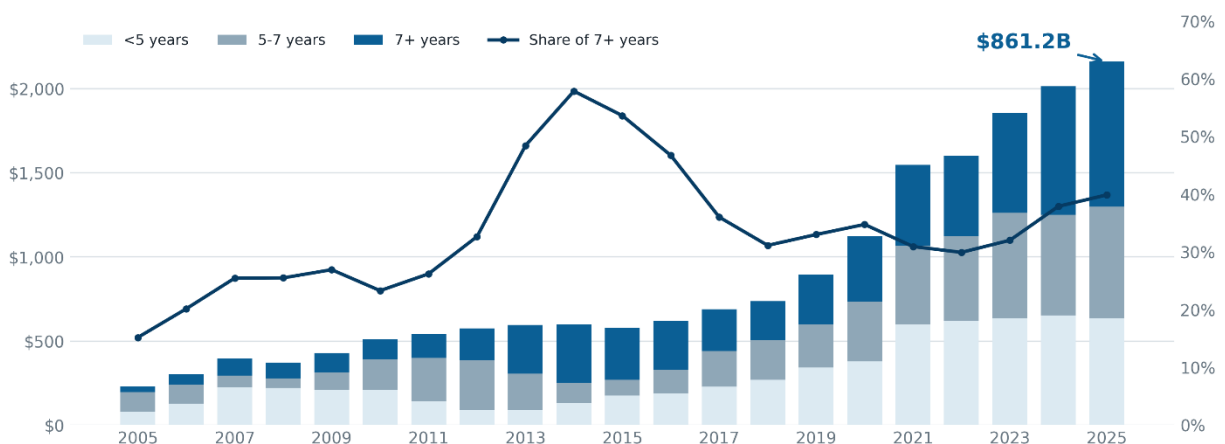
Source: PitchBook (as of June 30, 2026).

At the fund level, buyout NAV in vehicles more than seven years old reached a record \$861.2 billion at year-end 2025, 2.8 times its 2015 level.

Figure 3: Aging Buyout NAV

Aging Buyout NAV Has Reached a Record \$861.2 Billion

Buyout NAV by fund age; share represented by funds more than seven years old



Source: PitchBook (as of December 31, 2025).

Those figures matter because time changes the priorities of both sponsors and LPs. The traditional 10-year private equity fund is becoming increasingly uncommon: according to Jefferies, the median

life of a private equity fund has risen to 15 years. Kroll data also indicate that returns tend to stagnate after eight years before declining as holding periods extend, while distributions to investors as a percentage of portfolio value are near a 16-year low. As funds age, distributions become more important, fundraising pressure intensifies and the value of a clean, executable exit rises.

That does not mean the entire backlog is distressed or immediately available. Some companies are high-quality assets whose owners are deliberately waiting for a better exit window. Others may need more capital, a refreshed strategy or more focused operational attention. The opportunity lies in distinguishing between businesses that are impaired and businesses whose ownership structure or hold period has simply run its course.

Why Competitive Buyers Can Gain an Edge

Continuation vehicles have become an important release valve for sponsors seeking liquidity while retaining exposure to assets they believe still have upside. In 2025, continuation-fund-related exits reached a record 158 globally. The process can be highly effective: it can generate liquidity for existing LPs, preserve ownership of a favored asset and provide additional time and capital for value creation. But it is not one-size-fits-all. Price discovery, LP elections, conflict management, financing and the need to validate an extended hold can reduce flexibility and narrow the range of possible outcomes. Bain reports that 20% of limited partners are reducing their buyout allocations because of liquidity pressures or concerns about returns.

A PE firm with dry powder can approach the same asset from a different position. It is not bound by the incumbent sponsor's original thesis, ownership history or continuation structure. It can apply a fresh analytical framework, form a different view of risk and upside, and design a more creative plan around management, growth, operations, capital structure and strategic repositioning. Where that differentiated conviction supports greater future value, the buyer may be able to offer a higher price while also delivering immediate liquidity, transaction certainty and a clean ownership transition.

Figure 4: Buyer Paths to Liquidity

Two Paths to Liquidity - With Different Tradeoffs

Illustrative comparison of a third-party sale and a continuation vehicle

	THIRD-PARTY SALE	CONTINUATION VEHICLE
Liquidity outcome	Immediate proceeds to the selling fund	Liquidity offered through an LP election
Ownership transition	Clean transfer to a new owner	Existing sponsor retains ownership and control
Execution	Traditional sale process; price and closing certainty matter	Requires valuation, conflict management, financing and LP elections
Future upside	Seller generally gives up future upside unless it retains a stake	Sponsor and rolling investors retain future upside
Potential buyer advantage	Can deliver a market-clearing price and a definitive DPI outcome	Adds time and capital when the sponsor's value-creation plan is unfinished

Note: Outcomes vary by transaction structure, asset quality, pricing and LP elections. Comparison is illustrative.

This is where the scale of existing PE backlog becomes strategically important. Secondary funds and continuation-vehicle investors can pursue assets where additional time and capital are the clearest solution. PE firms with dry powder can pursue a broader set of situations, especially where a fresh perspective, flexible structuring or a more ambitious operating plan supports a higher valuation. Buyers do not need to treat the backlog as a single trade. They can target sectors where they have pattern recognition, identify durable businesses and concentrate capital where their distinct view of possibility and value creation gives them an edge.

The Best Assets Will Still Be Competitive

A backlog approaching 30% of the S&P 500's enterprise value does not automatically translate into bargain pricing. High-quality businesses will continue to attract multiple bidders, and sponsors will resist crystallizing losses where they believe additional time can restore value. But this is precisely why dry powder matters. A well-capitalized PE buyer that sees more value – or sees a different path to creating it – may be able to compete at a higher price than buyers operating within a narrower framework. The opportunity is not a broad distressed sweep; it is a large, competitive and highly nuanced buyer's market.

Winning buyers are likely to share four characteristics:

- **Sector conviction:** A clear view of which revenue streams, customer relationships and competitive advantages can endure through the next ownership cycle.
- **Price discipline:** The ability to separate a compelling company from an attractive investment and to underwrite returns without relying on multiple expansion.
- **Speed and certainty:** Flexible capital, focused diligence and the capacity to close when a seller's need for liquidity becomes actionable.
- **Transformation capability:** Operating resources that can accelerate growth, strengthen management, improve execution and fund the next phase of value creation.

From Exit Problem to Acquisition Opportunity

The defining feature of today's private equity market is not simply that exits are delayed. It is that 33,575 companies now sit inside a global exit backlog that, under a reasonable middle-market scenario, could represent up to approximately 30% of the S&P 500's total enterprise value. Few periods in private equity history have presented buyers with an opportunity set of comparable breadth, scale and strategic variety.

Continuation vehicles will remain an important part of the solution, particularly when incumbent owners have strong conviction in the next phase of an asset's growth. But they are one path – not the only answer for every company. For PE firms with dry powder, the backlog creates an opportunity to bring independent judgment, flexible capital and a new value-creation framework to assets whose current ownership cycle may have run its course.

That difference in perspective can translate into a higher price for sellers and a stronger path forward for the company. In this market, dry powder is more than available capital: paired with conviction, creativity and execution capability, it can win the day.

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The estimated enterprise value of the S&P 500 and the comparison with the global private equity backlog are based on ZCG analysis using publicly available market data and certain illustrative assumptions. The approximately \$20.1 trillion backlog value is a scenario and should not be interpreted as an estimate of the backlog's measured value.

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