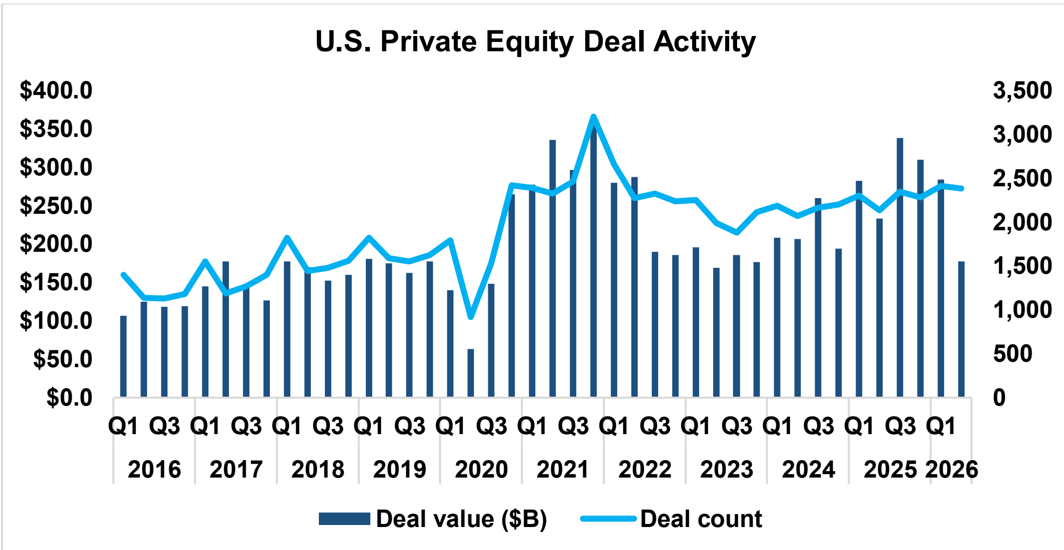
2Q 2026
Private Equity
Market Update

About Us

Calabasas Capital is a boutique investment banking firm focused on serving lower middle-market privately held companies, including family-held businesses, emerging growth companies, and woman-owned businesses. We specialize in sell-side and buy-side mergers, sales and acquisitions and we raise private equity and debt capital.

U.S. Private Equity Deal Value Down

According to PitchBook, the total value of U.S. private equity deals in 2Q 2026 dropped 38% sequentially from 1Q 2026 and 24% YOY as compared to 2Q 2025. The number of PE deals, however, increased 1% sequentially and 12% YOY.



The significant drop in deal value was a result of a combination of factors, including:

- Uncertainty regarding future Fed policy with not only no more rate cuts, but talks of the possibility of rate hikes,
- Rampant inflation fueled by spikes in energy costs due to the Iran war,
- Wider credit spreads, and
- The AI-driven ‘SaaSpocolypse’.

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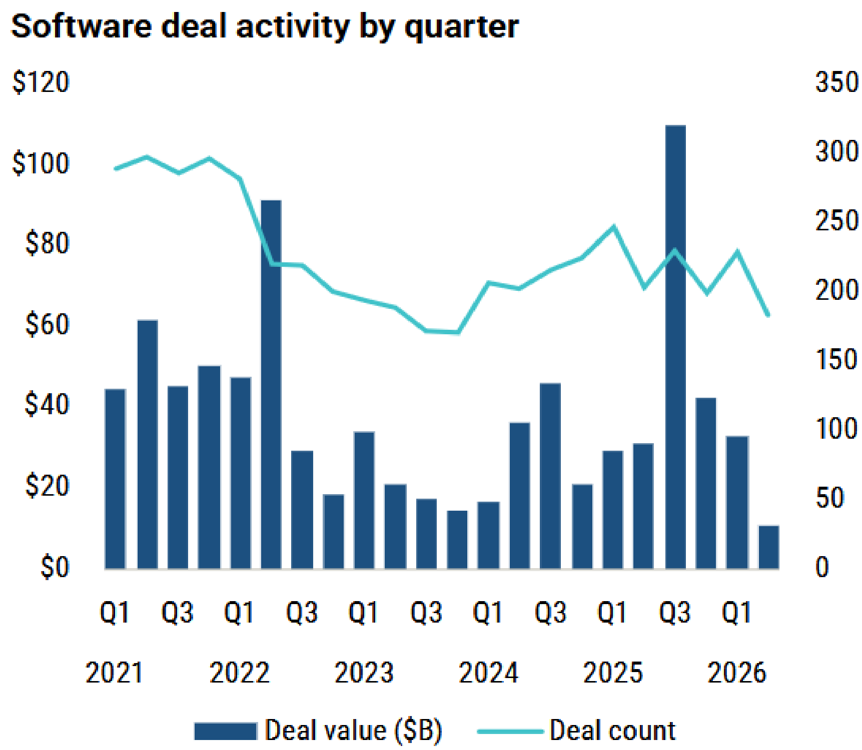
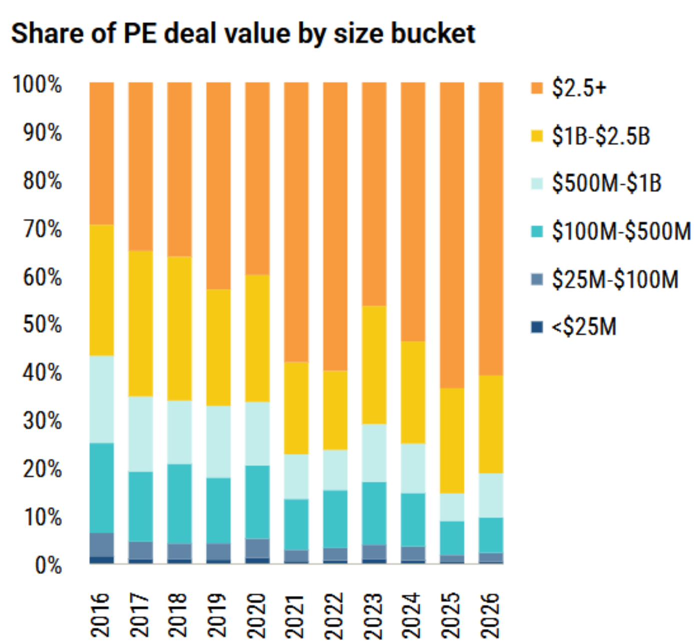


According to PitchBook, in 2Q 2026 estimated total private equity software deal value dropped 66% YOY to $10.7 billion.

Large Deals Still Dominated

The headline numbers however mask how the lower middle market is still recovering. US. PE deals over $2.5 billion represented 60% of all U.S. PE deal value in 2Q 2026 while all deals of $1 billion or more represented approximated 80% of total deal value, according to PitchBook.



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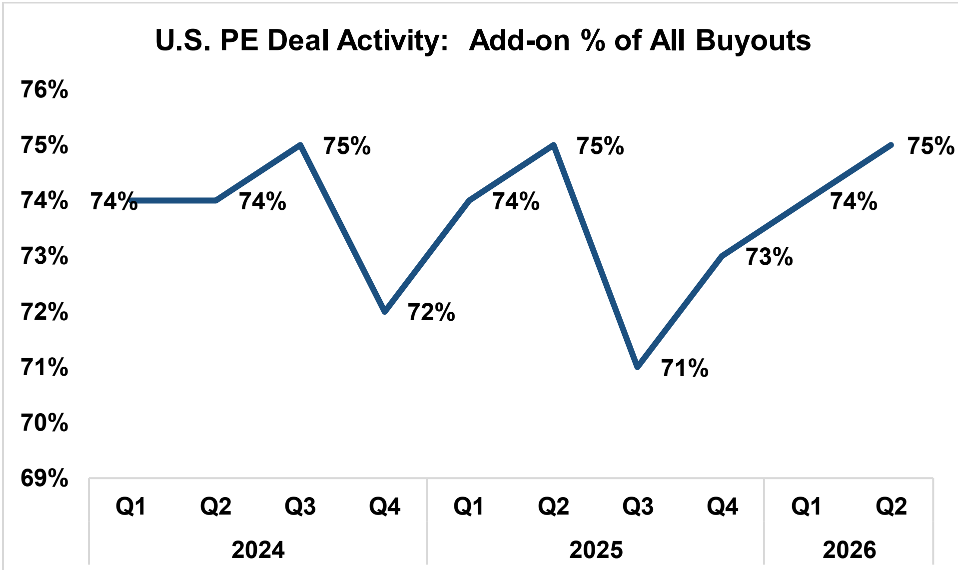
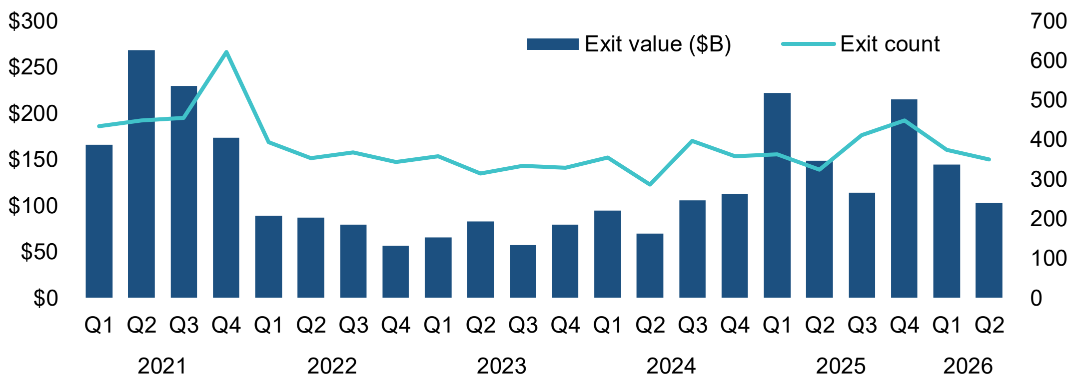
Add-Ons Still Dominate the Lower Middle Market

Add-on acquisitions continue to represent the vast majority of the number of U.S. PE transactions (75% in 2Q 2026). Acquiring platforms is much easier at the large end of the market, where lenders remain more comfortable being aggressive. There also are just not enough high quality platforms available in the lower middle market as we have observed in our conversations with sponsors.



U.S. Private Equity Exits Way Down

According to PitchBook, the value of PE exits in 2Q 2026 was down 29% QoQ compared to 1Q 2025 and down 31% YoY vs. 2Q 2025. The $103 billion worth of exits in 2Q 2026 was the lowest amount since 2Q 2024.



Source: PitchBook: 2Q 2026 U.S. Private Equity Breakdown.

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