

# UBP Private Markets Outlook

---

Quarterly | November 2025



MARKETING COMMUNICATION

UNION BANCAIRE PRIVÉE

# Quarterly Commentary



**Kayte  
Hodgson**

Senior Investment Specialist,  
Private Markets Group

Global private markets closed Q3 2025 with renewed activity and selective momentum across private equity, alternative credit, real estate and infrastructure. One common factor is, however, clear: niche opportunities require expert managers to source, underwrite and execute.

Private equity deal volumes saw a healthy increase over the quarter, with around USD 537 billion of private equity investment adding to the USD 1.5 trillion of investments within the first nine months of 2025<sup>1</sup>. Transaction levels are slightly lower than previous quarters, but there seems to be evidence of sizeable deal windows opening for experienced, niche investment managers.

Real estate markets showed sector dispersion in Q3 2025: on the one hand, deal volumes increased in sectors such as industrials, logistics and multi-family, whilst offices remained stressed, creating selective buying opportunities for those managers able to find differentiated ways to generate value from struggling assets, both in terms of equity and alternative asset-backed credit strategies.

In the first half of 2025, private infrastructure fundraising reached USD 134.3 billion, a significant increase on the same period in 2024, and, according to PEI's LP survey, over one-third of respondents plan to allocate more capital to the asset class over the coming year<sup>2</sup>. This is a positive signal that, despite geopolitical tensions, tariff increases and the resulting market uncertainty which has generated some headwinds for private markets, infrastructure remains a resilient anchor in investors' portfolios.



1 - KPMG Private Equity Pulse Q3 2025.

2 - PEI Infrastructure Investor LP Perspectives 2025.



Hippolyte  
Abriol

Head of Private Equity,  
Private Markets Group

# Private Equity

## SMALL IS BEAUTIFUL: WHY MID-MARKET BUYOUTS DELIVER BETTER RETURNS WHEN BIGGER ISN'T BETTER

In September 2025, Electronic Arts, maker of gaming blockbusters, became the centrepiece of the largest private equity-funded buyout in history. An investor consortium including Saudi Arabia's sovereign wealth fund, Silver Lake Partners, and a firm backed by Jared Kushner, valued the deal at a staggering USD 55 billion. It is the kind of mega-deal that dominates the headlines, yet the real value creation in private equity happens in the middle market, namely companies with revenues of between USD 10 million and USD 250 million.

The performance advantage is clear: over the past decade, mid-market private equity funds have delivered returns that beat large-cap funds by 5–7% per year<sup>3</sup>. The likelihood of achieving returns exceeding 2.5 times your initial investment is significantly higher in lower-mid-market funds<sup>4</sup> returns that are far less common among large funds.

This outperformance is not luck – it is structural. Mid-market companies typically sell at valuations that are 16–25% lower than large-cap deals<sup>5</sup>. When you combine cheaper entry prices with operational improvements, mid-market deals achieve 25% greater multiple expansion<sup>6</sup> from purchase to exit than mega-deals.

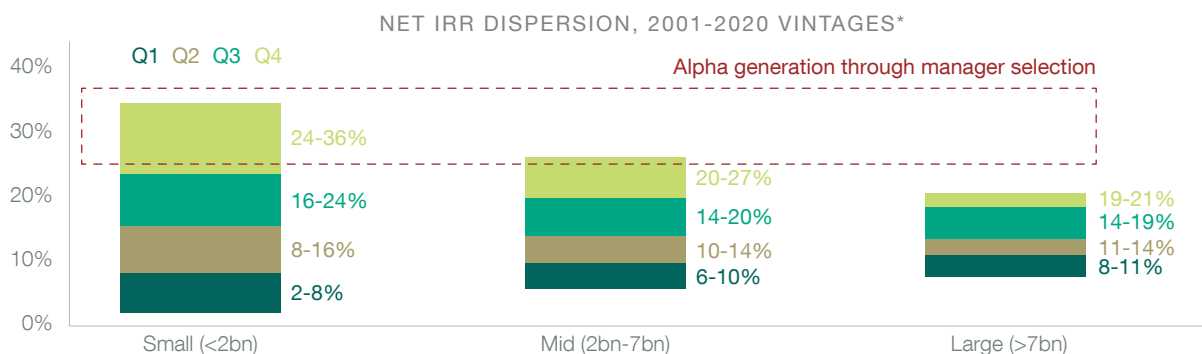
This presents a hidden ocean of opportunity: 92% of private companies fall into the middle-market category, yet 74% of all private equity capital chases just 8% of companies at the top end<sup>7</sup>. When dozens of the world's largest funds compete for the same target, prices inflate and returns compress, whereas the middle market remains comparatively uncrowded, allowing disciplined investors to find genuine value.

There is also a powerful demographic trend at work. Over 50% of US small and mid-sized businesses are owned by 'baby boomers' approaching retirement<sup>8</sup>, yet only 34% have solid succession plans<sup>9</sup>. This 'silver tsunami' is creating a steady stream of motivated sellers for many years to come.

These companies also have more exit options: they can be sold to larger private equity firms, strategic buyers, or even go public, giving investors multiple paths to realise returns.

## THE BOTTOM LINE

The middle market offers a compelling combination: lower entry prices, reduced competition, significant growth potential, and better exit flexibility. While mega-deals may generate excitement, the evidence clearly shows that in private equity, small truly is beautiful.



3 - Preqin Global Private Markets Report 2024.  
4 - Preqin data 2005-2019, via UBP analysis.  
5 - PWC Private Equity Outlook 2023.  
6 - GCM Grosvenor.

7 - Pitchbook 2025.  
8 - US Census Bureau.  
9 - PWC Family Business Survey 2021.

# Alternative Credit

Susanna Wallis

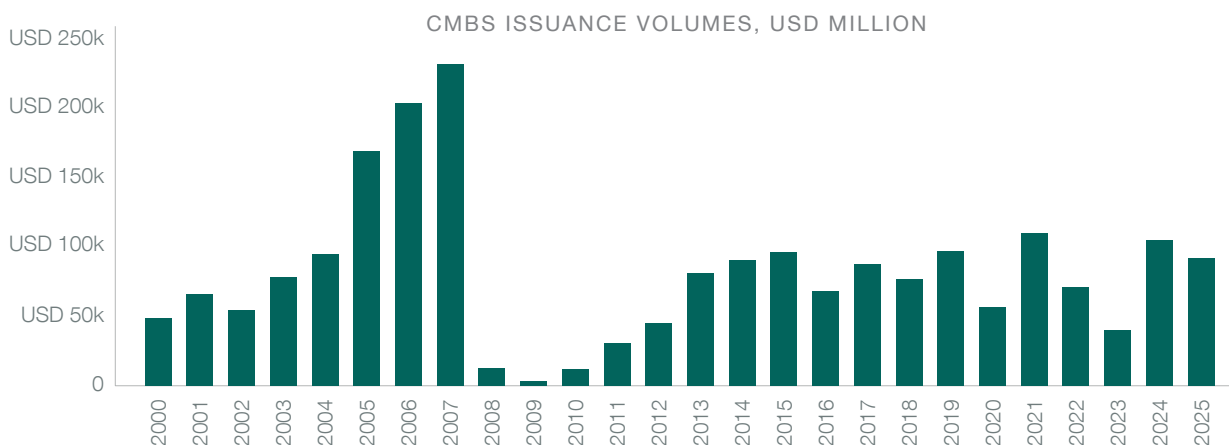
Senior Investment Manager,  
Alternative Investment Solutions



## CMBS ISSUANCE SIGNALS OPPORTUNITY FOR DISTRESSED STRATEGIES

The Q3 2025 landscape for alternative credit has seen a notable spot of heightened activity and historically significant data points within the commercial mortgage-backed securities (CMBS) and distressed real estate credit sectors.

Issuance of CMBS is strong, with the volume in Q3 2025 coming in at USD 30.68 billion, adding to a significantly increased USD 90.85 billion<sup>10</sup> for the year versus the same period in 2024. Single-asset, single-borrower (SASB) deals remained the driving force behind much of the activity in 2025, accounting for USD 67.5 billion for the year to September<sup>11</sup>. SASB transactions typically involve higher-quality collateral or larger, more established borrowers, and they generally feature lower leverage at the time of origination. SASB financing enables borrowers to secure substantial funding through a single loan. Unlike traditional-conduit CMBS, where lenders pool multiple loans from various borrowers into one securitisation, SASB financing allows borrowers to obtain funding for individual assets or portfolios through a single securitisation. This approach offers borrowers greater flexibility and control over the structure and terms of their financing.



Past performance is not a guide to current or future results.  
Source: Commercial Real Estate Direct & Trepp.

Data from commercial the real estate intelligence company, CRED iQ, shows the combined delinquency and special servicer rate for US CMBS stood at 11.28% in September, slightly down from the 11.78% registered in August. Delinquency alone was 8.59% in the same period, down from 9.44% the previous month. For distressed/stressed alternative credit investors, a compelling opportunity set continues to be defined. The 11.28% rate is historically elevated compared with pre-2024 levels, when combined rates hovered below 5.00%<sup>12</sup> – a clear signal of heightened distress. There is a resultant mispricing in the market today: elevated distress rates in particular segments of the property market create meaningful opportunities for managers willing to engage with workout scenarios or transformational asset situations. The office sector remains under the most pressure, with multi-family and retail & hotels showing relative improvements, and industrials remaining the strongest-performing sector, which means selective plays are also needed across sectors to capture real value opportunities.

The slight decline in delinquency rates suggests that conditions may be improving or stabilising, and that we find ourselves at a turning point. Is the worst over? If so, timing is everything and managers can now selectively enter the market before spreads tighten further.

10 - CRED iQ: CRED iQ Market Update: Navigating CMBS Distress and Broader CRE Trends in Q3 2025.  
11 - Trepp.  
12 - CRED iQ: CRED iQ Market Update: Navigating CMBS Distress and Broader CRE Trends in Q3 2025.

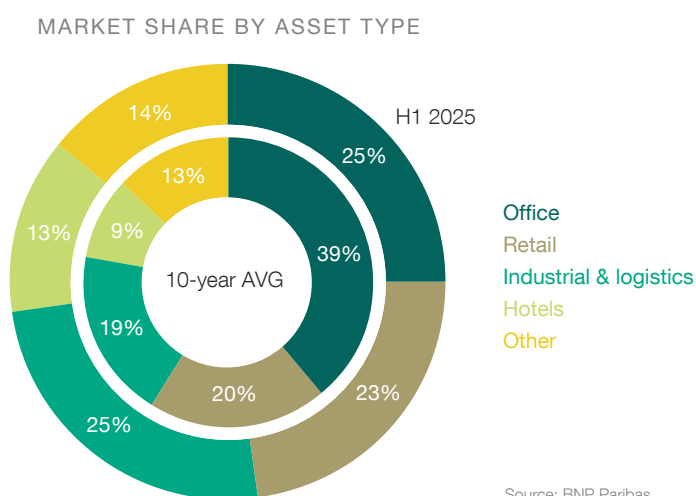
# Private Real Estate

**Pierre Escande**  
 Head of Real Estate,  
 Private Markets Group



## OFFICE RETROFITS AS A PATH TO VALUE CREATION

The rapid increase in interest rates has taken its toll on commercial real estate transaction volumes, leading to a sharp contraction after 2022. Offices, which dominated the real estate market with 39%<sup>13</sup> of volumes over the last decade, now only represent a quarter of recorded transactions. Investors are now increasingly targeting sectors and assets which offer greater operating leverage to generate value.



However, all is not lost within the office segment; value-add strategies still offer attractive perspectives to opportunistic investors. With capital gradually flowing back to prime central business district (CBD) offices, an increasing number of managers are looking at improved ways to generate returns from the sector and are, for example, considering retrofitting older CBD assets.

If well implemented, this strategy could generate significant value creation but would nevertheless require a set of prerequisites to ensure successful execution.

Entry valuation is the first hurdle. The scarcity of suitable targets for retrofitting in European CBDs can lead to inflated prices and jeopardise financial returns, particularly when macroeconomic conditions decrease visibility on exit valuations. To combat this, a disciplined bidding strategy by an experienced investment manager is necessary to avoid overpaying at acquisition.

A second consideration is the ever-changing regulations on environmental standards and requirements for office buildings, which increases uncertainty on development costs. Managers should ideally have well-established internal construction management capabilities to ensure full control of costs. A deep understanding of energy-efficiency requirements is essential for proper capex underwriting and to prevent excessive cost overruns.

A clear exit strategy is also essential to optimise liquidity after project completion. Asset size matters, and institutional buyers show a strong preference for lot sizes of between EUR 25 million and EUR 100 million; beyond this threshold, pricing and liquidity will probably be impacted.

Despite these investment considerations, sophisticated investors may identify attractive value-add opportunities by partnering with fully integrated asset managers with strong sourcing and redevelopment capabilities.

13 - BNP Paribas 2025.

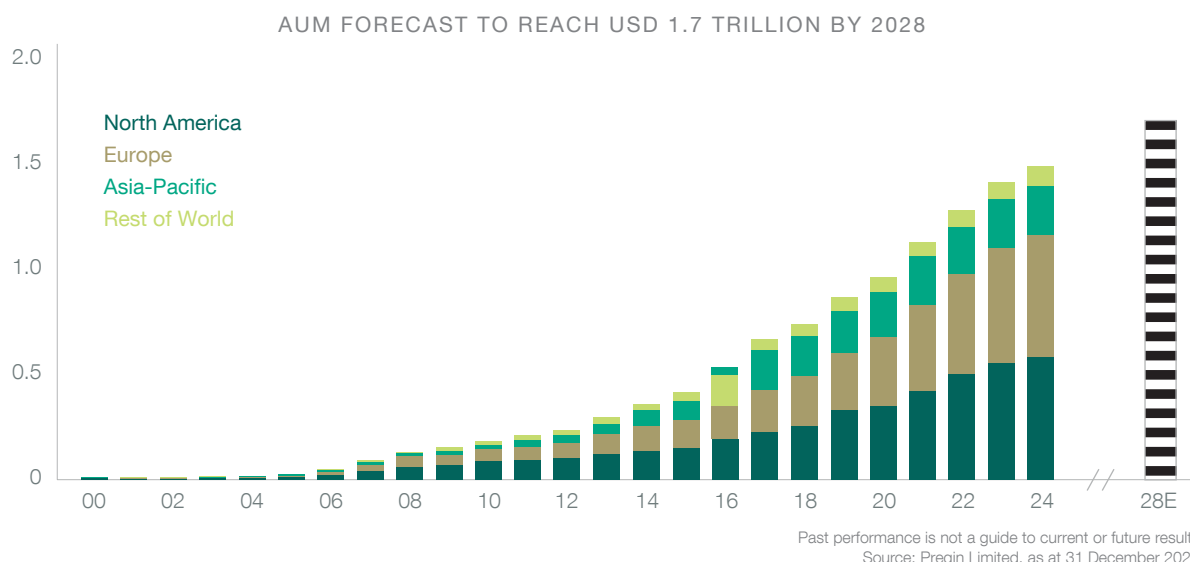
# Private Infrastructure

**Charlotte Dewynter**  
 Head of Infrastructure,  
 Private Markets Group



## UNFINISHED BUSINESS: WHY THE INFRASTRUCTURE TRANSITION IS FIRMLY WITHIN OUR SIGHTS

The rise of transition infrastructure over the past few years is hard to miss. Global investment in clean energy and infrastructure systems is projected to come in at around USD 3.3 trillion in 2025, with USD 2.2 trillion<sup>14</sup> directed towards renewables, storage, electrification and related transition assets. Institutional capital has continued to flow into infrastructure, with the first half of 2025 seeing infrastructure fundraising reach USD 134.3 billion<sup>15</sup>, the second-highest amount in a semester within the past six years. This is testament to the resilient performance of the asset class despite global and economic volatility in recent years.



Ageing and outdated infrastructure assets, global population growth, rapid urbanisation, climate risks, geopolitical shifts, and the increasing adoption of digital technology are collectively accelerating the demand for infrastructure investments. These investments are essential to upgrading or replacing inadequate assets and to constructing new ones that meet the evolving needs of society.

The growing need for more modern, efficient, intelligent, and environmentally sustainable infrastructure is being driven by global megatrends such as digitalisation, electrification, the energy transition and new mobility. These trends are often underpinned by regulatory frameworks designed to address future challenges and ensure long-term sustainability. Strategic investments in renewable energy, digitalisation, electrification, and circular economies are not only critical to meeting the needs of a growing population but also pivotal to driving the transition to a greener, more sustainable future.

The infrastructure sector presents opportunities for investors, offering the potential to enhance risk-adjusted returns, hedge against inflation, and deliver stable, low-volatility performance. By prioritising transformative sectors such as renewable energy, smart grids, and sustainable transport, investors can play a decisive role in shaping a resilient global economy whilst benefitting from strong, stable performance.

<sup>14</sup> - The Wall Street Journal: Clean Energy Investment Set to Double Fossil Fuel Financing in 2025, IEA says.  
<sup>15</sup> - Prequin Q2 2025.

# Quarterly Thematic: Private Infrastructure

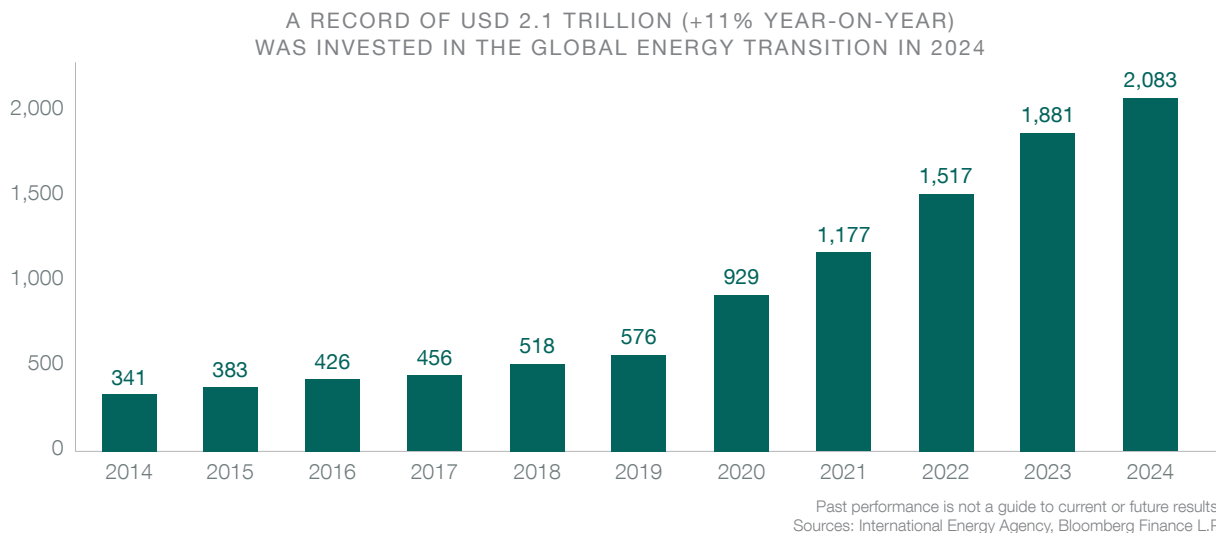
## ELECTRIFICATION AND THE ENERGY TRANSITION

Global energy consumption has increased significantly over time, establishing it as one of the most influential sectors in the modern economy. Since the 1900s, global power demand has surged tenfold, a trend that shows no signs of slowing. This acceleration is being driven by several key factors: the growth of the global population and the expansion of the middle class; the widespread electrification of products, services, and industries in alignment with net-zero targets; and the ongoing digitalisation of the economy. These dynamics underscore the critical role of energy in shaping the future of global development and sustainability.

As the world works to meet rapidly growing energy demand, the investment required in power infrastructure is projected to reach USD 23 trillion by 2040, according to McKinsey. This surge in demand is being driven by several factors, including rising energy consumption in developing countries, the increasing electrification of sectors such as transport, and the construction of large-scale data centres. Notably, artificial intelligence alone is expected to contribute significantly, with a projected 160% increase in power demand for data centres, as highlighted by Goldman Sachs.

In addition to meeting demand, investment in the energy transition is being strongly encouraged by the urgent need to decarbonise power systems and ensure energy security and independence, particularly in Europe. These efforts are critical to achieving sustainability goals and addressing the challenges posed by the global energy transition.

To meet global decarbonisation targets, annual investments in energy infrastructure must more than double by 2030. This increase is necessary to finance the expansion of renewable energy capacity, modernise power grids, and develop energy storage solutions.



Renewable energy is expected to dominate future power generation due to significant advancements in technology and economies of scale, which have made wind and solar energy the most cost-effective sources. Their rapid deployment has also spurred on investment opportunities in energy storage systems to mitigate intermittency issues and improve reliability. Additionally, government and corporate policies are actively promoting investments in the energy transition, accelerating the shift to a greener future while enhancing energy security and independence, particularly in the context of geopolitical uncertainties.

## Disclaimer

This document is a marketing communication containing GENERAL INFORMATION on the financial services and/or financial instruments, and reflecting the sole opinion of Union Bancaire Privée, UBP SA and/or any entity of the UBP Group (hereinafter "UBP") as of the date of issue. It may contain generic recommendations but it is not and should not be deemed an offer nor a solicitation to enter into any transaction with UBP, buy, subscribe to, or sell any currency, product, or financial instrument, make any investment, or participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. This document is meant only to provide a broad overview for discussion purposes, in order to determine clients' interest. It does not replace a prospectus, KID, KIID or any other legal document relating to any specific financial instrument, which may be obtained upon request free of charge from UBP or from the registered office of the issuer of the instrument concerned, where applicable. The opinions herein do not take into account individual clients' circumstances, objectives, or needs.

In this document UBP makes no representation as to the suitability or appropriateness, for any particular client, of the financial instruments or services described, nor as to their future performances. Clients who wish to obtain more information about any specific financial instruments can request it from UBP and/or their Relationship Manager. Where an investment is considered, the information on the risks linked to each financial instrument shall be provided in good time by separate means before the investment decision is taken. In any case, each client must make their own independent decisions regarding any securities or financial instruments mentioned herein and regarding the merits or suitability of any investment. Before entering into any transaction, clients are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and are urged to seek independent, professional advice from their financial, legal, accounting and/or tax advisors with regard to their investment objectives, financial situation and specific needs.

UBP performs analysis on the financial instruments based on market offer and may maintain and/or seek to develop business affiliations with third parties for that purpose; furthermore UBP may create its own financial instruments. This generic information is therefore not independent from the proprietary interests of UBP or connected parties, which may conflict with the client's interests. UBP has policies governing cases of conflicts of interest and takes appropriate organisational measures to prevent potential conflicts of interest.

The information contained in this document is not the result of financial analysis within the meaning of the Swiss Banking Association's "Directives on the Independence of Financial Research" or of independent investment research as per the EU's MIFID or other regulations. EU regulation does not govern relationships entered into with UBP entities located outside the EU.

The investments mentioned herein may be subject to risks that are difficult to quantify and to integrate into the valuation of investments. Generally speaking, products with a high degree of risk, such as derivatives, structured products or alternative/nontraditional investments (such as hedge funds, private equity, real estate funds, etc.) are suitable only for clients who are capable of understanding and assuming the risks involved. The value of any capital investment may be at risk and some or all of the original capital may be lost. The investments are exposed to currency fluctuations and may increase or decrease in value. Fluctuations in exchange rates may cause increases or decreases in the client's returns and/or in the value of the portfolio. The client may be exposed to currency risks if a financial instrument or the underlying investment of a financial instrument is denominated in a currency different from the reference currency of the client's portfolio or from the currency of their country of residence. For more information on risks, the brochure called "Characteristics and risks of certain financial operations" should be consulted.

When providing investment advice or portfolio management services, UBP considers and assesses all relevant financial risks, including sustainability risks. Sustainability risks are defined by the EU's Sustainable Finance Disclosure Regulation (2019/2088) as "an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment". For further information on our sustainability risk management approach please visit [<http://www.ubp.com>].

Reasonable efforts have been made to ensure that the content of this document is based on objective information and data obtained from reliable sources. However, UBP cannot guarantee that the information the Bank has gathered in good faith is accurate and complete, nor does it accept any liability for any loss or damage resulting from its use. Circumstances may change and affect the data collected and the opinions expressed at the time of publication. Therefore information contained herein is subject to change at any time without prior notice. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein nor does it accept any liability whatsoever for any errors, omissions or misstatements in the document. UBP does not undertake to update this document or to correct any inaccuracies which may have become apparent after its publication.

This document may refer to the past performance of financial instruments. Past performance is not a guide to current or future results. The value of financial instruments can fall as well as rise. All statements in this document, other than statements of past performance and historical fact, are "forward-looking statements". Forward-looking statements do not guarantee future performances. The financial projections included in this document do not represent forecasts or budgets, but are purely illustrative examples based on a series of current expectations and assumptions which may not happen as forecast. The actual performance, results, market value and prospects of a financial instrument may differ materially from those expressed or implied by the forward-looking statements in this document. The projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP also disclaims any obligation to update forward-looking statements, as a result of new information, future events or otherwise.

Any performance data included in this document does not take into account fees, commissions, expenses charged on issuance and redemption of securities, or any other costs, nor any taxes that may be levied. The tax treatment of any investment depends on the client's individual circumstances and may be subject to change in the future. This document does not contain any tax advice issued by UBP and does not reflect the client's individual circumstances. This document is confidential and is intended to be used only by the person to whom it was delivered. This document may not be reproduced, either in whole or in part. UBP specifically prohibits the redistribution of this document, in whole or in part, without its written permission and accepts no liability whatsoever for the actions of third parties in this respect. This document is not intended for distribution in the US and/or to US Persons or in jurisdictions where its distribution by UBP would be restricted.

**Switzerland:** UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA).

**UK:** UBP is authorised in the United Kingdom by the Prudential Regulation Authority, and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the Prudential Regulation Authority.

**Dubai:** This marketing material has been communicated by Union Bancaire Privée (Middle East) Limited, a company regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for professional clients and/or market counterparties only and no other person should act upon it. The financial products or services to which this material relates will only be made available to a client who meets the professional client and/or market counterparty requirements. This information is provided for information purposes only. It is not to be construed as an offer to buy or sell, or a solicitation for an offer to buy or sell any financial instruments, or to participate in any particular trading strategy in any jurisdiction.

**Hong Kong:** UBP is a licensed bank regulated by the Hong Kong Monetary Authority (HKMA) and a registered institution regulated by the Securities and Futures Commission (SFC) for Type 1, 4 & 9 activities only in Hong Kong. The securities may only be offered or sold in Hong Kong by means of documents that (i) are addressed to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder (the "SFO"); or (ii) are defined as "prospectuses" within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "CO") or constitute offers to the public within the meaning of the CO. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in their possession for the purpose of issuing, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities, directed at, or likely to be accessed or read by, the public in Hong Kong, except where the securities are intended to be disposed of only to persons outside Hong Kong, or only to "professional investors" within the meaning of the SFO.

**Singapore:** UBP is a bank regulated by the Monetary Authority of Singapore (MAS), is an exempt financial adviser under the Financial Advisers Act 2001 of Singapore to provide certain financial advisory services, and is exempt under section 99(1) of the Securities and Futures Act 2001 of Singapore to conduct certain regulated activities. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with generic recommendations may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) institutional investors; or (ii) accredited investors as defined under the Securities and Futures Act 2001 of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

**Luxembourg:** UBP is registered by the Luxembourg supervisory authority the Commission de Surveillance du Secteur Financier (CSSF).

**Italy:** Union Bancaire Privée (Europe) S.A., Succursale di Milano, operates in Italy in accordance with the European passport – held by its parent company, Union Bancaire Privée (Europe) S.A. – which is valid across the entire European Union. The branch is therefore authorised to provide services and conduct business for which its parent company, Union Bancaire Privée (Europe) S.A., has been authorised in Luxembourg, where it is regulated by the Luxembourg financial supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF).

**Monaco:** This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco's laws, but might be made available for information purposes to clients of Union Bancaire Privée, UBP SA, Monaco Branch, a regulated bank under the supervision of the Autorité de Contrôle Prudentiel et de Résolution (ACPR) for banking activities and under the supervision of the Commission de Contrôle des Activités Financières for financial activities.

**Jersey:** Union Bancaire Privée, UBP SA, Jersey Branch is regulated by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Union Bancaire Privée, UBP SA, Jersey Branch is a branch of Union Bancaire Privée, UBP SA, whose registered offices are at Rue du Rhône 96-98, P.O. Box 1320, 1211 Geneva 1, Switzerland, with its principal place of business in Jersey at 3 rd Floor, Lime Grove House, P.O. Box 526, St Helier, Jersey JE4 5UH.

**Portugal:** Union Bancaire Privée (Europe) S.A. Sucursal em Portugal is regulated by the Securities Market Commission (CMVM) and duly authorised by Banco de Portugal.

**South Africa:** UBP Investment Services (Pty) Ltd is an authorised financial services provider (FSP number 53152) in terms of section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) and conducts its activity under the supervision of the Financial Sector Conduct Authority.

© UBP SA 2025. All rights reserved.

Union Bancaire Privée, UBP SA | Head Office

Rue du Rhône 96-98 | P.O. Box 1320 | 1211 Geneva 1 | Switzerland

ubp@ubp.com | www.ubp.com

