

Goldman Sachs Asset Management Releases 2025 Private Markets Diagnostic Survey

Investor sentiment holds steady or improves across asset classes from 2024 levels, with optimism growing most for real assets strategies

New York, NY, [October 31, 2025] – Private market investors are generally optimistic about the investment environment and have greater expectations for generating liquidity across a number of exit routes, according to “Turning the Corner?,” a new global survey from Goldman Sachs Asset Management of more than 250 General Partners (GPs) and Limited Partners (LPs). More LPs are under-allocated than over-allocated to alternatives and are expanding their programs into new strategies and innovative structures.

“Allocators with mature programs are consolidating their activities with existing managers, often with co-investments and customized solutions, while allocating to new managers that can generate idiosyncratic alpha in selected strategies. The proliferation of new managers in the last cycle and new fund launches by existing GPs has created a more competitive fundraising landscape. LPs are more discerning than ever and value creation will become the main determinant of success,” said Matt Gibson, Global Head of the Client Solutions Group at Goldman Sachs Asset Management.

Sentiment Remains Constructive as LPs Consider New Opportunities

Private markets investor sentiment is proving resilient, with optimism growing the most for real asset strategies. Investors see opportunities to be consistent or better in the year ahead for the following:

- Infrastructure (93%)
- Private equity (82%)
- Real estate (81%)
- Private credit (70%)

“Infrastructure is benefitting from strong structural tailwinds, given the volume of government and private spending needed - both to renew aging assets and to build new infrastructure. The investment opportunities associated with AI and digitization, energy generation and transmission, changing global trade patterns, and our waste & water systems are broad and exciting,” said Tavis Cannell, Global Head of Infrastructure at Goldman Sachs Alternatives. “The asset class has a 20+ year track record of resilience and inflation protection and now offers investors access to the next wave of growth, particularly through mid-market opportunities where active ownership and value creation can unlock meaningful upside.”

“After three years of disruption, opportunities are emerging in real estate as valuations and transaction volumes stabilize and sentiment improves,” said Jim Garman, Global Head of Real Estate at Goldman Sachs Asset Management. “With attractive income potential and low correlation to other asset classes, real estate looks compelling, but sector and property selection remain crucial.”

While Valuations Remain Elevated, Managers Are More Optimistic About Delivering Liquidity Across Exit Routes

GPs see valuations as the top challenge for new deployments, with 63% citing them as key. For exits, valuations were cited by 60% of respondents as their main challenge, second only to macro uncertainty.

GPs expect a large uptick in traditional exit routes, especially strategic sales (80% are likely to use, vs. 2024's 56%), followed by sponsor sales (70% are likely to use, vs. 2024's 42%). 63% of GPs now believe they are at least somewhat likely to use IPOs to generate liquidity over the next year vs. 35% a year ago.

"Valuations remain elevated, but with strong capital markets and lower financing costs, dealmaking conditions look more favourable," said Michael Bruun, global co-Head of Private Equity at Goldman Sachs Asset Management. "The importance of value creation and operational resilience has become even more evident over the last cycle, with the strongest companies now able to attract interest from strategic buyers and public market investors."

"With valuations elevated, returns will be driven by revenue growth, margin efficiency and data and AI-led innovation that support portfolio companies' unique models. To capitalize on new opportunities and mitigate risk, an understanding of the macro environment and geopolitical trajectories will be increasingly important. GPs who can deliver that expertise, tailored to individual company needs, should stand out," said Jeff Fine, Global Co-Head of Alternative Capital Formation at Goldman Sachs Asset Management.

GPs are also increasingly likely to utilize alternative means: 30% said they are likely to use CVs, vs. less than 20% last year; in aggregate, 6% more GPs said they are at least somewhat likely to use CVs than reported the same in 2024.

LPs, too, are taking a more active role in managing their liquidity and portfolio rebalancing via secondary markets. 17% indicated being sellers in secondary markets this year, vs. 11% the year before.

Most LPs At or Below Target Allocations Across Strategies, Co-investment and Secondaries Opportunities Rise

LPs continue to build exposure across private markets strategies, with most LPs at or below their private market target allocations as they expand and diversify their programs. LP breakdowns include:

- Infrastructure: 45% under-allocation vs. 9% over-allocation
- Private credit: 43% under-allocation vs. 12% over-allocation
- Private equity: 35% under-allocation vs. 21% over-allocation
- Real estate: 26% under-allocation vs. 25% over-allocation

The largest areas of under-allocation are co-investments and secondaries, with 62% and 45%, respectively, below target.

"Private credit, with its unique features, will continue to be an important source of financing activity as deal activity accelerates and interest in investment grade private credit, particularly asset-backed lending, grows. Returns will matter and GPs who have strong origination pipelines, experience through credit cycles and scaled platforms should differentiate themselves," said James Reynolds, Global Co-Head of Private Credit at Goldman Sachs Asset Management.

LPs increased engagement in the secondary market:

- 53% as a fund investor (vs. 2024's 50%)
- 23% as direct buyers (vs. 2024's 21%)
- 17% as direct sellers (vs. 2024's 11%)

“Investors are taking advantage of the opportunity to gain access to attractive secondary investments with a shorter duration than their primary private equity investments. Secondary investments offer investors diversified private markets exposure, often at a discount, as well as the potential to mitigate the J-curve of investing in private equity. Secondary funds and continuation vehicles also offer critical liquidity to GPs and LPs as the pace of exits remain below historical averages,” said Harold Hope, Global Head of Vintage Strategies at Goldman Sachs Asset Management.

Most LPs Are Maintaining or Increasing Deployment, Despite Distribution Slowdown

LPs cited the lack of distributions as the biggest factor impacting deployment plans (31%), with 45% noting slower pacing, reduced commitment amounts, or both. Additional factors impacting deployment included changes to allocation targets (30%), use of different types of fund structures (13%) and rising liquidity needs (11%).

In 2025, 83% of LPs expect to deploy the same or more capital as last year across private market strategies, continuing the positive trend of the past three years. 43% plan to deploy more capital year-over-year than vs 39% in 2024. 17% are planning to deploy less capital (vs 2024's 21%). Another 40% expect to maintain last year's pace, a similar proportion to last year's survey. Maintaining a constant investment pace does signal an element of caution, as it represents a relative slowdown given that robust public markets have increased overall portfolio values.

Allocators are continuing to build stronger and more intertwined GP relationships but still seek new GP relationships in search of alpha, specialization, and diversification, with most LPs surveyed allocating more than half of their commitments to new GPs.

Market participants are also focused on the impact that artificial intelligence will have on the industry, with 41% seeing it as the biggest perceived driver of industry evolution.

Evergreen Vehicles Attract Institutional Interest

Respondents showed that the appeal of evergreen structures extends beyond the Wealth channel, with over 30% of institutional LPs investing in or considering evergreen structures for private equity and infrastructure; over half doing so for private credit, and over 40% for real estate. Furthermore, over 80% of large GPs surveyed are offering or considering evergreen structures but only about 1 in 4 GPs with less than \$10bn AUM are doing so.

Geopolitical issues are top risk concerns in 2025

Overall, geopolitical conflict remained the greatest perceived risk for the second year in a row, as investor concerns have centered on geopolitics and policy uncertainty. Political instability and tariffs, two new response options, were the third and fourth highest rated risks. However, responses varied by region, as Americas-based respondents, especially GPs, were significantly more concerned about inflated valuations, ranking it as the highest risk factor.

Less than a third of respondents cited recession risk, which was the top concern in 2023 and third last year. Concerns about interest rates have also faded, particularly among GPs, amidst rate cuts, or the prospects of rate cuts, in many major markets. Respondents this year were also significantly less worried about the cost and availability of financing.

About Goldman Sachs Alternatives

Goldman Sachs (NYSE: GS) is one of the leading investors in alternatives globally, with over \$540 billion in assets¹ as of June 30, 2025, and more than 30 years of experience. The business invests in the full spectrum of alternatives including private equity, growth equity, private credit, real estate, infrastructure, sustainability, and hedge funds. Clients access these solutions through direct strategies, customized partnerships, and open-architecture programs.

The business is driven by a focus on partnership and shared success with its clients, seeking to deliver long-term investment performance drawing on its global network and deep expertise across industries and markets.

The alternative investments platform is part of Goldman Sachs Asset Management, which delivers investment and advisory services across public and private markets for the world's leading institutions, financial advisors, and individuals. Goldman Sachs has approximately \$3.5 trillion in assets under supervision globally as of September 30, 2025.

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