

# Sentiment in the German private equity market has surged

1 August 2025 // Author: Dr Georg Metzger, phone +49 (0)69 7431-9717, [georg.metzger@kfw.de](mailto:georg.metzger@kfw.de)

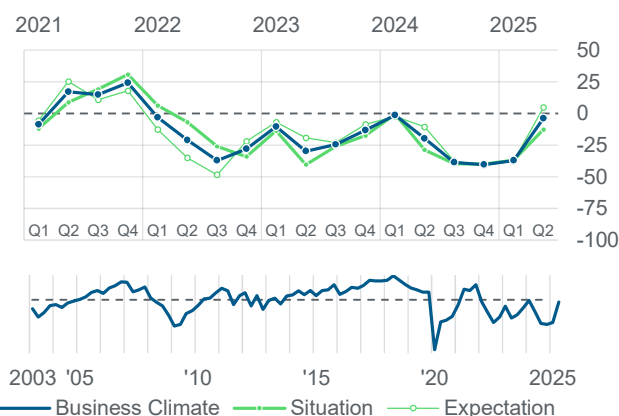
- Fundraising environment has improved at the highest rate ever
- Hope has emerged that international investors will shift towards Europe
- Entry valuations and investment appetite are clearly positive

Sentiment in the German private equity market soared in early summer. The business climate indicator for the segment of the private equity capital market that targets investments in established enterprises rocketed by 33.3 points to -3.9 balance points and is now just slightly below its long-term average. That was the second highest rise of the indicator since measurements began. Assessments of the business situation today and for the next six months (expectations) both improved massively. The indicator for the current business situation surged by 24.2 points to -12.6 balance points, while the indicator for expectations jumped by 42.4 points to reach 4.7 balance points.

The relaxed mood at the 'SuperReturn' industry conference in early June already reflected the sentiment upturn now measured. Sentiment around fundraising in particular soared. The indicator rose by 31.0 points to -3.9 balance points. That was the highest quarterly increase ever recorded in the fundraising environment, mostly driven by sharply higher expectations. According to media reports, international capital investors intend to focus more on Europe as a result of US economic and fiscal policy. The hope that this will generate an influx of capital could explain the broad sentiment improvement. The development was also buoyed by macroeconomic data. These include the ECB's lower key interest rate, which likely raised satisfaction with the interest rate level (+32.1 points to -1.9 balance points) and with the availability and conditions of acquisition finance (+24.7 points to -10.1 balance points and +15.1 points to -10.6 balance points, respectively), and the economic rebound expected in the further course of the year.

Another bright spot is the increased appetite for new investments. The indicator climbed 8.0 points to 12.9 balance points, flipping the sentiment indicator to green. The increased investment appetite coincides with continued high (although slightly lower) satisfaction with entry valuations. These are good conditions for increased investment activity in the coming quarters.

## Development of private equity sentiment indicator



## Private equity sentiment 'traffic lights'

Values in balance points

	Q2 '25	Δ Q1 '25	Low	High
Business climate	-3.9	+33.3	-81.6	+39.0
Business situation	-12.6	+24.2	-76.8	+48.2
Business expectations	+4.7	+42.4	-86.3	+29.8
Fundraising	-3.9	+31.0	-64.5	+50.0
Entry valuations	+19.6	-13.4	-37.8	+57.0
Exit opportunities	-21.7	+25.7	-83.9	+59.3
New investment	+12.9	+8.0	-78.2	+26.1
Dealflow quantity	+1.0	+17.6	-28.4	+22.5
Dealflow quality	+5.6	+17.4	-23.4	+24.2
Depreciations	-19.1	+6.7	-50.7	+35.3
Economy	-22.5	+27.3	-85.9	+81.1
Interest rates	-1.9	+32.1	-85.2	+41.3
Availability acqui. fin.	-10.1	+24.7	-66.8	+42.4
Conditions acqui. fin.	-10.6	+15.2	-82.6	+45.4

Colour scheme of sentiment indicator dots: values in the lowest tercile are marked 'red', in the medium tercile 'amber' and in the highest tercile 'green'. Indicator design may lead to deviations from previous publications.

Source: KfW Research, BVK and DBVN.

## Comments on the current trend

Dr Dirk Schumacher,  
Chief Economist of KfW

‘The current quarter has already shown signs that investor sentiment was brightening. But it comes as a bit of a surprise that business sentiment in the German private equity market picked up so significantly in the early summer’, said Dr Dirk Schumacher, Chief Economist of KfW. ‘Investors appear to be assuming that the current US trade and economic policy will have a deterrent effect on major international investors, who will be investing more of their money in Europe as a result. The sentiment improvement is therefore strongly driven by a hope of which we do not know whether and to what degree it will be realised. How the current development should be assessed in the medium term – as a temporary improvement in sentiment or as a sentiment turnaround – will therefore depend precisely on this’.

Ulrike Hinrichs,  
Executive Board Member at the German Private Equity and Venture Capital Association (BVK)

‘Confidence in the German private equity market has made a turnaround. It remains to be seen whether this is the start of a sustained upturn. But the economic signals are becoming increasingly more positive even amid the still unresolved trade and tariff conflicts. This should favour private equity deals’, commented Ulrike Hinrichs, Executive Board Member at the BVK. ‘Almost all major sentiment factors have improved, some even massively. The significantly better fundraising and exit environment and investment appetite, in particular, give reason to be optimistic about the second half of the year.’

## Calculation of the German Private Equity Barometer

The **German Private Equity Barometer** is based on a quarterly survey of the members of the German Private Equity and Venture Capital Association (Bundesverband Beteiligungskapital – BVK), the member investors of the Deutsche Börse Venture Network (since the 2nd quarter of 2021) and further private equity companies with registered offices in Germany. It reports on business sentiment in the German private equity market on the basis of assessments provided by private equity firms with a focus on mature small and medium-sized enterprises. All sentiment indicators represent the average of the balance of situation assessments (share of ‘good’ minus share of ‘bad’) and the balance of expectations identified at the same time for the coming six months, normalised to their respective historical mean balance values as baseline level. As a result, the maximum or minimum value of the indicator may exceed or fall below +100 or -100 as the actual maximum or minimum. Because of the way the barometer is constructed, positive indicator values point to above-average sentiment and negative values to below-average sentiment.

The **German Private Equity and Venture Capital Association (BVK)** is the voice and the face of the private equity industry in Germany. The association is committed to improving conditions and facilitating access to private equity so that even more businesses in Germany can benefit from private equity. It has some 300 members. These include around 200 private-equity companies and investors as well as some 100 consulting firms and service providers of the industry.



Bundesverband  
Beteiligungskapital e.V.

The **Deutsche Börse Venture Network (DBVN)** was launched in 2015 and is now Europe's largest network for growth finance and ‘Capital Market Readiness’. It focuses on providing efficient access to capital and has an extensive range of networking and training services. The network of more than 200 fast-growth businesses and more than 450 investors has already enabled 13 IPOs and numerous trade sales.

Deutsche Börse  
Venture Network