

Private equity deals present mixed picture across the North East and Yorkshire and Humber

Yorkshire and Humber outperformed the North East in mid-market private equity deals, new analysis suggests.

A study by accountancy firm KPMG found that while the North East saw the number and value of deals in 2022 fall on the previous year, its regional neighbour increased values and market share. Last year Yorkshire and Humber increased its market share of transactions to 8.4%, up from 7.7%, in contrast to the North East which saw its share fall to 2.4%, down from 2.6%.

The value of deals in Yorkshire and Humber topped £3.7bn – ahead of pre-pandemic levels – despite a reduction in the overall number of transactions from 65 to 57. Meanwhile in the North East the combined value of 16 deals identified totalled £800m, down from £1.1bn in 2021. The region's level of activity – both in terms of deal volumes and values – was down on pre-pandemic levels.

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The findings are set amidst a wider picture of a cooling market across the North, where 149 deals worth £9.3bn represented year-on-year decreases of 19.9% and 7.9% respectively. Despite this, the North maintained its market share of overall UK deals at 22%.

Christian Mayo, head of corporate finance in the North at KPMG, said: “The private equity mid-market saw a record year

of activity in 2021 so it isn't that surprising that deal volumes and values have cooled a little as the market normalises. Many across the Northern market saw buoyant activity at the start of last year but strong economic and geopolitical headwinds pumped the brakes a little on that momentum.

"Investors and business leaders have been monitoring closely how those conditions unfold and what the impact of high inflation, interest rates and the wider cost-of-living crisis might be. Such uncertainty breeds caution and inevitably put some mandates on ice."

Rick Stark, head of Private Equity at KPMG in the North, said: "Considering all the factors at play in the economy, the decline in volumes and values we saw across the North wasn't quite as dramatic as many expected.

"Furthermore, it is encouraging that the Northern market has retained a healthy share of activity that reflects the continued strength of the investment community here and the quality stable of ambitious, investable and attractive businesses that call the North home. With deal volumes and values comparing well in the [North West](#) and Yorkshire against pre-pandemic performance, there is a hint of optimism emerging that 2023 may be more stable and see some growth."

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