

Cross-Border PE Flows Are Reshaping the Global Deal Landscape

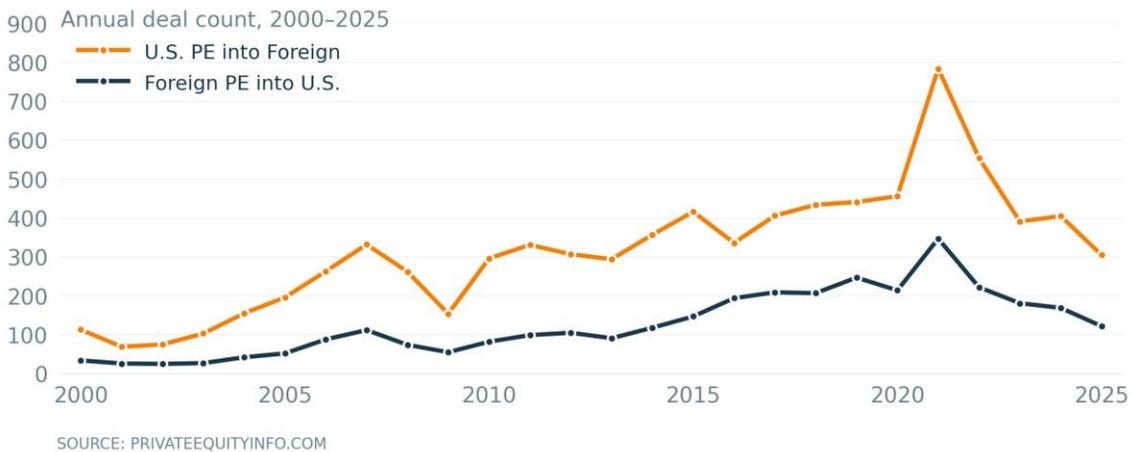
Twenty-five years of data reveal a structural shift in how capital moves between U.S. and international private equity markets.

PrivateEquityInfo.com | February 2026

For most of the modern PE era, cross-border dealmaking followed a simple script: U.S. firms ventured abroad far more aggressively than foreign firms ventured into the United States. That dynamic has fundamentally changed, and the data tells us exactly when and why.

An analysis of cross-border PE transactions from 2000 through 2025 reveals not just cyclical ebbs and flows, but a structural change in the relationship between inbound and outbound deal activity. The implications for GPs, LPs, and the competitive landscape are significant.

Cross-Border Private Equity Transactions



The Structural Shift Happened in 2016, Not 2021

The 2021 spike dominates the visual narrative, but the real inflection point arrived five years earlier. In 2016, foreign inbound PE into the U.S. increased by 32%, from 147 deals in 2015 to 194 deals, while U.S. outbound activity declined 19%. It was the first year the two series visibly converged.

This coincided with the maturation of non-U.S. PE platforms capable of competing for American targets, and a growing appetite among foreign LPs for direct U.S. exposure.

From 2000–2015, U.S. firms placed roughly three bets abroad for every one bet that foreign firms placed in the United States. Since 2016, that ratio has averaged just 2.1x.

U.S. Outbound-to-Inbound Deal Ratio



SOURCE: PRIVATEEQUITYINFO.COM

2021 Was a Liquidity Event, not a Trend

Both series spiked dramatically in 2021, U.S. outbound hit 784 deals while inbound reached 347, yet the ratio only nudged up modestly to 2.3x. Post 2021, U.S. outbound deals have fallen 61% from its peak, while inbound deals have dropped 65%. This trend also coincides with the broader PE investment pace for all PE transactions (not just cross-border deals). This suggests 2021 was a function of cheap capital and pent-up dealmaking rather than structural expansion of cross-border appetite.

U.S. Firms More Volatile

What the charts also reveal is a clear asymmetry in volatility. While foreign inbound investments have followed a steady upward trajectory with shallower drawdowns, U.S. PE firms seem quicker to “step on the gas and step on the brake”. This suggests that foreign PE investors take a more measured, long-horizon approach to U.S. market entry, building presence incrementally rather than surging in and pulling back with each cycle. U.S. firms, accustomed to deploying capital quickly in a competitive domestic market, appear to carry that same cadence into cross-border activity, amplifying both the upswings and the retreats.

Inbound Foreign PE Is Now a Meaningful Competitive Force

In the early 2000s, foreign PE investment into the U.S. was a rounding error. By 2016–2019, that figure had climbed to a consistent 200+ deals annually. Even in the current slowdown, 2025 closed 122 deals, still three to four times the early-2000s level. U.S. middle-market companies now routinely see non-U.S. PE sponsors at the table, competing directly with domestic firms for the same assets.

This trend reflects not just capital availability but institutional capability. European, Asian, and Middle Eastern PE platforms have built out dedicated U.S. deal teams, established local offices, and developed the sector expertise needed to compete credibly on American soil.

The Gap Is Narrowing from Both Directions

The convergence is not simply a story of foreign firms doing more U.S. deals. U.S. firms are also becoming more selective abroad. The post-2021 pullback in U.S. outbound has been steeper in absolute terms, suggesting American GPs may be retrenching to domestic opportunities amid rising geopolitical uncertainty, regulatory complexity in key markets, and the diminishing returns of cross-border execution risk.

The ratio chart confirms the structural nature of this shift. The pre-2016 average of roughly 3.2x has compressed to approximately 2.1x since. Cross-border PE is moving from a U.S.-dominated flow pattern to something closer to a 2-to-1 bilateral exchange. This has profound implications for how both domestic and international GPs position themselves for the next cycle.

The market has moved from U.S.-dominated cross-border flow to something closer to a 2-to-1 bilateral exchange.