Asia private equity: growth meets value creation

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Asia is an increasingly important driver of the global economy, yet many investment portfolios have not kept pace. The region accounts for more than 60% of global growth, while structural shifts in consumption, technology, trade and corporate governance are changing where and how value is created.

For private equity investors, the opportunity isn't simply about gaining exposure to Asia's economic growth. It's also about creating value through active ownership. And because the region's markets have distinct economic characteristics and structural drivers, understanding those differences is key to identifying where and how private equity can help businesses grow and transform.

There is no single Asia story

One of Asia's defining strengths is its diversity. To understand the breadth of the private equity opportunity, it's worth looking more closely at the dynamics shaping individual markets.

Japan is undergoing a significant corporate transformation. Corporate governance reforms and an increased focus on capital efficiency and shareholder value are encouraging companies to reassess their portfolios and non-core businesses. The unwinding of cross-shareholdings is further changing long-standing corporate ownership structures. Private equity has become an increasingly important part of this transformation, with average annual deal value rising from ¥0.56 trillion in 2011–2015 to ¥4.12 trillion in 2021–2025. For investors, these shifts are expanding the scope for corporate carve-outs, take-privates and other transactions where active ownership can help drive transformation.

India combines strong economic growth with rising consumption and deepening capital markets. Its economy has surpassed $4 trillion, while a large and increasingly affluent population is supporting growth across sectors. India's young and expanding workforce provides another long-term tailwind, while the continued formalization of the economy is shifting activity toward larger, more organized businesses. The private equity market has matured alongside these changes, with investment rising from approximately US$48 billion in 2010–2014 to US$218 billion in 2020–2024, while buyout activity grew nearly eightfold. Together, these shifts are creating more opportunities to partner with businesses seeking capital and operational expertise as they scale.

Southeast Asia is benefiting from rising consumption, expanding digital adoption and shifts in global supply chains. As companies diversify manufacturing and sourcing across a wider range of markets, countries across Southeast Asia are attracting new investment and becoming more integrated into regional and global production networks. Combined with a population of approximately 700 million and growing intra-Asia trade, these shifts are creating opportunities for businesses serving both domestic and regional markets.

South Korea is a large, sophisticated economy with a private equity market that continues to mature. Corporate governance reforms are encouraging greater focus on shareholder value and capital efficiency, while generational change at family-owned businesses is creating succession and ownership-transition needs. At the same time, large corporate groups are reassessing portfolios and non-core assets. Together, these shifts are expanding the opportunity for buyouts, carve-outs and strategic partnerships, creating more ways for private equity owners to help businesses professionalize, sharpen their strategic focus and pursue their next stage of growth.

Greater China is entering a new phase of growth, with the opportunity increasingly shaped by consumption, innovation and advanced manufacturing. The region remains a major manufacturing and technology center, but the composition of growth is changing as businesses develop new products, capabilities and sources of competitive advantage. For private equity investors, that evolution is creating opportunities to back companies positioned to benefit from changing consumption patterns, technological innovation and the continued development of higher-value manufacturing. Navigating those opportunities requires selectivity, particularly against a backdrop of geopolitical and macroeconomic uncertainty.

Australia and New Zealand combine developed-market characteristics with sophisticated capital markets and deep pools of institutional capital. Australia's superannuation system, with approximately A$4.5 trillion in assets, is an important source of long-term capital and has helped support the development of a mature private markets ecosystem. Against that backdrop, corporate carve-outs, founder partnerships and opportunities to improve and expand businesses provide another distinct source of private equity opportunities within the region.

A changing private equity landscape

Across Asia, these structural shifts are creating opportunities that extend beyond providing growth capital. As businesses scale, ownership structures evolve and industries consolidate, private equity investors can play an active role in helping companies navigate change and realize their potential.

Private markets remain relatively underpenetrated in parts of the region. Many industries are fragmented, businesses are transitioning from founder ownership and large corporations are reassessing non-core assets. At the same time, governance reforms are changing how companies think about capital allocation, ownership and shareholder value.

Private equity owners can bring operational expertise, support geographic and product expansion, pursue strategic acquisitions and help businesses navigate periods of transformation. In markets where companies are scaling rapidly or ownership structures are evolving, these capabilities can be particularly valuable.

Looking beyond the regional narrative

Investors considering greater exposure to Asia also have legitimate questions. Geopolitical tensions, currency movements, regulatory differences and uncertainty around exits can all affect outcomes. Liquidity and the timing of realizations are particularly important considerations for private market investors.

These risks should not be minimized, but neither should they be applied uniformly across a region as diverse as Asia. Economic drivers, regulatory environments, capital markets and geopolitical exposures differ substantially from one market to another. That makes selectivity important and increases the value of local knowledge, relationships and operating capabilities.

For investors, Asia's diversity can be a source of opportunity, offering exposure to different markets, growth drivers and stages of development. The case for Asia private equity is therefore not dependent on a single macroeconomic outcome.

Asia's economic growth is an important part of the investment story. But for private equity investors, we believe the opportunity goes further, with structural change creating new avenues for active ownership and value creation across the region.

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