

Private Equity Hiring Trends – Q1 2016

Private Equity and Venture Capital employment experienced a steep decline, just over 23 percent, in Q1 2016, marking a new low since 2014, when Job Search Digest began tracking these statistics. The steep decline in Private Equity and Venture Capital employment is unquestionably historic when compared to prior quarters.

Private Equity and Venture Capital Employment Trends: 2014 Q3 – 2016 Q1

Absent a follow-up interest rate hike from the FOMC in Q1, the remaining suspects are the continued pinch on bank financing for corporate buyouts and weak revenue growth. However, it is difficult to attribute such a substantial fall in job openings to these factors alone, especially in the absence of a rate hike.

It is also likely that increased regulation is a significant factor in the precipitous drop in Q1 job openings. Although global dry powder remains at record levels, finding attractive opportunities for deploying capital continues to be challenging.

Private Equity and Venture Capital Employment Trends by Job Category: 2014 Q3 – 2016 Q1

With the single exception of the “other” category, which experienced a slight bump, declines ruled the quarter. Most notably, job openings in investment, which fell by nearly one-third from 2015 Q4 levels. Declining growth in accounting and control job openings have been on a downward slope since 2015 Q2. However, remaining job categories have seen a fall in job openings only since 2015 Q4, the “other” category excepted, which has been relatively flat over the last 2 quarters.

Job Search Digest Index of Private Equity and Venture Capital Employment by Top 5 Job Title Groups: 2014 Q3 – 2016 Q1

2016 Q1 was marked by declines in job openings across all groups, except fund operations, which saw a dramatic 123 percent increase over 2015 Q4 figures. Remaining groups experienced declines ranging from a low of -16 percent (Associates, Sr. Associates, PE Associates, VC associates) to a high of -52 percent (Jr./Sr. Accountants, Accountant, Financial Reporting). These results are wonderful news for those seeking a position in fund operations as job openings in this category have been on a downward slope since 2015 Q1.

Private Equity and Venture Capital Employment Trends for the Top 6 Geographies

Four of six top geographies exhibit symptoms of declining growth, with only California and New York showing an increase in job openings since 2015 Q4. Of the geographic locations in decline, the most egregious example is the United Kingdom, which declined an alarming 92 percent. Volatility of this magnitude is unprecedented in the period Job Search Digest has tracked these statistics.

It is likely that anticipated interest rate increases and the expected Chinese economic slowdown are

driving PE and VC firms to exhibit this level of caution.

Private Equity and Venture Capital Employment Distribution by Geographic Area

North America continues its role as the majority employer in the PE and VC sectors.

Global Map

A number of factors are contributing to the concerns of the PE and VC industries. Many IPOs continue to fall short of private evaluations, concerns regarding increased regulation and the Brexit vote scheduled for late June of this year have all combined to dampen the enthusiasm of investors and, more broadly, the Private Equity and Venture Capital industry.

U.S. Map

That said, of the two largest markets within the United States (California and New York), California showed a slight uptick in job openings as compared to 2015 Q4, while New York experienced a 33 percent drop in job openings in the same period. Demand in Texas, Illinois, and most other states, also declined quarter-over-quarter.

Private Equity Hiring Trends – Q2 2016

After an unprecedented decline in 2016 Q1 job openings, it is a pleasure to report that a significant reversal occurred in 2016 Q2, with job openings increasing by 47 percent. While encouraging, it should be noted that the number of job openings in Private Equity and Venture Capital is the second lowest result for all quarters tracked since the inception of this report.

Private Equity and Venture Capital Employment Trends: 2014 Q3 – 2016 Q2

While it is impossible to attribute this upturn to any single factor, the absence of an FOMC interest rate hike during 2016 Q1 and Q2 is certainly among them. Banks remain weak on financing for corporate buyouts, while global dry powder continues at record levels, which is to be expected when attractive opportunities to deploy capital are at a low ebb.

Private Equity and Venture Capital Employment Trends by Job Category: 2014 Q3 – 2016 Q2

In contrast to 2016 Q1, “Other” job openings actually declined 1.32 in Q2. All remaining categories saw increases ranging from a low of 1.62 percent (Investment) to a high of 87.34 percent (Marketing and Investor Relations).

Accounting and Control job openings reached the highest level since 2015 Q2, increasing by 28.11

percent over 2016 Q1, while Legal Compliance positions rose a modest 7.53 percent.

Job Search Digest Index of Private Equity and Venture Capital Employment by Top 5 Job Title Groups: 2014 Q3 – 2016 Q2

Increases in job openings for 2016 Q2 occurred in 4 of 5 job groups, the exception being the Jr/Sr Analyst, Analyst, and Investment Analyst Group which suffered a 13.88 percent decline in available positions. Fund Operations topped the leader board with a 44.75 percent gain in job openings and marked the second straight quarter of gains for this group. The Jr/Sr Accountant, Accountant, and Financial Reporting Group saw the smallest gain in available positions, coming in at just under 4 percent, continuing a downward trend that has persisted since 2015 Q2.

Private Equity and Venture Capital Employment Trends for the Top 6 Geographies

California, New York and Asia experienced declines in job openings as compared to 2016 Q1, while US other, the UK and Europe enjoyed a rise in open positions, the most dramatic occurring in the UK, gaining almost 1000 percent over Q1's result, suggesting the possibility that the UK is at peace with Brexit.

Caution is, nonetheless, evident in the Private Equity and Venture Capital industry when it comes to staffing levels.

Private Equity and Venture Capital Employment Distribution by Geographic Area

North America continues to lead the Private Equity and Venture Capital industry in terms of employment opportunities, although we are seeing higher levels of volatility than was the case in prior years.

Global Map

The principal concern facing Private Equity and Venture Capital continues to be finding attractive opportunities for deploying capital and the competition among firms is nothing short of fierce.

U.S. Map

It is clear that U.S. PE investment is experiencing a downturn, but overall deal value remains relatively strong on a historical basis.

The two largest markets within the United States (California and New York), experienced declines in job openings as compared to 2016 Q1.

Private Equity Hiring Trends – Q3 2016

The precipitous fall in Private Equity and Venture Capital job openings, documented in 2016

Q1 continues to recover, posting a 3.45 percent increase over 2016 Q2's robust recovery. Good as this news may be, it must be noted that 2016's level of job openings remains the lowest on record since 2014 Q2.

Private Equity and Venture Capital Employment Trends: 2014 Q3 – 2016 Q3

Principal factors making a positive impact on job openings include the fact that 2016 Q3 came and went with no rate increase from the FOMC. Additionally, fund closings were at a year-over-year low, with 82 funds closing in 2016 Q3 as compared to 102 in 2015 Q3. This represents nearly 20 percent fewer closings, according to *Pitchbook*. Moreover, 2016 Q3 saw the median fund size increase by 25 percent over 2015 Q3 levels.

Private Equity and Venture Capital Employment Trends by Job Category: 2014 Q3 – 2016 Q3

Accounting and Control job openings suffered the largest and only loss of 2016 Q3, declining 17.88 percent. However, all remaining categories boast healthy increases in the number of available job openings. Marketing and Investor Relations led the charge with a 41.55 percent increase in job postings. Investment captured second place at 29.48 percent, Other is third at 20.57 percent, Accounting and Control is fourth at 17.88 percent, and Legal Compliance is close behind at 16.67 percent.

Job Search Digest Index of Private Equity and Venture Capital Employment by Top 5 Job Title Groups: 2014 Q3 – 2016 Q3

Job openings trended upward for Q3 in 4 of 5 job titles, the single exception being Fund Operations, which suffered an 18.81 percent in job openings as compared to Q2. If you will recall, Fund Operations experienced a substantial surge in in job openings in Q2 of 44.75 percent, suggesting that these positions were filled successfully in the past quarter.

Once again, the Jr/Sr Accountant, Accountant, and Financial Reporting Group saw the smallest gain in available positions, coming in at just over 1 percent, continuing a downward trend that has persisted since 2015 Q2.

Private Equity and Venture Capital Employment Trends for the Top 6 Geographies

Employment opportunities strengthened in 4 of 6 geographies tracked by *Job Search Digest*, with the most robust increase occurring in California, which saw job openings rise above 36 percent as compared to the last quarter.

In contrast, New York saw a decline of nearly 4 percent, marking back to back declines for the Big Apple in 2016.

Demand in the UK continues in Q3, boasting a 13.13 percent increase, which means gains for 2 quarters running in this geography. Europe (Other) did not fare nearly as well, posting a modest 5.8 percent gain in Q3. In sharp contrast, Asia posted a 15.24 increase in job openings for Q3.

Domestically, Q3 translated to declines in available positions in New York and U.S. (Other), which suffered decreases of 3.84 and 23.22 percent, respectively.

Private Equity and Venture Capital Employment Distribution by Geographic Area

North America has seen a significant drop in its share of Private Equity and Venture Capital job openings through 2016 Q3, declining just over 27 percent since 2016 Q1.

Global Map

Pitchbook reports a total of 1291 PE deals for 2016 Q3, which does not compare favorably to 2015 Q3's 1972 deals. It is a 34.5 percent year-over-year decline. Moreover, median deal size in 2015 Q3 stood at \$40.3 million compared to \$31.2 million in the current quarter, a decline of 22.6 percent.

North America enjoyed the lion's share of PE deals with 731. Europe captured 459 PE deals and the balance (101) were spread throughout the globe.

U.S. Map

2016 Q3 results point to a significant downturn, not only in the number of deals, but also in median deal value.

The two largest markets within the United States are California and New York. California experienced modest increases in job openings throughout 2016, while, in contrast, New York has experienced declines throughout the same period.

Private Equity Hiring Trends – Q4 2016

Following 2 consecutive quarters of modest gains, Private Equity and Venture Capital job openings retreated by nearly 10 percent in 2016 Q4. In fact, no quarter in 2016, saw the number of open positions equal or exceed the number available in any quarter in 2015...a dismal year indeed.

Private Equity and Venture Capital Employment Trends: 2014 Q3 – 2016 Q4

With year-over-year deal numbers down some 37 percent through the first 3 quarters, it is not surprising to see personnel requirements decline. Moreover, PE exit activity, though high by historical standards, plummeted significantly through the first 3 quarters of 2016, which also contributed to diminished demand.

Private Equity and Venture Capital Employment Trends by Job Category: 2014 Q3 – 2016 Q4

Accounting and Control job openings continued their slide in 2016 Q4, falling by 13.73 percent, following a nearly 18 percent decline in 2016 Q3. The Investment, and Marketing and Investor Relations groups experienced Q4 declines of 12.88 and 28.16 percent, respectively. However, positions in legal compliance increased by almost 41 percent over Q3, followed by Other, which also increased, albeit a modest 6 percent.

Job Search Digest Index of Private Equity and Venture Capital Employment by Top 5 Job Title Groups: 2014 Q3 – 2016 Q4

Consistent with the broad drop in Private Equity and Venture Capital employment opportunities, 2016 Q4 was marked by declines in 4 of 5 job title groups. The single job title group to experience an increase in demand this quarter is the Attorney/Counselor/Solicitor group, which rose some 35 percent, perhaps as a consequence of increased regulation. The Accountant, Jr./Sr. Accountant and Financial Reporting Group suffered the sharpest decline of 29.66 percent, continuing a downhill trend that has persisted since 2015 Q2

The smallest decline occurred in the Fund Operations group, which declined but 4.47 percent from the previous quarter.

Private Equity and Venture Capital Employment Trends for the Top 6 Geographies

One-half of the 6 geographies tracked by *Job Search Digest* suffered declines in job openings, the most stunning of which occurred in Asia, which experienced a 38 percent drop in available positions. New York suffered its third quarterly 2016 decline (3.99 percent), mirroring Q3's decline. The quarter's final victim is the UK, whose decline was a modest 2.39 percent.

Buoyed by the opportunities generated by Silicon Valley, the California index surged by almost 6 percent. Other U. S. geographic areas combined to realize an index gain just shy of 10 percent, which was closely matched by a 10.88 percent increase in Europe (other).

Private Equity and Venture Capital Employment Distribution by Geographic Area

After losing ground in the previous 2 quarters of 2016, North American job openings increased by almost 13 percent in 2016 Q4. However, 2016 Q4 results fell around 18 percent short of the 2016 Q1 employment index.

Global Map

Asia, Australia and New Zealand experienced the largest downturns in job openings, both falling by around one-third in Q4 and 'Other' fell a full 38 percent.

Gainers included North America, United Kingdom, and Europe, with index increases of 12.9 percent, 8.3 percent, and 23 percent, respectively.

U.S. Map

The number of U.S. VC backed exits reached a 5 year low in 2016.

IPO exit numbers have decreased year-over-year since 2012 and comprised the lowest percentage of

overall exits in 2016.

Buyout exits have remained relatively stable since 2012. Nonetheless, buyout exits reached their lowest numbers in 2016, declining steadily since 2014 and acquisition exits reached their lowest number since 2011.