# A Word of Warning to the Rash of New Secondary Intermediaries

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There isn't that much secondary business to be had. Why? Because there are no buyers!

More groups of secondary buyers have left the market than entered it, according to Richard Lichter of Newbury Partners, a buyer of secondary interests. During strong economic times, fund-of-funds, family offices and pension funds were more active in the secondary market, he said. But now those groups, especially the family offices and pension funds, have become sellers on the secondary market, he said.

Still, large secondary players like Goldman Sachs, Coller Capital and Lexington Capital have massive funds in the market. Once those and other new entrants have their commitments locked away, their sheer size may cause them to snatch up everything in sight. Time will tell if bigger means better in the secondary market (it certainly hasn't in the primary one).

But even if a new secondary advisory group is retained by a few of the many sellers out there, they certainly can't promise a sale. The lack of buyers isn't the only thing holding deals back. Right now, nobody's buying until 12/31 numbers are out. If they're as ugly as we expect them to be, the buyers' valuations may be so low that no seller will accept them. I'll be very interested to see if Q4 numbers cause secondary sellers to push for faster sales, causing a surge in interests changing hands, or if we meet the kind of seller/buyer pricing disconnect we've seen in the M&A market.

For background, last week peHUB reported that Park Hill, CSFB, and possibly Goldman Sachs have secondary intermediary groups in the works. Prior to this news, the only firms with such practices were Cogent Partners, UBS and Probitas Partners. There's also European secondary advisory firm Campbell Lutyens, as pointed out by Thomas Liaydet in the comments.