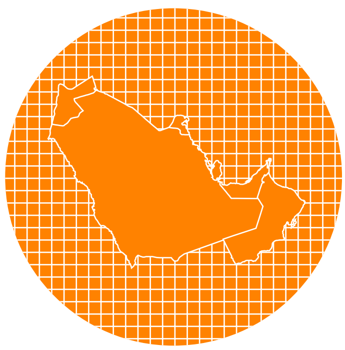
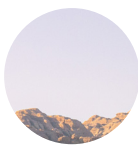
Aladdin
by BlackRock

SPOTLIGHT

MARKET EVOLUTION: THE MIDDLE EAST

FROM CAPITAL SOURCE TO CAPITAL DESTINATION, FUELED BY PREQIN DATA





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FOREWORD

Ayman Daif

Managing Director, Head of Aladdin Business Development for the Middle East, Central Asia, Africa and India

Today, both the data and the dialogue point the same way: the Middle East is no longer simply exporting capital to global markets. The intentional decision to deploy more capital at home and build the institutions and ecosystems around it is increasingly shaping the future of the region's public and private markets.

Recent BlackRock Investment Institute research suggests a more fragmented geopolitical backdrop is accelerating a $2.1 trillion GCC investment cycle through 2030, with growing emphasis on strategic resilience, energy and industrial infrastructure, and digital infrastructure.

This shift is exactly why a whole-portfolio conversation matters in the Middle East today. Private markets are no longer a satellite allocation; they have become part of the core toolkit for portfolio resilience. In a world of more frequent geopolitical shocks, where public markets reprice in real time to every headline, resilience has become as important as returns – and the line between public and private is blurring into a real continuum. That is the essence of the Total Portfolio Approach (TPA): assessing liquidity, risk, and return across the whole portfolio rather than within asset-class silos.

Our clients are already living that shift. In Preqin's latest Middle East Investor Survey,[1] more than 50% of respondents expect to commit more capital to private equity over the coming year, and half plan to do the same in infrastructure. Meanwhile, over 70% say direct government support and sponsorship would make them commit more still. Saudi Arabia and the UAE stand out as the markets of choice, and the Middle East ranks as the single most attractive emerging market in the sample. This report reinforces that conviction: regional sovereign wealth funds (SWFs) allocate 43% of their exposure to private capital, ahead of the 35% rest-of-world average, and LP appetite for private equity has climbed to 83% (Figs. 1-3).

1 Preqin's Middle East Investor survey has captured responses from 26 investors across the region so far. The survey is still open as this report went to press and the final figures could change.

But scale alone is not the story. The harder discipline is identifying the most appropriate private markets, not simply more of them. For example, some investors view private credit as a potential source of income and relative downside mitigation, while infrastructure may offer exposure to inflation-linked, long-duration cash flows. This approach demands selectivity, deep manager diligence, and a clear view of how each allocation behaves across the whole portfolio rather than in isolation.

This is where the technology angle becomes decisive. The TPA model is only as good as the data and risk tools behind it. As public and private portfolios converge, investors need a single lens to measure exposure, model liquidity, and stress-test resilience across both worlds at once. With Preqin's private markets data feeding directly into Aladdin's whole-portfolio risk management, regional institutions – from the SWFs anchoring the market to the family offices that make up nearly half of active LPs – can move from intent to disciplined deployment with the visibility this moment demands.

The momentum is real, and it is structural rather than cyclical. Government-led transformation, deepening domestic capital markets, and a widening investor base are expanding the opportunity set year by year.

The task now is to build portfolios that are not just larger in private markets, but more complete – measured, managed, and understood as a single whole. For investors in this region, and for those looking in, that is both the opportunity and the responsibility of the next phase.

A VIEW FROM THE TERRITORY

Mohammad AlFahim

Managing Director and UAE Country Head, BlackRock

The Middle East has always treated the capital it brings in, and the capital it sends out, as two separate tracks, says Mohammad AlFahim, Managing Director and UAE Country Head, BlackRock. "But today there are far more investment opportunities at home – across infrastructure, pipelines, data centers, and the like – large, quality assets that attract the biggest institutional investors globally. These are real, good deals that they want to transact with the UAE government."

As those allocations grow, the portfolio conversation is becoming more holistic. "There's still a segregation of public and private, but it's becoming more fluid. On the public side you're seeing more of a blend with alternative liquid strategies, and hedge funds applied to what were historically long-only sleeves. That blend is most prominent among the nimbler family offices, who are setting themselves up to take an opportunity across the whole spectrum. What clients increasingly want is one consistent view across the entire portfolio – and the technology to identify those risks and report them to stakeholders more efficiently. That's where the conversation is heading," he says.

On AI: "Across parts of the Gulf, and especially in the UAE, technology adoption is among the highest in the world – everything, from medical records to government licenses, is a click away. Clients are extremely interested in investing in AI as a theme, across large language models and the infrastructure beneath them. Some even treat the large language models as foundational – infrastructure-type investments in their own right. People are open to it because they see the opportunity, but also because they live it every day."

And the region is changing: "If there's one thing global investors still underestimate," he says, "it's the pace of institutional development across the region. People focus on the scale of capital in the Middle East, but the bigger story is the evolution of the institutions themselves – governance, investment processes, talent, and technology have all progressed rapidly. The conversation today is far more sophisticated than many outside the region realize. The world understands the scale of the capital pools. What it sometimes underestimates is the sophistication that now sits behind them."

A VIEW FROM THE TERRITORY

Ali AlQadhi

Managing Director and CEO of BlackRock Kuwait and Qatar

The Middle East's role in global capital markets is undergoing a fundamental shift. "The direction of capital has flipped," says Ali AlQadhi, Managing Director and CEO of BlackRock Kuwait and Qatar. "The Middle East used to be a place capital flowed out of – a source of money for managers to raise and deploy elsewhere. Today, it's where that capital is being put to work – a destination for investment in its own right."

This is not just a change in flow, but in mindset. Where engagement was once transactional, it is now anchored in long-term investment and foreign direct investment. BlackRock's own footprint tells the same story. Three years ago, the firm had two offices in the region: Dubai and Riyadh. Today it has five, with Kuwait, Qatar, and Abu Dhabi added to the map. Two to five in under three years is not a cycle, but "a structural repricing of the region's role," according to Ali.

That repricing is most visible in infrastructure. While real estate remains foundational, the next phase of growth is being driven by the opening up of historically state-owned assets to private markets. "Real estate is the foundation this region was built on, and infrastructure is where the next wave of growth is coming from."

Privatization and monetization across energy, utilities, and water are creating an opportunity set that barely existed a decade ago – and one that spans both mid-market and large-scale strategies. Capital is following accordingly, with private credit increasingly tied to infrastructure development. The implication is clear: infrastructure, and the financing behind it, will play a prominent role in defining the region's next investment chapter.

Alongside this, a new theme is rapidly emerging: "Data centers are the next frontier. We have the two things the rest of the world is short of – cheap power and open land – and it sits front and center for the leadership."

With strong government backing through subsidies, land, and regulatory frameworks, the sector is positioned for rapid growth. The only real question is one of scale: "Demand is so intense that no one can tell you the right number to build. But as problems go, that's a good one to have."

What underpins all of this is a shift in how relationships are built – with technology now central rather than peripheral. Being local and engaging with local clients face to face has become even more important. This signals a broader evolution: clients are no longer simply allocating capital, but seeking embedded partnerships. The integration of Aladdin, eFront, and Preqin data speaks directly to that need, enabling a unified view across portfolios, asset classes, and geographies. Ultimately, this is about breaking down barriers in how portfolios are managed. “Clients don’t want to feel the silos between public and private markets, they want one view of the whole portfolio – public and private, risk and return – through a single lens.”

In that context, competitive returns are only the starting point. Differentiation increasingly comes from commitment to the region itself – and the ability to deliver locally, not just invest from afar. Beyond sovereigns and pension funds, a growing base of family offices and private wealth is further expanding the opportunity set. The implication is hard to ignore: “The Middle East isn’t waiting to join the story of global private markets – it’s writing the next chapter.”

THE EVOLUTION OF PRIVATE MARKETS IN THE MIDDLE EAST

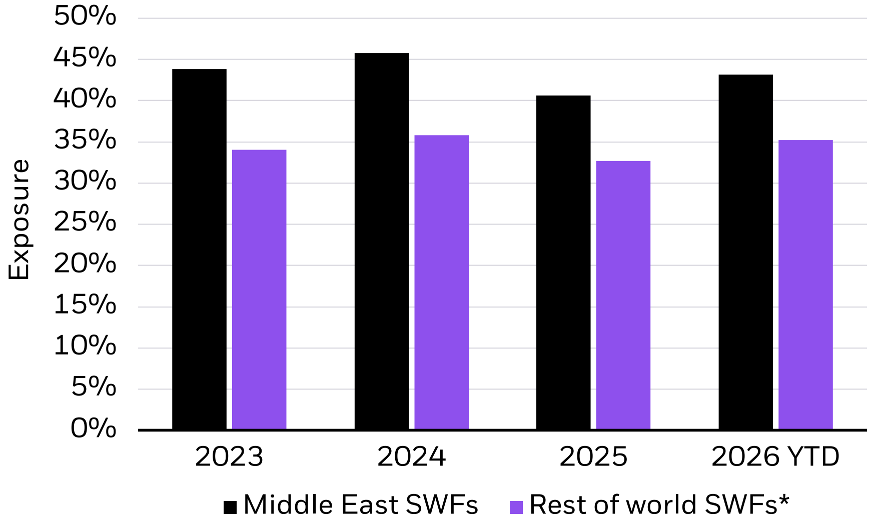
Spotlight on: Middle East momentum and sentiment

The Middle East remains one of the most prominent growth regions for private capital. Structural reform, strategic partnerships, and the influence of SWFs are bringing its next phase of private markets growth into sharper focus.

The region is no longer only a source of global private markets capital. In 2026, the data is increasingly showing a market that is becoming a destination in its own right, with growth, conviction, and opportunity moving in the same direction.

Fig. 1: Middle East SWFs tracked by Preqin allocate 43.2% of their exposure to private capital

Middle East SWFs vs. rest-of-world SWFs average exposure to private capital, 2023–2026



*Excluding Africa SWFs
Source: Preqin Pro data as of June 2026

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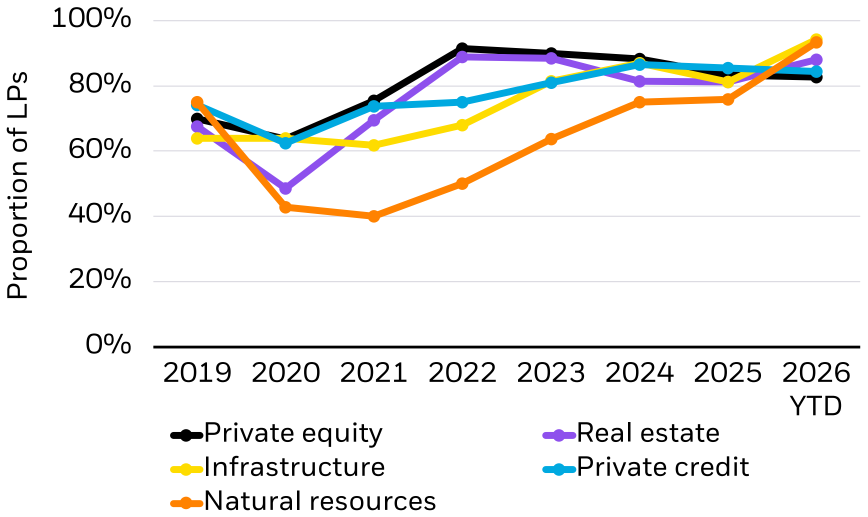
Fig. 1 reveals the scale of that conviction. Middle East SWFs tracked by Preqin allocate 43% of their exposure to private capital, compared with 35% for their rest-of-world peers (excluding Africa), an eight-percentage-point gap that represents a meaningful difference in dollar terms.

Fig. 2 suggests the gap could widen further. The share of Middle East LPs positive on or considering future search mandates (FSMs) in private equity – an indicator of future investment intentions, preferences, and mandates – has climbed from 70% in 2019 to 83% in 2026. Over the same period, rest-of-world intent shifted only marginally, from 60% to 61% (Fig. 3). The direction of travel is clear: regional appetite is growing faster than the global baseline.

Fig. 2: Sentiment is pointing north for private capital in the Middle East

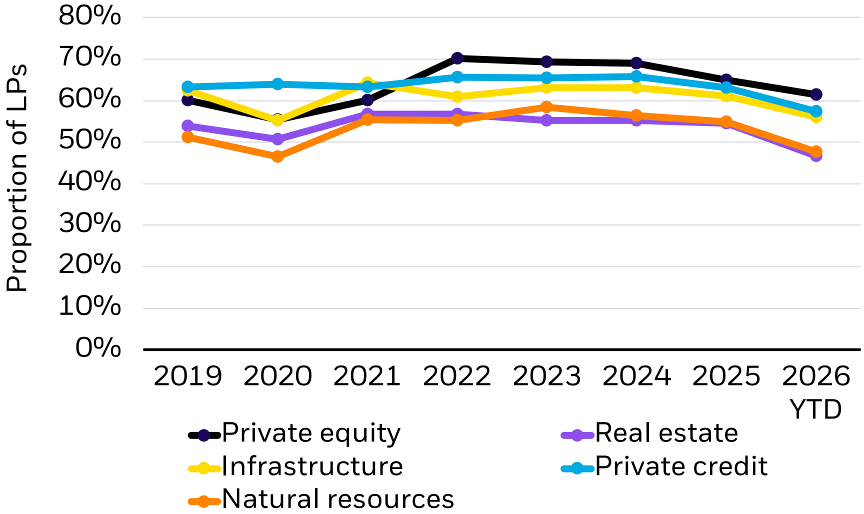
Proportion of Middle East LPs positive on or considering FSMs, by asset class, 2019–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 3: FSMs outside the Middle East are less buoyant than those within

Proportion of rest-of-world LPs positive on or considering FSMs, by asset class, 2019–2026 YTD



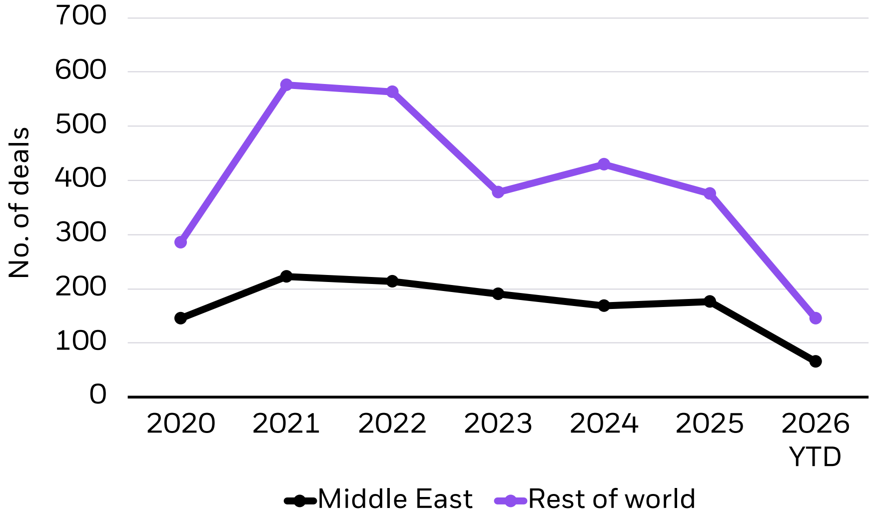
Source: Preqin Pro data as of June 2026

Spotlight on: Deals and activity

Deals data is beginning to capture the region's changing center of gravity. Fig. 4 points to the narrowing gap, from a 2021 peak, between private equity and venture capital (VC) deals by Middle East-based investors at home and overseas – although there is limited evidence of sustained domestic growth since 2021. Fig. 5 tightens the lens on Saudi Arabia, where domestic activity has nearly doubled since 2020, pulling local and international deal-making closer together.

Fig. 4: The narrowing gap between the number of private equity and VC deals from Middle East-based investors domestically and overseas

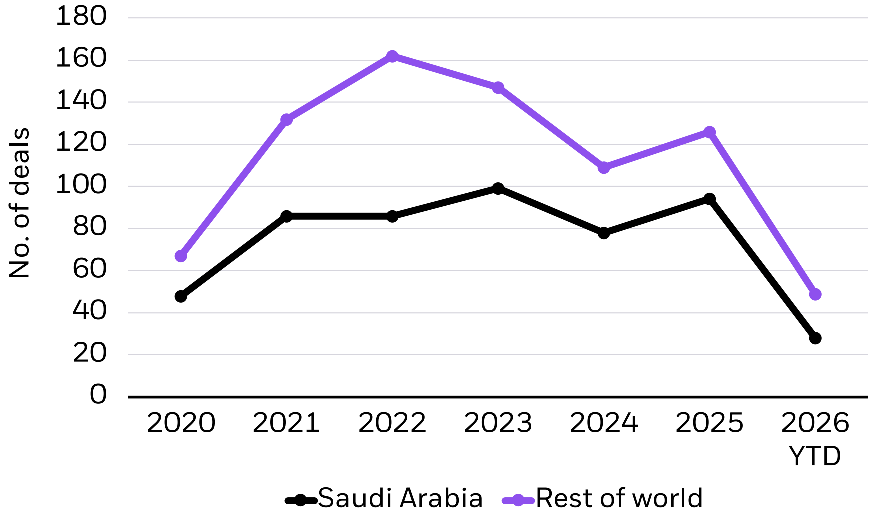
Number of private equity and VC deals by Middle East-based investors, by region, 2020–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 5: In Saudi Arabia, domestic and international deal-making have come closer together

Number of private capital deals by Saudi Arabia-based investors within Saudi Arabia and internationally, 2020–2026 YTD



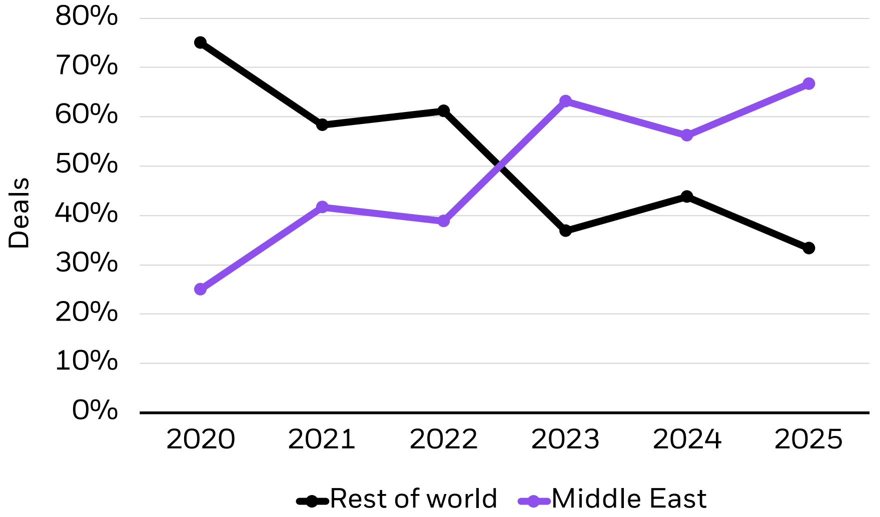
Source: Preqin Pro data as of June 2026

One layer deeper, Fig. 6 highlights a significant inflection point in the region's deal data. Saudi Arabia's Public Investment Fund (PIF) has accelerated its direct deal activity in the Middle East, overtaking rest-of-world deal activity in 2023 and extending that lead thereafter.

Fig. 7 adds further context, showing a selection of notable funds captured by Preqin since 2024 that were anchored by PIF and focused on Saudi Arabia or the wider Middle East. This points to a market where domestic ambition is increasingly being backed by direct capital, strategic partnerships, and fund formation.

Fig. 6: PIF has been accelerating its direct deal activity in the Middle East

PIF direct private equity deals by region, 2020–2025



Source: Preqin Pro data as of June 2026

Fig. 7: Some of the biggest names in private capital have closed funds with a focus on the Middle East

PIF notable anchored funds captured by Preqin, 2024–2026 YTD

Fund/platform	Manager	Manager HQ	Strategy/asset class	Geography focus	PIF role
King Street MENA Private Credit Fund	King Street Capital	US	Private credit	Saudi/ MENA	Anchor investor
Stride Ventures Debt Fund V	Stride Ventures	India	Venture debt	Saudi Arabia	Strategic LP (via Jada Fund of Funds)
State Street Saudi Arabia Enhanced Active Equity UCITS ETF (SAQL)	State Street Investment Management	US	Equities	Saudi Arabia	Anchor investor
Albilad MSCI Saudi Equity ETF	Albilad Capital	Saudi Arabia	Equities	Saudi Arabia	Anchor investor
Macquaries AM Infra Strategies	Macquarie Asset Management	Australia	Infrastructure/ energy transition	Saudi Arabia	Strategic partner
Goldman Sachs AM Private Credit & Equity Strategies	Goldman Sachs Asset Management	US	Private credit/ public equity	Saudi/GCC	Anchor investor
Jadwa GCC Private Equity Fund I	Jadwa Investment	Saudi Arabia	Private equty	Saudi/GCC	Strategic LP (via Jada Fund of Funds)
Brookfield Middle East Partners	Brookfield Asset Management	Canada	Private equity	Saudi Arabia	Anchor investor
BlackRock Middle East Investment Management	BlackRock	US	Multi asset (incl. private markets)	Saudi/ MENA	Anchor investor
Partners for Growth VII	Partners for Growth	US	Venture debt	Saudi Arabia	LP (via Jada Fund of Funds)

Spotlight on: Deals and signs of future growth

Fig. 8 offers a closer read on the private capital approach global GPs are taking in the Middle East. With VC accounting for 90% of deal-making since 2020, the data suggests sustained support for the region's next generation of entrepreneurs, technology companies, and growth businesses.

Focusing in on this key asset class, Fig. 9 shows aggregate VC deal value in the Middle East reaching around $3.5bn in 2022 and averaging $2.4bn per year between 2021 and 2025. While the US and Europe have faced a tougher post-2021 funding environment, Middle East VC activity has held steady.

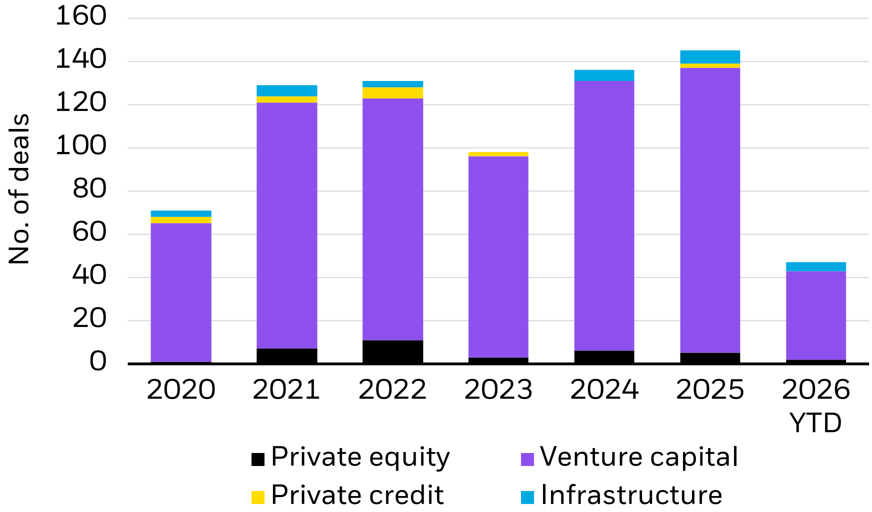
Buyout activity has not yet gathered the same momentum as VC, but Fig. 10 shows where the next chapter could emerge. As a share of total buyout deal activity, add-ons have risen from 20% in 2020 to 46% in 2025. Add-on deals are where a private equity- or VC-backed portfolio company acquires a smaller company or assets to consolidate market position.

The rising share of add-on deals suggests buy-and-build strategies are well suited to a region where fragmented markets, sector growth, and consolidation opportunities can work together.

LP direct deals – where investors such as SWFs or family offices invest directly into companies rather than through a GP fund – climbed from 12% in 2020 to a 42% peak in 2023, briefly becoming the single largest deal type, before falling to just 7% in 2025. The pattern reinforces a wider point: the region is growing, but its next growth phase will likely depend on which forms of capital prove most scalable and repeatable.

Fig. 8: VC is the strategy of choice for GPs around the world for deals in the Middle East

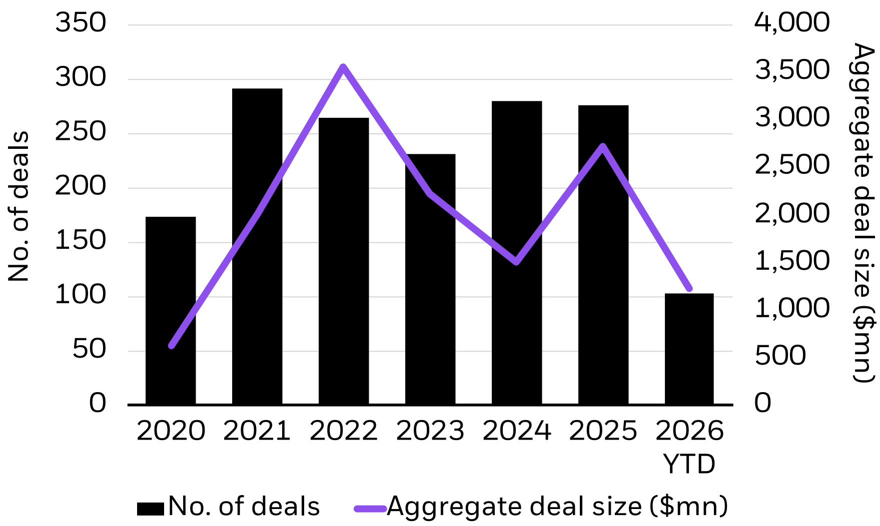
Global GP deal activity in the Middle East, 2020–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 9: VC deal-making in the Middle East is relatively consistent in the years since 2021

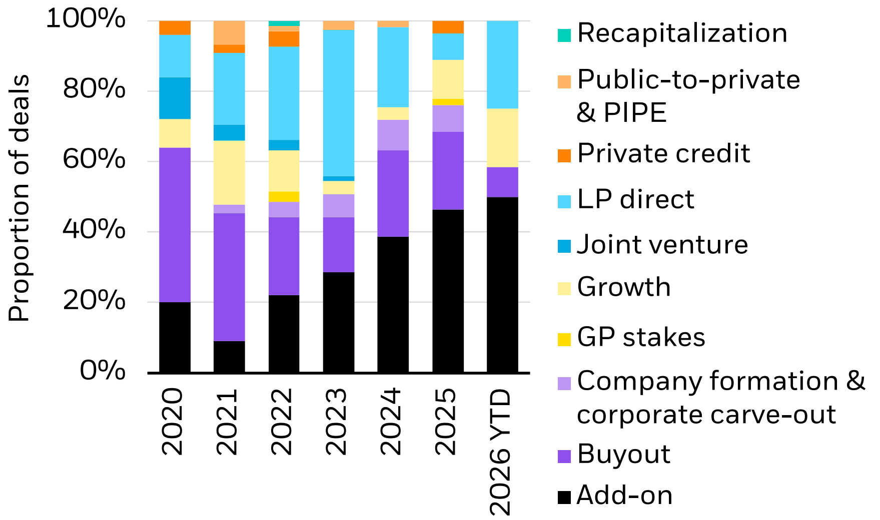
Number and aggregate size of Middle East VC deals, 2020–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 10: Growth in add-on deal-making suggests a buy-and-build approach suits the opportunities in the region

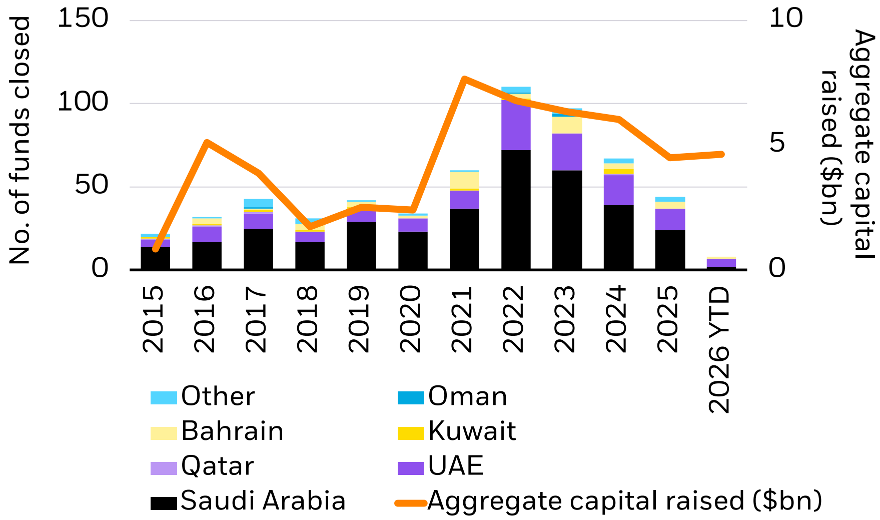
Middle East buyout deals by type, 2020–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 11: Fundraising in the Middle East is dominated by Saudi Arabia and UAE

Number of funds closed and aggregate capital raised in the Middle East by country, 2015–2026 YTD



Source: Preqin Pro data as of June 2026

Spotlight on: Fundraising

Preqin data shows that Saudi Arabia remains the engine room of Middle East private capital fundraising, representing more than half of all Middle East-based funds closed since 2015 (Fig. 11).

Of the 590 Middle East-based funds closed since 2015, Saudi Arabia accounts for 359 – roughly 61%, and more than double the UAE's 143. The other five markets combined – Qatar, Kuwait, Bahrain, Oman, and other Middle East markets – account for just 88.

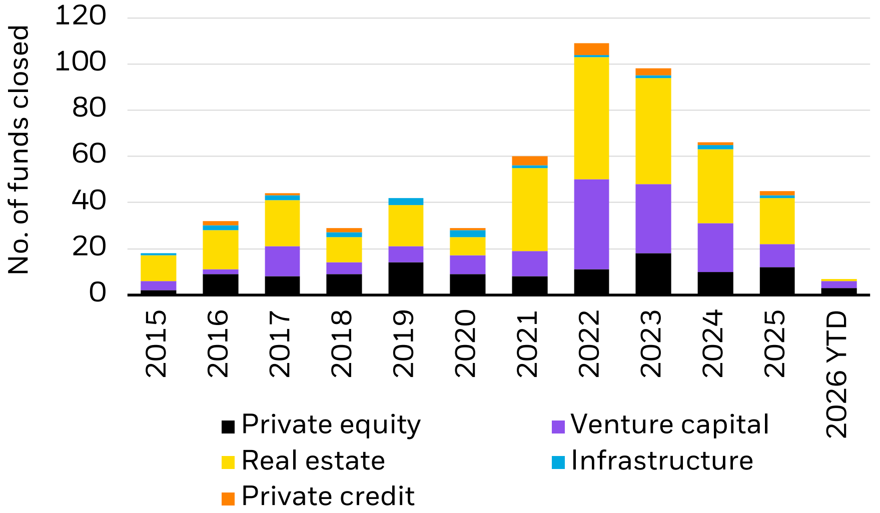
The capital raised is significant, but it has not followed a straight line. Middle East-based fundraising reached $4.5bn in 2025. This was below the 2021 high-water mark of $7.7bn, after annual totals stepped down through $6.8bn in 2022, $6.3bn in 2023, and $6.0bn in 2024.

By asset class, the fundraising story has shifted decisively. Real estate raised the most in earlier years, including $3.1bn in 2016 and $4.2bn in 2021, but fell to $0.1bn in 2025 (Fig. 13). Private equity has moved the other way: from $0.1bn in 2015 to a peak of $7.0bn in 2024, then $3.5bn in 2025 and $4.5bn so far in 2026.

Another Middle East-specific idiosyncrasy in the data: VC and private credit raise far less regional capital than their deal activity implies. This suggests a meaningful share of the capital supporting those transactions may be coming from outside the region.

Fig. 12: Real estate dominates when looking at the number of funds closed

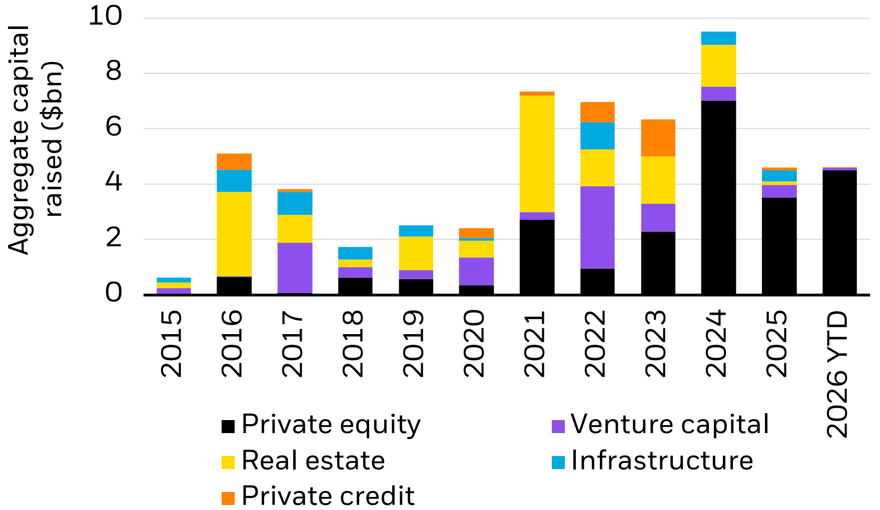
Number of funds closed in the Middle East by asset class, 2015–2026 YTD



Source: Preqin Pro data as of June 2026

Fig. 13: Private equity dominates capital raised across asset classes since 2024

Aggregate capital raised in the Middle East by asset class, 2015–2026 YTD

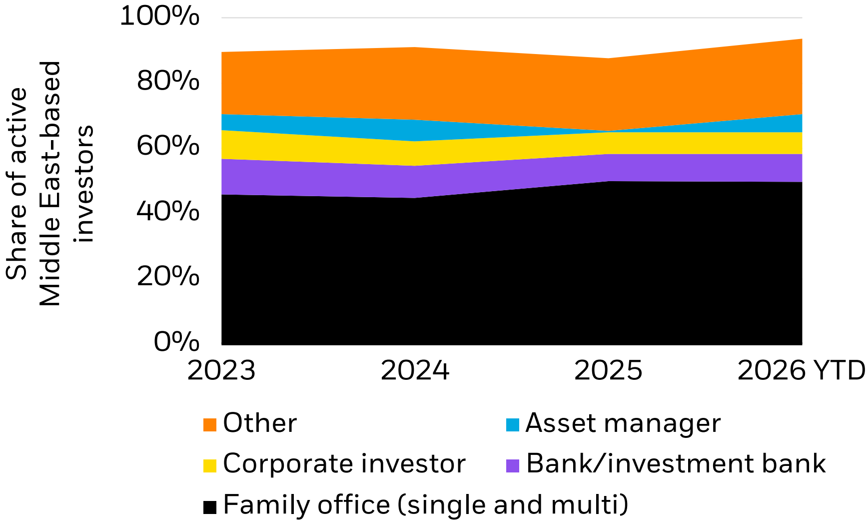


Source: Preqin Pro data as of June 2026

Family offices are the single largest Middle East private capital investor type, accounting for almost 50% of active Middle East-based LPs in 2026 (Fig. 14). It is another reminder that private wealth is central to the region's private capital story.

Fig. 14: Family offices are the biggest Middle East private capital investor type

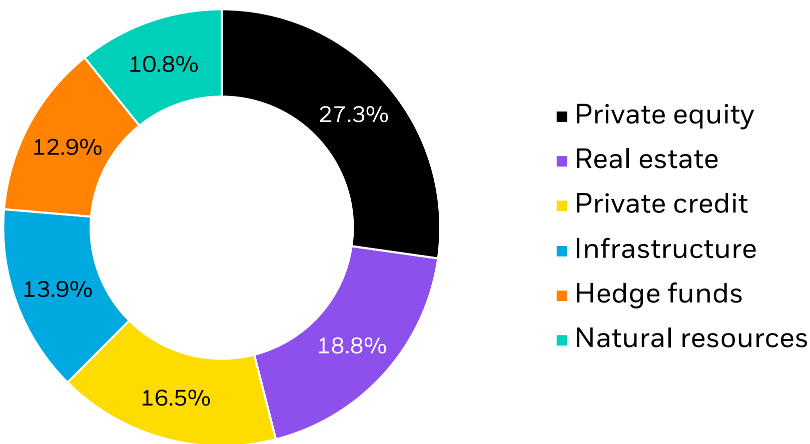
Active Middle East-based private capital investors by type,* 2023–2026 YTD



*Top five LP types by activity shown for legibility
Source: Preqin Pro data as of June 2026

Fig. 15: Family offices tilt toward private equity

GCC family offices FSM breakdown by asset class, 2025–2026 YTD



Source: Preqin Pro data as of June 2026

Looking specifically at GCC family offices, Fig. 15 reveals a clear tilt toward private equity when it comes to FSMs, at 27%, ahead of real estate at 19%, private credit at 16%, infrastructure at 14%, hedge funds at 13%, and natural resources at 11%.

This report captures how two distinct but deeply aligned forces are shaping the future of private capital in the Middle East: SWFs and family offices.

SWFs open the door: setting the tone, attracting talent, anchoring capital, and helping to reduce legislative and regulatory friction. Family offices are walking through that door in growing numbers. Sovereigns bring scale; family offices bring breadth.

The next stage of the region's private capital evolution will depend on whether private equity deal-making can mature at the same pace as investor intent. Private equity is already the leading mandate among GCC family offices, at 27.25%.

The direction of travel in the Middle East is clear. If regional intent continues to convert into disciplined deployment, the years ahead could see the Middle East move from investment momentum to maturity. For investors in the region, and for those looking in, that is the opportunity of the next phase: to build portfolios that are not just larger in private markets, but more complete – measured, managed, and understood as a single whole.

FREQUENTLY ASKED QUESTIONS

Why is the Middle East becoming a destination for private capital?

SWFs, economic diversification programs, infrastructure investment, and expanding domestic capital markets are creating new opportunities for both regional and international investors. As a result, the region is evolving from a source of global capital into a destination for private capital deployment.

Which countries are driving private markets growth in the Middle East?

Saudi Arabia and the UAE remain the dominant forces in Middle East private markets. Saudi Arabia accounts for more than half of all Middle East-based funds closed since 2015, while both countries are attracting investment across infrastructure, private equity, venture capital, and technology.

What role do SWFs play in Middle East private markets?

SWFs are among the most influential investors in the region. They provide capital, anchor new funds, attract international managers, and support the development of local investment ecosystems. Middle East SWFs allocate a larger share of their portfolios to private capital than many of their global peers, helping accelerate the growth of regional private markets.

Why are investors interested in Middle East infrastructure and data centers?

Infrastructure is emerging as one of the region's most significant investment opportunities, driven by privatization, energy transition projects, utilities, transport networks, and digital infrastructure. Data centers have become a particular area of focus as governments seek to support AI adoption, cloud computing, and broader economic modernization initiatives.

How important are family offices in Middle East private capital?

Family offices have become one of the most important investor groups in the region, accounting for nearly half of active Middle East-based private capital investors. Many are increasing their exposure to private markets, particularly private equity, and are playing a growing role alongside SWFs in shaping the region's investment landscape.

ABOUT ALADDIN

BlackRock Aladdin®—inclusive of the Aladdin platform, eFront®, Aladdin Wealth™, and Preqin® —empowers institutional investors to make more informed decisions by providing a common data language across the whole portfolio. Used by asset managers and owners including banks, financial institutions, pensions, corporations, insurers, and wealth managers, our technology enables clients to manage the entire process from building portfolios and managing performance to operations and accounting. With Preqin, our integrated tech and data solutions support clients across the pre- and post-investment cycles. Complemented by our interconnected ecosystem of partners, BlackRock Aladdin helps firms stay agile as market dynamics and client demands evolve. Find out more at www.blackrock.com/aladdin | request@blackrock.com

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