

A data acquisition too big for you to ignore if you need housing, health care or child care ^[1]

The “informational advantage” in private equity for BlackRock must not become an informational black hole for you and me, Armine Yalnizyan writes.

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Excerpts

The world’s largest asset manager, BlackRock, just bought what appears to be the world’s most valuable analytics firm for data about private equity, Preqin. Pay attention. This deal is gigantic. It is also gigantically important. It could shape the future of ownership, and that could shape what you can and can’t afford to buy.

...

What could all this mean to you and me?

It could mean tighter information control by BlackRock, as these largely unregulated private-equity deals expand into foundational sectors of the economy such as infrastructure, utilities, logistics, real estate and, crucially, the full spectrum of care, from cradle to grave.

Or it could yield greater insights for everyone, leading to better oversight and governance tools.

The hope for higher-than-average returns comes with the certainty of higher-than-average risks. According to a 2019 study, one out of every five firms backed by private equity went bankrupt in the U.S. within 10 years, 10 times the average rate of bankruptcy. That’s a warning bell for long-term-care, child-care and health-care-providing businesses, currently in the crosshairs of private equity.

...

If BlackRock corners the market on market information, shouldn’t the governments that greenlight this sale get a better deal on behalf of the hundreds of millions of citizens they represent? Given the already chronic undersupply of care, we should prevent the chaos of bankrupted child-care and long-term-care centres, primary care and day surgery clinics, by at least better monitoring trends. Who’s buying what and how much of it, and where; and how are they extracting value from the asset before reselling?

The “informational advantage” in private equity for BlackRock must not become an informational black hole for you and me.

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