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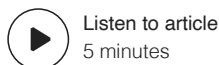
MEDIA | FEATURE

Private Equity's Next Target? Your Favorite Songs From Shakira, Springsteen, and Pink Floyd.

By [Luisa Beltran](#) Follow Updated September 6, 2022 / Original September 4, 2022



Music catalogs like those of The Boss and Shakira represent the latest focus for private equity.
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The next time you listen to “Comfortably Numb” by Pink Floyd on Spotify or [Amazon Music](#), Blackstone may get a slice of the streaming revenue.

That is because [Blackstone](#) (ticker: [BX](#)), through its partnership with [Hipgnosis Song Management](#), is [said](#) to be bidding for Pink Floyd’s song catalog, which includes “Wish You Were Here,” and “Another Brick in the Wall.” Blackstone is expected to do the deal through Hipgnosis Song Management, the investment advisor of Hipgnosis Song Fund, which owns the music catalogs of Blondie, the Red Hot Chili Peppers, and Neil Young. Hipgnosis declined to comment. Blackstone didn’t return messages for comment.

The Pink Floyd process is the latest sale of a music catalog. Musicians such as [David Bowie](#), [Bob Dylan](#), and Bruce Springsteen have each recently sold their catalogs to investors that include music companies and private equity. Springsteen's deal, considered the most lucrative, saw the New Jersey musician sell his entire recorded music and songwriting catalogs to Sony Music Entertainment, [a statement said](#). The deal was valued at \$500 million, according to the [New York Times](#).

The popularity of streaming has changed the revenue dynamics of music. Subscribers to Spotify Technology (SPOT), Amazon Music and Pandora pay a fee, usually about \$10 a month, to listen to their favorite songs, which can be new or decades old. This has produced a dependable revenue stream for the platforms and for those that own the music. About 65% of global recorded music revenue in 2021 came from streaming, according to the International Federation of the Phonographic Industry, or [IFPI](#), which represents the recording industry. There is also TikTok where users can also discover new and old music.

It's this recurring cash flow that has driven the surge of investor interest, according to Reed Phillips, CEO of Oaklins DeSilva+Phillips, a media investment bank. Investors "get paid every time the songs are played via streaming," Phillips said. This means if a consumer listens to Shakira's "Hips Don't Lie" on Spotify or Amazon Music, Hipgnosis gets some money. That is because the Latinx artist sold the rights to her 145-song catalog to Hipgnosis in [January 2021](#). (Blackstone won't get any money because its [\\$1 billion](#) investment in Hipgnosis came after the Shakira transaction.)

"Music rights are very profitable and predictable, because the work has already been done to create the songs and they have proven their longevity," Reed said. Aging artists are attracted to these deals, because they can get a lump-sum payment for their life's work, he said.

Blackstone isn't the only PE firm that is investing in music catalogs. [Apollo Global Management \(APO\)](#) in October also provided \$1 billion to help [launch](#) HarbourView Equity Partners, the asset manager led by Sherrese Clarke Soares. HarbourView has since scooped up over 35 catalogs including those of Brad Paisley, Lady A, and Luis Fonsi. Apollo didn't return messages for comment.

There is also [KKR \(KKR\)](#) which last year [acquired](#) a majority stake of the music catalog of songwriter and producer Ryan Tedder and One Republic, which include songs



Blackstone is bidding on Pink Floyd's catalog, which includes "Another Brick in the Wall."

Illustration by Barron's Staff; Dreamstime

"Counting Stars" and "Apologize." The catalog includes nearly 500 songs written, recorded or produced by Tedder with One Republic or with other artists like Beyoncé, Lady Gaga and CardiB. KKR has also teamed up with music company BMG to [buy](#) the entire music interests of ZZ Top, and the songwriting catalog of John Legend. KKR also owns a stake in TikTok parent ByteDance.

Providence Equity Partners, the PE firm once known for its media deals, established Tempo Music Investments with [Warner Music](#) in 2019. Tempo owns a catalog of rights from Wiz Khalifa, Florida Georgia Line, and Shane McAnally, [according to the Providence website](#). Providence didn't return messages for comment. (Clarke Soares, of HarbourView, is the founder and former CEO of Tempo.)

The interest in catalog music rights is just the latest step in the evolution of firms like Blackstone and KKR, according to Chris Kotowski, an [Oppenheimer](#) analyst. These firms, which now call themselves alternative asset managers, have diversified beyond private equity and have funds focused on credit, real estate and infrastructure. In the past 10 years, there has also been the rise of "tactical opportunities" type pools that can invest in assets that aren't whole corporate entities, but music rights, drug royalties, or wireless spectrum, Kotowski said. "Gradually, the world came to the conclusion that [PE funds have] a good structure to own a whole bunch of different assets," he said.

Write to Luisa Beltran at luisa.beltran@dowjones.com