Private Debt Intelligence – 9/17/2018

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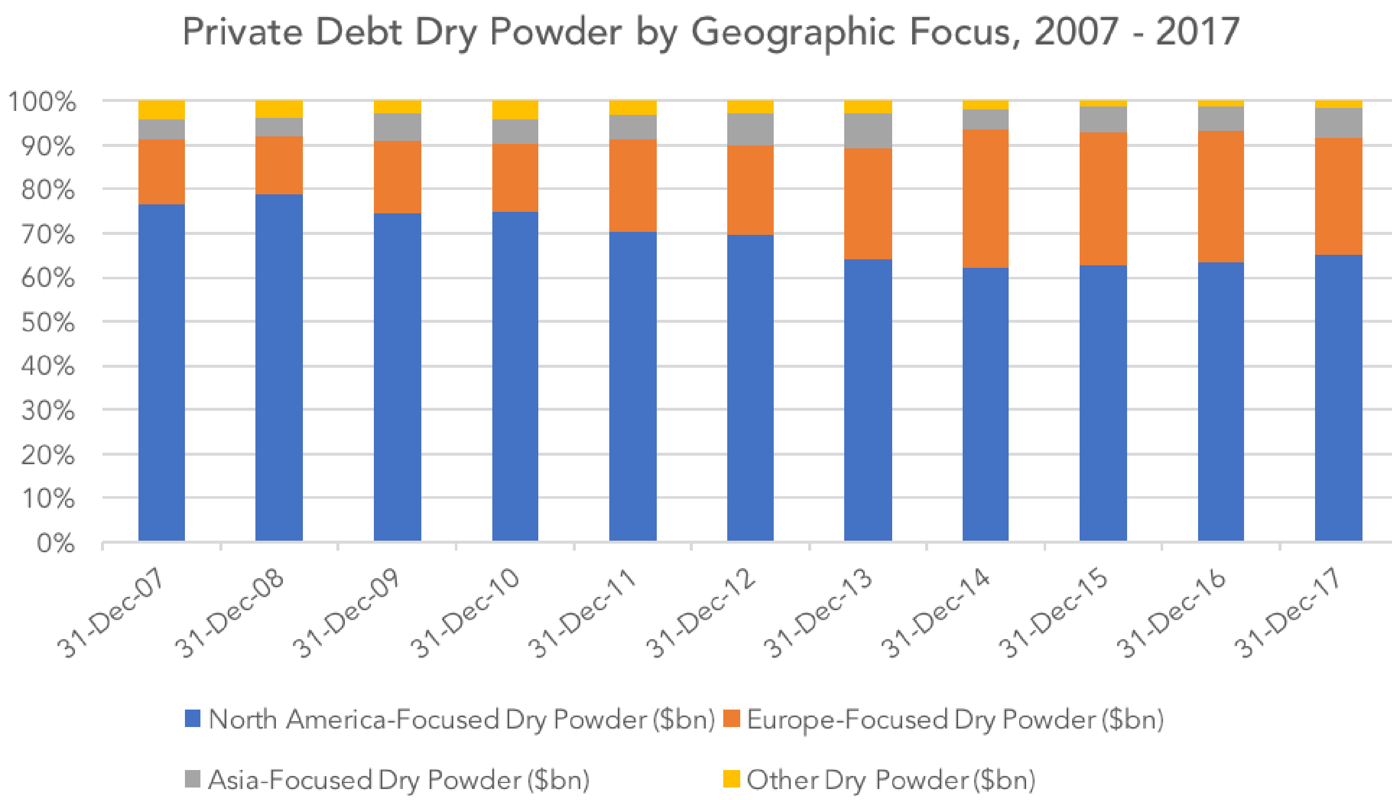
Private Debt Goes Global

Chart



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As the alternatives assets industry continues to grow, Preqin is launching an initiative examining the future of alternatives. In conjunction with key industry participants, Preqin takes a five-year look into the future to see where the private debt market will be, what changes fund managers are planning for and how investors plan to invest in 2023.

Historically, the growth of the private debt industry has centred strongly around North America, with the largest amounts of private debt dry powder targeting the region. However, although North America-focused private debt dry powder has accounted for the largest proportions of dry powder for over a decade, private debt dry powder targeting other regions has grown in importance.

At the end of 2007, over three-quarters (77%) of private debt dry powder targeted North America, while 15% targeted Europe. However, the proportion of North America-focused private debt dry powder has seen an almost year-on-year decrease since, and as at the end of 2017, 65% of private debt dry powder is targeting North America.

Meanwhile, Europe-focused private debt dry powder has increasingly accounted for larger proportions of total dry powder: at the end of 2007, Europe-focused dry powder represented 15% of total dry powder; at the end of 2017, Europe-focused dry powder made up over a quarter (27%) of total private debt dry powder.

Asia-focused dry powder has seen growth as well, but, as the region has a less established private debt industry, as at the end of 2017, Asia-focused dry powder still only accounts for 7% of total dry powder. However, the region's dry powder nonetheless is growing, and stands at a record $17bn.

Preqin predicts that the size of the private debt market will double by 2023, and that emerging markets and Europe will be the regions to see the most growth. Compared to private debt's current focus on North America, private debt will most likely grow into a far more globalized marketplace by 2023.

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