Private Debt Intelligence – 12/10/2018

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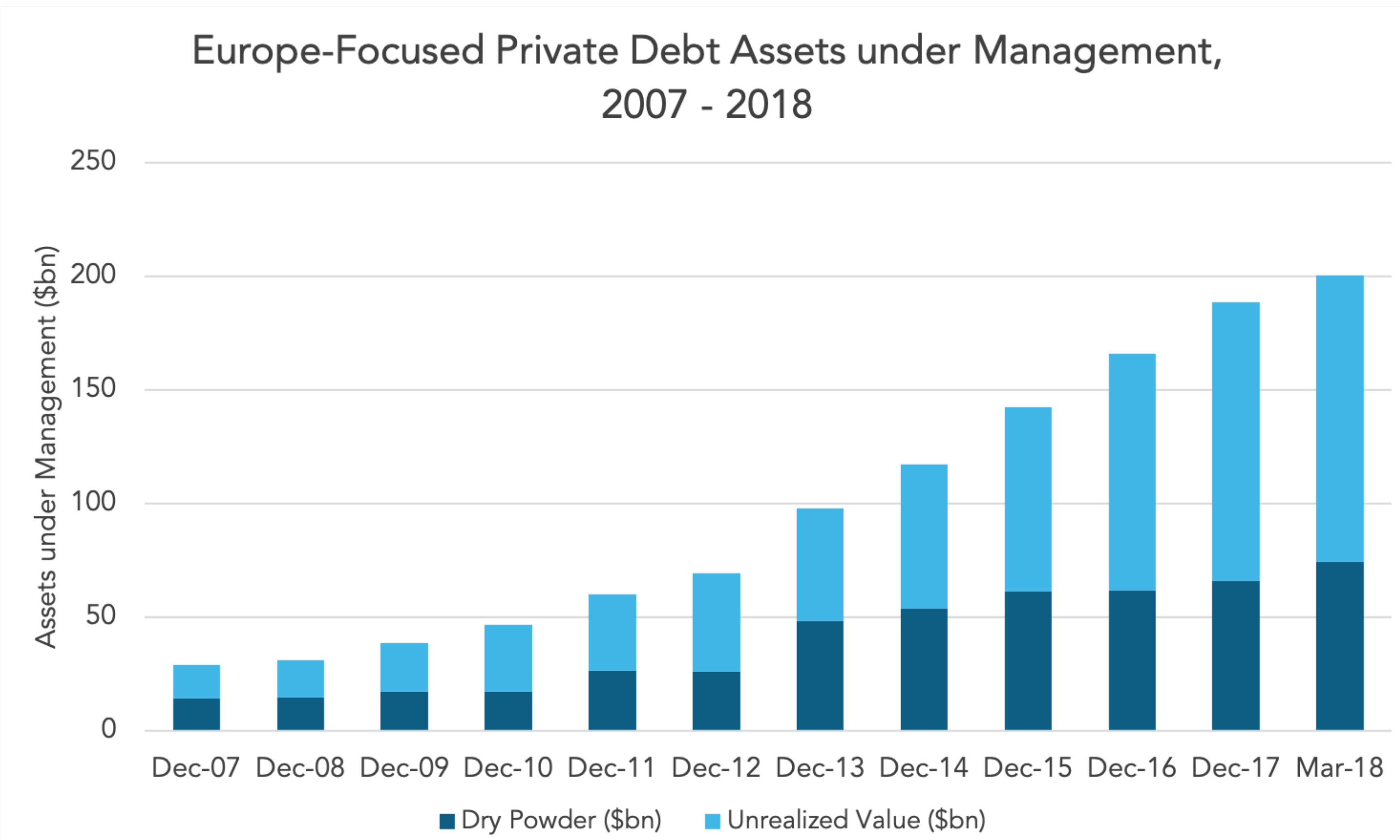
Private Debt Industry in Europe Reaches $200bn in Assets

Chart



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Europe has been a key area of interest for investors in private debt in the past year. Of the private debt investors surveyed by Preqin in June 2018, 47% view Europe as presenting the best opportunities – the largest proportion of any region. Additionally, the number of investors allocating to opportunities in the region has risen to 1,755 as of November 2018. This is a significant increase from the end of 2017, when there were 1,515 investors allocating to Europe.

Investor interest has spurred a boom in fundraising, helping 2017 have a record year, with 56 funds holding a final close and raising an aggregate $45bn. This surpasses the previous record of $37bn seen in 2015. Although just 35 Europe-focused private debt funds have held a final close in 2018 as at November, they have raised a notable $27bn. This is close to all the capital raised in 2016 when 53 funds raised $28bn. Furthermore, it looks like 2018 is on course to be the third-largest fundraising year ever.

The European private debt universe has exploded over the last decade, with funds focused on the region now holding $201bn in assets under management. In fact, 2018 marks the 12th consecutive year that Europe-focused private debt assets under management have seen record-breaking levels. The largest proportion of assets under management is held by direct lending funds, which holds $97bn. Europe-focused distressed debt vehicles hold a further $48bn, while mezzanine funds hold $32bn.

Although Europe is a developed private debt market with many investment opportunities, the region isn’t as saturated with industry participants as the North American market. This has created ideal circumstances for the industry to grow, pushing assets under management to record highs. With strong investor interest, it is likely that the region’s private debt industry will continue to grow in the coming years.

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