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Private Debt Intelligence – 7/22/2019

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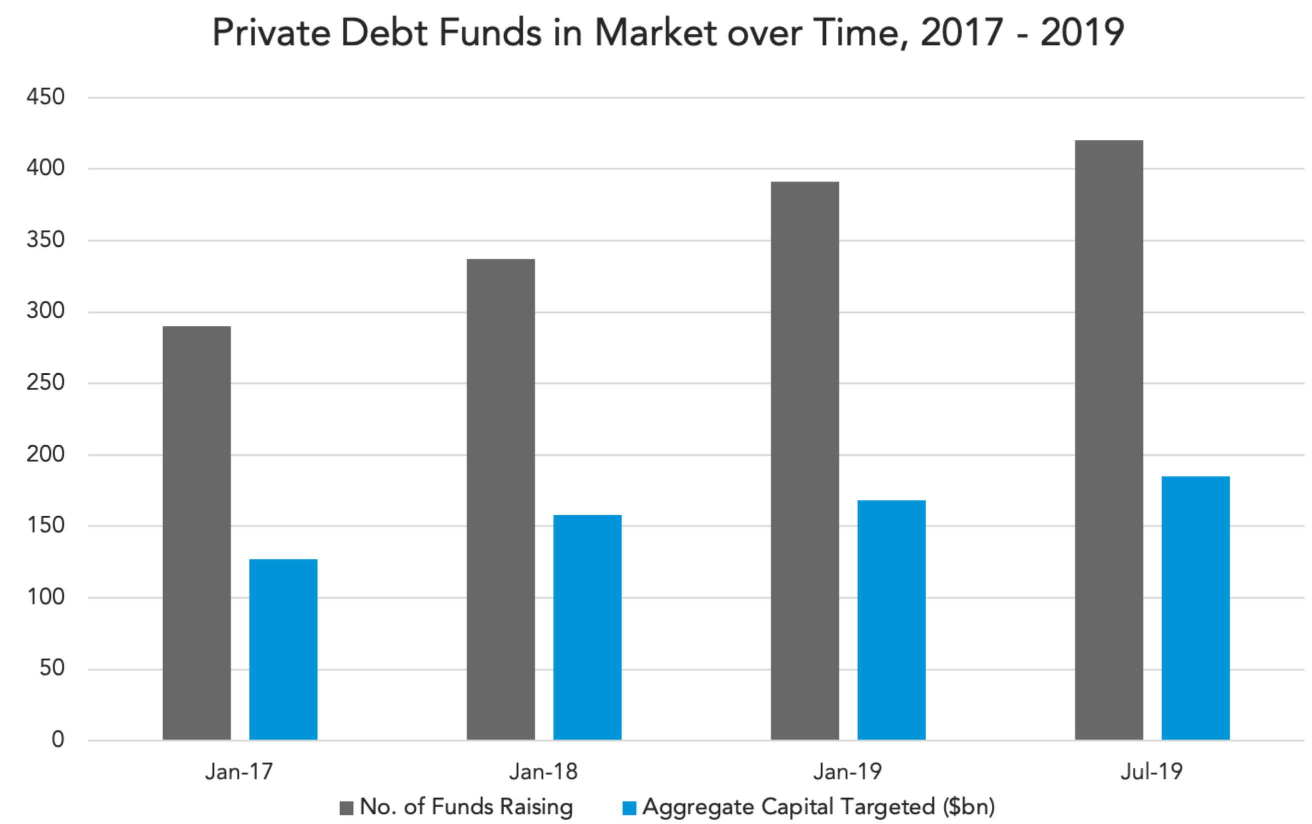
Private Debt Funds in Market in Q2 2019

Chart



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Through Q2 2019, new private debt funds have continued to come to market, and there are now a record 420 vehicles on the road. Having spiked to $192bn at the start of the quarter, though, the total capital sought in the asset class has fallen back to $185bn, suggesting either that new funds on the road are smaller than those closed, or that funds are generally lowering their target sizes. Almost half (208) of those funds have held an interim close, securing a combined $40bn –representing just 23% of the total amount targeted.

Regarding the region-focus of vehicles in market, North America accounts with the highest number (211), followed by Europe, which has 119 funds in market. The combined aggregate capital targeted by those regions ($159bn) represent 86% of the total amount targeted, showing the dominance of these regions among the others. In this regard, Asia-focused private debt seems to be not very attractive as only $11bn are targeted for the region.

If we have a look into the different fund types there are currently in market, direct lending vehicles still dominate the market, accounting for around half (203) of all vehicles on the road and more than half ($98bn) of the capital sought. Of particular note is the lack of distressed debt funds: there are 53 in market at the start of Q3, fewer in number than mezzanine funds (70). What is more, distressed debt funds are targeting just $30bn collectively, less than was raised in either 2016 or 2017 alone.

Perhaps more concerning for the industry, many of the funds seeking capital have been on the road for some time. Almost three-quarters have been on the road for more than a year, and 23% for more than two years. New funds coming to market are likely to take some time to secure commitments from investors, and many may find it difficult to reach a final close.

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