Private Debt Intelligence – 4/27/2020

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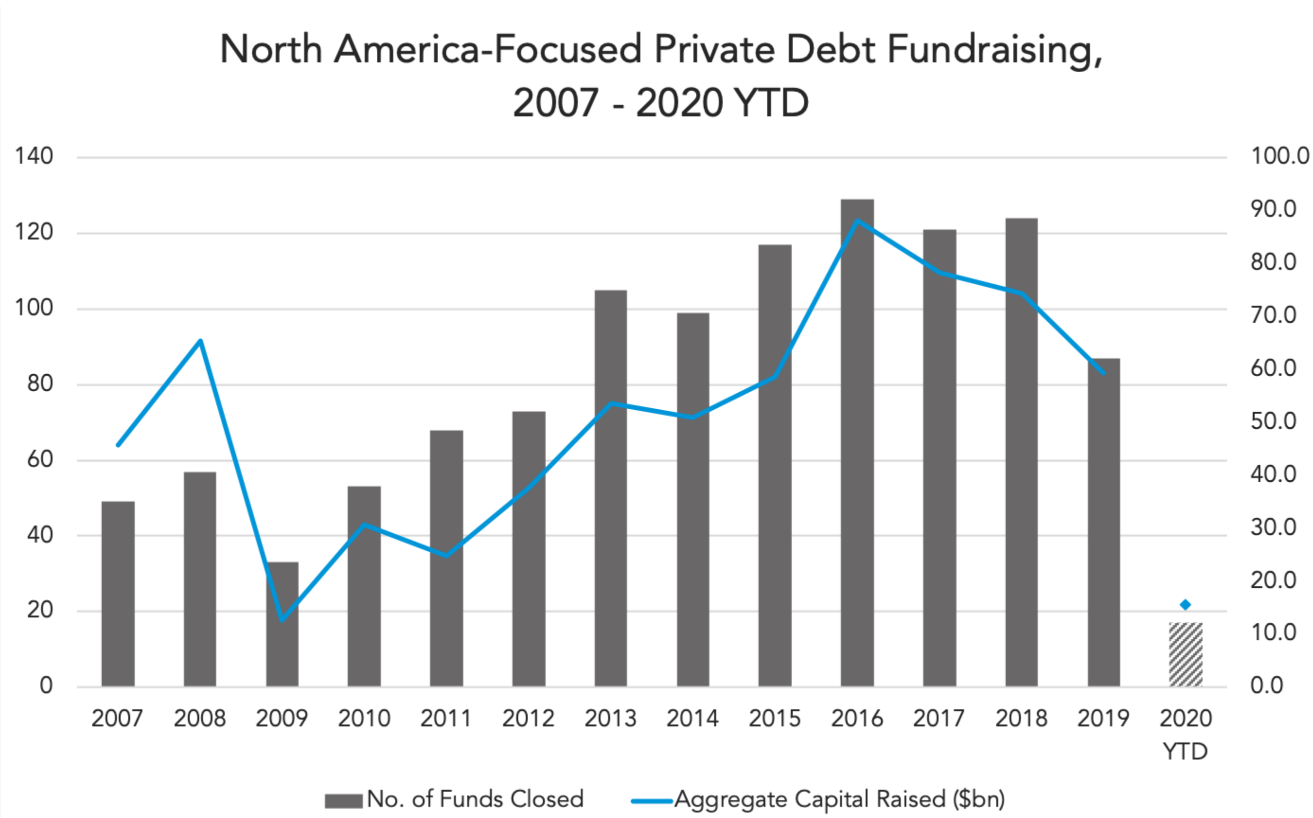
How Crisis Have Affected North America-Focused Private Debt Fundraising?

Chart



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Private debt has ballooned in size in the decade since the 2008-2009 Global Financial Crisis (GFC), when regulatory changes forced banks to deleverage their balance sheets, and private debt funds emerged as alternative loan providers to fill the void. But the global economic shutdown triggered by COVID-19 has put the North American private debt industry to its first major test.

The impact of COVID-19 on fundraising seems to have been more immediate than in the GFC. Globally, across private capital asset classes, the number of funds closed in Q1 2020 was lower when compared with the same period a year ago. More specifically, the number of North America-focused private debt funds reaching final close fell to 15 vs. 23 funds in Q1 2019. Meanwhile, aggregate capital raised dropped by 17% to $8.4bn. What GFC-era data suggests is that fundraising is indeed affected by financial crises. And as the peaks and troughs of 2008 indicate, the impact can be significant.

Contact: Maria Zapata
maria.zapata@preqin.com