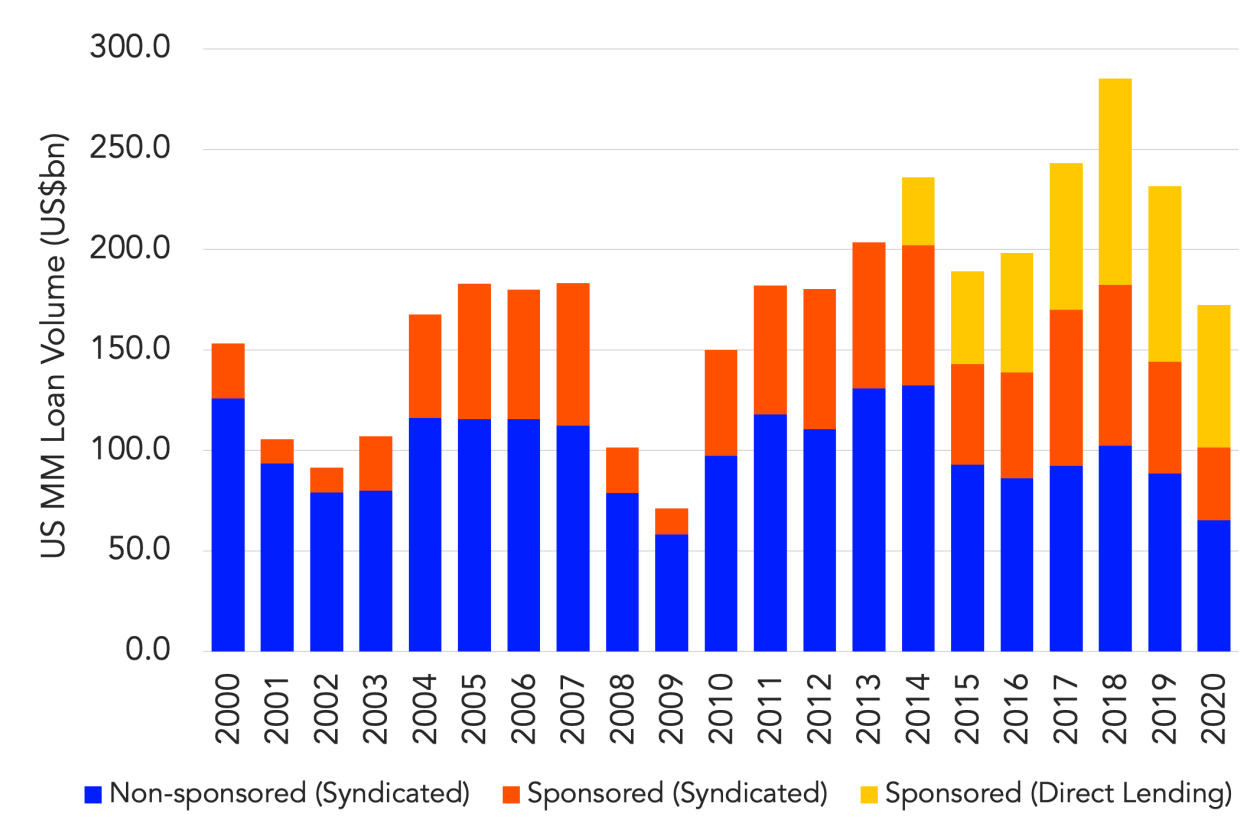


US sponsored middle market direct lending volume reached US\$71bn in 2020

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According to Refinitiv LPC data, the US direct lending middle market totaled US\$71bn in loan volume last year, 18% lower than 2019's US\$87bn level. Despite the lower number, the direct lending market held up better than its syndicated counterpart, where non-sponsored volume dropped 27% to US\$65bn, while the sponsored syndicated market drooped an even higher 35%, to total just US\$36bn last year.

Middle market activity surged in 4Q20, behind more confidence around a vaccine and pent-up demand, after the two prior quarters were extremely slow. Sponsored direct lending middle market volume reached over US\$27bn last quarter, the fourth highest on record back to 2014.

Sponsored direct lending volume outpaced syndicated sponsored by nearly a 2:1 ratio in 4Q20, the third highest share all-time. Prior to 2020, many middle market sponsors had already shifted to the direct lending market, but the pandemic sent even more private equity shops the direct route, due to the ease of execution.