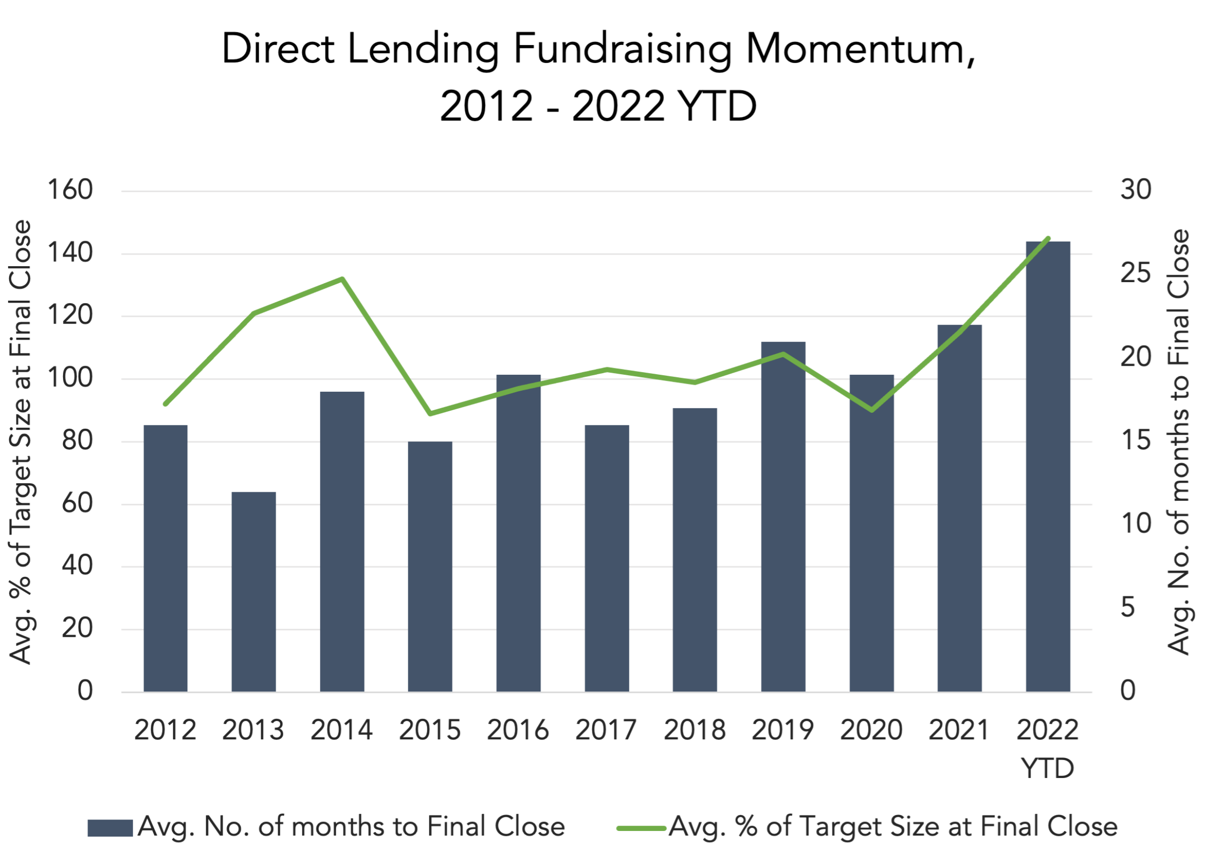
Private Debt Intelligence – 6/13/2022

THE LEAD | June 15, 2022

Direct lending funds closing above targets

Chart



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Direct lending funds continue to attract investors, with the average percentage of target size at final close increasing dramatically from 108% in 2019 to 145% YTD 2022. However, the average time taken to raise a fund has also increased, from 21 months in 2019 to a record high of 27 months in 2022 YTD. It is likely that the uncertainties caused by COVID-19 made it harder for funds to close, with the number of funds closed in 2020 (118) and 2021 (116) down on 2019, which marked the high point after almost a decade of growth. While private debt finance is usually relatively expensive for borrowers, the greater flexibility lenders can have around terms and risk-return should ensure managers continue to find opportunities, which will in turn draw capital to the market.

(Past performance is no guarantee of future results.)

Contact: Megan Harris
megan.harris@preqin.com