Buyout activity disappoints following historic year

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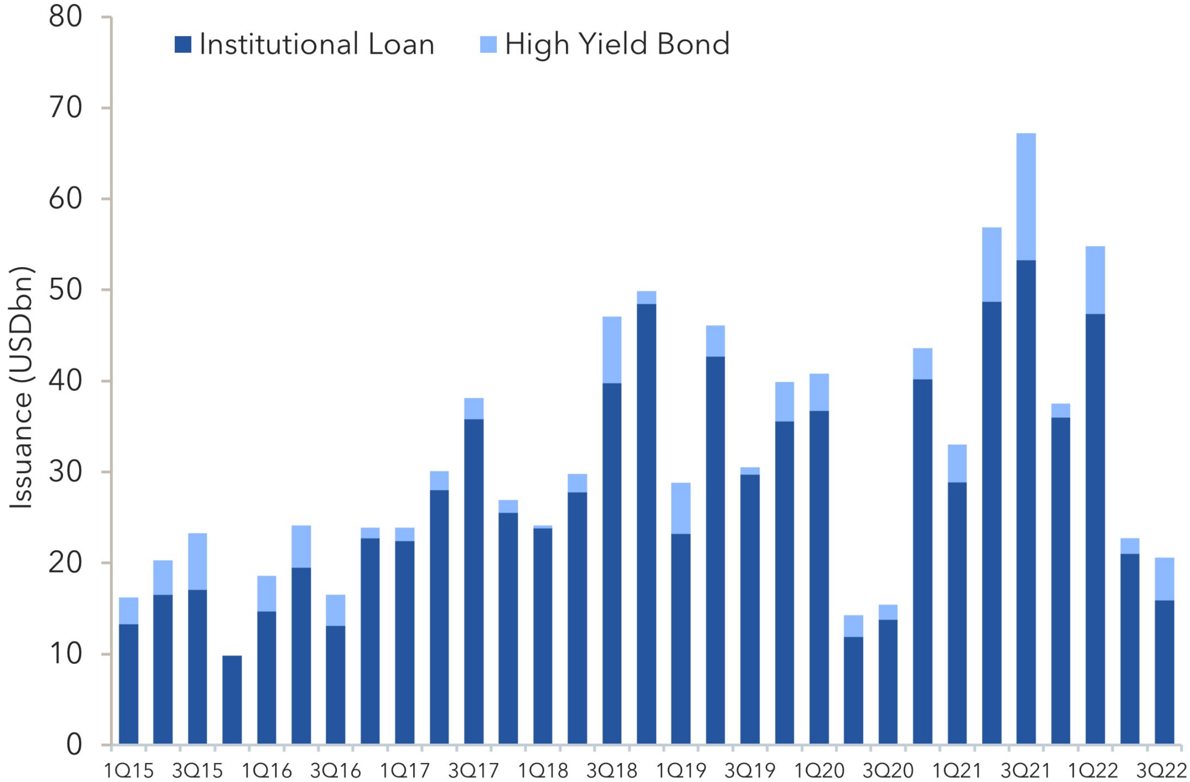

Source: Debtwire Par

Record leveraged loan and high-yield bond issuance in 2021 supported buyout activity, with loans racking up USD 166.9bn and bonds supporting USD 27.6bn of buyout issuance for the year. However, it's a different story in 2022, with those figures falling to USD 84.3bn and USD 13.8bn, respectively, through the third quarter, marking declines of 36% and 47% from year-ago volumes.

Many companies shelved plans for acquisitions and buyouts at the height of the pandemic in 2020, leading to a bursting pipeline of deals in 2021, when approximately USD 2.6trn of M&A activity was announced, according to Mergermarket. This has halved to USD 1.3trn in 2022 year-to-date (YTD), as macroeconomic conditions soured, and companies have once again been forced to reconsider transformative deals until the market can better support them.

Following a first quarter that showed promise of another year of high buyout financing volumes (USD 47.5bn of loans and USD 7.4bn of bonds – more than half of the YTD totals), the outbreak of war in Ukraine and sharp rise in interest rates to combat inflation have since held back activity.

In the primary market, **Brightspeed** recently saw its USD 3.9bn loan and bond financing pulled after failing to generate enough demand from investors, while upcoming syndications, including **Nielsen Holdings'** take-private financing, could face delays amid the market downturn.

(Past performance is no guarantee of future results.)