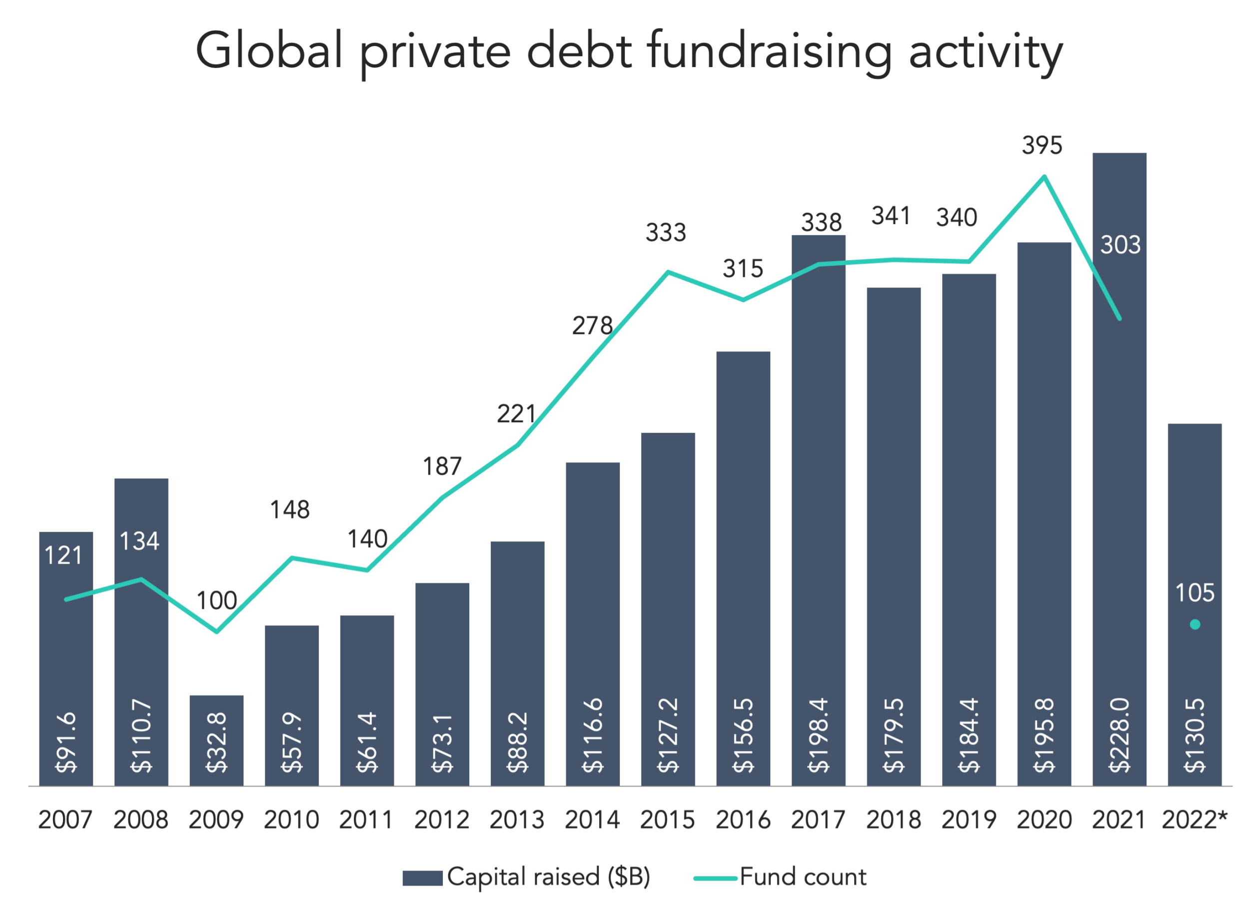
Big names jumping into private debt

PitchBook | December 8, 2022



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Globally, private debt fundraising is poised for a down year, according to PitchBook's Global Private Market Fundraising Report. Through September, 105 private debt funds have closed, amassing $130 billion altogether. 105 is a strikingly low number, considering at least 300 private debt funds have closed every year since 2015. The $130 billion figure is closer to historical norms, so the relatively few funds raised this year are much bigger. So far, the average 2022 vintage is above $1 billion, which would be a first if its holds for the rest of the year.

Bigger funds will come in handy for the PE market as a whole. More investors are opting to use direct lenders for their transactions, while the syndicated loan market is showing caution as interest rates rise. Private debt's recent popularity is evident in the dry powder levels, which have dropped from $524 billion in 2020 to $421 billion today, despite a strong fundraising market.

The roster of firms breaking into private debt strategies is growing, as well. Apollo closed its inaugural corporate direct lending fund in August. Credit Suisse also joined the fray this year, raising $1.7 billion for a direct lending fund focused on the upper middle market. KKR and BlackRock closed their own private debt funds in Q3. Blackstone remains the biggest fundraiser of the year after cinching up $8.8 billion back in January. A down year overall, but the heavy hitters joining the market is more indicative of where things are heading.

(Past performance is no guarantee of future results.)