Leveraged Loan Insight & Analysis – 9/7/2015

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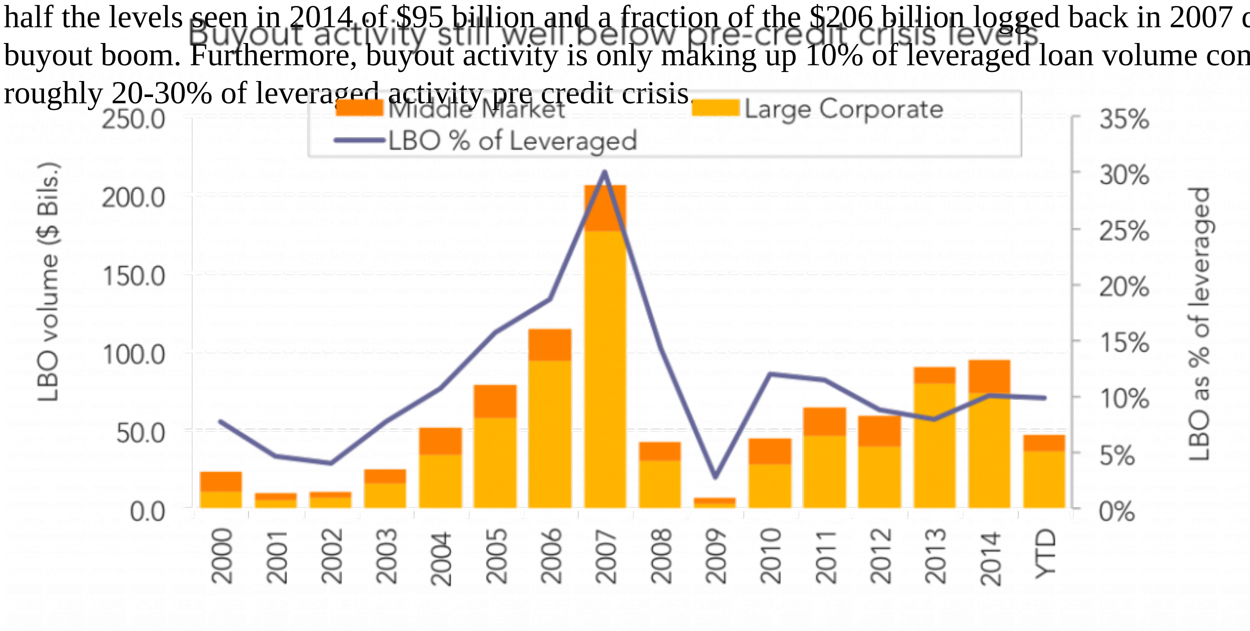
M&A activity in the syndicated loan market is as strong as ever, however the volume is simply not coming from buyout deals. Private equity shops continue to struggle with winning and making buyout deals work given lofty valuations and extreme competition. Completed LBO issuance so far in 2015 has only reached $47 billion, about half the levels seen in 2014 of $95 billion and a fraction of the $206 billion logged back in 2007 during the buyout boom. Furthermore, buyout activity is only making up 10% of leveraged loan volume compared to roughly 20-30% of leveraged activity pre credit crisis.



With Labor Day behind us, many leveraged loan investors are hoping for a pick up in the remaining months. However, with much global macro economic uncertainty swirling around the markets, many are questioning whether fourth quarter activity could be affected. As of this week, investors are patiently awaiting the launch of a few large deals including Belk's US$3.0 billion buyout financing by Sycamore Partners. Blackstone also recently announced they would purchase Strategic Hotels & Resorts for $6.0 billion, however financing details are unknown and the deal is slated for a 2016 close.

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