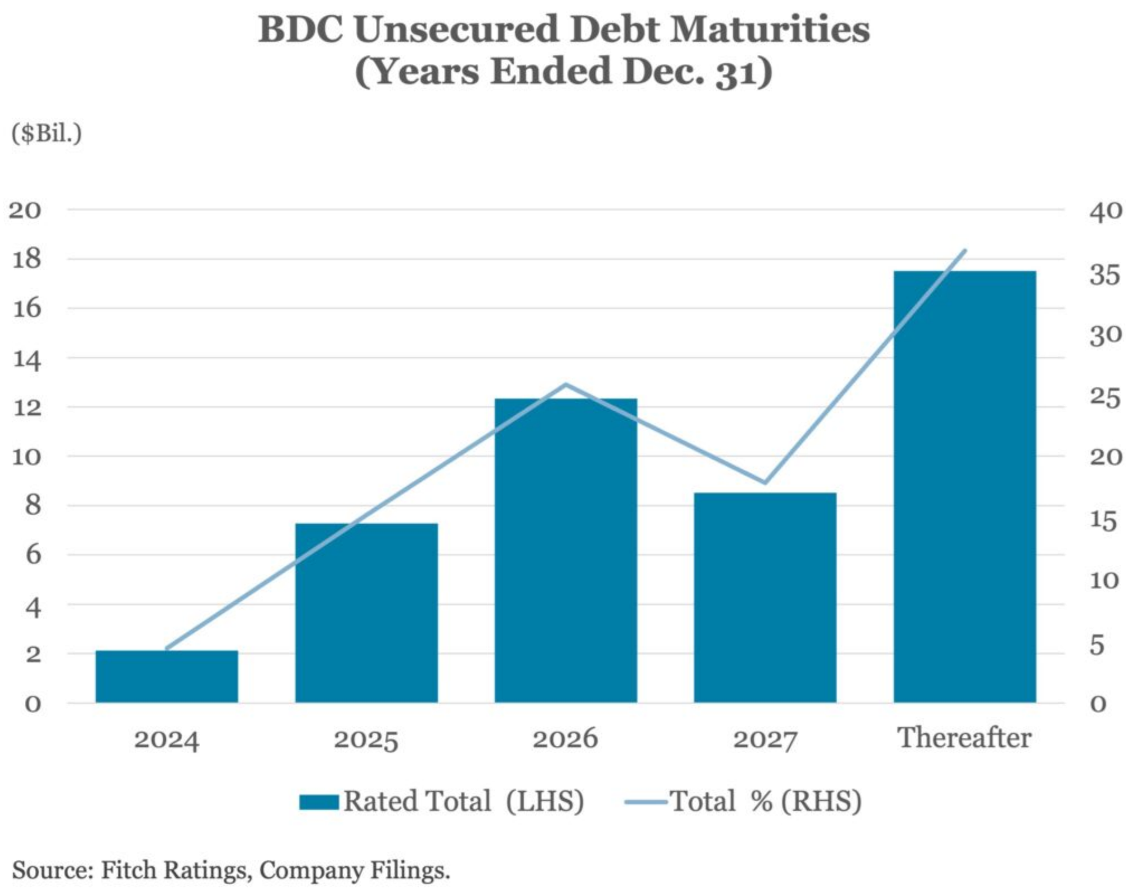
Record US BDC Debt Issuance Supports Refinancing

Fitch Ratings | October 24, 2024



Record U.S. BDC Unsecured Debt Issuance Helps Address Refinance Needs (Part 2)

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Record debt issuance by Fitch-rated business development companies (BDCs) in 2024 has improved funding flexibility and is indicative of expansion of the investor base for issuers, Fitch Ratings says. BDCs have made progress pre-funding maturities for next year, but debt maturities will continue to ramp up through the end of 2026 for rated issuers and test the depth of the market, particularly as the number of BDCs looking to access the market continues to expand.

The amount of debt maturing for Fitch-rated BDCs will increase by nearly 50% in 2025 yoy, to $7.3 billion, with $21.7 billion in collective debt maturing by the end of 2026. Roughly half of maturities through 2025 have been effectively pre-funded with issuances this year as BDC unsecured debt issuances have picked up in recent months amid tighter spreads. Proceeds from recent unsecured issuance have been used to repay borrowings on secured credit facilities, creating borrowing capacity to repay unsecured debt as it comes due.