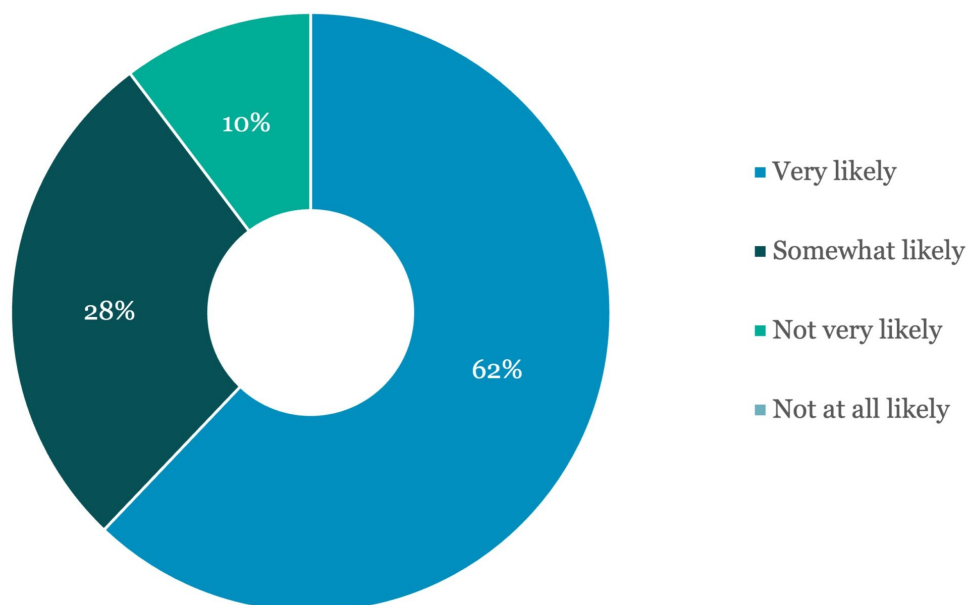


Hard-won gains can be retained

PEI Private Credit | November 6, 2024

How likely is private debt to be an effective long-term alternative to the broadly syndicated market?



Read PDI's Report: [LP Perspectives 2024 report](#)

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Respondents to a PDI survey believe that private debt will not easily give up the share it has won at the larger end of the market.

In 2022 and 2023, as talk of private debt being in a so-called 'golden era' grew louder, one of the main reasons was the way in which it had achieved territorial gains at the larger end of the market – promoting itself as an alternative source of finance (and sometimes as the only game in town) at a time when the broadly syndicated market had effectively pulled up the shutters.

This year such talk has receded as the syndicated market has staged an impressive recovery, but it has also begged the question as to whether private debt can hang onto at least some of its hard-won gains at the larger end. Provisional results from Private Debt Investor's latest LP Perspectives survey suggest the answer is a resounding 'yes'.

Asked how likely private debt was to be an effective long-term alternative to the broadly syndicated market, 62 percent of respondents to our survey said it was “very likely” compared with 28 percent who considered it “somewhat likely”, 10 percent “not very likely”, while no respondents thought it was “not at all likely”.

Among other provisional survey results, direct lending received a ringing endorsement as the private debt strategy of choice with 53 percent of investors saying they would be investing more capital in it over the next 12 months compared with 30 percent investing the same, 10 percent investing less and 7 percent not investing at all. Mezzanine/subordinated debt and asset-based finance also emerged as popular choices.

There were mixed views when it came to how concerned investors were by increased regulatory scrutiny of the asset class. The biggest share of the vote went to those “slightly” concerned by the regulators (37 percent). One-fifth (20 percent) were not worried at all while 10 percent were very concerned.

The full, final version of our survey will be out in February 2025, but you can view the 2024 version [here](#).