How do middle market lenders characterize the quality of 2Q25 loan supply?

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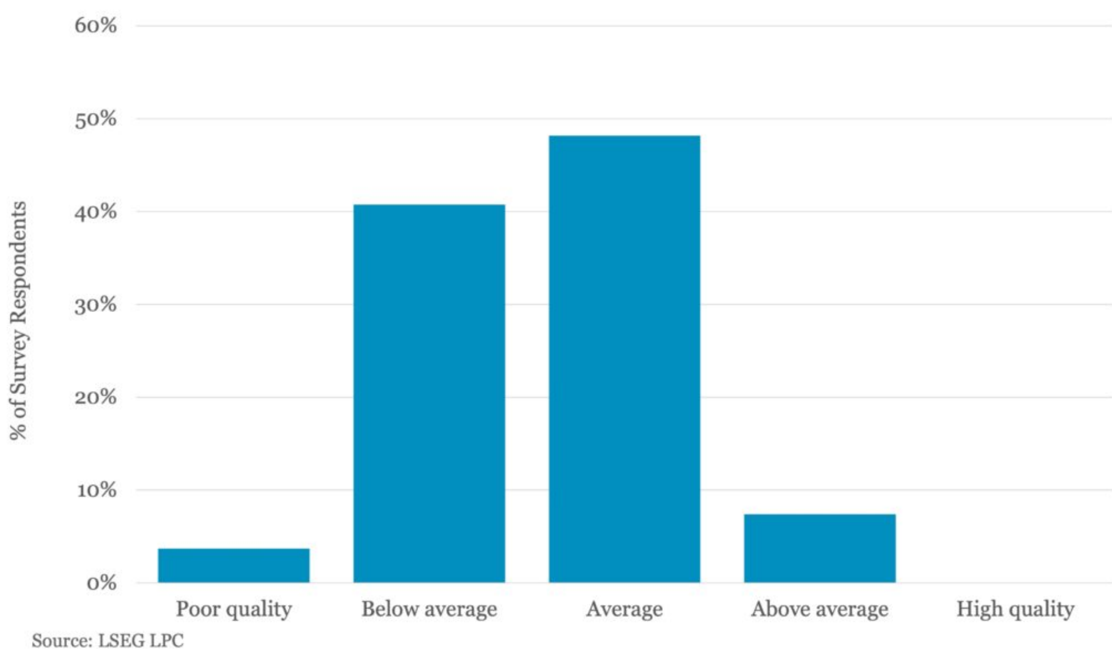

According to preliminary results from LSEG LPC's quarterly middle market lender outlook survey, a large majority (81%) of respondents say they were not able to lend as much as they wanted in 2Q25. Among the primary contributors to this challenging environment was macroeconomic uncertainty resulting from tariffs and a related lack of new money lending opportunities allied with a very competitive market. On top of this, middle market lenders say credit quality in the most recent quarter was mixed, with 48% of survey participants saying deal flow was of average quality and a sizeable 41% pointing to below average quality. Looking ahead to 3Q25, nearly two-thirds of respondents say M&A lending is expected to increase moderately, with a smaller 30% of survey participants forecasting M&A activity will be flat. Where are lenders seeing the most opportunities in the current market? Many say it's add-ons for existing portfolio companies.