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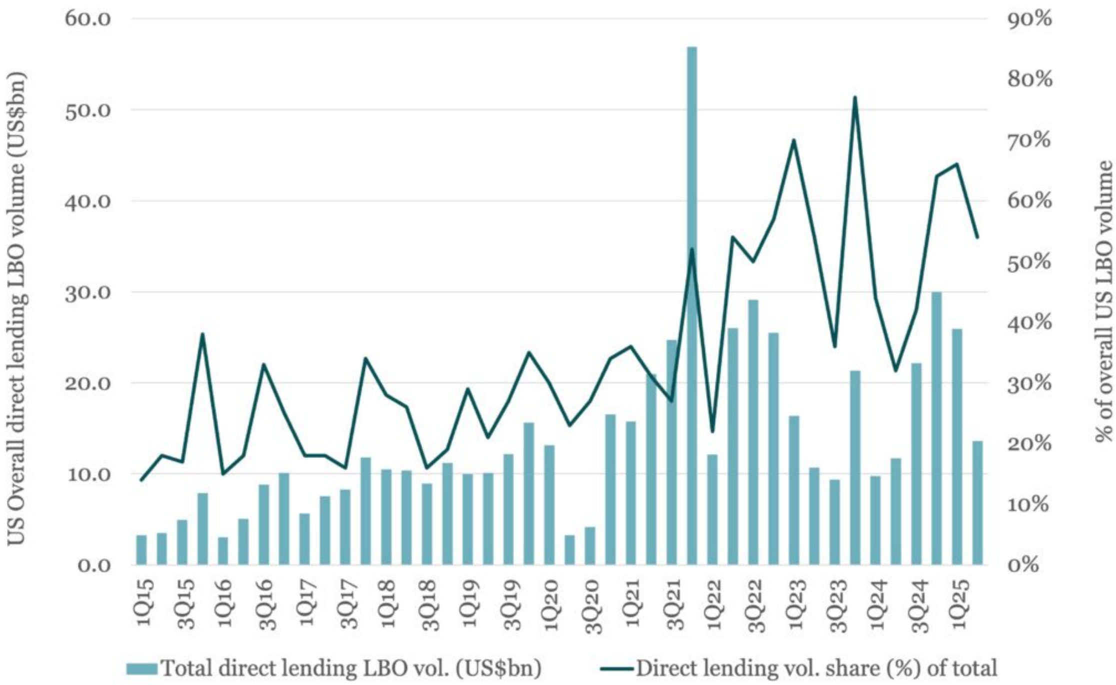
2Q25 Total US direct lending LBO volume down over 47% quarter over quarter

LSEG | July 17, 2025



source: LSEG LPC

Talk of tariffs, inflation fears and anticipation of a congressional show down over the Trump administration’s “big, beautiful bill” contributed to heightened market uncertainty throughout much of 2Q25 and the direct lender loan market was not immune to the fall out. At US$13.6bn, total 2Q25 LBO loan market executed via the direct lender market, was modestly up from the US$11.7bn raised during the same time last year, but down over 47% quarter over quarter. Moreover, despite steady and sticky lender liquidity, direct lending activity for the quarter represented 54% of total LBO financing, down from 66% in 1Q25 as valuations remained high and deals took longer to come together.