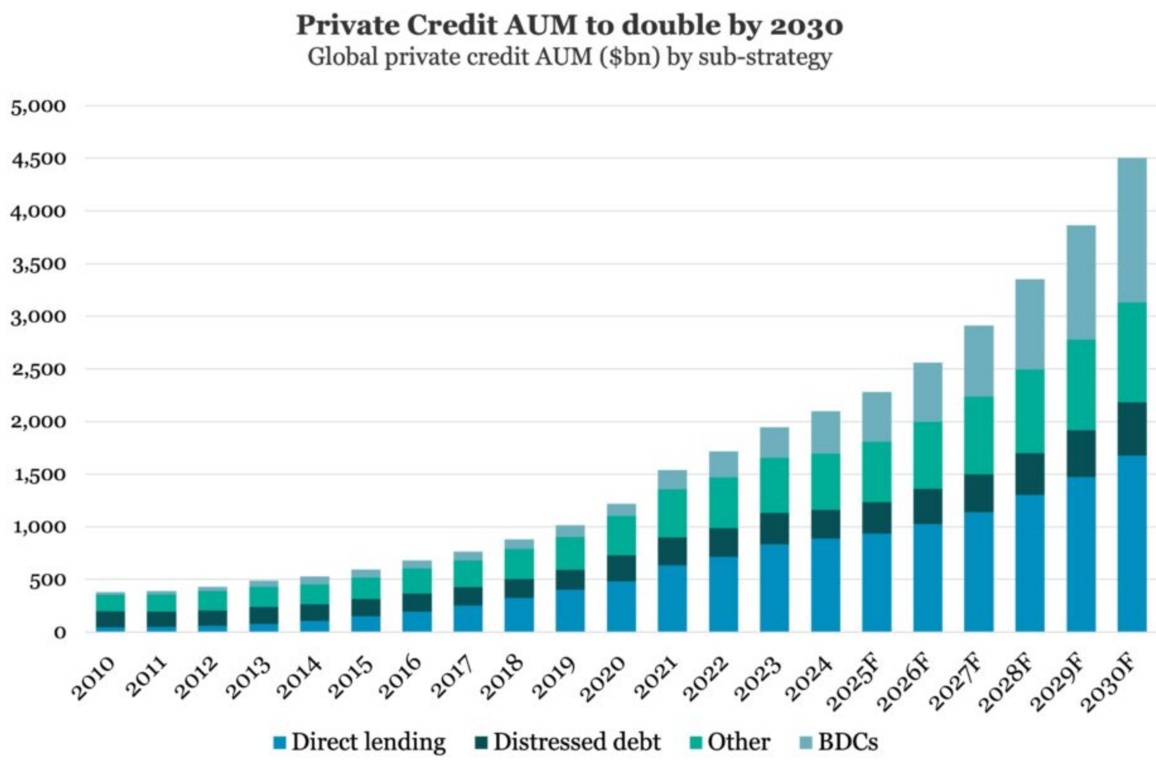
Private Credit Outlook 2026

Fitch Ratings | January 7, 2026



Note: private credit forecasts are from Preqin. Other - mezzanine financing, special solutions, multi-asset special solutions, and venture debt. To avoid double-counting, the total column excludes fund of funds. Total includes BDCs but excludes all other semi-liquid funds.

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The global private credit market will continue to grow in scale and complexity in 2026, having become much more diversified and widely held over the past decade. Private credit structures and asset classes will continue to evolve beyond closed-end investment funds and business development companies (BDCs), which are expected to reach $2.3 trillion in assets under management (AUM) at end-2025 according to Preqin. Private credit's role in asset-based finance (ABF), including infrastructure and special situations is expected to increase, along with continued growth in semi-liquid and perpetual structures. Private credit managers are now also regularly involved in investment-grade corporate and structured finance lending, driven by their increased affiliations with insurers.

- Interest rate cuts will support borrower creditworthiness by providing liquidity relief due to improvements in FCF. This should reduce defaults given high sensitivity to rates stemming from largely floating-rate capital structures and limited use of interest rate hedges.

- Private credit could be a meaningful risk transmission channel in the event of an economic stress given its increasing interconnectedness across various parts of the financial system.
- Emerging “bubble-like” attributes, including rapid growth, tight spreads, increased competition and growing retail participation.