Jumbo LBO deals steal spotlight in March amid macroeconomic uncertainty

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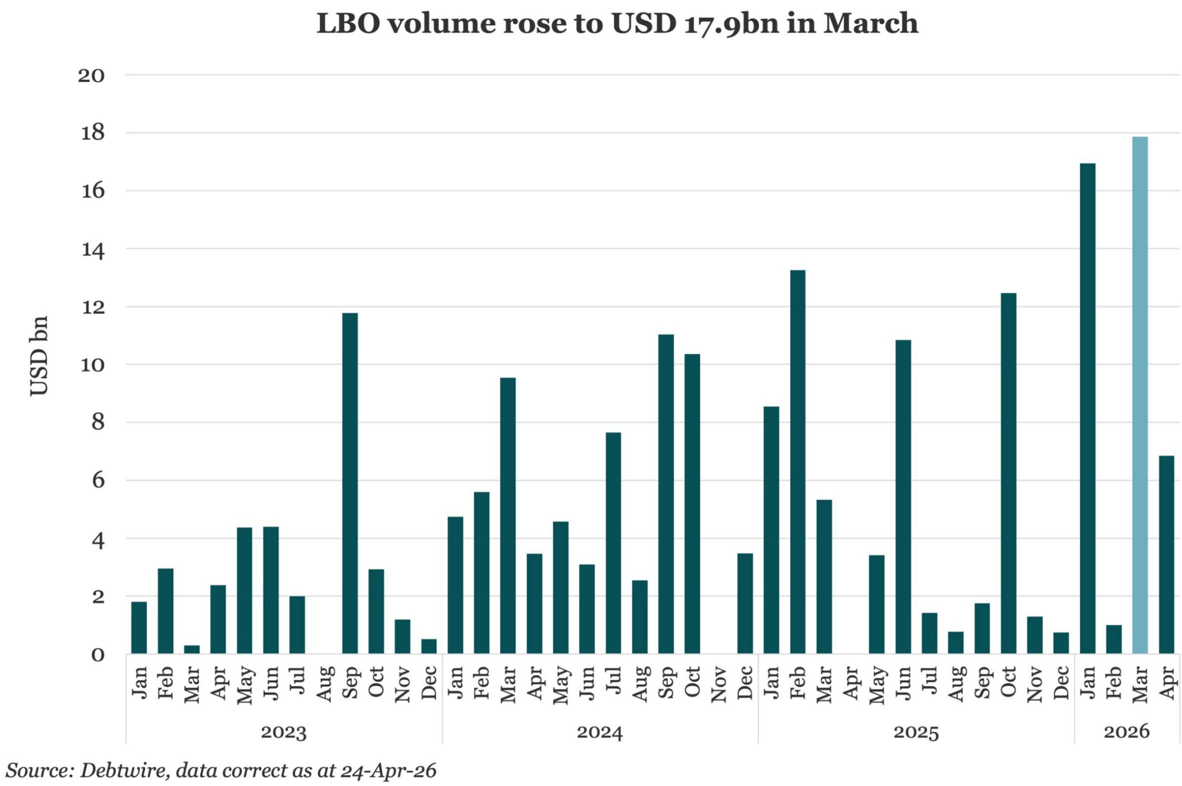

Leveraged buyout (LBO) activity reached USD 17.9bn in March, the highest monthly total since USD 22.8bn in September 2021. The buyouts have buoyed a market in dire need of activity, accounting for nearly half of the USD 37bn total institutional leveraged loan issuance in the month.

The primary market started 1Q26 strong, issuing USD 161bn in institutional leveraged loans in January, mainly led by USD 132bn of refinancing activity. The elevated trajectory dropped off in February, however, when deal volume fell 80% to just USD 31.3bn, as fears of AI disintermediation grew across the market. The launch of new AI tools such as Anthropic's Claude Cowork, capable of managing legal workflows, heightened investor concerns about the long-term viability of traditional SaaS business models, triggering a broad selloff across technology stocks.

"What we're seeing right now is a cornucopia of problems," Bradford Smith, a fixed income portfolio manager at Janus Henderson, said in March, pointing to the Iran war and private credit risks culminating in market pressure.

Jumbo deals lead the charge

Several jumbo transactions boosted leveraged buyout activity in March. The majority exceeded USD 1bn in size.

The most prominent deal was a USD 6.125bn and EUR 1.725bn cross-border term loan B to fund the approximately USD 55bn take?private of Electronic Arts by a consortium including PIF, Silver Lake, and Affinity Partners.

The issues pressuring the market made it a complicated time for most companies, but strong, long-awaited and discerning deals soared through, as Debtwire reported.

“The types of companies that are going to be well received by markets are much more comfortable coming to market today, whereas I think the names with a little bit more hair on them, or maybe a little bit more cyclicality, a little less visibility based on economic outcomes, maybe are going to be more willing to take the chance to wait a little bit and see,” a buysider told Debtwire.

Other notable deals included a USD 2.6bn loan package to support Trian Fund Management and General Catalyst’s USD 7.4bn take?private of Janus Henderson, as well as a USD 1.25bn loan package to finance USD 3.1bn leveraged buyout by Leonard Green & Partners of Mister Car Wash.

The EA Sports, Janus Henderson, and Mister Car Wash loans have also performed strongly in the secondary market, with all three trading above par as of 28 April.

Refinancing slows, new money increases

The market will likely remain complicated going forward, as companies have to evaluate the risk of waiting versus the risk of making concessions in a challenging market. It remains cautious after the tech sell-off and the ongoing conflict in the Middle East. As a result, companies have refrained from activity, contributing to a slowdown in refinancing.

Refinancings, which accounted for 88% and 76% of total leveraged loan issuance in 2024 and 2025, respectively, and 82% of issuance in January this year, slowed markedly in February and March. During this period, new money deals fell from USD 29.2bn in January to USD 13.4bn in February, but then doubled in March, increasing to USD 25.1bn. They accounted for 43% and 68% of overall volume in February and March, respectively.

Looking ahead

Amid the conflict in Iran, primary market activity remained dampened into April. Nevertheless, several major LBO transactions continued to move forward despite heightened volatility. This included Sealed Air’s USD 7.15bn debt package to finance its buyout by Clayton, Dubilier & Rice, and a USD 1bn loan package backing 2PointZero Group’s acquisition of Traverse Midstream Partners.

“I really haven’t seen a true origination calendar coming out,” Chris Saltaformaggio, a managing director and portfolio manager at NY Life Investments, said on a panel at a DealCatalyst event Monday. “In the gamut of things right now, short refinancings look somewhat interesting.”

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