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Leveraged loans join the AI infrastructure funding boom

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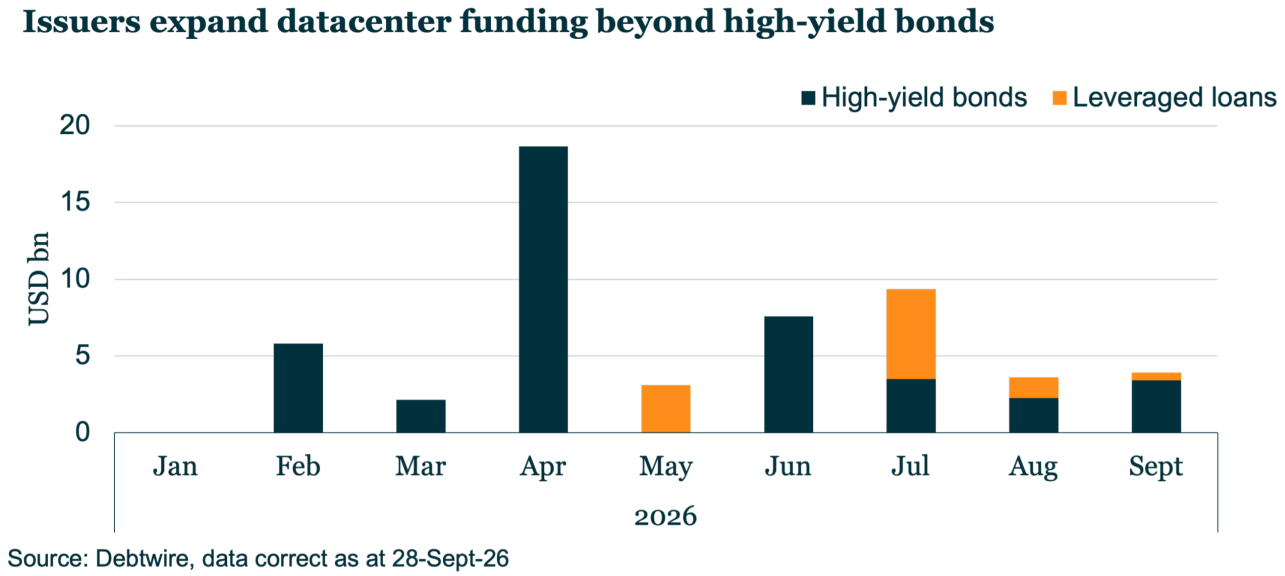

Companies are increasingly tapping the leveraged loan market to finance AI-driven data center infrastructure projects. Although high-yield bonds have accounted for most data center financing in the leveraged finance market in 2026, a growing number of transactions are now entering the leveraged loan market as issuers explore an alternative funding channel for their AI and digital infrastructure expansion.

“Data center borrowers are increasingly turning to the leveraged loan market as bond investors show signs of fatigue after a heavy run of supply,” a source told *Debtwire*. “The shift is opening a new channel to CLO managers, who are seeking more new-issue paper and have historically held only a limited amount of data center debt,” the source added.

CoreWeave, an AI cloud computing provider that had previously relied on high-yield bonds to fund its data center investments, tapped the leveraged loan market for the first time in May. The company issued a USD 3.1bn term loan B, priced at SOFR+ 450bps with a 99 OID, to fund the buildout and purchase of graphics processing units deployed under take-or-pay computing contracts with OpenAI and Cohere.

Following CoreWeave’s lead, QTS Realty Trust, a data center operator owned by Blackstone, issued a USD 3.25bn term loan B in July, priced at SOFR+ 225bps with a 99.5 OID. Led by JPMorgan, the transaction was upsized from an initial USD 1bn launch following strong demand, while the issuer cancelled a separate USD 1bn bond offering. Proceeds will be used to refinance project debt and for general corporate purposes.

High-yield bonds remain the dominant source of data center financing

Despite the recent expansion into the leveraged loan market, high-yield bonds remain the primary source of funding for data center-related financing. According to *Debtwire* data, high-yield bond issuance related to data centers has totaled USD 43.3bn year-to-date in 2026. AI-driven data center transactions accounted for USD 18.6bn in April, representing 46% of total high-yield bond issuance that month.

Looking ahead

The US post-summer forward pipeline includes an estimated USD 40bn–USD 80bn of data center financings across the institutional loan and high-yield bond markets. The scale of the pipeline is expected to support further issuance in both markets and could accelerate borrowers' use of leveraged loans as an alternative to high-yield bonds for data center financing.

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