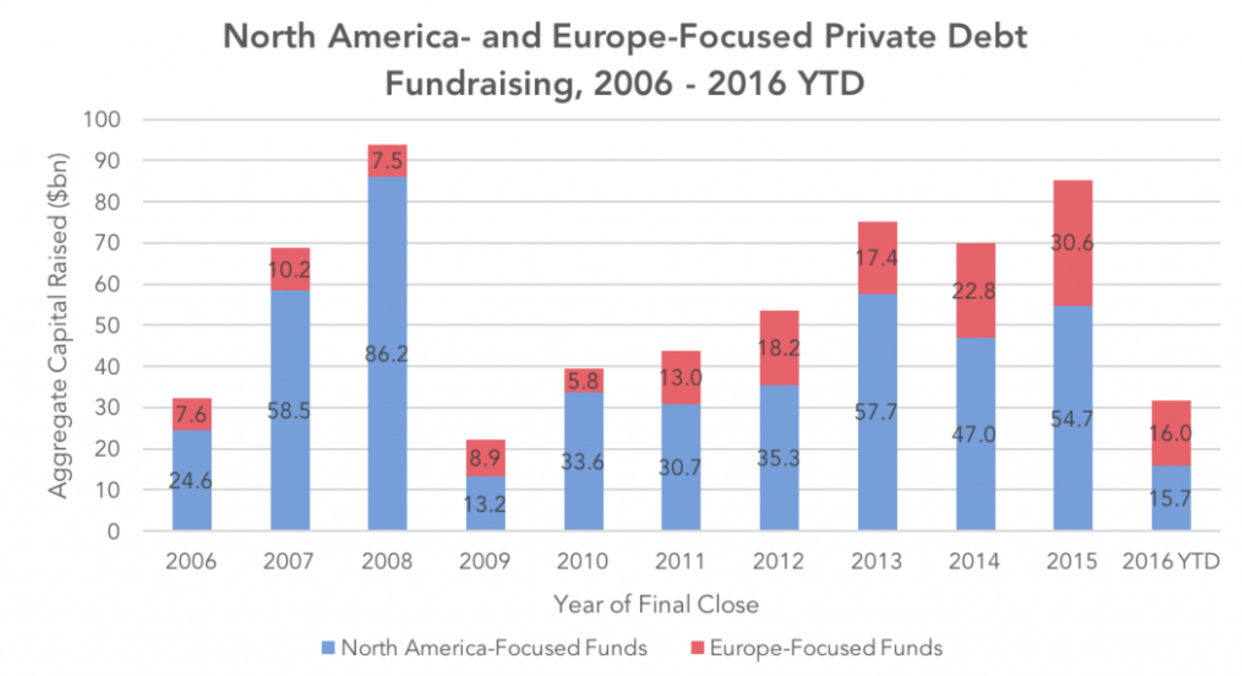
Preqin Private Debt Intelligence – 8/8/2016

THE LEAD | August 10, 2016

North America-Focused Fundraising Falls Sharply in 2016

North America has long been the epicentre of the private debt market, with the largest proportion of fund managers and investors based in the region, and by far the largest proportion of capital raised being focused on investment opportunities there. This reflects the size and maturity of the North American financial sector, and the extent to which bank lending regulations introduced in the wake of the Global Financial Crisis have sparked an acceleration of the alternative lending market.



It is perhaps unsurprising, then, that historically North America-focused private debt fundraising has far outstripped even Europe, the next largest market, raising on average more than twice as much capital each year since 2008. However, this is a trend that does not look set to continue in 2016, as fundraising focused on North America has fallen sharply in the first seven months of the year. Thirty-two North America-focused private debt funds have raised $15.7bn in 2016 YTD, compared to $55bn that funds focused on the region raised in 2015. If this rate of fundraising continues, it will represent the lowest annual fundraising total since 2009.

At the same time, Europe-focused private debt fundraising in 2016 looks set to equal 2015’s record $31bn capital total, and continues a consistent trend in the growth of the European alternative lending market. Europe-focused private debt funds closed in 2016 YTD have raised $16bn, slightly more than North America-focused funds, a phenomenon not seen since Preqin began tracking the asset class.

However, the indication is that North America-focused fundraising may well accelerate in the remaining part of the year. There are currently 164 private debt funds on the road which are focused on the region, targeting a combined $92bn. By contrast, just 77 Europe-focused vehicles are in market seeking $37bn in investor commitments. Moreover, nine of the ten largest private debt funds on the road are focusing primarily on the North American market; seven of these funds have already held preliminary closes, indicating that some of them may be nearing final closes by the end of the year.

Contact: William Clarke
william.clarke@preqin.com