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Private Debt Intelligence – 1/30/2017

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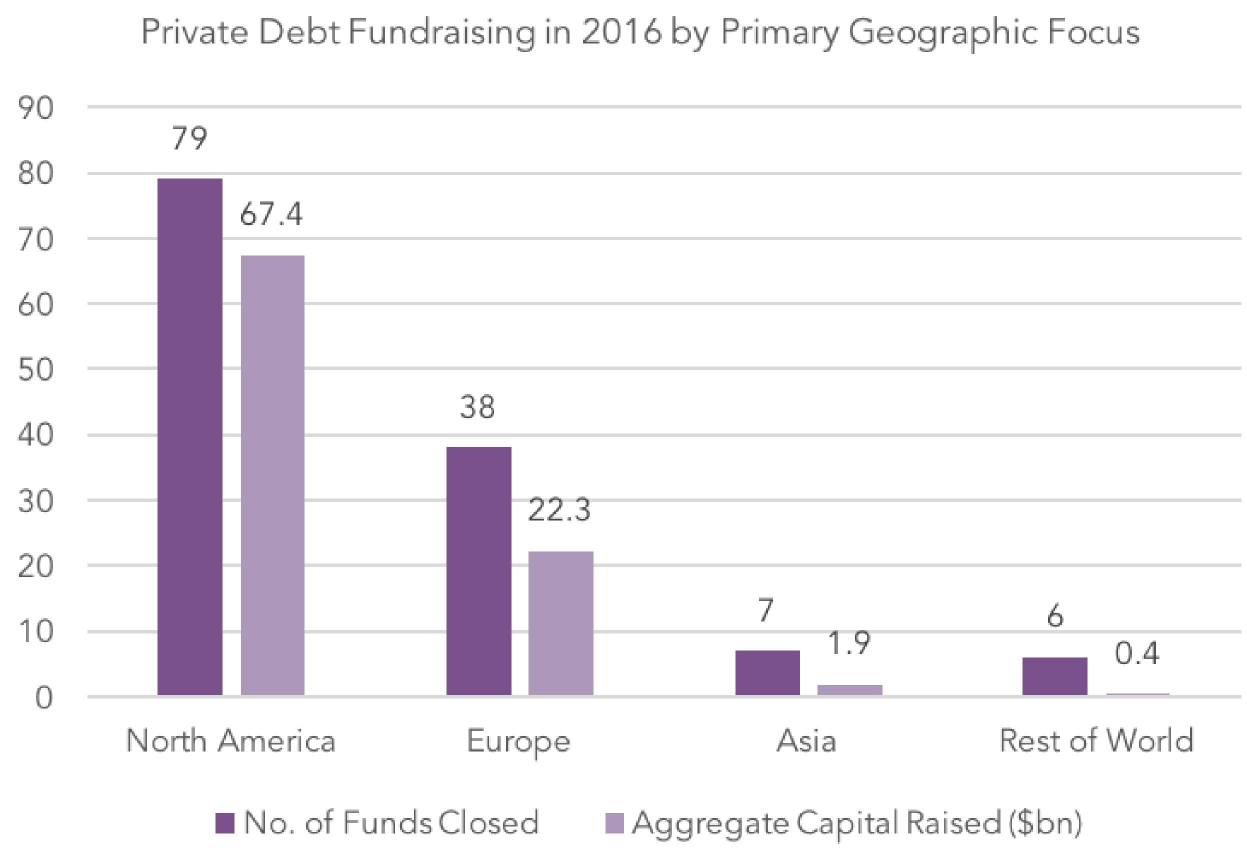
Private Debt Fundraising by Geographic Focus



Preqin's latest data finds that through 2016, 130 private debt vehicles reached a final close raising a combined $92bn in another strong year of fundraising for the asset class. However, the year also saw greater capital concentration in the more developed markets of North America and Europe as managers looking to invest in Asia and Rest of World struggles to attract the same levels of capital.

Through 2016, 79 North America-focused private debt vehicles reached a final close securing $67bn of investor capital. This marked a post-Global Financial Crisis high, comfortably surpassing the $55bn raised in 2015 however it remains short of the $88bn raised in 2008 when the asset class was experiencing a surge of growth. The robust fundraising figures demonstrate the appeal North America has to private debt investors, with the region accounting for 61% of the number of funds closed and nearly three-quarters (73%) of the aggregate capital secured.

Europe has grown in prominence over recent years within the private debt industry, recording year-on-year fundraising increases since 2010. In 2016, however, 38 funds raised a combined $22bn, a decline on the totals seen in both 2015 ($33bn) and 2014 ($23bn). Moreover, just two of the ten largest funds raised over the course of the year, were targeting investment in Europe, with the other eight all focused on North America.

Asia was highly tipped to be the next region to benefit from the development of the global private debt market, however just seven funds reached a final close in 2016 raising $1.9bn. This represented a significant downtick from the $7.1bn secured in 2015, although with 25 funds on the road seeking $7.7bn, it appears private debt fund managers are hoping to capitalise on the recent pullback in lending by banks. Elsewhere, six funds targeting investment outside of the aforementioned regions raised $0.4bn of investor capital.

Non-traditional lending is continuing to gain traction in established markets, with the flexible terms and loan servicing offering an attractive proposition for investors. The North American and European market continue to attract the vast majority of capital, while several large vehicles focused on the US reached a final close in the last months of 2016. Private debt in Asia still occupies a very small segment of the global industry despite recent growth while in many other regions the market is yet to see any real advances.

Contact: Sam Livingstone
sam.livingstone@preqin.com